

**CITY OF SPRINGFIELD
BUDGET COMMITTEE MEETING**

Tuesday, April 28th, 2015, 5:30 p.m.
Library Meeting Room, Springfield City Hall
225 Fifth Street
Springfield, Oregon

AGENDA

A.) COMMITTEE OPENING REMARKS		10 minutes
1. Welcome from the Chair	Chair Diana Alldredge	
2. Roll Call	Staff	
B.) OLD BUSINESS	Chair Diana Alldredge	5 minutes
C.) PUBLIC HEARING STATE SHARED REVENUE	Bob Duey	5 minutes
D.) NEW BUSINESS		
Department presentations		
2. Finance	Bob Duey	20 minutes
3. Legal/Judicial Services	Bob Duey	20 minutes
E.) BUSINESS FROM THE AUDIENCE		
BREAK		15 minutes
F.) NEW BUSINESS (CON'T)		
Department presentations		
4. Development & Public Works	Anette Spickard	30 minutes
5. Capital Budget	DPW	30 minutes
BREAK		15 minutes
G.) FINANCIAL REVIEW AND CONCLUSION		
Financial Review		
Committee Questions from Department Presentations	Chair Diana Alldredge	
Errata Summary	Bob Duey	
Conclusion		
Motions and Deliberation Process	Bob Duey	
Budget Committee Discussion and Deliberations	Chair Diana Alldredge	
Budget Committee Approval of Budget	Chair Diana Alldredge	
H.) ADJOURN		

Citizens' comments are normally scheduled under the agenda item "Business from the Audience" and are limited to three (3) minutes each. All subsequent meetings will have time scheduled for citizen input and anyone wishing to make a longer presentation should contact the City Manager's Office at 726-3700, so that the presentation can be included separately on the agenda.

ATTACHMENTS

- 1) April 28th, 2015 Agenda Memo
- 2) Committee Motions Required
- 3) FY16 Erratum Worksheet

To: Members of the Springfield Budget Committee

From: Bob Duey, Finance Director

Date: April 22, 2015

Subject: Budget Meeting April 28, 2015

The agenda for the third meeting is being structured as if it will be the final meeting for the 2015-2016 Proposed Budget. Again, dinner will be available at 5:00 pm and this week it is being provided by Terese's Place. We will begin the evening departments' presentations with the Finance department and conclude with the Development & Public Works Operating and Capital Projects budgets. The remainder of the evening is for the Budget Committee deliberations process.

As follow from the last meeting questions of "what is the actual insurance premium savings for the volunteer coordinators position?" The volunteer coordinator position is one of several best practices that we are asked to meet in order to have our annual premium reduced by \$5000 (which is about 2% of our Workers Compensation premium.) However, the real financial value of the volunteer coordinator is the risk/liability we now avoid. Prior to the implementation of the program and due to lack of controls we had a convicted felon working in one of our departments, untrained volunteers driving our vehicles and volunteers who had never been back-grounded working in situations that require criminal record checks.

During this last phase the Committee deliberates and approves a budget which is then sent to the City Council for a public hearing and final adoption. The budget approved by the Budget Committee can either be the budget as proposed by the City Manager or one that has one or more changes made by the Committee. There is ample time between now and the scheduled June 22nd public hearing that if the Committee elects to carry-over any decisions to an additional meeting it would not cause disruption in the schedule for the final adoption. A tentative meeting was included in the schedule for Tuesday May 5th but members of the Committee can discuss an alternate date if that is not convenient.

In addition to this memo there are two other attachments to this week's packet that has historically helped the Committee in the final deliberations. Attachment 3 is an erratum worksheet to assist in keeping track of changes to the proposed budget that Committee members have either been:

1. Asked to consider by an outside group or member of the public
2. Requested by staff for consideration due to changes since March when the budget content was finalized
3. A member of the Committee asked to have a specific topic discussed or considered for a change

Once all of the topics for further discussion have been identified and logged onto the erratum sheet then Chairperson Diana Alldredge will be able to facilitate a discussion about each item and request a Committee vote on the resolve of each topic. Per Oregon budget law, a majority of the number of members on the Committee is necessary to pass a motion so in this case 7 yes votes would be required to enact a change.

Attachment 2 identifies a series of 5 motions that are necessary to complete the budget approval process and send a document to the City Council for public hearing, final adoption and for requesting of the County Assessor the levying of property taxes for next year. The first motion that will be requested will include all the erratum items that received confirmation during your deliberations while the last 4 motions are all involving the ability to levy taxes.

