

Ashland Citizens Budget Committee
Meeting Minutes
Wednesday, May 7, 3:00 PM -5:30 PM
Council Chambers, 1175 E Main Street

I. Call to Order

Chair Shane Hunter called the meeting to order at 3:00 pm

- a. Land Acknowledgement

II. Roll Call

Present: Mayor Tonya Graham, Councilor Eric Hansen (arrived 3:04 pm), Councilor Gina DuQuenne (arrived approximately 3:30 pm), Councilor Dylan Bloom, Councilor Bob Kaplan, Councilor Jeff Dahle. Citizens Budget Committee (CBC) members Shane Hunter, Linda Peterson Adams, Kristen Roy, Michael Murray, Ariana Spiegler, Meg Wade (arrived 3:19 pm)

Absent: James Fredericks

III. Approval of April 25, 2023, Citizens Budget Committee Minutes

Motion: Linda Peterson Adams Second: Jeff Dahle Motion

Roll Call Vote: Graham, Hansen, Bloom, Kaplan, Hunter, Dahle, Adams, Roy, Murray, Spiegler YES. Motion Passes.

IV. Public Forum

Nancy Seward- Shared concern for HeadStart/early childhood losing funding.

Kelly Jean Hammond- Discussed gratitude for the preschool program at the Ashland YMCA

Paul Mozina- Provided ambulance service comments, which are attached to the minutes.

Heidi Hill- CEO of the Ashland Family YMCA. Provided comments regarding the Childcare Affordability Grant.

Emily Triuette- Representing Ashland Youth Baseball. Provided comments on field rental fees.

Keri Pennell- President of Ashland Little League. Provided comments on field rental fees and proposed \$1,000 flat fee instead of an hourly fee.

Stacia Stimac- Serves on the Ashland Little League Board, Provided comments on field rental fees.

V. Budget Presentations

Finance Director Mariane Berry provided a recap of the April 30, 2025, meeting where proposed budgets were presented by the Ashland Fiber Network, Electric, Public Works Divisions, Fire and Police departments and discussed which presentations would be seen in the current meeting. She also noted that the recording of the April 30th meeting was available on the City's website.

Community Development Director, Brandon Goldman, presented the proposed Community Development budget. He discussed changes to the structure of the Department's 14 full-time employees (FTEs) and how the budget is substantially unchanged from the prior biennium but does have a reduction in professional service costs. Goldman discussed a document digitization project and funding to update software that will reduce maintenance costs for IT by moving documents to cloud hosted storage. Goldman discussed accomplishments in the current biennium and said the department will continue to seek grant opportunities. He discussed property that was donated to the City for the purpose of affordable housing and the City's eight-year Housing Production Strategy. Goldman discussed the upcoming fee comparison for the Building Division, how the Building Division is currently funded, in the General Fund, and the plans for a separate Building Fund in the following biennium.

Finance Director Mariane Berry discussed the proposed budget for the Finance and Information Technology departments. She discussed the functions of the different divisions of the Finance Department as well as the duties of the IT Department. Berry mentioned the Finance Department FTE will stay the same as the current biennium and the IT Department's FTE had been reduced to 4.5 FTE. Berry went over the accomplishments of both departments, including revisions of Ashland Municipal Code, investment improvements, the City's credit rating, increased IT security and monitoring and process improvements. Berry discussed reductions in IT staffing, including the Finance Director taking on the duties of the IT Director.

City Manager Sabrina Cotta discussed the proposed budget for the Administrative Department, including the Department's divisions; Economic Development, City Recorder, Communications, Emergency Management, Human Resources (HR), which includes Risk Management and Courts, and the City Attorney's Office. She discussed the Department's FTES, including an increase in FTE in the HR division, an additional analyst, which freed one analyst to specialize in risk management. Cotta discussed upcoming projects, including a strategic plan, and the digitization of city records, transitioning communications to video, continuing City partnerships, updating City processes, developing an event calendar, and implementing payroll/HR software. Cotta spoke of the accomplishments made during the

current biennium, including launching the City's new website. Cotta discussed capital funds in the proposed biennium for the City's homeless shelter.

