



**CORVALLIS
CITY COUNCIL WORK SESSION
AGENDA**

**February 11, 2012
8:30 am**

**Madison Avenue Meeting Room
500 SW Madison Avenue**

COUNCIL ACTION

I. ROLL CALL

II. UNFINISHED BUSINESS

- A. February 4, 2012 Work Session Follow-up
- B. Department Budget Presentations
- C. Next Steps

III. ADJOURNMENT

For the hearing impaired, a sign language interpreter can be provided with 48 hours' notice prior to the meeting. Please call 541-766-6901 or the Oregon Communications Relay Service at 7-1-1 to arrange for TTY services.

A LARGE PRINT AGENDA CAN BE AVAILABLE BY CALLING 766-6901

A Community That Honors Diversity

MEMORANDUM

February 10, 2012

TO: Mayor and City Council

FROM: Nancy Brewer, Finance Director 

SUBJECT: Follow-up From the February 4, 2012 Work Session

Questions that remained after the last work session, and their response are as follows:

1. The cost of the Beaver bus and who pays for it.
 - A. FY 10-11: Expenditures = \$68,020
 - 70% of funding comes from student fees = \$47,614 (\$.88 per student per fall, winter, spring term)
 - Ridership = 13,838 (average of 11.4 rides per service hour)
 - FY 11-12: Expenditure budget = \$74,515
 - 70% of funding comes from student fees = \$52,160 (\$.90 per student per fall, winter, spring term)
 - Ridership projection = 20,100 (average of 16.6 rides per service hour; 45% increase over previous year)
2. The potential demand on the General Fund if some other monies don't come through.
 - A. The City has a number of expenditure areas where grant monies or payments from other sources are currently being used to offset some costs. As a general rule, if the outside funding was no longer available, the budget discussion would include seeking direction from Council on whether or not to continue the service, with information about the specific program shared at that time.
 - \$27,000 from the Climate Showcase Communities grant funds part of Sustainability Program Specialist position. Grant support runs out in FY 13-14.
 - The amount of BETC support predicted for FY 12-13 is \$589,760. The whole program sunsets around FY 14-15.
 - Transit operates using a number of federal grants. These are anticipated to continue in perpetuity, but the City has no control over these.
 - Community Development receives \$10k a year to support the historic preservation program - it largely supports projects such as historic preservation awards. There is nothing in sight that would indicate that these dollars are threatened.
 - The Police Department has been receiving funds from the Edward Byrne Justice Assistance Grants Programs for the joint City/County Street Crimes Unit. The grant for this current year is \$85,411. These funds have been used to pay for materials, equipment and overtime costs for the unit. The City has been notified that this particular grant program has ended and cannot be renewed. Local funds will now be required to fund this operation.

- The Police Department has received from \$11,000 to \$14,000 per year from the Edward Byrne Justice Assistance Grant Program - Local Solicitation Program for over 10 years which has provided funds in accordance with the number of Part I Crimes in the community. It appears at this time that all of these funds will be going to Benton County this year for a loss of an anticipated \$11,000.
 - The Fire Department has an Emergency Management grant that off-sets 25% of a Division Chief's base pay.
 - The Fire Department has negotiated an OSU contract that off-sets 80% of salary only for a Fire Prevention Officer.
3. Information on LDC provisions for the number of people/children/children of the opposite sex per bedroom.
- A. The LDC limits the number of unrelated individuals living in a dwelling unit to 5. It does not address the number of people, gender, age or otherwise, that occupy a bedroom. Likewise, the Building Code does not have such requirements.
4. Should there be a neighborhood impact fee?
- A. This issue should have significant Council discussion/direction before staff spends time on this as a potential revenue alternative. Other impact fees are used to cover infrastructure costs (one-time capital investments) associated with new development. It is not clear what additional capital investment would be required associated with changes in neighborhoods. There may be a perspective that even if a redevelopment project pays for infrastructure improvements, SDCs, building permit fees and increased property taxes that are linked to the size and value of the project, there is still a negative impact; however, what if the impacts of some development projects are generally deemed to be positive, e.g. removing blighted structures and replacing substandard housing with quality housing? Ultimately, the challenge is to quantify the impacts of redevelopment, both positive and negative, beyond what is currently in place. If the Council wishes to pursue this as a revenue alternative, staff recommends scheduling some time at a committee meeting to more fully identify what would be considered and the legal and policy implications.
5. How much would *de novo* hearings save?
- A. Community Development Director Gibb will bring this item along with OSU doing historic preservation review to the City Council at some point in the near future.
6. A copy of the Planning work program.
- A. This is a lengthy document, and is available on the City's web site. Go to Departments, Community Development, Planning, then click on work program (or via this link:

http://www.ci.corvallis.or.us/index.php?option=com_content&task=view&id=2425&Itemid=3283

