City of Corvallis, Oregon

2012 - 2013

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, 2011.

GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

PRESENTED TO

City of Corvallis

Oregon

For the Fiscal Year Beginning

July 1, 2011

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

2012-2013

ADOPTED BUDGET

Mayor
Julie Jones Manning

Budget Commission

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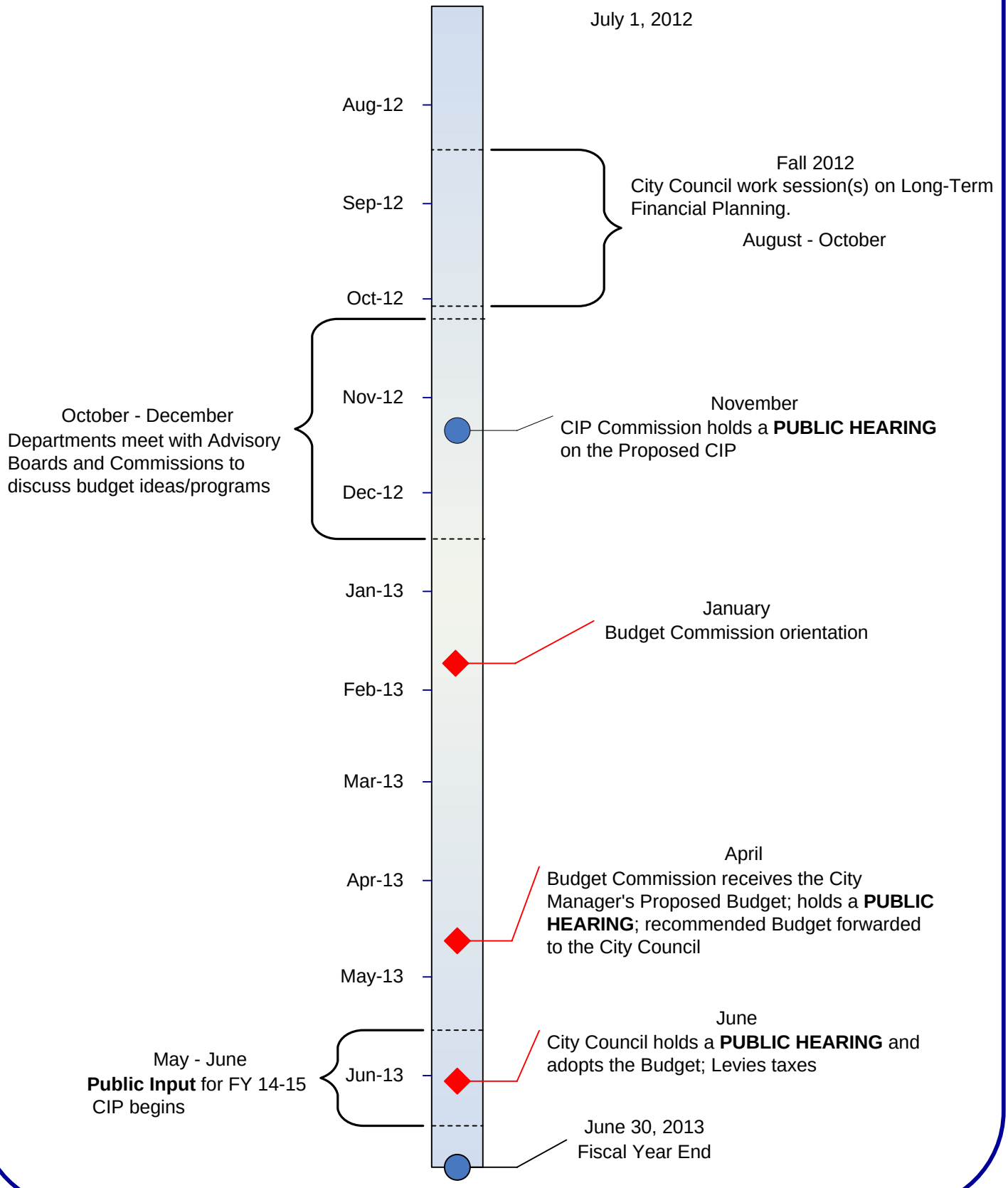
CORVALLIS CITY HALL

FY 13-14 BUDGET DEVELOPMENT TIMELINE – CITIZEN INPUT OPPORTUNITIES



June 5, 2012

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

RE: FY 2012-2013 Adopted Budget

The FY 2012-2013 Adopted Budget is presented here for your use during the year. This budget represents the culmination of a considerable amount of work by the Mayor and City Council, the Budget Commission, advisory boards and commissions and City staff.

I am proud of the budget our team presented to you in April and am pleased that the budget was adopted with only the amendments requested by City staff that will allow us to continue projects already under way or that are grant funded (Attachment 1 to this letter summarizes the total adopted budget for FY 12-13 including approved amendments). This budget begins to move the organization to the sustainable financial operation the City Council has foreseen in setting this important goal. Work is already underway to continue these work efforts, with a Council work session on long-term financial challenges set for September 2012.

I look forward to the coming year and all it holds for the community and the organization.

Respectfully Submitted,

James A. Patterson
City Manager

	FY 09-10 Audited	FY 10-11 Audited	FY 11-12 Adopted	FY 11-12 Revised	FY 12-13 Adopted	% Chg from FY 11-12 Adopted
Beg. Fund Balance	$38,509,590	$35,265,169	$33,298,392	$36,122,345	$30,942,517	-7.08%
Operating Revenue						
Property Taxes	20,693,273	21,707,796	24,194,090	24,357,560	23,904,680	-1.20%
Other Taxes	1,079,621	1,190,725	1,151,190	1,214,860	1,270,650	10.38%
License, Fees, Permits	7,064,183	7,594,923	8,025,850	8,367,380	8,740,150	8.90%
Charges for Service	38,035,119	39,595,595	38,363,030	38,836,060	39,728,150	3.56%
Intergovernmental	12,324,482	11,841,933	17,308,961	12,283,670	16,894,030	-2.40%
Fines and Forfeitures	1,033,123	1,230,295	1,385,740	1,246,380	1,283,410	-7.38%
Miscellaneous	2,351,120	1,533,233	3,206,010	2,387,885	2,617,670	-18.35%
Total Operating Rev.	82,580,921	84,694,500	93,634,871	88,693,795	94,438,740	0.86%
Non-Operating Rev.	6,023,119	8,023,133	14,049,368	12,309,450	11,734,273	-16.48%
Total Revenue	88,604,040	92,717,633	107,684,239	101,003,245	106,173,013	-1.40%
Total Resources	$127,113,630	$127,982,802	$140,982,631	$137,125,590	$137,115,530	-2.74%
Operating Expenditures						
City Manager's Office	2,961,644	3,077,696	3,060,210	3,028,590	3,302,670	7.92%
Community Dev.	4,535,417	5,776,916	8,711,800	5,681,710	7,626,640	-12.46%
Finance Department	4,666,622	4,647,986	5,017,380	4,934,600	4,790,210	-4.53%
Fire Department	11,040,774	10,413,153	11,384,830	11,258,800	10,449,720	-8.21%
Library	6,137,859	5,907,584	6,486,530	6,299,300	6,054,010	-6.67%
Parks & Recreation	5,651,098	5,441,267	6,096,500	6,004,310	5,928,130	-2.76%
Police	12,172,805	12,210,477	13,034,080	12,693,860	12,885,000	-1.14%
Public Works	26,497,695	24,170,737	30,371,830	27,372,530	29,651,700	-2.37%
Non-Departmental	1,787,025	1,425,391	1,317,300	1,281,300	1,363,450	3.50%
Total Operating Budget	75,450,939	73,071,207	85,480,460	78,555,000	82,051,530	-4.01%
Non-Operating Budget						
Capital Projects	3,190,855	4,715,906	11,819,633	7,196,933	9,493,868	-19.68%
Debt Service	7,214,116	8,200,473	8,182,690	8,182,690	7,119,140	-13.00%
Transfers	5,992,551	5,872,871	14,049,368	12,248,450	10,849,273	-22.78%
Other Non-Op Uses	0	0	0	0	855,000	0.00%
Contingencies	0	0	1,419,840	0	1,611,260	13.48%
Total Non-Op. Budget	16,397,522	18,789,250	35,471,531	27,628,073	29,928,541	-15.63%
Total Appropriated Budget	$91,848,461	$91,860,457	$120,951,991	$106,183,073	$111,980,071	-7.42%
Ending Fund Balance	$35,265,169	$36,122,345	$20,030,640	$30,942,517	$25,135,459	25.49%

April 13, 2012

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

RE: FY 2012-2013 Proposed Budget

INTRODUCTION

I am pleased to present the Proposed Budget for FY 12-13 in accordance with Section 23, Item C, #5 of the City Charter and with the City Council's Financial Policies for a balanced budget. This budget is balanced, meets City Council policies, and reflects significant effort within the organization to achieve the City Council's goal of a financially sustainable budget, rising to the challenge that "Business As Usual Is Not An Option." Staff has developed a budget that meets the Overarching Core Responsibilities as they were discussed and defined with the City Council last December and used by City staff as filters for decision making. This Proposed Budget should better meet market expectations for how the City's finances are managed so that the City can be taken off "Negative Outlook" by the Moody's Rating Agency as the City's General Fund Balance Reserve is developed and initial funding is implemented.

FINANCIALLY SUSTAINABLE BUDGET

The FY 12-13 Proposed Budget has been developed to achieve the City Council's goal of a financially sustainable budget. During the last six months, the City Council has directed policy revisions and held a series of work sessions to provide direction to staff that has been incorporated throughout the budget process. Specific achievements include:

- In May 2011 the voters approved a three-year $0.45 per $1,000 local option tax levy that brings in around $1.8 million annually to fund services at the Chintimini Senior Center, the Osborn Aquatic Center, the Corvallis-Benton County Public Library, and to fund grants to social service agencies. This levy permitted some operational areas to continue to function in FY 11-12 to provide time for the Council to address the long-term financial sustainability of the organization.
- The Council's separation and compensation policies have been revised to more specifically address the City's ability to pay as a critical component of compensation issues. This budget has been developed in compliance with these policies; contractually obligated step increases have been included, but the Proposed Budget does not include monies for cost-of-living-adjustments (COLAs) or for benefit cost increases.

- The Council's Financial Policies have been significantly revised to confirm the Council's commitment to a property tax fund reserve that equals three months of payroll costs, and develops a systematic method to build that reserve to preserve the City's bond rating after the City was placed on negative outlook by Moody's last June. This Proposed Budget includes establishing a fund balance reserve, with the first year funding at 30 percent of target, far exceeding the ten percent funding level identified in the Financial Policies.

- Financial policies have also been revised to more specifically address funding vehicle reserves to ensure the important tools for the City to meet its service requirements are available, operational, and meet the community's needs. This Proposed Budget includes adequate contributions to vehicle replacement reserves for all operational areas.

- The City reached agreement with the American Federation of State, County, and Municipal Employees (AFSCME) for a one-year contract term for FY 11-12 with no cost-of-living-adjustment and two furlough days to cover the increased costs of medical/dental benefits. This Proposed Budget carries over the terms of that contract, according to AFSCME's notification that they do not intend to bargain for a successor agreement; the City has notified AFSCME of its intent to pursue additional changes to work hours to cover increased costs of medical benefits expected for the 2013 calendar year.

- The Parks & Recreation Department developed a Cost Recovery Model that promises to enhance the sustainability of Parks & Recreation programs. This Proposed Budget includes increased revenue projections totaling $94,920 that are the result of implementing the new model.

- Finance Department staff developed a new financial plan model for the property tax supported operations that matches recurring revenue with recurring expenditures, setting "the green line" as the focus for a sustainable financial operation (see page 58 for the financial plan). As identified in Council work sessions, when "the green line" is positive, the City's financial operations are sustainable, and the City is "living within its means." The new financial plan also shows a "yellow line" at the bottom of the page. The yellow line must be zero or positive to meet the State's definition of a balanced budget. This Proposed Budget is sustainable for FY 12-13; "the green line" is positive. Future years are not yet balanced, with cost increases in FY 13-14 currently projected to grow faster than revenues. Higher costs in FY 13-14 will include adding back funding for 5.51 FTE that are included in the FY 12-13 budget as "authorized but unbudgeted" in the property tax supported funds and an estimated six percentage point increase in the City's Public Employee Retirement System (PERS) employer rate; actual rate increase information will not be known until late fall 2012. The new model will be extended to other fund financial plans in future years if such a change would be helpful in examining each fund's financial stability.

- The City Council gave direction for developing a balanced budget within existing revenue sources at the several work sessions where revenue alternatives were discussed. This Proposed Budget does not include any new revenue sources. It does not include any projected increases in fees or rates beyond those previously discussed with City Council during utility rate reviews for the three utilities and for Parks & Recreation Fees under the new cost recovery model. New revenue sources may be considered by the City Council in the future, but staff expects that consideration to be part of a larger strategic planning effort for the City's future.

I have worked with the team of competent and experienced Department Directors to develop a spending plan that achieves the City Council's goal of a sustainable budget. At the first meeting with Department Directors to begin budget work, there was unanimous agreement that the Proposed would have to meet Council's definition of sustainable – the green line would have to be positive – even if achieving a balanced budget on the yellow line that meets State law would be easier. All Department Directors are in agreement that to achieve long-term financial sustainability, short-term or one-time actions would not be enough; decisions to deliver services in a different way must be made.

As we discussed how to achieve a balanced budget a number of ideas and concepts were considered. As an overarching concept, all Department Directors acknowledged that we are, above all else, a service organization. Governments do not run on balanced budgets; governments run on the skills, efforts and dedication of employees. With 65 percent of the City's property tax funded, recurring, operating budget going to wages and benefits, we discussed a number of options to save money without cutting positions or services. Almost all came back with the

same caveat, time after time: for all employees except exempt, deleting or changing these benefits requires bargaining. Concepts discussed, but not implemented include:

Concept	Organizational Savings	Property Tax Funded Savings
All current employees on the HMO-like plan go to the same level PPO plan	$707,900	$301,530
Give no step increases	206,630	123,380
Cut wages by 1% for all employees	377,310	232,790
Delete the Wellness Incentive	247,749	148,189
Delete the Attendance Incentive for all employees	171,735	119,841
Delete the post-1992 hire retirement health benefit payments for all employees	143,400	65,301
Delete the ability for employees to cash out unused vacation time during the year (they would still receive this pay at separation)	355,520	210,965
Delete the CPOA contract allowance to cash out holiday time	76,060	76,060
Delete the Bi-lingual Incentive	37,530	33,518

Many of the numbers in the table above represent the potential for significant, long-term savings for the City. However, the requirement to bargain them for most employees substantially impacts the ability to implement this kind of change to save services or jobs. While some of these changes may be implementable through labor negotiations, none of the labor units has yet come to an agreement for the 2012-2013 fiscal year. The current status of labor negotiations is:

- International Association of Fire Fighters (IAFF) – is in negotiations.
- Corvallis Regional Communications Center Association (CRCCA) – is in negotiations.
- Corvallis Police Officers Association (CPOA) – is in mediation for a contract term beginning July 1, 2011.
- American Federation of State, County, and Municipal Employees (AFSCME) – neither the City nor AFSCME notified the other by the deadline to reopen the contract so the one year agreement from FY 11-12 rolled over for an additional year. The City has notified AFSCME of our intent to consider changes in work hours; AFSCME has not, as of this writing, notified the City if they wish to bargain the impact of those changes.

Exempt employees (mostly managers/supervisors) recommended to the City Manager that they take no cost-of-living-adjustment for FY 12-13 and effective January 1, 2013 the HMO-like insurance plan, which is the most costly to the City, will no longer be available to exempt employees. Furthermore, this group recommended that the cafeteria amount for health insurance be revised to cover 100% of family coverage on the lowest premium cost consumer driven health plan plus the PPO plan dental and vision coverage. Whether that will result in an increase or decrease to the current cafeteria amount will not be known until premium rates are agreed upon for the 2013 calendar year. However, this change is expected to save the City $50,000 to $97,000 depending on which replacement insurance package the employee selects.

While salaries and benefits can be more easily altered for exempt employees than for those in bargaining units, decreasing exempt employee compensation while other units are not decreasing compensation is not an equitable path for all of our valued City employees. Department Directors and I have agreed to eliminate our vehicle allowance, saving $25,200 across the organization, and I will respectfully decline to take my contractually authorized merit increase, but no other compensation changes have been proposed.

