

BIENNIAL

BUDGET IN BRIEF

CITY OF HILLSBORO, OR

2023-2025



CULTURAL ARTS IN HILLSBORO



2023–25 Mayor's Message



Hello neighbors and friends,

Thank you for taking the time to review the City of Hillsboro's first biennial budget for the 2023–25 biennium. This inaugural biennial budget marks a shift from the prior practice of budgeting annually for a single fiscal year. It presents a great opportunity for our community to continue to plan ahead and increase productivity with a consolidated budgeting approach for two years.

Throughout every budget cycle, the City of Hillsboro produces a budget that reflects City Council priorities and guiding principles, the City's Equity Statement, the goals of the Hillsboro 2035 Community Plan, and our City's core values. The City's long-term commitment to maintaining a fiscally conservative budget is more important than ever as we move forward from the COVID-19 pandemic and continue to provide services and support for our residents and businesses. This biennium's \$1.87 billion budget will provide essential services, such as public safety, water, and

infrastructure for the more than 109,000 community members who call Hillsboro home. The budget strives to maintain the long-term financial health of our General Fund and other critical City Funds. Assessed values (AV) in the City of Hillsboro grew by 8.66% (including Urban Renewal) in FY 2022–23, and the City projects a 5% increase in AV per year of the 2023–25 biennium.

This budget aligns with the Council's current priorities, which include:

- Racial Equity
- Strategic Planning
- Public Safety
- Housing & Homelessness
- Economic Development
- Community Engagement & Outreach
- Environmental Sustainability

I want to thank the community members who serve on the Hillsboro Budget Committee, City of Hillsboro staff, and everyone in Hillsboro who helped to develop a fiscally responsible budget that meets our growing community's needs. The City Council is committed to fostering an equitable and diverse community where all residents feel supported and included. This budget helps to ensure Hillsboro continues to responsibly and effectively prepare for the future in serving all community members.

Sincerely,
Mayor Steve Callaway

On the Cover...

Arts & Culture

In honor and support of the City's dedication to arts and culture, the budget cover highlights a few recent projects, accomplishments, and events from this area of work.

La Strada dei Pastelli - Chalk art festival featuring the work of professional chalk artists from around the US.

Hillsboro Holly Days Celebration - Annual kickoff to the holiday season, supporting artisans and small businesses.

M&M Marketplace El Sol Festival - Featuring folkloric dance, music, and interactive programming for all ages.

Día de los Muertos - Partnering with Huehca Omeyocan to recognize Día de los Muertos (Day of the Dead).

Bridge of Land & Sky, by Cliff Garten Studio - New public artwork spans the Brookwood Overpass of Highway 26 and serves as a welcoming gateway to Hillsboro.

Salsa Night at the Walters - Hosted at the Walters Cultural Arts Center which showcases live performances, art exhibitions and classes, workshops and more!

Calle Diez Murals - murals celebrating Latino culture, aim to help enhance livability in Hillsboro's Calle Diez.



Growing Great Things



La Strada dei Pastelli chalk artist 2022

Adopted Budget
\$1,869,936,033

July 1, 2023- June 30, 2025

Innovation, high-tech, and creative urban gathering places meet hometown values, green spaces, and family-friendly tradition.

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That's Hillsboro, Oregon.

Hillsboro's 109,532 residents enjoy award-winning neighborhoods; exceptional educational, recreational, and cultural experiences; a strong economy; and, one of the state's most diverse populations. We celebrate our hometown values and agricultural roots, while growing our reputation as the "high-tech hub of Oregon" with some of the best land, power, and water resources in the country.

With the Pacific Ocean to the west and the beautiful Cascade Mountains and Columbia River Gorge to the east, Hillsboro residents are ideally located. Hillsboro is home to the state's fourth-largest school district, two higher-education campuses, and 35 parks with more than 1,500 acres of designated green spaces, including Jackson Bottom Wetlands Preserve.

Our thriving cultural arts scene includes a community arts center, art galleries, musical groups, and live theater. Hillsboro is also home to the Hillsboro Hops — the three-time Northwest League Champions and the Portland metro area's only professional baseball team. Annual community events include one of the Northwest's largest 4th of July parades, the Washington County Fair, and the new La Strada dei Pastelli Chalk Art Festival.





About the City

Hillsboro, Oregon

While we greatly respect tradition, we are not your traditional City government here in Hillsboro.

We are a financially conservative, yet innovative and forward-thinking, full-service city. We self-identify as a progressive and visionary organization. We appreciate the richness that the diversity of our community offers, and we welcome and value each resident, business, and guest by providing exceptional and equitable public services.

Bold and optimistic, we are growing thoughtfully and with a purpose — to be the best City government in the universe. Together with community partners and residents, we work to carefully plan for and grow Hillsboro's future.

We are home to Oregon's largest employer, Intel Corporation, as well as other high technology leaders and hundreds of smaller companies. Continuing to be a leader in attracting new businesses and opportunities to Hillsboro is critical. We value our business partners because when businesses thrive they create jobs and economic opportunity.

We are guided by the Hillsboro 2035 Community Plan, which is modeled after Hillsboro's original award-winning visioning effort, the Hillsboro 2020 Vision and Action Plan, and City Council priorities. For more information on the Hillsboro 2035 Community Plan visit Hillsboro2035.org.

As Hillsboro continues to grow and diversify, we will continue to partner and plan for success, so this great community grows by choice, not by chance.



Jackson Bottom Wetlands - Pollinator Garden

Growing Great Things

Full-time budgeted positions: 1,007

Part-time/temporary positions: 409

City Departments: 12

- Police
- Fire & Rescue
- Library
- Parks & Recreation
- Economic Development
- Community Development (Building, Planning, and Transportation System Divisions)
- Public Works
- Water
- City Manager's Office
- Human Resources
- Information Services
- Finance

Form of Government

Hillsboro operates with a Councilor/City Manager form of government. Voters elect the City Council, including six Councilors and a Mayor: each serves a four-year term, subject to a charter-imposed limitation of two consecutive terms. The City Council provides community leadership, develops policies to guide the City in delivering services and achieving community goals, and encourages community awareness and involvement.

The City Council appoints the City Manager who, in turn, serves as the administrative head of the City government. The City Manager is responsible for ensuring Council policies are implemented using resources appropriated by the Council to achieve desired service results in the community.

Doing Business in Hillsboro

As a result of availability of some of the best land, power, and water resources in the country, many high-tech and advanced manufacturing companies put down roots in Hillsboro. We continue to attract new investment from these and other industries around the world.

Hillsboro is particularly attractive for its manufacturing infrastructure; technologically skilled workforce; proximity to airports, major highways, and interstates; and business-friendly climate. We also offer incentives through urban renewal, enterprise zones, and strategic investment programs that help businesses looking to locate or expand in Hillsboro.



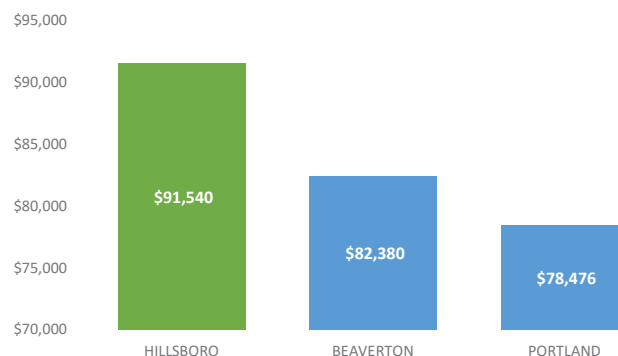
HILLSBORO

BY THE NUMBERS

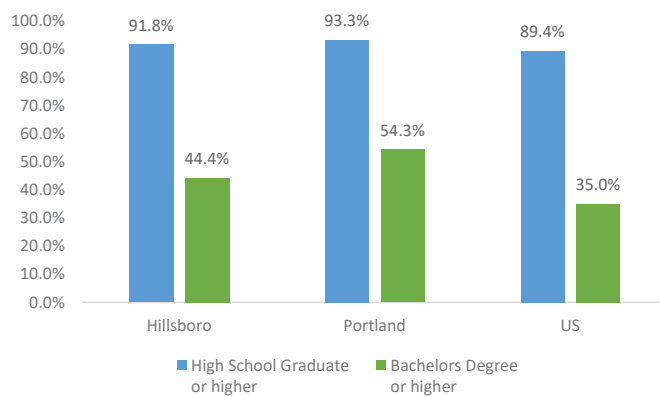
The City of Hillsboro is the fifth largest City in Oregon and is located within Washington County. Just 18 miles west of Portland, Hillsboro is considered the “high tech corridor of the State”.

With a population of over 109,532 people (1), Hillsboro is continuously expanding to accommodate our growing community.