Parks Director Rocky Houston discussed the proposed Parks Department budget. Houston went over the Department's organization chart, and then the Department's accomplishments over during the current biennium, including an increase in senior participation, grants received, volunteer hours, a new ordinance, and a concert that was held due to the ordinance. Houston discussed significant changes, an elimination of a program and how the Department looked to cut costs while providing services and keeping parks open. Houston discussed how the capital projects in the proposed budget were shovel ready.

Presentations are included with minutes.

VI. Q&A and Deliberation

Chair Hunter opened the floor for questions from the Committee.

Councilor Kaplan asked about the City's philosophy on cost recovery and for a response to be framed with overall direction. City Manager Cotta acknowledged that revenues are not keeping up with expenses, that some cost recovery, like in the Building Division, is part of state law, that the City has had a long period of not raising fees and which has created a lack of revenue to support services moving forward. Departments are responsible for forecasting revenue and determining whether fees are reasonable compared to industry standards and peers.

Kaplan asked whether it was the City's intention to present the budget as cost centers in the General Fund, similar to enterprise funds. Cotta replied that the intent was to have the City be on the same playing field as other jurisdictions as far as cost recovery, but some things will always be subsidized, because the true cost would not make the services affordable and it's finding the balance to ensure services are moving forward at the level the community wants.

Kaplan asked whether the intention was not to cover the entire cost but to just cover an amount that seems reasonable and consistent with other jurisdictions. Cotta said, yes, that given the widening deficit between General Fund revenue and costs of providing services, evaluations are needed and cost recovery needs to be considered and assessed.

Councilor Jeff Dahle discussed how the City has seemed relatively okay and asked if Cotta could provide clarity on why it feels like there has been a drastic change. Cotta replied that there is an assumption that everything has been fine, but if past budget messages were reviewed, there is a trend that expenses are going to outpace revenues in the General Fund.

Due to COVID, there was a buildup of funds from staffing shortages, but the City's intent is not to become a savings bank, but to provide services. Staffing is now on board and the projects have moved forward and expenses are now back on track to exceed revenues. Cotta discussed the increase in personnel costs, including health care, which is a significant amount when the City has 265 employees. She noted that it seems like everything is happening at once, because the City has delayed acting on keeping pace with raising fees, including the utility rates, and that the Electric Users tax allowed a delay on implementing other fees. Cotta said the City is now at the point where revenue no longer provides the services the Community is looking for, hence the public safety, the wildfire mitigation fee, and the request for a parks fee.

Mayor Tonya Graham asked what the current subsidy was for the Building Division annually, and whether the City could adjust the schedule of fees early on in the biennium to address the subsidy. Cotta replied that the City needed to do the research to determine how much cost recovery the City currently has, and where the fees need to be to get full cost recovery. She also noted that revenue for the Building Division is not steady, so there also needs to be a cushion to have funds for the years with less revenue. How to get there is a project of the Building Division.

Community Development Director Brandon Goldman said that the Building Division was at 75% cost recovery, so the other 15% was being subsidized by the General Fund and that state law requires that building permit fees are used exclusively for Building Division services. Many communities create a separate Building Fund, so that reserves from boom development can offset slow years. Graham asked how much money was currently being subsidized. Goldman replied that the annual budget of the Building Division was around \$870,000, so 25% of that amount.

Graham asked whether an interim fees schedule could be put in place that would be refined earlier in the biennium. Goldman said that it was the expectation and there would be an analysis so there was parity in Ashland with nearby communities, and that the building permit fees had not been increased since 2019.

