
TABLE OF CONTENTS

Introduction

Budget Committee Members/Staff	*
Budget Message	i
City Council Goals and Objectives	v
Budget Committee/Council Changes	vi
Organization of the Budget Document	1
City at a Glance	2
Budget Process and Calendar.	5
Budget/Financial Policies	7

Budget Summaries

Fund Descriptions	11
Summary of Resources and Requirements	14
Summary of Individual Funds.	16
Organizational Charts	19
Revenue Overview	29
General Fund Revenues.	31
Property Tax Summary.. . . .	33
Where Every Penny of Your Tax Dollar Goes.	34
Personnel Services Summary	35

General Fund

General Fund Budget Summary	37
Revenues	39
Administrative	
City Council	41
City Manager.. . . .	43
Finance	47
Community Services	51
Community Promotions	55
Public Safety	
Police Operations	59
Municipal Court	65
Court Support Services	69
Youth Peer Court	71
Public Works	
Maintenance	75
Engineering	81
Broadband Services	89
Development	93

Library Services	
Library	99
Non-Departmental	
Non – Departmental	103
 <i>Special Revenue Funds</i>	
Special Revenue Funds Summary	105
Street Fund	
Revenues	107
Street Maintenance	109
Street Sweeping	115
Street Improvements/Capital Purchases	119
Street Non-Departmental	125
Assessment Fund	127
Police Communications Fund	
Revenues	131
Support Services	132
911 Services	133
Non-Departmental	134
Narcotics Forfeiture Fund	135
Bicycle & Footpath Fund	137
Building Inspection Program	141
Housing Rehabilitation Loan Fund	147
 <i>Enterprise Funds</i>	
Enterprise Funds Budget Summary	149
Water Fund	
Revenues	151
Water Distribution	153
Water Production	161
Water Non-Departmental	167
Wastewater Fund	
Revenues	169
Wastewater Collection	171
Wastewater Treatment Plant	179
Middlefield Golf Course	185
Wastewater Non-Departmental	191

Storm Drainage Utility Fund	193
Industrial Park Operations	201

Capital Projects Fund

Capital Projects Funds Budget Summary	203
Water Systems Development Fund.	205
Wastewater Systems Development Fund	207
Storm Drain Systems Development Fund	209
Street Systems Development Fund.	211
Park Systems Development Fund	213

Reserve Funds

Reserve Funds Budget Summary	215
General Reserve Fund	217
Water Reserve Fund	219
Wastewater Reserve Fund	221
Storm Drain Reserve Fund.	223
Building Inspection Reserve Fund	225

Trust Funds

Debt Service/Trust Fund Budget Summary	227
Debt Service Fund	229
Special Trusts Fund	233
Armory Trust Fund	237

Closed Funds

Closed Funds Summary	237
General Fund/Building Maintenance	241
General Fund/Parks	243

Appendix

Boards and Commissions	245
Glossary	249
Acronyms/Abbreviations	255
City Council Resolution	257



City of Cottage Grove, Oregon

2020-21 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

Gary Williams

Gary Manly

Bernard Donner

City Manager

Richard Meyers

Management Staff

Faye Stewart, Public Works & Development Director

Pete Barrell, Library Services Director

Scott Shepherd, Police Chief

Roberta Likens, Finance Director





City Manager's Office

400 Main Street
Cottage Grove, Oregon 97424

(541)942-5501
Fax (541)942-5125
www.cottagegrove.org
E-mail: citymanager@cottagegrove.org

April 29, 2020

Dear Mayor, City Council and Budget Committee:

Attached is the 2020-21 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 2020-21 Proposed Budget preparation has been the most challenging budget I have ever attempted to compile. It is different from all previous budget processes from the beginning of the preparations to how the Budget Meetings are conducted. The impacts of the coronavirus, the resulting COVID-19 illnesses and the subsequent responses by the Federal, State and local governments and businesses, has created a situation where even the best estimates are totally and completely just guesses. Preparing this Proposed Budget has truly felt like budgeting with a blindfold on.

