



# BUDGET MESSAGE

## FISCAL YEAR 2021-2022

**DATE: May 8, 2021**

Ladies and Gentlemen of the Budget Committee:

Thank you for volunteering your time, energy, and expertise to the City's budget process. I am pleased to present the proposed FY2021-22 City of Harrisburg and Harrisburg Redevelopment Agency budgets. The budgets are tools used by City Council and staff to provide a roadmap for future operations and capital investments. The proposed budgets are our best attempt at providing funding at a level consistent with current and projected operational service needs and incorporate strategies and goals requested by the City Council in the 2021-2026 Strategic Plan.

The coming fiscal year presents the usual budget challenges in the light of the state and national economic slowdown as a result of the coronavirus pandemic. We can reasonably predict that some city revenues will continue to see reductions. Last year, we did not plan for large reductions in property tax collections, and most of the franchise fees. This was a wise projection, as our projected actuals show \$40,000 more than what was planned. Liquor taxes are also likely to rise further in the coming fiscal year, and state shared revenues are up. The City continues to be very conservative in how we budget in both revenues and expenses and can move very quickly to reduce expenditures in case the new fiscal year turns more negative than is planned in these proposed budgets.

As you read through the proposed budgets, I will point out some items that do not jump off the page. The costs of running a city continue to rise. Retirement costs continue to increase and are expected to trend in this direction for the next several years. Other personnel costs, like wages and health care are also on the rise. The City has adapted to these challenges by reducing staffing in the past, as well as outside contracting services. This year, administrative staff has been re-organized again, with changes based on workloads for office staff. Current staff were not hired at the same wage levels as staff who have left the city's employment, and therefore are providing some additional savings to the General Fund.

To retain valuable employees, and stay competitive in our region, every three to four years the City has a comparative wage analysis completed. In the years between the wage studies, we keep up with wages by using cost-of-living increases based roughly on the CPI-W for our region. The wage analysis completed this year by Portland State University provided evidence of PW staff and the Finance Officer ranging from 4.2% to 9.4% less than the median in comparable jurisdictions. The Budget supports those wage increases, as well as a 2% COLI increase for those administrative staff and Library staff members who do not have wage discrepancies. Staff is also careful to budget and transfer funds from funds that will support the services we provide.

As an example, the Building Permit Fund and Electrical Permit Fund both transfer funds to the General Fund to support employees providing those services.

Keep in mind these basic municipal budgeting principles:

- The complete City budget is divided into funds.
- Some funds, called “Enterprise Funds”, are required to be self-supporting. These funds include the Water Fund and the Sewer Fund.
- The City budget is required to be balanced. The amount of money shown on the expense side must equal the amount shown on the revenue side.
- The City cannot spend more money in a fund than is available.

You have been provided a copy of the proposed City budget and the HRA budget. At the beginning of each fund are a chart and table that summarily describe the proposed revenues and expenditures for the fund. These tools also give a historical comparison of the last three years financial position to help determine the needs for fiscal year 2021-22 and future budget years.

In the Budget document, the revenue table headings are **BLUE** while the expenditure table headings are **GREEN**. The expenditure table is further broken down into Object Classifications and Expenditure Detail. Expenditure Details are the line item expenses or the details of the budget. Object Classifications are simply broad categories of types of expenses within a particular fund, Examples of Object Classifications in the City’s Budget document are Personnel Services, Materials and Services, Capital Outlay, Debt Service, Inter-fund Transfers, and Contingency, and (sometimes) an Ending Fund Balance. It is worth noting that in the General, Water and Sewer Funds the Materials and Services Object Classification includes a lot of detail and therefore are broken down into several ‘subcategories’. It is also important to understand that it is acceptable, although not encouraged, for expenses to exceed the amount identified in the Expenditure Detail of a specific line, if the total expenditures do not exceed the amount budgeted in the Object Classification for that Fund.

In addition, with instructions from the City Council during the budget adoption past year, staff have added a new column, that includes the projected actuals from the current year budget. This will assist the Budget Committee with understanding some of the changes that staff have made in producing this budget. This column is only for planning purposes and will not be shown on the final adopted budget.

See **Diagram 1** below which shows the difference between a Fund, Object Classification, Expenditure Detail, and shows the location of the projected actuals column.

