

**BUDGET COMMITTEE MEETING
MINUTES**

March 30, 2021

Meeting conducted via Zoom

*(Meeting recording can be watched here or by going to
<https://www.ashland.or.us/SectionIndex.asp?SectionID=532>,
timestamps are also noted in these minutes)*

Melanie Purcell, Finance Director called the meeting to order at 3:07 p.m. via online meeting on Zoom

ROLL CALL (*Recording Timestamp 1:11*)

Present:

Councilor Paula Hyatt	Ellen Alphonso
Councilor Stephen Jensen	Jim Bachman
Councilor Shaun Moran	Shane Hunter
Councilor Gina DuQuenne	Bob Kaplan
Councilor Tonya Graham	Mike Morris
Councilor Stefani Seffinger	David Runkel
Mayor Julie Akins	Saladin Amery

Absent: None

REVIEW ROLES AND PROCESS (*Recording Timestamp 2:15*)

Purcell and City Attorney Dave Lohman presented to the Committee a presentation on the roles of the Committee and the process of this budget cycle. **Presentation Attached.**

ORGANIZATION (*Recording Timestamp 15:48*)

Purcell called for the Committee to Elect a Chair and Vice Chair. Moran/Bachman motioned/seconded the election of Shane Hunter as Committee Chair. Discussion: None. Voice vote. Motion unanimously approved. Morris/Hyatt motioned/seconded the election of Jim Bachman as Vice Chair. Discussion: None. Voice vote. Motion unanimously approved.

Committee Chair Shane Hunter explained the upcoming tourism grant process and asked for volunteers. (*Recording Timestamp 18:30*) Purcell confirmed to the committee that applications and information will go out to organizations this Friday, April 2nd and applications will be due back April 28th. The committee will then be deliberating these recommendations on May 11th. The recommendations made by this subcommittee will be part of the recommendations of the total budget that will go to Council at the end of the budget process. Mayor Julie Akins, Councilors Paula Hyatt and Gina DeQuenne, as well as Committee Member Jim Bachman volunteered to serve on this committee. Hyatt also spoke to how rewarding it was to serve on this committee.

BUDGET (*Recording Timestamp 22:06*)

City Manager Pro Tem, Adam Hanks presented to the Committee a presentation on the recommended budget. This included influencing factors, challenges, opportunities, and accomplishments in the last biennium. He also spoke to related topics as outline in a three phased approach and key issues related to the budget. Purcell presented to the committee as well regarding the budget methodology. Both Hanks and Purcell spoke to the balancing approach. Purcell went on to explain federal American Rescue Plan Act Funds and Hanks added information on changes in operations and service. Also discussed in the presentation was rate relief and funding stabilization, the general fund forecast, policy decisions, sources & uses, property tax, transient occupancy tax, franchise fees, user taxes, Ashland Forest Resiliency charges, Public Safety support fees, food and beverage tax, uses of fund balance and reserves, personnel, materials and supplies and capital. Purcell also defined to the committee uses by fund and future policy decisions. ***Presentation Attached.***

City Councilor Shaun Moran asked during this presentation regarding the timeline of paying off the debt for the Ashland Fiber Network loan (*Recording Timestamp 38:30*) Hanks responded that there was about four more payments left with the debt previously being allocated to various places within the budget with the majority of it being in the electric fund. Moran further asked if for a year in which this would be paid off and if this could be paid off early. Hanks stated that it would be four years from now in 2025 and that he was not aware of anything that would prevent an early repayment.

PUBLIC FOURM (*Recording Timestamp 2:03:00*)**Written Testimony Submitted (See attached)****Oral Testimony Given**

Hunter gave to those giving oral testimony a 2-minute time limit.

George Kramer spoke to frugality and being economic with money. He suggested that the Committee freeze or cut spending as people all around Ashland are making daily decisions on how to stretch their money in the current economy. He added that unlike the City most people cannot raise revenue with a single vote and force others to pay the bill. He also added that it was rude for the City to try and raise taxes at this time. He also spoke to the structural imbalances or spending more than you take in and how the city raises more money to solve this problem or uses its reserves. He suggested freezing of spending, as most everyone in town already has. He also added that the City should stop using increased taxes and creative fees to solve these issues and that these funds come from rate payers. These he went on to say are aggressive forms of taxing and he acknowledges that no one wants to reduce staff or delay projects, but that Ashland needs to learn to live within its means and make hard choices between its wants and needs. Kramer also added that a look at salaries and benefits also needs to take place.

COMMITTEE QUESTIONS (*Recording Timestamp 2:07:39*)

Purcell began by stating that she had received a question regarding the sale of surplus property for use in the housing fund that is intended to replace the marijuana tax. She went on to say that the expectation is that these funds will exceed what is currently contributed by marijuana tax. This transfer she added is intended to be temporary and that the City would have to get further through the biennium to see where they would go after this.

Hunter confirmed with staff that the emails of public testimony and the oral testimony given was all that was needed to be presented to the committee. Staff confirmed that this was correct.

Akins asked regarding the housing fund that Purcell had previously spoke about. She further asked if the marijuana tax was suspended, as this is typically used to add money to the housing fund, if the money would be used elsewhere. Purcell responded that money would come into the general fund and remain in the general fund instead of being transferred elsewhere. The idea she summarized was to replace the contribution with funds from the sale of property. Akins went on to ask how this would be more stable as the marijuana taxes are already stable and there are still many details to work out in regard to the sale of the property. Hanks added that policy questions regarding this was set to go to Council. He added that the property estimate exceeds the previous amount estimated through taxes and that there is an option to discount the price to an entity to provide affordable housing. Akins added that she like the idea of a public/private partnership, but that there may be an idea to split funds to go both in the general fund and the housing fund. She suggested that they keep this as a future talking point, to which Hanks added that it was already a policy discussion for Council. Akins asked the committee to send any input her way regarding this.

David Runkel, Committee Member thanked staff adding that it was a clearly stated budget message that included important topics of discussion. He also spoke to concerns that he had about not being aggressive enough in dealing with the imbalances including the postponement of putting money into reserves. He added in response that there needs to be a more aggressive approach.

Jim Bachman, Vice Committee Chair suggested that in the future the committee was allowed to take breaks near the middle of the presentation. Akins agreed with this suggestion that there be stop points in future presentations. Hunter also agreed and staff acknowledge that this was something that could be done in the future.

Bob Kaplan, Committee Member talked about the term structural imbalance. He suggested that the term can be managed many ways. He added that for the purposes of the Budget Committee roles verses that of Council it would be important to note where structural imbalances come from and what it is the Budget Committee can do. He

explained that most of what was presented was that of a policy decision that Council needed to address. He asked for direction on what the Committees role was in this.

DuQuenne spoke to her support of stop points within the presentation. She also commented on phase one that was previously presented. In phase one she noted the reduction in utility fees and her concerns surrounding the Capital Improvements Plan as well as the use of federal funds. She suggested not using federal funds for the use of a Wastewater treatment plant but suggested connecting to Rogue Valley Sanitation Service, to save the City money. She also supported Mr. Kramer and his discussion on being frugal. She then discussed the importance of priorities. Hanks responded that these are not the utility fees that are being reduced but that they are the franchise fees that will be reduced. He further added that since items like wholesale power are bought, rates have to be in line with the costs involved. He ended by noting that CIP is a prioritized list based on what year within master plans that each item is in.

Bachman asked about Kaplan's point for the term structural imbalance and how this relates to the Committee. Hanks spoke to how this related to the structural imbalance and the charge before the Committee. Hanks stated that staff could put something together to better frame this and that the definition that he uses is that the existing revenue streams that exist in the revenue fund are insufficient to cover the existing and forecasted expenses. Staff he stated would help highlight the why to this. Bachman asked if the recommendations can be changed. Bachman clarified from a standpoint of this Committee that there would be some recommendations that could be made to add or takeaway from the budget. Purcell reiterated this point by saying that any recommendations of the Committee will go as they are stated to Council, any changes are the choice of the Committee. The only requirement she added would be that revenues and expenses move together. Bachman added that it will make the meetings more productive to have it defined as to the Committees role on policy decisions. Hanks responded to this adding that this has been an ongoing question and as the budget focuses on people there can be limitations on what recommendations can be made.

Hyatt spoke to the change in the funds and how Parks would be funded. Her first question asked when in 2030 as the Food and Beverage Tax is set to sunset or extend, what would happen to Parks? She also spoke to the ballot measure and the language that surrounds this. Based on her observation from the presentation this language seems capital in nature and not operational. She added that she wanted a focus on operating expenditures. Hanks stated that they could bring back more details on this including more on the funding plan. He also spoke to the original voter approved language of Food and Beverage, that included parks open space acquisition.

Akins asked if this could be taken to voters again to which Hanks agreed. DuQuenne agreed that this should go to the people.

Saladin Amery, Committee Member stated that he really like the presentation and the fact that cuts are being made. He added that Purcell had stated that staffing was the largest cost and that although staff numbers have gone down the overall costs have not. He

stated that he would like to know where the savings will come from in these cuts. He referenced a 1.7% in this space and asked what this would equate to in numbers. He also spoke to the presentation of lowering utility fees and taxes and the hope to make this up through new revenue streams. These revenue streams he suggested are unknown and we do not know what the future holds. He asked that these revenue streams be explained to the Committee.

Hunter asked about the two-hour rule for staff research into questions. Purcell stated that they would know most likely as questions are asked if they will take more than two hours. She stated that at this point these seemed that they could be answered in less than two hours.

Hanks spoke to Amery's questions regarding additional revenue streams and that if additional revenue streams are not looked at then there would have to be a look at altering those in the form of reducing staffing primarily to Police and Fire. He added to that this will be a serious conversation in the community level minimum and the commitment to public safety. This is different he explained than those of the enterprise funds and utility rates that are more predicated on the capital side.

Amery spoke to the 2017 budget process and how there had been thought given at that time to the ambulance service making sense. It was thought he said that there may be a cost savings in this. Hanks stated that the study that is taking place is a post budget question and will need to be looked at to see if there is a tradeoff of benefits for savings. He also spoke to Fire regionalization in the six to ten year range and that many other agencies are involved in these decisions so the City is sometimes not always in charge of the other options. The study regarding the ambulance service is far along at this point and should be presented to council in June, said Hanks.

Councilor Stefani Seffinger spoke to the level of the risk factor and the time that it would take for this and other projects like those presented in the housing fund, climate energy and forest management. She added that many of the items are interrelated together and the question should be asked if these are more important than the utility fees.

Councilor Stephen Jensen spoke to the previous mentioned purview of the Committee. He suggested a skit to present to the Committee what this purview would look like. His fear in going into policy discussions is that the process will be a long and tedious process with frustration. His hope is to give sound advice to Council.

Akins spoke to the ORS 294.414 statute asking Committee members to do research on this as it gives direction to the Committee. Hanks added that there is some overlap of this in what the adhoc budget process had already worked on as well.

Kaplan spoke to the structural items and that these are part of the roles of Council. He added that this cannot happen by this Committee within the next few weeks. He went on to say that the Committee needs to focus on items that are not related to these policies

in order to accomplish the Committees tasks. Hunter agreed with this stating that they as the Committee are only to approve funds, but the details of how, the Council decides.

Moran thanked Hanks and Purcell for their work. He added that as Purcell previously stated the Committee needs to focus on outcomes and be results orientated. His hope as a Council member is to use the advice of this Committee to move forward in achieving results that everyone wants. He also added that knowing that over the years there has been issues with the budget that revenues do not match expenditures. This he added has been a structural imbalance that has existed over time and he is glad that it is being acknowledged as something that needs to be addressed. Moran also stated that moving money around for short term bridge financing is not a solution. He then asked in regard to the franchise fees covering street funds and what would happen if these fees do not cover the cost and referenced debt. Purcell stated that she had worked with the Public Works Director and that to get the most out of funds it is best to structure debt in a way where you do more projects, but the projects have to be large enough to get financing. Using franchise fees, she noted is considered more stable when it comes to financing. With the staggering of this recommended the proper debt coverage can be achieved. Moran asked if these projects have been identified to which Purcell noted that they had not entirely been, but they look at it as more of a ballpark. She added that specifics of these projects must come back to Council for approval.

Moran then asked about the funding for parks. He questioned how the rate was calculated. He cited the historical funding rates between 75% and 80% and if it was written in stone that this has to be 98% or if a discussion could be had. He also asked if thought could be given to a rate closer to 75% and money used elsewhere. Purcell recommended that this be a topic for next week's conversation and that she would send out the breakdown and logic behind this rate. There was thought she added about carving up revenue streams into small piece which she stated pits people against each other for their part of the pie and that it is better to shift the philosophy to a direct nexus of funds. She also stated that Parks is more flexible with this type of funding.

Hunter added that other questions can be sent directly to Melanie. Hunter also added that there is room for more meetings after May 11th but proper notice would need to be given. Purcell suggested that the Committee needed to be mindful of the Council's need to publish.

ADJOURNMENT

Hunter called the meeting adjourned at 6:02 p.m.

Respectfully submitted,
Natalie Thomason
Administrative Assistant

City of Ashland Roles and Process

ASHLAND CITIZENS' BUDGET COMMITTEE

MARCH 30, 2021

BN2021-2023 Budget Process



Roles in the Process

- Budget Officer
- Citizens' Budget Committee
- City Council

Roles and general process are stipulated in Oregon's Local Budget Law, beginning at ORS 294.305.

Budget Officer/ Staff

- Presents the Budget Message explains the proposed budget and significant changes in the local government's fiscal position.
- Prepares a proposed budget (City Manager's Recommended Budget) that identifies revenues and expenditures by fund, clearly showing what services and programs a local government provides and how it is paying for expenditures.
- Answers questions, provides additional information in support of Budget Committee deliberations.

Citizens' Budget Committee

- Holds public meetings to receive public input.
- Determines financial additions or deletions to budget. The Committee can add/delete funding for specific service or programs but its role "is not to directly establish or eliminate specific programs or services" and the committee "does not approve new personnel, employee contracts or salary schedules, nor does it negotiate salary contracts."
- Approves a balanced budget to be presented to the City Council including the level of spending for the biennium and the full amount of the property tax levy authority that may be certified to the tax assessor.

Local Budgeting in Oregon, 150-504-400, Oregon Department of Revenue

City Council

- Publishes a financial summary of the budget as approved by the budget committee
- Holds a public hearing on the budget to receive public input.
- Adopts a balanced budget.
 - If any fund is increases by greater than 10% of the Approved Budget, the financial summary must be republished and another public hearing held.
- Makes appropriations
- Establishes revenues to support adopted budget, and
- Adopts a property tax rate.

Budget Format

- Under local budget law, the budget must follow a basic format including the presentation of expenditures and revenues by fund. Additional detail may be provided.
- Expenditures must be classified by category or type: Personnel Services, Materials and Services, and Capital Outlay. Debt Service, Transfers, General Operating Contingencies, and Unappropriated Ending Fund Balance can also be used.
- Revenues are distinguished between property tax and non-property tax revenues.
- Resources and requirements (Sources/ Revenues and Uses/ Expenditures) must balance by fund.

Budget Process/ Calendar

- March 30, 2021: City Manager's Recommended BN 2021-2023 Budget Presentation to Citizen Budget Committee
- April 13, 2021: Presentation of Governmental Funds to Budget Committee; Discussion and review. Funds include: General Fund, Streets, Stormwater, CDBG, Airport, Housing, Parks General Fund, Capital Funds
- April 27, 2021: Presentation of Enterprise Funds to Budget Committee; Discussion and review. Funds include: Water, Sewer, Electric, Telecommunications, Internal Service Funds
- May 11, 2021: Deliberation and Approval of BN2021-2023 Budget and maximum Property Tax Rate for presentation to City Council

Budget Process/ Calendar

- Committee members are encouraged to submit questions in writing in advance of the meetings to facilitate information dissemination to all members in a timely fashion and optimal use of limited meeting time.
- Questions provided prior to noon the day before a meeting will be addressed as much as possible in the subsequent meeting and completely in writing within the week, if possible.
- If responses to questions are likely to require more than two hours of staff time to compile, the question will be forwarded to the full Committee for consideration.
- If a Committee member is submitting a motion for consideration by the Committee, please send it to the minute keeper to ensure clear records.
- Public comments received via email or the City's website including the results of the polling questions will be provided to the Committee in their packets.

Budget Process/ Calendar

- June 1, 2021: Presentation of Approved BN2021-2023 and maximum Property Tax Rate Budget to City Council; 1st Tax Reading and Public Hearing on Budget; Adoption of BN2021-2023 budget.
- June 15, 2021: 2nd Tax Reading and adoption of Property Tax Rate. Review and 1st reading of enabling ordinances.
- July 1, 2021: ***Happy New Fiscal Year!!***

City of Ashland

BN 2021-2023 City Manager's Recommended Budget

ASHLAND CITIZENS' BUDGET COMMITTEE

MARCH 30, 2021



**The budget is not just a collection
of numbers, but an expression of
our values and aspirations.**

Jack Lew

Influencing Factors

- COVID-19 Pandemic
- Alameda Fire
- Cap on property tax assessments combined with reduction in maximum millage rates (1995 legislation)
- Cost of doing business in line with Consumer Price Index for last several years but still above revenues

Budget Focus

- Focus Themes (what):
 - Homeless Services
 - Affordable Housing
 - Economic Development
 - Emergency Management
- Focal Lenses (how):
 - Diversity, Equity, and Inclusion
 - Climate Change
 - Financial Responsibility



Accomplishments – Looking Back

- Ambulance Service Financial Analysis
- Evacuation Analysis – Local Street Network
- Acquisition of Mace and Lorde Properties (APRC)
- City Hall Ballot Initiative
- Additional 60 unit Affordable Housing Project Approval
- Transit Triangle Land Use Code Adoption
- Zoning Updates for “Middle Housing” (state legislation)
- Leadership transition in two Key Departments – PW & Fire

Challenges and Opportunities -

Looking Forward

- Long term, stable funding package for APRC
- Future Plans for Ambulance Service
- Funding and maintaining needed infrastructure replacement planning
- Funding Wildfire Prevention and Emergency Management
- Re-investment in Ashland Fiber Network
- Long term regionalization of public safety operations

Going Forward – Balancing Priorities



- Move from catch-up to sustainable to resilient
 - Avoid band-aids
 - Scrutinize/ maximize short-term solutions
- Revenue Analysis and opportunities
- Operations Analysis and Capital Planning
- Transparency and Communication

Phase 1

- Full allocation of Food & Beverage Tax to APRC (98%)
- Reduction in Franchise Fee Rate for Water, Wastewater and Electric Utilities
- Allocation of Franchise Fee Revenues for Street Fund Capital Projects
- All three above to be approved by Council via Ordinance to ensure stability and structure for tax payers and rate payers

Phases 2 and 3

- Phase II

- Build on success of phase I (improved fund balance, alignment of revenue streams)
- Eliminate structural financial imbalance in the General Fund
- Leverage Ambulance, AFN and Electric Utility assets for financial and value service goals

- Phase III

- Develop strategy and implement funding model for Reserve Fund
- Actively participate in regional/unified fire service model exploration and implementation

Key Issues

Maintain COVID reduced operational staffing levels

- 28 sworn Police Officers
- 30 Firefighters to maintain 8/10 staffing model
- No reduction in Community Development staffing – high activity (revenue) levels and critical to economic recovery efforts
- Financial commitment to APCR

Utility Rate Relief

- Reduction of franchise fees
- Recognition of rising construction project costs
- Recognition of levels of risk given infrastructure replacement/improvement schedules

Budget Methodology

- Focus on Outcomes: Blend of techniques
- Change in approach and process to get change in outcomes
- GFOA changes in Budget Presentation Award criteria
- Assertive Communications strategy

Balancing Approach

- Focus on mandated and regulated activities
- Maintain COVID related expenditure reductions as feasible
- Address/Incorporate Ad-Hoc Cost Review Committee Recommendations
- Maximize utilization of one-time revenue streams (surplus property)
- Identify program/activity areas where funding levels have been capped or reduced for post Budget Council discussion and direction

Federal Stimulus Package - ARPA

- Revenue Replacement of approximately \$4.3 million
- Does not carry same restrictions as funds being replaced
- Does contain its own restrictions on allowable uses
- Infrastructure stimulus opportunities not yet determined – Focus areas appear to be water, wastewater and broadband
- Increased reporting and audit requirements result from ARPA and other successful grant opportunities across the organization

Changes in Operations

- Full allocation of internal (central) service charges across non-governmental funds
- Deferral on select vehicle replacements across all Departments
- Less Administrative/Support staff within Departments and within internal (central) service operations
- Employees paying higher share of Insurance costs

Changes in Service – Current and Future

Current

- Staffing levels may result in reduced hours for open public access (phones, counters) – Payment kiosk and other technologies/efficiencies in place to offset
- Economic, Cultural and Sustainability small grant categories eliminated

Future

- Dependent on Recommended changes to key GF revenue streams for Parks, Utility Rate Relief and Street Infrastructure projects
- Potential further reductions in Public Safety (discretionary elements first)
- Potential further reductions to APRC, likely with a focus on Recreation (City Charter related)

Rate Relief and Funding Stabilization

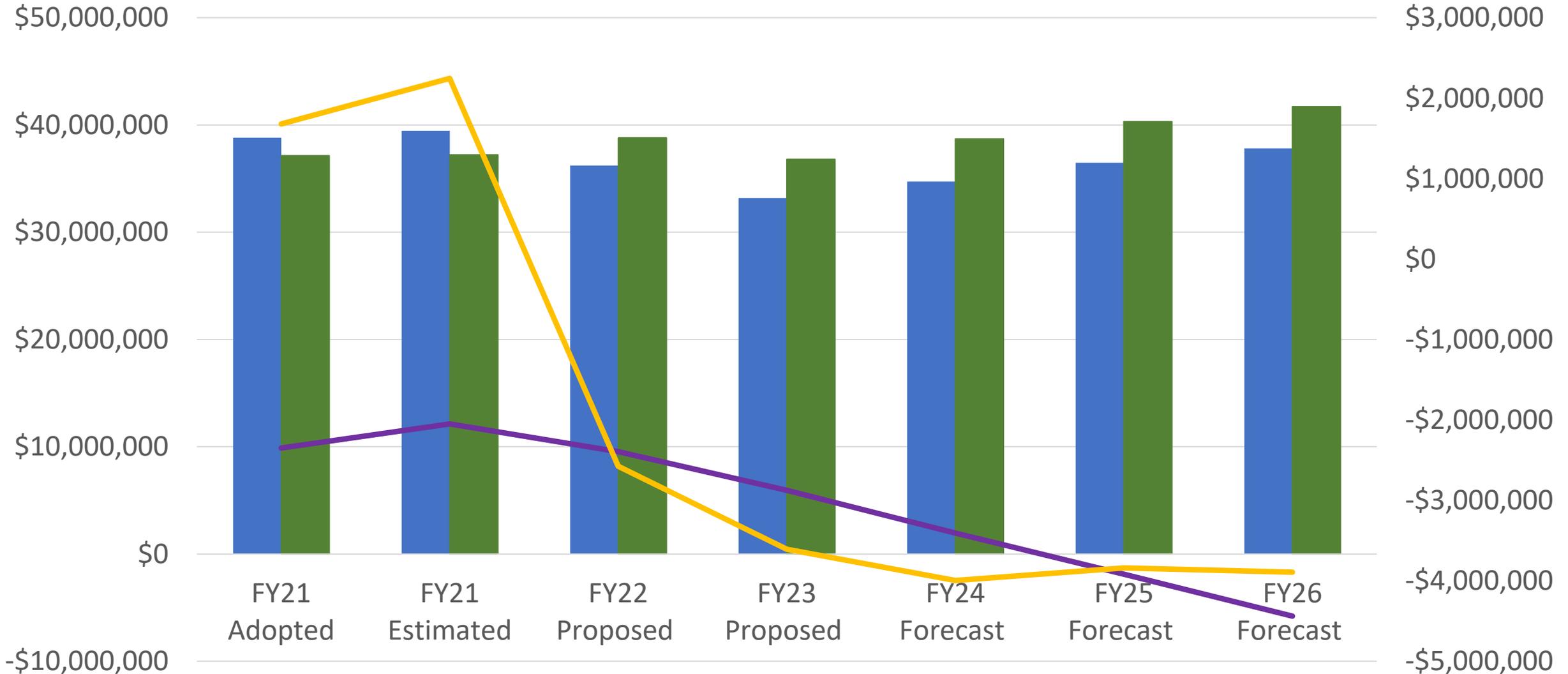
- Better policy and financial alignment of franchise fee revenue stream
- Increased stability and structure for General Fund, APRC and Streets Capital funding
- Three elements only work when implemented concurrently
 - Food & Beverage Tax Revenues to APRC
 - Reduction of Franchise Rates to Water, Wastewater and Electric Utilities
 - Allocation of a portion (eventually up to 50%) of franchise fee revenues to Street Fund for capital only

General Fund Forecast

- The City has had a recurring budget gap for several years that is forecasted to grow without definitive actions to change course.
- Assumptions include:
 - Property tax revenues grow at 3.5% per State law.
 - Food & Beverage and Transient Occupancy Tax revenues grow at 10-15% annually with economic recovery.
 - Salary costs are estimated to grow at under 2% until labor contracts are settled.
 - Benefit costs are estimated to grow approximately 6% annually based on historical patterns. Unfunded Actuarial Liability is expected to grow at less than 5% depending on market behavior, current year dropped about 2%.
 - Other costs are anticipated to grow at or below 3% depending on contract and market behaviors, i.e. asphalt moves with oil prices, software contracts are fixed with average increases of 3-5%.
 - Debt service will drop then potentially increase depending on projects, market behavior, and availability of federal and state grants and loans.

