

# CITY ASHLAND PARKS & RECREATION COMMISSION

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## Memorandum

**TO:** City of Ashland Mayor and Council

**FROM:** Michael Black, Director

**DATE:** March 6, 2023

**SUBJECT:** 2023/2025 Biennium Budget Requirements for APRC

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### **ASHLAND PARKS and RECREATION COMMISSION FUNDING BACKGROUND (PARKS FUND)<sup>1</sup>**

Article 19, Section 3 of the Charter of the City of Ashland states that:

*“said Park Commission [...] shall have control and management of all park funds, whether the same is obtained by taxation, donation or otherwise, and shall expend the same judiciously for beautifying and improving the City's parks.”*

Article 19, Section 3 further states that:

*“each year, said Commission shall cause a careful estimate to be made of the money required for park purposes for the ensuing year and file the same with the City Recorder, whereupon there shall be included in said general levy not to exceed four and one half (4-1/2) mills on the dollar to meet such requirements.”*

The Ashland City Charter is still in effect and governs aspects of governance for the City of Ashland and has primacy over all other local laws in the event of an inconsistency.

Until 1997 when Oregon’s Measure 50 was adopted, the Ashland Park Commission received an operating levy of no less than \$2.09 per \$1,000. This funding was acquired from the assessment of property taxes by the City of Ashland according to Article 19, Section 3 of the City Charter.

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<sup>1</sup> The parks fund is a separate fund from the City of Ashland’s General Fund and represents the resources for funding the operations of Ashland Parks and Recreation Commission. APRC has three funds: Parks Fund; Capital

Improvement Program Fund; and, Vehicle Fund.

It is clearly shown that the Charter of the City of Ashland plainly links the physical requirements to maintain the parks and recreation system (the “System”) with the obligation for adequate funding. Since 1908, without exception, the Ashland Park Commission has followed the requirements of Article 19, Section 3 and has created a careful estimate of the fiscal requirements for park purposes for said years. That estimate was submitted to the City in the form of an annual budget.

Until fiscal year 20/21, the City Council dedicated the required funds to maintain the System, which was consistently \$2.09/\$1,000.

In FY 20/21 APRC and the City Council agreed upon a temporary reduced parks millage rate of \$1.89/\$1,000 due to a critical financial crisis affecting the City of Ashland. The City of Ashland has not increased the millage dedicated to APRC for any one fiscal year beyond \$1.89/\$1,000 since FY 20/21.

The reduction in funding over the past four years has had several large-scale impacts on APRC and its ability to maintain the System. Most notably, a major reduction in staffing – prior to the change in funding, APRC had a total FTE count of 39.75. that count has been reduced to 34.75 in the current biennium.

#### **BACKGROUND OF FUNDING SOURCES USED BY APRC for OPERATIONS EXPENSES (PARKS FUND)**

Funding the Ashland Parks and Recreation System requires more than the millage received from the City of Ashland property taxes. In fact, property taxes account for about three-quarters (75%) of the total resources required to fund APRC. Some background on the funding sources and percentages of funding for each source is below:

1. City of Ashland Property Taxes (general fund): 77.69%
2. Food and Beverage Tax (restricted to repair and rehabilitation of parks): 6.46%
3. Recreation Revenue (fees earned from recreation programs): 8.36%
4. Grants and Other Fees for Services (APRC collects fees for services performed for other organizations): 4.70%
5. Carry Forward Balance (APRC may use reserve funds as required to help fund operations): 2.79%

Detail of the actual revenue figures can be found below.

#### **BIENNIUM 2023/25 EXPENSES and RESOURCE REQUIREMENTS (PARKS FUND)**

APRC has prepared a balanced budget that the Parks and Recreation Commissioners approved on March 1, 2023. The highlights of that budget can be organized in the following categories:

1. Personnel and Benefits
2. Materials and Services/ Deferred Maintenance/Parks Improvements
3. Central Service Fees

The following is a summary of the expense that make up the 2023/25 Biennial Budget. Full detail can be found on the attached documents.

