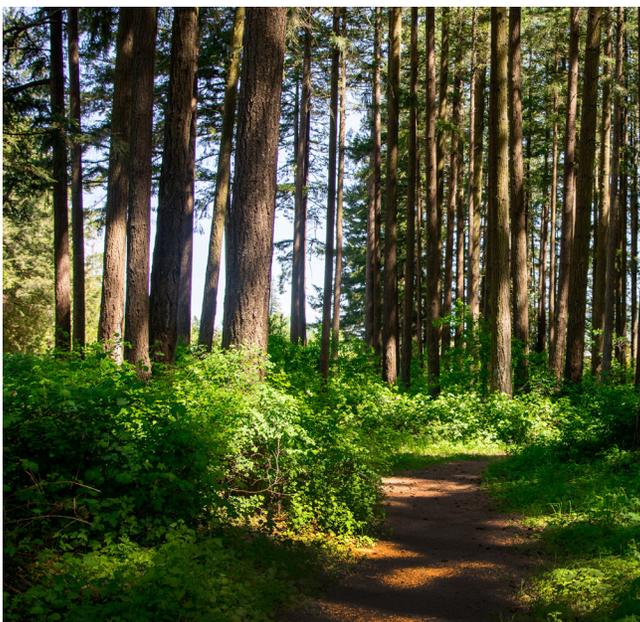


FINANCE PLAN MANUAL

FOR UTILITIES & TRANSPORTATION

Fiscal Year 2020/21



CITY OF GRESHAM

Finance Plan Manual *for* *Utilities and Transportation*



FINANCE PLAN - OVERVIEW

1	Overview
2	Finance Plan Components
5	Inter-Connections Between Components
6	Influencing Factors
7	Developing Recommendations

DRINKING WATER UTILITY

10	Purpose
10	Overall Structure
10	Guiding Policies
11	Summary
12	Water Fund
16	Water Capital Improvement Fund
18	Water Projects – Funding Sources
20	Water Debt Service Fund

STORMWATER UTILITY

24	Purpose
24	Overall Structure
24	Guiding Policies
25	Summary
26	Stormwater Fund
30	Stormwater Capital Improvement Fund
32	Stormwater Projects – Funding Sources
34	Stormwater Debt Service Fund

WASTEWATER UTILITY

38	Purpose
38	Overall Structure
38	Guiding Policies
39	Summary
40	Wastewater Fund
44	Wastewater Capital Improvement Fund
46	Wastewater Projects – Funding Sources
48	Wastewater Debt Service Fund

TRANSPORTATION PROGRAM

52	Purpose
52	Overall Structure
52	Guiding Policies
53	Summary
54	Transportation Fund
58	Transportation Capital Improvement Fund
60	Transportation Projects – Funding Sources

CITY OF
GRESHAM
OREGON

FINANCE PLAN - OVERVIEW

The City's Water, Stormwater and Wastewater Utilities and Transportation Program are managed as individual businesses with an emphasis on providing services in a sustainable manner. The goal is to provide reliable and affordable services to current customers, while at the same time ensuring that the infrastructure is passed on to future customers in similar condition. Unlike a typical business venture, these programs do not make a profit, nor do they have the option of discontinuing operation or going out of business.

Most infrastructure lasts 25 to 75 years depending on the type of facility and how it is maintained, so decisions must be made with a long-term view in mind. Finance plans are used to assist in planning for the future.

This manual provides an overview of the finance plans and the manner in which they are used. It should be noted that explanations are often provided from a management perspective, rather than in budgetary terms.

FINANCE PLAN - OVERVIEW

Finance Plan Components

There are three primary components to the finance plans:

- Revenues
- Expenses
- Reserves

These components are then evaluated over a time horizon, typically over 20 years, but with a particular focus on the first 5 to 10 years.

The primary components can be broken down as follows:

Utilities:

<u>Revenues</u>	<u>Expenses</u>	<u>Reserves</u>
- Rates - Fees and Charges - SDCs - Misc.	- Operating - Capital - Debt	- Minimum Fund Balance - Working Capital - Uncertainties - Future Needs

Transportation:

<u>Revenues</u>	<u>Expenses</u>	<u>Reserves</u>
- Gas Taxes - County Payments - Fees and Charges - TIF (SDCs) - Misc. - Utility License Fees	- Operating - Capital - Debt	- Minimum Fund Balance - Working Capital - Uncertainties - Future Needs

Further explanation of these components is shown below. Some items, where noted, are applicable to the Utilities but not Transportation or vice versa.

Revenues

- Rates (Utilities only)
Primary revenue source; typically, usage based in some way; may include a fixed component as well.
- Gas Taxes and Vehicle Registration Fees (Transportation only)
Primary revenue source for Transportation.

FINANCE PLAN - OVERVIEW

- **County Payments (Transportation only)**
Gas Taxes from Multnomah County related to the transfer of roads from the County.
- **Fees and Charges**
Payments received for specific services such as inspections or meter installs; typically set to recover only the cost of providing that particular service.
- **System Development Charges (SDCs)**
Payments made by development to cover the cost of growth; usage is restricted to growth-related Capital Improvement Program (CIP) projects only.
- **Miscellaneous**
Includes interest earnings, grants, bond proceeds and any minor or non-routine revenues.
- **Utility License Fees**
Starting in FY17/18 a portion of the Utility License Fees collected from the City's three Water Utilities will show as revenue in Transportation to be used on the Local Street Reconstruction Program.

Expenses

- **Operating**
Includes all personnel, materials and services, minor capital outlay as shown in the line-item budgets. Typically, this includes functions such as Operations and Maintenance, Engineering, Administration and Support, and Internal Service Charges. Also includes payments transferred to other funds for services received.
- **Capital**
Includes all projects budgeted within the Capital Improvement Program. Projects fall into the following categories:
 - **System Repairs and Replacements**
Projects needed to maintain existing infrastructure; typically needed to ensure service reliability.
 - **System Improvements**
Projects designed to increase the functionality, efficiency, and/or capability of the infrastructure.
 - **Capacity Increasing Projects**
Projects needed in order to provide services to meet increased demand and/or new customers.

FINANCE PLAN - OVERVIEW

- Debt

Repayment of bonds or other debt issued previously to build capital projects; typically, repayment is for 10 – 30 years depending on the issuance. May be paid by SDCs only if the project was for growth, otherwise it must be paid by rates.

Reserves

Having reserves is important in any program, but especially so in capital intensive programs such as the Utilities and Transportation. Any reserves must be accounted for in the budget, both on the resource (revenue) side and on the requirements (expense) side. Items to look for include Beginning Balance (on the resource side) and Contingency and Unappropriated (on the requirements side). From a management perspective, the following categorization may be more illustrative of some of the reasons for having reserves.

- Minimum Fund Balance

Typically based on outstanding cash receipts – money that is owed but hasn't yet been collected.

- Working Capital

Cash balance maintained in order to cover the differences in timing pattern of when expenditures need to be made during the year and when revenues are collected during the year.

- Uncertainties and Unexpected Events

Examples may include revenue collection being lower than anticipated; equipment failure, such as a pipe, reservoir or pump station; weather conditions; an unanticipated increased demand for services and so on.

- Planned Future Needs

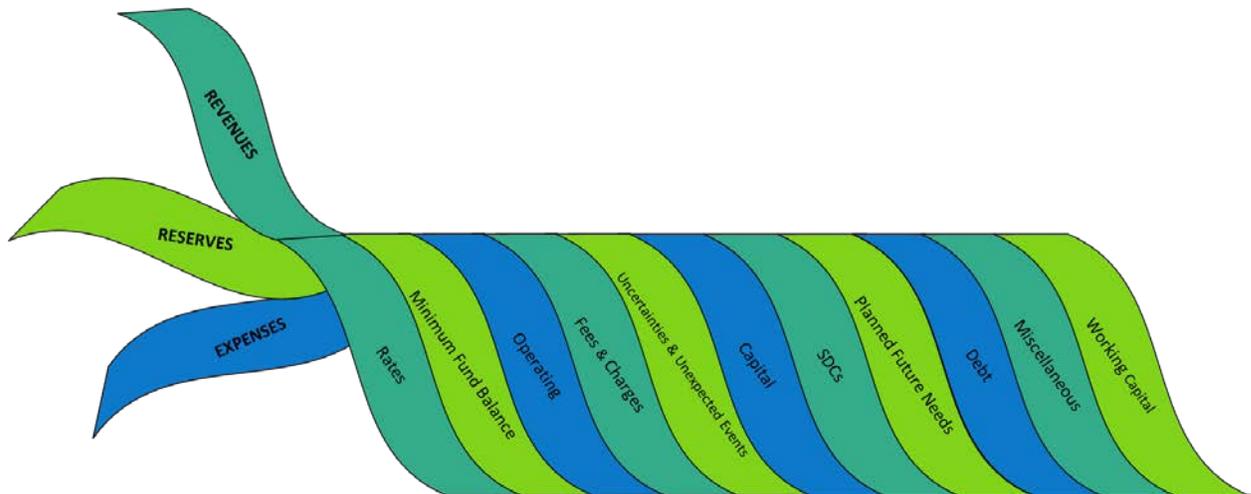
Funds are typically collected over a long period of time and set aside in order to address large capital projects without the need for large rate spikes. These include replacement of existing infrastructure as well as construction of new facilities needed to meet service requirements. Near-term projects are shown in the funded section of the Five-Year Capital Improvement Program. Funds also may be set aside for large projects that are anticipated to occur beyond the five-year CIP horizon.

FINANCE PLAN - OVERVIEW

Inter-Connections Between Components

Many of the items within the Finance Plans are inter-connected. That is, changes in one item will necessitate changes in other items as well.

The picture below is an illustration of how inter-connected the finance plan components can be – now and into the future.



Specific examples include:

Formula-Based Examples

Expenses and Revenues versus Reserves

All dollars must be accounted for. So, whenever expenses are larger than revenues, reserves are drawn down. Similarly, if revenues exceed expenses then reserves are increased.

Interest Earnings and Reserves

Because interest earnings are based on the amount of money being invested, they decrease if the reserves are drawn down and increase if the reserves are built up.

Operational Examples

Owning versus Renting

Purchasing a piece of equipment will result in additional costs for maintenance and insurance but may reduce rental costs.

Capital Investments and Operating Expenses

Investments in the upgrade to the cogeneration facility at the wastewater treatment plant have reduced electricity purchase costs now and in the future.

FINANCE PLAN - OVERVIEW

Influencing Factors

Questions often arise as to why utility rates do not closely match inflation trends or why service levels cannot be sustained without additional revenues. While cost increases can be an issue, the list of factors that influence a program's financial condition (positively or negatively) includes many items that do not correlate closely to inflationary trends.

The following list includes items that may not follow typical inflation trends, items that may increase the activities needed to maintain services and items that may impact the amount of revenue typically collected.

- Basic Costs
 - Personnel
 - Water Purchase
 - Fuel and Electricity
 - Steel, Asphalt, and Concrete
 - Construction Costs
- Utility Needs
 - Deferred Maintenance
 - Capital Projects
 - Contractual Requirements
- Customer Characteristics
 - Changes in Number/Type of Customers
 - Changes in Typical Customer Behavior
 - Changes in Usage by a Large Customer
- Economy
 - Growth and Demand for Services
 - Interest Rates
 - Collection of SDCs
- Regulatory Requirements
 - Environmental
 - Employment/Safety/Contractual
 - Development Related
- Uncertainties
 - Weather
 - Forecast versus Actuals
 - Equipment Breakage or Failure

FINANCE PLAN - OVERVIEW

Developing Recommendations

Several steps are involved when using the finance plans to assist in developing recommendations regarding operating budgets, capital projects and rate or other revenue proposals.

