ASHLAND CITY COUNCIL
STUDY SESSION MINUTES
Monday, May 5, 2025

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

Council Present: Mayor Graham, Councilors Dahle, Bloom, Kaplan, DuQuenne, Hansen and Kaplan.
Council Absent: none
Staff Present:

Jordan Rooklyn	Deputy City Manager
Marianne Berry	Finance Director
Bryn Morrison	Deputy Finance Director
Brandon Goldman	Community Development Director
Linda Reid	Housing Program Manager
Johan Pietila	City Attorney
Alissa Kolodzinski	City Recorder

I. Public Input

Citizens spoke on concerns about the proposed Parks fees and budget, livability in Ashland, the proposed cost increase for sporting teams to utilize fields, concerns about night lawn rules and enforcement, and suggested alternatives to budget cuts through cost savings.

II. Budget Background #3

Berry and Morrison provided a presentation (see attached).

- Review of budget background, process, and timeline for the 2025-27 Budget. The Citizen Budget Committee (CBC) began its deliberations on April 30 to develop a balanced budget to send to council for adoption in June.
- Clarification that no City department has overspent on the current budget and that there is not a deficit. Reductions in departmental budgets for the next biennium are because projected revenue has not kept pace with increasing projected costs.
- Review of how to view revenues and expenses in the online proposed budget.
- Discussion on long-term financial forecasting and how to gather projections earlier in the budget season to best prepare citizens for future budgets.

Rooklyn provided a presentation related to property taxes in Oregon (see attached).

- Measure 5 capped the amount of tax levied through property taxes in 1990 at $5 per $1,000 for education districts and $10 per $1,000 for general government.
- IN 1997, Measure 50 permanently set the tax rate and no longer taxed on actual market value but on a newly created 'assessed value' that can only grow at 3% per

year. Ashland's tax rate is held at $4.2865 per $1,000. Measure 50 allows for a temporary 'local option levy' for 5 years but is subject to Measure 5 limits.

- The growing gap between assessed and real market property values has kept property taxes low and predictable for property owners but limited cost recovery for local government. Property taxes paid for most government services prior to 1990.
- New or greatly improved properties are assessed using a county-wide Changed Property Ratio. Various inequity scenarios were presented to show how similar circumstances for neighboring homes are impacted differently by these laws.
- Discussion of future cost recovery included how to increase development and considerations to broaden the tax base such as annexation and/or change in the urban grown boundary.

III. Non-Profit Affordable Housing Tax Exemption

Goldman and Reid introduced the topic and provided background. The City was approached to see if there was interest in providing property tax exemption for affordable housing operated by a non-profit organization. This exemption would help keep rent low and help meet the City's Housing Production Strategy goals of incentivizing affordable housing in Ashland. Neighboring municipalities have passed and/or are considering similar exemptions to encourage affordable housing.

