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**To:** Budget Committee members  
**From:** Jeremy Caudle, City Administrator  
**Date:** Monday, May 20, 2024  
**Re:** Changes to the budget based on May 15 feedback

# MEMO

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This is to summarize changes to the budget based on feedback from the Budget Committee at the May 15 meeting. With these changes, the total city budget went from \$4,706,927 to \$4,656,652.

Following this memo, you'll find the following documents:

- List of changes in expenditures. This document shows the total changes for each account (across all cost centers in the relevant fund). This also displays a total of all expenditures changes.
- List of changes in revenues. This document shows which revenues accounts changed.
- Comparison of changes in fund balances from the recommended to the approved budgets.
- Sewer rate analysis. This table displays various scenarios for changes in the monthly sewer rate per equivalent dwelling unit (EDU) compared to the current rate.
- Personnel allocation table. This table shows updated allocations (as a percentage) of staff among the various funds and cost centers.
- Personnel salary/wage table. This table shows how wages/salaries are allocated among the funds and cost centers based on the updated allocation table.

## 1. Summary of changes.

- I reduced the General Fund allocation of Public Works employees and increased their allocation to the Water Fund and Sewer Fund commensurately. At the last meeting, the Budget Committee increased the allocation of the Water Lead Operator so that his allocation of time to the Water Fund is greater than in the Sewer Fund. At the same time, the Budget Committee left the Wastewater Treatment Lead Operator's allocation of time split equally among the Water Fund and Sewer Fund. After further consideration, I decided that, for the sake of consistency, the Waster Treatment Lead Operator's split should mirror that of the Water Lead Operator—in other word, a greater amount of his time should be allocated to the Sewer Fund than the Water Fund.
- I eliminated the new truck for the public works truck. This resulted in deleting the \$70,000 loan proceeds and capital outlay, as well as the first year's loan payment allocated among the different funds.

- Increased policing service to \$10,000, compared to the \$8,313 discussed at the Budget Committee meeting. Following the meeting, the City of Oakridge asked to roundup the hourly rate to \$170. I rounded up to \$10,000 to account for this. The difference (\$1,687) isn't that much.
- Removed \$25,000 new gate for wastewater treatment plant.
- Increased Blackberry Jam Festival Fund revenues \$14—what was necessary to balance that fund after increasing expenditures \$14.
- Removed \$7,500 for out-of-city library membership fee. This account and the updated draft fee schedule now reflect no library membership fees.
- Increased Water Fund revenues \$27,211 based on the Budget Committee's wish to keep water rates at their current levels.
- As a result of these changes, the General Fund's projected ending balance is \$91,484, compared to \$98,114 in the recommended budget. (This assumes not using amounts budgeted for contingency. I budgeted net resources in the contingency account instead of the unappropriated fund balance account.)
- Both the Water Fund and Sewer Fund balances have increased as a result of these changes. For the Sewer Fund, this net increase (after the personnel allocations and pay increases) is mostly due to eliminating the new gate. For the Water Fund, this net increase is mostly due to keeping water rates as-is. The Street Fund's increase in ending fund balance is due to eliminating the public works truck and first year's loan repayment.

## **2. Discussion on sewer rates.**

The Budget Committee may wish to adjust sewer rates at the May 22 meeting. The table in the packet shows different rate scenarios. Under each scenario, you can see the total revenues that the rate would generate, the ending FY 25 balance, the resulting surplus or deficit, and the impact on the average homeowner's utility bill.

After further consideration, I recommend that the Budget Committee consider an increase between what's needed to break even (\$83.48 per month per EDU) and the current rate (\$68.51 per month per EDU). Keeping the rate as-is will result in the need for an even greater increase next year to breakeven.

For instance, a \$5.27 per month per EDU increase will leave the Sewer Fund with an ending FY 25 balance of \$157,479. In my professional opinion, this is adequate to handle most emergencies.

## **3. Informational items.**

### COLA versus merit increase

At the last meeting, the Budget Committee asked if the salary increase should be based on a step increase or a cost-of-living adjustment (COLA). The increase that the committee discussed is 3.5%.

A COLA is across the board for everyone. The COLA has the effect of increasing each step on the pay plan by 3.5%. This ensures that salaries keep pace with the cost of living.

A merit increase is tied to performance. Employees must receive a “meets expectations” or higher on their annual performance evaluation to receive a merit increase. We implement the merit increase by increasing the employees’ step on the pay scale, thereby increasing their salary. For reference, each step on the pay scale for all employees is separated by 3.5%. So, for instance, step 2 is 3.5% higher than step 1, step 3 is 3.5% higher than step 2, and so on.

