CORVALLIS
ENHANCING COMMUNITY LIVABILITY

ADMINISTRATIVE SERVICES COMMITTEE

Agenda

Wednesday, January 23, 2013
3:30 pm

Madison Avenue Meeting Room
500 SW Madison

Discussion/**Possible Action**	I.	Majestic Theatre Management Loan Extension (Attachment)
Discussion/**Possible Action**	II.	Public Safety Tax (Attachment)
Discussion/**Possible Action**	III.	Possible Fund Closures (Attachment)
Information	IV.	Other Business

Next Scheduled Meeting
Wednesday, February 6, 2013 at 3:30 pm
Madison Avenue Meeting Room, 500 SW Madison Ave

Agenda
Municipal Judge Recruitment Process Alternatives
Council Policy Review and Recommendation:
97-10.01-10.08, "Financial Policies"

MEMORANDUM

CORVALLIS
ENHANCING COMMUNITY LIVABILITY
PARKS & RECREATION

To: Administrative Services Committee
From: Karen Emery, Director
Stephen DeGhetto, Assistant Director
Date: December 31, 2012
Subject: Majestic Theatre Management Loan Extension Update

Issue: The Majestic Theatre Management (MTM) received a $20,000 interest free loan in October 2010. In January 2012 City Council approved an extended repayment schedule that began in September of 2012. This update is informational and will show to date the progress MTM has made on the loan.

Background: The City authorized a $20,000 loan to MTM during a transition period between executive directors and the organizational restructuring. The funding was to aid cash flow supporting personnel, materials, supplies, and utilities. A loan extension was requested and in January 2012 City Council approved an extended repayment schedule for MTM that began in September of 2012 for $100 per month. The loan repayment schedule is structured through an addendum to the original promissory note. To date MTM has repaid $400.00 and the balance due the City is currently $19,600.00.

Discussion: MTM continues to make progress in their organizational structure, programming, and partnerships. The City, as the owner of the Majestic Theater and MTM, as the operator, provide community theatre and theatrical education opportunities in Corvallis. MTM has outlined a recovery plan including educational programming, strategic planning, event and production marketing, and rebuilding the donor support of community theatre.

Recommendation: Staff recommends that City Council continue the annual review of the loan and incorporate the review as part of the MTM annual reporting to the Human Services Committee.

Review and Concur:

James A. Patterson, City Manager

Nancy Brewer, Finance Director

Attachments: Staff Memo Jan 10, 2010 with Promissory Note and Resolution 2010-39
Promissory Note Extension dated Feb. 8, 2012
Use Agreement

MEMORANDUM

CORVALLIS
ENHANCING COMMUNITY LIVABILITY
PARKS & RECREATION

To: City Council and Mayor
From: Karen Emery, Director
Steve DeGhetto, Assistant Director
Date: January 3, 2010
Subject: Majestic Theatre Management Loan Extension

Issue:
The Majestic Theatre Management (MTM) received a $20,000 interest-free loan in October 2010. MTM would like to request an extension and would like the repayment to begin in September 2012 with payments of $100 per month.

Background:
The City authorized a $20,000 loan to MTM during a transition period between executive directors and the organizational restructuring. The funding was to aid cash flow supporting personnel, materials, supplies, and utilities. During the MTM transition period the requirement to request an extension was missed as well as the loan repayment. The loan was termed for one year and was to be paid off on October 31, 2011. The loan extension was to be in writing and was due in August 2011.

Discussion:
MTM continues to make progress in their organizational structure, programming, and partnerships. The City as the owner of the Majestic Theater and MTM as the operator, provide community theatre and theatrical education opportunities in Corvallis. MTM has outlined a recovery plan including educational programming, strategic planning, event and production marketing, and rebuilding the donor support of community theatre.

Recommendation:
Staff recommends that City Council accept the MTM request to extend the 2010 loan repayment to September 2012 with payments of $100 per month through an addendum to the Promissory Note.

Review and Concur:

James A. Patterson, City Manager

Nancy Brewer, Finance Director

Attachments: MTM request to extend letter, Promissory Note MTM/City of Corvallis

PROMISSORY NOTE
between
THE CITY OF CORVALLIS AND
MAJESTIC THEATRE MANAGEMENT, INC.

This agreement and note is entered into this twentieth day of October, 2010 between the City of Corvallis, a municipal corporation of the State of Oregon, hereafter called CITY and Majestic Theatre management, Inc. a corporation, hereafter called MTM.

MTM hereby promises to pay to the order of the CITY, the sum of Twenty Thousand Dollars ($20,000), due on or before October 1, 2011.

This loan is made as part of the CITY'S intent to financially support the direct operations of the Majestic Theatre, Corvallis, Oregon. The terms of the note are as follows:

1. The loan to MTM will be interest free for the term of the note.
2. The funds will be made available to MTM within ten business days of the signing of this note.
3. MTM will use the funds loaned by the CITY for the daily operations of the Majestic Theatre, including, but not limited to, personnel costs, materials and supplies, contract services, utilities, and other related normal and reasonable costs generally associated with the theatre operations. This loan is for the exclusive benefit of MTM. Any attempt to assign, transfer, or pledge by either party without the prior written consent of the remaining party shall be in violation of the terms of the note.
4. MTM will be required to report to the Corvallis City Council regarding the status of its financial condition as part of its annual report, scheduled for Spring, 2011.
5. MTM shall repay the loan as it deems it has funds available to do so, but the loan shall be repaid in full no later than October 1, 2011. There will be no pre-payment penalty. If MTM requires an extension of this loan, it shall file a request with the CITY no later than August 31, 2011. Any extension, modification or novation of this loan and note must be made in writing and signed by both parties.
6. MTM agrees not to discriminate on the basis of age, citizenship status, color, familial status, gender identity or expression, marital status, mental disability, national origin, physical disability, race, religion, religious observance, sex, sexual orientation, and source or level of income in the performance of this contract.
7. In the event of default in the repayment of this note, the CITY, at the option of the CITY, may declare the entire balance immediately due and payable. If suit or action is commenced to collect this note or any portion thereof, MTM promises to pay such additional sums on account of attorney's fees as the court shall deem reasonable in such suit or action or any appeal therefrom. In addition to, and as a cumulative remedy and not an alternative to any other legal remedy CITY may have, CITY may, but is not required to, withhold annual payments to MTM from interest earned on the endowment to repay monies owed under this note.

All notifications necessary under this contract shall be addressed to:

City of Corvallis
Karen Emery, Parks & Recreation Director
PO Box 1083
Corvallis, OR 97339-1083
541-766-6918

Majestic Theatre Management, Inc.
Kent Daniels, President
115 SW 2nd Street
Corvallis, OR 97333
541-766-6976

IN WITNESS WHEREOF, the parties have herewith executed their signatures.

CITY OF CORVALLIS

Jon S. Nelson, City Manager

MAJESTIC THEATRE MANAGEMENT, INC.

Kent Daniels, President

Approved as to Form:

City Attorney

MTM LOAN

RESOLUTION 2010-39

A RESOLUTION TRANSFERRING APPROPRIATIONS FROM GENERAL FUND CONTINGENCIES TO NON-DEPARTMENTAL FOR A LOAN TO MAJESTICE THEATRE MANAGEMENT, INC.

Minutes of the meeting of October 18, 2010, continued.

A resolution submitted by Councilor Patricia Daniels.

WHEREAS, ORS 294.450 allows appropriations to be transferred after the budget has been adopted; and

WHEREAS, Majestic Theatre Management, Inc. (MTM) has requested the City loan MTM $20,000 for a one year term to facilitate their management of the City-owned theatre and to cover costs of operation; and

WHEREAS, this loan will not accrue interest, and MTM may pay the monies back any time but no later than October 1, 2011;

WHEREAS, the City Council of the City of Corvallis finds that it is in the best interest of the City to make this loan to continue MTM operations;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CORVALLIS RESOLVES that appropriations in the FY 2010-2011 budget be transferred as shown below; and

BE IT FURTHER RESOLVED that the Finance Director be authorized to make the proper adjustments in the budget appropriations.

FUND	FROM	TO
General Fund		
Contingencies	$20,000	
Non-Departmental		$20,000

Patricia R Daniels

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

MAJESTIC
THEATRE
MANAGEMENT
115 SW 2nd St., Corvallis OR 97333 • (541) 758-7827 • www.majestic.org

To The City Council for the Town of Corvallis and the Honorable Julie Manning,

We are writing today in regards to the Majestic Theatre Management's standing debt obligation of $20,000 owed to the City of Corvallis. We would like to request the City Council permit Majestic Theatre Management to defer on this commitment until the September 2012 and the start of our next fiscal year. We would like the approval of the council to establish a payment plan with monthly installments of $100.

The $20,000 loan was granted by the City Council last year to assist the organization with cash flow and operational expenses following the "dark" period connected with the seismic retrofit upgrades to the facility. MTM's original commitment was to repay the loan in full by August of 2011.

We sincerely apologize for our company's failure to communicate earlier regarding the loan. Late in the summer of 2011 at the time the loan was due, MTM was bringing in new executive management and overseeing the transition of several key staff positions. This lapse resulted from the MTM's limited human resources and the changing leadership.

Today, The Majestic Theatre stands poised at place of both promise and uncertainty. We are in the initial stages of a strategic planning process designed to increase the impact of our institution and transform how we serve the community.

In just the last few months alone we have seen great progress in our program reach.

- We are in the process of building a dynamic new educational program built on an inclusive, accessible and forward thinking model.
- We are developing new programs for adult education and redesigning the community theatre model which had gone into a period of artistic, organizational and financial decline.
- We are creating a lab space for community projects and new rental partnership models that will make the venue available to a much wider set of users.
- We are committed to increasing the representation of all community voices. In 2012 we will see new programs and partnerships reaching out to the Latino community, LGBT, at-risk youth, Native Americans and many other groups, organizations and interests.

The Majestic Theatre is positioned to see significant increases in our audience as we diversify our programming. We contend The Majestic, and the culture sector at large, has a vital role to play in the economic development of downtown Corvallis. Our objective is to provide more consistent and diverse services through classes and performances. In doing so, we hope to reverse the trend of Corvallis citizens travelling to Portland and Eugene to see concerts, plays and other events. If we can achieve these goals, we can easily imagine a new renaissance for downtown business with more people shopping, dining and enjoying our beloved city.

We are now finally in a position where we have strong management and staff with the correct skill sets to address the challenges of today's economic and cultural landscape. However, our own financial setbacks and the absence of the correct leadership in the organization over the last several years has diminished our cash reserve and weakened our support from individual donors, corporations and foundations.

The tenuous stability of Corvallis Community Theatre presented a fresh challenge in the current fiscal year. CCT was our primary rental partner accounting for one third of the total use in our venue. MTM faces a shortfall of over $20,000 connected to lost rental income due to CCT's insolvency. This presents both immediate challenges to our ability to operate while also demanding that we develop new markets and opportunities in future years.

By granting a deferral on the loan, MTM will have the opportunity to implement new financial and business practices, develop its Board of Directors, further its strategic planning work, advance development work in the community, and focus on the essential program commitments vital to our success and sustainability.

We see a bright future for The Majestic as we look ahead to the centennial in 2013. Still, there is much work ahead of us before we are secure on the path forward. Allowing us time before we begin repayment followed by long term payment plan would be very valuable as we stand at the crossroads.

Thank you for your time and consideration. We look forward to the opportunity to speak before the council, receive your comments and respond to your questions.

Sincerely,

Corey Pearlstein
Executive Director
The Majestic Theatre

PROMISSORY NOTE EXTENSION

This Promissory Note Extension, dated February 8, 2012, amends the agreement entered into on October 20, 12010 between the City of Corvallis, a municipal corporation of the State of Oregon, hereinafter called "CITY" and Majestic Theatre Management, Inc., an Oregon corporation, hereinafter call "MTM".

1 The City and MTM agree to modify the original agreement as follows:

5.1 The loan repayment schedule shall begin September 2012 with payments of $100 per month

5.2 The repayment schedule and terms of this Extension shall be reviewed by Corvallis City Council in January 2013

2 All other terms and conditions in the original agreement remain as originally identified.

IN WITNESS WHEREOF, the parties have herewith executed their signatures.

City of Corvallis:

James A. Patterson
City Manager

Majestic Theatre Management, Inc.

Corey Pearlstein
MTM Executive Director

Approved as to Form:

City Attorney

USE AGREEMENT BETWEEN THE CITY OF CORVALLIS AND MAJESTIC THEATRE MANAGEMENT, INC.

