



**Special Called Budget Committee Meeting**

**Tuesday, January 24, 2023**

**5:30 p.m.**

**REVISED 01/20/2023**

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

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

- *Email at any time up to **12 p.m. on Monday, January 23rd** to [claudia.cisneros@mcminnvilleoregon.gov](mailto:claudia.cisneros@mcminnvilleoregon.gov)*
- *If appearing via telephone only please sign up prior by **12 p.m. on Monday, January 23rd** 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 zoom;*
- *Join the zoom meeting use the raise hand feature in zoom to request to speak, once your turn is up we will announce your name and unmute your mic. **You will need to provide your First and Last name, Address, and contact information (email or phone) to the City.***

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

[www.mcm11.org/live](http://www.mcm11.org/live)

**Special Called Budget Committee Meeting**

*You may join online via Zoom Meeting:*

<https://mcminnvilleoregon.zoom.us/j/89230063980?pwd=OVBpS1c3ejh2RjZ0c0VtcEtzYll0dz09>

*Zoom ID: 892 3006 3980*

*Zoom Password: 286853*

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

*ID: 892 3006 3980*

**5:30 PM – SPECIAL CALLED BUDGET COMMITTEE MEETING – VIA ZOOM AND SEATING AT CIVIC HALL**

1. CALL TO ORDER SPECIAL CALLED BUDGET COMMITTEE MEETING
2. INVITATION TO COMMUNITY MEMBERS FOR PUBLIC COMMENT – (**added on 01.20.2023**)  
*The Mayor will announce that any interested audience members are invited to provide comments. Anyone may speak on any topic other than: a matter in litigation, a quasi-judicial land use matter; or a matter scheduled for public hearing at some future date. The Mayor may limit comments to 3 minutes per person for a total of 30 minutes. The Mayor will read comments emailed to City Recorded and then any citizen participating via Zoom.*
3. CONTINUED DISCUSSION ON THE USE OF PROPERTY TAX AUTHORITY

**Meeting Accessibility Services and Americans with Disabilities Act (ADA) Notice:** 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 or [Claudia.Cisneros@mcminnvilleoregon.gov](mailto:Claudia.Cisneros@mcminnvilleoregon.gov).

4. POSSIBLE RECOMMENDATION TO COUNCIL BY MOTION

5. ADJOURNMENT OF SPECIAL CALLED BUDGET COMMITTEE MEETING

**Meeting Accessibility Services and Americans with Disabilities Act (ADA) Notice:** 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 or [Claudia.Cisneros@mcminnvilleoregon.gov](mailto:Claudia.Cisneros@mcminnvilleoregon.gov).

**From:** [Mark Davis](#)  
**To:** [Claudia Cisneros](#)  
**Subject:** Letter for the Budget Committee  
**Date:** Saturday, January 21, 2023 6:52:00 PM  
**Attachments:** [We sent you safe versions of your files.msg](#)  
[BudgetCommittee0123.pdf](#)

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Mimecast Attachment Protection has deemed this file to be safe, but always exercise caution when opening files.

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**This message originated outside of the City of McMinnville.**

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Claudia,

Please provide the attached letter to the Budget Committee for their meeting on Tuesday.  
Thank you.

Mark Davis

Mark Davis

████████████████████  
McMinnville, OR 97128

January 21, 2023

McMinnville Budget Committee  
230 NE Second Street  
McMinnville, OR 97128

Dear Mayor Drabkin, City Councilors and Members of the Budget Committee,

Thank you for the information provided in the Budget Committee work session last Wednesday. I support formation of the Fire District and believe Council President Garvin's position represents the best path forward to create the district. The City should concentrate on getting the district created, and then move on to discuss if/how the \$1.50 should be allocated. We should make it clear to the voters that the City will not levy \$1.50 in the next fiscal year and instead will engage the public in a dialog after the election about the uses of that taxing authority.

In my experience working on ballot measures they tend to be defeated when the opposition is able to raise confusion about the matter. Voters who are confused tend to vote NO. Talking about 8 different options for using the \$1.50 over various time frames may be transparent, but it is highly confusing. We need to be talking about what services the district will provide and why we should be willing to pay more for the improvements the district will give us.

