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# **City of Cottage Grove, Oregon**

## **2019-20 Annual Budget**

### **BUDGET COMMITTEE MEMBERS**

#### **City Council**

Jeff Gowing, Mayor

Jake Boone, Council President

Candice Solesbee

Mike Fleck

Greg Ervin

Kenneth Roberts

Bob Ehler

#### **Citizen Members**

Thomas Munroe

Michael Grover

Donn Rust

Amanda Gilbert

Duane Taddei

Gary Manly

Rhonda Worley

#### **City Manager**

Richard Meyers

#### **Management Staff**

Faye Stewart, Public Works & Development Director

Pete Barrell, Community Services Director

Scott Shepherd, Police Chief

Roberta Likens, Finance Director



# COTTAGE GROVE CITY COUNCIL

## 2019 GOALS AND OBJECTIVES

### MISSION STATEMENT

*We promote a vibrant community by providing a foundation of services for all.*

#### QUALITY OF LIFE

Strengthen recreation and physical activities within the community by supporting a variety of community events, developing entertainment, health and fitness opportunities, improving physical accessibility and removing barriers, addressing the needs of youth, preserving historical character and maintaining park and open spaces.

- Continue development of City Parks (Bohemia, Row River Trailhead) and connections between existing bicycle paths or trails.
- Expand programs to ensure safe and enjoyable park spaces are well maintained, free from litter, vandalism and graffiti.
- Support volunteerism, growth and development of non-profits and service club opportunities.
- Maintain the feel of the community by strengthening opportunities for citizens of all ages to be a part of the community and build a sense of place.
- Explore opportunities to encourage the use of upstairs spaces downtown.
- Create programs to encourage maintenance of occupied properties and the use and maintenance of vacant land, commercial and residential buildings.
- Hold discussion regarding additional solid waste collection services for over 10,000 population.
- Support coordination with local service providers to enhance community efforts to address homelessness, mental health, housing and other basic community needs.

#### ECONOMIC DEVELOPMENT

Strengthen the environment for economic development through partnerships with the Chamber of Commerce, Economic Development Committee, Economic/Business Improvement District, Community Development Corporation and education providers, streamlining processes, reinforcing service values, enhancing tourism and promoting the community.

- Explore methods to facilitate improved housing stock.
- Continue participation in Main Street program, assist in moving to the “Performing” level.
- Continue to expand grant opportunities for downtown business improvements and seek additional funding source for economic development enhancement.
- Enhance and pursue tourism opportunities in partnership with the Chamber of Commerce and Travel Lane County.
- Restore the Armory for use to provide possible convention or meeting facilities downtown.
- Partner with South Lane School District, Lane Community College and local business and industry to promote career or trade education and training.
- Develop the expansion of the Cottage Grove Industrial Park and put properties for sale.
- Partner with local businesses and the Chamber of Commerce to develop visitor information signage/kiosk facilities in the I-5 businesses area.
- Pursue the development of electric vehicle charging stations downtown.

#### PUBLIC SAFETY

Ensure a safe and secure community.

- Strengthen community emergency preparedness through promotion, education, practice and response teams. Specific emphasis on the Cascadia Subduction, resiliency and Continuity of Operations Planning.
- Explore expanding individual emergency preparation opportunities for food, energy, water and other needs of community.
- Maintain and expand police relationships within the community.
- Collaborate with the School District, Fire District and County to explore education or information opportunities to enhance crime prevention and traffic, pedestrian and bicycle safety.
- Conduct concentrated and targeted enforcement of vehicle, bicycle and pedestrian traffic safety issues.
- Pursue and develop enhancements to pedestrian/bicycle crossing safety on Highway 99 and downtown.
- Develop methods to hold men and women offenders accountable and reduce jail recidivism.
- Support community groups operating crime and vandalism prevention programs within neighborhoods.
- Develop program to encourage and reduce costs to enhance home or business security efforts.
- Advocating on the State and Federal level to protect and strengthen the City’s enforcement opportunities.

#### INFRASTRUCTURE

Continue to raise community awareness of the public infrastructure (water, wastewater, stormwater, streets, parks, fiber) impact on economic development, the environment and public safety. Develop and implement plans to improve the condition and enhance the capacity of infrastructure to protect the public’s assets while minimizing the financial impact to citizens and protecting the environment.

