



SCAPPOOSE *Oregon*

Monday, October 6, 2025

Work Session ~ General Fund Overview and Possible Solutions, 6:00pm

**Council Chambers
33568 East Columbia Avenue
Scappoose, Oregon 97056**

Disclaimer: These minutes are intended to summarize the conversations that took place in this meeting rather than provide a full transcript. Anyone wishing to view the full conversation can find a recording of this meeting on YouTube at www.youtube.com/watch?v=J8L_3D84_Y8.

Call to Order

Mayor Backus called the October 6, 2025 City Council work session to order at 6:00pm.

Present: Mayor Joseph A. Backus; Council President Tyler Miller; Councilor Joel Haugen; Councilor Marty Marquis; Councilor John E. Riutta; Student Representative Tyler Ferreira; City Manager Benjamin Burgener; Assistant to City Manager/City Planner N.J. Johnson; Police Chief Chris Fluellen; and City Recorder Susan M. Reeves.

Excused: Councilor Jeanett Santiago; and Councilor Kim Holmes.

Remote: Finance Administrator Carol Almer; Public Works Director Dave Sukau left at 6:40pm); Alicia Heiges (arrived at 6:03pm); and Citizen (arrived at 6:10pm).

Assistant to City Manager/City Planner N.J. Johnson went over the staff report. He explained tonight is going to be the first of several conversations around the general fund. When we were talking about budget around May, City Manager Burgener had mentioned that while we're able to balance our budget today, looking forward into the future, we do have a deficit in the general fund that we need to some way to address either that will have to be on the cost side or the revenue side, or some kind of combination of both. He explained we are going to start by going into an overview of the basic functions of how the general fund works, what it supports and things like that and then we as staff did an analysis on the general fund, mostly on the revenue side and also on the cost side and then provide some scenarios to help you understand what the City's actual fiscal health is based on the kind of budget philosophy we want to approach the next couple years with and then based on those we'll go into how we can go about developing some increase in our revenue.

**City of Scappoose
Council Action & Staff Report**

Date Submitted: October 2, 2025

Agenda Date Requested: October 6, 2025

To: Scappoose City Council

From: N.J. Johnson, Assistant to City Manager/City Planner
Benjamin Burgener, City Manager

Subject: General Fund Overview and Strategies

Type of Action Requested:

☐	☐	Resolution	☐	☐	Ordinance
☐	☐	Formal Action	☒	☒	Report Only

Issue

The City's General Fund houses the Administration, Municipal Court, Parks, Planning, and Police Departments. It is funded by property taxes, interest, franchise fees, licenses & permits, intergovernmental revenue, charges for service, and occasionally revenues from grants and loans when certain projects need to be funded outside our standard funding sources. In Fiscal Year 2025-2026, the General Fund makes up ~24.6% of the City's overall budget, which can vary significantly year to year based on multi-million-dollar projects in various funds.

The City is facing a General Fund operating deficit of ~\$600,000-\$1,000,000. This deficit is expected to increase year over year if no action is taken since the rate of revenue increase are outpaced by the rate of expenditure increases.

Analysis

Staff completed an analysis of the General Fund and provided three different budget scenarios based on constraints and level of service. Each scenario strived to minimize unnecessary buffer that is not historically spent, standardize the general operating budget by eliminating one-time expenses, and improve the accuracy of both the revenue and expense sides of the budget. The following scenarios are for analysis only and do not necessarily represent budget options or recommendations by staff. Below is a description of each scenario:

- Scenario #1, "Bare Bones Operations": Reflects level of service where staff is narrowly focused on providing minimum required services. Includes reduction in force, no capital or consultant projects, moratorium of training and travel, elimination of community

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contributions, and delayed maintenance on buildings and equipment, etc. This is not, in any scenario, a sustainable way to run a city the size of Scappoose for several years. This would be a one or two-year "get right" measure if the City needed to drastically reduce its spending while other revenue options were pursued.

- Scenario #2, "Quality Operations": Reflects the level of service of a city delivering good, efficient services and the staff and resources necessary to do so. Includes items such as training and developing employees to promote retention and improve service delivery, regular equipment purchases as warranted, and regular building and equipment maintenance.
- Scenario #3, "Aspirational Operations": Reflects level of service of an aspirational city, based on staff feedback for improvements. Includes community contributions, above and beyond programming, and additional staffing.

