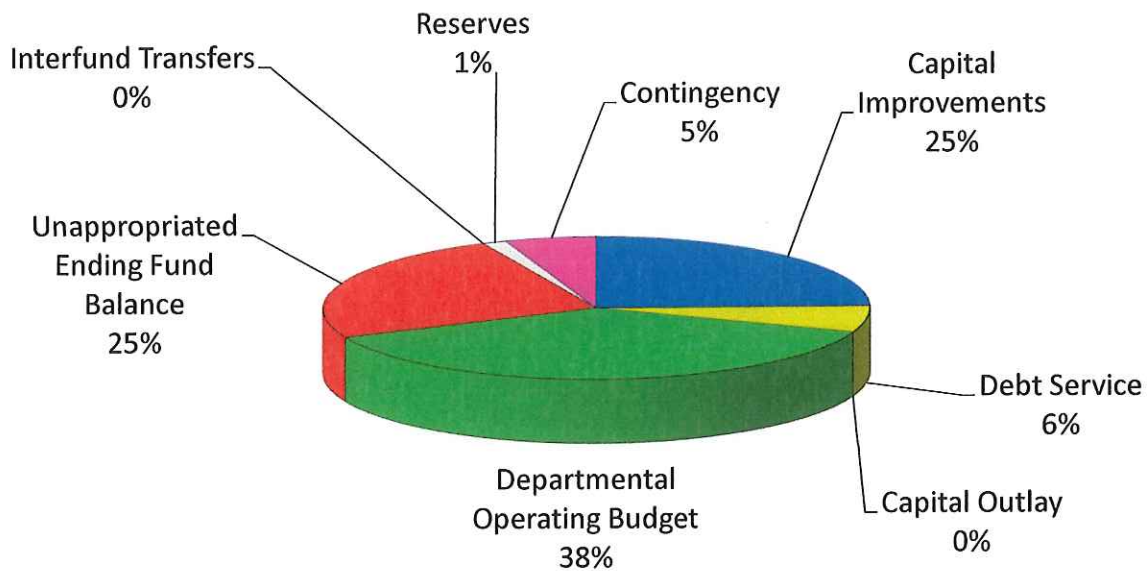




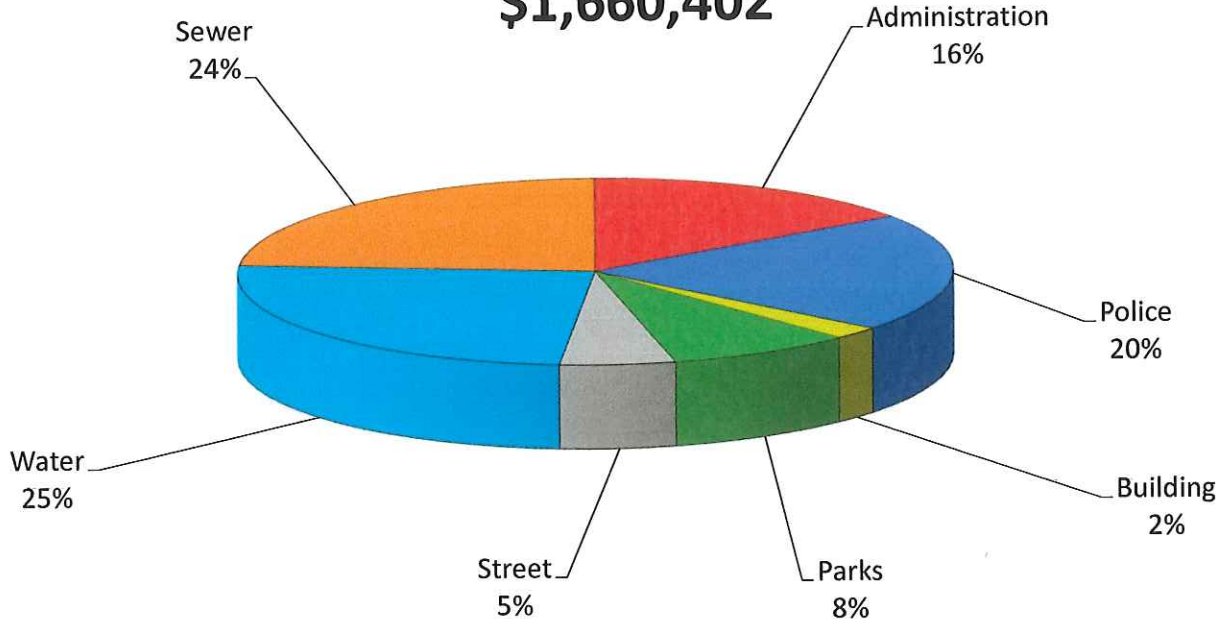
Budget Message

**2020-21 TOTAL FINANCIAL PROGRAM
BY CATEGORY
\$4,256,684**



2020-21 TOTAL FINANCIAL PROGRAM	
CATEGORY	ADOPTED BUDGET
Departmental Operating Budget	\$1,606,464
Capital Outlay	0
Capital Construction	1,050,001
Debt Service	257,008
Interfund Transfers Out	0
Reserves	60,000
Contingency	230,215
Unappropriated Ending Fund Balance	1,052,996
TOTAL FINANCIAL PROGRAM	4,256,684

2020-21 OPERATING BUDGET BY DEPARTMENT \$1,660,402



2020-21 OPERATING BUDGET	
DEPARTMENT	ADOPTED BUDGET
Administration	\$257,463
Police	339,637
Building	35,724
Parks	136,880
Street	87,365
Water	413,299
Sewer	390,034
TOTAL	\$1,660,402

The City of Columbia City

In Columbia County on the Columbia River



May 21, 2020

The Honorable Casey Wheeler, Mayor
Members of the City Council
Members of the Budget Committee
City of Columbia City

It is my privilege to present to you the proposed budget for fiscal year 2020-21 for your review and approval. As required by law, the proposed budget is balanced, and it provides for the basic needs and requirements of the City. It is our intent to submit and manage the budget in the most open and straightforward manner possible which will allow consistent and careful management of all resources. The financial impacts of the COVID-19 Coronavirus Pandemic will likely be felt for years to come. In order to best prepare for its potential impact on the 2020-21 budget year for the City of Columbia City revenues from the actual totals of 2018-19 were reduced by 15%. In addressing expenditures for the upcoming year a number of proactive measures were taken in order to best ensure the financial sustainability of the City. Normal COLA expenditures for employees were foregone this year, materials and services costs were minimized in their growth; with the majority being reduced, and all 100% City-funded projects were moved within the Capital Improvement Plan (CIP) to following years. To that effect, our estimated expenditures for the upcoming budget year are below our estimated revenue projections.

BUDGET POLICY AND STRATEGY

The proposed 2020-21 budget document has been prepared after considering the 2020-21 Policy Goals and Objectives and the 2020-21 Five-Year Capital Improvement Program, and analyzing and evaluating requests from the various departments. The budget represents the requested financial support for the operation of the City of Columbia City for the upcoming fiscal year. It is prepared on the modified accrual basis of accounting, and is summarized by major expenditure categories within each organizational unit.

