

St. Marys faces a tough budget

In last month's column I talked about the 2016 city budget that will take affect July 1 of this year and how difficult developing this budget would be. Feedback from those citizens who sat through the budget review with us convinced me that this subject is important enough to address again to keep St. Marys citizens informed about the challenge we all now face.

With a second budget work session this week, the reality is setting in. The proposed budget will be printed in this publication next Thursday and must be adopted by the council no later than June 15. The positive note is that the budget calls for a modest increase in expenditures. The downside is that we are not projecting any increased revenue to finance the increase.

The significant portion of our general fund revenue comes from the property tax base. Those revenues have continued to erode over the past five years and we anticipate another dip in 2015. Homeowners and business owners are continuing to challenge their annual tax assessments and the result is a declining revenue source for the city. Given the recent history, it appears prudent to budget at least one more year of a decrease although final results will not be available until the digest is released in August.

Our revenue picture will only improve as more homes are built, property values increase, the number of commercial businesses increase and we add some industrial firms to our tax base. Is the former mill site a prospect for increased revenue? Yes, but certainly not one that will affect the 2016 budget year.

As I indicated last month, we can no longer utilize Special Purpose Local Option Sales Tax funds as we have in the past because the majority of those funds are now earmarked to pay the water and sewer bond. That further limits our flexibility in tapping income sources, leaving us little choice but to finance key needs through the general fund.

Therefore, the council's decision to finance the budget increase is limited to four options: cut the expenses, raise the millage rate, dip into reserves or create a combination of those options.



John Morrissey

Guest columnist

After more than two days of focused debate and weeks of reviewing staff proposals, the council does not consider budget cuts as a viable option. So that leaves us with the remaining options. None of them is popular.

If we draw down from reserves (our savings account), we have to be cautious. It has been our stated goal to retain at least a four-, and preferably a six-month, operating reserve to manage unexpected crises that do and will occur. If we raise the millage rate, our citizens must have a voice in that decision and understand why it is the most reasonable option at this point in time. I know that many citizens already support the concept and many do not.

I recognize, as does each council member, we were elected to make tough choices like this. If we have to make unpleasant or unpopular decisions to ensure the city continues to operate efficiently, we will. However, I want to emphasize that we will not do so without continued deliberate debate of all options.

This is a conservative budget. It does not contain an increase in the number of employees. It does include equipment purchases that cannot be delayed any longer.

It does not include several projects I believe we should be undertaking simply because the funds are not available. It is conservative, pragmatic and necessary given our limitations and responsibility to provide citizens adequate and expected city services and safety.

There is something different about the way we are looking at this budget, however, that is critical as we look to the future. We are moving away from the model of creating a budget based on the previous year. I have been determined to lead us into a more comprehensive approach to budgeting. Staff is now developing models for us to anticipate and project income and expenses 3-5 years out. We are in the early stages but I am confident that from here forward we will be in a much more proactive position to tie each annual budget to specific goals and objectives. Once the master plan takes shape, we will also be in a stronger position to understand how we will fund those efforts as well as the expected ongoing services to citizens.

If you want to talk about the proposed budget, all citizens are encouraged to attend the public work session at 5 p.m. Monday, June 1, at city hall. Engage in a dialogue with us about which of the options to finance this budget make the most sense for the majority of St. Marys residents.

I know I am repeating myself, but it is a critical point. We must respect and live with the decisions of the past, recognize the needs of today and still look down the road to better anticipate the needs of the future.

John Morrissey is the mayor of St. Marys.

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