



*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 27, 2022

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**SUBJECT:**

Consideration of **Resolution No. 5630-22** Adopting the City of Tualatin Budget for the Fiscal Year Commencing July 1, 2022, 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 2022-2023 Budget.

**EXECUTIVE SUMMARY:**

Council will consider adoption of the Fiscal Year 2022-2023 Budget, after conducting a public hearing to consider public input on the Fiscal Year 2022-2023 Budget. The City of Tualatin Budget Advisory Committee approved the proposed budget on May 31, 2022. The total of the Fiscal Year 2022-2023 Budget is \$139,439,565 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 \$3,160,895 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, 2022.

The City of Tualatin budget is made up of 21 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.

Through the COVID-19 pandemic, the City has been resilient, adaptable, flexible, reliable, nimble, inclusive, and caring. We have continued providing the same high-quality services to our residents and customers.

The main changes to the budget are increases in the number and size of capital projects, return to close to "normal" operations (primarily a new normal) and factoring expenditure increases that are outside of the City's control. Overall, departments have been diligent in putting together their budgets and maintained stable and sound expenditure projections. The City's revenues remain stable, as well.

City staff prides itself in providing quality services to our residents and customers, in a fiscally prudent manner. The Fiscal Year 2022-2023 budget continues to meet these expectations. Utilizing the City's Fiscal Health model of matching on-going expenditures with on-going revenues, the City is maintaining a positive fiscal health position for this fiscal year. .

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 2022-2023 budget was prepared, staff anticipated that purchases planned for in the 2021-2022 budget would be received before June 30, 2022. There are two instances where this has not occurred and we are asking the Council to add the funds for these items into the 2022-2023 budget to pay for them when received. The first is in the Information Services budget for printers to be deployed in police vehicles, in the amount of \$15,260. The other carry over is in the Parks Maintenance Budget related to the parks restroom renovations project. We expected some of the fixtures to arrive prior to June 30<sup>th</sup>, so did not include this amount in the Fiscal Year 2022-2023 budget. We are asking the Council to appropriate an additional \$27,000 for this project. Carryovers are funded by an addition to the Beginning Fund Balance in the General Fund.

In addition, the proposed budget was put together with cost of living adjustments for AFSCME represented employees, as well as non-represented employees, to be split with half the annual COLA effective July 1, 2022 and the remaining half effective January 1, 2023. On the City Council agenda this evening is a resolution for non-represented salary adjustments with the total annual COLA being effective July 1, 2022. This would extend to the AFSCME represented employees, as part of their collective bargaining agreement, as well. Adjustments to the budgets with personal services expenditures have been updated for this proposed change.

Lastly, the budget for the American Rescue Plan Act Fund has been updated to add the personal services and materials and services categories. The personal services category will fund one-time premium pay payments to essential employees, as defined in the American Rescue Plan Act. With continued discussions to be had with the City Council in the coming months about other uses of the ARPA money, staff deemed it appropriate to create a materials and services category with money set aside for potential uses that best fit in this category. As programs are set up, Council will have the ability to transfer appropriations between categories or from contingency, as needed, during FY 2022-2023.

**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 2022-2023.

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**ATTACHMENTS:**

- Resolution No. 5630-22