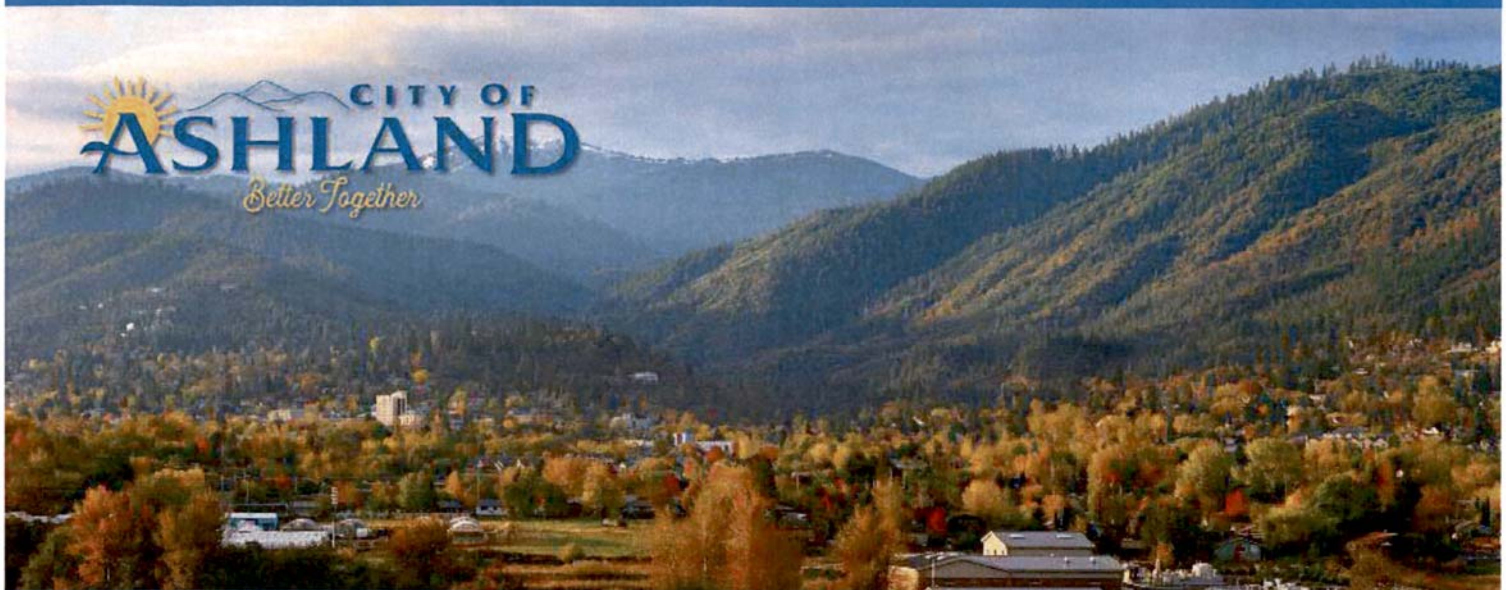
- Request for more information about the potential financial impact to the City.
- Council has a general interest in moving forward with an ordinance of this type.
- Direction for staff to contact the Ashland School District to gauge the level of interest.
- Direction for staff to estimate the projected increase of the affordable housing market in the next three to five years. Staff offered to return with a comparison between non-profit and private development within the affordable housing market.
- Direction for staff to bring back specific criteria in which a development would qualify.

IV. Adjournment of Study Session

The meeting was adjourned at 7:26 p.m.

City Recorder Alissa Kolodzinski

Mayor Tonya Graham



Budget Background #3

May 5, 2025

Budget Background

Summary

- Frequently Asked Questions
  - Budget Process Timeline
  - Budgeting General Fund Revenues
  - Open Gov Portal
- Overview and History of Property Tax

Budget Background

Budget Process & Timeline

- **November: Leadership Retreat**
  City Manager Direction; Review Departmental Needs
- **January-February: Projections Begin**
  Determine Carryforwards and Buildout Projections
- **March: Preliminary Budget**
  Council Retreat March 1st
  Upload Departments' budgets into Open Gov
  Review Preliminary Budget

Leadership Retreat	Projections Begin	Preliminary Budget	Proposed Budget	CBC Meetings	Adopted Budget
Nov '24	Jan/Feb '25	March '25	April '25	May '25	June '25
Review City needs CM Direction	Reconcile actuals Assumptions	Council Retreat Update Open Gov	Balance Budget	Review Proposed Budget	Council Adopts Budget

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Budget Background

Budget Process & Timeline

- **April-May: Budget Committee Meetings**
  Review, deliberate and potentially make any changes to Proposed Budget
- **May: Budget Committee Approves Budget**
  Sends Approved Budget to City Council
- **June: Council Adopts Budget**
  May make changes to Approved Budget
  If less than 10%, public hearing not needed
  Sets tax levy & passes other budget-related resolutions

Leadership Retreat	Projections Begin	Preliminary Budget	Proposed Budget	CBC Meetings	Adopted Budget
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Budget Background

Budgeting General Fund Revenues

- Largest revenues in BN 23-25

Property Taxes	Transient Lodging Tax	Interest Income
Franchise Fees	Ambulance Revenue	Grants
Electric User Tax	Central Service Fee	