Councilor Dylan Bloom asked why, since previous budget messages brought this up, the City wasn't planning for this two years ago. Cotta responded that the City was, and recommendation was fees, but the other part is a strategic planning process because a community wide discussion is needed to determine the communities priorities. But since that is a prolonged 10–15-year plan, there are a lot of things that need to happen, and revenue fix fees can be changed as needed. This will be a continued discussion moved forward. Property tax would be the ultimate fix, but the City isn't in control of that, but there

are several things the City is in control of and community discussion is part of that, assessing the level of the fees the community is willing to pay for services.

Bloom asked why, since the City knew it was going to be at this point, didn't it do this a year or two years ago? Cotta responded that the City doesn't get projections, like insurance, far in advance, so doesn't know the magnitude of the gap. And decisions have been made to fund projects that may not have been ideal for long-term. It's a learning process for every jurisdiction as priorities and conditions change. Consistency, leadership and a sustained vision are very important moving forward.

Kaplan discussed how his reading of the problem was about projections into the future, that there was uncertainty about future revenue vs future expense and a widening gap. When he looks at the General Fund balance, it is 182% of minimum fund balance, not much different than in June 2024, so the City is not in a crisis. The City Manager's approach to prepare for the future is entirely reasonable, but it is not about lack of taking steps in the past. Kaplan said he was impressed with the number of things staff has done to become efficient, and that this is really about preparing for the next two years – there is no deficit. Departments have stayed within their budgets, and the City has maintained a healthy fund balance.

Cotta followed up that the budget is different from the spending, and is the best estimate given the information at the time to make a two-year projection. Given the level of uncertainty, the City does not want to overestimate and find itself on the wrong side of the estimation and have to make rapid changes midstream. The City has streamlined and has unfunded state mandates, like the paid leave program, that puts pressure on the General Fund.

Citizen Budget Committee (CBC) Linda Peterson Adams said that in the last 2023/2025 biennial budget CBC meeting there were recommendations to consider other revenue sources and that fees are the most regressive of those. Adams mentioned that the Food and Beverage tax will sunset and there are ways to support revenues like levies through long term planning, but that these fees are a band-aid.

Councilor Gina DuQuenne mentioned that there was more community involvement during the last biennial budget process and that the Oak Knoll golf course had been a recommended cut. DuQuenne asked whether the City had thought about other ways of generating revenue other than fees, taxes and utilities. She said the population in Ashland had not increased, but the cost of services and staff has. She asked what the City was going to do so it didn't find itself in this place again and what revenues are the City considering that do not hit the rate payor? She asked why the 5% food and beverage tax, which was put in

place to pay for the wastewater treatment plant could not be used to pay for the water treatment plant.

Cotta responded that she could not speak to Oak Knoll, as that was an Ashland Parks and Recreation Commission (APRC) decision, and that there was overwhelming support for the water treatment plant project through a ballot measure, so the City is moving forward with the loan. Cotta said she couldn't guarantee that the City would not be in the same place next biennium, so needs to work on the strategic plan and have a conversation with the community about levels of service and that this is happening with all jurisdictions. Cotta said that there were City properties that would be coming forward for divestment, including Park properties.

DuQuenne said that her mention of Oak Knoll was her listening to the City and asked with the budget process starting in November, how Cotta saw the City moving forward with speaking to the community and looking at the forecast across all departments together as part of the strategic plan. Cotta responded that for the current budget a livability study was conducted, where parks were the number one thing the community appreciated, and if the strategic plan was funded, the hope was to partner with Southern Oregon University (SOU) and the School District to get a wide array of feedback. The plan will take many months with many public forums, and the Parks plan with public meetings throughout the City is a good model.

DuQuenne asked whether the 5% food and beverage tax could be taken back to the voters to see if the voters would like a portion of it to pay for the water treatment plant project. Cotta replied that it had been discussed previously and was a Council decision.

Graham reminded the CBC that before COVID hit, the City was getting ready to start the strategic planning process, and like everything, it got put aside. Federal funding helped, but the City was hit hard with resignations and retirements, like other communities. Graham discussed that the process of putting qualified people back in positions has taken time and now it's time to move forward. Graham asked that the Committee consider a formal recommendation to the Council to reconvene mid-biennium for a budget recap and forecast to look for major changes so there is time to have a conversation with the community ahead of the next biennial budget process.

