

BUDGET ISSUES



There are 8 budget issues for the Budget Committee’s consideration. A budget issue is a mechanism for the Committee to make decisions on additional full-time staff and initiatives that require additional funding or fee increases. All budget issues raised by departments are presented for the Committee’s consideration.

Each Budget Issue was reviewed by the City Manager, who made one of three recommendation levels:

- Level A. The issue is recommended for approval. Funding has been identified through either increased revenue, reduction in expenditures or a combination of both. The requesting department has successfully linked approved goals, objectives or strategic plan initiatives to demonstrate the need. The department has also followed budget development instruction by attempting to seek partnerships with other departments to determine if there is any existing staffing capacity that could be used.
- Level B. The issue is recommended for approval if funding sources can be identified. The department has not identified existing revenue sources or expenditure reductions to fund the issue. If the issue is approved, the Committee will need to identify a funding source, either through new revenue, expenditure reductions or a combination of both. A request at this level could also be considered during the second year of the biennium in the event that revenue increases are proposed to fund all or a portion of the issue.
- Level C. The issue is not recommended for approval. These requests have merit and each department has detailed goals and objectives which can be met through approval of the budget issue. However, the goals of the department can be achieved without adding resources that require additional funding.

The following table summarizes the 8 budget issues for the Budget Committee’s consideration.

Issue #	Fund	Department	Summary	Cost	Funding Source	City Manager Priority
1	100	City Manager	General Fund Grants	\$286,450	General Fund Up to \$600,000. Budget Issue #6 Budget Issue #7	B
2	503	Water Reclamation	Add two additional Source Control Specialists to address DEQ audit concern	\$276,450	Sewage Treatment Utility Fund	A
3	600	Parks & Recreation	Add two additional Park Laborers to address increasing levels of vandalism and trash accumulation in Bear Creek Greenway and parks.	\$283,940	Parks Utility Fund	A
4	200	Finance	Funding options to cover Public Safety COLA shortfall	\$895,600	Public Safety Utility Funds	A
5	100 or 200	Police	Livability Team	\$1,164,460	Budget Issue #4 Budget Issue #7	B
6	100	Finance	Marijuana Tax Revenue Through June 30, 2019	N/A	Marijuana Tax	A
7	100	Finance	Marijuana Tax Revenue – Next Biennium	N/A	Marijuana Tax	A
8	100	City Manager	Community Visioning	\$200,000	Budget Issue #6 Budget Issue #7	A

Budget Issue # 1
Department: City Manager’s Office

General Fund Grants

Issue:

The City of Medford currently offers a General Fund Grant Program funding non-profit organizations that provide services to the citizens of Medford the City is unable to provide and are historically managed by local non-profits that are better positioned to deliver such services.

The 2017-2019 Biennium funded four General Fund non-competitive grants and 13 General Fund competitive grants. The four non-competitive General Fund grants totaled \$251,392 and the 13 competitive General Fund grants totaled \$272,850. The total grant funds allocated from the General Fund totaled \$524,242.

In past budget processes, funding for General Fund grants were not included in the proposed budget. However, in this biennium, \$600,000 has been included in the proposed budget for General Fund grants. \$300,000 is included to pay for the non-competitive grants and \$300,000 has been included to pay for the competitive grants. Therefore, this budget issue is to determine if the Budget Committee wants to fund the additional \$286,450 that is requested but not funded.

Background:

General Fund grants have been funded since the 1996/1997 fiscal year and have provided over \$5.5 million to assist Medford citizens. The mission of the City General Fund Grants Program is to provide funding to support outside agencies and organizations that care for the needs of Medford residents with programs and services the City itself either cannot, or does not, provide due to lack of facilities, staffing, funding, or other limitations. The City Council’s past practice has funded social and health service organizations and agencies that provide essential safety net services to the citizens of Medford. On June 21, 2018 City Council approved Ordinance 2018-73 establishing a Community Development Grants Commission to administer the City’s General Fund Grant Program.

Current Non-Competitive General Fund Grants - \$300,000

ORGANIZATION	PROGRAM	2017-19 GRANT	2019-21 REQUEST	2019-21 GRANT
Addictions Recovery Center	Sobering Center	\$92,142	\$379,200	\$92,750
Community Works	Sexual Assault Victim Advocate	\$102,000	\$120,000	\$120,000
ACCESS	Fresh Alliance Food Rescue	\$27,250	\$27,250	\$27,250
Continuum of Care	Coordinator	\$60,000	\$60,000	\$60,000
Total		\$281,392	\$586,450	\$300,000

- William H. Moore Sobering Center - \$379,200 requested for the current biennium. In March 2004, Jackson County requested that the City partner to keep the Sobering Center open. Council approved the partnership with the County and funded the program. The County discontinued

being the fiduciary for the program in July 2017 and the City has continued to fund the program contracting directly with the Addictions Recovery Center (ARC). According to data from the ARC, Medford residents make up 58.5% of those admitted to the center. The ARC is requesting an increase to \$189,600 annually to help offset their \$693,593 annual expenses.

