



ADMINISTRATIVE SERVICES COMMITTEE

Agenda

Wednesday, December 21, 2011

4:00 pm

Madison Avenue Meeting Room
500 SW Madison

- | | |
|------------------------------------|--|
| Discussion/ Possible Action | I. Visit Corvallis Fiscal Year 2011-2012 First Quarter Report (Attachment) |
| Discussion/ Possible Action | II. Enterprise Zone Application – Perpetua Power (Attachment) |
| Discussion/ Possible Action | III. City Services Bill Payment Options (Attachment) |
| Discussion/ Possible Action | IV. Parks and Recreation Cost Recovery Recommendation for Inclusion in Financial Policies (Attachment) |
| Information | V. Other Business |

Next Scheduled Meeting

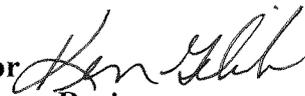
Wednesday, January 4, 2012 at 4:00 pm

Madison Avenue Meeting Room, 500 SW Madison Ave

Agenda

Municipal Code Review: Chapter 7.04, "Alarm Control"
Financial Policies Review

MEMORANDUM

DATE: December 5, 2011
TO: Administrative Services Committee
FROM: Ken Gibb, Community Development Director 
SUBJECT: First Quarter FY 11-12 Visit Corvallis Program Review

I. Issue

Review and acceptance of Visit Corvallis' first quarter report for FY 11-12.

II. Background

In FY 11-12, Visit Corvallis received \$335,450 in dedicated funding. This represents 30% of the Transient Occupancy Tax (TOT) received by the City in calendar year 2010. The agency has received \$83,862.00 through the first quarter. The City's contract with Visit Corvallis requires the agency to submit quarterly reports on its activities.

Attached is the first quarter report submitted by Visit Corvallis (Attachment A). Financial statements submitted by Visit Corvallis were reviewed by Finance Office staff and found to be in compliance with their agreement. A copy of the Finance staff review is attached (Attachment B).

Visit Corvallis has been provided with a copy of this report and invited to attend and address the Committee.

IV. Action Requested

That the Administrative Services Committee consider this report and recommend City Council approve acceptance of the first quarter report.

REVIEW AND CONCUR:



Nancy Brewer, Finance Director

REVIEW AND CONCUR:



James A. Patterson, City Manager



Quarterly Report

(July - September 2011)

9:09 AM
 10/18/11
 Accrual Basis

Corvallis Tourism
Balance Sheet
 As of September 30, 2011

Sep 30, 11

ASSETS	
Current Assets	
Checking/Savings	
Checking - OSUFCU	38,182.54
Money Market-OSUFCU	20,377.99
Paypal Checking	463.45
Savings - OSUFCU	5.00
Total Checking/Savings	59,028.98
Accounts Receivable	
Accounts Receivable	2,589.95
Total Accounts Receivable	2,589.95
Other Current Assets	
Note receivable	2,600.00
Petty Cash	40.00
Total Other Current Assets	2,640.00
Total Current Assets	64,258.93
Fixed Assets	
Accumulated Depreciation	-27,527.50
Office Equipment & Furniture	36,710.27
Total Fixed Assets	9,182.77
TOTAL ASSETS	73,441.70
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
Bounty of Benton Co Ticket Sale	30.00
Bite of Benton Co Ticket Sales	100.00
Payroll Liabilities	-65.39
Payroll liabilities Other	
SIMPLE payable	-72.40
Total Payroll liabilities Other	-72.40
Payroll tax liabilities	
FUTA Payable	124.28
FWT/FICA FWT payable	3,377.11
OR Witholding Payable	617.00
OR Workmen's Comp payable	54.73
OR State Unemployment Payable	475.13
Total Payroll tax liabilities	4,648.25
Total Other Current Liabilities	4,640.46
Total Current Liabilities	4,640.46
Total Liabilities	4,640.46
Equity	
Net Assets	59,835.70
Net Income	8,965.54
Total Equity	68,801.24
TOTAL LIABILITIES & EQUITY	73,441.70

Corvallis Tourism
Profit & Loss
 July through September 2011

	Jul - Sep 11
Income	
City of Corvallis	83,862.00
Co-op Advertising Revenues	250.00
Income/Misc	0.12
Interest Income	6.06
Relocation Packets	9.00
Souvenir Income	101.00
Total Income	84,228.18
Expense	
Administration	
Accounting	
Stover Neyhart & Company	500.00
Total Accounting	500.00
Auto Mileage	
Staff Mileage	167.40
Executive Director Mileage	224.00
Total Auto Mileage	391.40
Bank Charges	
Service Charge	249.79
Total Bank Charges	249.79
Board Expense	273.75
Corporation Expenses	50.00
Janitorial Services	302.00
Legal Fees	625.00
Office Supplies	256.72
Office/Copier Lease	1,174.01
Office/Copies	131.93
Office/Equip/Furn	450.00
Office/Misc Services	260.75
Personnel-Misc	75.00
Postage	
Meter Lease	197.02
Total Postage	197.02
Relocation Packets	-67.20
Rent	5,301.00
Storage	135.00
Telephone/Office	
Employee cell phone(s)	738.21
Integra	819.64
Total Telephone/Office	1,557.85
Utilities	
Disposal	52.35
Electricity	475.49
Gas	50.40
Water	195.64
Total Utilities	773.88
Total Administration	12,637.90
Conferences/Education	
Google Adwords Seminar	175.00
ODMO	455.93
SGMP	130.00
Conferences/Education - Other	15.00
Total Conferences/Education	775.93
Marketing/Advertising	
Culinary Week	-150.00
Google Adwords Campaigns	1,018.10
Misc	361.33

9:11 AM
 10/18/11
 Accrual Basis

Corvallis Tourism
Profit & Loss
 July through September 2011

	Jul - Sep 11
MPI Directory	345.00
SGMP Directory	403.18
US West Dex	99.15
Total Marketing/Advertising	2,076.76
Marketing/Community Relations	
Rotary	248.50
Total Marketing/Community Relations	248.50
Marketing/Dues	
DMAI	770.00
GOSGMP	15.00
WACVB	715.00
WVVA	3,000.00
Total Marketing/Dues	4,500.00
Marketing/Entertainment	
Entertainment	941.68
Total Marketing/Entertainment	941.68
Marketing/Fees	
Branding	26.00
Contract Services	1,350.00
Total Marketing/Fees	1,376.00
Marketing - Festivals	
Corvallis Fall Festival	1,146.89
Da Vinci Days	47.98
Total Marketing - Festivals	1,194.87
Marketing/Internet	
E-Brochure	1,895.00
! Contact	169.85
Provide Support LLC	45.00
Website	
Changes	150.00
Domain Registration	91.96
Redesign	1,042.50
Total Website	1,284.46
Marketing/Internet - Other	522.68
Total Marketing/Internet	3,916.99
Marketing/Postage-Shipping	
Destination Guide - Postage	1,155.57
Postage - Marketing response	1,050.00
Total Marketing/Postage-Shipping	2,205.57
Marketing/Printing	
Tent Cards	113.00
Total Marketing/Printing	113.00
Marketing/Promotions	
Trolley Tour	40.00
Total Marketing/Promotions	40.00
Marketing/Public Relations	853.62
Marketing/Research	
Smith Travel Research	2,000.00
Total Marketing/Research	2,000.00
Marketing/Visitor Services	
Contract Services	36.00
Distribution Services	600.00
Total Marketing/Visitor Services	636.00

9:11 AM

10/18/11

Accrual Basis

Corvallis Tourism
Profit & Loss
July through September 2011

	<u>Jul - Sep 11</u>
Personnel	
Benefits	
Health/Dental Insurance premium	
Regence - Health	6,947.90
United Healthcare - Dental	716.99
Total Health/Dental Insurance premium	<u>7,664.89</u>
Simple Plan	387.50
Workmans Comp	533.00
Total Benefits	<u>8,585.39</u>
Payroll taxes	
Employer Taxes & Contribution	3,150.11
Total Payroll taxes	<u>3,150.11</u>
Salaries	
Executive Director	13,749.99
Social Media Coordinator	6,300.00
Visitor Manager	8,700.33
Staff	1,260.00
Total Salaries	<u>30,010.32</u>
Total Personnel	<u>41,745.82</u>
Total Expense	<u>75,262.64</u>
Net Income	<u>8,965.54</u>

10:46 AM
 10/17/11
 Accrual Basis

Corvallis Tourism
Profit & Loss Budget vs. Actual
 July through September 2011

	Jul - Sep 11	Budget	\$ Over Budget	% of Budget
Income				
City of Corvallis	83,862.00	83,862.00	0.00	100.0%
Co-op Advertising Revenues	250.00	0.00	250.00	100.0%
Commissions				
On-Line Res	0.00	305.00	-305.00	0.0%
Total Commissions	0.00	305.00	-305.00	0.0%
Income/Misc	0.12			
Interest Income	6.06	0.00	6.06	100.0%
Relocation Packets	9.00	81.00	-72.00	11.1%
Souvenir Income	101.00	450.00	-349.00	22.4%
Total Income	84,228.18	84,698.00	-469.82	99.4%
Expense				
Administration				
Accounting				
Form 990	0.00	600.00	-600.00	0.0%
Stover Neyhart & Company	500.00	750.00	-250.00	66.7%
Total Accounting	500.00	1,350.00	-850.00	37.0%
Auto Mileage				
Staff Mileage	167.40	165.00	2.40	101.5%
Executive Director Mileage	224.00	375.00	-151.00	59.7%
Total Auto Mileage	391.40	540.00	-148.60	72.5%
Bank Charges				
Service Charge	249.79	135.00	114.79	185.0%
Total Bank Charges	249.79	135.00	114.79	185.0%
Board Expense	273.75	195.00	78.75	140.4%
Chamber Expenses	0.00	90.00	-90.00	0.0%
Corporation Expenses	50.00	50.00	0.00	100.0%
Insurance/Bonds	0.00	189.00	-189.00	0.0%
Janitorial Services	302.00	210.00	92.00	143.8%
Legal Fees	625.00	125.00	500.00	500.0%
Newspaper	0.00	90.00	-90.00	0.0%
Office Supplies	256.72	450.00	-193.28	57.0%
Office/Copier Lease	1,174.01	900.00	274.01	130.4%
Office/Copies	131.93			
Office/Equip/Furn	450.00			
Office/Misc Services	260.75	300.00	-39.25	86.9%
Personnel-Misc	75.00			
Postage				
Administration	0.00	150.00	-150.00	0.0%
Meter Lease	197.02	197.50	-0.48	99.8%
Total Postage	197.02	347.50	-150.48	56.7%
Relocation Packets	-67.20			
Rent	5,301.00	5,301.00	0.00	100.0%
Storage	135.00	135.00	0.00	100.0%
Telephone/Office				
Employee cell phone(s)	738.21	420.00	318.21	175.8%
Integra	819.64	1,125.00	-305.36	72.9%
Total Telephone/Office	1,557.85	1,545.00	12.85	100.8%
Utilities				
Disposal	52.35	90.00	-37.65	58.2%
Electricity	475.49	330.00	145.49	144.1%
Gas	50.40	300.00	-249.60	16.8%
Water	195.64	150.00	45.64	130.4%
Total Utilities	773.88	870.00	-96.12	89.0%
Total Administration	12,637.90	12,822.50	-184.60	98.6%
Conferences/Education				
Google Adwords Seminar	175.00			

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 10/17/11
 Accrual Basis

Corvallis Tourism
Profit & Loss Budget vs. Actual
 July through September 2011

	Jul - Sep 11	Budget	\$ Over Budget	% of Budget
ODMO	455.93			
SGMP	130.00			
WACVB	0.00	715.00	-715.00	0.0%
Conferences/Education - Other	15.00			
Total Conferences/Education	775.93	715.00	60.93	108.5%
Marketing/Advertising				
Corvallis Pedicab (State Fair)	0.00	1,000.00	-1,000.00	0.0%
Culinary Week	-150.00			
Facebook	0.00	2,000.00	-2,000.00	0.0%
Google Adwords Campaigns	1,018.10	2,250.00	-1,231.90	45.2%
Misc	361.33			
MPI Directory	345.00	345.00	0.00	100.0%
OSAM Directory	0.00	345.00	-345.00	0.0%
SGMP Directory	403.18	395.00	8.18	102.1%
US West Dex	99.15	102.15	-3.00	97.1%
WVVA-Sunset	0.00	2,527.00	-2,527.00	0.0%
Total Marketing/Advertising	2,076.76	8,964.15	-6,887.39	23.2%
Marketing/Community Relations				
Rotary	248.50	235.00	13.50	105.7%
Total Marketing/Community Relations	248.50	235.00	13.50	105.7%
Marketing/Dues				
DMAI	770.00	1,170.00	-400.00	65.8%
Downtown Corvallis Assn	0.00	325.00	-325.00	0.0%
GOSGMP	15.00	25.00	-10.00	60.0%
WACVB	715.00	630.00	85.00	113.5%
WVVA	3,000.00	3,000.00	0.00	100.0%
Total Marketing/Dues	4,500.00	5,150.00	-650.00	87.4%
Marketing/Entertainment				
Entertainment	941.68			
Total Marketing/Entertainment	941.68			
Marketing/Fees				
Branding	26.00	250.00	-224.00	10.4%
Contract Services	1,350.00	1,350.00	0.00	100.0%
Total Marketing/Fees	1,376.00	1,600.00	-224.00	86.0%
Marketing - Festivals				
Corvallis Fall Festival	1,146.89	7,000.00	-5,853.11	16.4%
Da Vinci Days	47.98			
Total Marketing - Festivals	1,194.87	7,000.00	-5,805.13	17.1%
Marketing/Internet				
E-Brochure	1,895.00	1,900.00	-5.00	99.7%
I Contact	169.85			
ISP Monthly Charges	0.00	300.00	-300.00	0.0%
Provide Support LLC	45.00			
Website				
Changes	150.00	180.00	-30.00	83.3%
Domain Registration	91.96			
Hosting	0.00	150.00	-150.00	0.0%
Redesign	1,042.50	1,250.00	-207.50	83.4%
Total Website	1,284.46	1,580.00	-295.54	81.3%
Marketing/Internet - Other	522.68			
Total Marketing/Internet	3,916.99	3,780.00	136.99	103.6%
Marketing/Postage-Shipping				
Destination Guide - Postage	1,155.57	3,750.00	-2,594.43	30.8%
Postage - Marketing response	1,050.00			
Total Marketing/Postage-Shipping	2,205.57	3,750.00	-1,544.43	58.8%
Marketing/Printing				

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 10/17/11
 Accrual Basis

Corvallis Tourism
Profit & Loss Budget vs. Actual
 July through September 2011

	Jul - Sep 11	Budget	\$ Over Budget	% of Budget
Marketing Plan	0.00	150.00	-150.00	0.0%
Tent Cards	113.00	1,360.00	-1,247.00	8.3%
Total Marketing/Printing	113.00	1,510.00	-1,397.00	7.5%
Marketing/Promotions				
Trolley Tour	40.00			
Total Marketing/Promotions	40.00			
Marketing/Public Relations				
Marketing/Research				
Smith Travel Research	2,000.00	2,000.00	0.00	100.0%
Total Marketing/Research	2,000.00	2,000.00	0.00	100.0%
Marketing/Sales Trips				
Directors Mileage	0.00	275.00	-275.00	0.0%
Total Marketing/Sales Trips	0.00	275.00	-275.00	0.0%
Marketing/Telephone				
1-800	0.00	600.00	-600.00	0.0%
Total Marketing/Telephone	0.00	600.00	-600.00	0.0%
Marketing/Visitor Services				
Contract Services	36.00			
Distribution Services	600.00	1,050.00	-450.00	57.1%
Souvenirs	0.00	900.00	-900.00	0.0%
Total Marketing/Visitor Services	636.00	1,950.00	-1,314.00	32.6%
Personnel				
Benefits				
Health/Dental Insurance premium				
Regence - Health	6,947.90	4,349.50	2,598.40	159.7%
United Healthcare - Dental	716.99	457.00	259.99	156.9%
Total Health/Dental Insurance premium	7,664.89	4,806.50	2,858.39	159.5%
Simple Plan	387.50	375.00	12.50	103.3%
Workmans Comp	533.00	587.00	-54.00	90.8%
Total Benefits	8,585.39	5,768.50	2,816.89	148.8%
Payroll taxes				
Employer Taxes & Contribution	3,150.11	3,000.00	150.11	105.0%
Total Payroll taxes	3,150.11	3,000.00	150.11	105.0%
Salaries				
Executive Director	13,749.99	13,749.99	0.00	100.0%
Social Media Coordinator	6,300.00	6,650.00	-350.00	94.7%
Visitor Manager	8,700.33	8,640.00	60.33	100.7%
Staff	1,260.00			
Total Salaries	30,010.32	29,039.99	970.33	103.3%
Total Personnel	41,745.82	37,808.49	3,937.33	110.4%
Total Expense	75,262.64	88,160.14	-12,897.50	85.4%
Net Income	8,965.54	-3,462.14	12,427.68	-259.0%

9:09 AM
 10/18/11
 Accrual Basis

Corvallis Tourism
Profit & Loss Prev Year Comparison
 July through September 2011

	Jul - Sep 11	Jul - Sep 10	\$ Change	% Change
Income				
City of Corvallis	83,862.00	77,106.24	6,755.76	8.8%
Co-op Advertising Revenues	250.00	2,500.00	-2,250.00	-90.0%
Co-op Promotions Income	0.00	1,000.00	-1,000.00	-100.0%
Income/Misc	0.12	0.00	0.12	100.0%
Interest Income	6.06	28.76	-22.70	-78.9%
Relocation Packets	9.00	27.00	-18.00	-66.7%
Souvenir Income	101.00	27.00	74.00	274.1%
Ticket Sales	0.00	0.00	0.00	0.0%
Total Income	84,228.18	80,689.00	3,539.18	4.4%
Expense				
Administration	12,637.90	11,839.84	798.06	6.7%
Conferences/Education	775.93	1,100.00	-324.07	-29.5%
Marketing/Advertising	2,076.76	5,205.75	-3,128.99	-60.1%
Marketing/Community Relations	248.50	1,299.50	-1,051.00	-80.9%
Marketing/Database	0.00	3,000.00	-3,000.00	-100.0%
Marketing/Dues	4,500.00	630.00	3,870.00	614.3%
Marketing/Entertainment	941.68	472.39	469.29	99.3%
Marketing/Fees	1,376.00	0.00	1,376.00	100.0%
Marketing - Festivals	1,194.87	0.00	1,194.87	100.0%
Marketing/Internet	3,916.99	3,944.85	-27.86	-0.7%
Marketing/Postage-Shipping	2,205.57	3,713.30	-1,507.73	-40.6%
Marketing/Printing	113.00	388.05	-275.05	-70.9%
Marketing/Promotions	40.00	148.00	-108.00	-73.0%
Marketing/Public Relations	853.62	0.00	853.62	100.0%
Marketing/Research	2,000.00	2,000.00	0.00	0.0%
Marketing/Sales Trips	0.00	574.10	-574.10	-100.0%
Marketing/Telephone	0.00	493.22	-493.22	-100.0%
Marketing/Visitor Services	636.00	889.00	-253.00	-28.5%
Personnel	41,745.82	48,671.16	-6,925.34	-14.2%
Total Expense	75,262.64	84,369.16	-9,106.52	-10.8%
Net Income	8,965.54	-3,680.16	12,645.70	343.6%

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10/18/11

Corvallis Tourism
Statement of Cash Flows
July 1 through October 18, 2011

Jul 1 - Oct 18, 11

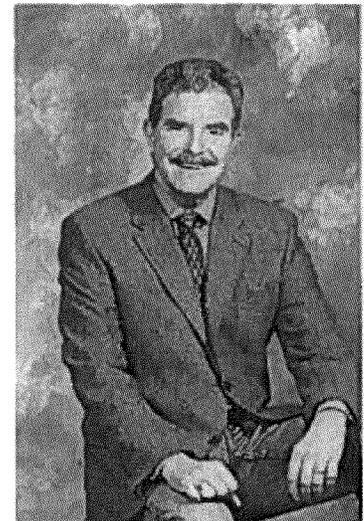
OPERATING ACTIVITIES	
Net Income	1,943.15
Adjustments to reconcile Net Income to net cash provided by operations:	
Accounts Receivable	-816.20
Bounty of Benton Co Ticket Sale	30.00
Bite of Benton Co Ticket Sales	100.00
Corvallis Book Sales	-200.00
Davinci Days ticket sales	-30.00
Payroll Liabilities	-19.14
Payroll liabilities Other:SIMPLE payable	125.00
Payroll tax liabilities:FUTA Payable	45.36
Payroll tax liabilities:FWT/FICA FWT payable	-4,121.24
Payroll tax liabilities:OR Witholding Payable	-819.00
Payroll tax liabilities:OR Workmen's Comp payable	47.44
Payroll tax liabilities:OR State Unemployment Payable	-247.97
Net cash provided by Operating Activities	<u>-3,962.60</u>
Net cash increase for period	-3,962.60
Cash at beginning of period	50,952.49
Cash at end of period	<u>46,989.89</u>

DIRECTOR'S REPORT

The first quarter of fiscal year 2011-2012 was a continuing time of transition and progress for Visit Corvallis. A substantial amount of energy was invested in our Annual Report for fiscal year 2010-2011 and preparation of our Marketing Plan for 2011-2012. Several highlights of our first quarter:



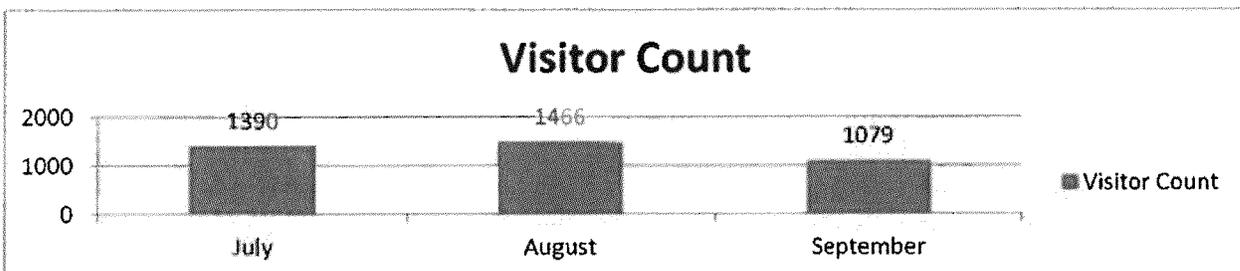
- 1) We are very encouraged by the response to our focus on social media. Our analytics were up in all categories in the first quarter and continue to improve in October. We are grateful to our "Corvallis Maven", Marci Sischo, for her great work in this area.
- 2) We were successful in funding a portion of the marketing for the Red White & Blue Festival, Da Vinci Days and the Corvallis Fall Festival. Similar funding is included in our marketing budget for 2012.
- 3) We continue to cooperate with Total Sports NW and the Northwest Volleyball Classics to support their upcoming tournaments in February and May of 2012. These events are significant contributors to the lodging industry throughout the Willamette Valley. We are working with the Downtown Corvallis Association to foster better communication between these events and downtown business in hopes of maximizing the opportunities for our restaurants and retailers.
- 4) We continue to work on a significant cycling event for August of 2012. We are optimistic that Corvallis may truly become "Cycle City" in the future.
- 5) We are working diligently to better relations with OSU Conference Services and all hotels throughout the city. We have assisted conferences coming to Corvallis, both directly and in support of the excellent work done at OSU Conference Services.
- 6) We have reduced the administration and personnel components of our budget and are able to increase the marketing portion by approximately 7.5%. This is primarily the result of significantly less compensation paid for our social media director.



In conclusion, we are very pleased with the transition of our leadership team and look forward to continuing improvement in tourism in Corvallis.

