



**Kent Taylor Civic Hall  
Council Chambers  
200 NE Second Street  
McMinnville, OR 97128**

**Budget Committee Meeting Agenda  
Wednesday, May 18, 2020  
6:00 p.m.**

*Welcome! The public is welcome to attend, however if you are not feeling well, please stay home and take care of yourself. In accordance with Governor Kate Brown's Executive Order 2020-12 we are limiting the amount of people at Civic Hall and if we meet capacity we may ask you to leave.*

*Submitting public comment prior to the meeting is encouraged. Comments or questions regarding the budget or the use of state shared revenues received by Wednesday May 13, 2020 will be compiled and distributed to the Budget Committee members prior to the meeting. [www.mcminnvilleoregon.gov/finance/webform/budget-public-comment](http://www.mcminnvilleoregon.gov/finance/webform/budget-public-comment)*

*Public comment may also be given in real time by joining the zoom meeting. If appearing via telephone only please sign up prior to the meeting by emailing the City Recorder at [Claudia.Cisneros@mcminnvilleoregon.gov](mailto:Claudia.Cisneros@mcminnvilleoregon.gov) as the chat function is not available when calling in. All others may join zoom and send a chat directly to City Recorder, Claudia Cisneros, to request to speak and 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.*

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*You can live broadcasts the City Council Meeting on cable channels Xfinity 11 and 331, Frontier 29 or webstream here:  
[www.mcm11.org/live](http://www.mcm11.org/live)*

*You may join online via Zoom Meeting:  
<https://mcminnvilleoregon.zoom.us/j/96702121648?pwd=UjAzd0RXOWILVEdmT05MV2q1Mm5HUT09>  
Zoom ID: 967-0212-1648  
Zoom Password: 482627*

*Or you can call in and listen via zoom: 1-253- 215- 8782  
ID: 967-0212-1648*

1. CALL TO ORDER
2. ROLL CALL
3. ELECTION OF BUDGET COMMITTEE CHAIRPERSON
4. APPROVAL OF MAY 15, 2019 BUDGET COMMITTEE MEETING MINUTES
5. PRESENTATION ON PROPOSED BUDGET FOR 2020-2021 FISCAL YEAR
6. PRESENTATION OF BUDGET MESSAGE BY CITY MANAGER

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7. PUBLIC TESTIMONY ON PROPOSED 2020-2021 BUDGET
8. PUBLIC HEARING – ON POSSIBLE USES OF STATE REVENUE SHARING
9. REVIEW AND DISCUSSION OF PROPOSED 2020-2021 BUDGET
10. BUDGET COMMITTEE RECOMMENDATION TO APPROVE THE 2020-2021 BUDGET AS PROPOSED OR AMENDED AND TAX RATE
11. IF NEEDED; MOTION TO CANCEL MEETING SCHEDULED MAY 20, 2020, 6:00 P.M.
12. ADJOURNMENT

Kent Taylor Civic Hall is accessible to persons with disabilities. A request for an interpreter for the hearing impaired or for other accommodations for persons with disabilities should be made a least 48 hours before the meeting to the City Recorder (503) 435-5702. For TTY services, please dial 711.



2. ROLL CALL: City Recorder Bisset called roll. It was noted that Councilor Drabkin and Budget Committee Members Hofstetter and Millegan were absent.
3. ELECTION OF BUDGET COMMITTEE CHAIRPERSON: Councilor Garvin MOVED to elect Kellie Menke as Budget Committee Chair and further MOVED that the nominations be closed; SECONDED by Councilor Peralta. Motion PASSED unanimously.
4. & 5. PRESENTATION ON PROPOSED BUDGET FOR 2019-2020 FISCAL YEAR AND BUDGET MESSAGE: City Manager Towery stated that the budget was a level services budget. They had tried to redirect some of their energy and focus on the high priorities in the Strategic Plan. With respect to work force support, they were intending to primarily maintain capacity at current levels of service, manage expenses, and address cost recovery in many instances. They had set aside limited funds to address emerging needs based on the priorities from the adopted Strategic Plan. A classification and compensation study would be initiated soon and be completed early in FY19-20. They were also working to rebuild core services.

Administration: With the announced retirement of the Finance Director and the departure of the Deputy City Attorney, they had started a thoughtful organizational review with the goal of strengthening and supporting efficient and effective services for the City's externally facing departments.

Community Development: In the second step in a two year approach, an additional Utility Worker and supporting materials and services costs were included in the budget. This would incrementally increase service levels and positively impact park users.

Finance: The proposed budget reflected the City's decision to contract with a third party provider for ambulance billing services, resulting in the elimination of 1.8 FTE. This decision addressed two Mac-Town 2032 goals: City Government Capacity and Community Safety & Resiliency.

Fire: This budget would implement an intergovernmental agreement with Amity Fire District that would allow the two departments to fund a new Training Officer while the City provided for Administration and Training for the District. They would also evaluate opportunities for consolidation with other departments, including the concept of creating a new District.

Parks and Recreation: a Recreation Building Master Plan and Feasibility Study began in 2018-19 and would continue in 2019-20. A fee analysis funded in 2018-19 would be implemented in 2019-20.

In an effort to stabilize General Fund reserves, they were trying to maintain a healthy reserve to allow the City to continue to weather the last recession without deep cuts. The City had maintained a very favorable bond rating. This budget would have slightly declining and still adequate reserves. The Government Finance Officers Association indicated that a 17% reserve level met best practices, and the City's reserve would be 12-14%. Based on current forecasts and a continued effort to identify new revenues and alternate service delivery models, the City expected to be able to moderate the decline and stabilize the reserves in future years.

City Manager Towery reviewed the Strategic Plan vision, mission, and values. The following strategic priorities required special focus by the City in the next fifteen years. In order to move McMinnville toward its vision, the City believed it would need to make disproportionate investments in time and financial resources in these areas:

City government capacity – strengthen the City's ability to prioritize and deliver municipal services with discipline and focus

Civic leadership – encourage a variety of leadership development opportunities to foster a culture of civic pride and involvement

Community safety & resiliency – proactively plan for and responsively maintain a safe and resilient community

Economic prosperity – provide economic opportunity for all residents through sustainable growth across a balanced array of traditional and innovative industry sectors

Engagement & inclusion – create a culture of acceptance and mutual respect that acknowledged differences and strives for equity

Growth & development character – guide growth and development strategically, responsively, and responsibly to enhance our unique character

Housing opportunities – create diverse housing opportunities that support great neighborhoods

City Manager Towery said there would be opportunity to take public testimony on the proposed 2019-2020 budget. He shared the possible budget amendments:

Airport/Wastewater Capital Loan:

Airport Fund – Appropriation for transfer out to Wastewater Capital Fund for \$21,680

Wastewater Capital Fund - Transfer in from Airport Fund for \$21,680

Community Development Block Grant (subject to Council and HUD action):

- Special Assessment Fund – Increase intergovernmental revenue by \$500,000 and appropriation in materials and services by \$500,000

Wastewater Franchise Fee (subject to Council action):

- Wastewater Services Fund – Include Licenses & Permits revenue of \$500,000, increase appropriation for transfer out to General Fund by \$500,000
- General Fund – Increase transfers in from the Wastewater Services Fund by \$500,000 and contingency by \$500,000

Specialty Business License – Care Facilities:

- General Fund - Increase revenue in Fire budget by \$100,000 (\$200,000 total) and ending fund balance by \$100,000

Mayor Hill clarified the Wastewater Franchise Fee at \$500,000 would show an implementation of July 1.

6.

#### PUBLIC TESTIMONY ON PROPOSED 2019-20 BUDGET

Mark Davis, McMinnville resident, stated that budgets were important. In this case they were using a very prescribed form. Last night at the Council meeting Councilor Drabkin stated that the City had not directed any money to affordable housing. However he was not sure if that was an accurate assessment. He looked at the organizational chart, and all departments with the exception of Finance and Information Services had been directly impacted by the issues related to housing. He thought the City was already spending money on these issues. He was a little shocked by the General Fund transfer to the Fire Department for ambulance services that had jumped up to \$1 million. He thought that reflected the ongoing issues they were having. It was time to dedicate some funds to dealing with the homeless crisis and affordable housing so that solutions could be moved forward. His biggest concern was that there were not any social workers working for the City and he stated that there would need to be some cooperation between non-profits, County mental health, and other organizations. The City was simply not going to be able to take care of it with the budget. If there was money available, he suggested taking three approaches. The first was the direct homeless crisis and people living on the street. He expressed concern about the low barrier shelter effort that was discussed at the recent Council meeting, especially the need for onsite supervision. The second was affordable housing, which he considered below 80% of median income. He suggested setting aside some money to

support people who were willing to build that kind of housing. The money needed to be used as leverage for projects. In order for public and private developers to get money from the State and Federal government, the City had to show a serious commitment to the projects. He thought that the addition of staff to the Planning Department had been good and helped them move forward with the UGB expansion process. He didn't want to see the momentum go away and wanted to keep the process moving. He was in favor of the Franchise Fee to provide funds for affordable housing. Regarding the Transient Lodging Tax, the money they were spending to bring visitors to town had taken away affordable housing. He noted that the franchise fee with McMinnville Water & Light did not match with what Water & Light had in their budget. Also in the description it said that most users were paying a 6% franchise fee, but there was a special class of heavy industrial that only paid 3%. He had a problem with granting large corporations a break. Several years ago Cascade Steel asked for a break from the Council on the franchise and it was granted. The numbers from February 2019 showed that Cascade Steel made \$220 million in revenue and their operating income was \$17.7 million. In August 2018 their revenue was \$481 million and the operating income was \$38 million. He didn't think it made sense to give this company a break. He looked at the current McMinnville Water & Light budget for industrial customers, and if they charged 6% for all users it would generate \$2.5 million, which was a \$475,000 difference and was what was being foregone by the 3%. He thought everyone should be paying the 6%.

