

BUDGET COMMITTEE WORKSHOP

September 29, 2014
5:30 p.m.
City Council Chamber
313 Court Street, The Dalles, Oregon

AGENDA

1. CALL TO ORDER
2. DISCUSSION REGARDING GENERAL FUND REVENUES
3. ADJOURNMENT

Prepared by/
Julie Krueger, MMC
City Clerk

A handwritten signature in blue ink, reading "Julie Krueger", is written over a horizontal line.



CITY of THE DALLES

313 COURT STREET
THE DALLES, OREGON 97058

(541) 296-5481
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MEMORANDUM

TO: Honorable Mayor and City Council, Budget Committee

FROM: Nolan K. Young, City Manager *NY*

DATE: September 22, 2014

ISSUE: Budget Workshops

At the end of the May budget review process, the Budget Committee requested that workshops be held during the first part of fiscal year 2014-15 to provide additional information to the Budget Committee to assist them as they review future budget documents. We have tentatively proposed holding the first workshop on the fifth Monday of September (September 29). The City Manager has met with the Budget Committee Chair and Mayor Lawrence on the agenda for the proposed workshops. We have developed a schedule for five workshops. The plan is to meet from approximately 5:30 – 7 p.m. on each meeting date. Please let us know if you have a conflict with any of the dates.

September 29, 2014 (Monday)

Topic: General Fund Revenues

October 28, 2014 (Tuesday)

Topic: Transfers to General Fund: Services purchased, and method used to calculate transfers

November 17, 2014 (Monday)

Topic: General Fund Departments: a review by each Department Manager of the services they provide, review of Capital Improvement Plan, and any special need they currently have or may have within the next five years.

December 15, 2014 (Monday)

Topic: Street Fund

January 19, 2015 (Monday)

Topic: Utility Funds (Water and Wastewater)

To assist the Budget Committee as we cover these topics we are including the following resource material:

1. Annual Budget Policies from Council adopted Fiscal Policies
2. List of established guidelines and procedures for the City
3. City Council Goals and Objectives for fiscal year 2014-15

We have also included for the discussion on General Fund Revenue a memorandum from Finance Director Kate Mast.

Section 3. Annual Budget Policies:

- A. Budget Preparation:** The City Manager/Budget Officer will prepare and present a balanced, proposed annual operating budget with the participation of all departments and in accordance with Oregon Local Budget Law.
- B. Approval and Adoption of Budget:** The City Council and Budget Committee will adopt and amend the operating budget in accordance with Oregon Local Budget Law.
- C. Support of Council Goals:** The operating budget will support the City Council's goals and long-range plans, as well as the needs of the community.
- D. Enterprise Funds:** The City will budget water, sewer and utilities funds as enterprise funds with no General Fund subsidies and no transfers to the General Fund except as compensation for services received.
- E. Capital Outlay:** Only costs related to projects or purchases that result in Capital Assets will be budgeted as Capital Outlay. See Section 6. A. "Capital Asset Policy" below.
 - 1. Capital Outlay Costs:** Budgets for Capital Outlay projects include all costs for design and engineering, land or right-of-way acquisitions, appraisals, construction and construction management, furnishings, legal and administrative costs, and interest incurred during the construction phase, net of interest earned on the invested proceeds over the same period, for business-type activities only.
- F. Contingency:** Contingency amounts are budgeted to meet emergency conditions that were unknown at the time the budget was prepared, infrequent, and unanticipated. The City Council must authorize the transfer of funds from Contingency to the appropriate expenditure line item within that fund by resolution before those funds can be used.
 - 1. General Fund Contingency:** A Contingency of at least 10% of the operating budget, excluding Special Payments, Interfund Transfers and Unappropriated Ending Balance, may be budgeted each year in the General Fund. One half of that Contingency amount shall be used to respond to significant gaps between revenues and expenditures, and to mitigate negative effects of short-term economic downturns from year to year. The other half shall be kept in order to meet unanticipated increases in costs or unexpected, non-recurring expenditures during each fiscal year.
 - 2. Utility Fund Contingency:** The City will strive to maintain at least a 1% to 5% contingency in each of the utility funds.
- G. Unappropriated Ending Balance:** The City will strive to maintain an Unappropriated Ending Fund Balance equal to four months of net operating expenses in the General Fund and in the Library Fund.
- H. Budget Review System:** The City will employ a budget review system in order to regularly monitor revenues and expenditures with the opportunity for budget adjustment as needed.

