City of Corvallis, Oregon

2011 - 2012

Adopted Budget

CORVALLIS
ENHANCING COMMUNITY LIVABILITY

The Government Finance Officers Association of the United States and Canada (GFOA) presented an award of Distinguished Presentation to the City of Corvallis for its annual budget for the fiscal year beginning July 1, 2010.

GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished
Budget Presentation
Award

PRESENTED TO

City of Corvallis

Oregon

For the Fiscal Year Beginning

July 1, 2010

President

Executive Director

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communication device.

The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

City of Corvallis, Oregon

2011-2012

ADOPTED BUDGET

Mayor
Julie Jones Manning

Budget Commission

City Council
Mike Beilstein
Hal Brauner
Dan Brown
Richard Hervey
Joel Hirsch
Roen Hogg
Mark O'Brien
Jeanne Raymond
Biff Traber

Citizen Members
Barbara Bull
Karyle Butcher
Rich Carone
Jack Davis
Elizabeth French
Laurie Mason
Barbara Ross
Jacque Schreck, Chair
Curtis Wright

City Manager
Jon S. Nelson

Staff
Nancy Brewer, Finance Director
Janet Chenard, Budget & Financial Planning Manager
Mike Dohn, Budget Analyst
Tracey Finnegan-Wiese, Budget Analyst
Tony Krieg, Customer Services Manager

CORVALLIS

ENHANCING COMMUNITY LIVABILITY

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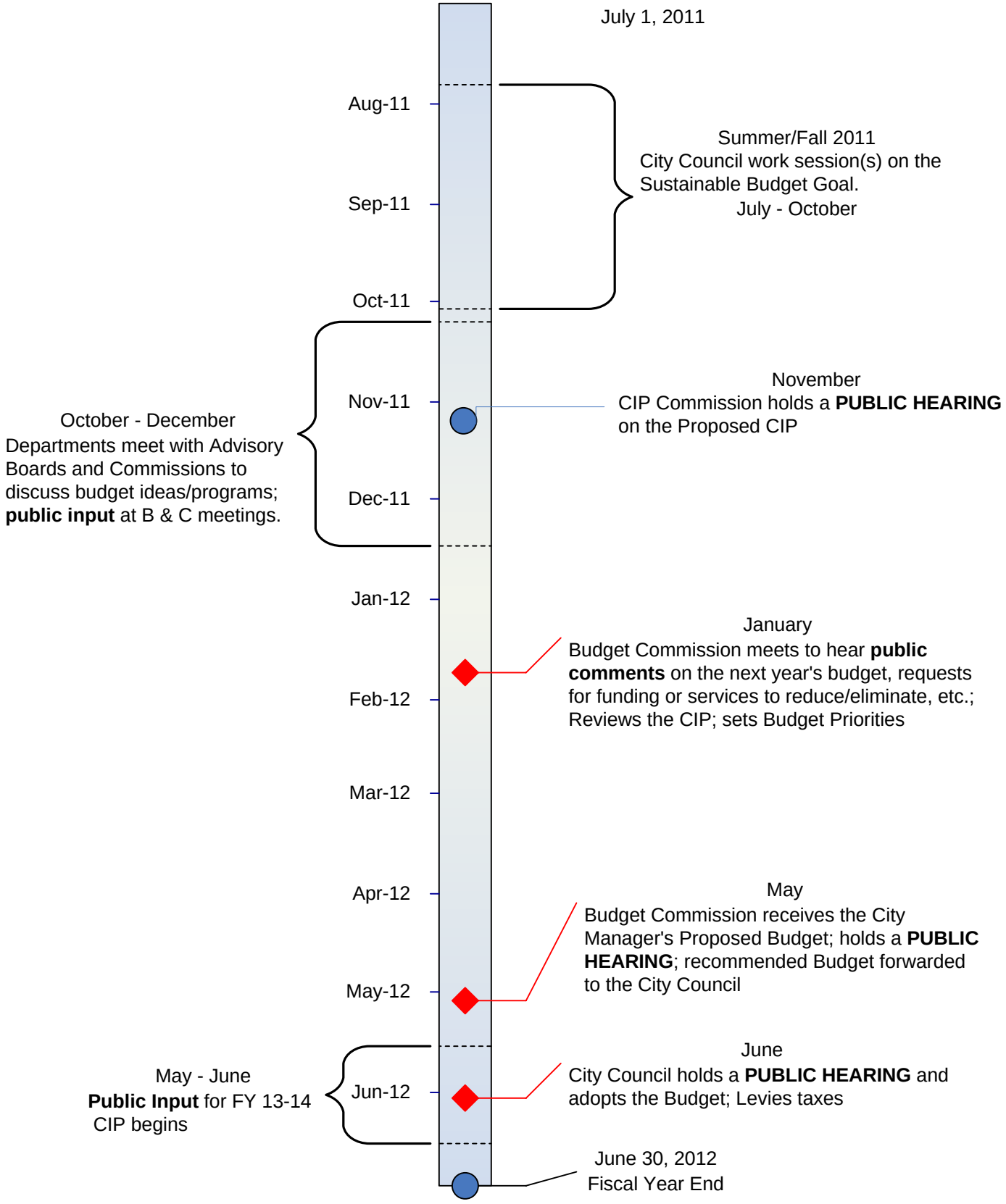
CORVALLIS

ENHANCING COMMUNITY LIVABILITY

SECTION – I
BUDGET MESSAGE

CORVALLIS CITY HALL

FY 12-13 BUDGET DEVELOPMENT TIMELINE – CITIZEN INPUT OPPORTUNITIES



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June 7, 2011

Honorable Mayor Julie Jones Manning
City Councilors
Budget Commissioners
Citizens of Corvallis,

RE: FY 2011-2012 Adopted Budget

I am pleased to present the FY 2011-2012 Adopted Budget. This budget process has been challenging as the City faced large deficits and identified over $4 million in service reductions required to balance the Proposed Budget, as identified in the transmittal (attached). This budget process has also been gratifying as the citizens of Corvallis voted to increase property taxes to maintain services at the Osborn Aquatic Center, Chintimini Senior Center, Corvallis-Benton County Public Library and to increase funding for social services, allowing some of the most significant budget cuts to be averted. The commitments for the use of the local option levy monies that were made during the campaign have been included in the budget as amendments to my original Proposed Budget made by the Budget Commission.

The Budget Commission's recommended budget, including the local option levy, was forwarded to the City Council for their public hearing on June 6. The City Council unanimously adopted the Budget Commission's recommendations with several minor amendments to include grant monies that had recently been accepted. Attachment 1 to this letter summarizes the total adopted budget for FY 11-12. Attachment 2 is the list of service reductions that will be implemented on July 1, 2011 based on this adopted budget.

Work on the FY 12-13 budget will begin on June 13, 2011 when the City Council holds its first work session to discuss their goal to create a financially sustainable budget. The coming year promises to hold more challenges as this process moves forward, but I am sure that the long-term planning will position the organization to meet community goals.

Sincerely,

Jon S. Nelson
City Manager

FY 11-12 ADOPTED BUDGET – ALL FUNDS

	FY 08-09 Audited	FY 09-10 Audited	FY 10-11 Adopted	FY 10-11 Revised	FY 11-12 Adopted	% Chg from FY 10-11
Beg. Fund Balance	$43,677,142	$38,509,590	$33,950,070	$35,265,169	$33,298,392	-1.92%
Operating Revenue						
Property Taxes	20,439,219	20,693,273	21,208,240	21,704,600	24,194,090	14.08%
Other Taxes	1,076,629	1,079,621	1,036,190	1,139,790	1,151,190	11.10%
License, Fees, Permits	6,633,783	7,064,183	6,844,580	7,276,720	8,025,850	17.26%
Charges for Service	36,082,574	38,035,119	38,306,510	38,125,390	38,363,030	0.15%
Intergovernmental	9,818,482	12,324,482	17,564,440	13,217,750	17,308,961	-1.45%
Fines and Forfeitures	1,120,056	1,033,123	1,365,570	1,157,170	1,385,740	1.48%
Miscellaneous	2,098,917	2,351,120	2,648,600	1,654,600	3,206,010	21.05%
Total Operating Rev.	77,269,660	82,580,921	88,974,130	84,276,020	93,634,871	5.24%
Non-Operating Rev.	17,833,757	6,023,119	15,646,822	8,224,570	14,049,368	-10.21%
Total Revenue	95,103,417	88,604,040	104,620,952	92,500,590	107,684,239	2.93%
Total Resources	$138,780,559	$127,113,630	$138,571,022	$127,765,759	$140,982,631	1.74%
Operating Expenditures						
City Manager's Office	3,080,146	2,961,644	3,084,270	3,082,470	3,060,210	-0.78%
Community Dev.	5,086,612	4,535,417	8,276,960	5,589,820	8,711,800	5.25%
Finance Department	4,724,968	4,666,622	4,995,400	4,752,470	5,017,380	0.44%
Fire Department	9,930,885	11,040,774	10,626,930	10,307,330	11,384,830	7.13%
Library	6,099,857	6,137,859	6,384,610	6,072,500	6,486,530	1.60%
Parks & Recreation	5,592,299	5,651,098	5,795,480	5,553,000	6,096,500	5.19%
Police	11,298,238	12,172,805	12,465,940	12,242,140	13,034,080	4.56%
Public Works	23,065,553	26,497,695	28,604,400	25,381,970	30,371,830	6.18%
Non-Departmental	12,161,634	1,787,025	1,499,260	1,458,330	1,317,300	-12.14%
Total Operating Budget	81,040,192	75,450,939	81,733,250	74,440,030	85,480,460	4.58%
Non-Operating Budget						
Capital Projects	4,708,776	3,190,855	14,157,847	6,041,977	11,819,633	-16.52%
Debt Service	7,443,016	7,214,116	8,162,110	8,200,560	8,182,690	0.25%
Transfers	7,078,985	5,992,551	13,117,352	5,784,800	14,049,368	7.11%
Other Non-Op Uses	0	0	0	0	0	0.00%
Contingencies	0	0	1,322,520	0	1,419,840	7.36%
Total Non-Op. Budget	19,230,777	16,397,522	36,759,829	20,027,337	35,471,531	-3.50%
Total Appropriated Budget	$100,270,969	$91,848,461	$118,493,079	$94,467,367	$120,951,991	2.08%
Ending Fund Balance	$38,509,590	$35,265,169	$20,077,943	$33,298,392	$20,030,640	-0.24%

FY 11-12 REDUCTIONS *

	FY 11-12 Prop Tax Fund Amount	FTE	Casual Hours
B - Previously Discussed Packages			
Organization-Wide: Freeze COLA and benefits for all employees	$387,270		
Community Development - Package #1 - reduced planning and code enforcement resources to baseline level	52,790	0.30	182
Fire Department - Retiree Costs/Brownout/Vehicle Reserves	200,000		
General Fund - Social Services	27,000		
Police - Vehicle Replacement	50,000		
Police - Patrol Officer	82,310	1.00	
Police - 9-1-1 Dispatcher	44,750	1.00	
CMO - Videotaping meetings	7,990		
CMO - Newsletter	18,800		
Finance - Purchasing Coordinator	19,550	0.50	
Finance - Accounting Specialist	16,190	0.50	
Finance - MIS Computer Support Specialist	40,340	1.00	
General Fund - Arts Center	40,810		
General Fund - Economic Development Allocations	129,520		
Total:	$1,117,320		
C - City Manager Reductions			
City Mgr Office - City Manager Salary Savings/0.25 FTE Reduction - $51,400	24,160	0.25	
Community Development - Staff Reduction - (0.50 FTE Admin Specialist eliminated & 0.25 FTE Permit Technician)	46,180	0.75	
Finance Department/Administrative Services Fund- 0.25 FTE - Authorized/Unfunded Admin Spec - $11,950	5,620		
Finance Department/Technology & Communications Fund- Non-Personal Services reduct in 10-11 Revised - $17,000	7,990		
Fire - ($150K reduction to reserve contribution; $85K for 1 FF/EMT vacancy - authorized unfunded)	235,430		
Library - ($61K reduction to materials & $14K in other supplies/services/overhead)	75,000		
Parks and Recreation - ($26K 10-11 revised 3 non-returning seasonals, $41.3K reduce Park Op Spec; $32.7K - leave 2 Park Seasonals vacant in FY 11-12)	100,000	0.50	
Police - 2.00 FTE - Authorized/Unfunded Police Officer & Detective/ $10KVehicle Maintenance Reduction	178,330		
Public Works/Fleet - Fleet Services Specialist eliminated - $34,350 / Add back fuel increase/offsetting revenue - no increase to allocation	16,140	0.50	
Public Works/Facility - Change of allocation methodology to use a 3-year average	22,850		
Total:	$711,700		
Total FY 11-12 Reductions:	**$1,829,020**	**6.30**	

* Total FY 11-12 Reductions shown in this table are those made subsequent to the Property Tax Funds Combined Financial Plan presentation to Budget Commission on January 20, 2011. The FY 11-12 Reduction column in the tables included in the Budget Message narrative include an additional $528,500 net reductions to the FY 11-12 budget made prior to the January/February 2011 Budget Commission meetings.

April 28, 2011

Honorable Mayor Julie Jones Manning
City Councilors
Budget Commissioners
Citizens of Corvallis,

RE: FY 2011-2012 Proposed Budget

INTRODUCTION

The FY 2011-2012 Proposed Budget is presented consistent with the Budget Commission's direction to exclude levy funded services. The Proposed budget includes property tax funded services operating expenditures 10 percent below the FY 2008-2009 audited expenditures. Since the February Budget Commission direction for the City manager to present a balanced FY 2011-2012 budget for consideration, the reductions necessary to achieve a balanced budget have increased $500,000, primarily due to Public Employment Retirement System (PERS) costs and increased costs for unemployment insurance. Therefore, this budget represents a total reduction of $3,600,000 of which $1,800,000 in services will continue if the operating levy passes on May 17, 2011.

CHAMPIONING CORVALLIS

A visit to the City's website shares the many positive works underway in the City of Corvallis even as we make our way through these difficult times. National awards, outstanding citizen attitude survey results, nationally recognized performance benchmarks, significant competitive grant success, and innovative service offerings are just a few examples of why Corvallis is and should continue to be a "Community of Choice." Corvallis continues to operate with a high level of efficiency and innovation when compared to comparable sized jurisdictions, many of which have more staff than Corvallis.

THE BUDGET PROCESS

For FY 11-12, the City's budget process began with a fall 2010 work session with the City Council and updated financial plans. Unfortunately, FY 09-10 did not end as well as expected when the FY 10-11 budget was adopted for the property tax funds, and immediate mid-year budget cuts were required and implemented to keep the FY 10-11 budget in balance. The City has cut $2.3 million in programs, services, projects, and set asides for reserves between July 1, 2010 and June 30, 2011. With these cuts in the budget, projections at the time still placed the property tax supported operations at a $3.1 million deficit for FY 11-12.

At City Council's request, the Budget Commission held a series of meetings to discuss the City's financial plans, gauge community interest in alternatives to address the financial status, and to make a recommendation to the City Council on a course of action. The Budget Commission recommended the City Council place a 40¢ per $1,000 of assessed value local option levy measure on the May 17, 2011 ballot to fund specific services, recognizing other services would still need to be reduced in order to balance the FY 11-12 budget. The City Council received this recommendation and ultimately voted to place a 45¢ per $1,000 of assessed value on the May ballot to fund the Osborn Aquatic Center, the Chintimini Senior Center, Monday hours at the Library, Library programs and materials, and social services.

Following opportunities for public input the Budget Commission subsequently directed that staff return in May with a proposed balanced budget.

THE FY 11-12 PROPOSED BUDGET

The All Funds Proposed Budget for the City of Corvallis for FY 11-12 is based on $102,863,978 in expected revenue plus a beginning fund balance of $33,276,855 to cover $116,429,471 in operating, capital project debt service and contingencies expenditures. The total expenditure budget is 1.74% lower than the adopted FY 10-11 budget. Though most of the community focus has been on the property tax supported funds, it is important to note that many of the City's other funds (discussed below) are also facing financial challenges.

- The State Highway Tax has not performed as well as expected, so staff have proposed a lower level of spending in the Street Fund than originally planned. The City has been diligent about securing both State and Federal grants for major street reconstruction projects, and over the last two fiscal years has spent $2 million in Federal American Recovery and Reinvestment Act grants to complete $2.9 million in City and County street and multi-use path work, refurbishing 8.5 miles of streets and 5.7 miles of multi-use paths. The new Sustainability Initiative Fee for sidewalks will be used to fund the summer 2011 Safety Sidewalk program. The Transportation Maintenance Fee will be used for street preservation projects such as slurry sealing and overlays beginning in FY 11-12.

- Transit services, now partially funded by the Sustainability Initiative Fee instead of property taxes, remain in jeopardy as staff pursues partners who will purchase the more than $1.1 million in already approved and available Business Energy Tax Credits (BETC) used to fund the City's Transit operations. This challenge is occurring even as Transit ridership reaches historic levels – over 91,000 rides in March 2011, a 43 percent increase over the March 2010 figures.

- The Community Development Revolving Loan Fund, used to fund low income housing initiatives funded by federal Community Development Block Grant (CDBG) and HOME Investment grants, is projected to have a 16 percent and 12 percent (respectively) decrease in resources available based on federal budget cuts. Staff is working diligently to mitigate the federal funding shortfall for FY 11-12. Future federal funding reductions may further impact social service agencies that use grants from the City's CDBG allocation to assist low income families with their needs.

- The City's water, wastewater, and storm water operations are also being challenged to maintain operations within the preferred two to three percent annual increases in the City's utility bill as operating costs for electricity and chemicals continue to rise faster than revenues, and coming mandates are likely to require large capital expenditures. In addition, the community's many sustainability efforts have lead to a reduction in the amount of water being used by 14.9 percent over the last five years which, while conserving a valuable resource, also decreases revenues.

Combined, these factors have lead to a FY 11-12 Proposed Budget that is balanced, but careful monitoring of fiscal health must continue.

FY 11-12 PROPOSED BUDGET – ALL FUNDS

	FY 08-09 Audited	FY 09-10 Audited	FY 10-11 Adopted	FY 10-11 Revised	FY 11-12 Proposed	% Chg from FY 10-11
Beg. Fund Balance	$43,677,142	$38,509,592	$33,950,070	$35,265,172	$33,276,855	-1.98%
Operating Revenue						
Property Taxes	20,439,219	20,693,273	21,208,240	21,704,600	22,404,090	5.64%
Other Taxes	1,076,629	1,079,621	1,036,190	1,139,790	1,151,190	11.10%
License, Fees, Permits	6,633,783	7,064,183	6,844,580	7,276,720	8,025,850	17.26%
Charges for Service	36,082,574	38,035,119	38,306,510	38,125,390	37,533,380	-2.02%
Intergovernmental	9,818,482	12,324,482	17,564,440	13,217,750	16,957,350	-3.46%
Fines and Forfeitures	1,120,056	1,033,123	1,365,570	1,157,170	1,385,740	1.48%
Miscellaneous	2,098,919	2,351,122	2,648,600	1,654,600	3,147,010	18.82%
Total Operating Rev.	77,269,662	82,580,923	88,974,130	84,276,020	90,604,610	1.83%
Non-Operating Rev.	17,833,757	6,023,119	15,646,822	8,224,570	12,259,368	-21.65%
Total Revenue	95,103,419	88,604,042	104,620,952	92,500,590	102,863,978	-1.68%
Total Resources	$138,780,561	$127,113,634	$138,571,022	$127,765,762	$136,140,833	-1.75%
Operating Expenditures						
City Manager's Office	3,080,146	2,961,644	3,084,270	3,084,270	3,217,350	4.31%
Community Dev.	5,086,612	4,535,417	8,276,960	5,589,820	8,752,410	5.74%
Finance Department	4,724,968	4,666,622	4,995,400	4,752,470	5,033,760	0.77%
Fire Department	9,930,885	11,040,774	10,626,930	10,307,330	11,445,180	7.70%
Library	6,099,857	6,137,859	6,384,610	6,072,500	5,521,770	-13.51%
Parks & Recreation	5,592,299	5,651,098	5,795,480	5,553,000	4,333,940	-25.22%
Police	11,298,238	12,172,805	12,465,940	12,242,140	13,110,980	5.17%
Public Works	23,065,553	26,497,696	28,604,400	25,401,710	30,407,530	6.30%
Non-Departmental	12,161,634	1,787,025	1,499,260	1,458,330	1,210,620	-19.25%
Total Operating Budget	81,040,192	75,450,940	81,733,250	74,461,570	83,033,540	1.59%
Non-Operating Budget						
Capital Projects	4,708,776	3,190,856	14,157,847	6,041,977	11,534,033	-18.53%
Debt Service	7,443,016	7,214,116	8,162,110	8,200,560	8,182,690	0.25%
Transfers	7,078,985	5,992,550	13,117,352	5,784,800	12,259,368	-6.54%
Other Non-Op Uses	0	0	0	0	0	0.00%
Contingencies	0	0	1,322,520	0	1,419,840	7.36%
Total Non-Op. Budget	19,230,777	16,397,522	36,759,829	20,027,337	33,395,931	-9.15%
Total Appropriated Budget	$100,270,969	$91,848,462	$118,493,079	$94,488,907	$116,429,471	-1.74%
Ending Fund Balance	$38,509,592	$35,265,172	$20,077,943	$33,276,855	$19,711,362	-1.83%

Significant assumptions affecting both revenue and expenditure projections are included in the Budget Summary in Section II of this Budget.

FY 11-12 PROPOSED BUDGET – PROPERTY TAX FUNDS

The challenges in the property tax funds have been, and continue to be, greater than those in the other funds. As stated numerous times, the challenge is associated with property tax revenue growth that is limited to three percent on average by statewide Constitutional limits, and expenditures not able to keep pace with requirements, many of which are dictated by the State and heavily personal-services oriented. The budget in the property tax funds is balanced as indicated below.

	FY 08-09 Audited	FY 09-10 Audited	FY 10-11 Adopted	FY 10-11 Revised	FY 11-12 Proposed	% Chg from FY 10-11
Beg. Fund Balance	$11,722,196	$9,109,154	$6,130,853	$4,918,522	$3,532,061	-42.39%
Operating Revenue						
Property Taxes	$18,471,706	$18,759,930	$19,308,240	$19,729,600	$20,274,090	5.00%
Other Taxes	1,076,629	1,079,621	1,036,190	1,139,790	1,151,190	11.10%
License, Fees, Permits	5,469,716	5,303,032	5,449,690	5,465,640	5,624,980	3.22%
Charges for Service	5,679,937	5,595,016	5,809,880	5,384,880	4,490,480	-22.71%
Intergovernmental	5,088,048	5,708,363	6,022,760	4,043,760	4,783,920	-20.57%
Fines and Forfeitures	739,488	661,583	957,640	748,640	976,510	1.97%
Miscellaneous	620,735	1,215,228	1,153,430	505,330	327,380	-71.62%
Total Operating Rev.	37,146,259	38,322,773	39,737,830	37,017,640	37,628,550	-5.31%
Non-Operating Rev.	18,168	12,337	430,450	415,450	146,060	0.00%
Total Revenue	37,164,427	38,335,110	40,168,280	37,433,090	37,774,610	-5.96%
Total Resources	$48,886,623	$47,444,264	$46,299,133	$42,351,612	$41,306,671	-10.78%
Operating Expenditures						
Community Dev.	1,390,460	1,453,556	1,618,220	1,496,110	1,367,520	-15.49%
Finance Department	565,953	614,534	618,920	593,780	685,870	10.82%
Fire Department	9,930,885	11,040,774	10,626,930	10,307,330	11,445,180	7.70%
Library	6,081,960	6,108,299	6,384,110	6,072,000	5,491,770	-13.98%
Parks & Recreation	5,592,299	5,651,098	5,795,480	5,553,000	4,333,940	-25.22%
Police	9,315,498	9,978,567	9,940,990	9,901,650	10,560,170	6.23%
Public Works	3,882,093	4,336,096	4,767,920	962,860	1,647,490	-65.45%
Non-Departmental	1,435,348	1,487,599	1,497,910	1,456,980	1,209,270	-19.27%
Total Operating Budget	38,194,496	40,670,523	41,250,480	36,343,710	36,741,210	-10.93%
Non-Operating Budget						
Debt Service	0	0	49,920	30,390	244,430	389.64%
Transfers	1,582,973	1,855,219	2,087,220	1,648,300	2,337,440	11.99%
Contingencies	0	0	385,190	0	368,290	-4.39%
Total Non-Op. Budget	1,582,973	1,855,219	2,522,330	1,678,690	2,950,160	16.96%
Total Appropriated Budget	$39,777,469	$42,525,742	$43,772,810	$38,022,400	$39,691,370	-9.32%
Ending Fund Balance	$9,109,154	$4,918,522	$2,526,323	$4,329,212	$1,615,301	-36.06%

As expected, this budget has been difficult to develop. The deficit projections have remained fairly stable, with little improvement in revenues. The only significant increases in revenues have been in a slight (0.4 percent) increase in projected growth in property tax revenue, based on conversations with the County Assessor that results in about $80,000 in additional revenue. Transient Room Tax revenue projections were also increased slightly based on year-to-date performance, but that increase ultimately also increases expenditures for the contract with Visit Corvallis which minimizes the General Fund revenue growth. There have been some other revenue increases that are the result of specific grants that have become known in the last three months; all have offsetting expenditures for the project/program funded by the grant.

Expenditures, once actual projections for the year were made, were slightly higher than had been projected based on meeting required obligations. These have included contractually obligated wage increases for steps for all bargaining units and increases as the result of a larger than normal number of employees choosing higher level medical insurance coverage (i.e., one party to two party coverage) based on the new federal rules that allow a parent to cover a child to age 26. But the biggest increase is associated with a 237 percent increase in the City's PERS employer rate (from 2.34 percent of payroll to 5.56 percent of payroll). Please remember that this cost covers former as well as current employees.

The budget projections included here do not include any cost of living adjustment (COLA) or benefits increase for any bargaining units. At the time of this writing, the Exempt employees have agreed to no COLA and no increase in benefits. The members of the International Association of Fire Fighters (IAFF) have agreed to forego the contractually agreed upon COLA, but have not agreed to forego a benefit increase. The Corvallis Regional Communications Center Association (CRCCA) has not agreed to changes in COLA or benefits. Both the American Federation of State County and Municipal Employees (AFSCME) and the Corvallis Police Officers Association (CPOA) are in negotiations with no final agreement at this time. Should concessions or negotiations with the respective bargaining units not result in no COLA or benefit increases, then those increased costs will have to be absorbed by each department. So, depending on negotiations or voluntary concessions, there may be additional service reductions and/or layoffs in order for the department(s) to absorb these costs. Services saved based upon City employee concessions are significant and come with appreciation for employees' leadership.

The reductions necessary to get to a balanced budget in the property tax funds, by department, follow. For direct service reductions (General, Parks & Recreation, Fire and Rescue, and the Library Funds) the cuts shown below are 100 percent savings to the fund. For the internal service funds, the cuts translate to savings in charges to all operations in the organization, with about 47 percent of the savings allocated to the four property tax supported funds. Please see Attachment A for a more detailed description of service reductions, including FTE reductions.

City Manager's Office

	FY 09-10 Actual	Cut in FY 10-11	Cut in FY 11-12	Total Reductions	As a % of FY 09-10
Budget	$2,003,998	$130,070	$112,060	$242,130	12%
Staff Reductions	10.00	0.00	0.25	0.25	3%
Casual Hour Reductions	0	0	0	0	0%

- To date the reductions include communications special projects such as deferring web site improvements, decreasing the diversity budget, deleting the elections budget with the expectation that contingencies will be required in years when there is an election, reducing organizational training, eliminating HR software acquisition, ending City Council meals provided at regular noon meetings, ending video taping City Council meetings, quarterly versus monthly production of *the City* newsletter, and eliminating a .25 FTE position in Human Resources. It is recognized that many of these reductions will have an impact on getting information to citizens who want to know more about the City. Reductions have been offset by higher than usual projected costs for unemployment based on the number of expected layoffs that may occur on June 30, 2011. Should unemployment costs be avoided, these resources will be revised out of the budget.

Community Development Department

	FY 09-10 Actual	Cut in FY 10-11	Cut in FY 11-12	Total Reductions	As a % of FY 09-10
Budget	$1,453,556	$243,590	$356,510	$600,100	41%
Staff Reductions	13.17	1.70	1.05	2.75	21%
Casual Hour Reductions	400	182	0	182	46%

- Reductions include decreased staffing to minimal levels necessary to maintain the state required level of current land-use planning, and one position that will work on long-range planning issues, or current planning depending on the work demand. Changes in the fees charged for Development Services (building permits)

has resulted in transferring two positions from the General Fund to the fee dedicated Development Services Fund. The FY 11-12 budget reductions maintain 1.0 FTE for Code Enforcement, but no casual hours to assist in that work load or administrative support.

Finance Department

	FY 09-10 Actual	Cut in FY 10-11	Cut in FY 11-12	Total Reductions	As a % of FY 09-10
Budget	$4,561,171	$350,100	$263,420	$613,520	13%
Staff Reductions	38.00	2.00	2.25	4.25	11%
Casual Hour Reductions	0	0	0	0	0%

- The Finance Department has previously reduced 1.0 FTE at Municipal Court, 1.0 FTE Accountant, a 1.0 FTE Senior Administrative Specialist (with .75 of the FTE allocated to other part-time positions). For FY 11-12 the Department has eliminated the .50 FTE Purchasing Coordinator, a .50 FTE Accounting Specialist, and 1.0 FTE Customer Support Specialist in MIS. In addition, the Finance Department has assumed some of the Risk Management responsibilities from Human Resources. Impacts of these changes will be a reduced response time on some tasks, and a re-allocation of work between staff, with several positions currently being trained to work in multiple areas within the department.

Fire Department

	FY 09-10 Actual	Cut in FY 10-11	Cut in FY 11-12	Total Reductions	As a % of FY 09-10
Budget	$11,040,775	$813,290	$676,840	$1,490,130	13%
Staff Reductions	69.00	0.00	0.00	0.00	0%
Casual Hour Reductions	0	0	0	0	0%

- The Fire Department reductions are mostly one-time in nature. During the current fiscal year the department has held 2.0 FTE vacant; for FY 11-12, 1.0 FTE will continue to be held as approved but unbudgeted and will not be filled. The Department has effectively ended all contributions to vehicle/equipment reserves, and after the purchase of two replacement ambulances in FY 11-12 will have to identify an alternate source of revenue or reduce other expenditures to fund future vehicle replacements. Similar to other City departments, the Fire Department has also ended the practice of budgeting for likely or known retirement cash outs of accrued leave. Each retiree may have significant accruals and future years will likely require the use of contingencies or station configuration adjustments in order to pay for employee accruals.

Corvallis-Benton County Public Library

	FY 09-10 Actual	Cut in FY 10-11	Cut in FY 11-12	Total Reductions	As a % of FY 09-10
Budget	$6,108,299	$453,910	$1,140,730	$1,594,640	26%
Staff Reductions	46.65	1.25	7.25	8.50	18%
Casual Hour Reductions	12,236	3,952	1,850	5,802	47%

- The Library has reduced hours of operation during FY 10-11, including closing on Sunday and closing early three nights per week. Maintenance has been deferred, and the materials budget has been cut. Reductions for FY 11-12 include closing on Mondays, reducing the early literacy program and volunteer recruitment, and further reductions in Library materials. Approximately $755,730 for FY 2011-12 for operation of the Corvallis-Benton County Public Library, including programs such as preschool reading readiness services for families and child care providers; for volunteer recruitment and coordination; and for the acquisition of books, periodicals, and other library materials is subject to the outcome of the levy election on May 17, 2011. Approximately $211,000 for FY 2011-12 for year-round Library open hours on Mondays is subject to the outcome of the levy election on May 17, 2011.

Parks & Recreation Department					
	FY 09-10 Actual	Cut in FY 10-11	Cut in FY 11-12	Total Reductions	As a % of FY 09-10
Budget	$5,651,098	$615,560	$801,060	$1,416,620	25%
Staff Reductions	38.64	2.42	8.63	11.05	29%
Casual Hour Reductions	80,251	1,818	46,275	48,093	60%

- Parks & Recreation reductions have included one-time savings from deferred facility and park maintenance, reduced staffing for administration and park planning, reduced hours at the Osborn Aquatic Center, reduced contributions to reserves for replacement of vehicles and equipment and holding a position open for one year. Staff delayed hiring three seasonal positions by three months which has led to less maintenance work in parks, including mowing, weeding and invasive species control. For FY 11-12 the Department will further reduce a Parks Operations Specialist position from 1.0 FTE to .50 FTE. For FY 11-12 Parks & Recreation cuts include $308,200 for year-round operation of the Chintimini Senior Center and $412,200 for year-round operation of the Osborn Aquatic Center that would be restored if the levy is approved by voters on May 17, 2011.

Police Department					
	FY 09-10 Actual	Cut in FY 10-11	Cut in FY 11-12	Total Reductions	As a % of FY 09-10
Budget	$11,892,969	$175,280	$397,680	$572,960	5%
Staff Reductions	89.25	0.00	2.00	2.00	2%
Casual Hour Reductions	0	0	0	0	0%

- Police Department reductions in FY 10-11 come from holding two positions vacant for one year. In addition, in mid-term bargaining, the Corvallis Police Officers Association agreed to change from 10 hour shifts to 12 hours shift. This action is expected to reduce overtime and increase the number of officers on the street for each shift, improving public safety. For FY 11-12, the reductions include eliminating 1.0 FT Police Officer, 1.0 FTE Dispatcher, and holding 1.0 FTE Police Officer and 1.0 FTE Police Detective positions open for the year. Minimum staffing level requirements are of concern and this approach will be closely monitored.

Public Works Department					
	FY 09-10 Actual	Cut in FY 10-11	Cut in FY 11-12	Total Reductions	As a % of FY 09-10
Budget	$3,168,621	$278,340	$99,020	$377,360	12%
Staff Reductions	15.17	0.65	0.50	1.15	8%
Casual Hour Reductions	0	0	0	0	0%

- Property tax funding for Transit operations is eliminated through introduction of the Sustainability Initiative Fee (SIF), though the savings are not reflected in the numbers above since it was not a reduction in service or program costs. This change has resulted in $450,000 in monies that formerly were allocated to Transit being made available to support other operations. However, it also means that if other funding sources (including the Business Energy Tax Credit and federal grants) are reduced, there is no safety net of property taxes for Transit, and service reductions by way of lost routes or operating hours will be required. Other reductions have included a shift to the Street Fund paying 50 percent of the street light costs, up from 35 percent in FY 09-10, a change in allocation methodology for facility maintenance charges, and ending the radio program support in FY 10-11.

Non-Departmental					
	FY 09-10 Actual	Cut in FY 10-11	Cut in FY 11-12	Total Reductions	As a % of FY 09-10
Budget	$1,855,219	$47,450	$300,200	$347,650	19%
Staff Reductions	0.00	0.00	0.00	0.00	0%
Casual Hour Reductions	0	0	0	0	0%

- Non-Departmental reductions have included reduced support for partner agencies, including reductions of $46,480 between the two fiscal years for the Corvallis Arts Center, $144,890 for economic development allocations, and $156,280 for social service allocations. $102,870 of funding for social services would be added back to the budget if the May 17, 2011 levy is approved by voters.

The FY 2011-2012 budget in the property tax funds reflects just over $3,600,000 in reductions, eliminates 21.68 FTE, more than 48,000 hours of casual labor, and holds open as approved but unbudgeted a total of 3.25 FTE in the property tax supported funds and another 4.0 FTE in the Development Services Fund. These reductions total about 10 percent of the operating budget in the property tax funds, and 5.6 percent of the City's positions. This level of service reduction is alarming but the City of Corvallis is not alone. Similar or larger levels of service reductions have been made by almost all of Corvallis' comparators as well as larger Oregon cities. Most are also looking at revenue alternatives (many of which Corvallis has already pursued), reorganizations, shared services, efficiency measures, and drawing down reserves in order to balance budgets. Some have looked for similar levels of concessions from employees on both COLA freezes and changes to employee cost sharing levels for medical/dental benefits. Corvallis will continue to pursue all options.

COUNCIL GOALS

The *Corvallis 2020 Vision Statement* sets the overall vision for the community. Each City Council adopts goals to be accomplished during the two-year term for the Council that are designed to move the organization closer to the community's vision. During FY 10-11 the City made progress on the Council's 2009 to 2010 Goals and Objectives. The City Council elected for the 2011-2012 term has adopted four new goals, and work on these goals has already begun. City staff will also continue to work on the City Council's overarching values of cost efficiency, sustainability, citizen involvement, and diversity, incorporating these values in all work products.

The goals, and the specific FY 11-12 budget implications of the goals, include:

1. By December 2011, the Council will provide direction on recommendations to strengthen access to and availability of locally produced food and community gardens via policy, ordinance and Land Development Code changes. By December 2012, the Council will enact code and policy changes corresponding with that direction. Work on this goal is well underway. The Parks & Recreation Department is currently in the middle of a community-wide process to develop a community garden master plan with expected outcomes to include defining the types of gardens, establishing garden site selection criteria, and developing a user friendly guide on how and where to start a Community Garden on City of Corvallis park lands. The master plan is expected to be completed during FY 11-12 using current appropriations for the Parks & Recreation Department and a grant, with most of the work completed by staff and interested volunteers. Community Development staff are working with a group of Benton County staff on the Health Impact Assessment project, with work expected to continue into FY 11-12.

2. By December 2011, the Council will consider action on recommendations by the Economic Development Commission concerning strategic priorities and funding sources for Economic Development initiatives. The Economic Development Commission (EDC) has been meeting twice monthly, has received orientation information, and is in the process of developing strategic initiatives for the City Council. In the coming fiscal

year the EDC will continue work on strategic planning and will also provide recommendations to the City Council regarding interim economic development services for the year.

3. Working with OSU President and his staff, by December 2011, the Council will create a plan to seize opportunities on parking, code enforcement, infill design, rental code, traffic design and other important issues. Leadership from the City and OSU met to develop a plan for prioritizing initiatives and moving forward. Respective staffs will meet in the second quarter with a check-in scheduled with joint leadership by the end of the second quarter. Once reviewed by leadership, a follow-up Council discussion will be scheduled regarding the plan, including priorities, timelines and resources necessary to be successful.

4. The Council will create a financially sustainable City budget. Amend compensation policies to align total employee compensation with available City revenue. Develop new sources of revenue that align with the cost of desired City services. The Budget Commission directed the City Manager to develop this balanced budget. The Council policy on City compensation is scheduled for review beginning the summer of 2011, and work on revenue alternatives continues into the summer. The Fire department is working with Albany Fire and a consultant to study opportunities for joint operations, and the City's Management Information Services Division is working with Benton County Information Technology on whether a single joint operation could work. The Parks and Recreation Department is exploring creation of a Parks and Recreation District, and the 9-1-1 Users Board is also exploring creation of a 9-1-1 District.

CHALLENGES, ISSUES AND OPPORTUNITIES

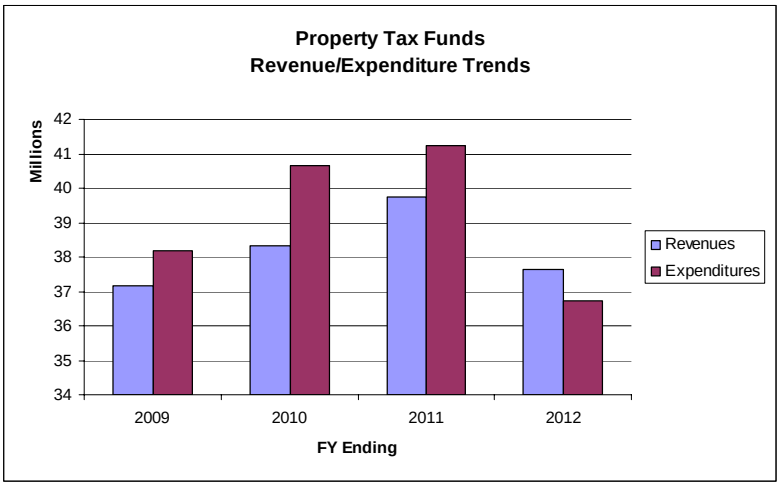
I am confident the organization will effectively meet changes on the horizon. What follows are key areas for elected and appointed officials and the community to pay attention to.

1. Employee Support: The City of Corvallis is a service organization that depends upon its dedicated and creative employees for success. While citizen engagement, transparency, and board and commission involvement are critical elements in the City's award winning service portfolio, the foundation for success is built on our employees. Through surveys, benchmarking and performance measurement, elected and appointed officials and our citizens are aware of our very efficient and effective employees' provision of services. As the Budget Commission and City Council pursues present and future goals and objectives it is critical to consider the impact on City employees. Maintaining the current high performance organization and its resulting benefits is in everyone's best interests.

2. Levy Election: This Proposed Budget cuts all services necessary to balance the budget. However, two weeks after this Proposed Budget is presented to the community, the community will vote on a local option property tax levy for selected aquatic center, senior center, Library and social services.

3. Financial Future: Consistent with the Council goal to create a sustainable City budget, financial plan assumptions are significantly different than those presented in the past. For this year's financial plans revenue projections continue to be made in the historical manner – using historical performance and trending that data on known or expected factors. But, expenditure assumptions have changed. Past year financial plans have included future year projections based on historical performance. For personal services, the largest cost in the budget, future year projections have included a 5.5 percent annual inflationary factor to cover all costs – Cost-of-Living-Adjustments (COLAs), step increases, and medical/dental rate increases. This 5.5 percent projection is no longer included. The City's Public Employee Retirement System (PERS) rate has been forecasted according to projections from PERS, with rate changes effective July 1 of odd numbered years. Expenditure projections for personal services have been revised to reflect the City's budget for FY 11-12 rolled forward with only step increases for employees who are not at top step at the end of FY 11-12 and a six percent PERS rate increase included. There is no factor for COLAs or for medical/dental rate increases. In reviewing the Property Tax Funds Combined financial plan on page III-15, you will see that though this has improved the deficit position for FY 12-13 and FY 13-14, these funds still remain negative. This also means that if current and future contract negotiations include COLA and/or medical/dental benefit increases the financial future will be worse than FY 11-12 budget document projections.

Unfortunately, and as stated previously, there is no structural solution to local government financial challenges on the horizon, so maintaining City services will continue to require advocates who will champion those services.



4. New City Manager: The recruitment and hiring process for a new City Manager is well underway, with an appointment and start date scheduled for fall.

5. TMDL: Staff continues to work on expected mandates for meeting Environmental Protection Agency standards for the Total Maximum Daily Load (TMDL) issues at the Wastewater Treatment Plant. The community process that is currently underway to look at alternatives is being well managed by City staff, and the ideas and discussion have been fruitful. However, the ultimate solution will be expensive, and unlikely to be paid entirely from reserves. The organization will develop a plan for financing the solution.

6. Vehicle/Equipment Reserves: This budget proposal effectively ends contributions to vehicle/equipment replacement reserves for several departments, including the Fire Department. While some equipment replacement can be pushed out for a year or two, eventually the maintenance costs and unreliability of the rolling stock will make the ability to provide the basic Fire and Rescue services impossible. A plan for long-term funding will need to be developed.

7. Economic Development: The community will continue to discuss defining the appropriate level of economic development funding and priorities. I look forward to the new Economic Development Commission policy recommendations to City Council.

8. Community Planning: Many of the subjects the community most engages in revolve around land-use planning/community livability issues. With this budget proposal, and the reduction in Planning staff, the City will be challenged to address multiple large scale community involvement projects at the same time within available resources. While projects can and will be prioritized by the City Council, the prioritization always leaves some in the community unhappy that a favorite issue has fallen off the priority list. Finding a way to increase resources for these community-wide projects will continue to be a challenge.

9. Police Staffing: The Police Department continues to be understaffed. While this budget proposal eliminates 1.0 FTE Police Officer and 1.0 FTE Dispatcher and holds two positions vacant for another year, this is not a sustainable level of staffing and needs to be carefully monitored.

10. Budget Process: The budget process is scheduled for review this summer. In the best interests of everyone's time, careful consideration should be given to working off of a Budget Officer recommended budget process in projected budget reduction years and an enhancement request process in those years when revenues and reserves are sufficient.

SUMMARY

This is the final budget proposal I will make to the Mayor, City Council Budget Commission and community as the Corvallis City Manager. Corvallis is a wonderful community, winner of national awards and the envy of many others in the state. It has been a privilege to be City Manager the last eighteen years. City staff are truly dedicated to providing the quality of services Corvallis residents have come to enjoy and expect. It has been difficult to develop this budget with the level of reductions it includes, knowing that so many citizens support the good work staff do every day. I would like to give special acknowledgement to the Department Directors who have worked hard and creatively to

develop proposed budgets that maintain as many of the direct services to customers as possible within these limited resources. I also wish to acknowledge the hard work of the Budget Commission and City Council as they worked over the past year to provide ideas and input about developing this budget. I look forward to the City of Corvallis continuing its nationally recognized provision of quality services. Thank you all.

Respectfully Submitted,

Jon S. Nelson
City Manager

Attachment A

FY 11-12 REDUCTIONS *

	FY 11-12 Prop Tax Fund Amount	FTE	Casual Hours
A - Levy services			
Parks & Recreation - Senior Center Closure	$308,200	3.50	2,275
Parks & Recreaton - Osborn Aquatic Center Closure	412,200	4.63	44,000
Library - Monday Closure	211,000	3.00	
Library - 43% reduction in book budget, additional staffing reductions, supplies and equipment	755,730	4.25	1,850
General Fund - Social Services (United Way)	102,870		
Total:	$1,790,000		
B - Previously Discussed Packages			
Organization-Wide: Freeze COLA and benefits for all employees	$387,270		
Community Development - Package #1 - reduced planning and code enforcement resources to baseline level	52,790	0.30	182
Fire Department - Retiree Costs/Brownout/Vehicle Reserves	200,000		
General Fund - Social Services	27,000		
Police - Vehicle Replacement	50,000		
Police - Patrol Officer	82,310	1.00	
Police - 9-1-1 Dispatcher	44,750	1.00	
CMO - Videotaping meetings	7,990		
CMO - Newsletter	18,800		
Finance - Purchasing Coordinator	19,550	0.50	
Finance - Accounting Specialist	16,190	0.50	
Finance - MIS Computer Support Specialist	40,340	1.00	
General Fund - Arts Center	40,810		
General Fund - Economic Development Allocations	129,520		
Total:	$1,117,320		
C - City Manager Reductions			
City Mgr Office - City Manager Salary Savings/0.25 FTE Reduction - $51,400	24,160	0.25	
Community Development - Staff Reduction - (0.50 FTE Admin Specialist eliminated & 0.25 FTE Permit Technician)	46,180	0.75	
Finance Department/Administrative Services Fund- 0.25 FTE - Authorized/Unfunded Admin Spec - $11,950	5,620		
Finance Department/Technology & Communications Fund- Non-Personal Services reduct in 10-11 Revised - $17,000	7,990		
Fire - ($150K reduction to reserve contribution; $85K for 1 FF/EMT vacancy - authorized unfunded)	235,430		
Library - ($61K reduction to materials & $14K in other supplies/services/overhead)	75,000		
Parks and Recreation - ($26K 10-11 revised 3 non-returning seasonals, $41.3K reduce Park Op Spec; $32.7K - leave 2 Park Seasonals vacant in FY 11-12)	100,000	0.50	
Police - 2.00 FTE - Authorized/Unfunded Police Officer & Detective/ $10KVehicle Maintenance Reduction	178,330		
Public Works/Fleet - Fleet Services Specialist eliminated - $34,350 / Add back fuel increase/offsetting revenue - no increase to allocation	16,140	0.50	
Public Works/Facility - Change of allocation methodology to use a 3-year average	22,850		
Total:	$711,700		
Total FY 11-12 Reductions:	**$3,619,020**	**21.68**	

* Total FY 11-12 Reductions shown in this table are those made subsequent to the Property Tax Funds Combined Financial Plan presentation to Budget Commission on January 20, 2011. The FY 11-12 Reduction column in the tables included in the Budget Message narrative include an additional $528,500 net reductions to the FY 11-12 budget made prior to the January/February 2011 Budget Commission meetings.

CORVALLIS

ENHANCING COMMUNITY LIVABILITY

SECTION – II
BUDGET SUMMARY

CORVALLIS MUNICIPAL WATERSHED AT MARYS PEAK

City of Corvallis
Budget by Fund

Total Budget

$120,951,991

Property Tax Funds

$42,666,018

General Fund

Op $15,495,070
Non-Op $1,242,970

Parks & Recreation Fund *

Op $6,096,500
Non-Op $664,598

Fire & Rescue Fund

Op $11,384,830
Non-Op $1,025,470

Library Fund *

Op $6,486,530
Non-Op $270,050

Other Special Revenue Funds

$21,574,340

Street Fund

Op $4,265,800
Non-Op $1,201,450

9-1-1 Fund

Op $2,180,710
Non-Op $99,830

Development Services Fund

Op $2,838,820
Non-Op $289,560

Comm. Dev. Revolving Fund

Op $4,336,610
Non-Op $106,300

Parking Fund

Op $670,550
Non-Op $265,610

Transit Fund

Op $3,481,890
Non-Op $47,210

2011 Operating Levy Fund

Non-Op $1,790,000

Cap Const./Debt/ Perm Funds

$10,309,473

Capital Construction Fund

Non-Op $5,715,313

General Obligation Debt Service Fund

Non-Op $2,207,650

Pension Obligation Debt Service Fund

Op $1,350
Non-Op $2,385,160

Davidson Fund
Op $0

Enterprise Funds

$36,931,090

Water Fund

Op $8,981,860
Non-Op $7,570,640

Wastewater Fund

Op $7,314,460
Non-Op $8,653,210

Storm Water Fund

Op $2,014,500
Non-Op $1,514,740

Airport Fund

Op $820,910
Non-Op $60,770

Internal Service Funds

$9,471,070

Fleet Maintenance Fund

Op $818,030
Non-Op $16,000

Facility Maintenance Fund

Op $823,880
Non-Op $10,000

Technology and Communications Fund

Op $1,819,300
Non-Op $30,000

Administrative Services Fund

Op $4,688,910
Non-Op $30,000

Risk Management Fund

Op $959,950
Non-Op $275,000

Note: Shaded funds are accounted for on the accrual basis of accounting and budgeted for on the modified accrual basis of accounting, whereas the non-shaded funds are both accounted and budgeted for on the modified accrual basis of accounting.

* For this presentation, the property tax funds include all component funds, even if the component fund does not receive property tax revenue.

BUDGET SUMMARY

I. INTRODUCTION

This section of the budget summarizes the financial information about the operations of the City for FY 11-12. The Budget Summary starts with a reader's guide that is designed to help a reader find information in the budget based on what the reader's focus is – policy, communications, financial data, or operational information. A summary of the City budget that combines all funds by fund type is presented, followed by a summary of revenue and expenditure assumptions used to develop this budget. The operating expenditure budget is summarized by both department and type of expenditure. Finally, the non-operating budget is summarized, with page references to more specific information.

II. READER'S GUIDE

For the novice, the City's Annual Budget Document can look formidable. Since budget document users come with a wide variety of backgrounds, and include City staff, City Councilors, Budget Commissioners, citizens, and financial market experts, the information in the annual budget is designed to provide a lot of different information about the City to a lot of different users. The information in the budget is typically categorized using four main areas to facilitate an understanding of what the City plans to do with its resources for the next fiscal year: policy related information, a communications device, a financial plan and an operational guide.

A. ***A Policy Document*** – The City's annual budget addresses two primary kinds of policies: policies that are under development (usually stated as goals to be accomplished) that may change how the City operates in the future, and policies that are already in place. The City Manager's Budget Message, found in Section I, provides the background, sets the stage for the specific work plan that will be accomplished during the coming year, and identifies the policy issues that are important in the community as identified by the City Council in goal setting. New policy issues that have a fiscal impact are highlighted in the annual budget message. All of these policy issues have the potential to impact fees, taxes, and/or the allocation of existing staff or financial resources. Throughout the budget there will be notes about the financial impact of policies.

The Community's Goals narrative in the Appendices section provides summary information on the progress made by the City in achieving the community's 2020 Vision Statement. This section also identifies some of the plans for FY 11-12 and beyond that will continue the community's progress toward achieving these goals.

The City also has a number of policies that impact or direct existing operations; the appendix section of the budget includes the Financial Policies adopted by the City Council and reviewed annually which along with the various updated versions of the long-term Financial Plans and Business Plans are utilized by the Budget Commission to provide staff with direction on budget development. These policies govern the financial operations of the City and the development of the annual capital and operating budgets.

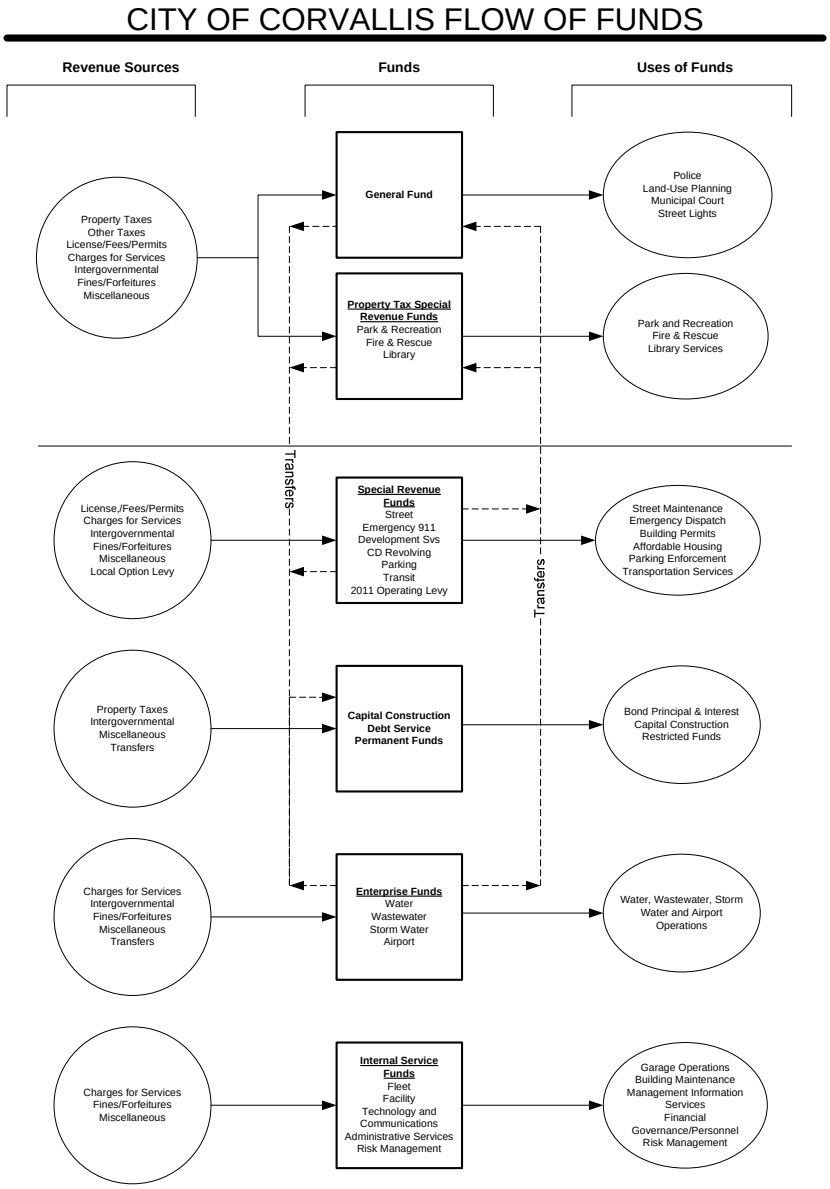
B. ***A Communications Device*** – The City's annual budget provides information about the priorities the City Council has set to be accomplished during the next fiscal year, but it also includes information about the day-to-day activities the City performs. The Budget Message provides a concise discussion of the major priorities of the City, key challenges, and issues meriting attention of the reader who may have insufficient time to digest the full document. For example, in FY 11-12, such key issues included the major reductions required to balance the Property Tax Funds for FY 11-12. The department and fund sections of the budget provide more detailed information about the budget for the major priorities, but also provide a considerable amount of information about the day-to-day activities, and the resources, or lack thereof, required to meet service demands. Performance measures are included in the Department section to provide information on how efficient and effective the City is with resources in pursuit of meeting Council goals and management objectives.

The City also seeks feedback from citizens on the services provided. The City has conducted a survey of its citizens every fall since 1993. The survey conducted in the fall of 2010 had a 36% return rate, which while still very good compared with other local governments' resident surveys, remains lower than the 60%+ return rate experienced by Corvallis in years prior when a local vendor provided the service. The response decline is partly attributed to the longer format of the National Research Center's (NRC) national citizen survey adopted for use three years ago. Since a response rate of this magnitude is still considered statistically viable, the trade-off of having the ability to benchmark results against communities across the nation is well worthwhile. This year's survey continued to include several questions similar to those asked every year, to allow staff to benchmark service use and areas for organizational improvement. For example, services ranked with a 90% or higher good or

excellent rating included sewer services, fire/ambulance/emergency medical, public library and City parks. All of these program areas, with the exception of wastewater/sewer services, also scored above a 90% in 2009.

The survey also includes specific questions each year that focus on issues of concern for the City. Results from the survey are used by staff to develop plans for improving communications about certain work areas. Results are also used by the Budget Commission and City Council to develop programs or services. The complete survey, including comments, are available on the City's web site at www.ci.corvallis.or.us. The City normally also publishes a newsletter in March of each year to highlight survey results in the context of the City's performance measurement efforts. Publication of this year's "report card" newsletter to citizens was delayed until June 2011 so as to avoid the appearance of advocacy either for or against the May 17, 2011, ballot measure pertaining to the City budget. Each annual report can be found on the City's website through the City Manager department link to City newsletters by month.

C. ***A Financial Plan*** – The Budget Document is foremost a financial plan, providing a numerical road map that matches resources available with the spending priorities defined by the Budget Commission and City Council. Each operational area of the budget has a specific set of resources and uses, as summarized below:



This Budget Summary provides brief information about the more detailed financial data found elsewhere in the budget document. Budget data for the City's annual operating budget – the pieces that are required for the City to provide services every day and the largest portion of the City's annual budget – is presented in three different organizational structures:

1. The Budget by Fund – The City uses a fund structure as the primary method of accounting for financial operations. A fund can be thought of as a "business", with all revenues in the fund specifically associated with the kinds of expenditures in the fund. In most cases, there is a legal restriction on the use of the revenue in a fund. This means that Water Fund revenues cannot be used to pay for Library books or Police cars since the Water Fund revenue is restricted in its use to services necessary to provide water to all properties in Corvallis. Funds are usually named for their primary activity (i.e., Street Fund accounts for revenue and expenditures associated with operating the City's street infrastructure). The General Fund is used as a catch-all fund, and is specifically defined as the fund to use when there is no reason to use another fund. Each of the operating funds' budget is summarized in the Financial Plans in Section III of this budget document.

For financial reporting purposes, different types of funds are accounted for in different ways, with governmental funds (General, Special Revenue, Capital Construction, Debt Service, and Permanent Funds) using a modified accrual method of accounting and proprietary funds (Enterprise and Internal Services Funds) using a full accrual method of accounting. For budget and long-term financial planning purposes, all funds are presented using a modified accrual basis. Among other things, this means that in the proprietary funds the City does not budget for or show depreciation expenses although depreciation expenses will be recorded during the fiscal year. Since the level of financial control and accountability is at the department level within each fund, a substantial portion of the budget document is devoted to showing the budget by fund – see the tabbed sections labeled "V-Property Tax Funds, VI-Other Special Revenue Funds, VII-Capital Construction/Debt Service/Permanent Funds, VIII-Enterprise Funds, and IX-Internal Service Funds" for more information on the funds, fund types, and accounting bases. A complete summary of the adopted budget by fund is shown on the inside tab of this section of the budget document.

For budgeting purposes, the General Fund, along with the special revenue funds that receive property tax revenue (Parks and Recreation, Fire and Rescue, and Library), are linked and referred to as the Property Tax Supported Funds. The special revenue funds were created before the passage of statewide property tax reform and were specifically designated to account for voter approved tax levies that were limited by the voters for the funds' identified uses. With tax reform (Measures 47/50) property taxes became a single tax rate levied against all property, and the City Council has the authority to change the allocation of property taxes each year. By Council Financial Policy, these four funds are reviewed together in the all tax funds combined presentation and taxes are re-allocated each year to keep each individual fund balanced and positive.

2. The Budget by Department – The department designation is used to group a set of like activities to enhance the opportunities for operational efficiencies, or to take advantage of professional qualifications of staff to work on multiple types of projects. A department can operate in just one fund, like the Fire Department operating in the Fire and Rescue Fund. In this case, the department has a fairly singular focus in its work, with specialized training that does not cross into other work areas. A department can also operate in multiple funds, like the Public Works Department that operates in eleven funds, including Street, Water, and Wastewater Funds. In this case the department has a more complex set of work tasks, but the same set of staff skills can be used in a number of areas.

Each department also has divisions and within each division there can be anywhere from one to several programs. The program level is used to either manage specific work, allow the ability to cost specific services for which customers are charged a fee for service, or report to the City Council, citizens, or outside agencies. For more information on departments, divisions, and the services each division provides, see the Department Summary section of the budget (Section IV).

3. The Budget by Class – The City's budget also includes different classifications of revenues and expenditures which overlay the budget by fund and department. Comparing the budget by classification can help a reader understand how major sources of revenue or major costs are treated across the organization. Operating revenues have classifications which are: Property Taxes, Other Taxes, Licenses, Fees and Permits, Charges for Service, Intergovernmental, Fines and Forfeitures, and Miscellaneous revenues. Non-Operating Revenue classifications include Transfers and Other Non-Operating (usually associated with debt issuance or sale of capital assets).

Operating expenditure classifications include: Personal Services (includes salaries and wages, plus all associated benefits), Supplies and Services, and Capital Outlay. Non-operating expenditure classifications include Transfers, Debt Service, Capital Projects, Other Non-Operating, and Contingencies which are appropriated but not used unless authorized by the City Council.

D. ***Operations Guide*** – The City's operations are defined through the budget document in both fund and department discussions. In the Department section, a reader can see how a wide variety of functions may be organized into a single

department. In the Fund sections, a reader can see how services are matched with resources. In the Financial Plans section, a reader can see how long-term financial projections are used to plan work projects or address revenue needs such as a fee increase. The Budget Message and summary also serve to drive operations by tying services and initiatives back to citizen needs and Council goals. The budget document as a whole is also used by staff operationally as both a guide for the work plan to be accomplished and as a reference tool, serving as a comprehensive source of historical information and projections based on current assumptions.

The Budget Process summary in the Appendices section underpins City operations with its annual overview of the cycle to establish plans for funding those operations. The Budget Commission, a group made up of the City Council and an equal number of citizen appointees, convenes each year in January to hear the results of the Citizen Survey, the City Council's goals, and the Capital Improvement Program Commission's recommended CIP. Approximately every other year, the Budget Commission reviews updated Business Plans for each Fund. The Budget Commission also reviews the status of the City's finances and hears from citizens about requests to increase, decrease, or change services, as well as requests for City funding for specific projects. The Budget Commission directs staff to prepare a budget which is returned to the Budget Commission in May as the City Manager's Proposed Budget. The Budget Commission conducts a public hearing to give citizens the opportunity to comment on the proposed budget, then recommends a budget for the City Council to approve. The City Council also holds a public hearing to give citizens an opportunity to discuss the Budget Commission's recommended budget before finally adopting the budget by resolution, setting the legal level of appropriations.

To develop the budget, Finance Department staff work with operating department staff. Staff in each department develop the department's proposed budget within the parameters set by the City Manager and the Budget Commission, including projections for the revenues for which the department has primary responsibility. The Budget and Financial Planning (BFP) staff review and analyze the department's proposals, then make a recommendation to the City Manager who reviews both the department's submitted budget and the BFP staff recommendations before approving a final Proposed Budget to be forwarded to the Budget Commission.

During the course of the year, each department manages and monitors its budget, reporting monthly to the City Manager and Finance Director on any unusual occurrences. The Finance Department has the overall responsibility to develop and monitor the budget. The Budget and Financial Planning staff prepare the Quarterly Operating Reports which are designed as interim snapshots of the City's financial position, and are published on the City's web site at www.ci.corvallis.or.us. The Finance Department also prepares the audited Comprehensive Annual Financial Report (CAFR) at the end of the year. More information on the City's Budget Process, including the time line and process followed, can be found in the Appendices on page XI-1.

III. FINANCIAL PLANNING

The annual budget focuses on one year of activity, but the City of Corvallis has a lengthy history of long-term financial planning. Financial plans for each operating fund of the City are developed and updated frequently during the budget process. Three years of each financial plan are presented in the annual budget (Section III), but the financial plans are all projected for five to seven years and employed by staff throughout the year as a planning tool. This information is used in several ways:

- ◊ The financial plans are used to make assumptions about revenues and expenditures, and then to test and refine those assumptions as each fiscal year is completed.
- ◊ The financial plans are used to model new assumptions such as changing the rate for certain fees (e.g., utility rates), examining the fiscal impact of legislative changes, or examining the long-term financial impact of budget decisions, particularly budget decisions that add ongoing annual costs, such as adding staff.
- ◊ The financial plans are used through the Capital Improvement Planning period to ensure that adequate funds will be available to cash fund projects or to meet debt commitments if a bond issue is planned.
- ◊ The financial plans provide a long-range planning tool for vehicle replacements or major maintenance projects, and are used to calculate and track contributions to reserves required to cash fund future purchases that are more substantial than the annual budget allocation would otherwise allow.
- ◊ In years where a deficit is projected, the financial plans allow for modeling of scenarios to balance the current year and future year budgets.
- ◊ Department revenue and expenditure budgets are checked against the financial plans to be sure everything is included, and there is a discussion of events that have changed the budget from the financial plan to check the impact on future assumptions.

A complete update of the financial plan is implemented every other year when departments update business plans so that each financial plan can be adjusted for changes that are the result of state law, Council policy, federal or state mandates, or operating issues that were previously unknown. Financial plans for all operating funds are included in Section III of the Budget Document.

IV. SUMMARY OF THE ADOPTED BUDGET FOR FY 11-12

For FY 11-12, the City's projected revenue totals $107,684,239. With an estimated beginning fund balance of $33,298,392, the City projects it will have $140,982,631 in total resources to fund services. The expenditure budget totals $120,951,991 with $85,480,460 for operating expenditures and $35,471,531 for non-operating expenditures. A summary of the budgeted revenues and expenditures is outlined in the chart below.

FY 11-12 ADOPTED BUDGET BY FUND TYPE

	Governmental Activities			Business Type Activities			
	Property Tax Funds	**Other Special Revenue Funds**	**Cap Const/Debt/ Perm Funds**	**Enterprise Funds**	**Internal Svc Funds**	**FY 11-12 Total**	**% of Total Rev/Exp**
Beg. Fund Balance	$3,532,060	$6,741,365	$1,712,997	$19,975,770	$1,336,200	$33,298,392	
Operating Revenue							
Property Taxes	20,274,090	1,790,000	2,130,000	0	0	24,194,090	22.47%
Other Taxes	1,151,190	0	0	0	0	1,151,190	1.07%
License, Fees, Permits	5,624,980	2,398,370	0	2,500	0	8,025,850	7.45%
Charges for Service	5,470,200	3,038,580	0	20,867,380	8,986,870	38,363,030	35.63%
Intergovernmental	4,783,920	9,823,870	2,233,470	343,101	0	17,184,361	15.96%
Fines and Forfeitures	976,510	409,230	0	0	0	1,385,740	1.29%
Miscellaneous	378,880	1,850,950	328,450	587,580	60,150	3,206,010	2.98%
Total Operating Rev.	38,659,770	19,311,000	4,691,920	21,800,561	9,047,020	93,510,271	86.84%
Non-Operating Rev.	1,936,060	118,390	4,602,778	7,516,740	0	14,173,968	13.16%
Total Revenue	40,595,830	19,429,390	9,294,698	29,317,301	9,047,020	107,684,239	100.00%
Total Resources	$44,127,890	$26,170,755	$11,007,695	$49,293,071	$10,383,220	$140,982,631	
Operating Expenditures							
City Manager's Office	0	0	0	0	3,060,210	3,060,210	2.53%
Community Dev.	1,356,480	7,201,350	0	153,970	0	8,711,800	7.20%
Finance Department	677,700	143,310	0	0	4,196,370	5,017,380	4.15%
Fire Department	11,384,830	0	0	0	0	11,384,830	9.41%
Library	6,456,530	30,000	0	0	0	6,486,530	5.36%
Parks & Recreation	6,096,500	0	0	0	0	6,096,500	5.04%
Police	10,502,180	2,531,900	0	0	0	13,034,080	10.78%
Public Works	1,642,760	7,897,820	0	18,977,760	1,853,490	30,371,830	25.11%
Non-Departmental	1,315,950	0	1,350	0	0	1,317,300	1.09%
Total Operating Budget	39,432,930	17,804,380	1,350	19,131,730	9,110,070	85,480,460	70.67%
Non-Operating Budget							
Capital Projects	0	0	5,715,313	6,104,320	0	11,819,633	9.77%
Debt Service	244,430	0	4,592,810	3,345,450	0	8,182,690	6.77%
Transfers	2,337,440	3,792,558	0	7,919,370	0	14,049,368	11.62%
Other Non-Op Uses	0	0	0	0	0	0	0.00%
Contingencies	368,290	260,330	0	430,220	361,000	1,419,840	1.17%
Total Non-Op. Budget	2,950,160	4,052,888	10,308,123	17,799,360	361,000	35,471,531	29.33%
Total Appropriated Budget	$42,383,090	$21,857,268	$10,309,473	$36,931,090	$9,471,070	$120,951,991	100.00%
Ending Fund Balance	$1,744,800	$4,313,487	$698,222	$12,361,981	$912,150	$20,030,640	

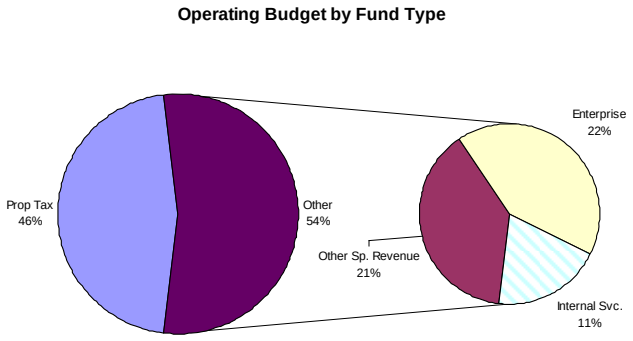
A. Property Tax Funds – Property taxes are the major revenue source for Police, Parks and Recreation, Land-Use Planning, Library and Fire services, although all of these services have some fee or grant resources also available. Additionally, starting in FY 11-12 the General, Library, and Parks and Recreation Funds are also partially supported by a voter-approved property tax levy outside of the City's permanent tax rate. For FY 11-12, the City's projected revenue in the property tax supported funds combined (General, Parks and Recreation, Fire & Rescue, Library) totals $40,595,830. With an estimated beginning fund balance of $3,532,060, the City projects it will have $44,127,890 in total resources to fund property tax supported services. The property tax fund's combined expenditure budget totals $42,383,090, with $39,432,930 for operating costs and $2,950,160 for non-operating expenditures. The ending fund balance, including reserves, is projected to be $1,744,800 or 4.51% of the current year operating revenue.

B. Other Special Revenue Funds – Other special revenue funds include the Street, 9-1-1, Development Services, Community Development Revolving, Transit, Parking, and 2011 Operating Levy Funds. The operations supported in these funds have specific designated revenues, and receive no property tax support. While the 2011 Operating Levy Fund was established to record revenue received associated with the above-referenced May 2011 local option tax levy, this funding will be transferred out to the Property Tax Funds for support of social services as well as Library, Aquatic and Senior Center operations. For FY 11-12, the City's projected revenue in the Other Special Revenue Funds totals $19,429,390. With an estimated beginning fund balance of $6,741,365, the City projects it will have $26,170,755 in total resources to fund the operations in these funds. The combined expenditure budget totals $21,857,268, with $17,804,380 for operating costs and $4,052,888 for non-operating expenditures. The ending fund balance, including reserves, is projected to be $4,313,487 or 22.34% of the current year operating revenue.

C. Capital Construction/Debt Service/Permanent Funds – This category includes the Capital Construction, General Obligation Debt Service, Pension Obligation Bond Debt Service, and Davidson Library funds. The Capital Construction Fund receives support from grants or bank loans for specific projects and interfund transfers for cash funded projects that are not utility projects. The General Obligation Debt Service Fund is fully supported by voter-approved property tax levies outside of the City's permanent tax rate. The Pension Obligation Debt Service Fund is supported by interfund transfers from the operating funds of the organization. The Davidson Library Fund is a permanent fund, supported by a $5,000 non-expendable trust. For FY 11-12, the City's projected revenue in the Capital Construction/Debt Service/Permanent Funds totals $9,294,698. With an estimated beginning fund balance of $1,712,997, the City projects it will have $11,007,695 in total resources to fund the services in these funds. The combined expenditure budget totals $10,309,473, with $1,350 for operating costs and $10,308,123 for non-operating expenditures. The ending fund balance, including reserves, is projected to be $698,222 or 14.88% of the current year operating revenue.

D. Enterprise Funds – Enterprise funds are business-like activities, where operating revenues pay for all costs of operation and maintenance as well as capital construction and debt service. The City of Corvallis operates four enterprise funds – Water, Wastewater, Storm Water, and Airport. For FY 11-12, the City's projected revenue in the enterprise funds totals $29,317,301. With an estimated beginning fund balance of $19,975,770, the City projects it will have $49,293,071 in total resources to fund the associated services. The expenditure budget totals $36,831,870, with $19,157,110 for operating costs and $17,799,360 for non-operating expenditures. The ending fund balance, including reserves, is projected to be $12,361,981 or 56.70% of the current year operating revenue. The enterprise funds carry relatively large balances in reserves for construction (systems development charge revenue) and debt service.

E. Internal Service Funds – Internal service funds provide services primarily within the City's operations and include the Fleet, Facility Maintenance, Technology and Communications, Administrative Services and Risk Management Funds. The primary support for internal services funds is payments from departments for the services provided. For FY 11-12, the City's projected revenue in the internal service funds totals $9,047,020. With an estimated beginning fund balance of $1,336,200, the City projects it will have $10,383,220 in total resources for these services. The combined expenditure budget totals $9,471,070, with $9,110,070 for operating costs and $361,000 for non-operating expenditures. The ending fund balance, including reserves, is projected to be $912,150 or 10.08% of the current year operating revenue.



V. REVENUE PROJECTIONS

The City's budget process begins with revenue projections and includes testing assumptions made about revenues for the current fiscal year and expanding those assumptions to FY 11-12. Revenues are discussed by classification as follows:

PROPERTY TAXES

	FY 08-09 Audited	FY 09-10 Audited	FY 10-11 Adopted	FY 10-11 Revised	FY 11-12 Adopted	% Chg from FY 10-11
Operations - Permanent Tax	$18,471,707	$19,426,353	$19,308,240	$19,804,600	$20,274,090	5.00%
2011 Operating Levy	0	0	0	0	1,790,000	-
Debt Service	1,967,512	1,266,920	1,900,000	1,900,000	2,130,000	12.11%
Total	$20,439,219	$20,693,273	$21,208,240	$21,704,600	$24,194,090	14.08%

Property taxes are 22.47% of the City's total projected revenue for FY 11-12, and 49.94% of the projected total revenue in the property tax supported funds. Property taxes provide more than 25% of the revenue in each of the General, Parks and Recreation, Fire and Rescue, Library, and General Obligation Debt Service Funds. In FY 11-12 the Transit Fund will no longer be allocated property taxes as it has been in prior years, due to the creation of a new sustainability initiative fee that is intended to make the fund self-reliant as well as supplementing local match requirements for its primarily grant-supported services.

Property taxes are levied for operating costs and to meet debt obligations on voter approved general obligation bonds. The FY 11-12 Adopted Budget assumes that the City will levy the full amount of the permanent tax rate of $5.1067 per $1,000 of assessed value and the full amount of the local option levy tax rate of $0.45 per $1,000 of assessed value, as approved by voters on May 17, 2011. It is further assumed that assessed value will grow 2.4% to $4,095,000,889 from the $3,999,075,433 certified in 2010; and that property tax collections will perform as they have historically.

Property taxes levied for voter approved general obligation debt are exempt from both Measure 5 and Measure 47/50 limits. For FY 11-12, property tax revenue for debt is expected to total $2,130,000. Taxes for debt are levied as a total dollar amount, in the amount necessary to return revenue to the City to pay the principal and interest due on the debt during the fiscal year. The City currently has only one general obligation debt issue outstanding: a refunding of two voter-approved bond issues from 1999 and 2001. The refunding was completed in May of 2009, with the City achieving over $755,000 in net present value savings. The underlying two issues were the 1999A Riverfront Commemorative Park construction bonds and the 2001 Open Space bonds that were used to purchase five parcels of open space totaling over 400 acres.

Historically, the City has lost around 2.5% of the total levy each year because of a 3% discount offered by the County Tax and Finance Office for taxpayers who make their property tax payment in a single payment rather than the three payments allowed by law. As a result, levy amounts, and the related gross revenue projections for FY 11-12 are:

	Levy Amount	Discounts	Gross Revenue
Operating Permanent Tax	$20,911,950	($522,790)	$20,389,160
Operating 2011 Levy	1,835,900	(45,900)	1,790,000
2009 Refunding of 99/01 Bonds	2,184,620	(54,620)	2,130,000
Total	$24,932,470	($623,310)	$24,309,160

The City estimates an additional $468,950 in revenue will not be received in FY 11-12 as the result of delinquent property tax payments; this amount will be collected in future years. For FY 11-12, the City estimates it will receive $353,880 in revenue from payments made on prior year delinquent property taxes. For more information on property tax projections, see the Financial Plans narrative in Section III.

OTHER TAXES

	FY 08-09 Audited	FY 09-10 Audited	FY 10-11 Adopted	FY 10-11 Revised	FY 11-12 Adopted	% Chg from FY 10-11
Transient Room Taxes	$1,076,629	$1,079,621	$1,036,190	$1,139,790	$1,151,190	11.10%

Other taxes are 1.07% of the City's total projected revenue for FY 11-12, and are a minor revenue in the General Fund. Other Taxes are from Transient Room taxes, estimated to increase 11.10% for FY 11-12 from the FY 10-11 adopted budget. Revenues in this category have been impacted by the poor economy in 2008 through 2009, but are showing signs of some recovery with room stays up nearly 9% in 2010 per Visit Corvallis statistics. As such, FY 10-11 was revised to higher levels, and with hotel rate increases anticipated in 2012, FY 11-12 results are projected to improve marginally again.

LICENSES, FEES, PERMITS

	FY 08-09 Audited	FY 09-10 Audited	FY 10-11 Adopted	FY 10-11 Revised	FY 11-12 Adopted	% Chg from FY 10-11
Franchise Fees	$5,178,552	$5,004,727	$5,153,790	$5,135,110	$5,239,420	1.66%
Building Permits	578,632	1,163,606	799,500	770,270	770,270	-3.66%
Transp. Maint. Fee	424,779	411,681	410,000	410,000	410,000	0.00%
SIF	0	0	0	484,920	1,119,300	-
Other	451,820	484,169	481,290	476,420	486,860	1.16%
Total	$6,633,783	$7,064,183	$6,844,580	$7,276,720	$8,025,850	17.26%

Licenses, fees and permits are 7.45% of the City's total projected revenue for FY 11-12. Licenses, fees, and permits provide more than 25% of the revenue in the General and Development Services Funds.

The primary revenue for this classification is from franchise fees, accounted for in the General Fund, which are estimated to increase by 1.66% over Adopted FY 10-11 based primarily on 18-20% electricity rate hikes as well as a small increase in population. However, largely offsetting this projected growth are revenue losses due to lower telecommunications franchise fee payments, which is being seen in FY 10-11 as collections struggle to attain even the lower revised estimated levels. As more people switch to wireless providers for their primary telephone service, the land-line based service payments are decreasing. Also conservation efforts are taking a toll on utility revenues, and in turn the franchise fees.

This classification also includes revenue from building permits taken out in conjunction with seeking inspections of construction of new/remodeled buildings, accounted for in the Development Services Fund. New residential construction has stagnated over the past three years and is only now starting to show some small signs of possible recovery. On the other hand, commercial activity has remained relatively robust, explaining the higher than anticipated results in FY 09-10. Commercial development on several large projects currently underway at Oregon State University, and Good Samaritan Hospital, continues to underpin projections for FY 11-12 fees, which are expected to be roughly equivalent with revised FY 10-11 levels. Nevertheless, both years are still expected to be more than 20% lower than levels achieved prior to FY 08-09.

The Transportation Maintenance Fee (TMF) is billed monthly on the City Services bill; revenues from the TMF are used for specific street improvement construction projects. Despite commercial construction having added several new billable areas to the system in recent years, receipts have stabilized around the $410,000 range based on economic impacts to other businesses.

A new revenue source was instituted in February 2011, entitled the Sustainability Initiative Fees (SIF). SIF are collected from utility rate payers via the City services bill in support of Transit, safety sidewalk maintenance and the urban street tree program and total $4.05 per household per month. Approximately $484,920 is projected to be raised through the latter part of FY 10-11, increasing to $1,119,300 for the full year in FY 11-12.

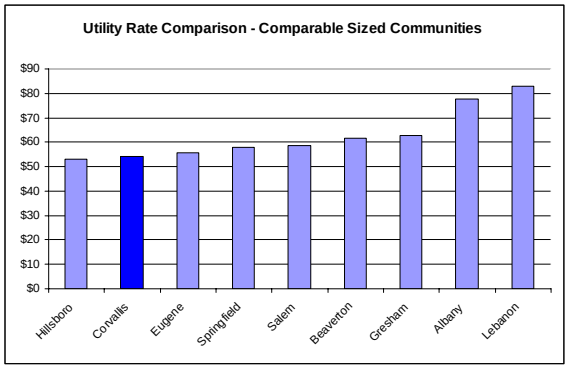
Of the Other Licenses, Fees, and Permits revenue, the Public, Education, Government/Institutional Network (PEG/I-Net) fees charged on cable television bills for local public access, is estimated to bring in around $140,100. Remaining licenses, fees and permit dollars are from permit work in the public right-of-way, use of park facilities, dog licensing and parking lot space rental fees.

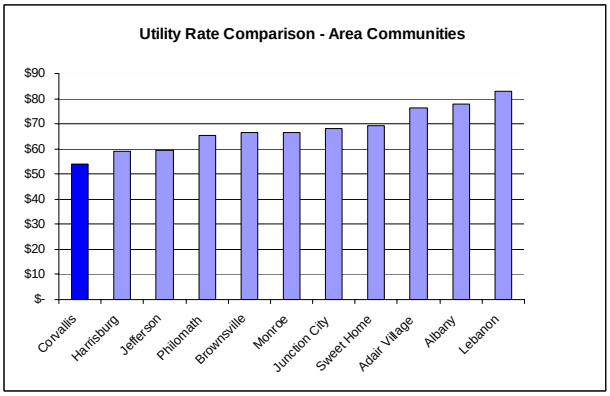
CHARGES FOR SERVICE

	FY 08-09 Audited	FY 09-10 Audited	FY 10-11 Adopted	FY 10-11 Revised	FY 11-12 Adopted	% Chg from FY 10-11
Utility Fees	$17,632,544	$17,456,064	$18,563,330	$17,801,090	$18,308,930	-1.37%
Systems Dev. Chgs	948,099	1,604,822	1,200,160	1,860,160	1,355,000	12.90%
Parks & Rec Fees	1,411,032	1,337,023	1,402,430	1,404,250	1,412,570	0.72%
Building Plan Review	608,473	1,909,005	977,500	1,040,460	1,103,960	12.94%
Contracted Fire Svc.	1,044,559	1,093,057	1,138,140	1,147,080	1,154,670	1.45%
Ambulance Fees	1,861,087	1,721,084	1,719,130	1,796,300	1,796,300	4.49%
9-1-1 Cost Share	830,570	986,560	936,220	936,220	927,500	-0.93%
Internal Service Charges	8,040,610	8,227,130	8,716,400	8,442,580	8,523,720	-2.21%
Other	3,705,600	3,700,374	3,653,200	3,697,250	3,780,380	3.48%
Total	$36,082,574	$38,035,119	$38,306,510	$38,125,390	$38,363,030	0.15%

Charges for service revenues are 35.63% of the City's total projected revenue for FY 11-12. Charges for service provide more than 25% of the revenue in the Development Services, 9-1-1 Emergency, Fire and Rescue, Water, Wastewater, Storm Water, Airport, Fleet, Facility, Technology and Communications, Administrative Services, and Risk Management Funds. Revenue in this category is from sales of City services to customers. The largest revenues are utility user fees for Water, Wastewater, and Storm Water services (utility funds), Systems Development Charges (Street, Parks and Recreation, Water, Wastewater, and Storm Water Funds), Parks and Recreation programs (Parks and Recreation Fund), charges for construction plan reviews (Development Services Fund), contracted fire and ambulance services (Fire and Rescue Fund), 911 cost share contract (911 Fund) and internal service charges (Fleet, Facility, Technology and Communications, Administrative Services, and Risk Management Funds).

A rate review is conducted each fall for the Water, Wastewater, and Storm Water Funds, with a Council goal to keep the combined rate increase for all three utilities to a 2% to 3% range for the average single family customer. Rates implemented February 1, 2011 increased 2.4% on the total bill, slightly below the 3% target cap. The projected rate increases for the three utilities will be reviewed in the fall with any actual increases put into place in February, 2012. Projected rate increases are shown in the financial plans, and currently assume 2.5% for each of Water and Wastewater, and 10.0% for Storm Water, which combined would result in a rate increase of around 3.3% on the total utility bill for the average residential customer. Corvallis rates remain competitive with both area communities (Corvallis has the lowest rate) and with comparable sized utilities (Corvallis is in the lower third).





Revenues for Systems Development Charges (SDC) were generally projected to increase marginally in FY 11-12 relative to Adopted FY 10-11 levels. However, actual FY 10-11 receipts to date are more than double Adopted Budget due primarily to the OSU projects, referred to previously, having contributed substantially to Street, Parks and Wastewater SDC collections year-to-date. These revenues tend to have substantial variability due to the rate of construction activity, as well as economic conditions that might impact the volume of this activity. Residential construction has virtually come to a standstill in the past several years, and has begun to experience only mild recovery. Since SDC revenue is typically not spent in the year it is collected, but is reserved for future construction of large infrastructure projects, accumulated SDC revenues are not anticipated to be fully expended in FY 11-12.

Parks and Recreation fees are collected for reservation of park facilities, entrance fees for Osborn Aquatic Center, and youth and adult participation in recreation programs and special events. Parks & Recreation programs are projected to remain at relatively stable levels or even increase a certain amount, despite the continued poor state of the economy. Within the Parks & Recreation

professional groups in Oregon there has been discussion that with fewer dollars people will be carefully weighing how to use leisure dollars and may be less likely to participate in multiple events; however Corvallis has been somewhat insulated from this effect, partly due to the presence of the University. Also, given less dollars for travel, citizens appear to be increasing support of programs closer to home.

Building Plan Review fees are projected to increase nearly 13% in FY 11-12 over the Adopted FY 10-11 projection based primarily on improvements seen during FY 10-11. This projection is largely based on the expectation that several large projects at OSU will continue to more than offset stagnant residential construction and renovation through the next fiscal year.

Contracted Fire Service and Ambulance revenues have both been revised up in FY 10-11 and increased for Adopted FY 11-12 compared with the original FY 10-11 projections. The contracted fire service revenue estimate is based on the most recently negotiated contract the City has with the Rural District to provide services, and the anticipated stable growth in assessed value of the district's property tax base. The increase in Ambulance revenue, though predicted in FY 11-12 to remain flat with its higher FY 10-11 level, is predicated on a combination of increased calls for service and successful collection efforts, offset in part by changes in Medicare/Medicaid and a greater number of write-offs related thereto.

The 9-1-1 Fund cost share is proposed to increase by 0% over all in FY 11-12, but based on slightly lower proportionate calls for service than the other user group members, Corvallis Police and Fire Departments will together experience nearly a 1% decrease in total cost share, as shown in the table above. The remainder of the charge is born by the other government agency users of the 9-1-1 system, with the latter revenue being recorded in the Intergovernmental category.

Charges for internal services, where the service is provided by one City department to other City departments, decrease based on the proposed budgets which have decreased over all in support of property tax funds combined. These charges are for central administrative services, as well as vehicle, facility, technology and communications and risk management.

Other charges for service, while being fairly large in total revenue, is relatively small as individual revenue line items, and include items such as FireMed memberships, gasoline sales, parking meters, burglar alarm response fees, airport hangar rentals, and miscellaneous charges for copies. The state of the economy is contributing to decreases in other development-related revenues, such as water meter sales and public improvement/private contractors (PIPC) payments, which have served to offset increases in other categories above, for a virtually flat projection in the overall charges for service receipts.

INTERGOVERNMENTAL

	FY 08-09 Audited	FY 09-10 Audited	FY 10-11 Adopted	FY 10-11 Revised	FY 11-12 Adopted	% Chg from FY 10-11
State Revenue Sharing	$1,221,810	$1,146,104	$1,427,810	$1,290,390	$1,454,890	1.90%
Highway Tax	2,112,752	2,285,107	2,934,190	2,873,470	3,227,750	10.00%
Transit Grants	1,525,733	1,955,125	1,618,340	977,140	1,723,200	6.48%
Housing Grants	969,683	704,068	3,626,190	1,228,010	3,436,310	-5.24%
Library Svc. District	2,195,968	2,227,600	2,432,620	2,395,900	2,413,840	-0.77%
Capital Projects	395,517	724,195	2,695,410	2,171,050	2,358,070	-12.52%
9-1-1 State Taxes	573,287	551,283	538,660	538,660	545,030	1.18%
Other	823,732	2,731,000	2,291,220	1,743,130	2,149,871	-6.17%
Total	$9,818,482	$12,324,482	$17,564,440	$13,217,750	$17,308,961	-1.45%

Intergovernmental revenues are 15.96% of the City's total projected revenue for FY 11-12. Intergovernmental revenues provide more than 25% of the revenue in the Street, 9-1-1, Community Development Revolving, Transit and Library Funds. Monies received from other governments are anticipated to be slightly lower than projected for Adopted FY 10-11 but increase over revised FY 10-11 levels in FY 11-12. Revenue projections are at similar levels on an Adopted basis due to the decrease in capital project activity mostly offsetting net increases projected for highway tax and state revenue sharing. Additionally, carryovers for Transit bus purchase grants served to partly mitigate declines anticipated in Housing grant availability.

State revenue sharing funds, which include alcohol and cigarette taxes, are paid to the City based on statutory requirements and the City may use the monies any way the City Council directs. State revenue sharing dollars have traditionally been accounted for as an undesignated revenue source in the General Fund. For FY 11-12, statewide receipts from state revenue sharing and alcohol

tax revenue are forecast by the League of Oregon Cities (LOC) to decrease by nearly 12% based on Department of Revenue calculations of combined changes in population, prices and projected sales information. Cigarette tax revenue has been declining, and is expected to continue to decline as a result of a combination of a decreasing number of smokers, lost cigarette tax revenues due to internet sales, and significant increases in Federal cigarette tax rates. Despite the overall trend for both liquor and cigarette tax amounts, total distributions to Corvallis are budgeted to exceed FY 10-11 Adopted Budget by 1.9% based on population growth and per capita estimates provided by the LOC.

Gas tax monies are projected to increase about 10% in FY 11-12 from Adopted FY 10-11 levels due to legislation passed in 2009, called the Jobs and Transportation Act. Corvallis could expect to receive an additional $1.1 million annually once the Act is fully implemented. Offsetting these increases however, are alternative fuels and the high price of gasoline, causing gas sales to decline, potentially leading to a smaller amount of highway taxes statewide.

Grant funding for Transit services anticipates receipt of capital grants for the purchase of two replacement buses. The City also anticipates continuing to obtain the maximum available operating grant allocation for Corvallis Transit basic operations and the Job Access Reverse Commute (JARC) grant. A portion of these grant amounts may however be in jeopardy should the energy tax credits not materialize for local match requirements.

Major grant programs for Housing (CDBG and HOME) are anticipated to continue, although new grant monies are declining. The projections for FY 11-12 include carry-over revenues that are expected to be committed to projects but are not yet expended.

The Library Service District revenue, which is a property tax levied against most properties in Benton County, is projected to decrease marginally in FY 11-12 from Adopted FY 10-11 levels because the latter were overestimated by the County originally. The Library service district has a permanent tax rate of $0.3947 per $1,000 of assessed value, and has a substantially larger tax base than the City. Changes in assessed value will be different than the City's assumptions for its permanent tax rate levy. Additional revenues come to the Library Service District from forest revenues, which are dependent on federal legislation.

Capital project grants vary from year to year depending on opportunities and the applicability of specific projects to the broader Federal or State priorities. A slightly lower capital project volume is currently anticipated in FY 11-12, and grant coverage for the projects has thus decreased. On a proposed basis, availability is anticipated for a TEA-21 grant for the Corvallis to Albany Trail development and an ODOT grant is expected to be carried over in respect of the advanced transportation management project.

9-1-1 State taxes in FY 11-12 are expected to come in just shy of FY 09-10 actuals and just over 1% higher than both Adopted and Revised FY 10-11, based on Oregon Emergency Management (OEM) per capita estimates provided by the LOC. OEM notes that, based on current wireless and land line trends, revenue distribution has dropped slightly from FY 09-10 levels, but will likely stabilize over the next few fiscal years.

Other grants and intergovernmental revenues are primarily for special projects. As with capital projects, grant opportunities tend to change from year-to-year based on how well City programs match with those opportunities. In FY 09-10 and FY 10-11, the significant amounts in this area are primarily due to American Recovery and Reinvestment Act (ARRA) funding of street grind/inlay projects and Transit buses. A significant portion of FY 11-12 is comprised of two large federal grants from an Energy Efficiency and Conservation Block Grant (EECBG) and the Environmental Protection Agency (EPA) totaling nearly $700,000 that are for climate control and other sustainability projects to be done by Public Works in the General Fund.

FINES AND FORFEITURES

	FY 08-09 Audited	FY 09-10 Audited	FY 10-11 Adopted	FY 10-11 Revised	FY 11-12 Adopted	% Chg from FY 10-11
Traffic and Criminal	$566,275	$539,280	$850,400	$625,400	$855,400	0.59%
Parking	376,302	367,280	404,930	404,930	405,930	0.25%
Other	177,479	126,563	110,240	126,840	124,410	12.85%
Total	$1,120,056	$1,033,123	$1,365,570	$1,157,170	$1,385,740	1.48%

Fines and forfeitures are 1.29% of the City's total projected revenue for FY 11-12. Fines and forfeitures provide more than 25% of the revenue only in the Parking Fund.

Revenue in this category is primarily from traffic, criminal, and parking citations that are adjudicated through the Corvallis Municipal Court. Traffic and criminal fine revenue is recorded in the General Fund. The number of citations issued has increased in the past few years with fewer Police Officer vacancies, but collection experience has deteriorated. Projections for both FY 10-11 revised and FY 11-12 adopted assume that progress is made with the new collections agency, resulting in a significant recovery of past due fines in the last quarter of FY 10-11 and throughout FY 11-12.

Parking fine revenue is recorded in the Parking Fund and assumes over 23,000 parking citations will be issued. The slight increase in FY 11-12 receipts is also predicated on collection improvements as noted above.

Other fines include late payments on lost and overdue books at the Library, and small amounts projected from other overdue amounts owed to the City.

MISCELLANEOUS

	FY 08-09 Audited	FY 09-10 Audited	FY 10-11 Adopted	FY 10-11 Revised	FY 11-12 Adopted	% Chg from FY 10-11
Interest Earnings	$928,635	$332,687	$234,180	$289,360	$380,200	62.35%
Energy Tax Credits	9,319	619,544	680,000	13,120	1,224,000	80.00%
Loan repayments	253,610	449,694	499,800	271,260	466,580	-6.65%
Timber Sales	327,436	268,352	387,000	335,500	346,000	-10.59%
Other	579,917	680,843	847,620	745,360	789,230	-6.89%
Total	$2,098,917	$2,351,120	$2,648,600	$1,654,600	$3,206,010	21.05%

Miscellaneous revenues are 2.98% of the City's total projected revenue for FY 11-12. Miscellaneous revenue is typically a major revenue only in the City's permanent fund which is to account for a permanent, non-expendable trust. However, in FY 11-12, based on earning rates and the endowment balance, interest earnings in that fund are projected to be negligible.

Miscellaneous revenue consists of revenue that does not fit into any other classification. As recently as FY 08-09, the largest single source of miscellaneous revenue was from investment interest earnings. However, as evidenced above, at an estimated total $380,200 for FY 11-12, this is no longer the case. While achieving this level in FY 11-12 would represent a 62% increase over Adopted FY 10-11 expectations, and will be higher than each of the prior two years' earnings, it is only about 41% of FY 09-10 actuals. The economy has had a serious impact on the interest rate environment, and is also a factor in the lower amount of funds available to the City to invest.

The City budgets business energy tax credits (BETC) primarily in the Transit Fund, but also receives several smaller energy credits each year as a result of various sustainability initiatives. These revenues are considered temporary in nature since the State Legislature could eliminate them at any time, and with the deteriorating economy, it has proven more difficult to find partners with sufficient taxable income to absorb the credits. The big increase shown in FY 11-12 adopted is a result of delayed timing of receipt of both FY 08-09 and FY 09-10 Transit BETC's due to the challenges of finding a willing tax partner with sufficient capacity.

Loan repayments relate primarily to the recycling of Housing funds to support first-time-home buyers, home rehabilitation/renovations and similar programs. Timber sales are a fairly steady stream of revenue obtained through judicious watershed management. Other miscellaneous revenues are primarily from one-time donations and non-intergovernmental grants or recovery of bad debts and insurance claims/losses.

NON-OPERATING REVENUE

	FY 08-09 Audited	FY 09-10 Audited	FY 10-11 Adopted	FY 10-11 Revised	FY 11-12 Adopted	% Chg from FY 10-11
Total	$17,833,757	$6,023,119	$15,646,822	$8,224,570	$14,049,368	-10.21%

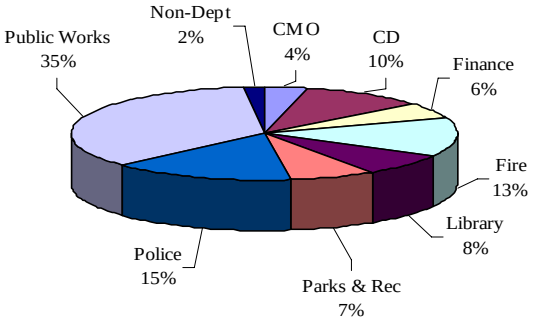
Non-Operating revenue is primarily from transfers that move monies from fund-to-fund, with transfer revenue matching transfer expenditures. The transfers in the Adopted Budget represent a 10% decrease from the current budget, which included budgeted loan proceeds of $2.35 million. A lower level of capital project expenditures is planned for FY 11-12.

VI. OPERATING BUDGET

The majority of the annual budget document is devoted to the operating budget since it both reflects the largest proportion of the City's annual expenditures and because the services represented are the most basic services the City provides. Operating expenditures are presented by department within each fund to match the appropriation level of the budget, but they are also presented by classification of expenditure. This section of the Budget Summary presents the same expenditure information by department and by classification of expenditure.

Each department may have budget in one or many funds, depending on the mix of operations included in the department. The graph below shows the operating expenditure budget by department.

FY 11-12 Operating Expenditures
All Funds



The table that follows shows the budget by fund and by department for all operating costs for the City for the Adopted FY 11-12 budget.

FY 11-12 ADOPTED OPERATING BUDGET BY FUND AND DEPARTMENT

	DEPARTMENTS									
Fund	**CMO**	**CD**	**Fin**	**Fire**	**Library**	**Parks & Rec**	**Police**	**Public Works**	**Non-Dept**	**Total**
General		$1,356,480	$677,700				$10,502,180	$1,642,760	$1,315,950	$15,495,070
Park & Rec						$6,096,500				6,096,500
Fire & Rescue				$11,384,830						11,384,830
Library					$6,486,530					6,486,530
Street		21,850						4,243,950		4,265,800
911 Emerg.							2,180,710			2,180,710
Devel. Svcs		2,838,820								2,838,820
CD Revolving		4,336,610								4,336,610
Parking		4,070	143,310				351,190	171,980		670,550
Transit								3,481,890		3,481,890
GO Debt Svc										0
Pension Ob.									1,350	1,350
Permanent										0
Water		51,350						8,930,510		8,981,860
Wastewater		50,380						7,264,080		7,314,460
Storm Water		52,240						1,962,260		2,014,500
Airport								820,910		820,910
Fleet Maint.								818,030		818,030
Facility Maint								823,880		823,880
Tech & Com.			1,607,720					211,580		1,819,300
Admin Svcs.	$2,100,260		2,588,650							4,688,910
Risk Mgmt	959,950									959,950
Total	$3,060,210	$8,711,800	$5,017,380	$11,384,830	$6,486,530	$6,096,500	$13,034,080	$30,371,830	$1,317,300	$85,480,460

Each department budget is also tied to classifications of expenditure. Personal services include all salaries, wages and benefits for the staff in the department. Supplies and services include items such as basic office supplies, utility payments, memberships in professional organizations, and training costs. Capital outlay is used for the acquisition of assets (usually vehicles, computers, or office equipment) where the cost is over $5,000 and the useful life is more than one year. Detailed information about each department, including the FY 11-12 budget by classification with comparisons to prior years is included in the Department section of the Adopted Budget document.

OPERATING BUDGET BY DEPARTMENT BY CLASSIFICATION

	Personal Services	% of Dept Budget	Supplies & Services	% of Dept Budget	Capital Outlay	% of Dept Budget	Total
City Manager's Office	$1,404,860	45.91%	$1,655,350	54.09%	$0	0.00%	$3,060,210
Community Development	3,692,100	42.38%	4,965,700	57.00%	54,000	0.62%	8,711,800
Finance	3,414,140	68.05%	1,422,580	28.35%	180,660	3.60%	5,017,380
Fire	8,760,020	76.94%	1,937,110	17.01%	687,700	6.04%	11,384,830
Library	4,240,920	65.38%	2,226,610	34.33%	19,000	0.29%	6,486,530
Parks & Recreation	3,820,050	62.66%	2,258,820	37.05%	17,630	0.29%	6,096,500
Police	9,984,880	76.61%	2,934,620	22.51%	114,580	0.88%	13,034,080
Public Works	11,864,510	39.06%	16,981,240	55.91%	1,526,080	5.02%	30,371,830
Non-Departmental	0	0.00%	1,317,300	100.00%	0	0.00%	1,317,300
Total	$47,181,480	55.20%	$35,699,330	41.76%	$2,599,650	3.04%	$85,480,460

CITY MANAGER'S OFFICE

The City Manager's Office is responsible for implementing the City Council's goals, policies, and decisions through management of the organization and also provides direct services of public information, official records, labor-management relations, City elections, human resources and risk management. Highlights for FY 11-12 include:

- ◊ Work with City Council to implement its Council Goals, including working with departments on development of an ongoing fiscal sustainability strategy.
- ◊ Hire a new City Manager, Public Works Director and Chief of Police upon the June 30, 2011 retirements of the incumbents in these three key positions.
- ◊ Negotiate new labor contracts with the International Association of Firefighters and the Corvallis Regional Communications Center Association.

COMMUNITY DEVELOPMENT DEPARTMENT

The Community Development Department is responsible for both current and long-range land use planning, development review, construction plan review and permitting, and the City's housing programs including Community Development Block Grant and HOME Investment Partnership grant programs. Highlights for FY 11-12 include:

- ◊ Begin implementation of a 3-year service enhancement package and reorganization of Development Services to improve customer service through a combination of a focus on project coordination as well as better technological solutions.
- ◊ Manage Community Development Block Grant (CDBG) and HOME Investment Partnership program utilization and administration in the context of diminishing federal resources for this purpose.
- ◊ Develop strategies to address planning work program priorities.
- ◊ Continue working with the new Economic Development Commission in support of its mission to enhance City activities in this area, including completion of an Economic Development Strategic Plan.

FINANCE DEPARTMENT

The Finance Department is responsible to account for and report on the financial and capital assets of the organization, prepares the annual budget and audit reports, and provides utility billing, municipal court and information systems management. Highlights for FY 11-12 include:

- ◊ Treasury staff will pursue a request for proposal for a new three to five-year banking relationship contract in collaboration with Benton County and the 509J School District, with a view to improving the City's cash management costs and efficiencies. Implementation of a new investment advisory contract should also lead to improved interest earnings in FY 11-12.

- ◊ Financial Services staff will implement Government Accounting Standards Board (GASB) Statement No. 54 on Fund Balance Reporting and commence a three-year contract with new auditors.
- ◊ MIS staff will continue working with the Benton County Information Technology department to determine whether a collaborative reorganization may warrant joint action by the City and County.

FIRE DEPARTMENT

The Fire Department is responsible for fire prevention and suppression, and basic and advanced life support emergency medical response for the City of Corvallis and the Corvallis Rural Fire Protection District based on a contract with that organization. The Fire Department also provides ambulance transport services for all of Benton County. Highlights for FY 11-12 include:

- ◊ Finalize design and begin construction of a new Fire training facility using bank loan financing obtained in FY 10-11.
- ◊ Continue efforts to enhance collections activities associated with ambulance billing.
- ◊ Hold vacant a firefighter position in support of balancing the adopted budget in the property tax fund combined.

LIBRARY

The Library's mission to "Bring people and information together" is reflected in services provided throughout Benton County. Services include a full collection of books, magazines, audio books and music on CDs, DVDs, and downloadable e-books; free public access to the Internet, and a wide variety of databases; reference services; programs, storytimes, and book clubs for all ages. Outreach to all of Benton County via a bookmobile and branches in Alsea, Monroe and Philomath through an agreement with the Benton County Library Service District. Highlights for FY 11-12 include:

- ◊ Explore new technology, processes and procedures to improve quality and efficiency to help meet the high levels of demand for services.
- ◊ Implement long-planned capital improvement projects for roof and masonry repair at the Corvallis Library.
- ◊ Continue working with the South Benton Library Project and the City of Monroe to plan a new Monroe Community Library building.

PARKS AND RECREATION

Parks and Recreation operates 1,810 acres of parks and open space lands; provides a full range of recreational opportunties; operates the Osborn Aquatic Center and the Chintimini Senior Center, which provide programs for both senior adults and the community at large. Highlights for FY 11-12 include:

- ◊ Develop a report on the feasibility of a Parks and Recreation taxing district.
- ◊ Utilize new sustainability initiative fees in support of urban forestry management plan projects.
- ◊ Begin update of the Parks and Recreation Master Plan to determine the strategic direction of the department, including cost recovery, facility, park and trail planning.
- ◊ Prioritize park service levels to accommodate reductions made in the budget.
- ◊ Complete Community Garden Master Plan.

POLICE DEPARTMENT

The Police Department provides public safety and crime prevention services for the City through patrol, traffic enforcement, crime analysis and investigation, evidence control, records management, and animal control services. The Department also operates the regional 9-1-1 Emergency Communications center, and provides parking enforcement services for the City. Highlights for FY 11-12 include:

- ◊ In addition to reduction of one police officer and one public safety dispatcher position, hold vacant a second Police Officer and one Detective position in support of balancing the Property Tax Funds combined budget for FY 11-12.
- ◊ Conduct feasibility study for 9-1-1 Emergency Taxing District as an alternative revenue source to stabilize funding for the program/services.
- ◊ Complete on-site assessment and attain reaccreditation by the Commission for Accreditation of Law Enforcement Agencies (CALEA).

PUBLIC WORKS

Public Works provides for the infrastructure needs of the community by operating and maintaining: transportation systems, including streets, sidewalks, traffic lights, signs, transit, parking lots/meters, and airport; water systems, including two treatment facilities, pump stations, reservoirs, and distribution; sanitary sewer systems, including collection piping, lift stations, and wastewater treatment plants; and storm water systems, including pipes, catch basins, water quality facilities, and streams. Public Works staff also provides maintenance services for most of the organization's fleet of vehicles and public buildings, and the City's telephone systems. The department manages the City's capital improvement program which works to maintain the City's existing infrastructure assets, and enhance or expand facilities when needed. Highlights for FY 11-12 include:

- ◊ Complete the public outreach process that will lead to selecting a long-term solution to comply with new and emerging regulations on the allowable level of pollutants in the wastewater effluent.
- ◊ Continue to enhance the Corvallis Forest through projects to improve wildlife and aquatic habitat and reduce invasive species.
- ◊ Work with community to improve sustainability practices in the City Council goal areas of energy and transportation.
- ◊ Construct a rain garden on Beca Avenue as a pilot for a program to manage storm water quality.
- ◊ Utilize the Energy Efficiency and Conservation Block Grant program and EPA Climate Showcase Grant to support conservation and efficiency in the City's energy use.

NON-DEPARTMENTAL

The Non-Departmental budget is used for managing monies that are not more appropriately managed elsewhere.

- ◊ $352,870 is budgeted in the General Fund for Social Services grants to be allocated through the United Way, with $102,870 of that amount supported through the voter-approved 2011 operating levy.
- ◊ A total of $465,470 is budgeted in the General Fund in respect of Economic Development, with $335,450 for Corvallis Tourism, $22,360 for Economic Development Commission work and $107,660 in non-dedicated funds to be allocated according to policy. This also represents a lower amount of the Transient Room Tax dedicated to this use, based on the need to balance the Property Tax Funds combined budget.

BUDGET BY CLASSIFICATION

In addition to reviewing the operating budget by department, most people want to know how much of the budget is being spent on certain classifications of expenditure.

PERSONAL SERVICES

	FY 08-09 Audited	FY 09-10 Audited	FY 10-11 Adopted	FY 10-11 Revised	FY 11-12 Adopted	% Chg from FY 10-11
Salaries	$28,634,363	$30,399,438	$31,591,550	$30,981,710	$31,689,070	0.31%
Benefits	11,705,196	12,018,102	13,735,110	13,428,180	15,492,410	12.79%
Total	$40,339,559	$42,417,540	$45,326,660	$44,409,890	$47,181,480	4.09%
City FTE	456.54	451.26	451.26	447.64	441.34	-2.20%

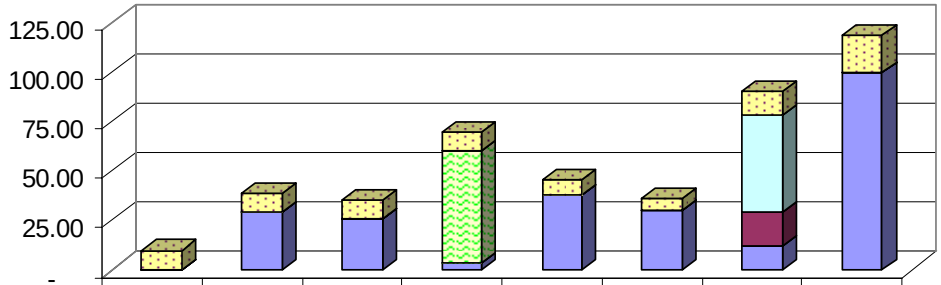
The Personal Services budget, which is the largest classification of expenditures in the budget, includes salaries and wages paid to full-time, part-time and casual employees, and the benefits associated with each position.

Salaries and Wages – The City uses a classification and compensation system to develop and maintain internal and external equity for positions, and the total compensation levels are governed by the City Council's Financial and Compensation Policies and negotiated agreements with bargaining units. Salaries are budgeted at the current pay level, and merit wage increases of approximately 5% are projected based on each employee's annual review dates and the existing pay tables, except for positions already at top step. New and currently vacant positions are budgeted at the lowest pay step.

The City has four separate bargaining units: the American Federation of State, County, and Municipal Employees (AFSCME) which is the labor union for the majority of the City's general service employees; the Corvallis Police Officers Association

(CPOA) which is the labor union for sworn Police personnel; the Corvallis Regional Communications Center Association (CRCCA) which is the labor union for 9-1-1 dispatch staff; and the International Association of Fire Fighters (IAFF) which is the labor union for Fire Fighters. Exempt employees, primarily management staff, do not have a labor agreement, but generally receive the same benefits as AFSCME employees.

FY 11-12 FTE by Bargaining Unit & Department



	CMO	CD	Finance	Fire	Library	Parks	Police	PW
Exempt	9.75	9.00	9.00	9.00	8.00	6.25	12.00	19.00
CPOA	-	-	-	-	-	-	49.00	-
IAFF	-	-	-	57.00	-	-	-	-
CRCCA	-	-	-	-	-	-	17.00	-
AFSCME	-	29.25	25.75	3.00	37.39	29.57	12.25	99.13

In the past, cost-of-living adjustments (COLAs) have been budgeted in accordance with bargaining unit agreements or the anticipated rate of inflation for wages based on the February CPI-W. For FY 11-12 through FY 13-14, no COLA has been included in the personal services budget or long-term plans. If a contractual COLA is maintained by a given unit in the three year planning period, savings/reductions will need to be found within existing appropriations in order to afford the incremental cost.

STAFFING LEVELS

	1995-1996 Actual	2000-2001 Actual	2008-2009 Actual	2009-2010 Actual	2010-2011 Adopted	2010-2011 Revised	2011-2012 Adopted	% Chg from 10-11 Adopted
City Manager's Office	9.75	9.50	10.00	10.00	10.00	10.00	9.75	-2.50%
Community Development	27.50	31.50	40.25	41.00	40.30	39.30	38.25	-5.09%
Finance	29.00	37.75	38.25	39.00	38.00	36.75	34.75	-8.55%
Fire	59.50	69.00	69.00	69.00	69.00	69.00	69.00	0.00%
Library	42.42	46.27	46.65	46.65	45.39	45.39	45.39	0.00%
Parks & Recreation	25.24	27.13	38.14	38.64	37.07	36.32	35.82	-3.37%
Police	81.90	91.25	86.25	92.25	92.25	92.25	90.25	-2.17%
Public Works	104.66	113.85	117.75	119.00	119.25	118.63	118.13	-0.94%
Nondepartmental	0.00	0.00	0.00	1.00	0.00	0.00	0.00	0.00%
Total	379.97	426.25	446.29	456.54	451.26	447.64	441.34	-2.20%
Population *	49,275	51,040	54,879	55,125	56,230	54,460	55,550	-1.21%
FTE per 1,000 Population	7.71	8.35	8.13	8.28	8.03	8.22	7.94	-1.00%

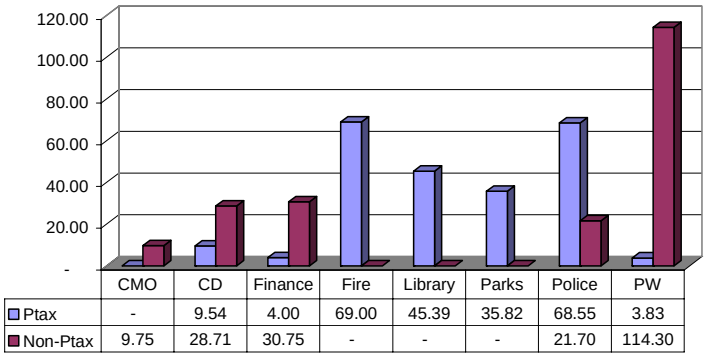
* Population comes from estimates developed by Portland State University and includes OSU students. FY 11-12 population is projected to grow 2%.

The FY 11-12 Adopted Budget includes a total of 441.34 Full Time Equivalent (FTE) positions. This is a 2.20% decrease from the Adopted FY 10-11 staffing level. One FTE equals 2,080 hours of work each year, or in the case of Fire Department personnel, who work 24 hour shifts, equals 2,912 hours per year. Casual staff members are also employed by the City. These positions do not show as FTE in the budget since they generally work less than half-time and do not receive benefits.

Changes in staffing are as follows:

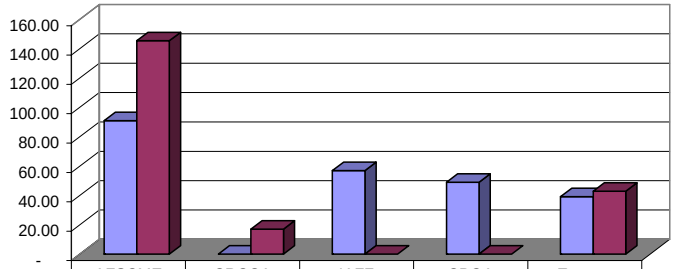
- ◊ The City Manager's Office reorganized with the departure of its two half-time Risk Coordinators, and re-staffed with a 0.75 FTE Human Resources Specialist, thereby reducing total FTE by 0.25.
- ◊ The Community Development (CD) Department decreased by 2.05 FTE. As part of reductions in service to balance the property tax funds combined budget, CD will not fill two vacant 0.5 FTE positions (a Code Enforcement Officer and an Assistant Planner), and will eliminate a 0.8 FTE Administrative Specialist, as well as reduce a Permit Technician Position by 0.25 FTE. CD also reduced 182 hours of its casual budget related to code enforcement support. Additionally, the Planning Division redeployed two positions to the Development Services Fund on an ongoing basis as part of a reorganization to help support the General Fund deficit. Lastly, CD will be holding 4.0 FTE in its Development Services group authorized but unfunded in FY 11-12.
- ◊ The Finance Department decreases by 3.25 FTE since the FY 10-11 Adopted Budget. Through a reorganization of vacant positions, 1.0 FTE Accountant was reduced mid-year and 0.25 FTE in a Senior Admin position was given up. For FY 11-12 two half-time positions (an Accounting Specialist and a Purchasing Coordinator) as well as the Computer Support Specialist will be eliminated and 0.25 FTE in administrative support will remain authorized but unfunded. The workload associated with these staff will be redeployed to other Finance staff.
- ◊ One Firefighter position will remain authorized, but be held vacant and unfunded through FY 11-12. This reduced staffing will result in increased overtime costs, but not to an extent that would serve to offset the associated savings.
- ◊ The Parks and Recreation Department will have a 0.5 FTE reduction in a Parks Operations Specialist position. The remaining difference from FY 10-11 Adopted FTE is a 0.75 FTE Management Assistant vacancy that was reduced mid-year. Two .67 FTE Park Seasonal positions will remain authorized, but be held vacant and unfunded through FY 11-12. Park's staff modified seasonal staff scheduling across both FY 10-11 and FY 11-12 for a savings of approximately $58,670.
- ◊ Police will eliminate one vacant Police Officer and one vacant Public Dispatcher as part of the department's contribution to balancing the FY 11-12 budget. An additional 2.0 FTE comprised of a Police Officer and a Detective will remain authorized, but be held vacant and unfunded throughout the fiscal year. With the new 12-hour shift, it is hoped that service levels can still be maintained with sufficient safety of staff and citizens.
- ◊ The Public Works Department reduced a 0.5 FTE Fleet Services Specialist and its remaining 0.63 FTE Administrative Assistant front desk position at City Hall in support of reductions to balance the Property Tax Funds combined budget.

FY 11-12 Property Tax FTE vs. Non-Property Tax FTE by Department



	CMO	CD	Finance	Fire	Library	Parks	Police	PW
Ptax	-	9.54	4.00	69.00	45.39	35.82	68.55	3.83
Non-Ptax	9.75	28.71	30.75	-	-	-	21.70	114.30

FY 11-12 Property Tax FTE vs. Non-Property Tax FTE by Bargaining Unit



	AFSCME	CRCCA	IAFF	CPOA	Exempt
Ptax	90.97	-	57.00	49.00	39.17
Non-Ptax	145.38	17.00	-	-	42.83

In addition to paid staff members, the City makes substantial use of volunteers for a wide variety of programs and services. For FY 11-12, the City estimates it will use more than 35 FTE of volunteer hours in departments as follows:

VOLUNTEER HOURS

Department	2008 Hours	2009 Hours	2010 Hours	2011 Projected
City Manager's Office	-	265	197	-
Community Development	-	1,175	1,127	1,127
Finance	112	126	125	125
Fire	44,006	41,776	47,602	40,000
Library	13,494	14,995	15,364	15,000
Parks and Recreation	26,999	29,976	23,776	22,700
Police	3,735	2,590	5,060	4,500
Public Works	607	669	653	950
TOTAL VOLUNTEER HOURS	88,953	91,572	93,904	84,402

Benefits – Benefits are budgeted according to legal requirements and include the City's portion of FICA, Medicare, PERS, medical, dental, life, and disability insurance. Overall, the benefits budget is 12.79% higher for FY 11-12 than in FY 10-11. Contributing factors include:

◊ The City's Public Employee Retirement System (PERS) employer rates effective July 1, 2011 through June 30, 2013 will be based on the December 31, 2009 valuation. Contribution rates net of Unfunded Actuarial Liability (UAL) rates are 7.90% for Tier I/Tier II General Services payroll, 16.03% for Tier 1/Tier II Police and Fire payroll, 6.53% for OPSRP General Service payroll and 9.24% for OPSRP Police and Fire payroll. On top of these rates, the City pays the 6% employee pick-up for CPOA, IAFF and exempt employees. For the latter, this contribution commenced in FY 10-11 in lieu of a FY 09-10 and FY 10-11 COLA.

◊ Medical, dental and vision benefits for FY 11-12 are budgeted to stay flat, despite rising healthcare costs. Exempt staff have agreed to freeze their cafeteria benefit for both calendar years. Other bargaining units have been asked to participate in this freeze; barring agreement on this topic however, departments will need to find ways to absorb any overages in this regard within existing appropriations, even if it means additional layoffs and service reductions.

SUPPLIES AND SERVICES

	FY 08-09 Audited	FY 09-10 Audited	FY 10-11 Adopted	FY 10-11 Revised	FY 11-12 Adopted	% Chg from FY 10-11
Total	$27,646,475	$29,396,082	$34,397,430	$29,332,970	$35,699,330	3.78%

The Supplies & Services budget includes costs for the purchase of:

◊ goods such as paper, office supplies, Library books and other materials, desk top computers, and tools;
◊ chemicals for operating the water and wastewater treatment plants;
◊ fuel and maintenance for vehicles and equipment;
◊ contractual services such as custodial, audit, and master planning services;
◊ overhead charges such as electricity, telephone, internal service charges, and trash/recyclable collection services; and
◊ training expenses for City employees.

Increases in the Supplies & Services budget are primarily based on known or expected increased costs which could be the result of rate increases, a commitment to a level of services, or the addition or enhancement of programs or services offered by the City. Contractual services can vary significantly, particularly for special project budgets, as the City's plans may change from year-to-year for studies, master plan updates, or other consultant services.

Overhead costs for utilities, particularly electricity and natural gas, are projected to increase in FY 11-12 based on projected rate increases. Some of the cost increases have been offset by reductions in use due to conservation measures put into place over the past several years.

Fuel costs for the City are projected to increase based on recent experience at the pumps. Fuel is a substantial cost for Transit, Police, Fire, and the Fleet Fund.

Asphalt prices are also expected to continue to increase significantly, affecting the amount of street improvements and street maintenance that can be accomplished with the same expenditure dollars.

CAPITAL OUTLAY

	FY 08-09 Audited	FY 09-10 Audited	FY 10-11 Adopted	FY 10-11 Revised	FY 11-12 Adopted	% Chg from FY 10-11
Vehicle Purchases	$1,652,894	$2,831,206	$1,460,480	$290,740	$2,087,640	42.94%
Other	769,319	806,141	548,680	406,430	512,010	-6.68%
Total	$2,422,213	$3,637,347	$2,009,160	$697,170	$2,599,650	29.39%

Capital Outlay is used for all purchases of equipment which exceed $5,000. Examples include vehicles, large equipment such as pumps or generators, and major computer systems. The City has historically reserved monies in most operating funds for vehicle and major equipment replacement so that monies are available when the equipment needs to be replaced. In FY 11-12 major capital purchases include two transit buses versus the four buses (three funded with ARRA monies) and three vehicles in the Fire Department purchased in FY 09-10. In FY 10-11, many departments made a concerted effort to defer capital purchases, and vehicles in particular as a cost-saving measure.

VII. NON-OPERATING EXPENDITURES

CAPITAL PROJECTS

	FY 08-09 Audited	FY 09-10 Audited	FY 10-11 Adopted	FY 10-11 Revised	FY 11-12 Adopted	% Chg from FY 10-11
Water	$1,454,568	$297,628	$2,951,950	$409,810	$2,366,140	-19.84%
Wastewater	258,939	753,858	3,417,040	836,910	3,012,270	-11.85%
Storm Water	564,140	206,185	602,200	354,480	725,910	20.54%
Airport	393,816	89,174	965,200	903,187	0	0.00%
Street	319,862	1,161,749	1,644,040	972,000	2,290,230	39.31%
Parks	699,948	360,531	635,077	21,100	858,243	35.14%
Other Capital Projects	1,017,505	321,731	3,942,340	2,544,490	2,566,840	-34.89%
Total	$4,708,778	$3,190,856	$14,157,847	$6,041,977	$11,819,633	-16.52%

Capital Projects represent projects which cost in excess of $10,000 and either add assets with a life longer than one year, or extend the useful life of existing assets. Capital projects are most often projects which replace, enhance, or add to existing infrastructure systems.

The Capital Project budget reflects a 16.52% decrease from FY 10-11. Major projects planned for FY 11-12 include:

- ◊ Completion of design and then construction of a Fire Drill Tower for department training exercises;
- ◊ Development and construction of a Corvallis to Albany trail; and
- ◊ Grant funded street reconstruction projects.

For more information on the Capital Budget, see Section X of the Adopted Budget Document, or the Five-Year Capital Improvement Program, available at the Corvallis-Benton County Public Library and online at www.ci.corvallis.or.us.

TRANSFERS

	FY 08-09 Audited	FY 09-10 Audited	FY 10-11 Adopted	FY 10-11 Revised	FY 11-12 Adopted	% Chg from FY 10-11
Total	$7,078,986	$5,992,551	$13,117,352	$5,784,800	$14,049,368	7.11%

Transfers represent the movement of monies between funds within the City organization. Most of the budgeted transfers are to move current revenues from the operating fund where the revenues are received to a capital construction fund where the monies are accounted for as capital projects in progress. FY 11-12 includes the first year of transfers to move the 2011 Levy monies from the 2011 Operating Levy Fund to the General, Parks & Recreation, and Library Funds. Each operating fund also transfers monies to the Pension Obligation Debt Service Fund to make the annual debt payment. The proportion of the transfer to be budgeted for each fund is determined using the prior year pension system payments for the fund. For an itemized list of budgeted transfers, see the Non-Operating Budget Section of the Adopted Budget Document, Section X.

DEBT SERVICE

	FY 08-09 Audited	FY 09-10 Audited	FY 10-11 Adopted	FY 10-11 Revised	FY 11-12 Adopted	% Chg from FY 10-11
General Fund	$0	$0	$49,920	$30,390	$244,430	0.00%
Property Tax	1,995,510	1,678,255	2,544,980	2,544,980	2,207,650	-13.25%
Water	1,016,170	1,018,484	1,009,240	1,009,240	1,018,820	0.95%
Wastewater	2,314,872	2,305,658	2,233,850	2,300,330	2,294,040	2.69%
Airport	30,278	29,474	42,170	33,670	32,590	-22.72%
Pension Obligations	2,086,188	2,182,247	2,281,950	2,281,950	2,385,160	4.52%
Total	$7,443,018	$7,214,118	$8,162,110	$8,200,560	$8,182,690	0.25%

The Debt Service budget includes appropriations to pay the scheduled principal and interest for all existing debt service issues.

In August of 2010, a bank loan of approximately $2.1 million was concluded with Bank of America, in support of various Capital Projects being planned in FY 10-11 and 11-12 for which there is insufficient current revenue in the Property Tax Funds combined to fund on a cash-basis. Debt payment is from the General Fund. Detailed information on debt service is included in Section X of the Adopted Budget Document.

