

**City of Gresham Finance Committee
Wednesday, September 16, 2020 7:00 p.m.
Via Online Zoom Meeting
Minutes**

Finance Committee Members Present:

Rusty Allen
Mike Ash
Jan Baker
David Dyk, Vice-Chair
Jared Koga, Chair
Sue O'Halloran
Theresa Tschirky

Kris Leibrand (Recording Secretary)

Council Liaisons in Attendance:

Jerry Hinton, Council Liaison
Janine Gladfelter, Council Liaison

Staff Members in Attendance:

Sharron Monohon, Budget and Finance Director
Elizabeth McCann, Budget Manager
Eric Schmidt, Interim City Manager

1. Convene Meeting and Roll Call of Participants

Chair Koga convened the meeting of the Gresham Finance Committee at 7:00 p.m. and did a roll call of the attending members.

2. Public Comment

None.

3. Interim City Manager Update

Mr. Schmidt updated the Finance Committee on his main priorities for the organization since he became Interim City Manager. A copy of the PowerPoint presentation used is attached to these minutes as Attachment A.

- Organizational healing and stabilization.

- Providing regular communications out to staff. Has been well received. People appreciate hearing more about what is happening when things are moving so quickly and there are so many important issues.
- Ongoing COVID-19 response.
 - Continuing to navigate through a COVID world both from a budget and an operational standpoint. Very proud of how the organization staff has adapted at an individual, departmental and IT level to meet the needs of the community.
 - A-frames out front say City Hall is closed. Currently we are working on a rebranding campaign that highlights while the building is closed, we are open in a different way right now. We are adapting to meet the needs of the community.
 - There are no plans to open City Hall to broader access yet. We will continue to monitor the situation.
- Diversity, equity and inclusion.
 - A consultant will be hired to advise us in how we strategically move forward with creating policies.
- Budget.
 - Many thanks to Ms. Monohon and Ms. McCann for their assistance in bringing him up to date on the where we stand with the budget.

Mr. Schmidt said he would like to get input from the Finance Committee on the community service fee usage, the General Fund balancing or other issues.

Ms. O'Halloran said she has heard that citizens dislike the \$7.50 Police, Fire and Parks fee. She said that from her experience in the commercial world, she has not heard any objections to the fee.

Mr. Ash said he liked the presentation given by Mr. Schmidt to the Council and wondered how we are prioritizing the reductions.

Mr. Schmidt said the priorities are really set by Council. He said when developing the FY 2021/22 budget, he hopes there will be a robust conversation around priorities and where the future dollars will be allocated.

Mr. Ash suggested we consider if there are options to divest ourselves of any excess properties or facilities we own.

Ms. Baker commented that on Nextdoor the \$7.50 fee comes up as a topic every couple of weeks. She said people on the forum express that they feel they are being taken advantage of because the fee was put into effect anyway after the vote for it failed. She encourages the City to put out information to help get people in Gresham behind the fee increase, not against it.

Ms. O'Halloran said she reviewed the reductions in the business funds and in Economic Development and thought they were reasonable and appropriate. She noted that there was an interesting uptick in August and September. She suggested that we be sure we don't reduce staff to the point where we can't be responsive to development.

Ms. Tschirky suggested it would be helpful to articulate what the Police, Fire and Parks fee supports in terms of how many fire or police positions and be able to describe exactly what the impact to staffing would be if we didn't have it, if it was \$7.50, and if it was \$15.00.

Mr. Dyk asked about the changes that happened in the legislature that affect the EMGET grant and what the status is of that grant.

Mr. Schmidt said we are still working through the analysis to figure out what a reduction in the EMGET grant means. He said ultimately it will be something that comes into the prioritization discussion when we look at the budget for the next fiscal year.

Vice-Chair Dyk asked if there has been discussion about modifying the Police, Fire and Parks fee for a temporary period of time that will lead into a sustainable solution such as a levy or fire district.

Mr. Schmidt said this is another potential pathway that the Council can consider. He said we haven't done any modeling on the idea yet, but will certainly include it in his presentation to Council when they make their decision.

Mr. Schmidt asked the Committee members if they are comfortable with the recommendation around the community service fee usage – utilizing some of those funds on a one-time basis to help us bridge the gap for the next couple of years around job creation and economic development. In general, Committee members felt they would rather not use it, but it was fine for the short term. They generally felt it was a Band-Aid and a permanent fix needs to be found. A couple of members said that it would be nice to only use a portion of those funds.

Mr. Allen asked if we have looked at work/share programs or furloughs that would allow us to keep positions, but cut expenses.

Mr. Schmidt said there are a lot of different options to pursue once he has a better road map. He said one of the challenges around furloughing Police and Fire is that it is a 24-hour, 7-day a week operation. If we furlough staff it creates other difficulties like maintaining minimum staffing levels and overtime situations.

Ms. McCann explained that in normal situations we are responsible for paying any unemployment obligations in full because the City is self-funded.

Mr. Schmidt asked how the Committee feels about indexing the PFP fee. The Committee members said they think it should be indexed to keep up with the cost of living. Mr. Dyk cautioned that the PFP is unpopular and if we say we are indexing it that assumes it is a long-term fee.

Mr. Schmidt said he appreciates the input from the Committee.

