

Budget in Brief

Fiscal Year 2022-23

City of Hillsboro, Oregon





2022–23 Budget Highlights



To my Hillsboro neighbors and friends,

Thank you for taking the time to review the City of Hillsboro’s Fiscal Year (FY) 2022-23 Budget. Each year, 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 has helped us adjust to the challenges and changes associated with the COVID-19 pandemic. As our community moves forward in our continued recovery, we will continue to help support our residents and small businesses.

This year’s \$1.07 billion budget will provide critical services, such as public safety, water, and infrastructure for the more than 108,000 community members who call Hillsboro home. The budget maintains the long-term financial health of our General Fund and other critical City Funds. Assessed values (AV) in the City of Hillsboro grew by 6.36% (including Urban Renewal) in FY 2021-22, and the City projects a 5% increase in AV for FY 2022-23.

This budget aligns with the Council’s 2022 priorities, including:

- Racial Equity
- COVID-19 Response & Recovery
- HiLight & Broadband Access
- Public Safety
- Housing & Homelessness
- Economic Development
- Community Engagement & Outreach
- Environmental Sustainability

I want to thank Hillsboro Budget Committee members, City of Hillsboro staff, and community members for working together 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 prepare for the future responsibly and effectively in serving all community members.

Sincerely,
Mayor Steve Callaway
City of Hillsboro



Growing Great Things



Adopted Budget
\$1,077,573,243

July 1, 2022- June 30, 2023

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 108,000 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.



South Hillsboro

Growing Great Things

Full-time budgeted positions: 955

Part-time/temporary positions: 330

City Departments: 12

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

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.



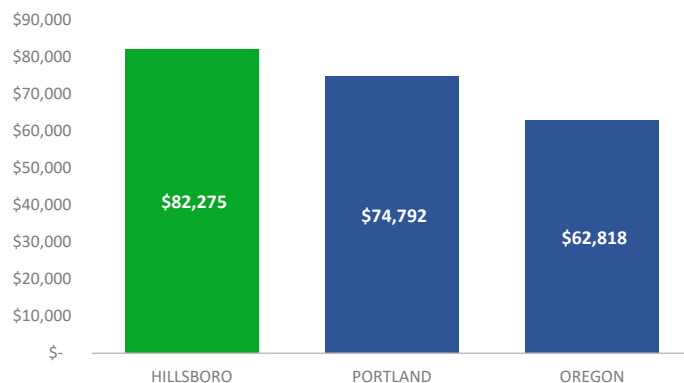
HILLSBORO

BY THE NUMBERS

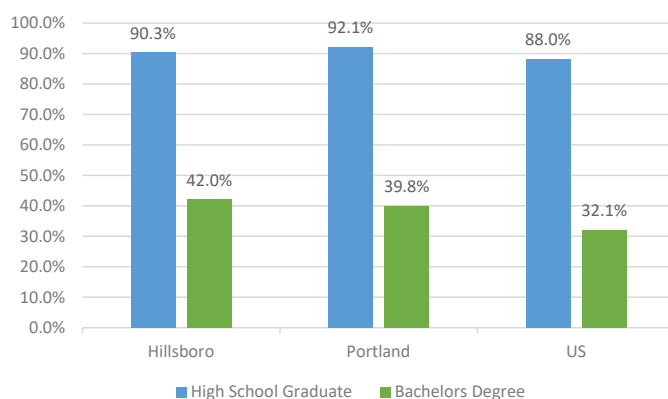
The City of Hillsboro is the fifth largest City in Oregon and located within Washington County. Just 18 miles west of Portland, Hillsboro is considered the "high tech corridor of the state" and is home to some of the best land, power, and water resources in the country.

With a population of over 108,000 people (1), Hillsboro is continuously expanding to accommodate our growing community.

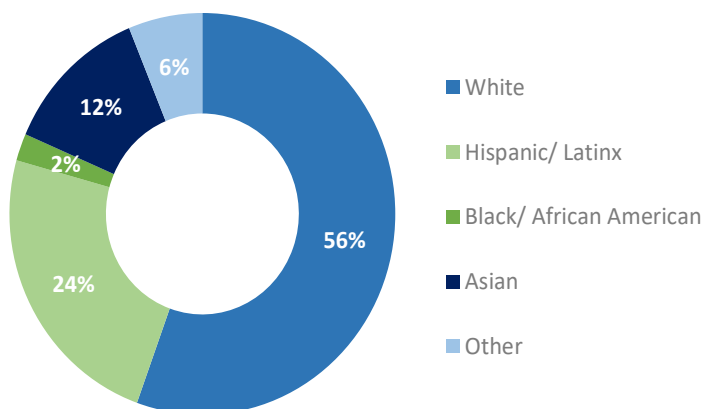
Median Household Income 1



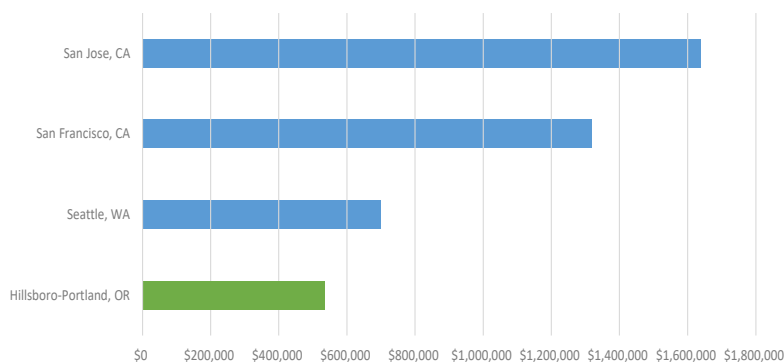
Education 1



Diversity 1



Average Cost to Buy A House 3



Unemployment rate 2

4.5%

Portland MSA: 6.1%
 Oregon: 6.4%
 United States: 4.1%

[1] Data collected from US Census Bureau, 2016 American Community Survey 1-Year Estimates;
 [3] Data collected from National Association of Realtors 2020

[2] Data collected from OED, LAUS in December 2020



Council Priorities & Guiding Principles

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, including City Council and City boards and commissions, to utilize an equity lens and institutionalize equity in the delivery of City services and policy-making. 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.

COVID-19 Response and Recovery

Implement the City's strategic framework to utilize funds received from the American Rescue Plan Act. Focus on employee wellbeing as they continue to face challenges due to the COVID-19 pandemic.

HiLight & Broadband Access

Expedite the build out of Hillsboro's municipal broadband utility, HiLight, to deliver reliable and affordable high-speed internet connections to Hillsboro residents, businesses, and schools. Identify barriers to digital literacy within the community and evaluate solutions to overcome them.

