



**City Council and Budget Committee Joint Work Session Meeting &
Budget Committee Meeting Agenda**

Wednesday, October 20, 2021

5:30 p.m. –CITY COUNCIL EXECUTIVE SESSION (CLOSED TO THE PUBLIC)

6:00 p.m. – Joint Work Session Meeting

7:00 p.m. – Budget Committee Meeting

REVISED 10/14/2021

Welcome! Civic Hall will be closed to the public. Until improvements of COVID cases in Yamhill County improve meetings will be held via Zoom and live broadcast ONLY. The public is strongly encouraged to relay concerns and comments to the Council & Budget Committee by Email at any time up to 12 p.m. the day of the meeting to Claudia.Cisneros@mcminnvilleoregon.gov;

*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*

Joint Work Session & Budget Committee Meeting

You may join online via Zoom Meeting:

<https://mcminnvilleoregon.zoom.us/j/87657808368?pwd=Vk1XYXUORWc5NUE5SXAvectsM2NGQT09>

Zoom ID: 876 5780 8368

Zoom Password: 421408

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

ID: 876 5780 8368

5:30 PM – CITY COUNCIL EXECUTIVE SESSION -- VIA ZOOM (NOT OPEN TO THE PUBLIC) (Added on 10/14/2021)

1. CALL TO ORDER
2. **Executive Session pursuant to ORS 192.660(2) (h):** To conduct with counsel concerning the legal rights and duties of a public body with regard to current litigation or litigation likely to be filed.
3. ADJOURNMENT

6:00 PM – CITY COUNCIL & BUDGET COMMITTEE JOINT WORK SESSION – VIA ZOOM AND LIVE BROADCAST ONLY

1. CALL TO ORDER JOINT WORK SESSION
2. AMERICAN RESCUE PLAN (ARPA) AND THE CITY’S ALLOCATION AS PART OF THE STATE AND LOCAL FISCAL RECOVERY FUNDS (SLFRF) CONTINUED FROM OCTOBER 12, 2021 JOINT WORK SESSION.

(Added on 10/14/2021)

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.

3. RESOURCES AND SUSTAINABLE CITY SERVICES
4. ADJOURNMENT OF JOINT WORK SESSION MEETING

7:00 PM – BUDGET COMMITTEE MEETING – VIA ZOOM AND LIVE BROADCAST ONLY

1. CALL TO ORDER & ROLL CALL
2. BUDGET COMMITTEE RECOMMENDATION TO CITY COUNCIL TO APPROVE ARPA-SLFRF PROJECT PRIORITIZATION LIST AS PROPOSED OR AMENDED. (Item postponed from 10/12)
3. BUDGET COMMITTEE RECOMMENDATION TO CITY COUNCIL ON PRELIMINARILY ADOPTING CERTAIN SUSTAINABLE FUNDING SOURCES AS PROPOSED OR AMENDED.
4. ADJOURNMENT OF BUDGET COMMITTEE MEETING

STAFF REPORT

DATE: October 13, 2021
TO: City Council
FROM: Jeff Towery, City Manager
SUBJECT: American Rescue Plan Act Investment Opportunities Continued Discussion from October 12, 2021 Joint Work Session.

Report in Brief:

A. Project Overview

This Staff Report provides an overview and staff analysis regarding possible investment opportunities of the approximately \$7.7 million in state and local fiscal recovery funds (SLFRF) the City is set to receive through the American Rescue Plan Act (ARPA). **Attachment A** attached hereto represents the City Executive Team's prioritization of projects based on submittals by City departments and related entities. **Attachment B (See [Joint Work Session packet from 10/12 mtg](#))** hereto is a summary of the results from an online survey to McMinnville residents regarding possible uses of the City's allocated \$7.7 million ARPA-SLFRF.

B. Project Next Steps

Upon review and discussion of Attachment A at the October 12, 2021 work session with the Council and Budget Committee, staff seeks from the Budget Committee/Council the following: (1) revisions, if any, to Attachment A; (2) subject to any revisions, the Budget Committee's recommendation for approval of Attachment A during the regular meeting on October 20, 2021; and (3) Council review and potential approval of Attachment A (as potentially revised) at the October 26, 2021 regular meeting.

Background:

A. ARPA

In March 2021, the American Rescue Plan Act (ARPA) was signed into law. ARPA represents a \$1.9 trillion funding package to respond to the negative impacts of the coronavirus pandemic. A portion of ARPA funding consists of state and local fiscal recovery funds (SLFRF).

These funds go to state and local governments to assist in their response to and recovery from the coronavirus pandemic. The City may use ARPA-SLFRF to:

- Support public health expenditures for, by example, funding COVID-19 mitigation efforts, medical expenses, behavioral healthcare, and certain public health and safety staff.
- Address negative economic impacts caused by the public health emergency, including economic harms to workers, households, small businesses, impacted industries, and the public sector.
- Replace lost public sector revenue, using this funding to provide government services to the extent of the reduction in revenue experienced due to the pandemic.
- Provide premium pay for essential workers, offering additional support to those who have and will bear the greatest health risks because of their service in critical infrastructure sectors.
- Invest in water, sewer, and broadband infrastructure, making necessary investments to improve access to clean drinking water, support vital wastewater and stormwater infrastructure, and to expand access to broadband internet.

B. Recap of Prior Budget Committee/City Council Work Sessions

The initial work session to discuss the ARPA-SLFRF occurred on July 13, 2021. That work session introduced the Budget Committee/Council to the ARPA funding package generally; laid out a timeframe for discussion, approvals, and implementation; and reviewed proposed guiding principles for investments made with ARPA funds.

On August 16, 2021, the Budget Committee and City Council held another work session to discuss possible investments of the ARPA-SLFRF. Ahead of that work session, staff had provided an initial list of approximately 40 opportunities for possible investment and asked the Budget Committee/Council for feedback on the list during the work session. The proposed principles for ARPA funding were also finalized during that work session (**Attachment C**) (See [Joint Work Session packet from 10/12 mtg](#)).

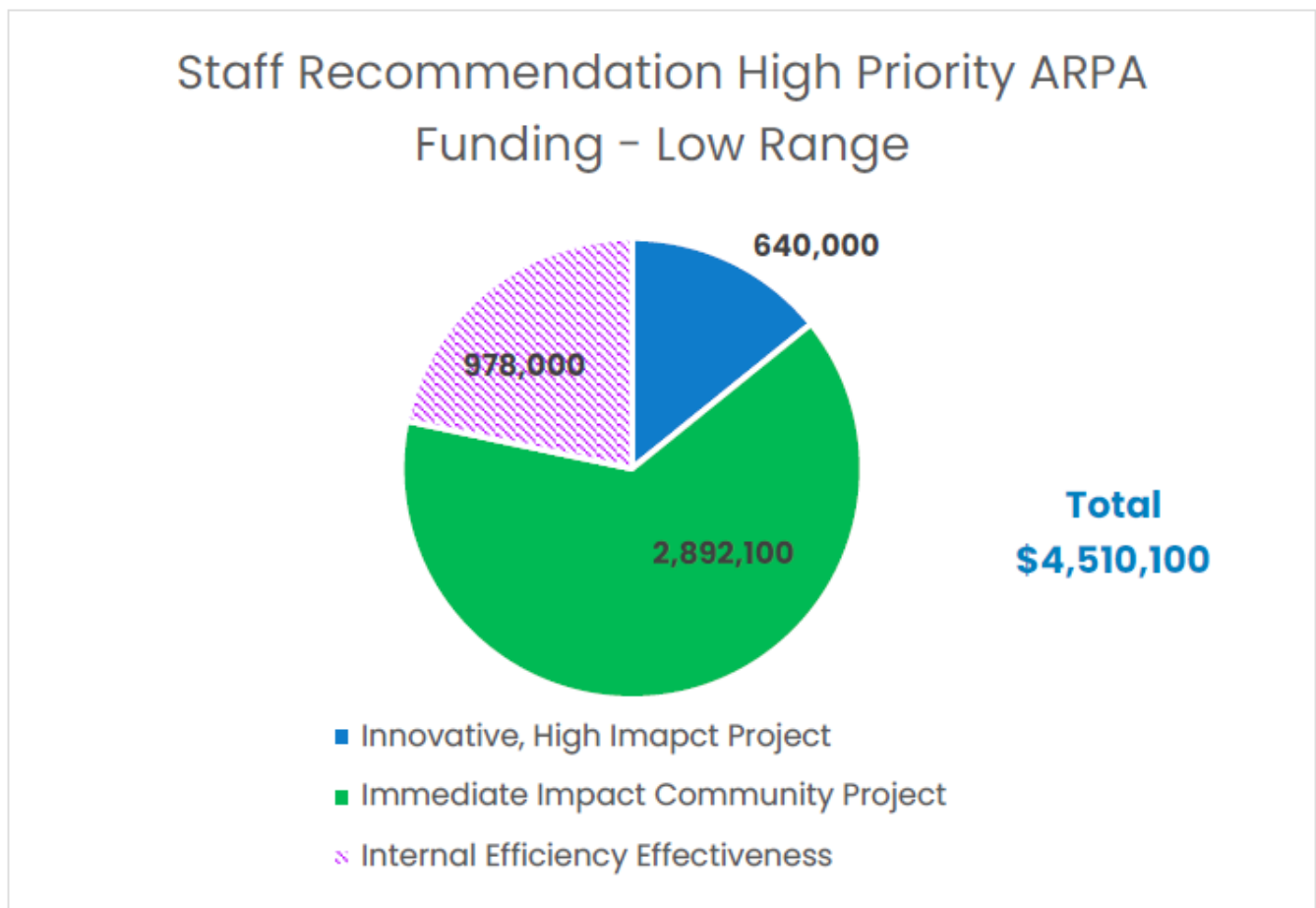
As next steps from that August 16, 2021 work session, staff validated the City's revenue loss calculation to be approximately \$6.5 million. Staff also prepared detailed and comprehensive project descriptions and budget for decision-making on project investment. That information has generally been incorporated into Attachment A, with some refinement by the Executive Team. For reference, a copy of the template for the proposed ARPA project submissions is **Attachment D** (See [Joint Work Session packet from 10/12 mtg](#)). Those project submissions ultimately totaled 53 projects with a high-end estimated total cost of \$13,384,550.