OVERARCHING CORE RESPONSIBILITIES

Perhaps the most significant change in this budget process has been the addition of the filters associated with the overarching core responsibilities. The five filters, and their definitions as used by staff, are:

Resident Well Being – Residents have the opportunity to access services that facilitate their comfort, health, and happiness and they are secure in the knowledge that the City is doing its work well. Areas of emphasis include culture, recreation, events and festivals, celebration of diversity, protection of the environment, active and convenient regional transportation system, citizen involvement and access to health and human services.

Public Safety – It's safe here. Safe in your person, your property, your place, your parks, and the environment around you. Safe at day, and at night. Safe in the water you drink or swim in. And safe in the knowledge that the individuals providing City services perform at outstanding levels, are responsive to calls for assistance, and put extraordinary effort into education and prevention of hazards and crime as well as enforcement. Areas of emphasis include safety and security of citizens and their property, and emergency management planning.

Infrastructure – The City has the human capital, facilities, furnishings, equipment, supplies and programs needed to assure effective and efficient delivery of services to the citizens. There is a well-thought-out plan for capital improvement. The entire infrastructure the City is responsible for is in good working order, and is being maintained to "best practices" levels for a healthy community. The City has plans in place to address the current and anticipated future need for services. Areas of emphasis include active and convenient regional transportation system and airport, fully functional and well maintained public facilities seen and unseen (what is underground that we must care for like water, wastewater, storm infrastructure), and work force planning.

Livability – Corvallis is a well-maintained, beautiful community. It has a wide range of places and programs and services to satisfy the full spectrum of humanity's need for physical, educational, aspirational, and spiritual pursuits. It is the sum of the factors that add up to a community's quality of life, including built and natural environments, economic prosperity, social stability and equity, educational opportunity, arts and cultural entertainment, and recreational opportunities all of which are valued and provided. Areas of emphasis include promoting economic vitality, maintaining healthy neighborhoods through the application of codes and enforcement, quality schools, city, county, school district, University, and non-profits working together to minimize administrative expenses and focus resources and community concern.

Economic Vitality – The City develops and manages innovative services, programs and facilities that provide an environment that attracts and retains business, customers, residents and tourism. The community is an attractive place for private investment. There are ample job opportunities for a wide range of skill levels, across a broad range of compensation levels. Businesses, spanning a diverse spectrum are growing and prospering here. Startups are thriving here. Areas of emphasis include building on links to higher education, high tech industry and health care; active and convenient regional transportation system; environmentally sound industries; promoting integration and fostering local businesses; regional cooperation; and clean industry.

As staff developed budget proposals and the required packages to cut and balance the budget, each department considered these five filters. As Department Directors met to discuss their potential reductions, these filters were used again to balance programs against each other. What resulted from these discussions is the Proposed Budget before you today. It is balanced and reflects a substantial work effort to achieve the overarching core responsibilities as defined above.

THE BUDGET PROCESS

The FY 12-13 budget process has been significantly different from prior years. The City Council held more work sessions, looked at revenue alternatives but decided not to pursue any at this time, reviewed services provided, and how staff proposed using and defining the overarching core responsibilities of the City. Based on Council feedback, the public aspects of the budget process were revised to decrease the number of Budget Commission meetings, and to place more of the responsibility for balancing service reductions as well as considering service additions with the City

Manager so that I can meet my statutory and charter requirements as the City's Budget Officer to prepare and present a balanced budget.

I have spent the last few months working very closely with Department Directors to consider the overarching core responsibilities of government, departmental spending plans, impacts of service reductions, impacts of Council Goals on different work areas, community support for City services (which continues to be very high), and proposals to expand services supported by the City Council in relation to their goals.

Preliminary budget proposals, assuming all current services continue at their current levels, left "the green line" at a negative $1.9 million assuming $42.3 million in potential expenditures; if all property tax supported fund balances were drawn down to $0, the yellow line was a negative $800,000. In other words, the budget was unbalanced at the rate of $800,000 or 1.8 percent of recurring expenditures, but was unsustainable at the rate of $1.9 million or 5.07 percent of recurring expenditures. With that information in hand, Department Directors agreed to develop service reduction packages that totaled 5.07 percent of each departments' recurring operating expenditures in each of the four property tax supported funds. Every business unit was on the table for reduction.

Department Directors and I have developed a budget with the same considerations in mind that have been shared with the City Council at the February work sessions:

1. All budget actions must serve to enhance citizens' level of trust in City government. I believe this Proposed Budget meets this goal by developing a spending plan that is within existing annual revenues. We have a Proposed Budget that "lives within our means."

2. Business as usual is not an option. Proposals to cut budgets will mean that in many cases work and service delivery will be done differently, or not at all. This means that staff will need to consistently, frequently and politely remind City Council and the community that the capacity for some projects may not exist and more prioritization of projects may be necessary.

3. We must keep in mind the importance of our City of Corvallis bond rating. This Proposed Budget meets the Council's Financial Policy to implement a specific fund balance reserve and to return General Fund reserves to the stated policy level of three months of payroll costs ($6.3 million) by an initial, specific contribution of 10 percent of that amount funded from recurring revenues plus just over $1.3 million from the expected beginning fund balance that will push the fund balance reserve at the end of FY 12-13 to 30% of the City Council's targeted amount.

4. We will not grow local government unnecessarily. The Proposed Budget does not grow local government services; rather, when the budget is implemented, local government services will be reduced.

5. We will plan for a financially sustainable future. The Proposed Budget meets the City Council's goal of a financially sustainable budget, with cuts in FY 12-13 that achieve a positive "green line" for the property tax funds combined. Though I had hoped these actions would also result in FY 13-14 projections being sustainable with no additional budget reductions, potential costs to add back a total of 5.51 FTE that are "authorized but unbudgeted" in FY 12-13 ($384,800), along with projected step ($78,600) and projected PERS rate increases ($1,020,600) are still pushing FY 13-14 expenditures nearly four percent higher without budgeting for potential cost-of-living-adjustments or benefits increases; with revenue growth projected at under three percent, FY 13-14 does not yet meet the sustainable budget plan. This will require some additional budget decisions when we develop the FY 13-14 budget, after the actual PERS rate increase is known, and will also allow the City Council to turn its attention to a longer term strategic financial plan to address the end of the local option levy on June 30, 2014.

6. We will incorporate the revised financial policies into the budget. The Proposed Budget follows the City Council's revised Financial Policies, including funding vehicle reserves, and initiating and funding a fund balance reserve in the General Fund.

7. Any increases in staffing will be associated with an adopted legislative Council action, reduction of staffing in another department, Council adoption of new taxes or fees to support services, or increases in existing fee or tax resources. The Proposed Budget includes an increase of only 2.0 FTE in staffing to establish the new Economic Development Office within the City Manager's Office in compliance with the Economic Development Commission's recommendation and the Council's acceptance of that recommendation.

8. Any proposal to reduce or eliminate services or financial support to the community should be considered very carefully with the future in mind and the potential impacts to our City. The Proposed Budget includes reductions in the grants to both the Corvallis Arts Center and the Social Service Allocations at the same 5.07 percent rate that all operating departments were challenged to cut budgets. The 2011 levy funding for Social Services continues with its full allocation. These reductions have been carefully considered, and staff only placed them on the table after recognizing the impact the reductions would have on our community partners, but also acknowledging that with all business units making reductions, it was appropriate to ask these partners to make the same level of reduction.

9. Any proposal to reduce our work force should be considered very carefully, recognizing these decisions will impact employees and their families. This Proposed Budget cuts a net of 12.92 FTE, and holds 8.26 FTE in all funds (including 3.0 FTE Police Officer positions) as authorized but unbudgeted. Recognizing this expected financial situation, department directors have left positions vacant to manage as many of these reductions without laying off employees as possible. Still, this Proposed Budget will result in 18 individuals in filled positions (including Parks Seasonals) who will either have hours of work reduced or eliminated or will be moved to a different work area. I recognize that this creates more local economic challenges as this increases the ranks of unemployed people in Corvallis. However, for the City of Corvallis to operate sustainably, this is the action that must be taken in the absence of labor concessions that would reduce spending without eliminating positions.

10. Our Proposed budget should keep the City of Corvallis competitive and in line with the market place for wages and benefits for employees.

    a. FY 12-13 will mark the second year of no Cost-of-Living-Adjustment (COLA) budgeted for any employee.

    b. As of this writing, three labor units are still in negotiations that could impact costs in FY 12-13; AFSCME has "rolled over" its current contract which does not include a COLA.

    c. Exempt employees have already agreed they would take no COLA, would reduce benefits, and eliminate the HMO-like insurance plan as of December 31, 2012.

    d. Employees who are not at top step of their pay grades will receive the contractually obligated step increases.

    e. This Proposed Budget does not include any appropriations for increased costs of benefits; should actual benefit costs increase, and there is no mitigating action on the part of labor units through negotiations, departments will have to determine whether or not they can absorb the cost increases without further loss of jobs.

THE FY 12-13 PROPOSED BUDGET

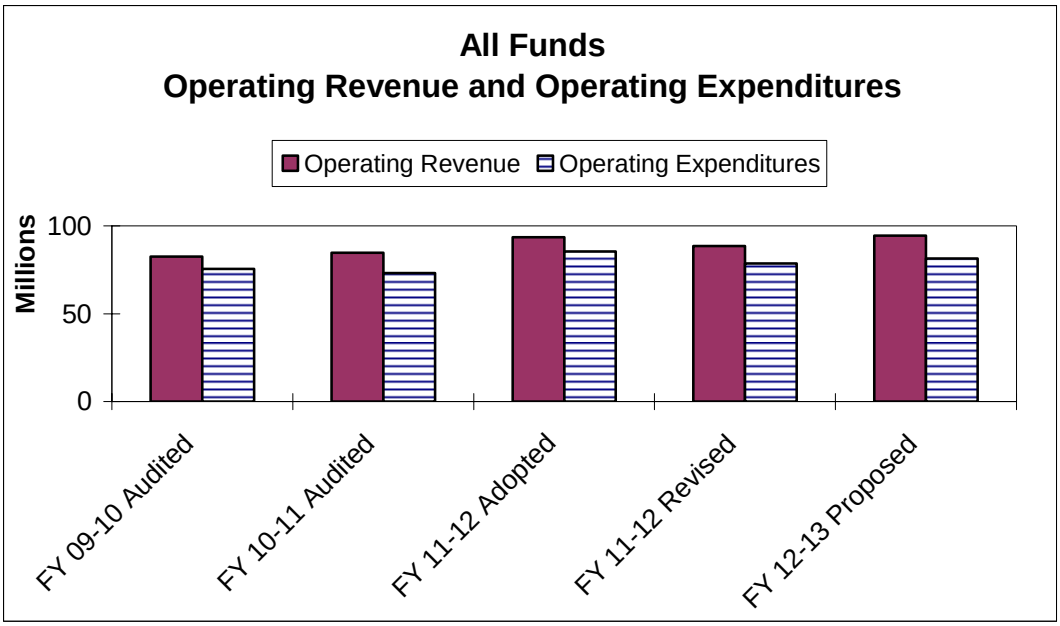
As the City Council is well aware, the City of Corvallis is facing another year of deficits in the property tax funded services, with a long-term projection that does not get better when the economy improves. However, it is important to note that the City has a number of operations that are funded from sources other than property taxes, and many of these service areas are also facing serious challenges. These include:

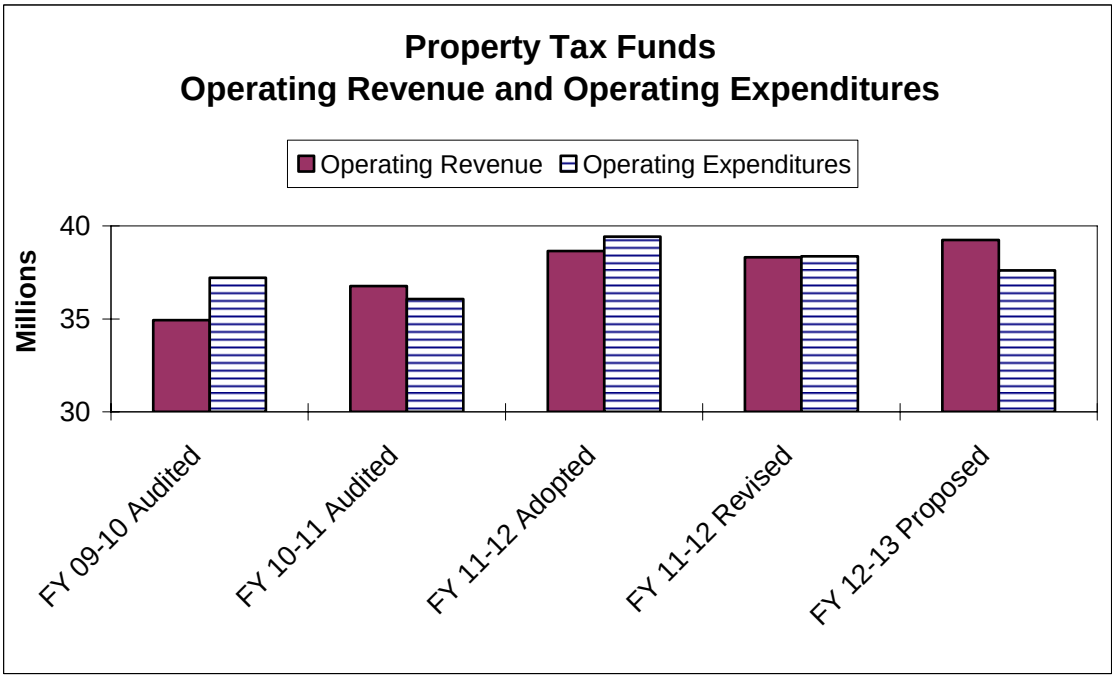
- In 2011 voters approved a three-year, $0.45 per $1,000 of assessed value (estimated to generate $1.8 million in annual revenue) local option property tax levy to fund Library, Senior Center, Social Services and Osborn Aquatic

Center services. The FY 12-13 budget continues these services, even as other service areas are being cut or eliminated. The local option levy will expire in June 2014; Council will work to develop a plan for these services by the end of calendar year 2013.

- The Street Fund, where State Gas Taxes have not kept up with the rate of growth in costs, or with the increasing level of demand for local or arterial street reconstruction or maintenance, has been carefully balanced for FY 12-13, with an expectation of more discussion with the City Council about long-term revenue and expense alternatives.
- The Water, Wastewater and Storm Water Funds continue to have challenges associated with implementing projects to maintain the existing infrastructure, meet new, more stringent regulations governing clean water, and maintain rate increases within Council policy levels of two to three percent each year. Rates were increased 3.3 percent on the average residential customer's bill in February 2012, with a rate increase of 2 percent for water, 4 percent for wastewater, and 10 percent for storm water currently projected for February 2013; these rate increases are projected to total 3.8 percent on the average total residential utility bill.
- The Community Development Revolving Fund, which has had a number of successes using federal CDBG and HOME funds to expand low income housing in Corvallis, and to provide social service grants that are so important to non-profit partners, expects continued reductions in the level of federal dollars available to meet these needs. The Housing and Community Development Commission will continue to work with staff to prioritize projects and seek additional grant funding where available.
- Transit operations were moved completely off property tax funding in FY 11-12 due in large part to continued Business Energy Tax Credit (BETC) and Transit Operations Fee revenue. Though the City was able to secure a partner to buy the 2008-2009 BETC credits, the City still has unused credits from 09-10 and 10-11 and expects to continue to accrue BETC credits, albeit at a lower rate, through 2014 when the program is expected to end. Staff continues efforts to find appropriate partners to use these State tax credits. In February 2012 the Transit Operations Fee (TOF) was increased 36% in compliance with the Council adopted ordinance that ties annual increases in the TOF to the price of gasoline. In accordance with the ordinance, staff has proposed an enhancement to transit service of $90,000, which translates to approximately 1,285 hours of additional service per year or a 4.9 percent increase. The options for service expansion are increased frequencies on some existing routes, service that starts earlier in the morning or ends later in the evening on some routes, expansion of the service area to provide service in the city where it isn't provided currently, or a combination of these. The City Council will make the decision on what form the service expansion takes after staff conducts a public process to get input from the community, and works with the Citizens Advisory Commission on Transit to draft a recommendation. This process is expected to be conducted through the summer with a goal to have the new service in place in time for the start of OSU's fall term.