ESTABLISHED BUDGET GUIDELINES AND PROCEDURES FOR THE CITY OF THE DALLES

- Maintain Unappropriated Ending General Fund Balance to equal four months of net operating expenses for the General Operating Fund
- Maintain General Fund Contingency at least at 10%
- Revenue sources not specifically restricted by current City Ordinances and Intergovernmental Agreements or State and Federal regulations goes into the General Fund
- Five year Capital Improvement Plans in General, Street, Library, Airport, Water and Wastewater/Storm Sewer Funds
- Council Goals and Objectives are used in developing the budget either as specific projects or at staffing levels needed to pursue the objectives
- In-house engineering services for construction projects unless specialized engineering is needed
- Water, and Wastewater funds are operated as Utility Enterprise Funds, which means they are self-supporting, but non-profit. The user fees must be sufficient to cover operations and maintenance of the system and to provide funds for Capital system replacement and expansion projects according to the required Master Plan for each enterprise fund.
- Emphasis on maintenance and capital improvements that enhance current assets and Public Works infrastructure
- Transfers to other funds from utility funds are restricted to Administrative transfers used only to pay for services received, Reserve transfers to utility associated Reserve Funds to save for projects involving system replacement or expansion, and Debt transfers to utility associated Debt Funds to make debt payments specific to that utility.
- Public Works capital projects that involve construction contracts are to be budgeted in Public Works Capital and Reserve Funds
- Any Capital Projects (including Public Works projects) funded in part by grants or contributions from other sources other than those associated with the specific utilities are to be budgeted in the Special Grants Fund
- Street Department funded through funds restricted by State law to operation, maintenance, and construction of City streets and fees from underground utilities in the right of way (water, sewer, natural gas)
- Wastewater utility fund includes storm sewer and street sweeping functions
- Water and Wastewater rate increases to implement Master Plan system improvements
- Economic Development Division included in City Manager's office with assistance of Administrative Fellowship program

2014-15 CITY COUNCIL GOALS
(with all objectives)

GOAL 1. Provide Public Works infrastructure that will ensure safe and well maintained streets and reliable utility systems for the citizens of The Dalles.

OBJECTIVES

TIER I: Top Priorities, to be significantly completed by June, 2015

- A. Continue environmental work for increasing capacity of Crow Creek Dam and Dog River water line replacement in two to three years.
- B. Develop plan for intersection of East 10th, Thompson and Old Dufur Road.
- C. Complete Design and begin construction of Phase I improvements under the Wastewater Master Plan.
- D. Pursue West Sixth Street improvements, including widening of West Sixth Street from Hostetler Street to Snipes Street to allow for turn lane and future signalization at Hostetler Street.
- E. Pursue Scenic Drive Stabilization Project, Phase I.
- F. Obtain funding and update the Transportation Plan and its associated SDC projects and fees, including completion of the Webber Street Interchange Area Management Plan (IAMP).
- G. Update Bicycle Master Plan in coordination with Transportation Master Plan update.

TIER II: Other Priorities to be pursued in Fiscal Year 2014-15
As time, resources and opportunities permit

- A. Investigate need for 10th Street and Cherry Heights Road signalization.
- B. Pursue completion of Thompson Street LID
- C. Pursue expansion of Lone Pine Well.
- D. Continue work to connect vital corridors with ADA improvements.
- E. Investigate integration of traffic calming policy into LUDO.

TIER III: Long term objectives (within 5 years)

- A. Develop city-wide intersection signalization plan.

GOAL 2. Work and partner with governmental agencies and non-profits to ensure coordination of services and open communication.

OBJECTIVES

TIER I: Top Priorities, to be significantly completed by June, 2015

- A. Work with Scenic Area stakeholders on process to review community request for expansion of the Urban Growth Boundary.
- B. Prepare updated analysis for downtown flood mitigation.
- C. Support Library Foundation's fund raising efforts for Library expansion project.
- D. Establish and monitor Enterprise Zone Fee Intergovernmental Agreements; report to Council as needed.
- E. Participate in efforts to continue YouthThink programs.
- F. Support Mid-Columbia Fire and Rescue efforts to improve community ISO rating.
- G. Investigate city-wide renewable energy projects in cooperation with Northern Wasco County PUD and other agencies, including the college renewable energy program.
- H. Consider implementation of a maintenance and operation plan for the Lewis and Clark Rock Fort site for potential transfer of ownership from County to City.
- I. Support Senior Center elevator project.