	FY 22 Adpoted Budget	FY 23 Adopted Budget	FY24	FY25	Total BN 24/25
Personnel Total	\$ 4,370,991	\$ 4,400,497	\$ 4,643,328	\$ 4,788,657	\$ 9,431,985
M&S Total	\$ 1,659,955	\$ 1,677,531	\$ 1,705,966	\$ 1,747,464	\$ 3,453,430
Parks Improvements	\$ 85,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 100,000
Capital Outlay	\$ -	\$ -	\$ 25,000	\$ 25,000	\$ 50,000
Central Service Charges	\$ 1,361,024	\$ 1,361,024	\$ 1,446,082	\$ 1,446,082	\$ 2,892,164
<b>Total M&amp;S and Personnel</b>	<b>\$ 7,476,970</b>	<b>\$ 7,489,052</b>	<b>\$ 7,870,377</b>	<b>\$ 8,057,203</b>	<b>\$ 15,927,580</b>
Contingency	\$ 224,000		\$ 250,000		\$ 250,000
<b>Total APRC General Fund Expenses</b>	<b>\$ 7,700,970</b>	<b>\$ 7,489,052</b>	<b>\$ 8,120,377</b>	<b>\$ 8,057,203</b>	<b>\$ 16,177,580</b>

Some narratives for the development of this budget is found below:

### Personnel and Benefits

	FY 22 Adpoted Budget	FY 23 Adopted Budget	FY24	FY25	Total BN 24/25
Personnel Total	\$ 4,370,991	\$ 4,400,497	\$ 4,643,328	\$ 4,788,657	\$ 9,431,985

The above information is relative to the conversation in this section. Detailed information is attached to this memo.

There are very few changes to the Personnel and Benefits portion of the budget. The major change to the budget expenses is wrapped up in the recent City Council approved Management Resolution. That resolution created a plan for increased pay for some categories of employees and scheduled Cost of Living Allowances for three years (2022 4%; 2023 4%; and, 2024 3%). These increases have been built into the proposed budget.

APRC is proposing to keep the staffing level at the reduced level of 35 FTEs, which is an increase of one-quarter of an FTE (.25) over the previous biennium. As reported earlier, the traditional level of staffing for APRC is about 39-40 FTEs.

APRC is proposing the following personnel changes in the proposed budget:

*Reductions* – these positions are currently vacant and APRC is proposing to unfund and leave them vacant in the coming budget:

1. Executive Analyst/Promotions Coordinator (1.0 FTE)
2. Senior Services Office Assistant II (.75 FTE)

*Additions* - these positions were unfunded in 2020 due to budget cuts. APRC is proposing to fund these positions and fill them in the coming budget:

1. Parks Superintendent (1.0 FTE)
2. Parks Tech I (1.0 FTE)

## Materials and Services/Parks Improvements/Capital Outlay

	FY 22 Adpoted Budget	FY 23 Adopted Budget	FY24	FY25	Total BN 24/25
M&S Total	\$ 1,659,955	\$ 1,677,531	\$ 1,705,966	\$ 1,747,464	\$ 3,453,430
Parks Improvements	\$ 85,000	\$ 50,000	\$ 40,000	\$ 40,000	\$ 80,000
Capital Outlay	\$ -	\$ -	\$ 25,000	\$ 25,000	\$ 50,000
<b>Total M&amp;S and Personnel</b>	<b>\$ 1,744,955</b>	<b>\$ 1,727,531</b>	<b>\$ 1,770,966</b>	<b>\$ 1,812,464</b>	<b>\$ 3,583,430</b>

The above information is relative to the conversation in this section. Detailed information is attached to this memo.

Most of the changes in the Materials and Services area of the budget are related to inflation and increased charges for services. This budget pays for small tools, utilities, some professional services, training, equipment rentals and other materials related expenses.

Some of the more noteworthy matters in this area are:

