

# Memo

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TO: Budget Committee  
FROM: Lee Tuneberg, Budget Officer  
RE: City of Ashland FY 2008-2009 Proposed Budget and Supporting Documents  
DATE: April 8, 2008

Yes, it is finally here! Many recent activities contributed to a delay in this distribution. My apologies for any inconvenience this may have caused.

Enclosed is your copy of the proposed budget for City of Ashland for FY 2008-2009. Please find:

1. The agenda for the 4/17/2008 Budget Committee Meeting
2. The revised calendar
3. Add packages that will be addressed by the appropriate department during its specific presentation
4. Minutes from the previous Budget Committee Meeting for your review

As promised, staff has taken the steps necessary to provide a balanced budget for next year that provides same services and levels of service with little variation. As expected, doing so required changes in many revenues and planned expenditures that we are anxious to discuss with you. Please read the budget Message and review the document in preparation for the coming meetings.

Check your calendars for dates and times. Your first meeting is April 17<sup>th</sup> at 6:00 PM at the Civic Center on East Main and all departmental presentations are televised. Our goal is to complete each night's agenda and answer all your questions before adjourning. The proposed budget, as amended by the Committee, needs to be approved and the tax levy set by the May 21st wrap-up meeting.

Except for the Economic and Cultural Grant sub-committee meeting tomorrow and Thursday, each departmental presentation is for the entire committee. Let me know if you will miss any meetings. We will move forward with the scheduled meetings with the members that attend, knowing that final Committee approval occurs on May 14th and needs a quorum to pass.

This will be a most interesting budget process for all of us! Again!

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**Budget Calendar  
FY 2008-09**

- 2/13/2008 BUDGET COMMITTEE - Introduction**  
Council Chambers 7:00pm
- 4/9/2008 BUDGET SUBCOMMITTEE**  
Economic & Cultural Grant Presentations & Deliberations  
Council Chambers 7:00pm
- 4/10/2008 BUDGET SUBCOMMITTEE**  
Economic & Cultural Grants - continuation if needed  
Council Chambers 7:00pm
- 4/17/2008 FULL BUDGET COMMITTEE MEETING - Budget Message**  
Parks Presentation  
Council Chambers 6:00pm
- 4/21/2008 DEPARTMENTAL BUDGET PRESENTATIONS**  
Police Dept., Fire Dept., Community Development, CDBG Presentations  
Council Chambers 7:00pm
- 4/28/2008 DEPARTMENTAL BUDGET PRESENTATIONS**  
City Recorder, Administration, Human Resources, Legal, Admin Services  
Council Chambers 6:00pm
- 5/1/2008 DEPARTMENTAL BUDGET PRESENTATIONS**  
Information Technology, Electric and Conservation Presentations  
Council Chambers 6:00pm
- 5/7/2008 DEPARTMENTAL BUDGET PRESENTATIONS**  
Capital Improvement Plan Overview, Public Works Airport, Street, Water, Wastewater, Administration,  
Engineering, Cemetery and Equipment.  
Council Chambers 6:00pm
- 5/8/2008 DEPARTMENTAL BUDGET PRESENTATIONS**  
Public Works Continued, if needed.  
Council Chambers 6:00pm
- 5/14/2008 FULL BUDGET COMMITTEE MEETING/WRAP-UP/APPROVAL**  
Set Tax Rate, WRAP-UP APPROVAL  
Council Chambers 6:00pm
- 6/3/2008 PUBLIC HEARING**  
Council Chambers 7:00pm  
First Reading of Ordinance to levy taxes  
Resolution to qualify for state revenues (subventions)  
Resolution to receive state revenues  
Resolution setting appropriations
- 6/17/2008 SECOND READING OF ORDINANCE**  
Council Chambers 7:00pm
- 7/15/2008 CERTIFY TAXES TO JACKSON COUNTY**

# Memo

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TO: Martha Bennett, City Administrator  
FROM: Ann Seltzer, Management Analyst  
CC: Lee Tuneberg, Finance Director  
DATE: April 1, 2008  
RE: Proposed FY09 Budget Add Package  
**Community Visioning and Economic Development Combined Council Goals**

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## **Describe Addition:**

The City Council set a goal to conduct community wide visioning and to develop an economic development strategy. They have combined the two goals into one project: a Community Strategic Plan.

The objective of this project is to identify a preferred future for Ashland, to identify strategic goals and to develop a strategic plan with action steps that move the community toward the preferred future. The project requires significant public involvement to ensure that all voices are represented and heard. It is expected that one of the strategic goals will be economic development with specific short-term and long-term action steps. In addition, the in-depth community participation will result in heightened community awareness, citizen engagement and the development of strategic partners.

