



BUDGET

Fiscal Year
2019-2020

Prepared By
Port of Newport
Finance Department

1st Budget Committee Meeting

May 14, 2019

PORT OF NEWPORT
BUDGET COMMITTEE MEETING AGENDA

Tuesday, May 14, 2019, 6:00 p.m.
South Beach Activities Room
2120 SE Marine Science Drive, Newport, OR 97365

FREEHOLDER MEMBERS

Fred Postelwait (Pos. #1), Brian Barth (Pos. #2), Alan Brown (Pos. #3), and Gil Sylvia (Pos. #4).

PORT COMMISSION MEMBERS

Walter Chuck (Pos. #1), Secretary/Treasurer; Sara Skamser (Pos. #2), Vice President; Stewart Lamerdin (Pos. #3), President; Jeff Lackey (Pos. #4); and Jim Burke (Pos. #5).

BUDGET OFFICER

Paula J. Miranda, General Manager

- I. Call to Order/Introductions – Commission President Stewart Lamerdin
- II. Election of Budget Committee Presiding Officer

SAMPLE MOTION: I move to select [enter name] as Budget Committee President.

- III. Receive Budget Message
- IV. Budget Officer Reviews Budget Documents with Committee
- V. Committee Discussion of Budget
- VI. Public Questions/Comments (5 minute limit per person)
- VII. Approval of Budget (or schedule additional meeting)

SAMPLE MOTION: I move that the Budget Committee approve the proposed budget [as presented/amended] for the 2019-2020 fiscal year.

- VIII. Approval of Tax Rate to Submit to Assessor

SAMPLE MOTION: I move that the Budget Committee approve the tax rate of six-point-zero nine cents (0.0609) per \$1,000.00 of assessed value for operating purposes in the General Operating Fund and in the fixed amount of eight-hundred-thousand U.S. Dollars (i.e. \$800,000.00) for payment of general obligation bond principal and interest in the Bonded Debt Fund for the 2019-2020 fiscal year.

- IX. Adjournment

The Port Newport South Beach Marina and RV Park Activity Room is accessible to people with disabilities. A request for an interpreter for the hearing impaired or for other accommodations for persons with disabilities should be made at least 48 hours in advance of the meeting to Port of Newport Administration Office at 541-265-7758.

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F Y 2 0 1 9 - 2 0 2 0 B U D G E T M E S S A G E

DATE: April 29, 2019
RE: 2019-2020 Fiscal Year Proposed Budget
TO: Port of Newport Budget Committee
ISSUED BY: Teri Dresler, Interim General Manager/Budget Officer

As I write this message, I am transitioning the responsibilities of Budget Officer to Paula Miranda the new Port of Newport General Manager effective May 6, 2019. Paula will have the responsibility of carrying the budget planning process forward to final approval.

The proposed budget figures are based on the best estimates of the revenue that will be generated (resources) and expenses that will be made (requirements) beginning July 1, 2019 through June 30, 2020. I want to acknowledge that in the lead up to this proposed budget, Port staff spent immense amounts of time working to fine tune the methods for estimating accurate year-end expenditures, prepare prioritized expenditure requests, and forecasting accurate revenues. This responsibility rests primarily on the shoulders of Mark Harris and Becca Bishop, and we owe them both an enormous amount of gratitude. Their commitment to accuracy and process improvement have made a world of difference in the efficiency of developing the budget and the reliability of the information.

The focus for estimating expenditures and a portion of revenues in this proposed budget came from the recently completed 5-year Strategic Business Plan and Capital Facilities Plan Update. The process of developing that plan demanded a strict focus on priorities for all lines of business for the next 5 years. The priorities for capital projects, business development at the International Terminal, and increased revenue in all areas of the Port are addressed as year one priorities in the plan.

The Port Commission held public work sessions on April 9th and 23rd, to review all aspects of the revenue and expenditure estimates and to prioritize capital projects. Input from those meetings aided staff in drafting this proposed budget.

The proposed budget document is divided into five separate funds: NOAA Lease Revenue Fund, Facilities Maintenance Reserve Fund, Bonded Debt Fund, Construction Fund, and General Operating Fund. All day-to-day operations are accounted for in the General Operating and NOAA Funds.

HIGHLIGHTS

Resources: The Port is budgeted to kick off FY 2019-2020 with a healthy net working capital in the General Operating Fund of \$2,450,000. Some of the increases you see in revenue are due to the efforts to provide more realistic projections. Additional resources are projected as a direct result of strategic rate increases primarily at the International Terminal and Commercial Marina.

At the International Terminal, staff recognized that rates had not been increased for moorage “exceptions” since the Tariff was published in 2014. Those rates are proposed to increase by 68.8% in the new budget. Additionally, storage rates are proposed to increase by 19%. At the Commercial Marina, rate increases of 10% for semiannual and annual moorage licenses are proposed to generate funding over three years’ of consecutive increases to help pay for electrical upgrades at Port Docks 5 and 7. The Port will also be contributing funds to that project, and has assigned unappropriated funds in the Facilities Maintenance Reserve Fund of \$150,000 and is budgeting \$65,000 next fiscal year in the same fund to increase the fund balance to support this project. The three year plan is for the Port to set aside \$65,000 each year to match the moorage rate increase contribution to the electrical upgrade project fund. The total cost of the electrical upgrades is estimated to be \$655,000.

The taxpayers of the district provide financial support to the Port District at a combined rate of 49.28 cents per \$1,000 of Assessed Value (AV). 6.08 cents is the district’s permanent rate and 43.20 cents is the district’s millage rate for the general obligation bonds (GO) for the terminal remediation and repair.

Expenditures: Budgeted expenditures include professional fees in the General Operating Fund to hire consultants to assist with communications, grant writing services, scope of work preparation for an enterprise resource program for the Port, and project management to support the work on a plan for the International Terminal. The support and bandwidth these consultants will bring to the staff is anticipated to help generate revenue and business opportunities identified in the Strategic Business Plan.

Two and a half years of design and engineering for the replacement of the Port Dock 5 Pier has culminated in a fully designed and permitted project with an estimated cost \$2,400,000. To help defray this cost, the Port has applied for a \$1,200,000 Economic Development Administration grant, budgeted as revenue in the Construction Fund, and plans to apply for a state grant in the amount of \$250,000, budgeted as revenue in the General Operating Fund and a transfer out expenditure to the Construction Fund.

The Port plans to replace a total of 6 pilings at Port Dock 5 and 7. The total amount budgeted for that project is \$120,000 in the Facilities Maintenance Reserve Fund. The plan is to replace the pilings when the PD 5 pier replacement project is underway to take advantage of reduced mobilization costs.

Budgeted capital equipment purchases include the replacement of 10 coin-operated washers at the South Beach Marina/RV Park, a small pick-up truck for the Maintenance Department, and an outboard motor for the Port’s work skiff. The total amount budgeted for these expenditures is \$44,300 in the General Operating Fund.

The Port has hired a consultant to review and update all Port position descriptions and perform a market study on our current wages. The result of that work will not be known until after the budget is approved. The Commission requested \$50,000 be budgeted in Personnel Services to allow for any wage adjustments that may be approved following the study results. The Commission will be provided the results of the study with options for implementing any recommended increases after the start of fiscal year 2019-2020.

PERS retirement expenses are budgeted to increase by \$22,000 over the current fiscal year, nearly a 40% increase. These rates are designated by PERS every two years, and FY 2018-2019 is the second year of our prior significant rate increases. The new 2019 to 2021 rates have been factored into this budget.

In the NOAA Lease Revenue Fund there is a significant expense budgeted under Contracted Services of \$93,050. This is needed to address annual service requirements per the lease agreement. This includes a large painting project in the amount of \$41,000.

FIG. 1 - HISTORICAL OPERATING REVENUES (General Operating Fund)

	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20
	Audit	Audit	Audit	Projected	Budget
Operating Revenues	\$3,346,165	\$3,511,859	\$3,892,398	\$4,227,600	\$4,441,000

FIG. 2 - HISTORICAL OPERATING EXPENSES (General Operating Fund)

	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20
	Audit	Audit	Audit	Projected	Budget
Operating Expenses	\$2,877,607	\$3,171,370	\$3,464,293	\$4,115,914	\$4,659,139

At the conclusion of the FY 2019-2020 budget year, the General Operating Fund is budgeted to retain an unappropriated ending fund balance (UEFB) of \$1,209,091. The Port Commission set a target amount for UEFB of \$1,200,000.

Alignment with the Strategic Business Plan: This proposed budget aligns with the action plan included in the just completed Strategic Business Plan and Capital Facilities Plan Update. The staff is already engaged in the lead up to the development of a plan for future business development and diversification of revenue streams at the International Terminal. That plan will require outside support and stakeholder involvement into FY 2019-2020. Identifying a mix of uses and opportunities that will lead to maximizing use of the Terminal and adjacent Port-owned property is essential. This plan will lay the ground work for those conversations and research.

Items on the Strategic Business Plan and Capital Facilities Plan Update that have been included in this proposed budget are the Port Dock 5 pier project and the interim improvements at Port Docks 5 and 7 as mentioned above.

Other items on the action plan list will be accomplished in future years as budget and other funding allows.

CONCLUSION

The proposed FY 2019-2020 budget is my recommendation to the Budget Committee for approval. This budget includes reviewed recommendations from Port staff and additional recommendations from the Port Commission. As Budget Committee members, you may adjust the proposed budget. Once you determine the budget meets with your approval, the Port Commission is not authorized to adjust the budget by more than 10% without recommending and approving a supplemental budget.

The Port staff is focused on efficiency, creativity, and generating revenue wherever possible to support the Port and its stakeholders. As such, the staff will spend only those resources needed to manage, enhance, and maintain Port operations and activities to generate a more diversified revenue stream.

Many thanks to the Port Commission for their focus and input on the budget preparation and to the staff for their commitment to moving the Port forward every day.

Historical Data			RESOURCES	Budget for Fiscal Year 2019-2020				
Actual		Adopted Budget This Year 2018-2019		Proposed By Budget Officer	Approved By Budget Committee	Adopted By Governing Body		
Second Preceding Year 2016-2017	First Preceding Year 2017-2018							
1			1	Available cash on hand (cash basis) or				1
2	1,872,138	2,241,176	2	Net working capital (accrual basis)	2,450,000	0	0	2
3	4,051	14,474	3	Previously levied taxes estimated to be received	10,000	0	0	3
4	8,195	9,834	4	Interest	60,000	0	0	4
5	0	0	5	Transfers IN, from other funds	0	0	0	5
6			6	OTHER RESOURCES				6
7			7	Operating Revenues				7
8	631,802	684,094	8	Lease Revenue	720,000	0	0	8
9			9	Newport International Terminal				9
10	111,743	85,602	10	Moorage	156,000	0	0	10
11	354,395	302,738	11	Services	419,000	0	0	11
12			12	Commercial Marina				12
13	420,801	418,203	13	Moorage	512,000	0	0	13
14	278,580	378,776	14	Services	418,000	0	0	14
15			15	Recreational Marina				15
16	732,202	798,892	16	Moorage	850,000	0	0	16
17	13,804	13,854	17	Live-aboard Revenue	26,000	0	0	17
18	21,693	32,122	18	Services	42,000	0	0	18
19	44,368	58,504	19	Launch Ramp Revenue	72,000	0	0	19
20	21,542	20,308	20	Boat and Trailer Storage	20,000	0	0	20
21			21	RV Park				21
22	586,231	656,198	22	Main RV Park Site fees	750,000	0	0	22
23	155,139	229,300	23	Annex Site Fees	260,000	0	0	23
24	44,602	83,622	24	Dry Camping Site Fees	100,000	0	0	24
25	55,773	47,934	25	Services	48,000	0	0	25
26	3,086	36,807	26	Surplus Property and Dredge Sales	10,000	0	0	26
27	36,098	45,444	27	Miscellaneous Revenue	38,000	0	0	27
28			28					28
29			29	Non-operating Revenues				29
30	10,828	2,772	30	Grants and Other	256,300	0	0	30
31	218,878	0	31	Capital Contributions	0	0	0	31
32	210,295	89,396	32	Loan Proceeds	0	0	0	32
33			33					33
34	5,836,244	6,250,050	34	Total resources, except taxes to be levied	7,217,300	0	0	34
35			35	Taxes estimated to be received	105,000	0	0	35
36	99,497	102,754	36	Taxes collected in year levied				36
37	5,935,741	6,352,804	37	TOTAL RESOURCES	7,322,300	0	0	37

