



ADMINISTRATIVE SERVICES COMMITTEE

Agenda

Wednesday, March 6, 2013

3:30 pm

Madison Avenue Meeting Room
500 SW Madison

- | | |
|----------------------------|--|
| Discussion/Possible Action | I. Second Quarter Operating Report
(Attachment) |
| Discussion/Possible Action | II. Downtown Corvallis Association Second Quarter Report
(Attachment) |
| Discussion/Possible Action | III. Visit Corvallis Second Quarter Report
(Attachment) |
| Information | IV. Other Business |

Next Scheduled Meeting

Wednesday, March 20, 2013 at 3:30 pm

Madison Avenue Meeting Room, 500 SW Madison Ave

Agenda

Ambulance Rate Review

Public Safety Tax

Council Policy Review and Recommendation: 07-1.10,
"Advertising on Corvallis Transit System Buses"

MEMORANDUM

February 22, 2013

TO: Administrative Services Committee
FROM: Nancy Brewer, Finance Director *NB*
SUBJECT: Second Quarterly Operating Report

I. Issue

To review and accept the Second Quarterly Operating Report for FY 12-13.

II. Discussion

The Second Quarterly Operating Report (QOR) has been published on the City's web site and is available for review. Revenues at the end of the second quarter of the fiscal year are about 61% of budgeted total revenues. Operating revenue of \$54 million received year-to-date is almost exactly the same total dollars as in prior years, but higher transient room tax receipts and charges for service revenues served to offset lower property tax and grant revenues.

Operating expenditures across departments were roughly as expected and comparable to the prior year at about 46% of the amended budget. While every department except the Library was carrying at least one vacancy (for a 7% vacancy rate Citywide at calendar year-end), personnel service savings are not as significant as they have been in prior years due primarily to increases in healthcare costs over budgeted levels as well as higher casual and overtime costs associated with backfilling for vacant positions. Many regular staff recruitments are still on hold since each position must be justified in this fiscally constrained time, and some hiring has been delayed deliberately in order to achieve offsetting savings for the known higher health costs being incurred this fiscal year.

In summary, while financial performance in all funds is generally at expected levels, the following situations are noteworthy:

- Library Fund – Temporary wages are continuing to overrun budget, as has been the case in previous years. However, there is less capacity to absorb these overages now that the department is fully staffed, but at reduced numbers, while trying to maintain consistent service levels.
- 9-1-1 Emergency Communications Fund – Personnel Services spending is running higher than expected due to contractual COLA's and 2012 healthcare premium increases exceeding budget, as well as State excise taxes for 9-1-1 coming in lower than forecast. An authorized position has not been filled in order to ensure appropriations are not exceeded, but these savings have also been partly offset by commensurate overtime to cover the vacancy as well as the cashout of a substantial accrual bank for an unexpected dispatcher retirement. The Fund Balance is likely adequate to absorb the above situations in FY 12-13 but may lead to increased charges to users in the short term to cover costs in future years. Increased charges to users will primarily be borne by the City of Corvallis as the largest user of 9-1-1 services.
- Water and Wastewater Funds - A debt refunding of three older loans was concluded in these two funds in the second quarter. The replacement debt provides net present value savings for the utilities in total of nearly \$1.6 million and is expected to positively impact the two funds' bottom-lines in FY 12-13 by about \$75,000 total, due to the net reductions of \$2.46 million in current year debt service offset by \$2.39 million in prepayment funds used to decrease the total issuance amount.
- The Community Development Revolving Fund is still experiencing negative cash and fund balances due to the HOME grant reimbursement lag, inadequate grant coverage of project-related overhead, and requirements to first spend program income before grant proceeds. While an interfund loan was projected to be needed at the end of last year and did not end up being required, it appears that the Fund will need such an approach in FY 12-13 to ensure a positive year-end balance. The Fund Manager is also in the process of implementing other service and program changes to attain long-term fiscal sustainability. More information will come to the City Council as this plan is developed.

Attached to this memo is the executive summary for the Second QOR (Attachment A) and the Property Tax Funds Combined income statement (Attachment B). The executive summary includes some basic economic information, an analysis of any significant variances from expected financial performance, an income statement for all funds combined, and a summary of operating expenditures by fund and by department. The summary also includes a table showing all the budget amendments approved so far this fiscal year by the City Council. These amendments all have the effect of increasing total appropriations for the City above what was in the adopted budget.

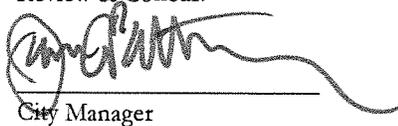
The Capital Project budget is nearly 21% expended at the end of the second quarter. Capital project work and the related spending tend to fluctuate each year, with delays causing carry-overs to future years or savings from conservative budgeting typically resulting in less than 100% of budget being accomplished. The following projects were completed by the end of the second quarter: the construction contract for Phase I utility and site preparation for the Fire Department Training Facilities relocation; installation of lights and bollards for Central Park Plaza; Pedestrian crossings along 9th St. and sidewalk infill construction both funded by New Freedom grants; and reconstruction of 11th St. north of Maple St.

The Quarterly Operating Report also includes an update on the status of City Council Goals as of December 31, 2012.

III. Requested Action

Review the Second Quarterly Operating Report, and recommend the City Council accept the report.

Review & Concur:



City Manager

SECOND QUARTERLY OPERATING REPORT FISCAL YEAR 2012-2013

EXECUTIVE SUMMARY

February 21, 2013

The Quarterly Operating Report is produced and published on the City's web site within 45 days of the close of each fiscal quarter based on Financial Policy 10.04.050, then shared with the City Council's Administrative Services Committee to provide citizens, the Budget Commission, and City Council with information about the City's financial performance for the quarter.

This Executive Summary provides highlights of the City's financials. The remainder of the report covers:

- The revenue and expenditure performance for each of the operating funds in an income statement format that includes operating and non-operating revenues, expenditures and total fund activities. The first income statement presented in that section shows results year-to-date for all property tax funds combined.
- Departmental information including updated performance measures for the quarter as well as accomplishments and pending work plan items. This section also includes a report on vacancies;
- Capital Improvement Program (CIP) status report on the various projects underway year-to-date; and
- An update on City Council Values and Goals.

The FY 12-13 budget was prepared and adopted during challenging economic times and in a highly fiscally constrained environment for the City. A recessionary economy including high unemployment and stagnant property values, plus slowed development, as well as lower than historical revenues in both FY 10-11 and FY 11-12, were all taken into account when developing the budget. Despite these factors, demand for many City services continues to be strong, which in the face of the relatively flat or declining revenue stream continues to have a negative impact on fund balances across the organization.

According to The Federal Open Market Committee (FOMC) statement released in December, economic activity and employment continue to expand at a modest pace, despite weather-related disruptions. Although the unemployment rate has seen slight declines in recent months, it remains elevated. At 6.0% unemployment in December, on a seasonally adjusted basis, (a 0.1% decrease from the previous month), Corvallis nevertheless continues to fare better than the State and the Nation. Growth in household spending and the housing sector continue to show signs of improvement, but expansion in business fixed investment has slowed. Inflation continues to be subdued, mainly reflecting lower prices of crude oil and gasoline, and longer-term inflation expectations have generally stabilized. The FOMC remains concerned that, without sufficient policy accommodation, economic recovery may not be robust enough to sustain significant improvement in labor market conditions, while strains in global financial markets continue to pose significant downside risks to the economic outlook. The FOMC expects to continue its highly accommodative stance for monetary policy and to keep the federal funds rate exceptionally low through mid-2015 (i.e., in the 0 to quarter percent range).

Overall, the City's financial performance through the second quarter of the fiscal year generally has been as expected. Revenue and expenditure timing is close to historical patterns (i.e., Parks & Recreation usually spends more than 25% of its budget in the busy summer months; the majority of Property Tax revenue is received in the second quarter as seen in this report). There has been an increase in charges for service revenues which was largely driven by development project application fees, but is higher in nearly all funds contributing to a nearly \$861,340 increase over last year and a greater percentage of budget overall than forecast. Miscellaneous revenue received is significantly greater when compared to last year, primarily attributed to Business Energy Tax Credits received this fiscal year but pertaining to prior year Transit operations. Another difference related to budgeted expectations relates to three utility-backed loans in the Water and Wastewater Funds that were refunded in November. The approximate \$12.3 million in proceeds from the 2012 Full Faith & Credit Refunding Obligations are reflected in other financing sources and produced a net present value savings to the City of roughly \$1,579,690.

As of the end of the second quarter for the fiscal year, total expenditures are less than 50% of budgeted expenditures, and are approximately \$412,960 lower than last year's spending levels, driven primarily by less capital outlay, special project expenditures and savings due to personnel vacancies, as well as other department budget reductions achieved as part of the FY 12-13 adopted sustainable budget. The Community Development and Public Works Departments spent much less on capital outlay and special projects (i.e., several capital improvement projects have yet to commence and fewer vehicle replacements have been made year-to-date) when compared to the first half of FY 11-12. Community Development housing grant-related expenditures were significantly lower through the first half of the year than budgeted. Grant funding was provided for eight non-profit agency activities through the CDBG Human Services Fund, CDBG Microbusiness program funding for Linn-Benton Community College, and Community Housing Development Organization (CHDO) operating funding for Willamette Neighborhood Housing Services (WNHS). Six loans

and ten grants have closed through the second quarter, so related payouts are expected to pick up in the latter part of the year although unlikely to use the full appropriations established through the Adopted Budget.