Additional Background Information

Property Taxes

(for detailed summaries on property tax levies see page 179-184 in the Proposed FY16 document)

The ability of a local government to levy property taxes is of vital importance in the State of Oregon. Where a common tax structure often contains three tax types, property, income and sales, only property tax is widely used by local governments in Oregon.

There were several distinct outcomes of ballot measures #48 and #50 and to highlight a couple of those changes. Real Market Value (RMV) and Taxable Value (TV) are no longer the same number. RMV for an individual house is allowed to fluctuate with the economy to reflect a house's market value. The TV was created by Measure 50 and an individual house cannot increase by more than 3% in any given year (barring major improvements). New construction is added to both categories.

In the table below, Springfield's RMV peaked in 2009/10 going into the recession and had dropped by over 12% prior to this year seeing the first sign of stabilizing home prices. During the first few years after Measure 50, TV would continue to rise at 3% for most properties but post-recession as home prices continued to decline more properties RVMs fell below its TV and eliminating the 3% TV increases. This change along with the lack of new construction being added to the tax rolls has resulted in a fairly inconsistency TV for the City.

<u>Fiscal Year</u>	<u>M5 Real Market Value</u>	<u>Taxable Value</u>	<u>Ratio of RMV to TV</u>	<u>% Inc Tax Value</u>
2014/15	\$6,782,631,808	\$4,253,901,084	62.7%	3.2%
2013/14	\$6,450,348,959	\$4,120,528,204	59.5%	3.1%
2012/13	\$6,399,350,681	\$3,998,513,269	62.4%	2.9%
2011/12	\$6,716,253,056	\$3,883,712,564	57.8%	3.6%
2010/11	\$6,750,427,991	\$3,747,745,557	55.5%	0.6%
2009/10	\$7,309,497,628	\$3,726,631,985	51.0%	6.4%
2008/09	\$7,205,559,254	\$3,502,295,304	48.6%	1.9%

Also as a result of Measure 50, Springfield has a "permanent" tax rate of \$4.7403 per thousand. The City is allowed to levy this amount each year against that year's Taxable Assessed Value as determined by the County Assessor. In addition to the permanent rate the City has 3 other tax levies.

The City's Fire Local Option Levy was first passed in 2002 and was most recently renewed in November 2010. The current rate is for \$0.36 per thousand and will expire on June 30, 2016. Staff will begin discussing this levy with Council later next month. As it provides resources to fund a 5th engine crew located in Station 3at 28th and Centennial. If the City chooses to ask voters to renew this levy once again the most likely date would be November 2015.

The City's Police Local Option Levy was also first passed in 2002 and was most recently renewed by the voters in November of 2012. The current rate is \$1.28 per thousand. The rate in 2002 was for \$0.66 per thousand, prior to adding the jail year-round the rate for the levy was \$1.09 and then once the jail was up and operating the latest levy request was for the current rate of \$1.28. This is a five year levy running from FY14 through FY18.

The City has an additional levy to retire debt that has been issues from a voter approved general obligation bond issues. The current issue was for the construction of the justice center and municipal jail and was sold in two parts, 2005 and 2007, to better meet the cash flow needs of the two projects. The total approved amount for the two sales was \$28.6M. Its final payment will be in 2026 and currently requires a levy of approximately \$0.4967 per thousand.

Budget Highlights

Using the Proposed Budget FY16 as a guide the following information highlights helps to summarize the information being provided to the Budget Committee

Total Budget Summaries Pages 5-9 (In binder's last tab as Attachment 24)

The City's entire budget summary is provided for both revenue and expenses at a very high level. Projected revenues for FY16 are \$304M with \$37M being Other Financing Resources. Other Financing Resources are primarily Cash Carry Over from the previous year and internal fund transfers between accounting funds to better report operating expenditures in an appropriate manner. Property tax revenues remain on a slow but steady pace while the largest growth is in Licenses, Permits & Fees.

The Operating budget by department over the past four years reflects several structural changes. One, the two departments Development Services and Public Works were combined in FY14 into a single department. Also occurring in FY15 but showing up in the FY16 budget for the first time was the increase of an FTE in the Finance Department and a decrease in Development and Public Works Department for the implementation of the centralized accounts payable function. And finally in FY16 the entire GIS Division within Development and Public Works Department was re-located to the City's Information Technology Department. This represented a total of 5.0 FTE and an expense of \$1,298,939

The last couple of pages in this section break the full budget down by department, by accounting fund, by category (personal services, material & services, etc) and operating/non-operating. It provides 3 years in arrears look to provide a comparison dollar changes. The briefing memo in the first week's packet looks at several of the more prominent operating funds for their projected cash balances and their ability to provide stable funding (April 14 Attachment 1). Also in the first week's packet (April 29 Attachment 2 Exhibit B-E) was a series of graphs that looked at the trends for significant operating revenues, expenditures and FTE across the City.

