

To: Members of the Budget Committee
From: Elizabeth McCann, Budget & Finance Director
Meeting Date: April 17, 2025
Subject: Budget Committee meeting minutes from the fiscal year 2024/25

Attached are the minutes from the fiscal year 2024/25 Budget Committee meetings. Please review them prior to the second Budget Committee meeting on April 29, 2025. Approval of the minutes will be included on the April 29, 2025 agenda.

City of Gresham Budget Committee
Thursday, April 18, 2024, 6:00 p.m.
Zoom Meeting Minutes

Budget Committee Members Present:

Rusty Allen
Dave Dyk
Councilor Janine Gladfelter
Councilor Jerry Hinton
Councilor Vincent Jones-Dixon
Claire Lider
Nick McWilliams
Councilor Sue Piazza
Mike Schultze, Chair
Mayor Travis Stovall
Theresa Tschirky, Vice Chair

Budget Committee Members Absent:

Jan Baker
Councilor Dina Dinucci
Councilor Eddy Morales

Staff Members in Attendance:

Sharron Monohon, Director of Budget & Finance
Eric Schmidt, Interim City Manager
Ellen Van Riper, City Attorney
Elizabeth Coffey, Assistant City Manager
Steve Fancher, Assistant City Manager
Travis Gullberg, Police Chief
Scott Lewis, Fire Chief
Elizabeth McCann, Budget Manager
Ian Peterson, Staff
Blake Petersen, Staff
Sagun Pokharel, Staff
Sarah Kirk, Staff

Christina Ott (Recording Secretary)

1. Convene Meeting

The Budget Committee meeting was convened at 6:05 p.m. by Ms. Lider. She asked Ms. Monohon to lead the roll call.

2. Agenda Review, Ground Rules and Meeting Protocols

Ms. Monohon reviewed the agenda, the ground rules, and the meeting protocols.

3. Election of Budget Committee Officers

Ms. Lider asked for nominations for Budget Committee Chair.

Ms. Lider nominated Mike Schultze for Budget Committee Chair.

Nomination passes unanimously.

Mr. Schultze asked for nominations for Budget Committee Vice Chair.

Mr. Dyk nominated Theresa Tschirky for Budget Committee Vice Chair.

Nomination passes unanimously.

4. Instructions for Public Comment

Chair Schultze reviewed the instructions for Public Testimony for any public comments during the meeting.

5. Budget Message and Overview of FY 2024/25 Proposed Budget

Interim City Manager Schmidt began with his presentation of the Proposed Budget for FY 2024/25.

“Presentation can be seen as a part of Attachment A”

After the beginning portion and his portfolio of departments from his prior role as assistant city manager were presented, Interim City Manager Schmidt turned the second portion over to City Attorney Van Riper, Ms. Coffey, Mr. Fancher, Mr. Gullberg, Mr. Lewis, and Ms. McCann.

6. State Shared Revenue Hearing

Chair Schultze began the hearing and opened it to public testimony.

Ms. Monohon shared that there was no public comment or testimony submitted.

Chair Schultze then asked the committee if they wished for the hearing to be closed. Voting was unanimous for the hearing to be closed.

7. Public Comment

None

8. Committee Discussion

Mr. Dyk asked if the General Fund reserves and fund balance would meet the City's financial policies and best practices or if it would be under those thresholds as in the past.

Ms. Monohon stated there are two key elements in respect to the general fund. One is a fund balance policy where there is a desire to have an adequate amount of cash on hand. The second being a recommended policy from the Government Financial Officer's Association that refers to having a structurally balanced budget which is a case of having revenue meeting or exceeding your expenditures and having it be sustainable on an ongoing basis. As the Interim City Manager stated in his budget message, through the combination of grants and some reductions, our fund balance is in a good place at this point. It would not be considered structurally balanced going forward. These two things must be looked at in conjunction with each other.

Mr. Dyk asked what the timeline would be if the budget were approved but the Local Option Levy were to fail. Would there need to be a budget adjustment?

Ms. Monohon replied, from a procedural standpoint, we are at the last phase of the budget process; we need to include the Levy Fund as a part of the Proposed Budget and Budget Committee approval process for the City to be able levy those taxes in the upcoming fiscal year. The City Council adoption of the budget will be in late June with the election between now and that City Council meeting. As was the case last year if the levy did not pass during the election, there would be an internal discussion and review. Any adjustments needed could be addressed at the time City Council adopts the budget in June along with a public discussion, since the Levy Fund would no longer be allowed to be in the budget. Due to the noticing requirements required to hold a Budget Committee meeting, it would not be feasible to have this committee meeting in that timeframe.

Ms. Tschirky gave kudos to all that presented and appreciated the transparency for the public related to the Local Option Levy.