REQUIREMENTS SUMMARY
General Operating Fund
(Fund)

Port of Newport
(Name of Municipal Corporation)

	Historical Data			REQUIREMENTS DESCRIPTION	Budget for Fiscal Year 2019-2020			
	Actual		Adopted Budget This Year 2018-2019		Proposed By Budget Officer	Approved By Budget Committee	Adopted By Governing Body	
	Second Preceding Year 2016-2017	First Preceding Year 2017-2018						
1				1 PERSONNEL SERVICES				1
2	1,134,147	1,191,613	1,530,000	2 Personnel Services	1,735,539	0	0	2
3				3				3
4				4				4
5	1,134,147	1,191,613	1,530,000	5 TOTAL PERSONNEL SERVICES	1,735,539	0	0	5
6			23.5	6 Total full-time equivalent (FTE)	25.0	0.0	0.0	6
7				7 MATERIALS AND SERVICES				7
8	1,337,289	1,539,961	1,702,200	8 Materials and Services	2,136,710	0	0	8
9				9				9
10				10				10
11	1,337,289	1,539,961	1,702,200	11 TOTAL MATERIALS AND SERVICES	2,136,710	0	0	11
12				12 CAPITAL OUTLAY				12
13	654,831	118,295	30,000	13 Capital Outlay	44,300	0	0	13
14				14				14
15				15				15
16	654,831	118,295	30,000	16 TOTAL CAPITAL OUTLAY	44,300	0	0	16
17				17 DEBT SERVICE AND TRANSFERS				17
18	699,934	732,719	883,714	18 Debt Service	786,890	0	0	18
19	60,000	160,000	274,792	19 Transfers OUT, to Other Funds	1,399,770	0	0	19
20				20				20
21	759,934	892,719	1,158,506	21 Total Debt Service and Transfers	2,186,660	0	0	21
22			150,000	22 Operating Contingency	10,000	0	0	22
23	2,049,540	2,610,216		23 Ending Balance (Prior Years)				23
24			1,271,962	24 Unappropriated Ending Fund Balance (UEFB)	1,209,091	0	0	24
25	5,935,741	6,352,804	5,842,668	25 TOTAL REQUIREMENTS	7,322,300	0	0	25

**FORM
LB-31**

DETAILED REQUIREMENTS
General Operating Fund
(Fund)

Port of Newport
(Name of Municipal Corporation)

	Historical Data			PERSONNEL SERVICES	Number of Employees	Range	Budget for Fiscal Year 2019-2020				
	Actual		Adopted Budget This Year 2018-2019				Proposed By Budget Officer	Approved By Budget Committee	Adopted By Governing Body		
	Second Preceding Year 2016-2017	First Preceding Year 2017-2018									
1	848,595	889,755	1,108,602	1	Wages	25.0 FTE	11.19-70.59	1,251,224	0	0	1
2	82,558	79,136	103,109	2	Payroll Tax Expense			116,212	0	0	2
3	7,845	40,994	62,461	3	PERS - Retirement			88,595	0	0	3
4	155,337	139,774	212,072	4	Health Insurance			233,800	0	0	4
5	30,991	36,248	38,121	5	Workers' Compensation Insurance			40,208	0	0	5
6	8,821	5,706	5,635	6	Employee Incentives and Other			5,500	0	0	6
7				7							7
8				8							8
9	1,134,147	1,191,613	1,530,000	9	TOTAL PERSONNEL SERVICES			1,735,539	0	0	9

**FORM
LB-31**

DETAILED REQUIREMENTS
General Operating Fund
(Fund)

Port of Newport
(Name of Municipal Corporation)

	Historical Data			MATERIALS & SERVICES	Budget for Fiscal Year 2019-2020			
	Actual		Adopted Budget This Year 2018-2019		Proposed By Budget Officer	Approved By Budget Committee	Adopted By Governing Body	
	Second Preceding Year 2016-2017	First Preceding Year 2017-2018						
1			165,300	1 Insurance	160,300	0	0	1
2			188,576	2 Professional Fees	174,200	0	0	2
3			19,500	3 Marketing and Promotion	20,200	0	0	3
4			17,150	4 Dues and Subscriptions	25,000	0	0	4
5			48,000	5 Training and Education	27,750	0	0	5
6			17,450	6 Travel	16,200	0	0	6
7			126,400	7 Office and Admin Expense	128,650	0	0	7
8			6,000	8 Bad Debt Expense	8,000	0	0	8
9			9,500	9 Licenses and Permit Fees	10,000	0	0	9
10			505,000	10 Utilities	557,610	0	0	10
11			292,574	11 Contract and Support Services	342,250	0	0	11
12			151,700	12 Repairs and Maintenance	197,100	0	0	12
13			15,900	13 Equipment	16,800	0	0	13
14			80,150	14 Materials and Operating Supplies	83,900	0	0	14
15			7,000	15 Shipping Expenses - ILWU Wages (Billed to Ships)	2,000	0	0	15
16			38,500	16 DSL and State Land Fees	72,250	0	0	16
17			13,500	17 Trailer and Land Leases	13,200	0	0	17
18			0	18 Grant Expenses	256,300	0	0	18
19			0	19 Boat Disposal	25,000	0	0	19
20				20				20
21	1,337,289	1,539,961	1,702,200	21 TOTAL MATERIALS & SERVICES	2,136,710	0	0	21

**BONDED DEBT
RESOURCES AND REQUIREMENTS**

Bond Debt Payments are for:

- Revenue Bonds or
 General Obligation Bonds

Port of Newport

Bonded Debt Fund

(Fund)

(Name of Municipal Corporation)

Historical Data			DESCRIPTION OF RESOURCES AND REQUIREMENTS	Budget for Fiscal Year 2019-2020			
Actual		Adopted Budget This Year 2018-2019		Proposed By Budget Officer	Approved By Budget Committee	Adopted By Governing Body	
Second Preceding Year 2016-2017	First Preceding Year 2017-2018						
1			1	Resources			1
2			2	Cash on Hand (Cash Basis), or			2
3	387,328	334,400	3	Working Capital (Accrual Basis)	95,000		3
4	38,083	36,027	4	Previously Levied Taxes to be Received	32,000		4
5	1,248	2,182	5	Interest	7,000		5
6	0	0	6	Transferred from Other Funds	0		6
7	0	0	7	Proceeds from Refunding Bonds	0		7
8	426,659	372,609	8	Total Resources, Except Taxes to be Levied	134,000	0	8
9			9	Taxes Estimated to be Received *	800,000		9
10	944,481	942,646	10	Taxes Collected in Year Levied			10
11	1,371,140	1,315,255	11	TOTAL RESOURCES	934,000	0	11
				Requirements			
				Bond Principal Payments			
12			12	Bond Issue	Budgeted Payment Date		12
13	125,000	0	13	2007		0	13
14	120,000	125,000	14	2008	N/A	0	14
15	65,000	65,000	15	2011	January 1	70,000	15
16	155,000	135,000	16	2016	January 1	280,000	16
17	465,000	325,000	17	Total Principal		350,000	17
				Bond Interest Payments			
18			18	Bond Issue	Budgeted Payment Date		18
19	2,500	0	19	2007		0	19
20	7,400	2,500	20	2008	N/A	0	20
21	270,630	268,355	21	2011	July 1 and January 1	265,000	21
22	291,210	275,925	22	2016	July 1 and January 1	266,000	22
23	571,740	546,780	23	Total Interest		531,000	23
				Unappropriated Balance for Following Year By			
24			24	Bond Issue	Projected Payment Date		24
25			25				25
26			26				26
27			27				27
28	334,400	443,475	28	Ending Balance (Prior Years)			28
29			29	Total Unappropriated Ending Fund Balance (UEFB)	53,000	0	29
30		0	30	Payment to Refunded Bond Escrow Agent	0	0	30
31	1,371,140	1,315,255	31	TOTAL REQUIREMENTS	934,000	0	31

**FORM
LB-11**

This fund is authorized and established by Resolution No. 1998-05

on 23 June 1998 for the following specified purpose:

Repair and replace Port infrastructure and facilities.

**RESERVE FUND
RESOURCES AND REQUIREMENTS**

This reserve fund must be reviewed at least every 10 years
to be continued or abolished.

Reviewed in 2018; next review in 2028.

Facilities Maintenance Reserve Fund

(Fund)

Port of Newport

(Name of Municipal Corporation)

	Historical Data			DESCRIPTION RESOURCES AND REQUIREMENTS	Budget for Fiscal Year 2019-2020				
	Actual		Adopted Budget Year 2018-2019		Proposed By Budget Officer	Approved By Budget Committee	Adopted By Governing Body		
	Second Preceding Year 2016-2017	First Preceding Year 2017-2018							
1				1	RESOURCES				1
2				2	Cash on Hand (Cash Basis), or				2
3	73,778	72,323	54,733	3	Working Capital (Accrual Basis)	137,500			3
4	0	0	0	4	Previously Levied Taxes Estimated to be Received	0			4
5	161	110	100	5	Interest	2,700			5
6	60,000	160,000	264,792	6	Transferred IN, from Other Funds	204,800			6
7	133,939	232,433	319,625	7	Total Resources, Except Taxes to be Levied	345,000	0	0	7
8			0	8	Taxes Estimated to be Received	0	0	0	8
9	0	0		9	Taxes Collected in Year Levied				9
10	133,939	232,433	319,625	10	TOTAL RESOURCES	345,000	0	0	10
11				11	REQUIREMENTS				11
12				12	Object Classification				12
13	0	0	0	13	Materials and Services	0			13
14	61,616	101,388	259,625	14	Capital Outlay	120,000			14
15	0	0	10,000	15	Contingency	10,000			15
16	0	0	0	16	Transferred OUT, to Other Funds	0			16
17				17					17
18				18					18
19	72,323	131,045		19	Ending Balance (Prior Years)				19
20	0	0	50,000	20	Reserved for Future Expenditure	65,000			20
21			0	21	Unappropriated Ending Fund Balance (UEFB)	150,000	0	0	21
22	133,939	232,433	319,625	22	TOTAL REQUIREMENTS	345,000	0	0	22

