



City of McMinnville

MacPAC Agenda Thursday, June 3, 2021 6:30 p.m. Online Meeting

Join online via

Zoom: <https://mcminnvilleoregon.zoom.us/j/98733600881?pwd=VIVHQTJ0cSsxaU1EcZJCMm52L2I4UT09>

Meeting ID: 987 3360 0881 **Password:** 655257

Or you can call in and listen via zoom: 1 346 248 7799
ID: 987 3360 0881

- 1. Welcome**
- 2. Finance Roundtable & Discussion** (staff report attached)
- 3. Public Involvement Discussion** (information will be provided at the meeting)
- 4. Rec Center Location Discussion** (staff report attached)
- 5. Upcoming MacPAC events:**
 - a. Optional Tour - June 10, 6:00 pm @ Hillsboro Brookwood Library, 2850 NE Brookwood Pkwy**
 - b. Next MacPAC meeting, July 1st @ 6:30pm**

If you have any questions about this meeting, or if you would like to make a request for an interpreter for the hearing impaired or for other accommodations for persons with disabilities, please contact Susan Muir at (503) 474-7310 at least 48 hours before the meeting.

6. Wrap up



MacPAC June 3, 2021 Staff Report

To: MacPAC
From: Susan Muir, P&R Director and Jenny Berg, Library Director
Subject: Agenda item #2 – Finance Roundtable & Discussion

Overview

To kick off the financial portion of MacPAC's work, we will have a roundtable discussion with the following brief presentations:

- a. Intro to McMinnville's Budget – Jennifer Cuellar, Finance Director
- b. Intro to Parks and Recreation and Library Department Budgets – Jenny Berg & Susan Muir
- c. Phase I Feasibility Report – Ken Ballard, Ballard*King
- d. Municipal Financing Options & thoughts – Jeff Towery, City Manager
- e. History of McMinnville Capital Projects/Bonds – Mayor Hill
- f. McMinnville School District bond and community work – Kevin Chambers

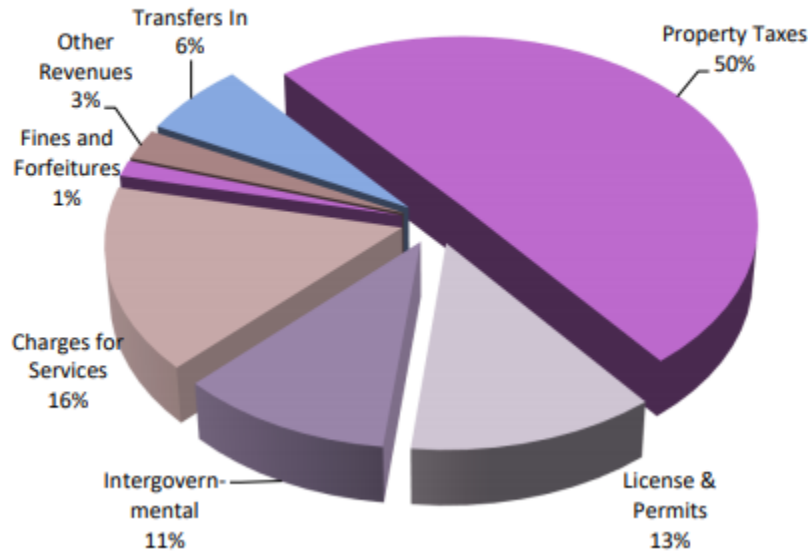
We'll follow that up with:

- g. MacPAC Q&A with panel
- h. MacPAC discussion

The final product or recommendation from MacPAC regarding a funding plan for the project will not be a detailed financial plan. Rather, what we are looking for is a ranking of funding mechanisms, a prioritization of mechanisms, and/or conceptual financial ideas. One suggestion or model could be the following chart found in the City's budget documents for all General Fund resources/revenue for ongoing operations (see next page). MacPAC could develop two similar charts, one with %'s for capital costs and one with %'s for ongoing costs.

General Fund Resources - By Type

Excludes Beginning Balance



A more detailed financial plan will be developed later by a technical group, building on MacPAC's recommendation, after the City Council has received the final product from MacPAC. That group will be a smaller, more specialized group of advisors with financial expertise in municipal bonds and municipal financing. Discussion points and questions are provided at the end of this staff report that we will use to start the discussion after the presentations.

Background

Before the meeting, please review:

- The potential funding section of the phase I report for this project on pages 73-82 at this link
https://www.mcminnvilleoregon.gov/sites/default/files/fileattachments/macpac/page/19251/mcminnville_final_report-1-6-20.pdf .

The Phase I report was written before the library joined the project, however, the available funding mechanisms are fairly consistent among the different facilities.

- The Financial Overview section of the City of McMinnville's FY 21/22 budget. See pages 13- 30:
https://www.mcminnvilleoregon.gov/sites/default/files/fileattachments/finance/page/211/2021-22_mcminnville_proposed_budget_webvrsn.pdf .
- The third resource to prepare for the meeting is a one-page graphic from the League of Oregon Cities showing discretionary city revenue sources:

Discussion

There are two types of funding that will be needed to build and support the new and updated facilities and programs. The first type of funding is one time funding, which supports capital construction. Grants and general obligation bonds are examples of one-time revenue sources. The second type of funding required is on-going operational funding. Fees, levies and property taxes are examples of on-going revenue sources. For long term sustainability, ongoing costs (staffing for example) should not be paid with one-time resources. One-time sources are best for capital/construction costs and ongoing revenues are best to pay for staffing and program costs.

