

To: Members of the Budget Committee
From: Elizabeth McCann, Budget & Finance Director
Meeting Date: April 16, 2026
Subject: Budget Committee meeting minutes from the fiscal year 2025/26

Attached are the minutes from the fiscal year 2025/26 Budget Committee meetings. Please review them prior to the second Budget Committee meeting on April 28, 2026, as approval of the minutes will be included on that agenda.

City of Gresham Budget Committee
Thursday, April 17, 2025, 6:00 p.m.
Zoom Meeting Minutes

Budget Committee Members Present:

Rusty Allen
Jan Baker
Councilor Kayla Brown
Councilor Janine Gladfelter
Councilor Jerry Hinton
Councilor Cathy Keathley
Nick McWilliams, Chair
Councilor Eddy Morales
Councilor Sue Piazza
Mike Schultze
Mayor Travis Stovall
Theresa Tschirky, Vice Chair

Budget Committee Members Absent:

(none)

Staff Members in Attendance:

Elizabeth McCann, Director of Budget & Finance
Eric Schmidt, City Manager
Ellen Van Riper, City Attorney
Steve Fancher, Assistant City Manager
Larry Morgan, Assistant City Manager
Travis Gullberg, Police Chief
Derik Minard, Fire Chief
Ian Peterson, Sr Financial Analyst
Blake Petersen, Sr Financial Analyst
Tahni Fagerberg, Management Analyst 2
Sagun Pokharel, Budget Analyst
Christina Ott, Administrative Analyst

Sarah Kirk, Budget Analyst (Recording Secretary)

1. Convene Meeting

The Budget Committee meeting was convened at 6:04 p.m. by Mr. Schultze and roll call was led by Ms. McCann.

2. Agenda Review, Ground Rules and Meeting Protocols

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

3. Election of Budget Committee Officers

Mr. Schultze asked for nominations for Budget Committee Chair.

Ms. Tschirky nominated Nick McWilliams for Budget Committee Chair.

Nomination passes unanimously.

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

Ms. Tschirky nominated Jan Baker for Budget Committee Vice Chair. Ms. Baker declined the nomination.

Councilor Gladfelter nominated Theresa Tschirky for Budget Committee Vice Chair.

Nomination passes unanimously.

4. Budget Message and Overview of FY 2025/26 Proposed Budget

City Manager Schmidt began with his presentation of the Proposed Budget for FY 2025/26.

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

Following City Manager Schmidt’s introduction and overview of the FY 2025/26 Proposed Budget, departmental overviews were presented by City Attorney Van Riper, Mr. Fancher, Mr. Morgan, Chief Gullberg, Chief Minard, and City Manager Schmidt. Ms. McCann concluded the presentation with an overview of the budget process and the various funds, as well as information about the General Fund Forecast, General Fund Ending Fund Balance Use, Local Option Levy use, American Rescue Plan Act (ARPA) funding, proposed staffing levels and Gresham’s proposed participation in the PERS Employee Incentive Program.

Councilor Hinton departed the meeting.

5. Instructions for Public Comment

Chair McWilliams reviewed the instructions for providing public comments during the meeting.

6. State Shared Revenue Hearing

Chair McWilliams began the hearing and opened it to public comment.

Ms. McCann shared that there was no public comment related to State Shared Revenue.

Chair McWilliams then asked the committee if they wished for the hearing to be closed. There was consensus for the hearing to be closed.

7. Public Comment

Ms. McCann shared that there was no public comment.

8. Committee Discussion

Councilor Keathley expressed concern about the impact of the identified ~\$8.5M budgetary structural gap on the proposed budget's ending fund balance but noted this included some one-time use of funds. City Manager Schmidt stated that the proposed budget includes strategic realignments and cost-saving measures while still meeting the needs of the community; further analysis of potential reductions can be undertaken, if directed by the Committee, and additional scrutiny will certainly be applied in upcoming budget development cycles.

Councilor Keathley inquired if there were any exercises conducted during budget development to consider reductions to the budget.

City Manager Schmidt shared that this proposed budget reflected his perspective of services needed to meet community needs. Based on the available resources, many vacant positions were eliminated in the proposed budget, but this was not from a lack of need, but a lack of resources.

Chair McWilliams asked about the structure of the Workers' Compensation program and benchmarking of insurance premiums and thresholds. City Attorney Van Riper confirmed that the fund is self-insured, and Ms. McCann confirmed that the Stop Loss policy is regularly marketed. Ms. McCann further clarified that the insurance coverage is tiered with different coverage thresholds for different categories (e.g., office staff vs. police).

