

October 16, 2018

Mayor and City Council
City of Ashland
20 E. Main Street
Ashland, OR 97520

RE: Letter of Resignation

Dear Mayor Stromberg and Councilors:

I want to start with praise for the professional staff and their efforts. I appreciate their work ethic and the presentation last night was refreshing. Thank you Paula Brown, Mark Welch and Kelly Madding for steering us in the right direction.

As elected officials, however, your tactics of derision and contempt continues to be offensive and improper. Last night when I asked for information on the total cost of each capital asset, you asked, "Why do you need that information?" (Well because it is public information and required by GASB 34). This is the same condemnation that I suffered when I asked about overtime and other issues in the last budget cycle. Remember the Daily Tidings Editorial, "**Public Means Public?**"

Your attempt at being dismissive about the size of the budget is not acknowledging the truth. If you look at the published numbers and select a comparative period you will find all of the increases have been greater than inflation. The total budget, from 2008-09 increased from \$78.4 million to \$143 million. While just the Operating Budget increased from \$54 million to \$88.6 million. The increases are \$64 million and \$34.5 million, an increase of 82.5 and 64 percent, respectively. Inflation during this period was less than 14 percent.

Using the Opengov numbers the budget is up 48 percent or \$30.2 million. This is 3.46 times the rate of inflation and is unsustainable growth. Please see Exhibit A for a comparison of data from Opengov to published and adopted budgets. Please note the unexplained variances in the table.

The increase in utility fees and charges is based on the false assumption that this will save taxpayers money. How many people do you know can pay the full purchase price of a house or car? Most of us must utilize debt. In fact, the weighted average cost of capital is a common method for evaluating the use of debt vs. equity. By charging higher fees to build up a replacement cost, at a time of historic low interest rates, you have overcharged utility customers. In addition, the accumulation of large fund balance in the Enterprise funds should not be used to cover General fund deficits.

There are still a number of topics to cover and issues to be raised. I believe I can be more effective without your constraints and ridicule. Therefore, I hereby resign from the Budget Committee.

Sincerely,

Garrett Furuichi

Exhibit A

Ashland

Annual - Expenses

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Object Type	2007-08 Actual	2017-18 Actual	Change	Change %
Personnel Services				
Salaries & Wages	14,760,585	19,275,306	4,514,721	30.59%
Fringe Benefits	7,360,525	11,928,057	4,567,532	62.05%
Total	22,121,110	31,203,363	9,082,253	41.06%
Variance from Published Actuals	173,032	2,462,676	2,289,644	
Published Personal Service	22,294,142	33,666,039	11,371,897	51.01%
Materials and Supplies				
Other Purchased Svcs	6,994,795	8,581,368	1,586,573	22.68%
Contractual Services	5,284,885	10,101,510	4,816,625	91.14%
Rental, Repair, Maintenance	2,643,878	4,214,791	1,570,913	59.42%
Insurance	551,973	7,190,990	6,639,017	1202.78%
Supplies	1,054,702	1,336,224	281,522	26.69%
Expenses	443,502	0	-443,502	-100.00%
Franchise	1,639,062	2,712,148	1,073,086	65.47%
Programs	893,558	817,992	-75,566	-8.46%
Communications	543,447	470,592	-72,855	-13.41%
Equipment	1,454,401	1,158,380	-296,021	-20.35%
Commission	10,243	9,570	-673	-6.57%
Grants	656,586	1,010,718	354,132	53.94%
	22,171,032	37,604,283	15,433,251	69.61%
Variance from published Actuals	7,186,417	12,346,402	5,159,985	
Published Materials and Services	29,357,449	49,950,685	20,593,236	70.15%
Debt Service				
Debt - Principal	2,005,283	3,789,305	1,784,022	88.97%
Debt - Interest	2,014,850	819,167	-1,195,683	-59.34%
	4,020,133	4,608,472	588,339	14.63%
Variance from published actuals	308,794	393,265	84,471	
Published Debt Service	4,328,927	5,001,737	672,810	15.54%
Capital Outlays				
Improvements Other than Bldgs	5,074,671	3,485,342	-1,589,329	-31.32%
Land	0	1,746,667	1,746,667	#DIV/0!
Buildings	118	0	-118	-100.00%
	5,074,789	5,232,009	157,220	3.10%
Variance from published actuals	1,500,313	29,924,696	28,424,383	1894.56%
Published Capital Outlay	6,575,102	35,156,705	28,581,603	434.69%
Budgetary Requirements				
Interfund Loans	0	0	0	#DIV/0!
Operation Transfers Out	446,253	2,066,192	1,619,939	363.01%
Contingency	0	0	0	#DIV/0!
Ending Fund Balance	0	0	0	#DIV/0!
	446,253	2,066,192	1,619,939	363.01%
Variance from published actuals	20,052,792	17,242,476	-2,810,316	-14.01%
Published Budgetary Requirements	20,499,045	19,308,668	-1,190,377	-5.81%
Fund Transfers				
Internal Charges & Fees	9,168,436	12,529,053	4,043,052	36.65%
Total	63,001,752	93,243,373	30,241,621	48.00%