



June 21, 2010

## **BUDGET MESSAGE 2010 (Revised)**

The budget submitted herein is the financial plan for maintaining all City operations for the next fiscal year beginning July 1, 2010 and ending June 30, 2011. The budget has been prepared to satisfy the legal requirements of the Vernonia City Charter and the State of Oregon local budget law. This budget is the most important document the city prepares in the year. This is a balanced and sustainable plan that maintains City services for the coming fiscal year.

Though there are a number of budget format changes needed, this budget is being presented in basically the same format as previous years as a “line item” budget.

Historically, this budget was developed in an attempt to continue all existing traditional services that have been provided by the City. It is necessary, and normal, for the General Fund to provide funding for several City departments: Police, Library, and Parks. This is shown as General Fund Transfers to the individual departments so that their budgets are balanced. The Building and Cemetery often need General Fund support but this is not required this year.

The budget process is focused on the City’s annual fiscal year beginning July 1, 2010. The budget reflects the need for reductions by all City departments and may require analysis of the impact of these reductions impact on key programs, performance measures, department priorities and overall fiduciary compliance with outstanding long term indebtedness.

During the past several years, the City has gone through several Executive, Fiscal and Departmental Managers and as well as managing problems associated with migrating City data across three accounting software programs. Today the fiscal systems focus on day-to-day accounting, compliance, billing and collection, employee and vendor payments, cash management and financial reporting. To enhance oversight, the City Council established an Ad Hoc Blue Ribbon Budget Committee. This committee and the City’s Finance Officer will meet monthly and with the Interim/City Administrator prepare a monthly report to the City Council. This will include current year to date comparison to the approved budget and additional explanations of variances from that budget.

This year’s anticipated revenue projection is down from what we estimated early in the current fiscal year. As a result of a lower revenue projection significant modifications to both our City staffing and programs is incorporated in the budget. We are however setting aside resources to establish a reserve account that readies the City to make payments on the funds expended to date in the redesign of the Vernonia wastewater facility.

Additionally community development projects will increase demands on staff resources in the planning, public works, legal and building departments; however we anticipate that impact will be covered through our fee and permit structure. These projects include the Vernonia School District, the West Oregon Electric Cooperative, and the Vernonia wastewater facility design, public road and utility improvements associated with these projects. And the proposed relocation of three core community services (the Vernonia Cares Food Bank, the Vernonia Area Senior Center and the Vernonia Community Health Clinic) to the Rose Avenue Project sponsored by the City will see site acquisition by transfer from the state of Oregon to the City and limited site improvements in this budget year too. The City continues to see significant work in our response to the flood damaged homes and businesses and anticipate both acquisitions and elevations of buildings throughout the coming year. Lastly the City intends to work closely with key partners to upgrade and expand our connectivity to broadband resources.

Following is a list of the key elements or changes in the proposed budget:

1. The budget directs the City to upgrade vehicles through lease programs.
2. The budget eliminates the Chief of Police position as of September 1, 2010 and reduces funding of the City Administrator to a half time position paid from Water and Sewer revenue streams.
3. The budget assumes that COLA adjustments will be determined by Collective Bargaining Agreements or as established by City Council..
4. The budget acknowledges an extremely constrained revenue projection and establishes expense projections with stringent contingency reserves in General Fund expense items and establishes a \$60,000 reserve for the water facility.
5. Retracted
6. Retracted
7. The General Police Department budget was reduced by \$75,000.
8. This Library budget was reduced by \$4,000.
9. The Building Department is budget neutral, as fees are anticipated to cover costs.
10. The Airport is budget neutral.
11. The Vernonia Community Learning Center is budget neutral this year.
12. The Cemetery is budget neutral this year.
13. The Park's Department is budgeted to see a reduction from one (1) FTE to one or more part time FTE in 2011 of this budget cycle.
14. Enterprise Funds (Water and Sewer accounts) are being used to fund one half-time City Administrator with an anticipated start date of January 1, 2011.
15. The Streets budget is reduced and will allow only six street cleanings, no tree trimming, no holiday decorations, and no Christmas lighting. Use of Streets funds is not allowed as a component of any project. In addition, the Streets funds will pay the final payment on the 2000 street project (allowing an additional \$62,000 to be budgeted in the 2011-2012 budget cycle).
16. System Development Charges (SDC) assume that six (6) single-family homes will be permitted. We collect SDC's for water, sewer, parks, streets, and storm water.
17. Retracted.

As Interim Pro Tem - City Administrator, I recognize that the Budget Committee struggled to balance this budget. We anticipate that with additional oversight of the Ad Hoc Budget Committee, we will see ourselves successfully through the coming year and enter next year's budget setting process with our house in order.

William Haack  
Interim Pro Tem - City Administrator