Council Study Session Meeting Agenda

ASHLAND CITY COUNCIL

STUDY SESSION AGENDA

Monday, March 31, 2025

Council Chambers, 1175 E Main Street

Live stream via rvtv.sou.edu select RVTV Prime.

HELD HYBRID (In-Person or Zoom Meeting Access)

Public testimony will be accepted for both general public forum items and agenda items.

If you would like to submit **written testimony** or if you wish to **speak electronically** during the meeting, please complete the online **Public Testimony Form** no later than **10 a.m. the day of the meeting.**

5:30 p.m. Study Session

I. PUBLIC FORUM
15 minutes – Public input or comment on City business not included on the agenda

II. AGENDA ITEMS

a. Budget Background - City Accounting & Fund Structure

b. Review City Assistance Programs for BN 25-27

c. Budget-Related Fees Discussion: Public Safety, Wildfire and Parks Fees

III. ADJOURNMENT

If you need special assistance to participate in this meeting, please contact Alissa Kolodzinski at recorder@ashlandoregon.gov or 541.488.5307 (TTY phone number 1.800.735.2900). Notification at least three business days before the meeting will enable the City to make reasonable arrangements to ensure accessibility to the meeting in compliance with the Americans with Disabilities Act.

***Agendas and minutes for City of Ashland Council, Commission and Committee meetings may be found at the City website, ashlandoregon.gov,

Council Study Session

Date: March 31, 2025

Agenda Item	Budget Background - City Accounting & Fund Structure
From	Mariane Berry, Finance Director
Contact	mariane.berry@ashland.or.us

SUMMARY
Staff will provide a general overview of how the City of Ashland is structured in terms of its funds and all the implications around the funds that will assist in better understanding the City's budget.

POLICIES, PLANS & GOALS SUPPORTED
N/A

BACKGROUND AND ADDITIONAL INFORMATION
The first in a series, this presentation will assist in providing background to the community and the Citizen's Budget Committee on how the City's Accounting and Funds are structured. It will cover basics around government accounting, and specifics around the City of Ashland's operations as it pertains to its financial operations for the General Fund, Special Revenue Funds and Enterprises.

We will discuss various revenue streams, such as Food & Beverage and Transient Lodging Tax (TLT) and funds that are restricted, committed, and unappropriated. We will also review concepts such as minimum ending fund balance, system development charges, internal cost methodology, etc.

Slide presentation is forthcoming and will be attached before the study session.

FISCAL IMPACTS
N/A

SUGGESTED ACTIONS, MOTIONS, AND/OR OPTIONS
N/A

REFERENCES & ATTACHMENTS
None

Council Study Session

Date: March 31, 2025

Agenda Item	Review City Assistance Programs for BN 25-27
From	Bryn Morrison, Deputy Finance DirectorAdministration- Finance, Mariane Berry, Finance Director
Contact	bryn.morrison@ashland.or.us, mariane.berry@ashland.or.us

SUMMARY

Staff will present a summary of a restructured Utility Assistance Program based on developments around the budget and council priorities.

POLICIES, PLANS & GOALS SUPPORTED

Administrative/Governance Goal:
“To ensure ongoing fiscal ability to provide desired and required services at an acceptable level.”

BACKGROUND AND ADDITIONAL INFORMATION

The City of Ashland currently has three assistance programs:

- **Ashland Low Income Energy Assistance Program (ALIEAP)**
  - Assists low-income residents with 50% reduction of electric bill
  - Based on 65% of Oregon’s median income
  - Only October 1 through January 31
  - Maximum $300 credit
- **Senior/Disabled Utilities Discount**
  - Year-round discount for income-qualified persons age 65 or older, qualified disabled persons age 60 or older.
  - 20% or 30% off utility charges: electric, water, sewer, street user, storm drain
  - Based on 125% and 100% below federal poverty level, respectively
- **Emergency HEAT Assistance**
  - $100 toward past due balance, once per 12-month period
  - 150% below federal poverty level

A historical summary is reflected below:

City-funded Assistance Program	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Actual
Low Income Energy Assistance									
Customers	517	485	463	477	498	519	545	563	517
Distributed	$ 88,012	$ 87,083	$ 86,614	$ 84,253	$ 91,656	$ 109,310	$ 112,626	$ 97,470	$ 106,740
Average relief/applicant-family	**$ 170**	**$ 180**	**$ 187**	**$ 177**	**$ 184**	**$ 211**	**$ 207**	**$ 173**	**$ 206**
Senior/Disabled Program									
Customers	165	174	181	195	216	237	263	281	281
Distributed	$ 45,523	$ 50,285	$ 55,487	$ 60,370	$ 73,527	$ 90,482	$ 96,878	$ 101,854	$ 101,188
Average relief/applicant-family	**$ 276**	**$ 289**	**$ 307**	**$ 310**	**$ 340**	**$ 382**	**$ 368**	**$ 362**	**$ 360**

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It was requested that Staff look at providing an Assistance Program that offered the following components:.

