



City Council Meeting Agenda

Tuesday, January 23, 2024

7:00 p.m. – City Council Regular Meeting

EXECUTIVE SESSION – to immediately follow the URA Meeting (CLOSED TO THE PUBLIC)

Welcome! The public is strongly encouraged to participate remotely but there is seating at Civic Hall for those who are not able to participate remotely. However, if you are not feeling well, please stay home and take care of yourself.

The public is strongly encouraged to relay concerns and comments to the Council in one of three ways:

- Email at any time up to **12 p.m. on Monday, January 22nd** to claudia.cisneros@mcminnvilleoregon.gov
- If appearing via telephone only please sign up prior by **12 p.m. on Monday, January 22nd** by emailing the City Recorder at claudia.cisneros@mcminnvilleoregon.gov as the chat function is not available when calling in zoom;
- Join the zoom meeting use the raise hand feature in zoom to request to speak, once your turn is up we will announce your name and unmute your mic. **You will need to provide your First and Last name, Address, and contact information (email or phone) to the City.**

*You can live broadcast the City Council Meeting on cable channels Xfinity 11 and 331,
Frontier 29 or webstream here:*

mcm11.org/live

CITY COUNCIL REGULAR MEETING:

You may join online via Zoom Meeting:

<https://mcminnvilleoregon.zoom.us/j/85453994999?pwd=3pd2OzeLtvcoEXEUG9Snq9fXxYEVDL.1>

Zoom ID: 854 5399 4999

Zoom Password: 259378

Or you can call in and listen via Zoom: 1-253- 215- 8782

ID: 854 5399 4999

7:00 PM – REGULAR COUNCIL MEETING – VIA ZOOM AND SEATING AT CIVIC HALL

1. CALL TO ORDER & ROLL CALL

2. PLEDGE OF ALLEGIANCE

3. PROCLAMATION

a. Black History Month Proclamation

4. INVITATION TO COMMUNITY MEMBERS FOR PUBLIC COMMENT –

The Mayor will announce that any interested audience members are invited to provide comments. Anyone may speak on any topic other than: a matter in litigation, a quasi-judicial land use matter; or a matter scheduled for public hearing at some future date. The Mayor may limit comments to 3 minutes per person for a total of 30 minutes. The Mayor will read comments emailed to City Recorded and then any citizen participating via Zoom.

5. ADVICE/ INFORMATION ITEMS

- a. Reports from Councilors on Committee & Board Assignments
- b. Department Head Reports
- c. October & November 2023 Cash and Investment Report (in packet)

6. CONSENT AGENDA

- a. Consider **Resolution No. 2024-04**: A Resolution designating American Rescue Plan Act (ARPA) revenue recovery funding as Committed Fund Balance.

7. RESOLUTION

- a. Consider **Resolution No. 2024-05**: A Resolution adopting a Plan of Action to address audit deficiencies encountered in the FY2022-2023 financial statements for the City of McMinnville.

8. ADJOURNMENT OF REGULAR MEETING

EXECUTIVE SESSION- IMMEDIATELY FOLLOW THE URBAN RENEWAL AGENCY (URA) MEETING - (NOT OPEN TO THE PUBLIC)

1. CALL TO ORDER

2. **Executive Session pursuant to ORS 192.660(2)(f)**: To consider information or records that are exempt by law from public inspection **AND pursuant to ORS 192.660(2)(j)**: To carry on negotiations under ORS chapter 293 with private persons or businesses regarding proposed acquisition, exchange or liquidation of public investments.

3. ADJOURNMENT OF EXECUTIVE SESSION



PROCLAMATION

Designation of February 2024 as Black History Month

WHEREAS, The City of McMinnville is committed to diversity, equity, and inclusion as a fundamental aspect of our community; and

WHEREAS, the official theme of Black History Month 2024 is "Black Resistance," examining how African Americans have fought repression from America's earliest days. From escaping the plantation to the rise out of poverty and the struggle for equal housing and education to the struggle for voting rights, the resistance lives on even into the 21st century; and

WHEREAS, Black Americans have made invaluable contributions to Oregon's economic, political, spiritual, and cultural development while maintaining and promoting their own unique culture and history; and

WHEREAS, we acknowledge and denounce the history of structural and institutional racism toward Black Americans in Oregon and throughout the United States, which has directly resulted in socioeconomic, health, and other disparities that persist to this day; and

WHEREAS, Black Americans have sought ways to nurture and protect lives, and for the autonomy of their physical and intellectual bodies through voluntary emigration, nonviolence, education, literature, sports, media, and legislation/politics; and

WHEREAS, Black History Month serves to celebrate the accomplishments, culture, and contributions of the Black community while honoring Black history; and

WHEREAS, we, as a community, must work together to end discrimination to achieve true equality for Black Oregonians and build a McMinnville where all residents can realize their full potential.

