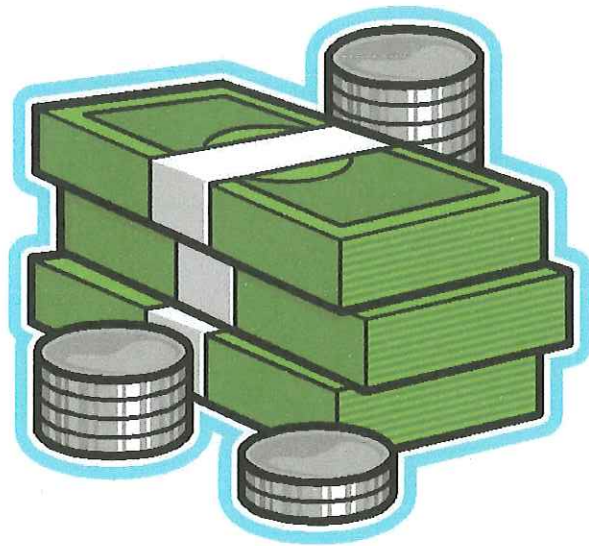




Major Revenues



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

MAJOR REVENUES SUMMARY

Revenue estimates are based on historical trends, expected population increases, inflation estimates, economic conditions, conservation measures, scheduled fee increases, and other anticipated changing conditions. After carefully analyzing revenue trends, revenues are estimated conservatively.

PROPERTY TAX

The City currently has two sources of property tax. The first is derived from the City's permanent tax rate, which is capped at \$1.1346 per \$1,000 assessed value. The second is a five-year local option levy of \$0.67 per \$1,000 assessed value. We are currently entering our fourth year of a renewed five-year local option levy. All property tax revenues are devoted to funding police protection services. Prior to 2013, the City levied property taxes to pay for General Obligation Bonds associated with the construction of the City's sewer system in 1991, but the bonds were fully paid in December 2011 and taxes are no longer levied for that purpose.

At only \$1.1346, Columbia City's permanent tax rate is among the lowest of cities in Oregon. Even combined with the five-year local option tax, the City's total tax rate of \$1.8046 still represents an unusually low tax rate. That fact, coupled with the near absence of commercial and industrial development within the City, equates to an equally low amount of tax revenue collected per capita when compared with other cities in the state.

Property Tax Comparison of all Cities within Columbia County				
City	City Population	Tax Rate	Taxes Levied	Tax Levied Per Capita
St. Helens	13,240	1.9078	\$1,794,876.57	\$135.56
Columbia City	1,985	1.8046	\$328,348.98	\$165.42
Prescott	55	0.3086	\$14,303.05	\$260.06
Scappoose	6,785	3.2268	\$2,068,800.32	\$304.91
Vernonia	2,065	5.8163	\$756,472.21	\$366.33
Clatskanie	1,760	6.2088	\$728,130.94	\$413.71
Rainier	1,910	4.8286	\$1,485,268.94	\$777.63

The City's property tax revenues are projected to decrease by 9% in the coming year due to the financial impacts that are expected to be sustained as a result of the COVID-19 Coronavirus Pandemic. Market values of properties are expected to undergo reductions as continued recovery will likely take place over the coming years. Property tax revenues represent 7% of the City's total revenues.

LICENSES, PERMITS AND FEES

This category is used to account for revenues for various City licenses, permits and fees. The major source comes from franchise fees and fees charged in lieu of a franchise fee or tax. In normal budget years, fees collected for building and construction activities topped the list of sources for this revenue category.

Franchise agreements are made between the City and businesses that provide certain services within the City limits. The amount of franchise tax paid to the City is usually determined by a percentage of the gross revenues of the business and is established by the franchise agreement. Revenue estimates are based upon amounts received in the past, taking into account any recent or projected changes to franchise agreements, and changes in the number of customers served, utility rates, vacancy rates, conservation trends, weather conditions, etc. In-lieu-of franchise fees are fees paid by the City's enterprise operations for use of the City's right-of-ways. Like franchise fees, these fees are based upon a percentage of gross revenues collected by the enterprise operations as established by resolution of the City Council.

Building and development fees include structural, mechanical, and plumbing permits, land use fees, engineering review fees, connection charges, and system development charges, which are all tied to new construction. Estimates are arrived at after considering recent permit-related activity, the amount of land available for development, the local economy, contact with developers, etc.

Revenues from this source include business licenses and late fees. Overall, revenues from Licenses, Permits and Fees are expected to decrease by 8% in the coming year, and revenues from these sources account for 5% of the City's total revenues.

INTERGOVERNMENTAL REVENUE

Intergovernmental revenue consists of monies obtained from other governments, including distributions of revenue sharing, alcohol, cigarette, and gasoline taxes from the State of Oregon. It also includes state and federal grants, along with grants and contributions from other agencies or organizations.

The State of Oregon collects alcohol, cigarette, marijuana, and gasoline taxes from sales. These taxes are distributed to the City based upon population, along with State revenue sharing funds. Estimates are based upon adjustments to the State's apportionment procedures, as well as past receipts and population changes.

The City received a Hazard Mitigation grant award from the Federal Emergency Management Agency for seismic upgrades to two steel water storage reservoirs, and a forgivable loan (grant) from the Oregon Safe Drinking Water Program for reservoir and waterline improvements. This project, which began construction in the 2019-20 budget year, continues into the 2020-21 budget year. The City has also received an Oregon Parks and Recreation Department Recreational Trails Program grant for the development of Phase I of the McBride Creek Trail System, to be renamed "Rivers Walk".

Revenues from this source are expected to increase by 55% during the coming year. Intergovernmental Revenues account for 14% of the City's total revenues.

CHARGES FOR SERVICES

Charges for services are derived from water sales and sewer usage fees. These charges are collected from the residential, commercial and industrial customers that are connected to the City's water and sewer systems.

Estimates are arrived at by analyzing past receipts and considering impacts from growth, housing vacancies, collection trends, conservation measures, weather trends, etc.

Estimates for both sewer and water charges during the coming year include a projected 3% rate increase effective July 2020. The rate increases are needed to generate the amount of revenue required to pay for operation and maintenance costs, make the annual debt payments and meet loan debt requirements.

Revenues from this source are expected to increase by 3% during the coming year. Charges for Services account for 20% of the City's total revenues.

LOAN PROCEEDS

The City has received a Safe Drinking Water Loan for the restoration of the upper reservoir, seismic upgrades for both steel reservoirs, and waterline improvements. The loan includes 34% grant forgiveness.

The City has also received an Oregon Clean Water State Revolving Fund Loan to fund a sewer project involving the abandonment of steel septic tanks and the upsizing of sewer mains.

Loan proceeds account for 13% of the City's total revenues.