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.

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. Improve connections and collaboration with service providers, community partners, and impacted stakeholders to address homelessness regionally. Implement House Bill 2001 (Middle Housing) and continue exploring middle housing opportunities. Continue implementing the Metro Affordable Housing Bond measure and Hillsboro Affordable Housing Implementation Plan, and identify new opportunities to deliver affordable housing.

Economic Development

Continue focusing investment in the North Hillsboro Industrial Area and Technology Park, Downtown Hillsboro, and the 10th Avenue corridor. Expand workforce training, apprenticeship, and internship opportunities, with a focus on post-pandemic needs.

Community Engagement and Outreach

Develop a Citywide framework with goals for active community engagement, including project-specific engagement.

Environment Sustainability

Continue to support the Environmental Stewardship Committee to advance the actions identified in the Hillsboro 2035 Community Plan. Conduct an organizational assessment of the City's management of environmental resources and services.



Council Priorities - Highlighted Projects

Racial Equity

- Recruitment including bias awareness training for interview panelists, implementing equity hiring flow assessment, and review pre-employment screening processes
- Continue development of DEI competencies with City Council, senior Leadership & boards & commissions
- Policy completion and adoption of a Supplier Diversity Program that uses software to track supplier data
- Complete, review & implement departmental supplier diversity plans

COVID-19 Response and Recovery

- Initiate an employee engagement survey
- Continue to utilize the \$18 Million in American Rescue Plan Act (ARPA) funding to Implement the City's strategic framework
- Formalize employee mental health and wellbeing program
- Formally recognize day after Thanksgiving as a Mental Health Day (Holiday)

HiLight & Broadband Access

- Accelerate funding with \$7.2 M from Gain Share & \$3 M from ARPA funds for operations and construction to complete approximately 24.5% of the HiLight buildout by end of FY 2022-23
- Increase addresses where service would be available up to 9,600
- Expanded HiLight Bridge program to include laptops
- Study literacy barriers, support digital literacy and technology access by outfitting our Libraries, and partner with Centro Cultural to train and provide devices and internet service to program participants

Public Safety

- 2 new officers assigned to bike patrol
- Continue Minority Business & Organizations Outreach Team – 1 Officer, 1 Community Engagement Specialist
- Continue fair & impartial policing training to all sworn staff
- Addition of 24/7 Fire & Rescue medic unit

Housing and Homelessness

- Century Commons – Habitat for Humanity
- Establish year-round emergency shelter with property acquired
- CDBG Rehabilitation – Washington County Office of Community Development (18 housing rehabs)
- Community clean up projects and Homeplate program expansion

Economic Development

- North Hillsboro Land assembly and infrastructure delivery
- Block 67 site
- PCC Future Connect & Career Technical Education Guidance program
- Operator in Training Internship

Community Engagement and Outreach

- Develop and implement language access policy
- Develop community engagement strategic plan
- Engage marginalized communities in land use planning
- Develop multi-jurisdictional community engagement strategy - 2 year contract with Beaverton and Washington County

Environment Sustainability

- Identify & reduce barriers to solar power installations, with a focus on equitable participation
- Develop recommendations to reduce electricity use and light pollution for commercial development
- Organizational assessment of the City's management of environmental resources and services
- Establish energy independent buildings with renewable energy, beginning with public facilities



Budget Highlights

New or Expansion Projects

- Willamette Water Supply System \$139.5 Million
- Ron Tonkin Field Expansion \$17.5 Million
- HiLight Funding \$9 Million
- Inclusive Play Park at 53rd Avenue Park \$9 Million
- Police Station Site & Construction Funding* \$5 Million
- Fleet Shop Expansion \$4.1 Million
- South Hillsboro Fire Station Siting Feasibility and Design Funding* \$3.5 Million
- Lincoln and 2nd Street Road and Pedestrian Improvements \$3.5 Million
- Homeless Shelter* \$1.4 Million



Replacement & Upgrades

- Water, Sewer, & Storm Replacements \$8.4 Million
- Fleet Replacements \$7.2 Million
- Pavement Management & Reconstruction \$5.4 Million
- Facilities Repair & Replacements \$5.1 Million



**Listed amounts are amounts anticipated to be expended in FY 2022-23 and may differ from the budget line item detail that includes reserves for the entire project*



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. 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. Visit the City's website at [Hillsboro-Oregon.gov](https://www.hillsboro-oregon.gov) to see the map of Hillsboro's three wards and to learn more about Hillsboro's Mayor and City Councilors.



Steve Callaway
Mayor



Beach Pace
Councilor
Ward 1



Rick Van Beveren
Councilor
Ward 1



Kyle Allen
Council President
Ward 2



Anthony Martin
Councilor
Ward 2



Olivia Alcaire
Councilor
Ward 3



Gina Roletto
Councilor
Ward 3

Community Members

Olga Acuña - Director of Federal Programs, Hillsboro School District

Taylor Moore - Finance Supply Chain Lead, Intel

Zuhair Gafur - Engineering Operations Strategy Consultant, Gafur Consulting

David Judah - Community Member

Dan Mason - Community Manager, MG Properties

Darell Lumaco - Ophthalmology Physician

Salvatore Bianco - Community Member



The Budget Process

Hillsboro's Budget Process

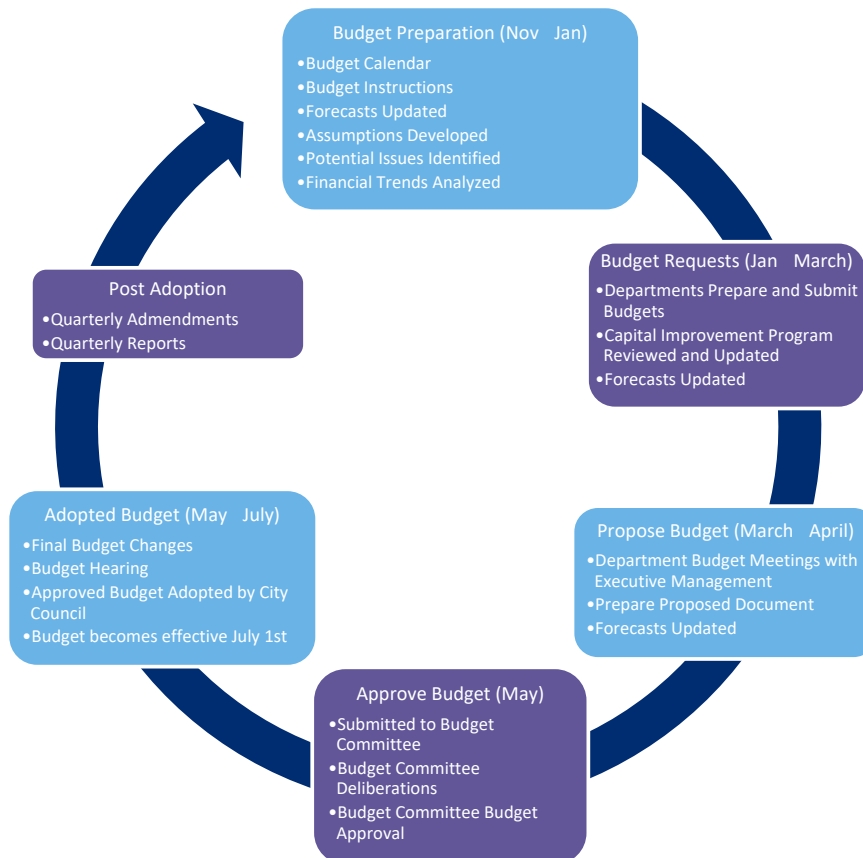
The process followed in the preparation of the budget complies with Oregon Local Budget Law established by Oregon Revised Statutes. City management seeks and welcomes public input, participation and deliberation throughout the process.