- Review Capital Improvement Plan to fund, replace and maintain community infrastructure.
- Explore and establish new means of funding street improvements on a local or regional approach.
- Explore funding opportunities to implement select portions of the Main Street Refinement Plan.
- Increase awareness of floodplain issues.
- Continue to develop and expand fiber network to seek Fiber to the Premises.
- Create partnerships with local business/property owners to purchase or enhance public parking.
- Improve the continuity of pedestrian sidewalk facilities.
- Pursue the development of high level water reservoirs.
- Support best practices for cybersecurity and I.T. network infrastructure.

#### GOVERNANCE

Engage the public by enhancing opportunities for citizens to be involved and informed. Strengthen the development of effective and responsible leadership within the community. Seek opportunities for efficiencies with other agencies. Participate in advocacy efforts at the State and County levels.

- Hold a Neighborhood Infrastructure/City Educational (NICE) block party.
- Continue to enhance Council Rules, culture and processes.
- Conduct ten year update of the Vision 2037.
- Develop and support staff succession planning efforts.







## City Manager's Office

400 Main Street  
Cottage Grove, Oregon 97424

(541)942-5501  
Fax (541)942-1267  
[www.cottagegrove.org](http://www.cottagegrove.org)  
E-mail: [citymanager@cottagegrove.org](mailto:citymanager@cottagegrove.org)

May 1, 2019

Dear Mayor, City Council and Budget Committee:

Attached is the 2019-20 Proposed Budget for your consideration.

As always, the purpose of this budget message is to introduce the Proposed Budget, provide some background information and supply a brief overview of the document and how it will help accomplish City goals in the coming year. I welcome a much more detailed discussion of the budget as the Budget Committee reviews the document.

The 2019-20 Proposed Budget for the City of Cottage Grove is, as required by Oregon Law, a balanced budget. Expenditures for all funds total \$41,963,970 an increase of \$3,650,795 from the 2018-19 Adopted Budget. The total includes \$6,935,670 in loan proceeds for wastewater and water projects as well as \$3,258,825 in State/Federal and local grants with \$1,272,143 from the Safe Routes to School Grant. The loan proceeds and grant funds represent a huge amount of work for the City in the coming year; work that will be seen throughout the community, will impact our daily lives and will stretch our abilities to complete the tasks.

The City's permanent rate continues to be \$7.2087/\$1,000 of assessed value. This Proposed Budget was prepared using the City's full permanent levy amount. The City may levy less than the full rate without jeopardizing future opportunities to levy the full rate. However, the revenue that could be generated cannot be recovered in a future year. The proposed full levy is estimated to generate \$4,663,850 of collectable tax revenue, \$230,850 more than the budgeted property tax revenue in 2018-19.

Not only will the grants and loans stretch our resources, but (I hate to mention it again, but it is real) the impact of the winter storms will continue to be addressed. Two additional full-time Public Works employees are included in the Budget. They were part-time employees that were moved to full-time status by the City Council in April to help address the impacts of the winter storm. The full-time positions continue in the 2019-20 Proposed Budget as we continue to cleanup from the storms.

We also continue to feel the impact of other social needs in the community from housing, mental illness and basic human needs. We have seen some amazing success from the changes in Community Services last year. The changes and work being done helped other organizations in the community secure funding for some innovative housing projects, brought some valuable Veteran assistance and assisted lives. Because of these positive changes and the fact we found a great Part-

time Community Coordinator Assistant that fit into the program well, the Council made the position a full-time position in April and it is continued in the 2019-20 Proposed Budget.

In addition to the three positions described above, the 2019-20 Proposed Budget includes the following new positions that are all essential in helping to complete projects this year or are a direct result of the grants: Human Resources Director/Assistant to the City Manager; Part-Time Engineering Aide; Part-time Finance Clerk; Library Intern and 6 new Seasonal employees (40 hours/week for 2.5 months). Additionally, the current Planning Technician position would be given additional responsibilities and reclassified as an Assistant City Planner.