Ms. Monohon gave thanks to everyone for their time and attention. Materials will be at City Hall tomorrow; alternate arrangements can be made if needed. All questions were to be directed to Ms. McCann or Ms. Monohon so they could coordinate and gather information to answer the questions. Responses were provided to the entire committee. Also, a reminder was provided to avoid discussing any details or questions among committee members to ensure public meeting requirements were met. These types of conversations should be held in a public meeting.

9. Recess Until Next Meeting: Thursday, April 25, 2024, at 6:00 p.m.

There was a motion made by Ms. Tschirky and seconded by Mr. Allen to:

“Recess the Budget Committee for Fiscal Year 2024/25 until April 25, 2024”

Motion passes unanimously.

The meeting was recessed at 7:54pm.

Mike Schultze, Chair

Christina Ott, Recording Secretary

City of Gresham Budget Committee
Thursday, April 25, 2024, 6:00 p.m.
Zoom Meeting Minutes

Budget Committee Members Present:

Rusty Allen
Councilor Dina Dinucci
Dave Dyk
Councilor Janine Gladfelter
Councilor Vincent Jones-Dixon
Claire Lider
Nick McWilliams
Councilor Eddy Morales
Councilor Sue Piazza
Mike Schultze, Chair
Mayor Travis Stovall
Theresa Tschirky, Vice Chair

Budget Committee Members Absent:

Jan Baker
Councilor Jerry Hinton

Staff Members in Attendance:

Sharron Monohon, Director of Budget & Finance
Eric Schmidt, Interim City Manager
Ellen Van Riper, City Attorney
Elizabeth Coffey, Assistant City Manager
Steve Fancher, Assistant City Manager
Travis Gullberg, Police Chief
Scott Lewis, Fire Chief
Elizabeth McCann, Budget Manager
Ian Peterson, Staff
Blake Petersen, Staff
Sagun Pokharel, Staff
Sarah Kirk, Staff

Christina Ott (Recording Secretary)

1. Reconvene Meeting and Roll Call

The meeting was reconvened at 6:02pm by Chair Schultze and roll call was led by Ms. Monohon.

2. Instructions for Public Comment

Chair Schultze reviewed the instructions for Public Testimony for the meeting.

3. Approval of Minutes for FY 2023/24 Budget Committee Meetings

A motion was made by Mayor Stovall and seconded by Councilor Gladfelter to:

“Approve Meeting Minutes for Fiscal Year 2023/24 Budget Committee Meeting.”

Motion passes unanimously.

4. Public Comment

Ms. Monohon shared that there were people who signed up to give oral testimony and a packet of the written submissions was distributed to the committee and posted online.

Jack Hollis provided oral testimony related to the proposed elimination of the mediation program, specifically on the financials of the program and its usage rates, and suggested that the program should be eliminated the following year or addressed at that time.

Patrick Sponsler, Administrator of the Oregon Office for Community Dispute Resolution at the University of Oregon School of Law, provided oral testimony related to the proposed elimination of the mediation program, highlighting the long standing grant funding this program has received and offered to partner with the City to identify options for further assistance.

Meg Robinson provided oral testimony related to the mediation program, and uses of the funding from the Local Option Levy and the Police, Fire and Parks Fee.

Rob Bearden provided oral testimony on the limited resources available to the City of Gresham and highlighted the growth and expansion of the mediation program’s services over the last 10 years and services provided by volunteer mediators.

Abigail Barash provided oral testimony about the experience of using the mediation program and the positive experience it was for their household and the youth living with them.

Abbey Bowman provided oral testimony about the mediation program, experiences working as a volunteer mediator and operating a similar program, and the impacts such a program could have. Comments were offered regarding the grant and contractual revenues for this program.

5. Follow-up from Budget Committee Meeting #1

Interim City Manager Schmidt gave an overview of topics from the previous Budget Committee

meeting and acknowledged the written and oral testimonies received expressing support for the mediation program and shared his perspective on the budgetary impact of the program and usage.

Ms. Monohon added that it can be difficult to understand the full cost of a program. Costs referenced in public comment were focused on the direct costs of the program but didn't include indirect or administrative costs.

Ms. McCann shared that written questions were received from the Budget Committee. The first question was related to the number of positions that had been eliminated over the last several years and if any positions had been added during that period. Ms. McCann stated that the 30 positions listed were a net change of the positions that had an impact on the General Fund. There were other positions that were added that did not impact the General Fund.

Ms. McCann stated that the second question received asked if there was preparatory work occurring in case the levy did not pass. Ms. McCann provided information that Oregon Budget Law has a provision that allows City Council to make limited changes at the time of budget adoption. This was how the issue was addressed for FY 2023/24 when the levy didn't pass for that year. Ms. McCann also shared that options were being developed and reviewed so in the event the levy didn't pass information would be ready to be presented to City Council.