Chair McWilliams asked Ms. McCann to revisit the slides related to PERS and asked about the different components that make up the three PERS rates for the City of Gresham. Ms. McCann explained that the graph showed the rates for two biennial periods for each class of employees. The City pays PERS a set rate by group for each biennium, which has been calculated via actuarial analysis. The green segment of the bars in the "PERS Rates" chart reflect costs incurred for benefits currently being earned, while the blue and red segments indicate the underfunded portion of costs from benefits previously earned. The blue and red segments fluctuate based on investment earnings and other factors when compared against assumptions that were made in the actuarial analysis over a 20-year period. Ms. McCann also explained that the unfunded

amount due for each group was spread across all the categories since earlier tiers of employees would eventually have no active employees, but retiree benefits would still be owed, therefore a liability would still exist. This distribution addresses that issue.

Councilor Keathley asked whether money contributed to the proposed new Side Account would solely benefit the City of Gresham, or whether those funds could be applied to other jurisdictions' PERS obligations. Ms. McCann clarified that the City's contribution is specifically and individually designated for the City of Gresham and cannot be used for any other employer.

Councilor Keathley also asked for clarification about the PERS underfunding situation and how the new OPSRP addressed the situation. Ms. McCann explained that the introduction of the OPSRP tier reduced new benefits for employees and has impacted the overall affordability of the program, but benefits could not be changed for employees already in the system. The problem will slowly decrease over time as the original tiers culminate.

Chair McWilliams asked for clarification on the amount of benefit expected from funding the new Side Account.

Ms. McCann confirmed that the City of Gresham would expect about \$12M of benefit in return for the \$8M contributed. She further clarified that this is only a small portion of the City's full liability, but it would have a positive effect without hampering future operational decisions. Chair McWilliams asked if this money has already been earmarked with the State. Ms. McCann explained that limited matching funds were available in the program, so the City completed the application by the April 1 deadline and funds were reserved; if the Budget Committee chose not to move forward with a contribution, the City would inform the State and the funds would be reallocated to another jurisdiction.

Mr. Allen asked if it was known when Tier I and Tier II obligations would cease to exist for the City. Ms. McCann did not have access to the document containing that data when the question was asked, but she promised to share that information at the next Budget Committee meeting.

9. Recess Until Next Meeting: Tuesday, April 29, 2025, at 6:00 p.m.

Ms. McCann thanked everyone for their time and attention. She noted that printed materials would be at City Hall the following day and alternate arrangements for pick-up could be made if needed. All documents would be available on the City's website later that evening. Committee members were encouraged to send questions to Ms. McCann prior to the next meeting. 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.

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

“Recess the Budget Committee for Fiscal Year 2025/26 until April 29, 2025”

Motion passes unanimously.

The meeting was recessed at 8:03pm.

Nick McWilliams, Chair

Sarah Kirk, Recording Secretary

City of Gresham Budget Committee
Tuesday, April 29, 2025, 6:00 p.m.
Zoom Meeting Minutes

Budget Committee Members Present:

Rusty Allen
Jan Baker
Councilor Kayla Brown
Councilor Janine Gladfelter
Councilor Jerry Hinton
Councilor Cathy Keathley
Nick McWilliams, Chair
Councilor Eddy Morales
Councilor Sue Piazza
Mike Schultze
Mayor Travis Stovall
Theresa Tschirky, Vice-Chair

Budget Committee Members Absent:

(none)

Staff Members in Attendance:

Elizabeth McCann, Director of Budget & Finance
Eric Schmidt, City Manager
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Travis Gullberg, Police Chief
Derik Minard, Fire Chief
Ian Peterson, Sr Financial Analyst
Blake Petersen, Sr Financial Analyst
Tahni Fagerberg, Management Analyst 2
Christina Ott, Administrative Analyst
Sagun Pokharel, Budget Analyst

Sarah Kirk, Budget Analyst (Recording Secretary)

1. Convene Meeting

The Budget Committee meeting was convened at 6:01 p.m. by Chair McWilliams and roll call was led by Ms. McCann.

2. Approval of Minutes for FY 2024/25 Budget Committee Meetings

A motion was made by Mayor Stovall and seconded by Vice Chair Tschirky to:

“Approve Meeting Minutes for Fiscal Year 2024/25 Budget Committee Meeting.”

Motion passes unanimously

3. Follow-up from Budget Committee Meeting #1

Vice-Chair Tschirky acknowledged the hard work of the staff to prepare the budget and appreciated the extra time provided to review the budget materials this year.

Ms. McCann thanked the committee for their thoughtful questions and stated that all answers to written questions as well as the question pertaining to the PERS tier I/II from the last budget committee meeting were posted to the City’s website for public access.

