



## Fiscal Year 2021-23 City Manager's Budget Message

Mayor Buck, Chair, Members of the Budget Committee, and Citizens of Lake Oswego:

I am pleased to submit the 2021-2023 Proposed Budget for Budget Committee consideration. This proposed budget positions the City well to deliver effective and efficient municipal services that create an outstanding quality of life for all of the people of Lake Oswego. Budget Committee review and deliberation is critical to ensuring that the City is a careful steward on the resources it manages on behalf of the public.

As we have done in the past, we treat the operating departments in the General Fund as enterprises, which is described in greater detail in the “Budget Process and Philosophy” chapter. This biennium, departments received an increase of 2.15% in the first year and 4.35% in the second year of the biennium over their operating revenues, with the exception of the Planning Department (0%) and the Parks and Recreation Department (5.75/9.59%). The increase for Parks and Recreation is to prepare for the recreation and aquatic center opening and golf course reopening.

Five major themes stand out in this proposed budget:

- The City is financially well positioned to begin the next biennium. There are several factors that contribute to the City’s strong financial position. The first is our reserves, built over time through adherence to policy. The second is the stability of the City’s revenue streams, particularly our property tax revenues in the general fund. The third is careful management of the costs of personnel. In this biennium, we benefit in particular from a significant reduction in health care premiums. Finally, the impacts of COVID-19 costs on the City’s operations were mitigated by funds from the CARES Act.
- Funding is allocated to the City Council’s goals. In particular, this budget includes:
  - \$2 million in funding for top priority pathways without reducing funds for streets. This allocation is made up of one-time savings from the FY 2019-2021 biennium;
  - A new position approved by Council in January 2021 to implement the recommendations of the Diversity, Equity, and Inclusion Task Force;
  - A new position in planning to address the Council’s goals for economic development, affordable housing, and a community-specific implementation of HB 2001;
  - A new position as a Behavioral Health Specialist in the Police Department to move towards the goal of 21<sup>st</sup> century public safety departments.