CBC member Meg Wade asked whether the City had a regular practice during the budget process to consult with community organizations during the budget process, whether the Parks Department consulted with organizations over the fees, and whether departments have a practice of consulting with organizations over miscellaneous fees. Cotta replied that for miscellaneous fees, the increase is based on the Consumer Price Index (CPI), and that

the City doesn't typically ask community members how much they'd be willing to pay, but is something the City can consider moving forward. Houston responded that the Parks fee process corresponds with the budgeting process and the department looks at how much something costs and its cost recovery goal, which sets the fee. The Department also looked at costs in neighboring cities for comparison and made proposals to the Parks Commission.

Wade asked Houston to clarify that there was no conversation with the communities groups that were impacted by the fees. Houston responded that the Department didn't reach out in advance, but information is sent out in advance of APRC meetings, so groups are aware of any actions being proposed.

Councilor Eric Hansen discussed that the APRC had a new recommendation to cover Parks costs for service reductions and wondered what a \$6.50 parks fee would cover. He also discussed that it was not a question of a misuse of funds, rather the Parks Department living within its means, and that it was a General Fund problem with escalating costs and limited revenues. He asked whether the Nature Center employees had been laid off. Houston responded that the Nature Center employees had been notified but not laid off. Houston discussed the history of the fee and said the \$6.5 fee equates to \$1.4 million in revenue. The goal was to not have as large as reductions in recreation resources and restrooms and to try to make sure existing programs are still available for the community.

Hansen asked how the \$6.50 fee and other rate increases impacted community groups. Houston responded that the recommended fee was coming forth to Council will all of the other City department fees and the Department would revisit its budget to see if there were any changes. Houston discussed how the Department was working towards providing more transparency on how much programs cost and the goal was to have things look the same for the next two years, knowing that the Department will have to continue to change, and meet the needs of the community through strategic planning goals while controlling costs.

Dahle expressed his appreciation for the difficulty in forecasting that the departments in the General Fund have, since they do not have ending funding balances, and asked that innovation and structural forecasting be kept in mind while moving forward, and whether that sounded reasonable. Cotta responded that there was an element of innovation, but the discussion would eventually be about service level for the community and that staff had been innovative and responsive to requests for change, often with Council's approval, but innovation often cost money.

Bloom asked whether it was a good time to discuss changes to the budget to allow for the time needed to make adjustments. Hunter asked that a few more questions be allowed.

CBC member Kirsten Roy discussed how she appreciated the work done on the budget, how every industry is in a similar position coming out of COVID, and that a mid-biennium review was important and input from stakeholders critical. She discussed it was hard to look at program expenses without seeing program revenues, how cuts in Parks seem to be aimed towards programs with child participation and noted that there were 11 leadership roles in Parks and asked if there could be consolidation.

Cotta responded that the focus for Parks has been maintaining access to free spaces, like playgrounds and open spaces, as to not violate the City's wildfire mitigation ordinances, which is the bulk of what the Parks Department does and its expense. Then APRC has to assess what to do with the remaining funding.

Houston reiterated that 66% of the workforce was used to maintain the City's parks, and that 12 years ago the Department had 50.5 FTEs and now had 35, so changes have been made over the years. Houston discussed that there was a level of maintenance expected for Lithia Park and that the Department has been doing what it can to cut operational costs, but even the parks with the lowest barriers to come in and have fun have costs. Houston spoke about programs, users and cost recovery, including the staffing, maintenance and facility costs, and how the General Fund is there to support those programs that do not recover costs, and how the Nature Center is not used as much by children as it was in the past, so the Department was trying to transition to environmental education, a different business model, but there was about a half a million in costs, and only \$12,000 in revenue. Houston continued that the Department was trying to determine how to keep as many programs open and still hit the Department's budget goal.

