



Covered Bridge Capital of the West

*City of Scio*

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## ***City Manager's 2021 – 2022 Budget Message***

Honorable Mayor, City Council and Scio Residents:

I am pleased to present the City's 2021-2022 Proposed Annual Budget, the financial roadmap for the City of Scio with a projected total of \$ 2,617,396.00 (including \$100k in transfers).

This document represents a commitment to prudent fiscal governance, which promotes the effective delivery of services while providing the Scio citizens with an affordable quality of life. Once affirmed by the Scio Budget Committee the annual budget document will be sent to the Scio City Council for final adoption. The Budget will establish the direction for all of the City government programs (Library, Senior Center, and Parks) and services (Water, Sewer, Planning/Building and Public Safety) for the coming year.

I have used the financial policies and budget principles below as a guide in preparing this document:

- Implementation of City Council Directives.
- Balance current revenues and current expenses while maintaining acceptable reserve levels.
- Minimize impact of any tax and fee increase on residents/ratepayers.
- Make decisions in the 2021-22 Budget that continue to reset the City's financial plan and sustain a healthy fiscal foundation for balancing budgets in the future.
- Maintain the highest quality of services allowable with the resources at hand.

My ultimate goal is to ensure that you, the Scio Budget Committee, and the citizens of Scio can easily read and interpret the information presented in this budget document.

### **2021-22 BUDGET HIGHLIGHTS**

As the City Manager I strive to be as conservative as possible with the tax payers' dollars, while still achieving positive economic activity across all working funds. Below I have listed highlights from each of the operating funds.

#### **General Fund Highlights:**

- **R1 - Fund Revenues:** Despite the prediction of a decrease in property tax last year (due to Covid-19) the city not only met the budget prediction of \$250k, but exceeded it by \$25K+. Thus, we increased our projected amount for 2021-2022 to \$275k. verses \$250k.
- **R2 – Other Revenues:** Decreases due to the lack of Covid-Relief Funds coming into the General Fund, as well as projected reductions in the Franchise Fees and Library Donations.
- **R3 – Interfund Transfers In:** \$100K, which are dedicated to the Building Fund line item 10-7100. (Road=\$20k; Water=\$50k; and Equipment Reserve=\$30k)

- E1 – Personnel Services: Increased by \$24,219.00, due to a re-allocation of FTE and 2% Cola
- E2 – Materials and Services: Remains steady.
- E3 – Capital Outlay: \$100k increase from Transfers In to assist with new facilities.
- Decisions about a new Public Works Shop will be determined by end of August 2021. Design Phase for the new City Hall will take place with Studio 3 Architecture. Construction phase to be determined in early spring (2022).
- E4 – Debt Service: Remains steady, money set aside to pay a portion of the interest on the Public Works Shop loan.
- E6 – Other Expenses: Operating Contingency increased by \$29,428.00 making the total contingency amount \$136,280.00

#### Road Fund Highlights:

- R1 – Fund Revenues: Increased of \$25,170.00 making the Beginning Cash Balance \$96,856.00
- R2 – Other Revenues: Stable, appears to be less than last fiscal year due to the influx of dollars from the sale of the Backhoe in 2020-2021.
- E1 – Personnel Services: Decrease due to re-allocation of FTE. (\$8,716.00)
- E2 – Materials and Services: Slight difference in expenditures, stable over-all.
- E3 – Capital Outlay: Increased by \$25k, funds allocated to assist with the Safe Routes to School Grant. \$20k Second Public Works Vehicle
- E4 – Debt Service: Remains the same
- E5 – Interfund Transfers Out: \$20k to General Fund to support new buildings and \$20,879.00 going to Road Reserve Account.
- E6 – Other Expenses: Operating Contingency is 20% of Fund Revenues = \$36,171.00.

