

Council Business Meeting

September 21, 2021

0Agenda Item	Proposal for Funding and Operational Relationship Changes from the Ashland Parks and Recreation Commission	
From	Gary Milliman	City Manager Pro Tem
Contact	Gary.milliman@ashland.or.us	

SUMMARY

Discussion and possible action to implement a revenue allocation formula for the Ashland Parks and Recreation Commission (APRC) and APRC proposals for City/APRC operational relationship changes.

POLICIES, PLANS & GOALS SUPPORTED

PREVIOUS COUNCIL ACTION

The 2021-23 Biennium City Budget calls for the allocation of 98 per cent of the Food and Beverage Tax (FBT) to the Ashland Parks and Recreation Commission in Fiscal 2022-23. The City Council discussed this matter at its meeting with the APRC on August 23, 2021.

BACKGROUND AND ADDITIONAL INFORMATION

Core Question

The core question is, how does the City...and can the City... maintain the infrastructure of parks and recreation services that has been built up over the last 113 years in the face of rising costs and revenue limitations impacting all municipal services in the 2021-forward era?

Brief History

The Council may already be fully aware of the unique relationship between the City and APRC. Briefly, the APRC was created by Charter amendment in 1908, and the voters approved a maximum property tax rate to be collected by the City and disbursed to the APRC. Following is the Charter provision with respect to APRC

Funding. Section 3. Funding The said Park Commission shall have control and management of all the lands here dedicated for park purposes and of all other lands that may hereafter be acquired by the City for such purposes. They shall have control and management of all park funds whether the same is obtained by taxation, donation or otherwise, and shall expend the same judiciously for beautifying and improving the City's parks. At the time for making the tax levy for general City purposes in each year, the said Commission shall cause a careful estimate to be made of the money required for park purposes for the ensuing year and file the same with the City Recorder, whereupon there shall be included in said general levy not to exceed four and one half (4-1/2) mills on the dollar to meet such requirements, which, when collected, shall be deposited with the City Recorder subject to the order of said Commission. The levy herein authorized shall be outside the limitation on taxation set forth in Article XI, Section II of the Constitution of Oregon.

Note that the above provision refers to “parks” and does not include “recreation.”

A Unique Relationship

It is important to note just how unique the relationship is between the City and the APRC. The Charter provides for an allocation of tax revenue to APRC with an expectation that APRC functions, essentially, as an independent agency determining how the allocated funds are to be used. But, at the same time, the City performs those functions through its Parks Department. The Parks Department budget is included in the City Budget, adopted by the City

Council in accordance with the statutory budget process that does not contemplate a semi-autonomous entity within the City’s government structure.

The services provided by APRC/Parks Department have evolved over time to include recreation. Just as the scope of the parks program has evolved over time as the City adopted benchmark criteria for the availability of parks through its Comprehensive Plan. Staff has chosen not to provide an exhaustive history of parks funding here. However, briefly, a property tax rate of \$2.09/\$1,000 of assessed value was established some years ago to fund APRC. In 1997 with the passage of Measure 50 the Parks and City tax limitations were merged. In 1999 the City and APRC agreed that parks would receive the equivalent of \$2.09/\$1,000 of the City’s permanent property tax rate. In 2009 the City dedicated 20 per cent (20%) of the Food and Beverage Tax (FB Tax) to APRC for capital improvements and land acquisition, and in 2017 the City increased the allocation of Food and Beverage Tax to APRC to 25 per cent (25%) and expanded the permitted uses to include maintenance. In drafting the City budget for fiscal 2020-21 the City and APRC reached an agreement to reduce the funding to APRC to the equivalent of a tax rate of \$1.89/\$1,000. The City property tax rate is \$4.2865, exclusive of rates for fire station general obligation bonds. Thus, the current equivalent rate for APRC is approximately 44 per cent (44%) of the total property tax rate.

The APRC July 30 Letter – Proposed Action Items

The City received a letter from the APRC dated July 30, 2021, proposing certain actions by the City Council including:

1. Formalizing the allocation of 98 per cent the City’s FBT to the APRC for a period extending until at least 2040, with the following use allocations:
 - a. 25 per cent for major maintenance and new projects at the discretion of the Commission.
 - b. 73 per cent for operations at the discretion of the Commission.

