

VENETA CITY COUNCIL AGENDA ITEM SUMMARY

TITLE/TOPIC: PROPOSED PUBLIC SAFETY FEE POLICY AMOUNT

Meeting Date: August 9, 2021
Department: Administration

Staff Contact: Matt Michel
Email: mmichel@ci.veneta.or.us
Telephone Number: 541-935-2018

ISSUE STATEMENT

If the Council choose to implement a public safety fee, what should the monthly public safety fee amount be (effective on January 2022 city utility billing statements)?

BACKGROUND

Staff use two steps to develop a monthly fee amount proposal for the recently created public safety fee: 1) Setting a target revenue amount based on clear policy objectives, and 2) Selecting a time frame to achieve those policy objectives. The two steps go hand-in-hand because the City Council must decide, on an annual basis pursuant to Ordinance No. 562, what is an acceptable monthly public safety fee that balances policy need and affordability.

Targeted Revenue Amount

The targeted revenue amount should allow the City of Veneta to meet the Council's adopted fiscal policy of having 4 months operating revenues plus \$100,000 available as an emergency reserve to ensure police services will be paid for if property tax collections are significantly delayed, disrupted, or exceptional circumstances warrant contracting for additional police services. This is measured by comparing the Estimated Ending Fund Balance (the emergency reserve) for the Law Enforcement Fund to that fund's budgeted Total Expenditures on a 4-month basis, plus \$100,000. These numbers are highlighted in yellow as they appear in the Adopted 2021-2022 Budget:

LAW ENFORCEMENT FUND

2019	2020	2021	Account	Description	2022
Actual	Actual	Adopted		RESOURCES	Requested
193,046	238,463	205,804		BEGINNING FUND BALANCE	243,650
30,803	12,785	11,868	120-000-41110	Property Taxes-Prior Years	11,900
1,553	1,743	1,433	120-000-41115	Interest on Property Taxes	1,000
26,851	23,804	25,318	120-000-41235	Communication License Fees	29,800
13,448	17,803	21,460	120-000-41330	State Marijuana Tax	9,000
17,664	18,792	19,040	120-000-41340	City Marijuana Tax	16,050
-	-	45,936	120-000-41640	Public Safety Fee	63,950
4,948	5,552	2,507	120-000-41790	Interest Income	2,500
-	-	129,012	120-000-41800	Reimb from FRSC	-
10,000	10,000	10,000	120-000-41945	Fr Zumwalt	10,000
298,313	328,942	472,378		Total Resources, except taxes to be levied	387,850
-	-	-	120-000-41105	Taxes estimated to be received	916,850
824,483	853,965	838,335	120-000-41105	Taxes collected in year levied	
1,122,796	1,182,907	1,310,713		TOTAL RESOURCES	1,304,700

884,334	908,185	1,151,494	TOTAL EXPENDITURES	937,100
238,462	274,722	159,219	ENDING FUND BALANCE	
			ESTIMATED ENDING FUND BALANCE	367,600
1,122,796	1,182,907	1,310,713	TOTAL REQUIREMENTS	1,304,700

Plugging those numbers in to calculate the target policy funding gap for the current fiscal year results in:

TOTAL EXPENDITURES	\$ 937,100
Divided by 12 months	\$ 78,092
TOTAL EXP., 4 MONTHS	\$ 312,367
	<u>\$ 100,000</u> +
Reserves Policy Target	\$ 412,367
Est. Ending Fund Balance	<u>\$ 367,600</u>
Reserves Funding Gap	\$ 44,767

However, note that the current fiscal year budget assumes \$63,950 of revenue from an estimated public safety fee, highlighted in green on the budget snapshot on page 1. To calculate the full Reserves Funding Gap, we need to add that amount to the amount calculated above:

Reserves Funding Gap	\$ 44,767
Budgeted Fee Revenues	<u>\$ 63,950</u> +

FULL RESERVES FUNDING GAP \$ 108,717

This is the targeted revenue required to meet the City's reserves policy goal for the current fiscal year.

Property Taxes Share

The targeted revenue for public safety fee collections should balance the community needs for police services, parks, planning, debt servicing, and administration. Police services have received between 50% and 57% of property tax revenue over the last ten years. The allocation of property tax revenue toward police services has been closer to 57% over the last five years, while the community also recently expressed clear desire to see enhanced trails and parks. There needs to be a balance of how property taxes are shared among competing needs. Staff proposes that 50% of the property taxes paid to the City go towards funding police services.

In the 2021-2022 fiscal year, the Law Enforcement Fund will receive \$916,850 in property taxes. The City of Veneta's budget estimates that property tax revenue for this fiscal year will be \$1,666,984. If the City of Veneta allocated 50% of its property tax revenue toward the Law Enforcement fund, it would receive \$833,492.

Law Enf. Fund property taxes	\$ 916,850
50% of Total Property Taxes	<u>\$ 833,492</u> -

PROP. TAX SHARE FUNDING GAP \$ 83,358

This is the property tax revenue allocated toward the Law Enforcement fund that is more than 50% of total property tax revenue.

Selecting a Timeframe

To achieve the policy objectives of sustaining the City's 4-months + \$100,000 financial reserves policy and allocating a maximum of 50% of property tax revenue to the City's Law Enforcement Fund, the total current funding gap is approximately \$192,075.

The Council can choose to recover that gap in one calendar year or more, according to the monthly fee that the Council feels is appropriate. Council can adjust the monthly rate of the public safety fee by selecting a timeframe for the City of Veneta to achieve its objectives. Collecting a higher fee over a shorter timeframe, or a lower fee over a longer timeframe, will achieve the same objectives.

Below is a table showing options that the Council could choose from, or use to come up with other options:

<u>Billing Months</u>	<u>Monthly Fee</u>
12	\$8.00
18	\$5.34
24	\$4.00
30	\$3.20
36	\$2.67

Assumptions:

- a) On average, the City sends out monthly approximately 2,000 utility bills to residents who either use other city services like water and sewer, or are landowners with developed property.
- b) Veneta's public safety fee would first appear on city utility bills for the January 2022 billing period, billed the first week of February 2022. That means that there will be six months of monthly fees in the current fiscal year ending June 30, 2022, and six months of monthly fees in fiscal year 2022-2023. Every January, the Council would set the fee amount based on Staff's input on funding levels.

CITY ADMINISTRATOR'S RECOMMENDATION

Establish a \$4.00/month public safety fee effective for January 2022 services billed the first week of February.

CITY COUNCIL OPTIONS

1. Direct Staff to prepare a resolution for the September 13, 2021 regular City Council meeting that establishes a public safety fee of _____ per month and billed pursuant to Ordinance No. 562.
2. Direct Staff to recalculate options and provide Council options based on those new calculations.
3. Take no action on setting a public safety fee amount.

RECOMMENDED MOTION

"I make a motion to establish a \$4.00/month public safety fee billed pursuant to Ordinance No. 562 and effective for January 2022 services billed the first week of February."

ATTACHMENTS

None