The budget will be adopted this year by major categories so that legal appropriation control will be at the personal services, materials and services, and capital outlay levels in each

department. Thus each department has some flexibility in the use of various line items within a major category while the important appropriation control is still maintained.

Revenue estimates are conservative. The importance of a sound revenue picture cannot be overstated. Revenues must be estimated realistically, especially in this year with the likely financial impacts from the COVID-19 Coronavirus Pandemic. Revenue estimates are based on historical trends, expected population increases, inflation, economic conditions, conservation measures, and more. Revenue estimates have been carefully analyzed, and in those areas where varying estimates were received, the conservative approach has been used. This budget is conditioned upon the following fee increase:

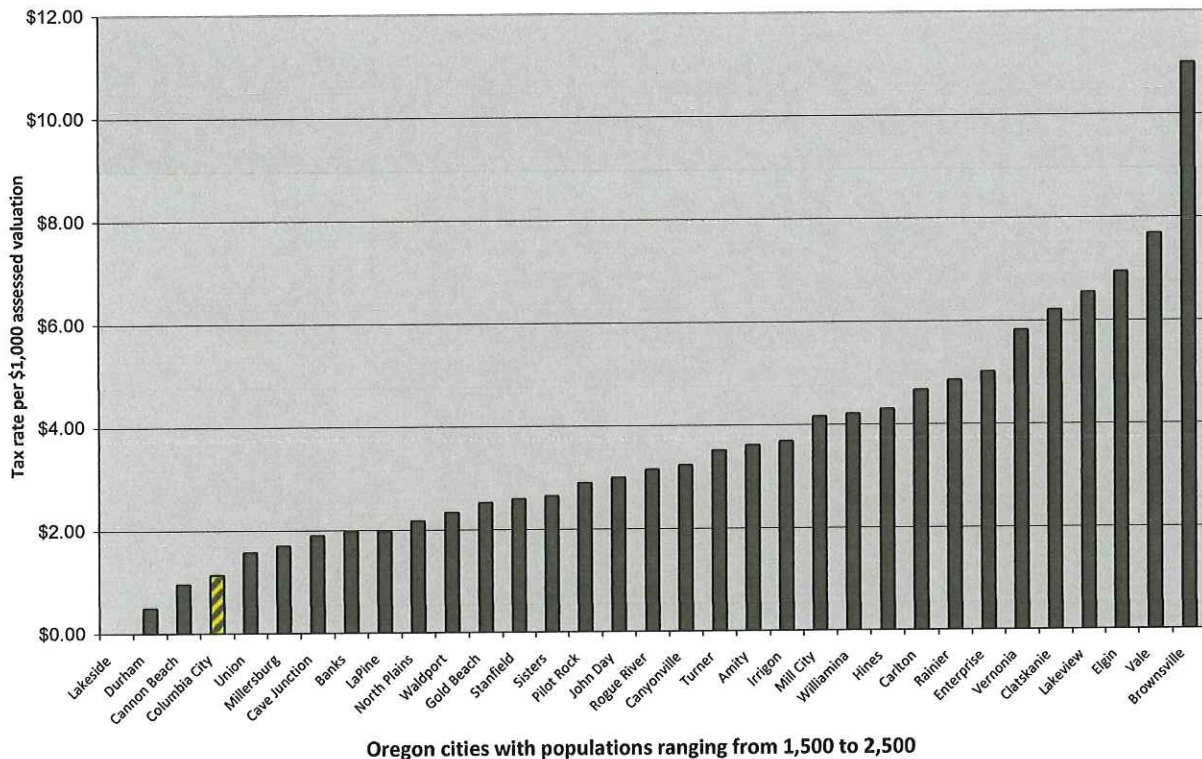
Sewer and water rate increases: A 3% rate increase is needed to generate the amount of revenue required to pay for operation and maintenance costs associated with the sewer and water utility systems, make the annual debt payments, and meet the loan debt coverage requirements.

City service levels. The City of Columbia City provides a range of services to the community, including police protection, street and storm system maintenance, water distribution and sewer collection utility services, as well as administrative, planning, building, municipal court services, and park maintenance services. Volunteers also help the City provide many valuable services to the community. The City continues to expand its volunteer program, enabling the City to provide a higher level of service than the available resources would otherwise allow. The level of service provided by the proposed budget is similar to current service levels.

Major budget issues. In November 2016, voters approved the renewal of the City's five-year local option levy in the amount of \$0.67 per \$1,000 assessed value. This approval will allow the City to maintain current level police protection services until June 30, 2022, and then another levy renewal will be needed.

Columbia City's permanent tax rate of \$1.1346 per \$1,000 assessed value is among the very lowest of all of the cities in the State of Oregon as shown in the graph on the top of the next page.

Comparison of Permanent Tax Rates



Even with the five-year local option levy, the City's combined permanent tax/local option levy tax rate of just \$1.8046 remains lower than the permanent tax rate of most of the cities within the state. In addition to the very low tax rate, the City is primarily a bedroom community with only a few commercial and industrial activities. Thus, the local option levy is critical to the City's ability to deliver the current level of police protection services to the community.

Strong reserve policies will protect the future of the City. In accordance with City Budget and Financial Policy Number 2, adequate contingency appropriations provide the City with protection to address unforeseen circumstances. Total contingency appropriations of \$230,215 are equal to 14% of the total operating budget. Transfers may be made to appropriate contingency funds by resolution of the City Council, but Oregon Budget Law limits them to 15% of the total appropriations budgeted within the fund. Contingency transfers exceeding the 15% limitation may only be made with the adoption of a supplemental budget.

In accordance with City Budget and Financial Policy Number 1 and Number 3, the City reserves funds for future capital projects in an effort to avoid incurring indebtedness whenever possible. The Equipment Reserve Fund is used to account for funds that are earmarked for future equipment acquisitions. Reserves represent 1% of the proposed budget, equal to \$60,000. In addition, unappropriated ending fund balances in the amount of \$1,052,996 represent 25% of the 2020-21 budget.

Fund balances. The 2020-21 beginning fund balances are estimated at \$1,655,995 equal to 39% of the total proposed budget.

A General Fund beginning fund balance of \$172,532 is projected for the year 2020-21, an amount equal to over three months of General Fund operating expenses. This amount meets the City's Budget and Financial Policy Number 9, which recommends a beginning fund balance equal to at least three months of operating expenditures.

The General Fund beginning fund balance of \$172,532 does provide the City with the resources needed to operate until property tax revenues begin to come in, and enables the City to avoid short-term financing.

The beginning fund balances in the Street, Water and Sewer Funds, estimated at \$249,293, \$461,055, and \$300,262 respectively, are all in compliance with the City's Budget and Financial Policy Number 9.

Capital construction projects: The 2020-21 budget provides appropriations for the following capital construction projects:

Community Hall Improvements - \$15,000. This project consists of a new roof for the Community Hall in order to address critical repair issues as well as protect the investment made in the facility. This project will be funded by proceeds from fund raising efforts.

McBride Creek Trail System Improvements - \$48,938. Phase I Improvements consist of the construction of a natural surface, single use pedestrian hiking trail, three feet in width and 1/4 mile in length, meandering along the banks above McBride Creek between the Columbia City Veterans Park at Highway 30 and the north end of Sixth Street. This project is funded with an Oregon State Parks Recreational Trails Program Grant award, coupled with a matching requirement by the City.