Key aspects are as outlined below:

Forecasting Revenues and Managing Expenses

Many considerations are taken into account when forecasting revenues and expenses including recent history and trends, economic conditions and growth projections. Other analyses include condition assessments of infrastructure, recent field experience regarding emergency repairs and tracking of operations activities. Investments intended to result in future cost savings are also evaluated.

Assessing Upcoming Issues and Uncertainties

Upcoming issues and uncertainties may include requirements related to environmental regulations, the pace and demand for new development, the amount of deferred maintenance and the need to renegotiate contracts such as the operation of the wastewater treatment plant or the water purchase agreement.

Evaluating Fiscal Condition and Risks

Factors to be considered include size of reserves, bond coverage ratios, infrastructure replacement needs, upcoming capital projects and variability in revenues.

Putting it All Together – Finding a Sustainable Balance

There are many competing goals and interests – such as the goal to provide reliable services to keep rates low now and in the future, to meet environmental regulations, and to invest in preventive maintenance.



Drinking Water Utility

DRINKING WATER UTILITY

Purpose

The Drinking Water Program plans for and provides safe, reliable water to the community through construction, operation and maintenance of the public drinking water system. The program provides water services to over 70,000 Gresham residents and businesses. The distribution and storage system includes: eight water reservoirs (seven active) that store more than 27.2 million gallons of water, eight pump stations, over 230 miles of waterlines, 1,724 Gresham-owned fire hydrants, and 8,300 valves.

Overall Structure

The Drinking Water Program has three basic funds;

- Water Fund
- Water Capital Improvement Fund
- Water Debt Service Fund

The Water Fund is the primary operating fund in which all personnel as well as operating materials and services are budgeted. All capital improvement projects (CIP) are budgeted in the Capital Improvement Fund. Staff working on CIP projects charge their time to a specific project and the Water Fund is then reimbursed for that person's time (including salary, benefits and overheads). The Water Debt Service Fund is used to make payments on existing debt.

The finance plan for Water incorporates revenues and expenses in all three of these funds to ensure that operational needs, capital construction and debt requirements can all be supported by the rates and charges as proposed.

Guiding Policies

The Water Utility is guided by a variety of City goals and policies. Examples include:

Council Goals and Workplan

- Effectively manage resources to help preserve the City's financial stability.

City Financial Policies

- The City will maintain its infrastructure at a level adequate to protect the City's capital investment and to minimize future maintenance and replacement costs.

Master Plans and Infrastructure Condition Assessments

- Water System Master Plan (June 2012) – Updates planned for fiscal year 2020/21
- Capital Maintenance Plan
- Seismic Resiliency Study 2016

Long-Term Goals

- Ensure high quality, reliable services
- Comply with environmental regulations
- Provide low cost services
- Support economic development
- Proactively accommodate growth within the region

DRINKING WATER UTILITY

Summary

Gresham's Water Utility is at a crossroads regarding the future of its water source. The City has been a wholesale customer of the City of Portland for many years, purchasing water that comes from the Bull Run Watershed and Portland groundwater sources. The City's current wholesale agreement concludes in June 2026, and it must declare its intent to renew or not renew by June 2021. The City's Water Utility and support staff are evaluating options to provide quality, reliable, cost-effective water supply to its customers in the future. Those options, in summary, are: continuing as a wholesale customer, developing independent groundwater infrastructure, or a combination of the two. The operational focus for fiscal year 2020/21 is to continue safety improvements to all large water meter vaults, continue water valve and hydrant maintenance, and to utilize leak detection technology to proactively find and repair leaks in the water distribution system.

Water Utility staff are engaged in local and regional emergency preparedness and response activities, which includes practicing use of an emergency water distribution system that is housed at the Operations Center and can be quickly deployed to serve the community. Water—in coordination with the Stormwater, Wastewater and Transportation Utilities—has implemented a City-wide asset management system. This system tracks maintenance activities on each piece of City infrastructure and helps to minimize costs by optimizing repair and replacement plans. It supports the City's Strategic Technology Plan to make optimal use of public works assets and aligns software to the business needs. Well Field Protection Program activities continue to move forward in a proactive manner as Water Utility staff work with businesses to keep water supply aquifers safe. The Utility continues to provide technical assistance, spill control and containment equipment, response signage, and training to businesses located within protection areas. Coordination with local municipalities helps ensure consistent application of requirements for all businesses in East County affected by the Program.

The Water Capital Improvement Program (CIP) includes projects to repair and replace aging infrastructure, ensure system security and resiliency, and expand the City's groundwater supply.

- The Water Utility has drilled a test well that may be developed into another drinking water well. The City has coordinated with Rockwood PUD on future development and cost sharing opportunities for drinking water well design and construction at the Rockwood-owned location at SE 223rd and Stark and has initiated drilling at Kirk Park. Adding wells to the system provides backup supply should pumping in one area need to be reduced or a well facility need repairs, especially during the critical peak water use times of year. Use of groundwater to supplement water purchased from the City of Portland helps the Water Utility manage expenses.
- Two pipe improvements are planned to replace aging infrastructure and enhance capacity to deliver water throughout the system and facilitate growth; the NE & SE Waterline Phase II projects.
- Seismic upgrades are planned at the Hunters Highland and Grant Butte Reservoirs.
- The Water Utility is also coordinating infrastructure upgrades and replacement with Transportation's Local Street Reconstruction Program. As a result, the CIP shows a significant increase in pipe repair and replacement work in the near term.

Many of the capital projects currently planned rely upon a line of credit for funding. It is expected that the line of credit will be rolled into long term debt in fiscal year 2020/21.

A five-year rate package was adopted in January 2017 to meet the City's basic water operating and CIP budget needs, and to support the City's Local Street Reconstruction Program. The water rates will be increasing January 2021 by 5.31 %.

Resources and Requirements by Fund

Water Fund	2017/18 Actual	2018/19 Actual	2019/20 Adopted Budget	2020/21 City Manager Proposed	2020/21 Budget Committee Approved	2020/21 City Council Adopted
Resources						
Intergovernmental	86,615	85,671	85,000	85,000	-	-
Charges for Services	14,102,999	14,677,572	15,067,800	15,852,300	-	-
Interest Income	339,779	-	-	-	-	-
Miscellaneous Income	140,382	657,352	490,400	518,700	-	-
Internal Payments	-	-	433,000	698,000	-	-
Interfund Transfers	389,970	549,217	271,200	411,700	-	-
Internal Service Charges	374,015	628,679	-	-	-	-
Financing Proceeds	-	-	502,000	1,004,000	-	-
Beginning Balance	17,853,193	19,937,621	21,898,900	24,005,000	-	-
Total Resources	<u>33,286,953</u>	<u>36,536,112</u>	<u>38,748,300</u>	<u>42,574,700</u>	<u>-</u>	<u>-</u>
Requirements						
Environmental Services	10,442,299	10,554,563	12,046,656	12,677,354	-	-
<i>Operating Total</i>	<u>10,442,299</u>	<u>10,554,563</u>	<u>12,046,656</u>	<u>12,677,354</u>	-	-
Debt Service	-	-	502,000	1,004,000	-	-
Interfund Transfers	2,907,033	2,578,632	2,305,394	2,319,083	-	-
Contingency	-	-	1,807,000	1,902,000	-	-
Unappropriated	19,937,621	23,402,917	22,087,250	24,672,263	-	-
<i>Non-Operating Total</i>	<u>22,844,654</u>	<u>25,981,549</u>	<u>26,701,644</u>	<u>29,897,346</u>	-	-
Total Requirements	<u>33,286,953</u>	<u>36,536,112</u>	<u>38,748,300</u>	<u>42,574,700</u>	<u>-</u>	<u>-</u>

WATER FUND

This fund serves as the operating fund for the Water Utility. The Water Fund is where personnel are budgeted and where all rate revenue is received.

Resources - \$42,574,700

Intergovernmental Revenue - \$85,000

This is revenue generated through agreements with Portland and Rockwood Water to cover the Well Field Protection Program.

Charges for Services - \$15,852,300

Revenue received from water utility customers pays for the City's water collection and distribution system. Also includes payments for installation of meters and lines needed for new service connections.

Miscellaneous Income - \$518,700

Includes interest income and fees or reimbursements for infrequent or unexpected services. This also includes final payment of \$135,000 for the loan that was issued to the Wastewater Construction Fund in fiscal year 2010/11. Repayment is slated to occur over a ten-year period.

Internal Payments - \$698,000

Internal payments are reimbursements for engineering staff and overhead charges attributed to capital improvement projects. Prior to 2019/20 these were categorized as Internal Service Charges.

Interfund Transfers - \$411,700

Money is transferred from the System Development Charges Fund to the Water Fund to cover the SDC portion of the existing debt. (These dollars are then transferred, along with the rate-funded portion of the debt payment, to the Water Debt Service Fund where the payment is actually made.)

Financing Proceeds - \$1,004,000

Fiscal year 2020/21 includes the conversion of the existing line of credit to a longer-term debt instrument. The amount includes reimbursement for issuance costs.

Beginning Balance - \$24,005,000

Balance remaining at the end of the previous fiscal year. Represents the total of previous resources received less the amount spent. The beginning balance includes funds identified for future uses, such as infrastructure repair and replacement, construction of capital projects and other modifications needed for system reliability, regulatory compliance and long-term utility operations.

WATER FUND

Requirements - \$42,574,700

Environmental Services - \$12,677,354

There are currently four divisions within the Water Fund. These divisions were created to correlate with specific work functions, organizational structures, and, in some cases, specific cost recovery goals.

Administration Division – \$575,807 – This division is responsible for the management and administration of the Water Program. Many functions are shared with other Department of Environmental Services (DES) programs, such as coordination of the Capital Improvement Program and general office operations.

Water Operations Division – \$8,738,076 – This division is responsible for operation and maintenance of the public drinking water system, including reservoirs and pump stations, routine and mandated water quality programs, water conservation programs, pump station and reservoir site security and landscape maintenance, telemetry system activities, water meter testing, wellfield protection and customer service. The purchase of water from Portland accounts for approximately \$3 million of this division's total budget. In fiscal year 2020/21, new water meter installs are included in this division.

Water Engineering Division – \$695,891 – This division is responsible for development and administration of Capital Improvement Program projects and planning and design of the water system in accordance with master plans and federal, state and local guidelines and mandates.

Water Support Services Division – \$2,667,580 – Also referred to as Internal Service Charges. This division is the Water Program's share of City-wide support and administrative functions, such as Information and Technology Services, Fleet and Facilities, Legal Services, Liability Management, Accounting Services, Community Livability, Human Resources, Payroll and Budget. Also includes Utility Financial Services, which includes billing and collection related activities such as meter reading, billing preparation, mailing, collection and customer service for all City of Gresham utility customers. Utility Financial Services costs are shared among Stormwater, Water and Wastewater.

Debt Service - \$1,004,000

Fiscal year 2020/21 allows for the conversion from a line-of-credit to a longer-term debt instrument. The amount includes issuance costs.

Interfund Transfers - \$2,319,083

In fiscal year 2020/21, the Water Fund will transfer money to nine other funds within the City. These transfers are described below.

General Fund – \$25,000 – Transfer to the General Fund related to confined space rescue services provided by the Fire Department.