The current tax expires December 31, 2030. Use of funds is prescribed as follows once wastewater debt service is retired (which occurred in FY 2020-21). AMC 4.34.020(B)(5):

5. *Beginning in fiscal year 2023, the Council may, through the statutory budget process, appropriate taxes under this chapter as follows:*
 - a. *Not less than twenty-five percent (25%) for the acquisition, planning, development, repair, and rehabilitation of City parks.*
 - b. *Not less than an amount necessary to pay for debt service on any borrowing for street repair and rehabilitation per the City of Ashland Pavement Management Program.*
 - c. *Up to two percent (2%) for the collection and administration of the tax.*
 - d. *Except as provided in subsection D of this section, any remaining amounts shall be appropriated for purposes consistent with this chapter unless other purposes are approved by a Council-adopted ordinance enacted by a vote of the Ashland electorate.*

There are several; issues here precedent to using FBT proceeds for the purposes as indicated in the budget.

- A. **Question:** Has the wastewater treatment plant debt, which is listed as the primary use of FBT revenue, been paid off? **Answer:** Yes, thus making the FBT proceeds available for limited other purposes as enumerated in Section 5 above.
- B. **Question:** Has the amount necessary to pay for debt service on any borrowing for street repair and rehabilitation per the Ashland Pavement Management Program (PMP) been paid? **Answer:** The City is currently paying debt service of about \$140,000 annually for a project to construct Jefferson Street. This is a new street and is not included in the PMP; thus, the current debt service is not eligible for Food and Beverage tax proceeds.

However, the City is planning two major street rehabilitation projects during the current Biennium and is considering debt financing for these projects. These projects are Ashland Street (\$2.5 million estimate) and North Mountain Avenue (\$3.225 million estimate). Financing for Ashland Street is planned in the current fiscal year, and financing for North Mountain Avenue would occur in FY 2022-23. Both streets are in the PMP. Thus, it is likely that, by July 1, 2022 when the allocation of the additional 73 per cent of the FBT revenue for parks is scheduled to become operative, the City will be paying debt service on street projects included in the PMP. This debt service would have priority over the use of the funds for parks purposes and would result in a shortfall of about \$445,000 in meeting the FBT allocation to APRC.

The adopted budget provides for the dedication of a portion of Franchise Fees to service debt for street capital improvements, with \$620,899 allocated for FY 2022-23. This was included as a part of the movement of 73 per cent of FBT revenues to APRC.

So, a sub-question is: Does the AMC provision which provides that the City Council “may” (not “shall”) appropriate FBT revenues to pay “Not less than an amount necessary to pay for debt service on any borrowing for street repair and rehabilitation per the City of Ashland Pavement Management Program” mean that the City has the option of using these funds for debt service if another mechanism for said debt service payment has been approved by the Council?

- C. **Question:** Does park and facility maintenance fall into the definition of park “repair and rehabilitation?” **Answer:** This could certainly be subject to interpretation, but staff believes that yes, “maintenance” is could reasonably be considered as “repair.” In staff’s experience the terms “maintenance and repair” are often used together.

In a straw poll at the August workshop, it appeared that there was Council support for the above-mentioned allocation for fiscal year 2022-23 only.

Given that street debt service is in a higher legal position for use of FBT proceeds than parks, and that street debt service is expected to be approximately \$455,000 (Estimated debt payment on \$5.725 assuming a 15 year note with an interest rate of 2.29%) in FY 2022-23, and, the current wording in the AMC lacks some clarity as discussed above, the City Council may

wish to place a Measure on the March 8, 2022, ballot to clearly authorize the use of FBT revenues as budgeted for fiscal 2022-23. This would require the preparation of a ballot title by December 2021.

As an alternative, the City Council may wish to take action to affirm its interpretation of the AMC provision as authorizing use of FBT for parks purposes, recognizing that the need for street repair debt service is being satisfied with Franchise Fee revenues, and, thus, does not “trigger” AMC 4.34.020(B)(5)(b). The City Manager Pro Tem recommends that this interpretation be adopted by City Council Resolution.