TIER II: Other Priorities to be pursued in Fiscal Year 2014-15
As time, resources and opportunities permit

- A. Work with local utilities to develop underground service when opportunities are presented, including consideration of safety, view shed, aesthetics and property values.
- B. Partner with School District and Parks & Recreation District regarding maintaining open/green space such as Thompson Track and Mill Creek Greenway.

TIER III: Long term objectives (within 5 years)

- A. Partner with Northern Wasco County Parks & Recreation District and Veterans group to develop a master plan for the Kelly View Point.

GOAL 3. Promote economic development opportunities that will provide job creation and retention and enhance livability.

TIER I: Top Priorities, to be significantly completed by June, 2015

- A. Continue Urban Renewal Downtown Renaissance Projects:
- First Street Urban Renewal treatment
 - Washington Street Railroad Undercrossing
 - Redevelop Granada Block, including parking structure
 - Complete engineering and architectural design and cost analysis for Civic Auditorium
 - Lewis and Clark Fountain
- B. Develop and implement downtown market analysis and plan to fill downtown businesses in cooperation with the Main Street Program.
- C. Identify opportunities to support the Port's efforts to develop a Regional Wetlands Permit.
- D. Develop organizational structure and consider stable funding for Main Street program.
- E. Work with Chamber of Commerce and Main Street program to maximize use of the Vertical Housing Zone and development of upper levels of downtown buildings.
- F. Proceed with Airport golf course development.

TIER II: Other Priorities to be pursued in Fiscal Year 2014-15
As time, resources and opportunities permit

- A. Assist in construction of Civic Auditorium Theater renovations (Fall, 2015).
- B. Pursue construction of Third Street urban renewal treatment.
- C. Pursue urban renewal funding for final design of West Third Place streetscape.
- D. Support Urban Renewal Plan through opportunity driven projects.

TIER III: Long term objectives (within 5 years)

- A. Enhance national historic districts.

GOAL 4. Maintain a balanced budget that will provide for sustained City operations and capital improvements, while assuring an adequate contingency fund.

TIER I: Top Priorities, to be significantly completed by June, 2015

- A. Pursue funding options for street projects.
- B. Investigate funding to upgrade City's website.

TIER II: Other Priorities to be pursued in Fiscal Year 2014-15
As time, resources and opportunities permit

- A. Investigate opportunities to renovate second floor of City Hall.

TIER III: Long term objectives (within 5 years)

None identified at this time.

GOAL 5. Encourage civic responsibility and promote public safety through programs, plans and policies.

TIER I: Top Priorities, to be significantly completed by June, 2015

- A. Work with Sign Ordinance Committee to review and update the City's Sign Ordinance.
- B. Consider partnerships and financial plan to enhance Christmas lighting in the downtown corridor.
- C. Develop guidelines to support, coordinate and promote community special events.

TIER II: Other Priorities to be pursued in Fiscal Year 2014-15
As time, resources and opportunities permit

- A. Identify opportunities for improving curb appeal of the community from the highway, streets, and river.
- B. Work with partners, such as Soil and Water Conservation District and Master Gardeners to encourage natural vegetation plantings along the highway to screen industrial treatment operations.

- C. Maintain role with other public safety agencies in addressing local emergencies.
- D. Develop plan for sidewalk repair, in partnership with property owners.
- E. Develop Street Tree Policy.
- F. Investigate opportunities to make improvements to landscape, eliminate planting strips, with a focus on Dry Hollow, downtown, and historic walking district neighborhoods.

