

Oregon's Family Town

Budget in Brief

Fiscal Year 2023-2024



A Little Cornelius History.....

Cornelius sits on land that was historically occupied by the Tualatin Kalapuya, or Atfalati (*ah-TFAL-uh-tee*) people. The Atfalati lived throughout the Tualatin River watershed and their territory included the modern towns of Cornelius, Forest Grove, Gaston, Hillsboro, North Plains, Beaverton, Tigard, Tualatin, and Sherwood, and current unincorporated areas of Washington and Yamhill counties. The Atfalati were one branch of the Kalapuya tribes and spoke the northernmost dialect of the Kalapuyan languages. Starting in about the 1850's, diseases introduced by newcomers to the territory devastated the Atfalati, and roughly 65 survived as of 1855. In 1856 a treaty required that the Atfalati be removed to a reservation established at Grand Ronde.

In the mid-1800's, as European newcomers to the Tualatin Valley continued to arrive in greater numbers due to the new railroad, T.R. Cornelius settled in the Valley. He enlisted with the Washington County Volunteer army, and after leaving for California and the gold rush Cornelius returned to his 1,300-acre farm in present-day Cornelius in 1871. Over time he built many structures and businesses, including a warehouse that became a boon to the farmers in the area. Later through common consent of the townsfolk the city was named after T.R. Cornelius in honor of his many contributions to the development of the community.

Cornelius was incorporated in the Spring of 1893, with the first Council meeting held on May 5 of that year. The officers of the Council included the Mayor, four Councilmen, Treasurer, Recorder and Marshall. All original members initially served without pay until the first paid staff position was established in the same year with a \$2.50 per month salary for the Marshall, who patrolled until 9:00pm and looked after two jail cells and their prisoners. The town's population was 400 in 1898, and it is now 14,389 as of July 2022.

Due in large part to the Federal Braceros program during World War II, which conscripted agricultural labor during the war effort, over 15,000 laborers from Mexico came to Oregon between 1942 and 1947. Though not the first Latinos in Oregon, they represented a foundation of Latino families in Oregon and in Cornelius. Today, more than 50% of Cornelius community members identify as Latino..

Today. The City provides a full range of services, including police and fire protection, library, construction and maintenance of streets, parks, and utility infrastructure, recreational activities and cultural events, short and long-range planning and development review.

Certain services are provided by or in cooperation with partner organizations. The City owns the water distribution system and purchases water from the city of Hillsboro. Cornelius owns and operates sanitary sewer and storm water collection facilities; treatment is by Clean Water Services. Electricity, natural gas service, and trash collection are provided by private businesses. Cornelius is served by two school districts, Forest Grove School District and Hillsboro School District.





Dear Community Members

Dear Cornelius Community Members,

One of the most important responsibilities we have as public officials is careful stewardship of the City of Cornelius's financial resources. We take this duty seriously and strive to provide information about the budget in user friendly, easy to understand formats. We are proud to offer this Budget-In-Brief.

The budget is the roadmap we use to provide public services in Cornelius as cost-effectively as possible. From turning on your water faucet to driving on public streets, playing in the parks, or relying on police officers and firefighters to stay safe, municipal services touch our lives every day.

Our 2023-2024 City Budget represents input from elected leadership, the Budget Committee, and our professional staff. The end result of the collaborative budget process is a document that represents the priorities of our community.

For a more detailed look at the City's budget, please visit the city website <u>www.corneliusor.gov</u> or stop by City Hall or the Library to view a hard copy.



Peter Brandom City Manager

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Budget Message

As the City organization and community continued to emerge from the COVID-19 pandemic, 2022 brought more change. I was honored and thrilled to be selected as the next Manager for this great City, following the long tenure of Rob Drake. Thanks to Rob's steady leadership, Cornelius is in solid shape and at the precipice of more great opportunities. One of them now carries Rob's name, the Drake Learning Center, dedicated with a City Council resolution late last year. A currently vacant 2,738 square foot space in the west end of the Library building will be built out to serve community learning, creative arts, and meeting needs into the future. The project will be funded by Federal American Rescue Plan Act (ARPA) grant funds and is slated to be completed in Fiscal Year (FY) 2023-2024.