THIS AGREEMENT, made and entered into this 1st day of July 2011, is by and between the City of Corvallis, hereinafter referred to as "CITY," and Majestic Theatre Management, Inc., an Oregon not for profit corporation, hereinafter referred to as "MTM" and jointly referred to as Parties, or individually as a Party, mutually agree as follows:

The CITY and MTM are mutually interested in using the City-owned facility, located at 115 SW 2nd Street, Corvallis, Oregon, hereafter referred to as "Majestic", as a community theatre. MTM has successfully managed the theatre since August 1991 under agreement with CITY. CITY has determined MTM is qualified and capable of providing the services required by CITY.

1. **Term**

   1.1 The term of this Agreement shall begin July 1, 2011 and continue until June 30, 2014 unless either party cancels upon written notice.

   1.2 CITY and MTM realize the successful operation and financial health of the Majestic requires that rentals be booked in advance. This may require booking past the expiration date of this agreement. It is therefore agreed that, in the event this agreement expires or is terminated by CITY under the agreement's provisions, CITY or any organization operating the theater after the expiration or termination of this agreement shall honor rentals up to eleven months past the date of expiration or termination. Any fees collected by MTM prior to the expiration or termination of the agreement for bookings between the date of expiration or termination and one year past said date, shall be remitted to CITY.

   1.3 This contract may be extended, by mutual agreement, for three additional years. Notification of intent to extend the contract will be submitted in writing by certified mail, return receipt requested no less than 60 days prior to the end of the contract.

   1.4 If this Agreement crosses fiscal years, funding for future years is contingent upon the City Council adopting appropriations.

2. **Use of Premises**

   2.1 **Premises.** CITY, in consideration of the terms, covenants, and agreements herein contained, authorizes MTM to manage and operate a performing arts center on the premises situated at 115 SW 2nd Street, Corvallis, Oregon (Facility A) and also located a the Flomatcher Building at Berg Park (Facility B). The space at Facility B is 40 feet wide and 60 feet long and encompasses only the wood shop within the Flomatcher Building at Berg Park. MTM may also park up to 15 vehicles on a day-use basis, in areas identified by CITY staff. MTM stipulates the premises at both facilities have been examined, including the grounds, and that they are, at the time of this agreement, in good order, repair, and in a safe, clean, and useable condition for the purposes intended

   2.2 For Facility A, CITY shall be responsible for major structural support elements including but not limited to foundation, exterior and interior walls, roof repairs, floors and subflooring (excluding floor coverings), and any other items which, if not maintained or repaired, would result in long-term damage to Majestic. In addition, CITY is responsible for the replacement of building mechanical systems such as plumbing, HVAC and electrical. For Facility B, city shall have no obligation for repair, maintenance or replacement of structures or systems. In cases where responsibility is unclear, both PARTIES will work together to come to a satisfactory solution.

2.3 **Exclusive Use.**

2.3.1 CITY grants MTM exclusive license to use Majestic and CITY-owned equipment therein for the term of this agreement or as such term may be extended in accordance with the provisions of this agreement; and, further, CITY promises not to grant to any other person any right to use Majestic for such period or periods or take any action not in accordance with this agreement which would inhibit MTM's rights pursuant to this agreement.

2.3.2 The City grants exclusive use of Parcel B in exchange for facility use for educational and Parks and Recreation programming at the Majestic Theater (Parcel A).

2.3.3 The in-kind rate of exchange is not to exceed $3,000 annually. The in-kind rate shall be determined by then current Majestic hourly room rates and then current City Shop (Parcel B) monthly rates.

2.4 **Inspection.** Any governmental agency which has lawful jurisdiction over Majestic or the operations at Majestic, including CITY, may make inspections of Majestic and its operations at any time that Majestic is open or at any other time or times which may be reasonable for such inspections, provided however, that such inspections shall be made only by authorized personnel of such authorities or of CITY. Such inspections shall not interfere with the orderly operation of Majestic by MTM.

2.5 **Damage to Premises.** MTM shall be responsible for all damages resulting from the abuse of the property. MTM shall not engage in and/or conduct any illegal activities on the property.

2.6 **Property Tax.** The Assessor's Office has determined that, under the general terms and conditions of this Agreement, the property will not be subject to property taxes. In the event the property should be subject to a property tax assessment, MTM shall either be responsible for the assessments or CITY may terminate the Agreement to avoid assessment, whichever is most expedient and which relieves CITY from a liability to pay taxes.

2.7 **Other Charges.** MTM is responsible for all other fees, charges, taxes, and surcharges which are applicable to the operation of MAJESTIC, except those indicated in 2.7.

2.8 **Utilities.** CITY shall provide water, sewer, and storm; MTM shall pay for all other utilities.

2.9 **Funding**

2.9.1 Subject to annual budgetary appropriations, CITY shall budget sufficient authority to turn over to MTM all interest earnings accrued to the Majestic Theatre Endowment in the preceding fiscal year. CITY shall make full and complete payment of Interest earnings to MTM by September 15 of each year. MTM shall use the interest earnings to carry out obligations provided for under this Contract.

2.9.2 CITY shall invest the principal in the Majestic Theatre Endowment as part of CITY's pooled investments in compliance with the City Investment Policy. The Investment Policy Is updated annually and reviewed by the Investment Council.

2.9.3 If, at anytime, MTM wishes to request funds from CITY, other than the Majestic Theatre Endowment Interest, such requests must be submitted to the City Manager prior to October 1 of each year and shall be considered by the Budget Commission during Its annual review of CITY's annual budget and CIP Program with the exception of Economic Development funds. Economic Development fund requests shall following the process outlined by the Community Development Department. All other requests for which funds are not budgeted shall be made directly to the City Council.

3. **MTM Responsibilities**

3.1 MTM is, and shall perform this agreement as, an independent contractor and as such, shall have and maintain complete control over all of its employees, subcontractors, agents, and operations.

Neither MTM nor anyone employed by it shall represent, act, purport to act or be deemed the agent, representative, subcontractor, employee, or officer of CITY.

3.2 MTM shall provide CITY with financial reports at quarterly intervals. These reports shall include cash flow reports.

3.3 MTM shall give CITY immediate notice in writing of any action or suit filed, and prompt notice of any claim made against MTM by any subcontractor or vendor which may result in litigation, related in any way to this agreement.

3.4 It is acknowledged that MTM's status is a not for profit corporation. MTM shall notify CITY immediately if it's corporate status changes.

3.5 **Operations.** As a condition of this Agreement, the MTM agrees to manage and operate the Majestic as follows:

3.5.1 Operate Majestic in accordance with all provisions of this contract for the convenience of the public;

3.5.2 Support education/training in the performing arts and theatrical crafts and assist individuals and organizations to bring performances to the public;

3.5.3 Use MTM's best efforts to secure, maintain, and develop full utilization of Majestic and to foster a positive public image for Majestic;

3.5.4 Establish and maintain operational policies and procedures, including but not limited to user rates, which balance low cost access and self-sufficiency. The policies shall also reflect a service orientation that fosters community use and enjoyment;

3.5.5 Encourage free artistic expression by permitting groups and organizations use of the facility without discrimination, in a fair and equitable manner, and by allowing events which appeal to a broad audience and are free from censorship;

3.5.6 Develop an effective outreach program to support Majestic through alliances with community organizations and a strong network of volunteers;

3.5.7 Manage the finances of Majestic in a prudent manner, so as to minimize using any CITY General Fund money for routine building maintenance or maintenance of items within MTM's responsibility as specified within this contract;

3.5.8 Obtain all federal, state and local permits, licenses and authorizations necessary for the management and operation of this agreement. CITY shall cooperate with MTM in obtaining any such permits, licenses, and authorizations;

3.5.9 Provide security to prevent unauthorized entry to Majestic;

3.5.10 Provide public access to information about Majestic, including listing Majestic's phone number in the local phone book; and electronic media to keep the public informed as to programs events and facilities available at the Majestic.

3.5.11 Furnish, at MTM's own expense, such business equipment, materials and supplies necessary for the proper operation of Majestic.

3.5.12 MTM shall be responsible for on-going maintenance and repair of Majestic resulting from theatre use, including custodial type maintenance such as window washing and routine cleaning. This shall include, but not be limited to, ongoing maintenance such as the replacement of HVAC filters and care of interior wall finishes, and floor coverings.

3.5.13 MTM shall correct within 48 hours any concerns expressed related to the cleanliness of the facility.

3.5.14 MTM shall report any instances of vandalism to the structure and its surroundings to CITY's Parks and Recreation Department within 24 hours of discovery.

3.5.15 MTM shall conduct monthly inspections of the exterior lighting system and notify Parks and Recreation of any lighting failures in a timely manner.

3.5.16 MTM shall be responsible for assuring that smoke detector(s) are in good working order, including periodic testing at no less than 6 month intervals and replacing dead batteries, pursuant to ORS 479.275.

3.6 **Annual Report.** An annual report for the preceding fiscal year shall be submitted to CITY by MTM no later than December 31 of each year. The report shall include, but is not limited to, the following:

3.6.1 MTM's Activities to maintain and enhance the building and its equipment, to optimize the utilization of the facilities, to manage the finances of the Majestic in a prudent manner, so as to minimize using any CITY General Fund money for theater operations and routine building maintenance.

3.6.2 Income statement and balance sheet, including any earnings from trust funds;

3.6.3 Summary of accomplishments;

3.6.4 Goals and expectations for the coming year;

3.6.5 Budget for the coming fiscal year showing all expected revenue and expenses;

3.6.6 Use of facility, including number of permits, estimated attendance, etc.;

3.6.7 A facility maintenance plan for the coming year;

3.6.8 An annual financial review completed at MTM's expense. The review shall be completed by an outside third party. This information shall be supplied to CITY within two weeks of its completion with an indication in the annual report as to the status of the review.

3.6.9 List of MTM-owned equipment with a minimum valued of $5,000.

3.6.10 Proof of CITY owned equipment, personal property and improvements other than permanent buildings or fixtures.

4. **City Responsibilities**

4.1 City shall allow use of the premises Parcel A and Parcel B to MTM subject to the terms and conditions of this Agreement.

4.2 CITY shall be responsible for major structural support elements including but not limited to foundation, exterior and interior walls, roof repairs, floors and sub-flooring (excluding floor coverings), and any other items which, if not maintained or repaired, would result In long-term damage to Majestic. In addition, CITY is responsible for the replacement of building mechanical systems such as plumbing, HVAC and electrical. In cases where responsibility is unclear, both PARTIES will work together to come to a satisfactory solution.

4.3 City shall work cooperatively with MTM to ensure complimentary programming.

4.4 City will provide camera-ready Parks and Recreation logo to MTM.

4.5 City will advertise the contact information for the Theatre in the Department's bi-annual Activity Guide.

4.6 City will inspect the Facility on an annual basis to ensure compliance with this Agreement. The inspection will be an opportunity for each PARTY to point out areas of concern. Notes of the inspection shall be kept by CITY with a copy forwarded to MTM.

5. **Assignment**

5.1 MTM shall not assign this Agreement in whole or part or grant any concession or license to use the premises or any part thereof. An attempt to assign, grant concession, or license made by MTM shall, at City's option, render this Agreement void. It is expressly agreed, however, that any damage to the premises or other obligations owed to CITY under this Agreement shall not be affected by such termination, but shall remain enforceable by CITY under this Agreement's applicable provisions which shall also survive termination under this section.

6. **Alterations and Improvements**

6.1 MTM shall make no alterations, changes, improvements, or construction without prior written consent from CITY through the Parks and Recreation Department. As part of this consent, CITY may require a bond.

6.2 CITY reserves the right to establish certain conditions for capital improvements, as appropriate. MTM may develop preliminary concept plans, raise funds, and be responsible for capital improvements to Majestic upon receiving prior written approval from CITY. CITY shall approve all conceptual plans, prior to raising funds and obtaining building permits. All monies held or subsequently received by CITY for capital improvement to Majestic shall be made available to MTM when capital improvements are undertaken and when approved by the City Council.

6.3 All agreed-upon improvements must comply with all applicable Federal, State, and City ordinances.

6.4 Any subcontractor hired by MTM to perform any permanent alterations or improvements to Majestic must adhere to CITY's requirements regarding indemnification and insurance prior to the commencement of any such work.

6.5 Unless specified in writing, all such improvements shall become the property of City upon termination of the Agreement.

7. **Sale or Exchange of Equipment**

7.1 MTM may, from time to time, desire to sell or exchange equipment made available for its use in connection with operation of MAJESTIC, in order to enhance and improve theater operations. In such cases, MTM shall make a written request to CITY, setting forth the terms of the proposed sale or exchange, documenting that the sale or exchange will return the approximate market value of the item(s) sold or exchanged, and explaining why the sale or exchange will improve or enhance operation of MAJESTIC. CITY shall review the proposed sale or exchange for compliance with the requirements of Chapter 1.04 of the Corvallis Municipal Code and to determine if it would be in the best interest of CITY, and shall approve or disapprove the proposed sale or exchange in writing. Upon receipt of written approval from CITY, MTM may proceed with the sale or exchange. CITY will promptly execute any documents that may be required to complete the sale or exchange.