The following table compares year-to-date actuals with budget for all funds in both FY 12-13 and FY 11-12:

REVENUE	AMENDED BUDGET	2nd Quarter FY 12-13	UNAUDITED FY 12-13	FY 12-13 % REC/EXPEND	Y-T-D FY 11-12	FY 11-12 % REC/EXPEND
Budgeted Fund Balance	\$28,532,414					
Property Taxes	\$23,904,680	\$20,476,224	\$20,618,908	86.25%	\$21,346,172	88.23%
Other Tax	1,270,650	368,782	622,851	49.02%	567,518	49.30%
Licenses/Permits	8,740,150	2,024,387	3,743,452	42.83%	3,538,037	44.08%
System Development Charges	1,989,780	621,716	1,083,887	54.47%	1,666,030	122.95%
Charges for Service	37,738,370	10,237,976	20,033,741	53.09%	19,172,406	51.81%
Intergovernmental	17,190,423	4,838,493	5,722,108	33.29%	6,058,442	33.83%
Fines/Forfeitures	1,283,410	282,102	539,667	42.05%	608,213	43.89%
Miscellaneous	2,626,670	1,679,760	2,014,053	76.68%	1,363,440	42.53%
Other Financing Sources/Transfers in	24,023,308	16,464,199	18,583,831	77.36%	7,253,839	51.63%
TOTAL CURRENT REVENUE	\$118,767,441	\$56,993,639	\$72,962,499	61.43%	\$61,574,097	56.86%
EXPENDITURE BY DEPARTMENT						
City Manager's Office	\$3,302,670	\$518,647	\$1,669,931	50.56%	\$1,661,480	54.29%
Community Development	7,626,640	1,381,795	2,611,099	34.24%	3,174,092	36.43%
Finance	4,790,210	1,119,732	2,292,150	47.85%	2,394,460	47.72%
Fire	10,454,220	2,541,018	5,034,197	48.15%	5,506,403	48.37%
Library	6,054,010	1,473,657	2,856,325	47.18%	2,856,900	43.54%
Park & Recreation	5,937,130	1,250,117	2,859,804	48.17%	2,998,535	49.18%
Police	12,889,760	3,063,720	6,443,161	49.99%	6,298,290	47.97%
Public Works	29,744,922	7,112,145	13,342,286	44.86%	12,830,681	42.24%
Non-Departmental	1,512,927	474,749	826,144	54.61%	627,218	45.87%
TOTAL OPERATING EXPENDITURES	\$82,312,489	\$18,935,580	\$37,935,097	46.09%	\$38,348,059	44.74%
Debt Service	\$4,734,140	\$1,715,408	\$2,561,251	54.10%	\$4,373,966	53.45%
Capital Projects	9,687,779	1,528,833	2,021,849	20.87%	4,175,114	34.10%
Transfers Out / Other Financing Uses	26,228,831	18,757,467	20,739,323	79.07%	7,245,814	51.57%
Contingencies/Reserves	1,611,260	0	0	0.00%	0	0.00%
TOTAL ALL EXPENDITURES	\$124,574,499	\$40,937,288	\$63,257,520	50.78%	\$54,142,953	44.54%
CURRENT REVENUES LESS						
TOTAL EXPENDITURES	(\$5,807,058)	\$16,056,351	\$9,704,979		\$7,431,144	

In general, the status of the City's finances was in line with expectations at the end of the second quarter. Year-to-date revenues of \$72,962,499, are at 61.43% of the Amended Total Revenue Budget of \$118,767,441. The Amended Budget reflects the adopted budget, plus any amendments approved by the City Council via resolution during the course of the fiscal year. In the first half of FY 12-13, the following amendments to the budget were approved:

Date	Amendment Type	Resource	Fund	Department	Net Expenditure Impact
7/2/2012	Res - Grant	EPA Grant	Storm Water	Public Works	\$ 45,620
7/16/2012	Res - Grant	ODOT Grant	Transit	Public Works	\$ 8,964
8/6/2012	Res - Grant	State of Oregon EUDL Grant	General	Police	\$ 4,760
9/4/2012	Res - Grant	FEMA Homeland Security	Fire & Rescue	Fire	\$ 4,504
11/4/2012	Res - Grant	FEMA Office of Emerg Mgmnt	CIP	Parks & Rec	\$ 193,911
11/19/2012	Res - 2012 Refunding Obligations	Proceeds of Debt Issuance	Water & Wastewater	Public Works	\$ 12,289,035
11/19/2012	Res - Donation	Anonymous Donor	Parks & Recreation	Parks & Rec	\$ 9,000
12/3/2012	Res - Grant	Oregon Water Resources	Wastewater	Public Works	\$ 38,632
				Total Increase	\$ 12,594,426

Significant revenue highlights include:

- **Property taxes** totaled \$20,618,908 through the second quarter, which equals 86.25% of the budgeted property tax revenue. The majority of property taxes for the fiscal year are typically collected in the second quarter. FY 12-13 year-to-date property tax revenues are more than \$700,000 less than last fiscal year's results for the same time period, despite 0.5% growth in assessed value. This decline is likely due to the continued depressed economy resulting in fewer home owners being able to pay their taxes early as well as about \$100,000 lower in collection of prior year delinquent accounts year-to-date than last year.

- **Other Taxes** are collected from hotels in the form of room taxes and totaled \$622,851 or 49.02% of budget as of second quarter-end. Summer seasonality, attendance of fall sporting events, and a rebounding economy have led to slightly better results thus far in FY 12-13 compared to last year at this time.
- **Licenses, Fees and Permits** totaled \$3,743,452 which represents 42.83% of the amended budget and is below budget as a percentage received when compared with the same time last year. While franchise fees are under-performing year-to-date, Allied Waste implemented a 6% residential rate increase in October, which could offset projected shortfalls brought on by utility conservation efforts. In addition, payments from Allied Waste and Comcast relating to second quarter franchise fees are typically posted in the third quarter negatively impacting the reported percentage collected YTD. The transportation maintenance and sustainability initiative fees are on target, and Development Service permit fees are expected to begin trending higher due to an increase in projects received near the end of the second quarter.
- **System Development Charges** were \$1,083,887 which represents 54.47% of the amended budget and is aligned with projections. In FY 11-12, the higher percentage of actual YTD compared to budget was due to un-forecasted increased development for off-campus student housing. SDC income, being of restricted use, has been isolated here and in the income statements from “other charges for service” so as to ensure the understanding that this significant incremental dedicated funding source is not available for operational spending.
- **Charges for Services** (not including SDC’s) were \$20,033,741, which represents 53.09% of the amended budget. These revenues are higher as a percentage of budget primarily due to early receipt of three of the four quarterly payments year-to-date from Benton County for various police services, an increase over anticipated revenue due to higher OEB payment reimbursement stemming from post-’92 hire retirements and Parks Seasonal eligibility for COBRA, plus a payment received from Benton County for its share of support for the Economic Development program.
- **Intergovernmental** revenues are below target at \$5,722,108. At 33.29% of budget however, receipts are very comparable to the same time last year. The receipt of grant monies tends to be volatile and highly dependent on timing of related expenditures. For example, a large payment for the Transit Operating Grant that was expected to be received in the second quarter, was delayed and will post to the third quarter.
- **Fines & Forfeiture** receipts related to Municipal Court remain under budget and lower than last year due primarily to fewer traffic and parking fines issued, partly as a result of patrol staffing vacancies. Fully staffed parking enforcement, a significant fine increase for violations in residential parking districts that went into effect September 24th, and additional home football games are helping revenues rebound. While some improvement continues to be noted from concentrated efforts related to collections in the past several years, after turning over about \$2 million in traffic and half a million dollars in parking delinquencies, these accounts have 90% and 66% of their respective balances still outstanding.
- **Interest earnings** totaled \$148,256 at the end of the second quarter, which represents 65.37% of the budgeted interest and is about 146% of last year’s earnings at this same point in time. The City’s investment advisory firm has helped bolster what earnings there are in this category, however the market continues to hover at historic lows, and this situation is expected to prevail through at least mid-2015 according to the Federal Open Market Committee.

Operating expenditures for all funds totaled \$37,935,097 or 46.09% of the Amended Operating Expenditure Budget which is lower than last year in total dollars expended but slightly above as a percentage of budget. These results are primarily due to less spending this fiscal year early in the year on special projects and capital outlay. Also, while Community Development typically under-expends its grant appropriations due to the length of time to fruition of housing loan projects, the department is also experiencing lower grant allocation availability in recent years, particularly for administrative cost coverage, so is being even more cost-conscious than usual early in the year. Non-operating expenditures, which include capital projects, transfers, debt service, and contingency, totaled \$25,322,423 or 59.92% of the \$42,262,010 Amended Non-Operating Budget. In total, expenditures through the second quarter were \$63,257,520 or 50.78% of the \$124,574,499 budgeted, compared to 44.54% for the second quarter of last fiscal year. A breakdown of departmental expenditures by category is provided below:

OPERATING EXPENDITURES BY DEPARTMENT

DEPARTMENT	AMENDED BUDGET	PERSONNEL SERVICES	SUPPLIES & SERVICES	CAPITAL OUTLAY	TOTAL EXPENDITURES	% OF AMENDED BUDGET
<i>Total Budget by Category</i>		\$46,224,880	\$33,427,439	\$2,660,170	\$82,312,489	
City Manager's Office	\$3,302,670	\$599,239	\$1,070,693	\$0	\$1,669,931	50.56%
Community Development	7,626,640	1,758,729	852,369	0	2,611,099	34.24%
Finance	4,790,210	1,586,310	705,840	0	2,292,150	47.85%
Fire	10,454,220	4,231,637	802,560	0	5,034,197	48.15%
Library	6,054,010	1,947,261	909,064	0	2,856,325	47.18%
Parks & Recreation	5,937,130	1,900,269	959,536	0	2,859,804	48.17%
Police	12,889,760	4,924,646	1,361,881	156,633	6,443,161	49.99%
Public Works	29,744,922	5,739,611	6,822,647	780,028	13,342,286	44.86%
Non Department	1,512,927	0	826,144	0	826,144	54.61%
TOTAL	\$82,312,489	\$22,687,702	\$14,310,733	\$936,662	\$37,935,097	46.09%
Percent of Budget		49.08%	42.81%	35.21%	46.09%	

Significant expenditure highlights include:

- **Personnel Services** totaled \$22,687,702 or 49.08% of the amended budget of \$46,224,880 and was slightly higher than percent of budget spent in FY 11-12. Spending increased \$381,340 primarily due to contractual step increases and associated payroll tax increases. Payroll expenditures are expected to stay relatively close to the FY 11-12 actuals through FY 12-13 based on Exempt, IAFF, CPOA and AFSCME agreeing to no COLA increases and flat to declining health benefit premiums. The CRCCA agreement was still pending at the end of the quarter.
- **Supplies and Services** totaled \$14,310,733 or 42.81% of the amended budget of \$33,427,439. The dollars spent in FY 12-13 are approximately 4.8% lower than the amount spent in FY 11-12 due to less special projects budget and an eye towards maintaining a sustainable budget.
- **Capital Outlay** totaled \$936,662 or 35.21% of the amended budget of \$2,660,170. The dollars spent in FY 12-13 are approximately \$197,490 more than in FY 11-12 due in part to the timing of the planned purchase of two replacement City transit buses, along with additional vehicles for the Police and Public Works departments. Capital purchases do not tend to follow a regular pattern other than to sometimes weight toward the end of the fiscal year if practical, to ensure that sufficient budget remains for the acquisition.

