

May 28, 2026, Budget Committee Q&A

Q. What happened to the Arcadia money from the sale of the property? Where did it get placed?

A. The City received \$2,819,130.72 at closing. \$1,500,000 was posted in the General Fund, which was budget in the FY2025 budget. \$1,319,130.72 was posted in the Community Development Fund in the Industrial Business Park.

Also, at closing the balance of the loan the City owed to Boise was paid off in the amount of \$1,735,000. This was done in closing, so the posting of that portion of the transaction will be done when we close FY2026 for audit. The loan payable obligation is in the Community Development Fund.

Lastly, the City is carrying a Promissory Note in the amount of \$3,376,063.67. The City will begin receiving monthly payments from Arcadia in November 2026. The note matures (last payment) in February 2031.

Q. The shortfall in revenues in the General Fund has been known for years, correct?

A. Correct.

Q. We have known for years that a reduction in the police budget was something the city was inevitably facing? Certainly a discussion was inevitable.

A. We have known for years that there needs to be a recurring revenue source to support the services provided by the General Fund.

Q. Assuming the "police service fee" is included in the budget, what happens if the city council never agrees to a ballot measure?

A. If this scenario occurs, then the police department will need to be reduced to 6 sworn officers.

Q. Shall we state as a budget committee if the "police service fee" does not pass, or is not adopted, the police budget will revert to \$3,900,000 (or some other figure), and that the budget in the other departments will not be affected?

A. Yes

Q. If we require as a condition of passing a budget with the hypothetical revenue of the "police service fee" how will the police manage their budget if they start the year spending thinking that they have \$6.1 million in budget, and then by December 1, 2026 their budget is cut to \$3.9 million? What is to prevent the chief from over spending his budget (as he did this year) and

then simply saying the money is spent?

A. We will talk about this during discussion. The City Administrator, Finance Director and Police Chief have revised the police budget to sustain services for the first 6 months of the fiscal year. If the Council does not refer a police services fee to the November ballot OR if the ballot measure fails, the police department will need to be reduced to minimum staffing, no patrol, no investigations, and prioritized call response.

Q. It's true that overspending by the police beyond their budget caused the emergency lay-offs and reduction in government services this year?

A. This statement does not reflect the whole reality and cause of service reduction. We, including the budget committee, have known for several years that the General Fund needs a stable recurring revenue source to provide all general fund services and sustain at least a minimum reserve.

The City has had significant legal costs over several years; these cannot be anticipated and city employees as a group, department or individually should be blamed and punished for the acts that are out of their control.

Q. In addition to the police overspending their budget, what other factors caused the emergency lay-offs and reduction in government services that occurred this year?

A. I believe this is addressed in the prior answer.

Q. What has been done to prevent another year of the type of financial crisis we had this year?

A. This is up to the budget committee, City Council and community. The only way we can remedy this financial crisis is with a stable recurring revenue source. As many other cities in Oregon, the only option is a tax levy or service fee.

Q. What has been done to counsel the chief that he is not authorized to spend beyond his budget?

A. The Police Chief understands the implications of overspending, that is why he tried to capture the full potential costs in the proposed budget. He had no input in the FY2026 budget and did his best to mitigate the problems; many items had been improperly budgeted, such as the Enterprise Fleet contract, the report writer contract and agreement with the county, and significant staff turnover and scheduling.

The current Police Chief has stabilized the department and has been very proactive about communicating to the City Administrator, Finance Director and City Council when issues involving the budget arise.

Q. Assuming the separate fund is adopted: if the voters do not approve the police service fee what happens to the police budget?

Will it be reduced by \$1,812,000 and the police will need to make adjustments?

A. Yes, there would need to be immediate adjustments and staff reductions.

Q. Will the General Fund or other funds be used to make up the shortfall?

A. No

Q. Is the City obligated to make up the shortfall in revenue in the Police Service Fund if the police service fee does not pass? Please provide legal authority regarding this.

A. This scenario is no longer a staff recommended option for budget committee approval. If the City Council decides to refer a ballot measure to the November ballot and approved by voters, then they can decide through the supplemental budget process to create a Police Service Fund to account for this. ORS 294.471

Q. How is it going to work that a budget is adopted for the police service fund when the fund starts by being short by \$1.8 million in revenue? How will the police be paid, and from which funds until the revenues materialize?

A. I believe this has been answered previously.