Solid Waste & Recycling Fund – \$35,083 – Money is sent to the Recycling and Solid Waste Program to support the Green Business Program, which provides technical assistance to local businesses in the areas of waste reduction and recycling, sustainability, water conservation, stormwater and wastewater management best practices and energy conservation.

Designated Purpose Fund – \$5,000 – Transfers are related to the Garage to Storefront Program.

WATER FUND

Infrastructure Development Fund – \$480,300 – This transfer represents Water’s share of the services they use in the Infrastructure Development Fund. Many of these functions are supported by developer fees and charges. Some costs and services are also shared by Stormwater, Wastewater and Transportation.

Water Capital Improvement Fund – \$772,500 – Money is sent to the Water Capital Improvement Fund to pay for rate-funded capital improvement projects, as shown in the CIP.

Water Debt Service Fund – \$750,000 – Money is sent to the Water Debt Service Fund to make the annual payment on debt that was previously issued to construct water reservoirs and water meter replacement.

City Facility Capital Improvement Fund – \$101,200 – Money is sent to the City Facility Capital Improvement Fund to pay for capital improvements related to city facilities.

Administrative Services Fund – \$100,000 – This transfer represents Water’s support of the City’s GIS and asset-management services.

Enterprise System Replacement Fund – \$50,000 – This transfer represents Water’s support of the Utility Billing Software Upgrade.

Contingency - \$1,902,000

A portion of existing reserves are appropriated to cover unforeseen events which may occur during the budget year. For utility funds, this is typically set at 15% of the operating budget. City Council must authorize the use of any contingency appropriations.

Unappropriated - \$24,672,263

Funds shown as unappropriated represent an ending fund balance or future reserve and cannot be accessed or utilized during the fiscal year. This amount includes funds identified for future uses, such as infrastructure repair and replacement, construction of capital projects and other modifications needed for system reliability, regulatory compliance and long-term utility operations beyond the budgeted fiscal year.

Resources and Requirements by Fund

Water Capital Improvement Fund	2017/18 Actual	2018/19 Actual	2019/20 Adopted Budget	2020/21 City Manager Proposed	2020/21 Budget Committee Approved	2020/21 City Council Adopted
Resources						
Intergovernmental	-	88,708	1,350,000	2,079,900	-	-
Interest Income	157,307	-	-	-	-	-
Miscellaneous Income	-	202,638	115,900	159,700	-	-
Interfund Transfers	2,024,403	1,490,614	867,300	812,237	-	-
Financing Proceeds	1,373,000	1,981,100	10,535,581	20,317,900	-	-
Beginning Balance	9,902,226	11,048,621	10,517,200	12,848,300	-	-
Total Resources	<u>13,456,936</u>	<u>14,811,681</u>	<u>23,385,981</u>	<u>36,218,037</u>	<u>-</u>	<u>-</u>
Requirements						
Capital Improvement	2,408,315	4,170,651	13,861,000	25,576,900	-	-
Unappropriated	<u>11,048,621</u>	<u>10,641,030</u>	<u>9,524,981</u>	<u>10,641,137</u>	-	-
<i>Non-Operating Total</i>	<i>13,456,936</i>	<i>14,811,681</i>	<i>23,385,981</i>	<i>36,218,037</i>	-	-
Total Requirements	<u>13,456,936</u>	<u>14,811,681</u>	<u>23,385,981</u>	<u>36,218,037</u>	<u>-</u>	<u>-</u>

WATER CAPITAL IMPROVEMENT FUND

This fund accounts for water related capital projects for maintenance and enhancements to the City's water system.

Resources - \$36,218,037

Intergovernmental Revenue - \$2,079,900

In fiscal year 2020/21, intergovernmental grants are received as intergovernmental revenue.

Miscellaneous Income - \$159,700

Primarily interest income accrued from the cash held by this fund.

Interfund Transfers - \$812,237

Funds are transferred from the Water Fund to pay for rate funded capital projects and from the System Development Charges Fund to pay for capital projects funded by SDCs.

Financing Proceeds - \$20,317,900

Reflects potential use of a line of credit for multiple construction projects. Repayment is expected to take place over multiple years using operating and system development charges revenue.

Beginning Balance - \$12,848,300

Balance remaining at the end of the previous fiscal year. Represents the total of previous resources received less the amount spent.

Requirements - \$36,218,037

Capital Improvement Projects - \$25,576,900

Represents the budgeted expenditures (including carryover) on water-related projects as identified in the Five-Year Capital Improvement Program for fiscal year 2020/21. Specific projects and funding sources are shown on the following page.

Unappropriated - \$10,641,137

Funds shown as unappropriated represent an ending fund balance or future reserve, and cannot be accessed or utilized during the fiscal year. These funds are also needed to ensure a positive fund balance exists throughout the fiscal year.

Water Capital Improvement Fund
Water Projects - Funding Sources

Project	Project Name	Total Project Budget for FY20/21	Project Funding Consists of				
			Grant	Operating	Debt-SDC	Debt-Oper	R&R
CIPWT00001	Water System Improvements	133,495	0	133,495	0	0	0
CIPWT00002	Waterline Oversizing	245,185	0	0	245,185	0	0
CIPWT00003	Water System and Supply Studies	467,930	0	467,930	0	0	0
CIPWT00004	Hunter's Highland Reservoir #2	100,000	0	19,336	80,664	0	0
CIPWT00005	Minor Capital Maintenance Projects	642,339	0	0	0	0	642,339
CIPWT00006	NE Waterline Replacement Package Phase II	371,103	0	0	0	0	371,103
CIPWT00007	Water System Master Plan	249,865	0	0	0	249,865	0
CIPWT00008	SE Waterline Replacement Package Phase II	678,538	0	0	0	0	678,538
CIPWT00009	Test Wells	1,555,196	0	0	352,468	1,202,728	0
CIPWT00010	Gresham's Well #2	5,000,000	0	0	1,022,062	3,977,938	0
CIPWT00011	Lusted Site Improvements	266,349	0	0	0	266,349	0
CIPWT00014	Grant Butte Seismic Piping & Reservoir Retrofit	3,510,851	2,079,824	0	0	964,318	466,709
CIPWT00015	Local Street Reconstruction Coordination	4,875,033	0	0	0	4,875,033	0
CIPWT00017	Water Main Condition Assessment	212,633	0	0	0	0	212,633
CIPWT00019	NW Waterline Replacement Package Phase II	187,000	0	0	0	0	187,000
CIPWT00021	Gresham's Well #3	1,287,500	0	0	257,500	1,030,000	0
CIPWT00025	Cascade Reservoir #1 Rehabilitation	1,416,250	0	0	0	1,416,250	0
CIPWT00026	Cascade Pump Station Improvements	193,125	0	0	0	193,125	0
CIPWT00027	Cascade Reservoir #2	965,625	0	0	0	965,625	0
CIPWT00028	Cascade Groundwater Filtration System	3,218,750	0	0	0	3,218,750	0
Grand Total		25,576,767	2,079,824	620,761	1,957,879	18,359,981	2,558,322

Note:

The numbers shown include carryover from FY19/20.

"Grant" = Funds awarded from federal, state or local sources.

"Operating" = Water utility rates.

"Debt-SDC" = Loans to be repaid by SDC funds. Used when the project is SDC eligible, but SDC funds are not currently on hand.

"Debt-Oper" = Loans to be repaid by Operating funds. Used when the project is rate eligible.

"R&R" = Funds set aside for repair and/or replacement of infrastructure.



Resources and Requirements by Fund

Water Debt Service Fund	2017/18 Actual	2018/19 Actual	2019/20 Adopted Budget	2020/21 City Manager Proposed	2020/21 Budget Committee Approved	2020/21 City Council Adopted
Resources						
Interfund Transfers	600,000	636,834	750,000	750,000	-	-
Beginning Balance	259,939	261,058	257,000	221,000	-	-
Total Resources	859,939	897,892	1,007,000	971,000	-	-
Requirements						
Debt Service	598,881	615,049	786,000	704,000	-	-
Unappropriated	261,058	282,843	221,000	267,000	-	-
<i>Non-Operating Total</i>	<i>859,939</i>	<i>897,892</i>	<i>1,007,000</i>	<i>971,000</i>	-	-
Total Requirements	859,939	897,892	1,007,000	971,000	-	-

WATER DEBT SERVICE FUND

This fund accounts for the payment of principal and interest on existing Water Debt Services. These debt issuances were issued to construct reservoirs, meter replacement and pipe projects.

Resources - \$971,000

Interfund Transfers - \$750,000

Cash is transferred in from the Water Fund in order to make debt payments. These funds are comprised of rate and system development charges revenues based on the eligibility of the projects for which the debt was incurred.

Beginning Balance - \$221,000

Balance remaining at the end of the previous fiscal year. Represents the total of previous resources received less the amount spent. Addresses bond covenants that specify an amount of cash that must be maintained in reserve.

Requirements - \$971,000

Debt Service - \$704,000

Represents the payment due on outstanding debt. As of June 30, 2019, there are two issuances outstanding. One for residential meter replacements that had an outstanding principal of \$1,566,483 that matures in 2030 and one for a Full Faith and Credit borrowing in 2015 related to multiple CIP Projects. The outstanding principal is \$4,600,000 and has a maturity date of 2035. Line of credit interest is also covered in this debt service payment.

Unappropriated - \$267,000

Funds shown as unappropriated represent an ending fund balance and cannot be accessed or utilized during the fiscal year. Addresses bond covenants that specify an amount of cash that must be maintained in reserve.



Stormwater Utility

STORMWATER UTILITY

Purpose

The Stormwater/Watershed Management Program provides flood protection through continual improvement and maintenance of the City stormwater system and works to monitor and improve the water quality and habitat of 68 miles of streams and associated riparian corridors, as well as numerous wetlands. Gresham's stormwater system includes approximately 9,000 catch basins, 225 miles of drainage pipes, 1,100 drywells, 200 culverts, and over 600 ponds, swales and rain gardens and handles an estimated 4.3 billion gallons of runoff each year.

Overall Structure

The Stormwater/Watershed Management Program has three basic funds:

- Stormwater Fund
- Stormwater Capital Improvement Fund
- Stormwater Debt Service Fund

The Stormwater Fund serves as the primary operating fund and is where personnel are budgeted. All CIP projects are budgeted in the Capital Improvement Fund. Staff who work on CIP projects charge their time to a specific project, and the Stormwater Fund is then reimbursed for that person's time (including salary, benefits and overheads). The Stormwater Debt Service Fund is used to make payments on existing debt.

The finance plan for Stormwater incorporates revenues and expenses in all three of these funds to ensure that operational needs, capital construction, and debt requirements can all be supported by the rates and charges as proposed.

Guiding Policies

The Stormwater Utility is guided by a variety of City goals and policies. Examples include:

Council Goals and Workplan

- Effectively manage resources to help preserve the City's financial stability.

City Financial Policies

- The City will maintain its infrastructure at a level adequate to protect the City's capital investment and to minimize future maintenance and replacement costs.

Master plans and infrastructure condition assessments

- Fairview Creek Stormwater Master Plan (May 2003)
- West Gresham Stormwater Master Plan (April 2005)
- Johnson Creek Stormwater Master Plan (December 2005)
- Kelly Creek Stormwater Master Plan (November 2006)
- Natural Resource Master Plan (2010)
- City-wide Stormwater Comprehensive Master Plan – (completion pending)

Long-term goals, including:

- Ensure high quality, reliable services
- Comply with environmental regulations
- Preserve and protecting Gresham's natural resources
- Enhance community livability
- Provide low cost services
- Support economic development
- Proactively accommodate growth within the region

STORMWATER UTILITY

Summary

Priorities for Gresham's Stormwater Utility include protection and improvement of stormwater quality, enhancement of natural resources, pollution prevention, and reduction of flooding, erosion, and other issues related to stormwater runoff. Regulatory requirements from state and federal mandated programs are key drivers for the utility.