7.2 Removal of Fixtures/Personal Property. Upon the completion of the term of this agreement, as may be extended by option or otherwise, MTM is expressly given the right at any time within ninety (90) days after such termination to enter upon and remove from the site any equipment, personal property or improvements of any kind and nature, other than permanent buildings or fixtures, which were purchased or placed upon the site by MTM, but MTM shall not be obligated to so remove any of the above. Upon the expiration of said ninety (90) day period, any of the above items remaining on the site shall become the property of CITY.

8. **Liability**

8.1 MTM shall insure all equipment and furnishings not owned by CITY which are housed in the facility. CITY insurance shall cover CITY-owned equipment housed in the facility.

8.2 **MTM General Liability.** MTM shall carry in its own name a comprehensive general liability policy covering all of its operations, other than automobile, with limits of not less than $1,000,000 for each occurrence and in the aggregate bodily injury and $1,000,000 for each occurrence and in the aggregate for property damage, an umbrella liability of $2,000,000 combined single limit per occurrence, or the equivalent thereof and shall include the City of

Corvallis as an additional insured. MTM shall provide a certificate of insurance to the City prior to the effective date of the Agreement.

8.2.1 In addition, policies must not specifically exclude coverage for sexual abuse and molestation. If sexual abuse and molestation coverage is excluded under MTM's Commercial General Liability coverage, evidence of separate sexual abuse and molestation coverage and the limits of that coverage must be shown in the form of an insurance certificate, and be provided to the City prior to the execution of any Agreement.

8.2.2 Should any of the above described policies be subject to cancellation or termination prior to the expiration date of this contract, MRM shall notify the City in writing cy certified mail, return receipt requested, 30 days prior to the cancellation or termination date of such policy.

8.3 **Indemnification.** Within the limits prescribed by the Oregon Tort Claims Act, ORS 30.260 to 30.300, as in effect at the time of the incident, MTM shall indemnify, protect, defend, and hold City, their offices, agents, volunteers, and employees harmless against any actions, claim for injury or damage and all loss, liability, cost or expense, including court costs and attorneys fees, growing out of or resulting directly or indirectly from the performance of this Agreement.

9. **Notices**

9.1 Any notices or correspondence shall be hand delivered or mailed to the following addresses:

City of Corvallis Parks & Recreation
Attn: Steve DeGhetto
1310 SW Avery Park Drive
Corvallis, OR 97333
541-754-1702

Majestic Theatre Management, Inc.
Attn: Dan Rayfield
115 SW 2nd Street
Corvallis, OR 97333
541-758-7827

10. **Dangerous Materials**

10.1 MTM shall not keep any dangerous, flammable, or explosive article on the property that might increase the danger of fire or might be considered hazardous by any reasonable insurance company, unless approved in writing by City. Any potentially dangerous, toxic, flammable, or explosive article must be disclosed to City in accordance with Community Right to Know laws or other laws and regulations.

11. **Equipment**

11.1 No equipment shall be jointly owned by the parties to this agreement.

11.2 Neither CITY nor MTM will be responsible for any loss or theft of the equipment belonging to the other. All equipment shall be clearly marked with the owner's name.

11.3 MTM may, from lime to time, desire to sell or exchange equipment made available for its use in connection with operation of MAJESTIC, in order to enhance and improve theater operations. In such cases, MTM shall make a written request to CITY, setting forth the terms of the proposed sale or exchange, documenting that the sale or exchange will return the approximate market value of the item(s) sold or exchanged, and explaining why the sale or exehange will improve or enhance operation of MAJESTIC. CITY shall review the proposed sale or exchange for compliance with the requirements of Chapter 1.04 of the Corvallis Municipal Code and to determine if it would be in the best interest of CITY, and shall approve or disapprove the proposed sale or exchange in writing. Upon receipt of written approval from CITY, MTM may proceed with the sale or exchange. CITY will promptly execute any documents that may be required to complete the sale or exchange.

12. Non-Discrimination

12.1 The parties agree not to discriminate on the basis of age, citizenship status, color, familial status, gender identity or expression, marital status, mental disability, national origin, physical disability, race, religion, religious observance, sex, sexual orientation, and source or level of income in the performance of this contract.

13. Termination

13.1 Notwithstanding any other provision of this Agreement to the contrary, this Agreement may be terminated as follows:

13.1.1 The parties, by mutual written agreement, may terminate this Agreement at any time.

13.1.2 Except as otherwise provided, either party may terminate this Agreement in the event of a material breach of the Agreement by the other party. In the event of a breach by either party, the other party shall give the breaching party thirty (30) calendar days after written notice to remedy the breach, except as provided below.

13.1.3 City may terminate this Agreement immediately upon MTM's failure to have in force any insurance required by this Agreement. The City may provide MTM with two (2) days notice to secure replacement insurance.

13.1.4 Notwithstanding any other provision of this Agreement to the contrary, the City may, upon declaring MTM in default as provided below, and after the period specified for remedy of said breech, terminate the whole or any part of the Agreement by written notice to MTM advising of the date of termination, which shall be not less than fifteen (15) days after date of notice.

13.1.5 In the event CITY elects to terminate the agreement, upon such termination, MTM shall turn over to CITY: Any receipts, fees or charges collected for use of the facility after the date of the termination notice, and the unexpended balance, as of the date of the termination notice, of any funds provided to MTM as a result of this agreement. The formula for determining the amount to be returned to CITY is that proportion of the total operating budget funded and paid by the CITY, applied to total revenues received for the year-to-date at the time of termination. For the purpose of this section MTM's budget cycle of September through August shall be used. Example: If CITY's funding is $20,000 of a total MTM revenue budget of $250,000, CITY's proportion of funding is 8%. If the agreement were terminated on May 31 (9 months Into MTM's fiscal year), and the total revenue received was $180,000, CITY's share would be 8% of this amount or $14,400. MTM would need to return to City the difference between $20,000 and $14,400 which equals $5,600.

14. Default

MTM may be declared in default by the City if:

14.1 MTM fails to keep the Facility in a safe, sanitary and sightly condition, and in good repair or permits the Facility to remain in such condition for a period of fourteen (14) calendar days or more; or MTM vacates, deserts or abandons the Facility or permits the Facility to remain vacated, deserted or abandoned for a period of seven calendar (7) days; or Force Majeure. The performance of this agreement may be suspended and the obligations there under excused in the event and during the period that such performance is prevented by cause or causes beyond the control of the parties. Such causes shall include acts of God, acts of war, riot, fire, explosion, accident, flood or sabotage; or an unconditional prohibition of the operation of the site by Judicial order, administrative or government allows, regulations, rules, requirements, orders or actions, Including refusal to Issue, cancellation, suspension or revocation of any permit, license or other authorization necessary for the management, operation, or maintenance envisioned by this agreement.

14.2 MTM becomes insolvent; or

14.3 A voluntary or involuntary petition in bankruptcy is filed by or against MTM; or

14.4 A receiver is appointed to take charge of MTM's affairs; or

14.5 MTM fails to comply with any of the statutes, ordinances, rules, orders, regulations, or requirements of the federal, state, county and city government.

15. Surrender

15.1 Upon the expiration of the original term or terms of this Agreement, or in the event of default, MTM shall surrender the Facility to CITY in as good an order and condition as when original agreement was signed, notwithstanding the usual wear, tear, and damages by the elements.

16. Title to Facility

16.1 It is the intention of the parties that legal title to the Facility and equipment made available to MTM for its use shall remain vested in CITY and no interest of MTM in real or personal property shall be created by this agreement. It is understood and agreed by the parties that this agreement does not create a lessor/lessee relationship between the parties. This agreement is a license to use the Facility under the terms and conditions specified in this agreement. Any rights granted to MTM by this agreement shall not be construed to imply any authority, privilege, or right to operate or engage in any business or activity other than as specifically provided in this Agreement.

17. Attorney Fees

17.1 In the event either party shall initiate any suit, action or appeal on any matter related to this Agreement, then the court before whom such suit, action or appeal is taken shall award to the prevailing party such attorney's fees as the Court shall deem reasonable, considering the complexity, effort and result against the party who shall not prevail, and such award and all allowable costs of the event may be either added to or deducted from the balance due under this Agreement, or be a separate obligation as appropriate.

18. Integration

18.1 This Agreement embodies the entire Agreement of the parties with respect to the subject matter hereof. There are not promises, terms, conditions, or obligations other than those contained herein.

19. Waiver

19.1 Waiver of any breach of any provision of this Agreement by either party shall not operate as a waiver of any subsequent breach of the same or any other provision of this Agreement.

20. Interpretation

21.1 This Agreement shall be governed by and interpreted in accordance with the laws of the State of Oregon. The parties to this Agreement do not intend to confer on any third party any rights under this Agreement.

21. **Jurisdiction and Venue**

21.1 All actions relating to this Agreement shall be tried before the courts of the State of Oregon to the exclusion of all other courts which might have jurisdiction apart from this provision. Venue in any action shall lie in the Circuit Court of Benton County, Oregon.

22. **Compliance with State Law**

22.1 Both parties shall comply with any and all state laws pertaining to their individual organizations operations.

In witness whereof, the parties have herewith executed their signatures.

CITY OF CORVALLIS

Ellen Volmert 7/27/11

Ellen Volmert Date
City Manager Pro Tem

MAJESTIC THEATRE MANAGEMENT, INC.

7/14/11

Dan Rayfield Date

PRESIDENT, MTM BOARD OF DIRECTORS
Printed Name and Title

Approved as to Form

City Attorney

MEMORANDUM

January 15, 2013

TO: Administrative Services Committee

FROM: Nancy Brewer, Finance Director NB

SUBJECT: **Public Safety Tax**

I. Issue

To continue discussion on, and potential development of, a public safety tax (PST).

II. Background

The concept for the public safety tax began with Councilor Traber's suggestion that the Council could develop a Fire Protection Fee (FPF) to be assessed on the City's City Services bill. His concept was to make the fee as close to cost neutral for tax payers as possible by either lowering the City's permanent tax rate or giving rebates to tax payers equal to what they paid in the FPF. Some of these concepts were revised at the October 17 ASC meeting as the fee got more discussion.

A. The Committee discussed that this fee will be more likely than not classified as a tax and it should be called a Public Safety Tax.
B. The Committee discussed that the PST could fund the Fire Department as originally foreseen, but could also be a potential source of funding to achieve some of the City/OSU Collaboration initiatives surrounding Police services in neighborhoods and Dispatch services as calls for service continue to increase, and that it would be good to know what the strategic plan is for public safety operations that may need funding.
C. The Committee discussed making the tax cost neutral to taxpayers, but that they needed to know how much was needed before they made a final determination.

Staff now has more information on a possible PST.

III. Strategic Plan

The concepts discussed to date have allowed staff to develop more information. As requested by the Administrative Services Committee, this report begins with a brief discussion of the strategies for staffing public safety services.

1. Fire Department Re-Open Station Five – As Fire Chief Emery has noted several times, the analysis done to determine which station to close was revealing in more ways than one. Based on the analysis of calls for service, it is clear that the demand for medical calls is so significantly higher than calls for fire suppression that additional medical transport services are needed. As a result, when Station Five was closed, only 3.0 FTE were eliminated, with the 6.0 remaining FTE re-allocated to Station Three to run a fourth ambulance about 60% of the year. This change in staffing has better served the citizens of Corvallis in terms of being more responsive to the high frequency medical calls, but may potentially be less responsive in the northwest Corvallis geographic area for Fire Suppression and Emergency Medical calls. The best alternative for addressing both call demand and service area demand would require keeping the fourth ambulance

in service, staffed with the existing 6 FTE, and add 9.0 FTE to re-open Station Five. In addition to the costs for staff, there are hard costs for the facility (i.e., utilities) and the need to increase funding to the vehicle replacement reserves for the replacement of the Engine as well as maintaining operation of four ambulances. Estimated costs to achieve this level of service is $1.4 million annually including administrative overhead, but not including future wage/benefit increases.

2. Fire Department Training Lieutenant – Chief Emery's strategic plan also calls for adding back a Lieutenant position to provide the required education, hands on training, skills assessments, and record keeping for the 100+volunteer and paid Department members. As is expected, mandatory training requirements for the Fire Department are significant. Before the Training Lieutenant position was eliminated, this position was responsible for planning and scheduling training, and for keeping mandatory training records. Reinstating this position would provide consistent training across all three shifts, revision of dated lesson plans and curriculum, and an improved ability to provide make-up training for those who miss training because of emergency calls. Annual costs for a Training Lt. total $154,050 for wages and benefits, required training, and administrative overhead. No additional vehicle would be required.

