

To: Members of the Budget Committee  
From: Sharron Monohon, Budget & Finance Director  
Memo Date: April 27, 2021  
Meeting Date: April 27, 2021  
Subject: Responses to Committee Questions

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The attached are responses to Committee Members' questions that were received for the April 27, 2021 Budget Committee Meeting. Please review the materials prior to tonight's meeting.

## Financial Policies

1. I see that we have a contingency proposed for the general fund of \$1.088 million. That is lower than our contingency in the 20/21 revised budget. Our budget policy targets 1.5% of the operating expenditures (page 414, policy 9a). If my math is correct, we are just under that level (the target on \$77.3 million would be \$1.159 million). Did city management attempt to hit the 1.5% target? Are you comfortable that this contingency will be sufficient to manage our risk, perhaps because of the expected benefits from the ARPA funds?

Since the inception of the Police Fire and Parks Fund in 2012, the practice has been to not budget a contingency for those expenses, since they were limited to personnel and a specific FTE and therefore little variance from the budget was expected. That practice has continued since the chart of accounts was updated and the PFP fund was moved to a subfund within the General Fund. The proposed amount of \$1.088 million does meet the 1.5% contingency policy if the PFP subfund portion is excluded from the calculation.

2. Can you remind myself and the committee how to interpret the budget policy for a rainy day fund (page 413, policy #3)? I believe that "rainy day" funds would be any unallocated general fund balance that was greater-than 6% of the operating budget? Does the proposed budget include any rainy day funds per that definition?

The rainy day policy was established just prior to the last economic downturn, at which time the balance was drawn down. At that time, the understanding was that the balance would be reestablished once the General Fund had a sustainable forecast in place and it would then be available for use to stabilize revenues in the midst of temporary downturns such as lower than normal business income tax collections. As a sustainable forecast has not yet been achieved, the rainy day fund has not been formally replenished.

3. General policy #10 (page 411) is the policy referencing public safety staffing targets which committee-member Tschirky asked about in our last meeting. Would this budget process be an appropriate venue for updating those policies (e.g. if the committee chose to approve a modified budget that struck policy #10, would City management have any concerns with that?)

The City's financial policies are formally adopted by Council resolution, so an official change cannot be made as part of the Budget Committee process. This topic can be placed on an upcoming Finance Committee agenda this summer as potential modifications are generally reviewed by the Finance Committee prior to consideration by Council.

## General

4. In the budget message (page 3), there is discussion about the future of the Gresham CARES program and partnering with OHSU in something called the MIH pilot. What does MIH stand for? Is this similar to the CARES program we've had in the past, sending nurses-in-training to medical calls when appropriate? Or is this something different?

The MIH, or Mobile Integrated Health, program was described in greater detail during a recent Council meeting on December 1, 2020. The response model, designed in conjunction with OHSU and AMR, is intended to improve health outcomes for 911 callers with non-emergent or low acuity medical requests. While patient focused, benefits include a more cost-efficient response to low acuity medical needs, improved emergency unit availability and an overall improvement of the regional emergency response system.

5. Within financial operations (page 91), there is a note indicating that passport services have been suspended due to COVID, with staff temporarily reassigned to focus on ERP work. Does the proposed budget still forecast some passport revenue, with the assumption that passport services will re-open during the 21-22 year?

No passport related revenue has been assumed for FY21/22.

6. In the Budget & Finance dept highlights within Administrative Services fund (page 250), there is a portion of the \$175k increase in contracted services described as related to the financial sustainability council work plan project. What does the city have in mind for these funds? For example, would these funds be used to pay for a feasibility study for a parks and/or fire special district, or for consultant study of a levy? Do you intend to solicit further council direction before that specific work is scoped?

The current staffing within Budget & Finance is being fully utilized does not allow support for the highly specialized financial analysis that will be needed as part of the Financial Sustainability Council Work Plan project. This will likely include detailed property tax analysis for any district, levy or bond scenarios, as well as further financial analysis regarding the transfer of assets and liabilities between the City and any potential special district. (These could include personnel obligations such as PERS liabilities or vacation bank balances, as well as property and/or equipment.) The contracted services could also be needed to support work regarding design or analysis of potential fees or other funding tools. The parks feasibility study is included separately within the Parks budget. Staff will be seeking City Council direction throughout the progression of this Council Work Plan priority, and that will inform exactly what analysis is needed.