**Diagram 1**

**CITY OF HARRISBURG**  
**General Fund (10)** ← **Fund**  
 BY ORGANIZATIONAL UNIT OR PROGRAM & ACTIVITY

**GENERAL FUND (10): REQUIREMENTS**

Historical Data				REQUIREMENTS FOR: ADMINISTRATION	Budget for FY 2021-2022	
Actual		Adopted Budget This Year FY 2020-2021	Projected Actuals 2020-2021		Proposed by Budget Officer	Approved By Budget Committee
Second Preceding Year 2018-2019	First Preceding Year 2019-2020					
<b>PERSONNEL SERVICES</b>						
260,894	257,250	295,970	255,000	ADMINISTRATION WAGES	243,100	0
0	0	5,500	0	ADMIN OFFICE ASSISTANCE	5,500	0
4,800	4,800	7,200	4,800	COURT WAGES	4,800	0
274	265	305	280	ADMIN UNEMPLOYMENT TAXES	250	0
20,955	20,282	23,298	21,100	ADMIN SOCIAL SECURITY TAXES	19,100	0
88,853	67,696	66,750	68,700	ADMIN MEDICAL INSURANCE	85,500	0
55,788	49,070	88,950	70,650	ADMIN PERS	65,100	0
1,074	1,745	1,225	2,400	ADMIN LIFE & DISABILITY INS	650	0
5,440	2,893	2,770	3,100	ADMIN PAY & LONGEVITY	4,400	0
84	63	151	75	ADMIN WORK COMP QUARTERLY	135	0
2,855	1,882	3,000	2,850	ADMIN WORK COMP PREMIUM	3,000	0
2,400	0	2,400	2,400	PERSONNEL SERVICES-MARINE BD	2,400	0
79	38	200	0	MEALS - TRAINING	200	0
300	150	300	300	CELLULAR PHONE	300	0
<b>443,795</b>	<b>406,136</b>	<b>498,019</b>	<b>431,655</b>	<b>TOTAL PERSONNEL SERVICES</b>	<b>434,435</b>	<b>0</b>
3.0	3.0	3.5		Total Full-Time Equivalent (FTE)	3.5	3.5

**Object Classification** →

← **Expenditure Detail**

↑ **Projected Actuals**

**City's Strategic Plan:**

The City Council annually reviews and adopts a 5-year Strategic Plan for the City. The Strategic Plan lays out the Council goals and priorities for the upcoming fiscal year. In 2021, the City Council adopted several goals and objectives, seven of which have direct fiscal impacts in this year's budgets. **Table 1** is a list of the Council's priorities for FY 2021-22 that relate to or are impacted by the FY21/22 Budget.

**Table 1: Council Priorities in the 2021-2026 Strategic Plan**

Objective / Action #	Description
<b>#4</b> <b>#4. A &amp; 4. B</b>	<b>Achieve and Maintain Total City park land inventory at a minimum of 7 acres per 1,000 residents.</b>
<b>#5</b>	<b>Review and update the Transportation System Plan (TSP), and Transportation SDC's.</b>
<b>#6</b>	<b>Provide safe and accessible streets and sidewalks for the entire community, by seeking temporary and permanent funding opportunities.</b>
<b>#7</b>	<b>Make Regular and substantive improvements to City streets.</b>
<b>#10</b>	<b>Bring community awareness to crime issues in our city and work to create solutions to reduce and prevent crime.</b>
<b>#12</b>	<b>Provide second sanitary sewer crossing beneath the railroad tracks.</b>
<b>#13</b>	<b>Provide a Capital Improvement Plan and System Development Charges (SDC) program that encourages development.</b>

These Budgets have been prepared with these Council priorities in mind. To achieve Objectives 4.a & b., for example, the City successfully applied for an Oregon Parks and Recreation Department grant fund of \$40,000 to develop a revised City Parks Master Plan that will include revising City Parks SDC requirements as well as a more detailed plan for parks development, including a conceptual design plan for the new 132-acre Knife River park. You will note a \$30,000 expenditure in Fund 61 as a City match to the OPRD planning grant. These grant funds will not be paid out until after the new fiscal year begins.

Regarding Objectives 5 & 6. & 7: The City Council has a goal to annually budget \$250,000 in Street Maintenance funds. This goal is tied to funding recommendations contained in the 2016 Street Conditions Report prepared by the City's Public Works Department. This past year, the City was able to budget \$150,000 in Street Maintenance through a General Fund transfer that was made possible by staffing reductions and other savings outlined in the last two years of budget cycles. We continue to be able to meet this important goal.

