



## Memorandum

To: Mayor and City Council

From: John Walsh, City Administrator

Subject: **Administration & Community Development Dept. Report**

Date: April 20, 2022

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Financial Report for 3<sup>rd</sup> Quarter of FY2021/22.

**City of St. Helens**

**Financial Report**

BLUE = Budget

RED = Actuals

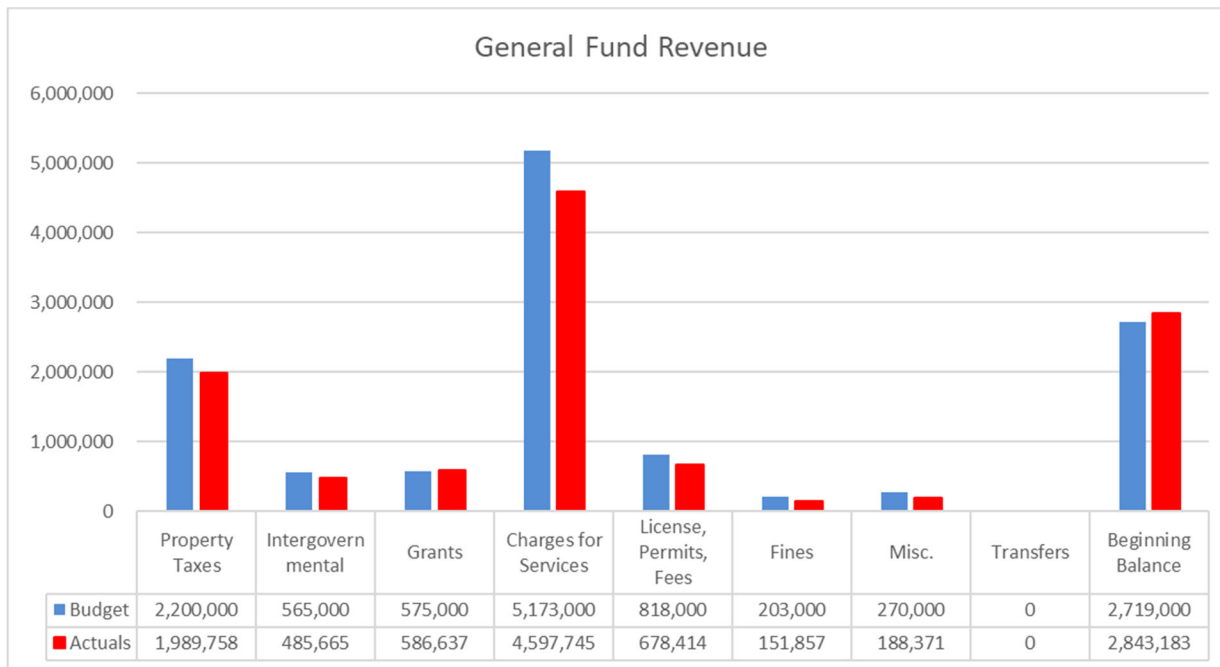
Greetings Council,

This is the Financial Quarterly Report for the 3<sup>rd</sup> quarter in Fiscal Year 2021/2022; (07/01/21 - 03/31/22). In this report you will find a graphical representation of each fund along with an explanation of revenue and expenses and any additional notes that I felt were important to update you on. I'm happy to answer any questions you may have.

Thank you,  
Matt Brown  
Finance Director  
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[mbrown@sthelensoregon.gov](mailto:mbrown@sthelensoregon.gov)