4. Instruction for Public Comment

Chair McWilliams reviewed the instructions for Public Comment for the meeting.

5. Public Comment

Ms. McCann shared that there were no public comments.

6. Committee Discussion

Chair McWilliams opened the meeting to Committee members for discussion.

Councilor Keathley expressed concerns about using \$275,000 in ending fund balance for ongoing Fire department expenses. She prefaced her concern with her support for the Fire department, but the concern was for incurring additional long-term expenses while facing financial constraints. Chair McWilliams asked if the fire engine replacement included in the budget had any relationship to the potential changes in contracted services with the three cities.

Ms. McCann clarified that the replacement of the fire engine was part of the ongoing life cycle of equipment and was not related to the potential changes to the three cities IGA; engines were at the end of their useful life and were due for replacement. Replacements were ordered 18 to 24 months ago and were expected to arrive during FY 2025/26 at which time payment would be due.

Councilor Piazza asked if it was possible to consider lowering internal service charges for Police and Fire given that other costs are expected to rise such as employee costs.

City Manager Schmidt answered that if Police and Fire lower their internal service fees, then it would increase the amount other departments pay. This approach could present methodological challenges as well as legal concerns due to legal restrictions with other revenue sources received by the City. Mr. Schmidt stated that a holistic review of the budget development process was being planned for the following year and that would include internal service charge methodologies.

Ms. McCann agreed with Mr. Schmidt and added clarification that internal service charges were calculated using drivers that approximate the usage of internal services. Several internal services, such as Equipment Replacement, were used to set funds aside for the future use of those departments. Ms. McCann stated that consideration of new ways to calculate internal service charges were possible but would take time.

Councilor Piazza asked for a breakdown of internal service charges.

Ms. McCann referenced page 134 of the budget document for Police internal services charges and page 140 for Fire internal service charges. Mr. Schmidt also referred to the Internal Service Charge Manual for details and explanations of the calculation methodologies.

Councilor Keathley stated the need to take a fresh approach to how the internal service charges are calculated. She re-iterated that her concern with changes in Fire staffing would be ongoing and considering the safety levy being passed and in the interest of public perception, the City should find ways to cut back rather than finding more resources in the short term.

City Manager Schmidt responded to Councilor Keathley's comments and shared information about upcoming sessions in September, before the start of the next budget development cycle. These sessions would focus on each department's budget, staffing, constraints, as well as internal service charge methodologies and calculations.

Mayor Stovall highlighted the operational budget increase of \$19 million, of which \$17 million was for Police and Fire, much of which was comprised of expenses related to PERS contributions along with the cost of the new fire engines.

Ms. McCann provided a detailed breakdown of the optional PERS Employer Incentive Fund budget item and the biennial PERS rate increases. Starting July 2025, the City will have to contribute an additional \$2.3 million (for Fire and Police). Ms. McCann shared that the increased PERS cost and purchase of fire engines accounts for \$10.8 million of the increase referenced by the Mayor.

Mayor Stovall highlighted that the PERS rate increase is outside of the City's control, and agreed

with Councilor Keathley's and Piazza's concerns about spending one-time funds to cover operational costs. Mayor Stovall acknowledged the intricacies of how internal service charges work, suggested finding comparisons where appropriate, and would look forward to the September meetings to learn more. He concluded that meeting our obligations while providing services with a sustainable budget would be easier said than done.

Councilor Hinton asked what was the source of the large increase for intergovernmental revenue between FY 2023/24 and 2024/25 while the differences between other columns are more consistent?

Ms. McCann clarified that the first two columns of the budget reports are actuals, while the last two for years 24/25 and 25/26 are budgeted amounts. Many intergovernmental revenues are grants, which aren't reimbursed until the funds are spent, so the budget columns will present as much higher than the actual columns if there are multi-year projects.

Council Hinton asked about similar differences in Interfund Transfers.

Ms. McCann explained that this was a very similar circumstance as the intergovernmental revenues.

Councilor Hinton followed up asking if differentials were common.

Ms. McCann replied that they were and that, if previous budget documents were reviewed, the pattern would hold true, particularly for these two categories.

Councilor Hinton asked about financing proceeds, noting there was \$0 in the fiscal year 22/23 and 23/24 columns, \$40 million in the 24/25 column, and \$19 million in the 25/26 column.

Ms. McCann explained that financing proceeds occur when the City issues debt, and figures will therefore only appear in the columns when debt is issued.

Councilor Hinton inquired about the significant changes from year to year in City Attorney's Office and in Citywide Services.

