

To: Members of the Budget Committee
From: Sharron Monohon, Budget & Finance Director
Meeting Date: April 27, 2023
Subject: Responses to Committee Questions

The attached are responses to Committee Members' questions that were received for the April 27, 2023 Budget Committee meeting.

Questions from Budget Committee Members

General Fund & Local Option Levy Fund

1. Can you provide some color on why the distribution of levy resources in the first year doesn't match the expected distribution between Police & Fire over the 5-year time frame? Is pending for Fire frontloaded in the 5-year period because Fire has the capacity to put the funds to use with their own academy, but Police are limited by the state academies plus just struggling to hire in a competitive market with other jurisdictions?

Response: For FY 2023/24, the Local Option Levy Fund has funding for 16 new positions for Fire. This is the total of new positions that are allocated to Fire over the life of the levy. For the Police Department, the Local Option Levy Fund has funding for 9 new positions out of a total of 26 new positions over the life of the levy. The Fire Department's onboarding and training model for firefighters is based on a group system, where multiple employees are trained at once, and therefore allows for more employees to be hired at one time. The Police Department training model for Police Officers relies on State provided training as well as one-on-one training with the Police Department, limiting how many Police Officers can be trained at one-time. Based on this training system, the Police Departments new positions will be staggered over several years, instead of all in the first year.

During the modeling of the Local Option Levy, these factors were considered and informed the percentages allocated to each department. Over the life of the levy, the percentages allocated will match what is in the proposed ballot measure.

2. The proposed Police and Fire budgets include an annual increase in expenses associated with dispatch services provided by BOEC (\$168k for Police, \$75k for Fire, summarized in the budget message on page #5). Does the City of Gresham continue to participate in a BOEC user community (e.g. to advocate and collaborate on the fairness in cost allocation, and quality of services)?

Response: Yes, the city has two representatives on the BOEC user board and a representative on the BOEC Finance Committee. These representatives continue to advocate for Gresham on multiple fronts including staffing levels, call wait times, and budget. They also participate in BOEC's budget development process. Items of note for BOEC's FY 2023/24 proposed budget include:

- Increase in staffing costs due to inflation and rising insurance costs.
- Significant software renewal costs for Computer Aided Dispatch (CAD) software.
- Creation of a capital fund to save for long-term equipment and capital purchases for the dispatch center.

3. Is the Unmanned Aerial System (UAS) used by Police a proposed new capability, or existing? Can you describe it? I see a reference to \$71,500 in equipment (page 117), as well as a \$102,550 increase in Minor Equipment for Police (also page 117), of which UAS camera equipment is identified as a component. What is the overall cost of building this capability or operating it on an annual basis?

Response: BerryDunn's Police organizational review had four main themes, one of which was a call for the department to leverage technology. The City of Gresham is nimble and inventive, and embraces new technology (e.g., body worn cameras). In 2016, the department began

utilizing drone technology and has engaged drones to provide extra support during staffing challenges, which supports a safer community and improves officer safety.

- UAS Program was established in 2016.
 - Three basic categories of drones: large for long-distances and length of flying; mid-size to photograph and document homicide crime scenes and fatal accidents; small for indoor flight and SWAT search warrants.
- Drones provide operational and investigative support and officer and community safety.
 - Assist in mapping crime scenes and fatal accidents.
 - Respond with SWAT on search warrants.
 - Search and rescue.
 - Assist other law enforcement agencies.
- The FY 23/24 Proposed budget includes adding new capabilities to an existing program.
- Drone technology changes rapidly. To offset costs, older drones are traded in for credit to defer some of these expenses.
 - Estimated operating cost of the UAS Program is approximately \$80,000. This does not include personnel.

The expenses shown in the budget highlights for Capital Outlay are for the drone itself. The Minor Equipment and Tools expense is for the necessary accessories to deploy them effectively. Any drone purchase under \$5,000 is budgeted in the Minor Equipment and Tools line. Above \$5,000 is budgeted in the Capital Outlay line.