If the Budget Committee’s goal is to reward satisfactory performance, then select a merit increase. If the goal is to ensure market competitiveness of salaries, then select a COLA.

It’s possible to combine a COLA with a merit increase. In this case, since the 3.5% salary increase is the same amount as a merit increase, a combined approach would have to result in an increase greater than 3.5%. For example, you could do a merit increase with a 1% COLA, resulting in a maximum possible increase of 4.5%.

The changes that I implemented in the budget for the May 22 meeting are based on a 3.5% increase.

Follow up on employee time allocation method.

There was discussion at the last meeting on how we calculate allocation percentages for employees. It is correct that a portion of Public Works employees’ overtime and standby pay is allocated to the General Fund. I confirmed this after a discussion with our accountant.

The projected amount of overtime and standby pay for the upcoming fiscal year affect the allocation percentages.

According to our accountant:

Employee allocations generated each year are based on the compilation of several factors:

1. Actual historical time worked
  - a. Each employee completes a time sheet for payroll identifying actual hours worked for each specific fund or department. This time is compiled for worker’s compensation purposes. Actual time worked is compared to the proposed allocations and reviewed or revised accordingly.
2. Proposed Projects
  - a. When making adjustments to the proposed personal services allocations, ongoing or proposed major projects are taken into consideration. For example, this upcoming budget year, there are major water projects planned.
3. Overtime

- a. Each year, a review of actual overtime worked is completed, along with a discussion with the Public Works Director and overtime is calculated based on historical actuals and potential upcoming changes. This time is calculated for each employee, then aggregated for the budget document.
4. Payroll Calculations
  - a. It is important to note that employees are paid based on the budgeted percentages and allocated accordingly to the appropriate fund or department.
5. A considerable amount of time is spent determining annual allocations and overtime for the personal services package, along with projections for increases to PERS and other benefits.

#### **4. Conclusion.**

I am asking for a vote from the Budget Committee at the May 22 meeting so I can publicize Form LB-1 and schedule final hearings and approval with the City Council.

From my understanding of the last meeting, it appears that the last remaining change that the Budget Committee may want to make is to the monthly sewer rate.

If we change the rate at the May 22 meeting, then I'll need to update a few calculations, which I should be able to do at that meeting. Then, I'll have a final budget number to give to you for a motion to approve the FY 24/25 budget.

Fund Name	Title	FY 24/25 Recc	FY 24/25 Approved	\$ Difference	Explanation
Blackberry Jam	Worker's Comp	436.00	450.00	14.00	3.5% COLA
Blackberry Jam Total		436.00	450.00	14.00	
Building Fund	City Administrator	1,912.00	1,979.00	67.00	3.5% COLA
Building Fund	City Clerk	2,393.00	2,476.00	83.00	3.5% COLA
Building Fund	Contingency	12,090.00	11,709.00	-381.00	Contingency adjusted to balance budget
Building Fund	Public Employees Retirement	1,838.00	1,901.00	63.00	3.5% COLA
Building Fund	Public Works Director	4,049.00	4,191.00	142.00	3.5% COLA
Building Fund	Social Security/Medicare	665.00	688.00	23.00	3.5% COLA
Building Fund	Worker's Comp	66.00	69.00	3.00	3.5% COLA
Building Fund Total		23,013.00	23,013.00	0.00	
General Fund	City Administrator	43,021.00	44,529.00	1,508.00	3.5% COLA
General Fund	City Clerk	7,178.00	7,429.00	251.00	3.5% COLA
General Fund	Contingency	76,691.00	70,061.00	-6,630.00	Contingency adjusted to balance budget
General Fund	Librarian/Special Events	21,482.00	22,234.00	752.00	3.5% COLA
General Fund	Loan Interest	945.00	0.00	-945.00	Removed public works truck loan and purchase
General Fund	Loan Principal	1,755.00	0.00	-1,755.00	Removed public works truck loan and purchase
General Fund	Maintenance Worker I	7,379.00	7,638.00	259.00	3.5% COLA
General Fund	Police Services	0.00	10,000.00	10,000.00	Added back some budget for as-needed policing
General Fund	Public Employees Retirement	24,149.00	22,991.00	-1,158.00	Reallocated public works positions
General Fund	Public Works Director	6,478.00	5,028.00	-1,450.00	Reallocated public works positions
General Fund	Social Security/Medicare	9,235.00	8,471.00	-764.00	Reallocated public works positions
General Fund	Temporary/ Seasonal	8,320.00	8,364.00	44.00	3.5% COLA
General Fund	Unemployment	8,220.00	7,620.00	-600.00	Reallocated public works positions
General Fund	Utility Worker I	4,900.00	1,521.00	-3,379.00	Reallocated public works positions
General Fund	Utility Worker II	4,900.00	1,521.00	-3,379.00	Reallocated public works positions
General Fund	Vehicles & Rolling Stock	10,500.00	0.00	-10,500.00	Removed public works truck loan and purchase
General Fund	Worker's Comp	2,575.00	2,321.00	-254.00	Reallocated public works positions

