

Minutes

City of Bend and Bend Urban Renewal Agency (BURA)

Budget Committee Deliberations

May 22-23, 2023

4:00 pm to 9:00 pm



CITY OF BEND

Hybrid Meeting (In person at Fire Training Center and virtual via Zoom)

Monday, May 22, 2023

Welcome, Overview of Agenda and Organization of Meetings

The City of Bend Budget Committee Meeting was called to order by Chair Peter Skrbek. Present were Budget Committee members Peter Skrbek, Kat Mastrangelo, Steve Platt, Emilie Cortes, Robert Savage, Kevin Knight, Mayor Melanie Kebler, Mayor Pro Tem Megan Perkins, Councilor Mike Riley, Councilor Ariel Mendez, Councilor Anthony Broadman, Councilor Barb Campbell, and Councilor Megan Norris.

Also present were Eric King – City Manager and Sharon Wojda – Chief Financial & Administrative Officer.

Mr. King introduced the City’s budget team and provided an overview of the 2023-2025 budget’s key messages, development process, areas of focus, and the City’s funding strategy, as outlined in the presentation. Accomplishments in the areas of housing, distribution of COVID-related funds, internal operations, public safety, and transportation infrastructure were reviewed. Though General Fund revenue has been increasing at approximately 5% per year, it is not keeping pace with costs.

Ms. Wojda and Mr. King presented a high-level overview of the State’s economic and revenue forecasts and regional housing needs, as outlined in the presentation. The State of Oregon revenue forecasts are not anticipated to impact the City’s budget. Though Bend has exceeded the State’s forecasted housing production need, it is currently short approximately 5,000 housing units based upon demand.

High-Level Overview of Proposed 2023-2025 Budget

Ms. Wojda provided an overview of 2023-2025 proposed resources, as outlined in the presentation. Total budget resources required for the biennium are \$1.3B, which includes beginning working capital and revenues. Total operating revenues are projected to be \$480.1M. System Development Charges (SDCs) are included in development revenues. The budget was developed under the assumption the fire levy will pass. Room tax revenue assumptions are developed in coordination with Visit Bend. The City’s 3% marijuana tax is allocated to the

General Fund and is projected to decrease from \$1.5M last year to \$1.1M this year. Member Knight inquired why franchise fee revenue has declined. Mr. King indicated telecom revenue has decreased and previous franchise utility rate increases have stabilized. Ms. Wojda will provide further detail. Councilor Campbell inquired if a portion of marijuana tax is allocation to safety and fire services. Ms. Wojda indicated it is all allocated to the General Fund. The City has experienced a 73% decrease in State-shared marijuana revenue due to Measure 110.

Member Cortes inquired what the basis for franchise fees is. Ms. Wojda indicated some increases are limited by the State. Member Skrbek inquired about the delta between two similar telecom providers. Ms. Wojda indicated one is set by the State of Oregon. Mr. King indicated litigation is in process.

The budget assumed a 3% increase in the engineering construction index that is used to set SDC rates. The actual increase of 2.2% will be reflected in the fee changes presented for adoption by Council in June. The City is currently going through process of updating water and transportation SDC methodologies which will likely impact rates. Member Knight inquired about the approximate impact of changes. Ms. Wojda to provide later in meeting.

Development revenues are based upon activity. The budget document includes higher proposed rates than those presented in this meeting, which reflect conversations being had with stakeholder groups to discuss reducing rate increases.

Utility revenue assumptions are expected to result in an average utility bill increase of 3.5%.

General Fund and Citywide operating revenues are projected to be \$480.1M. Member Cortes inquired why there is a decline from 2018 in Fines and Forfeitures. Ms. Wojda indicated the police department has been understaffed and writing fewer tickets.

Telecom franchise fee decreases are projected to decrease. Ms. Wojda responded to Member Knight's earlier question about the impact in the reduced SDC rate increase and stated that the percentage Engineering News Record decrease equates to \$150k in the first year of the biennium.

Ms. Wojda presented a high-level overview of 2023-2025 proposed requirements, as outlined in the presentation. Proposed requirements for the biennium are \$1.3B. Chair Skrbek requested an explanation of reserve policies. Ms. Wojda indicated reserve policies are adopted by Council. The overall policy is two months of operating expenditures which equates to 16%, though each business area differs. Member Knight inquired if the budget is stress tested with scenario analyses. Ms. Wojda indicated it is with six-year models for the General Fund and 30-year for Utilities. Transportation is ten years. Member Riley inquired about the difference between contingency and reserves. Ms. Wojda indicated contingencies are typically unaccounted for operating expenditures, while reserves are required funds that may be accounted for.

The proposed Personnel Services budget for the biennium is \$281.1M and 795.62 full-time equivalent (FTEs). New staff includes 28 proposed positions. The proposed Materials and Services (M&S) budget is \$118.7M for the biennium. The proposed Capital Outlay budget is \$315.6M for the biennium. Total debt service for the biennium is \$86.6M and includes principal and interest payments. Total City and Bend Urban Renewal Area (BURA) debt service at the end of biennium is anticipated to be \$592M. Interfund transfers for the biennium are anticipated to total \$211.5M and represent overhead costs transferred between funds.