- Other revenues

Building & Planning Fees	Park Fees (facilities, recreation, etc)
Licenses (Business, Liquor, Tobacco)	Fines & Other Fees
Other Taxes (Cigarette, Marijuana, Liquor)	Fees for Services (PD, Court, Cemetery,

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Budget Background

Budgeting General Fund Revenues

- Over 110 lines of revenues to forecast
- Departments project revenues
    - Enterprises
    - Fire
    - Police
    - Parks & Recreation
    - Public Works
    - Community Development
    - Finance & Administration
- Aggregating the data
- Where/how to review in Open Gov

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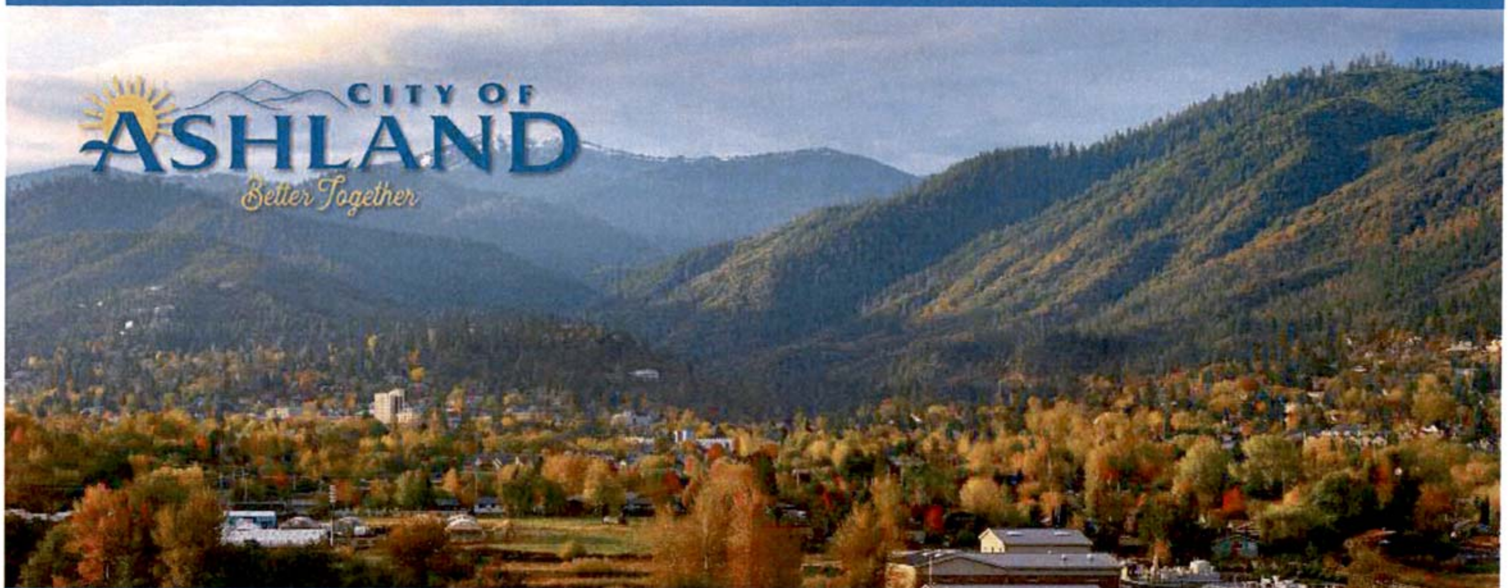

Property Tax in Oregon

Council Study Session, May 5, 2025

Pre-1990's

Property Taxes Based on Market Values

Every six years, the County Assessor would assess Real Market Value countywide, and property owners would be charged property taxes on the assigned Real Market Value. During this period, property taxes paid for the majority of city services.

1990 – Measure 5

Total Property Taxes are capped.

1997 – Measure 50

Property Taxes no longer taxed on actual value, growth is limited, and tax rate is permanently set.

