

Council/APRC Joint Study Session

August 23, 2021

Agenda Item	General Fund Planning Meeting #1: Joint City Council/APRC Study Session Items	
From	Gary Milliman	City Manager
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SUMMARY

Five topics have been listed for discussion and possible direction for the joint City Council/Ashland Parks and Recreation Commission meeting of August 23, 2021. Staff has included some agenda notes on each topic to facilitate discussion.

POLICIES, PLANS & GOALS SUPPORTED

The City Council has scheduled a series of financial planning meetings to discuss alternatives for dealing with the deficit in the General Fund. The first meeting scheduled is a joint meeting with the Ashland Parks and Recreation Commission (APRC)

PREVIOUS COUNCIL ACTION

During the 2021-23 Budget adoption process, and through subsequent discussions, the City Council has scheduled a series of Financial Planning meetings to address the future fiscal health of the City.

BACKGROUND AND ADDITIONAL INFORMATION

THE AGENDA

In preparing this matter for discussion, staff utilized the “General Fund: Financial Planning Meetings and Community Outreach Plan” Meeting 1 draft agenda that was discussed at the August 3 workshop. Additional comments were received from some Councilors and staff has attempted to incorporate those into the five agenda topics in the form of agenda notes. The APRC initially proposed limiting the agenda to a discussion about implementing the proposal contained in their letter of July 30, 2021, which was received after the August 3 workshop. The City Manager also conferred with the Mayor and Parks Director (who conferred with the APRC Board leadership) in crafting the agenda.

The agenda items and associated notes are intended to foster discussion between the City Council and APRC toward a better understanding of the City/APRC relationship and considering alternatives for funding Parks and Recreation services.

CORE CHALLENGE

Note that the Parks funding issue has been long-developing, and the current City Manager Pro Tem is continuing to gain an understanding of the policy and organizational challenges and relationships. The core question is, how do we...and can we... 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. Here 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.” 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 benchmarks for the availability of parks through its Comprehensive Plan

The City Manager Pro Tem 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 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 and expanded the permitted uses to include maintenance. 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’s 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 of the total property tax rate.

APRC/PARKS ACTIONS TO REDUCE EXPENDITURES

The Parks Department reduced staffing by six employees in 2020, and the APRC has been aggressive in securing commitments from land donors to include funding for park maintenance as a part of their philanthropy. Parks staff can provide several recent examples of how they are bringing more ongoing revenue to the table to support park facility expansion.

THE FUNDING PROPOSAL

Since the August 3 workshop 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 Food and Beverage Tax 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.
2. In addition to the FB Tax 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 FB Tax 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.
3. Evaluate and, if possible, designate APRC as a Contract Review Board. This would eliminate the requirement that certain contracts be reviewed and approved by the City Council, which is the current Contract Review Board for all City projects. This will require some legal research.
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.
5. APRC wishes to steer the discussion away from considering the formation of a Park and Recreation District.

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, and the Parks budget is included in the City Budget, adopted by the City Council.

SERVICES PERFORMED BY APRC BY SEPARATE CONTRACT

Not included on the agenda, but a potential part of the broader discussion of the City/APRC relationship: 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, including the downtown and plaza area. This work is paid from the Street Fund and includes items such as electricity and water expenses for parking lots and median islands. The larger budgeted expenditure is \$209,000 budgeted for FY22 and \$215,000 for FY23 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 is in need of updating. More detail on what specific services are 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 FB Tax provides a nexus between the downtown merchants who collect the tax and the use of the proceeds.

FISCAL IMPACTS

The 2021-23 Parks Department budget, excluding \$10,119,000 in capital projects and land acquisition, is \$17,009,024. This is the City’s second largest General Fund supported department, trailing Fire (\$20,570,265) and ahead of Police (\$15,944,395). When capital projects are added, it is the City’s largest department.

In the simplest of terms...according to the 2019-21 Budget, the FB Tax generates approximately \$6.4 million and Parks/Recreation fees generate approximately \$13.2 million. 98 per cent of the FB Tax would be approximately \$6.3 million...+ \$13.2 million in fees makes \$19.6 million available for an expenditures budget, including capital, of a similar amount.

If the City Council chooses not to continue utilization of the FB Tax to support Parks, we will need to identify some \$2.6 million in expenditure reductions in other General Fund departments...including Police and Fire...to sustain Parks at current service levels.... or heavily impact Parks with a major tax allocation reduction.

If the City Council elects to provide a dedicated amount of General Fund revenue...its sole discretionary source of revenue... to APRC in a long-term commitment, it will be reducing the resources available to fund other services.

The property tax generates approximately \$24,000,000 for the 2021-23 period. APRC/Parks Department funding decisions are an essential part of any plan to address the City’s General Fund deficit.