Water Reservoir and Waterline Improvements - \$471,125. This project involves refurbishing the upper level steel reservoir, adding seismic upgrades to the upper and lower level steel reservoirs, replacing 3,500 linear feet of cast iron waterline with PVC pipe, and adding/replacing several fire hydrants. This project is funded by a State of Oregon Safe Drinking Water Loan that includes 34% debt forgiveness and a Hazard Mitigation Grant of up to \$225,000 from the Federal Emergency Management Agency. This project began construction in the 2019-20 budget year and is planned to be completed in the upcoming budget year.

Steel Tank Abandonment and Sewer Main Replacement - \$476,000. This project involves the abandonment/replacement of 17 septic tanks (16 steel tanks and one concrete tank that serves three homes), upsizing 2,467 linear feet of 4-inch sewer main with 6-inch or 8-inch pipe, adding 10 new manholes, replacing 540 linear feet of service laterals, and adding 10 new sewer clean outs. This project is funded by a Clean Water State Revolving Fund Loan through the Department of Environmental Quality.

Detailed information about these projects, and other planned capital projects, may be found in the Capital Improvement Program section of this document.

Debt management. The City makes every effort to fund planned capital improvement projects through user fees, system development fees, intergovernmental revenues, grant monies and miscellaneous revenues. However, in the interest of utility rate stability, the City sometimes relies upon debt issuances to pay for projects when immediate system needs outpace the available resources.

Current water related debt issuances are described as follows, and payments are made from water sales revenues:

2002 Safe Drinking Water Revolving Fund Loan in the amount of \$1,995,623, equal to \$1,005 per capita. Loan proceeds were used to complete the water storage reservoir project and related transmission piping, and to complete the development of a groundwater well and associated transmission piping and chlorination facility. The loan is amortized over a period of 30 years with a 1% interest rate. Annual loan payments are made in December with revenue from water sales. Because of the low interest rate, the City anticipates a savings of nearly \$2 million under this financing program during the term of the loan.

2008 Safe Drinking Water Revolving Fund Loan amendment in the amount of \$234,535, equal to \$118 per capita. Loan proceeds were used to complete the development of a groundwater well and associated transmission piping. The loan is amortized over a period of 20 years with a 3.55% interest rate.

2013 Safe Drinking Water Revolving Fund Loan in the amount of \$384,098, equal to \$194 per capita. The loan is amortized over a period of 20 years with an interest rate of 2.69%. The loan funds were used to pay for a water conservation project involving an automated metering system and pressure zone and waterline improvements. In addition to the loan funds, the City obtained a \$379,180 forgivable loan under the same program.

2018 Safe Drinking Water Revolving Fund Loan in the amount of \$503,400, equal to \$254 per capita. The loan is amortized over a period of 20 years with an interest rate of 2.26%. The loan funds are being used to pay for water reservoir and waterline improvements. In addition to the loan funds, the City obtained a \$258,600 forgivable loan under the same program.

Current sewer related debt issuances are described as follows, and payments are made from sewer collection fee revenues:

2014 Clean Water State Revolving Fund Loan in the amount of \$375,728, equal to \$189 per capita. The loan is amortized over a period of 20 years with an interest rate of 2.54% and an annual fee equal to \$0.50% of the unpaid balance. The loan funds were used to pay for sewer system improvements involving pump and electrical power

upgrades to the City's main lift station, the abandonment/replacement 16 steel tanks, and manhole lining work to reduce inflow and infiltration.

2015 Clean Water State Revolving Fund Loan in the amount of \$343,545, equal to \$173 per capita. The loan is amortized over a period of 20 years with an interest rate of 1.93% and an annual fee equal to \$0.50% of the unpaid balance. The loan funds were used to pay for the sewer system improvements involving pump and electrical power upgrades to the City's main lift station, the abandonment/replacement 16 steel tanks, and manhole lining work to reduce inflow and infiltration.

2017 Clean Water State Revolving Fund Loan in the amount of \$476,000, equal to \$240 per capita. The loan is amortized over a period of 20 years with an interest rate of 2.03% and an annual fee equal to \$0.50% of the unpaid balance. The loan funds are being used to pay for sewer improvements involving the abandonment/replacement of 17 septic tanks, upsizing sewer main, replacing service laterals, and adding new manholes and sewer clean outs.

State law provides a debt limit of 3% of the true cash value of all taxable property within the City's boundaries. The 3% does not apply to bonds issued for water or sanitary sewer system improvements. The City has not issued any debt subject to the 3% limit. The amount legally available for future indebtedness is \$7,902,202.

Summary. In summary, the most important budgetary objective is to provide the highest possible level of service to our citizens in the most efficient and cost effective manner.

FINANCIAL FRAMEWORK

The following shows a comparison of the adopted 2019-20 budget with the adopted 2020-21 budget.

Fund Type	2019/20	2020-21	% Change
Governmental Funds:			
General Fund	\$1,011,264	\$808,352	-20%
Special Revenue Funds	733,162	561,181	-23%
Proprietary Funds:			
Enterprise Funds	3,394,230	2,887,151	-15%
TOTAL	\$5,143,656	\$4,256,684	-17%

The proposed budget represents a 17% decrease from the current budget, due mostly to an expected decrease in revenues and planned decreases in expenditures due to the projected financial impacts of the COVID-19 Coronavirus Pandemic. Departmental operating costs, consisting of personal services and materials and services, are equal to \$1,660,402.

The City intends to continue to employ nine regular full-time and five regular part-time staff during the 2020-21 budget year. The following chart shows the hours allocated for each employee within the various City departments, based upon full-time employee equivalents (FTE). Actual hours worked with departments are tracked and then department allocations are adjusted in the following year.

FUND	DEPARTMENT	STAFFING LEVEL			
		2017-18	2018-19	2019-20	2020-21
General	Administration	1.81	2.11	2.11	2.11
	Police	3.01	3.01	3.01	3.01
	Building	0.19	0.19	0.19	0.19
	Parks Maintenance	1.10	0.71	0.71	0.71
Street	Maintenance and Repair	0.58	0.50	0.50	0.50
Water	Production and Distribution	2.42	2.25	2.25	2.25
Sewer	Collection Maintenance	1.49	1.77	1.77	1.77
TOTAL		10.60	10.54	10.54	10.54

This budget message encompasses many of the highlights and policy issues in the 2020-21 budget. Details on departmental appropriations, revenues, property taxes, staffing, and capital projects can be found in the attached schedules.

YEAR-END CONDITION

Columbia City's current population is 1,985. Its quaint small town rural atmosphere, spectacular views of the Columbia River, and easy access to Highway 30, the Portland metropolitan area and Oregon coastal beaches make it a very unique and desirable place to live. Columbia City is primarily a bedroom community, and its economy is influenced by its proximity to the Portland-metropolitan area. Columbia City has a high number of residents who commute to the Portland metropolitan area or elsewhere for employment. An estimated 70% of Columbia County workers commute to work outside of Columbia County. St. Helens, the county seat, is located just two miles south of Columbia City.