NON OPERATING EXPENDITURES

- **Capital projects** totaled \$2,021,849 or 20.87% of the amended budget of \$9,687,779. Capital project expenditures tend to fluctuate year-over-year, and there are always projects that are either carried forward into following years or simply do not come to fruition. For FY 12-13, several projects have yet to begin.
- **Debt service** payments totaled \$2,561,251 or 54.10% of the total budget of \$4,734,140, which is aligned with payments at the same time last fiscal year.
- **Transfers and Other Financial Uses** totaled \$20,739,323 or 79.07% of the amended budget of \$26,228,831. The majority of the transfers are related to capital projects. See the Capital Improvement Program section for information on the status of capital projects.

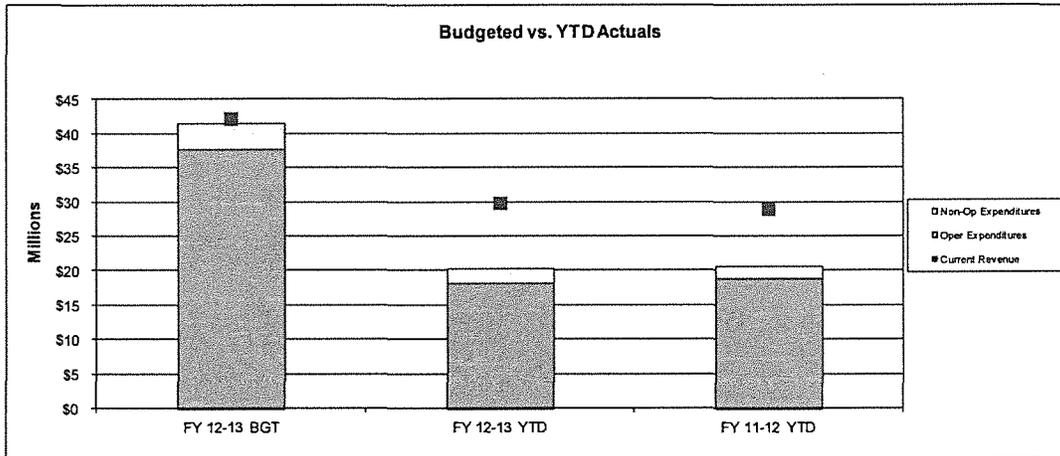
Please note that a [reader's guide](#) to some of the terminology used throughout the report is available through the hyperlink provided. As always, if you have questions or concerns about the information in this report, please do not hesitate to contact me at (541) 766-6990 or via e-mail at nancy.brewer@corvallisoregon.gov.

Nancy Brewer
Finance Director

PROPERTY TAX FUNDS COMBINED*

REVENUE	AMENDED BUDGET	2nd Quarter FY 12-13	UNAUDITED FY 12-13	FY 12-13 % REC/EXPEND	2nd Quarter FY 11-12	Y-T-D FY 11-12	FY 11-12 % REC/EXPEND
Budgeted Fund Balance	\$5,271,580						
Property Taxes	\$21,002,640	\$17,997,900	\$18,140,584	86.37%	\$17,800,779	\$17,966,096	88.62%
Other Tax	1,270,650	368,782	622,851	49.02%	336,911	567,518	49.30%
Licenses/Permits	5,708,610	1,296,470	2,145,882	37.59%	1,296,183	2,158,888	38.38%
Charges for Service	5,856,500	2,241,418	3,520,013	60.10%	1,986,453	3,266,330	59.71%
Intergovernmental	4,164,360	2,538,010	2,733,502	65.64%	2,517,339	2,751,516	55.53%
Fines/Forfeitures	830,110	153,416	324,332	39.07%	203,802	396,695	40.62%
Miscellaneous	432,850	248,182	364,859	84.29%	139,280	239,448	63.20%
Other Financing Sources	2,845,350	1,727,216	1,893,717	66.55%	1,552,389	1,562,389	80.70%
TOTAL CURRENT REVENUE	\$42,111,070	\$26,571,395	\$29,745,741	70.64%	\$25,833,137	\$28,908,880	70.91%
EXPENDITURE BY DEPARTMENT							
City Manager's Office	\$380,000	\$54,749	\$71,032	18.69%	\$0	\$0	0.00%
Community Development	1,311,410	300,276	607,060	46.29%	325,052	652,956	48.14%
Finance	629,740	142,171	296,107	47.02%	167,967	334,301	49.33%
Fire	10,454,220	2,541,018	5,034,197	48.15%	2,656,414	5,506,403	48.37%
Library	6,023,510	1,443,767	2,826,435	46.92%	1,355,674	2,856,900	43.74%
Parks and Recreation	5,937,130	1,250,117	2,859,804	48.17%	1,348,101	2,998,535	49.18%
Police	10,356,980	2,430,173	5,187,142	50.08%	2,512,945	5,115,367	48.27%
Public Works	1,218,900	265,308	532,558	43.69%	331,971	616,082	37.50%
Non-Departmental	1,362,100	331,801	683,196	50.16%	306,792	626,368	45.86%
TOTAL OPERATING EXPENDITURES	\$37,673,990	\$8,759,380	\$18,097,532	48.04%	\$9,004,915	\$18,706,912	47.18%
Debt Service	\$243,880	\$0	\$218,342	89.53%	\$0	\$216,080	88.40%
Transfers	3,005,900	1,408,992	1,939,518	64.52%	1,190,110	1,694,510	72.49%
Contingencies/Reserves	512,850	0	0	0.00%	0	0	0.00%
TOTAL ALL EXPENDITURES	\$41,436,620	\$10,168,372	\$20,255,391	48.88%	\$10,195,025	\$20,617,502	48.45%
CURRENT REVENUE LESS TOTAL EXPENDITURES	\$674,450	\$16,403,023	\$9,490,349		\$15,638,112	\$8,291,378	

* Includes General, Parks & Recreation, Fire & Rescue, and Library Funds



MEMORANDUM

DATE: February 11, 2013
TO: Administrative Services Committee
FROM: Ken Gibb, Community Development Director 
SUBJECT: Downtown Corvallis Association Second Quarter FY 12-13
EID Program Review

I. Issue

Review and acceptance of Downtown Corvallis Association's Economic Improvement District Program second quarter report for FY 12-13.

II. Background

The City Council, on July 16, 2012, approved Ordinance 2012-14, amending Municipal Code Chapter 10.07 (Economic Improvement District), establishing a boundary, and imposing assessments on property within the Downtown Voluntary Economic Improvement District (EID). The EID provides specific benefits to the members of the District by promoting commercial activity and public events in the Downtown district. Assessed value for FY 12-13 is \$82,989.

The Community Development Department administers the invoicing of EID participants, the "pass-through" payment of these program funds to the Downtown Corvallis Association (DCA), as well as the contract with the DCA. In support of these City services, the DCA pays an annual fee of \$3,585. The contract requires that the DCA provide quarterly financial reports to the City that provide at a minimum, 1) a balance sheet as of the last day of the quarter, 2) a comparison of actual revenues and expenses through the quarter and 3) a brief summary of services performed.

Attached is the second quarter report submitted by the DCA (Attachment A). The DCA has been provided with a copy of this report and invited to attend and address the Committee.

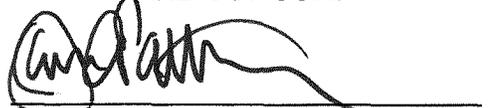
IV. Action Requested

That the Administrative Services Committee consider this report and recommend City Council approve acceptance of the Downtown Corvallis Association's FY 12-13 EID Program second quarter report.

REVIEW AND CONCUR:


Nancy Brewer, Finance Director

REVIEW AND CONCUR:


James A. Patterson, City Manager



To: Corvallis Community Development Department
From: Joan Wessell, Executive Director
Downtown Corvallis Association
Date: 20 January 2013
Subject: 2012-2013 Quarterlies
Report on 2012-2017 Economic Improvement District

A Main Street Community

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Board Members

Elizabeth Groner, President
Blackledge Furniture

Jennifer Moreland, Vice President
Zoocy's

Steve Hessel, Treasurer
Downtown Property Owner

Liz Coulombe, co-Treasurer
Citizens Bank

John Coleman, Secretary
Coleman Jewelers

Luisa Arreola,
Footwise

Les Boudreaux,
Downtown Property Owner

Frederick Edwards,
Knight Vision Security

Elizabeth Foster,
Town and Country Realty

Randy Joss,
KEZI9

Leban Abdi,
Holiday Inn Express

Staff

Joan Wessell, EdM CMSM
Executive Director
joan@downtowncorvallis.org

Ex-Officio

City Council
City Planning
Corvallis Economic Development
Corvallis Police Dept.
Benton County Sheriff
Visit Corvallis
Corvallis Chamber

Anticipating collections of approximately \$80,000 per year from 2012-17 EID collections to fund organizational operations, the Downtown Corvallis Association continues forward movement with plans to grow the Downtown Corvallis economy.

The DCA offers ongoing economic strengthening services that benefit the local businesses and the community. A partial listing includes: recruiting businesses to and marketing Downtown vacancies, ongoing business workshops/seminars, business advocacy services, promotional events and traffic-building activities that increase customer counts and business' exposure, monthly Membership meetings, Downtown After Hours, Downtown Red Carpet Welcomes, and criminal activity business alerts to name just a few. Business owners/managers are grateful that the DCA continues offering them vital support services which allow merchants more time to focus on their business.

