

CHARTING OUR COURSE

CITY MANAGER'S
PROPOSED FY 2025-26
BUDGET



WHAT WE'LL COVER TODAY

1. **Waves of success:** A look back at FY 2024-25
2. **Choppy waters:** Financial challenges
3. **Our ship:** Proposed FY 2025-26 budget
4. **Adjusting our sails:** A look ahead
5. **Next steps**



“

**“Even in the midst of the storm,
the sun is still shining.”**

– Dayna Lovely

WAVES OF SUCCESS

2024-2025

Recent milestones in our
journey





WAVES OF SUCCESS

2024-2025

More milestone celebrations

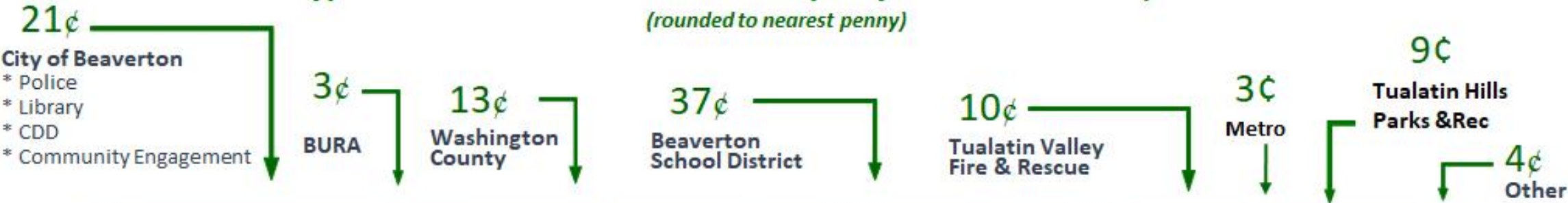
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**“If you want to see the sunshine,
you have to weather the storm.”**

– Frank Lane

CHOPPY WATERS

Typical Beaverton Residential Property Tax Distribution, Tax Year 2024-25
(rounded to nearest penny)

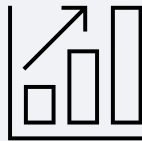


HEADWINDS



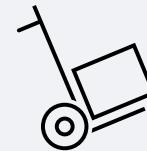
Health care

- Overall premium increase=8.1%
- Staff negotiated the increase down by 7.3%



Retirement

- PERS increase=17%
- Set by State, not City



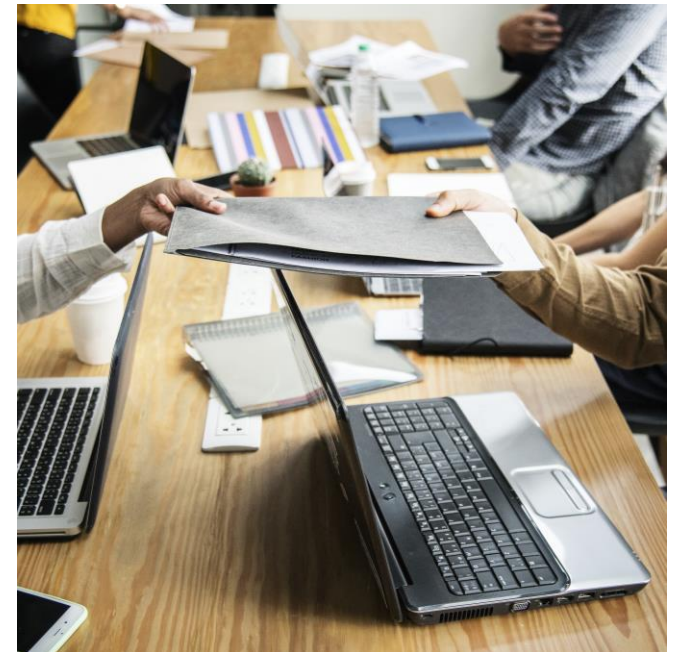
Materials & services

- Reductions proposed in budget limit the impact of rising costs

COURSE CORRECTIONS

FY 2023-2025

- Implemented a **fiscal sustainability action plan**
- Initiated and completed operational **efficiency assessments** (commissions, human resources, court systems)
- Pursued **revenue enhancements**, including the adjusting property tax to the permanent rate of \$4.62, updating city fees and franchise, license, and conducting ROW fee audits
- Upcoming:
 - **Transportation Utility Fee**
 - **Water rates**
 - **Fleet, Storm, Sewer Analyses**
 - **Business Licenses**
 - **Levy Options**



