

**CITY OF STANFIELD**  
**OREGON**  
**Adopted Budget for Fiscal Year 2015/16**

**BUDGET COMMITTEE**

**ELECTED OFFICIALS**

Mayor: Thomas McCann  
Council President Don Tyrrell  
Councilor Lynn Weathermon  
Councilor Pamela McSpadden  
Councilor Jack Huxoll  
Councilor Delwin Manley  
Councilor Jason Sperr

**TERM EXPIRES**

December 2016  
December 2016  
December 2016  
December 2016  
December 2018  
December 2018  
December 2018

**APPOINTED OFFICIALS**

Patricia Whitehead  
Gene Jorgenson  
Steve Otzenberger  
Paula Otzenberger  
Karen Johnson  
Jim Whelan  
Susan Whelan  
David Keltz

Citizen Member  
Citizen Member

**CITY STAFF**

Blair Larsen  
Bryon Zumwalt  
Scott Morris  
Gerald Carlson  
Cecili Longhorn

City Manager/Recorder  
Chief of Police  
Public Works Director  
Finance Director  
Library Director

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## **City Manager's Budget Message**

### **BUDGET COMMITTEE MEMBERS AND CITIZENS OF STANFIELD, OREGON:**

I am pleased to submit my budget recommendation for FY 2015/2016. The budget was prepared to facilitate the 5-year council goals and the ongoing provision of services to City of Stanfield residents.

### **OVERVIEW**

This budget year finds the state of the national economy still recovering from one of the most severe recessions in history. While Eastern Oregon has certainly felt the affects of the recession, the City's finances remain steady without the need for lay-offs or other major budget cuts that other cities have had to face.

Government budgets tend to lag behind the national economy, meaning FY 15/16 should see some improvements for the budgets of governments everywhere, including the State of Oregon and the City of Stanfield. Since the City relies to some extent on revenues from the State of Oregon, we continue budgeting those revenues with caution. We anticipate that property taxes will increase slightly compared to the current fiscal year. However, the prospects for the City are good. Stanfield is primed for growth as our water system improvements have recently been completed, making the I-84/US 395 interchange an attractive location for development, and improving the water supply for the entire City. In cooperation with the property owners in the area, the City has been conducting commercial development feasibility studies and marketing efforts to promote the opportunities there. The Panoramic Ridge housing development has experienced some delays but will probably begin its next phase in FY 15/16 begins. The next two phases will likely include the extension of Mamie Street to US 395, which has long been one of the City's goals. The proposed budget continues the conservative and strategic spending policy of the last several years that has allowed the City to build healthy carryover balances in each of the City's major funds, which are essential in the City's ability to continue to pay for increasing benefit costs, payroll taxes, and necessary maintenance and improvement costs. The proposed budget continues the previous year's efforts to maintain a contingency line item totaling about 10% of normal expenditures. While this is not possible in some funds, such as the Library Fund or Garbage Fund, the total amount of contingency funds comes close to this goal. This will allow for a healthy fund balance, and sufficient funds to handle unforeseen events.

### **FY 2014/15 BUDGET – A RECAP**

- **Financial Stability.** The City entered FY 14/15 with a healthy carryover in each of the City's major funds, which have helped sustain the City's finances. With aging water and sewer infrastructure, it's hard to predict and prepare for the various maintenance issues that may arise; however, conservative budgeting, healthy fund balances, and proper levels of contingency funding provide a much-needed cushion.

Changes in the fuel tax three years ago necessitated tightening the budget for parks and streets. Our Public Works staff continues to meet the resulting challenge of providing well-maintained parks with much less money. While there is still a health fund balance in the Fuel Tax fund, these monies must be carefully budgeted to ensure adequate funding in the future, because they will not be replaced by additional revenue anytime soon. Until the City is able to garner more significant commercial development, the budget for parks and streets will continue to be very tight. Despite limited funds, the City was able to complete the paving of the Bard Park parking lot, and to provide matching funds for an Oregon Parks and Recreation Department Local Government Grant to place a permanent restroom facility at Bard Park.

- **Police Services.** Despite challenges in staffing, the Police Department will continue to participate in ODOT's Truck Inspection Program, which allows us to ensure that the semi-trucks coming through town meet Federal and State safety standards. While it is not clear what funds will be available from ODOT in the future, the City finds that maintaining the relationship with ODOT and the training opportunities that they provide to be profitable. The City will work to ensure that no resources will be spent on truck inspections unless the efforts bring in revenue. The Public Safety Fee that went into effect last year has allowed the City to increase police officer salaries to the point that they are competitive with other cities of a similar size. With the exception of the part-time code enforcement officer, the Police Department is now fully staffed, and the new officers are performing well.
- **Water System Improvements.** Although delayed, the construction of the water system improvements was completed last summer. This project was funded by a \$1,702,500 Community Development Block Grant, and a \$2,033,457 Safe Drinking Water Revolving Loan Fund loan, of which \$721,500 is forgivable. The final cost was \$3,735,957, which was under the approved budget of \$3,917,500 by \$181,543.
- **Stage Gulch Property.** The City continues to obtain the needed easements to provide the necessary ground to control and maintain the Stage Gulch levees. A few easements remain, requiring additional time and funding in the FY15/16 budget.
- **New Software.** The new software funded in the FY14/15 budget is in place, and has had a big impact on our operations at City Hall. While there are still some issues remaining, overall the new software has improved our processes and is saving time and effort.