VISITOR INFORMATION

We distributed 1,485 guides and 2,200 maps to our lodging properties and 4,410 guides to various business locations in our area, as well as OSU. In addition, we sent out 2,802 guides in response to inquiries from our website, the WVVA website, and advertising placed in Sunset Magazine and Madden Pre Print. We also distributed 840 table tents promoting local events to 37 different sites.



Smith Travel Research Update

Smith Travel Research reports indicate that Corvallis lodging properties continue to show an increase in Occupancy and Room Demand as well as Average Daily Rate.



July 2011 compared to July 2010

Occupancy and Room Demand: increase of 6.4%;

YTD increase of 4.7%

Average Daily Rate: increase of 1.9%; YTD increase of 3.3%

August 2011 compared to August 2010

Occupancy and Room Demand: decrease of 6.4%; YTD increase of 5.7%

Average Daily Rate: decrease of 7.9%; YTD increase of 1.7%

DIGITAL AND SOCIAL MEDIA STATISTICS

According to Google Analytics, between July and September of 2011 we had 47,608 unique visitors to www.VisitCorvallis.com. About 71% were first-time visitors to our site, and the average visit lasted two minutes, 18 seconds.

Top 5 Traffic Drivers April - June	Top 5 Referral Sites April - June	Top 5 Pages Visited April - June	Top 5 Search Keywords April - June
Google (31,656, 66%)	ci.Corvallis.or.us (825)	Home page (17,694)	Corvallis Oregon
Direct traffic (4,604, 10%)	OregonState.edu (725)	Events calendar (9,864)	Corvallis
Bing (1,978, 4%)	OregonWineCountry.org (592)	Things to Do (7,191)	Corvallis events
Yahoo (1,550, 3%)	Google.com (415)	Places to Eat (5,501)	Corvallis farmers markets
Ci.Corvallis.Or.US (825, 2%)	Calendar.OregonState.edu (360)	Places to Stay (3,780)	Corvallis Or

Facebook Insights for Corvallis Oregon (July – September)

485 new page “likes” for a 9.9% decrease compared to the previous quarter.

Weekly and monthly active users remained mostly steady, with an increase in activity in late September. Active users have remained fairly steady through the quarter, with an increase in activity in the second half of September. This is probably due to returning OSU students.

Post views are up 168% compared to the previous quarter.

Post feedback is up 225% compared to the previous quarter.

eBlast Tracking (July – September)

Rate of opens – those opening our newsletter when they receive it in their email - for our eBlasts have stayed steady at about 1,000 views per message. We recently switched from iContact to ConstantContact. Our rate of opens is 23%, above the industry standard of 18%. Our click rate is 22%, beating the industry standard of 11%.

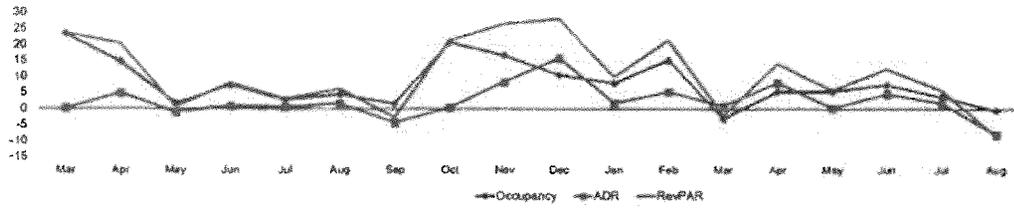
Tab 2 - Trend Benton County, OR

Currency: USD - US Dollar

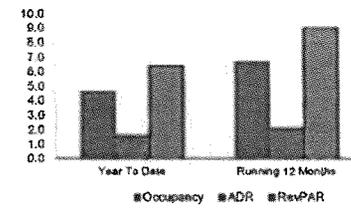
Year: Overall

For the Month of: August 2011

Monthly Percent Change



Overall Percent Change



2010													2011								Year To Date			Running 12 Months				
Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	2009	2010	2011	2009	2010	2011					
Occupancy (%)																												
This Year	54.2	57.5	53.5	56.9	58.2	63.5	69.3	68.9	61.4	58.2	42.3	54.4	58.9	60.7	58.4	70.8	69.7	63.2	52.2	59.4	66.1	51.3	53.3	56.0				
Last Year	47.1	56.2	52.6	61.5	54.5	60.6	61.3	45.6	44.0	34.6	38.0	47.2	68.2	67.5	53.4	68.9	68.2	63.5	47.0	52.2	58.4	44.7	51.3	53.3				
Percent Change	21.4	14.7	1.7	7.2	2.0	4.4	1.0	20.5	19.6	10.5	7.8	15.1	-3.0	5.5	5.4	7.5	3.8	-0.5	-6.5	8.2	4.7	-6.0	3.0	8.8				
ADR																												
This Year	83.37	88.55	92.02	91.39	93.92	91.41	90.65	92.90	85.39	80.94	81.70	85.94	84.12	95.78	82.28	95.94	92.01	84.16	87.56	82.06	90.52	89.50	88.24	90.40				
Last Year	83.29	84.38	93.19	89.21	93.90	93.61	91.73	87.80	78.83	89.26	81.53	83.37	88.65	92.92	81.39	98.82	91.41	81.16	86.24	87.56	98.06	85.40	88.50	88.24				
Percent Change	0.1	4.9	-1.2	6.6	6.4	1.5	-4.2	0.4	6.4	15.7	1.8	5.3	0.9	8.2	0.3	-4.7	1.0	-7.0	1.9	6.8	1.7	3.8	-6.3	2.2				
RevPAR																												
This Year	48.56	50.93	49.19	60.23	89.19	58.04	52.82	52.88	48.95	24.93	34.38	45.19	47.45	88.13	62.91	67.70	63.02	53.18	43.87	44.70	52.89	45.40	47.93	51.30				
Last Year	30.24	42.02	48.95	55.78	58.49	64.74	57.37	44.57	38.71	26.69	31.31	38.52	46.60	50.80	49.18	60.23	60.19	58.04	49.18	43.97	49.70	47.80	49.40	47.83				
Percent Change	23.6	20.4	0.5	8.0	3.0	0.9	-2.7	21.1	20.5	27.9	9.8	21.2	-2.7	14.1	5.7	12.9	5.9	-8.4	-7.1	8.5	5.4	-4.6	3.8	9.1				
Stays																												
This Year	24,831	24,830	24,831	24,830	24,831	24,831	24,830	24,831	24,830	24,831	24,831	22,428	24,831	24,830	24,831	24,830	24,831	24,831	194,843	194,843	194,843	202,385	202,385	202,385				
Last Year	24,831	24,830	24,831	24,830	24,831	24,831	24,830	24,831	24,830	24,831	24,831	22,428	24,831	24,830	24,831	24,830	24,831	24,831	194,843	194,843	194,843	202,385	202,385	202,385				
Percent Change	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0				
Demand																												
This Year	14,444	13,823	13,274	13,838	18,478	16,788	14,964	14,564	12,343	9,488	10,431	12,201	14,038	14,682	13,886	17,018	17,988	15,888	161,537	109,551	114,988	143,875	155,811	160,343				
Last Year	11,703	12,862	13,866	14,776	16,514	16,087	14,727	12,964	10,566	8,684	9,883	10,808	14,444	13,828	13,274	16,638	16,429	15,788	110,982	81,527	108,861	162,081	149,975	156,811				
Percent Change	21.4	14.7	1.7	7.2	2.8	4.4	1.6	29.0	16.6	10.5	7.9	15.3	-3.0	5.5	4.4	7.5	3.8	-0.5	-6.6	8.2	4.7	-8.0	3.8	8.8				
Revenue																												
This Year	1,204,225	1,225,040	1,221,440	1,447,204	1,493,758	1,441,908	1,341,200	1,340,347	1,176,346	844,878	853,808	1,047,325	1,178,212	1,308,580	1,281,445	1,627,482	1,576,862	1,326,119	8,880,534	8,873,133	10,284,822	13,272,478	13,740,081	14,007,703				
Last Year	974,276	1,010,920	1,216,484	1,340,513	1,450,224	1,560,261	1,379,881	1,106,682	930,288	690,346	777,423	883,976	1,204,325	1,220,840	1,221,440	1,447,084	1,493,756	1,441,208	5,571,804	8,886,534	8,873,133	13,917,870	13,272,478	13,748,081				
Percent Change	23.6	20.4	0.5	8.0	3.0	0.0	-2.7	21.1	20.5	27.9	9.8	21.2	-2.7	14.1	5.7	12.9	5.9	-8.4	-7.1	8.8	6.4	-4.0	3.0	9.1				
Rooms %																												
Census Pct	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10				
Census Rooms	801	801	801	801	801	801	801	801	801	801	801	801	801	801	801	801	801	801	801	801	801	801	801	801				
% Rooms Participants	74.9	74.9	74.9	74.9	74.9	74.9	74.9	74.9	74.9	74.9	74.9	74.9	74.9	74.9	74.9	74.9	74.9	74.9	74.9	74.9	74.9	74.9	74.9	74.9				

A black box indicates insufficient data

Source 2011 SMITH TRAVEL RESEARCH, Inc.



Finance Department
500 SW Madison Avenue
Corvallis, OR 97333
541-766-6990
541-754-1729

MEMORANDUM

October 25, 2011

TO: Ken Gibb, Community Development
FROM: Jeanna Yeager, Accountant
SUBJECT: Visit Corvallis Financial Report – First Quarter, FY 11/12

This review consists of inquiries and analytical procedures and is very limited in its nature. The financial statements have not been reviewed by a Certified Public Accountant and are the representation of the management of Visit Corvallis.

During the first quarter of fiscal year 2011/2012, Visit Corvallis reported revenues of \$84,228 and expenditures of \$75,263, resulting in net income of \$8,965. Visit Corvallis has exceeded its expected performance for the quarter by \$12,427 with a budgeted net loss of \$3,462 for the first quarter. Visit Corvallis maintains a fairly strong cash position, with current assets of \$64,259 and current liabilities of only \$4,640.

The City of Corvallis has budgeted \$335,450 for Visit Corvallis for fiscal year 2011/2012 in monthly payments of \$27,954. The City has funded a total of \$83,862 for the first quarter, which has been accurately accounted for on Visit Corvallis's first quarterly report. This represents nearly all revenues for the quarter.

Acceptance of the Visit Corvallis quarterly report is recommended.

MEMORANDUM

DATE: December 14, 2011
TO: Administrative Services Committee
FROM: Ken Gibb, Community Development Director 
RE: Enterprise Zone application

Attached is a memorandum and packet of information from Bill Ford of the Business Enterprise Center (BEC) related to an Enterprise Zone application from Perpetua Power Sources Technologies, Inc. BEC is under contract to the City of Corvallis to provide economic development services including Enterprise Zone management.

Perpetua plans to locate in an existing building at the Airport Industrial Park and make a significant investment in tenant improvements and equipment related to its battery replacement technology resulting in future job creation.

As noted in the packet from the BEC, the Enterprise Zone application has been reviewed by the EZ manager and the Benton County Assessor and determined to meet eligibility criteria for the Benton Corvallis EZ property tax abatement subject to approval by the Zone co-sponsors – Benton County and the City of Corvallis.

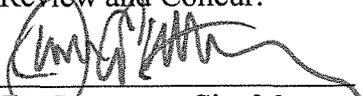
Included in the packet is a draft City Council resolution that would extend the EZ tax abatement subject to meeting specific additional performance criteria including local ownership and energy efficiency.

Bill Ford of the BEC will be present to discuss the application with the Committee.

Requested Action:

ASC is requested to review this information and recommend approval of the Resolution by the City Council.

Review and Concur:


Jim Patterson, City Manager



The Business Enterprise Center
Success Starts Here

460 SW Madison Ave Ste #1 Corvallis, Oregon 97333 Tel: 541.758.4009 Fax: 541.286.44174

Board of Directors

Kathleen Hutchinson, Board President
Executive Director
Business Enterprise Center

Alan Fudge, Board Treasurer
Linn-Benton Community College

John Barlow
Attorney, Barnhisel, Willis, Barlow & Stephen

Barbara Bessey
Director, Linn-Benton Community College

Dan Brown
Corvallis City Council Liaison

Lou Butera
Core Communications – President/CEO

Bill Dean
Acewl Company

Christopher Klemm
Independent Business Consultant

Linda Modrell
Benton County Commission Liaison

Barb Murray
Administrative Insight, LLC

David Persohn
Business Instructor & Small Business
Consultant

Larry Plotkin
Precision Plant Systems, Inc.

Joe Tanous
Director, Commercialization
College of Engineering, OSU

Memo

Date: Dec. 8, 2011

To: Benton Corvallis Enterprise Zone Co-Sponsors; Benton County, City of Corvallis

From: Bill Ford, Benton Corvallis Enterprise Zone Manager

Subject: Request for Approval: Agreement for Extended Enterprise Zone Benefits

Reason for Request

Perpetua Power Sources Technologies, Inc. has submitted an Enterprise Zone Authorization Application and has requested Extended Benefits beyond the regular three-year tax exemption (see Attachment B). Enterprise Zone requirements call for the company to enter into an agreement with the city and other Enterprise Zone sponsors. In order to qualify for the additional two years, the company must pay 150% of Benton County's Average Annual Wage to the new employees and meet criteria for sustainability set by Benton County and the City of Corvallis (see Attachment E).

Description of Project

The project is \$4 million for installation and purchase of new equipment at the Corvallis Municipal Airport Industrial Park. The investment is designed to increase efficiency, production and productivity and will allow them initial production levels. The company will be locating to the Electroglas Building at 1749 SW Airport Way.

Perpetua Power Sources Technologies, Inc. is the manufacturer of alternative energy devices and sensors. They are ready to purchase their equipment and start production.

The company's average employment over the past 12 months is 13 jobs. The projected number of new jobs created with this new investment is more than two jobs. This is in excess of the required 10% increase.

Actions to date

The Enterprise Zone Manager has convened a meeting of the Enterprise Zone Advisory Committee and the Benton County Assessor, at which time the Assessor approved Perpetua Power Sources Technologies, Inc.'s authorization approval, subject to sponsor ratification (See

"Creating Jobs, Through the Creation of Companies"

Attachment A). The Enterprise Zone Manager has reviewed the company's application, and has confirmed that they meet the sustainability requirements needed to receive tax abatements in years 4 and 5 (see Attachment C).

Request

The approval of the attached resolution by the Corvallis City Council is needed (see Attachment F).

Thank you for your support.



DEPARTMENT OF ASSESSMENT
Doug Hillpot, Assessor
205 NW 5th Street
Corvallis, Oregon 97330-4808

(541) 766-6855
Fax (541) 766-6848

RECEIVED

DEC 02 2011

CITY MANAGERS
OFFICE

December 1, 2011

Perpetua Power Source Technologies Inc., Local Zone Manager, and Zone Sponsors,

It appears that the information provided on the Authorization Application submitted by Perpetua Power Source Technologies Inc., dated November 30, 2011, is sufficient to qualify for the Enterprise Zone Property Tax Abatement.

You will still need to get the approval of the Zone Sponsors.

Doug Hillpot
Doug Hillpot
Benton County Assessor

OREGON ENTERPRISE ZONE AUTHORIZATION APPLICATION

• Complete form and submit to the local enterprise zone manager before breaking ground or beginning work at the site. • Please type or print neatly.

APPLICANT

Enterprise Zone or Rural Renewal Energy Development Zone (where business firm and property will be located) South Corvallis Enterprise Zone		County Benton	
Name of Business Firm Perpetua Power Source Technologies, Inc.		Telephone Number (503) 922-3169	
Mailing Address 4314 SW Research Way	City Corvallis	State OR	ZIP Code 97333
Location of Property (street address if different from above) 1749 SW Airport Way	City Corvallis	State OR	ZIP Code 97333
Map and Tax Lot Number of Site 125 22D 10DA5	Contact Person Bob Brown 541-829-1011	Title CFO	

My firm expects to first claim the standard property tax exemption in the following year(s): 2013

- Check here if your firm has or has had another exemption in this enterprise zone. Note the first year of such exemption: _____
- Check here that your firm commits to renew this authorization application. Renew this application on or before April 1 every two calendar years, until the tax exemption on qualified property is claimed.
- Check here if you are requesting an **extended abatement** of one or two additional years of exemption. This is subject to minimum average annual "compensation" for employees and written agreement with local zone sponsor. Sponsor may request additional requirements.

Zone Manager Use Only (after written agreement but before authorizing firm):

County Average Annual Wage: \$ 42,683 For Year 2011 Total Exemption Period: 4 or 5 Consecutive Years (check one)

BUSINESS ELIGIBILITY

Eligible Activity—Check all activities that apply to proposed investment within the enterprise zone:

- Manufacturing Fabrication Bulk Printing Shipping Agricultural Production Energy Generation
- Assembly Processing Software Publishing Storage Back-office Systems
- Other—describe the activities that provide goods, products, or services to other businesses (or to other operations of your firm): _____

- Check here if your business firm does or will engage in **ineligible activities** within the enterprise zone (such as retail sales, health care, professional services, or construction). Describe below (or in an attachment) these activities and their physical separation from "eligible activities" checked above: _____

Special Cases—Check all that apply:

- Check here if a **hotel, motel, or destination resort** in an applicable enterprise zone.
- Check here if a **retail/financial call center**. Indicate expected percent of customers in local calling area: _____ %.
- Check here if a **"headquarters" facility**. (Zone sponsor must find that operations are statewide or regional in scope and locally significant.)
- Check here if an **electronic commerce investment** in an e-commerce enterprise zone. (This also provides for an income tax credit.)

EMPLOYMENT IN THE ENTERPRISE ZONE (see worksheets on last page)

Do not count temporary, seasonal, construction, FTE, part-time jobs (32 hours or less per week), or employees working at ineligible operations.

Existing Employment—My business firm's average employment in the zone over the past 12 months is 13 jobs.

New Employees—Hiring is expected to begin on (date or month and year):

June 2012

• Hiring is expected to be completed by (month and year):

December 2013

• Estimated total number of new employees to be hired with this investment is: 30

Commitments—By checking all boxes below, you agree to the following commitments as required by law for authorization:

- By April 1 of the first year of exemption on the proposed investment in qualified property, I will increase existing employment within the zone by one new employee or by 10 percent, whichever is greater.
- My firm will maintain at least the above minimum level as an annual average employment during the exemption period.
- When the exemption claim is also filed by April 1 following each calendar year of exemption, total employment in the zone will not have shrunk by 85 percent at one time or by 50 percent twice in a row, compared to any previous year's figure.
- My firm will comply with local additional requirements as contained in: (1) a written agreement for an extended agreement, (2) zone sponsor resolution(s) waiving required employment increase, or (3) an **urban** enterprise zone's adopted policy, if applicable.
- My firm will verify compliance with these commitments, as requested by the local zone sponsor, the county assessor or their representative, or as directed by state forms or administrative rules.
- My firm will enter into a **first-source hiring agreement** before hiring new eligible employees. (This **mandatory** agreement entails an obligation to consider referrals from local job training providers for eligible job openings within the zone during at least the exemption period.)

OREGON EMPLOYMENT OUTSIDE THE ENTERPRISE ZONE

Check only those that apply:

- Check here if your firm or a commonly controlled firm is, or will be, closing or curtailing operations in the state **beyond 30 miles of the zone's boundary**. Indicate timing, location, number of any job losses, and relationship to the proposed enterprise zone investment:
- Check here if you are transferring any operations into the zone from site(s) **within 30 miles of the zone boundary** (existing businesses only): My firm's average employment at the site(s) over the past 12 months is 13 jobs.
- Check here if your firm commits to increase the combined employment at the site(s) (within 30 miles) and in the zone to 110 percent of the existing combined level by April 1 and on average during the first year of exemption.

PROPOSED INVESTMENT IN QUALIFIED PROPERTY

Anticipated Timing—Enter dates or months/years

Action	Site and Building & Structures			Machinery and Equipment		
	Preparation	Construction*	Placed in Service	Procurement**	Installation	Placed in Service
To commence or begin on				1/1/2012	1/15/2012	9/30/2012
To be completed on				1/31/2012	9/30/2012	

* And/or new reconstruction, additions to, or modifications of existing building(s) or structure(s).
 ** May precede application by up to three months.

Special Issues:

- Check here for building/structure acquired/leased for which construction, reconstruction, additions, or modifications began prior to this application (attach executed lease or closing documents).
- Check here for **Work-in-Progress** tax exemption for qualified property that is not yet placed in service and is located on site as of January 1. (Attach description and list of such probable property. See "Special Issues Worksheet," on the last page.)

Qualifying Property: Estimates of cost (please attach a preliminary list of machinery and equipment).

Type of Property		Number of Each/Item	Expected Estimated Value	Check if any Item will be Leased
Real Property	Building or structure to be newly constructed		\$	<input type="checkbox"/>
	New addition to or modification of an existing building/structure	1	\$ 125,000	<input type="checkbox"/>
	Heavy or affixed machinery and equipment	34	\$ 3,875,000	<input type="checkbox"/>
Personal Property Item(s) Costing:	\$50,000 or more		\$	<input type="checkbox"/>
	\$1,000 or more (E-commerce zone or used exclusively for tangible production)		\$	<input type="checkbox"/>
Total Estimated Value of Investment			\$ 4,000,000	

Additional Description: In addition to what is explained elsewhere, briefly comment below (or in an attachment) on the scope of your investment, the particular operations and output that are planned, and the intended uses of the qualifying property.

DECLARATION

I declare under penalties of false swearing [ORS 305.990(4)] that I have examined this document and attachments, and to the best of my knowledge, they are true, correct, and complete. If any information changes, I will notify the zone manager and the county assessor and submit appropriate written amendments. I understand that my business firm will receive the tax exemption for property in the enterprise zone, only if my firm satisfies statutory requirements (ORS Chapter 285C) and complies with all local, Oregon, and federal laws that are applicable to my business.

MUST BE SIGNED BY AN OWNER, COMPANY EXECUTIVE, OR AUTHORIZED REPRESENTATIVE OF THE BUSINESS FIRM

Signature *[Signature]* Date 11/30/11

Title (if not an owner or executive, attach letter attesting to appropriate contractual authority)

Chief Financial Officer

Local enterprise zone manager and county assessor must approve this application (with *Enterprise Zone Authorization Approval*, form 150-303-082)

Oregon Enterprise Zone AUTHORIZATION APPROVAL

• See instructions on the back.

ZONE MANAGER APPROVAL

Authorization is granted to: Perpetua Power Source Technologies, Inc.
(Name of eligible business firm)

Complete authorization application was submitted on: 11/30/11

Date of pre-authorization conference (date must be on or after authorization application submission date indicated above): _____ Summary Attached

The total **estimated** value of the qualified property to be constructed, modified, or installed: \$ 4,000,000 est.

Annual **average** employment inside the enterprise zone: 13 (Full-Time, Year-Round, Employees)

The total **estimated** new hiring inside the enterprise zone: 30 (Full-Time, Year-Round, Employees)

The **anticipated** first year(s) for the exemption period(s) is (are): 2013

Special Circumstances:

Urban Enterprise Zone that imposes additional conditions? No Yes If yes, a description of each additional condition imposed by the enterprise zone sponsor with applicant's commitment to satisfy such condition(s) is attached prior to assessor's approval.

Extended abatement of four of five years in total requested? No Yes If yes, the written agreement between zone sponsor and applicant is: Rejected Finalized and attached (agreement must be executed prior to completion of this form).

The **filing fee** for authorization is: Waived \$200 \$ _____ (up to 0.1% of above estimated cost).

I approve the above-indicated application for authorization on behalf of the zone sponsor. I have determined that the above-named applicant proposes to engage in eligible business operation and has committed to meet the requirements to qualify for the exemption.

X William R. Ford 11/30/2011 Covallis/Benton Sustainable Enterprise Zone
Signature of Local Zone Manager Date Name of Enterprise Zone

COUNTY ASSESSOR APPROVAL

I **approve** the application for authorization.