1990 – Measure 5

1. **Set limits on the amount of tax levied per $1,000 of a property's real market value**
    - $5 per $1,000 for education districts
    - $10 per $1,000 for general government

2. **If taxes exceed the limits, taxes are reduced under "compression."**
    - 65% of Oregon cities lost revenue in FY17.

Year Built	1989
Real Market Value	$200,000
Measure 5 Limits	$1,000 ed / $2,000 gov't
Tax Rate	$1,035 ed / $2,052 gov't
Taxes Paid	$1,000 ed / $2,000 gov't
Compression	$35 ed / $52 gov't

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1997 – Measure 50

1. **Set a permanent rate limit for each taxing district.**
    - Based on tax levies that existed in 1997.
    - Forever set at the 1997 limit.
    - Allows a temporary "local option levy."

Ashland's is $4.2865 per $1,000

2. **Separated property tax from real market value.**
    - Newly created "assessed value"
    - The "assessed value" can only grow 3% per year.
    - Exception: new properties or major improvements
        - Changed Property Ratio

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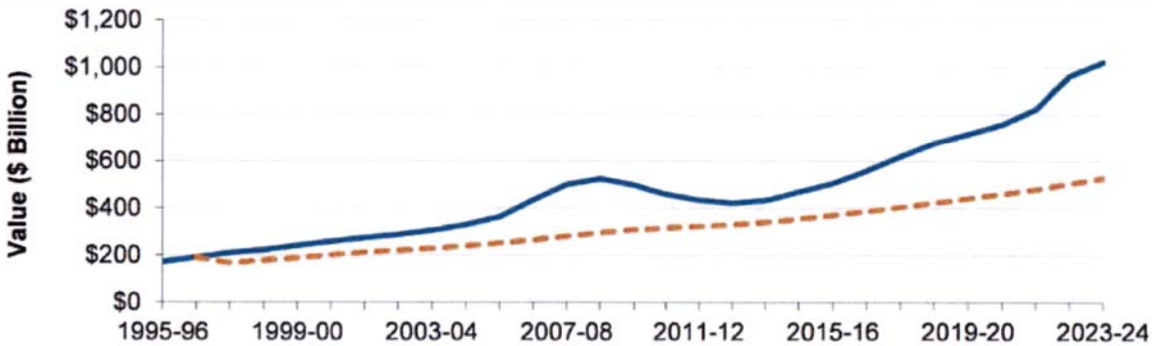
Exhibit 7—Assessed and Real Market Value of Taxable Property in Oregon, FY 1995-96 to FY 2023-24



How has that impacted me & my neighbors?

Base Year Inequity

Homes that have the exact same market value may have very different property taxes depending on when they were last assessed when Measure 50 went into effect.

Exhibit A: Base year inequity

	Home A	Home B
Real Market Value in 1990:	$150,000	$150,000
Annual rate of growth	8%	8%
Assessment year:	1990	1996
Market value according to assessors in 1996:	$150,000	$220,000
1996 Assessed Value Limits according to Measure 50 formula:	$135,000	$200,000
Property taxes owed in 1996:	$1,350	$2,000
Assessed Value Limit in 2010:	$200,000	$300,000
Property taxes owed in 2010:	$2,000	$3,000

*Table source: League of Oregon Cities, Measure 5 & 50: A Primer

How has that impacted me & my neighbors?

Neighborhood-to- Neighborhood Inequity

Since assessed values were locked in 1995-6, slower growing neighborhoods have a relatively higher tax burden than faster growing neighborhoods.

Exhibit B: Neighborhood to neighborhood inequity

	Faster growing	***Slower growing***
Market value in 1996	$150,000	$150,000
Market value in 2010	$400,000	$300,000
Property taxes owed in 2010	$4,000	$4,000
Property taxes as percentage of RMV	1%	1.33%

*Table source: League of Oregon Cities, Measure 5 & 50: A Primer

How has that impacted me & my neighbors?

New Property Inequity

Since the change property ratio is county wide, slower growing neighborhoods are more likely to see new houses coming on at lower tax levels than older homes with the same market value.

