
Sustainable Budget Task Force

August 24, 2016
8:00 AM
Madison Avenue Meeting Room
500 SW Madison

1. Approve minutes from August 3, 2016
2. Strategic Plan for Revenue Alternatives
3. Community Comments
4. Adjourn

Sustainable Budget Goal

The Council will continue to manage a long-term sustainable budget including the consideration of possible new or expanded revenue sources. An inventory of known infrastructure and unmet program needs, including public safety, will be compiled and prioritized by December of 2015. By September 2015, possible new or expanded revenue sources will be identified that could fund these program and infrastructure needs. By September 2016 the Council will create and begin implementing a long-term revenue plan.

Next Meeting:
September 14, 2016
8:00 AM
Madison Avenue Meeting Room

DRAFT
CITY OF CORVALLIS
SUSTAINABLE BUDGET TASK FORCE ACTION MINUTES
August 3, 2016

The City of Corvallis Sustainable Budget Task Force meeting was called to order at 8:05 AM, August 3, 2016, in the Madison Avenue Meeting Room Corvallis, Oregon, with Chair Hal Brauner presiding.

ROLL CALL:

Members Present: Hal Brauner, Barbara Bull (8:07), Karyle Butcher, Joel Hirsch, **Mark O'Brien** (8:20), Curtis Wright

Staff Present: Mark Shepard, Patrick Rollens, Tracey Finnegan-Wiese

Others:

SUMMARY OF DISCUSSION:

Agenda Item	Actions/Recommendations
Approve minutes from July 20, 2016	Minutes were approved unanimously.

Agenda Item	Actions/Recommendations
Messaging Update	<p>Public Information Officer (PIO) Patrick Rollens summarized the written outline for messaging that was included in the packet. SBTF members discussed using the term “Live Within Our Means” and whether people would understand that this would mean service reductions. SBTF members agreed to change the term to “Live Within Our Means and that Means Cuts”.</p> <p>The SBTF discussed the Sustainable Revenue alternative and how to be sure it appropriately states that part of the City’s financial situation is out of the City’s control (e.g., PERS rates, property tax limitations approved at the State-wide level but not locally). PIO Rollens said this will be in background information.</p> <p>Mr. Shepard shared comments made via email by member Mark O’Brien (who would be late to the meeting) with concerns that the City Council has not yet identified the services the City should provide, so that pursuing revenue alternatives was premature. Members of the SBTF agreed service prioritization before revenues was a possible direction, but not the one the Council has asked the task force to pursue. Chair Brauner stated that the current Visioning process is likely to provide direction on what the City could be in the future and will answer the question about where the organization is going.</p> <p>SBTF members discussed having information on the web site during a potential election period, timing for a potential election and for a survey.</p>

Agenda Item	Actions/Recommendations
	<p>PIO Rollens stated he thought there could be value in surveying after OSU students are back in the fall. Member Wright suggested a need to decide whether the survey is of community members or likely voters.</p> <p>The SBTF members agreed likely voters would be the target for a statistically valid survey. However, other mechanisms for feedback should be used to actively listen to community members about services and revenue alternatives. Member Wright pointed out that this informal feedback is not statistically valid and may come from people who would not vote; the Council will need to know the likelihood of a revenue measure passing before something is put on the ballot. The Visioning process may identify what the community wants to be, but there may not be support to fund the Vision.</p> <p>Member O'Brien asked what will be funded by a new revenue – the entire Vision or something else. Member Wright indicated that the survey should provide information about this. The SBTF had a lengthy discussion about how to best get information about which services should be prioritized. If the levy goes away are we eliminating levy funded services? If the new revenue is approved, what are we adding?</p> <p>Mr. Shepard summarized by stating the survey(s) ask the level of support for services and funding – cuts to live within means, some added/funded services via a reduced revenue package, or more added/funded services via a significant revenue package.</p> <p>Member O'Brien stated he represents small business owners who are being inundated with tax and cost increases, so the support for added local revenue that costs businesses is a challenge. Members discussed this issue and that costs to provide services to the entire community are not covered by tax-exempt entities.</p> <p>In summary, PIO Rollens said he got what he needed for the messaging, and pointed out that he is updating the SBTF web page to highlight the work of the task force.</p>

Agenda Item	Actions/Recommendations
Community Comments	There were no community comments.

The Task Force adjourned at 9:00 AM.