CONTINGENCIES

	FY 08-09 Audited	FY 09-10 Audited	FY 10-11 Adopted	FY 10-11 Revised	FY 11-12 Adopted	% Chg from FY 10-11
Total	$0	$0	$1,322,520	$0	$1,419,840	7.36%

Contingencies have traditionally been budgeted at 2% of projected revenues in all major operating funds. In FY 11-12, as in FY 10-11, however, the four property tax funds are to carry only 1% of current revenue for contingent appropriations. This decision was supported by Budget Commission as being sufficiently fiscally prudent, since contingencies have seldom been used by Departments based on sound budgeting and spending practices. Contingencies are budgeted to allow the City to deal with emergencies and may only be used following approval by the City Council. If the City Council authorizes the use of contingencies, the budget is transferred, by resolution, to the appropriate expenditure category. There will never be actual expenditures in the classification of Contingencies.

ENDING FUND BALANCE

	FY 08-09 Audited	FY 09-10 Audited	FY 10-11 Adopted	FY 10-11 Revised	FY 11-12 Adopted	% Chg from FY 10-11
Total	$38,509,590	$35,265,169	$20,077,943	$33,298,392	$20,030,640	-0.24%

Fund balances, including reserves set aside for future purposes, are projected to be drawn down in all of the property tax supported funds due to declining revenues and costs which increase faster than revenues. Other funds, including special revenue funds which do not receive property taxes, System Development Charge Funds, the Water, Wastewater, Storm Water and Airport Funds will hold fund balances that are adequate to continue all planned operations and services at their current levels. The projected balance of monies held for reserves at the end of FY 11-12 include the following:

	All Funds	Property Tax Funds
Ending Fund Balance	$20,030,640	$1,744,800
Less:		
Restricted	12,656,074	161,282
Committed	1,405,297	944,076
Assigned	2,261,090	420,799
Balance Available for Appropriation	$3,708,179	$218,643

On page X-28, a schedule of changes by individual funds can be found that shows the anticipated beginning balance, estimated revenues, planned expenditures, and expected ending reserve balances that net to the projected unrestricted ending status of each fund as of June 30, 2011. In some cases, fund balances are being built to provide cash for a large capital project. In many cases, the fund may have longer-term projections that show the fund going into a negative position if all revenue and expenditure projections perform as currently estimated. In most cases, departments slightly under expend the appropriated budget due to vacancies or project costs that are lower than original estimates. These savings are generally captured during the revised budget process when departments have six months of experience in the current fiscal year and can more accurately project the beginning fund balances for FY 11-12. Another way of estimating the impact of unknown potential savings is incorporated in the form of a historical norming adjustment (HNA) in the long-term financial plans for each fund. For more information on the HNA, please refer to Section III of this document.

VIII. SUMMARY

The Adopted Budget for FY 11-12 is balanced, as per State Law and at the direction of the Budget Commission and City Council. The following pages provide more detail about the organization's work plan for the coming fiscal year and the resources necessary to complete that work plan. Questions about the FY 11-12 budget may be directed to the City of Corvallis Finance Department at 541-766-6990 or via e-mail to finance@ci.corvallis.or.us.

BALD HILL SUMMIT

SECTION – III
FINANCIAL PLANS

The City Council and the Budget Commission use the Financial Plans throughout the budget process to monitor the status of the City's current and future year finances. Long-term financial plans are developed for each operating fund of the organization, with revenue and expenditure estimates updated as more information becomes available during the course of the year. Although the plans are presented in a three-year format, staff uses the financial plans projected over the course of seven years for things such as utility rate setting or modeling tax levies in order to see the longer term impact of short term decisions. Capital project budgets are also tested in the financial plans to ensure that adequate monies are projected to exist both for construction of the project and for the operating costs that may be incurred upon the project's completion.

Budget Commission

Sitting (left to right), Laurie Mason, Mark O'Brien, Jacque Schreck, Curtis Wright, Jeanne Raymond, Biff Traber
Standing: Mike Beilstein, Joel Hirsch, Richard Hervey, Richard Carone, Karyle Butcher, Dan Brown, Barbara Ross, Hal Brauner, John Davis *Not Pictured*: Barbara Bull, Elizabeth French, Roen Hogg

FINANCIAL PLANS

Introduction

This is the final presentation of the financial plans for the FY 11-12 through FY 13-14 planning period. Several presentations have been made of portions of the updated plans over the course of FY 10-11. The Property Tax Funds Combined financial plans were presented at two special City Council work sessions on September 20 and November 22, 2010 respectively, in order to provide early estimates of a probable deficit in these funds. The street, parking and utility funds were also updated with the Capital Improvement Program (CIP) changes for their first presentation as part of the annual CIP Commission review. The second major revision of all of the plans was used by the Budget Commission in January to review the City's financial status and provide direction for developing the FY 11-12 budget. The third rendition of the plans was presented in May to the Budget Commission when this body convened to receive the Proposed Budget, which was built upon the assumption that the May 17, 2011, local option levy failed. A fourth version of the specific plans effected was presented May 19, 2011 to Budget Commission, incorporating revenues and expenditures as a result of voters passing the local option levy.

This final presentation for the FY 11-12 budget cycle incorporates the following:

- Operating transfers and operating costs related to Capital Improvement Projects (CIP) as identified in the CIP-Commission-recommended CIP program to be included as the capital budget;
- FY 08-09 and FY 09-10 audited revenues and expenditures;
- FY 10-11 revised estimates of revenues and expenditures;
- FY 11-12 adopted revenues and expenditures, including various reductions in property tax funded services as outlined in the budget message and ensuing pages; and
- FY 12-13 through FY 13-14 projected revenues and expenditures, maintaining the FY 10-11 and FY 11-12 reductions in the Property Tax Funds Combined except where noted as one-time in the matrices previously presented to Council which detail these adjustments.

Funds

The City has a total of twenty-four funds that are used to track and account for the City's operations. One new fund, the 2011 Operating Levy Fund, was added in June 2011 as a result of voters approving a local option levy in May 2011. All but four of the twenty-four funds have financial plans that are used to record historical revenue and expenditure patterns, and project future financial performance based on a series of assumptions. In the case of the utility funds, the financial plans are also used as a tool for rate reviews to ensure resources will be adequate to meet operational and capital needs.

The four funds that are not included in the financial plans are for capital construction (primarily a holding fund with resources and uses impacted only by capital projects), one permanent fund (which accounts for the restriction of a $5,000 original endowment from which only the earnings can be spent on specific Library-related supplies and services) and two debt service funds where the resources are either from property taxes levied outside all tax limits, or other funds' operating resources. More information on these funds can be found in the division pages of section VII of the budget document.

Property Tax Funds Combined

As of FY 11-12, the City will budget permanent rate property tax revenue in the General, Parks & Recreation, Fire and Rescue, and Library Funds in compliance with Council's Financial Policies. Previously, up to and including FY 10-11, the Transit Fund was also allocated a portion of the property taxes accorded to the City under its permanent operating levy. With the passage of the Sustainability Initiative Fee (SIF) by the City Council in December 2010, the Transit Fund will cease to receive property tax revenues beginning July 1, 2011. The Property Tax Funds Combined schedule on page III-13 adds the revenues and expenditures from the four aforementioned funds together for a single presentation to facilitate discussions about how to allocate property taxes to each fund. This schedule also includes a graph depicting projected best case, worst case and most likely trend lines as discussed in the Budget Capacity memo provided to the City Council at their November 18, 2008 work session (see Appendices page XI-8 of the Adopted FY 09-10 Budget Document). Over time, these projections are being tracked and actual performance is being measured against these projections to potentially improve accuracy.

The Budget Commission discussion focuses on the financial capacity for the combined funds, with allocation of property taxes for each individual fund developed after the strategy has been set. The combined financial plans for property tax funds show an unreserved balance of $218,645 before a historical norming adjustment (explained on page III-11). This positive balance has been achieved through the passage of a local option levy as well as service reductions in all departments, including layoffs and position elimination/reductions of a total of 6.30 FTE.

To attain positive fund balances in future years will require continued scrutiny of on-going expenditures and service levels, or introduction of possible significant new revenue sources.

Revenue Projections

Financial plans are updated by Finance and operating department staff for CIP planning in the early fall, as well as for special Council meetings as necessary, and are further refined almost monthly throughout the budget process. Major revenue assumptions are discussed more in-depth in each fund's business plan, with the assumptions summarized here.

Property Taxes

Property taxes are levied for operating costs and to meet debt obligations on voter-approved general obligation bonds. As part of the effort to maintain a positive fund balance in FY 11-12 and future years, Budget Commission and City Council introduced a $0.45 per $1,000 of assessed value local option tax levy to City of Corvallis voters in May 2011, to fund specific services. The three-year levy passed and goes into effect July 1, 2011. The financial plans do not include projections for debt service funds since the amounts levied are specific to the bond issue and the amount due each year.

Property Tax Limits

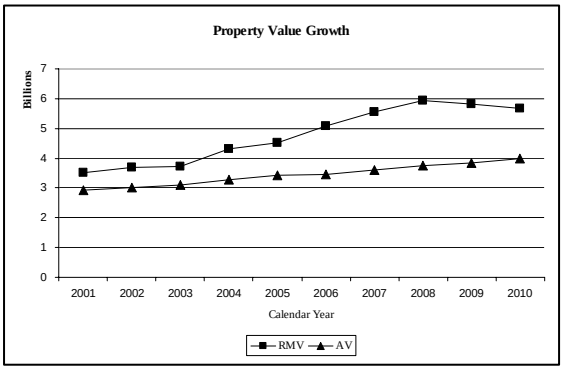
Property taxes for operations are levied in accordance with the Oregon constitutional limitations known as Measures 5 (1990) and 50 (1997). Measure 5 placed a maximum tax rate for non-education governments of $10 per $1,000 of real market value on each parcel of property. Measure 50 set a permanent property tax rate for each governmental entity and developed an assessed value for each parcel of property that is different than real market value for purposes of levying taxes. Assessed value is generally limited to an annual increase of 3% for each parcel of property. In a situation where the property's real market value decreases to less than the assessed value, the assessed value will also decrease, which is known as "Measure 50 compression." Aggregate assessed value will also increase based on new taxable development, with all new development assigned an assessed value that is the same ratio of assessed value to real market value as similar property.

Since Oregon voters approved Measure 50, local governments and special districts in Oregon have not been permitted to ask voters for increases in permanent property tax rates. When a permanent rate of a local government does not provide enough revenue to meet estimated expenditures, local governments may raise property taxes above their permanent rates only by voter approval of a local option levy. The levy rate approved by City of Corvallis voters in May 2011 is estimated to raise approximately $1,790,000 in FY 11-12, $1,850,870 in FY 12-13, and $1,924,900 in FY 13-14 or a total of $5,565,770 for all three years assuming growth in assessed value of 2.0%, 3.42%, and 4.0% each year.

Both real market value (RMV) and assessed value (AV) are important features in projecting property tax revenue based on different tax limits. In FY 10-11, in aggregate, residential property AV was 73% of RMV; commercial property AV was 57% of RMV; and industrial property AV was 100% of RMV. As a parcel of property's ratio of AV to RMV gets closer to 100%, which all three of these statistics did for the third consecutive year, that property approaches either the Measure 5 limit of $10 per $1,000 of RMV or Measure 50's caveat that AV will not ever be higher than RMV.

Property Taxes for Operations

Tax Rates: The City's permanent tax rate is $5.1067 per $1,000 of assessed value. The Financial Plans assume that the maximum tax rate of $5.1067 per $1,000 will be levied each year along with $0.45 per $1,000 of assessed value for the local operating levy. The FY 10-11 combined tax rate for non-education governments, excluding levies for debt, for most Corvallis residents was $8.3966 per $1,000 of assessed value. This translates to an aggregate rate of around $5.65 per $1,000 of real market value, well below the $10 limit. However, the rates are applied parcel-by-parcel, so some parcels may be closer to the $10 limit than others.



Property Values: In Corvallis, the history of assessed value growth in the post Measure 50 era has been irregular, with four years in the last ten where total assessed value has not increased by the "expected" 3%.

During the past ten years, Corvallis has achieved a 36.8% increase in assessed value, an average of 3.4% per year. Real market value, on the other hand, increased 68.8% for the eight years through 2008, then fell for two successive years back to nearly 2007 levels, for a net ten-year increase of 60.8% from $3.5 billion to $5.7 billion. Over the same period, the Consumers Price Index (CPI) has increased 23%, though remaining virtually flat since 2008. Changes in the annual real market and assessed values are reflected in the table below (dollars are in 000's).

Prior to 2006, the actual assessed value for residential property increased between 3.5% and 4.5% each year based on the 3% annual increase, and as new development averaging $115 million per year was added. Up until 2004, this growth was largely offset by decreases in industrial and personal property values based on depreciation of plants and equipment. Then, for two years, development outpaced depreciation. However, the 2006 assessed value was again impacted by depreciation of some of the City's larger tax-paying properties, such that the full 3% increase was not realized. Subsequently, assessed values rebounded again in 2007 and 2008, but then the economic downturn hit in late 2008; only 34 new residential building permits were issued in each of 2008 and 2009. Thus, when industrial depreciation was factored in, the AV increase fell below 3% again in 2009. The downturn also saw nearly a 5% decline in RMV over the past two years.

Tax Year	$K RMV	Growth From Prior Yr	$K AV	Growth From Prior Yr
2001	3,523,137	0.81%	2,922,822	1.52%
2002	3,694,492	4.86%	3,024,407	3.48%
2003	3,717,868	0.63%	3,113,328	2.94%
2004	4,299,629	15.65%	3,292,880	5.77%
2005	4,522,703	5.19%	3,433,647	4.27%
2006	5,088,443	12.51%	3,467,066	0.97%
2007	5,565,083	9.37%	3,613,017	4.21%
2008	5,946,532	6.85%	3,745,147	3.66%
2009	5,825,693	-2.03%	3,825,054	2.13%
2010	5,664,529	-2.77%	3,999,075	4.55%
Avg Annual Growth		5.11%		3.35%

For the current fiscal year, the City's assessed value increased by 4.55% from $3,825,053,618 in 2009 to $3,999,075,433 in 2010. This was greater than the projected increase of 1.87%, which was premised on the 3% allowed assessed value increase net of anticipated industrial depreciation and concern that property tax turnovers might once again be impacted by appeals from several of the City's largest industrial tax payers. Hewlett-Packard's AV and RMV were increased by the State's Assessment Office for 2010 based in part on comparable industrial property. The County continues to hold 1% of total taxes levied in FY 09-10 (about $180,000 for Corvallis) due to a pending appeal on a 2008 assessment for Hewlett-Packard. Appeals been filed for 2009 and 2010 valuations, and all three years are pending a tax court hearing.

For FY 11-12, assessed value is currently projected to increase by 2.4%, due to a combination of the ongoing economic downturn continuing to stall new taxable development and estimated decreases in industrial valuations serving to offset the 3% growth allowance for all other properties. At this time, no additional withholdings for appeals by industrial taxpayers are included in this estimate, despite information from the County that several such appeals have occurred or are anticipated. In FY 12-13 and FY 13-14 the AV is currently estimated to increase by 3.4% and 4.0% respectively (assuming residential development will begin picking up again with a slightly improved economy).

Property Tax Collections

Property taxes are levied by taxing district in accordance with Oregon Local Budget Law and certified to the County Assessor. Property taxes are collected by Benton County and distributed to each taxing district. Property taxes are due in three separate payments each year. However, counties are allowed to provide a discount if property owners pay the tax in full in November. Historically, the City has lost around 2.5% of the total levy each year because of the discount. As a result, levy amounts, and the related gross revenue projections are reduced by the 2.5% discount which will never be collected.

Based on historical data, the City expects an additional 2.3% of the levy each year will not be received due to non-payment of taxes. Property taxes that are not paid are secured by a lien on the property, and the lost revenue is recorded as a prior year receivable in the General Fund at the end of the fiscal year. Delinquent property tax revenue totaling around 51% of the outstanding receivables is projected to be collected each year from prior year delinquents. For FY 11-12, the City projects a loss of $468,950 from current year property taxes that are unpaid at the end of FY 11-12. The City also projects General Fund revenue of $353,880 from prior year delinquent property taxes.

Property Tax Allocations

The City Council's current Financial Policies direct that property taxes for operations be allocated to the four funds which receive property taxes each year as necessary to keep these four funds at approximately the same ending fund balance.

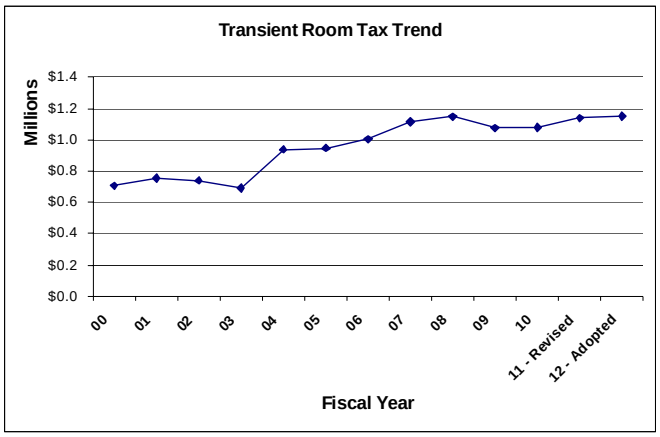
A portion of the Parks & Recreation property tax allocation is made to each of the Osborn Aquatic Center (OAC) and the Senior Center (SC) based on passage of the May 2011 Operating Levy. For FY 11-12, OAC will receive $270,000 and the Senior Center will receive $25,000 from the permanent rate property tax allocation, on the basis of what these operations would have received should the levy have failed, since these supplemental dollars are needed to support the full operation of these programs. Ongoing,

these flat amounts will increase by the percentage increase in assessed value. The remaining portion of OAC's and the Senior Center's operating revenue will come from the 2011 local option tax levy as well as program charges for services.

For FY 11-12 the adopted property tax allocation by Fund is shown in the table to the right. The allocation reflects the amount needed in each fund as the budget has been adopted, and leaves projected ending fund balances in the General, Parks & Recreation, Fire and Rescue, and Library Funds projected at between $54,400 and $55,200.

Fund	Proportion
General	29.77%
Parks & Recreation	18.68%
Fire & Rescue	38.36%
Library	12.98%
Arts Center	0.21%
Total	100.00%

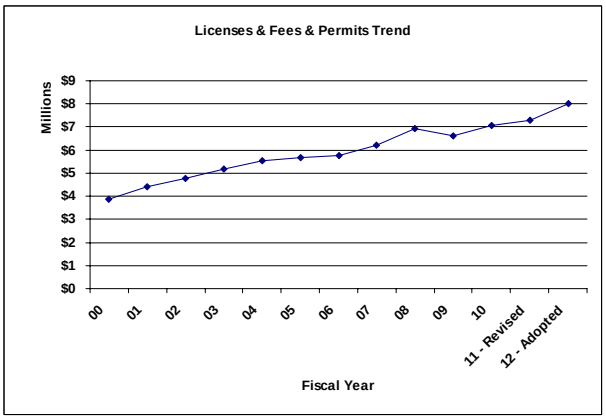
Other Taxes



The City currently levies a room tax of 9% of the room costs on all transient lodging in the city limits. The current economic downturn led to a decline in room tax revenue in FY 08-09 for the first time in many years, and FY 09-10 results remained virtually flat. "Visit Corvallis" data shows that the number of hotel stays in calendar 2010 increased 9.3% over 2009, and this is apparent in FY 10-11 where total receipts are on target to attain FY 07-08 levels. Also, based on current year trends, FY 11-12 revenue is expected to end 1% higher than FY 10-11 results. Then, with anticipated hotel price increases, revenue is expected to start gaining at approximately 2% per year commencing FY 12-13.

Licenses, Fees, Permits

Major revenues in this category include franchise fees charged on utilities for use of the publicly owned right-of-way (General Fund), building permits (Development Services Fund) and the transportation maintenance fee (Street Fund), and the Sustainability Initiative Fee (SIF).



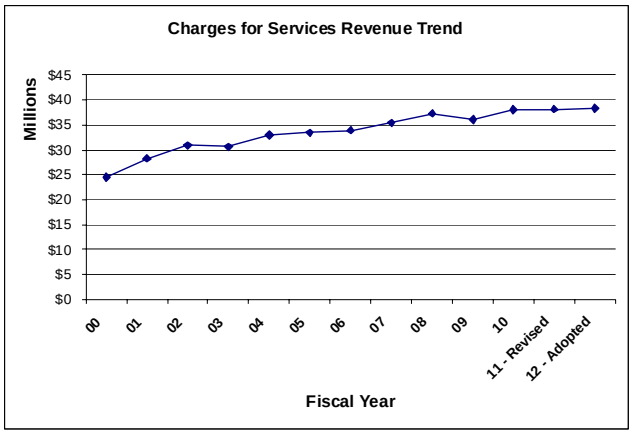
Franchise fees are one of the two largest single revenue sources in the General Fund. Major drivers for this revenue are the use of the services provided by the franchisees (utilities that use the public right-of-way) and the rates the utilities charge. In FY 09-10 franchise fee revenue came in significantly lower than both budget and the prior year due primarily to conservation efforts by rate payers. FY 10-11 revenues are remaining relatively flat year-to-date compared to FY 09-10, but with the January 2011 Pacific Power rate increase of 18%-21%, revised FY 10-11 revenues and higher FY 11-12 revenues are still anticipated to be achieved. The remaining two years of the planning period are being projected at increases of just over 1% per year, premised primarily on some level of utility rate increases continuing to be offset by conservation efforts. Decreasing use of land line telephones and increasing use of text messaging and other means of communicating using the internet are additional indicators of reduced franchise fees in the future.

The Development Services Fund receives building permit revenue from new construction in the City. The City's population is projected to continue to grow between 0.5% and 1.2% per year. This figure is consistent with estimates included in the Comprehensive Plan. Changes in the Oregon State University (OSU) student population will continue to have an effect on the City's overall population growth rate. Residential development in Corvallis, as in most of the rest of the United States, has slowed dramatically over the past several years due primarily to economic factors. Although this has been partly offset by relative strength in commercial development, fee revenue in the Development Services Fund overall is continuing at levels well below those reached in FY 07-08. While FY 09-10 significantly outperformed expectations, and FY 10-11 results year-to-date are on target to exceed budget as well, receipts continue to lag levels established in previous years. Additional economic recovery continues to be anticipated over the next twelve to eighteen months. As such, the Financial Plans show permit revenue beginning to ramp up again between 2% to 2.5% in the latter two years of the planning period.

The Transportation Maintenance Fee (TMF) is calculated for each property on the average number of vehicle trips generated by that particular property's use. The revenue received is used to fund specific street infrastructure projects. The City Services Bill is the mechanism for billing and collecting the fee from property owners. City departments are also subject to this fee. Based on trip rates ranging from 2.1¢ for non-residential to 14.2¢ for residential properties, this fee is projected to realize approximately $410,000 per year. Similarly the newly enacted Sustainability Initiative Fees (SIF) for Transit Operations, Urban Forest Management and Sidewalk Maintenance, which commenced in February 2011, are being collected via the City Services Bill. The three initiatives result in a total $4.05 charge per month for single-family residential customers. The expected FY 11-12 forecasted SIF revenue for each of the Transit, Street and Parks & Recreation Funds is $879,300, $150,000 and $90,000 respectively.

Charges for Service

This is the largest classification of revenue for the City. Charges for Service provide substantially all of the operating revenue for the Water, Wastewater, Storm Water and Airport Funds, which are all self-supporting. The City Council's current Financial Policies call for an annual rate review for the three utilities in the fall, with any rate increases implemented February 1. Annual rate increases are typically targeted at 2%-3% of the total water/wastewater/storm water utility bill for the average residential user, with a top rate increase limit of 7% by Council policy. The combined rate increase for the utility funds is projected to be at 3% for the next several years.



Corvallis Police Department (CPD) collaborative efforts with the Benton County Sheriff's Office (BCSO) contribute to the charges for service line item in the General Fund. BCSO pays its share of costs associated with the Records Management System software, evidence services and records and reception services.

Charges for service revenues for Parks & Recreation, including the Osborn Aquatic Center, are from fees charged for programs. Rates will continue to be reviewed annually and adjusted as necessary to meet Council Financial Policy goals, including specified levels of cost recovery.

Revenue from plan reviews in the Development Services Fund is projected to come in at levels less than FY 09-10 (which benefitted strongly from OSU commercial projects) in FY 10-11, and then remain relatively flat in FY 11-12, with the continued residential development hiatus. Marginal growth is then anticipated over the next several years, eventually bringing results back to previous levels.

Charges for service in the Fire and Rescue Fund are primarily from ambulance services and Corvallis Rural Fire Protection District (CRFPD) contracted services. Revenues for ambulance services enjoyed steady and significant growth during the five years through FY 08-09, due to a combination of growth in call volume, ambulance rate increases and improved collection efforts compared with prior years. While FY 09-10 results came in about 7.5% lower than the prior year, revenues thus far in FY 10-11 are on track to outperform budgeted numbers and achieve close to FY 08-09 levels once again. Commencing in FY 11-12 however, ambulance revenues are projected to remain flat with revised FY 10-11 budget, and then increase at a modest 1% per year through the remainder of the planning period. Calls for service growth is anticipated to be mostly offset by insurance reimbursements staying flat, and decreases in payments from Medicare. Rates are reviewed annually, and the City Council will consider increases when rates do not cover 100% of the operating costs for the transport ambulance. The financial plan will be revised any time a rate increase is approved.

The revenues received under the CRFPD contract are tied to property tax receipts, but the assessed values for the rural district tend to be a bit more stable than assessed values for the City. This contract was renegotiated in 2008, resulting in lower revenue levels than received in prior years based upon a reduction for vehicle replacements to be provided now by the Rural District. The CRFPD contract is projected to increase by approximately 3% per year after FY 10-11.

Charges for service in the Transit Fund have in the past included fare box revenues; payments from the City of Philomath for the City to manage the Philomath Connection operating contract and from Benton County for the City to manage the Special Transportation Fund program (STF); and charges to seven entities for group-pass programs that allow their employees to ride the system for free. With the advent of the SIF, riding the bus is now free, so fare box revenue and group pass income was discontinued as of February 2011. Other programs will continue to provide about $200,000 in indirect funding (i.e., based on

student enrollment levels and/or specific contracts) and commencing in FY 11-12 represent 100% of the revenue in this category in the Transit Fund.

Charges for service in the internal service funds (Fleet Maintenance, Facility Maintenance, Technology and Communications, Administrative Services, and Risk Management Funds) are established based on covering the projected costs for each service area. These costs are then allocated out to operating departments using a formula specific to the service area. Similarly, the 9-1-1 Emergency Fund users have a cost allocation methodology, which for purposes of Corvallis Police and Fire Departments is treated as charges for service revenue. Costs are adjusted annually via various cost allocation drivers.

Systems Development Charge (SDC) revenue is based on the rate and types of development, which can be difficult to predict. This revenue stream remains dependent on factors that are largely outside the control of the City. By State law, SDC revenue can be used only for capacity-enhancing capital projects. A significant decline in this revenue source was experienced in FY 08-09, based on the economic downturn and related decline in residential development. However, due to the significant commercial development that Corvallis has continued to experience, FY 09-10 saw a 69% increase in SDC revenue, and FY 10-11 is already ahead of budget and on track to regain FY 07-08 levels. Unless the national economy renews its impact on local development, projects currently scheduled to use SDC funds should have sufficient available through the three-year planning horizon at a minimum.

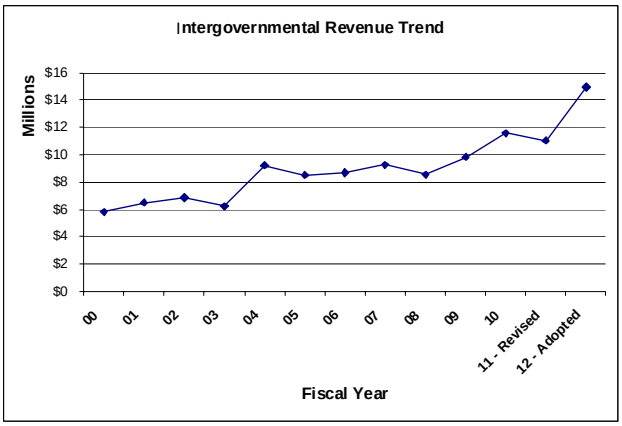
There is also a small amount of revenue from charges for service in the Library Fund from parking meters, meeting room rental, and public photocopiers.

Intergovernmental

This classification of revenue includes all grant monies from the State or Federal government. The City receives relatively few dollars from these sources when compared to counties and school districts.

The General Fund receives state revenue sharing, cigarette, and alcohol tax revenues from the State on the order of $1.2 million. Absent an always possible State diversion of revenue sharing, these sources appear to have stabilized and are no longer achieving the historic average increase of approximately 8% per year. In fact, so far in FY 10-11, the budgeted increases in alcohol taxes and revenue sharing are not materializing, and are trending toward the FY 09-10 results. For FY 11-12 and beyond, the forecasted revenue stream follows anticipated population growth rates of approximately 2% per year. Cigarette taxes have continued their decline of the past several years through FY 10-11, but are now expected to remain relatively flat in FY 11-12 and during the remainder of the financial planning period. Two grant programs that support energy conservation and efficiency are being administered by City staff in the General Fund. The federal Department of Energy's Energy Efficiency and Conservation Block Grant program brings $511,000 to the community and the Environmental Protection Agency's Climate Showcase Community Grant is expected to net $492,000 upon reimbursement of related costs.

The Street Fund receives State Highway Fund (Gas Tax) monies which increased steadily through FY 05-06 but then began declining slightly each year. However, in FY 10-11 these funds are projected to increase to about $2.8 million. This result, if it materializes, represents nearly a $600,000 increase over the prior year, and is based on information received from ODOT related to the fee changes contained in the Jobs and Transportation Act (JTA). Because there are different time intervals for when the various fees are charged (every year, every two years), the JTA growth is anticipated to continue with another 13% increase in FY 11-12, but then revenues re-stabilize to 3% followed by 1% growth through the next several years. In FY 10-11 about $380,000 of special project grant monies from the American Recovery and Reinvestment Act (ARRA) is included, a portion of which was carried over from FY 09-10.



A special tax on telephone usage funds a portion of 9-1-1 operations. The City receives monies for the City's share as well as the other government agencies that use the Corvallis 9-1-1 center. Telephone tax revenues have remained consistent; however this revenue stream remains vulnerable to diversion by the State. Effective in August 2009, the interest accrued on the telephone tax continues to be transferred to the State General Fund. This is resulting in a small loss of current and future year revenues to the 9-1-1 Fund. The revenue stream is projected however, to remain relatively stable through the three-year planning period.

The Fire Department has been moderately successful over the years in securing some grants for equipment replacement. These types of grants are generally not programmed in future years since they are based on specific grant opportunities which may not exist each year.

The Community Development Revolving Loan Fund receives federal Community Development Block Grant (CDBG) and HOME Investment Partnerships (HOME) program funding annually from the U.S. Department of Housing and Urban Development to support low-income housing, social services and community development programs. Funding in these programs is projected to be received at a stable level each year, although there have been decreases in both programs in recent years and future allocation amounts are uncertain. The recently adopted Federal Budget Bill dropped CDBG Funding 16% and HOME funding by 12%. Housing Division staff members continue to seek grant opportunities to supplement the monies available.

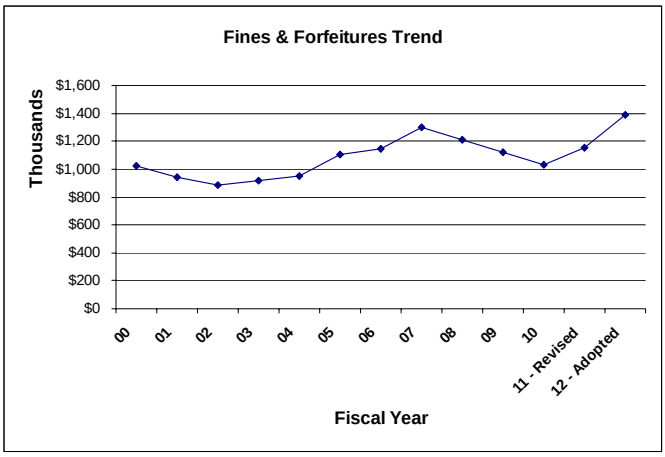
The Transit Fund receives an annual operating grant from the Federal Transit Administration. However, the grant passes through the local Metropolitan Planning Organization (MPO) before reaching the City, and decisions made at that level about the needs of regional transportation systems could impact the size of the grant the City ultimately receives. Throughout the financial plan, capital grants from the FTA are anticipated for the purchase of replacement buses, including $933,000 for FY 11-12 that was recently awarded.

The Library Fund receives intergovernmental revenue from the Benton County Library Service District. This is a special property tax district that contracts with the City to provide library services throughout the district. The Library Service District has a considerably larger tax base than the City of Corvallis, and has experienced a different growth rate in assessed value since the implementation of Measure 50. Revenues are projected through the planning period to increase at the 3.0% restricted AV growth with very little new development or projected decreases in industrial property value.

The Capital Construction Fund (not included in financial plan projections) receives grant monies for street, bike and beautification projects amongst other sizeable projects of a capital nature. These monies are unpredictable, project-specific, and are typically budgeted concurrent with the grant application or upon reasonable assurance of a grant award.

The Airport Fund receives grant monies for airport improvements, primarily from the Federal Aviation Administration. These grants are restricted for use on discrete operating or capital projects, and are not an ongoing source of revenue for the fund.

Fines and Forfeitures



In the General Fund, this revenue classification accounts for monies from traffic and criminal citations that are adjudicated through Municipal Court. Revenues have been steadily increasing until FY 07-08 when they commenced a declining trend that has continued through FY 10-11. Lower than anticipated collections year-to-date in FY 10-11 recovered through the bad debt collection process led to a downward revision in this revenue stream. In FY 11-12, revenues are expected to be higher than FY 10-11 with more success in collection efforts, and continue with very moderate growth in future years.

In the Parking Fund, fine and forfeiture revenues are from parking fines. This is projected to be a stable revenue source through the remainder of the financial planning period.

The Library Fund revenue for fines, lost books, and penalty fees is expected to increase by just over 23% in FY 10-11 and FY 11-12 compared with FY 09-10, based on a recent doubling of fine rates. Staff anticipates that there will be fewer late and lost books based on the higher fine level, but that overall additional revenue will be achieved. Future year projections are anticipated to stabilize around the higher level.

Miscellaneous

As the name implies, this classification of revenue includes a variety of different receipts that, from a financial reporting perspective, do not fit elsewhere. One formerly significant revenue source in this classification is investment interest earnings on the City's portfolio, which are allocated to each fund based on the fund's proportion of the average cash balance. After several years of rates greater than 4%, the market declined in early FY 08-09 due to ongoing economic turmoil. FY 10-11 revised

estimates are based on the City's known earnings from current portfolio investment holdings combined with projected Local Government Investment Pool (LGIP) rates. The latter fund has been paying an average of only 0.5% over the past year. This approach provides a conservative estimate that takes into account the LGIP's historic ability to at least marginally outperform a stable or declining market. Earnings year-to-date in FY 10-11 have surpassed adopted budget levels, so were revised up during the budget process. For FY 12-13 and FY 13-14, US Treasury futures have been applied to projected fund balances as the best proxy for where the market thinks rates will be in those outlying years. Since interest income is a relatively unpredictable revenue source which is based on factors largely beyond the City's control, such as current market conditions, interest earnings are not relied on to fund specific projects.

Lien financing payments from Housing, Special Assessment and System Development Charge customers have typically made up between 15-20% of the total miscellaneous revenues earned in the past several fiscal years, and are projected to remain in the same range of all miscellaneous revenues estimated for FY 10-11 and FY 11-12.

In addition to the $51,000 in charges for service that ASOSU pays the City for the Beaver Bus service, OSU also makes a $130,000 payment to help assure continuation of the public transportation service recognizing the value of this service to their faculty, staff and students.

Other revenue sources that are classified as miscellaneous in nature are gifts, donations and contributions. The largest source of funds which fits this description is the Business Energy Tax Credit (BETC), a State program where the City earns tax credits for projects that reduce energy consumption. These tax credits can then be sold to pass-through partners who have an Oregon tax liability resulting in revenue to the City. In the Transit Fund alone, annual BETC amounts were increasing steadily from a level of $412,500 in FY 05-06 to the $630,000 built into the FY 10-11 Adopted Budget. However, for the past two years, finding pass-through partners has rendered it difficult to count on this revenue. Currently, for FY 11-12, projected receipts of $1,189,000 are for FY 08-09 and FY 09-10 transit operations, and there is concern as to whether either of these amounts will be realized given the dearth of tax partners available. The revenue received through the BETC program is used as a portion of the local matching funds for the federal operating grant, so reductions in this revenue stream will need to be made up through new local revenues or in service cuts. Based on the new legislation passed June 15th, the BETC for transit is being phased out. For FY 11-12 expenditures incurred, the BETC amount for the tax credit is 25% of "eligible costs." The FY 12-13 BETC goes to 20%, then the FY 13-14 will be 15%. Finally, in FY 14-15, the BETC program ends at 10% coverage of operating budget costs. The combined impact would eventually amount to over $1 million in this Fund, which would force significant service reductions.

Non-Operating Revenues

There are two types of non-operating revenue:

- Other Financing Sources revenues are generally from either the sale of capital assets (usually vehicles that are sold after replacements have been purchased) or from the sale of bonds or other long-term financing. Revenues from the sale of assets tend to be small and unpredictable, so they are not budgeted, but are shown as prior year actuals. Revenue from long-term financing is only shown when an actual financing is planned and budgeted. FY 10-11 included $2.1 million in proceeds from a bank loan, received in August 2010, to finance several property tax fund capital projects. No additional loans or bonds are anticipated in the FY 11-12 Adopted Budget.
- Inter- and intra-fund transfers occur when monies move from one City fund to another City fund, or between component funds. The most common transfer occurs when operating revenues are used to fund capital projects, and the money is transferred to another fund where construction is managed. When shown as revenue, the fund is receiving monies from another source.

Expenditure Projections

All departments in all funds are held to the same general guidelines for projecting expenditures. All departments have replacement schedules or plans in place for technology, vehicles, and other major capital outlay. For projects that rise to the level of a capital improvement, the five-year CIP is used as a financial planning document to match resources with expenditures.

In general, the expenditures in financial plans are projected as follows:

Personal Services

Personal services, which include wages and benefits, are slightly more than 55% of the City's operating budget, and in some departments are nearly 77% of the budget. Assumptions for personal service projections include:

- Total personal services have been budgeted to increase only 0.98% from Adopted FY 10-11 to Adopted FY 11-12, excluding PERS/OPSRP. Similarly, future years are currently projected to increase by a total of 3.18% in FY 12-13 and 0.77% in FY 13-

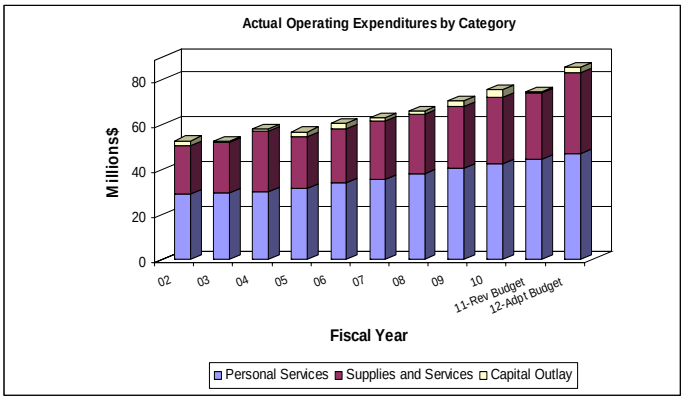
14. Past practice of using 5.5% as the growth rate for salaries and benefits other than the costs of Oregon Public Employees Retirement System (OPERS) will no longer be assumed in the 3-year planning period, given current economic constraints. The following assumptions were used to arrive at a fiscally responsible budget:

- Wages include annual step increases for positions not already at the top step of pay grade. No cost of living increases have been included, even though some may be negotiated in currently open contracts. Exempt staff and International Association of Firefighters (IAFF) have already foregone a COLA For FY 11-12.
- No increase in medical, dental or vision costs has been incorporated for any employee group. Reductions will need to be made or savings identified elsewhere in order to have sufficient appropriations available if benefit increases occur.
- Budget for overtime and temporary help has generally been held flat through the three-year planning period per the City's typical approach to cost containment in these areas; however with service reductions for FY 11-12, many departments have decreased overtime and casual employee budgets.

- The OPERS pension rates for City employees, for both the original PERS program as well as those on the newer Oregon Public Service Retirement Plan (OPSRP), are budgeted net of the FY 11-12 unfunded actuarial liability (UAL) rate of 0.40%. Rates are set for two fiscal year periods and, as depicted in the adjacent table, represent a substantial cost to the City.

OPERS rates; net of UAL/OAS	General Service		Public Safety	
	PERS	OPSRP	PERS	OPSRP
FY 09/10-FY 10/11	2.34%	3.28%	10.62%	5.99%
FY 11/12-FY 12/13	7.90%	6.53%	16.03%	9.24%
FY 13/14-FY 14/15*	13.90%	12.53%	22.03%	15.24%

* Projected rates assume full 6% collar



Supplies and Services

Non-personal services in each budget plan year are normally to be submitted by departments within a targeted 1% total increase, which is a proxy for inflation. For each of FY 10-11 and FY 11-12, departments with property tax funded services or those in overhead funds (such as Finance and City Manager's Office), came in well below the 1% guideline for their supplies and services spending plans, in order to balance the budget in the four tax funds combined. In future years, and for non-property tax funds, the 1% growth assumption continues to apply as a conservative mechanism for containing costs which are generally trending much higher. Some areas which vary from this guideline include:

- Administrative overhead charges are generally projected to increase 4.5% per year based on a combination of personal services and non-personal services projections in the underlying funds.

- Utility costs are projected based on proposed or estimated rates from utility companies. Utility costs are substantial for the water and wastewater treatment plants. These facilities continue to aggressively pursue and implement energy-saving programs.

- Capital outlay is generally for replacement of existing capital items (i.e., vehicles, pumps) according to replacement plans, or budgeted as a Special Project for new capital items.

- Special projects are identified by year for each department. The most substantial projects are budgeted in the utility funds (Water, Wastewater and Storm Water) to meet operations and maintenance needs of the facilities and infrastructure systems. In other funds, special projects are based on Council Goals or specific work projects (i.e., one-time or periodic items of significant cost related to strategic plans or replacement schedules).

Non-Operating Expenditures

Capital Projects which are generally defined as acquisition of new, or improvements to existing, capital assets with a value over $10,000 are budgeted based on the Capital Improvement Program (CIP). The City uses a rolling five-year planning period for CIP projects, with most new projects introduced in the fifth year of the plan. Projects that have operating cost implications must have the operating cost estimates defined and a method for paying the operating costs identified before construction begins.

Debt Service is budgeted in the General Obligation and Pension Obligation Debt Service Funds as well as the General, Water, Wastewater and Airport Funds based on the existing debt service schedules. A General Fund-based $2.1 million bank loan was received in August 2010 to fund several CIP projects in the Property Tax Funds. The loan is repayable over 10 years, with the first interest payment having been made in FY 10-11. No new debt or bonds are anticipated for FY 11-12, as the City tends to utilize a pay-as-you-go approach where feasible. Refunding of existing bonds is reviewed, especially when market rates are low as is currently the case, if there are sufficient savings available.

Transfers are generally budgeted according to pre-existing plans for support of debt service or capital projects as defined in the CIP. Other transfers relate to allocations of work by staff in other fund/departments based on service and/or program needs.

Contingencies are budgeted only in the budget planning year, and typically are set at 2% of current revenue in most funds, in compliance with the City Council's current Financial Policies. In FY 11-12, each of the property tax funds include only a 1% contingency since, as in FY 10-11, there is insufficient fund balance capacity to appropriate more. It should be noted that since the contingency is rarely used, the contingency amount is added to the budget planning year's historical norming average (HNA) as a mechanism to show the potential fund balance at year-end assuming the contingencies remain unused.

Reserves

The City maintains reserves in most funds for a variety of purposes and with varying degrees of restriction on use. It should be noted that, effective June 30, 2011, the City's audited Comprehensive Annual Financial Report (CAFR) will implement the Government Accounting Standards Board (GASB) pronouncement #54 Fund Balance Reporting and Governmental Fund Type Definitions. In this regard, since the financial reporting terminology will change, some modification of the Financial Plans was warranted to ensure decision-makers have similar data and nomenclature when looking at a financial report.

In February 2011, Council amended Financial Policies to address the Financial Plan reserve and fund balance titles being renamed using a modified approach to GASB #54 definitions. Beginning balances of reserves previously entitled "RESTRICTED BALANCES" are now shown in total on the line titled "RESERVED BALANCES, Beginning of Year" in the financial plans. All such reserves are treated as a reduction of the fund balance available for appropriation which is generally shown as the final line of the financial plans, or the "ENDING BUDGETARY FUND BALANCE." For purposes of Financial Planning, three types of reserves are delineated in the funds of this presentation:

- Restricted – these include a wide variety of balances, but all with specific purposes which are constrained by externally enforceable legal restrictions, such as those provided by creditors, grantors, higher levels of government, constitutional provisions or enabling legislation. Examples of such balances include:

    - Debt Reserves – from time to time the City borrows money where the terms of the agreement include a requirement to hold the equivalent of one year's average debt service payment as a cash reserve. These reserves are most often seen in an enterprise fund as a requirement for a revenue bond or a revenue-backed loan.

    - SDC Reserves – these monies are held within the Street, Parks & Recreation, Water, Wastewater, and Storm Water Funds for future capital construction projects that are additions to the capacity of the infrastructure system as the result of growth. The resources for SDC Reserves are Systems Development Charges.

    - Construction Reserves – these monies are held in the Capital Construction, Water, Wastewater, Storm Water, and Airport Funds and are monies specifically designated for one or more capital projects. These would be cash balances held at the end of a fiscal year for a project where the time line crosses fiscal years, or bond or grant monies being held for a designated project

  Other examples of Restricted Balances result from a variety of entities that have given the City monies designating at time of receipt that these dollars could only be expended on certain things, such as: Open Space Donations, Public-Education-Government Access/Institutional Network (PEG/I-Net), and Osborn Building contribution from the 509J School District.

- Committed – these are amounts constrained by City Council ordinance or resolution, and identified to be saved for a future specific purpose. For example, the new Sustainability Initiative Fees (SIF) for Transit, Urban Forest and Sidewalk Maintenance programs will require tracking as Committed balances.

- Assigned – these reserves are used by management as tools to accommodate fluctuations or reduce volatility in the budget, the authority for which resource accumulation and spendown lies with the City's Finance Director. The most prominent example

of assigned balances are for vehicle and equipment replacements. Monies are saved over a period of time for the purchase or replacement of equipment, vehicles or computer technology that would cause a substantial financial hardship to purchase if the monies had not been saved. Included here is also a Transit Fund reserve of prior year property tax allocations that will be reduced to zero by fiscal year-end based on the continued lack of stability of the BETC program revenue. Similarly, the Fire Department's vehicle reserve and contributions to Police, Parks & Recreation and Library vehicle reserves, have been reduced in both FY 10-11 and FY 11-12 in order to help address what would otherwise have been a substantial budget deficit in the Property Tax Funds combined. Maintaining these reserves at appropriate levels will need to be addressed in upcoming budget years. For CAFR purposes, assigned balances cover a much broader spectrum than the current treatment in financial plans contained herein, where the ending fund balances in all but the General Fund would be considered to be "assigned" reserves based on the designated revenues credited thereto. This concept is distinguished from the Ending Budgetary Fund Balances for the three non-General property tax funds, which are considered unassigned for purposes of financial planning, since property taxes can be reallocated per Financial Policy, as needed, to balance the individual funds.

It should be noted that City staff will continue to work on aligning reserve definitions and balances with the New Fund Balance definitions established by GASB more closely if/as it serves financial planning purposes. There is some chance that further refinement of reserve labeling and amounts may occur through the next budget cycle as more research is done for financial reporting purposes.

Fund Balance and the Historic Norming Adjustment

A Fund Balance represents the difference between revenues and expenditures in each fund since the fund was first created. Fund balances provide each fund with cash flow to cover early fiscal year expenditures when revenues are inadequate, can help fund one-time expenditures, or can provide a buffer during an economic downturn. A positive Ending Budgetary Fund Balance in a given year would be available for appropriation the following year.

During the budget process, staff completes financial projections for each fund, including projecting the ending budgetary fund balance. However, the accuracy of these projections is affected by the events that occur throughout each fiscal year that render the work never completed as planned. Factors affecting the difference between projected and actual ending budgetary fund balances include:

- Inaccuracy of revenue estimates – the budget is developed and adopted four months before assessed value for the year is known, so property tax revenue projections are always inaccurate. Since the inception of Constitutional changes in 1990, the City's projections have been both higher and lower than actuals. Other revenue estimates depend on making major assumptions about factors beyond the City's ability to control – rates of development, utility rates charged to customers, weather, and volume of tourism to name a few.
- Vacancies in staffing levels – the budget generally assumes that all currently authorized positions will be filled throughout the next fiscal year, by the current incumbents or at a step 1 hire for any vacancies. While staff always expects some degree of turnover, it is impossible to predict which positions will become vacant and when. This leads to wage and benefit under-expenditures, but not at a consistent rate for each department that would allow a specific, but accurate under-budgeting scenario to occur. This situation is expected to be less of a positive contribution to HNA in FY 11-12, with a number of current vacancies in the Property Tax Funds being held as unfunded to support the bottom-line. As such, with lower turnover in the current economy, there will be less capacity to absorb overages in other expenditure areas or shortfalls in revenue estimates.
- The ability to get the work plan included in the budget completed – some projects are delayed and others are terminated before they are started as priorities change, either based on City Council decisions, staff vacancies, other mandates, or a shift in the organization's focus. Still other projects proceed as planned, but cost more or less than originally estimated.

The Historic Norming Adjustment (HNA) was developed by staff during the FY 09-10 budget cycle as an attempt to quantify the impact of these issues. The HNA generally reflects a three to five-year average of the net difference between budgeted and actual ending fund balances for each fund. For the budget year under discussion (FY 11-12), the HNA is increased to reflect the budgeted contingencies which are not expected to be used.

In some years, the HNA is largely attributed to a revenue impact, in other years it is more associated with expenditures below budget. The numbers have enough variation from year-to-year to make it impossible to "build in" this difference in the appropriated budget. As a result, the HNA is shown in the financial plan as an addition to the ending budgetary fund balance to show the Potential Ending Budgetary Fund Balance.

The Budget Commission can normally use the Potential Ending Budgetary Fund Balance to better assess the likely ending financial position of each fund, and use that information when making decisions about changes in service levels. However, it

should be noted that after more than ten years of relative predictability regarding increasing fund balances, in FY 08-09 and FY 09-10 the HNA was not achieved in the Property Tax Funds Combined, such that FY 10-11 Revised Budget HNA is currently projected to be zero. Revenues in the two prior audited years came in considerably below budget due to the stagnating economy and departments largely spent to their revised budget expenditure levels. In the Property Tax Funds Combined presentation, the HNA is built into the beginning budgetary fund balance for future planning years only (i.e., commencing FY 12-13), to give an idea about what the financial position might be.

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ALL OPERATING PROPERTY TAX FUNDS COMBINED

SERVICE HIGHLIGHTS

Property taxes levied by the City for operations are accounted for in the General, Parks & Recreation, Fire and Rescue, and Library Funds. Operations in the property tax supported funds primarily consist of Police, Fire, Library, Parks & Recreation, and Land Use Planning. A small allocation (currently 0.21%) of property tax monies is made to the Arts Center each year and is accounted for in the General Fund, according to the current Council Financial Policy.

The combined property tax funds presentation includes financial data for all four funds identified above, as well as the Transit Fund (for the two years of audited numbers and the Adopted FY 10-11 Budget column only). This presentation was developed following passage of Measure 50 which pre-empted the local voter-approved permanent and temporary property tax levies, which had specific required uses. Measure 50 provides a single tax rate, and the City Council determines the allocation of property taxes. The combined plan facilitates review by the Budget Commission and City Council of all funds' status to ensure a reallocation of tax monies will result in a positive balance in each of the four funds.

Additionally, a graphical presentation below the Property Tax Combined Financial Plan illustrates the current status of the best and worst case fund balance scenarios presented to Council in FY 08-09. This was designed to help decision makers compare budgeted with actual performance over time and currently illustrates the fiscally challenging situation being encountered.

FINANCIAL PLANNING ISSUES

Combined, the services in the property tax supported funds receive nearly 54% of their funding from permanent rate and local option property taxes levied by the City. The Corvallis-Benton County Library Service District and the Corvallis Rural Fire Protection District are two separate taxing entities which contract for services with the City of Corvallis. When monies received from these two sources are included, the total support from property taxes is slightly more than 63%.

Other major revenues in the property tax supported funds are from Franchise Fees, State Revenue Sharing, Charges for Services, Ambulance Fees, and Grants. Most of these revenues suffered a decline in FY 09-10, are continuing on that trend in FY 10-11, and expected to decrease again or at best remain stable in FY 11-12. Some recovery in the last two years of the three-year planning period has been projected based on economic forecasts currently available.

- Property tax revenue growth has been limited following passage of Measure 50 in 1997, with actual revenue growth lower than the rate of inflation and lower than the rate at which the City's costs have increased. In FY 09-10, an appeal by the City's largest tax payer of its 2008 value resulted in a 1% holdback of property tax revenues by the County. This taxpayer also appealed its 2009and 2010 assessments. In addition, another major taxpayer appealed its 2009 value. The potential impact of the 2009 appeals was not included in FY 10-11 based on the extent of unknowns at that time. None of these appeals have yet been resolved. Tax revenue projections are currently expected to be inadequate to continue current services at existing levels, as such, the City Council approved budget reductions totaling nearly $2.3 million for FY 10-11, and the FY 11-12 Budget includes further reductions in excess of $1.8 million. Additional reductions and/or revenue alternatives will be necessary to maintain a balanced budget in future years.

- With declining revenues, the ability to meet citizen demands for new, expanded, or existing service levels will be difficult. Over the last five years a number of fees have been implemented or increased to provide a more stable funding source for some services, and similar avenues continue to be explored.

- Future state budget decisions may have a negative impact on intergovernmental revenue, particularly State Revenue Sharing monies.

APPROPRIATE ENDING BUDGETARY FUND BALANCE

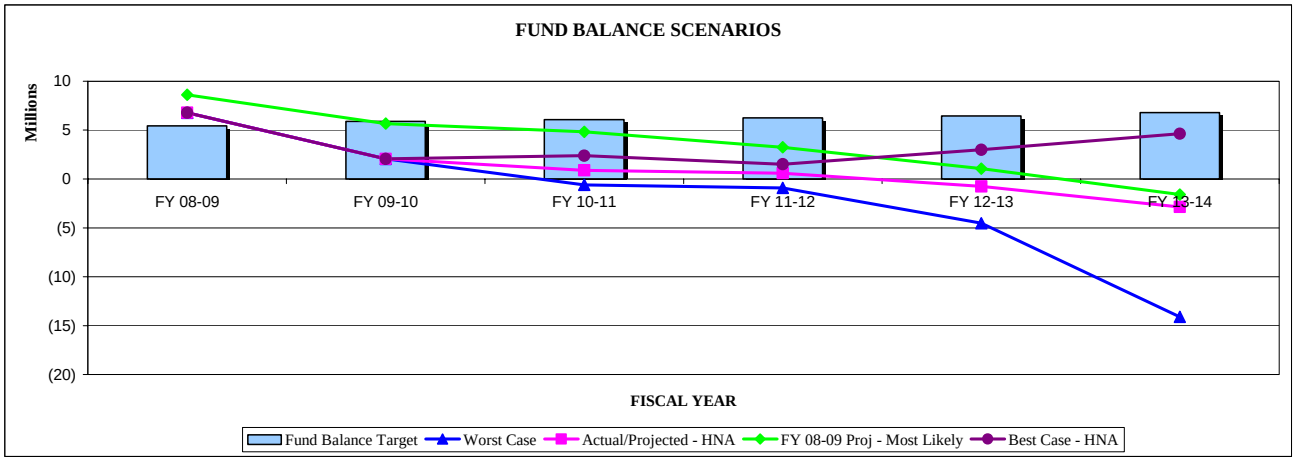
The appropriate ending budgetary fund balance discussion applies to the individual funds. The single financial plan on the facing page balances property taxes between funds to achieve the policy of managing the fiscal stability of each fund as of a point in time.

Combined, FY 11-12 is currently projected to end with an $218,645 operating fund balance, about 0.54% of the current revenue. Even when the Historical Norming Adjustment (HNA) is incorporated, the potential ending budgetary fund balance is currently projected to be inadequate to meet the combined funds' minimum 3-months payroll guideline as per the City's Financial Policies.

PROPERTY TAX FUNDS - COMBINED

(General, Parks & Recreation, Fire & Library Funds only, beginning in Revised FY10-11)

BUDGETARY BASIS	AUDITED FY 08-09	AUDITED FY 09-10	ADOPTED FY 10-11	REVISED FY 10-11	ADOPTED FY 11-12	FY 12-13	FY 13-14
POTENTIAL BEGINNING BUDGETARY FUND BALANCE	$9,534,182	$6,774,545	$3,309,731	$2,054,845	$1,461,547	$586,935	($764,268)
REVENUES							
Property Taxes	$18,471,706	$18,759,931	$19,308,240	$19,729,600	$20,274,090	$20,955,350	$21,779,420
Other Taxes	1,076,630	1,079,621	1,036,190	1,139,790	1,151,190	1,174,210	1,197,690
Licenses, Fees & Permits	5,469,716	5,303,032	5,449,690	5,465,640	5,624,980	5,700,560	5,706,910
Charges for Services	5,679,938	5,595,015	5,809,880	5,384,880	5,470,200	5,570,340	5,672,910
Intergovernmental	5,088,048	5,708,363	6,022,760	4,043,760	4,783,920	4,043,580	4,172,300
Fines & Forfeitures	739,487	661,582	957,640	748,640	976,510	834,480	842,530
Miscellaneous	620,745	1,215,228	1,153,430	505,330	378,880	254,580	259,630
Non-Operating Revenue	18,168	12,337	430,450	415,450	1,936,060	1,885,870	1,924,900
TOTAL REVENUES	$37,164,439	$38,335,111	$40,168,280	$37,433,090	$40,595,830	$40,418,970	$41,556,290
EXPENDITURES							
Community Development	$1,390,460	$1,453,556	$1,618,220	$1,496,110	$1,356,480	$1,457,940	$1,533,070
Finance	565,953	614,534	618,920	593,780	677,700	695,360	717,980
Fire	9,930,885	11,040,775	10,626,930	10,307,330	11,384,830	11,386,210	12,198,290
Library	6,081,961	6,108,299	6,384,110	6,072,000	6,456,530	6,556,290	6,836,690
Parks & Recreation	5,592,311	5,651,098	5,795,480	5,553,000	6,096,500	6,157,950	6,336,280
Police	9,315,498	9,978,567	9,940,990	9,901,650	10,502,180	10,945,770	11,339,010
Public Works	3,882,093	4,336,096	4,767,920	962,860	1,642,760	984,610	965,830
Nondepartmental	1,435,348	1,487,599	1,497,910	1,456,980	1,315,950	1,353,330	1,392,980
Transfers Out	1,582,973	1,855,219	2,137,140	1,678,690	2,581,870	2,567,410	2,781,520
Contingencies	0	0	385,190	0	368,290	0	0
TOTAL EXPENDITURES	$39,777,482	$42,525,743	$43,772,810	$38,022,400	$42,383,090	$42,104,870	$44,101,650
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	($2,613,043)	($4,190,632)	($3,604,530)	($589,310)	($1,787,260)	($1,685,900)	($2,545,360)
RESERVED BALANCES, Beginning of Year	$2,188,014	$2,334,608	$2,821,097	$2,202,615	$2,070,515	$1,526,157	$1,468,561
FUND BALANCE (Including Reserved), End of Year	$9,109,153	$4,918,520	$2,526,298	$3,532,062	$1,744,802	$427,192	($1,841,067)
LESS: RESERVED BALANCES							
RESTRICTED	299,515	245,562	236,095	212,382	161,282	177,656	140,156
COMMITTED	1,289,531	1,600,015	1,333,169	942,634	944,076	895,846	841,606
ASSIGNED	$745,562	$1,018,099	$880,363	$915,499	$420,799	$395,059	$290,129
ENDING BUDGETARY FUND BALANCE	**$6,774,545**	**$2,054,845**	**$76,671**	**$1,461,547**	**$218,645**	**($1,041,369)**	**($3,112,958)**
HISTORICAL NORMING ADJUSTMENT				0	368,290	277,101	251,806
POTENTIAL ENDING BUDGETARY FUND BALANCE	$6,774,545	$2,054,845	$76,671	$1,461,547	$586,935	($764,268)	($2,861,152)



GENERAL FUND SUMMARY

SERVICE HIGHLIGHTS

Operations in the General Fund include Finance (Municipal Court), Police, Community Development (Planning), and Public Works (Franchise Administration, Street Lights, Engineering, Sustainability and CIP Development). The non-departmental budget includes appropriations to make grants for economic development and social services.

FINANCIAL PLANNING ISSUES

Property taxes constitute just over 36% of the adopted revenue for the General Fund, as balanced across the other three property tax funds combined. Growth in property tax revenues will be limited to growth in assessed value, which is capped at 3% annually, plus value from any new development offset by depreciation of private and industrial property. New development has declined substantially over the past few years.

Franchise Fees are expected to be slightly under 32% of General Fund current revenue in FY 11-12. Other major revenue sources are from Transient Room Taxes and Intergovernmental Revenues.

- Total revenues, and particularly property tax revenues, have not grown as fast as total expenditures. This is particularly true in the past two years with the struggling economy.

- During each legislative session, bills are introduced to eliminate or greatly reduce local franchise fees. Since franchise fees alternate with property taxes as the largest single revenue source in the General Fund in recent years, any success by utilities at limiting this revenue stream would have a major financial impact. Over time, more telecommunications services, such as phone and video, are being provided via the internet. Federal law prohibits franchise fees to be charged on what it defines as "internet services," and as a result, companies exert increasing pressure on the Federal Communications Commission to expand the definition to include more traditional telecommunication services. If they are successful, the City's franchise fee revenue will drop significantly. Conservation efforts for electricity, natural gas and water/wastewater use that are promoted in this community have also served to reduce the underlying utility revenues on which the franchise fees are paid.

- Projected operating expenditures continue to exceed operating revenues, which, as realized, are leading to a substantial reduction in fund balance. A positive Adopted budgetary fund balance was achieved in FY 11-12 via a variety of expenditure reductions, some of which will carry forward to future years. However, on-going expenditures will continue to need to be scrutinized in order to attain a positive fund balance in the future.

- The level of support by the City of services such as social programs and economic development has come under discussion in recent years' budget cycles. In FY 11-12, additional reductions were directed by Budget Commission and City Council to be made to these areas, in order to balance the property-tax funded budget.

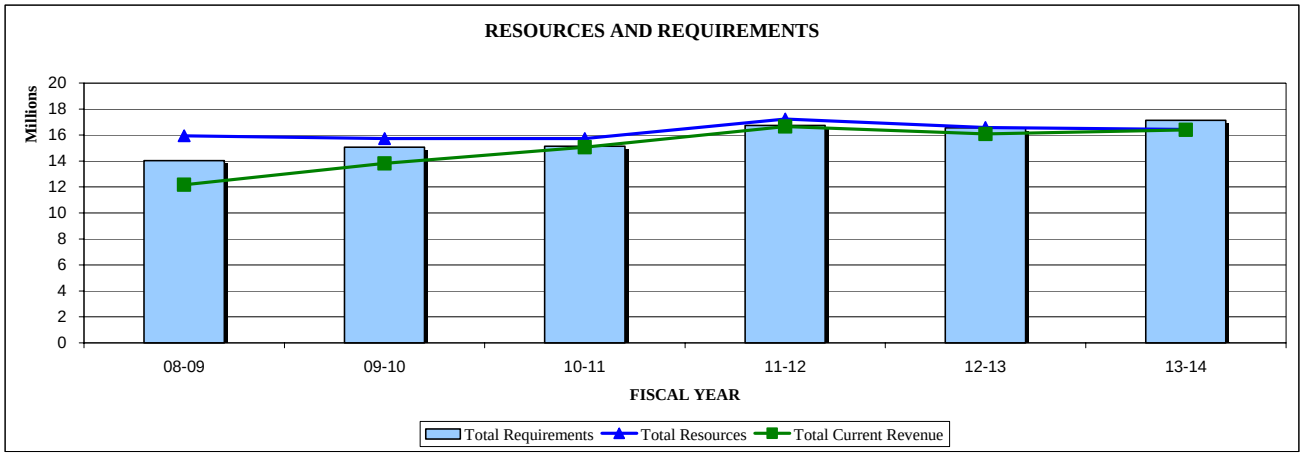
APPROPRIATE ENDING BUDGETARY FUND BALANCE

The City's Financial Policies state that the Finance Director shall recommend an appropriate ending budgetary fund balance each year for each fund. In general, a fund balance that preserves at least three months' payroll expenses for the combined property tax supported funds is the target. In FY 11-12, for the property tax funds (General, Parks & Recreation, Fire & Rescue, and Library), current projections show a balance of $218,645 , which is approximately 0.54% of current revenue.

The General Fund is currently projected to end FY 11-12 with an operating fund balance of approximately 0.33% of FY 11-12 current revenues.

GENERAL FUND

BUDGETARY BASIS	AUDITED FY 08-09	AUDITED FY 09-10	ADOPTED FY 10-11	REVISED FY 10-11	ADOPTED FY 11-12	FY 12-13	FY 13-14
BEGINNING BUDGETARY FUND BALANCE	$3,056,659	$1,201,158	$633,098	$51,648	$8,998	$55,238	($335,400)
REVENUES							
Property Taxes	3,073,119	4,898,889	4,857,150	5,134,170	5,997,600	6,190,610	6,424,090
Other Taxes	1,076,630	1,079,621	1,036,190	1,139,790	1,151,190	1,174,210	1,197,690
Licenses, Fees & Permits	5,396,443	5,227,722	5,383,940	5,363,010	5,469,650	5,542,420	5,545,910
Charges for Services	531,606	585,994	713,370	666,170	738,460	761,060	784,380
Intergovernmental	1,288,467	1,347,433	1,881,100	1,523,750	2,196,830	1,492,510	1,520,680
Fines & Forfeitures	646,667	573,806	866,700	645,000	871,700	728,750	735,870
Miscellaneous	144,828	95,575	113,290	233,640	117,240	86,250	86,380
Non-Operating Revenue	13,437	6,396	370,450	349,450	112,870	106,360	110,630
TOTAL REVENUES	$12,171,197	$13,815,437	$15,222,190	$15,054,980	$16,655,540	$16,082,170	$16,405,630
EXPENDITURES							
Community Development	$1,390,460	$1,453,556	$1,618,220	$1,496,110	$1,356,480	$1,457,940	$1,533,070
Finance	565,953	614,534	618,920	593,780	677,700	695,360	717,980
Police	9,315,498	9,978,567	9,940,990	9,901,650	10,502,180	10,945,770	11,339,010
Public Works	794,684	878,851	1,325,090	962,860	1,642,760	984,610	965,830
Nondepartmental	1,435,348	1,487,599	1,497,910	1,456,980	1,315,950	1,353,330	1,392,980
Non-Operating Expenditures - Transfers & Debt	524,137	641,910	750,680	731,150	1,094,270	1,118,410	1,178,240
Contingencies	0	0	143,640	0	148,700	0	0
TOTAL EXPENDITURES	$14,026,080	$15,055,017	$15,895,450	$15,142,530	$16,738,040	$16,555,420	$17,127,110
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	($1,854,883)	($1,239,580)	($673,260)	($87,550)	($82,500)	($473,250)	($721,480)
RESERVED BALANCES, Beginning of Year	$708,207	$708,825	$635,245	$618,755	$573,855	$445,115	$362,503
FUND BALANCE (Including Reserved), End of Year	$1,909,983	$670,403	$595,083	$582,853	$500,353	$27,103	($694,377)
LESS: RESERVED BALANCES							
RESTRICTED	$215,682	$179,268	$191,262	$171,868	$146,968	$177,656	$140,156
COMMITTED	320,227	293,131	252,727	255,631	190,241	144,241	98,241
ASSIGNED	172,916	146,356	146,356	146,356	107,906	40,606	32,886
ENDING BUDGETARY FUND BALANCE	**$1,201,158**	**$51,648**	**$4,738**	**$8,998**	**$55,238**	**($335,400)**	**($965,660)**



PARKS & RECREATION FUND SUMMARY

SERVICE HIGHLIGHTS

The Park Operations Division provides management and maintenance of city-owned facilities, including all parks, sports fields, trails, natural and beautification areas and the urban forest. In addition, the Division provides support of community-wide events, such as daVinci Days, Fall Festival, Red, White and Blue Festival and Farmers Market. The Parks Division also includes volunteer activities, support of community gardens, a teen employment program entitled Youth Park Corps and provides extensive sport user group support.

The Recreation Division executes a wide range of recreation programs and activities, which encourage increased physical activity, opportunities for social interchange and exposure to positive role models through sports, seasonal events, and educational programs for people of all ages. The Division operates the Osborn Aquatic Center, including water safety and fitness classes, and the Chintimini Senior Center, which is a community focal point for life-long learning. In addition, the Division contributes to community art, culture and nature activities through partnerships with Majestic Theatre, The Arts Center and the Corvallis Environmental Center. The Recreation Division also includes the Youth Volunteer Corps and Youth Recreation Corps which provide first employment-type experiences for teens.

The Administration Services Division provides overall Department administration, planning, land acquisition, development and customer service support. Additionally, the Division provides budget and financial preparation and processing; human resources; website updates; and technology management. Rental of city-owned facilities, park shelters, sports fields, and community rooms are provided by Administration, as well as the management of maintenance plans for the Majestic Theater, the Arts Center, the Nature Center, Osborn Aquatic Center, Senior Center, and Parks facilities. This Division works with citizen groups to define the parks and recreation facility needs of the community.

FINANCIAL PLANNING ISSUES

The primary sources of revenue are property taxes and fees paid for recreational activities or rental of facilities. The Parks & Recreation Fund is currently allocated a portion of the permanent rate property taxes received each year. A pre-established portion of these dollars are then allocated on to the Aquatics and Senior Center programs. Additionally, these latter two programs will receive a specified portion of the May 2011 voter-approved three-year operating levy, commencing in FY 11-12.

Issues needing to be addressed within the three-year planning period, within the context of reduced financial resources, include:

- Alternative funding sources to maintain or enhance Parks & Recreation services such as the development of a non-profit Parks and Recreation Foundation or endowment fund supported by a Friends group.
- Complete a feasibility study for a Parks and Recreation District as a potential alternative revenue source.
- Systematic funding and development of management plans to maintain existing parks and natural areas.
- Construction and deferred maintenance for system-wide Parks & Recreation facilities.
- Strategies to identify and reach under-represented populations in recreation services including people with disabilities.
- Funding sources to replace system-wide playground equipment.
- Strategies to respond to community-driven sustainability efforts.
- Public expectation for increased technology; i.e., park irrigation systems, parks and trails maps.
- Implementation of the new Urban Forest program with Sustainability Initiative Funding (SIF) effective February 2011.

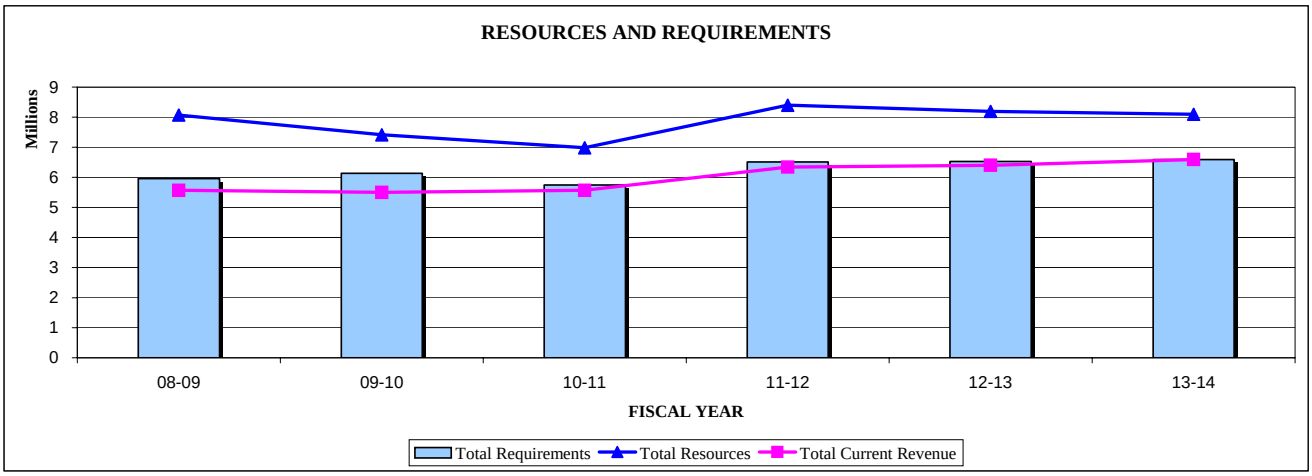
APPROPRIATE ENDING BUDGETARY FUND BALANCE

The City's Financial Policies state that the Finance Director shall recommend an appropriate ending budgetary fund balance each year for each fund. In general, a fund balance that preserves at least three months' payroll expenses for the combined property tax supported funds is the target. In FY 11-12, for the property tax funds (General, Parks & Recreation, Fire & Rescue, and Library), current projections show a balance of $218,645 , which is approximately 0.54% of current revenue.

The Parks & Recreation Fund is currently projected to end FY 11-12 with an operating fund balance of approximately 0.86% of the FY 11-12 current revenues.

PARK AND RECREATION FUND - COMBINED

BUDGETARY BASIS	AUDITED FY 08-09	AUDITED FY 09-10	ADOPTED FY 10-11	REVISED FY 10-11	ADOPTED FY 11-12	FY 12-13	FY 13-14
BEGINNING BUDGETARY FUND BALANCE	$1,635,531	$1,287,861	$659,627	$371,040	$220,140	$54,388	($116,728)
REVENUES							
Property Taxes	$3,977,513	$3,809,025	$3,870,450	$3,972,390	$3,808,700	$3,938,950	$4,096,510
Licenses, Fees & Permits	55,320	56,518	47,800	85,300	137,700	140,330	143,010
Charges for Service	1,411,035	1,337,023	1,402,430	1,404,250	1,412,570	1,436,940	1,461,790
Intergovernmental	7,591	7,400	29,900	14,300	27,400	23,000	23,000
Fines & Forfeitures	744	1,004	100	100	100	100	100
Miscellaneous	111,885	283,437	73,750	88,700	96,890	83,850	90,190
Non-Operating Revenue	2,331	1,803	0	0	856,460	779,900	774,690
TOTAL REVENUES	$5,566,419	$5,496,210	$5,424,430	$5,565,040	$6,339,820	$6,403,070	$6,589,290
EXPENDITURES							
Parks and Recreation	$5,592,311	$5,651,098	$5,795,480	$5,553,000	$6,096,500	$6,157,950	$6,336,280
Transfers Out	363,489	481,269	299,940	189,940	353,900	365,720	259,140
Contingencies	0	0	54,900	0	57,770	0	0
TOTAL EXPENDITURES	$5,955,800	$6,132,367	$6,150,320	$5,742,940	$6,508,170	$6,523,670	$6,595,420
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	($389,381)	($636,157)	($725,890)	($177,900)	($168,350)	($120,600)	($6,130)
RESERVED BALANCES, Beginning of Year	$866,564	$632,325	$1,029,743	$1,049,315	$1,835,298	$1,733,132	$1,627,018
FUND BALANCE (Including Reserved), End of Year	$1,920,186	$1,420,355	$1,016,008	$2,055,438	$1,787,520	$1,510,290	$1,621,869
LESS: RESERVED BALANCES							
RESTRICTED	$121,065	$239,852	$288,353	$1,027,055	$901,287	$730,343	$848,052
COMMITTED	343,243	645,823	614,191	687,003	753,835	751,605	743,365
ASSIGNED	168,017	163,640	106,967	121,240	78,010	145,070	155,790
ENDING BUDGETARY FUND BALANCE	**$1,287,861**	**$371,040**	**$6,497**	**$220,140**	**$54,388**	**($116,728)**	**($125,338)**



FIRE AND RESCUE FUND SUMMARY

SERVICE HIGHLIGHTS

Operations within the Fire and Rescue Fund include: fire suppression, fire inspection services, fire prevention education and public outreach services, emergency medical services, transport ambulance services, hazard abatement, and hazardous materials response control.

FINANCIAL PLANNING ISSUES

Primary funding sources include property taxes, the Corvallis Rural Fire Protection District (CRFPD) contract payments, and charges for ambulance and inspection services. Future growth in assessed value could affect both property tax revenue and payments from the CRFPD (which receives most of its money from a separate property tax rate).

- The City's contract with the CRFPD calls for the City to provide one paid staff member at the Locke Station on Lewisburg Road. The paid 40-hr position supervises volunteers who staff the station. A seven-year contract, beginning in July, 2008, with the CRFPD was negotiated at a lower payment than the amount historically received by the City. In return for the lower payment for services, the CRFPD has assumed responsibility through FY 14-15 to replace six vehicles currently owned by the Corvallis Fire Department, but used for rural response.

- To maintain current services, or support the increased demand already being experienced, it is likely that additional staffing, facility expansion, and possible relocation in the future would be required. However, in the current economic environment, a positive fund balance in FY 10-11 and FY 11-12 has only been maintained via a number of one-time reductions. In FY 11-12, a currently vacant firefighter position will remain authorized but unbudgeted.

- In FY 08-09, the Budget Commission approved the re-establishment of a vehicle reserve with a $250,000 contribution. In the fall of 2008, City Council also approved additional contributions to future years to make this a viable reserve in the long term. Due to the current constraints on the City's budget, contributions were eliminated in FY 10-11, and reduced in FY 11-12 by $350,000. This situation will need to be addressed in a future year budgeting process, as current reserves will not fully cover scheduled vehicle/equipment replacements commencing in FY 13-14. Self-contained breathing apparatus with PASS alarms (personnel accountability safety system) which are scheduled for replacement outside the planning period, in FY 17-18, at an estimated cost of $523,000, are among the items for which the equipment reserve will not be sufficient to cover.

- Ambulance revenue is projected to remain relatively stable at the higher FY 10-11 levels for FY 11-12. Positive efforts (improved billing practices, enhanced collection efforts, past rate adjustments, and increases in call volume) have begun to be partly offset by continued declines in Medicare coverage and increases in mandated write-off rates.

- The Drill Tower/Training Facility was originally scheduled to be built in FY 04-05. The project was delayed as part of the first service reductions implemented in FY 02-03, and added back into the five-year Capital Improvement Program for FY 08-09 through FY 09-10. Due to budget constraints, this project has been funded by a Capital Improvement bank loan received in August 2010. The project is currently under design, with construction anticipated to occur in FY 11-12.

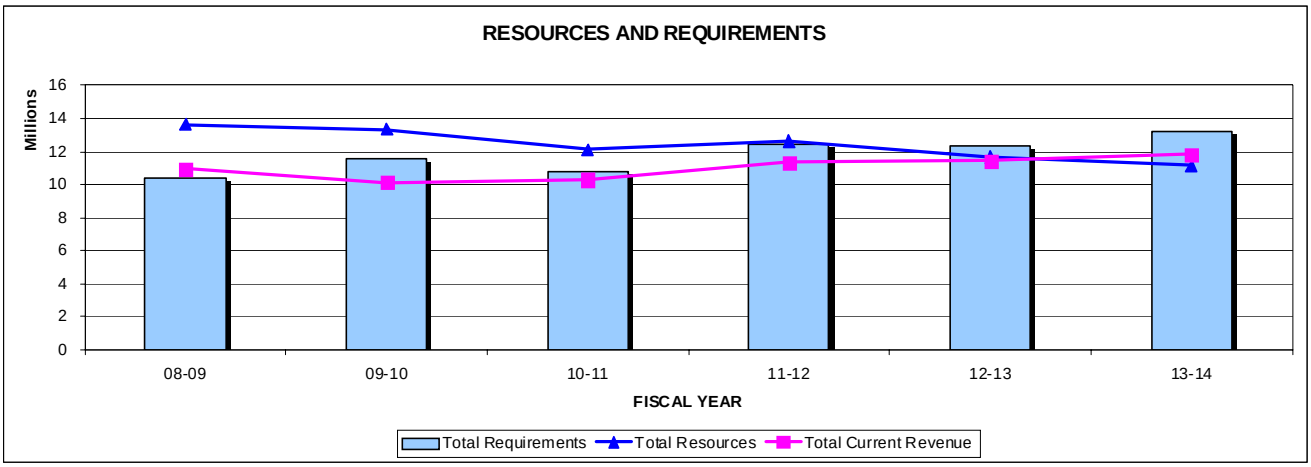
APPROPRIATE ENDING BUDGETARY FUND BALANCE

The City's Financial Policies state that the Finance Director shall recommend an appropriate ending budgetary fund balance each year for each fund. In general, a fund balance that preserves at least three months' payroll expenses for the combined property tax supported funds is the target. In FY 11-12, for the property tax funds (General, Parks & Recreation, Fire & Rescue, and Library), current projections show a balance of $218,645 , which is about 0.54% of current revenue.

The Fire & Rescue Fund is currently projected to end FY 11-12 with an operating fund balance of approximately 0.48% of the FY 11-12 current revenues.

FIRE AND RESCUE FUND

BUDGETARY BASIS	AUDITED FY 08-09	AUDITED FY 09-10	ADOPTED FY 10-11	REVISED FY 10-11	ADOPTED FY 11-12	FY 12-13	FY 13-14
BEGINNING BUDGETARY FUND BALANCE	$2,690,180	$2,969,696	$1,305,626	$1,270,879	$726,409	$54,609	($809,831)
REVENUES							
Property Taxes	$7,551,801	$6,827,677	$6,667,370	$6,842,970	$7,821,280	$8,088,770	$8,412,320
Licenses, Fees & Permits	17,953	18,792	17,950	17,330	17,630	17,810	17,990
Charges for services	3,200,052	3,150,266	3,146,270	3,267,960	3,272,170	3,325,180	3,379,420
Intergovernmental	58,079	76,380	32,800	34,860	137,850	0	0
Fines & Forfeitures	17,437	12,025	15,340	11,540	12,710	12,710	12,710
Miscellaneous	81,979	33,309	70,180	101,700	77,240	5,840	4,960
Non-Operating Revenue	2,400	4,138	0	16,500	0	0	0
TOTAL REVENUES	$10,929,700	$10,122,588	$9,949,910	$10,292,860	$11,338,880	$11,450,310	$11,827,400
EXPENDITURES							
Fire	$9,930,885	$11,040,775	$10,626,930	$10,307,330	$11,384,830	$11,386,210	$12,198,290
Transfers Out	469,299	480,630	521,750	521,750	920,610	966,640	1,014,970
Contingencies	0	0	101,230	0	104,860	0	0
TOTAL EXPENDITURES	$10,400,184	$11,521,405	$11,249,910	$10,829,080	$12,410,300	$12,352,850	$13,213,260
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	$529,516	($1,398,817)	($1,300,000)	($536,220)	($1,071,420)	($902,540)	($1,385,860)
RESERVED BALANCES, Beginning of Year	$0	$250,000	$550,000	$550,000	$558,250	$158,630	$120,530
FUND BALANCE (Including Reserved), End of Year	$3,219,696	$1,820,879	$555,626	$1,284,659	$213,239	($689,301)	($2,075,161)
LESS: RESERVED BALANCES							
ASSIGNED	$250,000	$550,000	$550,000	$558,250	$158,630	$120,530	$0
ENDING BUDGETARY FUND BALANCE	**$2,969,696**	**$1,270,879**	**$5,626**	**$726,409**	**$54,609**	**($809,831)**	**($2,075,161)**



LIBRARY FUND SUMMARY

SERVICE HIGHLIGHTS

This fund accounts for the operations of the Corvallis-Benton County Public Library. These operations include providing library services such as lending books, audiovisual and reference materials, providing public access to the Internet, and offering cultural and educational programs to the citizens of Corvallis and Benton County. The main facility is located in Corvallis with branches in Philomath, Alsea, and Monroe. Library staff provides extension services in cooperation with small communities in the County. A small, energy efficient van is used to provide bookmobile services to locations within Corvallis and in rural areas of the County. The Library also strives to provide a variety of programs for patrons, including special children's programs, computer classes, seminars on issues of interest, service to the homebound, and programs for teens and young adults.

FINANCIAL PLANNING ISSUES

The primary revenue sources for the Library Fund are property taxes from the City and the Benton County Library Service District and from the May 2011 local option tax levy. Based on direction from the Budget Commission and City Council, reductions in Library Service levels have been assumed in FY 11-12, in order to balance the budget for property tax funds combined. Other issues include:

- Maintaining the high level of service Corvallis and Benton County residents expect with diminished resources and reduced hours of operation.
- Maintaining the Library on-line system.
- Striving to meet citizen demand for traditional print and audio visual materials combined with increasing demand for public access to electronic resources.
- Continuing to work closely with the South Benton Library Project group as a new library building in Monroe is built and being ready to respond to the related need for increased service, staff, materials, and furnishings.
- Redesigning outreach services to incorporate the new, smaller, fuel-efficient vehicle which replaced the old bookmobile in FY 10-11.
- Continuing to identify efficiencies in how services are provided and identifying priorities in the materials collection to maximize the use of reduced funding.

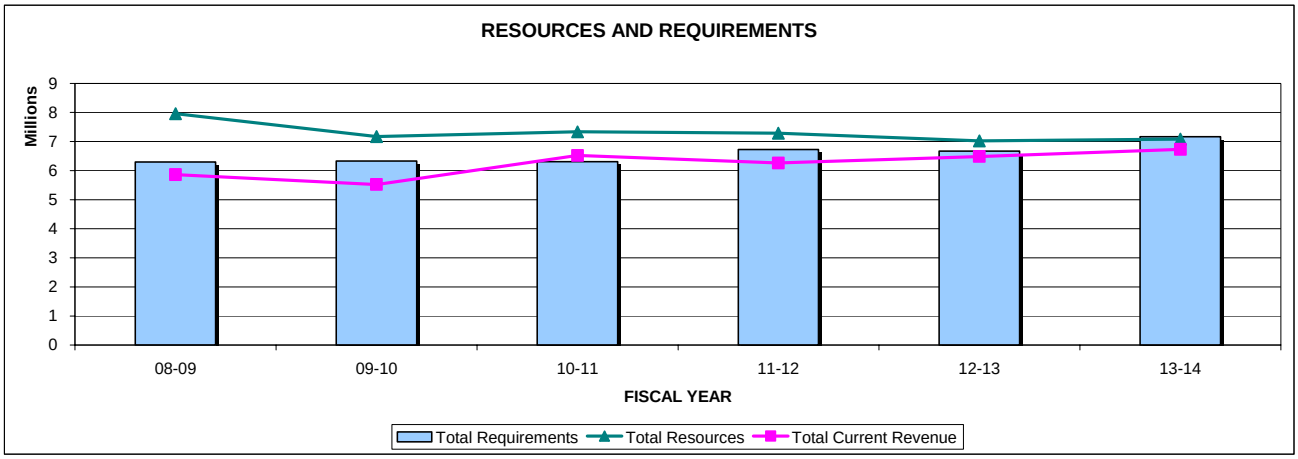
APPROPRIATE ENDING BUDGETARY FUND BALANCE

The City's Financial Policies state that the Finance Director shall recommend an appropriate ending budgetary fund balance each year for each fund. In general, a fund balance that preserves at least three months' payroll expenses for the combined property tax supported funds is the target. In FY 11-12, for the property tax funds (General, Parks & Recreation, Fire & Rescue, and Library), current projections show a balance of $218,645 which is about 0.54% of current revenue.

The Library Fund is currently projected to end FY 11-12 with an operating fund balance of approximately 0.87% of the FY 11-12 current revenues.

LIBRARY FUND - COMBINED

BUDGETARY BASIS	AUDITED FY 08-09	AUDITED FY 09-10	ADOPTED FY 10-11	REVISED FY 10-11	ADOPTED FY 11-12	FY 12-13	FY 13-14
BEGINNING BUDGETARY FUND BALANCE	$1,466,889	$1,042,214	$117,745	$225,191	$506,001	$54,411	($147,699)
REVENUES							
Property Taxes	$3,428,564	$3,007,225	$3,838,270	$3,780,070	$2,646,510	$2,737,020	$2,846,500
Charges for Service	47,734	43,077	45,400	46,500	47,000	47,160	47,320
Intergovernmental	2,208,178	2,322,025	2,460,620	2,470,850	2,421,840	2,528,070	2,628,620
Fines & Forfeitures	74,585	74,579	75,500	92,000	92,000	92,920	93,850
Miscellaneous	105,396	72,252	84,530	81,290	87,510	78,640	78,100
Non-Operating Revenue	0	0	60,000	49,500	966,730	999,610	1,039,580
TOTAL REVENUES	$5,864,457	$5,519,159	$6,564,320	$6,520,210	$6,261,590	$6,483,420	$6,733,970
EXPENDITURES							
Library	$6,081,961	$6,108,299	$6,384,110	$6,072,000	$6,456,530	$6,556,290	$6,836,690
Transfers Out	216,883	224,410	295,850	235,850	213,090	116,640	329,170
Contingencies	0	0	55,480	0	56,960	0	0
TOTAL EXPENDITURES	$6,298,844	$6,332,709	$6,735,440	$6,307,850	$6,726,580	$6,672,930	$7,165,860
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	($434,387)	($813,550)	($171,120)	$212,360	($464,990)	($189,510)	($431,890)
RESERVED BALANCES, Beginning of Year	$627,088	$610,219	$557,208	$587,817	$522,477	$483,067	$497,357
FUND BALANCE (Including Reserved), End of Year	$1,652,433	$813,008	$505,633	$1,028,478	$537,478	$349,658	($79,042)
LESS: RESERVED BALANCES							
COMMITTED	$455,589	$429,715	$422,969	$432,825	$406,815	$408,505	$411,695
ASSIGNED	154,629	158,103	77,039	89,653	76,253	88,853	101,453
ENDING BUDGETARY FUND BALANCE	**$1,042,214**	**$225,191**	**$5,625**	**$506,001**	**$54,411**	**($147,699)**	**($592,189)**



STREET FUND SUMMARY

SERVICE HIGHLIGHTS

The operational focus of the Street Fund is preservation of the pavement, the operation of traffic control systems, and the maintenance of street-related signage. Preventive maintenance programs for asphalt streets (i.e., slurry seal, chip seal, crack seal, and street overlay) extend the service life of the street at a lower cost than fully reconstructing the street. Data is gathered on the condition of the major transportation routes in the community, added to the Pavement Management System, and used to plan future maintenance activities.

The traffic signal system facilitates the flow of traffic through the community. Traffic engineering staff ensure the efficient operation of this system through appropriate signal timing intervals, while the lights themselves are made more efficient through the use of LED signal heads, which consume much less energy than traditional bulbs.

Long-range plans are developed for the transportation system to assure that new streets are constructed to sustain the expected traffic levels and to keep pace with community desires for multi-modal transportation options. Staff works with transit users, bicyclists and pedestrians to address alternative transportation needs in the city. The Transportation Demand Management program focuses on relieving congestion during commute times by providing facilities and/or programs to encourage commuters to use alternative ways to get to work.

Corvallis has been designated a Gold Level Bicycle Friendly Community in recognition of the excellent system of bike lanes and bike paths in the city that provide a viable transportation alternative and further social and environmental sustainability goals.

FINANCIAL PLANNING ISSUES

The primary revenue is the State Highway Fund allocation, distributed to cities based on population. Changes in this revenue stream come from fluctuations in the use of gasoline (customer purchases) or legislation that redirects these funds to purposes other than street maintenance. The amount of revenue received from the State dictates the level of services that can be provided and sustained over the long term. Meeting citizen expectations about traffic concerns, alternative-mode opportunities, and a smooth, efficient transportation system are becoming increasingly difficult within available funding.

The revenue from the State has been projected to increase over the next several years, due to passage in 2009 of the Jobs and Transportation Act. Corvallis expects to receive up to an additional $1.1 million annually once this legislation is fully implemented. This increase has been partly offset in FY 10-11 by a reduction in gas tax receipts however, due to increasing gas prices which are motivating people to find ways to cut back on their gas consumption. At the same time, costs for maintenance supplies are also higher, most notably for rock and asphalt. Projects identified in the Transportation Plan are not being implemented due to lower fund balances resulting from the above items, and the current level of street maintenance services may not be able to be sustained in to the future.

The Transportation Maintenance Fee (TMF), implemented in July 2006, was reauthorized by the City Council during FY 09-10, providing a stable revenue stream for specific street preservation projects.

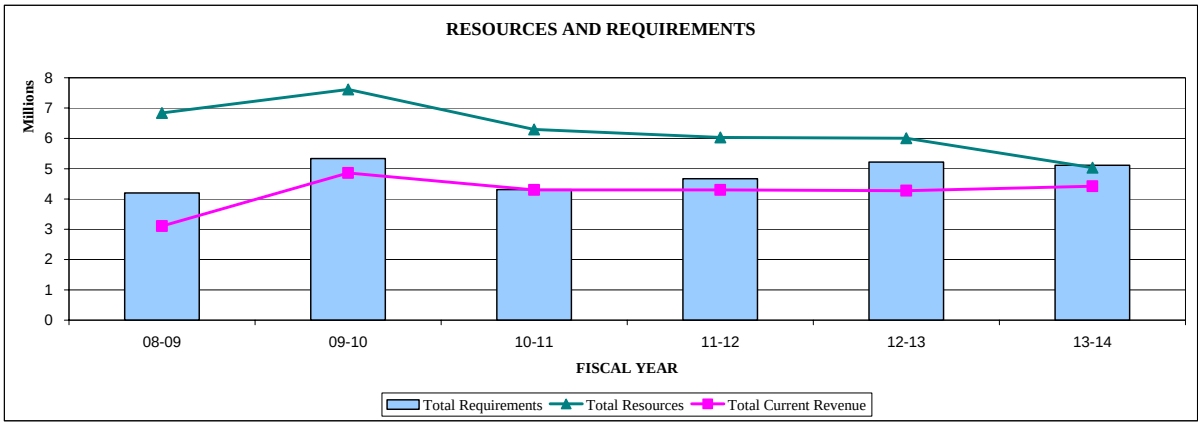
In February 2011 a Sustainability Initiative fee (SIF) was enacted to provide funds for the repair of defective sidewalks, thereby supporting a safe, viable alternative-mode transportation system for pedestrians. However, the revenue generated by the fee is insufficient to address all the structural deficiencies in the system city-wide. The City's response to these issues will be prioritized and accomplished up to the level of available funds in a fiscal year. It is anticipated that after five years, the revenue stream and the level of defective sidewalk panels will be in balance.

APPROPRIATE ENDING BUDGETARY FUND BALANCE

The City's current Financial Policies state that the Finance Director shall recommend an appropriate ending budgetary fund balance each year for each fund. The Street Fund is projected to end FY 11-12 with an operating fund balance equaling approximately 2.80% of the FY 11-12 current revenues. Staff recommends a minimum fund balance which is at least 10% of current revenue, and preferably not less than $275,000. Operations and future capital projects may need to be re-evaluated to attain this fund balance. Monies in excess of 10% of this balance are considered available for future capital improvements.

STREET FUND - COMBINED

BUDGETARY BASIS	AUDITED FY 08-09	AUDITED FY 09-10	ADOPTED FY 10-11	REVISED FY 10-11	ADOPTED FY 11-12	FY 12-13	FY 13-14
BEGINNING BUDGETARY FUND BALANCE	$1,830,911	$798,178	$362,488	$323,501	$438,760	$956,386	$438,585
REVENUES							
Licenses, Fees & Permits	$471,913	$460,898	$452,390	$512,390	$602,100	$610,720	$619,510
Charges for Service	276,007	257,455	228,670	233,470	230,190	247,240	275,610
Intergovernmental	2,296,385	4,101,111	3,667,260	3,546,540	3,460,820	3,412,140	3,522,250
Fines & Forfeitures	3,326	1,311	500	1,100	1,000	1,000	1,000
Miscellaneous	54,782	14,961	8,210	7,490	4,690	2,130	640
Other Financing Sources	0	1,865	0	0	0	0	0
Transfers In	1,692	10,849	0	0	0	0	0
TOTAL REVENUES	$3,104,105	$4,848,450	$4,357,030	$4,300,990	$4,298,800	$4,273,230	$4,419,010
EXPENDITURES							
Community Development	$18,298	$17,369	$19,750	$19,750	$21,850	$31,450	$33,230
Public Works	3,310,628	4,966,794	4,299,360	4,017,530	4,243,950	4,378,761	4,313,011
Transfers Out	866,011	349,833	329,880	275,320	316,170	803,710	764,430
Contingencies	0	0	73,920	0	82,140	0	0
TOTAL EXPENDITURES	$4,194,937	$5,333,996	$4,722,910	$4,312,600	$4,664,110	$5,213,921	$5,110,671
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	($1,090,832)	($485,546)	($365,880)	($11,610)	($365,310)	($940,691)	($691,661)
RESERVED BALANCES, Beginning of Year	$1,897,870	$1,958,560	$1,244,840	$1,666,483	$1,288,884	$774,504	$175,873
FUND BALANCE (Including Reserved), End of Year	$2,756,739	$1,989,984	$249,438	$1,727,644	$894,844	$283,899	($418,653)
LESS: RESERVED BALANCES							
RESTRICTED	$1,532,074	$1,250,866	($99,336)	$1,000,136	$532,646	$26,346	($315,104)
COMMITTED	16,940	84,391	16,940	17,082	17,082	17,872	19,471
ASSIGNED	409,546	331,226	246,786	271,666	224,776	131,655	42,545
ENDING BUDGETARY FUND BALANCE	$798,178	$323,501	$85,048	$438,760	$120,340	$108,027	($165,565)
HISTORICAL NORMING ADJUSTMENT				386,618	449,428	330,558	280,975
POTENTIAL ENDING BUDGETARY FUND BALANCE	$798,178	$323,501	$85,048	$825,378	$956,386	$438,585	$115,410



9-1-1 EMERGENCY COMMUNICATIONS FUND SUMMARY

SERVICE HIGHLIGHTS

The 9-1-1 Emergency Communication and Dispatch Service is a centralized, county-wide 9-1-1 call reception and dispatching operation which is staffed 24 hours per day by one supervisor and 17 State-certified telecommunicators, who are members of the Corvallis Regional Communications Center Association (CRCCA) bargaining unit, who provide emergency dispatch services for seven fire agencies (Corvallis, Philomath, Monroe, Adair Village, Alsea, Blodgett-Summit and Kings Valley-Hoskins) and three law enforcement agencies (Corvallis, Philomath and Benton County Sheriff). In addition, the Center furnishes after-hours paging and dispatch services for Oregon State Forestry, and Benton County Public Works Department. Call reception and dispatch services are also provided for each of the Fire Department's emergency medical service operations with ambulance service provided county-wide by the Corvallis Fire Department. The goal of the 9-1-1 program is to dispatch emergency services within one minute of call receipt. The Center operates an enhanced 9-1-1 system and 9-1-1 Cellular Mapping with costs of system improvements reimbursed by the State. Currently, the State reimburses the City for the time a dispatcher spends maintaining the Enhanced 9-1-1 system.

FINANCIAL PLANNING ISSUES

The 9-1-1 program is managed and operated by the City of Corvallis Police Department. Funding for the 9-1-1 program is derived from State telephone tax revenues, user agency contributions, service contracts, and Federal or State grants as available. Telephone tax revenues have remained stable, however this revenue stream remains vulnerable to diversion by the State. The Governor's proposed 2009-11 budget included a diversion of $8.1 million from the 9-1-1 taxes to the state general fund. Ultimately, this budgetary diversion was not adopted, but that initiative remains a concern for what future years may hold. Since August 2009, the interest accrued on the telephone tax revenue has been transferred to the State General Fund. This has resulted in a small loss of revenue that previously went to the 9-1-1 Fund.

The 9-1-1 User Group charges are assessed via a cost sharing formula (payments made by agencies for the use of the system) in order to maintain basic service levels as well as fund viability. The primary funding source for these governmental agencies, including Corvallis Police and Fire, comes from property tax monies. In the long-term, cost sharing support from government agencies could be affected by state-wide property tax limitation measures. The 911 User Board is currently seeking a consultant to explore a taxing district model to potentially stabilize future funding for the 9-1-1 fund.

The 9-1-1 Master Plan was updated in December, 2007. An implementation plan for improvements recommended in the Master Plan has been developed and built into the Business Plan. If the Council approve any enhancements related to these plans, they will be incorporated in future financial plans.

Personal services (salaries plus benefits) represent about 81% of budgeted operating costs in the 9-1-1 Fund for both Adopted FY 10-11 and Adopted FY 11-12. The CRCCA union's contract is in place through the end of FY 11-12. Four new Dispatcher positions were authorized through the FY 09-10 budget process; one of these positions was reduced through the FY 11-12 budget cycle in support of balancing the budget for the City's property tax funded public safety services.

New 9-1-1 technology continues to emerge, presenting opportunities to enhance public safety response. Technologies anticipated over the next seven years are the continuation of advancements in cellular phone mapping and location systems; video and texting 9-1-1 which is currently being examined by National and State Committees; and large geographical interoperable radio communications. Specific impacts to the Fund are unknown at this time, yet it is recognized that any new infrastructure will bring maintenance and potentially significant replacement expenses

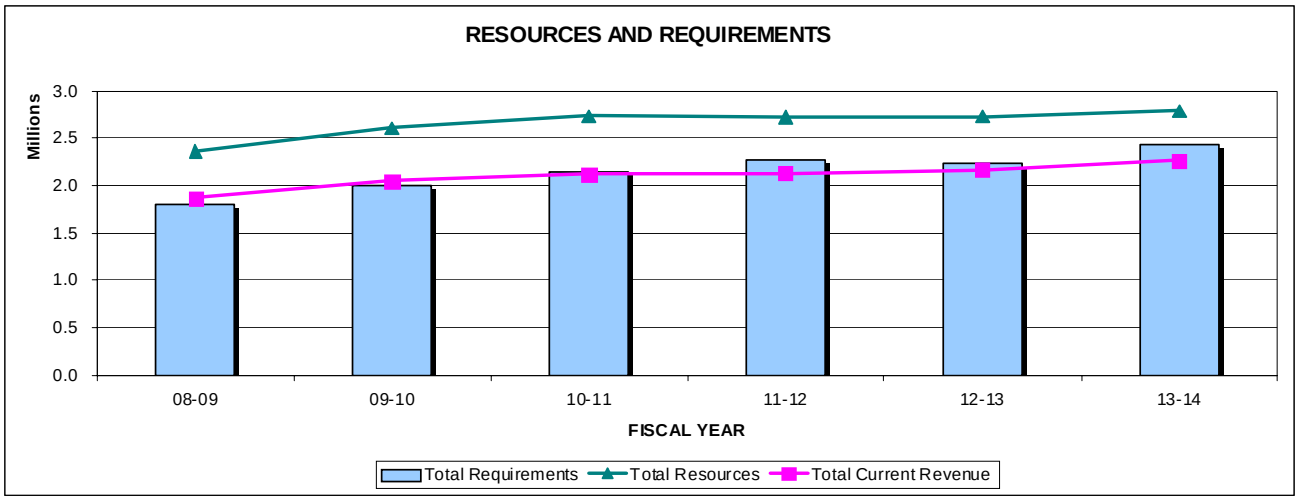
APPROPRIATE ENDING BUDGETARY FUND BALANCE

The City's current Financial Policies state that the Finance Director shall recommend an appropriate ending budgetary fund balance each year for each fund. The 9-1-1 Emergency Communications Fund is projected to end FY 11-12 with an operating fund balance equal to approximately 9.19% of the FY 11-12 current revenues

The 9-1-1 User's Group meets several times each year to discuss operations and the status of the Fund. The User's Group has developed a strategy such that user fees will be adjusted, avoiding significant spikes where possible, in combination with funding approved projects to attain and maintain a fund balance in the range of not less than $75,000 in the three-year planning window.

9-1-1 EMERGENCY COMMUNICATIONS FUND

BUDGETARY BASIS	AUDITED FY 08-09	AUDITED FY 09-10	ADOPTED FY 10-11	REVISED FY 10-11	ADOPTED FY 11-12	FY 12-13	FY 13-14
BEGINNING BUDGETARY FUND BALANCE	$209,421	$277,605	$408,215	$408,524	$372,238	$313,818	$253,428
REVENUES							
Charges for Service	$830,754	$986,657	$936,420	$941,420	$933,700	$960,570	$1,038,780
Intergovernmental	1,025,386	1,059,507	1,174,150	1,174,150	1,189,290	1,203,610	1,221,250
Miscellaneous	10,620	4,548	2,210	4,680	5,870	2,040	3,130
TOTAL REVENUES	$1,866,760	$2,050,711	$2,112,780	$2,120,250	$2,128,860	$2,166,220	$2,263,160
EXPENDITURES							
Police	$1,721,575	$1,914,402	$2,180,630	$2,064,240	$2,180,710	$2,181,540	$2,377,480
Transfers Out	77,001	80,390	77,940	77,940	51,070	53,620	56,300
Contingencies	0	0	44,120	0	48,760	0	0
TOTAL EXPENDITURES	$1,798,576	$1,994,792	$2,302,690	$2,142,180	$2,280,540	$2,235,160	$2,433,780
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	$68,184	$55,919	($189,910)	($21,930)	($151,680)	($68,940)	($170,620)
RESERVED BALANCES, Beginning of Year	$284,218	$284,218	$209,218	$209,218	$223,574	$248,574	$273,574
FUND BALANCE (Including Reserved), End of Year	$561,823	$617,742	$427,523	$595,812	$444,132	$493,452	$356,382
LESS: RESERVED BALANCES							
ASSIGNED	$284,218	$209,218	$223,574	$223,574	$248,574	$273,574	$181,074
ENDING BUDGETARY FUND BALANCE	**$277,605**	**$408,524**	**$203,949**	**$372,238**	**$195,558**	**$219,878**	**$175,308**
HISTORICAL NORMING ADJUSTMENT				35,000	83,260	33,550	32,268
POTENTIAL ENDING BUDGETARY FUND BALANCE	$277,605	$408,524	$203,949	$407,238	$313,818	$253,428	$207,576



DEVELOPMENT SERVICES FUND SUMMARY

SERVICE HIGHLIGHTS

The Development Services Fund provides resources for plan review and inspection of building construction projects, nuisance abatement, and providing public information related to development activity. Revenues are from fees charged for issuance of building permits and services performed, such as plan reviews.

FINANCIAL PLANNING ISSUES

Revenues vary with the rate of development activity. In the latter half of 2007 and extending through most of 2010 residential construction activity all but stopped, negatively impacting revenues. Development Services went through an extensive expenditure reduction effort, holding four vacant positions as authorized but unbudgeted and reducing staff by two employees in 2009. With a slight increase in residential construction in 2010, and several large commercial projects submitted, one of the employees was recalled. Several other vacant positions are still unfilled to maintain a positive fund through this continued lower revenue period.

Aside from activity levels in residential and commercial construction permits, the division received Council approval for a Service Enhancement Review Fee (SERF). The SERF is to be implemented incrementally over a three (3) year period beginning in January 2011. When fully implemented, revenues in the financial plan reflect best conservative estimates of the SERF, adding around $220,000 annually by 2013.

Fees collected are required by state law to be used for the administration and enforcement of the inspection and plan review programs. Fees are generally set to recover the cost of providing these services and are periodically reviewed and adjusted to insure that cost recovery is being maintained. Licenses & Permits revenue is for building permits. Charges for Services revenue is for plan reviews which are generally conducted prior to permit issuance for large remodeling projects or new construction. The State Building Codes Division mandates that all jurisdictions use the same fee methodologies. In addition, staff conducted a comprehensive fee analysis and raised fees in several areas in an attempt to recover costs. This increase received stakeholder support and was necessary to continue with existing service levels.

While the 40+ unit Seavey Meadows project will provide improved residential activity, construction is still forecast to remain very slow. There are a number of commercial projects in the works however, that should help sustain reasonable levels of revenue-generating activity. In FY 09-10, permit revenues and charges for services exceeded forecasts by 116% due to a major one-time increase in commercial construction. FY 10-11 also outperformed Adopted Budget projections, but was well below FY 09-10 and FY 08-09 totals. Thus, it is anticipated that permit and plan review receipts for FY 11-12 will come in close to FY 10-11 revenue amounts and continue well below prior year results for the next few budget cycles.

Accuracy of revenue and expenditure forecasting becomes difficult in the context of the issues outlined below:

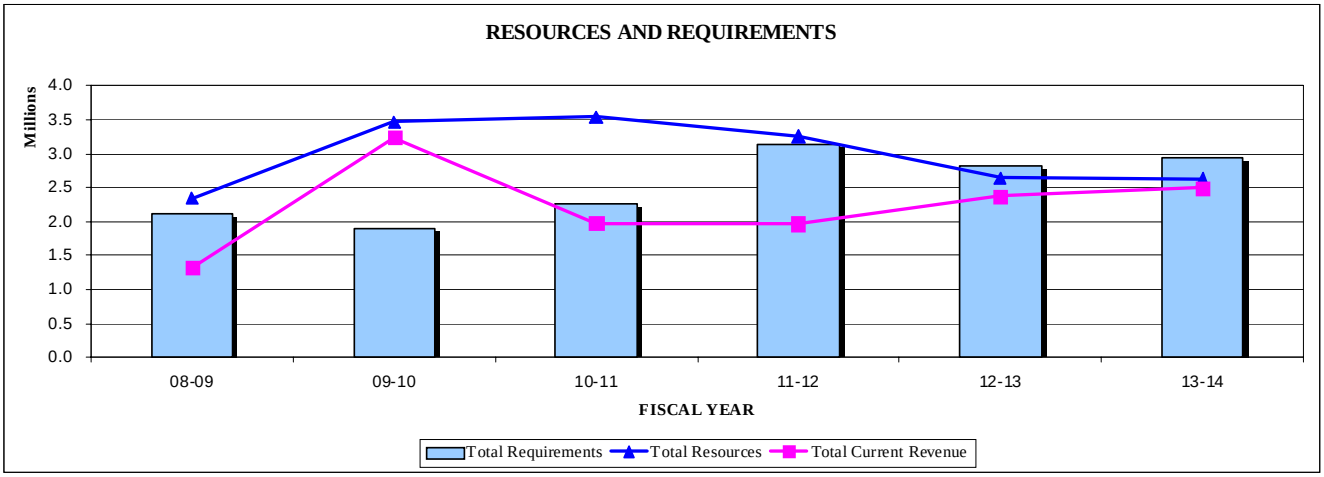
- The poor economy and lackluster housing starts.
- Determining and managing for the appropriate staff levels to respond to service demands, with the flexibility to provide all required services when large construction/development projects are presented.
- Funding future code enforcement mandates from the State or federal government, such as with new efforts relating to sustainable construction practices as promoted by the Governors Climate Change Initiative.
- Implementing technological tools which provide enhancements to customer service and gain efficiencies in staffing.
- Training staff in new codes and new technologies.
- Hiring and retaining qualified employees.
- Maintaining the momentum on implementing service levels supported by builders through the temporary lull in construction activity and concurrent drop in revenues.

APPROPRIATE ENDING BUDGETARY FUND BALANCE

The City's current Financial Policies state that the Finance Director shall recommend an appropriate ending budgetary fund balance each year for each fund. The Development Services Fund is currently projected to end FY 11-12 with an operating fund balance equaling approximately 4.08% of the FY 11-12 current revenues. Included in each year's fund balance are funds paid in one fiscal year for services which will be provided in the following fiscal year. Strategies continue to be developed to ensure that the fund maintains a positive balance through this economic downturn, and eventually achieve sufficient to reserve up to $300,000 for future needs.

DEVELOPMENT SERVICES FUND

BUDGETARY BASIS	AUDITED FY 08-09	AUDITED FY 09-10	ADOPTED FY 10-11	REVISED FY 10-11	ADOPTED FY 11-12	FY 12-13	FY 13-14
BEGINNING BUDGETARY FUND BALANCE	$789,981	$229,289	$630,589	$1,569,257	$1,289,457	$273,137	$129,007
REVENUES							
Licenses, Fees & Permits	$578,632	$1,163,606	$799,500	$770,270	$770,270	$937,340	$956,080
Charges for Services	549,154	1,848,679	892,260	972,380	1,015,880	1,310,810	1,416,410
Miscellaneous	29,230	6,602	7,010	13,140	12,520	5,410	5,090
Non-Operating Revenue	4,900	0	0	0	0	0	0
Transfers In	158,960	218,390	218,390	218,390	118,390	118,390	118,390
TOTAL REVENUES	$1,320,877	$3,237,277	$1,917,160	$1,974,180	$1,917,060	$2,371,950	$2,495,970
EXPENDITURES							
Community Development	$2,006,719	$1,798,849	$2,221,550	$2,171,050	$2,838,820	$2,756,710	$2,887,390
Transfers Out	102,870	98,460	274,330	82,930	239,560	50,570	65,290
Contingencies	0	0	0	0	50,000	0	0
TOTAL EXPENDITURES	$2,109,589	$1,897,309	$2,495,880	$2,253,980	$3,128,380	$2,807,280	$2,952,680
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	($788,712)	$1,339,968	($578,720)	($279,800)	($1,211,320)	($435,330)	($456,710)
RESERVED BALANCES, Beginning of Year	$228,020	$0	$0	$0	$0	$0	$0
FUND BALANCE (Including Reserved), End of Year	$229,289	$1,569,257	$51,869	$1,289,457	$78,137	($162,193)	($327,703)
LESS: RESERVED BALANCES							
ASSIGNED	$0	$0	$0	$0	$0	$0	$0
ENDING BUDGETARY FUND BALANCE	**$229,289**	**$1,569,257**	**$51,869**	**$1,289,457**	**$78,137**	**($162,193)**	**($327,703)**
HISTORICAL NORMING ADJUSTMENT				20,000	175,000	291,200	291,200
POTENTIAL ENDING BUDGETARY FUND BALANCE	$229,289	$1,569,257	$51,869	$1,309,457	$273,137	$129,007	($36,503)



COMMUNITY DEVELOPMENT REVOLVING FUND SUMMARY

SERVICE HIGHLIGHTS

The CD Revolving Fund supports the activities of the Community Development Department's Housing Division, providing housing and other community development assistance programs to Corvallis. The fund consists of both existing resources (monies from prior year loans that are paid back) and resources from the U.S. Department of Housing and Urban Development (HUD) through their Community Development Block Grant (CDBG) program and the HOME Investment Partnerships program.

The CDBG and HOME programs, in conjunction with resources from the existing CD Revolving Fund, support two housing rehabilitation loan programs, two home ownership assistance loan programs, and other community projects and human service-focused activities that are identified through an annual activity planning process. The Housing Division also delivers the Rental Housing Program which is funded by a fee assessment on rental units.

FINANCIAL PLANNING ISSUES

Funding for the current housing loan programs was derived from past State and Federal grant programs. Funds recycle to the City through repayment of various types of housing loans. Because of the origins of this funding, its reuse is limited to supporting activities that are Community Development Block Grant (CDBG) eligible. Ongoing funding from HUD's CDBG and HOME programs carry the same or similar sets of limitations and in some cases are more restrictive.

HUD's commitment of funding to the City of Corvallis CDBG and HOME programs, although declining in recent years, has helped to mitigate past concerns about a diminishing balance in the CD Revolving Fund and the need to focus resources primarily on uses that would provide a repayment stream - typically amortized loans for housing purchases or rehabilitation. However, with uncertainty about future HUD resources,, and with the long-term stability of the CD Revolving Fund in mind, annual budgets will still attempt to target recycling uses as the predominant pattern for expenditures of both CDBG and HOME, as well as of non-federal resources. Additionally, the non-CDBG/HOME resources will be used as a secondary source of program support in coming years rather than a primary source, filling in behind CDBG and HOME resources where needed, or where those programs are limited due to the timing or federal eligibility of proposed activities or reductions in amounts of federal funding. This strategy will allow the City to sustain the fund balance of the CD Revolving Fund over time, reversing the declines seen in the 1990's, and allowing the City to maintain a long-term program and a hedge against possible future declines in or elimination of federal funding. This strategy also allows the City to position itself to fund large housing and community development projects that may take a number of years to work through planning and predevelopment processes.

The focus of the Housing Division and the CD Revolving Fund over the near term will be:

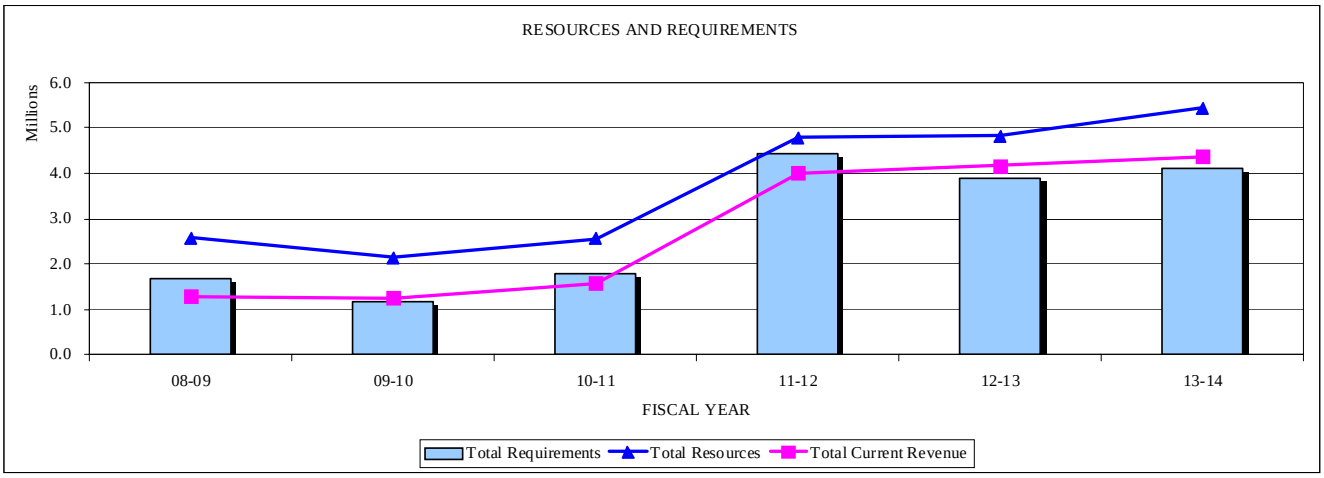
- Implementation of planning, program delivery, and program management aspects of the City's federally funded CDBG and HOME programs. Federal grant allocations for these programs vary each year.
- Continuation of current home purchase assistance and rehabilitation programs.
- Continuation of the Rental Housing Program, which includes enforcement of the Rental Housing Code.
- A higher level of resources and requirements in FY 10-11 relative to past and future years represents a multi-year accumulation of federal resources that have been approved for a single large affordable housing development project that began construction in FY 10-11 and will continue into FY 11-12. An increase to FY 11-12 budgeted expenditures has been made to reflect the potential carry forward of FY 10-11 resources which may not all be used by year-end.

APPROPRIATE ENDING BUDGETARY FUND BALANCE

The City's current Financial Policies state that the Finance Director shall recommend an appropriate ending budgetary fund balance each year for each fund. The CD Revolving Fund is projected to end FY 11-12 with a fund balance equaling approximately 8.46% of the current revenues. Although significant funding will be provided by HUD's CDBG and HOME programs, there will be an emphasis on fully expending each year's allocations in the year they are received. Thus, no significant impact on beginning and ending fund balances is anticipated. Balances in excess of 8% of current revenue will be used for future housing and other assistance loan/improvement programs.

COMMUNITY DEVELOPMENT REVOLVING FUND

BUDGETARY BASIS	AUDITED FY 08-09	AUDITED FY 09-10	ADOPTED FY 10-11	REVISED FY 10-11	ADOPTED FY 11-12	FY 12-13	FY 13-14
BEGINNING BUDGETARY FUND BALANCE	$1,294,100	$881,381	$877,831	$975,300	$778,280	$656,130	$1,067,860
REVENUES							
Licenses, Fees & Permits	$92,098	$116,510	$118,000	$118,000	$126,700	$129,900	$145,200
Charges for Services	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Intergovernmental	969,683	704,068	3,626,190	1,228,010	3,436,310	3,608,130	3,788,540
Fines & Forfeitures	646	1,831	2,500	2,500	2,300	2,300	2,300
Miscellaneous	216,642	425,520	477,430	226,280	433,180	426,020	429,360
TOTAL REVENUES	$1,284,068	$1,252,929	$4,229,120	$1,579,790	$4,003,490	$4,171,350	$4,370,400
EXPENDITURES							
Community Development	$1,530,692	$1,126,470	$4,262,670	$1,748,140	$4,336,610	$3,888,000	$4,073,680
Transfers Out	163,565	32,540	89,420	28,670	74,350	14,280	18,340
Contingencies	0	0	35,720	0	31,950	0	0
TOTAL EXPENDITURES	$1,694,257	$1,159,010	$4,387,810	$1,776,810	$4,442,910	$3,902,280	$4,092,020
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	($410,189)	$93,919	($158,690)	($197,020)	($439,420)	$269,070	$278,380
RESERVED BALANCES, Beginning of Year	$0	$2,530	$2,530	$2,530	$2,530	$2,530	$2,530
FUND BALANCE (Including Reserved), End of Year	$883,911	$977,830	$721,671	$780,810	$341,390	$927,730	$1,348,770
LESS: RESERVED BALANCES							
ASSIGNED	$2,530	$2,530	$2,530	$2,530	$2,530	$2,530	$2,530
ENDING BUDGETARY FUND BALANCE	**$881,381**	**$975,300**	**$719,141**	**$778,280**	**$338,860**	**$925,200**	**$1,346,240**
HISTORICAL NORMING ADJUSTMENT				142,660	174,610	142,660	142,660
POTENTIAL ENDING BUDGETARY FUND BALANCE	$881,381	$975,300	$719,141	$920,940	$656,130	$1,067,860	$1,488,900



PARKING FUND SUMMARY

SERVICE HIGHLIGHTS

Operations in the Parking Fund support activities performed by the Police Department and Municipal Court on parking enforcement and activities performed by Public Works, including maintenance of parking meters and Downtown parking lots, collection of parking meter revenues and management of residential parking districts. Staff also supports the Parking Committee of the Downtown Commission, which is charged with advising the City Council on downtown parking system management.

Digital parking meters have been installed throughout the city resulting in far fewer meter malfunctions than in the past. Pay stations are installed where feasible to provide more efficient control of parking spaces than individual meters and to reduce the visual clutter. The City responds quickly to replace and/or repair damaged or stolen parking meters or pay stations.

Residential parking districts north of the OSU campus were created to control the level of non-resident parking on these streets. Student 'spillover' parking from campus lots can monopolize the available spaces and add unnecessary congestion to residential neighborhoods. Working with campus representatives, staff continues to seek solutions to this issue and the likely additional parking pressure that will result from the increase in the student population predicted in the OSU 2025 plans. In the meantime, student parking to the east of campus resulted in the creation in June 2010 of a new residential parking district in the downtown area.

FINANCIAL PLANNING ISSUES

Downtown parking is perceived as a problem by some merchants, shoppers, and businesses located in the Downtown core, and requests for improvements to Downtown parking have been made. However, current funding streams do not provide adequate revenues during the three-year planning period both to maintain the level of service presently provided and to implement these improvements.

Despite a perception that customer parking is limited in Downtown, the results of a third-party study show that parking availability is more than adequate. Even with this information, business owners remain concerned about the impact on their businesses from the perception of inadequate parking and have requested more parking in the core. The availability of vacant land for either surface parking or a parking structure is limited and very expensive. Thus, developing new parking options will be costly.

Responding to the increased use of alternative transportation modes, the City installed bicycle lockers at the Transit Center. These facilities proved to be quite popular, with a waiting list for future rentals. More lockers were purchased to meet this demand and to further promote and encourage bicycles as a viable transportation mode. While the Parking Fund is currently carrying a sizeable fund balance, future additions of this nature will need to be balanced against the demands for enhanced automobile parking which is significantly more costly.

The Parking Plan, completed in 2002, is due for an update to reflect the changes in usage patterns in the last several years with the expanded retail and restaurant development in the downtown. Based on a recent discussion at the Parking Committee, the cost of this project would currently outweigh the benefits and therefore it is on hold until a significant issue develops in the downtown that would result in a greater benefit.

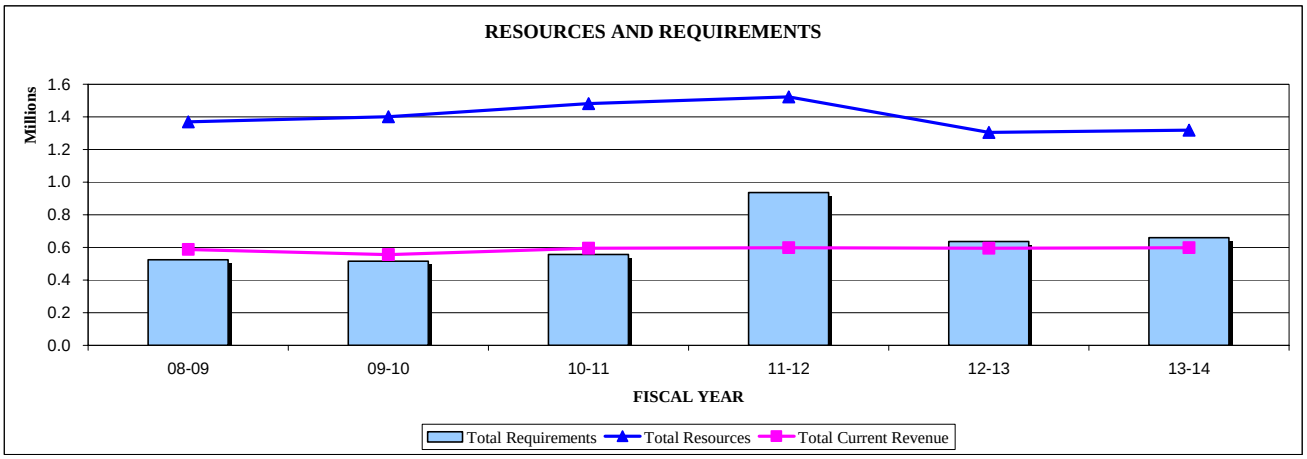
There is a growing community interest in the use of electric vehicles. Providing the means to charge these vehicles supports the City's sustainability goals and the City Council's work on an Energy and Transportation Strategy. Included in the Capital Improvement Program is a project to construct these stations in FY 11-12, but ongoing funding for this initiative will need to be balanced against support for existing programs. Grants and other funding mechanisms will be sought to help with this effort.

APPROPRIATE ENDING BUDGETARY FUND BALANCE

The City's current Financial Policies state that the Finance Director shall recommend an appropriate ending budgetary fund balance each year for each fund. The Parking Fund is projected to end FY 11-12 with an operating fund balance equal to approximately 86.37% of the FY 11-12 current revenues. The recommended minimum fund balance for this fund is $50,000. Any funds over that amount would be available for capital improvements, including land acquisition for parking.

