

CITY OF GRESHAM



Fiscal Year 2026/27

**FINANCE PLAN MANUAL  
FOR UTILITIES AND TRANSPORTATION**

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# Finance Plan Overview

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## Overview

The City's Water, Stormwater, Wastewater, and Transportation programs are managed as individual businesses with a focus on providing sustainable services. The goal is to deliver reliable and affordable services to today's customers while ensuring that infrastructure is maintained and passed on to future users in comparable condition. Unlike private businesses, these programs do not generate profits and cannot discontinue operations.

Most infrastructure assets have useful lives ranging from 25 to 75 years, depending on the facility type and level of maintenance. As a result, decisions must be made with a long-term perspective. Finance plans support this long-range planning.

This manual provides an overview of the City's finance plans and how they are used. Explanations are generally presented from a management perspective rather than in detailed budgetary terms.

## Finance Plan Components

There are three primary components to the finance plans:

- Revenues
- Expenses
- Reserves

These components are evaluated over 20 years, with greater focus on the first five to 10 years. The primary components can be broken down as follows:

<b>Program Area</b>	<b>Revenues</b>	<b>Expenses</b>	<b>Reserves</b>
<b>Water Utilities</b> (Water, Stormwater & Wastewater)	Rates	Operating	Minimum Fund Balance
	Fees & Charges	Capital	Working Capital
	SDCs	Debt	Uncertainties
	Miscellaneous		Future Needs
<b>Transportation</b>	Gas Taxes	Operating	Minimum Fund Balance
	County Payments	Capital	Working Capital
	Fees & Charges	Debt	Uncertainties
	SDCs		Future Needs
	Utility License Fees		
	Miscellaneous		

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## Finance Plan Overview

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Further explanation of these components is shown below. Some items, where noted, are applicable to the utilities but not transportation or vice versa.

### Revenues

- **Rates (Utilities only)**  
Primary revenue source; typically, usage based in some way; may include a fixed component as well.
- **Gas Taxes and Vehicle Registration Fees (Transportation only)** Primary revenue source for Transportation.
- **County Payments (Transportation only)**  
Gas Taxes from Multnomah County related to the transfer of roads from the County.
- **Fees and Charges**  
Payments received for specific services such as inspections or meter installs; typically set to recover only the cost of providing that particular service.
- **System Development Charges (SDCs)**  
Payments made by development to cover the cost of growth; usage is restricted to growth- related Capital Improvement Program (CIP) projects only.
- **Miscellaneous**  
Includes interest earnings, grants, bond proceeds and any minor or non-routine revenues.
- **Utility License Fees (Transportation only)**  
A portion of the Utility License Fees collected from the City's three Water Utilities is dedicated to Transportation to be used on street maintenance.

### Expenses

- **Operating**  
Includes all personnel, materials and services, minor capital outlay as shown in the line-item budgets. Typically, this includes functions such as Operations and Maintenance, Engineering, Administration and Support, and Internal Service Charges. Also includes payments transferred to other funds for services received.
- **Capital**  
Includes all projects budgeted within the Capital Improvement Program. Projects fall into the following categories:
  - **System Repairs and Replacements**  
Projects needed to maintain existing infrastructure; typically needed to ensure service reliability.
  - **System Improvements**  
Projects designed to increase the functionality, efficiency, and/or capability of the infrastructure.

## Finance Plan Overview

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- Capacity Increasing Projects

Projects needed in order to provide services to meet increased demand and/or new customers.

- Debt

Repayment of bonds or other debt issued previously to build capital projects; typically, repayment is for 10 – 30 years depending on the issuance. May be paid by SDCs only if the project was for growth, otherwise it must be paid by rates.

### Reserves

Having reserves is important in any program, but especially so in capital intensive programs such as the Utilities and Transportation. Any reserves must be accounted for in the budget, both on the resource (revenue) side and on the requirements (expense) side. Items to look for include Beginning Balance (on the resource side) and Contingency and Unappropriated (on the requirements side).

From a management perspective, the following categorization may be more illustrative of some of the reasons for having reserves.

- Minimum Fund Balance

Typically based on outstanding cash receipts or money that is owed but hasn't yet been collected.

- Working Capital

Cash balance maintained in order to cover the differences in timing pattern of when expenditures are made during the year and when revenues are collected during the year.

- Debt and Credit Requirements

Some debt instruments require funds be set aside as a condition of the loan. In addition to monitoring those mandatory reserves, the finance plan also assesses the credit worthiness of utilities which may benefit from debt to support large infrastructure projects.

- Uncertainties and Unexpected Events

Examples may include revenue collection being lower than anticipated; equipment failure, such as a pipe, reservoir or pump station; weather conditions; an unanticipated increased demand for services, etc.

- Planned Future Needs

Funds are collected over time and set aside to fund large capital projects, including infrastructure replacement and construction of new facilities, without large rate increases. Projects may be planned within or beyond the five-year Capital Improvement Program.

# Finance Plan Overview

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## Inter-Connections Between Components

The components of the finance plans are interrelated, meaning changes to one component may require adjustments to others. Some relationships are formula-based. For example, when expenses exceed revenues, reserve balances are drawn down; when revenues exceed expenses, reserves increase. Changes in reserves also affect projected interest earnings—a subcomponent of revenue—which rise or fall with reserve balances.

Other relationships are operational. For instance, purchasing equipment instead of renting may increase maintenance and insurance costs while reducing rental expenses. Similarly, some capital projects may increase near-term costs but produce long-term savings. Together, these interactions show how financial and operational decisions shape the finance plan and support the strategies of the water utilities and transportation program.

## Influencing Factors

Utility rates and service levels do not always align with inflation because many factors that affect a program’s financial condition are not inflation-driven. The following list highlights factors that may not track inflation, may increase the effort required to maintain services, or may affect revenue levels.

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<b>Basic Costs</b>	Personnel Water Supply & Treatment Fuel & Electricity Steel, Asphalt, and Concrete Construction Costs
<b>Utility Needs</b>	Deferred Maintenance Capital Projects Contractual Requirements
<b>Customer Characteristics</b>	Changes in number or type of customer (e.g. restaurant, bank, etc.) Changes in customer behavior
<b>Economy</b>	Growth and demand for services Interest rates SDC collection
<b>Regulatory Requirements</b>	Environmental Employment/Safety Development-related (e.g. “middle housing”)
<b>Uncertainties</b>	Weather events Equipment failure

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# Finance Plan Overview

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## Developing Recommendations

Finance plans support the development of recommendations for operating budgets, capital projects, and rate or other revenue proposals. This process involves several key steps, outlined below.

### Forecasting Revenues and Managing Expenses

Revenue and expense forecasts are informed by multiple factors, including recent financial history and trends, economic conditions, and growth projections. Additional analyses include infrastructure condition assessments, recent experience with emergency repairs, and tracking of ongoing operations activities. Potential investments that may result in future cost savings are also evaluated.

### Assessing Upcoming Issues and Uncertainties

Finance plans also consider emerging issues and uncertainties that may affect future conditions. These may include environmental regulatory requirements, the pace and demand of new development, levels of deferred maintenance, and the need to renegotiate major service contracts, such as wastewater treatment operations or water supply agreements.

### Evaluating Fiscal Condition and Risks

Evaluation of fiscal condition focuses on factors such as reserve levels, bond coverage ratios, infrastructure replacement needs, upcoming capital projects, and variability in revenue sources.

### Putting it All Together – Finding a Sustainable Balance

These analyses help balance competing priorities, such as maintaining reliable services, keeping rates affordable over time, meeting regulatory requirements, and investing in preventive maintenance to reduce long-term costs.



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# Water Utility

# Water Utility

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## Purpose

The Drinking Water Program plans for and provides safe, reliable water to the community through construction, operation and maintenance of the public drinking water system. The program provides water services to over 73,932 Gresham residents and businesses. The distribution and storage system includes: eight water reservoirs (seven active) that store more than 27 million gallons of water, eight pump stations, over 230 miles of waterlines, 2,108 Gresham-owned fire hydrants, and 8,300 valves.

## Overall Structure

The Drinking Water Program has three basic funds:

- Water Fund
- Water Capital Improvement Fund
- Water Debt Service Fund

The Water Fund is the primary operating fund in which all personnel as well as operating materials and services are budgeted. All capital improvement projects (CIP) are budgeted in the Capital Improvement Fund. Staff working on CIP projects charge their time to a specific project and the Water Fund is then reimbursed for that person's time (including salary, benefits and overheads). The Water Debt Service Fund is used to make payments on existing debt.

The finance plan for Water incorporates revenues and expenses in all three of these funds to ensure that operational needs, capital construction and debt requirements can all be supported by the rates and charges as proposed.

## Guiding Policies

The Water Utility is guided by a range of City goals and policies, including Council goals and the City's strategic plan, City financial policies, and various master plans and infrastructure condition assessments. These include the Capital Maintenance Plan, the Seismic Resiliency Study (2016), the Water System Master Plan (2020), and the Groundwater Development Master Plan (2020).

The Water Utility's long-term goals are to provide high-quality, cost-effective services; comply with environmental regulations; support economic development; and proactively accommodate regional growth.

# Water Utility

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## Summary

Gresham's Drinking Water Utility provides essential public health and infrastructure services by delivering safe, reliable, and affordable drinking water to residents and businesses. The utility operates and maintains a complex system of reservoirs, pump stations, pipelines, and supporting facilities, with a strong focus on system reliability, public safety, and long-term financial sustainability.

To reduce customer exposure to rising wholesale water costs and strengthen system resilience, the City partnered with Rockwood Water Peoples' Utility District (RWPUD) in 2020 to develop an independent groundwater supply through the Cascade Groundwater Alliance. This long-term strategy, guided by the Groundwater Development Master Plan (GDMP), responded to increasing and largely uncontrollable cost pressures associated with reliance on surface water purchased from the City of Portland. In 2026, the City officially transitioned to an independent groundwater supply, improving cost stability while enhancing redundancy, seismic resilience, and operational control.

The Water Utility's operations emphasize proactive maintenance, emergency preparedness, and efficient use of resources. Current efforts focus on maintaining water quality and distribution reliability through system flushing, large meter vault safety improvements, routine valve and hydrant maintenance, and expanded use of leak detection technology to reduce water loss. Utility staff also participate in local and regional emergency response planning, including deployment of a mobile emergency water distribution system to ensure continuity of service during emergencies.

Protecting groundwater resources remains a priority through continued expansion of the Well Field Protection Program. The Utility works directly with local businesses to safeguard aquifers by providing technical assistance, spill response equipment, training, and regulatory coordination. Ongoing collaboration with neighboring jurisdictions promotes consistent environmental protection standards across East County.

Capital investments are advanced through the Water Capital Improvement Program (CIP), which prioritizes rehabilitation and replacement of aging infrastructure, system security and resiliency improvements, and expansion of groundwater facilities. In fiscal year 2026/27, this will include a seismic retrofit of Regner Reservoir, replacement of water mains to prevent major breaks, and design of a treatment plant at 223<sup>rd</sup> and Stark Street's well site. These investments reduce long-term risk, control lifecycle costs, and support reliable service for future growth.