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**“Storms make
trees take deeper roots.”**

– Dolly Parton

FY 2025-26

PROPOSED BUDGET

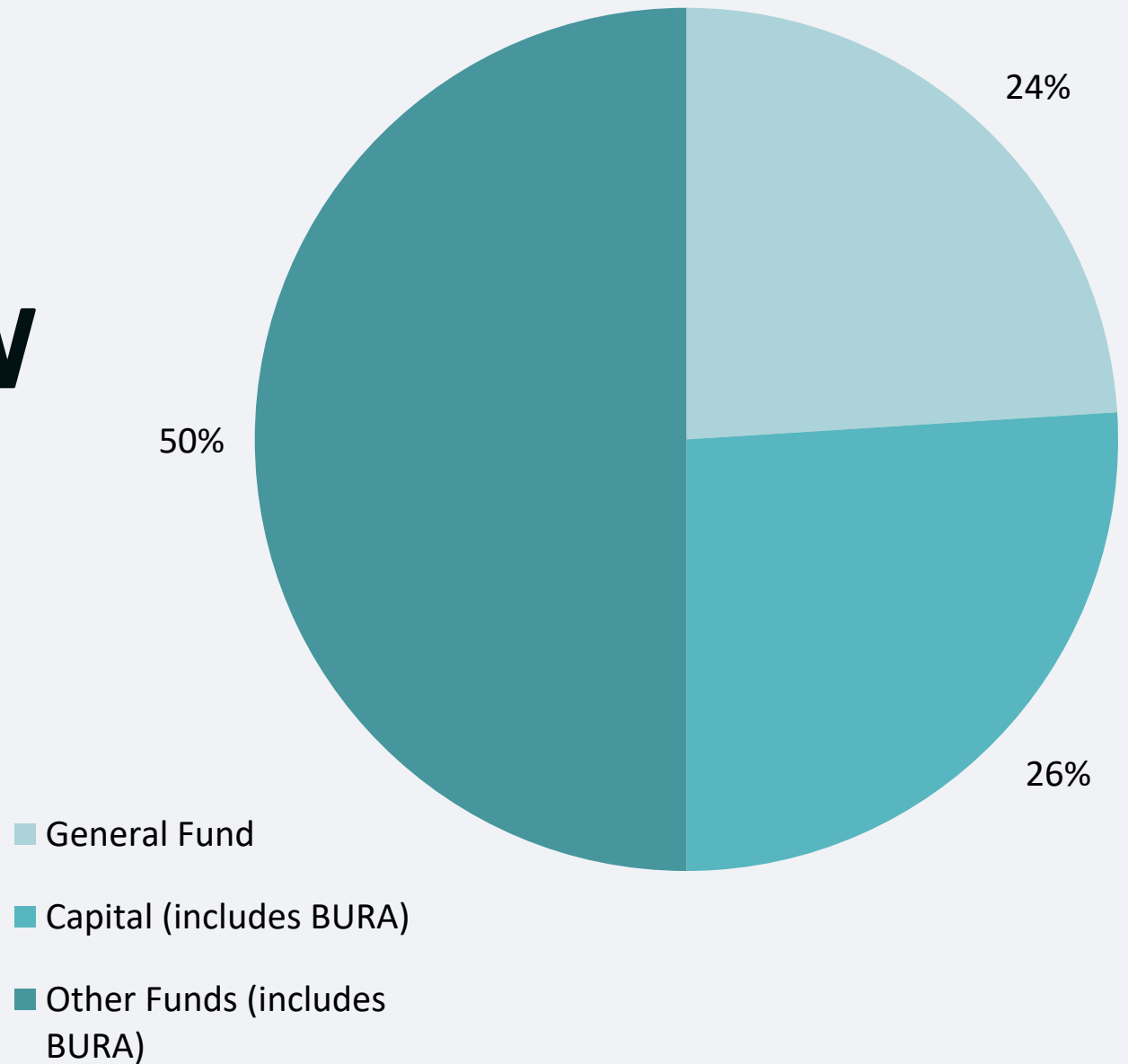
City Funds: The cabins of the ship

- General Fund
- Library Fund
- Building Fund
- Utilities Fund (sewer, storm, water)
- Street Fund
- Capital Projects Fund
- Debt Service Fund