- Domestic Violence/Sexual Assault Advocate - \$120,000 requested for the current biennium. For five years, Community Works funded a Domestic Violence/Sexual Assault Advocate via the federal Violence Against Women Act (VAWA) grant. The advocate was an employee of Community Works assigned to the Medford Police Department to aid and assist victims of domestic & sexual violence. That federal grant expired in 2013 and the City has continued to fund the advocate. Last biennium the City funded the Advocate in the amount of \$102,000. Community Works has requested an increase of 18% to \$120,000 for the biennium due to increased administrative costs and medical benefits. This Advocate’s direct victim contact and immediate follow up in such investigations increases victim safety, increases offender accountability and is a crime prevention piece when it comes to domestic violence and sexual assault.
- Fresh Alliance Food Rescue - \$27,250 requested for the current biennium. Our participation in this ACCESS program fulfills the Local Government Recycling Program Elements of DEQ regulations in OAR 340, division 90. To comply, the City could either begin a door-to-door food collection service or support an existing food collection organization at the rate of 17 cents per person. The Fresh Alliance program recovers and distributes safe perishable food products from local food producers and supermarkets including meat, dairy, milk, deli and produce. This program recovered over 1.2 million pounds of food in one year which would have ended up in local landfills. The proposal is to keep funding flat for the next biennium.
- Continuum of Care - \$60,000 requested for the current biennium. Previously, grants for the Continuum of Care program have undergone a steady decline from the U.S. Department of Housing and Urban Development. However, this trend was reversed in the current grant request, mainly due to the new direction and success of the program for the past calendar year. Increased funding support from other government and non-profit providers were another key in the success of the program. ACCESS administers this program for our community and was granted monies to help fund a Continuum of Care coordinator position. Constance Wilkerson was hired as the coordinator in January of 2018. The proposal is to keep funding flat for the next biennium.

PERFORMANCE MEASURES	FY 2020 BUDGET	FY 2021 BUDGET
Manage public resources responsibly in order to earn and maintain the public trust, and build better communities for the residents and visitors of the city.	Implement and monitor Council Goals & Objectives once established	Review progress on established Council goals

Proposed Costs

Item	FY20	FY21	Biennial
Salary			
Benefits			
M&S	\$143,225	\$143,225	\$286,450
Other			
Total Costs	\$143,225	\$143,225	\$286,450

Proposed Funding Sources

Item	FY20	FY21	Biennial
Marijuana Tax Revenues	\$143,225	\$143,225	\$286,450
Total Funding Source	\$143,225	\$143,225	\$286,450

City Manager Recommendation Level: B

Medford is one of just a handful of cities in Oregon that continues to provide General Fund support through both a competitive and non-competitive grant process. \$600,000 is already included in the budget for the competitive and non-competitive grants. However, approximately \$286,450 more was requested by the Sobering Center in this biennium and the Budget Committee is requested to decide if it is preferred to use an alternate funding source to fund this budget issue.

Additional recommendations for consideration:

- Council may want to review and communicate priorities, goals and objectives for awarding grants to the Community Development Grants Commission for the biennium.

Budget Issue # 2

Department: Public Works – Water Reclamation Division

Request for two (2) additional staff positions within the Water Reclamation Division, Source Control Section - Source Control Specialist (2)

Issue:

The Public Works Department – Water Reclamation Division proposes two additional positions, one per fiscal year, in the Source Control Section. These positions are necessary to perform the increased monitoring, industrial waste discharge (IWDP) permit writing, and compliance monitoring resulting from the addition of new regulated industries.

These positions will ensure compliance with the City’s National Pollutant Discharge Elimination System (NPDES) permit by performing required industrial user sampling and inspection, reviewing self-monitoring reports, sample collection and analysis, enforcement of Industrial Waste Discharge (IWDP) permits, and data management for the growing number of industries served by the City of Medford Regional Water Reclamation Facility.

Background:

The City’s NPDES discharge permit requires the City to conduct and enforce an Oregon Department of Environmental Quality (DEQ) approved pretreatment program. The City’s NPDES permit requires the City to secure and maintain sufficient resources and qualified personnel to carry out the pretreatment program. The Source Control Section of the Water Reclamation Division has responsibility for administering the City’s pretreatment program.

In July, 2017, DEQ audited the City’s pretreatment program and evaluated the resources dedicated to the program. The final audit report from DEQ stated “the Medford RWRF needs to evaluate if the current pretreatment staff of 3 FTEs is sufficient to implement the program effectively; and if necessary, provide sufficient resources to address the program gaps”.

In response to the audit, an analysis of current program resources was conducted. The analysis identified a total need of 9,871.2 man hours per year, or approximately 4.75 FTEs. Adding two FTEs permanently assigned to Source Control to assist with the pretreatment program will address DEQ’s concern that the pretreatment program is not adequately staffed.

GOALS AND OBJECTIVES	PERFORMANCE MEASURES	FY 2020 BUDGET	FY 2021 BUDGET
Objective #1	Number of NPDES Permit Violations	0 Violations	0 Violations

Proposed Costs

Item	FY20	FY21	Biennial
Salary	\$57,388	\$117,984	\$175,372
Benefits	\$32,440	\$66,140	\$98,580
M&S	\$1,400	\$1,400	\$2,800
Other	\$0	\$0	\$0
Total Costs	\$91,228	\$185,524	\$276,752

Proposed Funding Sources

These two positions will be funded by the Regional Sewage Treatment Utility Fund (Fund 503). A pre-approved 7.5% Sewage Treatment Fee increase is effective July 1, 2019.