Financial planning for the Water Utility balances capital needs, debt management, and affordability. Previous debt issuances and a Water Infrastructure Finance & Innovation Act (WIFIA) loan provided stable funding for major infrastructure investments while moderating near-term rate impacts. In fiscal year 2026/27, a supplemental transfer from the operating fund is anticipated to complete groundwater expansion projects without the need for additional debt. As part of a five-year rate package adopted in September 2021, water rates will increase by 9.30% in January 2027 to support these investments and meet long-term financial obligations while maintaining reliable service.

## Water Utility

### Water Fund

	2023/24 Actual	2024/25 Actual	2025/26 Revised Budget	2026/27 City Manager Proposed	2026/27 Budget Committee Approved	2026/27 City Council Adopted
<b>Resources</b>						
Intergovernmental	101,040	102,153	70,000	70,000	-	-
Charges for Services	20,381,196	22,352,133	23,404,000	26,452,000	-	-
Miscellaneous Income	1,112,270	1,790,880	586,000	502,000	-	-
Internal Payments	2,755,340	3,688,047	753,000	1,355,000	-	-
Interfund Transfers	1,062,830	1,177,440	581,000	583,000	-	-
Beginning Balance	39,227,082	46,607,020	29,129,000	24,824,000	-	-
<b>Total Resources</b>	<b>64,639,757</b>	<b>75,717,672</b>	<b>54,523,000</b>	<b>53,786,000</b>	-	-
<b>Requirements</b>						
Environmental Services	14,298,205	15,353,123	19,139,170	17,532,167	-	-
<i>Operating Total</i>	<i>14,298,205</i>	<i>15,353,123</i>	<i>19,139,170</i>	<i>17,532,167</i>	-	-
Debt Service	-	-	-	150,000	-	-
Transfers	3,734,533	25,602,049	15,330,000	18,899,000	-	-
Contingency	-	-	2,826,000	2,669,000	-	-
Unappropriated	46,607,020	34,762,500	17,227,830	14,535,833	-	-
<i>Non-Operating Total</i>	<i>50,341,553</i>	<i>60,364,549</i>	<i>35,383,830</i>	<i>36,253,833</i>	-	-
<b>Total Requirements</b>	<b>64,639,757</b>	<b>75,717,672</b>	<b>54,523,000</b>	<b>53,786,000</b>	-	-

## Water Utility

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This fund serves as the operating fund for the Water Utility. The Water Fund is where personnel are budgeted and where all rate revenue is received.

### **Resources - \$53,786,000**

#### ***Intergovernmental Revenue - \$70,000***

This is revenue generated through agreements with Portland and Rockwood Water to cover the Well Field Protection Program.

#### ***Charges for Services - \$26,452,000***

Revenue received from water utility customers pays for the City's water collection and distribution system. Also includes payments for installation of meters and lines needed for new service connections.

#### ***Miscellaneous Income - \$502,000***

Includes interest income and fees or reimbursements for infrequent or unexpected services.

#### ***Internal Payments - \$1,355,000***

Internal payments are reimbursements for engineering staff and overhead charges attributed to capital improvement projects.

#### ***Interfund Transfers - \$583,000***

Money is transferred from the System Development Charges Fund to the Water Fund to cover the SDC portion of the existing debt. (These dollars are then transferred, along with the rate-funded portion of the debt payment, to the Water Debt Service Fund where the payment is actually made.)

#### ***Beginning Balance - \$24,824,000***

Balance remaining at the end of the previous fiscal year. Represents the total of previous resources received less the amount spent. The beginning balance includes funds identified for future uses, such as infrastructure repair and replacement, construction of capital projects and other modifications needed for system reliability, regulatory compliance and long-term utility operations.

# Water Utility

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## Requirements - \$53,786,000

### *Environmental Services - \$17,532,167*

There are currently four divisions within the Water Fund. These divisions were created to correlate with specific work functions, organizational structures, and, in some cases, specific cost recovery goals.

*Administration Division – \$1,065,355 – This division is responsible for the management and administration of the Water Program. Many functions are shared with other Department of Environmental Services (DES) programs, such as coordination of the Capital Improvement Program and general office operations.*

*Water Operations Division – \$11,469,657 – This division is responsible for operation and maintenance of the public drinking water system, including reservoirs and pump stations, routine and mandated water quality programs, water conservation programs, pump station and reservoir site security and landscape maintenance, telemetry system activities, water meter testing, wellfield protection and customer service. Beginning in fiscal year 2026/27, this also includes pass-through costs paid to RWPUD associated with groundwater production, treatment, and storage as part of the Cascade Groundwater Alliance.*

*Water Engineering Division – \$931,066 – This division is responsible for development and administration of Capital Improvement Program projects and planning and design of the water system in accordance with master plans and federal, state and local guidelines and mandates.*

*Water Support Services Division – \$4,066,089 – Also referred to as Internal Service Charges. This division is the Water Program’s share of City-wide support and administrative functions, such as Information and Technology Services, Fleet and Facilities, Legal Services, Liability Management, Accounting Services, Community Livability, Human Resources, Payroll and Budget. Also includes Utility Billing Services, which includes billing and collection related activities such as meter reading, billing preparation, mailing, collection and customer service for all City of Gresham utility customers. Utility Billing Services costs are shared among Stormwater, Water and Wastewater.*

### *Debt Service - \$150,000*

In fiscal year 2026/27, the City is required to make an arbitrage payment due to interest earned on proceeds from the 2021 Revenue Bond beyond the maximum allowed by IRS regulations. Federal tax regulations require these excess earnings to be remitted to the U.S. Treasury.

### *Interfund Transfers - \$18,899,000*

In fiscal year 2026/27, the Water Fund will transfer money to seven other funds within the City. These transfers are described below.

*General Fund – \$25,000 – Transfer to the General Fund related to confined space rescue services provided by the Fire Department.*

*Solid Waste & Sustainability Fund – \$40,000 – Money is sent to the Solid Waste & Sustainability Program to support the Green Business Program, which provides technical assistance to local businesses in the areas of waste reduction and recycling, sustainability, water conservation, stormwater and wastewater management best practices and energy conservation.*

## Water Utility

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*Designated Purpose Fund – \$5,000 – Transfers are related to the Small Business Incentive Program.*

*Infrastructure Development Fund – \$561,000 – This transfer represents Water’s share of the services they use in the Infrastructure Development Fund. Many of these functions are supported by developer fees and charges. Some costs and services are also shared by Stormwater, Wastewater and Transportation.*

*Water Capital Improvement Fund – \$15,490,000– Money is issued for constructing water production, treatment, storage and transmission infrastructure, as shown in the CIP. The budget for fiscal year 2026/27 allows for a large transfer from the Water Fund to support construction of groundwater projects. By relying on existing cash on hand, the issuance of additional debt as was originally assumed in the financial plan, may be avoided.*

*Water Debt Service Fund – \$2,603,000 – Money is sent to the Water Debt Service Fund to make the annual payment on debt that was previously issued for constructing water production, treatment, storage, and transmission infrastructure.*

*Administrative Services Fund – \$175,000 – This transfer represents Water’s support of the City’s GIS and asset-management services as well as the IT Business System Analyst position dedicated to DES.*

### **Contingency - \$2,669,000**

A portion of existing reserves are appropriated to cover unforeseen events which may occur during the budget year. For utility funds, this is typically set at 15% of the operating budget. City Council must authorize the use of any contingency appropriations.

### **Unappropriated - \$14,535,833**

Funds shown as unappropriated represent an ending fund balance or future reserve and cannot be accessed or utilized during the fiscal year. This amount includes funds identified for future uses, such as infrastructure repair and replacement, construction of capital projects and other modifications needed for system reliability, regulatory compliance and long-term utility operations beyond the budgeted fiscal year.

## Resources & Requirements by Fund

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### Water Capital Improvement Fund

	2023/24 Actual	2024/25 Actual	2025/26 Revised Budget	2026/27 City Manager Proposed	2026/27 Budget Committee Approved	2026/27 City Council Adopted
<b>Resources</b>						
Intergovernmental	8,634,381	3,470,983	13,799,000	24,266,000	-	-
Miscellaneous Income	599,506	958,983	250,000	206,000	-	-
Interfund Transfers	1,713,874	23,142,694	12,057,000	15,528,000	-	-
Financing Proceeds	-	15,000,000	19,078,000	-	-	-
Beginning Balance	27,398,411	11,048,661	43,621,000	37,365,000	-	-
<b>Total Resources</b>	<b>38,346,172</b>	<b>53,621,321</b>	<b>88,805,000</b>	<b>77,365,000</b>	-	-
<b>Requirements</b>						
Capital Improvement	27,297,512	35,485,359	72,740,000	75,786,000	-	-
Unappropriated	11,048,661	18,135,962	16,065,000	1,579,000	-	-
<i>Non-Operating Total</i>	<i>38,346,172</i>	<i>53,621,321</i>	<i>88,805,000</i>	<i>77,365,000</i>	-	-
<b>Total Requirements</b>	<b>38,346,172</b>	<b>53,621,321</b>	<b>88,805,000</b>	<b>77,365,000</b>	-	-

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## Water Capital Fund

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This fund accounts for water related capital projects for maintenance and enhancements to the City's water system.

### **Resources - \$77,365,000**

#### ***Intergovernmental Revenue - \$24,266,000***

Intergovernmental grants are received as intergovernmental revenue. This includes payments from RWPUD related to the groundwater project.

#### ***Miscellaneous Income - \$206,000***

Primarily interest income accrued from the cash held by this fund.

#### ***Interfund Transfers - \$15,528,000***

Funds are transferred from the Water Fund to pay for rate funded capital projects and from the System Development Charges Fund to pay for capital projects funded by SDCs. The budget for fiscal year 2025/26 reflects a large transfer from the Water Fund to support construction of groundwater projects. By relying on existing cash on hand, the issuance of additional debt as was originally assumed in the financial plan may be avoided.

#### ***Financing Proceeds - \$0***

Fiscal year 2025/26 amounts reflect the remaining available draw on the Water Infrastructure Finance and Innovation Act (WIFIA) loan that was secured in fiscal year 2021/22. WIFIA proceeds and drawn on a reimbursement basis and timing is dependent on project expenses. Repayment is reflected in the Water Debt Service Fund.

#### ***Beginning Balance - \$37,365,000***

Balance remaining at the end of the previous fiscal year. Represents the total of previous resources received less the amount spent.

### **Requirements - \$77,365,000**

#### ***Capital Improvement Projects - \$75,786,000***

Represents the budgeted expenditures (including carryover) on water-related projects as identified in the Five-Year Capital Improvement Program for fiscal year 2026/27. Specific projects and funding sources are shown on the following page.