4. Council Workplan Project Updates

Ms. Monohon provided an update on the following:

- CARES funding
 - We are continuing to work with the City of Portland on the Cares funding. We will be bringing an IGA to Council in the near future to finalize the agreement.
 - We are working through the challenges of determining what expenses will be eligible for the CARES funding.
 - Will receive additional CDBG funding and we are working on how the funds will be used.
 - The CARES funding rules and guidance seems to be updated frequently and has been challenging to follow the limitations.
- Transportation CIP
 - There was a transportation meeting a few days ago where Chris Strong, Transportation Manager, discussed the prioritization and policy setting that goes into establishing the transportation CIP list.
 - Hogan Road south of Powell Boulevard was a project of great interest. They discussed at least doing an asphalt path.
- Groundwater system project proposals
 - Continuing analysis for the federal loan program.
- Supplemental budget
 - Planning a supplemental budget. Reductions in the budget do not need to go through a formal supplemental budget process, but transfers between funds will.
 - Hoping to bring that to the October Finance Committee meeting for review.
- Year-end process
 - Accounting is working hard on closing FY 2019/20. Because this is the first year-end close in the new system, they are having to redesign reports to reflect the new chart of accounts.
- Ms. McCann is stepping into the role of Budget Manager.
- Work continues on the system implementation.
 - Doing the final testing of the salary and benefits of the budget module.
 - Went live with a new employee self service module.
 - Community services is the final phase left that is expected to go live later this winter.

- The budget-in-brief document will be posted on-line by the end of the week.

5. Good of the Order

None.

6. Meeting Adjournment

Chair Koga adjourned the meeting at 8:22 p.m.

The next regular Finance Committee meeting will be October 21, 2020 at 7:00 p.m. via online Zoom platform.

Jared Koga, Chair

Kris Leibrand, Administrative Assistant

Budget Update

September 15, 2020

Presentation Outline

- General and Police, Fire & Parks (PFP) Fund Overview
- FY 19/20 & FY 20/21 Budget Background
- General & PFP Fund Forecast
- CARES Act Funding
- Community Service Fee Usage
- Police Fire & Parks Fund Balancing
- Remaining Gap Balancing
- Department Adjustments
- Summary

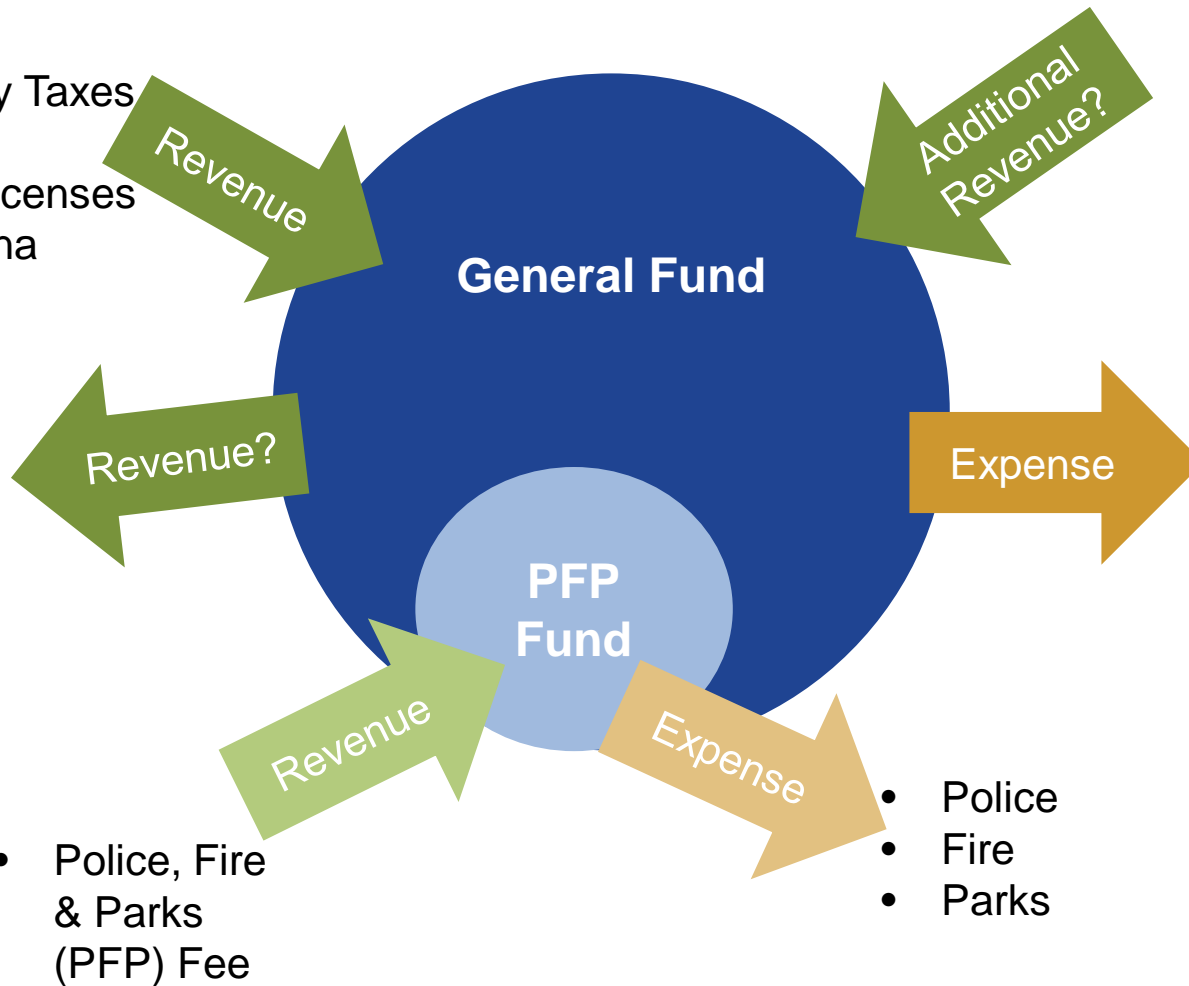
Council Policy Development Meeting – September 22, 2020

- Next steps for CARES Reimbursement
- Community Service Fee Usage
- Police, Fire & Parks Fund Balancing