Implementation of this goal will require a consultant(s), temporary staff support and a permanent staff position. The City has applied to the University of Oregon for a graduate student from the RARE (resource assistance for rural environments) Program to serve as temporary staff for these goals for one year by providing administrative support and preliminary assistance for the consultant. Hire a permanent staff position half way through year one to ensure the new person is on board during the later portion of public involvement. This person will be responsible for monitoring, tracking and implementing the strategic plan.

## **How will it be funded?**

Previously, staff had suggested three possible funding solutions for developing an Economic Development Strategy: an increase in property tax, an increase in TOT, cuts to other general fund programs and/or identify new charges and fees.

At this time, staff views a TOT increase as the only viable funding source for this project.

The goal will be funded using the transient occupancy tax increase (TOT) that is non-tourism designated if an increase is approved by the Council. The council will consider the increase at the regular meeting on April 15.



Preliminary analysis of potential funds generated from a 2% TOT increase indicates approximately \$135,000 per year would be available for non-tourism use based on current revenue stream of \$1.575 million with the current TOT rate of 7%. However, that amount could vary 5% in either direction. We don't yet know the impact, if any, of the loss of rooms at the Windmill Inn might have on the revenue and we don't know the impact the current economy might have on room occupancy rates.

Staff proposes using two years of non-tourism related funds generated from an increase to the TOT: \$135,000 per year plus previously designated funds for economic development of \$80,000 per year for a total of \$430,000 over a two year period.

RARE student	\$23,000 Year 1
Consultant (includes community values survey, data collection, public involvement design and implementation)	\$110,000 Year 1
Consultant (includes public involvement implementation, draft strategic goals and action steps)	\$50,000 Year 2
Marketing/Public Involvement (includes space rental, advertising, graphic design, public outreach/communications, printing)	\$40,000 Years 1 and 2
Permanent Staff Position	\$45,000 (salary and benefits) half of Year 1 \$90,000 (salary and benefits) Year 2
<b>TOTAL:</b>	<b>\$358,000</b>

[Balance for other city use: \$36,000 per year for two years (total \$72,000)]

The consultant and marketing/public involvement expenses be applied to the Council budget in Materials and Services 710.01.01.606 in FY09 (\$100,000) and FY10 (\$100,000).

The staff positions would be applied to the Administration budget in Personal Services 710.01.02.00.510 (\$52,000 salary and benefits (RARE student and half year FTE) for Year 1 and \$70,000 for Year 2. The permanent staff position will be paid from TOT funds in subsequent years and would be responsible for monitoring, tracking and implementing the strategic plan.

### Implementation Timeline

Engage Project Consultant	Summer — Fall 2008
Recruit/Appoint Steering Committee/Task Force	Summer 2008 — Fall 2008
Data collection	Fall 2008
Community Values Survey	Fall 2008
Implement Public Involvement	Winter 2008 — Fall 2009
Draft Strategic Plan and Action Steps	Spring 2010
Implement	Ongoing



# Memo

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TO: Martha Bennett, City Administrator  
FROM: Tina Gray, Human Resource Manager  
CC: Lee Tuneberg, Finance Director  
DATE: April 8, 2008  
RE: Proposed FY09 Budget Add Package  
**City Employee Continuity Strategy Council Goal**

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## **Describe Addition:**

The City Council set a goal to develop a City Employee Continuity Strategy. The objective of this goal is to ensure workforce stability into the future. As the City faces a large number of retirements and key staff turnover there is potential for loss of vital institutional knowledge and leadership skills as well as recruitment challenges. By identifying future leaders within the organization and cultivating and developing their talents, we can grow them into key positions in the future. In addition to Succession Planning, a key to minimizing volatility in our workforce will be to conduct a classification and compensation analysis. By remaining competitive in the labor market the City can continue to attract and retain top talent to carry out the objectives of the City. The final component to the Continuity Strategy is to analyze workforce housing alternatives and develop a program for the City that will allow current and future employees the option to work and live in the Ashland community.

Implementation of this goal will require a consultant to complete a Compensation and Classification study. Developing future leaders will require an investment of training dollars over several years. Determining which of the multitude of workforce housing models will best work for the City of Ashland would require the aide of a consulting firm, or other staff with specific housing expertise.

## **How will it be funded?**

Previously, staff had budgeted and conducted a RFP to engage a consultant to provide a Compensation and Classification study. That study was tabled by the City Council and funding is no longer available within the Human Resource budget for this project. Proposals ranged from \$20,000 - \$80,000 for consultant work. Any salary recommendations resulting from the study could be phased into the overall budget over a 2-5 year period.

Staff recommends a leadership training and development budget of \$20,000 annually to accomplish the objective of Succession Planning. Many line positions can utilize cross training and mentoring, however, growing future managers will take a systematic training approach that continues to build upon prior training ultimately leaving the City with new leaders ready to take on the challenges of public sector management.



