ASHLAND CITY COUNCIL
STUDY SESSION MINUTES
Monday, April 14, 2025

Mayor Graham called the meeting to order at 5:30 p.m.

Council Present: Mayor Graham, Councilors Dahle, Bloom, DuQuenne, Hansen, and Kaplan.
Council Absent: Councilor Knauer
Staff Present:

Sabrina Cotta	City Manager
Marianne Berry	Finance Director
Bryn Morrison	Deputy Finance Director
Alissa Kolodzinski	City Recorder

I. Public Input –

Resident spoke on the proposed public safety fee and expressed concern about the data presented.

II. Budget Background – Frequently Asked Questions

Berry and Morrison presented background information on the budget and items to be discussed during the Citizens Budget Committee starting April 30th. Discussion included frequently asked questions regarding revenue, internal services allocation, contingencies and reserve funds, and investments.

- Charges for services is the largest percentage of revenues and are based on utility rates set through rate studies. Enterprise funds receive $35.4 million in charges for services, which is the basis for franchise fees for electric, water, wastewater, and telecom.
- Property taxes, capped at a permanent tax rate due to Oregon State Measures 5 and 50, provide $13.5 million in revenue. Franchise fees, based on utilities' rights of way, vary between 5% to 10% per utility. The electric user tax, a 25% tax on electric usage passed in 2014, goes directly into the general fund.
- Ambulance revenue, generated from emergency medical services, was discussed in the context of the EMS single roll pilot program, which brought in 8 single roll positions to address call volume. This additional expense has impacted the income available for the fire department in the early stages of the program.

Question raised about the electric user tax and its relationship to electric rates. Clarification that the intention when the resolution originally passed was for the electric rates to be lowered to offset the 25% user tax to have a neutral impact on the customer.

- Discussion on revenues from transient lodging tax, food and beverage tax, system development charges, and miscellaneous fees emphasizing that funds cannot be commingled and uses are often dictated by state and local law.

- Discussion on how internal charges are calculated and allocated across departments. The Administrative Service Fee benefits the general fund for the cost of administration, human resources, legal, information technology, finance, city recorder, and public works support departments. Insurance service fees, facility use fees, and equipment funds were also covered.
- Contingencies and the Reserve Fund were discussed. Fiscal policies dictate the level of contingency for each fund to stabilize the budget and any draw from these funds requires Council resolution. The Reserve Fund currently has a balance of $1.95 million with no current policy for a minimum amount. A policy addressing this will be proposed during budget committee meetings.
- Fiscal policy also dictates a minimum unappropriated ending fund balance of 16.7% for the general fund and 25% for the enterprises.

Councilors discussed the potential for utilizing the reserve fund and how efficiency is monitored between departments that receive funding from the general fund. Staff noted that department-specific information is tracked and could be made public and that the upcoming strategic plan would help establish priorities and guide resource allocation.

- Fund balances are invested, but not in the stock market. Current investments include $53 million in the Local Government Investment Pool (LGIP) yielding approximately 4.6% and $29.2 million in US Treasury Obligations yielding approximately 4.2-4.3%.

Discussion on the challenges of forecasting materials and services costs given current supply-chain volatility as well as personnel costs given the City's multiple union contracts and continued increases in healthcare costs. Emphasis was placed on the increased need for ongoing monitoring and adjustment of the budget in relation to the general fund and service delivery levels. Councilors expressed concern about these rising costs and the need for a broader discussion on how to manage long-term financial sustainability.

III. Assistance Program Update

Berry and Morrison presented an update on the City's assistance programs. Current programs include:

- Ashland Low Income Energy Assistance Program (ALIEAP) - a 50% reduction on electric bill from December 1 through the end of Freburary or May, based on Oregon median income with a $300 maximum credit.
- Senior and Disabled Utilities Discount offers a year-round discount for income-qualified persons aged 65 or older, or disabled persons aged 60 or older, with a 20-30% reduction off electric, water, sewer, street user, and storm drain charges.
- Emergency HEAT Assistance offers $100 toward past due balances once per 12-month period and is also based on income.

Data was provided on income eligibility limits for various assistance programs requested from the last Council study session:

- Oregon Health Plan (OHP)- qualification at 133% of federal poverty level (FPL) with the Bridge Program at 200% of FPL
- Supplemental Nutrition Assistance Program (SNAP)- qualification at 200% FPL
- ACCESS (Community Action Agency of Jackson County)- qualification at 200% FPL.

Berry and Morrison noted that these assistance programs have served between 477 to 562 customers annually since 2019 who qualified at the 65% Oregon Median Income level. Discussed the potential cost of expanding assistance programs assuming a 5% increase in participants and a 10% increase in bills. Staff proposed maintaining the current income threshold of 65% of Oregon median income, with a 30% discount capped at $400/yr for 2026-27.

