

Budget Message



CITY MANAGER'S BUDGET MESSAGE FOR THE 2025-27 BIENNIUM

July 1, 2025

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

I am pleased to submit the 2025-2027 proposed budget for Budget Committee consideration. This proposed budget positions the City well to deliver effective and efficient municipal services that cultivate an exceptional quality of life for everyone in Lake Oswego. Budget Committee review and deliberation is critical to ensuring that the City is a careful steward of 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 4.5% in the first year and 3.5% in the second year of the biennium over their operating revenues, with two major exceptions

- **Police:** The allocation to the Police Department in the first fiscal year is 7.13% (or \$500,000), plus a one-time additional allocation of \$300,000 to upgrade our body cameras.
- **Planning.** The allocation to the Planning section of the Community Development Department in the first fiscal year is 19.34%. This represents a total of \$400,000. It is needed because the allocation for Planning has been 0% for the past three biennia, and their workplan to implement Council goals is substantial.

There are six other issues of note.

- The City's primary revenues, particularly our property tax revenues in the general fund and our utility rate revenues, are incredibly stable. Additionally, the City's historic practice of following our reserve and contingency policies put us in a strong financial position to begin the biennium.
- Funding is allocated to Council goals. This includes a proposed new Urban Forester Position and matching funds for a limited duration paramedic in the Fire Department (matching a two year a State of Oregon grant). The budget also includes funding for professional services in Planning, City Manager's Office, and LORA. Council directed capital also includes five pathways to schools and also completing the Willamette River Greenway between Roehr and George Rogers parks and the West Waluga Park pathway.

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- This proposed budget includes an accurate count of the total on call staff who are required to operate the Lake Oswego Recreation and Aquatics center. In FY 2023-2025, we estimated the needed on-call FTE at 14. This proposed budget places the number higher, at the equivalent of 31 FTE, based on the updated operating plan.
- In addition to the Urban Forester and Paramedic positions, there are several other notable changes in personnel in the proposed Budget.
 - o The proposed budget adds 1 FTE split between Human Resources and Finance. Both departments face substantial increased workload because of new mandates and new City services. This new position is partially offset by eliminating a vacant .75 FTE in the City Manager's Office.
 - o The proposed budget absorbs 100% of the costs of the School Resource Officer that was previously funded by the Lake Oswego School District.
 - o The proposed budget adds 1 new FTE on the Street Crew for Public Works Operations and 2 new FTE for the Stormwater crew. These additions reflect the increasing demand for routine maintenance of both the City's streets overall and for the City's catch basins and stormwater facilities.
 - o The proposed budget includes an additional .4 FTE in the City Attorney's office for the City Prosecutor. In past budgets, this was contracted out.
- The proposed budget does not include a contribution to the Capital Reserve. In past biennium, the City was able to direct "excess" ending fund balance to Capital Reserve, which created funds that the City Council could direct to high priority projects over the biennium. There is one project budgeted in the Capital Reserve in FY 2025-2027, the purchase of a replacement fire engine.
- The proposed budget transfers \$ 3 million each of the two years of the biennium from the General Fund to the Street Fund. This is primarily allocated to pavement rehabilitation, which is budgeted at \$4 million per year for the next two years. The rest of the funds for street projects come from other fund specific revenues.

In conclusion, the proposed budget is a spending plan to address the needs of Lake Oswego, to implement the Council's goals, and to continue the long tradition of thoughtful financial stewardship of the Community's rate, tax, and fee dollars. I look forward to your deliberation.

Sincerely,



Martha Bennett, City Manager