



## ADMINISTRATIVE SERVICES COMMITTEE

### Agenda

Wednesday, October 9, 2013  
3:30 pm

Madison Avenue Meeting Room  
500 SW Madison

- |                                    |   |
|------------------------------------|---|
| Discussion/ <b>Possible Action</b> | I. LS Networks Franchise Extension<br>(Attachment)  |
| Discussion/ <b>Possible Action</b> | II. Fourth Quarter Operating Report<br>(Attachment) |
| Information                        | III. Other Business                                 |

### **Next Scheduled Meeting**

Wednesday, October 23, 2013 at 3:30 pm  
Madison Avenue Meeting Room, 500 SW Madison Ave

### **Agenda**

Enterprise Zone Application – 2 Towns Ciderhouse  
2014 Land Use Fee Review

MEMORANDUM

TO: Administrative Services Committee  
FROM: Mary Steckel, Public Works Director   
DATE: July 23, 2013  
SUBJECT: LS Networks Telecommunications Franchise

**ISSUE:**

LS Networks, a competitive local telecommunications service provider has submitted a request to renew its telecommunications franchise (Ordinance 2003-37) that expires on November 3, 2013.

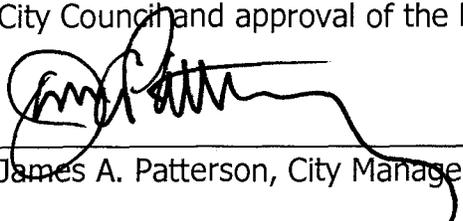
**DISCUSSION:**

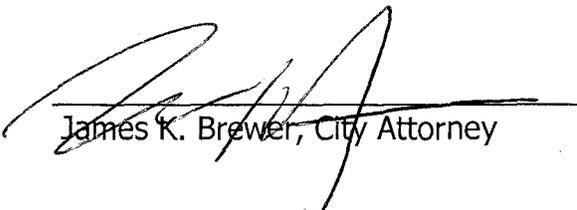
LS Networks has met all the conditions and requirements of the existing franchise, therefore, staff is proposing to renew the non-exclusive, ten-year telecommunications franchise agreement (attached). The agreement is subject to the conditions of the Master Telecommunications Ordinance 99-26 and Corvallis Municipal Code, including requirements for compensation, insurance, performance surety, and indemnification.

The terms of the proposed franchise agreement are consistent with previous City Council direction to establish proper management authority within public rights of ways and to receive maximum compensation allowed by law for such use. LS Networks will continue to pay a franchise fee of 7% of gross revenues earned within the Corvallis city limits.

**RECOMMENDATION:**

Staff recommends the Administrative Services Committee recommend City Council adopt an ordinance for a non-exclusive telecommunications franchise with LS Networks fixing terms, conditions, and compensation, and stating an effective date upon passage by the City Council and approval of the Mayor.

  
James A. Patterson, City Manager

  
James K. Brewer, City Attorney

## ORDINANCE 2013-

### **AN ORDINANCE GRANTING TO LS NETWORKS A NONEXCLUSIVE FRANCHISE FOR THE PROVISION OF TELECOMMUNICATIONS SERVICES WITHIN THE CITY OF CORVALLIS, AND STATING AN EFFECTIVE DATE**

WHEREAS, LS Networks, hereinafter referred to as "Grantee", provides telecommunications services within the city of Corvallis, Oregon; and

WHEREAS, Grantee has applied for a telecommunications franchise pursuant to Ordinance 99-26, an ordinance relating to telecommunications infrastructure located in the public rights of way, and the City of Corvallis (City) has reviewed said application and has determined that it meets all the requirements of the City's Ordinance subject to the terms and conditions stated herein;

#### **NOW, THEREFORE, THE CITY OF CORVALLIS ORDAINS AS FOLLOWS:**

Section 1. The City intends, by the adoption of this franchise, to encourage the continued development and operation of telecommunications facilities within the city of Corvallis. This Ordinance shall be known as the LS Networks Telecommunications Franchise Ordinance. Within this document, it shall also be referred to as "this Franchise" or "the Franchise".