Discussion:

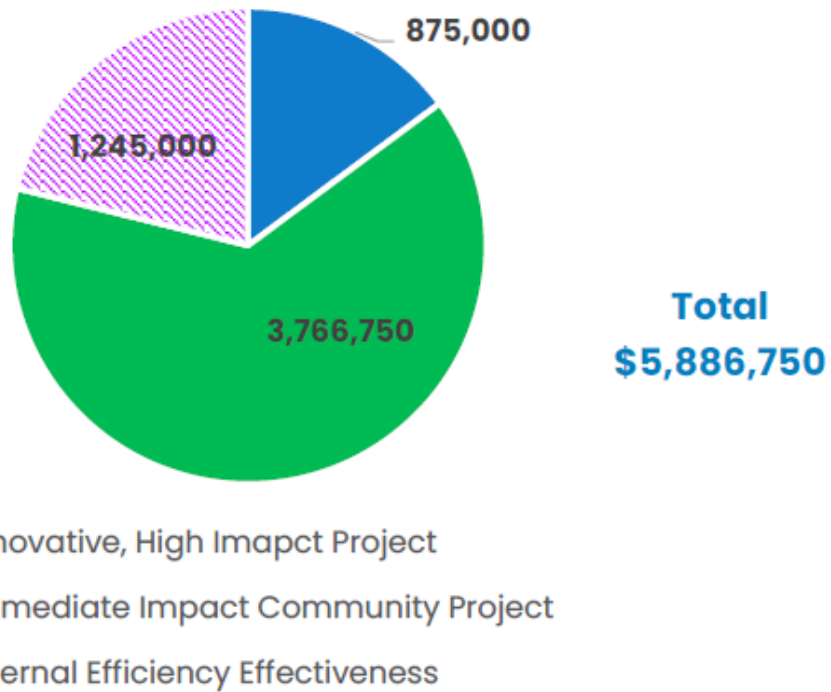
The resulting Attachment A represents the Executive Team's prioritization of the 53 projects submitted for review. The projects include, among other projects, requests from McMinnville Water & Light, recovering direct COVID-related costs (such as PPE and specialized cleaning), and projects that involve multiple entities and advocacy groups. The projects were sorted into three groups: (1) high priority projects; (2) medium priority projects; and (3) potential future investments. The projects are also identified by one of three categories: (1) innovative, high-impact project; (2) immediate impact community project; and (3) internal efficiency effectiveness.

A. High Priority Projects

The Executive Team identified 20 high priority projects, with an estimated cost range of \$4,540,100 to \$5,886,750. Of the 20 high priority projects, 3 are innovative, high impact projects; 11 are immediate impact community projects; and 6 are internal efficiency effectiveness projects. This information is illustrated in two graphs below based on the low cost range and the high cost range for the high priority projects.



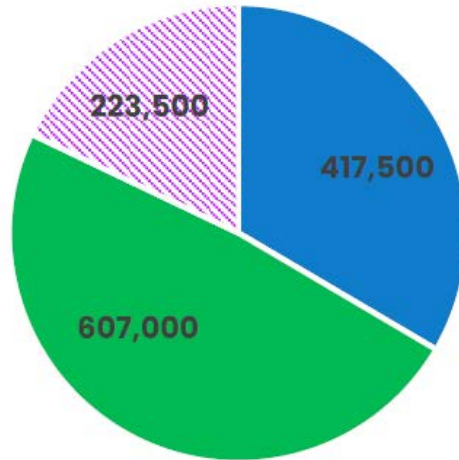
Staff Recommendation High Priority ARPA Funding - High Range



B. Medium Priority Projects

The Executive Team also identified 10 medium priority projects, with an estimated cost range of \$1,248,000 to \$2,029,000. Of the 10 medium priority projects, 2 are innovative, high impact projects; 4 are immediate impact community projects; and 4 are internal efficiency effectiveness projects. This information is illustrated in two graphs below based on the low cost range and the high cost range for the medium priority projects.

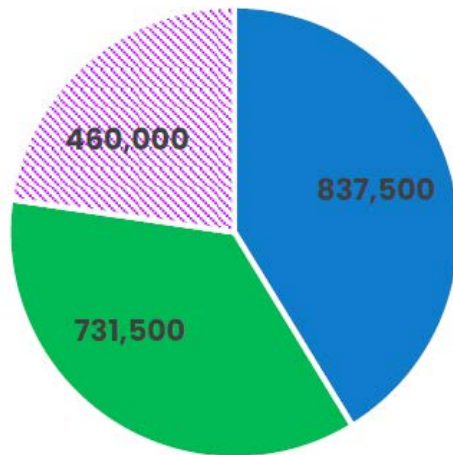
Staff Recommendation Medium Priority
ARPA Funding - Low Range



Total
\$1,248,000

- Innovative, High Impact Project
- Immediate Impact Community Project
- ◆ Internal Efficiency Effectiveness

Staff Recommendation Medium Priority
ARPA Funding - High Range



Total
\$2,029,000

- Innovative, High Impact Project
- Immediate Impact Community Project
- ◆ Internal Efficiency Effectiveness

If all high priority and medium priority projects are funded at the low-end of their cost range, the total is \$5,758,100. The high-end cost for all high priority and medium priority projects is \$7,915,750, which is more than the City's allocated ARPA-SLFRF.

C. Potential Future Investments

Given the likelihood that the high and medium priority projects, if funded, will result in the full allocation of the ARPA-SLFRF, staff included the remaining 23 projects as potential future investments should funding still exist or new funding become available. The 23 projects have not been prioritized for this reason. The 23 projects have a total cost range of \$2,965,800 to \$5,468,800.

D. Survey Results

City staff provided an online survey to the community to gauge general enthusiasm or lack of interest for types of initiatives that American Rescue Plan Act (ARPA) might support. See Attachment B (summary of survey results). While the survey was not scientific, participants provided insight into types of projects or funding opportunities can assist the Budget Committee/Council in their review of the prioritized list of projects.

E. Next Steps

The Budget Committee/Council reviewed and discussed Attachment A at the Joint Work Session on October 12, 2021, meeting was further postponed to October 20, 2021 to continue discussion, staff seeks the following direction from Council.

- **What revisions, if any, do the Budget Committee/Council want made to Exhibit A?** Should projects be moved from one priority another? Should projects be added or removed?
 - **What information does the Budget Committee/Council need?** What additional or other information does Council need to make a decision regarding the prioritization of projects to utilize ARPA-SLFRF?
- **Budget Committee Recommendation/Council Adoption.** At the October 20, 2021 regular meeting, the Budget Committee will have an opportunity to make a recommendation to Council of which projects should be prioritized to use ARPA-SLFRF. Assuming the Budget Committee makes a recommendation, at the October 26, 2021 regular meeting, staff will present a resolution for consideration by the Council to adopt a prioritized list of projects. A draft of that resolution is attached hereto as **Attachment E.**

Attachments:

- Attachment A: ARPA-SLFRF Prioritization List

- Sorted by High Priority
- Sorted by Medium Priority
- Attachment E: Draft Council Resolution

Fiscal Impact:

These discussions will ultimately determine how the City utilizes the one-time funding from now through December 2024 (obligated) and December 2026 (expensed).

Recommendation:

Budget Committee recommends Council approve the prioritized project list (Attachment A).