Ms. Tschirky asked about Mediation Services grant support and if the program were eliminated from the budget whether the city would have to repay those grants and how much it would be.

Ms. McCann responded there was a grant that was paid for in advance for a two-year budget cycle. That money has not been spent and was set aside for the next fiscal year. If the program did not continue, those funds would be returned and would not impact the current finances.

Ms. Tschirky then asked if they were included in this budget.

Ms. McCann clarified they were not recognized as a part of the current budget and no spending of those funds had occurred.

Ms. Tschirky asked if the 2.48 reduction in personnel was strictly related to Mediation Services.

Ms. McCann stated that the 1.48 was coming from Mediation services and the other position was coming from the Rental Inspection program.

Councilor Jones-Dixon departed the meeting.

6. Committee Discussion

Chair Schultze opened it up to Committee discussion.

Councilor DiNucci asked for clarification on the indirect costs that are associated with the mediation program and those positions.

Interim City Manager Schmidt explained that he was mentioning the direct costs, and if the program were put back in the proposed budget, the General Fund impact would be \$65,000. This did not include any Internal Service Charges such as payroll, administration, Human Resources, and other areas.

Councilor DiNucci asked if there was any understanding why there is such a discrepancy on the number that staff are stating and what was stated during the testimonies.

Interim City Manager Schmidt replied that wasn't possible without doing additional research, that there was lots of information and different testimonies, and it would take time.

Councilor DiNucci expressed it would be great to get more answers regarding that. These programs are important to the community and would like to have discussions continue outside of the budget process and look for ways for this program to survive.

Mr. Dyk asked if the committee were to ask staff to make a proposal to adjust the budget to fund the East County Resolutions program, would there be a trade-off of some kind.

Interim City Manager Schmidt responded there would need to be a motion made to restore the program in the budget.

Ms. McCann added if an offset was not identified, then the General Fund fund balance would be reduced by \$65,000 to fund the program.

Mr. Dyk followed up by asking if reducing the fund balance by \$65,000 would put the fund below the target level.

Interim City Manager Schmidt stated it would not.

Ms. Monohon added the General Fund does not have a structurally balanced budget and it continues to be an ongoing effort to work towards a structurally balanced budget in the long term.

Council President Piazza asked for clarification with how the \$65,000 in direct costs correlate

with the possible \$1.2 million that may be affected by keeping this program in.

Interim City Manager Schmidt elaborated on the direct costs itself being just the \$65,000 plus the indirect costs being approximately \$100,000 annually, half of it being related to department administration and the other half related to internal service charges.

Council President Piazza also asked if it was possible that the County would pick up the program if it wasn't added back to the City budget.

Interim City Manager Schmidt replied there are a number of different options of where the program could be housed, such as the county, the state, or even a non-profit.

Mayor Stovall thanked everyone for all the presentations, the testimonies, and for the insight and input from the staff. He then explained that he has heard positive feedback regarding the program but this program may not be part of the core services offered by the city when there are budgetary shortfalls. Mayor Stoval asked if there was a short-term solution that would allow for the program to transition to a new organization such as the county or a non-profit and suggested that 6-12 months may be a sufficient time period to pursue that path.

Ms. Tschirky, Mr. Dyk, Councilor DiNucci, and Councilor Morales indicated their support for the Mayor's suggestion. However, Mr. Dyk added that it may be harder for some entity to pick it up if the extension is less than a full fiscal year.

Mr. Dyk asked about the justification for converting positions from Limited Term status to permanent positions.

Ms. McCann explained that many of the proposed conversions are related to the positions that were originally funded with American Rescue Plan Act (ARPA) funds and permanent funding has been identified. Positions in Police and Fire are related to the levy but some of the other ones are in internal services or other departments around the city.

Ms. McCann offered that one example is the Management Analyst in the Budget and Finance group. That position was brought on board due to the additional workload that came with the ARPA funding. While the City still has the ARPA funding, there has been a significant increase in the number of grants the City has received. As part of Interim City Manager Schmidt's Budget Message, the capacity to accept and manage grants was identified as being important.

Mr. Dyk commented that the increase in Communications of approximately \$200,000 may seem like a luxury to some individuals during times of lean budgeting, and if trade-offs need to be considered, would like this to be included in the conversation.

Mr. Allen asked about Mediation Services and that it was stated that a grant was already in hand for the biennium. If the mediation program was restored for six months, what impact would it have on those funds?

Ms. McCann responded that the City would have to look at all the contracts for each individual grant agreement and see what was specified, and conversations with grantors might be needed to determine if they would allow six months versus a full year.

