

CITY OF AURORA

BUDGET MESSAGE

FISCAL YEAR 2023-2024

INTRODUCTION

The proposed budget has been prepared in accordance with Oregon Local Budget Law, as prescribed in the Oregon Statutes. Additionally, the document is consistent with governmental accounting and financial reporting standards.

Pursuant to Oregon Budget Law, the budget message must contain certain information which assists the reader of the budget in understanding major differences in the proposed budget from the current year adopted budget. For example, ORS 294.403 requires that the budget message must:

- Explain the budget document
- Include a brief description of the proposed financial policies for the coming fiscal year
- Describe the significant features of the proposed budget
- Explain major changes in financial policy

This year's budget is prepared by Mary Lambert – Budget Officer. The mayor and city staff contributed to the projections.

MAJOR FACTORS

Again, this year's budget process takes place in a time of economic uncertainty. As such, every effort is being made to keep the city services operating and continually looking toward our future growth.

Although slowing, we continue to see residential and commercial development which not only provides revenue in the form of building permits but also in system development funds and the city's tax base.

The new lighted pedestrian crossings we added to last year's budget will instead be installed in this budget year. Oregon Department of Transportation will be funding these with Sidewalk Improvement Project funds.

We were fortunate to receive grant money for much needed water and sewer projects. The Well Number 3 Replacement Project is moving forward and drilling could begin this budget cycle. The Water Storage Tank & Pump Station Project and the Wastewater Treatment Facility Project will be ongoing for the next few years. A site was purchased, and geological testing has been completed on the location of the Water Storage Tank & Pump Station. Initial engineering and preliminary plans have been completed. Site preparation may begin this

budget year. The Wastewater Treatment Facility Project has seen the completion and adoption of an updated Wastewater Facilities Planning Study, outlining the best option for increasing our capacity. With the passage of the bond measure last year, the city has started the process of determining the best allocation of those funds. The final payment on the current Wastewater Facility bond will be made in this budget. We anticipate accessing the new bond funds next year.

Brian Asher - Mayor

BUDGET OFFICER'S COMMENTS

It is an exciting time in Aurora with many projects in the works – at least on paper. This budget has nearly doubled in size compared to last year's budget due mainly to the expectation of accessing the approved bond this fiscal year. A new fund, Special Projects – Bond, was created for those proceeds. There will be no payment on that bond until the 2024-2025 Fiscal Year. Also, expenditures expected on last year's large infrastructure projects were delayed and moved to this year. The potential of new infrastructure grant money is also included in this budget. Another change is the increase in interest income projected this year due to the rate increase at our Local Government Investment Pool. This rate went from less than 1% in May 2022 to 3.75% one year later. Below, you will find more detail on each of the 18 funds included in this budget.

General Fund

Revenues

Franchise Fees: Franchise fees are assessments for a utility company's use of the City's right of way. Included are agreements with CenturyLink, Astound (Formerly WAVE Communications), Republic Services, Portland General Electric and NW Natural Gas. I have budgeted an increase based on the previous three-year trend.

Fees for Services: Fees for services include nuisance abatement and copy fees. This is not a significant source of revenue.

Licenses and Permits: Licenses and permits include building permit fees, engineering fees, planning fees, business license fees, and park reservation fees. This budget reflects little change in building projects and business license fees and an increase in park reservation fees.

Rents: Rent is currently received from two communications companies renting space on the old water tower. Approximately \$2,670 will be collected per month from T-Mobile and Verizon.

Intergovernmental: Intergovernmental revenue includes state revenue sharing, and a share of state cigarette, liquor and marijuana taxes. A small increase is anticipated. Also included are grants received from various agencies. This budget includes potential grant money for our Urban Growth Boundary projects, the 5th and final year of the Marion County Community Prosperity grant and the bi-annual Planning Assistance Grant.

Fines, Penalties & Forfeits: Fines, penalties and forfeits include primarily court fine revenue and fees collected through the municipal court. This number has decreased based on current year to date revenue and a downward trend.

Interest: Interest includes all interest earned in the Local Government Investment Pool (LGIP). This interest is distributed to each fund on a percentage basis. An increase in rates, as well as a stable account balance, is reflected in this budget.

Taxes to Balance: Taxes to balance include the maximum property tax levy allowed based on the City's current assessed valuation, multiplied by the rate limit and reduced by the estimated taxes not collected. An increase of 3% on last year's assessed value provided by the state assessor's office has been added.

Expenditures

The two largest expenditures in The General Fund are Personnel Services and Public Safety. As in past budgets, funds will be transferred to the Aurora Colony Days Fund -Revenue Share Funds. Parks will be contributing 10% of the estimated cost of a vactor trailer for public works. This budget also includes adding another \$50,000 to the \$50,000 reserved last year for future expenditures to save for the eventual replacement of playground equipment at the City Park.

Aurora Colony Days Fund

This Fund includes The Concerts in the Park series as well as Aurora Colony Days. Revenue to cover expenses comes from sponsorships and fees for events. This fund will receive a transfer of \$6,000 from the General Fund – Revenue Share. The budget for this fund is put together with the help of the Aurora Colony Days Committee.