7. PUBLIC HEARING ON POSSIBLE USES OF STATE REVENUE SHARING

Budget Committee Chair Menke opened the public hearing.

Finance Director Baragary presented the staff report. She explained the state revenue sharing came from liquor tax that was collected by the state and distributed to the cities based on a formula. The money was discretionary in how the City elected to spend it. It was typically used for capital improvements and anything left over went to the General Fund reserve. The following was the list of possible uses of these funds:

**City of McMinnville  
City's Possible Uses of State Revenue Sharing  
2019 - 2020 Proposed Budget**

<b><u>Revenue</u> - State Revenue Sharing</b>	<b><u>\$ 481,000</u></b>
<b><u>Expenditures</u> - State Revenue Sharing</b>	
<b>Administration</b>	
• General Fund Building master plan	50,000
• General Fund classification/compensation analysis	25,000
<b>Engineering</b>	
• Vehicle	13,000
<b>Planning</b>	
• Equal Opportunities Analysis update	40,000
<b>Police</b>	
• MDT's for patrol cars	36,900
• Annual payment for patrol car lease	56,100
<b>Fire</b>	
• Districting consultant	45,000
• Brush rig vehicle (\$130,000 total, McMinnville Rural Fire District contributing 50% of cost)	65,000
<b>Parks &amp; Recreation</b>	
• Recreation buildings master plan	100,000
<b>Library</b>	
• Smoke alarm system upgrade	50,000
<b>Total Proposed Expenditures</b>	<b><u>\$ 481,000</u></b>

There were no public comments.

Budget Committee Chair Menke closed the public hearing.

8. REVIEW AND DISCUSSION OF PROPOSED 2019-2020 BUDGET

City Manager Towery asked if any Committee member needed to declare a potential conflict of interest.

Budget Committee Member Mead stated he was married to the Library Director.



Councilor Geary stated he was married to a City staff member of the Library.

Councilor Peralta commented on Page VII of the Financial Overview. There was a deficit between the General Fund expenditures and revenues of \$3,097,387. He was concerned that last year the strategic reserve was drawn down to increase capacity of some departments and it looked like next year the City was planning to draw down more reserves to maintain the staffing level. The data he had showed the City's PERS cost increase in the current biennium at \$1.3 million, but in the next biennium it would go up to \$2.4 million. He questioned whether in the absence of making some fairly substantial changes that they would be able to replenish the strategic reserve over the next decade. He thought they needed to look at reducing expenditures, such as changes to benefits. He would like to protect staffing levels but questioned the budget trajectory they had been on for the last few years that would get them there.

City Manager Towery stated that staff and Council shared the concerns and all the points made were supported by the initiatives that they had been working on. The move to rigorously explore cost recovery had generated additional revenue and more of those efforts were underway. There was the opportunity to consolidate and potentially spin off Fire and EMS into a separate Fire District which would help create sustainable Fire and EMS service for a larger region and longer term financial stability for the City. That was a 3-5 year effort and they were one year into the process. He thought this budget moved the City in the right direction and was a reasonable and responsive budget to meet the expectations for service. Last year's effort was to rebuild some of the services that had been lost or had held steady during the recession. He was comfortable with the budget and shared the same concerns as Councilor Peralta mentioned. The state legislature was beginning to discuss a revenue imbalance and eventually local governments would be recognized through that effort.

Finance Director Baragary stated that the City had used conservative budgeting and forecasting practices and typically the ending fund balance was better than what was anticipated. By the end of August they would have a better idea of what the ending reserve looked like and that would be carried over to 2019-20.

Mayor Hill appreciated the graph under General Fund Ending Balance. He noted that if revenues were increased by 2% and expenditures were decreased by 2% then it leveled out and if they went to 3% it would bring them back up closer to a 20% reserve. They needed to be cognizant of what it would take to get there.

Councilor Peralta did not think they were in as good a position as he had hoped. The City was not seeing the balance that had been discussed. In order to maintain the strategic balance at close to 20%, it would take a 6% swing. He thought there should be a conversation about adjustments, such as the COLA increases and if there were other non-financial compensation concessions that could be made for employees.

Budget Committee Chair Menke reviewed the budget page by page. She read through the debt overview and noted under personnel services that wages and salaries were 61% and PERS was 19%, but was due to go up again next year. There were increases and decreases in several departments, 1.8 FTE decrease in Finance, 1.5% increase in Fire, and increase of 1 FTE in Community Center Rec Programs which was a 2.35% increase.

Mayor Hill stated there were 231.67 FTEs, however he highlighted that there were 1,399 volunteers with the City.

Budget Committee Chair Menke continued to review the department funds. She noted the projects in the Engineering and Planning budgets. The Police Department was going to add the rank of Corporal to provide leadership opportunities and increased direct supervision of officers.

Councilor Garvin asked if there had been Police Corporals in the past. Police Chief Matt Scales replied yes, but the positions were changed to Sergeants.

Councilor Peralta stated that there had been discussion about expanding the scope of the Department's mission to include towing and impounding. Police Chief Scales stated that if the Council adopted a more robust ordinance, he thought there would be a shortfall in the need for towing and disposal of RVs and a professionally kept storage shed.

Mayor Hill stated he had talked to the Police Department about that concern. As they moved forward with the ordinance, they needed to be able to execute that. As additional new revenues came in, they could be used to help with the homelessness issues. The first six months would be critical that they had the resources and manpower to be able to do this effectively. It was an area where the City should keep its eye on.

Councilor Peralta stated that as the Police interacted with the homeless, there might be redirection to services which would probably entail some additional costs down the road. He would like to see some movement in that direction. Police Chief Scales stated that about half of all Police staff had the CIT training that dealt with mental health and de-escalation

techniques. He agreed they needed more training in the future and active outreach.

Budget Committee Member Gautney asked if they utilized a reserve force. Police Chief Scales stated that there were three to four reserves currently and they were constantly recruiting reserve officers. The recruitment and training of reserves was in the budget.

Councilor Stassens asked about the STOP program. Police Chief Scales explained it was a statewide initiative for agencies to report their STOP data which was related to traffic stops and officer initiated engagements and getting out in front of the profiling piece and demographics. They were looking for any sort of anomalies. The data was transmitted to a state database and a statewide report would be generated. It did not add to any administrative costs.

Councilor Peralta asked about the Fire Department exploring additional funding strategies and what the timeline was for bringing those forward. Fire Chief Leipfert stated one of the funding strategies was lobbying for legislative support to increase Medicaid and Medicare reimbursement rates for ambulances. Another was creation of a district which would include a tax rate and larger service area. The timeline for districting typically was 3-5 years, but it was dependent on the political groups.

Councilor Peralta asked about the increase in staffing from 16.8 to 18.38 and how much of that was related to the Amity agreement. Fire Chief Leipfert explained that they were actually only adding 1 FTE, the Training Chief position, which was fully funded by the contract with Amity. The rest of it was staffing adjustments. There was no increase of service to Amity; they were administratively supervising Amity and coordinating their training.

Councilor Peralta asked if there was anything else that could be done to increase staffing levels. Fire Chief Leipfert stated he was waiting for the Strategic Plan process to be completed to find out what the goals and priorities were before making any recommendations for more funding.

Mayor Hill asked if compression was something that the City was concerned about. Fire Chief Leipfert explained the Fire District's tax base would overlap the City's tax base. Most places that had moved into districts, the cities had a ballot measure on at the same time as the district vote to balance the compression issues.

Budget Committee Member Hart asked what the long term budget effects for the City of McMinnville would be if they moved to a Fire District.

City Manager Towery stated that they had been trying to mitigate workload impacts by reducing the workload, working on recruiting and retaining efforts, fewer service calls, and not responding to requests for resources to major conflagrations in the fire season. The City could reduce their taxing authority equal to or greater than the amount of the tax base for the new Fire District or they could continue to levy the full amount that they could levy under the law or somewhere in between. They needed to make sure that they could responsibly maintain City services. Until they knew what the boundary might be and the staffing level and costs, they could only talk hypothetically about the options.

Budget Committee Member Hart asked about the transfer out to support the EMS. City Manager Towery stated it was about \$1.1 million. That cost would be built into the tax base for the new Fire District. Ideally it would be designed in a way that the tax base was sustainable.

Councilor Stassens asked about the drop in EMS service calls and if it was attributed to the new fees to senior care facilities. Fire Chief Leipfert stated that there had been a 27% reduction in care home calls since the ordinance was passed six months ago, which equated to 40 calls per month. He noted this was the second year in a row that there was a reduction in the overall call volume and he was still researching why.

Councilor Peralta complimented Parks and Recreation for hiring more bilingual staff and for the Master Planning efforts that were included in the budget.