#### ***Unappropriated - \$1,579,000***

Funds shown as unappropriated represent an ending fund balance or future reserve and cannot be accessed or utilized during the fiscal year. These funds are also needed to ensure a positive fund balance exists throughout the fiscal year.

# Water Capital Fund

## Water Capital Improvement Fund Water Projects - Funding Sources

Project	Project Name	Total Project Budget for FY26/27	Project Funding Consists of							
			Grant	IGA	Operating	SDC	Debt-SDC	Debt-Operating	Dev/SDC Credit	R&R
CIPWT00001	Water System Improvements	262,867	0	0	262,867	0	0	0	0	0
CIPWT00002	Waterline Oversizing	384,796	0	0	0	234,796	0	0	150,000	0
CIPWT00003	Water System and Supply Studies	239,880	0	0	239,880	0	0	0	0	0
CIPWT00005	Minor Capital Maintenance Projects	796,863	0	0	0	0	0	0	0	796,863
CIPWT00017	Water Main Condition Assessment	387,042	0	0	0	0	0	0	0	387,042
CIPWT00023	Division Pump Station Replacement	538,490	0	0	538,490	0	0	0	0	0
CIPWT00034	Regner Reservoir Seismic Upgrade	1,628,236	548,801	0	0	0	0	1,079,435	0	0
CIPWT00036	Groundwater System - Water Supply	49,056,109	3,000,000	19,952,723	0	0	5,480,726	20,622,660	0	0
CIPWT00037	Groundwater System - Central Facilities	11,959,433	150,000	0	0	0	2,436,640	9,372,793	0	0
CIPWT00038	Groundwater System - Distribution Pipelines	3,135,339	0	615,762	0	0	529,111	1,990,466	0	0
CIPWT00039	Pump Station Generator Improvements	552,000	0	0	552,000	0	0	0	0	0
CIPWT00040	Water Meter Replacement Program	2,146,925	0	0	2,146,925	0	0	0	0	0
CIPWT00041	Pipeline Renewal and Replacement Program	2,635,486	0	0	0	0	0	0	0	2,635,486
CIPWT00042	Fire Flow Improvements Program	496,103	0	0	496,103	0	0	0	0	0
CIPWT00047	Groundwater System - Implementation	479,239	0	0	0	0	0	479,239	0	0
CIPWT00052	South Hills Pump Station	687,054	0	0	0	0	0	0	0	687,054
CIPWT00053	SE 19th St Waterline	400,000	0	0	400,000	0	0	0	0	0
<b>Grand Total</b>		<b>75,785,862</b>	<b>3,698,801</b>	<b>20,568,485</b>	<b>4,636,265</b>	<b>234,796</b>	<b>8,446,477</b>	<b>33,544,593</b>	<b>150,000</b>	<b>4,506,445</b>

**Note:**

The numbers shown include carryover from FY25/26.

"Grant" = Funds awarded from federal, state or local sources.

"IGA" = Funding from intergovernmental agreement.

"Operating" = Water utility rates.

"SDC" = Water system development charges.

"Debt-SDC" = Loans to be repaid by SDC funds. Used when the project is SDC eligible, but SDC funds are not currently on hand.

"Debt-Oper" = Loans to be repaid by Operating funds. Used when the project is rate eligible.

"Dev/SDC Credit" = SDC credits issued to private developers when they construct qualifying public infrastructure.

"R&R" = Funds set aside for repair and/or replacement of infrastructure.



## Resources & Requirements by Fund

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### Water Debt Service Fund

	2023/24 Actual	2024/25 Actual	2025/26 Revised Budget	2026/27 City Manager Proposed	2026/27 Budget Committee Approved	2026/27 City Council Adopted
<b>Resources</b>						
Miscellaneous Income	5,152	7,930	-	-	-	-
Interfund Transfers	1,448,033	1,796,749	2,553,000	2,603,000	-	-
Beginning Balance	195,825	199,898	575,000	525,000	-	-
<b>Total Resources</b>	<b>1,649,010</b>	<b>2,004,576</b>	<b>3,128,000</b>	<b>3,128,000</b>	-	-
<b>Requirements</b>						
Debt Service	1,449,112	1,796,749	2,603,000	2,603,000	-	-
Unappropriated	199,898	207,828	525,000	525,000	-	-
<i>Non-Operating Total</i>	<i>1,649,010</i>	<i>2,004,576</i>	<i>3,128,000</i>	<i>3,128,000</i>	-	-
<b>Total Requirements</b>	<b>1,649,010</b>	<b>2,004,576</b>	<b>3,128,000</b>	<b>3,128,000</b>	-	-

## Water Debt Service Fund

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This fund accounts for the payment of principal and interest on existing Water Debt Services. These debt issuances were issued to expand the groundwater system and to construct reservoirs, meter replacement and pipe projects.

### **Resources - \$3,128,000**

#### ***Interfund Transfers - \$2,603,000***

Cash is transferred in from the Water Fund in order to make debt payments. These funds are comprised of rate and system development charges revenues based on the eligibility of the projects for which the debt was incurred.

#### ***Beginning Balance - \$525,000***

Balance remaining at the end of the previous fiscal year. Represents the total of previous resources received less the amount spent. Addresses bond covenants, if any, that specify an amount of cash that must be maintained in reserve.

### **Requirements - \$3,128,000**

#### ***Debt Service - \$2,603,000***

Represents the payment due on outstanding debt. As of June 30, 2025, there were three issuances outstanding. The Full Faith and Credit borrowing from 2015 has an outstanding principal of \$3,220,000 and has a maturity date of 2035. Two Water Revenue bonds were issued during fiscal year 2021/22 under a Master Water Revenue Bond, proceeds were used to pay off Water's balance on the line of credit and funding of the Cascade Groundwater Alliance Project. The outstanding balance for the revenue bonds as of June 30, 2025, is \$41,455,000 (Water Revenue) and \$15,000,000 (WIFIA draw) in 2025. The maturity dates for the revenue bonds are 2048 and 2053, respectively.

#### ***Unappropriated - \$525,000***

Funds shown as unappropriated represent an ending fund balance and cannot be accessed or utilized during the fiscal year. Addresses bond covenants that specify an amount of cash that must be maintained in reserve.



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# Stormwater Utility

# Stormwater Utility

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## Purpose

The Watershed Program manages rain runoff and snowmelt to prevent localized flooding, erosion, and pollution problems through continual improvement and maintenance of the City's stormwater system. Gresham's stormwater system handles 4.3 billion gallons of runoff each year through the City's constructed stormwater system, including approximately 9,236 catch basins, 242 miles of drainage pipes, 1,118 drywells, 818 street-side stormwater planters, and 105 publicly maintained regional and local stormwater treatment/flood-control facilities. The Watershed Program also works to meet state and federal water quality, floodplain, wetland, waterway, and protected species regulations through monitoring and improving the water quality and habitat of 54 miles and 688 acres of riparian corridors.

## Overall Structure

The Stormwater/Watershed Management Program has three basic funds:

- Stormwater Fund
- Stormwater Capital Improvement Fund Stormwater
- Debt Service Fund

The Stormwater Fund serves as the primary operating fund and is where personnel are budgeted. All CIP projects are budgeted in the Capital Improvement Fund. Staff who work on CIP projects charge their time to a specific project, and the Stormwater Fund is then reimbursed for that person's time (including salary, benefits and overheads). The Stormwater Debt Service Fund is used to make payments on existing debt.

The finance plan for Stormwater incorporates revenues and expenses in all three of these funds to ensure that operational needs, capital construction, and debt requirements can all be supported by the rates and charges as proposed.

## Guiding Policies

The Stormwater Utility is guided by a range of City goals and policies, including Council goals and the City's strategic plan, City financial policies, and various master plans and infrastructure condition assessments. These include the City-wide Stormwater Master Plan (2022), the Springwater Stormwater Plan (20205), the Kelley Creek Watershed Master Plan (2026), the Natural Resources Master Plan (2026), and the Natural Resources Master Plan (2010).

The Stormwater Utility's long-term goals are to protect the public's safety, health, and property, to reduce the discharge of pollutants in stormwater runoff, and to protect and maintain the natural functions and value of the area's surface waters.

# Stormwater Utility

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## Summary

Gresham's Stormwater Utility provides essential public safety and infrastructure services that protect people, property, and the City's long-term financial stability. The utility manages flooding, protects water quality, and maintains natural systems to reduce damage, support community resilience, and protect public investment.

Stormwater services are delivered in accordance with state and federal requirements administered by the Oregon Department of Environmental Quality (DEQ). Each year, the City manages approximately 4.3 billion gallons of runoff through an extensive network of pipes, catch basins, drywells, water quality facilities, green stormwater infrastructure, and local streams. The system is operated with a focus on reliability, risk reduction, and efficient use of limited resources while meeting required environmental performance standards.

The City's five-year Capital Improvement Program (CIP) advances long-term planning efforts by prioritizing investments that reduce risk, address aging infrastructure, and control lifecycle costs. Capital projects include stream and floodplain improvements, rehabilitation and replacement of older assets, expansion of water quality treatment in underserved areas, stabilization of slopes, and targeted drainage system corrections. These investments support development, reduce emergency response needs, limit future liability, and help avoid more costly repairs over time. Recent and ongoing work includes upgrades to pipe systems, retrofitting a regional water quality facility to address emerging pollutants associated with roadway runoff, and implementing low-impact development strategies that improve water quality performance.

The Stormwater Utility also implements programs required under the DEQ-issued National Pollutant Discharge Elimination System (NPDES) Municipal Separate Storm Sewer System (MS4) permit. These activities include evaluating stormwater impacts to local streams to guide targeted improvements, maintaining design and construction standards, conducting business inspections, monitoring stormwater and stream conditions, inspecting private water quality facilities, and delivering public education focused on pollution prevention.

In addition to constructed infrastructure, the Stormwater Utility supports the City's Natural Resources Program as a cost-effective strategy to improve system performance. Stream restoration, floodplain enhancement, bank stabilization, and riparian canopy improvements reduce erosion and flood risk while improving water quality. These approaches provide long-term benefits at lower cost than fully engineered solutions and support regulatory compliance while enhancing livability and climate resilience.

As part of a five-year rate package adopted in September 2021, stormwater rates will increase by 9.45% in January 2027 to support basic operations and planned capital investments. Ongoing system inspections continue to provide better information on asset condition, indicating that additional long-term resources will be needed to fully address system renewal and maintenance needs. Future budget decisions will focus on maintaining safe and reliable service, protecting public infrastructure, and ensuring the stormwater system continues to meet community needs.