## General Fund (100)

### General Fund Revenue



- Property Taxes:** Recent history has shown actuals of about 6% increase over the past years. This is mainly due to new developments coming on the tax roll in addition to the standard 3% increase that is budgeted in relation to Measure 5 and Measure 50 that every Finance Director in the State of Oregon just loves talking about. This year, I anticipate meeting that 6% increase. As the economy begins to slow with inflation and additional pressures, the future of this 6% will rely heavily on potential development within the City (and more specifically development outside of the URA but within city limits)
- Intergovernmental:** This is mainly the State Shared Revenue received (Cigarette, Alcohol, General Revenue Sharing, and Cannabis). In the past, when the City had an SRO officer, the school district contributed about \$140,000 as well. In 21/22, the City did not have an SRO and is not scheduled to have one in the next fiscal year.
- Grants:** Grants received were the General Fund's portion of the COVID relief payments. Half of the disbursement was in this fiscal year and the other half will be disbursed next fiscal year.
- Charges for Services:** The largest contributor is the General Fund Support Service charge. This is a charge to the PW Funds (Streets, Water, Sewer, Storm) for administration costs related to Public Works that the General Fund sees. This amount is based off a formula used for many years and updated/simplified in 2015 when I started. In addition, Charges for Services includes Franchise Taxes (Columbia River PUD, Comcast, PGE, etc.) and In Lieu of Franchise Taxes, which are internal franchise fees that Water, Sewer, and Storm pay on received revenue. Recreation revenue and the Recreation utility fee are also included in

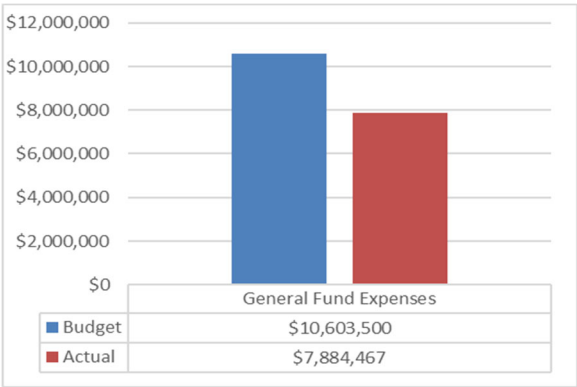
this category. Next fiscal year, recreation revenue will be moved to the License, Permit, and Fees section for better classification with like fees.

**Lic/Permits/Fees:** The main driver for this category are building/planning fees. The last few years, building has seen an uptick in revenue as seen in property taxes. Large projects like the middle school and upcoming high school in addition to the multi-generational living complex by Walmart will pay building/planning fees. In many cities, Building and Planning departments have their own fund often called Community Development. Before this uptick in building in St. Helens, the Building and Planning department had been included in the General Fund because they did not receive enough money to be sustainable within their own program.

**Fines:** The main provider in this category is Municipal Court fines. The only other item in this category are Library fines, however I expect the Library Department to transition to a no-fine library. Fine revenue from the library is small (less than \$5,000 per year), so the loss of revenue on the General Fund is not substantial).

**Miscellaneous:** Interest that the City receives from money in the State Pool account is accounted for here. In past years, this had bene up to \$300-\$400k per year with additional side investment accounts. In the past year though, the Local Government Investment Pool has slashed return rates to as low as 0.2%. Those rates are reflected this year with lower returns. Other items in this category are general fund miscellaneous revenue which can be a menagerie of items.

**General Fund Expenses**



Overall, General Fund expenses are at 74% of the updated budget amounts. Final updated budget amounts will be approved by City Council in the second June meeting as a clean-up process for unanticipated revenue and expenses that have happened in the fiscal year.

Although expenses are shown at 74% and I do not anticipate going over “budget”. It is worth understanding that not going over budget implies assumed budget increases based on unforeseen revenue and expenses that have occurred already this year. Throughout the year, I will typically review/update budget numbers quarterly

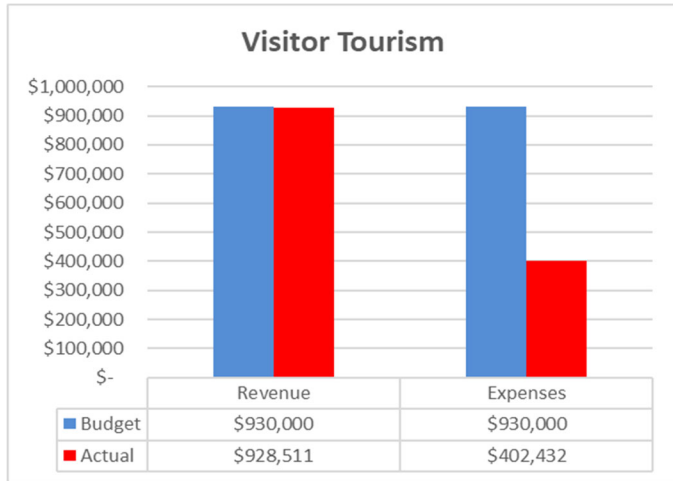
and during the June meeting, will go through a public hearing process and resolution approval to approve the estimated year end budget adjustment. The amounts shown in the budget of a quarterly report may not reflect the original budget approved by City Council.