If the City Council wishes to place this matter on the ballot for voter determination of the continuing use of FBT proceeds beyond FY 2022-23, and/or to extend the tax beyond its current sunset date, and/or modify the activities for which the tax can be used staff recommends that the City Council initiate action to place the Measure on the August 23, 2022 ballot. The deadline for the ballot title is June 3, 2022

Early decisions to move toward an election are recommended because it takes time to provide the public with an opportunity to gain an understanding of the issue. An 18-month lead time for public education on a ballot Measure is optimum.

2. In addition to the FBT allocation, enact an ordinance requiring that the total amount of City funds allocated to the APRC be equal to the amount of funds that would be produced through the application of a \$1.89/\$1,000 property tax. It is staff’s understanding that this means...if the amount of FBT received (98 per cent) is not equal to the amount that would be generated by the application of a \$1.89/\$1,000 property tax rate, the City would make up the difference from property tax revenues.

The budget for FY 2022-23 shows that 98 per cent of the FBT...\$2,005,942...is allocated to the APRC, and \$3,546,997 in Property Tax revenue for a total of \$5,552,939. The amount of anticipated FBT proceeds falls short of the \$1.89/\$1,000 property tax formula by about \$3,232,000. So, under this proposal, there would be a continuing allocation from the General Fund of about \$3.2 million in addition to the FBT.

The amount of funds needed to support recreation programming...net of recreation fees collected is projected to be \$993,017 in FY 2022-23. Recreation services is not included on the list of eligible activities for the use of Food and Beverage tax revenues. The current General Fund/property tax allocation is sufficient for this purpose. **But does the City Council wish to continue funding for recreation at this level beyond FY 2022-23?**

Note: the last reported assessed value of the City was \$2,865,703,000. Using the current budget inflator of 4.0 per cent, that would increase the AV next year to \$2,980,331,000. \$1.89/\$1,000 would be \$5,632,826; assuming a 93 per cent collection rate would achieve \$5,238,528.

3. Evaluate and, if possible, designate APRC as a Local Contract Review Board. This would eliminate the requirement that certain contracts be reviewed and approved by the City Council, which is the current Local Contract Review Board for those City projects not exempt pursuant to AMC 2.50.070. The Oregon Revised Statutes define local contract review board as follows:

ORS 279A.060

If the governing body of a local contracting agency takes no action to provide otherwise, the governing body is the local contract review board of that local contracting agency. However, the governing body of a local contracting agency may, by charter, ordinance, or other local legislation, authorize a body, board, or commission other than the governing body to serve as the local contract review board of the local contracting agency.

ORA 279A.075

Unless otherwise provided in the Public Contracting Code, a person or agency that has an authority under the code may delegate and subdelegate the exercise of the authority in whole or in part.

This matter was not reviewed at the August 23 meeting. Staff believes the City Council should retain all its current powers with respect to serving as the Local Contract Review Board to adequately exercise its fiduciary responsibility and oversight over all City funds.

4. APRC proposes to contract with the City to provide APRC with central services (i.e., fiscal services, HR, etc.); to be renegotiated every two years. A 2019 attachment outlines how this relationship currently works.

This was also not discussed at the August 23 meeting. What this is saying is that the APRC would like the option of either directly assuming or contracting the operation of HR and fiscal services to a third party. This would presumably include payroll. The City maintains a rigorous system of separation of duties, general accounting, payroll, and other systems, and has ultimate responsibility for compliance with accounting standards, litigation, risk management and related administrative matters which could be adversely affected by the operation of a separate entity within the City organization.

APRC is not a legally incorporated entity. It has none of the constitutional or statutory authority of the City Council. It cannot impose taxes, appropriate funds, buy, sell, or own property (every square inch of park land is owned by the City, not APRC, regardless of what's on the title), enter contracts or -- here's the heart of the matter -- sue or be sued. Any liabilities or torts incurred by APRC accrue to the City. For that reason alone, it is imperative that the Council retain full control of the City's Legal, Human Resources and Finance Departments functions. Legal, Human Resources and Finance are the people who are the first line of defense against risk in all forms. All liabilities subrogate to the City Council. The City Council and its appointed chief executive must retain control of risk management.

According the Michael Black, APRC is concerned about the Central Services cost allocation formula, and whether efficiencies could be achieved through contracting some of those services to the private sector. The City Manager Pro Tem agrees with this perspective. This is a matter that is scheduled for review as a part of the City's financial planning review now in progress.