Section 2. Grant of Franchise. The City hereby grants to Grantee, a nonexclusive franchise to use the public rights of way within the city to provide telecommunications services, subject to the provisions of Corvallis Municipal Ordinance 99-26 and the Corvallis Municipal Code or as hereafter enacted or amended. Ordinance 99-26, an ordinance relating to telecommunications infrastructure located in the public rights of way, shall be incorporated into this Franchise as though it were a part of it, specifically including but not limited to the requirements for compensation, insurance, performance surety, and indemnification.

Section 3. Term. The term of this Franchise shall be for ten (10) years, commencing with the effective date of this Ordinance.

Section 4. Franchise Area. The Grantee is authorized by this Franchise to make reasonable and lawful use of the public rights of way within the boundaries of the city of Corvallis or as these boundaries may be extended in the future.

Section 5. Franchise Fee. As consideration for the use of the City's rights of way, Grantee shall remit to the City a franchise fee of seven (7) percent of gross revenues earned within the city less the cost of leasing telecommunications facilities from the owner of such facilities. Grantee's franchise fee payments to the City shall be due quarterly within (30) days following the end of each quarter. Within thirty (30) days after the termination of this Franchise, compensation shall be paid for the period elapsing since the end of the last quarter for which compensation has been paid. In the event any payment due quarterly is not received within thirty (30) days from the end

of the preceding quarter, or is underpaid, Grantee shall pay in addition to the payment, or sum due, interest at a rate no higher than the current legal interest rate on judgments in the State, calculated from the date the payment was originally due until the date the City receives the payment. Additionally, if any payment becomes ninety (90) days in arrears, a ten (10) percent penalty shall be applied. In the event the obligation of Grantee to compensate the City through franchise fee payments is lawfully suspended or eliminated, in whole or part, then Grantee shall pay to the City compensation equivalent to the compensation paid to the City by other similarly situated users of the rights of way for Grantee's use of the rights of way, provided that in no event shall such payments be less than the equivalent of seven percent (7%) of Grantee's gross revenues (subject to the other provisions contained in this Franchise).

Section 6. Performance Surety. The City reserves the right to require a performance surety at any time during the term of this Franchise, in form and substance acceptable to the City, as security for the full and complete performance of a franchise granted under this Ordinance.

Section 7. Franchise Acceptance. Within thirty (30) days of the passage of this Ordinance by City Council, Grantee shall file with the City Manager certificates of insurance and an unconditional written statement accepting the terms and conditions of this Franchise grant. Failure to fulfill this requirement shall nullify and void this Ordinance, and any and all rights of Grantee to own or operate a telecommunications facility within the Franchise Area under this Ordinance shall be of no force or effect.

Section 8. Franchise Nonexclusive. The Franchise hereby granted is not exclusive, and shall not be construed as any limitation on the right of the City to grant rights, privileges and authority to other persons or corporations or to itself to make any lawful use of the City's rights of way.

Section 9. Effective Date. The Ordinance shall become effective on November 4, 2013.

PASSED by the Council this \_\_\_\_ day of \_\_\_\_\_, 2013.

APPROVED by the Mayor this \_\_\_\_ day of \_\_\_\_\_, 2013.

EFFECTIVE this \_\_\_\_\_ day of \_\_\_\_\_, 2013.

\_\_\_\_\_  
Julie Manning, Mayor

ATTEST:

\_\_\_\_\_  
Kathy Louie, City Recorder

## MEMORANDUM

August 28, 2013

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

### I. Issue

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

### II. Discussion

The Fourth Quarterly Operating Report (QOR) has been published on the City's web site and is available for review. Revenues at the end of the fourth quarter of the fiscal year are about 93% of budgeted total revenues. Operating revenue of \$90 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 92% of the amended budget. While every department was carrying at least one vacancy at quarter end (for just over a 9% vacancy rate Citywide), 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 to cover for the 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:

- The General Fund (all tax funds combined) did not end the fiscal year in as good a financial position as staff had hoped when the FY 13-14 budget was adopted by the City Council. Though most departments met the savings levels identified when discretionary spending was placed on hold to allow for the Hewlett-Packard refund in FY 13-14, revenues did not achieve the expected levels. Significant impacts include:
  - Property tax revenues were impacted more than expected by a combination of lower growth in assessed value than projected (0.5% vs. 3%) as well as a May refund from Benton County to Timberhill Development for their appeal of assessed value; the City's share of the revenue loss was \$95,000.
  - Revenue shortfalls in ambulance collections, municipal court fines, franchise fees and State shared liquor tax revenues may have a significant impact on the ending fund balance once the year-end work is complete.
- The Community Development Revolving Fund continued its negative cash and fund balance position into the fourth quarter, due to the HOME grant reimbursement lag, inadequate grant coverage of project-related overhead, and requirements to first spend program income before grant proceeds. As of June 30, the Fund received an interfund loan from the Development Services Fund of \$80,000 in order to attain a positive year-end balance. More information on repayment of the loan (which must occur by the end of FY 13-14 per local budget law) and plans to ensure long-term fund sustainability will be forthcoming to ASC and City Council as the Fund Manager continues to review potential service and program changes in the coming months.

Attached to this memo is the executive summary for the Fourth 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 over 39% expended at the end of the fourth 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 fourth quarter:

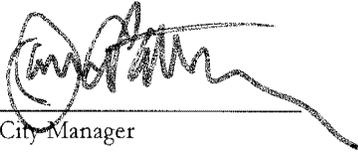
- Phase I of the Fire Drill Tower relocation;
- Osborn Aquatic Center UV in the large pool;
- Pedestrian crossings on 9<sup>th</sup> Street;
- Reservoir Road Improvements (City funded SDC share only);
- Sidewalk Infill;
- Traffic signal at 26<sup>th</sup> and Western;
- North Hills First Level Reservoir improvements;
- Taylor Plant facility (pipe and mixing improvements);
- All scheduled infrastructure maintenance work for the street, water, wastewater, and storm water systems.

The Quarterly Operating Report also includes an update on the status of City Council Goals as of June 30, 2013.

### **III. Requested Action**

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

Review & Concur:



A handwritten signature in black ink, appearing to read 'M. P. ...', is written over a horizontal line. The signature is stylized and cursive.

City Manager

## FOURTH QUARTERLY OPERATING REPORT FISCAL YEAR 2012-2013

### EXECUTIVE SUMMARY

August 23, 2013

The Quarterly Operating Report is usually 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 quarter is late as staff has been working through the full impact of the Hewlett-Packard appeal decision that is further discussed in this summary and in other materials provided to the City Council.

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.

The Federal Open Market Committee (FOMC) statement released in late July suggests that the economy has expanded at a modest pace during the first half of the calendar year. Although the unemployment rate is still elevated, labor market conditions have shown improvement in recent months. At 6.0% unemployment in June, on a seasonally adjusted basis, Corvallis continues to fare better than the State and the Nation. Household spending and the housing sector have strengthened, mortgage rates have risen somewhat, and fiscal policy continues to restrict economic growth. Inflation has been running slightly below the Committee's long-term objective of 2%, apart from temporary variations that create energy price fluctuations, but longer-term inflation expectations have remained stable. The FOMC expects that, with appropriate policy accommodation, economic growth will pick up from its recent pace and the unemployment rate will gradually decline toward levels the Committee deems consistent with its statutory mandate to foster maximum employment and price stability. The Committee will continue to monitor incoming information on economic and financial developments and has decided to keep the target range for the federal funds rate exceptionally low (i.e., in the 0 to

quarter percent range) as long as the national unemployment rate remains above 6.5%, and inflation projections deviate from the Committee's longer-run goal.

The City's financial performance through the fourth quarter of the fiscal year generally has been as expected, with operating expenditures at nearly 92% of budget, approximately 3.24% more than last year. Percentages of budgeted revenues are down a total of 0.29% points from the prior year; however, there was still nearly \$9.7 million more in income than in FY 11-12, which is attributable to a debt refunding of three utility-backed loans in the Water and Wastewater Funds. 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.