The Human Resources Director/Assist. to the City Manager position has become necessary to address the variety of new employment law regulations and will work directly with the City Manager at bringing all department hiring and management practices into consistent City-wide practices. The Engineering Aide position is needed to provide extra staff to oversee and help with the extent of projects underway. The Part-Time Finance Clerk will add additional hours to make sure that staff support is available. The Library Intern is an exciting position for a young member of the community to have a paid internship in the Library and to also experience additional Library training. This opportunity is part of the Inclusive Internship Initiative, a program of the Public Library Association, a division of the American Library Association and is fully paid for from a grant from the ALA. The six seasonal positions will be providing staff to address some of the routine street and building maintenance items (crack sealing, painting, etc.) as well as providing additional resources to help with several of the infrastructure projects. It has been decades since our City Budget has seen this kind of staffing adjustments.

Besides the apparent reasons of the significant projects that will be undertaken in the 2019-20 Budget Year, there is another reason that makes some of the staffing adjustments necessary. We have an aging workforce, in the next 6 months we will be losing several longtime valuable employees in several areas to the next phase of their lives, retirement. We are in desperate need of building a staff that will be able to continue services for the community. Some of these adjustments help provide that opportunity.

As we step through the 2019-20 Proposed Budget you will be able to see some of the projects to be completed. Staff has committed to not just focus on those major projects but will be attempting to complete some of the more routine and vital projects as well. Not only will we be overseeing the reconstruction of the Swinging Bridge but we will also be concentrating our efforts to preserve and prolong the service of other roadways through chip sealing or crack sealing. Not only will the Safe Routes to Schools be providing safe means for our youth to get to school but we will also be improving or replacing aging water, wastewater and storm water infrastructure. Other projects that are underway now will likely continue into the 2019-20 Budget year. The Three Bridge repairs, Armory restoration and City building maintenance are all meant to protect and ensure that the public's infrastructure will be capable of continuing to serve the community.

Serving the needs of the community extends beyond just City-owned infrastructure, the 2019-20 Proposed Budget continues the City's support of the renovations of the Warren H. Daugherty Aquatic Center into truly a community asset. With the addition of the family changing room, warm water pool and other updated equipment and facilities the pool is no longer just a School District facility. It fills the need that the Community has been attempting to address through the operation of the tiny therapy pool at the Community Center. When the "new" aquatic center opens, we will be decommissioning the therapy pool. The City Council previously committed to support the new warm water pool by transferring the operational savings and HVAC replacement

savings to the construction costs for the new facility in 2019-20. The \$20,000 for operational savings and \$50,000 for the HVAC are included in the 2019-20 Proposed Budget.

In addition to supporting the construction of the community infrastructure at the Aquatic Center this Proposed Budget has stepped up the support for the operation costs for after-hours community use of the Aquatic Center to \$75,000. The expectation is that more access, especially for warm water pool use, will be available for the community. We have discussed in previous Budget Meetings the important role the therapy pool plays in the health of our community – the new, and much larger, warm water pool will be a vital new asset to fill that role for many. City staff and Aquatic Center staff have already been meeting and preparing for the transition.

This Proposed Budget incorporates the utility rate adjustments pursuant to the approved 5-year financial plan.

	Water Base	Water Consumption /1000 gals.	Water Improvement	Wastewater Base	Wastewater Consumption /1000 gals.	Wastewater Improvement	Storm Drain /ESU	Storm Drain Improvement /ESU
<b>Current Rates</b>	\$17.66	\$1.39	\$25.25	\$8.81	\$4.52	\$20.70	\$4.58	\$6.98
<b>Proposed Rates</b>	\$17.98	\$1.42	\$25.70	\$9.07	\$4.66	\$21.32	\$4.94	\$7.53

The proposed rates result in a \$3.42 monthly increase for residential users using 5,000 gallons of water and a typically sized meter. The total increase will vary based on meter size, consumption and type of use. With these rate adjustments the operation of the utility funds are on track and making progress addressing the back log of improvements that need to be made.

No other fee or rate increases are proposed in this Budget. During the year the City Council may review and adjust fees or charges but this Budget is not prepared relying on any increased revenues from other fees.

In the past several years I have expressed concerns about the Building Inspection and Industrial Park Operations Funds. This year I will not be expressing any concern. Our Building Inspection program is awesome and the health of the fund is great, we are even contributing to the Building Inspection Reserve Fund with no transfer from the General Fund.