General Fund Forecast

Revenue: Expenditure*: Ending Fund Balance: Revenue less Expenditure:



*less contingency

Policy Decisions

- Update of the TOT ordinance to meet State regulations and approval of an intergovernmental agreement with the State of Oregon for administration of Ashland's lodging tax;
- Enter into an intergovernmental agreement with the City of Talent to provide police patrol, supervision, and investigative services;
- Approve the transfer and/or sale of surplus property to benefit the Housing Trust Fund;
- Update of the F&B ordinance to distribute 98% of the proceeds to the Ashland Parks & Recreation Commission and 2% to be retained by the General Fund to offset administration. This change does not require an election but F&B modifications have been referred to the voters in the past;
- Adopt an ordinance directing the specific allocation of property tax millage to be transferred to the Ashland Parks & Recreation Commission on a stepwise decreasing schedule;
- Adopt a Franchise Fee ordinance to establish universally applied franchise fees to all purveyors of utilities within Ashland City limits and direct a stepwise increasing amount to the Streets Fund for capital investment; and
- Schedule exploratory discussions for Council of strategic financial plan elements including Capital Improvements Plan, debt management, labor negotiations strategy, and service array options such as a regional fire district or partnership.

Sources and Uses

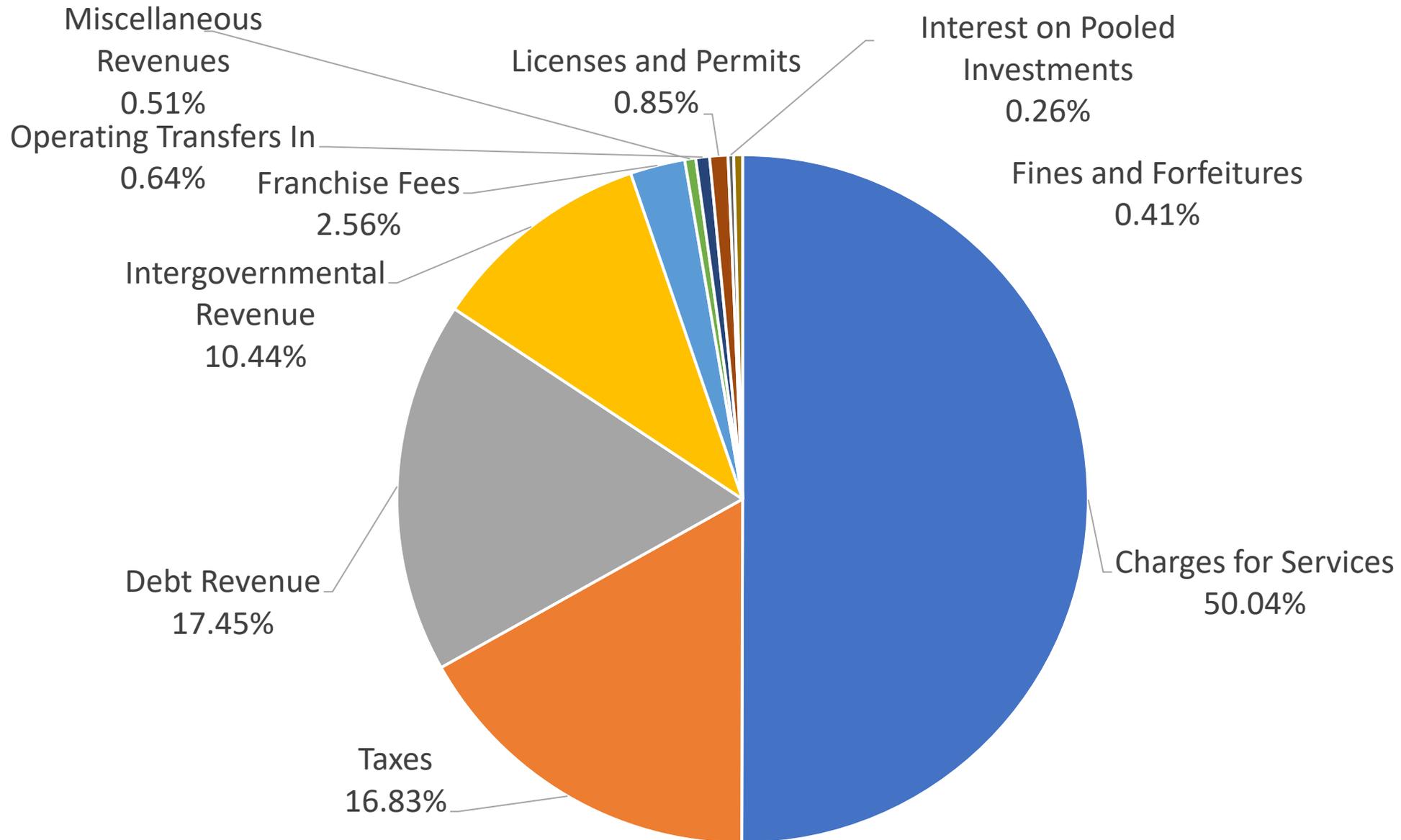
Sources include:

- Charges for Services
- Taxes- Property, Food & Beverage, Utility User, Transient Occupancy Tax
- Intergovernmental Revenues
- Debt Proceeds
- Franchise Fees
- Transfers In
- Licenses and Permits
- Interest and Other Revenues

Uses include:

- Personnel Services
- Materials and Supplies
- Capital
- Debt Service
- Transfers Out
- Other Uses

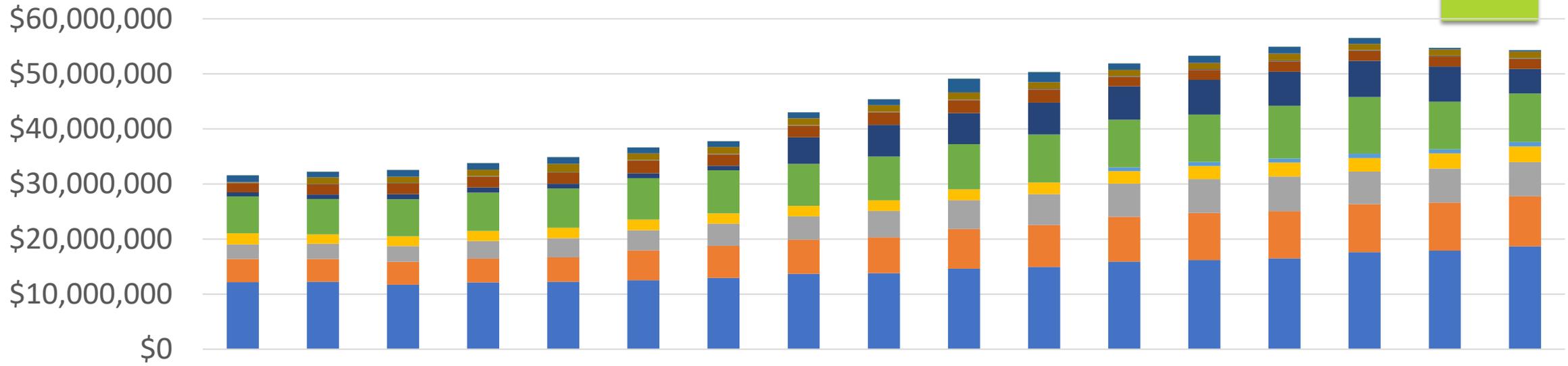
Sources by Type



Charges for Services

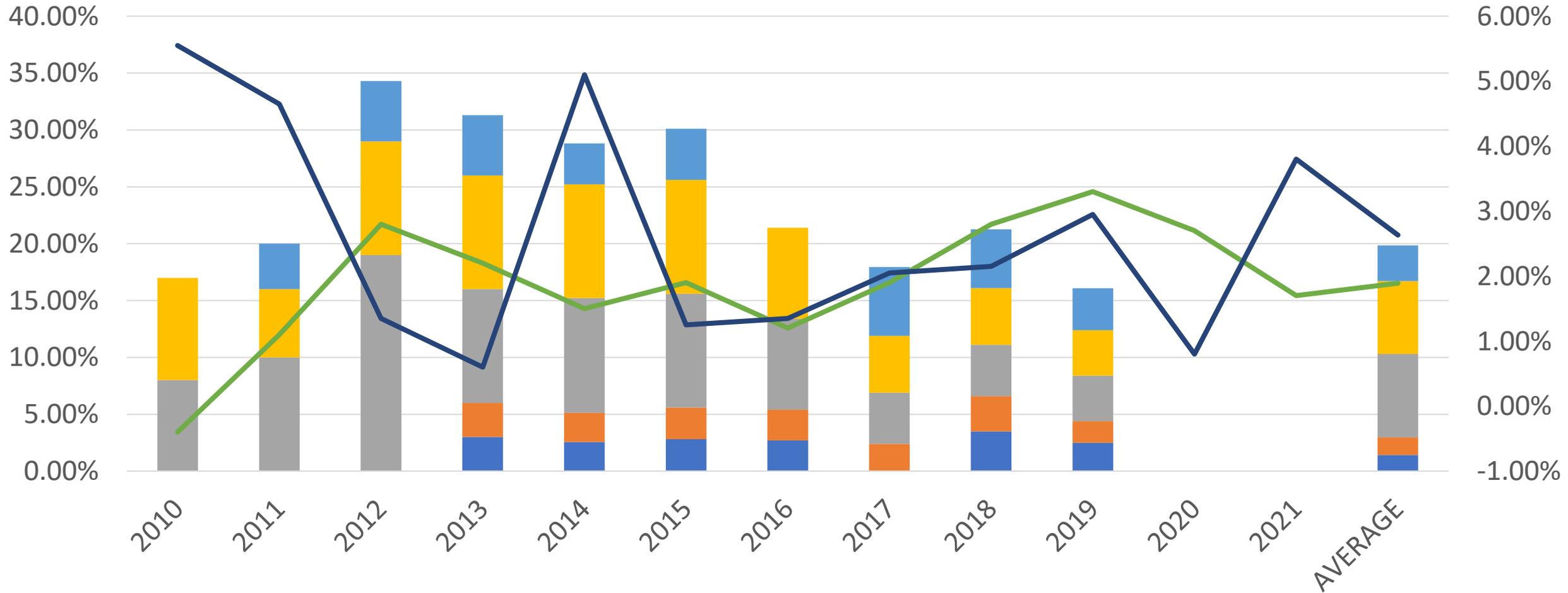
- Charges are based on the cost to provide the service and normally includes a charge that represents level of service used. These revenues must be used for the purpose charged. They include:
 - Water
 - Wastewater
 - Ambulance transport
 - Electric
 - Fiber network
 - Parks and Recreation programs
- The primary factors influencing the charges for service are the costs of raw materials, equipment and contracts, and staff. Other factors include the cost of debt to finance large capital projects to maintain and improve the system. Regulations from the federal and state governments dictate many of the capital and operating requirements for treatment, production, and distribution.
- Considerations in setting charges include fiscal responsibility, comparability with other communities, and stability of rates.

Charges for Services Revenue History



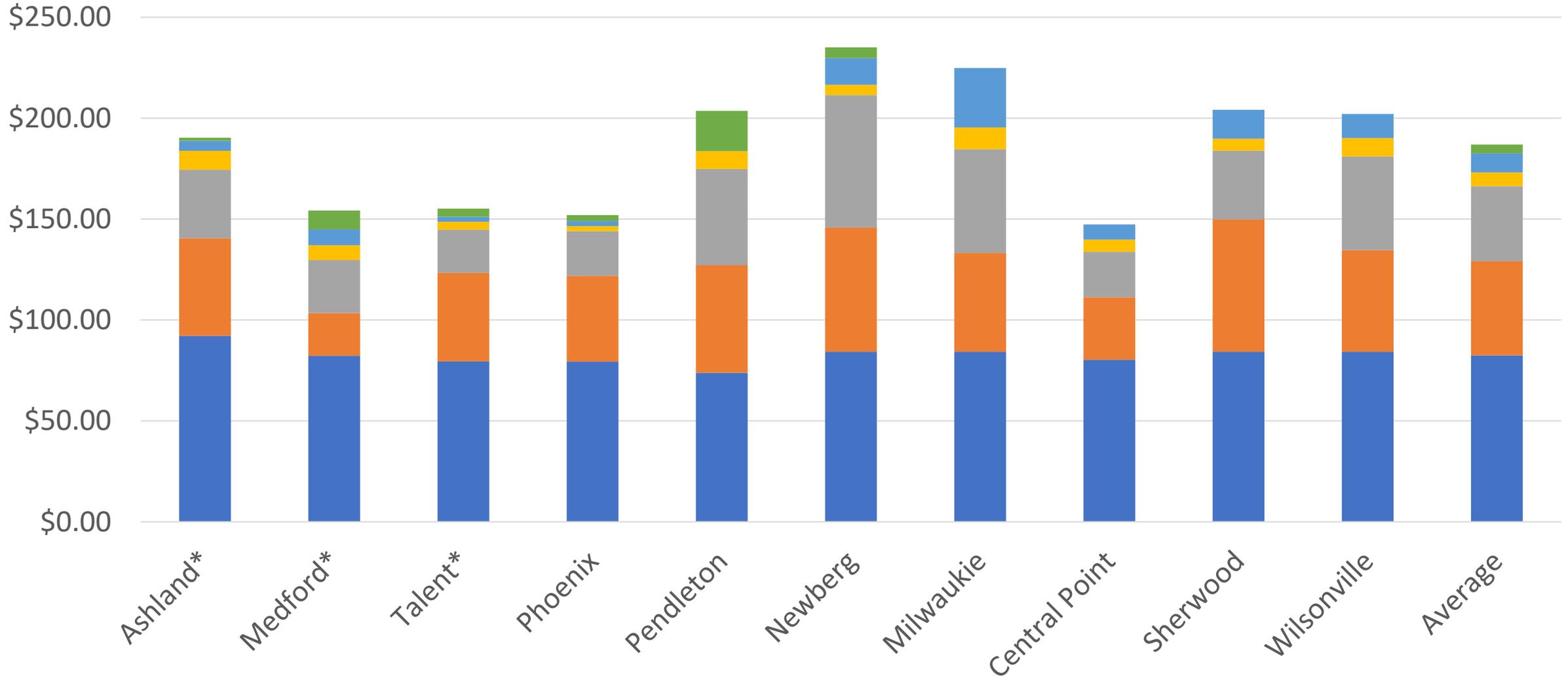
- Electric Fund
- Water Fund
- Wastewater Fund
- Telecommunications Fund
- Stormwater Fund
- General Fund
- Parks General Fund
- Street Fund
- Airport Fund
- Debt Service
- Capital Projects
- Cemetery

Utility Rate Growth History



Comparable Community Utility Bills

- Public Safety Fee
- Stormwater Residential Rate
- Street Maintenance Rate
- Sewer Avg. Resid. Bill
- Water Avg. Resid. Bill 1,000 cf
- Total Electric bill *

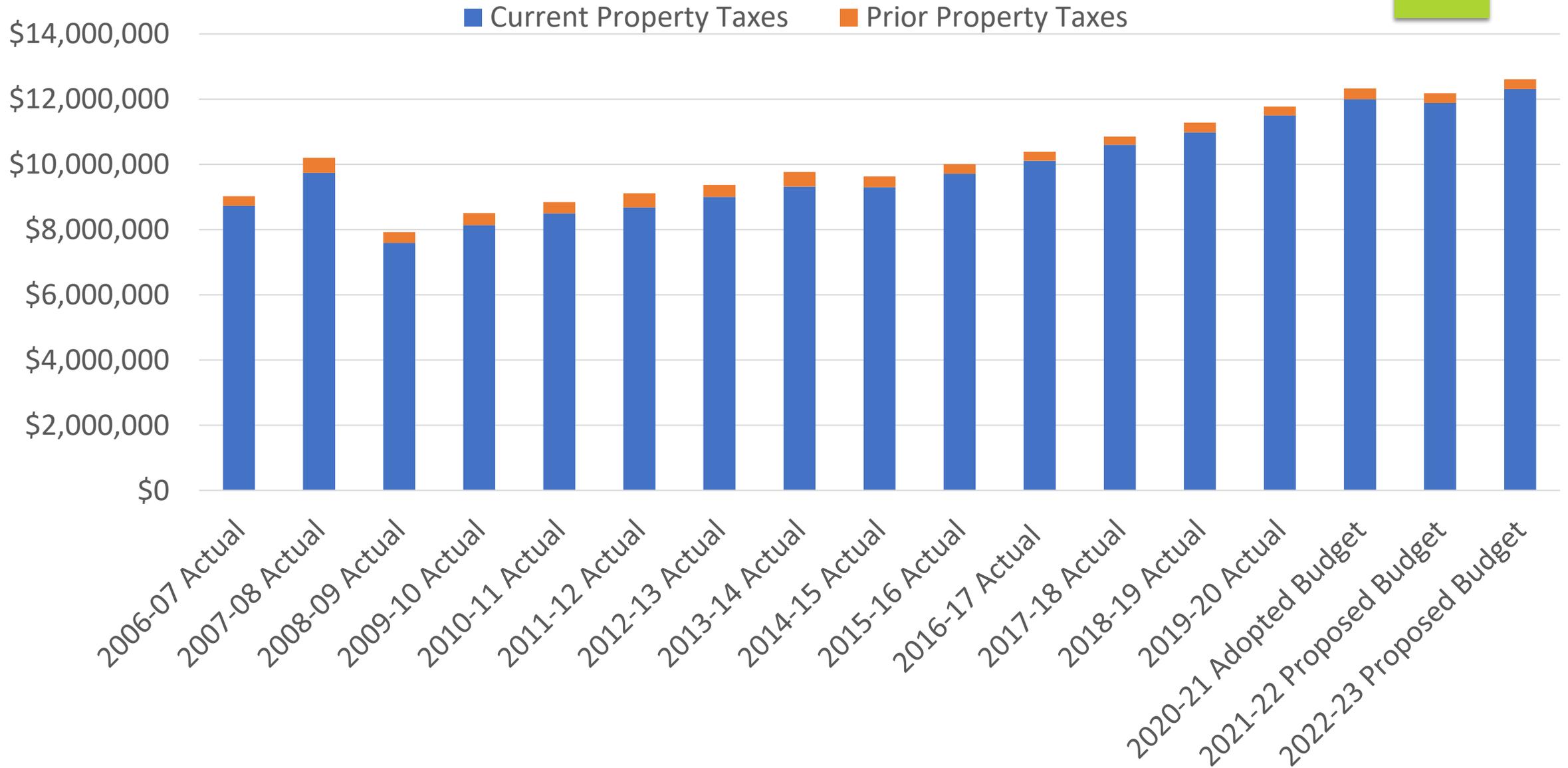


Property Taxes

Property Taxes are the largest revenue source for the General Fund.

- Total Property Tax rate for City of Ashland: 4.3561 per \$1,000 of assessed valuation
 - City Operating Levy: 4.2865
 - Debt Service: 0.0696
- Assessed valuations can only increase by 3.5% annually per State law.
- Collection rates are proposed lower to address potential slower payments as the economy recovers
- A portion of the City Operating Levy is transferred to the Parks & Recreation Commission.
- The debt service levy drops 0.0339 with the retirement of the GO Bond for Fire Station #1.