The Central Services and Cost Allocation Plan was reviewed, as outlined in the presentation. Contingency and reserve requirements by service area total \$273M. City policy determines minimum reserve levels. Chair Skrbek inquired how many months of reserves the divisions within the Community and Economic Development Department (CEDD) currently have. Kymala Lutz, Finance Department Budget Analyst, indicated Building has five- and one-half months, Planning has three months, and Private Development and Engineering (PDED) has nine months. Reserves are intended to support unanticipated expenses and reductions in revenues.

Public Comment

No public comment.

Committee Questions / Comments

Member Cortes requested clarification on increases in personnel costs. Mr. King indicated increases represent existing staff vacancies versus all positions filled in budget assumptions, as well as cost of living (COLA) adjustments and anticipated pay step increases. Member Knight inquired if vacancy rates are factored into the proposed budget and what the vacancy rate is. Ms. Wojda indicated Police is the only area with vacancy savings built in. The budget assumes every area is fully staffed. Mr. King indicated vacancy rates are 7-11% for the previous biennium. The anticipated rate for the upcoming biennium is 4-6%.

Councilor Mendez inquired about the spending down of contingencies and reserves shown on page 57 of the budget document. Ms. Wojda indicated page 57 represents the change in reserve funds and that a positive balance for contingencies and reserves remains at the end of the biennium. Member Platt inquired if buying down some increases in permit fees could be considered. Mr. King indicated a SDC methodology update is currently being conducted and decreases may be contemplated, and that permit fees would be discussed later in this meeting. Chair Skrbek requested that the dollar value of City-wide reserves be translated into time.

Utility Operations

Mike Buettner, Utility Director, reviewed a summary of the Utility Operations budget, as outlined in the presentation. The total department budget is approximately \$356.6M with 120 FTEs. The budget includes operations and maintenance, and utility-related Capital Improvement Program (CIP) projects.

Chair Skrbek inquired about the cost of infrastructure to align with city growth rates, and what the City is doing to incentive pro-conservation landscape design. Mr. Buettner indicated \$10M in conservation over the next 20 years would save \$20M in infrastructure. The City is increasing budgets for public education and consulting. Mr. King indicated requirements in the development code will be updated accordingly. Councilor Riley inquired if there is a reserve-building target in the rate models for capital projects, and if there are any gaps. Ms. Wojda indicated targets are built into the models to ensure coverage of operating and project costs, and minimum reserve levels. Member Knight inquired what the reserve totals are based upon. Ms. Wojda indicated the \$5M repair and replacement recommendation came from prior Utility and Engineering directors based upon the age of the system.

Member Platt inquired about the difference between allocated and authorized FTEs, and the increase in projected overtime. Ms. Wojda indicated authorized FTEs are scheduled for the department; allocations are determined by FTEs in positions that perform work across several programs and supported by multiple funds. Mr. Buettner indicated increases in overtime are based upon historical data.

Member Mastrangelo inquired if other communities are working to promote conservation, what role Deschutes County plays, and if post-COVID wastewater testing is continuing. Mr. Buettner indicated most Central Oregon cities are working collectively, and there is participation from Deschutes County, Arnold Irrigation District, and The Confederated Tribes of Warm Springs, and others. The county organizes wastewater testing; the City participates and is resourced to continue.

Ryan Oster, Engineering & Infrastructure Planning Director, presented a summary of the Engineering and Infrastructure Planning Department (EIPD) budget as it relates to the Utility department, as outlined in the presentation. EIPD delivers capital projects for Utilities. The total department budget is approximately \$161M with 32 FTEs. Proposed capital expenditures for Utilities in the biennium are anticipated to be approximately \$93M and \$190M over the next five years. Member Knight inquired about how projects meet budget targets. Mr. Oster indicated the City does well navigating changes though inflation is impacting the budget. Mr. King indicated accountability reports are presented quarterly to Council. Councilor Campbell inquired about in-conduit hydro. Mr. Oster indicated a study is being finalized. The Awbrey water line project will include the ability to install a turbine. Other areas are being considered, including the Outback facility. Chair Skrbek inquired if there is potential for cogeneration methane. Mr. Oster indicated there is an upcoming study.

Community and Economic Development Department

Colin Stephens, Community & Economic Development Director) reviewed a summary of the CEDD budget, as outlined in the presentation. The total department budget is approximately \$84.1M with 120 FTEs. Proposed permit fee increases were generally discussed. Member Cortes inquired how much General Fund support would be needed to support six months of

minimum reserves. Teresa Briggs to provide for the deliberations portion of the meeting. Member Platt inquired why consulting fees for Growth Management have doubled. Mr. King indicated consulting will be necessary for the upcoming Housing Needs Analysis, Economic Opportunities Analysis, and Climate Friendly and Equitable Communities work, and that the City is advocating for state funding. Chair Skrbek inquired how many acres were included in the Stevens Road Tract expansion. Mr. Stephens indicated approximately 250 acres.

