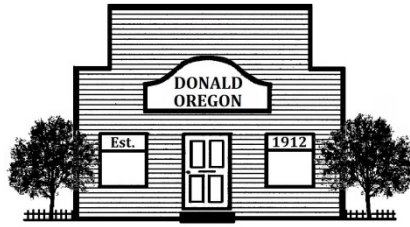


City of **DONALD** Oregon



Proposed **2020 - 2021** Budget



Donald Budget Committee

Elected Members

Mayor Brad Oxenford
President Gloria Nicholson
Councilor Sheryl Glenn
Councilor Katie Gonzalez
Councilor Troy Hellickson
Councilor Rod Scott
Councilor Gerry Waller

Citizen Members

Andrea Herbst (20-21)
Dawn Scheller (20-21)
Daroll Nicholson (21-22)
Don Saxton (21-22)
Mike Scott (21-22)
Alysha Irvin (22-23)
Wendy Scharich (22-23)

Staff Members

Heidi Bell, City Manager and Budget Officer
Alonso Limones, Public Works Director
Lisa Hassel, Accountant
Randi Meadors, City Clerk
Jesus Rios, Public Works Operator
Sean Beauchamp, Maintenance Worker

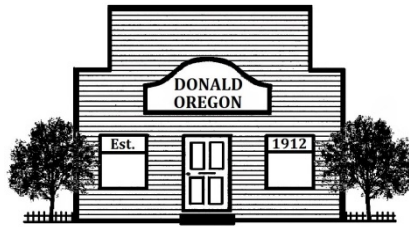
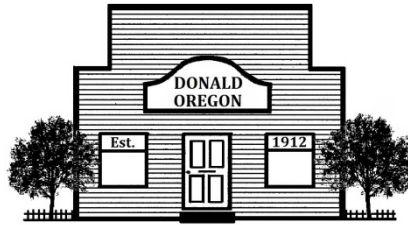


Table of Contents

- Budget Calendar
- Budget Message
- Organizational Chart
- Budget Overview
- Proposed Budget
 - General Fund: Administration, Planning and Building, Public Safety, Parks and Community Development
 - Street Fund
 - Debt Service Fund
 - Water Fund
 - Sewer Fund
 - System Development Fund – Water
 - System Development Fund – Sewer
 - System Development Fund – Park
 - System Development Fund – Stormwater
 - System Development Fund – Transportation
- Transfer Schedule

10710 Main Street NE * PO Box 388
503-678-4443
www.donaldoregon.gov



Budget Calendar

- | | |
|--|-------------------|
| 1. Council to appoint Budget Officer | January 14 |
| 2. Budget Calendar submitted to Council for review | January 14 |
| 3. Prepare Proposed Budget | March – May |
| 4. Budget Committee Applications Due | March 5 by 4:00pm |
| 5. Council to appoint Budget Committee Members | March 10 |
| 6. Send Budget Committee Meeting notice to Pamplin Media | May 1 |
| 7. Publication date: | May 1 |
| 1 st Notice of Budget Committee Meeting on City website | |
| 8. Publication date: | May 6 |
| 2 nd Notice of Budget Committee Meeting in Woodburn Independent | |
| 9. Budget Training Class – for those needing a refresher course | May 14 at 6:00pm |
| 10. Proposed Budget delivered to Committee Members and posted on website | May 15 |
| 11. Budget Committee Meeting (schedule subsequent meetings if needed) | May 19 at 6:00pm |
| 12. Send Notice of Budget Hearing (LB-1) to Pamplin Media for publishing | May 21 |
| 13. Publication date: Notice of Budget Hearing in the Woodburn Independent | May 27 |
| 14. Budget Hearing | June 9 at 6:45pm |
| Enact resolutions to adopt budget, make appropriations and impose tax | |
| 15. Submit resolution and LB-50 to Marion County | by July 15 |
| 16. Submit State Share Revenue documents to Dept. of Administrative Services | by July 30 |
| 17. Send copy of Adopted Budget to Marion County | by September 30 |

10710 Main Street NE * PO Box 388
503-678-4443
www.donaldoregon.gov

Budget Message

Dear Mayor, City Councilors, Budget Committee Members and Community:

I am pleased to submit to you for your

consideration a proposed budget for fiscal year 2020-2021. The purpose of this budget message is to provide both internal leaders and external stakeholders a detailed picture regarding the state of the City of Donald's finances; as well as guidance to the upcoming fiscal year's needs. Oregon Budget Law states that a local government's budget will balance. Staff is proposing a balanced budget for the Budget Committee's review.

Donald City Council Mission Statement

"The City of Donald is committed to serving the community in a professional and fiscally responsible manner by providing a safe environment and encouraging involvement of its citizens"

The Meaning of a Budget

Annually, local government leaders are charged with approving and adopting a budget. This process is typically time-consuming yet thought provoking. The budget is important because it involves a lot of consideration for the next fiscal year, as well as the future. When done well, city budgets can help to keep everyone working harmoniously. Budgets are powerful tools for running an effective and efficient government.

As I see it, this budget document is intended to serve four main purposes:

- 1) To define public policy set forth by the City Council and as seen in their goals.
- 2) To serve as a guide for management to aid in the control of financial resources.
- 3) To outline the City's financial resource allocation plan for the fiscal year, illustrating projected revenues and appropriations that are to be funded.
- 4) To serve as the City's fundamental communication document for the citizens of Donald who wish to understand how the City operates and provides its services; and the methods and amounts used to finance those operations and services.

The Council & Planning Commission Goals

The City Council's Mission Statement and City Goals helped to guide the creation of this proposed budget. Together the Councilors and Planning Commissioners set the City's Goals. Throughout this budget, you will see activities planned that encompass these goals.

- ❖ Provide safe, clean, well-maintained and dependable infrastructure
- ❖ Improve transparency by providing greater access to Council and Planning Commission proceedings and create opportunities for community engagement.
- ❖ Ensure security through the development of an Emergency Response Plan.
- ❖ Provide opportunities that promote personal health and wellness of the community.
- ❖ Foster a community that embraces resilient infrastructure, welcomes innovation and protects our resources.

- ❖ Provide a code enforcement program that protects and beautifies Donald.
- ❖ Develop a transportation network that connects all members of the community to destinations within and around the local area.
- ❖ Improve traffic safety.
- ❖ Provide adequate park and recreation activities that support current and future populations.
- ❖ Promote development that provides economic stability, supports local business and maintains our culture.
- ❖ Foster a community spirit of shared responsibility that is inclusive and inspires action through volunteerism.



City Council 2019-2020

Budget Basics

This fiscal year the total of all funds combined is roughly \$4.1 million. Each of the City's ten funds are discussed more thoroughly on their individual budget sheets in this document. Please note that each fund is separated because there are particular budget laws, statutes and local codes that limit how expenditures are spent and revenues are collected. Since funds operate essentially as their own entity this means that monies between funds **cannot** be comingled. In municipal budgeting, revenues are called *resources* and expenditures are called *requirements*. Municipal educational materials can be found on the State of Oregon Department of Revenue's Local Budget Law website <https://www.oregon.gov/DOR/programs/property/Pages/local-budget.aspx>.

Discussion of Property Taxes in Relation to Donald's Budget

There are two types of property taxes that are collected to fund Donald's budget. One is a *permanent* property tax that supplements the General Fund and the other is a *time-sensitive* tax to satisfy the outstanding bond. Citizens and City leaders occasionally ask why Donald has such a low property tax rate and why it can't be changed.

In the 1990's, Measures 5, 47 and 50 established a *permanent* tax rate on local governments and this is still in effect today. The *Oregonian* created a helpful short video to help explain Oregon's property tax system history. It is only about three and half minutes and it can be found at: <https://www.youtube.com/watch?v=gtaIhnmxnZU>.

Donald's *permanent* property tax rate is \$0.8752 per \$1,000 of assessed value. The City's estimated assessed value for 2020-2021 is \$115,400,000. This is a 2.17% increase over last year's valuation of \$112,950,850. This is shown in the chart below, *Tax Rate Over Time*.



Typically, we use the Marion County average collection factor of 95% to help calculate the estimated taxes to be received; this means that 5% of property owners might not pay their property taxes. However, this year due to the coronavirus pandemic, the estimate is that 15% of property owners will not pay on time, or at all. Property taxes are collected in the General Fund, and this year it is estimated at \$85,850, which is a slight increase from last year's estimated collection amount

of \$79,700. Budget law allows for over-collection but does not permit over expenditures. I recommend that at the January 2021 Council Meeting the budget be reevaluated.

The other tax collected, which is also based on a property's assessed value, is to pay off the City's outstanding bond principal and interest payments, this money is accounted for in the Debt Service Fund. We have made adjustments for the Debt Service Fund, in anticipation that some people will not pay their property taxes due to the unstable economy. The bond's principal and interest amounts are fixed amounts and must be paid annually.

Tax Rate Over Time						
Year	Assessed Value	% Change/Time	Bond Rate	Total Tax Rate	% Change	
2021-2020	\$ 115,400,400	2.17%	TBD	TBD	TBD	
2020-2019	\$ 112,950,850	22.66%	0.1653	1.0405	-1.87%	
2019-2018	\$ 92,082,013	27.53%	0.1851	1.0603	-9.14%	
2018-2017	\$ 72,205,677	5.88%	0.2917	1.1669	14.59%	
2017-2016	\$ 68,198,636	3.54%	0.1431	1.0183	-13.21%	
2016-2015	\$ 65,867,593	2.97%	0.2981	1.1733	34.06%	
2015-2014	\$ 63,964,957	3.45%	0	0.8752	-36.82%	
2014-2013	\$ 61,831,298	0.59%	0.51	1.3852	5.59%	
2013-2012	\$ 61,471,319	4.66%	0.4431	1.31183	-40.71%	
2012-2011	\$ 58,735,336	1.25%	1.3372	2.2124	-0.75%	
2011-2010	\$ 58,011,595	3.69%	1.3539	2.2291	-2.19%	
2010-2009	\$ 55,947,994		1.4038	2.279		