Ms. McCann shared that the City Attorney's Office budget includes the Workers' Compensation and Liability Management programs and Citywide Services includes the self-insured Health and Dental programs. She explained these risk programs budget for worst case scenarios including significant claims but there would be offsetting reimbursements. The differences between actual and budget columns are also part of these differences.

Councilor Hinton asked if the City had looked at any alternative health and dental insurance programs since those were such significant costs.

Ms. McCann stated that the City had self-insured options for health and dental for about a decade. There have been periodic reviews conducted. When the City opted for self-insured programs, the fully insured equivalent was approximately 40% more. Typically, the City is seeing increases that are in line with medical related inflation.

Councilor Hinton highlighted the increases for Urban Design & Planning and asked about the causes.

Ms. McCann explained that the large driver for that was the Metro Housing Bond funds. There was an initial allocation that is spent down each year, therefore it decreases.

Councilor Hinton asked about Economic Development only appearing in the latest year.

Ms. McCann explained that this was a function of restructuring and the shift of Economic Development between departments. She referred the Committee to page 30 of the document and showed the movement.

Councilor Hinton asked about Youth and Recreation Services only appearing in the latest year.

Ms. McCann shared that some of that is related to grant funding, but it was also segregated into its own department to provide clarity.

Councilor Hinton inquired about Capital Improvements and the changes in budget over the years.

Ms. McCann stated that capital projects are often constructed over the course of multiple years, but are also budgeted upfront due to timing uncertainty. This practice allows for flexibility for design and construction.

Councilor Hinton requested confirmation of the same type of explanation for Interfund Transfers.

Ms. McCann agreed that those two categories were very closely related.

Councilor Keathley expressed appreciation for the detailed questions and explanations. She requested confirmation that even though the City budgets for worst case scenario in the risk

funds, if those funds were not spent, the City would retain that money for future use. Contrastingly a typical insurance company would get to keep that money themselves.

Ms. McCann agreed and shared how different types of claims are budgeted and when reimbursements would be expected to offset the costs.

Councilor Keathley expressed her concern with the City adding staff and programs that it cannot afford. She further clarified that the goal is not to add more work to existing employees, but there are obligations of the City that are not in the City's control and cannot be avoided. Adding employees increases the problem.

Councilor Gladfelter acknowledged the usefulness of ARPA funds, and the City's budget deficits were a known issue. The Councilor agreed that solving this issue is an ongoing effort. The Councilor acknowledged progress but advocated to continue to search for efficiencies.

Ms. McCann addressed comments that were made by Councilors Hinton and Keathley about the very high-level summary that is on page 10 of the proposed budget. Ms. McCann referred the Committee to the reference pages in the expenditure section, where differences by each fund are displayed can help identify grant funding compared to operating expenses. Ms. McCann directed the committee to the fund pages which provide more detail about specific changes.

Chair McWilliams verified that object 50113 is capturing the \$8 million for the PERS buy-down and verified that this buy-down was what was driving the Internal Service Charge rate increases for all departments.

Ms. McCann confirmed that this buy-down, along with PERS rate increases, are the significant cost drivers for internal service departments this fiscal year.

Chair McWilliams followed with comments supporting the work of the City and the services provided. He expressed his concern with deficit spending with revenue growth of this size. He followed with another question regarding Police overtime costs despite the addition of officers.

Chief Gullberg responded that the Police Department underspent a significant amount of its overtime budget in the last several years, but that the police department had 15 to 18 vacant positions and to maintain minimum staffing levels 24/7, the current staff must work overtime hours. Coupled with historic homicide rates in 2022 caused major crime investigations costs to escalate. The nature of these investigations and vacancies are the main drivers for overtime budgeting.

Chair McWilliams followed up with a question about why the overtime for Police had not been reduced as it had for Fire after adding additional staff.

Ms. McCann clarified that fire incidents typically are shorter in nature than significant Police incidents which could take up to weeks to complete. In addition, police investigations tend to stay with the same officer and may require overtime for them to resolve the case. Police has experienced numerous vacancies, but the budget assumes they all are filled. Ms. McCann reviewed the typical timeline to train new police officers.

Chief Gullberg added that, of the staff that are available, 10 to 12 of them are not operational for multiple reasons which further reduced operational staff available in Police. The Police conducted various mission-based work such as retail theft and gun violence reduction where officers work extra hours/weekends that account for overtime costs.

Mayor Stovall emphasized that the actual spending amount will be less than what is being budgeted and the document did not include actuals for FY24/25. The Mayor continued that some of the \$8.5 million was a roll forward from years prior when the full budget was not spent.

Ms. McCann added that, if the budget is adopted in its current form, by June 30, 2026 the deficit will be significantly smaller than the \$8.5 million due to Police vacancies. Budget law prescribes the contents of the columns which made it challenging to evaluate.