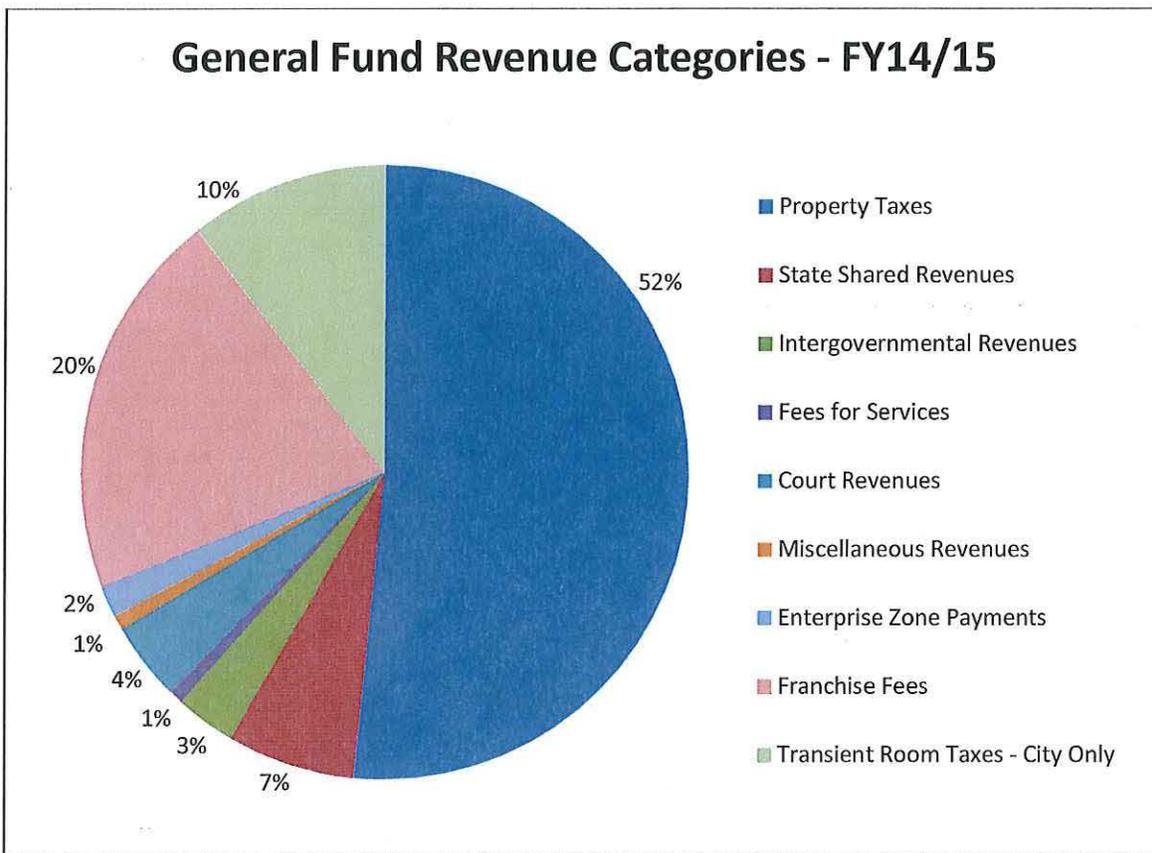
TIER III: Long term objectives (within 5 years)

None identified at this time.

Budget Committee Workshop General Fund Revenue September 29, 2014, 5:30 PM

The General Fund is the City's primary operating fund, and accounts for all the financial resources of the City that are not more appropriately accounted for in another type of fund, such as enterprise, capital projects, reserve, debt service, or special revenue funds. Most local governments have a general fund, and many small districts have only a general fund.

The principal sources of revenue for the General Fund are the property taxes, state shared revenues, intergovernmental revenues, franchise fees, transient room taxes, fees for services, court revenues, and miscellaneous revenue.



The majority of the General Fund Revenues (approximately 96%) of the revenues currently used in the General Fund are discretionary in nature and could be used based on the City Council's prioritization of services to our citizens. These revenues are currently assigned to the General Fund to fund the current services provided by the General Fund.

Some specific revenues are based entirely on services provided by the departments within the General Fund, such as the Fees for Services category and a portion of the Intergovernmental revenues. Any grants or federal funds awarded are restricted to those activities specific to the purpose of those grants or awards.

Property Taxes for the current year are budgeted based on the following formula:

Prior year (2013) Assessed Value	940,153,044
Add Annexed Property	97,510
	940,250,554
Estimated increase in value	plus 3%
2014 Estimated Assessed Value	968,458,071
Permanent Rate	x \$ 0.0030155
Estimated taxes	\$ 2,920,385
Less Compression	\$ 108,847
Less Appeal Reserves	\$ 14,709
Less uncollectible in year levied	\$ 204,427
(anticipate 93% collection per year, not 7%)	
General Fund taxes to Balance Budget (FY14/15)	\$ 2,592,402

Property taxes for prior years are budgeted based partially on calculations performed during the prior year audit that determine how much is owed from prior years, and trended by recent history for those revenues.