3. Fire Protection Officers – the Fire department's strategic plan has called for increasing staffing in the Prevention Division since 2006. The current staffing arrangement (3 FTE) has been in place since the early 1990's and is below the majority of Corvallis' comparators. Exacerbating the staffing shortage, one prevention officer FTE has been assigned to OSU to fulfill fire prevention contractual requirements on campus; that position has not been backfilled due to the City's financial situation at the same time that the number of students living off campus has increased. Some of the Collaboration discussions about off-campus housing quality and safety concerns would be addressed by increasing the number of Fire Prevention Officers and the inspection/education role these staff members play. The end result is that the Fire Prevention Division is struggling to meet state mandated objectives for inspections, fire plan review, public education, juvenile fire setting intervention, and fire investigation. Costs for an FPO total $136,630 and include wages and benefits, equipment, and administrative overhead. In the short term, additional FPOs could be accommodated with the existing fleet, though an additional vehicle may be required in the future.

4. Police Department—the current staffing level in the Police Department at 53 sworn officers is lower than it was in 1992. The Corvallis population has grown more than 21 percent since 1990. In addition to more people, the population has changed in the proportion that is made up of OSU students. In 2012, over 19,700 undergraduate students (generally under age 25) are located at the campus in Corvallis; this represents a 77% increase since 1996 when the undergraduate student population was 11,096. The increased student population has resulted in a significant increase in the number and frequency of complaints about the livability of the community. Many of the livability issues the City is being asked to respond to are issues that require a Police presence – loud parties, fights, and neighborhood disturbances. To be proactive about addressing neighborhood issues will require more staff to be able to work on prevention and education initiatives that are being discussed by the Collaboration groups. The Collaboration Corvallis Neighborhood Livability Workgroup has recommended the City place a priority on increasing the number of sworn Police Officers to get to the same level of staffing as comparator university communities and better address the neighborhood livability issues.

As part of the Collaboration process, staff looked at Eugene, Boulder, East Lansing, and Davis as comparators. The size of the student or community population was the primary selection criteria for these communities. The sworn FTE/1,000 population ranges as follows:

City	Population	Student Population	Non-Sworn	Sworn	Sworn per thousand
Eugene	156,000	24,396	140.00	190	1.22
Boulder	97,385	29,952	109.00	173	1.78
East Lansing	48,579	47,800	26.00	65	1.34
Davis	65,622	32,653	39.50	61	0.93
Corvallis	55,450	26,000	32.25	53	0.96

The Matrix Staffing study completed for Corvallis has recommended 1.3 to 1.7 Sworn Officers per 1,000 population. There are several alternative ways to increase staffing, as follows:

- Minimum increase – fund the currently authorized but unfunded 3.0 FTE sworn Police Officer positions. Costs would be $251,070 for staff, plus $58,000 for all required equipment and overhead, and $50,000 for an additional Police vehicle, for total first year costs of $359,070. Of this, $304,170 would be an on-going annual cost (not counting future salary/benefit increases), including a set-aside for future vehicle replacements, and a small amount for annual equipment and training costs. This would bring staffing levels to 1.02 per 1,000 population.
- Mid-range increase – fund 6.0 FTE sworn Police Officer positions, the associated equipment costs and two new vehicles for a total first year cost of $718,140 and on-going annual costs of $608,340 (not counting future salary/benefit increases). With this level of staff increase, the Administrative Assistant position eliminated in FY 12-13 will need to be added back at a total cost of $67,490.This option would bring sworn officer staffing to 1.08 FTE per 1,000 population.
- More complete increase – fund 12.0 FTE sworn Police officers (at this level one would be a Lieutenant and one would be a Sergeant), equipment and three vehicles for a total first year cost of $1,386,280 and on-going annual costs of $1,216,680 (not counting future salary/benefit increases). This option would also include the Administrative Assistant position at a cost of $67,490. This option would bring sworn officer staffing to 1.19 per 1,000 population.
- Based on discussion at Council Goal Setting, another possible enhancement would be to add two School Resources Officer (SRO) positions. Since the positions would be working between several schools, an additional vehicle would be required for each officer. First year costs are estimated at $141,200 for each officer including administrative overhead, with annual costs on-going estimated at $91,000 each (not counting future salary/benefit increases). Staff expects that the 509J School District would pay half the costs for the SRO program.

5. <u>Dispatch</u> – The 9-1-1 Emergency Communications center serves all of Benton County and the public safety organizations working within the County. Funding for the center comes from State-wide 9-1-1 taxes (which are designed to fund only the "9-1-1 call taking" portion of the emergency communication operation) and charges assessed against using agencies. The City of Corvallis Police Department is the highest user of this service at 53% of the calls in FY 11-12, with Benton

County Sheriff at about 29%, Corvallis Fire at 9%, and Philomath Police at 8% rounding out the top system users. The last 1% of funding comes from 6 small agencies.

Funding for 9-1-1 services is challenging, and is based on a model implemented in 1983 to serve ten governmental agencies. As it is presently configured, the 9-1-1 center cannot add more agencies, and Adair Village Police Department is without desired dispatch service. Services desired/required by the larger agencies may not be needed by the smaller agencies which have veto power over increasing fees charged for services. The larger agencies are paying significant fees for services from constrained property tax resources, with Corvallis Police and Fire Departments combined paying nearly $1 million per year. The Police Department is completing a study to determine whether or not a 9-1-1 Service District would be beneficial as a stable funding source. If a district is considered, it will require a vote to establish, and it is hard to predict at this point if users' county-wide would vote to approve a service district. It is also unclear whether a service district property tax would fund all existing charges assessed to user agencies, or would fund a portion of the costs with user agencies still paying some amount for services. This discussion and decision process will occur over the next several months.

The 9-1-1 operations strategic plan calls for the following:

- <u>Radio Systems</u> – the emergency response system is in a period of change relating to the radio system, moving from VHF to a 700 Mhz system. County-wide, two 700 Mhz towers have been installed, but Benton County needs two more towers to complete the system. Until the radio system is completed there are communications challenges where staff from different agencies may unknowingly "walk" over transmissions from other agencies and each agency needs to know which channel to switch radios to as they move around the county. One-time costs to complete the 700 Mhz system are estimated at $500,000.
- <u>Staffing</u> – Current staffing levels are inadequate to meet the current level of calls for service, and with the a growing number of calls for service and the expected increase that will come with NextGeneration 9-1-1 (which will allow texting along with the ability to attach video or photos), the work load is expected to quickly overwhelm current staffing. There have been two staffing studies done (APCO and ESCI) of the 9-1-1 center and both recommend adding 4.0 FTE shift supervisors and a total of 21 FTE dispatchers. To achieve this level of staffing will require an additional $802,100 annually.

One possible strategy to meet both of these objectives is to delay adding staff for the first one to three years of funding and use the PST resources for the radio system build out along with making modifications to the current 9-1-1 dispatch center to be able to add staff, and then hire to begin the increased level of staffing in the second or third year.

If all of the above enhancements were implemented (Police at the 12.0 FTE option) and funded by the Public Safety Tax the total revenue demand would exceed $3.7 million. Clearly, the demand for additional resources for public safety is significant. The PST can be formulated to raise enough revenue for all of the above, for selected pieces of the above, or for some other funding purpose; an actual rate structure and monthly costs are likely to be key, critical factors in determining whether or not to proceed.

It is important to note that the enhancements identified above all assume that there will be no further budget reductions to current operations. The PST could be used to fund some amount or proportion of current operations costs to keep services that might otherwise be reduced or eliminated. Finally, for the Police Department, the strategy identified would enhance current services, but not achieve comparable staffing to other Oregon cities at 1.6 Officer per 1,000.

IV. Funding Alternatives

To be clear, there are a number of alternatives to fund added services such as those identified above.

- The primary form of funding for local governments in Oregon is the permanent tax rate. If that does not produce enough revenue to fund all required/wanted services, the City seeks voter approval for a local option property tax levy for a specific period of time. Under current Oregon Constitutional limits, the maximum period for a local option levy is five years. Continued funding beyond the five years would require additional voter approval. The public safety services identified within this memo would be eligible for property tax funding.
- Additional sources of revenue have been identified in prior years in the revenue alternatives matrix.

Based on prior discussions with the City Council about revenue alternatives, the Council has directed staff to work on developing the Public Safety Tax, billed monthly on the City Services Bill, as a mechanism to fund additional services for Police and Fire operations. Council's direction to this point has been to pursue the PST as a way to charge all in the community for services that all receive, regardless of their taxable/tax exempt status. A PST also gives the City more local control over resources and can provide a permanent funding source for services as opposed to a local option levy that would have to be renewed by voters every three to five years.

A Public Safety Tax could be added to the City Services Bill as early as July 1, 2013, but will require a significant work effort to address a number of details.

V. Taxpayer-Cost-Neutral

One of the biggest challenges the City faces is how to fund services. As the Committee members are well aware, the City has been cutting its budget most years for more than a decade, and will be again for FY 13-14. Some members of the community already think the City is not funding services they believe are critical; other members of the community think the City funds too much "fluff" and if the "fluff" was cut there would be adequate funding for the important stuff. As a long-time observer of the Corvallis funding issues, I would say that one person's "fluff" is another person's "critical need." As a result of this dichotomy, the City Council often seems faced with making decisions about balancing the budget by cutting or adding services and working within existing revenues or seeking new revenues.

As new revenues are discussed the Council pays attention to the potential cost to those who would be paying. Local option levies have been designed by the City Council to make an effort to reduce the impact on those in the community who may be low-income. The Sustainability Initiative Fees implemented two-plus years ago had considerable discussion about the rates for the fees and the ability of customers to pay; though most pay the fees each month without question, there are some members of the community who pay under protest, often including notes with their payments each month.

The members of the Administrative Services Committee and the City Council discussed the concept of cost neutrality for tax payers in establishing a PST during prior discussions. There are two ways to establish cost neutrality:

- To reduce the City's permanent property tax rate by the amount raised by a PST assessed against currently taxable property; in this case, any additional revenue for public safety services would come from entities that currently do not pay property taxes; or

- To have the City refund the PST paid by anyone who also pays property taxes; in this case, any additional revenue would come from entities which do not pay property taxes.

It is difficult to see how cost neutrality can be achieved if the PST is designed to fund all or part of the strategic plans identified above which are providing services not currently provided today. As it has evolved, the PST is now being considered as an additional revenue source to the City to fund specific enhanced services, and as such, staff is no longer looking at tax-payer cost- neutral alternatives. If the City Council wishes to have the PST be cost neutral to tax payers, it is unlikely that the services identified above would be funded.

VI. Potential Rate Structures

At the last ASC meeting where the PST was discussed, the members of the Committee seemed to concur on the concept of establishing a methodology for assessing a PST that was fair, equitable with regard to demand for public safety services, and raised adequate revenue to meet an expenditure target.

Staff has developed a database of utility customers. It is important to note that each customer has several different identifiers associated with the account – the meter size, the type of customer, etc. In some cases, a single entity may have multiple accounts, including a domestic water account, irrigation, and fire service. Large customers may have multiple accounts for domestic water service, or may have a domestic meter for basic office facilities and then will have larger meters to accommodate a higher level of water demand for a production environment. Even a large facility where all the use is domestic (i.e., a church) may have multiple domestic meters to achieve the flow requirements for multiple restrooms, or may have added a meter when a remodel was done that added facilities. On the opposite end of the multiple meter spectrum are large customers that have a single water meter/single account but may use more total water/sewer service than an entity that has multiple meters.

Another challenge with looking at the data is to account for currently vacant/unbilled accounts. In any given month, with the high number of rentals, the City could have several hundred account changes. As a result, we pulled a data set for an entire year by service location as opposed to pulling data by customer so that we would hopefully not duplicate accounts where there would be multiple customers in a year.

The third major challenge is in excluding certain accounts because they represent "subordinate use" at the same location. The primary account types staff believes should be excluded are for irrigation and fire services. In all cases, these water only accounts are a subordinate use for the facility and are there either for the specific purpose of fire suppression or to allow the property owner to use water to irrigate without incurring sanitary sewer charges since irrigation water does not go to the sanitary sewer. The data below identifies by account the total number of these excluded accounts, but we have not gone to the level of accuracy of tracking each excluded account to the associated meter size or service type. If the Council wants to pursue one of these billing options, more accuracy in the data set will be needed.