Property tax revenue ended FY 12-13 at only 96% of budget and lower than FY 11-12. Some of this reduction was expected as the levy for the City's general obligation bond issue was decreased considerably in FY 11-12 so the total tax levy was lower than prior years. However, as noted in previous quarterly reports, most of the below estimate performance is the result of only half a percent growth in assessed value versus the three percent projected. In late May the City was also notified that Hewlett-Packard, the City's largest single taxpayer, had prevailed in its appeal of the 2008, 2009, and 2010 tax assessments, resulting in an estimated \$2.1 million refund the City will make in FY 13-14. Several other smaller, but still costly appeals were also resolved in the fourth quarter which resulted in even lower tax revenue than previously estimated.

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 \$1.9 million increase over last year and a slightly greater percentage of budget overall than forecast. Miscellaneous revenue received is significantly greater when compared to last year, primarily due to receipt of sizeable Business Energy Tax Credits this fiscal year that pertained to prior year Transit operations. In Property Tax Funds combined, there were increases in Charges for Service and Miscellaneous revenue due to recovery of bad debts and miscellaneous gifts/donations, but these were largely offset by lower than budgeted traffic fines collected, franchise fees, and federal grant dollars.

As of the end of the fourth quarter for the fiscal year, total operating expenditures are less than 92% of budgeted expenditures, but are virtually identical in total to last year's spending levels. The variance against budget is driven primarily by less capital outlay, special project expenditures, and savings due to personnel vacancies, as well as a halt on discretionary spending in the latter half of the fourth quarter to help make up the refund needed for Hewlett-Packard's (HP) successful property tax appeal.

The Fire Department spent less on capital outlay and special projects (i.e., fewer vehicle replacements were made) than in FY 11-12. Community Development housing grant-related expenditures were less than 50% of budgeted levels in both fiscal years. Due to project delays, roughly \$1.6 million in CDBG and HOME project expenditures, and related revenues, will be carried forward to FY 13-14. In addition to the slower than anticipated projects, lower awards of federal funding for the CDBG and HOME programs have negatively impacted the fund's cash position in FY 12-13; as such, an interfund loan of \$80,000 was made to the CD Revolving Fund by the Development Services Fund to remedy ending fund balance at fiscal year end. This loan will be re-paid in FY 13-14.

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	4th 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	\$1,120,755	\$22,980,336	96.13%	\$24,447,883	101.05%
Other Tax	1,270,650	524,058	1,396,192	109.88%	1,239,155	107.64%
Licenses/Permits	8,740,150	2,735,951	8,706,886	99.62%	8,599,094	107.14%
System Development Charges	1,989,780	863,557	2,244,088	112.78%	3,556,321	262.46%
Charges for Service	37,738,370	10,364,559	39,020,016	103.40%	37,148,806	100.38%
Intergovernmental	17,335,633	2,792,317	10,957,243	63.21%	12,351,866	68.97%
Fines/Forfeitures	1,283,410	303,976	1,151,014	89.68%	1,234,516	89.09%
Miscellaneous	2,767,850	1,198,975	3,594,519	129.87%	2,697,026	84.12%
Other Financing Sources/Transfers in	24,023,308	1,542,277	20,585,909	85.69%	9,665,021	68.79%
<b>TOTAL CURRENT REVENUE</b>	<b>\$119,053,831</b>	<b>\$21,446,425</b>	<b>\$110,636,204</b>	<b>92.93%</b>	<b>\$100,939,688</b>	<b>93.22%</b>
<b>EXPENDITURE BY DEPARTMENT</b>						
City Manager's Office	\$3,302,670	\$675,425	\$2,922,667	88.49%	\$2,854,817	93.29%
Community Development	7,506,640	1,405,099	5,628,433	74.98%	5,516,416	63.32%
Finance	4,790,210	1,250,941	4,678,527	97.67%	4,872,487	97.11%
Fire	10,455,220	2,660,359	10,175,170	97.32%	11,015,257	96.75%
Library	6,054,010	1,579,218	5,811,236	95.99%	5,901,472	89.94%
Park & Recreation	6,080,310	1,960,996	6,063,447	99.72%	5,683,815	93.23%
Police	13,031,970	3,179,671	12,613,589	96.79%	12,574,930	95.77%
Public Works	29,744,922	7,136,013	26,188,091	88.04%	26,048,091	85.75%
Non-Departmental	1,512,927	311,307	1,466,677	96.94%	1,260,044	92.16%
<b>TOTAL OPERATING EXPENDITURES</b>	<b>\$82,478,879</b>	<b>\$20,159,029</b>	<b>\$75,547,837</b>	<b>91.60%</b>	<b>\$75,727,329</b>	<b>88.36%</b>
Debt Service	\$4,734,140	\$2,073,632	\$4,660,413	98.44%	\$8,182,617	100.00%
Capital Projects	9,687,779	1,222,194	3,820,729	39.44%	5,718,392	46.71%
Transfers Out / Other Financing Uses	26,348,831	1,527,638	22,742,369	86.31%	9,616,496	68.45%
Contingencies/Reserves	1,611,260	0	0	0.00%	0	0.00%
<b>TOTAL ALL EXPENDITURES</b>	<b>\$124,860,889</b>	<b>\$24,982,493</b>	<b>\$106,771,348</b>	<b>85.51%</b>	<b>\$99,244,834</b>	<b>81.65%</b>
<b>CURRENT REVENUES LESS</b>						
<b>TOTAL EXPENDITURES</b>	<b>(\$5,807,058)</b>	<b>(\$3,536,068)</b>	<b>\$3,864,856</b>		<b>\$1,694,854</b>	

