



REQUEST FOR COUNCIL ACTION

Title: Adoption of 2021-2022 Operating Budget

Preferred Agenda: June 22, 2021

Submitted By: Brandon Neish, Finance Director

Reviewed By: Ray Towry, City Manager

Type of Action: Resolution X Motion Roll Call Other

Relevant Code/Policy: SH Charter Chapter 6; Sec. 20 (8)
SH Financial Policy
ORS Chapter 294

Towards Council Goal: Goal 1.2: Increase community awareness of infrastructure needs and appropriate planning documents
Goal 2: Be an effective and efficient government
Goal 3.2: Improve community safety, Police, community design, etc.
Goal 4.2: Lead community economic development efforts

Attachments: Resolution No. 15 for 2021

Purpose of this RCA:

To review and adopt the 2021-2022 Budget for the City of Sweet Home.

Background/Context:

The City of Sweet Home Budget Committee, consisting of the seven community members and the seven City Councilors, met on April 22, 2021 to receive the Budget Message from the City Budget Officer and begin deliberations on the 2021-2022 Proposed Budget. The committee met two additional times on May 6th and May 13th to discuss appropriations and state shared revenues for the upcoming fiscal year. The committee unanimously approved an amended budget and approved the property tax rates for 2021-2022 at their May 13th meeting. The LB-1 form was posted on the City's website, social media pages and The New Era on May 19, 2021 and May 26, 2021. A public hearing on the approved budget was held during the June 8, 2021 City Council meeting. With the completion of the Public Hearing, all steps for the adoption of the 2021-2022 budget have been completed per Oregon Local Budget Law (Oregon Revised Statutes Chapter 294).

The Challenge/Problem:

Will the City Council adopt the 2021-2022 Budget in the amount of \$25,105,513 with transfers and contingencies, make appropriations and levy taxes for the City to continue operating after June 30, 2021?

Stakeholders:

- State of Oregon – State law requires most local government entities to adopt a budget prior to the start of each fiscal year. Additional resolutions are also necessary to receive State Revenue Sharing funds each fiscal year.
- City of Sweet Home residents – Citizens are provided essential services as a result of the adopted budget and expect those services will continue annually.
- City of Sweet Home City Council – Adopting the budget is required annually per Oregon Revised Statutes (ORS) Chapter 294 which necessitates the approval of spending and priorities contained therein by Council members.
- City of Sweet Home City Staff – Staff is responsible for compiling the budget annually based on the goals established by the City Council and priorities for citizens. An adopted budget allows staff to continue operations in their departments each year after June 30.

Issues and Financial Impacts:

Without a budget for the new fiscal year in place, the City's authority to spend money or incur obligations expires on June 30, 2021. The City's ability to impose a property tax is also contingent on following the budgeting process outlined in ORS. Compliance with Oregon Local Budget Law is critical for local governments.

Elements of a Stable Solution:

ORS Chapter 294 outlines the processes local governments must follow in Oregon to prepare and adopt a budget. The supplied Resolution complies with Oregon Local Budget Law and needs to be adopted by the City Council to ensure continued operations for the 2021-2022 fiscal year beginning July 1, 2021.

Options:

1. Do Nothing. Council could choose to move forward without adopting a budget for the coming fiscal year.
2. Amend the 2021-2022 Approved Budget. The document presented to the Council for the public hearing was unanimously approved by the Budget Committee during their May 13th meeting. Following the public hearing, the City Council chose to amend the budget by adding \$50k to the General Fund's materials & services line for homelessness projects in the coming year. The Council could choose to revise the amended budget further by increasing any expenditure, transfer out or contingency by \$5,000 or 10% (whichever is greater) in any fund. Increases in fund expenditures, transfers out and/or contingency by more than the aforementioned increase would require republishing the LB-1 form and holding a second public hearing before July 1. Council can reduce the approved budget with no such limitations.
3. Adopt Resolution No. 15 for 2021, Adopting a budget for 2021-2022, Making Appropriations and Levying Taxes. Council could choose to adopt Resolution No. 15 completing the budget process for the 2021-2022 fiscal year.

Recommendation:

Staff recommends option 3, Adopt Resolution No. 15 for 2021, Adopting a budget for 2020-2021, Making appropriations and Levying Taxes. The Budget Committee reviewed the budget and heard from the public regarding the proposed budget and chose to move the document,

with adjustments, forward to the City Council for adoption. The Council chose to amend the approved budget to include funds for homelessness projects. The amended budget provided meets various Council goals and includes staff best efforts to provide “real numbers” and demonstrate, through allocations, its plans and priorities for the coming fiscal year.