

EUGENE CITY COUNCIL

AGENDA ITEM SUMMARY



Public Hearing and Action: A Resolution Adopting the Budget, Making Appropriations, Determining, Levying and Categorizing the Annual Ad Valorem Property Tax Levy for the City of Eugene for the Fiscal Year Beginning July 1, 2016 and Ending June 30, 2017; a Resolution Electing to Receive State Revenue Sharing Funds Pursuant to Section 221.770 of Oregon Revised Statutes; and a Resolution Certifying that the City of Eugene Provides the Municipal Services Required by Oregon Revised Statutes Section 221.760 in Order to Receive State Shared Revenues

Meeting Date: June 27, 2016
Department: Central Services
www.eugene-or.gov

Agenda Item Number: 5
Staff Contact: Twylla Miller
Contact Telephone Number: 541-682-8417

ISSUE STATEMENT

This meeting is to conduct a public hearing and take action to adopt the Fiscal Year 2016-2017 (FY17) budget for the City of Eugene. Oregon Local Budget Law requires the City to conduct a public hearing to receive testimony on the FY17 City of Eugene budget as recommended by the Budget Committee and on the proposed uses of the State Revenue Sharing funds. Resolutions electing to receive State Revenue Sharing funds and certifying that the City of Eugene provides municipal services required for receipt of state-shared revenues are also required in order to continue receiving those funds under ORS 221.760 and 221.770. Finally, ORS 294.456 requires the City Council to pass a resolution adopting the budget, making appropriations, and determining, levying and categorizing the ad valorem property taxes for the next fiscal year.

BACKGROUND

Council Action History

The City Council has consistently met the provision of the Oregon Local Budget Law which requires that a jurisdiction adopts an annual budget by June 30 of each year. If a jurisdiction elects to receive State Revenue Sharing funds, it also must hold a public hearing on the proposed uses of the funds and adopt resolutions or ordinances electing to receive the funds and certifying that the City provides qualifying municipal services.

Financial and Resource Considerations

Financial and resource considerations are detailed in the FY17 Proposed Budget document, available at www.eugene-or.gov/budget, and in the Budget Committee meeting materials, which are available at www.eugene-or.gov/budgetcommittee.

FY17 Proposed Budget and Budget Committee Changes

The City of Eugene FY17 Proposed Budget was based on balancing ongoing revenues and expenditures in the City's General Fund. A summary of the FY17 Proposed Budget changes is provided in Attachment B, Exhibit A. The City of Eugene FY17 Proposed Budget was presented to the Budget Committee for consideration on May 11, 2016.

The City of Eugene Budget Committee review of the FY17 Proposed Budget consisted of three meetings held on May 11, May 18, and May 26, 2016. A public comment period was held at the May 18 meeting and a public hearing was held at the May 26 meeting. The Budget Committee recommendation consists of the City Manager's FY17 Proposed Budget with amendments. A summary of the Budget Committee changes to the FY17 Proposed Budget is provided in Attachment A.

The Budget Committee's final recommendation, approved on May 26, 2016, is as follows:

"Move that the Budget Committee recommend to the Eugene City Council the FY17 Budget for the City of Eugene that consists of the City Manager's Proposed FY17 Budget, including the property tax levies and/or rates contained therein, amended to reflect appropriations for prior year encumbrances and prior year capital projects with the following amendments:

- Allocate \$75,000 (\$20K for grants and \$55K for engagement) for Human Rights and Neighborhood Involvement on an ongoing basis and review the funds allocation process among neighborhoods.
- Allocate an additional \$40,000 for Sister Cities on an ongoing basis.
- Approve the City Manager's "FY17 Human Service Commission (HSC) Option" as presented to the Budget Committee on May 11, 2016 as amended below:
\$610,000 Ongoing Support
\$200,000 Additional Ongoing Support Allocation
\$810,000 in FY17 Budget
\$125,000 Marginal Beginning Working Capital Priority (one-time funding)
\$935,000 FY17 Total
- Allocate \$25,000 of the one-time allocation (MBWC) to the City of Eugene for the rest stop program.
- Recommend the City Council review the City of Eugene General Fund allocation to Human Services Commission (HSC) for Ongoing Support funding in context of overall City of Eugene human services funding with the goal of increasing ongoing support funding to HSC to \$1.1 million by or before FY20.
- Increase Whitebird/CAHOOTS funding \$225,000 on an ongoing basis to enable CAHOOTS vans to provide enhanced service.