	Scenario #1 Bare Bones Operations	Scenario #2 Quality Operations	Scenario #3 Aspirational Operations
Revenue	\$4,307,714		
Expenses	\$4,331,785	\$5,490,272	\$6,343,187
Balance	(\$24,071)	(\$1,182,558)	(\$2,035,473)

If the City perused Scenario #1, it could fully balance its budget without relying on year-to-year working capital carryover. Staff does not recommend Scenario #1 but it is only to illustrate that the budget could be balanced with the resources currently available. For the other scenarios, the significant conclusion is that whether the City aspires to a Scenario #2 or Scenario #3 level of service, it will need to raise revenues for the General Fund and staff have identified the following realistic possible options¹ to accomplish that:

Funding Source	Analysis
Local option levy	• Medium to large funding source. • Requires voter approval every 5 years. • Politically unpopular time for <u>new</u> local option levies locally and statewide. • Requires extensive voter engagement and public education on the behalf of Council. • Staff are limited in ability to advocate in favor or opposition.
Franchise utility fees (increase)	• Ability to raise existing rates in next negotiation cycles. • Small increase in existing revenues. • Gas and power have statutory room to have fees increased.
General service fee(s)	• Requires vote of Council. • Received positive feedback at 2025 Annual Town Meeting for fees to support public safety, law enforcement, and parks.

¹ Options and analysis based on League of Oregon Cities Local Revenue Tools Guidebook.

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	named service (e.g. parks maintenance fee or public safety fee). • Fees could be tiered by property type (single-family, multifamily, commercial, industrial, institutional, etc.) to be more equitable.
Development fees (increase)	• Following a fee study, City Council adopted land use development fees that recover 75% of the cost of providing the services. Council could adopt fees that recover 100% of the costs. • Cost would be passed onto developers, which includes both large corporations and local independent developers/property owners. • Staff expects to create efficiencies in processing most land use applications once they no longer go to Planning Commission for approval.

Other revenue building options include:

- General sales tax
- Targeted sales tax
- Personal income tax
- Business income tax
- Payroll tax

Council can implement multiple of these as not one single option is guaranteed to bridge the City's fund balance gap. When considering options, important factors to consider include who pays, how much they pay, how much the City can collect, the required adoption process, political climate, and community interest in supporting General Fund operations.

Report only

City Manager Burgener explained one of the things that the Council will need to decide is how do we take care of the general fund. He explained that the general funds in most cities in Oregon are struggling because of Measure 5 and 50, which limit taxes from actually growing beyond assessed value and has limits on the total government. This is not unique to Scappoose. In fact, he would say, we have been a little bit better off than most cities throughout the state thus far. A lot of people had to implement different measures years ago because of this problem with Measure 5 and 50 and our property taxes. He explained we need to ask the questions do we have the right staffing for Police Department; are the CEP donations that we do are those the right amounts, etc.

Council President Miller asked what are our current reserves?

City Manager Burgener replied our cash carryover is about 6,000,000 this year. We have unappropriated for about 1.7 million, the rest are built into the budget, and we have contingencies that are part of that and other items such as projects this year that we've budgeted.

Council President Miller asked so how many years do you anticipate the current reserves lasting?

City Manager Burgener replied if we did no projects, just current staffing levels, it would be about a little over six years because we do have some projects this year.

Councilor Haugen explained he is really glad staff is being proactive regarding this.

Mayor Backus stated he thinks it is very important that we are doing this now.

Mayor Backus, Council and staff discussed local option levy's, in addition to compression. They also discussed franchise fees; different types of taxes/fees; and general service fees.

Mayor Backus talked about the town hall meeting being a good place to get the information out and to get feedback.

Councilor Haugen talked about exploring the uncollected court revenue.

Council President Miller would like to see what collecting 100% of the cost recovery for the development fees look like. He would like to know more about the franchise fees and what flexibility we have to amend those current agreements. He does think we need to review the CEP program.

Mayor Backus agrees with Council President Miller.

Council President Miller explained before we start having conversations about what we're going to do to get revenue up, we really need to know what our goal is.

Mayor Backus thanked staff for being very conservative and very responsible with our ARPA dollars.

Adjournment

Mayor Backus adjourned the work session at 7:01pm.



Mayor Joseph A. Backus

Attest: 
City Recorder/HR Susan M. Reeves, MMC

