

2024 - 2025 City Manager's Budget Message

Greetings and welcome to the City of Scio's 2024-2025 budget proceedings. Before I get into the my actual budget message, I want to thank all of the budget committee members for your willingness to serve your community and for providing oversight to the city's budget process. Your dedication ensures the financial sustainability and success of the final budget document.

As a committee, you serve as a group within the city organization, functioning side by side with the Scio City Council. I want to encouraged all of you to make recommendations, suggest goals and policies where needed and direct resources toward activities that may not be addressed otherwise. Your service is far-reaching as you not only represent the citizens of Scio, but your decisions impact Scio's participation at the county, state and federal levels.



Just so you know, "all Scio Budget Hearings are open to the public". Public announcements of the hearing(s) have been advertised in the Canyon Weekly, City of Scio Facebook Page and the city website <http://ci.scio.or.us/>

It is amazing how many people ask about the financial decisions of the City and yet they don't come to a council meeting or budget hearing. Please ask your family and friends to join us at this year's budget hearing(s)! You all have my sincerest gratitude.

And now for the budget.....

As Scio's City Manager I work under the policy guidance and direction of the Scio City Council. As the Chief Administrative Officer for Scio, I provide executive leadership and representation on matters concerning city government. I am task with the responsibility for planning, directing, managing and reviewing all activities and operations of the city. One of the most important job duties given to the city manager is to ensure the financial integrity of the organization.

For this reason, I will be asking everyone to fully participate in this very important budget hearing and request that you take time to read the budget document thoroughly before the May 9, 2024 budget hearing. Write down your questions and bring them with you to the hearing. If you would like, you can email me your questions (Ginger@sciooregon.gov) and I will make sure I get an answer to you before or at the hearing. Let's get started.

TAX RATES, DEBT SERVICE & PERSONNEL SERVICES

Property Tax Rate:

The property tax rate for Scio is provided by the Linn County Assessor's Office: The proposed tax rate for the FY 2024-2025 is a full permanent rate limit of \$6.9597 per \$1,000 of property valuation of Assessed Value or Real Market Value. This rate will yield approximately \$290,000.00 to the city's general operating fund.

Debt Service:

The city of Scio has a current debt service of \$1,520,000.00 for the new public work shop, located on SW 6th Avenue, next to the city lagoon system. The loan payments per month are \$8,440 and each operating fund pays a percentage of the loan. An additional, \$25,000 principal only payment is made on this loan annually. This principal only payment is to assist with buying down the interest costs of the loan.

Personnel Service:

There are four significant changes taking place in this year's Personnel Services:

- **Employee Time Allocations:** *Every year I review the job tasks assigned to all the employees (including myself). I evaluating each employee's cost allocations within the four operating funds. The changes that have occurred within the funds are specifically detailed in the "Explanation of FTE Allocations - 2024-2025 report, located in the back of the budget document under the Budget Transfers and FTE Schedule Tab.*
- **Annual COLA Increase:** *I am requesting that a 3.7% Cost of Living Allocation be given to each employee in 2024-2025 fiscal year. This percentage increase is a compromise between the 2024 social security increase of 3.2% and the 2023 Consumer Price Index, West Region increase of 4.1 %, which has risen 0.9 percent since December 31, 2023.*

- **Insurance Benefits:** *The cost of the insurance coverage for city employees increased by the following percentage's:*
 - *Medical 10%*
 - *Vision 6%*
 - *Dental 7.5%*

Depending upon the coverage chosen by any given employee (i.e. Employee Only; Employee/Spouse; Employee/Family) will determine the cost of the insurance coverage. Each employee pays 4% of their chosen coverage plan. In the case where an employee opts out of insurance coverage, an addition \$100.00 per month is placed in their retirement payment.

Retirement Benefits: *Each employee is allowed to choose their type of retirement account. The city then submits a monthly deposit to the account on behalf of the employee. The current benefit amount has not changed for the past six years and no changes is projected in the 2024-2025 fiscal year.*

3 employees receive \$400.00 per month: This amount is based upon the level of insurance coverage received.

2 employees receive \$500.00 per month: One employee does not receive insurance benefits, while the other employee has a personal contract stipulating a \$500.00 retirement contribution.

- **Payroll Taxes:** *The following payroll taxes are deducted from the employees' salaries each month:*
 - *State Unemployment Insurance Tax (UI)*
 - *Paid Leave Oregon Contribution Tax*
 - *State Workers Benefit Fund (WBF)*
 - *State of Oregon Transit Tax*
 - *Federal Employment Tax*
 - *Federal Social Security Tax*
 - *Federal Medicare Tax*

A 2% tax increase (11% in 2023 FY, going up to 13%) to cover projected employment taxes in the 2024-2025 fiscal year. This information is gathered from the Oregon Department of Revenue, Department of Consumer and Business Services, and the State of Oregon Employment Department.

All four operating funds will reflect increases in personnel services based upon the information submitted above.

RESERVE ACCOUNTS & INTERFUND TRANSFERS

The city of Scio currently has four reserve accounts:

- Water Reserve - Account No. 17 \$585,491
- Sewer Reserve - Account No. 18 \$147,461
- Equipment Reserve - Account No. 19 \$ 95,162
- Road Reserve - Account No. 20 \$109,770

Water and Sewer Reserve funds are set aside to assist with infrastructure grant matches and to support the improvement projects defined in the Water and Sewer Master Plans.

Equipment Reserve funds are used when an equipment replacement is needed (example: Replacement of a utility truck) or a new piece of equipment is identified to assist with services to the public, such as new computers, furniture replacements, etc.

Road Reserve funds will also support grant matches and infrastructure projects.

All four of these accounts will be receiving "*Interfund Transfer*" of \$50,000 from their perspective operating funds.

In addition, I will be submitting a Resolution to the Scio City Council to open a "General Reserve" account to support general fund projects, such as Park and Recreational Grant matches when opportunities arise. A contribution of \$50,000 will be placed into this account after it is opened and operational as of July 1, 2024.

- General Reserve - Account No. 21 \$50,000

OPERATING FUNDS

The city has four operating funds that supports all of the services provided to the citizens of Scio and the surrounding area:

- Public Safety (Linn County Sheriff's Office, General Fund)
- Street Construction, maintenance and lighting (Road Fund)
- Sanitary Sewer (Sewer Fund)
- Storm Sewers (Road Fund)
- Water Utility Service (Water Fund)
- Planning, Zoning, Sub-division Control (General Fund)
- Library and Senior Services (General Fund)

Each of the operating funds; General, Road, Water and Sewer, have their own set of budget sheets identifying the incoming revenues and the outgoing expenses. In addition, you will find a set of "Detail Sheets" that breakdown the line-item expenditures. We will be going over each of those funds at the budget hearing.

CONCLUSION

It is my desire and challenge to provide a budget document that is easily navigated and understood while ensuring local government transparency. I believe this document meets that desire.

I wish to thank the Scio City Council for their support to me and my staff. Public service is both gratifying and burdensome. Without your support and leadership, the city would be adrift

Lastly, I want to thank my staff, Cathy, LaVonne, Ko and Scott: Thank you for all of your hard work, your flexibility, your loyalty and most of all for putting up with me, you are the best!! This budget would not be possible without your insight and support!

*Respectfully,
Ginger Allen
Scio City Manager*