A five year history of property tax revenues is shown below:

Revenue Source	FY09/10	FY10/11	FY11/12	FY12/13	FY13/14
City Property Taxes (all)					
July	-	-	-	-	
August	10,711.22	8,240.11	10,718.77	16,205.08	19,932.72
September	12,061.68	7,285.59	11,503.91	15,249.51	12,615.50
October	9,075.84	13,343.78	11,322.74	6,433.53	12,828.06
November	1,931,177.08	2,019,670.33	2,165,156.38	2,042,151.68	1,670,880.54
December	8,910.54	14,181.09	19,879.72	183,843.14	602,918.56
January	15,199.92	42,889.13	30,149.48	32,586.43	49,388.31
February	17,475.73	17,497.65	18,849.02	23,573.77	18,648.55
March	108,420.04	98,961.67	118,748.79	103,857.47	101,161.66
April	12,945.83	18,797.61	21,030.64	21,557.40	19,915.37
May	29,322.67	12,638.82	19,757.38	23,440.70	20,676.90
June	102,393.41	103,738.03	136,804.84	104,141.41	111,851.20
Property Taxes Total	2,257,693.96	2,357,243.81	2,563,921.67	2,573,040.12	2,640,817.37

Property tax revenues are not restricted in their use, but are normally used to support the operations of the government entity. This is true of the City of The Dalles. The City's General Fund includes expenses for City Administration, Community Planning, City Property Maintenance, and Public Safety, it should be noted that, based on the actuals from FY13/14, the annual revenue from property taxes only supports 42% of those total expenses.

State Shared Revenues include the Cigarette tax and OLCC (liquor) tax distributions, which are based on population. The League of Oregon Cities provides the rate information to be used to calculate these revenues. However, we normally consider our history also and budget a little lower than the results of the calculation, as LOC usually revises their estimated rates downward in the middle of the fiscal year. A copy of the most recent LOC State Shared Revenue Estimates report is attached to this report.

The State Revenue Sharing, although also based on the liquor taxes, but is different than the OLCC distributions that are based solely on population. The formula they use is described on page 3 of the State

Shared Revenue Estimates report, and says that they compare the City's consolidated property tax rate, per capita income and population against statewide averages. We budget this based on our actual history.

A five year history of state shared revenues is shown below:

Revenue Source	FY09/10	FY10/11	FY11/12	FY12/13	FY13/14
State Shared Revenues					
1st Qtr	29,356.77	25,326.33	27,611.05	-	36,340.89
2nd Qtr	26,317.21	31,296.86	30,139.07	34,450.58	38,995.04
3rd Qtr	31,915.21	36,638.32	35,776.58	37,976.66	33,357.29
4th Qtr	26,815.72	20,548.82	60,409.03	62,989.78	34,877.18
State Shared Revenues Total	114,404.91	113,810.33	153,935.73	135,417.02	143,570.40
State Cigs Rev Share					
1st Qtr	3,896.22	3,976.53	4,461.13	3,706.46	3,474.75
2nd Qtr	1,624.63	4,955.66	5,671.31	5,392.47	3,660.08
3rd Qtr	5,364.50	1,785.49	4,904.53	1,684.40	3,238.78
4th Qtr	8,643.52	9,846.77	5,750.51	9,731.82	9,058.67
State Cigs Total	19,528.87	20,564.45	20,787.48	20,515.15	19,432.28
State OLCC Rev Share					
1st Qtr	25,324.80	15,273.13	18,224.38	16,696.01	18,365.76
2nd Qtr	23,738.06	54,372.96	51,387.25	59,163.61	46,853.92
3rd Qtr	41,264.23	25,765.60	51,915.93	52,994.80	69,901.37
4th Qtr	60,385.48	61,619.01	62,830.81	63,540.82	50,530.59
State OLCC Total	150,712.57	157,030.70	184,358.37	192,395.24	185,651.64

In the past we have also received some State shared funds for Crime Assistance. During each of the fiscal years ending in 2009 and 2010 we received \$1,432.79. The years ending in 2011 and 2012, we received \$729.68, but received nothing in the fiscal years ending 2013 or 2014

Intergovernmental revenues include federal or state grants, and administrative fees from Urban Renewal and QLife. Normally the only grants received in the General Fund are for Police issues, such as the DUII or MIP grants that helped pay for overtime to work drunk driving or minor in possession cases. These funds have virtually dried up over the past couple of years, so the only grants we might expect in the future would be to purchase police equipment. There was a grant in FY09/10 for \$17,497 for Police communication equipment; one in FY12/13 for \$10,811 for speed control equipment; and there is one in the FY14/15 budget for \$19,704 that will pay for eight tactical vests for the SERT (SWAT) team.

