



ADMINISTRATIVE SERVICES COMMITTEE

Agenda

Wednesday, July 6, 2011

4:00 pm

Madison Avenue Meeting Room

500 SW Madison

- | | |
|------------------------------------|--|
| Discussion/ Possible Action | I. Sustainable City Services Statement Proposal
(Attachment) |
| Discussion/ Possible Action | II. Property Tax-Related Financial Policies Review
(Attachment) |
| Information | III. Other Business |

The July 20, 2011 meeting has been canceled.

Next Scheduled Meeting

Wednesday, August 3, 2011 at 4:00 pm

Madison Avenue Meeting Room, 500 SW Madison Ave

Agenda

Land Use Application Fees Review

Council Policy Review: 91-3.02, "City Compensation Policy"

MEMORANDUM

June 17, 2011

TO: Administrative Services Committee

FROM: Nancy Brewer, Finance Director

SUBJECT: Proposal for a Sustainable City Services Statement

I. Issue:

Utility Billing staff is requesting City Council approval for a redesigned, tri-folded and tabbed, monthly City Services statement that reduces the number of envelopes used each month and saves nearly \$4,000 annually.

II. Background:

The current City Services monthly statement is printed on an 8.5 by 11 inch sheet of paper, folded and stuffed into an envelope that is mailed to one of 15,800 City Services customers. The monthly City Services statement was initially designed in 2006 to accommodate the transportation fee and customer donation line items. In the initial design stage, staff decided not to include return envelopes due to the increased number of payment options provided by the City that did not require a return envelope. As a result, the City saved thousands of dollars and hundreds of thousands of envelopes.

III. Discussion:

Following a suggestion from a City Services customer, staff evaluated its billing process to see if additional resources could be conserved. Staff worked with a local printer, Core Communications (the company that prints the City Services statements), to research and develop a tri-fold City Services monthly statement that would no longer require the use of an envelope to mail the statement. Core Communications cleared the proposal with the United States Post Office to ensure a tri-folded and adhesive tabbed City Services statement met all requirements of the required first-class postage. In addition, a tri-folded and adhesive tabbed City Services statement must also comply with Council Policy CP 08-1.11, Identity Theft Prevention and Red Flag Alerts. As such, the information included in the City Services statement does not meet the threshold of personal identifying information and is therefore not sufficient to permit a person to commit identify theft against the person whose information may have been compromised.

The tri-fold, monthly City Services statement (samples attached) also sports a new design and is printed on 80lb paper for rigidity. The design of the statement allows the use of a digital press; a less expensive alternative to printing masters (preprinted forms) resulting in additional savings. Using a digital press also enables staff to make changes to the statement format quickly and without additional charges.

There are several options for placing tabs on the statement. The least expensive option is the placement of one or two tabs on the long side of the statement. A slightly more expensive option (\$75 a month) is to place a tab on each end of the statement in addition to the two tabs (or one tab) on the long side. This does provide additional security and perhaps a higher level of comfort for the customer. Either option meets the security requirements of first class postage and Council's Red Flag policy.

On the outside cover of the City Services statement, the phrase "Statement Enclosed" will appear on both sides to ensure the statement is not confused with junk mail. A City logo will also be printed on both sides for added insurance.

Prior to rolling out the re-designed, tri-fold bill, a special message will be included on the City Services statement notifying customers of the pending change. The special notice will run for several months to encourage as much readership as possible.

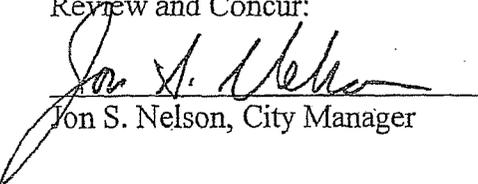
IV. Conclusion

A tri-fold City Services monthly statement is consistent with the City's sustainability goal of conserving resources and gaining efficiencies. The new statement saves nearly \$4,000 and spares 187,200 envelopes annually.

V. Recommendation:

Staff is requesting City Council approval of the new City Services monthly statement with three adhesive tabs (one tab on each end of the statement and one tab on the long end).

Review and Concur:


Jon S. Nelson, City Manager



City of Corvallis
 Utility Billing Customer Service
 500 SW Madison Avenue
 PO Box 3015
 Corvallis, OR 97339-3015

ORIGINAL

City Services Bill

(541) 766-6949 Office or (541) 754-1729 Fax
 On the web at: c2g.ci.corvallis.or.us

|||||
 FIRE DEPARTMENT
 PO BOX 1083
 CORVALLIS OR 97339-1083

Account Information

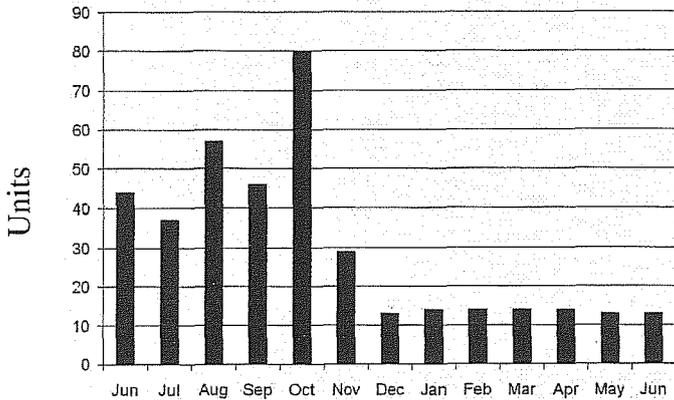
Account Number 362345-160100
 Service Address 1310 #3 NW CIRCLE BLVD
 Customer Class CITY OF CORVALLIS
 Billing Date 6/17/2007
Bill Due Upon Receipt
 Current charges becomes delinquent on 7/13/2007

Meter Activity

Service from 4/24/2007 to 5/24/2007

Meter Number	Days	Current Reading	Previous Reading	Units
77-458	30	12064	12051	13

Your Monthly Usage



* Units = One hundred cubic feet or 748 gallons.