The General Fund this year is a great example of unforeseen expenses in relation to the increase in salary for Police Officers in addition to Hazard Pay for Police officers. These expenses were not part of the approved budget for 2021/2022. Also, in relation to this, revenue was received to help cover some of these costs. This revenue was not originally approved by City Council during the approval of the 2021/2022 budget.

The City is expected to begin dedicating a sizable amount of General Fund revenue towards the public safety facility debt service. This is a loss to the General Fund of almost \$600k per year. The City may need to take additional action and retooling of revenue and expense resources to become sustainable in the future. Based on the 2021/2022 Year End Estimates, this is a notification that the General Fund will likely end the fiscal year below the 20% Reserve Policy. The reason for this dip in the current fiscal year is due to lower than expected beginning fund balances, a slowing of revenue and rising expenses that were greater than anticipated when the original budget was created. The City has a plan in place and a proposed budget for next fiscal year that is scheduled to meet the 20% reserve policy for the 2022/2023 fiscal year.

## SPECIAL REVENUE FUNDS

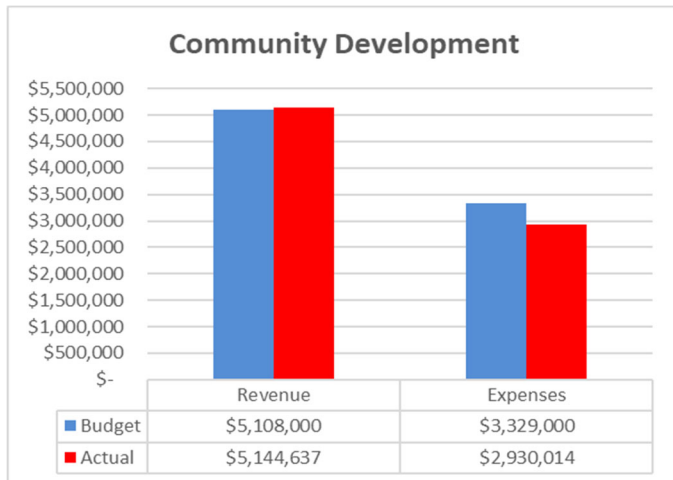
### Visitor Tourism Fund (201)



**Revenues:** Hotel taxes are starting to come back from the lackluster-traveling COVID times. Fiscal year revenue for taxes should come in above budget, estimated right now to be around \$120,000. Event revenues are currently around \$820,000 and is mainly from ticket sales of events like Halloweentown and store revenue along with vendor and marketing revenue. It should be noted that the \$820,000 is not the full amount of ticket revenue received; a printout from the tourism director showed ticket revenue for the past Halloweentown at almost \$930,000 with no additional information received.

**Expenses:** As of right now, the City is continuing to pay the tourism director a monthly amount of \$10,000 for continued services into 2022. A new contract is pending attorney review along with a financial audit. The City continues to lease a building for tourism activities and continues to make improvements on the building. The City pays the lease of the building along with the utilities.