PARKING FUND

BUDGETARY BASIS	AUDITED FY 08-09	AUDITED FY 09-10	ADOPTED FY 10-11	REVISED FY 10-11	ADOPTED FY 11-12	FY 12-13	FY 13-14
BEGINNING BUDGETARY FUND BALANCE	$713,225	$762,705	$753,747	$789,591	$814,551	$641,191	$660,271
REVENUES							
Licenses, Fees & Permits	$16,547	$15,841	$20,000	$20,000	$20,000	$20,000	$20,000
Charges for Services	175,355	164,942	164,450	163,850	164,150	165,800	167,470
Fines & Forfeitures	376,302	367,280	404,930	404,930	405,930	405,930	405,930
Miscellaneous	18,439	7,148	3,200	6,150	7,700	2,430	4,240
TOTAL REVENUES	$586,642	$555,210	$592,580	$594,930	$597,780	$594,160	$597,640
EXPENDITURES							
Community Development	$3,509	$3,805	$4,010	$4,010	$4,070	$4,080	$4,240
Finance	110,405	105,451	132,180	124,480	143,310	148,310	155,300
Police	261,165	279,836	344,320	276,250	351,190	299,170	327,610
Public Works	130,183	104,872	162,590	128,500	171,980	170,460	157,250
Transfers Out	18,900	20,970	223,230	23,230	253,720	14,410	15,130
Contingencies	0	0	12,030	0	11,890	0	0
TOTAL EXPENDITURES	$524,162	$514,934	$878,360	$556,470	$936,160	$636,430	$659,530
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	$62,480	$40,276	($285,780)	$38,460	($338,380)	($42,270)	($61,890)
RESERVED BALANCES, Beginning of Year	$69,518	$82,518	$95,908	$95,908	$109,408	$69,278	$60,088
FUND BALANCE (Including Reserved), End of Year	$845,223	$885,499	$563,875	$923,959	$585,579	$668,199	$658,469
LESS: RESERVED BALANCES							
COMMITTED	$37,323	$37,323	$37,323	$37,323	$37,323	$37,323	$37,323
ASSIGNED	45,195	58,585	20,955	72,085	31,955	22,765	18,265
ENDING BUDGETARY FUND BALANCE	**$762,705**	**$789,591**	**$505,597**	**$814,551**	**$516,301**	**$608,111**	**$602,881**
HISTORICAL NORMING ADJUSTMENT				57,950	66,940	52,160	49,260
POTENTIAL ENDING BUDGETARY FUND BALANCE	$762,705	$789,591	$505,597	$872,501	$641,191	$660,271	$652,141



TRANSIT FUND SUMMARY

SERVICE HIGHLIGHTS

The main operation in the Transit Fund is for the eight regular transit routes that operate Monday through Saturday, and the four commuter routes that operate Monday through Friday. These routes provide hourly or half-hourly service to the community. Ridership patterns are evaluated periodically and adjustments are made to routes and schedules to meet customer needs. In 2008, all transit routes were revised to provide more frequent service along high-use corridors, including the implementation of the new commuter routes. In 2009, a new route began providing service north of the city, to the Crescent Valley area. In keeping with the Council's sustainability goal, all transit buses use biodiesel, a more environmentally friendly fuel source. Paratransit service, for disabled persons who are unable to use the fixed-route system, is mandated by the federal government to be offered the same days, hours, and geographical area as the fixed-route service. The City contracts with a vendor to provide this service.

The Transit Center in Downtown Corvallis increases route efficiencies and facilitates transfers between routes. Adequate space is provided for the Corvallis Transit System, the Philomath Connection, the Linn-Benton Loop and the recently implemented 99 Express, which provides service north to Adair Village and south to Monroe. The Center also has bike lockers and racks, which encourage the use of multiple modes to reach a transportation destination.

The Associated Students of Oregon State University (ASOSU), through a partnership with the City, contribute the majority of the funding for a late-night bus service on Thursday, Friday and Saturday during the OSU academic school year. This service has been a success, with ridership growing every year.

In 2011, the Corvallis Transit Service went fareless; riders may now get on the bus without showing a pass or paying a fee. This provides for more efficient loading of passengers and helps buses stay on time. In April 2011, over 92,800 rides were provided, representing the highest single month in CTS history.

FINANCIAL PLANNING ISSUES

Current sources of funding such as State grants, business energy tax credits (BETC), and the Sustainability Initiative Fee (SIF) help to support the base level transit service. With the advent of the SIF, the Transit Fund will no longer get an allocation of property taxes. A reduction in any of the aforementioned funding sources would result in a reduction of service, and additionally could impact availability of match funds for federal grants.

The Transit Master Plan, completed in 1997, predicted a level of service that is not being provided. Even with the service expansion implemented in FY 08-09, the City does not fully provide the level identified in the plan or desired by the community. Service level is directed by users, the growth of the community and the requirements of the Americans with Disabilities Act (ADA). As the community grows, transit, as an alternative to the single-occupancy vehicle, serves to help relieve congestion and parking issues, supports sustainability efforts, and provides mobility for low-income, elderly or disabled members of the population. The City will be challenged to provide a level and quality of service that will meet this demand in a climate of unstable State and Federal revenue sources for City transit services. Stable, long-term funding, is needed before services can be expanded.

Five years ago, surplus property taxes were set aside in an assigned reserve to support operations in case the State's BETC program became a less stable source of revenue. Recent legislative activity has made the program less attractive for pass-through partners, and thus more questionable as a source of ongoing funding. The current economy has also resulted in fewer partners with a sufficiently sizeable tax liability to offset the credit, such that the City is currently two years behind in budgeted receipts. In FY 10-11, a portion of the property tax reserve was transferred back in support of the General Fund. The remainder of the reserve will be used for Transit operations in FY 10-11 to backfill the late receipt of BETC's. The BETC program is scheduled to sunset in the next five years, with costs eligible to be funded declining steadily from 35% in FY 10-11 down to 10% by FY 14-15.

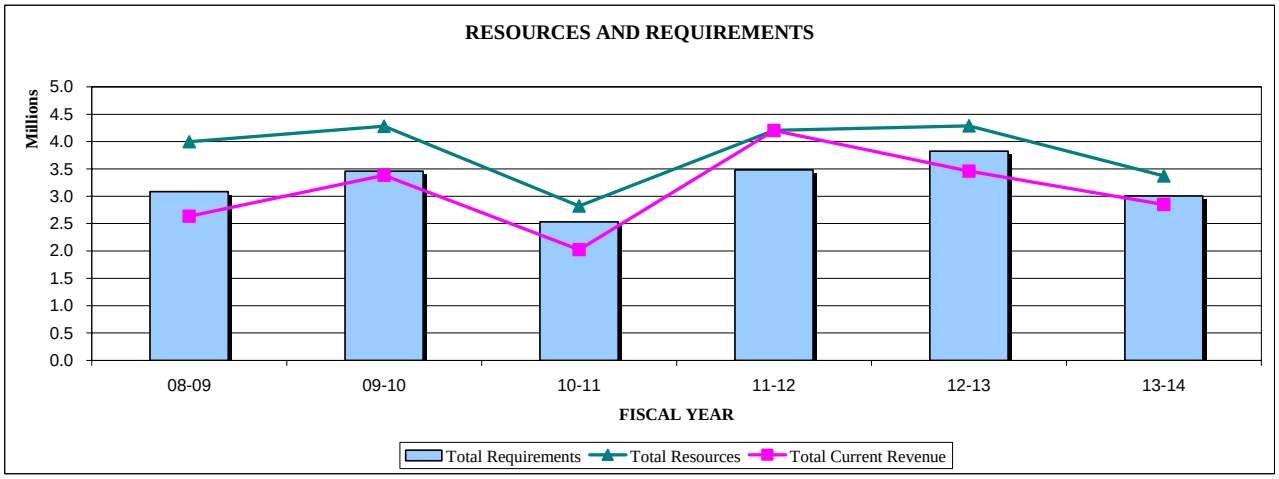
The City's participation in the Corvallis Area Metropolitan Planning Organization (CAMPO) results in significant grant funding for the Corvallis Transit system. However, future needs for regional transportation systems as perceived by CAMPO could impact the available grant funds for the City.

APPROPRIATE ENDING BUDGETARY FUND BALANCE

The City's Financial Policies state that the Finance Director shall recommend an appropriate ending budgetary fund balance each year for each fund. The Transit Fund is currently projected to end FY 11-12 with an operating fund balance equaling approximately 12.82% of the FY 11-12 current revenues.

TRANSIT FUND

BUDGETARY BASIS	AUDITED FY 08-09	AUDITED FY 09-10	ADOPTED FY 10-11	REVISED FY 10-11	ADOPTED FY 11-12	FY 12-13	FY 13-14
BEGINNING BUDGETARY FUND BALANCE	$684,923	$273,615	$593,635	$136,087	($206,743)	$691,947	$350,557
REVENUES							
Property Taxes	$440,708	$217,114	$75,000	$75,000	$0	$0	$0
Licenses & Fees & Permits	0	0	0	387,420	879,300	879,300	879,300
Charges for Service	489,512	478,655	502,410	368,880	214,660	216,290	217,940
Intergovernmental	1,525,733	1,955,125	1,618,340	977,140	1,737,450	1,647,580	1,030,190
Fines & Forfeitures	55	169	0	0	0	0	0
Miscellaneous	176,657	730,654	811,680	184,230	1,368,990	714,800	721,330
TOTAL REVENUES	$2,632,666	$3,381,718	$3,007,430	$2,007,970	$4,200,400	$3,457,970	$2,848,760
EXPENDITURES							
Public Works	$3,087,409	$3,457,245	$3,442,830	$2,531,880	$3,481,890	$3,822,930	$3,007,740
Transfers Out	9,165	27,000	268,920	268,920	11,620	12,200	12,810
Contingencies	0	0	29,940	0	35,590	0	0
TOTAL EXPENDITURES	$3,096,574	$3,484,245	$3,741,690	$2,800,800	$3,529,100	$3,835,130	$3,020,550
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	($463,908)	($102,527)	($734,260)	($792,830)	$671,300	($377,160)	($171,790)
RESERVED BALANCES, Beginning of Year	$678,661	$626,061	$661,061	$661,061	$211,061	$137,001	$172,001
FUND BALANCE (Including Reserved), End of Year	$899,676	$797,148	$520,436	$4,318	$675,618	$451,788	$350,768
LESS: RESERVED BALANCES							
ASSIGNED	$626,061	$661,061	$466,251	$211,061	$137,001	$172,001	$61
ENDING BUDGETARY FUND BALANCE	**$273,615**	**$136,087**	**$54,185**	**($206,743)**	**$538,617**	**$279,787**	**$350,707**
HISTORICAL NORMING ADJUSTMENT				78,630	74,700	70,770	66,840
POTENTIAL ENDING BUDGETARY FUND BALANCE	$273,615	$136,087	$54,185	($128,113)	$691,947	$350,557	$417,547



SERVICE HIGHLIGHTS

Property taxes levied by the City for operations are accounted for in the General, Parks & Recreation, Fire and Rescue, and Library Funds. As part of the effort to maintain a positive fund balance in FY 11-12 and future years, Budget Commission and City Council introduced a $.45 per $1,000 of assessed value local option tax levy to City of Corvallis voters in May 2011, to fund specific services. The three-year levy passed and goes into effect July 1, 2011.

The tax revenue from this levy is restricted to the following: operations of the Library, the Osborn Aquatic Center and the Chintimini Senior Center, as well as for allocations to social service agencies. Among these uses, distribution of the revenue will also be restricted in the following manner:

- 23.03% of the levy each year toward year-round operation of the Osborn Aquatic Center, including programs such as swimming lessons, therapy classes, youth special needs classes, water safety, high school swim practice, swim meets, fitness classes, and lap swimming;
- 17.22% of the levy each year for year-round operation of the Chintimini Senior Center, including programs such as senior meals, health and fitness, life-long learning classes, support groups, tax aide assistance, and volunteer recruitment and coordination;
- 11.79% of the levy each year for year-round Library open hours on Mondays;
- 42.22% of the levy each year for operation of the Corvallis-Benton County Public Library, including the acquisition of books, periodicals, and other library materials; and programs such as preschool reading readiness services for families and child care providers; and volunteer recruitment and coordination.; and
- 5.74% of the levy each year for funding social service programs that provide emergency or transitional assistance, such as aid in obtaining food, water, shelter, warmth, clothing, safety, acute health care, or access to information about obtaining this assistance.

The levy fund presentation includes financial data for the revenue received from the levy as well as how that revenue is transferred out to the Library Fund, Parks and Recreation and Aquatics Fund, and the General Fund.

FINANCIAL PLANNING ISSUES

Since Oregon voters approved Measure 50 in 1997, local governments and special districts in Oregon have not been permitted to ask voters for increases in permanent property tax rates. Increases in the assessed value of property are capped at 3 percent per year, with some exceptions such as for new construction. When a permanent rate of a local government does not provide enough revenue to meet estimated expenditures, local governments may raise property taxes above their permanent rates only by voter approval of a local option levy. The levy rate approved by City of Corvallis voters in May 2011 is estimated to raise approximately $1,790,000 in FY 11-12, $1,850,870 in FY 12-13, and $1,924,900 in FY 13-14 or a total of $5,565,770 for all three years assuming growth in assessed value of 2.0%, 3.42%, and 4.0% percent each year. However, the nationwide recession has pushed the market value of housing downward throughout the City of Corvallis and this overall rate of growth may not be achieved. Should actual growth in assessed value be higher than projected, balances will be restricted on the same ratio as the levy for funding these services in future years. Combined, the services in the property tax supported funds will receive around 4.5% of their funding from the May 2011 operating levy.

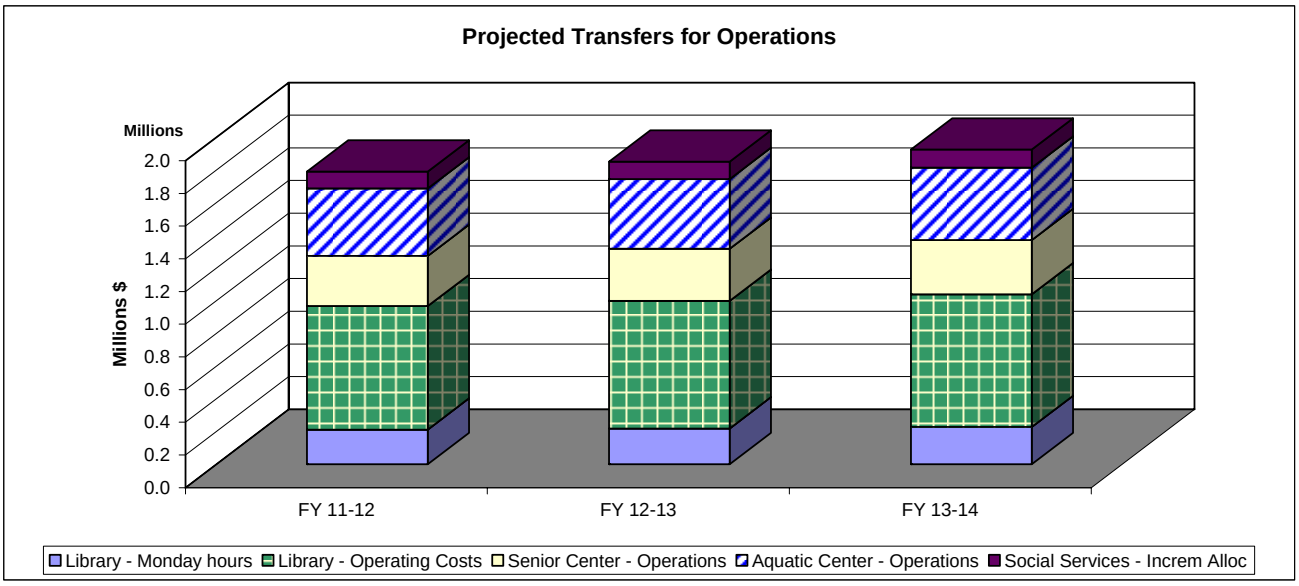
With declining revenues, the ability to meet citizen demands for new, expanded, or even existing service levels will be difficult. Given that the 2011 operating levy is limited to a three-year duration, and unless it is renewed by voters, the City's legal requirement to adopt a balanced budget means that the City will either need to reduce services or find an alternative revenue stream in order to attain a positive fund balance once the levy expires.

APPROPRIATE ENDING BUDGETARY FUND BALANCE

The City's Financial Policies state that the Finance Director shall recommend an appropriate ending budgetary fund balance each year for each fund. The 2011 Operating Levy Fund is projected to end FY 11-12 with an operating fund balance equal to approximately 0% of the FY 11-12 current revenues. The recommended fund balance for this fund is $0. Any funds over that amount would be available in future years for the restricted uses as specified in the operating levy ballot measure.

2011 OPERATING LEVY FUND

BUDGETARY BASIS	AUDITED FY 08-09	AUDITED FY 09-10	ADOPTED FY 10-11	REVISED FY 10-11	ADOPTED FY 11-12	FY 12-13	FY 13-14
BEGINNING BUDGETARY FUND BALANCE	$0	$0	$0	$0	$0	$0	$0
REVENUES							
Property Taxes - Levy Related	$0	$0	$0	$0	$1,790,000	$1,850,870	$1,924,900
Miscellaneous					0	0	0
TOTAL REVENUES	$0	$0	$0	$0	$1,790,000	$1,850,870	$1,924,900
EXPENDITURES							
NON-OPERATING TRANSFERS							
Library Fund - Monday Hours	$0	$0	$0	$0	$211,000	$218,180	$226,900
Library Fund - Other Operating Costs	0	0	0	0	755,730	781,430	812,680
Parks & Recreation Fund - Senior Center	0	0	0	0	308,200	318,680	331,430
Parks & Recreation Aquatics Fund	0	0	0	0	412,200	426,220	443,260
General Fund - Social Services	0	0	0	0	102,870	106,360	110,630
TOTAL EXPENDITURES	$0	$0	$0	$0	$1,790,000	$1,850,870	$1,924,900
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	$0	$0	$0	$0	$0	$0	$0
RESERVED BALANCES, Beginning of Year							
FUND BALANCE (Including Reserved), End of Year	$0	$0	$0	$0	$0	$0	$0
LESS: RESERVED BALANCES							
RESTRICTED	$0	$0	$0	$0	$0	$0	$0
ENDING BUDGETARY FUND BALANCE	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**



WATER FUND SUMMARY

SERVICE HIGHLIGHTS

The primary service in the Water Fund is the provision of a safe and reliable drinking water supply. Water is taken from two surface water sources, the Willamette River and Rock Creek, and put through a rigorous treatment process that results in drinking water meeting or exceeding all State and federal water quality regulations. The two treatment plants are the Taylor Plant, located in South Corvallis, and the Rock Creek Plant, located on the east side of Marys Peak. In FY 09-10, over 2.5 billion gallons of drinking water were produced.

To carry the water from the treatment plants to homes, schools and businesses requires over 245 miles of pipe. The City uses a variety of preventive maintenance programs to provide virtually uninterrupted water service and to ensure that the water quality does not deteriorate as it passes through the distribution system.

The City encourages water conservation through outreach and education programs. As a result, water usage per capita has steadily declined over the last 10 years. Equally concerned about the impact of water production on the greater environment, the City has been aggressive in its pursuit of energy-saving process or equipment changes and in reducing use of harmful or toxic chemicals in the treatment and distribution systems.

Long-term planning for the water treatment and distribution systems ensures that water production and water quality meet the needs of the growing community and evolving State and federal regulations. The City has master plans for the two treatment plants and the distribution system (pipes, reservoirs, and pump stations), and these are updated approximately every 10 years.

FINANCIAL PLANNING ISSUES

The primary revenue for this fund is from the sale of water to customers. Rates are reviewed annually and adjusted by the City Council to address operation, maintenance, and capital needs. The water demands of the community and Environmental Protection Agency (EPA) regulations dictate the procedures and practices used to operate and maintain the whole water system, as well as the need for major capital improvements.

The City Council, sensitive to the tight economic times, has directed staff to limit the combined rate increase in the three utility funds to 3%. While maximizing operational efficiencies, staff's ability to meet these rate guidelines are challenged by the fluctuations in fuel and chemical costs, and increasing federal regulations. Despite these factors, which affect all water systems, Corvallis utility charges are the third lowest of eight other like-sized communities and the lowest of ten other surrounding communities.

High Willamette River levels in recent years have accelerated the accumulation of gravel in front of the Taylor Water Treatment Plant intake, restricting the flow. Gravel removal is very expensive and requires precision timing to ensure the river environment is disturbed at a time that causes the least disruption to aquatic life. In the past, gravel was removed every 15-20 years, but this frequency is no longer adequate. A project to remove gravel will be completed during the summer of 2011, but a long-term strategy for gravel build-up needs to be developed.

In a climate of sustainable operations, reduced water use is a community-wide goal. Total water production has decreased each of the past three years; but less water sold means less revenue to operate and maintain the water systems. The fixed costs inherent in water production are then recovered from a smaller base, forcing an increase in water rates that results in a neutral or higher water bill, seemingly sending a conflicting message to those committed to conservation.

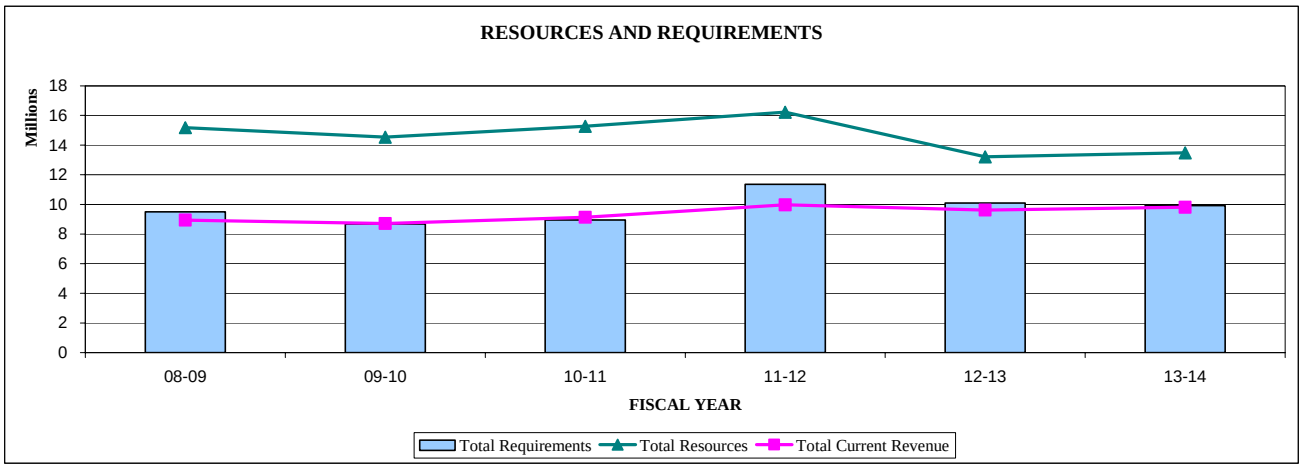
The Watershed Stewardship Plan has significant projects to manage the City's watershed forest property, on the east side of Marys Peak, back to a healthy state. Revenues to accomplish these items come from the sale of timber harvested from the site. The challenge is to meet the demand for environmental improvements while responding to the competing pressure to minimize timber harvests.

APPROPRIATE ENDING BUDGETARY FUND BALANCE

The City's current Financial Policies state that the Finance Director shall recommend an appropriate ending budgetary fund balance each year for each fund. The Water Fund is projected to end FY 11-12 with an operating fund balance equaling approximately 3.02% of the FY 11-12 current revenue. A minimum recommended operating balance is $500,000. Any funds over that amount would be available for capital improvements or for future debt service.

WATER FUND - COMBINED

BUDGETARY BASIS	AUDITED FY 08-09	AUDITED FY 09-10	ADOPTED FY 10-11	REVISED FY 10-11	ADOPTED FY 11-12	FY 12-13	FY 13-14
RATE INCREASE	6.00%	2.00%	2.50%	3.70%	2.50%	2.00%	2.00%
BEGINNING BUDGETARY FUND BALANCE	$1,383,772	$1,066,147	$1,309,080	$1,169,425	$1,347,415	$1,078,763	$566,070
REVENUES							
Charges for Service	$8,136,408	$8,005,163	$8,584,970	$8,318,930	$8,587,330	$8,881,420	$9,059,420
Intergovernmental	18,500	27,238	108,670	75,070	33,600	0	0
Fines & Forfeitures	284	1,018	0	0	0	0	0
Miscellaneous	434,287	332,539	432,020	396,770	400,260	396,270	405,270
Other Financing Sources	7,034	5,790	0	0	0	0	0
Transfers In	339,497	339,655	339,400	339,400	946,050	344,640	345,860
TOTAL REVENUES	$8,936,009	$8,711,403	$9,465,060	$9,130,170	$9,967,240	$9,622,330	$9,810,550
EXPENDITURES							
Community Development	$46,040	$45,409	$50,740	$50,740	$51,350	$61,070	$64,200
Public Works	6,643,678	6,780,741	8,054,750	7,262,190	8,930,510	7,374,290	7,486,010
Debt Service	1,016,170	1,018,484	1,009,240	1,009,240	1,018,820	1,021,150	1,016,600
Transfers Out	1,793,852	830,178	1,108,380	627,040	1,151,320	1,638,180	1,345,470
Contingencies	0	0	178,150	0	194,670	0	0
TOTAL EXPENDITURES	$9,499,740	$8,674,812	$10,401,260	$8,949,210	$11,346,670	$10,094,690	$9,912,280
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	($563,731)	$36,591	($936,200)	$180,960	($1,379,430)	($472,360)	($101,730)
RESERVED BALANCES, Beginning of Year	$4,863,939	$4,768,176	$4,337,943	$4,977,523	$4,909,684	$2,513,784	$3,106,944
FUND BALANCE (Including Reserved), End of Year	$5,834,323	$6,146,949	$2,468,213	$6,257,100	$2,814,570	$3,417,257	$4,407,415
LESS: RESERVED BALANCES							
RESTRICTED	$4,313,396	$4,589,432	$1,675,314	$4,518,623	$2,455,523	$2,752,593	$3,588,723
ASSIGNED	454,779	388,092	204,729	391,062	58,262	354,352	761,432
ENDING BUDGETARY FUND BALANCE	$1,066,147	$1,169,425	$588,170	$1,347,415	$300,785	$310,313	$57,260
HISTORICAL NORMING ADJUSTMENT				$299,132	$478,845	$255,758	$217,394
POTENTIAL ENDING BUDGETARY FUND BALANCE	$1,066,147	$1,169,425	$588,170	$1,646,547	$1,078,763	$566,070	$274,654



WASTEWATER FUND SUMMARY

SERVICE HIGHLIGHTS

The primary service in the Wastewater Fund is the removal and treatment of wastewater generated in the community. Treatment is accomplished through a biological process, producing effluent discharged to the Willamette River that meets all State and federal regulations. Two treatment facilities are located on NE Third Street. One is for domestic and industrial wastewater and the other is the Combined Sewer Overflow (CSO) facility, used to process the excess flows from heavy or sustained rain events.

Wastewater is collected via 216 miles of pipes from homes and businesses for delivery to the plant. Preventive maintenance programs, such as sewer cleaning and sewer line root removal, reduce service interruptions and extend collection system life.

Storm water lines that are incorrectly connected to the sanitary sewers or groundwater seepage through cracks in sewer pipes add unnecessary volume to the sanitary system. This puts water through the treatment process that wouldn't normally need to be treated, as well as reduces the capacity for wastewater in the pipes. Removing this flow from the system would save treatment costs. Areas of infiltration and/or inflow are identified by introducing smoke into the pipeline and documenting where it escapes. This information is then used to prioritize maintenance activities.

The City endeavors to minimize the impact of wastewater processes on the environment by aggressively pursuing energy-saving measures, reducing use of harmful or toxic chemicals in operations, and educating the public about keeping fats, oils and grease out of the system, the leading contributors to blocked sewer lines. In addition, the City looks for beneficial uses for "waste" products of the treatment process, applying biosolids to agricultural fields as a soil amendment and using methane gas to heat facilities and run some treatment processes.

FINANCIAL PLANNING ISSUES

The primary revenue for this fund is wastewater user fees. Rates are reviewed annually and adjusted by the City Council to address operation and maintenance needs. For example, an adequate level of piping system maintenance must be supported to ensure the health and safety of the community, and the uninterrupted collection of wastewaters.

The City's National Pollutant Discharge Elimination System (NPDES) permit and EPA wastewater regulations require expanded maintenance, operation, and capital expenditures. The NPDES permit is renewed every five years, and the requirements of the permit affect operations, lab monitoring, and records. More stringent requirements have been included in the latest permit from regulations establishing total maximum daily pollutant levels (TMDL) to the Willamette. Additional facilities and changes to processes (i.e., wastewater reuse) will be required to achieve the pollutant limits stipulated in the permit. The City has begun a public information and education process about ways to address these and other regulations on toxic removal that are on the horizon. Feedback gathered through this process will be used by the City Council to select a preferred solution. Preliminary information about the likely alternatives indicates project costs ranging from $15 to $40 million. There is not sufficient capacity within the Fund's resources to absorb this size of expenditure and debt will need to be issued to provide the funds necessary to construct the solution in the next 2-3 years. Staff will seek other funding opportunities and partnerships, but utility rates will be impacted as well.

The City Council, sensitive to the tight economic times, has directed staff to limit the combined rate increases in the three utility funds to 3%. As efficiencies in processes are maximized, this guideline presents a bigger challenge because of expenditure increases that exceed 3% due to a growing community, inflation in materials costs and more stringent federal regulations. Even with these influences, which are affecting all wastewater systems, Corvallis utility charges are the third lowest compared to eight other like-sized communities and the lowest compared to ten other surrounding communities.

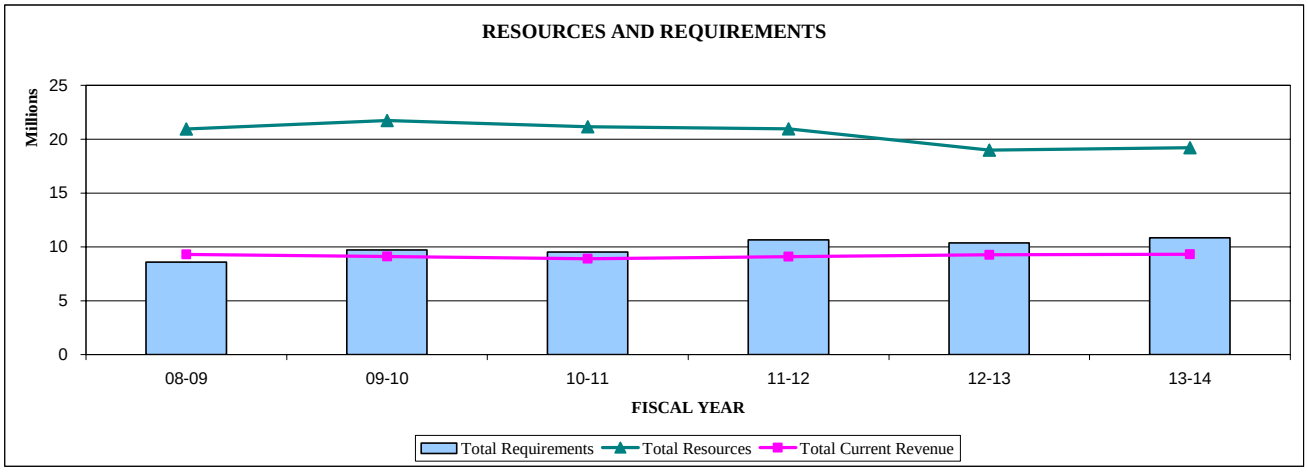
Wastewater charges are calculated from water consumption amounts. As discussed under the Water Fund, consumption is steadily decreasing, which also reduces the wastewater revenue generated. This puts the recovery of fixed charges inherent in wastewater systems on a smaller base, forcing rate increases. In addition, debt service requirements for the Department of Environmental Quality loan, the revenue bonds for the CSO project and the potential future debt issuance for the TMDL project further reduces the available resources for operation and maintenance.

APPROPRIATE ENDING BUDGETARY FUND BALANCE

The City's current Financial Policies state that the Finance Director shall recommend an appropriate ending budgetary fund balance each year for each fund. The Wastewater Fund is projected to end FY 11-12 with an operating fund balance of approximately 7.08% of the FY 11-12 current revenue. A minimum of $500,000 is recommended for the operating fund balance.

WASTEWATER FUND - COMBINED

BUDGETARY BASIS	AUDITED FY 08-09	AUDITED FY 09-10	ADOPTED FY 10-11	REVISED FY 10-11	ADOPTED FY 11-12	FY 12-13	FY 13-14
RATE INCREASE	2.00%	2.00%	2.00%	2.00%	2.50%	2.50%	3.00%
BEGINNING BUDGETARY FUND BALANCE	$2,744,074	$3,408,590	$3,180,660	$2,947,204	$2,234,464	$1,715,997	$958,315
REVENUES							
Charges for Service	$8,833,625	$8,720,357	$9,029,100	$8,863,310	$9,042,110	$9,253,950	$9,310,660
Miscellaneous	115,304	54,092	28,030	45,140	50,930	19,080	19,290
Other Financing Sources	0	0	0	0	0	0	0
Transfers In	338,576	340,152	0	0	0	0	0
TOTAL REVENUES	$9,303,968	$9,114,601	$9,057,130	$8,908,450	$9,093,040	$9,273,030	$9,329,950
EXPENDITURES							
Community Development	$45,019	$44,486	$49,540	$49,540	$50,380	$60,100	$63,220
Public Works	5,762,587	6,455,402	7,034,410	6,491,260	7,264,080	6,855,560	7,086,530
Debt Service	2,314,872	2,305,657	2,233,850	2,300,330	2,294,040	2,291,540	2,258,290
Transfers Out	466,974	925,042	1,381,300	700,060	878,980	1,175,890	1,452,190
Contingencies	0	0	181,140	0	181,510	0	0
TOTAL EXPENDITURES	$8,589,452	$9,730,587	$10,880,240	$9,541,190	$10,668,990	$10,383,090	$10,860,230
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	$714,516	($615,986)	($1,823,110)	($632,740)	($1,575,950)	($1,110,060)	($1,530,280)
RESERVED BALANCES, Beginning of Year	$8,902,037	$9,222,754	$9,026,913	$9,303,471	$9,634,581	$7,998,931	$8,933,571
FUND BALANCE (Including Reserved), End of Year	$12,631,344	$12,250,675	$8,660,873	$11,869,045	$8,642,535	$9,501,267	$4,239,535
LESS: RESERVED BALANCES							
RESTRICTED	$9,004,349	$9,239,666	$7,239,518	$9,490,776	$7,840,216	$8,736,616	$4,566,657
ASSIGNED	218,405	63,805	68,715	143,805	158,715	196,955	248,715
ENDING BUDGETARY FUND BALANCE	$3,408,590	$2,947,204	$1,352,640	$2,234,464	$643,604	$567,697	($575,836)
HISTORICAL NORMING ADJUSTMENT				456,863	615,530	390,618	332,025
POTENTIAL ENDING BUDGETARY FUND BALANCE	$3,408,590	$2,947,204	$1,352,640	$2,691,327	$1,715,997	$958,315	($243,811)



STORM WATER FUND SUMMARY

SERVICE HIGHLIGHTS

The primary service in the Storm Water Fund is the collection of rain water to minimize urban flooding; a secondary focus is improving the water quality in the urban streams. Preventive maintenance programs, such as pipe line and catch basin cleaning, help to extend the life of the infrastructure and insure maximum capacity in the system for the storm water flow.

Urban streams form the backbone of the City's storm water collection system. Much work has been done in recent years to maintain these areas in keeping with the community's desire for the stream banks to serve as wildlife habitat, while ensuring the streams serve their primary purpose as a rain water collection system. To minimize the impact of staff activities on the environment, work is done in accordance with the City's Integrated Vegetation and Pest Management Program guidelines. The City monitors the water quality in the urban streams at various locations around the community to increase the understanding of these waterways and pinpoint improper discharges to a stream.

Long-range planning for the storm water system creates a blueprint for system policies and future modifications necessary to meet regulatory requirements and community interests. The plans are periodically updated to reflect changes in regulations, population, resident's values, water quality and technology. An update to the Storm Water Master Plan, focusing primarily on the piping system, is scheduled for FY 12-13.

FINANCIAL PLANNING ISSUES

The primary revenue for this fund is the storm water system user fee. Rates are reviewed annually and adjusted by the City Council to address operation, maintenance and capital improvement needs. Between FY 02-03 and FY 10-11, storm water rates were not increased, helping to offset the increases needed to maintain the water and wastewater systems during this time period. However, the Storm Water Fund is currently projected to have deficit fund balances within the planning period, so annual increases are anticipated for the future. Increased revenues would provide capacity to respond to federal regulations on storm water quality, rising material prices, and full implementation of the various planning documents related to the storm water system (Storm Water Master Plan, Endangered Species Salmon Response Plan, and Natural Features Inventory).

Advances in the way storm water is contained and treated have resulted in new facilities that require a different, and more labor-intensive, maintenance effort than traditional methods of handling storm water runoff. An example of these facilities is detention ponds, which improve the water quality and control the speed with which storm water flows to the river after a rain event, reducing erosion along stream beds. Currently thirty-four of these facilities have been constructed, but as development continues more will be added in the upper reaches of the City's urban stream system. Up to this point, staff has been able to keep pace with the implication of the heightened maintenance, in terms of equipment, supplies, and labor, but additional resources will be needed as the number of facilities grows.

Proactive maintenance programs, such as video inspection and flushing of pipelines, are critical to the service life of the infrastructure because problems can be identified early and maintenance scheduled before service is disrupted. A comprehensive inspection of the storm water infrastructure, currently underway, is expected to indicate that additional resources are needed to correct identified deficiencies and to institute a preventive maintenance program to maintain service standards and meet community-requested program enhancements from the Master Plan. Rate increases projected for the planning period will contribute to the capacity needed to implement these programs.

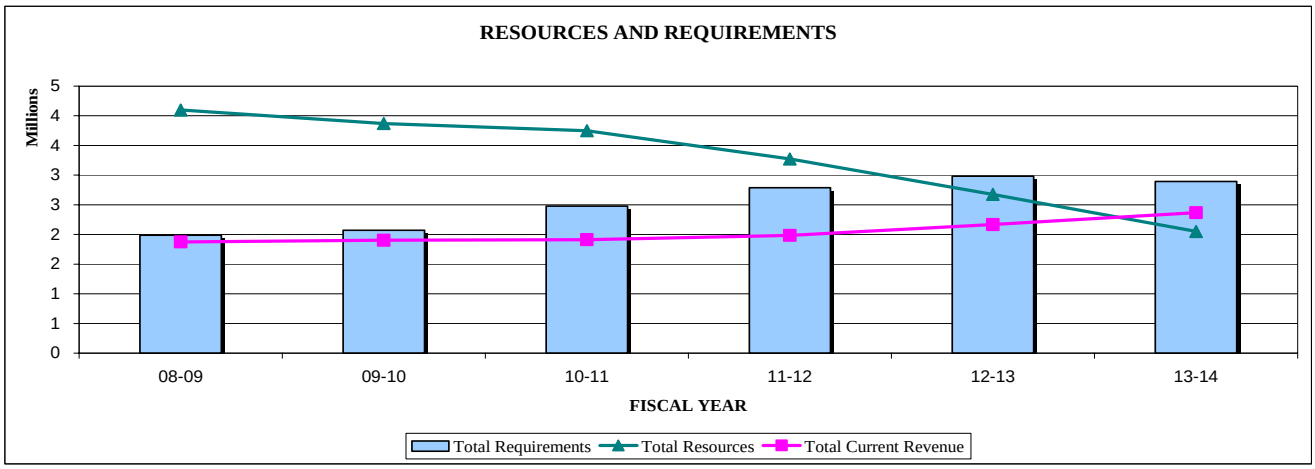
Suggested actions from the community sustainability effort could drive new projects, such as rain gardens along residential streets. Rain gardens take water out of the piping system, reducing the chance of pipe overflows and localized street flooding during heavy rain events. Rain gardens also improve water quality because the water goes through a natural filtration process as it's absorbed into the ground. These and other new projects will compete with existing programs for funding.

APPROPRIATE ENDING BUDGETARY FUND BALANCE

The City's Financial Policies state that the Finance Director shall recommend an appropriate ending budgetary fund balance each year for each fund. The Storm Water Fund is projected to end FY 11-12 with an operating fund balance of approximately 15.78% of FY 11-12 current revenue. Funds over a $300,000 fund balance would be available for additional capital projects. Although Restricted reserves (SDC revenues) are portrayed as negative in several of the audited year columns of the plan, the operating fund had adequate fund balance to absorb the difference. The negative balance was due to the economic downturn, and once determined, spending halted until sufficient revenue was available to cover appropriations.

STORM WATER FUND - COMBINED

BUDGETARY BASIS	AUDITED FY 08-09	AUDITED FY 09-10	ADOPTED FY 10-11	REVISED FY 10-11	ADOPTED FY 11-12	FY 12-13	FY 13-14
RATE INCREASE	0.00%	10.00%	10.00%	0.00%	10.00%	10.00%	9.00%
BEGINNING BUDGETARY FUND BALANCE	$2,004,820	$1,846,801	$1,297,155	$1,769,356	$1,163,146	$1,249,777	$1,805,200
REVENUES							
Charges for Service	$1,828,202	$1,879,433	$2,083,890	$1,899,430	$1,965,440	$2,164,430	$2,366,840
Intergovernmental	$0	$0	$0	$2,000	$12,740	$0	$0
Fines and Forfeitures	10	$100	0	0	0	0	0
Miscellaneous	43,692	$16,320	9,260	14,640	16,740	3,830	1,800
Transfers In	1,748	$7,687	0	0	0	0	0
TOTAL REVENUES	$1,873,652	$1,903,539	$2,093,150	$1,916,070	$1,994,920	$2,168,260	$2,368,640
EXPENDITURES							
Community Development	$45,880	$45,472	$50,480	$50,480	$52,240	$62,010	$65,190
Public Works	1,451,876	1,685,351	2,109,020	1,970,890	1,962,260	2,226,350	2,124,560
Transfers Out	488,915	340,212	756,660	455,910	734,060	692,540	701,230
Contingencies	0	0	41,860	0	39,770	0	0
TOTAL EXPENDITURES	$1,986,671	$2,071,035	$2,958,020	$2,477,280	$2,788,330	$2,980,900	$2,890,980
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	($113,019)	($167,495)	($864,870)	($561,210)	($793,410)	($812,640)	($522,340)
RESERVED BALANCES, Beginning of Year	$216,336	$118,873	$66,178	$64,218	$128,686	$208,686	$155,146
FUND BALANCE (Including Reserved), End of Year	$1,965,674	$1,833,574	$528,563	$1,291,832	$523,422	$632,763	$1,425,626
LESS: RESERVED BALANCES							
RESTRICTED	($44,610)	($9,215)	$22,845	$10,253	$35,253	$22,193	$9,813
ASSIGNED	163,483	73,433	118,433	118,433	173,433	132,953	187,953
ENDING BUDGETARY FUND BALANCE	$1,846,801	$1,769,356	$387,285	$1,163,146	$314,736	$477,617	$1,227,860
HISTORICAL NORMING ADJUSTMENT				459,113	475,928	392,542	333,661
POTENTIAL ENDING BUDGETARY FUND BALANCE	$1,846,801	$1,769,356	$387,285	$1,622,259	$1,249,777	$870,159	$1,561,520



AIRPORT FUND SUMMARY

SERVICE HIGHLIGHTS

The City operates the highest use airport (landings/take-offs) of any non-towered airport in Oregon, with two main runways to serve privately-owned and corporate aircraft. The City also owns and manages five buildings for aircraft storage (T-hangers). A private company, located at the airfield, provides maintenance services and fuel to planes.

Adjacent to the airfield is a City-owned industrial park where tenants lease property for a wide variety of industrial ventures. This land provides sites that are close to both regional transportation routes and to downtown Corvallis. Services to develop the industrial park include monitoring existing tenants, soliciting new tenants, and performing lease negotiations.

In an attempt to maximize the use of the property surrounding the airfield, which cannot be developed due to safety issues, the City works with a local farmer to plant crops on this land. The crop is managed by the farmer, with the City receiving a portion of the sale proceeds. This revenue helps support operations and maintenance of the airfield and industrial park.

FINANCIAL PLANNING ISSUES

The main revenue sources for this fund are hangar rentals, land and building leases, and crop sales. Land lease rates are reviewed and adjusted to reflect the current market. The level of effort required to maintain a viable industrial park and achieve full occupancy is directly related to the revenue available to finance capital improvements to the infrastructure systems (streets, water, wastewater, and storm water). Some aspects of the street and utility infrastructure need to be improved to encourage more tenants to locate at the industrial park.

Much of the industrial park property has been designated as wetlands. When development occurs in a wetland area, the loss of the wetlands has to be mitigated. Since the City wants to encourage continued growth at the industrial park, the challenge is to minimize the cost of wetland mitigation to ensure that development at the site is not cost-prohibitive.

The Airport Industrial Park (AIP) Development Plan was completed in early 2000 and the assumptions made about uses and anticipated development patterns have not held up in the subsequent years. In May of 2010 the City Council created the Airport Industrial Park Subcommittee to review and update the AIP Development Plan with an anticipated completion of December 2011.

There is currently no long-term plan for how best to make street and utility system improvements at the airport and the industrial park. Without such a plan, it is difficult to respond to inquiries for new or expanded development at these sites and to avoid the construction of single-user facilities. Increased interest in promoting development at the industrial park further drives the need for an infrastructure plan. A systematic approach to infrastructure improvements is key to accommodating both near- and long-term development activities and a planning effort is scheduled for FY 11-12.

The Airport Master Plan was completed in 2001. The Federal Aviation Administration strongly recommends that master plans be updated every 10 years to ensure projects are valid and current. An update of current and expected long-term functions for the airport is scheduled for FY 11-12, the results of which will be used to generate recommendations for projects that support and enhance those functions.

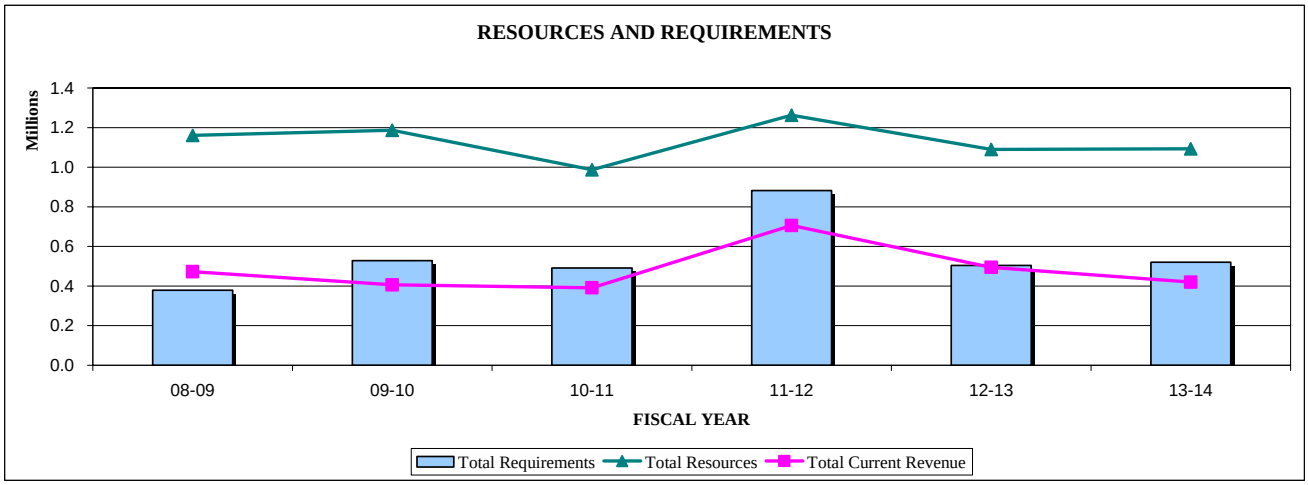
Projects resulting from these three planning efforts could present a challenge for the City to accomplish the recommendations within a finite revenue stream and to balance the rehabilitation of existing facilities against the construction of new ones.

APPROPRIATE ENDING BUDGETARY FUND BALANCE

The City's current Financial Policies state that the Finance Director shall recommend an appropriate ending budgetary fund balance each year for each fund. The Airport Fund is projected to end FY 11-12 with a fund balance of approximately 53.27% of the FY 11-12 current revenue. The Airport Fund has an uneven cash flow due to seasonal revenues from crop sales and annual lease payments. In addition, capital projects in this fund, although occurring sporadically, tend to be very large, and monies are saved over several years to be able to complete a project.

AIRPORT FUND - COMBINED

BUDGETARY BASIS	AUDITED FY 08-09	AUDITED FY 09-10	ADOPTED FY 10-11	REVISED FY 10-11	ADOPTED FY 11-12	FY 12-13	FY 13-14
BEGINNING BUDGETARY FUND BALANCE	$687,129	$780,902	$836,862	$657,673	$554,943	$589,164	$664,470
REVENUES							
Licenses, Fees & Permits	$4,878	$4,297	$5,000	$3,000	$2,500	$2,500	$2,500
Charges for Service	441,500	390,113	365,000	372,500	392,500	399,770	407,180
Intergovernmental	8,500	0	0	0	296,761	84,180	0
Miscellaneous	17,900	11,371	9,630	15,950	13,580	8,580	9,900
Other Financing Sources	0	0	90,000	0	0	0	0
TOTAL REVENUES	$472,778	$405,781	$469,630	$391,450	$705,341	$495,030	$419,580
EXPENDITURES							
Public Works	$322,861	$487,416	$445,350	$364,630	$820,910	$450,090	$437,220
Debt Service	30,278	29,474	42,170	33,670	32,590	31,490	30,390
Transfers Out	25,866	12,120	98,030	93,030	13,910	22,610	52,920
Accounting Adjustment re: Construction Balance	0	0	0	0	0	0	0
Contingencies	0	0	9,390	0	14,270	0	0
TOTAL EXPENDITURES	$379,005	$529,010	$594,940	$491,330	$881,680	$504,190	$520,530
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	$93,773	($123,229)	($125,310)	($99,880)	($176,339)	($9,160)	($100,950)
RESERVED BALANCES, Beginning of Year	$81	$0	$0	($62,013)	$2,850	$5,700	$8,550
FUND BALANCE (Including Reserved), End of Year	$780,902	$595,660	$711,552	$557,793	$381,454	$585,704	$572,070
LESS: RESERVED BALANCES							
RESTRICTED	$0	($62,013)	$0	$0	$0	$0	$0
ASSIGNED	0	0	0	2,850	5,700	8,550	6,100
ENDING BUDGETARY FUND BALANCE	$780,902	$657,673	$711,552	$554,943	$375,754	$577,154	$565,970
HISTORICAL NORMING ADJUSTMENT				102,123	111,287	87,315	74,218
POTENTIAL ENDING BUDGETARY FUND BALANCE	$780,902	$657,673	$711,552	$657,066	$589,164	$664,470	$640,188



FLEET MAINTENANCE FUND SUMMARY

SERVICE HIGHLIGHTS

A garage facility, located at the Public Works site, provides preventive maintenance and repair services for City-owned vehicles and equipment.

The organization's fleet represents a significant investment that needs to be managed successfully to assure efficient, uninterrupted service. A schedule for replacements based on standard service life expectancies provides the ability to accumulate reserves over time for the major expenditure that occurs when vehicles need to be replaced. Public Works staff coordinates vehicle purchases for selected departments, working with the user department to develop specifications, and conducts the process from competitive bid through receipt of the vehicle.

The City has agreements with other government agencies, such as Benton County and the City of Philomath, to provide maintenance on specialized equipment. This maximizes service efficiencies and reduces overall governmental costs by ensuring only one agency needs to develop the staff expertise and purchase specialized tools.

The City wants to reduce the amount of greenhouse gas emissions from the operation of its rolling stock. A switch was made to biodiesel for the diesel fleet several years ago, reducing harmful emissions and extending the life of the engine. On another front, the City is replacing standard gasoline-engine cars and light trucks with alternative-fuel vehicles, whenever operationally feasible. Equipment purchases for the garage facility, such as a parts cleaning unit which uses a cleaning process that doesn't rely on chemicals, furthers sustainability efforts.

FINANCIAL PLANNING ISSUES

Revenue for this fund comes from charges allocated to departments for services to their vehicles and equipment. Rates are reviewed annually to ensure that the best service is offered for the lowest cost. Maximizing staff productivity ensures an adequate revenue stream and contributes to cost containment on shop rates. Contracting with other government agencies to perform maintenance on each others' vehicles is another factor in achieving this goal. However, fluctuating fuel prices impact available appropriations in the Fleet Maintenance budget, as well as the vehicle maintenance budgets of the operating departments.

Fleet services have operated under a very tight margin for a number of years to contain costs to departments and remain competitive with the private sector. This has not left resources for garage tool and equipment upgrades. Modern tools and equipment would allow a broader range of services and repairs to be provided internally, reducing the cost to departments. Staff has developed a plan and has begun upgrading garage equipment, but a successful long-term strategy needs to demonstrate to the customer base that fleet staff commitments to provide more service and lower costs can be met.

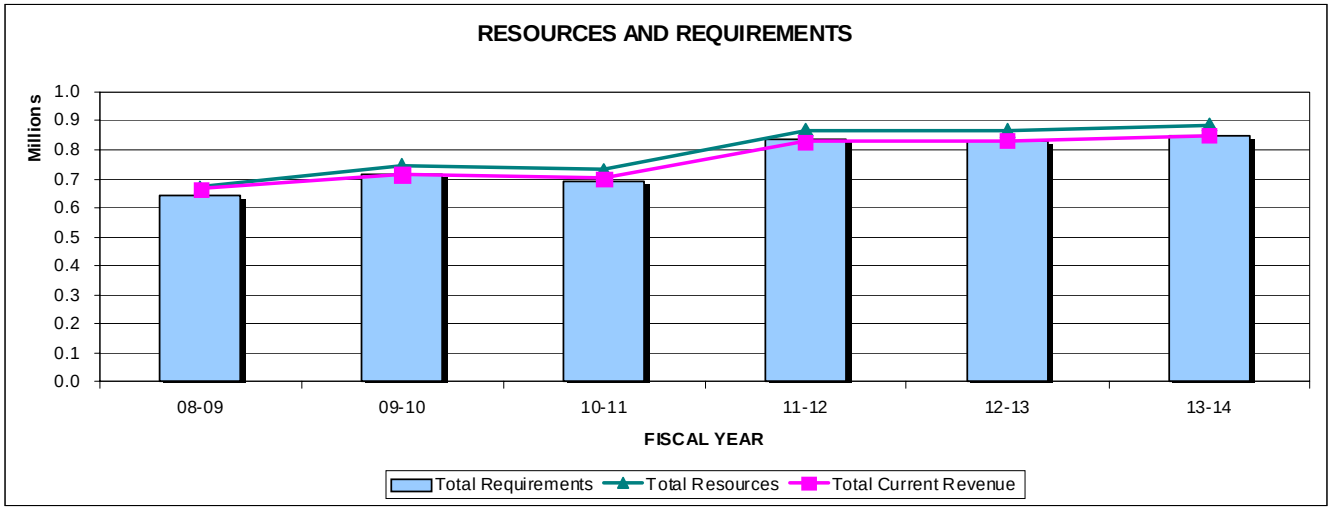
The long-term viability of the Fleet Fund is continuously being assessed. The shop rates charged to departments and outside agencies need to be sufficient to cover the cost of labor, materials, future major building system improvements and the tool replacements mentioned above, while remaining competitive with the private sector. Budget impacts to the City's property tax supported program areas have implications to this fund, as departments defer preventative maintenance programs or seek out alternative service providers in an effort to potentially better control annual operating costs associated with departmental vehicles.

APPROPRIATE ENDING BUDGETARY FUND BALANCE

The City's current Financial Policies state that the Finance Director shall recommend an appropriate ending budgetary fund balance each year for each fund. The Fleet Maintenance Fund is an internal service fund (funded by charges to other participating City departments) and should have an operating fund balance close to $0 each year. The Fleet Maintenance Fund is projected to end FY 11-12 with a fund balance of $25,059

FLEET MAINTENANCE FUND

BUDGETARY BASIS	AUDITED FY 08-09	AUDITED FY 09-10	ADOPTED FY 10-11	REVISED FY 10-11	ADOPTED FY 11-12	FY 12-13	FY 13-14
BEGINNING BUDGETARY FUND BALANCE	($12,806)	$10,364	$31,674	$24,199	$32,359	$25,059	$25,059
REVENUES							
Charges for Service	$662,392	$712,438	$691,630	$699,920	$827,500	$830,290	$848,120
Miscellaneous	1,566	1,995	1,200	1,410	1,530	1,140	1,280
TOTAL REVENUES	$663,958	$714,433	$692,830	$701,330	$829,030	$831,430	$849,400
EXPENDITURES							
Public Works	$639,888	$715,598	$692,270	$692,270	$818,030	$829,130	$847,100
Contingencies	0	0	16,000	0	16,000	0	0
TOTAL EXPENDITURES	$639,888	$715,598	$708,270	$692,270	$834,030	$829,130	$847,100
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	$24,070	($1,165)	($15,440)	$9,060	($5,000)	$2,300	$2,300
RESERVED BALANCES, Beginning of Year	$19,724	$20,624	$5,624	$5,624	$6,524	$8,824	$11,124
FUND BALANCE (Including Reserved), End of Year	$30,988	$29,823	$21,858	$38,883	$33,883	$36,183	$38,483
LESS: RESERVED BALANCES							
ASSIGNED	$20,624	$5,624	$6,524	$6,524	$8,824	$11,124	$13,424
ENDING BUDGETARY FUND BALANCE	$10,364	$24,199	$15,334	$32,359	$25,059	$25,059	$25,059



FACILITY MAINTENANCE FUND SUMMARY

SERVICE HIGHLIGHTS

The primary operation in this fund is the maintenance of most of the City-owned and leased buildings. Staff performs preventive maintenance and scheduled repairs, and responds to emergencies to protect the citizens' investment in these buildings.

In 2001, a major condition assessment was performed on all of the City buildings maintained by Public Works to identify structural issues and other maintenance needs. This condition assessment is reviewed annually and new items are identified. Projects from the condition assessment form the basis of the seven-year major maintenance plan and are included as a special project or part of the Capital Improvement Program, depending on the size and scope. Facility Maintenance staff assist departments with plan development efforts and manage the contracts on these projects for the building occupants.

Service contracts for routine maintenance include janitorial, laundry (uniforms and entry rugs), and landscaping. Staff develops the specifications, conducts the bid process, negotiates the contracts and oversees the quality of the service provided.

In keeping with organizational sustainability directives, staff evaluates the performance of building systems, maintenance practices, and the materials or supplies used, and implements or recommends changes to enhance the sustainability of facility operations. Recent examples include more efficient paper towel dispensing machines, solar panels on selected buildings, HVAC upgrades, and enhanced energy management systems to better control the operation of heating and cooling systems.

FINANCIAL PLANNING ISSUES

The revenue for this fund comes from charges to departments for building maintenance services. Service demands of occupants must be met, while keeping rates competitive. As the buildings age and the services expand, the need for major investments becomes more imminent. Projects to mitigate some of these issues are budgeted each year and space needs are reviewed to try to ensure adequate facilities to meet the requirements of the organization into the future in the most efficient manner.

The majority of building facilities are used for services that are funded through property taxes. As basic services compete for available tax revenue, allocations for maintenance may be prioritized below those for direct services, such as Library books or park maintenance. The risk in this prioritization strategy is the loss of the investment in the buildings and facilities, and over the long-term, higher costs from facility repair/replacement projects versus proactive facility maintenance activities.

The City Council has directed staff to increase sustainable practices in City operations. Some progress has been made, typically in low- or no-cost measures. Requiring compliance with LEED standards on remodel projects would be a major initiative. These requirements would compete with existing maintenance programs for funding from a limited revenue stream. Grant opportunities from public and private agencies are sought to supplement the organization's available resources for these projects.

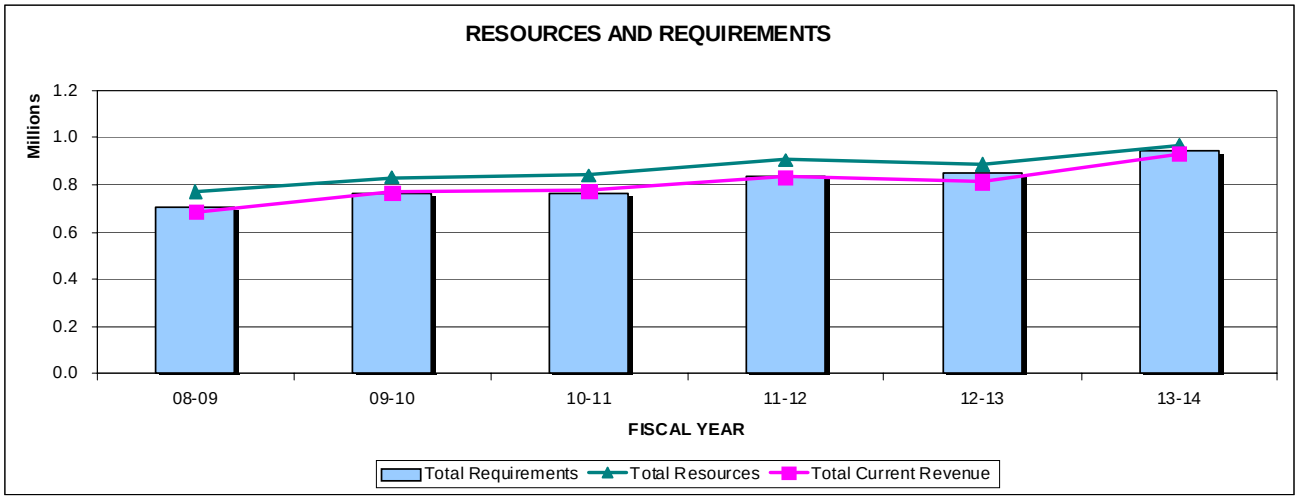
In 2003, a citizen task force reviewed City and County office space in the downtown and made a recommendation for development of the City Hall block. Execution of these recommendations will be a significant expenditure, with a funding strategy yet to be developed. Also, implementation of such a project will require considerable public input, with approval likely to be particularly challenging in the current economic environment.

APPROPRIATE ENDING BUDGETARY FUND BALANCE

The City's current Financial Policies state that the Finance Director shall recommend an appropriate ending budgetary fund balance each year for each fund. The Facility Maintenance Fund is an internal service fund (funded by charges to other City Departments) and should have an operating fund balance close to $0 each year. The Facility Maintenance Fund is projected to end FY 11-12 with a fund balance of $19,644 .

FACILITY MAINTENANCE FUND

BUDGETARY BASIS	AUDITED FY 08-09	AUDITED FY 09-10	ADOPTED FY 10-11	REVISED FY 10-11	ADOPTED FY 11-12	FY 12-13	FY 13-14
BEGINNING BUDGETARY FUND BALANCE	$53,330	$27,303	$27,303	$26,674	$29,474	$19,644	$19,644
REVENUES							
Charges for Service	$679,954	$757,044	$816,200	$772,350	$829,890	$812,250	$930,720
Miscellaneous	6,161	12,408	3,070	3,440	3,290	2,110	2,090
TOTAL REVENUES	$686,115	$769,452	$819,270	$775,790	$833,180	$814,360	$932,810
EXPENDITURES							
Public Works	$709,283	$766,030	$819,660	$767,440	$823,880	$850,820	$946,780
Contingencies	0	0	10,000	0	10,000	0	0
TOTAL EXPENDITURES	$709,283	$766,030	$829,660	$767,440	$833,880	$850,820	$946,780
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	($23,168)	$3,422	($10,390)	$8,350	($700)	($36,460)	($13,970)
RESERVED BALANCES, Beginning of Year	$32,278	$35,138	$39,188	$39,188	$44,738	$53,868	$17,408
FUND BALANCE (Including Reserved), End of Year	$62,441	$65,862	$56,101	$74,212	$73,512	$37,052	$23,082
LESS: RESERVED BALANCES							
ASSIGNED	$35,138	$39,188	$44,738	$44,738	$53,868	$17,408	$3,438
ENDING BUDGETARY FUND BALANCE	$27,303	$26,674	$11,363	$29,474	$19,644	$19,644	$19,644



TECHNOLOGY AND COMMUNICATIONS FUND SUMMARY

SERVICE HIGHLIGHTS

Operations in the Technology and Communications Fund include the Finance Department's Management Information Services (MIS) Division's support and maintenance of the City's centralized technology and the Public Works Department's management of the telephone system.

The MIS Division is responsible for the City's computer system infrastructure used by departments. Services include: operating and maintaining the network backbone providing connectivity between computers, office automation software, network system security, virus and spam protection, technical support for both users and department specific applications such as: the Library's on-line system, the Police and Fire database management systems and the City's financial application.

The Public Works telephone services program includes managing contracts for long-distance and cell phone services, repairing equipment, installing data network wiring, managing the fiber optic network connecting City offices spread throughout the community, planning for future system and user needs, and monitoring emerging technologies for efficiencies over the current systems. Up until FY 10-11, Public Works also operated a radio services program for the organization through the Technology and Communications Fund, but this activity was discontinued effective July 1, 2010 as part of the department's contribution to budget reductions in support of the Property Tax Funds' deficit situation. Many of the departments who still operate radios, contract their repair/maintenance to outside vendors; the remainder have moved to cell phone communication in lieu of radios.

FINANCIAL PLANNING ISSUES

The primary source of revenue is from telephone and management information system charges assessed against operating departments for their use of the City's phone and computer systems.

A long-range strategic plan has been developed identifying significant Information Systems initiatives to be undertaken in coming years. Projects that are recommended in the plan largely address long-term data management or communications issues such as data warehousing and wireless networking. Projects are prioritized, plans developed, and funding identified with internal users prior to implementation.

An annual technology plan is prepared to address the operational needs of the City-wide network and software utilization. The plan also includes a short-term tactical plan that stems from the MIS strategic plan. The plan addresses the network operating system, group productivity software, office automation software, database standards, imaging, and intranet applications. Due to rapid technology changes, sometimes changes in financial planning may also result from this tactical planning effort. Demand for information in electronic formats continues to increase. There is also an increase in the electronic interaction of City staff with external agencies, vendors, citizens and each other. Balancing needs for technology with available resources is crucial.

Reserves are being set aside for replacement of network infrastructure and the telephone switch system (PBX). Technology, such as Voice-Over-Internet Protocol (VOIP), could have significant impacts on the way current telephone service is provided to departments.

Fiber optic cable connects departments and links the City with County facilities for the transmission of data. The fiber system for the City and the County is managed by the City. Currently, no resources are allocated to the maintenance of the fiber optics infrastructure and this will become a larger issue over time as the system ages.

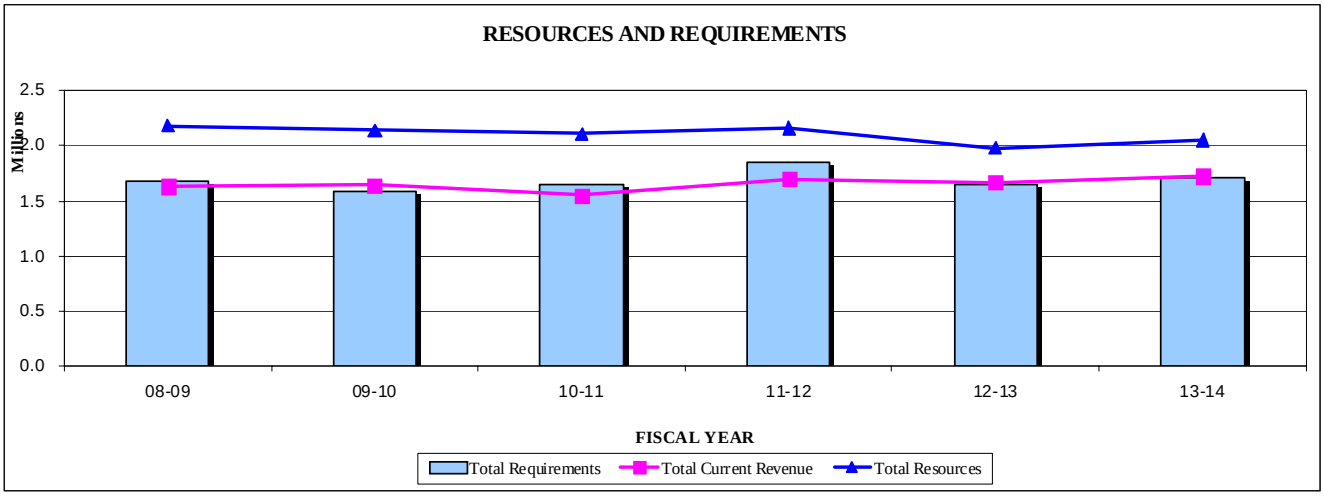
The FY 10-11 and FY 11-12 positive fund balance in the Property Tax Funds combined was attained with the help of a number of expenditure reductions in the MIS division and the elimination of the radio maintenance program.

APPROPRIATE ENDING BUDGETARY FUND BALANCE

The City's current Financial Policies state that the Finance Director shall recommend an appropriate ending budgetary fund balance each year for each fund. The Technology and Communications Fund is an internal service fund (funded by charges to other City Departments) and should have a fund balance close to $0 each year. The Technology and Communications Fund is projected to end FY 11-12 with a fund balance of $25,306 . Balances in excess of $20,000 will be targeted for capital outlay for items in the strategic plan mentioned above.

TECHNOLOGY AND COMMUNICATIONS FUND

BUDGETARY BASIS	AUDITED FY 08-09	AUDITED FY 09-10	ADOPTED FY 10-11	REVISED FY 10-11	ADOPTED FY 11-12	FY 12-13	FY 13-14
BEGINNING BUDGETARY FUND BALANCE	$75,505	$52,888	$91,108	$115,426	$49,996	$25,306	$25,306
REVENUES							
Charges for Service	$1,612,889	$1,638,622	$1,699,180	$1,549,000	$1,696,480	$1,668,390	$1,724,410
Miscellaneous	19,167	4,865	3,040	5,000	6,160	1,500	2,750
TOTAL REVENUES	$1,632,057	$1,643,487	$1,702,220	$1,554,000	$1,702,640	$1,669,890	$1,727,160
EXPENDITURES							
Finance	$1,471,202	$1,387,857	$1,577,000	$1,456,820	$1,607,720	$1,468,560	$1,521,090
Public Works	212,472	199,392	219,070	192,520	211,580	187,330	192,070
Contingencies	0	0	30,000	0	30,000	0	0
TOTAL EXPENDITURES	$1,683,674	$1,587,249	$1,826,070	$1,649,340	$1,849,300	$1,655,890	$1,713,160
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	($51,617)	$56,238	($123,850)	($95,340)	($146,660)	$14,000	$14,000
RESERVED BALANCES, Beginning of Year	$475,059	$446,059	$439,759	$439,759	$409,849	$287,879	$301,879
FUND BALANCE (Including Reserved), End of Year	$498,947	$555,185	$407,017	$459,845	$313,185	$327,185	$341,185
LESS: RESERVED BALANCES							
ASSIGNED	$446,059	$439,759	$389,249	$409,849	$287,879	$301,879	$315,879
ENDING BUDGETARY FUND BALANCE	$52,888	$115,426	$17,768	$49,996	$25,306	$25,306	$25,306



ADMINISTRATIVE SERVICES FUND SUMMARY

SERVICE HIGHLIGHTS

Operations in the Administrative Services Fund include the City Manager's Office Governance and Human Resources Divisions, and the Finance Department's Customer Service, Budget and Financial Planning, and Financial Services Divisions. The services provided are used by the entire organization and include: leadership and general management oversight; Council and Budget Commission support; labor negotiations; maintaining Council directives to provide equitable salary and benefit packages for employees; contract payments for the City Attorney; responding to public requests for timely, accurate information about City activities; responsibility for the City's financial resources through adherence to Generally Accepted Accounting Principles in financial transactions and reporting, as well as Oregon Revised Statutes related to purchasing and budgeting; managing collections, investments, debt service, the City's cash receipts, and accounts receivable; and providing timely payments to vendors and employees through accounts payable and payroll. Additional services include property risk management and the accurate billing and collection of payments for water, wastewater and storm water services generating approximately $18 million in annual revenues.

FINANCIAL PLANNING ISSUES

The primary source of revenue in the Administrative Services Fund is from Administrative Service Charges assessed against other operating funds.

The primary challenge faced by this fund is to balance service demands from internal and external customers while maintaining stable yet low cost allocations to operating funds.

Demands for new or increased services, without increasing costs to operating departments, have pushed the need for more technology to manage and distribute information to employees. In order to meet future organizational needs, replacement of the existing financial software system is becoming a priority.

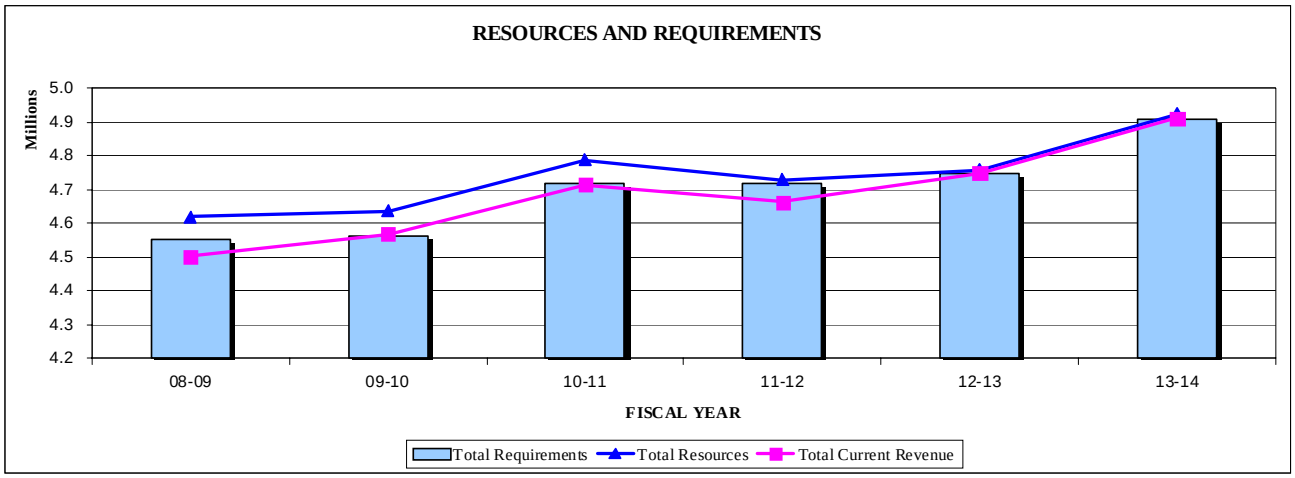
The FY 10-11 and FY 11-12 positive fund balance in the Property Tax Funds combined was attained with the help of a number of expenditure reductions in the Finance Department and City Manager's Office operations in the Administrative Services Fund. Many of the identified reductions are related to reductions in personal services and will carry forward into future years.

APPROPRIATE ENDING BUDGETARY FUND BALANCE

The City's current Financial Policies state that the Finance Director shall recommend an appropriate ending budgetary fund balance each year for each fund. The Administrative Services Fund is an internal service fund (funded by charges to other City Departments) and should have a fund balance close to $0 each year. The Administrative Services fund is projected with an ending fund balance of $3,247 for FY 11-12. Balances in excess of $20,000 will be returned to departments each year.

ADMINISTRATIVE SERVICES FUND

BUDGETARY BASIS	AUDITED FY 08-09	AUDITED FY 09-10	ADOPTED FY 10-11	REVISED FY 10-11	ADOPTED FY 11-12	FY 12-13	FY 13-14
BEGINNING BUDGETARY FUND BALANCE	$90,893	$54,396	$35,246	$56,024	$46,574	$3,247	$3,247
REVENUES							
Charges for Service	$4,465,050	$4,550,450	$4,785,490	$4,705,700	$4,652,730	$4,741,690	$4,904,920
Miscellaneous	36,959	8,678	8,000	7,800	9,820	5,990	6,050
Other Financing Sources	0	8,379	0	0	0	0	0
TOTAL REVENUES	$4,502,009	$4,567,507	$4,793,490	$4,713,500	$4,662,550	$4,747,680	$4,910,970
EXPENDITURES							
City Manager's Office	$1,973,653	$2,003,998	$2,114,260	$2,142,460	$2,100,260	$2,094,740	$2,167,960
Finance	2,577,413	2,558,781	2,667,300	2,577,390	2,588,650	2,649,840	2,739,910
Contingencies	0	0	30,000	0	30,000	0	0
TOTAL EXPENDITURES	$4,551,066	$4,562,779	$4,811,560	$4,719,850	$4,718,910	$4,744,580	$4,907,870
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	($49,057)	$4,728	($18,070)	($6,350)	($56,360)	$3,100	$3,100
RESERVED BALANCES, Beginning of Year	$26,280	$13,720	$16,820	$16,820	$19,920	$6,890	$9,990
FUND BALANCE (Including Reserved), End of Year	$68,116	$72,844	$33,996	$66,494	$10,134	$13,237	$16,337
LESS: RESERVED BALANCES							
ASSIGNED	$13,720	$16,820	$19,920	$19,920	$6,890	$9,990	$13,090
ENDING BUDGETARY FUND BALANCE	$54,396	$56,024	$14,079	$46,574	$3,247	$3,247	$3,247



RISK MANAGEMENT FUND SUMMARY

SERVICE HIGHLIGHTS

The Risk Management Fund operations include deductibles and premiums for property, auto, liability, and worker's compensation insurance, as well as City's Safety program which works with City employees to reduce the number and severity of accidents. Revenues are primarily from City operating departments for their share of the City's insurance premiums and deductibles based on the department's claims experience and exposure. Other sources include interest earnings and miscellaneous loss recovery proceeds from third parties.

FINANCIAL PLANNING ISSUES

- Managing claims to remain within budget projections is important to avoid use of catastrophic reserves.
- Deductible levels are reviewed with each year's insurance bids to determine the optimal balance between insurance levels and insurance premiums. For FY 11-12, additional work was done to significantly reduce projected premium costs with the City's insurance broker. This has translated to budget savings in most departments for risk management overhead in FY 11-12; actual costs may be impacted however, by any additional significant claims or deductibles that would need to be back-stopped by self-insurance.

The City emphasizes reducing risk in the work place. Staff evaluates whether to assume more risk on behalf of the City to reduce costs even further. Controlling risk and further reducing claims can achieve additional fiscal benefits.

APPROPRIATE ENDING BUDGETARY FUND BALANCE

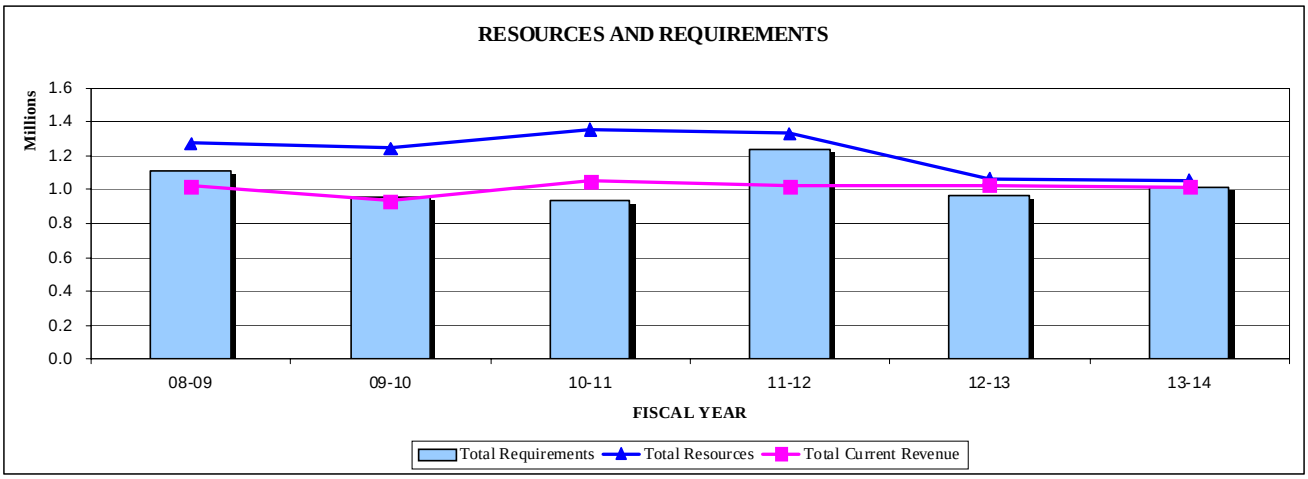
The City's current Financial Policies state that the Finance Director shall recommend an appropriate ending budgetary fund balance each year for each fund. The Risk Management Fund requires higher cash balances than other internal service funds to ensure funds are available for catastrophic events.

The Council's Financial Policies recommend a $500,000 unappropriated catastrophic reserve balance and $275,000 for appropriated catastrophic reserves (contingencies).

The operating fund balance is recommended to be $40,000. Any amount in excess of $40,000 is available to increase catastrophic reserves should it fall below $500,000 or, alternatively, is refunded to departments as a dividend based on experience. Should the ending operating fund balance drop below $40,000 in any fiscal year, it will be rebuilt the following year. The Risk Management Fund is projected to end FY 11-12 with a fund balance of $39,552 .

RISK MANAGEMENT FUND

BUDGETARY BASIS	AUDITED FY 08-09	AUDITED FY 09-10	ADOPTED FY 10-11	REVISED FY 10-11	ADOPTED FY 11-12	FY 12-13	FY 13-14
BEGINNING BUDGETARY FUND BALANCE	$253,532	$313,619	$329,819	$305,477	$312,997	$39,552	$39,557
REVENUES							
Charges for Service	$957,220	$901,900	$1,014,210	$1,014,210	$980,270	$991,000	$977,250
Miscellaneous	61,360	29,374	40,620	33,320	39,350	35,250	37,710
TOTAL REVENUES	$1,018,580	$931,274	$1,054,830	$1,047,530	$1,019,620	$1,026,250	$1,014,960
EXPENDITURES							
City Manager's Office	$1,106,493	$957,646	$970,010	$940,010	$959,950	$968,130	$1,014,960
Transfers Out	0	0	0	0	0	0	0
Contingencies	0	0	275,000	0	275,000	0	0
TOTAL EXPENDITURES	$1,106,493	$957,646	$1,245,010	$940,010	$1,234,950	$968,130	$1,014,960
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	($87,913)	($26,372)	($190,180)	$107,520	($215,330)	$58,120	$0
RESERVED BALANCES, Beginning of Year	$450,000	$302,000	$302,000	$283,770	$383,770	$441,885	$500,000
FUND BALANCE (Including Reserved), End of Year	$615,619	$589,247	$441,639	$696,767	$481,437	$539,557	$539,557
LESS: RESERVED BALANCES							
ASSIGNED	$302,000	$283,770	$402,000	$383,770	$441,885	$500,000	$500,000
ENDING BUDGETARY FUND BALANCE	$313,619	$305,477	$39,639	$312,997	$39,552	$39,557	$39,557



CORVALLIS

ENHANCING COMMUNITY LIVABILITY

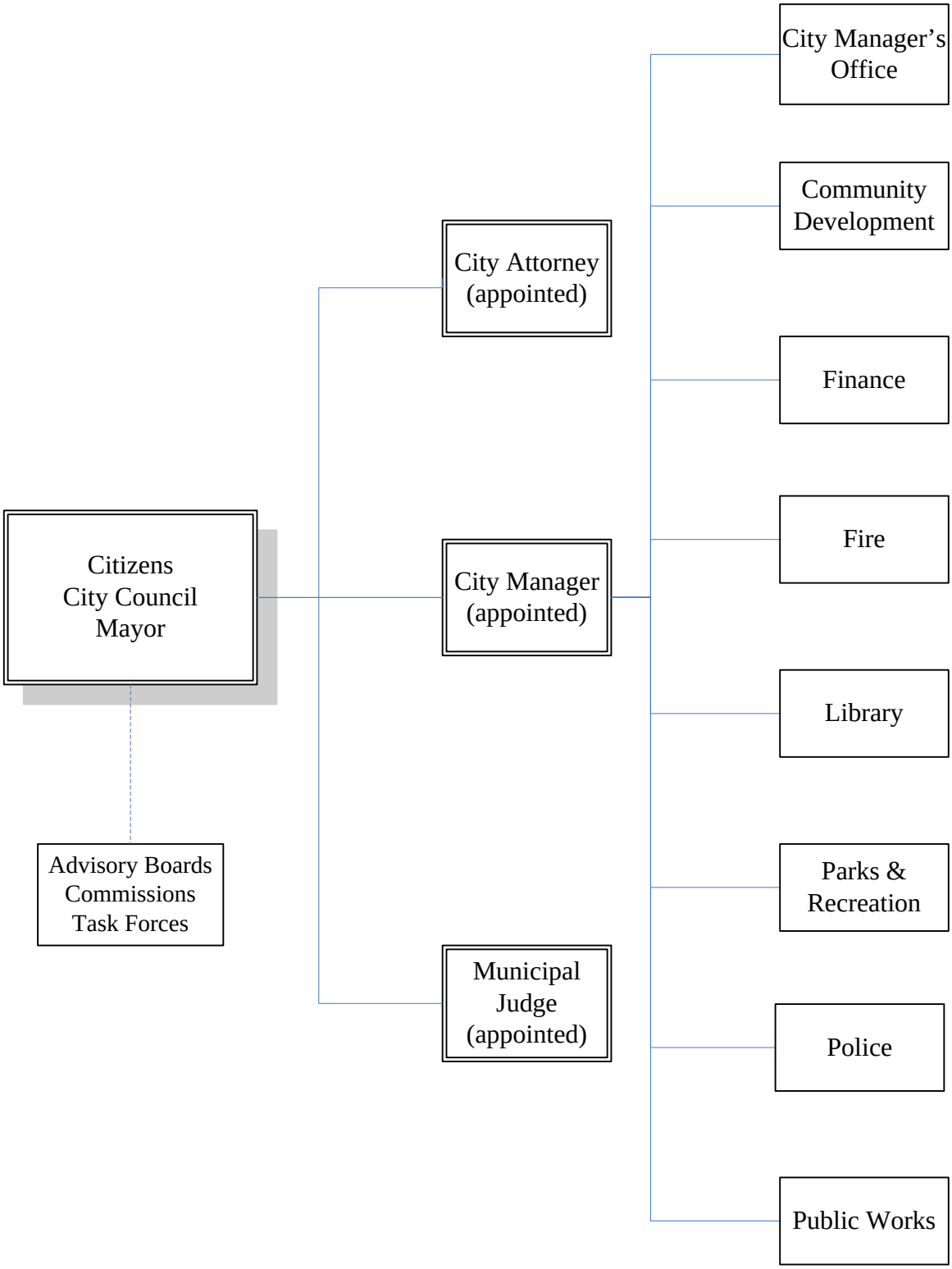
SECTION – IV
DEPARTMENT SUMMARIES

The City of Corvallis has eight departments including Parks & Recreation, The Corvallis-Benton County Public Library, Public Works, Community Development, Fire & Rescue, City Manager's Office, Finance and the Corvallis Police Department.

CORVALLIS POLICE DEPARTMENT

CORVALLIS FIRE & RESCUE

CITY OF CORVALLIS
ORGANIZATION CHART



NOTE: Each of the organizational components above is linked to the City's website in the online version of this document.

CITY MANAGER'S OFFICE SUMMARY OF SERVICES BY DIVISION

MISSION STATEMENT

Provide leadership, coordination and management for the City organization to ensure effective community services.

GOVERNANCE

- Implement City Council decisions and goals.
- Facilitate implementation of the Corvallis 2020 Vision Statement.
- Support Mayor and City Council activities.
- Provide organization-wide administration, management, and evaluation.
- Pursue intergovernmental relations and partnerships.
- Promote and sustain excellent community relations and communications; facilitate public outreach and communications.
- Coordinate, develop strategies, and evaluate services delivered.
- Oversee the Budget and Capital Improvement Programs.
- Oversee City Attorney contract services.
- Conduct municipal elections.
- Administer the City's records management program.
- Monitor legislative activities.

HUMAN RESOURCES

- Promote positive labor-management relations.
- Motivate and develop employees.
- Ensure internal and external equity in job classification and compensation practices.
- Utilize a fair and inclusive process to recruit and select employees.
- Process accurate, cost-effective, and timely benefits.
- Ensure accuracy and appropriate access to personnel records.
- Provide administrative support for the Commission for Martin Luther King, Jr.
- Maintain progressive Human Resources policies and support departments and their employees.
- Maintain the City's fiduciary responsibility for deferred compensation plans.

RISK MANAGEMENT

- Protect the assets of the City through risk management activities and policies.
- Purchase appropriate insurance and provide adequate reserves for uninsured losses.
- Increase safety awareness and experience.
- Provide safety training opportunities for employees.
- Provide for urgent safety equipment needs.
- Support departments in their risk management and safety efforts.

Note: The City Manager's Office operates in the Administrative Services and Risk Management Funds. Work plan goals and accomplishments linked to the service activities above are provided in these funds' sections.

CITY MANAGER'S OFFICE PERFORMANCE INDICATORS

COUNCIL VALUES	Management Goals & Objectives	Performance Measures	FY 09-10 ACTUAL	FY 10-11 TARGET	FY 10-11 REVISED	FY 11-12 TARGET
Cost Efficiency	Compare City FTE to assess efficient and effective customer service	City FTE per 1,000 population[1] (A)	7.85	8.00	7.80	7.20
	Reduce average workers compensation claims per employee through promotion of a safe workplace	# of workers compensation claims per 100 FTE	8.10	<9.00	<9.00	<8.75
	Maximize workplace productivity	# of sick leave hours used per 1,000 hours worked	29.96	<24.50	<28.00	<28.00
Community Involvement	Maximize citizen satisfaction with the quality of City services	% of Citizen Survey respondents giving good or excellent rating to the quality of overall City services (B)	90%	>90%	82%	>83%
	Maximize citizen satisfaction with City communications and outreach	% of Citizen Survey respondents who rated the quality of public information services as excellent or good	77%	>77%	82%	>83%
		% of Citizen Survey respondents who rate the job the City does at welcoming citizen involvement as excellent or good	65%	>65%	67%	>68%
		% of Citizen Survey respondents who rated the job the City does at listening to citizens as excellent or good [2]	55%	>55%	N/A	>55%
Sustainability	Reduce paper use	Reduce paper use by 10% from FY 05-06 baseline of 524 reams as measured on a quarterly basis [3]	244	<210	<250	<210
	Measure the benefits to compensation ratio for competitiveness, retention, attraction and comparator purposes.	Benefits as a % of total compensation[4]	32%	28%	32%	32%
Diversity	Provide a welcoming organization that promotes and respects diversity	% of job applicants for regular positions who identify themselves as a minority	9%	13%	11%	12%
	Increase the percentage of employees who believe they have a welcoming workplace	% of employees surveyed who indicate their workplace is very or somewhat welcoming to them (C)	93.0%	≥95.0%	97.1%	≥98.0%

[1] This measure refers to the actual FTE reported each quarter (e.g. does not include vacancies).
[2] Space constraints in the 2011 survey did not permit inclusion of this question, but it is anticipated to be included again for FY 11-12.
[3] Paper use is impacted in years when elections are held (i.e. FY 09-10 & FY 10-11) due to ballot measure information needing to be in hard copy form.
[4] Retirement and health care costs have led to benefit ratios in the range of 28% or more for several years. Based on leaving wages flat for budget purposes, benefit increases that are not within the City's control (such as PERS employer rates) are expected to lead to further increases in the ratio in the short term.

Select discussion of key measures above:

(A) City FTE/1000 population:

- *Measure definition*: Assess cost efficiency by evaluating the ratio of staff to citizens.
- *Evaluation of results*: Managers use the comparison to gauge how the level of staffing in Corvallis relates to the number of customers to be served. As the population changes, staff adjustments are necessary to effectively serve the citizenry. Staff also evaluates proportions relative to other comparable cities nationally.
- *Current year performance and trends:* Corvallis' population and staffing had remained fairly stable over the past several years. Staff reductions in FY 2010-11 and FY 2011-12 means there are now fewer employees to serve citizens.
- *Conclusions and challenges*: One challenge is determining the optimal proportion of staff to population. Individual departments often assess the appropriateness of their own staffing through direct customer feedback; the City Manager's Office facilitates that feedback through the Citizen Attitude Survey, Ward meetings, and Government Comment Corner.

(B) Maximize citizen satisfaction with the quality of City services:

- *Measure definition*: This measure tracks the percentage of Citizen Attitude Survey respondents who give a good or excellent rating to the quality of overall City services.
- *Evaluation of results*: The City Manager and Department Directors use the results to gauge citizen satisfaction over time and adjust resource allocation accordingly.
- *Current year performance and trends*: 2010 marked the third year that Corvallis joined the National Citizen Survey. The 2011 Survey will be completed by December 2011.
- *Conclusions and challenges*: The national survey is more comprehensive and lengthy than Corvallis' previous questionnaire, and typically has had a much lower response rate than the City's local Survey's vendor conducted prior to 2008. Results will be gauged over time to compare satisfaction with programs and services in context of this lower response rate. Additionally, the City shares the Citizen Survey results with its stakeholders through a number of methodologies, such as the Annual Report Card. These communication tolls promote further feedback by citizens to the City to improve quality of service provision. Service reductions may have an impact on the level of satisfaction reported in the survey.

(C) Increase the percentage of employees who believe they have a welcoming workplace:

- *Measure definition*: The measure tracks the percentage of employees surveyed who indicate their workplace is very or somewhat welcoming to them.
- *Evaluation of results*: Results are used as indicators as defined in the Diversity and Inclusion Action Plan and will help focus efforts to create and maintain a welcoming environment for all employees.
- *Current year performance and trends:* Staff is pleased to see improvement in the percentage of employees who believe their workplace is welcoming to them.
- *Conclusions and challenges*: Only two years of data has been gathered, but the trend upward is encouraging. Staff hopes to eventually achieve a 100% rating. Additional success in this regard would also represent improvement towards the City's social sustainability goal of being an "Employer of Choice."

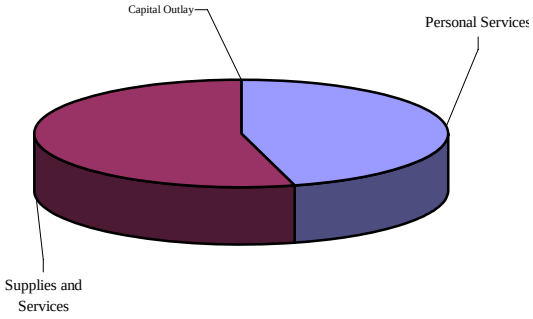
CITY MANAGER'S OFFICE – BUDGET SUMMARY

BUDGET BY CATEGORY:	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	ADOPTED 2011-12	%CHANGE FROM 10-11 BUDGET
Personal Services (1)	$1,269,799	$1,287,150	$1,325,320	$1,411,150	$1,404,860	6.00%
Supplies and Services	1,810,348	1,659,029	1,758,950	1,671,320	1,655,350	-5.89%
Capital Outlay	0	15,465	0	0	0	0.00%
TOTAL	$3,080,147	$2,961,644	$3,084,270	$3,082,470	$3,060,210	-0.78%

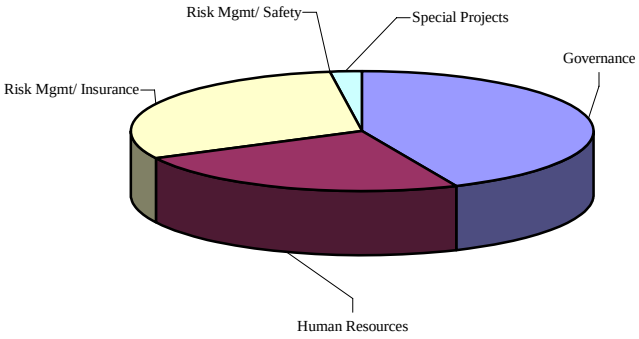
(1) This category includes unemployment costs which are budgeted significantly higher in FY 11-12 due to anticipated staff reductions as a result of balancing the budget.

FY 11-12 ADOPTED BUDGET

EXPENDITURES BY CATEGORY



EXPENDITURES BY DIVISION



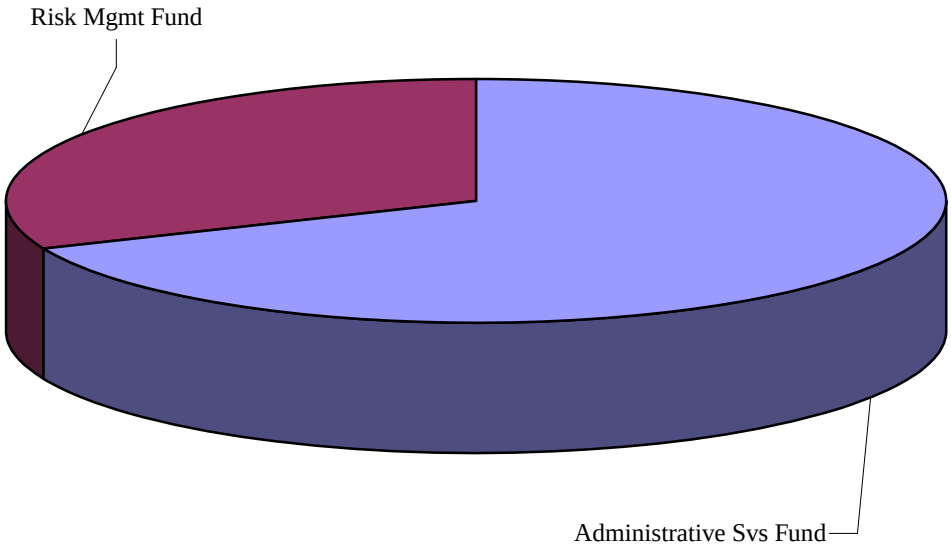
BUDGET BY DIVISION:	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	ADOPTED 2011-12	%CHANGE FROM 10-11 BUDGET
Governance	$1,294,212	$1,316,312	$1,382,070	$1,456,770	$1,322,160	-4.33%
Human Resources (2)	652,493	643,336	682,190	645,540	744,300	9.10%
Risk Mgmt/ Insurance	1,087,902	945,435	936,660	936,660	923,600	-1.39%
Risk Mgmt/ Safety	18,591	12,211	3,350	3,350	6,350	89.55%
Special Projects	26,949	44,350	80,000	40,150	63,800	-20.25%
TOTAL	$3,080,147	$2,961,644	$3,084,270	$3,082,470	$3,060,210	-0.78%

(2) This division includes unemployment costs which are budgeted significantly higher in FY 11-12 due to anticipated staff reductions as a result of balancing the budget.

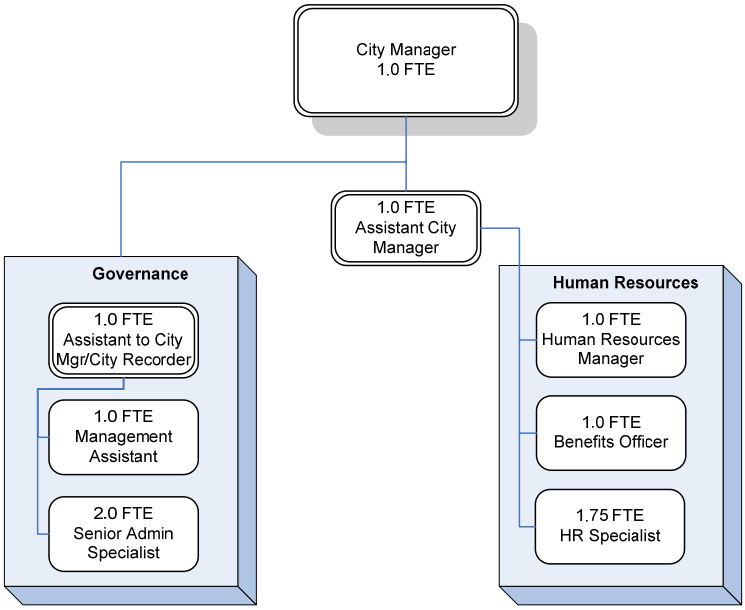
CITY MANAGER'S OFFICE – BUDGET SUMMARY (Continued)

BUDGET BY FUND:	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	ADOPTED 2011-12	%CHANGE FROM 10-11 BUDGET
Administrative Svs Fund	$1,973,653	$2,003,998	$2,114,260	$2,142,460	$2,100,260	-0.66%
Risk Mgmt Fund	1,106,493	957,646	970,010	940,010	959,950	-1.04%
TOTAL	$3,080,147	$2,961,644	$3,084,270	$3,082,470	$3,060,210	-0.78%

FY 11-12 ADOPTED BUDGET
EXPENDITURES BY FUND



CITY MANAGER'S OFFICE ORGANIZATION CHART



CITY MANAGER'S OFFICE STAFF

Positions	Group	Monthly Salary Range (1.0 FTE)	FY 11-12 Budgeted Salaries by Position(s)	Head Count	FY 11-12 FTE	Historical FY 10-11 FTE	Historical FY 09-10 FTE
City Manager[1]	Exempt	$13,675	$139,106	1	1.00	1.00	1.00
Assistant City Manager	Exempt	7,938 - 10,131	121,570	1	1.00	1.00	1.00
Assistant to City Manager/City Recorder	Exempt	5,848 - 7,463	89,560	1	1.00	1.00	1.00
Human Resources Manager[2]	Exempt	5,848 - 7,463	76,722	1	1.00	0.00	0.00
Human Resources Administrator[2]	Exempt	5,198 - 6,634	-	-	0.00	1.00	1.00
Management Assistant	Exempt	4,335 - 5,533	66,395	1	1.00	1.00	1.00
Benefits Officer	Exempt	4,335 - 5,533	60,222	1	1.00	1.00	1.00
Risk Officer/Human Resources Coordinator[3]	Exempt	3,616 - 4,614	-	-	0.00	1.00	1.00
Senior Administrative Specialist	Exempt	3,319 - 4,237	101,678	2	2.00	2.00	2.00
Human Resources Specialist[3]	Exempt	3,319 - 4,237	71,701	2	1.75	1.00	1.00
TOTAL			**$726,954**	**10**	**9.75**	**10.00**	**10.00**

NOTE: Salary ranges reflect FY 10-11 Class and Compensation schedules.

1. The City Manager position will be vacant beginning July 1, 2011; the budgeted salary reflects three months of anticipated salary/benefit savings.
2. Human Resources Administrator was re-classed to Human Resources Manager.
3. Through a reorganization of the department, 0.75 FTE of the Risk Officer/Human Resources Coordinator position was moved to a 0.75 Human Resources Specialist to meet organization needs. For FY 11-12, the remaining 0.25 FTE of the Risk Officer/Human Resources Coordinator position was eliminated due to budgetary constraints.

COMMUNITY DEVELOPMENT DEPARTMENT SUMMARY OF SERVICES BY DIVISION

MISSION STATEMENT

It is the mission of the Community Development Department to facilitate the definition, interpretation and implementation of the community's vision for Corvallis.

ADMINISTRATION

- Strategic planning and monitoring.
- Non-profit agency coordination.
- Contract and grant administration.
- Budget preparation and management.
- Economic Development Program management.
- Social service funding allocation facilitation.

DEVELOPMENT SERVICES

- Provide one-stop permit and information center for building construction and zoning services.
- Review plans, issue permits, and conduct inspections for approved development projects.
- Interpret and apply minimum building safety codes.
- Apply Land Development Code standards to approved projects.
- Administer code enforcement program. Investigate and resolve nuisance complaints, and code violations.
- Administer flood plain management regulations.
- Administer erosion prevention/ sediment control program.
- Administer City street addressing and banner programs.
- Provide contract inspection and plan review services for Benton County.
- Collect School Excise Tax.

HOUSING

- Manage the delivery of federal funds (Community Development Block Grant and HOME Investment Partnerships Program) to support affordable housing, social services, and other community development activities in Corvallis.
- Design and deliver financial assistance programs to help lower income residents rehabilitate or purchase homes.
- Design and deliver financial assistance programs to help rental property owners rehabilitate structures that will affordably house lower-income tenants.
- Design and deliver financial assistance programs to improve the energy efficiency of residential properties.
- Provide technical and financial assistance to non-profit agencies.
- Educate the community about fair housing laws and regulations.
- Investigate and assist in resolution of rental housing related disputes.
- Manage the City's Community Development revolving loan and surplus real property portfolios.

PLANNING

- Assure consistency with state and federal land use regulations and planning.
- Facilitate and manage long-range planning efforts.
- Develop and implement community development projects and programs.
- Foster and ensure citizen participation in land use matters.
- Coordinate and manage land use review of development proposals, including:
  - Annexations
  - Comprehensive Plan Amendments
  - Legislative Amendments to the Land Development Code
  - Planned Developments and requests for variations
  - Zone Changes
  - Subdivisions
  - Conditional Developments.
- Coordinate and manage the City's Historic Resources program, including review of Historic Preservation permits.
- Provide information to the public regarding the City's planning program
- Planning support for Airport Industrial Zone.

Note: The Community Development Department operates in the General, Street, Development Services, CD Revolving, Parking, Water, Wastewater and Storm Water Funds. Work plan goals and accomplishments linked to the service activities above are provided in these funds' sections.

COMMUNITY DEVELOPMENT DEPARTMENT PERFORMANCE INDICATORS

COUNCIL VALUES	Management Goals & Objectives	Performance Measures	FY 09-10 ACTUAL	FY 10-11 TARGET	FY 10-11 REVISED	FY 11-12 TARGET
Cost Efficiency	Maintain stated objective of completing inspections within same day of request.	Percentage of building inspections completed on time	100%	95%	95%	95%
	Achieve plan review turn-around time consistent with other Oregon cities.	Percentage of initial residential plan review completed within 14 calendar days (A)	87% within 14 calendar days	90% within 14 calendar days	90% within 14 calendar days	90% within 14 calendar days
	Meet or exceed federal HOME match requirement for all investment of Housing dollars.	Housing dollars leveraged with outside investment in funded activities	101%	25%	25%	25%
	Meet or exceed State requirements for land use application review time.	Average review time (in days) to process a public hearing-level land use application	44	Less than 115 days	Less than 115 days	Less than 115 days
	Meet or exceed State requirements for land use application review time.	Average review time (in days) to process an administrative land use application	25	Less than 45 days	Less than 45 days	Less than 45 days
Community Involvement	Achieve at least the targeted % citizen rating of excellent or good.	Citizen satisfaction with land use process, from customer survey	57%	60%	60%	60%
Sustainability	Conserve resources by reducing fuel and paper use.	Percentage of permits issued online[1] (B)	39%	35%	35%	25%
	Maintain the quality of low income housing in a cost effective manner.	Units of housing rehabilitated per $100,000 in City funds invested	2.4	5	5	5
Diversity	Assure that low income residents' housing needs are met in a cost effective manner.	Housing units occupied by low income households assisted per $100,000 in City funds invested (C)	5.2	10	10	10

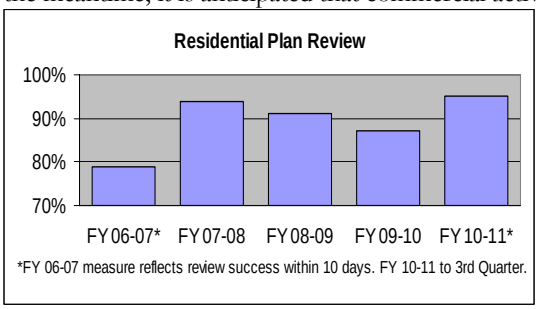
1. Online services for permits were expanded in January of 2011 to include plumbing permits which has served to reduce the proportionate participation in e-permitting, so the FY 11-12 target has been reduced accordingly. Once the additional service is embraced by customers the target is expected to return to previous levels or better.

Select discussion of key measures above:

(A) Initial plan review completed within 14 calendar days (ICMA Core Measure):

- *Measure definition*: Residential building plan review turn-around should be 14 calendar days or less. Turn-around is defined as the time from application submittal to all disciplines having completed first review and the permit being issued, or a hold being placed and a review letter being sent to the applicant requesting additional information.
- *Evaluation of results:* Residential plan review turn-around target aligns with the ICMA measure of 14 calendar days for initial review.
- *Current year performance and trends*: Goal for success rate is 90%. FY 09-10 actual rate was 87%. Staff struggled in the first half of the fiscal year to keep pace with a massive influx of commercial projects, mostly from OSU. Most reviews that missed timeline targets were off by an average of 2 to 5 days. Residential work was focused on remodels and additions.

New home permit numbers were at an all time low of 32. At this point it is uncertain when the economy will rebound, such that a return to normal levels of new home applications would be experienced. Recent data from state economists suggest this situation is the "new normal" and a return to previous 2006 levels is highly unlikely until at least 2016. In the meantime, it is anticipated that commercial activity will remain strong based on recent discussions with stakeholders.



- *Conclusions and challenges*: Workload fluctuates based on a number of issues, many of which are beyond the Division's control, and can contribute significantly to the rate of success. Factors include: the economy, new codes, homeowner projects, complex remodel projects, outside agency timelines, size and scope of projects, contract structural review, seismic, over-the-counter reviews, phased development, and number of deferred submittals, design professional competency, and staffing levels. The commercial versus residential permit volume has essentially flip-flopped. In addition, commercial work tends to be more time consuming and challenging to review. Stakeholders are increasingly frustrated with the time it takes to complete review processes and the complexity of the codes. This was evidenced in the 2009 customer service survey results. Staff is committed to streamlining and simplifying processes with stakeholder input. The Division began keeping track of how often permits, which require plan review, are issued the same day as received. The average number of permits experiencing a same-day turn-around for FY 09-10 was 25%. Staff is becoming expert in those permit applications that are more complex, which need significant review time, or which simply cannot be issued at the counter. A significant increase in process streamlining is expected as a result of a service enhancement initiative approved in FY 10-11 which establishes Project Coordinators that handle a project from concept to completion.

(B) <u>Percentage of permits issued online</u>:

- *Measure definition*: This is a measure, not followed by ICMA, which tracks how many permits are issued online through OregonPermits.gov, as compared with the total permits issued. This measure applies only to electrical, mechanical and plumbing permits.
- *Evaluation of results*: Results have continued to exceed expectations with an average of 39% in FY 09-10. Six hundred eighty-four (684) of 1,762 permits were issued online, saving 684 trips to City Hall.
- *Current year performance and trends*: Current performance is on target, with no trend yet established.
- *Conclusions and challenges*: Customers have embraced the system in a manner that has exceeded expectations. Additional outreach to customers has increased awareness of the system and the savings for contractors. This is a State run Web portal. One major challenge, which the Division continues to experience, is keeping the State up-to-date with current address data to ensure it is published in a timely manner. Additionally, each time a new permit type is added for online issuance, there is some department overhead incurred to educate users on the process. In January of 2011, online services for permits were expanded to include plumbing.

(C) <u>Assure that low income residents' housing needs are met in a cost effective manner</u>:

- *Measure definition*: This measure examines how effectively the City utilizes its financial assistance resources to help low income households move into home ownership. The higher the number of units assisted per $100,000 expended, the more cost effective the program's operation. Cost effectiveness, in turn, translates into an efficiency measure for the creation and expansion of income diversity in Corvallis' neighborhoods.
- *Evaluation of results*: Results averaged just fewer than seven units per $100,000 invested over the prior three years, indicating a small gap between actual performance and the City's performance target. In part this suggested a lower level of cost effectiveness than intended, translating into less diversity than desired. It was also reflective of both a generally higher level of financial need among first time home purchasers than had been the case historically, as well as an increasing frequency of providing one or two loans during a given year that are significantly higher than the norm.
- C*urrent year performance and trends*: During FY 09-10 the average down payment assistance need per assisted household again rose above $10,000, resulting in full-year units per $100,000 assistance figure of 5.2. This result shows a higher level of need per household than in recent years, and falls short of the City's target of 10 units per $100,000.
- *Conclusions and challenges*: Although there was a decrease in the number of units assisted per $100,000 invested during FY 09-10 relative to prior years, these results do not necessarily invalidate staff's prediction two years ago: that based on market statistics showing that home prices have flattened and/or fallen in Corvallis, it was anticipated that unit assistance

would trend back toward the City's 10 units/$100k target. These results were attained as predicted in FY 08-09, and then as expected, the Corvallis market's prices for single family homes remained relatively flat in FY 09-10 which, combined with continuing, nearly record low mortgage interest rates, gave purchasers increasingly more buying power. During FY 09-10 however, the City participated in a project with Benton Habitat for Humanity through which significant HOME funding was invested in the construction of two new units ($79,000 each). Then, in conjunction with the sales of completed homes to Habitat families, the City's investment was transferred to and became the responsibility of the purchasers. These types of hybrid construction financing/purchase assistance investments will inherently push the number of units assisted per $100,000 invested lower than the City's target; however, they represent opportunities for the City to facilitate long-term (30-year+) affordability for very low and extremely low income families. This also offers opportunities for the City to help non-profit developers achieve their affordable housing missions. Thus, such projects continue to be worthy of consideration.

CoHo Cohousing Condominium Project

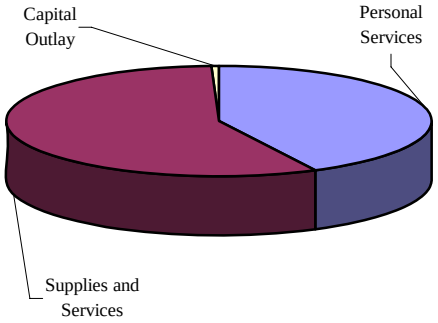
Leonard Knolls

COMMUNITY DEVELOPMENT DEPARTMENT – BUDGET SUMMARY

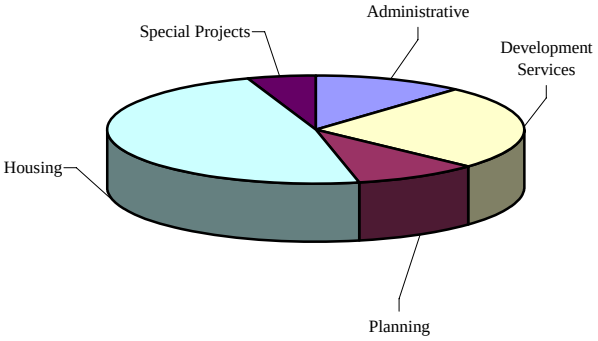
BUDGET BY CATEGORY:	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	ADOPTED 2011-12	%CHANGE FROM 10-11 BUDGET
Personal Services	$3,282,848	$3,179,131	$3,665,120	$3,574,270	$3,692,100	0.74%
Supplies and Services	1,803,765	1,356,285	4,611,840	2,015,550	4,965,700	7.67%
Capital Outlay	0	0	0	0	54,000	0.00%
TOTAL	$5,086,613	$4,535,416	$8,276,960	$5,589,820	$8,711,800	5.25%

FY 11-12 ADOPTED BUDGET

EXPENDITURES BY CATEGORY



EXPENDITURES BY DIVISION



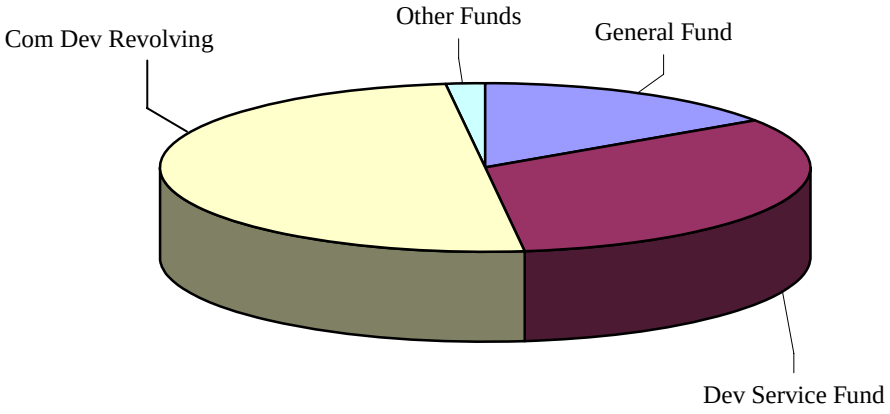
BUDGET BY DIVISION:	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	ADOPTED 2011-12	%CHANGE FROM 10-11 BUDGET
Administrative	$967,869	$955,045	$1,037,730	$1,029,600	$1,019,220	-1.78%
Development Services	1,877,288	1,783,734	2,207,100	2,146,530	2,199,030	-0.37%
Planning	852,680	801,657	887,150	806,840	850,530	-4.13%
Housing	1,370,681	959,724	4,102,030	1,587,500	4,188,410	2.11%
Special Projects (1)	18,096	35,256	42,950	19,350	454,610	958.46%
TOTAL	$5,086,613	$4,535,416	$8,276,960	$5,589,820	$8,711,800	5.25%

(1) The large increase in FY 11-12 relates to a one-time software upgrade and budgeted projects for the service enhancement review fee.

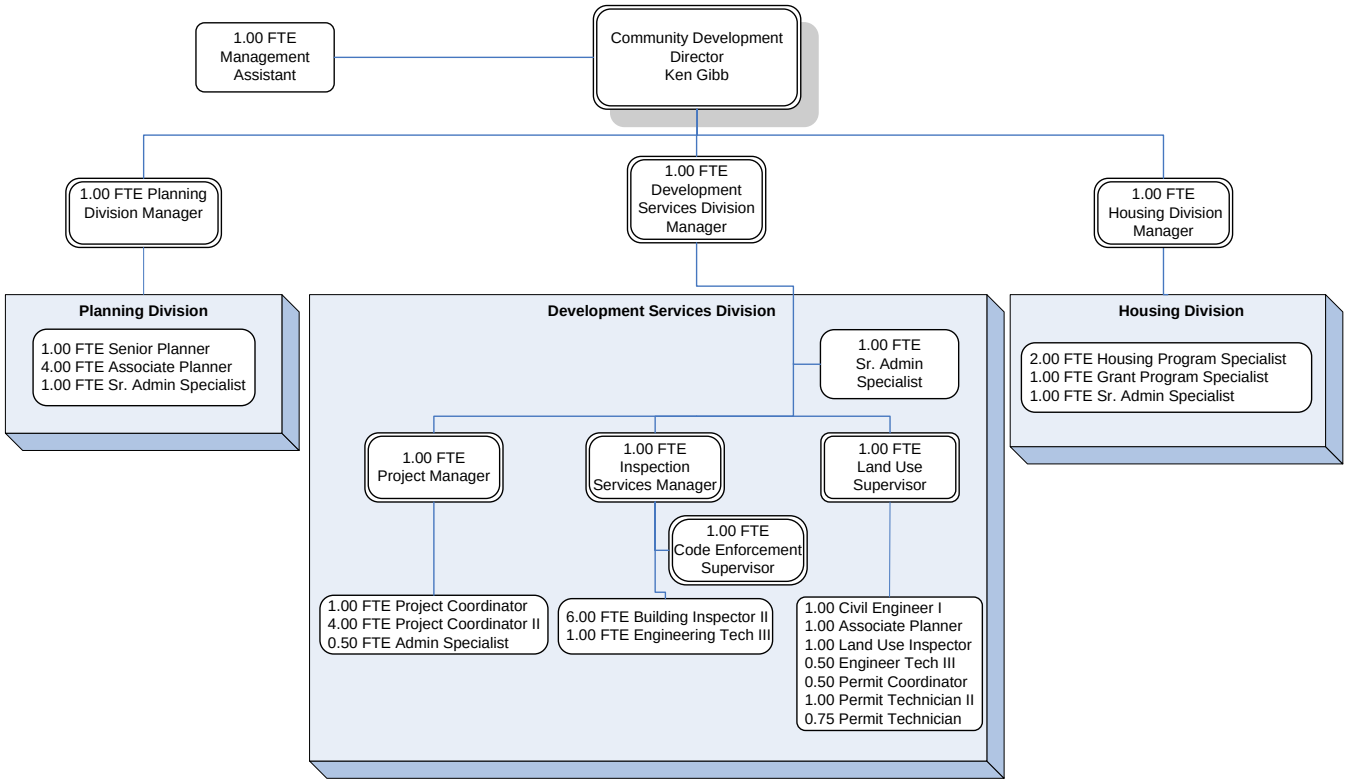
COMMUNITY DEVELOPMENT DEPARTMENT – BUDGET SUMMARY (Continued)

BUDGET BY FUND:	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	ADOPTED 2011-12	%CHANGE FROM 10-11 BUDGET
General Fund	$1,390,461	$1,453,556	$1,618,220	$1,496,110	$1,356,480	-16.17%
Street Fund	18,298	17,369	19,750	19,750	21,850	10.63%
Dev Service Fund	2,006,719	1,798,849	2,221,550	2,171,050	2,838,820	27.79%
Com Dev Revolving	1,530,692	1,126,470	4,262,670	1,748,140	4,336,610	1.73%
Parking Fund	3,509	3,805	4,010	4,010	4,070	1.50%
Water Fund	46,040	45,409	50,740	50,740	51,350	1.20%
Wastewater Fund	45,019	44,485	49,540	49,540	50,380	1.70%
Storm Water Fund	45,876	45,473	50,480	50,480	52,240	3.49%
TOTAL	$5,086,613	$4,535,416	$8,276,960	$5,589,820	$8,711,800	5.25%

FY 11-12 ADOPTED EXPENDITURES
EXPENDITURES BY FUND



COMMUNITY DEVELOPMENT DEPARTMENT ORGANIZATION CHART



Building Bird Houses

Downtown

COMMUNITY DEVELOPMENT DEPARTMENT STAFF

Positions	Group	Monthly Salary Range (1.0 FTE)	FY 11-12 Budgeted Salaries by Position(s)	Head Count[1]	FY 11-12 FTE	Historical FY 10-11 FTE	Historical FY 09-10 FTE
Community Development Director	Exempt	$8,325 - $10,625	$127,500	1	1.00	1.00	1.00
Development Services Manager	Exempt	6,579 - 8,396	100,755	1	1.00	1.00	1.00
Planning Division Manager	Exempt	6,579 - 8,396	87,036	1	1.00	1.00	1.00
Assistant Building Official (ABO) [5]	Exempt	5,848 - 7,463	-	-	0.00	1.00	1.00
Project Manager [5]	Exempt	5,848 - 7,463	89,560	1	1.00	0.00	0.00
Housing Division Manager	Exempt	5,848 - 7,463	89,560	1	1.00	1.00	1.00
Inspection Services Manager	Exempt	5,848 - 7,463	89,560	1	1.00	1.00	1.00
Land Use Supervisor [5]	Exempt	5,848 - 7,463	85,296	1	1.00	0.00	0.00
Senior Planner [5]	AFSCME	5,475 - 6,875	78,570	1	1.00	2.00	2.00
Project Coordinator [1]	AFSCME	5,475 - 6,875	-	-	1.00	1.00	1.00
Civil Engineer I	AFSCME	5,166 - 6,487	70,603	1	1.00	1.00	1.00
Project Coordinator II [5]	AFSCME	5,069 - 6,366	295,150	4	4.00	0.00	0.00
Plans Examiner III [5]	AFSCME	5,069 - 6,366	-	-	0.00	2.00	2.00
Associate/Assistant Planner [2,3,4]	AFSCME	5,069 - 6,366	338,203	5	5.00	5.50	6.20
Code Enforcement Supervisor	Exempt	4,747 - 6,058	72,702	1	1.00	1.00	1.00
Building Inspector II [1,5]	AFSCME	4,696 - 5,897	208,920	3	6.00	7.00	7.00
Land Use Inspector	AFSCME	4,347 - 5,458	56,581	1	1.00	1.00	1.00
Housing Program Specialist	AFSCME	4,347 - 5,458	124,761	2	2.00	2.00	2.00
Management Assistant	Exempt	4,335 - 5,533	57,354	1	1.00	1.00	1.00
Plans Examiner I [5]	AFSCME	4,028 - 5,058	-	-	0.00	1.00	1.00
Engineering Technician III [5]	AFSCME	4,028 - 5,058	48,332	2	1.50	1.00	1.00
Code Enforcement Officer [4]	AFSCME	4,028 - 5,058	-	-	0.00	0.50	0.50
Grant Program Specialist	AFSCME	4,028 - 5,058	50,338	1	1.00	1.00	1.00
Permit Coordinator [5]	AFSCME	4,028 - 5,058	26,214	1	0.50	1.00	1.00
Permit Technician II [5]	AFSCME	3,736 - 4,691	52,320	1	1.00	0.00	0.00
Permit Technician [4]	AFSCME	3,472 - 4,360	33,897	1	0.75	2.00	2.00
Senior Administrative Specialist	AFSCME	3,472 - 4,360	149,485	3	3.00	3.00	3.00
Administrative Specialist [4]	AFSCME	2,830 - 3,554	21,322	1	0.50	1.30	1.30
TOTAL			**$2,354,019**	**36**	**38.25**	**40.30**	**41.00**

NOTE: Salary ranges reflect FY 10-11 Class and Compensation schedules.

1. Within these noted positions, the indicated FTE remain authorized but a total of 4.0 are unfilled and unbudgeted for in FY 11-12 due to continued economic impacts on the Development Services Fund. As a result, actual anticipated head count and associated salary are lower than authorized FTE would indicate.
2. In FY 10-11to better reflect hiring intent by CD, the Associate and Assistant Planner FTE were combined to show Planner total FTE. Although these are distinct positions an Assistant Planner may be promoted to Associate Planner after credentials have been met without need for an adjustment of authorized FTE.
3. Budget reduction of 0.70 FTE to meet FY 10-11 Property Tax Fund balance requirements.
4. Budget reduction of 2.05 FTE to meet FY 11-12 Property Tax Fund balance requirement.
5. As part of a Service Enhancement Review Fee, approved by council and user's group, a reorganization of the department was done to optimize service provision.

FINANCE DEPARTMENT SUMMARY OF SERVICES BY DIVISION

MISSION STATEMENT

Ensuring excellence in customer service for financial, judicial and information management.

CUSTOMER SERVICES

- Provide information to the City Council, Budget Commission, staff and citizens on the financial aspects of issues under consideration by the City and on the status of the City's finances.
- Advise departments on financial matters and fiscal responsibility.
- Provide monthly meter reading and utility billing services to over 16,000 utility services accounts.
- Provide electronic bills and convenient payment options for customers.
- Support departmental operations through timely processing of interoffice mail.
- Ensure monthly City Services statements are accurate and delivered on time.
- Provide oversight, reporting, and administrative assistance for the Finance Department.
- Provide timely processing of tobacco, liquor and social gaming license requests including the annual renewal programs.
- Provide parking permits for meters and residential parking districts.
- Property risk management responsibilities including contract review and risk assessment.

FINANCIAL SERVICES

- Prepare for the annual audit and issue the Comprehensive Annual Financial Report.
- Provide policies and procedures for the organization on all financial matters.
- Provide for safe and efficient cash management of City funds.
- Process timely payments to vendors for providing goods and services to the City.
- Process bills for services provided by the City, including ambulance services and special assessments.
- Assist and guide departments in grant management compliance and accounting.
- Secure financing for capital projects.
- Ensure fiscal integrity in debt management.
- Manage and pursue collection of delinquent accounts.

BUDGET & FINANCIAL PLANNING

- Evaluate the fiscal impact of ballot initiatives and proposed legislation which may impact City operations.
- Maintain Budget Commission records, including agendas and minutes.
- Maintain the Finance Department website with timely, accurate information.
- Update the City Council's Financial Policies annually.
- Ensure fiscal stability through sound long-term financial planning.
- Provide support to departments to develop and monitor annual budgets and prepare the annual budget publication.
- Provide Quarterly Operating Reports on the financial status of the City to the City Council and Budget Commission.
- Process payroll and benefit payments to ensure employees are compensated accurately.
- Provide performance management support to organization through trending of actual results and comparison with like entities.
- Manage investment advisory contracted service to ensure the City's cash is invested within the guidelines of the City's investment policy and Oregon Revised Statutes (ORS).

MANAGEMENT INFORMATION SERVICES

- Provide accurate and timely data retrieval and exchange by using automated information systems.
- Provide support for operating departments by implementing and maintaining data management systems.
- Configure, install, and maintain the City's desktop PCs, servers, and network infrastructure.

JUDICIAL SERVICES

- Respond to inquiries for Municipal Court information.
- Process payments for parking, criminal and traffic citations.
- Provide Court Clerk services for the Municipal Court Judge.
- Prepare court documents including dockets, warrants, suspension notices and late notices.

Note: The Finance Department operates in the General, Parking, Technology and Communication, and Administrative Services Funds. Work plan goals and accomplishments linked to the service activities above are provided in these funds' sections.