Previous Activity

	Date	Amount
Previous Balance	6/15/2007	\$0.00
Balance Forward	6/15/2007	\$0.00

Special Message

*****ONLINE PAYMENTS & ELECTRONIC BILLS*****

The City of Corvallis Utility Services is introducing a new online payment option for debit and credit card customers. New users must obtain a PIN (personal identification number) by emailing Utilsc2g@ci.corvallis.or.us. Please include account name, account number, phone number, and service address. For registered users go to web address c2g.ci.corvallis.or.us and enter your account number and PIN.

The City also offers an electronic paperless monthly bill called E-Bill. Each month your monthly statement or E-Bill is sent to your personal email account. To sign up for the new paperless E-Bill, email Utilsc2g@ci.corvallis.or.us.

The City now offers two additional donation options: Library Youth Services and City Services Low-Income Assistance. Just indicate the amount you wish to donate.

Current Charges

Total Current Charges	\$0.00
Total Amount Due	\$0.00

Detach Here

PAYMENT COUPON

Please return this portion with your payment
Make checks payable to the City of Corvallis

Due Date Due upon receipt
Current charges becomes delinquent on 7/13/2007
 Account Number 362345-160100
 Service Address 1310 #3 NW CIRCLE BLVD

FIRE DEPARTMENT
 PO BOX 1083
 CORVALLIS OR 97339-1083

AMOUNT ENCLOSED

TOTAL AMOUNT DUE \$0.00

Voluntary Park Donation \$ _____

Total Remittance \$ _____

CITY OF CORVALLIS
 UTILITY BILLING
 PO BOX 3015
 CORVALLIS, OR 97339-3015

PAYMENT

This bill is due upon receipt. Total payment must be received in the Utility Billing Office by 5:00 PM on the date indicated on the reverse side of this bill to avoid becoming delinquent.

CUSTOMER RIGHTS

You have the right to a hearing if you think your bill is incorrect. To request a hearing, you must notify Utility Billing Customer Service in writing at either 500 SW Madison (in-person) or via US Mail at PO Box 3015, Corvallis, OR 97339-3015 within 45 days of your bill, prior to disconnection for non-payment. A hearing will be held and if an error is found, your bill will be adjusted. If you do not give written notice, you may waive or lose your right to a hearing.

DUE DATES AND DELINQUENT ACCOUNTS

Payment for current charges, which are for services already rendered, are due upon receipt of the bill. The bill is considered to be delinquent 25 days after the bill date written on the reverse side of this bill. If you have not paid your bill by the date noted on the reverse, your next month's bill will be issued with a balance forward. A reminder notice will be mailed to you around 40 calendar days after this bill date. Service will be disconnected for non-payment on the 46th day after the original bill date noted on the reverse side of this bill. If the 46th day falls on a non-business day, service will be disconnected on the next business day.

Accounts which are terminated for non-payment are required to bring the account to a \$0 balance, in addition to paying a \$35 reconnection fee during business hours and \$100 for service reconnection after hours.

SERVICE FEES

An account set-up fee of \$25 will be charged for service requested during regular business hours (8:00 AM to 5:00 PM weekdays). The new service connection fee is \$60 for after-hours and holiday service connections.

USE OF DROP BOXES

Payments left in drop boxes are picked up every business day. Payments left in drop boxes do not constitute payment to the City. Use of a drop box is at your own risk.

VOLUNTARY PARK DONATION

Customers may donate monies when they pay bills for the Youth Park Corps summer employment program. The YPC program hires teens to work for a short period to give them an opportunity to obtain some job training and provide community service through a variety of park projects. Participants are paid the minimum wage for work hours.

EXPLANATION OF CHARGES

WATER charges include a base rate that varies with the size of the meter, if applicable an uphill pumping station surcharge, plus a rate for each unit of water consumed. Usage is measured and billed in units where 1 unit = 100 cubic feet = 748 gallons of water. WASTEWATER is based on a minimum flat rate plus a consumption rate per unit of water used. Summer wastewater average rates are in effect May 1 through November 30 where wastewater bills are based on the prior winter's average water consumption or actual consumption, whichever is less. Summer wastewater averaging applies to single- and multi-family and school accounts. All other accounts are billed on actual consumption through the year. STORM WATER is a fixed fee according to the amount of impervious surface area serviced (i.e., roof, driveways) and demand placed on the storm water system. TRANSPORTATION MAINTENANCE FEE (TMF) is based on the average number of vehicle trips generated by a property dependent upon how that property is used and its size. All single-family accounts are charged an equal TMF. OTHER CHARGES may appear on your bill for initial service fees, special calls, lock fees, returned checks or similar service fees.