## Stormwater Utility

### Stormwater Fund

	2023/24 Actual	2024/25 Actual	2025/26 Revised Budget	2026/27 City Manager Proposed	2026/27 Budget Committee Approved	2026/27 City Council Adopted
<b>Resources</b>						
Intergovernmental	1,962	105,387	-	-	-	-
Charges for Services	13,727,514	15,830,415	17,587,000	19,360,000	-	-
Miscellaneous Income	397,254	615,361	252,000	281,000	-	-
Internal Payments	439,871	1,152,007	555,000	584,000	-	-
Interfund Transfers	654,293	117,985	215,000	140,000	-	-
Beginning Balance	14,052,743	14,197,697	12,611,000	14,054,000	-	-
<b>Total Resources</b>	<b>29,273,638</b>	<b>32,018,851</b>	<b>31,220,000</b>	<b>34,419,000</b>	-	-
<b>Requirements</b>						
Environmental Services	10,012,168	11,241,773	14,009,023	14,734,362	-	-
<i>Operating Total</i>	<i>10,012,168</i>	<i>11,241,773</i>	<i>14,009,023</i>	<i>14,734,362</i>	-	-
Transfers	5,063,772	5,781,338	6,248,000	8,513,000	-	-
Contingency	-	-	2,682,000	2,834,000	-	-
Unappropriated	14,197,697	14,995,741	8,280,977	8,337,638	-	-
<i>Non-Operating Total</i>	<i>19,261,469</i>	<i>20,777,079</i>	<i>17,210,977</i>	<i>19,684,638</i>	-	-
<b>Total Requirements</b>	<b>29,273,638</b>	<b>32,018,851</b>	<b>31,220,000</b>	<b>34,419,000</b>	-	-

## Stormwater Utility

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This fund serves as the operating fund for the Stormwater Utility. The Stormwater Fund is where personnel are budgeted and where all rate revenue is received.

### Resources - \$34,419,000

#### *Charges for Services - \$19,360,000*

Revenue received from stormwater customers pays for the City's storm drain system. Approximately 60% of stormwater rate revenues are received from residential customers, while 40% comes from commercial or industrial customers.

#### *Miscellaneous Income - \$281,000*

Includes interest income generated from the cash held by this fund.

#### *Internal Payments - \$584,000*

Internal payments are reimbursements for engineering staff and overhead charges for work on capital improvement projects.

#### *Interfund Transfers - \$140,000*

This includes a transfer from the System Development Charges Fund to the Stormwater Fund to cover eligible debt expenses.

#### *Beginning Balance - \$14,054,000*

Balance remaining at the end of the previous fiscal year. Represents the total of previous resources received less the amount spent. The beginning balance includes funds identified for future uses, such as infrastructure repair and replacement, construction of capital projects, and other modifications needed for system reliability, regulatory compliance, and long-term utility operations.

### Requirements - \$34,419,000

#### *Environmental Services - \$14,734,362*

There are currently seven divisions within the Stormwater Fund. These divisions were created to correlate with specific work functions, organizational structures, and, in some cases, specific cost recovery goals.

*Administration Division - \$775,755 – This division is responsible for the management and administration of the Stormwater Program. Many functions are shared with other DES programs, such as coordination of the Capital Improvement Program and general office operations.*

*Stormwater Operations Division - \$5,957,640 – This division is responsible for the operation and maintenance of the public stormwater system, including storm lines, catch basins, ditches, sumps, swales, storm filter vaults, detention pipes, and detention/water quality ponds cleaning and maintenance.*

*Stormwater Engineering Division - \$947,548 – This division is responsible for development and administration of Capital Improvement Program projects and planning and design of the stormwater*

## Stormwater Utility

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system in accordance with master plans and federal, state and local guidelines and mandates.

*Natural Resources Division – \$995,115 – This division is responsible for overseeing the City’s Natural Resources Program in accordance with federal, state and local guidelines and mandates.*

*Water Quality Division – \$1,409,421 – This division is responsible for providing water quality monitoring and improvement to water quality through public education, erosion controls, limitation on illicit discharges and illegal connection to the stormwater system. In addition, the division provides reporting and other activities needed to demonstrate regulatory compliance with NPDES and UIC permits.*

*Urban Flood Safety Division – \$1,247,000– With the passage of Senate Bill 1517 in 2024, the Urban Flood Safety & Water Quality District is now authorized to assess charges to cities located within the geographic boundaries of the district. As a result, this division was established to make payments to the district. The amount reflects the anticipated costs for fiscal year 2026/27.*

*Stormwater Support Services Division – \$3,401,883– Also referred to as Internal Service Charges. This division is the Stormwater Program’s share of City-wide support and administrative functions, such as Information and Technology Services, Fleet and Facilities, Legal Services, Workers Compensation, Liability Management, Accounting Services, Community Livability, Human Resources, Payroll, and Budget. Also includes Utility Billing Services, which includes billing and collection related activities such as billing preparation, mailing, collection, and customer service for all City of Gresham utility customers. Utility Billing Services costs are shared among Stormwater, Water, and Wastewater.*

### **Interfund Transfers - \$8,513,000**

In fiscal year 2026/27, the Stormwater Fund will send money to nine other funds within the City. These transfers are described below.

*General Fund –\$25,000 – Transfer to the General Fund related to confined space rescue services provided by the Fire Department. In fiscal year 2026/27, this included a one-time adjustment for equipment that was previously repurposed from the parks division to the stormwater division.*

*Solid Waste & Sustainability Fund – \$40,000 – Money is sent to the Solid Waste and Sustainability Program to support the Green Business Program, which provides technical assistance to local businesses in the areas of waste reduction and recycling, sustainability, water conservation, stormwater and wastewater management best practices, and energy conservation.*

*Designated Purpose Fund –\$5,000– Related to the Small Business Incentive Program.*

*Infrastructure Development Fund –\$561,000 – This transfer represents Stormwater’s share of the services they use in the Infrastructure Development Fund. Many of these functions are supported by developer fees and charges. Some costs and services are also shared by Water, Wastewater, and Transportation.*

*Transportation Fund –\$1,237,000 – This transfer represents funding for street sweeping and vegetation management from Stormwater.*

*General Development Capital Improvement – \$145,000 – This transfer started in fiscal year 2026/27, allowing for wetland and waterway mitigation in Pleasant Valley if needed to support stormwater*

## Stormwater Utility

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projects.

*Stormwater Capital Improvement Fund –\$6,062,000 – Money is sent to the Stormwater Capital Improvement Fund to pay for rate-funded capital improvement projects, as shown in the CIP. The amount varies from year to year based on the size of the capital program.*

*Stormwater Debt Service Fund –\$263,000 – Money is sent to the Stormwater Debt Service Fund to make the annual payment on debt that was previously issued to construct stormwater facilities.*

*Administrative Services Fund –\$175,000 – This transfer represents Stormwater’s support of the City’s GIS and asset-management services as well as the IT Business System Analyst position dedicated to DES.*

### **Contingency - \$2,834,000**

A portion of existing reserves are appropriated to cover unforeseen events which may occur during the budget year. For utility funds, this is typically set at 15% of the operating budget. City Council must authorize the use of any contingency appropriations.

### **Unappropriated - \$8,337,638**

Funds shown as unappropriated represent an ending fund balance or future reserve and cannot be accessed or utilized during the fiscal year. This amount includes funds identified for future uses, such as infrastructure repair and replacement, construction of capital projects and other modifications needed for system reliability, regulatory compliance, and long-term utility operations beyond the budgeted fiscal year.

## Resources & Requirements by Fund

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### Stormwater Capital Improvement Fund

	2023/24 Actual	2024/25 Actual	2025/26 Revised Budget	2026/27 City Manager Proposed	2026/27 Budget Committee Approved	2026/27 City Council Adopted
<b>Resources</b>						
Miscellaneous Income	301,554	521,122	155,000	136,000	-	-
Interfund Transfers	3,161,929	3,689,028	7,164,000	9,321,000	-	-
Financing Proceeds	-	64,817	-	-	-	-
Beginning Balance	12,151,679	13,980,460	16,058,000	17,439,000	-	-
<b>Total Resources</b>	<b>15,615,161</b>	<b>18,255,427</b>	<b>23,377,000</b>	<b>26,896,000</b>	-	-
<b>Requirements</b>						
Capital Improvement	1,634,701	1,783,925	16,635,000	20,967,000	-	-
Unappropriated	13,980,460	16,471,502	6,742,000	5,929,000	-	-
<i>Non-Operating Total</i>	<i>15,615,161</i>	<i>18,255,427</i>	<i>23,377,000</i>	<i>26,896,000</i>	-	-
<b>Total Requirements</b>	<b>15,615,161</b>	<b>18,255,427</b>	<b>23,377,000</b>	<b>26,896,000</b>	-	-

## Stormwater Capital Fund

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This fund accounts for stormwater related capital projects for maintenance and enhancements to the City's stormwater system.

### **Resources - \$26,896,000**

#### ***Miscellaneous Income - \$136,000***

Includes interest income accrued from the cash held by this fund.

#### ***Interfund Transfers - \$9,321,000***

Funds are transferred from the Stormwater Fund to pay for rate funded capital projects and from the System Development Charges Fund to pay for capital projects funded by SDCs.

#### ***Beginning Balance - \$17,439,000***

Balance remaining at the end of the previous fiscal year. Represents the total of previous resources received less the amount spent.

### **Requirements - \$26,896,000**

#### ***Capital Improvement Projects - \$20,967,000***

Represents the budgeted expenditures (including carryover) on Stormwater-related projects as identified in the 5-Year Capital Improvement Program for fiscal year 2026/27. Specific projects and funding sources are shown on the following page.

#### ***Unappropriated - \$5,929,000***

Funds shown as unappropriated represent an ending fund balance or future reserve and cannot be accessed or utilized during the fiscal year. These funds are also needed to ensure a positive fund balance exists throughout the fiscal year.

# Stormwater Capital Fund

## Stormwater Capital Improvement Fund Stormwater Projects - Funding Sources

Project	Project Name	Total Project Budget for FY26/27	Project Funding Consists of							
			Grant	Operating	Other	SDC	Debt-Operating	Dev/SDC Credit	R&R	
CIPSW00001	Localized Drainage Improvements	1,989,260	0	994,630	0	0	0	0	0	994,630
CIPSW00002	Low Impact Dev Practices Retrofit Program	949,687	0	949,687	0	0	0	0	0	0
CIPSW00003	Stream and Slope Improvements	1,336,813	0	0	0	0	0	0	0	1,336,813
CIPSW00004	Rehab & Repair of Pipe System	3,443,710	0	0	0	0	0	0	0	3,443,710
CIPSW00005	Stormwater Facility Improvements	1,697,043	0	837,700	21,644	0	0	0	0	837,699
CIPSW00006	Riparian & Wetland Improvement Projects	1,498,824	0	740,487	17,849	0	0	0	0	740,488
CIPSW00007	Fujitsu Ponds Restoration	248,000	0	248,000	0	0	0	0	0	0
CIPSW00009	Infrastructure Capacity Improvements	1,252,376	0	653,426	0	598,950	0	0	0	0
CIPSW00015	Water Quality and Infiltration Facilities	697,111	0	697,111	0	0	0	0	0	0
CIPSW00016	Fairview Creek Basin Central Core Trunk Improvement	2,269,806	0	1,361,885	0	907,921	0	0	0	0
CIPSW00021	Environmental Risk Prevention	840,190	0	840,190	0	0	0	0	0	0
CIPSW00023	Water Quality Tree Wells	1,178,734	675,815	134,494	0	0	368,425	0	0	0
CIPSW00024	Outfall Repair and Rehab	1,299,496	0	1,299,496	0	0	0	0	0	0
CIPSW00031	Channel Replacement Southeast of Division and Cleveland	275,000	0	261,250	0	13,750	0	0	0	0
CIPSW00046	Civic Drive: NW 15th to Sleret	1,650,000	0	0	0	0	0	1,650,000	0	0
CIPSW00047	Easement for Existing Infrastructure	40,000	0	40,000	0	0	0	0	0	0
CIPSW00048	SE 19th Road Extension Storm Improvements	300,000	0	300,000	0	0	0	0	0	0
<b>Grand Total</b>		<b>20,966,050</b>	<b>675,815</b>	<b>9,358,356</b>	<b>39,493</b>	<b>1,520,621</b>	<b>368,425</b>	<b>1,650,000</b>	<b>7,353,340</b>	

**Note:**

The numbers shown include carryover from FY25/26.