At this time, staff is unsure about the cost of the workforce housing component to this Council Goal. Staff would estimate the need for funds of \$50,000 to find a consultant with expertise to analyze the affordable housing options available in Ashland and model a program that will meet our specific housing needs. The program model should include an implementation strategy which allocates a number of units to City employees, as well as offering incentives to new hires and current employees who decide to make Ashland their home. Given budget cuts this year to material and service and personal service budgets, HR could not pursue this goal without additional staff and financial resources. Depending on implementation strategy, a funding source would also be necessary to get any program started.

### **Implementation Timeline**

Engage Project Consultant (Class & Compensation Study and Workforce Housing consultant)

**Summer – Fall 2008**

Data collection (Class & Compensation Study)

**Fall 2008**

Draft Strategic Plan and Action Steps (Class & Compensation Study, Leadership Development training and Workforce Housing consultant)

**Spring 2009**

Implement

**Ongoing**



# Memo

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TO: Martha Bennett, City Administrator  
FROM: Lee Tuneberg, Finance Director  
DATE: April 7, 2008  
RE: Proposed FY09 Budget Add Package  
**Budget increase for Fiscal Stability Program to meet Council Goals**

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**Describe Addition:**

Staff is seeking Budget Committee approval to create an advanced accounting position to do project work at the direction of the Administrative Services Director. Also, to include sufficient funds (estimated at \$100,000) to perform the Fiscal Stability goal established by Council as addressed in the attached Council Communication from March this year.

The Administrative Services/Finance Department has determined the need to add another staff position to work on accounting and administrative tasks including but not limited to new accounting mandates, internal cost allocation plans, rate modeling, costing services, performance measures and financial planning. Many of these tasks would require working closely with and direct oversight by the Finance Director. This would be a Central Service position paid for by internal charges to all funds with the majority of the cost borne by the enterprise funds. The anticipated impact on the budget is \$84,000 in salary and benefits.

The Department requested additional accounting staff to perform advanced work in FY 2002 but the request was eventually rejected due to economic conditions and the need for other staff. Staff was added in 2003 as part of Finance absorbing Ashland Parks & Recreation accounting. Initially the transferred two positions were expected to provide additional leverage to meet the advanced accounting work need but it resulted in increased work by existing supervisors, the need for back-up employees during absences of those transferred (and partially funded by Parks) and a greater commitment from the Finance Director.

The issues prompting the FY 2002 request have not diminished and during the time since then the budget process has expanded to overlap the annual audit and vice versa. The annual audit also requires significant more effort for both City and Parks and will continue to grow in time commitment because of new mandates for accounting, financial reporting and internal controls. Additionally, other programs under the purview of Administrative Services that have grown in resource utilization include continued enforcement of the downtown parking area and the Hargadine, managing grant contracts and related issues for the annual or biannual reviews, monitoring and collecting delinquent taxes, and purchasing requirements.

Addition of professional staff will support many of the accounting, budgeting, costing and financing work desired by Council and Administration. The position would make the work by a consultant more effective and enable the department to carry on with the program, measures and outcomes after the consultant is no longer available.



Staff believes the City Council goals in financial stability, budgeting and financial reporting will be greatly supported by adding this staff at this level and at this time.

**How will it be funded?**

This is a central service activity that would benefit all funds. The estimated amount for a consultant for this project is \$100,000 for FY 2008-2009. Added accounting staff would cost \$84,000 in salary and benefits. The total should be allocated accordingly to all funds. This means that the enterprise funds, those who derive most from rate models, would pay the majority. The impact on the General Fund would be less than 30% of the total \$184,000.

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# Council Communication

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## Study Session on Council Goal for Fiscal Stability

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Meeting Date:	March 3, 2008	Primary Staff Contact:	Lee Tuneberg
Department:	Administrative Services	E-Mail:	tuneberl@ashland.or.us
Secondary Dept.:		Secondary Contact:	
Approval:	Martha Bennett	Estimated Time:	One Hour

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### Question:

Does the proposed plan from staff incorporate the steps and timing Council feels appropriate for this goal?

### Staff Recommendation:

Staff recommends Council consider the steps listed below that were identified in the initial staff report on the goal.

### Background:

Fiscal stability is, and has been, of significant concern to Council, staff and the public. All services provided by the City rely on fiscal stability and the ability to adapt to changes in the economy and in the community whether caused by local or national factors.

Ashland has been fortunate to weather many of the recent economic changes because of its diverse community, revenue streams, services and reserves. In question is the City's ability to maintain a good financial position while costs increase for the services being provided and many revenue streams are remaining relatively flat or diminishing.

Council adopted this as a priority goal and probably has ideas of what *fiscal stability* means to them as a group and individually. However, we should anticipate considerable input from others and differing perspectives on what it (fiscal stability) looks like for the City, what gaps exist today, what steps will be needed and how will we know when we have achieved it.