FINANCE DEPARTMENT PERFORMANCE INDICATORS

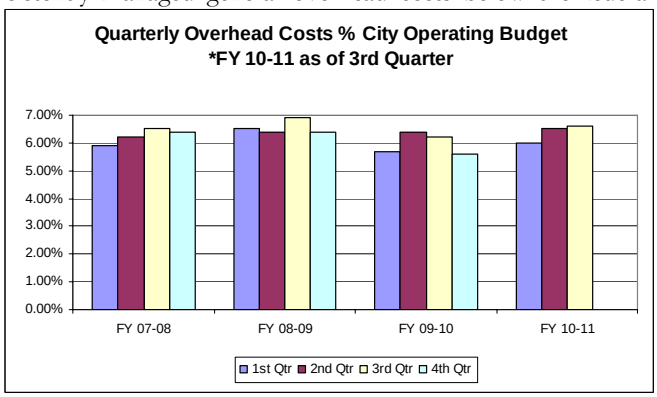
COUNCIL VALUES	Management Goals & Objectives	Performance Measures	FY09-10 ACTUAL	FY10-11 TARGET	FY10-11 REVISED	FY11-12 TARGET
Cost Efficiency	Receive sufficient per capita revenue levels to enable the City to maintain existing service levels.	Maintain operating revenue greater than or equal to $1,350 per capita.	$1,473	≥$1,350	≥$1,350	≥$1,350
	Ensure City resources are primarily spent on operations that provide services directly to citizens.	Maintain general overhead costs (City Manager's Office and Finance) at less than 7% of total operating budget. (A)	5.97%	6.8%	6.8%	<7.0%
	Provide necessary information technology resources for departments to operate efficiently.	Achieve 100% server uptime relative to scheduled server uptime. (B)	99.22%	100%	100%	100%
	Manage MIS resources effectively and provide cost-efficient, high-quality, pro-active service to the organization to support system changes to adapt to ongoing departmental needs.	Resolve service calls to repair calls at a maximum ratio of three to one and document repair calls more accurately while recording multiple repair calls into a single repair call if a single incident is involved.	1.08/1	3/1	3/1	3/1
	Increase organizational efficiency in providing service output.	Maintain operating expenditures less than or equal to $1,350 per capita.	$1,379	≤$1,350	≤$1,350	≤$1,350
Sustainability	Reduce department wide paper consumption through increased use of electronic file sharing and software upgrades.	Reduce paper purchases by 10% in FY 10/11 over actual FY 09/10 consumption with an additional 5% reduction in FY 11/12 (as measured in reams on a quarterly basis). (C)	568	534	628	565
	Reduce paper and postage costs by increasing proportion of Utility Billing customers participating in E-Bill program.	Increase number of E-Bill participants to 10% of Utility Billing customers[1].	977	1,500	1,500	1,500

[1] E-bill participation is low relative to target; the recurring credit card payment option is being promoted to increase participation.

Select discussion of key measures:

(A) Maintain general overhead costs at less than 7% of total operating budget:

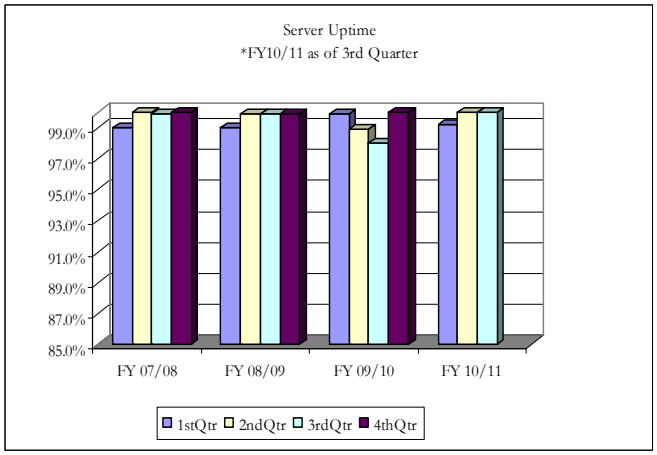
- *Measure definition:* Maintain administrative overhead for the City's operations (i.e. operating costs in the City Manager's Office and Finance Department) at less than 7% of the City's total operating budget. Both numerator and denominator of the percentage are expressed as total expenditures less capital projects, debt service, transfers and other non-operating costs.
- *Evaluation of results:* Keeping overhead costs as low as possible helps ensure that City resources are primarily spent on operations that provide services directly to citizens. The U.S. Government allowance for overhead on a federal HOME grant is 10% and is considered a reasonable benchmark for comparative purposes.
- *Current year performance and trends:* The City has consistently managed general overhead costs below the federal benchmark standard with general overhead costs typically falling below a 7% threshold. Total overhead costs rose slightly in FY 07/08 and FY 08/09 but dropped back to previous levels in FY 09/10. FY 10/11 appears to be trending slightly higher and more in line with increases in two of the last three fiscal years.



- *Conclusions and challenges*: As the City continues to identify efficiencies and additional savings, most general overhead costs are manageable. Due to inflation and variables outside the control of the City, some overhead costs such as pension and health insurance benefits are difficult to control and will most likely increase in the future. The organization must continue to gain efficiencies to ensure resources are primarily spent on operations that provide services directly to citizens.

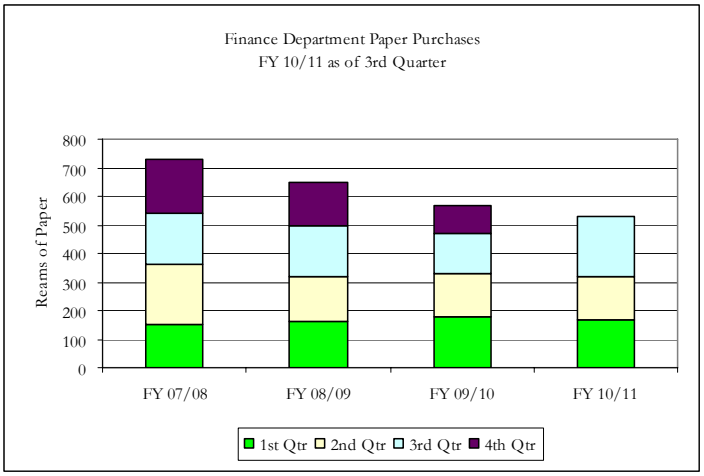
(B) Achieve 100% server uptime relative to scheduled uptime:

- *Measure definition:* MIS aspires to have a 100% server uptime. When maintenance requires an outage, best effort is given to have this outage occur in the off-hours for the majority of the organization. The risk of an emergency outage is mitigated through the intelligent use of redundancy, clustering and backup systems.
- *Evaluation of results:* As departments further integrate computerized technology into their core business competency, MIS ensures it is done correctly. Server uptime improves performance within departments and enables the departments to achieve internal efficiencies.
- *Current year performance and trends:* Server uptime performance has been measured since FY 05/06, when MIS achieved just over a 96% server uptime average for the year. Average server uptime results continued to improve to nearly 100% in FY 08/09. Performance slipped slightly in FY 09/10 due to brief server failures. However, during the first three quarters of FY 10/11, server uptime is nearly perfect. This performance measurement is necessary to provide benchmark data for comparative purposes and will be the performance standard for FY 11/12.

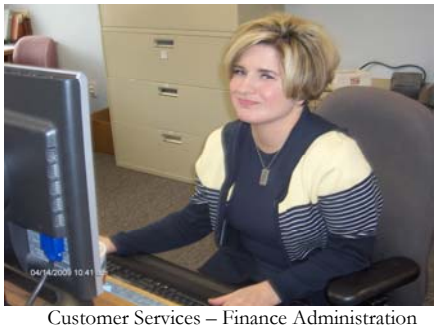


- *Conclusions and challenges*: Budgets must balance the need for 100% server uptime relative to economic feasibility. In recognition, MIS takes into consideration the schedules of each department when scheduling server downtime relative to their operational hours. To address specific problems such as electrical power interruptions that may impact server performance and uptime, MIS installed an on-site generator that provides automatic electrical backup for these systems. MIS has continued to improve its server uptime to achieve 100% performance.

(C) <u>Reduce department paper consumption through increased use of electronic file sharing and software upgrades:</u>



- *Measure definition:* City Council adopted a sustainability policy directing the organization to identify opportunities to adopt sustainable practices. The finance department has determined an annual 10% reduction in paper consumption a sustainable practice consistent with Council policy and established FY 05/06 as the baseline year for comparative purposes.
- *Evaluation of results:* Finance department paper purchases are recorded each quarter based on the number of reams purchased from suppliers. In FY 05/06 (base year), 1,790 reams of paper were purchased; 25% lower from the prior year due to employee efforts to implement sustainable practices. Many of these practices focused on changes in standard operating procedures that were readily adopted by staff. As the effort increased, paper consumption decreased to 732 reams in FY 07/08, a 70% reduction over the base year. Staff continued to implement new technologies and more efficient procedures. As a result, paper consumption decreased to 568 reams in FY 09/10. Staff is on track to exceed FY 09/10 usage by 60 reams due to increased paper usage associated with the May 2011 operating levy . In FY 11/12 staff will pursue a 10% reduction from FY 10/11 to 565 reams.
- *Current year performance and trends:* Reductions in paper consumption from previous years continues to be significant with current year consumption running under 600 reams. The decrease in paper use is beginning to stabilize and further reductions may be more difficult to achieve based on archival needs alone.
- *Conclusions and Challenges:* The Finance department typically uses more paper than other departments due to the nature of the financial work and the necessary documentation requirements in accounting practices. As a result, the Finance department has among the greatest opportunity of any department to reduce paper consumption and thereby contribute to a more sustainable environment. Staff will continue to implement new practices that enable use of less paper. This includes the purchases of additional software and use of new technologies to meet the goal. Future reductions will continue to be proposed but likely at smaller increments.


Customer Services – Finance Administration

Municipal Court

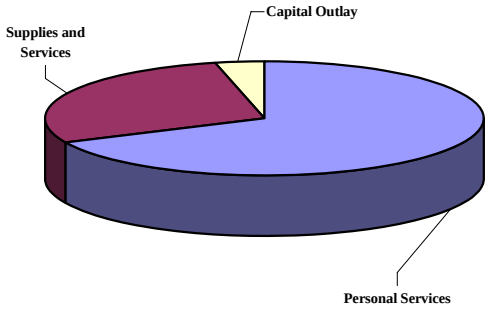
Financial Services

FINANCE DEPARTMENT – BUDGET SUMMARY

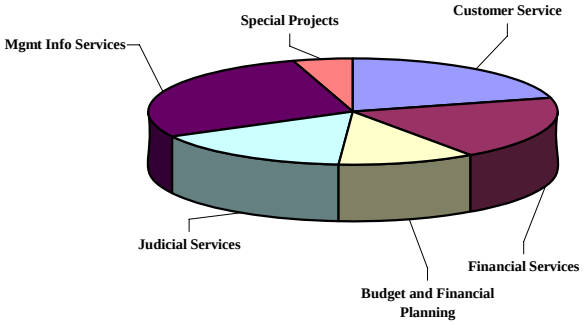
BUDGET BY CATEGORY:	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	ADOPTED 2011-12	%CHANGE FROM 10-11 BUDGET
Personal Services	$3,152,833	$3,287,063	$3,508,920	$3,371,200	$3,414,140	-2.70%
Supplies and Services	1,470,395	1,323,175	1,416,480	1,316,270	1,422,580	0.43%
Capital Outlay	101,741	56,383	70,000	65,000	180,660	158.09%
TOTAL	$4,724,969	$4,666,621	$4,995,400	$4,752,470	$5,017,380	0.44%

FY 11-12 ADOPTED BUDGET

EXPENDITURES BY CATEGORY



EXPENDITURES BY DIVISION

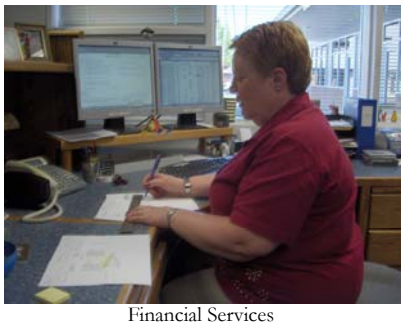


BUDGET BY DIVISION:	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	ADOPTED 2011-12	%CHANGE FROM 10-11 BUDGET
Customer Service [1]	$669,960	$1,066,195	$1,133,310	$1,069,000	$1,041,940	-8.06%
Financial Services	1,879,531	1,069,059	1,020,370	982,480	975,980	-4.35%
Budget and Financial Planning [1]	0	414,463	483,620	495,910	540,070	11.67%
Judicial Services	658,156	690,640	751,100	718,260	821,010	9.31%
Mgmt Info Services	1,333,319	1,387,855	1,484,500	1,411,820	1,405,220	-5.34%
Special Projects	184,003	38,409	122,500	75,000	233,160	90.33%
TOTAL	$4,724,969	$4,666,621	$4,995,400	$4,752,470	$5,017,380	0.44%

1. Finance reorganization in FY 09-10. Budget and Financial Planning services were previously budgeted in Financial Services. and Administrative Services and Customer Service work groups were combined.

Budget & Financial Planning

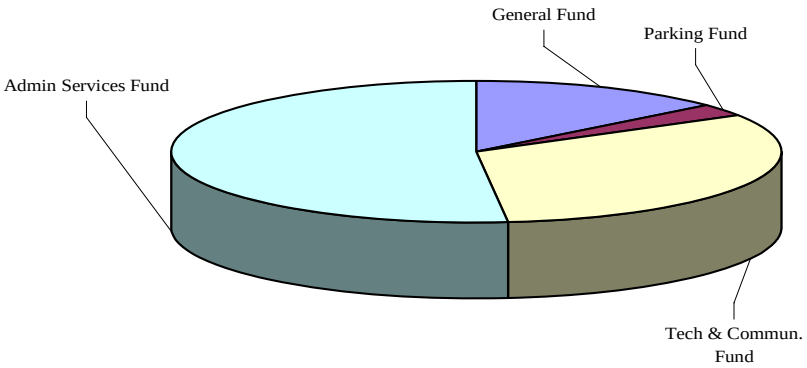
Madison Avenue Finance Department


Financial Services

FINANCE DEPARTMENT – BUDGET SUMMARY (Continued)

BUDGET BY FUND:	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	ADOPTED 2011-12	%CHANGE FROM 10-11 BUDGET
General Fund	$565,953	$614,534	$618,920	$593,780	$677,700	9.50%
Parking Fund	110,405	105,451	132,180	124,480	143,310	8.42%
Tech & Commun. Fund	1,471,197	1,387,855	1,577,000	1,456,820	1,607,720	1.95%
Admin Services Fund	2,577,413	2,558,781	2,667,300	2,577,390	2,588,650	-2.95%
TOTAL	$4,724,969	$4,666,621	$4,995,400	$4,752,470	$5,017,380	0.44%

FY 11-12 ADOPTED BUDGET
EXPENDITURES BY FUND

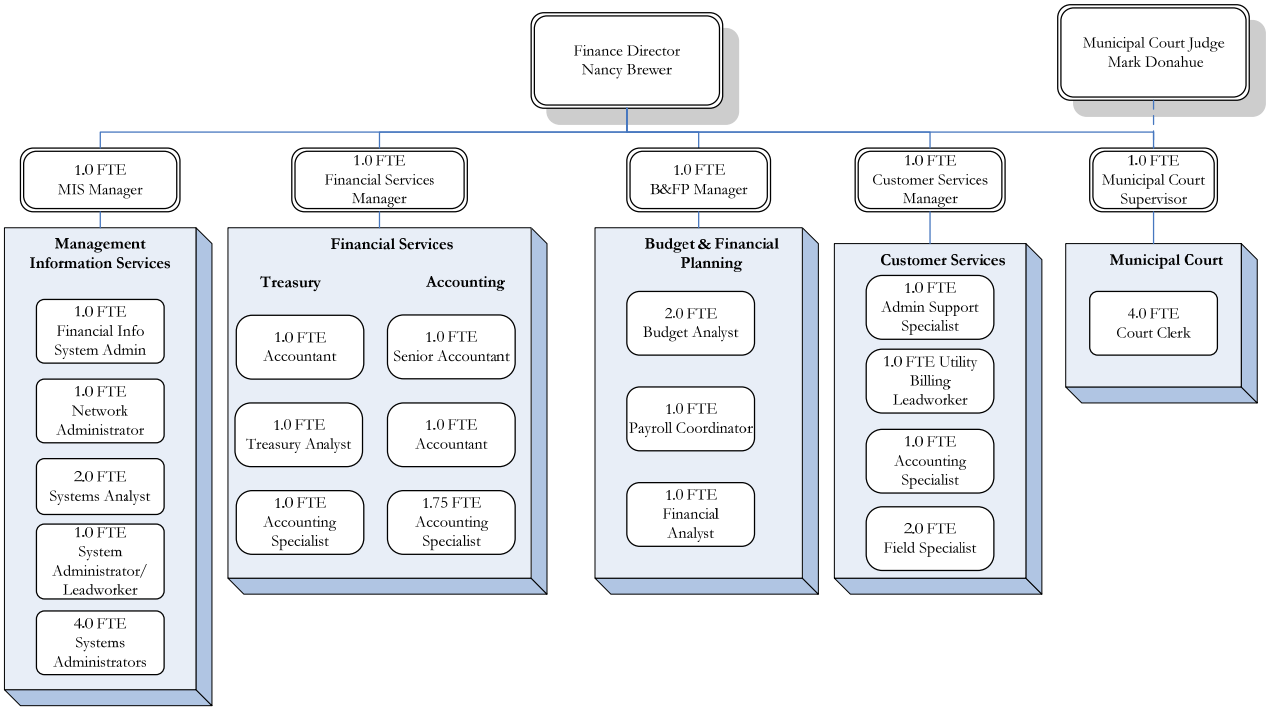


Utility Field Specialists

MIS Staff

Utility Billing

FINANCE DEPARTMENT ORGANIZATION CHART



FINANCE DEPARTMENT STAFF

Positions	Group	Monthly Salary Range (1.0 FTE)	FY 11-12 Budgeted Salaries by Position(s)	Head Count	FY 11-12 FTE	Historical FY 10-11 FTE	Historical FY 09-10 FTE
Finance Director	Exempt	$8,325 - $10,625	$127,500	1	1.00	1.00	1.00
MIS Manager	Exempt	6,579 - 8,396	100,755	1	1.00	1.00	1.00
Financial Services Manager	Exempt	5,198 - 6,634	79,609	1	1.00	1.00	1.00
FIS Administrator/Analyst	AFSCME	5,069 - 6,366	76,388	1	1.00	1.00	1.00
Network Administrator	AFSCME	5,069 - 6,366	76,388	1	1.00	1.00	1.00
System Administrator II/Leadworker	AFSCME	5,069 - 6,366	69,286	1	1.00	1.00	1.00
Budget and Financial Planning Manager	Exempt	4,747 - 6,058	72,702	1	1.00	1.00	1.00
Customer Service Manager	Exempt	4,747 - 6,058	72,702	1	1.00	1.00	1.00
Webmaster/Information System Analyst	AFSCME	4,696 - 5,897	70,763	1	1.00	1.00	1.00
Senior Accountant	AFSCME	4,696 - 5,897	62,381	1	1.00	1.00	1.00
Information Systems Analyst	AFSCME	4,696 - 5,897	67,394	1	1.00	1.00	1.00
System Administrator I	AFSCME	4,696 - 5,897	266,365	4	4.00	4.00	4.00
Accountant [1]	AFSCME	4,028 - 5,058	97,826	2	2.00	3.00	3.50
Court Supervisor	Exempt	3,959 - 5,053	60,635	1	1.00	1.00	1.00
Budget Analyst [2]	Exempt	3,959 - 5,053	104,882	2	2.00	1.50	1.00
Purchasing Coordinator [1]	AFSCME	3,736 - 4,691	-	-	0.00	0.50	0.50
Treasury Analyst	AFSCME	3,736 - 4,691	46,694	1	1.00	1.00	1.00
Financial Analyst	AFSCME	3,736 - 4,691	53,616	1	1.00	1.00	1.00
Utility Billing Field Spec	AFSCME	3,736 - 4,691	107,232	2	2.00	2.00	2.00
Utility Billing Leadworker	AFSCME	3,736 - 4,691	53,616	1	1.00	1.00	1.00
Computer Support Specialist [1]	AFSCME	3,472 - 4,360	-	-	0.00	1.00	1.00
Sr. Admin Specialist [2]	AFSCME	3,472 - 4,360	-	-	0.00	1.00	1.00
Payroll Coordinator	Exempt	3,302 - 4,214	50,570	1	1.00	1.00	1.00
Court Clerk	AFSCME	3,098 - 3,890	172,111	4	4.00	4.00	5.00
Accounting Specialist [1]	AFSCME	2,830 - 3,554	153,921	4	3.75	4.25	4.25
Administrative Specialist [2,3]	AFSCME	2,830 - 3,554	30,460	1	1.00	0.75	0.75
TOTAL			**$2,073,796**	**35**	**34.75**	**38.00**	**39.00**

NOTE: Salary ranges reflect FY 10-11 Class and Compensation schedules.

1. Reductions for FY 11-12 to support balancing property tax funds combined budget.
2. Reclassification of a .75 Sr. Admin Specialist to Budget Analyst (.5) and Administrative Specialist (.25) occurred in FY 10-11 and is reflected in FY 11-12.
3. The 1.0 FTE Administrative Specialist is being under-filled at 0.75 FTE, and the remaining 0.25 FTE will be underfunded in FY 11-12 in support of Property Tax Funds Combined budget reductions needed.

FIRE DEPARTMENT SUMMARY OF SERVICES BY DIVISION

MISSION STATEMENT

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

MANAGEMENT SERVICES

- Train department personnel.
- Develop plans and procedures aimed at meeting goals and objectives within financial and regulatory limitations.
- Coordinate disaster preparedness and response.
- Provide administrative services for the department.
- Develop and implement strategic planning for the Fire Department.

HAZARD REDUCTION SERVICES

- Provide inspection services to limit the occurrence and spread of unwanted fires, the losses they cause to the community, and to ensure life safety.
- Participate in pre-construction plan reviews in cooperation with Development Services to ensure fire safety requirements are met.
- Implement education programs to assist the public and area agencies to respond to fire and medical emergencies.

FIRE & RESCUE OPERATIONS

- Respond to all emergency and non-emergency calls for fire protection, rescue, pre-hospital emergency medical treatment, and general environmental protection for the community and surrounding areas.

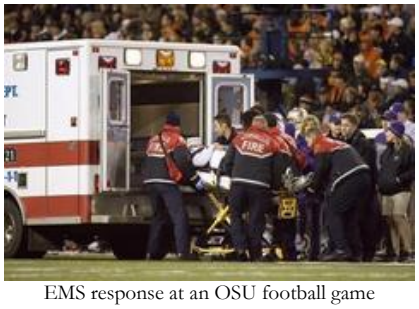
EMERGENCY MEDICAL SERVICES

- Provide paramedic care for all emergency medical service calls in Corvallis and the Corvallis Rural Fire Protection District.
- Provide transport ambulance services to the entire Benton County Ambulance Service area.

Note: The Fire Department operates in the Fire and Rescue Fund. Work plan goals and accomplishments linked to the service activities above are provided in this fund's section.

Roof ventilation training at the drill tower

On scene at a motor vehicle accident


EMS response at an OSU football game

Fire Prevention activities at the Benton County Fair

Firefighters in full personal protective clothing

FIRE DEPARTMENT PERFORMANCE INDICATORS

COUNCIL VALUES	Management Goals & Objectives	Performance Measures	FY 09-10 ACTUAL	FY 10-11 TARGET	FY 10-11 REVISED	FY 11-12 TARGET
Cost Efficiency	Achieve a response time of 5 minutes or less from dispatch to arrival on Code 3 fire calls within the city limits, greater than our comparator's average of 62.5%	Percentage of total fire calls with a response time of 5 minutes or less from dispatch to arrival within city limits. (A)	70%	70.0 %	70.0 %	70.0%
	Achieve a response time of 5 minutes or less from dispatch to arrival of ALS equipment of Code 3 EMS calls within the city limits, greater than the 45% ASA contract target.	Percentage of EMS calls requiring ALS with response time of 5 minutes or less from dispatch to arrival within city limits.	60.7 %	60.0 %	60.0 %	60.0%
	Maintain operating costs per capita at or below that of comparator cities ($146.60).	Total fire operating expenditures per capita. (B)	$145.42	$142.00	<$146.60	<$146.60
	Maintain false alarm rate at or below the 23% level experienced by ICMA comparators.	False alarms as a percentage of total non-EMS incidents.	11%	12 %	12 %	12%
Community Involvement	Interact with at least 10% of residents (city and rural district) in public education events annually.	Number of attendees at public education events.	7,338	6,600	6,600	7,000
Sustainability	Maintain average loss per 1,000 population within city limits less than regional average of $30,900.	Maintain average loss per 1,000 population within city limits less than national average.	$28,078	< $38,800	< $30,900	<$30,900
	Maintain the number of reported residential structure fires per 1,000 population within the city limits at less than the national average of 0.94.	Residential structure fires per 1,000 population served within city limits. (C)	0.62	< 1.30	< 0.94	<0.94

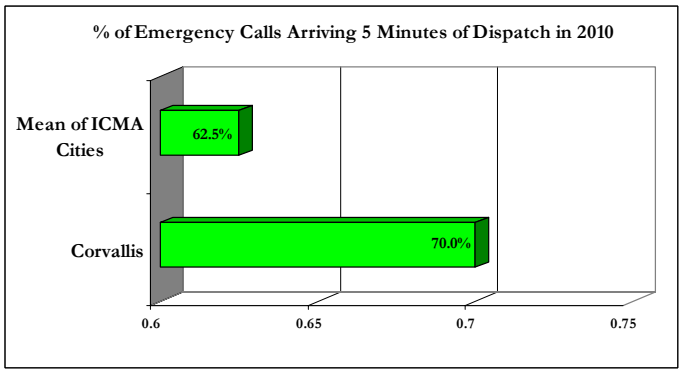
Select discussion of key measures above:

(A) Achieve a response time of five minutes or under from dispatch to arrival on more than 62.5% of Code 3 fire calls within the city limits:

- *Measure definition*: This is one of the standard measures of a fire department's effectiveness across the industry. A common industry goal was to achieve a 4-minute response time on 90% of emergency calls. Increasing costs and population figures have resulted in the need for a majority of departments nationwide to reassess that target. A 4-minute response time was found to be unrealistic and very expensive in terms of infrastructure and personnel. Irrespective of the increased difficulty in meeting the target, response time remains the most critical factor in the degree of success achieved in mitigating fire / medical emergencies.
- *Evaluation of results*: Over a period of years, population growth, a related increase in the amount of vehicle traffic, and the expansion of neighborhoods into urban growth areas (and farther away from existing fire stations) have increased response times. A 70% target is a realistic response time and is in line with the National Fire Protection Association (NFPA) standards as well as ICMA core measures. The addition of Stations 5 and 6 several years ago to the response system helped to improve response times to a significant degree over previous years.

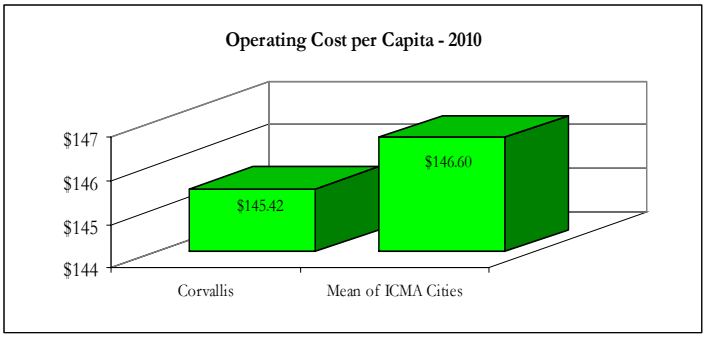
- *Current year performance and trends*: While improvements have been realized in recent years, there still remain challenges in this area, such as accurate "time stamping" by the dispatch system at the 9-1-1 Center. Staff is working with the CAD vendor to implement a hardware and software solution which would automate time stamping for calls.

- *Conclusions and challenges*: Corvallis' emergency response time is impacted by its "either / or" response matrix. The adoption of the "either / or" system was an informed decision made by the City to reduce or slow the need to add personnel yet provide immediate fire and emergency medical services. It has proven to be an effective "first call" system; however, the second call in a specific area results in an increase in the time to drive from another station's response area. The typical increase in "second call" times due to increased travel distance often exceeds the 5-minute target.

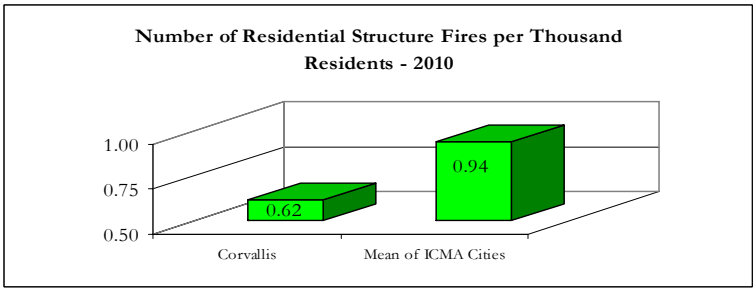


(B) <u>Maintain operating costs per capita within the city limits at or below that of comparator cities:</u>

- *Measure definition*: This measure, particularly when examined with other indicators (such as response times, fire loss, etc.), provides a financial measure of the department's services.
- *Evaluation of results*: Corvallis has historically had favorable results with respect to this indicator.
- *Current year performance / trends*: Corvallis continues to enjoy a favorable cost / benefit ratio in comparison with other cities.
- *Conclusions and challenges*: The reinstatement in FY 09-10 of the vehicle/equipment reserve reduced the potential need of a near-term alternate funding source (bonded debt, levy, etc.) for apparatus purchases. In FY 09-10 and FY 10-11 planned apparatus purchases came from fund balance to allow the reserve account to become established. However, with budget reductions needed in FY 10-11 and FY 11-12, reserve contributions were reduced by over $670,000 from previously planned levels. Legislation and lobbying by labor groups have the potential to increase staffing of paid firefighters based on safety-related arguments. Budget reductions made in FY 11-12 also influence this measure.



(C) <u>Maintain the number of reported residential structure fires per 1,000 population within the city limits less than the national average:</u>



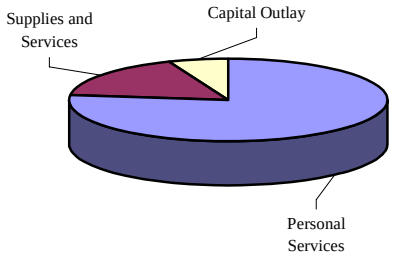
- *Measure definition:* A measure of the frequency of residential structure fires per 1,000 residents (to be compared with ICMA participant cities on a "per 1,000 residents" basis). This measure is believed to be affected by a number of demographic factors outside of a fire department's sphere of influence, such as the general socio-economic environment of the geographic area. However, it is also used as one measure of the effectiveness of a department's fire prevention efforts.
- *Evaluation of results*: Corvallis has traditionally realized excellent results in this area.
- *Current year performance and trends*: Corvallis continues to value its fire prevention organization. Those efforts are complimented by an educated and relatively affluent population with the means to address many problems in the home.
- *Conclusions and challenges*: Corvallis is fortunate to have an involved, proactive fire prevention organization. The major challenges faced in this area are in OSU campus housing and street design / clearance issues. A recent challenge affecting this measure has been a number of intentionally set fires in Corvallis and Albany.

FIRE DEPARTMENT – BUDGET SUMMARY

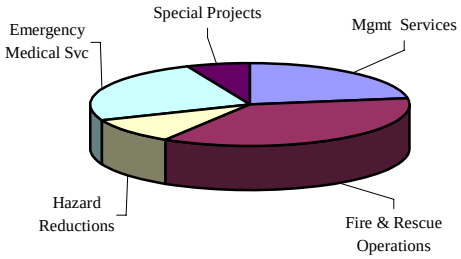
BUDGET BY CATEGORY:	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	ADOPTED 2011-12	%CHANGE FROM 10-11 BUDGET
Personal Services	$7,438,146	$7,996,442	$8,297,920	$8,161,260	$8,760,020	5.57%
Supplies and Services	1,955,818	1,872,034	2,007,410	1,930,380	1,937,110	-3.50%
Capital Outlay	536,922	1,172,299	321,600	215,690	687,700	113.84%
TOTAL	$9,930,885	$11,040,775	$10,626,930	$10,307,330	$11,384,830	7.13%

FY 11-12 ADOPTED BUDGET

EXPENDITURES BY CATEGORY



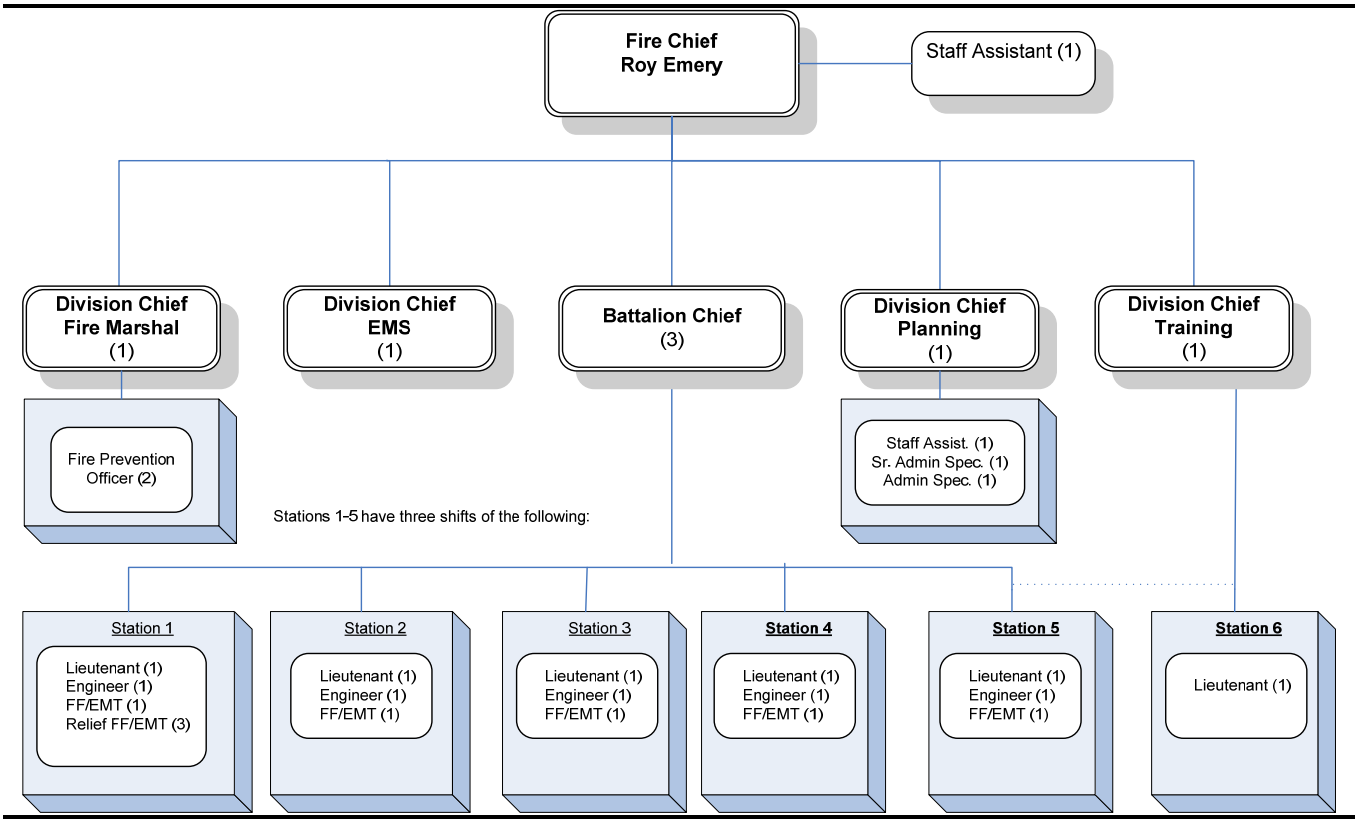
EXPENDITURES BY DIVISION



BUDGET BY DIVISION:	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	ADOPTED 2011-12	%CHANGE FROM 10-11 BUDGET
Management Services	$2,264,510	$2,343,542	$2,524,230	$2,467,260	$2,545,890	0.86%
Fire & Rescue Operations	3,585,601	3,787,046	3,929,880	3,868,270	4,153,020	5.68%
Hazard Reduction	968,054	1,003,619	1,065,550	1,053,220	1,139,320	6.92%
Emergency Medical Svc	2,433,981	2,593,932	2,645,320	2,596,040	2,826,850	6.86%
Special Projects	678,739	1,312,636	461,950	322,540	719,750	55.81%
TOTAL	$9,930,885	$11,040,775	$10,626,930	$10,307,330	$11,384,830	7.13%

BUDGET BY FUND:	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	ADOPTED 2011-12	%CHANGE FROM 10-11 BUDGET
Fire and Rescue Fund	$9,930,885	$11,040,775	$10,626,930	$10,307,330	$11,384,830	7.13%
TOTAL	$9,930,885	$11,040,775	$10,626,930	$10,307,330	$11,384,830	7.13%

FIRE DEPARTMENT ORGANIZATION CHART



FIRE DEPARTMENT STAFF

Positions	Group	Monthly Salary Range (1.0 FTE)	FY 11-12 Budgeted Salaries by Position(s)	(2) Head Count	FY 11-12 FTE	Historical FY 10-11 FTE	Historical FY 09-10 FTE
Fire Chief	Exempt	$7,938 - $10,131	$121,570	1	1.00	1.00	1.00
Division Chief/Battalion Chief	Exempt	6,579 - 8,396	705,286	7	7.00	7.00	7.00
Lieutenant	IAFF	5,038 - 7,210	1,347,514	16	16.00	16.00	16.00
Fire Prevention Officer	IAFF	4,975 - 6,502	156,060	2	2.00	2.00	2.00
Fire Engineer [1]	IAFF	4,665 - 6,677	973,867	13	13.00	13.00	10.00
Firefighter - Emergency Medical Technician (EMT) [1,2]	IAFF	4,339 - 6,209	1,689,109	25	26.00	26.00	29.00
Staff Assistant	AFSCME	3,736 - 4,691	53,616	1	1.00	1.00	1.00
Staff Assistant	Exempt	3,572 - 4,559	54,704	1	1.00	1.00	1.00
Senior Administrative Specialist	AFSCME	3,472 - 4,360	49,828	1	1.00	1.00	1.00
Administrative Specialist	AFSCME	2,830 - 3,554	42,644	1	1.00	1.00	1.00
TOTAL			**$5,194,198**	**68**	**69.00**	**69.00**	**69.00**

NOTE: Salary ranges reflect FY 10-11 Class and Compensation schedules.

1. The number of Firefighter EMTs and Engineers combined total 39. The number of Firefighter EMTS and Engineers can fluctuate within and between fiscal years. For FY 11-12, the budgeted amounts are as presented. The maximum number possible of engineers is 15.
2. For FY 11-12, one vacant firefighter position remains authorized, but unfunded for the year due to budget challenges faced by the Property Tax Funds combined. As a result, actual anticipated headcount and associated salary is lower than authorized FTE would indicate.

LIBRARY DEPARTMENT SUMMARY OF SERVICES BY DIVISION

MISSION STATEMENT

"Bringing People and Information Together"

The Corvallis-Benton County Public Library serves the entire community through its collections, reference services, programs and electronic resources. Opportunities for personal, educational, cultural, and recreational enrichment are offered. Children are introduced to books and reading. Careers and hobbies are furthered. The community's books are shared. By providing the information and resources necessary for life-long learning, the library reaffirms the democratic ideals upon which our society is founded.

ADMINISTRATION

- Lead, support, direct, plan for, and provide quality library services county-wide.
- Collaborate with local governments, advisory boards and committees, community organizations, and individual citizens.
- Actively promote library services, resources, and events.
- Attract and pursue various grants and donations to enhance the Library's mission.
- Coordinate library technology to support staff and improve public access to information.
- Provide budget preparation and management
- Provide administrative services for the Library
- Coordinate the volunteer program to help provide services and offer opportunities for citizen involvement.

LIBRARY SERVICES

- Maintain systems to lend, retrieve, and shelve library materials.
- Develop and maintain an effective and relevant collection of library materials.
- Operate rural community libraries and mobile services.
- Provide outreach library services.
- Meet informational, educational, cultural, and recreational needs of adults and youth.
- Provide programming for adults and youth.
- Order, receive, catalog and process library materials for easy retrieval by the public and staff.
- Repair and replace damaged materials.

Library Lobby

Child on public computer

Note: The Library Department operates in the Library and Davidson Funds. Work plan goals and accomplishments linked to the service activities above are provided in these funds' sections.

LIBRARY DEPARTMENT PERFORMANCE INDICATORS

Council Values	Management Goals & Objectives	Performance Measures	FY09-10 ACTUAL	FY10-11 TARGET	FY10-11 REVISED	FY11-12 TARGET
Cost Efficiency	Be at ICMA national average or below for operating and maintenance expenditures per item circulated of $3.36.	Operating and maintenance expenditures per item circulated.	$2.98	$3.00	$3.00	$3.28
	Circulate at least 30% more per FTE than other ICMA comparable libraries – ICMA average of 28,674. [1]	Circulation per FTE. (A)	32,193	32,300	35,800	35,800
Community Involvement	Achieve at least a 90% rating of excellent or good and be in the top five of national ICMA cities rated.	Citizen rating of overall library services. (B)	90%	90%	92%	90%
	Be in the top 20% of circulation rates per capita of comparable ICMA libraries ≥ 15.7.	Circulation rates per capita.	19.3	19.0	19.0	19.0
	Increase number of interactions with the public per FTE by 2% over previous year.	Interactions with the public per FTE.	6,200	5,800	6,700	6,700
	Be in the top five of comparable ICMA libraries in volunteer FTE's per 1,000 population ≥ .02.	Number of volunteer FTE's per 1,000 population.	.082	.080	.087	.087
Sustainability	Each public computer is used at least 3,000 times per year.	Average number of user sessions per Corvallis Library public computer.	3,442	3,400	2,900	2,900
	Provide the materials people want to use and keep them moving through the community.	Circulation per registered borrower. (C)	33.5	32.0	32.1	32.2
Diversity	Offer programs reflecting the diverse populations within Benton County.	Attendance at programs for children, teens, seniors, Latinos, and other non-English speakers.	28,661	29,500	27,500	27,500

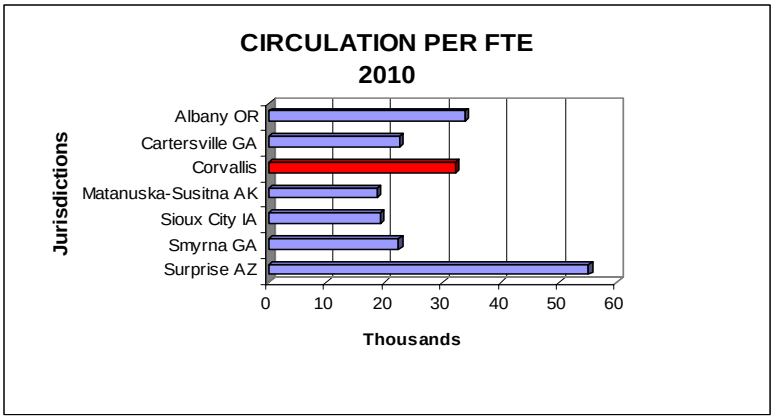
1. The pool of "comparable" reporting libraries changes every year. The goal has been adjusted to 30% more per FTE.

Select discussion of key measures above: (note that graphs below use the same base comparators; any jurisdictions present in one graph and missing in another have not reported data for that measure)

(A) Circulation per FTE (ICMA core measure):

- *Measure definition:* Number of items checked out from the library divided by the number of full-time equivalent employees (FTE) at the library, using the ICMA definition of paid employees which includes paid casual employees. This gives an idea of how efficient staff is compared to other comparator libraries.
- *Evaluation of results:* Using ICMA Mid-Year 2010 data, the Corvallis-Benton County Public Library is above average in efficient delivery of services. Corvallis circulation of 1,674,356 is one of the highest in the comparator group.

- *Current year performance and trends:* Circulation had steadily been trending up until FY 10-11 where a decrease occurred likely due to fewer open hours. A corresponding decrease of 1.25 FTE in FY 10-11 will likely cause this indicator to exceed the target for the year. FY 11-12 is expected to be at similar levels.
- *Conclusions and Challenges:* Library staff has made extensive efforts to support this measure by redesigning workflows to improve efficiency, adding more self check out machines, and by using volunteers extensively. Efforts continue to find better ways of meeting service demands within current staffing levels.

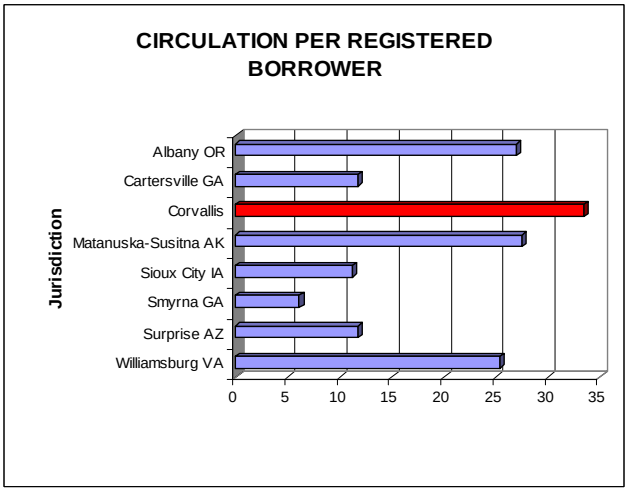


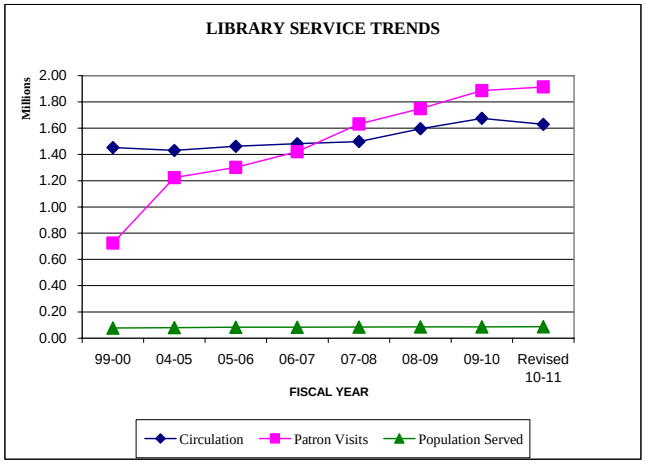
(B) <u>Citizen rating of overall library services:</u>

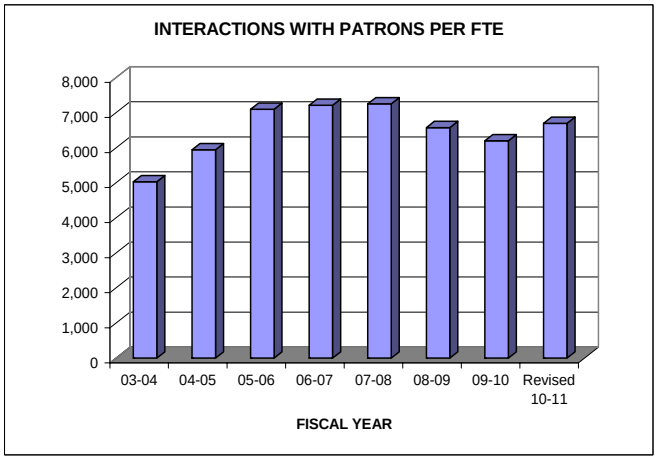
- *Measure definition:* The percentage of residents who give the library a "good" or "excellent" rating in a citizen attitude survey and comparisons to other similar libraries.
- *Evaluation of results:* The Library continues to be viewed positively by survey respondents. "Good" and "Excellent" ratings increased 2% in the 2010 survey.
- *Current year performance and trends:* To balance the budget, reductions in service hours were implemented in July 2010; nevertheless 92% of survey respondents continued to give the Library high marks. Continuing current service levels in FY 11-12, based on the successful passage of the May 2011 Operating Levy, is expected to maintain the general public's positive view of the Library.
- *Conclusions and Challenges:* The public has been extremely supportive of the Library and expects excellence in this area. The Library must constantly strive to meet library users' needs and to reach out to the segment of the population that currently does not use Library services. However, any future reductions in hours, staffing, or the availability of materials may negatively impact citizen's ratings of library services in the future.

(C) <u>Circulation per Registered Borrower (ICMA core measure):</u>

- *Measure definition:* The number of items circulated (checked out) annually divided by the number of registered library card holders, compared to similar ICMA reporting libraries. This provides an idea of how well Corvallis can meet the Council value of sustainability by providing materials that can be used and shared by the community.
- *Evaluation of results:* Using ICMA Mid-Year 2010 data Corvallis is well above other comparable libraries in the number of items users check out each year.
- *Current year performance and trends:* Circulation is decreasing in FY 10-11, but this measure is still expected meet the current year target.
- *Conclusions and Challenges:* The public uses the Library very heavily and values its extensive, up to date collection. The Library plans to continue its efforts to find the most cost-efficient way to provide an excellent collection. Reductions in the budget for materials will reduce the number of items available for check out and may result in a decrease in the number of items patrons check out.




LIBRARY SERVICE TRENDS
Millions
2.00
1.80
1.60
1.40
1.20
1.00
0.80
0.60
0.40
0.20
0.00
99-00
04-05
05-06
06-07
07-08
08-09
09-10
Revised 10-11
FISCAL YEAR
Circulation
Patron Visits
Population Served

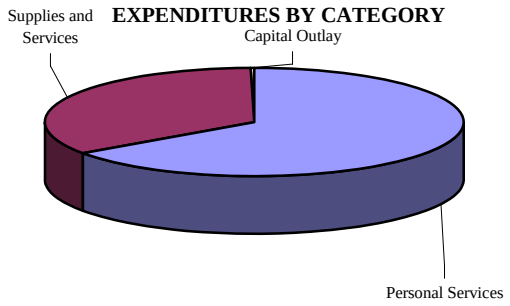

INTERACTIONS WITH PATRONS PER FTE
8,000
7,000
6,000
5,000
4,000
3,000
2,000
1,000
0
03-04
04-05
05-06
06-07
07-08
08-09
09-10
Revised 10-11
FISCAL YEAR

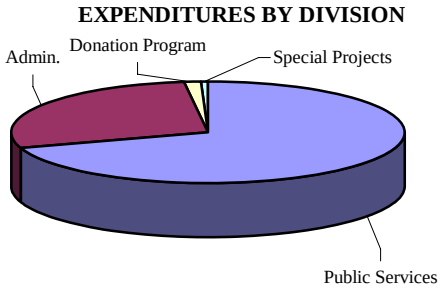
NEW FICTION

LIBRARY DEPARTMENT BUDGET SUMMARY

BUDGET BY CATEGORY:	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	ADOPTED 2011-12	%CHANGE FROM 10-11 BUDGET
Personal Services	$3,715,522	$3,786,941	$3,971,070	$3,863,480	$4,240,920	6.80%
Supplies and Services	2,298,864	2,224,359	2,318,540	2,124,020	2,226,610	-3.96%
Capital Outlay	85,472	126,558	95,000	85,000	19,000	-80.00%
TOTAL	$6,099,858	$6,137,858	$6,384,610	$6,072,500	$6,486,530	1.60%

FY 11-12 ADOPTED BUDGET





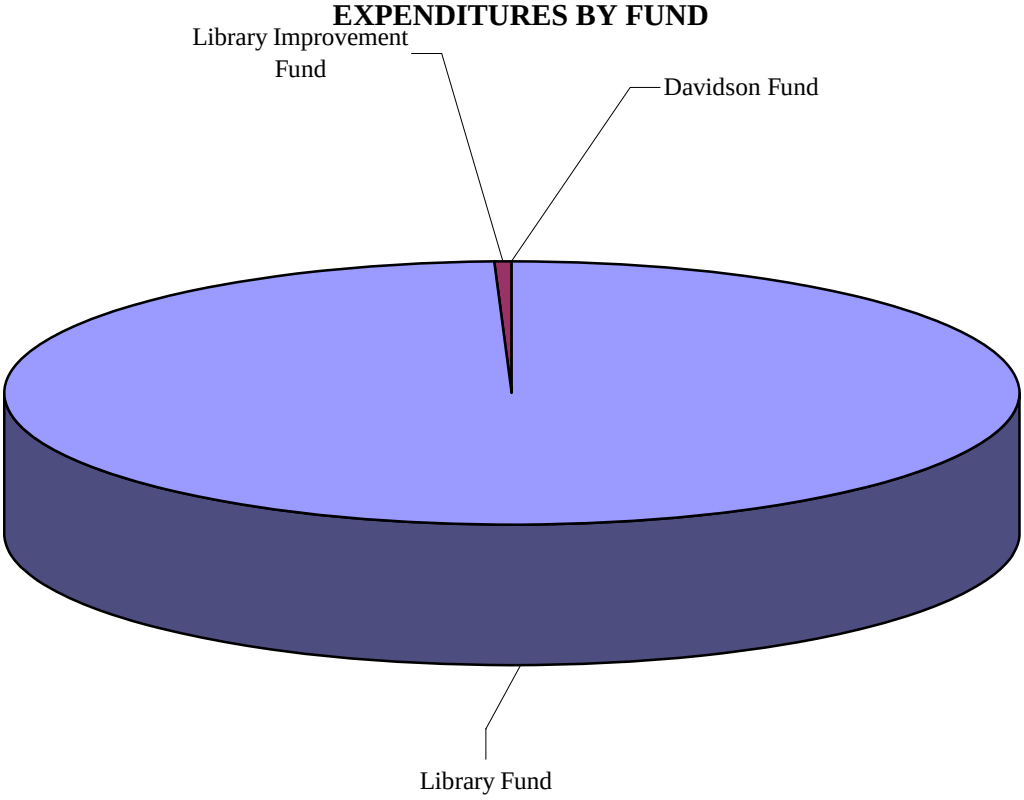
BUDGET BY DIVISION:	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	ADOPTED 2011-12	%CHANGE FROM 10-11 BUDGET
Public Services	$4,032,383	$4,089,618	$4,263,010	$4,019,190	$4,540,830	6.52%
Administration	1,854,008	1,753,402	1,932,600	1,836,200	1,814,200	-6.13%
Donation Program	78,799	73,100	59,000	47,110	101,500	72.03%
Special Projects	134,669	221,739	130,000	170,000	30,000	-76.92%
TOTAL	$6,099,858	$6,137,858	$6,384,610	$6,072,500	$6,486,530	1.60%

LIBRARY DEPARTMENT BUDGET SUMMARY (Continued)

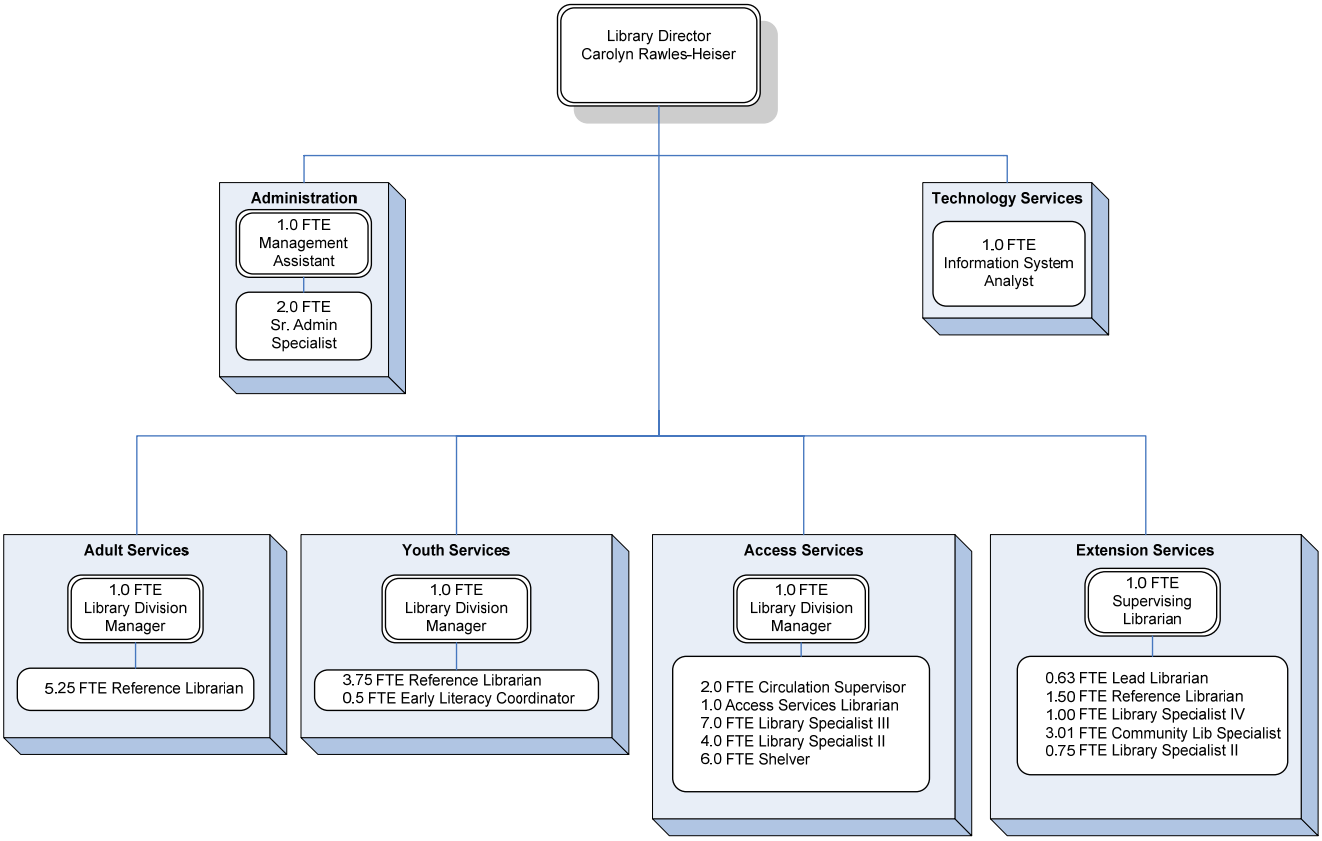
BUDGET BY FUND:	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	ADOPTED 2011-12	%CHANGE FROM 10-11 BUDGET
Library Fund (1)	$6,081,960	$6,108,299	$6,384,110	$6,072,000	$6,456,530	1.13%
Library Improvement Fund	17,093	29,094	0	0	30,000	0.00%
Davidson Fund	806	466	500	500	0	-100.00%
TOTAL	$6,099,858	$6,137,858	$6,384,610	$6,072,500	$6,486,530	1.60%

(1) Reductions necessary to balance the budget.

FY 11-12 ADOPTED BUDGET
EXPENDITURES BY FUND



LIBRARY DEPARTMENT ORGANIZATION CHART



LIBRARY DEPARTMENT STAFF

Positions	Group	Monthly Salary Range (1.0 FTE)	FY 11-12 Budgeted Salaries by Position(s)	Head Count	FY 11-12 FTE	Historical FY 10-11 FTE	Historical FY 09-10 FTE
Library Director	Exempt	$7,554 - $9,641	$115,687	1	1.00	1.00	1.00
Deputy Library Director [1]	Exempt	6,579 - 8,396	-	-	0.00	0.00	1.00
Library Division Manager [1]	Exempt	5,198 - 6,634	255,887	3	3.00	3.00	3.00
Lead Librarian	AFSCME	5,069 - 6,366	45,469	1	0.63	0.63	0.63
Supervising Librarian [1]	Exempt	4,747 - 6,058	72,702	1	1.00	1.00	0.00
Circulation Supervisor	Exempt	4,747 - 6,058	135,183	2	2.00	2.00	2.00
Department Information System Analyst	AFSCME	4,696 - 5,897	70,763	1	1.00	1.00	1.00
Reference Librarian	AFSCME	4,696 - 5,897	681,024	13	10.50	10.50	11.26
Access Services Librarian [2]	AFSCME	4,696 - 5,897	67,394	1	1.00	1.00	1.00
Early Literacy Coordinator	AFSCME	4,696 - 5,897	29,346	1	0.50	0.50	0.50
Management Assistant	Exempt	4,335 - 5,533	66,395	1	1.00	1.00	1.00
Library Specialist IV	AFSCME	4,028 - 5,058	57,801	1	1.00	1.00	1.00
Community Library Specialist	AFSCME	3,736 - 4,691	154,261	4	3.01	3.01	3.01
Sr. Administrative Specialist - AFSCME	AFSCME	3,472 - 4,360	95,024	2	2.00	2.00	2.00
Library Specialist III	AFSCME	3,472 - 4,360	348,799	7	7.00	7.00	7.50
Library Specialist II	AFSCME	3,098 - 3,890	206,533	9	4.75	4.75	4.75
Shelver	AFSCME	2,082 - 2,614	173,925	11	6.00	6.00	6.00
TOTAL			**2,576,193**	**59**	**45.39**	**45.39**	**46.65**

NOTE: Salary ranges reflect FY 10-11 Class and Compensation schedules.

1. Library reorganization which originally re-allocated the Deputy Library Director position to a Supervising Librarian is now anticipated to be re-classed as Library Division Manager.
2. Job title previously "Technical Services Librarian"; changed in June 2010.

PARKS AND RECREATION DEPARTMENT SUMMARY OF SERVICES BY DIVISION

MISSION STATEMENT

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

PARKS

- Manage city-owned parks, facilities, sports fields, trails, natural areas, and the urban forest which provide wildlife habitat, scenic areas, places to play and a host of environmental services.
- Enhance community appearance through the maintenance of street islands and beautification areas.
- Ensure the health and vitality of the urban forest by managing insects and disease, removal of hazard trees, and organizing neighborhood planting projects.
- Support community-wide events, such as daVinci Days, Fall Festival, Red, White and Blue Festival and Farmers Market.
- Provide volunteer opportunities for youth and adults within the parks system including tree planting, trail building, natural area restoration and invasive species removal.

ADMINISTRATION

- Provide centralized information about Parks and Recreation opportunities in the community.
- Provide administrative services for recreation programs and facilities including registration, reservations and permits.
- Prepare and monitor budget and financial reporting; maintain business plan.
- Process and monitor accounts payable/receivables and personnel data to include: payroll entry, casual labor, new hires and terminations, and personnel actions.
- Prepare, track and process contracts, agreements, Council documents, Department policies and procedures, and correspondence.
- Provide administrative services to special task forces, boards and commissions and Capital Improvement Program (CIP) projects.

RECREATION

- Provide health, life long learning and socialization programs and services for older adults and rental facilities at Chintimini Senior Center.
- Provide improved fitness, water safety and education programs or all ages at the Osborn Aquatic Center.
- Provide a variety of recreational activities including classes, outdoor recreation and sports.
- Support community art, culture and nature activities, including Majestic Theatre, The Arts Center and Corvallis Environmental Center.
- Provide volunteer opportunities for youth and adults.
- Collaborate with other community groups and agencies in the delivery of services.
- Publish the Parks and Recreation Activity Guide twice annually, marketing community recreational opportunities.
- Provide volunteer opportunities and service learning for teens.

Willamette River Boat Ramp at Crystal Lake

Riverbend Park

Note: The Parks and Recreation Department operates in the Parks and Recreation Fund. Work plan goals and accomplishments linked to the service activities above are provided in these fund's sections.

PARKS AND RECREATION DEPARTMENT PERFORMANCE INDICATORS

COUNCIL VALUES	Management Goals & Objectives	Performance Measures	FY09-10 ACTUAL	FY10-11 TARGET	FY10-11 REVISED	FY11-12 TARGET
Community Involvement	Provide multiple opportunities for public involvement.	Total number of hours of Board, Commissions and Stakeholder, and Public meetings.	New	New	New	90 hours
Diversity	Continue to design recreation programs to be inclusive, creating an opportunity for our diverse community to come together.	Number of programs offered annually and the number of participants. [1] (A)	1,020/ 23,504	1,050 / 30,000	1,050 / 30,000	1,820 / 23,635
Cost Efficiency	Provide multiple opportunities for community involvement while lowering program costs.	Total number of hours worked by volunteer staff in support of parks and recreation activities. (B)	27,067 (13 FTE)	30,000 (14 FTE)	30,000 (14 FTE)	30,000 (14 FTE)
	Highlight the value of subsidized recreation at Osborn Aquatic Center.	Target cost per visit for subsidy at OAC.	$2.51	$3.23	$3.07	$3.00
	Highlight the value of subsidized recreation at the Senior Center.	Target cost per visit for subsidy at Senior Center.[2]	$4.01	$5.00	$5.07	$5.00
	Keep operations & maintenance (O&M) costs per 1,000 below the median for nationwide reporting cities with populations between 35,000 and 70,000.	Net annual P&R O&M expenditures (not including utilities) per 1,000. [3]	$61,000[4]	$95,000	$80,000	$80,000
Sustainability	Increase the utilization percentage of granted scholarships.	Percent of total scholarship value expended. [5]	19%	25%	21%	20%
	Maintain or improve the ratio of acres per population of comparator cities.	Total park acres per 1,000 population. (C)	30.5	33.0	30.1	30.1

[1] ActiveNet is making it possible for the department to now include Osborn Aquatic Center numbers in its target figure for the first time since this performance indicator was written.

[2] As a result of not including the Senior Meals and Tax Assistance programs in the formula, cost per visit has increased.

[3] ICMA CPM (Center for Performance Measurement) has shifted this measurement to a per 1,000 population from a per capita comparator, which explains the difference in the FY 09-10 result. Comparator cities are chosen by population only and no detail of programs and facilities were used. Staff has set a target below the median of $136,666 based on fiscal constraints.

[4] This number manually converted from a per capital figure to a per thousand amount, potentially skewing this result.

[5] Scholarships are tracked by calendar year; the percentage shown represents the calendar year of the later of the two years (i.e. FY 08-09 shows the totals for 2009 calendar year). The current economic recession appears to be resulting in lower use and this trend is expected to continue through at least 2011.

Select discussion of key measures:

(A) Number of programs offered annually and the number of participants:

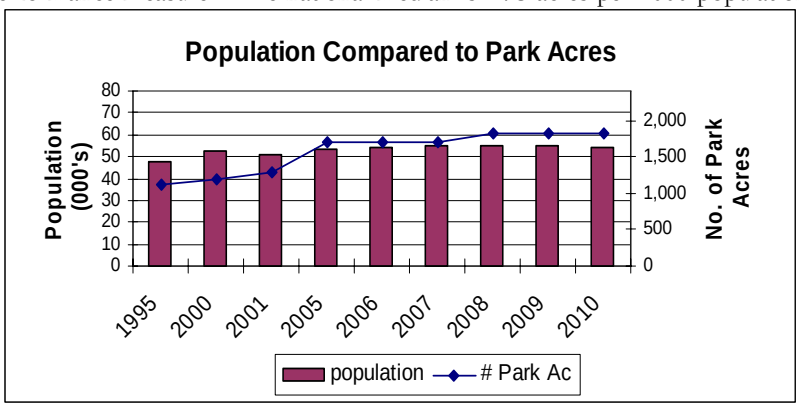
- *Measure definition*: Staff collects specific data on each program. This data is summarized monthly.
- *Evaluation of results*: Recreation staff strives to offer programs that attract the diverse community, considering a variety of geographic locations, accessibility, and affordability.
- *Current year performance and trends*: Current economic trend suggests a decrease in participant registrations resulting in some classes not reaching required minimums.
- *Conclusions and challenges*: Staff will continue to strategically implement a wide variety of new and established programs that represent the diverse nature and interests of the Corvallis community, provided they can be accomplished within existing budget constraints. Parks and Recreation is currently within the first year of online registration. Staff has integrated participation reporting to ensure demographics are as aligned as possible with those of the overall citizenry through target marketing.

(B) Total # of hours worked by volunteer staff in support of parks and recreation activities (ICMA Core Measure):

- *Measure definition*: Volunteer hours are tracked at all sites and are reported and compiled monthly. Dividing volunteer hours by 2080 for an equivalent FTE demonstrates the departmental impact.
- *Evaluation of results*: Parks and Recreation volunteer base is an integral component of sustaining the core services of this department. Staff continues to provide new opportunities for volunteers to feel involved and contribute to operations in each division.
- *Current year performance and trends*: While volunteer hours are approximately 35% of the total hours worked, the department must balance the higher percentage being achieved with program needs and participant interests. As budgets tighten and the ability to maintain service levels is decreased, the Department will continue to pursue the use of volunteers to direct and supervise the work as staff capacity permits.
- *Conclusions and challenges*: Community members have multiple opportunities to volunteer throughout the year, offering citizens of all ages opportunities for community service and personal development. Maintaining a diverse selection of tasks balanced with adequate staffing levels to direct the efforts of all volunteers will be a challenge. Current and future year budget reductions may significantly impact volunteer opportunities.

(C) Total park acres per 1,000 population (ICMA Core Measure):

- *Measure definition*: Total acres (1,810) divided by population in 1,000's as reported in the ICMA survey totaled 30.5 acres for the Department based on the 2009 population figure of 55,125.
- *Evaluation of results*: Corvallis is a leading reporting city, for the number of acres per thousand of population (*Median acres per 1,000 for cities 25,000 to 100,000 population is 14.75*). Overall reporting cities in the nation Corvallis is the 14th highest out of 100 cities who reported on this performance measure.. The national median is 14.3 acres per 1000 population.. The availability of so many acres of park land adds to a more sustainable lifestyle in Corvallis and the citizens agree by their use of city parks, trails and natural areas.
- *Current year performance and trends*: According to the National Citizen Survey 2009, 96% of those surveyed had visited a City park and 92% rated them as good or excellent. This result is above the Western region and National averages.



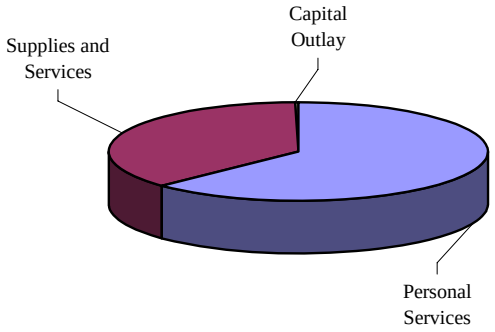
- *Conclusions and challenges*: Conservation, restoration and sustainability will remain a Department standard. The challenge will be to sustain growth of park acres given budget constraints, and to have adequate resources and FTE to manage those acres.

PARKS AND RECREATION DEPARTMENT – BUDGET SUMMARY

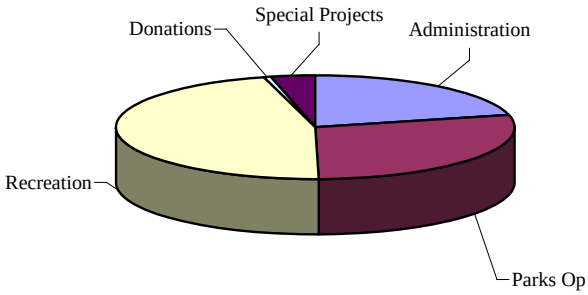
BUDGET BY CATEGORY:	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	ADOPTED 2011-12	%CHANGE FROM 10-11 BUDGET
Personal Services	$3,378,391	$3,626,846	$3,652,020	$3,492,060	$3,820,050	4.60%
Supplies and Services	2,137,600	2,004,862	2,093,700	2,042,140	2,258,820	7.89%
Capital Outlay	76,308	19,390	49,760	18,800	17,630	-64.57%
TOTAL	$5,592,299	$5,651,099	$5,795,480	$5,553,000	$6,096,500	5.19%

FY 11-12 ADOPTED BUDGET

EXPENDITURES BY CATEGORY



EXPENDITURES BY DIVISION



BUDGET BY DIVISION:	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	ADOPTED 2011-12	%CHANGE FROM 10-11 BUDGET
Administration	$1,236,118	$1,208,457	$1,174,030	$1,136,810	$1,282,170	9.21%
Parks Operations	1,445,058	1,636,824	1,722,520	1,563,190	1,753,330	1.79%
Recreation	2,665,531	2,645,391	2,701,520	2,713,030	2,804,360	3.81%
Donations	22,466	10,556	3,000	3,650	37,800	1160.00%
Special Projects	223,125	149,871	194,410	136,320	218,840	12.57%
TOTAL	$5,592,299	$5,651,099	$5,795,480	$5,553,000	$6,096,500	5.19%

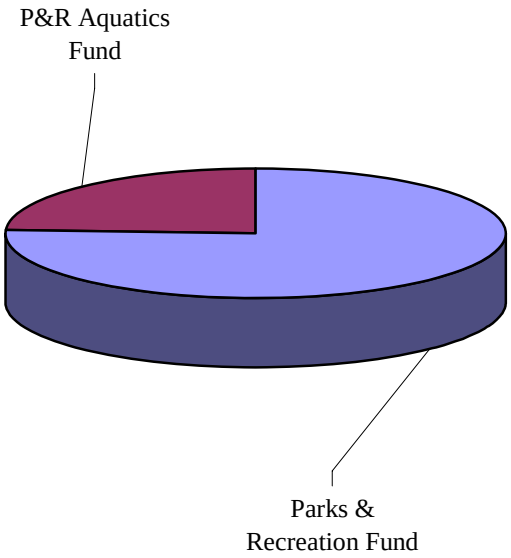
Osborn Aquatic Center

Riverfront Park

Avery Park Train

BUDGET BY FUND:	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	ADOPTED 2011-12	%CHANGE FROM 10-11 BUDGET
Parks & Recreation Fund	$4,116,490	$4,283,152	$4,342,780	$4,100,300	$4,615,070	6.27%
P&R Aquatics Fund	1,475,809	1,367,947	1,452,700	1,452,700	1,481,430	1.98%
TOTAL	$5,592,299	$5,651,099	$5,795,480	$5,553,000	$6,096,500	5.19%

FY 11-12 ADOPTED BUDGET
EXPENDITURES BY FUND



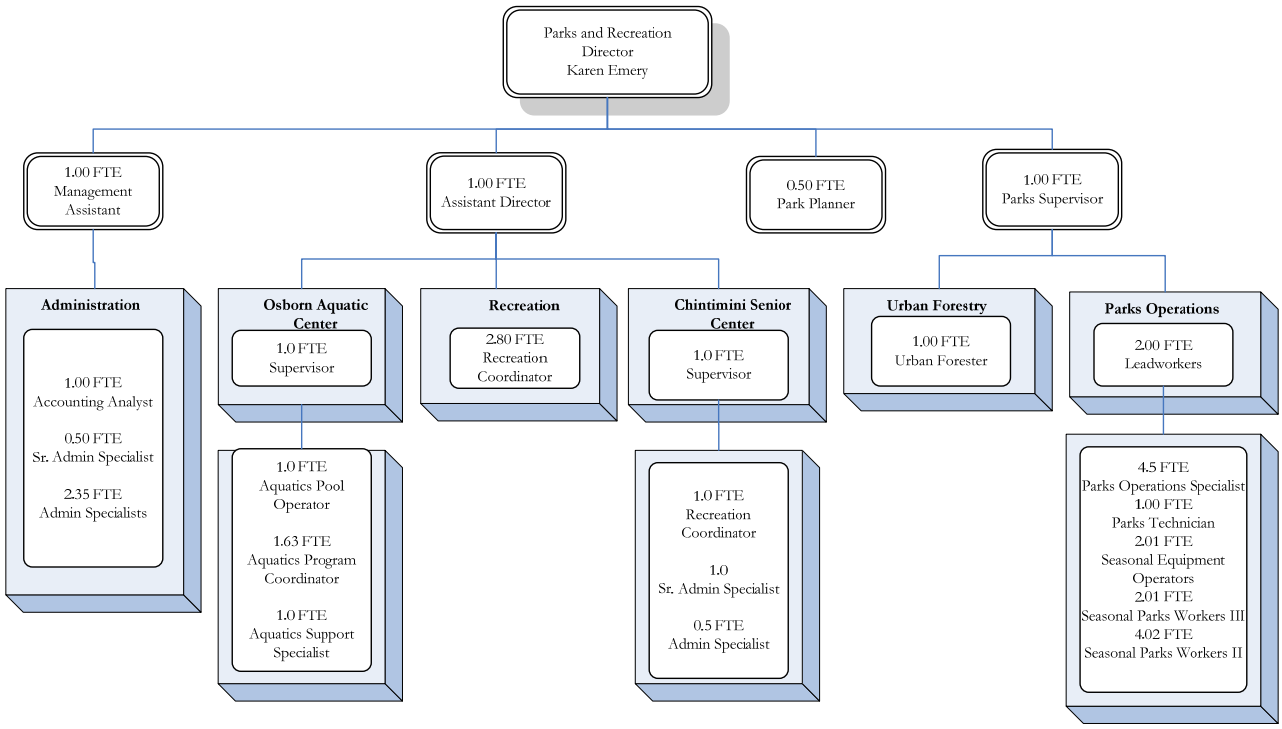
Riverfront Fish Sculpture

Chalk it up

Osborn Aquatics

Avery Park

PARKS AND RECREATION DEPARTMENT ORGANIZATION CHART



PARKS AND RECREATION DEPARTMENT STAFF

Positions	Group	Monthly Salary Range (1.0 FTE)	FY 11-12 Budgeted Salaries by Position(s)	Head Count	FY 11-12 FTE	Historical FY 10-11 FTE	Historical FY 09-10 FTE
Parks and Recreation Director	Exempt	$7,554 - $9,641	$108,615	1	1.00	1.00	1.00
Assistant Park and Recreation Director	Exempt	5,848 - 7,463	89,560	1	1.00	1.00	1.00
Parks Operations Supervisor[1]	Exempt	5,198 - 6,634	68,769	1	1.00	2.00	2.00
Urban Forester	AFSCME	5,069 - 6,366	72,750	1	1.00	1.00	1.00
Aquatic Center Supervisor	Exempt	4,747 - 6,058	72,702	1	1.00	1.00	1.00
Park Planner	AFSCME	4,696 - 5,897	35,382	1	0.50	0.50	1.00
Parks Maintenance Leadworker	AFSCME	4,696 - 5,897	134,787	2	2.00	2.00	2.00
Park Operations Specialist[2]	AFSCME	4,347 - 5,458	257,034	5	4.50	5.00	5.00
Recreation Coordinator[1]	AFSCME	4,347 - 5,458	231,486	4	3.80	3.55	3.55
Aquatics Program Coordinator	AFSCME	4,347 - 5,458	95,569	2	1.63	1.63	1.63
Management Assistant[1]	Exempt	4,335 - 5,533	72,208	1	1.00	1.00	1.00
Senior Center Supervisor	Exempt	4,335 - 5,533	54,623	1	1.00	1.00	1.00
Parks Maintenance Technician	AFSCME	3,736 - 4,691	48,631	1	1.00	1.00	1.00
Aquatics Pool Operator	AFSCME	3,736 - 4,691	53,616	1	1.00	1.00	1.00
Department Accounting Analyst	AFSCME	3,472 - 4,360	49,828	1	1.00	1.00	1.00
Aquatics Support Specialist	AFSCME	3,472 - 4,360	43,396	1	1.00	1.00	1.00
Senior Administrative Specialist	AFSCME	3,472 - 4,360	70,662	2	1.50	1.50	2.00
Administrative Specialist	AFSCME	2,830 - 3,554	114,975	4	2.85	2.85	2.75
Seasonal Parks Equipment Operator	AFSCME	2,830 - 3,554	76,677	3	2.01	2.01	2.01
Seasonal Parks Worker III	AFSCME	2,484 - 3,120	68,564	3	2.01	2.01	2.01
Seasonal Parks Worker II	AFSCME	2,340 - 2,938	121,555	4	4.02	4.02	4.69
TOTAL			**$1,941,389**	**41**	**35.82**	**37.07**	**38.64**

NOTE: Salary ranges reflect FY 10-11 Class and Compensation schedules.

1. 1.00 FTE Park Operations Supervisor was reallocated to Management Assistant for a total of 2.00 FTE. However, through FY 10-11 0.75 FTE was permanently reduced and the remaining 0.25 FTE moved to the Recreation Coordinator position.
2. 0.50 FTE of this position was permanently reduced due to budgetary constraints in FY 11-12.

POLICE DEPARTMENT SUMMARY OF SERVICES BY DIVISION

MISSION STATEMENT

To enhance community livability by working in partnership with the community to promote public safety and crime prevention through education and enforcement; to maintain the public order while preserving the legal rights of all individuals; to reduce the impact of crime; and to provide effective, efficient and courteous service.

ADMINISTRATION

- Provide internal leadership, strategic planning, and staff and policy development.
- Liaison with Municipal Court, state and federal law enforcement.
- Maintain public and media relations.
- Facilitate communication between the department and the City Manager's Office, City Council and community to ensure responsiveness to community priorities.
- Provide budget, planning and research services to support the achievement of department and division goals.
- Manage personnel recruitment, administration and labor relations.
- Provide assistance to other divisions through training coordination and documentation, internal affairs investigations, policy and procedure development and review, automation support, and accreditation.

INVESTIGATION AND SUPPORT SERVICES

- Investigate crimes to facilitate case clearance, property recovery and prosecution of offenders.
- Involve the community as a partner in providing public security and reducing the opportunities for criminal activity through the crime prevention activities of the Police Auxiliary Program.
- Provide general information and assistance in non-emergency situations, telephone reception, direct customer service delivery, answer inquiries, and retrieve documents.
- Assist in the delivery of police services to the community by maintaining an effective records management system.
- Enhance community safety by providing a county-wide emergency communications system for police, fire and emergency medical services
- Assist in the delivery of police services to the community by maintaining effective property/evidence control system.

COMMUNITY SERVICES

- Provide citizens with a sense of security and responsibility through a problem-solving partnership with the community.
- Minimize the loss of life and property by immediate response to emergency calls for services, and respond to non-emergency calls as soon as practical.
- Enhance traffic safety through innovative enforcement and safety education procedures.
- Provide convenient access to public parking through enforcement of parking regulations.
- Provide service and assistance in handling animal-related incidents through enforcement of city ordinances.

Records Specialist

Patrol Lieutenant

Note: The Police Department operates in the General, 9-1-1 Emergency, and Parking Funds. Work plan goals and accomplishments linked to the service activities above are provided in these funds' sections.

POLICE DEPARTMENT PERFORMANCE INDICATORS

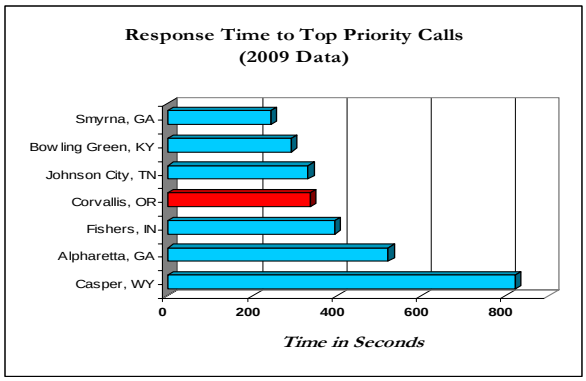
COUNCIL VALUES	Management Goals & Objectives	Performance Measures	FY 09-10 ACTUAL	FY 10-11 TARGET	FY 10-11 REVISED	FY 11-12 TARGET
Community Involvement	Achieve at least an 85% rating of excellent or good in citizen attitude surveys	Citizen satisfaction ratings of overall police services	83%	85%	85%	85%
Cost Efficiency	Increase community safety by reducing response time to top priority calls.	Response time in seconds to top priority calls (A)	308	300	300	300
	Increase community safety by clearing part 1 criminal investigations.	Percentage of Part 1 Crimes Cleared (B)	Violent: 59% Property: 18%	70% 20%	70% 20%	70% 20%
	Efficiently move candidates through the complex recruitment process to reach and maintain fully authorized staffing levels.	Number of days to complete recruitment of police officers from testing to conditional job offer.	68	<100	<90	<90
	Increase community safety by maintaining overall number of traffic accidents resulting in injuries/ fatalities at less than the State average of 5.1/per thousand population.	Fatal and injury traffic accidents per 1,000 population (C)	1.76	<2.50	<2.50	<2.50
Diversity	Increase diversity of applicant pool through targeted outreach efforts.	Number of new, targeted efforts.	3[1]	6	3[1]	6

1. Recruitment, and therefore outreach, on hold for part of each year due to budget reductions.

Select discussion of key measures above:

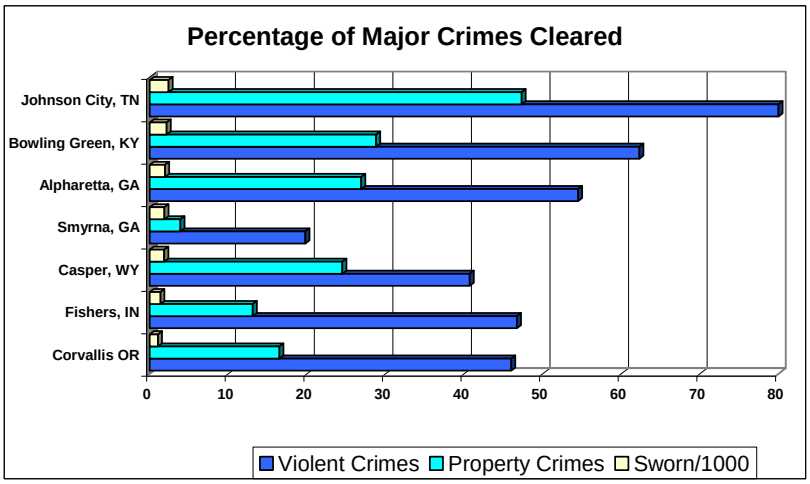
(A) **Response time in seconds to top priority calls** (ICMA Core Measure):

- *Measure definition:* Time in seconds from receipt of top priority call in Dispatch Center to arrival of officers on scene. Top priority calls are defined as: Immediate threat to life; Violent criminal act in progress; Suspect pursuing citizen; Imminent critical danger; or Possibility of major property loss.
- *Evaluation of results:* Corvallis response time is average for national comparators of like sized cities reporting in the 2009 ICMA data survey.
- *Current year performance and trends:* For FY 2009-10 Fiscal Year the average response time dropped to 308 seconds, and this trend is continuing into the FY 2010-11 Fiscal Year. Response times however still remain slightly higher than the Department target of 300 seconds (5 minutes).
- *Conclusions and challenges*: The Department's ability to respond to high priority service demands and to provide proactive versus reactive police services is negatively affected by the sworn staffing level. Corvallis Police Department has the lowest sworn FTE per thousand population of all the comparators shown in the chart. Reductions in sworn staffing levels into the future would negatively affect the Department's ability to maintain this level of response and the response time to top priority calls would then continue to be higher than the target.



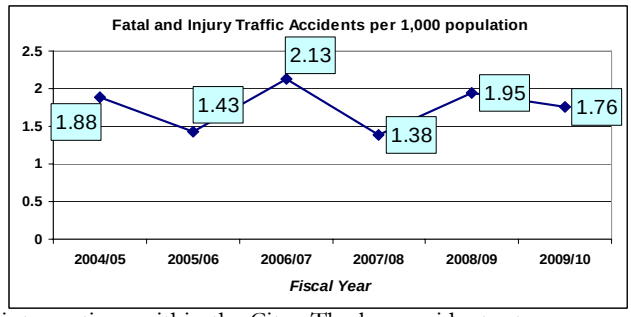
(B) **Percent of Part 1 Crimes Cleared** (ICMA Core Measure):

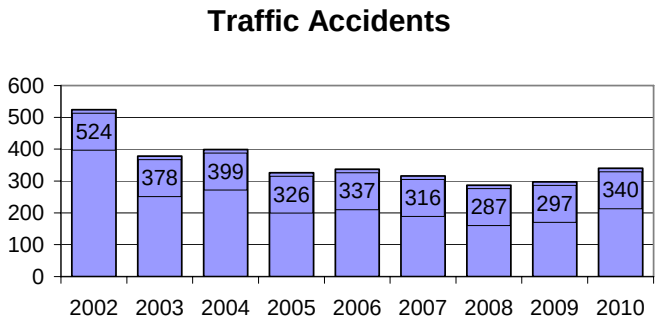
- *Measure definition:* Percentage of Part 1 violent (murder, rape, robbery and aggravated assault) and property crimes (burglary, larceny/theft, motor vehicle theft and arson) cleared.
- *Evaluation of results*: When compared to like sized cities reporting data in the 2009 ICMA survey, Corvallis clearance rates are average for violent crime, and below average for property crimes.
- *Current year performance and trends*: Corvallis clearance rates continue to be below Department targets and this trend has continued throughout the FY 10-11 fiscal year.
- *Conclusions and challenges*: The Department continues to focus efforts on investigating and clearing violent crime against persons, however property crime clearance continues to be low. As shown in the table, Corvallis Police Department has the lowest sworn officer per thousand population ratio of all the shown like sized cities, and increased clearance rates are unlikely at current staffing levels.



(C) **Fatal and Injury Traffic Accidents per 1,000 population**:

- *Measure definition:* Number of traffic accidents with fatalities or injuries per 1,000 population. Target is established based on prior four year's data and compared to State average from Oregon Department of Transportation 2009 Traffic Crash Summary.
- *Evaluation of results*: Over the past seven fiscal years, the number of fatal and injury traffic accidents per 1,000 population has varied between 2.13 and 1.38 per 1,000 population.
- *Current year performance and trends*: The FY 2009-10 data shows a rate of 1.76 per 1,000 which is a 10% decrease over the previous year. Corvallis' rate of fatal and injury accidents continues to be well below the 2009 Oregon State average of 5.1 per 1,000.
- *Conclusions and challenges*: The primary focus of the Police Department's traffic safety efforts has long been neighborhood safety; speed reduction and education in school zones; and reduction of traffic accidents, particularly at the top ten most dangerous intersections within the City. The low accident rates are a direct result of the emphasis placed on traffic safety by the motorcycle traffic unit.





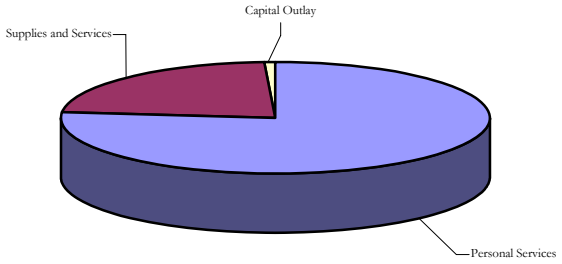
Motorcycle Traffic Officer

POLICE DEPARTMENT – BUDGET SUMMARY

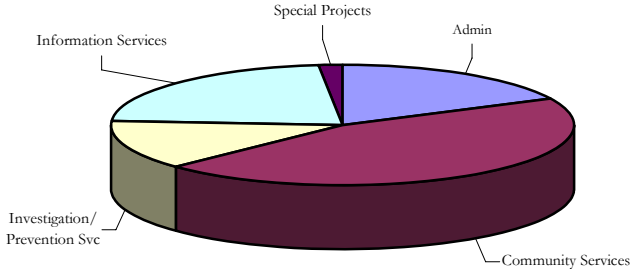
BUDGET BY CATEGORY:	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	ADOPTED 2011-12	%CHANGE FROM 10-11 BUDGET
Personal Services	$8,332,357	$8,877,415	$9,440,580	$9,364,940	$9,984,880	5.77%
Supplies and Services	2,693,138	3,080,337	2,974,230	2,871,160	2,934,620	-1.33%
Capital Outlay	272,743	215,055	51,130	6,040	114,580	124.10%
TOTAL	$11,298,238	$12,172,806	$12,465,940	$12,242,140	$13,034,080	4.56%

FY 11-12 ADOPTED BUDGET

EXPENDITURES BY CATEGORY



EXPENDITURES BY DIVISION

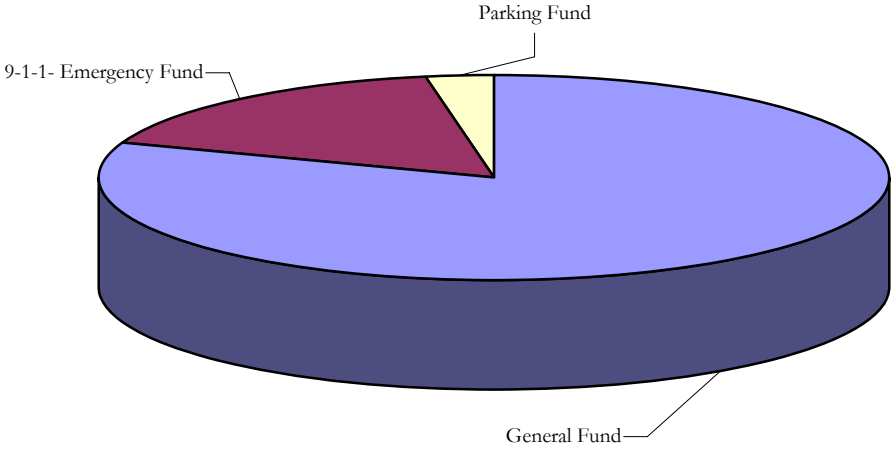


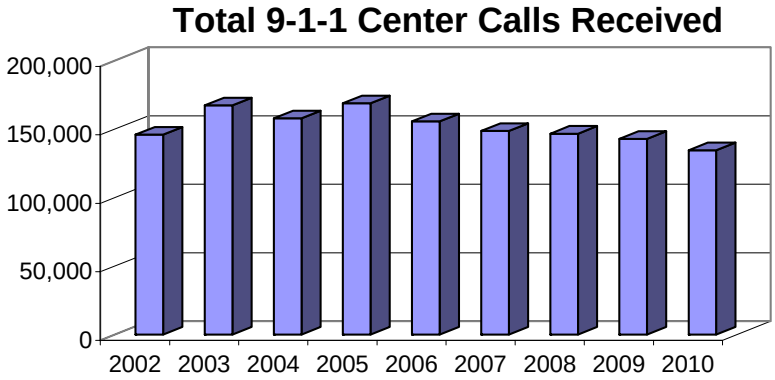
BUDGET BY DIVISION:	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	ADOPTED 2011-12	%CHANGE FROM 10-11 BUDGET
Administration	$2,097,125	$2,211,652	$2,264,380	$2,206,200	$2,299,900	1.57%
Community Services	4,871,868	5,267,255	5,491,160	5,495,880	5,888,320	7.23%
Investigation/ Prevention Svc	1,573,857	1,701,537	1,672,870	1,690,410	1,738,780	3.94%
Information Services	2,421,210	2,552,128	2,882,460	2,770,990	2,894,360	0.41%
Special Projects	334,178	440,234	155,070	78,660	212,720	37.18%
TOTAL	$11,298,238	$12,172,806	$12,465,940	$12,242,140	$13,034,080	4.56%

POLICE DEPARTMENT – BUDGET SUMMARY (Continued)

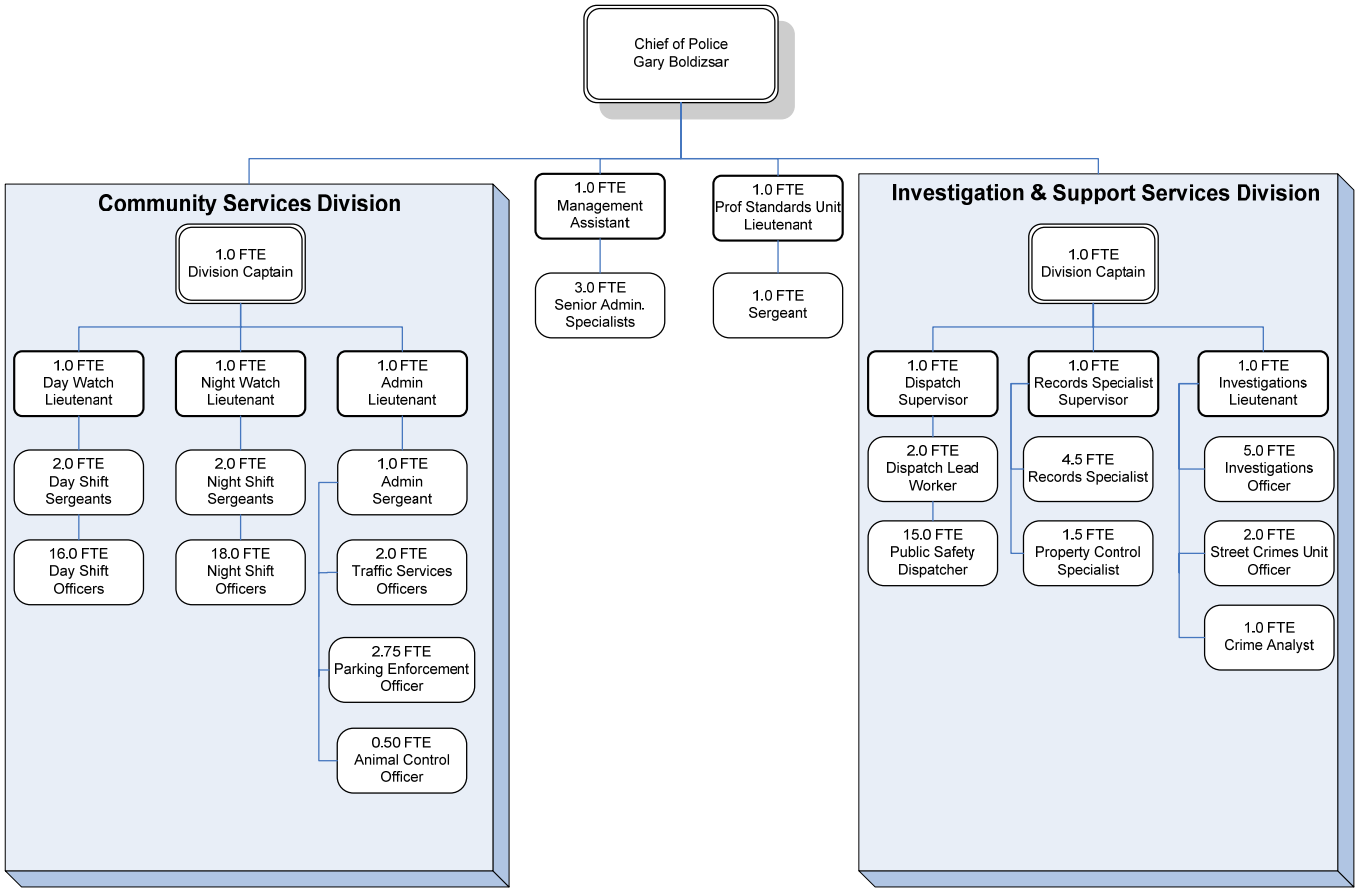
BUDGET BY FUND:	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	ADOPTED 2011-12	%CHANGE FROM 10-11 BUDGET
General Fund	$9,315,498	$9,978,568	$9,940,990	$9,901,650	$10,502,180	5.65%
9-1-1- Emergency Fund	1,721,575	1,914,402	2,180,630	2,064,240	2,180,710	0.00%
Parking Fund	261,165	279,836	344,320	276,250	351,190	2.00%
TOTAL	$11,298,238	$12,172,806	$12,465,940	$12,242,140	$13,034,080	4.56%

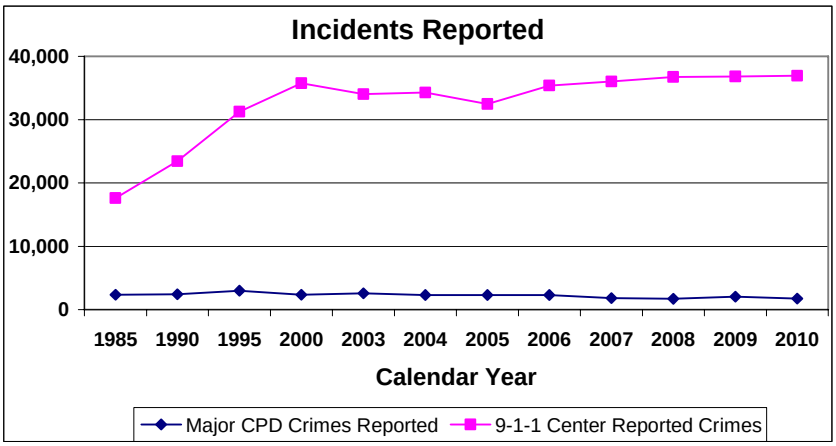
FY 11-12 ADOPTED BUDGET
EXPENDITURES BY FUND





POLICE DEPARTMENT ORGANIZATION CHART



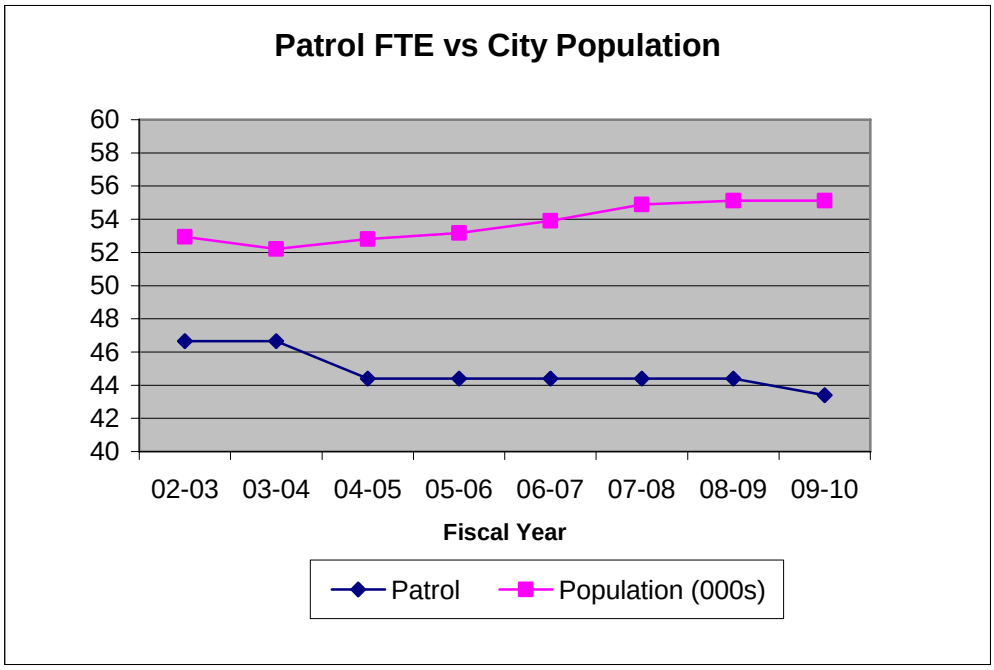


POLICE DEPARTMENT STAFF

Positions	Group	Monthly Salary Range (1.0 FTE)	FY 11-12 Budgeted Salaries by Position(s)	Head Count	FY 11-12 FTE	Historical FY 10-11 FTE	Historical FY 09-10 FTE
Police Chief	Exempt	$7,938 - $10,131	$121,570	1	1.00	1.00	1.00
Police Captain	Exempt	7,401 - 9,446	226,700	2	2.00	2.00	2.00
Police Lieutenant	Exempt	6,579 - 8,396	503,776	5	5.00	5.00	5.00
Police Sergeant	CPOA	5,460 - 7,605	516,911	6	6.00	6.00	6.00
Supervisor, Dispatch	Exempt	5,198 - 6,634	79,609	1	1.00	1.00	1.00
Animal Control Officer	AFSCME	4,696 - 5,897	29,346	1	0.50	0.50	0.50
Police Officer [1,2]	CPOA	4,408 - 6,175	2,833,617	41	43.00	44.00	44.00
Crime Analyst	AFSCME	4,347 - 5,458	56,581	1	1.00	1.00	1.00
Management Assistant	Exempt	4,335 - 5,533	66,395	1	1.00	1.00	1.00
Records Specialist Supervisor	Exempt	4,335 - 5,533	66,395	1	1.00	1.00	1.00
Public Safety Dispatch Leadworker	CRCCA	3,870 - 4,939	126,825	2	2.00	2.00	2.00
Public Safety Dispatcher [1]	CRCCA	3,519 - 4,492	770,189	15	15.00	16.00	16.00
Senior Administrative Specialist (AFSCME)	AFSCME	3,472 - 4,360	99,657	2	2.00	2.00	2.00
Senior Administrative Specialist (Exempt)	Exempt	3,319 - 4,237	50,839	1	1.00	1.00	1.00
Property Control Specialist	AFSCME	3,240 - 4,068	70,957	2	1.50	1.50	1.50
Parking Enforcement Officer	AFSCME	3,240 - 4,068	123,014	4	2.75	2.75	2.75
Records Specialist	AFSCME	3,098 - 3,890	205,711	5	4.50	4.50	4.50
TOTAL			**$5,948,092**	**91**	**90.25**	**92.25**	**92.25**

NOTE: Salary ranges reflect FY 10-11 Class and Compensation schedules.

1. Reductions to balance FY 11-12 Budget.
2. Two positions (a detective and an officer) will be held vacant and unfunded, though remain authorized in FY 11-12.



PUBLIC WORKS DEPARTMENT SUMMARY OF SERVICES BY DIVISION

MISSION STATEMENT

Consistent with the Corvallis 2020 Vision Statement and City Council goals, our mission is to support and enhance the quality of life for residents by delivering responsive and efficient services to all neighborhoods, and maintaining reliable and cost-effective public works facilities and systems in a manner that emphasizes customer satisfaction, public service, and good stewardship of natural, fiscal and staff resources.

TRANSPORTATION & BUILDINGS

- Airport and Industrial Park Management
- Bike Path/Lane Cleaning/Repair
- Bicycle and Pedestrian Programs
- Building Modifications/ Renovations
- Building Service Contract Management
- Downtown Parking Program Management
- Fuel Storage and Dispensing
- Geospatial Information System and Mapping Services
- Parking Meter Collection and Maintenance
- Pavement Striping and Marking
- Public Parking Lot Maintenance
- Street Maintenance and Repair
- Street Sign Installation/Repair
- Street Sweeping
- Telephone System Maintenance
- Traffic Signal Maintenance
- Transit and Paratransit Operations
- Vehicle Maintenance and Repair
- Vehicle Specification and Purchasing
- 24-Hour Emergency Response

UTILITIES

- Water Utility Services:
  - Treatment and Storage
  - Quality Assurance
  - Distribution
  - Pipe Line Maintenance
  - Reservoir Maintenance
  - Meter Installation and Repair
  - Conservation
  - Watershed Management
  - Facilities Master Planning
- Wastewater Utility Services:
  - Treatment
  - Quality Assurance
  - Collection
  - Pipe Line Maintenance
  - Manhole Maintenance
  - Pollution Prevention
  - Facilities Master Planning
- Storm Water Utility Services:
  - Urban Stream Maintenance
  - Pipe Line Maintenance
  - Catch Basing Cleaning
  - Pollution Prevention
  - Quality Testing and Analysis
  - Storm Response
  - Flood Control
  - Facilities Master Planning
- Laboratory Testing and Analysis
- Plant Automated Process Control
- Plant Facilities Maintenance
- Pump Station Maintenance
- United Chrome Site Clean-up
- 24-Hour Emergency Response

ENGINEERING

- Right of Way Construction Inspection
- Capital Program Development
- Development Design Review
- Infrastructure Planning
- Project Design and Construction Management
- Transportation Engineering
- Utility Engineering
- Utility Inspections

ADMINISTRATION

- Budget Preparation & Management
- Complaint Investigation/Resolution
- Contract and Grant Administration
- Franchise Utility Coordination
- Marys Peak Property Management
- Public Access Channel Management
- Public Education/Information
- Strategic Planning and Monitoring
- Sustainability Coordination and Promotion Organization-wide

Note: PW operates in the General, Street, Parking, Transit, Water, Wastewater, Storm Water, Airport, Fleet Maintenance, Facility Maintenance and Technology & Communications Funds. Work plan goals and accomplishments linked to the service activities above are provided in these funds' sections.

PUBLIC WORKS DEPARTMENT PERFORMANCE INDICATORS

COUNCIL VALUES	Management Goals & Objectives	Performance Measures	FY 09-10 ACTUAL	FY 10-11 TARGET	FY 10-11 REVISED	FY 11-12 TARGET
Cost Efficiency	Have utility rates that contribute to Corvallis being an attractive place to live	Control operation and maintenance costs to minimize annual utility rate increases. (A)	2.7%	≤3.0%	≤2.4%	≤3.0%
		Percent of average annual water bill to median household income ($64,700)	0.42%	<0.50%	<0.45%	<0.45%
		Percent of average annual wastewater bill to median household income ($64,700)	0.60%	<1.00%	<0.65%	<0.65%
	Maintain transit costs below average of $2.70.	Costs per transit ride. (B)	$2.36	<$2.70	<$2.70	<$2.40
Community Involvement	Contribute to the environmental health of the community. (ICMA)	Citizen rating of the quality of street cleaning services as 'excellent' or 'good' (from the Citizen Attitude Survey).	80%	85%	85%	85%
	Provide street and utility services that meet the needs of community residents	Citizen rating of Public Work services 'excellent' or 'good', averaged for street, water, wastewater and storm water (from the Citizen Attitude Survey).	78%	90%	90%	90%
	Encourage citizen input on Public Works projects and activities	Number of public meetings held on department projects.	9	20	20	20
Sustainability	Be among the top third of comparator cities for use of alternative fuels. (ICMA)	Percentage of vehicles and heavy equipment using alternative fuels.	35%	35%	35%	35%
	Maintain energy costs for wastewater treatment below the national average as determined by NACWA[1]. ($166 per million gallons treated)	Energy cost per million gallons treated. (C)	$75.57	< $70.00	< $80.00	< $80.00
	Remain below national average of 10% annually for water loss in the distribution system.	Percent of water loss in the distribution system. (D)	4.85%	< 10.00%	<10.00%	<10.00%
Diversity	Achieve an annual increase in targeted categories of transit ridership over the previous year.	Percent increase in number of rides provided to seniors, youth or persons with a disability in the annual transit survey.	27.58%[2]	10.00%	10.00%	10.00%

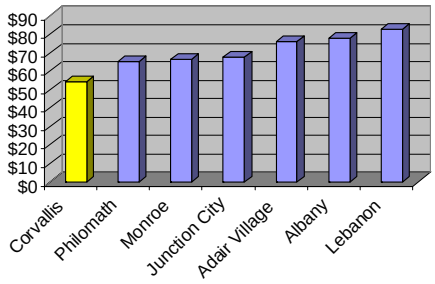
1. NACWA (National Association of Clean Water Agencies)
2. Implementation of Crescent Valley Area route provided additional service to youth riders.

Select discussion of key measures above:

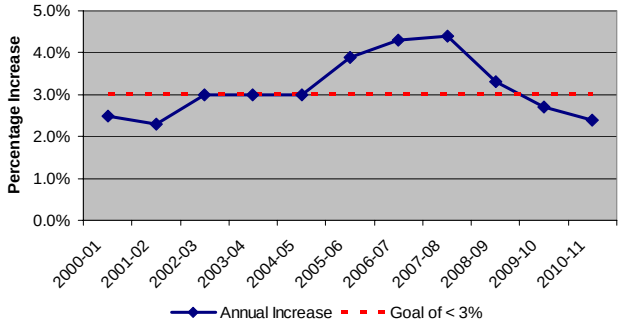
(A) **Control operation and maintenance costs to minimize annual utility rate increases**:

- *Measure definition*: Have utility rates that contribute to Corvallis being an attractive place to live.
- *Evaluation of results*: Corvallis has the lowest combined utility bill of comparator mid-Willamette Valley providers for the average single-family residential user. Staff is working diligently to maintain low utility rates by controlling operation and maintenance costs that contribute to the need to increase rates.
- *Current year performance and trends*: City residents have an average bill of approximately $54 per month, versus other local communities where average costs for utility services exceed $70 per month. Staff was able to mitigate increases in operation and maintenance costs resulting in a February 2011 utility rate increase of 2.4%.
- *Conclusions and challenges*: The ability to maintain this low average and minimal rate increase model must be balanced with an aging and expanding infrastructure system, federal and State permit requirements, and capital improvement projects.

Comparison of Monthly Utility Bills Among Surrounding Communities (Based on 6 units of water consumption)



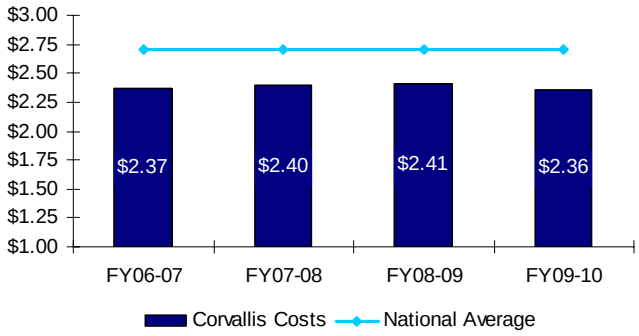
Annual Utility Rate Increases



(B) **Cost per transit ride**:

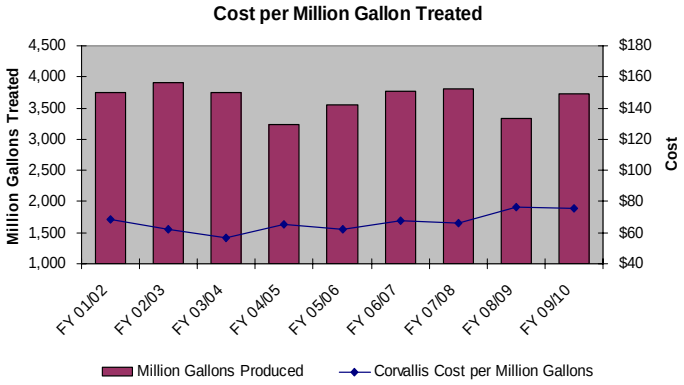
- *Measure definition*: Maintain the cost of transit operations below the average of $2.70 per ride.
- *Evaluation of results*: Corvallis continues to maintain operating costs below the average. Most notably, the cost per transit ride has remained steady in recent years while service hours have expanded.
- *Current year performance and trends*: Cost per transit rides was down slightly in FY 09-10 due to increased ridership associated with the new 509J student group pass program and decreased maintenance costs associated with new buses funded by American Recovery and Reinvestment Act dollars. With even higher ridership since the introduction of Sustainability Initiative Fee (SIF) backed fareless transit, it is anticipated that FY 11-12 will see even lower cost per rider as long as costs don't increase and completely offset this effect.
- *Conclusions and challenges*: The ability to maintain this low average will be challenged by increasing fuel and maintenance expenditures, expected increases in salaries and benefits to contracted drivers, and the community's demand for expanded transit service.

Cost per Transit Ride
National Average = $2.70



(C) **Energy cost per million gallons of wastewater treated**:

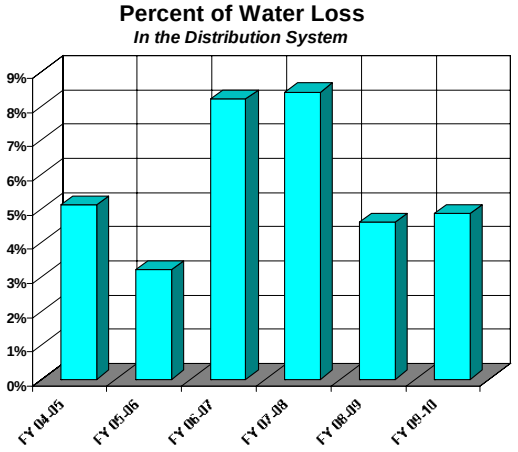
- *Measure definition*: Maintain energy costs for wastewater treatment below the national average, currently $166 per million gallons treated, as determined by the National Association of Clean Water Agencies (NACWA).
- *Evaluation of results*: Corvallis continues to maintain energy costs at less than half of the national average. A portion of this success is due to the use of methane, a byproduct of the treatment process, as an energy source for selected plant processes.
- *Current year performance and trends*: Costs per gallon treated are down slightly in FY 10-11 YTD, due to an increase in the volume of gallons treated associated with the unusually wet weather. Corvallis continues to pursue opportunities to reduce reliance on natural gas and coal-based electricity by investigating renewable energy options for powering wastewater treatment processes.



- *Conclusions and challenges*: The ability to maintain this low energy cost structure is dependent on stable energy rates, funding for capital investments in sustainable energy options, and emerging wastewater treatment regulations that may drive significant capital improvements or dramatic changes to the treatment process.

(D) **Percent of water loss in the distribution system**:

- *Measure definition*: The amount of water produced at the treatment plant is compared to the amount of water consumed by customers or used in City operations. The difference in these numbers is the amount of water lost through the distribution system.



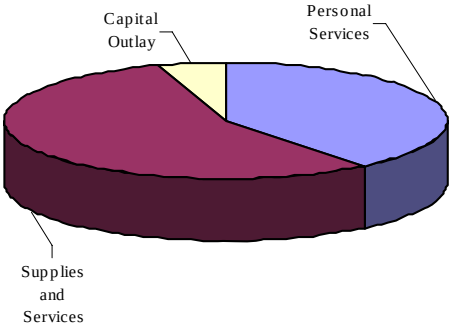
- *Evaluation of results*: In FY 09-10, Corvallis continued to monitor the distribution system for leaks using City crews and equipment. The equipment purchased for this program allows employees to survey the entire water distribution system annually, instead of every three years under the contract model. More frequent monitoring identifies leaks more quickly, resulting in immediate repairs that minimize the amount of water loss. The increases in FY 06-07 and FY 07-08 were due to draining of two reservoirs for maintenance work. The American Water Works Association has identified a 10% loss in water as the threshold for a good piping system.
- *Current year performance and trends*: With only 4.85% water loss in the distribution system, Corvallis is making progress on this sustainability goal.
- *Conclusions and challenges*: The City of Corvallis will continue to pro-actively work on identifying water distribution pipeline failures that can be a source of water loss from the system.

PUBLIC WORKS DEPARTMENT – BUDGET SUMMARY

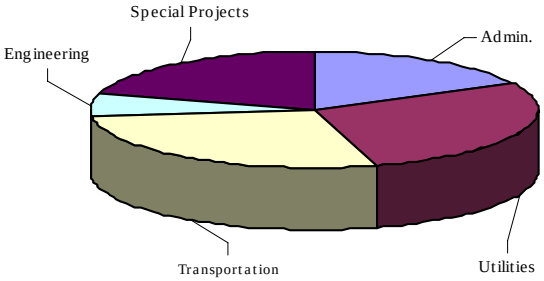
BUDGET BY CATEGORY:	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	ADOPTED 2011-12	%CHANGE FROM 10-11 BUDGET
Personal Services	$9,769,643	$10,376,517	$11,465,710	$11,171,530	$11,864,510	3.48%
Supplies and Services	11,946,881	14,088,982	15,717,020	13,903,800	16,981,240	8.04%
Capital Outlay	1,349,030	2,032,196	1,421,670	306,640	1,526,080	7.34%
TOTAL	$23,065,553	$26,497,695	$28,604,400	$25,381,970	$30,371,830	6.18%

FY 11-12 ADOPTED BUDGET

EXPENDITURES BY CATEGORY



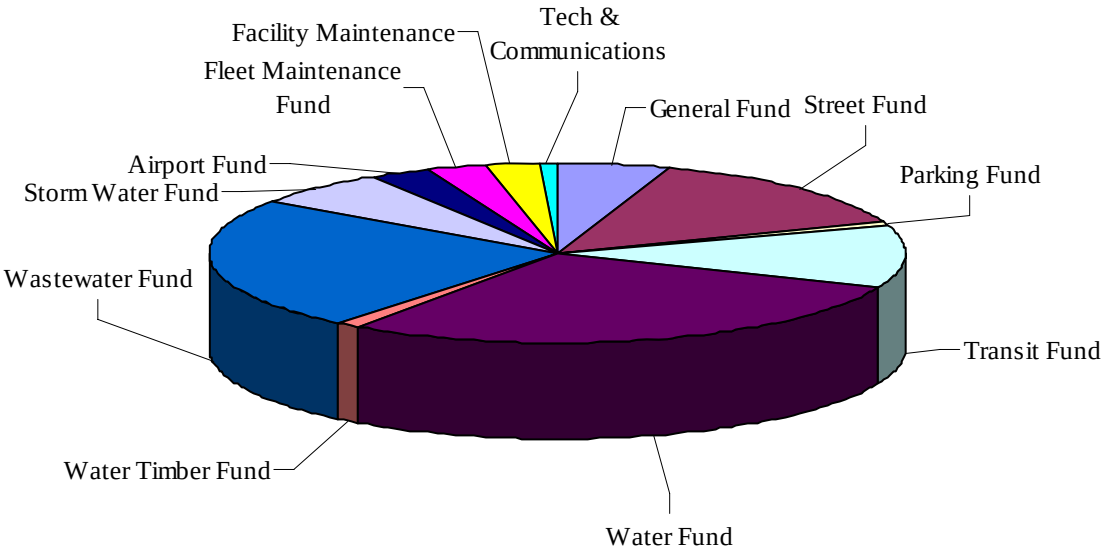
EXPENDITURES BY DIVISION



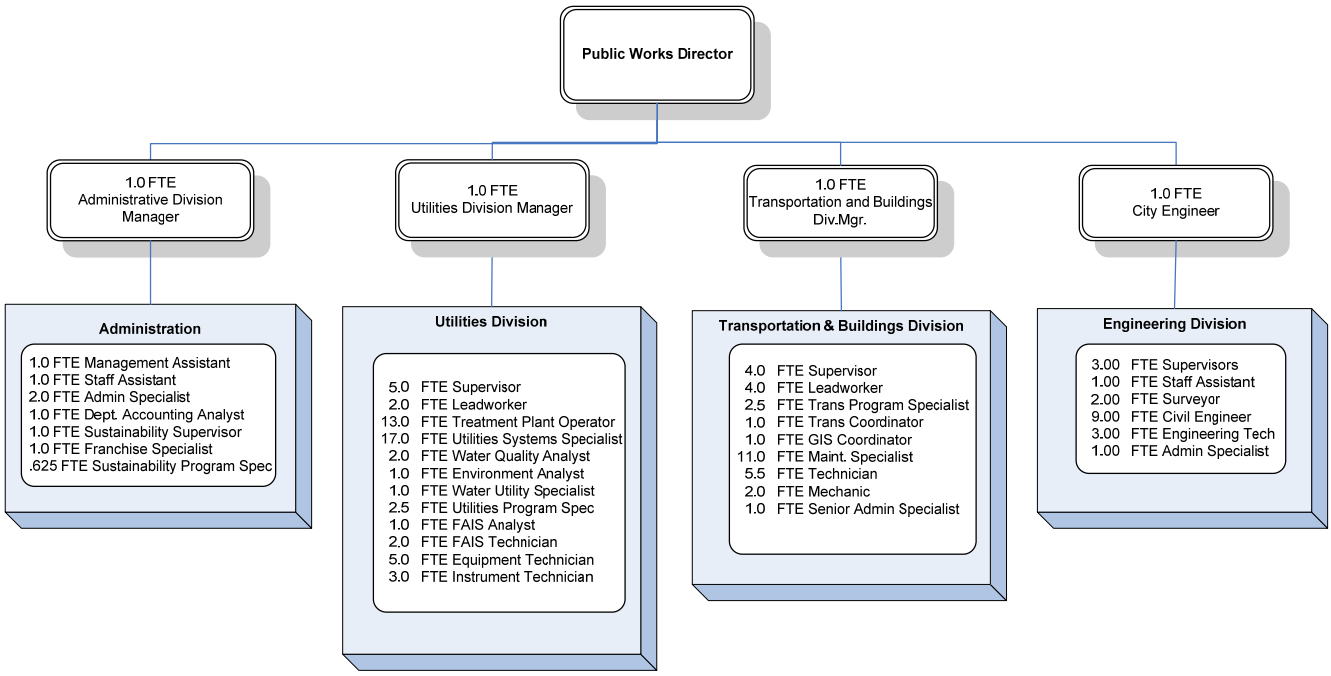
BUDGET BY DIVISION:	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	ADOPTED 2011-12	%CHANGE FROM 10-11 BUDGET
Administration	$4,607,176	$4,750,132	$5,370,010	$5,304,640	$5,216,000	-2.87%
Utilities	7,334,950	7,633,998	8,271,340	8,048,650	8,627,740	4.31%
Transportation	7,343,940	7,407,679	8,177,130	7,733,130	8,469,590	3.58%
Engineering	1,482,239	1,524,940	1,704,280	1,684,440	1,809,240	6.16%
Special Projects	2,297,247	5,180,946	5,081,640	2,611,110	6,249,260	22.98%
TOTAL	$23,065,553	$26,497,695	$28,604,400	$25,381,970	$30,371,830	6.18%

BUDGET BY FUND:	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	ADOPTED 2011-12	%CHANGE FROM 10-11 BUDGET
General Fund	$794,684	$878,851	$1,325,090	$962,860	$1,642,760	23.97%
Street Fund	3,310,628	4,966,794	4,299,360	4,017,530	4,243,950	-1.29%
Parking Fund	130,183	104,872	162,590	128,500	171,980	5.78%
Transit Fund	3,087,409	3,457,245	3,442,830	2,531,880	3,481,890	1.13%
Water Fund	6,325,772	6,478,293	7,576,850	6,822,740	8,556,490	12.93%
Water Timber Fund	317,906	302,449	477,900	439,450	374,020	-21.74%
Wastewater Fund	5,762,587	6,455,405	7,034,410	6,491,260	7,264,080	3.26%
Storm Water Fund	1,451,881	1,685,348	2,109,020	1,970,890	1,962,260	-6.96%
Airport Fund	322,861	487,416	445,350	364,630	820,910	84.33%
Fleet Maintenance Fund	639,887	715,598	692,270	692,270	818,030	18.17%
Facility Maintenance	709,283	766,031	819,660	767,440	823,880	0.51%
Tech & Communications	212,473	199,393	219,070	192,520	211,580	-3.42%
TOTAL	$23,065,553	$26,497,695	$28,604,400	$25,381,970	$30,371,830	6.18%

FY 11-12 ADOPTED BUDGET
EXPENDITURES BY FUND



PUBLIC WORKS DEPARTMENT ORGANIZATION CHART



Moose Building Demolition Project

Replaced with a new City Hall Block parking lot

PUBLIC WORKS DEPARTMENT STAFF

Positions	Group	Monthly Salary Range (1.0 FTE)	FY 11-12 Budgeted Salaries by Position(s)	Head Count	FY 11-12 FTE	Historical FY 10-11 FTE	Historical FY 09-10 FTE
Public Works Director	Exempt	$8,325 - $10,625	$105,789	1	1.00	1.00	1.00
City Engineer	Exempt	6,579 - 8,396	100,755	1	1.00	1.00	1.00
Division Managers - Transportation & Bldgs/Utilities	Exempt	6,579 - 8,396	201,510	2	2.00	2.00	2.00
Civil Engineer II	AFSCME	6,022 - 7,562	518,564	6	6.00	6.00	6.00
Supervisors - Engineering/Water-Wastewater Ops	Exempt	5,848 - 7,463	447,802	5	5.00	5.00	5.00
Administrative Division Manager	Exempt	5,848 - 7,463	89,560	1	1.00	1.00	1.00
Supervisors	Exempt	5,198 - 6,634	555,928	7	7.00	7.00	7.00
Sustainability Supervisor	Exempt	5,198 - 6,634	75,818	1	1.00	1.00	1.00
Civil Engineer I [1]	AFSCME	5,166 - 6,487	222,920	3	3.00	3.00	4.00
GIS Coordinator	AFSCME	5,166 - 6,487	77,840	1	1.00	1.00	1.00
Facility Automation Information Systems Analyst	AFSCME	5,069 - 6,366	72,750	1	1.00	1.00	1.00
Surveyor [1]	AFSCME	5,069 - 6,366	149,138	2	2.00	2.00	1.00
Environmental Analyst	AFSCME	4,696 - 5,897	56,354	1	1.00	1.00	1.00
Franchise Utility Specialist	AFSCME	4,696 - 5,897	61,128	1	1.00	1.00	1.00
Instrument Technician II	AFSCME	4,696 - 5,897	67,394	1	1.00	1.00	1.00
Leadworkers	AFSCME	4,696 - 5,897	394,887	6	6.00	6.00	6.00
Facility Automation Information Systems Technician	AFSCME	4,696 - 5,897	122,256	2	2.00	2.00	2.00
GIS Analyst	AFSCME	4,430 5,563	133,520	2	2.00	2.00	2.00
Airport Program Specialist/Traffic Technician	AFSCME	4,347 - 5,458	65,500	1	1.00	1.00	1.00
Electronic Technician II	AFSCME	4,347 - 5,458	190,409	3	3.00	3.00	3.00
Utilities Treatment Plant Operator	AFSCME	4,347 - 5,458	823,150	13	13.00	13.00	13.00
Equipment Maintenance Technician	AFSCME	4,347 - 5,458	316,326	5	5.00	5.00	5.00
Program Specialist [2,3]	AFSCME	4,347 - 5,458	253,066	6	4.63	4.63	4.00
Special Transportation Coordinator	AFSCME	4,347 - 5,458	62,381	1	1.00	1.00	1.00
Water Quality Analyst	AFSCME	4,347 - 5,458	124,761	2	2.00	2.00	2.00
Management Assistant	Exempt	4,335 - 5,533	63,233	1	1.00	1.00	1.00
Engineering Tech III	AFSCME	4,028 - 5,058	188,237	3	3.00	3.00	3.00
Technicians - Fleet/Instrument I	AFSCME	4,028 - 5,458	240,501	4	4.00	4.00	4.00
Water Utility Specialist	AFSCME	4,028 - 5,058	60,691	1	1.00	1.00	1.00
Maintenance Specialist - Bldg & Grounds/Street/Traffic	AFSCME	4,028 - 5,058	609,682	11	11.00	11.00	11.00
Utilities Systems Specialist	AFSCME	4,028 - 5,058	937,664	17	17.00	17.00	17.00
Staff Assistant	AFSCME	3,736 - 4,691	107,232	2	2.00	2.00	2.00
Fleet Services Specialist [4,6]	AFSCME	3,472 4,360	-	-	0.00	0.50	0.00
Department Accounting Analyst	AFSCME	3,472 - 4,360	49,828	1	1.00	1.00	1.00
Buldings & Grounds Maintenance Technician	AFSCME	3,472 4,360	21,698	1	0.50	0.50	0.50
Senior Administrative Specialist	AFSCME	3,472 - 4,360	51,074	1	1.00	1.00	1.50
Administrative Specialist [5,6]	AFSCME	2,830 - 3,554	115,287	3	3.00	3.62	4.00
TOTAL			**$7,734,633**	**120**	**118.13**	**119.25**	**119.00**

NOTE: Salary ranges reflect FY 10-11 Class and Compensation schedules.

