



City of Talent

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City Manager's Report: Sustaining City Services

We are now in the period when the City is developing its annual budget. The budget will be for the 12-month fiscal year 2024-25, beginning July 1, 2024. It can be a rather tedious process, going through pages of numbers. But it is also the time when the City leadership makes key decisions about City services and facilities.

The City Council and staff conducted a study session in March to set goals for the City, and it is the budget deliberation process where those aspirational goals and the availability of money to achieve those goals merge.

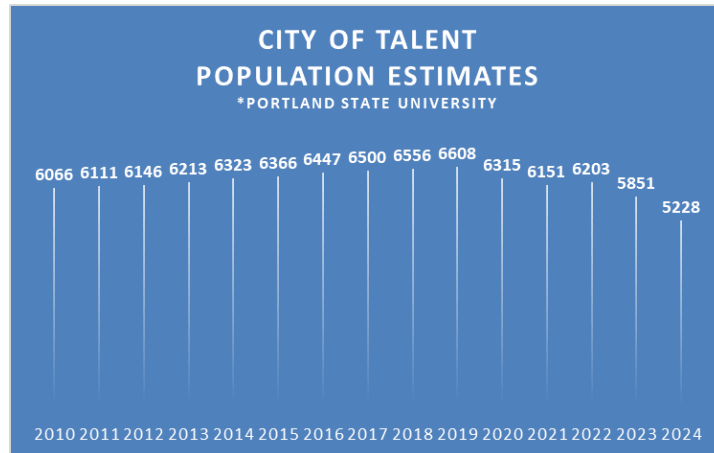
It is important for any community and its leadership to have aspirational goals...to have an ongoing discussion of what we want our community to be...what services do we want to provide, sustain, and enhance that will help achieve that vision. Goals are long term. Budgets remind us of our fiscal limitations for achieving those goals.

While the citizens and businesses of Talent continue to recover from the Almeda fire, the City is also recovering. And, at the same time, we are all dealing with inflationary pressures. Many of the services provided by the City are heavily impacted by the most rapidly rising costs in our economy...fuel, electricity, building materials, equipment, insurance (up 20 per cent in one year), the cost of borrowing...not unlike what our residents are experiencing in their everyday lives.

The City's main sources of revenue...the money needed to pay the bills...are largely based upon property values and population. The latest official population estimate shows the Talent population at about 1,000 people...or about 15 per cent...below the pre-fire level. This has an effect on our apportionment of State shared revenues. Simultaneously, the State has reduced the per-capita distribution rate of State shared revenue.

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On the property value side, we have not caught up with where valuations would have been had there been no fire. The value of all property in the City upon which the property tax rate is applied is about \$440 million, compared to a pre-fire valuation of about \$430 million. This value typically increases by 3.0 per cent or more annually, so while the valuation is about \$10 million higher today than pre-fire, it is about \$39 million less than where it would have been had there been no fire.

The overall City budget also includes several special funds where the fees collected through the water utility bill pay for services including parks, police, and streets. These fees account for only a portion of the cost of service. For example, the \$4.00 per month public safety fee established in 2008 generates about \$150,000 annually...which is about the cost of supporting one full time and fully equipped Police Officer. Talent currently has 9 full time police officers, including the Chief.

The City has relied heavily upon grant funding in recent years. In my experience, reliance upon grant funding to pay for operations costs or administration is not sustainable. We will continue to aggressively pursue grant funding for one-time capital expenditures...to achieve as many of those aspirational public facility goals as we can. And worthy of note, we are now in the phase-out phase of the Talent Urban Renewal Agency (TURA). The ability to receive property tax through TURA has subsided.

Back to the expenditure side, the City currently has 27 authorized equivalent full-time employees, compared with 26 equivalent full-time employees pre fire. We recently reduced staffing by outsourcing IT services and are considering alternatives to filling several current vacancies.

Bottom line, revenues are not keeping pace with the cost of providing service.

By all observations...with a lot of new construction occurring and more on the way...Talent will recover in the long term. But aspirational goals will be delayed while we focus on maintaining basic services. We are making operational changes that will reduce or hold the line on costs and will continue to do so in the coming fiscal year, but we also need to look at the revenue side...and those options are very limited.

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There will be some difficult choices to make ahead. In short, the theme for Fiscal 2024-25 will be developing and implementing strategies for fiscal stability. That is a City Council goal, and it is our top priority.

By Gary Milliman, City Manager

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