

EUGENE CITY COUNCIL

AGENDA ITEM SUMMARY



Public Hearing and Action: A Resolution Electing to Receive State Revenue Sharing Funds Pursuant to Section 221.770 of Oregon Revised Statutes; 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; and 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, 2013 and Ending June 30, 2014

Meeting Date: June 24, 2013
Department: Central Services
www.eugene-or.gov

Agenda Item Number: 3
Staff Contact: Mia Cariaga
Contact Telephone Number: (541) 682-5408

ISSUE STATEMENT

This meeting is to conduct a public hearing and take action to adopt the fiscal year 2013-2014 (FY14) budget for the City of Eugene. Oregon Local Budget Law requires the City to conduct a public hearing to receive testimony on the FY14 City of Eugene budget as approved 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. Finally, ORS 294.456 requires the City Council to pass a resolution adopting the budget, making appropriations, 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 adopt 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 FY14 Proposed Budget document and in the Budget Committee meeting materials, which are available at www.eugene-or.gov/budgetcommittee. A summary of the Budget Committee changes to the FY14 Proposed Budget is provided in Attachment A.

FY14 Proposed Budget and Budget Committee Changes

The City of Eugene FY14 Proposed Budget was sent to the Budget Committee for its consideration on May 10, 2013. Concurrently with the Budget Committee's review of the Proposed Budget document, the FY14 Proposed Budget was published on the City web site and made available in hard copy format for public review.

The underlying philosophy behind the FY14 Proposed Budget was to balance ongoing revenues and expenditures in the City's General Fund using one of the following two approaches:

1. Implement \$5.3 million in various service reductions to bring expenditures in line with the revenues. The proposed service reductions included the following:

<u>Service</u>	<u>Amount</u>
Fire Engine and Crew	\$700,000
Four Police Detectives	400,000
Second CAHOOTS Van	300,000
Teen Court Program	100,000
Human Services	600,000
Sheldon Branch Library	300,000
Bethel Branch Library	300,000
Downtown Library (1 day a week)	500,000
Sheldon Pool	400,000
Recreation Programs & Services	300,000
Neighborhood Park Restrooms	100,000
Parks Maintenance	500,000
Equity, Human Rights, <u>Neighborhoods & Sustainability</u>	<u>800,000</u>
TOTAL	\$5,300,000

2. The alternate strategy was the city service fee proposal that was included in the May 21, 2013 election as Ballot Measure 20-211. If this measure were approved by the voters, the revenues provided by the city service fee would have been used to continue General Fund services at their current level. The city service fee was rejected by the voters, with 67 percent of the votes cast against the measure and 33 percent in favor of the measure.

Budget Committee review of the FY14 budget consisted of five meetings held on May 23, May 28, May 30, June 3 and June 5, 2013. Public comment was received at three of the Budget Committee meetings. A Budget Committee public hearing on the FY14 budget was conducted on June 5, 2013. The Budget Committee recommendation consists of the City Manager's FY14 Proposed Budget with several significant amendments.

The Budget Committee's final recommendation, approved on June 5, 2013, is as follows:

“Move that the Budget Committee recommend to the Eugene City Council the FY14 Budget for the City of Eugene that consists of the City Manager's Proposed FY14 Budget, including the

property tax levies and/or rates contained therein, amended to reflect appropriations for prior year encumbrances and prior year capital projects, and the budget amendments previously passed by the Budget Committee.” This motion passed 15-1.

All passed motions and the committee votes are shown in Attachment B. Attachment A reconciles the FY14 Proposed Budget to the FY14 Budget Committee approved budget. A summary of the Budget Committee’s recommended changes to the City Manager’s FY14 Proposed Budget is provided below:

- Restore City Manager's recommended cuts for one year using \$1.1 million in savings from PERS legislation and \$4.2 million from the Reserve for Revenue Shortfall (RRSF).
- Provide funding for the Lane Regional Air Protection Agency (LRAPA) in the amount of \$30,000 from the Reserve for Revenue Shortfall, and \$25,000 through in-kind contributions.
- Take the FY14 service reduction transition costs in the amount of \$2,752,870 out of the FY14 General Fund operating budget and place these funds into the RRSF.
- Reduce the RRSF and increase the Unappropriated Ending Fund Balance (UEFB) by the same amount in order to ensure compliance with the City Council policy of budgeting UEFB at two months of expenditures.
- Restore \$175,000 in one-time Human Services Commission funding from the RRSF.
- Amend the budget to reflect appropriations for prior year encumbrances and prior year capital projects.

In addition to making the above changes to the FY14 budget, the Budget Committee also passed a motion that included the following provisions:

- Recommend the City Council set up to six meetings with the Budget Committee prior to December 31, 2013, to formulate a long-term sustainable financial strategy for the City.
- Request that the Chair of the Budget Committee, the Mayor, the Council President and the City Manager develop a proposed process for the additional Budget Committee meetings that would be held after the FY14 budget is adopted.

The Budget Committee approval included appropriations for prior fiscal year encumbrances and estimated unexpended capital project funds in the FY14 budget. Encumbrance carryover is for operating budget items encumbered but not expended in FY13. Capital project carryover is for capital appropriations that are estimated to remain unexpended at the end of FY13. Attachment A provides the information on encumbrance and capital project carryover by fund.

State Revenue Sharing

The FY14 estimated revenues from State Revenue Sharing are \$1,497,439. The proposed use of these funds is to support General Fund services.

Timing

Under the Oregon Local Budget Law, the FY14 City of Eugene budget must be adopted by June 30, 2013, and a copy of the adopting resolution must be filed with the Lane County Assessor by July 15, 2013. 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, 2013.

Other Background Information

The FY14 Proposed Budget document, Budget Committee meeting materials, and Budget Committee FY14 budget motions are available on the City's website at www.eugene-or.gov/budget.

RELATED CITY POLICIES

The FY14 budget was prepared following guidelines established in the Financial Management Goals and Policies.

COUNCIL OPTIONS

After the public hearing on the FY14 budget as approved by the Budget Committee has been held, the City Council may make changes to the FY14 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 approved 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 preclude the adoption of the FY14 budget by June 30, 2013, which would constitute a violation of the Oregon Local Budget Law.

If members of the City Council wish to amend the FY14 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 approved budget for the City of Eugene.

SUGGESTED MOTIONS

- Move to adopt the attached resolution electing to receive state revenue sharing funds pursuant to Section 221.770 of Oregon Revised Statutes.
- Move to adopt the attached resolution certifying that the City of Eugene provides the municipal services required by Oregon Revised Statutes Section 221.760.

- Move to adopt the attached 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, 2013 and ending June 30, 2014.

ATTACHMENTS

- A. Summary of Changes to the FY14 Proposed Budget
- B. Budget Committee Motions to Amend the FY14 Proposed Budget
- C. Resolution Electing to Receive State Revenue Sharing
- D. Resolution Certifying Municipal Services Provided
- E. Resolution Adopting the FY14 City of Eugene Budget
 - Exhibit A - Fund Schedules
 - Exhibit B - Fund Names

FOR MORE INFORMATION

Staff Contact: Mia Cariaga
Telephone: 541- 682-5408
Staff E-Mail: Mia.Cariaga@ci.eugene.or.us

OR

Staff Contact: Pavel Gubanikhin
Telephone: 541- 682-5512
Staff E-Mail: Pavel.E.Gubanikhin@ci.eugene.or.us