While I agree with Councilor Chenowith on eliminating the City Services Charge, tying that issue to the Fire District approval will also add confusion. The ship carrying the City Services Charge has already sailed. Perhaps it will return to port again some day and we can reconsider it, but for now I think we should all be laser-focused on creation of the Fire District.

Thank you for considering my opinions on this matter.

Sincerely,

//S//

Mark Davis

**From:** [Jeff Towery](#)  
**To:** [Claudia Cisneros](#)  
**Subject:** FW: my comments  
**Date:** Tuesday, January 24, 2023 6:22:21 PM

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As promised.

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**From:** Debbie Harmon Ferry <dharmon@linfield.edu>  
**Sent:** Tuesday, January 24, 2023 5:26 PM  
**To:** Jeff Towery <Jeff.Towery@mcminnvilleoregon.gov>  
**Subject:** my comments

**This message originated outside of the City of McMinnville.**

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Jeff:

Just a reminder that I am double booked tonight. I have a Zoom with prospective Linfield parents from 6-7 p.m. I probably have to jump on and get it started at 5:45.

I concur with most everything stated in the letter sent by Mark Davis.

\*I hope the fire district passed, and it is clear to me what services will be improved for the additional .50/1000

\*I think that the City should under levy and phase it in over a period of a few years.

\*It is not clear to me what the priorities are and what I can tell the average citizen they would be getting/noticing for the extra 1.50/1000. Until we can articulate that, I think we should be careful about moving forward with that much more in money collected.

\*I think the next step would be to take stock of what we most need in the City and to develop a PR plan to let folks know we now have a way to bring those things about.

Best,

Debbie Harmon Ferry '90  
Director of Alumni and Parent Engagement  
900 SE Baker St., McMinnville, Oregon 97128  
503-883-2607  
[www.linfield.edu](http://www.linfield.edu)



## STAFF REPORT

**DATE:** January 18, 2023  
**TO:** Budget Committee  
**FROM:** Jennifer Cuellar, Finance Director  
**SUBJECT:** Work Session on Use of Property Tax Authority

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### Strategic Priority and Goal



### CITY GOVERNMENT CAPACITY

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

### Report in brief

In the event that a Fire District is established, the McMinnville Fire Department will no longer be part of the city's general fund. Currently the Fire Department draws approximately \$1.50 of the city's permanent property tax rate of \$5.02 per thousand in assessed value. In the FY2023-24 budget year, the amount of these unrestricted resources will be approaching \$5 million.

The purpose of this work session is to allow the Budget Committee to discuss options for these funds. This conversation will give the community insights into what is being considered and prioritized as well as provide guidance to staff for service levels and one-time investments to plan for and include in near term budget cycles.

### McMinnville's property tax permanent rate

Of the property tax that McMinnville residents and business owners pay each year (typically between \$16 and \$17 per thousand in assessed value), less than one third goes to the City of McMinnville as unrestricted resources to fund core city services such as police and fire, parks and recreation, the library, community planning, and the basic support services (human resources, legal, finance, information technology) that most organizations have to assist them in their mission.

McMinnville Permanent Rate	\$5.02 per thousand		
Approximate draw to support the Fire Department	\$1.50 per thousand		
<b>Property tax equivalent in dollars*</b>			
	<b>FY2021-22 Actual</b>	<b>FY2022-23 Est</b>	<b>FY2023-24 Budget</b>
City of McMinnville	\$14,900,000	\$15,500,000	\$16,300,000
Fire Department	\$4,500,000	\$4,600,000	\$4,900,000
Value of \$0.50 tax rate	\$1,500,000	\$1,500,000	\$1,600,000
* Current property tax is reflected, delinquent (prior period) taxes are not included in the estimates shown			

## Key Questions for Council and Budget Committee

1. What should the City spend these unrestricted resources on and how should they be prioritized?
2. How much should the City levy of the approximate \$1.50 in property tax that has historically supported the fire department?

General consensus on the answers to these questions that emerge from the discussion by the Budget Committee will help the public better understand the likely downstream consequences of establishing a new Fire District on city operations.