REFERENCES & ATTACHMENTS

Attachment 1: Letter from APRC

Attachment 2: City/APRC administrative alignment

ASHLAND PARKS & RECREATION COMMISSION

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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

Exhibit C

Service	City's Responsibility	Park's Responsibility
<p><u>Accounts Payable:</u></p> <ul style="list-style-type: none"> - The process for issuing checks for all invoices. 	<ul style="list-style-type: none"> Enter the expense in correct period (monthly) Request and manage w-9's from the vendor Ensure payment is correct, accurate and on time. Maintain all documentation for review Report and maintain 1099's 	<ul style="list-style-type: none"> Validate that the expenses are necessary and needed Approve all expenses Code the expense to the proper category Turn in paper work on timely basis. Attach the appropriate documentation
<p><u>Accounts Receivable:</u></p> <ul style="list-style-type: none"> - The process for issuing invoices (bills) owed to the Parks 	<ul style="list-style-type: none"> Enter the revenue in the correct period (monthly) Enter and mail out the invoice on a timely basis Ensure the payment is received Notify the department of status Maintain all the documentation for review 	<ul style="list-style-type: none"> Validate that revenue on bills is correct and meets current rates. Code the Revenue to the proper category Turn in paper work on timely basis.
<p><u>Payroll:</u></p> <ul style="list-style-type: none"> - The process for issuing employees pay. 	<ul style="list-style-type: none"> Enter payroll costs in correct period Ensure checks are issued on time and accurate Report W-2's Report Federal and State Taxes Maintain all the documentation for review 	<ul style="list-style-type: none"> Validate the employee's FTE & coding Review and approve timesheets to ensure employee is recording their time correctly Turn in timesheets on a timely basis Review and ensure employees are in compliance with using leave that is available.
<p><u>Purchasing:</u></p>	<ul style="list-style-type: none"> Issue Purchase order Maintain back-up documentation Assist with bids & quotes for purchases 	<ul style="list-style-type: none"> Ensure employees are purchasing only appropriate items Following the purchasing rules and regulations Turn in appropriate documentation
<p><u>Cash Receipts:</u></p>	<ul style="list-style-type: none"> Balance to the bank accounts Notify supervisors of substantial discrepancies 	<ul style="list-style-type: none"> Enter it into Financial System on a daily basis Be consistent when posting to Revenue Validate that the daily deposits match the Cash receipts
<p><u>Fixed Assets:</u></p>	<ul style="list-style-type: none"> Enter, Maintain and disposal of assets in Financial System Keep all records 	<ul style="list-style-type: none"> Sign off quarterly of Listing Ensure that fixed assets are kept safely and prevent loss of assets Dispose of the fixed assets per code.
<p><u>Project Accounting:</u></p>	<ul style="list-style-type: none"> Generate Project number Provide informational reports Make project Adjustments 	<ul style="list-style-type: none"> Request number for project Turn in proper documentation Code Revenues a and Expenses to project as needed Notify staff of project status

Service	City's Responsibility	Park's Responsibility
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Reporting:

Have reports available for review on a consistent basis
Be able to tie the numbers

To be able to speak to abnormal changes
To be able to speak to your activities
To understand and fully review all monthly activity reports from the GL and be able to analyze data to ensure that it is accurate and reasonable.

Budget:

Assist with projections for year end when needed
Generate Position Costing information
Assist with instruction on Eden input
Compile Eden Proposed Detail that was entered by Department
Proposed budget reviewed by Finance Director

Generate Long Term budget projections
Assist with formatting narrative for document
Communicate with Budget Committee

Assist with presentation materials
Prepare Resolution to Adopt Budget and Make Appropriations, and Ordinance to Levy Taxes -
Provide Jackson County with signed Ordinance Levying Taxes

Provide known information and industry trends
Verify and notify if any abnormalities
Input of Departmental Proposed Budget
Verify to ensure accuracy
Verify to ensure accuracy and to discuss with Director and City Administrator
Review and verify for accuracy
Verify information is correct and provide in timely manner
Communicate with Ashland Park Commission and relay to City
Present Departmental Budget to Budget Committee
Understand and abide by appropriation level

Understand and be able to discuss Property Tax revenue

Audit

Compile year end figures and assure balancing of funds

Work with Auditors during on site audits and throughout year
Generate CUFR
Communicate with Audit Committee
Prepare and submit GFOA Certificate of Achievement Award Application
Assure compliance with State of Oregon Statutes and provide documentation to State of Oregon

Submit correct information to ensure Financial Records are accurate
Be prepared to speak to your activities
Prepare transmittal letter
Attend Audit Committee meeting
Assist staff with Statistical information