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 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 each year. 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.





Net Budget

The Net Budget as shown in the table below subtracts out transfers, Internal Service Fund Charges, water purchases 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 duplicated appropriators 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 in order to reflect a balanced 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, 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 2019-20	Actual 2020-21	Adopted 2021-22	Adopted 2022-23	Dollar Change	Percent Change
Total Budget	729,418,140	761,527,264	964,355,163	1,077,573,243	113,218,080	12%
Less Duplicate Expenditures:						
Transfers	42,632,216	43,848,527	66,681,439	76,459,680	9,778,241	15%
Internal Service Charges						
Support Services Charges	19,972,292	21,532,381	29,208,111	33,203,409	3,995,298	14%
Facilities Charges	4,153,995	4,216,733	6,515,906	7,087,118	571,212	9%
Depreciation Charges	1,800,000	1,800,000	1,800,000	3,048,000	1,248,000	69%
Insurance/Risk Charges	2,709,346	3,019,949	3,868,005	4,300,325	432,320	11%
Fleet Charges	1,844,110	2,007,409	2,561,285	2,667,855	106,570	4%
Water Purchases & JV Projects	7,780,062	7,119,975	7,680,681	8,978,717	1,298,036	17%
Inter-Fund Loan Debt Service	1,643,888	1,350,000	1,350,000	1,906,027	556,027	41%
Payments to Other Govt's (HEDC & City)	800,000	800,000	4,383,600	883,600	(3,500,000)	-80%
Total Duplicate Expenditures	83,335,909	85,694,974	124,049,027	138,534,731	14,485,704	12%
Total Budget Less Duplicates	646,082,231	675,832,290	840,306,136	939,038,512	98,732,376	12%
Less Reserves:						
Capital Reserve	-	-	227,901,458	284,687,128	56,785,670	25%
Contingency	-	-	20,452,324	18,995,461	(1,456,863)	-7%
Unappropriated Fund Balance	328,805,125	382,654,497	41,962,136	11,732,063	(30,230,073)	-72%
Total Reserves	328,805,125	382,654,497	290,315,918	315,414,652	25,098,734	9%
Net Budget	\$ 317,277,106	\$ 293,177,793	\$ 549,990,218	\$ 623,623,860	\$ 73,633,642	13%



Where the Money Comes From

City Resources

Resources of All Funds Combined by Category	
Fund Balances* & Transfers	\$ 458,141,624
Bond & Loan Proceeds	214,300,000
Utility Charges	102,143,200
Property Taxes	94,060,315
Charges for Services	51,792,232
Other Governments & Taxes	32,373,628
Development Fees	29,290,000
Strategic Investment Program & Gain Share	29,240,300
Miscellaneous, Interest & Fines	19,993,081
Franchise Fees	19,950,000
Joint Ventures	18,346,092
Grants & Donations	7,942,771
Total Resources	\$ 1,077,573,243