The Industrial Park Operations Fund is good, not awesome. With the purchase in October last year of the additional 16 acres adjacent to the Industrial Park we will see additional jobs and development within the park. Connecting R Street is scheduled to begin in the 2019-20 Budget Year.

Over all, this Proposed Budget continues the financial policies and services currently established by the City. Transfers to reserve funds continue, contingency funds and unappropriated ending fund balances continue to be maintained. Although it would be nice to have more revenue in all the funds to complete projects, make repairs or perform more of the services desired by the members of the community, the funds are generally healthy and are able to continue current levels of service. The Reserve Funds are funding larger projects because funds have accumulated within those funds.

Preparing the Proposed Budget is always an exciting time. No matter how much time we dedicate to the budget preparation it always gets down to the wire with last minute changes and adjustments before we print the final version of the Proposed Budget. But it is exciting to get the opportunity to look ahead and put together the financial plan that will accomplish the goals and visions of the community. It is especially exciting when the years of preparations and financial policies are working.

The 2019-20 Proposed Budget is big and there is a lot of stuff in here. As I always say, nothing is secret about the budget, ask any question. Your careful review and consideration of the 2019-20 Proposed Budget is important and it is essential to make sure that this budget meets the needs and desires of this community. If there is any information that you need in order to review and consider this Budget document, please ask questions or contact me and we will provide the information needed. I hope the information contained in this Budget document is useful and helpful for you as you review and consider the 2019-20 Proposed Budget.

I express my sincere thanks to staff for the work that is done to prepare this budget. I also want to thank the members of the Budget Committee and public for their willingness to participate in the budget process. We each may have slightly different priorities, but it is amazing how we can come together and develop this document to guide us for another year.

I look forward to discussing the Proposed Budget and answering questions regarding the Budget document.

Sincerely,

A handwritten signature in black ink, appearing to read "Richard Meyers", with a long, sweeping horizontal line extending to the right.

Richard Meyers  
City Manager

---

## **ORGANIZATION OF THE BUDGET DOCUMENT**

Local Governments have the option of budgeting on a 24-month biennial budget period, or by a fiscal year. The City of Cottage Grove operates on a fiscal year beginning July 1 and ending the following June 30. Priorities must be established based on the financial resources available to meet the needs of the community.

The budget document describes how the City plans to meet the priorities established and serves as a resource for citizens, city officials, and staff. The budget is divided into five major sections as described below:

### **General Information**

This section contains an overview of the City, “City at a Glance” as well as the City’s budget process and calendar, and budget financial policies used to develop the Fiscal Year 2019-20 Budget. Budget amendment procedures are also discussed. Additionally, background information is provided such as economic information and demographics.

### **Budget Summaries**

The City’s budget is organized on the basis of funds, and each is considered a separate accounting entity. This section includes a summary of resources and requirements of all city funds combined, and summaries of all individual funds.

### **Fund / Department Budgets**

Fund and Department revenues and expenditures, as well as operational objectives, accomplishments, and performance measures are provided in this section. Historical financial information required by Oregon Budget Law for the two prior year’s actual, current year adopted, and next year’s proposed expenditures for each department is provided. This portion essentially provides actual adopted budget numbers. The City’s budget contains the following fund and fund types:

General Fund	Reserve Funds
Enterprise Funds	Debt Service Fund
Capital Projects	Trust Fund

### **Appendix**

The appendix contains a variety of other budget-related information to assist with understanding the budget document. It includes listings of the various board members, and a glossary of terms and acronyms used in the budget document.

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## City at a Glance

Cottage Grove, the “Covered Bridge Capital of Oregon”, is located in the middle of western Oregon and in the southern part of Lane County, on Interstate 5 (I-5). Cottage Grove is approximately 20 miles from the major population center of the area (Eugene-Springfield) and serves an immediate labor market of approximately 35,000 people. Cottage Grove was selected as an All-America City in 1968 and 2004, one of only two cities in the State to have received the award twice.

Cottage Grove has the council-manager form of government. There is a seven-member Council including the Mayor. The City provides twenty-four hour police coverage, operates the water and wastewater systems serving the City, operates a public library which is open six days a week, provides planning and development, park maintenance, and operates an 18-hole golf course. The City completed an \$11 million upgrade to the wastewater treatment system, and a \$9 Million upgrade to the water treatment plant in 2009. These facility upgrades reflect the community’s commitment to protecting and improving the environment.