Local government general fund budgets, mostly funded through property taxes, typically have a large expenditure going to staff costs. For the City of McMinnville, 73% of our entire general fund budget goes to personnel services/staff. While we have focused primarily on capital needs so far in MacPAC discussions related to buildings, the ongoing revenue to support staffing and programs is equally as important. It may seem counterintuitive because the capital cost will be so much larger than the annual staffing costs, but one time money through capital campaigns, bonds and grants is often easier to get. The difficult, and more critical funding, is needed to operate the programs, maintain the facilities, and even prepare for major capital updates and ongoing maintenance needs in the buildings. As evidenced by the Facilities Condition Assessment and even the current budget gap resulting in staff furloughs, due to budget limitations for the City of McMinnville, we have been unable to maintain ongoing funding for Parks and Recreation and Library services in accordance with best management practices or to meet the expectations of residents.

The City of McMinnville is currently working on several initiatives outside of the MacPAC process to bring in new ongoing revenues to the general fund, those include:

- The City Council's FY 21/22 strategic plan Identified a goal of finding \$2-3 million of new revenue in FY 21-22. On May 11, 2021, the City Council heard the results of a recent poll that tested voter responses to 2 potential new revenue sources; an operating levy and a fee added to utility bills. While preliminary results are optimistic, there is much work to be done before determining if and how something like this might be enacted. For poll results:

https://www.mcminnvilleoregon.gov/sites/default/files/fileattachments/macpac/page/19231/cdri_mcminnville_revenueresearch_5_12_2021.pdf

- Create a fire district – the City of McMinnville is leading an effort to study and evaluate the potential of creating a consolidated fire district that would consolidate the Amity, Dayton, Dundee, New Carlton and Sheridan Fire Districts with the Lafayette and McMinnville Fire Departments. This effort, if successful, would potentially remove the Fire Department costs from the City’s general fund which would create more resources for the remaining city services. For scale, 15-19% of the City’s unrestricted general fund budget goes to Fire & Ambulance Services. A successful districting effort could potentially open up resources for operating new or expanded Library and Recreation facilities. The current Library and Parks and Rec budgets combined are approximately 16% of the general fund budget or \$5 million.

While these aren’t within MacPAC’s purview, they are examples of how looking at the larger financial picture can help contribute to the success of the MacPAC project.

Recommendation

The points below are suggested questions to start MacPAC’s deliberation on funding the project.

1. What financing tools should the City consider to fund the **capital construction costs** (one time) of the MacPAC project? Examples include:
 - Capital campaign (fundraiser)
 - General Obligation Bond (voter approved)
 - Grants
 - Partners
 - Other?
2. What financing tools should the City not consider to fund **the capital construction costs** (one time) of the MacPAC project?
3. What are the financing tools the City should consider to fund the **on-going operational costs** of the MacPAC project?
 - Districting
 - Utility fee
 - Operating Levy
 - Property Taxes
 - Use agreements and contracts (clubs, schools, etc.)
 - User fees

4. What financing tools should the City not consider to fund the **on-going operational costs** of the MacPAC project?
5. How does MacPAC's equity lens factor into this discussion?
6. Other?



City of McMinnville

MacPAC June 3, 2021 Staff Report

To: MacPAC

From: Susan Muir, P&R Director and Jenny Berg, Library Director

Subject: Agenda item #4 – Rec Center Location Discussion

Overview

At MacPAC's January 7th meeting staff reviewed their analysis of 11 potential sites for the new proposed rec center. At that meeting, staff asked if there were any of the 11 sites MacPAC would like to see additional information on, and if there were any additional sites outside of the 11, that MacPAC members wanted to analyze. MacPAC members asked for additional information regarding Wortman Park, and no other sites were added to the inventory of potential sites.

At the February 4th meeting, MacPAC passed a motion to recommend the Linfield owned property as the best location for the proposed rec center. The vote was 14 in favor, 3 abstentions, and 1 no vote. At the last meeting, there was additional discussion about the selected site and concerns were raised about any potential partnership with Linfield that may accompany locating a rec center there.

Background

The reason staff recommended City Council create a special advisory committee, was to continue to build on the transparency of this important community project. As members, you were appointed to represent the community - stakeholders, residents, users and partners - and advise the City, in a public manner, about important decisions. To date, MacPAC has conducted 15 public meetings, all publicly noticed and 13 of them were live streamed. MacPAC has its own web page with background materials, catalogued videos of meetings, and although not widely used, developed a public discussion board. In addition, in the last few months, MacPAC representatives have presented information about this project at 4 McMinnville service clubs and has offered to give presentations to other groups, boards and organizations. The Parks and Recreation quarterly guide, mailed to every household in McMinnville, has also featured 5 pieces on MacPAC's process and members, 2 of those were in both Spanish and English (which is our standard going forward). This project has been mentioned over a dozen times in the

newspaper, at least 3 of those have been on the front page. Regular updates are also given at public City Council meetings.

Discussion

There was a recent opinion piece in the News Register with a headline that staff believes does not accurately reflect the nature of MacPAC's meetings and processes. <https://newsregister.com/article?articleTitle=jeb-bladine-transparency-lacking-in-rec-center-planning--1621615499--40278--commentary> Aside from the headline and other innuendos in the piece, it did provide us with insight into at least some element of public perspective about another potential site.

While we don't like the wrapping, the gift is valuable. Public processes like MacPAC's are designed to find issues, daylight them, consider them and analyze them. The good news is, the process is working, and we should expect additional feedback, recommendations and insight that will need to be considered as we embark on getting community feedback over the summer. With all of that, in alignment with MacPAC's processes to date, staff will ask MacPAC two questions at the meeting:

1. Would you like staff to analyze the Mac W&L property at the SE corner of NE Riverside Drive and NE Marsh Lane? If yes, staff will bring the analysis to your July meeting for you to consider.
2. Are there any other sites you have heard of, or may wonder about, that we should look at as well as part of this process?