General & PFP Fund Overview

General / PFP Fund Overview

- Property Taxes
- BIT
- Utility Licenses
- Marijuana
- Other



- Police, Fire & Parks (PFP) Fee

- Police
- Fire
- Parks

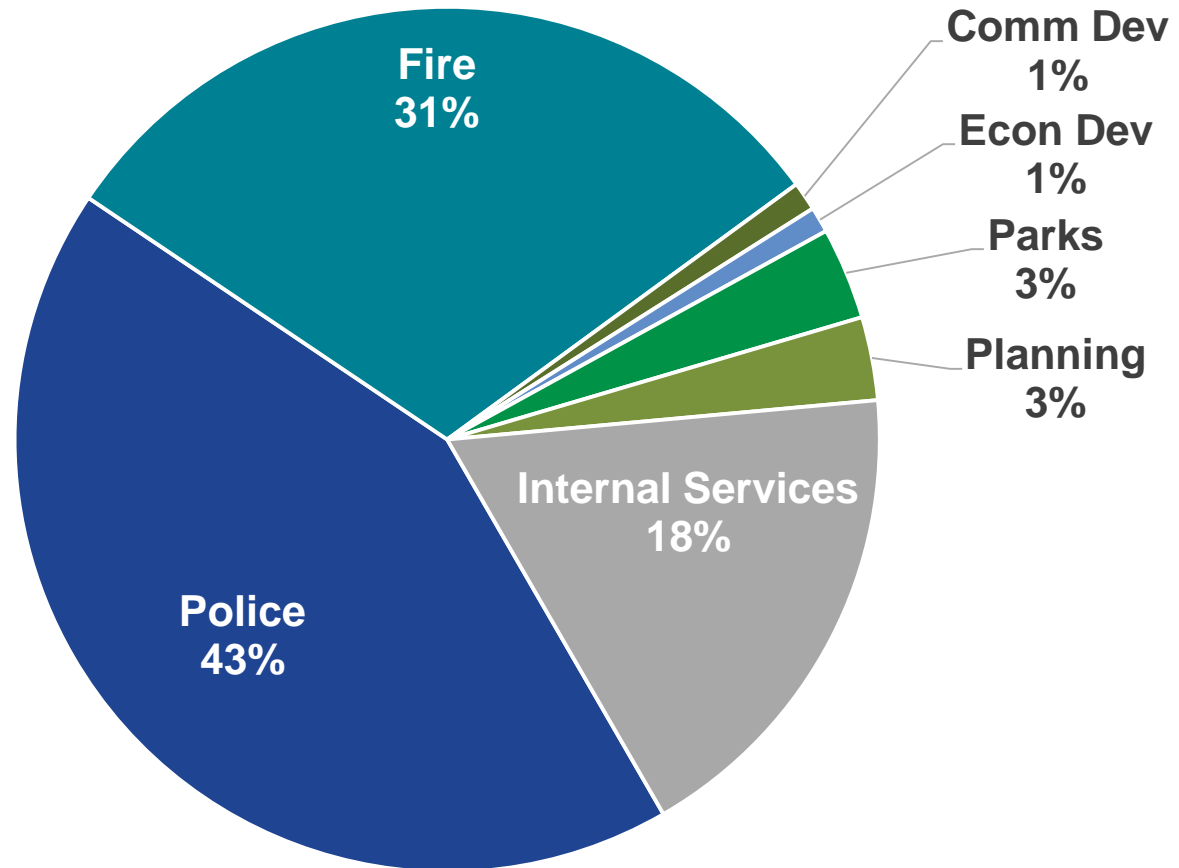
FY 20/21 Adopted Budget

- Police
- Fire
- Parks
- Planning
- Economic Dev
- Community Dev

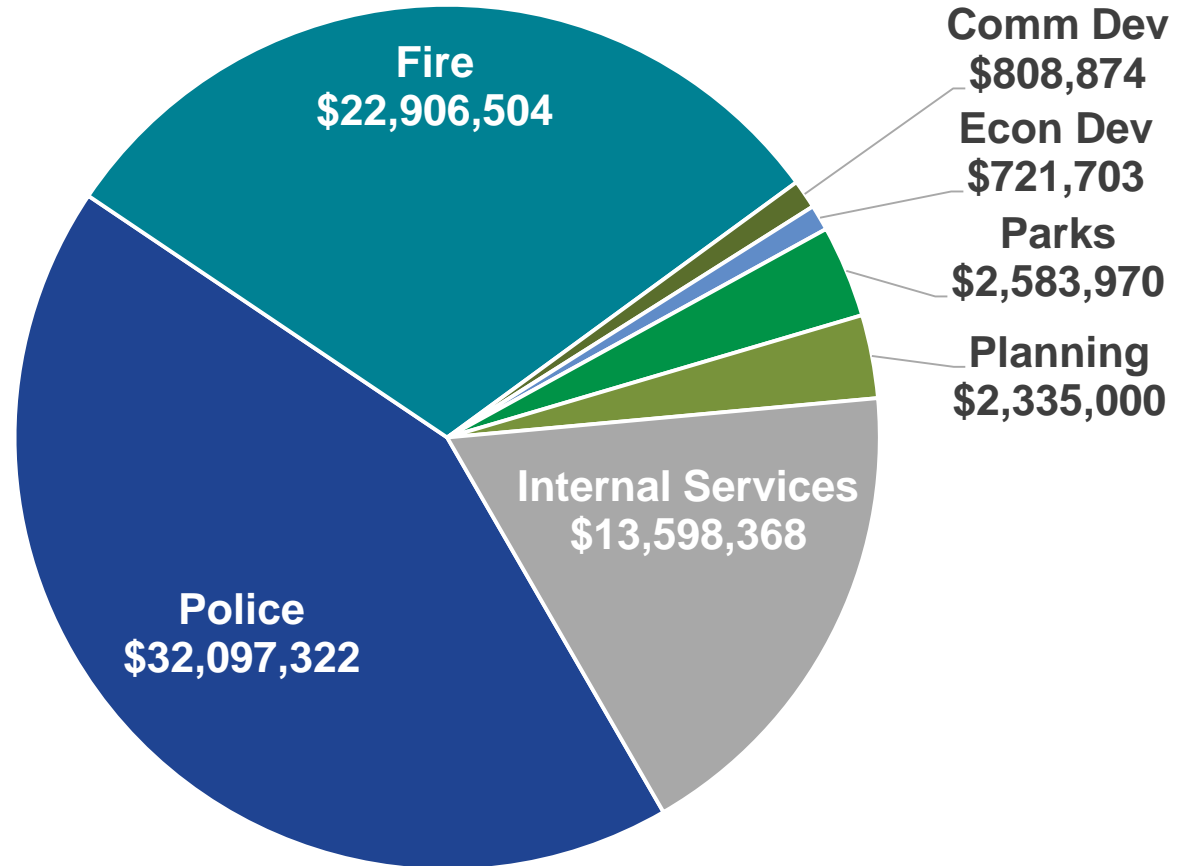
Internal Services

- City Administration
- Budget / Finance
- Communications
- HR
- IT / GIS
- City Attorney
- Fleet / Facilities
- Code Enforcement
- Neighborhoods

General / PFP Fund Expenses



General / PFP Fund Expenses



FY 19/20 & FY 20/21 Budget Background

Background

- **April 2019:** Start with FY19/20 Budget Committee
Projected \$1,049,000 in GF Ending Fund Balance
- **May 2019:** Budget Leadership Team (BLT) formed
- **Summer/Fall 2019:** Series of reductions including holding many positions vacant
- **Winter 2019:** City Council took action on some additional revenue
- **Winter/Spring 2020:** City Manager/BLT worked to develop FY 20/21 Proposed Budget

Background

- **March 2020:** COVID impacted the City directly mid-March
- **April 2020:** Budget Committee met and recommended approval of FY 20/21 budget
- **June 2020:** City Council adopted FY 20/21 budget
- **June 2020:** Leadership changes