CITY OF CORVALLIS
Utility Billing Customer Service
500 SW Madison Ave
PO Box 3015
Corvallis, OR 97339-3015



(541) 766-6949 (541) 754-1729 FAX
On the web at: c2g.ci.corvallis.or.us

Business Hours: 8:00 AM to 5:00 PM Monday - Friday
Closed: Saturday, Sunday, and Holidays observed by the City



30% Post Consumer Recycled Content

REVISED



City of Corvallis
500 SW Madison Ave
PO Box 3015
Corvallis, OR 97339-3015

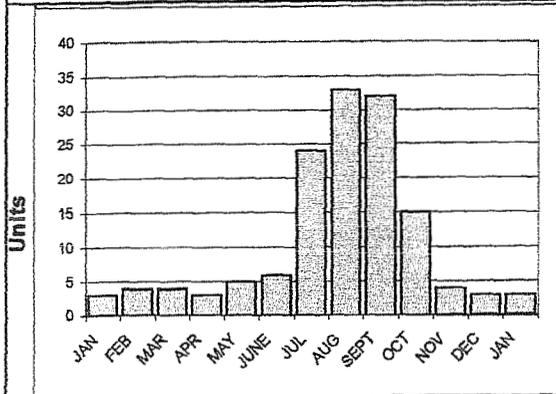
City Services Bill
Office Hours:
Monday - Friday 8:00am - 5:00pm
Phone: 541-766-6949
Fax: 541-754-1729
Web site: c2g.ci.corvallis.or.us

Service Address		
1245 NE 3RD ST		
Bill Date	Due Date	Amount Due
3/18/2011	4/12/2011	\$48.03

JOHN SMITH
1245 NE 3RD ST
CORVALLIS, OR 97330

Service From	Service To	Account Number	Description	Amount
2/4/2011	3/4/2011	12345-67890	Previous Balance	\$ 55.52
Meter Readings			Payment(s) Received	\$ (55.52)
Previous	Current	Units	Adjustments	\$ (4.05)
897	901	4	Balance Forward MUST BE PAYED BY 05/18/2011	\$ (4.05)
			Water	\$ 19.16
			Wastewater	\$ 22.03
			Storm Water	\$ 5.48
			Transportation Maintenance Fee	\$ 1.36
			Transit Operations Fee	\$ 2.75
			Urban Forestry Management Fee	\$ 0.50
			Sidewalk Maintenance Fee	\$ 0.80
				PAY THIS AMOUNT
				\$ 48.03

* Units = One hundred cubic feet or 748 gallons



SPECIAL MESSAGE:

The City has an automated telephone notification system. To ensure continued notifications prior to any service disconnection or any emergency situation, please update your current telephone number by e-mailing us at Utilsc2g@ci.corvallis.or.us, or by writing your telephone number on your payment coupon, by updating it on our web site at c2g.ci.corvallis.or.us, or by calling our office at 541-766-6949.

CITY SERVICE BILLING POLICIES

City Service bills are mailed on a monthly basis. Payments are due upon receipt. Online bill pay is available on the City's web site at c2g.ci.corvallis.or.us. There will be a \$35 reconnection fee if service is disconnected for non-pay during business hours. The account balance, plus the \$35 reconnect fee, must be paid before service is re-established. If you have a leak, repair it promptly and notify Utility Customer Services. You may be eligible for an adjustment.

PLEASE DETACH AND RETURN BOTTOM PORTION WITH YOUR PAYMENT



City of Corvallis
500 SW Madison Ave
PO Box 3015
Corvallis, OR 97339-3015

SERVICE ADDRESS:
1245 NE 3RD ST

ACCOUNT NUMBER	12345-67890
DUE DATE	4/12/2011
AMOUNT DUE	\$ 48.03
VOLUNTARY PARK DONATION	\$ -
LIBRARY YOUTH SERVICES DONATION	\$ -
CITY SERVICES ASSISTANCE DONATION	\$ -
TOTAL REMITTANCE	\$ -



CITY OF CORVALLIS
Utility Customer Service
PO Box 3015
500 SW Madison Avenue
Corvallis, OR 97339-3015

JOHN SMITH
1245 NE 3RD ST
Corvallis, OR 97330

STATEMENT ENCLOSED



STATEMENT ENCLOSED

This bill is due upon receipt. Total payment must be received in the Utility Billing Office by 5:00 p.m. on the date indicated on the reverse side of this bill to avoid becoming delinquent. Customers, for which accounts are terminated for non-payment, are required to bring the account to a \$0 balance in addition to paying a \$35 reconnection fee during business hours and \$100 for service reconnection after hours. An account set up fee of \$25.00 will be charged for service requested during regular business hours (8:00 a.m. to 5:00 p.m. weekdays). A new service connection fee is \$60.00 after hours and on holidays.

EXPLANATION OF CHARGES-WATER charges include a base rate that varies with the size of the meter. If applicable, the charge may include an uphill pumping station surcharge, plus a rate for each unit of water consumed. Usage is measured and billed in units where one unit = 100 cubic feet = 748 gallons of water. **WASTEWATER** is based on a minimum flat rate plus a consumption rate per unit of water used. Summer wastewater rates are in effect May 1 through November 30 where wastewater charges are based on the prior winter's average water consumption or actual consumption, whichever is less. Summer wastewater averaging applies to single-family, multi-family and school accounts. All other accounts are billed on actual consumption through the year. **STORMWATER** is a fixed fee based on the amount of impervious surface area serviced (i.e. roof, driveways) and demand placed on the stormwater system. The **TRANSPORTATION MAINTENANCE FEE** and **TRANSIT OPERATIONS FEE** are based on the average number of vehicle trips generated by a property dependent upon how that property is used and its size. The **SIDEWALK MAINTENANCE FEE** and **URBAN FORESTRY MANAGEMENT FEE** are both fixed fees. **OTHER CHARGES** may appear on your bill for initial service fees, special calls, lock fees, returned checks/bank drafts or other fees.