Chair McWilliams summarized his understanding of the responses from staff as using overtime budget as an insurance against full utilization of staffing. Chair McWilliams further asked about the increase in meals for Police from \$16,581 to \$64,000.

Ms. McMann answered, that with post-covid training opportunities increasing, these costs were expected to rise.

Chief Gullberg further clarified that a lot of the training opportunities, especially for high level professional skillsets, involve travel and per diem costs. On a local level, food is provided to staff and other agencies at times for major incidents that exceed normal shifts.

Chair McWilliams expressed support for the work of the Police Department but stated his concern about increasing costs given the financial position of the City.

Chair McWilliams made a final call for any other questions from the Committee. There were none.

7. Approval of Fiscal Year 2025/26 Budget and Tax Rates

Vice-Chair Tschirky made the motion and Councilor Morales seconded to:

“Approve the 2026/27 budget as presented by staff.”

Councilor Keathley asked if the Committee would consider removing the \$275,000 increase in Fire since it was not a one-time expense.

Chair McWilliams asked for clarification on the \$8.2 million PERS contribution and the \$275,000 for additional Fire FTE.

Ms. McCann responded that Councilor Keathley was referring to the \$275,000 allocation to address staffing on fire rescues.

City Manager Schmidt further clarified that this amount is for a staffing change that was identified with Fire Chief Minard, not additional staff positions.

Chief Minard highlighted the staffing needs of the department and shared several external reviews of the department that had been conducted after a critical incident that recommended such changes. The Chief emphasized that these recommendations were necessary for firefighter safety, scene safety, community safety and requested this item added to the budget.

Councilor Tschirky asked what the expenses were incurred due to the incident on May 30.

Chief Minard provided details of the circumstances, and the firefighter’s current status.

Councilor Tschirky concluded that the total monetary cost this incident was higher than the addition of this budgetary item.

Ms. McCann and Mr. Schmidt both confirmed this to be true.

Councilor Keathley expressed concern about the effectiveness of the proposal to prevent similar incidents in the future.

Chief Minard stated that the proposal along with the other measures would make a difference in preventing future incidents because it would place trained fire officers in a position to evaluate those types of situations.

Councilor Piazza expressed her agreement with Councilor Keathley.

Ms. Baker stated that the Fire Chief's recommendations should be taken. She also pointed out that a motion had been made and seconded earlier in the meeting.

Councilor Keathley requested clarification that the additional cost was to cover the cost of nine promotional opportunities, not to add an extra position.

City Manager Schmidt agreed and shared that there were additional requests, but the City Manager and Chief felt this was the most important. City Manager Schmidt agreed that \$275,000 was a significant amount of money but included the request in the proposed budget to improve overall service delivery and capacity in the department.

Chair McWilliams added that it was the deficit spending that was the chief concern, not the proposal itself.

Mr. Allen asked the City Attorney if it was appropriate for the Committee to continue the conversation given the motion made earlier.

City Attorney Van Riper agreed given the conversation centered around a possible amendment to the pending motion.

Ms. McCann shared the "General Fund Ending Fund Balance Use" slide from the first meeting, reviewed the uses, and answered Chair McWilliam's question about how the funds were being drawn down.

In response to questions about motion procedures, City Attorney Van Riper provided detailed instructions on how the committee could move forward with an amendment to the pending motion.

A motion was made by Councilor Keathley and seconded by Councilor Piazza to:

"Amend the motion by excluding \$275,000 from the Fire Department and increase General Fund Unappropriated by same amount."

Yay:

Ms. Baker
Mr. Schultze
Councilor Keathley
Councilor Piazza

Nay:

Ms. Tschirky
Chair McWilliams
Councilor Morales
Mr. Allen
Councilor Gladfelter

Councilor Brown
Councilor Hinton
Mayor Stovall

Amendment failed 4 to 8

Chair McWilliams brought to vote the earlier approved motion to approve the budget as presented with no changes.

Yay:

Mr. Allen
Ms. Baker
Councilor Brown
Councilor Gladfelter
Mr. Hinton
Councilor Keathley
Chair McWilliams
Councilor Morales
Mr. Schultze
Mayor Stovall
Ms. Tschirky

Nay:

Councilor Piazza

Motion passes 11 to 1

There was a motion made by Mayor Stovall and seconded by Mr. Schultze to:

“Approve Property Taxes for Fiscal Year 2025/26 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

8. Adjourn Meeting

The meeting was adjourned at 7:56pm by Chair McWilliams.

Nick McWilliams, Chair

Sarah Kirk, Recording Secretary