- **Summer 2020:** BLT re-engaged to start to address ongoing budgetary challenges
- Brings us to today...

Positions Eliminated in FY 20/21 Budget

Police

- Crime Analyst
- Police Officer (4.0)
- Police Records Specialist
- Administrative Assistant

Parks

- Public Utility Worker
- College Intern

**26.8 Positions eliminated
totaling more than \$ 3.2 million**

All Other Departments

- Assistant City Attorney
- Finance & Mgmt Services Director
- IT Services Coordinator
- Administrative Analyst
- Chief Information & Innovation Officer
- Project Manager
- Assistant to the Mayor
- Administrative Assistant (1.1)
- Development Planner
- College Intern
- Economic Development Specialist (2.0)
- Public Utility Worker
- UR Project Coordinator (2.0)
- Environmental Specialist (0.2)
- ERP Backfill Positions (2.5)

General & PFP Fund Forecast

General / PFP Fund Forecast: Pre-COVID

	FY 20/21 Adopted Budget	FY 21/22 Forecast
Beginning Balance	\$ 10.6 million	\$ 4.9 million
Revenue	\$ 71.9 million	\$ 75.1 million
Total Resources	\$ 82.5 million	\$ 80.0 million
Expenditures	\$ 77.6 million	\$ 82.7 million
Ending Fund Balance	\$ 4.9 million	(\$ 2.7 million)
Required Ending Fund Balance*	\$ 4.8 million	\$ 5.2 million
Difference	\$ 0.1 million	(\$ 7.9 million)

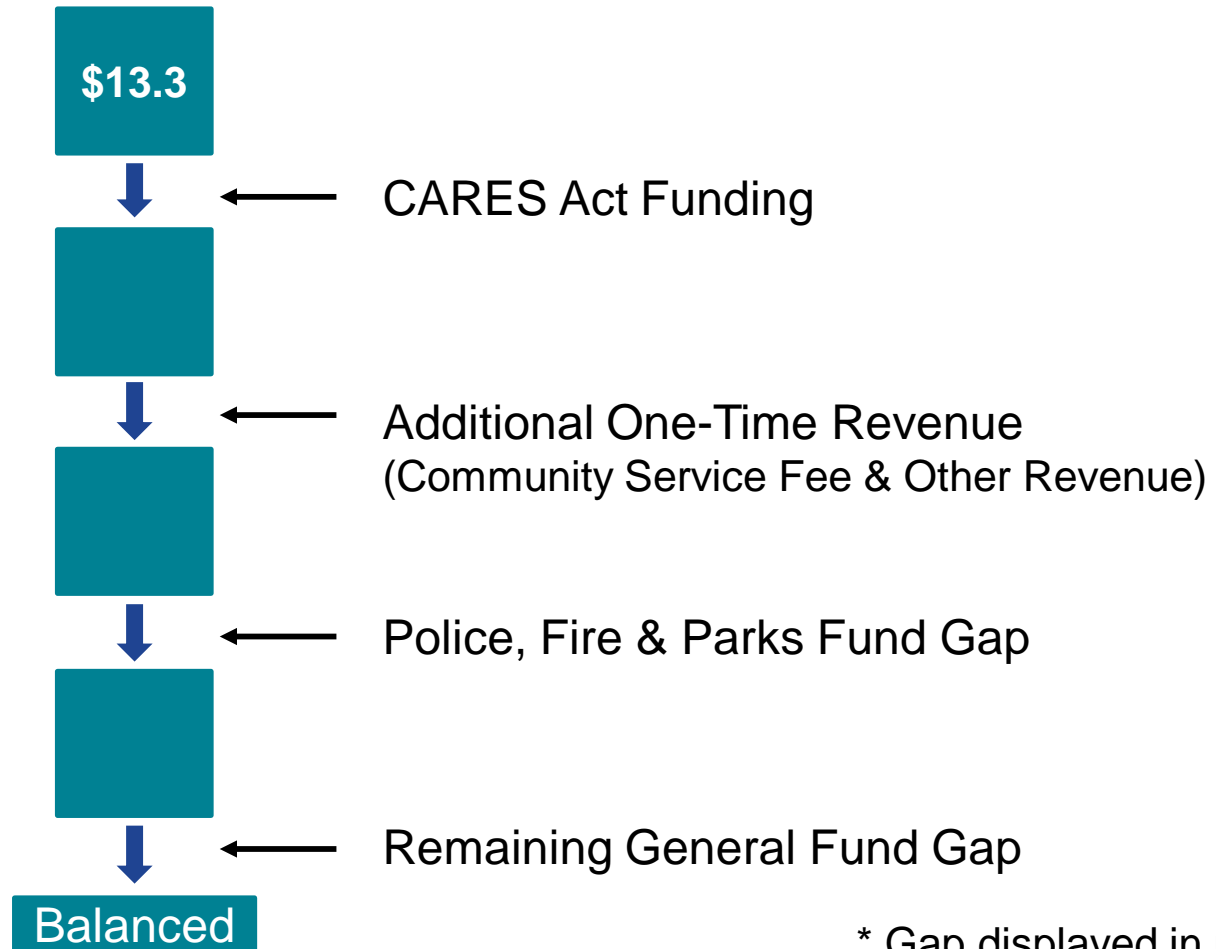
* Per City of Gresham's Adopted Financial Policy