The Oregon Department of Environmental Quality (DEQ) regulates stormwater discharges to the ground through the Underground Injection Control (UIC) program and a Water Pollution Control Facilities (WPCF) permit, which regulates the use of stormwater infiltration drywells to protect groundwater. The City's stormwater system includes over 1,100 drywells located in the north and west portions of the city. The Stormwater Utility is also complying with the City's National Pollution Discharge Elimination System (NPDES) permit and Total Maximum Daily Load (TMDL) requirements for water quality in local creeks. The NPDES permit regulates all stormwater discharges to surface waters within the city, and the current permit includes expanded requirements to monitor and improve water quality.

The five-year Capital Improvement Program (CIP) includes numerous projects that focus on construction of water quality and flood relief facilities, correction of drainage problems, installation of stormwater controls in areas without treatment, and replacement of deteriorating facilities such as pipes and drywells. Projects of note include updating of the City's Stormwater Master Plan, which will identify potential options to alleviate flooding along Burlingame Creek in SE Gresham and update the stormwater infrastructure plans for Pleasant Valley and Springwater. In addition, a large culvert replacement will begin on Palmquist and Highway 26.

The Natural Resource Master Plan prioritizes capital projects that aid creek channel stabilization and natural resources in order to reduce erosion, property damage, flooding, water quality improvements and to comply with regulatory requirements.

Under the current NPDES permit, the city conducted an analysis of stormwater flow impacts to streams and prioritized strategies for improvement. The City has created a strategy that will improve water quality in areas without treatment and is developing an updated Stormwater Manual in conjunction with updated Public Works Standard details. Other programs required by the permit include: business inspection, erosion prevention and control, stormwater and stream monitoring, private water quality facility inspections and pollution prevention education.

The Stormwater utility, in coordination with Water, Wastewater and Transportation, has implemented a City-wide asset management system. This system tracks maintenance activities on each piece of City infrastructure and helps to minimize costs by optimizing repair and replacement plans. It supports the City's Strategic Technology Plan to make optimal use of public works assets and aligns software to the business needs. The Stormwater Utility will complete video inspections of pipes and coordinate infrastructure upgrades and replacement with Transportation's Local Street Reconstruction Program.

A five-year rate package was adopted in January 2017 in order to meet the City's basic stormwater operating and CIP budget needs, and to support the City's Local Street Reconstruction Program. The stormwater rates will be increasing January 2021 by 7.02%.

Resources and Requirements by Fund

Stormwater Fund	2017/18 Actual	2018/19 Actual	2019/20 Adopted Budget	2020/21 City Manager Proposed	2020/21 Budget Committee Approved	2020/21 City Council Adopted
Resources						
Charges for Services	8,273,632	8,881,364	9,611,000	10,096,200	-	-
Interest Income	232,049	-	-	-	-	-
Miscellaneous Income	15,926	351,368	348,325	186,360	-	-
Internal Payments	-	-	187,000	487,000	-	-
Interfund Transfers	1,634,367	737,188	426,400	335,900	-	-
Internal Service Charges	388,728	834,508	-	-	-	-
Beginning Balance	13,362,536	15,485,967	13,933,000	12,424,000	-	-
Total Resources	<u>23,907,238</u>	<u>26,290,395</u>	<u>24,505,725</u>	<u>23,529,460</u>	<u>-</u>	<u>-</u>
Requirements						
Environmental Services	6,292,334	6,623,837	7,798,961	8,153,774	-	-
<i>Operating Total</i>	<u>6,292,334</u>	<u>6,623,837</u>	<u>7,798,961</u>	<u>8,153,774</u>	-	-
Interfund Transfers	2,128,937	4,336,635	5,380,156	4,261,283	-	-
Contingency	-	-	1,170,000	1,223,000	-	-
Unappropriated	15,485,967	15,329,923	10,156,608	9,891,403	-	-
<i>Non-Operating Total</i>	<u>17,614,904</u>	<u>19,666,558</u>	<u>16,706,764</u>	<u>15,375,686</u>	-	-
Total Requirements	<u>23,907,238</u>	<u>26,290,395</u>	<u>24,505,725</u>	<u>23,529,460</u>	<u>-</u>	<u>-</u>

STORMWATER FUND

This fund serves as the operating fund for the Stormwater Utility. The Stormwater Fund is where personnel are budgeted and where all rate revenue is received.

Resources - \$23,529,460

Charges for Services - \$10,096,200

Revenue received from stormwater customers pays for the City's storm drain system. Approximately 60% of stormwater rate revenues are received from residential customers, while 40% comes from commercial or industrial customers.

Miscellaneous Income - \$186,360

Includes interest income generated from the cash held by this fund.

Internal Payments - \$487,000

Internal payments are reimbursements for engineering staff and overhead charges for work on capital improvement projects. Prior to 2019/20 these were categorized as Internal Service Charges.

Interfund Transfers - \$335,900

This includes a transfer from the Transportation Fund for services related to the operational impacts of stormwater runoff from the city's roadways. This also includes a transfer from the System Development Charges Fund to the Stormwater Fund to cover the SDC portion of the existing debt.

Beginning Balance - \$12,424,000

Balance remaining at the end of the previous fiscal year. Represents the total of previous resources received less the amount spent. The beginning balance includes funds identified for future uses, such as infrastructure repair and replacement, construction of capital projects, and other modifications needed for system reliability, regulatory compliance, and long-term utility operations.

Requirements - \$23,529,460

Environmental Services - \$8,153,774

There are currently six divisions within the Stormwater Fund. These divisions were created to correlate with specific work functions, organizational structures, and, in some cases, specific cost recovery goals.

Administration Division – \$549,790 – This division is responsible for the management and administration of the Stormwater Program. Many functions are shared with other DES programs, such as coordination of the Capital Improvement Program and general office operations.

Stormwater Operations Division – \$3,316,500 – This division is responsible for the operation and maintenance of the public stormwater system, including storm lines, catch basins, ditches, sumps, swales, stormfilter vaults, detention pipes, and detention/water quality ponds cleaning and maintenance.

Stormwater Engineering Division – \$561,448 – This division is responsible for development and administration of Capital Improvement Program projects and planning and design of the stormwater system in accordance with master plans and federal, state and local guidelines and mandates.

STORMWATER FUND

Natural Resources Division – \$622,137 – This division is responsible for overseeing the City’s Natural Resource Program in accordance with federal, state and local guidelines and mandates.

Water Quality Division – \$1,039,987 – This division is responsible for providing water quality monitoring and improvement to water quality through public education, erosion controls, limitation on illicit discharges and illegal connection to the stormwater system. In addition, the division provides reporting and other activities needed to demonstrate regulatory compliance with NPDES and UIC permits.

Stormwater Support Services Division – \$2,063,912 – Also referred to as Internal Service Charges. This division is the Stormwater Program’s share of City-wide support and administrative functions, such as Information and Technology Services, Fleet and Facilities, Legal Services, Workers Compensation, Liability Management, Accounting Services, Community Livability, Human Resources, Payroll, and Budget. Also includes Utility Financial Services, which includes billing and collection related activities such as billing preparation, mailing, collection, and customer service for all City of Gresham utility customers. Utility Financial Services costs are shared among Stormwater, Water, and Wastewater.

Interfund Transfers - \$4,261,283

In fiscal year 2020/21, the Stormwater Fund will send money to eleven other funds within the City. These transfers are described below.

General Fund – \$25,000 – Transfer to the General Fund related to confined space rescue services provided by the Fire Department.

Solid Waste & Recycling Fund – \$35,083 – Money is sent to the Recycling and Solid Waste Program to support the Green Business Program, which provides technical assistance to local businesses in the areas of waste reduction and recycling, sustainability, water conservation, stormwater and wastewater management best practices, and energy conservation.

Designated Purpose Fund – \$5,000 – Related to the Garage to Storefront Program.

Infrastructure Development Fund – \$480,300 – This transfer represents Stormwater’s share of the services they use in the Infrastructure Development Fund. Many of these functions are supported by developer fees and charges. Some costs and services are also shared by Water, Wastewater, and Transportation.

Transportation Fund – \$854,100– This transfer represents funding for street sweeping and vegetation management from Stormwater.

General Development Capital Improvement – \$45,000 – In fiscal year 2020/21, this transfer supports general development activity in Pleasant Valley.

Stormwater Capital Improvement Fund – \$1,774,300 – Money is sent to the Stormwater Capital Improvement Fund to pay for rate-funded capital improvement projects, as shown in the CIP. The amount varies from year to year based on the size of the capital program.

Stormwater Debt Service Fund – \$800,000– Money is sent to the Stormwater Debt Service Fund to make the annual payment on debt that was previously issued to construct stormwater facilities.

STORMWATER FUND

City Facility Capital Improvement Fund – \$104,500 – Money is sent to the City Facility Capital Improvement Fund to pay for capital improvements related to city facilities.

Administrative Services Fund – \$100,000 – This transfer represents Stormwater’s support of the City’s GIS and asset-management services.

Enterprise System Replacement Fund – \$38,000 – This transfer represents Stormwater’s support of the Utility Billing Software Upgrade.

Contingency - \$1,223,000

A portion of existing reserves are appropriated to cover unforeseen events which may occur during the budget year. For utility funds, this is typically set at 15% of the operating budget. City Council must authorize the use of any contingency appropriations.

Unappropriated - \$9,891,403

Funds shown as unappropriated represent an ending fund balance or future reserve, and cannot be accessed or utilized during the fiscal year. This amount includes funds identified for future uses, such as infrastructure repair and replacement, construction of capital projects and other modifications needed for system reliability, regulatory compliance, and long-term utility operations beyond the budgeted fiscal year.

Resources and Requirements by Fund

Stormwater Capital Improvement Fund	2017/18 Actual	2018/19 Actual	2019/20 Adopted Budget	2020/21 City Manager Proposed	2020/21 Budget Committee Approved	2020/21 City Council Adopted
Resources						
Intergovernmental	-	-	6,047,000	-	-	-
Interest Income	108,926	-	-	-	-	-
Miscellaneous Income	-	108,934	56,300	91,500	-	-
Interfund Transfers	1,677,141	6,105,566	4,378,500	2,771,200	-	-
Financing Proceeds	-	-	-	1,091,000	-	-
Beginning Balance	7,397,969	7,424,436	8,951,300	11,104,700	-	-
Total Resources	<u>9,184,036</u>	<u>13,638,936</u>	<u>19,433,100</u>	<u>15,058,400</u>	<u>-</u>	<u>-</u>
Requirements						
Capital Improvement	1,759,600	5,673,444	14,930,900	7,739,300	-	-
Unappropriated	<u>7,424,436</u>	<u>7,965,492</u>	<u>4,502,200</u>	<u>7,319,100</u>	-	-
<i>Non-Operating Total</i>	<i>9,184,036</i>	<i>13,638,936</i>	<i>19,433,100</i>	<i>15,058,400</i>	-	-
Total Requirements	<u>9,184,036</u>	<u>13,638,936</u>	<u>19,433,100</u>	<u>15,058,400</u>	<u>-</u>	<u>-</u>

STORMWATER CAPITAL IMPROVEMENT FUND

This fund accounts for stormwater related capital projects for maintenance and enhancements to the City's stormwater system.

