



**CORVALLIS
CITY COUNCIL WORK SESSION
AGENDA**

**February 4, 2012
8:30 am**

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

COUNCIL ACTION

I. ROLL CALL

II. UNFINISHED BUSINESS

- A. Department Budget Presentations
- B. Next Meeting – February 11, 2011

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



Focus on the Future

The 2012 Corvallis City Council Budget Work Sessions

This year's meetings will be held on February 4th and 11th.

How the meetings will proceed – No decisions will be made by the Council during these meetings; they are work sessions. At these meetings, Senior Directors will present information from their department, focusing on the future and on issues related to 2012-2013 budgets. At the conclusion of their brief presentation, each Department Director will answer Council's questions. The City Manager will facilitate the day's activities. We encourage the City Council to carry important themes from these meetings forward through the budget process and the work in the next several months. Decisions on budget issues will be deferred to the Budget Commission meetings in April.

As for follow up or clarification from today, I would appreciate if City Council questions or comments be submitted by email to the Finance Director and City Manager by Tuesday, February 7th. If possible, City Staff will respond to the full Council to those emails before the meeting on the 11th.

The Agenda for the second day – The meeting on the 11th will consist of a re-cap of our meeting on February 4th and then completion of any department presentations not covered at the first meeting. The balance of the meeting can be to discuss next steps and discussion about the April Budget Commission meetings and public hearing.

I have included below the considerations City staff will focus on in addition to the 5 overarching core responsibilities for developing the 2012-2013 balanced budget. There will be time on the 11th for your input into our budget building basics.



The City Manager and Senior Directors balanced budget considerations:

1. All budget actions must serve to enhance citizens' level of trust in City government.
2. Business as usual is not an option.
3. We must keep in mind the importance of our City of Corvallis bond rating.
4. We will not grow local government unnecessarily.
5. We will plan for a financially sustainable future.
6. We will incorporate the revised financial policies in to the budget.
7. Any increases in staffing will be associated with an adopted legislative Council action, reduction of staffing in another department, Council adoption of new taxes or fees to support services, or increases in existing fee or tax resources.
8. Any proposal to reduce or eliminate services or financial support to the community should be considered very carefully with the future in mind and the potential impacts to our City.
9. Any proposal to reduce our work force should be considered very carefully, recognizing these decisions will impact employees and their families.
10. Our proposed budget should keep the City of Corvallis competitive and in line with the market place for wages and benefits for employees.

**City of Corvallis
Public Works Department
Presentation to February 2012 City Council Work Session**

Total Public Works FY 11-12 Revenue Budget (all funds) \$32,101,991
 Total Public Works FY 11-12 Operating Expenditure Budget (all funds) \$30,371,830
 (does not include capital projects)
 Total Public Works FY 11-12 Budgeted FTE (all funds) 118.13

Department FY 11-12 Expenditure Budget in the General Fund \$ 1,642,760 5.41%
 Department FY 11-12 Expenditure Budget in all other Funds \$28,729,070 94.59%

Fund	FY 11-12 Budgeted Expenditures	Portion Funded by Property Taxes	FTE	Main Services
General	\$ 1,642,760	\$ 730,510	3.83	Sustainability; street lighting (50%); government and public access programming (PEG)
Street	\$ 4,243,950	\$ -	19.86	Street maintenance; bike facilities; street lighting (50%)
Parking	\$ 171,980	\$ -	1.10	Parking meters; pay stations; residential parking district
Transit	\$ 3,481,890	\$ -	3.68	Bus service; paratransit service; Beaver Bus
Water	\$ 8,930,510	\$ -	33.98	Drinking water treatment and distribution; Corvallis Forest and watershed management
Wastewater	\$ 7,264,080	\$ -	34.39	Wastewater collection and treatment
Storm Water	\$ 1,962,260	\$ -	12.17	Rain water runoff control; urban stream maintenance
Airport	\$ 820,910	\$ -	1.98	Airport operation; industrial park management
Fleet	\$ 818,030	\$ 94,390	2.17	Vehicle and equipment maintenance
Facility	\$ 823,880	\$ 466,286	4.27	Building maintenance
Technology	\$ 211,580	\$ 113,130	0.70	Telephone system maintenance
TOTAL	\$ 30,371,830	\$ 1,404,316	118.13	

