

May 11, 2009

City of Vernonia Budget Committee

**SUBJECT: 2009-2010 BUDGET TRANSMITTAL LETTER**

Budget Committee Members:

I am very pleased to present the proposed FY 2009-1010 City of Vernonia budget for your consideration.

One of the most important responsibilities of the position of City Administrator is to prepare, propose, and implement the annual budget. For the most part, this budget is a balanced and sustainable plan that maintains current year services into the next year, while adding a limited amount of new spending, primarily from grants. With some exceptions that will be explained to you during the budget process, there are no dramatic shifts to reduce or increase city service levels from the current year.

The proposed budget maintains the existing service level in spite of rising costs. We have been able to do this by finding some efficiencies and by keeping costs as low as possible. I view the financial future of the City with cautious optimism and have prepared a budget that contains no surprises and keeps the City's finances on sound footing.

I want to begin by thanking the many City staff responsible for assembling this proposed budget. Many employees assist in the document's preparation. Special thanks go to Susan Spicer Pond, Finance and Human Resources Manager. Susan spent many long hours putting the budget together and making sure it is as accurate as possible.

**COMMUNITY GOALS AND OBJECTIVES**

In December 2007, a devastating flood hit the city of Vernonia. About 340 houses were damaged which is about one-third of the houses in the city. Approximately 100 houses were substantially damaged according to FEMA standards and require major reconstruction. The elementary school, middle school, and high school were all flooded, with the high school receiving so much damage that it has since been demolished. In the face of this disaster, the community has embarked on an ambitious program called **Rebuild Vernonia**. Over the next five years, we will make major, positive changes to our community to create a truly sustainable small city.

Our community goals and objectives include the following:

## ► Rebuild Schools – The Centerpiece Project

**1. Replace Elementary School, Middle School, and High School.** The centerpiece of *Rebuild Vernonia* is the replacement of the elementary school, middle school, and the high school at a location outside of the floodplain. The components of this project include: a) construction of a new compact school campus, built as “green” as possible; b) extension of wastewater and potable water lines to serve the new schools; and c) reconstruction of Missouri Avenue (curbs, gutters, sidewalks, bike paths, and travel lanes) to serve the new campus. A school bond election will be held in November, 2009 to provide a local share.

## ► Community Development

**2. Construct New Wastewater Management Facility.** The federal Corps of Engineers and the Oregon Department of Environmental Quality want the city to move its current wastewater treatment facility (a three-cell lagoon system) out of the floodplain. An update to the city’s Wastewater Facilities Plan is underway. The updated Facilities Plan will help the community select the wastewater system for the future. Sustainability and energy-efficiency will be key criteria in selecting a new system.

**3. Begin Downtown Main Street Program.** This component involves completion of an urban renewal plan for revitalizing downtown Vernonia and then implementation of projects identified in the plan. Implementation of a Main Street Program will provide the necessary skills to assist in the development and renewal of the downtown area.

**4. Build Community Service Center.** The Providence Health Clinic, Columbia Community Mental Health, the pharmacy, the Vernonia Cares community food bank, and the Senior Center were all flooded in December 2007. The community would like to construct a new multipurpose complex which could potentially house some or all of these services. The State of Oregon has agreed to transfer surplus land to the city. Consisting of about one-acre, the site is at the south entrance to the city immediately fronting on Highway 47. Other uses suggested for the site include new housing for senior citizens, a new Emergency Operations Center/emergency shelter, and a substation for the Fire District. All buildings will be designed to be sustainable and be a model for other new buildings in the city. This site is ideal and will create a new high-value gateway to the city.

**5. Construct Community Recycling and Reuse Center.** While the community is provided with typical recycling services provided through Waste Management, Inc., we are in need of a true community recycling center to aggressively promote a “Reduce, Recycle, and Reuse” philosophy in the community. It is proposed that a 501(c)3 nonprofit corporation be formed to advocate for recycling and reuse and to assist the existing private recycling service be successful. The goal is a 100% recycle and reuse community.

## ► Flood Recovery and Prevention

**6. Elevate and Rehabilitate Flood-Damaged Structures.** As a part of flood recovery, a substantial number of home and business owners need to rehabilitate their houses and business buildings. This work will include complete weatherization to reduce future energy use and costs and to integrate onsite storm management and other green development features in the rehab work. Oregon Community Development Block Grants have been awarded to assist with this effort.