BUDGET OVERVIEW

PROPOSED FY 2025-26
\$495 Million





FY 2025-26 PROPOSED BUDGET

Landmarks on the journey ahead

Technology

- Providing public Wi-Fi at the Library bookmobile
- Exploring responsible use of artificial intelligence (AI)
- Laying the groundwork for an enterprise HR/financials system

Transportation

- Prioritizing projects to make it easier for people to walk, bike, take transit, such as the Beaverton Downtown Loop and Transportation System Plan

Fiscal Sustainability

- Conducting a municipal court systems assessment
- Participating in a county-wide review of library funding
- Pursuing cost containment and revenue options

Policing Best Practices

- Focusing on the use of data, community engagement, and grant writing

LANDMARKS



SAFE DRINKING WATER

- Constructing the North Transmission Line Intertie (NTLI) to build a seismically resilient secondary water supply line
- Continuing participation in the Willamette Water Supply Project.



THRIVING BUSINESSES

- Developing an economic development strategic plan to continue Beaverton's momentum as an attractive regional destination.



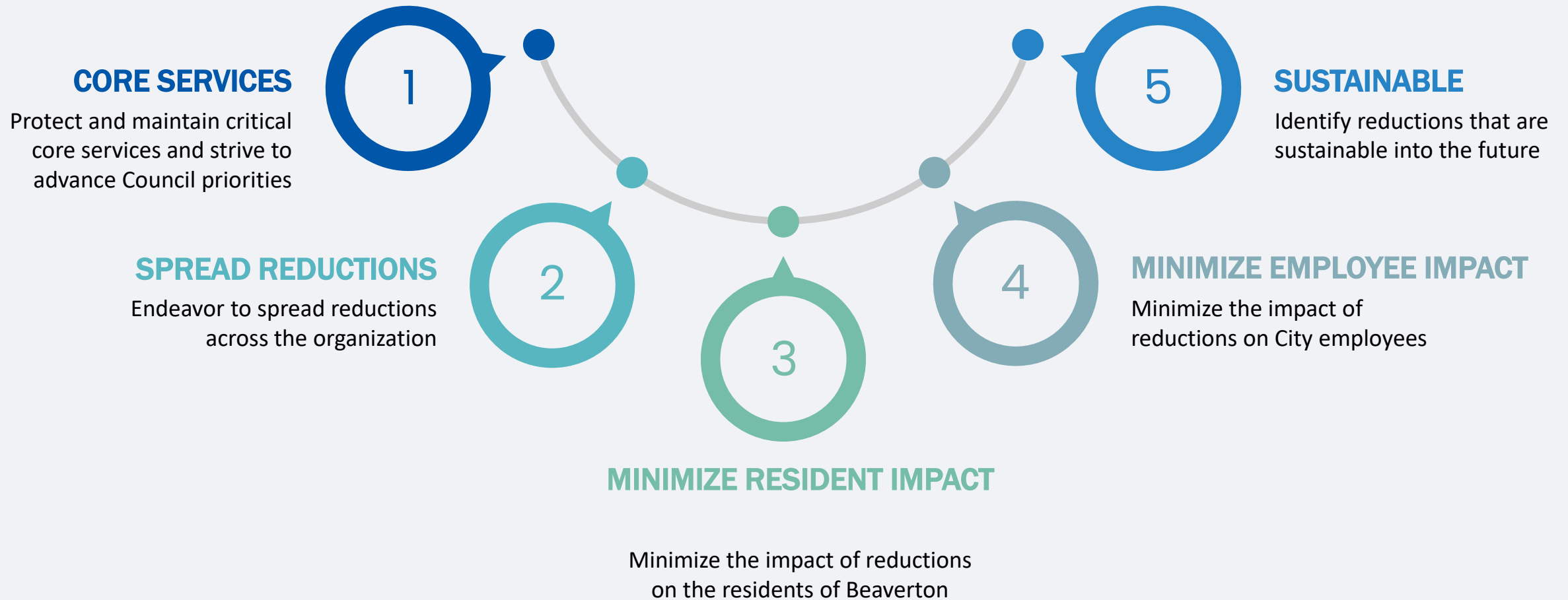
FUTURE RESIDENTS

- Building on the completed Cooper Mountain community plan and laying the groundwork for annexation and needed infrastructure.