X Douglas Hillert 12-1-2011 BENTON 541 766-6662
Signature of County Assessor or Authorized Representative Date County Telephone Number

I **deny** the application for authorization.

X _____
Signature of County Assessor or Authorized Representative Date County Telephone Number

INFORMATION FOR APPLICANT

If the county assessor approves your application, your business firm is authorized for an enterprise zone exemption on "qualified" property. This is property newly placed into service inside the enterprise zone and meeting other criteria. To receive this exemption you must:

- Achieve the required minimum employment at some point on or before April 1*;
- File an exemption claim that includes a property schedule with the county assessor after January 1, but no later than April 1*;
- Actually occupy or use qualified property consistent with intended commercial purposes before July 1*.

If on January 1 you have unfinished qualified property at the authorized site, provide evidence to the assessor by April 1 using form #150-310-020, in order to be exempt while work to construct, modify, or install property is in process. This pre-enterprise zone exemption is available to most authorized business firms for up to two years, but it does not include centrally assessed property. Hotel, motel, and destination resorts are not eligible, but they may apply (by April 1) for the regular "Cancellation of Assessment for Commercial Facilities under Construction" (ORS 307.330 and 307.340).

This authorization may extend to additional qualified property subject to certain limitations. The authorization application should be amended by written request before the initial January 1, assessment date to account for any substantial change of plans such as additional structure. For different, future investments, submit new application for authorization **before** beginning construction/installation activity.

If the county assessor denies your application and you disagree with that decision, you may **appeal** under ORS 305.404 and 305.560 to: Magistrate Division, Oregon Tax Court, 1163 State St, Salem OR 97301-2563. (You need to provide a copy of the appeal to the local zone manager, the Oregon Department of Revenue, and the Oregon Business Development Department.)

*Year following the year (ending December 31) when the constructed, modified, or installed property is in occupancy or use or fully ready to be occupied or used.

Distribution of copies upon final completion of the form: (Zone Manager—photocopy)
 White — Applicant
 Green — County Assessor
 Canary — Oregon Department of Revenue
 Pink — Oregon Business Development Department — ARTS INCORP Attachment C
 Goldenrod — Contact Agency for First Source Hiring Agreement (attach only application)

Benton County Enterprise Zone Tax Abatement Goals

Applicant Information

Date: 11/30/11

Business Name: PERPETUA POWER SOURCE TECHNOLOGIES, INC.

Contact Person: BOB BROWN

Phone: 541-829-1011 Email: RWB@PERPETUAPOWER.COM

Overarching goal: Businesses are desired that encourage or demonstrate using resources in a manner that protects the environment while providing for a vigorous economy and meeting community needs now and in the future.

New Businesses:

To receive a tax abatement for years 1-3 a business must fit into one of the categories in Section I and have (3) Yes's in Section II, III or IV. If a business does not fit into one of the categories in section I it must have (5) Yes's in Section II, III or IV. The Year 4 and 5 optional tax credit would be awarded to those companies that have made progress over years 1-3 in meeting the goals listed below.

Existing or Start-up Business:

If a business already in the Enterprise Zone or a startup with no operational history does not meet the new business requirements to receive the tax abatement for years 1-3, it may submit a plan to move its organization toward becoming more sustainable based on items in the criteria. The plan will need approval and the business must report annually on its progress toward that plan. The Year 4 and 5 optional tax credit would be awarded to those companies that have made progress over years 1-3 in meeting the goals below.

Section I: Product / Services: Our company offers products or services that fit in the following business clusters. Please check one that applies:

- Green Building: (e.g. businesses that provide products or services to the green building market - insulated concrete forms, non-toxic building products, consulting services that support green building, etc.).
- Energy: Alternative energy and/or efficiency (e.g. wind, wave, solar, hydro, biofuels, energy conservation services, software/hardware to reduce energy usage, etc).
- Local Food production and processing. (using sustainable agricultural practices to reduce chemicals, water and non-renewal energy).
- Green technology: (manufacturing processes that create no hazardous substances while reducing resource use - computerized controls that reduce resource use, such as for wood processing, soil remediation, environmental sensors).
- Recycled and/or Replacement Products: (e.g. flower pots made from waste paper pulp, plastic lumber, twine made from recycled plastics).
- Sustainable Forest and Wood Products
- Other sustainable business cluster

Section II: Business Practices: Our company focuses on protecting resources and meeting community needs while enhancing the economy. Check all those that apply.

- We train our personnel to meet these goals in all business aspects.
- These goals are integrated into our business planning.
- We track our business performance with a sustainability management system. Please Identify (_____).
- We measure energy use and waste per unit of production
- Other sustainable business practices _____

Section III: Operations (Check all those that apply)

Design

Our company:

- Redesigns products so that they meet enterprise zone goals.
- Conducts Life Cycle Analyses on our product(s)/services
- Has reduced our product packaging by at least 20%
- Encouraged and engaged suppliers to redesign their products and services to meet enterprise zone goals.
- Other sustainable design practices: _____

Operations

Our company:

- Is locally owned.
- Routinely conducts process or facilities energy audits.
- Has reduced energy 10% per unit of production. (e.g. watts/widget).
- Has reduced green house gases to 1990 levels.
- Routinely/periodically conducts resource efficiency audits to reduce waste and raw materials.
- Routinely/periodically conducts efficiency audits for water usage.
- Routinely/periodically conducts employee satisfaction surveys with an action and implementation plan that follows.
- Has completed a chemical inventory that ranks toxic and hazardous materials and developed a plan to eliminate all persistent bio toxins (PBT's).
- Takes responsibility for our product at end of its useful life (e.g. takes back a computer to disassemble, recycle and or reuse components for a new product).
- Other sustainable operational strategies: PLANS TO BUILD ON SITE FACILITY TO TREAT WATER USED IN MFG. PROCESS

Section IV: Facilities

Our company:

- Intends to build to LEED (Leadership in Energy and Environmental Design) U.S. Green Building Standards or other "green" building standards.
- Will retrofit existing facilities to LEED or LEED Existing Building standards or equivalent.

Agreement for Oregon Enterprise Zone Extended Abatement

AGREEMENT WITH THE BENTON CORVALLIS ENTERPRISE ZONE SPONSORS TO EXTEND PROPERTY TAX EXEMPTION TO FIVE CONSECUTIVE YEARS IN TOTAL FOR CAPITAL INVESTMENT BY PERPETUA POWER SOURCES TECHNOLOGIES, INC.

The sponsors of the Benton Corvallis Enterprise Zone comprising the governing bodies of the City of Corvallis and Benton County (hereinafter "The Zone Sponsor") and Perpetua Power Sources Technologies, Inc. (hereinafter "The Firm") do hereby enter into an agreement for extending the period of time in which The Firm shall receive an exemption on its investment in qualified property in the Benton Corvallis Enterprise Zone contingent on certain special requirements, under ORS 285C.160 (2003).

The Zone Sponsor and The Firm jointly acknowledge: that subject to submission and approval of an application for authorization and the satisfaction of other requirements under ORS 285C.050 to 285C.250, The Firm is eligible for three years of complete exemption on its qualified property; that nothing in this agreement shall modify or infringe on this three-year exemption or the requirements thereof, and that this agreement becomes null and void if The Firm does not qualify for these three years of the exemption.

The Zone Sponsor extends The Firm's property tax exemption an additional two years on all property that initially qualifies in the Benton Corvallis Enterprise Zone in the assessment year beginning on January 1, 2013 and, thus, sets a total period of exemption of five consecutive years during which statutory requirements for the standard three-year enterprise zone exemption must also be satisfied and maintained.

CONFIRMATION OF STATUTORY PROVISIONS

In order to receive the additional two years of enterprise zone exemption granted herein, The Firm agrees herewith under 285C.160(3)(a)(A) that for each year of the entire exemption period, all of The Firm's new employees shall receive an average level of compensation equal to or greater than 150 percent of the county average annual wage, in accordance with the specific definitions and guidelines in Oregon Administrative Rules (OAR), Chapter 123, Division 674 which provides that:

1. Such compensation may include non-mandatory benefits that can be monetized;
2. The county average annual wage is set at the time of authorization, except as pursuant to ORS 285C.160(4), according to the 2009 Benton County average annual wage rate (relevant during 2011 for Special Enterprise Zone Benefits) is \$42,683 for which 150 percent equals \$ \$64,024.
3. Only employees working at jobs filled for the first time after the application for authorization but by December 31 of the first full year of the initial exemption and performed within the current boundaries of the Benton Corvallis Enterprise Zone are counted; and
4. Only full-time, year-round and non-temporary employees engaged a majority of their

time in The Firm's eligible operations consistent with ORS 285C.135 & 285C.200(3) are counted, regardless if such employees are leased, contracted for or otherwise obtained through an external agency or are employed directly by The Firm.

LOCAL ADDITIONAL REQUIREMENTS

For The Firm to receive the additional two years of enterprise zone exemption granted herein, The City of Corvallis, a Zone Sponsor and The Firm agree that the additional sustainability criteria must be met, in addition to statutory requirements under ORS 285C.160(a)(B).

That additional criteria includes:

1. Plan to build on-site facility to treat water used in the manufacturing process
2. Offering Alternative energy and/or efficiency (e.g. wind, wave, solar, hydro, biofuels, energy conservation services; software/hardware to reduce energy usage, etc.)
3. Local ownership of the company
4. Routine resource efficiency audits to reduce waste and raw materials

ACCEPTING FOR THE CITY OF CORVALLIS, A ZONE SPONSOR OF THE BENTON CORVALLIS ENTERPRISE ZONE:

ACCEPTING FOR PERPETUA POWER SOURCES TECHNOLOGIES, INC.

DATE:

The other Zone Sponsors, Benton County approves this Agreement by passing a separate resolution.

RESOLUTION NO. 2012-_____

A RESOLUTION APPROVING AN EXTENDED PROPERTY TAX ABATEMENT AGREEMENT BETWEEN THE CITY OF CORVALLIS, A CO-SPONSOR OF THE BENTON CORVALLIS ENTERPRISE ZONE, AND PERPETUA POWER SOURCES TECHNOLOGIES, INC.

Minutes of the January , 2012 Corvallis City Council meeting, continued.

A resolution submitted by Councilor _____.

WHEREAS, Perpetua Power Sources Technologies, Inc. is expanding and investing in tenant improvements and equipment; and

WHEREAS, Perpetua Power Sources Technologies, Inc. intends to add new employees, which will be more than ten percent of current employment; and

WHEREAS, Perpetua Power Sources Technologies, Inc. anticipates providing average pay and benefits to these employees equal to or greater than 150 percent of the Benton County average, as required under ORS 285C.160; and

WHEREAS, Perpetua Power Sources Technologies, Inc., which is locating at the Corvallis Municipal Airport Industrial Park, has applied to extend the property tax abatement for which it qualifies through its inclusion in the Benton Corvallis Enterprise Zone; and

WHEREAS, the City of Corvallis has requested support of this agreement from the other co-sponsors of the Benton Corvallis Enterprise Zone; and

WHEREAS, the City of Corvallis is a co-sponsor of the Benton Corvallis Enterprise Zone.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CORVALLIS RESOLVES that the attached Extended Abatement Agreement is hereby approved by the Corvallis City Council.

City Councilor

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

Enterprise Zone Advisory Committee Meeting

Thursday December 1, 2011

Benton County Assessor's Office Conference Room

Meeting Summary

Present:

Bill Ford, Enterprise Zone Manager

Kyle Mason, Business Marketing Consultant

George McAdams, Enterprise Zone Advisory Committee Member

Don Herbert, Enterprise Zone Advisory Committee Member

Doug Hillpot, Benton County Assessor

Dan Mason, City of Corvallis Airport Manager

Tami Woodward, Chief Deputy, Benton County Assessor's Office

Jenny Anderson, Exemption Data Specialist, Benton County Assessor's Office

Dick Newkirk, Appraiser, Benton County Assessor's Office

Bob Brown, Perpetua Power CFO

Robin Proebsting, Program Manager, Business Enterprise Center

Purpose

The purpose of this meeting was to 1) Review and consider approval for Perpetua Power's application for Enterprise Zone tax abatements, 2) discuss the merits of expanding the Benton-Corvallis Enterprise Zone including businesses in Linn County, and 3) get feedback from the committee on how processes are working.

Summary

Perpetua Power EZ application

Bill introduced Bob Brown from Perpetua Power and shared some history about the company and its team. Perpetua Power is developing a "battery replacement" and is preparing to go to full scale production. They would like to move into the Electroglass building at the Airport Industrial Park because of its clean room. Perpetua Power meets the sustainability criteria required to receive tax abatements, and all regulatory hurdles have been cleared. (Originally a permit from OR DEQ would have been required, triggering the need for a conditional use permit from Benton County. However, Perpetua Power will be installing in a special water system to prevent pollution, obviating the need for a permit.)

Another question, about whether tenant improvement build-out is covered for exemption, came up. According to the EZ rules, it sounds as if they do not qualify. Only new buildings and items detailed by the rules may qualify for tax exemption.

Part of the company will reside in Coos County, and the branch there will focus on final assembly, packaging, and shipment. There are strong incentives to locating these operations there, where there is a port and free trade zone. Additionally, because of

majority-ownership by the Coquille Tribe, the company qualifies for minority-owned business advantages.

The product is still in development. A major market opportunity derives from the lost productivity (in the US, trillions of dollars' worth) due to accessory equipment failure. Accessory equipment, such as pumps, do not typically have sensors to indicate problems or failure, so when they go down, they trigger failures in major equipment. Developing a sensor for accessory equipment would be a major growth opportunity. The electricity for the accessory equipment and sensors could be powered by the new technology produced by Perpetua which requires no external connections.

Enterprise Zone Advisory Committee members indicated their support for Perpetua Power's inclusion in the Enterprise Zone. Enterprise Zone Manager Ford and County Assessor Hillpot signed Authorization Approval form which still requires ratification by the Benton Board of Commissioners and Corvallis City Council.

Expansion of Enterprise Zone including businesses in Linn County

The Benton-Corvallis Enterprise Zone has already expanded once since its inception (to include Sunset Research Park and the Hewlett-Packard campus), and until this point there had been no reason to expand further. However, the BEC is receiving more and more inquiries from prospects, so now may be a logical time to expand. ORS and OAR set boundaries for how much EZs can expand; when the idea of expanding the EZ to all industrial lands in the city was floated, state officials indicated that this would not be possible. The Eastgate Business Center (EBC) has been making investments, hosting companies that were not able to be hosted at the BEC, and its location meets the geographic requirements set by statute. The question becomes, "is there merit in expanding the Benton/Corvallis Sustainable Enterprise Zone?" If so, should we consider an approach that provides the best incentive to the most which probably would include efforts to expand to Linn County.

A question regarding whether Linn County would accept the sustainability goals that apply to the Benton-Corvallis Zone was raised. They goals are fairly open, but this could be a future challenge.

An advantage to expansion would be the boost to regionalism, which was favored by former mayor Charlie Tomlinson and former Economic Development Director John Sechrest. With a large enough area and population, the region could form a more serviceable "business ecosystem".

The advisory committee agreed that the idea of expanding the EZ into Linn County was worth exploring. The next step will be to present this idea to the Economic Development Commission, and ask them for their opinion on how and whether to proceed.

Committee Feedback on Meetings

Lastly, Enterprise Zone Manager Ford asked the meeting attendees for feedback on how meetings were being scheduled and conducted. He indicated that the Assessor should be invited to EZ Advisory Committee meetings, although is not required to attend. The Assessor concurred, saying he is happy to be part of the meetings, and that it would be good for him to be part of the advisory committee's conversations, so that there are no surprises that might cause the Assessor's Office to deny an authorization application at the end of the process. Additionally, future meetings to consider an application requires two weeks prior notice to the Benton Board of Commissioners and all application packets need to be shared in advance with the entire advisory committee.

Anyone on the committee is invited to call a meeting as needed. Enterprise Zone Manager Ford will try to minimize the number of meetings, and invites prospects to be forwarded to him so that there is no need for the entire committee to meet unless the applicant meets the minimum qualification. However, the committee must meet during the approval process of new companies.

MEMORANDUM

October 4, 2011

TO: Administrative Services Committee

FROM: Nancy Brewer, Finance Director NB

SUBJECT: Customer Service Payment Options

I. Issue:

Consideration of alternatives for customers to make payment on their City Services bill.

II. Background:

The Finance Department is continuing its review of processes to find ways to streamline operations. In Utility Billing, staff spend a significant proportion of their time taking credit and debit card payments over the telephone. As other tasks have been added such as issuing residential/lot parking permits, transit passes, and back-up to A/P due to service reductions, the time spent on telephone calls has grown to a level that is increasingly difficult to manage.

Initially, the only method a City Services customer could use to pay monthly City Services charges was to mail a check to the City or pay by check, cash or credit card at a counter in City Hall. In 1999, Utility Billing initiated a bankdraft option whereby customers could authorize monthly charges to be automatically withdrawn from their personal checking account. One year later, Utility Billing began accepting credit and debit card payments over the telephone. In 2006, with improved technology, the City purchased a payment module from the financial software vendor, to enable customers to make payments over an internet website. This module allows customers to setup their own accounts and enter their credit or debit card information for easy online access and payment information. In 2008, the final update to this module was implemented to allow customers to sign up for a recurring payment option that authorized Utility Billing to automatically post charges against the customer's credit or debit card.

Utility Billing has nearly 16,000 utility service accounts. The majority, 46% of City Services customers, continue to pay monthly charges by mailing a check each month or pay in person. About 17% use their credit or debit card to pay through their bank's website or through the City's website which has proven to be a popular payment option. About 25% of customers prefer not to worry about remembering to make monthly payments and take advantage of the City's recurring credit or debit card payment option or a bankdraft payment option with the payment automatically deducted through their checking account, but proportionately this number of accounts remains low. The table below provides detail as to the types of payments made in an average month.

Payment Method	Total Payments
Online banking	2,712
Cash – In Office	164
Credit Card – In Office	145
Check	*7,357
Recurring Credit Payment	1,349
C2G – Online and Telephone Payment	1,549
Bankdraft	2,537

** Includes multiple utility accounts paid with a single check*

Some utility accounts are paid every two to three months resulting in a discrepancy between the number of utility accounts and the number of payments.

To encourage customers to sign up for autopay or bankdraft payment options, staff has inserted special messages on City Services statements, asked customers to sign up when making payments over the telephone, included articles in the City Newsletter, and provide the information to new customers when they sign up for City Services.

Even with the convenience of these payment options, a large number of customers continue to call the Utility Billing office and ask customer service representatives (CSR) to enter bank card and account information into the system for them in order to complete the payment process. These customers generate a large volume of phone calls each month and require a significant amount of staff time to process payments. In FY 08/09 Utility Billing staff (2 FTE) with support from Finance Administrative staff (2 FTE), answered nearly 21,000 telephone calls with approximately 65% resulting in credit/debit card payments. In FY 10/11 staff answered nearly the same number of calls with 1.25 fewer FTE. With the FTE reduction and an additional workload that includes issuing parking district permits, parking lot permits and transit passes thus requiring more interaction with walk-in customers, reducing the number of telephone calls is becoming more important as coverage is more critical.

III. Discussion:

Finance Department staff has contacted other public and private utilities to discuss their work load and solutions. Almost all of the non-government utilities use a combination of payment methods, including checks, cash, web payments, bankdrafting and an integrated voice response system (IVR), a telephone based system that allows the customer to enter data to make payments, get balance, payment due date, etc.

In addition to accepting payments using an IVR, many non-government utilities also charge customers for using the IVR and most do not accept payments over the telephone with a customer service representative (CSR).

The following tables outline these practices and charges that may apply.

Utility	Telephone Payments (IVR)	Telephone Payments (CSR)	On-Line
Pacific Power	\$2.80 Res \$4.95 Bus	Do not accept	\$2.80 Res \$4.95 Bus
Northwest Natural	\$3.95	Accept check only	\$3.95
Allied Waste	\$0	Do not accept	\$0
Consumers Power	\$0	\$0	\$0
Qwest	\$4.00	Do not accept	\$0
Comcast	\$0	\$4.95	\$0

City	Telephone Payments (IVR)	Telephone Payments (CSR)	On-Line
Bend	IVR under review	\$0	\$0
Eugene	Not available	\$0	\$0
Forest Grove	Not available	\$1.25	\$1.25
Grants Pass	Not available	Do not accept	\$2.00
Gresham	\$3.50	Do not accept	\$3.50
Medford	IVR under review	Do not accept	\$0
Pendleton	\$4.95	Do not accept	\$4.95
Salem	\$0	Do not accept	\$0
Albany	Not available	\$0	\$0
Springfield	\$3.50	Do not accept	\$3.50
Lake Oswego	Not available	Do not accept	\$0

The survey indicates that all regulated utilities offer an IVR solution as a customer payment option. Nearly all of them charge a convenience fee to use the IVR system and two of them also charge a fee to use the online service. Only Consumers Power (a member owned cooperative) allows CSRs to accept payments without a fee. Comcast allows CSRs to accept payments but with a fee of \$4.95.

As for municipal operations, there appears to be a split between jurisdictions that charge convenience fees and those that don't. For those municipalities that do charge convenience fees, the fees seem to apply to IVR transactions as well as online transactions. These same municipalities do not accept any payments through a CSR unless the payment is made in the office. Two cities, Bend and Medford, are currently evaluating an IVR solution and whether or not to charge convenience fees.

IV. Alternatives:

As noted previously, staff has initiated a number of outreach efforts to customers to encourage them to pay on-line or to set-up a recurring credit or debit card charge. Thus far, this has not resulted in any significant changes. Alternatives to address the growing workload include:

- 1.) Do nothing. Continue to provide in-person (on-the-phone) customer service. At some point in the next two years, this will result in a need to add staff.
- 2.) Implement a full IVR solution integrated with the existing financial software system to provide customer access to utility accounts to preview account history, balance inquiries and make payments. This option provides real-time account updating; when payments are made, payments are posted immediately to the customer account. This option is the most expensive and requires a significant initial investment of about \$55,000 plus annual maintenance fees. Typical merchant fees, a small monthly fee (\$10) and a \$0.10 per transaction gateway fee would apply for any IVR telephone call through the City's telephone system. This option best fits the City's "Excellence in Customer Service" focus but has the highest startup costs.
- 3.) Implement a partial IVR solution similar to option #2 but without the payment integration component. Customers could still make balance inquiries and access their payment history but payments would not be posted in real-time. Payments would be posted by staff once a file is downloaded from the IVR system. Customer calls would still be routed through the City's telephone system with the same monthly and transaction fees as option #2. The initial investment for this level of IVR functionality is about \$33,000 plus annual maintenance fees.
- 4.) Implement a hosted IVR payment solution through a toll-free telephone number for customers to make payments. This solution allows customers to make payments with a credit or debit card but provides no access to account information. Payments would be posted by staff once a file is downloaded from the host IVR provider. The same monthly and transaction fees still apply in addition to a \$1.00 charge per phone call. The initial investment is a \$29.95 setup fee.
- 5.) Take no credit or debit card payments over the telephone. Only accept payments via the web or in person. A similar practice as seven of the eleven cities surveyed.
- 6.) Take credit and debit card payments over the telephone but charge a convenience fee high enough to cover the cost of convenience and to discourage telephone payments (similar to what Comcast charges for the convenience of their service).

In order to manage the volume of telephone calls and walk-in customers, doing nothing is not a viable option. If the City selected a full or partial IVR solution, the initial startup cost is significant. In addition, an annual software maintenance fee of 15% of the initial hardware cost will apply. The primary benefit of a full or partial IVR solution is customer access to account information and no additional telephone charges. This level of customer access and service is consistent with the City's "excellence in customer service" philosophy. However, given the initial startup costs and annual maintenance fees, a full or partial IVR solution is just not practical given current budget circumstances.