4. The revenue information for Police Services Contracts (page 45) notes that, while we do not have any current School Resource Officer contracts, we still provide officers for some events, and are reimbursed for the officer overtime associated. Does the current GPOA contract provide for any guidelines on what types of events the City may contract for? Do officers generally volunteer for this service, or is the staffing mandatory? Does the GPOA contract allow officers to contract directly (outside of their City employment) for events that require a DPSST certification (e.g. could a large concert or other event organizer pay Gresham officers directly, without contracting with the City)?

Response: While we do not have SROs in the schools, the department maintains the agreement so when the school district requests officers for after school events (e.g., sports, dances, community meetings) the department provides the services requested and when available. Each school district negotiates a contract with the city for School Resource Officers and associated services depending on the school district's service requirements and the City's ability to provide those services.

Traditionally, those who have been trained as SROs are the ones who volunteer to take these assignments. For these events, the department is reimbursed on an overtime hourly basis.

At no time are officers paid directly. All agreed upon police coverage is determined by the type of event and if supported, a contract is authorized by the Chief of Police and reviewed by the City Attorney's Office. Any police department employee that wishes to seek outside employment must receive written approval by the Chief of Police.

5. The Police expenditures budget message notes a plan to provide "alternative response options by utilizing Community Safety Specialists, the BHU, and CRT Teams" (page 87). Can you provide a brief description of these 3 capabilities?

Response:

- The unarmed Community Safety Specialist positions, recommended by BerryDunn’s Organizational Review, will report to a Sergeant to field low-level calls with no element of danger that officers or investigators have not had time to respond to. They can assist with telephone reporting and community outreach as well.
- The BHU (Behavioral Health Unit), currently grant-funded, is being expanded by ARPA funds to assist community members with mental health disorders or mental health disorders with substance abuse experiencing crisis. Trained mental health clinicians are paired with a police officer to de-escalate crisis calls and connect residents with resources.
- The Crisis Response Team (CRT) is intended to be developed through the levy proposal as a collaborative effort between police, fire, medical, and social services organizations. The idea is to create a program like the City of Portland’s Street Response model. As the development of this goal continues, we recognize that the fundamentals of a CRT program are identified to exist as a service provided by the City within the department’s BHU and Fire’s MIH teams. For the department, this enhances the current work of the BHU’s co-responder model of clinicians and officers. Additionally, we anticipate improved coordination between these specialty teams with a focus on community engagement with those experiencing crisis, providing broad de-escalation and connection to boost the crisis response and service coordination work already established within our community and City.

6. The proposed Police budget includes a \$194,000 increase associated with vehicles for new Police positions (page 117). Does the proposed budget account for purchasing a similar vehicle model to what Police has purchased in recent years (e.g. Ford SUVs from a State pricing list), or will the city go through a process to competitively consider options? To reiterate feedback that I’ve had in prior years: I would strongly encourage the City to consider the negative message that large SUVs send to the community (both in terms of climate change, as well as the approach and culture of our policing services).

Response: The department works collaboratively with the City’s fleet department to better balance new vehicle technologies with the department’s needs. This improves the department and city’s sustainability values. Under the advisement of the department’s fleet committee, the department still purchases vehicles from the state pricing list. However, we consistently ask for price quotes which is above the state requirements, to make sure we’re getting the best pricing available. Tahoes and Interceptors are the two types of vehicles that are available as suitable patrol vehicles currently on the market.

7. The proposed Police budget includes a \$213,500 increase for contracted services with the Multnomah County DA’s office for support of an additional Deputy DA for prosecution of crimes related to gun violence (page 116). Is that Deputy DA role already in place? Is the intention for the role to be devoted to prosecution of gun violence crimes that occur within Gresham, specifically?

Response: The contract that was already in place for several years is the DA Investigator that investigates cases originating in Gresham and include, but not be limited to: conducting investigations of cases and grand jury matters, personal service of subpoenas, location of witnesses, preparation of diagrams and court exhibits, photograph crime scenes, conducting interviews, identifying evidence and other duties as assigned. This contract has recently increased based on a request from the DA’s office.