Berry clarified that fund accounting was inherent for governmental entities but was not a typical profit and loss and that none of the departments in the General Fund could sustain itself. Berry discussed how a user of the budget book could drill down in the reports to find specific revenue streams.

Houston discussed how the City was in the middle of a classification and compensation study, so couldn't go forth and make any changes in recreation staffing until it was complete, but that Parks managers were working managers, who are out there actually working in the City's parks.

Kaplan noted the Parks proposed budget was 3.2% less than the fiscal year 2024 and 2025 budget, but that the budget for the Operations division was increasing by 22%, while Open Space, Recreation and the Nature Center budgets were decreasing. Kaplan asked what kind of things could be done so the Parks Department didn't have to gut the Open Space, Recreation and Nature Center if Council were to approve a fee. Kaplan discussed how he

would be looking for commitments from Houston and the APRC on containing costs moving forward and mentioned that this budget was the first time that he had heard the Parks Department call out the number of volunteers as an accomplishment and asked whether if the Parks Department was thinking about a strategy to invest more in volunteers.

Houston responded that he had moved staff around, which was why the volunteer number had increased. He spoke about the graffiti removal volunteer group and has been looking to see if volunteers can do more, but they are not trained employees and are limited in what they can do. The Department works to make them feel supported and happy and that they enjoy the work. Houston continued that the Department was looking at different levels of service for different parks and making adjustments while making sure mandates are met and assessing capacity to meet the expectations of the community.

Wade said they agreed with comments made by Roy that it seemed cuts seemed to be impacting youth programming and that the question from community members seemed to be about priorities. They asked if there was data on cost per user for the Parks programs and how much support each program was getting from the General Fund. Houston responded that his data wasn't consistent and that he had data on programs like the Pool and Ice Rink, but not for some of the other recreation programs. Wade asked if the data could be provided with notes about where it was incomplete. Houston said that what was available had been shared with APRC and was available. Cotta noted there was a joint Council and APRC meeting afterwards where a lot of what was being talked about would be discussed.

CBC member Ariana Spiegler asked whether the \$6.50 fee would offset some of the cost recovery. Houston said that the Department would have work with the Parks Commission and Council for any modification of the fees. Spiegler noted there was \$17,000 in the budget for the Nature Center and asked whether it should have been eliminated along with the Nature Center expenses. Houston replied that without the Nature Center; the City would not have that revenue source.

Roy asked for clarification of whether the \$6.50 fee would cover the cost of the Nature Center, or if the cuts and the fee were being proposed. Houston responded that if the fee were to bring in \$1.4 million, the Department could offer the same level of services that was currently being offered and would look into having an environmental education program. Roy asked if, the \$6.50 fee was approved, whether the two Nature Center employees would get their jobs back. Houston responded that the Department would work with Human Resources to retain those positions.

Berry provided a tutorial on drilling down to different revenue streams in the budget book.

CBC member Michael Murray discussed how the APRC and the Council made policy decisions, and the CBC participates from an Oregon regulatory statute standpoint, and although he would like to ask policy questions, he wasn't sure that the CBC meeting was an appropriate place to discuss those types of questions.

Bloom discussed the City's values and vision and pointed out that at the Council retreat economic development was right under wildfire mitigation in order of ranking and included a discussion about childcare grants. Bloom discussed how childcare affects the community and urged the CBC to restore the \$240,000 Early Learning Grant in FY25/27 budget. Discussion ensued.

Motion: Request that staff include the \$240,000 Early Learning Grant in the FY25/27 budget and come back at the next CBC with a variety of options, two to three, and then make final recommendations.

Motion: Bloom Second: DuQuenne

Discussion: DuQuenne voiced her support for the motion. Wade asked for clarification about whether the CBC could decide not to add the grant if the options by staff were not optimal. Graham expressed her support and asked that consideration be given for a more permanent funding source in the future, using the first 12 months of the biennium in finding a longer-term solution. CBC member Linda Peterson Adams asked whether money from the Reserve Fund could be used. Cotta replied that it could and asked for a sidebar with Bloom.