2019 Marion County Composite
Tax Rate by Incorporated City

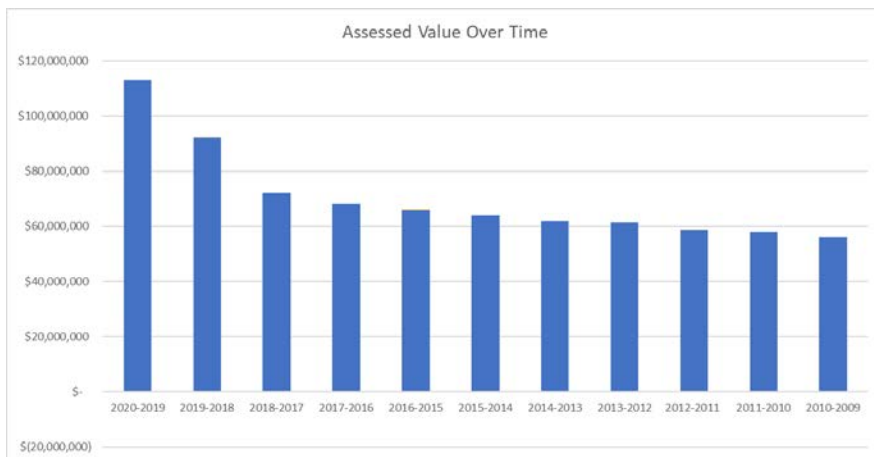
City	Tax Code Area	Composite Rate
WOODBURN	10303030	19.9145
WOODBURN	10303035	19.8645
SALEM	92401000	19.5376
GERVAIS	00110030	19.2457
MT ANGEL	09115150	17.5740
MILL CITY	12914140	17.4037
SILVERTON	00402028	16.8269
AURORA	01506065	16.5136
IDANHA	12912120	16.4832
KEIZER	92420220	16.4129
AUMSVILLE	00505050	15.7745
TURNER	00519190	15.6372
STAYTON	02904040	15.2775
DETROIT	12907120	15.1324
JEFFERSON	81413130	14.7149
HUBBARD	01511110	14.5022
GATES	12909090	14.2235
SAINT PAUL	04516160	13.9079
SCOTTS MILLS	00417028	13.2716
SUBLIMITY	02918180	12.6374
DONALD	01508060	12.3342

The chart above, *Tax Rate Over Time*, provides insight into how taxes have changed in Donald over the last decade. The “Total Tax Rate” equals the City’s permanent rate of \$0.8752 plus the varying bond rate. (The bond rate changes because the pay off and interest change for the bond year, for more information see the Debt Service Fund.) Prior to 2012, the City had two outstanding bonds to repay loans for water and sewer infrastructure projects. This chart shows that there is an increase of 2.17% in assessed value this year from last year and the amount paid by tax payers is slightly decreasing.

The chart, *Marion County Composite Tax Rate by Incorporated City* reports that when all taxing districts rates are calculated together, Donald tax payers pay \$12.3342/ \$1,000 of assessed value. The City of Donald is the lowest rate in Marion County. Although this graph only shows 2019,

Donald has been the lowest since 2014. Prior to that time Donald had a second bond that it was repaying but it was still about the fourth lowest.

The collection of tax rate is based on the assessed value, which is assigned by the Marion County Tax Assessor’s Office. Since 2009, the City’s assessed value has increased. Recently the value had a significant increase, partly due to the expiration of the Enterprise Zone program for at least one business, as well as the addition of a large industrial building.



The City is in a joint Enterprise Zone with the cities of Hubbard and Aurora, called the North Marion Enterprise Zone. The Enterprise Zone rules are set by the State. SEDCOR processes the applications for the City of Donald and serves as the Zone Manager. An Enterprise Zone provides an exemption to some types of

industrial businesses from paying local property taxes on new investments (buildings or capital equipment) for three to five years. Upon expiration they join the tax roll, which increases the amount of property taxes received by the City. The property taxes are not pay taxes for any of the taxing districts, like the North Marion School District, the Fire District, library service districts, community colleges, etc.

A property that has an assessed property tax rate of \$250,000 pays about \$217 for the year toward the City's General Fund. The General Fund uses the tax dollars it receives to pay for administration, planning and building services, parks, policing and community and economic development. As the City grows and receives more General Fund revenues, I hope to see that more services are offered to the public. However, this year due to the COVID-19 Pandemic, the budget is reduced to funding for basic programming; similar to the recession from a few years ago.



There are just a few ways to increase the tax rate since property taxes are based on assessed values. (Remember, the tax rate is permanent). These are the ways a City could increase the amount of taxes it collects:

- Through the passing of a bond.
 - These are voted on by property owners.
 - For a specific purpose.
 - For a limited duration of time. (After expiration sometimes the taxpayers are usually asked to renew the bond by another vote.)
 - Overall, this makes it an unstable rate raising mechanism.
- Expiration of the City's Enterprise Zone and the business rejoins the tax rolls.
- Ending of the Enterprise Zone program (meaning no longer offered by the City).
- Adding properties, homes or businesses to the City's tax roll.
- Within the next few years, there are three Employment Industrial lots to be developed at the Donald Industrial Park and one more Employment Industrial lot on south Matthieu Street that are subjects for development. All of these developments will increase the City's assessed value.

Property Taxes and a Socioeconomic Analysis of Donald

The US Census was conducted April 1, 2020 and the American FactFinder application was decommissioned. Due to these changes, this year I will not provide a discussion about the socioeconomics of Donald as it relates to the City's high rate of tax collection rate compared to Marion County. Next year the Census data should be available, and used for this analysis. In previous years, it was shown that Donald in general has a smaller percentage of people living in poverty than in Marion County and on average a larger median income. Coupled with Donald's low permanent tax rate, perhaps lend to a more affordable property tax. These factors all could attribute to why Donald has a high property tax collection rate.

Arriving at the Numbers: Estimations, Assumptions and Plans

Being fiscally conservative is critical to making Donald's budget work, especially this year since we are unsure of many of the effects that the coronavirus will have on a City's revenue sources

and expenses. Annually, as the staff prepares the budget, they get price quotes for projects so that the estimates for supplies, services and materials are practical. All revenues that the City receives are estimated very conservatively, which helps to reduce expenditures, plan for future repair and maintenance expenditures and build savings for the future. Staff also estimates the beginning balances of funds conservatively which also sets a modest approach to spending.

The City of Donald proudly provides the most fundamental services for human survival including clean water and waste removal, as well as safe parks and streets which are critical to urban living. But these systems continue to age and we all need to make sure there is money set aside to pay for their maintenance. In the last few years, the City staff and Council have placed a priority on maintaining the existing infrastructure and repairing it when needed instead of replacing it later. I am happy to report that over the last several years there have been fewer emergency repairs or unpredicted expenses.

In 2016, the City Council adopted the professional water and sewer study that was prepared by Steve Donovan of Donovan Enterprises. The study provides a rate schedule with the appropriate levels of needed revenue until the year 2021. This next year, the budget includes funding to have this important study done again for another five-year period. At their April 2020 Council Meeting the Council directed staff not to budget for an increase in the water and sewer customer fees, leaving them at the Fiscal Year 2019-2020 rate to better support people through the COVID-19 Pandemic. At the January 2021 Council Meeting the rates will be reviewed again for possible increase. The Fiscal Year 2020-2021 Budget does not depend on any utility increase for the year.



In 2019, the City completed an inventory of the City owned and maintained streets with a company based out of Salem called Capitol Asset and Pavement Services. The study gave the City a rating of 72% for all City streets in 2019. If nothing is done, then in five years the rating will drop to 67% and it could cost nearly double to do the same work. The Main Street sidewalk project took the majority of the Street's Fund revenues last fiscal year and it was anticipated that property owners would start to repay the City, replenishing this Fund. However, the Pandemic is creating financial obstacles for property owners in the business district. The Council took the initiative and is allowing for deferments for the start of the repayments. This could create a hardship on the Street Fund, coupled with the predicted severe decline in gas tax revenue, furthering the delay of the needed street improvements.

The independent street report suggested to apply for grants and start a monthly collection to fund streets, which would be added to the monthly utility bills. Just as a gauge, if this street fee was set at \$10 a month, from 400 accounts it would generate \$48,000 a year and would take 11 years to reach the goal of \$442,462; this is without using any of the Street Fund's yearly gas tax money. This will be left to the determination of the Budget Committee and final approval of the City Council. Staff has not included a monthly street fee in this edition of the budget.

Grant Work and Partnerships

Marion County Community Prosperity Initiative: The City Council is discussing the options for spending this grant money. Marion County generously awarded each of its small cities grant money to spend for the purpose of economic development. The City of Donald will have \$30,000 to spend in Fiscal Year 2020-2021 and another \$15,000 becomes available on July 1, 2021. The grant money is allocated in the Community Development Department. This is budgeted for in the General Fund's Community Development Department.

ADA Curbs: The City received a 2018 Small Cities Allotment grant from ODOT for \$50,000 for the installation of ADA curbs for downtown Donald. The construction was completed spring 2020 and this grant helped offset the costs for ADA curbs for property owners who own a corner property. The City will collect the repayments from property owners for at least the next seven years. This money can be found in the Street Fund.

Park Grants: Councilor Gerry Waller spearheaded a grant writing campaign to get playground equipment and an ADA restroom at the Little City Park. The Oregon Parks Grant funded \$72,634 and the City has to match 20% at \$18,500 and the match can be made up in volunteer hours. The project should be completed summer 2020. This money can be found in the General Fund.



Infrastructure Grant: The City was chosen as Governor Kate Brown's top award for the Workforce Housing Pilot Project, at \$750,000 for both the City and GK Machine. Together with GK Machine the City hopes to add housing for the local workers at an affordable rate. The money will be used for engineering and to building infrastructure to handle the new urban growth boundary area. This grant money will help offset the costs to builders, which in turn will reduce the price of the new homes. This program is highly monitored by two State departments: Community Housing Authority and Business Oregon. Governor Brown has hopes that this program's success can be replicated in the future to other jurisdictions that need workforce housing. This grant money is earmarked in the Water and Sewer System Development Funds.

DLCD Planning Assistance Grant: This \$1,000 is from the Department Land Conservation Department for small cities to use for planning assistance. The money was received in fiscal year 2019-2020 but will be expended for a planning project in fiscal year 2020-2021.

What Are the Big Fixed Costs?

Labor: As with any private company's budget, the City's biggest expenses is labor. The City has six full-time employees (no part-time and no seasonal jobs). Each of the employees' salaries, benefits, employer taxes and employer-related expenses are divided between funds (General, Street, Water and Sewer). The budget follows the adopted salary schedule.

Liability, Workers' Compensation, and Property Insurance: The City (like most cities and counties in Oregon) is insured for liability, auto physical damage, workers' compensation, volunteers and property insurances through City-County Insurance Services (CIS). All cities and counties that participate in CIS are treated as one entity; meaning we are in a pool for insurance. At their annual conference, CIS releases the "not to exceed" values for the next fiscal year and we use these numbers to develop the budget. Each of these costs are split over the City's funds. The only rate with any noticeable difference is the property insurance, which could go up by 15% percent.

A Couple of the Big Expenses:

On each Fund's page, you will see information about various projects that are budgeted to be completed during the fiscal year. However, here are a few projects for your attention that require a lot of labor and/or money.