The administrative fees paid by Urban Renewal and QLife are based on the time spent by each of the General Fund departments on a quarterly basis. These are estimated for the budget based on history and consideration of work load and projects anticipated in the coming year.

Revenue Source	FY09/10	FY10/11	FY11/12	FY12/13	FY13/14
County Planning Share	16,071.00	15,284.00	15,440.00	10,679.00	10,487.00
Federal Revenues	17,497.00	-	-	10,811.00	-
DUI Grants (MIP)	3,720.00	2,480.00	2,900.00	1,900.00	-
Urban Renewal Admin Svcs	90,639.90	95,936.36	84,047.04	74,641.57	49,831.23
QLife Admin Svcs	12,567.90	14,700.10	15,596.57	16,866.11	15,909.29

Fees for services in the General Fund include Planning Fees, Licenses and Permits, processing liquor licenses, building permits, sign permits, resale licenses, alarm permits, lien search fees, and other miscellaneous sales and services items. We budget these items based on history. I've included Property Rentals in this category, which are derived from the rents received for QLife and the Festival Park. Prior to FY11/12 MCCOG paid \$1,815 per month for the Transportation Center as the bus station, which accounts for the large drop in revenue.

Revenue Source	FY09/10	FY10/11	FY11/12	FY12/13	FY13/14
Building Permits	3,140.00	3,905.00	3,060.00	3,385.00	4,140.00
Sign Permits	4,005.00	3,105.00	2,885.00	3,050.00	2,595.00
Other Licenses	4,622.98	3,747.00	3,099.00	4,545.00	3,794.00
Planning Fees	6,805.00	6,680.00	7,344.26	9,744.50	6,195.00
Copies, Plans, Ord's, etc.	1,942.75	3,884.75	2,404.50	2,365.75	1,691.75
Misc Sales and Services	427.00	2,909.00	5,096.06	8,870.16	9,970.05
Property Rentals	26,912.00	11,105.00	7,305.87	7,405.87	7,306.00

Court revenues are derived from fines and forfeitures and towing fees. The City records revenue based on the modified accrual method of accounting, which means that revenues are posted when they are earned (assessed). So the revenues cannot be equated with cash received. Other types of services have much less lag time between the assessment and recording of the revenue and the actual payment of those amounts due. However, Court carries a very large accounts receivable amount on the General Fund Balance Sheet. These are the assessed fines and fees that have been recorded as revenue, but have not yet been paid. Traditionally, payment for only about 65% of the revenues posted in a year are actually received in that same year. Some receivables are carried over multiple years because they carry warrants or very small monthly payments are being made, so they can't be sent to collections. Currently we have \$834,101.90 in the Court Accounts Receivable, with an uncollectible estimate of \$361,774.00.

Towing fees are assessed at the same time that the citizen comes to the court to pay the towing and impound fees and retrieve their car. Several years ago local and state governments were allowed to impound cars of people caught driving with suspended licenses or without insurance. The City Police were towing and impounding 200 to 300 cars per year, and charging \$100 each to release them. In FY10/11, the court system decided this was unconstitutional and put severe restrictions on our ability to tow cars for these violations. This resulted in a significant drop in the revenues from towing/impounds.

Revenue Source	FY09/10	FY10/11	FY11/12	FY12/13	FY13/14
Fines & Forfeitures	226,826.26	239,519.83	218,447.64	189,454.13	224,527.56
Towing	30,640.00	15,800.00	6,000.00	5,000.00	4,900.00

Miscellaneous Revenue includes interest revenue, along with any other unusual or unanticipated income. The City uses a “pooled” cash method, so interest income, unless specifically associated with bond funds or other such separate monies, are distributed based on the amount of cash associated with each individual fund that participates in the pooled account at the end of each month.

Funds received that have no designated line item to be posted to or are not consistent enough to be budgeted for, are recorded in the “Other Miscellaneous Revenue” line item. Significant items included in recent years include \$28,639 in SAIF Dividends and \$6,313 in FY09/10; \$34,145 in SAIF Dividends and \$15,009 in SAIF refund for Workers Comp in FY10/11; \$50,076 in SAIF Dividends and \$32,248 from a Department of Revenue refund in FY11/12; \$24,003 in SAIF refund for Workers Comp in FY12/13; and \$54,270 in SAIF Dividends, \$22,278 from CIS insurance for Police car, and \$11,771 from a Department of Revenue refund in FY13/14.