Member Mastrangelo inquired if most projects have expenses allocated in all three funds (Building, Planning, Private Development Engineering) and what the total fee increase would be per project. Mr. Stephens indicated most projects do cross all three funds. Mr. Grayson indicated permitting fees and SDCs are typically 6% to 10% of a project. Councilor Broadman expressed the need to know how the City's fees compare with competing cities' fees if General Fund subsidies will be considered to support a reduction in proposed permit fee increases. Mayor Kebler inquired whether fee increases, or rather permitting delays are driving up costs. Councilor Mendez inquired if General Fund subsidies could be considered to cover depleted reserves only in emergency situations. Mr. King indicated direction would be needed to explore support from the General Fund. Member Cortes expressed concern for asking taxpayers to fund future development. Russ Grayson, Chief Operations Officer, indicated SDCs may increase with new methodology over the next six months. Councilor Riley inquired about the delta in Planning fee increases between FY24 and FY25 and if a larger increase in FY24 should be considered. Mr. King indicated that the General Fund has historically provided support, and reserves have been utilized rather than increasing fees. A mid-year adjustment may be necessary to absorb some of the increase. Mr. Stephens indicated that some services, such as front counter and code change support, are not fee related.

Affordable Housing & Houseless Services

Lynne McConnell, Housing Director, reviewed a summary of the Affordable Housing and Houseless budget, as outlined in the presentation. The total department budget is approximately \$19.2M with eight FTEs. Council will see a request for administrative fees in June. Mayor Kebler inquired if fee increases are intended to cover overhead costs or to allow funds distribution for houseless and affordable housing support, and if the General Fund could contribute. Ms. Wojda indicated increases could contribute to funding overhead costs and allow for funds distribution. Ms. McConnell indicated total needed funding for the Houseless Fund has not yet been identified. Chair Skrbek requested an accounting of investment of capital and aggregate of expenses for services. Member Savage requested a point in time count and population of houseless community members. Ms. McConnell indicated the population has increased from 800 to 1,100 in the past two years.

Ms. Wojda distributed public comment that was received prior to the meeting from Ian Schmidt, chair of the City's Affordable Housing Advisory Committee.

Roundtable Comments

Member Cortes requested clarity on the amount of General Fund subsidy funds available for supporting needs in other funds and how allocations would impact General Fund reserves. Ms. Wojda provided a summary of items needing follow-up for discussion during deliberations. Councilor Broadman indicated a characterization of fund sources for supporting houselessness would be helpful. Chair Skrbek requested an analysis of sheltering capacity needed to enable enforcement of right of way. Member Knight requested an analysis of budget versus actuals for several years prior to the current biennium.

Councilor Campbell moved to adjourn the meeting; Councilor Riley seconded.

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CITY OF BEND

Hybrid Meeting (In person at Fire Training Center and virtual via Zoom)

Tuesday, May 23, 2023

The City of Bend Budget Committee Meeting was called to order by Chair Peter Skrbek. Present were Budget Committee members Peter Skrbek, Kat Mastrangelo, Steve Platt, Emilie Cortes, Robert Savage, Kevin Knight, Mayor Melanie Kebler, Mayor Pro Tem Megan Perkins, Councilor Mike Riley, Councilor Ariel Mendez, Councilor Anthony Broadman, Councilor Barb Campbell, and Councilor Megan Norris (Councilor Norris attended remotely).

Also present were Eric King – City Manager and Sharon Wojda – Chief Financial & Administrative Officer.

Public Safety

Fire Department

Chief Todd Riley reviewed a summary of the Fire Department budget, as outlined in the presentation. It was noted the fire levy is anticipated to pass as of this meeting. The total department budget is approximately \$92.6M with 150.62 Full Time Employees (FTEs). Emergency medical services and fire response call volume is expected to increase 38% over the next five years.

Member Savage inquired why charges for services are decreasing and what is contributing to the 38% increase in calls. Chief Riley indicated many patients are recipients of Medicare and Medicaid which impacts reimbursement rates. Most calls are medical response within city limits in the core, downtown and near the hospital.

Councilor Campbell inquired why ambulance and fire respond together and if fire engines are staffed with emergency medical technicians (EMTs). Chief Riley indicated response levels are dependent upon the severity of calls and that all engines and trucks are staffed with at least one EMT.

Member Knight inquired about the process determining when equipment is replaced and if rebuilding equipment has been considered. Chief Riley indicated mileage and hours of use determine replacement schedules, based upon industry recommendations. Rebuilding

ambulances will be an option as new equipment is brought online. Fire engines and trucks are not eligible for rebuilding.

Councilor Mendez inquired if there are policy options that could extend the life of vehicles. Chief Riley indicated options are limited by staffing capacity and effectiveness working in teams.

Member Platt inquired if overtime as a percentage of salary is anticipated to drop with increased staffing. Chief Riley indicated it may once staffing has increased capacity and is commensurate with the city's growth.

Member Mastrangelo inquired whether there has been a change in the types of calls, if current heat maps are similar to prior years, and if the department has experienced an increase in the use of Narcan. Chief Riley indicated the community and its use of 911 is evolving. Heat maps remain unchanged in the past four years. Prior to the increased use of Fentanyl, Narcan was regularly administered to treat heroin overdoses.

Police Department

Chief Mike Krantz provided a summary of the Police Department budget, as outlined in the presentation. The total department budget is approximately \$81.68M with 153.5 FTEs.

Chair Skrbek inquired about the drone launch site. Chief Krantz indicated there is opportunity to explore the option of using a drone as a first responder to high-priority calls, providing aerial view information for responding officers.

Mayor Kebler inquired what supports automated traffic enforcement and if personnel is included in the budget. Chief Krantz indicated Council goals include the exploration of photo enforcement. Staff to support automation is not included in this budget.

Member Savage inquired if franchise fees are charged to security companies for call responses and what Measure 110 has cost the City. Chief Krantz indicated the City does not charge fees to security companies. Ms. Wojda indicated there has been a loss in revenue due to Measure 110.