Objective 10 does not cost the City any money, other than food and drink for open houses and for workshops, and the labor to provide outreach to the community. Objective 12, on the other hand, has gained critical importance for the City and is now scheduled to be completed in FY 2022. This project was possible due to funds budgeted in the Sewer Reserve Fund, although some Sewer SDC's Funding can also be used. In addition, Objective 13 has become more important to the City as improving the Capital Improvement Plan and resultant SDC's encourage development as well as improve our ability to reach Economic Development objectives.

This year's budget does not envision any new, significant cost reductions. As pointed out by the previous City Administrator, John Hitt, in last year's message, City staffing was already at a bare minimum level. However, the City continues to be careful with staffing levels. Although we have had the funding in this year's budget, as well as in this budget proposal to hire a part-time staff member to work on building permits, the City will hold off on hiring until staff starts to see a significant increase in permit activity. This staff member was planned because the City will be issuing Electrical Permits, which we have never worked with before. This is possible due to the Building Permits Assumption project, which involves the City moving from Linn County to Junction City for plan review and inspection services.

The City is in the middle of the Water Bond Projects, based on the General Obligation Bond of \$8,300,000 sold in 2019. The Water Fund Construction Project Budget has \$7,586,200 remaining to be used. The engineering for the two Water Filtration Plants and two Storage tanks is now 90% complete; we will be going out for bid this fall. The City will start to see a much heavier usage of this fund once construction starts. The PW Director is estimating that the figure will likely be close to \$6,000,000. This project will not be completed until FY 2024/2025.

#### **Changes to the Budget Format:**

All actively used funds are still being used, and this year, two new funds have been added. The Building Permit Fund (25) and Electrical Permit Fund (26) are both required because the City has assumed those programs. We are switching from Linn County to Junction City for our plan review and inspection services. In addition, the Budget Committee will find projected actuals in this report, showing what we expect to spend by the end of this fiscal year.

#### **Budget Highlights:**

1. Net assessed property values for our City have continued to increase, at roughly 3.6% and the City currently has an increase of 6.5% in our property tax revenues in the current fiscal year. The Oregon Department of Revenue is instructing cities to return to their regular collection rates of 96%. To be conservative, and in relation to the continuing

pandemic, we have projected the collection rates at 94%. The real estate market is continuing to be strong, and Harrisburg will likely have at least one more subdivision that will be starting construction this year.

2. Construction activity so far in 2021 remains consistent. As of the writing of this budget it is hard to estimate whether that will continue throughout the coming fiscal year. If the housing market continues as it has been, we will remain optimistic that construction will be active.
3. Interest rates are substantially decreased from the previous year and affects all funds. Some of this is caused by the transfer and usage of the water bond funds. In addition, interest rates through the Oregon State Treasury for short term funds have steadily decreased.
4. The City had used \$65,000 in Community and Economic Development funds to help our small businesses during the pandemic, but the funds were replaced due to the \$108,000 Coronavirus Relief Funds (CRF) the City received in spring 2020. These funds also reimbursed the extra payroll expenses incurred in disinfection protocol, and the purchase of protective equipment. This also assisted with the lack of rental income in City facilities. The CRF reimbursement funds were spread through several different funds.
5. The Harrisburg Redevelopment Agency has some grant funds still available to continue with property improvement grants. In addition, we plan on using HRA loan repayments that occur during the 2021-22 FY as additional money to include with the Property Grant Program approved by the HRA Board.
6. The City undergoes a Comprehensive Wage Analysis every three years; this year, wages for the Public Works Employees were deficient compared to the median in the report. Due to the timing of the Personnel Committee Meeting, the Budget has been planned as though the wage analysis was approved by both the Personnel Committee and the City Council. The budgetary amount for these increases is \$55,765, spread across four funds. Administrative staff not due increases as recommended by the wage analysis will receive a 2% cost of living increase. Employees with deficient wages only receive the percentages recommended by the study, and do not receive an additional 2% COLI.
7. There is approximately \$397,200 in funding that will be received that is part of the current year's payout to the City in American Rescue Plan (ARP) funding. These funds are scheduled to arrive in June of this fiscal year. \$197,200 will remain in the General Fund, \$100,000 will be given to Community and Economic Development, and another \$100,000 will be parceled out to the Sewer, Water and Storm Drain Funds. The summary of changes below will outline the amount of funds provided to each Enterprise Fund.
8. As a good business practice, the City generally increases the rates in the Water, Sewer and Storm Drain Funds by the cost-of-living each year. Those increases are usually 2% to 4% on an annual basis. Because of the ARP funding received, the City Council has committed to not increasing any utility rates for patrons, due to another year of the continuing pandemic, as well as the long recovery ahead.