1. 1.0 FTE Civil Engineer I position was reclassified to a Surveyor position in FY 09-10.
2. Increased FTE in FY 10-11 for Sustainability Support (0.63 FTE, moved from 1.0 FTE in non-departmental).
3. Increased FTE in FY 09-10 for Bike Education and Natural Resources.
4. FY 09-10 0.5 FTE Senior Administrative Specialist reclassified to a Fleet Services Specialist.
5. FY 10-11 budget reduction of unfilled 0.375 FTE Administrative Specialist position.
6. Positions were eliminated as part of budget reductions in FY 11-12. Both positions were vacant at time of reduction.

NON-DEPARTMENTAL

Non-Departmental accounts are used for one-time expenditures or expenditures which cannot be easily tied to the costs of any single department. Some of the FY 11-12 major budget expenditures include:

- The Social Services budget totals $352,870 in the General Fund to be allocated via a contract with United Way according to the Social Services allocation process.
- The total budget dedicated to Economic Development has been reduced in the General Fund to include $335,450 for Corvallis Tourism, $22,360 for Council evaluation of Economic Development programs, and $107,660 in non-dedicated funds to be allocated according to policy.
- Estimated title company charges of $20,000 for Net Assets lien docket software access. This is more than offset by estimated fee receipts of $30,000 in FY 11-12.
- Retiree benefit payments for their dependents' medical costs are projected at $372,420 but net to zero cost to the City as they are reimbursed by the retirees.
- The Arts Center payment from property tax receipts is estimated at $44,860, which represents a reduction of almost 50%, in support of balancing the property tax funds combined.
- Internal service charges related to administrative overhead for these programs total $59,930.

BUDGET BY CATEGORY:	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	PROPOSED 2011-12	%CHANGE FROM 10-11 BUDGET
Personal Services	$0	$0	$0	$0	$0	0.00%
Supplies and Services	1,529,669	1,787,025	1,499,260	1,458,330	1,210,620	-19.25%
Capital Outlay	0	0	0	0	0	0.00%
TOTAL	$1,529,669	$1,787,025	$1,499,260	$1,458,330	$1,210,620	-19.25%

BUDGET BY FUND:	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	PROPOSED 2011-12	%CHANGE FROM 10-11 BUDGET
General	$1,435,349	$1,487,599	$1,497,910	$1,456,980	$1,209,270	-19.27%
Street	0	292,385	0	0	0	0.00%
G.O. Debt Service	93,470	0	0	0	0	0.00%
Pension Obligation Debt Svc	850	1,350	1,350	1,350	1,350	0.00%
Water	0	2,198	0	0	0	0.00%
Storm Water	0	3,493	0	0	0	0.00%
TOTAL	$1,529,669	$1,787,025	$1,499,260	$1,458,330	$1,210,620	-19.25%

STATISTICAL TRENDS[1]

Calendar Year	1990	1995	2000	2005	2008	2009	2010
COMMUNITY DEVELOPMENT							
Single Family Residence Building Permits	125	167	141	210	34[2]	34	38
Single Family Residence Value (x $1,000)	$12,108	$23,242	$29,328	$45,919	$9,904	$8,334	$9,211
CITY MANAGER'S OFFICE							
City Employees	352.11	379.97	417.25	423.77	446	438	431
Lost Work Days[3]	--	430	116.00	118.50	N/A	N/A	N/A
FINANCE							
City Assessed Value (000's)	$1,144,822	$2,419,879	$2,879,105	$3,433,646	$3,745,146	$3,825,053	$3,999,075
City Real Market Value (000's)	$1,144,822	$2,419,879	$3,513,758	$4,522,703	$5,946,532	$5,825,692	$5,664,529
City Tax Rate:							
Operating (per $1,000 of AV)	$7.6400	$5.6200	$5.1067	$5.1067	$5.1067	$5.1067	$5.1067
Debt (per $1,000 of AV)				.5418	.5645	.5184	.4872
Consolidated Tax Rate	$33.78	$14.65	$14.77	$15.81	$17.39	$17.52	$17.52
City Budget:							
Operating (Millions)	$30.25	$38.34	$56.78	$68.62	$76.97	$83.49	$81.73
Capital (Millions	$10.30	$17.65	$31.38	$14.45	$10.90	$11.67	$14.16
Municipal Court:							
Citations (Traffic & Criminal)	7,229	7,000	12,016	8,771	7,226	5,025	6,164
Parking Citations	27,335	18,532	23,126	11,672	17,925	16,751	17,912
FIRE							
Engine Responses[4]	1,164	1,455	1,977	2,590	3,497	3,391	4,359
City Incidents (non-ambulance)	983	1,230	1,615	2,151	2,983	2,899	3,781
Non-City Incidents (non-ambulance)	181	225	362	439	514	492	578
Ambulance Responses	1,960	1,941	--	--	--	--	--
Patient Contacts	--	--	2,732	3,154	4,257	4,046	4,154
PARKS AND RECREATION							
Number of Programs[5]	--	--	--	1,132	1,054	1,021	1,004
Number of Registrations	--	--	--	21,559	27,002	34,086	24,906
Number of Facility Reservations	--	--	--	1,396	3,635	2,400	1,268
Number of Total Park Acres	1,113	1,113	1,200	1,685	1,685	1,810	1,810
POLICE DEPARTMENT							
Major Crimes Reported	2,436	2,995	2,346	2,308	1,690	2,109	1,757
9-1-1 Center Incidents Reported	23,433	31,269	35,753	32,487	36,762	36,813	36,926

[1] Many agencies/organizations with whom the City files reports have requirements for data on a calendar year basis, so most City departments track and record their data in this manner. Also, since multiple agencies across the US have a wide variety of fiscal years, this complicates standardized reporting. Collection on a calendar year basis can allow for better comparison across jurisdictions for a like time period, so most of the statistics in this table are provided on that basis.

[2] Residential development and construction decreased dramatically through 2008, resulting in total permits and housing values declining to less than half of prior year levels.

[3] Lost work days are no longer recorded as of 2008.

[4] Engine responses tracked starting 2005. Prior to this, number of engine calls were being recorded. Number now includes engine responses to ambulance calls.

[5] Osborn Aquatic Center data not yet included in these totals, as staff is working on a consistent data collection mechanism.

STATISTICAL TRENDS (Continued)

Calendar Year	1990	1995	2000	2005	2008	2009	2010
PUBLIC WORKS							
Transportation:							
Traffic Signals	58	55	61	82	89	86	87
Street Lights[6]	2,312	2,775	3,036	3,431	3,538	3,572	3,583
Bus Ridership	323,113	330,000	488,238	539,597	666,953	665,040	748,556
Water:							
Connections	12,111	12,684	13,802	14,427	15,971	15,991	16,065
Production (xM Gal)	2,645	2,776	2,912	2,575	3,611	2,593	2,485
Miles of Line	177	193	205	247	244	250	252
Wastewater:							
Connections	11,252	12,211	13,421	14,335	15,545	15,550	15,455[9]
Treatment (xM Gal)	3,113	3,303	3,475	3,249	2,772	3,400	3,856
Miles of Line	168	186	201	215	216	221	216
Storm Drains:							
Miles	94.00	114.00	142.78	160.35	167	171	168
Streets:							
Miles	134.00	140.40	169.11	183.70	364.73[7]	364.73	365.19
Miles Resurfaced	5.00	7.50	2.21	1.67	2.50	8.42	5.09
Bike Paths (Miles)	--	11.00	12.00	13.69	21	21	21
Bike Lanes (Miles)	56.00	49.00	57.22	61.23	105[8]	105	105
OTHER							
Area Sq. Miles	12.85	13.03	13.53	14.00	14.02	14.02	14.02
Population	44,757	47,485	52,215	53,165	54,880	55,125	54,460
County Employment	37,200	40,340	42,380	38,500	38,650	37,770	36,980[10]
County Unemployment	1,460	910	740	1,914	2,454	3,348	3,112
County Unemployment Rate	3.8%	2.2%	1.7%	4.6%	5.6%	7.5%	7.6%
OSU Enrollment	16,024	14,320	16,777	19,236	20,320	21,969	23,761
Volunteer Hours:							
City Manager's Office	--	--	--	--	--	265	197
Community Development	--	--	0	178	0	1,175	1,127
Finance	--	302	250	222	112	126	125
Fire	--	21,672	29,659	48,243	44,006	41,776	47,602
Library	--	8,400	7,368	11,227	13,494	14,995	15,364
Parks & Recreation	--	22,500	24,335	23,452	26,999	29,976	23,776
Police	--	5,030	6,397	5,405	3,735	2,590	5,060
Public Works		440	843	632	607	669	653
Fiscal Year	**FY89-90**	**FY94-95**	**FY99-00**	**FY 06-07**	**FY 07-08**	**FY 08-09**	**FY 09-10**
LIBRARY							
Circulation	762,910	1,208,996	1,452,949	1,481,633	1,497,799	1,594,973	1,674,356
Patron Visits	514,543	704,996	724,291	1,402,633	1,632,114	1,748,618	1,885,582
Population Served	69,400	75,400	77,192	84,125	85,300	86,120	86,725

[6] An inventory was completed in 2007.
[7] Reporting of street miles changed from linear miles to lane miles to meet the ICMA standard measurement.
[8] Bike lane calculation was standardized to include lanes in both directions on a single street.
[9] The reported number of total wastewater connections in 2008 and 2009 was higher due to a reporting error related to wastewater connections.
[10] 2010 Corvallis MSA (Benton County) Total Non-Farm employment (annual)

CORVALLIS

ENHANCING COMMUNITY LIVABILITY

SECTION – V
PROPERTY TAX FUNDS

Your property taxes support a variety of programs and services including services listed below.

Parks and Recreation Activities

Corvallis-Benton County Public Library

Fire & Rescue

Police Department

SECTION – V
PROPERTY TAX FUNDS

These are funds through which many governmental functions are financed. The governmental fund measurement focus is on determination of financial position and changes in financial position (sources, uses, and balances of financial resources). Governmental funds are accounted and budgeted for on the modified accrual basis in which revenues are recognized when they become both "measurable" and "available to finance expenditures of the current period." Expenditures are generally recognized when the related fund liability is incurred.

The Property Tax Funds include the General Fund and certain Special Revenue Funds which are differentiated from those listed in the "Other Special Revenue Funds" section in that the funds below receive property tax monies.

a) **General Fund** – to account for all of the financial resources of the City which are not accounted for in any other fund. Principal sources of revenue are property taxes, franchise fees, licenses, permits and state shared revenues. Primary expenditures in the General Fund are made for police, community development and planning, and municipal court. For Government Accounting Standards Board (GASB) Statement #34 reporting purposes, this fund was considered a Major Fund in the City's Comprehensive Annual Financial Report (CAFR) in FY 09-10.

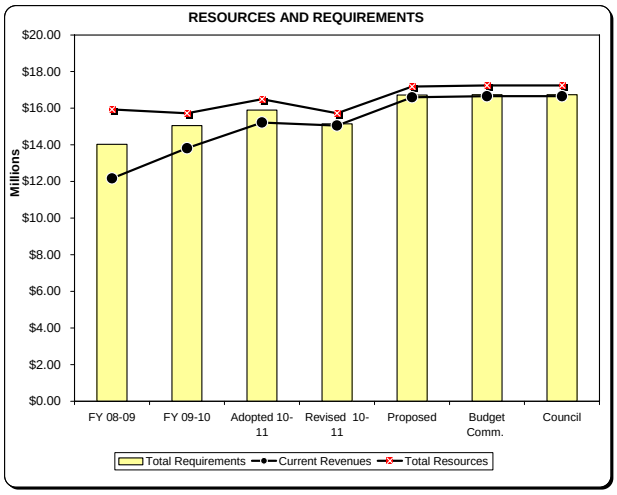
b) **Parks & Recreation Fund** – to account for revenues and expenditures associated with the operations of the Parks and Recreation Department. Major revenue sources include property taxes, fees for recreational programs, the May 2011 voter-approved local option tax levy, and parks system development charges (SDC). Component funds such as Osborn Aquatics and Open Space are included in this fund. For GASB Statement #34 reporting purposes, this fund was considered a Major Fund in the City's CAFR in FY 09-10.

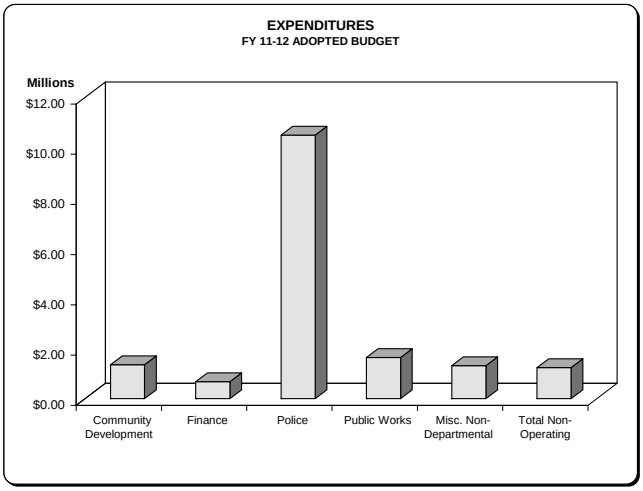
c) **Fire & Rescue Fund** – to account for revenues and expenditures associated with operations of the fire, emergency medical, and transport ambulance service which is owned and operated by the City of Corvallis. Major revenue sources include property taxes, rural fire district charges, ambulance fees, and charges for inspection services. Expenditures are associated with the operation and maintenance of the fire and transport ambulance services. For GASB Statement #34 reporting purposes, this fund was considered a Major Fund in the City's CAFR in FY 09-10.

d) **Library Fund** – to account for revenues and expenditures associated with operations of the Corvallis Benton County Public Library. Major sources of revenue include taxes collected by Benton County for a service district for the Library, the May 2011 voter-approved local option tax levy, and property taxes. Expenditures include operations for the main library and extension services. For GASB Statement #34 reporting purposes, this fund was considered a Major Fund in the City's CAFR in FY 09-10.

GENERAL FUND SUMMARY

	ACTUAL 2008-09	ACTUAL 2009-10	ADOPTED BUDGET 2010-11	REVISED 2010-11	PROPOSED BUDGET 2011-12	COMMISSION RECOMMENDED 2011-12	COUNCIL APPROVED 2011-12
Resources:							
Beginning Fund Balance	$3,764,866	$1,909,983	$1,268,343	$670,403	$582,853	$582,853	$582,853
Property Taxes	$3,073,120	$4,898,889	$4,857,150	$5,134,170	$6,042,540	$5,997,600	$5,997,600
Other Taxes	1,076,629	1,079,621	1,036,190	1,139,790	1,151,190	1,151,190	1,151,190
Licenses, Fees, & Permits	5,396,443	5,227,722	5,383,940	5,363,010	5,469,650	5,469,650	5,469,650
Charges for Service	531,606	585,995	713,370	666,170	738,460	738,460	738,460
Intergovernmental	1,288,467	1,347,433	1,881,100	1,523,750	2,196,830	2,196,830	2,196,830
Fines/Forfeitures	646,667	573,806	866,700	645,000	871,700	871,700	871,700
Miscellaneous	144,828	95,575	113,290	233,640	117,240	117,240	117,240
Transfers In	0	0	345,450	345,450	10,000	112,870	112,870
Other Financing Sources	13,437	6,396	25,000	4,000	0	0	0
Current Revenues	$12,171,197	$13,815,437	$15,222,190	$15,054,980	$16,597,610	$16,655,540	$16,655,540
Total Resources	$15,936,063	$15,725,420	$16,490,533	$15,725,383	$17,180,463	$17,238,393	$17,238,393
Requirements:							
Operating Budget:							
Community Development	$1,390,460	$1,453,556	$1,618,220	$1,496,110	$1,367,520	$1,356,480	$1,356,480
Finance	565,953	614,534	618,920	593,780	685,870	677,700	677,700
Police	9,315,498	9,978,567	9,940,990	9,901,650	10,560,170	10,502,180	10,502,180
Public Works	794,684	878,851	1,325,090	962,860	1,647,490	1,642,760	1,642,760
Misc. Non-Departmental	1,435,348	1,487,599	1,497,910	1,456,980	1,209,270	1,315,950	1,315,950
Total Operating Budget	$13,501,943	$14,413,107	$15,001,130	$14,411,380	$15,470,320	$15,495,070	$15,495,070
Non-Operating:							
Transfers Out	$524,137	$641,910	$700,760	$700,760	$849,840	$849,840	$849,840
Debt Service - Principal	0	0	0	0	185,000	185,000	185,000
Debt Service - Interest	0	0	49,920	30,390	59,430	59,430	59,430
Contingency	0	0	143,640	0	148,700	148,700	148,700
Total Non-Operating	$524,137	$641,910	$894,320	$731,150	$1,242,970	$1,242,970	$1,242,970
Total Requirements	$14,026,080	$15,055,017	$15,895,450	$15,142,530	$16,713,290	$16,738,040	$16,738,040
Ending Budgetary Fund Bal.	$1,909,983	$670,403	$595,083	$582,853	$467,173	$500,353	$500,353





Note: the following pages include operating activity. For Non-Operating activity see section X - Non-Operating.

RESPONSIBILITIES:

- Direct the development of the Community Development Department's work plan to ensure that it achieves City Council goals and objectives.
- Enforce the City's codes for nuisance abatement to enhance community livability.
- Provide land use compliance services for the City's Land Development Code.
- Special projects are one-time in nature or fall outside the normal scope of operations for the department.

WORK PLAN:

- Manage the City's social service and economic development programs in compliance with Council direction.
- Monitor department work program to ensure consistency with Council goals and mandated State and Federal regulations.
- Facilitate the City's involvement in the implementation of the Downtown Strategic Plan.
- Work with community partners in implementing action items associated with the community's economic vitality strategic plan (Prosperity That Fits).
- Continue Records Management to scan and record documents for permanent electronic storage.
- Conduct project to work toward geographic information system (GIS) case history database.
- Continue oversight of the code enforcement and land development code inspection programs, in accordance with Council direction.

FY 10-11 HIGHLIGHTS:

- Continued to provide staff support for the Downtown Commission and Committee for Citizen Involvement.
- Commenced work on Airport Industrial Park planning, provided primary staff support for the revision of the Economic Development Policy and creation of the Economic Development Commission.
- Continued code enforcement program activities related to public nuisances and implementation the Land Development Code.

EXPENDITURES CLASS:	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	ADOPTED 2011-12	% CHANGE FROM 10-11 BUDGET
Personal Services	$356,588	$436,489	$513,360	$480,810	$302,310	-41.11%
Supplies and Services	212,630	246,645	254,350	245,100	241,960	-4.87%
Capital Outlay	0	0	0	0	0	0.00%
Total	$569,219	$683,134	$767,710	$725,910	$544,270	-29.10%
EXPENDITURE BY PROGRAM						
Administration	$381,196	$399,897	$421,950	$413,820	$424,890	0.70%
Development Services	184,971	271,680	341,760	311,690	119,380	-65.07%
Special Projects	3,051	11,557	4,000	400	0	-100.00%
Total	$569,219	$683,134	$767,710	$725,910	$544,270	-29.10%
Staffing Levels	3.40	4.90	4.69	4.19	2.20	-53.07%

NOTE: The FY 11-12 decrease in personal services and staffing levels are attributable to budgetary reductions and the reassignment of two positions to the Development Services Fund.

RESPONSIBILITIES:

- Facilitate land use planning efforts for the community consistent with State mandates and the Community's Vision.

WORK PLAN:

- Work to implement City Council Goals as directed.
- Implement Planning Division Work Program, as directed by City Council in consultation with the Planning Commission.
- Continue coordination with Benton County on issues associated with lands in the Corvallis Urban Growth Boundary.
- Process current planning land use applications in a timely manner and within State-mandated time frames.
- Coordinate with other departments to ensure development is consistent with Planning Commission and/or City Council approvals.
- Ensure compliance with State mandates for land use planning through coordination with the Oregon Department of Land Conservation and Development and other agencies.

FY 10-11 HIGHLIGHTS:

- Implemented revisions to Land Development Code Chapter 2.9, regarding Historic Preservation provisions.
- Worked with the City Attorney to respond to a number of appeals to the Oregon Land Use Board of Appeals.
- Adopted update to flood zone maps and regulations, as required by the Federal Emergency Management Agency (FEMA).
- Began an update to the Airport Industrial Park Master Plan.
- Processed all General Development and Special Development land use applications within State-mandated time frames.

BUDGET BY CLASS:	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	ADOPTED 2011-12	% CHANGE FROM 10-11 BUDGET
Personal Services	$736,150	$701,706	$731,710	$703,910	$714,920	-2.29%
Supplies and Services	85,092	68,716	118,800	66,290	97,290	-18.11%
Capital Outlay	0	0	0	0	0	0.00%
Total	$821,242	$770,422	$850,510	$770,200	$812,210	-4.50%
EXPENDITURE BY PROGRAM						
Administration	$303,989	$279,972	$319,230	$292,720	$282,750	-11.43%
Long Range Planning	224,221	228,549	198,030	179,030	107,990	-45.47%
Development Review	293,032	261,900	333,250	298,450	421,470	26.47%
Total	$821,242	$770,422	$850,510	$770,200	$812,210	-4.50%
Staffing Levels	9.27	8.27	7.97	7.47	7.34	-7.90%

NOTE: The FY 11-12 decrease in personal services and staffing levels are attributable to budgetary reductions and the reassignment of positions to the Development Services Fund.

Historic District street sign

OSU Kearney Hall

RESPONSIBILITIES:

- Ensure and maintain a fair judicial process for all citizens who enter Municipal Court.
- Process payments, schedule dockets, clerk for court operations, and assist the Municipal Court Judge with correspondence.

WORK PLAN:

- Continue working with financial software system to enhance automation of court processing.
- Complete implementation of on-line payment service for defendants.

FY 10-11 HIGHLIGHTS:

- Installed fiber-optic line to Benton County Community Corrections to implement video arraignment.

BUDGET BY CLASS:	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	ADOPTED 2011-12	%CHANGE FROM 10-11 BUDGET
Personal Services	$320,027	$332,831	$378,490	$356,320	$398,850	5.38%
Supplies and Services	245,926	253,127	240,430	237,460	278,850	15.98%
Capital Outlay	0	28,576	0	0	0	0.00%
Total	$565,953	$614,534	$618,920	$593,780	$677,700	9.50%
EXPENDITURE BY PROGRAM						
Judicial Services	$547,751	$585,189	$618,920	$593,780	$677,700	9.50%
Special Projects	18,202	29,345	0	0	0	0.00%
Total	$565,953	$614,534	$618,920	$593,780	$677,700	9.50%
Staffing Levels	4.00	5.00	4.00	4.00	4.00	0.00%

NOTE: FY 10-11 reflects a budgetary reduction of the FY 09-10 enhancement of 1.00 FTE (Court Clerk).

Municipal Court

Judge Donahue

RESPONSIBILITIES:

- The Office of the Chief of Police and Administrative Services Unit is responsible for the overall administration of the Police Department; liaison with Municipal Court, State and Federal law enforcement; public and media relations; internal affairs; strategic planning; communication between the department and the City Manager's Office, City Council, and the community to ensure responsiveness to community priorities; and internal leadership and staff development.
- Provide budget and research services to the department and conduct personnel recruitments.
- Provide training, planning and research services to support the achievement of department goals.
- Coordinate the development and implementation of policies and procedures, and accreditation.
- Special projects are one-time in nature or fall outside the normal operations of the department.

WORK PLAN:

- Maintain a comprehensive training curriculum, and complete annual In-Service Training.
- Prepare and distribute quarterly complaint and commendation summary.
- Conduct seven meetings of the Community Policing Forum.
- Continue assessment and compliance for reaccreditation by the Commission for Accreditation of Law Enforcement Agencies (CALEA) in December 2011.
- Complete Law Enforcement Building maintenance projects through contract with Benton County.

FY 10-11 HIGHLIGHTS:

- Continued a quarterly complaint and summary review through the Community Policing Forum and the Citizen Police Review Board.
- Hosted three regional training sessions for law enforcement personnel.
- Applied for and received grant funding for Bulletproof vests, Death Investigator services and Bicycle Patrol equipment and services.

BUDGET BY CLASS:	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	ADOPTED 2011-12	%CHANGE FROM 10-11 BUDGET
Personal Services	$398,493	$409,181	$442,210	$426,900	$477,660	8.02%
Supplies and Services	1,767,668	1,925,442	1,912,670	1,849,120	1,884,180	-1.49%
Capital Outlay	250,734	196,661	0	6,040	63,450	0.00%
Total	$2,416,896	$2,531,284	$2,354,880	$2,282,060	$2,425,290	2.99%
EXPENDITURE BY PROGRAM						
Administration	$2,097,125	$2,211,652	$2,264,380	$2,206,200	$2,299,900	1.57%
Special Projects	319,771	319,632	90,500	75,860	125,390	38.55%
Total	$2,416,896	$2,531,284	$2,354,880	$2,282,060	$2,425,290	2.99%
Staffing Levels	4.25	4.25	4.25	4.25	4.25	0.00%

RESPONSIBILITIES:

- Investigate crimes to facilitate property recovery and successful prosecution of violent and non-violent offenders. Use crime prevention strategies to increase public awareness, elicit citizen participation, and reduce overall crime.
- Provide general information and assistance, telephone reception, enter and retrieve police records and documents for the public and court, and maintain crime statistics.
- Support law enforcement and criminal prosecution through maintenance of evidence.

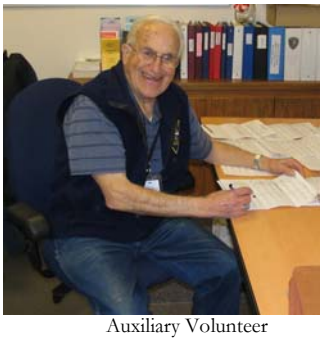
WORK PLAN:

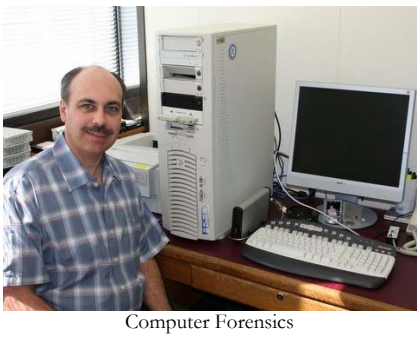
- Explore enhanced reception/records security at law enforcement building.
- Refine effective methodologies for Street Crimes Unit to positively impact crime.
- Effectively utilize volunteer Auxiliary members to provide crime prevention services.
- Maintain timely crime prevention information on the website.

FY 10-11 HIGHLIGHTS:

- Applied for and received a federal Byrne Grant for Street Crimes Unit training and equipment.
- Built and put into operation the evidence compound approved through CIP.
- Implemented "CrimeReports" online crime mapping software.

BUDGET BY CLASS:	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	ADOPTED 2011-12	%CHANGE FROM 10-11 BUDGET
Personal Services	$1,734,798	$1,836,739	$1,777,290	$1,806,550	$1,958,190	10.18%
Supplies and Services	276,928	324,896	317,660	317,160	329,970	3.88%
Capital Outlay	15,009	18,393	0	0	0	0.00%
Total	$2,026,735	$2,180,028	$2,094,950	$2,123,710	$2,288,160	9.22%
EXPENDITURE BY PROGRAM						
Detectives	$961,895	$991,265	$979,020	$1,014,810	$1,028,410	5.04%
Crime Prevention/DARE	2,386	1,908	1,830	1,670	1,840	0.55%
Crime Analysis	104,129	107,346	116,430	116,230	121,710	4.53%
Evidence/Property Control	128,633	189,823	146,200	145,310	153,460	4.97%
Animal Control	115,650	131,358	136,200	136,140	133,300	-2.13%
Information & Support Svs	338,898	353,266	282,660	278,740	395,200	39.81%
Records	375,144	405,062	432,610	430,810	454,240	5.00%
Total	$2,026,735	$2,180,028	$2,094,950	$2,123,710	$2,288,160	9.22%
Staffing Levels	19.25	19.25	19.25	19.25	19.25	0.00%


Auxiliary Volunteer


Computer Forensics

RESPONSIBILITIES:

- Protect lives and property and maintain public order commensurate with the needs and expectations of the community using a community-oriented policing strategic plan.
- Promote orderly traffic flow and enforcement of traffic statutes to impact the frequency of accident-causing violations.
- Improve response capabilities with innovative patrol methods and scheduling.

WORK PLAN:

- Reduce traffic crashes at top ten crash locations by 10%.
- Maintain injury accident rate under State of Oregon average.
- Enhance community livability issues by implementing proactive Tactical Action Plans for specific community issues.
- Continue to implement Staffing Allocation Study recommendations.
- Hire additional sworn police officers to achieve 100% staffing of authorized, budgeted positions, which were reduced by 1.0 FTE for FY 11-12, and with an additional 1.0 FTE unbudgeted.

FY 10-11 HIGHLIGHTS:

- Implemented 12-hour patrol work schedule, which is resulting in greatly reduced overtime expenditures.
- Fielded Mobile Incident Command Vehicle.
- Restructured Patrol Unit for enhanced efficiency.

BUDGET BY CLASS:	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	ADOPTED 2011-12	%CHANGE FROM 10-11 BUDGET
Personal Services	$4,637,875	$4,979,539	$5,202,460	$5,235,560	$5,510,970	5.93%
Supplies and Services	226,993	287,716	288,700	260,320	277,760	-3.79%
Capital Outlay	7,000	0	0	0	0	0.00%
Total	$4,871,868	$5,267,255	$5,491,160	$5,495,880	$5,788,730	5.42%
EXPENDITURE BY PROGRAM						
Patrol	$4,650,130	$5,047,682	$5,268,230	$5,273,790	$5,532,830	5.02%
Traffic	221,738	219,574	222,930	222,090	255,900	14.79%
Total	$4,871,868	$5,267,255	$5,491,160	$5,495,880	$5,788,730	5.42%
Staffing Levels	43.90	45.90	45.90	45.90	44.90	-2.18%

Note: FY 09-10 includes enhancement of two patrol officers, however, in FY 11-12 due to budget constraints, one patrol officer position was eliminated.

Patrol K-9 Team

Patrol Team

RESPONSIBILITIES:

- The Administration Division provides management and administrative support functions to the department's General Fund activities to ensure that services are maintained and efficiently delivered. Functions include reception, budgeting, contract support and accounting services for the department, and sustainability program development for the organization. The Division also oversees the activities related to providing facilities for broadcast of public, education, and government (PEG) access television programming and manages the monies paid by the cable television service provider for support of these programs, and the development of an institutional network (I-Net).
- The Engineering Division coordinates the Capital Improvement Program (CIP) development, conducts design review on new developments, inspects private development of public infrastructure, and provides general engineering support to City departments.
- The Transportation Division is responsible for the City-owned street light system, and provides geographic information system (GIS) services to the organization.
- Special projects are one-time in nature or fall outside the scope of normal operations for the department.

WORK PLAN:

- Design a Community Energy Information Center.
- Begin negotiations to renew the cable television franchise agreement.
- Complete a greenhouse gas inventory for the Corvallis community.
- Work with Community partners on their programs to reduce energy consumption by residents and businesses in Corvallis.
- Provide technical assistance and engineering support to the organization as needed including developing CIP proposals to maintain and upgrade public facilities.
- Provide support to the CIP Commission in developing the annual CIP update.
- Provide property data (ownership, zoning, etc.) and city utility/transportation system data updates and access through GIS.
- Coordinate development and maintenance of regional GIS data with Benton County, City of Albany, and Linn County.

FY 10-11 HIGHLIGHTS:

- Worked with the Corvallis Environmental Center to develop programs to improve the energy conservation and efficiency of Corvallis residents using federal Energy Efficiency and Conservation Block Grant (EECBG) dollars.
- Increased percentage of programming on public access produced locally.
- Acquired new enterprise GIS software and initiated implementation of the new system.

BUDGET BY CLASS:	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	ADOPTED 2011-12	%CHANGE FROM 10-11 BUDGET
Personal Services	$275,996	$299,164	$445,700	$375,480	$400,540	-10.13%
Supplies and Services	518,688	564,640	834,390	542,380	1,242,220	48.88%
Capital Outlay	0	15,047	45,000	45,000	0	-100.00%
Total	$794,684	$878,851	$1,325,090	$962,860	$1,642,760	23.97%
EXPENDITURE BY PROGRAM						
Administration	$355,180	$356,628	$449,350	$424,910	$458,750	2.09%
Transportation & Buildings	335,547	343,867	369,260	304,920	341,060	-7.64%
Engineering	103,957	108,102	136,360	123,000	144,390	5.89%
Special Projects	0	70,256	370,120	110,030	698,560	88.74%
Total	$794,684	$878,851	$1,325,090	$962,860	$1,642,760	23.97%
Staffing Levels	3.46	3.31	3.80	3.78	3.83	0.63%

NOTE: Increase in FY 11-12 expenditures is due to carry over from FY 10-11 as related to EECBG and EPA Climate Showcase Communities grant projects. Staffing level changes are attributable to reassignment departmental FTE.

RESPONSIBILITIES:

- Non-Departmental accounts are used for expenses (such as social services and economic development) which cannot be attributed to one department.

WORK PLAN:

Major expenditures include:

- The Social Services budget totals $352,870, with 29% of that funded by the 2011 Operating Levy.
- The Economic Development budget totals $465,470 ($335,450 for Visit Corvallis in support of tourism, $107,660 non-dedicated, $22,360 for Council evaluation of the Economic Development program).
- Internal service charges for centralized overhead total $59,930.
- Annual Art Center property tax support is estimated at $44,860.

BUDGET BY CLASS:	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	ADOPTED 2011-12	%CHANGE FROM 10-11 BUDGET
Personal Services	$0	$0	$0	$0	$0	0.00%
Supplies and Services	1,435,349	1,487,599	1,497,910	1,456,980	1,315,950	-12.15%
Capital Outlay	0	0	0	0	0	0.00%
Total	$1,435,349	$1,487,599	$1,497,910	$1,456,980	$1,315,950	-12.15%
EXPENDITURE BY PROGRAM						
Non-Departmental	$1,435,349	$1,487,599	$1,497,910	$1,456,980	$1,315,950	-12.15%
Total	$1,435,349	$1,487,599	$1,497,910	$1,456,980	$1,315,950	-12.15%
Staffing Levels	0.00	1.00	0.00	0.00	0.00	0.00%

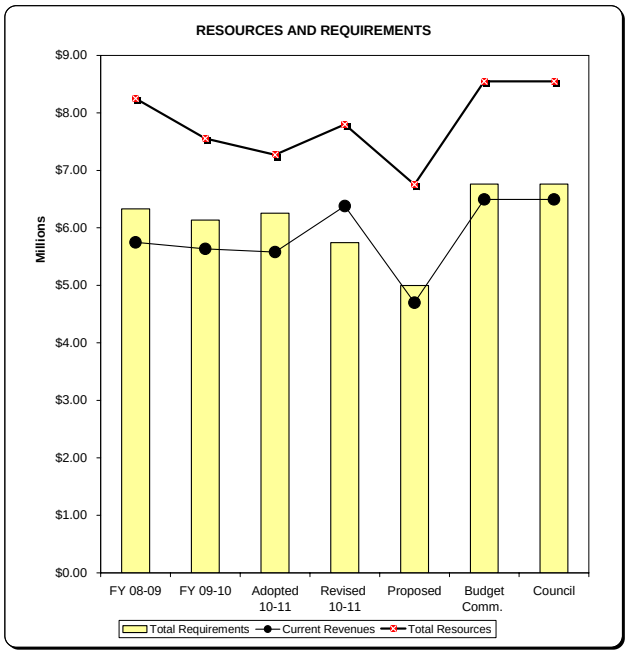
Note: FY 09-10 included a 1.0 FTE Enhancement for community sustainability. The sustainability position was approved by Council to move to Public Works and staffed at 0.625 FTE.

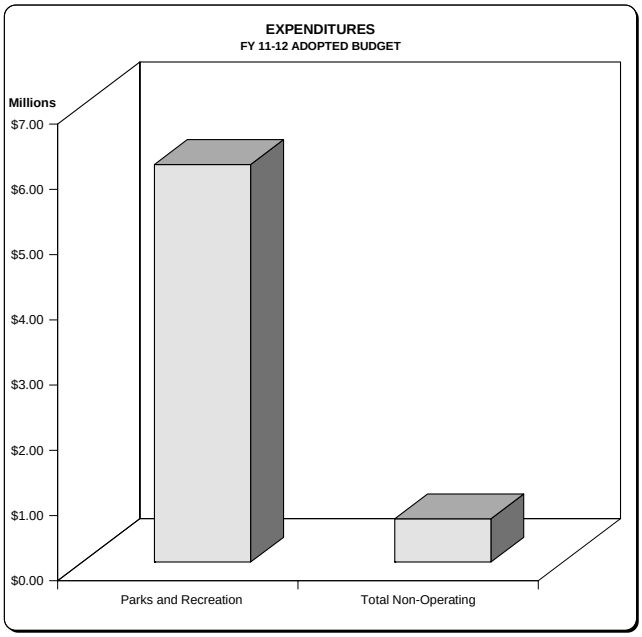
Da Vinci Days – Kinetic Sculpture

Sidewalk Chalk art contest

PARKS & RECREATION FUND SUMMARY

	ACTUAL 2008-09	ACTUAL 2009-10	ADOPTED BUDGET 2010-11	REVISED 2010-11	PROPOSED BUDGET 2011-12	COMMISSION RECOMMENDED 2011-12	COUNCIL APPROVED 2011-12
Resources:							
Beginning Fund Balance	$2,502,095	$1,920,186	$1,689,366	$1,420,355	$2,055,435	$2,055,435	$2,055,435
Property Taxes	$3,977,513	$3,809,025	$3,870,450	$3,972,390	$3,764,940	$3,808,700	$3,808,700
Licenses, Fees, & Permits	55,320	56,518	47,800	85,300	137,700	137,700	137,700
Charges for Service	1,582,464	1,467,079	1,552,430	2,214,250	582,850	1,562,570	1,562,570
Intergovernmental	7,591	7,400	29,900	14,300	27,400	27,400	27,400
Fines & Forfeitures	744	1,004	100	100	100	100	100
Miscellaneous	121,824	291,510	79,790	91,780	48,750	100,250	100,250
Transfers In	2,331	1,803	0	0	136,060	856,460	856,460
Current Revenues	$5,747,787	$5,634,339	$5,580,470	$6,378,120	$4,697,800	$6,493,180	$6,493,180
Total Resources:	$8,249,882	$7,554,525	$7,269,836	$7,798,475	$6,753,235	$8,548,615	$8,548,615
Requirements:							
Operating Budget:							
Parks and Recreation	$5,592,299	$5,651,098	$5,795,480	$5,553,000	$4,333,940	$6,096,500	$6,096,500
Total Operating Budget	$5,592,299	$5,651,098	$5,795,480	$5,553,000	$4,333,940	$6,096,500	$6,096,500
Non-Operating:							
Transfers Out	$737,397	$483,072	$403,452	$190,040	$606,828	$606,828	$606,828
Contingency	0	0	54,900	0	57,770	57,770	57,770
Total Non-Operating	$737,397	$483,072	$458,352	$190,040	$664,598	$664,598	$664,598
Total Requirements	$6,329,696	$6,134,170	$6,253,832	$5,743,040	$4,998,538	$6,761,098	$6,761,098
Ending Budgetary Fund Balance	$1,920,186	$1,420,355	$1,016,004	$2,055,435	$1,754,697	$1,787,517	$1,787,517





Note: the following pages include operating activity. For Non-Operating activity see section X - Non-Operating.

RESPONSIBILITIES:

- Administration functions include contract management, budget and financial reporting, personnel action, technology advancement, website management, document retention, registration and facility reservations.
- Provides management and administrative support functions to Mayor appointed Boards, Commissions, special task forces, the department and the community.
- Provides policy and procedures for department-wide implementation.
- Provides long term park planning and land acquisition activities for the department.

WORK PLAN:

- Utilize registration software to enhance target marketing.
- Reconstruct Central Park Plaza.
- Replace play equipment at Tunison Park and install American Disability Act (ADA)-driven surfacing.
- Resurface tennis courts at Lincoln School site.
- Develop a non-profit Friends organization to provide additional financial support for the Department.
- Determine economic value of sports tournaments and meets through survey benchmarking and use the data to produce a development plan.
- Complete feasibility study for a Parks and Recreation District.
- Complete update of cost recovery guidelines and Parks and Recreation Master Plan.
- Strengthen relationship with 509J School District for potential collaborative opportunities.
- Support four Boards and Commissions.

FY 10-11 HIGHLIGHTS:

- Secured three-year alternative funding for the operations of the Senior Center and the Osborn Aquatic Center via a voter-approved property tax operating levy.
- Developed a conceptual plan for Tunison Park improvements.
- Instituted a new Arts and Cultural Commission.
- Received a grant approval for the Central Park Plaza re-development project.

BUDGET BY CLASS:	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	ADOPTED 2011-12	% CHANGE FROM 10-11 BUDGET
Personal Services	$633,274	$621,884	$530,320	$517,360	$664,960	25.39%
Supplies and Services	772,128	735,710	791,360	740,620	856,220	8.20%
Capital Outlay	76,308	11,290	49,760	18,800	17,630	-64.57%
Total	$1,481,709	$1,368,884	$1,371,440	$1,276,780	$1,538,810	12.20%
EXPENDITURE BY PROGRAM						
Administration	$1,236,118	$1,208,457	$1,174,030	$1,136,810	$1,282,170	9.21%
Donation Program	22,466	10,556	3,000	3,650	37,800	1160.00%
Special Projects	223,125	149,871	194,410	136,320	218,840	12.57%
Total	$1,481,709	$1,368,884	$1,371,440	$1,276,780	$1,538,810	12.20%
Staffing Levels	7.25	7.25	6.35	5.60	6.35	0.00%

Note: .75 Management Assistant eliminated mid-year FY 10-11. Remaining .25 FTE transferred to Recreation Services for Recreation Coordinator. 1.0 FTE re-allocated into Administration from Parks Maintenance Division for Management Assistant in FY 11-12.

RESPONSIBILITIES:

- Maintain Parks and Recreation facilities, including those that house the Nature Center, Majestic Theatre, Arts Center, Park Caretakers, and Rentable Meeting rooms in a safe, clean, accessible and attractive condition.
- Manage a variety of city-owned facilities including sports fields, playgrounds, restrooms, picnic shelters, beautification areas, natural areas, trails, the urban forest, and other neighborhood and community parks.
- Manage parks and natural areas based on a multiple use and resource conservation framework.
- Provide support for sports events and major community events such as Fall Festival, Farmers Market, daVinci Days, and the Red, White and Blues Festival.

WORK PLAN:

- Continue integration of the Parks and Natural Areas Sustainable Operations Plan into daily operations.
- Monitor and update the Parks and Natural Areas Sustainable Operations Plan.
- Maintain the development of a prioritization plan for selecting properties needing Management Plans.
- Increase revenue generation potential for Parks Division facilities.
- Continue research into Urban Forest ecosystem service delivery.
- Monitor development of Tree Works Urban Forest Tree inventory.
- Evaluate existing park service levels in light of ongoing budget reductions.
- Re-prioritize the Department's Building Maintenance Plan in light of ongoing budget reductions.
- Expand Youth Park Corps program to better connect local youth with nature.
- Expand volunteer base to increase ability to maintain park maintenance customer services.
- Develop Majestic Tree Program.

FY 10-11 HIGHLIGHTS:

- Supported a wide range of community events including the Festival of Lights; Red, White, and Blues Festival; Farmer's Market; daVinci Days; and Fall Festival.
- Developed project elements for the implementation of the Herbert Farm and Natural Area Management Plan.
- Completed the Urban Forest element of the Sustainability Initiative Fees and began service delivery as outlined in the Urban Forest Management Plan.
- Received Tree City USA award.
- Completed the Central Park lighting upgrade project.
- Reinstated some services through public and private donations.
- Volunteers contributed 6,462 hours to support Parks & Natural Areas.

BUDGET BY CLASS:	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	ADOPTED 2011-12	% CHANGE FROM 10-11 BUDGET
Personal Services	$1,080,361	$1,260,436	$1,405,120	$1,252,440	$1,333,570	-5.09%
Supplies and Services	364,697	368,289	317,400	310,750	419,760	32.25%
Capital Outlay	0	8,100	0	0	0	0.00%
Total	$1,445,058	$1,636,824	$1,722,520	$1,563,190	$1,753,330	1.79%
EXPENDITURE BY PROGRAM						
Support Services	$212,655	$300,130	$307,390	$303,840	$206,060	-32.96%
Parks	453,171	510,420	568,660	488,370	562,430	-1.10%
Natural Resources	779,232	826,274	846,470	770,980	857,340	1.28%
Urban Forestry - SIF	0	0	0	0	127,500	0.00%
Total	$1,445,058	$1,636,824	$1,722,520	$1,563,190	$1,753,330	1.79%
Staffing Levels	19.71	19.71	19.04	19.04	17.54	-7.88%

Note: Staffing level changes in FY 11-12 to balance the budget includes reduction of 0.5 FTE Parks Operations Specialist. 1.0 Parks Operation Supervisor reallocated to Administration Division as Management Assistant.

RESPONSIBILITIES:

- Operation and maintenance of Osborn Aquatic Center, which is a year-round recreation destination, with programs for improved fitness, education and water safety, for all ages and abilities.
- Operation and maintenance of the Chintimini Senior Center, which provides programs focusing on health, life long learning and socialization.
- Execution of a wide range of recreation programs and activities, which encourage increased physical activity, opportunities for social interchange and exposure to positive role models through sports, seasonal events, and educational programs for people of all ages.
- Provide oversight to long-term building maintenance for the Majestic Theatre and Arts Center buildings.

WORK PLAN:

- Enhance the marketing of Recreation Services to meet the priority objectives of the Recreation Services Plan.
- Implement fund raising and sponsorship programs for alternative revenues to support Recreation Division programs.
- Expand revenue generating services at the Senior Center and the Aquatic Center as identified in marketing plans.
- Implement process to develop the community garden master plan for the Healthy Kids Healthy Communities Initiative.
- Maintain and contribute to community partnerships through combined efficiencies, while expanding opportunities and removing barriers to participation.
- Provide a leadership role in the community for teen programming and volunteer opportunities as identified in the Benton County Comprehensive Plan for children and families.
- Develop additional after school programs to support State life-long physical education goals.

FY 10-11 HIGHLIGHTS:

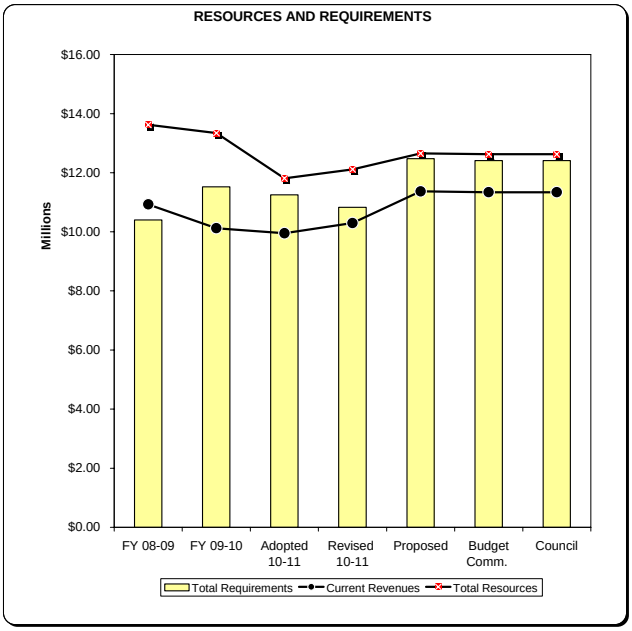
- Hosted the Olympic Water Polo Development program at the Osborn Aquatic Center in preparation for the 2012 Olympics.
- Continued energy enhancements at Osborn Aquatic Center, showing annual energy cost savings in the range of $50,000.
- Received grants and donations for: the ultraviolet light system CIP project that will further save on chemicals, heating, and improve water and air quality at Osborn Aquatic Center; a program for older adults with diabetes, including nutritional education, cooking classes, and a walking group from the Diabetes Health Coalition of Benton County; and the part time Health Coordinator from the Senior Citizens Foundation of Benton County.
- Expanded partnership with Benton County to include development of strategies and programs to control childhood obesity.
- Received the Governor's Volunteer Award for the Parks and Recreation Youth Volunteer Corps program.
- Volunteers contributed 15,710 hours to support Recreation programs.
- Initiated planning for the Community Gardens Master Plan using the Healthy Kids Healthy Communities Initiative.
- Hosted, in partnership with the Benton County Health Department, the Escuelita de Futbol soccer program, which increased Latino participation at Lincoln School.

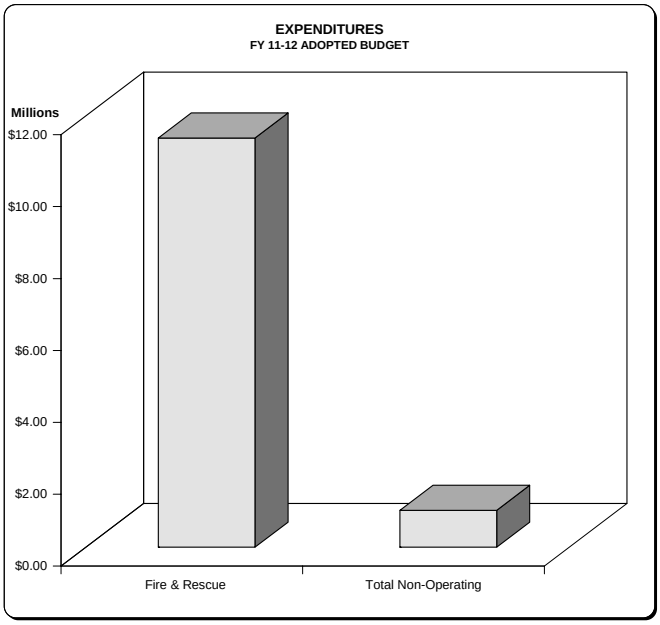
BUDGET BY CLASS:	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	ADOPTED 2011-12	% CHANGE FROM 10-11 BUDGET
Personal Services	$1,664,756	$1,744,527	$1,716,580	$1,722,260	$1,821,520	6.11%
Supplies and Services	1,000,776	900,864	984,940	990,770	982,840	-0.21%
Capital Outlay	0	0	0	0	0	0.00%
Total	$2,665,531	$2,645,391	$2,701,520	$2,713,030	$2,804,360	3.81%
EXPENDITURE BY PROGRAM						
Recreation Corps	$15,472	$13,225	$17,830	$16,930	$17,770	-0.34%
Volunteer Corps	39,700	45,489	18,850	21,270	17,480	-7.27%
General Programming	364,001	394,554	398,740	413,990	438,350	9.93%
Sports	289,084	296,853	317,000	321,420	338,710	6.85%
Outdoor	12,624	12,433	16,120	16,260	16,020	-0.62%
Senior Center	504,658	543,125	528,780	519,780	541,640	2.43%
Aquatics	1,435,165	1,335,217	1,396,980	1,396,980	1,427,230	2.17%
Enrichment Programs	4,826	4,496	7,220	6,400	7,160	-0.83%
Total	$2,665,531	$2,645,391	$2,701,520	$2,713,030	$2,804,360	3.81%
Staffing Levels	11.18	11.68	11.68	11.68	11.93	2.14%

Note: 0.25 FTE re-allocated into Recreation Services from Admin Division for Recreation Coordinator.

FIRE AND RESCUE FUND SUMMARY

	ACTUAL 2008-09	ACTUAL 2009-10	ADOPTED BUDGET 2010-11	REVISED 2010-11	PROPOSED BUDGET 2011-12	COMMISSION RECOMMENDED 2011-12	COUNCIL APPROVED 2011-12
Resources:							
Beginning Fund Balance	$2,690,180	$3,219,696	$1,855,656	$1,820,879	$1,284,659	$1,284,659	$1,284,659
Property Taxes	$7,551,801	$6,827,677	$6,667,370	$6,842,970	$7,849,460	$7,821,280	$7,821,280
Licenses, Fees, & Permits	17,953	18,792	17,950	17,330	17,630	17,630	17,630
Charges for Service	3,200,052	3,150,266	3,146,270	3,267,960	3,272,170	3,272,170	3,272,170
Intergovernmental	58,079	76,380	32,800	34,860	137,850	137,850	137,850
Fines & Forfeitures	17,437	12,025	15,340	11,540	12,710	12,710	12,710
Miscellaneous	81,978	33,309	70,180	101,700	77,240	77,240	77,240
Other Financing Sources	2,400	4,138	0	16,500	0	0	0
Current Revenues	$10,929,700	$10,122,587	$9,949,910	$10,292,860	$11,367,060	$11,338,880	$11,338,880
Total Resources	$13,619,880	$13,342,283	$11,805,566	$12,113,739	$12,651,719	$12,623,539	$12,623,539
Requirements:							
Operating Budget:							
Fire & Rescue	$9,930,885	$11,040,774	$10,626,930	$10,307,330	$11,445,180	$11,384,830	$11,384,830
Total Operating Budget	$9,930,885	$11,040,774	$10,626,930	$10,307,330	$11,445,180	$11,384,830	$11,384,830
Non-Operating:							
Transfers Out	$469,299	$480,630	$521,750	$521,750	$920,610	$920,610	$920,610
Contingency	0	0	101,230	0	104,860	104,860	104,860
Total Non-Operating	$469,299	$480,630	$622,980	$521,750	$1,025,470	$1,025,470	$1,025,470
Total Requirements	$10,400,184	$11,521,404	$11,249,910	$10,829,080	$12,470,650	$12,410,300	$12,410,300
Ending Budgetary Fund Balance	$3,219,696	$1,820,879	$555,656	$1,284,659	$181,069	$213,239	$213,239





Note: the following pages include operating activity. For Non-Operating activity see section X - Non-Operating.

RESPONSIBILITIES:

- Provide leadership, direction, and technical support to the department through management of information and finances, strategic planning and analysis, training, safety programs, and provision of employee services (recruitment, retention and development).
- Provide responsive customer service.
- Special projects are one-time in nature or fall outside the normal scope of operations for the department.

WORK PLAN:

- Participate in two disaster drills with other agencies.
- Recruit and train new volunteers.
- Replace the 1999 Freightliner ambulance and 2001 Freightliner ambulance.
- Replace six battery support systems for Emergency Medical Services (EMS).
- Replace ambulance gurneys.

FY 10-11 HIGHLIGHTS:

- Conducted one training academy for new personnel.
- Completed the City Emergency Operations Plan revision.
- Completed the annual review of the Pandemic Flu Plan for the City.
- Shared costs with Benton County Emergency Management for a City/County Emergency Preparedness Planner.
- Completed the replacement of the Fire Department's records management system (RMS).
- Installed solar Photo-Voltaic (PV) panels at Station 4, partially funded by grant monies.
- Replaced Advance Life Support monitors.
- Conducted a study to determine the impacts of narrow band width requirements on emergency radio coverage in the county.
- Worked on the implementation of a Computer-Aided Dispatch (CAD) interface, which will provide more accurate times than the current manual entry method. Response times are a key performance measure for both Fire and EMS.
- Initiated the E-Learning Solution project., which will allow remote interactive training between stations, thereby keeping crews in their respective districts for most classroom type trainings and shift briefings.

BUDGET BY CLASS:	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	ADOPTED 2011-12	%CHANGE FROM 10-11 BUDGET
Personal Services	$1,330,040	$1,410,339	$1,513,310	$1,499,870	$1,537,710	1.61%
Supplies and Services	1,082,267	1,073,539	1,151,270	1,074,240	1,052,860	-8.55%
Capital Outlay	530,942	1,172,299	321,600	215,690	675,070	109.91%
Total	$2,943,249	$3,656,178	$2,986,180	$2,789,800	$3,265,640	9.36%
EXPENDITURE BY PROGRAM						
Administration	$1,605,468	$1,621,531	$1,798,830	$1,741,860	$1,774,480	-1.35%
Training	659,042	722,011	725,400	725,400	771,410	6.34%
Special Projects	678,739	1,312,636	461,950	322,540	719,750	55.81%
Total	$2,943,249	$3,656,178	$2,986,180	$2,789,800	$3,265,640	9.36%
Staffing Levels	11.00	10.70	11.00	11.00	10.70	-2.73%

RESPONSIBILITIES:

- Protect the lives and property of all persons within the community and surrounding district from the adverse effects of fires, sudden medical emergencies, or dangerous environmental conditions.

WORK PLAN:

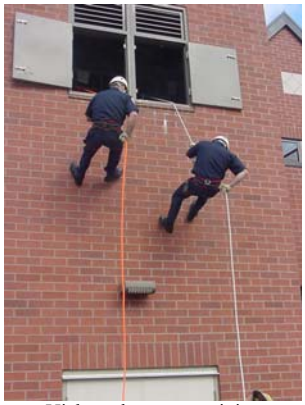
- Meet or exceed current service levels and performance indicators.
- Assist the Corvallis Rural Fire Protection District (CRFPD) in purchasing and placing in service a 3,000-gallon water tender vehicle.
- Develop the specifications for the replacement of a fire engine.

FY 10-11 HIGHLIGHTS:

- Responded to 2,070 calls for fire-related incidents.
- 47,602 volunteer hours were worked in 2010 by 44 volunteers.
- Added three new Intern Volunteers to the Lewisburg Fire Station due to station expansion.
- Procured two CalFire surplus brush engines for the CRFPD.
- Sold two fire apparatus and one staff vehicle.

BUDGET BY CLASS:	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	ADOPTED 2011-12	% CHANGE FROM 10-11 BUDGET
Personal Services	$2,939,656	$3,183,070	$3,263,580	$3,201,970	$3,457,280	5.94%
Supplies and Services	645,945	603,976	666,300	666,300	683,110	2.52%
Capital Outlay	0	0	0	0	12,630	0.00%
Total	$3,585,601	$3,787,046	$3,929,880	$3,868,270	$4,153,020	5.68%
EXPENDITURE BY PROGRAM						
Fire Operations	$3,231,921	$3,496,202	$3,599,730	$3,538,120	$3,807,280	5.77%
Volunteers	61,562	44,763	65,250	65,250	71,410	9.44%
Building & Grounds	85,208	64,265	63,710	63,710	66,840	4.91%
Equipment and Inventory	76,196	52,550	74,890	74,890	88,750	18.51%
Vehicle and Apparatus	130,714	129,265	126,300	126,300	118,740	-5.99%
Total	$3,585,601	$3,787,046	$3,929,880	$3,868,270	$4,153,020	5.68%
Staffing Levels	27.80	27.80	27.80	27.80	27.80	0.00%

Extinguishing a duplex fire


High angle rescue training

Car fire demonstration

RESPONSIBILITIES:

- Provide code enforcement services designed to prevent or limit fire and associated hazards to life and property.
- Provide educational services, including juvenile fire-setter intervention.
- Determine cause and origin for all fires occurring within the service area.

WORK PLAN:

- Continue to perform fire and life safety inspections within the City of Corvallis as dictated by the Oregon Fire Code (OFC).
- Fulfill all contractual obligations for fire and life safety inspections, public education, fire investigation, and customer service for: the Corvallis Public School District (509J); Oregon State University; and the CRFPD.
- Adopt the 2010 OFC and update the Corvallis Fire Code (CFC) to reflect the adoption of the 2010 OFC.
- Perform fire and life safety plan review of access and water supply and final inspection of fire and life safety system installations for all new commercial building projects occurring within the service area.
- Promote public fire safety education by participating in or sponsoring at least three events.
- Restructure fire and life safety activities and prepare to integrate GIS and High Plains for at-a-glance review and enhanced statistical analysis for community risk reduction.
- Update the Fire Prevention website, including "self-help" in permitting, hydrant information, weed abatement, and general information for citizens.

FY 10-11 HIGHLIGHTS:

- Performed 2,300 fire and life safety inspections.
- Provided 200 fire safety presentations interfacing with approximately 7,000 participants.
- Fire Prevention Week Open House attracted 500 attendees to the downtown fire station.
- Provided fire prevention and safety classes for 275 juniors and seniors at Corvallis High School.
- Coordinated an off-campus housing smoke detector survey, performed by Greek sorority members and department volunteers.
- Conducted fire and life safety training academies for Greek Housing and OSU Housing (resident advisors).
- Conducted Safety Town for 300 pre-kindergarten children.
- Investigated twelve arson cases in cooperation with the Corvallis Police Department, Albany Fire Department (AFD), Albany Police Department (APD), Oregon State Police (OSP), Oregon State Fire Marshal (OSFM), Alcohol, Tobacco, and Firearms (ATF), and the Federal Bureau of Investigation (FBI). These investigations resulted in three arrests, one pending arrest, and one juvenile fire setter intervention.
- Issued nineteen Notice of Violations (NOV) of the CFC, resulting in $11,200 in civil penalties.

BUDGET BY CLASS:	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	ADOPTED 2011-12	% CHANGE FROM 10-11 BUDGET
Personal Services	$941,253	$983,187	$1,049,270	$1,036,940	$1,121,560	6.89%
Supplies and Services	20,821	20,432	16,280	16,280	17,760	9.09%
Capital Outlay	5,980	0	0	0	0	0.00%
Total	$968,054	$1,003,619	$1,065,550	$1,053,220	$1,139,320	6.92%
EXPENDITURE BY PROGRAM						
Fire Prevention	$968,054	$1,003,619	$1,065,550	$1,053,220	$1,139,320	6.92%
Total	$968,054	$1,003,619	$1,065,550	$1,053,220	$1,139,320	6.92%
Staffing Levels	8.60	8.60	8.60	8.60	8.60	0.00%

RESPONSIBILITIES:

- Provide high quality advanced life support ambulance service for patients in the Benton County Ambulance Service Area.

WORK PLAN:

- Meet or exceed current service levels and performance indicators.
- Continue with ongoing review of ambulance revenue collection practices/ strategies to maximize returns and compliance.
- Implement partnerships with other ambulance providers and/ or response agencies regarding administrative and operational EMS activities.
- Maintain department compliance with Local, State, and Federal requirements for ambulance service operations.
- Initiate renewal process for Ambulance Service Area franchise with Benton County.

FY 10-11 HIGHLIGHTS:

- Responded to 4,233 calls for EMS-related incidents.
- Received 94% "Excellent" or "Good" ratings on the 2010 Citizen Attitude Survey for EMS services.
- Continued work with Benton County Health Department and Good Samaritan Regional Medical Center on H1N1 response protocol.
- Renewed the bi-annual State Emergency Medical Technician (EMT) recertification for all EMTs in the department.
- Implemented an electronic patient records system that is in compliance with national EMS data reporting standards.
- Improved the efficiency and effectiveness of ambulance revenue collection efforts, through the implementation of an electronic data transfer process for ambulance billing.

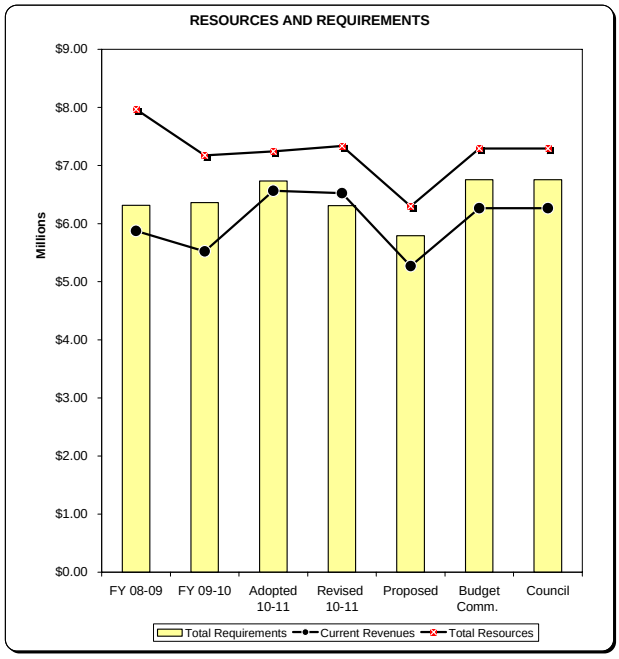
BUDGET BY CLASS:	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	ADOPTED 2011-12	% CHANGE FROM 10-11 BUDGET
Personal Services	$2,227,197	$2,419,845	$2,471,760	$2,422,480	$2,643,470	6.95%
Supplies and Services	206,784	174,087	173,560	173,560	183,380	5.66%
Capital Outlay	0	0	0	0	0	0.00%
Total	$2,433,981	$2,593,932	$2,645,320	$2,596,040	$2,826,850	6.86%
EXPENDITURE BY PROGRAM						
Emergency Medical	$2,433,981	$2,593,932	$2,645,320	$2,596,040	$2,826,850	6.86%
Total	$2,433,981	$2,593,932	$2,645,320	$2,596,040	$2,826,850	6.86%
Staffing Levels	21.60	21.90	21.60	21.60	21.90	1.39%

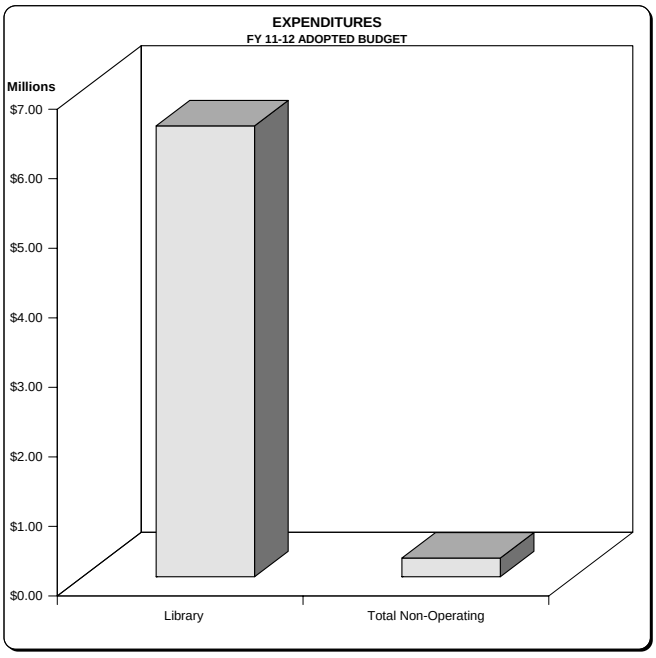
EMS training at Reser Stadium

EMS response

LIBRARY FUND SUMMARY

	ACTUAL 2008-09	ACTUAL 2009-10	ADOPTED BUDGET 2010-11	REVISED 2010-11	PROPOSED BUDGET 2011-12	COMMISSION RECOMMENDED 2011-12	COUNCIL APPROVED 2011-12
Resources:							
Beginning Fund Balance	$2,093,977	$1,652,433	$674,953	$813,008	$1,028,478	$1,028,478	$1,028,478
Property Taxes	$3,428,564	$3,007,225	$3,838,270	$3,780,070	$2,617,150	$2,646,510	$2,646,510
Charges for Service	47,734	43,077	45,400	46,500	47,000	47,000	47,000
Intergovernmental	2,208,178	2,322,025	2,460,620	2,470,850	2,421,840	2,421,840	2,421,840
Fines & Forfeitures	74,585	74,579	75,500	92,000	92,000	92,000	92,000
Miscellaneous	115,330	75,472	86,330	84,400	91,500	91,500	91,500
Transfers In	0	0	0	0	0	966,730	966,730
Other Financing Sources	0	0	60,000	49,500	0	0	0
Current Revenues	$5,874,391	$5,522,378	$6,566,120	$6,523,320	$5,269,490	$6,265,580	$6,265,580
Total Resources	$7,968,368	$7,174,811	$7,241,073	$7,336,328	$6,297,968	$7,294,058	$7,294,058
Requirements:							
Operating Budget:							
Library	$6,099,052	$6,137,393	$6,384,110	$6,072,000	$5,521,770	$6,486,530	$6,486,530
Total Operating Budget	$6,099,052	$6,137,393	$6,384,110	$6,072,000	$5,521,770	$6,486,530	$6,486,530
Non-Operating:							
Transfers Out	$216,883	$224,410	$295,850	$235,850	$213,090	$213,090	$213,090
Contingency	0	0	55,480	0	56,960	56,960	56,960
Total Non-Operating	$216,883	$224,410	$351,330	$235,850	$270,050	$270,050	$270,050
Total Requirements	$6,315,935	$6,361,803	$6,735,440	$6,307,850	$5,791,820	$6,756,580	$6,756,580
Ending Budgetary Fund Balance	$1,652,433	$813,008	$505,633	$1,028,478	$506,148	$537,478	$537,478





Note: the following pages include operating activity. For Non-Operating activity see section X - Non-Operating.

RESPONSIBILITIES:

- The Administration Division provides vision, leadership, and support to plan and provide for library services to the community. Close collaboration is maintained with local governments, advisory boards and committees, community organizations and individual citizens.
- Manages the overhead and support functions of the Library, and actively promotes Library services and events. Coordination is provided for department-wide technology and volunteers.
- Accounts for expenditures using gifts, donations and grant funds.
- Special projects account for one-time expenditures that fall outside the normal scope of operations for the department.

WORK PLAN:

- Review, update and develop Library policies.
- Work with three library boards to enhance Library services.
- Enhance services and information available to citizens through work with local governments.
- Support community efforts by participating in partnerships with local agencies.
- Using donated funds, purchase library materials and offer special services, including the Summer Reading Program.
- Implement department management reorganization.
- Manage the ongoing large volunteer program.
- Complete scheduled building maintenance and special projects.
- Continue working with Monroe community in planning new library building.

FY 10-11 HIGHLIGHTS:

- Implemented reductions in service, including closing on Sundays.
- Managed a $50,000 addition to the Oregon Digital Library Consortium Opening Day eBook Collection grant from the Oregon State Library which resulted in more downloadable materials for the Library and other Oregon member libraries.
- Purchased a new Sprinter van to replace the old Bookmobile, resulting in considerable fuel savings.
- Acquired through a Library Foundation donation, the "Siuslaw Sun Showers" by Michele Gutlove, a glass mobile for the lobby atrium.
- Replaced garage lighting to improve energy efficiency and reduce utility costs.

BUDGET BY CLASS:	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	ADOPTED 2011-12	% CHANGE FROM 10-11 BUDGET
Personal Services	$679,169	$609,346	$713,130	$686,130	$677,740	-4.96%
Supplies and Services	1,306,306	1,311,871	1,312,970	1,281,680	1,257,960	-4.19%
Capital Outlay	81,195	126,558	95,000	85,000	10,000	-89.47%
Total	$2,066,670	$2,047,775	$2,121,100	$2,052,810	$1,945,700	-8.27%
EXPENDITURE BY PROGRAM						
Administration	$1,700,248	$1,603,185	$1,775,800	$1,693,330	$1,651,500	-7.00%
Library Technology	142,051	140,373	143,800	132,900	154,700	7.58%
Grants	11,709	9,844	13,000	9,970	8,000	-38.46%
Donations	77,993	72,634	58,500	46,610	101,500	73.50%
Special Projects	134,669	221,739	130,000	170,000	30,000	-76.92%
Total	$2,066,670	$2,047,775	$2,121,100	$2,052,810	$1,945,700	-8.27%
Staffing Levels	5.80	5.80	6.00	6.00	6.00	0.00%

RESPONSIBILITIES:

- Deliver library services to Corvallis and Benton County through Adult and Youth Services, Access Services and Extension Services.
- Provide an effective materials collection that is accessible and usable through collection development, acquisitions, cataloging and processing.
- Provide personal assistance to patrons, systems for lending materials, special programs, and outreach services to meet the Library's mission of "bringing people and information together."

WORK PLAN:

- Implement efficiencies and changes in procedures to meet high demand for services.
- Develop the collection to provide a mix of materials to reflect patrons' interests.
- Provide early literacy programs and activities to childcare centers.
- Continue to work with Monroe community in planning a new library building.

FY 10-11 HIGHLIGHTS:

- Presented the annual Summer Reading program for preschoolers, school aged children and teens.
- Added more downloadable eBooks and eBook reader devices to the collection.
- Implemented changes in Bookmobile outreach services.
- Worked with Monroe community in planning a new library building.
- Provided early literacy program and activities to childcare centers.
- Changed classification of music CDs from Dewey system to genre groupings, similar to that found in retail stores.

BUDGET BY CLASS:	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	ADOPTED 2011-12	% CHANGE FROM 10-11 BUDGET
Personal Services	$3,036,353	$3,177,595	$3,257,940	$3,177,350	$3,563,180	9.37%
Supplies and Services	991,752	912,022	1,005,070	841,840	968,650	-3.62%
Capital Outlay	4,277	0	0	0	9,000	0.00%
Total	$4,032,383	$4,089,618	$4,263,010	$4,019,190	$4,540,830	6.52%
EXPENDITURE BY PROGRAM						
Access Services	$1,422,278	$1,469,132	$1,607,250	$1,564,890	$1,355,750	-15.65%
Adult Services	620,051	682,413	649,850	640,720	578,660	-10.95%
Collection Development	790,044	737,490	779,310	643,310	391,910	-49.71%
Youth Services	491,914	512,605	543,090	538,270	505,740	-6.88%
Extension Services	708,095	687,978	683,510	632,000	742,040	8.56%
Operations Levy 2011	0	0	0	0	966,730	0.00%
Total	$4,032,383	$4,089,618	$4,263,010	$4,019,190	$4,540,830	6.52%
Staffing Levels	40.85	40.85	39.39	39.39	39.39	0.00%

CORVALLIS

ENHANCING COMMUNITY LIVABILITY

SECTION – VI
OTHER SPECIAL REVENUE FUNDS

Inspection Services

Corvallis Transit Service

SECTION – VI
OTHER SPECIAL REVENUE FUNDS

These are funds through which many special governmental functions are financed. The governmental fund measurement focus is on determination of financial position and changes in financial position (sources, uses, and balances of financial resources). Governmental funds are accounted and budgeted for on the modified accrual basis in which revenues are recognized when they become both "measurable" and "available to finance expenditures of the current period." Expenditures are generally recognized when the related fund liability is incurred.

The Special Revenue Funds in this section of the budget are differentiated from the Special Revenue Funds listed in the "Property Tax Funds" section in that none of these funds receive any permanent rate property tax monies.

a) **Street Fund** – to account for revenues and expenditures associated with the ongoing maintenance of the City's road system. A major revenue source includes state gas tax revenue sharing. Operating expenditures are for street maintenance including street sweeping, de-icing, minor street repairs, reconstruction programs, striping/ painting, and preventive maintenance programs. For GASB Statement #34 reporting purposes, this fund was considered a Major Fund in the City's CAFR in FY 09-10.

b) **9-1-1 Fund** – to account for revenues and expenditures associated with operations of the regional emergency communications system (9-1-1) which is owned and operated by the City of Corvallis. Major revenue sources include intergovernmental revenue from the State, Benton County, the City of Corvallis, and other regional agencies. Expenditures are associated with the operation and maintenance of the 9-1-1 communications center.

c) **Development Services Fund** – to account for revenues and expenditures associated with plan review and inspection services provided by the Development Services Division of the Community Development Department. The primary revenue source is permit fees paid for plan review and inspection of construction projects. Expenditures are for costs associated with the operation of the Development Services Division.

d) **Community Development Revolving Fund** – to account for revenues and expenditures associated with housing programs for low and very low income residents, improving the appearance and quality of life of neighborhoods and the community, and non-profit housing organizations which assist very low income residents. Major revenue sources include Federal grants from the U.S. Department of Housing and Urban Development and loan repayments. Expenditures provide grants for housing and community development activities, as well as loans for housing construction and rehabilitation, and down payment assistance. In all cases these programs focus on assisting low income Corvallis residents. For GASB Statement #34 reporting purposes, this fund was considered a Major Fund in the City's CAFR in FY 09-10.

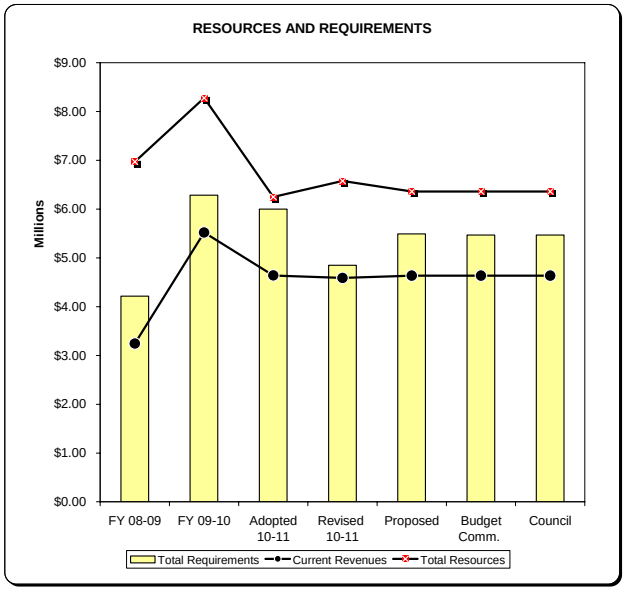
e) **Parking Fund** – to account for revenues and expenditures associated with the public parking system. Major revenue sources include income from parking meters, fines from parking violations, and sales of permits for downtown parking lots. Expenditures are associated with the operation, enforcement, maintenance, and capital improvements of the parking system.

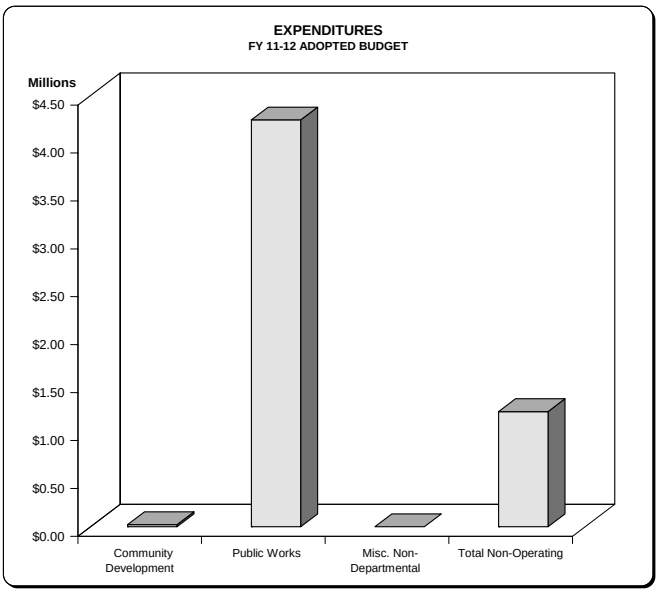
f) **Transit Fund** – to account for revenues and expenditures associated with the operation of the City's transit system. Major revenue sources include sustainability initiative fees (SIF), business energy tax credits, and grant monies. Expenditures are for operations and maintenance of the transit system.

g) **2011 Operating Levy Fund** – is a new fund in FY 11-12, created to account for revenues and expenditures associated with the May 17, 2011 voter-approved local option tax levy. Revenue source is from a $.45 per $1,000 of assessed value local option tax levy to City of Corvallis residents. Expenditures are restricted to the following: operations of the Library, Osborn Aquatic Center and the Chintimini Senior Center, as well as for allocations to social service agencies. All expenditures from this fund are on a non-operating transfer basis as resources to the operating funds to which the above-referenced services pertain.

STREET FUND SUMMARY

	ACTUAL 2008-09	ACTUAL 2009-10	ADOPTED BUDGET 2010-11	REVISED 2010-11	PROPOSED BUDGET 2011-12	COMMISSION RECOMMENDED 2011-12	COUNCIL APPROVED 2011-12
Resources:							
Beginning Fund Balance	$3,728,781	$2,756,739	$1,607,329	$1,989,983	$1,727,643	$1,727,643	$1,727,643
Licenses/Permits	$471,913	$460,898	$452,390	$512,390	$602,100	$602,100	$602,100
Charges for Service	379,167	918,982	505,860	510,660	555,190	555,190	555,190
Intergovernmental	2,296,385	4,101,111	3,667,260	3,546,540	3,460,820	3,460,820	3,460,820
Fines & Forfeitures	3,326	1,311	500	1,100	1,000	1,000	1,000
Miscellaneous	90,914	26,370	15,650	17,070	15,340	15,340	15,340
Transfers In	1,692	10,849	0	0	0	0	0
Other Financing Sources	0	1,865	0	0	0	0	0
Current Revenues	$3,243,397	$5,521,386	$4,641,660	$4,587,760	$4,634,450	$4,634,450	$4,634,450
Total Resources:	$6,972,178	$8,278,125	$6,248,989	$6,577,743	$6,362,093	$6,362,093	$6,362,093
Requirements:							
Operating Budget:							
Community Development	$18,298	$17,369	$19,750	$19,750	$22,030	$21,850	$21,850
Public Works	3,310,628	4,966,796	4,299,360	4,017,530	4,268,750	4,243,950	4,243,950
Misc. Non-Departmental	0	292,385	0	0	0	0	0
Total Operating Budget	$3,328,926	$5,276,550	$4,319,110	$4,037,280	$4,290,780	$4,265,800	$4,265,800
Non-Operating:							
Tranfers Out	$886,513	$1,011,592	$1,606,520	$812,820	$1,119,310	$1,119,310	$1,119,310
Contingency	0	0	73,920	0	82,140	82,140	82,140
Total Non-Operating	$886,513	$1,011,592	$1,680,440	$812,820	$1,201,450	$1,201,450	$1,201,450
Total Requirements	$4,215,439	$6,288,142	$5,999,550	$4,850,100	$5,492,230	$5,467,250	$5,467,250
Ending Budgetary Fund Balance	$2,756,739	$1,989,983	$249,439	$1,727,643	$869,863	$894,843	$894,843





Note: the following pages include operating activity. For Non-Operating activity see section X - Non-Operating.

RESPONSIBILITIES:

- Provide assistance in transportation planning issues as they affect the community.
- Facilitate Transportation Planning issues.

WORK PLAN:

- Assist in implementing the Transportation Plan.
- Integrate transportation related planning efforts into all planning projects and development review activities.

FY 10-11 HIGHLIGHTS:

- Transportation issues were considered in land use applications.

BUDGET BY CLASS:	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	ADOPTED 2011-12	%CHANGE FROM 10-11 BUDGET
Personal Services	$16,483	$15,528	$17,520	$17,520	$19,710	12.50%
Supplies and Services	1,814	1,841	2,230	2,230	2,140	-4.04%
Capital Outlay	0	0	0	0	0	0.00%
Total	$18,298	$17,369	$19,750	$19,750	$21,850	10.63%
EXPENDITURE BY PROGRAM						
Administration	$9,724	$8,880	$9,820	$9,820	$10,040	2.24%
Long Range Planning	8,574	8,489	9,930	9,930	11,810	18.93%
Special Projects	0	0	0	0	0	0.00%
Total	$18,298	$17,369	$19,750	$19,750	$21,850	10.63%
Staffing Levels	0.15	0.15	0.15	0.15	0.24	60.00%

NOTE: In FY 11-12 0.09 FTE of staffing level is associated with unbudgeted project coordinator position.

Street light system

RESPONSIBILITIES:

- The Administration Division provides management and administrative support functions to the Department's Street Fund activities to ensure that services are efficiently delivered to maintain and upgrade public transportation infrastructure. Functions include long-term planning for transportation systems; reception, budgeting, contract support and accounting services for the department, and sustainability program development for the organization.
- The Engineering Division provides Capital Improvement Program development, conducts design review on new developments, inspects private development of the public infrastructure and provides general engineering support to City departments.
- Special projects are one-time in nature or fall outside the scope of normal operations for the department.

WORK PLAN:

- Foster sustainable practices in all department operations.
- Improve the environmental and economic sustainability aspects of the Division's purchasing processes.
- Provide timely review of design submittals for private development and ensure private development complies with City standards to protect the investment in public facilities.
- Design and manage construction of planned Capital Improvements including completion of 9th Street reconstruction between Jefferson and Monroe Avenues.

FY 10-11 HIGHLIGHTS:

- Finalized pavement preservation and grind-inlay projects on 5th Street, Walnut Boulevard, and Circle Boulevard from 9th Street to Highland Drive.
- Completed the City's planned Capital Improvements including design and construction of pedestrian-activated crosswalks on Circle Boulevard and construction of bike lanes on Country Club Drive.
- Facilitated the City Council's re-authorization of the Transportation Maintenance Fee re-authorization.
- Implemented a new fee to provide funding for maintenance of the City's sidewalk infrastructure.

BUDGET BY CLASS:	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	ADOPTED 2011-12	%CHANGE FROM 10-11 BUDGET
Personal Services	$505,809	$644,061	$565,290	$565,290	$593,500	4.99%
Supplies and Services	600,815	2,134,091	1,166,580	1,093,420	1,042,130	-10.67%
Capital Outlay	88,268	115,279	165,240	136,360	126,890	-23.21%
Total	$1,194,892	$2,893,430	$1,897,110	$1,795,070	$1,762,520	-7.09%
EXPENDITURE BY PROGRAM						
Administration	$531,472	$562,517	$625,770	$621,740	$571,970	-8.60%
Development Review	133,670	134,608	155,220	154,680	160,640	3.49%
Engineering Admin/CIP	60,857	61,004	67,180	66,900	70,200	4.50%
Planning & Capital Projects	189,078	199,656	176,550	175,190	225,870	27.94%
Special Projects	279,815	1,935,644	872,390	776,560	733,840	-15.88%
Total	$1,194,892	$2,893,430	$1,897,110	$1,795,070	$1,762,520	-7.09%
Staffing Levels	4.81	5.63	4.76	4.67	4.86	2.10%

RESPONSIBILITIES:

- The Transportation and Buildings Division protects the community's health and its investment in the public street, bike, and pedestrian facilities through street cleaning, preventive maintenance programs and repair/replacement activities. In addition, the department implements the Transportation Demand Management (TDM) program to maximize transportation systems and reduce congestion, and provides GIS mapping services to Street Fund work groups.

WORK PLAN:

- Conduct annual projects to maintain street pavement, sidewalk and bicycle infrastructure.
- Participate with local solid waste franchise on the annual leaf collection program.
- Provide routine maintenance and emergency response to 82 traffic signals.
- Manage the annual sidewalk safety program, including installation of ADA ramps and repairs to structured sidewalk defects.
- Continue conversion to new street signs and pavement marking standards.
- Respond to municipal code violations and resolve right-of-way issues.
- Initiate public process for consideration of bike boulevard development.
- Participate on the Corvallis Area Metropolitan Planning Organization and Cascades West Commission on Transportation to plan and program State and federal funds on Corvallis roadways.

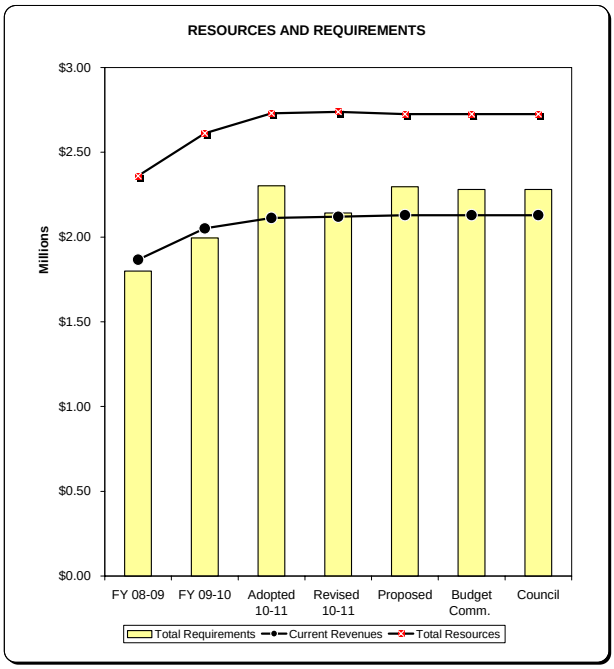
FY 10-11 HIGHLIGHTS:

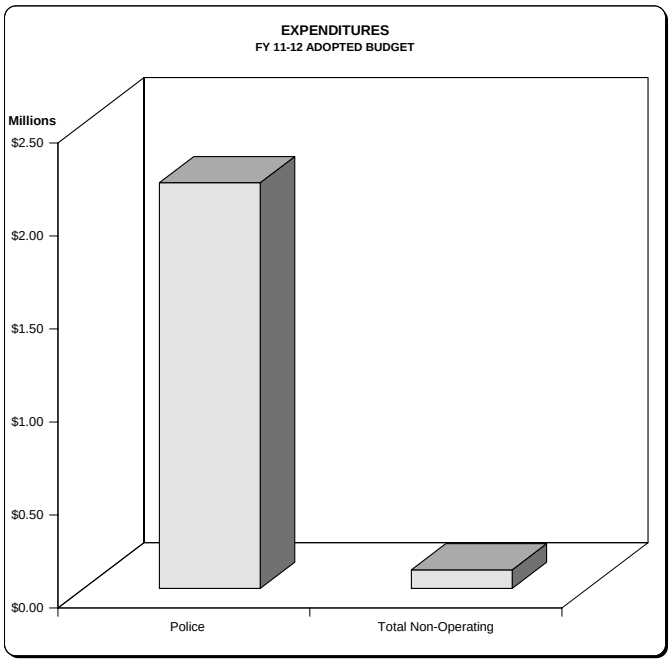
- Completed annual street preservation projects.
- Provided emergency response for multiple snow and ice events.
- Completed sign replacement, yellow curb painting and street marking upgrades in three districts.
- Installed pavement markings on street projects associated with the American Recovery and Reinvestment Act (ARRA) asphalt replacement projects.
- Installed signs for a new parking district and 3-hour free parking zone in the downtown area.
- Initiated sidewalk repairs using funds from the Sidewalk Maintenance Fee.

BUDGET BY CLASS:	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	ADOPTED 2011-12	%CHANGE FROM 10-11 BUDGET
Personal Services	$1,131,513	$1,168,434	$1,270,620	$1,251,830	$1,420,520	11.80%
Supplies and Services	978,779	899,789	1,122,630	961,630	1,051,910	-6.30%
Capital Outlay	5,445	5,142	9,000	9,000	9,000	0.00%
Total	$2,115,736	$2,073,364	$2,402,250	$2,222,460	$2,481,430	3.30%
EXPENDITURE BY PROGRAM						
Street Maintenance	$975,217	$747,627	$1,078,140	$873,840	$1,050,010	-2.61%
Paint and Sign	320,327	389,077	343,310	331,910	331,870	-3.33%
Bike Facilities	162,822	274,031	190,090	208,590	208,450	9.66%
Street Cleaning	92,216	95,465	105,830	104,830	102,850	-2.82%
Traffic Signals	248,939	252,272	276,510	265,380	325,940	17.88%
Mapping and GIS	83,658	86,781	106,280	104,390	109,400	2.94%
Transportation Demand Mgt	77,582	62,642	128,460	97,540	87,890	-31.58%
Street Lighting	154,976	165,467	173,630	235,980	265,020	52.63%
Total	$2,115,736	$2,073,364	$2,402,250	$2,222,460	$2,481,430	3.30%
Staffing Levels	12.85	13.17	13.63	13.63	13.60	-0.22%

9-1-1 EMERGENCY FUND SUMMARY

	ACTUAL 2008-09	ACTUAL 2009-10	ADOPTED BUDGET 2010-11	REVISED 2010-11	PROPOSED BUDGET 2011-12	COMMISSION RECOMMENDED 2011-12	COUNCIL APPROVED 2011-12
Resources:							
Beginning Fund Balance	$493,639	$561,823	$617,433	$617,742	$595,812	$595,812	$595,812
Charges for Service	$830,754	986,656	936,420	941,420	933,700	933,700	933,700
Intergovernmental	1,025,386	1,059,507	1,174,150	1,174,150	1,189,290	1,189,290	1,189,290
Miscellaneous	10,620	4,548	2,210	4,680	5,870	5,870	5,870
Current Revenues	$1,866,760	$2,050,711	$2,112,780	$2,120,250	$2,128,860	$2,128,860	$2,128,860
Total Resources	$2,360,399	$2,612,534	$2,730,213	$2,737,992	$2,724,672	$2,724,672	$2,724,672
Requirements:							
Operating Budget:							
Police	$1,721,575	$1,914,402	$2,180,630	$2,064,240	$2,197,240	$2,180,710	$2,180,710
Total Operating Budget	$1,721,575	$1,914,402	$2,180,630	$2,064,240	$2,197,240	$2,180,710	$2,180,710
Non-Operating:							
Transfers Out	$77,001	$80,390	$77,940	$77,940	$51,070	$51,070	$51,070
Contingency	0	0	44,120	0	48,760	48,760	48,760
Total Non-Operating	$77,001	$80,390	$122,060	$77,940	$99,830	$99,830	$99,830
Total Requirements	$1,798,576	$1,994,792	$2,302,690	$2,142,180	$2,297,070	$2,280,540	$2,280,540
Ending Budgetary Fund Balance	$561,823	$617,742	$427,523	$595,812	$427,602	$444,132	$444,132





Note: the following pages include operating activity. For Non-Operating activity see section X - Non-Operating.

RESPONSIBILITIES:

- Enhance community safety by providing county-wide emergency communications for police, sheriff, fire, and emergency medical services.
- Provide information and support to the community and public safety agencies in a prompt, professional, and courteous manner.
- The special projects division is used to account for projects that are one-time in nature.

WORK PLAN:

- Continue implementation of recommendations made by the Association of Public Safety Communications Officials (APCO) on site review.
- Recruit, hire and train new dispatchers.
- Complete installation of 700 Mhz radio communications system.
- Begin special service district exploration for 911 services, as a potential alternative, stable funding source.

FY 10-11 HIGHLIGHTS:

- Began installation of the trunked 700 Mhz radio system.
- Partnered with Benton County and secured $500,000 grant toward radio upgrade implementation.
- Radio tower, shelter, security and public safety communications equipment were installed at the Public Works compound meeting needed communication improvements.

BUDGET BY CLASS:	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	ADOPTED 2011-12	% CHANGE FROM 10-11 BUDGET
Personal Services	$1,342,421	$1,415,751	$1,772,340	$1,666,590	$1,780,630	0.47%
Supplies and Services	379,155	498,652	408,290	397,650	400,080	-2.01%
Capital Outlay	0	0	0	0	0	0.00%
Total	$1,721,575	$1,914,402	$2,180,630	$2,064,240	$2,180,710	0.00%
EXPENDITURE BY PROGRAM						
9-1-1 Communications	$1,707,168	$1,793,800	$2,167,190	$2,061,440	$2,144,510	-1.05%
Special Projects	14,407	120,602	13,440	2,800	36,200	169.35%
Total	$1,721,575	$1,914,402	$2,180,630	$2,064,240	$2,180,710	0.00%
Staffing Levels	15.85	19.85	19.85	19.85	18.85	-5.04%

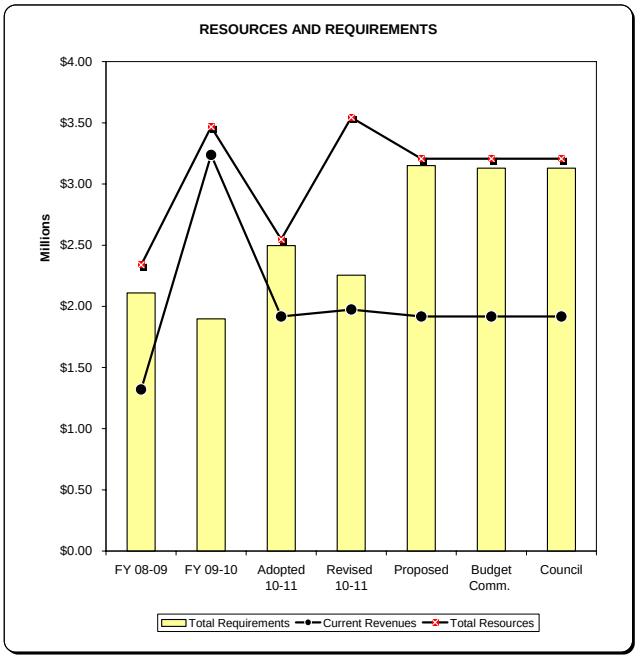
Note: FY 09-10 includes an enhancement of four dispatchers as approved by Budget Commission; however in FY 11-12, due to budget constraints, one dispatcher position was eliminated.

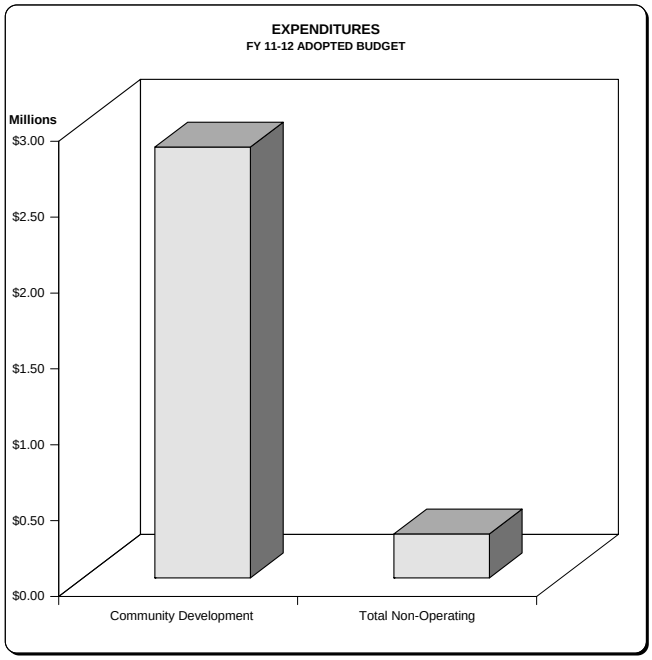
911 Dispatch Logo

Public Safety Dispatcher

DEVELOPMENT SERVICES FUND SUMMARY

	ACTUAL 2008-09	ACTUAL 2009-10	ADOPTED BUDGET 2010-11	REVISED 2010-11	PROPOSED BUDGET 2011-12	COMMISSION RECOMMENDED 2011-12	COUNCIL APPROVED 2011-12
Resources:							
Beginning Fund Balance	$1,018,001	$229,289	$630,589	$1,569,257	$1,289,457	$1,289,457	$1,289,457
Licenses, Fees, & Permits	$578,632	$1,163,606	$799,500	$770,270	$770,270	$770,270	$770,270
Charges for Service	549,154	1,848,679	892,260	972,380	1,015,880	1,015,880	1,015,880
Miscellaneous	29,230	6,602	7,010	13,140	12,520	12,520	12,520
Transfer In	158,961	218,390	218,390	218,390	118,390	118,390	118,390
Other Financing Sources	4,900	0	0	0	0	0	0
Current Revenues	$1,320,877	$3,237,277	$1,917,160	$1,974,180	$1,917,060	$1,917,060	$1,917,060
Total Resources	$2,338,878	$3,466,566	$2,547,749	$3,543,437	$3,206,517	$3,206,517	$3,206,517
Requirements:							
Operating Budget:							
Community Development	$2,006,719	$1,798,849	$2,221,550	$2,171,050	$2,859,680	$2,838,820	$2,838,820
Total Operating Budget	$2,006,719	$1,798,849	$2,221,550	$2,171,050	$2,859,680	$2,838,820	$2,838,820
Non-Operating:							
Transfers Out	$102,870	$98,460	$274,330	$82,930	$239,560	$239,560	$239,560
Contingency	0	0	0	0	50,000	50,000	50,000
Total Non-Operating	$102,870	$98,460	$274,330	$82,930	$289,560	$289,560	$289,560
Total Requirements	$2,109,589	$1,897,309	$2,495,880	$2,253,980	$3,149,240	$3,128,380	$3,128,380
Ending Budgetary Fund Balance	$229,289	$1,569,257	$51,869	$1,289,457	$57,277	$78,137	$78,137





Note: the following pages include operating activity. For Non-Operating activity see section X - Non-Operating.

RESPONSIBILITIES:

- Provide administration and management of inspection and planning programs ensuring efficient and cost effective services.

WORK PLAN:

- Administer and enforce the Building Code, Municipal Code and Land Development Code.
- Provide public outreach program through "Think Permit" and Building Safety Week.
- Continue extra capacity plan review and inspection services to accommodate fluctuations in construction activity while maintaining service levels.
- Begin implementation of the 3-year service enhancement package and reorganization of Development Services:
    - Purchase and implement *ePlans* plan review software.
    - Upgrade or purchase new web-based permit tracking system as replacement for 21-year-old system.
    - Purchase vehicles for 3 project coordinators (previously plan examiners).
    - Conduct specialized training for new project coordinators.

FY 10-11 HIGHLIGHTS:

- Participated in national code change hearings and served on numerous state committees to review proposals.
- Promoted Building Safety with an outreach booth at Benton County Fair and Farmers Market.
- Received community, stakeholder and Council support for service enhancement package and implemented Service Enhancement Review Fee.

BUDGET BY CLASS:	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	ADOPTED 2011-12	% CHANGE FROM 10-11 BUDGET
Personal Services	$99,159	$104,313	$119,520	$119,520	$110,270	-7.74%
Supplies and Services	294,577	260,938	324,660	304,660	685,420	111.12%
Capital Outlay	0	0	0	0	54,000	0.00%
Total	$393,735	$365,250	$444,180	$424,180	$849,690	91.29%
EXPENDITURE BY PROGRAM						
Administration	$378,691	$341,552	$405,230	$405,230	$395,080	-2.50%
Special Projects	15,045	23,699	38,950	18,950	454,610	1067.16%
Total	$393,735	$365,250	$444,180	$424,180	$849,690	91.29%
Staffing Levels	0.40	0.40	0.40	0.40	0.40	0.00%

Linus Pauling Science Center

Project Meeting

RESPONSIBILITIES:

- Facilitate the construction of approved development projects, provide development information to the public, and enforce community livability standards.

WORK PLAN:

- Continue to conduct construction plan review and inspections, issue permits and investigate citizen complaints - all within customer service expectations for quality and timeliness.
- Continue implementation of Code Enforcement and Land Use Inspector program in accordance with Council direction.
- Continue to expand use of technology including: e-permitting, scanning old permits, field inspection software and Tablet PC's, GIS integration, and services offered via www.CorvallisPermits.com .
- Complete community outreach projects per public outreach communications plan.
- Provide continuing education training for certified inspection and plan review staff. Implement code changes. Focus on areas of green construction and sustainable construction practices.
- Implement process changes associated with Service Enhancement Review Fees (SERF) as approved by Council.

FY 10-11 HIGHLIGHTS:

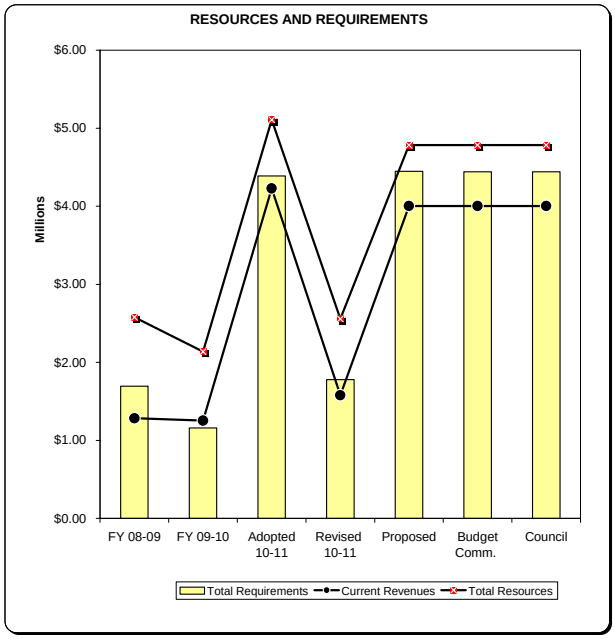
- Maintained regular meetings with the Development Services Stakeholder Advisory Group to solicit feedback and involvement of stakeholders on processes and policy issues.
- Completed periodic 5-year Building Department audit by Insurance Services Organization; received effectiveness score of 2 on a scale of 1 to 10 with 1 being the best.
- Participated in legislative and code development efforts at the State and National levels (Oregon Solar Code, ICC Green Construction Code).
- Began administering DEQ 1200-cn permitting programs for state.
- Obtained approval from Council for Service Enhancement Review Fees (SERF) package and reorganization.
- Continued to conduct specialty plan reviews and inspections for Benton County.
- Issued 3,542 construction permits with a total project value of $157.4 million.
- Conducted 751 plan reviews and 14,837 building safety inspections.

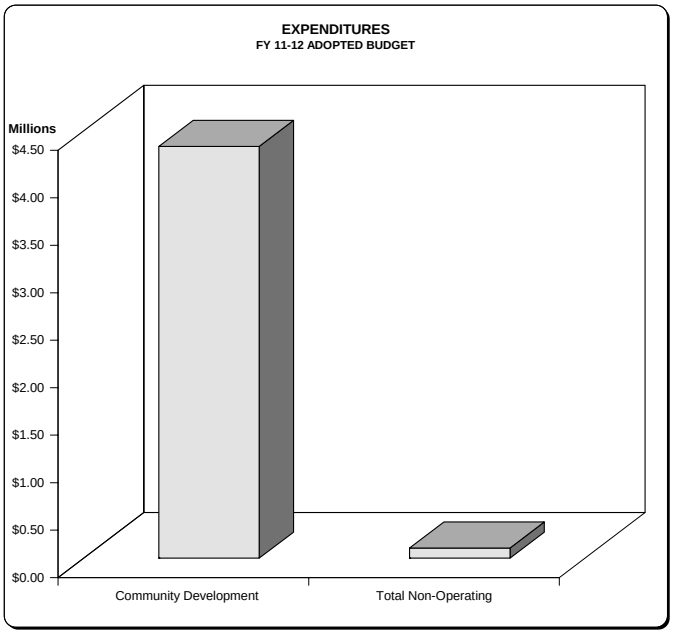
BUDGET BY CLASS:	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	ADOPTED 2011-12	% CHANGE FROM 10-11 BUDGET
Personal Services	$1,537,454	$1,354,851	$1,661,650	$1,631,150	$1,886,800	13.55%
Supplies and Services	75,530	78,748	115,720	115,720	102,330	-11.57%
Capital Outlay	0	0	0	0	0	0.00%
Total	$1,612,984	$1,433,599	$1,777,370	$1,746,870	$1,989,130	11.91%
EXPENDITURE BY PROGRAM						
Administration	$292,361	$307,697	$360,350	$360,350	$312,100	-13.39%
Plan Review	590,237	472,258	600,410	600,410	723,040	20.42%
Inspections	657,522	550,236	698,420	667,920	634,450	-9.16%
Land Use	72,864	103,408	118,190	118,190	319,540	170.36%
Total	$1,612,984	$1,433,599	$1,777,370	$1,746,870	$1,989,130	11.91%
Staffing Levels	20.80	20.82	20.14	20.14	20.91	3.81%

Note: In FY 11-12 the division has 20.91 authorized positions, but only 17.91 are currently budgeted. Staffing level changes are associated with the reassignment of staff.

COMMUNITY DEVELOPMENT REVOLVING FUND SUMMARY

	ACTUAL 2008-09	ACTUAL 2009-10	ADOPTED BUDGET 2010-11	REVISED 2010-11	PROPOSED BUDGET 2011-12	COMMISSION RECOMMENDED 2011-12	COUNCIL APPROVED 2011-12
Resources:							
Beginning Fund Balance	$1,294,100	$883,912	$880,361	$977,831	$780,811	$780,811	$780,811
Licenses, Fees, & Permits	$92,098	$116,510	$118,000	$118,000	$126,700	$126,700	$126,700
Charges for Service	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Intergovernmental	969,683	704,068	3,626,190	1,228,010	3,436,310	3,436,310	3,436,310
Fines & Forfeitures	646	1,831	2,500	2,500	2,300	2,300	2,300
Miscellaneous	216,642	425,520	477,430	226,280	433,180	433,180	433,180
Current Revenues	$1,284,069	$1,252,929	$4,229,120	$1,579,790	$4,003,490	$4,003,490	$4,003,490
Total Resources	$2,578,169	$2,136,841	$5,109,481	$2,557,621	$4,784,301	$4,784,301	$4,784,301
Requirements:							
Operating Budget:							
Community Development	$1,530,692	$1,126,470	$4,262,670	$1,748,140	$4,343,600	$4,336,610	$4,336,610
Total Operating	$1,530,692	$1,126,470	$4,262,670	$1,748,140	$4,343,600	$4,336,610	$4,336,610
Non-Operating:							
Transfers Out	$163,565	$32,540	$89,420	$28,670	$74,350	$74,350	$74,350
Contingency	0	0	35,720	0	31,950	31,950	31,950
Total Non-Operating	$163,565	$32,540	$125,140	$28,670	$106,300	$106,300	$106,300
Total Requirements	$1,694,257	$1,159,010	$4,387,810	$1,776,810	$4,449,900	$4,442,910	$4,442,910
Ending Budgetary Fund Balance	$883,912	$977,831	$721,671	$780,811	$334,401	$341,391	$341,391





Note: the following pages include operating activity. For Non-Operating activity see section X - Non-Operating.

RESPONSIBILITIES:

- Provide administration and management of the Housing Program ensuring efficient and cost effective services.

WORK PLAN:

- Continue to provide oversight of the Housing Division.

BUDGET BY CLASS:	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	ADOPTED 2011-12	% CHANGE FROM 10-11 BUDGET
Personal Services	$19,640	$19,206	$20,350	$20,350	$20,970	3.05%
Supplies and Services	140,371	147,540	140,290	140,290	127,230	-9.31%
Capital Outlay	0	0	0	0	0	0.00%
Total	$160,011	$166,745	$160,640	$160,640	$148,200	-7.74%
EXPENDITURE BY PROGRAM						
Administration	$160,011	$166,745	$160,640	$160,640	$148,200	-7.74%
Special Projects	0	0	0	0	0	0.00%
Total	$160,011	$166,745	$160,640	$160,640	$148,200	-7.74%
Staffing Levels	0.14	0.14	0.14	0.14	0.14	0.00%

Jackson Street Youth Shelter

Tunison Habitat Project

RESPONSIBILITIES:

- To facilitate the creation and maintenance of affordable and habitable housing opportunities for lower-income and/or housing disadvantaged Corvallis residents.

WORK PLAN:

- Manage Community Development Block Grant (CDBG) and HOME Investment Partnership program utilization and administration.
- Administer the City's housing rehabilitation and home ownership assistance programs in accordance with City's objective of maintaining and expanding the supply of affordable housing.
- Provide support for private non-profit agencies that address low income housing and related social service needs.
- Continue to implement the Rental Housing Program, including the enforcement of rental housing standards and the fee collection process.
- Provide loan portfolio management and surplus City real property oversight.

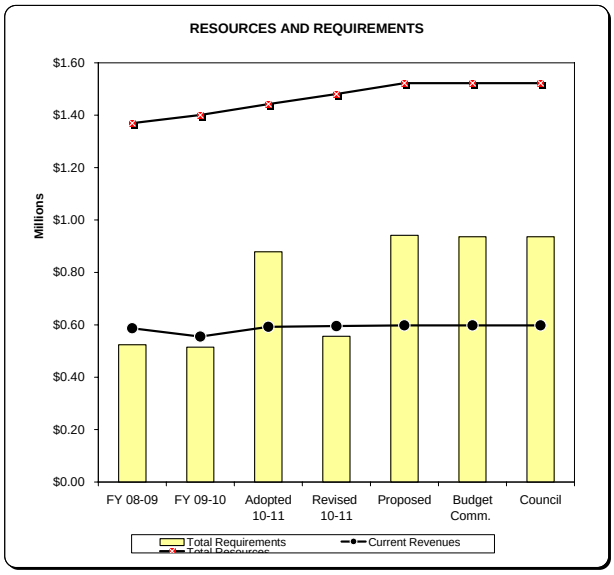
FY 10-11 HIGHLIGHTS:

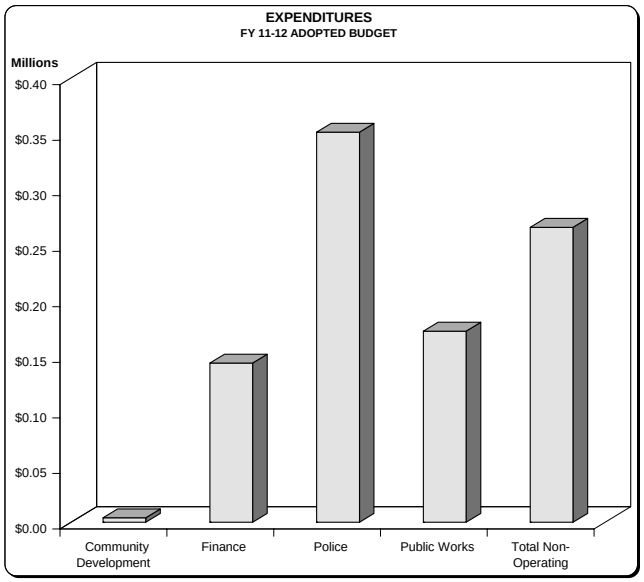
- Continued to carry out an approved Consolidated Plan for both HOME and CDBG funds.
- Reviewed funding requests and monitored non-profits' performance related to distribution of Human Service funds and HOME/CDBG capital funds.
- Worked with grantees and loan recipients to carry out affordable housing projects that will provide 57 quality, affordable rental units of which ten will provide permanent supportive housing for survivors of domestic violence and seven will provide supportive housing for people who are chronically homeless. Other assisted projects included extensive rehabilitations and accessibility upgrades in single family, owner-occupied homes, down payment assistance loans for low income first time buyers, construction funding for six new affordable units being developed under a Community Land Trust model, and rehabilitation funding for an 82-unit affordable elderly housing complex. Combined, the projects represent an investment of nearly $3,000,000 in City HOME, CDBG and Revolving Loan Fund resources.
- Delivered operational funding to ten social service agencies resulting in assistance to approximately 2,500 low, very low and extremely low income Corvallis residents, many of whom are homeless. Funded services included shelter, counseling, food provision, parenting education, and case management.
- Delivered a rental housing information and standards enforcement program.

BUDGET BY CLASS:	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	ADOPTED 2011-12	% CHANGE FROM 10-11 BUDGET
Personal Services	$389,682	$422,333	$461,630	$461,630	$494,440	7.11%
Supplies and Services	980,999	537,392	3,640,400	1,125,870	3,693,970	1.47%
Capital Outlay	0	0	0	0	0	0.00%
Total	$1,370,681	$959,724	$4,102,030	$1,587,500	$4,188,410	2.11%
EXPENDITURE BY PROGRAM						
Administration	$25,338	$35,800	$29,630	$29,630	$40,430	36.45%
Non-Federal Assistance	39,158	88,738	215,760	215,760	228,040	5.69%
Rental Housing	104,597	111,233	121,750	121,750	134,160	10.19%
CDBG	714,887	510,863	1,490,730	563,730	1,493,140	0.16%
CDBG-ARRA	0	145,490	0	0	0	0.00%
HOME	486,702	67,600	2,244,160	656,630	2,292,640	2.16%
Total	$1,370,681	$959,724	$4,102,030	$1,587,500	$4,188,410	2.11%
Staffing Levels	4.75	5.00	5.00	5.00	5.00	0.00%

PARKING FUND SUMMARY

	ACTUAL 2008-09	ACTUAL 2009-10	ADOPTED BUDGET 2010-11	REVISED 2010-11	PROPOSED BUDGET 2011-12	COMMISSION RECOMMENDED 2011-12	COUNCIL APPROVED 2011-12
Resources:							
Beginning Fund Balance	$782,743	$845,223	$849,663	$885,499	$923,959	$923,959	$923,959
Licenses & Permits	$16,546	$15,840	$20,000	$20,000	$20,000	$20,000	$20,000
Charges for Service	175,355	164,942	164,450	163,850	164,150	164,150	164,150
Fines & Forfeitures	376,302	367,280	404,930	404,930	405,930	405,930	405,930
Miscellaneous	18,439	7,148	3,200	6,150	7,700	7,700	7,700
Current Revenues	$586,642	$555,210	$592,580	$594,930	$597,780	$597,780	$597,780
Total Resources	$1,369,385	$1,400,433	$1,442,243	$1,480,429	$1,521,739	$1,521,739	$1,521,739
Requirements:							
Operating Budget:							
Community Development	$3,509	$3,805	$4,010	$4,010	$4,120	$4,070	$4,070
Finance	110,405	105,451	132,180	124,480	144,860	143,310	143,310
Police	261,165	279,836	344,320	276,250	353,570	351,190	351,190
Public Works	130,183	104,872	162,590	128,500	173,040	171,980	171,980
Total Operating	$505,262	$493,964	$643,100	$533,240	$675,590	$670,550	$670,550
Non-Operating:							
Transfers Out	$18,900	$20,970	$223,230	$23,230	$253,720	$253,720	$253,720
Contingency	0	0	12,030	0	11,890	11,890	11,890
Total Non-Operating	$18,900	$20,970	$235,260	$23,230	$265,610	$265,610	$265,610
Total Requirements	$524,162	$514,934	$878,360	$556,470	$941,200	$936,160	$936,160
Ending Budgetary Fund Balance	$845,223	$885,499	$563,883	$923,959	$580,539	$585,579	$585,579





Note: the following pages include operating activity. For Non-Operating activity see section X - Non-Operating.

RESPONSIBILITIES:

- Provide assistance in parking issues related to developing options for parking facilities.

WORK PLAN:

- Continue to coordinate with City departments and others in strategies for parking.

FY 10-11 HIGHLIGHTS:

- Engage in discussions with other City departments and particularly with downtown interests about parking issues.

EXPENDITURE BY CLASS	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	ADOPTED 2011-12	%CHANGE FROM 10-11 BUDGET
Personal Services	$3,204	$3,487	$3,600	$3,600	$3,660	1.67%
Supplies and Services	305	318	410	410	410	0.00%
Capital Outlay	0	0	0	0	0	0.00%
Total	$3,509	$3,805	$4,010	$4,010	$4,070	1.50%
EXPENDITURE BY PROGRAM						
Administration	$3,509	$3,805	$4,010	$4,010	$4,070	1.50%
Total	$3,509	$3,805	$4,010	$4,010	$4,070	1.50%
Staffing Levels	0.02	0.02	0.02	0.02	0.02	0.00%

Riverfront Parking area

RESPONSIBILITIES:

- Ensure and maintain a fair judicial process for all citizens who enter Municipal Court.
- Process payments, schedule dockets, clerk for court operations, and assist the Municipal Court Judge with correspondence.

WORK PLAN:

- Begin on-line payment service for defendants.
- Continue efforts to review and forward delinquent accounts to collection agency.

FY 10-11 HIGHLIGHTS:

- Completed review of all existing accounts to begin process of turning over delinquent accounts to collection agency.

EXPENDITURE BY CLASS	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	ADOPTED 2011-12	%CHANGE FROM 10-11 BUDGET
Personal Services	$51,573	$36,152	$66,440	$58,740	$66,790	0.53%
Supplies and Services	58,832	69,300	65,740	65,740	76,520	16.40%
Capital Outlay	0	0	0	0	0	0.00%
Total	$110,405	$105,451	$132,180	$124,480	$143,310	8.42%
EXPENDITURE BY PROGRAM						
Administration	$110,405	$105,451	$132,180	$124,480	$143,310	8.42%
Total	$110,405	$105,451	$132,180	$124,480	$143,310	8.42%
Staffing Levels	1.00	1.00	1.00	1.00	1.00	0.00%

RESPONSIBILITIES:

- Manage parking operations consistent with City policy, ensuring equitable application of parking regulations.

WORK PLAN:

- Increase parking availability through enforcement and public education presentations.
- Ensure Parking Enforcement deployment strategies mesh with needs of the community and recommendations of the Downtown Parking Commission.

FY 10-11 HIGHLIGHTS:

- Continued public education of parking issues through presentations.

EXPENDITURE BY CLASS	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	ADOPTED 2011-12	%CHANGE FROM 10-11 BUDGET
Personal Services	$218,771	$236,205	$246,280	$229,340	$257,430	4.53%
Supplies and Services	42,394	43,631	46,910	46,910	42,630	-9.12%
Capital Outlay	0	0	51,130	0	51,130	0.00%
Total	$261,165	$279,836	$344,320	$276,250	$351,190	2.00%
EXPENDITURE BY PROGRAM						
Parking Enforcement	$261,165	$279,836	$293,190	$276,250	$300,060	2.34%
Special Projects	0	0	51,130	0	51,130	0.00%
Total	$261,165	$279,836	$344,320	$276,250	$351,190	2.00%
Staffing Levels	3.00	3.00	3.00	3.00	3.00	0.00%

Parking Enforcement

RESPONSIBILITIES:

- The Transportation and Buildings Division is responsible for the management of the parking system, the operation and maintenance of the parking meters, pay stations and public parking lots, the administration of the residential parking districts, and the interaction with the public and business community to resolve issues related to public parking.
- The division provides staff support to the Downtown Parking Committee.

WORK PLAN:

- Monitor, evaluate and recommend changes to the parking system in downtown Corvallis in accordance with the Parking Plan and Downtown Parking Committee recommendations.
- Manage the residential parking districts in the community.
- Respond to public requests for parking system changes.

FY 10-11 HIGHLIGHTS:

- Created District C, a new residential parking district in the downtown.
- Implemented a change to downtown parking from free customer parking all the time to free parking for a 3-hour limit.

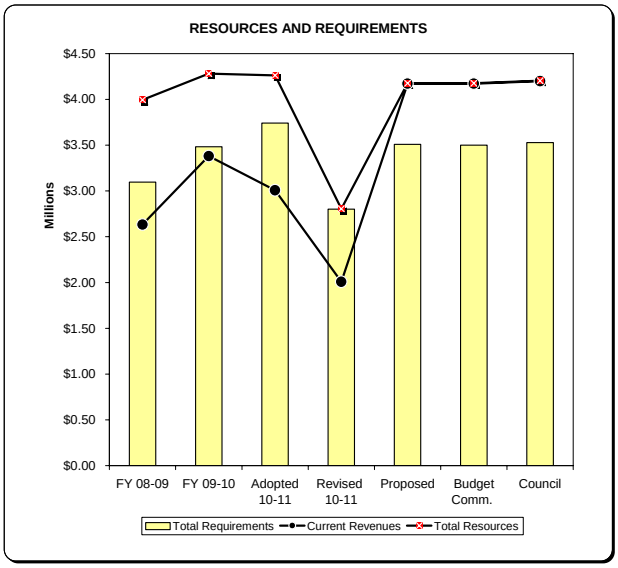
EXPENDITURE BY CLASS	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	ADOPTED 2011-12	% CHANGE FROM 10-11 BUDGET
Personal Services	$89,125	$52,239	$92,900	$55,900	$99,040	6.61%
Supplies and Services	41,058	52,633	69,690	72,600	72,940	4.66%
Capital Outlay	0	0	0	0	0	0.00%
Total	$130,183	$104,872	$162,590	$128,500	$171,980	5.78%
EXPENDITURE BY PROGRAM						
Parking Maintenance	$130,183	$104,872	$162,590	$128,500	$171,980	5.78%
Total	$130,183	$104,872	$162,590	$128,500	$171,980	5.78%
Staffing Levels	0.95	1.10	1.10	1.07	1.10	-0.09%

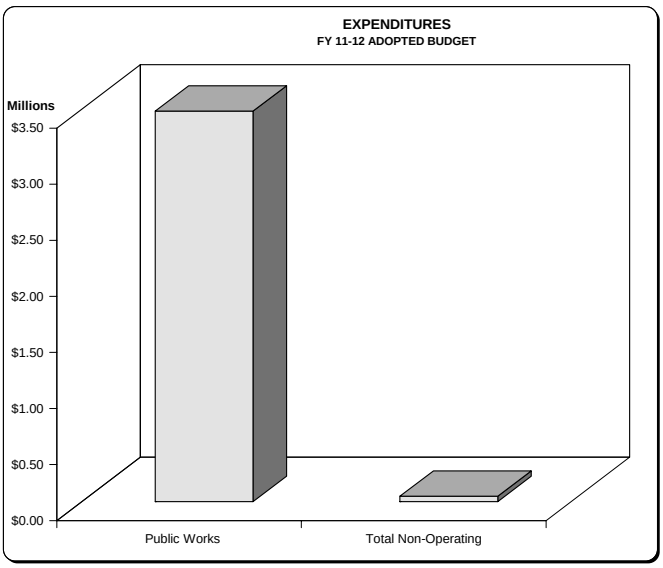
NOTE: Staffing level changes are due to reassignment of staff allocations.

Parking Pay Station

TRANSIT FUND SUMMARY

	ACTUAL 2008-09	ACTUAL 2009-10	ADOPTED BUDGET 2010-11	REVISED 2010-11	PROPOSED BUDGET 2011-12	COMMISSION RECOMMENDED 2011-12	COUNCIL APPROVED 2011-12
Resources:							
Beginning Fund Balance	$1,363,584	$899,676	$1,254,696	$797,148	$4,318	$4,318	$4,318
Property Taxes	$440,708	$217,114	$75,000	$75,000	$0	$0	$0
License & Permits	$0	$0	$0	$387,420	$879,300	$879,300	$879,300
Charges for Service	489,513	478,655	502,410	368,880	200,410	200,410	214,660
Intergovernmental	1,525,733	1,955,125	1,618,340	977,140	1,723,200	1,723,200	1,737,450
Fines & Forfeitures	55	169	0	0	0	0	0
Miscellaneous	176,657	730,654	811,680	184,230	1,368,990	1,368,990	1,368,990
Other Financing Sources	0	0	0	15,300	0	0	0
Current Revenues	$2,632,666	$3,381,717	$3,007,430	$2,007,970	$4,171,900	$4,171,900	$4,200,400
Total Resources	$3,996,250	$4,281,393	$4,262,126	$2,805,118	$4,176,218	$4,176,218	$4,204,718
Requirements:							
Operating Budget:							
Public Works	$3,087,409	$3,457,245	$3,442,830	$2,531,880	$3,461,700	$3,453,390	$3,481,890
Total Operating	$3,087,409	$3,457,245	$3,442,830	$2,531,880	$3,461,700	$3,453,390	$3,481,890
Non-Operating:							
Transfers Out	$9,165	$27,000	$268,920	$268,920	$11,620	$11,620	$11,620
Contingency	0	0	29,940	0	35,590	35,590	35,590
Total Non-Operating	$9,165	$27,000	$298,860	$268,920	$47,210	$47,210	$47,210
Total Requirements	$3,096,574	$3,484,245	$3,741,690	$2,800,800	$3,508,910	$3,500,600	$3,529,100
Ending Budgetary Fund Balance	$899,676	$797,148	$520,436	$4,318	$667,308	$675,618	$675,618





Note: the following pages include operating activity. For Non-Operating activity see section X - Non-Operating.

RESPONSIBILITIES:

- The Transportation and Buildings Division provides for efficient operations of the Corvallis Transit System (CTS), Philomath Connection (PC), and paratransit services to help meet alternative transportation needs within the community. Through intergovernmental agreements, the division provides the management and administration of the Benton County Special Transportation Fund services. The Division also provides staff support to the Citizens Advisory Commission on Transit, Benton County Special Transportation Advisory Committee, and the Linn-Benton Loop Commission.
- Special Projects are one-time in nature or fall outside the scope of normal operations for the department.