Item	FY20	FY21	Biennial
Fund 503 Revenue	\$91,228	\$185,524	\$276,752
Total Funding Source	\$91,228	\$185,524	\$276,752

City Manager Recommendation Level: A

Budget Issue # 3
Department: Parks, Recreation & Facilities

Two Full-Time Park Laborers

Issue:

The Park Maintenance Division is overwhelmed by the skyrocketing levels of vandalism and trash accumulation along the Bear Creek Greenway and adjacent parks. Consequently, the Parks, Recreation and Facilities Department requests authorization of two full-time entry-level Park Laborer positions funded through the Park Utility Fee. The positions would help formulate a Rapid Response Team for the downtown area, and free up existing maintenance personnel to focus on routine landscaping and maintenance tasks for City parkland and beautification areas.

Background:

The Parks, Recreation & Facilities Department seeks authorization to create two additional full-time Park Laborer positions to address the increased maintenance responsibilities associated with sharp increases in trash volumes and vandalism along the Greenway and adjacent City parks. The increased amount of time required by 16 full-time maintenance staff and 18 part-time positions detracts from routine and scheduled maintenance tasks and jeopardizes future use, popularity and long-term viability of City parkland.

Due to the complex, widespread and sometimes dangerous nature of the problem, adding additional part-time staff or contractors are not feasible or cost-effective options.

As shown in Table 1, the Parks Department has experienced a 66-percent increase in garbage accumulation in parks, facilities and open spaces since 2016. In 2018, park maintenance staff disposed of 452,031 pounds of garbage throughout the park system, with 59 percent of collections coming from the downtown core.

Table 1: Park System Trash Collection

Year	Cubic Yards	Weight (Tons)
2016	1,593	121.5
2017	2,214	169.9
2018	2,645	201.8

The accumulation of trash in riparian areas near Bear Creek poses a significant environmental threat.



Additionally, maintenance personnel responded to more than 150 reports of vandalism or graffiti in 2018. Each case varied in complexity and resources needed to correct, but the tasks syphoned approximately 20 percent of available staff time, detracting from daily routine maintenance and beautification efforts such as trimming/pruning, mowing, weeding, painting, blowing, fertilizing, and cleaning of park facilities.



Maintenance of Medford’s 30 parks, 2,531 acres and 41 beautification areas are currently divided into three zone teams comprised of four full-time staff: one for the east side of Medford, one for the west side of Medford, and one dedicated to operations at U.S. Cellular Community Park and Prescott Park. When an unexpected or emergent issue arises within the system that triggers a maintenance response, an entire zone team mobilizes to address the concern, reducing the team’s efficiency and productivity.

If the Park Laborer positions are authorized and funded, the two-person team would be coupled with an existing lead staff member and stationed in the downtown area to assist with daily maintenance efforts at City Hall, the Lausmann Annex, the Police Station, the Mayor’s Fountain, Alba Park, Vogel Plaza, and Pear Blossom Park. When an issue arises requiring response outside of these locations, the Rapid Response Team would mobilize throughout the park system in an effort to minimize disruption of the typical zone team workload. The team would specifically address graffiti abatement, refuse cleanup and disposal, facility damage reporting and fixing, and illegal activity reporting.



GOALS AND OBJECTIVES	PERFORMANCE MEASURES	FY 2020 BUDGET	FY 2021 BUDGET
Objective #1	Maintain parkland in a manner that enhances public use, enjoyment and civic pride	Citizen satisfaction of park maintenance meets/exceeds expectations 80 percent	Citizen satisfaction of park maintenance meets/exceeds expectations 80 percent
Objective #2	Maintenance cost/acre vs. customer satisfaction	\$7,444/acre vs. park maintenance meets/exceeds expectations 80 percent	\$7,444/acre vs. park maintenance meets/exceeds expectations 80 percent

Proposed Costs

Item	FY20	FY21	Biennial
Salary	\$66,882	\$70,224	\$137,106
Benefits	\$66,750	\$70,087	\$136,837
M&S	\$5,000	\$5,000	\$10,000
Other			
Total Costs	\$138,632	\$145,311	\$283,943

Proposed Funding Sources

There is sufficient revenue in the Parks Utility Fund to pay for the additional positions; no increase to the Parks Utility Fee is necessary for this budget issue.

Item	FY20	FY21	Biennial
Park Utility Fund	\$138,632	\$145,311	\$283,943
Total Funding Source	\$138,632	\$145,311	\$283,943

City Manager Recommendation Level: A

Budget Issue # 4
Department: Finance

Public Safety Fee Increase

Issue:

In 2006, the City Council established a Public Safety Fee of \$2.60 to pay the costs of five new police officers and five new firefighters. In 2013, the Public Safety Fee was increased by \$4.82 (\$2.00 additional fee per unit and \$2.82 that came from an equal reduction in the Street Utility Fee) to provide funding for the new police station and three fire stations. Ordinance 2006-274 that established the Public Safety Fee allowed for an annual rate adjustment by the Consumer Price Index (CPI-U) each March starting in 2010. However, no rate adjustments have been made by CPI since the original rate was established. This is creating a budget short-fall in the amount of \$895,600 per biennium. Three options are presented to mitigate the budget shortfall.

Additionally, at the March 18, 2019 Budget Committee meeting staff was directed to add a fourth option to this budget issue that funds the Livability Team Budget Issue #5. This is presented in Option 4 below.