MEMORANDUM

June 21, 2011

TO: Administrative Services Committee
FROM: Nancy Brewer, Finance Director *NB*
SUBJECT: Property Tax Related Financial Policies Review

I. Issue

To revise Council's Financial Policies related to property tax use based on the voter approval of the local option levy and changes made through the FY 11-12 budget process.

II. Background

The Council's Financial Policies are scheduled for full review each fall. During the review in fall 2010, a number of questions about property tax allocation, particularly as it relates to the Osborn Aquatic Center and the potential of the local option property tax measure, were raised by members of the Council. Staff acknowledged that the language would need to change, but what that change needed to be would depend on the outcome of the levy election. With the levy election resolved, the Council's Financial Policies as they relate to property taxes can be revised.

The specific sections of the financial policies under discussion, and the existing language, include:

10.03.030.020 Council Findings

10.03.030.021 Allocations of property taxes which follow the Charter approved proportions of the total levy would result in some funds incurring costs which exceed their revenues.

10.03.030.022 The projections of combined revenues and expenditures for all property tax supported funds indicates that a reallocation of property tax monies between funds would result in the ability to fund all operations and capital projects currently included in the financial and business plans for the next fiscal year.

10.03.030.023 If a local option levy is needed, the City Council shall weigh the services to be funded by a levy and determine whether it is better to go for a general levy or a special levy focused on certain service areas.

10.03.030.024 The Arts Center allocation shall remain at 0.42% of the total property taxes received.

10.03.060.020 Osborn Aquatics Center Fees

The Osborn Aquatics Center direct costs are funded through fees charged for its usage plus a subsidy from property tax monies received in the Parks & Recreation Fund. The Aquatics Center shall pay its share of the general indirect costs charged to all City departments for centralized administrative functions.

10.03.060.021 The City's subsidy will be set at \$653,730 in FY 09-10, and will increase by 2% to 7% annually thereafter, subject to a staff analysis and recommendation regarding specific cost drivers (i.e. energy costs, minimum wage increases, infrastructure maintenance requirements); the actual rate of increase in the subsidy will be included in the Budget Summary each year. All costs in excess of this subsidy will be fee supported.

The full Financial Policies are available on the City's web site. The full revenue policy section, with staff's recommended changes, is included as Attachment A.

III. Discussion

Through the FY 11-12 budget process, there were several changes made that have an impact on these sections of the Financial Policies.

- A. The allocation to the Corvallis Arts Center was set at 0.45% of the City's permanent property tax rate in 1997. That level represented the revenue allocation for the Corvallis Arts Center in 1997, based on the Arts Center's serial levy in existence prior to Measures 47/50 implementation which pre-empted all individual levies in favor of a single tax rate. The ratio of property taxes allocated to the Arts Center remained the same until FY 10-11, when the proportion was decreased to 0.42%, representing the 6.5% cut in allocations approved by the City Council to balance the FY 10-11 budget. For FY 11-12, the allocation to the Arts Center was cut in half. As a result, staff recommends removing the language under the Subsection 10.03.030.020 Council Findings and adding a new subsection under section 10.03.030.040 Allocations as follows:

~~10.03.030.024 The Arts Center allocation shall remain at 0.42% of the total property taxes received.~~

10.03.030.040 Allocation

Property taxes are allocated annually according to the Budget Commission and City Council direction through the annual budget process. This sets a projected demand for property taxes in each fund receiving them for the year. The Finance Director shall review this allocation and modify the actual allocation of funds as necessary during the course of each fiscal year to keep all funds in a positive budgetary fund balance position, with the following targeted allocations set as part of the budget process.

10.03.030.041 The Arts Center allocation shall be 0.21% of the total property taxes received from the City's permanent tax rate. This amount shall not be reallocated to other uses without the City Council's approval.

- B. The allocation to the Osborn Aquatic Center was originally set when the Financial Policies were adopted in 2000, and has since been updated as the subsidy increased. A significant portion of the Osborn Aquatic Center operations are funded by fees – with the fee setting information included in CP 10.030.060.020 Osborn Aquatic Center Fees. The passage of the local option levy included monies to fund the OAC, but there is a portion of OAC operations still funded by the City's permanent tax levy (facility maintenance costs associated with mothballing). Staff does not believe allocation of the local option levy needs to be addressed in the Council's Financial Policies since the ratios for allocation were already defined in the ballot language and have been set via Council resolution – a higher level of authority than a policy. However, the proportion of funding from the permanent rate should be addressed. This amount was set at \$270,000 for FY 11-12. Future year's allocations, and the level of growth, should be addressed via policy. In keeping with the City Council's goal to have a sustainable financial plan, staff recommends increasing the allocation of

property taxes by the rate of growth in assessed value, and including that language under the Allocation section of the financial policies. Staff also recommends deleting the property tax subsidy information currently included in the OAC Fees section. Recommended changes in policy language are as follows:

10.03.060.020 Osborn Aquatics Center Fees

The Osborn Aquatics Center direct costs are funded primarily through fees charged for its usage plus a subsidy from property tax monies received in the Parks & Recreation Fund. The Aquatics Center shall pay its share of the general indirect costs charged to all City departments for centralized administrative functions.