Resources - \$15,058,400

Intergovernmental Revenue - \$0

Money received as a grant is recorded as intergovernmental revenue. No grants are anticipated in FY 2020/21.

Miscellaneous Income - \$91,500

Includes interest income accrued from the cash held by this fund.

Interfund Transfers - \$2,771,200

Funds are transferred from the Stormwater Fund to pay for rate funded capital projects and from the System Development Charges Fund to pay for capital projects funded by SDCs.

Financing Proceeds - \$1,091,000

Includes a possible loan from the DEQ State Revolving Fund to be used for the Johnson Creek Stormwater Outfall Biofiltration Retrofit Project.

Beginning Balance - \$11,104,700

Balance remaining at the end of the previous fiscal year. Represents the total of previous resources received less the amount spent.

Requirements - \$15,058,400

Capital Improvement Projects - \$7,739,300

Represents the budgeted expenditures (including carryover) on Stormwater-related projects as identified in the 5-Year Capital Improvement Program for fiscal year 2020/21. Specific projects and funding sources are shown on the following page.

Unappropriated - \$7,319,100

Funds shown as unappropriated represent an ending fund balance or future reserve and cannot be accessed or utilized during the fiscal year. These funds are also needed to ensure a positive fund balance exists throughout the fiscal year.

Stormwater Capital Improvement Fund
Stormwater Projects - Funding Sources

Project	Project Name	Total Project Budget for FY20/21	Project Funding Consists of				
			Operating	SDC	Debt-Oper	Dev/SDC Credit	R&R
CIPSW00001	Localized Drainage Improvements	345,071	172,537	0	0	0	172,534
CIPSW00002	Low Impact Dev Practices Retrofit Program	1,087,028	1,087,028	0	0	0	0
CIPSW00003	Stream and Slope Stabilization	560,069	0	0	0	0	560,069
CIPSW00004	Rehab & Repair of Pipe System	1,957,991	0	0	0	0	1,957,991
CIPSW00005	Stormwater Facility Improvements	376,915	188,458	0	0	0	188,457
CIPSW00006	Riparian & Wetland Improvement Projects	427,547	213,774	0	0	0	213,773
CIPSW00008	Segment 2, Fairview Creek Basin Central Core Trunk	406,904	0	0	0	406,904	0
CIPSW00009	Infrastructure Capacity Improvements	1,046,922	628,154	418,768	0	0	0
CIPSW00010	Stormwater Infrastructure Master Plan	200,744	109,544	91,200	0	0	0
CIPSW00014	Johnson Creek Stormwater Outfall Biofiltration Retro	1,091,000	0	0	1,091,000	0	0
CIPSW00015	West Gresham Water Quality and Infiltration Facility	239,000	239,000	0	0	0	0
Grand Total		7,739,191	2,638,495	509,968	1,091,000	406,904	3,092,824

Note:

The numbers shown include carryover from FY19/20.

"Operating" = Stormwater utility rates.

"SDC" = Stormwater system development charges.

"Debt-Oper" = Loans to be repaid by Operating funds. Used when the project is rate eligible.

"Dev/SDC Credit" = SDC credits issued to private developers when they construct qualifying public infrastructure.

"R&R" = Funds set aside for repair and/or replacement of infrastructure.



Resources and Requirements by Fund

Stormwater Debt Service Fund	2017/18 Actual	2018/19 Actual	2019/20 Adopted Budget	2020/21 City Manager Proposed	2020/21 Budget Committee Approved	2020/21 City Council Adopted
Resources						
Interfund Transfers	725,000	824,291	800,000	800,000	-	-
Beginning Balance	233,477	198,158	174,000	171,000	-	-
Total Resources	958,477	1,022,449	974,000	971,000	-	-
Requirements						
Debt Service	760,319	824,291	826,000	826,000	-	-
Unappropriated	198,158	198,158	148,000	145,000	-	-
<i>Non-Operating Total</i>	<i>958,477</i>	<i>1,022,449</i>	<i>974,000</i>	<i>971,000</i>	-	-
Total Requirements	958,477	1,022,449	974,000	971,000	-	-

STORMWATER DEBT SERVICE FUND

This fund accounts for the payment of principal and interest on existing Stormwater Debt Service bonds.

Resources - \$971,000

Interfund Transfers - \$800,000

Cash transfers in from the Stormwater Fund in order to make the debt payment.

Beginning Balance - \$171,000

Balance remaining at the end of the previous fiscal year. Represents the total of previous resources received less the amount spent. Addresses bond covenants that specify an amount of cash that must be maintained in reserve.

Requirements - \$971,000

Debt Service - \$826,000

Represents the payment due on outstanding debt. As of June 30, 2019, there were currently two issuances outstanding – one with an outstanding principal of \$1,040,000 that matures in 2021. During fiscal year 2011/12, the Stormwater Utility also began drawing on a state revolving fund loan for \$5 million with zero interest. As of June 30, 2019, this issuance has an outstanding principal of \$4,565,438 that matures in 2037.

Unappropriated - \$145,000

Funds shown as unappropriated represent an ending fund balance and cannot be accessed or utilized during the fiscal year. Addresses bond covenants that specify an amount of cash that must be maintained in reserve.



Wastewater Utility

WASTEWATER UTILITY

Purpose

The Wastewater Collection and Treatment Program provides planning, design, operation, maintenance and capital improvement of the City's wastewater collection and treatment facilities. The Gresham Wastewater Treatment Plant serves over 124,000 customers within the cities of Gresham, Wood Village, Fairview, portions of Portland and treats approximately 13 million gallons of wastewater daily. The collection portion of the program maintains over 310 miles of mains, trunks and interceptors, 128 miles of service laterals, seven lift stations, and more than 6,800 sewer manholes within Gresham.

Overall Structure

The Wastewater Program has three basic funds.

- Wastewater Fund
- Wastewater Capital Improvement Fund
- Wastewater Debt Service Fund

The Wastewater Fund serves as the primary operating fund and is where personnel are budgeted. All Capital Improvement Program (CIP) projects are budgeted in the Construction Fund. Staff who work on CIP projects charge their time to that specific project and the Wastewater Fund is then reimbursed for that person's time (including salary, benefits and overheads). The Wastewater Debt Service Fund is used to make payments on existing debt.

The finance plan for Wastewater incorporates revenues and expenses in all three of these funds to ensure that operational needs, capital construction and debt requirements can all be supported by the rates and charges as proposed.

Guiding Policies

The Wastewater utility is guided by a variety of City goals and policies. Examples include:

Council Goals and Workplan

- Effectively manage resources to help preserve the City's financial stability.

City Financial Policies

- The City will maintain its infrastructure at a level adequate to protect the City's capital investment and to minimize future maintenance and replacement costs.

Master Plans and Infrastructure Condition Assessments

- Wastewater Treatment Plant Master Plan (2017)
- Wastewater Collection and Conveyance System Master Plan (November 2012)
- TV assessment of pipes
- Annual asset management plan for the Wastewater Division
- Seismic Resiliency Study Proposed Fiscal Year 2018/19

Long-Term Goals

- Ensure high quality, reliable services
- Comply with environmental discharge permit regulations
- Provide low cost services
- Encourage economic development
- Proactively accommodate growth within the region

WASTEWATER UTILITY

Summary

The City's Wastewater Treatment Plant successfully completed its fifth year as a "Net-Zero" facility: producing more energy on site than its operations require. Priorities for the Wastewater Utility include coordinating wastewater infrastructure upgrades and replacement with Transportation's "Hitting the Streets" local street reconstruction program, along with replacement of existing pipes and other facilities that are reaching the end of their useful life. The Utility continues to place a high priority on implementing comprehensive asset management strategies to ensure sustainable, lowest life-cycle costs for services. Pipeline conditions, lift stations and treatment plant facilities are evaluated in order to anticipate remaining service life. Determinations can then be made as to when and how to replace or renew facilities now and into the future. The Wastewater Utility, in coordination with Water, Stormwater and Transportation, is transitioning to a new City-wide asset management system. This system will track maintenance activities on each piece of City infrastructure and help to minimize costs by optimizing repair and replacement plans. It supports the City's Strategic Technology Plan to make optimal use of public works assets and aligns software to the business needs.

To date, replacement of existing 1930's pipes is complete and the focus has shifted to replacement of those constructed in the 1950's and further analysis and design for those constructed up until the 1970's, which constitute over 44% of the overall system. Significant replacement efforts on other wastewater infrastructure facilities are anticipated to be needed during the next five to fifteen-year horizon. The City typically funds repair and replacement of infrastructure with cash rather than debt, so funds are being reserved in anticipation of these upcoming needs. Because of the high construction costs involved, it is important to save well in advance in order to avoid the need for larger rate increases in the future.

Some of the near-term maintenance projects, such as the East Basin Trunk Upgrade project, have a growth component as well as maintenance of existing sewer capacity, which means the projects are eligible to be partially funded with System Development Charges (SDCs). The Utility will continue work on collection system projects for the Kelley Creek Interceptor, McKinley Sewer Extension and East Basin Trunk Upgrade Phase III which will provide for capacity and growth in the Pleasant Valley and Springwater areas.

The City successfully transitioned wastewater treatment plant operations and maintenance to a new operator in fiscal year 2018/19. The new contract is for ten years with a five year option.

Consistent with the NPDES permit with the State, Wastewater will continue to proactively work with businesses to reduce Fats, Oils and Grease (FOG) from going into the wastewater pipe system to prevent clogs and hazardous sewerage overflows, and to ensure compliance with the federal Clean Water Act and City Code.

A five-year rate package was adopted in January 2017 in order to meet the City's basic wastewater operating and CIP budget needs, and to support the City's Local Street Reconstruction Program. The wastewater rates will be increasing January 2021 by 3.99%.

Resources and Requirements by Fund

Wastewater Fund	2017/18 Actual	2018/19 Actual	2019/20 Adopted Budget	2020/21 City Manager Proposed	2020/21 Budget Committee Approved	2020/21 City Council Adopted
Resources						
Licenses & Permits	4,680	6,194	2,000	6,000	-	-
Intergovernmental	194,372	447,056	221,400	200,300	-	-
Charges for Services	18,205,479	18,395,517	19,623,400	20,129,400	-	-
Interest Income	628,320	-	-	-	-	-
Miscellaneous Income	70,994	972,945	447,500	481,600	-	-
Internal Payments	-	-	769,000	843,000	-	-
Interfund Transfers	918,263	1,091,675	1,241,918	201,468	-	-
Internal Service Charges	723,222	976,760	-	-	-	-
Beginning Balance	36,452,867	32,429,822	29,672,000	31,950,000	-	-
Total Resources	57,198,197	54,319,969	51,977,218	53,811,768	-	-
Requirements						
Environmental Services	12,710,443	12,652,612	15,017,166	15,570,244	-	-
<i>Operating Total</i>	<i>12,710,443</i>	<i>12,652,612</i>	<i>15,017,166</i>	<i>15,570,244</i>	-	-
Debt Service	129,899	128,784	128,500	126,500	-	-
Interfund Transfers	11,928,033	9,369,124	10,256,229	11,698,583	-	-
Contingency	-	-	2,253,000	2,336,000	-	-
Unappropriated	32,429,822	32,169,449	24,322,323	24,080,441	-	-
<i>Non-Operating Total</i>	<i>44,487,754</i>	<i>41,667,357</i>	<i>36,960,052</i>	<i>38,241,524</i>	-	-
Total Requirements	57,198,197	54,319,969	51,977,218	53,811,768	-	-

WASTEWATER FUND

This fund serves as the operating fund for the Wastewater utility. The Wastewater Fund is where personnel are budgeted and where all rate revenue is received.