It is in this context that the FY 12-13 Proposed Budget was developed. The City of Corvallis' total Proposed Appropriated Budget for FY 12-13 is $108,969,941, based on total anticipated revenue of $104,595,013 and a beginning fund balance of $30,856,387. Information about the assumptions made for FY 12-13 and future financial planning years are included in the section immediately following the Budget Message, beginning on page 31. I encourage all readers to review this information about the City's financial position. This budget represents a significant change in how property tax funds are budgeted to meet the City Council's goal for financial sustainability, with operating revenues budgeted to exceed operating expenditures as shown below:


All Funds
Operating Revenue and Operating Expenditures
Operating Revenue
Operating Expenditures
Millions
100
50
0
FY 09-10 Audited
FY 10-11 Audited
FY 11-12 Adopted
FY 11-12 Revised
FY 12-13 Proposed


Property Tax Funds
Operating Revenue and Operating Expenditures
Operating Revenue
Operating Expenditures
Millions
40
35
30
FY 09-10 Audited
FY 10-11 Audited
FY 11-12 Adopted
FY 11-12 Revised
FY 12-13 Proposed

FY 12-13 PROPOSED BUDGET – ALL FUNDS

	FY 09-10 Audited	FY 10-11 Audited	FY 11-12 Adopted	FY 11-12 Revised	FY 12-13 Proposed	% Chg from FY 11-12 Adopted
Beg. Fund Balance	$38,509,590	$35,265,169	$33,298,392	$36,122,345	$30,856,387	-7.33%
Operating Revenue						
Property Taxes	20,693,273	21,707,796	24,194,090	24,357,560	23,904,680	-1.20%
Other Taxes	1,079,621	1,190,725	1,151,190	1,214,860	1,270,650	10.38%
License, Fees, Permits	7,064,183	7,594,923	8,025,850	8,367,380	8,740,150	8.90%
Charges for Service	38,035,119	39,595,595	38,363,030	38,836,060	39,728,150	3.56%
Intergovernmental	12,324,482	11,841,933	17,308,961	12,283,670	16,861,030	-2.59%
Fines and Forfeitures	1,033,123	1,230,295	1,385,740	1,240,250	1,283,410	-7.38%
Miscellaneous	2,351,120	1,533,233	3,206,010	2,362,885	2,617,670	-18.35%
Total Operating Rev.	82,580,921	84,694,500	93,634,871	88,662,665	94,405,740	0.82%
Non-Operating Rev.	6,023,119	8,023,133	14,049,368	12,344,450	10,189,273	-27.48%
Total Revenue	88,604,040	92,717,633	107,684,239	101,007,115	104,595,013	-2.87%
Total Resources	$127,113,630	$127,982,802	$140,982,631	$137,129,460	$135,451,400	-3.92%
Operating Expenditures						
City Manager's Office	2,961,644	3,077,696	3,060,210	3,028,590	3,302,670	7.92%
Community Dev.	4,535,417	5,776,916	8,711,800	5,681,710	7,626,640	-12.46%
Finance Department	4,666,622	4,647,986	5,017,380	4,934,600	4,790,210	-4.53%
Fire Department	11,040,774	10,413,153	11,384,830	11,258,800	10,449,720	-8.21%
Library	6,137,859	5,907,584	6,486,530	6,299,300	6,054,010	-6.67%
Parks & Recreation	5,651,098	5,441,267	6,096,500	6,024,310	5,883,130	-3.50%
Police	12,172,805	12,210,477	13,034,080	12,693,860	12,878,870	-1.19%
Public Works	26,497,695	24,170,737	30,371,830	27,372,530	28,960,700	-4.65%
Non-Departmental	1,787,025	1,425,391	1,317,300	1,281,300	1,363,450	3.50%
Total Operating Budget	75,450,939	73,071,207	85,480,460	78,575,000	81,309,400	-4.88%
Non-Operating Budget						
Capital Projects	3,190,855	4,715,906	11,819,633	7,231,933	8,770,868	-25.79%
Debt Service	7,214,116	8,200,473	8,182,690	8,182,690	7,119,140	-13.00%
Transfers	5,992,551	5,872,871	14,049,368	12,283,450	10,159,273	-27.69%
Other Non-Op Uses	0	0	0	0	0	0.00%
Contingencies	0	0	1,419,840	0	1,611,260	13.48%
Total Non-Op. Budget	16,397,522	18,789,250	35,471,531	27,698,073	27,660,541	-22.02%
Total Appropriated Budget	$91,848,461	$91,860,457	$120,951,991	$106,273,073	$108,969,941	-9.91%
Ending Fund Balance	$35,265,169	$36,122,345	$20,030,640	$30,856,387	$26,481,459	32.20%

FY 12-13 PROPOSED BUDGET – PROPERTY TAX FUNDS

The challenges in the property tax funds have been, and continue to be, greater than those in other funds. As stated numerous times, the long-term fiscal challenge is structural and is a result of property tax revenue growth for operations (as opposed to debt service) that is limited to three percent (on average) by Statewide Constitutional limits, and expenditures associated with wages and benefits that are tied to State law requirements that grow considerably faster than three percent per year. Barring legislative action to change either the ability of local governments to control revenues and/or expenditures, the structural deficit will continue to push expenditure reductions for the City to "live within its means."

Total recurring revenue for FY 12-13 is projected to be only 3.1 percent higher than the current year revised budget and 2.76 percent higher than the current adopted budget. For FY 12-13, the City projects property tax revenue for operations from the permanent rate will be 2.8 percent higher than the revised revenue for FY 11-12. As of this writing, the Hewlett-Packard valuation appeal decision has still not been issued by the State, and the Comcast appeal of its centrally assessed value is in the early stages of the appeal process with no decision expected until early 2013. With those two significant appeals still pending, the projection for three percent growth in assessed value has been tempered with an expectation of continued loss of value from industrial zoned property and no offsetting growth from new development. Some of the multi-family housing units currently under construction are expected to bring a small amount of added value to the tax rolls in fiscal year 13-14.

Expenditures are projected to increase 2.9 percent above the FY 11-12 revised budget, but only $105,000 (around 0.25 percent) above the adopted budget for the current year. FY 12-13 will mark the third successive year of reductions in the property tax funded services required to achieve a balanced budget even as total projected expenditures increase.

The City has cut its property tax supported budget by over $4.5 million and 14.22 FTE in the last two fiscal years, with another $1.9 million and a net of 12.92 FTE cut in this Proposed Budget. The only positions added to the FY 12-13 Proposed Budget are the 2.0 FTE positions for Economic Development that have been added to the City Manager's Office budget in the General Fund as recommended by the Economic Development Commission. Staffing changes have impacted every department, as follows:

Staffing Changes FY 09-10 to FY 12-13

Department	FY 09-10 FTE	FTE Change FY 2010-2012	FTE Change FY 12-13	Total FTE Change	% Change
City Manager's Office	10.000	-0.250	+1.050	+0.800	+8.0%
Community Development	41.000	-2.750	-1.000	-3.750	-9.1%
Finance Department	39.000	-4.250	-3.000	-7.250	-18.6%
Fire Department	69.000	0.000	-3.000	-3.000	-4.3%
Library	46.650	-1.275	-2.625	-3.900	-8.3%
Parks & Recreation	38.640	-2.820	-1.720	-4.540	-11.7%
Police Department *	92.250	-2.000	-2.000	-4.000	-4.3%
Public Works	119.000	-0.875	-0.625	-1.500	-1.3%
TOTAL	**455.540**	**-14.220**	**-12.920**	**-27.140**	**-5.9%**

* The Police Department has 3.0 FTE Police Officers authorized, but unbudgeted in FY 2013; there are an additional 5.26 FTE that are authorized but unbudgeted in other departments/funds.

With the reductions in this Proposed Budget, staffing will be at the same level it was in FY 2001, with 4,570 more people living in Corvallis. The 27.14 FTE reductions equal 6 percent of the FY 09-10 total budgeted FTE and 6.2

percent of the FY 09-10 property tax supported budgeted FTE. The financial summary for the property tax supported operations is:

FY 12-13 PROPOSED BUDGET – PROPERTY TAX FUNDS

	FY 09-10 Audited	FY 10-11 Audited	FY 11-12 Adopted	FY 11-12 Revised	FY 12-13 Proposed	% Chg from FY 11-12 Adopted
Beg. Fund Balance	$8,209,477	$4,121,374	$3,532,060	$3,521,876	$3,043,526	-13.83%
Operating Revenue						
Property Taxes	$18,542,817	$19,730,852	$20,274,090	$20,420,530	$21,002,640	3.59%
Other Taxes	1,079,621	1,190,725	1,151,190	1,214,860	1,270,650	10.38%
License, Fees, Permits	5,303,031	5,481,731	5,624,980	5,666,960	5,708,610	1.49%
Charges for Service	5,116,360	5,349,585	5,470,200	5,528,550	5,856,500	7.06%
Intergovernmental	3,753,240	3,820,228	4,783,920	4,232,720	4,155,100	-13.14%
Fines and Forfeitures	661,414	809,652	976,510	833,020	830,110	-14.99%
Miscellaneous	484,574	383,698	378,880	410,140	423,850	11.87%
Total Operating Rev.	34,941,057	36,766,471	38,659,770	38,306,780	39,247,460	1.52%
Non-Operating Rev.	12,337	383,405	1,936,060	1,900,600	1,990,350	0.00%
Total Revenue	34,953,394	37,149,876	40,595,830	40,207,380	41,237,810	1.58%
Total Resources	$43,162,871	$41,271,250	$44,127,890	$43,729,256	$44,281,336	0.35%
Operating Expenditures						
City Manager's Office	$0	$0	$0	$0	$380,000	0.00%
Community Dev.	1,453,556	1,450,222	1,356,480	1,328,480	1,311,410	-3.32%
Finance Department	614,534	576,402	677,700	677,350	629,740	-7.08%
Fire Department	11,040,774	10,413,153	11,384,830	11,258,800	10,449,720	-8.21%
Library	6,108,299	5,907,437	6,456,530	6,299,300	6,023,510	-6.71%
Parks & Recreation	5,651,098	5,441,267	6,096,500	6,024,310	5,883,130	-3.50%
Police	9,978,567	9,914,796	10,502,180	10,258,450	10,346,090	-1.49%
Public Works	878,851	945,067	1,642,760	1,234,780	1,218,900	-25.80%
Non-Departmental	1,487,599	1,424,041	1,315,950	1,279,950	1,362,100	3.51%
Total Operating Budget	37,213,278	36,072,385	39,432,930	38,361,420	37,604,600	-4.64%
Non-Operating Budget						
Debt Service	0	30,389	244,430	244,430	243,880	-0.23%
Transfers	1,828,219	1,646,600	2,337,440	2,079,880	2,150,900	-7.98%
Contingencies	0	0	368,290	0	512,850	39.25%
Total Non-Op. Budget	1,828,219	1,676,989	2,950,160	2,324,310	2,907,630	-1.44%
Total Appropriated Budget	$39,041,497	$37,749,374	$42,383,090	$40,685,730	$40,512,230	-4.41%
Ending Fund Balance	$4,121,374	$3,521,876	$1,744,800	$3,043,526	$3,769,106	116.02%

This balanced, sustainable budget was accomplished with a number of reductions in services that are significant, and will alter the operations of the organization for the future. The budget cuts identified below were made in an environment where there are no good or easy choices, but Department Directors and I have developed a budget plan that represents difficult choices to obtain a sustainable financial future. Reductions/additions, and their impacts, include:

City Manager's Office Total reduction = $103,520 Target reduction = $105,271

- Eliminate the vacant Human Resources Manager position, and make changes to remaining positions to attempt to manage this work load.
- Eliminate funding for memberships in ICLEI, ICMA's Center for Performance Measurement, Oregon's Natural Step Network, and Cascade Pacific Resources.
- Add 2.0 FTE and the associated materials and services budget for the Council-directed Economic Development program. This program includes an anticipated $100,000 contribution from Benton County to partially fund this collaboration, and a project budget of $80,000, carried over from FY 11-12 unused economic development funds that will be used to begin implementing recommendations from the Economic Development Commission.

Community Development Department Total reduction = $71,500 Target reduction = $70,535

- Eliminate 1.0 FTE Planner. The reduction will eliminate the only position dedicated to long-range planning and reduce the overall Planning Division staffing by 17%. This will significantly impact the ability to address planning work program priorities and other projects.

Finance Department Total reduction = $250,730 Target reduction = $245,145

- Cut .50 FTE Court Clerk at Municipal Court. This will result in the City closing Municipal Court offices to the public on Tuesday mornings and at least a portion of the day Friday so that full staffing can be maintained on the days when trials and arraignments are scheduled and during the rest of the time the remaining staff can focus on processing case files.
- Cut 1.0 FTE System Administrator in the MIS operation. This will result in less work being done on IT projects across the organization.
- Cut .25 FTE Accounting Specialists, 1.0 FTE Treasury Analyst, and .25 FTE in the Budget Office. These cuts will result in changes to a number of internal business practices for the entire organization, and will also result in some tasks not being completed.
- Eliminate $15,000 for Sustainability Project funding that has been used by all departments to fund initial costs of projects where long-term savings could be identified after the initial investment. This will mean that departments will need to find funding from within their own budgets if they have a project that has up-front costs that they wish to pursue.

Fire Department Total reduction = $478,510 Target reduction = $547,472

- Eliminate 3.0 FTE. This will result in closing a fire station and re-deploying 6.0 FTE to another station to provide a fourth ambulance to better meet the demands for service where 70 percent of calls are medical related rather than fire suppression related. While this is a difficult recommendation to make, it is the only decision that can be made that meets the requirement for a sustainable budget for FY 12-13 and the future.

Library Total reduction = $322,170 Target reduction = $319,019

- Eliminate .50 FTE Reference Librarian, .625 FTE Lead Librarian, .50 Shelver, and 1.0 FTE Library Specialist III. Cutting a half time Reference Librarian position will mean there will be extended waits for assistance in person, on the phone, or electronically for users of library reference services, and fewer programs for adults will be offered. Eliminating a shelver position means that items will not be shelved in as timely a fashion as previously, which will make it more challenging for patrons to locate recently returned materials. Eliminating a Library Specialist III will mean that new items will not be cataloged as quickly as in the past, so patrons may experience extended wait times for new materials. Interlibrary loan service will be affected and there may be extended wait times for interlibrary loan requests to be processed. Eliminating the Lead Librarian position will make it more challenging for the library system to plan for opening the new Monroe Community Library;

more challenging to plan for and evaluate library outreach services; and more difficult to plan for and evaluate the bookmobile service.

- Reduce the budget for software maintenance for the catalog system. There is no impact from this reduction since the vendor will continue to provide the same level of service at a lower cost.

- Reduce the non-levy materials budget by $102,179 which will result in thousands fewer items to be purchased; fewer magazine subscriptions available; and possibly extended wait times for popular materials.

Parks & Recreation Total reduction = $256,590 Target reduction = $296,296

- Eliminate .5 FTE Recreation Coordinator, a .5 FTE vacant Parks Operations Specialist position, delay hiring of the vacant Parks Supervisor position until October 2012, cut one month off the Parks Seasonals work schedule to reduce .72 FTE total, and for FY 11-12 delay hiring Seasonals (late in fiscal 2012) by two weeks. Reduce the budgeted benefits for Seasonals by $14,000, defer the Majestic Theatre HVAC replacement by one year to save $30,000. Reduce casual hours at the Osborn Aquatic Center along with cutting some supplies.
- The budget reductions in Parks and Recreation will impact the Department's ability to develop and implement Natural Area planning activities which delays habitat improvement. Staff anticipates extended intervals between routine repairs and turf mowing, and decreased landscape aesthetics. The Recreation program will discontinue specific recreation programs to accommodate the reduction in capacity through less staff. Projects and contracts supported by administrative staff will take longer due to staff reduction.
- Increase revenues by nearly $55,000 by increasing fees.

Police Department Total reduction = $538,840 Target reduction = $538,764

- Eliminate 1.0 FTE Lieutenant which will require a structural re-organization. The department will no longer have an administrative lieutenant to perform the many ancillary duties that had been removed from the workloads of the three patrol lieutenants. These duties will return to the patrol lieutenants reducing their abilities to oversee the operations of the patrol functions. While not a best practice, the Police Department believes this cut is sustainable for a period beyond the three-year financial planning period.
- Hold as authorized, but unbudgeted, 3.0 FTE Police Officer positions with the hope that funding for the positions can be secured in FY 13-14. This includes eliminating one Police vehicle and various materials and supplies associated with the three positions. As police officer positions are reduced for the purposes of budgetary savings, the Police Department will be forced to use overtime funds to minimally meet service demands. Current overtime requirements use salary savings from existing vacancies to meet overtime costs. In FY 12-13 there will be no police officer vacancies planned which means there will be no enhanced funding for overtime costs. By not staffing these positions, the community will likely experience significant delays in police officer responses and limited responses to certain low-level offenses. The police staffing level for FY 12-13 is now set at the same level the City had in 1992 (20 years ago) at 53 sworn officers. It is the belief of Police management that a staffing level of only 53 sworn officers cannot continue to be sustained and this is why the reductions of 3 officers is listed as "authorized but unbudgeted" as opposed to an ongoing cut in FTE.
- Eliminate 1.0 FTE Senior Administrative Specialist position; some of the work previously done by this position will be done by others in the department.