General Fund	FY 11-12 Budgeted Expenditures	Portion of Total Program in the General Fund	Dedicated Revenues (other than property tax)	FTE	Main Core Responsibility
Street Lighting	\$ 266,040	50.10%	\$ -	0.155	Safety for community
GIS/Mapping	\$ 75,020	14.81%	\$ -	0.550	Support for infrastructure activities
Engineering	\$ 144,390	7.98%	\$ -	1.350	Support for infrastructure projects
Admin	\$ 89,050	1.84%	\$ -	0.050	
Sustainability	\$ 139,310	100%	\$ 73,590	1.625	Organization and community livability
PEG	\$ 230,390	100%	\$ 230,390	0.100	
Special Projects	\$ 698,560	100%	\$ 698,560	0	Community livability (federal sustainability grant programs)
TOTAL	\$ 1,642,760			3.83	

Significant recent actions to reduce department reliance on property taxes by \$1,036,280:

- FY 09-10** Reduced property tax transfer to Transit Fund
 Returned property tax portion of Transit Fund carryover balance to General Fund
- FY 10-11** Eliminated property tax support to the Transit Fund
 Reduced by 15% the portion of street light program funded by General Fund
 Eliminated 1.5 FTE (Fleet Services Specialist and Administrative Specialist)
 Eliminated radio maintenance program
 Deferred building maintenance projects that were not related to health and safety

Community Development Budget Overview

Budgeted Expenditures By Fund	Adopted 09-10	Adopted 10-11	Adopted 11-12	% Change 10-11 To 11-12
General Fund	1,722,190	1,618,220	1,356,480	-16.17%
Dev Service Fund	1,883,090	2,221,550	2,838,820	27.79%
Com Dev Revolving	3,777,000	4,262,670	4,336,610	1.73%
Street/Utility Funds	171,430	174,580	179,830	2.03%
TOTAL	7,553,710	8,277,020	8,711,740	5.25%
 GF Supported FTE (Primarily)	 14	 13.8	 10	 -27.5%

Revenue Actual – General Fund

Revenue	FY 09-10 Actual	FY 10-11 Actual	Budgeted FY 11-12
Charges for Services	\$ 77,509	\$ 88,979	\$ 103,020
Intergovernmental/Misc	\$ 21,161	\$ 16,666	\$ 16,500

CD Services Primarily General Fund Supported:

- Current Planning – land use applications, historic review
- Long Range Planning – planning work program
- Code Enforcement – Municipal Code, land use (400 cases)

Budget Trends in General Fund Supported Activities

Activities	Historical Average	FY 11-12	% Difference
Planning Division-Planner Staffing	8.4 FTE (10 yr avg.)	6 FTE	-29%
Planning Contract Services / Projects	\$144,981 (Annually)	\$10,000	-93%
Code Enforcement	1.25 FTE (4 yr Avg.)	1 FTE	-20%

FY 11-12 Reflects Baseline Service Level

- Current Planning – 4 FTE
- Long Range Planning – 1 FTE
- Code Enforcement – 1 FTE

Priorities for the Future

- Current Planning – to meet legal requirements and customer and community expectations
- Code Enforcement – to provide a basic service level for a complaint based system
- Long Range Planning – minimal staffing to respond to Council goals, Planning Work Program priorities

CORVALLIS-BENTON COUNTY PUBLIC LIBRARY
"Bringing People and Information Together"
 January 2012

- County-wide service with 3 branches and bookmobile
- Library Service District funds branches, bookmobile and part of Corvallis Library
- Major role in resident well-being. Typical comment: "I love the library!"
- Contributes to all other city core responsibilities

Service Priorities:

- Books and other library materials
- Youth programs
- Public computing and online services
- Public space and meeting rooms
- Maintain Corvallis Library
- Improve workflow and efficiencies