Resources - \$53,811,768

Licenses and Permits - \$6,000

Discharge permit fees received from industrial customers.

Intergovernmental Revenue - \$200,300

Reimbursement for on-call services provided to Wood Village and Fairview.

Charges for Services - \$20,129,400

Revenue received from wastewater utility customers pays for the City's wastewater collection and treatment system. Includes rate revenues received from Wood Village and Fairview.

Miscellaneous Income - \$481,600

Typically, interest income from the cash held by this fund or fees or reimbursements for infrequent, unexpected services. Fiscal year 2018/19 included reimbursement from FEMA for the Bella Vista wastewater trunk line repair due to flood damage in December 2015.

Internal Payments - \$843,000

Internal payments are reimbursements for engineering staff and overhead charges for work on capital improvement projects. Prior to 2019/20 these were categorized as Internal Service Charges.

Interfund Transfers - \$201,468

Money is transferred from the System Development Charges Fund to the Wastewater Fund to cover the system development charge portion of the existing debt. (These dollars are then transferred to the Wastewater Debt Service Fund where the payment is made.)

Beginning Balance - \$31,950,000

Balance remaining at the end of the previous fiscal year. Represents the total of previous resources received less the amount spent. The beginning balance includes funds identified for future uses, such as infrastructure repair and replacement, construction of capital projects and other modifications needed for system reliability, regulatory compliance and long-term utility operations.

WASTEWATER FUND

Requirements - \$53,811,768

Environmental Services - \$15,570,244

There are currently five divisions within the Wastewater Fund. These divisions were created to correlate with specific work functions, organizational structures and, in some cases, specific cost recovery goals.

Administration Division – \$575,186 – This division is responsible for the management and administration of the Wastewater Program. Many functions are shared with other department programs, such as coordination of the Capital Improvement Program and general office operations.

Wastewater Operations Division – \$4,358,936 – This division is responsible for the operation and maintenance of the public wastewater collection system, including repairs, locates, cleaning and TV inspection of sanitary sewer lines.

Wastewater Engineering Division – \$731,112 – This division is responsible for development and administration of Capital Improvement Program projects and planning and design of the Wastewater system in accordance with master plans and federal, state and local guidelines and mandates.

Wastewater Treatment Plant Division – \$5,969,244 – This division is responsible for operation of the Wastewater Treatment Plant and pretreatment services. Additionally, the City provides wastewater treatment services, via intergovernmental agreements, to the Cities of Fairview and Wood Village. The contract to operate the treatment plant accounts for approximately \$4 million of this division's total budget.

Wastewater Support Services Division – \$3,935,766 – Also referred to as Internal Service Charges. Represents the Wastewater Program's share of City-wide support and administrative functions, such as Information Technology Services, Fleet and Facilities, Legal Services, Workers Compensation, Liability Management, Accounting Services, Community Livability, Human Resources, Payroll and Budget. Also includes Utility Financial Services, which includes billing and collection related activities such as billing preparation, mailing, collection and customer service for all City of Gresham utility customers. Utility Financial Services costs are shared among Water, Stormwater and Wastewater.

Debt Service - \$126,500

Final year of repayment of the \$1,225,000 loan from the Water Fund that allowed the construction projects to proceed. Repayment is slated to occur over a ten-year period and will use system development charges.

Interfund Transfers - \$11,698,583

In fiscal year 2020/21, the Wastewater Fund will send money to nine other funds within the City. These transfers are described below.

General Fund – \$25,000 – This includes a transfer to the General Fund related to confined space rescue services provided by the Fire Department.

WASTEWATER FUND

Solid Waste & Recycling Fund – \$35,083 – Money is sent to the Recycling and Solid Waste Program to support the Green Business Program, which provides technical assistance to local businesses in the areas of waste reduction and recycling, sustainability, water conservation, stormwater and wastewater management best practices and energy conservation.

Designated Purpose Fund – \$5,000 – Related to the Garage to Storefront Program.

Infrastructure Development Fund – \$480,300 – This transfer represents Wastewater’s share of the services they use in the Infrastructure Development Fund. Many of these functions are supported by developer fees and charges. Some costs and services are also shared by Water, Stormwater and Transportation.

Wastewater Capital Improvement Fund – \$8,617,200 – Money is sent to the Wastewater Capital Improvement Fund to pay for rate-funded capital improvement projects, as shown in the CIP.

Wastewater Debt Service Fund – \$2,235,000 – Money is sent to the Wastewater Debt Service Fund to make the annual payment on debt that was previously issued to construct wastewater facilities.

City Facility Capital Improvement Fund – \$110,000 – Money is sent to the City Facility Capital Improvement Fund to pay for capital improvements.

Administrative Services Fund – \$100,000 – This transfer represents Stormwater’s support of the City’s GIS and asset-management services.

Enterprise System Replacement Fund – \$91,000 – This transfer represents Stormwater’s support of the Utility Billing Software Upgrade.

Contingency - \$2,336,000

A portion of existing reserves are appropriated to cover unforeseen events which may occur during the budget year. For utility funds, this is typically set at 15% of the operating budget. City Council must authorize the use of any contingency appropriations.

Unappropriated - \$24,080,441

Funds shown as unappropriated represent an ending fund balance or future reserve and cannot be accessed or utilized during the fiscal year. This amount includes funds identified for future uses, such as infrastructure repair and replacement, construction of capital projects and other modifications needed for system reliability, regulatory compliance and long-term utility operations beyond the budgeted fiscal year.

Resources and Requirements by Fund

Wastewater Capital Improvement Fund	2017/18 Actual	2018/19 Actual	2019/20 Adopted Budget	2020/21 City Manager Proposed	2020/21 Budget Committee Approved	2020/21 City Council Adopted
Resources						
Intergovernmental	-	-	616,275	636,700	-	-
Charges for Services	-	-	-	250,000	-	-
Interest Income	159,953	-	-	-	-	-
Miscellaneous Income	-	279,139	111,700	82,800	-	-
Interfund Transfers	9,935,383	7,316,238	7,181,100	9,338,400	-	-
Financing Proceeds	75,200	-	578,100	678,300	-	-
Beginning Balance	11,080,711	17,225,077	21,389,000	16,139,000	-	-
Total Resources	<u>21,251,247</u>	<u>24,820,454</u>	<u>29,876,175</u>	<u>27,125,200</u>	<u>-</u>	<u>-</u>
Requirements						
Capital Improvement	4,026,170	8,361,724	22,429,000	21,606,400	-	-
Unappropriated	<u>17,225,077</u>	<u>16,458,730</u>	<u>7,447,175</u>	<u>5,518,800</u>	-	-
<i>Non-Operating Total</i>	<i>21,251,247</i>	<i>24,820,454</i>	<i>29,876,175</i>	<i>27,125,200</i>	-	-
Total Requirements	<u>21,251,247</u>	<u>24,820,454</u>	<u>29,876,175</u>	<u>27,125,200</u>	<u>-</u>	<u>-</u>

WASTEWATER CAPITAL IMPROVEMENT FUND

This fund accounts for wastewater related capital projects for maintenance and enhancements to the City's wastewater system.

Resources - \$27,125,200

Intergovernmental Revenue - \$636,700

Reflects intergovernmental grants for projects.

Charges for Services - \$250,000

In FY 2020/21, this includes a contract reimbursement related to the Wastewater Treatment Plant.

Miscellaneous Income - \$82,800

Earnings accrued from the cash held by this fund.

Interfund Transfers - \$9,338,400

Money is transferred from the Wastewater Fund to pay for rate funded capital projects and from the System Development Charges Fund to pay for capital projects funded by SDCs.

Financing Proceeds - \$678,300

These proceeds are from a line of credit for work to be completed for growth related projects. Repayment will take place using system development charges revenue.

Beginning Balance - \$16,139,000

Balance remaining at the end of the previous fiscal year. Represents the total of previous resources received less the amount spent.

Requirements - \$27,125,200

Capital Improvement Projects - \$21,606,400

Represents the budgeted expenditures (including carryover) on Wastewater-related projects as identified in the Five-Year Capital Improvement Program for fiscal year 2020/21. Specific projects and funding sources are shown on the following page.

Unappropriated - \$5,518,800

Funds shown as unappropriated represent an ending fund balance or future reserve and cannot be accessed or utilized during the fiscal year. These funds are also needed to ensure a positive fund balance exists throughout the fiscal year.

Wastewater Capital Improvement Fund
Wastewater Projects - Funding Sources

Project	Project Name	Total Project Budget for FY20/21	Project Funding Consists of					
			Grant	Operating	Other	SDC	Debt-SDC	R&R
CIPWW00001	I & I Control Program	1,075,332	0	1,075,332	0	0	0	0
CIPWW00002	WWTP Maintenance Project	1,063,228	0	0	0	0	0	1,063,228
CIPWW00004	WWTP Solids Process Improvements	444,021	0	0	0	0	0	444,021
CIPWW00005	WWTP Asset Replacement and Refurbishment (R&R)	1,591,277	0	0	0	0	0	1,591,277
CIPWW00006	Collection System Asset Refurbishment and Replacement	1,275,135	0	0	0	0	0	1,275,135
CIPWW00007	1950's Failing Pipe Rehabilitation/Maint. Program	4,241,566	0	0	0	0	0	4,241,566
CIPWW00008	East Basin Trunk Upgrade Phase III	1,933,251	0	1,400,840	0	0	532,411	0
CIPWW00010	Kelley Creek Trunk Easements	145,801	0	0	0	0	145,801	0
CIPWW00011	Biological Biogas Treatment System	357,730	0	357,730	0	0	0	0
CIPWW00013	Wastewater Mainline Extension	1,003,266	0	1,003,266	0	0	0	0
CIPWW00014	Wastewater Collections System Master Plan	120,712	0	120,712	0	0	0	0
CIPWW00018	WWTP Upper Plant Nitrification Improvements	355,680	0	355,680	0	0	0	0
CIPWW00020	WWTP FOG Screening Improvements	1,363,360	0	1,113,360	250,000	0	0	0
CIPWW00021	WWTP Upper Barscreens Replacement	1,129,344	0	0	0	0	0	1,129,344
CIPWW00022	WWTP Control System Improvements	672,774	0	0	0	0	0	672,774
CIPWW00023	Overhead Johnson Creek Crossing Seismic	848,816	636,612	212,204	0	0	0	0
CIPWW00024	WWTP Organics Digestion Capacity Evaluation	239,735	0	239,735	0	0	0	0
CIPWW00025	WWTP Outfall Diffuser Improvements	391,248	0	391,248	0	0	0	0
CIPWW00026	Lower Kelly Creek Trunk Upgrade	2,185,239	0	1,464,109	0	721,130	0	0
CIPWW00028	WWTP Gravity Belt Thickener Refurbishment	820,800	0	0	0	0	0	820,800
CIPWW00030	WWTP Earthquake Resiliency Projects	120,000	0	120,000	0	0	0	0
CIPWW00031	WWTP Secondary Digester Improvements	228,000	0	228,000	0	0	0	0
Grand Total		21,606,315	636,612	8,082,216	250,000	721,130	678,212	11,238,145

Note:

The numbers shown include carryover from FY19/20.