Ashland Property Tax Revenue History



Property Tax Rate Comparisons

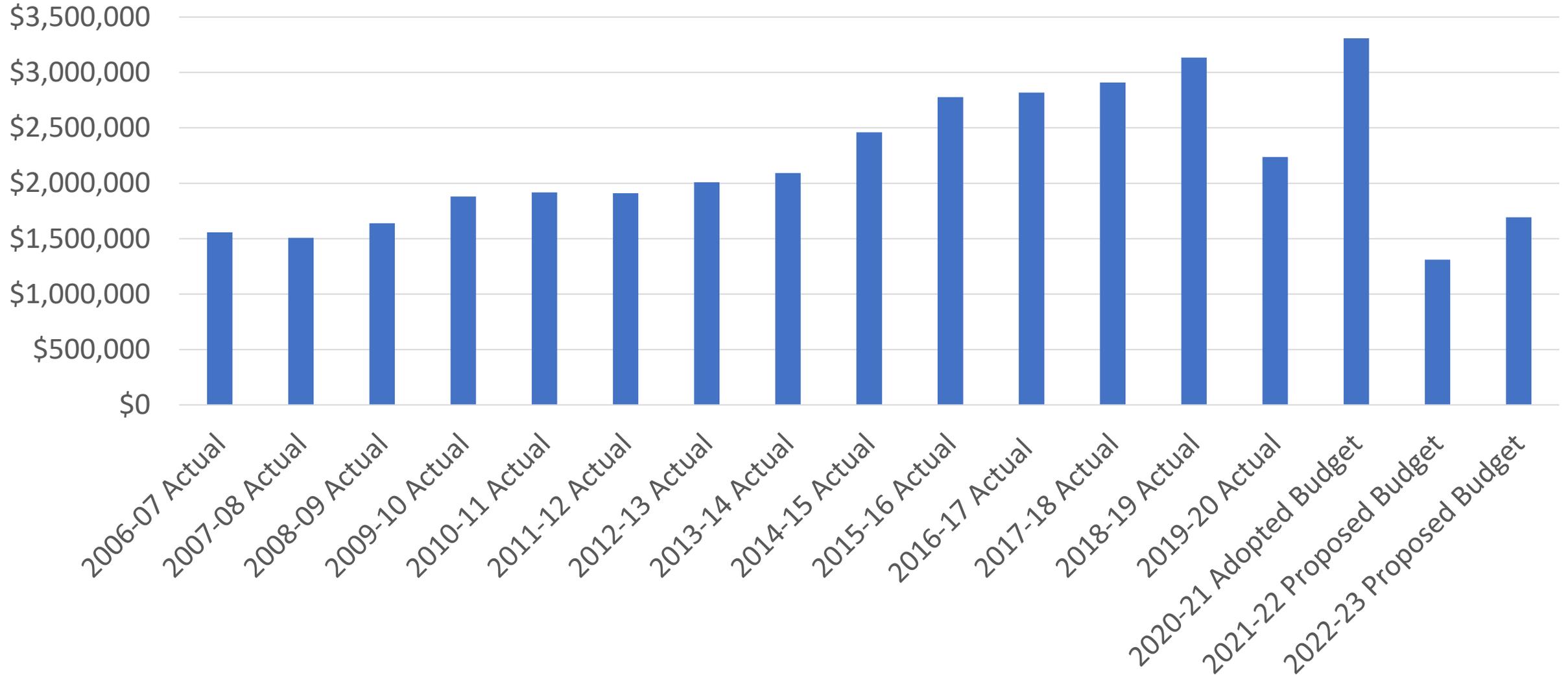
	Ashland	Medford	Talent	Phoenix	Point	Central Klamath Falls*	Hermiston	Wilsonville	Woodburn *	
Operating	4.2865	5.2835	3.2316	3.2525	4.3545	5.4423	6.086	2.5206	6.0534	
Fire		2.4938	3.1976	2.8522	3.0388	2.8822			2.1322	
Parks										
	Roseburg	Happy Newberg*	Happy Valley*	Lebanon	Canby*	West Linn	Milwaukie	Sherwood	Pendleton	Average
Operating	8.4774	4.3827	0.671	6.5749	3.4886	2.12	6.5379	3.2975	6.5771	4.591
Fire		2.1167		2.2947	1.5456		2.4012			2.4955
Parks		1.2766	0.54	0.2137						0.6768

*Does not include Fire and/or Park District levies

Transient Occupancy Tax (TOT)

- The City of Ashland charges all short-term room rentals a ten percent Transient Occupancy Tax (TOT).
- State Law requires that a significant portion of TOT revenues be allocated for tourism promotion or tourism infrastructure. On an aggregate level, 70% of the tax collected remains unrestricted and funds General Fund operations.
- The BN2021-23 budget includes TOT estimated at 42% of 2019 collections with gradual growth over the next few years. If tax collections exceed the budget, the City Council can revisit options to utilize the increased revenue.

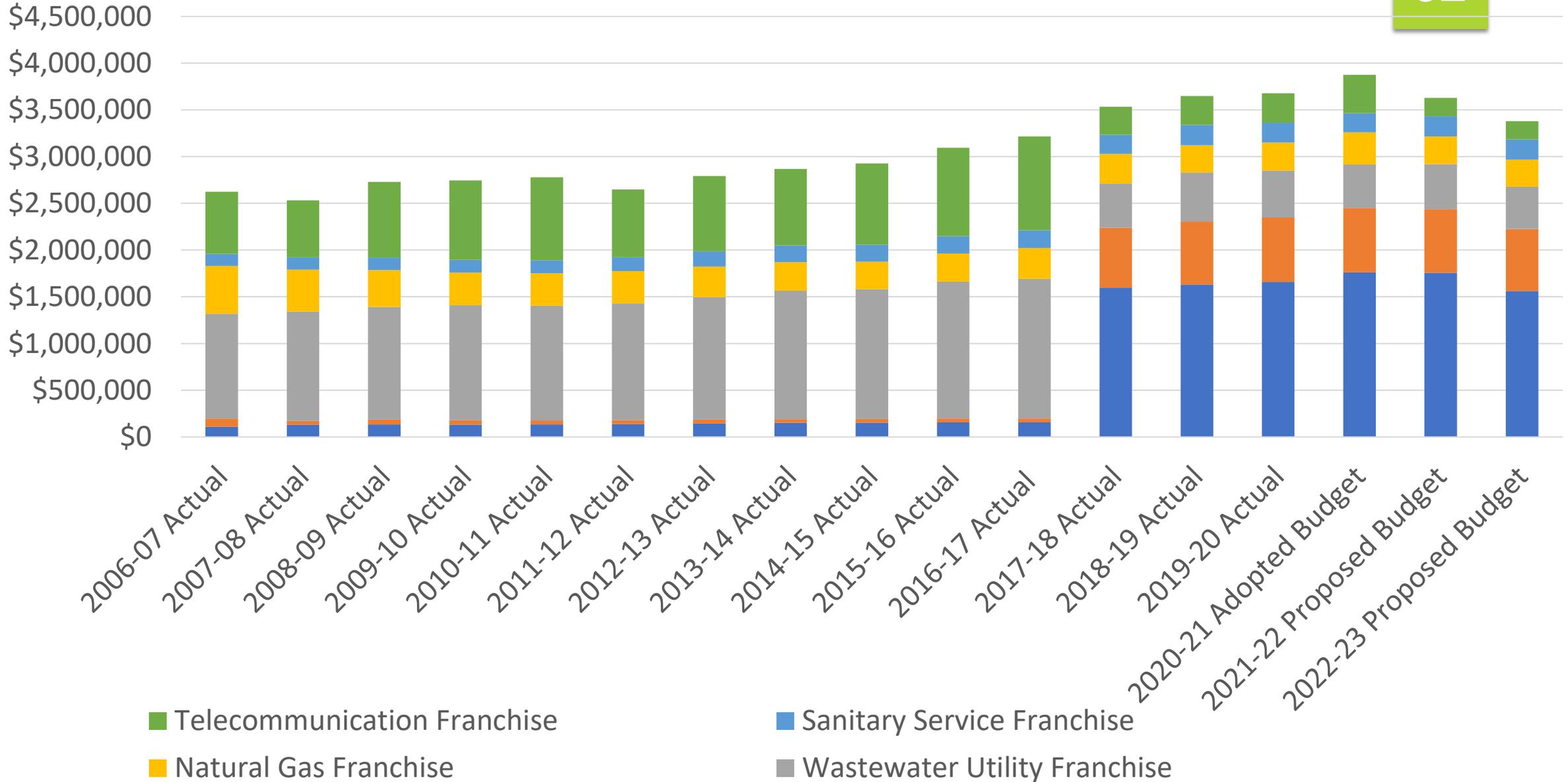
Transient Occupancy Tax (TOT) Revenue History



Franchise Fees

- Franchise Fees are charged to all utilities for use of the City's rights-of-way and are designed to reimburse the local government for impacts of those utilities on that government, especially on the infrastructure owned by the governmental funds.
- Franchise Fees are paid to the General Fund.
- Revenue is highly dependent on consumption by utility users and can be strongly impacted by the weather.

Franchise Fees Revenue History



Franchise Fees as part of Rate Relief

- The BN2019-2021 budget recommended a comprehensive review of franchise fees to maintain affordability and competitiveness of the utilities.
- The BN2021-2023 Recommended Budget includes stepped reductions in franchise fees and codification of the rates for consistency across utilities including external agencies.

Franchise Fee Rate Structure			
	Current Franchise Rates	Proposed FY2022-23 Franchise Rates	FY2023-24 and forward Franchise Rates
Wastewater	8.00%	7.50%	7.50%
Water	8.00%	7.50%	7.50%
Electric	10.00%	8.50%	7.50%
Avista	7.00%	7.50%	7.50%
Charter	5.00%	5.00%	5.00%
HomeNet	2.00%	2.00%	2.00%
Stormwater	0.00%	0.00%	0.00%
AFN	0.00%	0.00%	3.00%

Franchise Fees in Funding Stability

- The City has struggled to find a stable and appropriate funding stream for Streets repairs. Franchise Fees are designed to pay the City for impacts to Streets making a clear nexus.
- The BN2021-2023 Recommended Budget includes stepped increases in the percentage of franchise fees dedicated to Streets capital improvements and codification of the contribution.

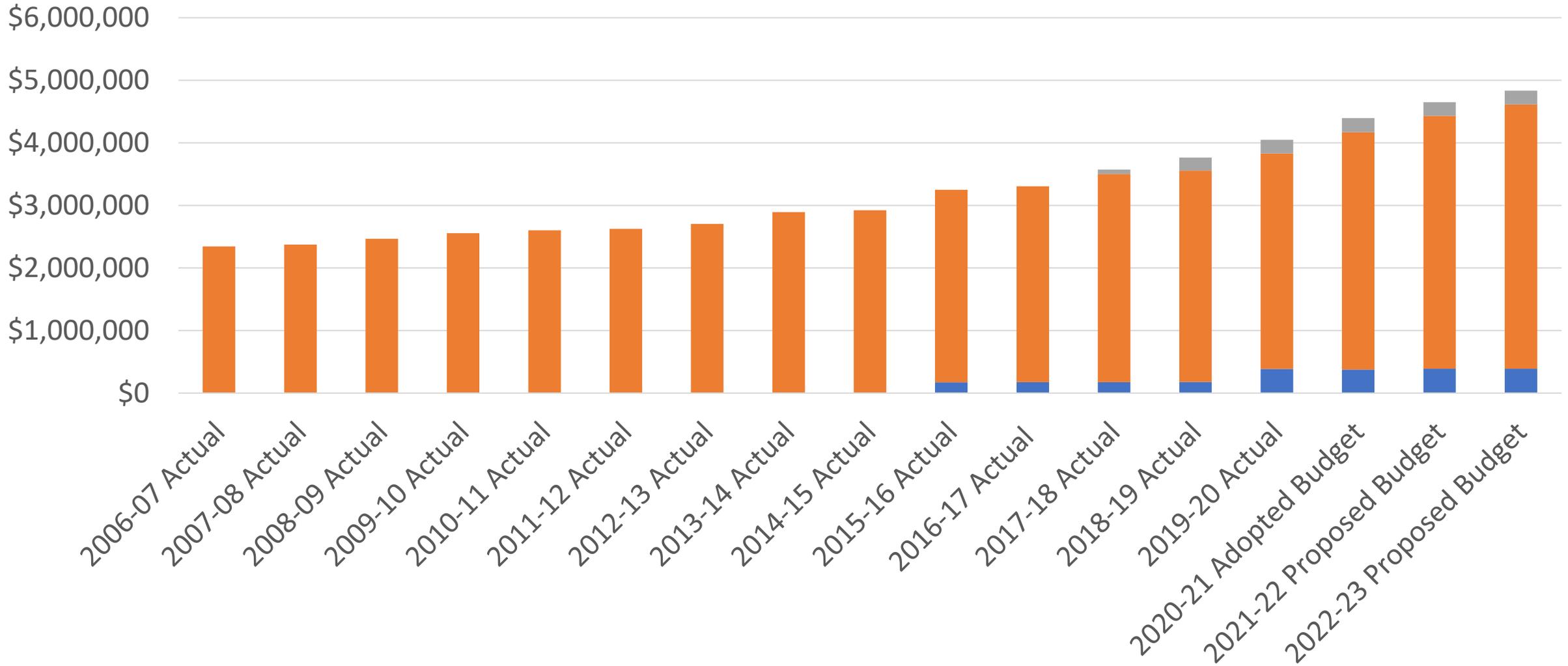
Franchise Fee Distribution	FY2022-23	FY2023-24	FY2024-25	FY2025-26
Dedicated to Streets Funding	20.00%	25.00%	35.00%	50.00%

Utility User Tax/ Ashland Forest Resiliency Charge/ Public Safety Support Fee

- The Utility User Tax, established in 1976, is 25% applied to all the charges on every electric meter account except Governmental accounts that pay a higher usage rate, and paid into the General Fund. Users who might otherwise be exempt from property taxes are subject to this tax.
- The City also charges a fee on all water bills for the purpose of funding the Ashland Forest Resilience (AFR) program in the General Fund. This fee is not a tax on charges but a fixed amount on each water account based on meter size.
- Each electric meter account also pays \$1.50 per month to help fund police services.

Utility User Tax/ Ashland Forest Resiliency Charge/ Public Safety Support Fee Revenue

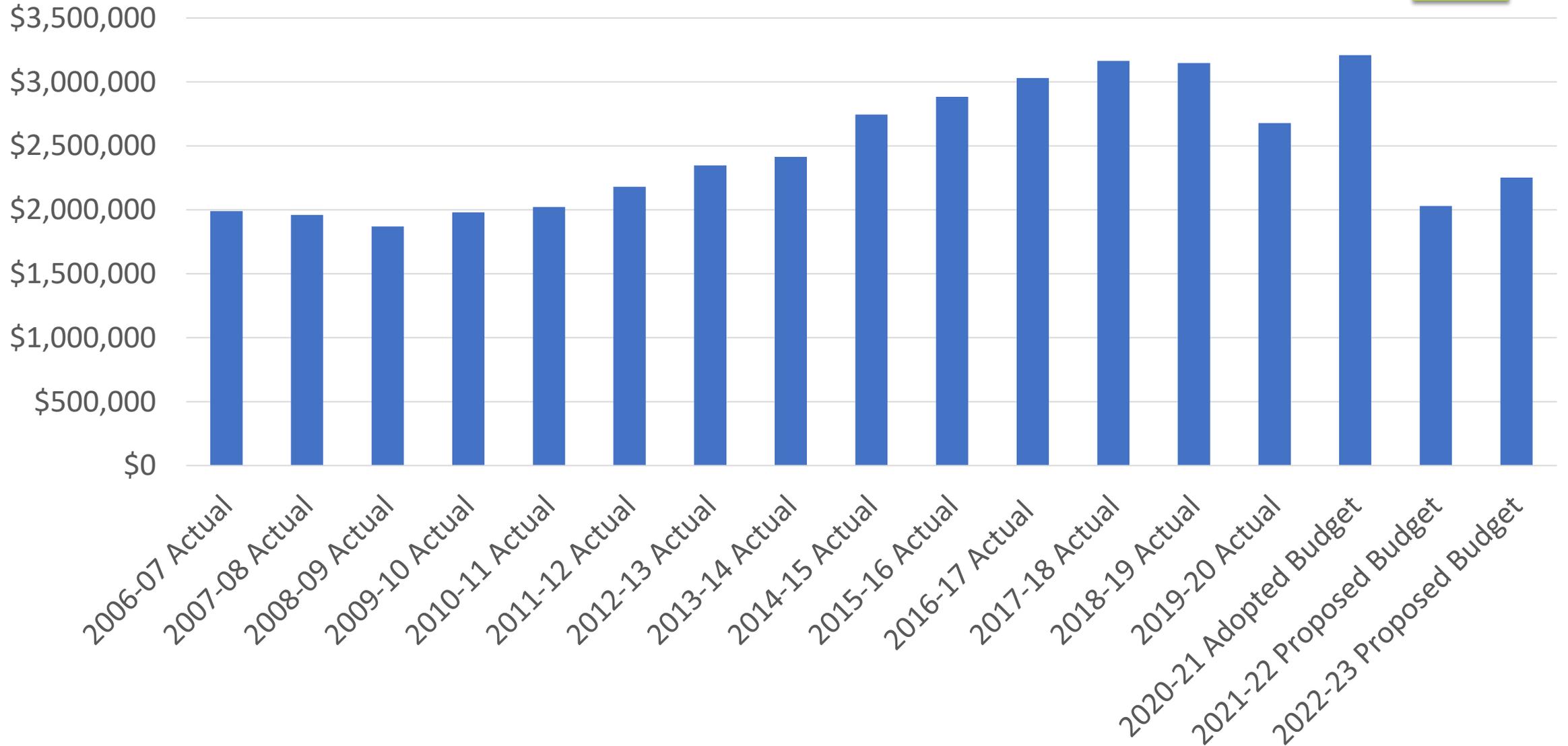
Water Surcharge for AFR Electric Utility User Tax Public Safety Fee



Food and Beverage Tax (F&B)

- The City collects a five percent tax on prepared food and non-alcoholic beverages, originally established in March 1993 and up for consideration by the voters in December 2030.
- The original tax included a minimum of 20% for acquisition, planning, development, and major rehabilitation of City parks. 80% of the tax revenue was dedicated to the Wastewater Treatment Plant upgrade.
- The current ordinance specifies 25% to Parks & Recreation, 2% to administration, and the remainder to Streets once the Wastewater Treatment Plant Debt was paid, which occurred in December 2020.
- The BN2021-2023 Recommended Budget includes dedicating all revenues from Food & Beverage (F&B) to Parks with a corresponding reduction in property tax allocation. The property tax contribution is also recommended to be included in the codification to increase stability for both the General Fund and Parks Commission.

Food and Beverage Tax Revenue History

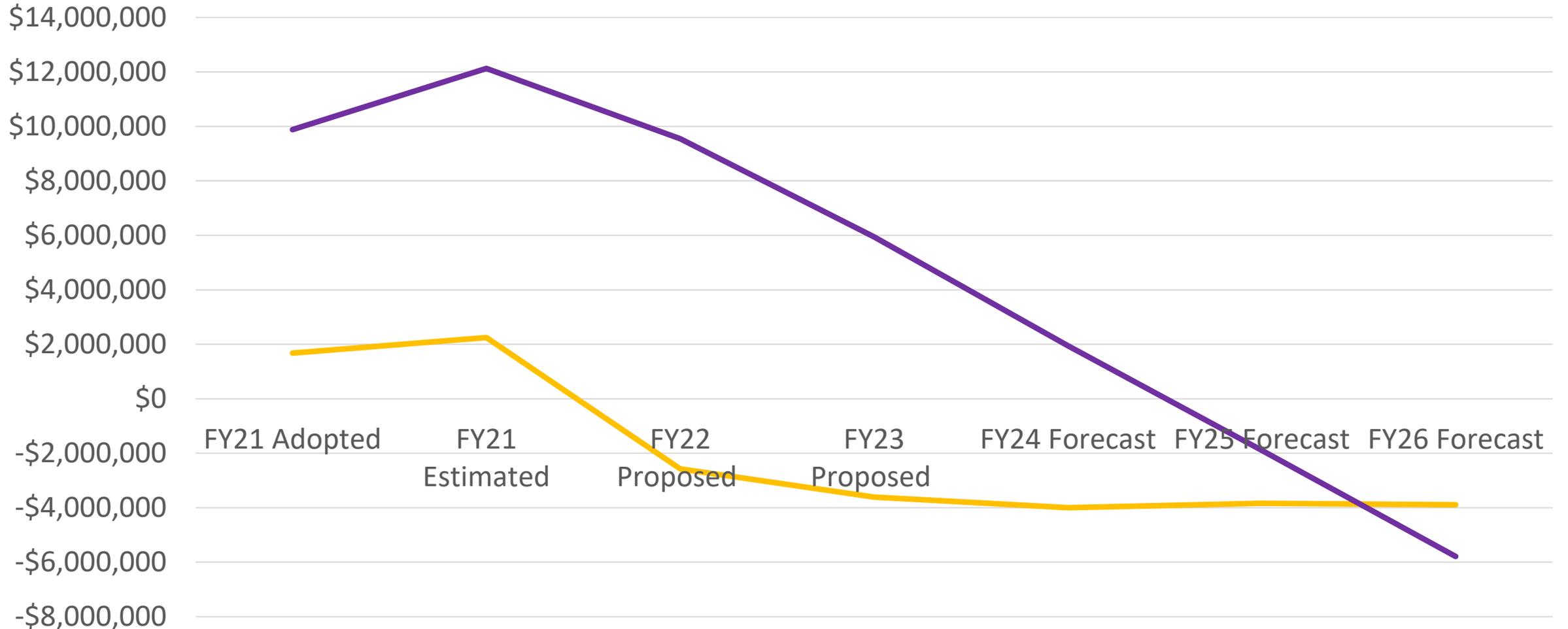


Use of Fund Balance/ Reserves

- The fund balance is the cumulative amount of revenues over expenditures each year and represents the City's "savings accounts" and operating cash.
- Funds over the minimum policy amounts can be used by the City Council to pay for one-time projects most often capital. In cases of emergencies or as a single component part of a longer-term strategy, a portion can be used for operations.
- The BN2021-2023 Recommended Budget includes the use of some of the amount above the policy limits to balance both years as the City takes actions necessary to implement structural policies to regain long-term balance between operating revenues and expenditures. If actions are not taken to stabilize the operations within the first year of the biennium, the remaining fund balance will be inadequate to maintain current operations within a few years.