Policing: The General Fund is budgeting \$50,000 on policing with Marion County Sheriff's Office, which maintains the same level of service as the prior year. The PGE Privilege Tax is estimated to bring in \$13,980 next year. This means the General Fund revenues will need to pitch in \$38,020, which is the highest ever. Policing costs have catapulted this year, and continue to rise because of the increase in the overtime wages that the City pays to Marion County Sheriff's Office. The PGE Privilege Tax is estimated lower since the collection was less last year and people are using more efficient energy products. Providing this level of service is an extreme hardship this year. In the near future, a different more cost-effective approach will need to be evaluated for providing policing services.



Code Enforcement and a Judge: During the last fiscal year the staff and Council worked to setup and hire a Municipal Court Judge. However, due to the coronavirus outbreak, court is on hold. The budget contains enough to fund five sessions for the budgeted fiscal year.

Street Fund: The City will complete a portion of repaving of Matthieu Street and adding sidewalks on the eastside of the street. This project is mostly funded by ODOT's Small Cities Allotment Grant of \$100,000. Although it won't pay for the entire project, it is a significant source and about \$17,000 was funded in Fiscal Year 2019-2020 and about \$2,000 for the budgeted year.

Water Fund: There will be a five-year rate study completed which is estimated to cost \$15,000. This important study provides an educated amount for the Budget Committee, Council and Staff to set the monthly user rates. There will also be an update to the Public Works Standards, which are used to set our local rules and regulations for construction.

Water Fund and Water System Development Fund: The exciting news is that the Water Fund has set aside \$223,000 to fund for a new well. Any remaining amounts will be funded by the Governor's Pilot Project Grant and developers though system development funds. This uses all of the Water Fund's reserve fees that have added up over the years. During the last fiscal year, money was spent on a consultant from GSI to move forward with the location of the new well, and it is anticipated that the City will start the process as soon as it is feasible. Also, the Water SDC Fund will foot the bill for a Water Master Plan Amendment and an SDC update.



Sewer Fund: The Sewer Fund will also contribute \$15,000 toward the rate study, that projects five-years of rates. The other major expense is funding for the negotiation of a new contract with the Fargo District (via Marion County). Some work was started in Fiscal Year 2019-2020 but it will be completed Fiscal Year 2020-2021; so, money is budgeted in engineering and legal fees to pay for this project. There will also be an update to the Public Works Standards, which are used to set our local rules and regulations for construction.

Sewer Fund & Sewer System Development Fund: This year the Sewer Fund contains money to pay for expanded wastewater services to serve both our current customers and future ones. SDCs are collected from developers. The Governor's Pilot Project Grant money will also be used for funding the expansion. Also, the Sewer SDC Fund will foot the bill for a Wastewater Facilities Plan Amendment and an SDC update. The Wastewater Facilities Plan will determine how the wastewater services are expanded.

Final Comments

At the time of writing this budget, City Hall staff is working from home, with the anticipation to re-open City Hall with restrictions in the next few weeks, and the Public Works staff is practicing social distancing. The Council Meetings are held electronically and our beloved Community Center and Parks are closed. The City is not collecting delinquent fees for water and sewer bills, or shutting off for non-payment. It is an unprecedented time. Furthermore, some of the expenses to support City activities are increasing and we are predicting losses of revenues in every fund due to the coronavirus. However, because of our conservative approach to budgeting, Donald can weather this just as we did the last recession. Even in times of heightened economic growth, we have followed the model of never taking on more than we can provide for, repair instead of replace, planning years in advance for expenses and saving money.



A Recap of Revenue Shortfalls: In January 2021 the Council must reevaluate this budget for changes that were unforeseen during the time of preparing the budget.

General Fund:

- Potential shortfall in the collection of property taxes. Unemployment is high, so people might not be able to pay their property taxes this year, or lose their homes.
- Overall, there is a general downward trend in franchise fees, which in practice is good because people are being more efficient users of natural resource.
- The state revenue shares for cigarettes is trending down, which is also good for public health reasons.
- We have decreased the amount in the Business Registration Fees (used to be Business License Fees) in case some people lose their businesses and the properties sit vacant.
- The line for Donations is reduced because the Community Center is closed for gatherings. However, there is still a monthly electric bill.

Street Fund: Some State economic models are predicting a huge loss of gas tax. This is the City's only funding source for the Street Fund. This budget estimates a decrease of \$18,650 from what the City would've received without the Pandemic.

Water and Sewer Funds: Both of these fund's health always depends on the collection of water and sewer bills. In the past, the City increased the rate by 3% to match the recommendation of the rate study. However, this year the Council directed staff to leave the amounts untouched;

possibly increasing in January 2021. The Council also directed staff to suspend the delinquent fees and shut-offs for non-payments. The “red tags” are a minor revenue source for these Funds but coupled with the flat rate, the income generated will be less than the year prior. The budget assumes that our fixed expenses will continue to increase in cost, so there are only a few projects budgeted for this fiscal year and they are vital to providing for these utility systems.

As you will see, the budget is tight and it is critical for the staff and leadership to remain vigilant on reducing fixed costs and only buying items that are required. If the City grows, there will be a chance for the leadership to set priorities about how to spend the increase in property tax revenues on services such as parks, policing, court or economic development activities.

As always, it is my recommendation that the Council and staff continue diligently working together. Additionally, I believe that as all these cuts are being made, we must communicate to the public that it is a hardship to provide these reductions to our community. The City’s already low property taxes and comparatively affordable utility rates can only sustain the City’s fixed operations for so long. This public education takes a full commitment from staff, Councilors, Budget Committee Members and City leaders.

Thank you for taking your time to review this message. Please let me know if you have any questions or comments; I am always happy to be of service.

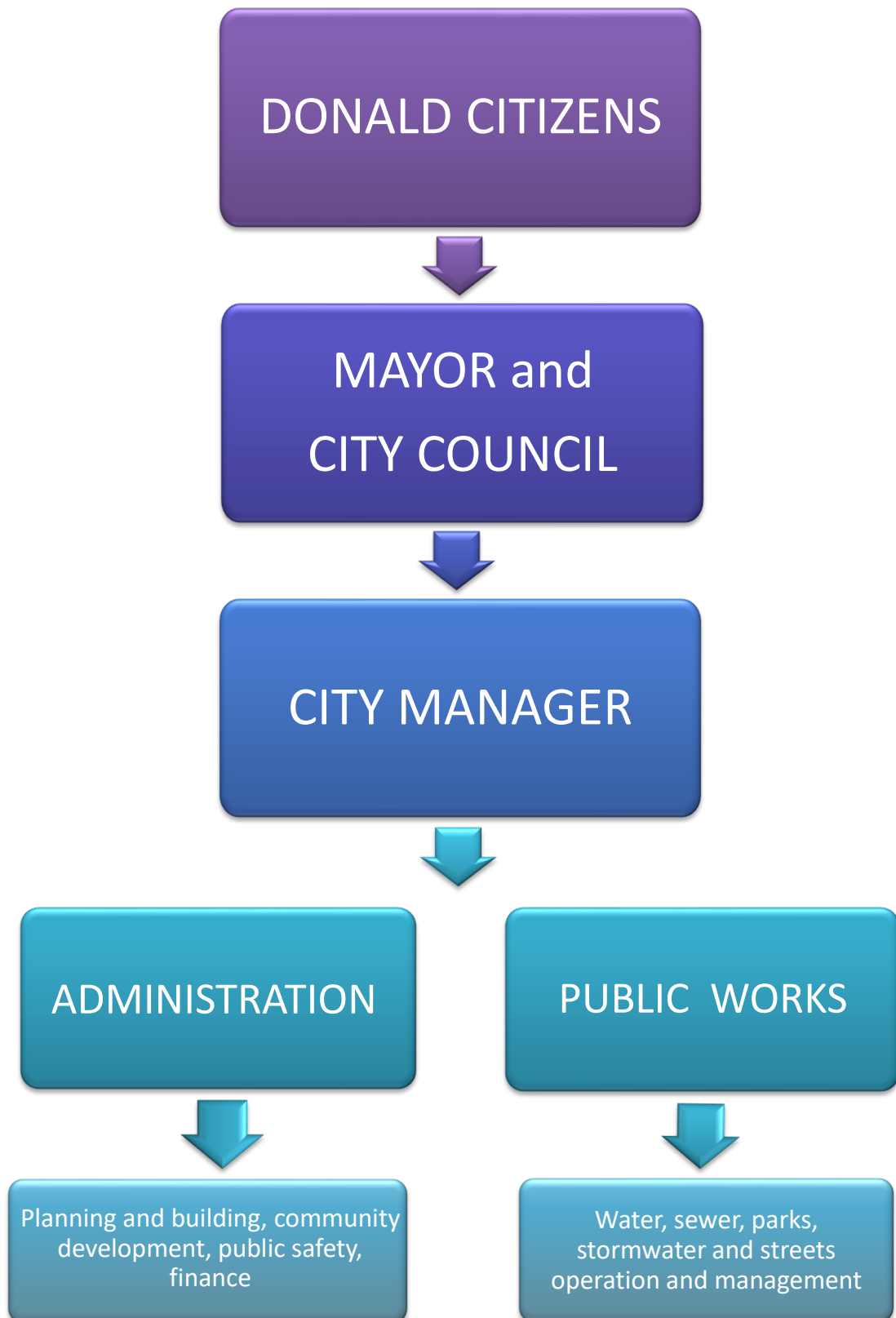
Respectfully Submitted By:
Heidi Bell,
City Manager



