



City of Tualatin

CITY OF TUALATIN Staff Report

TO: Honorable Mayor and Members of the City Council
THROUGH: Sherilyn Lombos, City Manager
FROM: Don Hudson, Assistant City Manager/Finance Director
DATE: June 26, 2023

SUBJECT:

Consideration of **Resolution No. 5711-23** Adopting the City of Tualatin Budget for the Fiscal Year Commencing July 1, 2023, Making Appropriations, Levying Ad-Valorem Taxes, and Categorizing the Levies

RECOMMENDATION:

Staff recommends adoption of the attached resolution, which includes the Budget Committee Approved Fiscal Year 2023-2024 Budget.

EXECUTIVE SUMMARY:

Council will consider adoption of the Fiscal Year 2023-2024 Budget, after conducting a public hearing to consider public input on the Fiscal Year 2023-2024 Budget. The City of Tualatin Budget Advisory Committee approved the proposed budget on May 30, 2023. The total of the Fiscal Year 2023-2024 Budget is \$153,629,340 as approved by the Budget Advisory Committee and amended by the City Council.

The tax rate for general government would be approved at \$2.2665 per \$1,000 taxable assessed value, with \$4,764,595 to be levied for bonded debt. The bond levy is excluded from limitation for local government operations.

Oregon State law requires the City Council adopt a budget prior to July 1, 2023.

The City of Tualatin budget is made up of 22 funds, divided among five different categories: General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects Funds and Enterprise Funds. Urban Renewal Funds are presented in the Tualatin Development Commission budget, which will be heard in a separate public hearing later this evening.

The General Fund is the primary operating fund of the City and supports general government services. Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditure for specific purposes, including the Building Fund, street funds, Parks Utility Fund, American Rescue Plan Fund, Core Area Parking Fund and the Tualatin Science and Technology Scholarship Fund. Debt Service Funds record revenues and expenditures for our general obligation bond and other city debt obligations. Capital Project Funds record capital projects that are funded from restricted funds. The Enterprise Funds include all funds related to the following systems: Water, Sewer and Stormwater. These funds account for the infrastructure systems covering water, sewer and stormwater and their revenues are derived from sources that are specifically earmarked, or restricted for these specific purposes.

The City's revenues remain stable, with some categories decreasing due to one-time anomalies in fiscal year 2022/2023. Property tax revenues are increasing due to projected increases in assessed value, and

the addition of an increase in the bond levy, due to the sale of parks general obligation bonds in April 2023. Increased development occurring in fiscal year 2023/2024 is responsible for increases in Fees and Charges and Charges for Service. The expenditure budget will enable us to maintain our high quality services levels, with increases in personal services costs due to contractual obligations and the addition of a project manager for the parks bond projects funded through the approved bonds. Materials and services are staying flat, through the hard work of city department staff in managing their budgets. Capital Outlay budgets are increasing as the City closes out projects from a past transportation bond and adding projects funded by the recent parks bond sale and the American Rescue Plan Act funds received by the City. A change in the accounting method of pass-through revenues to Clean Water Services impacts the total revenue and expenditure budgets.

In addition to the budget approved by the budget committee, the City Council has the ability to change the approved budget in each fund by no more than 10% of the total budget. Staff is proposing the following changes to the Budget Committee approved budget in the General Fund.

When the budget for Fiscal Year 2023-2024 budget was prepared, staff anticipated that purchases or projects planned for in the 2022-2023 budget would be received or completed before June 30, 2023. There are two instances where this has not occurred and we are asking the Council to add the funds to the 2023-2024 budget to pay for them when received. The first is in the Information Services budget for computer network parts. Staff proposes to add \$25,000 to the Information Services budget for these items, with a corresponding increase to General Fund Beginning Fund Balance.

The other carry over is in the Stormwater Operating Fund Budget for water quality facilities maintenance that we have been unable to complete due to the wet conditions in the facilities. We are asking the Council to appropriate an additional \$32,000 for this project, with an increase to the Beginning Fund Balance in this fund.

An additional change to the budget is for a Federal Grant received by Information Services for an infrastructure access control upgrade. The addition to the Information Services budget of \$76,155 is offset by an addition to the Other Grants – Federal revenue line item in the General Fund.

Staff is also asking Council to reduce the contingency amount in the Water Development Fund from \$560 to \$0 and increase the Reserve balance in this fund by \$560. Since there are not any capital outlay dollars budgeted in this fund, the fund cannot have an operating contingency. A previous adjustment in this fund inadvertently left a small amount in this account, so the amount will need to be moved from Contingency to the Reserve account.

OUTCOMES OF DECISION:

By adopting the budget before July 1st, the City will be able to operate, expend money and incur liabilities for fiscal year 2023-2024.

ATTACHMENTS:

- Resolution No. 5711-23