Background:

The 2006 Public Safety Fee increase of \$4.82 that is intended to cover the debt service payments does in fact adequately do so. However, the amount remaining to pay for the five police officers and five firefighters is approximately \$2.35 million for the biennium. The actual costs of these employees for the biennium is \$3.05 million – a difference of approximately \$700,000. Further, the two Public Safety Funds are required to maintain an ending fund balance of 12.5% of operating expenditures, which will not be possible without an additional \$195,600 increase in revenues, bringing the total shortfall to \$895,600.

The City was able to absorb this large discrepancy in the current biennium because the full amount of debt was not yet realized (due to the police station and a portion of the fire stations not yet being completed); thus the City was paying considerably less in debt than it will be paying in the upcoming biennium.

City Council established the Public Safety fee on December 7, 2006 (Ordinance 2006-274). The ordinance included section 4.1113, in Medford's Municipal Code (MMC) which stated, "An annual rate adjustment shall be made based on the Consumer Price Index..... The first adjustment shall be made in March 2010." To-date, the fee has never been increased by a COLA. The specified COLA index in the MMC was discontinued for the 2018 year and was replaced with the Consumer Price Indexes Pacific Cities and US City Average.

Three options are presented to mitigate the shortfall; only one of the options fully funds the shortfall; the other two options would require additional funding from another source. Staff requests the Budget Committee approve Option 3 due to financial constraints in both the General Fund (increasing PERS and healthcare costs) and the Police Utility Fund. **It should be noted that the proposed budget for the Police Utility Fund assumes adoption of Option 3 as this is necessary to balance the budget. If this option is not approved, the Police Utility Fund will not be in balance.** Staff also recommends an annual review be completed to ensure revenues are sufficient to cover expenses and allow the funds to maintain the required 12.5% ending fund balance. The current Public Safety fee is \$7.42 per unit per month.

A fourth option is presented that funds both the police and fire shortfall as well as the Livability Team Budget Issue #5.

Option 1, Implement COLA Effective This Biennium

This option increases the Public Safety fee each year of the biennium by the COLA in the Consumer Price Indexes Pacific Cities and US City Average. The COLA for 2018 is 2.9%. Assuming this rate for both years of the biennium, this option would increase Public Safety revenue for the biennium by \$303,000, reducing the budget shortfall to \$592,600 that needs to be funded by other sources.

Public Safety Fee Increase

Fiscal Year	Increase per Unit	New PS Fee per Unit
2019-2020	\$0.22	\$7.64
2020-2021	\$0.22	\$7.86

Customer Impacts in Year 2 of the Biennium:

Customer Type	Monthly Public Safety Fee Increase
Single Family Residence	\$0.44
Largest Customer (based on units)	\$330.88
Average Commercial Customer	\$0.88
Average Multi-Family Customer	\$2.20

Option 2, Implement COLA Retroactive to Public Safety Fee Increase

This option increases the Public Safety fee by the applicable COLA effective one year after the Public Safety fee was increased to pay for the bond. The Public Safety fee would be adjusted by the 2017 and 2018 COLAs in the first year of the biennium, and by the 2019 COLA in the second year of the biennium. For purposes of analysis, the 2018 COLA of 2.9% was used for the second year of the biennium. This option would increase Public Safety revenue for the biennium by \$660,000, reducing the budget shortfall to \$235,600 that needs to be funded by other sources.

Public Safety Fee Increase

Fiscal Year	Increase per Unit	New PS Fee per Unit
2019-2020	\$0.59	\$8.01
2020-2021	\$0.24	\$8.25

Customer Impacts in Year 2 of the Biennium:

Customer Type	Monthly Public Safety Fee Increase
Single Family Residence	\$0.83
Largest Customer (based on units)	\$624.16
Average Commercial Customer	\$1.66
Average Multi-Family Customer	\$4.15

Option 3, One-Time Increase

This option increases the Public Safety fee by the amount needed to fund the shortfall in a one-time increase effective July 15, 2019. This option would increase Public Safety revenue for the biennium by \$895,600 which is sufficient to cover the entire bond repayment shortfall.

Public Safety Fee Increase

Fiscal Year	Increase per Unit	New PS Fee per Unit
2019-2020	\$0.94	\$8.36
2020-2021	\$0.00	\$8.36

Customer Impacts in Year 2 of the Biennium:

Customer Type	Monthly Public Safety Fee Increase
Single Family Residence	\$0.94
Largest Customer (based on units)	\$706.88
Average Commercial Customer	\$1.88
Average Multi-Family Customer	\$4.70

Option 4, Two-Year Increase

This option increases the Public Safety fee by the amount needed to fund both the police/fire shortfall, as well as the Livability Team (see Budget Issue #5). This option assumes the Livability Team would not be created until the second year of the biennium (July 1, 2020) and proposes funding the shortfall over a two-year period, with the first increase effective July 15, 2019 and the second increase effective July 15, 2020. This option would increase Public Safety revenue for the biennium by \$1,519,180 which is sufficient to cover the entire police/fire shortfall as well as the Livability Team as presented in Budget Issue #5.

Public Safety Fee Increase

Fiscal Year	Increase per Unit	New PS Fee per Unit
2019-2020	\$0.94	\$8.86
2020-2021	\$1.30	\$9.66

Customer Impacts in Year 2 of the Biennium:

Customer Type	Monthly Public Safety Fee Increase
Single Family Residence	\$2.24
Largest Customer (based on units)	\$1,684.48
Average Commercial Customer	\$4.48
Average Multi-Family Customer	\$11.20

A change to Medford's Municipal Code is required to implement any of the options. The Code change would be presented to Council at the same Council meeting to adopt the budget.