Exhibit C: New Property Inequity

	Neighborhood with 10% annual growth		***Neighborhood with 5% annual growth***	
	Home A	New Home	Home B	New Home
1996-97				
• RMV	$150,000		$150,000	
• AV	$150,000		$150,000	
2010				
• RMV	$570,000		$297,000	
• AV	$227,000		$227,000	
Ratio	0.398		0.764	
CPR for new property		0.46		0.46
2011				
• RMV	$627,000	$627,000	$312,000	$312,000
• AV	***$234,000***	***$288,000***	***$234,000***	***$143,000***

*Table source: League of Oregon Cities, Measure 5 & 50: A Primer

Changed Property Ratio

Used to calculate the assessed value of new or greatly improved properties

$$\text{Changed Property Ratio} = \frac{\text{Total Assessed Value}}{\text{Total Real Market Value}} \times 100$$

Property Type	County CPR	Local CPR
Residential	57.3	63.0
Commercial/Industrial	69.6	

Code Area		
DOR Code	County Code	Tentative Consolidated Tax Rate
150170	0501	0.0159690

Changed Property Ratio

Used to calculate the assessed value of new or greatly improved properties

Manufactured Home Park Rebuild

Residential Rebuild

How has that impacted me & my neighbors?

New Property Inequity

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*Table source: League of Oregon Cities, Measure 5 & 50: A Primer

How has that impacted me & my neighbors?

Commercial vs State Industrial*

Since the change property ratio is calculated on property type, large industrial property has significantly higher property taxes than commercial property.

Exhibit D: Commercial vs. Industrial

	Commercial	Industrial
Market Value	$1,000,000	$1,000,000
Changed Property Ratio	.50	1
Assessable Value	$500,000	$1,000,000
Property taxes owed at $10 per $1,000 of AV	$5,000	$10,000

*This only impacts "state industrial" designated land – there are none in Ashland.

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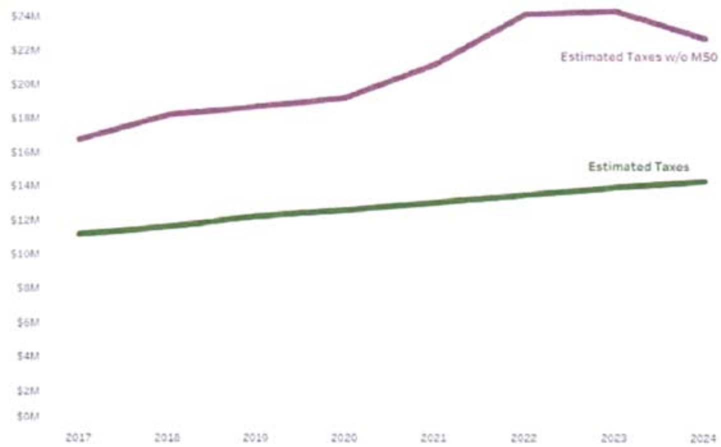
*Table source: League of Oregon Cities, Measure 5 & 50: A Primer

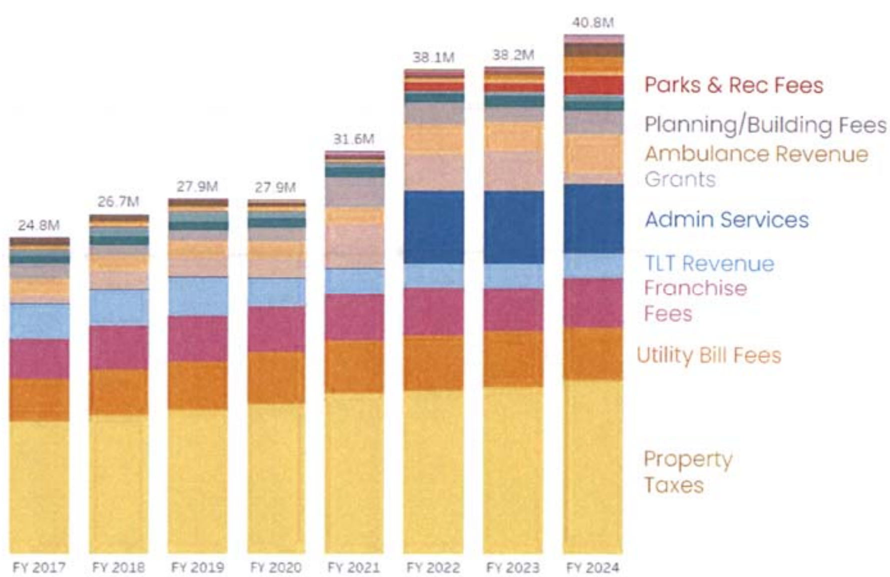
How has Measure 5 & 50 impacted City of Ashland?