Staff believes that both Items 3 and 4 should be retained in their current configuration.

Services Provided to the City by APRC Under Separate Contract

In addition to the property tax and F/B tax funding allocation, the City has a 2014 Memorandum of Understanding (MOU) with APRC for maintenance of landscape in several areas of town. This work is paid from the Street Fund and includes items such as electricity and water expenses for parking lots and median islands. The budgeted expenditure is \$180,000 for each year of the Biennium to pay Parks for the Plaza and landscape maintenance work. Public Works essentially “contracts” with Parks to do this work, and the funds come from the Street Fund.

The City Manager Pro Tem is advised by Public Works that the subject MOU needs updating. More detail on what specific services is provided through the MOU are available. Perhaps these services could be a part of a Parks funding plan going forward. Having APRC provide Plaza and landscape maintenance funded, at least in part, by the FBT provides a nexus between the downtown merchants who collect the tax and the use of the proceeds.

Staff recommends that the services provided under separate contract...specifically the maintenance of the Plaza and street landscape areas...be collapsed into the Parks Department and funded through the FBT allocation beginning in FY 2022-23.

STAFF RECOMMENDATION

Immediate Action Needed

1. A. Given that street debt service is in a higher legal position for use of FBT proceeds than parks, and that street debt service is expected to be \$445,000 in FY 2022-23, staff recommends that the Council adopt a Resolution finding that AMC 4.43.020B(5)(b) is not activated as the City has budgeted to pay for street repair and rehabilitation debt service through Franchise Fee revenues.
2. **Or:** B. Place a Measure on the March 8, 2022, ballot to authorize the use of FBT revenues as budgeted for fiscal 2022-23. The next following election is May 17, 2022, but the City will be well into its FY 2022-23 budget preparation period by that time.

Or: C. Explore a street project schedule and debt service structure that would push the first payments to FY 2023-24. If this is not feasible, return to the above.

Considerations for Future Decision Making and Actions

1. Determine the level of funding that the City wishes to contribute to recreation facilities and programming.
2. A. If the Council desires to use more than 25 per cent of FBT revenue for parks...or parks and recreation...purposes beyond FY 2022-23, refer a continuing authorization of the allocation of FBT to the voters at the election of August 23, 2022. Schedule a workshop to provide guidance on a revised Measure/Ordinance and thereafter instruct staff to begin election preparation materials to meet June 2022 deadlines for the placement of a Measure on the August 23, 2022, ballot.

Or: B. Place a Property Tax levy Measure on the August 23, 2022, ballot that would supplant all or a portion of the FBT revenue provided to parks. The deadline for the ballot title would be June 3, 2022 and the Measure would need to be drafted by June 23, 2022. This would provide a 10-month window for drafting the Measure and undertaking a public information program.

Or: C. If the City Council does not wish to use FBT for parks purposes after FY 2022-23, notify APRC that FBT funding will not be available after FY 2022-23 and proceed to #8 below.

3. In conjunction with the above referenced ballot measures, designate downtown Plaza and landscape maintenance as a park repair service provided by APRC through the allocation of FBT or property tax levy funds beginning in 2023-24
4. Retain the existing City/APRC relationships with respect to the Contract Review Board and providing central services to APRC.
5. Adopt a Resolution indicating that, with the completion of parks projects currently in development, the City's general goal for providing park facilities as articulated in the criteria for new neighborhood parks found in the City's Comprehensive Plan has been met.
6. Stop talking about milage equivalencies. The milage rate for APRC was relevant in 1908, but not 2021. Develop an APRC funding strategy for the future within the context of today's tax, fee, and operational systems. A combination of Property, FBT and Transient Lodging Tax, with a new funding allocation guidance formula should be developed over the next six months. Some considerations in this process:
 - a. When the APRC was formed and the tax structure was established in 1908, it is clear that Ashland voters did so with a desire to develop and maintain a robust parks program.
 - b. In more recent years the City and APRC have taken on the responsibility for maintenance and operation of facilities that could marginally be defined as "parks"; much of this has been assumed in response to public support. Chief among these is the Golf Course. Staff recommends an independent analysis of the golf course with a goal of determining its long-term viability as a self-sustaining enterprise and its value as a tourism asset. Depending upon the level of visitor use of the golf course, consider allocating a portion of the Transient Lodging Tax to subsidize operational costs not otherwise met by golf course-specific revenues, and notify the APRC of a date certain when no other General Fund revenues are to be used to support golf course operations. Staff believes it was highly unlikely that the voters of 1908 contemplated the APRC operating a golf course. Both the City Council and APRC should be involved in this golf course evaluation.
 - c. In cooperation with the Ashland Chamber of Commerce, the City and APRC should undertake a study to determine the value of Lithia Park as a visitor amenity/attraction. Perhaps research assistance could be provided through interns from Southern Oregon University. Once the value of Lithia Park as a visitor amenity/attraction is quantified, allocate a portion of the Transient Lodging Tax revenues for maintenance, operation, and development/rehabilitation. Include this as a part of a permanent, dedicated funding source for APRC.