Revenue Source	FY09/10	FY10/11	FY11/12	FY12/13	FY13/14
Interest Revenue	10,413.24	15,403.76	211.89	7,819.28	7,484.53
Other Misc. Revenues	54,156.61	60,825.72	106,801.49	91,208.88	119,073.10

Enterprise Zone Payments are received because in 2005 the City and Wasco County signed an Enterprise Zone Tax Abatement Agreement with Design, LLC for the Google site. That agreement called for Design, LLC, to make annual payments for the tax exemption for up to 15 years to the sponsors (the City and County). The agreement states that “the fees will be deposited with the County and budgeted, expended, and distributed by the sponsors for projects, and programs for local services, or infrastructure benefitting the facility.” The agreement further stated that the anticipated projects and programs “may be changed by the sponsors during the term of this agreement.”

A portion of those funds, \$50,000 per year, was designated to QLife for retirement of the debt it obtained to build the system that is benefitting the Google facility. During the FY13/14 budget process, it was determined that QLife had sufficient resources to retire the last loan within two years (three years early) without additional Enterprise Zone funds. These payments will continue until FY21/22.

A new agreement was negotiated with the County revising the distribution of those funds, which resulted in the City receiving \$55,000 in the General Fund in FY14/15 in a new Enterprise Zone Payments line item. These payments will continue, unless renegotiated by the City and County, until FY21/22. This new line item will also be used to track the Enterprise Zone Tax refunds the City receives from the Department of Revenue per ORS 317.131. In previous years, these state tax refunds have been posted to the Other Miscellaneous Revenue line item as they were sporadic. We have budgeted \$87,000 in this line item for FY14/15, a portion of which is earmarked as follows: \$25,000 for a Main Street Coordinator, budgeted in the City Council Department – Contractual Services line item, and \$30,000 for the Economic Development Specialist, budgeted in the City Manager’s Economic Development Department.

On September 23, 2013, the City Council adopted Resolution No. 13-033 authorizing a second Enterprise Tax Abatement Agreement with Wasco County and Design, LLC. This was a separate agreement from

the first and would be for a term of 15 years. Also at that same meeting the City Council approved a separate agreement between the City and regarding the distribution of the payments from Google for this second Enterprise Zone. This agreement provided for the distribution of the initial fee in FY13/14, which gave the City \$129,691 to pay off the Union Street Tunnel debt in the Capital Project Fund, and an additional \$60,000 went to the Airport Fund to help with projects as needed. The regular annual payments will not start until the new operations are up and running. It is hoped that those payments will start in FY15/16. The City will received \$280,000 per year, to be used at the City's discretion, for the duration of the 15 year agreement. The City Council has already designated all but \$115,000 of that amount to provide assistance to the Columbia Gorge Community College and Mid-Columbia Fire & Rescue.

Franchise fees or Right-of-way (ROW) fees are currently received in the General Fund from the following entities:

- **Sprint:** Authorized by Special Ordinance No. 96-444 adopted May 20, 1996, for an indefinite term beginning July 1, 1996. The fee is seven percent (7%) of the gross revenue (less net uncollectible from those revenues) earned by Sprint within the boundaries of the City.
- **Charter Communications:** Authorized by Special Ordinance No. 00-482 adopted October 2, 2000, for a term of 15 years, which can be renewed for an additional 15 year term, provided Charter has substantially complied with the franchise agreement, and the City and Charter agree on the renewal terms. The fee is five percent (5%) of gross revenues per month, in accordance with the federal Cable Act.
- **The Dalles Disposal:** Authorized by General Ordinance No. 92-115, adopted November 2, 1992, for a term of ten years. The fee is \$100.00 annually for each vehicle used in the pickup and transportation of recyclable material or biomedical and infectious waste material, plus three percent (3%) of the gross revenues from the collection of solid waste or biomedical and infectious waste material.
- **PUD:** Authorized by an Agreement, effective April 1, 1986, for a term of ten years. The agreement shall continue after the ten years on a year to year basis, unless terminated by one of the parties, with six (6) month notice. The fee is three percent (3%) of the gross operating revenue collected from the sale and use of electricity and electric service within the City limits.
- **QLife:** This Right-of-Way (ROW) fee was authorized by the QLife Financial Priorities for FY09/10, which stated that the right-of-way fees are not to exceed what the City water and wastewater utilities are paying, which was 3%. The QLife ROW fees are currently three percent (3%) of the "Charges for Services" revenue of the QLife Agency.
- **NW Natural Gas:** Authorized by Special Ordinance No. 96-422, adopted April 8, 1996, for a term of twenty (20) years, conditional upon reviews as of April 1, 2001, 2006 and 2011. No. 96-422 was amended by Special Ordinance No. 07-514, adopted June 11, 2007, which increased the fee from 3.25% to 4.25%, effective August 1, 2007. The amendment specified that the increased revenue was be used to provide multi-frontage lot relief for construction and installation of public improvements for residential local improvement districts. Compliance with that requirement sends 23.53% of the fees collected to the Special Assessments Fund (036). Prior to FY14/15, the remaining 76.47% of these fees went to the General Fund. As of July 1, 2014, the remaining 76.47% goes to the Street fund as authorized by the adopted budget for FY14/15.