Use of Fund Balance/ Reserves- General Fund Forecast

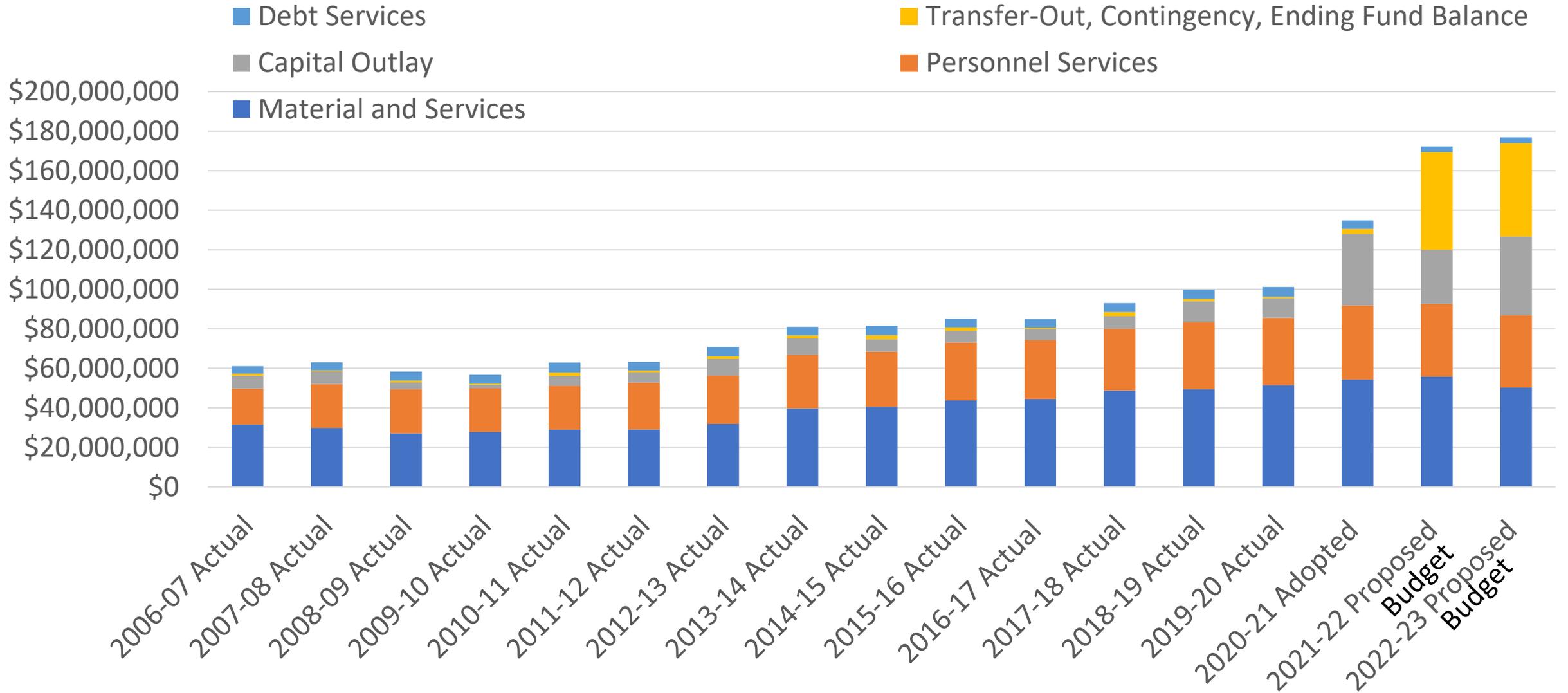
— Revenue less Expenditure: — Ending Fund Balance:



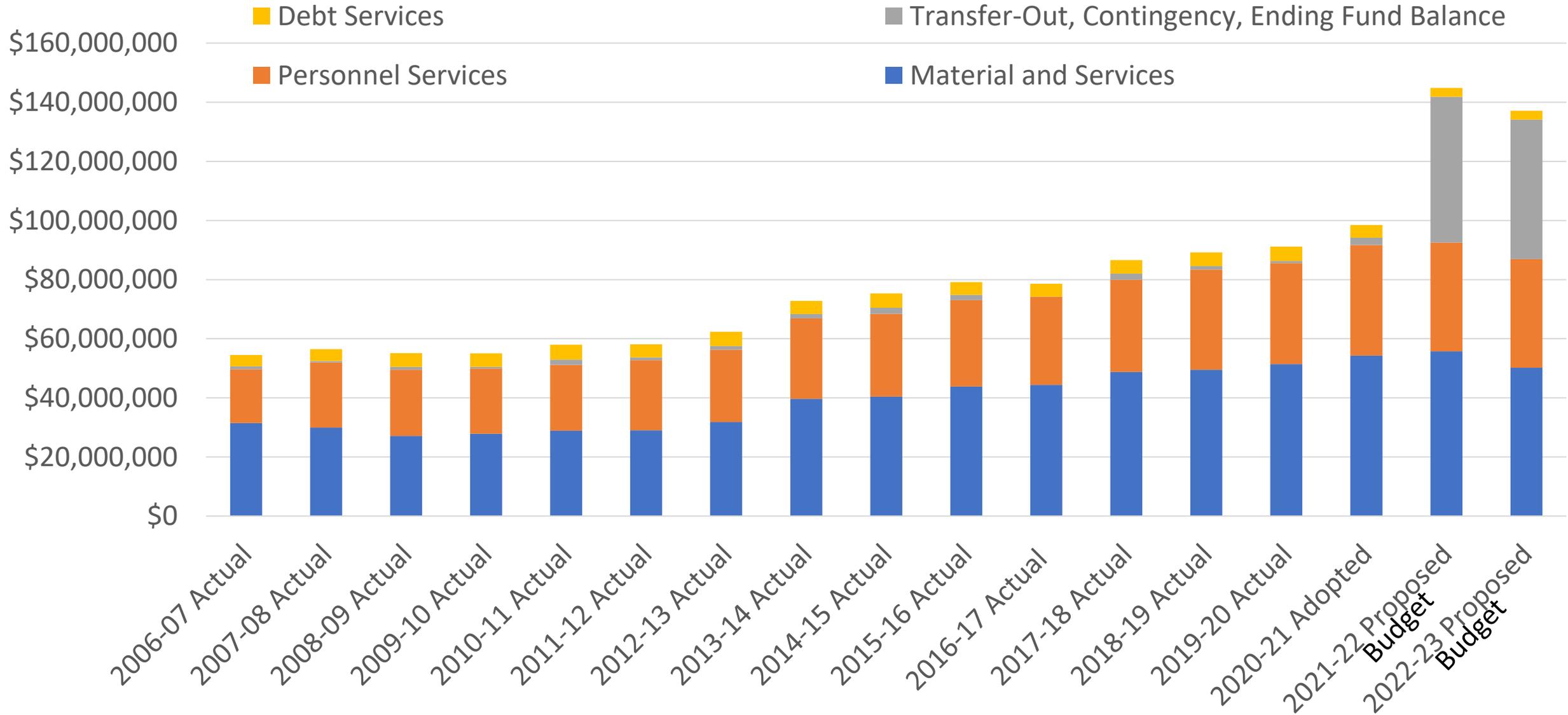
Uses

- The City's purpose is to provide public goods, i.e. goods and services that are of benefit to the community but are not able or likely to be provided by the private sector. These are predominantly services that enable and protect the health, safety, and welfare of the community.
- The inputs to provide these services and goods include staff, materials, supplies, equipment, and infrastructure. Personnel costs and materials and supplies tend to be more consistent in size, scope and growth patterns.
- Capital projects to repair, improve, and replace infrastructure and equipment tend to be more variable and depend on the lifecycle, conditions, and usage of the item. For example, a street may have a life expectancy of 20-40 years but depending on its use or weather conditions in concert with its current condition, it may need resurfacing prior to another similar aged roadway.

Expenditures History with capital



Expenditures History without capital

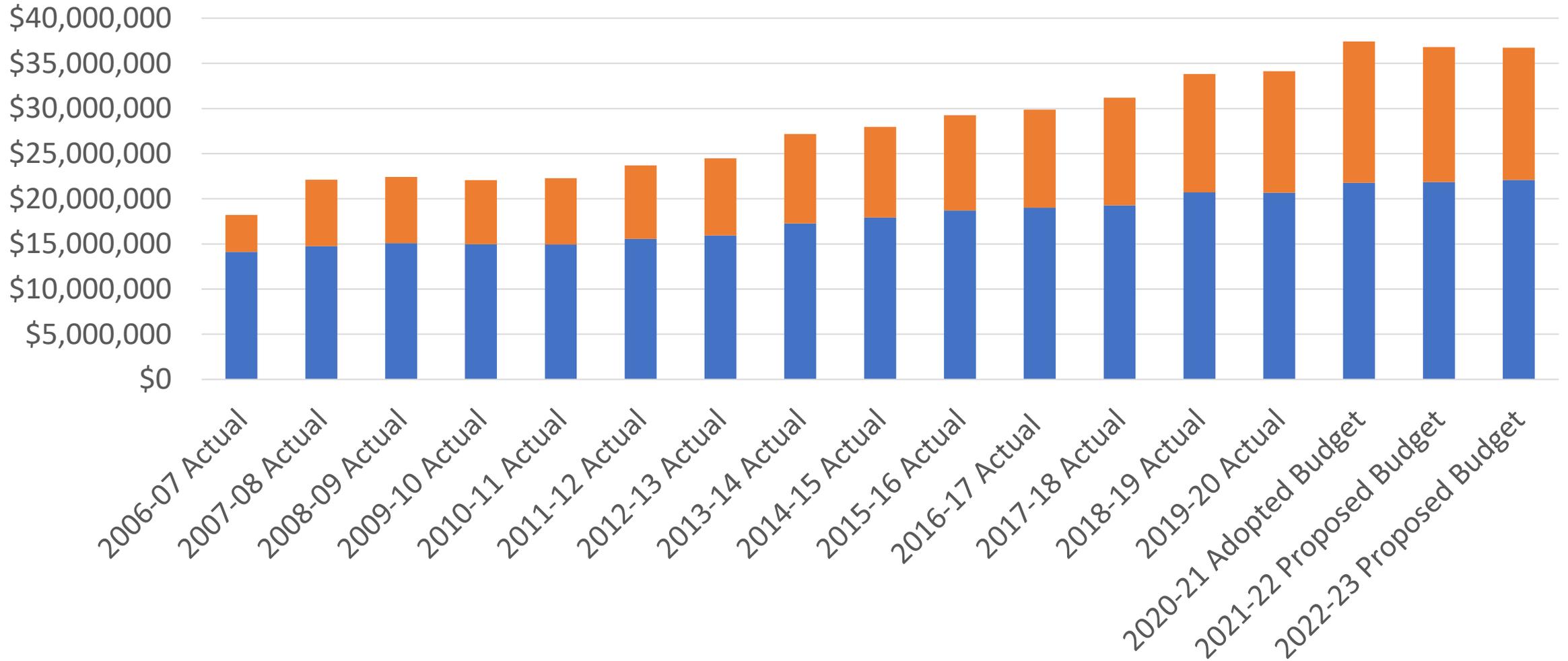


Personnel

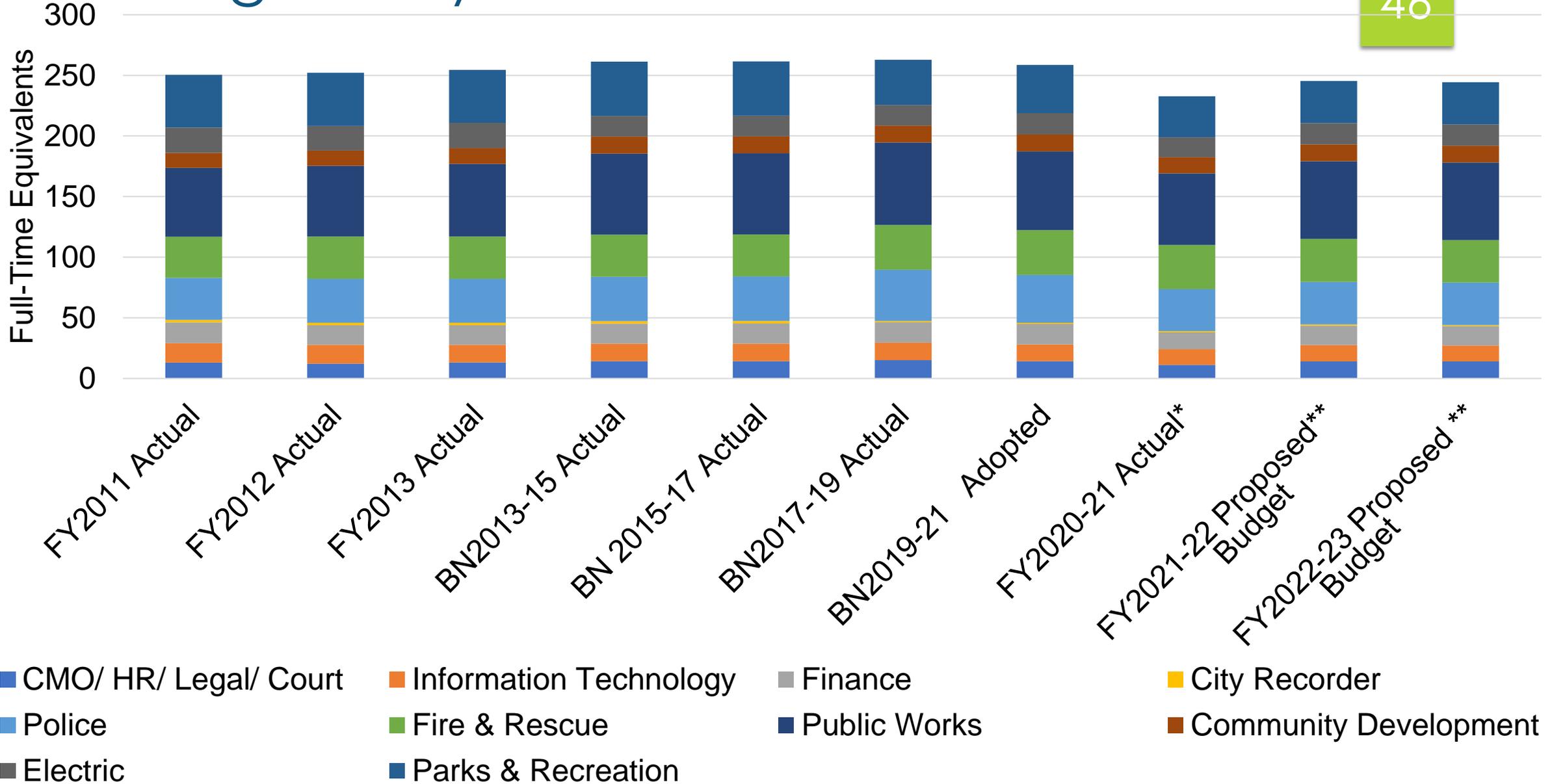
- Most City services are accomplished through employees. Municipal services are labor intensive. People costs represent 30.9% of all expenses, second to Capital Outlay at 33.7%.
- The Recommended Budget decreases total personnel costs by 1.7% over the FY2020-2021 Adopted Budget.
- The BN 2021-2023 proposed budget includes no new positions, eliminates and defunds several positions, and includes the full cost of all positions.
 - Position reductions affect the Police Department, Finance Department, Fire Department and City Manager's Office.
- Healthcare coverage costs have been maintained below historic levels for the past several years, allowing the City to smooth the operating departments' contributions for both years of the biennium.
- Pension contribution rates have shifted down slightly reflecting a growing number of employees in the lower tier benefit levels and positive market behavior for the PERS investments. The City treats the Unfunded Actuarial Liability (UAL) as a fixed cost rather than a percentage of current staffing.

Personnel Services Expenditure History

Salaries & Wages Fringe Benefits



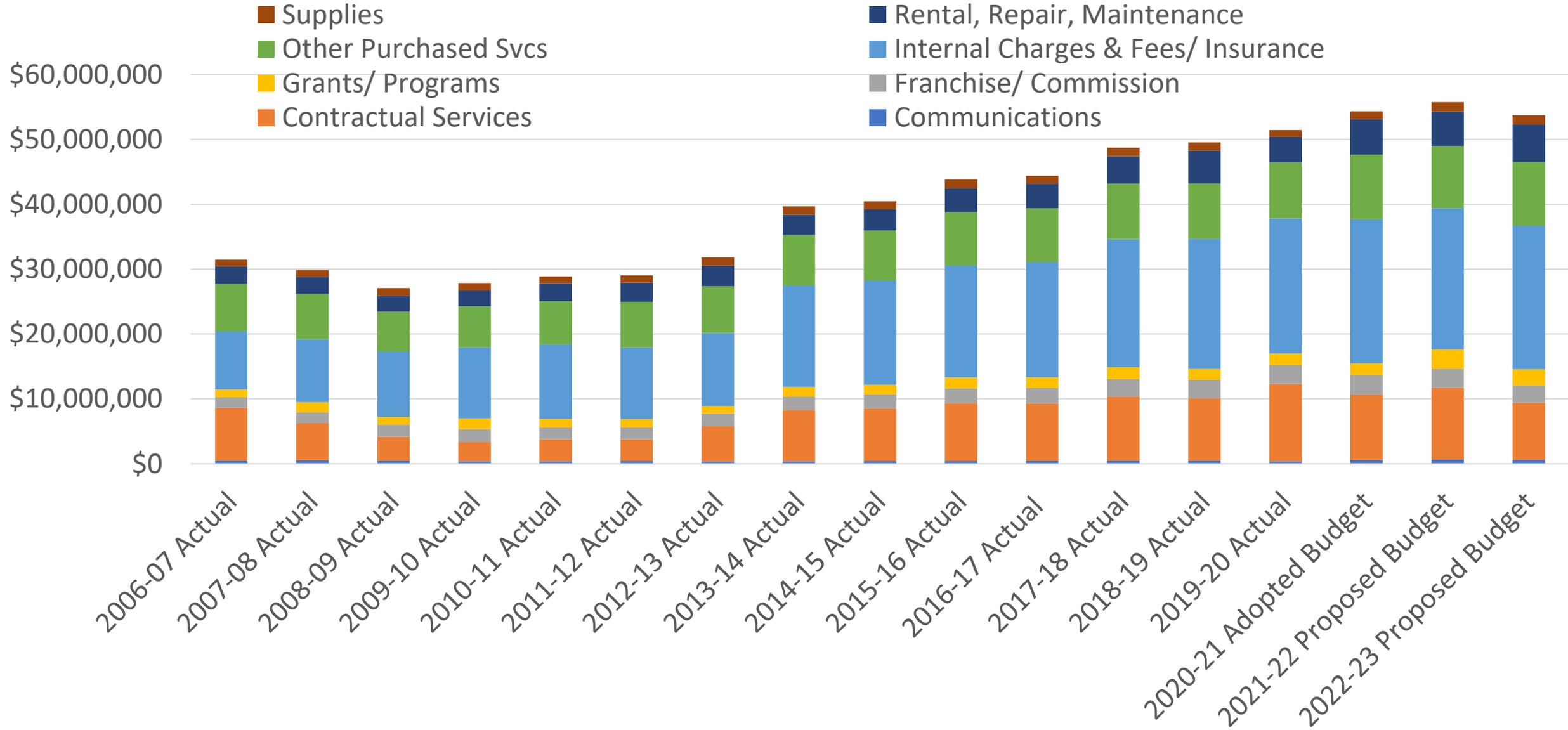
Staffing History



Materials and Supplies

- The City uses the Materials and Services category to account for water treatment chemicals, professional services, fuel for vehicles, computer technology and software and the City's 911 dispatch contract, to name some of the items necessary to maintain services.
- Total materials and supplies expenses are projected to increase 2.6% over the FY2020-2021 Adopted Budget and decrease by 3.6% in the second year of the biennium.
- The internal charges for administrative functions, equipment and vehicle repairs and replacements, and insurance coverage increased significantly for the biennium. This was by design to accurately reflect the cost of services rather than continue to subsidize activities indirectly through inconsistent application of the cost allocation model.

Materials and Supplies Expenditures History

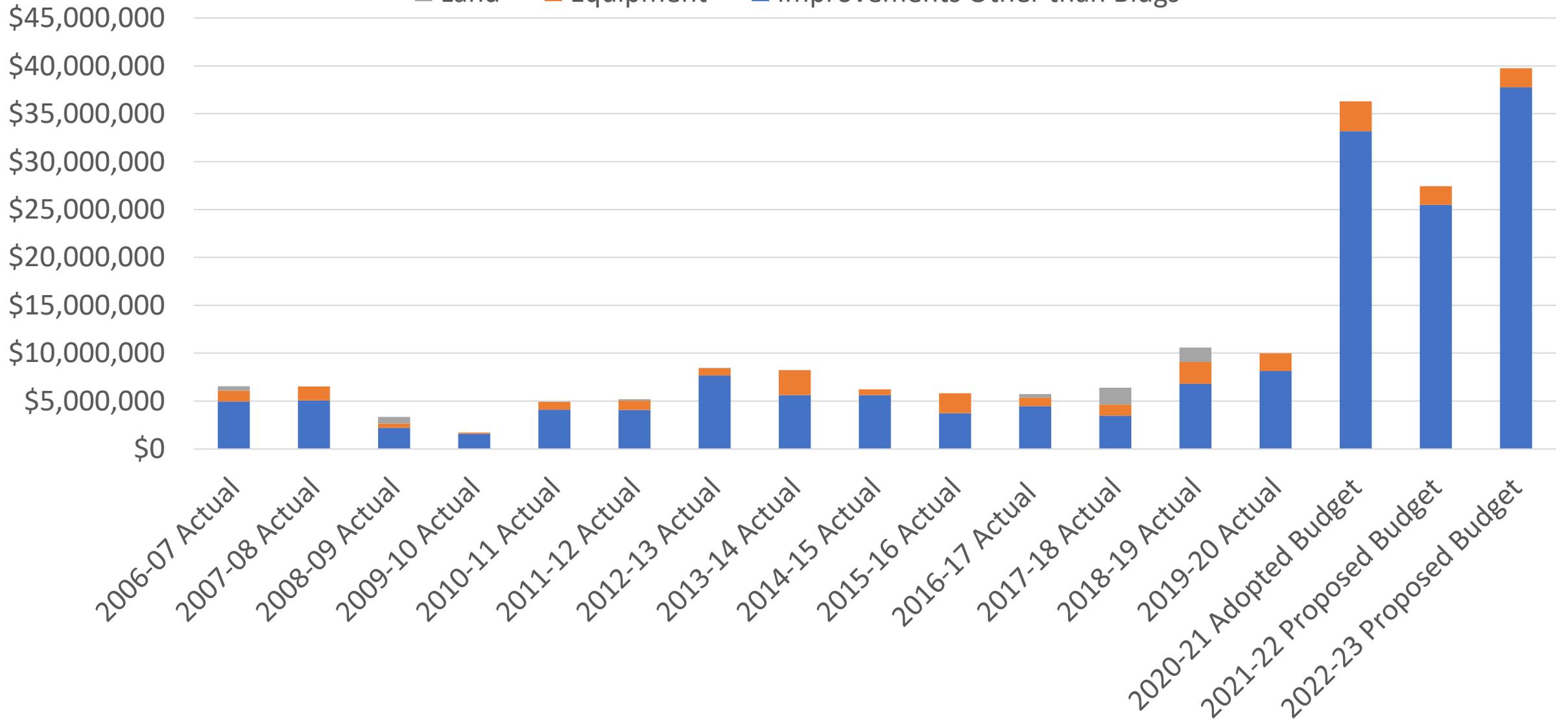


Capital

- The City Council adopted the 2021-2040 Capital Improvement Plan (CIP) on March 16, 2021, providing an overview of the capital needs of the community for the next twenty years.
- The CIP includes anticipated projects identified for maintenance, update, or replacement based on conditions, regulations, and life expectancy of the existing infrastructure.
- Projects are reviewed by the City Council at multiple stages before construction and actual expense is incurred.
- Large projects may be debt financed, through bond issue, state or federal loan program, or other debt instrument, to spread the cost of the improvement over the users for generational equity and rate stability.