Motion withdrawn: Bloom, stating a conflict of interest.

Motion: I move that the Budget Committee direct staff to return next week with options for a \$240,000 Early Learning Item in the budget and to give at least a couple of options about how it might be funded.

Motion: Graham Second: DuQuenne

Roll Call Vote: Hunter, Murray, Graham, Adams, Hanson, Roy, DuQuenne, Bloom, Dahle, Spiegler, Wade, Kaplan: YES Motion passed

Motion: Recommend a Parks fee of \$6.50 to make the Parks whole.

Motion: Hansen

Discussion ensued about the upcoming meeting between the CBC and Council and whether the motion should be for the revenue the fee would generate.

Motion withdrawn: Hansen

Motion: The Citizens Budget Committee add \$1.4 million in revenue towards the Parks budget.

Motion: Hansen Second: Adams

Discussion ensued.

Motion withdrawn: Hansen

Motion: The Citizen's Budget Committee add \$1.4 million to the Parks Department Budget.

Motion: Hansen Second: Kaplan

Discussion ensued.

Motion: Amended motion to direct staff, depending on the outcome of the Council and Parks Commission Study Session to bring back to this Body options for closing the gap of the \$1.4 million in the Parks Department.

Motion: Graham Second: Adams

Roll Call Vote Amendment: Hunter, Graham, Adams, Kaplan, Roy, Hansen, Murray, Spiegler: YES DuQuenne, Bloom, Dahle, Wade: NO. Motion passed.

Original Motion Roll Call Vote: Graham, Hunter, Hansen, Adams, Roy, Murray, Kaplan: YES DuQuenne, Bloom, Dahle, Wade: NO. Motion passed

Hunter asked for a temperature on whether the budget could be passed the next session. Discussion ensued and an agreement was made that a fourth session would be necessary.

Meeting adjourned at 5:37 pm.

