

BUDGET MESSAGE: 2024–2025 FISCAL YEAR

To: Westfir Budget Committee

From: Nicole Tritten, Budget Officer

Date: April 10, 2024

Memorandum: Budget message for the proposed budget for fiscal year 2024–2025

I am pleased to present the proposed budget for fiscal year 2024–2025 in the amount of \$1,525,444.

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, 2024, based on the current fiscal year.
2. A transfer from the Local Government Investment Pool (LGIP) to the City's bank account, which will be made before the end of the 2023–2024 fiscal year. However, I don't yet know the exact amount of this transfer, which might be anywhere between \$15,000 and \$25,000.

The total proposed cash on hand is divided among the funds, first to the reserves funds, then to the RTMP, ARPA and DLCD special funds (which carry over from the previous year), and then to the other 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 Fund
- Sewer Operating Fund
- Highway Fund
- Rural Tourism and Marketing Program (RTMP) Fund
- American Rescue Plan Act (ARPA) Fund
- Department of Land Conservation and Development (DLCD) Fund

The Reserve Funds are:

- Water Reserve Fund
- Sewer Reserve Fund
- City Hall Building Fund
- System Development Charge Fund

OVERVIEW:

Since the 2020–2021 fiscal year, the costs of police and fire services have increased by 64% and 124%, respectively, resulting in a tight budget in the General Fund. Insufficient amounts are budgeted in the General Fund for Facilities Repair and Maintenance and Operating Contingency. There are no excess funds available in the General Fund to transfer to reserve funds for future use. Difficult decisions will have to be made before the 2025–2026 fiscal year to provide sufficient resources to the General Fund, which also provides around 40% of the Sewer Fund's resources.

The budgets for the Water Fund and Sewer Fund are unusually tight because the City must pay a Certified Consultant until Westfir's City Operator has water and wastewater certifications. The Sewer Fund is

budgeted with the expectation that the City Operator will have wastewater certifications by January 2025. The Water and Sewer Funds have minimal funding for Repair & Maintenance and Operating Contingency. The budget falls back on the Water and Sewer Reserve Funds for repairs to water and wastewater infrastructure. However, the Water and Sewer Reserve Funds cannot be used for maintenance expenditures. The budget relies on a planned 3.8% increase to consumer water rates and a 5.4% increase to sewer rates. Twenty thousand dollars is budgeted for a new City truck under Debt Service with the funds contributing the following percentages of the purchase: General Fund: 5%; Highway Fund: 15%; Water Fund: 40% and Sewer Fund: 40%.

RESERVE FUNDS:

The Water Reserve Fund decreased to \$100,818 after a repair at the water treatment plant in Summer 2023. The other reserve fund balances remain unchanged: Sewer Reserve Fund: \$89,116; City Hall Building: \$80,620; and SDC Fund: \$16,620. The Fire Department Building Reserve Fund, established in June 2023, was dissolved in February 2024 and donations were refunded.

GRANTS:

The City applied for a forgivable loan of \$100,000 from DEQ's Clean Water State Revolving Fund to develop a Wastewater Facility Plan. The City has received initial approval for the loan, and it's included in the Sewer Fund budget.

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, 2025. It also allows merit increases *up to* an additional 3% for each employee, for a total of 6%. The PERS Net Employer Contribution Rate remains 13.93% for the 2023–2025 biennium. Payroll tax amounts have been increased in the budget by around 3% to cover COLA and merit increases. Payroll tax rates are otherwise unchanged.

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 10% increase in health premiums and a 1% increase in dental premiums for 2025 are included in the budget based on projections by the insurer.

SPECIAL PAYMENTS:

A 3% increase is reflected in the proposed budget for police and fire services in the General Fund. The Oakridge City Administrator proposed a 6% increase. Westfir requested that Oakridge leave the rates unchanged from the current fiscal year. The Oakridge City Council has not voted on the matter as of this writing. Any additional increase for police and fire services will require decreasing Facilities Repair & Maintenance and Operating Contingency in the General Fund.

Sincerely,

Nicole Tritten, Budget Officer