Councilor Campbell inquired about the status of the virtual scenario training system. Chief Krantz indicated the technology is outdated and no longer works. New technology is robust and affordable in terms of reduction for trainers and overtime.

Councilor Mendez inquired about the projected reduction in revenues generated from traffic violations, parking citations and municipal code violations and how additional staffing would impact revenues, and if costs associated with policing could be paid by violators. Chief Krantz indicated that once open traffic enforcement positions are filled and staff completes two years of training, revenue is expected to increase. City legal staff indicated cost recovery methods are determined by Oregon legislative rules.

Councilor Riley inquired why there is not a request for investigative staff in this budget. Chief Krantz indicated there is a need and staffing may increase in the second year of the biennium.

Member Platt inquired about vehicle replacement scheduling. Chief Krantz indicated new replacement and purchasing plans are in place to provide consistency in costs from year to year.

Member Cortes acknowledged the diversity of new hires, inquired where in the budget \$100k for virtual reality training is, what is involved in the next level of training, and what the status of cameras is. Police Business Manager Tara Lewellen indicated virtual reality training is in the training budget. Chief Krantz indicated the training budget will typically increase due to increasing requirements. Technology may provide savings. Every sworn member of the police force utilizes a body-worn camera, and in-car cameras are currently being installed in all vehicles.

Member Knight inquired if additional staff should be considered now to meet future needs given the required two years of training prior to entering the field. Mr. King indicated staff was requested though funds were unavailable when staffing requests were submitted last fall.

Councilor Riley requested an accounting of cost per staff person. Mr. King indicated it will be provided.

Chief Krantz indicated community growth is outpacing staffing. Current staffing is .9 officers per 1,000 community members. The nationwide average is 1.4 to 2 officers per 1,000 community members. Member Knight inquired if training capabilities would support additional staff. Chief Krantz indicated it would, up to 10 per year. Member Cortes inquired where an additional FTE would be assigned. Chief Krantz indicated they would be assigned to patrol. Councilor Campbell inquired if there is an opportunity use volunteer officers. Chief Krantz indicated the reserve program was eliminated in the last biennium due to lack of resources.

In response to Member Savage's question about the revenue decrease due to passage of Measure 110, Ms. Wojda indicated the year end marijuana state-shared allocation projection is \$152k, a drop from \$483k in FY19-20.

Public Comment

Morgan Greenwood, vice president of government affairs for Central Oregon Builders Association, requested \$200k from the General Fund be allocated to Community and Economic Development Department (CEDD) to offset the cost of overhead, mitigating fee proposals and the housing deficit.

Councilor Norris declared a potential conflict of interest due to employment with Hayden Homes. The proposed budget includes fee increase that could impact the employer.

Transportation & Mobility

Ryan Oster, Engineering & Infrastructure Planning Director, reviewed a summary of the Transportation System Plan (TSP) and a recap of the Engineering and Infrastructure Planning

Department (EIPD) budget, as outlined in the presentation. The total department budget is approximately \$161M with 32 FTEs. Approximately \$185M in transportation-related Capital Improvement Program (CIP) projects, GO Bond and accessibility projects is scheduled in the next five years.

Councilor Riley inquired how many CIP projects are dual-funded and if the Riverfront project includes Columbia bridge. Mr. Oster indicated approximately three quarters of CIP projects are dual-funded. The Columbia bridge is not included in the Riverfront project, though is on the CIP list.

Councilor Mendez inquired how the two FTEs supporting the GO Bond projects are funded. Ms. Wojda indicated they are funded by the GO Bond.

David Abbas, Transportation & Mobility Director, reviewed the Transportation and Mobility Department (T&M) budget, as outlined in the presentation. The total department budget is approximately \$97.4M with 61.5 FTEs.

Councilor Mendez inquired about cemetery operations. Mr. Abbas indicated cemetery operation and maintenance is supported by T&M, including one sexton. Fees comparable to other cemeteries are being considered. Member Knight inquired if outsourcing has been considered. Mr. King indicated the City attempted selling the cemetery, and Ms. Wojda indicated there is currently \$700k in the cemetery maintenance fund. Additional methods of increasing capacity are being considered. Councilor Broadman inquired about the possibility of ceasing General Fund subsidies and only charging for services. Mr. Abbas indicated maintenance would be compromised, and Ms. Wojda indicated fees alone would not cover the cost of one FTE. Mr. King indicated the proposed fee increases are 10% and may be reviewed and increased which could reduce the General Fund subsidy. General consensus was received.

Member Knight inquired about the budgeted Transportation Utility Fee (TUF) amount. Mr. Abbas indicated it is based upon an annual PCI rating system and budget scenarios. Chair Skrbek inquired about the total value of system assets. Mr. Abbas indicated there are 882 lane miles. Mr. Grayson indicated the goal is to establish a sustainable funding source in T+M for street maintenance.

Councilor Campbell inquired about concrete and accessibility within the operations and maintenance program. Mr. Abbas indicated the category includes Americans with Disabilities Act (ADA) ramp work and sidewalk infill. Mr. King indicated paving includes concrete roundabouts.