Public Works **Total reduction = $68,100** **Target reduction = $48,124**

- Eliminate 1.0 FTE for the Sustainability Supervisor; increase the Sustainability Program Specialist to 1.0 FTE (from .625). The program will be reduced by 40%, with a corresponding impact on the work able to be accomplished. This would most significantly be felt in the support provided to community sustainability programs and initiatives. For example, staff would no longer serve on the Corvallis Sustainability Coalition's Steering Committee and there would be little capacity to pursue new, community-initiated proposals. As a result, either these proposals would not be taken on by staff or the process to review and make recommendations would take significantly longer. The organization's sustainability program would also be impacted with no coordination for the continued systematic implementation of a comprehensive program. Most likely, the focus would shift to a centralized resource for departments, offering assistance with grant identification and writing, life-cycle analysis, research for best practices or new technologies, training, and communications.
- Transfer .20 FTE of the City's surveyor out of the General Fund into the Street and Utility Funds. This will require departments supported by the property tax to pay for Surveyor services directly when needed or to contract for those services with an independent surveyor.

Non-Departmental **Total reduction = $14,920** **Target reduction = $70,994**

- Reduce the non-levy funded portion of the Social Services Allocation budget by $12,680. This will reduce the total amount of social services allocation funding to $344,590, including the levy funded portion of $107,270. It is important to note the City Council recently approved a range of funding for the Social Services Allocation that allowed for larger reductions to the allocation.
- Reduce the grant to the Corvallis Arts Center by $2,240. This will reduce funding for the Arts Center programs to $41,890, but continues to provide a direct cash grant they can use as match for other grants. The City also continues to contribute more than $10,000 per year for operations and maintenance of the Arts Center's facility, which the City owns and provides rent free to the Arts Center.
- The balance of expenditures in Non-Departmental have offsetting revenues that make them unavailable for reduction. Costs for Retiree Benefits required by State law, where the retiree reimburses the City for the costs are increasing nearly $37,000 based on rate increases and more retirees.
- This budget also increased for the one-time costs of the OSU collaboration project which is being funded by the City and OSU in accordance with the intergovernmental agreement.

These staffing and service reductions are almost all on-going in nature, and reflect Department Directors' commitment to provide high quality services to the community, albeit at diminished levels. The decision to place these reductions on the list was not taken lightly or in a haphazard manner. All were evaluated under the Overarching Core Responsibilities filters, and in many cases these services meet four to five of the five Core Responsibilities – as do the remaining services included in the budget. However, as Department Directors discussed the concepts of a sustainable budget, where recurring revenues equal or slightly exceed recurring expenditures, and with the list of significant savings associated with bargaining effectively off the table for this budget, all Directors agreed that short-term or one-time actions would not be enough – long-term, significant changes in how the City does its business must be the rule.

These were not the only ideas staff considered. Still under discussion are issues such as a reduction in work hours, with employees in some work units indicating a desire for all to take slightly less pay by working fewer hours and not reducing the work force. Staff have discussed an early retirement incentive, but such an incentive comes with costs up-front, and thus far no incentive plan has been developed where the savings would more than cover the initial costs. I remain hopeful that the City's labor units are willing to negotiate changes in their respective contracts that save the services identified above; changes that would more effectively bend the curve toward organization-wide fiscal sustainability for the long-term.

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. The City Council elected for the 2011-2012 term adopted four goals, and work on these goals has been underway for the last fifteen months.

The goals, and the specific FY 12-13 budget implications of the goals, include:

1. 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. This goal has had significant, organization-wide focus, as has been noted above and throughout this budget document.

2. 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. Community Development staff have been actively engaged in this matter over the last year, in concert with the Benton County Health Department and Parks and Recreation staff. A specific area called out in the goal is potential changes to the Land Development Code. Staff has conducted research and developed a menu of options for evaluating the goal of developing recommendations for the Planning Commission and City Council to consider in 2012. Parks and Recreation staff, working with the Parks, Natural Area and Recreation Board, are nearing completion of the Community Garden Master Plan. The Plan serves as a blue print for the development of future gardens that will increase access to locally produced food.

3. 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) made their recommendation for an Economic Development plan to the City Council in January 2012, and followed that with a recommendation for staffing a City of Corvallis-Benton County Economic Development Office within the auspices of the City Manager's Office. This Proposed Budget includes $380,000 to establish such an office and provide project monies to initiate an Economic Development program. This budget includes funding for 2.0 FTE staff positions, various materials and supplies, and a carry-over of $80,000 in FY 11-12 unused Economic Development monies to be used for program start-up costs. Funding for this effort comes from monies that have historically been budgeted for Economic Development grants to other agencies, a $100,000 contribution from Benton County for their share of the program, and budget reductions made elsewhere in the City Manager's Office budget. Work on the EDC's recommended program is expected to begin early in FY 12-13, including staffing the Economic Development Office.

4. 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. Mayor Manning and OSU President Ed Ray have worked to facilitate the Steering Committee appointment and to begin work on the first set of defined projects – Track I will focus on traffic and parking; Track II will focus on neighborhood density, infill design standards and housing opportunity areas; and Track III will focus on ways to enhance livability in neighborhoods near the OSU campus. Work group members have been appointed, a project manager and transportation consultants have been engaged and work has already begun, with the next round of public meetings occurring around the same time this Proposed Budget is being made public.

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 consider and on which to remain focused:

1. As of this writing, three of the four labor units of the City are still in negotiations for contracts effective July 1, 2011 or 2012. The Proposed Budget does not include any increases for cost-of-living or benefits, but includes contractually committed step increases where required; future years in the financial plans do not project any wage or benefit increases except for the step increases and the projected PERS rate increase for July 1, 2013. As of the end of March, 34 percent of the City's employees were not yet at the top step of their existing pay grades. Clearly, to achieve a long-term sustainable budget will require a significant focus on controlling wages and benefits or seeking additional revenue sources to continue to provide the diminished service levels the City will have during the coming year.
2. The City's long-term financial sustainability will continue to be a challenge, and will require more Council time for discussions. Issues to be resolved in what staff anticipates to be a strategic planning process include:
    a. A decision by December 2013 about whether or not to renew the local operating levy that will expire in June 2014.
    b. A decision on whether or not to pursue forming a 9-1-1 or Parks & Recreation District.
    c. A decision on portions of joint operations to implement for the Corvallis and Albany Fire Departments.
    d. A decision on how to address some pending facility needs, such as the Fire Department training facility, relocation of Fire stations, and potential acquisition of the Municipal Court building.
    e. Discussion and decisions on some of the pressures in other funds, most notably the Street Fund.
3. Staff in the Management Information Services (MIS) work group in Finance and in the Information Resource Management (IRM) work group at Benton County continue to work on a plan to implement a joint Information Technology (IT) operation serving both organizations. Over the coming months, difficult decisions on how to implement such a plan will be made and shared with the City Council and County Commissioners. Similar work is being done to consider joint operations in Human Resources.
4. Work on the City/OSU collaboration initiative is expected to take a significant amount of time for both Council members and staff during FY 12-13. Work is already underway on the three focus areas and the Council will likely have a number of decisions to make that will affect both the organization and the community.
5. The new Economic Development Office will be gearing up to begin work early in the fiscal year. As an organizational effort, increasing the developed property within the City and the County is an important focus since it is the only way to significantly increase existing property tax revenues.
6. The Oregon PERS system continues to remain underfunded, and as a result future year contributions are expected to increase significantly. For FY 12-13, the City projects employer payments to PERS will be 3.6 percent of the total expenditure budget (6.4 percent in the property tax funds). The financial plans currently project a PERS employer rate increase of six percent of payroll effective July 1, 2013 for an increased cost of $1.9 million organization-wide, about $1 million of that in the property tax funds; actual rate increases will be developed and provided to the City late in calendar year 2012.

SUMMARY

This has been a challenging budget to develop. Every day our City and our public face a constantly changing landscape of risk and opportunities. The reality for City leaders in making decisions about this budget is they have to be made in a dynamic environment and uncertain economic conditions that are characterized by changing circumstances and complex situations. I deeply appreciate the leadership of the City Council in developing the goal to have a financially sustainable City budget, and for all of the work that they have done over the past year to modify policies and make

their financial sustainability intentions clear. The City Council, along with staff, have completed a significant amount of work in a relatively short time to set the direction for developing this budget. I could not have accomplished the work on this Proposed Budget without the assistance of a knowledgeable, experienced and professional group of Department Directors who have accepted the challenges placed before them with resolve and respect for each other, our employees, the services the organization provides, and the members of the community who benefit from these services. Throughout this process, staff kept the Overarching Core Responsibilities and the considerations for developing this budget the focus. I appreciate their support as we worked through this difficult process, and as we look forward toward implementation of this budget.

Respectfully Submitted,

James A. Patterson
City Manager

Review & Concur:

Assistant City Manager

Interim Public Works Director

Community Development Director

Parks & Recreation Director

Library Director

Police Chief

Fire Chief

Finance Director

CORVALLIS

ENHANCING COMMUNITY LIVABILITY

BUDGET & FINANCIAL PLANNING OVERVIEW

The following section provides a financial overview of the City's operations in FY 12-13 as well as information related to long-term planning.

The City Council and the Budget Commission use three-year 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 here 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): Hal Brauner, Curtis Wright, Jacque Schreck, Mark O'Brien, Elizabeth French *Standing*: Mike Beilstein, Richard Carone, Laurie Mason, Biff Traber, Barbara Bull, Dan Brown, Jeanne Raymond, Karyle Butcher, Roen Hogg, Richard Hervey, John Davis *Not Pictured*: Terri Cook, Joel Hirsch

City of Corvallis
Budget by Fund

Total Budget

$111,980,071

Property Tax Funds

$42,612,573

General Fund

Op $15,254,370
Non-Op $2,181,300

Parks & Recreation Fund *

Op $5,928,130
Non-Op $1,376,813

Fire & Rescue Fund

Op $10,449,720
Non-Op $1,112,680

Library Fund *

Op $6,053,510
Non-Op $256,050

Other Special Revenue Funds

$21,243,320

Street Fund

Op $4,024,750
Non-Op $1,509,120

9-1-1 Fund

Op $2,177,200
Non-Op $105,690

Development Services Fund

Op $2,822,700
Non-Op $138,800

Comm. Dev. Revolving Fund

Op $3,305,250
Non-Op $52,990

Parking Fund

Op $759,330
Non-Op $312,380

Transit Fund

Op $4,080,490
Non-Op $89,270

2011 Operating Levy Fund

Non-Op $1,865,350

Cap Const./Debt/ Perm Funds

$10,231,728

Capital Construction Fund

Non-Op $6,698,818

General Obligation Debt Service Fund

Non-Op $1,040,800

Pension Obligation Debt Service Fund

Op $1,350
Non-Op $2,490,260

Davidson Fund
Op $500

Enterprise Funds

$28,830,210

Water Fund

Op $7,896,260
Non-Op $4,132,560

Wastewater Fund

Op $7,661,680
Non-Op $4,740,710

Storm Water Fund

Op $2,270,110
Non-Op $1,363,250

Airport Fund

Op $664,940
Non-Op $100,700

Internal Service Funds

$9,062,240

Fleet Maintenance Fund

Op $823,610
Non-Op $16,000

Facility Maintenance Fund

Op $799,160
Non-Op $10,000

Technology and Communications Fund

Op $1,654,050
Non-Op $30,000

Administrative Services Fund

Op $4,422,470
Non-Op $30,000

Risk Management Fund

Op $1,001,950
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 & FINANCIAL PLANNING OVERVIEW

I. INTRODUCTION

This section of the budget document provides an overview of the financial information related to the operations of the City for FY 12-13 as well as information on longer term financial planning considerations. The annual budget focuses on one year of activity, but the City of Corvallis has a lengthy history of long-term financial planning as is a best practice for ensuring a viable future for municipal government services. As such, this section begins with a summary of the FY 12-13 City budget that combines all funds by fund type, followed by a summary of revenue and expenditure assumptions which have been used to develop the City's budget and forecast future fund balances. The FY 12-13 operating expenditure budget is summarized by both department and type of expenditure. Next the non-operating budget is summarized, with page references to more specific information. Finally, three-year financial plans and summary narrative for twenty of the City's twenty-four funds are included to provide information about the City's future.

II. SUMMARY OF THE ADOPTED BUDGET FOR FY 12-13

The Adopted Budget for FY 12-13 is balanced as per State Law. The City's projected revenue totals $106,173,013. With an estimated beginning fund balance of $30,942,517, the City projects it will have $137,115,530 in total resources to fund services. The expenditure budget totals $111,980,071 with $82,051,530 for operating expenditures and $29,928,541 for non-operating expenditures. A summary of the budgeted revenues and expenditures is outlined in the chart below.

	Governmental Activities			Business Type Activities			
	Property Tax Funds (A)	**Special Revenue Funds (B)**	**Cap Const/ Debt/Perm Funds (C)**	**Enterprise Funds (D)**	**Internal Svc Funds (E)**	**FY 12-13 Total**	**% of Total Rev/Exp**
Beg. Fund Balance	$3,094,656	$7,423,284	$2,416,031	$16,569,731	$1,438,815	$30,942,517	
Operating Revenue							
Property Taxes	21,002,640	1,861,240	1,040,800	0	0	23,904,680	22.51%
Other Taxes	1,270,650	0	0	0	0	1,270,650	1.20%
License, Fees, Permits	5,708,610	3,026,540	0	5,000	0	8,740,150	8.23%
Charges for Service	5,856,500	3,626,110	0	21,635,130	8,610,410	39,728,150	37.42%
Intergovernmental	4,155,100	9,905,280	2,355,790	477,860	0	16,894,030	15.91%
Fines and Forfeitures	830,110	453,300	0	0	0	1,283,410	1.21%
Miscellaneous	423,850	1,162,640	472,750	496,640	61,790	2,617,670	2.47%
Total Operating Rev.	39,247,460	20,035,110	3,869,340	22,614,630	8,672,200	94,438,740	88.95%
Non-Operating Rev.	2,845,350	118,390	5,366,853	3,403,680	0	11,734,273	11.05%
Total Revenue	42,092,810	20,153,500	9,236,193	26,018,310	8,672,200	106,173,013	100.00%
Total Resources	$45,187,466	$27,576,784	$11,652,224	$42,588,041	$10,111,015	$137,115,530	
Operating Expenditures							
City Manager's Office	380,000	0	0	0	2,922,670	3,302,670	2.95%
Community Dev.	1,311,410	6,153,020	0	162,210	0	7,626,640	6.81%
Finance Department	629,740	215,420	0	0	3,945,050	4,790,210	4.28%
Fire Department	10,449,720	0	0	0	0	10,449,720	9.33%
Library	6,023,510	30,000	500	0	0	6,054,010	5.41%
Parks & Recreation	5,928,130	0	0	0	0	5,928,130	5.29%
Police	10,352,220	2,532,780	0	0	0	12,885,000	11.51%
Public Works	1,218,900	8,268,500	0	18,330,780	1,833,520	29,651,700	26.48%
Non-Departmental	1,362,100	0	1,350	0	0	1,363,450	1.22%
Total Operating Budget	37,655,730	17,199,720	1,850	18,492,990	8,701,240	82,051,530	73.27%
Non-Operating Budget							
Capital Projects	0	0	6,698,818	2,795,050	0	9,493,868	8.48%
Debt Service	243,880	0	3,531,060	3,344,200	0	7,119,140	6.36%
Transfers	2,150,900	4,936,443	0	3,761,930	0	10,849,273	9.69%
Other Non-Op Uses	855,000	0	0	0	0	855,000	0.76%
Contingencies	512,850	301,370	0	436,040	361,000	1,611,260	1.44%
Total Non-Op. Budget	3,762,630	5,237,813	10,229,878	10,337,220	361,000	29,928,541	26.73%
Total Appropriated Budget	$41,418,360	$22,437,533	$10,231,728	$28,830,210	$9,062,240	$111,980,071	100.00%
Ending Fund Balance	$3,769,106	$5,139,251	$1,420,496	$13,757,831	$1,048,775	$25,135,459	

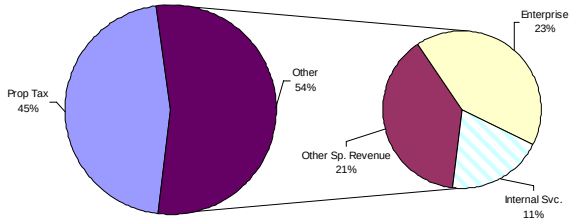
A. Property Tax Funds – Property taxes are the major revenue source for Police, Land-Use Planning, Parks and Recreation, Fire and Library services, although all of these services (operating respectively out of the General, Parks and Recreation, Fire and Rescue, and Library Funds) have some fee or grant resources also available. 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.