Since the last Quarterly report, the Downtown Corvallis Association has (in part): hosted 3 Downtown After Hours networking socials with December's event serving as the DCA's Holiday event, Membership Meeting, and highly-anticipated Downtown Design Award Ceremony where honors are bestowed upon DCA Members making significant contributions to improve Downtown's aesthetics and business climate; 3 Membership Meetings; 24 DCA Action Committee Meetings; and assisted service organizations with Holiday events in Downtown (i.e., Lions Club & Assistance League).

The DCA is busy making plans to present: a first-time "Cash Mob" at Mod Pod on February 11; the 18th Rhapsody in the Vineyard Wine Walk on March 16, and the ever-popular Red White & Blue Riverfront Festival on July 3 & 4th! We invite and hope to see LOTS of City folks at each of these events!

"To improve and promote the economic, aesthetic and cultural vitality of Downtown Corvallis as a regional center"

8:25 AM

Downtown Corvallis Association, Inc.

01/07/13

P & L Budget Comparison-Treasurers & Executive Director Only

Accrual Basis

December 2012

	Dec 12	Budget	Jul - Dec 12	YTD Budget	Annual Bud...
Ordinary Income/Expense					
Income					
General Revenue					
4110 - EID Receipts	7,867.66		72,333.11		
4111 - EID Contributions	0.00		1,000.00		
4120 - Membership dues	1,900.00		4,681.25		
4141 - Interest Income	18.04		110.47		
4160 - Miscellaneous	0.00		100.00		
4195 - Rental Income - Sublet	400.00		2,450.00		
Total General Revenue	10,185.70		80,674.83		
Program Revenue					
4220 - Christmas Ilghts	0.00		12.50		
4260 - Fund Raiser	618.00		2,211.80		
4265 - Fund Raiser - DT After Hours					
4265-1 - Entry Fees	365.00		735.00		
4265-2 - Bucket of Bucks	45.00		241.00		
Total 4265 - Fund Raiser - DT After Hours	410.00		976.00		
4310 - Red, White & Blue					
4310-2 - Gate	0.00		19,661.53		
4310-3 - Sponsors	0.00		3,925.00		
4310-4 - Vendor	0.00		9,429.06		
4310-5 - Miscellaneous	0.00		50.00		
4310-6 - DCA Booth	0.00		20.00		
4310-7 - T-Shirts	0.00		20.00		
Total 4310 - Red, White & Blue	0.00		33,105.59		
Total Program Revenue	1,028.00		36,305.89		
Promotions Revenue					
4450 - Promotions	0.00		200.00		
4460 - Rhapsody In the Vineyard	110.00		16,312.00		
Total Promotions Revenue	110.00		16,512.00		
Total Income	11,323.70		133,492.72		
Expense					
Administration					
Personnel					
5105 - Personnel	6,411.00		40,798.01		
5120 - Director-Medical Benefit	453.00		1,672.10		
5130 - Director-Expense	88.77		124.24		
5160 - Volunteer expense	112.76		1,034.66		
5180 - Payroll Taxes	495.23		3,159.63		
5190 - Workers Compensation	2.57		52.92		
5195 - IRA Expense	188.84		1,132.84		
Total Personnel	7,752.27		47,974.40		
Services and supplies					
5410 - Accounting	234.00		1,476.00		
5440 - Subscriptions	0.00		60.00		
5460 - Office supplies	68.93		336.33		
5470 - Permits & fees	40.00		376.00		
5480 - Postage	0.00		180.85		
5490 - Rent	810.00		4,860.00		
5600 - Utilities	66.51		429.81		
5610 - Miscellaneous	0.00		113.00		
5620 - Repair & service equip.	33.54		153.50		
5630 - Telephone/Pager	454.56		1,836.08		
5456 - Equipment Lease	224.94		1,464.81		
Total Services and supplies	1,932.48		11,286.38		
Total Administration	9,684.75		59,260.78		
Programs					

01/07/13

Downtown Corvallis Association, Inc.
Balance Sheet
 As of December 31, 2012

	Dec 31, 12
ASSETS	
Current Assets	
Checking/Savings	
1010 · Cash - Umpqua Bank	14,885.72
1015 · MMF - Umpqua Bank	196,318.96
1050 · Cash - US Bank-EID	7,182.47
1104 · MMF-Citizens-Design Committee	2,645.78
1106 · Cash-Citizens-RW&B	2,985.11
1109 · MMF-Citizens-Facade/Upper Floor	
1109-1 · Designated City Funds	28,588.37
1109-2 · Undesignated Funds	205.44
Total 1109 · MMF-Citizens-Facade/Upper Floor	28,793.81
Total Checking/Savings	252,811.85
Other Current Assets	
1116 · Prepaid Expenses	
1120 · Rent	790.76
Total 1116 · Prepaid Expenses	790.76
Total Other Current Assets	790.76
Total Current Assets	253,602.61
Fixed Assets	
1258 · Fixed Asset	23,979.78
1259 · Accumulated depreciation	-15,244.32
Total Fixed Assets	8,735.46
Other Assets	
1500 · Facade Improvement loans	
1545 · Mod Pod	0.03
1549 · Flat Tail	200.00
1550 · Coleman - 2012	3,089.83
1551 · Les & Barbara Boudreaux - 2012	3,500.00
Total 1500 · Facade improvement loans	6,789.86
1800 · Interior Development Loans	
1801 · Terzo	440.36
1802 · Chris Martel Downtown Dental	8,349.56
1803 · Mod Pod	1,131.56
1804 · Many Hands	0.05
1805 · Oregon Coffee	-0.02
1806 · Flat Tail	11,000.19
1807 · Brew BQ	7,666.71
1808 · Ron & Garnetta Day	7,333.36
Total 1800 · Interior Development Loans	35,921.77
Total Other Assets	42,711.63
TOTAL ASSETS	305,049.70
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
2111 · Pass-thru money	789.75
2115 · Gift certificates o/s	1,523.44
2142 · Federal/FICA/Medicare	1,745.66
2143 · State Withholding	377.00
2144 · Federal Unemployment	2.79
2145 · State Unemployment	10.24
2146 · Workers Compensation	16.76
Total Other Current Liabilities	4,465.64

Downtown Corvallis Association, Inc.
Balance Sheet
As of December 31, 2012

01/07/13

	<u>Dec 31, 12</u>
Total Current Liabilities	<u>4,465.64</u>
Total Liabilities	4,465.64
Equity	
3312 - Reserved - City loan \$	71,300.00
3318 - Undesignated funds	-3,835.80
3311 - Designated - Christmas	3,471.66
3900 - Retained Earnings	188,411.45
Net Income	<u>41,236.75</u>
Total Equity	<u>300,584.06</u>
TOTAL LIABILITIES & EQUITY	<u><u>305,049.70</u></u>

10:43 AM

Downtown Corvallis Association, Inc.

12/10/12

P & L Budget Comparison-Treasurers & Executive Director Only

Accrual Basis

November 2012

	<u>Nov 12</u>	<u>Budget</u>	<u>Jul - Nov 12</u>	<u>YTD Budget</u>	<u>Annual Bud...</u>
Ordinary Income/Expense					
Income					
General Revenue					
4110 - EID Receipts	15,733.12		64,465.45		
4111 - EID Contributions	1,000.00		1,000.00		
4120 - Membership dues	625.00		2,781.25		
4141 - Interest income	17.30		92.43		
4160 - Miscellaneous	0.00		100.00		
4195 - Rental Income - Sublet	410.00		2,050.00		
Total General Revenue	17,785.42		70,489.13		
Program Revenue					
4220 - Christmas lights	12.50		12.50		
4260 - Fund Raiser	1,330.00		1,593.80		
4265 - Fund Raiser - DT After Hours					
4265-1 - Entry Fees	15.00		370.00		
4265-2 - Bucket of Bucks	0.00		196.00		
Total 4265 - Fund Raiser - DT After Hours	15.00		566.00		
4310 - Red, White & Blue					
4310-2 - Gate	0.00		19,661.53		
4310-3 - Sponsors	0.00		3,925.00		
4310-4 - Vendor	0.00		9,429.08		
4310-5 - Miscellaneous	0.00		50.00		
4310-6 - DCA Booth	0.00		20.00		
4310-7 - T-Shirts	0.00		20.00		
Total 4310 - Red, White & Blue	0.00		33,105.59		
Total Program Revenue	1,357.50		35,277.89		
Promotions Revenue					
4450 - Promotions	0.00		200.00		
4460 - Rhapsody in the Vineyard	5.00		16,202.00		
Total Promotions Revenue	5.00		16,402.00		
Total Income	19,147.92		122,169.02		
Expense					
Administration					
Personnel					
5105 - Personnel	6,339.75		34,387.01		
5120 - Director-Medical Benefit	0.00		1,219.10		
5130 - Director-Expense	2.97		35.47		
5150 - Volunteer expense	82.43		921.90		
5180 - Payroll Taxes	487.79		2,664.40		
5190 - Workers Compensation	2.57		50.25		
5195 - IRA Expense	188.80		944.00		
Total Personnel	7,104.31		40,222.13		
Services and supplies					
5410 - Accounting	216.00		1,242.00		
5440 - Subscriptions	0.00		60.00		
5460 - Office supplies	26.98		267.40		
5470 - Permits & fees	40.00		336.00		
5480 - Postage	0.00		180.85		
5490 - Rent	810.00		4,050.00		
5600 - Utilities	61.19		363.30		
5610 - Miscellaneous	0.00		113.00		
5620 - Repair & service equip.	49.95		119.96		
5630 - Telephone/Pager	203.98		1,381.52		
5456 - Equipment Lease	340.11		1,239.87		
Total Services and supplies	1,748.21		9,353.90		
Total Administration	8,852.52		49,576.03		
Programs					

10:43 AM

Downtown Corvallis Association, Inc.