#### Water Fund Highlights:

- R1 – Fund Revenues: Beginning Cash Balance \$12,569.00 lower than 2020-2021,
- R2 – Other Revenues: Increased projects by \$4,796.00 for a total of \$357,600.00
- E1 – Personnel Services: Increased by \$10,810.00 due to 2% cola
- E2 – Materials and Services: Slight differences in expenditures, stable over-all.
- E3 – Capital Outlay: Decreased by \$90k, no major expenditures: \$20k set aside for equipment.
- E4 – Debt Service: Increased by \$20k for Public Works Shop Loan.
- E5 – Interfund Transfers Out: \$50k to General Fund for PW Building Costs.
- E6 – Other Expenses: Operating Contingency at 19% of overall budget = \$83,528.00

### Sewer Fund Highlights:

- **R1 – Fund Revenues:** Beginning Cash Balance remains low at \$28,791.00
- **R2 – Other Revenues:** Increase in Revenues due to new connections, regular fee increases and American Rescue Plan Act = \$147,225.00
- **E1 – Personnel Services:** Decrease by \$19,866.00 due to re-allocation of FTE.
- **E2 – Materials and Services:** Decrease of \$10,983.00, drop in equipment expenses.
- **E3 – Capital Outlay:** Increase of \$102,000.00 Special Grant Projects (Tving of sewer lines; Re-lining of manhole covers, storm drains on NW 1<sup>st</sup> Ave., in conjunction with Safe Routes to School Grant Projects.
- **E4 – Debt Service:** Increase of \$20,000k = total of \$30k toward building loan.
- **E6 – Other Expenses:** Increase in Operating Contingency \$23,003.00 = total of \$68,413.00

### **RESERVE FUNDS and TRANSFERS IN & OUT**

A transfer out of \$50,000.00 will take place this year to assist with equipment purchases as follows

- From Equipment Reserve Fund to General Fund to assist with the materials and supplies needed in the new Public Works Shop. (\$30k)

	<u>2020-2021</u>	<u>2021-2022</u>
No. 17 – Water Reserve	\$ 372,255	\$ 375,495
No. 18 – Sewer Reserve	\$ 89,686	\$ 90,166
No. 19 – Equipment Reserve	\$ 128,568	\$ 99,288
No. 20 – Road Reserve	<u>\$ 34,163</u>	<u>\$ 55,282</u>
<b>Total</b>	<b>\$ 624,672</b>	<b>\$ 620,231</b>

### **EXPLANATION OF FTE ALLOCATIONS AND FTE SCHEDULE FOR 2021- 2022**

#### FTE Allocation Highlights

- Librarian changes from 100% General Fund to 95% and 5% from the Water Fund. This position will provide limited clerical assistance to the Administration Department when needed.
- City Manager and Administration Assistant: Both of these positions have been relocated as follows: 30% General Fund, 5% Road Fund, 25% Sewer Fund and 40% Water Fund. Both of these positions spend the majority of time researching and administering water services more than sewer services. In addition, more time will be spent this year on administration tasks including work on the new buildings, Employee Manual, Wage and Benefit Study and other tasks related to the general operations of the city.

- Public Works Employees: For the past two years the public works staff has had to contract out the work on the sewer system. Thus, more time has been spent in parks. Both of these positions have gone from being paid 6% in General Fund to 10%; 42% in Sewer & Water Funds to 40% in the Sewer & Water Funds, they will remain steady at 10% in Road Fund.

#### FTE Schedule Highlights

- Increase in FTE costs of \$12,235.00 (3%) compared to last year's costs.
- Cost of Living Adjustment (COLA) increase based upon West Coast Consumer Price Index from March 2020 thru March 2021 was 2.4%. The employee Cola will only be 2% unless directed otherwise by the budget committee or city council.

#### Conclusion

I have submitted the proposed 2021-2022 Budget after substantial review and discussion. I am confident that the proposed budget serves the short- and long-term needs of the City under the current economic and financial conditions.

The preparation of the budget is a team effort involving all city employees. I wish to give a special thanks to Cathy Martin for the many hours she spent preparing and entering data; this document would not have happened without her.

Lastly, I wish to thank the Scio Budget Committee: Your leadership and financial guidance in this process is laying a foundation of success for generations to come!

Respectfully,  
Ginger Allen  
Scio City Manager