Columbia County's unemployment rate, prior to the COVID-19 Coronavirus Pandemic, was 4.9% in February 2019, down another .2% from the prior year. The rate was still higher than the statewide rate of 3.3%, and the national rate of 3.5%.

Measure 5, approved by Oregon voters in 1990, limits the consolidated taxes for schools to \$5.00 per \$1,000.00 assessed value, and limits the consolidated taxes for all other governments to \$10.00 per \$1,000.00 assessed value. The consolidated tax rate for all other governments in Columbia City's tax area subject to the \$10.00 limits was \$7.9282 during the current tax year.

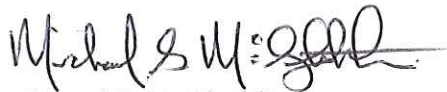
The passage of Measure 50 in 1997 instituted a permanent operating rate limit for all local governments in existence at the time. The permanent rates were largely determined by combining all of the tax levies that existed for that government at the time. The permanent rates can only be exceeded with the passage of a local option levy, and local option levies may only be levied for up to five years. Measure 50 also created what is known as assessed value. The assessed value of a property was established by reducing a property's real market value in 1995-1996 by 10 percent. Measure 50 then capped the annual growth of assessed value to 3 percent, with some exceptions.

CONCLUSION

The City can take extreme pride in the level of service that's been delivered to the community over the years, especially considering the limited amount of resources that have been available. This proposed budget provides a similar service level plan as the current budget year.

The real test of leadership comes from long-range results. The goals set by the Mayor and Council demonstrate their dedication and leadership and their desires to secure the future of our City as a pleasant and safe place to live and work. I have thoroughly enjoyed working together with the Mayor and City Council, City Committees, and all of the City's employees in a team effort to deliver the highest possible level of service at the lowest possible cost to the citizens of Columbia City. I especially want to thank the City staff for their assistance in preparing this document.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Michael S. McGlothlin", with a stylized flourish at the end.

Michael S. McGlothlin
City Administrator/Budget Officer

**City of Columbia City
2020-21 Annual Budget**

HOW TO USE THE BUDGET

The budget document serves four distinct purposes. One purpose is to present the City Council and public with a clear picture of the services that the City provides, and of the policy alternatives that are available. It also provides City management with a financial plan that conforms to the City's accounting system, and with an operations guide to follow throughout the year. Finally, it serves as a communications device, providing the policy makers, the public, and City management with a wealth of information about the organization.

The **Budget Message** section provides an overview of the key policy issues and programs in the budget, and presents major areas of emphasis for the City in 2020-21.

The **Schedules and Summaries** section provides the heart of the document as an operating and financial plan.

The **Major Revenues** section contains descriptive information about the City's major revenue sources, explains the underlying assumptions for the revenue estimates, and includes historical trend information.

The **General Fund** section contains General Fund revenue and expenditure summaries. It also provides detailed revenue and expenditure information, department descriptions, staffing levels, service level objectives and prior year accomplishments for all departments within the General Fund.

The **Special Revenue Funds** section provides revenue and expenditure summaries for all Special Revenue Funds. It also provides detailed revenue and expenditure information, department descriptions, staffing levels, service level objectives and prior year accomplishments for all departments within each Special Revenue Fund.

The **Enterprise Funds** section contains revenue and expenditure summaries for the Enterprise Funds. It also provides detailed revenue and expenditure information, department descriptions, staffing levels, service level objectives and prior year accomplishments for all departments within the Enterprise Funds.

The **Capital Improvements** section contains the City's Five-Year Capital Improvement Program, and lists the 2020-21 portion of the plan.

The **Community Profile** section provides a brief overview of the history, location, demographics and economic condition of the City in order to provide some insight to help individuals put Columbia City's budget into perspective.

The **Long-Term Financial Forecasting** section provides ten-year financial forecasting information for three of the City's major funds ~~the~~ the General Fund, Water Fund and Sewer Fund.

The **Appendix** section includes a glossary of terms to define various budgeting terms and each of the acronyms that may be found in this budget document.

**City of Columbia City
2020-21 Annual Budget**

FUND STRUCTURE

The City has established a variety of funds are used to collect revenues and hold funds in reserve for specified purposes. The City has three categories of funds: operating, special revenue, and enterprise funds.

Fund Category	Major Fund	Fund	Percent of City's Total Budget
Operating	✓	General Fund	19%
Special Revenue		Equipment Reserve Fund	1%
Special Revenue	✓	Street Fund	9%
Special Revenue		Street Development Fund	1%
Special Revenue		Park Development Fund	1%
Special Revenue		Storm Drain Development Fund	0.05%
Enterprise	✓	Water Fund	34%
Enterprise		Water Development Fund	7%
Enterprise	✓	Sewer Fund	27%
Enterprise		Sewer Development Fund	0.05%

Governmental Funds:

General Fund: The General Fund is the City's general operating fund, and it accounts for the administrative, planning and building, park maintenance, police protection, and municipal court functions of the City. Principal sources of cash consist of license and permit fees, franchise fees, fines and forfeitures, intergovernmental revenue, investment income and property tax revenues.

- The Administration Department is funded from licenses, permits and fees, intergovernmental revenues, fines and miscellaneous revenues. Major expenses are salary related.
- The Police Department activities are funded from property tax revenues, the voter-approved local option levy, intergovernmental and miscellaneous revenues. Major expenses are salary related.
- The Building Department receives funding from licenses, permits and fees, and miscellaneous revenues. Major expenses are for contract services and salary related expenses.
- The Park Maintenance Department receives funding from in lieu of tax fees, state revenue sharing, intergovernmental and miscellaneous revenues. It accounts for the expenditures related to the maintenance and development of City parks. Major expenses are salary related.

Special Revenue Funds: These funds account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes.