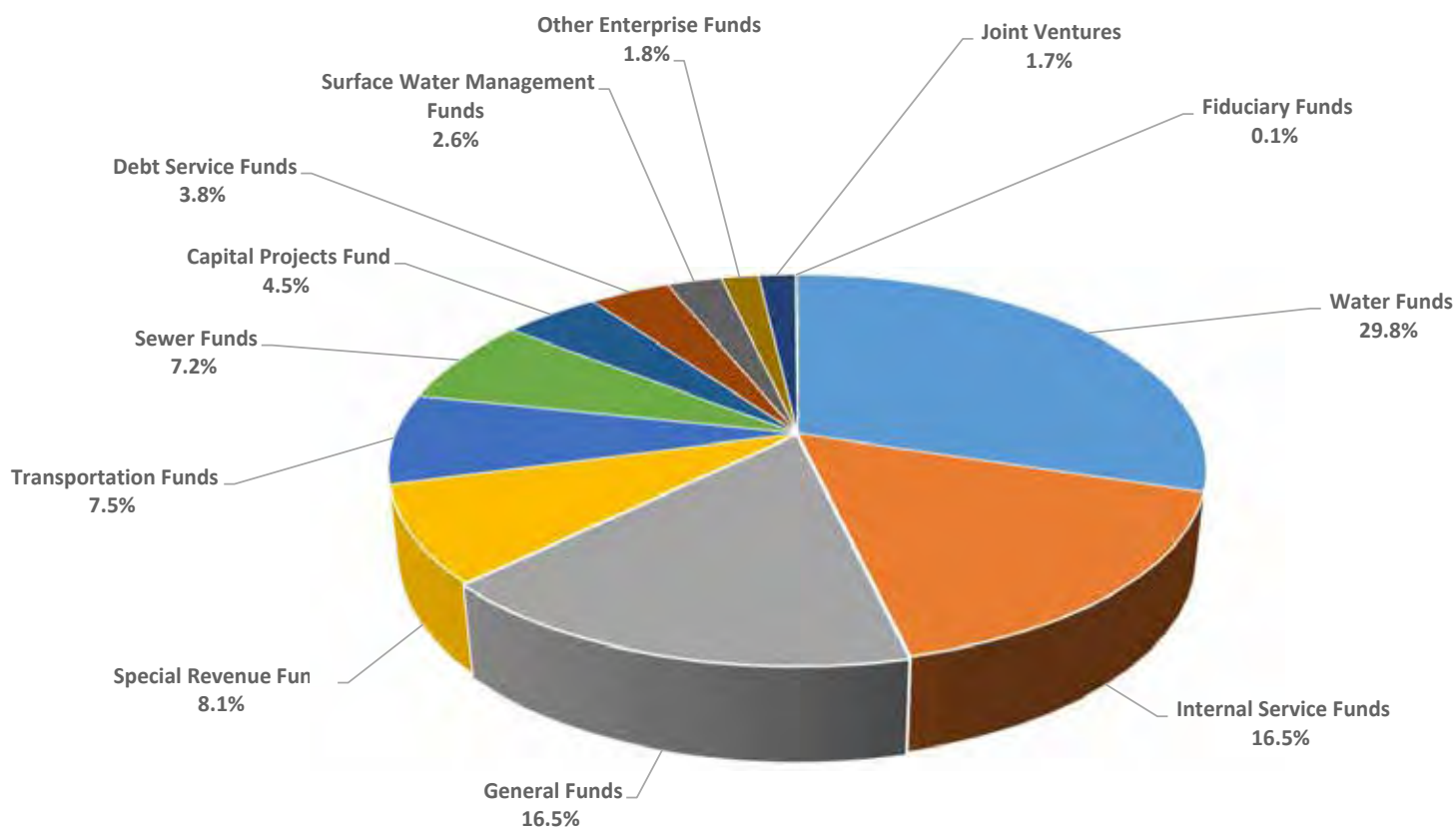
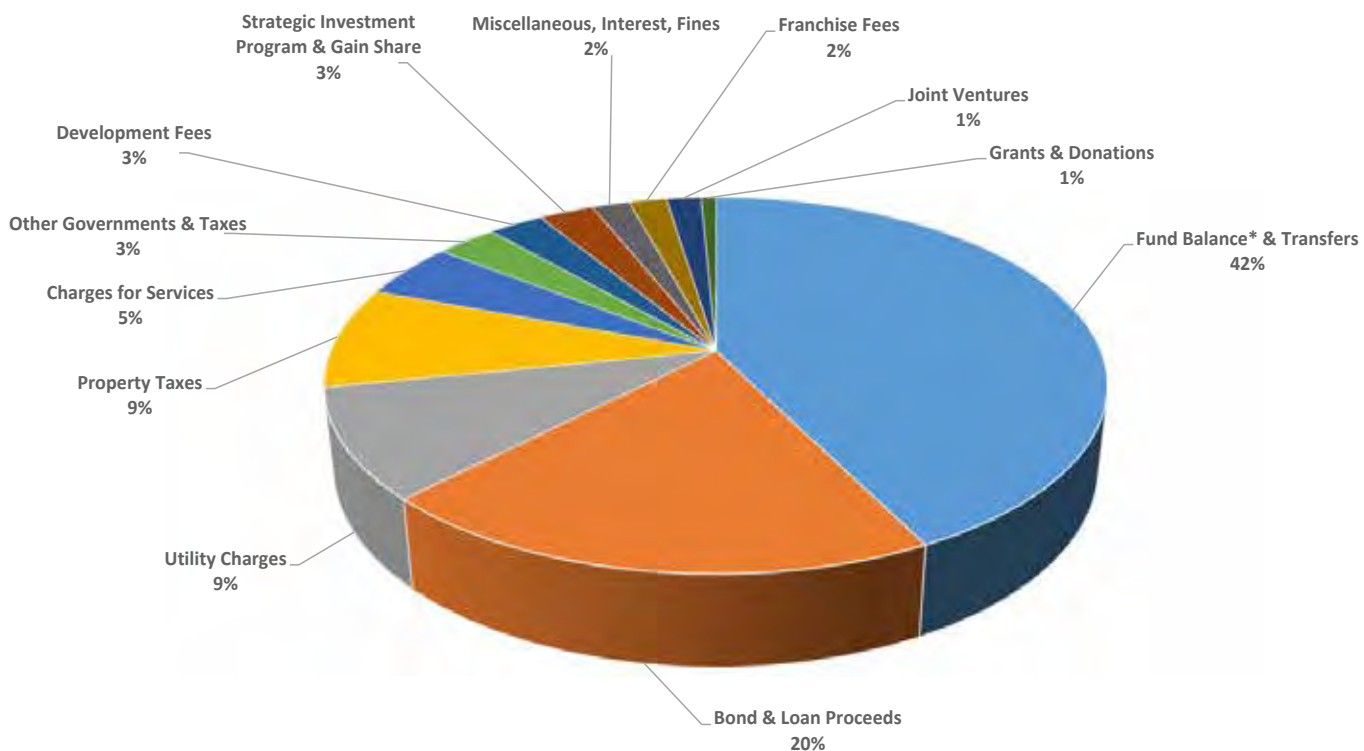
*Many funds, like Transportation, Water, Sewer and Building have dedicated resources which can only be expended on these programs and services. Reserves may be higher in these programs due to saving for future large capital projects.

Resources by Fund Group	
Water Funds	\$ 320,910,733
Internal Service Funds	178,024,322
General Funds	177,506,996
Special Revenue Funds	86,768,478
Transportation Funds	80,951,372
Sewer Funds	77,096,200
Capital Projects Fund	48,902,257
Debt Service Funds	40,948,416
Surface Water Management Funds	27,698,500
Other Enterprise Funds	18,934,321
Joint Ventures	18,616,788
Fiduciary Funds	1,214,860
Total Resources	\$ 1,077,573,243