12/10/12

P & L Budget Comparison-Treasurers & Executive Director Only

Accrual Basis

November 2012

	Nov 12	Budget	Jul - Nov 12	YTD Budget	Annual Bud...
6110 - Membership Drive	0.00		13.45		
6180 - Meetings & public relati	0.00		510.69		
6410 - ODDA/Main Street Expense	-20.00		126.57		
6420 - ODDA/Mainstreet Dues	0.00		250.00		
6440 - EID Expense	0.00		147.44		
6450 - EID Task Force Expense	0.00		36.95		
6590 - Fund Raiser	0.00		12.50		
6191 - Design Comm.-Awards	29.98		29.98		
Total Programs	9.98		1,127.58		
Promotions					
7110 - Red, White & Blue					
7110-1 - Advertising	0.00		60.00		
7110-2 - Entertainment	0.00		6,800.00		
7110-3 - Infrastructure	0.00		2,578.70		
7110-4 - Miscellaneous	0.00		2,690.71		
7110-5 - Beer	0.00		2,641.90		
7110-6 - T-Shirts	0.00		1,139.50		
7110-7 - Gate Expense	0.00		300.00		
7110-10 - Volunteer Expense	0.00		309.12		
Total 7110 - Red, White & Blue	0.00		16,519.93		
7120 - Promotions	114.56		243.49		
7125 - Rhapsody in Vineyard	359.00		11,742.93		
Total Promotions	473.56		28,506.35		
6999 - Uncategorized Expenses	0.00		0.00		
City Economic Development					
8110 - Economic enhancement	9.75		406.66		
8120 - Image enhancement	9.76		37.61		
Total City Economic Development	19.51		444.27		
Total Expense	9,355.57		79,654.23		
Net Ordinary Income	9,792.35		42,514.79		
Net Income	9,792.35	0.00	42,514.79	0.00	0.00

Downtown Corvallis Association, Inc.
Balance Sheet
As of November 30, 2012

12/10/12

	Nov 30, 12
ASSETS	
Current Assets	
Checking/Savings	
1010 · Cash - Umpqua Bank	15,646.63
1015 · MMF - Umpqua Bank	196,302.29
1050 · Cash - US Bank-EID	7,182.42
1104 · MMF-Citizens-Design Committee	2,645.67
1106 · Cash-Citizens-RW&B	2,985.08
1109 · MMF-Citizens-Facade/Upper Floor	
1109-1 · Designated City Funds	26,061.20
1109-2 · Undesignated Funds	204.26
Total 1109 · MMF-Citizens-Facade/Upper Floor	26,265.46
Total Checking/Savings	251,027.55
Other Current Assets	
1116 · Prepaid Expenses	
1120 · Rent	790.76
Total 1116 · Prepaid Expenses	790.76
Total Other Current Assets	790.76
Total Current Assets	251,818.31
Fixed Assets	
1258 · Fixed Asset	23,979.78
1259 · Accumulated depreciation	-15,244.32
Total Fixed Assets	8,735.46
Other Assets	
1500 · Facade improvement loans	
1543 · Chris Martel Downtown Dental	716.72
1545 · Mod Pod	0.03
1549 · Flat Tail	200.00
1550 · Coleman - 2012	3,279.93
1551 · Les & Barbara Boudreaux - 2012	3,675.00
Total 1500 · Facade improvement loans	7,871.68
1800 · Interior Development Loans	
1801 · Terzo	440.36
1802 · Chris Martel Downtown Dental	8,632.84
1803 · Mod Pod	1,293.64
1804 · Many Hands	0.05
1805 · Oregon Coffee	-0.02
1806 · Flat Tail	11,333.52
1807 · Brew BQ	8,000.04
1808 · Ron & Garnetta Day	7,666.69
Total 1800 · Interior Development Loans	37,367.12
Total Other Assets	45,238.80
TOTAL ASSETS	305,792.57
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
2111 · Pass-thru money	784.17
2115 · Gift certificates o/s	1,013.44
2142 · Federal/FICA/Medicare	1,736.20
2143 · State Withholding	377.00
2144 · Federal Unemployment	1.77
2145 · State Unemployment	6.47
2146 · Workers Compensation	11.42
Total Other Current Liabilities	3,930.47

12/10/12

Downtown Corvallis Association, Inc.
Balance Sheet
As of November 30, 2012

	<u>Nov 30, 12</u>
Total Current Liabilities	<u>3,930.47</u>
Total Liabilities	3,930.47
Equity	
3312 - Reserved - City loan \$	71,300.00
3318 - Undesignated funds	-3,835.80
3311 - Designated - Christmas	3,471.66
3900 - Retained Earnings	188,411.45
Net Income	<u>42,514.79</u>
Total Equity	<u>301,862.10</u>
TOTAL LIABILITIES & EQUITY	<u>305,792.57</u>

1:29 PM

Downtown Corvallis Association, Inc.

11/09/12

P & L Budget Comparison-Treasurers & Executive Director Only

Accrual Basis

October 2012

	<u>Oct 12</u>	<u>Budget</u>	<u>Jul - Oct 12</u>	<u>YTD Budget</u>	<u>Annual Bud...</u>
Ordinary Income/Expense					
Income					
General Revenue					
4110 - EID Receipts	10,871.18		48,732.33		
4120 - Membership dues	925.00		2,156.25		
4141 - Interest income	18.13		75.13		
4160 - Miscellaneous	100.00		100.00		
4195 - Rental Income - Sublet	410.00		1,640.00		
Total General Revenue	12,324.31		52,703.71		
Program Revenue					
4260 - Fund Raiser	0.00		263.80		
4265 - Fund Raiser - DT After Hours					
4265-1 - Entry Fees	120.00		355.00		
4265-2 - Bucket of Bucks	129.00		196.00		
Total 4265 - Fund Raiser - DT After Hours	249.00		551.00		
4310 - Red, White & Blue					
4310-2 - Gate	0.00		19,661.53		
4310-3 - Sponsors	0.00		3,925.00		
4310-4 - Vendor	0.00		9,429.06		
4310-5 - Miscellaneous	0.00		50.00		
4310-6 - DCA Booth	0.00		20.00		
4310-7 - T-Shirts	0.00		20.00		
Total 4310 - Red, White & Blue	0.00		33,105.59		
Total Program Revenue	249.00		33,920.39		
Promotions Revenue					
4450 - Promotions	0.00		200.00		
4460 - Rhapsody in the Vineyard	2,124.00		16,197.00		
Total Promotions Revenue	2,124.00		16,397.00		
Total Income	14,697.31		103,021.10		
Expense					
Administration					
Personnel					
5105 - Personnel	7,550.75		28,047.26		
5120 - Director-Medical Benefit	524.90		1,219.10		
5130 - Director-Expense	0.00		32.50		
5150 - Volunteer expense	128.71		839.47		
5180 - Payroll Taxes	583.05		2,176.61		
5190 - Workers Compensation	3.16		47.68		
5195 - IRA Expense	188.80		755.20		
Total Personnel	8,979.37		33,117.82		
Services and supplies					
5410 - Accounting	261.00		1,026.00		
5440 - Subscriptions	60.00		60.00		
5460 - Office supplies	114.00		240.42		
5470 - Permits & fees	40.00		296.00		
5480 - Postage	135.00		180.85		
5490 - Rent	810.00		3,240.00		
5600 - Utilities	72.86		302.11		
5610 - Miscellaneous	50.00		113.00		
5620 - Repair & service equip.	45.35		70.01		
5630 - Telephone/Pager	430.45		1,177.54		
5455 - Equipment Lease	224.94		899.76		
Total Services and supplies	2,243.60		7,605.69		
Total Administration	11,222.97		40,723.51		
Programs					
6110 - Membership Drive	0.00		13.45		
6180 - Meetings & public relati	138.72		510.69		

1:29 PM

Downtown Corvallis Association, Inc.

11/09/12

P & L Budget Comparison-Treasurers & Executive Director Only

Accrual Basis

October 2012

	<u>Oct 12</u>	<u>Budget</u>	<u>Jul - Oct 12</u>	<u>YTD Budget</u>	<u>Annual Bud...</u>
6410 - ODDA/Main Street Expense	146.57		146.57		
6420 - ODDA/Mainstreet Dues	0.00		250.00		
6440 - EID Expense	123.44		147.44		
6450 - EID Task Force Expense	0.00		36.95		
6590 - Fund Raiser	0.00		12.50		
Total Programs	408.73		1,117.60		
Promotions					
7110 - Red, White & Blue					
7110-1 - Advertising	0.00		60.00		
7110-2 - Entertainment	0.00		6,800.00		
7110-3 - Infrastructure	0.00		2,578.70		
7110-4 - Miscellaneous	0.00		2,690.71		
7110-5 - Beer	0.00		2,641.90		
7110-6 - T-Shirts	0.00		1,139.50		
7110-7 - Gate Expense	0.00		300.00		
7110-10 - Volunteer Expense	0.00		309.12		
Total 7110 - Red, White & Blue	0.00		16,519.93		
7120 - Promotions	0.00		128.93		
7125 - Rhapsody in Vineyard	1,676.88		11,363.93		
Total Promotions	1,676.88		28,032.79		
6999 - Uncategorized Expenses	0.00		0.00		
City Economic Development					
8110 - Economic enhancement	27.81		396.91		
8120 - Image enhancement	27.85		27.85		
Total City Economic Development	55.66		424.76		
Total Expense	13,364.24		70,298.66		
Net Ordinary Income	1,333.07		32,722.44		
Net Income	1,333.07	0.00	32,722.44	0.00	0.00