City Manager Recommendation Level: A

Budget Issue # 5
Department: Police

Livability Team – (3) Police Officers, (1) Community Service Officer, (1) Records Specialist

Issue:

The Police Department is frequently asked to solve livability issues that affect the citizens of Medford. These requests include addressing homelessness and bullying behavior along the Greenway and downtown area, addressing neighborhood issues such as abandoned autos, accumulation of garbage, and repeated calls-for-service that lead often to chronic nuisance properties. Our Patrol and Code Enforcement Officers have been asked to conduct focused patrols in these areas, however due to call volume our staff is not able to dedicate their full attention to these issues as they lack the time and resources to deal with long term projects.

The positions would allow the department to formulate a team dedicated to addressing livability issues without the distraction of being dispatched to regular calls for service. This team would provide support to patrol staff who should be focusing on higher level criminal activity.

Background:

The Police Department seeks authorization to create the Livability Team by funding three Police Officer positions, one Community Service Officer, and one Records Specialist.

The formulation of a Livability Team models what other cities have created nationwide to provide focused attention on chronic nuisance issues. The City of Corvallis, for example, formulated a team to address underage drinking and noise disturbances caused by large parties. Through education and enforcement the City of Corvallis Police Department was able to create a safer, more peaceful existence for many citizens located near college housing.



Health & Safety Operations addressing homelessness:

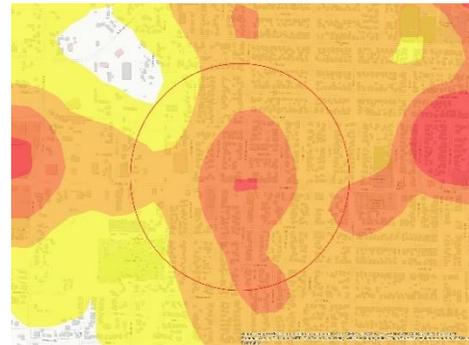
The Department conducts monthly Health and Safety Operations along the Greenway by escorting “homelessness advocates” into prohibited camping areas. Resources are provided and illegal camps are cleaned up by Community Justice work-crews. Each operation yields approximately 40 yards of trash. The homeless are connected to Veteran’s Resource Center, ACCESS, Mental Health, and other services. The livability team would be able to increase the frequency of these health and Safety Operations and provide sources for other homeless in the area.



Chronic Nuisance Properties:

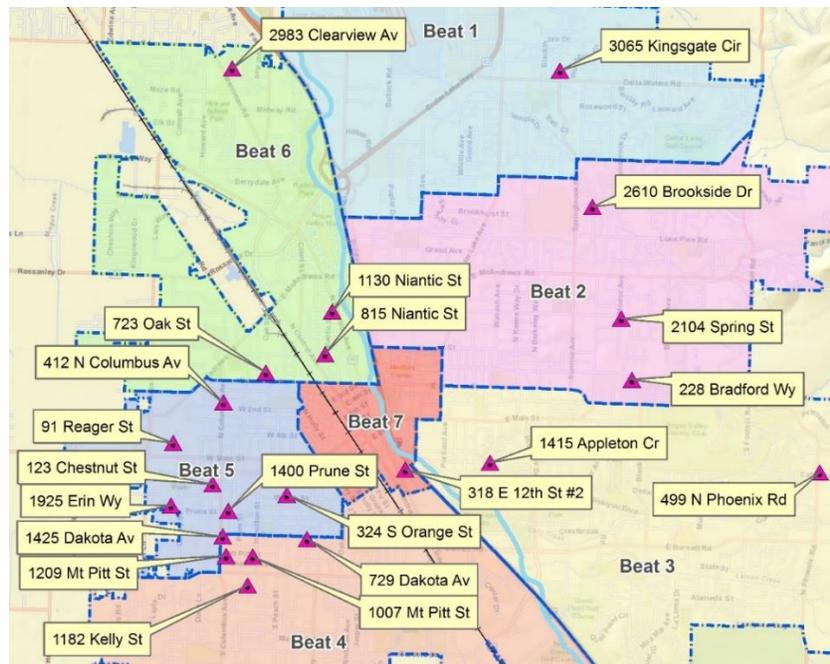
The Livability Team would closely follow The Neighborhood Livability Partnership (NLP) which was organized in late 2017 in order to combine the efforts of multiple City departments and community partners to find creative, long-term solutions for chronic nuisance properties and blight houses on a fact-specific, case-by-case basis. The NLP holds monthly meetings for collaboration and information-sharing; attendees include but are not limited to representatives from:

- Medford Police – Patrol
- Medford Police Special Services - Police Representative
- Medford Police Crime Analyst
- Code Enforcement
- Legal
- Building Safety
- Planning Department
- Addictions Recovery Center
- Jackson County Mental Health
- Jackson County District Attorney’s Office
- Jackson County Parole and Probation



The NLP is a new and innovative approach designed at identifying the core issues such as mental health, addiction, and criminal activity that has been occurring at nuisance properties. The team concept developed by the NLP to address these ongoing issues has given residents the opportunity to be part of the solution to the problem. The NLP allows for easier access to treatment, mental health services, and other services provided by the City of Medford.