If the City no longer accepted credit/debit card payments over the telephone similar to the practice of most other cities in the survey, this could affect those customers that don't have web access or the ability to come into the office. Charging a small fee for the convenience of the service will not detour most customers from continuing to pay over the telephone. Charging a substantial fee would only affect customers who don't mind the fee or don't have a choice but to pay the fee. Either way, these options are not consistent with the City's "excellence in customer service" philosophy.

With a hosted IVR solution, customers would still enjoy access to a telephone payment option 24/7. If the customer absorbed the \$1 charge per telephone call, there would be practically no increased cost to the City to provide this level of service or convenience. If this option were adopted, customers would no longer be able to use the services of a CSR to make a payment unless their account was turned off for non-pay or if they were having problems with the online site. Customers could continue to come into the office to make payments, use web services, sign up for the bankdraft option or pay with a check.

As for merchant card fees, the City has historically absorbed fees associated with customer use of a debit or credit card. Merchant card fees, charged by BofA, typically average between 1.61% and 1.81% per transaction depending upon the payment method. Payments made through the City's website result in the lowest merchant card fees from BofA. However, merchant card fees through the IVR solution are comparable to what the City currently pays.

V. Conclusion

To reduce the number of telephone calls into the Utility Billing office for payment services, an IVR system is a practical solution. The least expensive option is a hosted IVR solution whereby the vendor provides a telephone number and platform for customers to make credit or debit card payments via the telephone. An IVR system continues to provide convenience to the customer for a 24/7 payment option. There is an additional cost associated with this convenience however (\$1 per telephone call), and many utilities and municipalities pass this cost on to the customer using the service.

VI. Recommendation:

Staff recommends moving to an IVR hosted solution and passing through a convenience fee of \$1 to the customers for the use of this service. Once implemented, telephone payments would only be taken by a CSR in Utility Billing if the water service has been terminated for non-pay or if the customer needs assistance with the online payment process. For customers not wanting to pay a \$1 convenience fee, they could pay their City Services bill by mailing a check, sign up for bankdraft, enroll in the auto-pay program with a credit or debit card, pay online through the Click2Gov site, pay through their online bank account or come into the office to pay in person.

Review and Concur:



James A. Patterson, City Manager

MEMORANDUM



To: Administrative Services Committee
From: Karen Emery, Director Parks and Recreation Department
Date: December 13, 2011
Subject: Parks and Recreation Cost Recovery Model, Resource Allocation Philosophy and Financial Policy Recommendations

Issue:

In an effort to continually improve and enhance services and overall organizational effectiveness, the Parks and Recreation Department began an extensive process to create a new Cost Recovery Model, Resource Allocation Philosophy, and Financial Policy for City Council's consideration.

Background:

In 2010, staff prepared the FY 10-11 Parks and Recreation Fee Review. One of the recommendations that staff made to the Parks, Natural Areas and Recreation Board (PNARB) was to develop a new City Council Cost Recovery Policy. PNARB concurred and made that recommendation to City Council through its Human Services Committee (HSC). HSC concurred and City Council accepted this recommendation at their August 2010 meeting.

In September, 2011, the Parks and Recreation Department engaged the services of GreenPlay, a national parks and recreation management consulting firm to assist in developing a **Cost Recovery Model and Resource Allocation Philosophy** which includes a model, philosophy and policy based on the community's values for parks and recreation services, and the Department's mission and vision for the future. This model, based on **The Pyramid Methodology** will assist the City as staff plans for a sustainable future over the next several years. It is a critical component for the development of both current and future Parks and Recreation facilities, programs, and services.

Discussion:

Parks and Recreation staff formed a Core Team comprised of Parks and Recreation and Finance Department staff. This team implemented a process that included:

- Review of the Parks and Recreation Department's core values, vision and mission
- Review and assessment of services including programs and facilities
- Categorization of Departmental services based upon the level of community versus individual benefit (see Appendix A)
- Identification of direct and indirect costs (see Appendix B)
- Evaluation of current pricing methods

December 14, 2011

- Development of target cost recovery (see attached pages 21-23)
- Development of ten operational and financial strategies for first year (see pages 29-34)
- Development of revisions to Council Policy 10.03.060

In addition to the work of the Core Team, one staff workshop and three public workshops were held. Nineteen staff, two City Councilors, and two PNARB members participated in the staff workshop and sixty-three community members participated in the three public workshops.

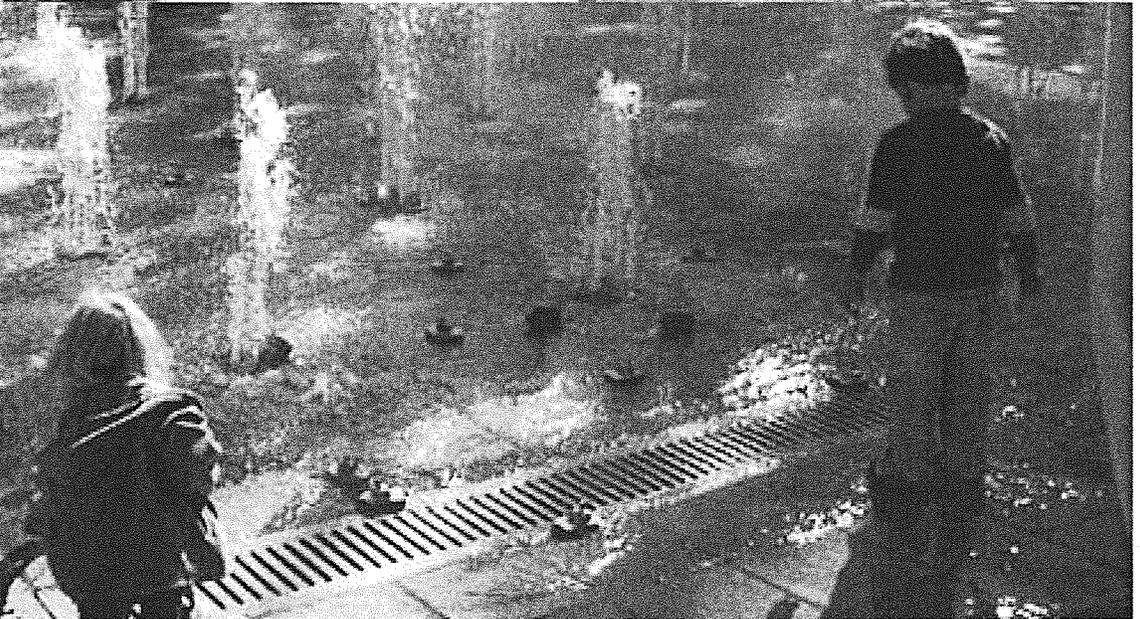
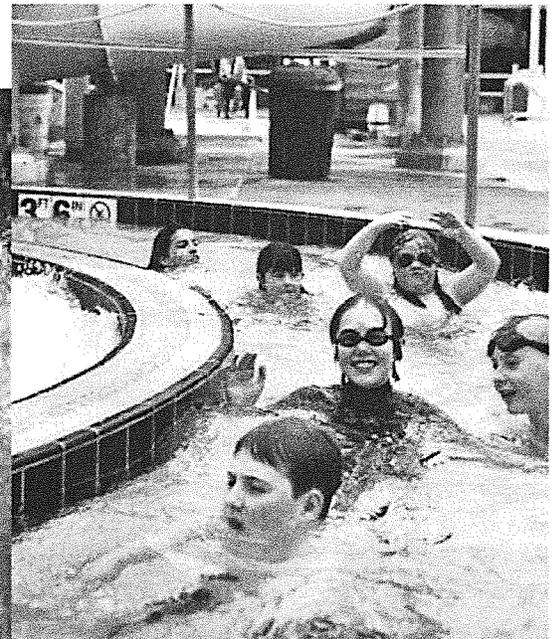
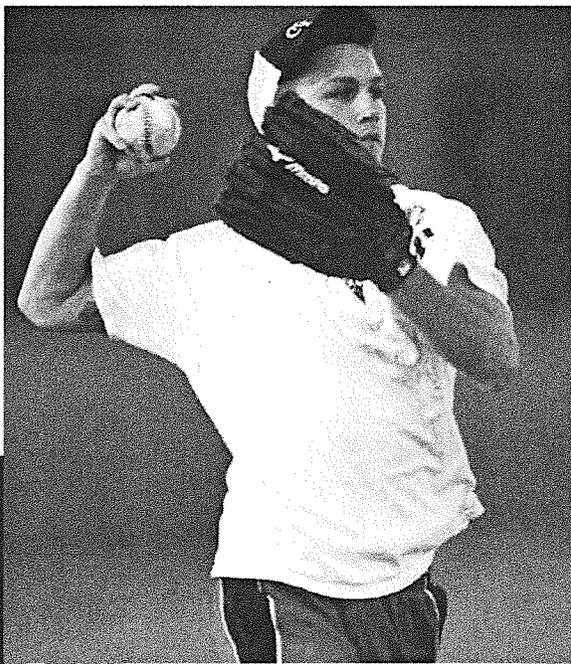
Recommendation:

Staff recommends that the Administrative Services Committee recommends to City Council the adoption of the Cost Recovery Model, Resource Allocation Philosophy, and Policy.

Review and Concur:


James A. Patterson, City Manager
Nancy Brewer, Finance Director

Attachment: Cost Recovery Model Report, 2011



Parks and Recreation Department
Cost Recovery Model, Resource
Allocation Philosophy and Policy
December 2011

Acknowledgements

City Council

Julie Manning, Mayor
Mark O'Brien, Ward 1
Roan Hogg, Ward 2
Richard Hervey, Ward 3
Dan Brown, Ward 4
Mike Beilstein, Ward 5
Joel Hirsch, Ward 6
Jeanne Raymond, Ward 7
Biff Traber, Ward 8
Hal Brauner, Ward 9

City Manager

Jim Patterson

Parks, Natural Areas and Recreation Board

Betty Griffiths, Chair
Lynda Wolfenbarger, Vice Chair
Kent Daniels
Randy Willard
Jon-Marc Soule
Marc Vomocil
Don Williams
Phil Hays
Joel Hirsch, City Council Liaison
Kevin Bogatin, 509-J School District Liaison

Parks and Recreation Director

Karen Emery

The Core Team

Stephen DeGhetto Assistant Director
David Neighbor, Administrative Services Manager
James Mellein, Aquatic Center Supervisor
Sharon Bogdanovic, Senior Center Supervisor
Carol Rathbun, Department Accounting Analyst
Mike Fischer, Aquatic Coordinator
Deb Curtis, Recreation Coordinator
Dave Evenson, Recreation Coordinator
Robert Thornberg, Recreation Coordinator
Chelsea Tibbles, Recreation Coordinator
Matt Rouleau, Parks Maintenance Leadworker
Janet Chenard, Budget & Financial Planning Manager
Tracey Finnegan-Wiese, Budget Analyst

For more information about this document, please contact:

City of Corvallis Parks and Recreation Department

GreenPlay LLC

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Executive Summary

In an effort to continually improve and enhance services and overall organizational effectiveness, the Corvallis Parks and Recreation Department began an extensive process to create a **Cost Recovery Model, Resource Allocation Philosophy, and Policy**. This process included an analysis of the Department's core values, vision, and mission; review and assessment of services including programs and facilities; categorization of Departmental services based upon the level of community versus individual benefit; identification of direct and indirect costs; and an evaluation of current pricing methods. All of the components of this process directly influence current cost recovery and subsidy allocation levels, the establishment of future cost recovery and subsidy allocation goals, and future pricing strategies and methods. This comprehensive review and analysis will assist the Department in refining its service delivery and financial management philosophy as it moves forward in efforts to sustain services over both the short and long-term.

Having a **Cost Recovery Model, Resource Allocation Philosophy, and Policy** will assist in answering challenging questions from City leadership and from citizens such as:

- Are our programs priced fairly and equitably?
- How will we continue to fund Departmental facilities and services in relationship to future budget constraints?
- Are we using funding in a responsible manner?
- Is there a methodology for the distribution of subsidy (funds used in excess of what is collected by direct fees)? If so, are we transparent?
- Does the way we charge for services (facilities, programs, etc.) support the Departmental values, vision, and mission?

Core Values, Project Vision, and Mission

The initial step in the process included the review of the Park and Recreation Department's **core values, vision, and mission**. The City of Corvallis had developed these recently and after review and discussion, it became apparent that staff are comfortable with the Department's values listed for the community, the vision statement, and the Department's mission statement.

Cost Recovery and Subsidy Allocation

As part of the **Cost Recovery Model, Resource Allocation Philosophy, and Policy** project, an analysis of current **cost recovery and subsidy allocation** was conducted. **Cost Recovery** is the basis for the degree to which the operational and maintenance costs of service provision are financially supported by user fees and/or other applicable funding mechanisms such as grants, partnerships, donations, sponsorships, volunteers, or other alternative funding sources. In contrast, **subsidy** includes designated General Fund sources such as property taxes, or other taxing mechanisms that financially support operations and maintenance of services. Subsidy dollars provide for service costs that are not recovered by either user fees or other forms of alternative funding. Essentially, subsidy is the community's investment in parks and recreation.

The total cost recovery (non-tax revenue sources) in FY 2010/11 for the City of Corvallis Parks and Recreation Department was approximately 28 percent in the General Fund. This means that 28 percent of operating expenses comes from fees and other forms of alternative funding such as sales, grants, and interest income. Property tax is the primary tax source of funding for the Department (currently 72%), and it is allocated on an annual basis by the City Council.

Oregon does not have sales tax; therefore, most public services are funded through property taxes. In 2010, the City, along with most cities across the nation, was facing challenges due to the state of the economy and declining property values. The Department was facing crippling budget cuts which endangered the continuation of services. As a result, continued operation of the Osborn Aquatics Center and the Senior Center was threatened. In a demonstration of the importance of these services to the Corvallis community, citizens passed a three-year levy, buying the Department a limited amount of time to explore options to increase its cost recovery and reduce dependence on the shrinking general fund subsidy. In addition, the Department is also exploring the feasibility of becoming a special district to ensure the continuation of these essential parks and recreation services and infrastructure.

This tax referendum, along with community satisfaction ratings, indicates very high City Council and community support for use of tax dollars to fund the many existing services of the Department. However, there continues to be a demand for more high quality facilities and programs. Efforts to meet this demand could be possible through an increase in cost recovery for appropriate programs and services. This enhances the ability to generate revenue while maintaining or increasing the participation needed to generate new dollars. The **Cost Recovery Model, Resource Allocation Philosophy, and Policy** takes into account the funding philosophies that will guide future pricing and allocation of resources.

Current Cost Recovery Accounting

The Department also collects specific amounts of revenue through fees and charges for the various services provided. These revenues are primarily collected from participants utilizing somewhat individualized services such as classes, lessons, admissions, rentals, and merchandise purchase.

The following is a listing of actual cost recovery percentages in FY 2010-11 for a representative sample of categories of service. The percentages listed here are an average based on the actual costs to provide the service. The averages are due to the many different interest areas or services that fall into each category type. For instance, dance classes may have a variety of types of lessons in that sub-category – some that have a higher percentage of cost recovery because of higher demand or participation. Other types of dance lessons may have a lower percentage of cost recovery because of lower demand. Both of these services fall within the same category of service (Classes and Programs – Beginning/Multi-ability), along with a wide variety of other types of beginning level and multi-ability classes and programs, and the cost recovery will vary greatly. In general, and as a group of services, they should be expected to recover a minimum percentage of the cost to continue to offer the program or be offset by other higher-performing services. In another example, introductory group swim lessons (which fall in the Life-Safety category of services along with CPR and First Aid classes) experience a high cost recovery percentage because of high demand, limited alternative opportunity, and comparable pricing in the area.

• Tier 5 – Mostly Individual Benefit	167.52%
• Tier 4 – Considerable Individual Benefit	77.78%
• Tier 3 – Balanced Community and Individual Benefit	77.26%
• Tier 2 – Considerable Community Benefit	38.04%
• Tier 1 – Mostly Community Benefit	4.61%

It is important to recognize that, because of the community service aspect of offerings, the vast majority of the cost of services and facilities offered by the Parks and Recreation Department will be spent on elements that benefit the entire community, and not those elements that have a mostly individual benefit. This is exemplified by the parks, natural areas, trail system,

community-wide events and numerous volunteer opportunities, which have limited or no expectation of cost recovery.

According to Dr. John Crompton, a leading expert on parks and recreation financing, the national average of cost recovery in public parks and recreation is approximately 34 percent. Although the Corvallis Parks and Recreation Department's cost recovery level (28%) is slightly lower than the national average, it is important to note that communities across the country vary in terms of how they allocate direct and indirect costs qualifiers such as availability of resources, size, scope of services, community demand, and ability to pay. Therefore, different departments must maintain cost recovery/subsidy levels that are appropriate based upon their own community's characteristics, values, and available funding.

Pyramid Model and Focus Groups

The Parks and Recreation Department held one staff meeting with 19 participants, as well as three public forums where 63 residents representing the Corvallis community were engaged in focus groups. This served to introduce them to the **Pyramid Methodology**, a current best practice approach that assists agencies in identifying a financial management philosophy detailing the level to which all Department services should be subsidized, if at all. Residents were asked to rank, in order of the degree of community or individual benefit, services for diverse populations with varying interests. They subsequently guided the development of proposed resource allocation levels for the Corvallis Parks and Recreation Department, categorizing each Department service based upon perceived beneficiaries of services, community values, vision and mission.

The resulting pyramid model target cost recovery levels are intended to account for all direct and indirect costs, while working toward increasing the cost recovery of many services. The intent is to help the Park and Recreation Department adjust to the current economic climate and budget restraints, while not decreasing services.

Recommendations – Operational and Financial Strategies

Once all of the above analysis and process was completed, Department staff developed **Operational and Financial Strategies** outlining planning and implementation efforts intended to put the **Cost Recovery Model, Resource Allocation Philosophy, and Policy** into action. This internal working document articulates the broader goals and action steps that must be achieved to realize the intended results of this comprehensive process. These goals and actions will move the organization forward in a logical and organized way while maintaining connectivity to the steps in the financial planning process.

The Recommendations – Operational and Financial Strategies address the following priority broad-based thematic goals:

- Fund and leverage the formal family assistance program
- Clearly define the role and responsibilities of "Affiliates"
- Make fee adjustments
- Review, seek, and implement alternative funding sources
- Reduce expenditures
- Adjust program management strategies
- Improve marketing efforts
- Consider capital investments to increase participation in off peak times of Supervised Park/Facility
- Formally adopt revised departmental policies
- Consider additional potential future opportunities

Goals and action steps have been addressed in detail in the Recommendations – Operational and Financial Strategies portion of this document.

Cost Recovery Targets, Pricing, and Goals Workshop

As a last step, staff participated in a **Cost Recovery Targets, Pricing, and Goals Workshop** intended to create a consistent, fair, and equitable approach to the development of cost recovery targets and service fees and charges based upon established resource allocation goals.

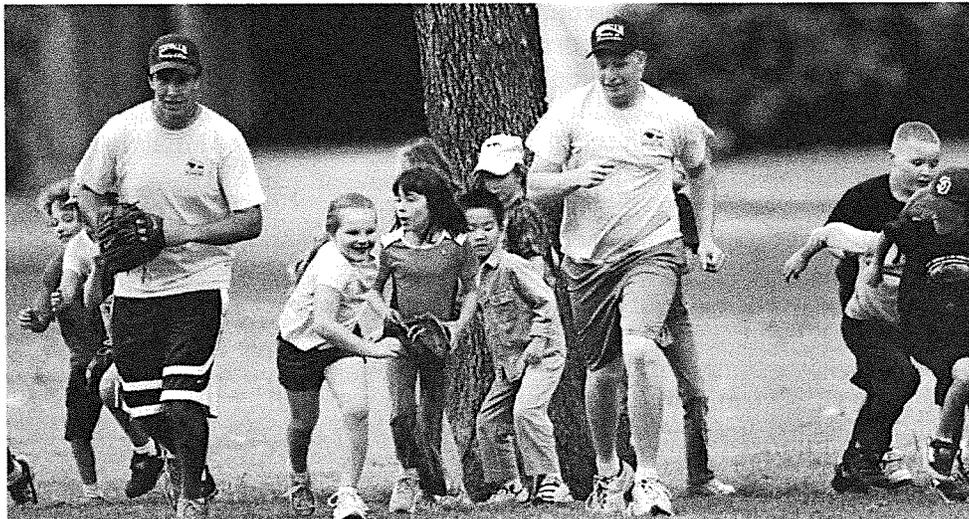
The outcome of this comprehensive process resulted in the proposed **Cost Recovery Model and Resource Allocation Philosophy, and Policy** intended to replace the current fee policy. The purpose is to guide the future development and management of the Department's operational budget and serve as the foundation for setting fees and charges, as well as identifying opportunities for using alternative funding sources.

Conclusion

The primary goal of the Corvallis Parks and Recreation Department's **Cost Recovery Model and Resource Allocation Philosophy, and Policy** is to establish organizational sustainability through a logical and thoughtful philosophy that supports the core values, vision, and mission of the Corvallis Parks and Recreation Department, and its community.

As a result of this comprehensive process and impending results the department will begin implementing strategies that align financial resource allocation with newly developed cost recovery goals. These efforts are intended to create financial and service sustainability for the organization and resulted from the following steps in the process:

- Introduction to the Pyramid Methodology – Resource Allocation Philosophy
- Cost Recovery Targets, Pricing, and Goals Workshop – development of a pricing philosophy
- Recommendations – Operational and Financial Strategies – internal goals and action plan

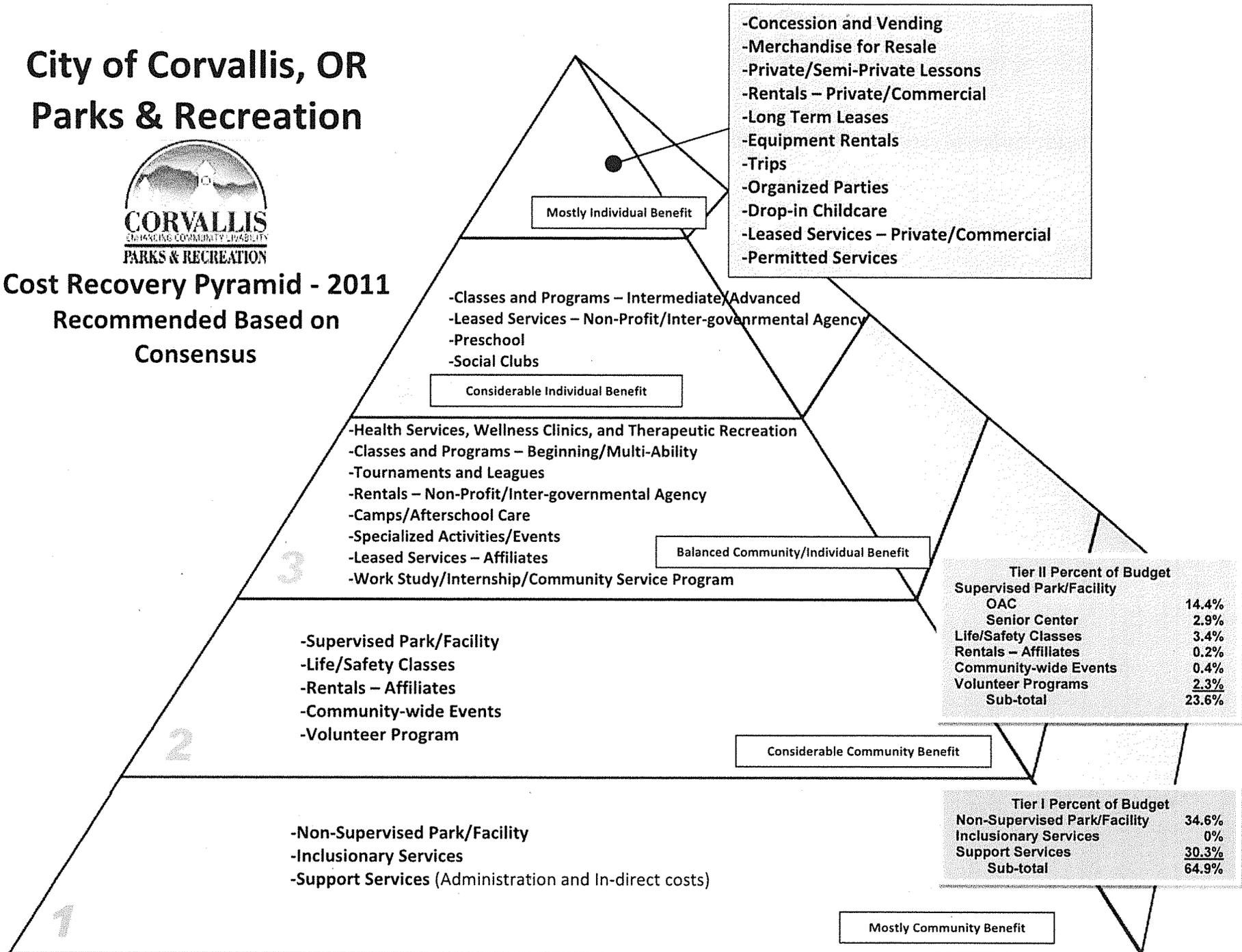


The Pyramid on the following page shows the resulting consensus placement of the categories of service on the five tiers of the pyramid, and the percent of the current operating budget allocation represented by the foundational two tiers (which represents 88.5 percent of the total operating budget of Corvallis Parks and Recreation Department).