Capital Outlay History

■ Land ■ Equipment ■ Improvements Other than Bldgs

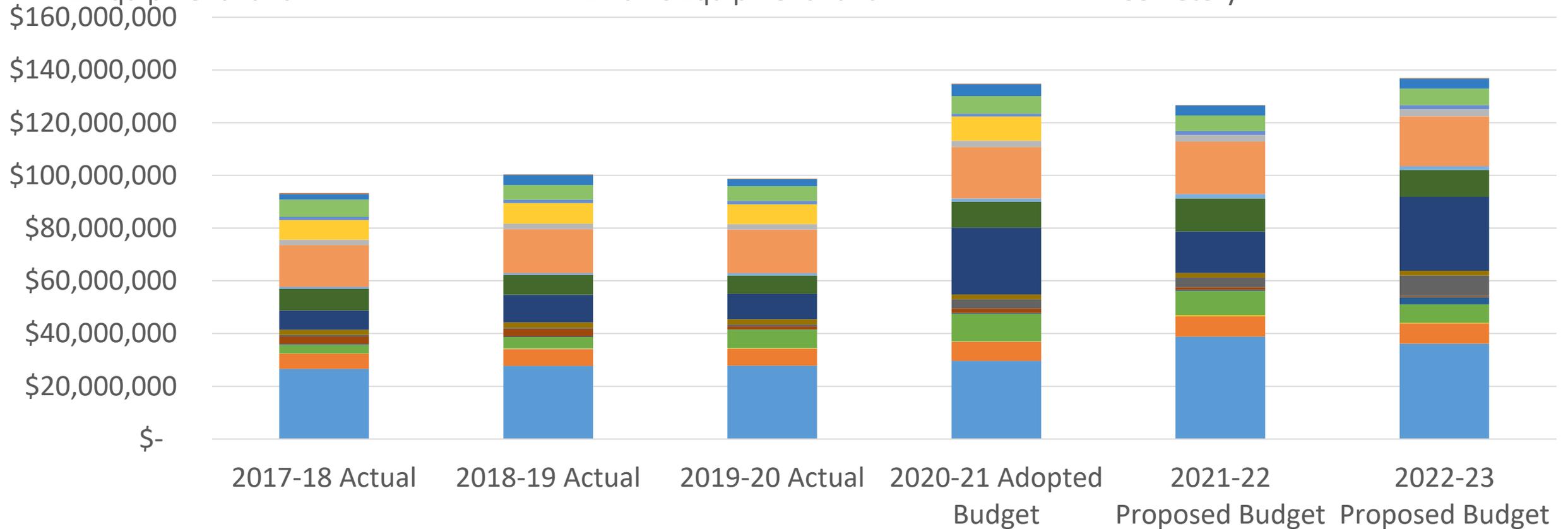


Uses by Fund

- A fund is a fiscal and accounting entity with self-balancing accounts set aside to carry on a specific activity or to meet certain objectives in accordance with a specific regulation. The requirements and resources of a fund must always balance.
- Funds are categorized as:
 - **Governmental Funds-** These account for the general operations of the government and can also include special revenues dedicated to specific uses. The General Fund is the largest governmental fund.
 - **Enterprise Funds-** Business-type activities are reported and managed in these funds. These are intended to be self-supporting, i.e. no taxes are included to support these activities except under unusual circumstances. Water, Wastewater, Electric, and Telecommunications are the primary enterprise funds.
 - Internal Services Funds are treated for accounting purposes as enterprise funds because they operate as internal businesses that are expected to be self-supporting through the fees charged to the other departments in exchange for their services. The Fleet Maintenance, Fleet Replacement, Insurance, and Health Benefits funds are internal service funds.

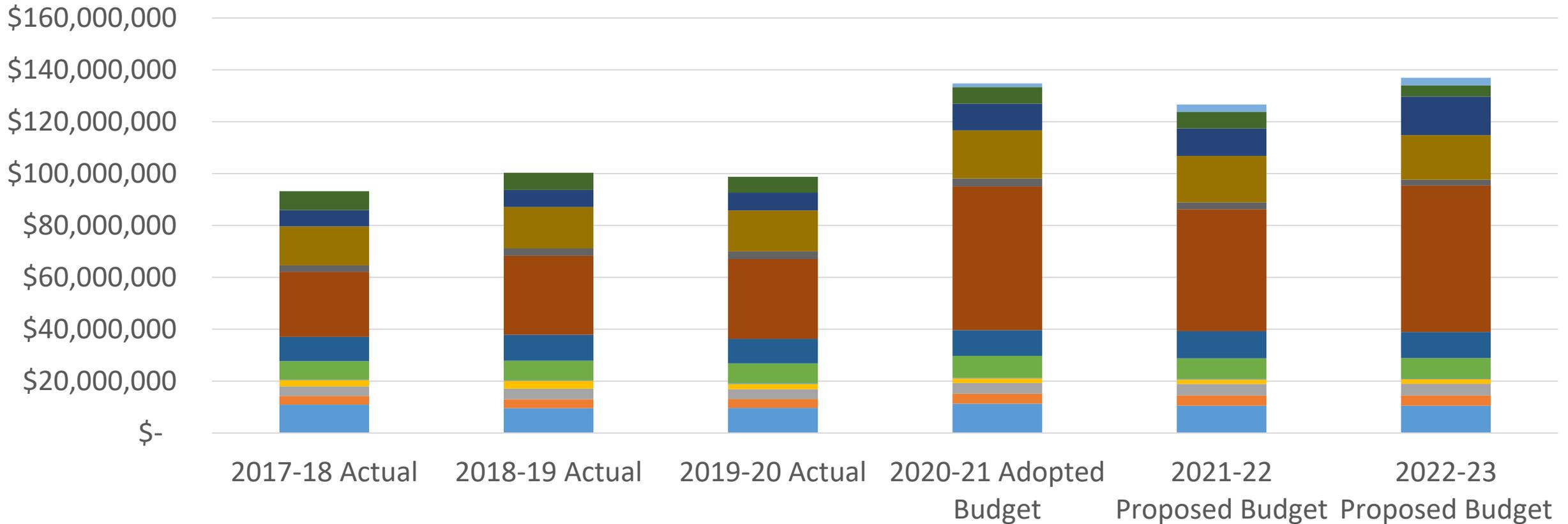
Uses by Fund

- General Fund
- Community Block Fund
- Airport Fund
- Debt Service
- Stormwater Fund
- Central Service
- Equipment Fund
- Parks General Fund
- Reserve Fund
- Capital Improvement Fund
- Water Fund
- Electric Fund
- Insurance Service Fund
- Parks Equipment Fund
- Housing Fund
- Street Fund
- Parks Capital Improvement Fund
- Wastewater Fund
- Telecommunications Fund
- Health Benefits Fund
- Cemetery

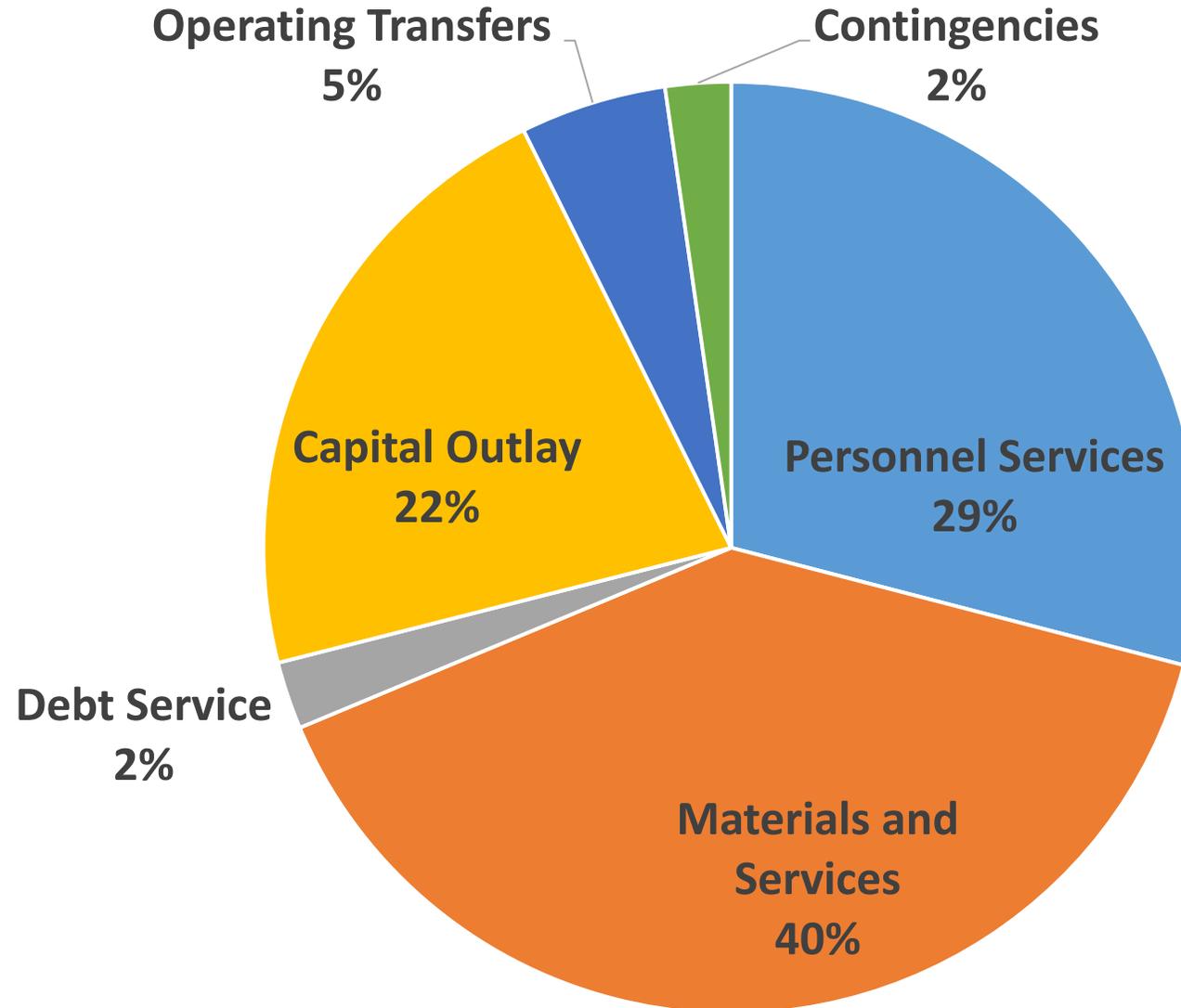


Uses by Department

- Contingencies
- Electric
- Fire and Rescue Department
- Non Operating
- Administration Department
- Operating Transfers
- Community Development
- Police Department
- Finance Department
- Parks
- Public Works
- City Recorder Department
- Information Technology Dept



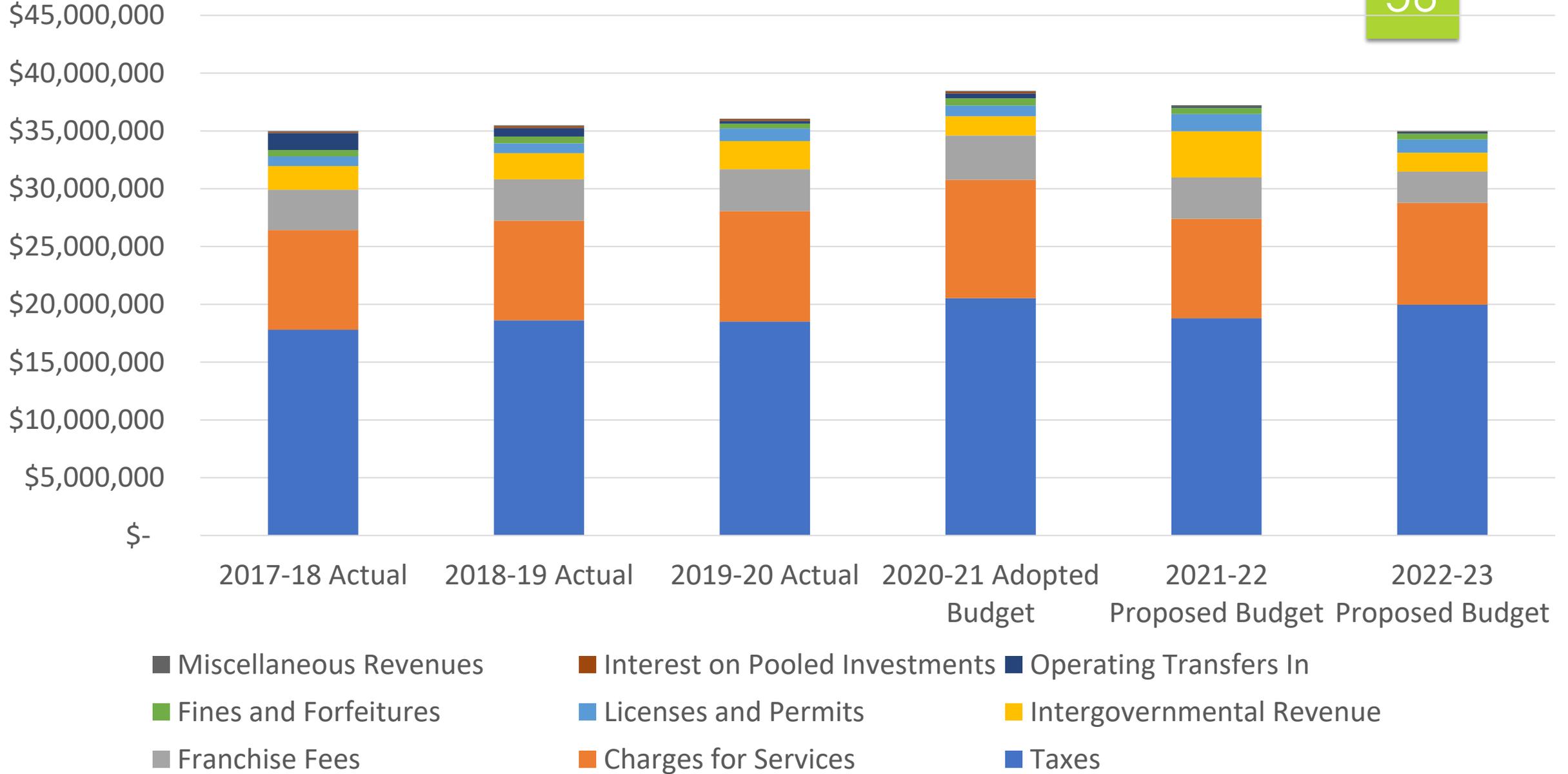
Uses by Type



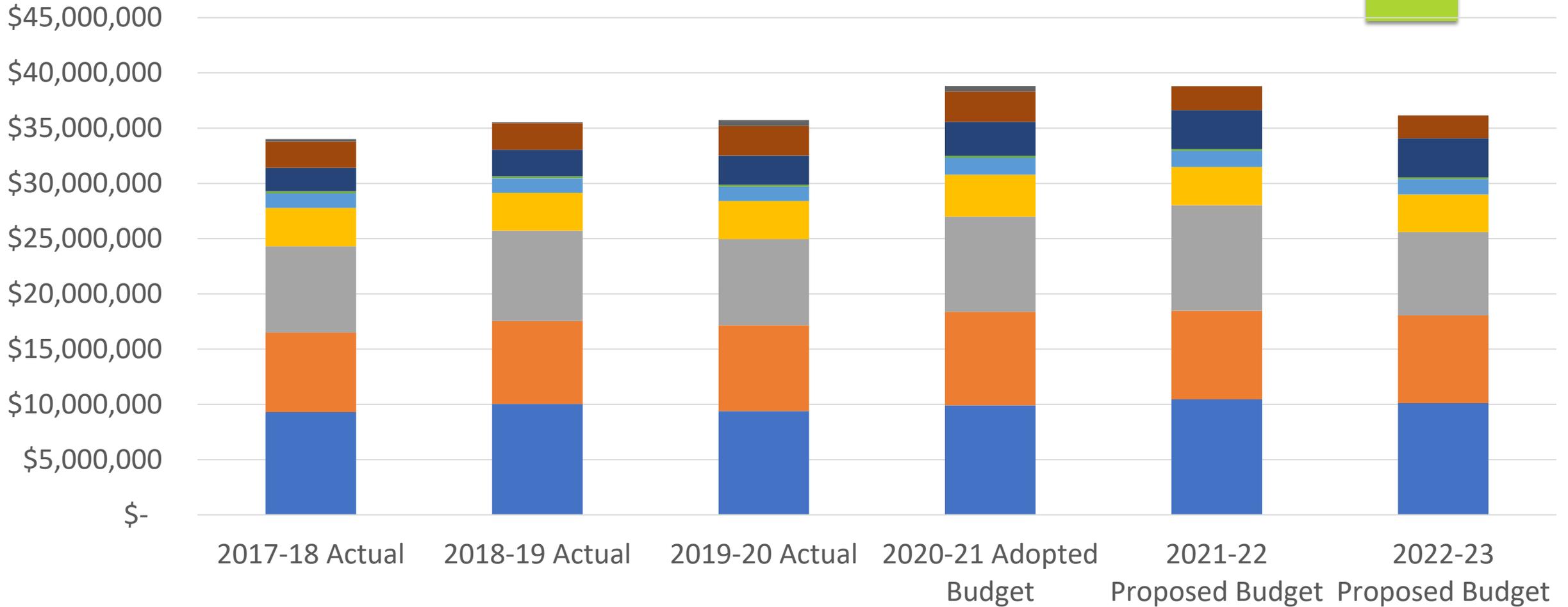
General Fund

- General operations of the City and all activities not required to be included in other funds
- Sources: Property Tax, Electric Utility User Tax, Transient Occupancy Tax, Franchise Fees, Licenses & Permits, Grants, Charges for Services
- Uses: Police, Fire, Community Development, Municipal Court, Finance, Information Technology, Administration, contribution to the Parks and Recreation Commission

General Fund Revenues by Type

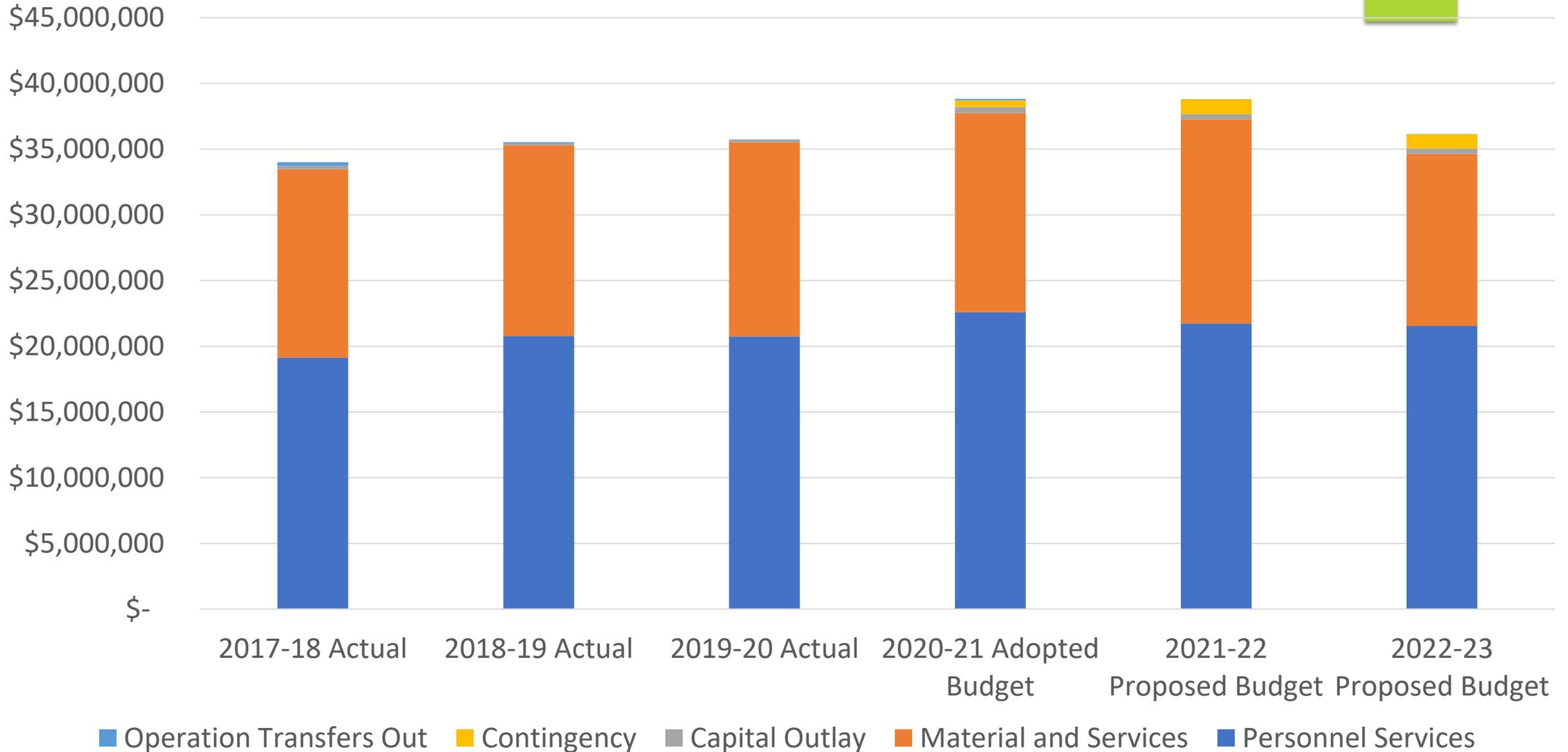


General Fund Expenses by Department



- Non Departmental
- Community Development
- Public Works
- City Recorder Department
- Information Technology Dept
- Administration Department
- Finance Department
- Police Department
- Fire and Rescue Department