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“The only safe ship in a storm is leadership.” – Faye Wattleton

BUDGET PRINCIPLES





ADJUSTING OUR SAILS

GENERAL FUND

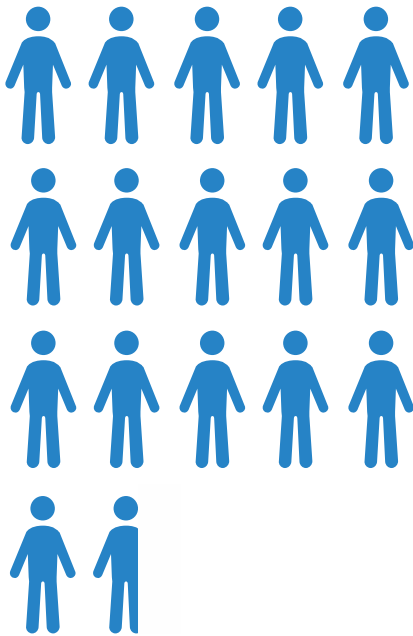
BUDGET STARTING POINT	
<i>Projected shortfall*</i>	(\$10.7M)
BUDGET DECISIONS	
Revenue adjustments	
Opioid lawsuit settlement funds to Police	\$672K
Use of one-time savings	\$3.2M
Additional property tax (BURA underlevy savings)	\$225K
Fee and transfer updates	\$938K
Total revenue increase	\$5.1M
Expenditure reductions	
Elimination/reduction of staff positions	\$3.4M
Reduction of materials and services	\$1.1M
Reductions of transfers to other funds	\$1.1M
Total expense reductions	\$5.6M

**\$10.7M shortfall assumes a projected \$5M underspend carried forward to FY26*

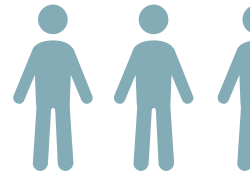
REDUCTIONS



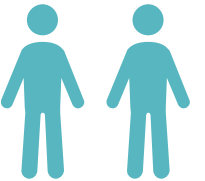
16.97
Vacant FTE
eliminated



2.45
Filled
positions
eliminated*



2
Limited
duration,
grant funded
FTE



**2.45 FTE reflects proposed budget amendment to shift a 1 filled position reduction to a soon-to-be vacant FTE.*



KEY IMPACTS

GENERAL FUND

POLICE | p. 174

- Frozen Police positions reduce Police Bike Team from 6 officers to 4.
- Eliminates officer/clinician on Mental Health Response Team (MHRT); countywide service still available.
- Re-distributes oversight of training across other positions.

COMMUNITY DEVELOPMENT | p. 201

- Transportation roles are reduced and reassigned to the Planning Division, focusing limited capacity on the Transportation System Plan, capital projects, and livability improvements.
- Arts staff duties will be redistributed under a staff person with expertise in arts and placemaking. Support for the Arts Commission remains.
- Elimination of City support of pre-development funding of affordable housing
- Reduction in external community engagement support for projects.

CITY MANAGER OFFICE | p. 53

- Eliminates vacant management position delaying analyses needed to inform decisions.

COMMUNITY SERVICES | p. 67

- Elimination/reduction of community organization grants.

PUBLIC WORKS | p. 528

- Reduction in downtown flower baskets.



KEY IMPACTS

GENERAL FUND (cont.)

OFFICE OF EQUITY AND INCLUSION | p. 81

- Transition BOLD leadership and engagement program in-house rather than contractor.

INFORMATION TECHNOLOGY AND SERVICES | p. 509

- Limit professional services for key IT projects and
- funds for security and compliance audits.