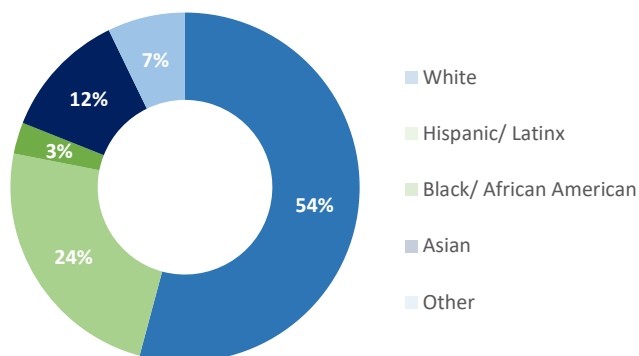
Median Household Income 1



Educated Population - 25 years and over 1



Diversity 1

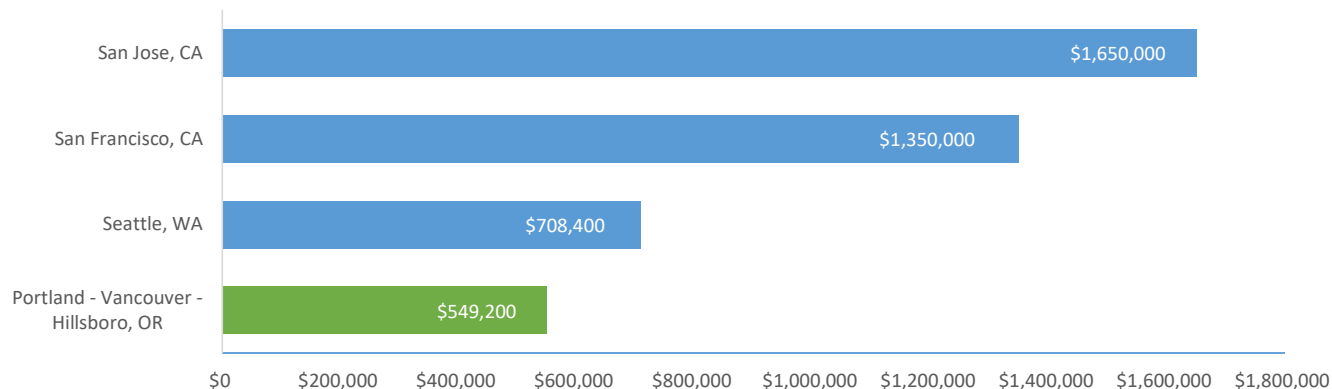


Unemployment Rate 2

4.7%

Portland MSA: 3.9%
Oregon: 4.7%
United States: 3.5%

Average Cost to Buy a House 3



[1] Data collected from 2021 American Community Survey 5-Year Estimates; [2] Data collected from OED, LAUS, December 2021
[3] National Association of Realtors 2021



Council Priorities & Highlighted Projects

The Hillsboro City Council establishes an annual list of Priorities that are not ranked or ordered by importance and are not an exhaustive list of all City of Hillsboro priorities. The annual priorities are steered by the Council's guiding principles that are also reviewed annually and may be updated.

To read the Council's Guiding Principles, visit: [Hillsboro-Oregon.gov/Council](https://hillsboro-oregon.gov/Council)

Council priorities are ongoing. They can be created and completed within one or two years; they may have specific budget implications for the coming fiscal year or they may be long-range projects and programs that benefit from strong City Council participation and support. The Council's annual list of priorities is developed from the Hillsboro 2035 Community Plan, City departments' Strategic Plans, and other major focus areas for the City, as identified by staff and supported by the Council.

Racial Equity

Build diversity, equity, and inclusion (DEI) competencies in City leadership, City Council, Boards and Commissions, to utilize an equity lens and institutionalize equity in the delivery of City services and policymaking. Remove unintentional recruitment barriers with the goal of increasing the number of qualified applicants from historically underrepresented communities for City employment opportunities and the number ultimately hired by the City. Develop and implement a supplier diversity procurement program to enhance local economic opportunities for minority-owned, women-owned, service-disabled veteran-owned businesses, and emerging small businesses. Finalize the City's Strategic Equity Plan and begin implementing the work initiatives.

- Ongoing development of DEI competencies with City Council, Senior Leadership, Boards & Commissions.
- Provide bias awareness training for interview panelists and implement equity hiring flow assessment.
- Review pre-employment screening processes and hiring and training practices.
- Complete, review & implement departmental supplier diversity plans.

Strategic Plan

Develop and implement a new strategic plan that integrates the voice and needs of our employees, City Council priorities, community expectations, department-level programs and functions, and Citywide strategic initiatives. Implement the City's strategic framework to utilize funds received from the American Rescue Plan Act.

- Identify Citywide and department-specific action items from the workplace climate survey.
- Develop a new strategic plan for the City that will serve as an adaptable roadmap for the next 10-years.
- Implement projects developed in the City's American Rescue Plan framework.

Public Safety

Continue grassroots engagement to involve community perspectives on public safety. Develop data-informed strategies that identify and address disparities in public safety services. Continue implementing public safety initiatives so that employees and the community feel safe. Enhance recruitment initiatives to continue diversifying our workforce.

- Identify opportunities to improve public safety for households and businesses with limited English proficiency.
- Increase public safety outreach & responsiveness to communities with heightened crime.
- Monitor use-of-force review board.
- Increase safety through infrastructure improvements.



Council Priorities & Highlighted Projects

Housing and Homelessness

Make capital investments to provide long-term support to unhoused community members and explore new ways to support individuals and families experiencing homelessness. Continue evaluating policies and opportunities to provide strategic housing development to address both homelessness and affordable housing needs. Build upon connections and collaboration with service providers, community partners, and impacted stakeholders to address homelessness regionally. Continue implementing the Metro Affordable Housing Bond measure and Hillsboro Affordable Housing Implementation Plan and identify new opportunities to deliver affordable housing.

- Establish Hillsboro’s first year-round emergency shelter for adults.
- Deployment of CDBG emergency rent assistance.
- Nueva Esperanza affordable housing development.
- Century Commons project.

Community Engagement and Outreach

Develop a Citywide framework with goals for active community engagement, including project-specific engagement. Identify barriers to digital literacy within the community and evaluate solutions to overcome them.

- Develop and implement language access policy.
- Develop community engagement strategic plan.
- Engage marginalized communities in land use planning.
- Develop a better understanding of the barriers to digital literacy across the City and develop community digital literacy training program.

Economic Development

Ongoing investment of the North Hillsboro Industrial Area and Technology Park, Downtown Hillsboro, and the 10th Avenue corridor. Expand workforce training, apprenticeship, and internship opportunities, focusing on post-pandemic needs. Support recommendations of the Oregon Semiconductor Competitiveness Task Force and position the City to capitalize on opportunities created by the CHIPS Act. Continue to develop programs and opportunities to support small businesses.

- Calle Diez/10th Ave Visioning Project.
- Block 67 site
- Continue to support and administer the City’s summer internship program.
- Re-establish additional lands in North Hillsboro for future major campus and semiconductor supply chain.

Environment Sustainability

Ongoing support of the Environmental Stewardship Committee to advance the actions identified in the Hillsboro 2035 Community Plan. Begin implementing the recommendations from the organizational assessment of the City’s management of environmental resources and services.

- Develop recommendations to reduce electricity use and light pollution for commercial development.
- Establish energy independent buildings with renewable energy, beginning with public facilities.
- Develop a framework for an urban forestry program.
- Develop a Citywide natural resources management plan.



The Budget Process

Hillsboro's Budget Process

The process followed in the preparation of the budget complies with Oregon Local Budget Law established by Oregon Revised Statutes.