Staff Recommendation on ARPA Investments - High Priority Projects

Priority Ranking	Category	Project # (from complete list)	Project Name	Description	Beneficiaries	SLFRF Eligibility Criteria					Investment Principles				City Values				Total Cost	
						PH/Econ Recovery	Water, Sewer, BB	Prem Pay	Offset Los (Rev)	Address Disparities	Resiliency	A better way	Work with partners	Stewardship	Equity	Courage /Future	Account-ability	Low	High	
1	Internal Efficiency Effectiveness	5	ARPA Grant Staffer	Hire a full time grant professional for the term of the grant (3 yrs) to work on financial, compliance, program management and community engagement activities associated with the portfolio of SLFRF-ARPA grants	Grant Beneficiaries	x					x	x	x	x	x	x	x	290,000	397,000	
2	Innovative, High Impact Project	49	Third Street Improvement Project	This is the development of construction documents for the public infrastructure improvements needed on Third Street to support the recovery and future resiliency of McMinnville's local business community downtown. The development of these construction documents will allow McMinnville to proactively apply for federal infrastructure funds with the Federal Infrastructure Stimulus package to construct the project. Third Street is McMinnville's "Living Room". It is the heart of our business community, serving both local residents and tourists. However, it is also where recent the recent COVID pandemic had the most impact on restaurant and service businesses in McMinnville. This is the development of schematic design and construction documents for a Third Street Improvement project in downtown McMinnville, as well as the development of a business resiliency and recovery program for businesses impacted by COVID. The project area is approximately nine linear blocks. The McMinnville Urban Renewal Agency currently has \$200,000 allocated towards the design costs of this project. Total estimated design costs are approximately \$650,000 - \$800,000. The McMinnville Urban Renewal Agency has committed approximately \$3,000,000 to the future construction project. Total estimated construction costs are \$8,000,000. If the City is able to develop shovel ready construction documents it would be competitive for the future infrastructure bill for construction dollars. This is a priority project in terms of timeliness and the ability for McMinnville to leverage its ARPA funds for larger impact. The design process will be approximately nine months. The Federal Infrastructure Bill will be approved soon. A \$500,000 ARPA investment project in project design could be leveraged towards \$5,000,000 in federal infrastructure dollars.	Local businesses, workforce, tourism industry, community.	x	x				x	x	x	x	x	x	x	450,000	600,000	
3	Immediate Impact Community Project	32	Navigation Center - Operating Funds	This is a request for one year's worth of operating funds for the new McMinnville Navigation Center (a low barrier shelter with wrap around services per HB 2006). In 2021, the Oregon Legislature passed HB 2006 in order to support emergency housing for homeless populations. One aspect of that bill was the definition of a Navigation Center (low barrier shelter with on-site services to help homeless individuals achieve stability and long-term housing) and a funding mechanism for cities in order to do so. As part of the bill, Representative Noble was able to secure a \$1.5 million grant for the development and operation of a Navigation Center. City staff has been working with the Yamhill County Action Partnership on what that facility would look like, where it would be sited and how it would be managed. HB 2006 is very specific about the type of entity that needs to manage a funded Navigation Center, namely an entity with experience managing homeless shelters and authority to do so. Since the \$1.5 million grant is for development and operations, YCAP is concerned about sustained operational costs of the facility in the first couple of years as they work with state funding partners on long-term operational costs for the facility. It is estimated that the annual operational costs will be approximately \$400,000 - \$500,000.	Homeless residents of McMinnville	x					x	x	x	x	x	x	x	400,000	500,000	
4	Internal Efficiency Effectiveness	15	Financial Forecasting Software	Invest in software for financial forecasting software.	City departments, council, citizens.	x						x	x				x	17,000	26,000	
5	Immediate Impact Community Project	48	Stratus Village - Affordable Housing Project Serving Households of 80% AMI or Less.	Stratus Village is a planned 200-unit affordable housing multifamily complex to be developed on seven acres of land off of Stratus Avenue. This project is intended to serve households of 80% area median income or less and will be comprised of studios, and a range of one-bedroom to four-bedroom apartments. The Housing Authority has already achieved their land-use needed to support the project and has designed a project that is compliant with McMinnville's Great Neighborhood Principles. The Housing Authority is partnering with Unidos, Virginia Garcia, Chemeketa Community College, Willamette Valley Medical Center, Department of Human Services, Worksystems, Inc., Yamhill Community Care (YCCO) and the Confederated Tribes of the Grand Ronde on the project. On February 23, 2021, the McMinnville City Council approved Resolution No. 2021-09 supporting the Housing Authority's Stratus Village project and their application to Oregon Housing and Community Services (OHCS) for funding. When the Housing Authority applied to OHCS for funding they were denied in the competitive process. One of the reasons for the state denying their application was the lack of local supportive dollars in the project. The Housing Authority would like to construct the project in two phases. The first phase of the project is approximately \$30.4 million dollars. Right of way improvements required for the project is approximately \$250,000 and infrastructure to serve the project is approximately \$5,000,000. The Housing Authority would like to request \$300,000 to help offset the right-of-way improvements and infrastructure costs of the project and to show local financial support of the project.	This investment will directly benefit the residents of Stratus Village, an affordable housing project for lower-income workforce and families in McMinnville and Yamhill County. This investment will also benefit the community of McMinnville by building a 200 unit affordable housing complex that will remain affordable housing for at least fifty years. And lastly this investment will benefit local businesses as it will provide much needed affordable housing for workforce to live locally.	x	x				x	x	x	x	x	x	x	x	200,000	300,000
6	Immediate Impact Community Project	34	Park Maintenance Fleet and Equipment Upgrades	This project is to fund needed fleet and equipment replacements for Park Maintenance operations to equip staff to adequately maintain increased acreage in the park system and to improve maintenance levels in established parks. These units have all reached the end of useful life.	Park visitors, staff				x				x					370,000	400,000	
7	Immediate Impact Community Project	4	Ambulance Replacement	Purchase a replacement ambulance that was not funded due to budgetary constraints. Two ambulances are being surplus due to equipment failures. The addition of this ambulance will move a high mileage ambulance to reserve. The FD has been responding to COVID patients since the pandemic started and continues to support COVID response.	McMinnville community and our Ambulance Service Area				x				x					230,000	250,000	
8	Innovative, High Impact Project	19	Innovation Center - Public Infrastructure Feasibility Analysis	This is a feasibility analysis of the necessary public infrastructure needed to support an Innovation Center on 140 acres of vacant industrial land on Highway 18 and at the Evergreen Campus. The feasibility analysis will evaluate the type and size of broadband, water, wastewater, power and transportation infrastructure needed to serve a high-density research and development industrial/business office district. Currently the city has only planned for the infrastructure necessary to serve a low-density general industrial user, and that infrastructure is already noted to be under capacity for even that type of industrial user. The public infrastructure feasibility analysis will allow the City to understand the public infrastructure that it needs to build to support the private development envisioned for this site, and to then leverage that knowledge to apply for state and federal infrastructure funds to build the infrastructure. Both the State of Oregon and the Federal Economic Development Agency have identified Innovation Hubs as priority economic development investments coming out of COVID. This is a priority project in terms of timeliness and the ability for McMinnville to leverage its ARPA funds for larger impact.	The development of an Innovation Center will benefit McMinnville and Yamhill County's economic development health. It will be a campus for both new and growing companies to co-locate and collaborate, share resources, and intellectual capital. It will also serve as a Class A office campus for McMinnville, which currently does not exist. The jobs created will serve both McMinnville residents and Yamhill County residents.	x					x	x	x	x	x	x	x	175,000	250,000	
9	Innovative, High Impact Project	16	First Responders for Mental Health Crises	Historically those in our community who suffer from mental health crisis, homelessness, and addiction have inappropriately been funneled into a public safety pathway to deal with incidents within our community. This has generally pulled resources from the police department who are equipped to handle some incidents; however, they are not necessarily the most effective at finding long term and wrap around solutions for those in need. The City would like to invest a portion of ARPA funds into a studying how a community-based system solution to keep public safety out of many of these types of calls might benefit us and what our options might be for making it a reality. We believe these community-based solutions will provide better long-term outcomes for those in crisis by having those with the expertise to take the lead and find positive outcomes for those who need, or desire help. This project would consist of contracting with a consultant who could best provide a "road map" for our community. The consultant could provide information about how to right size a program for a community our size, utilizing existing programs inside the county or finding new entities to invest in and partner with.	Residents experiencing mental health crises and their families and loved ones.	x						x	x		x			15,000	25,000	

Staff Recommendation on ARPA Investments - High Priority Projects

Priority Ranking	Category	Project # (from complete list)	Project Name	Description	Beneficiaries	SLFRF Eligibility Criteria					Investment Principles					City Values				Total Cost	
						PH/Econ Recovery	Water, Sewer, Brd	Prem Pay	Offset Cost Rev	Address	Disparities	Resiliency	A better way	Work with partners	Stewardship	Equity	Courage/Future	Accountability	Low	High	
10	Immediate Impact Community Project	30	Library HVAC Replacement	This is the number one Library priority for use of the ARPA funds. The Library HVAC is over 40 years old and requires frequent maintenance and replacement of parts, often costing the City \$35,000 - \$50,000 annually. Parts are hard to find due to the age of the equipment, and at least once a year the Library is left without heating or air conditioning while parts are researched and ordered. The most recent large equipment replacement of the Library HVAC system was 8 years ago, when the cooling tower was replaced. At the time it was recommended that the HVAC system be overhauled, but the decision was made instead to patch the system once again. During the COVID 19 pandemic it was recommended that HVAC filter systems be upgraded to the best possible standards to prevent transmission of the virus. Upgrading the Library HVAC will help with prevention of the COVID 19 virus. It will also be a long term savings for the City by keeping the Library buildings and systems in better working order.	Library staff, patrons, those who use the Library as a warming and cooling shelter, community members and visitors who use the Library.	x					x	x		x					80,000	150,000	
11	Internal Efficiency Effectiveness	24	IS - Replace Firewall / VPN system	The current City firewall / VPN system will go end of life in FY 2024. This project will allow us to pull the replacement forward and get improved technology in place where it is needed most, especially for Covid-19: improving remote access tools for all City employees and improving the City's security posture for years to come. The current firewall was put in place in 2015 and while serviceable, is approaching the end of it's functional life.			x					x	x		x		x		58,000	80,000	
12	Immediate Impact Community Project	47	Storm Water Capacity Projects	This request is for engineering and construction funds for stormwater capacity projects to address areas of flooding and insurance claims.	Impacted area residents, motorists and wastewater utility ratepayers.	x	x				x				x	x	x	x	402,500	553,750	
13	Immediate Impact Community Project	42	Update to Parks and Open Space Master Plan	Update to Parks and Open Space Master Plan	McMinnville residents	x					x	x	x		x	x	x	x	100,000	200,000	
14	Internal Efficiency Effectiveness	17	Facilities Manager	This project funds one year of staffing and equipping costs for a Facilities Manager at the City. To date, the City has been unable to fund reserves for building maintenance, repairs or upgrades, so such work has been limited to available General Fund resources. This staffer would build a plan to address extending the life of impacted facilities, improving safety and operational capacity. Work would include needed building repairs, roofs, painting, HVAC upgrades and accessibility improvements.	Public facility visitors and users, staff, program participants				x		x	x		x	x			180,000	200,000		
15	Internal Efficiency Effectiveness	13	Emergency Manager	The City of McMinnville has been without a dedicated staffer to focus on the Emergency Management issues. This would fund .5 FTE of a position to focus on this Emergency Management planning and preparation for 3 years.	Residents and businesses				x		x				x		x		183,000	242,000	
16	Immediate Impact Community Project	40	Park Maintenance: System Wide Irrigation Renovations	This project is to fund needed renovations irrigation renovations in multiple irrigation systems throughout the park system. Work will focus on sports turf, neighborhood parks and heavily used turf stands in community parks.	Park visitors, staff, recreation program users				x			x			x	x			240,000	263,900	
17	Internal Efficiency Effectiveness	1	ADA Transition Plan	Contract with a consultant to develop an ADA transition plan to address ADA access issues and become compliant with the Federal ADA Act - to improve access and remove barriers to participation (Objective 5 under Engagement and Inclusion of MacTown 2032 Strategic Plan)	McMinnville community and visitors. Approximately 12% of McMinnville residents identified as disabled (American Community Survey, 2015-2019).	x					x	x	x	x	x	x	x		250,000	300,000	
18	Immediate Impact Community Project	6	Backlog in court cases	Implement COVID-19 safety measures to facilitate court operations, expand current staffing model to increase speed of case resolution and address backlog of case counts and projects due to pandemic.	Individuals who have reason to come before the court and their counsel, agency partners such as law enforcement, crime victims, treatment and resource providers, the members of the community at large who benefit from law enforcement and adjudication of those cases.	x					x				x	x	x		58,100	67,100	
19	Immediate Impact Community Project	31	Mobile Rec Station	2021 Transit 350 Cargo van with bench seat, branded/wrapping, retractable awning to take out to neighborhood parks for free activities.	McMinnville residents	x					x	x	x		x	x			61,500	82,000	
20	Immediate Impact Community Project	53	Replacement of 16" steel water transmission main	In 2011 Water and Light completed its current master plan. That plan called for the replacement of the 16" steel transmission main installed in the 1940's. That water main is approximately 10 miles in length from the water treatment plant to the service reservoirs on Fox Ridge. Estimated cost at that time was \$24 million. In 2015 Water and Light installed the first phase of the replacement with 2,200 ft. of 36" steel main Horizontal Directional Drilled (HDD) under Meadow Lake Road. This project installed 900 ft. of ductile iron pipe to intertie with the original main on Panther Creek. Total cost of this project was \$5.6 million. In 2019 Water and Light replaced 6,600 ft. of the 16" main with 36" ductile iron pipe. This section was replaced due to numerous leaks. Total cost of this project was \$4.2 million. Currently there is an additional 45,000 ft. to replace with an estimated cost of \$30 million. Water and Light is seeking \$1.0 million for both engineering services for design and easement acquisition to complete the design and have the remaining six phases shovel ready.	All City of McMinnville Residents	x					x				x				750,000	1,000,000	