"Grant" = Funds awarded from federal, state or local sources.

"Operating" = Wastewater utility rates.

"Other" = Reimbursement from the WWTP operator.

"SDC" = Wastewater system development charges.

"Debt-SDC" = Loans to be repaid by SDC funds. Used when the project is SDC eligible, but SDC funds are not currently on hand.

"R&R" = Funds set aside for repair and/or replacement of infrastructure.



Resources and Requirements by Fund

Wastewater Debt Service	2017/18 Actual	2018/19 Actual	2019/20 Adopted Budget	2020/21 City Manager Proposed	2020/21 Budget Committee Approved	2020/21 City Council Adopted
Resources						
Intergovernmental	204,138	211,863	212,000	223,000	-	-
Interest Income	13,998	-	-	-	-	-
Miscellaneous Income	28,276	34,725	52,000	25,000	-	-
Interfund Transfers	1,565,000	2,200,000	3,129,000	2,235,000	-	-
Beginning Balance	1,367,241	665,867	608,000	646,000	-	-
Total Resources	3,178,653	3,112,455	4,001,000	3,129,000	-	-
Requirements						
Debt Service	2,512,786	2,504,550	3,355,000	2,478,400	-	-
Unappropriated	665,867	607,905	646,000	650,600	-	-
<i>Non-Operating Total</i>	<i>3,178,653</i>	<i>3,112,455</i>	<i>4,001,000</i>	<i>3,129,000</i>	<i>-</i>	<i>-</i>
Total Requirements	3,178,653	3,112,455	4,001,000	3,129,000	-	-

WASTEWATER DEBT SERVICE FUND

This fund accounts for the payment of principal and interest on existing Wastewater loans. Most of the loan proceeds were used to complete the 2001 expansion to the Wastewater Treatment Plant.

Resources - \$3,129,000

Intergovernmental Revenue - \$223,000

Reflects payments from Fairview related to capacity purchased at the wastewater treatment plant.

Miscellaneous Income - \$25,000

Earnings accrued from any cash balance in this fund. In previous years, principal payments from Fairview related to capacity purchased at the wastewater treatment plant were shown above in intergovernmental revenue, and the interest portion of the payment was recorded here.

Interfund Transfers - \$2,235,000

Cash transfers in from the Wastewater Fund in order to make the debt payment. Money is comprised of system development charges and rate revenues based on the eligibility of the projects for which the debt was incurred and the availability of system development charge revenues.

Beginning Balance - \$646,000

Balance remaining at the end of the previous fiscal year. Represents the total of previous resources received less the amount spent.

Requirements - \$3,129,000

Debt Service - \$2,478,400

Represents the payment due on outstanding debt. As of June 30, 2019, there were three issuances outstanding. One that had an outstanding principal of \$3,768,000 and matures in 2021. One that had an outstanding principal of \$247,958 and matures in 2029. In fiscal year 2014/15, there was a refinancing of three outstanding loans (Jenne Road Interceptor, South Gresham Interceptor and Linneman Pump Station). This Full Faith and Credit outstanding principal is \$4,570,000 with a maturity date of 2031. Interest payment for outstanding lines of credit are also included.

Unappropriated - \$650,600

Funds shown as unappropriated represent an ending fund balance and cannot be accessed or utilized during the fiscal year. The unappropriated balance consists primarily of a receivable due in the future from the City of Fairview and is not cash at this time.



Transportation Program

TRANSPORTATION PROGRAM

Purpose

The Transportation Program plans, constructs, operates, and maintains Gresham's transportation system which includes: over 900 lane miles of streets, 143 electronic traffic control devices, median landscaping, and more than 20,000 and 8,000 streetlights.

Overall Structure

The Transportation Program has two basic funds.

- Transportation Fund
- Transportation Construction Fund

The Transportation Fund serves as the primary operating fund and is where personnel are budgeted. All Transportation CIP projects are budgeted in the Construction Fund. CIP projects specific to pedestrian and/or bicycles are in the Footpaths and Bikeways CIP Fund. Staff working on CIP projects charge their time to a specific project and the Transportation Fund is then reimbursed for that person's time (including salary, benefits and overheads).

The finance plan for Transportation incorporates revenues and expenses in these two funds to ensure that operational needs and capital construction can all be supported by the anticipated revenues.

Guiding Policies

The Transportation Program is guided by a variety of City goals and policies. Examples include:

Council Goals and Workplan

- Effectively manage resources to help preserve the City's financial stability.
- Encourage a wide variety of transportation options.

City Financial Policies

- The City will maintain its infrastructure at a level adequate to protect the City's capital investment and to minimize future maintenance and replacement costs.

Master Plans and Infrastructure Condition Assessments

- Transportation System Plan (adopted 2014)
- Active Transportation Plan (adopted 2018)
- Pavement Management System (adopted standard of 75 PCI)

Long-Term Goals

- Ensuring high quality, reliable services.
- Complying with environmental regulations.
- Providing low cost services.
- Encouraging economic development.
- Being prepared to accommodate growth within the region.

TRANSPORTATION PROGRAM

Summary

Priorities for the Transportation Program include providing a safe and efficient transportation system, maintaining streets, enhancing livability through management of traffic congestion and supporting travel options for all transportation modes.

Street maintenance continues to be a top priority for the Transportation Program. In addition to applying cost-effective treatments to preserve the City's arterials and collectors, the "Hitting the Streets" local road reconstruction effort was launched in 2017 to help address the growing backlog of local streets in poor or failed condition. Street reconstruction will be coordinated with utility work to maximize the longevity of the resulting work and minimize inconveniences to residents. Reconstruction will be accompanied by upgrades to adjacent curb ramps in order to meet current Americans with Disabilities Act (ADA) standards. This work is supported by a city funded concrete crew to ensure cost-effective and timely projects. Funding levels for the reconstruction program are the result of the Street Maintenance 2016 Council Workplan project and subsequent utility rate and utility license fee adjustments adopted by Council in January 2017. The program borrows against this future revenue stream to accelerate project completion.

In addition to the annual street maintenance program, significant capital projects currently planned for fiscal year 2020/21 include initiation of work on Palmquist and Highway 26 in coordination with Stormwater improvements, capacity enhancements and signal updates at 181st and Glisan, design work on Hogan Road between Powell Boulevard and Burnside Road, and improvements on Sandy Boulevard from 181st to the eastern city limits.

The capital program requires long-term balancing among the various revenue sources. Gresham continues to be successful in securing grant funds for Transportation projects, including a recent award for a complete street improvement of Division Street between Birdsdale and Wallula. Debt funding for growth projects will allow high-priority Transportation projects to advance, while closely managing the annual use of SDC resources. Many of the capital projects currently underway are being funded with a line of credit that is expected to be rolled into long term debt in fiscal year 2020/21.

The operating budget continues to emphasize core operational maintenance needs related to system functionality and safety, including signal and sign repairs, crack seals, striping, sweeping, patching, pothole repair, median maintenance and preparation work for summer pavement preservation efforts.

Transportation, in coordination with Water, Stormwater and Wastewater, is transitioning into a new City-wide asset management system. This system tracks maintenance activities on each piece of City infrastructure and helps to minimize costs by optimizing repair and replacement plans. This project supports the City's Strategic Technology Plan to make optimal use of public works assets and aligns software to the business needs.

Gas tax revenues have continued to improve in concert with the economy as a whole and are expected to increase further with the state's enactment of HB 2017. The additional revenue is expected to support current operations and existing capital programs. In the long term, the effectiveness of gas tax revenue is expected to diminish due to increases in vehicle fuel efficiency and the escalating cost of project construction.

Resources and Requirements by Fund

Transportation Fund	2017/18 Actual	2018/19 Actual	2019/20 Adopted Budget	2020/21 City Manager Proposed	2020/21 Budget Committee Approved	2020/21 City Council Adopted
Resources						
Intergovernmental	10,880,760	12,159,733	13,168,000	13,933,000	-	-
Charges for Services	125,692	63,284	51,300	86,800	-	-
Utility License Fees	227,660	646,550	1,091,500	1,364,400	-	-
Interest Income	311,951	-	-	-	-	-
Miscellaneous Income	19,033	462,913	348,000	238,000	-	-
Internal Payments	-	-	1,843,661	1,579,939	-	-
Interfund Transfers	572,608	813,649	1,991,200	4,701,750	-	-
Internal Service Charges	962,580	1,883,103	-	-	-	-
Financing Proceeds	-	-	1,793,000	-	-	-
Beginning Balance	15,269,548	17,219,246	20,488,800	24,357,900	-	-
Total Resources	<u>28,369,832</u>	<u>33,248,478</u>	<u>40,775,461</u>	<u>46,261,789</u>	<u>-</u>	<u>-</u>
Requirements						
Environmental Services	7,630,122	8,590,376	10,131,186	10,331,033	-	-
<i>Operating Total</i>	<u>7,630,122</u>	<u>8,590,376</u>	<u>10,131,186</u>	<u>10,331,033</u>	-	-
Debt Service	-	-	1,793,000	-	-	-
Interfund Transfers	3,520,464	3,876,440	15,004,143	24,426,200	-	-
Contingency	-	-	1,520,000	1,550,000	-	-
Unappropriated	17,219,246	20,781,662	12,327,132	9,954,556	-	-
<i>Non-Operating Total</i>	<u>20,739,710</u>	<u>24,658,102</u>	<u>30,644,275</u>	<u>35,930,756</u>	-	-
Total Requirements	<u>28,369,832</u>	<u>33,248,478</u>	<u>40,775,461</u>	<u>46,261,789</u>	<u>-</u>	<u>-</u>

TRANSPORTATION FUND

This fund serves as the operating fund for the Transportation Program. The Transportation Fund is where personnel are budgeted and where all gas tax revenue is received except for a 1% set aside for pedestrian/bikeways. The 1% set aside is directly receipted to the Footpaths and Bike Routes Fund.

Resources - \$46,261,789

Intergovernmental Revenue - \$13,933,000

The principal source of intergovernmental revenue is the gasoline tax apportionment from the State of Oregon. The gasoline tax may be used only for road operations and maintenance. For fiscal year 2020/21, Gresham's share of the gasoline tax is expected to be over \$8.3 million. Gresham anticipates receiving about \$4.7 million from Multnomah County as part of the county roads transfer agreement.

Charges for Services - \$86,800

Reimbursements for specific services such as installation of street signs, street opening permits and other capital reimbursements.

Utility License Fees - \$1,364,400

Starting in fiscal 2017/18 a portion of the Utility License Fees collected from the three water utilities will be used in Transportation for the Local Street Reconstruction Program.

Miscellaneous Income - \$238,000

Includes interest income accrued from the cash held by this fund and fees or reimbursements for insurance claims or infrequent, unexpected services.

Internal Payments - \$1,579,939

Internal payments are reimbursements for engineering staff and overhead charges for work on capital improvement projects. Prior to 2019/20 these were categorized as Internal Service Charges.

Interfund Transfers - \$4,701,750

Consists of a transfer from the Stormwater Fund to pay for street sweeping and vegetation management related to stormwater management and a transfer from the Streetlight Fund to cover the operation and administration of the program. Also, this includes a transfer from the System Development Charges Fund to pay the debt on the line of credit being used for construction projects.

Financing Proceeds - \$0

The fiscal year 2019/20 budget included reimbursement for issuance costs associated with the line of credit potentially being converted to a long-term debt.