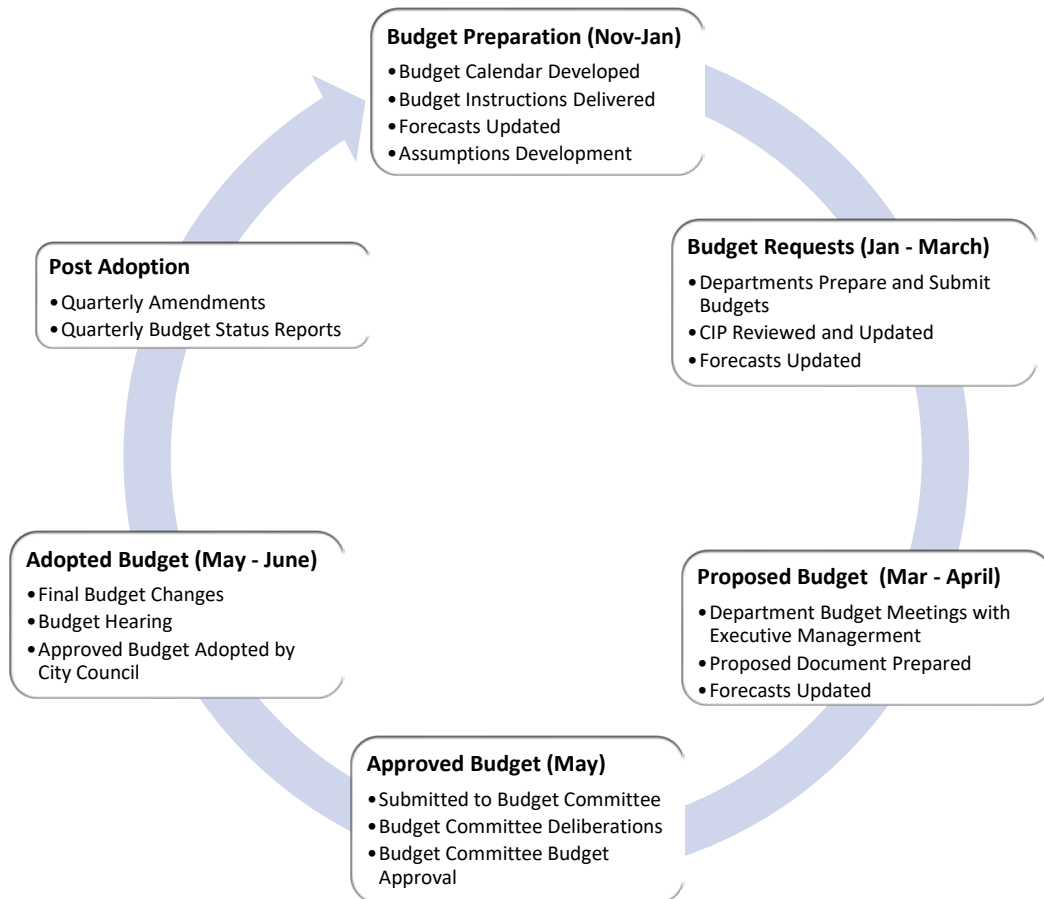
City management seeks and welcomes public input, participation and deliberation throughout the process. Budget Committee meetings are open to the public and are advertised on the City's website, social media channels, and in Hillsboro's local newspapers.

The City has transitioned from an annual budget to a biennial budget. The Biennial Years (BY) 2023-25 is the first biennial budget produced by the City. The current budget process below is expected to change for the next biennial budget cycle.

The proposed budget is submitted to the Budget Committee in May and the approved budget is submitted to the City Council in June for adoption. Both are available to the public prior to each meeting.

City departments work with the Finance Department to compile their budget and capital requests between November and March. This information is then reviewed by City management. During the same time frame, Finance and City management review revenue and expenditure forecasts, as well as financial trends. All of this information is compiled, prepared and presented to the Budget Committee as the proposed budget.

After the Budget Committee reviews and deliberates over the proposed budget and makes any appropriation changes, the Committee then approves and forwards the budget to the City Council. After a public hearing, the Council takes action on any final changes deemed appropriate, and adopts the budget in mid June. The adopted budget becomes effective July 1. The final adopted budget is available on the City's website.



Budget Committee

The Budget Committee consists of the seven City Council members, and seven community members appointed by the City Council. Community members on the Budget Committee serve three-year terms for an annual budget and four-year terms for a biennial budget. The City will have a period of transition from annual to biennial budget with members already serving the budget committee serving out three-year terms. Newly appointed members will receive four-year terms.

Meetings occur approximately twice per year in the evening at the Civic Center. The Committee has the legal authority to change any portion of the proposed budget and is responsible for approving the budget. Where and how City Council ward boundaries are drawn affect who is likely to be elected as a City Councilor and how your neighborhood participates in city government. Visit the City's website at [Hillsboro-Oregon.gov/Council](https://www.hillsboro-oregon.gov/Council) to see the map of Hillsboro's three wards and to learn more about Hillsboro's Mayor and City Councilors.

Council Members



Steve Callaway
Mayor



Beach Pace
Councilor
Ward 1



Rick Van Beveren
Councilor
Ward 1



Kipperlyn Sinclair
Councilor
Ward 2



Anthony Martin
Council President
Ward 2



Olivia Alcaire
Councilor
Ward 3



Gina Sanchez Roletto
Councilor
Ward 3

Community Members

Zuhair Gafur - Term expires: December 31, 2023
David Judah - Term expires: December 31, 2024
Darell Lumaco - Term expires: December 31, 2024
Taylor Moore - Term expires: December 31, 2023

Salvatore Bianco - Term expires December 31, 2025
Olga Acuña - Term expires: December 31, 2026
Jerry Shamoon - Term expires: December 31, 2026



Capital Improvement Program

The Capital Improvement Program (CIP) section of the budget shows the City's investment in any project that adds, improves, and extends the life of the City's infrastructure. The City budgets major construction and acquisition activities in one of eight capital improvement project categories. Generally, projects with a total cost of \$25,000 or more are included in the CIP. In addition to capital projects, fleet vehicles are included in the CIP.

The total cost for the six-year CIP covering FY 2024-29 is \$1.046 billion. This amount includes \$180 million of projects that have no funding source identified at this time.

The BY 2023-25 CIP amount of \$586.6 million is broken down as follows, with a few projects highlighted for each CIP category.

Parks Capital - \$37.4 M - 6%

- South Hillsboro Neighborhood Park Acquisition & Development- Reeds Crossing: \$4.4 million
- Reedville Trail Enhancements: \$2.1 million
- Sports Field Improvements & Redevelopment Project- Brown Middle School (Pre-Construction Phase): \$2 million

Water - \$251.2 M - 43%

- Willamette Water Supply Program: \$226.8 million
- Century Blvd Extension: \$1 million
- Joint Water Commission Disinfection Facility: \$4.9 million

Transportation - \$38.3 M - 7%

- Lincoln/2nd Street Improvements: \$3.7 million
- Shute Road Multi-Use Path: \$5.6 million
- Safe Routes to School- Eastwood Elementary School- Sidewalk Grant: \$1 million

Facilities - \$201.7 M - 35%

- Hillsboro Hops Ballpark: \$120 million
- Shelter at 17th Avenue: \$14.1 million
- South Hillsboro Fire Station: \$17.5 million
- Police Station: \$70 million

Sanitary Sewer - \$13 M - 2%

- Bendemeer Trunk Line: \$3.4 million
- Minter Bridge to Meadow Lark Trunk Replacement: \$2.3 million
- 3rd & Maple FOG Main Reconstruction: \$1.1 million

Fleet Replacement - \$18.5 M - 3%

- Police Department: \$2.9 million
- Fire & Rescue Department: \$4.1 million
- Public Works Department: \$5.1 million

Surface Water Mgmt - \$12.7 M - 2%

- Minter Bridge to Meadow Lark Trunk: \$4.8 million
- Storm Management Facilities Rehabilitation: \$3.9 million
- Minter Bridge Rd Conveyance Improvement: \$2.3 million

HiLight - \$13.7 M - 2%

- Design and construction of HiLight fiber to the home distribution network will be accomplished in phases and organized around 5 fiber huts throughout the City of Hillsboro.

To view the City of Hillsboro's complete Capital Improvement Program section of the BY 2023-25 Adopted Budget and for more detailed information regarding all projects included in the CIP, visit: Hillsboro-Oregon.gov/Budget

Capital Improvement Program



New Ballpark Rendering



City of Hillsboro Storm System Cleaner

New or Expansion Projects

- South Hillsboro Fire Station* \$17.5 M
- Police Station Site & Construction Funding* \$31 M
- Fleet Shop Expansion \$3 M
- Transportation Projects \$20.7 M
- Homeless Shelter \$14.1 M
- Willamette Water Supply System \$226.9 M
- New Ballpark \$120 M
- HiLight Funding \$13.7 M

Replacement & Upgrades

- Pavement Management & Reconstruction \$17.7 M
- Water, Sewer & Storm Replacements \$17.2 M
- Facilities Repair & Replacements \$6.1 M
- Fleet Replacements \$11.5 M

**Listed amounts are amounts anticipated to be expended in BY 2023-25 and may differ from the budget line-item detail that includes reserves for the entire project.*