Fund Name	Title	FY 24/25 Recc	FY 24/25 Approved	\$ Difference	Explanation
General Fund Total		237,728.00	219,728.00	-18,000.00	
Sewer Fund	Buildings & Facilities	25,000.00	0.00	-25,000.00	Removed new gate for wastewater treatment plant
Sewer Fund	City Administrator	23,902.00	24,738.00	836.00	3.5% COLA
Sewer Fund	City Clerk	19,141.00	19,811.00	670.00	3.5% COLA
Sewer Fund	Contingency	98,780.00	118,649.00	19,869.00	Contingency adjusted to balance budget
Sewer Fund	Interim Loan RD Financing	2,205.00	0.00	-2,205.00	Removed public works truck loan and purchase
Sewer Fund	Loan Principal - Interfund Loa	4,095.00	0.00	-4,095.00	Removed public works truck loan and purchase
Sewer Fund	Maintenance Worker I	922.00	955.00	33.00	3.5% COLA; reallocated public works positions
Sewer Fund	Public Employees Retirement	29,039.00	30,952.00	1,913.00	3.5% COLA; reallocated public works positions
Sewer Fund	Public Works Director	33,201.00	35,201.00	2,000.00	3.5% COLA; reallocated public works positions
Sewer Fund	Social Security/Medicare	10,509.00	11,202.00	693.00	3.5% COLA; reallocated public works positions
Sewer Fund	Unemployment	9,900.00	10,230.00	330.00	3.5% COLA; reallocated public works positions
Sewer Fund	Utility Worker I	20,827.00	21,302.00	475.00	3.5% COLA; reallocated public works positions
Sewer Fund	Utility Worker II	20,827.00	25,106.00	4,279.00	3.5% COLA; reallocated public works positions
Sewer Fund	Vehicles & Rolling Stock	24,500.00	0.00	-24,500.00	Removed public works truck loan and purchase
Sewer Fund	Worker's Comp	2,683.00	2,885.00	202.00	3.5% COLA; reallocated public works positions
Sewer Fund Total		325,531.00	301,031.00	-24,500.00	
Street Fund	City Administrator	2,868.00	2,969.00	101.00	3.5% COLA
Street Fund	Contingency	20,988.00	22,996.00	2,008.00	Contingency adjusted to balance budget
Street Fund	Loan Interest - Library/City	2,700.00	0.00	-2,700.00	Removed public works truck loan and purchase
Street Fund	Public Employees Retirement	3,805.00	3,899.00	94.00	3.5% COLA
Street Fund	Public Works Director	4,049.00	4,191.00	142.00	3.5% COLA
Street Fund	Social Security/Medicare	1,376.00	1,411.00	35.00	3.5% COLA
Street Fund	Utility Worker I	2,450.00	2,536.00	86.00	3.5% COLA
Street Fund	Utility Worker II	2,450.00	2,536.00	86.00	3.5% COLA
Street Fund	Vehicles & Rolling Stock	10,500.00	0.00	-10,500.00	Removed public works truck loan and purchase
Street Fund	Worker's Comp	1,854.00	2,002.00	148.00	3.5% COLA

