

Council Business Meeting

Date: December 21st, 2021

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| Agenda Item | Long Range Financial Planning Schedule | |
| From | Gary Milliman | City Manager Pro Tem |
| Contact | City Manager Pro Tem | |

SUMMARY

The City Council is nearing the conclusion of its Long Range Financial Planning discussions and some key decisions on scheduling this process to conclusion are needed.

BACKGROUND AND ADDITIONAL INFORMATION

As per previous City Council discussion, remaining items to bring the Long Range Financial Planning discussions to conclusion are:

1. Proposal from APRC for use of the Food and Beverage Tax and possible voter measure to change and/or clarify the authorized uses.
2. A preliminary “wrap-up” discussion to identify options for dealing with the long-range deficit projection.
3. One or more “City Council listening sessions” to engage the community in prioritization of City services and revenue options.
4. A community-wide survey on prioritization of City services and revenue options.
5. A final “wrap up” discussion and direction in the development of an action plan.

Redefining the Deficit

The City Council has recently heard a report from Interim Finance Director Alison Chan concerning the projected General Fund deficit. This report reduced the projected deficit substantially and concluded that emergency measures to deal with the deficit in the current biennium were not necessary. This provides the City Council with more time to develop a reasoned approach to curbing the long-range structure deficit in the General Fund.

APRC/Food and Beverage Tax (February)

The APRC has, essentially, withdrawn this proposal and is now working to develop an alternative proposal for a property tax levy, and has been conferring the City’s management in this effort. Staff proposes to now include this matter as a part of the preliminary “wrap up” discussion and subsequent community engagement meetings.

Consolidation Proposals (First Review April/May; Final Report June)

On December 7 the City Council approved two matters related to “fact finding” that will develop information concerning the feasibility and potential improved fiscal viability of public safety services. These include contracting with Portland State University, Center for Public Service, to conduct feasibility studies for the consolidation of police services with the City of Talent and the consolidation

of Fire Services with Jackson County Fire District #5. This study work would be concluded no later than June, 2022, but PSU reports that preliminary findings could be available by April or May. Both changes could have a significant effect on the projected General Fund deficit.

Preliminary Wrap-Up Discussion (February)

Staff recommends that the City Council proceed with a preliminary wrap-up discussion to conclude the current process in February. This will provide the new City Manager with time to become engaged in the process, will provide time for some of the fact-finding activities to mature, will provide time for the City to appropriately staff and organize a community engagement process. This discussion would include the new proposal by APRC to consider a property tax levy and other recommendations now being developed by the City Manager Pro Tem and Interim Finance Director.

City Council Listening Sessions (April) and Community Survey (June-August)

Staff recommends that the listening sessions and additional community engagement take place after the public safety consolidation studies are completed. This would likely be in June or July 2022. There is a lot of preliminary preparation work to be accomplished and resources to be established. Proceeding with a community engagement process without clearly defined and understandable alternatives would not serve the community well. We now know that there is no urgency to completing this work.

The City does not now have the capacity to undertake even a rudimentary community engagement program.

Final Wrap-Up and Action Plan (August)

A final wrap up session to consider what we have learned from the community engagement process, the studies and (hopefully) some post-COVID revenue experience. This final phase would be to prioritize City services, provide direction to staff on service levels and define a funding strategy going forward that could be presented to the voters (if desired) for the November 2022 or May 2023 elections.

Non-General Fund Proposals (January-July)

The City Council will also be considering proposals at the December 21 meeting and in January regarding the possible restructuring and/or divestiture of Ashland Fiber Network and contracting the operation of the City's wastewater treatment plant. These potential changes would have little or no impact on the projected General Fund deficit.

Ongoing Efforts

As the above outlined process unfolds, the City management would continue to bring recommendations to the City Council to improve the City's long-term financial position. This would include, for example, refinancing the City's PERS debt, changing the City's method of providing worker's compensation coverage and upcoming labor agreement negotiations...all of which will provide opportunities for the City to mitigate increases in costs going forward.

FISCAL IMPACTS

N/A

STAFF RECOMMENDATION

N/A

ACTIONS, OPTIONS & POTENTIAL MOTIONS

N/A

REFERENCES & ATTACHMENTS

None.