Staff Recommendation on ARPA Investments - Medium Priority Projects

Priority Ranking	Category	Project # (from complete list)	Project Name	Description	Beneficiaries	SLFRF Eligibility Criteria					Investment Principles				City Values				Total Cost	
						RW/Econ Recovery	Water, Sewer, BB	Prem Pay	Offset Cost Rec	Address Disparities	Resiliency	A better way	Work with partners	Steward-ship	Equity	Courage /Future	Account-ability	Low	High	
21	Immediate Impact Community Project	25	IS - Technology in Conference Rooms	Technology upgrades to the Civic Hall and other City conference rooms to allow for high quality, easy to use and equitable public meeting tools.	City employees, Council/Committees, Public	x	x				x	x			x				77,000	105,000
22	Immediate Impact Community Project	11	Document Translation into Spanish	This is a request to hire a service to translate the City Code and all externally facing core service forms and applications into Spanish. Approximately 25% of the McMinnville population identifies as Hispanic. Approximately 20% of McMinnville residents do not speak english at home. The City of McMinnville has made an effort to translate some documents into Spanish but only in very discrete and specific situations. The McMinnville City Code, Zoning Ordinance, Permits, Land-Use Applications, Code Enforcement Forms, Legal Forms, Parks and Recreation Participation Forms, etc. have not been translated into Spanish. Translation services can be provided when requested, but many studies show that people who do not speak the host nation language are often reluctant to request translation of government documents into their native language. In January, 2022, we will need to provide equitable access to all public meetings both in a virtual environment and in person. We could livestream meetings with closed caption subtitles in both English and Spanish.	Spanish speaking residents of McMinnville and Spanish speaking customers of the City of McMinnville as well as McMinnville generally by increasing engagement with all members of the community.	x					x	x	x	x	x	x	x		50,000	100,000
23	Innovative, High Impact Project	7	Broadband access and technology training	Address 2 of 3 barriers to highspeed internet: cost of service for people who can't afford it and training on how to effectively use the internet.	Residents unable to afford highspeed internet and/or who could benefit from technology training.	x					x	x			x	x			362,500	612,500
24	Immediate Impact Community Project	39	Park Maintenance: Neighborhood Park Renovations	This project is to fund needed playground replacements in several neighborhood parks, replace deficient fall attenuation material and renovate sport court surfaces.	Park visitors, staff				x				x		x	x			240,000	262,600
25	Internal Efficiency Effectiveness	12	Electric vehicle for Library home delivery	This is the second highest Library priority for ARPA funds. At the beginning of the COVID 19 pandemic, the Library developed a system for delivery of Library materials within the City limits of McMinnville. The service was a success with both patrons and staff, and was soon expanded to include Lafayette, Yamhill, and Carlton. Currently the Library uses an older SUV passed down from the Fire Department. While a great benefit at the time, the hand-me-down vehicle is not a long term solution for Library home delivery. Home delivery is an example of a service where the pandemic has shown us another beneficial method of delivering Library materials. It is the intention of the Library to continue home delivery. Purchasing a new or used electric vehicle will save the City on fuel, and enable the Library to continue home delivery for many more years.	Library patrons and staff	x							x		x	x			30,000	70,000
26	Innovative, High Impact Project	52	HR - DEI Implementation	Investments to implement diversity, equity & initiatives. Possibly including personnel and/or consultant costs.	DEI initiatives benefit employees, volunteers, and residents.				x		x		x	x		x			55,000	225,000
27	Immediate Impact Community Project	36	Park Maintenance: Discovery Meadows Splash Pad Renovation	This project is to fund needed renovations to the Discovery Meadows splash pad. Constructed in 2005, this park feature is heavily visited and attracts multiple visitors to Discovery Meadows Park. The work would include renovating the mechanical system, filtration, water quality components, control elements and plaza.	Park visitors, staff				x				x		x	x			240,000	263,900
28	Internal Efficiency Effectiveness	20	IS - Datacenter Move (CC to WWS)	The City currently has two main datacenters at the Community Center and Police Department. Recent investments to the WWS facility combined with an uncertain future for the Community Center make this a highly beneficial project to position City infrastructure for years to come.	City Infrastructure, Cybersecurity and Resiliency postion.		x						x		x	x			52,000	105,000
29	Internal Efficiency Effectiveness	46	Remodel: Muni Court more accessible	Remodel the first floor of the City Hall to allow the Municipal Court to have its own entrance that is ADA compliant and allows for improved social distancing for both members of the doing business with court staff as well as the staff themselves.	Individuals who have reason to come before the court, staff working in the City Hall	x					x				x	x	x		16,500	35,000
30	Internal Efficiency Effectiveness	54	Covid Costs to City Organization	City staff time and direct costs for items such as PPE, specialized cleaning, etc. directly related to covid and the response to it continue to be part of the work of the City. This estimates the cost for these activities.	All city staff, visitors, partners and community members who receive services from the City	x							x		x	x			125,000	250,000

RESOLUTION NO. 2021 - XX

A Resolution of the Common Council of the City of McMinnville approving allocation of American Rescue Plan Act (ARPA) Funds.

RECITALS:

Whereas, the United States federal government adopted the American Rescue Plan Act of 2021 (ARPA); and

Whereas, a component of ARPA allocates Coronavirus State and Local Fiscal Recovery Funds (SLFRF) to state and local governments; and

Whereas, the City of McMinnville (City) will receive a total of approximately \$7.7 million in SLFRF in two payments, one of which the City has already received; and

Whereas, the City's Budget Committee has had several work sessions to discuss how the City may utilize the SLFRF; and

Whereas, these discussions resulted in the Budget Committee recommending a prioritized list of projects to be funded with SLFRF, which list is attached hereto as Exhibit 1.

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

1. The Council hereby approves allocation of ARPA-SLFRF based on the prioritized list of projects that are provided in Exhibit 1 attached hereto and incorporated by reference herein.
2. To the extent budget supplemental(s) is necessary, staff are directed to undertake the process(es) for Council adoption of said budget supplemental(s).
3. This resolution shall take effect immediately upon passage and shall continue in full force and effect until revoked or replaced.

Adopted by the Common Council of the City of McMinnville at a regular meeting held the__ day of October, 2021 by the following votes:

Ayes: _____

Nays: _____

Approved this __ day of October 2021.

MAYOR

Approved as to form:

Attest:

City Attorney

City Recorder

STAFF REPORT

DATE: October 20, 2021
TO: Jeff Towery, City Manager
FROM: Jennifer Cuellar, Finance Director
SUBJECT: Resources and Sustainable City Services

Strategic Priority and Goal:



CITY GOVERNMENT CAPACITY

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

Report in Brief

The Council, along with the citizen members of the Budget Committee (to serve as the community's voice), is grappling with the McMinnville City Council's 2021 objective to "address insufficient resources by finding new sustainable funding sources."

The Budget Committee (a statutorily established body made up of all Council members, the Mayor and seven members of the public) have had four work sessions on this topic. At the 10/20/2021 meeting we plan to do the following:

- Share additional information requested from the prior discussion on 9/22/2021 (5 minutes)
- Budget Committee discussion (50 minutes)
- Budget Committee recommendation on resources

Staff report Attachment A contains the proposed recommendation based on the general feedback and discussion that emerged during the prior discussion of the staff recommendation and Attachment B is a draft of the resolution that will come before Council on 10/26/2021. Both documents will be adjusted as needed to reflect the proposed recommendation coming out of this meeting.

Attachment C contains trend information on General Fund financial and staffing changes over time. The historic data is adjusted to combine Ambulance Fund data with the General Fund so the data look back is consistent regarding core city activities (police, fire/ambulance, parks and recreation, park maintenance, the library, short- and long-term planning, internal services) supported by unrestricted General Fund resources (property tax, franchise fees, state shared revenues).

Additional Information Requested

Supplemental information requested from the 9/22/2021 meeting is provided regarding two of the options included in the staff recommendation:

1. Business License fee

In 2018, the stable table recommended options that Council might consider with a business license fee that ultimately were not moved forward. That work suggests four options for consideration:

- A. Continue with no business license or business registry, maintaining specialty licenses for particular types of business in current code (ex: stage terminals, circuses)
- B. Create a business registry for communications and health/safety inspection purposes
Sliding scale in range of \$35 to \$100 in annual license fees
- C. Create business registry noted in B and fund 0.5 FTE for “Welcome to McMinnville” and economic development programming
Sliding scale in range of \$50 to \$150 in annual license fees
- D. Create business registry noted in B and fund 1.0 FTE for “Welcome to McMinnville” and economic development programming
Sliding scale in range of \$75 to \$200 in annual license fees

If the Budget Committee includes B, C or D in its recommendation tonight, staff will begin work to refine its cost recovery estimate for the business license program and prepare details on the sliding scale and other activities associated with updating the city code.