WORK PLAN:

- Manage federal transit operating and capital grants.
- Manage the operation of the transit service between Philomath and Corvallis.
- Participate with the Corvallis Area Metropolitan Planning Organization to coordinate transit services in the urbanized areas.
- Purchase two CTS buses.
- Replace the CTS radio system and Vehicle Information System (VIS).

FY 10-11 HIGHLIGHTS:

- Continued the transit "Youth Ride Free" summer program.
- Used B-20 bio-diesel in the transit buses, as a more sustainable choice as opposed to regular diesel, which creates fewer emissions.
- Received grants to replace the CTS radio system and the VIS.
- Ordered two replacement buses using State and federal grants.
- Implemented the fareless system using the Transit Operations Fee, administered through the City Services bill, as the offsetting revenue source.
- Submitted facility plans for the transit operations and maintenance center at the Public Works compound to the Federal Transit Administration for possible grant funding.

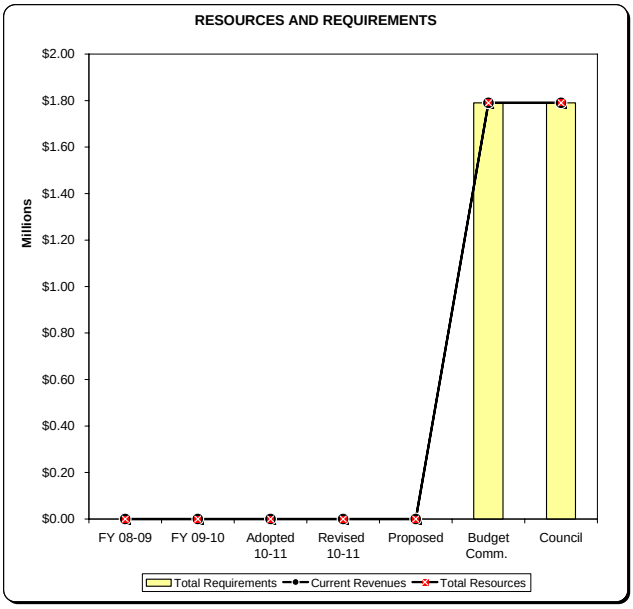
BUDGET BY CLASS:	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	ADOPTED 2011-12	% CHANGE FROM 10-11 BUDGET
Personal Services	$280,157	$310,193	$350,030	$323,660	$357,940	2.26%
Supplies and Services	2,116,975	2,144,700	2,352,340	2,208,220	2,303,490	-2.08%
Capital Outlay	690,277	1,002,353	740,460	0	820,460	10.80%
Total	$3,087,409	$3,457,245	$3,442,830	$2,531,880	$3,481,890	1.13%
EXPENDITURE BY PROGRAM						
Transportation	$2,377,327	$2,428,749	$2,601,150	$2,481,680	$2,625,430	0.93%
Special Projects	710,082	1,028,496	841,680	50,200	856,460	1.76%
Total	$3,087,409	$3,457,245	$3,442,830	$2,531,880	$3,481,890	1.13%
Staffing Levels	3.66	3.66	3.65	3.65	3.68	0.82%

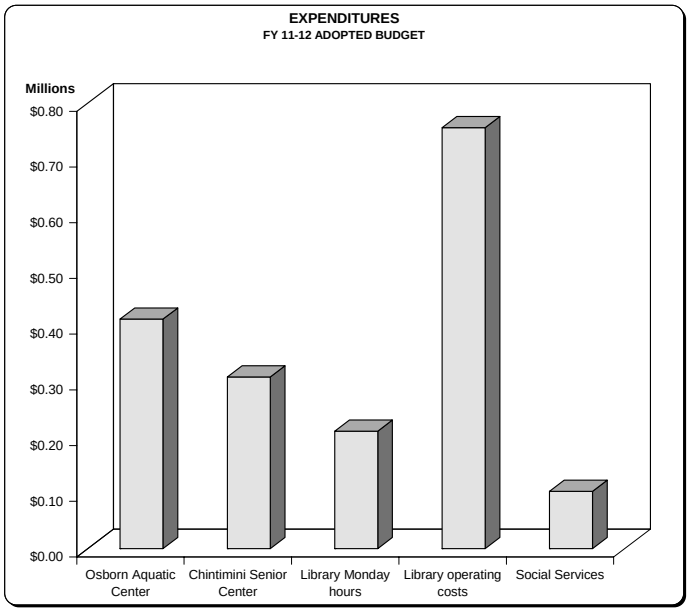
Trolley

Transit Bus

2011 LEVY FUND SUMMARY

	ACTUAL 2008-09	ACTUAL 2009-10	ADOPTED BUDGET 2010-11	REVISED 2010-11	PROPOSED BUDGET 2011-12	COMMISSION RECOMMENDED 2011-12	COUNCIL APPROVED 2011-12
Resources:							
Beginning Fund Balance	$0	$0	$0	$0	$0	$0	$0
Property Taxes	$0	$0	$0	$0	$0	$1,790,000	$1,790,000
Current Revenues	$0	$0	$0	$0	$0	$1,790,000	$1,790,000
Total Resources	$0	$0	$0	$0	$0	$1,790,000	$1,790,000
Requirements:							
Operating Budget:							
Misc. Non-Departmental	$0	$0	$0	$0	$0	$0	$0
Total Operating Budget	$0	$0	$0	$0	$0	$0	$0
Non-Operating:							
Transfers Out	$0	$0	$0	$0	$0	$1,790,000	$1,790,000
Total Non-Operating	$0	$0	$0	$0	$0	$1,790,000	$1,790,000
Total Requirements	$0	$0	$0	$0	$0	$1,790,000	$1,790,000
Ending Budgetary Fund Balance	$0	$0	$0	$0	$0	$0	$0





FUND PLAN:

- Record property taxes received from May 2011 operating levy and transfers out to operating funds for:
  - $412,200 - Osborn Aquatic Center
  - $308,200 - Chintimini Senior Center
  - $211,000 - Library Monday hours
  - $755,730 - Library operating costs
  - $102,870 - Social Service allocations

STREET RECONSTRUCTION PROJECTS

SECTION – VII
CAPITAL CONSTRUCTION/DEBT SERVICE/PERMANENT FUNDS

These are funds through which specific governmental functions are financed. The governmental fund measurement focus is on determination of financial position and changes in financial position (sources, uses, and balances of financial resources). Governmental funds are accounted and budgeted for on the modified accrual basis in which revenues are recognized when they become both "measurable" and "available to finance expenditures of the current period." Expenditures are generally recognized when the related fund liability is incurred.

Capital Projects Funds – to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by enterprise funds).

a) **Capital Construction Fund** – to account for revenues and expenditures associated with the construction, repair, and improvement of the City of Corvallis' infrastructure other than enterprise funds. Major revenue sources include general obligation bonds, and federal and state grants and loans. Expenditures are associated with capital construction projects for the City's non-enterprise funded operations (i.e., Park improvements/ development, streets, city facilities). For GASB Statement #34 reporting purposes, this fund was considered a Major Fund in the City's CAFR in FY 09-10.

Debt Service Funds – to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

a) **General Obligation Debt Service Fund** – to account for revenues and expenditures associated with debt redemption for General Obligation Bonds. Major revenue sources include property taxes levied for debt service. Expenditures are for principal and interest for debt retirement.

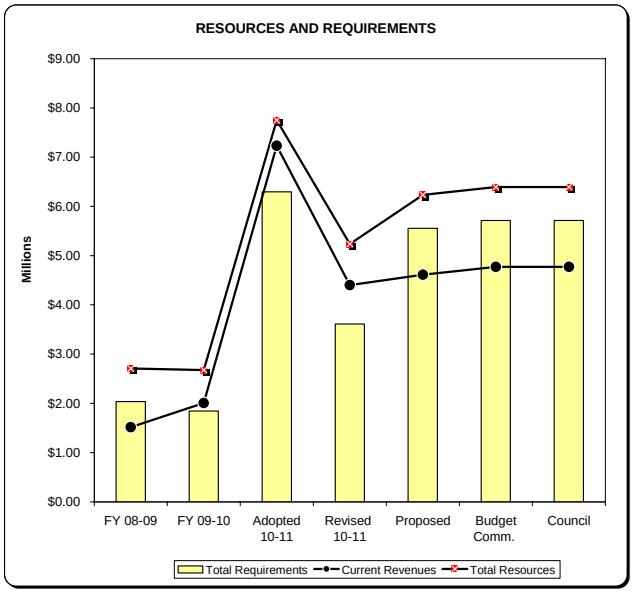
b) **Pension Obligation Debt Service Fund** – to account for revenues and expenditures associated with debt redemption for the Series 2002 A and 2005 A Pension Obligation Bonds. Major revenue sources include payments from operating funds for their proportion of annual debt service. Expenditures are for principal and interest for debt retirement.

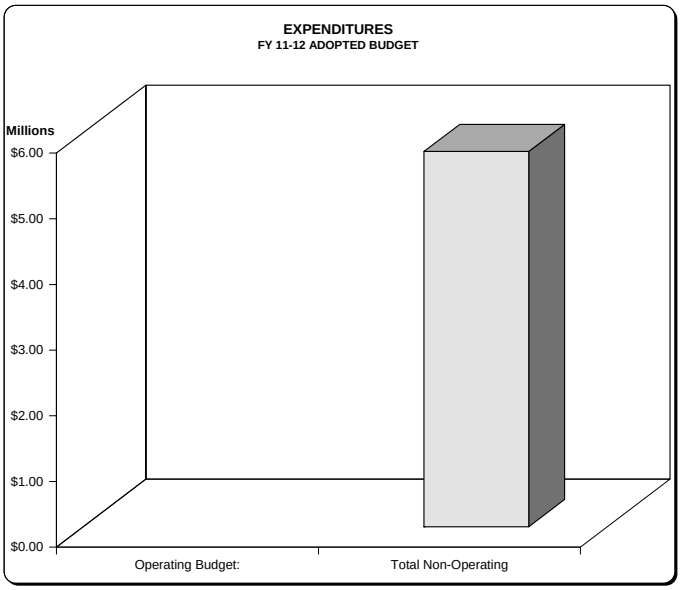
Permanent Funds – to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs.

a) **Davidson Fund** – to account for monies endowed to the City by Nellie Woodward. The donation of $5,000, made in 1981, is a non-expendable endowment, with annual interest earnings to be used to purchase high quality novels, biographies, short stories, and poetry for the Corvallis Public Library in honor of the former librarian Alice Passano Davidson. Materials purchased with Davidson trust monies are identified with a special book plate.

CAPITAL CONSTRUCTION FUND SUMMARY

	ACTUAL 2008-09	ACTUAL 2009-10	ADOPTED BUDGET 2010-11	REVISED 2010-11	PROPOSED BUDGET 2011-12	COMMISSION RECOMMENDED 2011-12	COUNCIL APPROVED 2011-12
Resources:							
Beginning Fund Balance	$1,191,342	$670,242	$519,272	$832,722	$1,623,782	$1,623,782	$1,623,782
Intergovernmental	$21,735	$705,234	$2,148,260	$1,353,930	$2,079,970	$2,233,470	$2,233,470
Miscellaneous	91,856	89,904	398,800	84,690	314,370	321,870	321,870
Transfers In	1,402,625	1,211,352	2,330,292	610,560	2,216,268	2,216,268	2,216,268
Other Financing Sources	0	0	2,354,470	2,354,470	0	0	0
Current Revenues	$1,516,216	$2,006,490	$7,231,822	$4,403,650	$4,610,608	$4,771,608	$4,771,608
Total Resources	$2,707,558	$2,676,732	$7,751,094	$5,236,372	$6,234,390	$6,395,390	$6,395,390
Requirements:							
Operating Budget:							
Non-Operating:							
Capital Projects	$2,037,316	$1,844,010	$6,221,457	$3,537,590	$5,554,313	$5,715,313	$5,715,313
Transfers Out	0	0	75,000	75,000	0	0	0
Total Non-Operating	$2,037,316	$1,844,010	$6,296,457	$3,612,590	$5,554,313	$5,715,313	$5,715,313
Total Requirements	$2,037,316	$1,844,010	$6,296,457	$3,612,590	$5,554,313	$5,715,313	$5,715,313
Ending Budgetary Fund Balance	$670,242	$832,722	$1,454,637	$1,623,782	$680,077	$680,077	$680,077





CAPITAL CONSTRUCTION FUND SUMMARY
CAPITAL PROJECTS

RESPONSIBILITIES:

- The Public Works Engineering Division leads the annual update of the Capital Improvement Program (CIP) and coordinates the capital construction program for all departments, to include design, contract administration, and construction inspection.

WORK PLAN:

- Complete street reconstruction of 9th Street, between Monroe and Jefferson.
- Design of Fire Department Facilities Relocation.
- Design of local street reconstruction of 11th Street, North of Maple.
- Initiate design of pedestrian crossings projects on 9th Street and Walnut Boulevard.
- Provide technical assistance and engineering support to the organization as needed to develop CIP proposals to maintain and upgrade public facilities.
- Assist in identifying funding strategies for projects identified in the CIP.
- Complete each project within estimated timeline and budget.

FY 10-11 HIGHLIGHTS:

- Completed Moose Lodge demolition, parking lot improvements and restroom construction.
- Completed City Hall seismic and HVAC improvements.
- Completed Phase III of Majestic Theatre seismic construction.
- Completed Country Club Drive Bike Lanes.
- Completed Fillmore and Lincoln Sidewalk improvements.

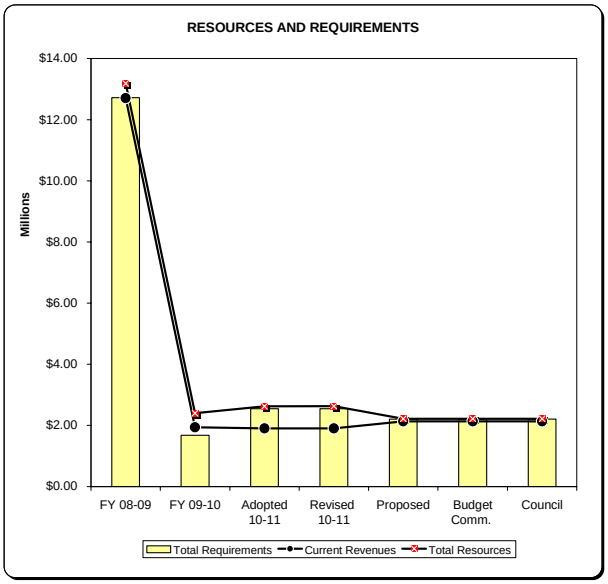
Department	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	ADOPTED 2011-12	% CHANGE FROM 10-11 BUDGET
Fire	$0	$0	$48,000	$10,000	$886,000	1745.83%
Park and Recreation	699,948	360,530	635,077	21,100	858,243	35.14%
Public Works	1,337,367	1,483,480	5,538,380	3,506,490	3,971,070	-28.30%
Total	$2,037,316	$1,844,010	$6,221,457	$3,537,590	$5,715,313	-8.14%
Staffing Levels	5.71	5.29	5.71	5.71	5.60	-1.93%

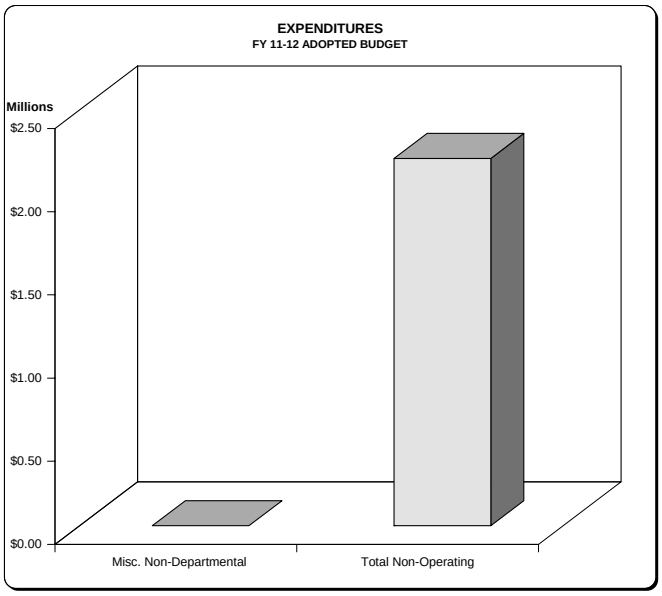
Country Club Drive Bike Lanes Project

Fillmore/Lincoln Avenue Sidewalk Improvement Project

GENERAL OBLIGATION DEBT SERVICE FUND SUMMARY

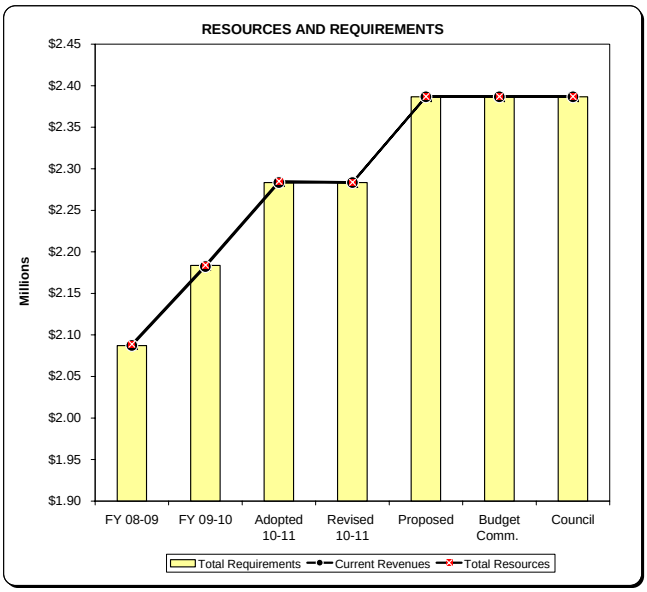
	ACTUAL 2008-09	ACTUAL 2009-10	ADOPTED BUDGET 2010-11	REVISED 2010-11	PROPOSED BUDGET 2011-12	COMMISSION RECOMMENDED 2011-12	COUNCIL APPROVED 2011-12
Resources:							
Beginning Fund Balance	$479,163	$463,862	$721,532	$724,090	$83,250	$83,250	$83,250
Property Taxes	$1,967,513	$1,933,343	$1,900,000	$1,900,000	$2,130,000	$2,130,000	$2,130,000
Miscellaneous	11,130	5,140	2,710	4,140	6,520	6,520	6,520
Other Financing Sources	10,727,000	0	0	0	0	0	0
Current Revenues	$12,705,643	$1,938,483	$1,902,710	$1,904,140	$2,136,520	$2,136,520	$2,136,520
Total Resources	$13,184,806	$2,402,345	$2,624,242	$2,628,230	$2,219,770	$2,219,770	$2,219,770
Requirements:							
Operating Budget:							
Misc. Non-Departmental	$10,725,436	$0	$0	$0	$0	$0	$0
Total Operating Budget	$10,725,436	$0	$0	$0	$0	$0	$0
Non-Operating:							
Debt Service - Principal	$1,380,000	$1,240,000	$2,165,000	$2,165,000	$1,895,000	$1,895,000	$1,895,000
Debt Service - Interest	615,508	438,255	379,980	379,980	312,650	312,650	312,650
Total Non-Operating	$1,995,508	$1,678,255	$2,544,980	$2,544,980	$2,207,650	$2,207,650	$2,207,650
Total Requirements	$12,720,944	$1,678,255	$2,544,980	$2,544,980	$2,207,650	$2,207,650	$2,207,650
Ending Budgetary Fund Balance	$463,862	$724,090	$79,262	$83,250	$12,120	$12,120	$12,120

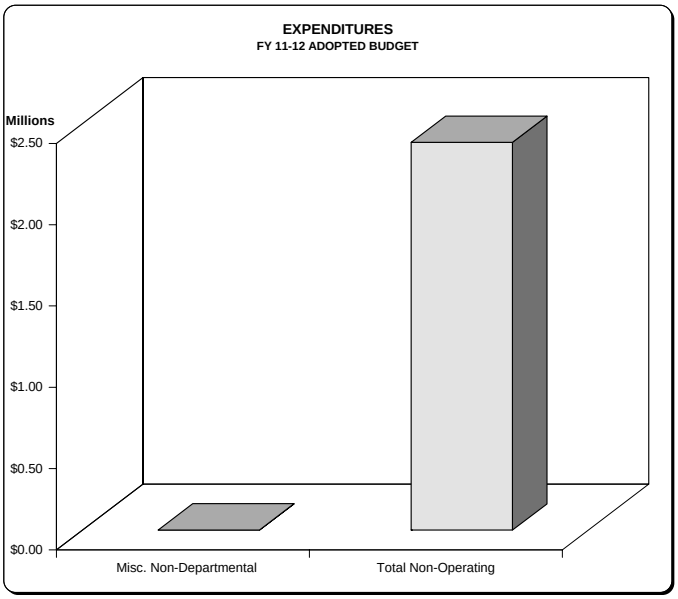




PENSION OBLIGATION DEBT SERVICE FUND SUMMARY

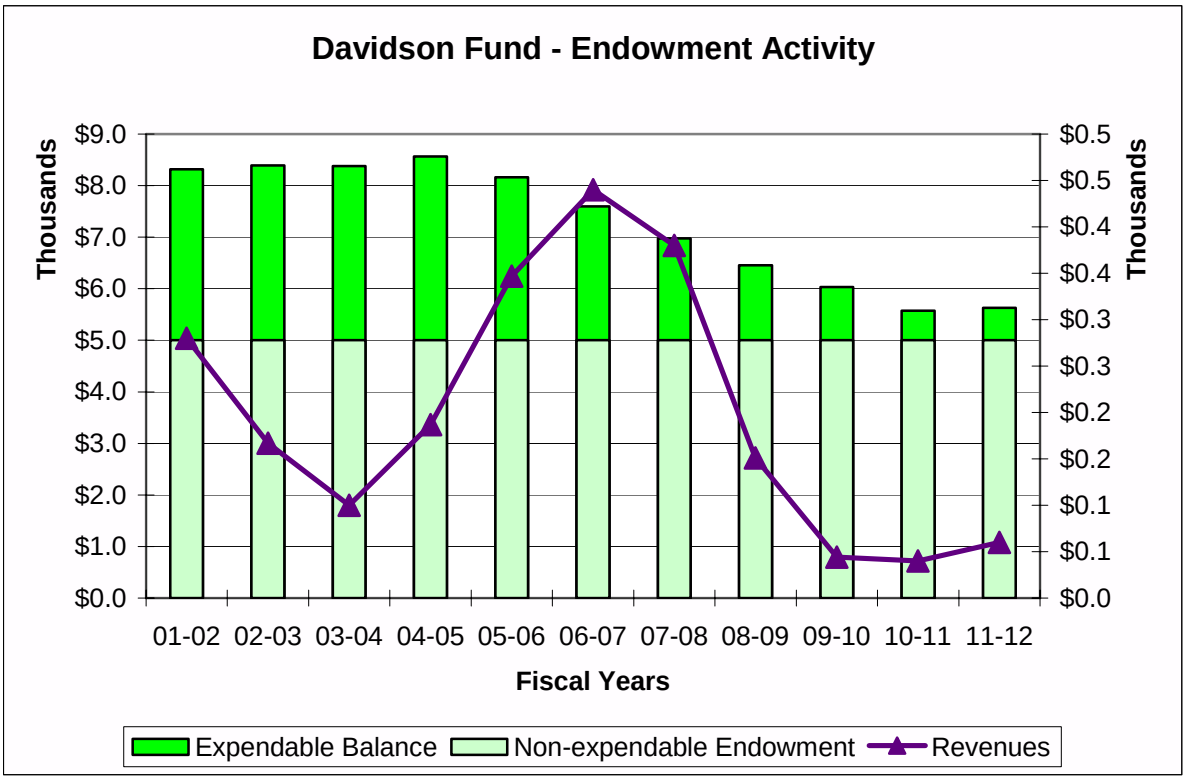
	ACTUAL 2008-09	ACTUAL 2009-10	ADOPTED BUDGET 2010-11	REVISED 2010-11	PROPOSED BUDGET 2011-12	COMMISSION RECOMMENDED 2011-12	COUNCIL APPROVED 2011-12
Resources:							
Beginning Fund Balance	$1,581	$1,720	$1,580	$404	$394	$394	$394
Miscellaneous	$139	$20	$0	$0	$0	$0	$0
Transfers In	2,087,038	2,182,260	2,283,290	2,283,290	2,386,510	2,386,510	2,386,510
Current Revenues	$2,087,177	$2,182,280	$2,283,290	$2,283,290	$2,386,510	$2,386,510	$2,386,510
Total Resources	$2,088,758	$2,184,000	$2,284,870	$2,283,694	$2,386,904	$2,386,904	$2,386,904
Requirements:							
Operating Budget:							
Misc. Non-Departmental	$850	$1,350	$1,350	$1,350	$1,350	$1,350	$1,350
Total Operating Budget	$850	$1,350	$1,350	$1,350	$1,350	$1,350	$1,350
Non-Operating:							
Debt Service - Principal	$291,192	$349,592	$406,670	$406,670	$461,770	$461,770	$461,770
Debt Service - Interest	1,794,996	1,832,654	1,875,280	1,875,280	1,923,390	1,923,390	1,923,390
Total Non-Operating	$2,086,188	$2,182,246	$2,281,950	$2,281,950	$2,385,160	$2,385,160	$2,385,160
Total Requirements	$2,087,038	$2,183,596	$2,283,300	$2,283,300	$2,386,510	$2,386,510	$2,386,510
Ending Budgetary Fund Balance	$1,720	$404	$1,570	$394	$394	$394	$394





DAVIDSON FUND SUMMARY

	ACTUAL 2008-09	ACTUAL 2009-10	ADOPTED BUDGET 2010-11	REVISED 2010-11	PROPOSED BUDGET 2011-12	COMMISSION RECOMMENDED 2011-12	COUNCIL APPROVED 2011-12
Resources:							
Beginning Fund Balance	$7,107	$6,453	$5,963	$6,031	$5,571	$5,571	$5,571
Miscellaneous	$151	$44	$0	$40	$60	$60	$60
Current Revenues	$151	$44	$0	$40	$60	$60	$60
Total Resources	$7,258	$6,497	$5,963	$6,071	$5,631	$5,631	$5,631
Requirements:							
Operating Budget:							
Library	$805	$466	$500	$500	$0	$0	$0
Total Requirements	$805	$466	$500	$500	$0	$0	$0
Ending Budgetary Fund Balance	$6,453	$6,031	$5,463	$5,571	$5,631	$5,631	$5,631



Note: Left axis is to be referenced for the bar graphs and the right axis is to be used for the line graph.

DAVIDSON FUND SUMMARY
LIBRARY DEPARTMENT
DONATION PROGRAM

RESPONSIBILITIES:

- Materials purchased with Davidson Fund monies are purchased in compliance with a donation in honor of former librarian Alice Passano Davidson and are identified with a special book plate.

WORK PLAN:

- There are no expenditures planned for FY 11-12 to ensure that the trust's restricted principal of $5,000 remains intact.

FY 10-11 HIGHLIGHTS:

- Materials were purchased for the Library's collection to meet the requirements of the original donor.

EXPENDITURE BY CLASS	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	ADOPTED 2011-12	% CHANGE FROM 10-11 BUDGET
Personal Services	$0	$0	$0	$0	$0	0.00%
Supplies and Services	806	466	500	500	0	-100.00%
Capital Outlay	0	0	0	0	0	0.00%
Total	$806	$466	$500	$500	$0	-100.00%
EXPENDITURE BY PROGRAM						
Donations	$806	$466	$500	$500	$0	-100.00%
Total	$806	$466	$500	$500	$0	-100.00%
Staffing Levels	0.00	0.00	0.00	0.00	0.00	0.00%

New fiction shelves at the
Corvallis-Benton County Public Library

ROCK CREEK WATER TREATMENT FACILITY

CORVALLIS MUNICIPAL AIRPORT

SECTION – VIII
ENTERPRISE FUNDS

Operations in the enterprise funds are financed and operated in a manner similar to private business enterprises -- where the intent of the City Council is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis are to be financed or recovered primarily through user charges. The measurement focus is on determination of net income, financial position, and changes in financial position. Enterprise funds are accounted for on the accrual basis (transactions are recognized when they occur, regardless of the timing of related cash flows), and are budgeted for on the modified accrual basis (revenues are recognized when they become both "measurable" and "available to finance expenditures of the current period." Expenditures are generally recognized when the related fund liability is incurred). For GASB Statement #34 reporting purposes, all these funds are considered Major Funds in the City's CAFR in FY 09-10.

a) **Water Fund** – to account for revenues and expenses associated with operating the City of Corvallis' water acquisition, treatment, and distribution facilities. Major revenue sources include charges for service, water SDC, and watershed timber sales. Expenses include operating costs, debt service for water revenue bonds and loans, and capital construction for water facility projects. The water fund includes restricted fund reserves for capital projects bond proceeds (if any), and SDC funds.

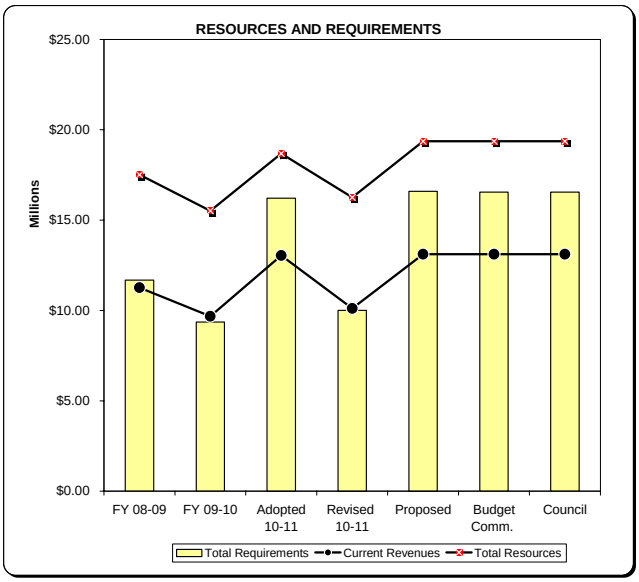
b) **Wastewater Fund** – to account for revenues and expenses associated with operating the City of Corvallis' sanitary sewer collection and treatment facilities. Major revenue sources include charges for service and wastewater SDC charges. Expenses include operating costs, debt service for wastewater bonds and loans, and capital construction for wastewater facility projects. The wastewater fund includes restricted fund reserves for debt service, capital projects bond proceeds (if any), and SDC funds.

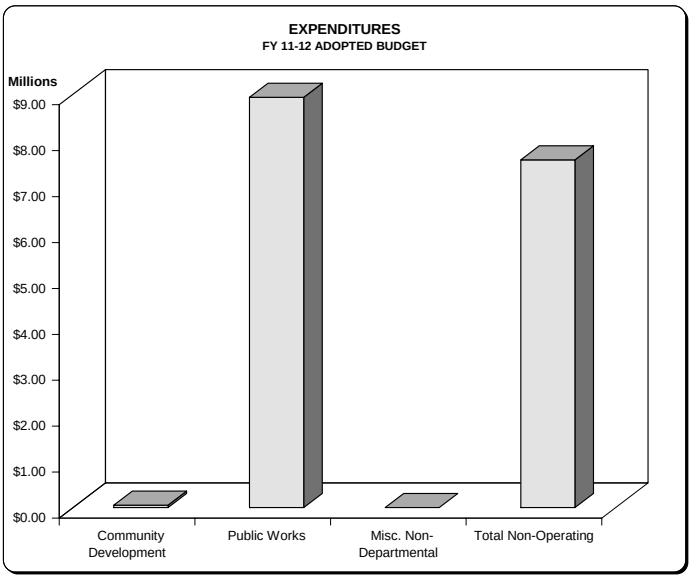
c) **Storm Water Fund** – to account for revenues and expenses associated with operating the City of Corvallis' storm drain system. Major revenue sources include charges for service and storm water SDC charges. Expenses include operating costs, debt service for storm water bonds and loans, and capital construction for drainage facility projects. The storm water fund includes restricted fund reserves for capital project bond proceeds (if any), and SDC funds.

d) **Airport Fund** – to account for revenues and expenses associated with operating the City of Corvallis' airport. Major revenue sources include charges for hangar rental space and fuel, industrial land rental, and sales of grass seed grown on the airport land through a farm lease contract. Expenses include operating costs, debt service for airport revenue bonds or loans, and capital construction for airport facility projects paid from current revenue. The airport fund includes restricted fund reserves for capital projects bond proceeds (if any).

WATER FUND SUMMARY

	ACTUAL 2008-09	ACTUAL 2009-10	ADOPTED BUDGET 2010-11	REVISED 2010-11	PROPOSED BUDGET 2011-12	COMMISSION RECOMMENDED 2011-12	COUNCIL APPROVED 2011-12
Resources:							
Beginning Fund Balance	$6,247,711	$5,834,323	$5,647,023	$6,146,949	$6,257,099	$6,257,099	$6,257,099
Charges for Service	$8,364,067	$8,258,499	$8,805,430	$8,539,390	$8,857,330	$8,857,330	$8,857,330
Intergovernmental	18,500	27,238	108,670	75,070	33,600	33,600	33,600
Fines & Forfeitures	284	1,018	0	0	0	0	0
Miscellaneous	534,293	365,560	449,740	419,780	440,480	440,480	440,480
Transfers In	2,340,367	1,017,440	3,674,420	1,084,140	3,778,560	3,778,560	3,778,560
Other Financing Sources	7,034	5,790	0	0	0	0	0
Current Revenues	$11,264,545	$9,675,545	$13,038,260	$10,118,380	$13,109,970	$13,109,970	$13,109,970
Total Resources	$17,512,256	$15,509,868	$18,685,283	$16,265,329	$19,367,069	$19,367,069	$19,367,069
Requirements:							
Operating Budget:							
Community Development	$46,040	$45,409	$50,740	$50,740	$51,780	$51,350	$51,350
Public Works	6,643,677	6,780,740	8,054,750	7,262,190	8,973,870	8,930,510	8,930,510
Misc. Non-Departmental	0	2,198	0	0	0	0	0
Total Operating Budget	$6,689,717	$6,828,347	$8,105,490	$7,312,930	$9,025,650	$8,981,860	$8,981,860
Non-Operating:							
Capital Projects	$1,454,566	$297,628	$2,951,950	$409,810	$2,366,140	$2,366,140	$2,366,140
Transfers Out	2,517,480	1,218,460	3,972,240	1,276,250	3,991,010	3,991,010	3,991,010
Debt Service - Principal	702,964	739,858	767,520	767,520	815,980	815,980	815,980
Debt Service - Interest	313,206	278,626	241,720	241,720	202,840	202,840	202,840
Contingency	0	0	178,150	0	194,670	194,670	194,670
Total Non-Operating	$4,988,216	$2,534,572	$8,111,580	$2,695,300	$7,570,640	$7,570,640	$7,570,640
Total Requirements	$11,677,933	$9,362,919	$16,217,070	$10,008,230	$16,596,290	$16,552,500	$16,552,500
Ending Budgetary Fund Balance	$5,834,323	$6,146,949	$2,468,213	$6,257,099	$2,770,779	$2,814,569	$2,814,569





Note: the following pages include operating activity. For Non-Operating activity see section X - Non-Operating.

RESPONSIBILITIES:

- Provide administration and management of inspection and planning programs ensuring efficient and cost effective service delivery.
- Coordinate interdepartmental studies and ongoing service issues.
- Review and approve development proposals as they relate to the connection to the City water system and calculate and impose Systems Development Charges (SDC) on these developments.
- Act as liaison between the Development Assistance Center and other City departments such as Public Works and Fire.

WORK PLAN:

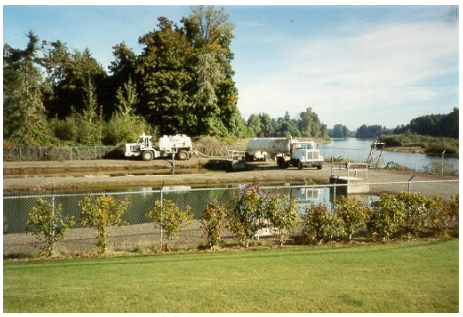
- Coordinate land use concerns with water system planning and implementation efforts.
- Enhance the Division's capabilities to provide public information regarding Water Fund charges for services.

FY 10-11 HIGHLIGHTS:

- Coordinated with Public Works on water system issues related to development applications.
- Provided information to the public regarding water service availability and SDCs.

EXPENDITURE BY CLASS	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	ADOPTED 2011-12	% CHANGE FROM 10-11 BUDGET
Personal Services	$41,497	$40,408	$45,260	$45,260	$46,340	2.39%
Supplies and Services	4,543	5,001	5,480	5,480	5,010	-8.58%
Capital Outlay	0	0	0	0	0	0.00%
Total	$46,040	$45,409	$50,740	$50,740	$51,350	1.20%
EXPENDITURE BY PROGRAM						
Administration	$13,204	$13,042	$13,940	$13,940	$13,770	-1.22%
Plan Review	24,997	24,649	27,620	27,620	28,460	3.04%
Inspections	218	129	270	270	280	3.70%
Long Range Planning	7,621	7,589	8,910	8,910	8,840	-0.79%
Special Projects	0	0	0	0	0	0.00%
Total	$46,040	$45,409	$50,740	$50,740	$51,350	1.20%
Staffing Levels	0.44	0.44	0.43	0.43	0.50	16.28%

South Fork railings


Taylor Lagoons

RESPONSIBILITIES:

- The Administration Division provides management and administrative support functions to the department's Water Fund activities to ensure that services to improve water quality and preserve our local environment are efficiently delivered. Functions include long-term planning for the utility; reception, budgeting, contract support and accounting services for the department; and sustainability program development for the organization. Citizen information materials are developed by division staff in support of department projects.
- The Engineering Division coordinates Capital Improvement Program (CIP) development, conducts design review on new developments, inspects private development of public infrastructure, and provides general engineering support to City departments.
- The Transportation and Buildings Division provides for utility patching of streets and sidewalks after water services have been excavated and repaired, and for Geographic Information System (GIS) implementation to provide better access to data about public water facilities.
- Special Projects are one-time in nature or fall outside of the scope of normal operations for the department.

WORK PLAN:

- Conduct the annual utility rate review.
- Foster sustainable practices in department operations.
- Improve the environmental and economic sustainability aspects of purchasing processes.
- Develop the second phase of the asset management program, which includes: developing an asset management policy and framework, and asset condition protocol; collecting asset condition information; and estimating equipment useful life, replacement cost, risk and consequence of failure.
- Maintain water system mapping and GIS data through incorporation of construction drawings and input from field crews.
- Provide timely review of design submittals for private development and ensure private development complies with City standards to protect the investment in public facilities.
- Design and manage construction of planned Capital Improvements including improvements to the water distribution system and water treatment plants.

FY 10-11 HIGHLIGHTS:

- Conducted Phase I of the asset management program, establishing protocols for infrastructure data collection.
- Completed the City's planned Capital Improvements including design for the seismic upgrade to the North Hills Reservoir.

EXPENDITURE BY CLASS	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	ADOPTED 2011-12	% CHANGE FROM 10-11 BUDGET
Personal Services	$725,749	$749,113	$895,430	$895,430	$881,940	-1.51%
Supplies and Services	1,919,133	1,978,650	2,961,540	2,500,390	3,587,460	21.13%
Capital Outlay	447,740	397,725	288,980	38,980	408,420	41.33%
Total	$3,092,622	$3,125,487	$4,145,950	$3,434,800	$4,877,820	17.65%
EXPENDITURE BY PROGRAM						
Administration	$1,651,253	$1,709,278	$1,926,110	$1,909,230	$1,885,010	-2.13%
Street Maintenance	142,670	137,661	151,500	151,100	158,010	4.30%
Mapping/GIS	101,537	104,327	125,270	123,440	135,140	7.88%
Development Review	146,186	146,925	169,970	169,450	135,170	-20.47%
Engineering Admin/CIP	59,520	60,120	64,250	63,890	54,700	-14.86%
Planning and Projects	79,784	88,114	111,890	111,280	163,010	45.69%
Special Projects	911,672	879,062	1,596,960	906,410	2,346,780	46.95%
Total	$3,092,622	$3,125,487	$4,145,950	$3,434,800	$4,877,820	17.65%
Staffing Levels	7.71	7.59	7.70	7.54	7.36	-4.43%

RESPONSIBILITIES:

- Protect public health and the community's investment in the water system through efficient and effective system operation, preventive maintenance of equipment/structures, proactive repair/replacement of the infrastructure; comply with State and federal drinking water regulations; and take actions to position the City for compliance with future regulations.
- Provide an uninterrupted supply of safe, high-quality water at adequate pressure for the drinking water and fire protection needs of the community; operate a water quality laboratory to ensure the drinking water supply is in compliance with State and federal Safe Drinking Water Act regulations; and promote water and natural resource conservation to citizens.
- Manage the City-owned property on the east side of Marys Peak as part of the watershed for the Rock Creek Treatment Plant water source.

WORK PLAN:

- Maintain 100% compliance with all State and federal Safe Drinking Water Act requirements.
- Complete forest health and wildlife enhancement projects on the City's watershed property.
- Dredge the gravel that has accumulated near the Taylor Plant intake structure and is inhibiting water flow into the plant.
- Begin a five-year project to replace water meters that are read manually with ones that transmit the water consumption information to a central location.

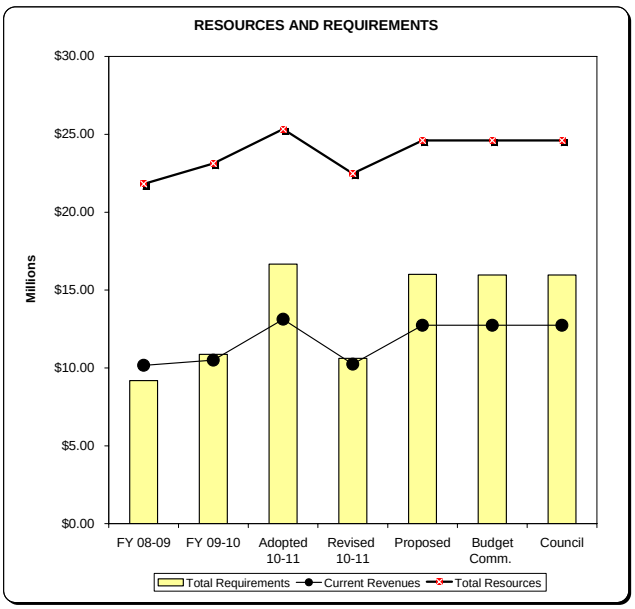
FY 10-11 HIGHLIGHTS

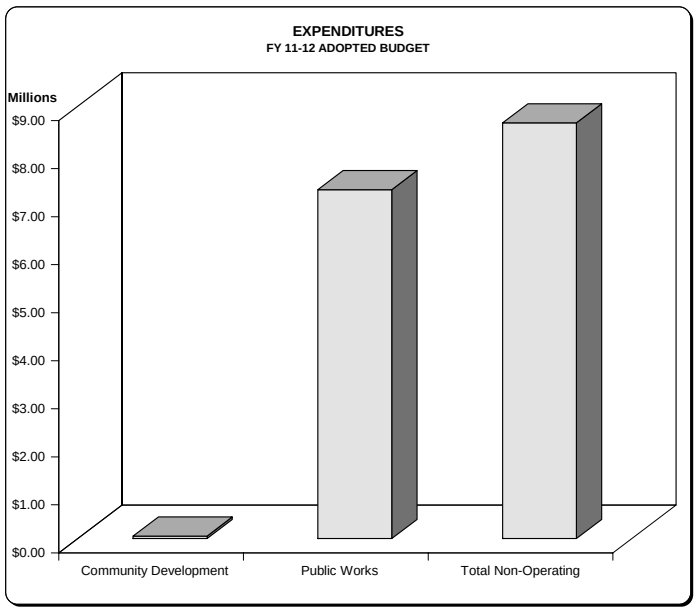
- Completed meadow restoration work and Reed Canary Grass control projects on the City's watershed property.
- Installed emergency power generators and completed electrical system upgrades at the water system pump stations.
- Achieved 100% compliance with all Environmental Protection Agency (EPA) drinking water quality regulations.
- Secured an extension of the City's Willamette River water rights.

EXPENDITURE BY CLASS	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	ADOPTED 2011-12	% CHANGE FROM 10-11 BUDGET
Personal Services	$2,180,749	$2,283,261	$2,469,900	$2,465,050	$2,580,450	4.48%
Supplies and Services	1,362,478	1,332,220	1,422,900	1,346,340	1,454,740	2.24%
Capital Outlay	7,828	39,773	16,000	16,000	17,500	9.38%
Total	$3,551,055	$3,655,254	$3,908,800	$3,827,390	$4,052,690	3.68%
EXPENDITURE BY PROGRAM						
Taylor Plant	$821,187	$835,444	$884,080	$860,500	$1,006,970	13.90%
Rock Creek Plant	301,493	303,253	333,320	325,820	348,910	4.68%
Facility Automation	208,240	233,274	244,310	238,990	255,460	4.56%
Lab Services	114,997	113,633	124,450	122,520	129,500	4.06%
Facility Maintenance	555,870	588,612	632,790	620,340	659,320	4.19%
Water Distribution	1,408,182	1,433,006	1,529,060	1,506,610	1,464,430	-4.23%
Conservation/Pollution Prev.	52,787	46,691	59,280	57,710	77,510	30.75%
Watershed Management	88,298	101,341	101,510	94,900	110,590	8.94%
Total	$3,551,055	$3,655,254	$3,908,800	$3,827,390	$4,052,690	3.68%
Staffing Levels	25.55	25.10	25.10	25.10	25.30	0.80%

WASTEWATER FUND SUMMARY

	ACTUAL 2008-09	ACTUAL 2009-10	ADOPTED BUDGET 2010-11	REVISED 2010-11	PROPOSED BUDGET 2011-12	COMMISSION RECOMMENDED 2011-12	COUNCIL APPROVED 2011-12
Resources:							
Beginning Fund Balance	$11,646,111	$12,631,344	$12,207,574	$12,250,675	$11,869,045	$11,869,045	$11,869,045
Charges for Service	$9,265,067	$9,264,718	$9,551,530	$9,385,740	$9,612,110	$9,612,110	$9,612,110
Intergovernmental	16,463	0	0	0	0	0	0
Miscellaneous	268,581	108,847	55,740	101,280	116,780	116,780	116,780
Transfers In	622,089	1,122,268	3,515,260	751,090	3,012,270	3,012,270	3,012,270
Current Revenues	$10,172,200	$10,495,833	$13,122,530	$10,238,110	$12,741,160	$12,741,160	$12,741,160
Total Resources	$21,818,311	$23,127,177	$25,330,104	$22,488,785	$24,610,205	$24,610,205	$24,610,205
Requirements:							
Operating Budget:							
Community Development	$45,019	$44,485	$49,540	$49,540	$50,790	$50,380	$50,380
Public Works	5,762,587	6,455,404	7,034,410	6,491,260	7,308,000	7,264,080	7,264,080
Total Operating Budget	$5,807,606	$6,499,889	$7,083,950	$6,540,800	$7,358,790	$7,314,460	$7,314,460
Non-Operating:							
Capital Projects	$258,939	$753,858	$3,417,040	$836,910	$3,012,270	$3,012,270	$3,012,270
Transfers Out	805,550	1,317,098	3,753,250	941,700	3,165,390	3,165,390	3,165,390
Debt Service - Principal	1,409,991	1,462,871	1,522,170	1,522,170	1,582,900	1,582,900	1,582,900
Debt Service - Interest	904,881	842,786	711,680	778,160	711,140	711,140	711,140
Contingency	0	0	181,140	0	181,510	181,510	181,510
Total Non-Operating	$3,379,361	$4,376,613	$9,585,280	$4,078,940	$8,653,210	$8,653,210	$8,653,210
Total Requirements	$9,186,967	$10,876,502	$16,669,230	$10,619,740	$16,012,000	$15,967,670	$15,967,670
Ending Budgetary Fund Balance	$12,631,344	$12,250,675	$8,660,874	$11,869,045	$8,598,205	$8,642,535	$8,642,535





Note: the following pages include operating activity. For Non-Operating activity see section X - Non-Operating.

RESPONSIBILITIES:

- Provide administration and management of inspection and planning programs ensuring efficient and cost effective service delivery.
- Serve as part of interdepartmental team to coordinate studies and ongoing service issues.
- Review and approve development proposals as they relate to the connection to the City wastewater system and calculate and impose Systems Development Charges (SDC) on these developments.
- Act as liaison between the Development Assistance Center and other City departments such as Public Works and Fire.

WORK PLAN:

- Coordinate land use concerns with wastewater system planning and implementation efforts.
- Consult with Benton County Staff on health hazards (i.e., failing septic systems) in the County.
- Enhance the Division's capabilities to provide public information regarding Wastewater Fund charges for services.

FY 10-11 HIGHLIGHTS:

- Provided information to the public regarding wastewater service availability and SDCs.

EXPENDITURE BY CLASS	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	ADOPTED 2011-12	% CHANGE FROM 10-11 BUDGET
Personal Services	$41,497	$40,408	$45,260	$45,260	$46,340	2.39%
Supplies and Services	3,522	4,077	4,280	4,280	4,040	-5.61%
Capital Outlay	0	0	0	0	0	0.00%
Total	$45,019	$44,485	$49,540	$49,540	50,380	1.70%
EXPENDITURE BY PROGRAM						
Administration	$12,673	$12,548	$13,340	$13,340	$13,400	0.45%
Plan Review	24,725	24,358	27,300	27,300	28,140	3.08%
Long Range Planning	7,621	7,579	8,900	8,900	8,840	-0.67%
Special Projects	0	0	0	0	0	0.00%
Total	$45,019	$44,485	$49,540	$49,540	$50,380	1.70%
Staffing Levels	0.44	0.44	0.43	0.43	0.50	16.28%

Wastewater Plant

Digester

RESPONSIBILITIES:

- The Administration Division provides management and administrative support functions to the department's Wastewater Fund activities to ensure that services to improve water quality and preserve the local environment are efficiently delivered. Functions include long-term planning for the utility; reception, budgeting, contract support and accounting services for the department; and sustainability program development for the organization. Citizen information materials are developed by division staff in support of department projects.
- The Engineering Division coordinates Capital Improvement Program (CIP) development, conducts design review on new developments, inspects private development of public infrastructure, and provides general engineering support to City departments.
- The Transportation & Buildings Division provides for utility patching of streets and sidewalks after wastewater services have been excavated and repaired, and for Geographical Information Systems (GIS) implementation to provide better access to data about public wastewater facilities.
- Special Projects are one-time in nature or fall outside the scope of normal department operations.

WORK PLAN:

- Conduct the annual utility rate review.
- Develop a funding strategy for the multi-million dollar project to meet Total Maximum Daily Load water quality regulations.
- Foster sustainable practices in department operations.
- Improve the environmental and economic sustainability aspects of purchasing processes.
- Develop the second phase of the asset management program, which includes: developing an asset management policy and framework, and asset condition protocol; collecting asset condition information; and estimating equipment useful life, replacement cost, risk and consequence of failure.
- Maintain wastewater system mapping and GIS data through incorporation of construction drawings and input from field crews.
- Provide timely review of design submittals for private development and ensure private development complies with City standards to protect the investment in public facilities.
- Design and manage construction of planned Capital Improvements including sanitary sewer rehabilitation, system capacity enhancements near Marys River, and improvements to the wastewater reclamation plant.

FY 10-11 HIGHLIGHTS:

- Conducted Phase I of the asset management program, establishing protocols for infrastructure data collection.
- Completed the City's planned Capital Improvements including design and construction of the sanitary sewer rehabilitation projects and design of the electrical equipment replacement project at the Wastewater Reclamation Plant.

EXPENDITURE BY CLASS	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	ADOPTED 2011-12	% CHANGE FROM 10-11 BUDGET
Personal Services	$756,773	$789,036	$912,690	$912,690	$915,240	0.28%
Supplies and Services	1,614,339	1,973,452	2,353,280	2,018,380	2,378,680	1.08%
Capital Outlay	67,508	253,487	81,690	6,600	75,090	-8.08%
Total	$2,438,620	$3,015,975	$3,347,660	$2,937,670	$3,369,010	0.64%
EXPENDITURE BY PROGRAM						
Administration	$1,648,368	$1,692,078	$1,874,600	$1,864,480	$1,830,580	-2.35%
Street Maintenance	63,125	77,156	82,580	82,580	87,510	5.97%
Mapping/GIS	97,127	99,789	119,290	117,810	123,110	3.20%
Development Review	135,642	136,297	157,720	157,170	198,460	25.83%
Engineering Admin/CIP	59,211	60,114	63,690	63,360	65,900	3.47%
Planning and Projects	186,664	199,000	226,240	225,620	202,060	-10.69%
Special Projects	248,484	751,542	823,540	426,650	861,390	4.60%
Total	$2,438,620	$3,015,975	$3,347,660	$2,937,670	$3,369,010	0.64%
Staffing Levels	7.81	7.83	7.98	7.82	7.94	-0.51%

RESPONSIBILITIES:

- Protect public health and the environment; preserve the community's investment in the wastewater system through efficient and effective system operation, preventive maintenance of equipment and structures, and proactive repair/replacement of the infrastructure; comply with State and federal regulatory requirements and take actions to position the City for compliance with future regulations.
- Prevent pollution of urban streams by minimizing system overflow occurrences; operate a water quality laboratory to measure water quality protection efforts; and promote pollution prevention practices and natural resources conservation to citizens.

WORK PLAN:

- Maintain 100% compliance with all requirements of the Department of Environmental Quality (DEQ) and Environmental Protection Agency (EPA) National Pollutant Discharge Elimination System (NPDES) Wastewater Discharge Permit.
- Pursue opportunities for beneficial reuse of treated wastewater.
- Conclude negotiations with the Oregon DEQ to renew the discharge permit for the wastewater reclamation plant.
- Develop a management plan to comply with the requirements of the DEQ Total Maximum Daily Load (TMDL) regulations on the City's wastewater discharge.

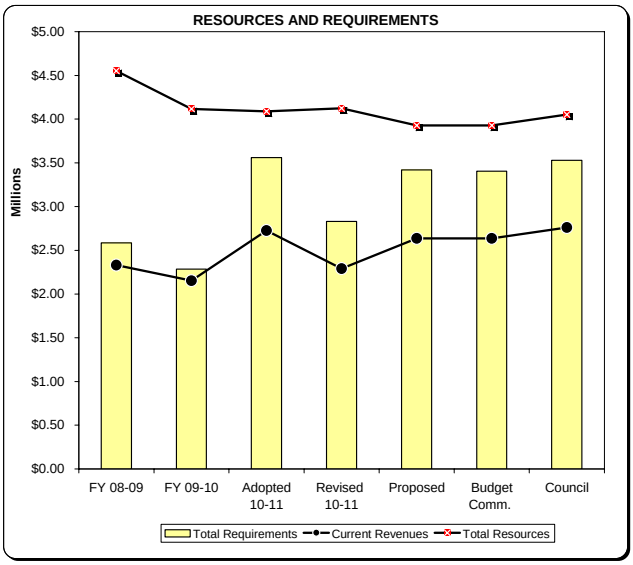
FY 10-11 HIGHLIGHTS:

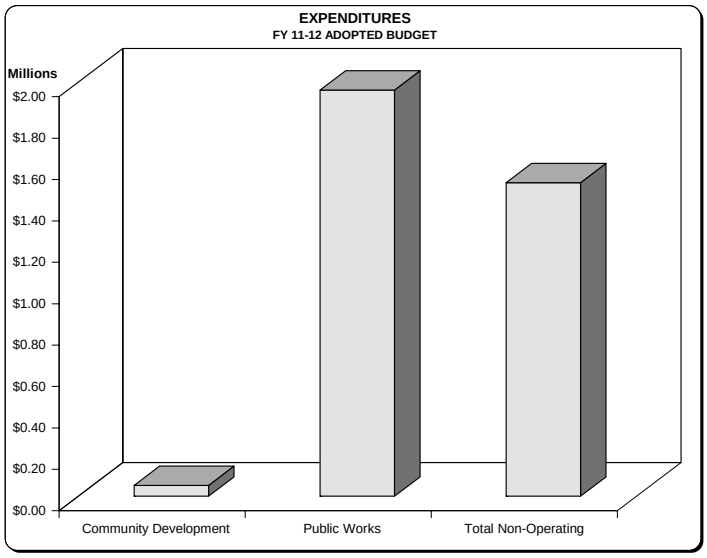
- Met all State and federal regulatory requirements; received a national award recognizing this accomplishment.
- Recycled over one million pounds of bio-solids on local farmland as a soil amendment and nutrient source.
- Initiated a community engagement process on the development of alternatives to meet TMDL regulations for the temperature of the City's wastewater discharge.
- Completed improvements to the digester at the Wastewater Reclamation Plant and upgrades to the Marys River lift station.

EXPENDITURE BY CLASS	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	ADOPTED 2011-12	% CHANGE FROM 10-11 BUDGET
Personal Services	$2,129,132	$2,240,468	$2,420,440	$2,353,960	$2,538,020	4.86%
Supplies and Services	1,187,008	1,166,802	1,218,310	1,151,630	1,309,550	7.49%
Capital Outlay	7,828	32,161	48,000	48,000	47,500	-1.04%
Total	$3,323,967	$3,439,430	$3,686,750	$3,553,590	$3,895,070	5.65%
EXPENDITURE BY PROGRAM						
Wastewater Plant	$1,176,003	$1,232,167	$1,241,710	$1,205,410	$1,363,060	9.77%
Biosolids Management	130,255	139,725	135,630	135,630	149,330	10.10%
United Chrome	18,615	19,848	21,370	21,370	22,620	5.85%
Pretreatment Program	93,059	91,007	134,640	68,160	118,710	-11.83%
Facility Automation	213,312	242,748	254,260	248,300	265,600	4.46%
Lab Services	135,880	140,964	155,070	155,070	157,850	1.79%
Facility Maintenance	619,687	631,697	677,840	666,420	715,750	5.59%
Wastewater Collection	887,908	891,964	1,007,860	996,260	1,050,520	4.23%
Conserv/Pollution Prevention	49,248	49,311	58,370	56,970	51,630	-11.55%
Total	$3,323,967	$3,439,430	$3,686,750	$3,553,590	$3,895,070	5.65%
Staffing Levels	25.35	25.15	25.15	25.15	25.05	-0.40%

STORM WATER FUND SUMMARY

	ACTUAL 2008-09	ACTUAL 2009-10	ADOPTED BUDGET 2010-11	REVISED 2010-11	PROPOSED BUDGET 2011-12	COMMISSION RECOMMENDED 2011-12	COUNCIL APPROVED 2011-12
Resources:							
Beginning Fund Balance	$2,221,156	$1,965,674	$1,363,334	$1,833,574	$1,291,834	$1,291,834	$1,291,834
Charges for Service	$1,843,640	$1,912,004	$2,113,970	$1,929,510	$2,005,440	$2,005,440	$2,005,440
Intergovernmental	0	0	0	2,000	12,740	12,740	137,340
Fines and Forfeitures	10	100	0	0	0	0	0
Miscellaneous	43,192	16,206	9,280	14,680	16,740	16,740	16,740
Transfers In	443,930	219,989	602,200	343,830	601,310	601,310	601,310
Other Financing Sources	0	4,000	0	0	0	0	0
Current Revenues	$2,330,772	$2,152,299	$2,725,450	$2,290,020	$2,636,230	$2,636,230	$2,760,830
Total Resources	$4,551,928	$4,117,973	$4,088,784	$4,123,594	$3,928,064	$3,928,064	$4,052,664
Requirements:							
Operating Budget:							
Community Development	$45,875	$45,474	$50,480	$50,480	$52,890	$52,240	$52,240
Public Works	1,451,881	1,685,348	2,109,020	1,970,890	1,976,100	1,962,260	1,962,260
Misc. Non-Departmental	0	3,493	0	0	0	0	0
Total Operating Budget	$1,497,756	$1,734,315	$2,159,500	$2,021,370	$2,028,990	$2,014,500	$2,014,500
Non-Operating:							
Capital Projects	$564,139	$206,185	$602,200	$354,480	$601,310	$601,310	$725,910
Transfers Out	524,359	343,899	756,660	455,910	749,060	749,060	749,060
Contingency	0	0	41,860	0	39,770	39,770	39,770
Total Non-Operating	$1,088,498	$550,084	$1,400,720	$810,390	$1,390,140	$1,390,140	$1,514,740
Total Requirements	$2,586,254	$2,284,399	$3,560,220	$2,831,760	$3,419,130	$3,404,640	$3,529,240
Ending Budgetary Fund Balance	$1,965,674	$1,833,574	$528,564	$1,291,834	$508,934	$523,424	$523,424





Note: the following pages include operating activity. For Non-Operating activity see section X - Non-Operating.

STORM WATER FUND SUMMARY
COMMUNITY DEVELOPMENT DEPARTMENT
ADMINISTRATION/PLAN REVIEW/INSPECTIONS/PLANNING/SPECIAL PROJECTS

RESPONSIBILITIES:

- Provide administration and management of inspection and planning programs ensuring efficient and cost effective service delivery.
- Coordinate as part of interdepartmental team on studies and ongoing service issues.
- Review and approve development proposals as they relate to the connection to the City storm water system and calculate and impose Systems Development Charges (SDC) on these developments.
- Act as liaison between the Development Assistance Center and other City departments such as Public Works and Fire.

WORK PLAN:

- Ensure coordination of land use concerns regarding storm water system planning and implementation efforts.
- Enhance the Division's capabilities to provide public information regarding Storm Water Fund charges for services.
- Implement storm water quality standards.

FY 10-11 HIGHLIGHTS:

- Coordinated with Public Works on storm water system issues related to development applications.
- Provided information to the public regarding storm water service availability and SDCs.

EXPENDITURE BY CLASS	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	ADOPTED 2011-12	% CHANGE FROM 10-11 BUDGET
Personal Services	$41,493	$40,403	$45,260	$45,260	$46,340	2.39%
Supplies and Services	4,383	5,070	5,220	5,220	5,900	13.03%
Capital Outlay	0	0	0	0	0	0.00%
Total	$45,876	$45,473	$50,480	$50,480	$52,240	3.49%
EXPENDITURE BY PROGRAM						
Administration	$13,396	$13,407	$14,030	$14,030	$15,010	6.99%
Plan Review	24,724	24,358	27,300	27,300	28,140	3.08%
Inspections	135	129	250	250	260	4.00%
Long Range Planning	7,621	7,579	8,900	8,900	8,830	-0.79%
Special Projects	0	0	0	0	0	0.00%
Total	$45,876	$45,473	$50,480	$50,480	$52,240	3.49%
Staffing Levels	0.44	0.44	0.43	0.43	0.50	16.28%

RESPONSIBILITIES:

- The Administration Division provides management and administrative support functions to the department's Storm Water Fund activities to ensure that services to improve water quality and preserve the local environment are efficiently delivered. Functions include long-term planning for the utility; reception, budgeting, contract support and accounting services for the department; and sustainability program development for the organization. Citizen information materials are developed by division staff in support of department projects.
- The Engineering Division coordinates Capital Improvement Program (CIP) development, conducts design review on new developments, inspects private development of public infrastructure, and provides general engineering support to City departments.
- The Transportation & Buildings Division provides for utility patching of streets and sidewalks after storm water services have been excavated and repaired, for sweeping services to protect stream water quality from street runoff, and for Geographical Information Systems (GIS) implementation to provide better access to data about public storm water facilities.
- Special Projects are one-time in nature or fall outside the scope of normal department operations.

WORK PLAN:

- Conduct the annual utility rate review.
- Foster sustainable practices in department operations.
- Improve the environmental and economic sustainability aspects of purchasing processes.
- Develop the second phase of the asset management program, which includes: developing an asset management policy and framework, and asset condition protocol; collecting asset condition information; and estimating equipment useful life, replacement cost, risk and consequence of failure.
- Maintain storm water facilities mapping and GIS data through incorporation of construction drawings and input from field crews.
- Provide timely review of design submittals for private development and ensure private development complies with City standards to protect the investment in public facilities.
- Design and manage construction of planned Capital Improvements including storm water master plan projects and improvement to the storm drainage system.

FY 10-11 HIGHLIGHTS:

- Conducted Phase I of the asset management program, establishing protocols for infrastructure data collection.
- Completed the City's planned Capital Improvements to the storm water system.

EXPENDITURE BY CLASS	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	ADOPTED 2011-12	% CHANGE FROM 10-11 BUDGET
Personal Services	$534,474	$543,204	$621,720	$621,720	$638,110	2.64%
Supplies and Services	457,478	493,151	811,510	681,500	644,170	-20.62%
Capital Outlay	0	109,679	0	0	0	0.00%
Total	$991,953	$1,146,034	$1,433,230	$1,303,220	$1,282,280	-10.53%
EXPENDITURE BY PROGRAM						
Administration	$375,133	$382,626	$442,690	$432,790	$421,160	-4.86%
Street Maintenance	40,719	42,219	45,210	43,510	44,810	-0.88%
Street Cleaning	197,900	185,023	207,440	206,440	215,210	3.75%
Mapping/GIS	49,207	49,522	62,120	61,280	63,960	2.96%
Development Review	119,859	119,551	138,650	138,100	157,500	13.60%
Engineering Admin/CIP	48,293	49,123	52,710	52,350	66,210	25.61%
Planning and Projects	159,518	162,326	183,850	183,450	165,130	-10.18%
Special Projects	1,323	155,645	300,560	185,300	148,300	-50.66%
Total	$991,953	$1,146,034	$1,433,230	$1,303,220	$1,282,280	-10.53%
Staffing Levels	6.07	6.11	6.13	5.97	5.80	-5.40%

RESPONSIBILITIES:

- Operate and maintain the storm water system, which consists of a network of pipes, inlets, ponds, swales, open drainage ways, and urban streams that collect and convey rain water runoff to the Willamette River for the purpose of flood mitigation; and promote improvements to urban stream and Willamette River water quality through pollution prevention and natural resources conservation.
- Comply with State and federal regulatory requirements and take action to position the City for compliance with future regulations.

WORK PLAN:

- Maintain 100% compliance with DEQ/EPA issued National Pollution Discharge Elimination System (NPDES) storm water discharge permit.
- Maintain storm water system to minimize localized flooding events.
- Promote pollution prevention activities throughout the community.
- Construct rain gardens on Beca Avenue as a pilot for a storm water quality management program.

FY 10-11 HIGHLIGHTS:

- Implemented activities required by the City's DEQ/EPA Storm Water National Pollutant Discharge Elimination System permit (NPDES).
- Promoted an Urban Stream Grant Program to provide funds to homeowners for habitat improvements along city streams.
- Achieved 100% compliance with all terms and conditions of the discharge permit.
- Continued implementation of the Total Maximum Daily Load (TMDL) management plan to comply with DEQ/EPA stormwater system discharge permit requirements.

EXPENDITURE BY CLASS	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	ADOPTED 2011-12	% CHANGE FROM 10-11 BUDGET
Personal Services	$362,250	$423,143	$516,650	$516,650	$514,470	-0.42%
Supplies and Services	97,678	116,171	159,140	151,020	165,510	4.00%
Capital Outlay	0	0	0	0	0	0.00%
Total	$459,928	$539,314	$675,790	$667,670	$679,980	0.62%
EXPENDITURE BY PROGRAM						
Surface Water Management	$398,353	$441,889	$515,950	$508,550	$529,750	2.67%
Conserv/Pollution Prevention	61,574	97,425	159,840	159,120	150,230	-6.01%
Total	$459,928	$539,314	$675,790	$667,670	$679,980	0.62%
Staffing Levels	4.35	5.25	5.75	5.75	5.65	-1.74%

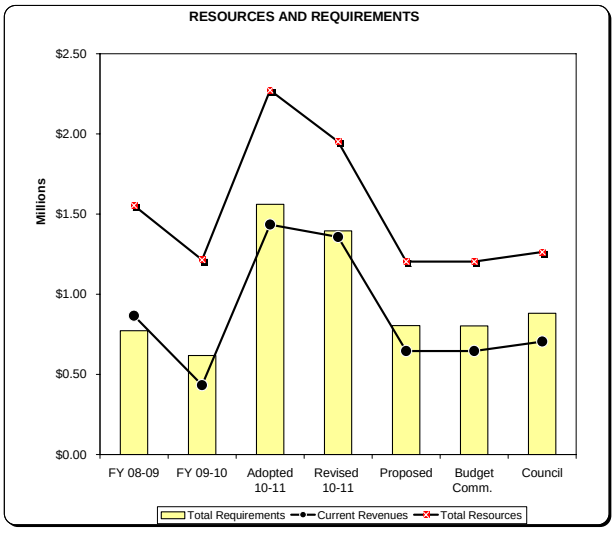
Note: FY 10-11 staffing level increase is due to reallocation of staff to meet operational needs.

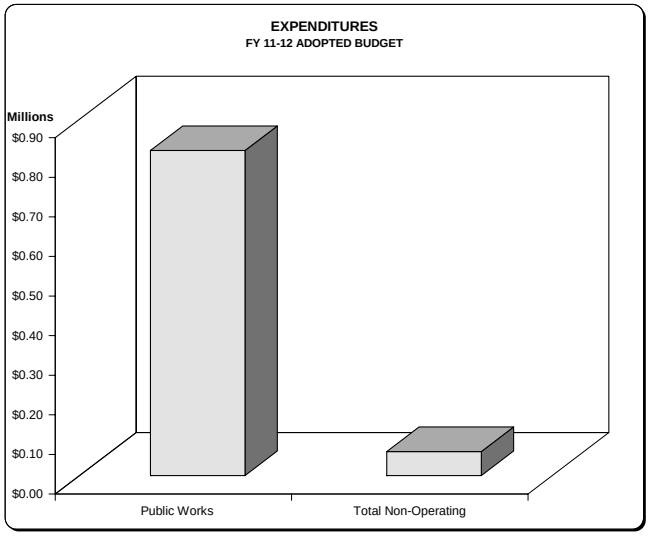
Grand Oaks detention pond

Storm Water basin

AIRPORT FUND SUMMARY

	ACTUAL 2008-09	ACTUAL 2009-10	ADOPTED BUDGET 2010-11	REVISED 2010-11	PROPOSED BUDGET 2011-12	COMMISSION RECOMMENDED 2011-12	COUNCIL APPROVED 2011-12
Resources:							
Beginning Fund Balance	$687,210	$780,902	$836,862	$595,659	$557,792	$557,792	$557,792
Licenses & Permits	$4,878	$4,297	$5,000	$3,000	$2,500	$2,500	$2,500
Charges for Service	441,500	390,113	365,000	372,500	392,500	392,500	392,500
Intergovernmental	382,282	18,961	817,150	817,150	237,500	237,500	296,761
Miscellaneous	17,900	11,371	9,630	15,950	13,580	13,580	13,580
Transfers In	19,953	8,200	148,050	148,050	0	0	0
Other Financing Sources	0	0	90,000	0	0	0	0
Current Revenues	$866,513	$432,942	$1,434,830	$1,356,650	$646,080	$646,080	$705,341
Total Resources	$1,553,723	$1,213,844	$2,271,692	$1,952,309	$1,203,872	$1,203,872	$1,263,133
Requirements:							
Operating Budget:							
Public Works	$322,861	$487,417	$445,350	$364,630	$743,680	$741,910	$820,910
Total Operating Budget	$322,861	$487,417	$445,350	$364,630	$743,680	$741,910	$820,910
Non-Operating:							
Capital Projects	$393,816	$89,174.00	$965,200	$903,187	$0	$0	$0
Transfers Out	25,866	$12,120.00	98,030	93,030	13,910	13,910	13,910
Debt Service - Principal	18,366	$18,548.00	23,740	23,740	23,940	23,940	23,940
Debt Service - Interest	11,912	$10,926.00	18,430	9,930	8,650	8,650	8,650
Contingency	0	0	9,390	0	14,270	14,270	14,270
Total Non-Operating	$449,960	$130,768.00	$1,114,790	$1,029,887	$60,770	$60,770	$60,770
Total Requirements	$772,821	$618,185	$1,560,140	$1,394,517	$804,450	$802,680	$881,680
Ending Budgetary Fund Balance	$780,902	$595,659	$711,552	$557,792	$399,422	$401,192	$381,453





Note: the following pages include operating activity. For Non-Operating activity see section X - Non-Operating.

RESPONSIBILITIES:

- The Administration Division provides management and administrative support functions to the department's Airport Fund activities to ensure that services are efficiently delivered. Functions include long-term planning for the Airport/Industrial Park, and administrative support for budgeting, contracting and accounting services.
- Special Projects are one-time in nature or fall outside the scope of normal department operations.

WORK PLAN:

- Foster sustainable practices in all department operations.
- Improve the environmental and economic sustainability aspects of purchasing processes.

FY 10-11 HIGHLIGHTS:

- Completed the construction of the improvements to Hout Street, which will provide access to 'shovel ready' property in the Airport Industrial Park.
- Initiated the Airport Industrial Park Master Plan.

EXPENDITURE BY CLASS	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	ADOPTED 2011-12	% CHANGE FROM 10-11 BUDGET
Personal Services	$7,231	$7,960	$8,720	$8,720	$10,660	22.25%
Supplies and Services	91,546	263,068	175,270	100,530	521,870	197.75%
Capital Outlay	0	20,000	0	0	0	0.00%
Total	$98,777	$291,028	$183,990	$109,250	$532,530	189.43%
EXPENDITURE BY PROGRAM						
Administration	$45,771	$47,005	$51,490	$51,490	$48,530	-5.75%
Special Projects	53,006	244,023	132,500	57,760	484,000	265.28%
Total	$98,777	$291,028	$183,990	$109,250	$532,530	189.43%
Staffing Levels	0.08	0.08	0.08	0.08	0.10	25.00%

RESPONSIBILITIES:

- The Transportation & Buildings Division has responsibility for the City's Airport and Industrial Park, which includes administration of land leases, development of airport services, maintenance of facilities, management of airport operations and coordination with the Federal Aviation Administration (FAA). The division provides the staff support to the Airport Commission.

WORK PLAN:

- Continue mitigation of wetlands in the 'shovel-ready' portion of the Industrial Park site.
- Provide for airport operations in accordance with FAA and Oregon Division of Aviation.
- Promote the Airport and Industrial Park properties to prospective tenants.
- Update the Airport Master Plan.

FY 10-11 HIGHLIGHTS:

- Initiated mitigation of wetlands in the 'shovel-ready' portion of the Industrial Park site by construction of enhanced wetlands at the off-site location.
- Initiated the update to the Airport Industrial Park Master Plan.

EXPENDITURE BY CLASS	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	ADOPTED 2011-12	% CHANGE FROM 10-11 BUDGET
Personal Services	$105,034	$112,290	$135,950	$135,950	$159,220	17.12%
Supplies and Services	119,051	84,098	125,410	119,430	129,160	2.99%
Capital Outlay	0	0	0	0	0	0.00%
Total	$224,085	$196,388	$261,360	$255,380	$288,380	10.34%
EXPENDITURE BY PROGRAM						
Airport Operations	$224,085	$196,388	$261,360	$255,380	$288,380	10.34%
Total	$224,085	$196,388	$261,360	$255,380	$288,380	10.34%
Staffing Levels	1.00	1.50	1.50	1.50	1.60	6.67%

Airport Industrial Park buildings

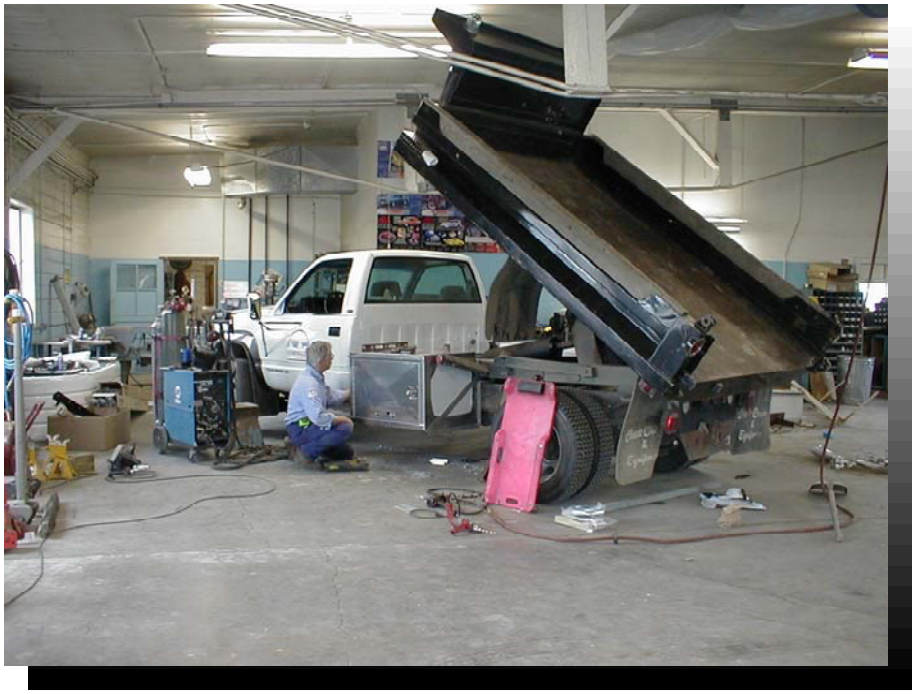
CORVALLIS

ENHANCING COMMUNITY LIVABILITY

SECTION – IX
INTERNAL SERVICE FUNDS

CORVALLIS FINANCE DEPARTMENT

PUBLIC WORKS GARAGE FACILITIES



SECTION – IX
INTERNAL SERVICE FUNDS

These funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost reimbursement basis. The measurement focus is on determination of net income, financial position, and changes in financial position. Internal service funds are accounted for on the accrual basis (transactions are recognized when they occur, regardless of the timing of related cash flows), and are budgeted for on the modified accrual basis (revenues are recognized when they become both "measurable" and "available to finance expenditures of the current period." Expenditures are generally recognized when the related fund liability is incurred). For GASB Statement #34 reporting purposes, all these funds are considered Non-Major Funds in the City's CAFR in FY 09-10.

a) **Fleet Maintenance** – to account for revenues and expenses associated with operating and maintaining the City of Corvallis' rolling stock. The major source of revenue is charges for service paid by operating departments based on the actual use of the garage and fuel purchases. The expenses are directly associated with the costs to operate and maintain City vehicles including purchase of fuel. As an internal service fund, revenues (charges for service) should equal expenses, with any accrued balance each year returned proportionately to the contributing funds.

b) **Facility Maintenance** – to account for revenues and expenses associated with the ongoing maintenance of City buildings. The major source of revenue is charges for service paid by operating departments based on prior year use of the Facility Maintenance work group's services. Expenses are associated with maintenance of City Hall, Municipal Court, Library, Arts Center, Parks & Recreation and Public Works administration and shop buildings. As an internal service fund, revenues (charges for service) should equal expenses, with any accrued balance each year returned proportionately to the contributing funds.

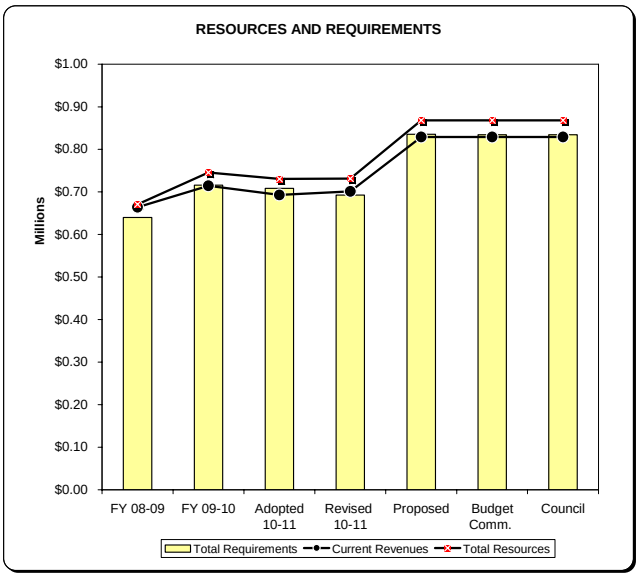
c) **Technology and Communications** – to account for revenue and expenses associated with operating the City of Corvallis' central computer and telephone systems. The major source of revenue is charges for service paid by operating departments based on a cost allocation plan. Expenses are for maintenance of the data center facility and equipment, information systems, telephone support staff, and reserves for future replacement of major computer and phone equipment. As an internal service fund, revenues (charges for service) should equal expenses, with any accrued balance each year returned proportionately to the contributing funds.

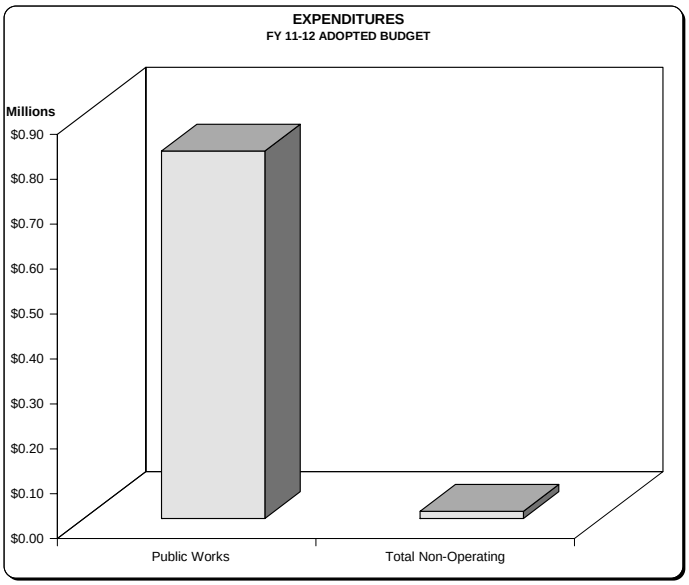
d) **Administrative Services** – to account for revenue and expenses associated with providing administrative services to all City departments. The major source of revenue is charges for service paid by operating funds based on a cost allocation formula. Expenses are for the operations of governance and human resources in the City Manager's Office and the administration, accounting, budget, treasury and payroll functions in the Finance Department. As an internal service fund, revenues (charges for service) should equal expenses, with any accrued balance each year returned proportionately to the contributing funds.

e) **Risk Management Fund** – to account for revenue and expenses associated with providing risk management services to the organization. The major revenue source is charges paid by departments for insurance premiums and based on a cost allocation formula that uses exposure and prior year claims experience. Expenses are for general and auto liability and worker's compensation insurance, and for the City's safety program. As an internal service fund, revenues (charges for service) should equal expenses. However, the Risk Management Fund also holds a catastrophic reserve.

FLEET MAINTENANCE FUND SUMMARY

	ACTUAL 2008-09	ACTUAL 2009-10	ADOPTED BUDGET 2010-11	REVISED 2010-11	PROPOSED BUDGET 2011-12	COMMISSION RECOMMENDED 2011-12	COUNCIL APPROVED 2011-12
Resources:							
Beginning Fund Balance	$6,918	$30,988	$37,298	$29,823	$38,883	$38,883	$38,883
Charges for Service	$662,392	$712,438	$691,630	$699,920	$827,500	$827,500	$827,500
Miscellaneous	1,566	1,995	1,200	1,410	1,530	1,530	1,530
Current Revenues	$663,958	$714,433	$692,830	$701,330	$829,030	$829,030	$829,030
Total Resources	$670,876	$745,421	$730,128	$731,153	$867,913	$867,913	$867,913
Requirements:							
Operating Budget:							
Public Works	$639,888	$715,598	$692,270	$692,270	$819,200	$818,030	$818,030
Total Operating Budget	$639,888	$715,598	$692,270	$692,270	$819,200	$818,030	$818,030
Non-Operating:							
Contingency	$0	$0	$16,000	$0	$16,000	$16,000	$16,000
Total Non-Operating	$0	$0	$16,000	$0	$16,000	$16,000	$16,000
Total Requirements	$639,888	$715,598	$708,270	$692,270	$835,200	$834,030	$834,030
Ending Budgetary Fund Balance	$30,988	$29,823	$21,858	$38,883	$32,713	$33,883	$33,883





Note: the following pages include operating activity. For Non-Operating activity see section X - Non-Operating.

RESPONSIBILITIES:

- The Transportation & Buildings Division provides service and repair to a portion of the City's vehicle and equipment fleet to ensure that the fleet is mechanically safe, in good repair, and meets forecasted life to support departments in their activities.
- Special Projects are one-time in nature or fall outside the scope of normal operations for the department.

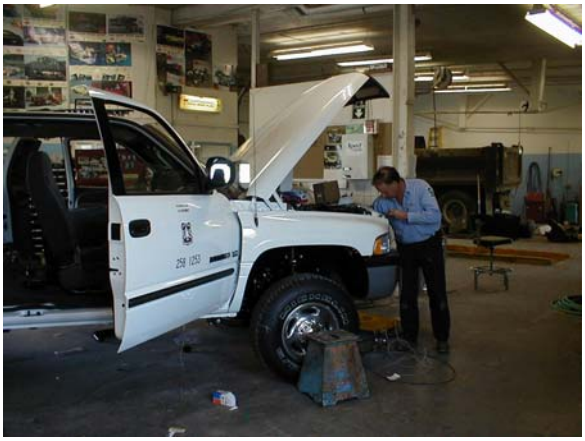
WORK PLAN:

- Develop bids and specifications for vehicle replacements.
- Repair vehicles and equipment in a cost-effective manner that is competitive with private industry.
- Develop partnerships with other organizations to provide fleet maintenance service on their vehicles.

FY 10-11 HIGHLIGHTS:

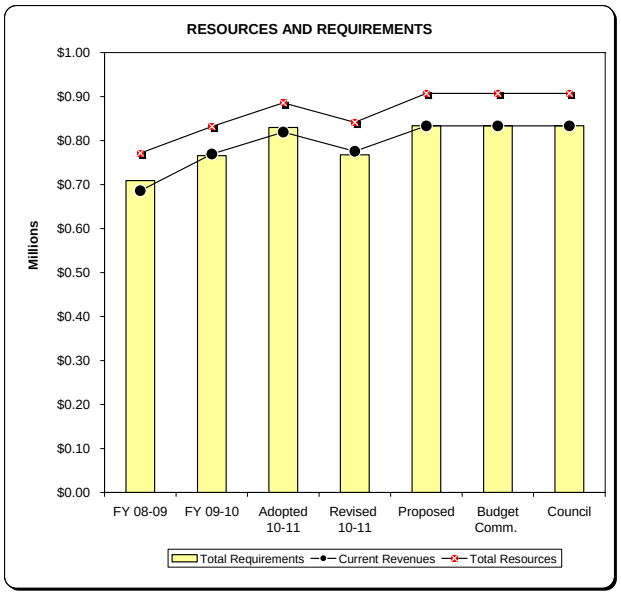
- Purchased a system to evaluate vehicle air conditioning units, a system to flush coolant, and a transmission jack stand, all tools that maximize the efficiency of the mechanics by allowing maintenance work to be performed in-house.

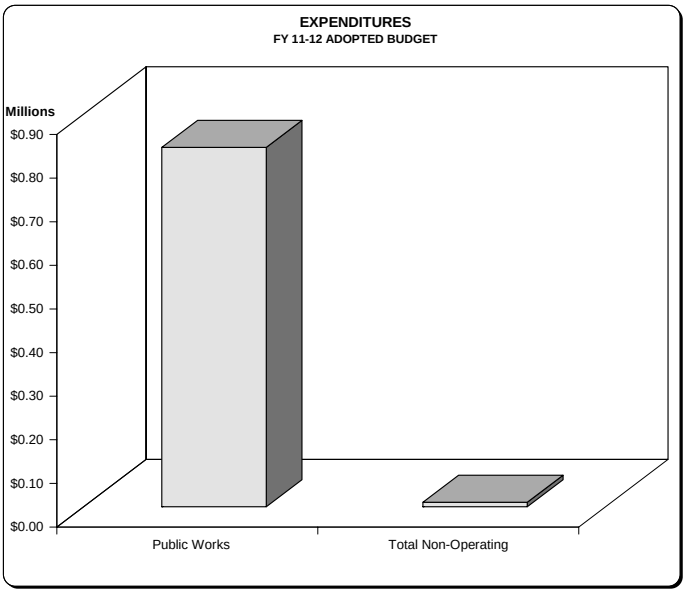
EXPENDITURE BY CLASS	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	ADOPTED 2011-12	% CHANGE FROM 10-11 BUDGET
Personal Services	$198,533	$219,077	$237,990	$204,740	$211,800	-11.00%
Supplies and Services	441,355	468,621	447,580	480,830	606,230	35.45%
Capital Outlay	0	27,901	6,700	6,700	0	-100.00%
Total	$639,887	$715,598	$692,270	$692,270	$818,030	18.17%
EXPENDITURE BY PROGRAM						
Transportation and Buildings	$639,887	$687,697	$685,570	$685,570	$811,630	18.39%
Special Projects	0	27,901	6,700	6,700	6,400	-4.48%
Total	$639,887	$715,598	$692,270	$692,270	$818,030	18.17%
Staffing Levels	2.72	2.72	2.67	2.67	2.21	-17.23%



FACILITY MAINTENANCE FUND SUMMARY

	ACTUAL 2008-09	ACTUAL 2009-10	ADOPTED BUDGET 2010-11	REVISED 2010-11	PROPOSED BUDGET 2011-12	COMMISSION RECOMMENDED 2011-12	COUNCIL APPROVED 2011-12
Resources:							
Beginning Fund Balance	$85,608	$62,441	$66,491	$65,862	$74,212	$74,212	$74,212
Charges for Service	$679,954	$757,044	$816,200	$772,350	$829,890	$829,890	$829,890
Miscellaneous	6,161	12,408	3,070	3,440	3,290	3,290	3,290
Current Revenues	$686,115	$769,452	$819,270	$775,790	$833,180	$833,180	$833,180
Total Resources	$771,723	$831,893	$885,761	$841,652	$907,392	$907,392	$907,392
Requirements:							
Operating Budget:							
Public Works	$709,282	$766,031	$819,660	$767,440	$823,850	$823,880	$823,880
Total Operating Budget	709,282	$766,031	$819,660	$767,440	$823,850	$823,880	$823,880
Non-Operating:							
Contingency	$0	$0	$10,000	$0	$10,000	$10,000	$10,000
Total Non-Operating	$0	$0	$10,000	$0	$10,000	$10,000	$10,000
Total Requirements	$709,282	$766,031	$829,660	$767,440	$833,850	$833,880	$833,880
Ending Budgetary Fund Balance	$62,441	$65,862	$56,101	$74,212	$73,542	$73,512	$73,512





Note: the following pages include operating activity. For Non-Operating activity see section X - Non-Operating.

RESPONSIBILITIES:

- The Transportation & Buildings Division is responsible for the operation and maintenance of a number of City-owned or leased facilities. This group supports the Council objective to maintain and upgrade public facilities to assure a safe and productive work environment, while maximizing the functional life of these assets.
- Special Projects are one-time in nature or fall outside the scope of normal operations for the department.

WORK PLAN:

- Complete facilities projects while minimizing the negative impacts of construction on the public and staff.
- Complete mechanical system upgrades at the Public Works complex.

FY 10-11 HIGHLIGHTS:

- Finalized City Hall seismic improvement project using Federal Emergency Management Agency grant funds.
- Improved the HVAC system at City Hall, resulting in improved air quality and anticipated lower energy costs.
- Conducted a seismic evaluation of the Madison Avenue Building.
- Replaced mechanical systems at the Public Works complex and balanced the electrical load.
- Retrofitted library garage lights with lower use and longer life inductive lights.

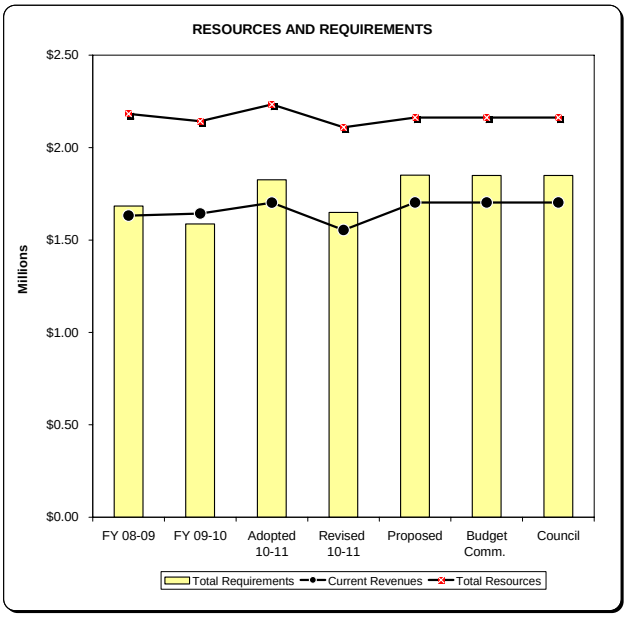
EXPENDITURE BY CLASS	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	ADOPTED 2011-12	% CHANGE FROM 10-11 BUDGET
Personal Services	$376,399	$431,262	$455,210	$417,990	$466,660	2.52%
Supplies and Services	298,748	321,119	364,450	349,450	357,220	-1.98%
Capital Outlay	34,136	13,650	0	0	0	0.00%
Total	$709,283	$766,031	$819,660	$767,440	$823,880	0.51%
EXPENDITURE BY PROGRAM						
Facilities Maintenance	$622,918	$684,054	$753,160	$700,940	$761,410	1.10%
Special Projects	86,365	81,977	66,500	66,500	62,470	-6.06%
Total	$709,283	$766,031	$819,660	$767,440	$823,880	0.51%
Staffing Levels	4.22	4.22	4.23	4.23	4.25	0.47%

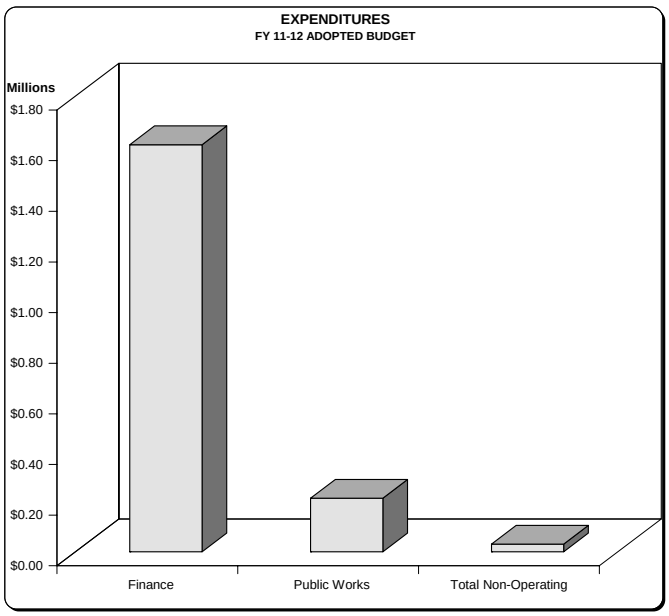
Senior Center concrete replacement

Corvallis City Hall

TECHNOLOGY AND COMMUNICATIONS FUND SUMMARY

	ACTUAL 2008-09	ACTUAL 2009-10	ADOPTED BUDGET 2010-11	REVISED 2010-11	PROPOSED BUDGET 2011-12	COMMISSION RECOMMENDED 2011-12	COUNCIL APPROVED 2011-12
Resources:							
Beginning Fund Balance	$550,564	$498,946	$530,867	$555,184	$459,844	$459,844	$459,844
Charges for Service	$1,612,885	$1,638,622	$1,699,180	$1,549,000	$1,696,480	$1,696,480	$1,696,480
Miscellaneous	19,167	4,865	3,040	5,000	6,160	6,160	6,160
Current Revenues	$1,632,052	$1,643,487	$1,702,220	$1,554,000	$1,702,640	$1,702,640	$1,702,640
Total Resources	$2,182,616	$2,142,433	$2,233,087	$2,109,184	$2,162,484	$2,162,484	$2,162,484
Requirements:							
Operating Budget:							
Finance	$1,471,197	$1,387,856	$1,577,000	$1,456,820	$1,609,000	$1,607,720	$1,607,720
Public Works	212,473	199,393	219,070	192,520	211,850	211,580	211,580
Total Operating Budget	$1,683,670	$1,587,249	$1,796,070	$1,649,340	$1,820,850	$1,819,300	$1,819,300
Non-Operating:							
Contingency	$0	$0	$30,000	$0	$30,000	$30,000	$30,000
Total Non-Operating	$0	$0	$30,000	$0	$30,000	$30,000	$30,000
Total Requirements	$1,683,670	$1,587,249	$1,826,070	$1,649,340	$1,850,850	$1,849,300	$1,849,300
Ending Budgetary Fund Balance	$498,946	$555,184	$407,017	$459,844	$311,634	$313,184	$313,184





Note: the following pages include operating activity. For Non-Operating activity see section X - Non-Operating.

RESPONSIBILITIES:

- Provide infrastructure network connectivity to store and access business records and information.
- Consulting services to acquire and implement as well as support and host various business applications.
- Manage and enhance productivity and collaboration tools including email and calendaring.
- Support personal computers software and hardware; provide training, printing, and faxing services.
- Provide help desk support for end users.

WORK PLAN:

- Continue work on adopting industry best practices for electronic records classification and management.
- Deploy Microsoft Office Suite upgrade, SharePoint and Exchange 2010 as well as adopt Windows 7 as the new client standard.
- Continue implementation of Information Technology Infrastructure Library framework best practices and processes.
- Work with consultant to determine and report to Council on whether collaborative reorganization warrants joint action between the City and the County IT divisions.

FY 10-11 HIGHLIGHTS:

- Published an RFP and awarded a contract to replace the City Internet web site.
- Developed an implementation plan for Windows 7 upgrade and Exchange 2010 (Outlook).
- Took corrective action based on the security audit findings to maintain compliance with the City RedFlag policy.
- Increased storage capacity (SAN) and expanded virtualization thereby increasing fault tolerance, cutting energy costs and reducing physical server count.
- Submitted a grant application in collaboration with City of Albany to IBM Smart City Challenge to address the wide range of financial and infrastructure challenges facing cities.
- Continued discussion with the Benton County Information Technology department to determine whether collaborative reorganization may warrant joint action by the City and the County.

EXPENDITURE BY CLASS	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	ADOPTED 2011-12	% CHANGE FROM 10-11 BUDGET
Personal Services	$967,597	$1,050,767	$1,131,990	$1,131,990	$1,105,860	-2.31%
Supplies and Services	417,806	309,281	375,010	259,830	336,860	-10.17%
Capital Outlay	85,794	27,807	70,000	65,000	165,000	135.71%
Total	$1,471,197	$1,387,855	$1,577,000	$1,456,820	$1,607,720	1.95%
EXPENDITURE BY PROGRAM						
Management Information Service	$1,121,920	$1,176,003	$1,249,150	$1,189,510	$1,166,940	-6.58%
Financial Information Services	211,399	211,852	235,350	222,310	238,280	1.24%
Special Projects	137,879	0	92,500	45,000	202,500	118.92%
Total	$1,471,197	$1,387,855	$1,577,000	$1,456,820	$1,607,720	1.95%
Staffing Levels	11.00	11.00	11.00	11.00	10.00	-9.09%

RESPONSIBILITIES:

- The Transportation and Buildings Division is responsible for managing and maintaining telephone services and fiber-optic cable systems for City operations.

WORK PLAN:

- Manage the City's telephone system in conjunction with Benton County.
- Manage the City's fiber-optic cable system.

FY 10-11 HIGHLIGHTS:

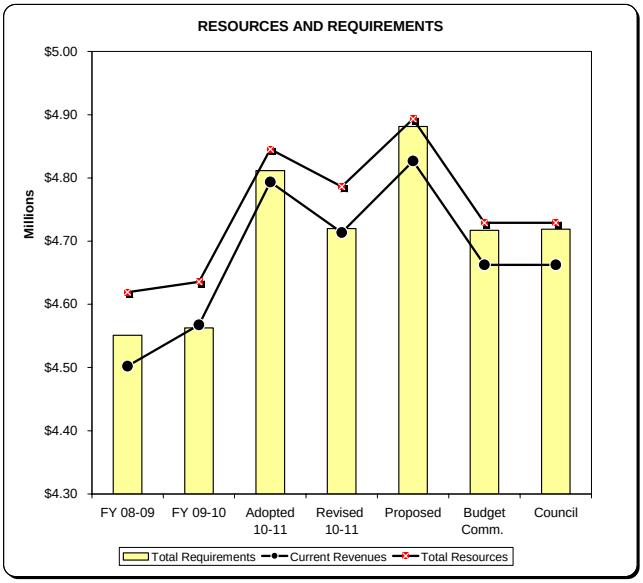
- Assisted Benton County Sheriff's Office (BCSO) and Corvallis Police Department (CPD) with reorganizing offices in the Law Enforcement Building.
- Continued support to BCSO and CPD on completion of new public safety radio system.
- Upgraded main telephone switching equipment.

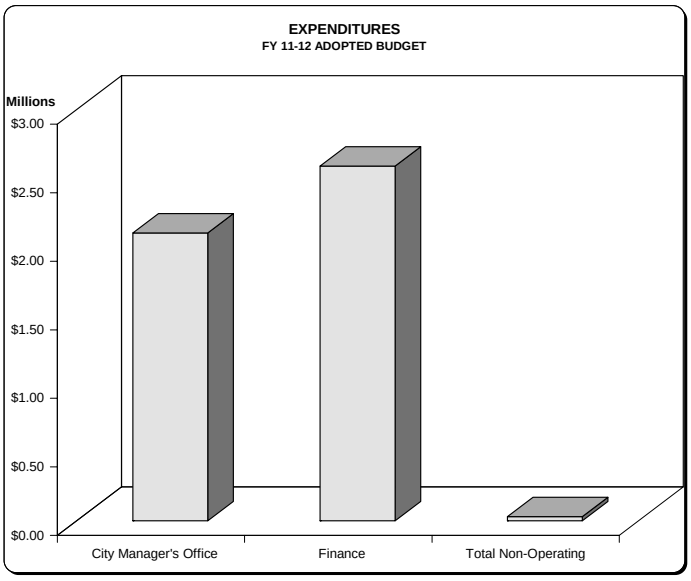
EXPENDITURE BY CLASS	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	ADOPTED 2011-12	% CHANGE FROM 10-11 BUDGET
Personal Services	$110,720	$103,613	$66,470	$66,470	$76,400	14.94%
Supplies and Services	101,753	95,779	132,000	126,050	113,960	-13.67%
Capital Outlay	0	0	20,600	0	21,220	3.01%
Total	$212,473	$199,393	$219,070	$192,520	$211,580	-3.42%
EXPENDITURE BY PROGRAM						
Communication	$65,023	$57,524	$0	$0	$0	0.00%
Telephone Services	147,450	141,869	173,470	167,520	185,610	7.00%
Special Projects	0	0	45,600	25,000	25,970	-43.05%
Total	$212,473	$199,393	$219,070	$192,520	$211,580	-3.42%
Staffing Levels	1.35	1.30	0.80	0.80	0.70	-12.50%

Telephone system troubleshooting

ADMINISTRATIVE SERVICES FUND SUMMARY

	ACTUAL 2008-09	ACTUAL 2009-10	ADOPTED BUDGET 2010-11	REVISED 2010-11	PROPOSED BUDGET 2011-12	COMMISSION RECOMMENDED 2011-12	COUNCIL APPROVED 2011-12
Resources:							
Beginning Fund Balance	$117,173	$68,116	$52,066	$72,844	$66,494	$66,494	$66,494
Charges for Service	$4,465,050	$4,550,450	$4,785,490	$4,705,700	$4,817,050	$4,652,730	$4,652,730
Miscellaneous	36,959	8,678	8,000	7,800	9,820	9,820	9,820
Other Financing Sources	0	8,379	0	0	0	0	0
Current Revenues	$4,502,009	$4,567,507	$4,793,490	$4,713,500	$4,826,870	$4,662,550	$4,662,550
Total Resources	$4,619,182	$4,635,623	$4,845,556	$4,786,344	$4,893,364	$4,729,044	$4,729,044
Requirements:							
Operating Budget:							
City Manager's Office	$1,973,653	$2,003,998	$2,114,260	$2,142,460	$2,257,400	$2,098,460	$2,100,260
Finance	2,577,413	2,558,781	2,667,300	2,577,390	2,594,030	2,588,650	2,588,650
Total Operating Budget	$4,551,066	$4,562,779	$4,781,560	$4,719,850	$4,851,430	$4,687,110	$4,688,910
Non-Operating:							
Contingency	$0	$0	$30,000	$0	$30,000	$30,000	$30,000
Total Non-Operating	$0	$0	$30,000	$0	$30,000	$30,000	$30,000
Total Requirements	$4,551,066	$4,562,779	$4,811,560	$4,719,850	$4,881,430	$4,717,110	$4,718,910
Ending Budgetary Fund Balance	$68,116	$72,844	$33,996	$66,494	$11,934	$11,934	$10,134





Note: the following pages include operating activity. For Non-Operating activity see section X - Non-Operating.

RESPONSIBILITIES:

- The City Manager's Office implements City Council decisions, supports Mayor/City Council activities, and promotes intergovernmental relations and partnerships.
- The City Manager's Office leads and manages the overall operation of City services, facilitates effective public communications programs, conducts municipal elections, and manages the City's official records.
- The special projects division is used to account for projects that are one-time in nature.

WORK PLAN:

- Implement 2011-2012 City Council goals and objectives.
- Monitor legislative activities and provide support to the City Legislative Committee.
- Encourage existing and new partnerships with intergovernmental agencies and legislative representatives.
- Position the organization for the future.
- Continue implementation of the Comprehensive Communications Plan's action plan.
- Provide ongoing support and development of the organization's diversity initiative.

FY 10-11 HIGHLIGHTS:

- The Council approved renaming Jackson Avenue Plaza to Helen Berg Plaza in honor of former Mayor Helen Berg.
- Initiated the Individual Career Development Program for City employees.
- Formed Diversity and Inclusion Steering Committee.
- Coordinated 2011-2012 City Council election activities.
- Celebrated the many contributions of retiring City Manager, Jon Nelson.

EXPENDITURE BY CLASS	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	ADOPTED 2011-12	% CHANGE FROM 10-11 BUDGET
Personal Services	$722,803	$732,765	$747,470	$861,980	$761,290	1.85%
Supplies and Services	598,358	627,897	684,600	634,940	594,670	-13.14%
Capital Outlay	0	0	0	0	0	0.00%
Total	$1,321,161	$1,360,662	$1,432,070	$1,496,920	$1,355,960	-5.31%
EXPENDITURE BY PROGRAM						
Governance	$1,294,212	$1,316,312	$1,382,070	$1,456,770	$1,312,160	-5.06%
Special Projects	26,949	44,350	50,000	40,150	43,800	-12.40%
Total	$1,321,161	$1,360,662	$1,432,070	$1,496,920	$1,355,960	-5.31%
Staffing Levels	5.50	5.50	5.50	5.50	5.50	0.00%

The City's Web site at www.ci.corvallis.or.us is a valuable resource for information about City programs and services.

The City Manager's Office works with state and federal agencies and monitors legislative activities.

DEPARTMENT RESPONSIBILITIES:

- The Human Resources Division provides a comprehensive portfolio of professional human resource services in a customer-oriented environment.

DEPARTMENT WORK PLAN:

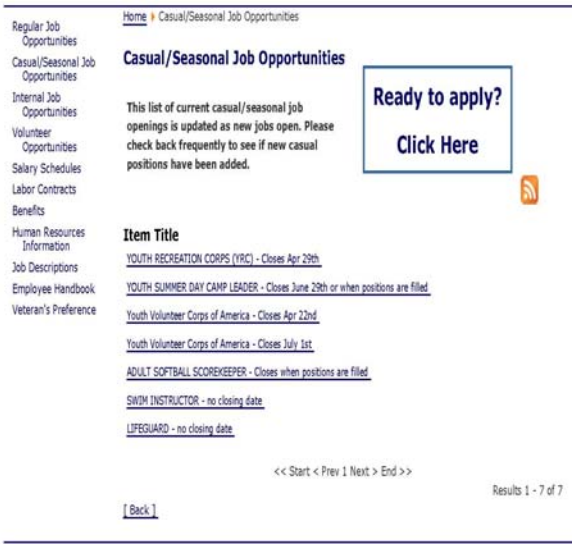
- Maintain effective labor relations.
- Continue investment in health initiatives in benefits and wellness programs.
- Implement recommendations from the career development and diversity action plans.
- Commence negotiations with the International Association of Fire Fighters.
- Support hiring process for a new City Manager, Public Works Director and Police Chief, amongst other hires for retiring and/or departing staff.

FY 10-11 HIGHLIGHTS:

- Implemented new online recruitment software to better serve applicants and City departments.
- Provided training on cross cultural communication and gender identity and sexual orientation in the workplace through the Employer Partnership for Diversity.
- Began negotiations with American Federation of State, County, and Municipal Employees (AFSCME), and Corvallis Peace Officer's Association (CPOA).

EXPENDITURE BY CLASS	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	ADOPTED 2011-12	% CHANGE FROM 10-11 BUDGET
Personal Services	$546,996	$554,385	$577,850	$549,170	$643,570	11.37%
Supplies and Services	105,496	88,951	104,340	96,370	100,730	-3.46%
Capital Outlay	0	0	0	0	0	0.00%
Total	$652,493	$643,336	$682,190	$645,540	$744,300	9.10%
EXPENDITURE BY PROGRAM						
Human Resources	$652,493	$643,336	$682,190	$645,540	$744,300	9.10%
Total	$652,493	$643,336	$682,190	$645,540	$744,300	9.10%
Staffing Levels	4.50	4.50	4.50	4.50	4.25	-5.56%

Human Resources works with AFSCME, CPOA, International Association of Fire Fighters (IAFF), and the Corvallis Regional Communications Center Association (CRCCA) to negotiate labor agreements



Applying for a City job is easy with the new online recruitment system

RESPONSIBILITIES:

- Provide access to financial information for the City Council, Boards and Commissions, citizens, and employees.
- Provide mail services for the City organization.
- Pursue collection of monies owed to the City.
- Pursue customer service improvement practices in Utility Billing including e-commerce initiatives such as on-line utility services payment options, marketing and promoting electronic monthly bills; increase efficiencies in daily operations and promote customer donation options to parks, low-income payment assistance fund and the library youth program.

WORK PLAN:

- Focus on City's sustainability goal to reduce paper usage by exploring new software technologies.
- Complete liquor, tobacco, and social gaming license renewal process.
- Provide accurate reads of over 16,000 water meters each month to facilitate billing; calculate, transmit, and collect monthly utility bills; and provide information to utility customers about their bills, billing cycles, and services available.
- Complete work in developing classification of electronic records management system.
- Review and assess next generation fixed-base radio read technology for water meters.
- Implement on-line payment option through Click-2-Gov for Municipal Court customers.

FY 10-11 HIGHLIGHTS:

- Implemented process to add sustainability fees to 16,000 utility services customer accounts.
- Updated Purchasing Manual and related contract forms, updated "How-to" manual and travel training guide.
- Initiated customer friendly improvements to the Click-to-Government on-line payment screen.
- Completed recurring and bankdraft donation option for utility services customers.
- Conducted an organizational training with Office Max for sustainable office supply purchases through the State price agreement.

EXPENDITURE BY CLASS	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	ADOPTED 2011-12	% CHANGE FROM 10-11 BUDGET
Personal Services	$822,575	$748,088	$808,310	$743,370	$729,470	-9.75%
Supplies and Services	348,437	327,171	355,000	355,630	327,470	-7.75%
Capital Outlay	15,946	0	0	0	15,660	0.00%
Total	$1,186,959	$1,075,259	$1,163,310	$1,099,000	$1,072,600	-7.80%
EXPENDITURE BY PROGRAM						
Administration	$669,960	$489,004	$528,360	$452,180	$405,660	-23.22%
Utility Billing	489,077	577,192	604,950	616,820	636,280	5.18%
Special Projects	27,922	9,064	30,000	30,000	30,660	2.20%
Total	$1,186,959	$1,075,259	$1,163,310	$1,099,000	$1,072,600	-7.80%
Staffing Levels	9.50	9.25	8.25	7.50	7.00	-15.15%

NOTE: FTE Reduction for FY 11-12 to support balancing property tax fund combined budget.

Madison Building Solar Hot Water Project

Finance Department – Madison Avenue Building

RESPONSIBILITIES:

- Ensure sound fiscal management and long-term financial planning for the City.
- Provide the organization with policies and procedures for the financial operations of the City.
- Secure sources of funds for City operations and projects.
- Ensure the City's financial transactions are recorded accurately and in accordance with generally accepted accounting principles (GAAP).
- Manage the City's cash position and adhere to the State and City's prudent person investment and cash management policies and procedures; manage the City's banking and investment broker relationships.
- Maintain and improve a system of internal controls designed to provide reasonable assurance the City's assets and resources are safeguarded.
- Ensure all debt covenants are met and that compliance is reported appropriately.
- Ensure the budget is adopted annually in compliance with Oregon Local Budget Law.
- Report to the City Council and Budget Commission quarterly on the status of the City's finances.
- Ensure payments to vendors and employees are accurate and timely.

WORK PLAN:

- Provide staff support to examine revenue alternatives and other work related to City Council sustainable budget goal.
- Prepare the 2010/2011 CAFR and receive an unqualified auditor's opinion.
- Review internal controls on an objective basis for determining risks and acceptable risk levels to develop or modify policies and procedures for efficiencies and effectiveness.
- Prepare a balanced FY 12-13 budget to be adopted by City Council.
- Continue focus on streamlining department procedures for increased efficiency and improved customer service.

FY 10-11 HIGHLIGHTS:

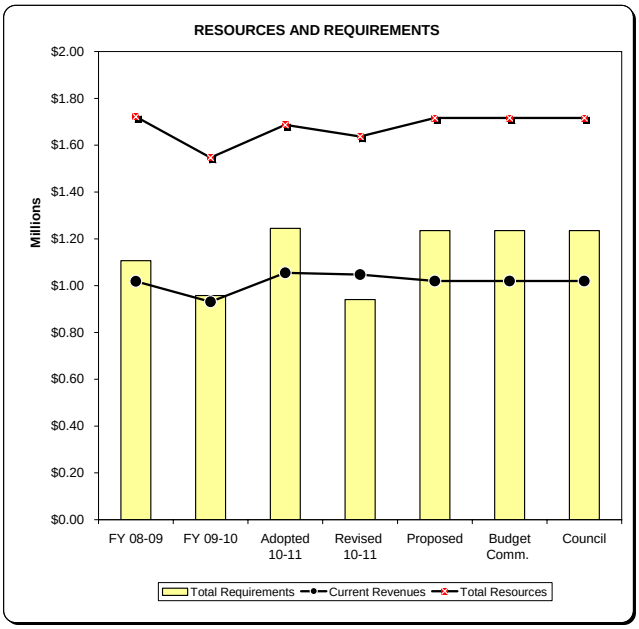
- Prepared a balanced FY 11-12 budget to be adopted by City Council.
- Prepared and submitted the 2009/2010 CAFR with fewer staff while continuing to receive an unqualified auditor's opinion.
- Successfully implemented electronic funds transfer process for various vendor payments, including employee child support payments to the Dept of Justice.
- Submitted a "What Works Case" on performance measurement to ICMA Center for Performance Measurement to again receive the Excellence Award for City efforts in this regard for FY 10-11.

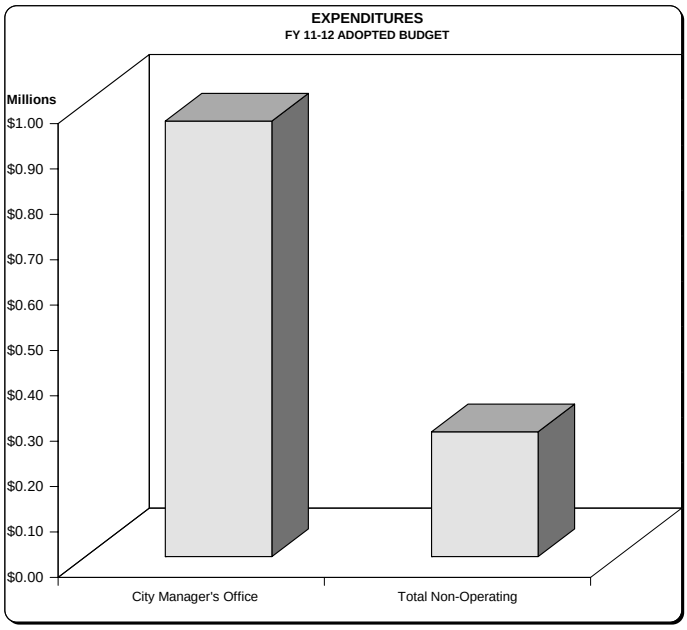
EXPENDITURE BY CLASS	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	ADOPTED 2011-12	% CHANGE FROM 10-11 BUDGET
Personal Services	$991,061	$1,119,225	$1,123,690	$1,080,780	$1,113,170	-0.94%
Supplies and Services	399,394	364,299	380,300	397,610	402,880	5.94%
Capital Outlay	0	0	0	0	0	0.00%
Total	$1,390,454	$1,483,523	$1,503,990	$1,478,390	$1,516,050	0.80%
EXPENDITURE BY PROGRAM						
Budget & Financial Planning	$244,613	$414,463	$483,620	$495,910	$540,070	11.67%
Financial Services	1,145,841	1,069,060	1,020,370	982,480	975,980	-4.35%
Total	$1,390,454	$1,483,523	$1,503,990	$1,478,390	$1,516,050	0.80%
Staffing Levels	12.75	12.75	13.75	13.25	12.75	-7.27%

NOTE: FTE Reduction for FY 11-12 to support balancing property tax fund combined budget.

RISK MANAGEMENT FUND SUMMARY

	ACTUAL 2008-09	ACTUAL 2009-10	ADOPTED BUDGET 2010-11	REVISED 2010-11	PROPOSED BUDGET 2011-12	COMMISSION RECOMMENDED 2011-12	COUNCIL APPROVED 2011-12
Resources:							
Beginning Fund Balance	$703,532	$615,619	$631,819	$589,247	$696,767	$696,767	$696,767
Charges for Service	$957,220	$901,900	$1,014,210	$1,014,210	$980,270	$980,270	$980,270
Miscellaneous	61,360	29,374	40,620	33,320	39,350	39,350	39,350
Current Revenues	$1,018,580	$931,274	$1,054,830	$1,047,530	$1,019,620	$1,019,620	$1,019,620
Total Resources	$1,722,112	$1,546,893	$1,686,649	$1,636,777	$1,716,387	$1,716,387	$1,716,387
Requirements:							
Operating Budget:							
City Manager's Office	$1,106,493	$957,646	$970,010	$940,010	$959,950	$959,950	$959,950
Total Operating Budget	$1,106,493	$957,646	$970,010	$940,010	$959,950	$959,950	$959,950
Non-Operating:							
Contingency	$0	$0	$275,000	$0	$275,000	$275,000	$275,000
Total Non-Operating	$0	$0	$275,000	$0	$275,000	$275,000	$275,000
Total Requirements	$1,106,493	$957,646	$1,245,010	$940,010	$1,234,950	$1,234,950	$1,234,950
Ending Budgetary Fund Balance	$615,619	$589,247	$441,639	$696,767	$481,437	$481,437	$481,437





Note: the following pages include operating activity. For Non-Operating activity see section X - Non-Operating.

RESPONSIBILITIES:

- Responsibilities of the Risk Management Fund include protecting the assets of the City through risk management activities and policies, purchasing appropriate insurance and providing adequate reserves for uninsured losses, increasing safety awareness, providing safety training opportunities for employees, providing for urgent safety equipment needs, and reviewing City contracts for appropriate risk management provisions.

WORK PLAN:

- Use loss-sensitive formulas for operating department service charges to encourage proactive risk management.
- Analyze claims data and make insurance purchase/risk retention decisions.
- Provide at least three safety training opportunities to all employees each year.
- Administer safety incentive program.
- Provide training for safety committee members.
- Purchase safety equipment for departments as recommended within available resources.
- Assist departments with managing risk through appropriate indemnifications and insurance provisions in City contracts and through Risk Management policies and guidance.

FY 10-11 HIGHLIGHTS:

- Continued partial recovery of injured worker wages through the Employer at Injury (early return to work) program.
- Used safety funds to purchase a welding hood with an air purifying respirator for Public Works staff.

EXPENDITURE BY CLASS	ACTUAL 2008-09	ACTUAL 2009-10	BUDGET 2010-11	REVISED 2010-11	ADOPTED 2011-12	% CHANGE FROM 10-11 BUDGET
Personal Services	$0	$0	$0	$0	$0	0.00%
Supplies and Services	1,106,493	942,181	970,010	940,010	959,950	-1.04%
Capital Outlay	0	15,465	0	0	0	0.00%
Total	$1,106,493	$957,646	$970,010	$940,010	$959,950	-1.04%
EXPENDITURE BY PROGRAM						
Risk Management	$1,087,902	$945,435	$936,660	$936,660	$923,600	-1.39%
Safety Program	18,591	12,211	3,350	3,350	6,350	89.55%
Special Projects	0	0	30,000	0	30,000	0.00%
Total	$1,106,493	$957,646	$970,010	$940,010	$959,950	-1.04%
Staffing Levels	0.00	0.00	0.00	0.00	0.00	0.00%

The Safety Program encourages work practices that protect employees and citizens.

CORVALLIS/BENTON COUNTY PUBLIC LIBRARY

SECTION – X
NON-OPERATING BUDGET

The Non-Operating budget is generally defined as monies that the City will expend, but not in direct support of the day-to-day operations of the City's programs and services. The Non-Operating Budget includes:

a) **Capital Budget** – The City completes a five-year Capital Improvement Program (CIP) each year prior to the Budget Commission setting priorities for the coming fiscal year. The CIP is developed by staff using master plans that address both the rehabilitation and expansion needs of each infrastructure area (Airport, Buildings, Parks, Transportation, Storm Water, Wastewater, and Water systems). CIP projects are also proposed by citizens through the public outreach process conducted each year in May/June, as well as proposals to advisory boards and commissions and staff. The first year of the CIP is reviewed by the Budget Commission for the ability to pay, and once recommended is appropriated as the Capital Budget.

b) **Debt Service** – The City has a need to borrow monies for capital projects or other large capital needs from time-to-time. The repayment schedules for each of the debt issues is included in the budget, with the FY 11-12 debt payment (principal and interest) appropriated for expenditure. Resources for debt repayment are designated at the time the monies are borrowed.

c) **Transfers** – Transfers are budgeted to move monies from one fund to another fund. Transfers are generally designated as operating or capital. Operating transfers are monies that are used by the receiving fund to pay for basic operating costs, and are paid by the expending fund because the operations benefit the expending fund. In most cases, the transfer is for a specific program. Capital transfers are transactions where the City moves monies between funds in order to better track and account for capital construction projects.

d) **Reserves** – Most of the City's funds hold reserves of one kind or another. Contingencies are reserves that are appropriated and could be used by the City Council during the course of the fiscal year to pay unanticipated costs. The City rarely uses contingencies. GASB 54 defines how reserve balance funds must be categorized for audit purposes. The budget document estimates these balances going forward, but treats remaining unappropriated balances as "unassigned" within each fund. Assigned reserves are developed by staff and used to facilitate long-term financial planning – saving monies today for a larger than normal expenditure in the future. Committed reserves are items defined by the City Council, either through ordinance or policy, where monies are set aside for a purpose. Restricted reserves are mandated by a third party, most often by the federal or state government, where the City collects monies for a future, specific use and must be sure that the monies are not expended for any other use.

OVERVIEW OF CAPITAL IMPROVEMENT PROGRAM

DEFINITION OF A CAPITAL PROJECT

A capital project results in a permanent addition to the City's assets. This is accomplished through either: 1) acquisition of property; 2) new construction; or 3) rehabilitation, reconstruction or renovation of an existing facility to a "like new" condition which extends its useful life or increases its usefulness or capacity.

Capital projects are large scale endeavors in cost, size, and benefit to the community. They involve non-recurring expenditures or capital outlays from a variety of specifically identified funding sources and do not duplicate maintenance activities in the operating budget. These expenditures are to be in compliance with City Financial Policies.

The purchase of vehicles is not considered a capital project. Capital projects typically have a service life in excess of fifteen years.

CAPITAL IMPROVEMENT PROGRAM

The City annually develops the five-year Capital Improvement Program (CIP) which:

- Plans development or rehabilitation of public property to protect it from deterioration, extend its useful life and preserve the community's prior investments;
- Anticipates land acquisition for open space, parks, streets, drainageways and other community facilities; and
- Plans for public buildings, utilities, streets, park facilities and other physical property of the community.

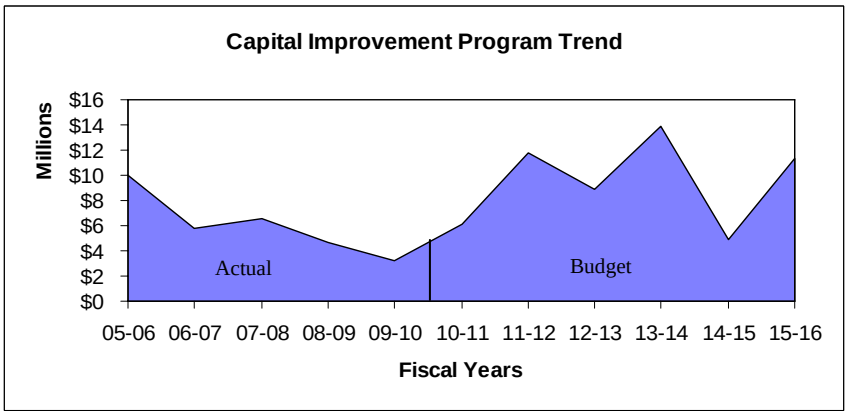
The CIP review and update is conducted annually with community involvement. Requests for projects to be included in the CIP come from:

- Advisory boards and commissions and include the board or commission's priority for the project, and recommended funding sources;
- Citizen requests;
- Projects recommended in a facility master plan; and
- Staff requests based on preventive or deferred maintenance plans.

The requests for projects are developed and a staff team reviews each request for its urgency, its "fit" with other projects already planned, the project's contribution to improving sustainable operations, and the ability to fund the projects. The staff team's recommendation is forwarded to the City Manager for review and development into the Proposed CIP.

The Proposed Five-Year CIP is presented to the CIP Commission which conducts a public hearing, deliberates, and then recommends a CIP for the City Council to consider. The CIP is then forwarded to the Planning Commission for a recommendation on the CIP's compatibility with the Comprehensive Plan, and then to the Budget Commission for a recommendation on the ability to fund the proposed projects. The City Council reviews all recommendations and votes on adoption of the CIP as a planning document.

The first year of the five-year CIP is further developed, and presented to the Budget Commission and the City Council as the capital budget for the following fiscal year. The CIP plan is available online at www.ci.corvallis.or.us, or at the Corvallis-Benton County Public Library or by calling Public Works at 541-766-6916.