~~10.03.060.021 The City's subsidy will be set at \$653,730 in FY 09-10, and will increase by 2% to 7% annually thereafter, subject to a staff analysis and recommendation regarding specific cost drivers (i.e. energy costs, minimum wage increases, infrastructure maintenance requirements); the actual rate of increase in the subsidy will be included in the Budget Summary each year. All costs in excess of this subsidy will be fee supported.~~

10.03.030.042 The Osborn Aquatic Center shall be allocated \$270,000 in FY 11-12 from the City's permanent tax rate. This allocation shall grow each year by the rate of growth in the City's assessed value as projected for all property taxes during the budget process, with actual allocations based on the actual property tax revenue growth.

- C. The use of property tax revenue at the Chintimini Senior Center (CSC) has not been addressed in the Council's Financial Policies in the past. As with OAC, the CSC has been allocated a portion of the 2011 local option levy, but a small part of the operating budget, \$25,000 in FY 11-12, still comes from the City's permanent tax rate. Like the OAC allocation, staff recommends adding language to Section 10.03.030.040 Allocation to address this \$25,000, and that the allocation from the permanent rate would also grow by the rate of assessed value growth. Recommended policy language is:

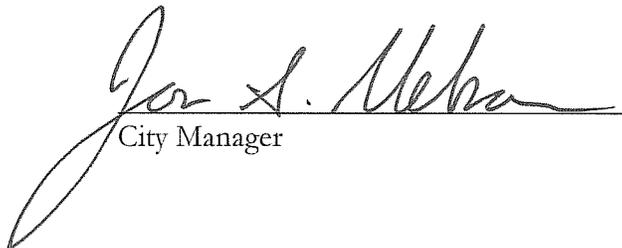
10.03.030.043 The Chintimini Senior Center shall be allocated \$25,000 in FY 11-12 from the City's permanent tax rate. This allocation shall grow each year by the rate of growth in the City's assessed value as projected for all property taxes during the budget process, with actual allocations based on the actual property tax revenue growth.

IV. Requested Action

Review staff's recommendations for changes to the City Council's Financial Policies as they relate to the allocation of property taxes. Modify staff's recommended language if necessary or desired. Recommend City Council re-adoption of the City Council's Financial Policies with these changes.

Review & Concur:


Parks & Recreation Director


City Manager

Attachment

CP 10.03 REVENUE POLICIES

10.03.010 Introduction

The City of Corvallis raises revenue from a wide variety of sources. A significant portion of the City's revenues come from taxes, charges for service and fees. Some of these revenue sources are governed by the Oregon Constitution or Statutes, federal law or regulations; others are assessed solely through the City's home rule authority. These policies provide direction in the management and oversight of existing revenue sources, and for the development of new revenue sources.

10.03.020 General Revenue Policies

10.03.020.010 The City will strive to maintain a diversified and stable revenue system to shelter the government from short-run fluctuations in any one revenue source and ensure its ability to provide ongoing service. In particular, the City will seek alternatives to the property tax for general government services.

10.03.020.020 Restricted revenue shall only be used for the purposes legally permissible and in a fiscally responsible manner. Programs and services funded by restricted revenue will be clearly designated and accounted for as such.

10.03.020.030 Revenue for capital improvements shall be used to finance only those capital improvements identified in the funding plan (i.e., bond or grant funded projects) that are consistent with the capital improvement program and local government priorities, and where the operating and maintenance costs have been included in operating budget forecasts. Revenue restricted for specific purposes will be expended consistent with those restrictions.

10.03.020.040 One-time revenue includes fund balances and grants which have a specific time limit and/or reason for expenditure. One-time revenue will be used for one-time expenses whenever possible. If one-time revenue is considered for ongoing expenditures (such as adding staff) the Budget Commission or City Council will balance the need for the additional ongoing expenditures with the on-going ability to pay prior to approving the program.

10.03.020.050 Unpredictable revenue, which includes development related revenue such as Systems Development Charges (SDC), Public Improvement by Private Contractor fees, Development Review, Plan Review and Inspection Permit revenues, will be closely monitored through the year.

- a. Capital projects to be constructed with SDC monies will not be initiated until SDC revenue is available or another financing alternative is developed.
- b. Operations funded partially or wholly from unpredictable revenue will be monitored monthly and mitigating action will be taken if revenues are not received as expected.

10.03.020.060 The City shall manage its revenue collections through a policy that actively pursues collection of all revenues owed to the City.

10.03.030 Property Tax Allocations

10.03.030.010 Background

The property tax base was approved as a charter amendment by Corvallis voters to support the general services of the City. Additional tax levies to support fire operations and equipment purchases, street and road maintenance, recreation programs, and parks maintenance were approved as special charter amendments as early as 1909. Temporary levies were approved and re-approved for transit (first approved in 1980) and the Arts Center (first approved in 1970). Monies from these tax levies were segregated into the General, Street, Fire & Rescue, Parks & Recreation, Transit, and Special Levies (Arts Center) Funds and were combined with other revenues in each fund to provide the resources necessary to maintain services to the community.