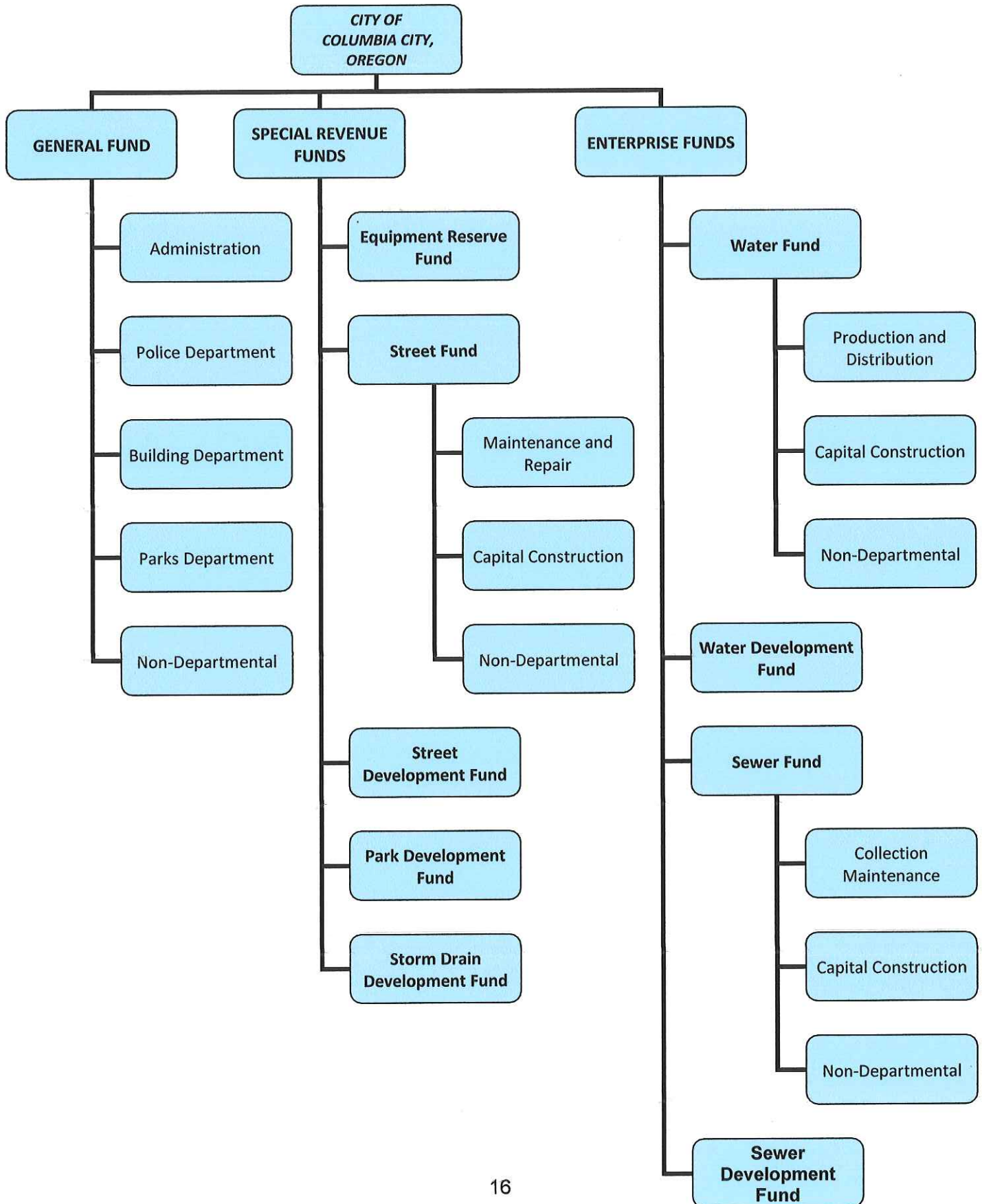
- The Equipment Reserve Fund was established to reserve funds that have been earmarked for major equipment purchases of the City.
- The Street Fund accounts for the City's share of the State of Oregon's special gas tax revenues. This revenue is restricted to street related maintenance and repair, including sidewalks and storm drains, and street improvements. Funding from permit fees, intergovernmental revenues and miscellaneous revenues also support street related activities.
- The Street Development Fund was established in accordance with state law to account for Street System Development Charges, which are designed to finance the construction, extension or enlargement of transportation facilities.
- The Park Development Fund was established in accordance with state law to account for Park System Development Charges, which are designed to finance the construction, extension or enlargement of parks and recreation facilities.
- The Storm Drain Development Fund was established in accordance with state law to account for Storm Drain System Development Charges, which are designed to finance the construction, extension or enlargement of storm drain facilities.

Proprietary Funds:

Enterprise Funds: These funds account for the operations of the City that are financed and operated with the intent that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

- The Water Fund accounts for all activities related to operating the water distribution system of the City. Revenue is derived from connection fees, charges for services to water users, intergovernmental revenue, loan proceeds and investment earnings.
- The Water Development Fund was established in accordance with state law to account for Water System Development Charges, which are designed to finance the construction, extension or enlargement of the water system.
- The Sewer Fund accounts for all activities related to operating the sewer collection system of the City. Revenue is derived from sewer usage charges, loan proceeds and investment earnings.
- The Sewer Development Fund was established in accordance with state law to account for Sewer System Development Charges, which are designed to finance the construction, extension or enlargement of sewer collection facilities.

City of Columbia City
Fiscal Year 2020-21
Fund Structure



City of Columbia City
2020-21 Annual Budget

VISION STATEMENT

Columbia City is the lower Columbia River's ideal small town - a city of beauty and livability.

- *Residents connect in safe, attractive, and quiet neighborhoods.*
- *The city welcomes diverse community-sustaining businesses.*
- *Engaged citizens and responsive local governments collaborate to preserve the city's distinctive identity and independence.*

MISSION STATEMENT

The City of Columbia City encourages community involvement and is committed to:

- Developing and ensuring the highest possible quality of life for our residents, businesses and visitors.
- Providing a safe, secure and healthy community environment.
- Providing an efficient and effective government which is open and responsive to the needs of the community and works for the benefit of all.

POLICY GOALS AND OBJECTIVES 2020-21

1. Protect our community's quality of life and promote economic development

A. To continue efforts to reduce or eliminate the long-term risk to human life, property and the environment from natural or human-caused hazardous events and disasters.

Rationale: Emergency preparedness and hazard mitigation will help to reduce injury and damages that would otherwise result during hazardous events and disasters.

Target completion date: Ongoing.

B. To promote and maintain a safe and desirable living and working environment while at the same time maintaining and improving the quality of our community.

Rationale: The City Council has adopted City codes specifically designed to address blight, nuisances, and to maintain a clean environment for all citizens in our community. An emphasis will continue to be placed on code enforcement by administering a fair and unbiased enforcement program to correct violations through:

1. The facilitation of voluntary compliance with City laws and codes;
2. Public outreach programs;
3. Established priorities for enforcement.

Target completion date: Ongoing.

C. To pursue the development of Phase I of the McBride Creek Trail System Oregon Parks with the assistance of a Recreational Trails Program grant.

Rationale: Completing the first phase of the trail system within the McBride Creek riparian area between Highway 30 and the north end of Sixth Street will provide public access to this beautiful riparian area. Residents have expressed a high interest in walking and hiking opportunities.

Target completion date: December 31, 2020.

D. To continue to raise the funds needed to make the necessary repairs and improvements to the Columbia City Community Hall - A Legacy to Treasure.

Rationale: The proper maintenance of this vital community facility is essential to its sustainability. Continued fund raising efforts will provide the City with the resources that are needed to properly maintain and improve the facility.

Target completion date: Ongoing.

E. To continue to complete planning work associated with the McBride Creek Trail System with technical support from the National Park Service.

Rationale: The McBride Creek Trail System is a proposed hiking trail spanning approximately 2 miles in length, extending from the site of the community's Veterans Park in the far northwest corner of the City and through the riparian corridor of McBride Creek that wraps around the northwest perimeter of the City, which offers a pleasant forested atmosphere that bursts with trillium in the spring. The trail will then traverse along the side of the hills to the west of the City, offering spectacular views of the Columbia River and snow peaked mountains, and it will ultimately lead to an existing pedestrian system in the far southwest corner of Columbia City.

Target completion date: Phase I from Veterans Park to 6th Street – December 31, 2020. Subsequent phases – Ongoing.

F. To implement recommendations resulting from the Department of Homeland Security 2018 Vulnerability Assessments of the Columbia City Water System and City Hall facilities.

Rationale: The Department of Homeland Security conducted specialized field assessments to identify vulnerabilities and make recommendations to mitigate risk. Efforts should continually be made to implement the recommendations as resources permit.