Fund Name	Title	FY 24/25 Recc	FY 24/25 Approved	\$ Difference	Explanation
Street Fund Total		53,040.00	42,540.00	-10,500.00	
Water Fund	City Administrator	23,902.00	24,738.00	836.00	3.5% COLA
Water Fund	City Clerk	19,141.00	19,811.00	670.00	3.5% COLA
Water Fund	Contingency	114,732.00	136,894.00	22,162.00	Contingency adjusted to balance budget
Water Fund	Loan Interest - Sewer Fund	2,205.00	0.00	-2,205.00	Removed public works truck loan and purchase
Water Fund	Loan Principal - Sewer Fund	4,095.00	0.00	-4,095.00	Removed public works truck loan and purchase
Water Fund	Maintenance Worker I	922.00	955.00	33.00	3.5% COLA
Water Fund	Public Employees Retirement	29,039.00	30,952.00	1,913.00	3.5% COLA; reallocated public works positions
Water Fund	Public Works Director	33,201.00	35,201.00	2,000.00	3.5% COLA; reallocated public works positions
Water Fund	Social Security/Medicare	10,509.00	11,202.00	693.00	3.5% COLA; reallocated public works positions
Water Fund	Unemployment	9,900.00	10,230.00	330.00	3.5% COLA; reallocated public works positions
Water Fund	Utility Worker I	20,827.00	25,106.00	4,279.00	3.5% COLA; reallocated public works positions
Water Fund	Utility Worker II	20,827.00	21,302.00	475.00	3.5% COLA; reallocated public works positions
Water Fund	Vehicles & Rolling Stock	24,500.00	0.00	-24,500.00	Removed public works truck loan and purchase
Water Fund	Worker's Comp	933.00	1,053.00	120.00	3.5% COLA; reallocated public works positions
Water Fund Total		314,733.00	317,444.00	2,711.00	
Grand Total		954,481.00	904,206.00	-50,275.00	

Account Type          Revenue

Fund Name	Title	FY 24/25 Recc	FY 24/25 Approved	\$ Difference	Explanation
Blackberry Jam	BBJ Donations	550.00	564.00	14.00	Adjustment needed to balance fund
Blackberry Jam Total		550.00	564.00	14.00	
General Fund	Library Memberships	7,500.00	0.00	-7,500.00	Removed per committee request
General Fund	Loan Proceeds	10,500.00	0.00	-10,500.00	Removed public works truck loan and purchase
General Fund Total		18,000.00	0.00	-18,000.00	
Sewer Fund	Loan Proceeds	24,500.00	0.00	-24,500.00	Removed public works truck loan and purchase
Sewer Fund Total		24,500.00	0.00	-24,500.00	
Street Fund	Loan Proceeds	10,500.00	0.00	-10,500.00	Removed public works truck loan and purchase
Street Fund Total		10,500.00	0.00	-10,500.00	
Water Fund	Loan Proceeds	24,500.00	0.00	-24,500.00	Removed public works truck loan and purchase
Water Fund	Water/Sewer Sales	524,985.00	552,196.00	27,211.00	Adjusted based on keeping rates at current level
Water Fund Total		549,485.00	552,196.00	2,711.00	
Grand Total		603,035.00	552,760.00	-50,275.00	



**Changes in ending FY 25 fund balances - recommended compared to approved**

	FY 24/25 Recc	FY 24/25 Approved	Approved - Recc
Blackberry Jam	0	0	0
Building Fund	12,090	11,709	-381
General Fund	98,114	91,484	-6,630
Parks SDC Fund	0	0	0
Sewer Fund	98,780	118,649	19,869
Sewer Reserve Fund	17,081	17,081	0
Sewer SDC Fund	0	0	0
Stormwater SDC Fund	0	0	0
Street Fund	20,988	22,996	2,008
Street SDC Fund	0	0	0
Water Fund	114,732	136,894	22,162
Water Reserve Fund	43,382	43,382	0
Water SDC Fund	0	0	0
<b>Grand Total</b>	<b>405,167</b>	<b>442,195</b>	<b>37,028</b>

Analysis of monthly sewer rate per EDU and effect on ending fund balance.

Rate	Total revenues	Ending FY 25 fund balance	Surplus/ (Deficit)	Total bill
\$68.51	517,572.68	118,649.68	(109,279.32)	\$136.51
\$70.22	530,171.96	131,248.96	(96,680.04)	\$138.22
\$71.98	543,139.64	144,216.64	(83,712.36)	\$139.98
\$73.78	556,402.04	157,479.04	(70,449.96)	\$141.78
\$75.62	569,959.16	171,036.16	(56,892.84)	\$143.62
\$77.51	583,884.68	184,961.68	(42,967.32)	\$145.51
\$79.45	598,178.60	199,255.60	(28,673.40)	\$147.45
\$81.44	612,840.92	213,917.92	(14,011.08)	\$149.44
\$83.48	627,871.64	228,948.64	1,019.64	\$151.48
\$85.57	643,270.76	244,347.76	16,418.76	\$153.57
\$87.71	659,038.28	260,115.28	32,186.28	\$155.71
\$89.90	675,174.20	276,251.20	48,322.20	\$157.90
\$92.15	691,752.20	292,829.20	64,900.20	\$160.15
\$94.45	708,698.60	309,775.60	81,846.60	\$162.45
\$96.81	726,087.08	327,164.08	99,235.08	\$164.81

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The first row shows the current (FY 23/24) rate for monthly sewer service per EDU.