The five year history of these Franchise/ROW fees is shown below:

Revenue Source	FY09/10	FY10/11	FY11/12	FY12/13	FY13/14
Sprint	74,202.32	65,844.30	61,390.92	52,157.25	51,002.86
Charter Communications	75,954.80	82,655.17	86,082.59	89,018.03	92,275.17
The Dalles Disposal	65,540.29	65,876.83	68,987.05	71,567.38	74,805.94
PUD	694,667.50	692,512.10	705,215.70	664,922.80	755,238.02
QLife ROW	11,157.45	13,138.95	14,826.00	15,530.40	17,271.90
NW Natural Gas - Fund 001	92,396.14	89,019.07	82,968.90	79,003.52	85,312.99
NW Natural Gas - Fund 036	24,371.57	22,996.86	21,874.55	23,740.33	25,433.58

Transient Room Tax: Authorized by Ordinance No. 950, as amended by Ordinances No. 84-1053, 92-1148, 94-1185, 94-1186, 02-1243, and 10-1308. The tax is eight percent (8%) of the rent charged by the lodging operator for rents paid or charged for occupancy shall exclude the sale of any goods, services and commodities, other than the furnishing of rooms, accommodations, and parking space in mobile home parks or trailer parks. Exceptions include occupants of more than 30 consecutive calendar days; persons who pay for lodging on a monthly basis, vacations homes, employees of the federal government while on federal business whose room is procured and paid for directly by the federal government, hospital or medical clinic rooms, convalescent or aged homes, occupants provided with a voucher for temporary housing by non-profit or charitable organizations.

Transient Room Tax information submitted by the individual lodging operators is confidential and contains only totals of receipts, totals of exemptions, and calculation of the administration portion and the final tax to be submitted for the month being reported.

Prior to FY14/15, 81.25% of the Transient Room Taxes received were posted to the General Fund and 18.75% were sent to the Parks and Recreation District. The portion allocated to Parks and Rec is a “pass through” the General Fund. It is posted to the General Fund as revenue and then the same amount is expensed via a check to the Parks and Recreation District from the General Fund.

6.25% of the 81.25% allocated to the General Fund was designated by the Ordinance to be used towards retiring the debt associated with the Union Street Underpass Project. Those funds were transferred from the General Fund to the Capital Projects fund, where they were used, along with funds from Urban Renewal, to make the debt payments on the Tunnel. That debt was fully paid in FY13/14 and, per the requirements of Ordinance No. 950 as amended, that portion of the Transient Room Taxes received will now revert to the Parks and Rec District. Starting in FY14/15, the City’s General Fund receives 75% and Parks and Rec receives 25% of the Transient Room Taxes collected.

The ordinance requires a minimum of 21% of the portion designated to the General Fund be used for tourism promotion. Typically, the City has exceeded the minimum and the percent used for tourism has varied between 40% and 70%. The City’s tourism promotion has been done through an agreement with the The Dalles Area Chamber of Commerce for the past 16 years.

While we anticipate an increase in the Transient Room Tax revenues due to the new Fairfield Inn, the weather and economy always have an affect on when and how people travel.

Revenue Source	FY09/10	FY10/11	FY11/12	FY12/13	FY13/14
TRT - General Fund	530,286.85	545,281.25	545,711.27	526,815.09	589,918.53
TRT - Parks and Recreation	122,303.87	125,834.06	125,933.39	121,572.68	136,135.06

We have not addressed the Interfund Transfers received by the General Fund in this report, as we understand those transfers are to be the subject of the next Budget Committee Workshop.

After reviewing this report, if you wish to have further information or detail on any item contained in this report, please contact Nolan as soon as possible so that we can prepare that information for you.

Otherwise, we look forward to the discussion on this report at our meeting on Monday, September 29, 2014, at 5:30 PM.