



PUBLIC HEARING: 2020 AD VALOREM TAXES

City Council Meeting October 15, 2019



Ad Valorem Tax 2020 (Property Tax)

- State law limits the annual increase in property taxes that may be imposed to 1% over the previous year or the annual increase in the Implicit Price Deflator (IPD), whichever is lower.
- As of the end of August 2019, the IPD was 1.396% which means all local governments may increase their property taxes by the full 1%.
- The City's 2020 budget is built using the full 1% increase on property tax as conforms with law.
- The County Assessor is responsible for the assessment of property valuation.
- 2020 collections are based on the Assessor's Office 2019 valuations.

2020 Property Tax - City Regular and EMS Levies Only

	<u>2018</u>	<u>2019</u>	<u>2020 ESTIMATE</u>
Assessed Valuation (City-wide)	\$ 652,529,064	\$ 712,548,758	\$ 776,678,146
Assessed Valuation/1,000	652,529	712,549	776,678
Levy Rate (Regular)	3.08	2.86	2.68
Budgeted Revenue (Regular)	\$ 2,007,145	\$ 2,039,742	\$ 2,081,750
Levy Rate (EMS)	0.48	0.44	0.41
Budgeted Revenue (EMS)	\$ 312,250	\$ 313,568	\$ 320,020
Total	\$ 2,319,395	\$ 2,353,310	\$ 2,401,770
For Presentation Purposes Only			
\$250,000 valued property (2019)	\$ 228,940	\$ 250,000	\$ 272,500
Regular Levy Paid - Annual	704	716	730
EMS Levy Paid - Annual	110	110	112
Total Property Tax (City Only)	\$ 814	\$ 826	\$ 843

■ Opportunity for Public Comment



2ND PUBLIC HEARING: 2020 BUDGET

2020 Budget Process

City Council Meeting October 15, 2019

Budget Preparation

The 2020 budget is being built using realistic revenue assumptions and matching expenses to those revenues.

The City practices an incremental budgeting process where 2019 expenses, less one-time expenses, are used to inform the base 2020 expense budget. Adjustments to those expenditure levels are dependent on available on-going revenue or Fund Balances for qualifying expenses.

- One-time resources, including accumulated fund balance, should only be used to fund one-time/non-ongoing expenses.

The budget process was challenging as baseline resources are not able to keep up with on-going expenses, especially in the General Fund. The budget does not address the budget sustainability issue facing the City.

The 2020 budget is balanced but further refinements are going to be necessary as we continue through this process.

General Budget Assumptions

- Medical increase = 6%
- Dental increase = 4% (Washington Dental Plan) or 5% (Willamette)
- PERS Rate = 12.96% (set by the State)
- COLA Adjustment (based on West Region CPI) = 3%
- Nonlabor expenses will increase by CPI, except where contracted and known
- IPD > 1%, Council will adopt a Substantial Need Ordinance should IPD be less than 1%
- Council will approve the updated non-represented salary scale

City-Wide Preliminary Budget

Fund	Expense	Revenue	Use of FB
General Fund	12,264,510	12,264,510	-
Street	2,283,320	1,376,010	(907,310)
Tourism	59,130	51,700	(7,430)
Bond	184,490	184,490	-
Capital Improvement	1,784,130	1,255,000	(529,130)
Water	3,724,680	2,474,090	(1,250,590)
Sewer	5,780,460	6,010,930	230,470
Solid Waste	1,439,370	-	(1,439,370)
Storm Drainage	1,276,420	1,265,000	(11,420)
Payroll Benefits	219,200	206,700	(12,500)
Equipment Rental	<u>1,388,880</u>	<u>736,610</u>	<u>(652,270)</u>
Grand Total	30,404,590	25,825,040	(4,579,550)

Preliminary General Fund Budget by Department

Department	Expense	Revenue	Use of FB
City Council	174,310		
City Manager	529,010		
Community Dev, Parks, Facilities	1,609,060		
Finance	1,171,270		
Fire/EMS	1,486,560		
Human Resources	481,590		
Information Technology	288,640		
Law	445,460		
Municipal Court	943,120		
Non-Departmental	1,351,180		
Police	3,132,330		
Public Works	651,980		
General Fund Revenue		12,264,510	
Subtotal General Fund	12,264,510	12,264,510	-