11/09/12

Downtown Corvallis Association, Inc.
Balance Sheet
As of October 31, 2012

	Oct 31, 12
ASSETS	
Current Assets	
Checking/Savings	
1010 · Cash - Umpqua Bank	6,173.75
1015 · MMF - Umpqua Bank	196,286.16
1050 · Cash - US Bank-EID	7,162.36
1104 · MMF-Citizens-Design Committee	2,645.56
1106 · Cash-Citizens-RW&B	2,985.06
1109 · MMF-Citizens-Facade/Upper Floor	
1109-1 · Designated City Funds	23,367.37
1109-2 · Undesignated Funds	203.28
Total 1109 · MMF-Citizens-Facade/Upper Floor	23,570.65
Total Checking/Savings	238,843.54
Other Current Assets	
1116 · Prepaid Expenses	
1120 · Rent	790.76
Total 1116 · Prepaid Expenses	790.76
Total Other Current Assets	790.76
Total Current Assets	239,634.30
Fixed Assets	
1258 · Fixed Asset	23,979.78
1259 · Accumulated depreciation	-15,244.32
Total Fixed Assets	8,735.46
Other Assets	
1500 · Facade improvement loans	
1543 · Chris Martel Downtown Dental	1,216.72
1545 · Mod Pod	0.03
1549 · Flat Tail	400.00
1550 · Coleman - 2012	3,660.13
1551 · Les & Barbara Boudreaux - 2012	3,850.00
Total 1500 · Facade improvement loans	9,126.88
1800 · Interior Development Loans	
1801 · Terzo	550.25
1802 · Chris Martel Downtown Dental	9,132.84
1803 · Mod Pod	1,455.72
1804 · Many Hands	0.05
1805 · Oregon Coffee	-0.02
1806 · Flat Tail	11,666.85
1807 · Brew BQ	8,000.04
1808 · Ron & Garnetta Day	8,000.02
Total 1800 · Interior Development Loans	38,805.75
Total Other Assets	47,932.63
TOTAL ASSETS	296,302.39
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
2111 · Pass-thru money	779.24
2115 · Gift certificates o/s	1,138.44
2142 · Federal/FICA/Medicare	1,880.23
2143 · State Withholding	423.00
2144 · Federal Unemployment	1.17
2145 · State Unemployment	4.28
2146 · Workers Compensation	6.28
Total Other Current Liabilities	4,232.64

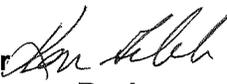
Downtown Corvallis Association, Inc.**Balance Sheet**

As of October 31, 2012

11/09/12

	<u>Oct 31, 12</u>
Total Current Liabilities	<u>4,232.64</u>
Total Liabilities	<u>4,232.64</u>
Equity	
3312 - Reserved - City loan \$	71,300.00
3318 - Undesignated funds	-3,835.80
3311 - Designated - Christmas	3,471.66
3900 - Retained Earnings	188,411.45
Net Income	<u>32,722.44</u>
Total Equity	<u>292,069.75</u>
TOTAL LIABILITIES & EQUITY	<u><u>296,302.39</u></u>

MEMORANDUM

DATE: February 11, 2013
TO: Administrative Services Committee
FROM: Ken Gibb, Community Development Director 
SUBJECT: Visit Corvallis Second Quarter FY 12-13 Program Review

I. Issue

Review and acceptance of Visit Corvallis second quarter report for FY 12-13.

II. Background

Visit Corvallis funding total for FY 12-13 is \$371,290. This represents the dedicated 30% of the Transient Occupancy Tax (TOT) received by the City in calendar year 2011. The agency has received \$92,820 through the second quarter. The City's contract with Visit Corvallis requires the agency to submit quarterly reports on its activities.

Attached is the second quarter report submitted by Visit Corvallis (Attachment A). Financial statements submitted by Visit Corvallis were reviewed by Finance Office staff and found to be in compliance with their agreement. A copy of the Finance staff review is attached (Attachment B). December 2012 Oregon Tourism Occupancy statistics and Statewide Lodging Performance are also attached (Attachments C & D).

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

IV. Action Requested

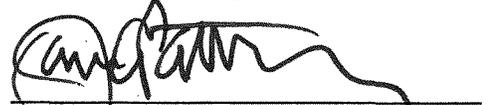
That the Administrative Services Committee consider this report and recommend City Council approve acceptance of the second quarter report.

REVIEW AND CONCUR:

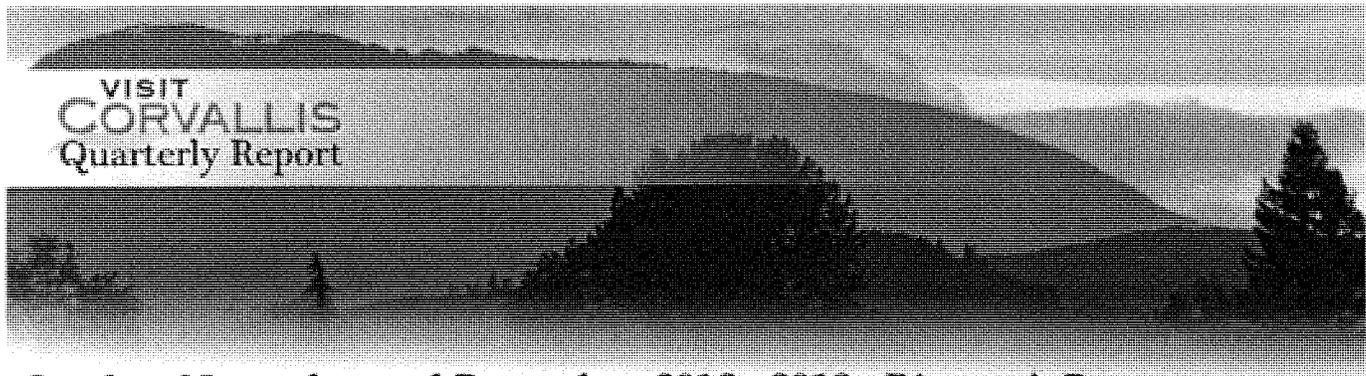


Nancy Brewer, Finance Director

REVIEW AND CONCUR:



James A. Patterson, City Manager



October, November and December, 2012 - 2013 - Director's Report

Corvallis is still experiencing fluctuations in occupancy with October being .03 percent down this year over last, but increased 7.2% in November this year over last year. December numbers were also up- with occupancy up 2.9%, average daily rate up \$4.56 and revenue per available room up 15% over December 2011. So overall for the calendar year we are only down 1% in overall occupancy, but up 4.3% in average daily rate and 3.3% in revenue per available room.

Second Quarter Highlights

We have begun work with the Oregon Travel Experience (OTE) and our graphic designer to create a "whimsical map" of Corvallis showing all of the amenities Corvallis has to offer. The map will be installed at the Santiam rest area, just south of Salem. OTE did an intercept visitor survey this last summer and 80% of the people who stopped in to that rest area were on their way to Corvallis. All designs ultimately have to be approved by ODOT, so we are hopeful that installation will occur this spring.

We completed our third seasonal campaign, entitled "Get out of the Mall and Into the Spirit," and by all measurements it was a very successful campaign. We had over 1,762 unique visitors to the website, 2,057 click-throughs on shared links, and 866 people signed up for the "enter to win" contest.

We had a very successful board retreat in October and made great headway on creating a draft strategic plan to guide the work of Visit Corvallis in the next three years.

I attended the annual retreat for the Oregon Tour and Travel Task Alliance, which is a group of destination marketing representatives that seek to increase group travel to our various areas throughout the state. It is important that Corvallis has a seat at that table as itineraries are developed and garner our share of that market.

Visit Corvallis attended two industry conferences in the month of December. The first of those was the Oregon Destination Marketing Organization Conference. The ODMO is a group of destination marketing professionals from all over the state who come together twice each year to share best practice ideas and receive education on topics germane to the industry, as well as to receive updates from Travel Oregon, the Oregon Restaurant & Lodging Association, ODOT and other agencies. The second conference was the Oregon Society of Association Management. This is an educational conference for association managers. Not only were the breakout sessions terrific, it was a valuable opportunity to network with association managers and discuss bringing their meetings to Corvallis.

We have begun working with the arts community on promoting the Year of Culture 2013. We are also looking at 2013 consumer tradeshows that would benefit our lodging partners as well as other constituents in Corvallis, such as the Seattle Bike Expo and other opportunities that we can co-op with the Willamette Valley Visitors Association.

On a more administrative note, we continue to have on-going lease meetings with the Chamber board and staff to create the smoothest possible transition when we make the move in March. Also, sadly, board member Dale Donovan resigned from the Visit Corvallis board due to health concerns. He will be missed.



October, November and December, 2012 - 2013 - Visitor & Social Media Visitors Information Report

During the Second Quarter of Fiscal Year 2012-2013, we assisted 1,673 walk-in visitors.

We distributed 1,150 guides and 1,650 maps to the Corvallis lodging properties. We also fulfilled 4,962 lead requests for our visitor guide. These lead requests were from visitors who visited our website or responded to our print or online advertising in any of the following: Audubon Society, Sunset, Good Housekeeping, Better Homes & Gardens, Travel Oregon, Madden Media, Go-Oregon.net, Willamette Valley Visitors Association.

We distributed a total of 840 table tents promoting local events to 41 Corvallis sites.

Social & Digital Media Report

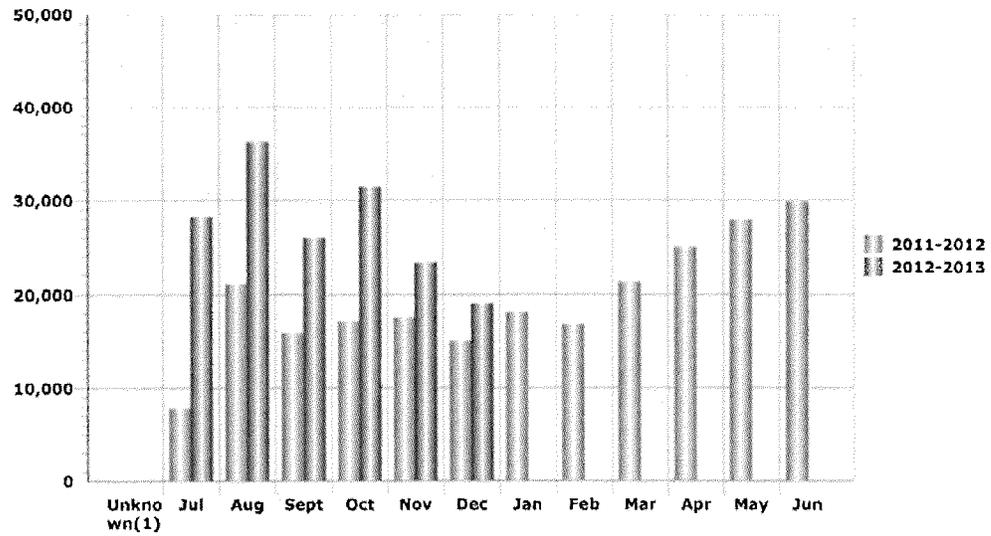
VisitCorvallis.com had 35,319 visitors between October and December, 26,965 of which were unique visitors. This is down 40% from last quarter and 20% from last year (likely due to a sizable slump in traffic over the Christmas holiday, with the loss in traffic mitigated by contests run on Facebook). Our web visitors read an average of 3 pages per visit and stayed on the site for an average of about 3 minutes, up 13.5% and 20% from last quarter and 30% and 43% from last year. Our bounce rate (visits in which the person left the site after viewing a single page) is down 19% from last quarter and almost 30% from last year.