- Year-round, versus ALIEAP's program for only the winter months
- Based on qualified low-income customers using an agreed upon eligibility marker, such as OHP or SNAP for ease of processing, or use our own.
- Use of conservation funds of $200K per year for BN 25-27, in addition to the current budget of approximately $195K allocated for ALIEAP and the senior discount.

Staff will provide additional data and options for Council's review.

Slide presentation is forthcoming and will be attached before the study session.

FISCAL IMPACTS

Fiscal impacts include the increase of Utility Assistance for the next biennium using existing conservation funds.

SUGGESTED ACTIONS, MOTIONS, AND/OR OPTIONS

Council agreement and/or feedback on restructured Assistance Program.

REFERENCES & ATTACHMENTS

None

Council Study Session

Date: March 31, 2025

Agenda Item	Budget-Related Fees Discussion: Public Safety, Wildfire and Parks Fees
From	Sabrina Cotta, Mariane Berry, Finance Director
Contact	sabrina.cotta@ashland.or.us, mariane.berry@ashland.or.us

SUMMARY

Like other cities in Oregon, overall governmental expenditures for the City of Ashland continue to rise more quickly than revenues. This pattern is anticipated to exacerbate in the coming biennium due to economic volatility at the national level, significant increases to health care and pension costs, restrictions on general fund revenue sources and likely reductions in federal grant funding.

This agenda item will focus on the Public Safety Fee, Ashland Forest Resiliency Fee and a potential Park Fee to support maintaining General Fund services at current levels over the next biennium. The discussion will include historical context, city comparables, and levels of service.

POLICIES, PLANS & GOALS SUPPORTED

Administrative/Governance Goal

"To ensure ongoing fiscal ability to provide desired and required services at an acceptable level."

Vision and Values

Community
- Quality of life that underpins the City's economic vibrancy

Organization
- Excellence in governance and city services
- Sustainability through creativity, affordability, and rightsized service delivery
- Public safety, including emergency preparedness for climate change risk
- Quality infrastructure and facilities through timely maintenance and community investment

