

**ADMINISTRATIVE SERVICES COMMITTEE  
MINUTES  
November 7, 2012**

Present

Councilor Biff Traber, Chair  
Councilor Joel Hirsch  
Councilor Mark O'Brien

Staff

Jim Patterson, City Manager  
Ken Gibb, Community Development Director  
Tony Krieg, Customer Services Manager  
Robel Tadesse, MIS Division Manager  
Kevin Young, Planning Division Manager  
Kris DeJong, Public Works Admin Divn Mgr  
Carla Holzworth, City Manager's Office

Visitors

Penny York, Ward 1 Councilor-elect

**SUMMARY OF DISCUSSION**

Agenda Item	Information Only	Held for Further Review	Recommendations
I. Land Use Application Fees Recommendation			Continue the 70% cost recovery fee schedule that is currently in place and add three new fees for Survey Verification, Solar Access Permit, and Floodplain Development Permit Variance as recommended by staff, <b>by means of a Resolution to be read by the City Attorney.</b>
II. Council Policy Review and Recommendation: 08-1.11, "Identity Theft Prevention and Red Flag Alerts"			Change the policy review period to every three years with an annual audit report to Council.
III. Utility Rate Annual Review			Approve a combined utility rate increase of 3%, increasing water utility rates by 2%, wastewater utility rates by 3% and storm water utility rates by 7% to be effective February 1, 2013 <b>by means of an ordinance to be read by the City Attorney.</b>
IV. Other Business			

Chair Traber called the meeting to order at 4:00 pm.

**CONTENT OF DISCUSSION**

I. Land Use Application Fees Recommendation (Attachment)

Mr. Gibb said staff prepared an additional summary of three new proposed fees for the Committee's consideration. On November 6, Mr. Gibb met with the Chamber of Commerce Business Advocacy Committee and he mailed information to Mr. Berger at the Willamette Association of Realtors. No additional testimony has been submitted, but

Mr. Gibb said the discussion at the Chamber was good and no concerns were raised.

Councilor O'Brien thanked staff for taking the extra time to meet with the Chamber. Mr. Gibb said the Chamber has been re-subscribed to the meeting notification list.

**The Committee unanimously recommends Council** adopt a Resolution continuing the 70% cost recovery fee schedule that is currently in place and adding three new fees for Survey Verification, Solar Access Permit, and Floodplain Development Permit Variance as recommended by staff.

[Following the meeting, staff provided a copy of the proposed Resolution (Attachment 1).]

II. Council Policy Review and Recommendation: 08-1.11, "Identity Theft Prevention and Red Flag Alerts" (Attachment)

Mr. Krieg said the policy was passed by Council in 2008 and staff is presenting the annual review. Mr. Krieg and Mr. Tadesse work with departments to mediate any problems and only one minor issue was raised in the past year. To help ensure compliance with the policy, departments must complete a check list each year. Staff recommends changing the review period to every three years, with an annual audit report to Council.

In response to Councilor O'Brien's inquiry, Mr. Krieg said the annual audit reports will ensure flexibility to respond if new technological threats arise.

In response to Chair Traber's observation, staff agreed to correct a type-o in the fourth paragraph on page 5: *maintains Personal Identifying Information in s a secure manner.*

**The Committee unanimously recommends Council** amend Council Policy CP 08-1.11, "Identity Theft Prevention and Red Flag Alerts" review period to every three years with an annual audit report to Council.

III. Utility Rate Annual Review (Attachment)

Ms. Steckel distributed copies of financial plans with additional details for the Water, Wastewater, and Storm Water Funds (Attachments 2, 3, and 4, respectively) as requested by Councilor O'Brien. She noted staff's recommendation is within Council's guideline for a maximum combined rate increase of 3%. Staff is pleased there is capacity to devote some of the rate increase to the Storm Water Fund where increases have been deferred for several years. Ms. Steckel said all funds are affected by projected personnel cost increases such as benefits.

Water Fund revenues are up due to the hot, dry summer and project-related expenses remain steady. The next big financial impact will come from asset management

planning. Preliminary information indicates resources will be needed for pipe infrastructure, as the majority were replaced at the same time about 40 years ago. Ms. Steckel said the replacement is not a major concern; just a heads up it is coming. Debt service is dropping off in a few years, which helps create capacity to take on new projects.

In response to Councilor O'Brien's inquiry, Ms. Steckel confirmed savings from the debt refund is going back to the Wastewater Fund. Ms. Steckel said the proposed rate increase does not include an accommodation for Total Maximum Daily Load (TMDL) costs, as the magnitude of debt service for that project is not yet known. She agreed refinancing does help create some capacity for those future costs. In response to inquiries by Councilor Hirsch and Chair Traber, Ms. Steckel said the financial plans do not show a level of detail that would identify capacity for TMDL specifically, but Attachment D shows where debt service drops from \$2.2 million to \$1.9 million, so that is a potential source of funding. Ms. Steckel said staff is looking at all possible approaches to minimize any future rate increases.