Where the Money Comes From

City Resources

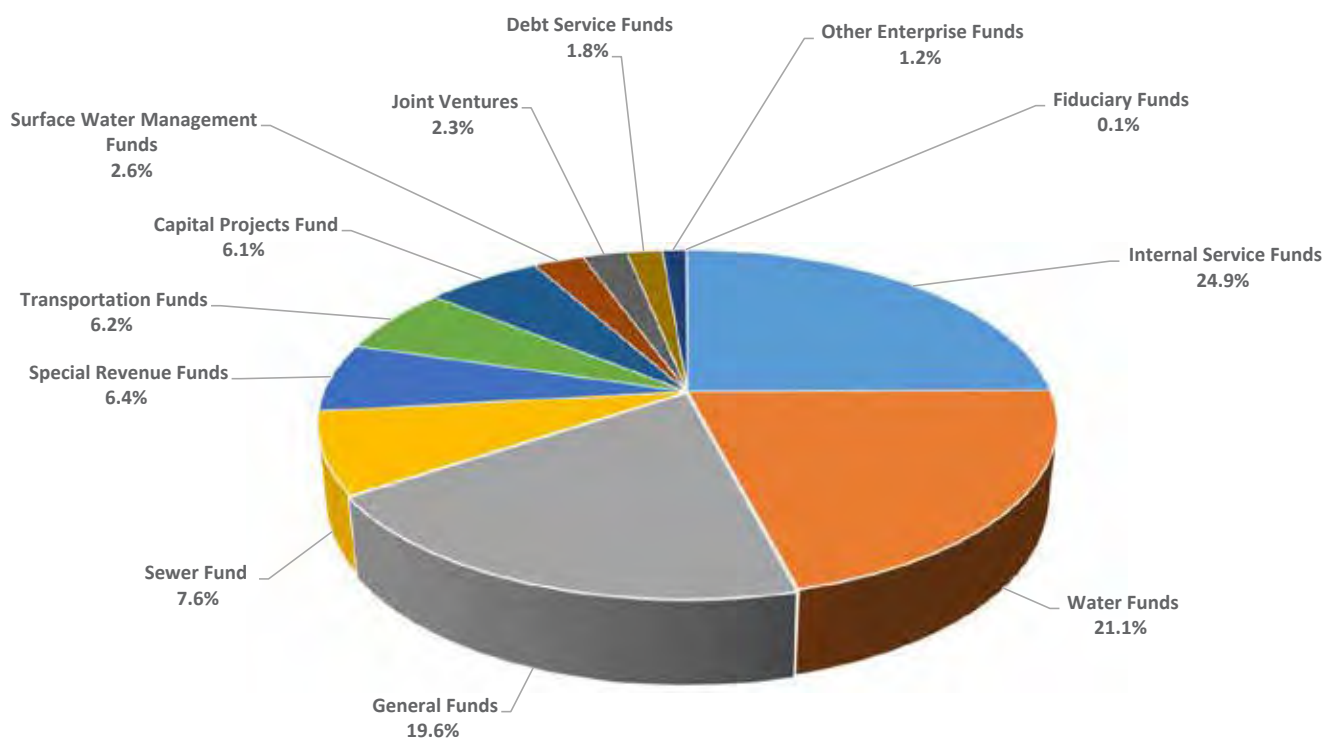
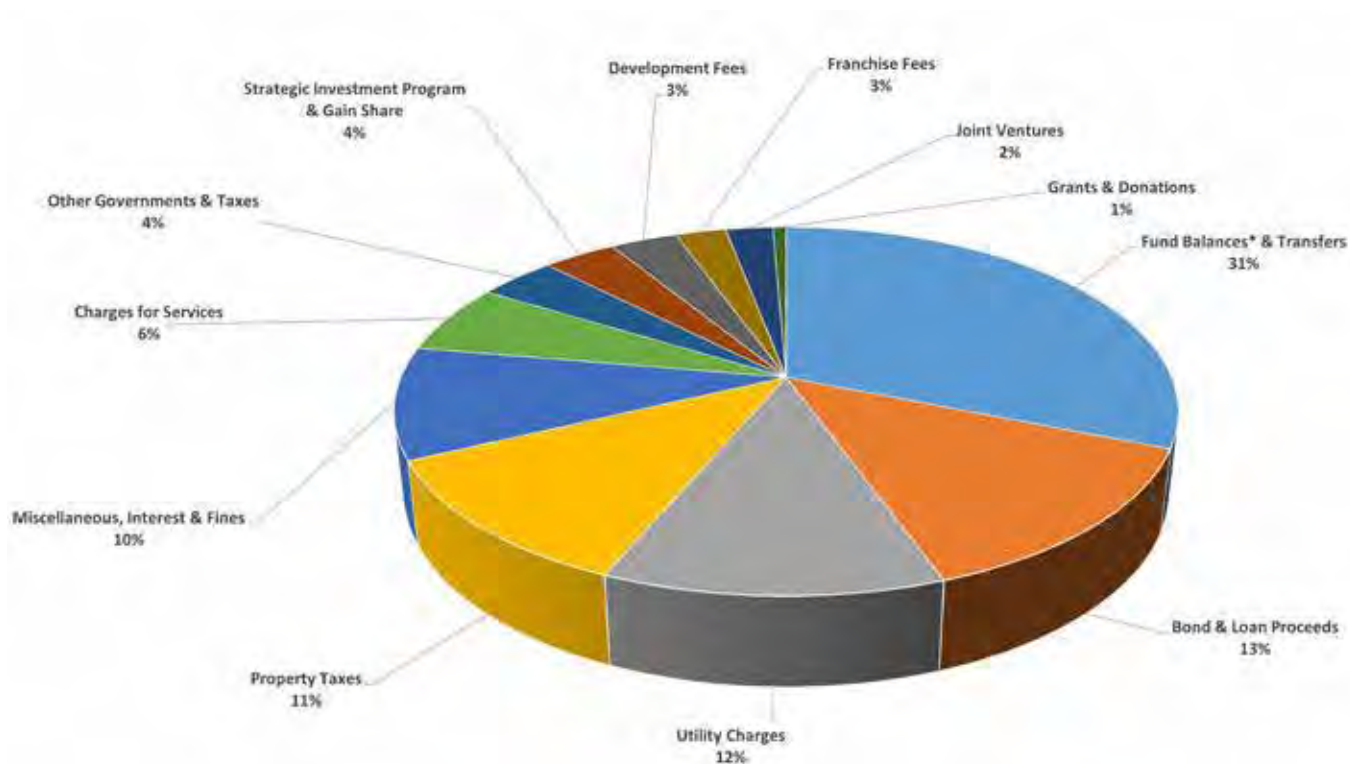
Resources of All Funds Combined by Category	
Fund Balances* & Transfers	\$ 581,980,186
Bond & Loan Proceeds	250,603,385
Utility Charges	221,782,372
Property Taxes	214,955,400
Miscellaneous, Interest & Fines	183,352,132
Charges for Services	114,363,183
Other Governments & Taxes	71,621,647
Strategic Investment Program & Gain Share	67,393,590
Development Fees	61,629,065
Franchise Fees	46,672,600
Joint Ventures	43,236,615
Grants & Donations	12,345,858
Total Resources	\$ 1,869,936,033
*Many funds, like Transportation, Water, Sewer and Building have dedicated resources which can only be expended on these programs and services. Reserves may be higher in these programs due to saving for future large capital projects.	

Resources by Fund Group	
Internal Service Funds	\$ 465,143,457
Water Funds	394,535,619
General Funds	367,423,455
Sewer Funds	141,416,500
Special Revenue Funds	119,838,901
Transportation Funds	116,505,833
Capital Projects Fund	113,181,435
Surface Water Management Funds	49,166,600
Joint Ventures	43,523,811
Debt Service Funds	34,350,125
Other Enterprise Funds	22,892,541
Fiduciary Funds	1,957,756
Total Resources	\$ 1,869,936,033

Fund: A fiscal and accounting entity with a self-balancing set of accounts. Records cash and other financial resources together with all related liabilities and residual equities or balances. Funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.