An audio recording of the entire meeting can be listened to at:
<http://archive.corvallisoregon.gov/O/doc/795837/Page1.aspx>

TO: Sustainable Budget Task Force for August 24, 2016
FROM: Nancy Brewer, Finance Director
DATE: August 17, 2016
THROUGH: Mark W. Shepard, P.E., City Manager
SUBJECT: Strategic Plan for Revenue Alternatives



Action Requested:

Staff recommends the SBTF develop a timeline and strategic plan for City Council adoption on one or more revenue alternatives. The Council is scheduled to hear a recommendation from the SBTF about the strategy at their October 18 work session.

Discussion:

Background

The SBTF has been working on the Council's Sustainable Budget Goal:

The Council will continue to manage a long-term sustainable budget including the consideration of possible new or expanded revenue sources. An inventory of known infrastructure and unmet program needs, including public safety, will be compiled and prioritized by December of 2015. By September 2015, possible new or expanded revenue sources will be identified that could fund these program and infrastructure needs. By September 2016 the Council will create and begin implementing a long-term revenue plan.

To date, the SBTF has heard from staff summarizing the organization's operations, best practices for providing services to the community along with the costs to achieve best practice levels, significant revenue projections, expense pressures, and the status of infrastructure investment and likely needs. The services most in need of additional funding to meet Council/community objectives include:

- General Funded services (Police, Fire, Parks & Recreation, Library, Land Use Planning, Municipal Court, Social Services) do not have adequate revenue streams to continue current service levels. The current local option levy expires June 30, 2019. In November, voters will be asked to approve a local Recreational Marijuana sales tax which is estimated to produce around \$95,000 annually.
- 9-1-1 services are largely funded by the Corvallis Police Department, which has to balance funding for 9-1-1 services (used by all agencies in the County) against funding for front-line Police Officer/Detectives. Inadequate funding has led to understaffing the 9-1-1 center.
- Federal funding for Housing programs has been declining at the same time local demand for affordable housing assistance is on the rise. Stable funding is needed to continue to provide basic services/expand efforts. The Housing Development Task Force (HDTF) will recommend adding a Construction Excise Tax to fund some affordable housing program expansion, but it is likely the revenue (with its State mandates for use) will not be adequate to meet all affordable housing objectives.
- Corvallis has fully matched all available federal funding for transit operations. The recently adopted FAST act has set those levels for the next five years, so no additional funding will be forthcoming from this source in that time frame. But demand for transit services, including expanding the

number/frequency of routes, is higher than it ever has been to achieve the objectives contained in the draft Vision plan and draft Climate Action plan. Achieving those community intentions will not be possible within current funding streams.

- Street, Water, Wastewater, and Storm Water infrastructure requires significant ongoing investment to maintain critical services for the long term. Federal and State funding for streets is flat and does not currently provide adequate resources to keep up with infrastructure replacement or rehabilitation, and no capacity to enhance or expand systems for any transportation mode—vehicle, bicycle, or pedestrian. Water, Wastewater, and Storm Water utilities will need significant rate increases over the next decade to establish a revenue base that can support an asset management program at the recommended levels. Using the best available information, the Water utility will need to increase the revenue stream by 30%, and then maintain that level going forward, plus inflationary adjustments. For the Wastewater utility, the needed increase is projected at 21% and for Storm Water, 70%. These increases for asset management do not take into account new or enhanced service levels the community desires or regulators require. An example is the new Storm Water NPDES permit that will require a higher level of community outreach, contractor oversight, and pollution prevention activities than are currently being performed.

Strategy and Timeline

The SBTF needs to develop a strategic plan, with a timeline, for accomplishing the goal. To assist with this discussion, I propose the SBTF begin with the following questions:

1. Is there a target amount of revenue SBTF wants to recommend to be raised? Ideas range from
 - a. \$0 and have the City reduce costs to fund services only within the permanent tax rate;
 - b. \$4 million to replace the existing levy;
 - c. \$13 million to achieve full “best practice” level of service;
 - d. some other amount.
2. Should the City pursue one, sizeable revenue alternative to fund multiple demands, pursue smaller, targeted revenue alternatives that could be implemented (or increased) within Council’s purview, or a combination of the two approaches?
3. Should the City attempt to address the non-General Fund needs first, or resolve General Fund needs before working on 9-1-1, Housing, Streets, Transit, and utilities?
4. At what point in the strategy does the SBTF believe information about services to be funded will need to be identified by the City Council?
5. How does the draft public information process work with the draft strategy?

Once the outline of a strategy is developed, a timeline can be defined, including targeting an election date (if needed) and refining public information and survey work.

Recommendation:

Staff recommends the Sustainable Budget Task Force review this information and develop a strategic plan outline and timeline. Next steps would include discussions about criteria to use to analyze revenue alternatives against, and further refinement of alternatives that meet the criteria.