The statutory authority to levy property taxes by individual levy was removed in 1997 through the passage of a constitutional amendment, and its implementing legislation, known as Measure 50. Measure 50 has resulted in a single property tax rate and has overridden the requirement that monies be segregated according to the charter. Local option levies for one to ten years in length can be approved by voters to fund operations. The five property tax funds are still allocated property taxes and remain segregated due to other dedicated revenue sources for specific programs in those funds.

10.03.030.020 Council Findings

10.03.030.021 Allocations of property taxes which follow the Charter approved proportions of the total levy would result in some funds incurring costs which exceed their revenues.

10.03.030.022 The projections of combined revenues and expenditures for all property tax supported funds indicates that a reallocation of property tax monies between funds would result in the ability to fund all operations and capital projects currently included in the financial and business plans for the next fiscal year.

10.03.030.023 If a local option levy is needed, the City Council shall weigh the services to be funded by a levy and determine whether it is better to go for a general levy or a special levy focused on certain service areas.

~~10.03.030.024 The Arts Center allocation shall remain at 0.42% of the total property taxes received.~~

10.03.030.030 Basis for Determining the Allocations

10.03.030.031 An analysis of the financial status of all property tax funds shall be reviewed by the City Council each year prior to the update of these financial policies to ensure that the allocations are adequate to support Council approved operating costs identified in:

- a. The Capital Improvement Program;
- b. Financial plans;
- c. Department business plans; or
- d. Master plans.

10.03.030.032 Program enhancements or new programs which are presented to the City Council or Budget Commission for review shall include an analysis of the impact of the new/enhanced program on the property tax allocation policy.

10.03.030.033 New revenue sources which could reduce the reliance on property taxes will continue to be sought, but will not necessarily result in a reduction of property taxes to the fund unless the new revenue is adequate to address all of the financial and business plans within the fund.

10.03.030.040 Allocation

Property taxes are allocated annually according to the Budget Commission and City Council direction through the annual budget process. This sets a projected demand for property taxes in each fund receiving them for the year. The Finance Director shall review this allocation and modify the actual allocation of funds as necessary during the course of each fiscal year to keep all funds in a positive budgetary fund balance position, with the following targeted allocations set as part of the budget process.

~~10.03.030.041 The Arts Center allocation shall be 0.21% of the total property taxes received from the City's permanent tax rate. This amount shall not be reallocated to other uses without the City Council's approval.~~

~~10.03.030.042 The Osborn Aquatic Center shall be allocated \$270,000 in FY 11-12 from the City's permanent tax rate. This allocation shall grow each year by the rate of growth in the City's assessed value as projected for all property taxes during the budget process, with actual allocations based on the actual property tax revenue growth.~~

~~10.03.030.043 The Chintimini Senior Center shall be allocated \$25,000 in FY 11-12 from the City's permanent tax rate. This allocation shall grow each year by the rate of growth in the City's assessed value as projected for all property taxes during the budget process, with actual allocations based on the actual property tax revenue growth.~~

10.03.040 Fees and Charges for Service

Fees and charges for service are assessed to specific users where the user pays all or a portion of the costs to provide the service. When assessed as a fee, the charge generally grants the payer permission or a license to do a specific activity (i.e., franchise fees authorize use of the public right-of-way; a liquor license fee authorizes the license holder to sell liquor). When assessed as a charge for service, the charge is for a specific service, directly used by the payer (i.e., the admission fee at the swimming pool is only assessed to the person going swimming).

10.03.040.010 All fees and charges other than those identified elsewhere in City Council policy or via Corvallis Municipal Code shall be set to recover the City's direct expense in providing the attendant service. Fees and charges are

reviewed annually, and are updated via Council action when necessary. A revenue manual listing all such fees and charges of the City shall be maintained by the Finance Department and updated concurrent with the review.

10.03.040.020 A fee shall be charged for any service that benefits limited interests within the community, except for basic, unavoidable human needs type services provided to persons with limited ability to pay.

10.03.040.030 Historically, the City Council has provided very limited tax and fee exemptions.

10.03.040.040 Systems Development Charges (SDC) are set to cover the growth related costs of infrastructure necessary to provide services for future growth. The list of projects eligible for SDC funding shall be updated when facility plans are updated or at least every five years, beginning in 2005, and will be done at all other times to coincide with major updates of infrastructure facility plans. The overall SDC program methodology and population service scenario shall be reviewed at least every ten years beginning in 2010.

10.03.050 Utility Fees (Water, Wastewater, Storm Water)

10.03.050.010 Utility Fee Basis

Utility user charges for each of the three City utilities will be based on the cost of providing the service (i.e., set to fully support the total direct, indirect, and capital costs) and are established so that the operating revenues of each utility are at least equal to its operating expenditures, reserves, debt coverage and annual debt service obligations, and planned replacement of the utility's facilities.

10.03.050.020 Annual Rate Review

Staff shall conduct an annual comprehensive rate review each fall for the Water, Wastewater and Storm Water funds for Council review. Rate increases will be targeted for implementation in February. Every effort shall be made to index/limit rate increases for the entire utility bill (water, wastewater, and storm water) to the rate of inflation (estimated at 2% to 3%) but not more than 7% in any one year unless federal or state mandate, judgment arising out of litigation, or Council approved policy needs dictate otherwise.

10.03.050.030 Rate Adoption

Utility rates will be adopted by ordinance and will be recorded in the Corvallis Municipal Code.