Member Cortes inquired what the dollar amount would equate to if cemetery fees were increased by 10-15%. Ms. Wojda recommended obtaining direction from this committee to review and present to Council in June. This committee would be updated with the savings

amount to the General Fund at a later date. Member Mastrangelo inquired if there are opportunities to partner with other organizations on cemetery operations. Mr. King indicated inmate crews have been utilized in the past though financially ineffective due to liability.

Councilor Riley requested confirmation there is not General Fund subsidy for the airport. Ms. Wojda indicated there currently is none for operations. If attempts to obtain funding to close the \$5M funding gap are unsuccessful, the City would issue debt and use the General Fund to service it. There are opportunities to partner with airport tenants for cost sharing. Funding option decisions would be made by Council. Member Knight inquired if the airport is currently self-sustaining. Ms. Wojda indicated it is for operations. Chair Skrbek inquired about the timeline for expansion of leased land and potential to utilize more than one developer. Mr. Abbas indicated the City is currently updating rules and regulations, including with regard to development. Mr. King indicated updates should be completed in the next few months. Member Platt inquired whether an increase in capacity following construction of the tower has been projected and if radar equipment is funded. Mr. Abbas indicated the tower is intended to improve safety. The Federal Aviation Administration (FAA) funds tower operators. Program-specific equipment is accounted for in the \$1.6M design phase of the project.

General Fund and Wrap Up

Ms. Wojda reviewed limitations on General Fund revenues, as outlined in the presentation. There is limited flexibility on increasing existing revenues. Member Platt inquired why sponsorships and contributions are increasing six-fold. Ms. Wojda will provide detail. Councilor Riley inquired whether the \$650k in the local improvement district (LID) fund can be used now. Ms. Wojda indicated the City's legal department, auditors, and the State, would need to confirm any legal restrictions. Member Riley requested staff collect that information and the budget committee discuss how funds might be used.

Ms. Wojda indicated the sponsorships and contributions line-item increase is due to funds for the CORE3 project moving from the Police budget to the General Fund. Chief Krantz indicated CORE3 is a multi-agency effort to build a public safety and emergency management training center Redmond. The City is committed to a \$50k per year contribution commensurate with the population. Ms. Wojda indicated a portion of the opioid settlement funds are in the sponsorships and contributions line item.

Ms. Wojda presented follow up information from the previous evening's meeting including budget to actuals for previous years and a reserve analysis, as outlined in the presentation. Councilor Riley inquired whether reserves for the Fire / EMS fund are anticipated to increase due to the levy. Ms. Wojda indicated they are, as the levy revenues will backfill the draw down of reserves in the first year of the biennium.

Colin Stephens reviewed reserve analyses for the Building Safety, Planning, and Engineering divisions, as outlined in the presentation. Planning includes a staff-recommended \$300K per

year contribution from the General Fund for the biennium that would increase reserves to five months and lower the FY25 fee increase from 70% to 45%. Mayor Kebler expressed concern about establishing the precedent of General Fund subsidies. Councilor Campbell requested clarification on the difference between COBA's recommended \$200k subsidy versus staff's \$300k recommendation. Mr. King indicated the funds will have the same effect, helping to reduce pressure on recovering costs and brings fee increases down. Member Cortes expressed support for establishing a precedent of General Fund subsidies to reduce deficiencies in the division, and inquired how permitting and application times will be impacted. Mr. King indicated pre-applications times have potential to decrease. Councilor Mendez inquired where the \$600k is coming from and if it could be allocated when needed rather than immediately. Mr. King indicated it will come from General Fund reserves and it could be allocated at a later time. An alternative option would be to reduce staff which would impact service levels. Chair Skrbek expressed support for the committee to determine at what minimum percentage division reserves should be.

Councilor Riley inquired how the long-range planning surcharge impacts the calculation and expressed support for increasing the proposed fee in the first fiscal year. Mr. King indicated the surcharge will remain the same and will not have an impact. Councilor Broadman expressed support for subsidizing the legislative component of planning for \$600k from the General Fund.

Member Savage inquired what percent fees are of development projects. Chair Skrbek indicated approximately 1.8% of residential, 3% of commercial. Mr. Grayson indicated with system development charges (SDCs) approximately 6% of residential, 10% of commercial.

Councilor Mendez expressed support for four or five months of reserves. Councilor Campbell inquired under what circumstances may Council decide to utilize General Fund reserves to relieve the planning department. Mr. King indicated decisions will be up to Council.

Kymala Lutz, Finance Department Budget Analyst, reviewed the Housing department fund analysis for houseless services and housing programs, as outlined in the presentation. Supporting analysis is attached to these minutes. All funding is one-time funding. Expected State funding is included in the proposed budget. Lynne McConnell indicated the Franklin shelter is intended for eventual redevelopment.

Ms. Lutz reviewed the fund analysis for all other housing programs, as outlined in the presentation. Supporting analysis is attached to these minutes. Councilor Riley requested detail on overhead costs. Ms. Lutz indicated overhead includes costs for legal, finance, and human resources, all requirements of grants. Chair Skrbek inquired about the future funding plan to cover operating expenses. Mayor Kebler indicated shelters and services may be reduced without State funding support. Mr. King indicated the City has requested \$4M from the State.

Ms. McConnell reviewed follow up information from the previous evening's meeting including the 2023 houseless point in time count, Lighthouse Navigation Center, and regarding shelter programs, as outlined in the presentation.

Mr. King reviewed General Fund support recommendations, as outlined in the presentation, including per year contributions of \$300k to the planning division, \$500k to Affordable Housing and houseless support, and support for adding one FTE to the police department.