City of Corvallis, OR Parks & Recreation



Cost Recovery Pyramid - 2011 Recommended Based on Consensus



The Cost Recovery Model, Resource Allocation Philosophy and Policy Process

A core team of staff members was formed to initiate the **Cost Recovery Model, Resource Allocation Philosophy, and Policy** process. This team was comprised of staff from the Parks and Recreation and Finance Departments. The team was also assisted by several support staff during various portions of the project.

The Core Team

Karen Emery, Director of Parks and Recreation
Stephen DeGhetto, Assistant Director
David Neighbor, Administrative Services Manager
James Mellein, Aquatic Center Supervisor
Sharon Bogdanovic, Senior Center Supervisor
Carol Rathbun, Department Accounting Analyst
Mike Fischer, Aquatic Coordinator
Deb Curtis, Recreation Coordinator
Dave Evenson, Recreation Coordinator
Robert Thornberg, Recreation Coordinator
Chelsea Tibbles, Recreation Coordinator
Matt Rouleau, Parks Maintenance Leadworker
Janet Chenard, Budget & Financial Planning Manager
Tracey Finnegan-Wiese, Budget Analyst

Stakeholder engagement is critical to collective “buy-in,” consensus, and endorsement of the process. Development of the **Cost Recovery Model, Resource Allocation Philosophy, and Policy** included a significant number of educational workshops. These workshops introduced each component of the process and engaged stakeholder groups in interactive dialogue and exercises that led to the design and development of each of the major components of the Cost Recovery Model, Resource Allocation Philosophy and Policy, and the Operational and Financial Strategies for implementation.

Three specific community engagement workshops were held, at which 63 residents representing the Corvallis community had an active “place at the table” for their voices to be heard. Subsequently, these individuals helped guide the development of the **Resource Allocation and Cost Recovery Model**. A variety of participants representing diverse interests were invited to take part in the process.

The process also required extensive time and effort by many Department staff. Educational workshops were the foundation for the development of the Corvallis Parks and Recreation Department’s **Resource Allocation and Cost Recovery Model**. These workshops provided the groundwork for many intensive work sessions and ultimately, for the recommended Model.

STRATEGIC KICK-OFF MEETING

Strategic Kick-off – The Core Team – September 8, 2011

- Introduced team and project organization
- Established project expectations
- Requested start up materials
- Determined Critical Success Factors
- Planned public and stakeholder involvement and outreach efforts
- Began assessment of current cost recovery levels

THE PYRAMID METHODOLOGY – INTRODUCTION, PROCESS, AND SERVICE CATEGORIES

Workshop I (a) – The Core Team, participating staff, Board Members and City Council Members – September 21, 2011

- Reviewed current cost recovery picture and why this project is being undertaken at this time
- Introduced the Cost Recovery Model, Resource Allocation Philosophy and Policy process
- Participated in an exercise – sample sorting of services
- Reviewed the Department's Values, Vision, and Mission statements

Workshop I (b) – The Core Team – September 21, 2011

- Debriefed from Workshop I (a)
- Discussed logistics for and roles of table facilitators for Workshop II Public Forums
- Developed the Corvallis Parks and Recreation Department's categories of service (see **Appendix A**)
- Held a preliminary discussion of direct and indirect costs (see **Appendix B**)
- Held a preliminary discussion of other financial terms and definitions, and assigned small group to develop glossary of terms (see **Appendix C**)

THE PYRAMID METHODOLOGY – SERVICE CATEGORIES

Workshop II (a) – Citizens Focus Group and Department Staff – October 4-5, 2011

- Presented the Pyramid Method
- Reviewed the Department's Values, Vision, and Mission Statements
- Reviewed Department's categories of service
- Sorted categories of service on the pyramid according to beneficiary

Workshop II (b) – The Core Team – October 6, 2011

- Debriefed from Workshop II (a)
- Developed the Consensus Pyramid – results and disconnects
- Defined direct and indirect costs
- Applied costs to sample services – zero-based budgeting principals
- Discussed process to determine current cost recovery levels
- Discussed policies to address
- Provided sample Partnership and Sponsorship policies for Corvallis Parks and Recreation to use

THE PYRAMID METHODOLOGY – ABC BUDGET PRINCIPALS AND TARGET COST RECOVERY

THE PYRAMID METHODOLOGY – GOAL SETTING

Workshop III – The Core Team – November 17, 2011

- Applied direct costs to all services – zero-based budgeting principals
- Determined minimum targets of cost recovery for each tier
- Discussed the disconnects
- Determined relative pricing strategies
- Discussed recommendations and action steps
- Created the Glossary of Terms (see **Appendix C**)

Parks, Natural Areas, and Recreation Board (PNARB) Briefing – November 17, 2011

- Updated Board on project
- Updated Board on decisions
- Provided preliminary policy recommendations

Parks, Natural Areas, and Recreation Board (PNARB) – December 6, 2011

- At a special meeting, PNARB moved to recommend to the City Council to adopt the pyramid methodology and recommendations.

Review and Analysis of Benefits, Vision, and Mission

These fundamental principles create a logical, philosophical framework that guides and directs decision-making efforts. They are the foundation for all organizational decisions and processes.

A Department's vision helps determine those community conditions the Department wishes to impact through the organizational mission. The Department mission helps guide management decisions, often substantiating difficult decisions making them justifiable and defensible.

The City of Corvallis established a series of guiding statements and principles that were reviewed, analyzed, and considered as the process advanced. These include the Department's benefits statements, mission, and vision.

Corvallis Parks and Recreation Values/Benefits, Vision, and Mission Statements

Benefits of Parks and Recreation

It is common for cities the size of Corvallis to offer their citizens the services of a parks and recreation department. They do so because they know that maintaining city parks and offering recreation services enhances the livability of a city and offers a wide variety of benefits. Some of the ways Corvallis residents benefit from Parks and Recreation include:

PERSONAL BENEFITS:

- Helps balance lives, assists participants to achieve their full potential and gain life satisfaction.
- Helps youth make positive lifestyle choices and offers alternatives to self-destructive behavior, including youth crime.
- Enhances children's play which is essential to the human development process.
- Ensures a full and meaningful life.
- Helps to manage stress in one's life in today's busy and demanding world.
- Provides the framework to improve a person's self-esteem and positive self image.
- Refreshes strength and spirit.

SOCIAL BENEFITS:

- Parks & Recreation gives citizens the opportunity to try new things.
- Provides social opportunities that help reduce alienation, loneliness, and antisocial behavior.
- Builds strong families – the foundation for a vital community.
- Provides opportunities for community involvement, and shared management and ownership of resources.
- Offers structured activities and programs.
- Promotes ethnic and cultural harmony.
- Ensures the leisure services are accessible to everyone.
- Enriches and complements other services for youth through after school and other recreational services.

ECONOMIC BENEFITS:

- Promotes a healthy and productive work force.
- Can motivate and attract business relocation and expansion in the community.
- Reduces the level of vandalism and criminal activity and their associated high cost.
- Catalyst for tourism.
- Investments in the environment; parks and natural areas maintain an ecological balance in an urbanized setting.
- Enhances property values.
- Attracts retirees.

ENVIRONMENTAL BENEFITS:

- Maintains green space to help filter and reduce run off from developed areas.
- Helps to protect natural/historical features of the natural landscape.
- Provides habitat for wildlife and flora species.
- Can help to reduce travel time and offset the effects of pollution.

Our MISSION

Corvallis Parks and Recreation preserves and creates a community heritage by providing places and programs designed to enhance the quality of life.

Our VISION

Corvallis Parks and Recreation Department will play a pivotal role in maintaining a high standard of livability in our community. We will enhance the quality of life for residents with our green network of attractive, well managed parks, trails, and natural areas and create a premier destination for visitors.

Programs and services offered by the Department will be excellent in terms of value and quality. We will invite the citizens of Corvallis to make healthy, sustainable choices by offering a variety of recreational and wellness activities, facilities, volunteer opportunities, and educational programs.

Corvallis citizens and visitors will experience outstanding customer service and will partner with Parks and Recreation professionals. The community will experience a sense of ownership of their parks. People of all ages, abilities, and incomes will enjoy attractive and accessible facilities and an exceptionally diverse selection of innovative and fun recreational opportunities.
(Last Updated April 13 2011)

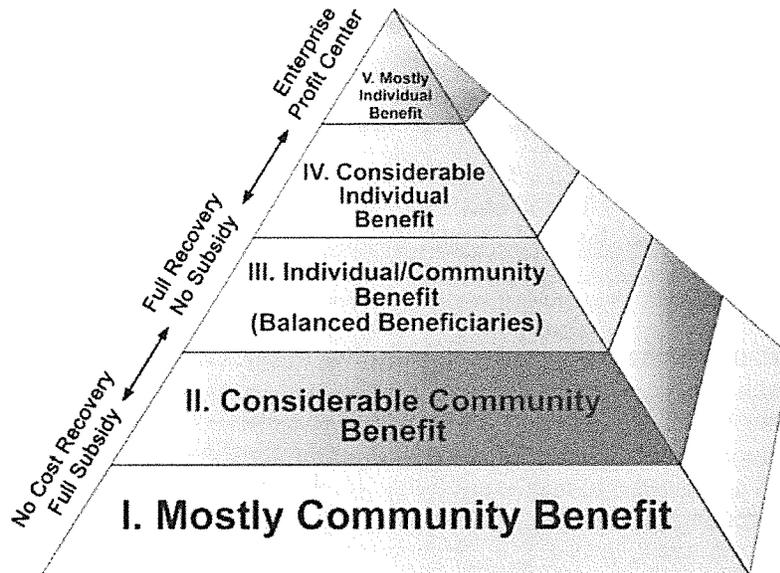
The Pyramid Methodology: Cost Recovery and Subsidy Allocation Philosophy

The creation of a cost recovery and subsidy allocation philosophy and policy is a key component to maintaining an agency's financial control, equitably pricing offerings, and helping to identify core services, including programs and facilities.

Critical to this philosophical undertaking is the support and buy-in of elected officials and advisory boards, staff, and ultimately, citizens. Whether or not significant changes are called for, the organization should be certain that it philosophically aligns with its constituents. The development of a financial resource allocation philosophy and policy is built upon a very logical foundation, based upon the theory that those who benefit from parks and recreation services ultimately pay for services.



The Pyramid Methodology



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The development of a financial resource allocation philosophy can be separated into the following steps:

Step 1 – Building on Your Organization's Values, Vision, and Mission

The premise of this process is to align agency services with organizational values, vision, and mission. It is important that organizational values are reflected in the vision and mission. Often times, mission statements are a starting point and further work needs to occur to create a more detailed common understanding of the interpretation of the mission and a vision for the future. This is accomplished by engaging staff and community members in a discussion about a variety of **Filters**.

Step 2 – Understanding the Pyramid Methodology, the Benefits Filter, and Secondary Filters

Filters are a series of continuums covering different ways of viewing service provision. **Filters** influence the final positioning of services as they relate to each other and are summarized below. The **Benefits Filter** however, forms the **foundation** of the **Pyramid Model** and is used in this discussion to illustrate a cost recovery philosophy and policies for parks and recreation organizations.

Filter	Definition
Benefit	Who receives the benefit of the service? (Skill development, education, physical health, mental health, safety)
Access/Type of Service	Is the service available to everyone equally? Is participation or eligibility restricted by diversity factors (i.e., age, ability, skill, financial)?
Organizational Responsibility	Is it the organization's responsibility or obligation to provide the service based upon mission, legal mandate, or other obligation or requirement?
Historical Expectations	What have we always done that we cannot change?
Anticipated Impacts	What is the anticipated impact of the service on existing resources? On other users? On the environment? What is the anticipated impact of not providing the service?
Social Value	What is the perceived social value of the service by constituents, city staff and leadership, and policy makers? Is it a community builder?

THE BENEFITS FILTER

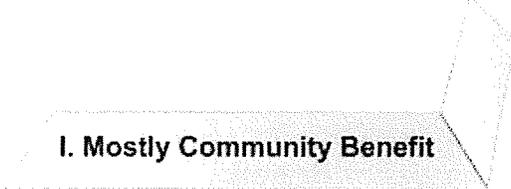
The principal foundation of the Pyramid is the **Benefits Filter**. Conceptually, the base level of the pyramid represents the mainstay of a public parks and recreation system. Services appropriate to higher levels of the pyramid should only be offered when the preceding levels below are comprehensive enough to provide a foundation for the next level. This foundation and upward progression is intended to represent public parks and recreation's core mission, while also reflecting the growth and maturity of an organization as it enhances its service offerings.

It is often easier to integrate the values of the organization with its mission if they can be visualized. An ideal philosophical model for this purpose is the pyramid. In addition to a physical structure, *pyramid* is defined by Webster's Dictionary as "an immaterial structure built on a broad supporting base and narrowing gradually to an apex." Parks and recreation programs are built with a broad supporting base of core services, enhanced with more specialized services as resources allow. Envision a pyramid sectioned horizontally into five levels.

NOTE: All examples which follow are generic – individual agencies vary in their determination of which services belong in the foundation level of the Pyramid based upon agency values, vision, mission, demographics, goals, etc.

MOSTLY COMMUNITY Benefit

The foundational level of the Pyramid is the largest, and includes those services including programs and facilities which **MOSTLY** benefit the **COMMUNITY** as a whole. These services may increase property values, provide safety, address social needs, and enhance quality of life for residents. The community generally pays for these basic services via tax support. These services are generally offered to residents at a minimal charge or with no fee. A large percentage of the agency's tax support would fund this level of the Pyramid.

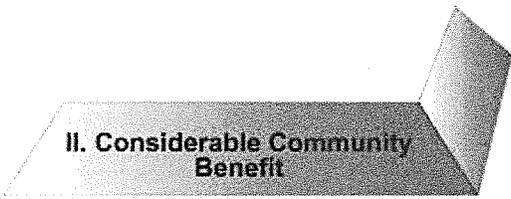


I. Mostly Community Benefit

Examples of these services could include: the existence of the community parks and recreation system; the ability for youngsters to visit facilities on an informal basis; low-income or scholarship programs; park and facility planning and design; park maintenance; or others.

CONSIDERABLE COMMUNITY Benefit

The second and smaller level of the Pyramid represents services which promote individual physical and mental well-being, and may begin to provide skill development. They are generally traditionally expected services and/or beginner instructional levels. These services are typically assigned fees based upon a specified percentage of direct (and may also include indirect) costs. These costs are partially offset by both a tax subsidy to account for **CONSIDERABLE COMMUNITY** benefit and participant fees to account for the **Individual** benefit received from the service.

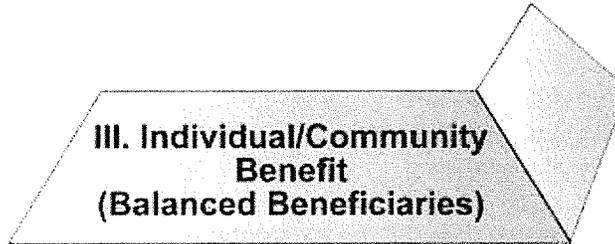


II. Considerable Community Benefit

Examples of these services could include: the capacity for teens and adults to visit facilities on an informal basis; beginning level instructional programs and classes; etc.

BALANCED INDIVIDUAL/COMMUNITY Benefit

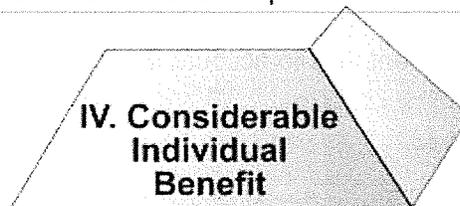
The third and even smaller level of the Pyramid represents services that promote individual physical and mental well-being, and provide an intermediate level of skill development. This level provides balanced **INDIVIDUAL** and **COMMUNITY** benefit and should be priced accordingly. The individual fee is set to recover a higher percentage of cost than those services that fall within lower Pyramid levels.



Examples of these services could include: summer recreational day camp; summer sports leagues; year-round swim team; etc.

CONSIDERABLE INDIVIDUAL Benefit

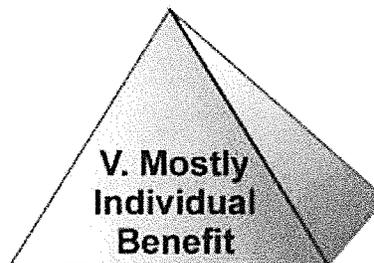
The fourth and still smaller Pyramid level represents specialized services generally for specific groups, and those which may have a competitive focus. Services in this level may be priced to recover full cost, including all direct and indirect expenses.



Examples of these services could include: specialty classes and outdoor adventure programs.

MOSTLY INDIVIDUAL Benefit

At the top of the Pyramid, the fifth and smallest level represents services which have revenue positive potential, may be in an enterprise fund, may be in the same market space as the private sector, or may fall outside the core mission of the agency. In this level, services should be priced to recover full cost in addition to a designated revenue positive percentage.



Examples of these activities could include: elite diving teams; food concessions; company picnic rentals; and other facility rentals such as for weddings or other services.

Examples of the Applied Benefits Filter

The following example illustrates the benefit filter as it might apply to aquatic services.

The Benefits Filter in Action

- MOSTLY INDIVIDUAL - elite swimming or diving team
- CONSIDERABLE INDIVIDUAL - swim team
- INDIVIDUAL/COMMUNITY - swim lessons
- CONSIDERABLE COMMUNITY - pool
- MOSTLY COMMUNITY - spray ground, non-monitored lake

The following illustrates the benefits filter as it might apply to park services.

The Benefits Filter in Action

- MOSTLY INDIVIDUAL - marina concessions
- CONSIDERABLE INDIVIDUAL - boat launch or reserved camp site
- INDIVIDUAL/COMMUNITY - monitored nature garden or interpretive park
- CONSIDERABLE COMMUNITY - farmer's market
- MOSTLY COMMUNITY - non-monitored open space park or trail

Step 3 – Developing the Organization’s Categories of Service

In order to avoid trying to determine cost recovery or subsidy allocation levels for each individual agency service including every program, facility or property, it is advantageous to categorize agency services into like categories. This step also includes the development of category definitions that detail and define each category; and service inventory “checks and balances” to ensure that all agency services belong within a developed category. Examples of Categories of Service could include: beginner instructional classes, special events, and concessions/vending.

Step 4 – Sorting the Categories of Services onto the Pyramid

It is critical that this sorting step be done with staff, governing body, and citizen representatives involved. This is where ownership is created for the philosophy, while participants discover the current and possibly varied operating histories, cultures, and organizational values, vision, and mission. It is the time to develop consensus and get everyone on the same page – the page that is written together. Remember, this effort must reflect the community and must align with the thinking of policy makers.

Sample Policy Development Language (which follows)

"Sample" community brought together staff from across the Department, agency leadership, and citizens to sort existing programs into each level of the Pyramid. The process was facilitated by an objective and impartial facilitator in order to hear all viewpoints. It generated discussion and debate as participants discovered what different people had to say about serving culturally and economically varied segments of the community; about historic versus active-use parks; about the importance of adult versus youth versus senior activities; and other philosophical and values-based discussions. This process gets at both the "what" and "why" with the intention of identifying common ground and consensus.

Step 5 – Determining (or Confirming) Current Subsidy/Cost Recovery Levels

This step establishes the expectation that the agency will confirm or determine current cost recovery and subsidy allocation levels by service area. This will include consideration of revenue sources and services costs or expenses. Typically, staff may not be cost accounting consistently, and these inconsistencies will become apparent. Results of this step will identify whether staff members know what it costs to provide services to the community; whether staff have the capacity or resources necessary to account for and track costs; whether accurate cost recovery levels can be identified; and whether cost centers or general ledger line items align with how the agency may want to track these costs in the future.

Step 6 – Defining Direct and Indirect Costs

The definition of direct and indirect costs can vary from agency to agency. What is important is that all costs associated with directly running a program or providing a service are identified and consistently applied across the system. Direct costs typically include all the specific, identifiable expenses (fixed and variable) associated with providing a service. These expenses would not exist without the service and may be variable costs. Defining direct costs, along with examples and relative formulas is necessary during this step.

Indirect costs typically encompass overhead (fixed and variable) including the administrative costs of the agency. These costs would exist without any specific service but may also be attributed to a specific agency operation (in which case they are direct expenses of that operation). If desired, all or a portion of indirect costs can be allocated to a service, in which case they become a direct cost allocation.

Step 7 – Establishing Cost Recovery/Subsidy Goals

Subsidy and cost recovery are complementary. If a program is subsidized at 75 percent, it has a 25 percent cost recovery, and vice-versa. It is more powerful to work through this exercise thinking about where the tax subsidy is used rather than what is the cost recovery. When it is complete, you can reverse thinking to articulate the cost recovery philosophy, as necessary.

The overall subsidy/cost recovery level is comprised of the average of everything in all of the levels together as a whole. This step identifies what the current subsidy level is for the programs sorted into each level. There may be quite a range within each level, and some programs could overlap with other levels of the pyramid. This will be rectified in the final steps.

This step must reflect your community and must align with the thinking of policy makers regarding the broad picture financial goals and objectives.

Examples

Categories in the bottom level of the Pyramid may be completely or mostly subsidized, with the agency having established limited cost recovery to convey the value of the experience to the user. An established 90-100 percent subsidy articulates the significant community benefit resulting from these categories.

The top level of the Pyramid may range from 0 percent subsidy to 50 percent excess revenues above all costs, or more. It is possible that the agency may not have any Categories of Service in the top level.

Step 8 – Understanding and Preparing for Influential Factors and Considerations

Inherent to sorting programs onto the Pyramid model using the **Benefits** and other filters is the realization that other factors come into play. This can result in decisions to place services in other levels than might first be thought. These factors also follow a continuum; however, they do not necessarily follow the five levels like the Benefits Filter. In other words, a specific continuum may fall completely within the first two levels of the Pyramid. These factors can aid in determining core versus ancillary services. These factors represent a layering effect and should be used to make adjustments to an initial placement on the Pyramid.

THE COMMITMENT FACTOR: What is the intensity of the program; what is the commitment of the participant?



THE TRENDS FACTOR: Is the program or service tried and true, or is it a fad?



THE POLITICAL FILTER: What is beyond our control?

This filter does not operate on a continuum, but is a reality, and will dictate from time to time where certain programs fit in the pyramid

THE MARKETING FACTOR: What is the effect of the program in attracting customers?



THE RELATIVE COST TO PROVIDE FACTOR: What is the cost per participant?



THE ECONOMIC CONDITIONS FACTOR: What are the financial realities of the community?