Target completion date: Ongoing.

G. To update the September 6, 2001 Parks Master Plan.

Rationale: Well-planned parks and recreation systems can increase property values, foster job creation, and provide a foundation for place-based economic development. The City of Columbia City Parks Master Plan dated September 6, 2001 needs to be updated to accurately reflect project needs for the next twenty-year planning period. This project shall be contingent upon grant funding.

Target completion date: December 31, 2021.

H. To update the January 17, 2002, Park System Development Fee Study.

Rationale: The City of Columbia City System Development Charges for the Parks System recommendations dated January 17, 2002, need to be updated to help ensure that Columbia City's quality of life keeps pace with its growth and changing needs by providing additional parks and recreation facilities needed to accommodate growth.

Target completion date: March 31, 2021.

2. Place an emphasis on street and storm drain maintenance and improvements

A. To update the Columbia City Transportation System Plan (TSP) with the assistance of a Transportation Growth Management (TGM) Grant.

Rationale: The Columbia City TSP was completed in 1998 and has not been updated since that time. We are in need of an updated TSP that extends the planning horizon to 2038, identifies the most needed transportation improvements to the transportation system, including new streets and roadway improvements, pedestrian and bicycle facilities, transit and financing for implementation. The plan will also address needed roadway facilities, including rail and water, for the 93 acre Port of St. Helens industrial site. The City is currently working with the contracted City Planner for development of the scope of work.

Target completion date: December 31, 2021.

B. To place a concentrated emphasis on pavement preservation efforts.

Rationale: Preserving our existing infrastructure is essential. Proper maintenance, including consistent vegetation removal, crack sealing, patching, and fabric and pavement overlays can extend the life expectancy of existing improvements.

Target Date:

- Crack seal work - east side of City - October 31, 2020.
- The Strand Pavement Restoration Project - C, H, and Calvin Streets Pavement Restoration – Ongoing with initial coordination/estimates with paving contractors.

C. To complete underground injection control (UIC) system and drainage swale maintenance services.

Rationale: Due to limited resources, some of the routine maintenance services outlined in the City's Storm Water Management Plan for the City's UIC system and drainage swale systems have been postponed for several years. Periodic routine maintenance is essential to insure optimum performance of the system.

Target Date: September 30, 2020.

D. To continue to investigate and pursue alternative funding opportunities for street and storm drain maintenance and improvements.

Rationale: Current resources available for street maintenance and improvements received from State gasoline tax and street system development charges fall short of meeting the City's basic street maintenance needs and providing for necessary street improvements. The City has no current funding source for storm maintenance. The City will continue to pursue grant funding and investigate the establishment of a street and/or storm water utility fee.

Target completion date: Ongoing.

E. To update the November 22, 2002, Transportation System Development Charge Study.

Rationale: The Columbia City Transportation System Development Charges Methodology Update Report and Study dated November 22, 2002, needs to be updated to accurately reflect current capital project needs and costs and recent boundary changes to ensure that new development pays for its share of growth-related transportation facility costs.

Target completion date: March 31, 2021 – in conjunction with TSP Study update.

F. To develop and Storm System Master Plan.

Rationale: The City of Columbia City does not have a current Storm System Master Plan. A Master Plan should be developed to accurately identify storm system capital improvement needs for the next twenty-year planning period.

Target completion date: December 31, 2021.

G. To update the July 1991 Storm Drainage System Development Charge Study.

Rationale: The City of Columbia City, Columbia County, Oregon System Development Charges Rate Study dated July 1991 pertaining to Drainage and Flood Control, Storm Drainage Development Charges needs to be updated to accurately reflect current capital project needs and costs and recent boundary changes to ensure that new development pays for its share of growth-related storm drainage facility costs.

Target completion date: December 31, 2021 – in conjunction with the aforementioned Rate Study.

3. Water and sewer system maintenance, improvements, and standards are a high priority

A. To eliminate 32 steel septic tanks remaining within the sewer system.

Rationale: The steel septic tanks that were incorporated into the City's Septic Tank Effluent Gravity (STEG) system have reached the end of their life expectancy. These tanks have been targeted for removal and/or replacement. Tank replacement has been prioritized based upon physical inspection of tank conditions. Currently working with contracted City Engineer for scope of work and preliminary engineering

Target completion date:

- 16 tanks (located in the area to the north of E Street, south of A Street, west of Highway 30 and east of Sixth Street): August 31, 2021.
- 7 tanks (locations to be determined): June 30, 2022.
- 8 tanks (locations to be determined): June 30, 2023.

B. To complete the replacement of 2500 linear feet of sewer main in the area to the north of E Street, south of A Street, east of Highway 30 and west of Sixth Street.

Rationale: Upsizing the sewer mains within the service area will allow for the standard gravity flow of sewer and the abandonment of septic tanks within that service area. The project includes the addition of 10 new manholes, 10 new cleanouts, and the replacement of 540 linear feet of sewer laterals.

Target completion date: August 31, 2021.

C. To complete the restoration of the upper level water storage reservoir, add seismic upgrades to both of the steel storage reservoirs (upper and lower level), add level instruments and data storage, replace 3500 linear feet of cast iron waterline, and add/replace several fire hydrants.

Rationale: Inspection of the reservoir revealed corrosion, and recoating the interior and exterior is needed to preserve the integrity of the structure. It will be cost effective to add seismic upgrades and telemetry to the structure while the restoration work is underway, which will provide us with the ability to remotely monitor the level of the reservoir and reduce maintenance costs associated with physical inspections of the facility. Replacing the old cast iron piping is expected to lower costs associated with water lost due to leakage and eliminate some very old joints made of oakum and lead. The increased pipe size will provide the fire flow capacity needed for the service area.

Target completion date: Completed October 19, 2019, minus upper reservoir seismic upgrades which remain to be completed. December 31, 2020 planned resolution for remainder of project.

D. Reduce inflow and infiltration (I&I) in the sewer collection system.

Rationale: I&I costs money - it increases sewer treatment costs and wastes valuable system capacity. Increases in sewer flows during periods of heavy rain are an indication of I&I. Completing investigations

to identify problems that are contributing to I&I and taking corrective action to repair those problems could prove to be very cost effective.

Target completion date: Ongoing.

E. Reduce water system leakage.

Rationale: Water leakage costs money. It increases pumping costs, water purchase requirements, and treatment costs, and it reduces system capacity. Identifying and repairing leaks within the system can prove to be very cost effective. City crews will use leak detection equipment to help identify leaks as needed, and make every effort repair leaks as they are discovered in a timely manner.

Target completion date: Ongoing.

F. Continue to implement the source water protection strategies as outlined in the City of Columbia City Source Water Protection Plan dated February 2014.

Rationale: Every effort should be made to prevent the release of hazardous substances and reduce the risk of contamination of the City's drinking water.

Target completion date: Ongoing.

G. Complete improvements to the K Street Pump Station to provide it with a firm capacity of 160 gallons per minute at a total dynamic head of 57 feet to convey wastewater under the highest total dynamic head condition. Project includes providing a remote connection to the city's supervisory control and data acquisition (SCADA) system to permit online viewing a pump operation, notification of alarm conditions, and logging of data.