Chair Skrbek inquired what 1% of reserves equates to. Staff to present during final deliberations.

Final Deliberations

Ms. Wojda indicated 1% of General Fund reserves is approximately \$700k. Without recommended contributions to suggested funds, reserves are projected to remain at approximately 20% in both years of the 2023-25 biennium.

Mayor Kebler inquired how the 16% General Fund reserve minimum was determined. Ms. Wojda indicated it was by fiscal policies and best practices. Member Knight inquired what impact a recession would have on revenue streams. Mr. King indicated the taxable assessed value decreased by approximately .05% in 2009. Councilor Mendez inquired about property tax delinquency rates. Ms. Wojda indicated property tax collection rates declined from 96% to 92.5% during the recession. Scenarios include evaluating how fluctuations in revenue impact debt service. Mayor Kebler expressed support for a minimum reserve level of 18%. Councilors Campbell and Riley agreed.

Mayor Kebler inquired if a \$500k per year contribution to Affordable Housing and houseless support would cover overhead, noting the letter received by the City's Affordable Housing Advisory Committee (AHAC). Ms. Wojda indicated the \$500k is intended for administrative and overhead costs related to houseless support; an additional \$50k per year contribution would be required to support Affordable Housing. Councilor Broadman requested clarification of costs covered by an annual \$500k contribution to houseless support and expressed concern about establishing precedent that the City will pay service providers for services the Deschutes County should be paying.

Chair Skrbek inquired about the total annual fully burdened cost of a patrol officer. Ms. Wojda indicated \$163k.

Mayor Kebler proposed an annual \$200k contribution for Planning to support staff work on legislative code issues. A straw poll indicated general support.

Councilor Riley proposed adding one FTE for patrol at \$163k per year in first year of the biennium and an additional FTE investigator in the second year. Chief Krantz agreed. Chair Skrbek inquired what the fully burdened of an investigator would be. Dan Quick, Finance

Department Budget Analyst, indicated \$210k per year. Mayor Pro Tem Perkins and Norris, and Members Cortes and Knight expressed support. Member Mastrangelo inquired if second-year salary increases have been considered. Mr. King indicated they will be.

A straw poll indicated general support for an annual \$550k for Affordable Housing and houseless services.

General support was acknowledged for a six-month minimum level of Planning fund reserves. Mayor Kebler and Member Savage expressed support for less; Councilor Riley expressed support for more.

Approval of Proposed Budget; Approval of City and BURA Property Tax Levies

Approval of the City of Bend 2023-2025 Biennial Budget

Councilor Campbell moved to approve the City of Bend 2023-2025 Biennial Budget as proposed with the following amendments:

- Decrease Contingency in the General Fund by \$1,500,000 and increase Interfund Transfers to the Planning Fund by \$400,000, Houseless Fund by \$1,000,000, and Affordable Housing Fund by \$100,000.
- Increase Interfund Transfer revenue from the General Fund by \$400,000 and increase the Community & Economic Development Program budget in the Planning Fund to support city legislative work and code updates performed by Planning Staff.
- Increase Interfund Transfer revenue from the General Fund by \$1,000,000 and increase the Interfund Transfers budget in the Houseless Fund to supplement restrictive funding and offset administrative costs.
- Increase Interfund Transfer revenue from the General Fund by \$100,000 and increase Interfund Transfers budget in the Affordable Housing Fund to support administrative costs.
- Decrease Contingency in the General Fund by \$536,000 and increase the Public Safety Program budget in the General Fund by \$536,000 to support an additional Patrol Officer position beginning in Fiscal Year 2023-24 and an additional Investigative position beginning in Fiscal Year 2024-25.

Councilor Riley seconded.

Votes are recorded as follows: Member Cortes, yes; Councilor Broadman, yes; Councilor Mendez, yes; Member Knight, yes; Councilor Campbell, yes; Member Mastrangelo, yes; Councilor Riley, yes; Member Savage, yes; Mayor Pro Tem Perkins, yes; Member Platt, yes; Mayor Kebler, yes; Chair Skrbek, yes; Councilor Norris, yes. Yes – 13, No – 0.

City of Bend Property Taxes

Councilor Campbell moved to approve that City of Bend property taxes to be imposed at a rate of \$2.8035 per \$1,000 of Taxable Assessed Value for both Fiscal Year 2023-24 and Fiscal Year 2024-25. Councilor Mendez seconded.

Votes are recorded as follows: Member Cortes, yes; Councilor Broadman, yes; Councilor Mendez, yes; Member Knight, yes; Councilor Campbell, yes; Member Mastrangelo, yes; Councilor Riley, yes; Member Savage, yes; Mayor Pro Tem Perkins, yes; Member Platt, yes; Mayor Kebler, yes; Chair Skrbek, yes; Councilor Norris, yes. Yes – 13, No – 0.

2011 General Obligation Bond

Councilor Campbell moved to approve the City of Bend general obligation bond property tax levy in the amount of \$1,700,000 for both Fiscal Year 2023-24 and Fiscal Year 2024-25 for bonded indebtedness related to transportation bonds approved by voters on May 17, 2011. Member Knight seconded.