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 is transferred out to the Property Tax Funds for support of social services as well as Library, Aquatic and Senior Center operations.

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, bond issues or bank loans for specific projects and interfund transfers for cash funded projects that are not utility or airport 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.

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. The enterprise funds carry relatively large balances in reserves for debt service and construction (systems development charge revenue).

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.



III. 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 12-13. For the two future years in the Financial Planning period, forecasting considers additional drivers such as trends in the economy, inflation and population to derive projections which are sufficiently realistic, and neither overly conservative nor optimistic, to ensure services and programs are maintained or enhanced at the level of citizen demand and not cut unnecessarily. Revenues are discussed by classification as follows:

PROPERTY TAXES

	FY 09-10 Audited	FY 10-11 Audited	FY 11-12 Adopted	FY 11-12 Revised	FY 12-13 Adopted	% Chg from FY 11-12 Adopted
Operations - Permanent Tax	$18,759,930	$19,808,493	$20,274,090	$20,420,530	$21,002,640	3.59%
2011 Operating Levy	0	0	1,790,000	1,807,030	1,861,240	3.98%
Debt Service	1,933,343	1,899,303	2,130,000	2,130,000	1,040,800	-51.14%
Total	$20,693,273	$21,707,796	$24,194,090	$24,357,560	$23,904,680	-1.20%

Property taxes are 22.51% of the City's total projected revenue for FY 12-13, and 49.90% 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. Staff projects that assessed value will grow

3.0% to $4,242,137,612 in 2012 from the $4,118,580,206 certified in 2011; and that property tax collections will perform as they have historically. The following information summarizes staff's assumptions:
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 went into effect July 1, 2011. The FY 12-13 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.

Property taxes levied for voter approved general obligation debt are exempt from both Measure 5 and Measure 47/50 limits (see additional information below regarding these limits). For FY 12-13, property tax revenue for debt is expected to total $1,040,800. 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. 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 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. As such, the related gross revenue projections for FY 12-13 are:

	Levy Amount	Discounts	Gross Revenue
Operating Permanent Tax	$21,663,330	($649,890)	$21,013,440
Operating 2011 Levy	1,908,960	(47,720)	1,861,240
2009 Refunding of 99/01 Bonds	1,067,490	(26,690)	1,040,800
Total	$24,639,780	($724,300)	$23,915,480

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. For FY 12-13, the City projects a loss of $483,310 from current year property taxes that are unpaid at June 30, 2013; this amount will be collected in future years. Delinquent property tax revenue totaling around 51% of the outstanding receivables is projected to be collected each year from prior year delinquents. For FY 12-13, the City estimates it will receive $472,510 in revenue from payments made on prior year delinquent property taxes.

Property Tax Limits & Tax Rates

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.

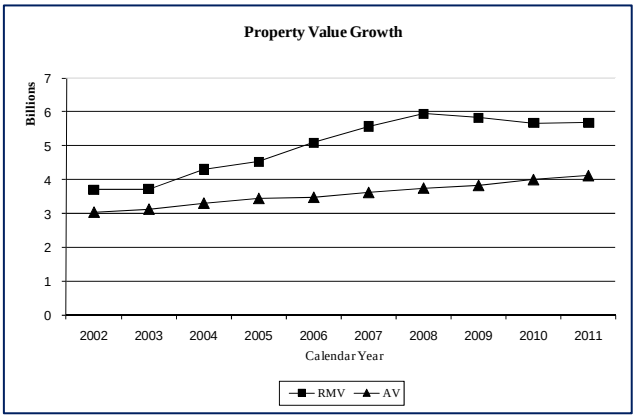
Since Oregon voters approved Measure 50, local governments and special districts in Oregon have not been permitted to ask voters for increases in permanent property tax rates. When a permanent rate of a local government does not provide enough revenue to meet estimated expenditures, local governments 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 currently estimated to raise approximately $1,807,030 in FY 11-12, $1,861,240 in FY 12-13, and $1,917,070 in FY 13-14 or a total of $5,585,340 for all three years assuming growth in assessed value of 3.0% per year in each of 2012 and 2013.

Both real market value (RMV) and assessed value (AV) are important features in projecting property tax revenue based on different tax limits. In FY 11-12, in aggregate, residential property AV was 77% of RMV; commercial property AV was 59% of RMV; and industrial property AV was 91% of RMV. As a parcel of property's ratio of AV to RMV gets closer to 100%, which two of the three statistics did for the fourth 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.

The Financial Plans assume that the City's maximum permanent 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 through FY 13-14. The FY 11-12 combined tax rate for non-education governments, excluding levies for debt, for most Corvallis residents was $8.8866 per $1,000 of assessed value. This translates to an aggregate rate of around $6.45 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 (AV) 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%. Factors impacting the variance from the 3% are primarily new residential development added to tax rolls and industrial depreciation rates reducing the AV.



During the past ten years, Corvallis has achieved a 34.97% increase in assessed value, an average of 3.50% per year. Real market value, on the other hand, increased 60.96%for the seven years through 2008, then fell for two successive years back to nearly 2007 levels, for a net ten-year increase of 53.54% from $3.7 billion to $5.7 billion. Over the same period, the Consumers Price Index (CPI) has increased 29%, but 6% of this inflation occurred since 2008, and is not reflected in RMV growth for the same period, since this has actually decreased in net by 4.6%. Changes in the annual real market and assessed values are reflected in the table below (dollars are in 000's).

Tax Year	$K RMV	Growth From Prior Yr	$K AV	Growth From Prior Yr
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%
2011	5,672,462	0.14%	4,118,580	2.99%
Avg Annual Growth		5.04%		3.50%

For the current fiscal year, the City's assessed value increased by 2.99% from $3,999,075,433 in 2010 to $4,118,580,206 in 2011, almost the full amount of allowable valuation growth. This increase was higher than the 2.4% projection assumed during the FY 11-12 budget cycle, 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. The status of the State's revaluation of Hewlett-Packard's assets is still uncertain but in anticipation of it being upheld, the County expects to instead use the levy amount reserved of approximately $977,945 (or 1% of total taxes levied in FY 09-10, or about $180,000 for Corvallis) to cover losses related to two years of Comcast appeals.

For FY 12-13, assessed value is currently projected to increase by 3.0% which is a reflection of the assessed value growth allowance for all properties, no appreciable new taxable development in the face of a continuing stagnant economy, and projected stabilizing industrial depreciation. While no additional withholdings for appeals by industrial taxpayers are included in this estimate, the County under-billed by approximately 0.5% in FY 11-12 in anticipation of a possible loss against Comcast's latest appeal based on that company's recent valuation appeals successes. In FY 13-14 and FY 14-15 the AV is currently estimated to increase by 3.0% and 4.0% respectively (assuming a slightly improved economy over the next two years will result in residential development picking up again in that time frame).

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. Within the General Fund, the Art Center continues to get its own level of allocation (reduced in recent years) based on a series of voter-approved levies prior to 1997. A portion of the Parks & Recreation permanent rate property tax allocation is made to each of the Osborn Aquatic Center (OAC) and the Senior Center to support the full and ongoing operation of these programs as envisioned by the successful passage of the 2011 Operating Levy. The Council's Financial Policy provides guidance on the ratio of the permanent levy to give to each of these entities. For FY 12-13, the Senior Center will receive its property tax allocation per Financial Policy, but the OAC will be under target at an estimated $171,600 allocation, based on cuts necessary to balance the budget and keep property tax funds combined ending balance in a positive position. 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.

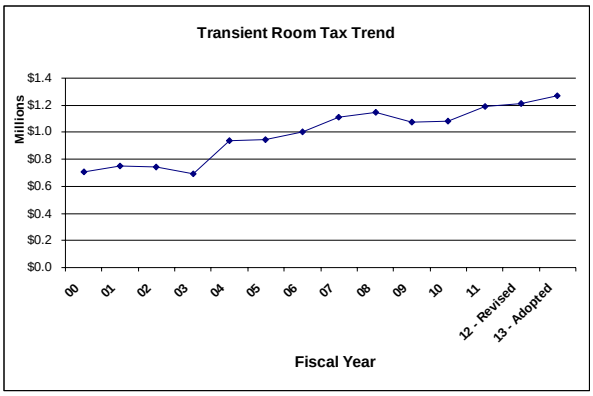
Fund	Proportion
General	34.27%
Arts Center	0.20%
Parks & Recreation	15.72%
Fire & Rescue	39.65%
Library	10.16%
Total	100.00%

For FY 12-13 the adopted property tax allocation by Fund is shown in the table above. 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 less than $50 per fund.

OTHER TAXES

	FY 09-10 Audited	FY 10-11 Audited	FY 11-12 Adopted	FY 11-12 Revised	FY 12-13 Proposed	% Chg from FY 11-12
Transient Room Taxes	$1,079,621	$1,190,725	$1,151,190	$1,214,860	$1,270,650	10.38%

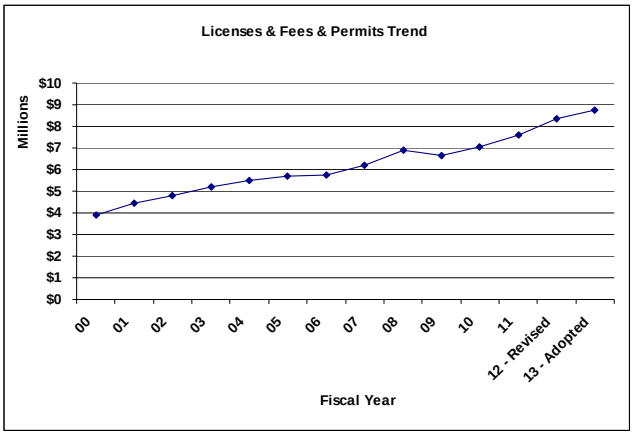
Other Taxes are from Transient Room taxes and are 1.20% of the City's total projected revenue for FY 12-13. These taxes are a minor revenue in the General Fund and are estimated to increase 10.38% for FY 12-13 from the FY 11-12 Adopted budget. The City currently levies a room tax of 9% of the room costs on all transient lodging in the city limits. Revenues in this category have been impacted by the poor economy for the past several years, but are showing some signs of recovery with room stays up about 0.5% in the twelve-month period through February 2012, per Visit Corvallis statistics. As such, FY 11-12 was revised to higher levels, and with the hotel rate increases still anticipated through the end of 2012, FY 12-13 results are projected to improve again. As hotel prices will continue to rise, revenue should also continue to grow in future years, but is projected to do so at a slightly lower pace of approximately 2% growth per year commencing FY 13-14.



LICENSES, FEES, PERMITS

	FY 09-10 Audited	FY 10-11 Audited	FY 11-12 Adopted	FY 11-12 Revised	FY 12-13 Adopted	% Chg from FY 11-12 Adopted
Franchise Fees	$5,004,727	$5,142,289	$5,239,420	$5,281,890	$5,310,290	1.35%
Building Permits	1,163,607	1,019,674	770,270	948,120	1,086,350	41.03%
Transp. Maint. Fee	411,681	414,222	410,000	418,000	422,180	2.97%
SIF	0	493,488	1,119,300	1,223,200	1,407,900	25.78%
Other	484,168	525,250	486,860	496,170	513,430	5.46%
Total	$7,064,183	$7,594,923	$8,025,850	$8,367,380	$8,740,150	8.90%

Licenses, fees and permits are 8.23% of the City's total projected revenue for FY 12-13. Licenses, fees, and permits provide more than 25% of the revenue in the General and Development Services Funds. The primary revenue for this classification in the General Fund is from franchise fees, the major drivers of which are the use of the services provided by the franchisees (utilities that use the public right-of-way) and the rates the utilities charge. One of the two largest revenue sources accounted for in the General Fund, these fees are estimated to increase by 1.35% in FY 12-13 over Adopted FY 11-12 based primarily on various utility rate hikes as well as a small increase in population. However, largely offsetting this projected growth from rates are revenue losses due to lower telecommunications franchise fee payments. As more people switch to wireless providers for their primary telephone service, the land-line based service payments are decreasing. Conservation efforts are reducing electric and natural gas utility revenues, and in turn the franchise fees. 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 and decreasing use of land line telephones and increasing use of text messaging and other means of communicating using the internet.



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 in Corvallis, as elsewhere in the U.S., has stagnated over the past three years and is only now starting to show slight possible recovery. Commercial activity has remained relatively robust, explaining the higher than anticipated results of the past few years. Commercial development on several large projects currently underway at Oregon State University, and Good Samaritan Hospital, continues to underpin the higher projection for FY 12-13 fees, which are expected to increase another 15% over revised FY 11-12 levels. Nevertheless, both years remain lower than levels achieved in the high residential growth times enjoyed five and more years ago. 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. 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 by about 2% per year in the latter two years of the planning period.

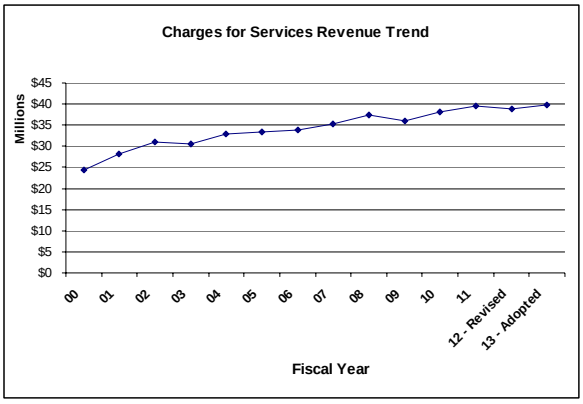
The Transportation Maintenance Fee (TMF), accounted for in the Street Fund, is calculated for each property on the average number of vehicle trips generated by that particular property's use. The revenue received is used to fund specific street infrastructure and improvement projects. The City Services Bill is the mechanism for monthly billing and collection. 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 $422,180 in FY 12-13. Despite commercial construction having added several new billable areas to the system in recent years, receipts have only increased marginally each of the past several years based on economic impacts to other businesses.

Similarly the recently enacted Sustainability Initiative Fees (SIF) for Transit Operations, Urban Forest Management in the Parks & Recreation Fund and Sidewalk Maintenance in the Street Fund, are being collected monthly via the City Services Bill. Primarily due to an increase in the Transit operations billing rate in February 2012 from gas price increases, as allowed for under the ordinance, approximately $1,223,200 is the projected total for the three fees through FY 11-12, increasing to $1,407,900 in FY 12-13. It should be noted that the Transit Fund SIF replaced fare box revenues as well as various group-pass programs, since riding the bus is now free; as such, fees have now outpaced the charges for service category in the Transit Fund.

The largest component of the "Other" category is the Public, Education, Government/Institutional Network (PEG/I-Net) fees charged on cable television bills for local public access, estimated to bring in around $142,000. Other 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.

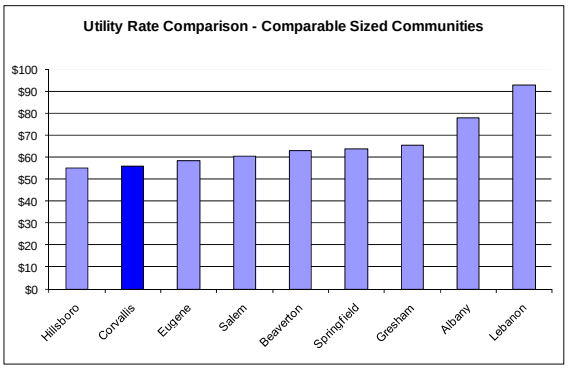
CHARGES FOR SERVICE

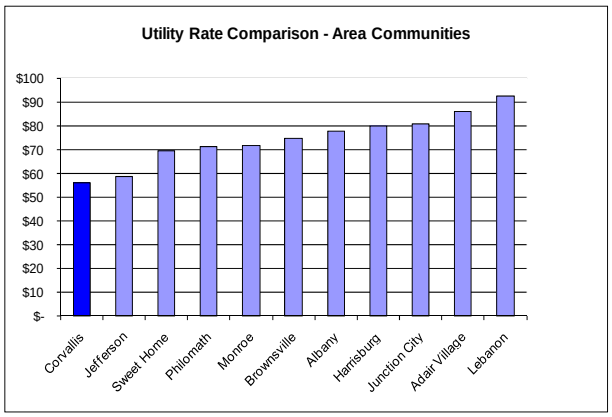
	FY 09-10 Audited	FY 10-11 Audited	FY 11-12 Adopted	FY 11-12 Revised	FY 12-13 Adopted	% Chg from FY 11-12 Adopted
Utility Fees	$17,456,064	$17,697,852	$18,308,930	$17,962,790	$18,704,720	2.16%
Systems Dev. Chgs	1,604,822	3,588,437	1,355,000	2,139,780	1,989,780	46.85%
Parks & Rec Fees	1,337,024	1,360,074	1,412,570	1,412,360	1,531,140	8.39%
Building Plan Review	1,909,007	968,030	1,103,960	1,033,700	1,243,450	12.64%
Contracted Fire Svc.	1,093,057	1,136,763	1,154,670	1,168,830	1,201,270	4.04%
Ambulance Fees	1,721,084	1,812,511	1,796,300	1,862,700	1,950,000	8.56%
9-1-1 Cost Share	986,560	936,220	927,500	927,500	979,080	5.56%
Internal Service Charges	8,227,130	8,252,460	8,523,720	8,469,720	8,136,360	-4.54%
Other	3,700,371	3,843,248	3,780,380	3,858,680	3,992,350	5.61%
Total	$38,035,119	$39,595,595	$38,363,030	$38,836,060	$39,728,150	3.56%



Charges for service revenues are 37.42% of the City's total projected revenue for FY 12-13, and are the largest classification of revenue for the City. 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 which are self-supported), 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).