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

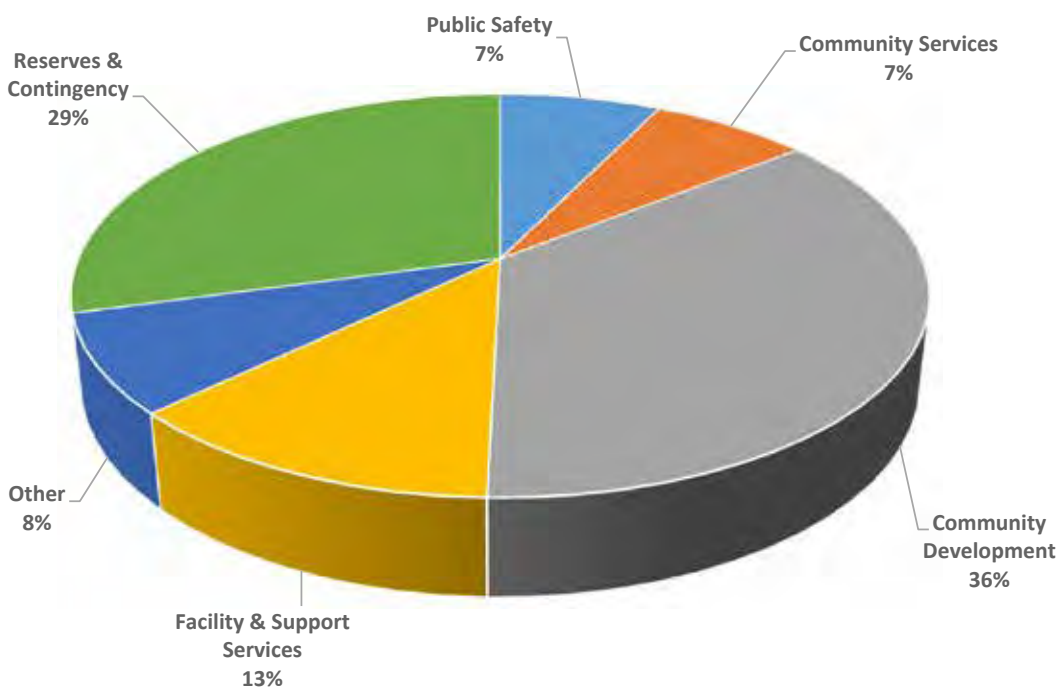
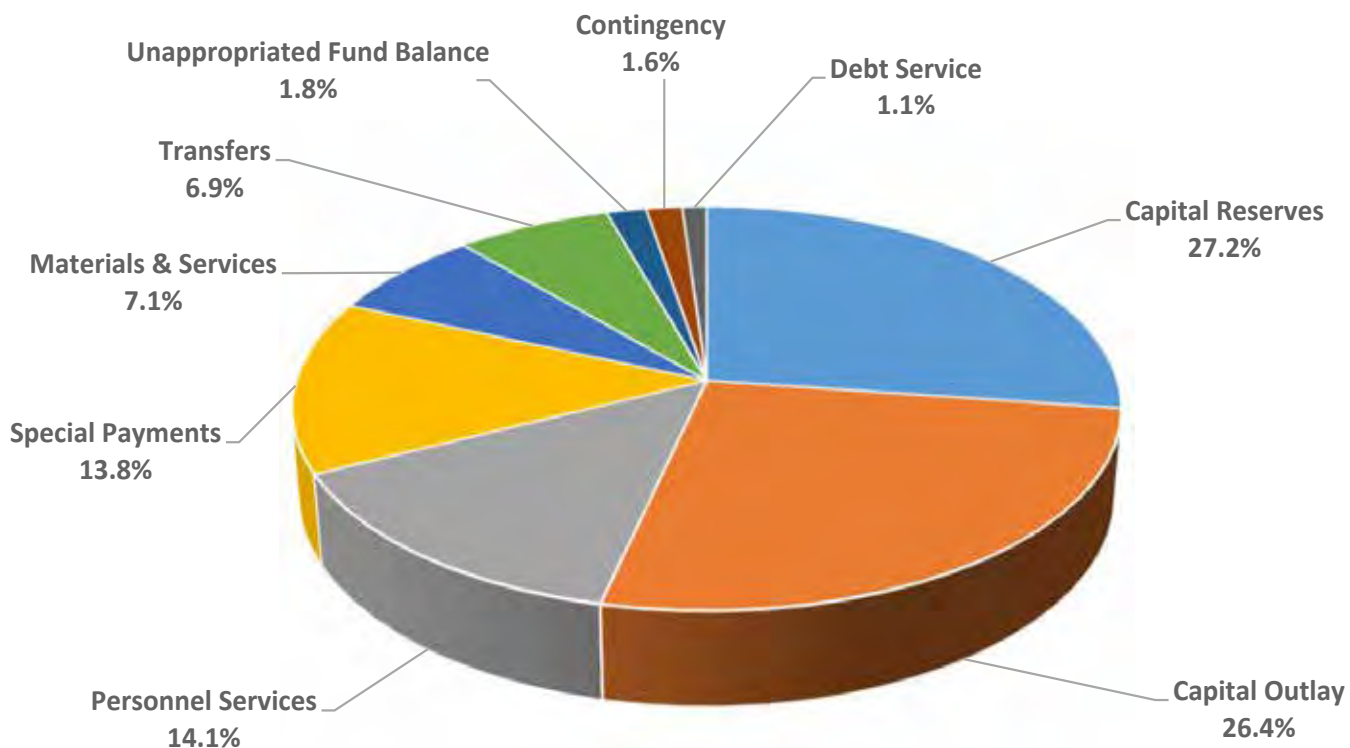
City Expenditures

Expenditures of All Funds Combined by Category	
Capital Reserves	292,878,838
Capital Outlay	284,687,128
Personnel Services	151,772,210
Special Payments	149,231,730
Materials & Services	76,459,680
Transfers	74,512,250
Unappropriated Fund Balance	18,995,461
Contingency	17,303,883
Debt Service	11,732,063
Total Expenditures	\$ 1,077,573,243

Expenditures by Service Area	
Police	\$ 44,934,718
Municipal Court	595,004
Fire & Rescue	31,992,045
Emergency Management	405,054
Public Safety	77,926,821
Library	14,098,677
Parks and Recreation	62,467,970
Community Services	76,566,647
Community Development Dept ⁽¹⁾	41,489,076
Economic Development	18,998,001
HiLight	18,108,186
Water	216,302,832
Public Works	93,740,762
Community Development	388,638,857
City Manager's Office	7,569,322
Human Resources/Risk Management	8,231,550
Information Services	14,224,044
Finance	5,230,235
Facilities & Fleet	98,409,376
Facility & Support Services	133,664,527
Other ⁽²⁾	85,361,739
Reserves & Contingency ⁽³⁾	315,414,652
Total Expenditures	\$ 1,077,573,243
(1) Includes Community Development Administration, Planning, Transportation Systems, and Building	
(2) Non-Department Expenditures	
(3) Reserves for all Departments	