The July 2018 certified population estimate from Portland State University for Cottage Grove was 10,005. Between 2000 and 2010, the population of Cottage Grove grew by 12.3% which is somewhat faster (0.60 faster) than the population increase in Oregon.

The average high temperature in July and August is 82 degrees with the average low on summer nights in the low 50’s. The coldest month is December, with an average low of 34 degrees and highs in the mid 40’s.<sup>1</sup>

### General Information

Date of Incorporation	February 11, 1887
Area in Square Miles	3.98
Elevation in Feet	594’
Annual Precipitation	46.25”

### Police

Stations	1
Patrol Units	12
Sworn Officers	17
Physical Arrests, Juvenile and Adult (including traffic)	993
Traffic Violations	412
Parking Citations	184

### Streets

Miles of Paved Streets	45.66
Miles of Unpaved Streets	4.63
Miles of Storm Sewers	30.89

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<sup>1</sup> Retrieved February 8, 2019 from <http://www.usclimatedata.com/climate.php?location=USOR0077>.

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**Water**

Miles of Water Mains		49.40
Hydrants		460
Active Service Connections		3844
Daily Average Production in Millions of Gallons		
	May – October	1.9
	November – April	1.0
Maximum Daily Capacity of Plant in Million Gallons		4.0

**Wastewater**

Miles of Sanitary Sewers		45.95
Treatment Plant		1
Service Connections		3693
Daily Average Treatment in Million Gallons		
	May – October	1.23
	Nov. – April	3.34
Maximum Daily Capacity in Million Gallons		13.0

**Broadband**

Miles of Fiber (Figure includes fiber in Creswell)	9.3
Wi-Fi Radios Installed	96

**Community Services**

Community Centers	1
Parks & Open Spaces	34
Park Acreage	245.72
Golf Courses	1
Skateboard Parks	1
Tennis Courts	3
Trails (miles)	10.8

**Health Care**

Hospitals	1
Hospital Beds	14

**Education**

Elementary Schools	2
Elementary School Instructors	57
Secondary Schools	2
Secondary School Instructors	73
Charter Schools	1
Charter School Instructors	

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## Top Ten Taxpayers in the City of Cottage Grove<sup>2</sup>

<u>Taxpayer</u>	<u>Taxable Assessed Value</u>
Wal-Mart Real Estate Business Trust	\$ 10,512,872
Charter Communications	\$ 5,902,900
Safeway, Inc. Store #1458	\$ 5,393,489
Gregory A. Falk, LLC	\$ 4,770,983
Magnolia Gardens Assisted Living	\$ 4,350,302
Starfire Lumber Co	\$ 4,465,144
Centurylink	\$ 4,427,000
Whittaker-Northwest Partners	\$ 3,822,999
Hone Investments LLC	\$ 3,640,764
Northwest Natural Gas Co	\$ 3,653,000

## Ten Year Statistics

<u>Year</u>	<u>Assessed Value</u>	<u>Population</u>	<u>School Enrollment</u>
2007-08	\$444,250,454	9345	2716
2008-09	\$483,168,933	9445	2835
2009-10	\$525,779,935	9705	2635
2010-11	\$537,670,091	9745	2761
2011-12	\$551,007,682	9745	2718
2012-13	\$546,268,728	9745	2639
2013-14	\$559,169,501	9785	2732
2014-15	\$585,890,795	9840	2613
2015-16	\$605,342,912	9845	2743
2016-17	\$623,835,385	9890	2514
2017-18	\$645,351,175	9920	2495
2018-19	\$673,134,127	10005	2559

## Petty Cash

Oregon Revised Statute 294.465 requires that each petty cash account and the amount thereof be listed in the budget document. The City of Cottage Grove has the following cash accounts:

Finance	\$750
Finance Petty Cash	\$200
Library	\$ 40
Police Department Petty Cash	\$100
Golf Course	\$1,000

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<sup>2</sup> Retrieved February 8, 2019 from <http://www.lanecounty.org/Departments/AssessmentandTaxation/pages/default.aspx>.