Beginning Balance - \$24,357,900

Balance remaining at the end of the previous fiscal year. Represents the total of previous resources received less the amount spent. The beginning balance includes funds identified for future uses, such as infrastructure repair and replacement, construction of capital projects and other modifications needed for system reliability, regulatory compliance and long-term utility operations.

TRANSPORTATION FUND

Requirements - \$46,261,789

Environmental Services - \$10,331,033

There are currently five divisions within the Transportation Fund. These divisions were created to correlate with specific work functions, organizational structures and, in some cases, specific cost recovery goals.

Administration Division – \$574,653 – This division is responsible for the management and administration of the Transportation Program. Many functions are shared with other DES programs, such as coordination of the Capital Improvement Program and general office operations.

Transportation Operations Division – \$4,887,381– This division is responsible for the operation and maintenance of City-owned roadways, including pavement maintenance, street sweeping, sign and barricade maintenance, pavement marking and striping, and vegetation maintenance. Fiscal year 2020/21 includes the continuation of a limited term crew for concrete curbs for the Americans with Disabilities Act (ADA) related to the “Hitting the Streets” local street reconstruction program.

Transportation Engineering Division – \$1,611,850 – This division is responsible for development and administration of Capital Improvement Program projects and planning and design of the Transportation system in accordance with master plans and federal, state and local guidelines and mandates.

Traffic Signals Division – \$967,683 – This division includes coordination, operations and maintenance of the traffic signal system.

Transportation Support Services Division – \$2,289,466 – Also referred to as Internal Service Charges. Represents the Transportation Program’s share of City-wide support and administrative functions, such as Information and Technology Services, Fleet and Facilities, Legal Services, Liability Management, Accounting Services, Community Livability, Human Resources, Payroll and Budget.

Debt Service - \$0

The fiscal year 2019/20 budget included using the debt proceeds to pay the loan issuance costs for the potential of a new debt issuance.

Interfund Transfers - \$24,426,200

In fiscal year 2020/21, the Transportation Fund will send money to nine other funds within the City. These transfers are described below.

Infrastructure Development Fund – \$480,300 – This transfer represents Transportation’s share of the services they use in the Infrastructure Development Fund. Many of these functions are supported by developer fees and charges. Some costs and services are also shared by Water, Stormwater and Wastewater.

General Development Capital Improvement – \$200,000 – In fiscal year 2020/21, this transfer supports general development activity in Pleasant Valley.

TRANSPORTATION FUND

Transportation Construction Fund – \$7,872,000 – Money is sent to the Transportation Capital Improvement Fund to pay for gas tax-funded capital improvement projects, as shown in the CIP.

Footpaths and Bikeways Capital Improvement Subfund – \$5,904,500 – Money is sent to the Footpaths and Bikeways Capital Improvement Fund to improve sidewalks, provide bicycle lanes, support additional projects related to pedestrian and bike safety, and increase pedestrian mobility.

City Urban Renewal Capital Improvement Fund – \$59,000 – Money is sent to the Urban Renewal Capital Improvement Fund to support improvements along Sandy Boulevard.

General Government Debt Fund – \$9,581,000 – This transfer represents system development charges being used to pay debt for eligible capital construction projects. A new long-term debt issuance is included in fiscal year 2020/21.

Stormwater Fund – \$119,400 – Money is transferred to Stormwater for services related to the operational impacts of stormwater runoff from the city's roadways.

City Facility Capital Improvement Fund – \$110,000 – Money is sent to the City Facility Capital Improvement Fund to pay for capital improvements related to city facilities.

Administrative Services Fund – \$100,000 – This transfer represents Stormwater's support of the City's GIS and asset-management services.

Contingency - \$1,550,000

A portion of existing reserves are appropriated to cover unforeseen events which may occur during the budget year. For the utility and transportation funds, this is typically set at 15% of the operating budget. City Council must authorize the use of any contingency appropriations.

Unappropriated - \$9,954,556

Funds shown as unappropriated represent an ending fund balance or future reserve, and cannot be accessed or utilized during the fiscal year. This amount includes funds identified for future uses, such as infrastructure repair and replacement, operations and maintenance expenses, and other modifications needed for system reliability, regulatory compliance and long-term utility operations beyond the budgeted fiscal year.

Resources and Requirements by Fund

Transportation Capital Improvement Fund	2017/18 Actual	2018/19 Actual	2019/20 Adopted Budget	2020/21 City Manager Proposed	2020/21 Budget Committee Approved	2020/21 City Council Adopted
Resources						
Intergovernmental	-	7,638	6,241,000	8,093,500	-	-
Charges for Services	130,336	-	-	-	-	-
Miscellaneous Income	-	-	10,300	5,600	-	-
Interfund Transfers	821,187	1,952,204	16,930,473	17,330,900	-	-
Financing Proceeds	3,369,000	4,282,800	25,015,037	21,693,000	-	-
Beginning Balance	2,769,035	2,602,228	2,607,000	2,587,400	-	-
Total Resources	<u>7,089,558</u>	<u>8,844,870</u>	<u>50,803,810</u>	<u>49,710,400</u>	<u>-</u>	<u>-</u>
Requirements						
Capital Improvement	4,487,330	7,067,662	45,971,200	47,584,200	-	-
Unappropriated	2,602,228	1,777,208	4,832,610	2,126,200	-	-
<i>Non-Operating Total</i>	<i>7,089,558</i>	<i>8,844,870</i>	<i>50,803,810</i>	<i>49,710,400</i>	<i>-</i>	<i>-</i>
Total Requirements	<u>7,089,558</u>	<u>8,844,870</u>	<u>50,803,810</u>	<u>49,710,400</u>	<u>-</u>	<u>-</u>

TRANSPORTATION CAPITAL IMPROVEMENT FUND

This fund accounts for transportation related capital projects for maintenance and enhancements to the City's transportation system. Beginning in fiscal year 2019/20, the historically active Footpaths and Bike Routes Fund was absorbed in the Transportation Construction Fund as a subfund.

Resources - \$49,710,400

Intergovernmental Revenue - \$8,093,500

These resources come from gas tax revenue from the state and county as well as grants from the state.

Charges for Services - \$0

Typically consists of capital reimbursement from specific development-related construction projects.

Miscellaneous Income - \$5,600

Includes Interest income accrued from the cash held by this fund.

Interfund Transfers - \$17,330,900

Funds are transferred from the Transportation Fund to pay for gas tax funded capital projects and from the System Development Charges Fund to pay for capital projects funded by SDCs.

Financing Proceeds - \$21,693,000

These proceeds are from a line of credit to be drawn as needed to pay for work to be completed in fiscal year 2020/21. Prior to fiscal year 2017/18 this was only for growth related projects and repayment for those projects will be with system development charges revenue. Since fiscal year 2017/18, it has included resources required for the "Hitting the Streets" local road reconstruction program.

Beginning Balance - \$2,587,400

Balance remaining at the end of the previous fiscal year. Represents the total of previous resources received less the amount spent.

Requirements - \$49,710,400

Capital Improvement Projects - \$47,584,200

Represents the budgeted expenditures (including carryover) on Transportation-related projects as identified in the Five-Year Capital Improvement Program for fiscal year 2020/21. Specific projects and funding sources are shown on the following page.

Unappropriated - \$2,126,200

Funds shown as unappropriated represent an ending fund balance or future reserve, and cannot be accessed or utilized during the fiscal year. These funds are also needed to ensure a positive fund balance exists throughout the fiscal year.

Transportation Capital Improvement Fund
Transportation Projects - Funding Sources

Project	Project Name	Total Project Budget for FY20/21	Project Funding Consists of						
			Grant	Streetlight	Operating	SDC	Debt-SDC	Debt-Oper	Dev/SDC Credit
CIPTR00001	Street Surfacing Improvements	4,420,512	0	0	4,420,512	0	0	0	0
CIPTR00002	Neighborhood Traffic Control	68,590	0	0	68,590	0	0	0	0
CIPTR00003	Development Coordination Projects	877,610	0	0	70,148	7,462	0	0	800,000
CIPTR00004	Civic Neighborhood T.O.D. TIF	213,239	0	0	0	0	213,239	0	0
CIPTR00005	Intersection Improvements	2,239,771	613,124	0	286,131	0	1,340,516	0	0
CIPTR00006	Signal Maintenance and Upgrade	109,885	0	0	109,885	0	0	0	0
CIPTR00007	Division Street Corridor "Complete Street	1,250,275	794,333	0	0	0	455,942	0	0
CIPTR00008	NE Cleveland Avenue (Stark to Burnside)	4,430,365	3,141,136	0	29,778	0	1,259,451	0	0
CIPTR00009	Stark and 223rd TIF	941,246	0	0	101,467	0	839,779	0	0
CIPTR00010	Hogan - Powell to Burnside	4,362,101	1,338,037	0	1,271,688	0	1,752,376	0	0
CIPTR00011	Glisan and 202nd TIF	364,251	0	0	4,251	225,000	0	0	135,000
CIPTR00012	Local Street Reconstruction Program	15,770,735	0	0	0	0	0	15,770,735	0
CIPTR00013	Streetlight Replacement and In-Fill Project	769,319	0	769,319	0	0	0	0	0
CIPTR00015	Bridge Inspection / Monitoring / Maintenance	590,294	0	0	590,294	0	0	0	0
CIPTR00016	Transportation System Safety Projects	299,200	0	0	299,200	0	0	0	0
CIPTR00017	Palmquist / HWY 26	1,822,301	0	0	504,907	1,317,394	0	0	0
CIPTR00018	TIF Study Update	173,869	0	0	0	0	173,869	0	0
Grand Total		38,703,563	5,886,630	769,319	7,756,851	1,549,856	6,035,172	15,770,735	935,000

Note:

The numbers shown include carryover from FY19/20.

"Grant" = Funds awarded from federal, state or local sources.

"Streetlight" = Funds from the City's Streetlight Fund.

"Operating" = Gas tax revenues.

"SDC" = Traffic impact fees (TIF).

"Debt-SDC" = Loans to be repaid by SDC funds. Used when the project is SDC eligible, but SDC funds are not currently on hand.

"Debt-Oper" = Loans to be repaid by Operating funds. Used when the project is gas tax eligible.

"Dev/SDC Credit" = SDC credits issued to private developers when they construct qualifying public infrastructure.

Footpaths and Bikeways Capital Improvement Fund
Footpaths and Bikeways Projects - Funding Sources

Project	Project Name	Total Project Budget for FY20/21	Project Funding Consists of				
			Grant	Operating	Transportation	Debt-SDC	Dev/SDC Credit
CIPFP00001	Amer. W/Disab. Curb Ramp	5,663,252	0	0	5,663,252	0	0
CIPFP00002	Pedestrian Enhancements	2,214,244	1,498,663	517,426	196,155	2,000	0
CIPFP00003	Bicycle Projects	167,692	90,000	77,692	0	0	0
CIPFP00004	Division Crosswalk Improvements	535,000	490,000	0	45,000	0	0
CIPFP00005	On-Street Paths Development Coordination	300,000	0	0	0	0	300,000
Grand Total		8,880,188	2,078,663	595,118	5,904,407	2,000	300,000

Note:

The numbers shown include carryover from FY19/20.

"Grant" = Funds awarded from federal, state or local sources.

"Operating" = Gas tax revenues dedicated to Footpaths & Bikeways.

"Transportation" = Transfer from Transportation Fund.

"Debt-SDC" = Loans to be repaid by SDC funds. Used when the project is SDC eligible, but SDC funds are not currently on hand.

"Dev/SDC Credit" = SDC credits issued to private developers when they construct qualifying public infrastructure.