In response to Chair Traber's inquiry, Ms. Steckel said transfers out reflect current revenue going to fund capital construction projects. Operating expenses include personnel costs, electricity, services, training, and chemicals. Increases in the out years reflect the assumption costs will rise.

Storm Water revenues are fairly steady and increases in development and impervious surfaces have helped. In general, revenues are less than expected expenses by \$500,000 per year. Projects have been delayed to help manage the gap. Ms. Steckel said a master plan focusing on piping will be completed over the next two years and it will be tied to the asset management plan. She noted the last master plan focused on urban streams.

Ms. Steckel said Corvallis rates are very competitive with other like communities, helping to create a climate that is attractive to potential businesses. A copy of the comparisons by city is included in the staff report.

Ms. Steckel reviewed the financial plans she distributed earlier (Attachments 2, 3, and 4). Percentage inflators in the out years are reviewed annually and updated with current increases. In response to Councilor O'Brien's inquiry, Ms. Steckel said financial plans project expenses outside the current planning window to ensure staff is not caught off guard by large, expensive projects that require advance financial planning.

In response to Mr. Patterson's inquiry, Ms. Steckel said staff tries to watch for capacity when regulatory issues that could not have been planned arise, such as TMDL. However, staff is careful not to project rate increases that cannot be known until that point in time is reached.

In response to Chair Traber's inquiry about revenue that will come from new developments, Ms. Steckel said some of the revenue streams in the Water and Wastewater funds project a steady 2% increase. However, water meter revenue projections do not include a growth factor, as staff does not want to erroneously project increases. She added that water use is impacted by installation of more water-efficient features, increased conservation efforts, and wet weather.

In response to Councilor O'Brien's inquiry, Ms. Steckel said while there will be a public comment opportunity through Visitors Propositions at Council, no public hearing is scheduled. She added that today's Administrative Services Committee meeting was advertised as a public comment opportunity.

The Committee unanimously recommends Council approve a combined rate increase of 3%, and an ordinance change to increase water utility rates by 2%, wastewater utility rates by 3% and storm water utility rates by 7% to be effective February 1, 2013.

#### IV. Other Business

Chair Traber said he will be absent from the next Council and Administrative Services Committee meetings. Councilor Hirsch said he would miss the same meetings.

The November 21, 2012 Administrative Services Committee meeting is canceled. The next regular meeting is at 4:00 pm, Wednesday, December 5, 2012 in the Madison Avenue Meeting Room.

Councilor O'Brien agreed to present today's Committee Report to Council on behalf of Chair Traber.

The meeting adjourned at 4:28 pm.

Respectfully submitted,

Biff Traber, Chair

RESOLUTION 2012 - \_\_\_\_\_

Attachment 1

Minutes of the November 19, 2012, Corvallis City Council meeting, continued.

A resolution submitted by Councilor \_\_\_\_\_.

WHEREAS, the Council adopted the Corvallis Land Development Code as Ordinance 2006-24, effective December 31, 2006, which establishes land use actions and processes for development review within the City of Corvallis and the Corvallis Urban Growth Boundary; and

WHEREAS, Ordinance 2006-24 provides that fees for development review services identified in the Land Development Code be set by resolution; and

WHEREAS, ORS 227.175(1) allows the City to charge no more than the actual or average cost of providing development review services; and

WHEREAS, the Council adopted Resolution 2011-40 on November 7, 2011, setting fees for development review services, which were intended to generally recover seventy percent of the actual or average cost of providing development review services for land use applications primarily filed with the Planning Division; and

WHEREAS, the Council desires to generally maintain the seventy percent cost-recovery level for land use application fees in 2013, and to add new fees for Survey Verification, Solar Access Permits, and Floodplain Development Permit Variances.

THEREFORE, the City Council of the City of Corvallis, Oregon, finds:

That Special Development land use application fees charged by the Corvallis Community Development Department should continue to recover generally seventy percent of the actual or average cost of the processing of these applications; and

That General Development land use application fees charged by the Corvallis Community Development Department should continue to account generally for seventy percent of the actual or average cost of the processing of these applications; and

That fees shall be established for a Solar Access Permit, which has been a land use application type within the Land Development Code (LDC) for many years, and for a Floodplain Development Permit Variance, which is a new process introduced into the LDC with adoption of revisions to the City's floodplain permitting process in June, 2011; and

That a Survey Verification Fee shall be established to ensure that the necessary review of survey information can be completed in a timely manner by the City Surveyor; and

That fees shall not be charged for Historic Preservation Permits or for Historic Preservation Zoning Overlay applications; and

That fees for appeals of land use decisions (other than appeals of administrative-level decisions, which shall continue to be \$250) shall be 10% of the base fee (not including per unit fees) of the land use application under appeal, or if there are multiple applications, 10% of the fee for the land use application with the highest fee. Following this methodology, appeals by recognized neighborhood associations shall be charged 5% of the base fee, or of the highest base fee.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CORVALLIS RESOLVES that consistent with the above findings, the fee schedule included herewith as "Attachment A" is hereby adopted effective January 1, 2013.