Staff determined that there may be multiple ways to look at the billing data to establish a PST, depending on Council's goal. As a result, the following data is included for your information:

Data Point	Number of Accounts
By Account Type	
Total number of Water/Metered service accounts	**15,911**
Less irrigation accounts *	496
Less accounts outside the City limits *	97
Less fire service accounts *	355
Plus Wastewater/Storm Water only accounts	361
Total number of current accounts that would be billable	**15,324**
By Service Type	
Total number of single family accounts	12,502
Total number of Multi-Family accounts	1,265
Total number of commercial/industrial/group accounts	1,891
Total number of 509J accounts	40
Total number of Greek accounts	56
Total number of City accounts	157
Total Accounts by Service Type	**15,911**
By Meter Size	
Total 3/4 inch meters	13,077
Total 1-1.5 inch meters	2,024
Total 2-3 inch meters	465
Total 4-8 inch meters	336
Total 10 inch meters	9
Total Accounts by Meter Size	**15,911**

* These account types are not currently billed for SIF fees due to their unique characteristics. Irrigation and Fire Service accounts are all associated with a regular "usage" account at the same location, so the regular account would be billed the PST. The accounts located outside the City limits pay water only, at two times the billing rate for in-City accounts.

Staff suggests there are at least three alternative rate structures that could be used to establish a PST based on the following alternative methodologies:

1. A flat rate per account – This methodology is the simplest of the three discussed here. It identifies a revenue target, then divides by the number of accounts and then by 12 to get to a monthly billing amount. Using the data above, the rate of $5.43 per month on 15,324 accounts would raise around $1 million annually, depending some on vacancies and collection efforts.
2. A graduated rate by service type – the service types identified above (i.e., single family, commercial) could be used to set up a rate where a specific proportion of the revenue to be raised was assigned to be collected from a particular account type. For example, if the Council wanted to raise 75% of the PST revenue from single-family and multi-family housing, a rate structure of around $4.60 per month for single and multi-family accounts would raise about $750,000 per year, with a rate of around $13.40 per month for all other account types required to raise the remaining $250,000 per year. Exact rates would depend on how the irrigation and fire meters work with the different service types.
3. A graduated rate by size of meter – in most cases, the size of the meter will follow with the size of the facility or the type of operations the facility has. The largest meters are primary for industrial

manufacturing uses and the 5/8 inch meters are usually found in single family homes or small businesses where water usage is most like domestic usage. Similar to the rate structure by service type, Council could determine that a specific proportion of the PST should be raised through an identified ratio applied to either larger or smaller meters. For purposes of this concept, staff has matched the graduated by service type, and assumed 75% of the revenue should be raised by 1 ½ inch or smaller meters. For this type of rate structure, a rate of around$ 4.20 per month for 1 ½ inch or smaller meter would raise about $750,000 annually while the rate for 2 inch or larger meters would be around $63.75 per month to raise $250,000. Exact rates would depend on how the irrigation and fire meters work with the different meter sizes.

Following are several sample customers reflecting most of the common types of customer accounts and the potential annual impact of the three rate methodologies:

Monthly Billed Amounts				
	Number of Accounts	Flat rate per account	Graduated by service type	Graduated by size of meter
Single Family Residence	1	$5.43	$4.60	$4.20
30 unit Apartment complex	1	5.43	4.60	4.20
Grocery store	2	10.86	26.80	67.95
Church	3	16.29	40.20	72.15
Samaritan Health Services/Hospital *	19	103.17	254.60	615.75
Oregon State University **	198	1,075.14	2,653.20	8,632.65
Fraternity	1	5.43	13.40	4.20
The GEM	1	5.43	13.40	63.75
Community Outreach	1	5.43	13.40	63.75
City of Corvallis	69	374.67	924.60	1,540.35
509J – School District (in City only)	17	92.31	227.80	964.65

* Samaritan Health has a number of accounts around town. The number identified here is staff's first attempt to pull this data together for one customer.

** OSU has around 320 accounts, but a number of them are irrigation or fire service accounts. The 198 represented here is a "first blush" effort to exclude irrigation and fire service. More refinement of the number and type of accounts would be necessary if the PST goes forward.

VII. Tax Exempt Status

As discussed at the last ASC meeting, the PST, as it is contemplated, is a tax since it is not tied to services provided directly to the person who pays. As such, staff and the City Attorney have been reviewing state and federal law as it pertains to whether or not a tax exempt entity would be exempt from paying the PST. Under Sovereign Immunity governmental entities would likely be able to declare that they are exempt from paying the tax. However, a tax-exempt entity may choose to make the payment without protest to support the services being funded.

VIII. Summary and Next Steps

This staff report is provided to give the Administrative Services Committee and City Council more information about a Public Safety tax as a possible funding source to add public safety services to the City's current operations. The report includes information about the strategic plans associated with public safety, along with cost projections, and alternatives for structuring a Public Safety Tax that could be billed using the existing City Services bill.

The ASC and City Council should discuss this information and recommend a direction for staff to pursue and identify the public outreach effort the Council would like staff to develop. Specific discussion that would be helpful for staff would focus on:

- Identification of the desired services to be added to the budget, funded by a PST.
- Confirmation that the PST will not be cost neutral, but will bring additional revenue to the City.
- Preference for a rate structure for staff to further develop.
- Preferred time line for implementation.
- Number and design for public meetings to allow comments and discussion.

Review and Concur:

City Manager

MEMORANDUM

December 13, 2012

TO: Administrative Services Committee

FROM: Nancy Brewer, Finance Director NB

SUBJECT: **Possible Fund Closures**

I. Issue

To consider closing the Parks & Recreation, Fire and Rescue, and Library Funds to the General Fund.

II. Background

In the early 1990s, the City Council created the Parks & Recreation, Fire and Rescue, and Library Funds as separate entities from the General Fund. This action would not be the ordinary set-up for the operations held within these funds; most other cities have all of these departments' revenues and expenditures accounted for within the General Fund. However, at the time, Corvallis had some unique circumstances:

- The Fire Department had three Charter approved, permanent, property tax levies dating from the early 1940s that were dedicated to Fire Department operations and/or equipment replacement. State law required that these levies be tracked in a way to "prove" the monies were being expended as the Charter language required, and the Charter language stated these funds were to be deposited in the "fire department fund." Of particular concern was the fact that the Fire Department levies, two of which were millage rate based (growing at the rate of real market value which was between 15% and 20% annually in the early 90s), were producing more revenue than the total operating and maintenance costs for the Fire Department. Staff determined that the best way to meet the State and Charter requirements for these dedicated revenues was to establish a separate fund for the Fire Department. With the separate fund, the City was better able to track these revenues and reserve the balances not immediately needed for operations and maintenance. Ultimately, the City was able to use the Fire and Rescue Fund reserves to cash fund the replacement of Fire Station #1 downtown, and the capital costs of constructing Station 5.
- The City also had two Charter approved, permanent, property tax levies (one for Recreation and one for Parks & Recreation) dating from 1944 that were dedicated to Parks & Recreation activities. Similar to the Fire Department levies, State law required that these levies be managed in a way that "proved" that the specific levies were being used for the defined services. The Charter language did not have any requirement for establishment of a fund. The Parks and Recreation levies were considerably smaller than the Fire levies, and did not cover the costs of providing Parks & Recreation services, so when that fund was established the City continued to transfer monies from the property tax base in the General Fund to operate the Parks & Recreation system.
- Creation of the Library Service District led to a similar discussion about being able to prove the District monies had been expended on Library services, though there is no requirement to do so. As a result, the Library Fund was created, funded by the Service District and a transfer of property tax monies from the General Fund.
- The City also had a Charter approved, permanent, property tax levy for Street operations (1948), and voter approved, temporary, serial levies for Transit and for the Corvallis Arts Center. Both

Transit and Arts Center operations had been funded through voter re-approval of the serial levies dating to the early 1980s.

In the early 1990s, the City had significant revenue from non-dedicated sources such as the tax base, the permanent tax levies, and franchise fees and the City could therefore fund a robust menu of services; reserve balances were fairly high. Measure 5's passage in 1990 had relatively little effect on the City of Corvallis, with no significant loss in property tax revenue as a result of this statewide property tax limitation.

However, the statewide passage of Measure 47/50 in 1996/1997 had a different impact on the City's operations. The City's separate Charter approved tax base, permanent, and serial levies were pre-empted in favor of a single tax rate that was reduced by 17% from the 1997 levy amount so that total property tax revenues were reduced. The first year after Measure 50 was implemented the City's assessed value grew by only 0.25%.

III. Discussion

To implement M47/50, staff recommended, and Council accepted, that the separate funds be maintained and that the best method to address the single tax rate was to allocate property taxes to each fund at the same proportional share of the tax rate that each fund had before M47/50 went into effect. However, two years after adoption of M47/50, in order to keep all of the funds receiving property taxes at a positive balance, staff began to recommend changes in the allocation of property taxes between funds. The focus was still on a stable allocation (i.e., the same proportion would be allocated for 2-3 years), but that stability lasted only two more fiscal years before the allocation percentage changed each year. In FY 02-03, as part of the budget cuts implemented that year, the City stopped allocating property tax money to the Street Fund. In FY 10-11, as part of the budget cuts implemented that year, the City stopped allocating property tax money to the Transit Fund. The City had maintained the original proportion of property taxes allocated to the Corvallis Arts Center at 0.45% of the levy to keep the Arts Center whole. However, beginning with the budget balancing reductions made in FY 10-11, the Arts Center allocation was reduced along with other operational budget cuts. The Arts Center now gets an annual allocation that is equal to 0.20% of the City's tax levy.

To make the budget reductions in FY 02-03, staff created and began to use the Financial Plan titled "Property Tax Funds Combined" as the mechanism to balance the City's total property tax funded budget. This financial plan is a conglomeration of the data from the separate funds to ensure the total budget supported by property taxes is in balance. Once balanced, staff allocates property taxes so that each individual fund is projected to end the fiscal year with a *pro rata* share of the ending fund balance. Originally the Property Tax Funds Combined Financial Plan added up six funds; it currently adds up data from four funds – the General, Parks & Recreation, Fire and Rescue, and Library Funds (Attachment 1).

In 2006, the Charter was revised. Staff discussed whether or not the separate levies should be removed from the Charter; ultimately, staff recommended leaving the property tax levy language in the Charter (in a section titled "Provisions of Prior Charters Retained") in case some day in the future the property tax system is changed and these levies would once again be available.

This request is for the City Council to consider eliminating the Parks & Recreation, Fire and Rescue, and Library Funds, and transfer most of the operations currently held within those funds to the City's General Fund.

Staff within the organization continues to pursue methods to be more efficient with reduced resources. Within the Finance Department, we have made some significant changes to daily processes to reduce the work load and better manage with 20% fewer staff members. As we look at the budget process, one of the most time consuming areas for staff work is associated with how we manage the operations receiving property taxes. The current mechanism, to use the Property Tax Funds Combined Financial Plan as the basic method for developing the spending plan and then taking that to the individual fund level, is a process that takes an extraordinary, and growing, amount of time. Specific areas of concern include:

- Over time, the allocation of property taxes to the separate funds has become complex, moving from whole percentage point allocations held stable for several years to allocating at the third (and soon to be fourth) decimal place. Financial Policies have been revised from stating specific allocation ratios to be used in developing the budget, to putting the allocation ratios in the policies after the budget was adopted, to taking out the allocation ratios altogether because the ratio was made at the last minute in the budget process. In the last Financial Policies revision, a statement was added to allow the Finance Director to make changes in the allocation during the course of the fiscal year to keep all funds in a positive cash position.
- Almost everyone who talks about the "Property Tax Funds Combined" financial plan calls it the General Fund. The actual General Fund Financial Plan operating expenditure budget is only about 40 percent of the Property Tax Funds Combined financial plan. This leads to calls to Finance Department staff to clarify why looking at the General Fund in the budget or audit report does not match what was discussed at a meeting (e.g., "the discussion at Council was about $40 million but when I look in the budget at the General Fund I only see $16 million in expenditures"), or to explain to a third party such as a Moody's Rating Analyst why property tax revenue in the General Fund goes up and down so significantly from year-to-year.
- When staff, mostly within Finance, respond to surveys and inquiries about the City's finances most questions are about the size and scope of the General Fund. Staff spends time to determine what the real questions are and then pulls the data that is actually being asked for or explains that multiple funds are taken to the single fund view during the budget process, the allocation of property taxes between funds that varies each year, etc.
- The separate fund financial plans seem to lead people to expect that the property tax revenue projections are "real" numbers and can be relied on to stay as projected for future planning periods. Finance Department staff knows that those numbers are likely to change significantly in the next budget cycle to keep all funds in balance, but that is a hard message to convey to others.

The positive aspects of using the four separate funds include:

- People and entities who want to be sure specific, dedicated revenue streams are being used for the operational area identified can most easily see that in the separate fund financial plans.
- For some people, the separate funds increase the transparency of the City's financial operations because of existing reports (i.e., Quarterly Operating Report income statements) that show the revenues and expenses within the fund that are focused on a specific operational area.
- The Parks & Recreation, Fire, and Library departments have interested parties who are used to looking at the identified fund's financial plan which do not include what some may consider the "extraneous" information of other operational area's revenues and expenditures.
- Having been in place for nearly 20 years, the separate funds are the system most staff members know, with very few current staff members remembering when these operations were all in the General Fund.