- The Budget Committee recommends the restoration of the position of City Council stenographer for City Council and Civilian Review Board meetings. Pending council approval of this recommendation, funding would be added to the December 2016 Supplemental Budget.
- Direct the City Manager to report to or convene the Budget Committee in fall (in advance of service profiles) regarding features of the new corporate software currently being selected in order to understand and explore opportunities that the software will provide for new and better oversight by the Budget Committee.
- Remove from the FY17 Proposed Budget the \$500,000 proposed for 2021 and place the funds in a designated reserve. Direct the City Manager to develop clear criteria to guide the use of the reserve fund being created in the FY17 budget.”

Attachment A reconciles the FY17 Proposed Budget to the FY17 Budget Committee recommended budget. All passed motions and the committee votes are shown in Attachment B.

The Budget Committee recommendation included appropriations for prior fiscal year encumbrances and estimated unexpended capital project funds in the FY16 budget. Encumbrance carryover is for operating budget items contracted for but not expended in FY16. Capital project carryover is for capital appropriations that are estimated to remain unexpended at the end of FY16. Attachment A provides information on encumbrance and capital project carryover by fund.

Additionally, due to the Budget Committee’s changes to the General Fund operating budget, the Unappropriated Ending Fund Balance (UEFB) was increased by \$10,000 to \$23,930,000 to comply with the City policy to maintain two months of expenditures in the UEFB. This increase only impacts the UEFB and the Reserve for Revenue Shortfall, neither of which is appropriated for spending.

State Revenue Sharing

The FY17 estimated revenues from State Revenue Sharing are \$1,823,433. The proposed use of these revenues is to support General Fund services.

Timing

Under Oregon Local Budget Law, the FY17 City of Eugene budget must be adopted by June 30, 2016, and a copy of the adopting resolution must be filed with the Lane County Assessor by July 15, 2016. Additionally, the City must elect to receive State Revenue Sharing funds and file a copy of the corresponding resolution with the State of Oregon Department of Administrative Services by July 31, 2016.

Other Background Information

The FY17 Proposed Budget document, Budget Committee meeting materials, and Budget Committee FY17 budget motions are available on the City’s website at www.eugene-or.gov/budget.

RELATED CITY POLICIES

The FY17 budget was prepared following guidelines established in the Financial Management Goals and Policies.

COUNCIL OPTIONS

After the public hearing on the FY17 budget as recommended by the Budget Committee has been held, the City Council may make changes to the FY17 budget. The City Council may reduce budgeted appropriations in any fund by any amount, as long as resources and requirements remain in balance. No additional process steps are required when appropriations are reduced by the City Council.

Budgeted appropriations may also be increased by the City Council. If the total appropriation increase in any of the reporting funds is less than \$5,000 or 10 percent of the fund's appropriations as recommended by the Budget Committee, whichever is greater, then no additional process steps are required. However, if the appropriations in any fund are increased by more than those limits, the City Council must publish a revised budget notice and hold another public hearing before the adjusted budget can be adopted. Due to the timing requirements associated with the budget notice publication, the last option would effectively not be possible, assuming adoption of the FY17 budget by June 30, 2016.

If the City Council decides to amend the FY17 budget resolutions, the motion must contain specific appropriation line(s) being altered in the resolution, and each motion must be self-balancing, meaning that a resource and a requirement must exactly offset each other.

CITY MANAGER'S RECOMMENDATION

The City Manager recommends passage of the two State Revenue Sharing resolutions and the resolution adopting the Budget Committee's recommended budget for the City of Eugene.

SUGGESTED MOTIONS

- Move to approve Resolution 5158 electing to receive State Revenue Sharing funds pursuant to Section 221.770 of Oregon Revised Statutes.
- Move to approve Resolution 5159 certifying that the City of Eugene provides the municipal services required by Oregon Revised Statutes Section 221.760.
- Move to approve Resolution 5160 adopting the budget, making appropriations, and determining, levying and categorizing the annual ad valorem property tax levy for the City of Eugene for the fiscal year beginning July 1, 2016 and ending June 30, 2017.

ATTACHMENTS

- A. Summary of Changes to the FY17 Proposed Budget
- B. Budget Committee Motions to Amend the FY17 Proposed Budget
 - Exhibit A: FY17 Proposed Budget Changes
- C. Resolution Electing to Receive State Revenue Sharing
- D. Resolution Certifying Municipal Services Provided
- E. Resolution Adopting the FY17 City of Eugene Budget
 - Exhibit A: Fund Schedules
 - Exhibit B: Fund Names

FOR MORE INFORMATION

Staff Contact: Twylla Miller
Telephone: 541-682-8417
Staff E-Mail: Twylla.J.Miller@ci.eugene.or.us

OR

Staff Contact: Jamie Garner
Telephone: 541-682-5512
Staff E-Mail: Jamie.P.Garner@ci.eugene.or.us