As of today there have been 53 properties identified in the City of Medford as chronic nuisances; 36 of the 53 have had a positive outcome that resulted in a restoration of peace to the neighborhood since the inception of the program. The hope is this numerical gap continues to close and we have success in improving the quality of life for the citizens of Medford.



In order to fund these additional positions the Department is requesting to use Marijuana Tax Revenues.

GOALS AND OBJECTIVES	PERFORMANCE MEASURES	FY 2020 BUDGET	FY 2021 BUDGET
Objective # 1	Coordinate police services with the goal of reducing the number of “active” properties to no more than 5 Chronic Nuisance Properties.	<6	<6

Proposed Costs

Item	FY20	FY21	Biennial
Salary	\$339,546	\$349,732	\$689,278
Benefits	\$234,080	\$241,102	\$475,182
M&S			
Other			
Total Costs	\$573,626	\$590,834	\$1,164,460

Proposed Funding Sources

Item	FY18	FY19	Biennial
Marijuana Tax Revenue			
Public Safety Fee Increase (See Budget Issue #4, Option 4)	\$573,626	\$590,834	\$1,164,460
Total Funding Source	\$573,626	\$590,834	\$1,164,460

City Manager Recommendation Level: B

Budget Issue #6
Department: Finance

Marijuana Tax Revenues

Issue:

The City of Medford is expected to collect \$1.3 million in the biennium ending June 30, 2019 and is projected to collect an additional \$1.15 million in the 2019-21 budget cycle. The use of the marijuana tax monies remains undecided, and the City of Medford Budget Committee is tasked with determining where the monies will be allocated.

This budget issue is for the \$1.3 million of taxes expected to be collected by June 30, 2019. The ongoing marijuana tax revenue that will be collected in the 2019-21 biennium can be found in Budget Issue #7.

Background:

In 2014, the passage of Oregon Ballot Measure 91 legalized the use of recreational marijuana, based on regulation and taxation to be determined by the Oregon Liquor Control Commission. A state tax of 17% on recreational marijuana was enacted with the following distribution:

- 40 percent to Common School Fund
- 20 percent to Mental Health Alcoholism and Drug Services
- 15 percent to State Police
- 10 percent to Cities
- 10 percent to Counties for enforcement of the measure
- 5 percent to Oregon Health Authority for alcohol and drug abuse prevention

The 10 percent to cities portion of the tax is based per capita and only applies to cities that have legalized the use of recreational marijuana.

In November 2016, Medford voters approved a ballot measure that allows the City to collect a three percent local tax on recreational marijuana. The City began collecting the tax in January 2017 and the tax is currently collected by the Oregon Department of Revenue on behalf of the City.

The City of Medford Budget Committee discussed how to best use the marijuana tax monies at meetings in July 2018, November 2018, and March 2019. The Budget Committee did not come to a consensus and directed staff bring this budget issue forward with the top four options from the marijuana tax survey. The proposed projects in the budget issue will not have estimated costs because the scopes of the projects have not been determined. It is at the discretion of the Budget Committee to allocate monies to a project and up to the Council to approve the scope.

PERFORMANCE MEASURES	FY 2020 BUDGET	FY 2020 BUDGET
Manage public resources responsibly in order to earn and maintain the public trust, and build better communities for the residents and visitors of the city.	Implement and monitor Council Goals & Objectives once established	Review progress on established Council goals

Proposed Costs:

The following projects were voted to move forward at the March 18, 2019 meeting:

- Aquatics/Event Facility
- Livability Team
- Continuum of Care
- Bear Creek Greenway Improvements

Staff determined that a potential utilization of the marijuana tax monies may be well spent on the community visioning process, and this is included in the proposed options.

Based on the discussions at the three latest Budget Committee meetings as well as through the initial stages of the Council visioning and study sessions, staff is recommending the following allocations of marijuana tax monies:

Aquatics/Event Facility: \$700,000

A new aquatics facility has been at the forefront of Council discussions through study sessions and also during the Council visioning session. An aquatics facility was also the number one choice of survey takers.

Marijuana tax monies already collected should not be spent on future debt service or operating subsidies; however, a one-time transfer to the Aquatics Reserve Fund would greatly help with planning and design costs and could also lower the amount of debt service for a future aquatics facility.

Livability Team: \$0

A potential Livability Team would include three new police officers, one code enforcement officer, and one records specialist. The Livability Team would focus on addressing complex issues in the City of Medford including, but not limited to, the Bear Creek Greenway, chronic nuisance properties, etc.

No monies from the marijuana tax revenue are recommended to be allocated to the Livability Team because this budget issue is for revenue already collected and the Livability Team will be an ongoing expense. The Livability Team funding options can be found in Budget Issue #5.

Continuum of Care: \$100,000

The City of Medford currently contributes \$60,000 per biennium to the Continuum of Care (CoC) to pay a portion of the salary for the CoC Coordinator. An increase would allow the CoC to address items that will be presented to the Council on April 25 regarding the Homeless Systems Improvement Plan.

Increasing funding to the CoC was the number three choice of survey respondents after the aquatics facility and livability team.

Bear Creek Greenway Improvements: \$300,000

Cleaning up and improving the Bear Creek Greenway is the number one goal of the Council after their visioning process began in February 2019. While the specific scope of the project remains undetermined, staff is recommending the allocation of \$300,000 to get the project started.