**SPECIAL FUND
RESOURCES AND REQUIREMENTS
Construction Fund
(Fund)**

	Historical Data			DESCRIPTION RESOURCES AND REQUIREMENTS	Budget for Fiscal Year 2019-2020			
	Actual		Adopted Budget Year 2018-2019		Proposed By Budget Officer	Approved By Budget Committee	Adopted By Governing Body	
	Second Preceding Year 2016-2017	First Preceding Year 2017-2018						
1				1 RESOURCES				1
2				2 Cash on Hand (Cash Basis), or				2
3	79,229	53,320	44,055	3 Working Capital (Accrual Basis)	25,000			3
4	0	0	0	4 Previously Levied Taxes Estimated to be Received	0			4
5	62	126	120	5 Interest	30			5
6	0	0	10,000	6 Transferred IN, from Other Funds	1,194,970			6
7	0	0	0	7 Loan Proceeds	0			7
8	0	0	0	8 Intergovernmental	1,200,000			8
9	26,441	0	0	9 Grants	0			9
10	105,732	53,446	54,175	10 Total Resources, Except Taxes to be Levied	2,420,000	0	0	10
11			0	11 Taxes Estimated to be Received	0	0	0	11
12	0	0		12 Taxes Collected in Year Levied				12
13	105,732	53,446	54,175	13 TOTAL RESOURCES	2,420,000	0	0	13
14				14 REQUIREMENTS				14
15				15 Object Classification				15
16	0	0	0	16 Materials and Services	0			16
17	52,892	11,035	28,000	17 Capital Outlay	2,410,000			17
18	0	0	10,000	18 Contingency	10,000			18
19	0	0	0	19 Transferred OUT, to Other Funds	0			19
20				20				20
21				21				21
22	52,840	42,411		22 Ending Balance (Prior Years)				22
23			16,175	23 Unappropriated Ending Fund Balance (UEFB)	0	0	0	23
24	105,732	53,446	54,175	24 TOTAL REQUIREMENTS	2,420,000	0	0	24

**FORM
LB-10**

**SPECIAL FUND
RESOURCES AND REQUIREMENTS**

NOAA Lease Revenue Fund

(Fund)

Port of Newport

(Name of Municipal Corporation)

Historical Data			DESCRIPTION RESOURCES AND REQUIREMENTS	Budget for Fiscal Year 2019-2020			
Actual		Adopted Budget Year 2018-2019		Proposed By Budget Officer	Approved By Budget Committee	Adopted By Governing Body	
Second Preceding Year 2016-2017	First Preceding Year 2017-2018						
1			1	RESOURCES			1
2			2	Cash on Hand (Cash Basis), or			2
3	5,728,779	5,745,855	3	Working Capital (Accrual Basis)	5,655,000	0	3
4	0	0	4	Previously Levied Taxes Estimated to be Received	0	0	4
5	10,962	13,022	5	Interest	100,000	0	5
6	0	0	6	Transferred IN, from Other Funds	0	0	6
7	2,533,302	2,532,759	7	Lease Revenue	2,545,000	0	7
8	128	910	8	Grants and Other	1,000	0	8
9	0	0	9	Revenue Bond Proceeds	0	0	9
10	8,273,171	8,292,546	10	Total Resources, Except Taxes to be Levied	8,301,000	0	10
11			11	Taxes Estimated to be Received	0	0	11
12	0	0	12	Taxes Collected in Year Levied			12
13	8,273,171	8,292,546	13	TOTAL RESOURCES	8,301,000	0	13
14			14	REQUIREMENTS			14
15			15	Object Classification			15
16	75,328	71,236	16	Personnel Services (1 FTE)	80,495	0	16
17	442,358	238,407	17	Materials and Services	365,400	0	17
18	12,296	23,600	18	Capital Outlay	0	0	18
19			19	2010 Revenue Bond	Budgeted Payment Date		19
20	870,000	910,000	20	Debt Service - Principal	July 31	995,000	20
21	1,127,334	1,091,734	21	Debt Service - Interest	January 31 and July 31	1,006,500	21
22	0	0	22	Contingency		100,000	22
23	0	0	23	Transferred OUT, to Other Funds		0	23
24			24				24
25			25				25
26	5,745,855	5,957,569	26	Ending Balance (Prior Years)			26
27	0	0	27	Reserved for Future Expenditure	150,000	0	27
28			28	Unappropriated Ending Fund Balance (UEFB)	5,603,605	0	28
29	8,273,171	8,292,546	29	TOTAL REQUIREMENTS	8,301,000	0	29

Port of Newport					
Schedule of Leases					
FY 2019-2020					
		Start	End		
Location/Lessee		Date	Date	Leased Property	
				Projected Annual Revenue	
South Beach					
Anderson Construction	a	4/1/2018	3/31/2020	SB lot	\$ 11,820.00
Carver, Inc. - South Beach Fuel Dock		1/1/2010	12/31/2019	SB fuel dock and equipment	8,463.12
Greater Newport Chamber of Commerce	a	11/30/2010	5/31/2019	SB land - annual Newport Seafood & Wine Festival	5,600.00
Hatfield Marina Science Center		11/1/1962	3/30/2061	SB land	N/A
Newport Belle B&B		3/1/1999	3/31/2020	SB H-dock moorage - paddle wheel steamer B&B	10,090.68
Newport Marina Store & Charter		2/1/1991	4/30/2026	SB building - store	37,216.20
Oregon Brewing Company					
House of Spirits	b	4/25/2006	4/25/2026	SB building - distillery and pub	30,621.84
Distillery/Cooperage	b	4/25/2006	6/30/2021	SB building	85,748.16
Brewery/Warehouse	b	5/1/1992	6/30/2022	SB land and building	240,390.36
Oregon Coast Aquarium				SB land	N/A
Skyline Sheet Metal		5/1/2019	9/15/2019	SB land and building	N/A
State of Oregon DAS		8/1/2018	7/31/2023	SB A-dock moorage - OR State Police patrol vessel Guardian	8,700.00
Total South Beach					438,650.36
Commercial Marina					
Captain's Charters		11/1/1987	10/31/2024	CM land - Port Dock 1	14,816.40
Carver, Inc. - Port Dock 5 Fuel Dock		6/1/1996	2/28/2019	CM fuel dock and equipment	9,405.96
Chelsea Rose		7/1/2014	6/30/2019	CM Port Dock 3 moorage	5,870.40
Embarcadero (aka Newport Marine Co.)	a	9/9/1974	9/8/2038	CM submerged land (portion of Port's OR DSL lease)	2,771.95
Englund Marine					
Englund Marine - Land		9/1/1997	8/31/2027	CM land under retail store	22,133.76
Englund Marine - % of Sales		9/1/1997	8/31/2027	CM land - quarterly % of retail sales	70,000.00
Pacific Shrimp - Ramp	a	12/1/1991	11/30/2019	CM Port Dock 3 land	3,400.00
Patty Mae Barge		7/1/2014	6/30/2019	CM Port Dock 7 moorage	4,829.28
US Government - Customs/Border Patrol		1/1/1994	12/31/2022	CM land and mobile office trailer	10,310.52
Yaquina Bay Yacht Club		7/1/2004	6/30/2024	CM land and lot storage	5,400.84
Total Commercial Marina					148,939.11

Port of Newport				
Schedule of Leases				
FY 2019-2020				
		Start	End	
Location/Lessee		Date	Date	Leased Property
				Projected Annual Revenue
International Terminal				
Foulweather Trawl		10/1/2010	9/30/2020	NIT warehouse
Idea Fishworks		11/7/2018	10/31/2019	NIT storage unit
J Lamb Marine Electric		5/1/2002	4/30/2019	NIT office space
Northern Refrigeration		7/8/1998	7/8/2028	NIT warehouse
Pacific Draggers, Inc.		12/29/1997	12/29/2027	NIT land
Seafarer Brokerage		3/14/2011	5/31/2019	NIT office space
TNMP Properties, LLC		1/1/2018	12/31/2022	NIT land (fish meal plant)
TNMP Properties, LLC		1/1/2018	12/31/2022	NIT storage units (2)
Yaquina Trawlers, Inc.		1/5/1998	1/31/2028	NIT land
Total International Terminal				131,137.08
Total GOF				\$ 718,726.55
NOAA				
US Government - NOAA	c	5/1/2011	4/30/2031	NOAA facilities
TOTAL				\$ 3,263,926.55
	a	Paid annually.		
	b	No CPI increases for 5 years beginning 1/1/17 per LOU related to construction of SB multi-use area.		
	c	Annual lease rate calculated by US GSA.		



**Recommended Personnel Services
Fiscal Year 2019-2020**

	General Operating Fund						NOAA Fund			Combined			
	Admin	South Beach		Commercial Marina	International Terminal	Maintenance Department	2018-2019 Final Budget	2019-2020 Proposed	GOF % +/-	2018-2019 Final Budget	2019-2020 Proposed	NOAA % +/-	GOF + NOAA % +/-
Salaries and Wages													
<i>Port Administration</i>													
General Manager	\$ 130,563												
Administrative Supervisor	39,738												
Director of Finance & Business Services	88,428												
Accounting Supervisor	55,501												
Accounting Specialist I	38,931												
Accounting Specialist II	35,961												
Accounting Specialist II	35,961												
Director of Operations	89,171												
Overtime	5,000												
	519,255						\$ 462,460	\$ 519,255	12.3%				
<i>South Beach RV Park</i>													
RV Park Supervisor	\$ 41,753												
Accounting Specialist II	35,261												
Accounting Specialist III	27,263												
Overtime	5,000												
	109,277						104,394	109,277	4.7%				
<i>South Beach Marina</i>													
Recreational Harbormaster		\$ 57,283											
Maintenance II		35,367											
Maintenance II		34,667											
Maintenance II		34,667											
Maintenance II		32,673											
Overtime		3,000											
		197,657					187,085	197,657	5.7%				
<i>Commercial Marina</i>													
Commercial Harbormaster			\$ 57,283										
Maintenance II			38,274										
Maintenance II			34,667										
Maintenance II			33,330										
Maintenance II			33,330										
Maintenance II			33,330										
Overtime			6,000										
			236,215				192,877	236,215	22.5%				



**Recommended Personnel Services
Fiscal Year 2019-2020**

	General Operating Fund						NOAA Fund			Combined			
	Admin	South Beach		Commercial Marina	International Terminal	Maintenance Department	2018-2019 Final Budget	2019-2020 Proposed	GOF % +/-	2018-2019 Final Budget	2019-2020 Proposed	NOAA % +/-	GOF + NOAA % +/-
Salaries and Wages (continued)													
<i>International Terminal</i>													
NIT Supervisor					\$ 53,719								
Overtime					8,000								
					61,719		54,619	61,719	13.0%				
<i>Maintenance Department</i>													
Maintenance Supervisor						\$ 41,435							
Maintenance II						34,667							
Overtime						1,000							
						77,102	106,168	77,102	-27.4%				
<i>NOAA</i>													
MOC-P Manager										\$ 55,713	\$ 57,962	4.0%	
<i>Salary and Wage Adjustments per Market Study</i>													
Phase I								50,000	n/a				
Total Salaries and Wages	519,255	109,277	197,657	236,215	61,719	77,102	1,107,603	1,251,224	13.0%	55,713	57,962	4.0%	12.5%
Personnel Count (FTE)	8.0	3.0	5.0	6.0	1.0	2.0	22.0	25.0		1.0	1.0		26.0
Payroll Taxes and Benefits													
Total Payroll Tax Expense	46,282	10,597	18,865	22,611	5,558	7,474	103,109	111,387	8.0%	5,048	5,271	4.4%	7.9%
Retirement - PERS	31,882	6,710	19,409	19,000	3,790	4,734	62,461	85,525	36.9%	2,568	3,559	38.6%	37.0%
Health Insurance	71,616	26,856	44,760	53,712	8,952	17,904	202,272	223,800	10.6%	8,256	8,952	8.4%	10.6%
Health Insurance Reimbursement Arrangement	2,080	780	1,300	1,560	260	520	6,550	6,500	-0.8%	262	800	205.3%	7.2%
Employee Assistance Program	1,120	420	700	840	140	280	3,250	3,500	7.7%	120	140	16.7%	8.0%
Workers' Compensation Insurance	1,201	214	12,314	14,716	3,845	4,803	38,121	37,093	-2.7%	3,743	3,611	-3.5%	-2.8%
Employee Incentives and Other	1,760	660	1,100	1,320	220	440	5,635	5,500	-2.4%	196	200	2.0%	-2.2%
Market Study Adj - Payroll Tax Expense								4,825					
Market Study Adj - PERS								3,070					
Market Study Adj - Workers' Comp Insurance								3,115					
Tax and Benefit Adjustments per Market Study								11,010	n/a				n/a
Total Payroll Taxes and Benefits	155,941	46,237	98,448	113,759	22,765	36,155	421,398	484,316	14.9%	20,193	22,533	11.6%	14.8%
Total Personnel Services	\$ 675,196	\$ 155,513	\$ 296,105	\$ 349,974	\$ 84,484	\$ 113,257	\$ 1,529,001	\$ 1,735,539	13.5%	\$ 75,906	\$ 80,495	6.0%	13.2%