City of Donald

Fiscal Year 2021

ORGANIZATIONAL CHART

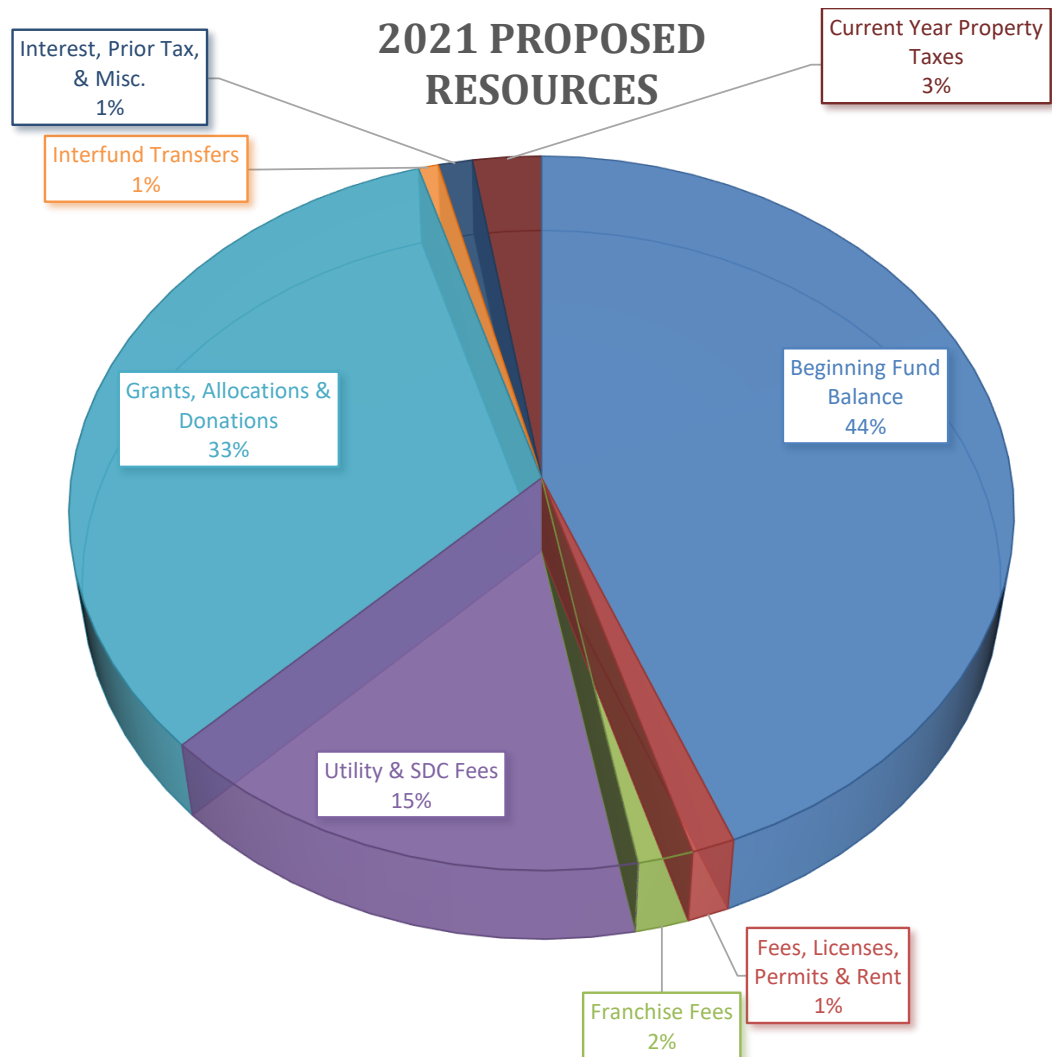


City of Donald

Fiscal Year 2021

OVERVIEW

2018 Actual	2019 Actual	2020 Budget	Resources Summary	2021 Proposed	2021 Approved	2021 Adopted
1,562,473	1,698,310	1,866,130	Beginning Fund Balance	1,799,915	0	0
67,007	39,855	58,000	Fees, Licenses, Permits & Rent	55,080	0	0
68,405	78,477	81,250	Franchise Fees	70,830	0	0
570,197	595,063	647,440	Utility & SDC Fees	637,488	0	0
93,592	150,879	1,484,370	Grants, Allocations & Donations	1,341,960	0	0
29,312	29,026	29,674	Interfund Transfers	30,585	0	0
28,320	48,409	92,675	Interest, Prior Tax, & Misc.	52,914	0	0
80,054	92,738	98,374	Current Year Property Taxes	106,035	0	0
2,499,361	2,732,757	4,357,913	Total	4,094,807	0	0



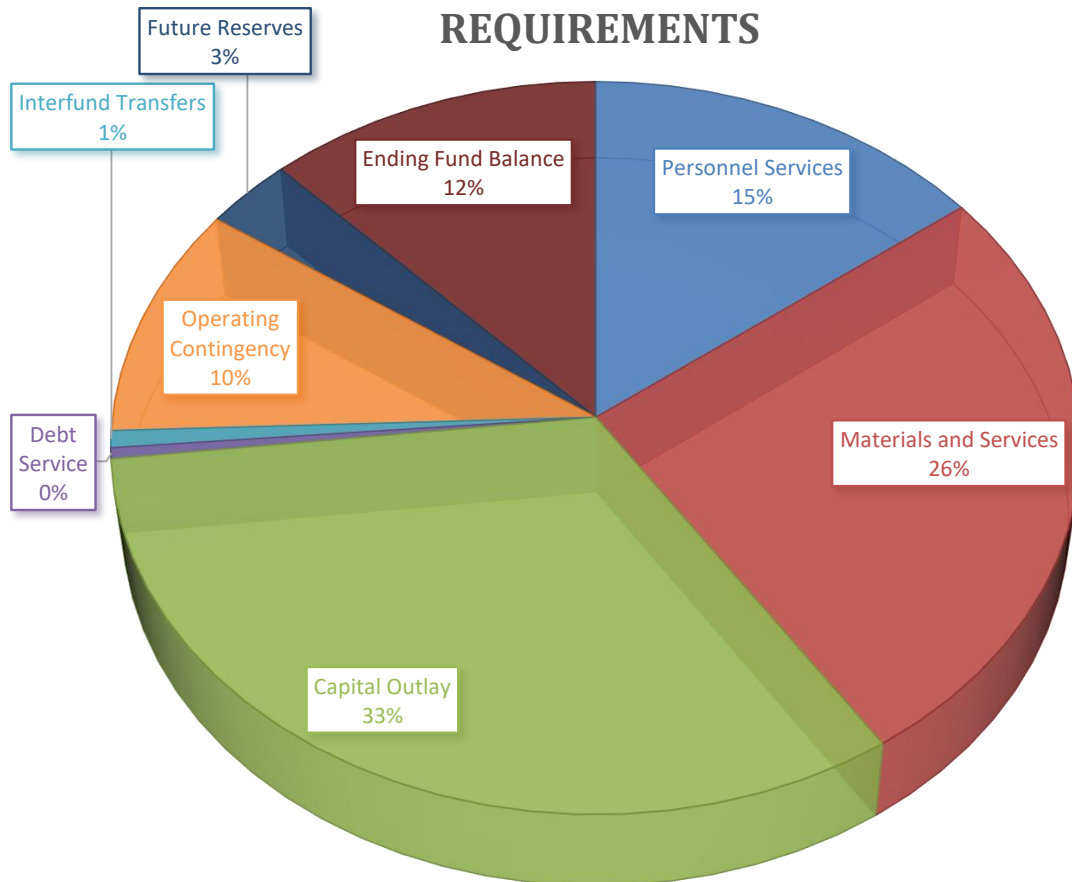
City of Donald

Fiscal Year 2021

OVERVIEW

2018 Actual	2019 Actual	2020 Budget	Requirements Summary	2021 Proposed	2021 Approved	2021 Adopted
401,491	456,740	582,879	Personnel Services	599,680	0	0
312,586	310,263	993,505	Materials and Services	1,066,500	0	0
36,596	6,993	1,516,800	Capital Outlay	1,331,000	0	0
21,066	20,566	20,066	Debt Service	19,577	0	0
29,312	29,026	29,674	Interfund Transfers	30,585	0	0
0	0	415,600	Operating Contingency	418,500	0	0
0	0	188,899	Future Reserves	131,398	0	0
1,698,310	1,909,169	610,490	Ending Fund Balance	497,567	0	0
2,499,361	2,732,757	4,357,913	Total	4,094,807	0	0

2021 PROPOSED REQUIREMENTS



General Fund

The General Fund provides funding for several programs including administration, planning and building, parks, community development and public safety. The principal sources of revenues are property taxes, franchise fees and the City's share of State revenues.

Revenue Highlights

Property Taxes: Donald's permanent property tax rate is \$0.8752 per \$1,000 of a property's assessed value which is one of the lowest permanent rates in Marion County. The estimated assessed value of the City of Donald for Fiscal Year 2020-2021 is \$115,400,000. Due to the COVID-19 Pandemic this year it is anticipated that roughly 15% percent of the property taxes will go uncollected, up from the typical 5%. It is estimated that \$85,850 in property taxes will be collected, which is an increase of \$6,150 from last fiscal year's estimated collection amount.



Donations: It is critical that the Donald Community Center (DCC) collects donations for its operations, which are received under the Donations line and monitored by city staff. Although the DCC is free to rent, donations are requested from the renters. The deposit is \$1/person for private events or \$31 if the event is open to the general public. This year estimates are reduced since the DCC is currently closed and summer is the typically the busiest for reservations.

Planning and Building Fees: As always, it is difficult to estimate the amount of development applications the City will receive in a year. Application and service fees for developers are collected at City Hall, a portion is kept for administrative costs and then the remaining amount is sent to the contracted agency (City Attorney, City Planner and City Engineer).

State Revenue: Cities receive payments from five different shared revenue programs through the State, most are based on population. Four of them contribute to the funding of the General Fund, the other is gas tax and is collected in the Street Fund. For details on the how these are calculated please reference the League of Oregon Cities *2019 State Shared Revenue Report* on their website*. The number used for Donald's population is 990.

It is anticipated that \$1.18 per person for **cigarette taxes** will be received by cities, last year it was \$1.19 and the year before a \$1.20, about the same as numbers from previous years but it is anticipated to continue to decline as people quit smoking or switch to vaping. Vaping is currently not taxed. For every pack of cigarettes sold \$1.33 is paid in taxes, and about two pennies of that pack are split amongst cities.

Liquor tax is also received based on population and over time, liquor shares have increased. Perhaps it is due to either more people drinking, tourism, or the cost of liquor increasing. Last year we estimated to receive \$18,200 and it fell short of the LOC's prediction so we underestimated this year at \$17,800, meaning that the City expects to receive about \$17.98 for each Donald'ite. The League of Oregon Cities projects that liquor tax revenues will continue to grow in the future, the LOC's rate for the year is \$18.56 per person.

Marijuana tax: At the November 2016 Election, Donald voters confirmed that marijuana business sales would be allowed in the City limits. The State imposes a 17% tax on recreational marijuana products. The City of Donald has a city tax of an extra three percent but there is no local marijuana business to impose the tax on. The State distributes 10% of the total tax amount to cities. The distribution formula for splitting the ten percent of the tax is below. Donald is included in the 75% calculation; since we don't currently have a licensee. The State economist initially underpredicted the amount of marijuana sales, so cities were collecting more than what was predicted. However, the State encourages conservative budgeting practices for this new revenue stream. This budget year, the anticipated collection amount for Donald is \$3,400, which is just a shy of what the City has already collected for the year (at the time of writing the budget).

Marijuana Tax Calculation:

75% of the 10% share will be distributed per capita (based on population of eligible cities).
25% of the 10% share will be distributed based on licensure numbers in the city compared to the total licenses in all eligible cities for the quarter.

** League of Oregon State Share Revenue Reports:*

<http://www.orcities.org/Publications/Library/tabid/6518/language/en-US/Default.aspx>

PGE "Privilege" Tax: In 2016, the City Council approved the collection of an additional 1.5% on Donald customer's PGE electric bills. The Council set this program up to only fund for police services. Last year the City estimated to receive \$17,800 but this line is struggling at the close of the Fiscal Year and it is anticipated to continue to dwindle, so it is anticipated to collect \$13,980.