Our strong standing as an organization is due to the steady, dedicated, and energetic leadership of our City Council and our incredible employees. It is truly an honor to support a team of people who care so deeply about their roles and this community – I observe their dedication and humility every day.

As we all know, the main constant in life is change, and we will continue to see an evolution in leadership and staffing. Among my highest priorities is the succession of key staff positions that are imminent and upcoming, and ways that we can foster interest and engagement in Cornelius's civic involvement. In my short time we have already seen new community member volunteers step into roles on City boards and commissions, and we have welcomed our newest City Councilor, Eden Lopez, who spent years serving on our Planning Commission.

The FY 2023-2024 budget is designed to support core City services and to address City Council priorities, imperatives in existing plans, planned infrastructure projects, and unanticipated opportunities. We will continue to focus on public safety, road and infrastructure maintenance, parks and park amenities, and library services. Additionally, we will address staffing needs in our Fire Department, and a need for deeper communications and community engagement capacity across the organization.

The FY 2023-2024 budget contains \$45.3 million in recommended funding for core services, including \$12.2 million for the General Fund. The balance is in enterprise funds, which are restricted by utility rules, state statutes, bond covenants or constitutional limitations that require expenditure only on uses related directly to that particular source of income. The General Fund includes funding for Administration, Police and Fire, Public Works (including Parks and Engineering), Library, Municipal Court and Community and Economic Development. The General Fund is about 26% of the total budget and funds more than 50% of City employees. Continued substantial increases in personnel (10% increase projected) and materials and services (M&S) have impacted the General Fund budget. Those cost increases are outpacing General Fund revenues, and out-year projections show continued projected decline in General Fund reserves. We will continue to closely monitor expenditures, and also closely study revenue sources to be sure we have an updated fee schedule and revenue-based contracts. We have also proposed a General Fund reserve policy (target) to be sure that we manage the Fund so that it remains healthy.

Other FY 2023-2024 highlights include:

- <u>Cornelius Fire Department funding</u>: Approximately 65% of Fire Department funding comes from the General Fund. The balance comes from an operating levy (20.5%) last renewed in 2019 and set to expire in 2024, and from cost reimbursement for services provides to the Cornelius Rural Fire Protection District (14.5%). Fire Department staffing is currently deficient, and one new position is requested in this budget. Due to the need, we have initiated filling this position now, and have applied for two grants to enhance staffing. We are also developing options to replace the current levy with a new levy for increased funding.
- <u>ARPA funding</u>: These once-in-a-lifetime funds have helped our community pull through the pandemic, and continue to provide a resource for businesses, nonprofit partners and the City. Further investments with ARPA funds will include key City plans and plan updates, including the City's first community vision plan, critically needed fire equipment, City Council chambers technology improvements, and a communications plan.



- <u>Communications and Community Engagement</u>: A new Communications and Community Engagement Manager position is requested in this budget, to address a Council and community priority by enhancing communications and ways that the City engages with community members. The new position will be supported by City utility funds through a cost allocation, along with the General Fund. A long-awaited City re-branding is also planned. The existing City newsletter – the Gazette – will be transitioned to U.S. Postal Service mail, rather than inclusion with the utility bill, so that more residents have access to it. The longstanding program of community events will also be maintained, with some adjustments for cost savings.
- <u>Community and Economic Development</u>: Interest in both residential and commercial development in Cornelius continues to increase. With very limited remaining land supply, City staff have spent substantial time advocating for more land, particularly for industry in order to create more local jobs. This work will be ongoing, with no near-term path to increase land supply. The City will continue to support and partner with key economic development organizations, including the Forest Grove/Cornelius Chamber of Commerce, Col-Pac, and Westside Economic Alliance (WEA). We will continue to facilitate the Cornelius Economic Development Commission (EDC) in furtherance of our goals, and will complete an update of our Economic Opportunities Analysis (EOA) (with ARPA funds). The City's Urban Renewal Fund continues to grow, and will provide resources in support of our Urban Renewal Plan, possibly starting in FY 2023-2024.

The Laurel Woods residential development, which at full buildout will include over 900 homes, began construction in 2018 and is nearing completion. The affordable housing project Plaza Los Amigos is scheduled to be completed in the next Fiscal Year, and a large new market rate multi-family housing project is likely to start next year as well. Several commercial and industrial projects are moving forward as well, and City staff are looking at ways the City may spur development of vacant lots and derelict commercial sites.