Councilor Brown also mentioned the many items on planning work program and the inability to address this list. We concur that the list is long. However, we believe that despite the 29% reduction in Planning Staffing and 93% reduction in contract and special

project funding in recent years, there has been steady progress in addressing the highest priority items. The following is a review of recent progress:

Work Program Items Completed - It is important to distinguish the list of unresolved planning issues from prioritized work program items. The unresolved planning list, which has been 50-plus items over the years is the starting point for prioritization, as it has been recognized that only a small part of this list can be addressed in any given work program. This is why the Planning Commission and Council typically prioritize a short list for work program development. This prioritized list provides the basis to direct available staff resources

It is also noted that the Planning Division work program is separate from the identified Council Goals. The Community Development Department is currently involved in work on three of the four Council Goals, in addition to the work program.

In looking at identified work program priority items from recent years, here are some observations:

2007-2008 - As part of this review, Staff reported on the completion of the following items from the prior work program:

- Resolve LUBA appeals of Phases I and III of the LDC Update
- Consolidation of the Code Update and also separate Code Amendment efforts into a single LDC document.
- Update Comprehensive Plan and Zoning Maps to incorporate all map changes that have been approved and implemented.
- Streamline and re-write Chapter 2.9
- Incorporate provisions into the LDC requiring buffering or screening of heat pumps, air conditioners, etc.
- Address street tree locational issues on small lots
- Investigate possibility of private storm drain lines in backyards
- Clarify LUBA appeal timelines in the LDC
- Remove requirement for public notice of appeals in local newspaper
- Clarify required sidewalk widths in the LDC

The 2009 Work Program identified three packages of LDC Changes for consideration.

- The first of the three packages was approved by the City Council, then appealed to LUBA, but was ultimately implemented
- Items from the other two packages have been subsumed into subsequent work program priorities

The 2010 Work Program identified the following ten items as top priorities:

1. FEMA Update
2. Work on South Corvallis site certification and Update to Airport Industrial Park Plan
3. Update Buildable Lands Inventory
4. Amend LDC to address issues with Natural Features and Natural Hazards

5. Adopt revisions to Chapter 2.9 to streamline the historic preservation review process, etc.
6. Adopt LDC Amendments based on recommendations of Downtown Commission
7. Address unintended conflicts in the LDC
8. Amend LDC to better address accessway standards, block perimeter, and expiration date issues
9. Consider recommendations of the Infill Development Task Force, once they have been developed
10. Develop a policy for how to calculate the 5 year supply of serviceable land for use in annexations

Of that list, Items # 1, 2, 5, and 6 have been fully completed. Item #3 has been placed on the back burner due to previous budget reductions. The remaining items, with the exception of #10, which was not included in the 2011 work program, are currently being worked on by staff.

The 2011-12 work program identified three packages of code changes for consideration, once work from the prior year's work program had been completed, including the FEMA Update, AIP Update, and Downtown Code changes. The 2011 work program also acknowledged the commitment to working on Council goals, including the City/OSU Collaboration Project.

The FEMA update, AIP work and the Downtown Code changes were all completed by the end of 2011 as anticipated. We are now moving forward with the development of the three packages of code changes (including the work of the Infill Development Task Force). Due to our limited staffing resources (exacerbated by our Senior Planner leaving to take another job last fall), we will have to work on this "around the edges" of current planning projects and other commitments, such as the Council goals. A full report on the status of the Council approved work program is already scheduled for a March Council meeting. Staff will also provide a specific response to Councilor Brown's question about the status of the Infill Development Task Force recommendation through a Council Request.

7. What is the rate for cases being closed by Code Enforcement?
 - A. Below is information for 2011 and so far in 2012 (we note that 63 new cases were received in January 2012 alone):

2011 Stats:

Cases Received:	355
Cases Closed:	263
Cases Open:	414 (as of 2-10-12)

2011 Cases Received by Type:

Signs	10
LDC	60
Work w/o Permits	159
Solid Waste	77
West Nile Virus	1
Sanitation	7
Illegal Occupancy	12
Hazard	15
Erosion/Sediment	1
Drainage	4
Other	9

Violation cases are "closed" when one of two possible outcomes is confirmed; 1) a complaint was unfounded in that no code violation was present; or, 2) a confirmed violation is resolved by being brought into code compliance.