Low Ability to Pay

Pay to Play

FINANCIAL GOALS FACTOR: Are we targeting a financial goal such as increasing sustainability, decreasing subsidy reliance?

**100%
Subsidized**

**Generates Excess
Revenue over Direct
Expenditures**

Step 9 – Implementation

Across the country, ranges in overall cost recovery levels can vary from less than 10 percent to over 100 percent. Each agency sets its goals based upon values, vision, mission, stakeholder input, funding, and/or other criteria. This process may have been completed to determine present cost recovery levels, or the agency may have needed to increase cost recovery levels in order to meet budget targets. Sometimes, simply implementing a policy to develop equity is enough without a concerted effort to increase revenues. Upon completion of steps 1-8, the agency is positioned to illustrate and articulate where it has been and where it is heading from a financial perspective.

Step 10 – Evaluation

The results of this process may be used to:

- Articulate and illustrate a comprehensive cost recovery and subsidy allocation philosophy
- Train staff at all levels as to why and how things are priced the way they are
- Shift subsidy to where is it most appropriately needed
- Benchmark future financial performance
- Enhance financial sustainability
- Recommend service reductions to meet budget subsidy targets, or show how revenues can be increased as an alternative
- Justifiably price new services

The Pyramid Methodology – Target Cost Recovery

As the project progressed, a consensus pyramid from the public process was created along with recommendations for minor adjustments (this pyramid follows). The target cost recovery percentages were established based on current cost recovery when all direct and indirect costs were allocated, and with the goal of increasing cost recovery for the Department.

Direct Cost: Includes all the specific, identifiable expenses (fixed and variable) associated with providing a service, program, or facility (see **Appendix B**). These expenses would not exist without the program or service and often increase exponentially.

Departmental Administration or Indirect (Support Services) encompasses remaining overhead (fixed and variable) not identified as Direct Costs. These *Indirect Costs* would generally exist without any one specific service.

The **Aquatics and Senior Centers** generate revenues through fees and charges on their own through drop-in admission and passes. Therefore, most of the facility operating cost is allocated directly to the Supervised Park/Facility and rentals.

Costs Allocation Methodology for:

- **Aquatics/Senior Centers Rentals** – Hourly costs for these types of facilities are based on a formula using expenditures directly related to the cost of operating the facility. Expenditures include utilities, telecommunications, custodial services and supplies, a percentage of FTE staff, and a percentage of casual staff. Those costs are divided into operating hours in each facility and the square footage of the facility. This formula establishes per hour/per square foot rates for each facility. The rate is used to determine cost recovery levels for rentals.
- **Programs** – The cost of a program is determined by calculating all direct expenditures associated with the program. Expenditures include FTE and casual staff time (program development and scheduling, registration and maintenance, and instruction/leader), services and supplies, and contractor percentage, when applicable.

Consultant recommended minor modifications to the Consensus Pyramid:

Leased Services (facility and program management or scheduling, labor, supervision, and other support services provided by agency through contract to another person, agency, or affiliate) posed some confusion due to combining all groups together. Therefore, we separated the types of groups/individuals who may utilize this service into three categories:

Leased Services-Private/Commercial – facility and program management or scheduling, labor, supervision, and other support services provided by agency through contract to a private individual, group, or for-profit business (example: homeowner weed abatement, private tree removal, etc.).

Leased Services-Non-Profit/Inter-governmental Agency – facility and program management or scheduling, labor, supervision, and other support services provided by agency through contract to a 501 (c)(3) or (c)(4) non-profit agency (example: churches, Boys and Girls Club, Humane Society, Civic Organizations, Corvallis Aquatics Team, Samaritan Health, Little League, ORPA, etc.) or to other government departments or groups for governmental business (example: county or city agencies, school districts, CWCOG, LBCC, OSU, etc.).

Leased Services-Affiliates – facility and program management or scheduling, labor, supervision, and other support services provided by agency through contract to outside groups or other agencies and groups identified as having allied interests with the agency, fulfills a core service in lieu of the agency, and are of interest to the community at large (example: Da Vinci Days, Youth Volunteer Corps for projects with others, Fall Festival, Red/White and Blues, and other Rental Affiliates for services above and beyond the rental agreement, etc.).

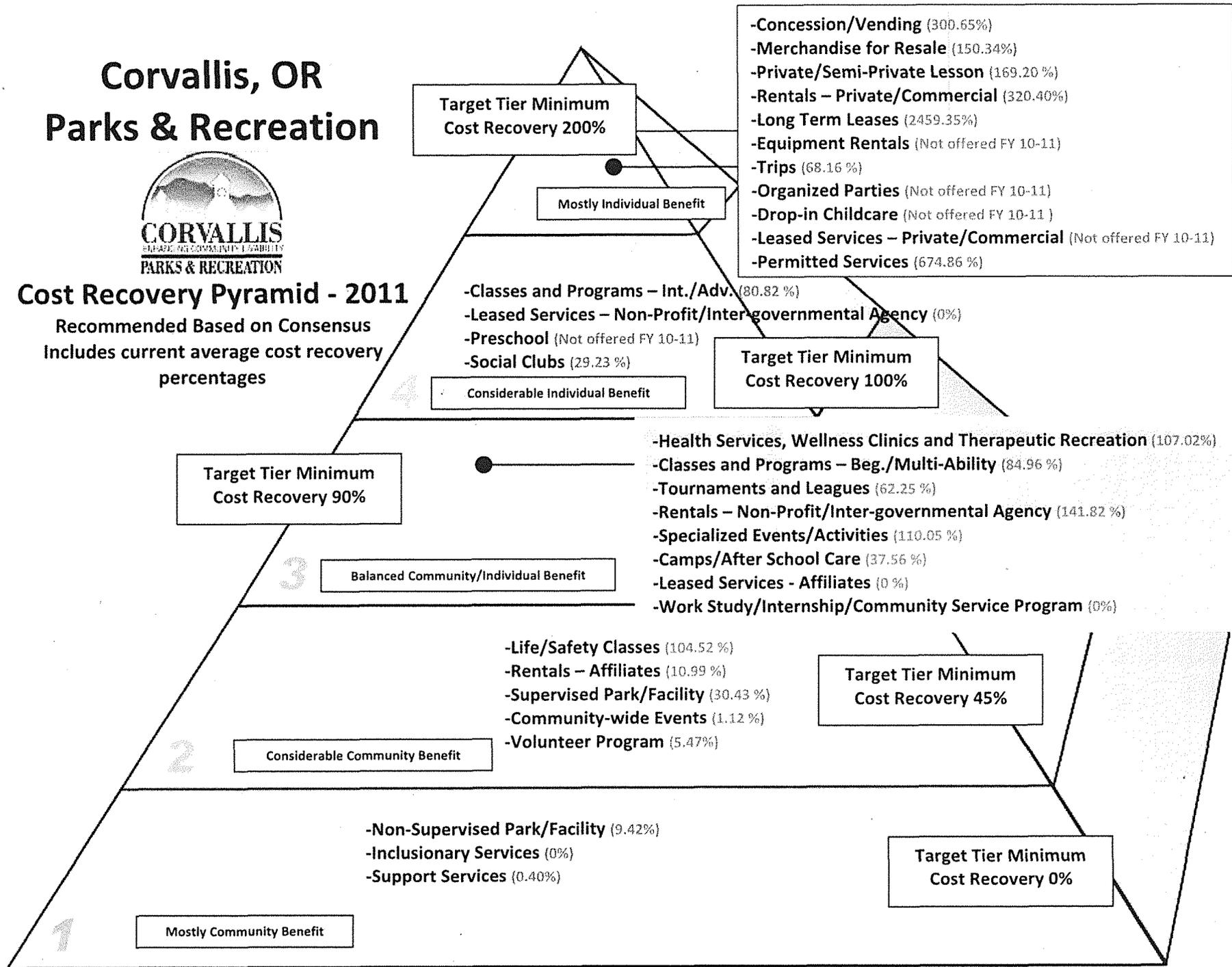
Target Tier Range Cost Recovery Percentages were established by analyzing to which category or categories of service the majority of resources were allocated by each tier or level, coupled with typically current cost recovery based on the definitions of direct and indirect costs. The Target Tier Range Cost Recovery Percentages represent the range of cost recovery for categories of service within that tier and are only attempting to recover **Direct Cost** of service provision, not all costs, or fully loaded (direct and indirect) costs.

Corvallis, OR Parks & Recreation



Cost Recovery Pyramid - 2011

Recommended Based on Consensus
Includes current average cost recovery percentages



Pricing 101: Developing a Pricing Strategy

As the final step in the development of the **Cost Recovery Model, Resource Allocation Philosophy, and Policy**, a high-level pricing discussion was introduced for supervisory staff. This discussion should continue in the future, and the following topic areas should be included and applied:

1. Understanding financial trends

The increasing complexity and resulting shifts of our society's economy have led to what can be deemed as constant fiscal change in government. Public sector administrators and managers must be prepared to respond to the fiscal realities that have resulted from these economic shifts. Trends that impact fiscal and pricing decisions include:

- Increased governmental accountability
- Increased demand for people's "leisure dollar"
- On-going or increased demand for services with no/limited additional funding, or decreased funding
- Disinterest in service reductions or increased fees and charges
- Increased operating expenses (e.g., utilities, fuel, personnel, supplies)

2. Understanding the budget process and fiscal year cycle

Budgets are viewed as annual financial plans and include planning and forecasting, establishing priorities, and a way to monitor fiscal process. This overview allows for an abbreviated look at the process and how it impacts and is impacted by pricing.

3. Understanding the costs of service provision

Prior to making pricing decisions, it is important to understand the different types of service provision costs. Having a grounded knowledge of the various types of costs allows staff to make better informed pricing decisions. The different types of service provision costs are as follows:

- Direct costs
 - Fixed costs
 - Changing fixed costs
 - Variable costs
- Indirect Costs

Refer to **Appendix C** where the definitions are found.

4. Understanding the purpose of pricing

There are many reasons to develop service fees and charges. These include, but are not limited to, the following:

- Recover costs
- Create new resources
- Establish value
- Influence behavior
- Promote efficiency

5. Pricing strategies - differential pricing

Differential pricing is grounded in the notion that different fees are charged for the same service when there is no real difference in the cost of providing the service. There may be many reasons why Corvallis may wish to expand use of this pricing strategy including:

- To stimulate demand for a service during a specified time
- To reach underserved populations

- To shift demand to another place, date, or time

6. **Alternative funding sources**

In general, there has been a decrease in the amount of tax support available to public parks and recreation departments across the nation. Corvallis has experienced this and is forward thinking in its planning. As such, the need to look at alternative funding sources as a way to financially support services has become commonplace. Alternative funding sources are vast and can include:

- Gifts
- Grants
- Donations
- Sponsorships
- Collaborations
- Volunteer contributions

7. **Examining the psychological dimensions of pricing**

In addition to the social and environmental issues that surround pricing, the human elements of pricing must be considered. Regardless of how logical a price may seem, customer reactions and responses are their own and can be vastly different than what one might expect. The psychological dimensions of pricing include:

- Protection of self-esteem (pricing in such a way as to not offend certain users)
- Price-quality relationship (value received for every dollar spent)
- Establishing a reference point (worth of service in comparison to others)
- Objective price (price has a basis in fact, is real and impartial)
- Subjective price (perception of bias or prejudice)
- Consistency of image (perception of the brand and identification with product or service)
- Odd price (perception of arbitrary or incongruent pricing)

8. **Establishing initial price**

Establishing an actual price for a program can be based upon a variety of strategies. Arbitrary pricing is not encouraged as it is impossible to justify; however, these strategies include:

- Arbitrary pricing: a fee based on a general provision such as raising all fees \$0.25 to meet budget goals – ignores market conditions and cost recovery goals.
- Market pricing: a fee based on demand for a service or facility or what the target market is willing to pay for a service. The private and commercial sectors commonly use this strategy. One consideration for establishing a market rate fee is determined by identifying all providers of an identical service (i.e. private sector providers, municipalities, etc.), and setting the highest fee. Another consideration is setting the fee at the highest level the market will bear.
- Competitive pricing: a fee based on what similar service providers or close proximity competitors are charging for services. One consideration for establishing a competitive fee is determined by identifying all providers of an identical service (i.e. private sector providers, municipalities, etc.), and setting the mid-point or lowest fee.
- Cost recovery pricing: a fee based on cost recovery goals within market pricing ranges.

9. Understanding price revisions

Once a price is established, there may be the need to periodically review the price and examine the need for revision. In some cases, "revised" may be viewed as "increased"; therefore, a systematic approach to pricing revision is important. Factors to consider in pricing revision include:

- Customer tolerance: the degree to which small increases in price will not encounter client resistance.
- Adjustment period: the period of time where the value of the service is assessed by the customer in relation to the price increase. The value of the service from the customer's perspective must meet or exceed the impact of the increased cost. Adjustment periods may lead to diminished participation or termination of participation altogether based upon customer loyalty and other factors.
- Customers' perceived value of the service: the degree to which services including programs, facilities, and parks impact the public (individual and community), or in other words, the results or outcomes of services. Value is the judgment or perception of worth or the degree of usefulness or importance placed on a service *by personal opinion*. The intent or intention of a service is the purpose, aim, or end.

10. The pricing process – developing a method

Staff participating in the series of resource allocation workshops engaged in interactive cost identification and pricing exercises that applied the cost recovery goals of their respective service areas. The workshops prompted discussions leading to recommended changes to selected current pricing practices with the intention of attaining recommended cost recovery and subsidy allocation goals and establishing a new method for setting fees and charges. This method is based upon using cost recovery goals as a primary pricing strategy, followed by either market pricing (for services with low alternative coverage – few if any alternative providers) or competitive pricing (for services with high alternative coverage – other alternative providers offer similar or like services).

Comparative Analysis Criteria

As part of a pricing methodology, comparative analysis of differing fees structures can reveal market rates and competitive pricing in the market place. Comparative analysis (benchmarking) is an important tool that allows for comparison of certain attributes of the Corvallis's management practices and fee structure. This process creates deeper understanding of alternative providers, your place in the market, and varying fee methodologies, which may be used to enhance and improve the service delivery of parks and recreation. The suggested criteria are found in **Appendix D**.

Recommendations - Operational and Financial Strategies

Implementing the Cost Recovery Model, Resource Allocation Philosophy, and Policy

The Department's **Recommendation – Operational and Financial Strategies** will act as an internal work plan spanning a one-year period. The recommended strategies will be the implementation catalyst for the Cost Recovery Model, Resource Allocation Philosophy and Policy.

These considerations include the establishment of broad-based emphasis areas and subsequent action strategies. These strategies outline financial service planning and operational efforts intended to move the organization forward in a logical and organized way while maintaining connectivity to the previous steps in the Cost Recovery Model, Resource Allocation Philosophy and Policy development process. The following outlines the Action Plan's components.

The primary goal of the Corvallis Parks and Recreation Department's **Cost Recovery and Resource Allocation Model, and Pricing Strategy** is to establish organizational sustainability through a logical and thoughtful philosophy that supports the core values, vision and mission of the Corvallis Parks and Recreation Department, and its community.

As a result of the comprehensive process and impending results as illustrated in the Cost Recovery Pyramid Model, the Department will begin the process of implementing strategies and aligning financial resource allocation with newly developed cost recovery goals. These efforts are intended to guide goals and objectives, and the decision-making proven to create service sustainability for the organization.

Operational and Financial Strategies to Meet Cost Recovery Goals

On the following pages, ten strategies or goals, along with corresponding objectives and action steps were developed with the Core Team. These were presented to the Parks, Natural Areas and Recreation Board for input and consideration on November 17, 2011. The Board gave their approval and support. A special meeting was held on December 6, 2011 and the Board moved to recommend City Council adopt the pyramid methodology and the recommendations. Following these goals, objectives, and action items is the recommendation for revisions to the current **City of Corvallis Parks and Recreation Department Fees Policy 10.03.060**.

Goals, Objectives, and Action Items

1. Fund and leverage the Family Assistance Program (reduced or waived fees)

- 1.1. *Fund the program with a general fund allocation*
- 1.2. *Leverage funding through revenue generated from well-performing services in high demand and place in the Family Assistance Program*
- 1.3. *Transfer these funds into the revenue line items of the programs*
- 1.4. *Seek additional or seed funding for the program through an endowment or sponsorship*

2. Define the role and responsibilities of “Affiliates”

- 2.1. *Define affiliates as anyone, organization, agency, or group whose values, vision, and mission are strategically aligned and fulfill a core service or key initiative for the Department*
- 2.2. *Ensure that all approved agreements are in writing*
- 2.3. *Seek collaboration opportunities for affiliates*

3. Adjust fees

3.1. *Adjust fees for services that have the greatest departure from cost recovery targets*

3.1.1. Tier 2 – Senior Center (Supervised Facility)

3.1.1.1. *Develop a “Silver/Gold Pass” package (examples of benefits might include)*

3.1.1.1.1. Computer lab with WiFi access

3.1.1.1.2. Free coffee

3.1.1.1.3. Game room, bridge and pinochle

3.1.1.1.4. Drop-in passes to OAC

3.1.2. Tier 2 – OAC

3.1.2.1. *Evaluate the “memberships” concept and fees versus a user discount packages (for admissions) for benefits*

3.1.2.2. *Consider a name change to “Silver/Gold Pass” (as an example) and redefine what membership means versus discount admission*

- 3.1.2.3.** *Review the daily admission fee*
- 3.1.2.4.** *Promote volume discounted use*
- 3.1.2.5.** *Evaluate dual Senior Center and OAC as an “Active Adult Membership” (as an example)*
- 3.1.3.** Tier 2 – Rentals Affiliates
 - 3.1.3.1.** *Evaluate current fees (\$1 per year rental agreements)*
 - 3.1.3.2.** *Research value to market ROI (a benchmark of fees or rates charged to value received of like or similar providers, of like or similar spaces, with like or similar services/amenities, etc....)*
 - 3.1.3.3.** *Amend agreement to include value of alternative funding (in kind service) and/or fee increases to reach cost recovery goals*
 - 3.1.3.4.** *Bring forward for Council action those agreements deemed appropriate by Director*
- 3.1.4.** Tier 2 – Community-wide Events
 - 3.1.4.1.** *Create sponsorship packages*
 - 3.1.4.2.** *Consider admission fees, vendors, concessions, etc.*
- 3.1.5.** Tier 3 – Leased Services – Affiliates
 - 3.1.5.1.** *Capture the value of alternative funding (in kind service) and/or fee increases to reach cost recovery goals*
- 3.1.6.** Tier 3 – Camps/After School Care
 - 3.1.6.1.** *Increase cost recovery with the elimination of the Council policy restricting the cost recovery of this high demand program to 30-50%*
 - 3.1.6.2.** *Charge market rate pricing*
 - 3.1.6.3.** *Charge additional fees (currently free) for the pre and post extended services*
 - 3.1.6.4.** *Consider adding Friday options if warranted in lieu of Tier 5 – Fantastic Fridays to meet cost recovery goals*
- 3.1.7.** Tier 3 – Tournaments and Leagues
 - 3.1.7.1.** *Increase the use of volunteer coaches*
 - 3.1.7.2.** *Consider fee increases based on the results of the benchmarking*

- 3.1.7.3. *Maximize staffing efficiencies*
- 3.1.7.4. *Add sponsorship program (banners, etc.)*
- 3.1.7.5. *Market to non-city areas (as this provides additional revenue streams)*
- 3.1.7.6. *Consistently structure current fees as the “early-bird” discounted fee, and add a regular deadline fee*

3.1.8. Tier 5 – Trips

- 3.1.8.1. *Eliminate selective trips which are not able to meet their cost recovery goals with minimal participation, like Fantastic Fridays*
- 3.1.8.2. *Evaluate the minimum required participants and the cost/value of each trip*
- 3.1.8.3. *Offer higher demand trips selectively*

3.2. Consider fee adjustments (and alternative funding) for selected services to reach cost recovery goals

3.2.1. Tier 2 – Youth Volunteer Corps

- 3.2.1.1. *Institute a participation fee for the summer program*
 - 3.2.1.1.1. *Investigate a sponsorship program for this service*

3.2.2. Tier 2 – Life-safety Classes

- 3.2.2.1. *Increase the participation in these high demand services*

3.2.3. Tier 3 – Classes and Programs – Beginning/Multi-ability

- 3.2.3.1. *Review contracts with instructors to be sure all costs are included based on cost recovery goals*
- 3.2.3.2. *Consider raising fees on higher demand programs*
- 3.2.3.3. *Eliminate selective programs which are not able to meet their cost recovery goals with minimal participation*

3.2.4. Tier 4 – Classes and Programs – Intermediate/Advanced

- 3.2.4.1. *Adjust fees to meet cost recovery goals (break even)*
- 3.2.4.2. *Eliminate selective programs which are not able to meet their cost recovery goals with minimal participation*

- 3.3. Compare selected fees to alternative providers in the service's target market and service area – benchmark fees**
 - 3.3.1. OAC admission fees**
 - 3.3.2. Camps**
 - 3.3.3. Adult Sports**
- 3.4. Improve rental cost recovery by evaluating "peak" and "off-peak" pricing**
- 3.5. Use competitive or market-rate pricing methodologies dependent on the service's market position**
- 3.6. Consider creating other packages for programs and admission options**
- 3.7. Re-evaluate Tier 3 and 4 cost recovery goals in one year to move from 90-100% in Tier 3 and greater than 100% in Tier 4**
- 4. Review, seek, and implement alternative funding sources**
 - 4.1. Revise and use the "Partnership/Affiliate" and "Sponsorship" Sample Policies by Corvallis**
 - 4.2. Develop program/event sponsorship packages**
 - 4.3. Create a 501 (c)(3) "Friends Group"**
 - 4.3.1. Create a fundraising protocol to include the goal, match efforts with goals**
 - 4.3.2. Connect funds to projects or outcomes through an endowment**
 - 4.3.3. Create a designated carry-over fund for these funds**
 - 4.4. Establish designated carry-over funds for memorials program**
 - 4.5. Track the value of volunteerism at the Independent Sector's State of Oregon rate**
- 5. Reduce expenditures**
 - 5.1. Develop cooperative agreements with non -profits, neighborhood associations, and school district PTA and PTOs to support youth programs**
 - 5.2. Utilize volunteers as youth sport coaches instead of casual paid staff**
 - 5.3. Employ donations from retailers to enhance volunteer recognition and stipends**
 - 5.4. Utilize free or low cost space to hold programs**

6. Adjust program management strategies

- 6.1. *Modify or cancel programs and services that do not consistently meet their minimum cost recovery goals, and eliminate programs with minimal participation***
- 6.2. *Re-evaluate program registration deadlines and consider post-deadlines up charges***
- 6.3. *Create new sustainable (100% cost recovery of direct costs) programs – ensure that they align with the new cost recovery model***
- 6.4. *Create new subsidized or grant supported programs – evaluate the ROI and cost recovery implications prior to adding or replacing other services***

7. Improve marketing efforts

- 7.1. *Increase target marketing efforts for under-utilized programs and facilities***
- 7.2. *Increase target marketing efforts for non-peak hours***

8. Consider capital investments to increase participation in off peak times for the Supervised Park/Facility category of service

- 8.1. *Consider investing in water play features for the natatorium at Osborn Aquatics Center, for example, to increase indoor participation in the off season***

9. Formally adopt revised departmental policies

- 9.1. *Define resident as those who live or own property inside the City limits (the operation management software has addresses in the database)***
- 9.2. *Replace existing Parks and Recreation Department Fee Policy - 10.03.060.010 Cost Recovery – to indicate that staff will set fees and charges to achieve the approved cost recovery targets by tier using the appropriate pricing strategies as appropriate – cost recovery percentage, competitive and market rate (see revised Policy recommendations which follow)***

10. Consider additional potential future opportunities

- 10.1. *Conduct a feasibility study to create a special taxing district in lieu of the department's funding coming from City property tax support***
- 10.2. *Align parks and recreation programs to the overarching core responsibilities of the City***

Suggested Revisions to the Current Parks and Recreation Department Fees Policy 10.03.060

Adopted November 27, 1989

Last Revised July 18, 2011

Reviewed December 21, 2011

CP 10.03 REVENUE POLICIES

10.03.060 Parks and Recreation Department Fees

10.03.060.010 Cost Recovery

Parks and Recreation ~~services 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. **Through a special initiative, services Programs** that provide recreational opportunities for populations with the fewest recreational alternatives (youth, limited income, senior adults, and families) **may** 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.