2. Internal financing for Capital Investments

The Oregon Revised Statutes (ORS 294.468) describe the conditions under which loans from one fund in an agency may be made to another fund for capital purposes. A formal agreement defining the terms of the loan is required; each contract is ratified in a local governing body resolution or ordinance.

The City's utilization of this financing instrument will always be analyzed in the context of the near- and long-term fund balance impact on the lending fund, the ability of borrowing fund to meet the repayment terms and applying interest rates at a premium over the local government investment pool's interest such that both the lending and borrowing fund benefit financially from the agreement.

It is a basic tenet in municipal finance that restricted funds may not be used for purposes outside of eligible activities. In 2017, the City of Portland settled a six-year long lawsuit regarding water and sewer utility funds directed to support ineligible projects, an incident that has been on the radar of municipal utility staff. This episode serves as a reminder of the importance of complying with municipal

finance regulations, including properly executing interfund loans.

Discussion

Based on the generally positive reception of the staff's recommendation of 9/22/2021, as well as ongoing staff research into the resources believed to offer most promise to support sustainable city services to the community, the staff recommendation to the Budget Committee remains largely the same as presented:

1. Establish a Service Fee to support the broad array of services provided through the General Fund via utility billing

The Service Fee is a scalable option with the potential to efficiently raise dollars on a seven-figure scale. A waiver/discount program can be included to mitigate impact for members of the community who are least able to pay. Its flexibility makes it a particularly good match to utilize in combination with the Fire District initiative. Ongoing conversations with McMinnville Water and Light (MWL) show it is logistically feasible to bring this online in time for FY2022-23's start on 7/1/2022.

The Service Fee should include a three to five year formal review.

2. Continue on the path towards a Fire District

The Fire Department continues to work with Emergency Services Consulting International (ESCI) to finalize the financial models that include the districts the City will be working with on this initiative. When the financial details are finalized – including Council decision on the approach to the City's permanent rate in the context of a higher overall tax rate for city residents – and we ultimately see the will of the people expressed by the results of an upcoming special district ballot measure, corresponding adjustments to the municipal service fee based can be made.

3. Establish a Business License Fee

While we are sensitive to the fact that the last 20 months have represented an unprecedented and difficult period for businesses and employers in town due to the impacts of the Covid-19 pandemic, staff continues to recommend the City establish a Business License Fee to, at a minimum, create a business registry to facilitate communication with all city businesses, from single proprietors operating from home to the largest, most established employers of the community. The City works to be a supportive, agile and responsive partner to the entire business community, particularly as evolving needs – and opportunities – continue to surface.

4. Authorize a program of interfund borrowing for capital investments

The benefits of this tool are two-fold: (1) it offers the lending fund the opportunity to earn a higher rate of return on cash that is sitting idle in its fund balance and (2) it offers the

lowest cost of financing capital investments available to municipalities to the fund that borrows.

5. Consider Construction Excise Tax

A panel of experts and practitioners will be presenting information on the Construction Excise Tax to the City Council on 11/17/2021. The Affordable Housing Committee has been evaluating the benefits of an affordable housing Construction Excise Tax for the past four years and is working on a recommendation for the City Council to consider.

6. Continue iterative advancements in three existing funding areas

Staff intend to continue work in the areas of system development charges (SDCs), franchise fees and cost recovery.

Next Steps

The Council, at its 10/26/2021 meeting, will accept and/or reject the recommended resource options for sustainable city services in a resolution (draft resolution is Attachment B).

With the decisions made, staff will focus on implementation activities including:

- Service Fee rate methodology, refine revenue projections, work closely with MWL to establish systems and business processes required, create a low-income discount/waiver program
- Business License Fee rate setting based on approved program level, establish systems and business processes required
- Community engagement initiatives regarding all new resource programs approved, including coordination with the City's Diversity, Equity and Inclusion Advisory Committee

Further discussion of the City's core services and work during the FY2022-23 budget cycle will combine to identify the amount of revenue sought, at a minimum, for the initial year of the Service Fee.

Fiscal Impact

These discussions will ultimately have a key impact on the City's financial sustainability and ability to maintain services in the FY2022-23 budget cycle and beyond.

Recommendation

Budget Committee recommends Council approve the portfolio of resource options included in Attachment A: Recommended Resources for Sustainable City Services.

Attachments

- A. Recommended Resources for Sustainable City Services
- B. Draft Resolution to come before Council on 10/26/2021
- C. Trend data on City Staffing levels and General Fund financial condition over time

Recommended Resources for Sustainable City Services

The Budget Committee recommends that the City Council:

1. Adopt a new service fee to support the general fund with a formal fee review after ___ years
2. Continue efforts to create a new fire district
3. Adopt a business license fee program
4. Utilize interfund borrowing for capital investments when it makes financial sense for lending and borrowing funds
5. Consider establishing a construction excise tax
6. Continue its efforts to review system development charges, franchise fees, and cost recovery

RESOLUTION NO. 2021 - XX

A Resolution of the Common Council of the City of McMinnville preliminarily adopting certain sustainable funding sources.

RECITALS:

Whereas, in 2021, the McMinnville City Council established an objective to "address insufficient resources by finding new sustainable funding sources;" and

Whereas, the Budget Committee of the City of McMinnville held several work sessions to discuss options for new, sustainable resources; and

Whereas, the resources were evaluated based on seven (7) criteria, which evaluation was included in the September 22, 2021 staff report; and

Whereas, based on that evaluation, staff recommended that a service fee paid via utility billing be established; and

Whereas, staff also recommended that the City continue working toward establishing a new fire district, creating a business license program, and utilizing a program of interfund borrowing for capital investments; and

Whereas, staff further recommended that the City continue exploring a construction excise tax; and

Whereas, staff indicated an intent to continue iterative advancements regarding systems development charges, franchise fees, and cost recovery; and

Whereas, the Budget Committee reviewed the staff recommendations and supporting materials provided throughout the Budget Committee's discussions on new, sustainable resources and its recommendation regarding the adoption of certain sustainable funding sources at its meeting on October 20, 2021; and

Whereas, the Council has reviewed the Budget Committee's recommendation; and

Whereas, the Council understands that further discussions and approvals must occur to determine the scope and implementation of any new, sustainable resources.

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

1. The Council hereby preliminarily adopts a new service fee to support the general fund with a formal review after X years, subject to needed future approval by the Council regarding the scope and implementation of the service fee.
2. The Council preliminarily adopts a business license program, also subject to needed future approval by the Council regarding the scope and implementation of the business license program.
3. The Council instructs staff to continue the effort of creating a new fire district and utilizing interfund borrowing for capital investments.
4. This resolution shall take effect immediately upon passage and shall continue in full force and effect until revoked or replaced.

Adopted by the Common Council of the City of McMinnville at a regular meeting held the _ day of October, 2021 by the following votes:

Ayes: _____

Nays: _____

Approved this __ day of October 2021.

MAYOR

Approved as to form:

Attest:

City Attorney

City Recorder



**City of
McMinnville** Trend Data over Time

Introduction

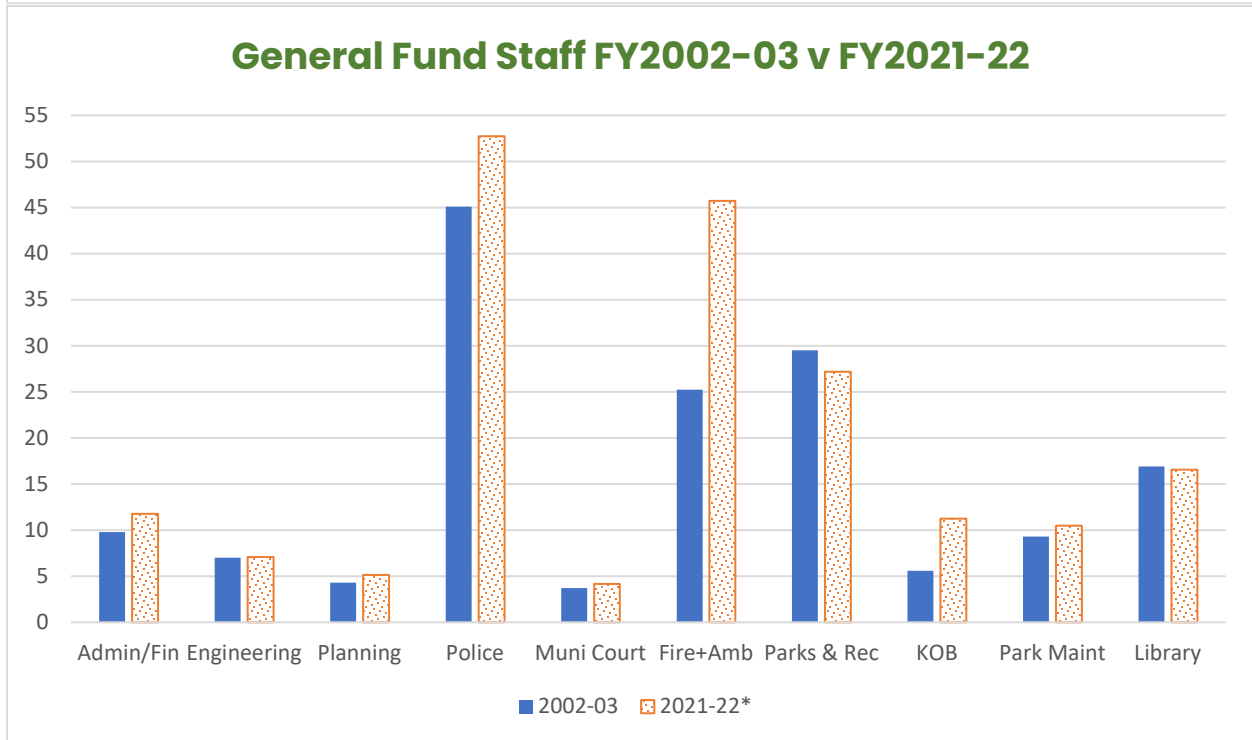
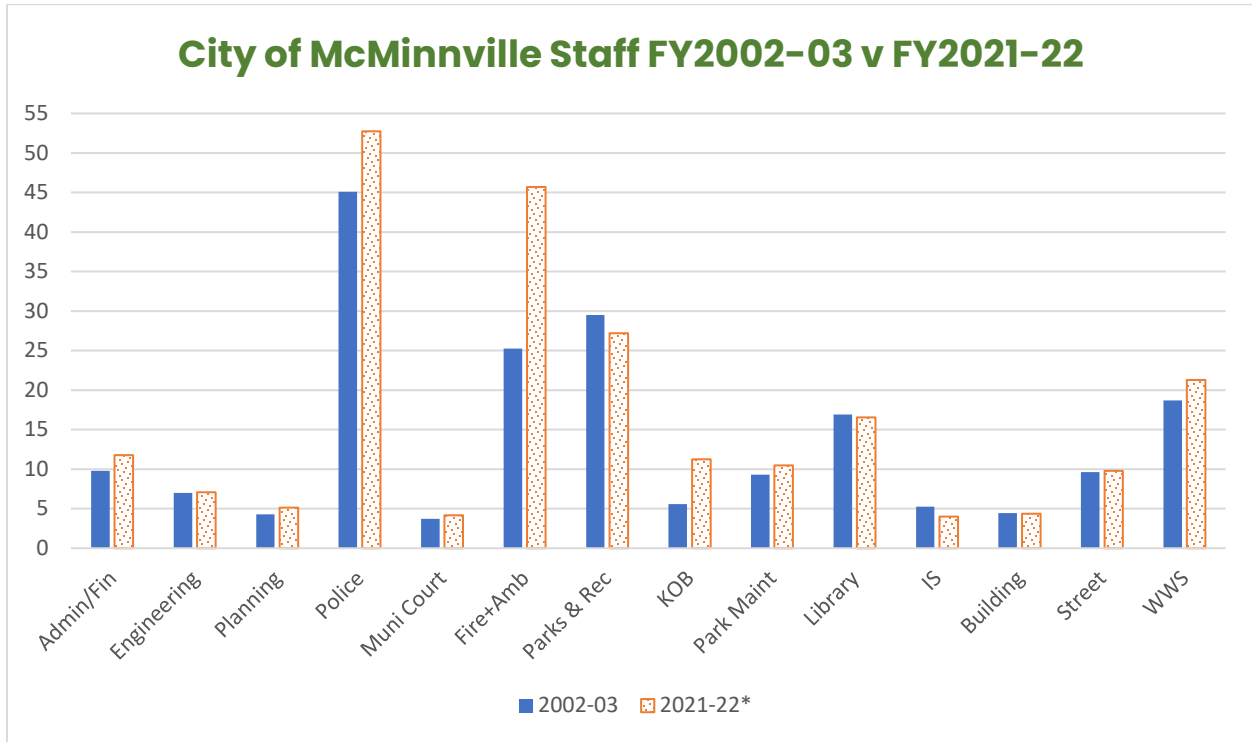
The following graphs describe changes over time for adopted budgets, actual financial activity and the workforce included in the current portfolio of General Fund services. Whenever General Fund appears in this document, it includes ambulance activities and staff levels that prior to FY2019-20 were accounted for in a separate fund.

Financial data is presented from FY2008-09 to date; this initial period was the first full year that the accounting system the City currently uses was deployed. Some staffing level data presented covers the twenty-year period starting in FY2002-03, information available from an earlier study of city-wide full-time equivalents (FTEs).

These trends help provide context for the City's current financial circumstances and some of the program and staffing investments made over the last many years. This document does not attempt to identify all the significant one-time expenses or revenues that occurred in individual years.

October 10, 2021

Workforce Trends



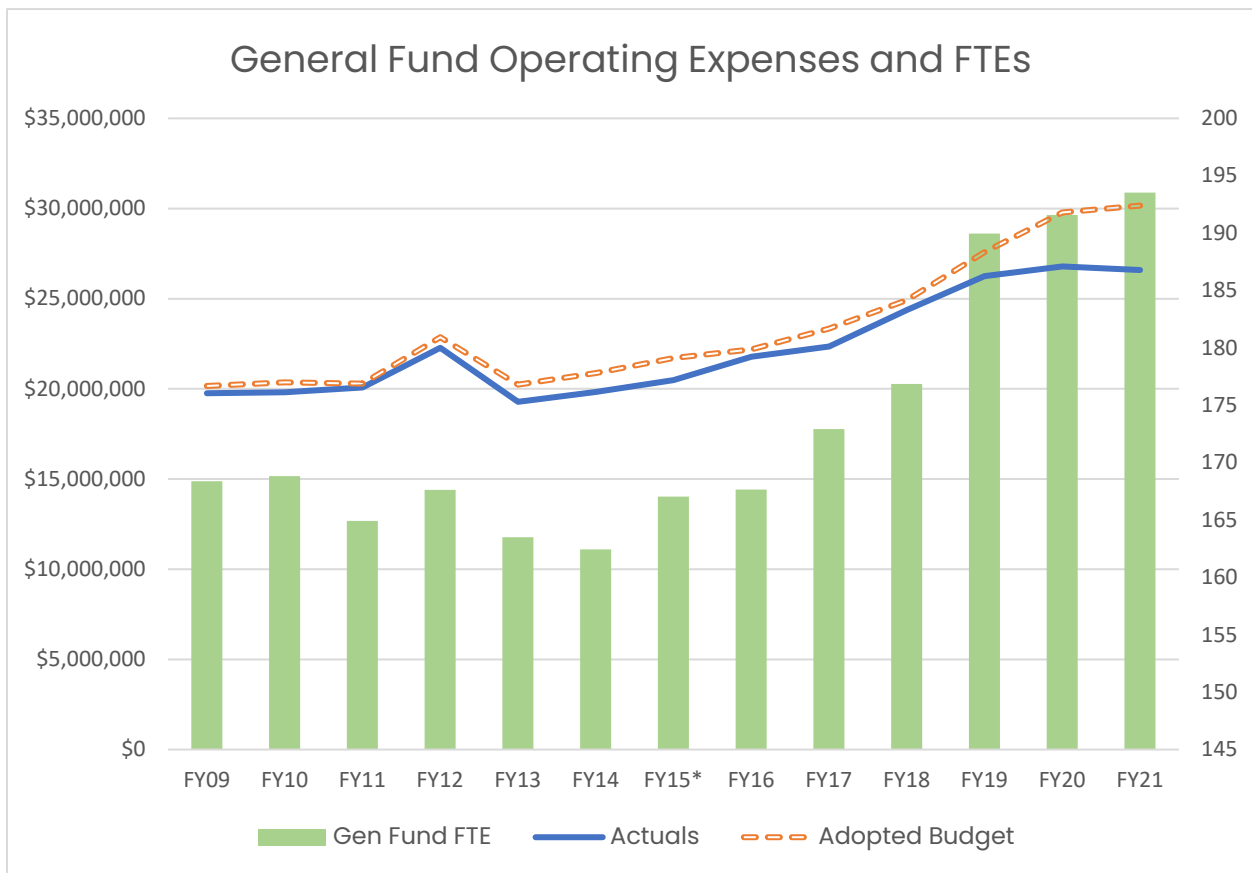
* FY2021-22 data is adjusted to better reflect departmental comparison of staffing investment over time. Two re-organizations affect department level FTEs but do not represent an investment in new services: FY2018-19 reorganization (moving 2 code compliance FTE from MPD to Planning and moving park ranger 1.7 FTE from P&R to MPD) and FY2019-20 outsource of ambulance billing (reduced Admin/Fin by 1.8 FTE)

Other General Fund Staffing Information:

- Fire and Ambulance service staff has seen the largest growth in headcount over the last 20 years. In FY2005-06 and FY2006-07, approximately seven staffers came on board those years; another addition of three employees was budgeted in FY2011-12; incremental staffing investments averaging 1.33 FTE were budgeted each year from FY2016-17 through FY2021-22.
- Police staffing generally held steady in the 43-45 FTE range for the first 15 years of the last two decades; investments in FY2017-18 and FY18-19 brought the staffing level up to 52.5 FTE level budgeted in the last three fiscal years.
- FY2021-22 includes a budgeted loss of over three FTE for Parks and Recreation programming staff relative the prior year due to Covid-19 impacts and austerity measures required to balance that year's budget. During the past two decades, Parks and Recreation staffing levels have ranged from 24 FTEs to the high-water mark of 29.5 FTEs back in FY2002-03.
- Kids on the Block (KOB) staffing has seen the highest increase proportionally over the last 20 years, giving an indication of the after-school program's outsized impact on the ability of the Parks and Recreation department to fulfill its larger core services mandate to the community.
- The City added a full-time city recorder and, later, a human resources manager; both accounted for in the Administration Department. The Finance Department, net of the outsourced ambulance billing function, remains unchanged relative 20 years ago. Over the years, Finance has experienced periods with one to two FTE in additional staff over its 4.85-5.0 FTE base level seen the last five years as well as in the early 2000s.
- Planning function staff capacity has increased by less than one full FTE in the last two decades; this fact can be difficult to see since the budget shows the department's proportionate increase of 80% in personnel relative its staffing level of only 3.5 FTE in FY2016-17. This recent budgetary increase is predominantly driven by moving the code compliance function (two FTEs) from the Police Department to the Planning Department in FY2018-19.
- Park Maintenance staff has experienced the biggest proportional workforce fluctuations in the last 20 years, with staff levels ranging from 5.6 to 8.0 FTE