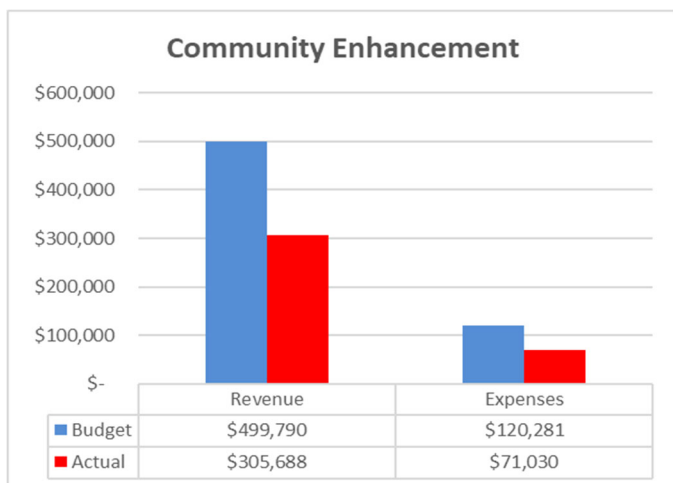
## Community Development Fund (202)



**Revenues:** The fund received 2 large grants this fiscal year. The first was related to the Columbia Food Bank and was for about \$1.1 million. The City acts as an intermediate between the food bank and the main funding source. This grant is administered through ColPac. Additional main revenue was timber harvesting, which currently sits at \$2.1 million received, above the initial budgeted amount. This fund could receive a payback transfer from the Tourism fund of around \$140,000 if the Council decides to do so. Please see the Visitor Tourism Fund section for more information regarding this.

**Expenses:** Main expenses come from the CDBG grant expenses. Other large expenses come from the Riverfront Department for obvious reasons as the City continues moving forward. The Industrial Business Park Department will start seeing more professional services with Mackenzie Architecture as we begin planning Phase I.

## Community Enhance Fund (203)

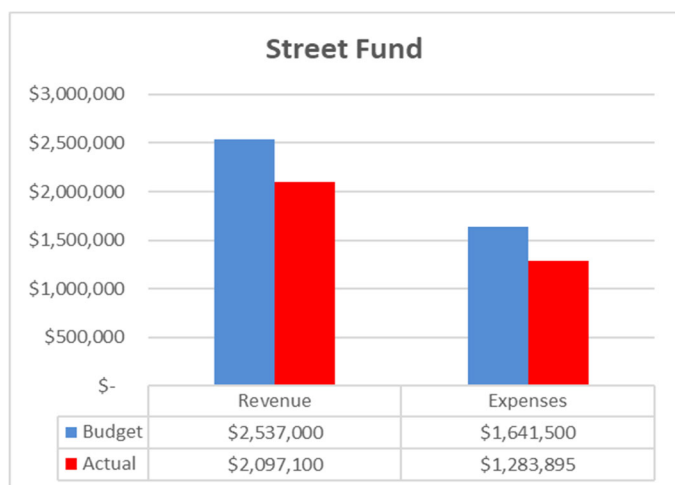


**Revenues:** This fund will start to dwindle in usage as I continue to clean/simplify our account structure. Main revenue came from a beginning balance of grant revenues from COVID Relief Funds (CRF)

that were used in last fiscal year and the beginning of this fiscal year. Other grant revenue sources are Library, Parks, and Recreation Grants housed here for easier tracking as opposed to putting everything into the General Fund. The Building Department has their technology fee revenue and expenses in the Community Enhancement Fund. This fee has brought in almost \$50,000 over the past two years and is there to assist with technology needs in the Building Department for the future. The other main revenue source in this fund is Transitional Housing/Loan funds that are funneled through the City, like the block grants and are sent to Community Action Team for use in their programs.

**Expenses:** Main expenses so far this year are for the Transitional Housing (CAT) and Recreation grants that have been used this year. The ACC still has an ongoing balance of about \$9,000 whenever that group gets off the ground again.