ACTIONS, OPTIONS & POTENTIAL MOTIONS

Staff is seeking direction on the recommendations listed above and will return with specific action items needed to implement the direction given.

REFERENCES & ATTACHMENTS

APRC letters of July 30, 2021, and August 20, 2021.

ASHLAND PARKS & RECREATION COMMISSION

340 S PIONEER STREET • ASHLAND, OREGON 97520

COMMISSIONERS:

Mike Gardiner
Rick Landt
Julian Bell
Leslie Eldridge
Jim Lewis



Michael A. Black, AICP
Director

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July 30, 2021

Julie Akins
Mayor, City of Ashland
20 E Main Street
Ashland, Oregon 97520

Dear Mayor Akins,

The Ashland Parks and Recreation Commissioners met in a public meeting on 7/28/2021 to discuss the latest information on their number one goal for this biennium, which is to:

- *Investigate, develop and implement a dedicated permanent funding source to ensure the long-term financial sustainability of the Ashland Parks and Recreation Commission.*
 - *With the city of Ashland, investigate and implement dedicated funding sources directed to APRC, such as Food and Beverage Tax and Transient Occupancy Tax*

The meeting on the 28th was called to discuss this matter specifically as well as to discuss the misinformation being spread about our “desire” to form a Park and Recreation District. The result of the meeting was that the following two motions were made and unanimously approved by the Commissioners:

MOTION A: (approved unanimously) In support of the number one APRC goal of finding a dedicated funding source, I move to direct staff to focus on ensuring that the transfer of F & B taxes as outlined in this biennium’s City budget is accomplished.

MOTION B: (approved unanimously) Approve the conditions (as stated below) when Ashland Parks and Recreation makes recommendations to Council on the Food & Beverage Tax allocation.

CONDITIONS:

1. *25% of Food and Beverage Tax Remains for Major Maintenance and New Projects at the Commissioners’ Discretion*
2. *73% of Food and Beverage Tax to be Used for Operation at the Commissioners’ Discretion*
3. *Food and Beverage Tax Must be Extended 10 Years (at least until 2040)*

4. *Adopt an Ordinance Dedicating a Specific Millage of Property Tax to APRC Equivalent to \$1.89/\$1,000 Minus New F&B Contributions.*
5. *Evaluate and if possible, designate APRC as a Contracting Review Board*
6. *COA will provide central services to APRC on a contract basis, which shall be renegotiated and renewed every two years.*

The Commissioners are committed to steering the discussion to the pertinent matters related to Ashland Parks and Recreation Commission's immediate funding. The budget document contains a plan for funding Parks and Recreation for the rest of the biennium and beyond, but certain actions need to take place immediately to ensure that plan is in place by July 1, 2022.

The Commissioners are expressing their request to focus efforts at the Commission and Council level toward accomplishing the plan in the approved budget document and away from distracting discussions about forming a Parks and Recreation District.

We look forward to meeting with you in person to talk about how to move the Food and Beverage discussion forward at the August 23, 2021 joint session. The Director APRC and I will make ourselves available should any Councilor wish to talk in person about the contents of this letter.