### **GENERAL FUND (GF)**

The estimated beginning fund balance has increased by \$174,915 to \$857,215 this year. This represents that at the beginning of the fiscal year, the General Fund Reserve has 62% of the General Fund (FY21/22) organizational and program requirements, or a 7- month operational reserve. This matches last year's cash reserves, and as remarked by John last year, it is a strong cash reserve position for a City of Harrisburg's size.

Fines and forfeitures continue to climb, due to increases in municipal court activities. It is expected this line will continue to rise as the City has processed a growing number of traffic violations. We will continue to be conservative in our projections.

Franchise Fees represent only 12% of the GF revenues. These are down, due to the pandemic, and we will continue to project them at a lower amount. Intergovernmental revenue is also down, although it shows as higher due to the OPRD Grant funds of \$40,000, as well as the ARP funds. The OPRD Grant of \$40,000 is expensed, with an additional \$10,000 (along with \$30,000 from Parks SDCs) under GF Buildings and Grounds as "Parks Master Plan and SDC Updates."

On the expenditure side, personnel services are decreased from last year's costs by \$63,584. This is due to savings from current staff members being new to their positions, and therefore making less than previous employees, as well as holding off on hiring part-time staff, as noted above. The Finance Officer/Deputy City Recorder is the only person in the General Fund who will receive a wage increase of 7.5% to bring her position in line with the median shown in the wage analysis report. Other administrative employees received a 2% COLI increase.

Materials and services expenses are similar to last year in most lines. Professional Services include the contracted services line of \$47,300. This accounts for the approved contract of \$18,000 for John's services as a consultant, as well as some additional funding if the HRA Board should decide to process a minor amendment in order to use the increased funding the HRA has on hand due to judicious contracting. In addition, this fund is planned at this amount to support any contracts that the City might need to add in this next fiscal year. This is another example of funding that will not be used unless it's necessary. There is also a 'cushion' of \$10,000 in grant expenses, for smaller grants that might come up during the fiscal year.

In legal services, the City Business Attorney fees line has been increased by \$15,000, due to the anticipated BN franchise agreement, which expires in 2022. The Building Permit fees shown in Land Use Fees are due to building permits that are still pending inspections from Linn County. This is likely more than the City will need to pay them as we close out building permit services through the County. There is \$5,000 planned under HMC/Council upgrades for professionally finishing the audio and visual equipment in the Municipal Center; this is a planned use of the ARP funds. Government Services includes the slight increase in the LCSO contract, as well as the newly contracted amount in supplemental law enforcement for the Coburg traffic enhancement and code enforcement services. The Cascade West Regional Consortium (CWRC) is the wetlands consortium that the City belongs to. This is the amount we are paying to OCWCOG (Oregon Cascades West Council of Governments) with the other 8 cities in the consortium to continue to work on wetlands issues in our region.

The HART Community Center has asked for an additional \$5,000 of funding this year, and we have used another \$5,000 of the ARP funds to apply to their program. Interfund transfers account for the ARP funds being broken out to other funds and includes the two new funds (Building Permit and Electrical Permit Funds) as specified by Council Resolution. The capital outlay fund is the same as last year to plan for any upgrades to city facilities in relation to continued Coronavirus impacts. Lastly, the General Fund contingency and unappropriated fund balance are both up more than last year. The contingency in the general fund is excellent at 10%, a slight improvement from where we were last year.

#### **STREET FUND:**

The beginning fund balance of the Street Fund is up by \$73,000 from last year. We expected lower gas tax receipts last year due to COVID-19, but as you can see from projected actuals, we exceeded our budget. People want to escape their homes, and gas prices have been increasing; therefore, we have increased the amount slightly over last year.

There are two major grants planned this year, which again, will raise our revenues by \$704,000 in this fund if those are successful. Interfund transfers also include the \$150,000 from the General

Fund. The Budget Committee, and ultimately, the City Council, could choose to apply some of the ARP funding to the Street Project Fund.