- <u>Contracted services</u>: The City continues to contract with the Washington County Sheriff's Office for Police services, and with the City of Forest Grove for Fire Chief and fire logistics services, building permit review and inspection, and municipal court services. The Police contract was extended last year through 2032. These arrangements provide efficiencies to the City, and staff continually monitor both performance and value against available City resources.
- <u>Capital Improvement Program (CIP)</u>: Our CIP is a crucial tool that allows the City to save for larger expenditures, like expensive fleet vehicles and equipment. Diligent, consistent maintenance of the CIP has allowed for programmatic purchase of important items and will continue to allow for purchase and replacement of more expensive, needed items.
- <u>Library:</u> The Cornelius Library continues to serve the community as a key gathering space and source of access to information. The Library is open seven days a week for a total of 60 hours, near the top of all libraries in the County. Funding from the County library cooperative is projected to be flat due to a significant County general fund deficit, but current Cornelius Library services will be maintained.
- <u>Utility Fees</u>: Utilities are projected to rise due to cost increases passed through from our partner agencies and general personnel and other cost increases. We continue to purchase our water wholesale from Hillsboro, which we have since 1941. Wastewater services are provided by Clean Water Services. Garbage collection is provided under contract with the City by Evergreen Disposal and Hillsboro Garbage. Electricity is provided by Portland General Electric and natural gas by Northwest Natural Gas.
- <u>Infrastructure</u>: The proposed budget includes funding for several significant infrastructure projects, including: multiple sidewalk and roundabout street projects, partially funded by the U.S. Housing and Urban Development (HUD) Community Development Block Grant (CDBG); construction of South 29th Avenue between the Laurel Woods neighborhood and Baseline, alleviating traffic on South 20th and South 26th Avenues; and a causeway in the Laurel Woods neighborhood to connect the walking trail between two parts of the newer neighborhood.

The Budget Process

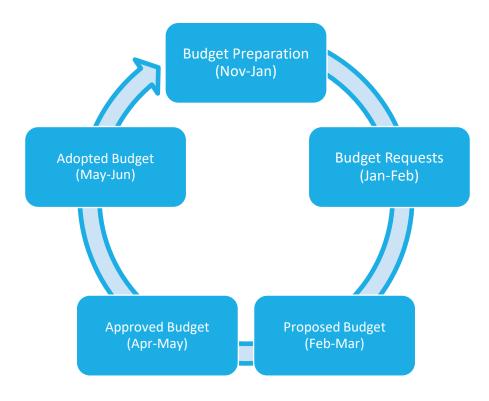
A budget as defined by Oregon State Law (Oregon Revised Statutes (ORS), Chapter 294), is a financial plan containing estimates of revenues and expenditures for a given period or purpose, such as the fiscal year. The City is required to budget all funds and for each fund to have a balanced budget. The State of Oregon defines balanced budgets as one in which total resources, including beginning resources, current resources and debt proceeds, equal total requirements, including current year expenditures, capital outlay, transfers, debt service and any other requirements such as debt service reserves.

As a rule, local governments in Oregon operate on a fiscal year that begins on July 1 and ends the following June 30. Cornelius' budget operates on this schedule. Budgeting is critical to cities because it requires local governments to evaluate plans and establish priorities in relation to available financial resources. Also under ORS, a legally adopted budget is necessary to establish and justify a given rate and or amount of property taxes to be levied on the property within the city.

The City of Cornelius' budget will accomplish each of the four major purposes of Oregon Local Budget Law (ORS 294.305 – 294.555 and 294.565) including:

- Establish standard financial procedures
- Outline programs and services in conjunction with the fiscal policy and implement those policies
- Provide methods of estimating revenue, expenditures, and proposed tax levies
- Encourage public involvement in the budgeting process before budget adoption

Cornelius prepares and adopts its annual budget in accordance with the City Charter, Oregon Law and the Government Finance Officers Association budget guidelines.





Budget Committee

The Budget Committee is composed of the Mayor, City Councilors, and five citizen members appointed by the governing board.

