

January 31, 2024

Dear Members of City Council:

In accordance with Article IV, Section 4.02(3) of our city charter, I present to you our 2024 Oakwood City Budget. This is my 22nd budget as your city manager. Many people assisted in the preparation of this important document, most notably our department heads and our finance department, led by Finance Director Cindy Stafford, CPA. The budget also reflects input and counsel from our 34-member citizen Budget Review Committee (BRC). The BRC met four times in 2023 and recommended approval of this budget at the November 28, 2023 committee meeting. City Council adopted the budget via Ordinance No. 4985 on December 4, 2023.

Oakwood remains the premier residential community in the Miami Valley. We have this distinction because of our beautiful neighborhoods, unmatched public safety department, public works services, recreation and leisure offerings, excellent schools and library, and, most importantly, our citizens. The following qualities of Oakwood continue to be examples of the benefits of living in this city:

- We have a very safe community, with very low crime and very low fire loss.
- We have an extremely fast police and fire response, and we answer every call with highly trained professionals.
- We always have qualified paramedics and EMTs on-duty to respond to medical emergencies. On average, medical help arrives in less than two minutes – unparalleled in the area.
- We have well-maintained streets, sidewalks, public trees and landscaped boulevards.
- Our citizens place strong emphasis on property maintenance and our home values prove it.
- Our city parks, public pool, community center and natural areas are wonderful community assets.
- Our overall community ambience is second to none.

Since its beginning, Oakwood has been a very stable and desirable community in which to live, raise a family, work and/or retire. In 2023, we celebrated the 151st anniversary of the first platting of what was then called the “Town of Oakwood.” We incorporated as a village in 1908 and became a city in 1931, following the 1930 census which reported that our population exceeded 5,000. The 2020 Census reported our population at 9,572.

Year after year, Oakwood citizens provide the resources needed to pay for comprehensive and first-class city services. In the book *Oakwood: The Far Hills*, originally printed in 1983 on the occasion of the 75th anniversary of Oakwood’s incorporation, City Manager Dave Foell is quoted as saying, “It’s not a question of how much you pay in taxes; the question is whether you receive good value for each dollar

spent.” I believe our residents continue to feel that they receive good value for their tax dollars.

GENERAL CITY SERVICES

The 2024 General City Services Funds (all city expenses except for Refuse, Water, Sanitary Sewer and Stormwater) show budgeted expenses at \$18,126,259. These budgeted expenses are \$1,340,448 more than the budgeted revenues. We will use cash reserves to address the difference. The primary reason for expenses exceeding revenues is that we allowed a 3.75 mill property tax issue (with effective mills of 3.03) to expire at the end of 2023. That property tax issue generated about \$1.15 million in revenue. The 3.75 mill issue had been slated for renewal on the November 7, 2023 ballot, but due to a clerical error, was not on the ballot. The issue will be placed on the March 19, 2024 ballot at 2.41 mills. At the reduced millage, the issue will generate the same amount of revenue as the expired 3.75 mill issue. In other words, it will cost the Oakwood property owner the same amount as the now expired levy. Even with the 2024 shortfall, we remain in a strong financial position and will continue to provide comprehensive city services. Our annual budget and actual expenses over the past 10 years are shown in the bar chart on page 12.

The breakdown of 2024 budgeted spending for General City Services is as follows:

- Public Safety: 38%
- Public Works: 14%
- Leisure Services: 12%
- Admin/Finance/Legal: 12%
- Capital: 18%
- Miscellaneous: 4%
- Court: 2%

In 2024, our Water, Sanitary Sewer, Stormwater and Refuse services are 100% financed through user fees. All other services are in the category of General City Services and are accounted for through the General Fund and seven other funds referred to as Primary Operating Funds:

- General Fund (administration, planning & zoning, legal, municipal court, regional programs & operations, government buildings & grounds, police, fire, EMS, engineering, beautification, gardens)
- Street Maintenance and Repair Fund (roadway repairs, traffic signals)
- Leisure Activity Fund (OCC, pool, parks, athletic facilities, recreation and education programs)
- Health Fund (property inspections & maintenance, senior programs, health department)
- General Equipment Replacement Fund (police cars, fire trucks, ambulances, dump trucks, utility vehicles, etc.)

- Capital Improvement Fund (roadway repaving, park upgrades, facility improvements, etc.)
- Sidewalk Repair Fund (sidewalk, roadway curb and driveway apron repairs)
- Service Center Fund (maintenance shop, vehicle & equipment repair, fuel)

The total 2024 budgeted expenses in these eight funds is \$17,525,203. Revenues for these eight funds are derived primarily through income taxes, property taxes, fees and assessments. The generally accepted standard for beginning year cash balances is six months of operating expenses. Within these eight funds, we started 2024 with unencumbered balances at \$12,410,943, which is about eight months of operating expenses.

Income Tax: This 2024 Budget holds income taxes for city services at the current 2.5% rate. Our municipal income tax continues to provide the single largest amount of money to pay for city services. Looking back at a 10-year average, the income tax accounts for about 60% of our revenue. The 10-year history of income tax receipts as shown on page 15 demonstrates that earned income by Oakwood residents remains strong.

