



2019-21 Biennium City Manager's Budget Message

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

The **operating** budget for the 2019-21 biennium is once again a hold-the-line budget, with no increases in service levels. As noted in the "Budget Process and Philosophy" section, a key policy issue is the allocation of general revenues (primarily property tax) to the operating budgets. For the most part, I propose an increase in departments' allocations equivalent to the overall increase in general revenues (estimated by the Finance Department as 3.3% and 3.5% per year, respectively), with three exceptions: a slightly lower increase for the Fire Department (1.5% per year) as Chief Johnson addresses increased efficiency in that department; no increase for Planning & Building Services due to a healthy increase in departmental revenue (development fees), and a slightly higher increase (5.8% the first year and back to 3.5% the second year) for the Police Department.

Per Budget Committee direction last year, the golf course budget has been moved into the overall Parks budget, rather than accounting for it in a separate enterprise fund. We will, however, seek Council review and approval of golf user fees that will at least cover direct expenses of operating the golf course, as is the policy for most other recreation programs.

Most of the interesting policy decisions are in the **capital** budget. It includes two major projects: Boones Ferry Road and City Hall. It also includes a modest amount for legal and other consulting services relating to the possible construction of a new Foothills wastewater treatment plant. The budget includes an appropriation for the first sale of parks bonds approved by voters on May 21, with the understanding that the Parks Board and City Council will provide further direction on how the funds will be allocated.

The budget continues the current level of support from the general fund for streets, at \$3 million per year. It also provides for \$10 million in street revenue bond funds, supported by the increase in state transportation funding. Even at that, the Council will need to make some difficult choices between pavement preservation, intersection improvements, and pathways. The lack of available funds for storm water capital improvements will continue to limit the amount of major street reconstruction work we can do under our "dig once" policy.

But the overall message is a positive one: careful fiscal stewardship by the City Council and the resourcefulness of our operating managers has enabled Lake Oswego to maintain key city services even in the face of PERS increases, and at the same time, complete an impressive list of upgrades and improvements to our infrastructure.

Sincerely,

A handwritten signature in blue ink that reads "Scott Lazenby".

Scott Lazenby, City Manager