RECOMMENDED CAPITAL PROJECTS & PURCHASES

Fiscal Year 2019-20

Updated 4/25/19

Priority	Fund	Capital Project List	Profit Center	Cost Estimate
Staff Recommendations				
S	CF	PD5 pier construction - EDA grant application submitted for 50% of project cost. Additional grant funding is being researched through State of OR.	CM	\$ 1,200,000
S	FMRF	Replace 6 pilings - PD7 E and F, and PD5 (carryover from FY 2019) best value for this project if completed with PD5 construction.	CM	120,000
S	CF	Work in Progress - ITSF - Semi-annual grading work for City of Newport SDC building permit 13743	ITSF	10,000
Capital Equipment Purchases				
S	GOF	10 Speed Queen washers	SB	17,500
S	GOF	Maintenance Department Truck	MD	15,000
S	GOF	Yamaha 115HP outboard motor	CM	11,800
Total Recommended Capital Outlay				\$ 1,374,300

Priorities

S - Short term (next budget year)

N - Near term (2 to 5 years)

M - Mid term (6 to 10 years)

L - Long term (11 to 20 years)



RECOMMENDED CAPITAL PROJECTS (by Fund)
Fiscal Year 2019-20

Fund Capital Project	Profit Center	Capital Outlay Budget	External Funding (Grants/Loans)	Net Outlay
General Operating Fund (GOF)				
10 Speed Queen washers	SB	\$ 17,500	\$ -	\$ 17,500
Maintenance Department truck	MD	15,000	-	15,000
Yamaha 115HP outboard motor	CM	11,800	-	11,800
Subtotal		44,300	-	44,300
Facilities Maintenance Reserve Fund (FMRF)				
Replace 6 pilings - PD7 E and F, and PD5	CM	120,000	-	120,000
Subtotal		120,000	-	120,000
Construction Fund (CF)				
PD5 pier construction	CM	2,400,000	1,200,000	1,200,000
Work in progress - ITSF	ITSF	10,000	-	10,000
Subtotal		2,410,000	1,200,000	1,210,000
Total		\$ 2,574,300	\$ 1,200,000	\$ 1,374,300

Table 6. 5-Year Capital Improvement Plan

	Capital Improvements	2019 Cost Estimate	Timeline
International Terminal Plan	Planning project to identify a mix of uses/opportunities that will maximize use of the terminal and adjacent vacant port-owned properties, and increase net revenues to the Port. Project completion primarily by Port staff.	\$15,000 (to cover cost of part time Port project manager for research and report preparation)	2019
Mitigation Plan	Planning project to address mitigation needs of future capital projects and potential inventory of mitigation sites. Anticipated to be completed by Port staff in partnership with the Port of Toledo, Yaquina Bay users, NOAA, ODFW, and the USACE. Project completion primarily by Port staff.	\$25,000 (to cover cost of part time Port project manager)	2019 - 2021
RV Park Annex Plan	Planning and conceptual design project to redesign and reconfigure the RV Park Annex to maximize space and functionality.	\$120,000	2019-2021
Planning Projects Subtotal		\$160,000	
Port Dock 5 Interim Improvements	Interim improvements to replace pier and improve dock. <ul style="list-style-type: none"> • Approach pier replacement • Replace 6 pilings • Replace rods, whalers, rub boards, bumpers and triangles (PD 5C) • Replace rods, bumpers, rub boards and 6 whalers (PD 5B) • Replace rods and rub boards (PD 5X) • New power pedestals 	<ul style="list-style-type: none"> • Approach pier: \$2.4 million • Replace Pilings: \$60,000 • PD 5C: \$270,000 • PD 5B: \$350,000 • PD 5X: \$25,000 • Power Pedestals: \$350,000 <p>All PD 5 Interim Improvements: \$3.5 million</p>	2019-2022
Port Dock 7 Interim Improvements	Interim improvements prior to reconfiguration/replacement <ul style="list-style-type: none"> • Miscellaneous float and pile improvements and electrical improvements • Replace 6 pilings 	<ul style="list-style-type: none"> • Misc. Activities: \$288,000 • Replace Pilings: \$60,000 <p>All PD 7 Interim Improvements: \$348,000</p>	2019-2021

	Capital Improvements	2019 Cost Estimate	Timeline
Reconfiguration and Reconstruction of Commercial Marina	<p>Complete reconstruction and reconfiguration of commercial marina, including Port Docks 3 and 7, Upland Improvements, Swede's Dock and Commercial Marina channel.</p> <p>Dock 3 Improvements:</p> <ul style="list-style-type: none"> • Replace rods, UHMW rub boards <p>Dock 7 Improvements:</p> <ul style="list-style-type: none"> • Furnish and drive new steel piles and pile caps (100 piles) • Furnish and install new floats (38,093 SF) • Furnish and install new gangways (3 @ 220 LF total) • Furnish and install new electrical equipment (38,093 SF) • Dredging PD 7 berths <p>Swede's Dock:</p> <ul style="list-style-type: none"> • New piling <p>Mitigation Projects:</p> <ul style="list-style-type: none"> • Miscellaneous mitigation projects including eelgrass mitigation <p>Channel:</p> <ul style="list-style-type: none"> • Dredging Commercial Marina channel <p>Upland Improvements:</p> <ul style="list-style-type: none"> • New waste oil collection facility/oil-water separator, pump out station 	<p>Reconfiguration and Replacement Total: \$14.75 million</p> <ul style="list-style-type: none"> • Dock 3: \$110,000 • Dock 7: \$9.80 million • Swede's Dock: \$335,000 • Mitigation Projects: \$1.0 million • Channel Dredging: \$3.0 million • Upland Improvements: \$500,000 	2019-2024
Fishing Pier Improvement	<p>Identify replacement strategy and design new fishing pier.</p> <ul style="list-style-type: none"> • Structural and design improvements to maximize public access for recreational fishing, including ADA improvements 	\$2.9 million	2022
Rogue Seawall Repair	<ul style="list-style-type: none"> • Phase II study of Rogue seawall (geotech and repair alternatives) • Rogue seawall repairs 	\$1.36 million	2019-2021
Safety and Security	<ul style="list-style-type: none"> • South Beach Marina electric load centers • South Beach fuel tank replacement • Relocate/replace hoist dock electrical lines • Consolidate and upgrade total security camera network, port-wide 	<p>Safety and Security Total: \$2.56 million</p> <ul style="list-style-type: none"> • South Beach Marina: \$600,000 • South Beach Fuel Tank: \$300,000 • Hoist Dock Electrical Lines: \$102,000 • Security Camera Network: \$200,000 	2019-2024

	Capital Improvements	2019 Cost Estimate	Timeline
International Terminal Improvements	<ul style="list-style-type: none"> • Grading of Port's 9-acre lot (cost does not include wetland mitigation) • Asphalt lot west of shop, behind shop, and near the east entrance • Asphalt northwest corner of laydown area • Installation of waste oil collection tank • Mutually beneficial project(s) as required by development agreement with McLean Point developer. 	International Terminal Total: \$482,000 <ul style="list-style-type: none"> • Grading: \$153,000 • Asphalt: \$234,000 • Tank: \$45,000 • Other: \$50,000 	2019-2023
RV Annex	<ul style="list-style-type: none"> • Final plans, new RV Annex • New RV Annex construction 	Total: \$2.62 million	2019-2022
Capital Projects Subtotal		\$27.16 million	
Total		\$27.32 million	

Notes:

¹ All cost estimates are planning-level and include a 20 percent construction contingency. Costs are provided in 2019 dollars.

² Mitigation Plan cost ranges vary based on level of effort and could include mitigation and regulatory requirements of proposed capital projects and/or an inventory and field work of Port property with mitigation potential.

³ Reconstruction and reconfiguration of commercial marina includes demolition of 7, and Swede's Dock, and construction mobilization; does not include demolition/reconstruction of the Dock 5 trestle. Port Dock 7 costs include 5 percent for engineering and permits and 3 percent for construction management.

⁴ Port Dock 5 and 7 interim improvements include 15 percent for engineering and permitting and 5 percent for construction management.

⁵ Fishing pier improvement costs include 20 percent for engineering and permitting and 8 percent for construction management.

⁶ Yard improvement costs include 15 percent for engineering and permitting and 5 percent for construction management.



**Long Term Debt
Fiscal Year 2019-2020**

Item #	Profit Center	Loan Details	Original Issue	Original Amount	Projected Balance 6/30/2019	FY 2019-2020 Budgeted Debt Service		Projected Balance 6/30/2020	Payoff Date
						Principal	Interest		
General Operating Fund (GOF)									
1	NIT	OR Special Public Works Loan #L00012 International Terminal dock remediation, geotechnical investigation, and engineering Project was funded with half grant, half loan. 6% Interest, 21 years	2004	86,683	36,916	5,305	2,215	31,611	12/1/2024
2	NIT	OR Special Public Works Loan #Q10001 EPA Coalition Brownfields Loan for remediation of hazardous materials at NIT 3% Interest, 21 years	2013	1,300,000	1,007,081	64,304	29,300	942,777	6/1/2032
3	NIT	OR Special Public Works Loan #L12005 International Terminal loan 3.87% Interest, 21 years	2013	3,000,000	2,448,365	123,460	94,800	2,324,905	7/1/2034
4	NIT	OR Business Development Loan International Terminal loan secured by promissory note with loan forgiveness of entire balance possible. No interest, 15 years	2012	400,000	400,000	40,000	-	360,000	Pending
5		Series 2013 FF&C Obligations	2013						
	SB - 74%	RV Park debt refinancing		2,523,400	1,986,900	151,700	61,130	1,835,200	
	NIT - 26%	New debt for International Terminal construction		886,600	698,100	53,300	21,478	644,800	
		Interest varies between 2.45 - 3.5%, 20 years		<u>3,410,000</u>	<u>2,685,000</u>	<u>205,000</u>	<u>82,608</u>	<u>2,480,000</u>	6/1/2034

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**Long Term Debt
Fiscal Year 2019-2020**

Item #	Profit Center	Loan Details	Original Issue	Original Amount	Projected Balance 6/30/2019	FY 2019-2020 Budgeted Debt Service		Projected Balance 6/30/2020	Payoff Date
						Principal	Interest		
6	NIT	Oregon Coast Bank #10032077 International Terminal buildings Variable Interest (6% minimum), 15 years	2014	412,352	299,761	25,704	17,600	274,057	7/15/2025
7	CM	Toyota Financial Services Capital lease for Commercial Marina forklift 4.5% interest, 5 years with \$1 buyout	2017	35,303	23,227	6,962	953	16,265	9/1/2022
8	NIT	Financial Pacific Leasing Capital lease for International Terminal forklift 5.2% interest, 5 years with \$1 buyout	2018	54,093	40,968	10,422	1,900	30,546	2/1/2023
9	CM	Capital Lease for Budgeted Forklift Capital lease for International Terminal forklift	2019	43,000	-	10,500	2,500	32,500	2/1/2023
10	NIT	City of Newport SDC #13743 Levied system development charges related to the building permit to develop a shipping yard 5.5% Interest, 20 years	2016	124,140	93,678	11,307	5,000	82,371	12/5/2035
11	SB	Oregon Brewing Company 49% of cost for South Beach multi-use area land improvements No interest, 5 years	2017	210,295	135,419	47,050	-	88,369	12/1/2021
Subtotal									
General Operating Fund				9,075,866	7,170,415	550,014	236,876	6,663,401	