We will apply for a Safe Routes to Schools Grant (SRTS) of \$550,000 to provide sidewalks, curbing and gutters on the west side of 9<sup>th</sup> Street between Territorial and Diamond Hill. This grant would be matched by an additional \$120,000 of Transportation SDC funds. Additional match funds of \$140,000 will come from the 'Other Construction Projects' line, which will meet the 40% cash match requirement of \$260,000.

The City is also applying for the TGM (Transportation and Growth Management) grant, which is provided by the state, from a partnership between DLCD (Department of Land Conservation and Development) and ODOT. The cost for this project is \$175,000. The \$21,000 match is in Capital Outlay in Grant Related Projects. That grant will pay for the long-awaited TSP (Transportation System Plan) update, as well as updating the Capital Improvement Plan (CIP) and Street SDC's. The 'Other Construction Projects' line is budgeted at \$854,000, which covers the grant expenditures, and other projects.

The Wage Compensation Study, if approved by the City Council, will increase the street fund wages by only \$1,450. With the transfer of \$150,000 from the General Fund, we have again met the City Council goal of having \$250,000 available for Street Maintenance. Contingency has also been doubled, to provide a very healthy 10% of the total fund.

**BIKE PATH RESERVE FUND:** There are no significant changes from the previous fiscal year. This fund will play a future role in developing a trail to link S. 6<sup>th</sup> street with the new 132-acre park.

#### **COMMUNITY & ECONOMIC DEVELOPMENT FUND**

The beginning fund balance in this fund continues to decline, due to usage for our businesses. The City was successful in supplying \$65,000 in Grants provided to our small businesses. These funds were refunded to the City by using the CRF (Coronavirus Relief Funds). There is also a \$100,000 transfer from the General Fund using the ARP funds.

The City Council has asked for a grant program similar to that used in the HRA, which is budgeted at \$97,000. \$3,000 was used to add to the previous approved MVP Program. The Mid-Valley Partnership (MVP) is an Economic Development Program that is ran by an 8-City consortium. We will be working on specific economic development programs that will benefit all cities. The Community and Economic Development Miscellaneous Expenditures line will be used to cover events in the Main Street Program, and for other uses that benefit our businesses here in Harrisburg. Summer Events has also been increased to count as the Fiduciary pass through for the Summer Sounds Concert Series, now being operated by the Tri-County Chamber of Commerce.

#### **LIBRARY FUND**

The beginning fund balance for the Library is up by almost \$22,450. There is a slight increase of the Personnel charges due to the 2% COLI increase. In expenses, the Oregon Digital Library Consortium will be a special project. Library Staff have discontinued the Genealogy Website because those funds are being used for the digital library program. That program promises to be very popular.

#### **STORM DRAIN RESERVE FUND**

The Storm Drain Fund is used to pay for public storm water improvements. The beginning fund balance is down almost \$49,000, due to improvements on LaSalle from 6<sup>th</sup> to 9<sup>th</sup> St. There have

been several street projects that included using storm drain funds, which also reduced the capital improvement line. Due to the ARP funds, and transfer of \$5,000, there will be no rate increases in the new fiscal year.

### **BUILDING PERMIT FUND**

The Building Permit Fund is a new fund required by the City's Assumption of our own Building Permit Program. The \$5,000 transfer was the amount projected just to start out the program and was set by resolution. The Building Permit Revenue is from the projections supplied as part of the Assumption Application provided to the Oregon Buildings Code Division (BCD). The City should be receiving more revenue from the Building Permit Program than we were from Linn County, as we will receive 35% of the fees, rather than 25% of the total building permit fees. Expenses are also projected. The City's fees will change slightly, as we will mirror the same building permit fees as Junction City. Close monitoring of this fund, and the Electrical Permit fund is required during the 1<sup>st</sup> two years of this program to ensure that both revenue and expense projections are adequate.

### **ELECTRICAL PERMIT FUND**

This fund is the other new fund required by the City's Assumption of our own Electrical Permit Program. The \$2,500 transfer was also set by resolution for the first year of this program. The revenue and expenses are all from the projections as supplied in the Assumption Application that was approved by the BCD. The City was not allowed to participate in the Linn County Electrical Program, so these revenues will be in addition to the normal building permit revenues. The Electrical Permit standards are more stringent than the regular building permit standards, so the City is not allowed to raise our prices for these permits, even if Junction City should happen to raise theirs, during the first four years of the program.