## **KEY ECONOMIC FACTORS AND ASSUMPTIONS**

During the preparation of the FY 15/16 budget, the City utilized several assumptions based on key economic indicators. The assumptions are as follows:

- **Property Tax Revenues** for FY 14/15 present a 6.41% increase over the amount budgeted in FY 14/15. This assumption is based on the actual amount of property tax revenue collected in FY 14/15.
- **Population** of the city is currently estimated at 2,115. It is assumed that during the upcoming fiscal year the City's population will not significantly increase. Population affects the estimates

for state shared revenues and state gas taxes which are distributed on a per capita basis. Population estimates are developed by Portland State University by December of each year.

▪ **Labor Costs**

- No new positions are being requested in FY 15/16, but salary increases are included in the proposed budget. More information on this issue is included in the next section.
- Healthcare benefit premiums are budgeted at an overall 7.8% increase above FY 14/15 levels. As it has the last two years, the City has budgeted 90% of the premium cost for health care for all city employees in FY 14/15. Employees are responsible for the remaining 10%. With the major changes in the health care marketplace right now and over the next few years, the City will need to pay close attention to healthcare costs. Over the next couple of years, the City may need to consider moving to a different health plan in order to curb the constant increase in health benefit costs. The City is working closely with its healthcare insurer to stay informed of changes to the market and what the City needs to do to be prepared for them.

▪ **Risk Management** assumptions include the following:

- Worker's compensation insurance rates increase by 3% for FY 15/16.
- Property insurance will increase by 5% for FY 15/16.
- Liability insurance will increase by 7.6% for FY 15/16.
- Unemployment insurance costs are not expected to increase.

## **FOCUS OF THE FISCAL YEAR 2015/16 BUDGET**

The City's total budget is \$2,833,129, which represents a 9.76% decrease from the \$3,139,445 budget last year. The decrease is attributed to the completion of the water system improvements project.

The proposed budget includes funding in the Water and Sewer Funds for participation in a Geographical Information System. This system will allow the City to maintain more accurate and usable computer-generated maps of water and sewer infrastructure. The City is also looking at using the same system for other needs. Funding in all four of the public works funds is included for a new vehicle.

This proposed budget continues the efforts begun in FY14/15 to keep our salaries competitive—it includes merit raises in accordance to the salary and wage scale developed last year.

One of the main continuing concerns with the City's finances in previous years was the lack of reserve and contingency funds. The proposed budget includes a total of \$206,120 of contingency funds in total compared to \$135,115 in FY 14/15. Looking at our total budgeted contingency funds plus what we have in reserve funds, there is over \$434,340 budgeted to be set-aside in FY 15/16 compared to just \$197,622 in contingency and reserve funds in FY 14/15. I hope to be able to set contingency levels to 10% of normal expenses for each fund as it becomes more possible to do so. It is important to keep a proper perspective on contingency funds. These monies should operate like a household savings account, to be held unspent for emergencies and unforeseen events. Also, a significant portion of resources comes from cash carryover from the previous

year. This is one-time money that cannot be relied on in future years. A larger contingency fund allows the City to save some of this one-time money for future years when emergencies may demand its use. In addition, the Water and Sewer funds should build up reserves so that future improvements can be made without incurring as much debt.

Now that the water system improvements are completed, we need to be diligent in looking at where our water rate needs to be. The proposed budget does not include any rate increases. While we want to keep the rate down as much as possible, it will be critical that we provide an avenue to build reserve funds for the water system. When water system improvements are needed again in another 20 or 30 years, it will be more beneficial to the community to already have that money set aside rather than having to borrow again, which necessitates large rate increases all at once, such as the recent and current increases to the water and sewer rates we are in the midst of imposing now.

In order to simplify our accounting system, we will be moving all streets-related expenses from the Fuel Tax fund to the Streets fund. The amount of these expenses will be offset by a corresponding transfer of funds.

### **Areas of Ongoing Monitoring**

- **Fuel Tax Fund.** Due to the change in the Fuel Tax, the City will continue to strive to move more Fuel Tax Fund line items to the Street Fund, and move more salary into the other public works funds such as Streets, Water and Sewer. This change severely limits what we are able to do with our Fuel Tax Fund, which principally funds maintenance of our parks system and a significant amount of street maintenance.
- **Library Fund.** Due to limited revenue from the Umatilla County Special Library District, our Library fund is limited and will not be able to keep up with rising costs in the future. We expect that we will have sufficient funding to maintain service levels this year, but service reductions may be necessary in future years if revenues do not improve. The Library District will be examining their revenue allocation formula soon, and I expect to be a part of the committee investigating potential changes.

### **ACKNOWLEDGEMENTS**

In closing, I would like to thank Gerald Carlson, Finance Director, for his efforts in helping coordinate the budget process, and to the department directors and staff that have contributed to the creation of this document. Lastly, I would like to thank the Budget Committee and City Council for your continued support and analysis of the budgetary issues facing the City. It is with your help that the City will continue to grow and improve the quality of life for all of its citizens.

Respectfully submitted,

Blair Larsen  
City Manager & Budget Officer