Where the Money Goes

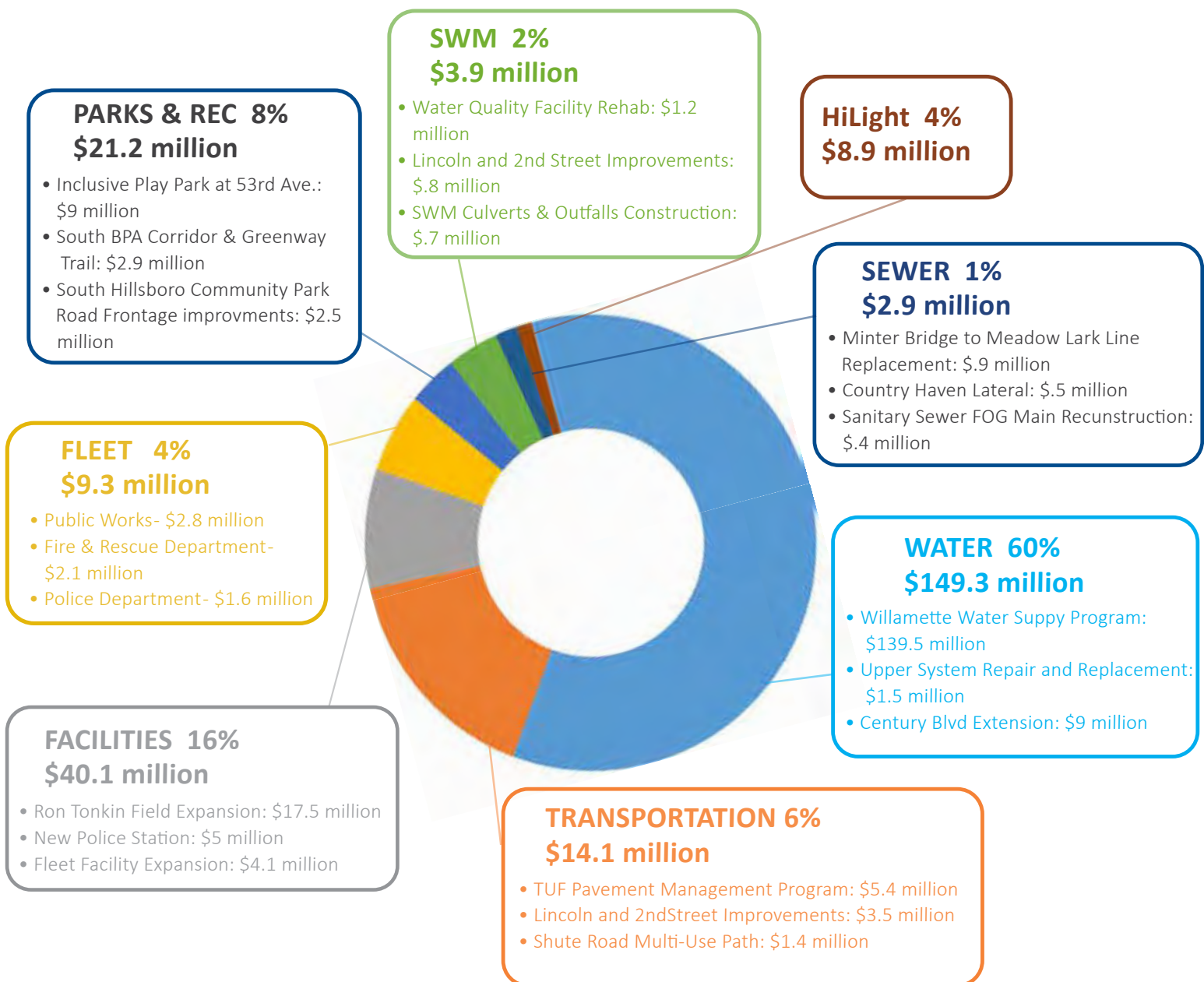




Capital Improvement Program

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 seven 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 2022-27 is just over \$580 million. This amount includes \$10 million of projects that have no funding source identified at this time. The FY 2022-23 CIP amount of \$249.7 million is broken down as follows, with examples of the top projects listed in each CIP section.



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.

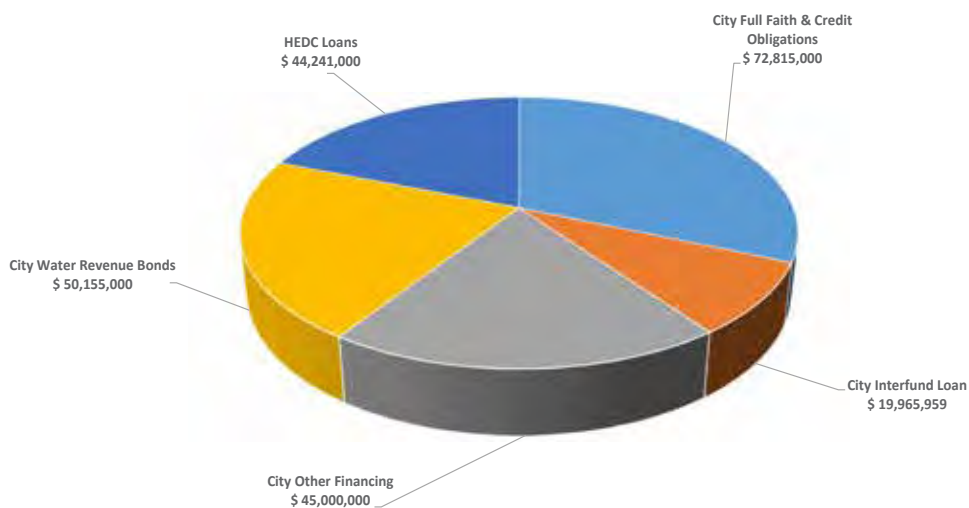
Debt service appropriations provide for the payment of principal and interest on bonds and special obligation notes. The City has revenue bonds, full faith and credit obligations, private loans, and three interfund loans currently outstanding. Full faith and credit obligations are backed by the City's 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.



In FY 2021-22, the City made three draws totaling \$45 million on its Water Infrastructure Finance and Innovation Act (WIFIA) loan. The City can draw a total of \$250.5 million on its WIFIA loan. The City plans to draw \$140 million in FY 2022-23.

The FY 2022-23 budget includes a bond issuance of \$40.8 million for expansion and upgrades to Ron Tonkin Field and facility, home of the Hillsboro Hops. The FY 2022-23 budget also includes a bond issuance of \$22 million for the South Hillsboro Local Improvement District. The City's Downtown Urban Renewal Agency may also issue new debt in FY 2022-23 to fund projects to spur redevelopment in the downtown area. For future debt issuances, the City is likely to issue debt for construction of a new Police Station as most of the land for the new station has been acquired. The City is also reviewing the option of applying for a second WIFIA loan due to inflammatory impacts on the Willamette Water Supply Project.