Councilor Stassens asked about the increase to miscellaneous recreation program expenses. Parks and Recreation Director Muir said that was the budget to operate the Kids on the Block program. The fees had been increased for the program and she would be coming back to the Council with a report on long term goals to further solidify the financial plan while still looking at the core services and who they wanted to serve with their scholarships.

Budget Committee Member Gautney asked about the Library funding for a City this size and if it was more or less than a typical municipality this size. Library Director Berg was not sure how they compared to other cities this size. She looked at how library services compared to other services in the City and with that comparison, she thought it was a balanced approach. There were state library statistics that they could look at, however certain libraries reported their services differently and it might not be the full picture. When she looked at the City as a whole and the services they provided, she thought the Library was reasonably represented.

Budget Committee Member Gautney had heard conversations about the importance of continuing library services as more people were turning to online services. She saw the positive changes that had been made at the library and making it more of an attraction. She wanted to make sure they were funding the library properly.

Councilor Peralta said last year they increased library hours from 45 to 50 and they had 31,328 more patron visits. He asked about the impacts of the homeless on the library and the staffing level needed for safety. Library Director Berg said given the way the building was on two floors, in order to remain safe they had to have four people staffing the library at all times. That was the level of safety she could provide. It did take a toll on morale. Staff had expressed frustration, but they received good support when there was a concern for safety.

Mayor Hill stated that it was important to let library staff know that they were appreciated.

Councilor Peralta stated given the budget situation, he had concerns about putting over \$800,000 into marketing for Visit McMinnville. He noted that the City of Keizer used some of their Transient Lodging Tax funds for their Community Center. They needed to think strategically about other ways to spend those funds.

Mayor Hill stated that Visit McMinnville would be coming before Council with their annual report and these concerns could be raised at that time.

Councilor Geary agreed with Councilor Peralta.

City Manager Towery stated that the budget was being presented as it was agreed upon in the contract with Visit McMinnville. If the City wanted to explore other options, the forum to do that was with the City Council and Visit McMinnville, not with the Budget Committee.

Mayor Hill commented on the classification of the airport as a Class 2 Urban General Aviation Airport. He noted that the airport might be used for emergency services in the event of a natural disaster.

Budget Committee Chair Menke stated that in fiscal year 2019-2020, the City would levy \$3,716,108 in property taxes for principal and interest debt service payments on general obligation bonds. This levy would result in an estimated tax rate for debt service of \$1.3075 per \$1,000 of assessed property values. This tax rate compared to the actual debt service tax rate of \$1.4565 in 2018-2019.

Councilor Peralta asked about the ambulance fund and reimbursement money from the federal government. Fire Chief Leipfert said the state

legislature approved it in 2016 for a July 2017 start date, but a director was not hired to manage the program until April of this year. The reimbursements they anticipated were coming, but the delay in hiring caused a delay in creating the rules to let the providers apply for the reimbursements. They would be getting reimbursements back through July of 2017. Billing would start July 1, 2019 of this year for reimbursements.

Mayor Hill asked how much effort was being focused on cyber security. IS Director Burke stated that it was becoming the most important piece of what they did. He had seen other cities fall victim to attacks and had invested substantially in a top-of-the-line firewall. They had money in the budget to conduct some counter measure campaigns. In the last few years they had invested in a mobile device management system and implemented a two-factor verification for all devices.

Mayor Hill would like to have an Executive Session quarterly regarding cyber security and the City's effectiveness.

Budget Committee Member Gautney asked about a back-up plan for failure. IS Director Burke stated everything was backed up every night and information was stored off-site. It was a piece of disaster recovery planning.

Budget Committee Member Gautney wanted to make sure they had a way to recover from back-up failure and proper training for the systems.

Councilor Garvin asked about redundancy given the lack of seismic buildings in the City. IS Director Burke explained that there were two local data centers that they used to replicate all of the data and it was shipped off-site on a regular basis.

Councilor Geary asked how they would go from 1 gigabyte to 10 gigabytes, such as the timeline and budget for the change. IS Director Burke stated that they were planning to not have a data center on site in about 10-15 years, and that meant everything on site would be on something like Cloud and that was where they would jump from a 1GB network to 10 GB. He explained the process for making that switch.

Budget Committee Chair Menke asked for comments or concerns on the ending fund balance.

Budget Committee Member Hart stated regarding the reserve balance, he remembered times when there were hard decisions made to cut expenditures in order to keep the reserve higher than the level being contemplated in this budget. It seemed that the Councils in the past had a more conservative approach to the reserve. There had been discussions that if they did not use the money and deferred costs, those costs would be

higher in the future as things would not be maintained at the level they should be maintained. He noted that although they could increase the reserve, it would be done at a cost. It was a balancing act. Homelessness was a major issue in McMinnville and in all cities on the west coast. He was intrigued by Mr. Davis's proposal of looking for potential resources. Homelessness was an issue that the City Council was going to need to deal with and they would need to look at resources to address the issue. He noted that if an ordinance like Police Chief Scales's proposal was approved, they would be putting more pressure on Parks and Recreation. It would cause additional expenses and problems and would require some targeted money. They needed to pinpoint where there were pointed solutions and allocate resources to those solutions. There needed to be more discussion on pointed financial resources towards homelessness. He was in favor of the proposed budget, but with a cringe regarding the reserves because he thought another recession was coming in the future.

Councilor Geary stated that the current hot button issues were heavy on his mind especially in how they could be managed with the past decisions that were squeezing them. He too was uncomfortable with the reserves going down. He was not sure where he was at with the budget approval.

Budget Committee Member Mead thought that City governance in these times was not for the light of heart. These were tough financial times. The City of Newberg's reserve was down to 0 and the City of Corvallis's budget was massive cuts with a levy to fund staffing. He was concerned about McMinnville's reserve and how the graph showed a red line and in two years their reserves would be 0 if no cuts or revenue increases were made. He thought they were a couple years away from financial crisis and he would have a hard time voting yes on the budget.

Councilor Stassens wanted to look at the Transient Lodging Tax as stated previously and she would like to have something in the budget to reflect funding for homelessness, such as through the Wastewater franchise fee. She also wanted to hear more about an increase in the Water & Light franchise fee for heavy industrial. She had reservations about the reserves as well.

Budget Committee Member Lake stated that he typically was conservative when it came to budgets. The two options were they could spend or save and drawing down on reserves in a time of growth brought some concern. If they approved the budget tonight as proposed, it would make next year's budget much harder.

Budget Committee Member Gautney asked if the City was building cash reserves at a sufficient rate to match growth. Did spending money on

salaries and compensation achieve their staffing objectives? Were they confident in the probability of projected revenues enough to approve the requested level of expenditures? Some of the increases, such as COLA, could either cripple the budget or add to it. She wanted to be supportive of where they were going as a City, but at the same time the questions still needed to be asked.

Councilor Garvin had concerns about spending down the reserves and he would like to see the reserves at about 20%. They had spent down reserves for a number of years and were not creating any savings. There should be some expenditure cuts. The elephant in the room was PERS, but at the City level he was not sure that they could do anything about that. He would like staff to look into the Water & Light franchise fee. The Wastewater Fee should either be put in the General Fund or dedicated to some use. Housing should be funded out of the TLT. He would reluctantly vote yes to pass the budget tonight, but next year he would be a no vote if the same budget came back.

Councilor Peralta thought that as many staff member positions as they could should be protected this year and in future years. He noted that health care and PERS expenses were going up. His tension level for this budget was dependent on what happened with the legislature in respect to PERS. He was interested in Mr. Davis's suggestion to modify the Water & Light franchise fee and also what it would look like if all users were charged 5%. He would like to hear how the TLT could be used differently to support tourism related City services. They also needed to give serious consideration to a levy for staffing at the Fire Department. He was not comfortable waiting 3-5 years for a Fire District to address the staffing needs. They should consider whether there was any cost savings that could be achieved through changes to staff benefits rather than COLA increases.

Budget Committee Member Haas thought that it would be helpful to have guidance from City staff on what life would be like over the next two years rather than just this year. It was hard to make an informed decision if they thought they would make it through this year, but not the next. They needed to come up with some kind of funding mechanism to address the affordable housing and homelessness situation. They needed to look at it over a 2-3 year period, not just a band aid fix for this year.

Mayor Hill stated that it was his 25<sup>th</sup> year on the Budget Committee. He recognized Department Heads for working together and understanding the resources and future challenges and opportunities. It was a critical time. He suggested directing staff to come up with a plan and timeline of how they would get back to where they wanted to be with the reserve. He thought they could raise the reserves a percent per year. He could support



the budget as proposed. He noted that the Planning Department was doing critical work in providing growth for the future. He agreed homelessness and affordable housing needed to be addressed. They needed to be focused on the Strategic Plan and the budget needed to reflect those items. He thought they would be able to address a recession and bring the Budget Committee back together to make changes if needed.

Budget Committee Chair Menke stated that City staff had given the budget careful consideration. She was concerned about the reserves, but with the direction that the City Manager was presenting she could approve the budget.

