

CITY OF ROCKAWAY BEACH



CITY MANAGER'S BUDGET MESSAGE FISCAL YEAR 2014-2015

Honorable Mayor, Council, Budget Committee, and Citizens of Rockaway Beach:

My thanks to all involved in this process for your positive interest in formulating a Budget that will reflect the needs and capabilities of the City of Rockaway Beach. The proposed Budget Document presented to you here, and the approved Budget that will result from our process and be forwarded to the City Council for adoption, is a plan, an estimate to the best of our collective ability, as to what the City's needs are and how we intend to meet them. The State of Oregon requires that cities submit a balanced budget based on estimated resources and expenditures. The limitations imposed by revenues and fund balances will determine what expenditures can be made, what staffing levels can be, and what projects can be funded. While complying with Oregon Local Budget Law, we have made every effort to make this Budget understandable to you and your fellow citizens. We will do our best to answer any and all questions during this process.

The Proposed Budget preserves the City's essential functions and services. The following are considerations bearing upon the City Budget:

- The General Fund beginning balance after the 2012-13 Audit is **\$277,980** for the proposed Budget, representing a slight improvement over last year's numbers;
- The City property tax rate is **.988/\$1,000** of assessed value and is the second lowest for all cities in Tillamook County;
- Property tax revenues are projected significantly upward next fiscal year, with an estimated increase of **3.9%** to the General Fund, more than twice the increase of last year's Budget;
- Fuel prices remain high and budget estimates reflect that reality;
- City Enterprise Funds (water and sewer) are adequately funded and therefore the Budget again contains **no utility rate increases**. You should note, however, that Enterprise Funds may not be spent for General Fund requirements;
- The long-threatened PERS increase took effect in the last budget year, meaning a much smaller increase for this Budget;
- Renegotiation of the Union Labor Agreement is in progress, with the final cost of living increase amount to be determined. The final number will likely be less than what is in this proposed Budget;
- State Revenue Sharing dollars are projected to increase slightly;
- Health insurance premiums will again increase by an amount not to exceed **5%**, which is similar to last year;
- Other Insurance rates are also up: Liability/auto liability insurance is up **26%**; vehicle physical damage up **15%**; no property increase; and workers' compensation remains the same. Overall insurance coverage costs are up **11.5%**.

This Budget is conservative--revenue estimates are not unrealistically high nor are expenditures unrealistically low. I believe that the actual revenue and expenditure numbers for the coming year will be better than the Budget. The goal is to end the year with higher ending fund balances in all Funds, but most importantly in the General Fund, and we will aggressively move to spend less than appropriated.

We have again included for your information a consolidated listing of Debt Service requirements--money the City owes various entities for projects funded in the past. The debt service funds are fairly straight forward and are funded to service the required payments. An additional item on the debt service is the annual payment for the loan for the Police Department Building.

Water Improvements Debt Service continues to bear the additional burden of the **\$615,030** loan which was part of the ARRA funding package for the Jetty Creek Water Treatment Plant (WTP) Improvement.

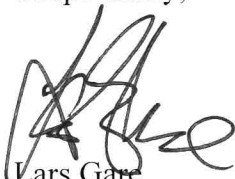
The City still has a long list of paving projects which have been stalled for a long time and this budget once again includes **\$50,000** that we hope to get from ODOT under the Small Cities Allocation (SCA) program to pave the next street on our priority list. We received no funding from ODOT under SCA during the 2012-2013 and 2013-2014 Budget Years and completed no major street projects this year.

The Sewer Master Plan Reserve Fund still includes **\$300,000** budgeted for a lift station replacement but will likely not be spent. Funds are also budgeted to complete the Sewer Master Plan.

Transient Room Tax revenue is projected 31% higher, due to the tax increase from **7% to 9%**. **2%** of the total tax collected will still be allocated for advertising and includes increases for Contract advertising and City advertising. This advertising is a vital component for promotion of tourism and will ensure that prospective tourists receive information about our City.

Again, thank you for your work on this important process. I believe the budget proposal presented to you meets the City's needs.

Respectfully,



Lars Gare
City Manager