Additionally, we have entered into a contract to participate in a MCDA Access Attorney Program in the Rockwood Area and includes funding a 0.50 FTE Deputy DA to work with local community members, stakeholders, and law enforcement to identify and address local crime, as well as to build relationships with the residents, business, and other agencies in the area by hosting and attending meetings and events relevant to the work and the community's requests.

Other costs in this line item include expenses related to the current collective bargaining agreement, such as Medical Health Trust for members.

8. The revenue information for Fire contracts notes that all 4 agreements were renewed in '15-16. When are those contracts scheduled to be negotiated and renewed again? Is there any reason that the Fire District 10 agreement is listed separately from the agreements with the 3 cities (e.g. is the FD 10 agreement different in a material way that is relevant to the budget)?

Response: Both the Intergovernmental Agreements (IGA) with the Fire District 10 and the 3 cities (Fairview, Troutdale, and Wood Village) expire in 2025. The Financial Roadmap anticipates this expiration and includes contract negotiations as part of the financial stability work. These two IGAs are independent of each other and have different contract language about the calculation of funds paid to the city. The IGA with Fire District 10 is based on property taxes for the district while the contract with the 3 cities has an annual adjustment index based on inflation and city costs within a range of allowed increases.

9. What is the average increase in the general fund since ~14/15? Between the introduction of the Parks

Response: The General Fund & Police, Fire and Parks Fund operating budgets combined were \$51.9 million in fiscal year 2014/15. For fiscal year 2023/24 the proposed operating budgets of the General Fund and the Local Option Levy fund combined is \$98.1 million. This is an average increase of 8.9% annually. This change includes public safety positions transitioning from grant funding to the General Fund as well as the new positions added for the Local Option Levy.

10. Are there any restrictions/boundaries on the Police, Fire and Parks fee? It's trended to \$8M, but only budgeted to \$3M as a budget assumption.

Response: The Police, Fire, and Parks fee amount is set by council resolution. From February 1, 2012 through December 31, 2021 the PFP fee was set at \$7.50 per month. A \$7.50 per month fee generated approximately \$3.9 - \$4.0 million per fiscal year. In Fiscal year 2021/22, City Council temporary increased the fee to \$15.00. From January 1, 2021 – June 30, 2023 the fee is set at \$15.00 per month. A \$15.00 per month fee generates approximately \$7.8 - \$8.0 million per fiscal year.

The Financial Road Map includes replacing the Police, Fire, Parks fee with a City Services Fee that will generate approximately \$3.0 million per year. City Council has discretion over fees, and Council has not decided on the future structure or amount of the replacement fee at the time of the proposed budget. City Council is expected to decide later in the year on whether to sunset and replace the Police, Fire, and Parks fee.

As part of the conservative approach to budgeting, the fiscal year 2023/24 proposed budget includes the amount indicated in the Financial Roadmap, which is \$3 million.

11. Are there benchmarks/standard costs/FTE for training in Police? There's a 70% increase budgeted.

Response: Training costs are not specific to FTE; these costs are based on the needs of the department and are allocated by specialty assignments and staff development. With the staffing situation the department has lost a significant level of experience and expertise. The training budget reflects the need for other employees to gain that expertise and new hires to get the required training specified by DPSST. On an annual basis, all DPSST certified personnel must meet minimum requirements to maintain their certification and the department is always looking for opportunities to go beyond the minimum trainings required by state mandate. These items include mental health first aid, crisis intervention training, and advanced de-escalation techniques. The department is developing a professional staff training matrix that will be launched in FY 2023/24. This proposed budget includes training for professional staff, including the ARPA funded Community Safety Specialist employees.

12. Are there benchmarks/standard costs/FTE for training in Fire?

Response: Firefighting and EMS (Emergency Medical Service) certifications require a minimum number of hours of training annually. Much of this training is done while on duty, but some is required to be completed during overtime hours. Some of these certifications do have licensure costs.