7. I see that the City of Forest Grove has taken over fiscal responsibility for the Mayor's Consortium program (page 308 / 310). Is the proposed \$33k in this budget (page 308) a contribution level that is governed by our population size or a similar formula? Or are we shouldering a higher proportion of the program costs because of our historical role as a catalyst for the program?

Beginning with fiscal year 2021/22 the City of Forest Grove will take over responsibility of collecting the dues of the consortium and paying all the bills. The amount shown of \$33,000 reflects the anticipated cash balance of the consortium on June 30, 2022. Gresham will transfer all remaining cash to Forest Grove at that time. Gresham's dues to the consortium are budgeted in the OGM budget in the Administrative Services Fund in the Dues and Memberships line item (page 246). Dues have been historically based on population. Dues for FY 2021/22 have not yet been set, but for FY 2020/21 Gresham's dues were approximately \$5,500.

8. In the capital improvement funds overview (page 370), there is a reference to the purchase of a "Kardex storage unit" for Rockwood PSS. What is that?

The Police Department stores all evidence and property recovered by the department as required by state law. A Kardex unit is an automated storage and retrieval system designed to vertically store property/evidence. Each unit measure approximately 11' wide by 10' deep by 25' high. Each unit includes 30 storage trays/compartments that automatically adjust to the height of the items stored on that tray and are shuttled through the unit via a control screen. This eliminates the need for employees to carry heavy boxes of evidence up a ladder to reach higher shelves and increases employee safety. The system also reduces the overall demand for building space. When the system was purchased in April 2018, it was estimated that an additional unit would need to be purchased every 2-3 years. The department currently has two of these storage units which are estimated to be at 85% of capacity.

9. I appreciate that this budget clearly shows us wrapping up the final portions of the successful ERP project (reference: page 370), and now making plans for a utility billing system upgrade. Does the City anticipate that 21/22 will be the last year with project expenditures related to the ERP system? If so, did our total costs exceed the estimates made when Tyler was selected?

We have remained on track with external contract estimates throughout the life of the project. We are also below the original estimates for internal costs and backfill support. Additional work is still needed in some areas as specific modules and processes need improvement and refinement. It is likely that any costs beyond FY 21/22 would be normal operating expenses and not itemized into a separate fund.

### **Environmental Services**

10. What is a "TV Van" described in the equipment replacement schedule (page 273)? Is this replacing an existing vehicle that is end-of-life?

The TV van is a cargo van equipped with mobile, closed-circuit television (CCTV) capabilities. CCTV vans are routinely used by operations crews to assess the condition of pipes for asset management project prioritization and for determining the scope of repair/replacement projects. The City has two CCTV vans in its fleet, one in use by the stormwater division and one in use by the wastewater division.

Wastewater's existing CCTV van is due for replacement in FY 21/22 as both the internal components and the vehicle have reached the end of their useful life.

11. In our water service debt fund (page 363), we have the \$23 million in anticipated financing proceeds for the new groundwater program.

- a) Can you remind us whether that is the full expected cost of the groundwater capital investment, or is that just what is allocated for 21-22, and we anticipate additional borrowing in the coming years?

When the City submitted a letter of interest to the EPA's Water Infrastructure Financing and Innovation Act (WIFIA) loan program, the full cost of the City's share of the groundwater system projects was estimated at nearly \$70 million (spread out through FY24/25). (As a reminder, this amount is significantly lower than the estimated cost would be for the City's obligation related to Portland's treatment plant if we were to continue water supply with Portland.) Financing arrangements are currently being pursued, and are expected to include a combination of tools including the WIFIA loan program and revenue bonds.

- b) How will the accounting for the financing of the groundwater program work with Rockwood PUD? For example, will Rockwood also be borrowing funds (in addition to this \$23 million) in 21-22, and is there an IGA that will have one entity reimburse the other entity? Does both Gresham and Rockwood PUD share in potential cost overruns or other risks proportionally to our size/investment, or is Gresham taking on the risk of the development?