### Street Fund (205)

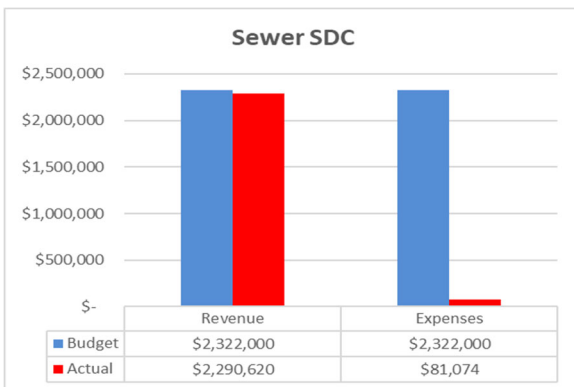
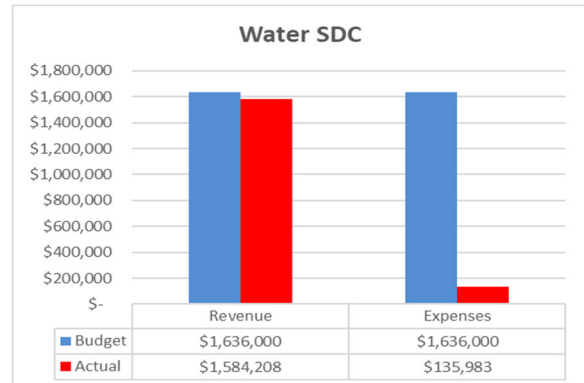
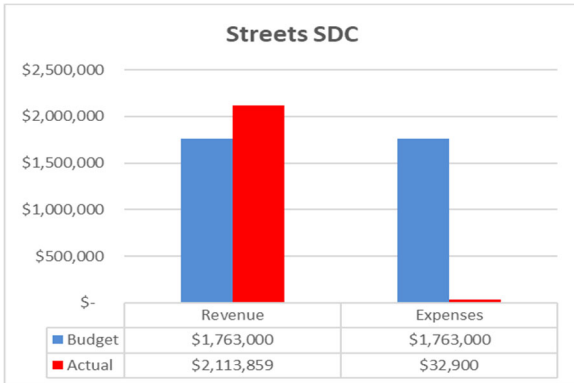


**Revenues:** Main revenues come from Motor Vehicle taxes and accounts for about \$1.3 Million. Other main sources of revenue are grants from the State of Oregon that are received for certain street projects that the city completes. This year, the City received a one-time COVID additional payment of about \$200,000 from ODOT.

**Expenses:** There are several large charges that are fixed costs in this fund. The first and highest is the Salary/Benefits expense for Public Works. Employees in Public Works have their salary/benefits split out among different funds (Street, Water, Sewer, Storm) based on a percentage of their estimated time spent doing work related to each fund. This allocation is reviewed yearly by Administration and updated. This year's expense was \$476,000. Other large yearly expenses include the General Fund Support Services (GFSS) of \$353,000. This is charged to Street, Water, Sewer, and Storm and is the cost of Administrative/Staff time related to Public Works. This again is a formula updated each year. The street fund sees a yearly amount of \$60,000 taken out for debt service which is related to the costs of the LED upgrades done on streetlights throughout the city. Capital Outlay costs of about \$135,000 so far this year are due mainly to the Columbia Blvd Sidewalk project, ADA Curb ramp improvements, and trench patching.

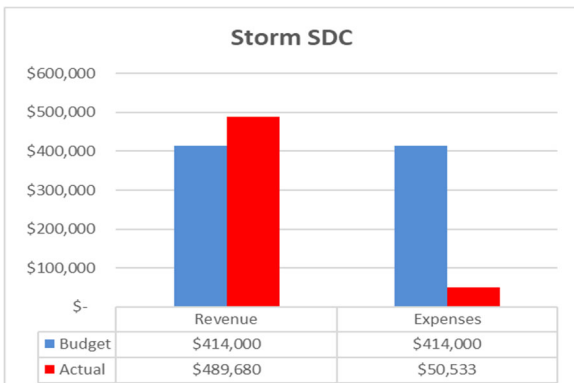


## SDC FUNDS (301 - 305)

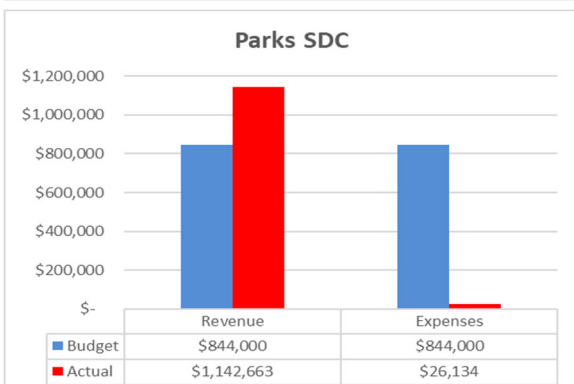


**Revenues:** All SDC revenues have been very healthy over the last 2-3 years simply because development has increased. I anticipate revenues starting to slow in this next fiscal year and I do anticipate a recession-type economy coming soon in 2023-2026.