9. BUDGET COMMITTEE RECOMMENDATION TO APPROVE THE 2019-2020 BUDGET AS PROPOSED OR AMENDED AND TAX RATE

*It was moved by Budget Committee Member Hart and seconded by Budget Committee Member Haas that the Budget Committee of the City of McMinnville reviewed and hereby approved the budget for the 2019-2020 fiscal year in the amount of \$110,959,326; with the following amendments:*

- 1. The General Fund Fire Department budget is amended to increase the Specialty Business License – Care Facilities revenue by \$100,000 and increase the General Fund ending fund balance by \$100,000*
- 2. The Specialty Assessment Fund budget is amended to increase intergovernmental revenue by \$500,000 and the appropriation for Materials & Services by \$500,000*
- 3. The Airport Maintenance Fund budget is amended to include an appropriation of \$21,680 for Transfers Out to the Wastewater Services Fund. The Wastewater Capital Fund budget is amended to include a Transfer in from the Airport Fund of \$21,680*
- 4. The Wastewater Services Fund budget is amended to include Licenses & Permits revenue of \$500,000 and increase the Transfers Out to the General Fund appropriation by \$500,000. The General Fund budget is amended to increase Transfers in from the Wastewater Services Fund by \$500,000 and increase the General Fund contingency appropriation by \$500,000*

*The Committee also approved taxes for the 2019-2020 fiscal year, at the rate of \$5.02 per \$1,000 of assessed value for operating purposes and \$3,716,108 for the general obligation bond levy in the Debt Service Fund for principal and interest.*

*The motion failed with Members Peralta, Haas, Geary, Garvin, and Gautney opposed.*

Budget Committee Member Haas asked where the delineation of funds were for affordable housing and homelessness. City Manager Towery said the Wastewater Franchise Fee and Transient Lodging Tax could be used for affordable housing and homelessness, however they had to have more discussions about reallocating funds out of the General Fund to a fund that was dedicated specifically to affordable housing and homelessness. There would be at least \$500,000 in that fund.

Councilor Peralta asked about possible changes to the Transient Lodging Tax and Water & Light franchise fee and possible fire levy.

Budget Committee Member Hart did not think the Budget Committee could address the Water & Light franchise or the Transient Lodging Tax. He thought that it was for the Council to decide upon.

Budget Committee Chair Menke said even if they passed the budget tonight, amendments could be made at a later time.

Budget Committee Members Gautney and Haas asked that their votes be changed to a yes.

City Manager Towery explained the process for the budget approval. Council could make any reductions in the budget that was approved by the Budget Committee, but they could not increase the tax levy and they were limited to making any changes that resulted in a 10% increase in the budget. The budget was a spending plan.

There was discussion regarding the process for changing the Water & Light franchise fee and use of TLT funds.

Mr. Towery clarified the direction of the Committee was for staff to present a three year plan to rebuild General Fund reserves with a goal of 17% to 20%, explore increasing the Water & Light franchise fee and lawful uses of the Transient Lodging Tax, create a detailed spending plan for the Wastewater franchise fee, specific funding strategy and timeline for Fire and EMS services, and a strategy to increase revenues and/or decrease expenditures of up to 3% for each.

*It was moved by Budget Committee Member Hart and seconded by Councilor Peralta to approve the budget as stated in the previous motion.*

Councilor Peralta thought 17% to 20% reserves in three years might not be realistic and he wanted to make sure they were protecting staffing levels.

Budget Committee Member Lake said the greater goal was to return to the 17% to 20% reserves and that would take concessions in both revenues and expenditures.

Councilor Geary agreed they needed to find ways to lower expenses and bring in revenues while not adding more services onto staff.

Councilor Stassens thought she could approve the budget with the caveats stated by City Manager Towery.

Councilor Peralta stated that the budget process was frustrating last year and was thankful for the full discussion this year.

Budget Committee Member Gautney thought a good conversation was to ask what level of risk they were willing to bet on the revenues and what they were looking for in the future to meet the expectations.

*Motion to approve the budget passed unanimously by a roll call vote.*

*It was moved by Councilor Geary and seconded by Councilor Stassens to direct staff as proposed by City Manager Towery. Motion passed by a unanimous roll call vote.*

10.

ADJOURNMENT: Budget Committee Chair Menke adjourned the Budget Committee meeting at 9:11 p.m.

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Claudia Cisneros, City Recorder



535 NE 5<sup>th</sup> Street  
McMinnville, Oregon 97128  
503-474-4900 or 503-538-7433  
[www.ycbus.org](http://www.ycbus.org)

February 11, 2020

City of McMinnville  
Attn: Mayor Scott Hill  
PO Box 970/414 E Third Street  
Newberg, OR 97132

Re: Yamhill County Transit Budget Request

Dear Mr. Hill,

Yamhill County appreciates your advocacy and support of the transit district.

This letter serves as a formal request to the City of McMinnville to approve \$32,818 for Yamhill County Transit (YCT). The City of McMinnville is by resolution part of the YCT transit district and the goal is for each jurisdiction in the YCT district to include a line item in their budgets for their contribution to the district for public transportation services in their community and throughout Yamhill County.

As this new decade begins Yamhill County Transit is poised to continue to grow and evolve and meet the goals and action plan described in the Transit Development Plan (TDP). YCT provides nearly 300,000 rides to Yamhill County residents and visitors every year. The buses travel over 650,000 miles annually. The bus system connects older adults and people with disabilities to life sustaining services and connects workers to jobs. YCT buses connect residents to key destinations and transit hubs at Grand Ronde, Hillsboro MAX, West Salem, and Tigard Transit Center. Local fixed routes services, ADA door-to-door services and DAR curb-to-curb services are provided in Newberg and McMinnville with recent expansion of curb-to-curb services in other Yamhill County communities. An additional Dial-A-Ride vehicle was added to the City of Newberg in April 2019. In addition, Saturday service improvements were recently implemented with the addition of Saturday Dial-A-Ride and improvements to access between Grand Ronde and Tigard and improved access on Hwy 99 in the City of McMinnville.

Since 2016, YCT has been focused on improving the bus fleet so it is in a state of good repair and this effort has been very successful. YCT has acquired millions of



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dollars in federal grant funds and 14 new buses have been purchased and delivered to replace buses well beyond their useful life.

The buses are YCT's best marketing tool and have been wrapped with colorful graphics that include information about the system and service area. Customer information brochures and maps/graphics for the bus shelters have been installed. Smart technology and upgraded camera systems have been installed in the buses to improve safety and the customer experience.

There are still more exciting opportunities on the horizon but as usual with opportunity there can be challenges. The Transit Development Plan (TDP) created a vision for the future and a foundation for YCT to build upon. The new funding from HB 2017 known as the State Transportation Improvement Fund (STIF) secured a significant amount of funding for the system long term although by law requires the funding be spent on new services and not on existing core services. Therefore, as the TDP projected there is still a critical need for additional local funding if YCT is to maintain service levels and make the improvements outlined in the plan.

In 2019, YCT completed a Request for Proposal process seeking bids from private firms to provide all aspects of Operations and Maintenance for the system. The bids came in significantly higher than anticipated. The low bid is \$15 more per service hour and the high bid is \$30 more per service hour. This translates to a gap of \$500,000 to \$1,500,000 to maintain current service levels.

YCT is working with the Yamhill County Transit Advisory Committee to identify long term solutions to the local funding issue. The committee will be tasked with identifying appropriate and feasible local funding solutions if YCT is to maintain current service levels and make improvements outlined in the Transit Development Plan. This will take time to research, analyze, and conduct outreach, so it could take a year or more. Your representative, Heather Richards has represented the City of McMinnville very well and I'm sure will continue to be excellent liaisons to your City Council throughout this process.

Your city is part of the transit district and your contribution is essential. It leverages a considerable amount of service for your residents and visitors. If you would like a copy of YCT performance data for your community, please let me know.



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McMinnville, Oregon 97128  
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We believe there is a strong need for public transportation services throughout Yamhill County. We have made significant progress over the past five years and are very close to establishing a sustainable transit system that can flourish for many years to come.

We realize budgets are tight and your community faces difficult choices regarding how to spend limited resources. But we need your support and contribution to maintain YCT core services. In the past the City of McMinnville has contributed \$22,500 annually. The City of McMinnville receives 14,178.02 hours of service annually at a cost of \$716,698.91 at the current rate and with the increase in the hourly rate starting July 1, 2020 the cost of service will be \$850,681.20. Consequently, finding a local funding solution is imperative. We are asking for a modest increase from \$22,500 to \$32,818 for FY 2020/21 and hope you will decide to make this very important contribution to ensure YCT can continue to provide service in McMinnville and throughout the district.

Thank you in advance for your consideration of this request and we look forward to working with you and your team.

Respectfully,

*Cynthia Thompson*

Cynthia Thompson  
Transit Manager

Yamhill County Transit  
[thompsonc@co.yamhill.or.us](mailto:thompsonc@co.yamhill.or.us)  
503.474.4910

YOUR COMMUNITY  
*mediation*



P.O. Box 444, McMinnville, OR 97128

503.435.2835

www.ycmediation.org

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*"Empowering people to make positive changes in the way they respond to conflict."*

March 19, 2020

Dear Friends at the City of McMinnville,

As many are aware, community mediated dispute resolution has been a part of the culture of Yamhill County since 1991. YCM values the partnership we have built with the City of McMinnville over the past decades.

Many local residents have used mediation over the years – an effective process designed for individuals and communities to use in resolving disputes, disagreements and difficulties that threaten civil relations among them. Engaging trained community members, this process acknowledges the ability to make whole where harm has occurred, when initially only limited options for resolving disputes were available - primarily through legal venues.