General / PFP Fund Forecast: With COVID

	FY 20/21 Forecast	FY 21/22 Forecast
Beginning Balance	\$ 9.3 million	(\$ 0.2 million)
Revenue	\$ 68.1 million	\$ 74.8 million
Total Resources	\$ 77.4 million	\$ 74.6 million
Expenditures	\$ 77.6 million	\$ 82.7 million
Ending Fund Balance	(\$ 0.2 million)	(\$ 8.1 million)
Required Ending Fund Balance*	\$ 4.8 million	\$ 5.2 million
Difference	(\$ 5.0 million)	(\$ 13.3 million)

* Per City of Gresham's Adopted Financial Policy

General / PFP Funding Gap Through FY 21/22 *



* Gap displayed in millions

CARES Act Funding

Federal CARES Act Summary

Federal Appropriation \$139.0 billion

↳ Total Oregon Share: \$1.64 billion

↳ Multnomah County: \$28.1 million

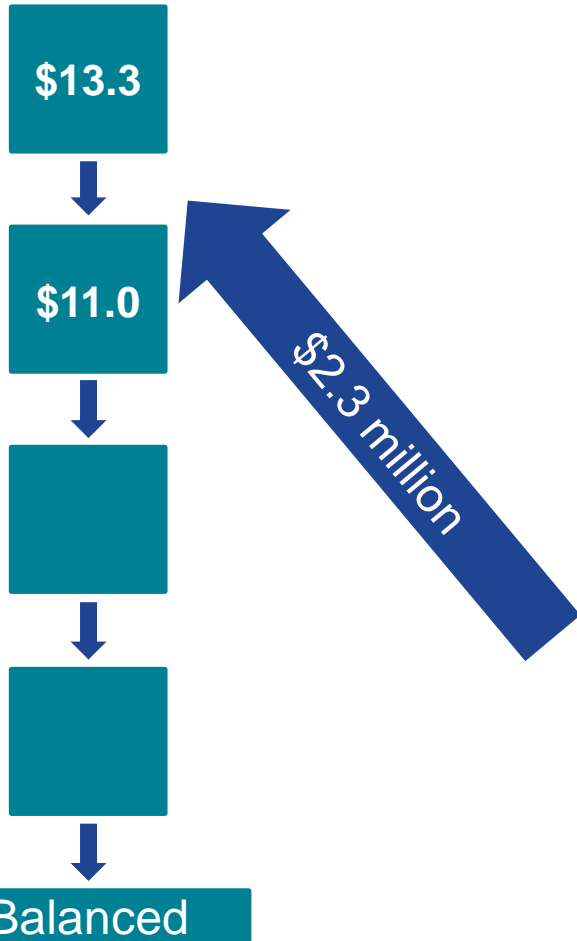
↳ City of Portland: \$114.3 million

↳ East County Share (5 cities): \$5.0 million

↳ **Gresham Share: \$3.94 million**

- 5 East County cities split proportionately based on population
- Funds must be used for eligible expenses and spent by December 31, 2020

CARES Funding



CARES Eligible Expenses (Est Through 12/31/20)

Public Safety Expenses	\$ 2,240,000
Small Business Grants	\$ 600,000
COVID Community Support (Staff)	\$ 200,000
Mandated COVID Leave	\$ 700,000
Other COVID Expenses	\$ 200,000
Total	\$3,940,000

Expected Reimbursement

General Fund	\$ 2,300,000
All Other Funds	\$ 1,600,000

Policy Question: Next steps for CARES Reimbursement

Community Service Fee Usage

Enterprise Zone – Community Service Fee

History

- March 21, 2006: Enterprise Zone Established
- April 5, 2016: Enterprise Zone Renewed

Regulations

- ORS 285.C relates to Economic Development, including Enterprise Zones
- Gresham Resolution 3310 outlines Gresham's current program requirements
 - Fees are to be used for job creation and economic development
 - Requires Council approval for Community Service Fee usage