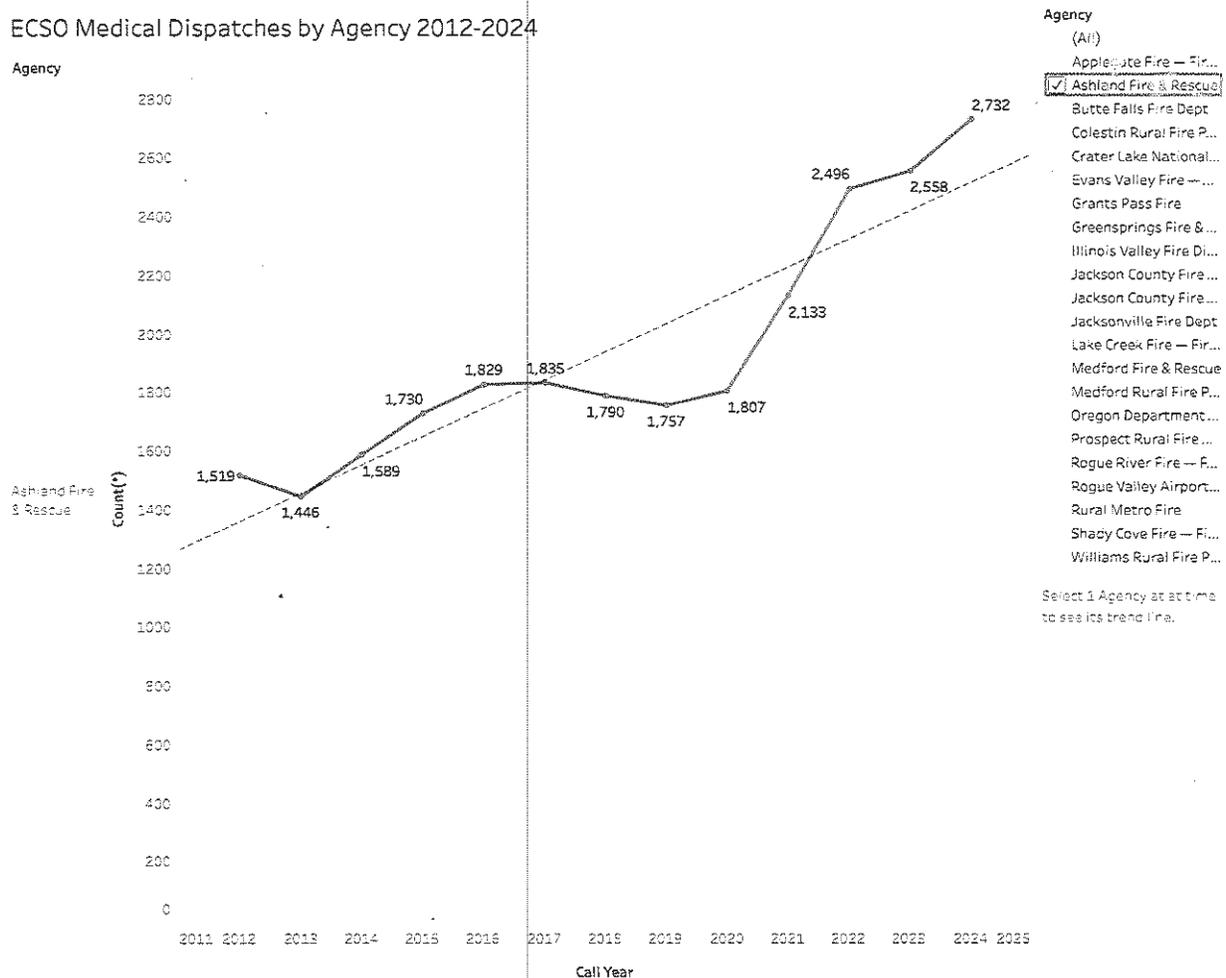
The Council claims to be running AF&R's Single Role EMS Ambulance Program "like a business". Ok, then let's see the balance sheet and find out why the Single Role program needs to be subsidized by a \$3.50 increase in the public safety fee.

In 2021 the city received a report documenting an average **cost** to the city of \$840,000 per year from 2015-2019 to provide ambulance service. As of today, the administration has not reported the Net Position of the ambulance service for the years 2020-2023 and we are told that the revenue from the Single Role EMS program in 2025 is not generating the same level of cost recovery i.e., contribution to the general fund, that the dual role ambulance program did in 2020-2023. Hence, the need for the increase in the public safety fee.