**Expenses:** SDC eligible projects remain small though. I would suggest to the City Council that staff should investigate closer with a contractor the validity of the most updated master plans in relation to the SDC eligibility for each project listed in the capital improvement section. This may show that additional SDC funds could be spent on specific projects that are needed throughout the city.



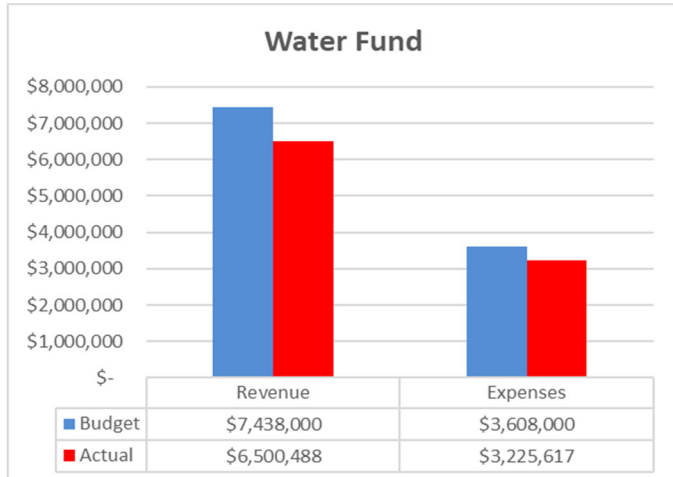
Parks SDC will have an eligible project with the expansion of Columbia View Park on the Riverfront. The City anticipates a contribution up to \$1 Million to aid in the construction and development of Columbia View Park that will include new play structures and an enhanced stage area for events.



Please note that SDC eligible projects must be identified in a master plan to spend money on them. For example, McCormick Park is an SDC eligible park identified in the 2015 Parks Master Plan, but the City can only spend SDC money on specific projects for McCormick Park that are identified in the master plan.

## ENTERPRISE FUNDS

### Water Fund (601)

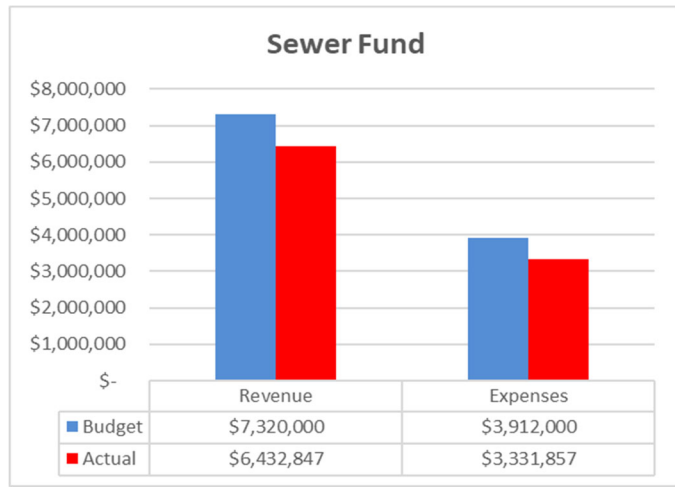


**Revenues:** Revenue for the water fund is on track with the budget amount of \$3.6 Million by the end of June. At the beginning of the calendar year, the City begun shut-off and late fee processes. Currently that revenue is sitting at \$49,000.