\_\_\_\_\_  
Councilor

Upon motion duly made and seconded, the foregoing resolution was adopted, and the Mayor thereupon declared said resolution to be adopted.

## 2013 Land Use Application Fees<sup>1</sup> (Effective January 1, 2013)

Table 1: Special Development (70% Cost Recovery, unless otherwise noted)		Base Fee	Per Unit Add-on
<b>Appeal</b>			
	<i>Appeal of Administrative-Level Decision</i>	\$250	
	<i>General</i>	10% of Base Fee <sup>2</sup>	
	<i>Recognized Neighborhood Association</i>	5% of Base Fee <sup>2</sup>	
<b>Annexation (with per acre add-on and \$100 survey verification fee<sup>3</sup>)</b>			
	<i>Major</i>	\$9,173	\$132
	<i>Minor (including Health Hazard)</i>	\$2,708	
<b>Comprehensive Plan Amendment</b>		\$11,084	
<b>Conditional Development (including Willamette River Greenway CD)</b>			
	<i>Residential (per lot add-on)</i>	\$6,857	\$41
	<i>Non-residential (per 100 sq. ft. add-on)</i>	\$6,857	\$8
	<i>Modification</i>	\$2,796	
<b>District Change</b>			
	<i>Standard</i>	\$5,216	
	<i>Minor Annexation (including Health Hazard)</i>	\$1,304	
	<i>Historic Preservation Overlay (0% cost recovery/5-yr. average)</i>	no fee	
	<i>Administrative</i>	\$2,608	
<b>Planned Development</b>			
<b>Conceptual Development Plan</b>			
	<i>Residential (per acre add-on)</i>	\$7,347	\$81
	<i>Non-residential (per acre add-on)</i>	\$7,347	\$81
<b>Detailed Development Plan</b>			
	<i>Residential (per lot add-on)</i>	\$7,838	\$47
	<i>Non-residential (per 100 sq. ft. add-on)</i>	\$7,838	\$9
<b>Conceptual and Detailed Development Plan</b>			
	<i>Residential (per lot add-on)</i>	\$8,328	\$50
	<i>Non-residential (per 100 sq. ft. add-on)</i>	\$8,328	\$10
<b>Major Modification to P.D.</b>			
	<i>Residential (per lot add-on)</i>	\$7,347	\$44
	<i>Non-residential (per 100 sq. ft. add-on)</i>	\$7,347	\$9
<b>P.D. Nullification</b>		\$5,216	
<b>Minor Modification</b>		\$3,260	
<b>Subdivision Tentative Plat</b>			
	<i>Non-residential</i>	\$6,857	\$41
	<i>Modification</i>	\$3,260	
	<i>Major Replat</i>	\$7,809	\$1
	<i>Residential (Admin.)</i>	\$6,368	\$38
<b>Historic Preservation Permit</b>			
	<i>HRC-level (0% cost recovery/5-yr. average)</i>	no fee	
	<i>Director-level (0% cost recovery/5-yr. average)</i>	no fee	
<b>Director's Interpretation</b>		\$1,956	

Attachment 2

**WATER**

11/7/2012 14:40	11/7/2012	PERS/OPSRP Rate	0.1390	0.1390	0.1990	0.1990	0.1990	0.1990	0.1990	0.1990
		Util rate incr.	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
		Cum rate incr.	1.020	1.040	1.061	1.082	1.104	1.126	1.149	1.172
		Interest Rate	0.0058	0.0083	0.0093	0.0125	0.0163	0.0163	0.0163	0.0163

**BUDGETARY BASIS**

**PUBLIC WORKS**

	AUDITED FY 10-11	UNAUDITED FY 11-12	ADOPTED FY 12-13	REVISED FY 12-13	PROJECTED FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20
<b>Operating Expenditures</b>											
<b>Total Personnel Services</b>	3,250,538	3,347,810	3,507,030	3,477,030	3,680,700	3,691,430	4,003,500	4,216,920	4,442,060	4,679,570	4,930,140
Materials and Supplies	805,916	641,786	701,930	661,930	668,830	676,790	684,830	691,680	698,600	705,590	712,650
Services	164,798	197,608	247,850	207,850	250,330	252,830	255,360	257,910	260,490	263,090	265,720
Utility and Overhead	370,517	419,721	473,200	473,200	477,930	482,710	487,540	492,420	497,340	502,310	507,330
Right of way (2) 5404201 - rental (only ROW transactions)	388,280	407,530	412,430	412,430	423,340	431,800	440,440	449,250	458,230	467,400	476,750
Total internal service charge	1,141,067	1,152,043	1,117,250	1,117,250	1,167,540	1,220,080	1,275,000	1,332,380	1,392,330	1,454,980	1,520,450
<b>Total Utility and Overhead</b>	1,899,864	1,979,294	2,044,130	2,002,880	2,111,140	2,134,590	2,202,980	2,274,050	2,347,900	2,424,690	2,504,530
<b>Total Non-Personnel Services</b>	2,911,703	2,848,104	3,048,010	2,926,760	3,084,940	3,119,390	3,198,910	3,279,940	3,363,850	3,450,800	3,540,910

