

# VENETA CITY COUNCIL

## AGENDA ITEM SUMMARY



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### TITLE/TOPIC: Law Enforcement Fund & Public Safety Fee

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Meeting Date: March 13, 2023  
Department: City Administrator's Office

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### ISSUE STATEMENT

Should the City of Veneta make several changes to the Law Enforcement Fund and maintain the \$4 a month public safety fee?

### BACKGROUND

On July 12, 2021 the Veneta City Council unanimously passed Ordinance No. 562, creating (but not enacting) a monthly public safety fee for the City of Veneta. On August 9, 2021 the Council unanimously directed staff to enact a \$4 a month public safety fee beginning in January 2022. Currently, public safety fee revenues are collected in the Law Enforcement Fund to pay for contracted police services from Lane County Sheriff's Office (LCSO) among other public safety expenses.

The City's reserves policy requires that the City have an ending fund balance of four months of operating expenses plus \$100,000 in the Law Enforcement Fund (LEF). The ending fund balance is the dollars left in a fund at the end of a fiscal year. When the public safety fee was enacted, the City was struggling to meet this policy. The \$4 a month public safety fee was enacted, in part, to meet the Council's reserve policy.

Staff recommends including code enforcement services in the LEF, adjusting the reserves policy of the LEF, removing Zumwalt Campground and Communications Franchise fees from LEF revenues, and maintaining the \$4 a month public safety fee for FY2024. The public safety fee should be adjusted for FY2025 based on the Council's decision to modify code enforcement services.

#### Including Code Enforcement Services in the Law Enforcement Fund for FY2024

When presenting the FY2024 budget, staff will recommend that the cost of providing code enforcement services be transferred from the General Fund to the LEF. Staff plans to include the cost of a full-time code enforcement officer, abating code violations, and acquiring a code enforcement vehicle in the code enforcement services budget. The full cost of this program is \$170,000 for the first year. This includes a vehicle acquisition. Transferring code enforcement services to the LEF would allow public safety fee revenues to support that program as allowed by the public safety fee ordinance. Additionally, it would alleviate General Fund revenues which could then support other City projects.

#### Adjusting the Reserves Policy of the Law Enforcement Fund for FY2024

Staff recommends adjusting the LEF's reserves policy so that it is no longer required to have an ending fund balance of four months of operating expenses plus \$100,000. The LEF primarily supports the City's

contract with LCSO which is a fixed cost. Therefore, staff believes that it is unnecessary to have such a conservative reserves policy for this fund. Rather, staff recommends that the City maintain a contingency of \$50,000 for the LCSO contract. However, staff would maintain the traditional reserves policy for code enforcement expenses. With the adjusted reserves policy, and the added expenses from a full-time code enforcement officer, the City would only need to maintain an ending fund balance of approximately \$150,000. That is \$350,000 less than the \$500,000 ending fund balance that would be required by the existing reserves policy.

#### Making a One-Time Transfer of Funds from the Law Enforcement Fund for FY2024

If the City Council agrees with the staff recommendations to include code enforcement services in the LEF and adjust the LEF reserves policy, then it would no longer be necessary to maintain the LEF's current ending fund balance. The City would only need an ending fund balance of \$195,000 to meet its reserves policy. Therefore, at the end of the fiscal year, the City could transfer approximately \$250,000 from the LEF to a yet-to-be determined fund(s) and begin FY2024 with a \$350,000 fund balance in the LEF. The \$350,000 beginning fund balance is \$150,000 more than what would be required by the adjusted reserves policy.

#### Removing Zumwalt Campground and Communications Franchise Fees

If the City Council agrees with the previous staff recommendations, then the City could remove the Zumwalt Campground and Communications Franchise Fees revenues from the LEF and still maintain a healthy ending fund balance in excess of the \$200,000 required by the City's adjusted ending fund policy. Removing these revenue sources from the LEF was an original goal of implementing the \$4 a month public safety fee.

#### Maintaining the \$4 a Month Public Safety Fee

At \$4 a month, Public Safety Fee revenues are currently estimated to be approximately \$100,000. One of the goals of implementing the public safety fee was to allocate no more than 50% of property taxes to the LEF. 50% of property tax revenue is estimated to be \$926,689.78 for FY2024. Marijuana tax revenue dedicated to the LEF is expected to be \$47,000. Total revenue in the LEF is expected to be approximately \$1,100,000.

Total expenses associated with hiring a full-time code enforcement officer is expected to be \$170,000 in the first year of the program. The cost of contracted police services with the LCSO is expected to be \$1,015,000 for FY2024. Total LEF expenses are expected to be approximately \$1,200,000. Therefore, maintaining the \$4 a month public safety fee is necessary for the following fiscal year.

If the City Council decides to hire a full-time proactive code enforcement officer, then the City may need to raise the public safety fee by \$1 every fiscal year beginning FY2025 through FY2029 to meet the requirements of the adjusted reserves policy. The public safety fee should be adjusted for FY2025 based on the Council's decision to modify code enforcement services.

**RELATED DOCUMENTS**

None.

**RELATED CITY POLICIES**

None.

**COUNCIL OPTIONS**

1. Implement the staff recommend changes to the Law Enforcement Fund and maintain the \$4 a month public safety fee for fiscal year 2024.
2. Direct staff to return the City Council with an analysis of the public safety fee based on the conditions that \_\_\_\_\_

**CITY ADMINISTRATOR'S RECOMMENDATION**

1. Implement the staff recommend changes to the Law Enforcement Fund and maintain the \$4 a month public safety fee for fiscal year 2024.

**SUGGESTED MOTION**

"I make a motion to Implement the staff recommend changes to the Law Enforcement Fund and maintain the \$4 a month public safety fee for fiscal year 2024."

**ATTACHMENTS**

None.