Where the Money Comes From





Where the Money Goes

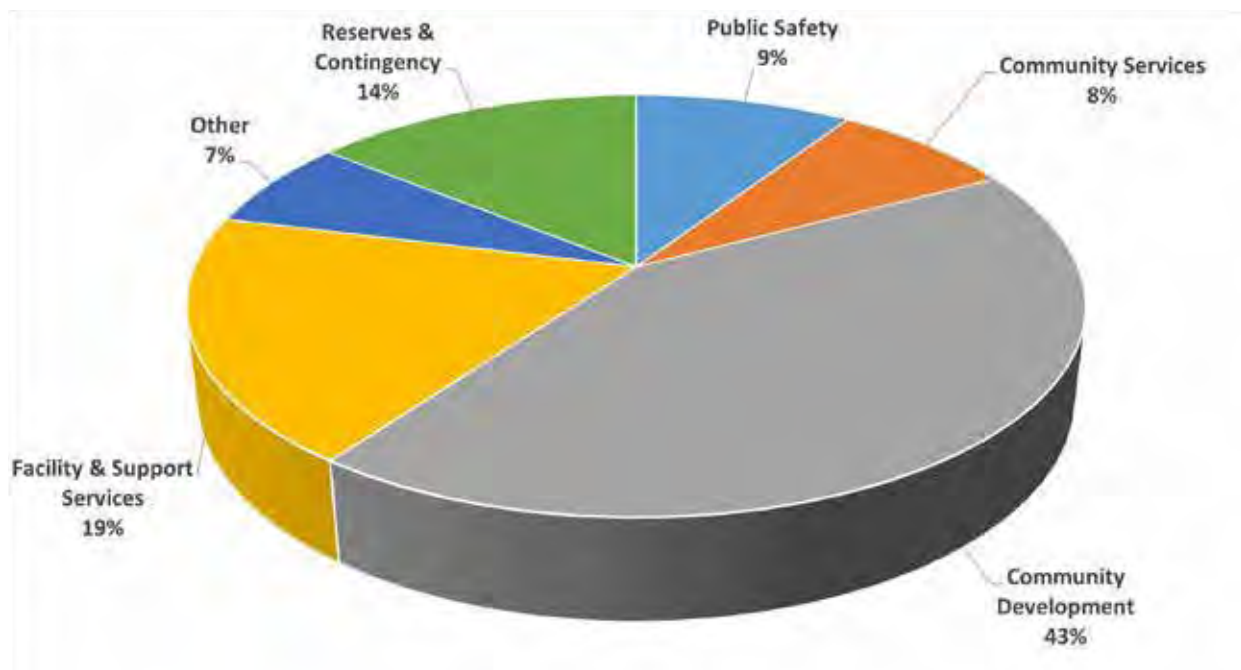
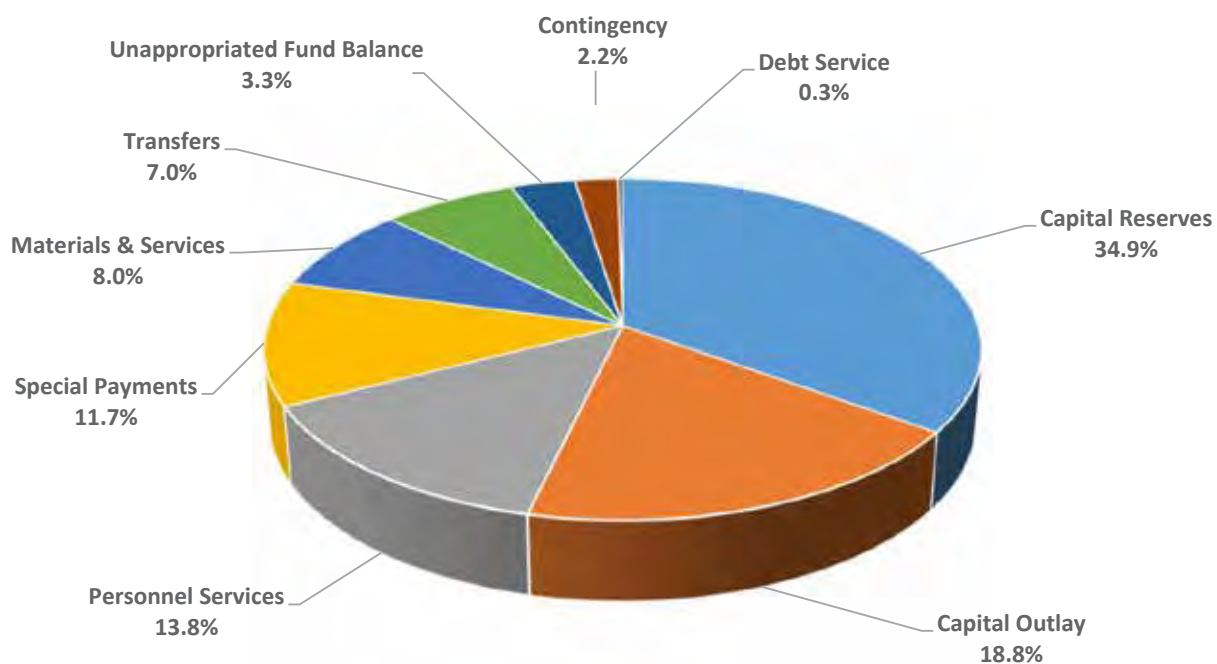
City Expenditures

Expenditures of All Funds Combined by Category	
Capital Reserves	653,303,862
Capital Outlay	351,177,020
Personnel Services	257,699,791
Special Payments	219,479,535
Materials & Services	150,220,371
Transfers	130,514,438
Unappropriated Fund Balance	61,630,155
Contingency	41,182,558
Debt Service	4,728,303
Total Expenditures	\$ 1,869,936,033

Expenditures by Service Area	
Police	\$ 99,129,022
Municipal Court	1,358,539
Fire & Rescue	72,484,224
Emergency Management	896,341
Public Safety	173,868,126
Library	30,429,794
Parks and Recreation	117,518,405
Community Services	147,948,199
Community Development Dept ⁽¹⁾	87,421,485
Economic Development	80,169,416
HiLight	20,390,876
Water	385,686,229
Public Works	226,641,762
Community Development	800,309,768
City Manager's Office	15,716,522
Human Resources/Risk Management	19,741,705
Information Services	32,266,083
Finance	11,837,000
Facilities & Fleet	274,112,300
Facility & Support Services	353,673,610
Other ⁽²⁾	128,745,934
Reserves & Contingency ⁽³⁾	265,390,396
Total Expenditures	\$ 1,869,936,033
(1) Includes Community Development Administration, Planning, Transportation Systems, and Building	
(2) Non-Department Expenditures	
(3) Reserves for all Departments	



Where the Money Goes





Net Budget

The Net Budget as shown in the table below subtracts out transfers, Internal Service Fund Charges, water purchase and certain joint venture costs, inter-fund loan repayments, and payments between the City and the Hillsboro Economic Development Council (HEDC). These reductions from the total budget are considered to be double counted because they do not represent money being paid externally. Under Oregon Local Budget Law, reserves, contingencies, and unappropriated fund balances must be budgeted and are considered expenses within the budget.

- Transfers: Transactions between funds that represent payment for services provided by one fund to another.
- Internal Service Charges: Expenditures for internal service departments are recorded in the various internal service funds and then charged out monthly to direct service departments such as Police, Library, Water, and Public Works to fund those expenditures.
- Water Purchases & Joint Venture (JV) Projects: The City is the managing agency for two Joint Ventures, Joint Water Commission and Barney Reservoir Joint Ownership Commission. The expenses for the JVs are recorded in their respective funds; however, the City’s Water Funds are charged a portion of those costs as a partner in the JV.
- Inter-fund Loan Debt Service: Repayment of an inter-fund loan between two funds.
- Payments to Other Governments: The City and the City’s Urban Renewal Agency, HEDC, transfer money between funds. As HEDC is considered a separate entity, these transfers must be budgeted as Payments to Other Governments.

	Actual 2021-22	Adopted 2022-23	Biennial Budget		Adopted 2023-25	2023-24 Change from 2022-23	
			1st Year 2023-24	2nd Year 2024-25		Dollar Change	Percent Change
Total Actual/Budget	\$ 913,207,240	\$ 1,091,600,200	\$ 887,542,741	\$ 982,393,292	\$ 1,869,936,033	\$ (204,057,459)	-19%
Less Duplicate Expenditures:							
Transfers	46,584,603	85,397,580	78,985,775	71,234,596	150,220,371	(6,411,805)	-8%
Internal Service Charges							
Support Services Charges	25,216,723	33,203,409	36,733,284	39,808,658	76,541,942	3,529,875	11%
Facilities Charges	5,343,736	7,087,118	7,510,984	7,894,930	15,405,914	423,866	6%
Depreciation Charges	1,800,000	3,048,000	2,701,848	2,500,000	5,201,848	(346,152)	-11%
Insurance/Risk Charges	3,511,864	4,300,325	5,132,610	5,515,570	10,648,180	832,285	19%
Fleet Charges	2,144,648	2,667,855	2,726,945	2,883,150	5,610,095	59,090	2%
Water Purchases & JV Projects	5,542,247	8,978,717	9,979,044	11,656,988	21,636,032	1,000,327	11%
Inter-Fund Loan Debt Service	1,350,000	1,906,027	1,906,027	16,103,966	18,009,993	-	0%
Payments to Other Govt's (HEDC/City)	883,600	883,600	583,600	383,600	967,200	(300,000)	-34%
Total Duplicate Expenditures	92,377,421	147,472,631	146,260,117	157,981,458	304,241,575	(1,212,514)	-1%
Total Budget Less Duplicates	820,829,819	944,127,569	741,282,624	824,411,834	1,565,694,458	(202,844,945)	-21%
Less Reserves:							
Capital Reserve	-	284,633,728	-	219,479,535	219,479,535	(284,633,728)	-100%
Contingency	-	18,570,461	-	41,182,558	41,182,558	(18,570,461)	-100%
Unappropriated Fund Balance	402,697,167	11,732,063	-	4,728,303	4,728,303	(11,732,063)	-100%
Total Reserves	402,697,167	314,936,252	-	265,390,396	265,390,396	(314,936,252)	-100%
Net Budget	\$ 418,132,652	\$ 629,191,317	\$ 741,282,624	\$ 559,021,438	\$ 1,300,304,062	\$ 112,091,307	18%

Debt Service

Debt Service Overview

The City issues debt to pay for long-term capital improvements. The City only issues debt where the repayment schedule does not exceed the useful life of the capital investment. Currently, the City has no outstanding general obligation debt but various other types of debt.