This discussion will also allow city staff to craft a FY2023-24 budget and plan for upcoming years that is aligned with the priorities highlighted in the work session(s).

A staged approach to levying these funds over the next few years is certainly possible. While limits exist regarding the ability to bind future governing bodies to financial commitments, the community as well as staff would both benefit from understanding the general direction Budget Committee members believe is in the best interest of McMinnville.

## Options for use of property tax authority

The following table describes options that the Budget Committee might consider if voters pass the ballot measure resulting not only in a new fire district but also in the city's general fund having more unrestricted resources available to it. First on the list is opting not to levy the entire amount of the city's permanent rate – every year, the budget committee votes on whether to approve a budget that includes the full – or a partial – levy of the jurisdiction's property tax. The portfolio of options presented also includes one-time investments, support for existing core services, and potential reserve funds.

<b>Option</b>	<b>Financial Impact</b>
Underlevy the City's \$5.02 per thousand property tax permanent rate	In FY2021-22, average single family home taxable value was \$225,600 and \$5.02 permanent rate was \$1,132 in property tax for the City of McMinnville's general fund. Underlevying by \$.050 would see the average taxpayer's property tax bill reduced by \$113. \$1.0 underlevy is \$226 and the full \$1.50 underlevy would represent \$339 in property tax reduction for the average single family home tax payer.

<b>_Option</b>	<b>Financial Impact</b>
Invest in deferred facility maintenance	In 2018-19 facility condition assessment, the 20 year estimate for facility maintenance spending in general fund was \$34 million, meaning an average annual need of \$1.7 million. Inflation from late 2019 to late 2022 is 16% cumulatively so that translates to just under \$2 million in today's dollars. In the FY2022-23 budget, general fund facilities maintenance projects were removed in order to balance the budget. As an average, dedicating \$0.67 of the \$5.02 permanent rate would be needed to get on a sustainable path for maintaining the current facilities supported by general fund.
Fund capital vehicles, equipment and technology replacement	In any given year, 4-6 police vehicles, 1-3 vehicle replacements in other departments, sundry capital equipment replacements are needed totaling \$350,000-\$550,000 in annual capital replacement budget. Budgeting to replace end of life technology for the city varies widely year to year - some years require nothing while others need six figure outlays. In the FY2022-23 budget all non-grant supported capital replacement spending was eliminated to balance the budget.
Make lump-sum payment to PERS retirement system	Investing in lump-sum payments to the PERS retirement system to impact the city's PERS rate. Standard assumptions in the PERS calculator on a contribution of \$1.6 million yields \$2.9 million in savings over 20 years. If considering this, recommend running an actuarial valuation on three scenarios for \$1500 (additional scenarios cost \$250). Could consider multiple lump sum payments over time to reduce risk with a more "dollar cost averaging" approach and increase amount of reduced PERS rates.
FY2023-24 Budget that maintains current service levels	It is likely that current service levels will be maintained in the general fund while also being able to make the year's incremental progress on rebuilding the reserve and funding capital and facility maintenance needs using only \$3.52 of the \$5.02 of the property tax permanent rate. A definitive answer to this question will not be possible until city staff is farther along in the budget process.
Core services add packages removed from FY2022-23 Budget	In the FY2022-23 budget, core service additions were contemplated in the amount of \$1.3 million, including moving park maintenance service levels from below base to base and centralizing facilities and fleet maintenance, but did not ultimately make it into the balanced budget.



<b>_ Option</b>	<b>Financial Impact</b>
Create Facility Reserve	Setting aside dollars to pay (in part or in full) for future facility projects is a strategy that allows for reduced reliance on debt or other funding streams as a means to fund expensive, one-time capital building projects.
Create Facility Maintenance Reserve	Creating a reserve in conjunction with annual facilities maintenance outlays helps offset the financial burden in those years when a larger than typical outlay is required. Note - a reserve without also budgeting a consistent annual contribution to maintain its target level will be limited in its effectiveness.
Create Vehicle and Equipment Replacement Reserve	Creating a reserve in conjunction with annual capital replacement outlays helps offset the financial burden in those years when a larger than typical outlay is required. Note - a reserve without also budgeting a consistent annual contribution to maintain its target level will be limited in its effectiveness.