In addition, each week our volunteers offer conflict resolution skills training to youth at the Juvenile Detention Center. We also offer training through local schools, organizations and higher educational institutions.

Through the dedicated work of 17 passionate volunteer mediators, nearly 200 disputes per year are handled through YCM's community mediation center.

Traditionally at this time of year, we send you an update of our work on behalf of the City of McMinnville's citizens during the past fiscal year: **YCM has provided services for 85 cases assisting 211 City of McMinnville residents**. Additionally, many more are helped through our other services.

We wish to take this opportunity to express our vast appreciation for McMinnville's past support for our (**YOUR**) community mediation program **as we continue to expand on the amazing work being done in local communities** through mediation, facilitation and conflict resolution skills training for youth, adults, families and organizations. Due to Yamhill County commissioners having formally defined mediation as an "essential service", this year we hope you will consider our 2020 request of \$10,000 in funding in order to continue to provide these valuable and necessary services to the City of McMinnville's residents and community.

Thank you so much for your support.

Sincerely,

Chuck Pattishall  
Executive Director

# YOUR COMMUNITY *mediation*



## Conflict Resolution Benefits Everyone

### EFFECTIVENESS OF MEDIATION

The National Crime Prevention Council, together with community and county law enforcement personnel, have stated that they believe mediation is a key crime prevention tool.

Mediation prevents disputes from escalating. It cultivates problem-solving skills and positive relationships within families, neighborhoods, businesses and communities.

The cost of mediation is significantly less than repeated involvement by law enforcement and the courts.

The likelihood that mediated agreements will be fulfilled is much higher than if a resolution is imposed by an outside party or judgment. 90-95% success rate for those who use mediation.

YCM is able to address urgent cases quickly – in some cases successful mediations have been accomplished on the same day that YCM was contacted for assistance.

- For almost 30 years Yamhill County residents, and community organizations have used our conflict dispute resolution program as a “first resort” to peacefully resolve conflict.
- For the past few years, government agencies in Yamhill County support YCM because they recognized the value of resolving conflict in their communities. Yamhill County Commissioners have formally defined mediation as an “essential service.” YCM receives annual grant support from the State through the Oregon Office for Community Dispute Resolution.
- YCM offers mediation training through a Basic Mediation Training course that meets State of Oregon standards and offers advanced certifications in specific areas of mediation, including Conflict Coaching.
- Conflict resolution education opportunities are provided at the Yamhill County Juvenile Detention Center. Family Meeting Workshops give families effective communication tools to address domestic and relationship issues peacefully and respectfully.
- Services provided by trained volunteer mediators keep mediation at no or low cost to all YC residents. Volunteer mediators devote over 1000 hours annually
- YCM handles 220-240 cases each year to help community members resolve their disputes through mediation and group facilitation.

### *Some types of conflicts that YCM mediate include...*

- Teen and Adult/Parenting Plans
- Family Situations/Elder Mediation
- Consumer and Merchant Disputes
- Corporate Management/Workplace Disputes & Training
- Juvenile Detention Center Training
- Juvenile Justice-Victim/Offender Cases
- Certain Adult Victim/Offender Cases
- Truancy & School Relationships
- Spanish Speaking Mediation
- School Peer to Peer Mediation & Training Program
- Landlord/Tenant Conflicts
- Property Boundary/Harassment Disputes
- Neighborhood Disputes
- Small Claims Court Disputes



**From:** [Jeff Towery](#)  
**To:** [Claudia Cisneros](#)  
**Subject:** FW: 2020/21 Budget Request  
**Date:** Wednesday, May 13, 2020 10:05:32 AM  
**Attachments:** [MEDP 2019-24 Workplan.pdf](#)  
[Annual Report 2019 v4 \(002\).pdf](#)  
[image001.png](#)

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**From:** Scott Cooper  
**Sent:** Wednesday, March 11, 2020 9:59 AM  
**To:** Jeff Towery <Jeff.Towery@mcminnvilleoregon.gov>  
**Subject:** 2020/21 Budget Request

Good morning, Jeff. Thank you for meeting with me and walking me through the city's budget process. MEDP is very appreciative of the support from the City of McMinnville. From Mayor Hill, city council, you, and city staff, I have found nothing but cooperation and the willingness to help.

MEDP is asking for an additional \$10,000 increase from the City of McMinnville, an MEDP funding partner, which would bring the total to \$70,000. This does not include the in-kind amount for the use of office space.

Our FY19/20 budget required some changes in order for us to ensure it was balanced. Our income projection is \$750 below FY 18/19. We've made significant cuts of over \$9,000 to our marketing and trade show categories, and nearly \$5,000 in cuts to our programming events.

2019 was a good year for MEDP's work with our traded sector partners. MEDP worked with 8 local companies that created and retained over 200 jobs with an estimated annual payroll approaching \$10MM. Our WORKS Internship Program completed its 7<sup>th</sup> year, and a brand new Career Bound Program focused on introducing skilled trades to graduating high school students.

2020 is off to a good start, as well. We are currently assisting eight local businesses in various stages of growth, expansion, and need. Our Business Retention & Expansion (BRE) program began meeting with local traded sectors businesses, and a goal of meeting over 50 this year. The intern programs continue to grow in numbers, both by host sites, positions offered and applicants. We also held our first Entrepreneurs StartUp Bootcamp, that attracted 33 individuals to further their entrepreneurial ideas and businesses. We will continue to work to be a leader in the economic development community by developing proactive programs and working with all of our community partners to create the climate for increased economic activity.

Attached is our 2019 Annual Report and our 2019-2024 Workplan, which will focus heavily on BRE programming. BRE will also be the catalyst for two more of our goals, Business Attraction and Workforce Development. The last goal will focus on Innovation Development, which includes entrepreneurial development.

I know this is a brief snapshot, so please let me know if I can provide greater detail.

Thank you for your consideration.

**Scott G. Cooper, CECD** | Executive Director  
McMinnville Economic Development Partnership

Main: 503.474.6814

Cell: 503.550.8504

**231 NE 5th St | McMinnville, OR 97128**

[www.McMinnvilleBusiness.com](http://www.McMinnvilleBusiness.com)



## MEDP 2019-2024 Work Plan

### Targeted Industries

Advanced Manufacturing  
Aerospace  
Agribusiness  
Food & Beverage  
Research & Development  
Technology

**Strategic Goals** – MEDP’s goals are a guiding document to support its mission and help support the efforts of the city’s MAC-Town 2032 Economic Development Strategic Plan. These goals are intended to be a five (5) year work plan and will be reviewed at six (6) month intervals.



## 1) Business Retention & Expansion

A critical element of any economic development plan is a healthy business community that includes both existing active businesses plus opportunities for new businesses to establish. Business retention and expansion focuses primarily on the existing businesses in and around the City and is concerned that those existing businesses can function successfully day to day, be able to seize opportunities for growth, and stay located in the City as long term economic contributors. Research has shown that when the existing business community functions effectively in this way it can be responsible for as much as 80% of new employment in the community and contribute significantly to the stability and growth in economic activity on an on-going basis.

- Create a formal BR&E visitation program:
  - Schedule annual meetings with targeted traded sector employers and provide timely follow-up on identified needs and concerns
  - Survey businesses to track changes in business practices and program awareness to better inform program and policy responses
  - Aggregate and analyze the data from the survey and visits. Report the results in an annual report for partners
- Identify fast-growing companies and facilitate their ability to remain in McMinnville as they scale-up
- Define state and regional incentives and services and create local incentives and services to effectively retain and expand businesses
- Promote exporting as a method of business expansion
- Continue strong Chamber, MDA and Visit McMinnville partnerships
- Provide a coordinated customer experience by utilizing Executive Pulse, a customer relationship management (CRM) system
- Encourage and facilitate a seamless, user-friendly experience for permitting and review

## Outcomes

- New jobs
- Retained jobs
- New capital investment
- Strong customer service ratings from businesses that interact with MEDP
- More name recognition for MEDP as a business partner

## Key Partners

The City of McMinnville, McMinnville Chamber of Commerce, McMinnville Downtown Association, Visit McMinnville, Business Oregon, SEDCOR, Education and Workforce partners, Trade Associations, Commercial Brokers



## 2) Business Attraction

The attraction of new businesses and investment is significant to all Cities' economic vitality and fiscal sustainability. New business and investment attraction to McMinnville is necessary because parts of our business community base will inevitably shrink in response to economic factors beyond our control. These must be replaced by new businesses and investments on an on-going basis to maintain growth.

- Work with partners to proactively target and coordinate responses to companies that are targeting the region
- Develop marketing and branding materials that respond to key information needs of site selectors and appeal to targeted prospects
- Market the city's available sites to the industries best able to provide living wage employment opportunities
- Define, create, and manage incentives to effectively attract businesses that meet community objectives and values
- Work to become the point of contact for new businesses to assist navigating state and local regulatory processes

## Outcomes

- An increase in the number of companies and employees within our targeted industries
- New capital investment

## Key Partners

City of McMinnville, McMinnville Industrial Promotions, McMinnville Water & Light, Business Oregon, SEDCOR, Commercial Brokers, Site Selectors, Property Owners



### 3) Workforce Development

Talented people are the engine of innovation. As a result, education has become the fundamental driver of wealth creation. Therefore, for cities to prosper in the knowledge economy, they must provide a high quantity of talented workers. The first and most important workforce goal for a city should be to develop and grow its workforce from within. External attraction efforts must follow for continued success.