NOW, THEREFORE, I, Remy Drabkin, Mayor of McMinnville, do hereby proclaim February 2024 as:

Black History Month

IN WITNESS WHEREOF, I have hereunto set my hand, this twenty-third day of January, in the year two thousand twenty-four.

Remy Drabkin, Mayor



City of McMinnville

October 2023

CASH AND INVESTMENT BY FUND

FUND #	FUND NAME	GENERAL OPERATING		
		CASH IN BANK	INVESTMENT	TOTAL
01	General	\$2,581,055.16	\$7,821,904.24	\$10,402,959.40
05	Grants & Special Assessment	\$578.78	\$381,057.52	\$381,636.30
07	Transient Lodging Tax	\$54.78	\$387,000.00	\$387,054.78
08	Affordable Housing	\$42.80	\$2,425,000.00	\$2,425,042.80
10	Telecommunications	\$913.16	\$1,030.00	\$1,943.16
15	Emergency Communications	\$118.74	\$140,094.81	\$140,213.55
20	Street (State Tax)	\$537.66	\$2,234,615.79	\$2,235,153.45
25	Airport Maintenance	\$479.29	\$957,749.03	\$958,228.32
45	Transportation	\$822.94	\$5,047,494.92	\$5,048,317.86
50	Park Development	\$720.92	\$2,486,441.49	\$2,487,162.41
58	Urban Renewal	\$112.00	\$74,800.32	\$74,912.32
59	Urban Renewal Debt Service	\$958.89	\$821,200.86	\$822,159.75
60	Debt Service	\$425.02	(\$16,697.64)	(\$16,272.62)
70	Building	\$999.88	\$2,170,240.37	\$2,171,240.25
75	Wastewater Services	\$174.25	\$1,905,908.54	\$1,906,082.79
77	Wastewater Capital	\$140.34	\$38,502,103.65	\$38,502,243.99
80	Information Systems & Services	\$68.99	\$183,742.38	\$183,811.37
85	Insurance Reserve	\$67.69	\$268,290.54	\$268,358.23
99	Fire District Transition Fund	\$510.99	(\$34,000.00)	(\$33,489.01)
CITY TOTALS		2,588,782.28	65,757,976.82	68,346,759.10

MATURITY DATE	INSTITUTION	TYPE OF INVESTMENT	INTEREST RATE	CASH VALUE
N/A	Key Bank of Oregon	Checking & Repurchase Sweep Account	0.85%	\$2,588,782.28
N/A	Key Bank of Oregon	Money Market Savings Account	0.00%	\$0.00
N/A	State of Oregon	Local Government Investment Pool (LGIP)	4.90%	\$44,332,123.05
N/A	State of Oregon	Urban Renewal Loan Proceeds (LGIP)	4.90%	\$120,394.39
N/A	Umpqua Bank	Money Market Savings Account	5.12%	\$10,169,072.95
12/2/23	Umpqua Bank	Certificate of Deposit	4.89%	\$10,203,610.62
N/A	MassMutual Financial Group	Group Annuity	3.00%	\$932,775.81
				<u>\$68,346,759.10</u>