13. Are there benchmarks/standard costs/materials in Police? The budget has doubled since FY 2020/21.

Response: It can be difficult when comparing actuals to budgeted figures over a span of several years. In FY 2020/21, the department significantly underspent the materials category for a variety of reasons including pandemic related supply chain disruptions. The adopted budget for that category was \$1,123,040, so when compared to the FY 2023/24 proposed budget, it is an increase of 31% over the 3 years.

The material and services budget is based on the needs of the department and the current cost of service agreements. Materials include onboarding and supporting new technologies. This calls back to the BerryDunn assessment, as one of the main themes was leveraging technology to improve crime prevention and community livability. Costs have significantly increased in almost every category and new software purchases have been added.

14. Are there benchmarks/standard costs/materials in Fire?

Response: Much of the equipment and materials used by the Fire Department does have standards driven costs such as Personal Protective Equipment (PPE) that should be replaced at least every 5 years. There is other equipment such as hoses, ladders, and Self-Contained Breathing Apparatus (SCBA) that need to be replaced based on usage. This type of equipment is tested annually to verify if it needs to be replaced.

Job Classifications

15. Can you provide some additional color to why we are re-classifying temp/seasonal Fleet employees to limited term (page 240), as well as Administrative employees (page 263)? Is this also related to the shift of Temp/Seasonal parks employees towards contracted services? Is it a broader re-thinking from management of the use of Temp/Seasonal employees?

Response: A certain class of position, Public Service Apprentice, has been re-defined as a Limited-Term position by Human Resources based on the term-length apprentices can serve. This change was made to be consistent with other classifications. Facilities & Fleet and Budget & Finance both have budgeted Public Service Apprentice positions, therefore are showing this change. The line item highlights (pages 240 and 263) contain this shift along with other changes to budgeted positions.

The shift of Seasonal/Temp employees to contracted services is unrelated to the change above. Parks is piloting a new approach of using some additional contracted services for seasonal work this summer due to the significant challenges over the last several years in filling seasonal positions.

Parks & Recreation

16. The parks budget (Page 331) notes an increase in contracted services of \$239,200, for a pending grant award. Is this referring to grant funding for a city recreation and youth sports program, or a youth violence prevention program? Or is it referring to some other award?

Response: The pending grant is the Youth Violence Prevention grant from the State of Oregon.

17. Regarding the increase of \$8,500 for park reservations software- will this make reserving parks easier (on page 138)? As this is much needed, any additional details would be helpful.

Response: There are several goals in replacing the parks reservations software, the primary ones being better customer experiences and the capacity for other languages. Allowing for more flexibility in fee structure design and accounting/financial compliance are key requirements for new software.

Economic, Development & Housing

18. The budget message notes that the City plans to explore an extension and potential expansion of an IGA with Home Forward. Can you describe the current IGA, and provide a bit of color regarding why it is being reviewed?

Response: The City worked collaboratively with Home Forward to develop a pilot program (through an Intergovernmental Agreement) that was approved by City Council on September 7, 2021. For a brief background, Home Forward serves as the housing authority within Multnomah County. As such, the City of Gresham works closely and cooperatively with Home Forward to support a diverse portfolio of stable housing. Home Forward and the City have worked closely with the development community to identify opportunities for new affordable housing construction. These developments typically require additional incentive tools in order to complete financing and initiate construction.

ORS 307.092 provides statutory authority to Home Forward as a general partner, limited partner, director, member, manager, or general manager, if the property is leased or rented to persons of lower income for housing purposes, for the property to be exempt from taxes and special assessments. While Home Forward has the authority to proceed with this provision under the authority of ORS 307.092, Home Forward worked with the City to develop an IGA which by way of a Special Limited Partnership fee, which is split between the City and Home Forward. The City's portion helps offset the majority of property taxes that otherwise would not be received for a given project if Home Forward exercised their statutory authority on their own without an agreement in place.

The initial pilot program was limited to new construction only and expires on June 30, 2023. As such, staff plans to work with Home Forward to evaluate the program to date, and to bring options around potential extension/expansion to City Council for their consideration.