The appointed members:

- Must live in the City of Cornelius,
- Must be a registered voter,
- Cannot be officers, agents, or employees of the local government,
- Serve three-year terms that are staggered so that approximately one-third of the terms end each year, and
- Can be spouses of officers, agents, or employees of the Municipality.

Cornelius Mayor and City Council



Jef Dalin Mayor



John Colgan Council President



Eden Lopez Councilor



Doris Gonzalez Councilor

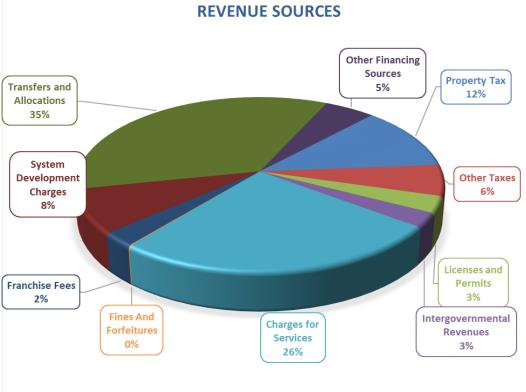


Angeles Godinez Councilor



Where the Money Comes From

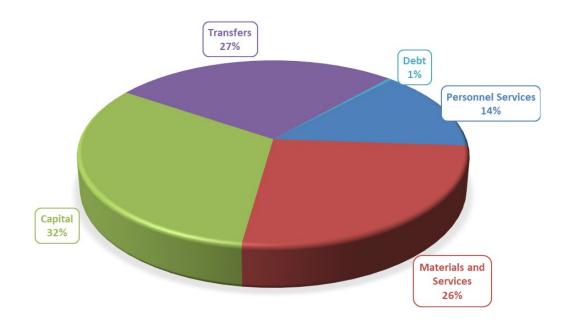
Resources of All Funds Combined by Category				
ĺ	2020-2021	2021-2022	2022-2023	2023-2024
	Actual	Actual	Budget	Budget
Beginning Fund Balance	18,344,624	22,081,302	28,034,705	31,577,164
	-			
Revenues:	-			
Property Tax	3,399,056	3,707,072	3,680,000	4,140,000
Other Taxes	1,869,229	2,014,111	1,998,800	2,016,800
Licenses and Permits	2,342,237	1,828,116	1,561,371	1,069,197
Intergovernmental Revenues	755,629	784,710	811,591	929,051
Charges for Services	7,412,062	8,104,644	8,740,050	9,016,526
Fines And Forfeitures	46,981	66,939	37,000	37,000
Franchise Fees	796,864	888,099	859,383	921,406
System Development Charges	9,104,426	6,925,194	6,903,249	2,860,486
Transfers and Allocations	2,509,861	3,169,692	8,255,900	12,310,279
Other Financing Sources	1,012,314	1,841,946	2,756,976	1,783,307
Total Revenue	47,593,283	51,411,825	63,639,025	66,661,216



Where the Money Goes

Expenditures of All Funds Combined by Category				
[2020-2021	2021-2022	2022-2023	2023-2024
	Actual	Actual	Budget	Budget
Expenditures:				
Personnel Services	4,778,489	4,962,179	5,811,788	6,427,296
Materials and Services	13,227,090	13,368,317	15,196,702	11,857,227
Capital	4,063,860	1,483,430	8,133,380	14,617,200
Transfers	2,509,861	3,169,692	8,255,900	12,310,279
Debt	932,685	482,934	162,891	162,891
Other	-	-	-	-
Total Expenditures	25,511,985	23,466,552	37,560,661	45,374,893
Ending Fund Balance	22,081,298	27,945,273	26,078,364	21,286,323