The total bill column shows the estimated monthly bill for both water and sewer based on the sewer rate shown in the first column. This estimate is based on a single-family residence using 5,000 gallons of water per month.

**City of Lowell**  
**Personal Services**

**Proposed for:**  
**Fiscal Year 24-25**

FTE Allocations				410	420	430	440	450	460	480	220	230	240	312	314	Total
No	Empee No	FTE	Position	Admin	Parks	Police	Comm Dev	Library	Code	Court	Building	Water	Sewer	Streets	BBJ	
1	102	1.00	City Administrator	0.250	0.050	-	0.050	-	0.050	0.050	0.020	0.250	0.250	0.030	-	1.00
2	104	1.00	City Clerk	0.100	-	-	-	-	-	0.050	0.050	0.400	0.400	-	-	1.00
3	101	1.00	Public Works Director	-	0.030	-	0.030	-	-	-	0.050	0.420	0.420	0.050	-	1.00
4	105	1.00	Lead Operator	-	0.030	-	-	-	-	-	-	0.495	0.420	0.050	-	1.00
5	106	1.00	Lead Operator	-	0.030	-	-	-	-	-	-	0.420	0.495	0.050	-	1.00
6	935	0.00	Operator	-	-	-	-	-	-	-	-	-	-	-	-	-
7	103	1.00	Operator Trainee	-	0.250	-	-	-	-	-	-	0.300	0.300	0.150	-	1.00
8	920	0.50	Library Director	-	-	-	-	0.500	-	-	-	-	-	-	-	0.50
9	930	0.25	Metadata Intern	-	-	-	-	0.250	-	-	-	-	-	-	-	0.25
10	932	0.25	Public Works Laborer	0.063	0.075	-	-	0.063	-	-	-	0.025	0.025	-	-	0.25
11	950	0.00	Finance Clerk	-	-	-	-	-	-	-	-	-	-	-	-	-
12	0	0.00	0	-	-	-	-	-	-	-	-	-	-	-	-	-
13	0	0.00	0	-	-	-	-	-	-	-	-	-	-	-	-	-
14	0	0.00	0	-	-	-	-	-	-	-	-	-	-	-	-	-
15	0	0.00	0	-	-	-	-	-	-	-	-	-	-	-	-	-
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99	5410.4	7.00	Total FTE by Department	0.413	0.465	-	0.080	0.813	0.050	0.100	0.120	2.310	2.310	0.330	-	6.991

**City of Lowell**  
**Personal Services**

**Proposed for:**  
**Fiscal Year 24-25**

Salary Summary				410	420	430	440	450	460	480	220	230	240	312	314	Total
No	GL	FTE	Position	Admin	Parks	Police	Comm Dev	Library	Code	Court	Building	Water	Sewer	Streets	BBJ	
1	5110	1.00	City Administrator	24,737	4,948	-	4,948	-	4,948	4,948	1,979	24,738	24,738	2,969	-	98,953
2	5114	1.00	City Clerk	4,953	-	-	-	-	-	2,476	2,476	19,811	19,811	-	-	49,527
3	5150	1.00	Public Works Director	-	2,514	-	2,514	-	-	-	4,191	35,201	35,201	4,191	-	83,812
4	5152	1.00	Lead Operator	-	1,521	-	-	-	-	-	-	25,106	21,302	2,536	-	50,465
5	5152	1.00	Lead Operator	-	1,521	-	-	-	-	-	-	21,302	25,106	2,536	-	50,465
6	5155	0.00	Operator	-	-	-	-	-	-	-	-	-	-	-	-	-
7	5158	1.00	Operator Trainee	-	8,610	-	-	-	-	-	-	10,334	10,334	5,167	-	34,445
8	5130	0.50	Library Director	-	-	-	-	22,234	-	-	-	-	-	-	-	22,234
9	5160	0.25	Metadata Intern	-	-	-	-	9,225	-	-	-	-	-	-	-	9,225
10	5160	0.25	Public Works Laborer	2,387	2,864	-	-	2,387	-	-	-	955	955	-	-	9,548
11	5112	0.00	Finance Clerk	-	-	-	-	-	-	-	-	-	-	-	-	-
98	5420		Estimated Overtime	71	728	-	189	-	-	36	350	8,968	8,968	1,047	-	20,357
99		7.00	Total Allocations	32,148	22,706	-	7,651	33,846	4,948	7,460	8,996	146,415	146,415	18,446	-	429,031