It should be noted that there is a great variation in the level of effort necessary to resolve a case, with some complex cases that enter the legal system arena taking months or years to work through the process and other cases being able to be resolved much more expediently.

Consistent with the Council reviewed prioritization system, it may take some time to address lower priority cases. However, as indicated above, 263 cases were closed during 2011 with the balance carrying forward for resolution. This is a very impressive rate in light of the extremely limited Code Enforcement staffing resources.

8. Can we get more funding from the County for County Libraries?
 - A. While we can certainly ask the County to contribute, staff recognizes that the County is in the same budget shape as the City, has been cutting its budget for the last several years, and is likely to need to cut further in its next biennium as O&C monies are expected to end.
9. What is the percent of active Library users who live in Corvallis vs. live outside of Corvallis?
 - A. It is true that Corvallis residents pay more for library services than non-Corvallis residents; this has been the case the entire time there has been a county-wide Library service which dates back probably to the 1930's since City residents pay for the Library through both City and County (not Service District) taxes. Corvallis facility users have always enjoyed a much higher level of service than those in the county. The Library's philosophy as one system is that users anywhere in the service area can use any of the facilities and materials. Usage is not restricted based on how much any one resident actually pays in taxes for the library.

The Extensions Division provides branch library services as well as the bookmobile, outreach to senior facilities, and jail outreach. Some of these services are offered within the Corvallis city limits such as bookmobile stops, senior facilities services, and jail services. There is not a breakdown on what percentage of the Extensions Division is spent within the

city of Corvallis as it can vary and the costs of collecting such data to that level of detail would probably not be commensurate with any significant return.

Each community is responsible for providing and maintaining their own building locally. Residents of Monroe and Philomath contribute to the library through their city taxes. Alsea is owned by a local nonprofit since there is no city government. The Corvallis library facility is the largest and most expensive to operate and is the responsibility of the City of Corvallis.

The budget for the Extensions Division this year is about 11% of the total library budget or \$742,040. About 66% of the assessed value of the District is within the City of Corvallis. Looking at the revenue for FY 11-12, the Library Service District amount is \$2,421,840 and 34% of that (which is the amount generated outside of the Corvallis city limits) is \$823,426. That amount generated outside Corvallis is about 13% of the total library budget which is more than the amount spent on the Extensions Division.

The City over the years since the District was established increased City library funding as usage, demand, and costs grew. City residents requested increased library services and used them very heavily and appreciatively. The District revenue was predicted to grow 6% each year until Measure 47/50 took effect which set the permanent rate and limited the revenue growth so city support of library services grew faster than District revenues. As with other areas in the budget, this was not a problem until the city ran through reserves.

A quick look at the user base reveals the following: since Oct. 1, there have been 13,591 distinct users who checked out items from the Corvallis library. This is the breakdown by location:

9943	73%	Within Corvallis city limits
2392	18%	Corvallis zip code, outside the city limits (such as Lewisburg)
728	5%	Benton County non-Corvallis zip code
528	4%	Outside Benton County

Those are the zip codes people gave the Library when they got their cards and staff cannot guarantee that a person with an Alsea zip code who checks out from Alsea actually still lives in Alsea.

It appears that the number of users from outside Corvallis who use the Corvallis library building are not so large as to elicit a great deal of concern that county users are draining the system. We know there are some who check out items when they come into Corvallis to shop or go to the doctor. However, the vast majority of users of the Corvallis library have Corvallis addresses. Corvallis users also have access to the other branches and anecdotally staff has heard that there are people from Corvallis who use the Philomath library regularly for various reasons.

10. Is there a different staffing model for the Library that would allow fewer than 8 staff on duty at one time?
 - A. To cover all library service points and provide shelving takes eight people: there are four service desks, one person in the back to answer phones and check in materials, a supervisor to relieve people for breaks and to assist with phones, security, and check in, and two shelvers. The only feasible way to cut this back would be to close one of the two checkout desks which would reduce the staffing needs to seven. This, however, would likely mean an

increase in theft and/or a high need of staff assistance in the audiovisual and holds areas which would not have a staff presence. In the past, Sundays were a very busy time and even eight people is a skeleton crew considering the number of people and amount of activity that would likely occur on Sundays.