This indicates that, although we attracted fewer visitors overall for the quarter, those web visitors found our content more useful and more engaging, evidenced by the longer visit time and visitors viewing more pages on the site. That implies that our new SEO and SEM tactics are succeeding in better targeting our desired audience and that we're providing more informative and more entertaining content than previously.

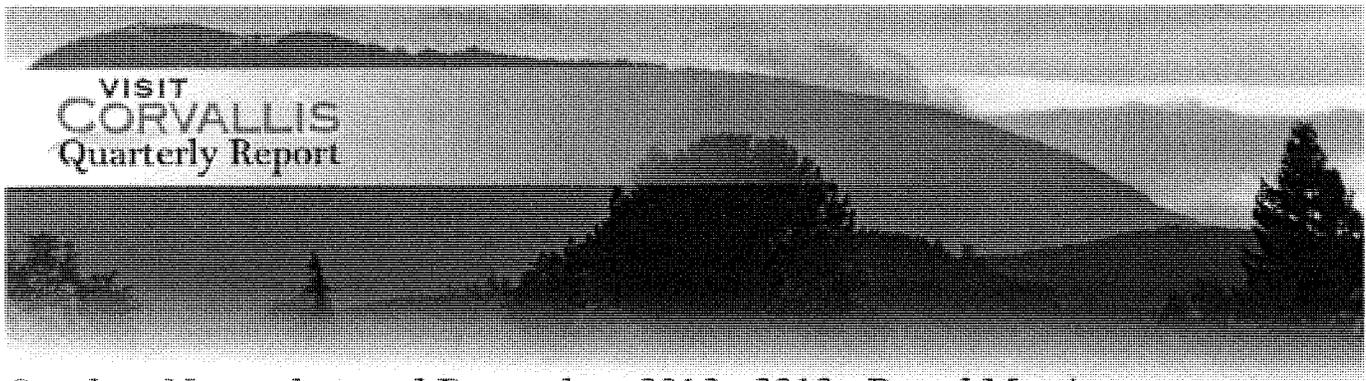
Our top five traffic referrals continue to be organic Google searches, visitors who came directly to our site, Facebook, CorvallisOregon.gov and OregonState.edu. Our most popular pages continue to be Things to Do, Events, the Events Calendar itself, and Dining. We sent almost 14,000 outclicks to our members and area businesses this quarter, with the top five receivers of traffic being HomeLifeGreatPumpkinRun.org, Corvallis-Lodging.com, BombsAwayCafe.com, the Hilton Garden Inn and Corvallis Comfort Suites.

Facebook is far and away our most successful social network, with a PTAT that averages around 1,000 a month and a reach that varied between 500,000 people in October (when we participated in the Taste of Oregon promotion with WVVA) and 800 people (over Christmas weekend, when everyone's Facebook traffic takes a steep dive). Twitter comes in second, sending almost 500 outclicks out from tweeted links over the quarter, as well as generating a high rate of retweets and mentions.

Total 2011-2012 Responses

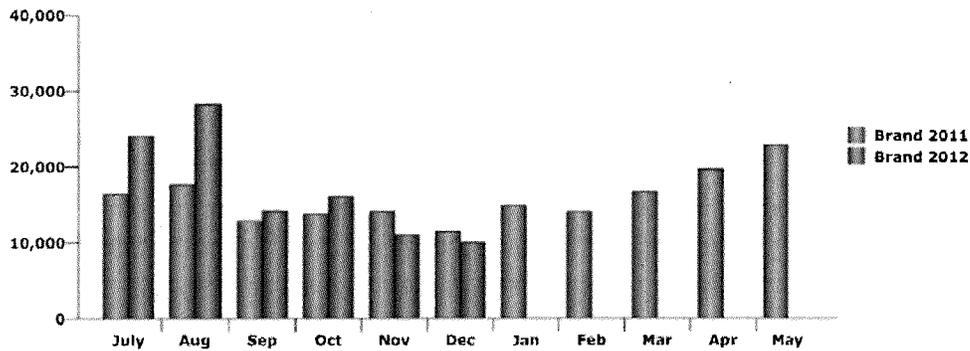


Total Response Factor

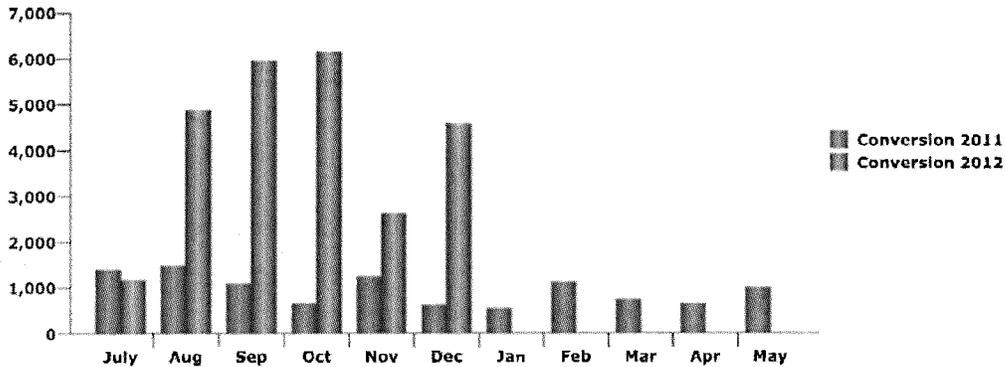


October, November and December, 2012 - 2013 - Brand Metrics

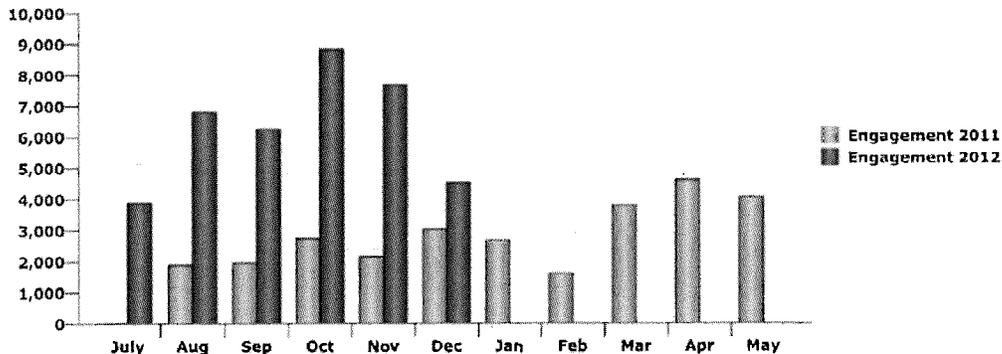
Visit Corvallis Brand Awareness Dec 2012 vs 11



Visit Corvallis Conversion Dec 2012 vs 2011



Visit Corvallis Engagement Dec 2012 vs 11



October, November and December, 2012 - 2013 - Raw Data

VISIT	2012				
Brand Awareness	October	November	December	YTD	Last YR Total
Visit Corvallis Unique Visitors	10,899	8,988	8,727	28,614	158235
Corvallis Blog Unique Visitors	195	16	0	211	8826
WVVA OR Attractions ebrochure	180	0	0	180	5245
WVVA Madden ebrochure	621	62		683	4302
WVVA Internet	295	171	81	547	2514
Go-Oregon.net	31	39	36	106	839
Web site Orders	70	43	28	141	484
New Facebook Likes - Unliked	2398	460	278	3,136	3835
New E-News Subscribers	1	-33	-50	-82	4438
New Twitter Followers	72	50	44	166	1039
New YouTube Subscribers	0	0	0	0	24
Madden Preprint Insert	0	0	0	0	2403
WVVA Madden		62	0	62	417
WVVA Sunset	6	6	0	12	3893
Sunset Magazine	3	1	0	4	352
Better Homes and Gardens	0	0	0	0	210
Audubon	2	3	0	5	115
Good Housekeeping	792	434	140	1,366	0
Visit Corvallis Toll Free	3	4	1	8	124
Relocation	6	12	3	21	49
WVVA Press Release	1	5	0	6	104
WVVA National Geographic	6	320	256	582	54
WVVA OR Attractions	0	0	0	0	5
WVVA TORP	471	291	390	1,152	4
Total Brand Awareness	16052	10934	9934	0	0
Engagement:	October	November	December	YTD	Last YR Total
Facebook PTAT	5379	6352	3185	14,916	7833
YouTube Views	26	47	34	107	239
Twitter Sent Messages	246	156	203	605	280
Toll Free + Chat Live	0	0	0	0	87
eNewsletter Opens	3177	1128	1108	5,413	25354
eNewsletter Click-Thrus	712	310	307		
Total Engagement	8828	7683	4530	21041	33793
Conversion:	October	November	December	YTD	Last YR Total
Visitor Center Visitation	624	574	475	4940	11351
Hotel Bookings	0	0	13	13	
Clicks to Member Sites	5844	4015	4094	22672	
Page Conversions	0	0	0	0	
Total Conversions	6468	4589	4582	27625	11351
Total Factor*	31348	23206	19033	85573	242,655



Second Quarter Report

(October through December, 2012)