The City Council's current Financial Policies call for an annual rate review 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 around 3% for the average single family customer, with a top rate increase limit of 7% by Council policy. Rates implemented February 1, 2012 increased 3.3% on the total bill, slightly above 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, 2013. Projected rate increases are shown in the financial plans, and currently assume 2% for Water, 4% for Wastewater, and 10% for Storm Water, which combined would result in a rate increase of around 3.8% 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). The combined rate increase for the utility funds is projected to be between three and four percent for the next several years.





Revenues for Systems Development Charges (SDC) are based on the rate and types of development, which can be difficult to predict and 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. As such, 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 and FY 09-10, based on the economic downturn and related decline in residential development. However, due to the significant commercial development that Corvallis has continued to experience, ensuing years have generally come in over budget. SDC's are projected to increase significantly in FY 12-13 relative to Adopted FY 11-12 levels but still come in under FY 11-12 revised. In fact, FY 11-12 revised is nearly 58% more than Adopted levels due primarily to the OSU projects, referred to previously, having contributed substantially to Street, Parks and Wastewater SDC collections year-to-date. 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 12-13. Unless the national economy has an impact on local development, projects currently scheduled to use SDC funds should have sufficient balance available through the three-year planning horizon at a minimum.

Parks and Recreation charges for service 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 have been 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. Rates will continue to be reviewed annually and adjusted as necessary to meet Council Financial Policy goals, including specified levels of cost recovery per program type under the department's new model.

Building Plan Review fees are projected to increase nearly 13% in FY 12-13 over the Adopted FY 11-12 projection based primarily on improvements seen during FY 11-12. 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 (CRFPD) and Ambulance revenues have both been revised up in FY 11-12 and increased for Adopted FY 12-13 compared with the original FY 11-12 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 CRFPD contract is projected to increase by approximately 3% per year after FY 12-13. The increases in Ambulance revenue are 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. Revenue in FY 12-13 is projected to increase nearly 9% over Adopted FY 11-12, but 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 9-1-1 Fund cost share will increase by 2.34% over all in FY 12-13, but based on slightly higher proportionate calls for service than the other user group members, Corvallis Police and Fire Departments will together experience over a 5.5% increase in total cost share. 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 service in the internal service funds (Fleet Maintenance, Facility Maintenance, Technology and Communications, Administrative Services, and Risk Management Funds), where the service is provided by one City department to other City departments, 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. Costs are adjusted annually via various cost allocation drivers. Internal service charges are projected to decrease over 4.5% based on the adopted budgets which have been reduced in support of property tax funds combined.

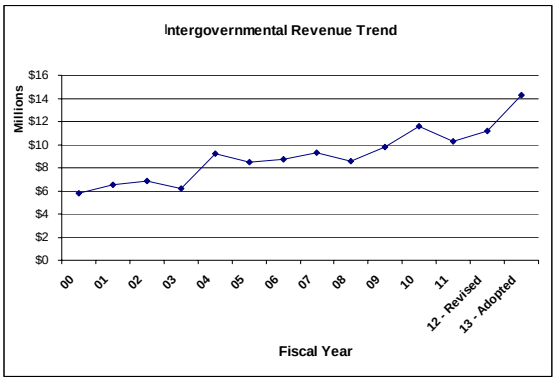
Other charges for service, while being fairly large in total revenue, is relatively small as individual revenue line items, and include items such as FireMed memberships, gasoline sales, parking meters, burglar alarm response fees, airport hangar rentals, indirect payments from ASOSU and other contracts for transit services coordinated by the City, and miscellaneous charges for copies. 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. 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 partly offset increases in other categories above, for a modest 3.6% projected increase in the overall charges for service receipts.

INTERGOVERNMENTAL

	FY 09-10 Audited	FY 10-11 Audited	FY 11-12 Adopted	FY 11-12 Revised	FY 12-13 Adopted	% Chg from FY 11-12 Adopted
State Revenue Sharing	$1,146,104	$1,153,551	$1,454,890	$1,203,890	$1,240,000	-14.77%
Highway Tax	2,285,107	2,691,162	3,227,750	3,038,820	3,256,710	0.90%
Transit Grants	1,955,125	980,984	1,737,450	1,105,250	2,352,950	35.43%
Housing Grants	704,068	1,015,559	3,436,310	1,225,410	2,967,410	-13.65%
Library Svc. District	2,227,600	2,336,447	2,413,840	2,413,840	2,443,370	1.22%
Capital Projects	724,195	1,539,256	2,358,070	1,121,300	2,633,650	11.69%
9-1-1 State Taxes	551,283	549,519	545,030	545,030	545,030	0.00%
Other	2,731,000	1,575,455	2,135,621	1,630,130	1,454,910	-31.87%
Total	$12,324,482	$11,841,933	$17,308,961	$12,283,670	$16,894,030	-2.40%

Intergovernmental revenues are 15.91% of the City's total projected revenue for FY 12-13. Intergovernmental revenues provide more than 25% of the revenue in the Street, 9-1-1, Community Development Revolving, Transit and Library Funds. 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. Monies received from other governments have decreased on a revised basis primarily due to grant carryovers in respect of projects and bus purchases not expected to be completed this fiscal year. An overall decline is also anticipated in FY 12-13 relative to Adopted FY 11-12 due to a projected decrease in state revenue sharing receipts as well as lower Housing grant availability.



The General Fund receives state revenue sharing, cigarette, and alcohol tax revenues from the state on the order of $1.2 million. State revenue sharing funds 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. 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. So far in FY 11-12, the budgeted increases in alcohol taxes and revenue sharing are not materializing, and are now expected to only marginally exceed FY 10-11 results. For FY 12-13, statewide receipts from state revenue sharing and alcohol tax revenue are forecast by the League of Oregon Cities (LOC) to decrease by nearly 15% over Adopted FY 11-12 projections 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. For FY 13-14 and beyond, the forecasted non-cigarette tax revenue stream follows anticipated population growth rates of approximately 2% per year.

State Highway Fund (Gas Tax) monies are revenue in the Street Fund and are projected to increase only marginally in FY 12-13 from Adopted FY 11-12 levels. Increases anticipated in FY 11-12 due to legislation passed in 2009, called the Jobs and Transportation Act (JTA), have not materialized based on year-to-date receipts. In addition, the increased use of alternative fuels and the high price of gasoline is causing gas sales to decline, impacting the associated gas taxes collected. Revenues continue to be projected at 1% growth through the next several years.

Grant funding for Transit Fund services anticipates receipt of capital grants for the purchase of two replacement buses, carried over from FY 11-12 to FY 12-13. The FY 12-13 vehicle auto-announcement/information system replacement will be paid for by nearly $500,000 in grants as well. Obtaining the maximum available annual operating grant allocation from the Federal Transit

Administration (FTA) for Corvallis Transit basic operations as well as the Job Access Reverse Commute (JARC) grant is also anticipated. However, the FTA 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. Additionally, a portion of these grant amounts may be in jeopardy should the energy tax credits not materialize that are used for local match requirements. Capital grants from the FTA are anticipated in future years for all planned replacement bus purchases.

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 has become more volatile in recent years with future allocation amounts becoming more 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 Federal monies available. Major grant programs for Housing (CDBG and HOME) are anticipated to continue, although new grant monies are declining. The projections for FY 12-13 include carry-over revenues that are expected to be committed to projects but are not yet expended.

The Benton County Library Service District is a county service district that contracts with the City to provide library services throughout the district. The district's permanent tax rate is $0.3947 per $1,000 of assessed value, and covers a substantially larger tax base than the City, since it impacts most properties in the County, and has experienced a different growth rate in assessed value since the implementation of Measure 50. As a result, changes in assessed value will often differ from the City's assumptions for its permanent tax rate levy. These intergovernmental receipts in the Library Fund are projected to increase marginally in FY 12-13 from Adopted FY 11-12 levels, and then by an average of the 3.0% restricted AV growth. Additional revenues come to the Library Service District from forest revenues, which are dependent on federal legislation.

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. Capital project grants also vary from year to year depending on opportunities and the applicability of specific projects to the broader federal or state priorities. A slightly higher capital project volume is currently anticipated in FY 12-13 including carryovers of projects initiated in FY 11-12. On an adopted basis, availability is anticipated for two Federal Highways Act grants in support of the Safe Routes to School project and the Morris Avenue Bridge project. 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.

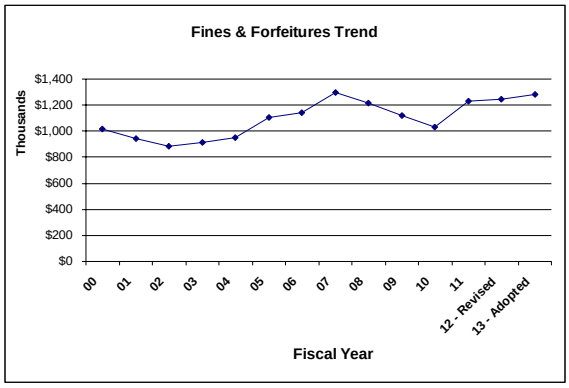
A special tax on telephone usage funds a portion of 9-1-1 operations and is comprised of the City's share as well as the other government agencies that use the Corvallis 9-1-1 center. 9-1-1 state taxes in FY 12-13 are expected to come in just shy of FY 10-11 actuals and flat with Adopted and Revised FY 11-12, 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 continued to decline slightly from prior years, but should now stabilize over the next few fiscal years. This revenue stream remains vulnerable to diversion by the state. 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 to remain relatively stable through the three-year planning period.

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 granting agency goals. The Fire Department, for example, 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. In FY 09-10, the significant amounts in this area are primarily due to American Recovery and Reinvestment Act (ARRA) funding of street grind/inlay projects. A significant portion of FY 12-13 is comprised of the carryover of two large federal grants from an Energy Efficiency and Conservation Block Grant (EECBG) and the Environmental Protection Agency (EPA) that are for energy conservation projects in the community. The federal EECBG program brought $511,000 to the community and the EPA's Climate Showcase Community Grant is expected to net $492,000 upon reimbursement of related costs over FY 11-12 and FY 12-13 together.

FINES AND FORFEITURES

	FY 09-10 Audited	FY 10-11 Audited	FY 11-12 Adopted	FY 11-12 Revised	FY 12-13 Adopted	% Chg from FY 11-12 Adopted
Traffic and Criminal	$539,280	$678,908	$855,400	$705,400	$705,400	-17.54%
Parking	367,280	411,983	405,930	403,930	450,000	10.86%
Other	126,563	139,404	124,410	137,050	128,010	2.89%
Total	$1,033,123	$1,230,295	$1,385,740	$1,246,380	$1,283,410	-7.38%

Fines and forfeitures are 1.21% of the City's total projected revenue for FY 12-13. 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 several years with fewer Police Officer vacancies, but collection experience has deteriorated. Projections for both FY 11-12 revised and FY 12-13 Adopted assume that some progress continues with the collections agency, resulting in moderate growth in recovery of past due fines, relative to prior year actuals, for the next several years as well.

Parking fine revenue is recorded in the Parking Fund and assumes over 23,000 parking citations will be issued each year. The significant increase in FY 12-13 receipts is primarily a reflection of considerable collection improvement in this area. This is projected to be a stable revenue source through the remainder of the financial planning period.

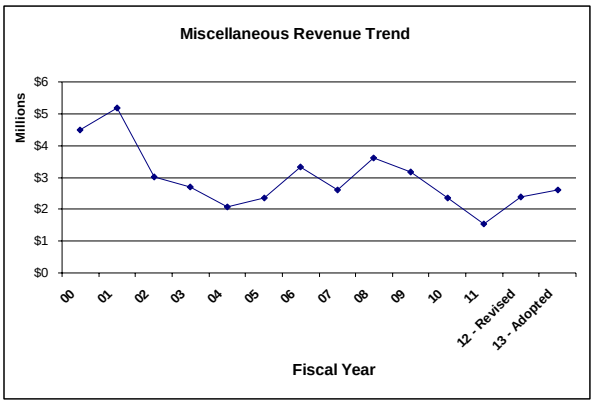
Other fines include late payments on lost and overdue books at the Library, and small amounts projected from other overdue amounts owed to the City. The Library Fund revenue for fines, lost books, and penalty fees is expected to increase by nearly 14% in FY 12-13 compared with Adopted FY 11-12, based on a recent 50% increase in fine rates to 15¢/day. 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

	FY 09-10 Audited	FY 10-11 Audited	FY 11-12 Adopted	FY 11-12 Revised	FY 12-13 Adopted	% Chg from FY 11-12 Adopted
Interest Earnings	$332,687	$226,090	$380,200	$269,380	$226,790	-40.35%
Energy Tax Credits	619,544	13,112	1,224,000	622,390	589,760	-51.82%
Loan repayments	449,694	291,629	466,580	279,930	401,170	-14.02%
Timber Sales	268,352	333,446	346,000	346,000	346,500	0.14%
Other	680,843	668,956	789,230	870,185	1,053,450	33.48%
Total	$2,351,120	$1,533,233	$3,206,010	$2,387,885	$2,617,670	-18.35%

Miscellaneous revenues are 2.47% of the City's total projected revenue for FY 12-13 and are not currently a major revenue in any of the City's funds. 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, prior to the economic downturn, 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. FY 11-12 has been revised down and 12-13 was forecast based on the City's known earnings from current portfolio investment holdings combined with the projected State Local Government Investment Pool (LGIP) rates (currently paying 0.6%). For FY 13-14 and FY 14-15, 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. As 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 operations.

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. The City budgets BETC's 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 based on recent new legislation, 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 impact of the loss of BETC could require changes in Transit Operations and/or the funding thereof. Also, with the deteriorating economy, it is more difficult to find partners with sufficient taxable income to absorb the credits. The large value for FY 11-12 Adopted anticipated receipt of both FY 08-09 and FY 09-10 transit BETC's. Revised FY 11-12 reflects the actual receipt of credits in respect of FY 08-09 transit operations, but acknowledges that a tax partner will not be available FY 09-10 credits. Commencing in FY 12-13, only one year's operations per fiscal year will be projected. 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.

Loan repayments relate primarily to recycling 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.

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.

NON-OPERATING REVENUE

	FY 09-10 Audited	FY 10-11 Audited	FY 11-12 Adopted	FY 11-12 Revised	FY 12-13 Adopted	% Chg from FY 11-12 Adopted
Total	$6,023,119	$8,023,133	$14,049,368	$12,309,450	$11,734,273	-16.48%

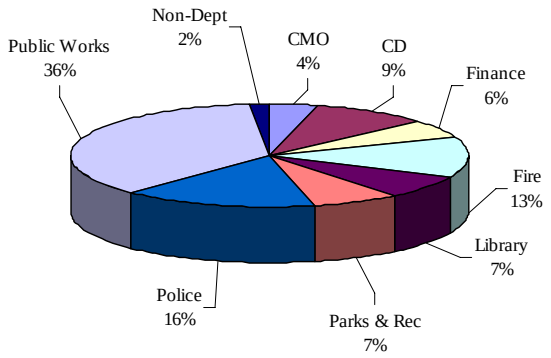
Non-Operating revenue is 6.76% of total projected revenue and is not considered to be a major revenue source for any fund. There are two types of non-operating revenue:

- ◊ Other Financing Sources are typically receipts from either the sale of capital assets (such as vehicles that are sold when replacements are purchased) or from the issuance 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 in actuals. Revenue from long-term financing is only shown when a planned financing actually occurs. 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 currently anticipated in the planning period, although a refinancing of several existing debt obligations is being contemplated for September 2012, subject to adequate savings levels and Council approval.
- ◊ Inter- and intra-fund transfers move monies from fund-to-fund or between component funds, with transfer revenue matching transfer expenditures. 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. The transfers in the Adopted Budget represent a 27% decrease from the current budget due primarily to a lower level of capital project expenditures being planned for FY 12-13.