In general, the status of the City's finances was in line with expectations at year-end. Revenues before final accruals total \$110,636,204, and are at 92.93% of the Amended Total Revenue Budget of \$119,053,831. 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 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 Mgmt	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
2/4/2013	Res - Payment	NW Natural Gas	Parks & Recreation	Parks & Rec	\$ 141,180
3/18/2013	Res - Grant	ODOT Grant	General	Police	\$ 142,210
4/1/2013	Res - Grant	Home Fire Sprinkler Coalition Grant	Fire & Rescue	Fire	\$ 1,000
5/20/2013	Res - Grant	Benton Soil & Water Conservation Grant	Parks & Recreation	Parks & Rec	\$ 2,000
				Total Increase	\$ 12,880,816

Significant revenue highlights include:

- **Property taxes** totaled \$22,980,336 through the fourth quarter, which equals 96.13% of the budgeted property tax revenue. Year-to-date property tax revenues are about \$1.4 million less than last fiscal year's results for the same time period, due primarily to a lower debt levy amount based on the front-loaded structure of debt service payments for the 2009 General Obligation refunding

bonds; and a property tax appeal won by the Timberhill development, which meant less property tax turnover in the last quarter of the fiscal year. Prior year delinquent account collections are lagging last fiscal year by about \$200,000 year-to-date, but the decrease is partly offset by the 0.5% increase in current year permanent rate levy revenues based on assessed value growth.

- **Other Taxes** are collected from hotels in the form of room taxes and totaled \$1,396,192 or 109.88% of budget and are higher in total compared to last fiscal year due to good attendance at fall sporting events and some signs of mild economic recovery.
- **Licenses, Fees and Permits** totaled \$8,706,886 which represents 99.62% of the amended budget and is below budget as a percentage received when compared with the same time last year. The largest portion of this category is franchise fees, which underperformed in FY 12-13 primarily due to utility conservation efforts and decreasing land line use. The transportation maintenance and sustainability initiative fees, as well as Development Service permit fees came in on target at year-end.
- **System Development Charges** were \$2,244,088 which represents 112.78% of the amended budget and is substantially higher than anticipated both this year and last due to OSU-related activity. In both FY 12-13 and 11-12, the higher percentage of actuals 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 \$39,020,016, which represents 103.40% of the amended budget. This revenue type is slightly above target as a percentage of budget and is mostly attributable to: aquatics recreation charges; development services plan reviews; and Water Fund metered revenue. While these results served to attain higher than budgeted revenues in total, Parks & Recreation Fund non-aquatics recreation program revenues were \$158,000 lower than projected while Fire and Rescue Fund’s ambulance revenue were \$186,000 lower than projected which negatively impacted these two funds’ bottom lines.
- **Intergovernmental** revenues are below target at \$10,957,243 and 63.21% of budget and are lower than the same time last year. However, actual receipts may end up higher once all year-end accruals of grants are recorded. The receipt of grant monies tends to be volatile and highly dependent on timing of related expenditures.
- **Fines & Forfeiture** receipts related to Municipal Court ended up under budget and lower than last year due primarily to fewer traffic and parking fines issued, partly as a result of patrol staffing vacancies. However, now with fully staffed parking enforcement, as well as a significant fine increase for violations in residential parking districts that went into effect September 2012, revenues are expected to rebound slightly in the next fiscal year. While some improvement continues to be noted from concentrated efforts related to collections in the past several years, after turning over about \$2.1 million in traffic and \$510,000 in parking delinquencies, these accounts have 88% and 62% of their respective balances still outstanding.
- **Interest earnings** totaled \$296,147 at the end of the fourth quarter, which represents 130.58% of budgeted interest and is about 93% 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 \$75,547,838 or 91.60% 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 early in the year on special projects and capital outlay and less discretionary spending later in the fiscal year due to HP's property tax appeal win. Community Development typically under-expend its grant appropriations due to the length of time between grant approval and project completion for housing loan projects; however, grant allocation availability from the federal government in recent years, particularly for administrative cost coverage, is also significantly lower than in previous years which has had an impact on the Department's operations.