<p>Budget Reductions Since 09/10</p> <ul style="list-style-type: none"> • .75 regular FTE and 2.5 (equiv) casual cut, plus management reorganization • FTE from 46.65+ casual to 45.39 and almost no casual • \$122,000 less for books and materials • Targeted cuts in most other areas

	Operating Budgets	
	09/10	10/11
	\$6,273,370	\$6,384,110
		11/12
		\$6,486,530

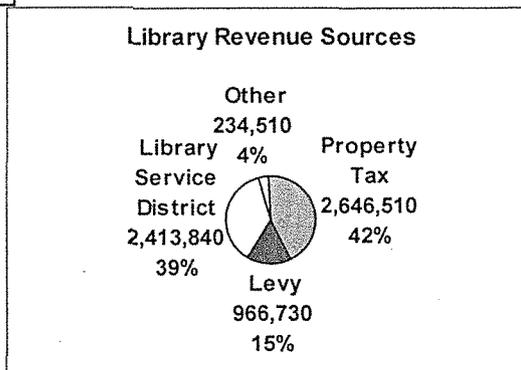
Only budget increases were because of required step or contract wage increases, benefits, and 10/11 required boiler replacement (major energy savings resulted); 10/11 mid-year revisions resulted in net operating budget of \$6,072,000.

Library Hours and Usage			
	02/03	09/10	10/11
Hours	75	69	56
Checkout	1,525,303	1,674,356	1,634,121
Physical Visits	755,278	926,028	842,817
Total Visits	755,278*	1,885,582	1,901,807
*didn't count online visits			

Hours cut 25% since 02/03 and are now "below adequate" per library standards. FY 10/11 hours cuts impacted usage. Tough reduction choice between materials (our primary purpose) and hours.

Upcoming:

- New Monroe Community Library in 2012! Funded by community fundraising and grants. Library Friends and Foundation to provide furnishings; library to provide computers, collection, and staff (existing).
- Library Foundation capital campaign begun to raise funds to help the library "Complete the Block." The city signed an option agreement in 2007 with John Fenner to buy the adjoining property from his estate when the time comes. The Foundation wants to ensure the library does not lose the chance for future expansion on our current site.



CITY OF CORVALLIS FINANCE DEPARTMENT BUDGET

	FY 08-09 Actual	FY 09-10 Actual	FY 10-11 Actual	FY 11-12 Budget
Municipal Court Revenue	\$942,691	\$906,706	\$1,091,027	\$1,261,530
General Fund	565,953	614,534	576,401	677,700
Parking Fund	110,405	105,451	112,030	143,310
Tech & Communications Fund	1,471,197	1,387,855	1,426,463	1,607,720
Admin Services Fund	2,577,413	2,558,781	2,533,091	2,588,650
TOTAL EXPENDITURES	\$4,724,969	\$4,666,621	\$4,647,985	\$5,017,380
FTE	38.25	39.00	38.00	34.75

MUNICIPAL COURT – GENERAL AND PARKING FUNDS (5.0 FTE)

- Adjudicate cases; collect monies from traffic/criminal/parking citations. Major issues:
 - Historical accounts have been turned over to collections; parking collections rates are higher than traffic/criminal citations.
 - The work load volume per FTE remains two times higher than comparable sized cities in Oregon, and is impacted by Police department staffing levels.
 - 1.0 FTE added in FY 09-10 was deleted before filled as part of budget balancing.

MIS – TECHNOLOGY & COMMUNICATIONS FUND (10.0 FTE)

- Manage the City's many data systems, including fiber, connectivity, office productivity, and department specific database management systems. Major issues:
 - Work is underway to study a City MIS/County IRM joint operation of IT services.
 - Use of information systems continues to expand as tools to plan and manage work more efficiently, and to meet demands to improve communication with the public more quickly; mobile device and social media interactions are also driving new technology adaptations.
 - Data integrity, security, and accessibility are becoming more crucial to meet legal requirements, new privacy laws/requirements, court ordered records retrieval for ediscovery, etc.
 - Around 44% of MIS support comes from charges to property tax funds.
 - 1.0 FTE was eliminated in FY 11-12 as part of budget balancing; servers have been virtualized cutting replacement and operating costs.