The following model represents all categories of services currently provided or those which may be provided in the future by the Department. It is based upon the degree of beneficiary to the community (tier 1 – Mostly Community benefit) or individual (tier 5 – Mostly Individual Benefit), the values of the Corvallis community, and the vision and mission of the Parks and Recreation Department. This model and policy forms the basis for setting fees and charges. See Cost Recovery Model, Resource Allocation Philosophy and Policy document dated December 21, 2011.

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

e. minimum fee support (recover 33% to 50% of direct program costs)

- youth programs and events
- playground programs

a. revenue positive cost recovery (tier 5 services are targeted to recover a minimum of 200% of direct costs)

- Concession/Vending
- Merchandise for Resale

- Private/Semi-Private Lesson
 - Rentals – Private/Commercial
 - Long Term Leases
 - Equipment Rentals
 - Trips
 - Organized Parties
 - Drop-in Childcare/Babysitting
 - Leased Services – Private/Commercial
 - Permitted Services
- b. **totally fee supported with no tax investment (tier 4 services are targeted to recover a minimum of 100% of direct costs, and some of these services may be appropriate for use of alternative funding sources like grants, donations, and volunteers)**
- Classes and Programs – Intermediate/Advanced
 - Leased Services – Non-Profit/Inter-governmental Agency
-
- Preschool
 - Social Clubs
- c. **primarily fee supported with little or no tax investment (tier 3 services are targeted to recover a minimum of 90% of direct costs, and some of these services may be appropriate for use of alternative funding sources like grants, donations, and volunteers)**
- Health Services, Wellness Clinics, and Therapeutic Recreation
 - Classes and Programs – Beginning/Multi-Ability
 - Tournaments and Leagues
 - Rentals – Non-Profit/Inter-governmental Agency
 - Specialized Events/Activities
 - Camps/After School Care
 - Leased Services - Affiliates
 - Work Study/Internship/Community Service Program
- d. **partial tax investment with minimal to partial fee support (tier 2 services are targeted to recover a minimum of 45% of direct costs, and many of these services may be appropriate for use of alternative funding sources like grants, donations, and volunteers)**
- Life/Safety Classes
 - Rentals – Affiliates
 - Supervised Park/Facility
 - Community-wide Events

- Volunteer Program

- e. full tax investment with little or no fee support (tier 1 services are targeted to recover 0% of direct costs, although some of these services may be appropriate for use of alternative funding sources like grants, donations, and volunteers)

- Non-Supervised Park/Facility

- Inclusionary Services

- Support Services

~~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 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.~~

~~10.03.060.022 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.~~

~~10.03.060.023 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.~~

10.03.060.020 Cost of Services

The following general definitions will be used to determine the cost of providing all services.

Direct Cost: Includes all the specific, identifiable expenses (fixed and variable) associated with providing a service, program, or facility. These expenses would not exist without the program or service and often increase exponentially.

Indirect Cost: Encompasses overhead (fixed and variable) including the administrative costs of the agency. These costs would exist without any of the specific programs or facilities.

10.03.060.030 Rate Review

The Park and Recreation Department shall conduct an annual comprehensive review of **cost recovery targets, rates including Osborn Aquatic Center rates.** The Parks, Natural Areas and Recreation Board **has recommended** shall recommend to the City Council, via the Human Service Committee, **the following pricing strategies to be used by the Department's Director to alter any alterations or adjust any adjustments necessary in specific fees and/or charges to reflect service demand changes, the ability of users to support the demand, trends or changing market conditions,** and concerns for other City operations.

- **Market pricing: a fee based on demand for a service or facility or what the target market is willing to pay for a service. One consideration for establishing a market rate fee is determined by identifying all providers of an identical service (i.e. private sector providers, municipalities, etc.), and setting the highest fee. Another consideration is setting the fee at the highest level the market will bear.**

- **Competitive pricing: a fee based on what similar service providers or close proximity competitors are charging for services. One consideration for establishing a competitive fee is determined by identifying all providers of an identical service (i.e. private sector providers, municipalities, etc.), and setting the mid-point or lowest fee.**
- **Cost recovery pricing: a fee based on cost recovery goals within market pricing ranges.**

10.03.060.040 Use of Volunteers

Through an aggressive volunteer recruitment program, the Parks and Recreation Department shall seek to minimize the **amount** subsidy required for **full tax investment with little no partial and minimum fee support (tier 1 services) and partial tax investment with minimal to partial fee support (tier 2 services)** 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.

Appendix A – Service Categories

Prior to sorting each service onto the Pyramid, the Project Team was responsible for creating the Department's Categories of Services, including definitions. These 31 categories of services and their definitions are summarized below.

CITY OF CORVALLIS DEPARTMENT OF PARKS AND RECREATION – CATEGORIES OF SERVICE

Concession and Vending – food and beverage sold for individual use or consumption.

Merchandise for Resale – merchandise sold for individual or team use (example: goggles, pro-shop items, memorials, etc.).

Life/Safety Classes – group CPR, First Aid, AED, emergency preparedness, and Learn to Swim classes and programs, etc.

Health Services, Wellness Clinics and Therapeutic Recreation – services that are offered by City of Corvallis to provide a social, wellness, or safety benefit that do not fit into other traditional park and recreation instructional, special event, and/or athletics offerings (example: tax preparation services, flu shots, foot care, literacy, blood pressure clinic, blood drives, health screenings, etc.), and specialized leisure opportunities for people with disabilities designed and managed to be specific to the physical, cognitive, social, and affective needs of these populations (example: support groups, rehab, therapeutic, and adaptive exercises and services, etc.).

Classes and Programs – Beginning/Multi-Ability – entry level group recreational and/or instructional programs and activities for all ages together, such as family activities; for a specific age such as tots, youth, adults, or seniors or those activities with no age specifications, including fitness, educational classes, and athletics operated, taught, or managed by the City of Corvallis through contract or staff; no pre-requisite for attendance.

Classes and Programs – Intermediate/Advanced - same as above, with a focus on intermediate or advanced activities; has a pre-requisite for attendance.

Tournaments and Leagues –scheduled one-time sporting and/or multi-game events for various age groups that are organized and/or managed by the City of Corvallis, may or may not be officiated and/or judged, and may or may not be scored, providing a team experience for participants with the intent to play a game/match-format or to compete. (example: tennis, softball, basketball, baseball, soccer, volleyball, dodgeball, ultimate Frisbee, Wii, and bridge).

Private/Semi-Private Lessons – lessons arranged for one to three students with a specific instructor and/or time.

Rentals – Private/Commercial – exclusive use of spaces and facilities on a one-time or one season basis (example: rooms, tennis and volleyball courts, shelters, partial or whole facility use, fields, pool space, lap lanes, community garden, RV spaces, car parking spaces. etc.) by a private individual, group, or for-profit business.

Rentals - Non-Profit/Inter-governmental Agency – exclusive use of spaces and facilities on a one-time, one season, or longer term basis (see examples of spaces and facilities in Rentals – Private/Commercial) by a 501 (c)(3) or (c)(4) non-profit agency (example: churches, Boys and Girls Club, Humane Society, Civic Organizations, Corvallis Aquatics Team, Samaritan Health, Little League, etc.) or to other government departments or groups for governmental business (example: county or city meetings/trainings, council meetings, school districts, Senior Meals Program, LBCC, OSU, etc.).

Rentals – Affiliates – exclusive use of spaces and facilities on a one-time or on-going basis (see examples of spaces and facilities in Rentals – Private/Commercial) to groups identified as having allied interests with the agency, fulfills a core service in lieu of the agency, and are of interest to the community at large (example: Corvallis Environmental Center, Majestic Theater, The Arts Center, Farmer’s Market, etc.).

Long-Term Leases – exclusive use of spaces and facilities (see examples of spaces and facilities in Rentals – Private/Commercial) for ongoing or multiple time-periods by a private individual, group, non-profit, or for-profit business (example: agricultural leases, park residences, federally mandated communication leases and easements, Dial-a-Bus, etc.).

Equipment Rentals – various Department-owned equipment available to renters for a fee (example: banquet chairs/tables, audio/video equipment, stage, bike racks, carts, sports equipment, etc.).

Non-Supervised Park/Facility – drop-in use of a maintained park/natural area/trail/multi-modal paths/facility/ that is non-registered and non-instructed, and are not supervised by the City of Corvallis staff/volunteers (example: trail use, playgrounds, park, self-guided tours, boat ramps, fountain, tennis courts, disc golf course, outdoor basketball courts, Skatepark, dog park, etc.).

Supervised Park/Facility – drop-in use of a park/facility/activity that is non-registered and non-instructed, and are supervised by City of Corvallis staff/volunteer. (example: drop-in gym, drop-in swimming, pool/ping pong/Wii/cards, computer lab, senior center lounge, guided tours, etc.).

Trips – day, overnight, and extended trips that provide non-instructional opportunities for participants to visit selected destinations (example: Pink Martini Overnight, Pigeon Butte Trail Hike, Spirit Mountain Casino, Sunday Brunch, Dinner and Theater, Fantastic Friday, etc.)

Organized Parties – includes a rental of space as well as an organized and monitored activity by staff; may or may not include food, cake, entertainment, and favors (example: swim birthday parties, personalized or themed parties, etc.).

Specialized Events/Activities – targeted annual activities and events requiring registration that are typically offered on a one-time or limited basis (example: Holiday Dinner, Turkey Trot Fun Run/Walk, All Comer’s Holiday Classic Swim Meet, Garden Tour, Artists in the Park, Dog Day!, etc.)

Community-wide Events – community-wide events typically offered on an annual basis that do not require registration (example: All City Halloween Party, Ice Cream Social, Penny Carnival, Concerts in Park, etc.)

Preschool – Structured curriculum-based, licensed education and enrichment programs for children 3-6 years old that prepare them for kindergarten and functions as childcare. Programs may or may not include full day childcare.

Camps/After School Care – non-licensed recreational and child care camps, school break programs, and after school programs with a social, child care and/or recreational focus which may include field trips, specific instructional or skills programs (example: Friday Fun Club, Summer Activity Camps, Horizons, Arts and Crafts Explosions, etc.).

Drop-In Childcare – drop-in on-site child care for participants using City of Corvallis facilities and/or programs.

Leased Services-Private/Commercial – facility and program management or scheduling, labor, supervision, and other support services provided by agency through contract to a private individual, group, or for-profit business (example: homeowner weed abatement, private tree removal, etc.).

Leased Services-Non-Profit/Inter-governmental Agency – facility and program management or scheduling, labor, supervision, and other support services provided by agency through contract to a 501 (c)(3) or (c)(4) non-profit agency (example: churches, Boys and Girls Club, Humane Society, Civic Organizations, Corvallis Aquatics Team, Samaritan Health, Little League, ORPA, etc.) or to other government departments or groups for governmental business (example: county or city agencies, school districts, CWCOC, LBCC, OSU, etc.).

Leased Services-Affiliates – facility and program management or scheduling, labor, supervision, and other support services provided by the agency through contract to outside groups or other agencies and groups identified as having allied interests with the agency, fulfills a core service in lieu of the agency, and are of interest to the community at large (example: Da Vinci Days, Youth Volunteer Corps for projects with others, Fall Festival, Red/White and Blues, and other Rental Affiliates for services above and beyond the rental agreement, etc.).

Permitted Services – non-rental permitted services for filming/photography rights, concession/vending space/cart operations, special events by others, collection/scientific permits, etc.).

Volunteer Program – management of opportunities for individuals or groups to donate their time and effort to a structured or scheduled experience (example: adopt-a-park, adopt-a-field, trail maintenance, senior center volunteers, instructors, Youth Volunteer Corps used by Corvallis Parks and Recreation, youth coaches, Eagle Scout projects, etc.).

Work Study/Internship/Community Service Program – services that support educational, court order, or repayment requirements.

Inclusion Services – provides for reasonable accommodation and programs to any Department activity, park and/or facility providing leisure opportunities to people with disabilities. Inclusion services are intended to comply with the Americans with Disabilities Act (ADA federal mandate).

Social Clubs – City recognized, self-managed group interest meetings and get-togethers (example: Senior Book Group, Disc Golf Club, Rose Society, Unicycling and Juggling, etc.).

Support Services – services and facilities that are provided by the staff and volunteers that support the administration, operations, and/or general City operations (example: information technology, financial, human resources, Department-wide marketing, internal trainings, Advisory Board, risk management services, director and assistant directors office, administration, etc.). (May or may not be shown on the pyramid and are considered in-direct costs.)

Appendix B – Direct and Indirect Costs

Direct Cost: Includes all the specific, identifiable expenses (fixed and variable) associated with providing a service, program, or facility. These expenses would not exist without the program or service and often increase exponentially.

Programs and Services:

- Regular FTE (Specialists, Coordinators, Seasonal Employees).
- Casual Staff (Building Attendants, Coordinators, Instructors, Leaders, Aides, Field Supervisors, Scorekeepers, Referees, Coaches).
- Personnel benefits including FICA and Medicaid, Social Security, Worker's Compensation Insurance, Unemployment Insurance, PERS, Health, Dental, and other Insurance premiums as applicable; currently estimated at **34%** of total compensation package for Regular FTEs, and **8%** for Casual Staff.
- Contractual services for coaches, officials, instructors, and their insurance, etc.
- Consumable equipment and supplies like arts and crafts supplies, games, kickboards, snacks, paint and line marking chalk, paper, whistles, flags, etc. provided by instructor or agency.
- Uniforms, tee shirts, etc. for participants and staff.
- Non-consumable equipment purchased only for the program that require periodic, continual replacement or are necessary for the start of the program like yoga mats, blocks, bouncy balls, basketballs, bases, plates, nets, goals, life jackets, fins, etc.
- Training specifically for the program or service like CPR and First Aid, on-going or reimbursed training and certifications.
- Background checks of employees and volunteers.
- Transportation costs such as van driver and mileage, parking, tolls, detailing, or rental of busses, taxis, metro, ferry, etc.
- Entry fees, tickets, admissions for participants and leaders/instructors.
- Rental fees for facilities, spaces, custodians, charge backs, etc.
- Contracted marketing/promotion/printing/distribution/fliers/etc. associated directly for programs.
- Repair or maintenance of program or service specific equipment like piano tuning, kitchen equipment, computer, AV equipment, etc.
- Postage.
- Any other costs associated or attributed specifically with the program or service.

Facilities and Spaces:

- Regular FTE (Lead Workers, Specialists, Coordinators, Seasonal Employees).
- Casual staff (Building Attendants, Coordinators, Lifeguards, Cashiers).
- Personnel benefits including FICA and Medicaid, Social Security, Worker's Compensation Insurance, Unemployment Insurance, PERS, Health, Dental, and other Insurance premiums as applicable; currently estimated at **34%** of total compensation package for Regular FTEs, and **8%** for Casual Staff.
- Contract maintenance for arborists, port-a-potty, mowing, trades, custodial services, etc.
- Consumable equipment and supplies like kickboards, chemicals, fertilizer, light bulbs, blower, paper, office supplies, copier supplies, doggie bags, trash bag, etc.
- Leased equipment (copier, etc.).
- Non-consumable equipment purchased only for the facility or space that requires periodic, continual replacement like lane markers, pool covers, fencing, picnic tables, tables and chairs, AV equipment, irrigation parts, hand tools, pump, office furniture, etc.
- Uniforms, tee shirts for staff.

- Computers, printers.
- Training specifically for the facility like CPR and First Aid, AED, maintenance school, lifeguard training, Oregon Safety & Health Administration, on-going or reimbursed training and certifications.
- Background checks of employees and volunteers.
- Transportation costs like mileage reimbursement, public works vehicle use, etc.
- Custodial expenses and supplies.
- Contracted marketing/promotion/printing/distribution/fliers/etc. associated directly for facilities.
- Repair or maintenance of facility specific equipment like kitchen equipment, computer, pool vacuum, canopies, etc.
- Memberships, periodicals.
- Postage.
- Utilities.
- Any other costs associated or attributed specifically with the facility.

Indirect Cost: Encompasses overhead (fixed and variable) including the administrative costs of the agency. These costs would exist without any of the specific programs or facilities.

- Regular FTE (The Director, Assistant Director, Park Planner, Supervisors, Specialists and Accounting Analysts time spent in general administrative functions).
- Casual staff (Administrative Office – Marketing Coordinator, Cashiers).
- Personnel benefits including FICA and Medicaid, Social Security, Worker's Compensation Insurance, Unemployment Insurance, PERS, Health, Dental, and other Insurance premiums as applicable; currently estimated at **34%** of total compensation package for Regular FTEs, and **8%** for Casual Staff.
- Marketing and research – general support.
- General contractual services like custodial, security, etc. for Administration office.
- Facility operating costs and utilities for Administration office.
- Employment ads.
- Office equipment, furniture, and supplies for Administrative office.
- Computers, cell phones, printers, for Administrative office, etc.
- Vehicles used for administration and mileage reimbursement.
- Consumable equipment and supplies like light bulbs, paper, office supplies, copier supplies, trash bag, etc.
- Leased equipment (copier, etc.)
- Non-consumable equipment purchased only for the facility or space that require periodic, continual replacement like AV equipment, tables and chairs, office furniture, etc.
- Memberships, periodicals.
- Postage.
- Utilities.
- Training specifically for the Administrative offices and staff.
- Custodial expenses and supplies.
- Internal Service Charges (the appropriate pro-rata amount charged for alarm services, telephones, payroll-admin, public works facilities maintenance, MIS, Risk, etc.).
- Any other costs associated or attributed specifically with the Administrative Offices.

Non-Operating Budget Items

- Pension obligation (debt service).
- Capital construction transfers (funding CIP).
- SDCs (funding CIP).
- State and Federal Grants (from tax funding – funding CIP)
- CIP Donations (funding CIP)

Appendix C – Glossary of Terms and Definitions

Ability to Pay:

Ability to pay is based on an individual's financial circumstances and is not related to who benefits from the programs and services. Implementation strategies for addressing inability to pay include Family Assistance Scholarship or fee reduction programs, grants, volunteerism opportunities or "Workreation" Dollars, or other programs and management practices.

Activity Based Costing (ABC):

Defines all costs associated with providing a service or product. It is a tool to determine what a specific service or product costs, and also what the costs are to service a given customer, including those services that are non-revenue generating.

Administrative and Support Services:

These are internal support services that have indirect costs to provide and are not attributable to any particular external public service. They include legal services, information support services, finance, human resources (training, safety services, insurance, benefits), development, risk management, public works, research and evaluation, and intergovernmental services.

Advisory Groups:

These groups (Boards or Committees) are created by City Council, agreements with other agencies or staff seeking stakeholder input to provide recommendations to the Department and City Council pertaining to specified operational and/or planning functions. Membership may include City Council members, staff members, and/or citizens. These groups can be long-standing or temporary project specific advisory groups.

Affiliate Groups:

Advisory councils, boards, or commissions, or organizations whose values, vision, and mission are strategically aligned and fulfill a core service or key initiative for the Department.

Age Categories:

Categories based on age (i.e. child, youth, adult, etc.), for the purposes of assigning user fees, into which participants and users can be classified. Categories may also include groupings, such as "family."

Alternative Funding:

Other ways to improve cost recovery in addition to fees and charges, may include grants, sponsorships, volunteer programs, etc.

Attendance:

Attendance is measuring the total number of times per week per session that a participant would attend the class. It's the total number of spectators and participants at a tournament, festival or event. It's the total number of visitors or attendees at a rental function or meeting.

Benefit:

The degree to which programs and services positively impact the public (may be individual or community-wide), or in other words, the results of the programs and services.

The National Recreation and Park Association defines the benefits of Park and Recreation as:
Socialization
Healthy Lifestyle – life long wellness
Economic Development and Vitality
Environmental Stewardship

Benefit versus Value or Intent:

Benefit is defined as the advantage, use, or outcome to a group or individual. Value is the judgment of worth or the degree of usefulness or importance placed on a service or activity by personal opinion. The intent or intention of a program is the purpose, aim, or end.

Capacity - Occupancy or Participation Rates:

The number of available spaces. Occupancy or Participation rates are the ratio of filled spaces to available spaces. Over- and under-capacity issues can be addressed by giving residents pre-registration priority, adjustments to the price based on peak or off-peak time or a market price differential.

Casual Employees:

Non-regular employees hired to supplement the work force, or to assist in the completion of a specific project; employment is of limited duration, no more than 1,039 hours in any 12-month period, unless otherwise specified in the labor contract. Casual employees retain their status unless notified of a change. Casual employees receive all legally mandated benefits (such as workers' compensation and Social Security), but are ineligible for all other benefits programs.

Concessions Permit:

This is a category of service including external customer service for revenues for food and beverage, merchandise for resale and special use permitting (for push cart vendors, photography or filming, etc.).

Consensus:

Consent or harmony reached among all differing opinions after discussion or deliberation and compromise, sometimes referred to as "informed consent." It doesn't necessarily mean 100% agreement with everything.

Cost Accounting:

The process of allocating all direct costs associated with generating a sale or performing a service.

Cost of Goods Sold:

The cost of goods sold is traditionally the costs (dollars spent) of materials and production of the goods a business sells. For a manufacturing company this is materials, labor, and factory overhead. For a retail shop it would be what it pays to buy the goods that it sells to its customers. For service businesses that don't sell goods, the same concept is normally called "cost of sales," which shouldn't be confused with "sales and marketing expenses." The cost of sales in this case is directly analogous to cost of goods sold. For a consulting company, for example, the cost of sales would be the compensation paid to the consultants plus costs of research, photocopying, and production of reports and presentations.

In standard accounting, costs of sales or costs of goods sold are subtracted from sales to calculate gross margin. These costs are distinguished from operating expenses, because gross profit is gross margin less operating expenses. Costs are not expenses.

Cost Recovery:

The degree to which the cost (direct and/or indirect) of facilities, services, and programs is supported by user fees and/or other designated funding mechanism such as grants, partnerships, etc. versus tax subsidies.

Cost versus Price or Fee:

Cost is defined as all direct costs associated with an activity or service. Price or fee is the amount charged to the customer for the activity or service.

Customer Satisfaction:

Meeting and exceeding the wants and preferences of customers. This is measured by asking the customer, not by the number of visitors, users, or participants.

Enterprise/Quasi-enterprise:

A governmental accounting tool established to record transactions similar to those utilized in the private sector, allowing for tracking of services through a separate fund that records all transactions. All revenues and expenses, as well as assets and current liabilities are included. This type of fund is generally required to break even, or generate excess revenues over expenditures. Any revenues earned in excess of expenses are carried over, used for capital improvements or transferred to the General Fund. Collected gross revenues are not deposited in the General Fund, but rather are intended to be used to expand or improve services.

Exclusive Use:

Scheduled, planned, or programmed use of a facility or space that is limited or restricted to a reserved or rented party. They have the right to the space for the specified period of time.

Family Assistance Scholarship Policy:

The scholarship is intended to provide recreation and leisure opportunities at a reduced rate to participants who have demonstrated economic need. Ability to pay should not be a factor for participation. Eligibility is based on percentages in relation to Federal Poverty Guidelines. The agency will work directly with the appropriate social services agencies to provide a means of identification of residents meeting eligibility requirements. Depending upon criteria, customers may be assisted between 50% and 100% of program costs.

For-Profit/Private Group:

A group that does not have an IRS status that exempts it from paying taxes.