Votes are recorded as follows: Member Cortes, yes; Councilor Broadman, yes; Councilor Mendez, yes; Member Knight, yes; Councilor Campbell, yes; Member Mastrangelo, yes; Councilor Riley, yes; Member Savage, yes; Mayor Pro Tem Perkins, yes; Member Platt, yes; Mayor Kebler, yes; Chair Skrbek, yes; Councilor Norris, yes. Yes – 13, No – 0.

2020 General Obligation Bond

Councilor Campbell moved to approve the City of Bend general obligation bond property tax levy in the amount of \$2,495,000 for Fiscal Year 2023-24 for bonded indebtedness related to transportation bonds approved by voters on November 3, 2020. Mayor Pro Tem Perkins seconded.

Votes are recorded as follows: Member Cortes, yes; Councilor Broadman, yes; Councilor Mendez, yes; Member Knight, yes; Councilor Campbell, yes; Member Mastrangelo, yes; Councilor Riley, yes; Member Savage, yes; Mayor Pro Tem Perkins, yes; Member Platt, yes; Mayor Kebler, yes; Chair Skrbek, yes; Councilor Norris, yes. Yes – 13, No – 0.

Councilor Campbell moved to approve the City of Bend general obligation bond property tax levy in the amount of \$8,298,000 for Fiscal Year 2024-25 for bonded indebtedness related to transportation bonds approved by voters on November 3, 2020. Member Savage seconded.

Votes are recorded as follows: Member Cortes, yes; Councilor Broadman, yes; Councilor Mendez, yes; Member Knight, yes; Councilor Campbell, yes; Member Mastrangelo, yes; Councilor Riley, yes; Member Savage, yes; Mayor Pro Tem Perkins, yes; Member Platt, yes; Mayor Kebler, yes; Chair Skrbek, yes; Councilor Norris, yes. Yes – 13, No – 0.

Fire Local Option Levy

Councilor Campbell moved to approve the City of Bend local option operating tax levy for Fire and Emergency Services at the rate of \$0.20 per \$1,000 of Taxable Assessed Value for Fiscal Year 2023-24 as approved by voters on May 15, 2018. Councilor Riley seconded.

Votes are recorded as follows: Member Cortes, yes; Councilor Broadman, yes; Councilor Mendez, yes; Member Knight, yes; Councilor Campbell, yes; Member Mastrangelo, yes; Councilor Riley, yes; Member Savage, yes; Mayor Pro Tem Perkins, yes; Member Platt, yes; Mayor Kebler, yes; Chair Skrbek, yes; Councilor Norris, yes. Yes – 13, No – 0.

Contingent upon certification of the May 16, 2023, election results, Councilor Campbell moved to approve the City of Bend local option operating tax levy for Fire and Emergency Services at the rate of \$0.76 per \$1,000 of Taxable Assessed Value for Fiscal Year 2024-25 as approved by voters on May 16, 2023. Councilor Mendez seconded.

Votes are recorded as follows: Member Cortes, yes; Councilor Broadman, yes; Councilor Mendez, yes; Member Knight, yes; Councilor Campbell, yes; Member Mastrangelo, yes; Councilor Riley, yes; Member Savage, yes; Mayor Pro Tem Perkins, yes; Member Platt, yes; Mayor Kebler, yes; Chair Skrbek, yes; Councilor Norris, yes. Yes – 13, No – 0.

Adjourn as City Budget Committee and Reconvene as BURA

Councilor Campbell moved to adjourn the City of Bend Budget Committee Meeting. Chair Skrbek seconded.

Chair Skrbek called to order the Bend Urban Renewal Agency Budget Committee meeting.

Approval of the Bend Urban Renewal Agency 2023-2025 Biennial Budget

Councilor Campbell moved to approve the Bend Urban Renewal Agency 2023-2025 Biennial Budget as presented. Member Cortes seconded.

Votes are recorded as follows: Member Cortes, yes; Councilor Broadman, yes; Councilor Mendez, yes; Member Knight, yes; Councilor Campbell, yes; Member Mastrangelo, yes;

Councilor Riley, yes; Member Savage, yes; Mayor Pro Tem Perkins, yes; Member Platt, yes; Mayor Kebler, yes; Chair Skrbek, yes; Councilor Norris, yes. Yes – 13, No – 0.

Juniper Ridge, Murphy Crossing and Core Area Property Taxes

Councilor Campbell moved to approve property taxes for the Juniper Ridge Urban Renewal Area, Murphy Crossing Urban Renewal Area, and the Core Area Urban Renewal Plan Area / Tax Increment Financing District to be derived through the division of tax for both Fiscal Year 2023-24 and Fiscal Year 2024-25. Mayor Kebler seconded.

Votes are recorded as follows: Member Cortes, yes; Councilor Broadman, yes; Councilor Mendez, yes; Member Knight, yes; Councilor Campbell, yes; Member Mastrangelo, yes; Councilor Riley, yes; Member Savage, yes; Mayor Pro Tem Perkins, yes; Member Platt, yes; Mayor Kebler, yes; Chair Skrbek, yes; Councilor Norris, yes. Yes – 13, No – 0.

Councilor Campbell moved to adjourn the Bend Urban Renewal Agency Budget Committee meeting. Chair Skrbek seconded.

Respectfully submitted,

Jenny Umbarger



Accommodation Information for People with Disabilities

To obtain this information in an alternate format such as Braille, large print, electronic formats, etc. please contact Robyn Christie at rchristie@bendoregon.gov or (541) 388-5517; Relay Users Dial 7-1-1.