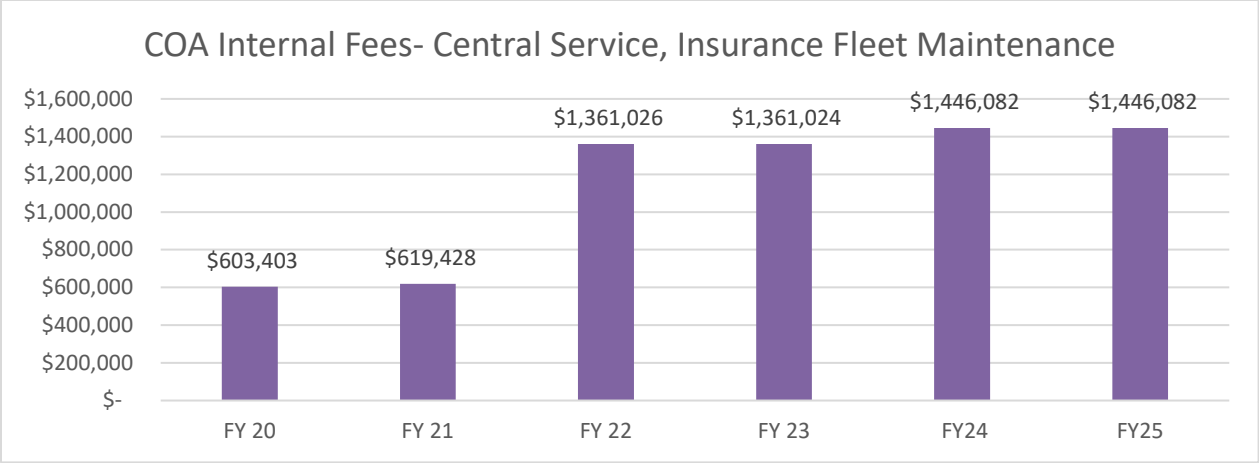
1. This area of the budget is 3% higher than the previous biennium's baseline budget.
2. Contracted professional services will increase slightly in the area of promotions. We already use a contract for most of the Recreation Guide creation, but they will be responsible for 100% of the Recreation Guide in the coming budget.
3. A major effort to address deferred maintenance in the upcoming biennium is necessary to protect APRC physical resources. Food and Beverage taxes will be used to address increases in the budget for deferred maintenance (repair and rehab.).

## Central Service Fees

	FY 22 Adpoted Budget	FY 23 Adopted Budget	FY24	FY25	Total BN 24/25
Internal Chg - Central Svc Fee	\$ 884,508	\$ 884,506	\$ 955,269	\$ 955,269	\$ 1,910,538
Internal Chg - Insurance Svc	\$ 123,701	\$ 123,701	\$ 127,412	\$ 127,412	\$ 254,824
Internal Chg - Facility Use	\$ -	\$ -	\$ -	\$ -	\$ -
Internal Chg - Fleet Maint	\$ 352,817	\$ 352,817	\$ 363,402	\$ 363,402	\$ 726,803
<b>COA Central Service Charges</b>	<b>\$ 1,361,026</b>	<b>\$ 1,361,024</b>	<b>\$ 1,446,082</b>	<b>\$ 1,446,082</b>	<b>\$ 2,892,164</b>

The above information is relative to the conversation in this section. Detailed information is attached to this memo.

This area of the budget is where the City of Ashland charges APRC for "central services." These services include Human Resources, Legal, Finance, Payroll, Accounts Payable, Fleet Maintenance, Liability Insurance and other categories. These fees are dictated by the City of Ashland and all City departments pay their portion of the central services fees. We are planning for a 6% increase in this area. As you can see below, between 2021 and 2022 these fees increased 220%.



**APRC REVENUE REQUIREMENT FOR THE PARKS FUND**

To balance the budget, it’s required to have revenues that equal or exceed the required resources above. The following information is a summary of the revenue projections for the upcoming Biennium:

Parks Fund Revenue	FY 22 Budgeted	FY23 Budgeted	Proposed FY24	Proposed Totals FY25	BN FY24/FY25
Carry Forward Balance	\$ 1,483,225	\$ 754,606	\$ 257,921	\$ 192,937	\$ 450,858
City of Ashland (Property Tax)	\$ 5,552,939	\$ 5,552,939	\$ 6,284,386	\$ 6,284,386	\$ 12,568,772
Grants, Contract, Other	\$ 367,131	\$ 368,131	\$ 380,470	\$ 380,470	\$ 760,940
Rec Revenue Totals	\$ 617,592	\$ 710,850	\$ 673,500	\$ 678,500	\$ 1,352,000
From CIP Fund	\$ 435,000	\$ 435,000	\$ 524,099	\$ 520,909	\$ 1,045,008
<b>Proposed Revenue</b>	<b>\$ 8,455,887</b>	<b>\$ 7,821,526</b>	<b>\$ 8,120,376</b>	<b>\$ 8,057,202</b>	<b>\$ 16,177,578</b>
Total Proposed Operating Expenses	FY 22 Budgeted	FY23 Budgeted	Proposed FY24	Proposed Totals FY25	BN FY24/FY25
COA Internal Charges- Central Service, Insurance, Fleet	\$ 1,361,026	\$ 1,361,024	\$ 1,446,082	\$ 1,446,082	\$ 2,892,164
Admin	\$ 563,202	\$ 569,060	\$ 918,018	\$ 936,278	\$ 1,854,296
Open Space-Forestry & Trails	\$ 664,963	\$ 668,963	\$ 780,302	\$ 795,396	\$ 1,575,698
Operations	\$ 2,622,363	\$ 2,600,216	\$ 2,914,903	\$ 3,011,668	\$ 5,926,571
Rec Programs	\$ 602,823	\$ 603,971	\$ 556,970	\$ 571,176	\$ 1,128,146
Nature Center	\$ 268,352	\$ 271,563	\$ 287,527	\$ 297,300	\$ 584,826
Golf	\$ 610,402	\$ 620,618	\$ 588,498	\$ 608,938	\$ 1,197,436
Senior Services	\$ 394,430	\$ 401,824	\$ 378,077	\$ 390,364	\$ 768,441
Rec Admin	\$ 370,783	\$ 373,483	\$ -	\$ -	\$ -
Community Centers	\$ 18,630	\$ 18,630	\$ -	\$ -	\$ -
Contingency	\$ 224,000	\$ -	\$ 250,000	\$ -	\$ 250,000
<b>Total</b>	<b>\$ 7,700,974</b>	<b>\$ 7,489,352</b>	<b>\$ 8,120,376</b>	<b>\$ 8,057,202</b>	<b>\$ 16,177,578</b>

Simply stated, to maintain the status quo with FTEs at APRC and to provide a similar level of service throughout the System, APRC will need the equivalent of the millage of \$2.00/\$1,000 of assessed property value.

An analysis of the difference in funding levels follows:<sup>2</sup>

1. \$1.89/\$1,000 represents a total yearly sum of \$5,938,745
2. \$2.00/\$1,000 represents a total yearly sum of \$6,284,386
  - a. The difference between sums represented by a millage of: \$1.89 and \$2.00 is: \$345,641

<sup>2</sup> All references to the sum of taxes represented by a certain millage are based on 2022 Assessed Valuation Data for the City of Ashland available from Jackson County.

3. \$2.09/\$1,000 represents a total yearly sum of \$6,567,183
  - a. The difference between sums represented by a millage of: \$1.89 and \$2.09 is: \$628,438

The results above coupled with the requirements to funding APRC through the 23/25 Biennium indicate that APRC must request a total millage of \$2.00/\$1,000 or a total of \$345,641 per fiscal year more than the recent four-year precedent of funding APRC at the equivalent of \$1.89/\$1,000.

### **ANALYSIS**

The upcoming biennium will be a financial challenge for the Ashland Parks and Recreation Commission, similar to the previous two biennia. The reduced funding at \$2.00/\$1,000 from the City's General Fund/Property Tax, requires APRC to continue to leave positions unfunded and make do with the resources we have.

If the City Council does not grant APRC its request for funding at the level of \$2.00/\$1,000 it will be required to reduce staffing to historically low rates.

The current FTE count is 34.75 and the proposed FTE count for the proposed budget is an increase of .25 FTEs.

One of the main themes for the 23/25 Biennium is repair and rehabilitation of park facilities.

Fortunately, resources from the Food and Beverage Tax are available to offset those types of activities. This will allow APRC to accomplish these much-needed repairs without increasing the request from the City's General Fund more than the current request.

### **CONCLUSION**

The Ashland City Charter is still in effect and governs aspects of governance for the City of Ashland and has primacy over all other local laws in the event of an inconsistency. The proposed budget, as detailed in the attached documents, is a "careful estimate of the money required" for Park and Recreation Purposes.

Our budget request is a compromise from \$2.09/\$1,000, which would restore staffing to historic levels and \$1.89/\$1,000, which would require drastic cuts to personnel.

### **APRC COMMISSIONER ACTION**

The Ashland Parks and Recreation Commissioners reviewed this budget in their March 1, 2023 meeting and approved the budget as it is presented here.

### **RECOMMENDATION**

APRC Staff and Board of Commissioners are presenting the attached budget to the City Council as a preface to the upcoming budget process with the Citizen Budget Committee. Per City Charter, the

Commissioners are required to file their budget request with the City of Ashland. This memo and the presentation on March 7, 2023 will satisfy the requirements of the Charter.

We recommend that the Budget that this budget be presented to the Citizen Budget Committee for the Resources and Requirements of APRC for the 23/25 Biennium.