BACKGROUND AND ADDITIONAL INFORMATION

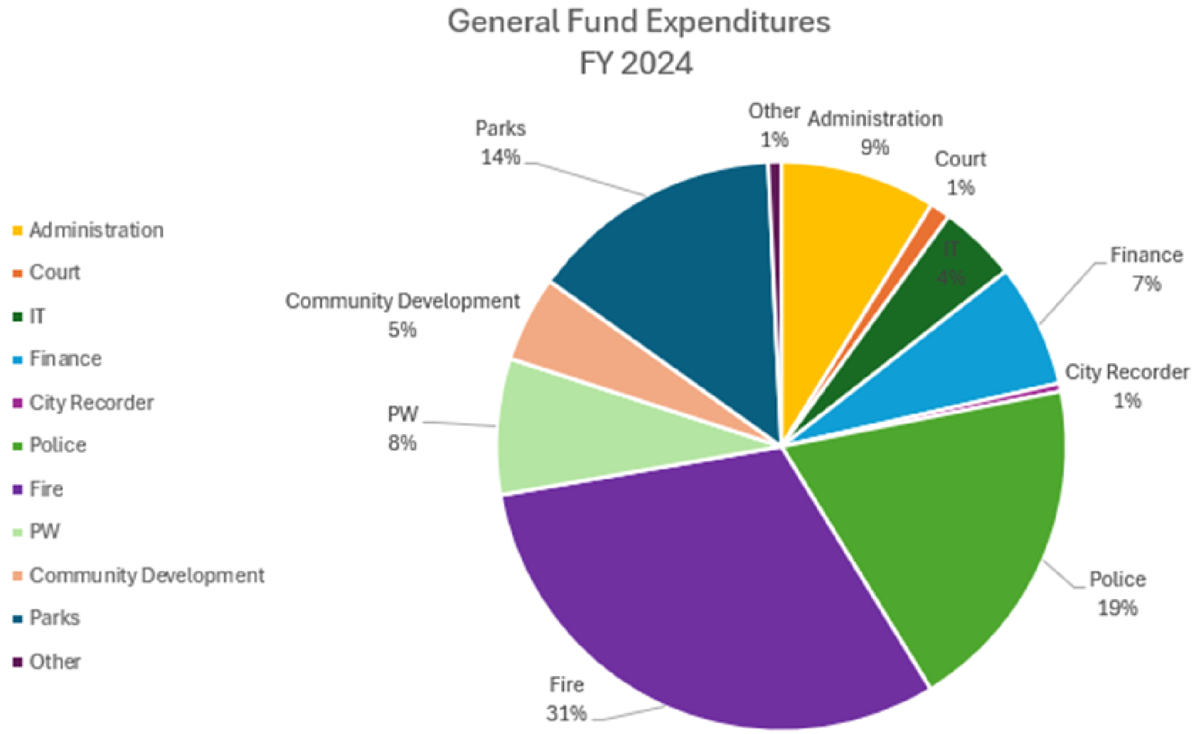
BACKGROUND

From 2015 to 2023, revenues increased, on average, by 4% annually, while expenses increased, on average, by 6% annually. Over the same period, our revenue streams have shifted to rely more heavily on fees due to property tax limitations that cap the growth of property taxes. These fees, like property tax revenues, have not kept up with the rising costs of services. Without adjusting our revenues from fees, it is anticipated that the City will need to reduce General Fund levels of service in BN25-27. Due to Oregon's Measure 50, all tax districts have a permanent rate limit, set at local assessed values from 1995-96 market levels, thereby capping growth. For Ashland, our current and capped permanent rate of 4.2865 has been set since 2019. Over the course of the last 10 years, property taxes, which mainly fund governmental activities, have only increased $3.8M or 35%. Meanwhile, expenditures over the same period for governmental activities, not including Streets - public safety, parks and recreation, and general government administration - have increased by $21.6M, or 104%.

Major General Fund Expenses

This has left the City' General Fund to rely on other revenue sources that have also not kept up with the rising costs of services. As an example, since 2020 the Electric User Tax has only increased marginally since 2020, reflecting greater conservation initiatives within our community. Further, water rates have not increased since 2019, which has impacted the general fund through franchise fees. The Public Safety fee of $1.50 per electric meter has not increased since 2018, and the AFR fee of $3.00 per water meter since 2019. Finally, costs of maintaining our parks make up approximately 14% of the overall cost of general government services, which must compete with all other services within the shrinking pool of funds.

Also worth noting is that last couple bienniums, the City received Covid grants and other state grants that will not be available for government services in this coming biennium. These large grants helped fund general government operations and specifically services for the unhoused.



Fire & Rescue
Fire & Rescue represents the largest costs to our General Fund at 31% of total General Fund expenditures. Fire & Rescue includes Operations, Life & Safety, Wildfire Mitigation, and Emergency Medical Services. This department has seen the highest increase in costs year over year due to the addition of Firefighter and single-role EMS roles in the FY24 budget. The addition of the EMS roles in the last biennium have addressed the call volume needs for Ashland, and, over the long run, the division has the potential to grow Ambulance Revenue that will aid in funding the department.

Police
Police represent 19% of the General Fund expenditures. While our police force has not grown significantly since 2017, the personnel costs impacting all departments - including cost-of-living adjustments, increases to pension costs, and increases to health care costs - have increased over the years.

Parks & Recreation
Parks & Recreation represented 14% of General Fund expenditure in FY24, the third costliest program after Police. Since 2015, Ashland park acreage has increased by 169 acres, for a total of 811 acres and has added 13 miles of trails, bringing the total to 53 miles in the Ashland trail system. The City has struggled to identify and maintain a dedicated funding mechanism for Parks & Recreation operations, historically making the Parks Department most vulnerable to cuts during difficult budget cycles.

General Fund Fee Revenues
Public Safety Fee
In April 2017, the City Council voted to approve the hiring of five additional police officers, with the intent to develop funding mechanisms later. Ultimately, funding was identified for 3 officer positions. Today, that funding

only covers the cost of 2.5 officer positions, and additional funding is needed for supporting current ambulance service levels.

- In July 2017, a $0.50 Public Safety Fee was placed on every electric meter account which, in combination with newly appropriated state marijuana tax revenue, covered the cost of one Police Officer.
- In July 2018, the Public Safety Fee was increased to $1.50 to cover the cost of an additional Police Officer.
- In August 2018, the Transient Occupancy Tax was increased by 1%, 70% of which was to fund an additional Police Officer.
- Since 2021, reductions in tourism has decreased the amount of Transient Occupancy Tax collected.
- In 2022, Measure 110 reduced the annual State Marijuana Tax appropriations to local jurisdictions.
- Today, the combination of the Public Safety Fee, State Marijuana Tax appropriation, and Transient Occupancy Tax, covers the cost of 2.5 officer positions.
- Development of the single -role EMS program has increased the need to identify additional funding to support the program long-term.