Administration Fees: This line tracks fees that are collected for administration services like lien searches, NSF charges and local business's OLCC fees.



Permits and Fees: This line tracks the 30% administration fee that the City receives when developers submit a planning and/or building application. The additional fee helps to offset City staff hours and materials for processing these applications. This is not a predictable revenue stream since it relies on the number of planning or building applications received in a year.

Grants: The General Fund will close out the State Parks Grant and the City will match the required 20%. This grant will add an ADA restroom and playground equipment to the Little City Park. The City received a \$1,000 grant from the Oregon Department of Land Use and Conservation for activities associated with planning. The City also will receive \$30,000 from Marion County's Community Initiatives Grant for the purpose of economic development and can be seen as an expense under the Community Development Department.

Transfers In: The Water and Sewer Fund each reimburse the General Fund to pay for their portions of costs associated with operating out of City Hall. This is reflected on the Transfer Schedule. Also, System Development Charge Funds allow for a 2% transfer to the General Fund of the previous year's fees received to cover administrative costs. The Transfer Sheet provides the details.

State Revenue Share: City councils can elect to receive a portion of the State Shared Revenue. It is estimated that it will be \$7,200 for this coming year. These funds are budgeted to pay for the activities that are listed in the Community Development Department, see table below.



Expense Highlights

Materials & Supplies: The City Manager computer was not replaced last year, instead City Hall staff used it to buy an additional laptop for remote work during the coronavirus outbreak.

Legal: This year there will be a rehaul of the City's Business Code and the City Attorney will be involved in this project. He will also complete an analysis of the City's Charter for possible vote by the Donald voters.

Municipal Court: The City Council joined a regional Intergovernmental Agreement for Municipal Court Judge services. The budget allows for five court sessions; although court currently does not have an anticipated start date because of the coronavirus.

Repair & Maintenance: The pavement repair work to the City Hall's parking areas and adding the ADA ramp to get into the Council Chambers was underfunded last year and will be done during Fiscal Year 2020-2021. This year \$10,000 is budgeted for this work.



Public Safety: Outside Services: Police services are provided by Marion County Sheriff's Office. Annually the overtime police rates increased, and in order to pay for the same amount of service the City must anticipate spending \$50,000. Since January 1, 2014 the City has had an enhanced service contract with the Sheriff's Office. The PGE Privilege Tax helps to pay for the policing costs but this year less is anticipated and the police are more expensive; meaning the General Fund revenues will contribute \$36,020. The General Fund contributed money can also be used for other general public safety activities, like traffic calming projects but it results in less policing.

Parks: Community Center: The Donald Community Center operations and costs are partially offset by donations and this year donations are down since the DCC is closed during the summer time. The City leadership should continue to convey the importance of renters donating their deposit. The costs are budgeted at \$2,500 for the year.

Parks: Gazebo Project with North Marion School: Since schools closed early last year, the North Marion National Art Society will pick up next spring on their project for the installation of a gazebo at the Skate Park with walking tiles. This joint project has become a fun tradition for the students and the City. It is anticipated that the project will cost \$1,200.

Transfers Out: The General Fund continues to repay the Water and Sewer Funds back on its loan to purchase the City Hall building. This payback ends in 2022.

Contingency: This amount is appropriated in the budget in case there are unforeseen operating expenditures that might occur during the year.

Unappropriated: This amount will be used as a cash carryover to the next year's budget until tax money is received from the county treasurer in November.

Line #	Name of Line	Activity	Cost
01-1-701	Admin/Advertising	Newsletters	\$800
01-1-705	Admin/Materials & Supplies	Computer for City Manager	\$1,000
01-1-714	Admin/Municipal Court	Five Court Sessions	\$1,750
01-1-755	Admin/Repair & Maint.	ADA Outdoor Walkway & Pavement Repairs	\$10,000
01-5-705	Park/Materials & Supplies	Gazebo at Skate Park with N. Marion School	\$1,200

Community Development Department Expenses: 01-6-800		Cost
Estimated State Share \$7,200		
Oregon Mayor Association Membership Dues and Conferences		\$100
Meetings & Travel Expenses: Mayor, Councilors & Planning Commissioners		\$400
Donald Hazelnut Festival Donation		\$500
Street Flower Baskets/Flowers at City Hall		\$700
Council Discretionary		\$200
Mayor's Quarterly Business Leaders Meetings Expenses		\$50
City Wide Clean-Up Day		\$2,050
City Events: Meet and Greet, Santa's Sing-a-Long		\$300
5x Councilor Tablets		\$1,100
Saving for Insulation/Siding at Donald Community Center \$500 from FY 19-20		\$1,000
Holiday Lighting Competition and Replacement of Decoration		\$200
Donald Beautification Group		\$500
Mayor Cell Phone		\$600
Grant: Marion County Community Initiative Grant: For Economic Development		\$30,000
	*Total	\$37,700
*Partially funded by State Share Revenue		



City of Donald

Fiscal Year 2021

GENERAL FUND

		Historical Data		Budget for Next Year			
		Actual 2018	Actual 2019	Budget 2020	Proposed 2021	Approved 2021	Adopted 2021
Resources							
01-0-500	Beginning Fund Balance	166,977	161,376	187,710	161,416		
Revenues							
01-0-501	Property Taxes - Current	60,042	76,549	79,700	85,850		
01-0-502	Property Taxes - Prior	1,580	3,283	1,700	1,000		
01-0-503	Planning & Building Fees	32,270	6,962	25,000	25,000		
01-0-505	Business Registration Fees	3,900	3,375	2,150	2,000		
01-0-506	Permits & Fees	6,817	2,008	5,000	3,500		
01-0-507	Franchise Fees	54,658	62,561	63,450	56,850		
01-0-509	Municipal Court Revenue	N/A	N/A	200	200		
01-0-514	Grants	1,000	14,000	175,000	103,000		
01-0-515	Donations	1,231	1,470	300	150		
01-0-530	State Cigarette Tax	1,236	1,132	1,170	1,110		
01-0-531	State Liquor Tax	14,657	17,329	18,200	17,800		
01-0-532	State Marijuana Tax	4,887	2,828	2,900	3,400		
01-0-590	Miscellaneous	102	51	100	100		
01-0-591	Interest Income	2,796	4,068	3,000	2,140		
01-0-592	Copy & Fax Service Fees	151	113	100	50		
01-0-593	Administration Fees	625	856	300	300		
01-0-594	PGE Privilege Tax	13,747	15,916	17,800	13,980		
01-0-596	State Revenue Sharing	8,062	8,340	6,400	7,000		
01-0-598	Transfers In	19,312	19,026	19,674	20,585		
Total Revenues		227,073	239,867	422,144	344,015	0	0
Total Resources		394,050	401,243	609,854	505,431	0	0
Requirements for Administration							
Personnel Services							
01-1-610	Administrative Salaries	45,417	48,274	67,537	54,400		
01-1-615	Payroll Taxes/Benefits	25,814	33,137	42,544	44,020		
Total Personnel Services		71,231	81,411	110,081	98,420	0	0
Total Full-Time Equivalent (FTE)					0.80		
Materials & Services							
01-1-701	Advertising	400	284	1,000	1,200		
01-1-705	Materials & Supplies	2,333	2,229	3,800	3,600		
01-1-706	Postage	446	401	600	600		
01-1-708	Legal	2,609	1,416	5,000	5,000		
01-1-709	Accounting	3,100	3,200	4,435	4,350		
01-1-710	Outside Services	12,100	10,174	14,000	12,000		
01-1-712	Dues & Subscriptions	3,013	2,934	3,400	3,400		
01-1-713	Travel, Meetings, Education	776	492	2,000	1,000		
01-1-714	Municipal Court	N/A	N/A	500	1,750		
01-1-751	Permits & Fees	20	20	100	100		
01-1-753	Insurance & Bonds	3,596	3,827	2,560	2,850		
01-1-755	Repair & Maintenance	2,795	1,239	10,000	10,500		
01-1-757	Utilities	4,564	4,828	5,800	5,900		
01-1-758	Bank Charges	1,474	1,565	1,800	1,800		
01-1-760	Refunds & Misc.	0	0	100	100		
Total Materials & Services		37,226	32,609	55,095	54,150	0	0
Capital Outlay							
01-1-805	City Hall Improvements	N/A	N/A	8,600	0		
Total Capital Outlay		0	0	8,600	0	0	0
Total Administration Requirements		108,457	114,020	173,776	152,570	0	0

GENERAL FUND - Continued

		Historical Data			Budget for Next Year		
		Actual 2018	Actual 2019	Budget 2020	Proposed 2021	Approved 2021	Adopted 2021
Requirements for Planning & Building							
Materials & Services							
01-2-701	Advertising	197	60	200	200		
01-2-705	Materials & Supplies	270	53	200	200		
01-2-710	Outside Services	7,925	12178	13,000	10,000		
01-2-711	Grant Funded Outside Services	14,700	0	0	1,000		
01-2-751	Planning & Building Fees	32,713	6858	25,000	25,000		
01-2-760	Refunds & Misc.	0	233	100	100		
Total Materials & Services		55,806	19,382	38,500	36,500	0	0
Total Planning & Build. Requirements		55,806	19,382	38,500	36,500	0	0
Requirements for Public Safety							
Materials & Services							
01-4-710	Outside Services	22,715	15,136	34,000	50,000		
Total Materials & Services		22,715	15,136	34,000	50,000	0	0
Total Public Safety Requirements		22,715	15,136	34,000	50,000	0	0
Requirements for Parks							
Personnel Services							
01-5-605	Maintenance Wages	12,223	12,206	14,644	15,660		
01-5-615	Payroll Taxes/Benefits	6,526	7,048	11,667	11,960		
Total Personnel Services		18,749	19,254	26,311	27,620	0	0
Total Full-Time Equivalent (FTE)					0.30		
Materials & Services							
01-5-705	Materials & Supplies	3,591	0	8,500	7,500		
01-5-707	Vehicle Op and Maintenance	N/A	N/A	1,450	500		
01-5-710	Outside Services	4,810	4,653	4,500	4,000		
01-5-716	Uniforms	N/A	N/A	170	120		
01-5-753	Insurance & Bonds	N/A	N/A	1,025	1,125		
01-5-755	Repair & Maintenance	722	2,368	5,000	4,000		
01-5-757	Utilities	772	768	1,400	1,600		
01-5-760	Refunds & Misc.	0	0	50	50		
01-5-790	Community Center	870	997	2,500	2,500		
Total Materials and Services		10,765	8,786	24,595	21,395	0	0
Capital Outlay							
01-5-805	Park Improvements	N/A	N/A	18,200	0		
01-5-806	Grants	0	0	150,000	31,000		
Total Capital Outlay		0	0	168,200	31,000	0	0
Total Parks Requirements		29,514	28,040	219,106	80,015	0	0
Requirements for Community Development							
Materials & Services							
01-6-800	Community Development	6,182	4,416	12,400	37,700		
Total Materials & Services		6,182	4,416	12,400	37,700	0	0
Total Comm. Devel. Requirements		6,182	4,416	12,400	37,700	0	0