Sincerely,

Michael Gardiner
Chair, Ashland Parks and Recreation Commission

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August 20, 2021

Ashland City Mayor and Council;
Gary Milliman, Interim City Manager
20 East Main St.
Ashland, Oregon 97520

RE: Joint Meeting Opening Statement from Commissioners

Dear Mayor and City Council,

Unless one subscribes to the adage that the end justifies the means, we can all probably agree that process matters. This meeting has been billed as a "joint meeting," but the run-up to the meeting has been one-sided, with APRC's elected leadership being to a large extent ignored in the agenda setting process. Typically, the mayor and the chair of the parks commission would meet to discuss the agenda and process for a joint meeting; all request for such a meeting were ignored or denied. This is an unfortunate obstruction to the necessary cooperation between our two elected bodies.

That being said, we are here now to actively listen and participate with the goal to discuss the steps necessary to implement the budget committee and city council approved budget that included reducing APRC property tax revenues from the general fund and replacing the reduced funds with money from Food and Beverage Tax that currently is allocated to other City projects.

For our part, the APRC's proposed "conditions" related to the funding changes should have been communicated as points to be discussed, not 'conditions.' We have corrected that in the written material you received and take responsibility for the miscommunication.

We view some of the questions on the agenda as distractions from our common goal. In response, we have attempted to fully respond to the questions in writing, and have distributed them beforehand, with the hope that that approach can free up more time for the primary issue before us.

Notwithstanding our initial disappointment related to preparations for this meeting, we want to put that behind us. We look forward to a productive meeting where all parties are heard and respected.

Respectfully,

Ashland Parks and Recreation Commissioners

ASHLAND PARKS & RECREATION COMMISSION

340 S PIONEER STREET • ASHLAND, OREGON 97520

COMMISSIONERS:

Mike Gardiner
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PARKS COMMISSIONER STAFF REPORT

TO: Ashland City Mayor and Council
CC: Gary Milliman, Interim City Manager

FROM: Michael A. Black, AICP, Director, Ashland Parks and Recreation Commission

DATE: August 20, 2021

SUBJECT: Consideration of Questions Posed in the 8/23/2021 Joint Meeting Agenda

In an attempt to answer all of the City Council's questions in detail, Ashland Parks and Recreation Commissioners have directed me to prepare this document to distribute to the Councilors and Mayor prior to the Joint City Council and Parks Commission Study Session on August 23, 2021.

The agenda that was published contained numerous questions and some statements interspersed between the actual agenda items. I will address the questions and statements – if possible – in the same order as the published agenda.

Agenda Item 1: REQUIRED FUNDING TO MAINTAIN CURRENT LEVEL OF SERVICE

Question 1.1: What is the amount of funding required to maintain the current level of service?

Background:

Since established over a century ago by the City Charter, APRC has operated on property tax revenue the equivalent of no more than \$2.09/\$1,000 of assessed value. Initially, that was more than enough funds to operate the parks system. Then in the 1990's when the Food and Beverage tax provided funds to accomplish the lofty goals set out in the newly-minted Comprehensive Plan, the assessment had sufficient room to accommodate the growth. The \$2.09/\$1,000 continued to be mostly sufficient as the system grew, although some deferred maintenance began to accrue. Even after measures 5 and 50 took away the ability for APRC to have its own taxing mechanism, the City Council, in what was called a "gentleman's agreement," continued to pass through to APRC the \$2.09/\$1,000, demonstrating their support for a robust parks system as enshrined in the Comprehensive Plan.

Due to expense increases, in particular to medical insurance and PERS that were well beyond the 3% limit in property tax increases, belt tightening began. FTE's (full time employees) are less today than 15 years ago, even as the system has expanded (although most of the expansion occurred in the 1990's).

Then, during the last biennium, the allocation to APRC was reduced for the first time to \$1.89/\$1,000, a 10% decrease, in what at the time was called a “temporary reduction”. This biennium also resulted in an \$1.89/\$1,000 allocation for APRC.

With the reduction in revenues made the necessary reduction in FTE’s to meet budget constraints. The result has been less attention to ballfields, lawns, shrub beds and watering among a myriad of park needs. That in turn has led to an increase in complaints from the public related to the conditions of parks.