10.03.050.040 Franchise Fees

The City's Water, Wastewater, and Storm Water utilities will pay a franchise fee to the City's General Fund to compensate for the use of the public right-of-way. The franchise fee will be equal to 5% of the utility's gross operating revenue each year, net of interest, intergovernmental monies, miscellaneous water service fees, permit fees, SDCs, and turn-on service fees.

10.03.060 Parks and Recreation Department Fees

10.03.060.010 Cost Recovery

Parks and Recreation programs are funded through a combination of user fees, property taxes, grants, and donations. Fees and charges shall be assessed in an equitable manner in accordance with the following fee and charge assessment schedule. Programs that provide recreational opportunities for populations with the fewest recreational alternatives (youth, limited income, senior adults, and families) will be more heavily supported by grants, donations, or property taxes than user fees to ensure that the population is well served by Parks & Recreation programs. Percentages shall be considered as guidelines; however, special circumstances, the nature and cost of each program, and persons to be served should be taken into consideration.

- a. total fee support (recover a minimum of 95% of direct program costs)
 - special instruction classes (all ages)
 - recreation trips and outings
 - adult sports leagues
 - major events which charge admission

- b. partial fee support (recover 50% to 75% of direct program costs)
 - outdoor recreation
 - preschool programs/introduction
 - child care oriented programs
 - senior citizen programs
- c. minimum fee support (recover 33% to 50% of direct program costs)
 - youth programs and events
 - playground programs

10.03.060.020 Osborn Aquatics Center Fees

The Osborn Aquatics Center direct costs are funded through fees charged for its usage plus a subsidy from property tax monies received in the Parks & Recreation Fund. The Aquatics Center shall pay its share of the general indirect costs charged to all City departments for centralized administrative functions.

~~10.03.060.021 The City's subsidy will be set at \$653,730 in FY 09-10, and will increase by 2% to 7% annually thereafter, subject to a staff analysis and recommendation regarding specific cost drivers (i.e. energy costs, minimum wage increases, infrastructure maintenance requirements); the actual rate of increase in the subsidy will be included in the Budget Summary each year. All costs in excess of this subsidy will be fee supported.~~

10.03.060.022~~1~~ Fees for annual passes, open swim periods, instructional classes, etc. will be set to meet revenue requirements of the Aquatic Center, less all other revenue including the Parks & Recreation subsidy, rentals and concessions. Where possible fees will be comparable to similar publicly owned facilities in Oregon, taking into account the additional amenities offered at Osborn.

10.03.060.023~~2~~ Rental fees for group usage (i.e., Corvallis Aquatic Team) shall be negotiated at a minimum of a 100% direct cost recovery rate or the rate of inflation based on the CPI-U whichever is greater.

10.03.060.024~~3~~ Prices for concessions operated by the City shall be set at the wholesale price of the item plus at least 100%. Income from contracted concession services shall be determined based on the negotiated agreement between the City and the concessionaire. All monies from concessions will be used for operations at the Aquatics Center.

10.03.060.030 Rate Review

The Park and Recreation Department shall conduct an annual comprehensive review of rates including Osborn Aquatic Center rates. The Parks, Natural Areas and Recreation Board shall recommend to the City Council, via the Human Service Committee, any alterations or adjustments necessary in specific fees and/or charges to reflect service demand changes, the ability of users to support the demand, and concerns for other City operations.

10.03.060.040 Use of Volunteers

Through an aggressive volunteer recruitment program, the Parks and Recreation Department shall seek to minimize the subsidy required for partial and minimum fee support programs.

10.03.060.050 Alternate Funding Sources

Solicitation of funds through donations, fund raising events, non-traditional sources, and various other modes shall be encouraged by the Parks, Natural Areas and Recreation Board and other advisory committees. Funds collected for any special purpose shall be earmarked for that purpose.

10.03.070 Ambulance Fees

10.03.070.010 Policy

It is the intent of the City to provide responsive, efficient and self-funded emergency medical services as the Benton County designated service provider to the Benton County Ambulance Service Area, including all residents of the City.

10.03.070.020 Procedures for Rate Changes

- a. Staff shall review ambulance rates annually no later than February 28 to ensure the rates reflect changes in the direct costs of service. In reviewing rates, staff will consider the historic and projected costs of service, service demands, changes in fixed and variable costs, market rates, and changes in service requirements or mandates. The City shall notify Benton County of proposed fee increases or decreases at the beginning of the City's formal budget review process.
- b. Proposed rate changes will be submitted to the City Council via the Administrative Services Committee for review and recommendation to the full Council no later than April 1 of each year. If no rate change is recommended, staff will note the fact in a Council Report.
- c. The Council shall adopt rate adjustments by resolution. Following Council adoption, the new rates will go into effect by July 1 of each fiscal year.
- d. Notification will be issued to the public 30 days prior to the July 1 deadline. Customers will be notified of rate changes via advertisements in the local newspaper.

10.03.070.030 Special Rate Reviews

If, at any time during the fiscal year, estimated costs of service exceed available revenue, the City Manager may conduct a special rate review. In conducting such reviews the City Manager would follow the above procedures. In this instance, rate adjustments could take place at any time within the fiscal year, with 30 days' public notice.

10.03.080 **Grants**10.03.080.010 Grant Opportunities

The City shall aggressively pursue grant opportunities; however, before accepting grants, the City will consider the current and future implications of accepting the monies.

10.03.080.020 Federal Funds

Federal funds shall be actively sought. The City will use these funds to further the applicable national program goal. Because federal funds are not a guaranteed revenue source and are intended for a specific purpose, they will not be relied upon as an alternative source of capital improvement funds unless the federal grant is specifically for capital projects. Use of federal funds shall support City fund goals and services.