### **DEBT SERVICES FUND**

This fund is used to repay debts the City has collected, primarily interest and principal for the Water System bond issue in 2019. The beginning fund balance has increased by \$13,000, and taxes are levied at \$434,066, a slight increase of \$31,616. The principal payment on the water improvement bond has also increased \$10,000.

### **OFFICE EQUIPMENT RESERVE FUND**

The beginning fund balance is up more than it has been in the last three years, and we have lowered the amounts transferred from the water and sewer funds correspondingly. Expenses have been increased slightly to be prepared for any kind of software changes needed by the City during this rapidly changing technology climate. The City will be purchasing social media software that will capture the metadata from our Facebook posts. This is an important move to meet public disclosure requirements set by the State of Oregon, as more cities are being sued by groups in opposition to government entities.

### **EQUIPMENT RESERVE FUND**

This fund is used to build a reserve to replace the City's major public works vehicles and equipment. The beginning fund balance has increased by \$34,000, and we were able to increase the transfers from the water, sewer, and street funds. The City bought a 4-wheeler in the last year, so that fund is starting out fresh at the \$2,000 annual amount normally budgeted. The street sweeper, in contrast, as a more expensive item, is budgeted at \$30,000 per year.

### **WATER FUND**

The beginning fund balance is down by \$90,000. Some of this is due to the decrease in revenue, as well as interest revenue, which accounted for a \$64,660 drop in revenue. The ARP funds provided the \$42,000 transfer from the General Fund. During the past year, we did not shut off



accounts during any of the extreme risk episodes because washing hands is integral to helping to control COVID-19. Once again, we expect a decrease in water use collections due to the current emergency. No rate increase is proposed this year due to the infusion of ARP funds.

The Comprehensive Wage Analysis, if approved by the City Council, has created an increase of \$13,776 for the Public Works Crew. Due to regulatory requirements, and increased workloads, the City is also adding a 7<sup>th</sup> person to the Public Works Crew. This was an expected addition due to the increased duties for street and water bond projects. The City will also be hiring or promoting a current employee to the Public Works Utility III line. We hired in a lower job scale in PW Utility I, rather than replacing our former PW Utility III employee when he retired 2 years ago, which conserved funds for a couple of years.

FY 21/22 Water Fund expenses are not expected to change very much. Testing and chlorinator maintenance, as well as water systems maintenance and repairs have increased slightly. The water bond projects in capital outlay reflect a \$7,586,200 amount, of which approximately \$6,000,000 is expected in expenditures this next year. Engineering on the water filtration plants and water tanks is now at 90%, and the City anticipates bids to take place this fall, with construction costs soon to follow. Contingency is roughly \$5,000 less than the previous year.

### **SEWER FUND**

The beginning fund balance for the Sewer Fund is roughly the same as the previous year, while sewer use charges are flat. There is a \$53,000 ARP transfer from the General Fund, which will help by not passing any rate increases to our patrons.

If the Comprehensive Wage Analysis is approved by the City Council, then the increase will amount to \$13,776 for the PW Crew. Again, the 7<sup>th</sup> person being added to the Public Works Crew accounts for most of the increases in personnel services. Sewer Fund expenses are little changed other than some increases for maintenance. Contingency has dropped by half in this fund, but is still adequate.

### **WATER RESERVE FUND**

This fund is designated for major purchases and projects for the city's water system. Reductions in earned interest has again impacted revenues in both reserve funds. Capital Outlay has been decreased by \$54,000 due to projects being completed this last year.

### **SEWER RESERVE FUND**

This fund is designated for major purchases and projects for the City's sewer system. Transfers from the Sewer Fund are the primary source of revenue. The beginning fund balance has dropped by \$200,000, due to expenses used in capital outlay this past year. The WW construction reserve line was responsible for this extra expenditure, due to the critical sanitary sewer crossing project.

### **SYSTEM DEVELOPMENT CHARGES (SDCs)**

There are five distinct SDC Funds: Transportation, Parks, Storm, Water, and Sewer. System Development Charges may only be used for new public improvements, master planning, or expansions to the systems. These funds cannot be used for maintenance of the infrastructure system. Revenues for these funds are collected through development permits. Rates are tied to the city's master plans and capital improvement plans.