Staff recognizes that there is no perfect solution that addresses the challenges of managing property taxes and other non-dedicated resources while keeping all of the current positive aspects of the financial management system. However, if all of these operations were in the General Fund, there are tools that can be used to effectively address some of the biggest benefits of the separate funds while also streamlining operations, financial reporting, and common perceptions of the City's General Fund. For example, tables and reports showing dedicated revenues against expenditures and the "draw" on non-dedicated revenues for each Department in the General Fund can be developed and presented in the annual budget. An example of such a table is below:

Department A		Fiscal Year Ending				
		2010	2011	2012 Adopted	2012 Revised	2013
Dedicated Revenue:						
	Licenses/Fees/Permits	1,300	256,987	269,650	273,980	275,000
	Charges for Service	1,239,687	1,325,910	1,330,000	1,345,020	1,350,000
	Intergovernmental	22,300	0	0	7,500	0
	Fines/Forfeitures	312	152	0	150	150
	Misc.	910	3,526	3,500	3,900	3,500
	Total Dedicated Revenue	1,264,509	1,586,575	1,603,150	1,630,550	1,628,650
Expenditures by Classification:						
	Personnel Services	2,658,965	2,795,663	2,968,010	2,920,020	3,050,650
	Materials and Services	865,400	822,657	870,360	850,110	875,000
	Capital Outlay	13,000	125,235	82,000	84,000	0
	Total Expenditures	3,537,365	3,743,555	3,920,370	3,854,130	3,925,650
	Addition to (Use of) of Non-Dedicated Revenue	(2,272,856)	(2,156,980)	(2,317,220)	(2,223,580)	(2,297,000)

This kind of presentation in the budget would continue to allow users to understand the dedicated sources of revenue for specific departments/functions, and may also help them understand where non-dedicated revenue (property taxes, franchise fees, transient room taxes and state revenue sharing) is being used.

IV. Next Steps

The process to close the three funds and go to a single General Fund is fairly complex. If the Administrative Services Committee and City Council agree with this course of action, the following items will require City Council action:

1. A resolution to close the Parks & Recreation Fund (Attachment 2):
   a. moving unassigned and assigned balances to the General Fund;
   b. moving the Committed Reserves for Civic Beautification, Urban Forestry, the Senior Center, and Majestic Theatre to Committed Reserves with the same name and purpose in the General Fund;
   c. moving the Restricted Reserves for Osborn Aquatic Center, the Senior Center, and Open Space to Restricted Reserves with the same name and purpose in the General Fund; and
   d. establishing the Parks Systems Development Charge Fund and transferring Restricted Reserve balances associated with Parks SDCs from the Parks & Recreation Fund to the new Parks SDC Fund.
2. A resolution to close the Fire and Rescue Fund, moving balances to the General Fund (Attachment 3).

3. A resolution to close the Library Fund, moving balances, including the Committed Reserve for Library Improvements, to the General Fund (Attachment 4).

4. An ordinance changing CMC 3.09.040 Urban Forestry Fee to be accounted for in the General Fund (Attachment 5).

5. An update to the Council's Financial Policies that removes language regarding the allocation of property taxes (including any changes needed regarding payments to the Arts Center), which will be completed when the Financial Policies are reviewed in January/February.

Once these Council-related actions are completed, staff will move forward to prepare the budget, including the General Fund Financial Plan, new tables in the budget showing dedicated revenues, and the required appropriations to close the three funds. Since there will be appropriations required in FY 13-14 to move the balances, the effective date of closure of the funds identified above will be June 30, 2014.

Department Directors have discussed this proposed action and are in agreement with the Finance Department's request to move to a single General Fund.

V. Requested Action

Staff requests the Administrative Services Committee discuss this concept and recommend to the City Council to adopt the attached resolutions and ordinance.

Review and Concur:

City Manager

Attachments

PROPERTY TAX FUNDS - COMBINED

(General, Parks & Recreation, Fire & Library Funds)

BUDGETARY BASIS	AUDITED FY 09-10	AUDITED FY 10-11	ADOPTED FY 11-12	REVISED FY 11-12	ADOPTED FY 12-13	FY 13-14	FY 14-15
RECURRING							
REVENUE							
Property Taxes	$18,542,817	$19,730,852	$20,274,090	$20,420,530	$21,002,640	$21,727,530	$22,577,720
Other Taxes	1,079,621	1,190,725	1,151,190	1,214,860	1,270,650	1,296,060	1,321,980
Licenses, Fees & Permits	5,296,597	5,475,025	5,618,580	5,660,460	5,698,610	5,708,140	5,788,930
Charges for Services	5,116,360	5,349,585	5,470,200	5,524,850	5,832,870	5,942,250	6,054,240
Intergovernmental	3,405,511	3,511,790	3,894,130	3,643,560	3,708,770	3,829,250	3,954,080
Fines & Forfeitures	661,414	809,652	976,510	829,030	830,110	838,210	846,390
Miscellaneous	444,785	271,601	277,380	241,400	337,350	344,760	366,340
Non-Operating Revenue	0	0	1,790,000	1,779,600	1,865,350	1,917,070	23,320
TOTAL RECURRING REVENUE	*$34,547,104*	*$36,339,231*	*$39,452,080*	*$39,314,290*	*$40,546,350*	*$41,603,270*	*$40,933,000*
EXPENDITURES							
City Manager's Office	$0	$0	$0	$0	$300,000	$301,490	$303,020
Community Development	1,441,999	1,449,820	1,356,480	1,328,480	1,311,410	1,375,680	1,401,990
Finance	585,189	576,402	677,700	677,350	629,740	654,890	670,520
Fire	9,728,138	10,108,279	10,665,080	10,664,740	10,412,910	10,809,520	10,882,330
Library	5,846,631	5,715,349	6,353,030	6,154,040	5,918,010	6,173,210	6,257,670
Parks & Recreation	5,504,493	5,349,049	5,862,860	5,808,230	5,622,180	5,981,860	6,063,340
Police	9,658,935	9,843,598	10,376,790	10,081,730	10,109,070	10,466,420	10,552,040
Public Works	808,595	828,901	944,200	934,640	843,450	837,920	849,840
Non-Departmental	1,427,249	1,349,829	1,315,950	1,229,950	1,262,100	1,299,020	1,223,960
Non-Operating Expenditures - Transfers & Debt	1,434,460	1,558,689	2,215,810	2,215,810	2,289,280	2,390,440	2,496,540
Contingencies	0	0	368,290	0	512,850	0	0
Contribution to Reserves	752,658	114,341	299,800	281,421	1,330,640	1,859,750	2,212,410
TOTAL RECURRING EXPENDITURES	*$37,188,347*	*$36,894,257*	*$40,435,990*	*$39,376,391*	*$40,541,640*	*$42,150,200*	*$42,913,660*
RECURRING REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	**($2,641,243)**	**($555,026)**	**($983,910)**	**($62,101)**	**$4,710**	**($546,930)**	**($1,980,660)**
NON-RECURRING (ONE-TIME)							
REVENUE							
Special Projects (Grants, Misc., etc.)	$393,952	$427,240	$997,690	$803,220	$566,460	$106,500	$66,500
Use of Reserves	356,773	220,910	951,420	858,660	495,050	354,460	1,564,679
Non-Operating Revenue	12,337	383,405	146,060	121,000	980,000	872,100	889,540
TOTAL NON-RECURRING REVENUE	*$763,063*	*$1,031,555*	*$2,095,170*	*$1,782,880*	*$2,041,510*	*$1,333,060*	*$2,520,719*
EXPENDITURES							
City Manager's Office	$0	$0	$0	$0	$80,000	$0	$0
Community Development	11,557	402	0	0	0	0	0
Finance	29,345	0	0	0	0	0	0
Fire	1,312,637	304,874	719,750	594,060	36,810	29,320	1,193,260
Library	261,668	192,088	103,500	145,260	105,500	122,500	134,450
Parks & Recreation	146,605	92,217	233,640	196,080	305,950	177,280	165,720
Police	319,632	71,198	125,390	176,720	243,150	136,530	179,730
Public Works	70,256	116,166	698,560	300,140	375,450	11,840	0
Non-Departmental	60,350	74,212	0	50,000	100,000	90,000	0
Non-Operating Expenditures - Transfers	393,759	118,300	366,060	108,500	960,500	1,310,100	1,184,540
Non-Recurring Contribution to Fund Balance Reserve	0	0	0	0	1,308,289	0	0
TOTAL NON-RECURRING EXPENDITURES	*$2,605,809*	*$969,457*	*$2,246,900*	*$1,570,760*	*$3,515,649*	*$1,877,570*	*$2,857,700*
NON-RECURRING REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	**($1,842,746)**	**$62,098**	**($151,730)**	**$212,120**	**($1,474,139)**	**($544,510)**	**($336,981)**

POTENTIAL BEGINNING BUDGETARY FUND BALANCE	$6,296,376	$1,812,388	$1,380,486	$1,319,459	$1,469,479	$50	($1,091,390)
Net Recurring Revenue/Expenditure	(2,641,243)	(555,026)	(983,910)	(62,101)	4,710	(546,930)	(1,980,660)
Net Non-Recurring Revenue/Expenditure	(1,842,746)	62,098	(151,730)	212,120	(1,474,139)	(544,510)	(336,981)
ENDING BUDGETARY FUND BALANCE	**$1,812,388**	**$1,319,459**	**$244,846**	**$1,469,479**	**$50**	**($1,091,390)**	**($3,409,032)**

PROPERTY TAX FUNDS - OPERATING RESERVED BALANCES

(General, Parks & Recreation, Fire & Library Funds)

BUDGETARY BASIS	AUDITED FY 09-10	AUDITED FY 10-11	ADOPTED FY 11-12	REVISED FY 11-12	ADOPTED FY 12-13	FY 13-14	FY 14-15
RESERVED BALANCES, Beginning of Year	**$2,405,922**	**$2,912,257**	**$3,570,943**	**$3,995,620**	**$3,802,101**	**$5,058,917**	**$6,686,817**
Contributions to Reserves							
Revenue Received (1)	$18,780	$34,695	$0	$0	$34,500	$0	$0
Other Revenues (2)	262,767	103,856	161,240	142,861	155,300	161,470	162,780
Contributions (3)	471,111	(24,210)	138,560	138,560	510,840	753,280	789,630
Contribution to Fund Balance Reserve (4)	0	0	0	0	630,000	945,000	1,260,000
Total Contribution to Reserves	$752,658	$114,341	$299,800	$281,421	$1,330,640	$1,859,750	$2,212,410
Non-Recurring Contribution to FB Reserve (5)	0	0	0	0	1,308,289	0	0
Component Fund net activity (6)	110,451	1,189,931	(125,578)	383,720	(887,063)	122,610	284,160
Total Increase to Reserves	$863,109	$1,304,273	$174,222	$665,141	$1,751,866	$1,982,360	$2,496,570
Use of Reserves							
Fire (Vehicle-Assigned)	$0	($4,564)	$503,180	$477,630	$0	$0	$1,126,470
Library (Vehicle-Assigned)	44,522	118,696	81,500	52,200	83,500	73,500	117,719
Parks & Rec (Vehicle-Assigned)	11,290	20,590	49,630	39,630	29,060	63,760	56,590
Police (Vehicle-Assigned)	187,671	0	63,450	56,220	194,440	116,700	172,950
Total Vehicle-Assigned	$243,483	$134,722	$697,760	$625,680	$307,000	$253,960	$1,473,729
Parks & Rec (Restricted) (7)	$17,539	$26,745	$27,070	$7,070	$42,000	$10,500	$0
Parks & Rec (Committed)	10,558	14,912	136,300	123,150	97,040	6,500	7,450
Police (Restricted)	55,194	0	0	12,470	3,010	0	0
Public Works (Restricted) (1)	0	0	24,900	24,900	0	37,500	37,500
Public Works (Committed)	30,000	44,530	65,390	65,390	46,000	46,000	46,000
Total Restricted-Committed	$113,290	$86,188	$253,660	$232,980	$188,050	$100,500	$90,950
Total Decrease to Reserves	$356,773	$220,910	$951,420	$858,660	$495,050	$354,460	$1,564,679
RESERVED BALANCES, End of Year	**$2,912,257**	**$3,995,620**	**$2,793,745**	**$3,802,101**	**$5,058,917**	**$6,686,817**	**$7,618,708**
Ending Reserve Balance by Type							
RESTRICTED	$628,123	$1,823,618	$1,232,072	$2,160,568	$1,291,125	$1,363,395	$1,606,685
COMMITTED	1,265,947	1,253,761	1,140,873	1,160,362	1,081,292	1,124,402	1,168,902
ASSIGNED	1,018,188	918,241	420,799	481,171	748,211	1,315,731	699,832
FUND BALANCE	0	0	0	0	1,938,289	2,883,289	4,143,289
	$2,912,257	$3,995,620	$2,793,745	$3,802,101	$5,058,917	$6,686,817	$7,618,708

(1) Current year recurring revenues net of current year recurring expenditures for dedicated reserves such as PEG-Inet;depending on net balance, reflected either as revenue or expenditure.