Non-Department Budget Pages 157-169

This section of the Proposed FY16 Budget document comprises over 60.4% of the proposed budget but historically does not generate a lot of discussion once reviewed. The Non-Departmental appropriations total \$206M out of the total budget of \$340M. Of the \$206M, the sum of \$154.6M (pages 163-167) are appropriations identified not to be expended next year and exist as projected cash reserves or cash on hand for July 01, 2016. The majority of these funds are in reserves where the specific future use has been declared as dedicated by local, state or federal action.

Of the remaining \$51M in the non-department category, \$15.2M is for required debt service, \$25M is accounting for the transfer of resources between funds to be actually expended elsewhere, and \$10.1M are titled statutory payments for the payment to vendors for taxes and insurance premiums collected from departments and employees for payroll purposes.

Statistical Tables Pages 171-178

The statistics shown here are usually non-departmental in nature in that as they are not attributable to a specific department and are more difficult to report as part of the operating budget which is departmentalized. In this section is FTE charts for funds and departments well as greater breakdown of the revenue categories within the General fund.

Department Operating Budgets Pages 15-140

This is the section, separated by department, are the budgets that the individual department presentations have been addressing. For the past couple of years, the Committee's interest has been to take time during the department presentations to learn about the changes in the proposed service levels for the departments and a results oriented discussion for the departments. Significant changes in the budget would be addressed by the departments and Committee members were encouraged to ask

questions from this section if they needed further information from the presenter. The following is a summary of the department operating budgets:

	FTE	Amended	FTE	Proposed	+(-)%
	<u>FY15</u>	Operating	<u>FY16</u>	Operating	FY15 to
		<u>FY15</u>		<u>FY16</u>	<u>FY16</u>
City Manager's Office	7.50	1,486,865	7.50	1,541,948	3.6%
Finance	9.50	1,229,008	11.70	1,424,901	13.7%
Fire & Life Safety	100.00	17,768,685	99.00	18,676,645	4.9%
Human Resources	6.00	9,508,164	6.00	10,178,153	6.6%
Information Technology	10.00	1,735,817	15.00	2,742,213	36.7%
Legal & Judicial	8.84	1,966,412	8.84	2,025,449	2.9%
Library	13.10	1,717,365	13.50	1,695,968	(1.3%)
Police	123.00	20,537,143	124.00	20,595,346	0.3%
Dev'lp & Public Works	<u>130.00</u>	<u>41,651,659</u>	<u>123.00</u>	<u>41,006,028</u>	<u>(1.6%)</u>
TOTAL	407.94	97,601,118	408.54	99,886,651	2.3%

Again, thank you for your time and effort in the City's budget process this year and staff is looking forward to your discussion and decisions at this next meeting. As always, if you have any questions prior to Tuesday evening, please call myself at 726.3740 or Paula Davis at 726.3698.

Budget Committee Action Required for Approval of FY16 Proposed Budget

Motions:

- ↳ A motion to approve the budget as proposed by the City Manager with the following changes: (person making the motion should, or can ask staff to, recite the changes identified on the master Budget Committee Deliberation Worksheet and as captured in the meeting minutes)
- ↳ A motion to direct Council to levy a property tax for the 2015/16 fiscal year at a rate of \$4.7403 per thousand.
- ↳ A motion to direct Council to levy a special operating local option property tax for the 2015/16 fiscal year at a rate of \$0.36 per thousand. (The Fire Local Option Levy)
- ↳ A motion to direct Council to levy a special operating local option property tax for the 2015/16 fiscal year at a rate of \$1.28 per thousand. (The Police and Court Local Option Levy)
- ↳ A motion to levy an additional \$2,137,625 for the retirement of the City's bonded indebtedness.

FY16 BUDGET ERRATUM WORKSHEET
April 28, 2015

TITLE & DESCRIPTION	INITIAL COST	CHANGE	ERRATUM	SOURCE	YES	NO
---------------------	--------------	--------	---------	--------	-----	----

OUTSIDE AGENCY REQUEST FOR ADDITIONAL FUNDING

1						
A.						
B.						

BUDGET COMMITTEE REQUESTS

1						
A.						
B.						
2						
A.						
B.						

Other Actions

1						
A.						
B.						
2						
A.						
B.						
3						
A.						
B.						
4						
A.						
B.						
5						
A.						
B.						