10.03.080.030 Grant Review

In reviewing grants the department director and Finance Director shall evaluate each grant offer and make their recommendation to the City Manager after considering:

- a. the amount of the matching funds required;
- b. in-kind services that are to be provided;
- c. length of grant and consequential disposition of service (i.e., is the City obliged to continue the service after the grant has ended?); and,
- d. the related expenditures including administration, record keeping, and auditing expenditures.

10.03.080.040 Single Audit

The annual audit by the City's independent auditors will include all required audit procedures for grant compliance as specified in the federal government's Office of Management and Budget OMB Circular A-133.

10.03.090 **Gifts, Donations and Bequests**10.03.090.010 Use of Gifts, Donations & Bequests

Gifts, donations and/or bequests given to, and accepted by, the City for the use of any of its departments or divisions shall be used solely for the purpose intended by the donor. Unrestricted gifts will be expended on the recommendation of the related advisory board.

10.03.090.020 Evaluation

Gifts, donations, and bequests will be evaluated to determine what, if any, obligations are to be placed upon the City. Gifts, donations, and bequests will be considered as "over and above" basic City appropriations.

6/29/11 - From Councilor Brown. /kc

Total costs = reduce subsidy from general fund

10.03.040.010 All fees and charges other than those identified elsewhere in City Council policy or via Corvallis Municipal Code shall be set to recover the City's direct expense in providing the attendant service.

10.03.050.010 Utility Fee Basis Utility user charges for each of the three City utilities will be based on the cost of providing the service (i.e., set to fully support the total direct, indirect, and capital costs) and are established so that the operating revenues of each utility are at least equal to its operating expenditures, reserves, debt coverage and annual debt service obligations, and planned replacement of the utility's facilities.

10.03.060.010 Cost Recovery

- a. (recover a minimum of 95% of direct program costs)
- b. (recover 50% to 75% of direct program costs)
- c. (recover 33% to 50% of direct program costs)

% are arbitrary
"persons"

RECEIVED

JUN 29 2011

CITY MANAGERS
OFFICE

10.03.060.023 Rental fees for group usage (i.e., Corvallis Aquatic Team) shall be negotiated at a minimum of a 100% direct cost recovery rate or the rate of inflation based on the CPI-U whichever is greater.

10.03.070.020 Procedures for Rate Changes

a. Staff shall review ambulance rates annually no later than February 28 to ensure the rates reflect changes in the direct costs of service. In reviewing rates, staff will consider the historic and projected costs of service, service demands, changes in fixed and variable costs, market rates, and changes in service requirements or mandates. The City shall notify Benton County of proposed fee increases or decreases at the beginning of the City's formal budget review process.

10.03.060.021 The City's subsidy will be set at \$653,730 in FY 09-10, and will increase by 2% to 7% annually thereafter, subject to a staff analysis and recommendation regarding specific cost drivers (i.e. energy costs, minimum wage increases, infrastructure maintenance requirements); the actual rate of increase in the subsidy will be included in the Budget Summary each year. All costs in excess of this subsidy will be fee supported.

Replenishing fund balances

10.03.050.040 Franchise Fees The City's Water, Wastewater, and Storm Water utilities will pay a franchise fee to the City's General Fund to compensate for the use of the public right-of-way.

The franchise fee will be equal to 5% of the utility's gross operating revenue each year, net of interest, intergovernmental monies, miscellaneous water service fees, permit fees, SDCs, and turn-on service fees.

Cover replenishing fund balances

10.03.050.010 Utility Fee Basis Utility user charges for each of the three City utilities will be based on the cost of providing the service (i.e., set to fully support the total direct, indirect, and capital costs) and are established so that the operating revenues of each utility are at least equal to its operating expenditures, reserves, debt coverage and annual debt service obligations, and planned replacement of the utility's facilities.

Equity

10.03.060.010 Cost Recovery

Parks and Recreation programs are funded through a combination of user fees, property taxes, grants, and donations. Fees and charges shall be assessed in an equitable manner in accordance with the following fee and charge assessment schedule. Programs that provide recreational opportunities for populations with the fewest recreational alternatives (youth, limited income, senior adults, and families) will be more heavily supported by grants, donations, or property taxes than user fees to ensure that the population is well served by Parks & Recreation programs. Percentages shall be considered as guidelines; however, special circumstances, the nature and cost of each program, and persons to be served should be taken into consideration.

market rate

10.03.060.022 Fees for annual passes, open swim periods, instructional classes, etc. will be set to meet revenue requirements of the Aquatic Center, less all other revenue including the Parks & Recreation subsidy, rentals and concessions. Where possible fees will be comparable to similar publicly owned facilities in Oregon, taking into account the additional amenities offered at Osborn.

10.03.060.030 Rate Review

The Park and Recreation Department shall conduct an annual comprehensive review of rates including Osborn Aquatic Center rates. The Parks, Natural Areas and Recreation Board shall recommend to the City Council, via the Human Service Committee, any alterations or adjustments necessary in specific fees and/or charges to reflect service demand changes, the ability of users to support the demand, and concerns for other City operations.

10.03.060.040 Use of Volunteers

Through an aggressive volunteer recruitment program, the Parks and Recreation Department shall seek to minimize the subsidy required for partial and minimum fee support programs.