Some of the elements that will need to be addressed are:

- Agreement on a priority listing of services to be provided, at what level of service and how those services will be funded.
- Identification of what reserves must be developed and maintained to effectively address short-term spikes in costs and revenue streams.
- Policy on how the City should address the costs of aging infrastructure and new capital needs.
- Policy or policies regarding City indebtedness and related debt service.

There is, or will be, the temptation to do this goal ourselves, either with staff available or volunteers from the community. While these resources will be important to accomplish this goal, staff recommends using an outside consultant for most of the work. In order to be successful we must be critical about existing resources, capabilities and availability of those who would do the work, timing of the project and level of acceptance. Staff believes the proposed schedule is aggressive, especially when core work and other projects are taken into consideration.

In order to do this goal, staff proposed the following steps:



1. Identify the internal resources (appropriations and staff) available to support the goal. This will impact proposed changes in the budget this year and next. *January - February 2008*
2. Develop a solicitation process (Request For Qualifications and Project Proposals) to perform this goal and provide additional support not available within the City. *March - June 2008*
3. Create a timeline for gathering input from stakeholders and identifying deliverables. *July - August 2008*
4. Perform the work including evaluation of existing, and the development of new, measures, benchmarks and systems for monitoring. *September - November 2008*
5. Report on work to date to Council and subsequent revisions to the project. *December 2008*
6. Implementation, staff training and incorporation into City budget, operational and reporting processes. *January - March 2008*
7. Complete integration into the FY 2009-2010 budget process. *April - June 2009*

Step 1 requires us to identify staff that has the ability and time to work on the goal through its entire process. The process may identify the need for an ongoing commitment from some staff member(s) to manage, monitor and report changes beyond the project timeline proposed above.

With that said, the Administrative Services (Finance) Department has not been able to actively pursue this goal over the recent years for several reasons. As City administration and finance departments have changed staff has been unavailable to pursue financial and other goals due to loss of institutional knowledge, failed recruitments to attract skilled applicants, reduced budget dollars available to take on projects, greater demands in financial reporting and economic variations. . .all pushing other priorities to the forefront. Regardless of the abilities of existing staff, availability to dedicate to this project is limited during significant portions of the year.

This lead us to propose Step 2 where external help with the appropriate skills, experience, time and industry relationships to accomplish this goal is recruited. We do not have a good estimate on the cost for such help but the City should expect it will cost beyond \$100,000 given the complexity of the City and the expected length of the project. Additionally, it will require dedicated staff time to support the work to gain the most benefit from the consultant.

The timing and scope for Steps 3 through 7 are likely to change once a consultant is onboard. It is doubtful that a comprehensive review with meaningful outcomes that are generally accepted could be accomplished in less than a year. A year seems like a long time to wait but Council should note that we continue doing things that will support this goal including the annual budget process, evaluating major revenue streams like electric and water utility charges, Transient Occupancy and Food & Beverage taxes, reviewing our capital improvements and financing options, analyzing personnel and benefit costs, etc.

A good beginning for the City is to look at what we have in place today, not to revise or update, but to gain a sense of what has been relied on to date. Attached are the financial policies of the City that have been presented as part of the budget document. They have been incorporated in the annual process in various formats over the past 20 years. As part of this goal they will be updated to represent policy decisions made.

This study session will help to put Council and staff on the same page for accomplishing this goal.



If the approach and timing are generally acceptable, staff will submit an add package as part of the FY 2008-2009 budget for consideration by the Committee that will potentially include consulting services and staff changes thought necessary after this discussion.

**Related City Policies:**

Financial Management Policy

**Council Options:**

Council should identify any areas of concern they have with the proposed process to accomplish the goal.

**Potential Motions:**

None for the study session

**Attachments:**

Financial Management Policies included in the budget document



# Memo

DATE: 4/02/08  
TO: Martha Bennett, City Administrator  
FROM: Dick Wanderscheid *Dick Wanderscheid*  
REGARDING: **Budget 2008-09 Position Change Justification**

POSITION TITLE: Energy Analyst and Inspector

FTE: 1 ESTIMATED WAGES WITH BENEFITS: \$63,000 + \$35,000 (Program costs)

1. Describe the operational benefit/impact of adding the position: This position is to complete the City Council Goal of Increasing the effectiveness of the City's Conservation programs
2. Describe impact of not adding the position: Conservation Program will be implemented at their current rate and will not be accelerated.
3. What Council goal(s) does this position relate to? Increase the effectiveness of the City's Conservation programs.
4. What Departmental goal(s) does this position relate to? N/A – This is a Council Goals
5. What program costs are connected to this position? Additional program costs of \$10,000 in Water Conservation and \$25,000 in Energy Conservation.

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6. Does this position: None of the below
  - a. Reduce other costs,
  - b. Generate additional or new revenue,
  - c. Terminate when revenues (like a grant) diminish or end?

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