**Expenses:** The Water Fund has 3 separate departments (Operations, Distribution, Filtration). Operations is where you will find debt service payments and capital outlay items. So far this year, the Capital Outlay is at 84% spent, which was mainly the Tualatin 7<sup>th</sup> Street waterline replacement at over \$120,000 and meter replacements at \$34,000. Water Distribution sees PW Support Service Charges like the Street Fund and other Enterprise Funds. The other main expenses are General Fund Support Services. Water Filtration sees PW Support Service Charges as the main expenses along with utilities and chemicals for the filtration plant.

As calculated in the previous years the City loses almost 20% of water due to leakage. This calculation has been done by me in the 2016, 2018, and 2020 years and given to previous Public Works Administration. These stats were legitimized again in the water master plan that noted 18% leakage. This could be correct through investment in better water meters. Staff has met with vendors and earmarked the idea; however, the cost of implementation can be upwards of \$1 million for the entire city. The City would make that up over time, however it is still a large upfront cost to the City.

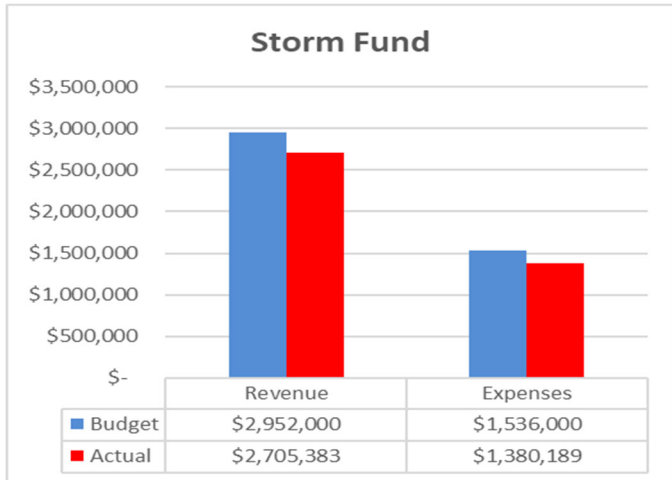
## Sewer Fund (603)



**Revenues:** Revenues for the sewer fund are on track with the budget amount of \$3.8 million by the end of June. Additional revenue sources are sludge disposal charges budgeted at \$175,000 per year.

**Expenses:** The Sewer Fund has 5 separate department areas (Operations, Collection, Primary Treatment, Secondary Treatment, Pump Services). Part of operations is debt service and capital outlay. Capital Outlay has been only budgeted at \$200,000 to complete immediate repairs if something breaks. Sewer Collection houses the main collection system costs in staffing through the PW Support Services Charge and the General Fund Support Service Charges. Primary Treatment are the lagoon costs associated with the general city involvement. Secondary Treatment is isolated to just Cascades Tissue how they are using the treatment plant for operations. The cost of this department is shared with a Cascades reimbursement of this budgeted department. The Pump Services department are where all expenses related to the City pump services are housed.

## Storm Fund (605)



**Revenues:** Storm revenue, which is a fixed cost on utility bills is coming in as budgeted at just over \$1 million. There are no additional revenue sources for this fund to operate.

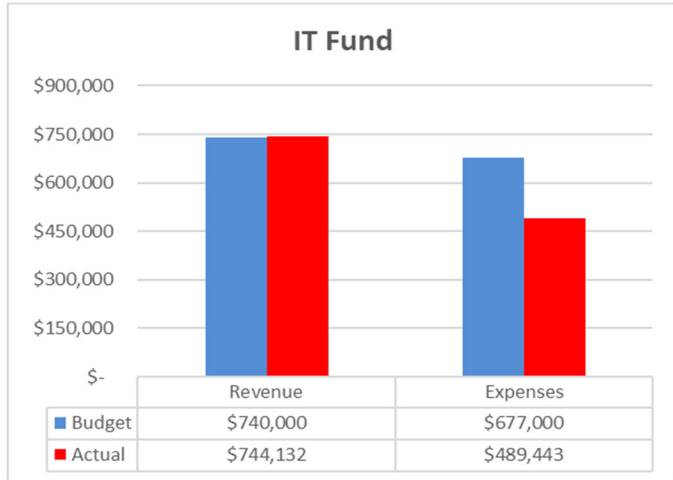
**Expenses:** The storm fund sees all the similar expenses of the Street, Water, and Sewer funds with PW Support Service charges and General Fund Support Service Charges.