If shelving is not done in a timely manner patrons cannot find materials that the catalog says are on the shelf; patrons then ask a staff member for assistance in finding the item which takes more staff time. A shelving backlog would be created which would take several days to overcome (for example, it can take regular shelvees two to three days to catch up with check ins received over a holiday). In addition, the circulation work room would likely run out of carts and space to store the items waiting to be shelved.

The Library would use volunteers on Sunday to supplement the work of paid staff by assisting with check-in and shelving of certain materials. Volunteers do not provide direct patron service for a number of reasons. They would not be assigned to cover a service desk. They do not perform the full range of duties of any paid library position, per union contract.

11. Are there additional revenue opportunities?
 - A. The most likely revenue opportunities that could be pursued are the ones Council has already discussed. A brief summary of each is included as Attachment A.

<u>Revenue Option</u>	<u>Description</u> <u>(abbreviated assumptions for est. dollars)</u>	<u>Biggest barrier to</u> <u>immediate</u> <u>implementation</u>	<u>Earliest Full</u> <u>Implementation</u> <u>Date</u>	<u>Annual</u> <u>estimated</u> <u>amount (low)</u>
Local Income Tax	0.25% personal income tax on City residents	Ballot measure & Administration set-up with Portland	July 2014	\$5.3 million
Fire Protection Fee	Various monthly fees charged to utility customers based on meter type, offset by a property tax rate reduction for assessed households/businesses.	Post OSU Collaboration discussions; tenant/owner issues surrounding property tax rebate.	July 2013	\$380,000
Entertainment Tax	1% tax on theater and restaurant revenues (does not include OSU venue participation)	Voter approval may be required	May 2013	\$120,000
Business Services Fee	Based on a flat \$50 annual fee to approx. 1800 businesses	Administrative software	July 2013	\$90,000
Telecommunications Tax	Assuming a 3% charge on cell phone service provider revenues.	Negotiation of agreement and possible referral to voters	Jan 2013	\$530,000
Franchise Fee (increase)	Assuming a 1% increase in fees (from 5% to 6%) for both City and non-City utilities	Timing of individual agreement renewals	Dec/2018	\$800,000
Special District(s)	Parks & Recreation and/or 911-Emergency Communications are both looking at viability of a separate taxing district/authority	Voter approval; establishment of infrastructure	July 2014	\$6.5M and \$2.4 million respectively

2/11/12

GENERAL FUND - POLICE DEPARTMENT - BUDGET OVERVIEW

	Adopted FY 09/10	Actual FY 09/10	Adopted FY 10/11	Actual FY 10/11	Adopted FY 11/12
Operating Expenditures	\$9,948,300	\$9,978,568	\$9,940,990	\$9,914,796	\$10,502,180
Operating Revenue	\$395,300	\$449,761	\$434,050	\$446,892	\$383,470
Expenditures					
Personal Services	\$7,118,410	\$7,225,461	\$7,421,960	\$7,510,041	\$7,946,820
Non-Personal Services	\$775,760	\$718,764	\$720,220	\$664,307	\$789,780
Internal Service Charges	\$886,300	\$856,661	\$906,440	\$867,380	\$850,100
9-1-1 Cost Share	\$858,050	\$858,050	\$801,870	\$801,870	\$790,090
Special Projects	\$309,780	\$319,632	\$90,500	\$71,198	\$125,390
FTE	69.4	69.4	69.4	69.4	68.4
Number Unfunded	0	0	2	2	2

Police Department Mission In-part

Community livability; partnerships with the community promoting crime prevention and public safety through education and enforcement; reduce the impact of crime; enforcement of laws and ordinances; community problem solving;

Current and long-range issues

Adequate staffing: With recent police officer staffing reductions, the police department is staffed /funded with the same number of FTE police officers as 15 years ago despite increased calls for service, increased traffic concerns, increased investigative requirements, and increased population served. Further reductions in staffing levels would negatively impact the Department's ability to carry out its core mission. *9-1-1 Dispatch Funding Model:* Study is currently being done to research the potential for the creation of a 9-1-1 Service District to fund the 9-1-1 operations with the district funding eliminating the City's General Fund cost of \$979,080. *Controlling overtime costs:* For the past 10 years police overtime costs have exceeded 150% of budgeted overtime funds primarily due to staffing shortages. In 2011, a new patrol schedule was implemented to reduce these costs. *Recruiting in general and diversity recruiting in particular:* Recruiting qualified applicants for police officer positions has become increasingly more difficult across the country. Corvallis, as most police agencies, struggles to attract candidates with diverse backgrounds.