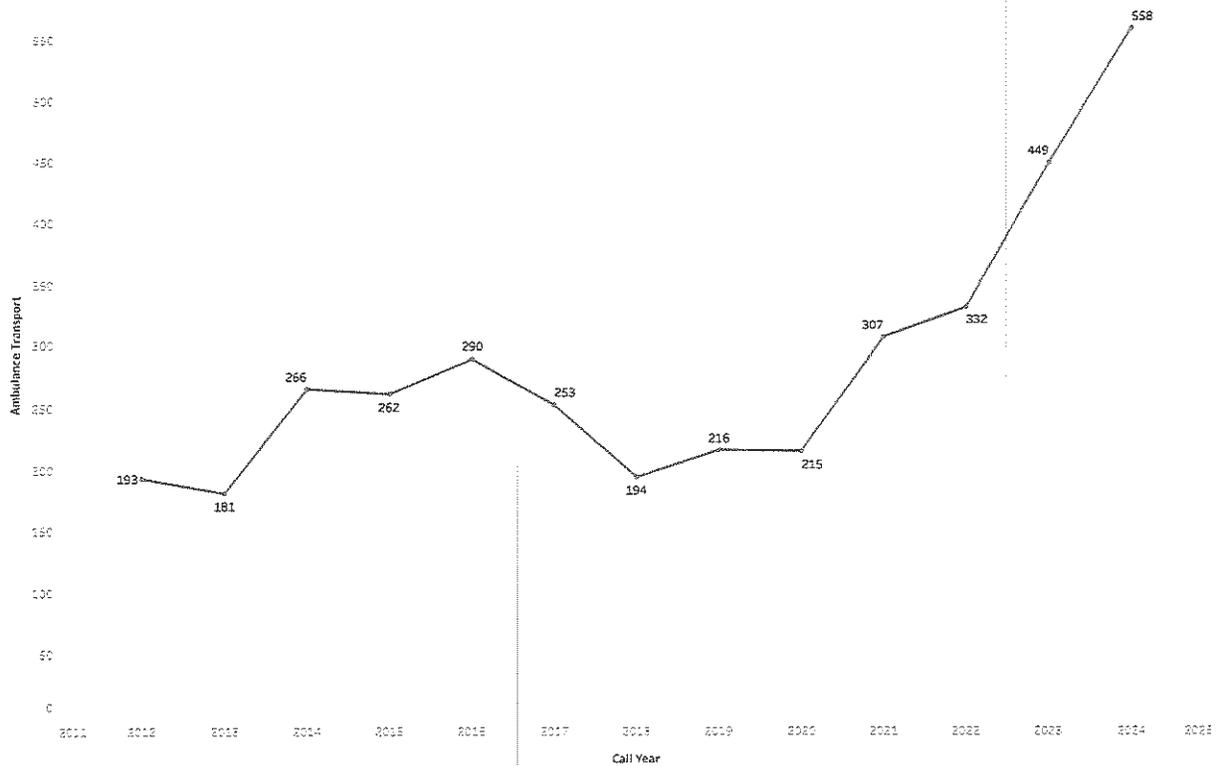
At the March 3rd study session, we learned that the estimated 2025 Net Position after accounting for personnel costs of the Single Role EMS program was in the range of \$1.2M. That is a significant improvement over the \$840,000 average cost per year of the ambulance service in 2015-2019.

What caused the turnaround? AF&R has seen a 55% increase in medical dispatches and a 160% increase in scheduled, non-emergency ambulance transports since 2019. But no one cares to ask why. (data below is directly from Emergency Communications of Southern Oregon)

ESCSO Medical Dispatches by Agency 2012-2024



Ashland Fire and Rescue Scheduled Non-Emergency Ambulance Transports 2012-2024



This activity generated an increase in revenue from the ambulance service. What was the Net Position of the ambulance service in 2020-2024, understanding that 4 Single Role FTE's started in the second half of 2023 and 4 more FTEs were added in the spring of 2024? We are told that the estimated \$1.2M Net Position of the Single Role program in FY 2025 would provide less cost recovery than the ambulance service did in previous years when it was staffed by dual role FTEs. Can we see the numbers?

Administrator Cotta said at the March 31 study session that the cost of 8 Single Role FTE's was \$1.5M/Year, and this figure was used to make the case for the increase in the Public Safety fee, but the 2025-2027 biennial budget says the cost will be \$1M/Year? Which is it?

	2022 - 23 Actual	2023 - 24 Actual	2024-25 Adopted Budget	2025-26 Proposed Budget	2026-27 Proposed Budget
Material and Services	\$0	\$395,291	\$2,133,345	\$527,940	\$527,940
Personnel Services	\$0	\$549,341	\$554,316	\$1,000,861	\$1,060,390
TOTAL	\$0	\$944,632	\$2,687,661	\$1,528,801	\$1,588,330

How do we know that the estimated cost recovery of the Single Role EMS program in 2025 is less than that of the dual role ambulance program in 2020-2023 without seeing the numbers? The Budget Committee should request this data so that the Council can fairly judge the Single Role Program before being asking the people of Ashland to subsidize it via an increase to the Public Safety fee.