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## BUDGET PROCESS AND CALENDAR

The process followed in the preparation of this budget complies with the Local Budget Law established by the State of Oregon (ORS Chapter 294). This process also applies to the Urban Renewal Agency's budget. The process and calendar are as follows:

### Phase I – Budget Request

In this phase the Department Heads submit their needs for staffing, materials, and supplies. They also provide the text portion for their operations. The finance department computes the wages and benefits for all departments, except public works.

<u>Calendar</u>	<u>Process</u>
February 2019 Appoint Budget Officer ORS 294.331	The City Charter establishes the City Manager as the Budget Officer. The City Manager establishes the priorities for FY 2019-20 as well as identifies issues to be addressed by this year's budget.

### Phase II – Budget Proposal Phase

The proposal phase entails reviews by the City Manager and Finance Director with each Department manager. Financial requests are reviewed for changes and inconsistencies from prior years. Increases/decreases are explained. The City Manager decides which additions/deletions are approved and provides guidance on the narrative and financial portions of each fund. During this phase the capital projects are also reviewed and all funds are balanced. At the conclusion of this phase the proposed budget document is prepared for printing and compilation.

<u>Calendar</u>	<u>Process</u>
Feb.-April 2019 Proposed Budget ORS 294.331	The Finance Director and City Manager meet with each department manager to review budget requests and ask questions about changes, enhancements, budget variances, and performance measures.
April 2019 Notices of Budget Committee Meeting ORS 294.426	Required public notices are published in the local newspaper and/or the City's website no more than 30 days before the first meeting. The City Manager's proposed budget is finalized and submitted to the Budget Committee Members for review and consideration. At least five days after the first public notice, but no less than five days before the first meeting, a second notice is published.

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### **Phase III – Budget Approval Phase**

During the Approval phase, the budget committee meets and is presented with the Budget Message from the City Manager. The Committee has the responsibility to evaluate the proposed budget and may make changes as they deem necessary. At the completion of their review, they are required to take formal action to approve the budget and refer it to the City Council for adoption.

<u>Calendar</u>	<u>Process</u>
May 2019 Budget Committee Meets ORS 294.426 ORS 294.428	Budget Committee meets to receive the FY 2019-20 Budget Message, to discuss funding issues, and to take public input. When the Committee is satisfied with the budget, including any deletions or additions, the proposed budget is approved.

### **Phase IV – Budget Adoption**

The fourth and final phase of the process is adoption. The City Council may make additional changes if desired, within limitations set by statute, and then adopts a resolution to appropriate expenditures by fund, and set a tax levy.

<u>Calendar</u>	<u>Process</u>
June 2019 Publish Budget Summary & Notice of Budget Hearing ORS 294.448	After the Budget Committee has approved the proposed budget, a summary of the budget and a notice of the Budget Hearing to be held before the City Council is published in the local newspaper, five to thirty days before a public hearing for adoption.
Last Council Meeting In June 2019	A public hearing before the City Council is held to allow citizens to comment on the approved budget. After the hearing, the City Council may adopt the budget with no changes or they may make additions and reductions within certain limitations. A resolution is adopted making the appropriations and levying taxes.
July 15, 2019	The adopted budget for fiscal year 2019-20 becomes effective July 1, 2019. Certain reports, forms, and documentation are provided to the County Assessor's office by July 15.

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## **BUDGET/FINANCIAL POLICIES**

The development and eventual implementation of this budget are guided by the following Policies:

### *OPERATING BUDGET POLICY*

#### Personal Services –

Comply with existing union/association agreements, making sure the total compensation package is comparable to similar positions and communities.

#### Materials and Services –

Adopted increases for materials and services are targeted to remain level or increased only after substantiation and demonstration of need by the department manager.

#### Capital Outlay –

Capital outlay is reviewed on a case-by-case basis. Equipment requests are discussed with the City Manager.

#### Current Operating Revenues -

Current operating revenues will be sufficient to support current operating expenditures. Fund balance appropriated shall not exceed an amount that management can reasonably expect to save during the year.

#### Debt or Bond Financing-

Debt or Bond financing will not be used to finance current non-capital expenditures. Transfers to debt service for scheduled principal and interest payments, as well as estimates for new issues are estimated and included in the appropriate fund.

#### Performance Measures –

The City will continue to develop and integrate performance measures and productivity indicators with the annual budget.