- Engage with workforce partners to strengthen workforce programs
- Connect businesses with hiring and training resources
- Align workforce incentives and programming with current business needs
- Support education initiatives that bridge student and business needs
- Develop and market talent attraction programs
- Ensure workforce skills align with diverse business and community needs
- Convene conversations on workforce development efforts with colleges/universities, school districts, workforce partners, service providers, and employers

#### Outcomes

- Increase partner engagement in McMinnville
- Increase number of regional residents aware of opportunities to work in McMinnville
- Reduce workforce constraints as measured by a survey of industry partners

#### Key Partners

Area School Districts, Chemeketa Community College, Linfield College, Industry Partners



### 4) Innovation Development

To succeed in a global economy, cities and regions must provide necessary support to create a strong innovation environment. New business formation or creation is now seen as a necessity of modern economic development. The programs and support mechanisms to assist new and small businesses, however, are vastly different from those needed to assist existing businesses. MEDP can assemble a strong support network of services for small businesses and entrepreneurs, largely by partnering with organizations that already exist.

- Support the Launch Mid-Valley Initiative and the Regional Startup Challenge
- Encourage co-working, incubator, accelerator and maker spaces
- Host partner events, training, and conferences that reinforce the MEDP's innovation brand
- Highlight McMinnville's entrepreneurial successes and ecosystem through a range of media strategies
- Encourage all segments of the community to participate in innovation and entrepreneurship
- Assess needs in the entrepreneurial ecosystem

## **Outcomes**

- Growth in awareness of the Startup Challenge by businesses, investors, and partners
- Demonstrated success in growing innovative companies
- Increased interest in locating in McMinnville by new and rapid growth businesses
- Increased partner and media recognition of McMinnville's innovation and entrepreneurial brand

## **Key Partners**

Small Business Development Center, SEDCOR, Oregon Entrepreneurs Network, Launch Mid-Valley, Oregon Technology Business Center, Technology Association of Oregon, Oregon Bioscience Association, Kinesis, Financial Institutions, Venture Catalysts, Venture Capitalists, Chemeketa Community College, Linfield College

# 2019 ANNUAL REPORT

MCMINNVILLE ECONOMIC DEVELOPMENT PARTNERSHIP

October 2018 - September 2019

231 NE 5th Street

McMinnville, Oregon 97128

[www.McMinnvilleBusiness.com](http://www.McMinnvilleBusiness.com)

503.474.6814



## A Note from the Executive Director



**Scott Cooper, CECD**  
Executive Director  
McMinnville Economic  
Development Partnership

On behalf of the Board of Directors of the McMinnville Economic Development Partnership (MEDP), I am pleased to present to you the 2018-2019 MEDP Annual Report. I have been in this position for 6 months and am truly grateful for the opportunity to lead this dynamic organization. I have been delighted by the people of this community and humbled by the dedication of its staff. With our new strategic work plan providing the building blocks for the future I look forward to new challenges and opportunities. Our focus will be to continue to support existing businesses to expand their operations and to recruit new business that aligns with our mission.

MEDP takes great pride in our work to positively impact the economic well-being of the McMinnville community. This report details our efforts to fulfill the MEDP's mission of advancing strategic efforts that respond to the needs of McMinnville's traded-sector businesses. Over the past year, existing McMinnville traded sector companies retained 91 jobs and created 110 new jobs. Additionally, creating an annual payroll of over \$12 million.

We will continue to expand on our award-winning workforce development programming. McMinnville WORKS, which completed its 7th year, and the new Career Bound program, which focuses on recent high school graduates interested in entering skilled trades.

As we move forward, MEDP will focus on supporting our existing businesses, promoting new development opportunities, and working with our economic development partners to enhance the business climate and improve the quality of life for our residents. It is my great pleasure to serve you as the Executive Director of the McMinnville Economic Development Partnership and I look forward to working with you to continue to develop McMinnville as a great place to do business!



# BUSINESS HIGHLIGHTS



A machine shop utilizing CNC technology, in May 2019, eCNC, inc. moved into a new property in McMinnville's Industrial Park. At 8,000 sq. ft. the new leased space doubles the size of their previous location and allows the company to grow their employment base.

**Retention of 15 employees, Direct Labor Income: \$675,773**

3D printing company NW Rapid is on track to move into a new building next to their sister company, Northwest UAV in 2020. The newly constructed building will allow the company to grow and create more efficient processes.

**Retention of 10 employees, Direct Labor Income: \$637,235**



**NW RAPID Mfg**  
ENGINEERING THE ART OF SLS  
3D ADDITIVE MANUFACTURING



**The Springs Living®**

The Springs Living, a senior living community, employs over 50 people in their corporate office in McMinnville, Oregon. In 2019, the company purchased a former Evergreen Aviation building on Three Mile Lane. The move takes the company from 5,800 sq. ft. of space to 30,000 sq. ft.

**Retention of 52 employees, Direct Labor Income: \$2,767,923**

West Coast Feed & Seed, an animal food manufacturing company, purchased the building that formerly held Land O'Lakes Purina Feed. The company was able to retain all 14 employees and are now utilizing the manufacturing space.

**Retention of 14 employees, Direct Labor Income: \$777,000**



Precision is a multi-faceted company that conducts flight training, operates both planes and helicopters, maintains aircraft, conducts helicopter tours, and flies and operates unmanned aerial vehicles. In September 2018, the company purchased a former Evergreen Helicopters building on Three Mile Lane and has since grown their employment from 50 to over 90.

**Addition of 90 new jobs, Direct Labor Income: \$5,313,522**

A custom software and web designer, Buildable was founded in 2008. In 2017, the company purchased a building on Third Street to refurbish and turn into their new corporate office. The construction is on track to be finished in 2020 and will allow Buildable to grow both their employee and customer base.

**Retained 10 employees, Direct Labor Income: \$495,000**



Ultimate RB has been recycling tires to manufacture rubber floor matting since 1985. Acquired in 2018 by Carlisle Construction Company. In 2019, Ultimate RB hired over 20 employees raising their full-time workforce from 76 to over 100 employees.

**Addition of 20 employees, Direct Labor Income: \$1,046,000**

# NORTHWEST UAV OPENS FAST RANGE



On September 4, 2019, Northwest UAV (NWUAV) had a ribbon cutting and an inaugural UAV flight at their new Flight, Analysis, & Systems Test (FAST) Range. The inaugural flight received a Certificate of Authorization (COA) from the University of Alaska Fairbanks which allows NWUAV to operate its own test range under the Pan-Pacific UAS Complex. The range can facilitate flights up to 4,000 feet in a 5 nautical mile radius of airspace. The range is 12 miles south of NWUAV's main campus in McMinnville. The new flight range enables test flights of new UAV products. The campus spans over 10 acres and over 60,000 sq. ft. of manufacturing and office space. Companies testing their UAVs have access to NWUAV's services including MRO and Repair shop, engine test cell availability, 3D printing and more. The campus also offers up to 15,000 sq. ft. of office rental space with plans to create an UAV incubator space in the future.

## WORKFORCE DEVELOPMENT



### MCMINNVILLE WORKS INTERNSHIP PROGRAM

2019 marked the 7th year of the McMinnville WORKS Internship Program. This year the program had:

- Host Sites: 11
- Intern Applications: 159
- Internship Positions: 13
- Community Trainers: 11
- Community Locations Visited: 10

Since 2013, 95 interns have participated and 40 interns have had extended internships or been hired by a host site in the program



### CAREER BOUND PROGRAM

In 2019, MEDP organized the pilot year of the Career Bound Program, a workforce program targeted at graduating high school seniors who do not plan to attend a four year college. In its pilot year, the Career Bound Program had:

- Steering Committee Business Representative: 6
- Host Sites: 4
- Filled Positions: 6

5 of the 6 participants were hired on by their host company full-time.



### EDU TOURS

To introduce local students to the workforce opportunities in their own communities, MEDP works with the McMinnville School District to coordinate tours at local businesses and manufacturers. In 2019, MEDP connected **97 students** with tours at **4 manufacturers**: NW Rapid Manufacturing, Solid Form, Betty Lou's Inc, and Northwest UAV.



## MEDP HIGHLIGHTS



Launch Mid-Valley is a partnership of all three counties in the Mid-Valley - Yamhill, Marion, and Polk County. Partners include SEDCOR, MEDP, the Small Business Development Center, MERIT, Business Oregon, City of Dallas, City of Independence, City of Newberg, City of Salem, City of Woodburn, Marion County, Polk County, and Yamhill County. The partnership is an effort to support and grow entrepreneurship in the tri-county area. In 2019, thanks to the effort, the Oregon Entrepreneurs Network hired a Mid-Valley Venture Catalyst - Mike White - to serve the region.

MEDP received a grant from The Ford Family Foundation and the Oregon Community Foundation in 2018 to expand community internship programs similar to the McMinnville WORKS Internship Program to rural cities in Oregon. Under Oregon WORKS, MEDP visited four communities - Roseburg, Ontario, Boardman, and Coos Bay - to teach workshops on how to create internship programs of their own. MEDP was also able to launch the Career Bound Program in McMinnville under the grant.