IV. 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 & Financial Planning Overview presents the same expenditure information by department and by classification of expenditure.

FY 12-13 Operating Expenditures
All Funds



Each department may have budget in one or many funds, depending on the mix of operations included in the department. The pie chart shows the operating expenditure budget by department. The table below shows the budget by fund and by department for all City operating costs of the Adopted FY 12-13 budget.

FY 12-13 ADOPTED OPERATING BUDGET BY FUND AND DEPARTMENT

DEPARTMENTS

Fund	CMO	CD	Finance	Fire	Library	Parks & Rec	Police	Public Works	Non-Dept	Total
General	$380,000	$1,311,410	$629,740				$10,352,220	$1,218,900	$1,362,100	$15,254,370
Park & Rec						$5,928,130				5,928,130
Fire & Rescue				$10,449,720						10,449,720
Library					$6,053,510					6,053,510
Street		21,020						4,003,730		4,024,750
911 Emerg.							2,177,200			2,177,200
Devel. Svcs		2,822,700								2,822,700
CD Revolving		3,305,250								3,305,250
Parking		4,050	215,420				355,580	184,280		759,330
Transit								4,080,490		4,080,490
Pension Ob.									1,350	1,350
Permanent					500					500
Water		55,770						7,840,490		7,896,260
Wastewater		52,770						7,608,910		7,661,680
Storm Water		53,670						2,216,440		2,270,110
Airport								664,940		664,940
Fleet Maint.								823,610		823,610
Facility Maint								799,160		799,160
Tech & Com.			1,443,300					210,750		1,654,050
Admin Svcs.	1,920,720		2,501,750							4,422,470
Risk Mgmt	1,001,950									1,001,950
Total	$3,302,670	$7,626,640	$4,790,210	$10,449,720	$6,054,010	$5,928,130	$12,885,000	$29,651,700	$1,363,450	$82,051,530

Each department budget is also tied to classifications of expenditure. Personnel services include all salaries, wages and benefits for the staff in the department. Supplies and services include items such as basic office supplies, contractual services, utility payments, memberships in professional organizations, and training costs. Capital outlay is used for the acquisition of assets (such as vehicles or equipment) where the cost is over $10,000 and the useful life is more than one year. Detailed information about each department, including the FY 12-13 budget by classification with comparisons to prior years is in the Department section of the Budget Document.

	Personnel Services	% of Dept Budget	Supplies & Services	% of Dept Budget	Capital Outlay	% of Dept Budget	Total
City Manager's Office	$1,457,620	44.13%	$1,845,050	55.87%	$0	0.00%	$3,302,670
Community Development	3,746,400	49.12%	3,822,280	50.12%	57,960	0.76%	7,626,640
Finance	3,225,780	67.34%	1,449,430	30.26%	115,000	2.40%	4,790,210
Fire	8,577,900	82.09%	1,856,820	17.77%	15,000	0.14%	10,449,720
Library	4,038,890	66.71%	1,998,120	33.00%	17,000	0.28%	6,054,010
Parks & Recreation	3,656,870	61.69%	2,247,200	37.91%	24,060	0.41%	5,928,130
Police	9,803,850	76.09%	2,835,580	22.01%	245,570	1.91%	12,885,000
Public Works	11,717,570	39.52%	15,774,680	53.20%	2,159,450	7.28%	29,651,700
Non-Departmental	0	0.00%	1,363,450	100.00%	0	0.00%	1,363,450
Total	$46,224,880	56.34%	$33,192,610	40.45%	$2,634,040	3.21%	$82,051,530

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 12-13 include:

- ◊ Coordinate 2012-2013 City Council election activities and implement new Council Goals to be established in January 2013.
- ◊ Establish new Economic Development Program including creating job descriptions and hiring two employees to fulfill the mandate of the Economic Development Commission's strategic plan finalized in FY 11-12.
- ◊ Negotiate new labor contracts or addenda to existing contracts with the International Association of Firefighters, the Corvallis Regional Communications Center Association, the Corvallis Police Officers' Association and the American Federation of State, County, and Municipal Employees.

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 12-13 include:

- ◊ Continue implementation (year two) of the three 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.
- ◊ Implementing programs to assist lower income households with their housing needs through managing 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 as current planning applications increase and dedicated long-range planning resources have been eliminated.
- ◊ Continue three-year collaboration effort with Oregon State University to address the opportunities and issues associated with the future growth of OSU and the Corvallis community.

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 12-13 include:

- ◊ Financial Services staff will continue promotion of organization-wide maximization of purchasing card use to optimize efficiencies of the City's payment processes.
- ◊ Implementation of SunGard's OneSolution windows-based financial system software upgrade will begin in the fall, with conversion anticipated to be completed by June 2013.
- ◊ Budget & Financial Planning staff will renew the actuarial contract with Milliman for the biennial update on Other Post Employment Benefits valuation information related to GASB 45.
- ◊ MIS staff will continue working with the Benton County Information Technology department to determine whether some form of collaboration may warrant joint action by the City and County.

FIRE DEPARTMENT

The Fire Department is responsible for fire prevention, suppression, 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 most of Benton County and a portion of western Linn County. Highlights for FY 12-13 include:

- ◊ Begin site preparation and make progress on construction of a new Fire training facility using bank loan financing obtained in FY 10-11.
- ◊ Continue infrastructure development through partnerships with other ambulance providers and response agencies regarding operational EMS activities.
- ◊ Work through the logistics of a fire station closure, including the redeployment of 6.0 FTE within the Fire Department, as well as attaining a sustainable budget for the property tax funds 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, story times, 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 12-13 include:

- ◊ Explore new technology, processes and procedures to improve quality and efficiency to help meet the high levels of demand for services.
- ◊ Implement staffing and service changes from budget reductions needed to support a sustainable FY 12-13 Budget.
- ◊ 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 manages 1,734 acres of parks and natural areas; provides a full range of recreational opportunities; operates the Osborn Aquatic Center and the Chintimini Senior Center, which provide programs for both older adults and the community at large; and manages the urban forest. Highlights for FY 12-13 include:

- ◊ Implement findings from a report on the feasibility of a Parks and Recreation taxing district.
- ◊ Finalize the Parks and Recreation Master Plan update to determine the strategic direction of the department, including facility, park and trail planning and the newly adopted cost recovery model.
- ◊ Implement the new Community Garden Master Plan.
- ◊ Rehabilitate Tunison Park and Shooting Star trail.

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 12-13 include:

- ◊ Eliminate 1.0 FTE Senior Administrative Specialist, 1.0 FTE Lieutenant and hold vacant three Police Officer positions in support of balancing the Property Tax Funds budget for FY 12-13.
- ◊ Consider implementation of recommendations with regard to the feasibility study for 9-1-1 Emergency Taxing District conducted in FY 11-12, as an alternative revenue source to stabilize funding for the program/services.
- ◊ Implement enhanced law enforcement building security at entry/exit points.

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 piping; sanitary sewer systems, including collection piping, lift stations, and wastewater treatment plants; and storm water systems, including pipes, catch basins, water quality facilities, and urban streams. Public Works staff also provides maintenance services for a portion of the organization's fleet of vehicles, most of the City-owned public buildings, and the City's telephone system. The department manages the City's capital improvement program which works to systematically replace the City's existing infrastructure assets, and enhance or expand facilities when needed. Highlights for FY 12-13 include:

- ◊ Complete the feasibility investigation on the preferred alternative for natural treatment of the wastewater effluent to comply with current and emerging regulations on the allowable level of pollutants in the City's discharge to the Willamette River.
- ◊ Update the Corvallis Municipal Airport Master Plan.
- ◊ Conduct a public process to help determine the options for using increased Corvallis Transit System revenues to expand service hours.
- ◊ Remove gravel that has accumulated around the Taylor Water Treatment Plant intake as a result of high winter river levels in recent years.
- ◊ Administer the EPA Climate Showcase Grant to support energy conservation and efficiency efforts in the community.

NON-DEPARTMENTAL

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

- ◊ $344,160 is budgeted in the General Fund for Social Services grants to be allocated through the United Way, with $106,840 of that amount supported through the voter-approved 2011 operating levy.
- ◊ A total of $371,290 is budgeted in the General Fund in respect of the legally required 30% of transient room taxes allocation to Corvallis Tourism. Additional General Fund dollars previously allocated for "non-dedicated" Economic Development have been moved from Non-Departmental and budgeted in the new City Manager's Office division of the General Fund, based on the outcome of the Economic Development Commission work on a City-staffed program to enhance the community's efforts in this regard.

BUDGET BY CLASSIFICATION

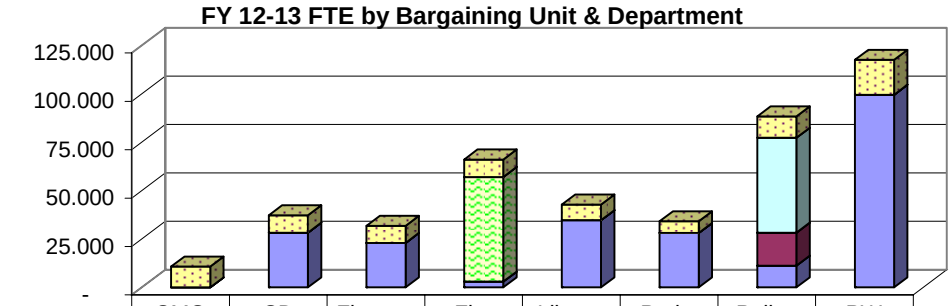
In addition to reviewing the operating budget by department, most people want to know how much of the budget is being spent on certain classifications of expenditure. All departments in all funds are held to the same general guidelines for projecting expenditures. All departments have replacement schedules 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 outlined in the ensuing pages.

	FY 09-10 Audited	FY 10-11 Audited	FY 11-12 Adopted	FY 11-12 Revised	FY 12-13 Adopted	% Chg from FY 11-12 Adopted
Salaries	$30,399,438	$30,745,925	$31,689,070	$31,076,170	$30,969,580	-2.27%
Pension (OPERS) Benefits	1,933,734	2,433,785	3,920,240	3,840,610	3,884,960	-0.90%
Health Benefits	6,222,417	6,884,877	7,529,510	7,474,290	7,270,890	-3.43%
Other Benefits	3,861,951	3,765,634	4,042,660	4,030,180	4,099,450	1.40%
Total	$42,417,540	$43,830,221	$47,181,480	$46,421,250	$46,224,880	-2.03%
City FTE	457	448	441	441	428	-2.93%

The Personnel Services budget, which includes salaries and wages paid to full-time, part-time and casual employees, and the benefits associated with each position, is the largest classification of expenditures in the budget. These costs are nearly 57% of the City's operating budget, and in some departments are up to 82% of the budget (i.e. in the Fire Department).

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 step 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.



	CMO	CD	Finance	Fire	Library	Parks	Police	PW
Exempt	10.800	9.000	8.750	9.000	8.000	6.000	11.000	18.000
CPOA	-	-	-	-	-	-	49.000	-
IAFF	-	-	-	54.000	-	-	-	-
CRCCA	-	-	-	-	-	-	17.000	-
AFSCME	-	28.250	23.000	3.000	34.750	28.100	11.250	99.500

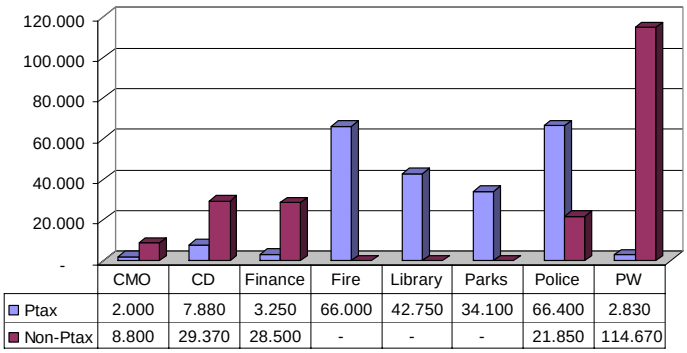
In the past, cost-of-living adjustments (COLAs) have been budgeted in accordance with bargaining unit agreements or the anticipated rate of inflation for wages based on the February CPI-W. For FY 12-13 through FY 14-15, no COLA has been included in the personnel services budget or long-term plans. Exempt staff, AFSCME and International Association of Firefighters (IAFF) have already agreed to forego a COLA in FY 12-13 for the second year. If a contractual COLA is negotiated and 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	2009-2010 Actual	2010-2011 Actual	2011-2012 Adopted	2012-2013 Proposed	% Chg from 11-12 Adopted
City Manager's Office	9.750	9.500	10.000	10.000	9.750	10.800	10.77%
Community Development	27.500	31.500	41.000	39.300	38.250	37.250	-2.61%
Finance	29.000	37.750	39.000	36.750	34.750	31.750	-8.63%
Fire	59.500	69.000	69.000	69.000	69.000	66.000	-4.35%
Library [1]	42.420	46.270	46.650	45.375	45.375	42.750	-5.79%
Parks & Recreation	25.240	27.130	38.640	36.320	35.820	34.100	-4.80%
Police	81.900	91.250	92.250	92.250	90.250	88.250	-2.22%
Public Works [1]	104.660	113.850	119.000	118.625	118.125	117.500	-0.53%
Nondepartmental	0.000	0.000	1.000	0.000	0.000	0.000	0.00%
Total	379.970	426.250	456.540	447.620	441.320	428.400	-2.93%
Population *	49,275	51,040	55,125	54,520	55,550	55,610	0.11%
FTE per 1,000 Population	7.711	8.351	8.282	8.210	7.945	7.704	-3.03%

* Population comes from estimates developed by Portland State University and includes OSU students. FY 12-13 is projected to grow 2% over last actual.
(1) FY 10-11 & 11-12 were previously rounded to stay at 2 decimal places, but for accuracy have been restated to three decimal places.

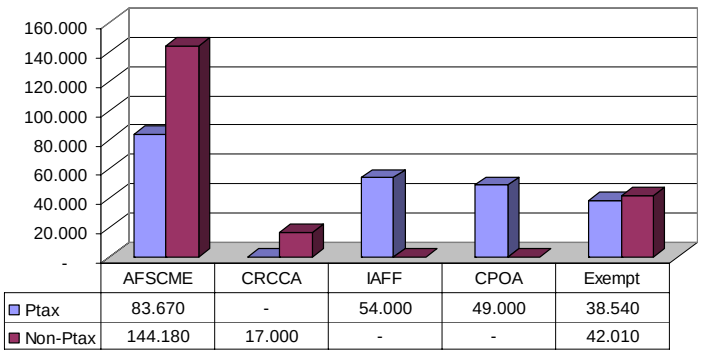
FY 12-13 Property Tax FTE vs. Non-Property Tax FTE by Department



The FY 12-13 Adopted Budget includes a total of 428.400 Full Time Equivalent (FTE) positions. This is a 2.93% decrease from the Adopted FY 11-12 staffing level. Details of these staffing changes are provided on page 20 of the Budget Message. 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; or in the case of Police officers and sergeants working 12-hour shifts, equals 2,184 hours per year. Casual staff members are also employed by the City. These positions do not show as FTE in the budget since they work less than half-time and do not receive benefits.

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 12-13, many departments have elected to decrease overtime and casual employee budgets.

FY 12-13 Property Tax FTE vs. Non-Property Tax FTE by Bargaining Unit



VOLUNTEER HOURS

In addition to paid staff members, the City makes substantial use of volunteers for a wide variety of programs and services. For FY 12-13, the City estimates it will use more than 47 FTE of volunteer hours in departments as follows:

Department	2009 Hours	2010 Hours	2011 Hours	2012 Projected
City Manager's Office	1,467	1,193	912	1,300
Community Development	1,175	1,127	781	1,020
Finance	126	125	199	522
Fire	41,776	47,602	47,929	45,770
Library	14,995	15,364	16,984	17,000
Parks and Recreation	29,949	21,742	23,098	26,312
Police	2,590	5,060	5,944	5,200
Public Works	669	653	2,453	2,200
TOTAL VOLUNTEER HOURS	92,747	92,866	98,300	99,324

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 1.53% lower for FY 12-13 than in FY 11-12. Contributing factors include:

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

- ◊ A net reduction in FTE for FY 12-13 has resulted in a net decrease in benefit costs expected to be incurred.
- ◊ The City's Public Employee Retirement System (PERS) employer rates for the period July 1, 2012 through June 30, 2013 remain flat, based on the most recent two-year valuation which began July 1, 2011. Contribution rates are set for two fiscal year periods and, as depicted in the adjacent table and in the Personnel Services numbers at the top of page 47, represent a substantial cost (nearly $3.9 million or over 12.5% as a percentage of total wages in FY 12-13) to the City.
- ◊ On top of the above-noted OPERS rates, the City pays the 6% employee pick-up for CPOA, CRCCA, 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 12-13 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 09-10 Audited	FY 10-11 Audited	FY 11-12 Adopted	FY 11-12 Revised	FY 12-13 Adopted	% Chg from FY 11-12 Adopted
Total	$29,396,082	$28,454,371	$35,699,330	$31,215,060	$33,192,610	-7.02%

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.