Street/Storm Fund

The primary source of revenue is the ODOT highway tax apportionment which has been increased this year. This fund also receives revenue from the street lighting fee, which is used to pay the electric bill for the streetlights. This budget reflects an increase in this fee to collect enough revenue to pay the higher streetlight costs as well as an increase in contract services. ODOT has partnered with the city to build/improve 3 pedestrian crossings on Hwy 99E. The Sidewalk Improvement Program (SWIP) will fund this project with the city taking on the maintenance and repair after project completion. This was on last year's budget, but only preliminary engineering has been completed. One half of the funding has been received and is reflected in the beginning fund balance. It is anticipated the project will be near completion this budget year. Also in expenditures is 20% of the estimated cost of a vactor trailer for public works. This cost will be shared with the Water, Sewer and Parks budgets.

Street Reserve Fund

All revenue from the street maintenance fees paid by our residents are accruing in this fund. As stated in Resolution Number 778, all money deposited to this fund will be used only for street improvements, maintenance and/or upgrades. This budget does not increase this fee. There are no planned expenditures, but these funds may be tapped if necessary.

Water Operating Fund

The Water Fund, an enterprise fund, receives revenue from water billing. All revenue in this fund pays for water cost of sales, maintenance, upgrades, and regulatory fees. As required by Resolution 726, a rate increase of 6.2% (Annual Consumer Price Index, West Region - December 2022) of the base rate is included in this budget. This budget reflects the savings for the replacement of well 3 in the beginning fund balance. Expenses include completion of the Well 3 Replacement project as well as 35% of the cost of a vector trailer.

Water Reserve Fund

The reserve fund is for maintaining, improving, or expanding the water system. If not renewed, this fund expires in 2026. In the last two budget years we received a total of \$730,727 in American Rescue Plan Act funds. With these funds and the funds saved in the Water Operating Fund, we are working toward the replacement of Well 3. Also in this budget is a grant of \$1,000,000 that has been promised for the improvement of the water line on Ehlen Road.

Water Storage Tank / Pump Station

This fund was added last year to track the expenditures and reimbursements for the addition of a new water storage tank and pump station, approved for Federal American Rescue Plan Act grant funds. I have allocated approximately 65% to be spent this year. All funds must be obligated by December 31, 2024, with a project completion date of September 1, 2026.

Sewer Operating Fund

The Sewer Fund, an enterprise fund, receives revenue from a fixed sewer billing rate. All revenues in this fund pay for wastewater collection, treatment, disposal, system maintenance, upgrades and regulatory fees. As required by Resolution 727, a rate increase of 6.2% (Annual Consumer Price Index, West Region - December 2022) of the base rate is included in this budget. Capital expenditures include updating the communication system in the 4 lift stations and constructing a larger sludge removal system. These items were in last year's budget but were not completed. The carryover is reflected in the beginning fund balance. There is also 35% of the cost of a vector trailer included.

Sewer Reserve Fund

The reserve fund is for maintaining, improving, or expanding the sewer system. This fund expires in 2026 unless renewed. The main source of revenue is a transfer from the Sewer Operating Fund. There is a transfer of \$100,000 into this fund from the Sewer Operating Fund. I have also budgeted for the possibility of additional grant money received toward the construction of the new wastewater treatment facility.

Wastewater Treatment Facility Project

This fund was added to track the expenditures and reimbursements for the construction of a new wastewater treatment facility, approved for Federal American Rescue Plan Act grant funds. I have allocated approximately 44% to be spent this year. The project completion deadline is September 1, 2026.

General Obligation Bonds

This budget includes the final payment on the Refunding Bonds, Series 2009. The bond payments are funded by a property tax levy that is separate from the General Fund tax levy.

System Development Charge Funds

In all four SDC funds, revenue calculations are based on two new construction permits as new construction has slowed. SDCs are generated through building permits for new construction. Expenditures are restricted by law. There have been no specific projects identified in this budget.

Park Reserve Fund

The reserve fund was not renewed in 2022. It is included in this budget only to reflect historical data and will no longer be part of the budget after next year.

City Hall Building Fund

The City Hall Building Fund is a “reserve” type of fund, saving toward a new City Hall. The revenue for this fund includes donations, business license surcharges and transfers from the General Fund. The proposed budget has no transfer from the General Fund. Funds will be spent on planning and preparing the site.

Special Project - Bond Fund

This fund was created to track the proceeds from the bond sale and voter approved projects where funds are spent. It may also take in new construction grants specific to these projects, mainly the construction of the multipurpose facility.

I am fortunate to work for a city comprised of great people. I appreciate each and every one of you who takes the time to help not only with the budget process but in creating a wonderful community. I also appreciate the dedication of my fellow staff. They take good care of the city while being fiscally responsible, making my job that much easier. Thank you!

Mary C. Lambert – Budget/Finance Officer