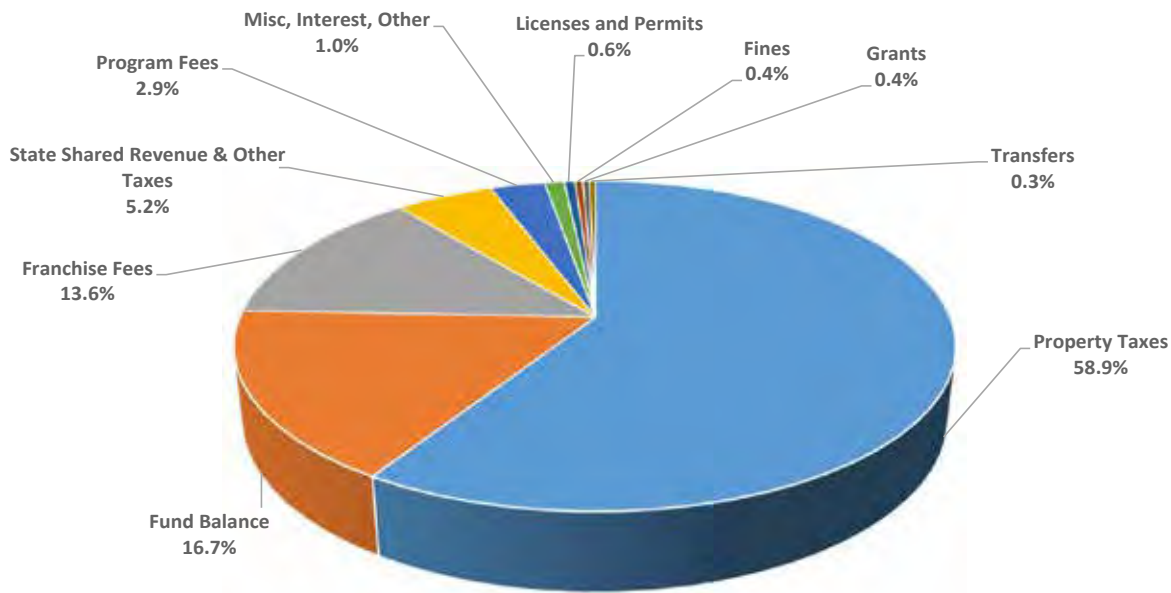


The City's General Fund

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.

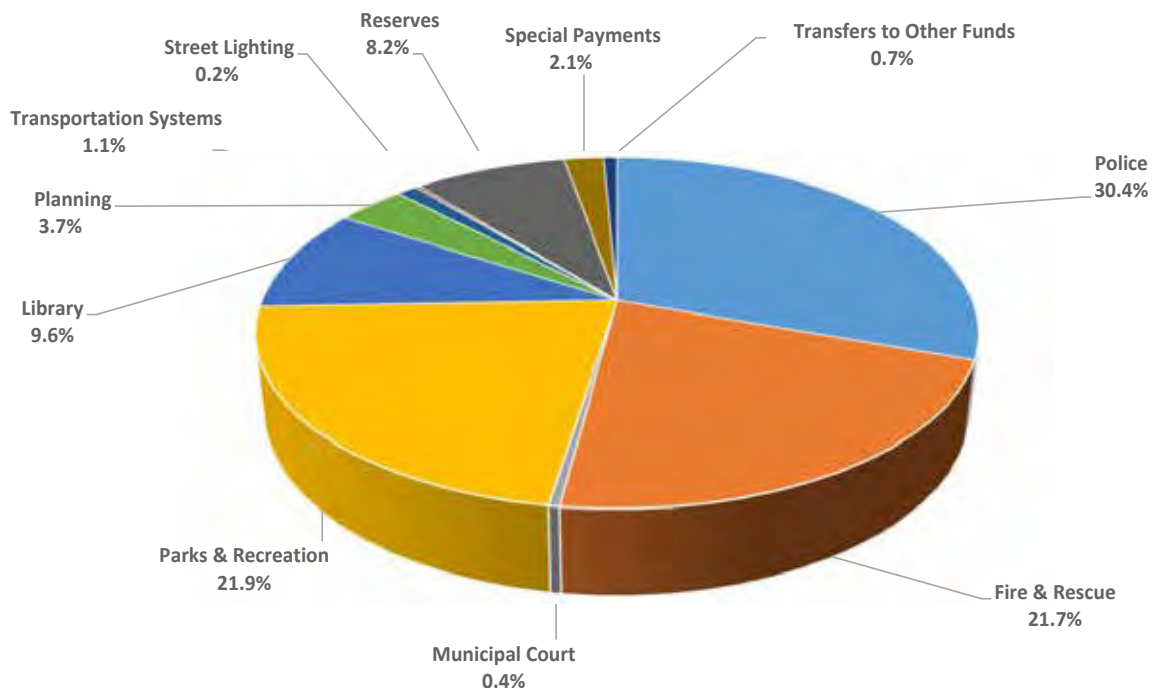
General Fund Resources & Expenses



General Fund Resources by Category	
Property Taxes	\$ 86,757,805
Fund Balance	24,620,400
Franchise Fees	19,950,000
State Shared Revenue & Other Taxes	7,685,640
Program Fees	4,230,850
Misc, Interest, Other	1,536,075
Licenses and Permits	840,000
Fines	605,000
Grants	519,032
Transfers	475,000
Total	\$ 147,219,802



The City's General Fund



General Fund Expenses by Department		
Police	\$	44,715,753
Fire & Rescue		31,992,045
Municipal Court		595,004
Public Safety	\$	77,302,802
Parks & Recreation		32,259,580
Library		14,098,677
Community Services	\$	46,358,257
Planning		5,440,969
Transportation Systems		1,611,195
Street Lighting		335,000
Reserves		12,017,956
Special Payments		3,118,998
Transfers to Other Funds		1,034,625
Total General Fund	\$	147,219,802