Council approved the IGA between the City of Gresham and Rockwood PUD last fall. Following the establishment of the partnership in the IGA, the two entities have been invited to submit a joint application to the Water Infrastructure Financing and Innovation Act (WIFIA) program; however, each entity will be borrowing the funds separately, with the amount and timing based on their unique organizational and cash flow needs. The risk of development is being shared between the two entities consistent with the terms of the IGA.

## **Police**

12. Re: agreements for resource officer services to area school districts (page 54) -

- a) Are these annual agreements? Or do the districts have multi-year commitments to Gresham?

The SRO contracts with the school districts are 3-year contracts. The current contracts run through 6/30/2022.

- b) As the respective school boards consider policy development which could eliminate those services in the future, would there be any mid-year budget impact to the CoG? Has City management discussed any alternative services (besides resource officers) which could be provided in lieu?

If one or more of the school districts choose to eliminate resource officers' mid-contract, they must give a 60-day notice. Currently, it is anticipated that the current number of SROs will continue to be funded for the next three-year cycle, for FY 2022/23 through FY 2024/25. If funding from the school districts was instead eliminated, it could cause those positions to be eliminated or absorbed through attrition. The SROs are

currently fulfilling the objectives of President Obama's report on 21<sup>st</sup> Century Policing, specifically Pillar #4 (4.1.1, 4.4, 4.6.1, 4.6.2, 4.6.3, 4.6.4, 4.6.6, 4.6.8, 4.6.9, 4.7.1, 4.7.2)

13. In the Police dept. operating plan discussion (page 97), there are comments indicating an area of challenge relates to facility safety & community-centered facility. Is this specifically referring to one or more police facilities such as the public safety building adjacent to City Hall, or the Rockwood facility? Does the proposed budget or CIP address this, or was it just identified as a challenge to be managed?

The comments were specific to the Public Safety/Schools building and were intended only to identify the challenge. The building was built in the 1970s and was not designed for the current number of officers. No funds are included in the budget for this issue at this time.

14. I am deeply skeptical about the community impacts of the gang enforcement programming proposed within the police department relative to alternative spending that could boost public safety, especially following the State elimination of funding for EMGET. Here are some specific questions which could help build committee understanding and develop a perspective on the proposed budget:

- a) When state funding for EMGET ended (described on page 97), presumably that impacted MCSO and the other agencies who participated in EMGET as well. Has MCSO or other impacted agencies decided to use their own funding sources to continue coordinating with Gresham gang enforcement, or is the proposed Gresham gang enforcement programming now happening only with Gresham officers?

The Police Department has continued to focus on gang activity as it affects Gresham residents. There is no longer a joint gang enforcement team with MCSO.

- b) In the general fund overview (page 119), it is noted that the proposed budget includes 3 FTE related to enforcement and prevention of gang activity. Are those sworn personnel, or non-sworn? If sworn, is the mission and work described similar to what was previously performed by EMGET? If it is different, how does it differ?

When the Police, Fire & Parks fee was established, it was recognized the funding would be used to retain three positions related to gang activity. These positions, one sworn and two non-sworn, provide diversion, investigation and administrative support separate from the core work that was covered by EMGET funding.

- c) City management has highlighted the challenges with funding public safety given our low permanent tax rate, which I understand and as a budget committee member, am concerned with. In the recently-approved 20/21 revised budget, we recently eliminated 4 police officer positions. Given that, did city management consider re-assigning the 3 FTE from the gang enforcement program to another area such as patrol or NET?

Given the increase in gang violence, it is important to maintain that level of support in addressing gang activity. For example, during the first quarter of 2020, there were 11 shootings, with two injuries. During the same period in 2021, there were 22 shootings with 10 injuries.

- d) If the proposed budget is adopted without change, and then during the year community engagement or management changes (e.g. new Police Chief) led to a decision to de-emphasize the gang enforcement program in order to prioritize another program, would the City Manager have that flexibility? Would City Management be open to the committee modifying this budget to make it clear that this flexibility exists, in order to empower the next permanent City Manager and Police Chief to make those decisions?

Redeployment of existing staff to focus on other programs and priorities within the same department and job classification can typically be addressed without requiring a formal budget adjustment; this is standard practice and does not require a budget modification by this body to make that clear. Modern policing strategies is part of the 2021 Council Work Plan; this budget provides the framework for the City to make policy changes as needed. Should more extensive changes be needed within a fiscal year, a Supplemental Budget process is another tool that can be deployed.

