

ASHLAND PARKS & RECREATION COMMISSION

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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/\$1000 of assessed value. Initially, that was more than enough funds to operate the parks system. Then in the 1990's when the F & B 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 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, 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 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/\$1000, a 10% decrease, in what at the time was called a "temporary reduction". This biennium also resulted in an \$1.89 allocation for APRC.

With the reduction in revenues there resulted a concomitant reduction in FTE's. 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/\$1000 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/\$1000 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 Board of Commissioners recommend maintaining the funding at \$1.89/\$1000 as laid out in the adopted budget for this biennium, while continuing to explore innovative alternative 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 Board of 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 B of C's 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 F&B contributions.
3. Evaluate and if possible, designate APRC as a Contracting Review Board.
4. COA 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 Y park did, which it replaces. Staff believes the park can be maintained within the equivalent of \$1.89/\$1000 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 at least be able to support ourselves and 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 B of C's would like to discuss with City Councilors. The Commissioners expectation is that there would be a determination of what the dedicated general fund contribution 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/\$1000.

If Food and Beverage Tax does lapse or revenues fall for any reason, APRC B of C's do not expect that the general fund contribution 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 Commissioner 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 B of C's 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 Parks 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.