"Grant" = Funds awarded from federal, state or local sources.

"Operating" = Stormwater utility rates.

"Other" = Cash-in-lieu collections.

"SDC" = Stormwater system development charges.

"Debt-Oper" = Loans to be repaid by Operating funds. Used when the project is rate eligible.

"Dev/SDC Credit" = SDC credits issued to private developers when they construct qualifying public infrastructure.

"R&R" = Funds set aside for repair and/or replacement of infrastructure.



## Resources & Requirements by Fund

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### Stormwater Debt Service Fund

	2023/24 Actual	2024/25 Actual	2025/26 Revised Budget	2026/27 City Manager Proposed	2026/27 Budget Committee Approved	2026/27 City Council Adopted
<b>Resources</b>						
Miscellaneous Income	5,448	8,543	-	-	-	-
Interfund Transfers	264,672	263,438	264,000	263,000	-	-
Beginning Balance	210,237	215,685	171,000	171,000	-	-
<b>Total Resources</b>	<b>480,357</b>	<b>487,666</b>	<b>435,000</b>	<b>434,000</b>	-	-
<b>Requirements</b>						
Debt Service	264,672	263,438	264,000	263,000	-	-
Unappropriated	215,685	224,228	171,000	171,000	-	-
<i>Non-Operating Total</i>	<i>480,357</i>	<i>487,666</i>	<i>435,000</i>	<i>434,000</i>	-	-
<b>Total Requirements</b>	<b>480,357</b>	<b>487,666</b>	<b>435,000</b>	<b>434,000</b>	-	-

## Stormwater Debt Service Fund

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This fund accounts for the payment of principal and interest on existing Stormwater Debt Service bonds.

### Resources - \$434,000

#### *Interfund Transfers - \$263,000*

Cash transfers in from the Stormwater Fund in order to make the debt payment.

#### *Beginning Balance - \$171,000*

Balance remaining at the end of the previous fiscal year. Represents the total of previous resources received less the amount spent. Addresses bond covenants that specify an amount of cash that must be maintained in reserve.

### Requirements - \$434,000

#### *Debt Service - \$263,000*

Represents the payment due on outstanding debt. As of June 30, 2025, there was two issuances with an outstanding principal of \$3,149,575 that matures in 2037. Part of the balance includes a forgivable loan agreement with OR DEQ with an outstanding balance of \$64,817 that will be forgiven upon project completion.

#### *Unappropriated - \$171,000*

Funds shown as unappropriated represent an ending fund balance and cannot be accessed or utilized during the fiscal year. Addresses bond covenants that specify an amount of cash that must be maintained in reserve.



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# Wastewater Utility

# Wastewater Utility

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## Purpose

The Wastewater Collection and Treatment Program provides planning, design, operation, maintenance, management and capital improvement of the City's wastewater collection and treatment facilities. The Gresham Wastewater Treatment Plant serves over 119,000 customers within the cities of Gresham, Wood Village, Fairview, portions of Portland and treats approximately 13 million gallons of wastewater daily. The collection portion of the program maintains over 310 miles of mains, trunks and interceptors, 128 miles of service laterals, seven lift stations, and more than 6,700 sewer manholes within Gresham.

## Overall Structure

The Wastewater Program has three basic funds.

- Wastewater Fund
- Wastewater Capital Improvement Fund
- Wastewater Debt Service Fund

The Wastewater Fund serves as the primary operating fund and is where personnel are budgeted. All Capital Improvement Program (CIP) projects are budgeted in the Construction Fund. Staff who work on CIP projects charge their time to that specific project and the Wastewater Fund is then reimbursed for that person's time (including salary, benefits and overheads). The Wastewater Debt Service Fund is used to make payments on existing debt.

The finance plan for Wastewater incorporates revenues and expenses in all three of these funds to ensure that operational needs, capital construction and debt requirements can all be supported by the rates and charges as proposed.

## Guiding Policies

The Wastewater Utility is guided by a range of City goals and policies, including Council goals and the City's strategic plan, City financial policies, and various master plans and infrastructure condition assessments. These include the Wastewater Treatment Plant Master Plan (2017), the Wastewater Collection and Conveyance System Master Plan (2020), the Inflow & Infiltration Program Implementation Plan, the annual asset management plan for the Wastewater Division, and CCTV condition assessments on collection system assets.

The Wastewater Utility's long-term goals are to provide high-quality, cost-effective services; comply with environmental regulations; support economic development; and proactively accommodate regional growth.

# Wastewater Utility

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## Summary

Gresham's Wastewater Utility provides essential public health, environmental protection, and infrastructure services by collecting and treating wastewater in compliance with state and federal regulations. In fiscal year 2026/27, the City's Wastewater Treatment Plant is expected to continue operating at "net-zero," producing more electricity onsite than is required for plant operations. This achievement reflects long-standing investments in energy efficiency and operational sustainability that help control costs and reduce environmental impacts.

The utility's near- and long-term priorities focus on maintaining system reliability, reducing risk, and managing aging infrastructure. Significant portions of the wastewater collection system were constructed in the 1950s through the 1970s, with pipes from this era representing more than 44 percent of the overall system. Ongoing condition assessments of pipes, lift stations, and treatment plant assets guide reinvestment decisions and inform long-range planning for rehabilitation and replacement. Over the next five to fifteen years, substantial replacement efforts are anticipated to address facilities nearing the end of their useful life and to maintain uninterrupted service.

Capital investments are advanced through the Wastewater Capital Improvement Program (CIP), which balances system repair and replacement needs with growth-related capacity improvements. Some projects, such as the WWTP Belt Press replacement, are intended to preserve the life of critical infrastructure assets while reducing long-term costs. Others, such as initial design for an additional anaerobic digester, expand capacity to support long-term economic growth and development. Where eligible, these projects incorporate System Development Charges (SDCs) to ensure growth pays its proportional share of infrastructure costs.

Operational programs emphasize regulatory compliance, environmental protection, and proactive system management. In partnership with local businesses, the Utility continues to implement programs required under its state-issued NPDES permit, including efforts to reduce fats, oils, and grease (FOG) entering the system. These actions help prevent blockages and overflows, protect worker safety, and support compliance with the Clean Water Act and City Code. In addition, a public-private partnership finalized with Microchip Technology Incorporated supports improvements that reduce ammonia discharged to the Columbia River while expanding the City's capacity to serve emerging industries.

Financial planning for the Wastewater Utility prioritizes long-term sustainability and rate stability. The City typically funds infrastructure repair and replacement with cash rather than debt, reserving funds well in advance of major construction needs to avoid sharp rate increases. As part of a five-year rate package adopted in September 2021, wastewater rates will increase by 6.80% in January 2027 to support basic operations and planned capital investments. Expanded permit requirements and elevated construction costs have increased capital demands, prompting the strategic use of reserves while the City continues to pursue grants, private contributions, and other financing opportunities to support future infrastructure needs.

## Wastewater Utility

### Wastewater Fund

	2023/24 Actual	2024/25 Actual	2025/26 Revised Budget	2026/27 City Manager Proposed	2026/27 Budget Committee Approved	2026/27 City Council Adopted
<b>Resources</b>						
Licenses & Permits	22,504	25,026	20,000	23,000	-	-
Intergovernmental	188,985	382,655	200,000	258,000	-	-
Charges for Services	24,098,361	25,811,099	26,819,000	28,647,000	-	-
Miscellaneous Income	861,727	1,085,902	400,000	426,000	-	-
Internal Payments	974,995	1,225,028	826,000	850,000	-	-
Interfund Transfers	831,179	890,485	418,000	433,000	-	-
Beginning Balance	28,506,966	23,880,976	20,022,000	21,299,000	-	-
<b>Total Resources</b>	<b>55,484,717</b>	<b>53,301,171</b>	<b>48,705,000</b>	<b>51,936,000</b>	-	-
<b>Requirements</b>						
Environmental Services	16,706,496	16,429,221	20,874,746	21,044,647	-	-
<i>Operating Total</i>	<i>16,706,496</i>	<i>16,429,221</i>	<i>20,874,746</i>	<i>21,044,647</i>	-	-
Transfers	14,897,245	12,091,904	12,301,000	12,191,000	-	-
Contingency	-	-	4,976,000	4,739,000	-	-
Unappropriated	23,880,976	24,780,047	10,553,254	13,961,353	-	-
<i>Non-Operating Total</i>	<i>38,778,221</i>	<i>36,871,950</i>	<i>27,830,254</i>	<i>30,891,353</i>	-	-
<b>Total Requirements</b>	<b>55,484,717</b>	<b>53,301,171</b>	<b>48,705,000</b>	<b>51,936,000</b>	-	-

## Wastewater Utility

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This fund serves as the operating fund for the Wastewater utility. The Wastewater Fund is where personnel are budgeted and where all rate revenue is received.

### **Resources - \$51,936,000**

#### ***Licenses and Permits - \$23,000***

Discharge permit fees received from industrial customers.

#### ***Intergovernmental Revenue - \$258,000***

Reimbursement for on-call services provided to the City of Fairview.

#### ***Charges for Services - \$28,647,000***

Revenue received from wastewater utility customers pays for the City's wastewater collection and treatment system. Includes rate revenues received from the Cities of Wood Village and Fairview.

#### ***Miscellaneous Income - \$426,000***

Typically, interest income from the cash held by this fund or fees or reimbursements for infrequent, unexpected services.

#### ***Internal Payments - \$850,000***

Internal payments are reimbursements for engineering staff and overhead charges for work on capital improvement projects.

#### ***Interfund Transfers - \$433,000***

Money is transferred from the System Development Charges Fund to the Wastewater Fund to cover the system development charge portion of the existing debt. (These dollars are then transferred to the Wastewater Debt Service Fund where the payment is made.)