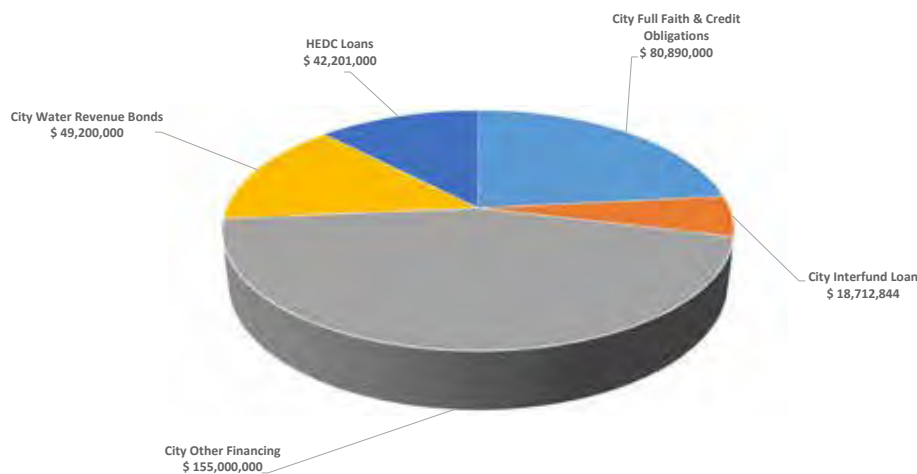
Debt service appropriations provide for the payment of principal and interest on bonds and special obligation notes. The City has revenue bonds, full faith and credit obligations, private loans, and three interfund loans currently outstanding. Full faith and credit obligations are backed by the City’s General Fund revenues; however, they may be repaid from other resources such as Strategic Investment Program revenues.

Revenue bonds are used to finance enterprise-related capital to sustain the increasing demands of the system. Revenue bonds are repaid through user fees including system development charges that are reviewed annually to meet operational and debt service requirements.

Interfund loans are used to loan money from one fund to any other fund of a municipality whenever the loan is authorized by official resolution or ordinance of the governing body. Interfund loans can either be for operations or capital expenses. Operating loans must be repaid within one year of the original loan date and capital loans must be repaid within 10 years.

The City’s Full Faith and Credit Obligations debt rating provided by Moody’s Investors Service is currently Aa1. The City’s Water Revenue Bonds Debt rating by Moody’s Investors Service is currently Aa2.

The City fulfills its obligation for continuing disclosure requirements under the Securities and Exchange Commission Rule 15c2-12 by filing its audited financial reports and other required disclosures with the Municipal Securities Rulemaking Board Electronic Municipal Market Access (EMMA) database service which is available at www.emma.msrb.org.



Future Debt Plans

The City has budgeted to draw \$140.5 million on its Water Infrastructure Finance and Innovation Act (WIFIA) loan in BY 23-25, which includes the balance of the existing WIFIA loan and a potential second WIFIA loan of \$50 million. The City is currently working on its application for the second WIFIA loan, which is needed due to the increased expenses related to the Willamette Water Supply Project.

The BY 2023-25 budget also includes a bond issuance of \$18 million for the construction of a new baseball stadium in partnership with the Hillsboro Hops, a Major League Baseball “High A” team; a bond issuance of \$40 million for construction of a new police station; and a bond issuance of \$40 million for the City’s North Hillsboro Urban Renewal Agency which will be used for the purchase of land.

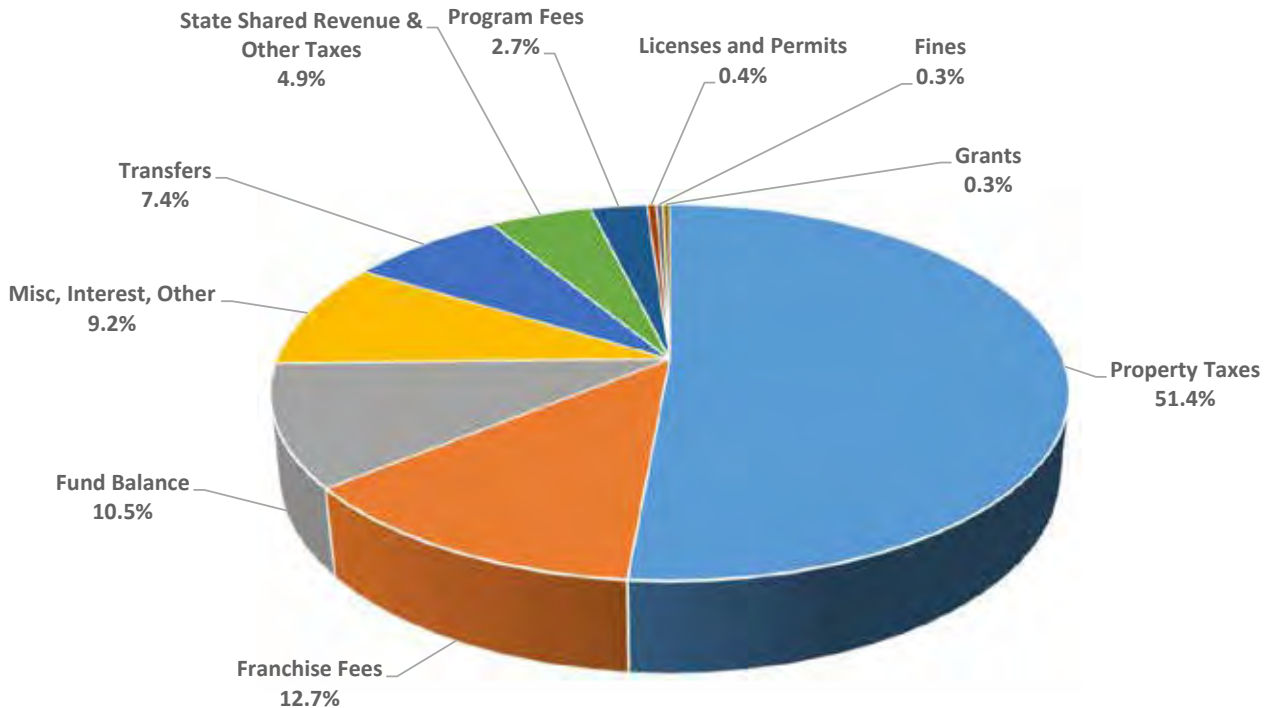


The City's General Funds

General Funds Resources & Expenses

The City's primary General Fund accounts for all revenues and expenditures of a general nature that are not required to be recorded in another fund. General Fund revenue is derived from property taxes, charges for services, franchise fees, grants, and transfers from other funds. The graphs on the following pages represent where the General Fund resources come from and what they are spent on.