Community Visioning: \$200,000

In the upcoming biennium, the City Council, staff, and citizens will be developing a community vision of what they want Medford to become. Because of the cost and scope of the project, a Request for Proposal will be issued to find a qualified person or company to help facilitate this process.

Below is a summary of the options and amounts staff are requesting to allocate to each option:

Project	Amount Allocated
Aquatics Facility	\$700,000
Livability Team	\$0
Continuum of Care	\$100,000
Bear Creek Greenway Imp.	\$300,000
Community Visioning	\$200,000
Total	\$1,300,000

Proposed Funding Sources:

The proposed funding source is comprised of state and local marijuana tax revenues that are collected in the 2017-19 biennium.

City Manager Recommendation Level: A

The City has been collecting marijuana tax revenues for nearly two years. The options presented come from the Budget Committee discussions, Council Study Session discussion, and the priority list as part of the Council visioning process.

Budget Issue #7
Department: Finance

Marijuana Tax Revenues (2019-21 Biennium)

Issue:

The City of Medford is expected to collect \$1.3 million in the biennium ending June 30, 2019 and is projected to collect an additional \$1.15 million in the 2019-21 budget cycle. The use of the marijuana tax monies remains undecided, and the City of Medford Budget Committee is tasked with determining where the monies will be allocated.

This budget issue is for the \$1.15 million of taxes expected to be collected in the 2019-21 biennium. The marijuana tax revenue that is being collected in the 2017-19 biennium can be found in Budget Issue #6.

Background:

In 2014, the passage of Oregon Ballot Measure 91 legalized the use of recreational marijuana, based on regulation and taxation to be determined by the Oregon Liquor Control Commission. A state tax of 17% on recreational marijuana was enacted with the following distribution:

- 40 percent to Common School Fund
- 20 percent to Mental Health Alcoholism and Drug Services
- 15 percent to State Police
- 10 percent to Cities
- 10 percent to Counties for enforcement of the measure
- 5 percent to Oregon Health Authority for alcohol and drug abuse prevention

The 10 percent to cities portion of the tax is based per capita and only applies to cities that have legalized the use or recreational marijuana.

In November 2016, Medford voters approved a ballot measure that allows the City to collect a three percent local tax on recreational marijuana. The City began collecting the tax in January 2017 and the tax is currently collected by the Oregon Department of Revenue on behalf of the City.

The City of Medford Budget Committee discussed how to best use the marijuana tax monies at meetings in July 2018, November 2018, and March 2019. The Budget Committee did not come to a consensus and directed staff bring this budget issue forward with the top four options from the marijuana tax survey. The proposed projects in the budget issue will not have estimated costs because the scopes of the projects have not been determined. It is at the discretion of the Budget Committee to allocate monies to a project and up to the Council to approve the scope.

PERFORMANCE MEASURES	FY 2020 BUDGET	FY 2021 BUDGET
Manage public resources responsibly in order to earn and maintain the public trust, and build better communities for the residents and visitors of the city.	Implement and monitor Council Goals & Objectives once established	Review progress on established Council goals

Proposed Costs:

Marijuana tax revenues statewide regularly see fluctuations of 15-20% in the matter of a two month span. Therefore, the City needs to be cautious about dedicating future recurring revenues in a volatile market to recurring expenses.

The projects below were voted to move forward at the March 18, 2019 meeting:

- Aquatics/Event Facility
- Livability Team
- Continuum of Care
- Bear Creek Greenway Improvements

Below are some options of how to utilize the 2019-21 marijuana tax revenues based on the discussions at the three latest Budget Committee meetings as well as through the initial stages of the Council visioning and study sessions. Staff does not have a recommendation on this budget issue.

Aquatics/Event Facility:

A new aquatics facility has been at the forefront of Council discussions through study sessions and also during the Council visioning session. An aquatics facility was also the number one choice of survey takers.

The City will need to issue debt for the future aquatics facility. There are two options for the backing of debt: General obligation bonds that are backed by property taxes or a revenue bond that is backed by revenue. After speaking with the City's Bond Counsel, the City would likely not be able to issue debt by solely pledging future marijuana tax revenues. This is because the market is volatile and the bondholders need to be reasonably assured they will get their money back. A better utilization of future revenues may be for operating subsidies.

An aquatics facility will require operating subsidies to be able to operate because, much like Jackson Pool, the revenues that will be generated will not pay for the operating costs. Since the City's General Fund expenses are increasing so drastically, it may make sense to set aside a portion of future marijuana tax monies for aquatics operating subsidies.

Livability Team:

A potential Livability Team would include three new police officers, one code enforcement officer, and one records specialist. The Livability Team would focus on addressing complex issues in the City of Medford including, but not limited to, the Bear Creek Greenway, chronic nuisance properties, etc.

The projected marijuana tax revenues in the next biennium would pay for the Livability team in the first year but would likely fall short in the second year. If the Budget Committee decides to use future marijuana tax revenues to fund the Livability Team, a small portion may need to be subsidized by the General Fund or other sources.

Continuum of Care:

The City of Medford currently contributes \$60,000 per biennium to the Continuum of Care (CoC) to pay a portion of the salary for the CoC Coordinator. However, there are upcoming projects the CoC could complete if the funding is increased (such as the Homeless Systems Improvement Plan).