#### ***Beginning Balance - \$21,299,000***

Balance remaining at the end of the previous fiscal year. Represents the total of previous resources received less the amount spent. The beginning balance includes funds identified for future uses, such as infrastructure repair and replacement, construction of capital projects and other modifications needed for system reliability, regulatory compliance and long-term utility operations.

## Wastewater Utility

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### Requirements - \$51,936,000

#### *Environmental Services - \$21,044,647*

There are currently five divisions within the Wastewater Fund. These divisions were created to correlate with specific work functions, organizational structures and, in some cases, specific cost recovery goals.

*Administration Division – \$947,057– This division is responsible for the management and administration of the Wastewater Program. Many functions are shared with other department programs, such as coordination of the Capital Improvement Program and general office operations.*

*Wastewater Operations Division – \$5,956,788 – This division is responsible for the operation and maintenance of the public wastewater collection system, including repairs, locates, cleaning and TV inspection of sanitary sewer lines.*

*Wastewater Engineering Division – \$1,131,985– This division is responsible for development and administration of Capital Improvement Program projects and planning and design of the Wastewater system in accordance with master plans and federal, state and local guidelines and mandates.*

*Wastewater Treatment Plant Division – \$7,722,002 – This division is responsible for operation of the Wastewater Treatment Plant and pretreatment services. Additionally, the City provides wastewater treatment services, via intergovernmental agreements, to the Cities of Fairview and Wood Village. The contract to operate the treatment plant accounts for approximately \$5 million of this division’s total budget.*

*Wastewater Support Services Division – \$5,286,815 – Also referred to as Internal Service Charges. Represents the Wastewater Program’s share of City-wide support and administrative functions, such as Information Technology Services, Fleet and Facilities, Legal Services, Workers Compensation, Liability Management, Accounting Services, Community Livability, Human Resources, Payroll and Budget. Also includes Utility Billing Services, which includes billing and collection related activities such as billing preparation, mailing, collection and customer service for all City of Gresham utility customers. Utility Billing Services costs are shared among Water, Stormwater and Wastewater.*

#### *Interfund Transfers - \$12,191,000*

In fiscal year 2026/27, the Wastewater Fund will send money to seven other funds within the City. These transfers are described below.

*General Fund – \$25,000 – This includes a transfer to the General Fund related to confined space rescue services provided by the Fire Department.*

## Wastewater Utility

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*Solid Waste & Sustainability Fund – \$40,000 – Money is sent to the Solid Waste and Sustainability Program to support the Green Business Program, which provides technical assistance to local businesses in the areas of waste reduction and recycling, sustainability, water conservation, stormwater and wastewater management best practices and energy conservation.*

*Designated Purpose Fund – \$5,000 – Related to Small Business Incentive Program. In fiscal year 2024/25, this included a one-time transfer of \$50,000 for East County Library Project Fees.*

*Infrastructure Development Fund – \$561,000 – This transfer represents Wastewater’s share of the services they use in the Infrastructure Development Fund. Many of these functions are supported by developer fees and charges. Some costs and services are also shared by Water, Stormwater and Transportation.*

*Wastewater Capital Improvement Fund – \$7,836,000 – Money is sent to the Wastewater Capital Improvement Fund to pay for rate-funded capital improvement projects, as shown in the CIP.*

*Wastewater Debt Service Fund – \$3,549,000– Money is sent to the Wastewater Debt Service Fund to make the annual payment on debt that was previously issued to construct wastewater facilities. In fiscal year 2026/27, this transfer includes repayment of a public works loan between Microchip and the City of Gresham as well as a one-time payment for a State Revolving Fund Loan with principal forgiveness.*

*Administrative Services Fund – \$175,000 – This transfer represents Wastewater’s support of the City’s GIS and asset-management services as well as the IT Business System Analyst position dedicated to DES.*

### **Contingency - \$4,739,000**

A portion of existing reserves are appropriated to cover unforeseen events which may occur during the budget year. For utility funds, this is typically set at 15% of the operating budget. City Council must authorize the use of any contingency appropriations.

### **Unappropriated - \$13,961,353**

Funds shown as unappropriated represent an ending fund balance or future reserve and cannot be accessed or utilized during the fiscal year. This amount includes funds identified for future uses, such as infrastructure repair and replacement, construction of capital projects and other modifications needed for system reliability, regulatory compliance and long-term utility operations beyond the budgeted fiscal year.

## Resources & Requirements by Fund

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### Wastewater Capital Improvement Fund

	2023/24 Actual	2024/25 Actual	2025/26 Revised Budget	2026/27 City Manager Proposed	2026/27 Budget Committee Approved	2026/27 City Council Adopted
<b>Resources</b>						
Intergovernmental	371,280	-	959,000	1,908,000	-	-
Charges for Services	107,846	-	-	-	-	-
Miscellaneous Income	6,993,789	1,855,635	841,000	588,000	-	-
Interfund Transfers	13,741,918	10,898,395	13,030,000	10,810,000	-	-
Financing Proceeds	-	-	-	4,000,000	-	-
Beginning Balance	37,724,082	50,477,565	57,576,000	64,233,000	-	-
<b>Total Resources</b>	<b>58,938,915</b>	<b>63,231,596</b>	<b>72,406,000</b>	<b>81,539,000</b>	-	-
<b>Requirements</b>						
Capital Improvement	8,461,350	10,733,810	51,144,000	65,421,000	-	-
Unappropriated	50,477,565	52,497,786	21,262,000	16,118,000	-	-
<i>Non-Operating Total</i>	<i>58,938,915</i>	<i>63,231,596</i>	<i>72,406,000</i>	<i>81,539,000</i>	-	-
<b>Total Requirements</b>	<b>58,938,915</b>	<b>63,231,596</b>	<b>72,406,000</b>	<b>81,539,000</b>	-	-

## Wastewater Capital Fund

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This fund accounts for wastewater related capital projects for maintenance and enhancements to the City's wastewater system.

### Resources - \$81,539,000

#### *Intergovernmental Revenue - \$1,908,000*

Reflects intergovernmental grants for projects.

#### *Miscellaneous Income - \$588,000*

Earnings accrued from the cash held by this fund. Fiscal year 2023/24 included \$6 million received from Microchip as part of a public-private partnership to enhance ammonia treatment at the Wastewater Treatment Plant.

#### *Interfund Transfers - \$10,810,000*

Money is transferred from the Wastewater Fund to pay for rate funded capital projects and from the System Development Charges Fund to pay for capital projects funded by SDCs.

#### *Financing Proceeds - \$4,000,000*

Money received from the sale of debt is recorded as financing proceeds. In fiscal year 2026/27, reflects the receipt of State Revolving Fund (SRF) loans associated with the treatment plant nitrification project.

#### *Beginning Balance - \$64,233,000*

Balance remaining at the end of the previous fiscal year. Represents the total of previous resources received less the amount spent.

### Requirements - \$81,539,000

#### *Capital Improvement Projects - \$65,421,000*

Represents the budgeted expenditures (including carryover) on Wastewater-related projects as identified in the Five-Year Capital Improvement Program for fiscal year 2026/27. Specific projects and funding sources are shown on the following page.

#### *Unappropriated - \$16,118,000*

Funds shown as unappropriated represent an ending fund balance or future reserve and cannot be accessed or utilized during the fiscal year. These funds are also needed to ensure a positive fund balance exists throughout the fiscal year.

# Wastewater Capital Fund

## Wastewater Capital Improvement Fund Wastewater Projects - Funding Sources

Project	Project Name	Total Project Budget for FY26/27	Project Funding Consists of						
			Grant	Operating	Other	SDC	Debt-SDC	Debt-Operating	R&R
CIPWW00001	I & I Control Program	962,951	0	962,951	0	0	0	0	0
CIPWW00002	WWTP Maintenance Project	1,256,151	0	0	0	0	0	0	1,256,151
CIPWW00005	WWTP Asset Replacement and Refurbishment (R&R)	4,352,030	0	0	0	0	0	0	4,352,030
CIPWW00007	Mainline and Lateral Replacement Program	2,623,106	0	0	0	0	0	0	2,623,106
CIPWW00008	East Basin Trunk Upgrade Phase III	1,566,464	0	792,961	0	773,503	0	0	0
CIPWW00013	Wastewater Mainline Extension	628,002	0	628,002	0	0	0	0	0
CIPWW00018	WWTP Upper Plant Nitrification Improvements	13,144,389	1,908,144	1,328,702	5,907,543	0	0	4,000,000	0
CIPWW00022	WWTP Control System Improvements	7,836,185	0	0	0	0	0	0	7,836,185
CIPWW00030	WWTP Earthquake Resiliency Projects	556,989	0	556,989	0	0	0	0	0
CIPWW00035	CCTV Inspection of Collection System Large Diameter	315,603	0	315,603	0	0	0	0	0
CIPWW00045	Upper Kelly Creek Basin Trunk Improvement, Phase 2	1,893,161	0	1,893,161	0	0	0	0	0
CIPWW00047	WWTP Belt Press Replacement	8,785,453	0	8,785,453	0	0	0	0	0
CIPWW00049	WWTP Upper Plant Secondary Clarifier No. 5	14,113,122	0	5,003,378	6,909,744	2,200,000	0	0	0
CIPWW00055	WWTP Lower Plant Aeration Piping Improvements	855,414	0	855,414	0	0	0	0	0
CIPWW00060	WWTP Anaerobic Digester Refurbishment	387,600	0	0	0	0	0	0	387,600
CIPWW00061	WWTP Primary Clarifier Replacement	684,000	0	0	0	0	0	0	684,000
CIPWW00063	WWTP Biogas Utilization Project	135,000	0	135,000	0	0	0	0	0
CIPWW00064	WWTP Biogas Treatment Refurbishment	684,000	0	0	0	0	0	0	684,000
CIPWW00065	WWTP Cogeneration Improvements	741,000	0	741,000	0	0	0	0	0
CIPWW00066	WWTP Aneerobic Digester No. 3	3,900,000	0	0	0	0	3,900,000	0	0
<b>Grand Total</b>		<b>65,420,620</b>	<b>1,908,144</b>	<b>21,998,614</b>	<b>12,817,287</b>	<b>2,973,503</b>	<b>3,900,000</b>	<b>4,000,000</b>	<b>17,823,072</b>

**Note:**

The numbers shown include carryover from FY25/26.

"Grant" = Funds awarded from federal, state or local sources.

"Operating" = Wastewater utility rates.

"Other" = Microchip Technology, Inc. contribution.

"SDC" = Wastewater system development charges.

"Debt-SDC" = Loans to be repaid by SDC funds. Used when the project is SDC eligible, but SDC funds are not currently on hand.

"Debt-Oper" = Loans to be repaid by Operating funds. Used when the project is rate eligible.

"R&R" = Funds set aside for repair and/or replacement of infrastructure.