Cost containment efforts

9-1-1 Service District; 12 hour schedule; contracting for vehicle service with a local car repair dealer; grants; use of volunteers for crime prevention and other programs; Coplogic on-line reporting; sharing building, records function, evidence function and 9-1-1 with Benton County and other agencies.

Priorities

9-1-1 Service District: With almost \$1 million coming out of the General Fund for the 9-1-1 Dispatch Center the creation of a 9-1-1 Service District would ensure appropriate continued funding for this critical operation while eliminating \$1 million in costs from the General Fund. Establishing this District is a major priority.

Staffing - Police and 9-1-1: Failure to adequately staff police and 9-1-1 operations will have adverse impacts on Corvallis' Overarching Core Responsibilities including resident well being, public safety, livability, and economic vitality in the short run and eventual infrastructure impacts over time.

Future

Grant Funding: Much of the grant funding the police department has received in the past has provided the needed additional funding to purchase certain types of equipment, including required radio equipment, and funding for the operation of the joint city/county street crimes unit. Recent federal grant funding cuts threaten these initiatives and place increased pressure on local funding sources as the cost of these equipment items are increasing impacting the magnitude of the loss of these grants.



Parks & Recreation Summary

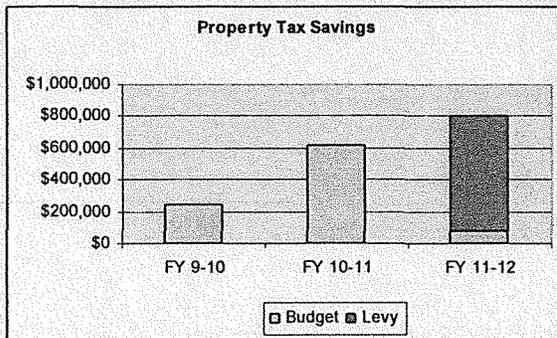
Adopted FY 11-12
\$6,177,360

Regular Property Tax
\$3,808,700

Levy
\$720,400

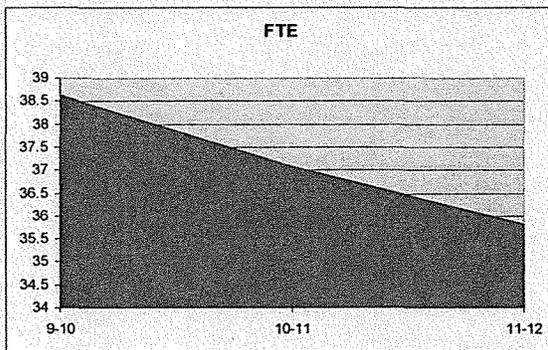
SIF
\$90,000

Our department had 19,980 participants in 910 programs and made 2137 facility reservations.



- Eliminated Contributions to Vehicle reserves-2years
- Deferred Park maintenance
- Special Projects deferred
- Alternative revenue for Osborn Aquatic Center and Chintimini Senior Center
- Delayed Hiring of 4.0 FTE

Reduced



- .5 FTE Park Planner
- .5 FTE Senior Administrative Specialist
- .5 FTE Park Operations Specialist
- .67 Seasonal Park Worker
- 1.0 FTE Park Operations Supervisor
- Reduced season by 20% for 12 seasonal park workers

Parks & Recreation District Feasibility Study

Completed:

- ✓ Initial meeting with staff, Budget and GIS information for last four years
- ✓ 6 Oregon special parks & recreation districts chosen for interviews and survey sent

Next Steps:

- Stakeholder meetings with 509J, Benton County, Adair Village and the City of Philomath
- Look at potential boundaries, tax rate, budget and pro & cons

Completed Study is scheduled for presentation to City Council March/April 2012

Alternative Revenue Local Option Levy 02-74

Passed in May 2011 and provided \$720,400 or 60% of the Osborn Aquatic Center and 92% of the Chintimini Senior Center property tax support in FY 11-12.

A decision to renew should be made by fall of 2013 as the Levy will expire 2014.

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

Priorities

- Provide safe and accessible public Recreation.
- Provide and maintain Parks & Natural Areas that protects the community's investment.

2/11/12

NON-DEPARTMENTAL

By definition – all the things that don't fit into a department's budget.