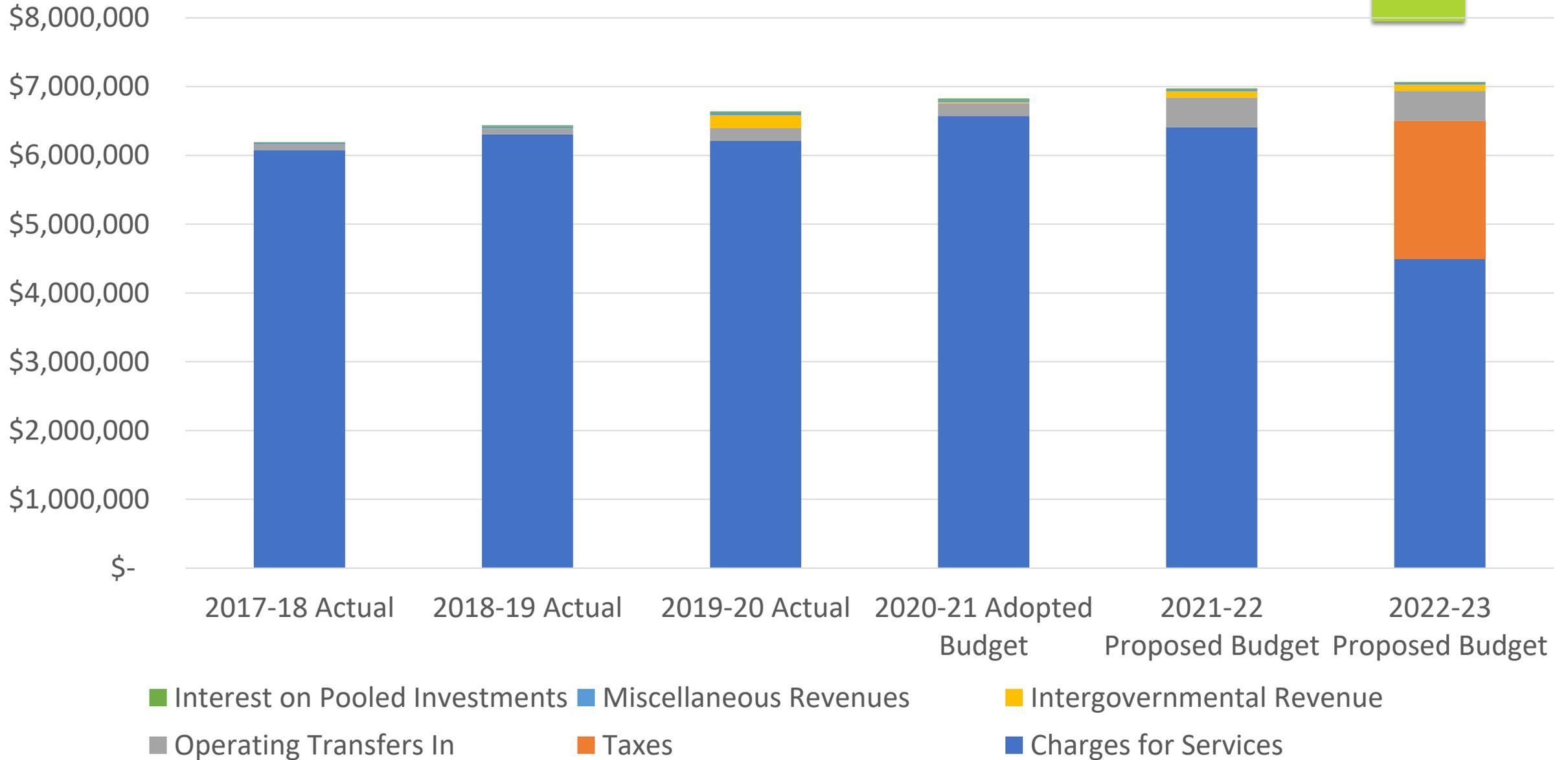
General Fund Expenses by Type



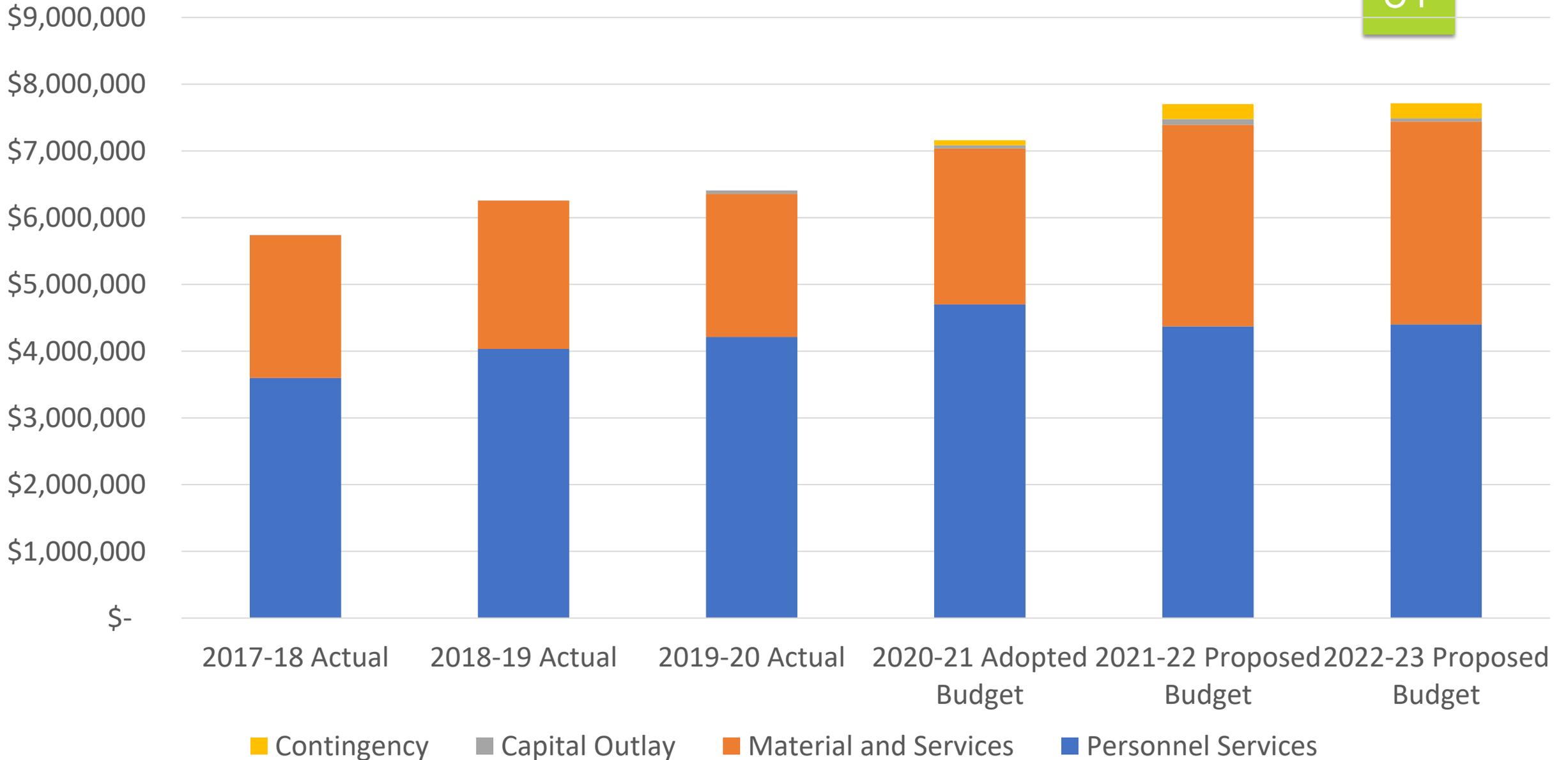
Parks General Fund

- General operations of the Parks and Recreation programs. The Parks and Recreation Commission is a separately elected governing body.
- Sources: Property Tax (via transfer from the General Fund), Food & Beverage Tax, Charges for Services, Grants
- Uses: Control and manage, develop and maintain parks and open space; provide recreation activities as separately funded.

Parks General Fund Revenues by Type



Parks General Fund Expenses by Type

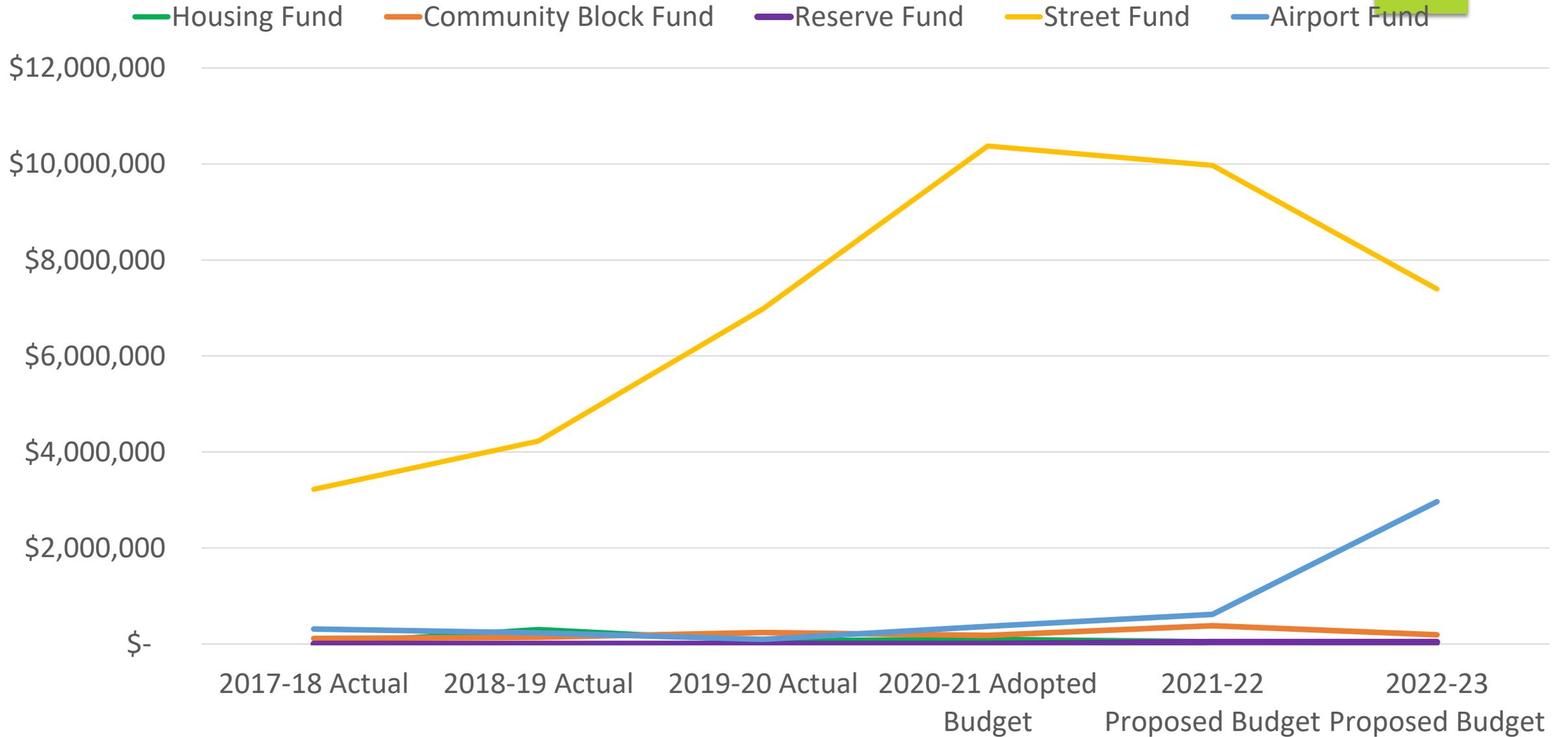


Special Revenue Funds

This category includes all funds that are not operated as profit and loss structures, i.e. proprietary funds outside of the General Fund. There are usually restrictions on the uses of these funds determined by the source.

- **Community Development Block Grant-** Account for entitlement and other grant funds to assist low- and moderate-income households and neighborhoods. Receives grants from US Housing & Urban Development for affordable housing projects and assistance.
- **Street Fund-** House street related operations and capital projects. Receives State gas tax, utility bill street user fee, Food & Beverage Tax, grants to pay for Streets repair, maintenance, and construction.
- **Airport Fund-** Account for airport operations and revenues. Receives Service charges, hangar rents, and lease fees to maintain and improve the airport.
- **Housing Fund-** Uses Marijuana tax and transfers from General Fund to support affordable housing projects and services.

Special Revenue Expenditures



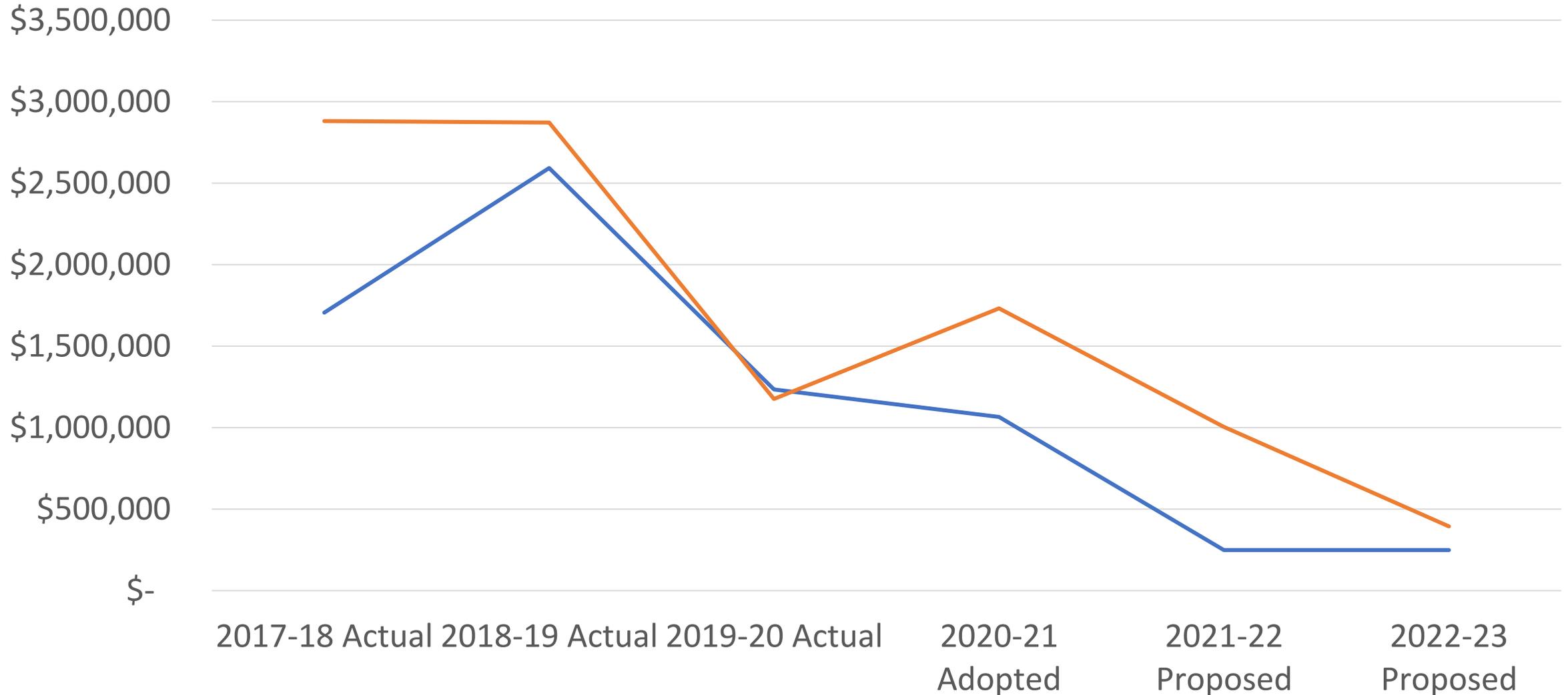
Capital Improvements Fund

Capital or Construction Funds are used to account for projects that are large in dollar value, use multiple funding sources, and/or spread across multiple years. These funds include governmental fund projects only; enterprise fund projects remain within the respective enterprises.

- **Capital Improvements Fund**- Account for capital projects for the governmental funds. Uses internal charges and transfers, grants, taxes, and system development charges to pay for capital projects.

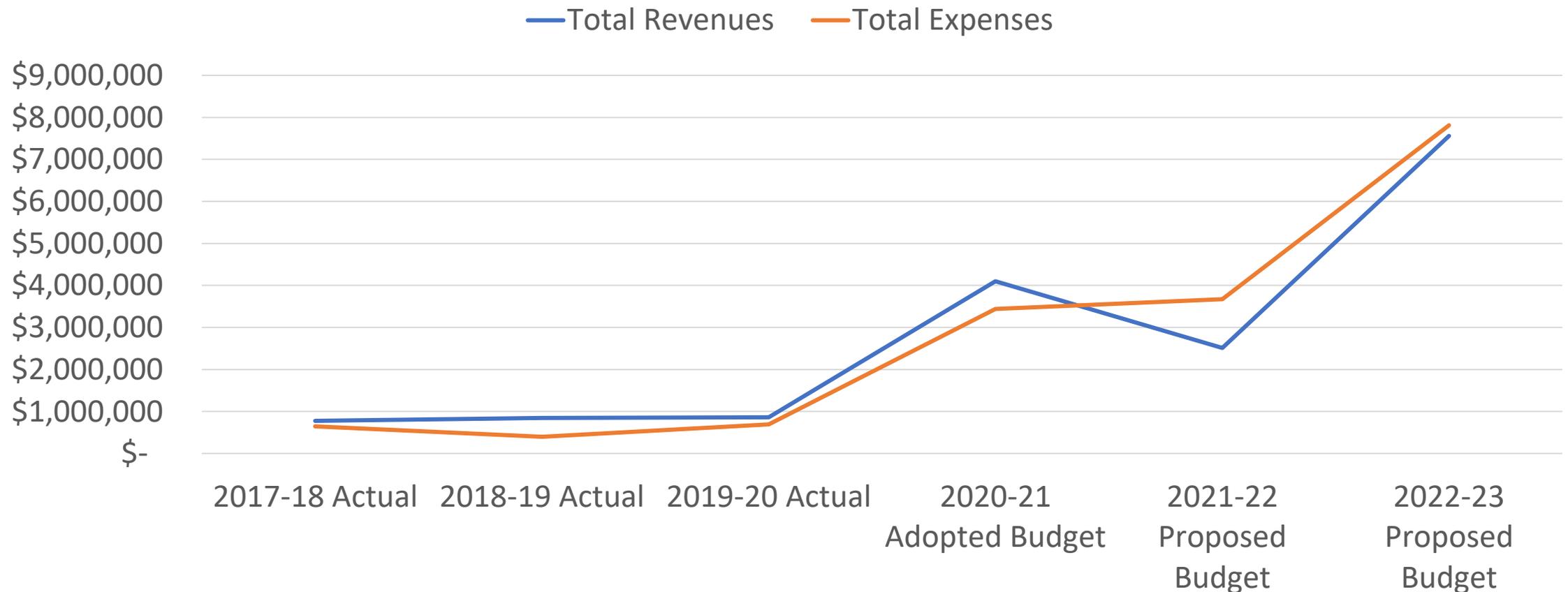
Capital Improvements Fund

— Total Revenues — Total Expenses



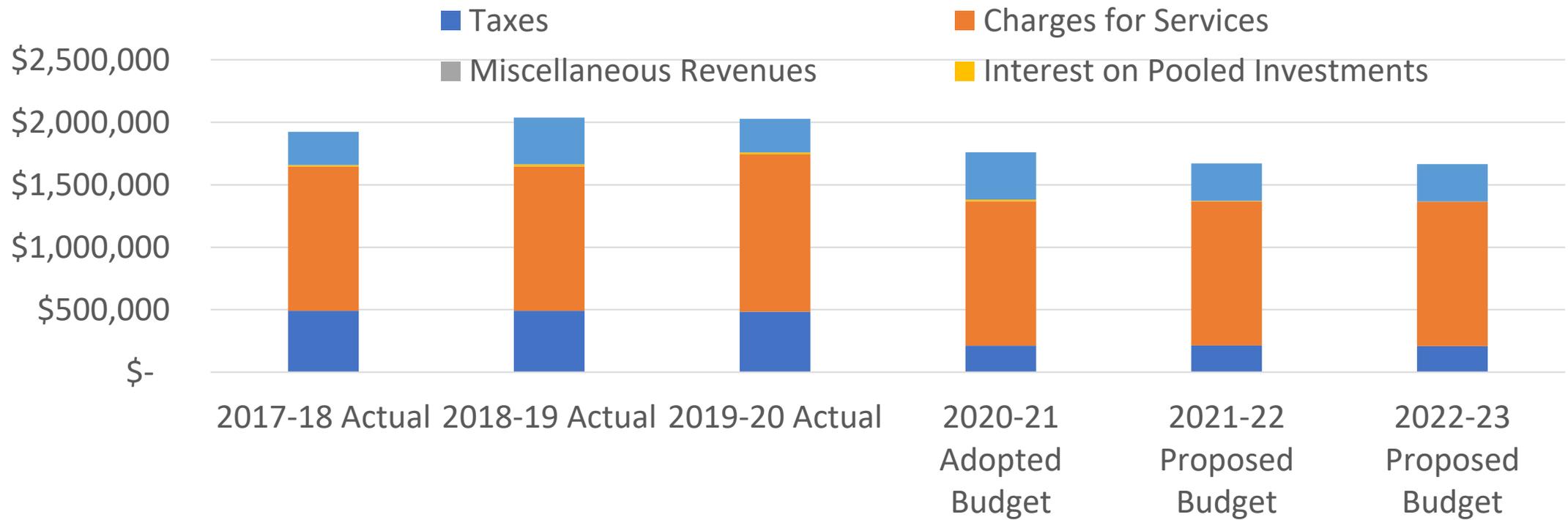
Parks Capital Improvements Fund

- Parks Capital Improvements Fund-** Accounts for capital projects for the Parks and Recreation Commission. Uses Food & Beverage Tax, transfers, and grants to fund capital projects.



Debt Service Fund

- Debt Funds account for payments of governmental fund debt. The City of Ashland uses one Debt Fund. It receives Property taxes, charges for service, assessments, transfers to pay Principal and interest on debt, bonded and unbonded.



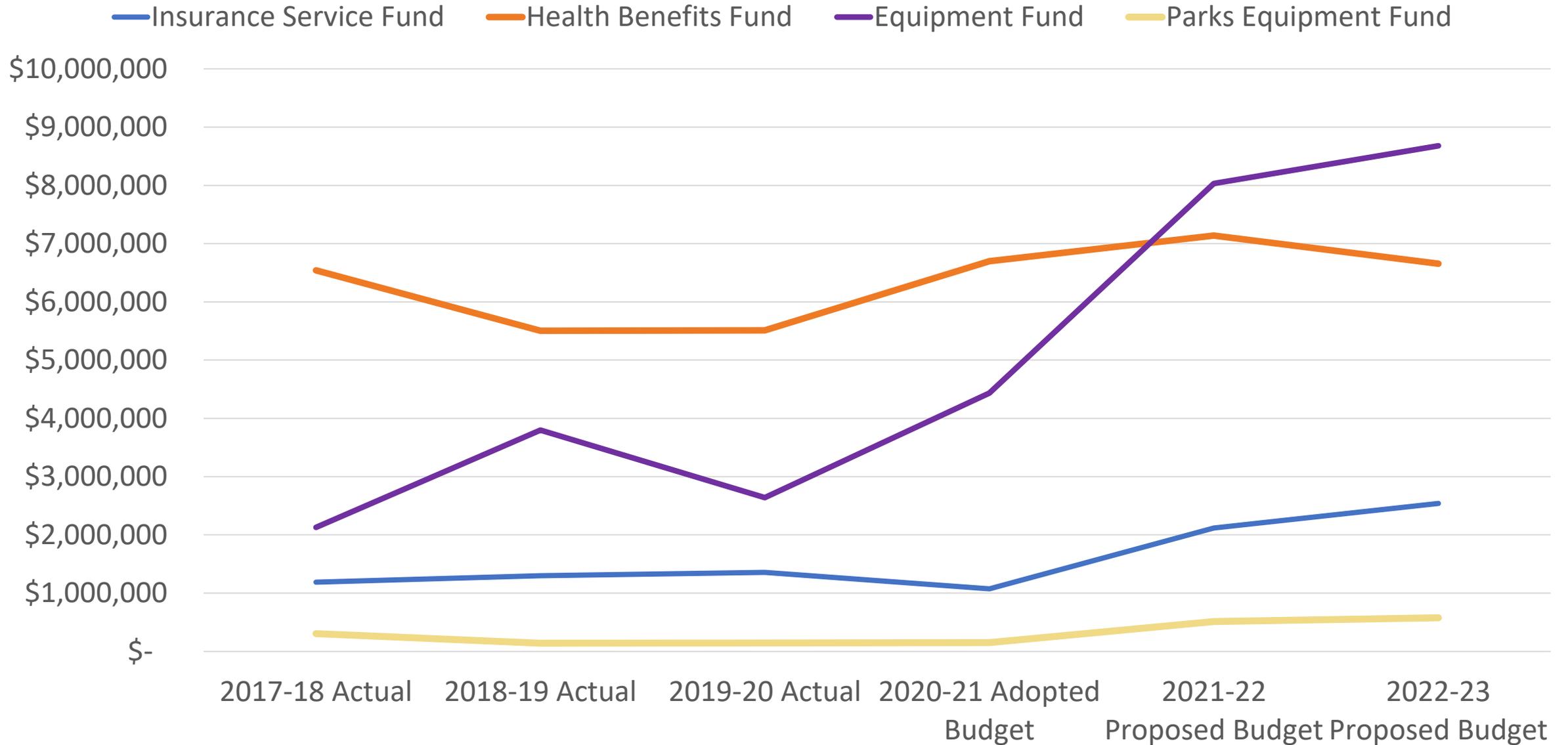
Total Expenses	\$ 1,872,161	\$ 2,029,809	\$ 2,026,211	\$ 1,765,520	\$ 1,765,520	\$ 1,766,451
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Internal Service Funds

Internal Services Funds sell goods and services to other parts of the City, particularly the primary operating departments that provides services to residents and customers. These funds are intended to be self-supporting through user charges.

