*CITY MANAGER’S BUDGET MESSAGE – 2020-2021*

Dear Budget Committee Members and Scio Citizens,

I want to begin by thanking the members of the Budget Committee, City Staff and all of the Scio citizens who have taken the time to support the annual budget process. Throughout the year people call or drop by city hall wishing to discuss a city project or ask questions about the city’s budget and the way city tax dollars are spent. My continued commitment to a “transparent government” and the tax dollars placed under my supervision remains a top priority. I meet with city councilors, committee members, civic groups and individual citizens throughout the year; I attend community events and civic club meetings on a monthly basis. By making myself available to the public I get to hear firsthand how citizens feel about the city and the way I carry out my duties. Whether a person agrees or disagrees with what the city has chosen to do I walk away with more wisdom and a better understanding about how people feel about their home town. It is through this personal interaction that I become motivated and more determined to meet the daily needs of Scio and pave the way into a prosperous future.

***COVID-19 IMPACTS***

As we enter this new fiscal year one must be cognitive of possible revenue shortfalls caused by the COVID-19, Pandemic. In order to keep Scio financially strong I have put together a lean, but flexible budget, while still taking care of city business.

The fund affected the most by possible revenue downturns is the General Fund. Cities and counties have already been notified of possible shortfalls from the Governor’s Office and from the Linn County Assessor’s Office. Line items that may be affected are:

* Cigarette Tax
* Marijuana Tax
* Liquor Control Tax
* Oregon State Revenue Sharing Tax
* Linn County Property Tax

In addition, we could very likely see cuts in our State Transportation Tax, which is our primary source of funding for our Road Fund.

During this time of unrest, the City has been able to give relief to our small businesses, discontinued assessing any late penalties and have refrained from any service shut-offs. While these decisions negatively affected city revenues it does illustrate the City’s empathy and flexibility to those we serve, without making any extreme compromises to city services.

***BUDGET CUTS***

As you review the 2020-2021 Scio City Budget you will notice budget cuts being made throughout the funds, primarily in the *Materials and Services and Capital Outlay* sections. While most of the cuts are slim, collective they make a difference large enough to align with the projected revenue and securing our current level of services. It is also noteworthy to point out that all four operating funds have increased funding in contingencies with the hope of providing larger cash carry forwards into the 2021-2022 fiscal budget year.

***PERSONNEL SERVICES***

Personnel Services is the one expense category where increases have taken place. The City has spent the past four years bringing salary ranges and benefits up to industry standards. These efforts have proven to be successful when recruiting personnel for vacant positions.

Based upon the 2019 West Coast Consumer Price Index, the average consumer saw a 2.8% increase in product consumption from January – December 2019. The West Coast Consumer Price Index is the pricing index used by government entities when computing Cost of Living Allocations (COLA’s) for budget purposes. This year each employee will receive a COLA increase of 2.5%. Lastly, funds have been added to each of the Public Works Associates salaries due to DEQ Certification Requirements.

***TRANSFERS IN AND OUT***

There will be no transferring of funds this year. Instead, I have chosen to build up each of the funds contingency line items. By doing so, funds are easily accesses should there be a need to do so.

***RESERVE FUNDS***

Other than interest accruing in the Water, Sewer, and Road Reserve Funds, no other activity is expected throughout the year.

Regarding the Equipment Acquisition Fund: Various pieces of equipment have been identified for the new Public Works Shop. Should the shop be completed by June 30, 2021, the following operational equipment will be necessary:

**Item Estimated Cost**

Shelving $15,000

Security System $30,000 (this included automatic security gates)

Office Furnishings $10,000

 **$55,000.00**

***NEW CITY HALL/PUBLIC WORKS PROJECT***

The City Hall/Public Works Shop Project that began last year is moving forward as I write this message. The city can afford the cost of this project and it comes at a time when loan interest rates are at a 50 year low.

The loan for our buildings will not take place until the first of 2021 (January or February). Once the loan is signed the city will only be required to pay interest on the dollars drawn down on the loan for the first two years, or until the buildings are complete, whichever occurs first. During this period of time (18 – 24 months) the city will be able to build up the operating funds and help reinforce the reserve funds.

***IN CLOSING…….***

I want to thank my staff for their tireless dedication and support. Not a day goes by that I do not find myself needing their assistance. Thank you Cathy, LaVonne, Ko, and Ben, my job would be impossible without each one of you!

I look forward to seeing all of you at the budget hearings. Come prepare to assist me in leading Scio into a prosperous future!

Respectfully,

Ginger Allen

Scio City Manager

***“Coming together is a beginning; keeping together is progress; working together is success.” Henry Ford***