19. The Urban Design & Planning budget proposes an increase of \$50k in contracted services for a consultant to help the City comply with the State Climate Friendly and Equitable Communities (CFEC) rule (page 165). The state gives several options for complying with CFEC, including a path that would be as simple as just updating our code to comply with the basic guidelines for parking that supports climate goals, which I would not expect would require any significant consulting services. If Council does not provide direction for any detailed parking management systems and studies about parking capacity, then is it a possibility that management could hold off on spending those funds for a consultant?

Response: Staff recently gathered some baseline data and information from other Oregon cities related to parking management. Staff presented that to the Council along with CFEC information and implementation options. Council requested additional information related to parking and what would be necessary if council were to select the various options within CFEC. Staff plan to utilize the funding to respond to the Council's request and inform the policy decisions. The contracted work will be useful regardless of the CFEC direction that Council provides as it will look at Gresham's centers, existing and potential future parking issues, and look at different parking strategies that could be feasible within those centers. The centers are already within the areas that there are no longer parking minimums, so the study will inform Gresham's path forward as development continues and some form of parking management is necessary. Staff will look for any potential funding opportunities from the State to assist with CFEC implementation. At this time, there isn't funding readily available through DLCDC and no specific CFEC funding is within the Governor's proposed budget.

20. The proposed budget includes a proposal to spend \$913k from the Community Service Fee (CSF) balance for a Civic Hub Improvement project (Page 323). Can you describe what that project is, and whether City Council has already provided direction for it? As context, in several prior annual budget deliberations, we have had some discussion about the potential future uses of the CSF funding.

Response:

The \$913,500 listed on page 323 is the difference between budgeted funds available in fiscal year 2022/23 and fiscal year 2023/24 for Enterprise Zone projects. The total funding that is anticipated to be available in fiscal year 2023/24 is \$6,703,500 (page 324 – 502006 Contracted Services). Over the last several years, the proposed budget has included the utilization of some of these Community Service Fees to support Economic Development related activity in the General Fund. That has not been proposed for fiscal year 2023/24. Council approves the use of Community Service Fee funds for specific projects.

In 2022, Multnomah County made the catalytic decision to locate their new flagship library in the Civic Neighborhood, specifically at the TriMet Park-n-Ride Site adjacent to City Hall. As part of the proposed library, the City of Gresham and TriMet have partnered with the County to deliver additional Civic Hub Improvements adjacent to the existing MAX station, with a guiding vision for the Civic Hub Improvements to deliver a modern public realm and multi-modal access point for future community uses. The three entities have a shared vision for a South Civic Hub and Pick-Up/Drop-Off Area (collectively "Civic Hub Improvements") that serve as a connector for current and planned civic spaces and pathways, transit, and the East County Library. Council

approved the City's proportional share for the improvements at their December 13, 2022 Council Business Meeting, including the use of Community Services Fees and their tie to economic development within the community.

Infrastructure

21. The capital improvements related to the new groundwater system are described in the budget message as having a 2026 deadline. Is this deadline associated with the ending of the contract with Portland Water Bureau? If there are construction delays or other problems with the development of the groundwater system in the coming years which resulted in us missing this deadline, does the City have some fallback options (e.g. could we potentially negotiate a shorter-term agreement with Portland, or rely on the limited groundwater wells we already have)?

Response: Yes, the 2026 deadline is associated with the end of the contract with the Portland Water Bureau. If the new ground water system were not ready, then yes, we would need to negotiate a 1-year extension to the wholesale water purchase contract. The targeted project completion date is in 2025 to allow for testing, system transition as well as contracting/supply delays.

22. The capital improvements for Wastewater note that there will be a new ammonia treatment facility, and secondary clarifier, to meet new state permit requirements. It notes this work will be done in partnership with Microchip Corporation. Can you clarify who is funding that work, who benefits, and whether the public is taking any significant risks with proceeding with that plan?