Council President Piazza was concerned that Police staffing levels appeared to decrease from the prior year. If the levy was bringing new funding, then why was it displayed in the document that the funding was reduced for the department and asked for clarification. Councilor Piazza acknowledged that a replacement for page 108 had been provided.

Ms. McCann explained that a replacement page 108 was provided since the original contained information that hadn't been updated. Ms. McCann noted that page 108 contained a combined presentation of the General Fund and the Local Option Levy Fund together. By law the Local Option Levy must be in its own fund, but as part of the proposal for the levy, there were some existing positions in police and fire that would be preserved using those levy funds. Those positions were moved from the General Fund to the Levy Fund to be able to utilize that funding. It makes it difficult to understand the impact when looking at the General Fund alone. Ms. McCann agreed that it did look like the Police and Fire Department's budgets in the General Fund were decreasing, but the combined report provided a better picture of the overall impact on the departments in both funds. Both Police and Fire have increased budgets when looking at the combined statement. The rest of the chapter in the document presents each fund on its own and meets the legal requirement, but staff wanted to present a wholistic picture over time.

Council President Piazza and Ms. McCann confirmed the movement of positions between the General Fund, Levy Fund, and ARPA funding.

Council President Piazza expressed concern that moving these positions around could feed the impression that Police and Fire were not receiving all the funds from the Levy and that the Levy was supposed to be for new positions.

Ms. Monohon responded that the Levy was a combination of new and preserved positions. Page 141 is related to the Levy specifically and shows the total amounts for Police and Fire that are reflected in the Levy Fund.

Council President Piazza asked if there was a page in the document that showed the total number of positions for Police and Fire and how they were moved.

Ms. McCann directed Council President Piazza to page 107 of the budget document for information about the Levy Fund positions and page 372 to see each department in its entirety.

Mr. McWilliams departed the meeting.

Chair Schultze asked the committee how it would like to proceed. The committee discussed how they would like to proceed with the next steps to move to approval of the budget. The committee continued discussion about a motion to restore the mediation program and the period of time to allow for a relocation of that program.

Ms. McCann directed the committee's attention to a sample motion provided by staff.

A motion was made by Mayor Stovall and seconded by Mr. Allen to:

"Amend the Proposed Budget by:

- **Increase Designated Purpose Fund revenue by \$230,000**
- **Increase Designated Purpose Fund Transfers In by \$65,000**
- **Increase the Mediation Division in Community Livability in the Designated Purpose Fund by \$295,000 for personnel and materials & services**
- **Decrease General Fund Unappropriated by \$65,000**
- **Increase General Fund Transfers Out by \$65,000**
- **Mediation Services to find a new home within the next fiscal year"**

Yea:

**Rusty Allen
Dave Dyk
Councilor Janine Gladfelter
Claire Lider
Councilor Eddy Morales
Council President Sue Piazza
Mike Schultze
Mayor Travis Stovall
Theresa Tschirky**

Nay:

Councilor Dina Dinucci

Motion passes.

7. Approval of Fiscal Year 2024/25 Budget and Tax Rate

There was discussion within the committee about needing a recess to have more time to review

the information, gain more understanding of the budget, and allow the community more time to understand the budget.

A motion was made by Mr. Dyk and seconded by Councilor DiNucci to:

“Recess the Budget Committee meeting until Tuesday, April 30, 2024.”

Yay:

**Councilor Dina DiNucci
Dave Dyk
Councilor Eddy Morales**

Nay:

**Rusty Allen
Councilor Janine Gladfelter
Claire Lider
Council President Sue Piazza
Mike Schultze
Mayor Travis Stovall
Theresa Tschirky**

Motion does not pass.

Mayor Stovall gave compliments to the Budget and Finance team as well as Interim City Manager Schmidt for all their hard work and being as accurate as possible in information related to the budget and finances of the City.

A motion was made by Ms. Tschirky and seconded by Mayor Stovall to:

“Approve the Proposed Budget for Fiscal Year 2024/25 as amended by the Budget Committee.”

Motion passes unanimously.

There was a motion made by Mr. Dyk and seconded by Councilor Gladfelter to:

“Approve Property Taxes for Fiscal Year 2024/25 at the rate of \$3.6129 dollars per \$1000 of Assessed Value for the Permanent Rate Tax Levy and at the rate of \$1.35 per \$1000 of Assessed Value for the Local Option Tax Levy.

Motion passes unanimously.

Ms. Monohon, Interim City Manager Schmidt, Mayor Stovall, Councilor DiNucci, Councilor Morales, and Councilor Gladfelter all gave thanks to staff and the committee for their time and hard work with the budget.

8. Adjourn Meeting

The meeting was adjourned at 7:43pm by Chair Schultze.

Mike Schultze, Chair

Christina Ott, Recording Secretary