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

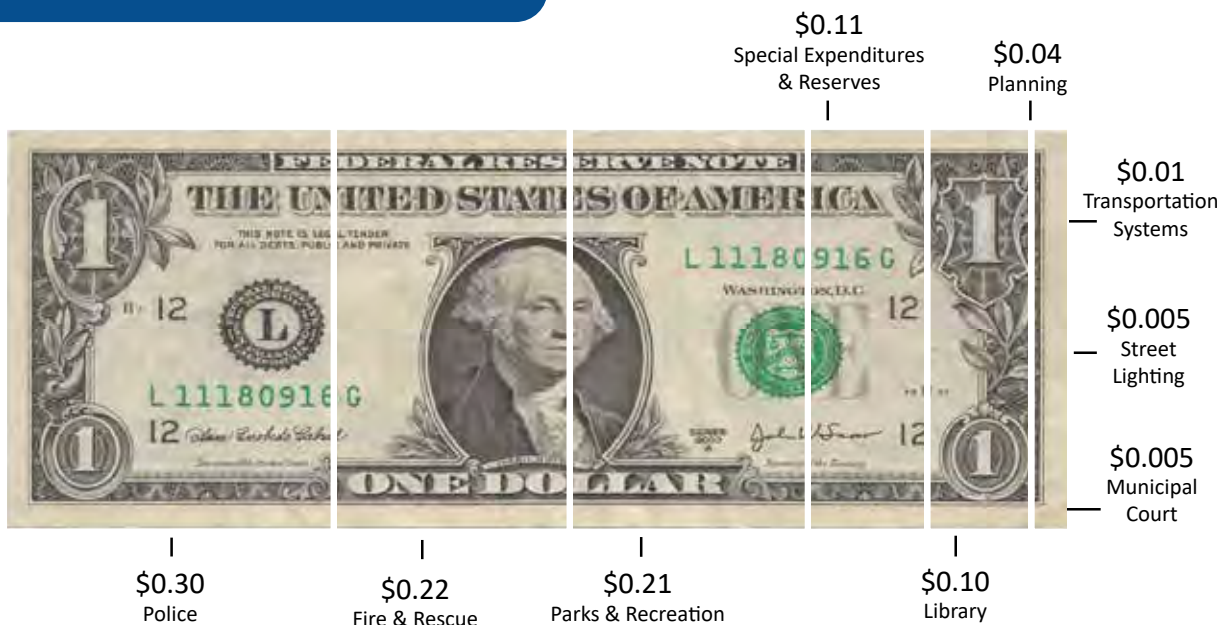
The City has a voter approved five-year Local Option Tax Levy of \$1.72 per \$1,000 of assessed property value specifically for Police, Fire & Rescue, and Parks & Recreation maintenance services. The total tax rate, including the Local Option Levy for City services, is \$5.3865 per \$1,000 of assessed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

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

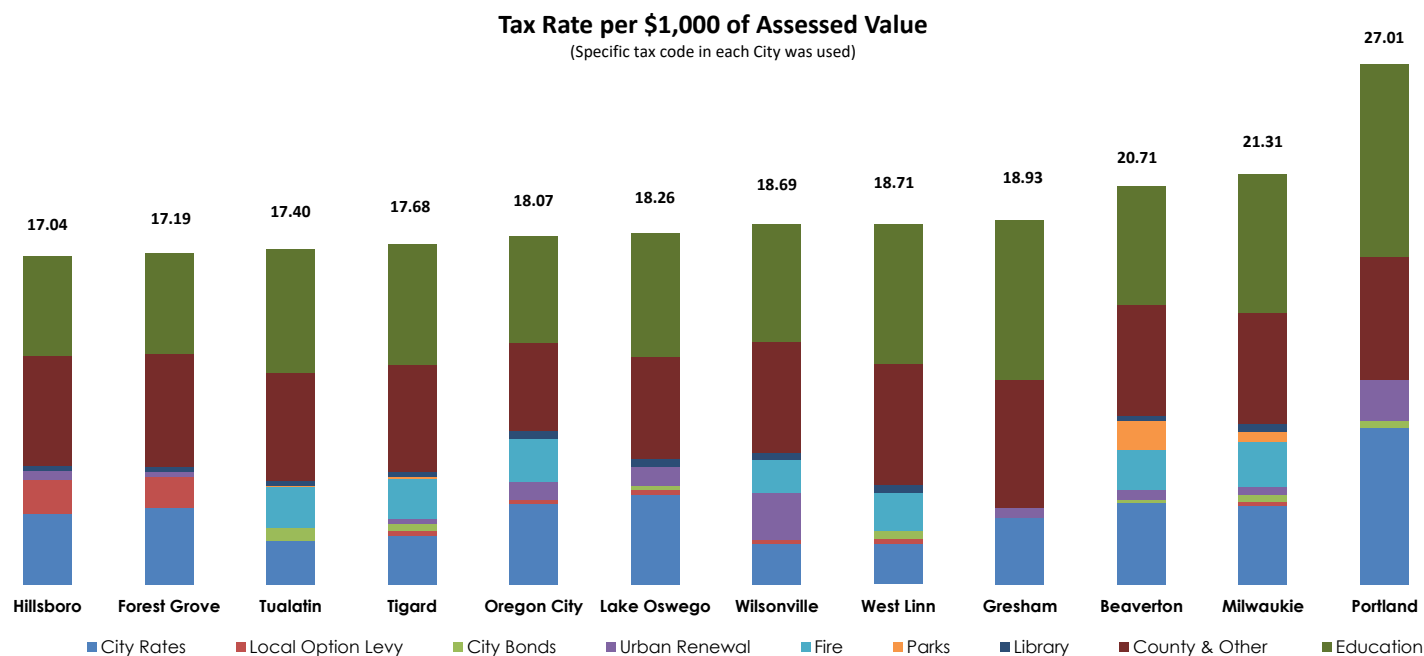




Tax Comparisons

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.



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 assumes a 5% increase in AV for FY 2022-23. 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 FY 2022-23 adopted budget is \$1,077,573,243.

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 FY 2022-23 is approximately \$623 million. Please see the Net Budget summary on page 8.

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 authorized the current local option tax levy of \$1.72 per \$1,000 of assessed value in 2017. The current levy expires in June 2023 and was on the May 17, 2022 Ballot for renewal which passed with over 80% voter approval. 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. The approved levy funding would go to police, fire and rescue, and emergency medical services. The remaining amount of the approved levy will be used for parks maintenance services.

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

The City received \$72,949,255 in property taxes from both the permanent tax rate and Local Option Levy in FY 2020-21 and has budgeted \$80,782,500 for FY 2022-23.

Does all of my property tax bill go to 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.



Top Budget Questions

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, 2022, the City has approximately \$160.1 million principal debt outstanding. The Hillsboro Economic Development Council, the City's urban renewal district, has \$44.24 million in principal debt outstanding. Please see the Debt Service section on page 4 for more information.

How much in federal funds has the City received for COVID-19 response?

The City of Hillsboro did not receive a direct allocation of the Coronavirus Aid, Relief, and Economic Security (CARES) funding. However, Washington County allocated a share of its direct CARES funding to cities within the county. The City received \$2.1 million for COVID-19 emergency response and \$4.5 million for small business grants in FY 2020-21. The City also received a direct allocation of \$18 million of American Rescue Plan Act (ARPA) funding. The funding was paid out in two tranches. The City received its first tranche of \$9 million in May 2021 and the second in May 2022. The City also received funding to a lesser extent from the Department of Housing and Urban Development and Justice.

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. The 53rd Avenue affordable housing project, Nueva Esperanza, is being partially funded with \$18 million from the Metro Affordable Housing Bonds and with land donated by the City and will provide 150 units of affordable housing next to the Hidden Creek Community Center and 53rd Avenue Park.
4. The City's first inclusive playground to be located adjacent to Hidden Creek Community Center and across the street from the 53rd Avenue Park complex.

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!**



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 or call 503-681-6100