GENERAL FUND - Continued

	Historical Data			Budget for Next Year		
	Actual 2018	Actual 2019	Budget 2020	Proposed 2021	Approved 2021	Adopted 2021
General Fund Requirements						
Administration Dept.	108,457	114,020	173,776	152,570	0	0
Planning & Building Dept.	55,806	19,382	38,500	36,500	0	0
Public Safety Dept.	22,715	15,136	34,000	50,000	0	0
Parks Dept.	29,514	28,040	219,106	80,015	0	0
Community Development Dept.	6,182	4,416	12,400	37,700	0	0
Total Allocated Requirements	222,674	180,994	477,782	356,785	0	0
Requirements Not Allocated						
Interfund Transfers						
01-1-784 Transfers to Water Fund	5,000	5,000	5,000	5,000		
01-1-785 Transfers to Sewer Fund	5,000	5,000	5,000	5,000		
Total Interfund Transfers	10,000	10,000	10,000	10,000	0	0
01-1-900 Operating Contingency			50,000	50,000		
01-1-950 Unappropriated Ending Balance			72,072	88,646		
Total Requirements Not Allocated	10,000	10,000	132,072	148,646	0	0
Ending Balance (prior years)	161,376	210,249				
Total Requirements	394,050	401,243	609,854	505,431	0	0

Key: N/A Line is not applicable for year

- Rename

Street Fund

The State Highway Tax Apportionment is the sole funding for the Street Fund. This money is collected through gasoline sales tax and DMV fees by the State and then divvied up amongst governments in Oregon depending on population size. The Street Fund budgets for repair, maintenance, transportation operation and lighting of the City's streets and roadways. (City streets do not include Butteville RD or Main ST.)

Revenue Highlights

Highway funds can only be expended as per the regulations stated in Oregon Constitution Article IX, Section 3a. There is a major change in the amount estimated for gas tax because less people are driving due to the coronavirus. Before the Pandemic, the League of Oregon cities estimated that cities should receive \$78.94 for each Donald'ite from the Highway Trust Fund Revenue for a total of \$78,150. Now, there are no clear predictions for an estimate; so, the budget estimates to receive \$59,500.



Expense Highlights

The Street Fund completed the Main Street Sidewalk Program in Fiscal Year 2019-2020 and the City Council approved a payment plan of up to seven years. The Council also approved a delayed repayment for those financially effected by the coronavirus. Overtime, as this money gets refunded the City, it should be spent on repairs to the streets, as per the 2019 Pavement Management Budget Options Report. The annual membership for the Pavement Management software is in the budget and a share in the cost for a Public Works Standards update.

Line #	Name of Line	Activity	Cost
02-1-710	Outside Services	Annual Software: Pavement Mgmt.	\$750
02-1-725	Engineering	Public Works Standards Update	\$3,000
02-1-755	Repair & Maintenance	Street Striping	\$2,000

City of Donald

Fiscal Year 2021

STREET FUND

		Historical Data			Budget for Next Year		
		Actual 2018	Actual 2019	Budget 2020	Proposed 2021	Approved 2021	Adopted 2021
Resources							
02-0-500	Beginning Fund Balance	170,304	197,749	223,824	88,966		
Revenues							
02-0-509	State Gas Tax	62,519	71,780	74,400	59,500		
02-0-510	SCA Grant Funds	0	0	* 150,000	100,000		
02-0-520	Sidewalk Program	0	0	60,000	27,200		
02-0-590	Miscellaneous	1	51	100	100		
02-0-591	Interest Income	2,831	4,940	3,580	1,000		
02-0-593	Administration Fees	N/A	N/A	900	1,180		
Total Revenues		65,351	76,771	288,980	188,980	0	0
Total Resources		235,655	274,520	512,804	277,946	0	0
Requirements for Streets							
Personnel Services							
02-1-605	Maintenance Wages	12,223	12,206	14,644	15,660		
02-1-615	Payroll Taxes/Benefits	6,526	7,048	11,667	11,960		
Total Personnel Services		18,749	19,254	26,311	27,620	0	0
Total Full-Time Equivalent (FTE)					0.30		
Materials & Services							
02-1-705	Materials & Supplies	1,146	228	2,000	1,500		
02-1-707	Vehicle Op and Maintenance	626	728	1,450	500		
02-1-708	Legal	212	939	2,500	1,500		
02-1-710	Outside Services	5,476	15,292	8,550	8,000		
02-1-716	Uniforms	286	300	170	120		
02-1-725	Engineering	0	0	500	27,000		
02-1-751	Permits & Fees	20	20	100	1,000		
02-1-753	Insurance & Bonds	1,260	1,354	365	425		
02-1-755	Repair & Maintenance	3,384	1,568	5,200	7,600		
02-1-757	Utilities	6,747	6,740	7,500	7,500		
02-1-760	Refunds & Misc.	0	0	50	50		
Total Materials & Services		19,157	27,169	28,385	55,195	0	0
Capital Outlay							
02-1-804	Sidewalk Improvements	N/A	0	200,000	0		
02-1-806	Equipment	0	1,399	0	0		
02-1-807	SCA Grant	0	0	* 150,000	100,000		
Total Capital Outlay		0	1,399	350,000	100,000	0	0
Total Allocated Requirements		37,906	47,822	404,696	182,815	0	0
Requirements Not Allocated							
02-1-900	Operating Contingency			75,000	75,000		
02-1-950	Unappropriated Ending Balance			33,108	20,131		
Total Requirements Not Allocated				108,108	95,131	0	0
Ending Balance (prior years)		197,749	226,698				
Total Requirements		235,655	274,520	512,804	277,946	0	0

Key: N/A Line is not applicable for year

* Resolution 490-19 approved 11/12/2019

Debt Service Fund

A Debt Service Fund is established to account for the payment of general long-term debt principal and interest. The City of Donald has one outstanding general obligation bond that was issued for \$375,000 on March 8, 2005 to finance improvements to the City's water storage capacity, drinking water system and sewer system upgrades. This bond matures on December 7, 2025. The principal and interest for the bond are paid by property owners and collected by Marion County's Tax Assessor's Office. This tax is collected in addition to the permanent property taxes. Debt service funds are regulated by OAR 150-294.352(1) and ORS 287A.



Donald Beautification Group -Getting Ready for Santa's Sing-a-Long Event

The outstanding balance as of June 30, 2020 is \$129,294.06. This year the principal payment is \$15,000 and the interest payment is \$4,576.90. The total to meet the bond obligations is \$19,576.90. However, because of the financial uncertainties for property owners paying their taxes due to the coronavirus, \$20,185 will be called to pay off these obligations.

In December 2015, the City switched banking institutions, from Wells Fargo to U.S. Bank and at this time the bond was also moved to U.S. Bank. This reduced the interest rate from 5.25% to 3.29%. Overtime, the calculated savings of interest will be about \$24,120.

Below is a simplified bond repayment schedule.

Year	Payment	Interest Due	Total
'20-21	15,000	4,576.90	19,576.90
'21-22	15,000	4,064.73	19,064.73
'22-23	20,000	3,564.38	23,564.38
'23-24	20,000	2,981.32	22,981.32
'24-25	25,000	2,319.60	27,319.60
'25-26	34,294.06	1,965.49	36,259.55
Totals	\$129,294.06	\$19,472.42	\$148,766.48

City of Donald

Fiscal Year 2021

DEBT SERVICE FUND

		Historical Data		Budget for Next Year			
		Actual 2018	Actual 2019	Budget 2020	Proposed 2021	Approved 2021	Adopted 2021
Resources							
06-0-500	Beginning Fund Balance	8,940	8,375	5,384	3,027		
Revenues							
06-0-501	Property Taxes - Current	20,012	16,189	18,674	20,185		
06-0-502	Property Taxes - Prior	341	1,155	500	385		
06-0-591	Interest Income	148	208	85	45		
Total Revenues		20,501	17,552	19,259	20,615	0	0
Total Resources		29,441	25,927	24,643	23,642	0	0
Requirements							
Bond Principal Payments					Budgeted Payment Date: Feb. 2021		
06-3-751	US Bank Loan - Principal	15,000	15,000	15,000	15,000		
Total Principal		15,000	15,000	15,000	15,000	0	0
Bond Interest Payments					Budgeted Payment Date: Aug. 2020		
06-3-752	US Bank Loan - Interest	6,066	5,566	5,066	4,577		
Total Interest		6,066	5,566	5,066	4,577	0	0
Unappropriated Balance for Following Year					Projected Payment Date: Aug. 2021		
	US Bank Loan			4,577	4,065		
Total Unappropriated Ending Fund Balance				4,577	4,065	0	0
Ending Balance (prior years)		8,375	5,361				
Total Requirements		29,441	25,927	24,643	23,642	0	0

Water Fund

The Water Fund collects fees for the operation and maintenance of the water treatment and distribution processes. The Water Fund is an enterprise fund meaning it is self-supported through the collection of water bills.

Revenue Highlights

The Water Fund's principal revenue source is the collection of the monthly water bills. There are approximately 399 accounts comprised of both residential and commercial users. The Fund is also supplemented by customer fees such as late fees, door hanging fees, and new account fees. A rate study completed in 2016 by Donovan Enterprises Incorporated indicated that a 3% increase in the water rates each year is needed to keep pace with the costs and repairs associated with providing the water service. This increase is in lieu of an annual inflation rate adjustment and goes to fiscal year 2020-2021. However, to support the community during the COVID-19 Pandemic, the City Council suspended delinquent fees and shut-offs for non-payments. Also, they directed staff to postpone the increase for the monthly water bills until further notice. The budget estimate assumes the same amount from last year for the entire year fiscal year. Note: The revenue line *New Installations* is offset by the expense line *Installations*. Developers pay for the water parts and labor for new construction. This inflates the Fund by \$40,000.



Future Reserve Fee Schedule

In 2014 the Budget Committee voted to collect an extra \$3 a month to save money for future maintenance projects to the water system. The Donovan Rate Study recommended keeping the future reserve fee. The total is preserved in the *Reserved for Future Expenditures* (07-1-811) line of the Fund. However, this year it is budgeted to deplete this line to pay for Well #3 for the water system.

FY	Future Reserve Fee
'20-21	\$14,100 <i>Proposed</i>
'19-20	\$14,250 <i>Anticipated</i>
'18-19	\$14,206 <i>Actual</i>
'17-18	\$14,507 <i>Actual</i>
'16-17	\$14,147 <i>Actual</i>
'15-16	\$13,981 <i>Actual</i>
'14-15	\$5,612 <i>Actual</i>
Total	\$90,803
FY End	\$0.00

Expense Highlights

The biggest expense is moving forward with the funding for a Well #3 for the City. The budget includes \$250,000 for the well project, about half the estimated total cost. The balance is to be supplemented by developers and grant monies. This year the Blake Court Water Main Line Project will occur. The other big projects include the cleaning of water reservoir #2 and an update to the Public Works Standards.