The timing of the COVID-19 outbreaks, Stay Home orders and economic shut downs came right as we were trying to put together estimates. We have scrambled trying to find accurate estimates of what the impacts the economic shut downs have caused and are continuing to do to our revenues. We have seen a variety of scenarios. Revenue loss estimates range from 12% to over 40%. The duration of the economic losses range from six months to into 2022. Every day brings a different guestimate. Because of this uncertainty, we have taken a number of steps to prepare a flexible budget that will allow some ability to adapt. I believe we have prepared a budget that can work if things go well or if they go bad. We set some basic guiding principles for the creation of this budget:

- Protect our ability to provide the essential services – Police, water, sewer, street operations and the service functions that make sure those services can be provided.
- Assist in jumpstarting our local economy by assisting our local businesses in restarting, having projects that will bring jobs and activity to the community and supporting projects funded with grants and loans.

- Be conservative in our guestimates - not too drastic – not too optimistic. Leave some room for potential adjustments during the year.

These principles helped as we made some tough choices and set some priorities. Hopefully, the principles will help us maintain essential services and aid in a faster return to normal.

The 2020-21 Proposed Budget for the City of Cottage Grove is, as required by Oregon Law, a balanced budget. Expenditures for all funds total \$40,265,965 a decrease of \$1,698,005 from the 2019-20 Adopted Budget. The total includes grant and bond funding for projects started in 2019-20 and still under way.

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, \$124,140 more than the budgeted property tax revenue in 2019-20. Since we have not heard anything regarding the impact of COVID-19 on assessed values we budgeted only a 2% value increase. We believe this is very conservative and will likely see the full 3% assessed value increase because the assessed value is only 56% of the total Real Market value. Property values would have to take a major reduction to impact the assessed value.

Reductions were estimated in other tax revenue in the General Fund. It is anticipated that delinquent property tax collections will be down about 45% and room tax revenues to be down about 30% in the 2020-21 Budget. We anticipate that the room tax for the current budget year will be below the budgeted amount in the 2019-20 Adopted Budget by about 20%.

To make this Proposed 2020-21 Budget work, several tough decisions had to be made. Some have already been made in the current budget so we can enter the new fiscal year with a little better cash carryover. We issued layoff notices to 20 employees on April 1st (15 part-time and 5 full-time) for layoffs beginning May 2nd. One full-time layoff was rescinded before the layoff date and 7 part-time have returned to work after being off for several weeks. The other laid off positions are the staff at the Library (4 full-time and 6 part-time) and Finance (2 part-time). A number of other vacant positions (summer interns and temporary worker positions in Public Works and Development and Assist. to the City Manager) were frozen and not filled.

The 2020-21 Proposed Budget budgets a reduction in the Library staffing and overall budget by 11%. The reduction allows for a flexible response to revenue shortfalls or closure orders. A slow partial opening could be funded sooner or later a complete reopening could be supported depending on budget and COVID-19 conditions. Current indications lean toward a gradual reopening. But remember this is all a guess.

The other hiring freezes are in place until at least after January. At that time we will have better information and actual revenue collections to be able to decide if the positions would remain empty or be filled.

The 2020-21 Proposed Budget will see the completion of some major infrastructure projects. The most significant will be the completion of the Safe Routes to Schools and Fillmore Storm water project. The Safe Routes to School includes some significant water and wastewater work as well as major storm water work. The construction work should begin shortly in the existing budget and will be carried over into the 2020-21 Budget Year. The \$3,487,237 project will bring money and work into the community that will hopefully assist in the recovery from COVID-19. Additionally, the upgrade project at the Water treatment plant, development of the Wastewater Effluent Retention Pond project, continued interior work at the Armory, various building maintenance projects, manhole lining work and a wealth of other projects will bring the total investment to over \$5 million into the community. These large and small projects will go a long way to assist the restart of our local economy. City Staff is also pursuing other opportunities for grants or State and Federal assistance for infrastructure projects.