The Council discussed options for changing income thresholds and considered if a proxy qualifier would streamline staff processing time. Concerns were raised about the potential financial impact if a large percentage of eligible residents were to enroll in the program. There was general agreement for using 200% of the FPL as the new threshold, which aligns with OHP Bridge eligibility and potentially reaches 82% of current ALIEAP customers.

Key points of the proposed updated program include:

- Year-round assistance
- Simplified eligibility processing
- 30% discount on the bill, capped at $400
- New applicants can apply starting June 1st for discounts beginning in July
- Requirement for a conservation audit within a year of application
- Existing seniors and qualified applicants receive automatic approval for the next funding year
- Repeal of the current senior and disabled discount code

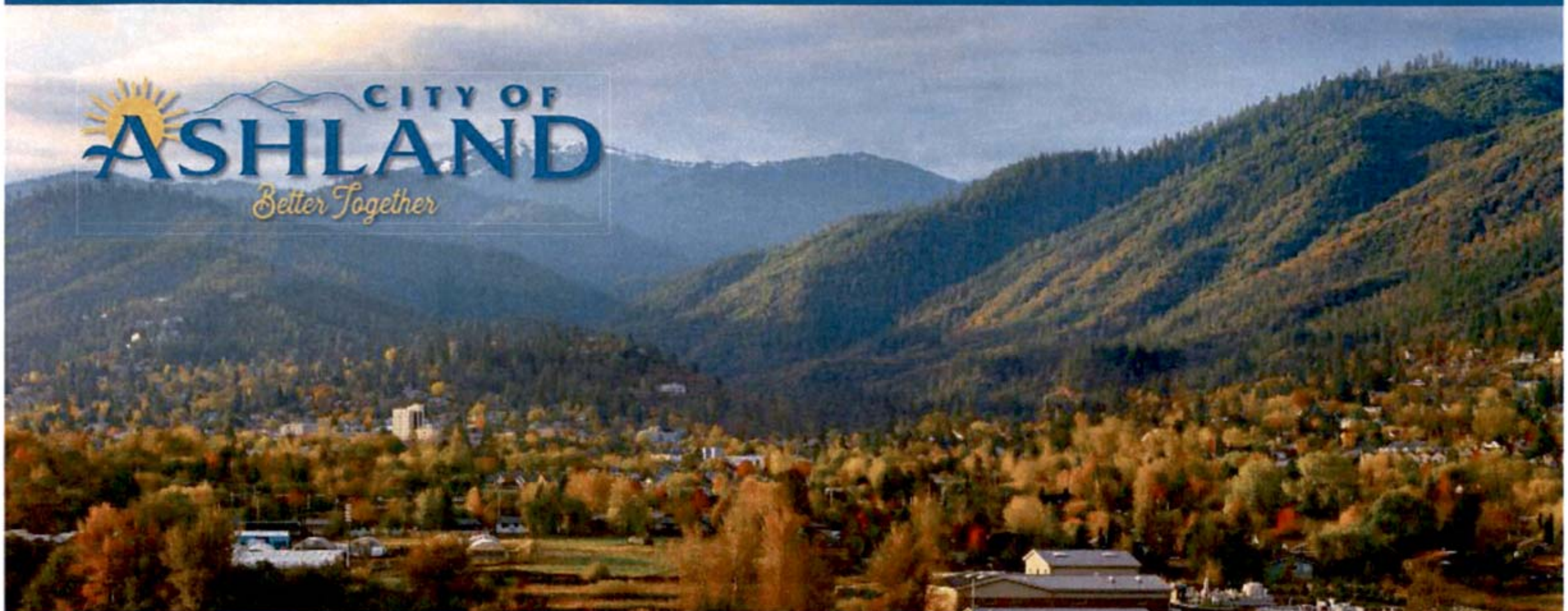
The Council provided general support for the proposed changes but requested additional information about using potential proxies and the impact of changing the income threshold. Emphasis was placed on balancing assistance for those in need with the City's financial constraints. Staff will return with final program details for approval and an ordinance to repeal the current senior and disabled discount code once additional information is received.

IV. **Adjournment of Study Session**

The meeting was adjourned at 7:17 p.m.

Alissa Kolodzinski
City Recorder Alissa Kolodzinski

Tonya Graham
Mayor Tonya Graham



Budget Background
Frequent Asked Questions

April 14, 2025

Finance

Frequently Asked Budget Questions

- Topics
  - Revenues
  - Internal Services Allocation
    - Equipment Replacement Fund
  - Contingencies and Reserve Fund
  - Investments

Finance

What are the main revenues for the City?