Non-operating expenditures, which include capital projects, transfers, debt service, and contingency, totaled \$31,223,511 or 73.67% of the \$42,382,010 Amended Non-Operating Budget. In total, expenditures through the fourth quarter were \$106,771,349 or 85.51% of the \$124,860,889 budgeted, compared to 81.65% for the fourth 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>		\$46,005,670	\$33,926,489	\$2,546,720	\$82,478,879	
City Manager's Office	\$3,302,670	\$1,253,639	\$1,669,028	\$0	\$2,922,667	88.49%
Community Development	7,506,640	3,531,522	2,048,899	48,012	5,628,433	74.98%
Finance	4,790,210	3,154,311	1,524,216	0	4,678,527	97.67%
Fire	10,455,220	8,313,251	1,836,658	25,262	10,175,170	97.32%
Library	6,054,010	3,901,897	1,909,340	0	5,811,236	95.99%
Parks & Recreation	6,080,310	3,601,271	2,421,615	40,561	6,063,447	99.72%
Police	13,031,970	9,600,691	2,777,680	235,218	12,613,589	96.79%
Public Works	29,744,922	11,161,337	13,544,208	1,482,546	26,188,091	88.04%
Non Department	1,512,927	0	1,466,677	0	1,466,677	96.94%
<b>TOTAL</b>	<b>\$82,478,879</b>	<b>\$44,517,920</b>	<b>\$29,198,320</b>	<b>\$1,831,598</b>	<b>\$75,547,838</b>	<b>91.60%</b>
Percent of Budget		96.77%	86.06%	71.92%	91.60%	

Significant expenditure highlights include:

- Personnel Services** totaled \$44,517,920 or 96.77% of the amended budget of \$46,005,670 and, though lower in total dollars spent, was slightly higher as a percent of budget than in FY 11-12. Spending decreased \$606,996 year-over-year primarily due to 12.92 less authorized FTE in 12-13 vs. 11-12 and due to vacancies throughout the City serving to offset higher healthcare costs. Additionally, Exempt, AFSMCE, CRCCA, IAFF, and CPOA bargaining units agreed to no COLA increases in FY 12-13 and flat to declining health benefit premiums in calendar 2013.
- Supplies and Services** totaled \$29,198,320 or 86.06% of the amended budget of \$33,926,489. The dollars spent in FY 12-13 are approximately 4% lower than the amount spent in FY 11-12 due to fewer special projects and less discretionary spending with an eye toward attaining a sustainable budget.