Current Status

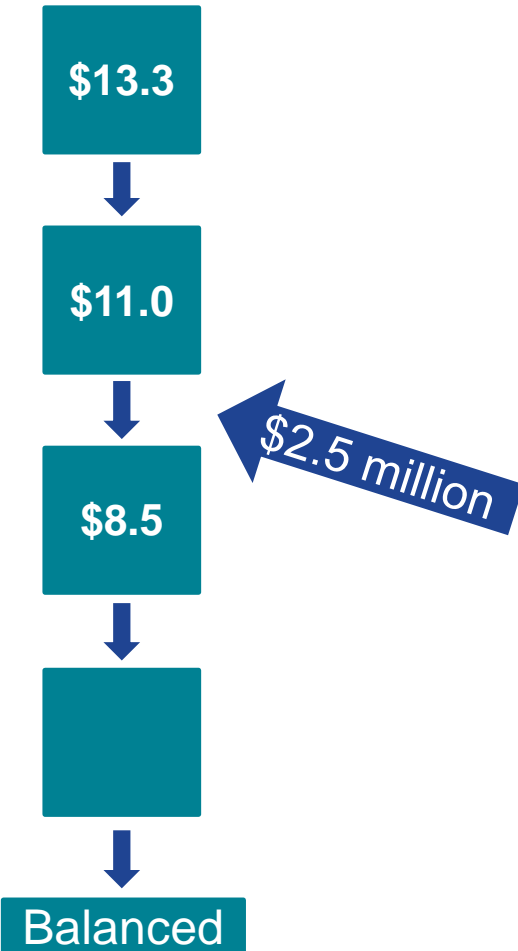
- Approximately \$2.9 million cash balance.
- Funds used for COVID Small Business Emergency Grants
- Budgeted \$1.7 million in CSF revenue for FY 20/21.
- COVID may impact projected revenues in current and future years

Proposed Community Service Fee Usage

Department	Proposed Use	FY 20/21	FY 21/22
Comm Dev	Commercial Business & Dev	\$ 180,000	\$ 180,000
Econ Dev	Economic Development	\$ 400,000	\$ 400,000
Planning	Permit Center	\$ 110,000	\$ 110,000
Planning	Comprehensive Planning	\$ 200,000	\$ 200,000
Communications	Econ Dev Related Services	\$ 210,000	\$ 210,000
Subtotal		\$ 1,100,000	\$ 1,100,000
2 Year Total			\$ 2,200,000

Additional One-Time Revenue

GF/PFP Gap



Community Service Fee

Estimated Available Cash	\$ 2.9 million
FY 20/21 Proposed Usage	(\$ 1.1 million)
FY 21/22 Proposed Usage	(\$ 1.1 million)
Remaining Balance	\$ 0.7 million

Other Internal Revenue Sharing (2 Year totals)

Rental Inspection	\$ 0.2 million
Metro Housing Bond (GF impact)	\$ 0.1 million
	\$ 0.3 million