Property Tax: This 2024 Budget includes a decrease in property tax revenue at an amount of about \$1.15 million. As explained under GENERAL CITY SERVICES above, this is a result of the expiration of one of the city’s two outside mill levies. At present, the city only has one voted levy generating property taxes to pay for city services.

- 2.72 mill property tax: This tax was first approved in 1991 and began generating revenue in 1992. It has a five-year term and was last renewed in 2021, with a 76.4% yes vote. The current effective mills for residential property are 1.01. It generates about \$472,000 annually and costs about \$31 per year per \$100,000 of appraised home value. The 76.4% yes vote on November 2, 2021 was the second highest affirmative vote in the six times that the tax measure has been on the ballot for renewal.

Of the total property tax paid in Oakwood, the distribution of effective mills for residential properties is as follows:

- Oakwood Schools: 74%
- Montgomery County Agencies: 17.9%
- City of Oakwood: 5.6%
- Wright Library: 2.5%

Capital Expenses: The 2024 Budget includes \$3,199,400 for capital improvements and capital equipment. This includes \$1,206,400 (80% of the estimated \$1.5 million total project cost) for the Far Hills Avenue Resurfacing Project that will be paid by ODOT. The city’s 20% share (\$301,600) was included in the 2023 budget. Each year, we make significant investments in our public infrastructure and replace capital equipment as needed. With those investments, we maintain our infrastructure and equipment required to provide the comprehensive and high-quality services that our citizens expect. The

“Capital Improvement Program” tab herein provides details on our budgeted 2024 capital investments and on our long-range capital program.

REFUSE SERVICES

Our Refuse Services are operated as a stand-alone enterprise, like the Water, Sanitary Sewer and Stormwater utilities. With no exceptions in 2024, all refuse services and capital expenses are paid through user fees. We start 2024 with unencumbered Refuse Funds at \$486,831. I believe that \$500,000 is a reasonable and appropriate goal for the minimum beginning year balance. The 2024 Budget has spending at \$299,868 more than revenue. This year we will need to discuss a possible refuse rate increase in 2025. The 2024 Budget includes \$140,000 in refuse-related capital expenses. We last raised refuse rates in January 2019. Our current monthly refuse rate is \$30 per residential unit. It is important to note that 20-25% of our total refuse expenses are costs associated with providing collection and disposal of leaves, brush & branch material, and other green waste. Given the very large number of trees and other plant material in Oakwood, we generate an enormous amount of green waste annually, requiring significant equipment and manpower to address.

WATER UTILITY

Our Public Water System is operated in full compliance with Ohio Environmental Protection Agency (EPA) requirements and continues to serve the needs of the community. In 2023, we produced 100% of the water used by our residents and businesses, and we project the same for 2024. We start 2024 with unencumbered Water Funds at \$896,155. I believe \$1,000,000 is a reasonable and appropriate goal for the minimum beginning year balance. The 2024 Budget has spending at \$300,676 more than revenue. This includes \$631,000 in water-related capital expenses. In January 2024, we raised our water rates. It had been seven years since we last raised the water rates. Based on the 2023 regional water rate survey, we have the 3rd lowest water rates out of the 68 Miami Valley jurisdictions. Given the 2024 deficit, and the projected capital needs over the next few years, we should consider another rate increase in 2025.

SANITARY SEWER UTILITY

We start 2024 with unencumbered Sanitary Sewer Funds at \$1,553,646. As with the Water Utility, I believe the appropriate and necessary amount is \$1,000,000. Given the announced 2024 wastewater treatment rate increases being imposed by the city of Dayton and by Montgomery County, we raised our sanitary sewer rates effective January 2024. Montgomery County and the city of Dayton also raised their sanitary sewer rates in 2023. We last raised sanitary sewer rates in January 2018. The 2024 Budget includes \$428,700 in sanitary sewer-related capital expenditures and has total spending at \$454,339 more than revenue. We should consider another sanitary sewer rate increase in 2025. Our Sanitary Sewer Utility consists of the Oakwood sewer maintenance personnel and underground sewer infrastructure, as well as outside sewer and wastewater treatment services for which we contract with Montgomery County and the

city of Dayton. In 2023, about 67% of our Sewer Utility costs were attributed to the sewer and wastewater treatment services that we buy from Montgomery County and Dayton. Based on the 2023 regional rate survey, we have the 36th lowest sanitary sewer rates out of 65 jurisdictions.

STORMWATER UTILITY

We start 2024 with unencumbered Stormwater Funds at \$484,788, which is about half of the \$1,000,000 that I believe is an appropriate and necessary amount to have the resources for maintaining our storm sewer system and addressing emergency needs as they may arise. We established our Stormwater Utility in 2013 and should consider a rate increase in 2025. The current monthly residential stormwater rate is \$10. It was last raised in January 2020. The 2024 Budget includes \$280,000 in storm sewer-related capital expenditures and has total spending at \$161,826 more than revenue.

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This budget document includes a section on Goals and Objectives. These are projects that are important in continuing to provide the finest possible service to our Oakwood community.

I thank you and our BRC members for guidance in preparing this budget. I believe it is a responsible budget that appropriates the resources we need to continue providing excellent services to our community.

Respectfully,



Norbert S. Klopsch
City Manager