Response: The City's most recent Wastewater discharge permit from DEQ includes limits on the amount of ammonia that can be discharged. Without improvements to the WWTP, in the short-term, restrictions would need to be imposed on industrial customers, which in turn could have significant negative impacts on the local economy. In the longer term, improvements to the WWTP to address ammonia would likely be needed regardless. To minimize overall impacts, the City contracted with experts in wastewater treatment processes to develop a plan to comply with the permit requirements. The plan includes two projects – one to nitrify the upper plant and one to construct a secondary clarifier. Together these projects will provide necessary backup functions and adequate ammonia treatment for current and future customers for decades to come. It's important to note that the City's WWTP nitrification completely removes ammonia from the environment utilizing biological processes, while private on-site ammonia treatment produces hazardous waste that must be transported and disposed of in landfills.

To support these projects, the City and Microchip entered into an agreement in November 2022. Microchip has contributed \$8 million of direct funding toward phase 1 and will advance another \$8 million of funding toward phase 2. Under the terms of the agreement, the City will repay Microchip for the second \$8 million in annual increments beginning in calendar year 2025. Currently, it is assumed that the Wastewater Fund will be providing the remainder of the funds for the project, however, \$5 million in grant funds are being pursued and may offset a portion of the Wastewater Fund's costs.

These projects and the funding partnership are uniquely situated to provide benefits to the environment, to the local economy and to the Wastewater utility overall.

23. The budget notes that the Solid Waste & Sustainability department will implement new recycling programs (e.g. Recycle+). Can you clarify whether there will be material new City costs associated

with this program? If there are material new costs, will the franchised garbage haulers be charged any fees to create the resources that the City will use for these operations?

Response: While some existing staff time will need to be directed toward implementation of this new program, the need is not anticipated to be high enough to warrant additional budget or staffing resources. The haulers are responsible for implementing the program and communicating with customers, and the costs will be recouped through new revenues from those who subscribe to the program. Currently the haulers are charged "ECHO Fees" that are paid to the City to fund the Solid Waste & Sustainability program.

24. I've seen some marketing for a recycle+ program. Are there financial details for this program outlined in the budget anywhere?

Response: Please see the response to question 23.

25. A key issue and workplan item for the Streetlights program is described as "Continue large-scale replacement of LED lights that are still under warranty to extend the longevity of the lights" (page 106). Can you describe why it is relevant that these LEDs are under warranty? E.g., is the light manufacturer covering the costs of replacement because of some problem covered by the warranty?

Response: The original lights installed during the streetlight replacement project had a design defect. Since the defect was identified during the warranty period, the vendor is providing the City with no-cost replacement fixtures that eliminate that defect. The city does have to pay to have the fixtures installed, but the warranty replacement allows us to postpone the next re-lamping cycle for a few years without compromising customer service.

Internal Services

26. The city's technology plan notes that management plans to implement a new, more efficient timekeeping system for employee payroll. Is the current timekeeping system in use something that was implemented with the Tyler ERP in recent years? Or is the current system something that is older/more of a legacy process?

Response: The city's current timekeeping system for non-public safety functions was implemented pre-Tyler ERP. This timekeeping system does not integrate well with Tyler's ERP and requires an increasing level of maintenance every month to transfer the needed information for payroll processing. By shifting to an integrated Tyler module, integration will be smoother requiring less maintenance, but also will have updated features and reporting functions.

27. The city budget message notes that this budget does not include a contribution to the Equipment Replacement Fund, but that may be possible at the end of the fiscal year if there is a sufficient remaining balance in the General Fund. Does City Management expect that to be the case for the current (22-23) year?

Response: Yes, management expects to be able to make the scheduled contributions for fiscal year 2022/23.

28. Can you remind us why the City Attorney's Office shows such large increases from FY20/21 to FY23/24 (on page 10)?

Response: The City Attorney's Office budget consists of two funds – the Legal Services Fund and the Workers' Compensation and Liability Management Fund. The primary changes are related to fees and potential claims in workers' compensation and liability. Please see the response to question 37 for more details.