Looking forward if the desire is to maintain the single-roll EMS program at its current level an increase in the public safety fee is necessary.

Ashland Forest Resiliency Fee
The Ashland Forest Resiliency (AFR) is a partnership program that brings many stakeholders together to decrease fire risk in the Ashland watershed. Historically, this work has majority been funded through large-scale grants, with the City covering all or some of the costs of City employees dedicated to the program.

- Prior to 2015, the City used unanticipated Water Fund revenues to pay roughly $175,000 a year to cover the costs of 1.7 employees working on the AFR program.
- In May 2015, City Council approved a new water bill charge based on meter size to generate $175,000 a year to shift those costs from the Water Fund. ($1.39 for a ¾ inch meter).
- In May 2019, City Council raised the water bill charge to increase revenue to $377,500 per year for the AFR program to cover an increase in personnel costs due to an increase in acreage ($3 for a ¾ inch meter).
- Since 2021, the AFR program has ~$450,000 in personnel costs per year, while the AFR fee regularly collects ~$377,500 per year. The City has been covering the cost gap through unanticipated revenues, such as interest income. Last BN a large scale tree removal required significant general fund resources.

Looking forward, if the desire is to maintain two dedicated staff people in the wildfire division and continue mitigation work versus education only work, an increase in the AFR fee is necessary.

Parks Fee
Ashland has no dedicated funding source for Parks & Recreation operations. Other jurisdictions have incorporated a Parks fee to address the increased and ongoing maintenance of city parks. Looking forward if the desire is to maintain the current level of parks and move forward with the development of the East Main Park and the current level of senior center services the establishment of a parks fee is necessary.

Fees in Other Jurisdictions
The following table provides a comparative analysis of neighboring jurisdictions.

CITY COMPARATIVES		Ashland	Medford	Central Pt.	Talent	Grants Pass
Population		22,086	84,423	19,918	5,228	39,112
Fees	Public Safety	$ 1.50	$ 16.07	$ 2.00	$ 4.00	$ 12.36
	Parks	0.00	5.35	6.00	8.43	0.00
	Wildfire	3.00	0.00	0.00	0.00	0.00
		$ 4.50	$ 21.42	$ 8.00	$ 12.43	$ 12.36
Aurhotized FTE						
	Police	39.00	130.70	*31.00*	10.65	57.00
	Fire	47.00	108.20	*0.00*	0.00	31.00
	Parks	37.00	70.00	*7.15*	*4.00*	28.00
		86.00	238.90	31.00	10.65	88.00
Parks Acreage		811	2,227	not available	36	196
Number of Parks		20	37	9	not available	24
Trails		53	not available	not available	not available	not available

Notes: Central Point FTE data based on 2021 ACFR, all else were pulled from the most current ACFR.
Talent Parks FTE derived from available reporting

OTHER RELEVANT INFORMATION
The City Council has identified livability and economic development as key areas for the community moving forward. Public safety and the Parks and Recreation Department will continue to be key elements in these identified priorities. The 25% of the Food & Beverage (F&B) tax currently goes to fund the Parks CIP Fund for capital improvements and property purchases. The F&B ballot measure in May 2023, had it been approved by the voters, would have assisted in funding overall Parks operations and maintenance, providing flexibility in spending and the capabilities to meet natural inflationary pressures.

Finally, Ashland prohibits the use of herbicides. Due to this, it takes multiple Parks employees to provide maintenance for city parks than it would with the use of herbicides.

FISCAL IMPACTS
Reasonable increase and establishment of fees is needed to continue to provide current services and balance the budget.

SUGGESTED ACTIONS, MOTIONS, AND/OR OPTIONS
Staff is presenting data to Council to potentially return for the adoption of a resolution to increase the public safety and wildfire fees, and establishing a parks fee.