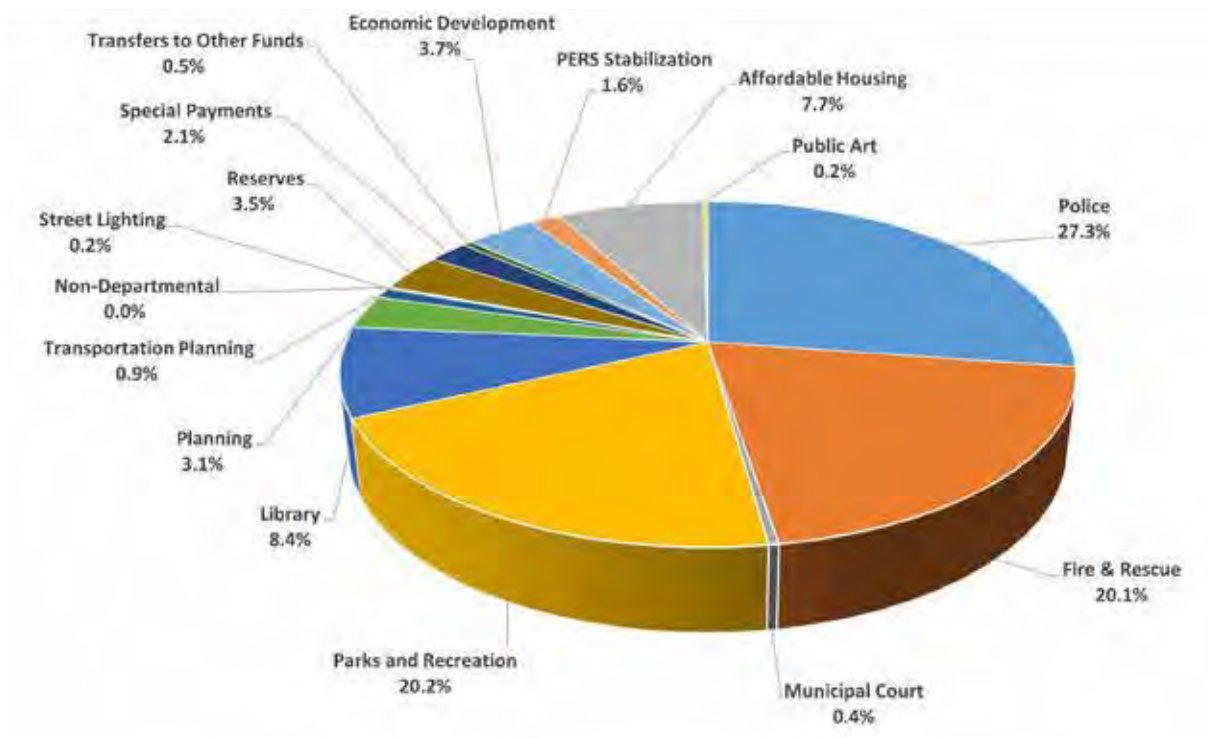
General Funds Resources by Category	
Property Taxes	\$ 188,921,705
Franchise Fees	46,672,600
Fund Balance	38,627,878
Misc, Interest, Other	33,727,184
Transfers	27,340,000
State Shared Revenue & Other Taxes	18,105,610
Program Fees	9,990,755
Licenses and Permits	1,626,065
Fines	1,212,000
Grants	1,199,658
Total	\$ 367,423,455





The City's General Funds

General Funds Expenses by Department & Fund		
Police	\$	98,823,372
Fire & Rescue		72,484,224
Municipal Court		1,358,539
Public Safety	\$	172,666,135
Parks & Recreation		73,002,075
Library		30,429,794
Community Services	\$	103,431,869
Planning		11,370,509
Transportation Systems		3,443,985
Street Lighting		600,000
Non-Departmental		160,000
Reserves		11,889,796
Special Payments		7,600,782
Transfers to Other Funds		1,854,225
Total General Fund	\$	313,017,301
General Depreciation		6,593,471
Economic Development		13,255,550
PERS Stabilization		5,683,400
Affordable Housing		28,022,133
Public Art		851,600
Total	\$	367,423,455





Property Taxes

Property Taxes

The City’s General Fund operating budget relies on property taxes for approximately 45% of its total budget. Measure 50 created a state property tax system which moved local governments from a dollar-based tax system to a rate-based tax system. The City currently has a permanent tax rate of \$3.6665 per \$1,000 of assessed property value. The City tax rate funds City services. Other agencies, including the County and schools, also have tax rates for their services. All of these rates combine to represent a full property tax assessment that is reflected in the annual property tax statements prepared and sent to homeowners and other landowners by Washington County Assessment and Taxation.

Local Option Levy

The City has a voter approved five-year Local Option Tax Levy of \$1.72 per \$1,000 of assessed property value specifically for Police, Fire & Rescue, and Parks & Recreation maintenance services. The total tax rate, including the Local Option Levy for City services, is \$5.3865 per \$1,000 of assessed value. Local option operating levies

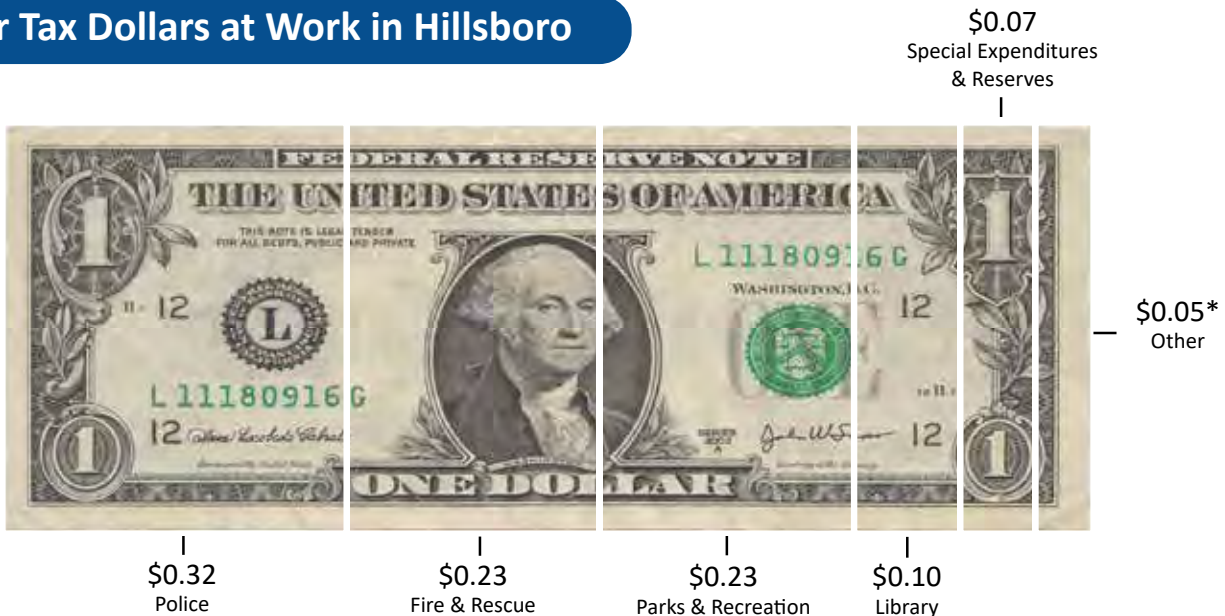
are five-year levies. The levy was first approved by voters in 1998 and was last renewed in the May 2022 election by 82.4% of voters. The renewed levy goes through FY 2027-28.

Washington County Cooperative Library Services Levy

The Washington County Cooperative Library Services (WCCLS) was established in 1976 with the passage of the first countywide tax measure to fund library services. At that time, over half of the county population did not have access to a public library. Currently, the County, nine cities and two non-profit organizations are part of this cooperative structure which includes a total of 16 libraries. In May 2020, the levy was renewed for another five years at the current rate of \$0.22 per \$1,000 of assessed value. The levy went into effect on July 1, 2021. The City receives a share of these funds annually to help maintain Library services.

For more information visit: wccls.org.

Your Tax Dollars at Work in Hillsboro



*Other includes Municipal Court, Planning, Transportation Systems and Street Lights.