29. Can you expand on the \$10,000 increase to the training budget for the City Manager's office (on page 259)?

Response: The FY 2023/24 budget reflects the return of more training and conference opportunities after being limited the last few years due to the pandemic. This budget allows for training opportunities and conference attendance for elected officials and staff in the City Manager's Office.

Property Services

30. The Rent and Lease expenses in Property Services include a proposed increase associated with a Police Training Facility. Is this facility already operating, or is it new? If it is new, will it be used in lieu of facilities accessed in Portland or other jurisdictions? Will the facility be only used by Gresham, or will services be provided to other agencies?

Response: The police department recently leased a facility to hold basic pre-Academy training for newly hired Gresham police officers and to support ongoing annual in-service training. The facility is being used for the following:

- Providing classroom, mat room training for defensive tactics and scenario-based simulations.
- The department will still need to rent a range and time at a track for police vehicle operations training.
- If not in use, the department is open to renting the training facility to other agencies.

31. What is the total term/rate for the training facility lease?

Response: The term of the lease is for 3 years with an option for renewal for an additional 3 years. The annual lease is \$83,160 (\$6,960 per month) with an annual cap of 4% increase based on CPI West Region, January to January.

32. The Property Services budget message notes that cell phone service charges will be decreasing, and centralized within the IT department. That is great to see savings! Will this new centralized service include a capture and archive feature to encourage compliance with public records laws, and facilitate efficient response to public records requests?

Response: The proposed budget does not include a capture and archive feature, as that requires additional funds and staff time to implement and maintain. Currently, the City works to ensure compliance in a number of ways: 1) email is captured centrally; 2) When reviewing third-party apps, they are assessed for records retention before being deployed, and if they do not provide records retention, the employee is directed to either not use that app for communication purposes, or to ensure communications are captured into a City system; 3) employees are encouraged to sync photos using a syncing tool that uploads them to the City's cloud

storage. The smart devices themselves are managed centrally using a Mobile Device Management tool. This allows the IT department to apply device policies (for example limiting apps), locate lost devices, remotely wiping devices (in case of unrecoverable loss or theft), and many other features.

Administrative Services

33. The budget message (page 5) notes that Dues and Memberships are increasing \$28,000, driven primarily by citywide memberships. What is an example of a citywide membership cost? For example, does this include membership/support for the Metro Mayor’s Consortium, or the Chamber of Commerce (separate from the direct Chamber of Commerce contract for tourism)?

Response: Examples of citywide membership include Metro Mayor’s Consortium, League of Oregon Cities, and the City’s Chamber of Commerce membership.

Financial Planning & Internal Controls

34. Does the general fund include a 1.5% contingency this year? Is this contingency level (as a percentage of the total general fund budget) comparable to other cities in Oregon of similar size?

Response: Yes, the General Fund has a 1.5% contingency included in the proposed budget. Contingency is only available on a one-year basis as a safeguard for unexpected events, and if unused is returned to the fund balance at the end of each year. Contingencies are set based on specific operating conditions by fund. These conditions as well as financial policies can vary widely between jurisdictions, so comparisons of just contingency may not prove to be very useful without understanding the scope of services provided by each, and the potential for volatility or unexpected events in each jurisdiction.

In the past the General Fund contingency has been used to fund a Fire Academy, unexpected levels of overtime, or to fund grant matches when the city has received mid-year grant awards. The 1.5% has always been sufficient for these needs.

35. The Community Revitalization program (within Economic, Development, and Housing Services) notes that a key issue and work plan includes administering section 108 loans. Are there any section 108 loans outstanding besides the water feature at the Center for the Arts Plaza? Would any new Section 108 loans be approved by Council, or could City management make these loans administratively?

Response: The Section 108 loan for the Children’s Fountain at the Arts Plaza was paid off in the current fiscal year (FY 2022/23). There are still two outstanding Section 108 loans that Gresham facilitated for other organizations. These organizations are responsible for payment of the loan annually, but staff monitor to ensure the payments take place. Those loans are for the construction of Open School and Human Solutions/Our Just Future’s Rockwood Building. Any future Section 108 loans would likely follow a similar process to the regular CDBG or HOME funding processes.