Rationale: This project will reduce add necessary system capacity and reduce annual maintenance costs associated with emergency response and emergency pumping related to the current inadequate system capacity of the pump station.

Target completion date: December 31, 2020.

H. To update the November 2004 Sanitary Sewer and Water Systems Development Charge Study.

Rationale: The City of Columbia City Systems Development Charge and Capital Improvement Plan Update for Sanitary Sewer and Water Systems dated November 2004 needs to be updated to accurately reflect current capital project needs and costs and recent boundary changes to ensure that new development pays for its share of growth-related sanitary sewer and water system facility costs.

Target completion date: December 31, 2021.

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BUDGET AND FINANCIAL POLICIES

Financial management policies shall be oriented to maintain a balanced relationship between debt service requirements and current operation costs, encourage revenue growth, actively seek alternative funding sources, minimize interest costs and maximize investment returns.

1. To the extent feasible, one-time revenues will be applied toward one-time expenditures; they will not be used to finance ongoing operations. Ongoing revenues should be equal to or exceed ongoing expenditures.

Rationale: Utilizing one-time revenues to fund on-going expenditures results in incurring annual expenditure obligations, which may be unfunded in future years. Using one-time revenues to fund capital assets better enables future administrations to cope with the financial problems when these revenue sources are discontinued, since these types of expenditures can more easily be eliminated without reducing service levels.

2. To provide contingency appropriations in the General Fund, Street Fund, Water Fund and Sewer Fund. Funding shall be targeted at 10% of the City's operating expenditures.

Rationale: Adequate contingency appropriations provide the City with the ability to accommodate unexpected operational changes, legislative impacts, economic events, and other unforeseen circumstances affecting the City's operations.

3. To build reserves to provide for future capital improvements, and to fund capital improvements through grants and with reserve funds and avoid increasing indebtedness whenever possible.

Rationale: Every effort must be made to plan and provide for necessary capital improvement projects. With careful thought and planning, many projects can be funded with development fees, grant funds, intergovernmental revenues, user fees and excess revenues to avoid the incurrence of debt.

4. The City may charge the direct beneficiaries of City services the full cost of providing those services, and may adjust fees accordingly to ensure that revenues adequately support the full cost of providing the service.

Rationale: In some instances, the City may determine that fees should keep pace with the cost of providing the service, and may base fees upon comparative studies, cost of service information, public health and safety, the ability to pay, the feasibility of collection, and other considerations.

5. To track revenues and expenditures relating to the City's Building Department Program. Program reserves will be held in the name of the Building Program and used for future program requirements; program deficits will be tracked in the name of the Building Program and future revenues will be applied toward the deficit.

Rationale: In accordance with state law, the revenues related to the issuance of building, mechanical and plumbing permits shall only be used for direct and indirect costs associated with maintaining the program. Program revenues and expenditures shall be carefully analyzed in an effort to ensure that the program is self-supporting.

6. To actively pursue state and federal grants to provide additional resources and to actively pursue partnerships with other agencies and jurisdictions to improve funding opportunities and relationships and promote cost effectiveness.

Rationale: Utilizing outside revenue sources and resources whenever possible relieves the local citizens of some of the financial burden and improves the local economy.

7. To invest and manage available funds in a manner that will assure the greatest return without compromising security or cash flow requirements.

Rationale: To ensure maximum investment income is derived by utilizing available investment options.

8. To ensure revenue estimates are conservative.

Rationale: The importance of a sound revenue picture cannot be overstated. Revenues must be estimated realistically and be based on four-year historical trends, increases in population, inflation and economic conditions.

9. To maintain a beginning fund balance equivalent to at least three months of operating expenditures in the General Fund, Street Fund, Water Fund, and Sewer Fund.

Rationale: A healthy fund balance provides working capital and enables the City to avoid short-term financing.

10. The City will treat the water and sewer funds in the same manner as if they were privately owned and operated. In addition to setting rates at levels necessary to fully cover the cost of providing water and sewer service, this means assessing reasonable franchise in-lieu fees.

Rationale: Utilities statewide pay franchise fees to cities for the use of their streets. The franchise fee for water and sewer services is based on the statewide standard for public utilities like electricity and gas: 5% of the gross revenues from operations.

11. The City will annually adjust system development charges to reflect the cost of inflation.

Rationale: ORS 233.304(7) specifies that the periodic application of an adopted inflation adjustment factor to a system development charge is a permitted change. Capital project costs contained in the City's capital plan increase as a result of inflation, and it is essential that the fees be adjusted to reflect the increased costs to ensure adequate revenue is generated to support the growth-related portion of the project. An inflation adjustment factor shall be based on the change in the average market value of undeveloped land in the City, according to the records of the County Tax Assessor, and the change in construction costs according to the Engineering News Record (ENR) Northwest (Seattle, Washington) Construction cost Index; and shall be determined as follows:

$$\begin{aligned}
 &\text{Change in Average Market Value of Land} \times 50\% \\
 &\quad + \\
 &\quad \text{Change in Construction Cost Index} \times 50\% \\
 &\quad = \\
 &\text{System Development Charge Adjustment Factor}
 \end{aligned}$$

12. To annually contribute a minimum of \$7,500.00 towards a reserve account for police vehicle purchases.

Rationale: The systematic replacement of police vehicles increases officer safety and efficiency and reduces vehicle maintenance costs, and careful financial planning will ensure the availability of funds and avoid the need for short-term borrowing.

13. To establish an Equipment Reserve Fund for equipment purchases.

Rationale: Every effort must be made to plan and provide for necessary capital equipment purchase to avoid the need for short-term borrowing.

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FUND BALANCE POLICIES

GASB 54 requires fund balances to be reported in classifications that “comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.”

The City wants to maintain a minimum General Fund ending fund balance equal to three (3) months of General Fund operating expenditures.

The ending balance for all funds must be designated per the following categories set forth by GASB 54:

- **Non-spendable** – Funds which cannot be spent.
- **Restricted** – Amounts subject to externally enforceable legal restrictions (imposed by grantors, contributors, governmental regulations, etc.)
- **Committed** – Amounts whose use is constrained by limitations that a government imposes upon itself.
- **Assigned** – Intended use of resources established by the governing body itself, or by an official or officers to which authority is delegated by the governing body.
- **Unassigned** – Available for any purpose. (Reported only in the General Fund.)

Assignments

Authority to classify portions of ending fund balance as Assigned is granted to the City Administrator/Recorder.

Spending as it Relates to Ending Fund Balance Policy

The City considers the spending of restricted fund balances on purposes for which such funds can be used to occur first when funds are spent for restricted and unrestricted purposes. When unrestricted classifications of fund balance are spent, the City will consider that committed amounts will be reduced first, followed by assigned amounts and then unassigned amounts.

The following are designations of ending fund balances and revenues for specific uses:

Restricted Fund Balances –

- The SDC Fees in the following funds are restricted: Street Development, Park Development, Storm Drain Development. The Sewer Capital Improvement Fund is restricted for the uses required by the grants and loans that provide resources for the fund.
- The gas tax revenues in the Street Fund are restricted, the remaining funds are considered committed.