REFERENCES & ATTACHMENTS
1. Resolution 2018-09-Setting the Public Safety Fee dedicated to the General Fund activies relating to public safety operations
2. AFR_ResolutionSigned_2019-20

RESOLUTION NO. 2018-09

A RESOLUTION SETTING THE PUBLIC SAFETY SUPPORT FEE DEDICATED TO GENERAL FUND ACTIVITIES RELATING TO PUBLIC SAFETY OPERATIONS AND REPEALING RESOLUTION 2017-19

RECITALS:

A. The City of Ashland operates water and electric utilities to provide all residential and commercial electric and water service within the City of Ashland.
B. The City of Ashland maintains a police and fire department that strive to provide excellent and full service emergency services to the community.
C. The authorized staffing of the police department has not substantially increased in the past 20 years, remaining at approximately 28 sworn officers.
D. The residential population of the City of Ashland has increased in the last 20 years from approximately 15,000 to approximately 21,000.
E. The annual tourist population in the City of Ashland in the last 20 years has grown from approximately 220,000 to 320,000.
F. With current staffing the police department is struggling to provide the highest level of service to the community.
G. Using the existing electric and water billing system to charge and collect a public safety support fee on electric accounts is an equitable and reasonable way of generating additional revenue for the city's general fund, allowing to the city to better fund public safety resources.
H. Funds generated through this assessment will exclusively fund public safety operations and activities.

THE CITY OF ASHLAND RESOLVES AS FOLLOWS:

SECTION 1. A Public Safety Support Fee of $0 shall be charged each month to each City of Ashland utility customer account with an active water meter.

SECTION 2. A Public Safety Support Fee of $1.50 shall be charged each month to each City of Ashland utility customer account with an active electric meter.

SECTION 3. If a City of Ashland utility customer account includes both an active water and electric meter, both charges shall apply and be charged.

SECTION 4. The Public Safety Support Fee shall be charged on all rate classifications within the electric and water utilities.

SECTION 5. The Public Safety Support Fee shall be adjusted down semi-annually dependent on property tax collections and/or ongoing operational efficiencies in other General Fund Departments.

This resolution was duly PASSED and ADOPTED this 17th day of April, 2018, and takes effect on July 1.

Melissa Huhtala, City Recorder

SIGNED and APPROVED this 17th day of April, 2018.

John Stromberg, Mayor

Reviewed as to form:

David H. Lohman, City Attorney

RESOLUTION NO. 2019-20

A RESOLUTION AMENDINGING THE EXISTING SURCHARGE TO WATER METERS FOR THE PURPOSE OF GENERATING AND DEDICATING GENERAL FUND RESOURCES FOR ADDITIONAL WORK AS PART OF ASHLAND FOREST RESILIENCY AND WILDFIRE SAFETY PROGRAMS

Recitals:

A. The City of Ashland operates Ashland Water Utility to provide potable water to customers within the City limits of Ashland and to certain customers outside of these boundaries.

B. The City of Ashland also manages a Wildfire Division that is charged with doing work to protect the watershed and community. The Ashland Forest Resiliency (AFR) and AFR All-lands Program is part of that division's oversight, performed by the Fire Department in the General Fund.

C. The AFR program's success in the watershed and wildland urban interface requires additional funding estimated at $377,500 per year to further and maintain the work done to date across federal, private, and municipal properties strategic to the City's water utility, and life and property safety mission.

D. Protection of the watershed and community has a direct relationship to the City's ability to provide potable water to customers in the amounts needed in sufficient quantities allowed by the size and use of the water meter.

E. Increasing the existing surcharge on water utility customer meters is a reasonable means of funding increased, ongoing AFR and related Wildfire Division work in that the funding source is rationally related to the goal of ensuring water quality and continuity for the City.

F. The City Council intends to only use the funds generated by this surcharge for AFR and wildfire safety program activity in the General Fund.

THE CITY OF ASHLAND RESOLVES AS FOLLOWS:

<u>SECTION 1.</u> A $3.00 per equivalent ¾" meter surcharge on each water meter per Exhibit A shall be added monthly to the bill of each Ashland water utility customer to provide a funding resource directly to the General Fund, Fire Department, and Wildfire Division for the purpose of added Ashland Forest Resiliency and related wildfire safety work of $377,500 per year effective July 1, 2019.

<u>SECTION 2.</u> The surcharge revenue is not subject to any franchise fee calculation and is to be directly deposited to the General Fund and accounted for separately.

<u>SECTION 3.</u> Water meters for City and Parks department are exempted from this surcharge since levying this charge would only require passing the impact on to customers through other rates and fees.

This resolution was duly PASSED and ADOPTED this 18th day of June, 2019, and takes effect upon signing by the Mayor.

Melissa Huhtala, City Recorder

SIGNED and APPROVED this 18th day of June, 2019.

John Stromberg, Mayor

Reviewed as to form:

David Lohman, City Attorney