- **Capital Outlay** totaled \$1,831,598 or 71.92% of the amended budget of \$2,546,720. The dollars spent in FY 12-13 are approximately \$306,000 less than in FY 11-12 due in part to the timing of planned purchases for 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 \$3,820,729 or 39.44% 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 been carried forward to FY 13-14.
- **Debt service** payments totaled \$4,660,413 or 98.44% of the total budget of \$4,734,140, which, though a lower dollar amount in total due to less debt outstanding, is aligned with the percentage of budget spent at the same time last fiscal year.
- **Transfers and Other Financial Uses** totaled \$22,742,369 or 86.31% of the amended budget of \$26,348,831. The majority of the transfers are related to capital projects. Other Financial Uses are related to the debt refunding identified previously. 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](mailto:nancy.brewer@corvallisoregon.gov).

Nancy Brewer  
Finance Director

**PROPERTY TAX FUNDS COMBINED\***

REVENUE	AMENDED BUDGET	4th Quarter FY 12-13	UNAUDITED FY 12-13	FY 12-13 % REC/EXPEND	4th 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	\$888,254	\$20,126,321	95.83%	\$1,258,081	\$20,508,584	101.16%
Other Tax	1,270,650	524,058	1,396,192	109.88%	433,597	1,239,155	107.64%
Licenses/Permits	5,708,610	1,823,657	5,564,426	97.47%	1,926,958	5,710,001	101.51%
Charges for Service	5,856,500	1,174,711	5,814,654	99.29%	1,267,487	5,633,617	102.99%
Intergovernmental	4,309,570	636,335	3,908,911	90.70%	914,972	4,230,717	85.39%
Fines/Forfeitures	830,110	173,050	685,823	82.62%	199,463	805,078	82.44%
Miscellaneous	574,030	137,526	596,840	103.97%	79,770	485,154	128.05%
Other Financing Sources	2,845,350	291,224	2,368,142	83.23%	227,967	1,895,078	97.88%
<b>TOTAL CURRENT REVENUE</b>	<b>\$42,397,460</b>	<b>\$5,648,816</b>	<b>\$40,461,308</b>	<b>95.43%</b>	<b>\$6,308,295</b>	<b>\$40,507,383</b>	<b>99.36%</b>

**EXPENDITURE BY DEPARTMENT**

City Manager's Office	\$380,000	\$106,236	\$231,272	60.86%	\$0	\$0	0.00%
Community Development	1,311,410	310,098	1,225,394	93.44%	301,540	1,256,557	92.63%
Finance	629,740	146,807	599,019	95.12%	157,553	659,182	97.27%
Fire	10,455,220	2,660,359	10,175,170	97.32%	2,635,931	11,015,257	96.75%
Library	6,023,510	1,578,779	5,780,864	95.97%	1,643,758	5,901,472	90.35%
Parks and Recreation	6,080,310	1,960,996	6,063,447	99.72%	1,453,980	5,683,815	93.23%
Police	10,499,190	2,550,684	10,120,728	96.40%	2,619,357	10,188,973	96.14%
Public Works	1,218,900	262,794	982,569	80.61%	325,762	1,172,385	71.37%
Non-Departmental	1,362,100	311,307	1,323,230	97.15%	338,572	1,258,694	92.15%
<b>TOTAL OPERATING EXPENDITURES</b>	<b>\$37,960,380</b>	<b>\$9,888,059</b>	<b>\$36,501,692</b>	<b>96.16%</b>	<b>\$9,476,454</b>	<b>\$37,136,334</b>	<b>93.65%</b>
Debt Service	\$243,880	\$0	\$243,872	100.00%	\$0	\$244,422	100.00%
Transfers	3,005,900	627,997	2,675,287	89.00%	348,520	2,068,450	88.49%
Contingencies/Reserves	512,850	0	0	0.00%	0	0	0.00%
<b>TOTAL ALL EXPENDITURES</b>	<b>\$41,723,010</b>	<b>\$10,516,056</b>	<b>\$39,420,852</b>	<b>94.48%</b>	<b>\$9,824,974</b>	<b>\$39,449,206</b>	<b>92.70%</b>

**CURRENT REVENUE LESS**

<b>TOTAL EXPENDITURES</b>	<b>\$674,450</b>	<b>(\$4,867,240)</b>	<b>\$1,040,457</b>		<b>(\$3,516,679)</b>	<b>\$1,058,177</b>	
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\* Includes General, Parks & Recreation, Fire & Rescue, and Library Funds