Economic Development & Tourism

36. The proposed budget identifies an increase in the annual contract for the Visitor Center services (Page 128). Will the services provided be changing at all, or the contract increasing in price for the same service?

Response: The proposed increase in contract services is meant to restore the annual contract amount to the Gresham Chamber of Commerce equal to what existed pre-pandemic. If funding is approved, staff will work with the Chamber to prepare a new services contract, with a revised scope that takes into account the additional funding. Subject to final contract scope development, the services would remain largely the same and the increased amount would allow more opportunities to promote tourism, including an update to Gresham marketing materials and distribution of those materials to local and regional partners on behalf of the City.

Insurance

37. Workers' Compensation claims appear to be continuing a trend of relatively significant year-over-year increases that we saw last year as well. Does management have any ideas why these costs are occurring, and do we expect them to revert back to a lower level, or can we expect continuing increases in future years?

Response: The budget for the Workers' Compensation and Liability Management Fund, which combines both programs, must allow for payment of potential claims in either program. In most years, actual claims experience will be substantially lower than the budgeted amount. As a result, comparing actual expenses and budgeted numbers can be challenging, especially since compliance with Oregon Budget Law means the budgeted amount in this fund must reflect more of a worst-case anticipated claims usage.

The differences between actual expenses and budgeted numbers are becoming more pronounced, however, due to recent changes to the insurance market, especially changes related to liability coverage for public safety services. Of note, just prior to budget adoption for FY2022/23, the City's liability coverage provider changed the structure of coverage. Previously, there was a cap which placed a limit on claims paid, which in turn limited the appropriation necessary. Under the new structure, the cap is no longer in place, which means a higher budget appropriation is necessary to allow for potential payment of claims. Based on the City's typical claims pattern, however, this change is not expected to result in substantial increases in actual expenditure in most years.

Costs related to Liability coverage (premiums and claims) can be expected to increase consistently with changes in property values, number and cost of vehicles, and staffing levels. Factors impacting Workers' Compensation coverage costs (premiums and claims), include changes in staffing levels and payroll costs, healthcare costs, and changes in state rules such as those regarding cancer presumption and mental health claims.

It should also be noted that financial forecasting for this fund is based mostly on historical trends and actuarial analysis to reflect more likely circumstances. Trends and actuarial recommendations are closely monitored and guide management practices, training protocols and other areas of operation that may influence future costs.

Other

38. The utilities licenses revenue (Pg 112) is budgeted for an increase of 18.6% over prior year. Can you provide the background of where the increases came from?

Response: Utility license fee revenues can be impacted by rates charged by the utilities, conservation efforts by consumers, population, and weather. The 18.6% increase between fiscal years 2022/23 and 2023/24 has two major components:

- Updated modeling for the current year (fiscal year 2022/23) is projecting that revenues will be approximately \$2.1 million above budgeted levels (a 12.1% increase).
- For fiscal year 2023/24 the utility license fee revenue is projected to be \$20.4 million (a 5.8% increase over the projected revenue for the current year. This increase is driven by utility rate increases from the providers.

39. The budget message section states that the salary net change is \$5.87 million, of which \$1.72 million is due to levy and the difference is from current and expected contractual obligations. Can you expand on the expected contractual obligations?

Response: The current collective bargaining agreements for the Gresham Police Officers Association and Teamsters Local 223 are effective July 1, 2022 – June 30, 2025 approved by Council on October 18, 2022 and September 20, 2022 respectively. A new agreement for International Associate of Firefighters is underway and will be effective July 1, 2023. Personnel budgets are developed based on proposed staffing levels and the provisions in these contracts.

40. Where can we see the full expenditure of the \$1,138,000 of Transient lodging taxes? The amount to the Chamber for tourism and the Arts Festival are described in the document but not the rest.

Response: Transient lodging taxes provide revenue for the General Fund. The balance of the funding not dedicated to tourism-related activities is used to pay for General Fund services (see Page 39 of the FY 2023/24 Proposed Budget).