EXPENDITURES BY CATEGORY





General Fund

General Fund Financing S	Sources Sumr	nary		
	2020-2021	2021-2022	2022-2023	2023-2024
	Actual	Actual	Budget	Budget
Beginning Fund Balance	2,171,898	3,024,586	4,376,519	5,157,384
Revenues:				
Property Tax	3,399,056	3,707,072	3,680,000	4,140,000
Other Taxes	489,380	487,538	462,800	480,800
Licenses Fees and Permits	1,906,085	1,489,115	1,098,846	592,827
Intergovernmental Revenues	736,125	753,682	796,485	903,168
Charges for Services	672,365	730,489	750,000	786,000
Fines And Forfeitures	46,981	66,939	37,000	37,000
Franchise Fees	796,864	888,099	859,383	921,406
System Development Charges			-	-
Transfers and Allocations	403,940	404,393	1,132,321	1,918,940
Other Financing Sources	655,374	1,580,245	1,547,816	106,347
Total Revenue	11,278,068	13,132,158	14,741,170	15,043,872
Expenditures:				
Personnel Services	2,620,217	2,837,218	3,401,254	3,727,055
Materials and Services	4,270,780	4,987,636	6,056,575	4,692,379
Capital	4,270,780	4,967,636	812,000	2,801,400
Transfers	622,949	846,089	870,459	2,801,400
Debt	499,414	51,071	26,562	26,562
Other	499,414	51,071	20,302	20,002
	8,253,482	8,755,639	11 166 950	10 011 477
Total Expenditures	0,233,462	0,700,039	11,166,850	12,211,477
Ending Fund Balance	3,024,586	4,376,519	3,574,320	2,832,395

Notes:

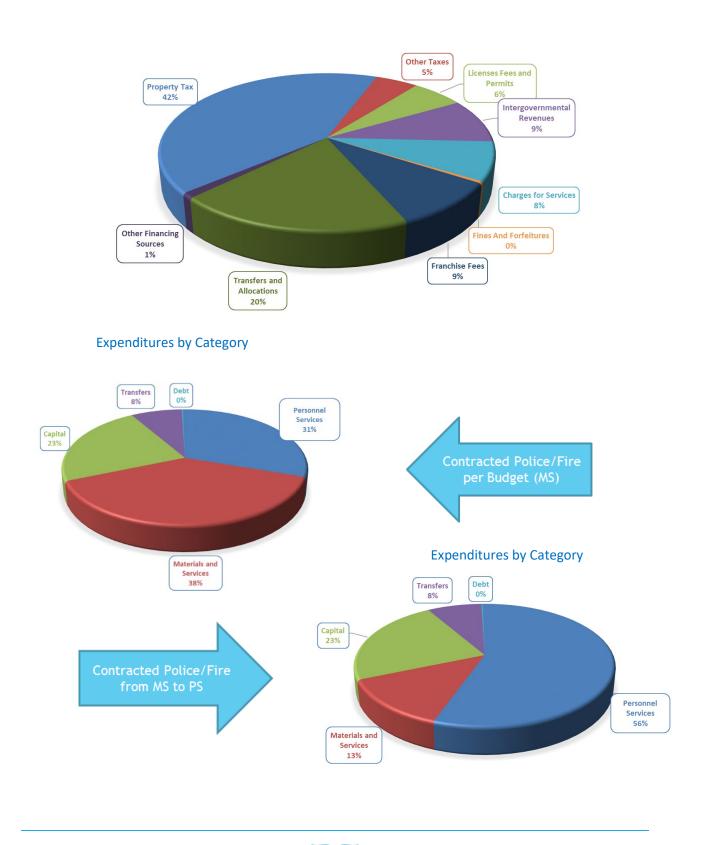
Property Taxes account for 42% of the General Fund revenue in the Fiscal Year 2023-2024 General Fund Budget.

Police services are contracted with Washington County Sheriff's office. The Cornelius Fire Chief is also contracted with neighboring City of Forest Grove. These expenses are reflected in Materials and Services.

Licenses, Fees, and Permit revenue is anticipated to decrease for FY2023-2024 as we anticipate construction to slow down. This also causes a decrease to Materials and Services expense for pass through related costs. Capital project expenses increased for Parks projects funded with Transfers in from Parks System Development Charges (SDCs).



General Fund Revenue by Category



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Quick Facts

Population

2023	14,389
2010	
2000	
1990	6,148
1980	4,462
1970	2,106
1960	1,146

City Tax Rate

\$3.9836 per \$1,000 assessed valuation

5-Year Fire Local Operating Levy

\$0.4870 per \$1,000 assessed valuation

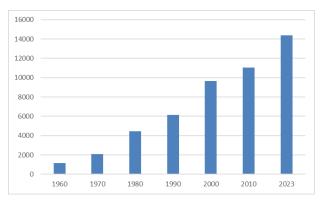
Land Area and Zoning

Total Area	2.34 square miles
Vacant Industrial	89 acres
Developed Industrial	103 acres
Vacant Commercial	51 acres
Developed Commercial	181 acres

Workforce by Industry

Manufacturing	23.4%
Trade (retail/wholesale)	13.1%
Agriculture	4.0%
Educational/Healthcare Services	15.9%
Services (including educational)	43.8%

Population Growth



Capital Improvement Program

Capital Expenditures include all anticipated expenditures for individual items with a cost greater than \$5,000 and a useful life expectation of one year or more. Purchases that do not fit this description are not considered Capital Outlay items.