## **INTERNAL FUNDS**

### **Equipment Fund (701)**

This fund is not being used anymore. The current balance will be transferred to the PW Operations Fund.

### **IT Fund (702)**



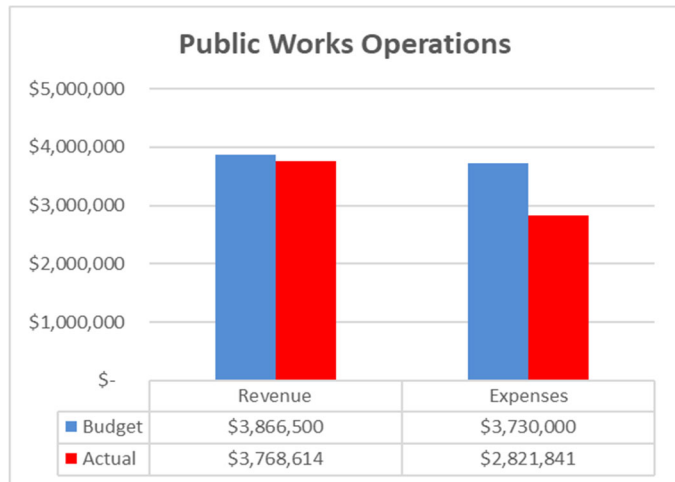
#### **Revenues:**

It receives its revenue from internal charges. The Fund this year also received one-time revenue from COVID related to additional staffing and continuation of a broadband study that is currently being done.

#### **Expenses:**

The city has 2 full time IT staff members. COVID Grant funds will cover a majority of the cost of the second employee for this fiscal year and next year; afterwards, departmental charges will be increased to cover the additional FTE. At that time, the City will also lower the contracted MSP for IT Services, MorePower, to a lower amount contract to ensure staffing in-house stays the same. MorePower has a more extensive contract in currently as they assist with network optimization and updating that is needed throughout the city.

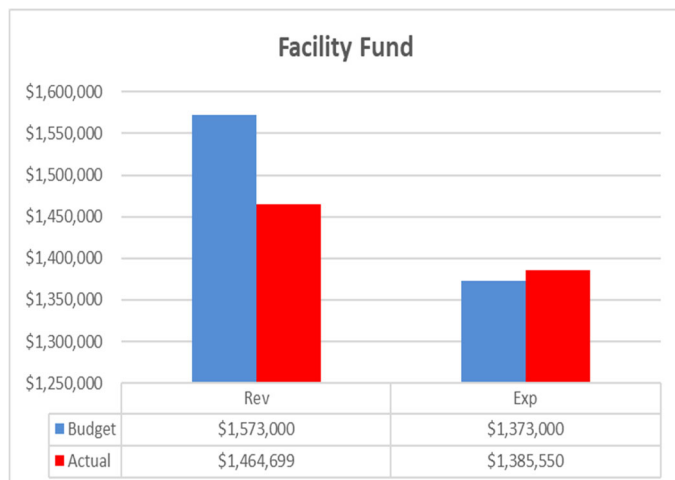
## PW Operations Fund (703)



**Revenues:** The main source of revenues for this fund are through internal charges from other PW related funds (Street, Water, Sewer, and Storm). Other minor revenues are engineering fees for the Engineering Department within this fund.

**Expenses:** Currently this fund operates with 2 departments; Engineering and PW Operations. There is nothing surprising or tantalizing about the PW Operations Fund and nothing worth noting on this quarterly report.

## FACILITY MAJOR MAINTENANCE FUND (704)



**Revenues:** Revenues for this fund come from mainly internal charges and grant proceeds. The City received \$75,000 in grant awards this fiscal year.

**Expenses:** Major expenses for this fiscal year account for the new recreation Center and the Campbell Park Improvements.