Significant reductions in city tax revenues over time.



How has Measure 5 & 50 impacted City of Ashland?

Which has led us to change how we fund city services.



Given all this, what are the pathways for increasing revenue?

Harder

- Change the statewide property tax system
- Create a new taxing district
- Increase development
- Create a local option levy
- Create a fee

Easier

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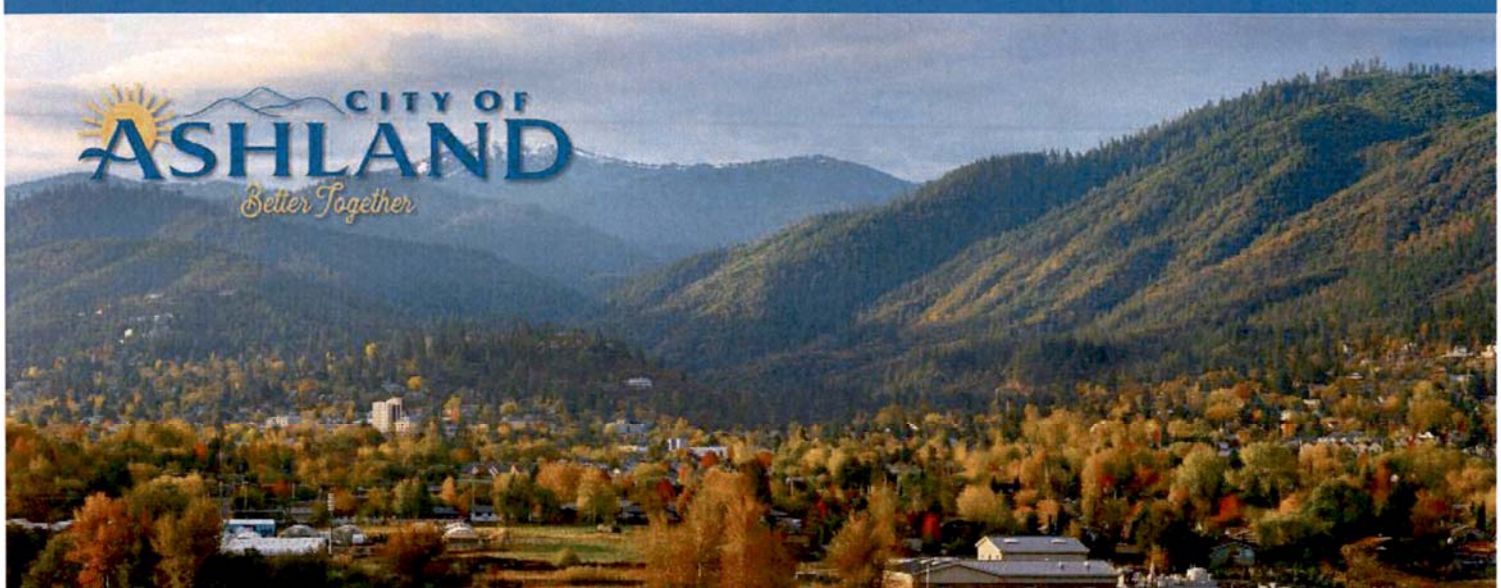

Property Tax in Oregon

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QUESTIONS?