- **City/ Parks Equipment Funds-** Account for the maintenance and replacement of equipment including vehicles and large equipment. Uses internal charges for purchase and maintenance of most motorized equipment (rolling stock) and some larger non-rolling stock equipment (generators, cutting equipment, etc.) within the City.
- **Health Insurance Fund-** Account for health care costs and to use reserves built over time to stabilize health care costs. Uses internal transfers from operating departments and employee contributions to pay for employee health insurance premiums.
- **Insurance Fund-** Account for the purchase of insurances including workers' compensation, property, and liability coverage. Uses internal charges for purchase of insurance and pays non-covered claims and deductibles.

Internal Service Funds- Expenditures



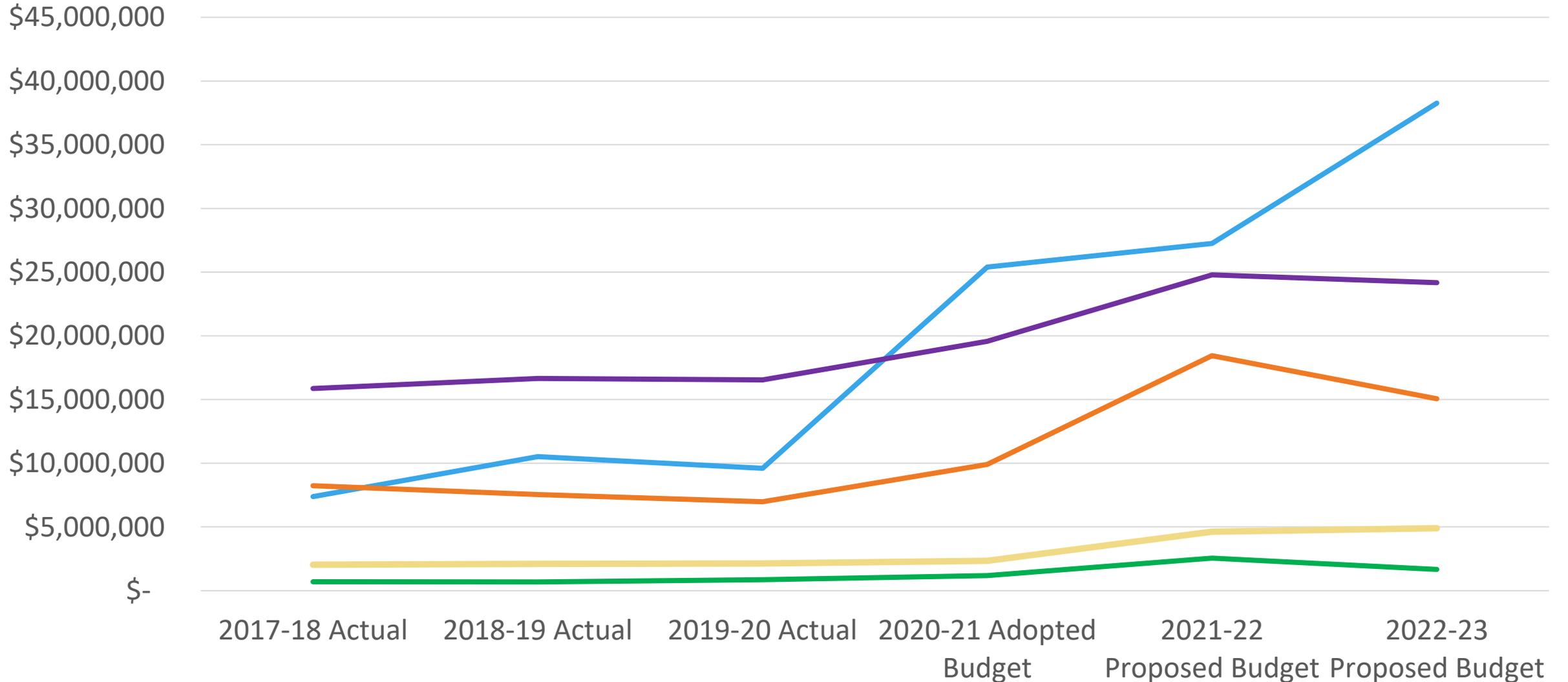
Enterprise Funds

Enterprise funds sell goods and services to the public. Enterprises are intended to be self-supporting through user charges without subsidy from taxes. These are usually operations that require a scale of operations often not provided by the private sector or other factors encourage public ownership. Related capital improvements and debt service are included within the fund.

- **Water Fund**- Account for water system. Operates and maintains the City's water system including reservoirs, treatment facilities, and distribution.
- **Wastewater Fund**- Account for wastewater system. Operates and maintains the City's wastewater system including treatment facilities, and collections.
- **Electric Fund**- Account for electric system. Includes the operation and maintenance of the City's electric system including purchase and distribution of electricity.
- **Stormwater Fund**- Account for the collection, transportation, and discharge of Stormwater collected on City streets. Operates and maintains the City's stormwater system.
- **Telecommunications Fund**- Account for the City-owned internet service operations and capital and revenues. Includes the operation and maintenance of the City's wholesale and retail internet system.

Enterprise Funds- Expenditures

Water Fund Wastewater Fund Electric Fund Telecommunications Fund Stormwater Fund



Looking Forward

- Update of the TOT ordinance to meet State regulations and approval of an intergovernmental agreement with the State of Oregon for administration of Ashland's lodging tax;
- Enter into an intergovernmental agreement with the City of Talent to provide police patrol, supervision, and investigative services;
- Approve the transfer and/or sale of surplus property to benefit the Housing Trust Fund;
- Update of the F&B ordinance to distribute 98% of the proceeds to the Ashland Parks & Recreation Commission and 2% to be retained by the General Fund to offset administration. This change does not require an election but F&B modifications have been referred to the voters in the past;
- Adopt an ordinance directing the specific allocation of property tax millage to be transferred to the Ashland Parks & Recreation Commission on a stepwise decreasing schedule;
- Adopt a Franchise Fee ordinance to establish universally applied franchise fees to all purveyors of utilities within Ashland City limits and direct a stepwise increasing amount to the Streets Fund for capital investment; and
- Schedule study sessions for Council to explore strategic financial plan elements including Capital Improvements Plan, debt management, labor negotiations strategy, and service array options such as a regional fire district or partnership. September 2021- March 2022

Next Steps

Budget Committee Meetings

- Tuesday, April 13 (Government Funds- General Fund, Streets Fund, Parks Fund, and other Special Revenue funds)
- Tuesday, April 27 (Enterprise Funds- Water, Sewer, Electric, Ashland Fiber Network, Stormwater, and Internal Service funds)
- Tuesday, May 11 (Final Review and Approval).

City Council Meetings

- Tuesday, June 1 and Tuesday, June 15 at 6 p.m.

Please visit the City's website, www.ashland.or.us, for polling questions and more information.

9 March 2021

To: Mayor, Julie Akins, City of Ashland

Councilors: Paula Hyatt

Tonya Graham

Shaun Moran

~~Stephanie Seffinger~~

Gina DuQuenne

Stephen Jensen

Ashland Parks and Recreation Commissioners:

Julian Bell

Michael Black (Director)

Leslie Eldridge

Mike Gardiner

Rick Landt

Jim Lewis

Citizens Budget Committee:

Jim Bachman

Shane Hunter

Bob Kaplan

Mike Morris

Dear Mayor, Councilors, Commissioners and Committee Members:

I am sure we can all agree on the tremendous value of Ashland's parks to our community. That has only been reinforced during this past year when being out of doors, in nature, had even greater benefits to our health and sanity.

With this in mind, I am asking you to consider the children in our community who have been "learning" primarily in doors, in front of computer screens this past year. At this time there is increased importance for them to have the opportunity for outdoor play, exposure to nature and outdoor education. North Mountain Park offers opportunity for exposure to nature with outdoor play. But the outdoor education component can not happen without the Nature Center being properly funded, physically open and with appropriate staffing.

In current and future planning for Ashland Parks, in both the short and long term, I urge you to give serious thought to and support for North Mountain Park in general, and specifically to the Outdoor Education Program. The community of Ashland can not afford, nor should we accept, the long term closure of the Nature Center and the absence of the Outdoor Education Program.

Sincerely,

Patricia Smith

Patricia Smith



cc: Ashland Tidings

[REDACTED]

From: Susan Sullivan [REDACTED]
Sent: Wednesday, February 24, 2021 8:45 PM
To: Budget Committee
Cc: Libby VanWyhe; Jennifer Aguayo
Subject: Elementary Science Field Trip Program
Attachments: Ashland Budget Committee 2-24-21.docx

Follow Up Flag: Follow up
Flag Status: Completed

[EXTERNAL SENDER]

To the Ashland Budget Committee,

I am asking for further consideration regarding the Parks and Recreation Budget and the loss of one of the most valuable programs and teaching tools in Ashland, the Elementary Science Field Trip Program.

I ask that you read the attached document where information about this program is outlined and my wish to submit my testimony. Please reconsider your final budget decisions and the implications of this loss to our city's educational resources.

Thank you,

Susan Sullivan

[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]

From: [REDACTED]
Sent: Thursday, March 11, 2021 10:35 AM
To: Finance
Subject: Finance recommendedations

[EXTERNAL SENDER]

Here's a fantastic recommendation that I know many support.

Lower the police budget and stop trying to make up for deficits by fining townspeople for petty crime (3mph speeding fines, jay walking, etc) most of the people I know despise the police in this town for the very reason that they are after petty crime. I know that I speak for the a lot of townspeople and I ask that you seriously think about what this does for future generations. I am 30 years old, just purchased property in town and pay taxes, after one year it reminds me of being back in my conservative North Carolina home town where the 'good ol' boy' police officers have absolutely zero crime and harrass people who just don't deserve to be harrassed. I would love to feel like my voice is heard without having to have political involvement. If you want people to hate the police and your township you are already well on your way. It's not too late, the local economy is already in poor shape so why steal from people by enforcing such petty crime.

Thanks for taking the time to read this rant,

I care deeply about this town and community and want to see it thrive in a positive way as opposed to the current mode of mismanagement.



Sent from my Verizon, Samsung Galaxy smartphone

[REDACTED]

From: Dennis Jeske [REDACTED]
Sent: Thursday, March 11, 2021 10:38 AM
To: Finance
Subject: Proposed Budget Copy

[EXTERNAL SENDER]

Hello,

My name is Dennis Jeske and I'm writing to see how the budget process for 2021/2022 set to begin on March 30th is handled.

Is there a draft budget? If so can I have a copy?

If not do you start with last year's budget as a strawperson and launch the new budget from there?

Are there still vacancies on the budget committee and if so can I still apply?

What will be handled as the part of the first meeting on the 30th?

Thank you for your time and consideration.

Sincerely,

Dennis Jeske
[REDACTED]

From: Melanie Purcell
Sent: Monday, March 15, 2021 6:14 PM
To: [REDACTED]
Cc: Natalie Thomason; Adam Hanks; Bryn Morrison
Subject: Proposed Budget Copy

Good afternoon Mr. Jeske,

Thank you for reaching out regarding the City of Ashland budget. Staff is currently preparing the BN2021-23 City Manager's Recommended Budget which will be presented to the Ashland Citizens Budget Committee at its first meeting on March 30, 2021. The meeting will be at 3 p.m. via Zoom and broadcast on RVTV. We plan to have the budget distributed electronically to the budget committee members the week prior and will post on the City's website within a day of distribution.

While we do use the prior budget as context and some baseline information, given the drastic impacts of the COVID-19 pandemic and the change in staff city-wide, we are working from a more programmatic viewpoint. Specifically, departments are looking at which services are mandated by law, expected by adopted City plan, or are discretionary. This allows us to focus our efforts to maintain mandated services and those that the community has adopted into specific plans while balancing limited resources. Capital projects are being evaluated similarly. Historical data has been helpful in providing general cost information but not as useful in projecting revenues. We are using economic indicators and forecasts and known activity levels to project revenues.

The City Council will be voting to appoint three Citizen Budget Committee members at tomorrow's regular meeting, [Council Business Meeting - City Council - City of Ashland, Oregon](#). At this time, they are not taking additional applications but I encourage you to participate in the public hearings held by both the Budget Committee and the City Council as part of the budget process. As noted, we are scheduled to kick off the process on March 30th via Zoom at 3 p.m. The initial meeting will include a review of the role of the Citizen Budget Committee, the governing legislation, and the budget process as well as the presentation of the Recommended Budget by myself and Interim City Manager Adam Hanks. The remaining meetings and key topics are:

Tuesday, April 13 (Government Funds- General Fund, Streets Fund, Parks Fund, and other small Special Revenue funds),
Tuesday, April 27 (Enterprise Funds- Water, Sewer, Electric, Ashland Fiber Network, Stormwater, and Internal Service funds), and
Tuesday, May 11 (Final Review and Adoption).

All meetings are scheduled from 3 p.m. to 6 p.m. and will be on RVTV via Zoom. We will have public comment at each meeting as well as at the subsequent Council meetings with the final adoption of the budget scheduled for June 1 and the final tax rate hearing on June 15th. Information will be updated frequently on the City's website including poll questions regarding the array of City services funded by the budget. Questions are also welcome via the finance@ashland.or.us or BudgetCommittee@ashland.or.us email addresses.

Hope you decide to join the process and please let me know if I may answer any questions.

Thank you,
Melanie

Melanie D. Purcell, CPFO, SHRM-SCP

Finance Director
City of Ashland | Finance
20 East Main Street, Ashland, OR 97520
541-488-5300 Office | Voice, TTY 800-735-2900 | 541-552-2059 fax

This email transmission is official business of the City of Ashland, and it is subject to Oregon Public Records Law for disclosure and retention. If you have received this message in error, please contact me at (541) 488-5300.

[REDACTED]

From: Leda Shapiro [REDACTED]
Sent: Thursday, March 11, 2021 10:45 AM
To: Finance
Cc: Leda Shapiro
Subject: BUDGET ISSUES

[EXTERNAL SENDER]

Hi

I heard that you are looking for our input. I have studied the current budget and have listened in on several meetings

First, I would like to say that I consider reducing expenses and increasing revenue (not with higher taxes) as primary concerns.

At a meeting on Tuesday I heard Michael Black refer to the cost of benefits as not in our control. I do not believe this to be true. Given a real desire to get things done, there is always a way.

Here are a couple ways to reduce the cost of benefits

1. Take the 6% employee costs from the employees. This was given in lieu of raises last year, and untenable as an ongoing expense.

2. Eliminate all overtime. This is especially high in the police department. Remember that overtime pay is included in calculating pensions and is a way other cities have increased their liability to unsupportable limits. Overtime pay needs to be eliminated... even if it means hiring 1-2 additional officers. This needs to be analyzed.

3. Put a freeze on salaries or just do COLA.

Since these will affect the employees, the employees will understand that if these measures are not taken, layoffs will be needed instead. No one wants that.

Other things that need to be adjusted

1. % given to Parks to be decreased

2. All capital put on hold - to be reviewed mid term with budget revisions. This is especially true of the pool. The Parks department operations budget has a shortfall. I do not see how they can responsibly consider additional capital projects.

Increase Revenues

I just found out that 40% of the fo property in Ashland does not pay property tax. One way to get two birds with one stone is for the City to sell off all surplus land to develop mixed low/middle housing with 20% affordable on all apartments

This would give the City income from the sale plus property taxes on the land, and increase the inventory of affordable and low income housing.

I think that no one including the Parks should be able to purchase more land/add new projects (including a new pool which is too expensive and add too much to ongoing maintenance.

I have heard over and over again that it is not possible to build rental units with 20% affordable housing. I think there are several options for making this possible.

1. City to waive some of the developers fees
2. Sell surplus land for development of needed AFFORDABLE housing.

3. Look for subsidies and/or grants for part of development costs. I think, with the new Administration we can be proactive and get ready to apply for new HUD grants in order to build affordable and senior housing.

4. Look into Co-op housing.

I know there are probably obstacles in the way of doing a lot of what I am suggesting.

But instead of saying this or that is not possible, I think a better way to go would be to figure out a way to make it possible.

We are all hoping that this summer we will have some tourists be coming back. We do need to support businesses so there will be something for them to come for...and not empty store fronts.

Thank you for listening

Leda Shapiro

[REDACTED]

From: Robert Rawlings [REDACTED]
Sent: Saturday, March 13, 2021 1:24 PM
To: Finance
Subject: Trim staff

[EXTERNAL SENDER]

Hello

During the push for the TID underground piping City officials would show up to the meetings specifically to push spending. They didn't really seem to care if anything was an actual viable solution or not. They just seemed to want to keep their jobs by doing busy work and creating spending.

I'm sure there are many departments that could trim staff or be eliminated entirely. For instance , I see no reason why Ashland has any kind of climate action employees. There is nothing Ashland can do to change the climate. There is a community of businesses and organizations that depend on green spending and donations . They have nothing to do with climate control. It's just bureaucracy.

An all volunteer climate committee would be sufficient.

I am very curious does talent, Phoenix or Medford have climate activists on staff in their city governments? I can pretty much guarantee Klamath Falls doesn't.

Thank you

Robert Rawlings
Ashland

Sent from my iPad

[REDACTED]

From: Clarkie [REDACTED]
Sent: Monday, March 15, 2021 5:03 PM
To: Budget Committee
Subject: Vector Control Levy

[EXTERNAL SENDER]

3/15/21

Ashland Budget Committee

Dear Members:

For six years after becoming ill from pesticides, I have been working on trying to make changes to or better yet, dissolve the levy driven Jackson County Vector Control District. Making changes has gone nowhere. They have a very large operating budget of over 1mil. per year, which continues to rise as property values increase. Their manager makes close to a six-figure salary. They hire 10 temp employees every season to aerosol spray all of our residential neighborhoods. This goes on from May through October. They are governed only by ORS 454 which gives them authority to spray as they want, enter private property without notice. There is no protection property owners have to defend themselves from the aerosol spraying except a "courtesy" no spray list which they do not advertise and gets purged every year.

JCVCD is one of only 10 county districts that have a vector control district. And, of those Jackson Co. is the only one that sprays so continuously and regularly in spite of not having a mosquito problem. They are the only one that uses the Bayer product, DeltaGard which is a pyrethroid that in humans is an endocrine (hormone) disruptor. It is deadly to bees and fish as the label says. This is only a brief overview as I have quite a large file.

When quite by accident shortly after moving here (and getting sick) in 2015, I found out about the vector control spraying habits, I alerted the public and it drew quite a fury as no one even knew this was happening. Health conscious residents of Ashland were especially upset and it appeared I would have some advocates. But, that enthusiasm fizzled for whatever reason. Most Ashlanders feel if they get on the "do not spray" list (which is no guarantee your property will not be sprayed at their discretion) that it is enough. As a result the majority on the "do not spray" list consists of mostly Ashland residents, they do not spray in Ashland as a rule with the exception of the greenway up to Oak Street.

Getting to my point, my idea I think you will like is to put on the next ballot a vote for Ashland to opt out of the levy. There is an ORS procedure for that already on the books. If they are not spraying or providing any other vector services to Ashland, why are you paying them?

If on the same ballot you could introduce another levy for parks, this would be an even trade and not cost citizens anything. I haven't calculated what the monetary figure would be but that should be easy enough to find out. Or the other option is for a ballot measure to dissolve Ashland from the levy paid by Ashland property owners by accepting responsibility for your own vector control through public works. This would not be any work on your PW department. The remaining

34 counties in Oregon do nothing. If there is ever a need for mosquito control the whole state is covered by Dept. of Agriculture, Fish and Game, Oregon University Extension, etc. There has never been and is not predicted there ever will be a mosquito disaster in Oregon.

Sorry for the length, I could and probably should write a book on this.

Please let me know if you have any more questions. I feel that if we can get at least one city in Jackson County to opt out at least this will put a big dent in their operating budget and perhaps more cities might follow suit. The county has the power to dissolve JDVCD but I have not been successful in getting their attention. Too bad, they could absorb the 1mil!

Thank you for your attention.

Clarkie Clark
Phoenix, OR

[REDACTED]

Subject: FW: City Council Contact Form Submitted

From: City of Ashland, Oregon <administration@ashland.or.us>

Sent: Thursday, March 18, 2021 9:08 AM

To: City Council <council@ashland.or.us>

Subject: City Council Contact Form Submitted

[EXTERNAL SENDER]

*** FORM FIELD DATA***

Full Name: **Phil Hutchings**

Phone: [REDACTED]

Email: [REDACTED]

Subject: **budget and spending and not passing cost overruns to the taxpayer please**

Message: **thank you**

[REDACTED]

[REDACTED]

From: Karin [REDACTED]
Sent: Friday, March 19, 2021 11:43 AM
To: Finance
Subject: Bring Our City Budget Under Control NOW

[EXTERNAL SENDER]

Dear Budget Committee,

I am disheartened, actually sickened, by what is proposed for the future city budget with increases of up to 75% over the next nine years for utility rates/fees/taxes. I'm also alarmed at the compensation levels and sheer number of city staff as a ratio to residents compared to other small towns in Oregon.

This does not at all reflect what the voters indicated last November when they elected Akins as mayor and Moran to the council. It is time for change! Just because the "old guard" still has command of the council does not mean they represent or are even tuned into the current needs and desires of this community. If their goal is to homogenize this once thriving artistic community and displace all the individuals and businesses that make this town a tourist destination, OSF aside, then they are succeeding!

I am also curious as to how the city plans to use the \$4.4 million coming to us in the form of federal stimulus money.

We are just emerging from a year-long shutdown. How tone deaf can the council possibly be? They are not engendering goodwill or helping to create a hopeful future for us. In short, they do not represent us! Please do what you can to bring the city budget under control at this pivotal point.

Thank you,
Karin Onkka
Owner of two small businesses in Ashland 23-year resident

[REDACTED]

Sent from my iPhone

[REDACTED]

From: gwen davies [REDACTED]
Sent: Friday, March 19, 2021 12:24 PM
To: Finance
Subject: public testimony for 3/30/21 CBC meeting

[EXTERNAL SENDER]

To the CBC:

I am particularly concerned about the Budget process this year. There were so many issues identified in the last two budget cycles that were never properly addressed. It is obvious we were in deep trouble before the pandemic. Coupled with continued financial management issues and an inability to make mature financial decisions, it appears we are facing catastrophe. There are so many issues to be discussed, it is hard to narrow them down. The best advice might be for you to review what the public told you four years ago and two years ago when they were expressing concerns about cutting spending and changing habits. Ashland ACES have described the issues well for at least five years. Please, refer to their critiques.