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**Long Term Debt
Fiscal Year 2019-2020**

Item #	Profit Center	Loan Details	Original Issue	Original Amount	Projected Balance 6/30/2019	FY 2019-2020 Budgeted Debt Service		Projected Balance 6/30/2020	Payoff Date
						Principal	Interest		
Bonded Debt Fund (BDF)									
12	NIT	General Obligation Bond Series 2011 * To fund reconstruction and environmental clean-up of the International Terminal Interest varies between 2 - 5.5%, 30 years	2011	5,452,000	4,995,000	70,000	265,000	4,925,000	7/1/2041
13	NIT	General Obligation Bond Series 2016 Refunding bond to refinance G.O. Bonds Series 2007 and 2008 Interest varies between 2 - 4%, 20 years	2016	7,610,000	7,050,000	280,000	266,000	6,770,000	1/1/2037
		Subtotal Bonded Debt Fund		13,062,000	12,045,000	350,000	531,000	11,695,000	

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Long Term Debt
Fiscal Year 2019-2020

Item #	Profit Center	Loan Details	Original Issue	Original Amount	Projected Balance 6/30/2019	FY 2019-2020 Budgeted Debt Service		Projected Balance 6/30/2020	Payoff Date
						Principal	Interest		
NOAA Lease Revenue Fund (NOAA)									
14	NOAA	Revenue Bond Series 2010 Construction of NOAA Marine Operations Center-Pacific secured by lease revenue Interest varies between 3 - 6.125%, 20 years	2010	24,095,000	18,160,000	995,000	1,006,500	17,165,000	7/1/2032
		Subtotal NOAA Lease Revenue Fund		24,095,000	18,160,000	995,000	1,006,500	17,165,000	
		Total		\$ 46,232,866	\$ 37,375,415	\$ 1,895,014	\$ 1,774,376	\$ 35,523,401	



BUDGET CALENDAR FY 2019-2020

TUESDAY, FEBRUARY 26

Review calendar, committee, and budget officers

THURSDAY, MARCH 7

Dept. Heads receive direction on identifying priorities/operational changes

TUESDAY, MARCH 19

Management Team convenes to discuss budget

TUESDAY, APRIL 9

1st Commission Budget Priorities Work Session, Noon. Consider Staff Proposals: Rates, Personnel Expenses, Project Priorities

THURSDAY, April 18

Commission Work Session packet distributed

TUESDAY, April 23

2nd Commission Budget Priorities Work Session, Noon. Consider Staff Proposals: Revenue, Materials & Services, Debt Service, Other Funds

THURSDAY, April 25

Finance Officer presents working budget for Management Team review

WEDNESDAY, MAY 1

Publish first notice of budget committee meeting (Notice to *News Times* by Fri April 26) (Add Notice to Port's web site or publish second notice)

TUESDAY, MAY 7

Deliver agenda, budget message, and proposed budget to committee members (1 week prior to meeting)

TUESDAY, MAY 14

Budget committee meets, 6:00 p.m.
(Second Committee Meeting, May 21 if needed)

WEDNESDAY, JUNE 12

Publish hearing notice and summary (Notice to *News Times* by Mon June 10)

TUESDAY, JUNE 25

Public hearing and adopt budget resolution, 6:00 p.m.

TUESDAY, JULY 9

Submit budget documents to County Assessor

- LB-50 x 2
- Budget Resolution x 2

TUESDAY, SEPTEMBER 24

Submit budget documents to County Clerk

- Budget Message (from budget committee)
- Budget Detail (LB forms from June meeting)
- Meeting affidavit (from paper)

BUDGET COMMITTEE MEMBERS

(Freeholder positions are three-year terms)

FREEHOLDERS

1. Fred Postlewait (1994)..... 30 June 2022
2. Brian Barth (1996)..... 30 June 2020
3. Alan Brown (2003) 30 June 2019
4. Gil Sylvia (2019) 30 June 2022

COMMISSIONERS

1. Walter Chuck (2011)..... 30 June 2019
2. Sara Skamser (2017)..... 30 June 2021
3. Stewart Lamerdin (2015)..... 30 June 2019
4. Jeff Lackey (2017) 30 June 2021
5. Jim Burke..... 30 June 2019

BUDGET OFFICER

Teri Dresler, Interim General Manager

Paula J. Miranda, General Manager

FY 2019-2020

All budget meetings will be held at the South Beach Marina & RV Park Activities Room.

-###-

What the Budget Committee Does

- Receives the budget document
- Hears the budget message
- Hears & considers public comment
- Discusses and revises the budget as needed
- Approves the budget
- Approves the property taxes

Quorum example

Governing Body

Electors



If your full budget committee is 10 people quorum = 6



Vacancies on the governing body side still count toward the quorum. Quorum = 6



Vacancies on the electors side are not counted. Quorum = 5

Local Budgeting in Oregon



Local Budgeting in Oregon

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Local Budgeting in Oregon is a supplement to the *Local Budgeting Manual* (150-504-420), hereafter called the *Manual*. This booklet will introduce you to the requirements of Oregon's Local Budget Law, but it is not a substitute for the *Manual*. Before you take any formal action in the budget process, consult the *Manual*.

First, the basics

What is the law?

Most local governments in Oregon, from the smallest cemetery district to the largest city, must prepare and adopt an annual or biennial budget. (The only exceptions are a few types of local governments specifically exempted.) Schools, counties, cities, ports, rural fire protection districts, water districts, urban renewal agencies, and special districts are all subject to the same budget provisions.

This is not unusual. Many states have specific laws which require units of local government to prepare and adopt annual operating budgets. Yet, Oregon's budgeting system is considered one of the most progressive in the nation. Why?

Look at Oregon's Local Budget Law. (You'll find it in Chapter 294 of the Oregon Revised Statutes.) The law does two important things:

1. It establishes standard procedures for preparing, presenting, and administering the budget.
2. It requires citizen involvement in the preparation of the budget and public disclosure of the budget before its formal adoption.

Many people rely on you, as an elected or appointed official, to see that the annual budget is prepared correctly. State officials check to see that the budget is prepared and administered according to law, and citizens in your district check to see that programs they want and need are adequately funded. This makes budgeting in Oregon a joint effort between the people affected by the budget and the appointed and elected officials responsible for providing the services.

To give the public ample opportunity to participate in the budgeting process, local budget law requires that a budget officer be appointed and a budget committee be formed. The budget officer draws together necessary information and prepares the first draft of the budget. The budget committee then reviews and revises the proposed budget before it is formally approved. Notices are published, budgets are made available for public re-

view, and at least two opportunities for public comment are provided. These requirements encourage public participation in the budget-making process and give public exposure to budgeted programs and fiscal policies before their adoption.

Naturally, citizen involvement varies from one community to the next. If the patrons in your district are active and involved, you may find citizens asking for information not specifically required under local budget law. It is up to your local government to prepare a budget that clearly outlines its fiscal policies and is satisfactory to the voters of the district. If you can make your budget clear and concise, you'll find that taxpayers have a better understanding of the purposes for which their tax dollars are spent. You may also find the citizen input informative and beneficial.

What is a budget?

A budget is a financial plan containing estimates of expenditures and revenues for a single fiscal year (July 1 through June 30).

Note: Local governments have the option of budgeting on a 24-month "biennial" budget period or by fiscal year. For the differences entailed in biennial budgeting, see page 8. Throughout this booklet, we refer to "fiscal year" but if a local government adopts a biennial budget, the period referred to is a 24-month period.

Besides outlining programs for the coming year, the budget controls the local government's spending authority. Since the budgeting process encourages citizen input, the budget is also a vehicle for obtaining public opinion about proposed programs and fiscal policies of your district.

The content and detail of each budget will vary substantially because of differences in the purpose, size, and complexity of local governments.

Who is on the budget committee?

The budget committee consists of the members of the local governing body (such as county commissioners or school board members) and an equal number of citizens at large. The citizens are appointed by the governing body and serve terms of three years. Terms are staggered so that about one-third of the appointed terms end each year.

Note: For most of the districts in Multnomah County, because the Tax Supervising and Conservation Commission (TSCC) holds the budget hearing, the governing body is the budget committee and there are no appointive members. These districts should consult with the TSCC about their processes. This publication addresses the budget committee process for all other districts in the state.



The budget cycle

The nine steps

Budgeting is not something you do once a year. It's a continuous operation, and it takes 12 months to complete a cycle. The budgeting process is actually in three parts: The budget is prepared, approved, and finally adopted. Your budget must be prepared far enough in advance so that it can be adopted before June 30. After adopting the budget, the governing body will make the necessary appropriations and certify the tax levy to the county assessor.

To simplify this rather complex process, we've divided budgeting into nine steps.

Preparing the budget

1. **Budget officer appointed.** Each local government must have a budget officer, either appointed by the governing body or designated in the local government's charter. The budget officer is under the supervision of either the executive officer or the governing body.
2. **Proposed budget prepared.** The budget officer is responsible for preparing or supervising the preparation of the proposed budget for presentation to the budget committee.

Approving the budget

3. **Budget officer publishes notice.** When the proposed budget and the budget message are ready, the budget officer publishes a "Notice of Budget Committee Meeting." If notice is only published in a newspaper of general circulation, it must be published at least twice, five to 30 days before the scheduled budget committee meeting date. The notice may be published once in a newspaper (five to 30 days prior to the scheduled budget committee meeting) as long as it is also published on the local government's website at least 10 days before the meeting. The newspaper notice must include the website address. If notice is hand delivered or mailed, only one notice is required not later than 10 days prior to the meeting.
4. **Budget committee meets.** At least one meeting must be held to 1) receive the budget message and budget document, and 2) hear the public. The budget officer provides a copy of the proposed budget to each member of the budget committee. The copies may be distributed any time before the advertised bud-

get committee meeting. It is also acceptable to wait and distribute the budget at the advertised meeting. When the budget is given to the budget committee, it becomes a public record and must be made available to the public.

The budget committee members cannot get together in person, by telephone, or email before the advertised meeting to discuss the budget. All budget discussions must be held at public meetings.

At the budget committee meeting, the budget message is delivered. The budget message explains the proposed budget and significant changes in the local government's financial position. At this meeting, the budget committee may provide members of the public the opportunity to ask questions about or comment on the budget. If public comment is not allowed at this meeting, the budget committee must provide the public with the opportunity at subsequent meetings.

After the initial meeting, if needed, the budget committee may meet as many times as needed to revise and approve the budget. If two or more meetings are held to take comment from the public, only the first meeting to do so must meet the publication requirements explained in step 3. Notice of additional meetings for this or any other purpose may be provided in the same time frame and manner as notices of meetings of the governing body. Notice of other meetings of the budget committee must be provided as required by Oregon public meeting law. All meetings are open to the public.

5. **Committee approves budget.** When the budget committee is satisfied with the proposed budget, including any additions to or deletions from the one prepared by the budget officer, the budget is approved. If the budget requires an ad valorem tax to be in balance, **the budget committee must approve an amount or rate of total ad valorem property taxes to be certified to the assessor.**

Advertising and holding hearings

6. **Budget summary and notice of budget hearing published.** After the budget is approved, a budget hearing must be held by the governing body. The budget officer must publish a summary of the budget approved by the budget committee and notice of budget hearing five to 30 days before the scheduled hearing. This information must either appear in a newspaper of general circulation, be mailed, or be hand delivered.