## Resources & Requirements by Fund

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### Wastewater Debt Service Fund

	2023/24 Actual	2024/25 Actual	2025/26 Revised Budget	2026/27 City Manager Proposed	2026/27 Budget Committee Approved	2026/27 City Council Adopted
<b>Resources</b>						
Miscellaneous Income	16,052	25,084	-	-	-	-
Interfund Transfers	513,980	517,004	1,563,000	3,549,000	-	-
Beginning Balance	617,265	633,317	618,000	618,000	-	-
<b>Total Resources</b>	<b>1,147,297</b>	<b>1,175,405</b>	<b>2,181,000</b>	<b>4,167,000</b>	-	-
<b>Requirements</b>						
Debt Service	513,980	517,004	1,563,000	3,549,000	-	-
Unappropriated	633,317	658,402	618,000	618,000	-	-
<i>Non-Operating Total</i>	<i>1,147,297</i>	<i>1,175,405</i>	<i>2,181,000</i>	<i>4,167,000</i>	-	-
<b>Total Requirements</b>	<b>1,147,297</b>	<b>1,175,405</b>	<b>2,181,000</b>	<b>4,167,000</b>	-	-

## Wastewater Debt Service Fund

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This fund accounts for the payment of principal and interest on existing Wastewater loans.

### Resources - \$4,167,000

#### *Miscellaneous Income - \$0*

Earnings accrued from any cash balance in this fund. In previous years, principal payments from Fairview related to capacity purchased at the wastewater treatment plant were shown above in intergovernmental revenue, and the interest portion of the payment was recorded here.

#### *Interfund Transfers - \$3,549,000*

Cash transfers in from the Wastewater Fund in order to make the debt payment. Money is comprised of system development charges and rate revenues based on the eligibility of the projects for which the debt was incurred and the availability of system development charge revenues.

#### *Beginning Balance - \$618,000*

Balance remaining at the end of the previous fiscal year. Represents the total of previous resources received less the amount spent.

### Requirements - \$4,167,000

#### *Debt Service - \$3,549,000*

Represents the payment due on outstanding debt. As of June 30, 2025, there were three issuances outstanding. One that had an outstanding principal of \$115,762 and matures in 2029. In fiscal year 2014/15, there was a refinance of three outstanding loans (Jenne Road Interceptor, South Gresham Interceptor and Linneman Pump Station). This Full Faith and Credit outstanding principal is \$2,595,000 with a maturity date of 2031. Beginning in fiscal year 2025/26, includes the repayment of an \$8 million public works agreement with Microchip that matures in 2034.

#### *Unappropriated - \$618,000*

Funds shown as unappropriated represent an ending fund balance and cannot be accessed or utilized during the fiscal year. The unappropriated balance consists primarily of a receivable due in the future from the City of Fairview and is not cash at this time.



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# Transportation

# Transportation Program

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## Purpose

The Transportation Program plans, designs, constructs, operates, and maintains Gresham's transportation system which includes: over 900 lane miles of streets, 160 electronic traffic control devices, median landscaping, 22,000 street signs and 8,800 streetlights.

## Overall Structure

The Transportation Program has two basic funds.

- Transportation Fund
- Transportation Construction Fund

The Transportation Fund serves as the primary operating fund and is where personnel are budgeted. All Transportation CIP projects are budgeted in the Construction Fund. CIP projects specific to pedestrian and/or bicycle infrastructure are in the Footpaths and Bikeways CIP Fund. Staff working on CIP projects charge their time to a specific project and the Transportation Fund is then reimbursed for that person's time (including salary, benefits and overheads).

The finance plan for Transportation incorporates revenues and expenses in these two funds to ensure that operational needs and capital construction can all be supported by the anticipated revenues.

## Guiding Policies

The Transportation Program is guided by a range of City goals and policies, including Council goals and the City's strategic plan, City financial policies, and various master plans and infrastructure condition assessments. These include the Transportation System Plan (2014), Active Transportation Plan (2018), and the Pavement Management System.

The Transportation Program's long-term goals are to ensure high quality, reliable service, to comply with environmental regulations, to encourage economic development, and to accommodate growth within the region.

# Transportation Program

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## Summary

Priorities for the Transportation Program include providing a safe and efficient transportation system, maintaining streets, enhancing livability through management of traffic congestion and supporting travel options for all transportation modes.

Street maintenance continues to be a top priority for the Transportation Program. The “Hitting the Streets” local street reconstruction program concluded in the 2023 calendar year, with the result of having re-paved approximately one quarter of local streets in the City. With the end of this program, we will continue to emphasize lower cost pavement preservation methods on the City’s arterials and collectors. Reconstruction will be accompanied by upgrades to adjacent curb ramps in order to meet current Americans with Disabilities Act (ADA) standards. This work is supported by a city funded concrete crew to ensure cost-effective and timely projects.

Funding levels for the reconstruction program are the result of the Street Maintenance 2016 Council Workplan project and subsequent utility rate and utility license fee adjustments adopted by Council in January 2017. The program borrowed against this future revenue stream to accelerate project completion. After relying on a line of credit for several years, the City is now paying the balance using a six year fixed debt instrument, with the final year of payment scheduled for fiscal year 2028.

In addition to the annual street maintenance program, significant capital projects currently planned for fiscal year 2026/27 include construction work on Cleveland Avenue between Stark Street and Burnside Road, Gresham-Fairview Trail between Halsey Street and Sandy Boulevard, and installation of five new rectangular rapid flashing beacons (RRFBs) at key pedestrian crossings.

The capital program requires long-term balancing among the various revenue sources. Gresham continues to be successful in securing grant funds for Transportation projects, including grant awards through the Oregon Community Paths program. Previous debt funding for growth projects allowed high-priority Transportation projects to advance, while closely managing the annual use of SDC resources. Many of the capital projects currently underway have been funded with a line of credit that was converted into a fixed debt instrument that matures in fiscal year 2027/28. System Development Charge revenue, has not been able to keep pace with the numerous demands for capacity increasing projects. Use of financing to fund growth projects is not possible at this time, so close monitoring of project timing is warranted.

The operating budget continues to emphasize core operational maintenance needs related to system functionality and safety, including signal and sign repairs, crack seals, striping, sweeping, patching, pothole repair, median maintenance and preparation work for summer pavement preservation efforts. Expanded gas tax revenues from state’s enactment of HB 2017 have been fully implemented. Large portions of HB 3991 have been referred by voters. In the long term, the effectiveness of gas tax revenue is expected to diminish due to increases in vehicle fuel efficiency and the escalating cost of project construction.

## Transportation Program

### Transportation Fund

	2023/24 Actual	2024/25 Actual	2025/26 Revised Budget	2026/27 City Manager Proposed	2026/27 Budget Committee Approved	2026/27 City Council Adopted
<b>Resources</b>						
Intergovernmental	13,804,023	14,375,966	14,259,000	14,438,000	-	-
Charges for Services	224,616	318,877	65,000	95,000	-	-
Utility License Fees	1,755,527	1,873,465	2,018,000	2,287,000	-	-
Miscellaneous Income	877,810	1,268,046	394,000	352,000	-	-
Internal Payments	1,670,069	2,008,356	1,164,000	1,200,000	-	-
Interfund Transfers	1,475,061	1,558,748	1,580,000	1,629,000	-	-
Beginning Balance	31,698,112	31,388,047	28,203,000	22,901,000	-	-
<b>Total Resources</b>	<b>51,505,218</b>	<b>52,791,506</b>	<b>47,683,000</b>	<b>42,902,000</b>	-	-
<b>Requirements</b>						
Environmental Services	11,449,365	11,495,242	15,560,922	15,320,146	-	-
<i>Operating Total</i>	<i>11,449,365</i>	<i>11,495,242</i>	<i>15,560,922</i>	<i>15,320,146</i>	-	-
Transfers	8,667,806	10,078,182	18,492,000	17,690,000	-	-
Contingency	-	-	2,364,000	2,295,000	-	-
Unappropriated	31,388,047	31,218,082	11,266,078	7,596,854	-	-
<i>Non-Operating Total</i>	<i>40,055,853</i>	<i>41,296,264</i>	<i>32,122,078</i>	<i>27,581,854</i>	-	-
<b>Total Requirements</b>	<b>51,505,218</b>	<b>52,791,506</b>	<b>47,683,000</b>	<b>42,902,000</b>	-	-

## Transportation Program

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This fund serves as the operating fund for the Transportation Program. The Transportation Fund is where personnel are budgeted and where all gas tax revenue is received except for a 1% set aside for pedestrian/bikeways. The 1% set aside is directly received to the Footpaths and Bike Routes Fund.

### **Resources - \$42,902,000**

#### ***Intergovernmental Revenue - \$14,438,000***

The principal source of intergovernmental revenue is the gasoline tax apportionment from the State of Oregon. The gasoline tax may be used only for road operations and maintenance. For fiscal year 2026/27 Gresham's share of the gasoline tax is budgeted to be approximately \$9.5 million. Gresham anticipates receiving about \$4.7 million from Multnomah County as part of the county roads transfer agreement.

#### ***Charges for Services - \$95,000***

Reimbursements for specific services such as installation of street signs, street opening permits and other capital reimbursements.

#### ***Utility License Fees - \$2,287,000***

A portion of the Utility License Fees collected from the three water utilities is paid to Transportation to support street maintenance.

#### ***Miscellaneous Income - \$352,000***

Includes interest income accrued from the cash held by this fund and fees or reimbursements for insurance claims or infrequent, unexpected services.

#### ***Internal Payments - \$1,200,000***

Internal payments are reimbursements for engineering staff and overhead charges for work on capital improvement projects.

#### ***Interfund Transfers - \$1,629,000***

Consists of a transfer from the Stormwater Fund to pay for street sweeping and vegetation management related to stormwater management and a transfer from the Streetlight Fund to cover the staffing and administration of the program. Also, this includes a transfer from the System Development Charges Fund to pay eligible debt expenses related to construction projects.

#### ***Beginning Balance - \$22,901,000***

Balance remaining at the end of the previous fiscal year. Represents the total of previous resources received less the amount spent. The beginning balance includes funds identified for future uses, such as infrastructure repair and replacement, construction of capital projects and other modifications needed for system reliability, regulatory compliance and long-term utility operations.

## Transportation Program

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### Requirements - \$42,902,000

#### *Environmental Services - \$15,320,146*

There are currently five divisions within the Transportation Fund. These divisions were created to correlate with specific work functions, organizational structures and, in some cases, specific cost recovery goals.

