

CITY MANAGER'S BUDGET MESSAGE

Introduction

This year's budget document builds off of last year's format with a new addition of fund narratives. The fund narratives provide a description of what the fund is responsible for and any highlights associated with the fund. Also included in this year's budget is a description of the "budget process", brief statements about the major services areas, as well as, an Economic Forecast.

Budget Process

The budget document is built upon four components: 1) Revenue Projections, 2) Council Goals, 3) Department Objectives, and 4) Oregon Local Budget Law as set forth in Chapter 294 of the Oregon Revised Statutes. This law requires annual budgeting and encourages citizen participation. The budget must be adopted prior to July 1, 2017, to enable the City to have spending authority on the first date of the new fiscal year – July 1, 2017.

A healthy budget process evolves around consistent reviews of profit and loss statements. City staff reviews the profit and loss statements at least twice a month. In January of each fiscal year staff begins pulling budget materials together and meetings take place with staff to discuss the current and future financial needs of the City.

The proposed budget document goes before a "13 Member Budget Committee", which is made up of six community members, the City Council and the Mayor. All budget meetings are scheduled to meet publicly to discuss the budget and make any changes needed and to approve the budget. Copies of the budget are made available to the public after they have been submitted to the Budget Committee. The Budget Committee approves a tax rate and any bond levy if needed.

Once the budget is approved by the Budget Committee, a summary is published in the newspaper and on the city's website. Public hearings, regarding the approved budget, are held at the City Council meeting. At the last Council meetings in June, the budget is adopted by the City Council. Any proposed changes from the approved budget are explained and the Council makes any additional changes it wishes to the budget. All changes are subject to Oregon Budget Law, which states that no fund may be increased more than 10% from the approved budget, though it may be decreased without limitation.

Budget planning is an ongoing process covering such things as master plans for water, sewer, and other city infrastructural needs. These plans are prepared by professional engineers and financial economists depending upon the services needed.

Public Safety

Scio's public safety is provided through an Inter-governmental Agreement with Linn County Sheriff's Office. This years' service contract for

Police Services has gone down in cost due to a "Small Cities" contract agreement.

Beginning July 1, 2017 the contract will no longer be an annual contract, but shall run concurrently with the County Collective Bargaining Agreement. This years' contract will run from July 1, 2017 through June 30, 2019.

2016-2017 = \$60,638.00
2017-2018 = \$56,160.00 (a saving of \$4478.00 in 2017-18)
2018-2019 = \$58,170.00 (a saving of \$5499.90 in 2018-19)

The \$56,160.00 amount provides for the following FTE services:

**One (1) deputy devoted to fifty (50% or 72 hours) of time to city policing/enforcement. Linn County shall furnish and supply all necessary labor, supervision, equipment, radio communication facilities and supplies necessary to maintain the level of services to be rendered through such agreement.

Library, Senior Center and Park Services

While our General Budget has grown slightly this past year staff continues to be cautious when it comes to funds dedicated to Library, Senior Center and Park Services. We recognize the importance of these services and their connection to Scio's "livability and economic development viability."

We will continue to look for grants and other methods to financially support our library, Senior Center and Park Services. Scio is blessed with the local support from the Friends of the Library, the Scio Library Board and individual donations.

Utility Services (Water and Sewer)

A search for a new "City Engineer" is under way and the replacement for this position is planned to take place on or before October 1, 2017. The person or firm that will be selected will also be responsible for the production of the Sewer Master Plan in the fiscal year 2018-2019.

Water Rate Study

A Water Rate Study will be taking place in the fall of 2017. The majority of the study will be done in-house with assistance from our Planning Consultant, Dave Kinney.

Economic Development

Economic Development continues to be a topic of discussion in Scio. This is a complexed issue that requires careful planning and community involvement. I stand ready to assist with this challenge if and when City Council directs staff to proceed.

Economic Outlook and Assumptions

The Oregon economy continues to improve according to the growth indicators from the Oregon Employment Division and the Oregon Economic Development Department. The urban areas have exceeded the consumer index growth market projections for 2016, but the rural cities of Oregon continue to lag behind. The primary force, keeping rural cities from increased growth, is lower wage paying industries. The loss of the timber mills have not been replaced with industries or businesses that pay middle to high wage jobs. Thus, rural Oregon cities continue to work hard for industries that will bring up the average wages per hour.

With Thomas Creek Estates almost completed, Scio has been able to keep up with our current expenditures and have decreased our overall debt.

Economic forecasts released by Oregon Employment Department are optimistic about increased job markets and consumer spending.

Acknowledgements

To The Scio City Council and Budget Committee: Thank you for your input and dedication to the Scio City Budget Process. Without your input and guidance this process would not be possible. Your willingness to give your time and energy in service to your city and community is greatly appreciated!

I also wish to thank city staff for their hard work and contributions to this budget document. Their efforts and hard work does not go unnoticed and they make my job easier and enjoyable.

It remains my privilege to work alongside all of you in the production of the 2017-2018 Scio City Budget.

Sincerely,

Virginia (Ginger) A. Allen
Interim City Manager