City Staff is working with our consultants in preparation of the 2020-25 Utility Rate Plan and draft plan proposes 3% rate increases for water and wastewater operations and improvements. This Proposed Budget is prepared to support a 0% rate increase to aid in the recovery and reduce stress. The proposed 5-year Utility Financial plan that is being prepared will be going before the City Council during the next couple of months. The proposed 3% rate would have resulted in a \$3.12 monthly increase for residential users using 5,000 gallons of water and a typically sized meter.

Staff struggled with this rate increase in light of the COVID-19 crisis. The rate increases would have only generated \$53,100 in the Water Fund, \$44,300 in the Water Reserve Fund, \$48,700 in the Wastewater Fund and \$34,200 in the Wastewater Reserve Fund. The estimated revenue from the increased rates would not have been significant and can be managed. The budget has been prepared with flexibility, we can monitor revenues and then control expenditures, adjustments could be made to the project scope and contingencies or transfers could be reduced.

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.

The Building Inspection Fund continues to be a success and the City will be considering a request to provide services to the City of Coburg in addition to Creswell and Veneta which we already serve.

I honestly have to say, I am totally unsure about what the next year will bring. The 2020-21 Budget will have to be closely monitored. We will be closely following revenue trends and the progress of the recovery of the economy. I anticipate that there will need to be adjustments to the budget during the year. However, I am confident that this 2020-21 Proposed Budget provides a basic flexible plan that will be useful as we navigate this uncharted recovery.

As we meet to review this Budget in a virtual environment, please do not feel intimidated by the technology or physical distancing. There is nothing secret about the budget and we want to make this \$40 million budget as easy to understand as possible. If you have any questions, please feel free to call me or the Finance Director. We will get you answers. Please also feel free to ask any questions or express concerns at the Budget Committee meeting.

Thank you to the City Council and members of the Budget Committee for taking your time to participate in the Budget process. We ask a lot of you to review this budget that has taken us a couple of months to create.

Also thank you to staff that helped put this budget together under trying circumstances. Nerves are frazzled, but we got it done.

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 horizontal flourish extending to the right.

Richard Meyers
City Manager

COTTAGE GROVE CITY COUNCIL

2019-20 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.

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.

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.



BUDGET COMMITTEE CHANGES

FROM PROPOSED TO APPROVED BUDGET

After the presentation of the Budget Message the Budget Committee approved the Fiscal Year 2020-21 Annual Budget as proposed by the Budget Officer, City Manager, Richard Meyers.

CITY COUNCIL CHANGES

FROM APPROVED TO ADOPTED BUDGET

The Fiscal Year 2020-21 Annual Budget approved by the Budget Committee was adopted by the City Council with the following changes:

There were three corrections to be made related to transfers from one fund to another. The proposed budget's transfers in the Street and Bicycle & Footpath Funds, Water and Water Reserve Funds, and the Storm Drain and Storm Drain Reserve Funds, did not match (money transferred in did not match money transferred out). Staff recommended changing the amounts to create a balanced transfer.

The City received a \$6,000 grant from the Economic and Business Improvement District that will be spent in fiscal year 2020-21 for the specific purpose of building improvements to the Armory building. The money was receipted into the Armory Trust Fund during fiscal year 2019-20 and will be carried forward to fiscal year 2020-21. The \$6,000 increased both the cash carryover line item and Capital Outlay category, Buildings and Improvements, in the Armory Trust Fund.