Visit Corvallis
Balance Sheet
As of December 31, 2012

	<u>Dec 31, 12</u>
ASSETS	
Current Assets	
Checking/Savings	
Checking - OSUFCU	62,054.07
Money Market-OSUFCU	20,421.67
Paypal Checking	463.45
Savings - OSUFCU	5.00
Total Checking/Savings	<u>82,944.19</u>
Accounts Receivable	
Accounts Receivable	7,455.61
Total Accounts Receivable	<u>7,455.61</u>
Other Current Assets	
Petty Cash	40.00
Total Other Current Assets	<u>40.00</u>
Total Current Assets	<u>90,439.80</u>
Fixed Assets	
Accumulated Depreciation	-30,555.98
Office Equipment & Furniture	36,060.30
Total Fixed Assets	<u>5,504.32</u>
TOTAL ASSETS	<u>95,944.12</u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Credit Cards	
OSU Fed Visa	1,662.91
Total Credit Cards	<u>1,662.91</u>
Other Current Liabilities	
Corvallis Book Sales	1,167.62
Payroll liabilities - Other	1,703.14
Payroll tax liabilities	3,993.98
Total Other Current Liabilities	<u>6,864.74</u>
Total Current Liabilities	<u>8,527.65</u>
Total Liabilities	<u>8,527.65</u>
Equity	
Net Assets	60,664.26
Net Income	26,752.21
Total Equity	<u>87,416.47</u>
TOTAL LIABILITIES & EQUITY	<u>95,944.12</u>

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01/15/13
Accrual Basis

Visit Corvallis
Profit & Loss
October through December 2012

	<u>Oct - Dec 12</u>
Ordinary Income/Expense	
Income	
City of Corvallis	92,820.00
Membership	10,300.88
Refund	2,130.00
Relocation Packets	54.00
Souvenir Income	30.00
Total Income	<u>105,334.88</u>
Expense	
Administration	14,065.82
Conferences/Education	1,012.50
Marketing/Advertising	11,886.43
Marketing/Community Relations	264.44
Marketing/Contract Services	3,100.00
Marketing/Dues	1,138.95
Marketing/Entertainment	87.49
Marketing/Festivals	5,871.00
Marketing/Internet	1,817.19
Marketing/Postage-Shipping	3,462.30
Marketing/Printing	225.00
Marketing/Promotions	-147.02
Marketing/Telephone	153.82
Marketing/Tours	24.00
Marketing/Visitor Services	750.20
Payroll Expenses	26.10
Personnel	36,404.82
Total Expense	<u>80,143.04</u>
Net Ordinary Income	<u>25,191.84</u>
Net Income	<u><u>25,191.84</u></u>

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 01/15/13
 Accrual Basis

Visit Corvallis
Profit & Loss Prev Year Comparison
 October through December 2012

	Oct - Dec 12	Oct - Dec 11	\$ Change	% Change
Ordinary Income/Expense				
Income				
City of Corvallis	92,820.00	83,862.00	8,958.00	10.7%
Co-op Advertising Revenues	0.00	1,077.60	-1,077.60	-100.0%
Interest Income	0.00	13.14	-13.14	-100.0%
Membership	10,300.88	10,249.20	51.68	0.5%
Refund	2,130.00	0.00	2,130.00	100.0%
Relocation Packets	54.00	0.00	54.00	100.0%
Souvenir Income	30.00	259.64	-229.64	-88.5%
Total Income	105,334.88	95,461.58	9,873.30	10.3%
Expense				
Administration	14,065.82	15,996.41	-1,930.59	-12.1%
Conferences/Education	1,012.50	175.00	837.50	478.6%
Marketing/Advertising	11,886.43	5,806.16	6,080.27	104.7%
Marketing/Community Relations	264.44	271.40	-6.96	-2.6%
Marketing/Contract Services	3,100.00	0.00	3,100.00	100.0%
Marketing/Dues	1,138.95	1,620.00	-481.05	-29.7%
Marketing/Entertainment	87.49	36.00	51.49	143.0%
Marketing/Festivals	5,871.00	5,785.00	86.00	1.5%
Marketing/Internet	1,817.19	908.20	908.99	100.1%
Marketing/Postage-Shipping	3,462.30	660.85	2,801.45	423.9%
Marketing/Printing	225.00	112.00	113.00	100.9%
Marketing/Promotions	-147.02	465.74	-612.76	-131.6%
Marketing/Public Relations	0.00	104.10	-104.10	-100.0%
Marketing/Research	0.00	100.00	-100.00	-100.0%
Marketing/Sports Commission Exp	0.00	100.00	-100.00	-100.0%
Marketing/Telephone	153.82	0.00	153.82	100.0%
Marketing/Tours	24.00	0.00	24.00	100.0%
Marketing/Visitor Services	750.20	1,132.50	-382.30	-33.8%
Payroll Expenses	26.10	23.75	2.35	9.9%
Personnel	36,404.82	37,507.58	-1,102.76	-2.9%
Total Expense	80,143.04	70,804.69	9,338.35	13.2%
Net Ordinary Income	25,191.84	24,656.89	534.95	2.2%
Net Income	25,191.84	24,656.89	534.95	2.2%



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

MEMORANDUM

January 17, 2013

TO: Ken Gibb, Community Development
FROM: Jeanna Yeager, Accountant
SUBJECT: Visit Corvallis Financial Report – Second Quarter, FY 12/13

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

During the second quarter of fiscal year 2012/2013, Visit Corvallis reported revenues of \$105,335 and expenditures of \$80,143, resulting in net income of \$25,192. Visit Corvallis maintains a strong cash position, with current assets totaling \$90,440 and current liabilities of only \$8,528.

The City of Corvallis has budgeted \$371,290 for Visit Corvallis for fiscal year 2012/2013 in monthly payments of \$30,940. The City has funded a total of \$92,820 in the second quarter, which has been accurately accounted for on the Visit Corvallis report. This represents approximately 88% of all revenue for the quarter.

Acceptance of the Visit Corvallis quarterly report is recommended.

Oregon Tourism Commission
 For the month of: December 2012

	Current Month - December 2012 vs December 2011													Year to Date - December 2012 vs December 2011										Participation				
	Occ %		ADR		RevPAR		Percent Change from December 2011						Occ %		ADR		RevPAR		Percent Change from YTD 2011						Properties		Rooms	
	2012	2011	2012	2011	2012	2011	Occ	ADR	RevPAR	Room Rev	Room Avail	Room Sold	2012	2011	2012	2011	2012	2011	Occ	ADR	RevPAR	Room Rev	Room Avail	Room Sold	Census	Sample	Census	Sample
United States	49.1	47.5	104.43	100.10	51.22	47.56	3.2	4.3	7.7	8.4	0.7	4.0	61.4	59.9	106.10	101.85	65.17	61.02	2.5	4.2	6.8	7.3	0.5	3.0	51165	29867	4833499	3472153
Pacific	56.0	54.1	121.74	116.36	68.15	62.97	3.4	4.6	8.2	8.4	0.1	3.6	67.9	65.6	125.98	119.05	85.49	78.06	3.5	5.8	9.5	9.7	0.1	3.6	7840	4086	720848	543090
Benton County, OR	36.0	33.1	85.11	80.55	30.66	26.62	9.0	5.7	15.2	15.0	-0.1	8.8	55.5	56.1	94.51	90.60	52.47	50.81	-1.0	4.3	3.3	3.1	-0.1	-1.1	10	8	800	694



Oregon Tourism Commission
 dba Travel Oregon
 670 SE Hawthorne Avenue, Suite 240
 Salem, Oregon 97301
 503-378-8850

OREGON LODGING STATISTICS
 December 2012 (YTD)

Region	Occupancy		Room Rate		RevPar		Room Supply		Room Demand		Room Revenue	
	Year	% Chg	Year	% Chg	Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg
United States	81.4	2.5	106.10	4.2	85.17	6.8	na	0.9	na	3.0	na	7.3
Pacific	67.9	3.5	125.98	5.8	85.49	9.5	na	0.1	na	3.6	na	9.7
Statewide	58.5	2.1	91.56	4.3	54.96	6.4	22,142,932	0.5	13,303,701	2.8	1,249,979,472	7.0
Eastern	48.3	-6.4	70.05	3.0	33.81	-3.7	1,107,470	3.0	824,001	-3.7	57,724,216	-0.8
Central	51.0	5.3	102.27	3.4	52.19	9.0	1,880,510	-0.1	959,560	5.2	98,135,092	6.9
Southern	53.2	0.7	71.43	2.6	41.21	3.3	3,039,332	0.0	1,617,592	0.7	175,254,527	3.3
Willamette Valley	55.0	1.3	84.35	2.4	47.17	3.9	3,604,106	2.0	2,015,221	3.3	169,993,502	5.8
Mt Hood/Gorge	55.8	-2.7	85.29	4.8	47.57	2.1	736,989	0.9	411,077	-1.8	35,062,124	2.9
Portland Metro	69.3	4.4	102.64	6.0	71.10	10.7	7,857,441	0.0	5,442,944	1.4	558,648,938	10.7
Coast	52.3	1.4	100.54	1.9	52.58	3.3	3,957,964	0.0	2,070,025	1.5	208,117,249	3.4

Source: Smith Travel Research.

OREGON LODGING STATISTICS
 December 2012 (month)

Region	Occupancy		Room Rate		RevPar		Room Supply		Room Demand		Room Revenue	
	Year	% Chg	Year	% Chg	Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg
United States	49.1	3.2	104.43	4.3	51.22	7.7	na	0.7	na	4.0	na	8.4
Pacific	56.0	3.4	121.74	4.6	68.15	8.2	na	0.1	na	3.6	na	8.4
Statewide	41.9	3.2	84.40	3.6	35.33	6.9	1,932,571	0.4	809,094	3.6	68,285,987	7.3
Eastern	31.0	3.7	64.84	2.2	20.11	6.0	145,018	0.0	44,972	3.7	2,916,033	6.0
Central	37.1	11.5	96.14	2.6	35.68	14.4	159,805	0.1	59,305	11.7	5,701,853	14.5
Southern	39.5	7.8	67.82	2.3	26.80	10.4	255,936	0.0	101,129	7.9	6,858,978	10.4
Willamette Valley	38.3	-0.6	72.89	0.2	27.89	-0.3	306,931	1.6	117,447	1.0	8,561,219	1.2
Mt Hood/Gorge	38.6	1.9	79.70	2.1	30.73	4.0	63,147	1.7	24,351	3.6	1,940,671	5.8
Portland Metro	53.5	3.1	93.96	6.7	50.24	9.9	667,306	0.0	356,783	3.1	33,524,957	9.9
Coast	31.8	-0.2	83.20	-1.6	26.42	-1.8	337,900	0.8	107,284	0.5	8,926,415	-1.0

Source: Smith Travel Research.