#### Risk Management –

The City will continue to develop the risk management program to provide for protection against loss and a reduction in exposure to liability. The comprehensive safety program will also be enhanced to minimize the City's exposure to liability and thereby reduce the number of claims filed.

#### Balanced Budget –

The requirement of local budget law is such that the sum of each fund's resources equal its appropriations and unappropriated ending fund balance.

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Accounting Standards –

It is the City's policy that the operating budget be prepared in accordance with Generally Accepted Accounting Principles.

*REVENUE POLICY*

Assessed Valuation –

Shall be estimated based on historical trends and growth patterns in a conservative manner.

Fees –

The City sets fees that will maximize user charges in lieu of Ad Valorem Taxes for services that can be individually identified and where the costs are directly related to the level of service:

- a. To the extent possible, user charges for water, sewer, and storm drainage will be sufficient to finance all operating, capital and debt service costs for said services.
- b. The Community Center will operate in a manner such that 10% of budgeted operating costs will be financed through user charges.
- c. Golf Course operations and maintenance will be funded from user charges for all programs for which it is practical to charge. Fees will represent at least 100% of the operating and debt service costs.
- d. Building and code enforcement activities will be funded through user charges in the form of building permits, inspections, and plan review fees. These fees should represent 100% of operating costs.
- e. To the extent practical, any general city service, which is of a higher level or benefits specific recipients, shall be supported by user fees designed to recover costs from such recipients.
- f. Where user fees are based on cost recovery, said costs shall be reviewed annually and fees adjusted as practicable.

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## *DEBT POLICY*

### Capital Projects –

Financing for capital projects through the issuance of bonds shall be financed for a period not to exceed the expected useful life of the project.

### General Obligation Bonds –

The general obligation debt of the City will not exceed 3% of the real market value of all taxable property within City boundaries as provided in ORS 287.004.

### Debt Service –

Total debt service on tax-supported debt of the City will not exceed 15% of total general government operating revenue.

### Bond Rating –

The City will maintain its financial condition to maintain a minimum AA bond rating.

### Avoidance of Unfunded Liabilities –

The City's debt policy will be comprehensive and the City will not knowingly enter into any contracts creating significant unfunded liabilities.

## *RESERVE POLICY*

### Unappropriated Fund Balance –

The City will maintain an unappropriated fund balance of 8% of fund operating budgets (excluding capital outlay). These funds will be used to avoid cash-flow interruptions, generate investment interest income, eliminate need for short-term borrowing, and assist in maintaining an investment-grade bond rating.

### Contingency –

The City will establish a contingency in each operating fund to provide for unanticipated expenditures of nonrecurring nature or to meet unexpected increases in service delivery costs. The contingency amount will be budgeted at 5% of the fund revenues estimated for that fiscal year. The contingency funds cannot be spent without an action by the City Council.

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## *ACCOUNTING POLICY*

### Accounting System –

The City will establish and maintain the accounting system in accordance with Local Budget Law and Generally Accepted Accounting Principles. Financial systems will be maintained to monitor expenditures and revenues on a monthly basis.

### Audit –

An annual audit will be performed by an independent public accounting firm which will issue an official opinion on the annual financial statements, with a management letter detailing areas that need improvement if required. Full disclosure will be provided in the financial statements and bond representations.

The City's Comprehensive Annual Financial Report (CAFR) will be prepared according to the standards necessary to obtain the Certificate of Achievement of Excellence in Financial Reporting from GFOA.

## **BUDGET AMENDMENT PROCESS**

Procedures to be followed to amend the budget as events occur after budget adoption is set forth in Oregon Local Budget Law. The type of event determines the procedure to be followed.

The adopted budget appropriates certain amounts for contingencies in each fund to be used at the discretion of the governing body. Contingencies in each fund can only be appropriated for specific unforeseen events by approval of a resolution by the City Council. Specific appropriations of contingencies may include funding for service level changes, unforeseen catastrophic events, or redirection of resources.

State law allows the adoption of a supplemental budget. When the supplemental budget will adjust a current fund's budget by ten percent or less of that fund's expenditures, the supplemental budget can be acted on by the City Council at a regularly scheduled meeting. If the supplemental budget includes any changes greater than ten percent in any fund, a public hearing must be held to adopt the supplemental budget.