15. I'm concerned about how the proposed purchase of so many police SUVs (12 for this fiscal year, plus 7 carryover from last FY) negatively impacts the city's focus on modern police services and community trust. Specifically, the large Ford Interceptor SUVs that we have purchased in recent years send an image to the community that police are separate from the community and need large vehicles to overpower adversaries. They are also expensive (\$50k/each), and presumably their fuel use is a key contributor to our climate impact. Certainly I support getting officers safe and comfortable equipment, although I would like to ask questions about the decision to continue purchasing these SUVs. My specific questions:

- a) In addition to the police SUVs (50k each), there is a proposed purchase of one police sedan (35k) (page 273). Has City management considered whether purchasing the lower-cost sedans would meet our operational needs, while also sending a message to the community about a commitment to modern policing and building community trust?

The patrol vehicles available with Police packages include upgraded cooling systems, modified suspension, and brakes, enhanced electronics to accommodate special equipment (i.e., Radio, Computer, lights, and other accessories) and ergonomic consideration for equipment and gear worn by the officer. Ground clearance, inclement weather and off-road capabilities are also strong considerations when selecting an SUV versus a sedan. Additionally, the SUVs more easily allow for the carrying of equipment necessary for modern policing, with more and accessible storage. Lastly, the SUVs drive and handle in adverse weather conditions far better than sedans.

There currently are very few manufacturers of police vehicles, with only one of them, Dodge, making a police sedan. The department has used these sedans (Chargers) previously, however, has transitioned away from them due to significant mechanical issues and poor manufacturer support. Size considerations for officers getting in and out of the vehicle were also challenging.

The purchase cost differential was limited, as the Charger is less than \$3,000 below the cost of the SUV. It should be noted that the \$50,000 budgeted includes all emergency equipment and installation. The sedan identified on the Equipment Replacement list is not intended for patrol usage so is outfitted in a different manner.

- b) What is the process for selecting vehicles for purchase, and actually making those purchases? For example, do we select the make and model of vehicle first, and then send an RFP or similar competitive process to find a dealer who will sell the vehicles? Do we limit our selection to dealers within the East County area, Portland region, or nationwide? When was the last time we did a competitive selection process to evaluate which dealers we will work with?

The Police Department has a Fleet Committee made up of members of the department, Budget, and Fleet. Vehicle replacement is considered based on the condition, maintenance record, age and mileage of the vehicle and peak resale potential. The department's fleet is made up of Ford Explorers and Chevy Tahoes and are replaced like for like to maintain the same ratio. Pricing and vendor selection are set per Oregon Procurement Information Network (ORPIN) contract. However, we seek quotes from three vendors, local if possible, to obtain the best price.

## **Fire**

16. The fire department overtime budget is up quite a bit (\$520k increase), described in the highlights (page 129) as being related to staffing the ladder truck. Can you describe the relationship between the capital purchase of the new truck, with the operating dollars for staffing? Is there a reason we would want to plan to staff that via overtime, rather than hiring additional personnel?

The Fire Department holds a training academy periodically to bring on new staff to address staffing levels and to fill any vacancies within the department. As the most recent academy was just completed, another academy is not anticipated until fiscal year 22/23. Overtime may be used to address fluctuating and temporary staffing needs between academy sessions.

The City currently has secured grant funding that supports staffing of a fourth person on the ladder truck much of the time. Some additional overtime is necessary, however, in order to ensure that fourth person staffing level can be maintained at all times, which would be more consistent with national standards. Once the new ladder truck is received, the fourth person will be required as the new truck will require an additional driver consistent with its design. As the truck will not be received until late in fiscal year 21/22 or early fiscal year 22/23, the appropriate staffing level would be part of the fiscal year 22/23 budget development process.



## **Community Development & Economic Development**

17. Because of the historically very close ties between the City and Chamber of Commerce, and the Chamber's ongoing political activity, I would like to encourage very clear budget transparency in the relationship for the services that the Chamber contracts to provide the City. I have a couple specific questions to help foster transparency there:

a) Do we have a multi-year contract with the Chamber, or is it annually approved?

