



CITY OF
**West
Linn**

Biennial Budgeting

Presentation to West Linn City Council

March 16, 2009

Introduction to Biennial Budgeting



- ◆ The 2001 Oregon Legislature revised Local Budget Law to allow local taxing districts to budget either on a one-year (fiscal year) or a two-year (biennial) budget period
- ◆ The State of Oregon has always budgeted on a two-year basis
- ◆ Since 2002, counties, cities, and other agencies can match the state's two-year budget if they prefer

Who Is Doing It?



🍃 Cities that are currently budgeting on a two-year basis:

- ~ City of Portland
- ~ City of Medford
- ~ City of Lake Oswego
- ~ City of Vancouver
- ~ City of Sandy

🍃 Cities that have already indicated their intent or are considering switching

- ~ City of Salem
- ~ City of Ashland
- ~ City of Bend



What Does It Entail To Switch?

🍃 New items:

- Change the terms of the budget committee members to four years each
- Council makes the commitment to switch
- Staff includes documentation related to switch in budget document

🍃 Still need to:

- Hold Citizens Budget Committee meetings periodically
- Adjust the budget periodically through supplemental adjustments
- Certify the tax rate for each year
- Annually certify that the City qualifies for State Revenue Sharing funds

Advantages?



1. Credit Agencies

- Credit Agencies look very favorable during an upgrade request on agencies that plan longer term with five-year projections and two-year budgets

2. Council Goals

- Better aligns budget periods with Council's two-year goals

3. Aligns with State

- Aligns with the State's budget which affects our budget to two big ways: State Revenue Sharing funds and PERS rate

4. Efficiency in Government

- Streamlines committed resources to every two years instead of every year

5. Sustainability in Government

- Promotes less frequent use of paper and other resources

Disadvantages?



1. Effort?

- Some may feel that the effort to switch outweighs the benefits: Council needs to commit, budget templates need to accommodate the two-year model, and budget terms need to change to 4 years

2. Perception?

- Some may feel that the longer the budget period, the less opportunity to influence government finances

3. Argument Against

- If you are still required to meet periodically, hold hearings, and adjust budgets for changing circumstances, then why switch?
- *Answer: see list of advantages...*



What Would It Look Like?

- Basically, biennial budgeting is already done: refer to the second and third columns in the City's five-year projections
- The format can be presented with either just two-year totals or a combination of one-year and the two-year total, for example:

Parks Fund	Year 1	Year 2	Total
Property taxes	\$5.0M	\$5.3M	\$10.3M

Three green arrows point upwards from the bottom of the table to the values in the Year 1, Year 2, and Total columns.

Closing Comments



- ❖ Cities that have implemented Biennial Budgeting are more likely to:
 - Have a better grasp on their long-term financial planning (i.e., five-year Projections)
 - Focus on long-term issues facing their city
- ❖ Credit agencies favor cities that focus longer-term
 - Biennial budgeting, in combination with our five-year financial forecasts, will assist with the **potential** for a rating upgrade with our next annual review in December 2009

Questions?



- For more information:
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