# LOOKING TOWARDS 2020

## MEDP'S STRATEGIC GOALS

**STRATEGIC GOALS** - MEDP's goals are a guide to support our mission and help support the efforts of the City of McMinnville's MAC-Town 2032 Economic Development Strategic Plan.

**MEDP's Mission is to advance strategies that respond to the needs of McMinnville's traded-sector businesses.**

**Targeted Industries** - Advanced Manufacturing, Aerospace, Agribusiness, Food & Beverage, Research & Development, and Technology

### 1) BUSINESS RETENTION & EXPANSION



A critical element of any economic development plan is a healthy business community that includes both existing active businesses plus opportunities for new businesses to establish. In 2020, MEDP will implement a formal BR&E program which will act as a catalyst for our other strategic goals. Research has shown that when the existing business community functions effectively it can be responsible for as much as 80% of new employment in the community.

### 2) BUSINESS ATTRACTION



The attraction of new businesses and investment is significant to all Cities' economic vitality and fiscal sustainability. New business and investment attraction to McMinnville is necessary to counter cyclical changes in our economy. Our business attraction efforts will be driven by both our targeted industries and our BR&E efforts. We want to attract businesses into the community that will enable our current businesses to thrive.

### 3) WORKFORCE DEVELOPMENT



Talented people are the engine for innovation. As a result, education has become the fundamental driver of wealth creation. Therefore, for cities to prosper in the knowledge economy, they must provide a high quantity of talented workers. The first and most important goal for a city should be to develop and grow its workforce from within. External attraction efforts must follow for continued success.

### 4) INNOVATION DEVELOPMENT



To succeed in a global economy, cities and regions must provide necessary support to create a strong innovation environment. New business formation or creation is now seen as a necessity of modern economic development. MEDP can assemble a strong support network of services for small businesses, startups, and entrepreneurs, largely by partnering with organizations that already exist and providing regional programming.

# MEDP PARTNERS AND INVESTOR CIRCLE

## PARTNERS



## INVESTORS





*McMinnville*  
ECONOMIC DEVELOPMENT  
PARTNERSHIP *all here*

# 2020-21 Budget Committee Public Testimony via the Web Site

Public comment received from the public from April 29 through May 13, 2020

Submitted on Wednesday, May 13, 2020 - 1:28pm

Email: [Elizabethstapish@yahoo.com](mailto:Elizabethstapish@yahoo.com)

Name: Elizabeth Stapish

Phone: 5030-437-8702

Address (street + city, state): 919 SE Angella Court McMinnville Or 97128

Question/Comment 1: Please address the 40 ' right of way passage on Morgan lane and add sidewalks in next years budget. Our neighborhood is in desperate need of sidewalks on Morgan lane leading to the Thompson park. We do not have a safe place to walk. OMRS Charles St House and Meadows is located at 538 Morgan Ln.The residents consist of both blind and special needs people and are not safe walking in the street. We enjoy them and want to make sure they are safe. Cars must pull into the ditch to allow other cars to pass,avoid children waiting for the bus and playing in the street along with avoiding trash cans and large vehicles like the bus coming to the care home and for students. My children are just getting old enough to venture out and I want to allow them to use our neighborhood and park without worrying they will be hit by a car. I do have pictures of some of the safety concerns and examples of times that I encountered that were not safe if you would like them . Thank you !

# 2020-21 Budget Committee Questions

Questions received from Budget Committee members from April 29 through May 13, 2020

1. Roughly, what will the ending reserve at 15% be for the City of McMinnville? Just in rounded numbers, please?

City of McMinnville  
**Annual Budget by Account Classification Report**  
 Summary

	2020 Estimated Amount*	2020 Amended Budget	2021 Proposed Budget
<b>Expenditures</b>			
PS - Personnel Services	\$21,869,296.00	\$23,420,294.00	\$22,834,708.00 <sup>1</sup>
MS - Materials and Services	\$5,833,849.00	\$6,427,649.00	\$5,417,691.00 <sup>1</sup>
CO - Capital Outlay	\$870,449.00	\$1,033,703.00	\$735,776.00 <sup>2</sup>
DS - Debt Service	\$723,038.00	\$724,321.00	\$735,626.00 <sup>2</sup>
TR - Transfers Out	\$1,275,731.00	\$1,617,384.00	\$1,407,989.00 <sup>2</sup>
CT - Contingencies	\$0.00	\$1,200,000.00	\$1,900,000.00
EFB - Ending Fund Balance	\$4,453,380.00	\$2,034,318.00	\$618,714.00
<b>Expenditure Totals</b>	<b>\$35,025,743.00</b>	<b>\$36,457,669.00</b>	<b>\$33,650,504.00</b>
15% Reserve - 1s	4,155,471.75	4,477,191.45	4,237,859.85
15% Reserve - 1s + 2s	4,585,854.45	4,983,502.65	4,669,768.50

\* Estimate of 2019-20 expenditures will receive in depth review during May

So you are saying the actual projected ending reserve is \$2.6 million? That is way down. Are you sending this out to the other councilors?

I updated the table and attach.

The 15% reserve numbers sent yesterday were targets based on expenses. My understanding of the way the city traditionally calculates reserve is the sum of ending fund balance + contingency over total expenditures for the year.

I added the actual reserves in the update.

The city also has a tradition of assuming there will be \$1-1.5M left on the table at years end in the general fund and being willing to budget below the reserve target on that basis. This is discussed on p.62 of proposed budget doc which says this budget has a 13 - 11% reserve. (from JCS)



# Annual Budget by Account Classification Report

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15% Reserve Target - 1s	4,155,471.75	4,477,191.45	4,237,859.85
15% Reserve Target - 1s + 2s	4,585,854.45	4,983,502.65	4,669,768.50
Actual Reserve - 3s	4,453,380.00	3,234,318.00	2,518,714.00
Reserve - 1s		10.84%	8.92%
Reserve - 1s + 2s		9.74%	8.09%
Range year end \$1M to \$1.5M (p 62 proposed budget)			
Reserve - 1s + 2s (\$1.5 M)		14.25%	12.91%
Reserve - 1s + 2s (\$1.0 M)		12.75%	11.30%

\* Estimate of 2019-20 expenditures will receive in depth review during May

So you are saying the actual projected ending reserve is \$2.6 million? That is way down. Are you sending this out to the other councilors?

Thank you again for all the detail. I am not great at fund accounting, but I appreciate knowing your thought process.

> Morning Kellie,

> In terms of communications with other Councilors, the reserve levels are part of the proposed budget doc that went out yesterday afternoon. My intent is to keep the Qs from budget committee members and answers and compile them into a doc so this was the first question I put on that document.

>

> The reserve level in dollars for FY20-21 is really close in actual dollars to last year's adopted budget. \$2.52 M v \$2.60 M for FY19-20. While this reserve level is not ideal, when we went through the options available to close the budget gap this was as far as we could get without reducing current service levels. Given the uncertainty right now, it seems premature to make program cut backs until we get a few more months down the road - hence the strategy to do a mid-year assessment before making program cuts/potentially adding back some items that were taken out of the budget.

>

> I circled Jeff in to the conversation as I'm still learning the McMinnville approach to reserve analysis. If anything I've said here seems wrong to you - or him - he may be able to better address the question or concern.

>

> Let me know if you need any other data points to help you as you work through the budget document.

>

> Have a great weekend,

> Jennifer

2. One overall question is whether in your opinion this is a conservative budget, a realistic budget or an optimistic budget? When reading it I see that TLT is down 30% in this year and the first quarter of next, 7.5% of property taxes are estimated not to be collected and many planned activities and personnel are on hold. However, I still come away with the feeling that it is rather too optimistic and unless I am wrong a lot hangs on property tax AV increasing. I think there is a chance of that but I am not sure.

We will review all of our expense and revenue projections regularly and initiate measures as justified, at the very latest when Property Taxes are published in November and perhaps earlier as many of our revenues (i.e. TLT, franchise fees, Court and Recreation Program fees) come in on different time schedules.

I will get the request out straightaway. In these unprecedented times I would ask that you at least defer the COLA for 6 months until you have a better understanding of the economic impact on the City of COVID. I would really prefer it was dropped altogether but I am only asking it be deferred. I completely understand that the COLAs in the CBAs are baked in although I would ask that you at least ask the unions to consider giving them up. I understand that the effect of the 1.75% is minimal financially on funds and not giving it to general services but giving it to the unions causes an unfair disparity. Nonetheless, it is the message it sends to our community when nearly 12% or more of our workforce is out of work, more for the Latino community. You will have noticed the article in the News Register about Yamhill County's budget and one of the reasons they did not get hammered was because there were no increases in pay. The NR even asked about salary reductions. Again, it's not the publicity I care about it is the empathy we need to demonstrate as public servants.

Here are some of my initial thoughts related to deferring a COLA for non-represented employees. I am concerned that such an action is not an equitable approach and, except for managers, disproportionately impacts our lowest paid employees. In addition, many employees (particularly those who are lower paid) have had family and household members lose their jobs or have their incomes reduced, leaving even more reliance on their City pay. I hope this helps inform our recommendation. Thank you. Jeff

- The 20-21 budget proposes spending down the beginning fund balance to fund current operations. What is your assessment of the risk that your anticipated savings of 1-1.5 million will not be realized, lowering your ending fund balance further than expected, which is already on the lower end of what is recommended?