City of McMinnville

November 2023

CASH AND INVESTMENT BY FUND

FUND #	FUND NAME	GENERAL OPERATING		
		CASH IN BANK	INVESTMENT	TOTAL
01	General	\$2,296,547.40	\$17,199,384.65	\$19,495,932.05
05	Grants & Special Assessment	\$154.40	\$380,057.52	\$380,211.92
07	Transient Lodging Tax	\$945.01	(\$6,000.00)	(\$5,054.99)
08	Affordable Housing	\$116.31	\$2,213,000.00	\$2,213,116.31
10	Telecommunications	\$332.05	\$4,030.00	\$4,362.05
15	Emergency Communications	\$146.85	\$140,094.81	\$140,241.66
20	Street (State Tax)	\$561.48	\$2,233,158.36	\$2,233,719.84
25	Airport Maintenance	\$46.77	\$950,749.03	\$950,795.80
45	Transportation	\$185.32	\$5,087,494.92	\$5,087,680.24
50	Park Development	\$806.14	\$2,480,441.49	\$2,481,247.63
58	Urban Renewal	\$704.81	(\$704.91)	(\$0.10)
59	Urban Renewal Debt Service	\$425.82	\$1,400,947.04	\$1,401,372.86
60	Debt Service	\$425.02	\$2,501,632.63	\$2,502,057.65
70	Building	\$203.28	\$2,154,240.37	\$2,154,443.65
75	Wastewater Services	\$641.51	\$1,963,104.39	\$1,963,745.90
77	Wastewater Capital	\$762.15	\$37,883,103.65	\$37,883,865.80
80	Information Systems & Services	\$18.43	\$221,742.38	\$221,760.81
85	Insurance Reserve	\$579.13	\$216,290.54	\$216,869.67
99	Fire District Transition Fund	\$197.13	(\$127,000.00)	(\$126,802.87)
CITY TOTALS		2,303,799.01	76,895,766.87	79,199,565.88

MATURITY DATE	INSTITUTION	TYPE OF INVESTMENT	INTEREST RATE	CASH VALUE
N/A	Key Bank of Oregon	Checking & Repurchase Sweep Account	0.85%	\$2,303,799.01
N/A	Key Bank of Oregon	Money Market Savings Account	0.00%	\$0.00
N/A	State of Oregon	Local Government Investment Pool (LGIP)	5.00%	\$55,387,833.16
N/A	State of Oregon	Urban Renewal Loan Proceeds (LGIP)	5.00%	\$120,889.16
N/A	Umpqua Bank	Money Market Savings Account	5.22%	\$10,211,699.47
12/2/23	Umpqua Bank	Certificate of Deposit	4.89%	\$10,244,285.28
N/A	MassMutual Financial Group	Group Annuity	3.00%	\$931,059.80
				<u>\$79,199,565.88</u>

STAFF REPORT

DATE: January 6, 2024
TO: Mayor and City Council
CC: City Manager
FROM: Jennifer Cuellar, Finance Director
SUBJECT: Formalize FY2023-24 budget action to hold revenue recovery category of ARPA funding received in FY2022-23 as Committed Fund Balance to continue work on the 28 approved projects

Strategic Priority and Goal



CITY GOVERNMENT CAPACITY

Strengthen the City's ability to prioritize & deliver municipal services with discipline and focus.

Report in Brief: This action formalizes that intent of Council to allocate general fund resources equivalent of the American Rescue Plan Act grant used for revenue recovery for the purpose of continuing the 28 projects recommended by the Budget Committee and approved by Council in resolution 2021-54, with specific project budget amendments in subsequent Council resolutions.

Discussion:

In FY2022-23 the City spent out its full American Rescue Plan Act (ARPA) allocation of \$7.7 million. From March 2021 through June 2023, \$1.2 million in direct expenditures was spent on the Council approved ARPA projects. The balance of the grant's \$6.5 million was drawn down in the allowable revenue recovery category to the General Fund.

In June 2023, Council approved its FY2023-24 budget, as proposed by the Budget Committee, which included use of the ARPA revenue recovery balance to make continued progress on the approved projects in the current fiscal year along with its unbudgeted balance held for future activity in a Committed Fund Balance category. The budget also includes the amount in ARPA funds not yet allocated to specific projects (now \$690,000) in the committed fund county for future project allocation choices by Council for budget amendments in current approved projects or new activities.

As of FY 2010-11, the Government Accounting Standards Board (GASB) has required fund balance reporting in the financial statements to be shown in an updated list of specific categories.

1. Non-spendable: resources that cannot be spent, such as pre-paid expense or inventories
2. Restricted: resources that are restricted due to contract (grants, debt covenant, for example) or law requiring they be spent for a particular purpose

3. Committed: Council resolution placing a restriction on use
4. Assigned: resources budgeted with intent for specific use
5. Unassigned: resources available for any in the General Fund

The dollars under discussion are no longer considered to be in the Restricted category by grant contract because the City opted to fully spend out its ARPA grant in the prior fiscal year. While Council can modify or rescind a decision on Committed Fund designations, it does represent a more significant classification of funds for purpose designation, reducing the possibility that the fund balance would be absorbed into the General Fund in future fiscal years rather than continue to support the Council's authorized ARPA projects.