(2) Other revenues are primarily interest on investments on restricted reserves and donations that are not expended in the year received, but are committed to a specific purpose.

(3) These contributions, which are typically for vehicle and equipment reserves, come from operations and show as en unappropriated expenditure on the presentation page.

(4) A Council-Policy driven portion of Ptax Fund Combined fund balance will be set aside annually for the next five years to achieve build-up of sustainable reserves level. Additionally, in any year where a surplus total fund balance is projected after the 'non-recurring' revenues/expenditures are taken into account, that amount will be considered for addition on a one-time basis as a non-recurring contribution to attaining the policy reserves more quickly.

(5) The FY 12-13 additional set-aside for the fund balance reserve is derived primarily from prior year ending fund balance.

(6) Revenues from all component funds, such as Library Improvement, System development charges, Open Space donations/interest earnings are shown here, net of any expenditure activity to balance ending reserves. Note that these reserves are not part of the presentation page activity, since the programs thereunder have no property tax implications.

(7) Restricted reserves for Aquatic Center Building and Senior Center Reserve. Activity for SDC and Open Space not included here, but netted with revenue in contributions section above, since this "use" of reserves does not pertain to P&R operations.

FINANCIAL PLANNING ISSUES

Combined, the services in the property tax supported funds receive nearly 56% of their funding from permanent rate and local option property taxes levied by the City. The Corvallis-Benton County Library Service District and the Corvallis Rural Fire Protection District are two separate taxing entities which contract for services with the City of Corvallis. When monies received from these two sources are included, the total support from property taxes is slightly more than 64%.

Other major revenues in the property tax supported funds are from Franchise Fees, State Revenue Sharing, Charges for Services, Ambulance Fees, and Grants. Most of these revenues have suffered a decline in recent years, and are expected to decrease again or at best remain stable in FY 12-13. Some increases in revenues in the last two years of the three-year planning period have been projected based on economic forecasts currently available.

GENERAL FUND

BUDGETARY BASIS	AUDITED FY 09-10	AUDITED FY 10-11	ADOPTED FY 11-12	REVISED FY 11-12	ADOPTED FY 12-13	FY 13-14	FY 14-15
RECURRING							
REVENUE							
Property Taxes	$4,898,889	$4,979,073	$5,997,600	$6,110,770	$7,231,450	$7,470,090	$7,749,990
Other Taxes	1,079,621	1,190,725	1,151,190	1,214,860	1,270,650	1,296,060	1,321,980
License, Fees & Permits	5,227,722	5,375,389	5,469,650	5,512,020	5,548,670	5,555,380	5,633,300
Charges for Services	585,994	675,033	738,460	746,830	808,710	833,220	858,500
Intergovernmental	1,161,104	1,162,097	1,464,890	1,213,890	1,250,000	1,272,990	1,296,440
Fines & Forfeitures	573,806	697,994	871,700	718,130	716,110	723,160	730,280
Miscellaneous	95,563	134,139	117,240	120,830	220,470	237,150	258,650
Non-Operating Revenue	0	0	102,870	102,870	106,840	110,040	980
TOTAL RECURRING REVENUE	*$13,622,700*	*$14,214,430*	*$15,913,600*	*$15,740,200*	*$17,152,900*	*$17,498,090*	*$17,850,120*
EXPENDITURES							
City Manager's Office	$0	$0	$0	$0	$300,000	$301,490	$303,020
Community Development	1,441,999	1,449,820	1,356,480	1,328,480	1,311,410	1,375,680	1,401,990
Finance	585,189	576,402	677,700	677,350	629,740	654,890	670,520
Police	9,658,935	9,843,598	10,376,790	10,081,730	10,109,070	10,466,420	10,552,040
Public Works	808,595	828,901	944,200	934,640	843,450	837,920	849,840
Non-Departmental	1,427,249	1,349,829	1,315,950	1,229,950	1,262,100	1,299,020	1,223,960
Non-Operating Expenditures - Transfers & Debt	541,910	611,149	1,058,270	1,058,270	1,101,440	1,143,620	1,187,790
Contingencies	0	0	148,700	0	224,860	0	0
Contribution to Reserves	182,795	35,922	25,000	25,000	289,230	372,250	451,000
TOTAL RECURRING EXPENDITURES	*$14,646,672*	*$14,695,621*	*$15,903,090*	*$15,335,420*	*$16,071,300*	*$16,451,290*	*$16,640,160*
RECURRING REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	**($1,023,972)**	**($481,191)**	**$10,510**	**$404,780**	**$1,081,600**	**$1,046,800**	**$1,209,960**
NON-RECURRING (ONE-TIME)							
REVENUE							
Special Projects (Grants, Misc., etc.)	$186,341	$209,772	$731,940	$518,380	$443,630	$40,000	$0
Use of Reserves (Contributions)	272,865	44,530	153,740	158,980	243,450	200,200	256,450
Non-Operating Revenue	6,396	349,452	10,000	11,000	855,000	872,100	889,540
TOTAL NON-RECURRING REVENUE	*$465,602*	*$603,753*	*$895,680*	*$688,360*	*$1,542,080*	*$1,112,300*	*$1,145,990*
EXPENDITURES							
City Manager's Office	$0	$0	$0	$0	$80,000	$0	$0
Community Development	11,557	402	0	0	0	0	0
Finance	29,345	0	0	0	0	0	0
Police	319,632	71,198	125,390	176,720	243,150	136,530	179,730
Public Works	70,256	116,166	698,560	300,140	375,450	11,840	0
Non-Departmental	60,350	74,212	0	50,000	100,000	90,000	0
Non-Operating Expenditures - Transfers	100,000	118,300	36,000	22,000	855,000	906,100	1,109,540
Non-recurring Contribution to Fund Balance Reserve	0	0	0	0	1,308,289	0	0
TOTAL NON-RECURRING EXPENDITURES	*$591,140*	*$380,278*	*$859,950*	*$548,860*	*$2,961,889*	*$1,144,470*	*$1,289,270*
NON-RECURRING REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	**($125,538)**	**$223,476**	**$35,730**	**$139,500**	**($1,419,809)**	**($32,170)**	**($143,280)**
POTENTIAL BEGINNING BUDGETARY FUND BALANCE	$1,201,158	$51,648	$8,998	($206,068)	$338,212	$3	$1,014,633
Net <u>Recurring</u> Revenue/Expenditure	(1,023,972)	(481,191)	10,510	404,780	1,081,600	1,046,800	1,209,960
Net <u>Non-Recurring</u> Revenue/Expenditure	(125,538)	223,476	35,730	139,500	(1,419,809)	(32,170)	(143,280)
ENDING BUDGETARY FUND BALANCE	**$51,648**	**($206,068)**	**$55,238**	**$338,212**	**$3**	**$1,014,633**	**$2,081,313**

PARK AND RECREATION FUND - COMBINED

BUDGETARY BASIS	AUDITED FY 09-10	AUDITED FY 10-11	ADOPTED FY 11-12	REVISED FY 11-12	ADOPTED FY 12-13	FY 13-14	FY 14-15
RECURRING							
REVENUE							
Property Taxes	$3,809,025	$3,971,633	$3,808,700	$3,817,570	$3,303,940	$3,420,600	$3,557,420
Licenses, Fees & Permits	50,083	78,494	131,300	131,300	131,300	133,930	136,610
Charges for Services	1,337,023	1,360,072	1,412,570	1,412,360	1,531,140	1,559,920	1,589,250
Intergovernmental	7,400	7,400	7,400	7,400	7,400	7,400	7,400
Fines & Forfeitures	1,004	228	100	100	250	250	250
Miscellaneous	282,901	97,204	96,890	84,240	78,550	77,640	74,810
Non-Operating Revenue	0	0	720,400	720,400	749,150	771,620	6,850
TOTAL RECURRING REVENUE	*$5,487,436*	*$5,515,031*	*$6,177,360*	*$6,173,370*	*$5,801,730*	*$5,971,360*	*$5,372,590*
EXPENDITURES							
Parks and Recreation	$5,504,493	$5,349,049	5,862,860	$5,808,230	$5,622,180	$5,981,860	$6,063,340
Non-Operating Expenditures - Debt Transfers	187,510	189,940	125,840	125,840	116,210	121,610	127,280
Contingencies	0	0	57,770	0	67,390	0	0
Contributions to Reserves	221,868	22,522	103,140	99,211	309,210	409,520	489,580
TOTAL RECURRING EXPENDITURES	*$5,913,871*	*$5,561,511*	*$6,149,610*	*$6,033,281*	*$6,114,990*	*$6,512,990*	*$6,680,200*
RECURRING REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	**($426,434)**	**($46,480)**	**$27,750**	**$140,089**	**($313,260)**	**($541,630)**	**($1,307,610)**
NON-RECURRING (ONE-TIME)							
REVENUE							
Special Projects (Grants, Misc., etc.)	$6,971	$6,706	$26,400	$35,900	$10,000	$10,000	$10,000
Use of Reserves	39,387	62,248	213,000	169,850	168,100	80,760	64,040
Non-Operating Revenue	1,803	16,449	136,060	75,000	95,000	0	0
TOTAL NON-RECURRING REVENUE	*$48,161*	*$85,402*	*$375,460*	*$280,750*	*$273,100*	*$90,760*	*$74,040*
EXPENDITURES							
Parks & Recreation	$146,605	$92,217	$233,640	$196,080	$305,950	$177,280	$165,720
Non-Operating Expenditures - CIP Transfers	293,759	0	228,060	61,000	29,000	404,000	75,000
TOTAL NON-RECURRING EXPENDITURES	*$440,364*	*$92,217*	*$461,700*	*$257,080*	*$334,950*	*$581,280*	*$240,720*
NON-RECURRING REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	**($392,203)**	**($6,815)**	**($86,240)**	**$23,670**	**($61,850)**	**($490,520)**	**($166,680)**
POTENTIAL BEGINNING BUDGETARY FUND BALANCE	$1,083,308	$264,670	$139,078	$211,375	$375,135	$25	($1,032,125)
Net Recurring Revenue/Expenditure	(426,434)	(46,480)	27,750	140,089	(313,260)	(541,630)	(1,307,610)
Net Non-Recurring Revenue/Expenditure	(392,203)	(6,815)	(86,240)	23,670	(61,850)	(490,520)	(166,680)
ENDING BUDGETARY FUND BALANCE	**$264,670**	**$211,375**	**$80,588**	**$375,135**	**$25**	**($1,032,125)**	**($2,506,415)**

FIRE & RESCUE FUND

BUDGETARY BASIS	AUDITED FY 09-10	AUDITED FY 10-11	ADOPTED FY 11-12	REVISED FY 11-12	ADOPTED FY 12-13	FY 13-14	FY 14-15
RECURRING							
REVENUE							
Property Taxes	$6,827,677	$6,842,357	$7,821,280	$7,839,510	$8,332,270	$8,626,470	$8,971,530
Licenses, Fees & Permits	18,792	21,162	17,630	17,140	18,640	18,830	19,020
Charges for Services	3,150,266	3,271,140	3,272,170	3,322,240	3,449,600	3,505,550	3,562,790
Fines & Forfeitures	12,025	17,223	12,710	9,650	8,950	8,950	8,950
Miscellaneous	30,512	14,209	32,240	11,210	13,130	7,320	11,680
TOTAL RECURRING REVENUE	*$10,039,272*	*$10,166,092*	*$11,156,030*	*$11,199,750*	*$11,822,590*	*$12,167,120*	*$12,573,970*
EXPENDITURES							
Fire	$9,728,138	$10,108,279	$10,665,080	$10,664,740	$10,412,910	$10,809,520	$10,882,330
Non-Operating Expenditures - Transfers & Debt	480,630	521,750	920,610	920,610	955,440	1,003,210	1,053,370
Contingencies	0	0	104,860	0	157,240	0	0
Contribution to Reserves	300,000	0	103,560	103,560	493,500	755,530	870,630
TOTAL RECURRING EXPENDITURES	*$10,508,768*	*$10,630,029*	*$11,794,110*	*$11,688,910*	*$12,019,090*	*$12,568,260*	*$12,806,330*
RECURRING REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	**($469,496)**	**($463,937)**	**($638,080)**	**($489,160)**	**($196,500)**	**($401,140)**	**($232,360)**
NON-RECURRING (ONE-TIME)							
REVENUE							
Special Projects (Grants, Misc., etc.)	$79,177	$95,574	$182,850	$131,990	$61,330	$0	$0
Use of Reserves (Contributions)	0	(4,564)	503,180	477,630	0	0	1,126,470
Non-Operating Revenue	4,138	17,505	0	35,000	0	0	0
TOTAL NON-RECURRING REVENUE	*$83,315*	*$108,515*	*$686,030*	*$644,620*	*$61,330*	*$0*	*$1,126,470*
EXPENDITURES							
Fire	$1,312,637	$304,874	$719,750	$594,060	$36,810	$29,320	$1,193,260
Non-Operating Expenditures - Transfers	0	0	0	0	0	0	0
TOTAL NON-RECURRING EXPENDITURES	*$1,312,637*	*$304,874*	*$719,750*	*$594,060*	*$36,810*	*$29,320*	*$1,193,260*
NON-RECURRING REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	**($1,229,322)**	**($196,359)**	**($33,720)**	**$50,560**	**$24,520**	**($29,320)**	**($66,790)**