Assessment:

To get back to the question, APRC could continue to manage the park’s system with \$1.89/\$1,000 at a standard less than the historic one, but there would be an expected continuation of deterioration of the developed park lands’ condition, increased weeds/invasive plants and an increase in deferred maintenance. Presciently, it appears that \$2.09/\$1,000 would continue to provide sufficient revenue to maintain our current park system and at least in the short run, make inroads into some of the deferred maintenance.*

If further reductions in revenue occur, more radical cuts will be needed. Recreation is the easiest place to find discreet places to cut costs and would likely take the brunt of the cuts. The largest subsidy goes to the Nature Center, followed by Senior Services and then the Oak Knoll Golf course.

Recommendations:

Given the City’s challenging budgetary situation, APRC Commissioners recommend maintaining the funding at \$1.89/\$1,000 as laid out in the adopted budget for this biennium, while continuing to explore innovative alternatives and supplemental funding sources.

Further, we recommend that the Food and Beverage Tax replace property tax revenue dollar for dollar for the next fiscal year as outlined in the approved budget.

APRC Commissioners believe the following proposed conditions are consistent with the approved budget:

1. 25% of Food and Beverage Tax remains for major maintenance and new projects at the Commissioners’ discretion.
2. 73% of Food and Beverage Tax to be used for operations at the Commissioners’ discretion.

APRC Commissioners would like to discuss/negotiate the following APRC proposals with City Council:

1. Food and Beverage Tax must be extended 10 Years (at least until 2040).
2. Adopt an Ordinance dedicating a specific millage of Property Tax to APRC equivalent to \$1.89/\$1,000 minus new Food and Beverage contributions.
3. Evaluate and, if possible, designate APRC as a Contracting Review Board.
4. City of Ashland will provide central services to APRC on a contract basis, which shall be renegotiated and renewed every two years.

*The above discussion begs the question, how much deferred maintenance is there in the system? Ironically, in an effort to contain costs, the Parks Director added the duties of Parks Superintendent to his own workload last year when the pandemic slashed revenue from recreation programs. That has limited the Park Director's time available for strategic activities like determining the scope of deferred maintenance.

Question 1.2: Are there projects in progress that will increase the amount of revenue necessary to maintain the existing systemwide level of service?

Projects in progress:

E Main Park: This is a replacement for YMCA park that is being funded through the sale of the YMCA Park and an associated parcel that was sold to the Housing Authority of Jackson County for affordable housing (see attached graphic). The E Main Park should require less maintenance resources than the YMCA Park did, which it will replace. Staff believes the park can be maintained within the equivalent of \$1.89/\$1,000 although at the same lower service level that all parks will experience.

Japanese Garden: This project is being funded in total by a grant from a local resident. Additional maintenance for the Garden is fully covered for the next ten years with a donor grant as well.

Daniel Meyer Pool: The pool replacement is in the exploratory phase and thus a new pool will not have a maintenance affect in this biennium, although the current pool, due to its deterioration, could require additional maintenance funds or be shut down, which will reduce maintenance costs overall. Any major maintenance for the pool prior to its replacement will be paid for out of dedicated funds already within APRC's capital improvement plan.

Question 1.3: Is the revenue proposal as indicated below sufficient to sustain the current level of service with additional facilities in progress?

If the budget proposal is implemented the way the approved budget document states, then we will be able to continue the current level of service until the end of the biennium. As long as the revenue proposal is implemented and no further expenses or reduction in revenue from the City are imposed, APRC will be able to maintain the current level of service through the biennium.

Question 1.4: Have we achieved Comprehensive Plan Goals?

Yes, as it pertains to property acquisition for neighborhood parks. The comprehensive plan has several goals; however, I believe this question is geared more towards the ¼ Mile Park Goal. APRC has parks and open space generally within a ¼ mile of all residents. With the development of E Main Park and the use of Ashland School District fields and playgrounds, almost all residents have the opportunity to recreate in/on parks and open space within walking distance of their homes.

Agenda Item 2: FOOD AND BEVERAGE TAX

Question 2.1: Seek voter approval of 10-year extension?

As explained above, the Commissioners are requesting to discuss/negotiate the extension of the Food and Beverage Tax; however, this is a point of discussion and isn't a condition of APRC agreeing with the implementation of the proposed revenue amendment in Agenda Item 3 (below).

The Food and Beverage Tax is not permanent, so a discussion about extending the tax will have to occur before the tax expires in 2030.