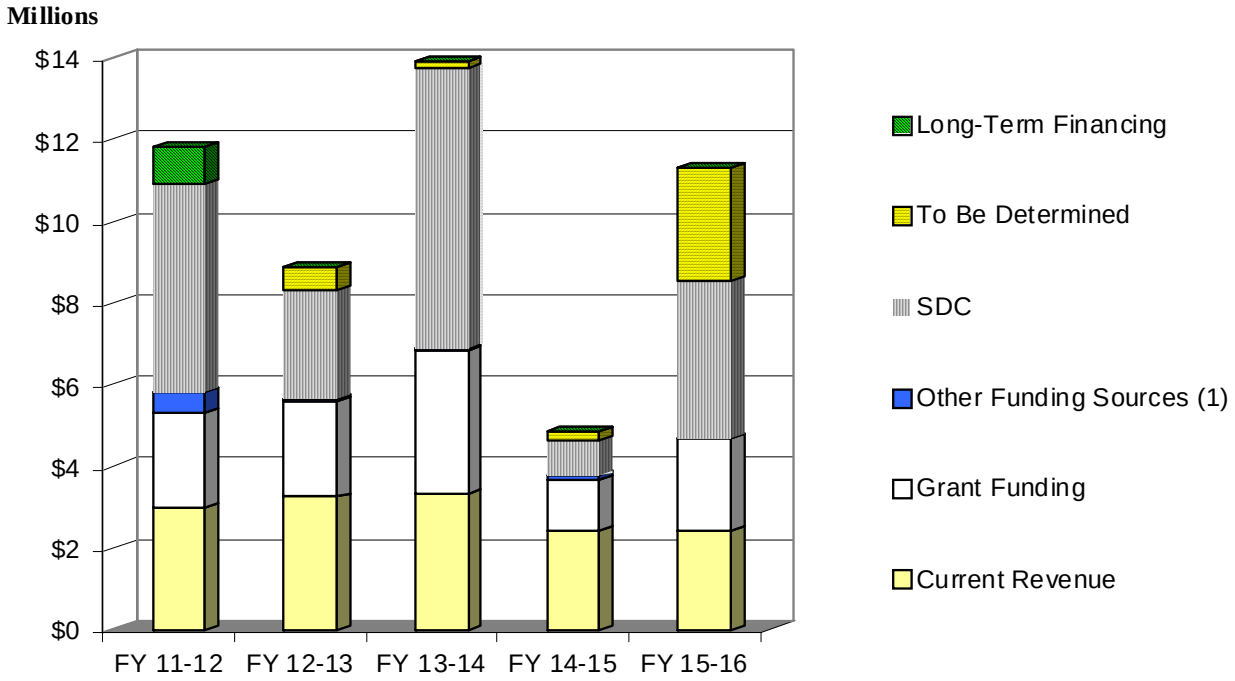


CAPITAL IMPROVEMENT PROGRAM
FUNDING SOURCES

Capital projects are funded from several different sources. The largest portion of funding comes from current revenue and system development charges which reflect the City's pay-as-you-go philosophy.

Below is a table and graph which outlines the funding sources for FY 11-12 and the four-year planning period.

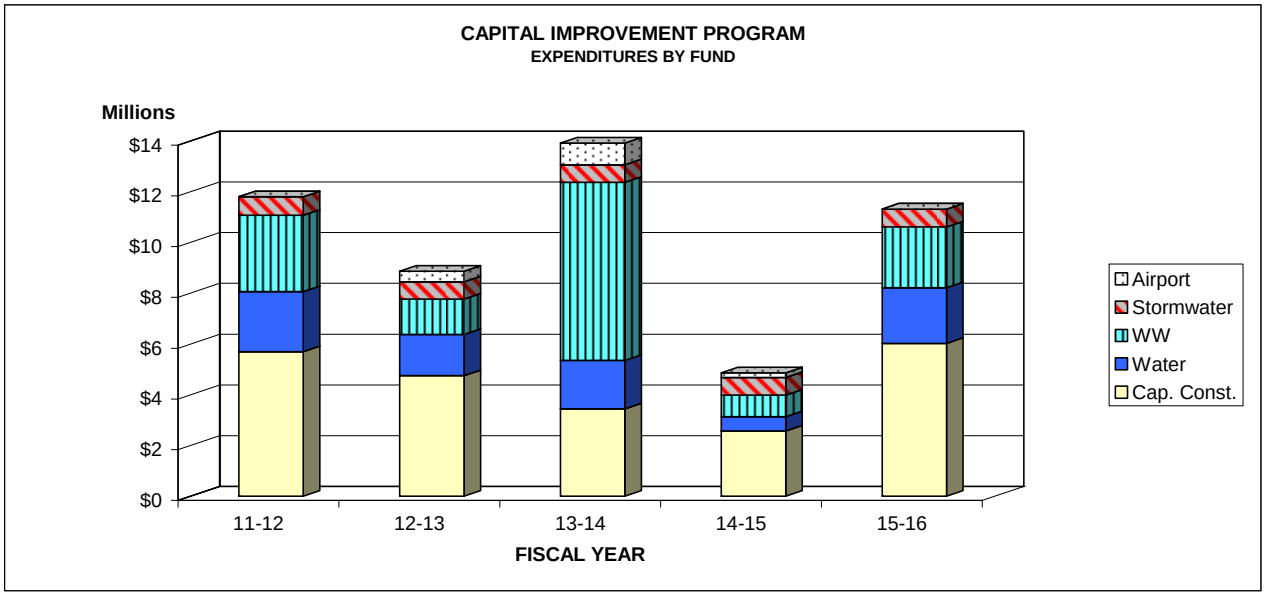
Funding Source	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16	Five Year Total
Long-Term Financing	$886,000	$0	$0	$0	$0	$886,000
Current Revenue	2,983,160	3,234,670	3,330,290	2,401,380	2,389,580	14,339,080
Grant Funding	2,307,570	2,326,900	3,487,250	1,273,800	2,281,000	11,676,520
Other Funding Sources (1)	508,553	80,000	63,500	75,000	0	727,053
SDC	5,118,350	2,663,420	6,871,900	881,900	3,870,200	19,405,770
To Be Determined	0	559,800	164,500	226,900	2,773,500	3,724,700
Total	$11,803,633	$8,864,790	$13,917,440	$4,858,980	$11,314,280	$50,759,123



(1) Includes donations and assessments

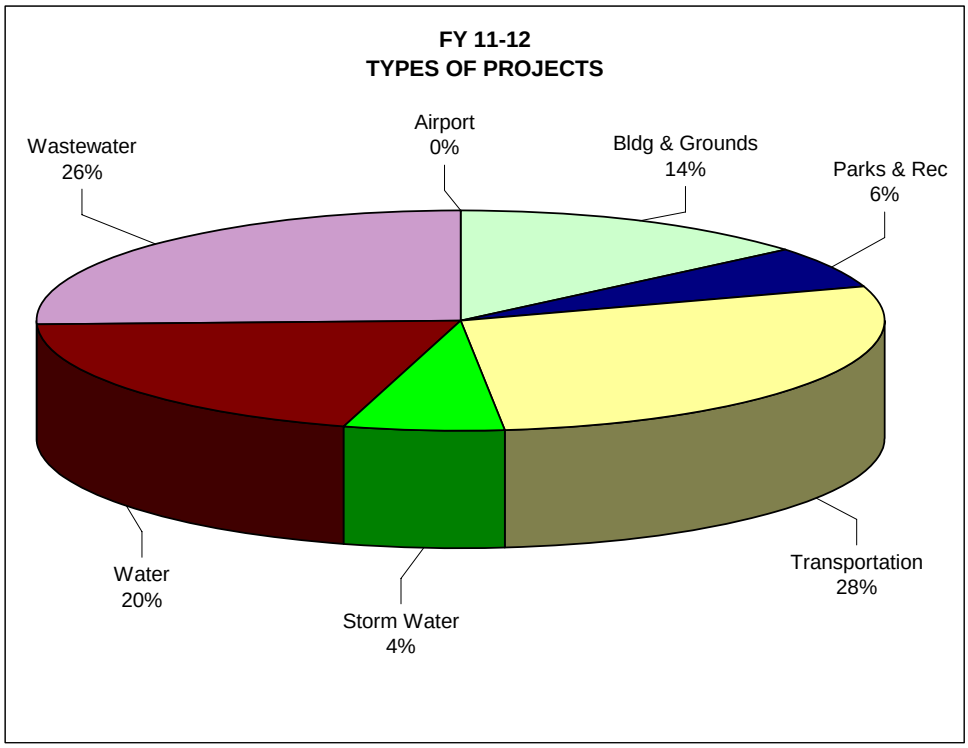
CAPITAL IMPROVEMENT PROGRAM
EXPENDITURE SUMMARY BY FUND

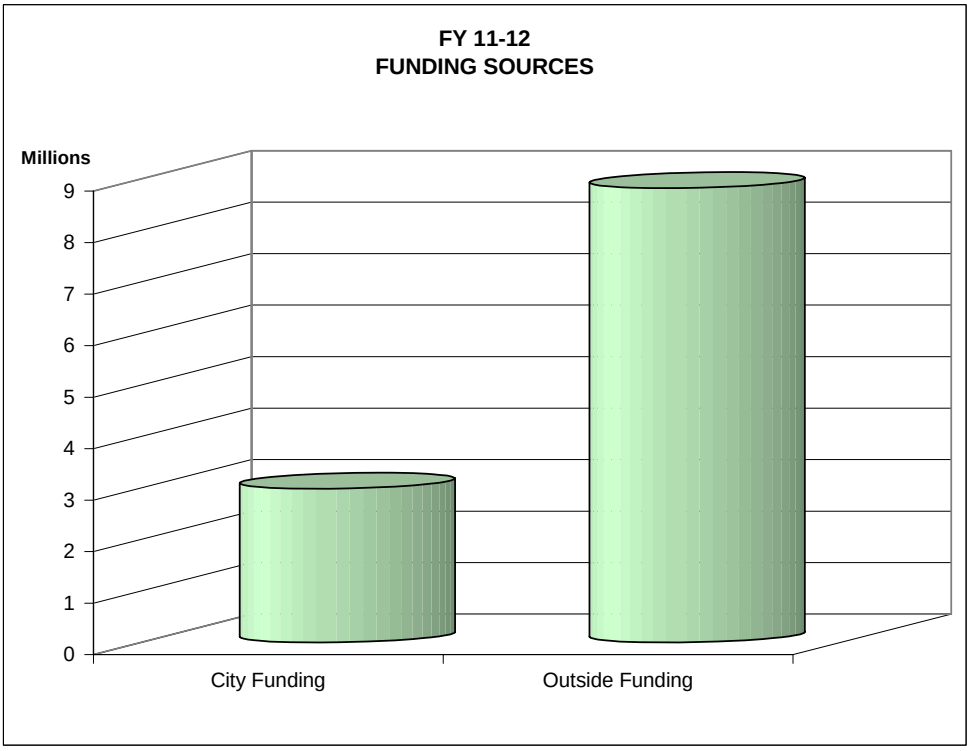
	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16	FIVE YEAR TOTAL
Capital Construction Fund						
Public Works	$4,086,070	$3,571,460	$2,736,780	$2,324,070	$5,962,130	$18,680,510
Parks & Recreation	727,243	1,179,620	706,800	250,000	65,000	2,928,663
Fire Dept.	886,000	0	0	0	0	886,000
Sub Total Capital Construction Fund	$5,699,313	$4,751,080	$3,443,580	$2,574,070	$6,027,130	$22,495,173
Water Construction Fund						
Public Works	$2,366,140	$1,625,220	$1,910,300	$559,400	$2,192,000	$8,653,060
Wastewater Construction Fund						
Public Works	$3,012,270	$1,392,940	$7,019,440	$851,090	$2,396,100	$14,671,840
Storm Water Construction Fund						
Public Works	$725,910	$685,550	$689,920	$694,420	$699,050	$3,494,850
Airport Construction Fund						
Public Works	$0	$410,000	$854,200	$180,000	$0	$1,444,200
Total Capital Improvement Plan	$11,803,633	$8,864,790	$13,917,440	$4,858,980	$11,314,280	$50,759,123



FY 11-12 CAPITAL IMPROVEMENT PROGRAM

The FY 11-12 Capital Improvement Program totals $11,803,633 . The following pages list all capital projects by type of project: airport, building and grounds, parks and recreation, storm water, transportation, wastewater and water. The two graphs below outline the relationship between type of project and the funding sources.





CAPITAL IMPROVEMENT PROJECTS	FUNDING SOURCE	TOTAL PROJECT BUDGET	FY 11-12 BUDGET
BUILDINGS AND FACILITIES			
City Hall Block	Bank Loan	$750,670	$0
	CR Street Fund	49,790	47,380
	CR Develop. Svcs. Fund	201,830	191,400
	CR CD Revolving Fund	63,790	60,750
	CR Water Fund	111,110	105,710
	CR Wastewater Fund	49,790	47,380
	CR Storm Water Fund	49,790	47,380
	CR General	71,820	0
	FEMA Grant	812,500	0
	Total	**$2,161,090**	**$500,000**
Fire Department Property Acquisition and Facilities Relocation	Bank Loan	$896,000	$886,000
	Total	**$896,000**	**$886,000**
Municipal Buildings Rehabilitation	CR General Fund	$133,800	$36,000
	CR Library	308,700	102,000
	CR Street	2,610	0
	CR Develop. Svcs. Fund	12,190	0
	CR CD Revolving Fund	3,350	0
	CR Water Fund	5,830	0
	CR Wastewater Fund	2,610	0
	CR Storm Water Fund	2,610	0
	EECBG Grant	120,000	115,000
	Total	**$591,700**	**$253,000**
Total Buildings and Facilities			**$1,639,000**
PARKS AND RECREATION			
Acquisition of Land	Open Space Trust Fund	$129,193	$129,193
	Parks SDC	300,000	50,000
	Total	**$429,193**	**$179,193**
Osborn Aquatic Center	Grants and/or Donations	$30,000	$30,000
	Total	**$30,000**	**$30,000**
Park Facility Renovation	CR Parks & Rec. Fund	$143,000	$68,000
	Grants and/or Donations	125,000	50,000
	To Be Determined	357,800	0
	Total	**$625,800**	**$118,000**
Park Improvements - Existing	Parks SDC	$201,000	$0
	CR Parks & Rec. Fund	377,780	69,000
	Grants and/or Donations	614,580	144,830
	Risk Management Fund	31,170	31,170
	G.O. Bond	0	0
	To Be Determined	75,000	0
	Total	**$1,299,530**	**$245,000**

CAPITAL IMPROVEMENT PROJECTS	FUNDING SOURCE	TOTAL PROJECT BUDGET	FY 11-12 BUDGET
Riverfront Commemorative Park (Signage)	CR Wastewater Fund	$201,720	$0
	CR Parking Fund	148,960	0
	CR General Fund	1,685,930	0
	G.O. Bond Proceeds/Interest	6,112,440	31,150
	Grants and/or Donations	975,410	0
	Property Assessments	153,810	0
	To Be Determined	55,000	0
	Total	**$9,333,270**	**$31,150**
Special Use Facilities	Grants and/or Donations	$62,800	$10,000
	CR Parks & Rec. Fund	35,000	10,000
	Total	**$97,800**	**$20,000**
Trails / Bike Paths	Grants and/or Donations	$81,000	$50,450
	Parks SDC	$140,320	$53,450
	Total	**$221,320**	**$103,900**
Total Parks and Recreation			**$727,243**
STORM WATER UTILITY			
Storm Drain Pipe Replacement	CR Storm Water Fund	$1,102,550	$141,310
	Total	**$1,102,550**	**$141,310**
Storm Water Retrofit - 4th Street	ODOT Grant	$124,600	$124,600
	Total	**$124,600**	**$124,600**
Storm Water Master Plan Projects	CR Storm Water Fund	$2,670,000	$445,000
	Storm Water SDC	320,000	0
	Total	**$2,990,000**	**$445,000**
Utility and Street Improvement Projects	Storm Water SDC	$75,000	$15,000
	Total	**$75,000**	**$15,000**
Total Storm Water Utility			**$725,910**
TRANSPORTATION			
Advanced Transportation Management Sys	Street SDC	$79,500	$69,140
	Grant	505,500	505,500
	Total	**$585,000**	**$574,640**
Circle Boulevard Pedestrian Activated Crsng	CR Street	$20,900	$0
	Grant	188,100	20,000
	Total	**$209,000**	**$20,000**
City Hall Parking	CR Parking Fund	$10,000	$10,000
	Total	**$10,000**	**$10,000**
Corvallis to Albany Trail	Street SDC	$164,000	$164,000
	Grant	656,000	656,000
	Total	**$820,000**	**$820,000**

CAPITAL IMPROVEMENT PROJECTS	FUNDING SOURCE	TOTAL PROJECT BUDGET	FY 11-12 BUDGET
Downtown Public Parking	CR Parking Fund	$200,000	$200,000
	Total	**$200,000**	**$200,000**
Electric Vehicle Charging Stations	CR Parking Fund	$30,000	$30,000
	Total	**$30,000**	**$30,000**
Goodnight Right-of-Way Acquisition	Street SDC	$370,000	$370,000
	Total	**$370,000**	**$370,000**
Sidewalk Safety Program	CR Street Fund	$119,240	$5,200
	CR Street - SIF	750,000	150,000
	Total	**$869,240**	**$155,200**
South 3rd Street/Crystal Lake Drive Improvements	CR Street	$25,000	$25,000
	Grant	25,000	0
	Total	**$50,000**	**$25,000**
Street Reconstruction - Arterial/Collector	STP Grant	$1,954,790	$636,190
	Total	**$1,954,790**	**$636,190**
Street Reconstruction - Local	CR Street Fund	$2,010,000	$10,000
	Total	**$2,010,000**	**$10,000**
Traffic Signals	Street SDC	$533,200	$0
	Miscellaneous Revenue	300,000	282,040
	Total	**$833,200**	**$282,040**
Utility and Street Improvement Projects	Street SDC	$1,200,000	$200,000
	Total	**$1,200,000**	**$200,000**
Total Transportation Projects			**$3,333,070**
WASTEWATER UTILITY			
Biosolids Storage Tank	CR Wastewater Fund	$20,000	$20,000
	Total	**$20,000**	**$20,000**
Marys River Interceptor Improvements	CR Wastewater Fund	$79,410	$72,500
	Wastewater SDC	930,100	875,630
	Total	**$1,009,510**	**$948,130**
Sanitary Sewer Rehabilitation	CR Wastewater Fund	$3,977,550	$633,360
	Total	**$3,977,550**	**$633,360**
Utility and Street Improvement Projects	Wastewater SDC	$198,000	$33,000
	Total	**$198,000**	**$33,000**
WWRP Electrical Equipment Replacement	CR Wastewater Fund	$116,400	$0
	Wastewater SDC	1,536,950	1,377,780
	Total	**$1,653,350**	**$1,377,780**
Total Wastewater Utility Projects			**$3,012,270**

CAPITAL IMPROVEMENT PROJECTS	FUNDING SOURCE	TOTAL PROJECT BUDGET	FY 11-12 BUDGET
WATER UTILITY			
36th and Grant Water Pump Station Improvements	CR Water Fund	$654,910	$102,490
	Total	**$654,910**	**$102,490**
North Hills 1st Level Reservoir Improvements	Water SDC	$2,063,660	$1,838,850
	Total	**$2,063,660**	**$1,838,850**
Taylor Plant Facility Plan Projects	CR Water Fund	$302,800	$53,300
	Total	**$302,800**	**$53,300**
Utility and Street Improvement Projects	Water SDC	$33,000	$33,000
	Total	**$33,000**	**$33,000**
Water Distribution System Rehabilitation/ Replacement Program	CR Water Fund	$1,500,000	$300,000
	Total	**$1,500,000**	**$300,000**
West Corvallis Second Level Water	Water SDC loan to Assessments	$419,270	$28,770
	Water SDC	225,820	9,730
	Total	**$645,090**	**$38,500**
Total Water Utility Projects			**$2,366,140**
GRAND TOTAL			**$11,803,633**

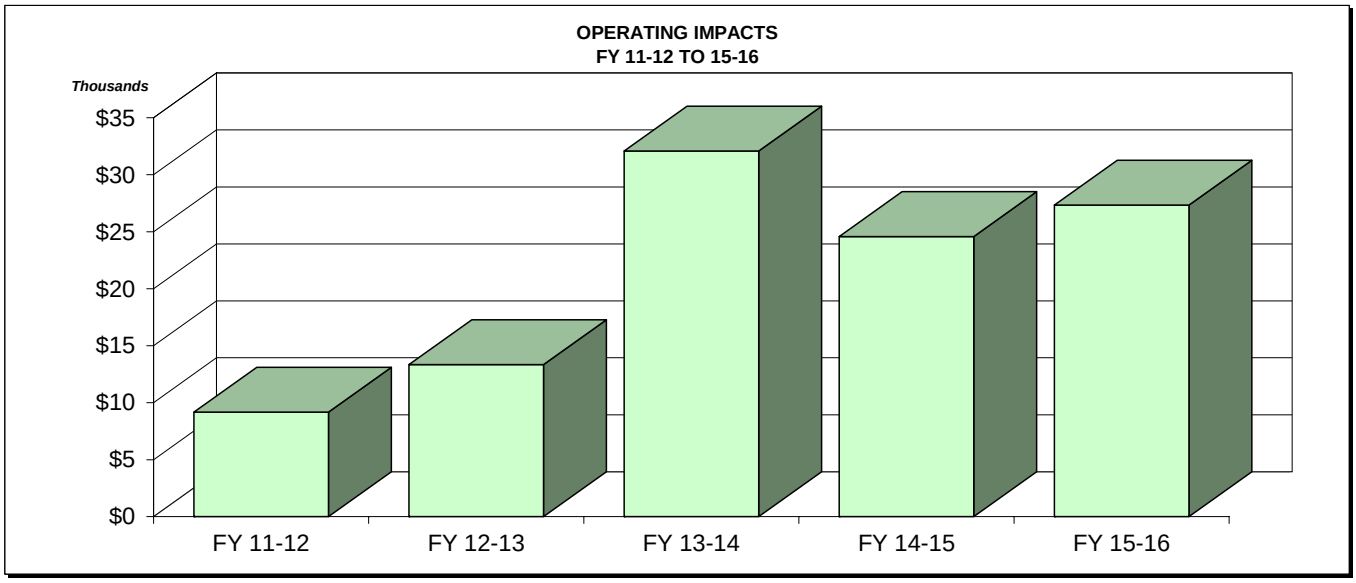
IMPACTS TO OPERATING BUDGET

Prior to placing a capital project within the Capital Improvement Program (CIP), staff analyzes the feasibility of doing the project itself and the long and short-term costs or savings associated with the project. This is done through the financial planning process.

Operational costs or savings are placed within the Financial Plans to ensure that there are funds available to maintain the completed project or pay for related external financings, such as the bank loan contemplated for FY 10-11 to support several Property Tax Fund-based projects.

The information below illustrates the financial impacts to operations over the next five years from projects in each fund, except for the bank loan interest refereed to above. While an amount has been budgeted for a FY 11-12 interest payment, the actual interest rate and amortization schedule are not yet known, so this will be fleshed out in the schedule below during the FY 12-13 budget process instead.

Fund	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16	FIVE YEAR TOTAL
General Fund	$0	$200	$200	$200	$200	$800
Street Fund	2,000	3,000	3,500	5,500	8,250	22,250
Park & Recreation Fund	6,630	9,490	12,630	12,630	12,630	54,010
Park & Recreation Aquatics Fund	0	0	0	0	0	0
Parking Fund	500	500	500	500	500	2,500
Transit Fund	0	0	15,000	15,000	15,000	45,000
Water Fund	0	100	200	5,200	5,200	10,700
Wastewater Fund	0	0	0	(15,000)	(15,000)	(30,000)
Airport Fund	50	50	50	550	550	1,250
Total Capital Improvement Plan	**$9,180**	**$13,340**	**$32,080**	**$24,580**	**$27,330**	**$106,510**



IMPACTS TO OPERATING BUDGET (Continued)

Although financial and service impacts may be difficult to estimate in some instances, the City's process focuses on reasonably quantifiable costs or savings. For example:

- Contained within the operating component of the Water and Wastewater Funds is a variety of debt related to capital projects that have lengthy repayment schedules and coverage ratio covenants. All of these costs and the expected costs for future projects are included in the rate analysis that determines the rates paid by customers for water or wastewater service.
- Cost impacts of new and improved parks are measurable based on historical experience that allows quantification of additional labor and materials costs based on specific amenities and relative acreage.

The following section lists total estimated operating impacts by project type during the five-year planning period. Each capital project includes the associated fund, the fiscal year the capital project is coming online and the type of costs (i.e., personal services, supplies & service or capital outlay).

Project	Fund	FY Online	Personal Services	Supplies & Services	Capital Outlay	Total
AIRPORT:						
Airport Facility Improvement	Airport	12-13		$250		$250
Airport Road Widening	Airport	14-15		1,000		1,000
South Corvallis Drainage (1)	Airport	14-15		TBD		0
BUILDINGS AND FACILITIES:						
City Hall Block	Multiple Funds	11-12				0
Fire Station Property Acquis. & Drill Fac.	Fire and Rescue	12-13				0
Law Enforcement Evidence Building	General	12-13		800		800
Municipal Buildings Rehab	Multiple Funds	Annual				0
PARKS AND RECREATION:						
Acquisition of Land	Parks&Rec	12-13		6,650		6,650
Osborn Aquatic Center	Parks Aquatics	12-13				0
Park Development - New	Parks&Rec	13-14		2,010		2,010
Park Facility Renovation	Parks&Rec	11-12		13,560		13,560
Park Improvements - Existing	Parks&Rec	11-12		24,380		24,380
Riverfront Commemorative Park (1)	Parks&Rec	12-13	TBD	TBD	TBD	0
Senior Center Expansion (1)	Parks&Rec	14-15		TBD		0
Special Use Facilities	Parks&Rec	12-13				0
Trails/Bike Paths	Parks&Rec	11-12		7,410		7,410
STORM WATER UTILITY:						
Storm Drain Pipe Repl (2)	Storm Water	Annual				0
Storm Water Retrofit - 4th Street	Storm Water	11-12				0
Storm Water Master Plan (2)	Storm Water	Annual				0
TRANSPORTATION:						
35th St. Sidewalks/RR Crossing	Street	15-16				0
53rd/Hwy 20/34 Improvements	Street	14-15				0
Advanced Transportation Mngmnt System	Street	11-12				0
Brooklane Dr. Improvements	Street	15-16		250		250
Circle Blvd Ped. Activated Crossings	Street	11-12		4,000		4,000
City Hall Parking (1)	Parking	13-14	TBD	TBD		0
Corvallis to Albany Rails with Trails	Street	12-13		1,500		1,500

IMPACTS TO OPERATING BUDGET (Continued)

Project	Fund	FY Online	Personal Services	Supplies & Services	Capital Outlay	Total
Downtown Public Parking	Parking	11-12		2,500		2,500
Electric Vehicle Charging Stations (1)	Parking	11-12		TBD		0
Goodnight ROW Acquisition	Street	11-12				0
Highland Drive Sidewalk	Street	12-13				0
Madison Ave/OSU Improv	Street	16-17		2,500		2,500
Monroe Streetscape - 14th to 26th Streets	Street	13-14				0
Pedestrian Crossings (1)	Street	12-13		TBD		0
Reservoir Road Improvements	Street	12-13				0
Sidewalk In-Fill	Street	15-16				0
Sidewalk Safety Improv (2)	Street	Annual				0
South 3rd Str/Crystal Lake Dr. Improv.	Street	11-12				0
Street Reconstruction (2)	Street	Annual				0
Traffic Signals	Street	11-12		14,000		14,000
Transit Operations Center	Transit	13-14		45,000		45,000
Utility/Street Improv	N/A	N/A				0
WASTEWATER UTILITY:						
Biosolids Storage Tank	Wastewater	12-13				0
Marys River Interceptor Improvements	Wastewater	11-12				0
Sanitary Sewer Rehab (2)	Wastewater	Annual				0
South Corvallis Interceptor	Wastewater	13-14				0
Wastewater Master Plan Projects	Wastewater	16-17				0
Wastewater System TMDL(1)	Wastewater	TBD		TBD		0
WWRP Electrical Equipment Replacement	Wastewater	11-12				0
WWRP Methane Utilization	Wastewater	14-15		(30,000)		(30,000)
WWRP Primary Clarifiers (1)	Wastewater	16-17		TBD		0
WWRP Secondary Clarifiers (1)	Wastewater	13-14		TBD		0
WATER UTILITY:						
36th & Grant Water Pump Station Improv.	Water	12-13				0
Baldy 2nd Level Storage Reservoir	Water	15-16				0
Marys River Wtr Main Crossings	Water	13-14		300		300
North Hills 1st Level Reservoir Improv.	Water	11-12				0
Rock Creek Hydroelectric	Water	14-15		10,000		10,000
Taylor Plant Facility Plan Projects (1)	Water	12-13		TBD		0
Water Distribution System (2)	Water	Annual				0
Watershed Stewardship (1)	Water	TBD				0
West Corvallis 2nd Level Water	Water	12-13		400		400
Total			**$0**	**$106,510**	**$0**	**$106,510**

(1) Projects identified as TBD, the operating costs are not known at this time and will be determined in the design phase.
(2) Annual infrastructure rehabilitation/replacement programs typically have a neutral impact on the operating budget.

MAJOR CAPITAL PROJECTS

The following section lists major capital projects planned for the City. They are listed in detail and include the impact (over the five-year planning period) that each project will have on operating funds once the project is completed. The amount of impact is identified by the following terms:

Positive	The project will either generate some revenue to offset expenses or will actually reduce operating costs.
Slight	The impact will be between $0 and $10,000 in increased operating expenditures.
Moderate	The impact will be between $10,001 and $50,000 in increased operating expenditures.
High	This project will cause an increase in operating expenditures of $50,001 or more.

FIRE DEPARTMENT PROPERTY ACQUISITION AND FACILITIES RELOCATION

Description: This project acquires and develops property to relocate existing Fire Department facilities, and will primarily be funded by a bank loan that was finalized in early FY 10-11.

Capital Construction Fund	Prior years	FY 11-12	Projected	Total
Land Acquisition, ROW & Easements	$0	$0	$0	$0
Design	10,000	38,000	0	48,000
Construction Management	0	42,000	0	42,000
Construction	0	806,000	0	806,000
Estimated Total Cost of Project	**$10,000**	**$886,000**	**$0**	**$896,000**

Impact on Operating Budget - Slight

Operating budget impacts are not known at this time and will be identified as the design process is completed.

TRANSIT OPERATIONS CENTER

Description: This project will provide an operations center, repair, maintenance and bus storage facility for the City's transit system. Remaining construction is anticipated to occur in FY 12-13, and is expected to primarily be funded by an FTA grant and Street System Development Charges.

Capital Construction Fund	Prior years	FY 11-12	Projected	Total
Land Acquisition, ROW & Easements	$0	$0	$750,000	$750,000
Design	314,310	0	182,700	497,010
Construction Management	0	0	141,300	141,300
Construction	0	0	2,051,000	2,051,000
Estimated Total Cost of Project	**$314,310**	**$0**	**$3,125,000**	**$3,439,310**

Impact on Operating Budget - Moderate

Annual operation and maintenance costs are estimated to be $15,000. This amount would be part of the cost to contract with a private operating company, and may be offset by increasing competition for the operations contract.

MARYS RIVER INTERCEPTOR IMPROVEMENTS

Description: This project will construct a new parallel 42-inch interceptor from Western Boulevard to the outlet manhole for the Marys River Lift Station using primarily Wastewater SDC revenue.

Wastewater Construction Fund	Prior years	FY 11-12	Projected	Total
Design	$60,570	$0	$0	$60,570
Construction Management	0	87,500	0	87,500
Construction	0	860,630	0	860,630
Estimated Total Cost of Project	**$60,570**	**$948,130**	**$0**	**$1,008,700**

Impact on Operating Budget - Slight
There are no operating impacts from this project.

WWRP ELECTRICAL EQUIPMENT REPLACEMENT

Description: This project will replace the main electrical system equipment and emergency generator at the Wastewater Reclamation Plant, and predominantly supported by Wastewater SDC funds.

Wastewater Construction Fund	Prior years	FY 11-12	Projected	Total
Design	$275,570	$0	$0	$275,570
Construction Management	0	128,500	0	128,500
Construction	0	1,249,280	0	1,249,280
Estimated Total Cost of Project	**$275,570**	**$1,377,780**	**$0**	**$1,653,350**

Impact on Operating Budget - Slight
There are no operating impacts from this project.

WWRP ODOR CONTROL FACILITIES

Description: This project will reduce odors produced at the Wastewater Reclamation Plant. This project is identified in the Wastewater Utility Master Plan, with funding primarily from Wastewater SDC revenue, and has been deferred for the past several years based on competing priorities for funding.

Wastewater Construction Fund	Prior years	FY 11-12	Projected	Total
Design	$0	$0	$126,000	$126,000
Construction Management	0	0	40,000	40,000
Construction	0	0	1,165,000	1,165,000
Estimated Total Cost of Project	**$0**	**$0**	**$1,331,000**	**$1,331,000**

Impact on Operating Budget - Slight
There are no operating impacts from this project.

NORTH HILLS 1ST LEVEL RESERVOIR IMPROVEMENTS

Description: This project provides for reservoir improvements that include seismic upgrades and other upgrade work to required to ensure reliable operation of the facility. About 90% of the funding for this project is expected to be from Water SDC's.

Water Construction Fund	Prior years	FY 11-12	Projected	Total
Design	$230,930	$0	$0	$230,930
Construction Management	0	124,750	0	124,750
Construction	0	1,714,100	0	1,714,100
Estimated Total Cost of Project	**$230,930**	**$1,838,850**	**$0**	**$2,069,780**

Impact on Operating Budget - Slight

There are no operating impacts from this project.

BUILDING AND INFRASTRUCTURE REHABILITATION/UPGRADES

Description: These annual programs replace or rehabilitate the City's buildings and infrastructure.

	FY 11-12
Municipal Building Rehabilitation	$253,000
Sanitary Sewer Rehabilitation	633,360
Sidewalk Safety Program	155,200
Storm Drain Replacement	141,310
Storm Water Master Plan Projects	445,000
Street Reconstruction	646,190
Water Distribution System	300,000
Estimated Total Cost of Project	**$2,574,060**

Impact on Operating Budget - Positive

This program will keep costs of maintaining the City's buildings and infrastructure from rapidly escalating.

Major Future Year Capital Projects	FY 12-13 to FY 15-16
35th St Sidewalks and Railroad Crossing	$1,314,900
Brooklane Drive Improvements	1,393,500
Monroe Streetscape - 14th to 26th Streets	1,546,200
Transit Operations Center	3,125,000
Wastewater Reclamation Plant (WWRP) Clarifiers	6,733,500
Marys River Water Main Crossings	1,629,600
Baldy 2nd Level Storage Reservoir	2,000,000
North Hills 1st Level Reservoir Improvements	1,838,850
Building and Infrastructure Rehabilitation/Upgrades	9,835,520
Other projects not specified above:	9,538,420
Total for FY 12-13 to FY 15-16	38,955,490
FY 11-12 Projects	11,803,633
Total 5-year CIP Projection	$50,759,123

SUMMARY OF INDEBTEDNESS

The City utilizes both short and long-term debt to finance capital projects or to occasionally meet operating needs. The City has no short-term debt.

Outstanding long-term debt consists of tax-exempt bonds issued to fund capital improvement projects and advance refund debt for capital projects. Outstanding long-term debt also includes federally taxable bonds issued to pay a portion of the City's unfunded actuarial pension liability of the Oregon Public Employee Retirement System (PERS). Annual debt service schedules are on the pages following.

Oregon Revised Statutes (ORS) 287 and 288 provide a debt limitation of three percent of true cash value for general purpose property tax bonds issued by cities. The limitation does not apply to bonds issued for Water, Wastewater, Storm Water, Special Assessment (Bancroft), Pension Obligation or other "limited tax" use. The amount of General Obligation (GO) debt issued by Corvallis and subject to the three percent limitation is $8,695,000 or 0.15% of the 2010 true cash value of $5,664,529,057. This calculation does not include the amount available for debt service provided by the debt service fund balance from accumulated tax levies and earnings thereon, which would serve to further reduce this percentage as permitted by ORS.

Debt Outstanding	Scheduled Balance as of June 30, 2011	Scheduled Principal Payments 2011/2012	Scheduled Balance as of June 30, 2012
Bonded Debt	$45,875,611	($2,796,768)	$43,078,843
Notes Payable	$18,469,908	($2,167,793)	$16,302,115
Total Debt	$64,345,519	($4,964,561)	$59,380,958

The Council has adopted several additional limitations regarding debt issuance in Debt Policy CP10.06. Annual debt service paid from property taxes for long-term issues and annual debt payments in respect of limited tax bonds are not to exceed 15% and 5% respectively of the combined operating and capital budgets in government funds. During FY11-12 the City estimates it will pay $2,207,650 in property tax-related debt service and $2,629,570 in limited tax obligations to which these limits apply. These equate to 3.51% and 4.18% respectively of the combined operating and capital budgets in the governmental funds. The annual debt service payments above combined may not exceed 10% of the estimated FY11-12 operating revenue of $90,959,741. This net direct long-term general obligation debt of $4,837,220 equals 5.32% of total operating revenue.

Outstanding Limited Tax debt estimated at $34,460,611 represents 0.61% of the true cash value of taxable property in the City. This level is within the 1% limit established by the Policy. Prior to issuance, Council specifically exempted the balloon payment structures of the two Pension Obligation Bond series from the policy of structuring debt issues to amortize at least 33% of the principal in the first half of the repayment term. This exemption was deemed appropriate due to matching repayment structure with the underlying pension cost growth.

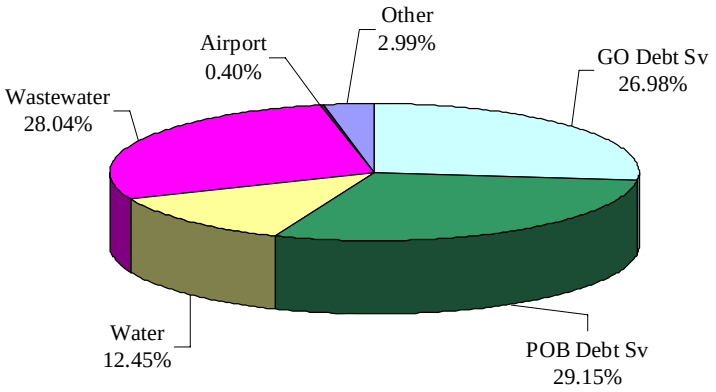
The ensuing schedules show future debt service that will be paid, with the assumptions that no existing debt will be retired early. The City will continue to use debt in the future to replace or improve infrastructure consistent with the City's financial policies, long-term financial plans, and State and Local Government laws and regulations. At this time, no new debt nor refunding is being contemplated by the City for FY 11-12.

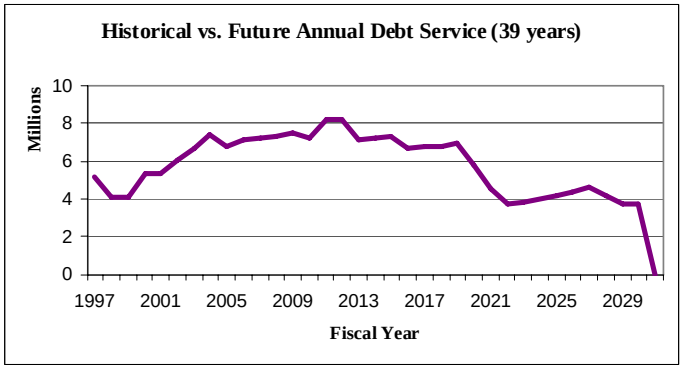
Downtown Riverfront

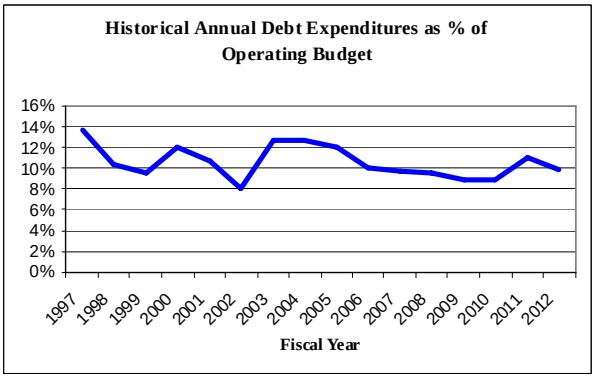
SUMMARY OF FISCAL YEAR 2011-12 TOTAL DEBT SERVICE BY TYPE

Fund	*Source of Dollars*	*Fiscal Year 2011-12 Total*
General Obligation Debt Service Fund	Property Taxes	$2,207,650
Pension Obligation Debt Service Fund	Operating fund transfers	2,385,148
Water Fund	Water revenue	1,018,798
Wastewater Fund	Wastewater revenue	2,294,017
Airport Fund	Airport revenue	32,582
Other Debt	Property Taxes	244,422
TOTAL FISCAL YEAR 2011-12 DEBT SERVICE		$8,182,617

TOTAL FY 11-12 DEBT BY FUND

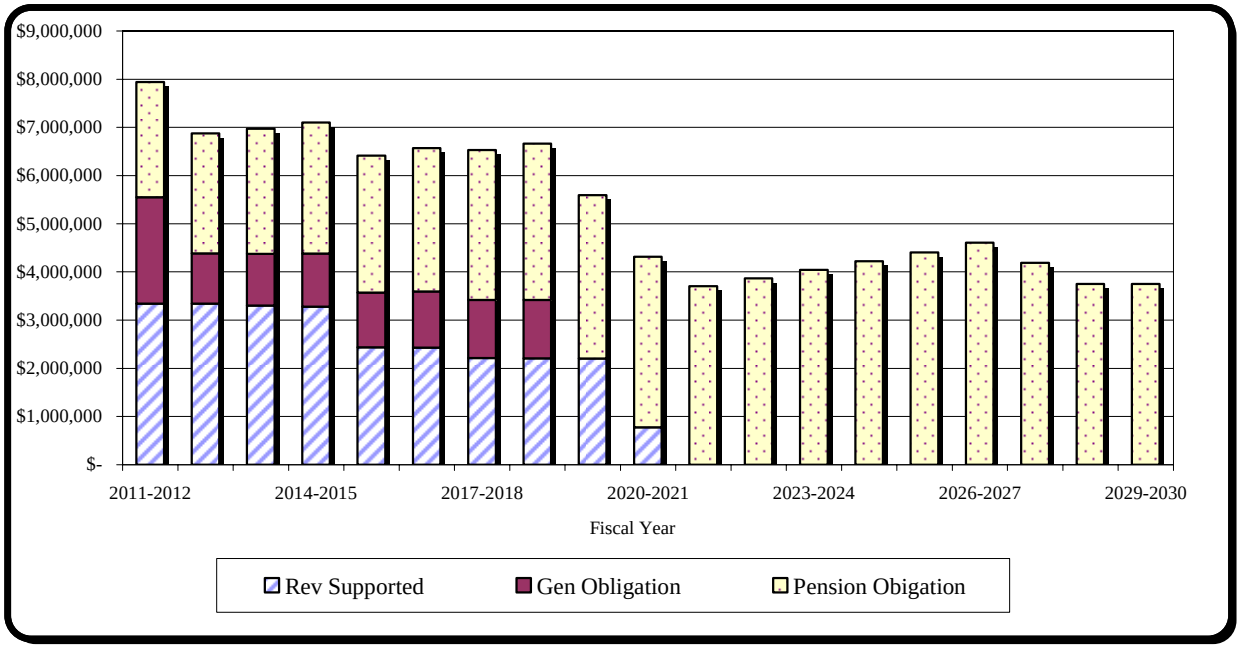






SCHEDULE OF DEBT SERVICE REQUIREMENTS ALL DEBT

As of June 30, 2011

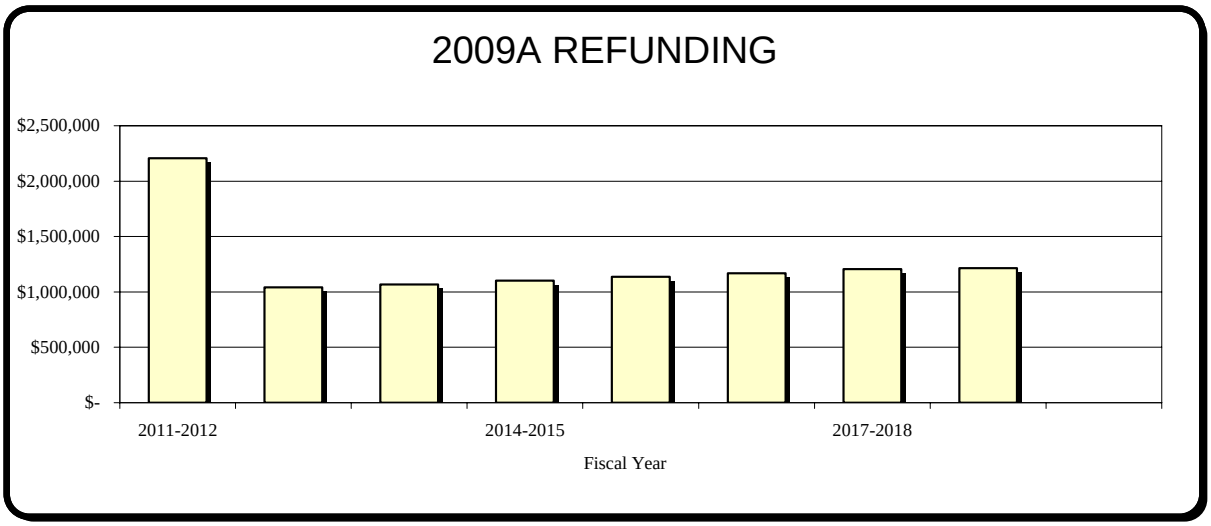


Year of Maturity	Principal	Interest	Debt Total
2011-2012	4,964,561	3,218,056	8,182,617
2012-2013	4,025,831	3,093,251	7,119,082
2013-2014	4,214,806	3,001,205	7,216,011
2014-2015	4,433,172	2,908,457	7,341,629
2015-2016	3,850,960	2,806,131	6,657,091
2016-2017	4,070,418	2,738,753	6,809,171
2017-2018	4,096,894	2,677,846	6,774,740
2018-2019	4,279,368	2,628,514	6,907,882
2019-2020	3,251,933	2,578,613	5,830,546
2020-2021	1,991,570	2,568,653	4,560,223
2021-2022	1,065,211	2,637,672	3,702,883
2022-2023	1,140,795	2,728,311	3,869,106
2023-2024	2,615,000	1,426,576	4,041,576
2024-2025	2,955,000	1,268,943	4,223,943
2025-2026	3,315,000	1,090,482	4,405,482
2026-2027	3,715,000	889,892	4,604,892
2027-2028	3,525,000	664,798	4,189,798
2028-2029	3,310,000	444,275	3,754,275
2029-2030	3,525,000	229,125	3,754,125
	$64,345,519	$39,599,552	$103,945,071

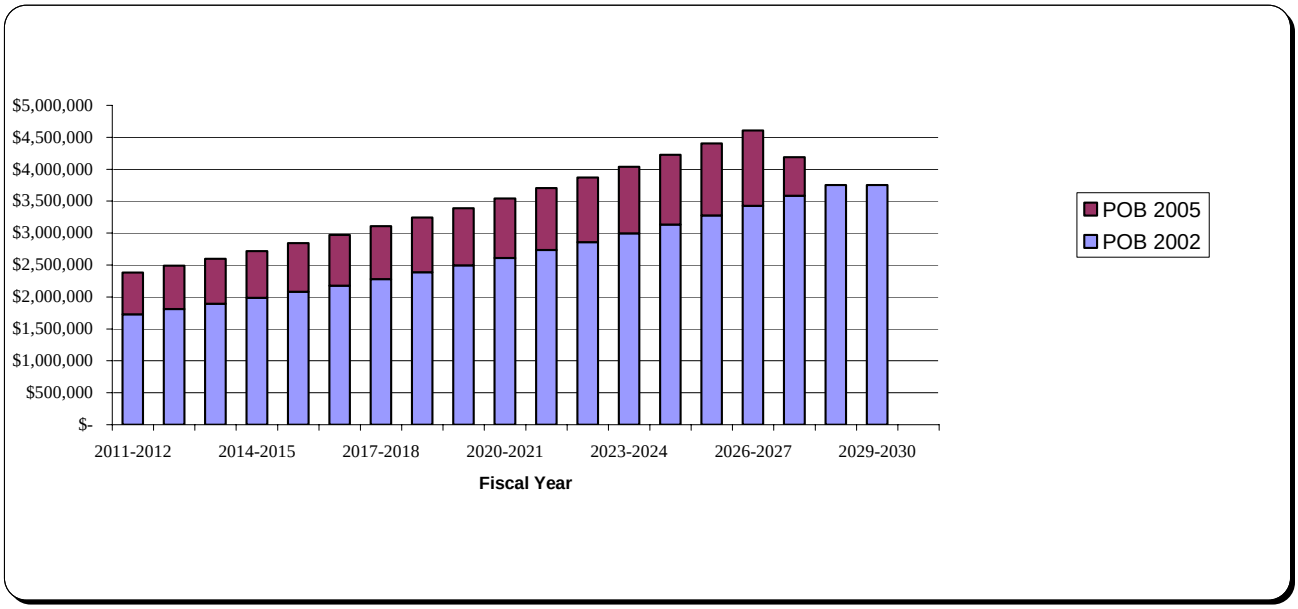
SCHEDULE OF FUTURE DEBT SERVICE REQUIREMENTS
GENERAL OBLIGATION DEBT

Issue Description:	**2009A Refunding of Series 1999 and 2001 Bonds (Riverfront and Open Space)**
Amount Issued:	$10,190,000
Issue Date:	June 1, 2009
Original Issue TIC:	2.767% (TIC)
Rating:	Aa3
	Non-callable

Year of Maturity	Principal	Interest	Total
2011-2012	1,895,000	312,650	2,207,650
2012-2013	785,000	255,800	1,040,800
2013-2014	835,000	232,250	1,067,250
2014-2015	895,000	207,200	1,102,200
2015-2016	965,000	171,400	1,136,400
2016-2017	1,035,000	132,800	1,167,800
2017-2018	1,115,000	91,400	1,206,400
2018-2019	1,170,000	46,800	1,216,800
	$8,695,000	$1,450,300	$10,145,300



FUTURE DEBT SERVICE REQUIREMENTS
TOTAL PENSION OBLIGATION DEBT



Year of Maturity	Principal	Interest	Pension Obligation Debt Total
2011-2012	461,768	1,923,380	2,385,148
2012-2013	516,248	1,974,000	2,490,248
2013-2014	570,257	2,030,073	2,600,330
2014-2015	627,139	2,091,529	2,718,668
2015-2016	684,519	2,160,058	2,844,577
2016-2017	744,957	2,228,342	2,973,299
2017-2018	805,252	2,304,340	3,109,592
2018-2019	861,833	2,381,622	3,243,455
2019-2020	926,608	2,463,281	3,389,889
2020-2021	996,024	2,547,383	3,543,407
2021-2022	1,065,211	2,637,672	3,702,883
2022-2023	1,140,795	2,728,311	3,869,106
2023-2024	2,615,000	1,426,576	4,041,576
2024-2025	2,955,000	1,268,943	4,223,943
2025-2026	3,315,000	1,090,482	4,405,482
2026-2027	3,715,000	889,892	4,604,892
2027-2028	3,525,000	664,798	4,189,798
2028-2029	3,310,000	444,275	3,754,275
2029-2030	3,525,000	229,125	3,754,125
	$32,360,611	$33,484,081	$65,844,692

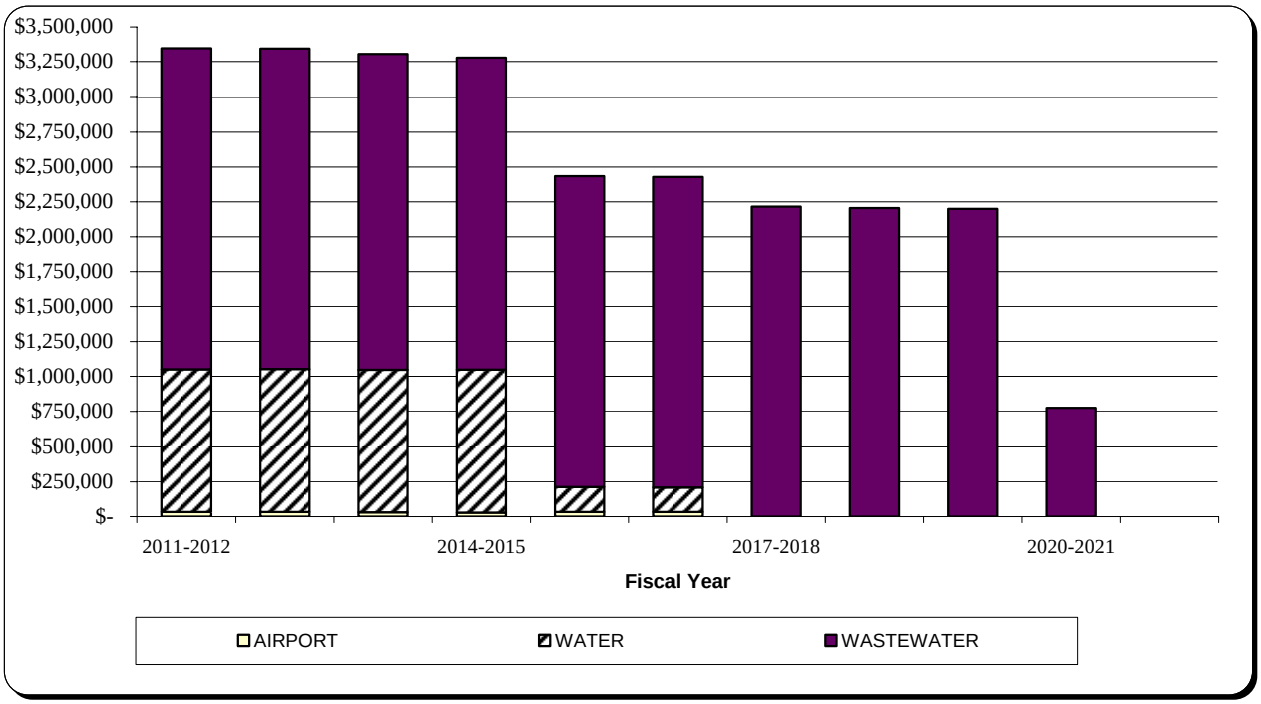
	2011/12 Funding Source
General Fund	$813,840
Street Fund	53,180
Parks & Recreattion Fund	95,290
Osborn Acquatic Center Fund	22,350
9-1-1 Fund	51,070
Development Services Fund	48,160
Fire & Rescue Fund	920,610
Community Dev Revolving Loan Fund	13,600
Parking Fund	13,720
Transit Fund	11,620
Library Fund	111,090
Water Fund	96,100
Water Timber Fund	550
Wastwater Fund	98,930
Storm Water Fund	32,490
Airport Fund	3,910
Less: Paying Agent Fees	(1,350)
	$2,385,160

FUTURE DEBT SERVICE REQUIREMENTS
PENSION OBLIGATION BONDS

Issue Description:	**2002 A Pension Obligation Bonds**	**2005A Pension Obligation Bonds**
Amount Issued:	$23,913,017	$9,980,000
Issue Date:	March 1, 2002	September 23, 2005
Original Issue TIC:	6.6362891% (TIC)	5.048345% (TIC)
Rating:	Aaa (AMBAC Insured) Mandatory Redemption & Non-callable	Aaa (AMBAC Insured) Mandatory Redemption & Non-callable

Year of Maturity	Principal	Interest	Total	Principal	Interest	Total
2011-2012	281,768	1,449,632	1,731,400	180,000	473,748	653,748
2012-2013	301,248	1,510,152	1,811,400	215,000	463,848	678,848
2013-2014	320,257	1,576,143	1,896,400	250,000	453,930	703,930
2014-2015	337,139	1,649,261	1,986,400	290,000	442,268	732,268
2015-2016	349,519	1,731,881	2,081,400	335,000	428,177	763,177
2016-2017	359,957	1,816,443	2,176,400	385,000	411,899	796,899
2017-2018	370,252	1,911,148	2,281,400	435,000	393,192	828,192
2018-2019	376,833	2,009,567	2,386,400	485,000	372,055	857,055
2019-2020	381,608	2,114,792	2,496,400	545,000	348,489	893,489
2020-2021	386,024	2,225,376	2,611,400	610,000	322,007	932,007
2021-2022	390,211	2,346,189	2,736,400	675,000	291,483	966,483
2022-2023	390,795	2,470,605	2,861,400	750,000	257,706	1,007,706
2023-2024	1,790,000	1,206,400	2,996,400	825,000	220,176	1,045,176
2024-2025	2,045,000	1,090,050	3,135,050	910,000	178,893	1,088,893
2025-2026	2,320,000	957,125	3,277,125	995,000	133,357	1,128,357
2026-2027	2,620,000	806,325	3,426,325	1,095,000	83,567	1,178,567
2027-2028	2,950,000	636,025	3,586,025	575,000	28,773	603,773
2028-2029	3,310,000	444,275	3,754,275	0	0	0
2029-2030	3,525,000	229,125	3,754,125	0	0	0
	$22,805,611	$28,180,514	$50,986,125	$9,555,000	$5,303,567	$14,858,567

FUTURE DEBT SERVICE REQUIREMENTS
REVENUE SUPPORTED DEBT



Year of Maturity	Principal	Interest	Revenue Supported Debt Total
2011-2012	2,422,793	922,604	3,345,397
2012-2013	2,534,583	809,579	3,344,162
2013-2014	2,614,549	690,708	3,305,257
2014-2015	2,711,033	567,400	3,278,433
2015-2016	1,996,441	438,339	2,434,780
2016-2017	2,080,461	347,419	2,427,880
2017-2018	1,956,642	258,278	2,214,920
2018-2019	2,022,535	182,852	2,205,387
2019-2020	2,095,325	104,824	2,200,149
2020-2021	755,546	17,718	773,264
	$21,189,908	$4,339,721	$25,529,629

SCHEDULE OF FUTURE DEBT SERVICE REQUIREMENTS
REVENUE SUPPORTED DEBT - WATER FUND

Issue Description:	**1994-98 OEDD (OBDD) Loan Taylor Water Treatment Plant**	**1996 OEDD (OBDD) Loan Taylor Water Treatment Plant**
Amount Issued:	$9,703,048	$2,107,000
Issue Date:	November 2, 1994	September 6, 1996
Original Issue TIC:	4.5407% (TIC)	5.4442% (TIC)
		Debt Reserve Requirement: $151,067

Year of Maturity	Principal	Interest	Total	Principal	Interest	Total
2011-2012	684,743	153,816	838,559	131,222	49,017	180,239
2012-2013	722,906	119,054	841,960	137,390	41,799	179,189
2013-2014	756,915	81,815	838,730	143,622	34,242	177,864
2014-2015	801,824	42,231	844,055	149,920	26,342	176,262
2015-2016	0	0	0	161,291	18,097	179,388
2016-2017	0	0	0	167,737	9,226	176,963
	$2,966,388	$396,916	$3,363,304	$891,182	$178,723	$1,069,905

Taylor Water Treatment Plant

FUTURE DEBT SERVICE REQUIREMENTS
REVENUE SUPPORTED DEBT - WASTEWATER FUND

Issue Description:	**SRF-DEQ Loan R24480 Sewer Rehabilitation**	**SRF-DEQ Loan R24481 Combined Sewer Overflow**
Amount Issued:	$700,000	$21,263,693
Issue Date:	January 20, 1992	October 1, 1997
Original Issue TIC:	3% (TIC)	3.69% (TIC)
	Debt Reserve Requirement: $47,889	Debt Reserve Requirement: $1,579,270

Year of Maturity	Principal	Interest	Total	Principal	Interest	Total
2011-2012	45,455	3,147	48,602	1,097,433	502,782	1,600,215
2012-2013	46,829	1,773	48,602	1,138,301	456,427	1,594,728
2013-2014	23,934	359	24,293	1,180,692	408,344	1,589,036
2014-2015	0	0	0	1,224,662	358,471	1,583,133
2015-2016	0	0	0	1,270,269	306,740	1,577,009
2016-2017	0	0	0	1,317,574	253,084	1,570,658
2017-2018	0	0	0	1,366,642	197,428	1,564,070
2018-2019	0	0	0	1,417,535	139,702	1,557,237
2019-2020	0	0	0	1,470,325	79,824	1,550,149
2020-2021	0	0	0	755,546	17,718	773,264
	$116,218	$5,279	$121,497	$12,238,979	$2,720,520	$14,959,499

Issue Description:	**2006A Adv Refunding Bonds Combined Sewer Overflow**
Amount Issued:	$5,410,000
Issue Date:	March 1, 2006
Original Issue TIC:	3.843% (TIC)
Rating:	Aaa (Syncora Insured)
	May 1, 2017 (continuous call)

Year of Maturity	Principal	Interest	Total
2011-2012	440,000	205,200	645,200
2012-2013	465,000	183,200	648,200
2013-2014	485,000	159,950	644,950
2014-2015	510,000	135,700	645,700
2015-2016	535,000	110,200	645,200
2016-2017	565,000	83,450	648,450
2017-2018	590,000	60,850	650,850
2018-2019	605,000	43,150	648,150
2019-2020	625,000	25,000	650,000
	$4,820,000	$1,006,700	$5,826,700

SCHEDULE OF FUTURE DEBT SERVICE REQUIREMENTS
REVENUE SUPPORTED DEBT - AIRPORT FUND

Issue Description:	**1996 OEDD (OBDD) Loan** **Airport Industrial Park**
Amount Issued:	$332,240
Issue Date:	September 6, 1996
Original Issue TIC:	5.4687% (TIC)

Year of Maturity	Principal	Interest	Total
2011-2012	23,940	8,642	32,582
2012-2013	24,157	7,326	31,483
2013-2014	24,386	5,998	30,384
2014-2015	24,627	4,656	29,283
2015-2016	29,881	3,302	33,183
2016-2017	30,150	1,659	31,809
	$157,141	$31,583	$188,724

SCHEDULE OF FUTURE DEBT SERVICE REQUIREMENTS
OTHER DEBT – GENERAL FUND

Issue Description:	**2010 Bank Loan** **Capital Improvement Project Loan** **(City Hall/Majestic Theater Seismic & Fire Drill Tower)**
Amount Issued:	$2,100,000
Issue Date:	August 5, 2010
Original Issue TIC:	2.96% (TIC)

Year of Maturity	Estimated Debt Service Schedule		
	Principal	Interest	Total
2011-2012	185,000	59,422	244,422
2012-2013	190,000	53,872	243,872
2013-2014	195,000	48,174	243,174
2014-2015	200,000	42,328	242,328
2015-2016	205,000	36,334	241,334
2016-2017	210,000	30,192	240,192
2017-2018	220,000	23,828	243,828
2018-2019	225,000	17,240	242,240
2019-2020	230,000	10,508	240,508
2020-2021	240,000	3,552	243,552
	$2,100,000	$325,450	$2,425,450

TRANSFERS

TRANSFER FROM:	TRANSFER TO:	PURPOSE	FY 11-12 BUDGET
GENERAL FUND			
Interfund:	Capital Construction Fund	Cap. Proj: Muni Building Rehab - LEB Walkways	$36,000
Interfund:	Pension Obligation Debt Svc Fund	Debt Service Payment - Pension Obligation Bond	813,840
		FUND TOTALS	**$849,840**
STREET OPERATING FUND			
Interfund:	Capital Construction Fund	Cap. Proj: City Hall Seismic	$47,380
Interfund:	Capital Construction Fund	Cap. Proj: Street Recon - Local 2011-12	10,000
Interfund:	Capital Construction Fund	Cap. Proj: Safety Sidwalk 2010-11	155,200
Interfund:	Capital Construction Fund	Cap. Proj: South 3rd Street/Crystal Lake Drive Improvements	25,000
Interfund:	Pension Obligation Debt Svc Fund	Debt Service Payment - Pension Obligation Bond	53,180
Interfund:	Development Services Fund	Support for Development Services Fund - SDC Program Activity	25,410
		FUND TOTALS	**$316,170**
STREET SDC FUND COMPONENT			
Interfund:	Capital Construction Fund	Cap. Proj: Advanced Transportation Mgmt Syst	$69,140
Interfund:	Capital Construction Fund	Cap. Proj: Corvallis to Albany Trail	164,000
Interfund:	Capital Construction Fund	Cap. Proj: Goodnight ROW Acquisition	370,000
Interfund:	Capital Construction Fund	Cap. Proj: Utility/Street Improvement Projects - 10/11	200,000
		FUND TOTALS	**$803,140**
PARKS AND RECREATION FUND			
Interfund:	Capital Construction Fund	Cap. Proj: Special Use Fac-Tennis Courts	$10,000
Interfund:	Capital Construction Fund	Cap. Proj: Park Facility Renovation - Art Center Plaza	50,000
Interfund:	Capital Construction Fund	Cap. Proj: Park Facility Renovation - Restrooms/ADA Access	18,000
Interfund:	Capital Construction Fund	Cap. Proj: Park Improvement - Master Project	19,000
Interfund:	Capital Construction Fund	Cap. Proj: Park Improvement - Willamette Park Comm Garden	50,000
Interfund:	Pension Obligation Debt Svc Fund	Debt Service Payment - Pension Obligation Bond	95,290
Intrafund:	Parks & Recreation Aquatics Fund	Support for Aquatics Fund / Deficit Return	81,060
Interfund:	Development Services Fund	Support for Development Services Fund - SDC Program Activity	8,200
		FUND TOTALS	**$331,550**
PARKS AND RECREATION AQUATICS FUND COMPONENT			
Interfund:	Pension Obligation Debt Svc Fund	Debt Service Payment - Pension Obligation Bond	$22,350
		FUND TOTALS	**$22,350**
OPEN SPACE TRUST FUND COMPONENT			
Interfund:	Capital Construction Fund	Cap. Proj: Acquisition of Open Space (Master Project)	$94,478
		FUND TOTALS	**$94,478**
PARKS SDC FUND COMPONENT			
Interfund:	Capital Construction Fund	Cap. Proj: Trails / Bike Paths - Shooting Star Improvements	$53,450
Interfund:	Capital Construction Fund	Cap. Proj: Acquisition of Park - Master Project	50,000
Intrafund:	Parks and Recreation Oper Fund	Capital Facility Plan Update	55,000
		FUND TOTALS	**$158,450**
		TOTAL - PARKS AND RECREATION FUNDS	**$606,828**

TRANSFERS (Continued)

TRANSFER FROM:	TRANSFER TO:	PURPOSE	FY 11-12 BUDGET
911 FUND			
Interfund:	Pension Obligation Debt Svc Fund	Debt Service Payment - Pension Obligation Bond	$51,070
		FUND TOTALS	**$51,070**
DEVELOPMENT SERVICES FUND			
Interfund:	Capital Construction Fund	Cap. Proj: City Hall Seismic	$191,400
Interfund:	Pension Obligation Debt Svc Fund	Debt Service Payment - Pension Obligation Bond	48,160
		FUND TOTALS	**$239,560**
FIRE AND RESCUE FUND			
Interfund:	Pension Obligation Debt Svc Fund	Debt Service Payment - Pension Obligation Bond	$920,610
		FUND TOTALS	**$920,610**
COMMUNITY DEVELOPMENT REVOLVING FUND			
Interfund:	Capital Construction Fund	Cap. Proj: City Hall Seismic	$60,750
Interfund:	Pension Obligation Debt Svc Fund	Debt Service Payment - Pension Obligation Bond	13,600
		FUND TOTALS	**$74,350**
PARKING FUND			
Interfund:	Capital Construction Fund	Cap. Proj: Downtown Public Parking	$200,000
Interfund:	Capital Construction Fund	Cap. Proj: City Hall Parking	10,000
Interfund:	Capital Construction Fund	Cap. Proj: Electric Vehicle Charging Station	30,000
Interfund:	Pension Obligation Debt Svc Fund	Debt Service Payment - Pension Obligation Bond	13,720
		FUND TOTALS	**$253,720**
TRANSIT FUND			
Interfund:	General Fund	Property Tax Fund Support	$0
Interfund:	Pension Obligation Debt Svc Fund	Debt Service Payment - Pension Obligation Bond	11,620
		FUND TOTALS	**$11,620**
2011 OPERATING LEVY FUND			
Interfund:	General Fund	Operating Levy Support for Social Service Allocations	$102,870
Interfund:	Parks and Recreation Oper Fund	Operating Levy Support for Senior Center	308,200
Interfund:	Library Fund	Operating Levy Support for Library Monday Hours	211,000
Interfund:	Library Fund	Operating Levy Support for Other Library Svcs/Materials	755,730
Interfund:	Parks & Recreation Aquatics Fund	Operating Levy Support for Aquatic Center	412,200
		FUND TOTALS	**$1,790,000**
LIBRARY FUND			
Interfund:	Capital Construction Fund	Cap. Proj: Muni Building Rehab - Library Masonry	$102,000
Interfund:	Pension Obligation Debt Svc Fund	Debt Service Payment - Pension Obligation Bond	111,090
		FUND TOTALS	**$213,090**
WATER OPERATING FUND			
Intrafund:	Water Cap. Const. Component	Cap. Proj: 36th and Grant Water Pump Station Improvements	$102,490
Intrafund:	Water Cap. Const. Component	Cap. Proj: Taylor Mixing Equipment	53,300
Intrafund:	Water Cap. Const. Component	Cap. Proj: Water System Rehab - 11/12	300,000
Interfund:	Capital Construction Fund	Cap. Proj: City Hall Seismic	105,710
Intrafund:	Water SDC Component	Intrafund for Loan Repayment - Taylor Filter Media Replac.	383,080
Intrafund:	Water SDC Component	Intrafund for Loan Repayment - North Hills Improvements	100,000
Interfund:	Pension Obligation Debt Svc Fund	Debt Service Payment - Pension Obligation Bond	96,100
Interfund:	Development Services Fund	Support for Development Services Fund - SDC Program Activity	10,090
		FUND TOTALS	**$1,150,770**

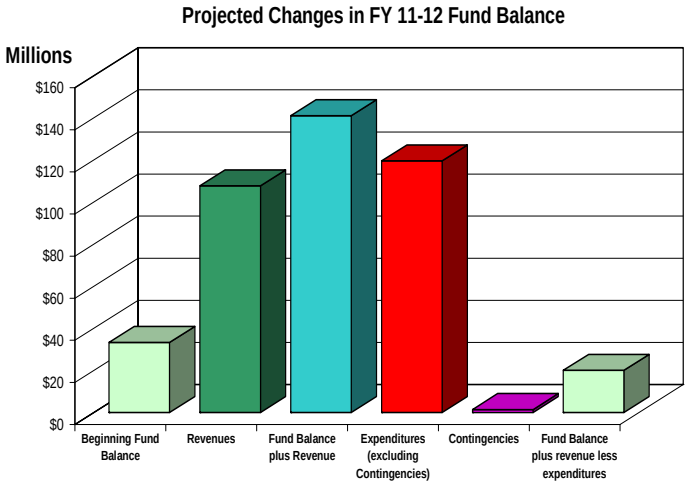
TRANSFERS (Continued)

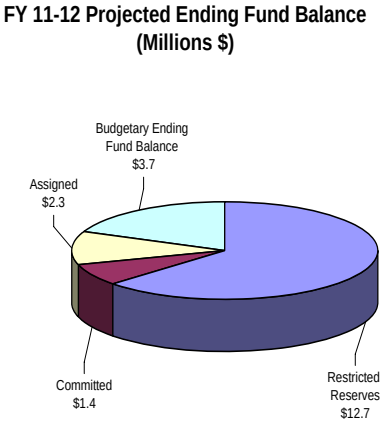
TRANSFER FROM:	TRANSFER TO:	PURPOSE	FY 11-12 BUDGET
WATER TIMBER FUND COMPONENT			
Interfund:	Pension Obligation Debt Svc Fund	Debt Service Payment - Pension Obligation Bond	$550
		FUND TOTALS	**$550**
WATER SDC FUND COMPONENT			
Intrafund:	Water Cap. Const. Component	Cap. Proj: N. Hills 1st Level Rsvr. Improvement	$1,838,850
Intrafund:	Water Cap. Const. Component	Cap. Proj: West Corvallis 2nd Level	21,790
Intrafund:	Water Cap. Const. Component	Cap. Proj: Utility/Street Improvement	33,000
Intrafund:	Water Operating Component	Operating: SDC Administrative Fee	4,430
Intrafund:	Water Operating Component	Loan to Fund Sensus Flexnet AMR System	605,840
Intrafund:	Water Operating Component	Debt Service - OEDD	335,780
		FUND TOTALS	**$2,839,690**
		TOTAL - WATER FUNDS	**$3,991,010**
WASTEWATER OPERATING FUND			
Intrafund:	Wastewater Cap. Const. Com	Cap. Proj: Biosolids Storage Tank	$20,000
Intrafund:	Wastewater Cap. Const. Com	Cap. Proj: Mary's River Interceptor	72,500
Intrafund:	Wastewater Cap. Const. Com	Cap. Proj: Sewer Rehab 11/12	633,360
Interfund:	Capital Construction Fund	Cap. Proj: City Hall Seismic	47,380
Interfund:	Development Services Fund	Support for Development Services Fund - SDC Program Activity	6,810
Interfund:	Pension Obligation Debt Svc Fund	Debt Service Payment - Pension Obligation Bond	98,930
		FUND TOTALS	**$878,980**
WASTEWATER SDC FUND COMPONENT			
Intrafund:	Wastewater Cap. Const. Com	Cap. Proj: Mary's River Interceptor	$875,630
Intrafund:	Wastewater Cap. Const. Com	Cap. Proj: Untility/Street Improvement	33,000
Intrafund:	Wastewater Cap. Const. Com	Cap. Proj: WWRP Electrical Equip Replacement	1,377,780
		FUND TOTALS	**$2,286,410**
		TOTAL - WASTEWATER FUNDS	**$3,165,390**
STORM WATER OPERATING FUND			
Intrafund:	Storm Water Cap. Const. Component	Cap. Proj: Storm Water Master Plan Project	$445,000
Intrafund:	Storm Water Cap. Const. Component	Cap. Proj: Storm Drain Replacement - 11/12	141,310
Interfund:	Capital Construction Fund	Cap. Proj: City Hall Seismic	47,380
Interfund:	Development Services Fund	Support for Development Svcs Fund SDC & Erosion Sediment Prog.	67,880
Interfund:	Pension Obligation Debt Svc Fund	Debt Service Payment - Pension Obligation Bond	32,490
		FUND TOTALS	**$734,060**
STORM WATER SDC FUND COMPONENT			
Intrafund:	Storm Water Cap. Const. Component	Cap. Proj: Utility/Street Improvement	$15,000
		FUND TOTALS	**$15,000**
AIRPORT OPERATING FUND			
Interfund:	General Fund	Support for Planner Work on AIP Development Plan	$10,000
Interfund:	Pension Obligation Debt Svc Fund	Debt Service Payment - Pension Obligation Bond	3,910
		FUND TOTALS	**$13,910**
GRAND TOTAL 2011-12 TRANSFERS			**$14,049,368**

RESERVES/CHANGES IN FUND BALANCE – June 30, 2012

Fund	Beginning Fund Balance	Revenues	Expenditures net of Contingencies	Appropriated Contingencies	Total Expenditures	Unappropriated Reserves: Restricted Reserves (1)	Unappropriated Reserves: Committed Reserves (2)	Unappropriated Reserves: Assigned Reserves (3)	Budgetary Ending Fund Balance (4)
General	$582,853	$16,655,540	$16,589,340	$148,700	$16,738,040	$146,968	$190,241	$107,906	$55,238
Parks & Recreation	2,055,435	6,493,180	6,703,328	57,770	6,761,098	901,287	753,835	78,010	54,385
Fire and Rescue	1,284,659	11,338,880	12,305,440	104,860	12,410,300	0	0	158,630	54,609
Library	1,028,478	6,265,580	6,699,620	56,960	6,756,580	0	406,815	76,253	54,411
Street	1,727,643	4,634,450	5,385,110	82,140	5,467,250	532,646	17,082	224,776	120,339
9-1-1 Emergency Services	595,812	2,128,860	2,231,780	48,760	2,280,540	0	0	248,574	195,558
Development Services	1,289,457	1,917,060	3,078,380	50,000	3,128,380	0	0	0	78,137
CD Revolving Loan	780,811	4,003,490	4,410,960	31,950	4,442,910	0	0	2,530	338,861
Parking	923,959	597,780	924,270	11,890	936,160	0	37,323	31,955	516,301
Transit	4,318	4,200,400	3,493,510	35,590	3,529,100	0	0	137,001	538,617
2011 Operating Levy	0	1,790,000	1,790,000	0	1,790,000	0	0	0	0
Capital Construction	1,623,782	4,771,608	5,715,313	0	5,715,313	680,077	0	0	0
GO Debt	83,250	2,136,520	2,207,650	0	2,207,650	12,120	0	0	0
Pension Oblig Debt Service	394	2,386,510	2,386,510	0	2,386,510	394	0	0	0
Davidson	5,571	60	0	0	0	5,631	0	0	0
Water	6,257,099	13,109,970	16,357,830	194,670	16,552,500	2,455,523	0	58,262	300,785
Wastewater	11,869,045	12,741,160	15,786,160	181,510	15,967,670	7,840,216	0	158,715	643,604
Storm Water	1,291,834	2,760,830	3,489,470	39,770	3,529,240	35,253	0	173,433	314,738
Airport	557,792	705,341	867,410	14,270	881,680	45,960	0	5,700	329,793
Fleet Maintenance	38,883	829,030	818,030	16,000	834,030	0	0	8,824	25,059
Facility Maintenance	74,212	833,180	823,880	10,000	833,880	0	0	53,868	19,644
Tech and Communications	459,844	1,702,640	1,819,300	30,000	1,849,300	0	0	287,879	25,305
Administrative Services	66,494	4,662,550	4,688,910	30,000	4,718,910	0	0	6,890	3,244
Risk Management	696,767	1,019,620	959,950	275,000	1,234,950	0	0	441,885	39,552
TOTAL	**$33,298,392**	**$107,684,239**	**$119,532,151**	**$1,419,840**	**$120,951,991**	**$12,656,074**	**$1,405,297**	**$2,261,090**	**$3,708,179**

(1) Includes debt reserves and third-party agreed reserves plus "restricted" fund balances such as debt service funds, permanent funds, system development charge balances and capital improvement.
(2) Includes certain donation endowments, Library Improvement reserve, and other ordinance-driven commitments.
(3) Includes vehicle/equipment, catastrophic risk management reserves, future needs and library donation program reserves.
(4) The Budgetary Ending Fund Balance is the portion at year-end expected to be available to appropriate for Fund specific purposes, as laid out in Financial Policy definitions. This amount does not align with audited year-end "unassigned" or "assigned" balances per GASB 54 due to their budgetary nature.





Changes of 10% or More in Fund Balance

Fund	FY 10-11 Adopted End Fund Balance	FY 11-12 Adopted End Fund Balance	% Change	Reasoning
General	$4,738	$55,238	1065.85%	See Property Tax Funds Combined below.
Parks & Recreation	6,497	54,388	737.12%	See Property Tax Funds Combined below.
Fire	5,626	54,609	870.65%	See Property Tax Funds Combined below.
Library	5,625	54,411	867.31%	See Property Tax Funds Combined below.
Property Tax Funds Combined	$22,486	$218,646	872.37%	With budgetary reductions and passing of 2011 Operating Levy, allowed for small but increased overall fund balance.
Street	85,048	120,340	41.50%	Reduced expenditures through materials and supplies in addition to less special project spending.
Development Services	51,869	78,137	50.64%	Higher revenues received in FY 09-10 than anticipated added to beginning fund balance.
Community Development Revolving	719,141	338,860	-52.88%	CDBG and HOME grant funding decreasing.
Transit	54,185	538,617	894.03%	Removed from property tax funding with establishment of Sustainability Initiative Fee.
Water	588,170	300,785	-48.86%	A large special project for water meters increased expenditures, in addition to water conservation resulting in lower revenue.
Wastewater	1,352,640	643,604	-52.42%	Conservation efforts have reduced revenues generated; additionally, chemical and utlity costs have increased.
Storm Water	387,285	314,736	-18.73%	Planned Storm Water capital projects.
Airport	711,552	375,754	-47.19%	Special projects not funded by grants increased

CORVALLIS

ENHANCING COMMUNITY LIVABILITY

WATER FOUNTAIN AT CORVALLIS RIVERFRONT PARK

SECTION – XI
APPENDICES

The Appendices include information that is pertinent to the budget process, but not part of the budget or work plan as identified in the budget. Included in this section are:

- Budget Process – The City follows a lengthy process to develop a budget; this section provides a summary of the process the City follows and identifies the basic budget calendar used to develop the budget, the Capital Improvement Program, and the Comprehensive Annual Financial Report.

- Appropriation Resolution – This section contains Council Resolution 2011-18, which represents the official enactment by the legislative body establishing the legal authority for officials to obligate and expend resources under Local Budget Law.

- Financial Policies – The City Council has established policies in the past to direct activities associated with the City's financial operations.

- Governmental Structure – The City of Corvallis makes good use of volunteers on a number of advisory boards and commissions. This section of the appendices provides a list of the boards and commissions and their membership.

- Citizen Survey – The City of Corvallis completes a survey of citizen's attitudes about City services each year in the fall. The survey results that are published in the budget are summary results, excluding comments and answers to open ended questions. For the full survey, see the City's web site at www.ci.corvallis.or.us. Additionally, the City publishes a report card annually that ties this survey in with department performance measures and the Community Goals section below. This publication is also available on the City's website.

- Community's Goals – In June 1997, following two years of community meetings, the City Council adopted the Corvallis *2020 Vision Statement* that sets forth the expectations of the community for Corvallis in the year 2020. Since that time the City Council has continued to strive to achieve the goals, many of which are non-financial in nature, set forth in the *2020 Vision Statement*. The goals and status of the goals are identified in this section.

- Glossary – The budget process tends to use specific language that may include terms that are not in the average person's vocabulary, or in the budget context the term may be used in a unique manner. The glossary provides brief definitions of these terms.

THE BUDGET PROCESS

Introduction

This section of the budget document will assist readers in understanding why the City adopts an annual budget, who participates in the budget process, the information decision-makers use to determine budget priorities, what is involved in budget preparation, the time line for adopting the budget, what is in the budget document, and what happens after the budget is adopted.

Reasons the City Budgets

The City adopts an annual budget for a variety of reasons. First, there is a legal requirement for each municipal government to adopt a budget. The Oregon Constitution and Oregon Revised Statutes (ORS) set forth the requirements for a budget, including that the budget must be balanced, and that the fiscal year for local governments runs from July 1 to June 30.

Second, the budget provides the best opportunity to communicate with citizens about what the City Council and staff expect to accomplish in the coming year. The budget sets forth the goals and objectives to be accomplished, and identifies the human, material, and financial resources necessary to accomplish the goals and objectives.

Third, the annual budget process provides an opportunity to review the status of the current year's work plan, and adjust it, if necessary, to be responsive to new initiatives or emergencies.

Finally, the annual budget process provides an opportunity to examine trends in revenues and expenditures, and test assumptions made in the long-term financial planning process to ensure that the City's finances will remain sound. Assumptions which appear to be invalid can be corrected and work plans can be revised to ensure that expenditures match revenue streams.

Budget Process Participants

There are several key participants in the budget process:

- Citizens -- Citizens are the most critical part of the budget process. Everything the City does focuses on achieving a level of service the community wants. Citizen input into the budget process occurs throughout the year in a variety of ways. Citizens come to City Council or Advisory Board and Commission meetings to discuss services or programs in which they have an interest. Citizens are invited to participate in public meetings where the policy is developed which guides City staff in the delivery of services. Citizens are surveyed on a number of topics, including specific service level surveys and the annual Citizens' Attitude Survey. That information is also used to guide development of policy in the community.

  Citizens have opportunities for formal input on the budget three times during the budget process. The first time occurs in January/February when the Budget Commission convenes to set the budget priorities for the coming year. Citizens have the opportunity to provide input requesting changes in service levels, new programs, deletions of programs, or to encourage the Budget Commission to make no changes. The second opportunity for direct input on the budget occurs in early May when the Budget Commission convenes to receive the City Manager's proposed budget. A public hearing is held specifically to obtain input from citizens about the proposed budget. The final opportunity for citizens to have formal input in the budget process occurs in June when the City Council holds a public hearing on the Budget Commission's recommended budget.

  Specific dates for meetings change each year. Citizens are advised to check the FYI column in the Corvallis *Gazette-Times*, the calendar of events in *the City* newsletter, the Public Access channel or the City's web page www.ci.corvallis.or.us for dates.

- Advisory Boards and Commissions -- There are currently twenty-two permanent advisory boards and commissions, and a half-dozen ad hoc groups that meet to provide advice to the City Council for their policy decisions. Advisory boards and commissions provide input to departments on specific goals and objectives to be accomplished. That input, with Council approval, becomes the basis for part of a department's budget each year. For a list of these commissions, please see the Government Structure section (pg. XI-34) or the most current list on the City's website.

- Budget Commission -- A budget commission is required by Oregon State Law as part of the budget process. The Budget Commission consists of the City Council plus an equal number of citizen representatives; in Corvallis, 18 total members. The Budget Commission convenes early in the calendar year to set priorities for the coming fiscal year. This information is used to develop the City Manager's proposed budget, delivered to the Budget Commission in May. The Budget Commission holds a public hearing on the proposed budget, deliberates, and recommends a budget to the City Council for approval.

- CIP Commission -- The Capital Improvement Program (CIP) Commission convenes annually to review the proposed five-year CIP. The CIP addresses infrastructure issues including maintenance and expansion of the City's existing infrastructure (water, wastewater and storm water utilities, streets, airport, parks, and City-owned buildings).

- City Council -- The City Council plays several roles in the development of the budget. First, the City Council provides overall policy direction for their two-year terms when they adopt the goals and objectives they wish to accomplish during their tenure. Staff members work to ensure that services reflect the Council's Goals and Objectives. Second, proposals that citizens present to the City Council are often referred to advisory boards and commissions for study and if appropriate, the Council may request that the information be developed by the citizen, the board or commission, or City staff into a budget proposal. Third, the members of the City Council sit as one-half of the Budget Commission. Finally, the City Council holds a public hearing on the Budget Commission's recommended budget as one last opportunity for public input, and then adopts a budget, levies taxes, and sets appropriation levels by adopting a resolution (see pg. XI-8 for the FY 11-12 resolution).

- City Staff Members -- Staff members are primarily responsible for the technical work necessary to put together the annual budget. Staff members develop revenue and expenditure estimates for on-going services, as well as special services identified by the City Council, Budget Commission or advisory boards and commissions. Staff members also develop performance indicators and work plans. Work plans identify key projects to be completed during the coming year, based on the input from citizens, advisory boards and commissions, the Budget Commission, and City Council.

- Finance Department Staff -- Budget and Financial Planning staff members assist departments in developing budgets, then review and analyze the department budget requests to be sure they are sufficient to provide services, but not extravagant. Budget Analysts work with departments throughout the year to facilitate the budget process. Work includes training, business and facility planning, vehicle and computer replacement plans, Capital Improvement Program (CIP) project development, and financial plan updates.

  Finance staff also writes the Quarterly Operating Reports which are forwarded to the Budget Commission and the City Council to keep policy makers informed about the City's financial status during the year. Treasury staff assists in budget preparation by reviewing revenue projections for accuracy, developing the annual debt service budget, and making revenue projections by fund for investment earnings. Accounting staff assist in budget preparation by ensuring the budget meets accounting guidelines. Accounting staff also process financial transactions throughout the year, and perform the annual audit to ensure that all budget and accounting requirements were met.

Information Decision Makers Use in the Budget Process

To assist in the budget process, a substantial amount of information is provided to decision makers. The information fits into two categories - general information that applies to all City operations and fund specific information that may only apply to selected funds:

General Information

- The Community's Goals: Vision 2020 -- The Vision 2020 statement provides a broad view of what the community wants Corvallis to be like in the year 2020. The statement provides direction for decision makers throughout long-range planning efforts and is available on the City's website.

- Council Goals & Objectives -- The City Council adopts Goals and Objectives at the beginning of their term. Councilors receive quarterly updates on the status of the Council Goals and Objectives. Goals generally set forth special work projects for each Council term (Pg. I-1).

- Citizen Survey -- The results of the annual Citizen Attitude Survey are used to allow decision makers to gauge the effectiveness of basic City services. The survey is completed each fall, and has a set of questions that remain the same each year and questions that change each year to reflect important City issues (Pg. XI-37).

- Information About the City -- A snapshot of information about the City including demographics and statistical information (Pg. XI-53).

- Financial Policies -- The City maintains a set of financial policies for developing the Capital Improvement Program and the annual budget, as well as daily financial management (Pg. XI-14).

- Capital Improvement Program (CIP) -- The CIP is a five-year planning document for infrastructure maintenance and expansion. The City's priorities in developing its CIP are 1) maintenance of existing infrastructure, 2) improvements to existing infrastructure, and 3) additions to infrastructure. The CIP Commission-recommended five-year CIP is presented to the Budget Commission to consider the financial implications. The Budget Commission reviews the CIP in conjunction with the proposed operating budget to ensure adequate resources for both operations and capital improvements. The projects in the first year of the approved CIP are included in the proposed budget (see Section VII and X).

Fund Specific Information

The official definition of a fund is "a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations."

For the lay person, each fund may be thought of as a separate business, with its own check book, an identified source of revenue, and specific plans for spending. For example, the Water Fund receives its revenue from the sales of water to the community. Water Fund expenses are only for the operations and maintenance of the water system, and any debt associated with providing water services. When a person looks at the Water Fund financial plan, they will see projections for the resources available and planned costs to provide water to the community.

One of the most critical factors in budgeting for each fund is the understanding that revenues and expenditures must be made in the appropriate fund. In other words, the Police Department is not budgeted in the Water Fund since Police do not provide water services.

For each fund, staff evaluates revenue projections, current services, and issues for the Budget Commission to address. Primary factors considered by staff in developing the budget and financial plans include:

- Projections for the major revenue sources, taking into account demographic and general economic factors, planned rate increases, and trend information.
- Relevant federal, state, or city regulations, mandates, or needs which affect revenues or services provided within a fund.
- Council position, policy statement, or general consensus regarding a service.
- Service deficiencies which have been identified through complaints, observations, or citizen survey data.
- Demographics, neighborhood data, or trends in demand for services.
- An advisory board or commission recommendation regarding a service.
- Special interest, neighborhood or professional group input or request for service.
- Special studies, reports, or master plans which have identified a need for a service or infrastructure development or rehabilitation.
- Formal employee and/or union input regarding services.
- Citizen input regarding service which has been received by boards, commissions, the Council or staff.
- Annual equipment and facility assessments and inventories which identified any deficiency or maintenance needs.

Financial Plans

The general and fund specific information is combined to develop three-year financial plans for each fund. The financial plan is critical in the budget decision-making process since decisions made today can affect the long-term health of any fund. Each financial plan includes a discussion of the current and long-term factors affecting the fund. Assumptions about major revenues and expenditures are discussed as part of the financial plans (Section III).

The Budget Commission uses the financial plans to make recommendations about which budget priorities should be included in the proposed budget, and which will not be funded. When the Budget Commission makes these decisions, they take into account whether the proposal meets the long-term goals of the community as stated in the general policy documents and whether the fund can afford the program based on the fund-specific projections.

Final Budget Preparation

Once the Budget Commission has addressed the budget priority issues and given policy direction on development of the budget, staff turns its attention to putting together a final budget. Specifically, staff works to ensure that the final budget to be presented includes:

- known inflation factors, including such items as postal rate increases, social security costs, and contribution rates to employee pension funds;
- fixed elements of the budget such as insurance costs, utility costs, and vehicle maintenance costs;
- capital projects as approved by the CIP and Budget Commissions;
- costs for items in the general category of supplies and contractual services; and

- employee salaries and benefits, which are the largest expenditure category in the City budget.

Fiscal prudence demands that revenue and expenditure estimates be as accurate as possible. To ensure accuracy, the City uses several steps. First, department staff develop revenue and expenditure estimates for which they have primary responsibility. Revenue estimates are reviewed by the Budget Analysts and Treasury staff. Departments then submit their expenditure budget proposals to the Finance Department Budget Office for review. Budget Analysts review the expenditure budgets in detail, checking for the accuracy and reasonableness of projections, and ensuring that all required elements of the budget are correct.

Once the analysis is completed, each department director meets with the City Manager to review his or her proposed budget to be sure that planned activities are in line with Council Goals and Objectives and Budget Commission direction.

The Budget Office staff works with the City Manager to develop the proposed budget to present to the Budget Commission. The Budget Commission holds a public hearing on the proposed budget, asking for citizens to comment on both the work plan and on the financial plan for the coming year. The Budget Commission may make changes to the proposed budget at this time, then it votes to recommend a budget to be forwarded to the City Council.

The City Council also holds a public hearing on the budget. By state law, the City Council may make changes to the Budget Commission recommended budget. However, if the change exceeds 10%, a republishing of the budget must occur before it can be adopted. Once the City Council completes any amendments to the Budget Commission recommended budget, the Council adopts the budget by resolution and levies taxes (see pg. XI-8).

Time Line for the Budget

The annual budget process typically takes the better part of a year to develop. In fact, staff usually begins work on parts of the budget for year x2 before the budget for year x1 is adopted. Public meetings are held, or a survey is conducted, by the CIP Commission in May or June each year to get citizen input on capital projects that will be considered for the fiscal year that will begin July 1, one year later. Citizen requested projects are forwarded to the appropriate department and advisory board or commission to be more fully developed and to make an accurate budget projection for inclusion in the proposed CIP. Also in years where service reductions are expected to be needed, such as FY 11-12, departments must begin the process of assessing existing programs as soon as the new year begins, to ensure sufficient time for analysis and review with boards and commissions. Since, late summer and early fall are when standing advisory boards and commissions will begin meeting to evaluate projects completed in the prior fiscal year, and begin to set the work plan for the next fiscal year for the departments they advise, advance planning and information gathering is essential.

Department staff officially starts to work on budget proposals in the fall. Financial plans are updated with the prior year's actual revenues and expenditures, and capital replacement plans for vehicles, computers, and building maintenance are reviewed and updated. The next step is to add budget projections for the Capital Improvement Program under development.

In December, department staff review their current year budget, and develop a revised budget. Departments are challenged to under-expend their original appropriations levels by identifying lower-cost alternatives, seeking the best possible prices, and being creative in pursuing partnerships with other departments or other government agencies. Staff are also asked to identify savings achieved to date through personnel turnover and projects coming in under budget, and to adjust their expected spending accordingly. By including the revised budget calculations in the budget document, each fund will show the most accurate carry-over balance possible.

Beginning in January, revenue projections are finalized. The Budget Commission meets in January and February to set budget priorities. Expenditure budgets are finalized by department staff shortly after the Budget Commission has completed their deliberations. The budget analysis and review with the City Manager is usually completed by the end of March so that the first two weeks of April are spent putting together the budget document to be printed in time for distribution to the Budget Commission in late April or early May.

Finally, the Budget is scheduled to go to the City Council at their first meeting in June. This date allows the City to meet state requirements to adopt the budget as late as possible prior to the beginning of the fiscal year, but early enough that commitments for work which must cross fiscal years can be made, and the work can continue uninterrupted. This is most critical for capital projects since June is the beginning of the prime construction season.

The Budget is adopted by the City Council by resolution. The adopting resolution sets appropriations by department within each fund, and provides the legal benchmark for auditors to test against to ensure that appropriations have not been exceeded. The appropriations resolution is included in this section on page XI-8.

The typical time line for the budget is presented both graphically, and in a monthly summary schedule at the end of this section.

The Budget Document

The City's budget is designed to provide the reader with the information that the Budget Commission, the City Council, and staff considered when setting out the work and spending plan for the year. The Budget document begins with the City Manager's

Message which summarizes the goals addressed in the budget plan, the financial and operational issues the organization is facing, and the future issues which may come to fruition during the next fiscal year or beyond. The Budget Summary provides more detailed information about issues that have a financial impact on the organization and summarizes the financial portion of the budget.

The Department Summary section provides information about the operations of each department, including a summary of the services provided, performance measures associated with those services, the department's total budget, staffing allocation, and an organization chart.

The Financial Plans section provides longer-term financial projections for all of the operating funds of the City and assumptions used in making projections. Each fund's presentation includes a summary of the issues for the fund. The Property Tax, Special Revenue, Capital Construction/Debt Service/Permanent, Enterprise, and Internal Service Funds sections provide more detailed information at the department and program level about the services provided within that fund, and the work plan to be implemented in the coming fiscal year.

The Non-Operating section summarizes information from the adopted Capital Improvement Program (CIP) planned for the year; the schedule of Debt Service payments for all of the monies borrowed by the City; schedule of Inter/Intra Fund Transfers and a table showing the changes in each fund balance and it's reserve components.

The Appendices provide general information about the City and its financial management.

Finally, the Table of Contents, Glossary, and Index are provided to assist readers with finding information in the budget document.

After the Budget Is Adopted

The day after the budget is adopted, work begins on achieving the following fiscal year's goals and objectives. Bids are awarded, contracts are signed, and contractors are lined up to begin work on July 1. Purchase requisitions are written to allow payments to be made to vendors on time. Then work begins on the next fiscal year's budget.

Occasionally, the budget will need to be revised during the course of a year. There are several ways the budget can be changed:

1. For grants, gifts, bequests, or devises which were unanticipated when the budget was adopted, the City Council can accept and appropriate the monies through a resolution.
2. Monies can be transferred between appropriations levels within a fund through the use of a Council Resolution. This transaction occurs most often when the Council votes to use Contingencies to fund emergencies.
3. A supplemental budget may be approved if there is a revenue source other than a grant, gift, bequest, devise or bond issue which was unanticipated at the time the budget was adopted. This transaction occurs most often when the beginning fund balance is higher than anticipated due to delayed projects, or when actual revenues are higher than anticipated and additional expenditures are required.
4. In the case of a community-wide or major emergency (flood, earthquake, etc.), the City Council may authorize the appropriation of the unappropriated ending fund balance, or grants which would be anticipated to assist the community in emergency response. If the emergency is too pressing to convene the City Council, the chief executive is authorized to make this budgetary adjustment.

Following the end of a fiscal year, the City's Accounting staff close the year, and the annual audit begins. The City contracts with an external auditing firm to review financial statements. Although the audit primarily focuses on accurate posting of financial transactions and appropriate internal controls, the auditors test to be sure the budget was adopted in compliance with Oregon Local Budget Law, and each fund is tested for compliance with the appropriations resolution, as amended.

More Information

Anyone who wishes more information about the budget process can contact the City of Corvallis Finance Department at 541-766-6990 or at finance@ ci.corvallis.or.us.

THE BUDGET PROCESS CALENDAR			
Month	Capital Improvement Program	Budget	Audit
June	Solicit public feedback about projects to be included in the next CIP Update.	The City Council adopts the budget for the fiscal year beginning on July 1.	Prepare for year-end close.
July	Staff develops CIP project proposals in compliance with master plans and citizen initiated requests.	The adopted budget is printed and legal documents levying taxes and appropriating monies are filed with the Benton County Assessor's Office.	Year-end work begins with soft close, June reconciliation of subsidiary ledgers, fiscal year-end check runs, and posting accruals. Capital asset inventories are conducted.
Aug.	Staff work on CIP development continues.	Work on interim projects which may have budget impact in successive years is initiated. The budget calendar for the next fiscal year is developed.	Final accruals are posted and subsidiary ledger reconciliation work is completed.
Sept.	Departments submit CIP proposals for internal review as to consistency with master plans, the Comprehensive Plan, and financial plans and policies.	Work on interim projects continues. The Budget Manual is revised as appropriate. Financial plans are updated to reflect unaudited actual revenues and expenditures from the prior year and the proposed CIP.	All internal audit work is completed, and final adjusting entries are posted.
Oct.	The City Manager reviews the staff's recommended CIP proposal, and makes a final recommendation on projects to be included.	Financial plans are finalized for publication in the CIP. Vehicle and equipment replacement schedules and reserve plans are due for Budget Office review.	Auditors are on-site to complete the annual audit.
Nov.	The CIP Commission convenes to begin review of the Proposed Five-Year CIP Update.	Computer equipment and facility maintenance plans are due for Budget Office review. Budget Analysts and Department Budget Liaisons initiate work on payroll and benefit projections for the following fiscal year. Department staff revises their current year budgets and revenue projections and initiate work on the next fiscal year's revenue projections.	The Comprehensive Annual Financial Report (CAFR) is written and presented to the Council's Administrative Services Committee (ASC) for review and a recommendation for the Council to accept the annual audit report. The Management Letter and staff's response is presented to ASC.
Dec.	The CIP Commission completes its review of the Proposed CIP and recommends a CIP for Planning and Budget Commission consideration.	Preliminary payroll projections are completed. Revised revenue and expenditure estimates for the current year are derived using trending and other known information, by department liaisons working closely with the Budget Analysts. Department Directors may submit a transmittal letter summarizing the efforts to revise the current year budget and achieve savings targets. Proposed budgets are completed for overhead operations to allow internal service charges to be determined. Department Directors meet with the City Manager and Budget Office staff to discuss budget plans, performance indicators, and potential service enhancements or reductions as appropriate.	Council accepts the CAFR and Management Letter. The CAFR is filed with the State Division of Audits and submitted to the Government Finance Officers Association for review.

THE BUDGET PROCESS CALENDAR			
Month	Capital Improvement Program	Budget	Audit
Jan.	The Planning Commission reviews the CIP for consistency with land use planning.	Decision packages are developed by departments for the Budget Commission to consider. Revenue projections for the next fiscal year are completed. Financial plans are updated with the CIP Commission recommended CIP, the prior year audited revenues and expenditures, the current year revised estimates, and the next year's revenue projections.	Interim planning work is initiated, and staff complete Governmental Accounting Auditing and Financial Reporting (GAAFR) update training.
Feb.	The Budget Commission reviews the CIP for consistency with financial plans and the ability to pay the capital, operating, and maintenance costs.	The Budget Commission receives the CIP, the Annual Citizen Survey, the status of the City Council's Goals and Values, and financial plans. Department Directors present information to the Budget Commission about their business plans. Citizens and staff present Budget Commission with requests for changes to City programs. The Budget Commission deliberates and gives staff direction for developing a budget. Departments submit their final budget proposal in compliance with Budget Commission direction.	Interim staff work continues.
March	Staff updates the budget for current year capital improvement projects and submits changes to the proposed capital budget based on expected completion of current projects.	Budget Analysts review the department submitted budgets. The City Manager meets with Department Directors to discuss any outstanding issues. Departments submit lists of any projects budgeted in the current year that will not be completed and need to be carried over to the following year.	Staff meet with the auditors to schedule interim audit work and discuss any changes to be made in the audit process.
April		Budget Analysts prepare the Proposed Budget document and have the document printed.	Share the schedule for year-end close, purchasing cut-off, and final check runs with department users.
May		The Budget Commission convenes to review the City Manager's Proposed Budget and recommend a budget for the City Council to consider. Staff develops the final list of projects which may need to be carried over for Council consideration.	Interim audit work is completed.
June	Publish 5-year CIP document upon approval of Council. Solicit public feedback about projects to be included in the next CIP Update.	The City Council adopts the budget for the fiscal year beginning on July 1.	Prepare for year-end close.

RESOLUTION 2011-18

A RESOLUTION LEVYING TAXES AND APPROPRIATING THE FY 2011-12 BUDGET.

Minutes of the meeting of June 6, 2011 continued.

A resolution submitted by Council member Joel Hirsch.

WHEREAS, the Corvallis Budget Commission convened on May 3, 2011 to receive the City Manager's Proposed Budget for FY 11-12; and

WHEREAS, the Corvallis Budget Commission held a public hearing on May 9, 2011, deliberated on May 19, 2011, and recommended that the City Council adopt a budget totaling $120,718,091 ; and

WHEREAS, the Corvallis Budget Commission unanimously adopted a motion to recommend the City Council levy the maximum permanent tax rate for operations of $5.1067 per thousand dollars of assessed value, a local option levy tax rate of $0.45 per thousand dollars of assessed value, as approved by voters on May 17, 2011, and a total of $2,184,620 for debt service;

WHEREAS, the City Council held a public hearing on June 6, 2011 and amended the Budget Commission's recommended budget; and

WHEREAS, the City Council further amended the Budget Commission's recommended budget at its regular meeting on June 6, 2011 as permitted under ORS 294.435; and

NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE CITY COUNCIL OF THE CITY OF CORVALLIS that the 2011-12 budget of $120,951,991 is hereby adopted, and

IT IS FURTHER RESOLVED that the City Council hereby levies the maximum tax rate of $5.1067 per thousand dollars of assessed value, which is subject to the limitations of Section 11b, Article XI of the Oregon Constitution, as provided for in the budget adopted in the above paragraph of this resolution. This tax rate shall be levied and assessed pro rata upon all taxable property within the City of Corvallis as of 1:00 A.M., July 1, 2011.

IT IS FURTHER RESOLVED that the City Council hereby levies a local option levy tax rate of $0.45 per thousand dollars of assessed value, which is subject to the limitations of Section 11(4) or 7(c), Article XI of the Oregon Constitution, as provided for in the budget adopted in the above paragraph of this resolution. This tax rate shall be levied and assessed pro rata upon all taxable property within the City of Corvallis as of 1:00 A.M., July 1, 2011.

IT IS FURTHER RESOLVED that the full amount of bonded principal and interest for general obligation debt which is not subject to the limitations of Section 11b, Article XI of the Oregon Constitution be levied for the 2009A General Obligation Refunding Bonds at an amount totaling: $2,184,620.

IT IS FURTHER RESOLVED that the amounts of the appropriations for the fiscal year beginning July 1, 2011 shall be as follows:

GENERAL FUND		
Operating Budget:		
Community Development Department	$1,356,480	
Finance Department	677,700	
Police Department	10,502,180	
Public Works Department	1,642,760	
Non-Departmental	1,315,950	
Non-Operating Budget:		
Transfers	849,840	
Debt Service - Principal	185,000	
Debt Service - Interest	59,430	
Contingency	148,700	
TOTAL GENERAL FUND		$16,738,040
STREET FUND		
Operating Budget:		
Community Development Department	$21,850	
Public Works Department	4,243,950	
Non-Operating Budget:		
Transfers	1,119,310	
Contingency	82,140	
TOTAL STREET FUND		$5,467,250
PARKS AND RECREATION FUND		
Operating Budget:		
Parks and Recreation Department	$6,096,500	
Non-Operating Budget:		
Transfers	606,828	
Contingency	57,770	
TOTAL PARKS AND RECREATION FUND		$6,761,098
9-1-1 EMERGENCY COMMUNICATIONS FUND		
Operating Budget:		
Police Department	$2,180,710	
Non-Operating Budget:		
Transfers	51,070	
Contingency	48,760	
TOTAL 9-1-1 COMMUNICATIONS FUND		$2,280,540

DEVELOPMENT SERVICES FUND		
Operating Budget:		
Community Development Department	$2,838,820	
Non-Operating Budget:		
Transfers	239,560	
Contingency	50,000	
TOTAL DEVELOPMENT SERVICES FUND		$3,128,380
FIRE AND RESCUE FUND		
Operating Budget:		
Fire Department	$11,384,830	
Non-Operating Budget:		
Transfers	920,610	
Contingency	104,860	
TOTAL FIRE AND RESCUE FUND		$12,410,300
COMMUNITY DEVELOPMENT REVOLVING FUND		
Operating Budget:		
Community Development Department	$4,336,610	
Non-Operating Budget:		
Transfers	74,350	
Contingency	31,950	
TOTAL CD REVOLVING FUND		$4,442,910
PARKING FUND		
Operating Budget:		
Community Development Department	$4,070	
Finance Department	143,310	
Police Department	351,190	
Public Works Department	171,980	
Non-Operating Budget:		
Transfers	253,720	
Contingency	11,890	
TOTAL PARKING FUND		$936,160
TRANSIT FUND		
Operating Budget:		
Public Works Department	$3,481,890	
Non-Operating Budget:		
Transfers	11,620	
Contingency	35,590	
TOTAL TRANSIT FUND		$3,529,100

2011 OPERATING LEVY FUND		
Non-Operating Budget:		
Transfers	$1,790,000	
TOTAL 2011 OPERATING LEVY FUND		$1,790,000
LIBRARY FUND		
Operating Budget:		
Library Department	$6,486,530	
Non-Operating Budget:		
Transfers	213,090	
Contingency	56,960	
TOTAL LIBRARY FUND		$6,756,580
CAPITAL IMPROVEMENT FUND		
Non-Operating Budget:		
Capital Projects	$5,715,313	
TOTAL CAPITAL CONSTRUCTION FUND		$5,715,313
GENERAL OBLIGATION DEBT SERVICE FUND		
Non-Operating Budget:		
Debt Service - Principal	$1,895,000	
Debt Service - Interest	312,650	
TOTAL G.O. DEBT SERVICE FUND		$2,207,650
PENSION OBLIGATION DEBT SERVICE FUND		
Operating Budget:		
Non-Departmental	$1,350	
Non-Operating Budget:		
Debt Service - Principal	461,770	
Debt Service - Interest	1,923,390	
TOTAL PENSION OBLIGATION DEBT SERVICE FUND		$2,386,510
WATER FUND		
Operating Budget:		
Community Development Department	$51,350	
Public Works Department	8,930,510	
Non-Operating Budget:		
Capital Projects	2,366,140	
Transfers	3,991,010	
Debt Service - Principal	815,980	
Debt Service - Interest	202,840	
Contingency	194,670	
TOTAL WATER FUND		$16,552,500

WASTEWATER FUND		
Operating Budget:		
Community Development Department	$50,380	
Public Works Department	7,264,080	
Non-Operating Budget:		
Capital Projects	3,012,270	
Transfers	3,165,390	
Debt Service - Principal	1,582,900	
Debt Service - Interest	711,140	
Contingency	181,510	
TOTAL WASTEWATER FUND		$15,967,670
STORM WATER FUND		
Operating Budget:		
Community Development Department	$52,240	
Public Works Department	1,962,260	
Non-Operating Budget:		
Capital Projects	725,910	
Transfers	749,060	
Contingency	39,770	
TOTAL STORM WATER FUND		$3,529,240
AIRPORT FUND		
Operating Budget:		
Public Works Department	$820,910	
Non-Operating Budget:		
Transfers	13,910	
Debt Service - Principal	23,940	
Debt Service - Interest	8,650	
Contingency	14,270	
TOTAL AIRPORT FUND		$881,680
FLEET MAINTENANCE FUND		
Operating Budget:		
Public Works Department	$818,030	
Non-Operating Budget:		
Contingency	16,000	
TOTAL FLEET MAINTENANCE FUND		$834,030
FACILITY MAINTENANCE FUND		
Operating Budget:		
Public Works Department	$823,880	
Non-Operating Budget:		
Contingency	10,000	
TOTAL FACILITY MAINTENANCE FUND		$833,880

TECHNOLOGY AND COMMUNICATIONS FUND		
Operating Budget:		
Finance Department	$1,607,720	
Public Works Department	211,580	
Non-Operating Budget:		
Contingency	30,000	
TOTAL TECHNOLOGY AND COMMUNICATIONS FUND		$1,849,300
ADMINISTRATIVE SERVICES FUND		
Operating Budget:		
City Manager's Office	$2,100,260	
Finance Department	2,588,650	
Non-Operating Budget:		
Contingency	30,000	
TOTAL ADMINISTRATIVE SERVICES FUND		$4,718,910
RISK MANAGEMENT FUND		
Operating Budget:		
City Manager's Office	$959,950	
Non-Operating Budget:		
Contingency	275,000	
TOTAL RISK MANAGEMENT FUND		$1,234,950
TOTAL FY 11-12 APPROPRIATIONS		$120,951,991

IT IS FURTHER RESOLVED THAT THE City Manager is hereby directed to certify to the Director of Records and Elections of Benton County, Oregon; the County Assessor of Benton County, Oregon; and the Department of Revenue of the State of Oregon, the tax rate of $5.1067 per thousand dollars of assessed value made by this resolution.

IT IS FURTHER RESOLVED THAT the City Manager is hereby directed to certify to the Director of Records and Elections of Benton County, Oregon; the County Assessor of Benton County, Oregon; and the Department of Revenue of the State of Oregon, the voter approved local option levy of $0.45 per thousand dollars of assessed value made by this resolution.

IT IS FURTHER RESOLVED THAT the City Manager is hereby directed to certify to the Director of Records and Elections of Benton County, Oregon; the County Assessor of Benton County, Oregon; and the Department of Revenue of the State of Oregon the full amount of $2,184,620 in bonded principal and interest for general obligation debt made by this resolution.

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

FINANCIAL POLICIES

Adopted November 27, 1989
Last Revised July 18, 2011

CP 10.01 FINANCIAL POLICIES PURPOSE AND OBJECTIVES

10.01.010 Purpose

Primary among the responsibilities of the City of Corvallis to its citizens is the care of public funds and wise management of municipal finances while providing for the adequate funding of the services desired by the public and the maintenance of public facilities. Municipal financial operations have a wide variety of oversight or standard setting agencies, including State and Federal governments, the Securities and Exchange Commission, and the Governmental Accounting Standards Board. The City of Corvallis manages public funds within all of these oversight agency requirements. These financial management policies, designed to ensure the fiscal stability of the City of Corvallis municipal corporation, provide guidance in financial management when oversight agencies are otherwise silent or to reiterate best practices that may be codified by another entity.

These financial policies address fund balances, revenues, expenditures, capital improvement, debt management, risk management, investments, and accounting and financial reporting.

10.01.020 Financial Policy Objectives

10.01.021 To protect the policy-making ability of the City Council by ensuring that important policy decisions are not controlled by financial problems or emergencies.

10.01.022 To enhance the policy-making ability of the City Council by providing accurate information on program costs.

10.01.023 To assist sound management of the City by providing accurate and timely information on financial condition.

10.01.024 To provide sound principles to guide the important decisions of the City Council and of management which have significant fiscal impact.

10.01.025 To set forth operational principles which minimize the cost of government and financial risk, and safeguard the City's assets.

10.01.026 To employ revenue policies which prevent undue or unbalanced reliance on certain revenues, which distribute the costs of municipal services fairly, and which provide adequate funds to operate desired programs.

10.01.027 To provide adequate resources to operate and maintain essential public facilities and the City's infrastructure.

10.01.028 To protect and enhance the City's credit rating and prevent default on any debt issue of the City.

10.01.029 To insure the legal use of all City funds through a sound system of administrative policies and internal controls.

10.01.030 Achieving Financial Policy Objectives

10.01.030.010 Annual Analysis

To achieve and maintain the aforementioned objectives, the Finance Department, at the direction of the City Manager, will conduct an annual analysis of projected financial condition and key financial indicators. This budget capacity analysis shall be reviewed by the Budget Commission and the City Council prior to the budget process.

10.01.030.020 Focus of the Analysis

It is the focus of this analysis to:

a. identify the areas where the city is already reasonably strong in terms of protecting its financial condition;
b. identify existing or emerging problems in revenue sources, management practices, infrastructure conditions, and future funding needs;
c. forecast expenditures and revenues for the next three to seven years, with consideration given to such external factors as state and federal actions, the municipal bond market, management options being explored and used by other local governments; and
d. review internal management actions taken during the last budget cycle.

10.01.040 Review & Update

The Financial Policies shall be reviewed by the Finance Director annually in November and updated as appropriate.

CP 10.02 FUND BALANCE POLICIES

10.02.010 Fund Balance Definitions

10.02.010.010 The Governmental Accounting Standards Board (GASB) has defined fund balance for financial reporting to be classified as follows:

a. Non-spendable: Amounts inherently non-spendable or that must remain intact according to legal or contractual restrictions.
b. Restricted: Amounts constrained to specific purposes by externally enforceable legal restrictions, such as those provided by creditors, grantors, higher levels of government, through constitutional provisions, or by enabling legislation.
c. Committed: Amounts constrained by the City Council.
d. Assigned: Amounts the City intends to use for a specific purpose. The authority to assign resources lies with the City's Finance Director.
e. Unassigned: Amounts that are not categorized into one of the aforementioned classifications; these resources may be used for anything. Only the General Fund should show a positive unassigned fund balance. For other funds, a negative unassigned balance should be reported if more resources are used than are available in the fund.

10.02.010.020 The City of Corvallis will use the GASB's definitions of Fund Balance for the Comprehensive Annual Financial Report (CAFR) and for all other financial reporting. For all financial planning purposes, the term Budgetary Fund Balance will be used and will include any portion of the fund balance that is available for appropriation. Portions of the fund balance that are not available for appropriation will be identified as a Reserved Balance.

10.02.020 Budgetary Fund Balance

10.02.020.010 Introduction

The budgetary fund balance describes the net financial assets of governmental funds; in lay terms it represents the net revenues in excess of expenditures since the fund's inception. Fund balance is used to provide stable resources for times when service levels might otherwise be impacted by taxes or fees that temporarily underperform, or to cover one-time unexpected expenditures. As a best financial management practice, to maintain the City's credit rating, and to meet state law requirements for no deficit spending, the City shall have a positive budgetary fund balance for each fund of the City. Actual fund balances for each fund shall be reported in the Comprehensive Annual Financial Report, issued as of June 30 of each fiscal year. Budgetary fund balances shall be reported in the annual budget, and shall be projected for each operating fund as part of the financial planning process to prepare the budget each year.

10.02.020.020 Property Tax Funds Combined –Budgetary Fund Balance for Financial Planning Purposes

Prior to each year's initial Budget Commission meeting, the City Council shall review the Property Tax Funds – Combined fund balance for the purpose of determining whether resources exist to consider activities in 10.02.020.050. This review may include:

a. determining the budgetary ending fund balance which may include a review of any restricted, committed, or assigned balances identified as reserves, and the potential ending fund balance that includes the Historic Norming Adjustment (HNA) that approximates the five-year average difference between budgeted and actual revenues and expenditures,
b. preserving sufficient budgetary fund balance to cover at least three months' payroll expenses for the combined funds,
c. establishing the time period over which to allocate any surplus budgetary balance for one-time or ongoing service enhancements,
d. reserving funds for future year commitments and assumption modeling to determine if capacity exists based upon the Property Tax Funds -- Combined budgetary fund balance in the third year.

Results of this City Council review will be forwarded to the Budget Commission. Subsequent actions by the Budget Commission and/or the City Council may result in the budgetary ending fund balance for the Property Tax Funds being different than this recommendation.

10.02.020.030 Appropriate Budgetary Fund Balance

a. Each operating fund shall have a positive budgetary ending fund balance for the budget year under discussion.
b. Through the annual budget development process the Finance Director recommends the appropriate ending budgetary fund balance for each fund. The Finance Director shall take into account the following factors:

    1. the current budgetary fund balance;
    2. the City Council's recommended budgetary fund balance for the property tax funds combined;
    3. cash flow requirements to support expenditures, including up to three months of payroll costs;
    4. future capital needs;
    5. significant revenue and expenditure trends including the HNA;
    6. relative rate stability from year to year for enterprise funds;
    7. susceptibility of the fund to emergency or unanticipated expenditures;
    8. credit worthiness and capacity to support debt service requirements;
    9. legal or regulatory requirements affecting revenues, expenditures, and fund balances;
    10. reliability of outside revenues; and
    11. any other factors pertinent to that fund's operations.

10.02.020.040 Ending Budgetary Fund Balance Below Recommended

If the annual budget is recommended by the Budget Commission and accepted by the City Council to be adopted with a budgetary fund balance below either the minimum or the recommended ending budgetary fund balance, the budgetary ending fund balance for the then current fiscal year will be re-calculated as soon as the audit work for the prior fiscal year is complete. If at that point, the audited ending fund balance contributes to a budgetary fund balance which is lower than this policy would dictate, staff shall develop a plan for City Council consideration through the Administrative Services Committee, that addresses the shortfall.

10.02.020.050 Ending Budgetary Fund Balance Above Recommended

In the event the ending budgetary fund balance is higher than either the minimum or recommended level, the difference may be used to fund the following activities:

a. one-time capital expenditures or reserves for future capital expenditures which do not significantly increase ongoing City costs;
b. undesignated assigned or committed balances for future basic operations;

c. other one-time costs; and

d. ongoing or new City programs, provided such action is considered in the context of Council approved multi-year projections of revenue and expenditures.

CP 10.03 REVENUE POLICIES

10.03.010 Introduction

The City of Corvallis raises revenue from a wide variety of sources. A significant portion of the City's revenues come from taxes, charges for service and fees. Some of these revenue sources are governed by the Oregon Constitution or Statutes, federal law or regulations; others are assessed solely through the City's home rule authority. These policies provide direction in the management and oversight of existing revenue sources, and for the development of new revenue sources.

10.03.020 General Revenue Policies

10.03.020.010 The City will strive to maintain a diversified and stable revenue system to shelter the government from short-run fluctuations in any one revenue source and ensure its ability to provide ongoing service. In particular, the City will seek alternatives to the property tax for general government services.

10.03.020.020 Restricted revenue shall only be used for the purposes legally permissible and in a fiscally responsible manner. Programs and services funded by restricted revenue will be clearly designated and accounted for as such.

10.03.020.030 Revenue for capital improvements shall be used to finance only those capital improvements identified in the funding plan (i.e., bond or grant funded projects) that are consistent with the capital improvement program and local government priorities, and where the operating and maintenance costs have been included in operating budget forecasts. Revenue restricted for specific purposes will be expended consistent with those restrictions.

10.03.020.040 One-time revenue includes fund balances and grants which have a specific time limit and/or reason for expenditure. One-time revenue will be used for one-time expenses whenever possible. If one-time revenue is considered for ongoing expenditures (such as adding staff) the Budget Commission or City Council will balance the need for the additional ongoing expenditures with the on-going ability to pay prior to approving the program.

10.03.020.050 Unpredictable revenue, which includes development related revenue such as Systems Development Charges (SDC), Public Improvement by Private Contractor fees, Development Review, Plan Review and Inspection Permit revenues, will be closely monitored through the year.

a. Capital projects to be constructed with SDC monies will not be initiated until SDC revenue is available or another financing alternative is developed.

b. Operations funded partially or wholly from unpredictable revenue will be monitored monthly and mitigating action will be taken if revenues are not received as expected.

10.03.020.060 The City shall manage its revenue collections through a policy that actively pursues collection of all revenues owed to the City.

10.03.030 Property Tax Allocations

10.03.030.010 Background

The property tax base was approved as a charter amendment by Corvallis voters to support the general services of the City. Additional tax levies to support fire operations and equipment purchases, street and road maintenance, recreation programs, and parks maintenance were approved as special charter amendments as early as 1909. Temporary levies were approved and re-approved for transit (first approved in 1980) and the Arts Center (first approved in 1970). Monies from these tax levies

were segregated into the General, Street, Fire & Rescue, Parks & Recreation, Transit, and Special Levies (Arts Center) Funds and were combined with other revenues in each fund to provide the resources necessary to maintain services to the community.

The statutory authority to levy property taxes by individual levy was removed in 1997 through the passage of a constitutional amendment, and its implementing legislation, known as Measure 50. Measure 50 has resulted in a single property tax rate and has overridden the requirement that monies be segregated according to the charter. Local option levies for one to ten years in length can be approved by voters to fund operations. The five property tax funds are still allocated property taxes and remain segregated due to other dedicated revenue sources for specific programs in those funds.

10.03.030.020 Council Findings

10.03.030.021 Allocations of property taxes which follow the Charter approved proportions of the total levy would result in some funds incurring costs which exceed their revenues.

10.03.030.022 The projections of combined revenues and expenditures for all property tax supported funds indicates that a reallocation of property tax monies between funds would result in the ability to fund all operations and capital projects currently included in the financial and business plans for the next fiscal year.

10.03.030.023 If a local option levy is needed, the City Council shall weigh the services to be funded by a levy and determine whether it is better to go for a general levy or a special levy focused on certain service areas.

10.03.030.030 Basis for Determining the Allocations

10.03.030.031 An analysis of the financial status of all property tax funds shall be reviewed by the City Council each year prior to the update of these financial policies to ensure that the allocations are adequate to support Council approved operating costs identified in:

a. The Capital Improvement Program;
b. Financial plans;
c. Department business plans; or
d. Master plans.

10.03.030.032 Program enhancements or new programs which are presented to the City Council or Budget Commission for review shall include an analysis of the impact of the new/enhanced program on the property tax allocation policy.

10.03.030.033 New revenue sources which could reduce the reliance on property taxes will continue to be sought, but will not necessarily result in a reduction of property taxes to the fund unless the new revenue is adequate to address all of the financial and business plans within the fund.

10.03.030.040 Allocation

Property taxes are allocated annually according to the Budget Commission and City Council direction through the annual budget process. This sets a projected demand for property taxes in each fund receiving them for the year. The Finance Director shall review this allocation and modify the actual allocation of funds as necessary during the course of each fiscal year to keep all funds in a positive budgetary fund balance position, with the following targeted allocations set as part of the budget process.

10.03.030.041 The Arts Center allocation shall be 0.21% of the total property taxes received from the City's permanent tax rate. This amount shall not be reallocated to other uses without the City Council's approval.

10.03.030.042 The Osborn Aquatic Center shall be allocated $270,000 in FY 11-12 from the City's permanent tax rate. This allocation shall grow each year by the rate of growth in the City's assessed value as projected for all property taxes during the budget process, with actual allocations based on the actual property tax revenue growth. This allocation shall be reviewed no later than December 31, 2013.

10.03.030.043 The Chintimini Senior Center shall be allocated $25,000 in FY 11-12 from the City's permanent tax rate. This allocation shall grow each year by the rate of growth in the City's assessed value as projected for all property taxes during the budget process, with actual allocations based on the actual property tax revenue growth. This allocation shall be reviewed no later than December 31, 2013.

10.03.040 Fees and Charges for Service

Fees and charges for service are assessed to specific users where the user pays all or a portion of the costs to provide the service. When assessed as a fee, the charge generally grants the payer permission or a license to do a specific activity (i.e., franchise fees authorize use of the public right-of-way; a liquor license fee authorizes the license holder to sell liquor). When assessed as a charge for service, the charge is for a specific service, directly used by the payer (i.e., the admission fee at the swimming pool is only assessed to the person going swimming).

10.03.040.010 All fees and charges other than those identified elsewhere in City Council policy or via Corvallis Municipal Code shall be set to recover the City's direct expense in providing the attendant service. Fees and charges are reviewed annually, and are updated via Council action when necessary. A revenue manual listing all such fees and charges of the City shall be maintained by the Finance Department and updated concurrent with the review.

10.03.040.020 A fee shall be charged for any service that benefits limited interests within the community, except for basic, unavoidable human needs type services provided to persons with limited ability to pay.

10.03.040.030 Historically, the City Council has provided very limited tax and fee exemptions.

10.03.040.040 Systems Development Charges (SDC) are set to cover the growth related costs of infrastructure necessary to provide services for future growth. The list of projects eligible for SDC funding shall be updated when facility plans are updated or at least every five years, beginning in 2005, and will be done at all other times to coincide with major updates of infrastructure facility plans. The overall SDC program methodology and population service scenario shall be reviewed at least every ten years beginning in 2010.

10.03.050 Utility Fees (Water, Wastewater, Storm Water)

10.03.050.010 Utility Fee Basis

Utility user charges for each of the three City utilities will be based on the cost of providing the service (i.e., set to fully support the total direct, indirect, and capital costs) and are established so that the operating revenues of each utility are at least equal to its operating expenditures, reserves, debt coverage and annual debt service obligations, and planned replacement of the utility's facilities.

10.03.050.020 Annual Rate Review

Staff shall conduct an annual comprehensive rate review each fall for the Water, Wastewater and Storm Water funds for Council review. Rate increases will be targeted for implementation in February. Every effort shall be made to index/limit rate increases for the entire utility bill (water, wastewater, and storm water) to the rate of inflation (estimated at 2% to 3%) but not more than 7% in any one year unless federal or state mandate, judgment arising out of litigation, or Council approved policy needs dictate otherwise.

10.03.050.030 Rate Adoption

Utility rates will be adopted by ordinance and will be recorded in the Corvallis Municipal Code.

10.03.050.040 Franchise Fees

The City's Water, Wastewater, and Storm Water utilities will pay a franchise fee to the City's General Fund to compensate for the use of the public right-of-way. The franchise fee will be equal to 5% of the utility's gross operating revenue each year, net of interest, intergovernmental monies, miscellaneous water service fees, permit fees, SDCs, and turn-on service fees.

10.03.060 Parks and Recreation Department Fees

10.03.060.010 Cost Recovery

Parks and Recreation programs are funded through a combination of user fees, property taxes, grants, and donations. Fees and charges shall be assessed in an equitable manner in accordance with the following fee and charge assessment schedule. Programs that provide recreational opportunities for populations with the fewest recreational alternatives (youth, limited income, senior adults, and families) will be more heavily supported by grants, donations, or property taxes than user fees to ensure that the population is well served by Parks & Recreation programs. Percentages shall be considered as guidelines; however, special circumstances, the nature and cost of each program, and persons to be served should be taken into consideration.

a. total fee support (recover a minimum of 95% of direct program costs)

- special instruction classes (all ages)
- recreation trips and outings
- adult sports leagues
- major events which charge admission

b. partial fee support (recover 50% to 75% of direct program costs)

- outdoor recreation
- preschool programs/introduction
- child care oriented programs
- senior citizen programs

c. minimum fee support (recover 33% to 50% of direct program costs)

- youth programs and events
- playground programs

10.03.060.020 Osborn Aquatics Center Fees

The Osborn Aquatics Center direct costs are funded through fees charged for its usage plus a subsidy from property tax monies received in the Parks & Recreation Fund. The Aquatics Center shall pay its share of the general indirect costs charged to all City departments for centralized administrative functions.