The Council's approved 28 projects are further categorized in programmatic terms as follows:

1. Innovative, high-impact projects
2. Immediate impact community projects
3. Internal efficiency and effectiveness projects

It is the staff's intention to proceed investing in these projects, following past Council guidance and resolutions. Specifically, the FY2023-24 budget indicates the Council intent to place these funds in the Committed category; this resolution formalizes that decision.

Fiscal Impact:

Because the funding is already budgeted for FY2023-24 spending, with the balance budgeted in the Committed Ending Fund balance category for future year use, no change to the financial planning or fiscal status of the General Fund, or any other fund, is made as a result of the decision.

Council Options:

1. Adopt the resolution placing the ARPA revenue recovery category of expense in the Committed fund balance category. This is the staff recommendation.
2. Do not adopt the resolution. This indicates Council preference to reduce the strength of the fund balance category to either Assigned or Unassigned (thus available for any General Fund purpose in future fiscal years).

Documents:

1. Resolution 2024-04 Designate ARPA revenue recovery funding as Committed Fund Balance

RESOLUTION NO. 2024-04

A Resolution designating American Rescue Plan Act (ARPA) revenue recovery funding as Committed Fund Balance.

RECITALS:

Whereas, the City of McMinnville received \$7,716,939 in directly allocated ARPA dollars as part of the State and Local Fiscal Recovery Funds (SLFRF) program; and

Whereas, the Council, as recommended by the Budget Committee, established 28 projects and left a balance for future allocations in resolution 2021-54; and

Whereas, The City fully spent its ARPA grant funds as of June 30, 2023, with \$1,222,591 on direct project expenses and the balance of \$6,494,348 in the revenue recovery category allowed in the SLFRF program; and

Whereas, the Council adopted FY2023-24 Budget, as approved by the Budget Committee, includes continued spending on the 28 authorized projects and places the unspent balance of revenue recovery funding in the Committed Fund Balance category; and

NOW, THEREFORE, BE IT RESOLVED BY THE COMMON COUNCIL OF THE CITY OF McMINNVILLE, OREGON, as follows:

1. Designating ARPA revenue recovery funding as Committed Fund Balance is hereby approved.

Adopted by the Common Council of the City of McMinnville at a regular meeting held the 23rd day of January, 2024 by the following votes:

Ayes: _____

Nays: _____

Approved this 23rd day of January, 2024.

MAYOR

Approved as to form:

Attest:

CITY ATTORNEY

CITY RECORDER

STAFF REPORT

DATE: December 12, 2023
TO: Jeff Towery, City Manager
FROM: Jennifer Cuellar, Finance Director
SUBJECT: FY2022-23 Action Plan



CITY GOVERNMENT CAPACITY

Strengthen the City's ability to prioritize & deliver municipal services with discipline and focus.

Report in Brief: Action Plan resolution, authorizing Mayor to sign letter to the Secretary of State

Discussion of Budget Amendment

On December 29, 2023, the City's financial statements were filed with the Secretary of State. In addition, the finance team submitted the City's Comprehensive Annual Financial Report (CAFR) to the Government Finance Officers Association (GFOA) in the expectation of maintaining the streak for the Excellence in Financial Reporting award.

I'm also pleased to report that Merina and Co will issue an unmodified opinion (AKA a clean opinion) but – unfortunately, there's some bad news as well. Two material weaknesses were identified by the auditors during this year's annual cycle.

When a municipality receives a material weakness finding, it is required under ORS 297.466 to file a Plan of Action with the Secretary of State within 30 days of receiving the opinion. This resolution and Plan of Action, based on a template letter format provided by the Secretary of State, is before you for approval, meeting the deadline for addressing the concerns raised.

On January 23, 2024, the report back from the auditor on the FY2022-23 audit to the Council is scheduled and she will be available to answer any additional questions about the audit process or the Plan of Action.

Fiscal Impact:

A modest cost for training and professional accounting review of new policies and procedures will be incurred, as will the opportunity cost in staff time so we can educate key staff on these updated policies and procedures. However, anything we can do to strengthen our financial internal controls and general practice will benefit the City indirectly as it carries out its financial activities and considers going to the debt markets in the future.