- **Charges for Services:** largest % of revenues city-wide for utilities; based on rates — $35.4M various
- **Property Taxes:** capped at permanent tax rate of 4.2865 — $13.5M primarily GF
- **Franchise Fees:** Electric, Natural Gas, Sanitary Service, Telecommunication, Water, Wastewater; 5-10% of net sales. — $2.8M General Fund
- **Electric User Tax:** 25% of electric usage — $3.6M General Fund
- **Ambulance revenue:** Emergency medical services; previous biennium dual role positions tasked with service, started single role program in BN 23-25 — $2.9M General Fund

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Finance

What are the main revenues for the City? (continuation)

- **Transient Lodging Tax:** 10% tax on temporary or short-term lodging; per state law 31% must go to Tourism Fund, remaining General Fund — $1.9M GF, $853K Tourism
- **Food & Beverage:** 5% meals tax; per AMC, 2% goes to GF, 73% goes to Streets, 25% goes to Parks CIP. Sunsets 2030. — $64.7K GF, $2.4M Streets, $800K Parks CIP
- **SDC's:** System Development Charges go to appropriate fund — $950K various
- **Miscellaneous fees:** direct cost recovery for items that can be identified to the service provided — $831K various

➢ Key Takeaway:
  - Cannot mingle funds, many are dictated by law
  - Waterfall effect with rates

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Finance

What is the Internal Services Allocation?

- **Cost Allocation Methodology**
  - Best practice per GFOA
  - Administrative Service Fee
    - *Determine indirect costs provided by Administration, IT, Finance, City Recorder and Public Works support departments*
  - Calculation refreshed each biennium during the budget process

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Finance

How does the Equipment Fund work?

- **Ending Fund Balance Feb 2025 = $7.0M**
- **Part of Cost Allocation process**
- **Equipment replacement fee & Fleet Maintenance Fee**
  - Fleet and major equipment purchases/replacement/repair
    - *City-wide, including Parks starting BN 25-27*
  - Rents across the lifespan

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Contingencies & the Reserve Fund

- Financial Policies dictate level of contingency for each fund
  - *Generally, 3% of average annual operating expenditures past 3 years*
- Reserve fund at February 2025 $1.95M
  - *Used to set aside funds to help stabilize the budget*
  - *Currently no policy for minimum amount*
- Minimum unappropriated ending fund balance
  - *General Fund 16.7%*
  - *Enterprises 25%*

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Current Investments

- Local Government Investment Pool (LGIP) = $53M
  - Oregon State Treasury's Short-Term Fund, limit $61.7M
  - US dollar-denominated, high-quality, short-term fixed income securities, yield 4.6%
    - *Primary objectives in order: preservation of capital, liquidity and yield*
- US Treasury Obligations = $29.2M
  - Longest maturity 9/30/25, yields ~ 4.2%-4.3%

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QUESTIONS?