		Approved	Adopted	Difference
Bicycle & Footpath Fund				
Revenue - Transfer from Street Fund		\$ 7,000	\$ 10,000	\$ 3,000
Expenditure -				
Capital Outlay:				
Buildings and Improvements		\$ 39,755	\$ 42,755	\$ 3,000
Total Fund		\$ 50,070	\$ 53,070	\$ 3,000
		Approved	Adopted	Difference
Water Reserve Fund				
Revenue - Transfer from Water Fund		\$ 125,000	\$ 100,000	\$ (25,000)
Expenditure -				
Capital Outlay:				
Motor Vehicles		\$ 75,000	\$ 50,000	\$ (25,000)
Total Fund		\$ 3,405,000	\$ 3,380,000	\$ (25,000)
		Approved	Adopted	Difference
Storm Drain Reserve Fund				
Revenue - Transfer from Storm Drain Fund		\$ 106,830	\$ 83,985	\$ (22,845)
Expenditure -				
Contingency		\$ 121,830	\$ 98,985	\$ (22,845)
Total Fund		\$ 3,010,830	\$ 2,987,985	\$ (22,845)
		Approved	Adopted	Difference
Armory Trust Fund				
Revenue - Carryover		\$ 498,500	\$ 504,500	\$ 6,000
Expenditure -				
Capital Outlay:				
Buildings and Improvements		\$ 498,500	\$ 504,500	\$ 6,000
Total Fund		\$ 533,900	\$ 539,900	\$ 6,000

The budget document reflects these changes in the adopted column.

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 2020-21 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
Special Revenue Funds	Debt Service Fund
Enterprise Funds	Trust Funds
Capital Projects	

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.

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 2019 certified population estimate from Portland State University for Cottage Grove was 10,140. 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 84 degrees with the average low on summer nights in the low 50’s. The coldest month is December, with an average low of 35 degrees and highs in the high 40’s.¹

General Information

Date of Incorporation	February 11, 1887
Area in Square Miles	3.98
Elevation in Feet	594’
Annual Precipitation	48.02”

Police

Stations	1
Patrol Units	12
Sworn Officers	17
Physical Arrests, Juvenile and Adult (including traffic)	457
Traffic Violations	346
Written Warnings	750
Parking Citations	154

Streets

Miles of Paved Streets	45.66
Miles of Unpaved Streets	4.63

¹ Retrieved December 18, 2019 from <http://www.usclimatedata.com/climate.php?location=USOR0077>.

Miles of Storm Sewers	30.89
Water	
Miles of Water Mains	49.40
Hydrants	459
Active Service Connections	3844
Daily Average Production in Millions of Gallons	
May – October	1.6
November – April	1.1
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	1.22
Nov. – April	2.30
Maximum Daily Capacity in Million Gallons	12.1
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	

Top Ten Taxpayers in the City of Cottage Grove²

<u>Taxpayer</u>	<u>Taxable Assessed Value</u>
Wal-Mart Real Estate Business Trust	\$ 10,828,258
Charter Communications	\$ 6,149,900
Magnoia Gardens Assisted Living	\$ 5,682,517
Safeway, Inc. Store #1458	\$ 5,555,293
Starfire Lumber Co	\$ 5,433,755
Gregory A. Falk, LLC	\$ 4,914,112
Whittaker-Northwest Partners	\$ 3,937,687
Hillsboro West Plaza LLC	\$ 3,749,986
PacificCorp (PP&L)	\$ 3,859,000
Centurylink	\$ 3,651,000

Ten Year Statistics

<u>Year</u>	<u>Assessed Value</u>	<u>Population</u>	<u>School Enrollment</u>
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
2019-20	\$698,891,593	10140	2518

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

² Retrieved December 18, 2019 from <http://www.lanecounty.org/Departments/AssessmentandTaxation/pages/default.aspx>.

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 2020 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 2020-21 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 2020 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 2020 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.

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 2020 Budget Committee Meets ORS 294.426 ORS 294.428	Budget Committee meets to receive the FY 2020-21 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 2020 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 2020	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, 2020	The adopted budget for fiscal year 2020-21 becomes effective July 1, 2020. Certain reports, forms, and documentation are provided to the County Assessor's office by July 15.

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 reasonable 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.

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.

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.

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.

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.