Council Options:

1. Adopt the resolution for the Action Plan.
2. Do not adopt resolution Action Plan as attached but make desired amendments during the January 23rd meeting so that the organization meets the statutory requirement of filing the plan within 30 days of filing the annual financial statements.

Documents:

1. Action Plan included in the body of the letter to the Oregon Secretary of State
2. Resolution for the Action Plan – City of McMinnville

RESOLUTION NO. 2024-05

A Resolution adopting a Plan of Action to address audit deficiencies encountered in the FY2022-2023 financial statements for the City of McMinnville.

RECITALS:

Whereas, the City of McMinnville received two material weakness audit deficiency findings for its annual audit; and

Whereas, ORS 297.466 requires that a Plan of Action be adopted by the governing body within 30 days of receipt of the audit; and

Whereas, the Plan of Action shall describe the deficiency and actions taken to address the deficiency; and

Whereas, the Secretary of State provides a template for the Plan of Action and this model was utilized by the City and is found in letter format addressed to the Secretary of State on City of McMinnville letterhead; and

NOW, THEREFORE, BE IT RESOLVED BY THE COMMON COUNCIL OF THE CITY OF McMINNVILLE, OREGON, as follows:

1. The Plan of Action is hereby approved.
2. The Mayor is authorized to sign the Plan of Action letter.
3. The Finance Director is directed to submit the Plan of Action to the Secretary of State.

Adopted by the Common Council of the City of McMinnville at a regular meeting held the 23rd day of January, 2024 by the following votes:

Ayes: _____

Nays: _____

Approved this 23rd day of January, 2024.

MAYOR

Approved as to form:

Attest:

CITY ATTORNEY

CITY RECORDER



City of McMinnville

230 NE Second Street McMinnville, Oregon 97128 www.mcminnvilleoregon.gov

January 23, 2024

Oregon Secretary of State, Audits Division
255 Capitol St. NE, Suite #500
Salem, OR 97310

Plan of Action for City of McMinnville

The City of McMinnville respectfully submits the following corrective action plan in response to deficiencies reported in our audit of fiscal year ended June 30, 2023. The audit was completed by the independent auditing firm Merina and Company and reported the deficiencies listed below. The plan of action was adopted by the governing body at their meeting on January 23, 2024, as indicated by the signature below.

The deficiencies are listed below, including the adopted plan of action and timeframe for each.

1. Deficiency #1 Controls were not in place to ensure the City correctly recorded and capitalized expenditures related to capital projects within the Urban Renewal Agency.

- a. Type of deficiency - Material Weakness

Criteria: Capital asset additions not accurately capitalized as per Generally Accepted Accounting Principles (GAAP).

Effect: The Urban Renewal Agency's capital assets were misstated in the prior year's financial statements.

Cause: The City misclassified certain materials and service expenditures, resulting in expenditures related to a capital project not being capitalized.

Auditor Recommendation: The City should revise its capital asset policies to improve the review of expenditure classifications promptly.

- b. Document the plan of action

City will strengthen controls through improved training on capitalization thresholds as well as will review and potentially update general ledger codes to capture professional services that are capital in nature.

- c. Timeframe for implementation

By June 30, 2024.

- 2. Deficiency #2 Controls were not in place to ensure the City correctly recorded loans receivable and deferred revenue amounts related to community development loans within the Urban Renewal Agency

- a. Type of deficiency - Material Weakness

Criteria: Loans receivable and deferred revenue must be recognized as per Generally Accepted Accounting Principles (GAAP).

Effect: The Urban Renewal Agency's loans receivable and deferred revenue were misstated in the financial statements.

Cause: The City did not have adequate controls in place to capture loans receivable transactions; while the City reconciles accounts receivable, the process in place did not capture loans receivable and deferred revenue associated with loans from community development when realized.

Auditor Recommendation: The City should revise its loan policies and internal tracking procedures to ensure loans receivable and deferred revenue are properly reported.

- b. Document the plan of action

City will implement controls to evaluate and review new and outstanding loans on an annual basis as part of the process for recording loans receivable and deferred revenue.

City will implement training on loan policies and procedures as well as consistently track outstanding loan schedules and activity.

- c. Timeframe for implementation

By June 30, 2024.

Mayor Remy Drabkin (Signature)

Date