If no newspaper is published in your district and estimated expenditures for the ensuing year do not exceed \$100,000, you may provide the budget summary and notice of budget hearing by posting it in three conspicuous places within the district for at least 20 days prior to the date of the hearing.

See the *Manual* for details on publication requirements.

7. **Budget hearing held.** The budget hearing must be held by the governing body on the date specified on the public notices.

The purpose of the hearing is to receive citizens' testimony on the budget approved by the budget committee. Additional hearings may be held. All hearings are open to the public.

Adopting the budget

8. **Budget adopted, appropriations made, tax levy declared and categorized.** By law, the governing body may make changes in the approved budget before or after it is adopted, but no later than the beginning of the fiscal year to which the budget relates. However, without first publishing a revised budget summary and holding another budget hearing:

- Taxes may not be increased beyond the amount approved by the budget committee, and
- Estimated expenditures in a fund may not be increased by more than \$5,000 or 10 percent, whichever is greater.

After the budget hearing, and after considering relevant testimony, the governing body adopts the budget. **It should not be formally adopted until the latter part of June** so last-minute revisions to revenue or expenditure estimates can be incorporated.

The governing body must enact a resolution or ordinance to 1) formally adopt the budget, 2) make appropriations, and if needed, 3) levy, and 4) categorize any tax. The budget is the basis for making appropriations and certifying the tax levy. The resolution or ordinance must be adopted no later than June 30. See the *Manual* for the format of the resolution or ordinance.

9. **Budget filed and levy certified.** The final step in the budget cycle is to certify any necessary property tax levy.

Districts levying a property tax must submit to the county assessor's office on or before July 15:

- Two copies of notice of levy and the categorization certification, and
- Two copies of the budget resolution or ordinance.

Each local district that does not levy a property tax must send a copy of the resolution adopting its budget and making appropriations to the Department of Revenue on or before July 15. All local districts send a copy of the complete budget to the county clerk on or before September 30. School districts also submit a copy of the budget to the county education service district office and to the Oregon Department of Education.



The budget document

All budgets must meet certain minimum requirements, outlined here. For specific examples consult the *Manual*.

Under local budget law the budget must follow a basic format. Expenditures generally are broken down first by fund, then by organizational unit or program, and then, more specifically, by object classification and object. Revenues are broken down by fund, at the least.

What is a fund?

A fund is a fiscal and accounting entity with self-balancing accounts set aside to carry on a specific activity or to meet certain objectives in accordance with a specific regulation. The requirements and resources of a fund must always balance. Every budget has at least one fund (commonly called the General Fund) which is used for everyday operation of the local government.

Depending on the size and complexity of your local government and the services it provides, your district may also have a number of special funds. The most common reason for establishing a special fund is to account for a revenue source whose use is limited to a particular kind of expenditure. Examples include: debt service funds, construction funds, reserve funds, street funds, water funds, and sewer funds.

What is an organizational unit?

Some funds are broken down to account for one or more organizational units or activities, which are merely subdivisions of a fund. An organizational unit might be a department, office, or division. What you call these units is up to your local government.

What is a program?

Budget requirements may be prepared by program. Programs are groups of activities to accomplish a major service or function. Schools use programs in budgeting.

Budget format

Your budget detail sheets for expenditures and revenues must show in parallel columns:

1. Actual expenditures and revenues for two years preceding the current year.
2. Budgeted requirements and revenues for the current year.

- Estimated requirements and revenues for the coming fiscal year. Upcoming fiscal year estimates should be broken into three columns: proposed, approved, and adopted, showing estimated amounts as they are considered through each step of the budget process.

Information in each column must be itemized to show all estimated or incurred requirements and revenues.

Revenues

Budget revenues are divided into two types: ensuing year property tax and nonproperty tax revenues. Property taxes shown in your budget will not be the same as the property tax “levy” you submit to the assessor.

There are three reasons for this. First, not all taxpayers pay their taxes in the year billed. Second, discounts are given for timely property tax payments. Third, the Oregon Constitution sets a limit on the amount of taxes that can be collected from an individual property.

You must estimate the amount of taxes to be lost because of the “constitutional limits” and “discounts allowed and other uncollected amounts.”

The total of these amounts plus estimated taxes to be received cannot exceed your district’s taxing authority, which includes its rate limit, voter approved local option levies, and levies to repay bonded debt. This total is the amount of tax levy that is certified to the assessor.

The amount estimated as “loss due to constitutional limit” will vary from district to district. Late in October or early November each year, the tax collector sends the district a report on the amount of taxes that will actually be billed for the district. This is called the taxes imposed.

“Discounts allowed and other uncollected amounts” normally will represent only a small percentage of the property tax levy. Contact your county tax collector for help in determining this percentage.

You next need to calculate how much tax revenue can be raised using the district’s permanent rate limit.

$$\begin{aligned} & \text{Rate Limit} \\ & \text{times} \\ & \text{Estimated District Assessed Value} \\ & \text{equals} \\ & \text{Amount Raised By Rate Limit} \end{aligned}$$

This amount plus any local option taxes or bond levies, less the estimate of taxes to be lost, is the amount of tax revenue estimated to be received. If this amount is less than the amount needed for the budget, requirements must be reduced, other sources of revenue found, or additional taxing authority approved by voters.

Expenditures and requirements: by fund

Under the law, budget expenditures and other requirements must be itemized to show all estimated expenses. The estimates may be prepared either by program or organizational unit. Within any fund each expenditure must be detailed and identified, arranged by organizational unit if applicable, and put into one of these major object classifications:

- Personnel services** includes all salaries, fringe benefits, and miscellaneous costs associated with salary expenditures.
- Materials and services** includes contractual and other services (example: audit or legal services), materials, supplies, and other charges.
- Capital outlay** includes acquisition of land, buildings, improvements, machinery, and equipment.

Some special expenditures and requirements do not fit logically into one of these three object classifications. These are put in special categories. The most common special categories are:

- Debt service** includes repayment of principal and interest on bonds, interest-bearing warrants, and short term loans.
- Transfers.** An amount to be given as a resource to another fund in the budget.
- General operating contingencies.** A special amount set aside in the upcoming year for unforeseen expenses.
- Unappropriated ending fund balance.** A special amount set aside in a budget for use as a resource in the beginning of the next fiscal year after it was budgeted.

Expenditures and requirements: program budgets

Program budgets are prepared differently. Estimates for each program must be arranged by activity and then put into separate object classifications, as already described.



Taxes and budgeting

Many local governments rely heavily on property taxes to finance services they offer. In some cases, services are paid for entirely by property taxes.

The amount and type of tax a local government may levy is limited by the Oregon Constitution and Oregon law. The constitution allows a local government to levy annually the amount that would be raised by its permanent rate limit without further authorization from the voters. Revenue from the permanent rate-limited levy can be used for any purpose.

When a local government has no permanent rate limit or when the rate limit does not provide enough revenue to meet estimated expenditures, the government may request a local option levy from the voters. These levies are in excess of the rate limit and require voter approval. Currently, ESDs cannot use the local option tax. Schools and community colleges can use the local option tax, but the amount they may request is limited.

A local option can be used for general purposes or a specific activity. The levy may be stated as a total dollar amount or rate to be levied uniformly for a period. If the levy is for an operating purpose, the period cannot exceed five years. If the levy is for a capital project, the period cannot exceed 10 years or the life of the capital asset, whichever is less.

A debt service levy is used only to pay principal and interest on bonds. The constitution does not require voters to approve this type of levy each year. That's because voter approval of a bond issue is considered approval of levies necessary to repay bond interest and principal.

By law, some local governments are limited on the total amount of tax they may levy. These limits are computed as a percentage of a local government's property value. For specific examples, consult the *Manual* or the Department of Revenue, Finance and Taxation Unit.

Tax levies not made according to law may be voided by an appeal to the Oregon Tax Court. Appeals can be made by the county assessor, county court, board of commissioners, Oregon Department of Revenue, Tax Supervising and Conservation Commission, or 10 or more interested taxpayers. An appeal must be submitted within 30 days after the local government certifies the tax levy to the county assessor.

In addition, since 1991, the Oregon Constitution has limited the amount of taxes that may be imposed on any property. For any property, the maximum amount of taxes to support the public school system is \$5 per \$1,000 of real market value. The maximum amount of taxes to support other government operations is \$10 per \$1,000 of real market value. Certain types of taxes may not be subject to the limit. See the *Manual* for further information.



Elections and budgeting

Many local governments find that available revenues, including revenue from levies made under the permanent rate limit, are not enough to finance proposed expenditures. In this case, there are two alternatives:

1. Lower the proposed expenditures to equal available revenues, or
2. Schedule a tax levy election to obtain voter approval to levy a local option tax.

All local governments that decide to schedule a levy election are limited to four election dates each year. The levy election must be on one of these dates.

See your county elections officer for more information. The county elections officer publishes election notices, sample ballots, and a list of polling places.

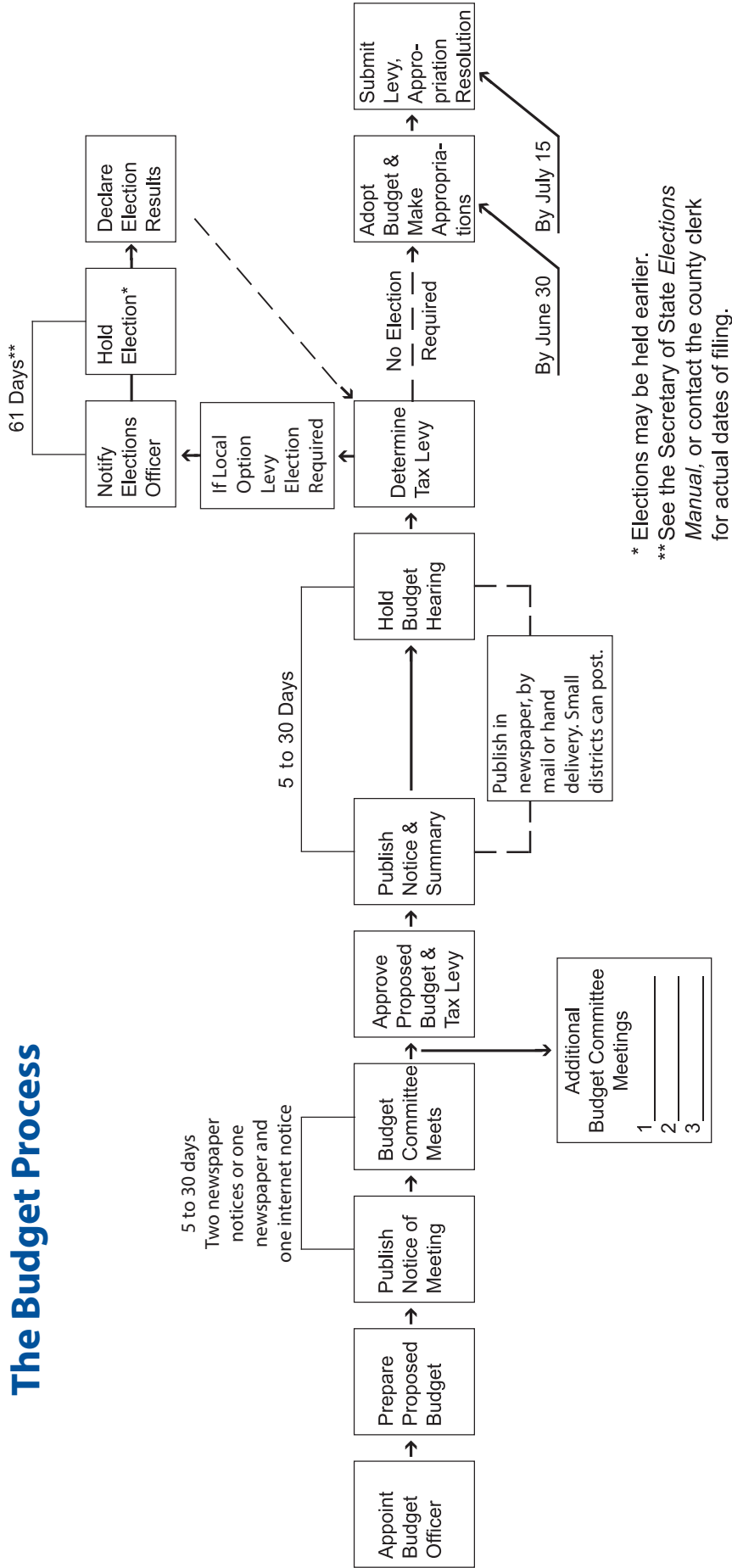
Election dates

- Second Tuesday in March
- Third Tuesday in May
- Third Tuesday in September
- First Tuesday after the first Monday in November

Even if the voters have not yet approved the tax levy before the end of the fiscal year, the governing body must adopt the budget and make appropriations by June 30 to lawfully spend public funds in the new fiscal year. When the district is planning on a tax levy election in September, it must request in writing from the county tax assessor an extension to certify its tax levy. When the tax levy is finally determined, the governing body adopts the resolution to levy taxes and submits its final levy certification to the assessor. If the late levy election failed, the governing body must reduce its budget appropriations to reflect the amount of taxes it actually has authority to levy.