*Administration Division – \$855,861 – This division is responsible for the management and administration of the Transportation Program. Many functions are shared with other DES programs, such as coordination of the Capital Improvement Program and general office operations.*

*Transportation Operations Division – \$7,059,665 – This division is responsible for the operation and maintenance of City-owned roadways, including pavement maintenance, street sweeping, sign and barricade maintenance, pavement marking and striping, and vegetation maintenance. In fiscal year 2026/27 the concrete crew was converted from limited term to full time positions. The conversion of these positions will most cost-effectively allow ADA curb ramp and other flatwork (sidewalks) to proceed.*

*Transportation Engineering Division – \$2,115,599 – This division is responsible for development and administration of Capital Improvement Program projects and planning and design of the Transportation system in accordance with master plans and federal, state and local guidelines and mandates.*

*Traffic and Safety Division – \$1,431,944– This division includes coordination, operations and maintenance of the traffic signal system.*

*Transportation Support Services Division – \$3,857,077 – Also referred to as Internal Service Charges. Represents the Transportation Program’s share of City-wide support and administrative functions, such as Information and Technology Services, Fleet and Facilities, Legal Services, Liability Management, Accounting Services, Community Livability, Human Resources, Payroll and Budget.*

#### *Interfund Transfers - \$17,690,000*

In fiscal year 2026/27, the Transportation Fund will send money to six other funds within the City. These transfers are described below.

*Infrastructure Development Fund – \$561,000– This transfer represents Transportation’s share of the services they use in the Infrastructure Development Fund. Many of these functions are supported by developer fees and charges. Some costs and services are also shared by Water, Stormwater and Wastewater.*

*General Development Capital Improvement – \$309,000 – This transfer started in fiscal year 2022/23, allowing for wetland and waterway mitigation in Pleasant Valley if needed to support transportation projects.*

*Transportation Construction Fund – \$10,488,000 – Money is sent to the Transportation Capital Improvement Fund to pay for gas tax-funded capital improvement projects, as shown in the CIP.*

*Footpaths and Bikeways Capital Improvement Subfund – \$469,000 – Money is sent to the Footpaths*

## Transportation Program

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*and Bikeways Capital Improvement Fund to improve sidewalks, provide bicycle lanes, support additional projects related to pedestrian and bike safety, and increase pedestrian mobility. This is in addition to the 1% of gas tax revenue that is required to be dedicated to pedestrian and bikeway projects.*

*General Government Debt Fund – \$5,688,000* – This transfer is used to make payments on debt that was issued for construction of capital projects. The 2015 issuance had an outstanding balance of \$1,540,000 as of June 30, 2025, and payments are funded using System development charges, consistent with project eligibility. The 2015 issuance matures in 2035. In 2022, debt was issued to pay off a line of credit used for the local street reconstruction project. The outstanding balance as of June 30, 2025, is \$15,566,771 with a maturity date of 2028.

*Administrative Services Fund – \$175,000* – This transfer represents Transportation's support of the City's GIS and asset-management services as well as the IT Business System Analyst position dedicated to DES.

### ***Contingency - \$2,295,000***

A portion of existing reserves are appropriated to cover unforeseen events which may occur during the budget year. For the utility and transportation funds, this is typically set at 15% of the operating budget. City Council must authorize the use of any contingency appropriations.

### ***Unappropriated - \$7,596,854***

Funds shown as unappropriated represent an ending fund balance or future reserve and cannot be accessed or utilized during the fiscal year. This amount includes funds identified for future uses, such as infrastructure repair and replacement, operations and maintenance expenses, and other modifications needed for system reliability, regulatory compliance and long-term utility operations beyond the budgeted fiscal year.

## Resources & Requirements by Fund

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### Transportation Capital Impr Fund

	2023/24 Actual	2024/25 Actual	2025/26 Revised Budget	2026/27 City Manager Proposed	2026/27 Budget Committee Approved	2026/27 City Council Adopted
<b>Resources</b>						
Intergovernmental	865,232	3,915,803	26,719,000	23,261,000	-	-
Charges for Services	449,125	91,370	-	-	-	-
Miscellaneous Income	63,329	27,743	15,000	-	-	-
Interfund Transfers	3,822,400	4,952,378	25,165,000	24,371,000	-	-
Beginning Balance	5,344,727	1,704,648	2,566,000	1,925,000	-	-
<b>Total Resources</b>	<b>10,544,814</b>	<b>10,691,941</b>	<b>54,465,000</b>	<b>49,557,000</b>	-	-
<b>Requirements</b>						
Capital Improvement	8,840,166	8,943,315	52,536,000	48,635,000	-	-
Unappropriated	1,704,648	1,748,626	1,929,000	922,000	-	-
<i>Non-Operating Total</i>	<i>10,544,814</i>	<i>10,691,941</i>	<i>54,465,000</i>	<i>49,557,000</i>	-	-
<b>Total Requirements</b>	<b>10,544,814</b>	<b>10,691,941</b>	<b>54,465,000</b>	<b>49,557,000</b>	-	-

## Transportation Capital Fund

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This fund accounts for transportation related capital projects for maintenance and enhancements to the City's transportation system. Projects specific to Footpaths and Bikeways are tracked in a subfund within the Transportation Capital Improvement Fund.

### Resources - \$49,557,000

#### *Intergovernmental Revenue - \$23,261,000*

These resources primarily come from grants. The 1% gas tax revenue dedicated to pedestrian and bikeway projects is also included.

#### *Charges for Services - \$0*

Typically consists of capital reimbursement from specific development-related construction projects.

#### *Miscellaneous Income - \$0*

Includes interest income accrued from the cash held by this fund.

#### *Interfund Transfers - \$24,371,000*

Funds are transferred from the Transportation Fund to pay for gas tax funded capital projects and from the System Development Charges Fund to pay for capital projects funded by SDCs.

#### *Beginning Balance - \$1,925,000*

Balance remaining at the end of the previous fiscal year. Represents the total of previous resources received less the amount spent.

### Requirements - \$49,557,000

#### *Capital Improvement Projects - \$48,635,000*

Represents the budgeted expenditures (including carryover) on Transportation-related projects as identified in the Five-Year Capital Improvement Program for fiscal year 2026/27. Specific projects and funding sources are shown on the following page.

#### *Unappropriated - \$922,000*

Funds shown as unappropriated represent an ending fund balance or future reserve and cannot be accessed or utilized during the fiscal year. These funds are also needed to ensure a positive fund balance exists throughout the fiscal year.

# Transportation Capital Fund

## Transportation Capital Improvement Fund Transportation Projects - Funding Sources

Project	Project Name	Total Project Budget for FY26/27	Project Funding Consists of					Dev/SDC Credit
			Grant	Streetlight	Operating	Other	SDC	
CIPTR00001	Street Surfacing Improvements	3,394,451	0	0	3,394,451	0	0	0
CIPTR00002	Neighborhood Traffic Control	84,544	0	0	84,544	0	0	0
CIPTR00003	Development Coordination Projects	2,062,367	0	0	126,477	0	15,212	1,920,678
CIPTR00005	Intersection Improvements	451,856	0	0	131,341	0	320,515	0
CIPTR00006	Signal Maintenance and Upgrade	185,646	0	0	185,646	0	0	0
CIPTR00007	Division Street Corridor "Complete Street"	1,128,249	0	0	931,562	0	196,687	0
CIPTR00008	NE Cleveland Avenue (Stark to Burnside)	8,373,492	3,927,881	0	0	0	4,445,611	0
CIPTR00009	Stark and 223rd TIF	3,311,073	0	0	0	0	3,311,073	0
CIPTR00013	Streetlight Replacement and In-Fill Project	907,700	0	907,700	0	0	0	0
CIPTR00015	Bridge Inspection / Monitoring / Maintenance	473,854	0	0	473,854	0	0	0
CIPTR00016	Transportation System Safety Projects	243,858	0	0	243,858	0	0	0
CIPTR00020	Utility Undergrounding Projects	1,074,300	0	0	0	1,074,300	0	0
CIPTR00021	162nd Ave. Complete Street	8,234,699	7,368,789	0	865,910	0	0	0
CIPTR00023	Median Island Rehabilitation	300,000	0	0	300,000	0	0	0
CIPTR00024	181st Ave. Safety Improvements	4,323,089	2,788,406	374,350	1,160,333	0	0	0
CIPTR00026	Traffic System Modernization Grants	159,668	0	0	159,668	0	0	0
CIPTR00040	NW Division Street - Gresham-Fairview Tra	1,125,000	1,009,462	0	115,538	0	0	0
CIPTR00041	Traffic Calming at Davis & Hollydale Eleme	138,610	124,375	0	14,235	0	0	0
CIPTR00042	SE 19th St., SE Hogan Rd. to SE Francis Ave	2,100,000	0	0	2,100,000	0	0	0
CIPTR00043	Operations Center Expansion/Remodel	200,000	0	0	200,000	0	0	0
<b>Grand Total</b>		<b>38,272,456</b>	<b>15,218,913</b>	<b>1,282,050</b>	<b>10,487,417</b>	<b>1,074,300</b>	<b>8,289,098</b>	<b>1,920,678</b>

**Note:**

The numbers shown include carryover from FY25/26.

"Grant" = Funds awarded from federal, state or local sources.

"Streetlight" = Funds from the City's Streetlight Fund.

"Operating" = Gas tax revenues.

"Other" = Utility Undergrounding fees.

"SDC" = Traffic impact fees (TIF).

"Dev/SDC Credit" = SDC credits issued to private developers when they construct qualifying public infrastructure.

# Transportation Capital Fund

## Footpaths and Bike Routes Subfund Footpaths and Bike Routes Projects - Funding Sources

Project	Project Name	Total Project Budget for FY26/27	Project Funding Consists of					
			Grant	Operating	Other	Transportation	SDC	Dev/SDC Credit
CIPFP00001	Amer. W/Disab. Curb Ramp	381,902	0	0	0	381,902	0	0
CIPFP00002	Pedestrian Enhancements	930,856	381,291	547,565	0	0	2,000	0
CIPFP00003	Bicycle Projects	230,342	137,500	92,842	0	0	0	0
CIPFP00005	On-Street Paths Development Coordination	362,485	0	0	0	0	0	362,485
CIPFP00008	Gresham Fairview Trail Phase 4	4,337,703	4,126,658	96,758	114,287	0	0	0
CIPFP00009	Columbia View Path	858,031	771,857	86,174	0	0	0	0
CIPFP00010	North Gresham Path	692,875	621,749	71,126	0	0	0	0
CIPFP00011	2018 ARTS Grant	825,926	410,005	415,921	0	0	0	0
CIPFP00012	2020 ARTS Grant	733,269	653,734	79,535	0	0	0	0
CIPFP00013	Yamhill Sidewalk Infill	390,246	303,176	0	0	87,070	0	0
CIPFP00014	Palmquist Road Sidewalk Infill	617,621	554,191	63,430	0	0	0	0
<b>Grand Total</b>		<b>10,361,256</b>	<b>7,960,161</b>	<b>1,453,351</b>	<b>114,287</b>	<b>468,972</b>	<b>2,000</b>	<b>362,485</b>

**Note:**

The numbers shown include carryover from FY25/26.

"Grant" = Funds awarded from federal, state or local sources.

"Operating" = Gas tax revenues dedicated to Footpaths & Bikeways.

"Other" = American Rescue Plan Act (federal allocation).

"Transportation" = Transfer from Transportation Fund.

"SDC" = Traffic impact fees (TIF).

"Dev/SDC Credit" = SDC credits issued to private developers when they construct qualifying public infrastructure.