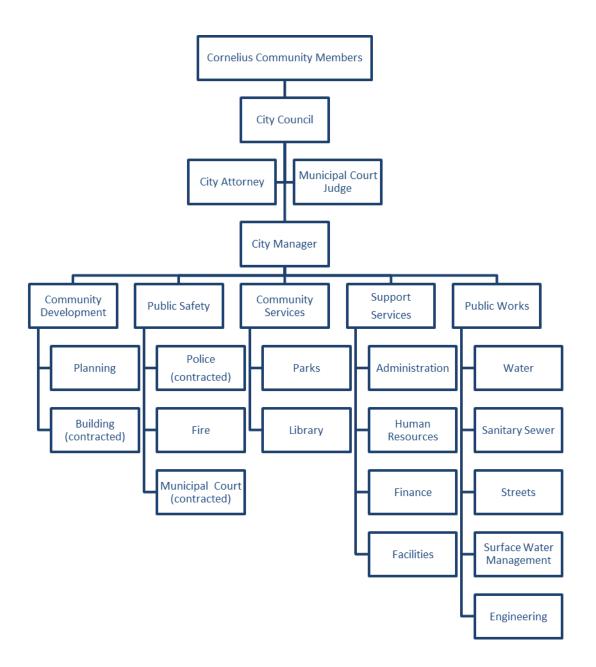
- The Capital Improvement Program (CIP) consists of a list of future facilities and infrastructure construction projects, major repair or facilities maintenance projects.
- Facilities include any structures or properties owned by the city, the land upon which the facility is situated for the provision of city services, and the initial furniture, fixtures, equipment and apparatus necessary to put the facility in service. Facilities include, but are not limited to the following: administrative offices, parks, service centers, and storage yards, recreation centers, libraries and water and sewer related structures.
- Infrastructure includes permanently installed facilities, generally placed underground or at-grade, which form the basis for provision of city services. Typically included are thoroughfares, bike paths, sidewalks, bridges, water and sewer lines, and storm lines.
- Equipment used in performing city business. This includes, but is not limited to police cars, fire trucks, street sweepers, sewer vacuum trucks and vehicles for administrative use.

This year \$14,617,200 in capital expenditures is budgeted. This equates to 32% of the overall budget, excluding the fund balances. The details of these projects can be found in the Capital section of this budget document.

Capital Budget by Fund

General Fund (Community Development)	\$12,000
General Fund (Fire)	\$420,000
General Fund (Parks)	\$1,564,400
Internal Services Fund (Facilities)	\$210,000
Surface Water Management Fund	\$387,400
Water Fund	\$2,037,400
Sanitary Sewer Fund	\$452,400
Street Fund	\$8,728,600
ARPA Funded	\$805,000

For more details regarding the Capital Improvement Program please refer to the CIP section of the City Budget document. This can be found on our website <u>www.corneliusor.gov</u>.



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Frequently Asked Questions

What do my property taxes pay for?

Property Taxes pay for services such as public safety, planning, and parks. The services are not fully funded by property taxes; the balance comes from other money the city receives, such as fees and charges for services.

How do the City Council and Budget Committee prioritize which services and capital projects will be funded?

The budget is developed based on the City's prioritization process of General Fund services, Council and Budget Committee discussions, citizen input, Council goal setting, and sound based business practices. Individual capital projects are selected based on prioritized criteria from the 5-year CIP developed to meet community needs and mirror plans adopted by City Council.

How are capital improvement projects funded?

Capital projects are funded through grants, system development charges, and user fees.

When I pay my utility bill, what is the money used for?