Historically this assumption that unspent funds in this range will be “left on the table” has been borne out consistently in the actual financial data. Relying on underspending the overall budget is more risky than budgeting to the full reserve target but the tradeoff is that the city would need to reduce operations to make up for a higher reserve. The City has been accustomed to taking on this risk and this year’s budget process followed in those footsteps.

This risk this cycle is more on the revenue side. At the time the budget was balanced, opening this summer was the basic scenario we worked under. Now further down the timeline, we understand that the economic impacts are more severe than anticipated. Our plan is to take a mid-year look at where we are (after property taxes come in) and make adjustments at that time.

- Does the budget contain any COVID-19 relief funds such as utility waivers or small business relief, community grants not available through SBA or external sources?

The proposed budget does not specifically include Covid-19 relief funds, but in the time since the budget was finished the Planning Department has been working to apply for grants that may be of help to small businesses. The City is also contributing \$20,000 toward a program being handled by McMinnville W&L called Customers Helping Customers. The City matches one dollar for every dollar contributed up to a max match of \$20,000. These funds are administered and disbursed by St Vincent de Paul to help needy families.

- Flattening the reserve decreases will need overall growth of 2 or 3% by 2023 and this seems highly unlikely to me. If this does not materialize what will the overall financial impact be on the budgets through 2023?

We do expect this to be a longer recovery period and certainly don’t know when that phase will commence so we will need to be responsive as things change, either in negative or positive directions. As in many other circumstances, we may make mid-year corrections to our annual budgets.

- How is the legal review work being handled now in the absence of a City Attorney?

Currently we are working with a law firm in town acting as general counsel to the City. The open position has been published.

- The KOB revenue for registration fees is doubled. Are you increasing the number of slots or doubling fees?

The proposed budget includes increased rates from \$775 to \$1700 per year per Council direction through the OregonASK study. Capacity remains at 300 kids.

- Has the roof on the Aquatic Center been addressed or is it planned to be replaced?

Minor repairs have been made to the roof at the Aquatic Center but serious maintenance issues remain at many city facilities. Addressing the deferred maintenance at the 3 Parks and Rec facilities, the Library and other admin offices is a part of the City’s larger facility maintenance

project with the Community Advisory Committee group – MacPac. MacPac has an 18 month work plan and will address programming, facilities and financial issues related to the condition of our current facilities and potential future facilities and options.

- In Parks and Recreation you say revenue could be down \$90-\$450,000 but I am seeing a projection where by July 1 revenue will have climbed back to pre-pandemic levels for things like the Aquatic Center, Community Center and Senior Center. Am I reading that correctly? I do not see that as possible.

When we finished working on the proposed budget back at the end of March, we were unsure of the effects of the Covid-19 pandemic. Changes were made to estimates we had for the current fiscal year, but the proposed budget numbers were kept as projected in hopes that we would be back to normal operation by July 1st.

Mark Davis  
652 SE Washington Street  
McMinnville, OR 97128

May 15, 2020

McMinnville Budget Committee  
230 NE Second Street  
McMinnville, OR 97128

Dear Members of the Budget Committee:

Admittedly these are not normal times, and it is hard to budget in such an uncertain environment, but the document before you seems wildly optimistic to me. I don't have any way of knowing what the economy will be like in six months, but looking at the unemployment numbers, the people working reduced hours and the number of businesses that are closed, it is hard to imagine City government can move forward without layoffs. The federal government's efforts to throw money at the problems haven't always been well-directed but they have kept families afloat, but sooner or later they have to stop printing money. What happens then?

I think two revenue numbers in the budget are materially overstated. One is the property tax revenues. On page 333 we see General Fund total property tax revenues have moved from \$12.6 million in FY18, \$13.7 million in FY19, \$13.5 million projected for the current FY up to \$14.5 million in this FY21 budget. Yes, the tax base is unlikely to decline from the estimate, but we see on page 4 that the "estimated not be received" collection factor is 7.5%, the same figure that was used in FY20's budget. Even a 1% increase in this factor would reduce revenues by about \$150,000. I cannot see how anyone can project that people will be paying property taxes in November 2020 at the same rate as they paid them in November 2019 (and who can blame them if they need the money for food, shelter, utilities or medicine).

The other figure that is much too high is revenue projected from the Transient Lodging Tax. On page 335 we see that number is reduced by 9% from the prior year. I recall that Jeff Knapp from Visit McMinnville recently spoke to the Council and indicated that he believed TLT revenues would be at about FY16 levels, 50% lower than projected before this crisis hit.

Even if a dramatic recovery allows us to meet these revenue projections for property and transient lodging taxes, the proposed budget still leaves us with a reserve in the range of 11 to 13%, below budget message's recommended 17% standard and half the Council's adopted goal of 25% reserves. Remember that starting well above 25% prior to the last recession was what allowed the Council to guide the City relatively unscathed through that downturn. I believe we are foolish to accept such low reserve levels now given how optimistic the revenue projections are.

On page 32 we see a well-developed list of budget additions for the Mid-Year Review and 3 vague items to consider if things don't go so well. By this point you know I think it highly unlikely we are expanding the budget mid-year, so if any budget committee member cannot live without one of the items on the add list, now is the time to get it added to the budget. I think the same effort should be made to identify the budget cuts that will be made mid-year if revenues do not hold up. I think both the public and the employees potentially affected should have a clear idea of where we are headed if things continue in the direction they have been going.

Related to that I must admit I listened with amazement to the Council discussion in their Level 10 meeting about increased funding for the Fire Department staffing. That funding expenditure doesn't even show up on page 32, let alone in this budget document. I don't disagree that we need more staff in the fire department, but the only suggestion I heard for paying for them was to take more money from reserves. Perhaps it was good for group dynamics to kick the can down the road on deciding whether to find the match for the Safer grant, but I think the City should budget the money right now and show the public what cuts to other programs you are willing to make to get the staffing levels increased at the fire department.

On a more positive note I continue to believe that the City can generate more revenue if all businesses and citizens paid the same 6% franchise fee through McMinnville Water and Light (see page 333). At present the City allows Cascade Steel and Air Liquide to pay half the fee (3%) that all other individuals and businesses must pay. Cascade Steel is by far the much larger operation. Their 10-K filing for the year ending 8/31/19 shows the mill generated revenues of \$459 million that resulted in operating income of \$32 million. Their 10-Q filing for the six months ending 2/29/20 shows continued profitability with \$198 million in revenues and \$8 million in operating income. The City has allowed a temporary reduction in their franchise fee in 2003 when profitability was low to become a permanent inequity. All businesses should pay the same rate. The City should not be rewarding the largest businesses with such concessions.

While it is clear we can do nothing this year to upgrade (or even properly maintain) our park system, at some point the budget process needs to acknowledge this need. The current park plan adopted in 1999 called for constructing a park system with 14 acres of parks per thousand residents at a cost of \$52 million over the next 20 years. About \$10 million was budgeted over this period and, not surprisingly, we have fewer park acres per thousand residents than we did when it was adopted. As the budget document states on page 212: "There is no other revenue source currently identified, other than Parks SDC's or potential grants, to facilitate additional improvements, upgrades or new construction to McMinnville's park system." On page 305 it adds: "At this time, there is not a comprehensive funding strategy or available resources to address capital replacement needs within the park system."

The City is moving ahead to expand the Urban Growth Boundary (UGB) using the previously approved plan from 2003. That plan should add about 1000 acres of buildable land to the UGB and about one-third of that land is designated for parks. Some people believe the developers are going to donate land for parks, but based on past actions all the

land they want to donate is non-buildable: wetlands, floodplains, and powerline easements. According to the adopted UGB plan the parks must go on the same buildable land the developers want and therefore is going to be very expensive. The next parks plan must include a budget for getting the parks built just like the transportation plan, which included projects with estimated costs that was used to craft a bond measure. In the meantime, I hope the MacPac is looking at locating a large (50 to 100 acre) park adjacent to whatever community center/pool/library/administrative building they propose to be constructed, because when that project moves forward with a bond measure, it is going eat up most of our bonding capacity and leave the parks out in the cold again.

I spend considerable time looking at planning documents and the economic data they blandly present is alarming. The draft Housing Needs Analysis shows our household median income is \$50,299, while Yamhill County is listed at \$58,392 and the State of Oregon \$56,119. In terms of inflation-adjusted dollars our household median income has declined over the past 20 years. Some households are doing quite well but the vast majority of us would not qualify for a loan to purchase one of the new homes being built off Baker Creek Road. The Affordable Housing Task Force is now asked to help persons making 120% of median income find housing they can afford. I cannot imagine the current economic crisis has improved our overall situation.

I realize that one of the City's goals is to improve income levels. MEDP has been trying to do this for 15 years. I see that the release of the salary study for City employees has been delayed, which is probably just as well. I have no doubt it is going to show we need to increase salaries, something we cannot afford right now.

Finally, I know we all love this City and the part it plays in our lives. We want it to improve and prosper. Yet I feel that our vision for the amenities we want in the community outstrip our collective ability to pay for them. I encourage you to adopt a sustainable budget with reserves adequate to help cushion the inevitable recession.

Sincerely,

//S//

Mark Davis