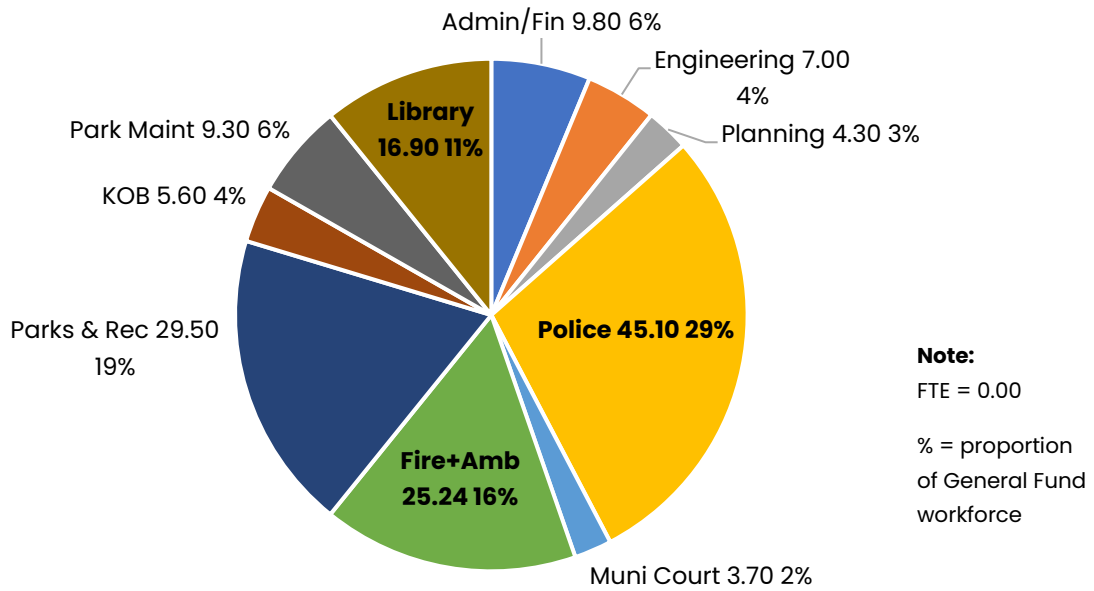
from FY2003-04 through FY2009-10. Since then, the last 14 years have seen that budgeted FTE range stabilize from 9.1 to 10.6.

- The Library has had the most stability in its staffing levels over this period though it is down this fiscal year by .34 FTE relative the FY2002-03 year.
- Municipal Court staffing has seen a variety of approaches to staffing over the years including contracted and staff judge and city prosecutor services, different budget locations for attorney positions and supervision shifting out of Administration to Finance.
- Engineering staff levels have ranged from 5.6 to almost 8.0 FTE. This department receives the highest proportion of transfers from other funds to cover its costs, though transfers do also support the Administration and Finance Departments.

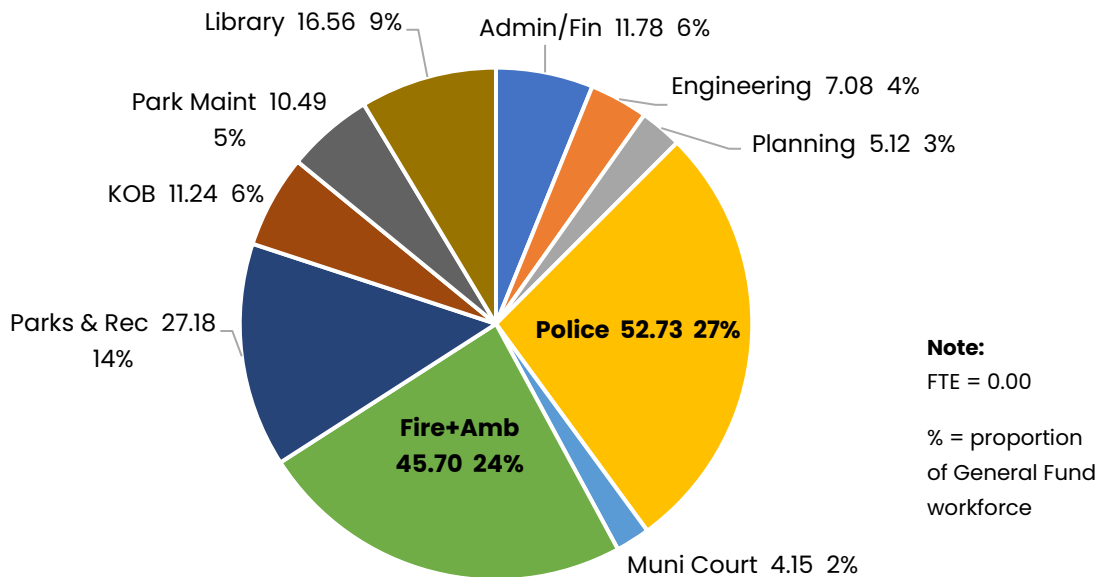


General Fund includes Ambulance Fund activity in earlier years. Operating Expenses = Personnel + Materials and Service budget categories. The right hand axis applies to the bars and represents the number of Full Time Equivalents (FTEs) budgeted each year.

General Fund Staffing FY2002-03

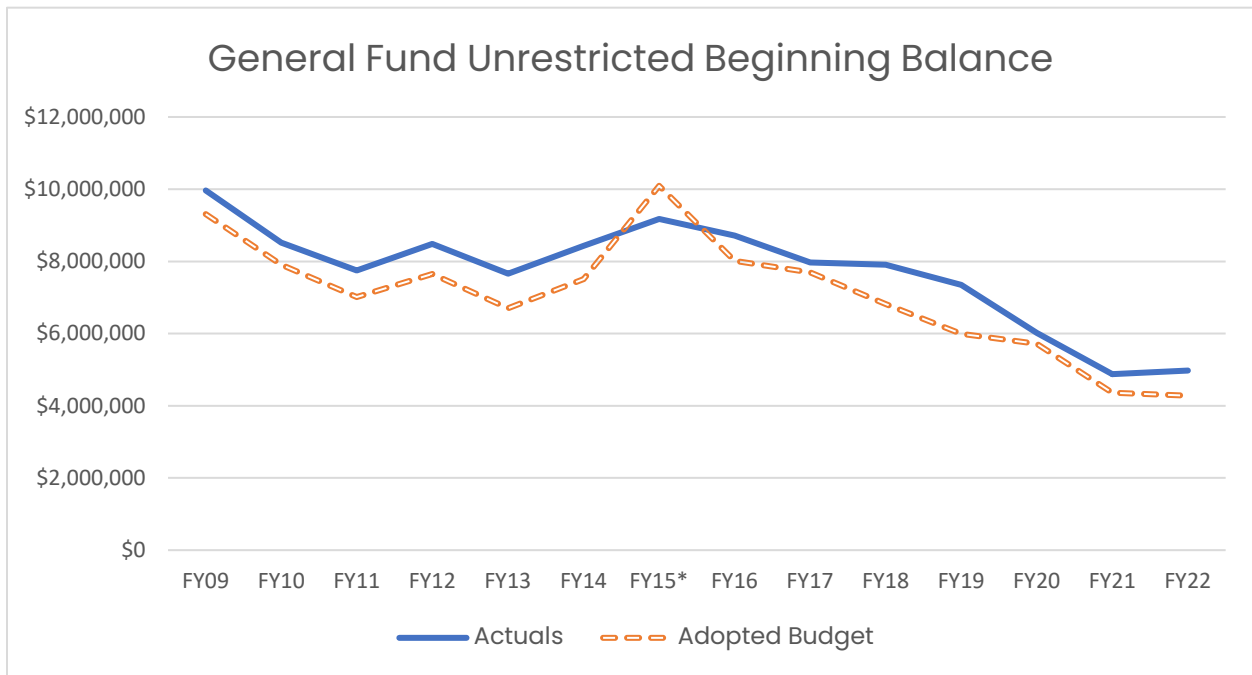


General Fund Staffing FY2021-22*

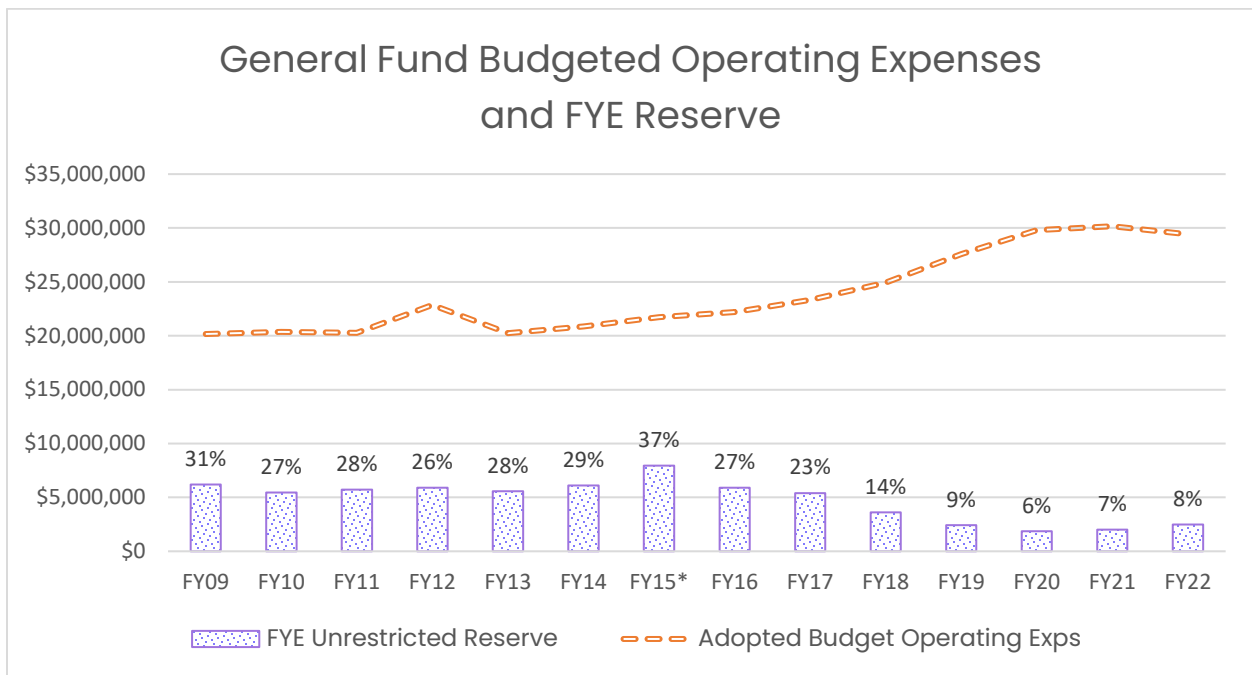


* FY2021-22 data is adjusted to better reflect departmental comparison of staffing investment over time. Two re-organizations affect department level FTEs but do not represent an investment in new services: FY2018-19 reorganization (moving 2 code compliance FTE from MPD to Planning and moving park ranger 1.7 FTE from P&R to MPD) and FY2019-20 outsource of ambulance billing (reduced Admin/Fin by 1.8 FTE)