POTENTIAL BEGINNING BUDGETARY FUND BALANCE	$2,969,696	$1,270,879	$726,409	$610,582	$171,982	$2	($430,458)
Net Recurring Revenue/Expenditure	(469,496)	(463,937)	(638,080)	(489,160)	(196,500)	(401,140)	(232,360)
Net Non-Recurring Revenue/Expenditure	(1,229,322)	(196,359)	(33,720)	50,560	24,520	(29,320)	(66,790)
ENDING BUDGETARY FUND BALANCE	**$1,270,879**	**$610,582**	**$54,609**	**$171,982**	**$2**	**($430,458)**	**($729,608)**

LIBRARY FUND - COMBINED

BUDGETARY BASIS	AUDITED FY 09-10	AUDITED FY 10-11	ADOPTED FY 11-12	REVISED FY 11-12	ADOPTED FY 12-13	FY 13-14	FY 14-15
RECURRING REVENUE							
Property Taxes	$3,007,225	$3,937,789	$2,646,510	$2,652,680	$2,134,980	$2,210,370	$2,298,780
Charges for Services	43,077	43,340	47,000	43,420	43,420	43,560	43,700
Intergovernmental	2,237,007	2,342,293	2,421,840	2,422,270	2,451,370	2,548,860	2,650,240
Fines & Forfeitures	74,579	94,207	92,000	101,150	104,800	105,850	106,910
Miscellaneous	35,808	26,049	31,010	25,120	25,200	22,650	21,200
Non-Operating Revenue	0	0	966,730	956,330	1,009,360	1,035,410	15,490
TOTAL RECURRING REVENUE	*$5,397,696*	*$6,443,679*	*$6,205,090*	*$6,200,970*	*$5,769,130*	*$5,966,700*	*$5,136,320*
EXPENDITURES							
Library	$5,846,631	$5,715,349	$6,353,030	$6,154,040	$5,918,010	$6,173,210	$6,257,670
Non-Operating Expenditures - Transfers & Debt	224,410	235,850	111,090	111,090	116,190	122,000	128,100
Contingencies	0	0	56,960	0	63,360	0	0
Contribution to Reserves	47,995	55,897	68,100	53,650	238,700	322,450	401,200
TOTAL RECURRING EXPENDITURES	*$6,119,036*	*$6,007,096*	*$6,589,180*	*$6,318,780*	*$6,336,260*	*$6,617,660*	*$6,786,970*
RECURRING REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	**($721,340)**	**$436,582**	**($384,090)**	**($117,810)**	**($567,130)**	**($650,960)**	**($1,650,650)**
NON-RECURRING (ONE-TIME) REVENUE							
Special Projects (Grants, Misc., etc.)	$121,463	$115,188	$56,500	$116,950	$51,500	$56,500	$56,500
Use of Reserves	44,522	118,696	81,500	52,200	83,500	73,500	117,719
Non-Operating Revenue	0	0	0	0	30,000	0	0
TOTAL NON-RECURRING REVENUE	*$165,985*	*$233,885*	*$138,000*	*$169,150*	*$165,000*	*$130,000*	*$174,219*
EXPENDITURES							
Library	$261,668	$192,088	$103,500	$145,260	$105,500	$122,500	$134,450
Non-Operating Expenditures - Transfers	0	0	102,000	25,500	76,500	0	0
TOTAL NON-RECURRING EXPENDITURES	*$261,668*	*$192,088*	*$205,500*	*$170,760*	*$182,000*	*$122,500*	*$134,450*
NON-RECURRING REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	**($95,683)**	**$41,796**	**($67,500)**	**($1,610)**	**($17,000)**	**$7,500**	**$39,769**

POTENTIAL BEGINNING BUDGETARY FUND BALANCE	$1,042,214	$225,191	$506,001	$703,570	$584,150	$20	($643,440)
Net Recurring Revenue/Expenditure	(721,340)	436,582	(384,090)	(117,810)	(567,130)	(650,960)	(1,650,650)
Net Non-Recurring Revenue/Expenditure	(95,683)	41,796	(67,500)	(1,610)	(17,000)	7,500	39,769
ENDING BUDGETARY FUND BALANCE	**$225,191**	**$703,570**	**$54,411**	**$584,150**	**$20**	**($643,440)**	**($2,254,322)**

RESOLUTION 2013 - _____

A RESOLUTION THAT CREATES THE PARKS SYSTEMS DEVELOPMENT CHARGE FUND, CLOSES THE PARKS & RECREATION FUND, AND TRANSFERS BALANCES.

Minutes of the January 22, 2013 meeting, continued.

A resolution submitted by Councilor ______________________________.

WHEREAS the City Council has the authority to establish and close funds; and

WHEREAS the City Council had established the Parks & Recreation Fund when the City had dedicated property tax levies for Parks and for Recreation programs; and

WHEREAS the statewide implementation of Ballot Measures 47 (1996) and 50 (1997) pre-empted the City's own dedicated property taxes in favor of a single tax rate; and

WHEREAS the City Council has continued to manage the Parks & Recreation Fund as a separate fund with varying amounts of property taxes used to support operations each year; and

WHEREAS the complexity of managing the property tax allocation has grown over time and is no longer supportable; and

WHEREAS the City Council finds that it is in the public's interest to close the Parks & Recreation Fund and transfer its balances so that the operations of the City's Parks and Recreation programs are accounted for within the General Fund; and

WHEREAS the City Council finds that it is in the public's interest to establish a new fund titled the Parks System Development Charge Fund to account for the resources and uses of Parks Systems Development Charge payments; and

WHEREAS closing the Parks & Recreation Fund will require transferring balances from the existing Parks & Recreation Fund;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CORVALLIS HEREBY RESOLVES to create the Parks SDC Fund effective July 1, 2013 to account for the resources and uses associated with Parks Systems Development Charge Fees; and

BE IT FURTHER RESOLVED that the City Council has determined it is in the best interest of the City to close the Parks & Recreation Fund effective June 30, 2014, and to transfer balances within that fund as follows:

1. Committed Reserves for Civic Beautification, Urban Forestry, the Senior Center, and Majestic Theatre shall be transferred from the Parks & Recreation Fund to be Committed Reserves with the same titles and commitments in the General Fund; and
2. Restricted Reserves for Osborn Aquatic Center, the Senior Center, and Open Space shall be transferred from the Parks & Recreation Fund to Restricted Reserves with the same titles and restrictions in the General Fund; and

3. Restricted Reserves for Parks Systems Development Charges shall be transferred from the Parks & Recreation Fund to the Parks SDC Fund; and
4. All remaining balances shall be transferred from the Parks & Recreation Fund to the General Fund as assigned or unassigned fund balance.

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

RESOLUTION 2013 - _____

A RESOLUTION TO CLOSE THE FIRE AND RESCUE FUND AND TRANSFER BALANCES.

Minutes of the January 22, 2013 meeting, continued.

A resolution submitted by Councilor ____________________________.

WHEREAS the City Council has the authority to establish and close funds; and

WHEREAS the City Council had established the Fire and Rescue Fund when the City had dedicated property tax levies for the Fire Department; and

WHEREAS the statewide implementation of Ballot Measures 47 (1996) and 50 (1997) pre-empted the City's own dedicated property taxes in favor of a single tax rate; and

WHEREAS the City Council has continued to manage the Fire and Rescue Fund as a separate fund with varying amounts of property taxes used to support operations each year even though the Charter requirements were pre-empted; and

WHEREAS the complexity of managing the property tax allocation has grown over time and is no longer supportable; and

WHEREAS the City Council finds that it is in the public's interest to close the Fire and Rescue Fund and transfer its balances so that the operations of the City's Fire department are accounted for within the General Fund; and

WHEREAS closing the Fire and Rescue Fund will require transferring balances from the existing Fire and Rescue Fund;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CORVALLIS HEREBY RESOLVES it is in the best interest of the City to close the Fire and Rescue Fund effective June 30, 2014, and to transfer balances within that fund to the General Fund.

____

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

RESOLUTION 2013 - _____

A RESOLUTION TO CLOSE THE LIBRARY FUND AND TRANSFER BALANCES.

Minutes of the January 22, 2013 meeting, continued.

A resolution submitted by Councilor ______________________________.

WHEREAS the City Council has the authority to establish and close funds; and

WHEREAS the City Council had established the Library Fund when the City entered into the intergovernmental relationship with the Library Service District; and

WHEREAS the City Council had transferred a portion of the City's property tax revenue to the Library Fund each year to complete funding for Library services; and

WHEREAS the City Council has managed the Library Fund as a separate fund with varying amounts of property taxes used to support operations each year; and

WHEREAS the complexity of managing the property tax allocation has grown over time and is no longer supportable; and

WHEREAS the City Council finds that it is in the public's interest to close the Library Fund and transfer its balances so that the operations of the City's Library Department are accounted for within the General Fund; and

WHEREAS closing the Library Fund will require transferring balances from the existing Library Fund;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CORVALLIS HEREBY RESOLVES it is in the best interest of the City to close the Library Fund effective June 30, 2014, and to transfer balances within that fund to the General Fund as follows:

1. Committed Reserves for Library Improvements shall be transferred from the Library Fund to be Committed Reserves with the same title and commitments in the General Fund; and
2. All remaining balances shall be transferred from the Library Fund to the General Fund as unassigned fund balance.

____

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

ORDINANCE 2013-

AN ORDINANCE RELATING TO FUNDS, AMENDING MUNICIPAL CODE CHAPTER 3.09 "URBAN FOREST MANAGEMENT FEE," AS AMENDED, AND STATING AN EFFECTIVE DATE

THE CITY OF CORVALLIS ORDAINS AS FOLLOWS:

Section 1. Municipal Code Section 3.09 is hereby amended as follows:

Section 3.09.040 Urban Forest Management Fee - Revenue

1) All funds collected pursuant to this chapter shall be deposited in the City's ~~Parks & Recreation~~ General Fund. The portion of the General ~~Parks & Recreation~~ Fund that represents the fees collected under this chapter during a given year and fees carried over from prior years, if any, shall be used to administer a portion of the City's Urban Forest program as described in the Urban Forest Management Plan.

2) The operations, administration and maintenance expenditures from the ~~Parks & Recreation~~ General Fund for the Urban Forest Management Program shall be used for the urban forest and may not specifically relate to any particular property from which the fees for such purposes were collected.

3) The fees collected pursuant to this chapter shall not be used for general or other governmental proprietary purposes of the City, except to pay for management activities for City's Urban Forest

4) Excluded use of revenue. The Urban Forest Management Fee will not be used to fund any of the following:

a) Maintenance on or replacement of trees within the public rights-of-way, if those trees are clearly identified on a City-approved set of landscape plans associated with a land use approval or building permit and where the trees are still under the warranty period as specified in chapter 4.2 of the Corvallis Land Development Code, so that developers continue to meet their Land Development Code 90% coverage obligations.

b) Initial installation of street trees required as part of or associated with development in accordance with 4.2 of the Land Development Code.

c) Any activity on trees on Oregon State University campus.

d) Any activity on trees on private property.

(Ord. 2013- §1, /2012Ord. 2010-32 §1, 12/20/2010)

Section 2. This ordinance shall become effective on July 1, 2013.

PASSED by the City Council this ________ day of _______________, 2013.

APPROVED by the Mayor this ________ day of _______________, 2013.

EFFECTIVE this ________ day of _______________, 2013.

____

Mayor

ATTEST:

____

City Recorder