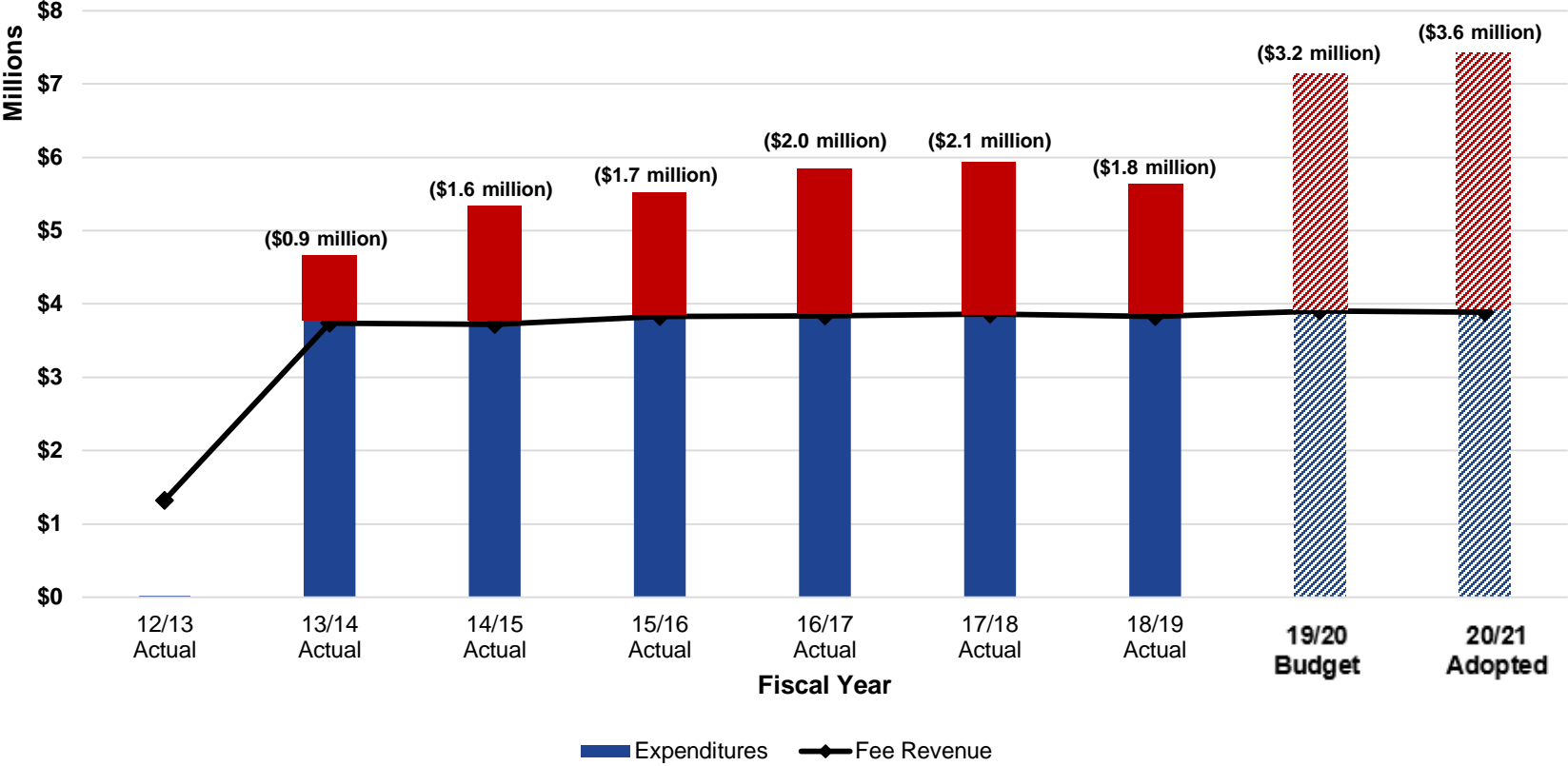
Police, Fire & Parks Fund Balancing

Police, Fire & Parks Fee Background

- December 2012: 17-month Police, Fire & Parks Fee Adopted
- June 2014: Permanent Police, Fire & Parks Fee Adopted
- Fee Distribution
 - Public Safety (Police & Fire) – 95%
 - Parks – 5%
- **Fee has not been adjusted since inception**
- **Scope of services within the fund has been consistent since inception**

Police, Fire & Parks Fund History

Police, Fire & Parks Fund



Police, Fire & Parks Fund Balancing

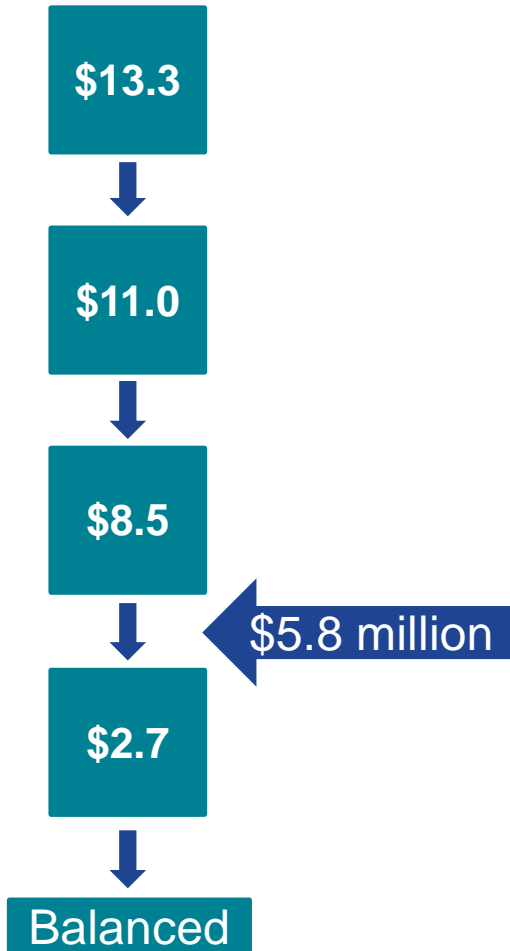
Desired Outcome	Rate Impact (Monthly)	Additional Revenue	PFP Expenses
Maintain Service Level	\$7.50 Increase	\$ 3,889,000	\$ 296,000
Partially Reduce Service Level	\$3.75 Increase	\$ 1,945,000	(\$ 1,648,000)
Reduce Service Level	No Fee Change	\$ 0	(\$ 3,593,000)

Notes:

- The Police, Fire & Parks Fee has been flat since inception. Annual indexing is recommended
- Other ways to address the structural gap would be to implement alternative revenue sources

Police, Fire & Parks Fund

GF/PFP Gap



	%	FY 20/21 Adopted	Budget Impact
Revenue		\$ 3,889,000	
Police	53%	\$ 3,935,000	(\$ 1,889,000)
Fire	42%	\$ 3,175,000	(\$ 1,525,000)
Parks	5%	\$ 372,000	(\$ 179,000)
Total	100%	\$ 7,482,000	(\$ 3,593,000)

FY 20/21 (Reductions effective Jan 1, 2021)	(\$ 1,800,000)
FY 21/22 (Forecasted reduction)	(\$ 4,000,000)
Total	(\$ 5,800,000)

Remaining Gap

Remaining Gap (GF Impact)

GF/PFP Gap



Department	2 Year Total (GF Impact)
Planning	\$ 500,000
Community Development	\$ 150,000
Economic Development	\$ 50,000
Internal Services	\$ 1,000,000
	\$ 1,700,000
Remaining Gap	\$ 1,000,000
(Proportionally split between Police, Fire, Parks)	

Department Adjustments

FY 20/21 Operating Department Adjustments

Department	GF/PFP Budget*	Adjustments	Adjusted Budget ***	% Change
Police**	\$ 32,097,000	(\$ 1,739,000)	\$ 30,358,000	(5.4%)
Fire**	\$ 22,907,000	(\$ 1,156,000)	\$ 21,751,000	(5.0%)
Parks	\$ 2,584,000	(\$ 131,000)	\$ 2,453,000	(5.1%)
Planning	\$ 2,335,000	(\$ 221,000)	\$ 2,114,000	(9.5%)
Community Dev	\$ 809,000	(\$ 120,000)	\$ 689,000	(14.8%)
Economic Dev	\$ 722,000	(\$ 38,000)	\$ 684,000	(5.2%)