Full Cost Recovery Fee:

The fee recovers the total cost of a service or program including all direct costs, enabling the breakeven point to be reached. Full-cost recovery is often used as a strategy for services perceived as "private," benefiting only users while offering no external benefits to the general community.

FTE Benefited Employee:

A regular employee who works from 20 to 40 hours per week on a regularly scheduled basis. FTE employees are eligible for the benefits package and other rights applicable to regular employment.

Governmental Group:

Any inter-agency, county or other federal, state or local governmental group.

Inventory Turn (applies to merchandise for resale):

Is based on how fast the inventory is "turned" (or sold). For example, two agencies may each have \$20 million sitting in inventory, but if one can sell it all every 30 days, and the other takes 41 days, there is less of a risk of inventory loss with the 30 day company.

Inventory in Relation to Current Assets (applies to merchandise for resale):

When analyzing a balance sheet, you also want to look at the percentage of current assets inventory represents. If 70% of an agency's current assets are tied up in inventory and the business does not have a relatively low turn rate (less than 30 days), it may be a signal that something is seriously wrong and an inventory write-down is unavoidable.

Market Rate Fee:

Fee based on demand for a service or facility. The market rate is determined by identifying all providers of an identical service (i.e. private sector providers, other municipalities, etc.); and setting the fee at the highest level the market will bear.

Membership:

This is a count of how many belong to a club or group. Membership can be paid or unpaid.

Minimum Service Level:

The "acceptable" service level at facilities, a function of maintenance levels, staffing levels, types and numbers of amenities available (picnic sites, nature trails, restrooms, recreation centers, etc.); types and numbers of program offerings, quality of customer service, etc.

Net Profit Margin (applies to merchandise for resale):

The remainder after cost of goods sold, other variable costs revenue, or simply, total revenue minus total cost. Net profit margin can be expressed in actual monetary values or percentage terms.

Non-Profit Group:

Agencies outside of the organization's system with IRS non-profit status.

Non-Resident:

A person who does not live or own property within Corvallis City limits.

Non-User:

Those who have never stepped into the parks and/or facilities, participated in the programs, or used the organization's facilities or services.

Optimum Service Level:

The "best" program and facility service; a function of maintenance levels, staffing levels, types and numbers of amenities available (picnic sites, nature trails, restrooms, recreation centers, etc.) types and numbers of program offerings, quality of customer service, etc.

Off-Peak:

Period of least demand for services and programs.

Part-time FTE Employee:

Regular employee who is scheduled to work on a year-round basis, at least 50% full-time equivalent, but less than 100% full-time equivalent. Part-time Benefited employees are eligible for the benefits package and other rights applicable to regular employment.

Part-time Non-Benefited Employee (Casual Employees):

Casual employee who is schedule to work part-time. These employees receive all legally mandated benefits (such as workers' compensation and Social Security), but are ineligible for all other benefits programs.

Partial Overhead Cost Recovery Fee/Cost:

Fee recovers something less than full cost. This partial cost fee could be set at a percentage of direct costs. The remaining portion of the costs would be supported through the property taxes, grants, etc.

Participant/Guest/User/Visitor/Client:

Persons who use facilities and services, visit parks, and participate in programs and activities.

Participation:

Participation refers to the number of those who are enrolled in a program, workshop, activity, or event. They are the users, the enrollees, or class attendees.

Peak:

Period of highest demand for services and programs. Peak and off-peak categorizations may vary for services and programs within a facility or park.

Performance Measures:

Performance measures are quantifiable evaluations of the organization's performance on a pre-determined set of criteria measured over time. The agreement upon standard performance measures allows the organization to judge its progress over time (internal benchmarking) and identify areas of strength and weakness.

Price Differentials:

Offering variations of the price to a particular group, which may achieve more equitable and efficient service delivery. Different groups are charged different prices for the same service, even though there is no direct corresponding difference in the costs of providing the service to each of these groups. Price differentials can be based on resident (tax payer)/non-resident, age categories, location of facility, time or season, quantity of use, incentives, etc. The trend is to give residents a discount off the fee versus charging non-residents more.

Product Lifecycle:

The expected usable life of a particular piece of equipment or product before replacement.

“Profit”:

The additional **revenue** generated by the particular program or service when comparing the participant fees to the costs. In government, or in parks and recreation, one defines profit as excess revenue, and it is not distributed or carried over, but offsets other subsidies. This is not the traditional definition of private sector profit where distribution of excess “profit” goes to the stakeholders or share holders as profit sharing or a distribution on their investment.

Program:

The activities and special events offered by the agency at various locations with specific participant purposes such as education, skill development, socialization, or well being.

Refund Policy:

Full refunds or credits for classes will be made when:

- Classes are canceled by the organization due to insufficient enrollment or other unforeseen reasons;
- Class registrations canceled at least 5 days business days in advance are 100% refundable;
- Facilities reservations are canceled at least 30 calendar days in advance are 100% refundable; and
- \$10 processing fee on customer requested refunds, no charge for credit issued.

Allow up to 6 weeks for refund processing. Credit card charge refunds will be made directly to the charge card account.

Rentals:

This includes external customer service for Facility Rentals such as room rentals, shelters, pool, etc. as well as Equipment Rental for items such as mobile stage, recreation equipment, etc.

Resident:

Defined as those who live or own property within Corvallis City Limits.

Returned Check Policy:

Pursuant to City Council Policy 10.01 Financial policies Purpose and Objectives, an assessment fee of \$25 will be charged for a returned check.

Tax Support /Tax Investment/Subsidy:

Funding through taxes or other mechanisms that are used to financially support programs or services provided to users and participants. Dollars provide for the program or service costs (direct and/or indirect) that are not covered by user or participant fees, or other forms of alternative funding. This is the community's investment into the Department, program, or service.

Taxing Jurisdiction/Authority:

The City of Corvallis Parks and Recreation receives a specified percent of the total General Fund Tax Dollars. This tax investment is designed to help offset costs and provide access to facilities, programs, and services to as many citizens as possible.

Value: (perceived and real)

Participant/user expectations of the worth and quality of a program or service based on the benefits received.

Visits:

The count of the number of people who use the Organization's facilities each day throughout the year. This number will include multiple counts of a person who has repeat uses.

Appendix D - Comparative Analysis Criteria

Limits of Comparative Data and Analysis

Comparative analysis (benchmarking) is an important tool that allows for comparison of certain attributes of the City's management practices and fee structure. This process creates deeper understanding of alternative providers, your place in the market, and varying fee methodologies, which may be used to enhance and improve the service delivery of parks and recreation.

It is very difficult to find exact comparable communities because each has its own unique identity, ways of conducting business, and differences in the populations that it serves. The political, social, economic, and physical characteristics of each community make the policies and practices of each parks and recreation department unique. It is important to keep in mind that while many park and recreation departments primarily serve residents, others serve a large portion of non-residents, while others still cater to the tourism market.

Despite efforts to promote uniformity in comparison, organizations often have slightly different fee structures and associated benefits. For example, some parks and recreation departments may not report all benefits associated with the purchase of a center membership, or may not explain the breadth of indoor recreation spaces they have in the same way as another. The availability of detailed information may also be limited.

Additionally, organizations do not typically define the expenditures of parks, trails, facilities, and maintenance the same way. Agencies also vary in terms of how they organize their budget information, and it may be difficult to assess whether or not the past year's expenses are typical for the community. Despite these inherent limitations, the comparative analysis and fee comparisons criteria presented in this document should be used as a catalyst for the City of Corvallis to continue to research fees, market position, and best practices for more specific areas when they are needed.

Comparative Analysis Data Sought

The communities selected for benchmarking data should be chosen primarily for their proximity and perceived similarities to the City of Corvallis. Requested comparative data in addition to service specific fee structure may include:

- Values, vision, and mission of the organization
- Population and demographics
- Median household income and household size
- Prior year budget, actual expenses, and revenues for the entire department
- Prior year budget, actual expenses, and revenues for the parks and recreation divisions
- Number and square footage of Community/Recreation Centers
- Total acres of open space and developed park land
- Number of maintenance acres contracted out and maintenance description
- Total miles of department maintained trails
- Number of indoor and outdoor pools
- Number of lighted and unlighted softball/baseball fields
- Recreation and parks department full-time employees and casual employees

Often, comparative analysis data looks to weigh pertinent data along with comparing against a “per thousand” population calculation for categories including: total department budget, total acres, developed acres, miles of trails, Community/Recreation Center square footage, number of pools, number of softball/baseball fields, and recreation FTEs. Parks expenses and FTEs can be calculated per developed acre. Population, demographics, median household income, and household size estimates can be provided by the US Census.

Fee Comparison Considerations

To compare fees, other factors should be considered along with the price or fee charged for a program, rental, admission, pass, or other services. Be sure to include comparative data for each fee as applicable:

- Program contact hours
- Program session length
- Student/teacher ratio
- Contractor or in-house instructional staff
- Instructor qualifications
- Program quality
- Materials included or additional fees
- Set up/tear down and preparation time included
- Facility amenities included in admission or pass
- Programs included with admission or pass
- Towel service, locker, equipment usage included or extra
- Hours of operation or availability of service
- Peak or off peak pricing
- Packaging
- Value added amenities or services
- Service area demographics
- Subsidy versus cost recovery goals
- Use of alternative funding

Appendix E – Adopted Family Assistance Policy

Family Assistance Program Application

Corvallis Parks and Recreation Department
 1310 SW Avery Park Drive, Corvallis, OR 97333
 (541) 766-6918; Fax (541) 754-1701; www.ci.corvallis.or.us

Corvallis Parks and Recreation Department strives to reduce fees as a barrier to participation in Parks & Recreation programs. The scholarship can be used to pay for most recreation programs, including those at Parks and Recreation, Osborn Aquatic Center, and the Chintimini Senior Center.

Families who receive free/reduced lunch, Oregon Health Plan, Oregon Trail benefits, or WIC qualify to receive assistance. Some families may be asked to pay an activity fee, if their household income meets certain levels of the Federal Poverty Guidelines. Please see income guidelines printed on the back of this form.

- 0-150% No fee required (**up to \$150 per individual per calendar year**)
- 151-200% 50% of the activity fee required (**up to the \$150 per individual per calendar year**)

Please provide the following information:

Responsible Adult: _____ E-mail _____

Address: _____ City: _____ State: _____ Zip: _____

Daytime Phone: _____ Evening Phone: _____

List ALL adults and children living at the above address, INCLUDING YOURSELF:

<u>Name</u>	<u>Grade</u>	<u>Age</u>	<u>Male/Female</u>	<u>Date of Birth</u>	<u>Relationship to Applicant</u>
1) _____	_____	_____	_____	_____	<u>SELF</u>
2) _____	_____	_____	_____	_____	_____
3) _____	_____	_____	_____	_____	_____
4) _____	_____	_____	_____	_____	_____
5) _____	_____	_____	_____	_____	_____
6) _____	_____	_____	_____	_____	_____
7) _____	_____	_____	_____	_____	_____

Please check at least one of the following options in order to verify your eligibility:

- Does your child participate in Free or Reduced Lunch? (Please provide **student name and school**)
 - o Free Lunches: Child _____ School _____
 - o Reduced Lunches: Child _____ School _____
- Do you receive any of the following? (Please provide a **copy** of your benefit card/statement)
 - o OHP, TANF, WIC, Oregon Trail Card, Food Stamps, SSI or unemployment benefits
- Do you have a copy of a most recent paycheck for **all** currently employed in the household? (submit copy)
- Do you have a copy of the front page of most recent tax return? (submit copy)
- Are there other circumstances that limit your ability to pay for P&R activities?
 - o Please explain: _____

Department Use Only:	
Date Received:	_____
Date Reviewed:	_____
Documentation Received:	
Yes:	_____ No: _____
<input type="checkbox"/> Pending	
<input type="checkbox"/> Attached	
<input type="checkbox"/> BCHD	
<input type="checkbox"/> 509J	
Family Assistance Approved:	
Yes:	_____ No: _____
Staff:	_____
Family Number:	_____
Comments:	_____

****Note that we are unable to accept Bank Statements or unofficial documentation for eligibility verification. Please report total gross household income, regardless of source (e.g. wages/salary, social security, unemployment, child support/alimony, pension/retirement, or other). Gross income is the total dollar amount before taxes are taken out.**

Total Gross Income: Monthly _____ Yearly _____

2011 Federal Poverty Level

The benefit levels of many low-income assistance programs are based on these poverty guidelines. Find your family size and monthly income below to determine your FPL percentage category. Note: Pregnant women count as two people for the purpose of this chart.

Family Size	% Gross Income					
	100%		150%		200%	
	Monthly	Yearly	Monthly	Yearly	Monthly	Yearly
1	\$908	\$10,890	\$1362	\$16,335	\$1,815	\$21,780
2	\$1,226	\$14,710	\$1839	\$22,065	\$2,452	\$29,420
3	\$1,544	\$18,530	\$2317	\$27,795	\$3,088	\$37,060
4	\$1,863	\$22,350	\$2794	\$33,525	\$3,725	\$44,700
5	\$2,181	\$26,170	\$3269	\$39,255	\$4,362	\$52,340
6	\$2,499	\$29,990	\$3749	\$44,985	\$4,998	\$59,980
7	\$2,818	\$33,810	\$4227	\$50,715	\$5,635	\$67,620
8	\$3,136	\$37,630	\$4704	\$56,445	\$6,272	\$75,260

Source: Federal Register Vol. 76, No. 13, January 20, 2011, pp. 3637-3638. Monthly percentage data calculated by FHCE and rounded to the nearest dollar.

Family Assistance Program Agreement

1. The Parks and Recreation Department establishes income guidelines based on Federal Poverty Guidelines. The income guidelines are reviewed and updated on an annual basis. Each application is reviewed on its own merits and approved or denied based on information provided.
2. Family Assistance Program application must be complete for consideration. All required verification of income and information lines must be filled in completely and accurately.
3. Verification of income is required on a yearly basis. A new application with the most recent income information must be submitted at that time.
4. **Scholarship money cannot be used until you receive your letter.**
5. Signature on Family Assistance Program application form is agreement that the parent/guardian/responsible

adult will pay any required reduced amount for the program, before the program begins or the participant will not be allowed to attend.

6. I understand I will be notified of my Family Assistance status in writing within **10 business days** of application. The information on acceptance or denial will not be provided in person or over the telephone.

I affirm to the best of my knowledge that the above information is true and complete. I agree to provide proof of income, if requested. Family Assistance Program is offered by the Corvallis Parks and Recreation Department at a **\$150 maximum, per family member, per calendar year**. This is based on Federal Poverty Guidelines to allow those eligible to participate in activities either free or at a reduced rate in recreation programs offered by Corvallis Parks and Recreation. This includes programs at the Chintimini Senior Center and Osborn Aquatic Center, excluding general admission. I understand that I may be required to pay up to 50% of program fees at the time of registration. I understand that the Family Assistance Program will be approved for one calendar year and re-determination of eligibility is required annually. I understand that City of Corvallis officials may verify the information on the application and that a deliberate misrepresentation of the information will result in forfeiture of assistance and may prohibit future eligibility for the Family Assistance Program.

Responsible Adult's Signature

Date

Revised 12/1/11 MPL

Louie, Kathy

From: Ward 6
Sent: Wednesday, December 21, 2011 1:26 PM
To: Louie, Kathy
Cc: Ward 8; Ward 1; Patterson, Jim
Subject: Re: 2012 Celebrate Corvallis Event

Kathy,
Please include at ASC in case they don't get this in time.

I support all of the staff recommendations for today's ASC meeting:

1. Acceptance of the first quarter report for VC.
2. Approval of the Resolution in support of Purpetua's EZ.
3. Moving to an IVR hosted solution and passing through a convenience fee of \$1 to the customers for the use of this service, assuming this fits/maintains the City's "Excellence in Customer Service" focus.
4. recommending to City Council the adoption of the Cost Recovery Model, Resource Allocation Philosophy, and Policy.

Happy Holidays!
Thanks,
Joel Hirsch
City Council - Ward 6



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110 Southwark Street
London SE1 0TA
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Fax: +44 (0)20 7922 1931
www.strglobal.com

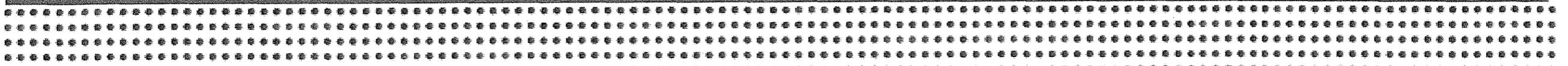
United States
735 East Main Street
Hendersonville
TN 37075
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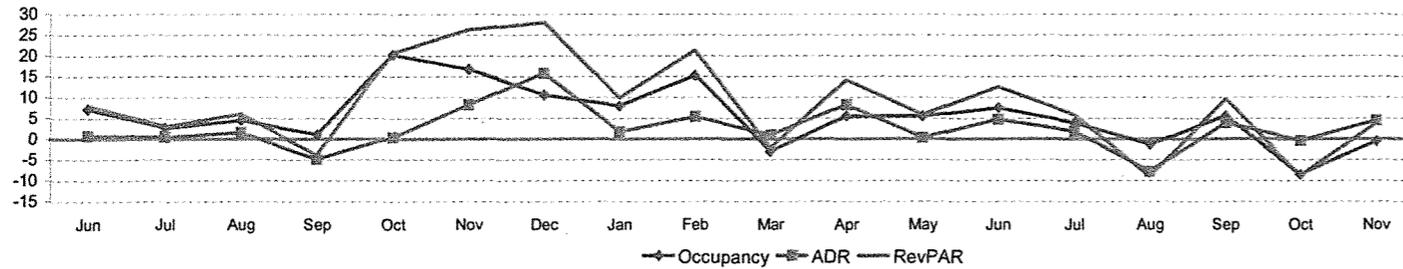
For the Month of November 2011

Date Created: Dec 16, 2011

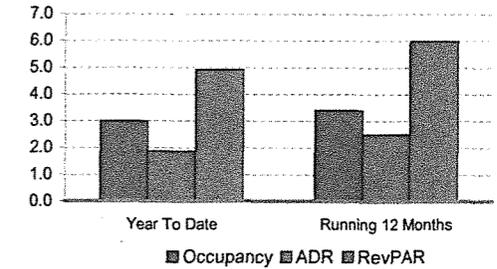
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Monthly Percent Change



Overall Percent Change



Occupancy (%)	2010							2011										
	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
This Year	65.9	66.2	63.5	62.1	58.7	51.4	38.2	42.1	54.4	56.4	60.7	56.4	70.8	68.7	62.7	65.5	53.7	51.1
Last Year	61.5	64.5	60.8	61.4	48.8	44.0	34.6	39.0	47.2	58.2	57.5	53.5	65.9	66.2	63.5	62.1	58.7	51.4
Percent Change	7.2	2.6	4.4	1.0	20.2	16.7	10.5	7.9	15.1	-3.0	5.5	5.4	7.5	3.8	-1.3	5.5	-8.5	-0.6

ADR	2010							2011										
	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
This Year	91.39	90.92	91.41	90.33	93.08	95.88	89.04	81.70	85.84	84.12	95.78	92.28	95.64	92.61	84.25	93.81	92.69	100.06
Last Year	90.71	90.56	90.03	94.96	92.76	88.66	76.93	80.29	81.53	83.37	88.55	92.02	91.39	90.82	91.41	90.33	93.08	95.88
Percent Change	0.8	0.4	1.5	-4.9	0.3	8.1	15.7	1.8	5.3	0.9	8.2	0.3	4.7	1.9	-7.8	3.9	-0.4	4.4

RevPAR	2010							2011										
	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
This Year	60.23	60.16	58.04	56.06	54.63	49.25	34.03	34.38	46.70	47.45	58.12	52.01	67.73	63.62	52.79	61.45	49.77	51.10
Last Year	55.78	58.40	54.74	58.33	45.29	39.02	26.59	31.31	38.52	48.50	50.93	49.19	60.23	60.16	58.04	56.06	54.63	49.25
Percent Change	8.0	3.0	6.0	-3.9	20.6	26.2	27.9	9.8	21.2	-2.2	14.1	5.7	12.5	5.8	-9.1	9.6	-8.9	3.8

Supply	2010							2011										
	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
This Year	24,030	24,831	24,831	24,030	24,831	24,030	24,831	24,831	22,428	24,831	24,030	24,831	24,030	24,831	24,831	24,030	24,831	24,030
Last Year	24,030	24,831	24,831	24,030	24,831	24,030	24,831	24,831	22,428	24,831	24,030	24,831	24,030	24,831	24,831	24,030	24,831	24,030
Percent Change	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Demand	2010							2011										
	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
This Year	15,836	16,429	15,766	14,915	14,574	12,343	9,489	10,451	12,201	14,006	14,582	13,965	17,016	17,060	15,558	15,741	13,334	12,271
Last Year	14,776	16,014	15,097	14,761	12,125	10,576	8,584	9,683	10,596	14,444	13,823	13,274	15,836	16,429	15,766	14,915	14,574	12,343
Percent Change	7.2	2.6	4.4	1.0	20.2	16.7	10.5	7.9	15.1	-3.0	5.5	5.4	7.5	3.8	-1.3	5.5	-8.5	-0.6

Revenue	2010							2011										
	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
This Year	1,447,264	1,493,758	1,441,208	1,347,230	1,356,554	1,183,387	844,879	853,808	1,047,325	1,178,212	1,396,599	1,291,445	1,627,462	1,579,862	1,310,738	1,476,656	1,235,871	1,227,873
Last Year	1,340,313	1,450,221	1,359,251	1,401,725	1,124,716	937,712	680,349	777,423	863,875	1,204,225	1,223,940	1,221,440	1,447,264	1,493,758	1,441,208	1,347,230	1,356,554	1,183,387
Percent Change	8.0	3.0	6.0	-3.9	20.6	26.2	27.9	9.8	21.2	-2.2	14.1	5.7	12.5	5.8	-9.1	9.6	-8.9	3.8

Census %	2010							2011										
	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
Census Props	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10
Census Rooms	801	801	801	801	801	801	801	801	801	801	801	801	801	801	801	801	801	801
% Rooms Participants	74.9	74.9	74.9	74.9	74.9	74.9	74.9	74.9	74.9	74.9	74.9	74.9	74.9	74.9	86.8	86.8	86.8	86.8

Year To Date			Running 12 Months		
2009	2010	2011	2009	2010	2011
52.0	58.7	58.4	50.3	54.8	56.7
56.6	52.0	56.7	55.1	50.3	54.8
-8.1	9.1	3.0	-9.7	6.9	3.4

Year To Date			Running 12 Months		
2009	2010	2011	2009	2010	2011
88.88	89.40	91.07	88.26	88.73	90.95
88.06	88.88	89.40	87.24	88.26	88.73
0.9	0.6	1.9	1.2	0.5	2.5

Year To Date			Running 12 Months		
2009	2010	2011	2009	2010	2011
46.18	50.69	53.17	44.42	48.64	51.55
49.80	46.18	50.69	48.11	44.42	48.64
-7.3	9.8	4.9	-7.7	9.5	6.0

Year To Date			Running 12 Months		
2009	2010	2011	2009	2010	2011
267,534	267,534	267,534	292,365	292,365	292,365
267,534	267,534	267,534	292,365	292,365	292,365
0.0	0.0	0.0	0.0	0.0	0.0

Year To Date			Running 12 Months		
2009	2010	2011	2009	2010	2011
138,999	151,683	156,215	147,136	160,267	165,703
151,293	138,999	151,683	161,212	147,136	160,267
-8.1	9.1	3.0	-8.7	8.9	3.4

Year To Date			Running 12 Months		
2009	2010	2011	2009	2010	2011
12,353,687	13,560,304	14,225,850	12,986,199	14,220,654	15,070,729
13,322,126	12,353,687	13,560,304	14,064,285	12,986,199	14,220,654
-7.3	9.8	4.9	-7.7	9.5	6.0

A blank row indicates insufficient data.

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