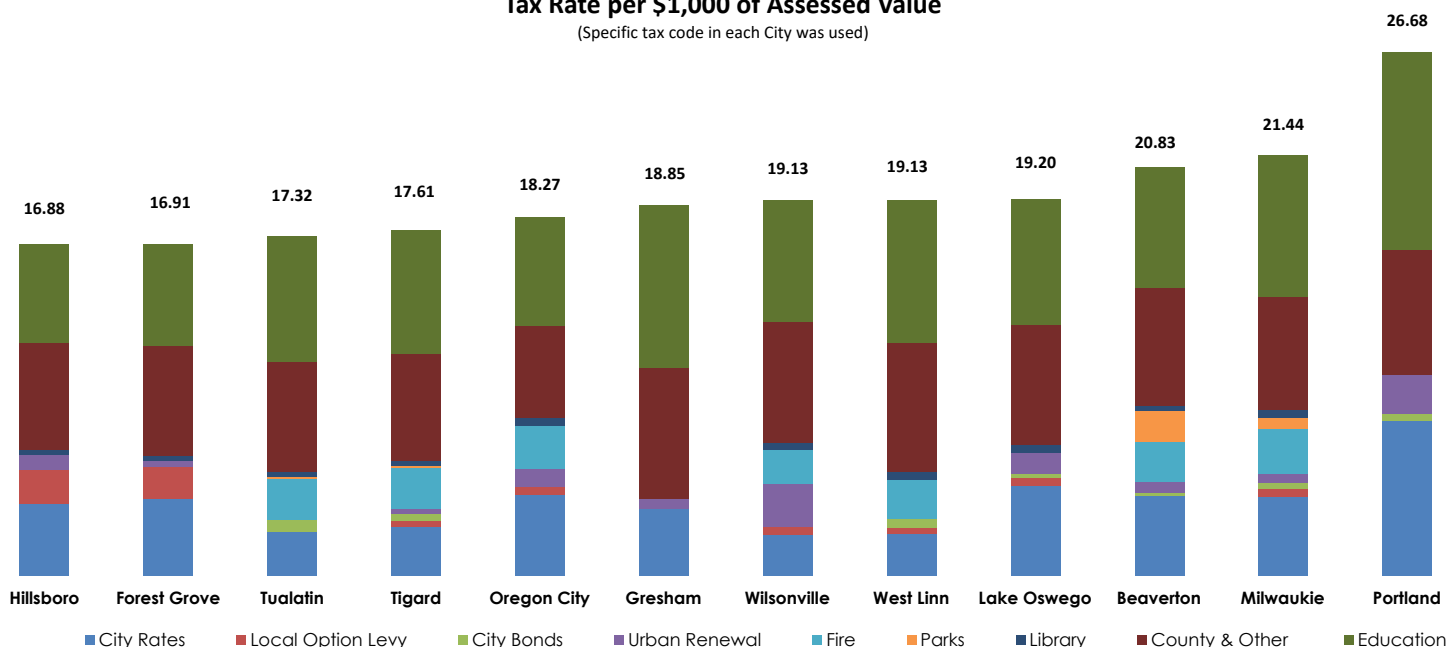


Tax Comparisons

Tax Comparisons

The City of Hillsboro is a full-service city providing police, fire & rescue, parks & recreation, library, and other general services. The chart below compares the City of Hillsboro tax rates to other cities in the metro region. In order to make this table comparable from one agency to another, it is necessary to add services provided by special service districts like Tualatin Valley Fire & Rescue and Tualatin Hills Park & Recreation District.

Tax Rate per \$1,000 of Assessed Value
(Specific tax code in each City was used)



City's Assessed Value

Annual property taxes are calculated using the assessed value (AV), as opposed to the market value of the property. Taxes are calculated by taking a property's AV divided by 1,000 and multiplied by the rate for the tax code where the property resides (subject to Measure 5 limitations).

The City represents approximately 20.3% of Washington County's total AV but has disproportionately more of the total industrial property and machinery & equipment value

in the County. A reliance on the industrial sector brings more risk of significant shifts in AV, which can equate to more volatility in annual property tax assessments. Due to how quickly this type of property depreciates, continued reinvestment is important in maintaining AV. The City's AV annual growth has been healthy. The budget projects a 5% increase in AV per year of the 2023-25 biennium. Tax rolls are certified by the County on or before the end of October of each fiscal year.



Top Budget Questions

What is the total budget for the City?

The adopted biennial (BY) budget for 2023-25 is \$1,869,936,033.

What is the Biennial Budget?

A biennial budget is a budget that covers a two-year period. Compared to an annual budget, a biennial budget provides a longer planning horizon, which can be helpful in developing more comprehensive and strategic plans for the City's resources.

Why is the total budget so much higher than revenues?

Under Oregon Local Budget Law, reserves, contingencies, and unappropriated fund balances must be budgeted and are considered expenditures within the budget. Additionally, the budget includes transfers between funds, charges for internal service departments such as Finance, Facilities, and Fleet, and money that moves from Water Funds to the City's two joint venture funds, JWC and Barney. These internal service charges and payments to the joint ventures from the Water Funds are considered "duplicate" expenses. Once the duplicate expenses are subtracted out of the total budget as well as contingency, capital reserves and unappropriated fund balance, we get the City's net budget. The City's net budget amount for BY 2023-25 is approximately \$1.3 billion. Please see the Net Budget summary in the Budget Overview section for additional details.

What is the City's Property Tax Rate?

The City's permanent tax rate per \$1,000 of Assessed Value is \$3.6665. The City also has a Local Option Levy of \$1.72 per \$1,000 of Assessed Value primarily for public safety with some funding going to parks maintenance services.

What is a Local Option Levy?

Oregon Property Tax Law allows any agency that has the authority to levy ad valorem property taxes to levy a local option tax if approved by the voters. Operating local option levies are valid for 5 years and capital local option levies are valid for 10 years. Voters passed, with over 80% voter approval, the current local option tax levy of \$1.72 per \$1,000 of assessed value in 2022. Hillsboro's local option levy was first authorized by voters in 1998. The approved levy will continue the current rate of \$1.72 per \$1,000 of assessed value for five years, starting in July 2023. Most of the approved levy funding goes to police and fire and rescue, and a small portion is used for parks maintenance services.

How much of the City's revenue comes from property taxes?

The City received \$76,960,361 in property taxes from both the permanent tax rate and Local Option Levy in FY 2021-22 and has budgeted \$86,350,535 for FY 2023-24 and \$90,620,560 for FY 2024-25 for a total of \$176,971,095 budgeted for in BY 2023-25.



Top Budget Questions

Does all of my property tax bill go to the City of Hillsboro?

No, the City of Hillsboro is only one taxing district of many that levy property taxes and are shown on your property tax bill. For a complete list of the taxing districts for your property please visit Washington Counties Assessment and Taxation Website at <https://www.co.washington.or.us/AssessmentTaxation/>. You can also see all the detail of where your property taxes go on your bill.

What are the other sources of revenue the City receives?

The City receives revenue from charges for services (such as Water, Sewer, Surface Water Management, Transportation fees), gas taxes, transient lodging taxes, Park program fees, franchise fees, system developments charges, and Strategic Investment Program fees to name a few.

Can the City spend revenue it receives on anything?

The City's General Fund receives the property taxes levied as well as other revenues considered discretionary in nature and these funds are used to provide Police, Fire & Rescue, Parks & Recreation, Library, Planning, Transportation Systems, and Municipal Court services. It is the general operating fund for the City. Other revenues such as the water service charges, gas taxes, and system development charges have restricted uses. These revenues are accounted for in separate funds to ensure they are used according to their restricted use. For example, water revenues can only be spent on water operations and capital related projects and transportation revenues can only be spent on transportation operations and capital related projects.

How much debt does the City have?

As of July 1, 2023, the City has approximately \$303.8 million principal debt outstanding. The Hillsboro Economic Development Council, the City's urban renewal district, has \$42.2 million in principal debt outstanding.

What are some current projects that will impact livability within our community?

1. The Willamette Water Supply program will provide a redundant and seismically resilient water supply for the next 50 years.
2. The City's broadband utility, HiLight, will deliver reliable and affordable high-speed internet connections to Hillsboro residents, businesses, and schools.
3. Two affordable housing projects planned over the biennium: one in the Tanasbourne area and one in the Downtown area.
4. Continuing to leverage the American Rescue Plan Act enabled funds for projects like Hillsboro's first year-round homeless shelter on 17th Avenue.

Connect & Get Involved

Join us in working to enhance this great place we all share!

Whether you want to learn about or weigh in on a current public project, help restore a local park, share your skills with us on a committee or board, or participate in one of many other opportunities to make Hillsboro an even better place, **we want to hear from you!**



Engage Hillsboro

Shape Hillsboro's future by sharing your thoughts, ideas, and feedback on projects and issues that matter to you. You've got feedback. We want to hear it. Join a conversation and share your feedback at **Engage.Hillsboro-Oregon.gov**



Volunteer with us

Volunteers provide a positive and meaningful impact on our community and play an important role in the success of the City's many programs. Individual contributions of time, energy, and talents help make our hometown a great place to live, work, and play.



Apply to join a board or commission

The City of Hillsboro seeks volunteers to serve on our various standing boards, commissions, and committees. These appointed positions are filled by Hillsboro citizens who are interested in public decision-making and civic commitment. Check out our Commission, Committees & Boards webpage for more information and application forms.



Subscribe to our "Happening in Hillsboro" email updates

Sign up at **Hillsboro-Oregon.gov/Happening** to receive our free, twice per month email newsletter to keep up on what's happening in Hillsboro, including events, activities, and news.



Attend a City Council meeting

Community members have the opportunity to speak to the City Council at every Council meeting during public comment time. Check our website calendar for current Council meeting information.



We're here to help: Contact us!

Ideas or questions can be sent directly to City staff or City Council. Contact information and easy-to-use feedback forms are on the City website. And, of course, you're welcome to call us!

Visit [Hillsboro-Oregon.gov](https://www.hillsboro-oregon.gov) or call 503-681-6100