* Budget shown does not include Support Services Divisions

** Reflects changes in department specific revenues

*** Includes a requirement that departments underspend their budget by 1% for FY 20/21

FY 20/21 Internal Services Adjustments

Department	FY 20/21 Budget	Adjustments	Adjusted Budget*	% Change
City Administration	\$ 2,854,000	(\$ 112,000)	\$ 2,742,000	(3.9%)
City Attorney's Office	\$ 1,160,000	(\$ 86,000)	\$ 1,074,000	(7.4%)
Comm Livability	\$ 1,756,000	(\$ 72,000)	\$ 1,684,000	(4.1%)
Budget / Finance	\$ 4,359,000	(\$ 316,000)	\$ 4,043,000	(7.3%)
Information & Innov	\$ 510,000	(\$ 51,000)	\$ 459,000	(10.1%)
Communications	\$ 1,111,000	(\$ 39,000)	\$ 1,072,000	(3.5%)
Facilities & Fleet	\$ 5,104,000	(\$ 302,000)	\$ 4,802,000	(5.9%)
Human Resources	\$ 1,176,000	(\$ 41,000)	\$ 1,135,000	(3.4%)
IT / GIS	\$ 5,130,000	(\$ 157,000)	\$ 4,973,000	(3.1%)

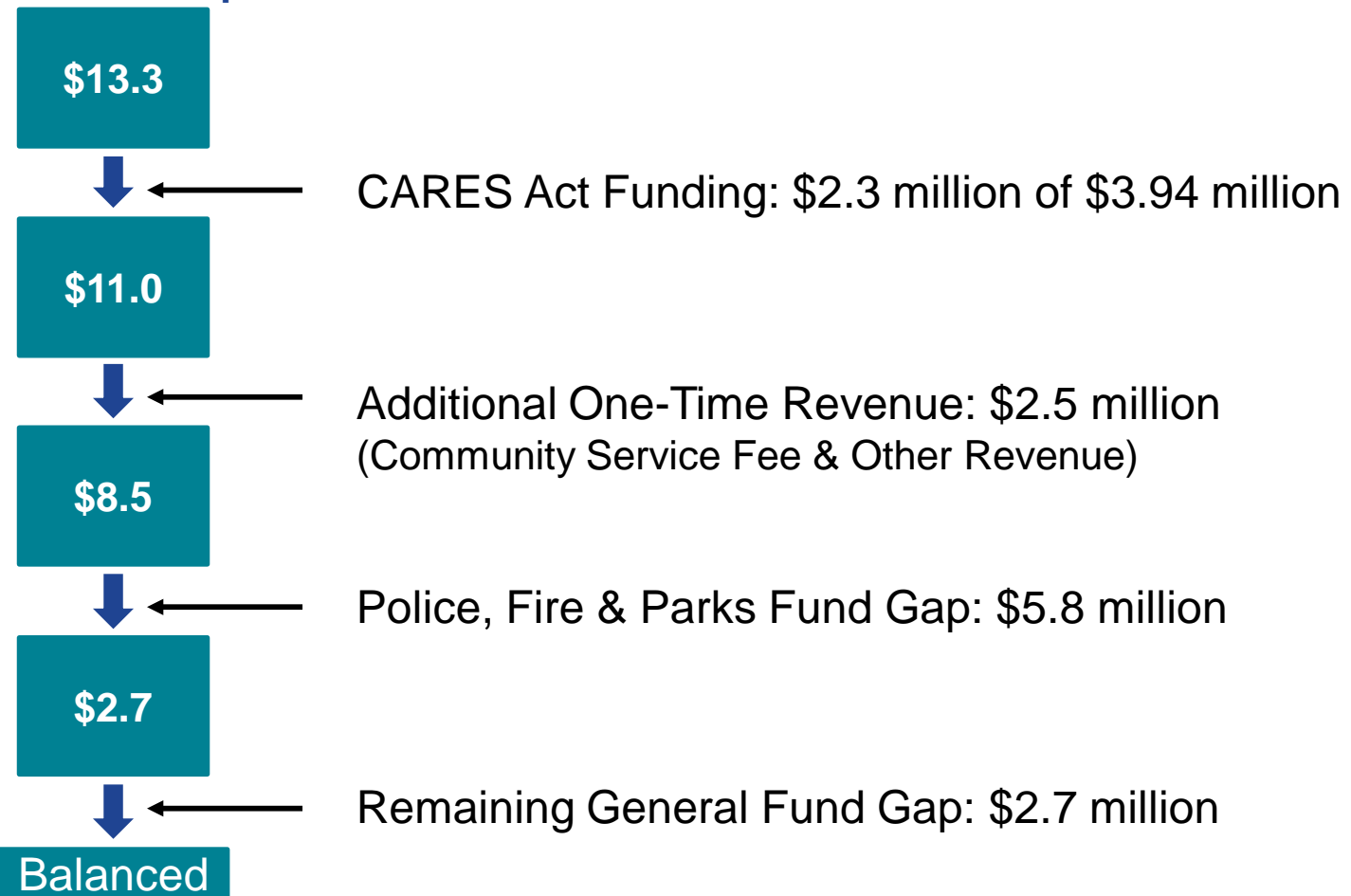
GF Impact FY 20/21 = \$ 528,000

* Includes a requirement that departments underspend their budget by 1% for FY 20/21

Summary

Recap of Proposed Actions

GF/PFP Gap



Next Steps

- Meetings with Department Directors
- Finance Committee Meeting – September 16, 2020
- Council Policy Development Meeting – September 22, 2020
 - Next steps for CARES Reimbursement
 - Community Service Fee Usage
 - Police, Fire & Parks Fund Balancing
- City Manager Decision and Implementation of FY 20/21 adjustments