

## BUDGET MESSAGE: 2023–2024 FISCAL YEAR

To: Westfir Budget Committee

From: Nicole Tritten, Budget Officer

Date: April 17, 2023

Memorandum: Budget message for the proposed budget for fiscal year 2023–2024

I am pleased to present the proposed budget for fiscal year 2023–2024 in the amount of \$1,463,758.

The cash on hand at the beginning of the new fiscal year reflects two sources:

1. The best estimation of bank funds available on July 1, 2023, based on the current fiscal year.
2. A transfer of \$60,000 from the Local Government Investment Pool (LGIP) to the City's bank account, which will be made before the end of the 2022–2023 fiscal year.

The total proposed cash on hand is divided among the funds, first to the reserves (which carry over from the previous year), and then to the operating funds according to the percentage of each fund's revenue from the previous year.

The three columns at the far left of the budget spreadsheet show actual amounts for the two previous fiscal years and the budgeted amount for the current fiscal year. For the new fiscal year, we will be working with the amounts shown in the columns to the right of these historical amounts.

The Current Operating Funds are:

- General Fund
- Water Operating
- Sewer Operating
- Highway Fund
- Rural Tourism and Marketing Program (RTMP)
- ARPA Fund (new to 2023–2024)
- Department of Land Conservation and Development Fund (DLCD)

The Reserve Funds are:

- Water Reserve
- Sewer Reserve
- City Hall Building Fund
- Fire Department Fund (new to 2023–2024)
- System Development Charge Fund

### OVERVIEW:

Overall, funds are tighter in the General Fund, Water Fund and Sewer Fund than in previous years. In the General Fund, this is due to increased costs for police and fire services paid to the City of Oakridge. Increased expenditures in the Water Fund and Sewer Fund result from increases in PERS and health insurance, and due to general inflation. A new Special Fund has been established in the 2023–2024 budget to track the use of funds from the American Rescue Plan Act (ARPA), which total \$59,288, none of which has been spent to date.

Inflation has resulted in higher costs in several areas. The budget increases water testing expenses by 10%; chemicals (chlorine) by 20%; legal fees in the General Fund by 10%; liability insurance by 10%;

and property insurance by 23%.

The proposed budget maintains an Operating Contingency in the General Fund and Highway Fund for unexpected expenses. There are also minimal Operating Contingencies in the Water and Sewer Funds.

#### RESERVE FUNDS:

The amounts in most reserve funds remain unchanged from the current fiscal year: Water Reserve Fund: \$115,964; Sewer Reserve Fund: \$89,116; and City Hall Building: \$80,620. However, the System Development Charge (SDC) Fund increased to \$16,620 from \$1,649. This represents SDCs collected from a new home in the Hemlock neighborhood. New to the 2023–2024 budget, a Fire Department Reserve Fund will be established for the purpose of development of a volunteer Fire Department in Westfir. The fund will have an opening balance of at least \$17,830 from donations. Also new, there are expenditures for System Repairs in the Water and Sewer Reserve Funds. These amounts are meant to supplement ARPA-funded projects that require additional resources.

#### PERSONNEL SERVICES:

Personnel services continue to be divided into four funds (General, Water, Sewer, and Highway) with each payroll position being split between them by the following percentages:

- Operator 5% GF / 40% WF / 40% SF / 15% HF
- Relief Operator 50% WF / 50% SF
- Recorders 20% GF / 40% WF / 30% SF / 10% HF
- Portal Maintenance 100% HF

The budget provides for a 3% cost of living increase for each employee as of January 1, 2024. It also allows merit increases *up to* an additional 3% for each employee, for a total of 6%. The PERS Net Employer Contribution Rate increased from 5.28% to 13.93% for the 2023–2025 biennium, but it was unusually low for the 2021–23 biennium. Tax rates should remain unchanged and were increased by around 3% to cover COLA and merit increases.

The City covers 80% of health insurance premiums for benefits eligible employees and 50% of the cost for the dental plan. Health insurance costs are divided among four funds in the same percentages as payroll (see above). A 5% increase in health premiums and a 6% increase in dental premiums for 2024 were included in the budget based on projections by the insurer. The budget maintains a temporary increase in City Operator hours of around 10% to account for academic training time for water and sewer operator certification.

#### SPECIAL PAYMENTS:

A 10% increase is reflected in the proposed budget for police and fire services in the General Fund, which is the most the City can afford. The Oakridge City Administrator and Police and Fire Chiefs have accepted a 5% increase, but the Oakridge City Council has not voted on the matter as of this writing. Keeping to a 5% increase would allow a bit more flexibility in a tight budget. Oakridge originally requested a 27% increase for police services and a 52% increase for fire services. The budget includes \$1,100 for the Animal Services IGA with Lane County.

Sincerely,

Nicole Tritten, Budget Officer