Line #	Name of Line	Activity	Cost
07-1-710	<i>Outside Services</i>	Public Works Office Security Update	\$1,750
07-1-725	<i>Engineering</i>	Water Rate Study	\$15,000
07-1-725	<i>Engineering</i>	Public Works Standards Update	\$6,000
07-1-755	<i>Repairs/Maintenance</i>	Replacement of Expired Fire Extinguishers & Service	\$175
07-1-755	<i>Repairs/Maintenance</i>	Clean Water Reservoir #2	\$5,000
07-1-805	<i>Improvements</i>	Blake Court Water Main Line project	\$52,000
07-1-805	<i>Improvements</i>	Well #3 Project	\$223,000

City of Donald

Fiscal Year 2021

WATER FUND

		Historical Data			Budget for Next Year		
		Actual 2018	Actual 2019	Budget 2020	Proposed 2021	Approved 2021	Adopted 2021
Resources							
07-0-500	Beginning Fund Balance	411,063	467,545	483,229	486,504		
Revenues							
07-0-520	Water Revenue	239,895	250,632	256,900	253,300		
07-0-521	Hook-Up Fee	1,105	879	850	600		
07-0-523	Future Reserve Fee	14,507	14,206	14,250	14,100		
07-0-550	New Installations	3,933	2,637	40,000	40,000		
07-0-551	Late Fees, Red Tags, Shut Offs	3,850	3,982	3,750	950		
07-0-553	Sale of Recyclable Materials	125	110	100	100		
07-0-590	Miscellaneous	5	970	100	100		
07-0-591	Interest Income	6,835	11,682	7,740	6,450		
07-0-598	Transfer In	5,000	5,000	5,000	5,000		
Total Revenues		275,256	290,098	328,690	320,600	0	0
Total Resources		686,319	757,643	811,919	807,104	0	0
Requirements for Water							
Personnel Services							
07-1-605	Maintenance Wages	48,891	48,823	63,089	64,640		
07-1-610	Administrative Salaries	46,403	57,454	61,510	65,300		
07-1-615	Payroll Taxes/Benefits	51,087	62,133	85,489	93,070		
Total Personnel Services		146,381	168,410	210,088	223,010	0	0
Total Full-Time Equivalent (FTE)					2.30		
Materials & Services							
07-1-701	Advertising	539	587	600	700		
07-1-705	Materials & Supplies	7,476	5,610	10,000	9,000		
07-1-706	Postage	1,340	1,510	1,595	1,655		
07-1-707	Vehicle Op and Maintenance	1,251	1,455	5,080	2,000		
07-1-708	Legal	629	2,431	4,500	2,800		
07-1-709	Accounting	3,100	3,200	4,435	4,350		
07-1-710	Outside Services	4,660	8,138	15,000	19,200		
07-1-712	Dues & Subscriptions	1,008	583	1,200	1,200		
07-1-713	Travel, Meetings, Education	523	367	2,000	1,200		
07-1-716	Uniforms	286	300	680	480		
07-1-720	Chemicals	846	1,175	3,000	3,000		
07-1-725	Engineering	857	935	20,000	24,000		
07-1-728	Backflow Testing	8,579	8,793	9,500	9,500		
07-1-730	Water Testing	396	1,240	7,900	3,000		
07-1-751	Permits & Fees	2,103	64	18,200	2,000		
07-1-752	Installations	3,478	3,416	40,000	40,000		
07-1-753	Insurance & Bonds	4,645	4,964	6,075	6,895		
07-1-755	Repair & Maintenance	6,043	29,220	27,500	12,000		
07-1-757	Utilities	15,238	16,735	19,000	19,000		
07-1-760	Refunds & Misc.	278	316	500	3,000		
Total Materials & Services		63,275	91,039	196,765	164,980	0	0
Capital Outlay							
07-1-805	Improvements	0	0	175,000	275,000		
07-1-806	Equipment	0	2,797	0	0	0	0
Total Capital Outlay		0	2,797	175,000	275,000	0	0
Total Allocated Requirements		209,657	262,246	581,853	662,990	0	0

WATER FUND - Continued

		Historical Data			Budget for Next Year		
		Actual 2018	Actual 2019	Budget 2020	Proposed 2021	Approved 2021	Adopted 2021
Requirements Not Allocated							
Interfund Transfers							
07-1-785	Transfers to General Fund	9,117	9,500	9,747	10,000		
Total Interfund Transfers		9,117	9,500	9,747	10,000	0	0
07-1-900	Operating Contingency			70,000	70,000		
07-1-811	Reserved Future Expenditures			0	0		
07-1-950	Unappropriated Ending Balance			150,319	64,114		
Total Requirements Not Allocated		9,117	9,500	230,066	144,114	0	0
Ending Balance (prior years)		467,545	485,897				
Total Requirements		686,319	757,643	811,919	807,104	0	0

Sewer Fund

The Sewer Fund collects fees for the operation and maintenance of the sewer collection and treatment processes. The Sewer Fund is an enterprise fund meaning it is self-supported through the collection of sewer bills.



Revenue Highlights

The Sewer Fund's principal revenue source is the collection of monthly sewer bills. There are approximately 398 sewer accounts comprised of both residential and commercial users. The Fund is also supplemented by late fees, door hanging fees, and a fee for setting up new accounts. Revenue also comes from two land leases and a contract to provide the Fargo District with raw sewer treatment services. A rate study completed in 2016 by Donovan Enterprises Incorporated indicated that a 3% increase in the water rates each year is needed to keep pace with the costs and repairs associated with providing the sewer service. This increase is in lieu of an annual inflation rate adjustment and goes to fiscal year 2020-2021. However, to support the community during the COVID-19 Pandemic, the City Council suspended delinquent fees and shut-offs for non-payments. Also, they directed staff to postpone the increase for the monthly water bills until further notice. The budget estimate assumes the same amount from last year for the entire year fiscal year. Note: The revenue line *New Installations* is offset by the expense line *Installations*; developers pay for the septic tank, parts and labor for new buildings. This inflates the Fund by \$50,000.

Future Reserve Fee Schedule

In 2014, the Budget Committee voted to collect an extra \$2 a month to save money for future maintenance projects to the sewer system. The Donovan rate study recommended keeping the future reserve fee and eventually increasing it. This year, it is proposed to keep it at \$2.75, instead of raising it to \$3 because of the Pandemic. The total is preserved in the *Reserved for Future Expenditures* (08-1-811) line of the Fund.

FY	Future Reserve Fee
'20-21	\$12,800 <i>Proposed</i>
'19-20	\$13,050 <i>Anticipated</i>
'18-19	\$11,630 <i>Actual</i>
'17-18	\$10,441 <i>Actual</i>
'16-17	\$9,360 <i>Actual</i>
'15-16	\$9,301 <i>Actual</i>
'14-15	\$3,735 <i>Actual</i>
Total	\$70,317

Expense Highlights

Septic tanks are pumped annually; this year is Zone 4 of 5. Legal and engineering expenses for renegotiation of the Fargo contract. The Sewer Fund will split the cost for the Rate Study and Public Works Standards Update. Minor repair projects include painting a small building, replacing the boards on the walking planks above the lagoons, and updating the security system. Also, a hoist will be bought for the pump house to better maintain, or repair, the foot valve.

Line #	Name of Line	Activity	Cost
08-1-705	Materials/Supplies	Project: Hoist for Pump House	\$1,200
08-1-710	Outside Services	Public Works Office Security Update	\$1,750
08-1-714	Septic Tank Pumping	Zone 4: Pumping 65 tanks	\$30,000
08-1-725	Engineering	Sewer Rate Study	\$15,000
08-1-725	Engineering	Public Works Standards Update	\$6,000
08-1-755	Repair/Maintenance	Replacement of Expired Fire Extinguishers & Service	\$105
08-1-755	Repair/Maintenance	Paint the Chlorine Building	\$300
08-1-755	Repair/Maintenance	Replacement of Walking Boards at Lagoons	\$850
08-1-805	Improvements	Sewer Valve Replacement (3 valves)	\$15,000

City of Donald

Fiscal Year 2021

SEWER FUND

		Historical Data			Budget for Next Year		
		Actual 2018	Actual 2019	Budget 2020	Proposed 2021	Approved 2021	Adopted 2021
Resources							
08-0-500	Beginning Fund Balance	508,790	561,770	652,146	711,848		
Revenues							
08-0-520	Sewer Revenue	283,545	292,540	254,800	254,800		
08-0-521	Hook-Up Fee	1,105	879	850	600		
08-0-523	Future Reserve Fee	10,441	11,630	13,050	12,800		
08-0-530	Lease of Land	23,244	26,541	24,350	22,850		
08-0-550	New Installations	6,720	4,717	50,000	50,000		
08-0-551	Late Fees, Red Tags, Shut Offs	3,850	3,982	3,750	950		
08-0-553	Sale of Recyclable Materials	125	110	100	100		
08-0-590	Miscellaneous	45	205	100	100		
08-0-591	Interest Income	8,458	14,038	10,445	9,470		
08-0-598	Transfer In	5,000	5,000	5,000	5,000		
Total Revenues		342,533	359,642	362,445	356,670	0	0
Total Resources		851,323	921,412	1,014,591	1,068,518	0	0
Requirements for Sewer							
Personnel Services							
08-1-605	Maintenance Wages	48,891	48,823	63,089	64,640		
08-1-610	Administrative Salaries	46,403	57,455	61,510	65,300		
08-1-615	Payroll Taxes/Benefits	51,086	62,133	85,489	93,070		
Total Personnel Services		146,380	168,411	210,088	223,010	0	0
Total Full-Time Equivalent (FTE)					2.30		
Materials & Services							
08-1-701	Advertising	266	318	300	400		
08-1-705	Materials & Supplies	15,329	8,292	17,000	12,000		
08-1-706	Postage	1,340	1,520	1,595	1,655		
08-1-707	Vehicle Op and Maintenance	1,251	1,455	5,080	2,000		
08-1-708	Legal	1,063	5,071	15,000	20,000		
08-1-709	Accounting	3,100	3,200	4,435	4,350		
08-1-710	Outside Services	2,008	5,806	12,500	16,200		
08-1-712	Dues & Subscriptions	493	227	600	600		
08-1-713	Travel, Meetings, Education	188	82	2,000	2,000		
08-1-714	Septic Tank Pumping	25,676	21,090	24,000	30,000		
08-1-715	Sewer Lab Testing	1,026	738	6,000	5,000		
08-1-716	Uniforms	286	300	680	480		
08-1-720	Chemicals	6,878	2,820	9,000	8,000		
08-1-725	Engineering	1,377	1,826	10,000	34,000		
08-1-751	Permits & Fees	1,391	1,520	1,700	1,700		
08-1-752	Installations	7,385	1,876	50,000	50,000		
08-1-753	Insurance & Bonds	4,666	4,992	6,075	6,895		
08-1-755	Repair & Maintenance	13,816	6,063	24,500	17,500		
08-1-757	Utilities	9,919	6,404	11,800	11,800		
08-1-760	Refunds & Misc.	0	0	500	5,000		
Total Materials & Services		97,460	73,600	202,765	229,580	0	0
Capital Outlay							
08-1-805	Improvements	36,596	0	35,000	65,000		
08-1-806	Equipment	0	2,797	0	0		
Total Capital Outlay		36,596	2,797	35,000	65,000	0	0
Total Allocated Requirements		280,436	244,808	447,853	517,590	0	0