The utility bill covers three utility services; Water, Wastewater, and Storm water. The money collected from these bills pays for delivering safe water to homes, taking away and treating the waste from drains and toilets and managing the impact of rainwater runoff to mitigate flooding. The utility bill also includes a General Service Fee which helps pay for city services within the General Fund; including Police, Fire, Library and Parks services.

Why can't money be moved to where it is most needed?

Dedicated funds are legally restricted to specific expenditures. Each fund is used to account for specific transactions that act as control mechanisms to ensure money is being spent for the authorized purpose for which it is collected.

How can citizens participate in the budget process?

The budget process benefits from citizen participation, and in fact Oregon budget law requires budget committee meetings to be open for public comment. Citizen input is the foundation of Cornelius' budget development. Each year the City creates ways to gather input and encourage participation of residents in the budget development process. Citizens can attend budget committee meetings, typically held in April and May. Contact Cornelius' City Hall office for budget participation opportunities. *Contact info located on the last page of this document.*



Glossary

Budget Committee – Cornelius' budget reviewing board, consisting of the Mayor, four City Council members, and five citizens who are appointed by the City Council. The Budget Committee has the legal authority to change any portion of the proposed budget and is responsible to pass the City's approved budget after a series of budget deliberation meetings and public hearings.

Capital Improvement Program (CIP) – A plan for capital expenditures estimated for each year for a period of five years. It identifies each capital project, its expected beginning date, the amount and type of expenditure in each year, and the method for financing those expenditures.

Contingency – An appropriation within a fund to cover unforeseen events which occur during the budget year. City Council must authorize requests for the use of contingency appropriations.

Debt Service – Annual payment of principal and interest on the City's debt.

Franchise Fees – Franchise fees are paid to use the public right-of-way to operate a utility within Cornelius. The majority of these fees go into the General Fund and help pay for Police, Fire, and Community Development.

Intergovernmental Revenue – Fees collected from other jurisdictions such as state shared revenue from cigarette, liquor, and gas tax.

Licenses and Permits – Fees collected from businesses for licenses to operate within the city limits.

Service Prioritization – A process used for ranking General Fund services in order of importance to the community. The results are used to allocate available revenue for payment of those services.

System Development Charges (SDCs) – A one-time fee that all new residential and commercial development pays for the growth impact on City infrastructure. SDCs are a source of funding for new infrastructure such as streets, sanitary sewers, water systems, storm water drainage, and parks.

Unappropriated – An amount that is not available for spending in the current year. It is set aside in the budget to be used as a cash carryover to the following year to provide needed cash flow until other money is received.



<u>City Directory</u>

City Hall

1355 N Barlow Street Cornelius, OR 97113 Phone: 503-357-9112 Fax: 503-357-7775

Library

1370 N Adair Street Cornelius, OR 97113 Phone: 503-357-4093 Fax: 503-357-7775

Police

1311 N Barlow Street Cornelius, OR 97113 Phone: 503-357-1881 (*Business*) Phone: 503-629-0111 (*Non-Emergency*) Fax: 503-357-7545

Fire

1355 N Barlow Street Cornelius, OR 97113 Phone: 503-357-3840 (Business) Phone: 503-629-0111 (Non-Emergency) Fax: 503-357-7545

Public Works

1300 S Kodiak Circle Cornelius, OR 97113 Phone: 503-357-3011 Fax: 503-357-3424

Community Development

1300 S Kodiak Circle Cornelius, OR 97113 Phone: 503-357-3011 Fax: 503-357-3424

Volunteer Opportunities

Citizen volunteers play a huge role in City Government, staffing and overseeing commissions, committees and boards. Participating on a City board is a rewarding experience, providing an opportunity to share your time and talents. It also enables volunteers to become involved in their local government.

The City of Cornelius has seven advisory boards, committees and a decision-making commission appointed by the Mayor with the consent of the City Council. Citizens who serve perform a community service by using their skills, interest and initiatives to make a difference.

- Budget Committee
- Economic Development Committee
- Library Advisory Board
- Parks Advisory Board
- Planning Commission
- Police Advisory Board
- Public Works Advisory Board
- Youth Advisory Council

Those interested in serving may request further information by calling the City Recorder at 503-357-9112. Applications are available at City Hall or online at www.corneliusor.gov.

All City departments receive their mail at City Hall: 1355 N Barlow Street, Cornelius, OR 97113