FINANCIAL SERVICES – ADMINISTRATIVE SERVICES FUND (19.75 FTE)

- Manage the City's finances, including daily transactions (A/P, A/R, Payroll, deposits, etc.), financial reporting, budget, investments, and utility billing. Major issues:
 - The financial management system is more than 15 years old; staff plans to acquire an updated software version in late 2012, but the conversion to a windows-oriented/web based software from the current legacy system is expected to be more like a new software roll-out than a simple upgrade. The City's current vendor will provide like-for-like software upgrades for free; costs for implementation can be paid over a five year period at 0% financing.
 - Financial transaction costs (credit card fees, transaction pricing from vendors, PCI-DSS compliance) are increasing and the monopoly market for credit cards is not likely to reduce costs without federal intervention.
 - GASB pronouncements drive audit requirements and audit costs with some of GASB's current discussions focusing on issues such as future financial projections and requiring OPEB advanced funding which are likely to increase these costs even more.
 - Around 43% of Financial Services support comes from charges to property tax funds.
 - Deleted 2.25 FTE in FY 11-12 budget balancing.



City of Corvallis Fire Department Budget Presentation Summary

Courage, Honor, Commitment, and Teamwork

	Adopted FY 09/10	Actual FY 09/10	Adopted FY 10/11	Actual FY 10/11	Adopted FY 11/12
Operating Expenditures	\$11,424,260	\$11,040,775	\$10,626,930	\$10,413,153	\$11,384,830
Operating Revenue	\$ 3,258,290	\$ 3,267,609	\$ 3,267,530	\$ 3,408,219	\$ 3,489,490
Expenditures					
Personal Services	\$8,061,380	\$ 7,996,443	\$8,297,920	\$ 8,317,495	\$ 8,760,020
Non-Personal Services	\$ 841,560	\$ 746,181	\$ 842,510	\$ 793,935	\$ 890,520
Internal Service Charges	\$ 889,980	\$ 856,984	\$ 890,190	\$ 862,489	\$ 877,130
9-1-1 Cost Share	\$ 128,530	\$ 128,530	\$ 134,360	\$ 134,360	\$ 137,410
Special Projects	\$1,502,810	\$ 1,312,637	\$ 461,950	\$ 304,874	\$ 719,750
FTE	69	69	69	69	69
Number unfunded	0	0	2	2	1

Divisions: Hazard Abatement
 Transport Ambulance
 Fire and Rescue Operations
 Management Services

Area of service:
 City of Corvallis: 15 sq. mi.
 Rural Fire District: 30 sq. mi.
 Ambulance Service Area: 765 sq. mi.

Adjustments Made to Budgets, Programs, and Plans:

- Pushed out the replacement of the 1991 Grumman Engine \$522,120
- Held additional positions vacant to meet budgetary targets
- Reduce contributions to Vehicle Reserves:
 - 10/11: \$321,000
 - 11/12 (adopted): \$350,000
- Reduce/eliminate supplies, maintenance, and training (hose, EMS disposable supplies, technology, apparatus maintenance, etc.)

Significant Challenges Faced by the Department in Past, Present, and Future Years:

- Secure adequate funding for Vehicle Reserves
- Delay hiring consultant, as recommended in the Strategic Plan: \$60,000
 - Station relocations: Station 2 and Station 3
 - Identified need to increase staffing for Prevention and Training
- Unfunded: Seismic upgrades/ roof/attic space repairs at Station 2 and Station 3: \$300,000
- Delete Station 1 Energy Management System Upgrade: \$17,000
- Delay Station 2 and Station 3 partial roof replacements to FY 15/16: \$26,000
- Operating with additional vacancies contributes to escalating overtime costs
- Unfunded potential retirements
 - 11/12: \$497,770

Mission Statement:

To protect the lives, safety, property, and environment of all persons in the community and surrounding areas we serve; to educate, inform, and enforce life safety with knowledge and fairness; to give the fullest measure of service for the cost.