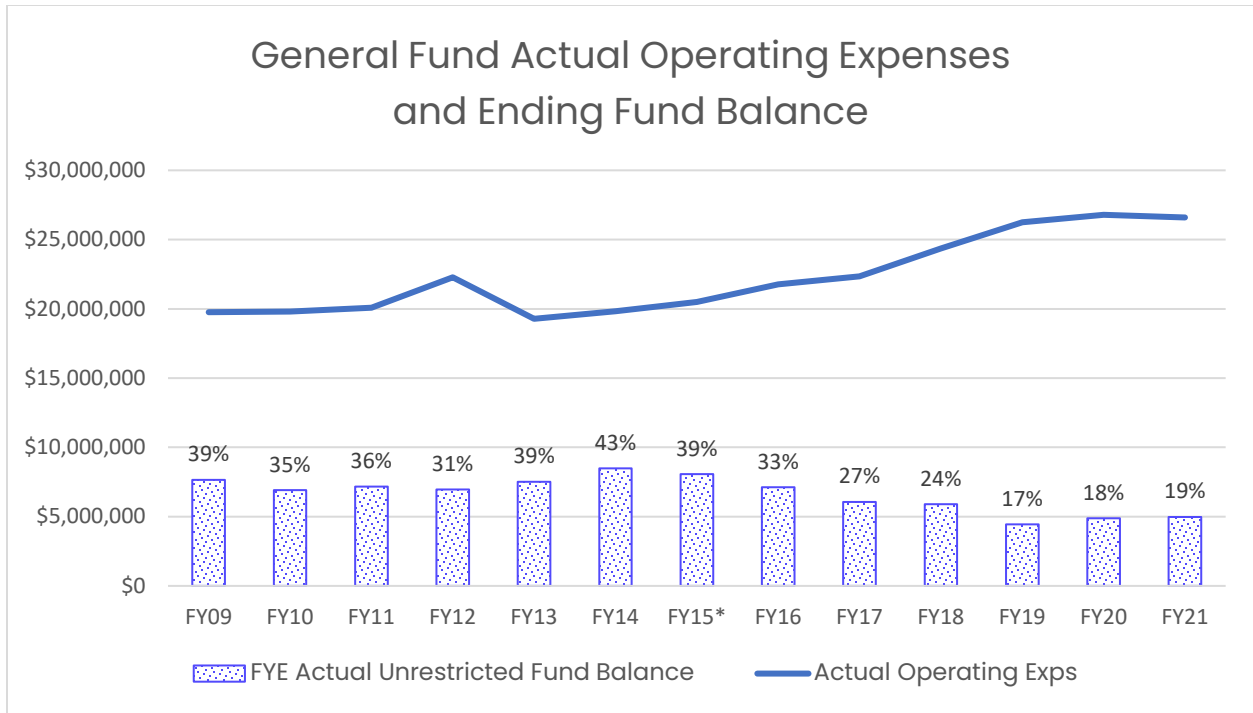
Financial Trends



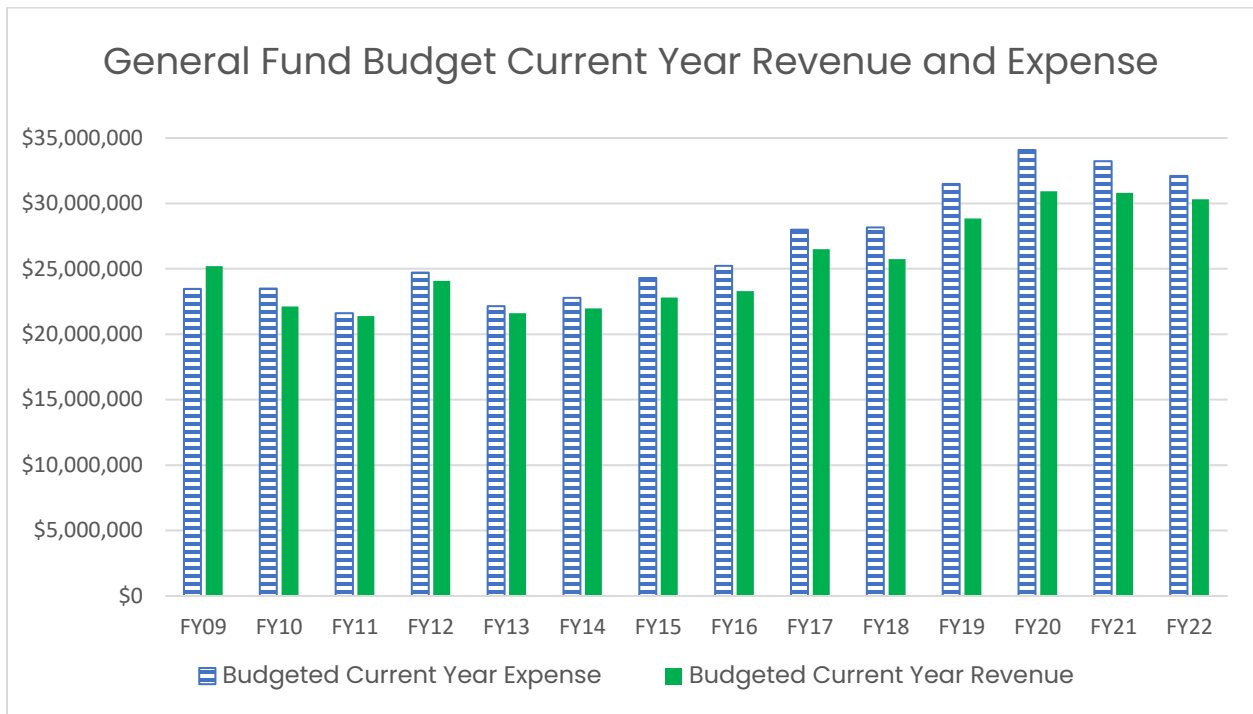
General Fund includes Ambulance Fund activity in earlier years. Unrestricted Beginning Balance excludes funds dedicated for Fire Volunteer’s Length of Service Award Program or temporary reserve funds established for capital investment or other restricted purposes. FY2021-22 Actual Beginning Balance is unaudited and subject to change.



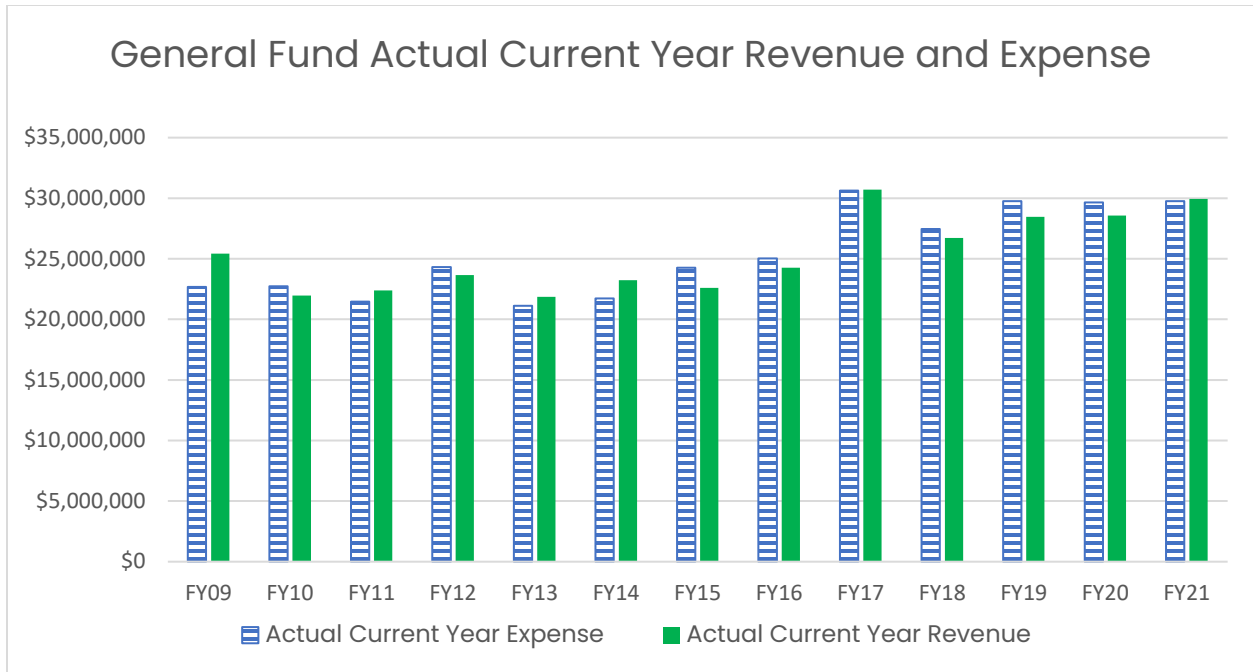
General Fund includes Ambulance Fund activity in earlier years. Operating Expenses = Personnel + Materials and Service budget categories. The Fund Balance policy adopted in FY2020-21 sets the reserve target (contingency + unrestricted ending fund balance) at two months of operating cost (16.67%) with five years to build back up starting in FY2021-22.



General Fund includes Ambulance Fund activity in earlier years. Operating Expenses = Personnel + Materials and Service budget categories. While the City hasn't budgeted at the new two months of operating expense reserve level, actual fund balance has met that standard.



General Fund includes Ambulance Fund activity in earlier years. Current year revenue excludes beginning fund balance. Budgeted current year expense excludes reserve (contingency and ending fund balance categories). When current expense exceeds current revenue, reserves are depleted.



General Fund includes Ambulance Fund activity in earlier years. Current year revenue excludes beginning fund balance. Actual current year expense excludes ending fund balance categories; contingency category by definition has a \$0 value when looking at actuals. When current expense exceeds current revenue, reserves are depleted.