10.03.060.021 Fees for annual passes, open swim periods, instructional classes, etc. will be set to meet revenue requirements of the Aquatic Center, less all other revenue including the Parks & Recreation subsidy, rentals and concessions. Where possible fees will be comparable to similar publicly owned facilities in Oregon, taking into account the additional amenities offered at Osborn.

10.03.060.022 Rental fees for group usage (i.e., Corvallis Aquatic Team) shall be negotiated at a minimum of a 100% direct cost recovery rate or the rate of inflation based on the CPI-U whichever is greater.

10.03.060.023 Prices for concessions operated by the City shall be set at the wholesale price of the item plus at least 100%. Income from contracted concession services shall be determined based on the negotiated agreement between the City and the concessionaire. All monies from concessions will be used for operations at the Aquatics Center.

10.03.060.030 Rate Review

The Park and Recreation Department shall conduct an annual comprehensive review of rates including Osborn Aquatic Center rates. The Parks, Natural Areas and Recreation Board shall recommend to the City Council, via the Human Service

Committee, any alterations or adjustments necessary in specific fees and/or charges to reflect service demand changes, the ability of users to support the demand, and concerns for other City operations.

10.03.060.040 Use of Volunteers

Through an aggressive volunteer recruitment program, the Parks and Recreation Department shall seek to minimize the subsidy required for partial and minimum fee support programs.

10.03.060.050 Alternate Funding Sources

Solicitation of funds through donations, fund raising events, non-traditional sources, and various other modes shall be encouraged by the Parks, Natural Areas and Recreation Board and other advisory committees. Funds collected for any special purpose shall be earmarked for that purpose.

10.03.070 Ambulance Fees

10.03.070.010 Policy

It is the intent of the City to provide responsive, efficient and self-funded emergency medical services as the Benton County designated service provider to the Benton County Ambulance Service Area, including all residents of the City.

10.03.070.020 Procedures for Rate Changes

a. Staff shall review ambulance rates annually no later than February 28 to ensure the rates reflect changes in the direct costs of service. In reviewing rates, staff will consider the historic and projected costs of service, service demands, changes in fixed and variable costs, market rates, and changes in service requirements or mandates. The City shall notify Benton County of proposed fee increases or decreases at the beginning of the City's formal budget review process.
b. Proposed rate changes will be submitted to the City Council via the Administrative Services Committee for review and recommendation to the full Council no later than April 1 of each year. If no rate change is recommended, staff will note the fact in a Council Report.
c. The Council shall adopt rate adjustments by resolution. Following Council adoption, the new rates will go into effect by July 1 of each fiscal year.
d. Notification will be issued to the public 30 days prior to the July 1 deadline. Customers will be notified of rate changes via advertisements in the local newspaper.

10.03.070.030 Special Rate Reviews

If, at any time during the fiscal year, estimated costs of service exceed available revenue, the City Manager may conduct a special rate review. In conducting such reviews the City Manager would follow the above procedures. In this instance, rate adjustments could take place at any time within the fiscal year, with 30 days' public notice.

10.03.080 Grants

10.03.080.010 Grant Opportunities

The City shall aggressively pursue grant opportunities; however, before accepting grants, the City will consider the current and future implications of accepting the monies.

10.03.080.020 Federal Funds

Federal funds shall be actively sought. The City will use these funds to further the applicable national program goal. Because federal funds are not a guaranteed revenue source and are intended for a specific purpose, they will not be relied upon as an alternative source of capital improvement funds unless the federal grant is specifically for capital projects. Use of federal funds shall support City fund goals and services.

10.03.080.030 Grant Review

In reviewing grants the department director and Finance Director shall evaluate each grant offer and make their recommendation to the City Manager after considering:

a. the amount of the matching funds required;
b. in-kind services that are to be provided;
c. length of grant and consequential disposition of service (i.e., is the City obliged to continue the service after the grant has ended?); and,
d. the related expenditures including administration, record keeping, and auditing expenditures.

10.03.080.040 Single Audit

The annual audit by the City's independent auditors will include all required audit procedures for grant compliance as specified in the federal government's Office of Management and Budget OMB Circular A-133.

10.03.090 Gifts, Donations and Bequests

10.03.090.010 Use of Gifts, Donations & Bequests

Gifts, donations and/or bequests given to, and accepted by, the City for the use of any of its departments or divisions shall be used solely for the purpose intended by the donor. Unrestricted gifts will be expended on the recommendation of the related advisory board.

10.03.090.020 Evaluation

Gifts, donations, and bequests will be evaluated to determine what, if any, obligations are to be placed upon the City. Gifts, donations, and bequests will be considered as "over and above" basic City appropriations.

CP 10.04 EXPENDITURE POLICIES

10.04.010 Introduction

The City expends a significant amount of money each year to provide services to citizens. The largest portion of the expenditures are for the operating costs of the organization. These costs include all of the salaries/wages and related benefits for City staff, materials, services and capital outlays necessary to perform the basic functions of the City. Additional costs associated with capital projects (infrastructure) and debt service are part of the annual budget, based on specific plans for both. These City Council policies provide direction for developing the annual budget, and are in addition to a number of policies set forth by both the federal and state governments (i.e., purchasing rules, federal grant management rules).

10.04.020 Operating Budget -- Pay-As-You-Go

10.04.020.010 Pay-As-You-Go

The City shall attempt to conduct its operations from existing or foreseeable revenue sources. Achieving pay-as-you-go requires the following practices:

a. current direct and indirect costs for operations and maintenance will be controlled and will be funded with current revenues, and
b. revenue and expenditure forecasts will be prepared annually for all operating funds prior to budget discussions.

10.04.020.020 Cost Allocation Plan

The Finance Director shall prepare a full cost allocation plan triennially to provide accurate, complete estimates of indirect service costs. The plan will be updated annually during budget development.

10.04.020.030 Mandated Costs

Costs attributable to mandates of other government agencies shall be included in the annual budget.

10.04.030 Budget Balance

The Finance Director will prepare a budget for each fund each year where resources on a modified accrual basis either equal or exceed all expenditures in the City Council Adopted Budget in compliance with Oregon Administrative Rule 150-294.352(1)-(B)

a. Resources available include all revenue anticipated in the budget year, including taxes, fees, charges for service, fines, intergovernmental payments, miscellaneous revenue, transfers, other financing sources, expendable reserves, and beginning fund balances.
b. Expenditures include all planned expenditures for operations, inter-fund transfers, capital budget, debt service, Council Reserves and contingencies.

10.04.040 Budget Performance Reporting

10.04.040.010 Quarterly Reports

The Finance Director shall submit a Quarterly Operating Report (QOR) to the Budget Commission within 45 days of the close of the fiscal quarter. The QOR will be reviewed by the Administrative Services Committee and be accepted by the City Council. At a minimum, the QOR will include income statements developed on the modified accrual (budgetary) basis for all operating funds of the City, and may include other information such as the status of the City Council's Values and Goals and departmental performance information.

10.04.040.020 Performance Indicators

Where practical, the City shall develop and employ performance indicators that are tied to Council values and goals, as well as management objectives, to be included in the budget. Status of the measures will be reported in each Quarterly Operating Report.

10.04.050 Maintenance, Repair & Replacement

10.04.050.010 Master Plans

The City shall maintain master plans for all major infrastructure systems. Master plans provide direction about system needs (such as pipe size and reservoir locations) for predicted population build out of the community. Infrastructure master plans are required for Parks, Transportation, Water Plant, Water Distribution system, Wastewater Plant, Wastewater Collection system, Storm Water system, and the Airport. The master plans shall be adopted by the City Council as amendments to the City's Comprehensive Plan.

Projects identified via an infrastructure master plan will be scheduled based on the priority of the project as identified in the master plan and will be budgeted in the Capital Improvement Program (CIP) when resources are available to implement the project.

10.04.050.020 Annual Inventory

The City will conduct an inventory of all capital assets in conjunction with the annual audit. During the inventory, any excess wear and tear will be noted by staff and used to update replacement plans during the following budget preparation cycle.

10.04.050.030 Equipment Replacement Plans

Assets which are not part of a major infrastructure system or buildings and land, including vehicles, computers, and specialized equipment required for normal work (i.e., defibrillators, bullet proof vests), will be tracked by each department

with replacement plans made for at least the financial planning period. These schedules will be updated annually in conjunction with the budget process.

Every effort will be made to develop an equipment replacement schedule that results in a stable annual spending level. If spending levels cannot be stable and would result in a significant dollar amount variance year-over-year, staff will set aside in reserves an amount each year adequate to fully fund the project in the future.

Consideration for scheduling replacement shall include:

a. Age of the asset and its manufacturer's recommended useful life;
b. Wear and tear on the asset;
c. Environmental conditions which may shorten or lengthen the useful life of the asset;
d. The cost/benefit to complete routine maintenance and delay replacement;
e. Availability of service and/or parts; and
f. The cost/benefit of early replacement with more efficient and/or less expensive technology.

10.04.050.040 Facility Maintenance

The facility maintenance schedule for major maintenance or replacement projects for all City-owned buildings will be updated annually. The primary goal of the plan is to complete maintenance projects prior to system failures that would cause a decrease in service levels to citizens. Criteria for including projects are the same as those identified in 10.04.050.030.

10.04.050.050 Maintenance Costs from the CIP

Projects included in the proposed CIP will identify the anticipated operating costs or savings associated with the project. Estimated operating costs from CIP projects will be included in all years of the financial plan for the appropriate fund prior to approval of the CIP by the CIP Commission, Budget Commission or City Council.

10.04.060 Personal Services

10.04.060.010 Compensation Rates

The City of Corvallis shall strive to pay fair total compensation to its employees, in balance with the City's reasonable ability to pay and to provide services to the community in accordance with City Council goals and priorities. Total compensation includes both salary and fringe benefit levels. The City Council has adopted Council Policy 91-3.02 which identifies how total compensation rates will be determined.

10.04.060.020 Compensation Survey

The City shall conduct compensation surveys, both internally and of similar positions in comparable cities as necessary. These surveys shall be the basis for determining fair total compensation in accord with Council Policy and state law.

10.04.060.030 Work Force Changes

The City's work force, measured in FTE (full time equivalent) shall not fluctuate more than 2% annually without corresponding changes in service levels or scope.

10.04.060.040 Cost Analysis

In establishing pay rates a cost analysis of rate increases will be conducted and shall include the effect of such increases on the City's share of related fringe benefits and unfunded liabilities (including non-salary related benefits), impact on total compensation, the City's ability to pay, and the reasonable cost to provide City services in accordance with City Council goals and priorities.

10.04.060.050 Benefits

Long term costs of changes in benefit packages shall be estimated as well as their impact on total compensation, and this information shall be fully disclosed to the City Council before negotiated labor agreements are affirmed. Benefits are considered in the context of total compensation, the City's ability to pay, and the reasonable cost of providing City services.

10.04.070 Transfers

10.04.070.010 General Fund Transfers

To the maximum extent feasible and appropriate, General Fund transfers to other funds shall be defined as payments intended for the support of specific programs or services. Amounts not needed to support such specific program or service expenditures shall be transferred back to the General Fund, unless Council directs the transfer to be used for other purposes.

10.04.070.020 Transfer Reconciliation & Cash Flow

Transfers for specific programs or projects, or to support special operations, should occur on the basis of cash flow needs of the program or service being supported. A reconciliation of actual transfers against budgeted transfers will be included in the year-end audit process.

10.04.070.030 Advances

Where it is necessary to make a one-time advance of General Fund monies to another fund, this action shall occur under the following conditions:

a. The advance is reviewed, prior to the transfer of funds, by the Administrative Service Committee.
b. All excess cash balances in the fund receiving the advance shall be invested for the benefit of the General Fund, if allowed by federal and state law and regulations, as long as the advance is outstanding.
c. Should the borrowing fund accumulate an unexpected unrestricted balance, this excess shall be used first to repay the advance.
d. At the time of closing out the fund, assets net of liabilities of the fund equaling the unpaid portion of the advance revert to the General Fund, if allowed by federal, state or local law.
e. For short-term cash deficits in funds other than the General Fund during the course of the year, short-term loans are preferred to advances, except in cases where the receiving fund is legally precluded from paying interest on loans, or where loan transactions would be too numerous and costly to be cost effective.

10.04.080 Contingency

10.04.080.010 Contingency Amount

To meet emergency conditions, the budget shall provide for an appropriated contingency of at least 2% of estimated annual operating revenues. All governmental and enterprise funds shall maintain a contingency. The contingency shall be exclusive of all reserves.

10.04.080.020 Contingency Use

Use of the contingency should be infrequent and for unanticipated expenditures such as costs associated with a response to a disaster, or to meet unanticipated increases in service delivery costs. The City Council must authorize expenditure of any contingencies via a resolution.

10.04.080.020 Contingency in Excess of 2%

The Finance Director may recommend a contingency in excess of 2% of current revenue in specific funds to address specific needs. When this occurs, the Finance Director will provide the Budget Commission and City Council with information regarding the reasons for the recommendation.

10.04.080.030 Contingency Below 2%

Where correction of a fund balance deficit causes the contingency to be budgeted below 2% of operating revenue, a gradual correction of the problem over a two year period is preferable to a one-time jump in rates, or substantial decreases in other expenditure plans.

CP 10.05 Capital Improvement Program (CIP)

10.05.010 Introduction

The City has a significant investment in the infrastructure necessary for the general public's use. The infrastructure systems – streets, bikeways and sidewalks, water treatment plants and distribution system, wastewater treatment plants and collection system, storm water conveyance system, airport, parks, recreation facilities, and open spaces, and municipal facilities – are important to the general well-being of the community. The City maintains and enhances the infrastructure systems by developing long-term plans and securing the funding necessary to implement the plans. The Capital Improvement Program is developed to advise the community of the plans for maintaining the public investment, and to ensure the resources are available to invest when the community requires them. These policies provide direction for the development of the annual CIP.

10.05.020 Capital Improvement Program

10.05.020.010 Definition of a Capital Project

A capital project must:

a. Cost more than $10,000, and
b. be a permanent addition to the capital assets of the City, and
c. purchase land, or
d. construct a new building, or
e. remodel or add to an existing building, or
f. construct/install public infrastructure, or
g. replace existing infrastructure.

For any project which meets the definition of a capital project, all costs for the project including design, land or right-of-way acquisition, appraisals, construction, construction management, furnishings, and legal or administrative costs will be included in the project budget.

10.05.020.020 Five-year CIP

A five-year Capital Improvement Program (CIP) shall be developed and presented annually by staff to the CIP Commission, reviewed by the Planning Commission for compliance with the comprehensive plan, reviewed by the Budget Commission for compliance with long-term financial plans, and approved by the City Council. This plan shall contain all capital improvements from all funds and departments of the City. The first year of the plan shall constitute the next year's capital budget.

10.05.020.030 Existing Assets

A high priority shall be placed on repair or replacement of capital assets when such assets have deteriorated to the point of becoming hazardous, incur high maintenance costs, are negatively affecting property values, and/or are no longer functionally serving their intended purposes.

10.05.020.040 Construction Standards

Capital improvements constructed in the City shall be designed and built based on published construction standards which shall be periodically updated by the City Engineer. The construction standards will assure projects are built with an acceptable useful life and minimum maintenance costs.

10.05.030 Capital Improvement Maintenance

10.05.030.010 Maintenance Standards

Standards of maintenance to adequately protect the City's capital investments shall be developed and periodically updated. The annual budget will be prepared to meet established maintenance schedules.

10.05.030.020 Operating Budget Impacts

Future operating budget impacts for new capital facilities will be analyzed and estimates included in all years of the financial plans as part of considering a proposed capital project.

10.05.040 Capital Improvement Financing

10.05.040.010 Appropriate Funding

Within the limitation of existing law, various funding sources may be used for capital improvements. When capital projects are proposed, appropriate funding will be identified.

10.05.040.020 Unspent Funds

Upon completion of capital projects, the Finance Director shall certify any unspent funds from the project. The most restrictive project revenues shall be used first so that unused funds will have the fewest restrictions on future use. Unspent capital project funds, except bond funds, shall be returned to their original source. If there are unspent funds from a bond issue, those monies will be allocated according to stipulations in the bond indenture. In no case shall projects incur a funding deficit without the express approval of the City Council.

10.05.040.030 Interest Earnings in the Capital Construction Fund (governmental fund)

10.05.040.031 Interest earnings shall be allocated to each project based on the project's proportion of the cash balance in the fund. Projects which have a negative cash balance due to timing of reimbursements of grants or loans will not accrue interest revenue or an interest expense.

10.05.040.032 Interest earnings which are restricted due to the funding source (i.e., grant, bond issue) shall be spent in compliance with those restrictions.

10.05.040.033 Interest earnings not otherwise limited will be considered the most restricted City funds in the project and will be spent first in compliance with Financial Policy 10.04.050.030.

10.05.050.040 Interest Earnings in the Proprietary Fund Construction Components

10.05.050.041 Interest earnings which are restricted due to the funding source (i.e., grant, bond issue) shall be spent in compliance with those restrictions.

10.05.050.042 All non-restricted interest earnings will be accrued to the operating fund and will be available to spend on either operations or future capital projects.

10.06 Debt

10.06.010 Introduction

The City of Corvallis operates on a pay-as-you go basis for most capital investment. Systems Development Charge revenue is used to fund capital investments that are required to increase the capacity of the City's infrastructure. Reserves are built over time, or grants are sought to fund some capital investments. However, from time-to-time the City plans for a capital improvement project which is too expensive to finance with cash reserves or needs to be completed before reserves can be

developed. When this occurs, the City borrows monies. These policies, along with state and federal laws, govern when and how the City will proceed in the debt market.

10.06.020 Use of Debt Financing

10.06.020.010 Long-term Debt

The City of Corvallis shall only use long-term debt for capital projects that cannot be financed out of current revenues within the Revenue Policy guidelines for rate increases. Debt financing shall generally be limited to one-time capital improvement projects and only under the following circumstances:

a. when the project's useful life is greater than or equal to the term of the financing;
b. when project revenue or specific resources will be sufficient to service the debt; and,
c. when the project will benefit the citizens of Corvallis.

10.06.020.020 Use of Debt Financing

Debt financing shall not be considered appropriate for:

a. Current operating and maintenance expenses (except for issuing short-term instruments such as revenue anticipation notes or tax anticipation notes); and
b. Any recurring purpose (except as indicated above).

10.06.020.030 Tax/Revenue/Bond Anticipation Notes

Tax and revenue anticipation debt will be retired within the fiscal year issued, and bond anticipation notes will be retired no later than six months after the completion of the project.

10.06.020.040 Short-term Debt

Short-term debt outstanding at the end of the year will not exceed 5% of net operating revenues (including tax anticipation notes but excluding bond anticipation notes.)

10.06.030 Limits on Debt Issuance

10.06.030.010 Vote to Issue General Obligation Debt

The issuance of general obligation bonds requires an affirmative vote of a majority of electors voting. Constitutional limitations implemented by Measure 50 address voter requirements. For elections in May and November a simple majority of votes is required. For all other elections, a simple majority of registered voters must vote in the election, and of those voting a simple majority must vote affirmatively.

10.06.030.020 Statutory General Obligation Bond Debt Limits

Oregon Revised Statutes chapters 287 and 288 limit the outstanding general obligation principal indebtedness of the City other than bonds issued for water, sanitary or storm sewers to 3% of the true cash value of the taxable property within the City.

10.06.030.030 Council Imposed Debt Limits

The annual general obligation debt service for long-term issues (greater than five years), where the debt service is paid from property tax sources, shall not exceed 15% of the combined operating and capital budgets in the Governmental funds.

10.06.030.040 Limited Tax General Obligation Bonds

The outstanding principal debt for Limited Tax General Obligation Bonds (LTGO), non-self-supporting leases, and full faith and credit lease purchases, is limited to 1% of the true cash value of the taxable property in the City. Furthermore, annual debt payments shall not exceed 5% of the combined operating and capital budgets in the Governmental Funds.

10.06.030.050 Revenue Bonds

Revenue secured debt obligations will be undertaken only after a study of the projected operating, maintenance, debt service and coverage requirements and the impact of these requirements on user rates has been completed. The outcome of the study will be shared with the City Council prior to issuing the debt.

10.06.040 Debt Issuance

10.06.040.010 Timing of Debt Issuance

The timing for each debt issue in association with the construction schedule will be carefully considered, using the following criteria:

a. Projected cash flow requirements for the capital project;
b. Cash reserves on hand to temporarily fund preliminary project expenses;
c. Spend down schedules identified by the IRS to meet arbitrage limitations; and
d. Market conditions.

10.06.040.020 Competitive Sale

All bonds will be sold at competitive sale unless it is in the City's best interest to sell at a negotiated sale. The City reserves the right to reject any and all bids at a competitive sale and sell the bonds at a negotiated sale if it is in the best interest of the City of Corvallis to do so.

10.06.040.030 Refunding Bonds

Refunding bonds may be authorized by the City Council providing the issuance complies with the rules adopted by the State Treasurer and outlined in Oregon Revised Statutes.

10.06.040.040 Annual Debt Payment Limits

To maintain the City's credit rating and expenditure flexibility, the annual debt service payments the City must make on net direct long-term general obligation debt shall not exceed 10% of operating revenue. To achieve this goal, on a per issue basis, the City will structure its debt to pay no less than 33% of the principal on bonds sold during the first half of the repayment term.

10.06.040.050 Overlapping Debt

City staff shall endeavor to notify the City Council of the debt issuance plans of the City's overlapping taxing jurisdictions and the possible impact such debt plans may have on the City's debt capacity.

10.06.040.060 Investment of Bond Proceeds

Receipt of bond proceeds will be timed to occur in conjunction with construction. However, it is acknowledged that in most cases bond proceeds will not be fully expended as soon as they are received. The City shall invest the proceeds from debt issuance in the legally authorized investment instruments for local governments in Oregon to maximize interest earnings available for the capital project. Prior to choosing an investment instrument, staff will take into consideration projected cash flow of the project and the likelihood that Internal Revenue Service (IRS) spend down targets will be met or exceeded. The investment instrument(s) shall be chosen to maximize interest earnings and minimize any arbitrage penalties which may accrue within the established IRS regulations.

10.06.050 Leasing

Lease purchase financing shall be considered only when the useful life of the item is equal to or greater than the length of the lease, and a lease purchase is the most economical method of purchasing available. If the item may become technologically obsolete or is likely to require major repair during the lease purchase period, then the item should be either purchased with cash or placed on an operating lease.

10.06.060 Rating Agency Relationship

10.06.060.010 Reporting

The City shall maintain good communication with bond rating agencies about its financial condition. The City will follow a policy of full disclosure on every financial report and bond prospectus.

10.06.060.020 Compliance with SEC Rules

The City will comply with all aspects of the Securities and Exchange Commission rule 15c2-12 pertaining to secondary market disclosure.

10.06.070 Debt Management Plan

10.06.070.010 Debt Management Plan

A Comprehensive Debt Management Plan shall be developed and updated prior to the issuance of any additional debt. The Comprehensive Debt Management Plan shall encompass all debt of the City including, but not limited to:

a. detail of the sources of funding for all debt;
b. current and future debt capacity analysis;
c. issues to be addressed for sound debt management;
d. a contingency debt plan should any of the funding sources become unavailable in the foreseeable future; and
e. reporting as to the City's compliance with its debt policies.

10.06.070.020 Review

The Administrative Services Committee shall review the Comprehensive Debt Management Plan prior to the issuance of new debt and any recommendations made therein.

CP 10.07 RISK MANAGEMENT

10.07.010 Introduction

The City of Corvallis' basic operations have certain risks associated with them, which could have a significant financial impact if the risks were not managed. Risk Management policies are designed to identify and assess the risks, change factors that can be changed to reduce risks, ensure that risk is transferred to others when appropriate, and provide insurance to mitigate against losses. These policies set forth the over-arching guidance for the City's risk management functions.

10.07.020 Risk Management Report

The City Manager shall annually prepare a Comprehensive Risk Management Report, including but not limited to:

a. a summary of the past year's risk management claims,
b. an identification of current and potential liability risks or activities potentially impacting the City's finances,
c. specific strategies to address the risks identified, and
d. a summary of the past year's safety and violence in the workplace activities.

10.07.030 Risk Management Program

The City shall implement and maintain a Risk Management program designed to decrease exposure to risk. At a minimum, the program shall include:

a. a safety program that emphasizes reducing risks through training and safe work habits,
b. an annual examination of the City's insurance program to evaluate how much risk the City should assume, and
c. other risk management activities, including review of all City contracts with respect to indemnification and insurance provisions.

10.07.040 Risk Management Fund

10.07.040.010 Purpose

The Risk Management Fund shall be used to provide for insurance coverage, uninsured losses in excess of $500, safety program expenses, and prudent reserves, contingencies and fund balances.

10.07.040.020 Catastrophic Reserves

The targeted balance for unappropriated catastrophic reserves shall be $500,000 each year. Appropriated catastrophic reserves which are drawn down will be rebuilt the following fiscal year. Unappropriated catastrophic reserves which are drawn down below the recommended target will be re-built at the rate of a minimum of 33% of the deficit balance per year over three years, or sooner if practical.

10.07.040.030 Unreserved Fund Balance Target

The unreserved fund balance target for the Risk Management Fund shall be $40,000. Should the ending fund balance drop below $40,000 in any fiscal year, it will be re-built the following year. Ending unreserved balances in excess of $40,000 will be used as a dividend to departments if the catastrophic reserves are fully funded or can be used as funding for additional expenditures in the safety program as directed by the City Manager and appropriated within the following budget year. If the excess is used as a dividend to departments, the funds will be returned to departments based on experience.

CP 10.08 INVESTMENTS

10.08.010 Introduction

The City holds cash balances as part of its operations. The City invests balances in excess of daily needs in a variety of investment instruments. These policies establish and provide guidelines for the safe and efficient management of City funds, and the purchase and sale of investment instruments. The goal is to minimize risk and ensure the availability of cash to meet expenditures, while minimizing idle funds. These policies provide direction for managing the City's investments.

10.08.020 Scope

10.08.020.010 Application of Policy

These investment policies apply to all cash-related assets within the scope of the City's audited financial statements and held directly by the City. Funds held and invested by trustees or fiscal agents are excluded from these policies; however, such funds are subject to regulations established by the State of Oregon.

10.08.020.020 Pooled Cash

The City of Corvallis will make use of pooled cash to invest under the prudent investor rule. The rule states "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment considering the probable safety of their capital as well as the probable income to be derived."

10.08.030 Objectives

The City's investment objectives are:

a. Preserve capital and protect investment principal,
b. Conform with federal, state and other legal requirements,
c. Maintain sufficient liquidity to meet operating requirements,
d. Diversify to avoid incurring unreasonable risks regarding specific security types or individual financial institutions,
e. Attain a market rate of return throughout budgetary and economic cycles,
f. Invest with the intent to hold until maturity.

10.08.040 Responsibility

10.08.040.010 Authority

The authority for investing City funds is vested with the City Manager, who, in turn, may designate the Finance Director as Treasurer to manage the day-to-day operations of the City's investment portfolio, place purchase and sell orders with dealers and financial institutions, and prepare reports as required.

10.08.040.020 Investment Council

To assist the City Manager in carrying out this management responsibility for the investment program, the Investment Council has been created. The Investment Council shall be composed of the City Manager, the Finance Director, the City Attorney, and a citizen of the City of proven integrity and business ability. The City Council President, or the Council Vice-President if the Council President is unable to serve, shall serve ex-officio as a voting member.

10.08.040.030 Investment Council Charge

The Investment Council is responsible for providing advice with respect to the investment decisions, activities, and establishment of written procedures for investment operations. Monitoring of the portfolio shall be performed by the Investment Council at least quarterly and verified by the City's independent auditor at least annually. The Investment Council shall review investment reports, investment strategies, investment holdings, banking relationships, and the legality and probity of investment activities.

10.08.040.040 Investment Council Meetings

The Investment Council shall meet quarterly. At each meeting, the Investment Council reviews investment reports submitted by the City Treasurer reflecting investment activity for each of the immediately preceding three months. Acceptance of the report must be unanimous. Should the reports not be accepted, the reports shall be revised accordingly by the City Treasurer and resubmitted to the Investment Council at its next regularly scheduled meeting or sooner if requested.

10.08.040.050 Investment Maturity Matches Cash Flow

Recognizing that the City's need for funds is not constant, the City Treasurer should schedule investments in coordination with all funds such that there is as little idle cash as practical, consistent with the projected cash flow budget.

10.08.040.060 Administrative Investment Policy

The City Treasurer shall annually update the City's administrative policy for investments, to be reviewed and approved by the Investment Council prior to adoption. Significant changes to the Investment Administrative Policy shall be submitted to the Oregon Short Term Fund Board for review after City Manager approval.

10.08.050 Investment Instruments/Vehicles

10.08.050.010 Investment Instruments

Funds of the City of Corvallis must be limited to those investments allowed by the statutes of the State of Oregon and as identified in the Investment Administrative Policy.

10.08.050.020 Investment Diversification

Funds of the City of Corvallis will be invested in accordance with diversification by financial institution, investment type, and maturity as outlined in the Investment Administrative policy.

10.08.060 Reporting Requirements

10.08.060.010 Annual Reports

The City Treasurer shall submit an annual statement certifying compliance with the Investment Administrative Policy to the Investment Council, noting compliance throughout the most recently completed fiscal year. This statement shall be filed by August 1 of each year.

10.08.060.020 Monthly Reports

The City Treasurer shall provide the Investment Council with a Monthly Investment Report reviewing the compliance with the Investment Administrative Policy and providing data on investment instruments being held, as well as any narrative necessary for clarification. The Monthly Investment Report shall include summary information about all investments held in the City's portfolio as of the end of the month, and shall be issued and posted on the City's web site within 21 days after the end of the monthly reporting period.

CP 10.09 ACCOUNTING AND FINANCIAL REPORTING

10.09.010 Introduction

The City of Corvallis maintains a system of financial management that ensures transactions are appropriately recorded, assets are managed for the benefit of the community, risk of fraud or financial loss is identified and internal controls are developed and maintained to manage the risk. The financial markets and other interested parties rely on the City's annual financial statements to ensure Corvallis bondholders the City's financial condition will allow the City to continue to make all required debt payments. As a result, it is critical that the City's financial condition is reported accurately and timely. These Accounting and Financial Reporting policies have been developed to meet these goals.

10.09.020 Internal Controls

10.09.020.010 Internal Control System

The City shall establish and maintain a process that is designed to provide reasonable assurance that the City is achieving the following objectives:

a. effective and efficient operations,
b. reliable and accurate financial information,
c. compliance with applicable laws and regulations, and
d. safeguarding assets against unauthorized acquisition, use, or disposition.

10.09.020.020 Annual Audit

The City shall hire an independent external auditor to perform an annual audit of the financial statements, including tests of the internal controls. It is the City's objective that the financial statements receive an unqualified opinion, an opinion in which the auditor can state, without reservation, that the financial statements are fairly presented in conformity with GAAP.

10.09.030 Financial System

10.09.030.010 Purpose of the Financial System

The financial system shall be used as the means of recording and reporting financial transactions in a way that will assist users in assessing the service efforts, costs and accomplishments of the City.

10.09.030.020 Financial System Characteristics

The City's accounting and reporting system shall demonstrate the following characteristics:

a. reliability,
b. accuracy,
c. consistency,
d. timeliness,
e. efficiency,
f. responsiveness,
g. compliance with legal requirements, and
h. compliance with generally accepted accounting principles (GAAP).

10.09.030.030 Funds

By Council resolution, the City shall establish and maintain only those funds that are necessary by law and for sound financial administration. The funds shall be structured in a manner consistent with GAAP, to maximize the City's ability to audit, measure and evaluate financial performance. The fund structure will be reviewed annually and the Finance Director will recommend changes to improve compliance with Council policies, financial planning, resource allocation and service delivery will be made to the City Manager at the beginning of the annual budget process.

10.09.040 External Financial Reporting

10.09.040.010 Comprehensive Annual Financial Report (CAFR)

The City shall annually prepare and publish, by December 31st of each year, a Comprehensive Annual Financial Report (CAFR) in conformity with generally accepted accounting principles. The CAFR shall include but not be limited to:

a. an explanation of the nature of the reporting entity,
b. the extent of activities conducted by the City,
c. comparison of actual activity to adopted budget,
d. an explanation of the City's fiscal capacity,
e. disclosure of short and long term liabilities of the City,
f. capital assets reporting,
g. cash policies and compliance reporting,
h. accounting policies, controls and management responsibilities, and
i. all other disclosures required by GAAP.

GOVERNMENTAL STRUCTURE

The City of Corvallis is governed by a representative government organized pursuant to a Home Rule Charter adopted by the voters in 1949 and most recently amended in 2006. The Charter establishes the Council/Manager form of government to carry out local governance for the community.

The nine-member City Council is elected by ward to serve a two-year term as the governing body for Corvallis. The Mayor presides at Council meetings and is elected at-large for a four-year term. Council members and the Mayor perform this community service without compensation. The Mayor and Council provide community leadership, develop policies to guide the City in delivering services and achieving community goals, and encourage citizen awareness and involvement.

The City Council appoints the City Manager to oversee the administrative operations of the City. The City Manager is responsible for implementing Council policies using the resources appropriated by the Council. City services are delivered by eight operating departments: City Manager's Office, Community Development, Finance, Fire, Library, Parks and Recreation, Police, and Public Works. All departments are headed by managers with the education, expertise and commitment to deliver quality services to Corvallis citizens.

The City Council appoints a City Attorney to advise the Council and City staff on legal affairs, to ensure that all laws are effectively enforced, to prosecute violations of City ordinances and State laws, and, when necessary, to defend the City in litigation.

The City Council appoints a Municipal Judge to preside over the Corvallis Municipal Court and ensure that cases involving municipal offenses are fairly decided on a timely basis in a manner consistent with community values.

STANDING COMMITTEES

The Mayor and City Council are advised by three standing Council committees. The committees include three Council members who review issues and topics and make recommendations to the City Council:

1. The Administrative Services Committee -- responsible for the City's financial policies, fiscal impact review, Capital Improvement Program fiscal review, risk management and litigation issues, personnel and labor relations;
2. The Human Services Committee -- responsible for social services, recreation, park and open space issues, law code enforcement, library service issues, and intergovernmental agreements;
3. The Urban Services Committee -- responsible for Planning Commission recommendations, utility issues, infrastructure issues, Airport development, structural code enforcement, fire department issues, and the Capital Improvement Program.

The Mayor and City Council are also advised and assisted in establishing City policy by twenty-one advisory boards and commissions. Nearly 200 citizens are appointed by the Mayor, with Council approval, to serve on the advisory boards and commissions to ensure responsiveness to community concerns and needs.

CORVALLIS BOARDS AND COMMISSIONS

Citizen participation on City of Corvallis boards and commissions serve two important purposes: citizens are directly involved in their local government and can have a positive impact on the future of their community; and, the City Council receives timely input and information regarding issues and potential impacts on citizens.

The various boards and commissions serve in an advisory capacity to the City Council within their respective areas of municipal policy. Members are unpaid volunteers who devote countless hours of their time to these community activities. Anyone living in Corvallis, employed or self-employed full time in Corvallis, or residing within Corvallis' Urban Growth Boundary may serve on these advisory boards and commissions. Typically, each term of office runs for three years; members are appointed by the Mayor and confirmed by the City Council; no individual member may serve more than three full consecutive terms or nine years.

- Airport Commission - Advises the City Council on policy matters concerning the management, care, and control of the airfield and industrial park property. (8 members and 1 non-voting Council representative)
- Arts and Culture Commission – Advises the Council on all matters pertaining to arts and culture, ensuring that arts and culture are a civic priority. (9 voting members)
- Bicycle and Pedestrian Advisory Commission - Advises the City Council on policy matters relating to bicycle and pedestrian use, operation, routing, and safety in the City limits. (6 members, 1 Associated Students of Oregon State University (ASOSU) representative, and 1 non-voting Council representative)

- Board of Appeals - Hear and decide appeals of orders, decisions or determinations made by the Building Official, Fire Chief or Community Development Director regarding the application and interpretation of the Building, Fire and Housing Codes. (6 members and 1 non-voting Council representative)
- Budget Commission - Advises the City Council concerning the budgetary policies of the City and has the power and duties established by State law. (9 City Council Members and 9 citizen members)
- Capital Improvement Program Commission - Advises the City Council on matters of infrastructure maintenance and enhancement through review of the annual Capital Improvement Program. (8 members and 1 non-voting Council representative)
- Citizens Advisory Commission on Civic Beautification and Urban Forestry – Advises City Council on matters related to the planting, maintenance, preservation and removal of community trees and landscape beautification. Commission oversees the Civic Beautification Reserve and promotes beautification projects which enhance the appearance of the community. (9 members, 1 non-voting Council representative and 1 non-voting Oregon State University representative)
- Citizens Advisory Commission on Transit - Advises the Council on policy matters relating to the operation, maintenance, and expansion of the Corvallis mass transit system and on other mass transit systems interfacing with the Corvallis Transit System. (7 members, 1 ASOSU representative, 1 OSU representative and 1 non-voting Council representative)
- Committee For Citizen Involvement - Informs citizens about how to participate in all phases of land use planning and decision making in accordance with Statewide Goal One. (9 members, 1 non-voting Council representative and 1 non-voting Planning Commission representative)
- Community Police Review Board - Provides the community with an objective, unbiased, citizen-based, accessible process for reviewing complaints against the Police Department and Police Officers. Established to provide the community with information regarding the accountability of its Police Department in a way that builds trust and enhances communication between the Police and all members of the community. (7 members and 1 non-voting Council representative)
- Corvallis-Benton County Public Library Board - Advises the City Council on all policy matters pertaining to the operation, expansion, and level of service provided by the Library. Membership reflects the fact that the County contracts with the City to provide services to Benton County. (5 County appointed members, 5 City appointed members, 1 non-voting County Commission representative and 1 non-voting Council representative)
- Downtown Commission – Provides public policy guidance and recommendation to the City Council in the following areas: Implementation of the community plans for the downtown area; Public infrastructure activities; Redevelopment efforts; Land use matters; Public parking policies and projects; Other community matters that may affect downtown (11 members and 1 non-voting Council representative)
- Economic Development Commission – The Economic Development Commission shall advise the Council on all matters pertaining to economic development, ensuring that economic development is a civic priority. (9 members, 1 non-voting Council representative)
- Historic Resources Commission- Advises and assists the City Council in all policy matters pertaining to historic and cultural resource preservation. (10 members, 1 non-voting Council representative and 1 Planning Commission representative)
- Housing and Community Development Commission - Oversees the planning for, and delivery of, City housing and community development assistance that utilizes local resources and funding from the federal Community Development Block Grant program and HOME Investment Partnerships program. Formulates and recommends policy to the City Council on housing and community revitalization issues with an emphasis on the needs of low income residents. (9 members and 1 non-voting Council representative)
- Land Development Hearings Board (LDHB) - The Board hears and acts on appeals resulting from alleged errors in orders, requirements, decisions, and interpretations of the Community Development Director or designated administrative officers charged with the enforcement of the Land Development Code and such other matters as required by Code. (A 3-member Planning Commission sub-committee)
- Martin Luther King, Jr. Commission - Plans the annual memorial celebration held each January to commemorate Dr. Martin Luther King, Jr, as well as other special events and activities throughout the year to celebrate diversity in the community. Also serves as the Affirmative Action Advisory Committee. (7 members, 1 County representative and 1 non-voting Council representative)
- Parks, Natural Areas and Recreation Board (PNARB) - Advises the City Council on policy matters pertaining to Corvallis parks resources and recreation activities. (9 members, 1 non-voting Council representative and 1 School District representative)

- Planning Commission - Serves as an advisory body to the City Council on land use planning matters and reviews development applications for compliance with City plans and ordinances. (9 members and 1 non-voting Council representative)
- Public Arts Selection Commission - Selects public art for the City of Corvallis consistent with Council policy. (7 members and 1 non-voting Council representative)
- Watershed Management Advisory Commission - Advises the City Council concerning policy matters related to the management of the Corvallis watershed on Mary's Peak. (7 members and 1 non-voting Council representative).

Corvallis Municipal Airport and Airport Industrial Park

Martin Luther King Jr. Park

2010 Citizen Attitude Survey Summary

December 2010

NOTES:

* *Differences between years can be considered statistically significant if they are greater than 5%.*
* *Source is randomly selected Corvallis residents who are 18 years or older.*
* *Percentages below exclude "don't know" responses.*

1. Please rate each of the following aspects of life in Corvallis

	2010 % of Corvallis respondents rated as excellent or good	2009 % of Corvallis respondents rated as excellent or good	2010 National Comparison	2010 Populations 35,000-70,000 Comparison
Corvallis as a place to live	93%	95%	much above	much above
Your neighborhood as a place to live	83%	82%	above	above
Corvallis as a place to raise children	89%	89%	much above	much above
Corvallis as a place to work	60%	64%	above	above
Corvallis as a place to retire	73%	78%	much above	much above
The overall quality of life in Corvallis	87%	91%	much above	much above

2. Please rate each of the following characteristics as they relate to Corvallis as a whole:

	2010 % of Corvallis respondents rated as excellent or good	2009 % of Corvallis respondents rated as excellent or good	2010 National Comparison	2010 Populations 35,000-70,000 Comparison
Sense of community	78%	82%	much above	much above
Openness and acceptance of the community toward people of diverse backgrounds	77%	71%	much above	much above
Overall appearance of Corvallis	85%	90%	much above	much above
Cleanliness of Corvallis	88%	86%	much above	much above

	2010 % of Corvallis respondents rated as excellent or good	2009 % of Corvallis respondents rated as excellent or good	2010 National Comparison	2010 Populations 35,000-70,000 Comparison
Overall quality of new development in Corvallis	62%	56%	above	above
Variety of housing options	51%	50%	below	much below
Overall quality of business and service establishments in Corvallis	67%	61%	similar	similar
Shopping opportunities	34%	31%	much below	much below
Opportunities to attend cultural activities	70%	77%	much above	much above
Recreational opportunities	80%	82%	much above	much above
Employment opportunities	25%	24%	similar	below
Educational opportunities	91%	95%	much above	much above
Opportunities to participate in social events and activities	83%	87%	much above	much above
Opportunities to participate in religious or spiritual events and activities	86%	86%	much above	above
Opportunities to volunteer	92%	89%	much above	much above
Opportunities to participate in community matters	82%	81%	much above	much above
Ease of car travel in Corvallis	78%	78%	much above	much above
Ease of bus travel in Corvallis	63%	68%	much above	much above
Ease of bicycle travel in Corvallis	92%	92%	much above	much above
Ease of walking in Corvallis	91%	94%	much above	much above
Availability of paths and walking trails	90%	88%	much above	much above
Traffic flow on major streets	62%	64%	much above	much above
Amount of public parking	52%	49%	above	above
Availability of affordable quality housing	36%	35%	similar	similar
Availability of affordable quality child care	53%	33%	much above	much above
Availability of affordable quality health care	65%	55%	much above	much above
Availability of affordable quality food	75%	72%	much above	much above

	2010 % of Corvallis respondents rated as excellent or good	2009 % of Corvallis respondents rated as excellent or good	2010 National Comparison	2010 Populations 35,000-70,000 Comparison
Availability of preventive health care services	72%	67%	much above	much above
Air quality	86%	83%	much above	much above
Quality of overall natural environment in Corvallis	92%	88%	much above	much above
Overall image or reputation of Corvallis	90%	90%	much above	much above

3. Please rate the speed of growth in the following categories in Corvallis over the past 2 years:

	2010 % of Corvallis Respondents	2009 % of Corvallis Respondents	2010 National Comparison	2010 Populations 35,000-70,000 Comparison
Population growth too fast	27%	27%	much less	much less
Retail growth (stores, restaurants, etc.) too slow	39%	40%	similar	similar
Jobs growth too slow	87%	86%	much more	much more

4. To what degree, if at all, are run down buildings, weed lots or junk vehicles a problem in Corvallis?

	2009 % of Corvallis Respondents	2009 % of Corvallis Respondents	2010 National Comparison	2010 Populations 35,000-70,000 Comparison
Not a problem	20%	19%	not available	not available
Minor problem	56%	54%	not available	not available
Moderate problem	19%	22%	not available	not available
Major problem	6%	4%	much less	much less

5. Please rate how safe or unsafe you feel from the following in Corvallis:

	2010 % of Corvallis Respondents who felt very or somewhat safe	2009 % of Corvallis Respondents who felt very or somewhat safe	2010 National Comparison	2010 Populations 35,000-70,000 Comparison
Violent crime (e.g. rape, assault, robbery)	87%	89%	much above	much above
Property crimes (e.g. burglary, theft)	66%	69%	above	above
Environmental hazards, including toxic waste	83%	85%	much above	above

6. Please rate how safe or unsafe you feel:

	2010 % of Corvallis respondents who felt very or somewhat safe	2009 % of Corvallis respondents who felt very or somewhat safe	2010 National Comparison	2010 Populations 35,000-70,000 Comparison
In your neighborhood during the day	96%	97%	much above	much above
In your neighborhood after dark	84%	78%	much above	much above
In Corvallis' downtown area during the day	96%	97%	much above	much above
In Corvallis' downtown area after dark	71%	73%	much above	much above

7. During the past 12 months, were you or anyone in your household the victim of any crime?

	2010 % of Corvallis respondents	2009 % of Corvallis respondents	2010 National Comparison	2010 Populations 35,000-70,000 Comparison
Yes, victim of a crime	14%	14%	similar	similar

8. If yes, was this crime (these crimes) reported to the police?

	2010 % of Corvallis respondents	2009 % of Corvallis respondents	2010 National Comparison	2010 Populations 35,000-70,000 Comparison
Yes, reported to police	60%	58%	much less	much less

9. In the last 12 months, about how many times, if ever, have you or other household members participated in the following activities in Corvallis?

	2010 % of Corvallis respondents	2009 % of Corvallis respondents	2010 National Comparison	2010 Populations 35,000-70,000 Comparison
Used Corvallis public libraries or their services	81%	81%	much more	much more
Used Corvallis recreation centers	59%	60%	similar	similar
Participated in a recreation program or activity	52%	51%	more	more
Visited a neighborhood park or City park	94%	95%	much more	much more
Ridden a local bus within Corvallis	45%	49%	much more	much more
Attended a meeting of local elected officials or other local public meeting	20%	25%	much less	much less
Watched a meeting of local elected officials or other local public meeting on cable television, the Internet, or other media	21%	25%	much less	much less
Read Corvallis City newsletter	84%	88%	more	much more
Visited the City of Corvallis Web site	56%	63%	less	much less
Recycled used paper, cans or bottles from your home	98%	99%	much more	much more
Volunteered your time to some group or activity in Corvallis	61%	64%	much more	much more
Participated in a club or civic group in Corvallis	41%	45%	much more	much more
Provided help to a friend or neighbor	94%	95%	similar	similar

10. About how often, if at all, do you talk to or visit with your immediate neighbors (people who live in the 10 or 20 households that are closest to you)?

	2010 % of Corvallis respondents	2009 % of Corvallis respondents	2010 National Comparison	2010 Populations 35,000-70,000 Comparison
Has contact with neighbors at least several times per week	38%	46%	much less	much less

11. Please rate the quality of each of the following services in Corvallis:

	2010 % of Corvallis respondents rated as excellent or good	2009 % of Corvallis respondents rated as excellent or good	2010 National Comparison	2010 Populations 35,000-70,000 Comparison
Police services	83%	78%	similar	similar
Fire services	97%	95%	similar	similar
Ambulance or emergency medical services	96%	95%	above	similar
Crime prevention	75%	77%	much above	above
Fire prevention and education	85%	86%	above	above
Municipal court	69%	74%	above	above
Traffic enforcement	66%	63%	similar	similar
Street repair	54%	57%	much above	above
Street cleaning	82%	82%	much above	much above
Street lighting	71%	63%	above	above
Snow removal	61%	52%	similar	similar
Sidewalk maintenance	68%	60%	much above	much above
Traffic signal timing	63%	70%	much above	much above
Bus or transit services	67%	76%	much above	much above
Garbage collection	89%	95%	above	above
Recycling	89%	95%	much above	much above
Yard waste pick up	87%	93%	much above	much above
Storm drainage	81%	78%	much above	much above
Drinking water	82%	78%	much above	much above
Sewer services	90%	89%	much above	much above
Power (electric and/or gas) utility	84%	*not asked in 2009*	much above	above
City parks	95%	92%	much above	much above
Recreation programs or classes	87%	88%	much above	much above
Land use, planning, and zoning	56%	57%	much above	much above
Code enforcement (weeds, abandoned buildings, etc.)	56%	54%	much above	above

	2010 % of Corvallis respondents rated as excellent or good	2009 % of Corvallis respondents rated as excellent or good	2010 National Comparison	2010 Populations 35,000-70,000 Comparison
Animal control	75%	71%	much above	much above
Economic development	46%	39%	similar	similar
Health services	77%	75%	much above	much above
Services to seniors	86%	88%	much above	much above
Services to youth	84%	75%	much above	much above
Services to low-income people	63%	50%	much above	much above
Public library services	92%	91%	much above	much above
Public information services	82%	77%	much above	much above
Public schools	83%	81%	much above	much above
Cable television	63%	61%	above	much above
Emergency preparedness (services that prepare the community for natural disasters or other emergency situations)	63%	48%	similar	similar
Preservation of natural areas such as open space, farmlands, and greenbelts	80%	78%	much above	much above
Osborn Aquatic Center	88%	88%	n/a	n/a
Chintimini Senior Center	88%	88%	n/a	n/a

12. Overall, how would you rate the quality of the services provided by each of the following?

	2010 % of Corvallis respondents rated as excellent or good	2009 % of Corvallis respondents rated as excellent or good	2010 National Comparison	2010 Populations 35,000-70,000 Comparison
City of Corvallis	82%	90%	much above	above
Federal Government	47%	48%	above	above
State Government	51%	53%	above	above
Benton County Government	70%	75%	much above	much above

13. Have you had any in-person or phone contact with an employee of the City of Corvallis within the last 12 months (including police, receptionists, planners, or any others)?

	2010 % of Corvallis respondents	2009 % of Corvallis respondents	2010 National Comparison	2010 Populations 35,000-70,000 Comparison
Had contact with City employee(s) in last 12 months	47%	46%	much less	much less

14. What was your impression of the employee(s) of the City of Corvallis in your most recent contact?

	2010 % of Corvallis respondents rated as excellent or good	2009 % of Corvallis respondents rated as excellent or good	2010 National Comparison	2010 Populations 35,000-70,000 Comparison
Knowledge	88%	86%	much above	much above
Responsiveness	81%	82%	much above	above
Courtesy	88%	81%	much above	much above
Overall impression	85%	81%	much above	much above

15. Please rate the following categories of Corvallis government performance:

	2010 % of Corvallis respondents rated as excellent or good	2009 % of Corvallis respondents rated as excellent or good	2010 National Comparison	2010 Populations 35,000-70,000 Comparison
The value of services for the taxes paid to Corvallis	63%	63%	much above	much above
The overall direction that Corvallis is taking	64%	69%	much above	much above
The job Corvallis government does at welcoming citizen involvement	67%	65%	much above	much above

16. Please rate how likely or unlikely you are to do each of the following:

	2010 % of Corvallis respondents rated as very or somewhat likely	2009 % of Corvallis respondents rated as very or somewhat likely	2010 National Comparison	2010 Populations 35,000-70,000 Comparison
Recommend living in Corvallis to someone who asks	89%	92%	above	similar
Remain in Corvallis for the next five years	74%	74%	much below	much below

17. What impact, if any, do you think the economy will have on your family income in the next six months?

	2010 % of Corvallis respondents very or somewhat positive	2009 % of Corvallis respondents very or somewhat positive	2010 National Comparison	2010 Populations 35,000-70,000 Comparison
Positive impact of economy on household income	12%	9%	below	below

The following questions are specific to Corvallis and therefore comparisons with other communities are not available:

18a. Most City offices are currently open to the public Monday through Friday, 8 am to 5 pm. The City is considering alternatives that might reduce costs and better meet customer and community needs. Please indicate the degree to which you agree or disagree with the following statements about City office schedules: (*New question for 2010, not asked in 2009*)

	Strongly Agree	Somewhat Agree	Somewhat Disagree	Strongly Disagree
City offices should be open later in the evening and closed one day per week	30%	49%	12%	9%
City offices should be open earlier in the morning and closed one day per week	7%	22%	38%	32%
If City offices are open longer hours, they can close on Fridays	25%	39%	17%	19%

	Strongly Agree	Somewhat Agree	Somewhat Disagree	Strongly Disagree
If you have longer, but fewer days open, they can close on a day other than Friday	22%	39%	17%	21%
A schedule change would only be worthwhile if it saved the City money	45%	32%	15%	8%
If City offices are open longer hours and closed one day per week customer service will improve.	20%	39%	27%	15%

18b. To what extent do you support or oppose increasing taxes and/or fees to ensure that City services continue to be provided at the current level? (*New question for 2010, not asked in 2009*)

	2010 % of Corvallis respondents
Strongly support	12%
Somewhat support	38%
Somewhat oppose	25%
Strongly oppose	24%

CORVALLIS DEMOGRAPHICS

(Note: some totals may not equal 100% due to rounding)

D1. Are you currently employed for pay?

	2010 % of respondents	2009 % of respondents
No	39%	38%
Yes, full-time	37%	40%
Yes, part-time	24%	22%

D2. During a typical week, how many days do you commute to work (for the longest distance of your commute) in each of the ways listed below?

	2010 % of respondents	2009 % of respondents
Motorized vehicle (e.g. car, truck, van, motorcycle, etc.) by myself	50%	49%

	2010 % of respondents	2009 % of respondents
Motorized vehicle (e.g. car, truck, van, motorcycle, etc.) with other children or adults	12%	12%
Bus or other public transportation	5%	4%
Walk	7%	14%
Bicycle	19%	13%
Work at home	7%	8%
Other	0%	1%

D3. How many years have you lived in Corvallis?

	2010 % of respondents	2009 % of respondents
Less than 2 years	18%	20%
2 to 5 years	28%	26%
6 to 10 years	14%	13%
11 to 20 years	18%	18%
More than 20 years	22%	23%

D4. Which best describes the building you live in?

	2010 % of respondents	2009 % of respondents
One family house detached from any other houses	47%	47%
House attached to one or more houses (e.g. a duplex or townhome)	10%	9%
Building with two or more apartments or condominiums	37%	40%
Mobile Home	5%	3%
Other	1%	1%

D5. Is this house, apartment, or mobile home...

	2010 % of respondents	2009 % of respondents
Rented for cash or occupied without cash payment	56%	54%

	2010 % of respondents	2009 % of respondents
Owned by you or someone in this house with a mortgage or free and clear	44%	46%

D6. About how much is your monthly housing cost for the place you live (including rent, mortgage payment, property tax, property insurance and "homeowners" association fees)?

	2010 % of respondents	2009 % of respondents
Less than $300 per month	5%	4%
$300 to $599 per month	23%	29%
$600 to $999 per month	37%	36%
$1,000 to $1,499 per month	21%	19%
$1,500 to $2,499 per month	10%	10%
$2,500 or more per month	4%	2%

D7. Do any children 17 or under live in your household?

	2010 % of respondents	2009 % of respondents
No	78%	79%
Yes	22%	21%

D8. Are you or any other members of your household age 65 or older?

	2010 % of respondents	2009 % of respondents
No	85%	85%
Yes	15%	15%

D9. How much do you anticipate is your household's total income before taxes will be for the current year? (Please include in your total income money from all sources for all persons living in your household.)

	2010 % of respondents	2009 % of respondents
Less than $24,999	34%	35%

	2010 % of respondents	2009 % of respondents
$25,000 to $49,999	29%	22%
$50,000 to $99,999	25%	29%
$100,000 to $149,000	8%	10%
$150,000 or more	3%	4%

D10. Are you Spanish, Hispanic or Latino?

	2010 % of respondents	2009 % of respondents
No, not Spanish, Hispanic or Latino	96%	94%
Yes, I consider myself Spanish, Hispanic or Latino	4%	6%

D11. What is your race?

	2010 % of respondents	2009 % of respondents
American Indian or Alaskan Native	2%	3%
Asian, Asian Indian, or Pacific Islander	9%	8%
Black or African American	1%	0%
White	90%	90%
Other	2%	5%
(Note: totals exceed 100% as respondents could select more than one option)		

D12. What is your age?

	2010 % of respondents	2009 % of respondents
18 to 24 years	25%	26%
25 to 34 years	26%	24%
35 to 44 years	12%	12%
45 to 54 years	14%	15%

	2010 % of respondents	2009 % of respondents
55 to 64 years	10%	10%
65 to 74 years	5%	7%
75 years or older	8%	7%

D13. What is your sex?

	2010 % of respondents	2009 % of respondents
Female	50%	50%
Male	50%	50%

D14. Are you registered to vote?

	2010 % of respondents	2009 % of respondents
No	13%	13%
Yes	84%	84%
Ineligible to vote	2%	3%

D15. Did you vote in the last general election?

	2010 % of respondents	2009 % of respondents
No	16%	17%
Yes	81%	80%
Ineligible to vote	3%	3%

D16. Do you have a cell phone?

	2010 % of respondents	2009 % of respondents
No	12%	11%
Yes	88%	89%

D17. Do you have a land line at home?

	2010 % of respondents	2009 % of respondents
No	55%	51%
Yes	45%	49%

D18. If you have both a cell phone and a land line, which do you consider your primary telephone number?

	2010 % of respondents	2009 % of respondents
Cell	23%	37%
Land line	62%	51%
Both	16%	12%

THE COMMUNITY'S GOALS

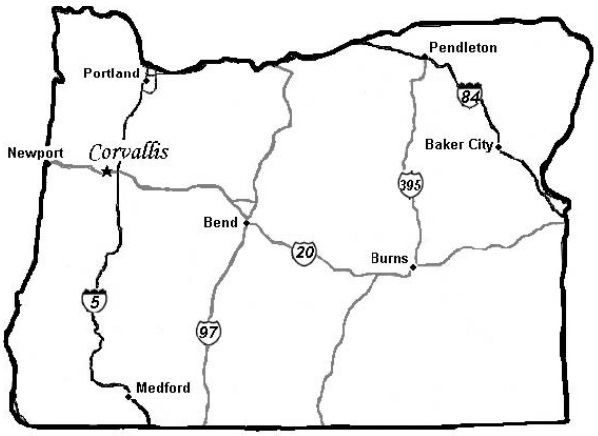
In June 1997, following two years of community meetings, the City Council adopted the Corvallis *2020 Vision Statement* that sets forth community expectations for Corvallis in the year 2020. Since that time, the City Council has continued to strive to achieve the goals set forth in the *2020 Vision Statement*. The goals and the status of the goals are identified below.

WE ENVISION THAT IN 2020 CORVALLIS WILL BE . . .

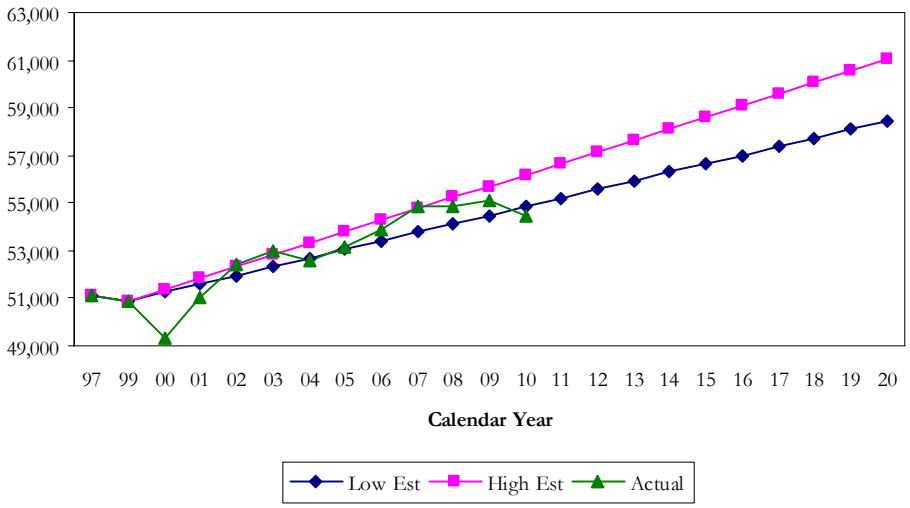
A COMPACT, MEDIUM-SIZED CITY (POPULATION RANGE: 57,500 TO 63,500)
NESTLED IN A BEAUTIFUL NATURAL SETTING

Corvallis is one of the oldest cities in Oregon, having been incorporated in January 1857. The City is nestled on the banks of the Willamette River in the heart of an "emerald valley," ideally located close to both the splendor of the Cascade Mountains and the West Coast's beautiful Pacific shoreline.

Corvallis is a medium-sized city with a 2010 certified estimated population of 54,460. Population is determined by the national decennial census, with estimates updated annually by Portland State University. While population growth has slowed over the past few years, it remains within the estimates projected in the Corvallis Comprehensive Plan, and remains on target to meet the goals set in the *2020 Vision Statement*. In 2010, the City's population was in line with projections established when the Comprehensive Plan was adopted in 1998.



Population Trends



FY 11-12 and Beyond – Projections for 2011 assume a 1.2% increase in population. Over the last decade, the City has averaged 142 new single family residential units each year. The current decline in national housing starts has also dramatically affected Corvallis, with a sharp decline in 2008, that remained level in 2009, and only a slight increase through 2010. Results are again looking to be relatively flat through one quarter in 2011. Housing growth is expected to slowly return to historic levels as the economy grows, but it will take some time. In the Fall 2009, Oregon State University unveiled its vision for 2025, which included increasing enrollment by approximately 15,000 students. If realized, this growth in enrollment, with commensurate growth in faculty, would drive Corvallis' population to slightly exceed Vision 2020 levels.

THE HISTORIC, CIVIC, CULTURAL AND COMMERCIAL HEART OF BENTON COUNTY;

Corvallis is the largest city in Benton County, with almost two-thirds of the County's population living within the city limits. As a result, Corvallis remains the heart of both the Willamette Valley and Benton County.

Corvallis is rich in historical heritage. The Corvallis Historic Resources Commission provides advice and assistance to the City Council, the Planning Commission, and the Community Development Director on matters pertaining to historic and cultural resource preservation, and promotes historic preservation activities in Corvallis. The Parks and Recreation Department manages cultural heritage resources such as Owens Farm, the Gaylord House, and Mary's River Natural Area.

The Benton County Historical Society acquired the Horner Museum collection from Oregon State University in 2005 and a parcel of land along the south riverfront in downtown Corvallis to develop a new museum facility. The Corvallis City Council provided grant funds to the Historical Society in 2006 for both acquisition of the Horner collection and fundraising for the new building. The collection is now housed in the Benton County Historical Museum in Philomath, with plans to move it to the Corvallis location when the site is developed.

Downtown Corvallis continues to be the civic center for Benton County, with most City and County offices located within the central business district. City offices include buildings on both sides of Madison Avenue between 5th and 6th Streets. In 2011, seismic upgrades were made to the historic City Hall structure using Federal grant money and local matching funds. Additionally, the adjacent Moose building was demolished and replaced by a parking lot through the use of a bank loan.

The City of Corvallis plays an active role in the community's culture. The Parks and Recreation Department contracts with Majestic Theatre Management, Inc. to operate the City-owned Majestic Theatre which serves as a community-based performing arts theatre, concert facility, and classroom for theatre and dance productions by City recreation programs and private organizations.

The Arts Center operates in the City-owned historic church next to Central Park. They provide gallery space and classes in art, music, and dance for children and adults. The Arts Center's gift shop, the Corvallis Fall Festival, and local artist guilds all offer opportunities to purchase crafts and works of art.

The Corvallis-Benton County Public Library to the north of Central Park has been a well used community resource for cultural, educational, and leisure activities since 1932. It offers an extensive collection of library materials and services, a diverse array of programs for all ages, and public meeting room space.

Oregon State University, Linn-Benton Community College, the Willamette Stage Company, and the community host various plays, concerts, lectures, films, and dance productions. Summer concerts in Central Park performed by the Hilltop Big Band and the Corvallis Community Band (anyone who shows up can play) are a highlight for many in the community, and a great opportunity to enjoy a casual evening picnic with live music.

The Downtown Corvallis Association (DCA) completed a strategic plan for the downtown area. The plan, accepted by the City Council, sets forth action items to be completed by the City, private citizens, and the DCA to strengthen downtown as the retail center of Benton County. The Downtown Commission, established in 2008, is responsible for the implementation of community plans for the downtown area, including the Downtown Strategic Plan. In addition, the Downtown Commission provides advice to the City Council on public infrastructure activities, redevelopment projects, land use matters, and public parking policies and projects. A subcommittee of this group, the Downtown Parking Committee, reviews parking issues in depth and makes recommendations to the Downtown Commission. This subcommittee recently recommended establishing a three-hour limit on free parking to increase turnover in the downtown area.

FY 11-12 and Beyond – The Downtown Commission has completed its third year of operation and is currently reviewing Land Development Code changes that are intended to implement parts of the Downtown Strategic Plan. The City Council established a Commission for Arts and Culture in 2010 dedicated to advocating for, advising, and promoting Corvallis and its creative community. Work in FY 11-12 will focus on promoting outreach that engages the community and demonstrates the economic impact of arts and culture.

AN ECONOMICALLY STRONG AND WELL-INTEGRATED CITY, FOSTERING LOCAL BUSINESSES, REGIONAL COOPERATION AND CLEAN INDUSTRY

Corvallis is a regional center for higher education, industrial technology, engineering, research, commerce, and health care. Corvallis is the home of Oregon State University, the state's leading research university. In 2008, Corvallis was named number five on Forbes' list of "America's Smartest Cities"; in 2010, Forbes placed Corvallis 19th in the nation for best small places for business and careers. National Geographic recognized Corvallis as one of the ten best "places to live and play" in October, 2009, citing the City's proximity to recreation, ease of alternative transportation, use of green energy, and a strong support system for small, high-tech, startup companies.

Partnerships between Oregon State University, Hewlett-Packard, and other researchers continue to contribute to the development of new businesses with a focus on technology and science. The Oregon Nanoscience and Microtechnologies Institute (ONAMI), built on the Hewlett-Packard campus, encourages collaboration for breakthrough research, helping Corvallis become a leader in patents produced for a City of its size, according to a study done by scientists at Los Alamos National Laboratory and the Santa Fe Institute in New Mexico. In 2009, OSU completed construction of its new co-generation power facility, built to LEED "platinum" standards, and able to produce 50% of the campus' energy needs. Construction of the $77 million Linus Pauling Science Center is underway, projected for completion in 2011. The City has actively pursued and obtained over $3.5 million in ARRA funding to obtain local improvements, support affordable housing, encourage economic development and enhance sustainability.

Corvallis is home to the Business Enterprise Center (BEC), a small business incubator that provides start-up services, office space and amenities, and coaching services for new, small businesses. The focus of the non-profit organization has been on helping local businesses develop products, services, and markets, and grow the business until it is able to move out of the incubator. The Corvallis Independent Business Alliance is a group of local vendors who lobby for making local purchasing decisions, and for the growth of locally-owned businesses.

Corvallis hosts the daVinci Days, Fall Festival, and Red, White and Blue events as premier community festivals. Da Vinci Days, which celebrates Leonardo DaVinci's fusion of art, science, technology, and exploration, occurs the third weekend in July each year and includes music, arts, and kinetic sculpture races. Children's activities are always part of daVinci Days and include a variety of science and art projects, such as the sidewalk chalk and community art projects. Da Vinci Days also hosts a separate Springtime film festival. The Fall Festival is held each September and includes art and crafts by regional vendors, food, music, and the popular 5K and 10K runs. Children get involved through craft booths and games. Red, White, and Blue, hosted by the Downtown Corvallis Association (DCA), is held July 3 and 4 in the Riverfront Commemorative Park as a celebration of Northwest music and food, and Oregon wines and microbrews.

The Economic Vitality Partnership (EVP), made up of entities with an interest in economic development from across Benton County, spent 2005 and 2006 developing a strategic plan to focus economic development energy. The resulting "Prosperity That Fits" (PTF) strategic plan was accepted by the City Council; local government, OSU, and local businesses provide funding and leadership for implementation. During 2009-2010, PTF made headway in many areas, including "Barrier Busters" (focusing on permitting and development), tourism, promoting local partnerships such as Business Bootcamp, High Tech After Hours, and the Entrepreneurs' Forum, and the second year of Willamette Angel Conference. PTF has also completed a business incubation analysis, identifying resources, needs, and gaps for the Benton County area.

Property at the Corvallis Airport zoned for industrial use is listed on the Governor's "shovel-ready site" list to attract new business to the area. This property is part of the Benton County Enterprise Zone that allows for a three-year property tax exemption for new industries to locate and develop at the site. Utility and street infrastructure already in place provides a welcoming environment to interested companies and a major street reconstruction project on Hout Street further enhances the area. Master planning efforts underway for both the Airport and the Industrial Park will set the stage for future economic development.

In Fiscal Year 11-12, the City granted $335,450 to Corvallis Tourism for tourism related activities and has contracted with the BEC for interim Enterprise Zone Management and general economic related activities.

The Corvallis Farmers Market operates Saturday mornings from April through November on First Street at the Riverfront Commemorative Park and the Wednesday market operates at the south end of the Riverfront Park. The Farmers Market is a place where local farmers sell fruits, vegetables, baked goods, meat, seafood, and plants, and where local entertainers perform. Most of the vendors at the Market come from within 20 miles of Corvallis.

The City of Corvallis and Benton County have maintained a relatively strong employment base, even as Oregon continues to have high unemployment when compared to the rest of the United States. At 6.4%, Benton County consistently holds the state's second lowest unemployment rate, compared to a state average of 10%. Hewlett-Packard's continued downsizing in Corvallis also played a part in the 2009 closure of Nypro in Corvallis, an HP supplier. Some of those laid off from HP have left Corvallis, but others have remained and are developing start-up companies in the technology sector. The top ten employers in the City of Corvallis as of the most recent estimates are:

	Number of Employees
Oregon State University	10,908
Samaritan Health Services	5,100
Hewlett Packard	1,700
Corvallis Clinic	620
Corvallis School District 509-J	579
City of Corvallis	439
CH2M Hill	410
Benton County	392
Fiserv	225
ATS Systems	200

Several Federal government branch offices and headquarters are located in Corvallis, including:

U.S. Environmental Protection Agency, Western Ecology Division
U.S. Postal Service
U.S. Geological Survey Forest and Rangeland Ecosystem Science Center
U.S. Department of Agriculture:
- Agricultural Research Service:
  - Horticultural Crops Research
  - National Clonal Germplasm Repository
  - National Forage Seed Production
- U.S. Forest Service
  - Siuslaw National Forest
  - Forest Sciences Lab

FY 11-12 and Beyond – As the nation's economy continues to recover, the City is expected to achieve economic stability. The State's constitutional limits on property taxes, combined with the economic downturn's impact on all development and the expected decline in industrial property value, are expected to result in assessed values increasing only 2.4% in FY 11-12, leaving the City's property tax revenue at a slightly lower growth rate than the average in prior years. The City has relatively few foreclosures, with approximately 80 properties in foreclosure in 2010. Residential value has declined at a slower rate than the rest of the nation, with the median sales price in 2010 approximately 3.5% lower than the 2009 median, when prices peaked. These factors are expected to keep the City's funding stable. However, the community is beginning to see additional economic challenges associated with down-sizing at Hewlett-Packard and furloughs at Oregon State University. In response to the increasing need to bring additional businesses into the City, in September of 2010, the City Council approved the expansion of the Benton County/Corvallis Enterprise Zone to include additional industrial properties within the City limits. The City Council approved revisions to the Economic Development Policy, and in early 2011 established a new Economic Development Commission to advise the Council on all matters pertaining to economic development, ensuring that economic development is a civic priority. The Commission is developing a strategic plan, and will recommend funding strategies to support an ongoing Economic Development Program and economic development projects.

A UNIVERSITY TOWN, A REGIONAL MEDICAL CENTER, A RIVERFRONT CITY;

Oregon State University (OSU) is a land, sea, sun, and space grant institution, one of only two institutions of higher education in the United States to hold all four titles. OSU, first chartered as Corvallis College in 1868, currently covers 400 acres of land in and around Corvallis. In Winter term 2011, student enrollment was 23,157, with just under 3,500 in graduate programs.

In the Fall of 2009, OSU developed and communicated a new vision for 2025. The vision is to increase enrollment by as much as 60%, and be among the top 15 land grant universities. In 2009-2010, OSU received a record $275 million in external research funding, in addition to private gifts of $94 million. In spite of current budget difficulties, OSU has earmarked $3.5M to hire and retain new faculty in priority areas.

Linn-Benton Community College (LBCC) has its main campus in Linn County, near Albany, but also has a strong presence in Corvallis at the Benton Center. LBCC developed a program with OSU to accept a complete transfer of credits, allowing many students to take basic college courses at a lower cost than the full OSU tuition. A connection between the transit systems serving LBCC and OSU facilitates the transfer of students between the two campuses.

Good Samaritan Regional Medical Center (GSRMC), based in Corvallis, provides specialized health services and serves as a major employer and as a teaching and clinical research site for the area's colleges and universities. GSRMC serves Corvallis and a three-county region with specialty services not available in surrounding communities, such as robotic-assisted surgery. The hospital is also designated as a Level 2 trauma center, one of only three in Oregon. The high-quality programs are made possible in part by the hundreds of highly-skilled physicians from some of the nation's most prestigious medical schools who live and work in the Corvallis area. The hospital completed construction of the new critical care tower in 2009, which included improvements to the Emergency Room.

Samaritan Health, the non-profit parent organization for GSRMC, collaborates with Linn-Benton and Oregon coast community colleges to help train health professionals, including nurses, radiologic technologists, and nursing assistants. This helps create local family wage jobs and alleviate workforce shortages in a number of areas. In partnership with Oregon State University, Good Samaritan hosts health care administration interns, pharmacy residents and other students completing health-related undergraduate and graduate degrees. Clinical research in a variety of areas is performed at the hospital, at the Corvallis Clinic (a multi-specialty clinic), and at physician offices in conjunction with higher education institutions and national research firms. In 2011, the Corvallis Clinic completed construction of its new Occupational Medicine Center located on Walnut Boulevard. Samaritan Health Services provides wellness dollars to all employees. Many of these dollars are used for classes and activities offered at Osborn Aquatics Center, Senior Center and recreation activities for adults.

The Madison Avenue Task Force (MATF), a volunteer organization, has worked for many years to improve Madison Avenue and develop a central pedestrian path between the Oregon State University campus and the Willamette River, through downtown Corvallis via Madison Avenue. Improvements over the years have included adding plazas at Central Park and City Hall, constructing bulbs at intersections to increase pedestrian safety, placing benches along walkways, and installing public art in the alleys and on sides of buildings along Madison Avenue. The Madison Avenue Task Force and Corvallis Arts Center have published a brochure with a walking tour of the 24 alley art pieces. The Task Force and OSU have developed a project to rebuild Madison Avenue between 9th and 11th to better connect the campus and downtown, with final design underway. Public Works is collaborating with the MATF to complete the 9th Street intersection as budget allows.

The Riverfront Commemorative Park, located along the Willamette riverfront and one of the community's primary gathering places, includes a multi-modal path the length of the park that connects to other paths, an interactive fountain, plazas and overlooks, eating areas, and art work. In 2004, the Waterfront Center, based in Washington D.C., presented an "Excellence on the Waterfront Honor Award" to the City for Riverfront Commemorative Park.

In 2007 a stakeholder committee completed plans for the final portion of the Riverfront Commemorative Park for improvements north of Tyler Ave at the Willamette River. In November 2007, the City Council adopted the North Riverfront Park Conceptual Plan which extends improvements north of Tyler Ave. The project, expected to begin when ODOT completes plans for a proposed bridge in the vicinity and funding is obtained, will mark the completion of the Riverfront Commemorative Park and will address the goals to improve access to the river, enhance the natural environment, support local business activities, and provide recreational opportunities along the Willamette River.

On the southern edge of Corvallis, the Willamette Park multi-modal path provides a scenic path for use by bicyclists, runners, and walkers. A multi-modal connection from Willamette Park to the Riverfront Commemorative Park path is planned for the future.

The Riverfront on the Renaissance, a seven story $24 million development on the south end of the Riverfront Commemorative Park, opened in January 2008 with ground floor retail, offices, and condominiums. The Elements building, a six story, $20 million development on Second Street opened in late spring, 2008, only to close in February, 2009, due to the economic downturn. In late 2009, the Elements building was purchased and converted to mixed use commercial space, including a day spa and events venue.

FY 11-12 and Beyond – Oregon State University is expected to continue construction of new buildings and rehabilitation of existing buildings, many of which are funded through private donations. Included in OSU's plans is a new, five-story combination residence hall and education center. GSRMC will complete the expansion project at its current facility in North Corvallis. The City Parks and Recreation Department received a Willamette River Greenway permit for the Willamette Park project, and will continue to implement the plan.

AN ENVIRONMENTALLY-AWARE COMMUNITY WITH DISTINCTIVE OPEN SPACE AND NATURAL FEATURES, PROTECTED HABITATS, PARKS AND OUTDOOR RECREATION;

In 2009, Sunset Magazine selected Corvallis one of five "favorite eco-friendly small towns." Corvallis continued to be featured by Sunset in 2009 and 2010, as a "hot spot" for renewable energy and one of "20 Best Towns of the Future," based on OSU's work on using ocean waves to generate electricity, and as one of nine "great fall trips in the Northwest." Corvallis was also named the safest city in Oregon for pedestrians by Transportation for America, a national transportation safety coalition.

The City, through the Parks and Recreation Department, won the "Tree City USA" award for the ninth year. In 2010, RelocateAmerica.com named Corvallis as one of the Top 100 Places to Live, and ranked the city #6 in the top ten Recreation Cities. Also in 2010, Bicycling.com ranked Corvallis as one of the most bike-friendly small cities in the United States. By percentage, Corvallis residents take more trips on bicycle than any other Oregon city.

Sustainability for the City organization has been a Council goal for many years and in 2004, a policy was developed that focuses on the triple bottom-line: environmental, economic, and social sustainability. Staff developed an internal sustainability management system to define and implement actions to improve the organization's sustainability; providing an annual report on the status of the plan to the City Council. In 2008, the City received awards from the Oregon Chapter of the American Public Works Association and the League of Oregon Cities for the excellent quality of this plan. In 2009, staff completed a greenhouse gas inventory on the organization's operations and found changes made as a result of the management system plan kept the organization's carbon footprint from growing over the period of time between 2004 and 2008. In 2010, Corvallis was one of only two communities in the country to receive a Green Power Leadership Award from the U.S. Environmental Protection Agency, which recognizes communities for their commitment and contribution to helping advance the development of the nation's voluntary green power market.

In December 2008, the City Council accepted the Community Sustainability Coalition's plan which identifies nearly 300 action items. This plan is designed to make the community more sustainable, with a focus on energy and water use, education, the local economy, housing, and transportation. The City Council for FY 09-10 adopted a goal to develop community sustainability policies and implement selected actions, focusing work on energy and transportation initiatives. An Ad-hoc Committee comprised of Councilors and community members developed a Community Energy Strategy with goals and recommendations. Sustainability program staff have begun work on these items, incorporating in their 2011-12 work plan projects to encourage community electric vehicle use, to create a Community Energy Information Center, and to conduct a community-wide greenhouse gas inventory to estimate the area's carbon footprint.

The Watershed Advisory Commission led a public process during 2005 and 2006 to develop a plan that would provide stewardship over the 2,400 acres of land on the east side of Marys Peak. This property is part of a larger 10,000 acre federally designated watershed that provides a third of Corvallis' municipal drinking water supply. Through public participation in a visioning and goal process, efforts over the next ten years will look to improve forest health through selective thinning, to protect wildlife habitat through plant diversity and control of invasive species, and to enhance fish habitat through removal of barriers to fish passage from the Marys River to Rock Creek and the upper reaches of the streams. Timber thinning projects were implemented in each of the last three years, and the revenue generated from the sale of the timber was used to fund improvement projects in the Corvallis Forest.

Corvallis urban streams are managed in accordance with DEQ water quality regulations and the adopted Storm Water Master plan. This plan addresses each of the City's 20 drainage basins and includes strategies to improve water quality, enhance fish and aquatic habitat and ensure proper handling of excessive water from heavy rain events. Each year, projects are developed in the Capital Improvement Program to accomplish these goals. To date, over $2.7 million has been spent on these efforts.

The City operates the wastewater treatment plant near the Willamette River, just north of downtown. The City has corrected overflows to the Willamette River from the combined storm water and wastewater portions of the wastewater collection system. The implemented solution provided for treatment of combined sanitary sewer waste and storm water, rather than the diluted waste overflowing into the Willamette River during heavy rain events. In another effort to reduce the treatment plant's environmental impact, City staff are looking at ways to keep the temperature of the effluent discharge from increasing the temperature of the Willamette River, especially in the summer months. Higher river temperatures can lead to adverse effects on fish and the aquatic habitat.

The residents of Corvallis have shown strong support for parks, natural areas and outdoor recreation through heavy use and financial support. The Parks and Recreation Department utilizes the Facilities Plan developed in 2000 to target the development of new parks, natural areas and natural area corridors. The Department strives to provide a park within ½ mile of most neighborhoods. Currently, the City provides 446 acres of park land and 1,240 acres of natural areas.

In 2007, Parks and Recreation removed a softball field to restore a wetland habitat at Sunset Park. Public access to Dunawi Creek had not been possible previously, but with the installation of a boardwalk, this outdoor recreation site is available to all. Additionally Parks and Recreation has partnered with the Corvallis Environmental Center to offer two community gardens. The Civic Beatification and Urban Forestry Commission is appointed by the Mayor to advise the City Council on matters concerning urban forestry, landscape beautification, and related resources on City-owned lands and in the community-at-large.

The City Council adopted an Urban Forest Management Plan in 2009 that identifies a broad range of objectives to guide Corvallis in the growth, development, and management of a healthy, sustainable urban forest to enhance the quality of life for residents. The Greenbelt Land Trust is a non-profit organization whose mission is to conserve and protect native habitats, working lands, and lands of natural beauty. This group partners with local governments to protect and connect lands that provide scenic enjoyment, public recreation and education, significant natural habitats, productive forest and farm lands and historically important areas.

Recreational opportunities are abundant in and around Corvallis with over 1,810 acres of City parks and natural areas, 21 miles of bike paths and over 100 miles of bike lanes. Corvallis was named one of the 100 Best Walking Cities in America by Prevention Magazine in 2008 and has been designated a Gold Level Bicycle Friendly Community by the National Bicycle Alliance.

FY 11-12 and Beyond –The FY 11-12 budget does not anticipate a specific land acquisition for additional parks or natural areas, but the capital improvement program has funds for acquisition of strategic land, if any becomes available. The Corvallis to Albany bike path

project has received funding, with construction of the first leg, located in Corvallis, planned for FY 11-12. Staff will continue to work on action items that include moving the organization to a zero waste entity and measuring the community's carbon footprint. The City Council will give direction to staff on a preferred solution to meet temperature regulations for the Willamette River.

RICH IN THE ARTS AND RECREATIONAL OPPORTUNITIES, CELEBRATING THE TALENTS AND CULTURE OF THE PEOPLE WHO LIVE HERE;

In May, 2010, the City Council established an Arts and Culture Commission. The new commission's role will be to advise the City Council in all matters pertaining to Arts and Culture, and to ensure that Arts and Culture remain a civic priority.

The City further supports art and culture through a variety of ways including significant in-kind support for festivals, such as daVinci Days, Fall Festival, the Red, White and Blue music festival, the Procession of the Species parade, and the Madison Avenue Task Force-sponsored Spring Garden Festival. In-kind support can range from providing street closures, police escorts, fire vehicles to lead (or end) parades, to hours of active participation by City crews to set-up and take down festival venues.

The Arts Center, housed in the City-owned historic church next to Central Park, provides gallery space for Oregon artists and classes for children and adults. The Arts Center works with both the Corvallis-Benton County Public Library and the Parks and Recreation Department to host special events and classes. The Arts Center developed a very popular school break and summer cultural camp, Globetrotters, for youth that introduces them to art and cultures from around the world. This program has been recognized by the Oregon Arts Commission. The Arts Center also provides specialized programs to help at-risk youth, including young women at Oregon Youth Authority's Oak Creek Correctional Facility. Collaborating with Samaritan Health Services, the Arts Center provides in-patient art programs at Good Samaritan Regional Medical Center to aid seriously ill patients.

The Arts Center has a contract with the City to staff the Public Art Selection Committee (PASC), placing calls for artists to secure art pieces funded by donations or in conjunction with capital projects. The PASC has been active in selecting art for the Corvallis-Benton County Public Library, the Riverfront Commemorative Park, and the Madison Avenue Alley art. The Arts Center receives an allocation of property taxes from the City in recognition of the many years voters approved property tax levies to fund Arts Center operations and improvements.

The Corvallis-Benton County Public Library, along with the Parks and Recreation Department and several other community partners, hosts the Tcha Tee Man Wi storytelling festival, an event that draws hundreds of people each year, with sessions for young children to adults. El dia de los niños/El dia de los libros is hosted each year in April, celebrating the growing Latino community in Corvallis. Monthly bilingual programs are held at the Library to invite family participation and a bilingual book club is offered to youth. The Library's Spanish language collection has approximately 7,500 items for adults and youth, including audiovisual materials. The Library also actively collects materials in Korean and Chinese to meet the needs of these growing communities and to a lesser extent Russian, German, Japanese, French, and Arabic.

The Library hosts the Fall Festival Fine Arts Showcase, the Willamette Woodworkers Show, and numerous other art displays. In 2010 the Library Foundation commissioned a mobile art piece that hangs from the lobby skylight, adding to the Library's extensive art collection.

Parks and Recreation provides both indoor and outdoor recreation opportunities for all ages. Summer activities are available for children ranging from swim lessons at the Osborn Aquatic Center to day camps and foreign language classes. Programs are available for individuals, teams, and families, and for special events such as the annual Halloween party held at the Corvallis-Benton County Public Library. Corvallis is home to the Crystal Lake Sports Field, a premier soccer and baseball/softball complex that draws statewide tournaments. The City has an active working partnership with both Oregon State University and the 509J School District to provide after-school programs to youth.

The City provides additional year-round recreational opportunities through Parks and Recreation and the Corvallis-Benton County Public

Library. The City also manages an active Senior Center and a state-of-the-art aquatics center which includes a year-round Olympic-size indoor pool, an indoor warm water pool to provide opportunities for therapy, rehabilitation and infant programs, and an outdoor water park for summer fun.

The City-owned Majestic Theatre facility is operated by a non-profit organization that coordinates a number of performances each year, including plays and musicals put on by the Corvallis Community Theatre group, individual performances by a variety of music groups, and youth-oriented programs and performances designed to introduce children to the theatre arts.

In sports, Oregon State University competes with other PAC-12 rivals, with sporting events available on campus almost every weekend of the year. OSU's College of Health and Human Sciences offers a summer program for children, including specialty day camps for Art, Nature, and Science.

FY 11-12 and Beyond – In FY 11-12 the City will continue to support community events through in-kind services. The Arts and Culture Commission will develop goals and objectives supported by the Parks and Recreation Department.

A COMMUNITY THAT VALUES AND SUPPORTS QUALITY EDUCATION THROUGHOUT THE AGE CONTINUUM;

Education plays a significant role in Corvallis. A report from the Oregon Employment Department notes the unique character of Corvallis and Benton County. In the 2000 census, 47.4% of the population age 25 and older in Benton County had a bachelor's degree or higher. This compares favorably to the rest of Oregon where 25.1% of the population 25 and older has a bachelor's degree or higher.

The impact of Oregon State University on the community is substantial. As the largest employer in Corvallis, the University's economic impact is clear, but also clear is that the university brings with it a well-educated citizenry through faculty and staff. With an enrollment of just over 23,000 students, nearly 43% of the City's total population is focused on achieving a university education. The American Institute for Economic Research ranked Corvallis the 7th best college town under 250,000 people in its 2009-2010 College Destinations Index.

The focus on education begins early with an active pre-school population that draws on City social service funding to provide services to low-income families. The City also has an active link between pre-schools and the Corvallis-Benton County Public Library for early childhood literacy and with the Parks and Recreation Department's focus on pre-school and elementary school age recreation and sports programs.

Child development is supported by the Parks and Recreation Department with both recreational activities and summer programs for teenagers through the Youth Volunteer Corps, the Youth Parks Corps, and the Youth Recreation Corps. The latter two programs pay students a small amount and provide an opportunity for early job experience.

The Parks and Recreation Department's Chintimini Senior Center offers a broad spectrum of classes and programs to engage and educate people 50 years and older. Approximately 15% of these classes are co-sponsored by Linn Benton Community College. This dynamic program utilizes the many talented instructors residing in Corvallis to create programs for a changing community. Popular classes include fitness, computer technology, sustainability, travel, and wellness.

The Corvallis Benton County Public Library hosts a myriad of events each year focused on lifelong learning for all ages. For the very young, the Library's Early Literacy program promotes reading with families for children ages 0-6. Story times benefit young people from infancy through pre-school. The Library's emphasis on early childhood literacy has increased with the efforts of the Early Literacy Coordinator who works with child care providers and at-risk families to make sure all children are ready to read when they enter kindergarten. Book clubs are offered for elementary through high school and the Library's extensive teen program won the 2007 Oregon Young Adult Network's (OYAN) OYEA (OYAN's You're Excellent Award) from the Oregon Library Association. Adult programs range from the A World of Ideas summer lecture series, to gardening brown bags to town hall style meetings with elected officials. The Friends of the Library also hosts a series called "Random Reviews" where citizens volunteer to read and then review a book and hold a discussion with interested participants. The Library is also a popular venue for authors to present book talks about their newest books.

The Library hosts the Reading Education Assistance Dogs "READ Dog" program. This innovative program focuses on children who are having trouble learning to read, and provides kids with an opportunity to read to a dog – a non-judgmental audience willing to listen at whatever speed the child reads. This program provides a fun reading atmosphere and encourages kids to participate in a number of activities at the local Library. The READ Dog program won the Library Supporter of the Year award in 2007, granted by the Oregon Library Association.

The Library provides extensive access to information in print and electronically to support the lifelong learning needs of the community and the educational needs of students. Free public computers and a wireless network, a collection of over 347,000 items, experienced librarians, and access to databases such as online magazine articles from computers at home or at work, make the expanding world of information available to all residents.

FY 11-12 and Beyond – In FY 11-12 both the Library and the Parks & Recreation Departments will implement budget cuts that will have an impact on their services. For both departments, efforts were made to cut services in a balanced manner to not overly impact any given population. Even with the budget cuts, the City will continue its focus on quality education. Library and Parks and Recreation programs will continue to focus on life-long learning for all people in the community. The Library will continue to maintain an excellent collection of printed materials, audiovisual items, downloadable audio and video, and online databases. The Parks and Recreation Department will implement the "Healthy Kids, Healthy Community" program, increase aquatic safety education and connect teenagers to opportunities that help them reach their potential.

KNOWN FOR ITS COMPREHENSIVE HEALTH AND HUMAN SERVICES, AND FOR ITS SERVICES FOR THE ELDERLY AND DISABLED;

High quality medical care is a hallmark of living in Corvallis, and the overall quality of life attracts a complement of well-trained health professionals to the area. Regional medical emergency and disaster planning and preparation in Corvallis are coordinated by Samaritan Health Services as the lead agency for a six-county region that receives federal funding to coordinate planning and prioritize needs.

Benton County's commitment to a healthy community was recognized nationally in 2007, when it was named one of the 100 Best Communities for Young People by America's Promise. The organization, founded by Colin Powell, measures a community's ability to provide five essential resources for children: caring adults, safe places, a healthy start in life, effective education, and opportunities to help others. Benton County received the same honor in 2005. The Parks and Recreation Department produces both safe places and opportunities to help others through it's after school programs and Youth Volunteer Corps program. In conjunction with Benton County, Corvallis Parks and Recreation department was awarded a Robert Wood Johnson Foundation "Healthy Kids, Healthy Community" grant, with a goal to reduce youth obesity and increase the availability of healthy food, specifically in south Corvallis and south Benton County. This program is expected to continue through the next few years.

Good Samaritan Regional Medical Center, based in Corvallis, provides specialized health services and serves as a major employer and as a teaching and clinical research site for the area's colleges and universities. Good Samaritan Regional Medical Center serves Corvallis and a three-county region with specialty services not available in surrounding communities. This includes a Cardiovascular Institute (providing

cardiac surgery, cardiology, vascular surgery and interventional radiology services), comprehensive cancer care, inpatient mental health services, bariatric surgery, neurosurgery, and special diagnostic imaging capabilities. The hospital is also designated as a Level 2 trauma center, one of only three in Oregon.

Comprehensive health and human services are accomplished through extensive community outreach efforts that link public and private organizations in a variety of innovative partnerships. In addition to the care provided in physician offices and at the hospital, residents can access care at the free clinics offered through Community Outreach, Inc., at the local Health Department, and at school-based health clinics and the federal grant-funded community clinic operated by the County. Health services for low-income residents are supported through grants, direct and in-kind donations (such as for lab work and medications), and volunteer efforts by physicians and other providers in the free clinics. Corvallis and Benton County are viewed by others as a model of inter-agency collaboration.

Oregon Cascades West Council of Governments provides coordination and leadership for seniors and people with disabilities for Linn, Benton, and Lincoln counties. They determine eligibility for medical benefits, transportation coverage, in-home services, and community-based care, such as foster care, assisted living and residential care. They also coordinate food stamps, home-delivered meals and Oregon Project Independence for seniors.

United Way of Benton and Lincoln Counties assists in the delivery of human services through collaborative efforts with area service providers. They provide funding, training and other resources to strengthen local programs.

The City owns and operates the Parks and Recreation Chintimini Senior Center which provides education, recreation and services to people over the age of 50. The Senior Center's programs focus on health, life-long learning, and socialization. This facility is heavily used and additional space may be pursued to better meet the needs of the community..

The Corvallis-Benton County Public Library provides the Dial-a-Book program which provides materials to the homebound who are not able to visit a library branch by using volunteers to deliver books and other items. The Library also offers a bookmobile with stops in Corvallis and Benton County to provide access to Library books and services (including free internet access) to people who cannot get to the downtown Library or one of the branches.

The City provides financial support and office space for the non-profit Dial-A-Bus that provides curb-to-curb transportation services to elderly and disabled citizens. This long-term relationship has been beneficial to both parties. The Senior Meals program is housed at the Chintimini Senior Center providing lunch at the Center, as well as home delivered meals.

Each year the City provides funding to non-profit agencies that meet the City Council's stated social service funding priorities for providing emergency or transitional services. Funding sources include the general fund and portions of its federal Community Development Block Grant and Home funds. These funds are provided to social service agencies that help low income and special needs populations, as well as to support housing and facility projects that serve the homeless, people with disabilities, and people who are elderly. Last year agencies such as Community Outreach, the Center Against Rape and Domestic Violence, the Jackson Street Youth Shelter, the Corvallis Daytime Drop-in Center, Home Life, the Arc of Benton County, and Samaritan Village all received support through these City sources. This unique funding arrangement provides operating support for more than a dozen local non-profit entities.

The City, Benton County, Good Samaritan Regional Medical Center, Corvallis Clinic, Oregon State University, and the United Way all participate in a triennial assessment of social services. This assessment includes community leadership and citizen surveys to assess the perception of social service needs, and provides the foundation for future funding decisions. The Community Assessment Update/Needs Assessment Report prepared in 2006 identified the following as the primary needs:

- There are more people with substance abuse problems (19%) in Benton County than elsewhere in the state (15%).
- More than half of all households in the County (53%) spend greater than a third of their income on housing. This is above the standard measurement.

The results of the needs assessment are used by social service agencies to better target programs for the community. The next assessment will be completed during 2012.

As part of its strategic plan, Oregon State University has developed the Center for Healthy Aging Research which is studying the "graying" of America and the world with a focus on innovative research, education, and outreach to enhance the quality of life for older adults, their

families, and society. Core focus areas include diet, genes and aging; bone health exercise and function in aging; psychosocial factors and optimal aging; and social and ethical issues in technologies for healthy aging. The Center offers a "life registry" for Oregonians aged 50 and older, which provides opportunities to participate in research studies.

FY 11-12 and Beyond – The 2009-2010 United Way pledge drive showed its first decisive increase since 2004, up 23% from the previous year. Requests for both regular United Way funds and for the City's contributions are almost double the monies available to grant to requesting organizations each year. Particularly in today's challenging economic environment, more needs to be done to support agencies providing social, health, and other human services. The percentage of adults and children without health insurance in Benton County has increased in recent years; nearly 15.6% of the population is at or below the federal poverty level. Access to health services, in particular, will be critical in future years. These efforts, as well as a hoped-for expansion of the Senior Center, are becoming increasingly difficult to fund.

A HUB IN A REGIONAL TRANSPORTATION SYSTEM THAT CONNECTS LINN AND BENTON COUNTIES AND PROVIDES A LINK TO THE NORTH-SOUTH HIGH-SPEED RAIL SYSTEM;

The Corvallis Transit System (CTS) operates a fleet of nine buses and one trolley to provide eight full-service fixed routes and three limited-service commuter routes. The transit program also provides paratransit service to senior or disabled persons who are unable to utilize the fixed route service through a partnership with Benton County and subcontracted to the non-profit Dial-A-Bus organization, which is largely operated by volunteers. CTS also supports the Linn-Benton Loop bus service operated by Linn County, which provides service between OSU, downtown Corvallis, Linn-Benton Community College, and Downtown Albany. CTS, through contract administration, assists the City of Philomath in providing the Philomath Connection bus service. The Linn-Benton Loop also provides a link to the Amtrak station in Albany to allow Corvallis and Philomath residents to easily access the north-south railway. All buses are equipped with bike racks, and there is covered, secure bike parking at the Transit Center in downtown Corvallis.

Funding for transit comes from a combination of State business energy tax credits, federal transit grants, payments made by Oregon State University and the Transit Operations Fee. In February 2011, CTS became the first transit service in Oregon to go completely fareless with the implementation of the Transit Operation Fee. Since that time, transit ridership has grown and current projections show the City may exceed 850,000 rides for the year, nearly a 20% increase over the previous year.

In 2006, the City entered into a new partnership with ASOSU to provide an after hours bus service on Thursday, Friday, and Saturday nights from 10 PM to 2 AM. The City provides one third of the funding for this service and ASOSU provides the other two-thirds. City buses are used to run a fixed route, and rides are available to anyone for no fare.

Corvallis has been designated a gold level Bicycle Friendly Community by the National Bicycle Alliance for its premier bike path and lane system, one of only two Oregon communities to be so honored. The City maintains over 105 miles of on-street bike lanes and another 21 miles of multi-modal paths that are separated from the street. Federal stimulus monies were used in 2009 to re-surface around 4.5 miles of the multi-modal path from the confluence of the Willamette and Marys rivers in downtown Corvallis to Philomath. In addition to hard surface infrastructure, Corvallis has a large number of covered bike parking areas, bike lockers at the downtown Transit Center and development standards requiring space for bikes at new buildings. The system is comprehensive, reaching nearly all sections of the City and provides a viable alternative to the automobile for traveling around town., as evidenced by the over 9% of commuters who regularly use a bike to get to their work place. In 2006 the City implemented Sharrows (see graphic) on downtown City streets to remind both vehicular and bicycle traffic that they need to share travel lanes.

The City has an active Transportation Demand Management program with a focus on using alternate modes of transportation – bus, ride-share, vanpooling, bicycling, or walking – to commute to work. The City is an active participant in the Employer Transportation Coordinators program, and has implemented an emergency ride home program that pays for taxi transportation home for an employee who uses an alternate mode to get to work, but has an emergency that requires staying late or a need to be home immediately.

The Corvallis Municipal Airport provides general aviation and corporate aircraft facilities. The fixed-base operator offers full services, including hangar space, aircraft maintenance, training, and fueling facilities.

FY 11-12 and Beyond – Funding for transit services derived from the State's Business Energy Tax Credit (BETC) program could be in jeopardy as the Legislature debates sun-setting all or part of the program. As this source provides the local match to access federal funding, if the BETC monies go away, the transit program could lose a total of $1.2 million per year, which would trigger major service

reductions in a time of increasing ridership. The Bicycle and Pedestrian Advisory Committee will consider a recommendation to make changes on selected residential streets to increase the safety of bicyclists of all ages through narrowing the travel lines and increasing signage, converting these sections to 'bike boulevards'.

A HIGHLY LIVABLE CITY WHICH EMPLOYS LOCAL BENCHMARKS TO MEASURE ITS PROGRESS IN AREAS SUCH AS HOUSING, ECONOMIC VITALITY, EDUCATIONAL QUALITY, ENVIRONMENTAL QUALITY, AND OVERALL QUALITY OF LIFE;

In 2005, the City of Corvallis joined with Eugene, Dallas, Hillsboro, Salem, Tualatin Hills Parks and Recreation District, Wilsonville, and Vancouver (WA) to form the Oregon Consortium for Performance Measures (CPM) under the International City/County Manager's Association (ICMA) performance measurement program. Participation in the consortium means that Corvallis will work with the other members to consistently measure the same data and provide a common method of comparison to each other and to other cities throughout the country.

The work undertaken in the CPM project has resulted in the ability to compare data between organizations on some of the most basic services a municipal organization provides. Some of the CPM measures are already included in the Department section of this budget document (Section IV). The measures that are included in the budget are often based on data the City was measuring before the Oregon consortium was formed. More measures will appear in the future as measurement criteria are defined and data is gathered.

The City initiates a citizen survey in the fall each year. The survey is structured to have several questions that are asked each year to gauge public perceptions about City services. Each year other questions are asked to gather feedback about specific issues. In 2010, the City participated in the National Research Center's (NRC) national citizen survey for the third year. This survey allows benchmarking results against communities across the nation. Corvallis' response rate of 36% was below the 2008 survey's response rate of 42%, but typical of the national average. Eighty-eight percent of Corvallis citizens rate the overall quality of life as "excellent" or "good," above the national and similarly-sized cities' responses. Eighty-two percent of the citizens rated the quality of services provided by the City as "excellent" or "good," also an above-average response.. The entire survey and results are included in the Appendix of this budget and on the City's web site. The web site also includes NRC's summaries and comparisons for all questions (www.ci.corvallis.or.us).

In July 2011, the City used a combination of National Citizen Survey results and ICMA-CPM performance measures in the context of the Community's Vision 2020 Statement to produce its third annual report card on the City's performance. This report was mailed to every household in Corvallis, and published on the City's web site. Comments on the report have been favorable from both staff and citizens.

FY 11-12 and Beyond – In FY 11-12 the City will complete the sixth full year of data gathering and reporting the ICMA – CPM based performance measures. Most departments have incorporated many of these measures into their budgeting process in order to benchmark against other consortia members. The City will re-establish and publish its third "Report Card" in 2012 to continue to highlight performance indicators and the annual customer satisfaction survey results. The next annual Citizens Survey will be mailed in the early fall 2011, with results available for the FY 12-13 budget planning process.

BLESSED WITH AN INVOLVED CITIZENRY THAT ACTIVELY PARTICIPATES IN PUBLIC POLICY AND DECISION MAKING;

The City of Corvallis operates under a Charter first approved in 1949, and most recently updated in 2006. The City is divided into wards with the nine member City Council elected by ward to serve two-year terms. The Mayor is elected at-large for a four-year term. All ten positions are volunteer positions.

The City has 20 advisory boards and commissions, totaling over 180 citizens who freely give of their time to advise the City on issues. For 2010, staff estimates that the volunteer time devoted to City totaled nearly 94,000 hours. The Committee for Citizen Involvement has spent numerous hours developing guidelines and brochures for citizens and neighborhood groups to improve these groups' effective participation in the land-use process.

In FY 07-08, the City's Comprehensive Communications Plan update was adopted, with a new three-year implementation plan. The Budget Commission approved adding $50,000 to the City Manager's Office budget in FY 09-10 to implement the communications action plan, which, among other things, focuses on better communication with the general public about the City's finances. Alternatives for a new City Website framework were researched and work continued on a new emergency operations plan, including a functional annex for

public information. The Finance Department printed the fourth "Budget-in-Brief" in *the City* newsletter in August 2011, shortly after the start of the new fiscal year. The communication services added in FY 09-10 will be continued in FY 11-12, with an emphasis on improving the City's web site and access to information.

In FY 07-08, the Corvallis-Benton County Public Library added a part-time Volunteer Coordinator to enhance the Library's already strong volunteer base. The Coordinator has been extremely successful in expanding the program; in FY 09-10, the program grew to approximately 285 volunteers.

The City's Public Works Department seeks to engage the citizenry through public meetings to solicit input. Among others, in FY 09-10, meetings were held on the formation of a new parking district, a change in parking meter rates, impacts of capital projects on surrounding neighborhoods, and proposed new revenue sources.

FY 11-12 and Beyond –The Finance Department will continue to produce a "Budget-in-Brief", which will be available as an insert in the quarterly City newsletter as well as through a web link. The Library's volunteer program will continue to offer opportunities for citizens to help provide library services to the community. The Communications Plan will continue to focus efforts on updating the City's web site, based on recommendations for improvements made in an on-line survey of current users. Public Works will conduct an extensive public involvement process to gather input on how the City should address current and pending federal wastewater discharge quality regulations.

COMMITTED IN ITS SUPPORT FOR CHILDREN AND FAMILIES;

The City's Parks and Recreation Department and Library work hand-in-hand to provide programs to aid all children, young adults and families to reach their full potential. Being involved in fun and engaging programs led by positive role models minimizes at-risk behavior.

The Youth Parks Corps and the Youth Recreation Corps offer youth 14 and 15 years old a "first job" experience that allows them to gain job experience and a small paycheck. The Youth Parks Corps teaches skills in park maintenance, trail building, sign painting and more. The Youth Recreation Corps teaches youth to assist with day camps and the youth baseball and softball program. The Youth Volunteer Corps teaches the importance of volunteerism and provides learning through service projects.

The Parks and Recreation Department works with many partners and volunteers to provide high quality programs for children and families. A few examples of key partners are the Arts Center, the 509J School District, the Corvallis Environmental Center, Benton County Health Department, and the Majestic Theatre. The Family Assistance program provides access to fitness and recreation programs for low income families and has been supported by the Benton County Foundation.

The Library offers story times for the youngest of the City's population, and programs for early childhood literacy for daycare and pre-school providers and parents, especially at-risk parents. Summer and after-school programs range from puppet shows to book clubs, and teen game nights to the annual Teddy Bear picnic. The Library has computer areas designated specifically for kids with a well developed Library Kids Web site that points to age appropriate kids' resources. The Library also participates in Benton County Health Department's "Healthy Start" program that focuses on the importance of literacy for newborns, putting Library resources into the hands of parents while they are still in the hospital.

With a fareless transit system, kids can get around the community – to and from school, summer jobs, recreation programs, the Library, and the swimming pool – without having to rely on a parent. The City is also an active participant in the "Safe Routes to School" program with the local school district. Each fall, City staff work with the schools to ensure all kids know safe routes to and from school. Federal grants have been used to support projects that improve safety including widening undersized sidewalks and installing bike shelters at elementary schools.

The City provides Social Service grants to a number of local agencies that work to improve the relationships in at-risk families, or to assist families in transition from being jobless, or to move drug/alcohol dependent residents to an independent, addiction-free life.

The Corvallis Police Department has an active Cadet program for high school students who are interested in law enforcement careers.

FY 11-12 and Beyond – Parks and Recreation will offer a full range of programs for youth and families year-round. The programs will provide opportunities for youth to become healthy adults and for families to enjoy with each other. Parks & Recreation, in combination with the Benton County Health Department, will continue implementing the "Healthy Kids, Healthy Community" program that focuses on childhood obesity by providing a program that combines information, activities, and access to healthy, locally grown foods. The Library will continue development of the early childhood literacy program and with the Early Literacy Coordinator training child care providers. Public Works will continue to seek out grants to fund projects to improve safety.

A COMMUNITY THAT HONORS DIVERSITY AND IS FREE OF PREJUDICE, BIGOTRY AND HATE;

The City Council has maintained diversity as a community value for many years. Corvallis adopted a civil rights ordinance in 1992. In 2006, the City Council forwarded a City Charter amendment to the voters to add a provision that requires the City to exercise its powers to ensure the equal protection, treatment and representation of all persons without discrimination. The Charter amendment passed with a majority of 63% "yes" votes, reflecting the community's commitment to diversity.

In 2006 the City completed a study of its internal diversity. The study included a review of City documents, focus group sessions with employees, leadership, and summer seasonal staff, and surveys to determine the organization's current status. Results have been shared with all employees and the City Council has accepted the recommendations. The assessment report recommended a core set of activities for the organization to take to improve its diversity, including training, changes in the recruitment process, and changes in some policies. The Diversity Implementation Steering Committee was formed and includes representatives of all City departments, with a focus on improving the organization's diversity through hiring, retention, programs and services.

The City also has an active Commission for Martin Luther King, Jr., which coordinates an annual celebration of Dr. King's life with an essay contest, a speaker at a community forum and at the high schools, and annual awards. In addition, the Commission partners with other organizations to coordinate year-round activities that enrich and compliment the annual celebration event. The Commission has also planted trees and donated funding to the Library for materials about Dr. King, or that are in keeping with the messages of social equity and social justice.

In 2007, the City Council created a Community Police Review Board (CPRB) to provide an objective, unbiased, citizen-based, accessible process for the review of complaints against the Police Department or police officers, and to provide the community with information regarding the accountability of its Police Department in a way that builds trust and enhances communication between the Police and all members of the community. The CPRB continues to meet regularly.

The Corvallis Multi-Cultural Center provides dedicated space for community-building, cross-cultural communication, literacy education and an equitable learning and teaching environment.

The City has been an active participant in the Community Alliance for Diversity (CAD) since its inception. CAD works to promote mutual respect and appreciation of differences; increase awareness of obstacles that hinder the creation of an inclusive and prosperous community; and create an environment that is welcoming, safe and supportive for everyone. CAD provides Ombudsperson services to the community through their ongoing contract with the City. These services include receiving inquiries, assisting residents with diversity resources, providing presentations to the community and City departments, and providing regularly scheduled office hours.

The City is an active member of the Employers' Partnership for Diversity and brings speakers to the City to raise awareness about diversity issues and encourages people to think differently about diversity. Half-day presentations are available with employees of the partnership, while evening presentations are open to the community. In addition to the City, members of the partnership include Benton County, Corvallis' 509J School District, Hewlett-Packard, Linn-Benton Community College, Oregon State University, CH2M Hill, Samaritan Health Services, City of Albany, Albany Public Schools, and the Community Alliance for Diversity.

Oregon State University has developed strategic initiatives to improve its diversity of student enrollment, with published metrics such as "The percent of students of color retention is equal to overall OSU student retention." The City is committed to working with OSU to provide employment opportunities for students of color through hiring summer interns in the PROMISE program.

FY 11-12 and Beyond – In FY 11-12 the City will continue implementing recommendations from the Organizational Diversity assessment report. The team of City employees who have volunteered to participate in this effort will focus on moving organizational inter-cultural

competency skills from minimization towards acceptance and adaptation. OSU is expected to complete construction on their new facility for managing their INTO program – designed to bring a larger number of international students to the OSU campus.

HOME ... A GOOD PLACE FOR ALL KINDS OF PEOPLE TO LIVE AND TO LEAD HEALTHY, HAPPY, PRODUCTIVE LIVES.

The City of Corvallis focuses a lot of attention on how to employ land use planning to achieve this goal. In December 2006, the re-write of the Land Development Code (LDC), Phases I and III, was implemented by the City Council following five years of litigation. The goal of making Corvallis a good place to live was significant in the revisions to the LDC which shifted the land use focus to pedestrian and mixed-use focused development, and to striking a balance between protecting natural features and providing sufficient land for future development.

The City also has a long history of providing low income housing assistance, dating back to the 1970s with the first Federal Revenue Sharing dollars. Through the 1980s and early 90s the City used competitive grant funding from the U.S. Department of Housing and Urban Development (HUD) to provide loans that rehabilitated renter- and owner-occupied housing, and turned the repayments of those loans into a Revolving Loan Fund that still exists today. In fact, during the late 1990s when federal funding disappeared almost entirely, this Revolving Fund continued to provide loan funding, enabling the City to continue its housing rehabilitation programs and to introduce a new form of assistance: the First Time Home Buyer down payment assistance loan program.

Since 2000, the City has received federal entitlement funding through HUD's Community Development Block Grant and HOME Investment Partnerships programs to continue, and expand, its investment in affordable housing. Recent grant and loan funding has helped create nearly 200 new affordable housing opportunities, and has allowed the City to continue its tradition of helping people rehabilitate their homes in ways that keep them affordable and accessible for the long term. In 2011, the City began releasing its investment of HOME and CDBG funding to assist in the development of 67 affordable rental and homeownership units in Corvallis. Twenty-five units, ten of which will provide permanent supportive housing for survivors of domestic violence, will be built on SW Alexander at SW Third Street. The other 42 units will be built at Seavey Meadows in NE Corvallis in a series of three separate projects. The project, to be developed by Willamette Neighborhood Housing Services, is scheduled to begin bringing completed units to the affordable housing market in mid-2012.

In FY 07-08, the City initiated a Code Enforcement program, with the focus of the program on issues that make neighborhoods more livable. Complaints addressed by this work group include solid waste, inoperative vehicles, over-occupied or altered structures, and possible Land Development Code violations.

FY 11-12 and Beyond – The City Council has begun setting a course for expanded housing assistance in the coming years, and has endorsed a number of approaches intended to build upon the City's current programs by extending assistance to homeless and other social needs and low income populations. Tools to achieve the Council's goals will include direct allocations of City funding to create permanent supportive housing for people who are homeless, application of Land Development Code provisions that require increased density resulting in smaller lots and houses; and support for projects that become part of a community land trust.

CONCLUSION

The City has made substantial progress on the goals since their establishment in 1997. The current economic picture provides challenges for continued progress, and underlines the importance of the community continuing to creatively work on these goals into the future.

GLOSSARY OF BUDGETARY TERMS

Accountability - The condition, quality, fact or instance of being obliged to reckon or report for actions or outcomes.

Accrual Basis of Accounting - The basis of accounting under which transactions are recognized when they occur, regardless of the timing of related cash flows.

Ad Valorem Tax - A tax based on the assessed value of taxable property.

AFSCME - American Federation of State, County, and Municipal Employees.

Annexation - The incorporation of land into an existing city with a resulting change in the boundaries of that city.

Appropriation - Legal authorization granted by City Council to make expenditures and incur obligations.

Appropriation Resolution - The official enactment by the legislative body establishing the legal authority for officials to obligate and expend resources.

Assessed Value - The value set by the County assessor on real and personal taxable property as a basis for levying taxes.

Assessments - An amount levied against a property for improvements specifically benefiting that property.

Balanced Budget – A budget in which the resources equal the requirements in every fund.

Benefits - Employee benefits mandated by state and federal law, union contracts, and/or Council policy. The most common forms of fringe benefits are pension plans, health and life insurance, vacation, sick and holiday leave, deferred compensation, automobile allowances, disability insurance, and educational and incentive pay.

Bonds - A written promise to pay a sum of money (principal or face value) at a future date (maturity date) along with periodic interest paid at a specified percentage of the principal (interest rate). Bonds are typically used to finance long-term capital improvements.

Budget - A plan of financial operation, embodying an estimate of proposed expenditures for a given period (typically a fiscal year) and the proposed means of financing them (revenue estimates). Upon approval by the City Council, the budget appropriation resolution is the legal basis for expenditures in the budget year.

Budget Calendar - The schedule of key dates or milestones which a government follows in the preparation and adoption of the budget.

Budgetary Control - The monitoring or oversight of expenditures against budget at the level of appropriation, which is by department within funds.

CAFR (Comprehensive Annual Financial Report) - Prepared at the close of each fiscal year to show the actual audited condition of the City's funds and serves as the official public record of the City's financial status and activities.

Capital Budget - A plan of proposed capital expenditures and the means of financing them. The capital budget is usually enacted as part of the complete annual budget which includes both operating and capital outlays. The capital budget should be based on a capital improvement program.

Capital Improvement Program (CIP) - A plan for capital expenditures to be incurred each year over a fixed period of several future years, setting forth each capital project, identifying the expected beginning and ending date for each project, the amount to be expended in each year, and the method of financing those expenditures.

Capital Outlay - Expenditures for operating equipment drawn from the operating budget. Capital outlay items normally include equipment that will last longer than one year and having an initial cost above $5,000. Capital outlay does not include capital budget expenditures for construction of infrastructure such as streets, buildings, or bridges.

Cash Basis of Accounting - A basis of accounting under which transactions are recognized only when cash changes hands.

CDBG - Community Development Block Grant.

Contingencies - An appropriation of funds to cover unforeseen events which occur during the budget year. City Council must authorize the use of any contingency appropriations (not to be confused with Reserves).

Contractual Services - A professional service provided by an outside individual or agency in accordance with contractual specifications.

Cost Allocation - A costing of local government services to identify the full cost of municipal services.

Council Goals - Broad goals established by the City Council at the outset of each two-year term to guide the organization in its activities and focus.

CPI - Consumer Price Index. This typically used as a benchmark for inflation.

CPOA - Corvallis Police Officers Association.

CR (Current Revenue) - Those revenues received within the present fiscal year.

CRCCA – Corvallis Regional Communications Center Association

Debt Service - The amount of principal and interest that a local government must pay each year on net, direct-bonded, long- term debt plus the interest it must pay on direct short-term debt.

Deficit - (1) The excess of an entity's liabilities over its assets (see Fund Balance). (2) The excess of expenditures or expenses over revenues during a single accounting period.

DEQ - Department of Environmental Quality.

Depreciation – the systematic and rational distribution of the cost of a tangible capital asset (less salavage value) over its estimated useful life.

Direct Cost - A cost directly related to producing and/or providing services. Direct costs consist chiefly of the materials and supplies used to provide a service, and the wages and salaries of personnel working to provide a service. Such direct cost is usually readily identifiable, as opposed to *indirect cost* that is allocated among the various products or services provided.

EMS - Emergency Medical Services.

Enterprise Fund Accounting - Accounting used for self-sufficient government operations financed and operated in a manner similar to business enterprises, and for which preparation of an income statement is desirable.

EPA – Environmental Protection Agency

Equipment Replacement Schedule - A schedule of annual purchases to replace major equipment and vehicles that have met or exceeded their useful life to the City.

Expenditure - Total amount incurred if accounts are kept on an accrual basis; total amount paid if accounts are kept on a cash basis.

Financial Audit - A systematic examination of resource utilization concluding in a written report. It is a test of management's internal accounting controls and is intended to:

- Ascertain whether financial statements fairly present financial position and results of operations,
- Test whether transactions have been legally performed,
- Identify areas for possible improvements in accounting practices and procedures,
- Ascertain whether transactions have been recorded accurately and consistently, and
- Ascertain the stewardship of officials responsible for governmental resources.

Financial Condition - The City's ability to pay all costs of doing business and to provide services at the level and quality that are required for the health, safety, and welfare of the community, and that its citizens desire.

Financial Plans - Provide information about the expected future fiscal stability of City operations. The projections are for the major operating funds of the City. Each financial plan, or proforma, includes a discussion about issues that are addressed in the proforma, as well as footnotes about the assumptions made about both revenues and expenditures for each fund.

Financial Policies - Administrative and Council policies established to govern the City's accounting, investment management, revenue collection, disbursement, financial management, budgetary, and fund maintenance practices and procedures to ensure the long-term viability of the City's resources and services.

Fixed or Mandated Costs - These include expenditures to which the government is legally committed (such as debt service and pension benefits), as well as expenditures imposed by higher levels of government (such as for wastewater treatment facilities).

FTE (Full time equivalent) – measurement used to represent the portion of hours equivalent to a “full-time regular worker” for a given employee.

Fund - An independent fiscal and accounting entity with a self-balancing set of accounts, recording cash and/or resources together with all related liabilities, obligations, reserves, and equities, which are segregated for the purpose of carrying on specific activities or attaining certain objectives.

Fund Balance - The difference between fund assets and fund liabilities of governmental and similar trust funds. The equivalent terminology within proprietary funds is Retained Earnings. (When the term "Fund Balance" is used in reference to Proprietary Funds, it is normally referring to the estimated budgetary-basis amount available for appropriations for budgeting purposes.)

GAAP- Generally Accepted Accounting Principles.

General Obligation Bonds - When a government pledges its full faith and credit to the repayment of the bonds it issues, then those bonds are general obligation (GO) bonds. Sometimes the term is also used to refer to bonds which are to be repaid from taxes and other general revenues.

Goal - The long-term continuing mission of a department, division, or program. Goals define the strategic results to be achieved and therefore indicate the relevance, permanence, scope, and effectiveness of that outcome.

Government Funds - These funds subscribe to the modified accrual basis of accounting and include the following types of funds:

- General Fund - The major source of revenue for this fund is taxes. There are no restrictions as to

the purposes in which the revenues in this fund can be used

- Special Revenue Funds - The resources received by these funds are limited to a defined use, such as the Street Fund.
- Debt Service Funds - Funds used for paying principal and interest of debt on non-enterprise funds.
- Capital Project Funds - Resources from these funds are used for purchase or construction of long-term fixed assets.
- Permanent Funds - The resources received by these funds are limited to a defined use and only earnings may be spent. The Davidson Fund is the city's only permanent fund.

Grant - A contribution of assets by one entity to another. Grants are generally designated for a specific expenditure.

IAFF - International Association of Firefighters.

ICMA – International City/County Management Association. In the context of the budget document and performance measurement, this company has created a database of indicators for comparator information.

Indirect Cost - A cost incurred in the production and/or provision of a service that usually cannot be directly associated with any one particular good or service but rather results from general productive activity. In effect, indirect cost is any cost of production other than direct labor and direct materials cost. Examples include the wages of supervisory and administrative personnel, occupancy and maintenance of buildings, and utility costs.

Intergovernmental Revenue - Revenues received from another governmental entity.

Internal Charges - Various, specific charges set to recover the cost of providing goods and/or services to particular funds or departments within the organization. Examples include administrative service charge, data processing charge, and telephone charges.

Investment - Securities and real estate purchased and held for the production of income in the form of interest, dividends, rentals, or base payments.

Liabilities - The sum of all amounts that are owed at the end of the fiscal year, including all accounts payable, accrued liabilities, and debt.

Long-Term Debt - Present obligations that are not payable within a year. Bonds payable, long-term notes payable, and lease obligations are examples of long-term debt.

Master Plan - A comprehensive plan, normally covering a 5-10 year period, developed to guide delivery of specific services, identify future needs and challenges, and identify future infrastructure needs.

Millage - Taxation stated as one tenth of a cent per dollar of valuation; as $.001 used in calculations.

Modified Accrual Basis of Accounting - The accrual basis of accounting adapted to the governmental fund type under which revenues are recognized when they become both "measurable" and "available to finance expenditures of the current period." Expenditures are generally recognized when the related fund liability is incurred.

Municipal Code - A system of rules which are compiled and arranged by a municipal corporation, i.e. the City, and adopted and used to regulate the conduct of its inhabitants and government.

One-Time Revenue - Revenue that cannot reasonably be expected to continue, such as a single-purpose federal grant, an interfund transfer, or use of a reserve. Continual use of one-time revenues to balance the annual budget can indicate that the revenue base is not strong enough to support current service levels.

Operating Budget - The appropriated budget supporting current operations. Most operations are found in the General, Special Revenue, Permanent, Enterprise, and Internal Service Funds.

OPSRP - Oregon Public Service Retirement Program, the pension plan for employees hired after August 28, 2003.

Operating Deficit - When current expenditures exceed current revenues.

Overlapping Debt - The net direct bonded debt of another jurisdiction that is issued against a tax base within part or all of the boundaries of the community.

Pay-As-You-Go Basis - A term used to describe the financial policy of a government which finances all of its capital outlays and/or improvements from current revenues rather than by borrowing.

Performance Indicators - Specific quantitative or qualitative measures of work performed within an activity or program (e.g., total miles of streets cleaned). Also, a specific quantitative measure of results obtained through a program or activity (e.g., reduced incidence of vandalism due to new street lighting program). These indicators strive to measure an organization's effectiveness and efficiency of service provision, and are particularly useful when examined against comparators' results where available.

Permanent Funds - Permanent Funds are used to account for resources that are legally restricted to the extent that only earnings, and not principal may be used for purposes that support the City's programs for the benefit of the City or its citizens.

PERS - Public Employee Retirement System, the pension plan for employees hired before August 28, 2003.

Personal Services - A category encompassing all salaries, fringe benefits, and miscellaneous costs associated with employee expenditures.

Property Tax Levy - The tax levy combining the general operating levy and the debt service levy imposed by the City.

Proposed Budget - The financial and operating document submitted by the City Manager to the Budget Commission and the governing body for consideration.

Proprietary Funds - These funds subscribe to an accrual basis of accounting and include the following types of funds:

- Enterprise Funds - Account for distinct, self-sustaining activities that derive the major portion of their revenue from user fees.
- Internal Service Funds - Account for goods and/or services provided to other funds or departments within the organization. Examples include the Vehicle and Equipment Maintenance and Data Processing Funds.

Reserves - An account used to indicate that a portion of fund equity is restricted for a specific purpose or not available for appropriation and subsequent spending. Three specific types of reserves are used by the City of Corvallis:

- Assigned – these reserves are used by management as tools to accommodate fluctuations in the budget. The most frequent use of management reserves is for vehicle and equipment replacements where monies are saved over a period of time for the purchase or replacement of equipment, vehicles or computer software that would cause a substantial financial hardship to purchase if the monies had not been saved.
- Committed – these are reserves the City Council has identified to be saved for a future purpose (i.e. PERS rate savings in a reserve to pay for future rate increases).
- Restricted – these are reserves that have the widest variety, but they all have an outside organization's applied restriction on the use. Examples of the legally restricted balances include:

  Debt Reserves – from time to time the City borrows money where the terms of the agreement include a requirement to hold the equivalent of one year's average debt service payment as a cash reserve. These reserves are most often seen in an enterprise fund as a requirement for a revenue bond or a revenue-backed loan.

  SDC Reserves – these monies are held within the Street, Parks & Recreation, Water, Wastewater, and Storm Water Funds for future capital construction projects that are additions to the capacity of the infrastructure system as the result of growth. The resources for SDC Reserves are Systems Development Charges.

  Construction Reserves – these monies are held in the Capital Construction, Water, Wastewater, Storm Water, and Airport Funds and are monies specifically designated for one or more capital projects. These would be cash balances held at the end of a fiscal year for a project where the time line crosses fiscal years, or bond or grant monies being held for a designated project.

Resolutions - A legal document adopted by the City Council that directs a course of action. In relationship to the budget, resolution refers to the document that levies taxes and sets legal appropriation levels.

Restricted Revenue - Legally earmarked for a specific use, as may be required by state law, bond covenants, or grant requirements. For example, many states require that gas tax revenues be used only for street maintenance or street construction.

Revenue - Monies received or anticipated by a local government from either tax or non-tax sources.

Revenue Estimates - A formal estimate of how much revenue will be earned from a specific revenue source for some future period; typically, a future fiscal year.

Revenue Shortfalls - Differences between revenue estimates and revenues actually received during the fiscal year.

Supplies and Services - A category of operating expenditures which include items such as contractual services, conference and training, charges for service, office supplies, and operating supplies.

System Development Charge (SDC) - A charge levied on new construction to help pay for additional expenses created by this growth or to compensate for already existing capacity in key facilities and systems already in place which support the new development.

Transfer - Amounts distributed from one fund to finance activities in another fund. Shown as an expenditure in the originating fund and a revenue in the receiving fund.

Unfunded Liability - A liability that has been incurred during the current or a prior year, that does not have to be paid until a future year, and for which reserves have not been set aside. It is similar to long-term debt in that it represents a legal commitment to pay at some time in the future.

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