Tax levy ballot language sometimes must contain certain wording or statements required by law or must not exceed other limits. For more details, see the *Manual*, or download a copy of the *Tax Election Ballot Measure Manual* (150-504-421).

The Budget Process



* Elections may be held earlier.
 ** See the Secretary of State *Elections Manual*, or contact the county clerk for actual dates of filing.



Appropriations and their use

When the nine budget steps are completed and the new fiscal year begins, the governing body works from appropriations. Amounts listed in the appropriation resolution provide authority to spend public funds in the next 12 months. However, appropriations may be made in broader categories than the detail presented in the budget.

District spending is limited to the schedule of appropriations. But what if it is necessary to exceed original appropriations? This may be done after transferring appropriations or preparing a supplemental budget. There are special provisions for exceeding appropriations due to civil disturbance, fire, flood, earthquake, or other calamity.

Appropriation transfers

The governing body's spending authority in existing appropriations may be changed by 1) transferring amounts among existing appropriations in the same fund, or 2) transferring from an existing appropriation in one fund to an existing appropriation category in another fund.

Whenever you need to transfer an appropriation, the governing body must enact a resolution or ordinance providing for the transfer. This enactment must be made before any overexpenditure is incurred. Once a transfer is authorized, the expenditures can be made.

Supplemental budgets

By transferring appropriations, a governing body usually has enough flexibility to carry out the programs prescribed in an adopted budget. But there will be times when an adopted budget gives no authority to make certain expenditures or when revenues are received for which the governing body had no previous knowledge. In these cases it is possible to use a supplemental budget to authorize expenditures or spend additional revenues in a current fiscal year. (There are a few special revenues which may be spent without a supplemental budget.) Supplemental budgets cannot be used to authorize a tax levy.

Local budget law does not contemplate the involvement of the budget committee in adopting supplemental budgets. The governing body may adopt a supplemental budget at a regular public meeting if prior notice is given and the expenditures in the supplemental budget are 10 percent or **less** than of the budget fund being adjusted. If the expenditures are more, the governing body must

publish a summary of the changes in the supplemental budget and hold a special hearing.

Public officials who spend money unlawfully, in excess of authorized amounts or for purposes not provided by law, are civilly liable. The district attorney or a taxpayer may file suit for return of the money.

For more details, see Oregon Revised Statute 294.471 or the *Manual*.



Audits

The final phase in the budgeting cycle is an audit of the previous fiscal year. This usually is done soon after a new fiscal year begins. Most local governments are subject to Oregon's Local Budget Law. Most of these governments are required to have their accounts and fiscal affairs audited and examined annually.

An audit must be done by the Secretary of State or an auditor certified by the Oregon State Board of Accountancy to conduct municipal audits. The auditor examines financial statements, books, records, and other financial data of your local government. The auditor also will look at any activities that relate to collection, receipt, custody, handling, expenditure, or disbursement of public funds.

Contact the Secretary of State's office, Audits Division for further explanation or questions.



Biennial budgeting

Local governments may budget either on a one-year (fiscal year) or a two-year (biennial) cycle. The governing body may, by ordinance, resolution, or charter, provide that the budget be prepared for a period of 24 months. The biennial budget period begins July 1 and ends June 30 of the second following calendar year. In brief, the differences between fiscal year budgeting and biennial budgeting are:

1. Members of a budget committee who prepare a biennial budget are appointed to four-year terms. The terms of the members should be staggered so that one-fourth of the terms end each year.
2. The budget estimate sheets containing the estimates of resources and expenditures in a biennial budget must show:
 - Actual expenditures for the two budget periods preceding the current budget period,
 - The estimated expenditures for the current budget period, and
 - The estimated expenditures for the ensuing budget period.
3. The summary of the budget as approved by the budget committee that is published along with the notice of the budget hearing will show the proposed budget for a two-year period.
4. If a taxing district adopts biennial budgeting, the budget committee must approve the amount or rate of ad valorem property taxes for each year of the biennium.
5. After the budget committee approves a biennial budget and before the budget is adopted, the governing body may not increase the amount of estimated expenditures for the biennium in any fund by more than \$10,000 or 10 percent, whichever is greater, and may not increase the amount or rate of the tax levies approved by the budget committee for either year of a biennial budget unless the amended budget document is republished and another budget hearing is held. Once the budget is adopted, the tax amount cannot be increased in the second year.
6. If a district adopts a biennial budget, then after the budget hearing and before the June 30 that precedes the start of the budget period, the governing body must pass a resolution or ordinance to adopt the budget and make appropriations for the ensuing 24-month budget period. The governing body must also pass a resolution or ordinance to levy and categorize property taxes for each year of the ensuing budget period.

7. Whether a budget is for a fiscal year or for a biennium, certification of property tax levies and a copy of a resolution or ordinance levying and categorizing taxes for the ensuing year must be submitted to the county assessor every year by July 15.
8. Districts that must submit their budgets to the Department of Revenue or to the Tax Supervising and Conservation Commission must do so only during the first year of a biennial budget period.



Questions and answers

What is a budget committee?

The budget committee is the district's fiscal planning advisory committee. The committee consists of the elected governing body members and an equal number of qualified district voters appointed by the governing body.

Who can serve on a budget committee?

Any qualified voter of the district appointed by the governing body except officers, agents, or employees of the district.

Are budget committee members paid for their work?

Budget committee members cannot receive any compensation for serving as committee members. They may be eligible to receive reimbursement for travel or meal expenses that are incurred as a result of meetings or other authorized committee functions.

How long do members serve?

Citizen budget committee members are appointed by the governing body for three-year terms. Terms are staggered so that approximately one-third of the terms expire each year. Members may be re-appointed for successive terms. If a member resigns, becomes ineligible, or is unable to serve out his or her term of office, the governing body appoints a replacement to complete the term. There is no provision in the law for "alternate" members.

What if no one will serve on the budget committee?

If the governing body is unable to appoint qualified individuals to vacant positions, the budget committee may function with a reduced number of members. For example, if a five-member governing body, after making a good faith effort to seek qualified citizen members, can fill only three of the appointed positions, the budget committee can function with eight members rather than ten. A majority would then be five instead of six. The membership may not be reduced because governing body positions are currently vacant.

Who are the budget committee officers?

Only a presiding officer position is required by law. The presiding officer's duties are to chair budget committee

meetings. The chair can be either an elected or appointed member. Some districts may elect a vice chair to conduct meetings in the presiding officer's absence. The committee should also designate someone to be responsible for keeping an official record of its proceedings. All members of the budget committee have the same degree of authority and responsibility.

What is the budget committee's main function?

In a series of public meetings the budget committee meets to review, discuss, make additions or deletions, and approve the proposed budget presented by the local government's budget officer. Upon completion of its deliberations, the committee approves the budget and sets the tax rate or amount needed to balance the budget.

What are the rules about budget committee meetings?

Budget committee meetings are open to the public. A quorum is required to conduct committee business. A majority of the budget committee membership is required to approve any motion.

Minutes of each meeting are kept. The minutes are the official record of budget committee meetings. It is important that minutes are accurate. The budget process is required by law and districts may need to document that the process was in compliance with state statutes. The approval of the final budget document and the rate or amount of tax to be imposed, in particular, should be in the form of motions with the votes recorded in the minutes.

What happens at the first budget committee meeting?

Generally, the budget committee elects a chair and other officers, receives the budget message, hears patrons, sets dates for future meetings, and adopts rules of order. These rules should establish an operating procedure for the budget review process. The committee may adopt Robert's Rules of Order or establish its own. In any event, the budget committee needs to discuss and agree upon a procedure. The committee may not adopt any rule which would allow it to take official action with approval of less than a majority of its members in agreement.

What happens at subsequent budget meetings?

Generally, the second and other subsequent meetings take place at least one week after the first meeting. This practice allows budget committee members to review the proposed budget document. Budget committee members may wish to make arrangements with the district administrator and/or budget officer to visit district operations during this week, make inquiries about specific budget items, request additional information, or indicate areas of interest they believe should be highlighted at future

meetings. In subsequent meetings, the entire budget is reviewed fund by fund and/or section by section.

At least one meeting must provide the opportunity for the public to ask questions and make comments about the budget. Notification of the first budget committee meeting in which public questions and comments will be heard is required in a newspaper of general circulation, by a first-class mailing to every street address or P.O. box in the district, or by hand delivery to every street address. See Chapter 9 of the *Manual* for more detail on publication requirements.

How many meetings are required?

The number of meetings required varies from year to year and with the unit of government. Some districts meet only once, others may need to meet several times. Factors such as the detail in the budget documents, size of the district, number of funds, presentation of the budget, and the personalities of individual budget committee members will result in various numbers of meetings.

When will I get a copy of the budget?

The budget officer provides copies of the proposed budget at or before the first budget committee meeting, when the budget message is presented by the executive officer.

What other information is available to the budget committee?

The budget committee may request any information required during consideration of the proposed budget from any district officer or employee. The budget committee may also require staff members to attend budget committee meetings. Such requests by the budget committee should be made through the chief administrative officer of the local government and/or budget officer.

How is the material that is presented by the budget officer at the first meeting prepared?

The budgeting process is a continuous cycle that generally begins long before the budget committee meets. Each district has its own procedures for budget review and development. In larger districts, each part of the organization may have its own budget preparation process, in which funding requests for the upcoming fiscal year are developed and then "rolled up" into the total agency budget requirements. By the time the budget committee receives the budget message and budget document, many hours of work have been put into budget development. The budget officer coordinates these efforts with district staff and other administrators.

What is a quorum? What happens if we don't have a quorum at a budget committee meeting?

A quorum is one more than half the total number of the members. If a quorum is not present, the members who

are present may discuss committee business, but no action may be taken.

What if we have a quorum, but cannot get a majority of the members of the budget committee to approve the budget?

Any action by the budget committee requires approval by a majority of the entire committee. For example, if the budget committee has ten members, six are present at a meeting (a quorum), but only five of the six present agree with a motion to approve the proposed budget, then the motion does not pass. It is up to the budget committee to negotiate a budget and tax that is acceptable to a majority of its members.

May I ask questions other than at budget committee meetings?