The current contract for FY20/21 with the Gresham Chamber of Commerce was approved by City Council on November 10, 2020 and expires on June 30, 2021. The contract allows for one-year extensions, not to exceed a total of 5 years. Assuming the proposed budgetary allocation is approved by the Budget Committee, a separate agenda item for the contract is expected to be scheduled for Council consideration prior to June 30, 2021.

b) Has the City performed any sort of competitive selection process to identify the Chamber as the best provider of those services? Or, has city management considered whether a similar level of service could be provided internally with existing staff at lower cost to taxpayers?

Historically, there has not been a competitive selection process for these services and the City has contracted with the Gresham Chamber as a non-profit organization. Without a significant re-prioritization of staff assignments, which impacts multiple departments, the breadth of services covered by the current Chamber contract could not be absorbed within existing City staffing levels. To date, the City has not conducted a formal analysis about potentially providing these services with City staff. Historically, it had been the thought that the most efficient service model for the totality of tourism related services is partnering with an existing non-profit that can leverage the City's contribution with funds received by other parties.

c) What is the total annual cost for all City funding to the Chamber? I see three references to changes; First is \$27k relocated to the City Grants & Contributions category (page 8), then a reference to \$75k increase in the Contributions/City Match category of Community Development dept within the General Fund (page 135), and third is a decrease of \$55k in the Contracted Services category in the Economic Development dept general fund budget, going to the Community Development department (page 140). Can you describe these changes in more detail, and their relationship to the overall Chamber services?

Historically contracts with the Chamber of Commerce/Visitor's Center have been budgeted in Economic Development in two line items (Contracted Services and Contributions/City Match). This year this expense was moved to Community Development from Economic Development and at the same time consolidated into a single line item for better transparency. Economic Development's budget was reduced in the two line items for the Chamber of Commerce/Visitor's Center contract plus some

other minor adjustments to meet their budget target. Community Development's budget was increased by \$75,000 in a single line to accommodate the contract and amount aligns with the contract for FY 2020/21.

- d) Why are Chamber funds being moved from the "Contracted Services" to the "Grants & Contributions" category? Is this the result of any change which would impact expected reporting or transparency of how those funds are being used at all?

This item was consolidated into one line item for better transparency and visibility in the budget and other reporting mechanisms.

## **Parks**

18. I was excited to see the proposed use of \$300k in community service fee funds to support the establishment of a modest recreation program through a contract with a third party (pages 7 / 112). Has the City already had some discussions with potential third parties (such as an IGA with Play East!, or local non-profits) to help size what can be accomplished with that \$300k expenditure? Or is that just an order-of-magnitude placeholder based on what could reasonably be funded without depleting the community service fees, subject to program design and planning that still needs to be done?

The latter description is correct. The Parks Community Advisory Group will likely weigh in on the policy question of how to establish the recreation program.

## **Community Livability**

19. In the Community Livability requirements within the Designated Purpose fund (page 338), the proposed budget for "Outreach Services" decreased from \$535k to \$365k. Are these the homeless and homeless outreach services that are funded from the County Joint Office? How come we expect a decrease in that?

This division includes the homeless services grant as well as other grant funded outreach activities. Some grants have expired or included one-time carryover from the prior year. During the last year, funding criteria from the County for the Homeless Services Grant has changed and some prior programs are no longer eligible. Gresham has reprogrammed available grant funds for one-time use to meet the criteria in the current year and is working with the County to identify additional on-going program elements that would be eligible for funding. The budget reflects on-going program elements eligible for funding. Should additional elements be identified as eligible and funding approved, they could be addressed through the supplemental budget process.

## **Urban Renewal**

20. Why is the CIP project for the Sunrise Site (CIPUR00004 / Page 378) decreasing from \$796k to \$515k? As I recall during the CIP review discussions, the CIP item was really a generic placeholder pending further guidance from the GRDC and/or Council. Are the plans for what the city will do with that property becoming clearer?

The amount shown for the Sunrise Site CIP project is a placeholder pending guidance from the GRDC to determine development related outcomes, land disposition due diligence and/or any major repairs required. The amount is based on the estimated funding availability given the most recent URA revenue forecast in conjunction with other capital and operational plans for the area.