# Attachment 3

WASTEWATER		11/7/2012	PERS/OPSRP Rate		0.1390	0.1390	0.1990	0.1990	0.1990	0.1990	0.1990
			Util rate incr.	3.00%	4.00%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
	11/7/2012 13:50		Cum rate incr.	1.030	1.071	1.109	1.147	1.188	1.229	1.272	1.317
			Interest Rate		0.0058	0.0083	0.0093	0.0125	0.0163	0.0163	0.0163
BUDGETARY BASIS	AUDITED FY 10-11	UNAUDITED FY 11-12	ADOPTED FY 12-13	REVISED FY 12-13	PROJECTED FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20
<b>PUBLIC WORKS</b>											
Operating Expenditures											
Total Personal Services	3,240,716	3,195,870	3,482,310	3,482,310	3,655,610	3,674,900	3,988,550	4,201,790	4,426,770	4,664,090	4,914,490
Materials and Supplies	431,592	414,140	450,130	450,130	454,630	459,180	463,770	468,410	473,090	477,820	482,600
Services	233,201	214,173	288,310	288,310	291,190	294,100	297,040	300,010	303,010	306,040	309,100
Utility and Overhead	498,011	546,692	535,820	535,820	541,180	546,590	552,060	557,580	563,160	568,790	574,480
Right of way (2) 5404201 - rental	402,114	405,570	421,900	421,900	430,240	446,540	462,170	478,340	495,080	512,410	530,350
Total internal service charge	1,112,454	1,118,851	1,109,270	1,109,270	1,159,190	1,211,360	1,265,880	1,322,840	1,382,370	1,444,570	1,509,580
Total Utility and Overhead	2,012,579	2,071,113	2,109,180	2,109,180	2,173,630	2,204,490	2,280,110	2,358,760	2,440,610	2,525,770	2,614,410
Total Non-Personal Services	2,753,617	2,763,354	2,925,170	2,925,170	2,997,780	3,036,880	3,120,820	3,207,880	3,298,220	3,391,950	3,489,260

Attachment 4

**STORM WATER**

11/7/2012	PERS/OPSRP Rate	0.1390	0.1390	0.1990	0.1990	0.1990	0.1990	0.1990	0.1990
	Util rate incr.	7.00%	7.00%	6.00%	5.00%	5.00%	5.00%	5.00%	5.00%
11/7/2012 13:51	Cum rate incr.	1.070	1.145	1.214	1.274	1.338	1.405	1.475	1.549
1	Interest Rate	0.0058	0.0083	0.0093	0.0125	0.0163	0.0163	0.0163	0.0163

**BUDGETARY BASIS**

**PUBLIC WORKS**

	AUDITED FY 10-11	UNAUDITED FY 11-12	ADOPTED FY 12-13	REVISED FY 12-13	PROJECTED			FY 16-17	FY 17-18	FY 18-19	FY 19-20
					FY 13-14	FY 14-15	FY 15-16				
Operating Expenditures											
Total Personnel Services	1,027,808	1,076,135	1,178,220	1,178,220	1,240,190	1,251,490	1,361,370	1,434,760	1,512,190	1,593,880	1,680,050
Materials and Supplies	58,808	72,898	53,300	53,300	53,830	54,370	54,910	55,460	56,010	56,570	57,140
Services	37,079	49,536	99,500	99,500	100,500	101,510	102,530	103,560	104,600	105,650	106,710
Utility and Overhead	116,789	114,995	92,900	92,900	93,830	94,770	95,720	96,680	97,650	98,630	99,620
Right of way (2) 5404201 - rental	91,765	96,871	100,910	100,910	107,380	114,440	120,810	126,850	133,190	139,850	146,850
Total internal service charge	290,574	289,471	296,860	296,860	310,210	324,160	338,750	354,000	369,930	386,590	403,990
Total Utility and Overhead	499,128	501,337	500,760	500,760	522,160	533,370	555,280	577,530	600,770	625,070	650,460
Total Non-Personnel Services	613,108	627,016	660,290	660,290	683,290	696,120	719,660	743,560	768,460	794,440	821,530