It could be very helpful and a courtesy to other budget committee members if inquiries are not restricted to committee meetings. Checking with the administrator and/or budget officer between meetings allows members to explore budget items of interest in greater detail than might be practical during committee meetings. Questioning also assists the administration/budget officer by giving an indication of concerns, making it possible to highlight issues that may be of interest to the entire budget committee.

Can I consult with other budget committee members about details in the budget other than at budget committee meetings?

Discussion of the budget committee must always take place in the forum of a public meeting. One of the reasons Oregon uses the budget committee process is to ensure public comment and full disclosure of budget deliberations. It is much better to abide by the spirit of the law and hold **all** discussions at budget committee meetings.

Can the budget committee add or delete programs or services?

Generally, the budget committee's role is not to directly establish or eliminate specific programs or services. Standards and budget parameters established by the governing body give the budget officer and administrative staff general guidelines for budget development. The budget officer then prepares a budget which reflects the governing body's parameters. This proposed budget is what the budget committee considers during its meetings. Budget committee influence on programs and services is most often exerted at a higher level, when it approves the overall budget and establishes the tax levy.

Having said all that, if a majority of the budget committee agrees, it can add or delete funding for specific services. Public participation at budget committee meetings may

influence budget committee decisions. However, final authority for administration rests with the governing body. The governing body can make changes after the budget committee has approved the budget, although they may have to re-publish the budget and hold another public hearing to do so.

Can the budget committee determine how much an employee is paid?

The budget committee does not approve new personnel, employee contracts or salary schedules, nor does it negotiate salary contracts.* However, the adopted salary schedules, negotiated contracts, and other materials that have a fiscal impact on the budget document may be requested for review by the budget committee. Through its authority, the budget committee may direct the administration to make dollar adjustments (increases or decreases) in the proposed budget.

What happens after all the sections of the budget are presented?

After all presentations are made, all patron input received, and all other related issues discussed, the budget committee approves the budget. The approved budget recommends a level of spending for the year. The approved budget document also specifies the full amount of the property tax levy authority that may be certified to the tax assessor. The governing body may reduce the levy, but the rate or amount of the levy approved by the budget committee cannot be increased without republishing the financial summaries. Approval of the tax levy and the budget should be in the form of a formal motion, with the vote recorded in the minutes of the meeting.

Does the budget committee have any other duties?

At the end of the final meeting where the budget is approved, and the tax levy rate or amount is established, the committee's work is finished as far as local budget law is concerned. Local charters may have additional duties. Frequently, budget committee members express a desire to assist the governing body and administration in any public meetings or appearances concerning the budget. The budget committee may be reconvened by the governing body at a later date in the event the financial conditions in the district change. A meeting for this reason is called at the discretion of the governing body and is not a requirement of the local budget law.

*Note: ORS 204.126 says the county budget committee or TSCC approves changes in the salary of elected county officials.

After the budget is approved by the budget committee and recommended to the governing body, what action does the governing body take?

The governing body must publish a financial summary of the budget that was approved by the budget committee. The notice of the budget hearing is also published with the financial summary. At the public hearing, the governing body hears any citizen input on the approved budget. The governing body may make additional adjustments to the budget that was approved by the budget committee. Following the hearing and no later than June 30, the governing body must adopt the budget, make appropriations, and set the property tax levy rate or amount. If a property tax is required, the governing body must certify the tax to the county assessor no later than July 15.

What if the governing body changes the budget approved by the budget committee in ways that the budget committee does not approve?

The governing body has that right. However, the amount of the estimated expenditure for each fund may not be increased more than 10 percent unless a summary of the revised budget is again published and another public hearing is held. In addition, the total property tax to be levied may not exceed the amount or rate shown in the budget that was approved by the budget committee and published with the notice of the budget hearing without once again publishing the revised budget and holding another public hearing. Of course, budget committee members are free to attend that hearing and voice their opinions of the changes made by the governing body.

What is a supplemental budget?

Districts may find it necessary to prepare a supplemental budget at some point during the fiscal year. Circumstances under which a supplemental budget is authorized are:

- An occurrence, condition, or need arises which was not known at the time the budget was adopted.
- Additional funds are made available after the budget was adopted.

Although the budget committee is usually not involved with supplemental budgeting, the procedures for supplemental budgets are similar to those for the annual budget. If estimated expenditures are being changed by more than 10 percent, these procedures include a public hearing and publishing a notice and budget summary five to 30 days prior to the hearing.

Where can I find the law that governs the creation and operation of budget committees?

Budget committees are required in Oregon's Local Budget Law. This law is found in the Oregon Revised Statutes (ORS) beginning at ORS 294.305.

These statutes as well as additional information can be found on the Department of Revenue website at www.oregon.gov/DOR.

Where can I direct my questions regarding budget committees?

Oregon Department of Revenue
Finance, Taxation and Exemptions
PO Box 14380
Salem OR 97309-5075

Telephone: 503-945-8293

Fax: 503-945-8737

Email: finance.taxation@oregon.gov



Administration Checklist

- ✓ Gather budget requests.
- ✓ Evaluate budget requests and develop proposed budget.
- ✓ Develop estimates of revenue.
- ✓ Prepare budget proposal.
- ✓ Estimate ad valorem taxes in budget document.
- ✓ Prepare budget message.
- ✓ Publish required notices and budget summary.
- ✓ Provide citizens with information about approved budget.

Budget Committee Checklist

- ✓ Establish a meeting calendar.
- ✓ At first meeting, elect presiding officer (required) and vice chair (optional).
- ✓ At first meeting, establish budget committee procedural rules.
- ✓ At first meeting, receive budget message and proposed budget.
- ✓ Request information.
- ✓ Make budget documents available to any person.
- ✓ Provide opportunities for citizens to ask questions.
- ✓ Approve motion setting the rate or amount of taxes necessary to balance budget.
- ✓ Approve budget and recommend to the governing body.



Glossary

Here are some terms you will use as you work on your budget.

Adopted budget. The financial plan adopted by the governing body which forms a basis for appropriations.

Ad valorem tax. A property tax computed as a percentage of the value of taxable property. See “Assessed value.”

Appropriation. Based on an adopted budget, an authorization for spending specific amounts of money for specific purposes during specific periods of time. Presented in a resolution or ordinance adopted by the governing body.

Assessed value. The portion of value of real or personal property that is taxable. It is the lesser of the property’s real market value or the constitutional value limit (maximum assessed value—MAV). The value limit may increase 3 percent annually unless qualifying improvements or changes are made to the property. These improvements or changes allow the value limit to increase by more than 3 percent.

Biennial budget period. A 24-month period beginning July 1 and ending June 30 of the second succeeding year.

Budget. Written report showing the local government’s comprehensive financial plan for one fiscal year. Must include a balanced statement of actual revenues and expenditures during each of the last two years, estimated revenues and expenditures for the current and upcoming year.

Budget committee. Fiscal planning board of a local government, consisting of the governing body plus an equal number of legal voters from the district.

Budget message. An explanation of the budget and local government’s financial priorities. Prepared by or under the direction of the executive officer or presiding officer of the governing body.

Budget officer. Person appointed by the governing body to assemble budget material and information, prepare the proposed budget, and oversee the budget process.

Capital outlay. Items which generally have a useful life of one or more years, such as machinery, land, furniture, equipment, or buildings.

County elections officer. County clerk or registrar of elections.

District. See “Local government.”

Expenditures. Decreases in net financial resources if accounts are kept on an accrual or modified accrual basis; total amount paid if accounts are kept on a cash basis.

Fiscal year. A 12-month period beginning July 1 and ending June 30.

Fund. A division in a budget segregating independent fiscal and accounting requirements. An entity within a government’s financial plan designated to carry on specific activities or to reach certain objectives.

Governing body. County court, board of commissioners, city council, school board, board of trustees, board of directors, or other governing board of a local government.

Line-item budget. The traditional form of budgeting, where proposed expenditures are based on individual objects of expense within a department or division.

Local government. Any city, county, port, school district, public, or quasi-public corporation (including a municipal utility or dock commission) operated by a separate board or commission.

Municipality. See “Local government.”

Ordinance. Written directive or act of a governing body. Has the full force and effect of law within the local government’s boundaries, provided it does not conflict with a state statute or constitutional provision. See also “Resolution.”

Organizational unit. Any administrative subdivision of a local government, especially one charged with carrying on one or more specific functions (such as a department, office, or division).

Payroll expenses. Health and accident insurance premiums, Social Security and retirement contributions, and civil service assessments, for example.

Permanent rate limit. A district’s permanent ad valorem property tax rate for operating purposes. This rate levied against the assessed value of property raises taxes for general operations. Permanent tax rate limits were either computed by the Department of Revenue for districts existing prior to 1997–1998 or are voter-approved for districts formed in 1997–1998 and later.

Program. A group of related activities to accomplish a major service or function for which the local government is responsible.

Property taxes. Amounts imposed on taxable property by a local government within its operating rate limit, levied under local option authority, or levied to repay bonded debt.

Proposed budget. Financial and operating plan prepared by the budget officer, submitted to the public and budget committee for review.

Real market value. Value at which a property would be sold by an informed seller to an informed buyer on the appraisal date. Value set on real and personal property as a basis for testing the (Measure 5) constitutional limits.

Reserve fund. Established to accumulate money from one fiscal year to another for a specific purpose.

Resolution. A formal expression of will or intent voted by an official body. Statutes or charter will specify actions that must be made by ordinance and actions that may be by resolution. (For cities, revenue raising measures such as taxes, special assessments, and service charges always require ordinances.) See “Ordinance.”

Resources. Estimated beginning fund balances on hand at the beginning of the fiscal year, plus all anticipated revenues.

Revenues. Monies received or anticipated by a local government from either tax or nontax sources.

Supplemental budget. Prepared to meet unexpected needs or to spend revenues not anticipated at the time the regular budget was adopted. Cannot be used to increase a tax levy.

Tax levy. Taxes imposed by a local government unit through a rate or amount.

Transfers. Amounts distributed from one fund to finance activities in another fund. Shown as a requirement in the originating fund and a revenue in the receiving fund.

Unappropriated ending fund balance. Amount set aside in the budget to be used as a cash carryover to the next year’s budget, to provide the local government with a needed cash flow until other money is received. This amount cannot be transferred by resolution or used through a supplemental budget during the fiscal year it is budgeted unless there is a significant calamity or natural disaster.

Where to get help preparing your local budget

Finance, Taxation and Exemptions..... 503-945-8293
Emailfinance.taxation@oregon.gov

Each year the Department of Revenue makes available a booklet that contains forms and instructions for summarizing your district's budget for publication and certifying the tax levies to the assessor. These forms meet the minimum requirements of local budget law and are free of charge.

The forms are available each year beginning in January on the department's website at www.oregon.gov/dor.

The booklet is available upon request by contacting the Finance, Taxation and Exemptions Unit by telephone, email, or at the address below. If you would like a copy sent to you, please request your copy no later than November 15.

Finance, Taxation and Exemptions Unit
Oregon Department of Revenue
PO Box 14380
Salem OR 97309-5075

Your district may also computer-generate the budget detail and publication forms based upon your district's own computer formatting.

Have questions? Need help?

General tax information www.oregon.gov/dor
Salem..... 503-378-4988
Toll-free from an Oregon prefix..... 1-800-356-4222

Asistencia en español:

En Salem o fuera de Oregon..... 503-378-4988
Gratis de prefijo de Oregon 1-800-356-4222

TTY (hearing or speech impaired; machine only):

Salem area or outside Oregon 503-945-8617
Toll-free from an Oregon prefix..... 1-800-886-7204

Americans with Disabilities Act (ADA): Call one of the help numbers above for information in alternative formats.

