

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, 2015 and Ending June 30, 2016

Meeting Date: June 22, 2015
Department: Central Services
www.eugene-or.gov

Agenda Item Number: 5
Staff Contact: Twylla Miller
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ISSUE STATEMENT

This meeting is to conduct a public hearing and take action to adopt the Fiscal Year 2015-2016 (FY16) budget for the City of Eugene. Oregon Local Budget Law requires the City to conduct a public hearing to receive testimony on the FY16 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 FY16 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. A summary of the Budget Committee changes to the FY16 Proposed Budget is provided in Attachment A.

FY16 Proposed Budget and Budget Committee Changes

The City of Eugene FY16 Proposed Budget was presented to the Budget Committee for consideration on April 29, 2015. Concurrently with the Budget Committee's review of the Proposed Budget document, the FY16 Proposed Budget was published on the City website and made available in hard copy format for public review.

The City of Eugene FY16 Proposed Budget was based on balancing ongoing revenues and expenditures in the City's General Fund. The Proposed Budget, as presented, included the following changes:

FY16 Proposed General Fund Budget Changes

Proposed On-Going Funding	FTE	Amount
Sheldon Branch Funding	2.55	\$315,000
Sick Leave Pay For Employees	0	\$300,000
Sick Leave Ordinance - BOLI Contract	0	\$35,000
Total	2.55	\$650,000

Proposed Limited Duration Funding	FTE	Amount
Evidence Control Unit Staffing (FY16 and FY17)	0	\$250,000
Human Services Commission Discretionary Payment (FY16)	0	\$250,000
Total	0	\$500,000

On April 30, 2015, the Oregon Supreme Court issued their ruling on the lawsuit challenging the PERS reforms enacted by the legislature in 2013. This ruling partially invalidated the reforms and the future impact of this ruling is unknown. There is no change to the City's FY16 budget; however, the future impact will be negative and likely significant.

The City of Eugene Budget Committee review of the FY16 Proposed Budget consisted of three meetings held on April 29, May 5, and May 12, 2015. Public hearings were held at two of the Budget Committee meetings. The Budget Committee recommendation consists of the City Manager's FY16 Proposed Budget with amendments.

The Budget Committee's final recommendation, unanimously approved (16-0) on May 12, 2015, is as follows:

"Move that the Budget Committee recommend to the Eugene City Council the FY16 Budget for the City of Eugene that consists of the City Manager's Proposed FY16 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:

- Transfer \$55,000 from the reserve account for large property tax appeals to Neighborhood Services for newsletter outreach and for matching grants, and
- Direct the City Manager to restore said reserve account using the Marginal Beginning Working Capital (MBWC) in Supplemental Budget #1 after the capital transfer and any other prearranged expenditures are accounted for."

Attachment A reconciles the FY16 Proposed Budget to the FY16 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 FY15 budget. Encumbrance carryover is for operating budget items contracted for, but not expended in FY15. Capital project carryover is for capital appropriations that are estimated to remain unexpended at the end of FY15. Attachment A provides information on encumbrance and capital project carryover by fund.

State Revenue Sharing

The FY16 estimated revenues from State Revenue Sharing are \$1,725,023. The proposed use of these revenues is to support General Fund services.

Timing

Under Oregon Local Budget Law, the FY16 City of Eugene budget must be adopted by June 30, 2015, and a copy of the adopting resolution must be filed with the Lane County Assessor by July 15, 2015. 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, 2015.

Other Background Information

The FY16 Proposed Budget document, Budget Committee meeting materials, and Budget Committee FY16 budget motions are available on the City's website at www.eugene-or.gov/budget.

RELATED CITY POLICIES

The FY16 budget was prepared following guidelines established in the Financial Management Goals and Policies.

COUNCIL OPTIONS

After the public hearing on the FY16 budget as recommended by the Budget Committee has been held, the City Council may make changes to the FY16 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 the adoption of the FY16 budget by June 30, 2015.

If the City Council decides to amend the FY16 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 5133 electing to receive State Revenue Sharing funds pursuant to Section 221.770 of Oregon Revised Statutes.
- Move to approve Resolution 5134 certifying that the City of Eugene provides the municipal services required by Oregon Revised Statutes Section 221.760.
- Move to approve Resolution 5135 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, 2015 and ending June 30, 2016.

ATTACHMENTS

- A. Summary of Changes to the FY16 Proposed Budget
- B. Budget Committee Motions to Amend the FY16 Proposed Budget
- C. Resolution Electing to Receive State Revenue Sharing
- D. Resolution Certifying Municipal Services Provided
- E. Resolution Adopting the FY16 City of Eugene Budget
 - Exhibit A: Fund Schedules
 - Exhibit B: Fund Names

FOR MORE INFORMATION

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