Increasing funding to the CoC was the number three choice of survey respondents after the aquatics facility and livability team. The City Budget Committee can choose to increase the future funding of the CoC.

Bear Creek Greenway Improvements:

Cleaning up and improving the Bear Creek Greenway is the number one goal of the Council after their visioning process began in February 2019. \$300,000 is being recommended in Budget Issue 6 for Greenway improvements, but the Budget Committee may choose to allocate future marijuana tax revenues for this purpose.

Decide in Next Budget Cycle

Along with the other options, the Budget Committee may also choose to wait until the next budget cycle to choose where to allocate the 2019-21 marijuana tax revenues. This would be similar to this budget cycle and it would be using the revenues after they are known.

Become Part of the Proposed Budget Process

With the exception of marijuana taxes, all other City revenues are part of the proposed budget and expenses are projected based off these revenues by the Budget Officer. The option of having marijuana tax revenue become part of the proposed budget process would allow marijuana tax revenue to simply become part of the proposed budget.

Proposed Funding Sources:

The proposed funding source comprises of state and local marijuana tax revenues that are to be collected in the 2019-21 biennium.

City Manager Recommendation Level: A

The City has been collecting marijuana tax revenues for nearly two years and will continue collecting these revenues for the foreseeable future. The options presented come from the Budget Committee discussions, Council Study Session discussion, and the priority list as part of the Council visioning process.

Budget Issue #8
Department: City Manager's Office

Vision Strategic Plan Update

Issue:

The last community vision and strategic plan was completed and adopted by the City Council in 2002. The plan began development in 1997 and at the beginning of the 2019-21 biennium the strategies, elements and action items will be 21 years old and don't reflect the potential future for Medford.

The City is in need of working with community partners in updating the vision strategic plan to identify and begin addressing long-term opportunities.

Background:

The City of Medford last completed a community visioning process in September 2002. Led by Mayor Lindsay Berryman, the Medford in the 21st Century Vision Strategic Plan (VSP) was presented and adopted by the City Council. The VSP was created through an appointed steering committee listed below along with City staff:

VSP Steering Committee

Lindsay Berryman	Bob Strosser	Laura Hisamoto
Craig Stone	Russ Dale	Debra Lee
Dennis Hoffbuhr	Jane Carpenter	Curt Bennett
Julie Petretto	Pedro Cabrera	Michele Carlton
David Meador	Eva Avery	Jim Wright

The VSP detailed 10 strategies for the City to focus on for implementation:

- Strategy 1: Growth Management
- Strategy 2: Parks, Recreation & Natural Environment
- Strategy 3: Public Safety
- Strategy 4: Human Services
- Strategy 5: Economic Development & Telecommunications
- Strategy 6: Arts & Culture
- Strategy 7: Cultural Diversity
- Strategy 8: Education
- Strategy 9: Transportation
- Strategy 10: Housing

Once adopted, the VSP became one of the documents for which City departments based their budget requests in order to implement the 57 Elements and 233 Action Items within the 10 strategies.

The VSP was updated or revised in October 2005, February 2006, May 2006 and May 2007. Reporting on action items to the Council and Community ceased around 2008 as the Great Recession began and focus shifted to maintain core services.

In approximately 2012, the VSP was replaced with a City Strategic Plan that was more focused on internal operations. This has since been replaced by the biennial goals that Council set for organization and are more of a two to four year look at addressing immediate needs.

The Mayor, Council and City Manager have been discussing the potential need to create such an update for the past two years. Meetings have been held with community partners; Chamber of Medford/Jackson County, Medford School District, Rogue Community College and several non-profit organizations. The City Manager has presented a model that was used in Hillsboro which is similar to what took place in the development of the VSP for Medford in 1997.

The funds requested would be utilized to hire a consultant that specializes in leading communities through such a visioning process. The cost for creating a plan will more than likely exceed what is being requested, but City staff will be utilized to off-set such costs.

Proposed Timeline

- May/June Project approved by Budget Committee/Council
- September 2019 Consultant selected
- October 2019 Project begins
- September 2020 Draft plan reviewed
- December 2020 Plan adopted

The timeline is very preliminary, but there is a need to complete the project by the end of 2020 in order to utilize the new plan for the 2021-23 biennial budget development and setting long-range goals and objectives.

PERFORMANCE MEASURES	FY 2020 BUDGET	FY 2021 BUDGET
Development of a long range vision strategic plan that assists in making financial decisions for implementation. Creating partnership with business, education and non-profits in shaping the future of Medford	Hiring of consultant and begin process	Adoption of updated Vision Strategic Plan

Proposed Costs

Item	FY20	FY21	Biennial
Salary			
Benefits			
M&S	\$100,000	\$100,000	\$200,000
Other			
Total Costs	\$100,000	\$100,000	\$200,000

Proposed Funding Sources

Item	FY20	FY21	Biennial
General Fund	\$100,000	\$100,000	\$200,000
Total Funding Source	\$100,000	\$100,000	\$200,000

City Manager Recommendation Level: A

The Medford in the 21st Century Vision Strategic Plan was a compelling and forward thinking document when developed and approved in 1997-2002. There is a great need to update and expand on this great planning document in order to help coordinate services, develop community priorities and assist all public and private organizations that make Medford a fantastic place to live, work and play.

I feel that this is an excellent use of the Marijuana Tax Revenues that have been collected and will be available at the conclusion of the current biennium.