LIBRARY FUND

LIBRARY | p. 341

- Reductions of Library positions re-align services as Washington County prepares to centralize collections.

STREET FUND

STREETS | p. 247

- \$2.4M in street reconstruction projects paused, while alternate funding sources explored.

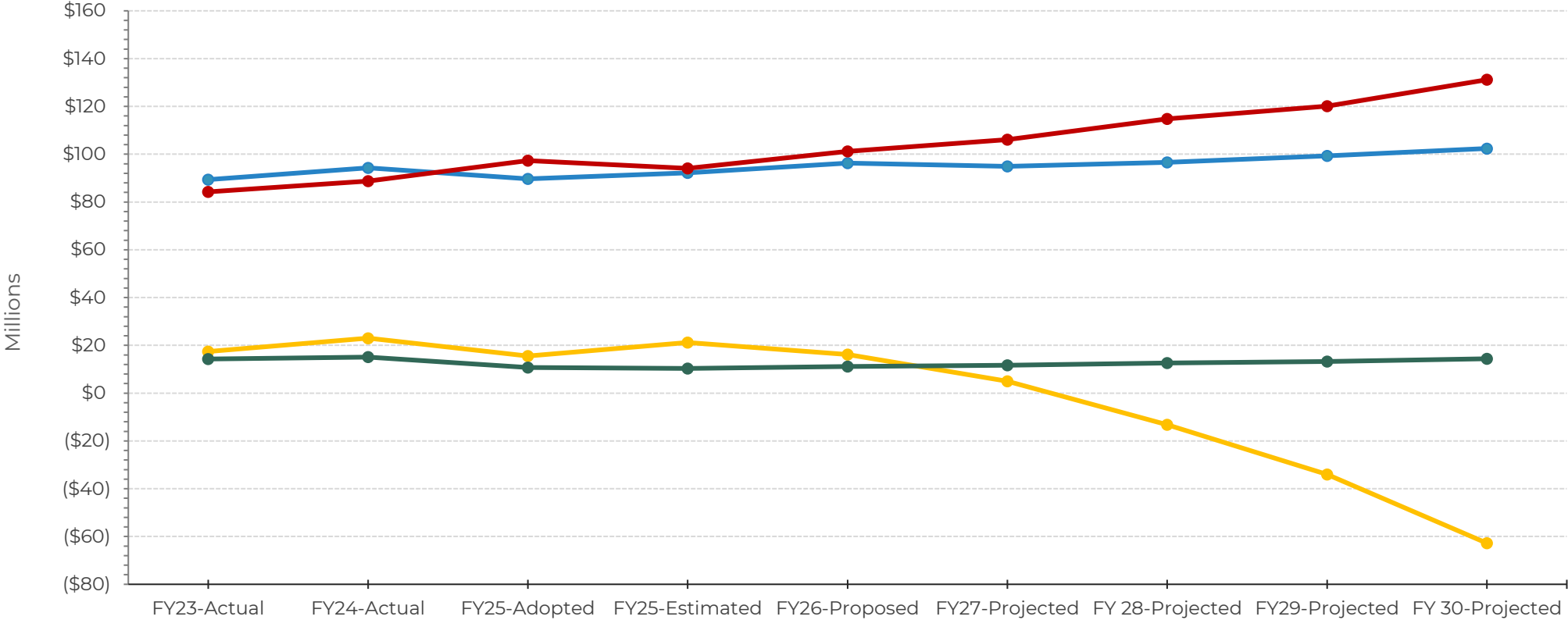
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“No one would have crossed the ocean if he could have gotten off the ship in the storm.”

– Charles Kettering

STORMS ON THE HORIZON

GENERAL FUND FORECAST



—●— Total Revenues —●— Total Expenditures —●— Ending Fund Balance —●— Target

**CHART THE COURSE AHEAD,
TOGETHER**



A LOOK AHEAD



MAY 5

Budget
Committee #1

JUNE 3

Council budget
consideration
and adoption

APRIL 28

Release of
proposed
budget

MAY 19

Budget
Committee #2

JULY 1

New fiscal
year begins



UP NEXT

1. General Fund Overview
2. General Fund Departments
3. General fund Forecast