**7. Flood Recovery for West Oregon Electric Cooperative (WOEC).** Major substations and the headquarters building for WOEC were badly flooded in December 2007. There is a need to relocate the main Vernonia Substation and the headquarters facilities out of the floodplain. Flood waters have twice shorted out the substation and put three to four feet of water into their buildings. Another main project is undergrounding a transmission line that storms and trees have devastated numerous times and has currently been out of service since the 2006 wind storm. There is also a need to upgrade the electrical grid and substations to handle the technological advances and energy uses of the future. WOEC needs to design and implement a Smart Grid system, for everything from electric cars to green technologies to energy efficiencies.

**8. Reduce Future Flooding in Vernonia.** The US Army Corps of Engineers will provide funding for a flood modeling study of the Nehalem River and Rock Creek watersheds. Once the model is done, it will be able to do flood prevention simulation and help define projects that can reduce future flooding. This project will get underway in the summer of 2009.

## ► Economic Development

**9. Provide Broadband Internet Services.** Only the area near downtown Vernonia and along Highway 47 has broadband internet coverage. Most of the city and the rural area surrounding the city are without coverage. Broadband internet coverage will enhance the city's opportunities for economic development. A feasibility study is needed.

**10. Develop Light Industrial Site—Create Family-Wage Jobs.** There is a 52-acre parcel zoned Light Industrial located at the northeast corner of the city. The site has excellent highway access, is located outside the floodplain, and has a 26 inch natural gas main adjacent to it. The city would like to assist the landowner with site preparation work, construction of the appropriate utilities and infrastructure to serve the site, and then work with the State of Oregon to market the site. Federal Economic Development Administration (EDA) funds have been awarded to analyze the site and determine how it can be divided and then developed to encourage creation of family wage jobs. The site needs appropriate roadwork and necessary utilities. The site will also be analyzed for a new power generation plant that would convert biomass to electricity.

## **OVERALL BUDGET SUMMARY**

The total FY 2009-2010 proposed budget, including General Fund and all enterprise fund expenditures is proposed at \$11,426,199, compared to \$8,486,418 within the current fiscal year. The reasons for the increase are many and will be outlined for you during the budget process.

## **GENERAL FUND BUDGET**

Basic operations of the General Fund include Administration, Library, and Police. The General Fund provides funding for daily services most residents recognize and use frequently. The FY 2009-2010 General Fund is proposed at \$1,203,404.

### **General Fund Revenues**

Total Operating Revenues are proposed at \$2,203,404 which is down \$573,020 from the current year. Property taxes continue to be the largest share of General Fund revenues. Current year property tax revenues are planned to increase by \$30,207, as estimated by the Columbia County Assessor. The City's permanent tax rate is \$5.8163 per thousand dollars of assessed value for the City of Vernonia. As an example, a house with an assessed value of \$150,000 will pay \$872.45 in property taxes to the City.

### **General Fund Expenditures**

General Fund expenditures in the current budget year are \$1,776,424. Total General Fund expenditures are proposed at \$1,203,404 for the next fiscal year.

## **ENTERPRISE FUNDS AND OTHER FUNDS**

Enterprise Funds include Airport, Building, Cemetery, Vernonia Community Learning Center (VCLC) Parks, Water, and Sewer. Other Funds include Capital and Community Projects, System Development Charge (SDC), Community Development Block Grant (CDBG), and Vernonia Prevention Coalition (VPC).

Of the above funds, Water and Sewer account for the largest revenues and expenditures. Most of these funds will remain constant with a few changes due primarily to the receipt of grant funds.

## **CONCLUSION**

This is only a proposed budget and the Budget Committee can make any modifications it deems necessary in the best interests of the community. This budget is a financial plan, which the City follows in order to provide needed City services and programs.

I look forward to reviewing the proposed budget with you and wish to thank the following staff members who worked on the preparation of this budget:

Susan Spicer Pond, Finance and Human Resources Manager

Joann Glass, City Recorder

Jeff Burch, Public Works Foreman

Mike Kay, Interim Police Chief

Nancy Burch, Librarian

Kelli Martinez

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Respectfully Submitted:

Jim Johnson

Interim City Administrator