CITY OF BEND
HOUSING

May 22, 2023

LOCATION

710 NW Wall Street
Downtown Bend

MAILING ADDRESS

PO Box 431
Bend, OR 97709

PHONE

(541) 323-8550
Relay Users Dial 7-1-1

WEB

bendoregon.gov/housing

MAYOR

Melanie Kebler

MAYOR PRO TEM

Megan Perkins

CITY COUNCILORS

Anthony Broadman
Barb Campbell
Ariel Méndez
Megan Norris
Mike Riley

CITY MANAGER

Eric King

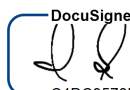
Councilors and Budget Committee members,

AHAC was dismayed to learn of some of the changes to our biennial budget presented at the May AHAC meeting. In particular, we understand there will be a significant reduction in the amount of Affordable Housing Fee that is used to provide critically needed housing in Bend. Our understanding is that in the new budget, a much larger percentage of the Affordable Housing Fee will be allocated to overhead costs that has previously been.

Since inception, it has been the policy decision of the City Council to support administration of the affordable housing program's associated overhead costs through the general fund. This was negotiated in good faith by the City and the community due to the exceptional need for affordable housing in Bend and the corresponding impact to development fees if the true cost of overhead was incorporated in to the fee. The result of this charge will reduce the amount of funding available to create additional affordable housing in Bend.

Across the board, the community is telling us that affordable housing and homelessness are the top priority, and by an overwhelming margin. AHAC understands intimately the challenge of working with limited resources as this is the scenario we're faced with each year when we make affordable housing and services recommendations to you. We are frustrated by the unexpected change to the resources our community deploys to mitigate our housing crisis, and strongly encourage Council to consider supplementing the Housing budget to preserve or expand the funds available for this urgent and critical need.

Sincerely,

DocuSigned by:

C4DC9578E0D54B8...

Ian Schmidt
Chairperson
Affordable Housing Advisory Committee (AHAC)

City of Bend
2023-2025 Proposed Budget
Housing Funding Analysis

<u>Houseless Fund</u>					
	<u>Federal</u>	<u>State</u>	<u>Local - Intergovernmental</u>	<u>General Fund Support</u>	<u>Debt</u>
One-Time Revenues					
American Rescue Plan Act	(6,297,000)				
Deschutes County ARPA			(1,500,000)		
State ARPA		(2,000,000)			
General Fund				(454,400)	
Navigation Center - HB2004		(2,500,000)			
OHCS Turnkey		(630,000)			
OHCS Navigation Center		(1,513,500)			
HB5202		(1,900,000)			
HB5561		(1,000,000)			
Oregon Community Foundation			(2,906,487)		
Long Term Debt Proceeds					(4,601,964)
Revenues by Type	(6,297,000)	(9,543,500)	(4,406,487)	(454,400)	(4,601,964)
Total Revenues	(25,303,351)				
Operating Expenditures	Actuals + YEP		Budgeted FY23-25*		
Personnel	209,700		665,000		
Administrative expenses	15,861				
Right of Way Clean up	354,787		611,700		
Turnkey Operations - Neighbor Impact	814,500		1,757,400		
Navigation Center - Shepherds House Contract	2,055,000		3,840,000		
Franklin - Shepherds House	100,000		1,700,000		
Outdoor Shelters - Central Oregon Villages	760,000		695,000		
Behavioral Health Specialist	135,000		270,000		
OH Transfers	54,400		1,626,400		
	<u>4,499,248</u>		<u>11,165,500</u>		
One-time Capital Investment					
Division Street Acquisition	2,912,829		-		
2nd Street Acquisition	2,008,379		-		
Franklin Acquisition	4,601,967		-		
Acquisition for Temporary Outdoor Shelter	45,000		-		
Shelter Renovations - Transfer to facilities	2,145,000		1,845,400		
	<u>11,713,175</u>		<u>1,845,400</u>		
Total expenditures to date	16,212,422.55		13,010,900		
Shortfall in FY23-25 Biennium	3,919,971.55		-		

*includes costs related to Franklin shelter not included in proposed budget

City of Bend
 2023-2025 Proposed Budget
 Housing Funding Analysis

	Housing						
	<u>Federal</u>	<u>State</u>	<u>Local - Fees</u>	<u>Local - Loan Repayment</u>	<u>General Fund Support (loan or subsidy)</u>	<u>Affordable Housing Subsidy</u>	<u>Investment income</u>
One-Time Revenues							
American Rescue Plan Act	(746,000)						
Recurring Revenues							
Department of Housing and Urban Development	(1,212,200)						
Affordable Housing Fee			(2,499,600)				
Commercial & Industrial Excise tax			(1,180,000)				
Investments							(64,800)
Loan Repayments - City of Bend Residents				(577,600)			
General Fund					(395,400)		
Affordable Housing Funds						(157,400)	
Revenues by Type	(1,958,200)	-	(3,679,600)	(577,600)	(395,400)	(157,400)	(64,800)
Total Revenues	(6,833,000)						
Operating Expenditures							
	FY23-25						
Personnel	1,989,000						
M&S	111,200						
Grants	684,800						
Loans	3,470,700						
Overhead	738,600						
Subsidy to CDBG	157,400						
Short-term loan repayment to General Fund	200,000						
Total expenditures	7,351,700						