



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 22, 2020

SUBJECT:

Consideration of **Resolution No. 5506-20** Adopting the City of Tualatin Budget for the Fiscal Year Commencing July 1, 2020, 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 2020-2021 Budget.

EXECUTIVE SUMMARY:

Council will consider adoption of the Fiscal Year 2020–2021 Budget, after conducting a public hearing to consider public input on the Fiscal Year 2020–2021 Budget. The City of Tualatin Budget Advisory Committee approved the proposed budget on May 20, 2020. The total of the Fiscal Year 2020-2021 Budget is \$134,022,565 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 \$2,923,950 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, 2020.

The City of Tualatin budget is made up of 19 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, Core Area Parking Fund and the Tualatin Science and Technology Scholarship Fund. Debt Service Funds record revenues and expenditures for our general obligation bond debt. 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 Storm Drain. These funds account for the infrastructure systems covering water, sewer and storm drain and their revenues are derived from sources that are specifically earmarked, or restricted for these specific purposes.

City staff takes prides in providing quality services to our community and customers, in a fiscally prudent manner. The fiscal year 2020-2021 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.

Preparation of the fiscal year 2020-2021 budget was complicated with the impacts of the COVID-19 pandemic that took our focus away from the budget process, just as we were beginning to put the final touches on the Proposed Budget. While we had to shift gears and focus our attention on City operations in this new environment, we still had to analyze the revenue and expenditure impacts related to the pandemic. Staff reviewed which revenues would be impacted by business closures, program and event cancellations and services that were limited or temporarily unavailable. We also reviewed planned expenditures that would not be incurred with the reduction of non-essential services. The Proposed Budget that was presented to the Budget Committee in May took a conservative approach of estimated revenue impacts if service levels and the economy were not beginning to return through September 2020.

Since the Budget Committee approved the budget, we have made decisions regarding summer recreation programs and events. With those cancellations and reduction of programs available to be offered, we are proposing decreases in the Parks and Recreation budget for temporary staff that will not be hired to staff events and programs, as well as materials and services expenditures related to these events and programs. Another impact of these cancellations is the decision not to hire the summer Park Rangers, so those expenses have been reduced in the Police Department budget.

Staff will continue to monitor revenue and expenditure impacts and can adjust the budget accordingly in fiscal year 2020-2021. We have set aside \$500,000 as a COVID-19 reserve to help offset any additional impacts that we have not already factored into the budget.

Even with the impacts of the pandemic, the fiscal year 2020-2021 budget is a fiscally prudent budget.

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 changes in the Park Development Fund and the General Fund.

The Approved Budget includes the project to renovate the Tualatin Commons Fountain. Since some design work was completed in the current fiscal year, the capital outlay budget in the Park Development Fund is being reduced by \$28,000 and the transfers between the General Fund and the Park Development Fund are also being reduced by the same amount.

Other changes in the General Fund are carryovers in the Library budget of \$2,000 for expenditures related to a grant for census promotion and \$55,000 in Maintenance Services for a maintenance vehicle that will not be received until after July 1st. The other changes are included in the Non-Departmental budget. With the final amount for Worker's Compensation insurance available, we are increasing that line by \$6,730 and we are now eligible for cyber security insurance, so the insurance line item is being increased by \$10,400.

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 2020-2021.

ATTACHMENTS:

- Resolution No. 5506-20