Question/Statement 2.2: Stopgap solution until a new revenue source is identified.

All discussions to this point have been about the Food and Beverage Tax amendment being permanent, or as permanent as the Food and Beverage Tax is, considering that it will expire in 2030.

Agenda Item 3: DEDICATED REVENUE STREAM

Statement 3.1: Ordinance dedicating a specific millage of Property Tax to APRC equivalent to \$1.89/\$1,000 minus Food and Beverage Tax revenues to assure an ongoing dedicated minimum revenue from combined Food/Beverage and Property Tax equal to a \$1.89/\$1,000 milage rate.

This again is a proposal from APRC that the APRC Commissioners would like to discuss with City Councilors. The Commissioners' expectation is that there would be a biennial determination of what the dedicated general fund contribution to APRC will be, that will account for a reduction from the \$1.89/\$1,000 commensurate with the new anticipated Food and Beverage Tax Income dedicated to APRC. The result of the reduction would be a new dedicated general fund contribution that will be less than the current \$1.89/\$1,000. Ideally for APRC, that new rate would be the permanent rate and between the two revenue streams, total \$1.89/\$1,000.

If the Food and Beverage Tax does lapse or revenues fall for any reason, APRC Commissioners do not expect that the general fund contribution will increase to fill the gap. In an extreme case like that, APRC would reduce expenses within our budget to accommodate the reductions in revenue.

Attend Item 5: OTHER ITEMS

Question 5.1: Can APRC operate as its own Contract Review Board (legal review required)?

As explained above in response to Question 1.1., the Commissioners are requesting to discuss/negotiate the possibility of the designating contract review authority to the Parks Commissioners; however, this is a point of discussion and isn't condition of APRC agreeing with the implementation of the proposed revenue amendment in Agenda Item 3 (above).

The City Charter states that the Commissioners have "control and management of all funds" that come to APRC, regardless of their origination. As we recently experienced with the E Main Park design contract, there was confusion about what the role of the City Council was in reviewing the contract if the Commissioners had already approved it. The role of the Council after APRC Commissioners approval

is to be the contract review board and approve the contract if all of the procurement statutes have been met.

The determination of whether the procurement statutes have been met is generally determined by APRC staff first, then City procurement staff next, then finally by legal. Before the matter is ever presented to the City Council, the staff of APRC and the City has reviewed the contract for compliance, and we make a recommendation on whether the contract should be approved.

The request here is to look into this process to see if it would be possible and amenable to designate contract review authority to the APRC Commissioners to fulfil the final step of holding a public meeting and approving contracts in view of the public. Since APRC has been granted control and management of funds via the Charter, the Commissioners are seeking an exploration of the procurement rules surrounding APRC and future discussion of the matter.

Question 5.2: City to continue providing central services in addition to allocating F/B and Property Tax revenue. Current Cost?

APRC currently pays full price for central services provided by the City of Ashland. We are only asking that this matter be examined and discussed in the terms of considering these services as part of the MOU that is negotiated between the City as opposed to services and fees simply being dictated to APRC.

The central service fees APRC pays to the City in this biennium are:

ACCOUNT	TITLE	FY 22 BUDGET	FY 23 BUDGET	TOTAL
120900.605810	Administrative Fees:	\$ 884,506.00	\$ 884,506.00	\$ 1,769,012.00
120900.605814	Fleet Maintenance	\$ 352,817.00 *	\$ 352,817.00 *	\$ 705,634.00
* does not include fleet replacement		<u>\$ 1,237,323.00</u>	<u>\$ 1,237,323.00</u>	<u>\$ 2,474,646.00</u>

Question 5.3: Has the APRC considered alternatives, such as privatizing certain aspects of its services?

APRC has contracted out services like janitorial services. But most park “services” do not lend themselves to privatization as they have historically, politically and culturally been considered quality of life amenities that should be open to all citizens. Thus, for example, fences with admission entrances do not surround our parks. The possible exception could be the Oak Knoll Golf Course since it does charge admission. APRC Commissioners have chosen to provide time for the new manager, with his aggressive and creative business approach, to eliminate the need for subsidies. If significant subsidies remain, APRC may consider privatization or other means to eliminate the subsidies. The other benefits and revenue producing potential of the Golf Course would of course also be considered.