There are two significant, SDC funded expenditures planned for FY 21/22. The first of these is \$30,000 as a match for an OPRD applied for grant in the amount of \$40,000, as noted in the Strategic Plan discussion, above.

The other is a proposed expenditure of \$120,000 Transportation SDCs as a match for the City's proposed 'Safe Routes to School' ODOT grant to make improvements on the west side of 9<sup>th</sup> Street between Territorial and Diamond Hill

Capital Outlay expense lines have increased slightly as well, allowing for more capital for major projects related to growth in the future.

### **HRA BUDGET**

The proposed HRA budget includes capital construction funds for street and infrastructure improvements in the downtown. The remaining street and infrastructure projects will be completed by the end of fiscal year 2020/21 and include: Smith Street west of 3<sup>rd</sup> St., 2<sup>nd</sup> Street between Smith and Macy, and Macy Street between 2<sup>nd</sup> and 3<sup>rd</sup> St. As construction funds are paid out, the beginning fund balance is decreased. The Main Street Grant should also be terminated by the end of this fiscal year, but a slight carryover remains, because the state can sometimes be somewhat slow in providing reimbursement checks.

There are also funds available for HRA-offered grants to private business and property owners. This past year, the HRA Board authorized one new grant, while two are awaiting reimbursement. There are roughly \$52,000 of unrestricted funds remaining in the grant programs. As the three issued loans are repaid, there will be additional funds available for these programs in the future.

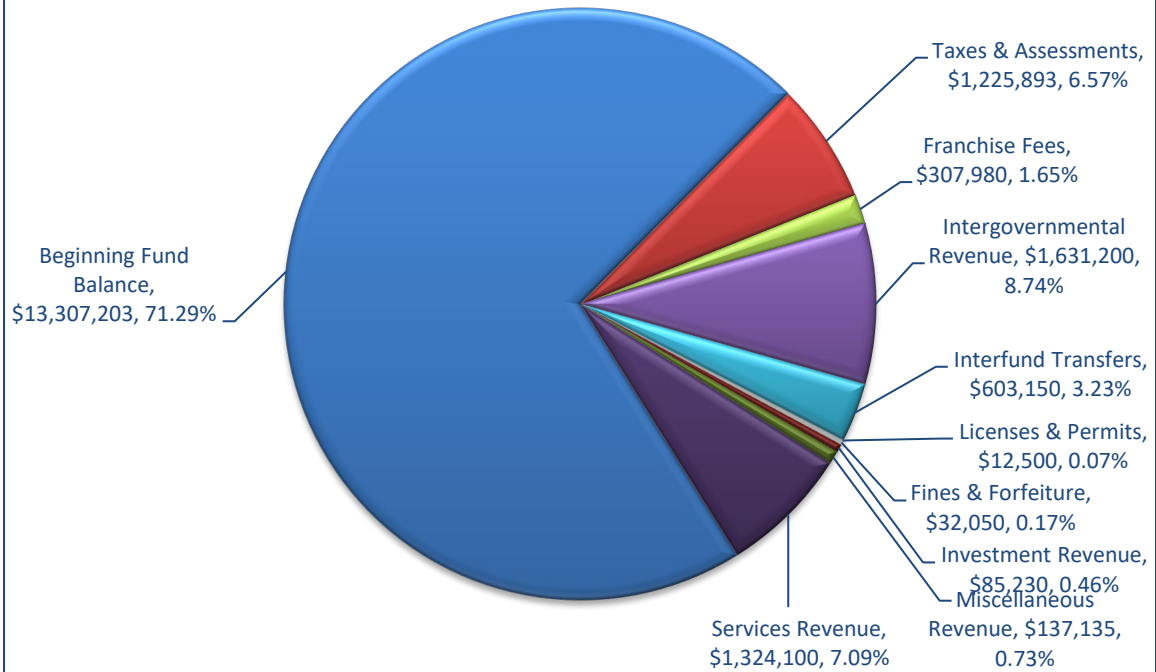
There may be an opportunity to add one or two new, smaller projects to the HRA plan depending on the current status of HRA indebtedness and the final construction costs for the 2<sup>nd</sup> & Smith Street project. These will depend upon the completion of a minor amendment of the HRA.

As noted above, debt service payments for HRA debts will be made directly out of the HRA funds.

Respectfully submitted,

Michele Eldridge, City Administrator

## Where the Money Comes From Fiscal Year 2021-2022



## Where the Money Goes Fiscal Year 2021-2022