SEWER FUND - Continued

		Historical Data			Budget for Next Year		
		Actual 2018	Actual 2019	Budget 2020	Proposed 2021	Approved 2021	Adopted 2021
Requirements Not Allocated							
Interfund Transfers							
08-1-785	Transfers to General Fund	9,117	9,500	9,747	10,000		
Total Transfers		9,117	9,500	9,747	10,000	0	0
08-1-900	Operating Contingency			150,000	150,000		
08-1-811	Reserved Future Expenditures			56,577	70,317		
08-1-950	Unappropriated Ending Balance			350,414	320,611		
Total Requirements Not Allocated		9,117	9,500	566,738	550,928	0	0
Ending Balance (prior years)		561,770	667,104				
Total Requirements		851,323	921,412	1,014,591	1,068,518	0	0

System Development Funds

Oregon Revised Statue 223.307 is the main law regarding the collection and expenditure of these funds. On May 10, 2016 the City Council approved Resolution No. 403-16, which approved three new system development funds and updated the water and sewer SDCs. This is the fifth year that money will be collected from developers to fund the future systems for Parks, Storm Drains and Transportation. These funds are collected when new developments are added to the City and are collected to pay for the additional needed capacity on the City's infrastructure systems to accommodate the new growth. Money is expended according to each SDC's capital improvement plan, which are included in the resolution and set to be updated this year. Annually, the City Council considers adjusting the amounts based on the *Engineering News of Record Construction Cost Index*. This year the increase was 1.6%; this change was adopted at the April 21, 2020 City Council meeting by Resolution No. 497-20.

Revenue Highlights

It is anticipated to receive one residential SDC fee, per fund, this year.

Grants: The City was awarded the top grant from Governor Kate Brown's new pilot project for Workforce Housing Initiative Grant. There is a \$195,000 grant from Oregon Housing and Community Services Department to be used for engineering, design or construction costs. Business Oregon's grant is for \$330,000 and can be used for infrastructure construction. The grant is setup to allow for the money to be used for either (or both) water and sewer needs; this is reflected in the System Development Charge Funds for Water and Sewer. The Master Plans for Water and Sewer will be amended and then the City will have a better understanding of how to expend this money.

Expense Highlights

The Master Plans for Water and Wastewater will be amended this year and the System Development Charges will be updated to reflect the amendments. This will allow the City to collect the appropriate amount developers to serve their needs for capacity building of City services. It is anticipated that the Workforce Housing Initiative Grant money will start being used during this budget cycle.

- SDC updates:
 - Water, Sewer, Transportation & Storm Drain: \$3,000
 - Parks: \$1,000
- Master Plan/Facility Plan Amendments
 - Water and Wastewater: \$7,000

Transfers: Each SDC fund is allowed to transfer 2% to the City's General Fund to offset the costs associated with accounting and administration.



City of Donald

Fiscal Year 2021

SYSTEM DEVELOPMENT FUND - WATER

		Historical Data		Budget for Next Year		
		Actual 2018	Actual 2019	Budget 2020	Proposed 2021	Approved 2021
						Adopted 2021
Resources						
09-0-500	Beginning Fund Balance	12,854	12,831	12,847	23,232	
Revenues						
09-0-510	Grants	0	17,000	528,000	525,000	
09-0-560	Improvement Fee	0	1,469	1,513	1,537	
09-0-570	Reimbursement Fee	0	2,355	2,426	2,465	
09-0-591	Interest Income	213	323	205	300	
Total Revenues		213	21,147	532,144	529,302	0
Total Resources		13,067	33,978	544,991	552,534	0
Requirements						
Materials & Services						
09-1-710	Outside Services	0	21,126	199,000	205,000	
Total Materials & Services		0	21,126	199,000	205,000	0
Capital Outlay						
09-1-805	Improvements	0	0	330,000	330,000	
Total Capital Outlay		0	0	330,000	330,000	0
Total Allocated Requirements		0	21,126	529,000	535,000	0
Requirements Not Allocated						
Interfund Transfers						
09-1-780	Transfers to General Fund	236	0	76	210	
Total Interfund Transfers		236	0	76	210	0
09-1-900	Operating Contingency			10,000	10,000	
09-1-901	• Reserved Future Expenditures			5,915	7,324	
Total Requirements Not Allocated		236	0	15,991	17,534	0
Ending Balance (prior years)		12,831	12,852			
Total Requirements		13,067	33,978	544,991	552,534	0
• Rename						

City of Donald

Fiscal Year 2021

SYSTEM DEVELOPMENT FUND - SEWER

		Historical Data			Budget for Next Year	
		Actual 2018	Actual 2019	Budget 2020	Proposed 2021	Approved 2021
						Adopted 2021
Resources						
10-0-500	Beginning Fund Balance	253,415	257,388	267,696	283,780	
Revenue						
10-0-510	Grants	N/A	17,000	528,000	525,000	
10-0-560	Improvement Fee	0	1,719	1,769	1,798	
10-0-570	Reimbursement Fee	0	2,166	2,232	2,267	
10-0-591	Interest	4,213	6,434	4,285	3,780	
Total Revenue		4,213	27,319	536,286	532,845	0
Total Resources		257,628	284,707	803,982	816,625	0
Requirements						
Materials & Services						
10-1-710	Outside Services	0	17,000	199,000	205,000	
Total Materials & Services		0	17,000	199,000	205,000	0
Capital Outlay						
10-1-805	Improvements	0	0	450,000	530,000	
Total Capital Outlay		0	0	450,000	530,000	0
Total Allocated Requirements		0	17,000	649,000	735,000	0
Requirements Not Allocated						
Interfund Transfers						
10-1-780	Transfers to General Fund	240	0	78	213	
Total Interfund Transfers		240	0	78	213	0
10-1-900	Operating Contingency			60,000	60,000	
10-1-901	• Reserved Future Expenditures			94,904	21,412	
Total Requirements Not Allocated		240	0	154,982	81,625	0
Ending Balance (prior years)		257,388	267,707			
Total Requirements		257,628	284,707	803,982	816,625	0
Key:		N/A Line is not applicable for year				
		• Rename				

Fiscal Year 2021

SYSTEM DEVELOPMENT FUND - PARK

Key: N/A Line is not applicable for year

- Rename

City of Donald

Fiscal Year 2021

SYSTEM DEVELOPMENT FUND - STORMWATER

		Historical Data		Budget for Next Year		
		Actual 2018	Actual 2019	Budget 2020	Proposed 2021	Approved 2021
						Adopted 2021
Resources						
12-0-500	Beginning Fund Balance	17,912	18,035	18,660	22,751	
Revenues						
12-0-560	Improvement Fee	156	159	164	167	
12-0-570	Reimbursement Fee	26	27	28	28	
12-0-591	Interest	299	450	300	300	
Total Revenues		481	636	492	495	0
Total Resources		18,393	18,671	19,152	23,246	0
Requirements						
Materials & Services						
12-1-710	Outside Services	N/A	N/A	1,000	3,000	
Total Materials & Services		0	0	1,000	3,000	0
Total Allocated Requirements		0	0	1,000	3,000	0
Requirements Not Allocated						
Interfund Transfers						
12-1-780	Transfers to General Fund	358	4	4	80	
Total Interfund Transfers		358	4	4	80	0
12-1-900	Operating Contingency			200	1,500	
12-1-901	Reserved Future Expenditures			17,948	18,666	
Total Requirements Not Allocated		358	4	18,152	20,246	0
Ending Balance (prior years)		18,035	18,667			
Total Requirements		18,393	18,671	19,152	23,246	0

Key: N/A Line is not applicable for year

- Rename

City of Donald

Fiscal Year 2021

SYSTEM DEVELOPMENT FUND - TRANSPORTATION

		Historical Data			Budget for Next Year		
		Actual 2018	Actual 2019	Budget 2020	Proposed 2021	Approved 2021	Adopted 2021
Resources							
13-0-500	Beginning Fund Balance	12,218	12,748	13,636	16,645		
Revenues							
13-0-560	Improvement Fee	476	486	495	505		
13-0-570	Reimbursement Fee	95	95	95	95		
13-0-591	Interest	203	318	215	220		
Total Revenues		774	899	805	820	0	0
Total Resources		12,992	13,647	14,441	17,465	0	0
Requirements							
Materials & Services							
13-1-710	Outside Services	N/A	N/A	1,000	3,000		
Total Materials & Services		0	0	1,000	3,000	0	0
Total Allocated Requirements		0	0	1,000	3,000	0	0
Requirements Not Allocated							
Interfund Transfers							
13-1-780	Transfers to General Fund	244	12	12	61		
Total Interfund Transfers		244	12	12	61	0	0
13-1-900	Operating Contingency			200	1,500		
13-1-901	• Reserved Future Expenditures			13,229	12,904		
Total Requirements Not Allocated		244	12	13,441	14,465	0	0
Ending Balance (prior years)		12,748	13,635				
Total Requirements		12,992	13,647	14,441	17,465	0	0

Key: N/A Line is not applicable for year

- Rename

City of Donald

Fiscal Year 2021

TRANSFER SCHEDULES

	In	Out	Purpose
General Fund		10,000.00	Repayment of capital loan for purchase of City Hall
General Fund	20,000.00		City Hall overhead
Water Fund	5,000.00		Repayment of capital loan for purchase of City Hall
Water Fund		10,000.00	*City Hall overhead
Sewer Fund	5,000.00		Repayment of capital loan for purchase of City Hall
Sewer Fund		10,000.00	*City Hall overhead
Total	\$ 30,000.00	\$ 30,000.00	

*CPI-U of 2.6%

2% for administration	In	Out
General Fund	585.00	
Water SDC		210.00
Sewer SDC		213.00
Park SDC		21.00
Storm Water SDC		80.00
Transportation SDC		61.00
Total	\$ 585.00	\$ 585.00

Based on SDC payments received by 5/19/2020