	FY 08-09 Actual	FY 09-10 Actual	FY 10-11 Actual	FY 11-12 Budget
Property Tax Fund Revenue	\$26,504,409	\$26,435,830	\$27,832,405	\$28,678,230
All Other Funds	<u>13,363,105</u>	<u>2,164,462</u>	<u>4,180,353</u>	<u>4,183,510</u>
Total Non-Dept (undesignated) Revenue	<u>\$39,867,514</u>	<u>\$28,600,292</u>	<u>\$32,012,758</u>	<u>\$32,861,740</u>
General Fund Expenditures	\$1,435,349	\$1,487,599	\$1,424,041	\$1,315,950
All Other Funds	<u>10,726,285</u>	<u>299,426</u>	<u>1,350</u>	<u>1,350</u>
Total Expenditures	<u>\$12,161,634</u>	<u>\$1,787,025</u>	<u>\$1,425,391</u>	<u>\$1,317,300</u>

NON-DEPARTMENTAL BUDGET – REVENUES

- Revenues are the City's undesignated sources (meaning there is no third party restricting the use of these sources) and include -- Property Taxes, Transient Room Taxes (TRT), State Shared Revenues, small miscellaneous fees, and interest earnings.
- Proceeds/uses of bond issues are included as Non-Departmental and are the significant "other" revenue and expenditures in FY 08-09, and the bank loan in FY 10-11.
- FY 11-12 Other Fund revenue includes the local option tax levy.

NON-DEPARTMENTAL BUDGET – EXPENDITURES

- Most of the expenditures are in the General Fund, and for FY 11-12 include:
 - \$352,870 for Social Service allocations.
 - \$335,450 for the state required allocation of TRT revenues for Tourism. This allocation is 30% of the prior calendar year TRT collected based on what was allocated when the state law changed to require this dedication of TRT dollars.
 - \$130,020 for Economic Development activities (no longer a dedicated share of the TRT).
 - \$45,260 for the Corvallis Arts Center.
 - \$20,000 for the NetAssets fees (for on-line lien docket, offset by \$30,000 in fee revenue).
 - \$372,420 for retiree benefit payments, offset by an equal amount of revenue.
 - \$59,930 for internal service charges associated with the non-departmental revenue/expenditure budget.
- The other funds expenditures for FY 11-12 are for paying agent fees for the pension obligation debt.
- In prior years, expenditures have included payments associated with bond issues, and refunds of SDCs.

PRIOR YEAR CUTS

- The Social Service Allocation budget was reduced \$27,000 in FY 11-12 and \$26,410 in FY 10-11, but the local option levy increased funding for social services by \$102,870.
- The Economic Development allocation was reduced by \$129,520 in FY 11-12 and by \$15,370 in FY 10-11; the Fairs and Festivals allocation, as a direct City grant, was eliminated through these reductions.
- The Corvallis Arts Center grant was reduced to half the historical rate (\$40,810) in FY 11-12 and by \$5,670 in FY 10-11.

City Manager's Office Budget Presentation

February 11, 2012

625 Administrative Services Fund <i>(~52% property tax supported)</i>				
Year	Total Budget	% change from previous year	\$ change from previous year	FTE
FY 2011-12 Adopted	\$2,100,260	-0.66%	(\$14,000)	9.75
FY 2010-11 Adopted	\$2,114,260			10.00
630 Risk Management Fund <i>(~49% property tax supported)</i>				
Year	Total Budget	% change from previous year	\$ change from previous year	FTE
FY 2011-12 Adopted	\$959,950	-1.04%	(\$10,060)	0
FY 2010-11 Adopted	\$970,010			0

Significant changes 10-11 and 11-12

- * City Manager Retirement and Hire
- * Elections budget deleted FY 10-11
- * Organization and staff training reduced in FY 10-11
- * Newsletter budget reduced in FY 11-12
- * Communications special project cut FY 11-12
- * Deferred Comp Consultant
- * Diversity budget reduced 50% in FY 10-11
- * Council meals budget cut mid-year FY 10-11
- * Council mtg videotaping cut FY 11-12
- * Holding Human Resources Manager vacancy
- * Re-establish customer service in City Hall lobby

Underway for 12-13

- * Ongoing cost of Deferred Compensation consultant
- * Recruitment software maintenance expense full year
- * Economic Development Program coming to CMO
- * CAD contract discontinued per CAD's request
- * Ongoing labor negotiations
- * City Attorney contract RFP for 13-14 budget
- * Financial implications package to USC (*CMO = Newsletter and Council minutes*)

* New 2013-2014 City Council Term

The City Manager's Office mission is to provide leadership, coordination and management organization-wide to ensure effective community services. It therefore touches all core responsibilities areas.