I refer you to the recent letter from Ashland Aces, their figures and descriptions of the transferring of money from fund to fund without accountability or any professional competence. It may have been actually corrupt or illegal. What has been done is probably under some description of "Worst Professional Practices." This needs to stop and be corrected now....this budget cycle.

I oppose any increases in utility bills this biennium. Only the most essential projects and city functions should be covered. I strongly oppose making current residents of Ashland pay for projects out of pocket, especially now. We should look at 30 Year Bonds after carefully vetting any projects. That spreads the costs over the years so all who benefit from various projects pay for them. Past elected officials have used the utility rate increases and other increases to amass a lot of money...then you raid it...."loan" and forgive the loan....and turn to the voters again to fill up your slush fund again! One example often cited is taking money that was set aside to keep the Community Center and Pioneer Hall in proper repair and use it for other expenses. The public did not even know....Then you turn around with exorbitant new requests for millions more. Those who voted for all these proposed increases this week at CC are still doing that. I thank those who voted against the increases.

The habit of hiring the most expensive consultant you can find, often from out of our area, has to stop now!!! This applies to other professionals as well. YOU seem to think if you spend more money it is superior. It is not! It is wasteful.

All departments should be on a zero budget balancing.

Staff positionsespecially at management levels...need to be streamlined or consolidated with positions being eliminated or left unfilled. We need layoffs to get us out of the pandemic years. Contracts with staff need to be renegotiated and insurance as soon as possible. There might be better ways to handle many functions.

All non essential staff/management should be laid off, positions eliminated or left unfilled. Programs need to be culled, privatized, or eliminated too. Right now we need to prioritize the most essential as well! Many non essential programs are in the Parks Department. Line staff needs to stay as much as possible while management can be streamlined.

Is there property that can be sold? Consider charging entities that use public property "market rate values." That seems to be the gun club and OSF for two examples.

I hear APRC wants to be "independent" and have no oversight from CC. According to reports, during a recent public meeting, APRC has even proposed barricading off Lithia Park and seizing OSF??!! While that may have been a joke, I am not too sure. This needs to be immediately squelched. Perhaps changes to the Charter/ordinances covering APRC are in order as well. Obviously this includes the budget decisions and also goes beyond them. Something needs clarification. Parks are beloved but not essential the way streets, water, sewer, fire, police, garbage etc are.

The one department that might need to be much better funded is the FIRE DEPARTMENT. Cuts to them have inexplicably been made in the last few years....insane as those cuts also happened in the beginning of summer. We need the best quality ambulance service as well. I think our current very local arrangement is much better than a more regional approach. With so many impacts from the Alameda Fire, I believe we should slow down any changes and assessments for two to four years and assess and plan from there. Realities are changing fast. Fire prevention and emergency evacuation is at the top of my list as essential.

Look at the restaurant tax and hotel taxes to make sure they are directed to diversification of the economy....if it has to be under a tourism label, everything must "multi task" and serve the City itself and residents/voters. I quite frankly think that all needs a major overhaul...including at a state level. Resilient economies and communities are diverse....(in every sense of the word of course).

We want equitable fees and charges but not ones that dampen the economy. We used to have five elementary schools!!!

I believe the next two years and possibly four should be a transition that is accessible to the public more than ever. Do not exclude many residents who are not on social media or who cannot wrestle with the City website. This process needs to be grass roots and take some time to truly be authentic and successful. Climate change is intensifying; more change is on the way. We need to have functional structures and processes for our current time. The old power groups and structures have gotten us to where we are now. I would prefer Ashland not go bankrupt. I would prefer we embrace transparency and democracy, ethics and competence.

Thank you for your attention and service.

[REDACTED]

From: Susan Hall [REDACTED]
Sent: Sunday, March 21, 2021 3:27 PM
To: Finance
Cc: Susan Hall RN; Ted Hall
Subject: Fwd: 2021-2023 Biennium

[EXTERNAL SENDER]

- >
- > 3/20/21
- > To the 14 Budget Committee members:
- >
- > I have some thoughts regarding the “process” to share with you prior to listening to the upcoming presentation of the recommended budget on March 30, 2021. Having observed 2 past Budget Committee deliberations, has left me with recollections of lost opportunities. I observed lost opportunities by Members to listen respectfully, be fully transparent with information requested, and avoid “dodging” questions that IF candidly answered would have helped all involved to understand the financial condition of our town. I watched as some City Council members and City Staff brushed aside well informed Public Committee members’ questions regarding City expenditures and questions that tried to explore the sources of funding being shifted around.
- >
- > Any of you who were involved in earlier Budget Committee work will recognized my observations. I urge this new Budget Committee to remember it is the Ashland taxpayer and visitors (who spend \$\$ here) who finance the workings of our town.
- > It is imperative that past mistakes in finance decisions, CIP projects, City staffing levels and payroll be candidly discussed. Ignoring poor past planning cannot continue. Many residents have repeatedly requested that expenditures be reduced. Only to be ignored. Usually what is presented by staff are ideas for “revenue enhancement”. And the past City Councils have seemed unable or unwilling to refocus the City Staff on presenting cost cutting ideas. The few cost cutting ideas that have been presented were trivial, in my opinion.
- >
- > Residents want to be shown the rationale for where and why their \$\$\$ is being spent.
- > Residents want to know why we have so many staff, more than other towns our size by a lot!
- > Residents want to know who thinks up and prioritizes the projects in our HUGE CIP.
- > Residents want to see the City staff be responsive to Citizens’ feedback.
- > Residents want the City staff making our financial decisions be held responsible for their decisions.
- >
- > The management of City funds in the years 2015-2019 (including the 2017-2019 budget) appear to have some questionable rationale . I observed as some former “public members “ of the past Budget Committees attempted to “tease out” the details, only to be steamrolled and left frustrated and insulted and without clear answers. This past behavior is not going to get us to where we need to go in solving our financial woes...it must be replaced with cooperation and truthfulness.
- >
- > In closing, I urge all of you to understand that this work is critical and your contribution to the success of getting Ashland’s “Financial House” in order will be validated and much appreciated by every Ashland resident.

- > My final observation is this: We need to return to the annual budget model which would allow a more streamline and clear way to track our expenses and find areas that are overrun and/or underfunded more quickly. This biennium model is unmanageable.

> Thank you and good luck.

> Susan Hall RN

[REDACTED]

[REDACTED]

>

>

>

> Sent from my iPad

[REDACTED]

From: Ted Hall [REDACTED]
Sent: Monday, March 22, 2021 3:41 PM
To: Finance
Cc: Susan Hall
Subject: Budget Comments

[EXTERNAL SENDER]

As an engineer (Retired), I have a serious concern about the Ashland Budget. The CIP (Capital Improvement Program) for our City is way over stated.

This becomes an annual budget concern in my mind because besides the capital cost of CIP projects the CIP size is used to justify too large of a Public Works staff to support and manage discretionary as well as required Capital Projects. Many of the CIP projects to me appear discretionary. The Ashland CIP process keeps projects on the list and rolls them forward without a prioritization of elements to it. Are many of these "Capital" projects even needed ever or just nice to have?

I think the Ashland budgeting process this go around should set the CIP to zero base budgeting then start from scratch to only reinstate those projects on a new list that rank high on a "prioritization" analysis. Is the project really needed and what is the cost benefit?

By doing this The City should be able to to reduce public works Capital Projects Staff.

And if there is a need for a high priority Capital project under a tight Public works staff regime, a project specific construction manager can always be retained for that given project, and not depend on full time staff. Construction manager staff have their benefits paid by their private company not by the public. And when a project is completed the staff are released. Full time city staff need to be reduced to a minimum. Reducing Public Works Staff is one place staff reductions can be made with no adverse impact to projects that are implemented.

Ted Hall
Ashland

[REDACTED]

From: Dean Silver [REDACTED]
Sent: Saturday, March 27, 2021 11:04 AM
To: City Council; Budget Committee
Cc: ashlandaces@charter.net; 'Carol Voisin'
Subject: WWTP CBA

[EXTERNAL SENDER]

Esteemed Mayor, Councilors, and CBC members:

I'm trying to find out why there has been no cost benefit analysis of abandoning the WWTP and hooking into RVSS. This is critical to get our financial house in order. Wastewater treatment is one of the largest items in the budget by far.

According to the BN 19-21 budget, The Wastewater Division accounts for over \$6M/yr just to operate. That figure does NOT include debt service or capital outlay, just personnel, materials/services, and central services.

The current CIP calls for over \$13M outlays over the next 6 years.

Just those two items will cost the city about \$50M over the next 6 years, not accounting for inflation of costs and unanticipated maintenance items.

The only off the cuff estimate of hooking up I've heard was maybe \$35M. Even if that's way low and it's \$50M, it's a wash after 6 years.

Of course we have to find out the usage charges.

And this is just the financials. We would also stop dumping hot water into Bear Creek. We would not have to jump through hoops trying to deal with DEQ, EPA, etc.

What I'm saying is that it's essential that we *investigate* the possibility that it might be worth doing. Consider the WWTP a mistake, a sunk cost. Perhaps the facility could be reutilized as some kind of benefit for the community.

And it's essential that we do it *right away*, before public works starts throwing money at the upgrades to the current WWTP, which are scheduled to begin this year as *preventative* maintenance. If those proactive maintenance items can be postponed until they are *necessary*, perhaps we can avoid them altogether, or many of them.

It seems obvious to me that we *must* investigate this option *now*.

How can we make this happen?

Thanks for your consideration,
Dean

Dean Silver



[REDACTED]

From: Dean Silver [REDACTED]
Sent: Sunday, March 28, 2021 6:24 PM
To: City Council; Budget Committee
Subject: BUDGET: Revenues vs. Expenses
Attachments: UTILITY RATES.pdf

[EXTERNAL SENDER]

Esteemed Mayor, Councilors, and Citizens' Budget Committee members:

Ashland's BN 2021-23 budget must reflect the realities of the current economy, and the wants and needs of its citizens. After at least ten years of rising property taxes and utility rates and fees, it is time to focus on reducing expenses.

In the past ten years, the fixed fees on my utility bill have increased 59%, water rates have increased 82%, and electric rates have increased about 40% [see attached]. Property taxes are at the statutory maximum.

In the most recent election, and with the bond issue, the voters made a clear choice for fiscal restraint. Council and The Budget Committee need to respect that choice.

The City has many fixed expenses that cannot be avoided. The city has infrastructure that must be maintained. Those must be budgeted.

The current CIP contains many projects that are not necessary to maintain the quality of life desired by Ashland residents. The current CIP contains many errors, redundancies, and inexplicable line items that cannot be justified. The current CIP contains many projects that have been carried forward for years without renewed consideration. The current CIP was not presented to Council in time for them to consider the contents. Thus, council approved it without having adequately evaluated the projects therein.

The budget must, therefore, not be based upon the CIP that was delivered to council.

This is not a time to be expanding revenues. The estimated total fund balances for June 30, 2021 is \$51,065,976. There is no need to hastily increase revenues at this time. The prudent approach would be to maintain revenues at the current level.

Council must be given the time to consider any new expenditures BEFORE they are included in the budget.

Thank you for your consideration.

Dean Silver

[REDACTED]

[REDACTED]

From: Dean Silver [REDACTED]
Sent: Sunday, March 28, 2021 6:34 PM
To: City Council; Budget Committee
Subject: BUDGET: Budget / CIP Process

[EXTERNAL SENDER]

Esteemed Mayor, Councilors, and Citizens' Budget Committee members:

The budget process in Ashland is badly broken. Here is a simple idea to help improve it:

Prepare the CIP on alternating years, not concurrent with the biennial budget. Have council consider the CIP on even numbered years since the budget is considered on odd numbered years.

According to the code, the purpose of the CIP is to justify SDCs [AMC 4.20.080]. Of course it's an extremely useful tool for planning, and should be continued.

But as it now stands, the council does not have sufficient time to review the CIP. The budget is already prepared by staff by the time the council gets the CIP. The assumptions in the CIP are baked into the staff's budget. Then the Budget Committee has to deal with the budget that was prepared on what are often faulty assumptions of what the city's CI needs are, and the Council's policy goals. Some are legacy projects carried forward year after year, many of which should be eliminated or reevaluated. As it stands now there is no time for the council to give the CIP due consideration. The CIP needs to be approved BEFORE staff prepares the budget.

Council sets policy. Staff implements those policies. As it stands now, the Council is reacting to the budget prepared by staff instead of giving direction to staff.

I have searched the charter and the code, and see no reason why this can't happen. Council can pass a resolution to this effect.

Alternate the CIP and the budget years. Starting next year, 2022, have the council take up the CIP early in the year and spend enough time on it to analyze and evaluate it. Staff can either prepare a revised CIP for 2022, or they can carry the current document forward with revisions. Whichever, that would be the basis of the 2023 budget deliberations. The next new CIP would be presented to Council in early 2024 to be referenced in the 2025 budget, etc.

The only disadvantage to this schedule I see is that the estimates will have been prepared a year earlier in the budget cycle. But that should not be particularly relevant to Capital Improvement Projects. Costs may rise due to inflation, but that should be taken into account in the CIP. The CIP does not affect the other aspects of the budget. The budget process can still account for any rapidly changing financial conditions.

I believe the benefits of this approach far outweigh any disadvantages.

Please give it your careful consideration.

Dean Silver



[REDACTED]

From: Dean Silver [REDACTED]
Sent: Sunday, March 28, 2021 6:38 PM
To: City Council; Budget Committee
Subject: BUDGET: Personnel

[EXTERNAL SENDER]

Esteemed Mayor, Councilors, and Citizens' Budget Committee members:

Personnel costs are the second largest expense item in the chart of accounts.

We all need to tighten our belts, and that includes city employees.

Here are a few simple suggestions to control the annual inflation of personnel costs.

1. Freeze hiring at current levels. No new positions at this time.
2. Do not rehire positions lost to attrition unless they are deemed essential.
3. Aggressively renegotiate employment contracts as they come up for renewal.
4. No annual COLAs at this time.
5. Stop paying the employee's 6% contribution to PERS .

Of course, all existing contracts should be respected. That does not preclude renegotiation before renewal.

The basic fact to keep in mind is that Ashland city employees are compensated, on average, far more generously than employees in other municipalities. Compensation is so high in Ashland that no one is likely to leave their city jobs if their wages remain constant and their benefits fall. And if they do, there will be plenty of qualified people willing to take their places.

Please take these suggestions into consideration when constructing the budget.

Thank you.

Dean Silver

[REDACTED]

[REDACTED]

From: Anne Bellegia [REDACTED]
Sent: Friday, March 26, 2021 12:48 PM
To: Budget Committee
Cc: Michael Black; Julian Bell; Leslie Eldridge; Mike Gardiner; Rick Landt; Jim Lewis; Isleen Glatt; Rachel Dials; Melanie Purcell
Subject: APRC Biennium 2021-2023 Budget

[EXTERNAL SENDER]

Dear Members of the Citizens Budget Committee,

I am testifying in support of adopting the APRC Biennium 2021-23 Budget submitted by Director Black and approved by the Ashland Parks and Recreation Commission. It reflects the following:

- Realism about the city-wide funding pressures and a willingness to share in the accommodations
- Provision for maintaining basic operations of APRC services that consistently earn some of the highest marks in the National Citizen Survey's Ashland Livability Report
- Sustaining a visible expression of the City's commitment to inclusion and diversity through facilities and programs that can be utilized by those all ages, incomes, races, ethnicities and abilities
- Acknowledgment that the reduction in the APRC reserve is temporary and will be relieved by the restoration of historical revenue sources and a strategic assessment of other sources

Ashland Parks and Recreation services have been the bright spot in a bleak year. They let us congregate with others at a safe distance; use our local parks, trails and bike paths to remain physically fit; and benefit from the enduring serenity of nature. APRC services also provided an unprecedented number of citizens whose finances and social connections were impacted by the pandemic and the fire with essential supports and linked them to vital information and assistance available from other organizations and agencies.

Maintaining the beautiful surroundings and recreational attractions of Ashland will help restore the food and beverage tax revenues that our visitors provide, along with the jobs that sustain the livelihood of our citizens, both directly and indirectly. I believe the above points are broadly applicable to the needs, values, health and wellbeing of all who live, work and recreate in the City of Ashland.

Sincerely,

Anne Bellegia
Chair, Ashland Senior Advisory Committee

[REDACTED]

[REDACTED]

From: Dean Silver [REDACTED]
Sent: Saturday, March 27, 2021 11:34 AM
To: Finance
Subject: 3/30/21 Budget Committee Testimony

[EXTERNAL SENDER]

Esteemed Mayor, Councilors, and CBC members:

I am writing to urge Council and the CBC to undertake a cost benefit analysis of abandoning the WWTP and hooking into RVSS. This is critical to get our financial house in order. Wastewater treatment is one of the largest items in the budget by far.

According to the BN 19-21 budget, The Wastewater Division accounts for over \$6M/yr just to operate. That figure does NOT include debt service or capital outlay, just personnel, materials/services, and central services.

The current CIP calls for over \$13M outlays over the next 6 years.

Just those two items will cost the city about \$50M over the next 6 years, not accounting for inflation of costs and unanticipated maintenance items.

The only off the cuff estimate of hooking up I've heard was maybe \$35M. Even if that's way low and it's \$50M, it's a wash after 6 years.

Of course we have to find out the usage charges.

And this is just the financials. We would also stop dumping hot water into Bear Creek. We would not have to jump through hoops trying to deal with DEQ, EPA, etc.

What I'm saying is that it's essential that we *investigate* the possibility that it might be worth doing. Consider the WWTP a mistake, a sunk cost. Perhaps the facility could be reutilized as some kind of benefit for the community.

And it's essential that we do it *right away*, before public works starts throwing money at the upgrades to the current WWTP, which are scheduled to begin this year as *preventative* maintenance. If those proactive maintenance items can be postponed until they are *necessary*, perhaps we can avoid them altogether, or many of them.

It seems obvious to me that we *must* investigate this option *now*.

Thanks for your consideration,
Dean

Dean Silver

[REDACTED]



[REDACTED]

From: Dean Silver [REDACTED]
Sent: Sunday, March 28, 2021 6:26 PM
To: Finance
Subject: 3/30/21 Budget Committee Testimony
Attachments: UTILITY RATES.pdf

[EXTERNAL SENDER]
For the public record:

Ashland's BN 2021-23 budget must reflect the realities of the current economy, and the wants and needs of its citizens. After at least ten years of rising property taxes and utility rates and fees, it is time to focus on reducing expenses.

In the past ten years, the fixed fees on my utility bill have increased 59%, water rates have increased 82%, and electric rates have increased about 40% [see attached]. Property taxes are at the statutory maximum.

In the most recent election, and with the bond issue, the voters made a clear choice for fiscal restraint. Council and The Budget Committee need to respect that choice.

The City has many fixed expenses that cannot be avoided. The city has infrastructure that must be maintained. Those must be budgeted.

The current CIP contains many projects that are not necessary to maintain the quality of life desired by Ashland residents. The current CIP contains many errors, redundancies, and inexplicable line items that cannot be justified. The current CIP contains many projects that have been carried forward for years without renewed consideration. The current CIP was not presented to Council in time for them to consider the contents. Thus, council approved it without having adequately evaluated the projects therein.

The budget must, therefore, not be based upon the CIP that was delivered to council.

This is not a time to be expanding revenues. The estimated total fund balances for June 30, 2021 is \$51,065,976. There is no need to hastily increase revenues at this time. The prudent approach would be to maintain revenues at the current level.

Council must be given the time to consider any new expenditures BEFORE they are included in the budget.

Thank you for your consideration.

Dean Silver

[REDACTED]

[REDACTED]

From: Dean Silver [REDACTED]
Sent: Sunday, March 28, 2021 6:31 PM
To: Finance
Subject: 3/30/21 Budget Committee Testimony

[EXTERNAL SENDER]

The budget process in Ashland is badly broken. Here is a simple idea to help improve it:

Prepare the CIP on alternating years, not concurrent with the biennial budget. Have council consider the CIP on even numbered years since the budget is considered on odd numbered years.

According to the code, the purpose of the CIP is to justify SDCs [AMC 4.20.080]. Of course it's an extremely useful tool for planning, and should be continued.

But as it now stands, the council does not have sufficient time to review the CIP. The budget is already prepared by staff by the time the council gets the CIP. The assumptions in the CIP are baked into the staff's budget. Then the Budget Committee has to deal with the budget that was prepared on what are often faulty assumptions of what the city's CI needs are, and the Council's policy goals. Some are legacy projects carried forward year after year, many of which should be eliminated or reevaluated. As it stands now there is no time for the council to give the CIP due consideration. The CIP needs to be approved BEFORE staff prepares the budget.

Council sets policy. Staff implements those policies. As it stands now, the Council is reacting to the budget prepared by staff instead of giving direction to staff.

I have searched the charter and the code, and see no reason why this can't happen. Council can pass a resolution to this effect.

Alternate the CIP and the budget years. Starting next year, 2022, have the council take up the CIP early in the year and spend enough time on it to analyze and evaluate it. Staff can either prepare a revised CIP for 2022, or they can carry the current document forward with revisions. Whichever, that would be the basis of the 2023 budget deliberations. The next new CIP would be presented to Council in early 2024 to be referenced in the 2025 budget, etc.

The only disadvantage to this schedule I see is that the estimates will have been prepared a year earlier in the budget cycle. But that should not be particularly relevant to Capital Improvement Projects. Costs may rise due to inflation, but that should be taken into account in the CIP. The CIP does not affect the other aspects of the budget. The budget process can still account for any rapidly changing financial conditions.

I believe the benefits of this approach far outweigh the disadvantages.

Please give it your careful consideration.

Dean Silver



[REDACTED]

From: Dean Silver [REDACTED]
Sent: Sunday, March 28, 2021 6:40 PM
To: Finance
Subject: 3/30/21 Budget Committee Testimony

[EXTERNAL SENDER]

Personnel costs are the second largest expense item in the chart of accounts.

We all need to tighten our belts, and that includes city employees.

Here are a few simple suggestions to control the annual inflation of personnel costs.

1. Freeze hiring at current levels. No new positions at this time.
2. Do not rehire positions lost to attrition unless they are deemed essential.
3. Aggressively renegotiate employment contracts as they come up for renewal.
4. No annual COLAs at this time.
5. Stop paying the employee's 6% contribution to PERS .

Of course, all existing contracts should be respected. That does not preclude renegotiation before renewal.

The basic fact to keep in mind is that Ashland city employees are compensated, on average, far more generously than employees in other municipalities. Compensation is so high in Ashland that no one is likely to leave their city jobs if their wages remain constant and their benefits fall. And if they do, there will be plenty of qualified people willing to take their places.

Please take these suggestions into consideration when constructing the budget.

Thank you.

Dean Silver

[REDACTED]