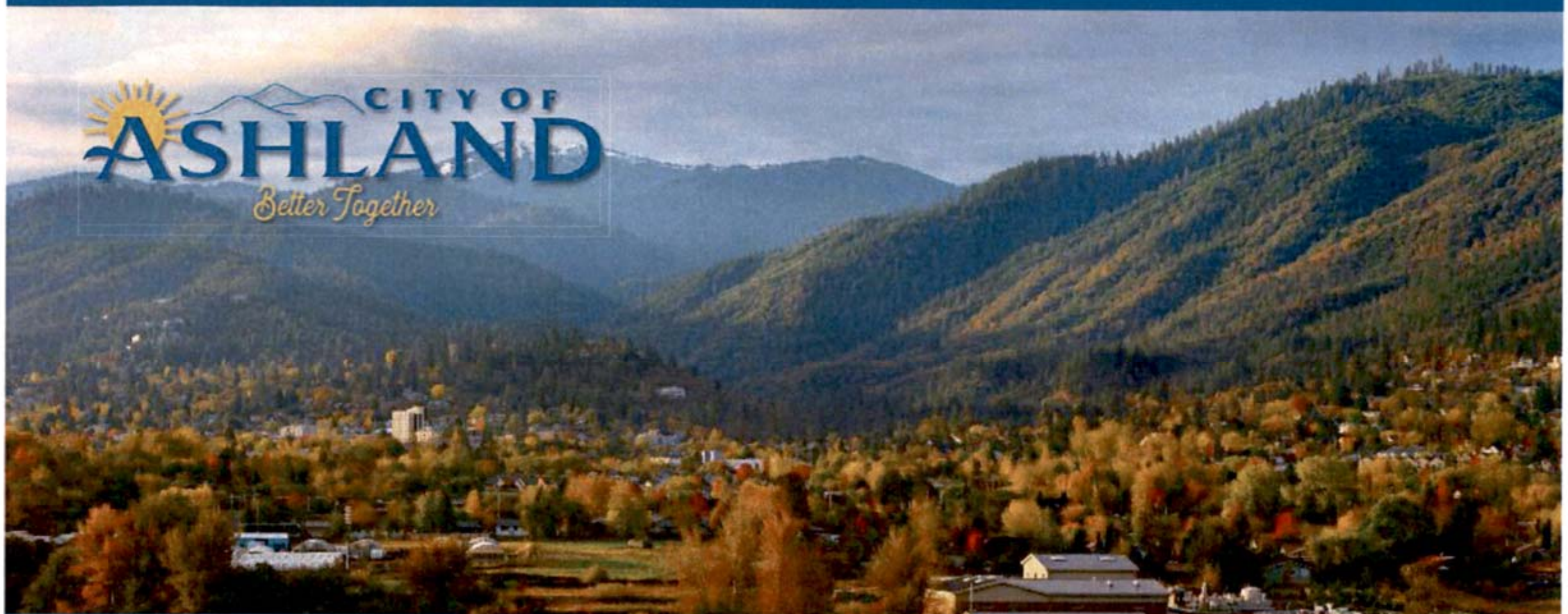
Finance

XXX

LGIP rate March 12 4.6%

Finance

XXX



Assistance Program Update

April 14, 2025

Finance

Current Utility Assistance Programs

- **Ashland Low-Income Assistance Program (ALIEAP)**
  - Assists low-income residents with 50% reduction of electric bill
    - *Based on 65% of Oregon median income*
    - *Discount December 1 through end of February or May*
    - *Maximum $300 credit*
- **Senior/Disable Utilities Discount**
  - 20% or 30% off electric, water, sewer, street user, storm drain
    - *Year-round discount for income-qualified persons age 65 or older, qualified disabled persons age 60 or older*
    - *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*

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Data Request

- OHP
  - County-wide data only
    - *Jackson County 40% enrolled*
  - 133% of federal poverty level
  - Bridge Program 200% fed poverty level
- DHS/SNAP
  - Submitted records request
  - 200% federal poverty level
- Access (Pacific Power)
  - 200% federal poverty level

Data not specific to Ashland

Look to current program for intel

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Review

Eligibility Comparisons

2025 Income Table (per 1 person HH)	100%	125%	150%	200%	235%	+/> 250%
			Federal Povery Level			
Federal Poverty Level	15,650	19,563	23,475	31,300		39,125
60% OR Median Income					36,811	
65% OR Median Income						39,878

Assistance Programs	Eligibility Requirement
OHP & OHP Bridge	100% / 200% Federal Povery Level
SNAP	200% Federal Poverty Level
ACCESS	200% Federal Poverty Level
Oregon LIHEAP	60% of Oregon Median Income
Ashland Programs	
Yr round Sr/Disabled Disct (20/30% off util)	125% & 100% below povery level
ALIEAP (50% off electric)	65% of OR median income

Currently for Ashland's program, 65% Oregon median income qualifies

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What we know

Ashland Assistance Program updated 2024-2025

Ashland Stats	2025
Current count	562
Total annual discount	$204,978.00
Average monthly bill	$96.21
Average annual disct per HH	$364.73
Average annual bill	$1,154.52
Median monthly bill	$77.68
Median annual discount per HH	$290.78
Median annual bill	$932.19
Capped discount	varies
Avg percentage discount	32%

Regardless of other program statistics (registrants under OHP, Snap, etc) applicants for ALIEAP have stayed within the range of 477-562 since 2019

- ✓ 562 qualified customers 65% of OR median income *applied*
- ✓ Average annual bill = $1,155

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Extrapolating

Ashland Assistance Program updated 2024-2025

Ashland Stats	2025	*2026 est*	*2027 est*	notes
Current count	562	*590*	*620*	*5% increase*
Total annual discount	$204,978.00	*$236,040.00*	*$247,842.00*	*count x capped*
Average monthly bill	$96.21			
Average annual disct per HH	$364.73	*$380.99*	*$419.09*	*avg annual x %*
Average annual bill	$1,154.52	*$1,269.97*	*$1,396.97*	*10% increase*
Median monthly bill	$77.68			
Median annual discount per HH	$290.78	*$307.62*	*$338.38*	*med annual x %*
Median annual bill	$932.19	*$1,025.41*	*$1,127.95*	*10% increase*
Capped discount	varies	*$400.00*	*$400.00*	
Avg percentage discount	32%	*30%*	*30%*	

- ✓ Eligibility stays at 65% Oregon median income
- ✓ Application process generally remains the same
- ✓ Stays within annual budget of $286,000

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Updates to program includes:

- Year-round assistance
- Simplifies eligibility processing – qualifies only by income
- Qualified applicants will receive 30% discount on bill
- Cap at $400 per household annually
- Existing seniors & qualified applicants will receive automatic approval for next funding year
- New applicants can begin applying June 1st under new program
- Conservation audits done within a year of application
- Repeal of Ordinance 1992-22 on Senior/Disabled Discount

QUESTIONS?