General Fund Revenue by Category

Revenue Category	2017 Actual	2018 Actual	2019 Estimate	2020 Preliminary	% Change 19 - 20
Taxes	8,187,477	8,029,664	7,840,800	7,823,170	-0.2%
Charges for Goods/Service	2,305,937	2,678,619	2,770,100	3,393,670	22.5%
Intergovernmental Revenue	775,026	1,017,979	733,900	454,520	-38.1%
Licenses & Permits	232,959	604,883	319,600	319,600	0.0%
Fines & Penalties	109,354	121,122	114,480	105,300	-8.0%
Miscellaneous Revenue	<u>863,944</u>	<u>189,317</u>	<u>210,170</u>	<u>168,250</u>	<u>-19.9%</u>
Total Revenue	12,474,696	12,641,582	11,989,050	12,264,510	2.3%

Preliminary Budget General Fund Tax Comparison

	2017 Actual	2018 Actual	2019 Estimate	2020 Prelim	% Change 19 - 20
Property	2,047,240	2,330,399	2,369,780	2,401,770	1.3%
Sales and Use	2,923,940	3,249,291	2,929,950	2,844,730	-2.9%
Utility Tax - City	1,568,387	591,650	580,700	586,510	1.0%
Utility Tax - Non City	1,069,010	1,125,027	1,188,000	1,203,400	1.3%
B&O	522,561	678,574	719,250	733,640	2.0%
Other Tax	56,339	54,723	53,120	53,120	0.0%
Total	8,187,477	8,029,664	7,840,800	7,823,170	-0.2%

New 2020 Project Budgets

- General Fund:
 - *Police Vehicles (\$50,000), Reserve for Capital (\$30,600)*
- Capital Improvement / Street:
 - *Chip Seal (\$200,000), Residential Paving (\$200,000), Railroad Ave Rehab (\$1,335,400), Salt Bin Building (\$90,000)*
- Sewer:
 - *Residential Blocks (\$30,000)*
- Solid Waste:
 - *Landfill Closeout (\$1,439,370)*
- Water:
 - *Laydown Yard (\$500,000), SCADA Upgrades (\$50,000), On-Site Chlorine Generation (\$320,000), Main Replacement (\$385,000)*
- Equipment Maintenance and Rental:
 - *Rear Stow Roadside Mower (\$215,000), Flatbed Truck with Plow & Sander (\$105,000), Roller Compactor (\$70,000), Vactor Truck (\$520,000, carry-over)*

Position Summary by Fund

	Budget 2018 Positions	Budget 2019 Positions	August 2019 Positions	Working 2020 Positions
General Fund:				
Legislative	7.55	7.80	7.80	7.72
Judicial	4.50	4.50	4.50	4.50
Administration (seperate HR & IT - August 2019)	8.60	6.40	3.40	3.36
Human Resources/Risk Management			3.00	2.85
Information Technology			2.00	2.15
Finance	10.65	9.85	9.85	9.77
Public Works Admin/Engineering	10.00	6.10	6.10	4.60
Police	20.50	21.50	21.50	21.50
Fire/EMS	-	-	-	-
Comm. Development/Parks/Recreation/Facilities	11.82	11.23	11.30	11.30
Total General Fund	73.62	67.38	69.45	67.75
Other General Government Operating Funds:				
Street Operating	3.31	3.70	3.65	4.65
Equipment Maintenance & Rental	1.05	1.20	1.20	1.20
Total Other General Gov't Operating Funds	4.36	4.90	4.85	5.85
Utility Funds:				
Water	8.02	8.42	8.40	8.40
Sewer	8.80	9.30	9.30	10.30
Solid Waste	-	-	-	-
Storm Drainage	3.00	3.50	3.50	7.00
Total Utilities	19.82	21.22	21.20	25.70

Budget Actions – Next Steps

- Next Steps:

- *Committee of the Whole meeting scheduled for 11/5 and tentatively for the 11/19 meeting to discuss budget.*
- *Finance will continue to work with departments to refine budget prior to Council adoption.*
- *Budget Ordinance and Ad Valorem Tax Ordinance scheduled for Council's 11/19 business agenda.*
- *Budget Ordinance and Ad Valorem Tax Ordinance currently scheduled for Council's 12/3 action agenda.*

■ Opportunity for Public Comment