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BUDGET PROCESS

PURPOSE

The City of Columbia City's Budget is developed to serve as a policy document, an operations guide, a financial plan, and a communications device. The budget process is part of an overall policy framework, which guides and coordinates the various services and departments of the City. The budget serves a central role by allocating the available financial resources to the departments, which have been charged with the responsibility of implementing the City's overall policies and goals. The budget also establishes financial policies, which will influence the availability of future resources to carry out the City's policies.

BUDGET PREPARATION

The preparation of a budget is a complex process. The process affords both an interesting and challenging opportunity to reassess our plans and overall goals and means for accomplishing them. It is through this effort that the budget is the single most important policy document produced each year.

The process begins with the appointment of the City Administrator/Recorder as the Budget Officer in early January. Mid-year financial information and financial projections are reviewed in January in preparation of the upcoming budget process. The City Council appoints a Budget Officer and develops goals and objectives for the new budget year. The City's Parks Master Plan, Water System Master Plan, Wastewater Collection System Facility Plan, and Transportation Systems Plan are re-visited prior to the development of the Five-Year Capital Improvement Program. Input is received from the Parks Committee, Street Committee, and Water and Sewer Committee members during the development of the Five-Year Capital Improvement Program. Projections of City reserves and revenues are made, and consideration is given to what projects the City wants to, and can afford to, move forward with during the upcoming budget process, and what projects will be scheduled during the remaining four-year planning process. The City Council adopts the annual Policy Goals and Objectives and the Five-Year Capital Improvement Program, which guide the development of the budget.

Department Heads are asked to estimate their expenditures for the remainder of the current year, and submit their requests for the coming year to the City Administrator/Recorder. The City Administrator/Recorder meets with the Mayor and the Department Heads to review, revise and balance the budget. The proposed budget is reviewed by staff to ensure that it conforms with the City's Five-Year Capital Improvement Program, the City Council's Policy Goals and Objectives, the City's Budget and Financial Policies and the City's Comprehensive Plan.

BUDGET ADOPTION

The Budget Committee, composed of an equal number of qualified electors and the City Council, meets publicly to review the budget document as proposed by the budget officer. Public hearings are conducted to obtain taxpayer comment, and publications in newspapers are required. The Budget Committee reviews the proposed budget and either revises the proposed figures or approves them as presented.

The budget or a detailed summary describing the budget, as approved by the Budget Committee, is then published in a newspaper of general circulation in summary form, and the full document is made available during regular business hours at City Hall for public inspection. Prior to June 30, an advertised public hearing is held before the City Council to consider the proposed budget as approved by the Budget Committee. Then the City Council legally enacts the budget by passage of a resolution. The budget is adopted on a basis consistent with generally accepted accounting principles, and appropriations lapse at the end of each fiscal year.

BUDGET AMENDMENTS

It occasionally becomes necessary to make changes to the adopted budget. There are two methods by which Oregon State Budget Law allows the City's budget to be updated in the case of unforeseen circumstances.

The first method is to transfer budgeted amounts within a fund. These transfers usually involve transfers between major categories within a department, or transfers between departments within a fund. Transfers do not result in overall budget appropriation increases. Transfers are usually initiated by the City Administrator/Recorder upon a recommendation from a Department Head, and must be adopted by resolution of the City Council.

The second method results in a change in the total budget appropriations. The City Council may authorize supplemental appropriations during the year by adopting a supplemental budget. Examples of changes that would require the supplemental budget process are as follows:

- The re-appropriation of monies from one fund to another;
- The appropriation of unanticipated grant funds;
- The appropriation of proceeds from the sale of property which necessitates the immediate purchase, construction or acquisition of different facilities.

The supplemental budget process requires public hearings, newspaper publications and approval by the City Council.

DESCRIPTION OF BASIS OF ACCOUNTING AND BUDGETING

Basis of accounting and budgeting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates

to the timing of the recognition of transactions and events. The City's budgetary basis of accounting is the same basis of accounting used to prepare its financial statements, with the exception of depreciation expense.

All Governmental Funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available. In order for a revenue to be measurable and available, it must be collectible within the period or soon enough afterwards to be used to pay liabilities of the current period. Revenues accrued under this basis include charges for services, investment income, intergovernmental grants, and intergovernmental revenues. Property tax revenues, licenses and permits, and fines are considered measurable when they reach the hands of the City or its collection agency. Liens and delinquent property taxes which, although measurable, are not available to finance current operations, are recorded as deferred revenue.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except that principal and interest on general long-term debt is recognized when due.

The Proprietary Funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

DEFINITION OF A BALANCED BUDGET

The City shall annually adopt a balanced budget in which planned funds available equal planned expenditures, net operating revenues are equal to, or exceed, operating expenditures. To the extent feasible, one-time revenues will not be used to finance ongoing operations. Contingency appropriations in the General Fund, Street Fund, Water Fund and Sewer Fund shall be equal to at least 10% of the operating expenditures for each fund. Reserves shall be built to provide for future capital improvements.

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BUDGET CALENDAR

January 2020

- 16th City Council appoints City Administrator/Recorder as Budget Officer.
16th City Council reviews six-month progress report on 2019-20 Policy Goals and Objectives.

February 2020

- 11th Streets Committee provides input on Five-Year Capital Improvement Program for 2020-21.
18th Water and Sewer Committee provides input on Five-Year Capital Improvement Program for 2020-21.
25th Parks Committee provides input on Five-Year Capital Improvement Program for 2020-21.

March 2020

- 19th City Council adopts Five-Year Capital Improvement Program for 2020-21.
19th City Council holds Goal Setting Workshop and develops draft Policy Goals and Objectives for 2019-20.

April 2020

- 16th City Council adopts Policy Goals and Objectives for 2020-21.
30th Department Heads estimate their expenditures for the remainder of the current year and turn in fiscal year 2020-21 budget requests and narratives to City Administrator/Recorder.

May 2020

- 1st Notice of first Budget Committee Meeting is published in newspaper and posted to City website.
1st Notice of Public Hearing on the use of Revenue Sharing Funds is published in newspaper and posted to City website.
22nd Proposed 2020-21 Budget is available for public inspection and distributed to the Mayor, Council, Budget Committee and staff.
29th Budget Committee Meeting and Public Hearings.

June 2020

- 1st-5th Budget Committee meets to review and approve 2020-21 Budget.
12th Budget Summary and Notice of Budget Hearing is published.
18th Budget Hearing; City Council adopts 2020-21 Budget and levies taxes.

July 2020

- 15th Adopted budget is submitted to the County Assessor's Office.
31st Copy of the adopted 2020-21 Budget is submitted to the County Clerk's Office.

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BUDGET CYCLE

Activity	Jan 2019	Feb 2019	Mar 2019	Apr 2019	May 2019	Jun 2019	Jul 2019
Appoint Budget Officer							
6-Month Progress Report on Current Year Goals							
Review Master Plan 20-Year Capital Improvement Plans							
Committee Input on 5-Year Capital Improvement Plan							
Develop and Adopt 5-Year Capital Improvement Plan							
City Council Goal Setting							
Department Heads Submit Budget Requests							
Budget Preparation							
Budget Meetings							
Budget Adoption							
Levy Taxes							