Non-personnel services in each budget plan year are normally to be submitted by departments within a targeted 1% total increase, which is a proxy for all known or expected increased costs which could be the result of rate increases, other inflationary pressures, 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. For each of FY 11-12 and FY 12-13, 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 render this guideline challenging include:

- ◊ Administrative overhead charges are generally projected to increase 4.5% per year based on a combination of personnel services and non-personnel 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 as well as the aquatics operations. These facilities continue to aggressively pursue and implement energy-saving programs.
- ◊ 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 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).

CAPITAL OUTLAY

	FY 09-10 Audited	FY 10-11 Audited	FY 11-12 Adopted	FY 11-12 Revised	FY 12-13 Adopted	% Chg from FY 11-12 Adopted
Vehicle Purchases	$2,831,206	$263,656	$2,087,640	$741,370	$1,813,110	-13.15%
Other	806,141	522,970	512,010	177,320	820,930	60.33%
Total	$3,637,347	$786,626	$2,599,650	$918,690	$2,634,040	1.32%

Capital Outlay is used for all purchases of equipment which exceed $10,000. 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. Each department maintains a list of vehicles, expected useful life, and projected replacement costs. Most of these plans run 10 years; for some, with larger vehicles and longer period of use, the plan may run to 20-25 years. Each vehicle is evaluated annually, and the replacement plan is modified/updated based on that assessment (i.e., a vehicle that has significant maintenance costs may be replaced early; a vehicle that is having no maintenance issues and is low mileage may be pushed out a year or two in order to optimize the life cycle). Where possible, staff work to "smooth" replacement plans to try and balance timing of more expensive vehicles so that, for example, two or three of the most expensive vehicles do not end up getting replaced all in the same year. An effort is also made to target likely vehicles that may have had an original "intensive" use which in later years can be used for a less intense purpose (i.e., an old pick-up from Public Works may be bought by IT to transport staff and computer equipment to outlying offices for support issues).

Once replacement plans are known for each year, a relatively stable contribution amount necessary to put into reserves is calculated to keep the balance as low as possible (without reaching $0) through the next 5-7 years. This has worked fairly well historically for meeting replacement needs, allowing each department to manage its fleet for long-term operations, managing vehicle cost-inflation; this methodology has also tended to keep reserves considerably lower (and simpler) than use of an individual sinking fund or other methodology. In some cases, reserves are not used because the costs for the vehicle are relatively small (when compared to other vehicles) or because the fleet replacement schedule is balanced where the annual contribution to reserves would equal the annual purchase.

In FY 12-13, major capital purchases planned include an asphalt paver and two transit buses. In FY 11-12, many departments made a concerted effort to defer capital purchases, and vehicles in particular, as a cost-saving measure.

Below is a City department list of the rolling stock or "fleet", with average replacement timing, value and availability of funding mechanisms other than current revenue.

Fleet Listing - Department **	No. of vehicles*	Avg replace value	Avg life cycle (yrs)	Reserve/Grant Funding?
Community Development				
Staff cars (i.e., Inspections/Housing)	13	$20,000	8	No
Finance				
Utility Billing pick-up trucks	2	$17,500	10	Yes
Fire				
Engines/Tenders/Rigs	16	$500,000-$850,000	12-25	Yes
Ambulances	5	$267,980	7	Yes
Fire Safety Trailer	1	$69,560	25	Yes
Speed boat	1	$33,750	15	No
Staff cars (i.e., chief/prevention)	10	$25,000	10	No
Library				
Bookmobile/Cargo-courier vans	2	$50,000	10	Yes
Staff car	1	$24,000	10	Yes
Parks & Recreation				
Trucks & vans	26	$20,000-$53,400	15	Yes
Mowers/Tractors & Equipmt	26	$8,800-$70,000	10-31	Yes
Passenger Utility vehicles	2	$9,000	10	Yes
Police				
Patrol vehicles	12	$38,000	5	Yes
Motorcycles	2	$26,000	5	Yes
SUV units (K9, sergeant/LT's)	4	$41,000	6	Yes
Detective vehicles	7	$20,000	8	Yes
Staff/Admin/Evidence cars	2	$20,000	10	Yes
Parking Enforcement Scooter	3	$26,000	10	Yes
Command Vehicle	1	$35,000	10	No
Public Works				
Trucks & specialty vehicles	37	$37,000-$100,000	12	Yes
Staff cars/small trucks/vans	40	$20,000	12	Yes
Street Sweeper	2	$187,000	6	Yes
Vacuum Excavator	1	$170,000-$175,000	10	Yes
Camel	2	$275,000	10	Yes
Crane/Dump Trucks	3	$110,000-$130,000	12	Yes
Camera Van (Wastewater)	2	$116,440	12	Yes
Transit buses / Trolley	12	$410,000	12	Yes
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"rolling stock" only and does not include the large equipment used on these vehicles, nor does it include the trailers used for hauling mowers etc.

V. NON-OPERATING EXPENDITURES

CAPITAL PROJECTS

	FY 09-10 Audited	FY 10-11 Audited	FY 11-12 Adopted	FY 11-12 Revised	FY 12-13 Adopted	% Chg from FY 11-12 Adopted
Water	$297,628	$202,470	$2,366,140	$2,003,060	$1,118,180	-52.74%
Wastewater	753,858	828,414	3,012,270	2,988,420	905,360	-69.94%
Storm Water	206,185	161,993	725,910	788,580	721,510	-0.61%
Airport	89,174	770,606	0	0	50,000	0.00%
Street	1,161,749	368,387	2,290,230	674,650	1,651,470	-27.89%
Parks	360,531	230,276	858,243	322,193	1,590,698	85.34%
Other Capital Projects	321,731	2,153,760	2,566,840	420,030	3,456,650	34.67%
Total	$3,190,856	$4,715,906	$11,819,633	$7,196,933	$9,493,868	-19.68%

Capital Improvement Projects (CIP) represent projects which add assets with a life longer than one year, or extend the useful life of existing assets. Additionally, these projects must exceed a $25,000 threshold as of July 1, 2012 to qualify for inclusion in the CIP. Capital projects are most often projects which replace, enhance, or add to existing infrastructure systems.

The CIP budget reflects a 19.68% decrease from FY 11-12. Major projects planned for FY 12-13 include:

◊ Site preparation and commencement of construction of a Fire Drill Tower for department training exercises;
◊ Development and construction of the first section of the Corvallis to Albany trail; and
◊ Grant funded street reconstruction projects.

This section is also a good area to lay out an overview of the City's infrastructure, in the form of a facilities listing:

Facilties Listing (1),(2)	Location/Address	Departments	Square Footage	Insured Value
City Hall	501 SW Madison	CMO, CD, PW	19,479	$3,795,674
Madison Avenue Building	500 SW Madison	Finance	7,423	$1,424,038
Municipal Court Building (3)	560 SW Madison	Finance	3,596	$888,399
City Hall Annex	6th & Madison	Finance-MIS	1,242	$372,539
Corvallis Library	645 NW Monroe	Library	77,721	$23,369,773
Philomath Community Library (3)	1050 Applegate	Library	5,000	$859,393
Alsea Community Library (3)	19192 Alsea Highway	Library	4,400	$417,666
Monroe Community Library (3)	668 Commercial Street	Library	1,250	$238,990
Fire Stations (6) - 2 community Centers (3)	Various	Fire	49,192	$10,410,946
Fire Drill Tower	Waterworks S/NE 2nd St	Fire	1,872	$562,030
Law Enforcement Building (3)	180 NW 5th	Police & 911	40,034	$1,791,185
Osborn Aquatic Center (3)	1940 NW Highland	Parks & Rec	40,347	$218,506
Chintimini Senior Center	2601 NW Tyler	Parks & Rec	10,955	$1,548,777
Avery Park Buildings	1320 SW Avery Park Dr	Parks & Rec	15,348	$2,019,080
Avery Pk Caretaker House	1330 SW Avery Park Dr	Parks & Rec	1,556	$249,708
Gaylord/Corl/Avery Houses	Various	Parks & Rec	6,762	$992,559
Art Center (4)	700 SW Madison Ave	Parks & Rec	6,530	$1,220,700
Majestic Theater (4)	115 SW 2nd St	Parks & Rec	14,775	$3,592,092
Central Park Land	Various	Parks & Rec	1,158.82 Acres	$20,335,517
Central Park buildings (5)	Various	Parks & Rec	15,193	$3,845,291
Industrial Rental building/Berg Park	33900 SE Roche Rd	Parks & Rec	16,173	$1,201,759
Transit Mall Restrm/Driver Lounge	Monroe & 5th Ave	Public Works	231	$30,262
Public Works Admin Building	1245 NE Third St.	Public Works	56,822	$7,164,580
Public Works Caretakers House	1245 NE Third St.	Public Works	1,561	$241,678
Rock Creek Treatment Plant/Buildings	Rock Creek	Public Works	5,750	$9,357,043
Wastewater Treatment Plant	Corvallis	Public Works	31,792	$50,211,923
Taylor Water Treatment Plant/Buildings	Corvallis	Public Works	22,678	$31,635,933
Municipal Airport Building/T-Hangers/Rental buildings	Airport Rd	Public Works	75,594	$5,562,126

(1) Other facilities considered assets, but not included due to quantity include lift & booster stations, valve vaults, roads, etc.
(2) Land is not included in the table.
(3) Buildings which are city-occupied/maintained, but not city-owned (includes Fire Station #6)
(4) City owned building operated by a non-profit.
(5) Combined buildings located on parks throughout the City; restrooms, barns, picnic shelters, etc.

For more information on the Capital Budget, see page 247 of the Adopted FY 12-13 Budget Document, or the 2013-2017 Capital Improvement Program, available at the Corvallis-Benton County Public Library and online at http://corvallisoregon.gov/.

TRANSFERS

	FY 09-10 Audited	FY 10-11 Audited	FY 11-12 Adopted	FY 11-12 Revised	FY 12-13 Adopted	% Chg from FY 11-12 Adopted
Total	$5,992,551	$5,872,871	$14,049,368	$12,248,450	$10,849,273	-22.78%

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 12-13 includes the second 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 starting on page 247.

DEBT SERVICE

	FY 09-10 Audited	FY 10-11 Audited	FY 11-12 Adopted	FY 11-12 Revised	FY 12-13 Adopted	% Chg from FY 11-12 Adopted
General Fund	$0	$30,389	$244,430	$244,430	$243,880	-0.23%
General Obligation Debt	1,678,255	2,544,974	2,207,650	2,207,650	1,040,800	-52.85%
Water	1,018,484	1,009,218	1,018,820	1,018,820	1,021,160	0.23%
Wastewater	2,305,658	2,300,307	2,294,040	2,294,040	2,291,550	-0.11%
Airport	29,474	33,663	32,590	32,590	31,490	-3.38%
Pension Obligations	2,182,247	2,281,922	2,385,160	2,385,160	2,490,260	4.41%
Total	$7,214,118	$8,200,473	$8,182,690	$8,182,690	$7,119,140	-13.00%

The Debt Service budget includes appropriations to pay the scheduled principal and interest for all existing debt service issues and is recorded 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. 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, and will be considered if there are sufficient savings available. Detailed information on debt service is included starting on page 261 of the Adopted Budget Document.

CONTINGENCIES

	FY 09-10 Audited	FY 10-11 Audited	FY 11-12 Adopted	FY 11-12 Revised	FY 12-13 Adopted	% Chg from FY 11-12 Adopted
Total	$0	$0	$1,419,840	$0	$1,611,260	13.48%

Up until FY 10-11, contingencies were budgeted at 2% of projected revenues in all major operating funds. In FY 11-12, however, the four property tax funds were reduced to only a 1% of current revenue for contingency appropriations. While contingencies have seldom been used by Departments based on sound budgeting and spending practices, in the current fiscally constrained times these contingencies may be more frequently called upon. Council Financial Policies state that if contingencies are budgeted below the 2% target for resource reasons, the contingency budget will gradually re-build to 2% in all operating funds again. As such, in FY 12-13, the Property Tax Funds Combined financial plans will carry a 1.3% contingency allowance, and will be bumped up in each of the next two years to regain the full 2% contingency level by FY 14-15. 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 09-10 Audited	FY 10-11 Audited	FY 11-12 Adopted	FY 11-12 Revised	FY 12-13 Adopted	% Chg from FY 11-12 Adopted
Total	$35,265,169	$36,122,345	$20,030,640	$30,942,517	$25,135,459	25.49%

Ending fund balance includes amounts held as reserves for a variety of reasons. Once reserves are accounted for, the remainder is available to appropriate for costs associated with the fund's operations.

The City Council's financial policy revisions in the fall of 2011 included confirmation that the target reserve for property tax funds was three months of payroll costs, or around $6.3 million. This policy, combined with City Council work on creating a financially sustainable budget, led to the creation of a Fund Balance Reserve as a long-term financial planning tool to secure the desired reserve. As noted in the budget message, financial policies called for a contribution of 10% of the target to create this reserve. This adopted budget goes further and sets aside $1.9 million or 30% of the target. This action led to the $50 balance available for appropriations in the total four funds combined.

Other funds, including special revenue funds which do not receive property taxes, and the enterprise funds for Water, Wastewater, Storm Water and Airport operations, as well as System Development Charge funds, are projected to end FY 12-13 with fund balances that are adequate to continue all planned operations and services at their current levels. Some of these funds are being monitored more closely than others, as reduced revenue streams indicate future year fund balance challenges, as described in the Budget Message. The projected balance of monies held for reserves in all funds at the end of FY 12-13 are:

	All Funds	**Property Tax Funds**
Ending Fund Balance	$25,135,459	$5,058,966
Less:		
Restricted	15,131,465	1,291,125
Committed	1,202,831	1,081,292
Assigned	3,053,805	748,211
Fund Balance Reserve	1,938,289	1,938,289
Balance Available for Appropriation	$3,809,069	$50

On page 274, 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, 2013. 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 underexpend 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 12-13. 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 many of the City's non-property tax operating funds. For more information on the HNA, please refer to page 56.

VI. FINANCIAL PLANNING OVERVIEW

The City has a total of twenty-four funds that are used to track and account for the City's operations. All but four of these funds have financial plans that are used to record historical revenues and expenditures, and project three years of future financial performance based on a series of assumptions. For 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, and determine when debt financing may be required.

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 the activity and projections for these funds can be found in the department summaries and non-operating section

of this document, following this section.

All of the City's financial plans are used by staff throughout the year as planning tools with many of the financial plans developed further than three years into the future. This longer term 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 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.

This is the final presentation of the financial plans for the FY 12-13 through FY 14-15 planning period. The financial plans in the ensuing pages provide information as follows:

- ◊ 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 09-10 and FY 10-11 audited revenues and expenditures;
- ◊ FY 11-12 adopted and revised estimates of revenues and expenditures;
- ◊ FY 12-13 adopted revenues and expenditures, including various reductions in property tax funded services as outlined in the budget message and ensuing pages; and
- ◊ FY 13-14 through FY 14-15 projected revenues and expenditures, maintaining the previous three years of reductions in the Property Tax Funds Combined, except where noted as one-time in the budget message.

Reserves

The City maintains reserves in most funds for a variety of purposes and with varying degrees of restriction on use. For the Audited FY 10-11 Comprehensive Annual Financial Report (CAFR), the City implemented the Government Accounting Standards Board (GASB) pronouncement #54 Fund Balance Reporting and Governmental Fund Type Definitions. The resultant changes in financial reporting terminology led to modifications in the Financial Plans as well to ensure decision-makers have consistent data and nomenclature when looking at City financial reports. Thus, in February 2011, Council amended Financial Policies to address renaming of the Financial Plan reserve and fund balance titles using a modified approach to GASB #54 definitions. Also, beginning balances of reserves are now shown in total on a 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:
    - o 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 Sustainability Initiative Fees (SIF) for Transit, Urban Forest and Sidewalk Maintenance programs 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 spend down 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. 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 to the fund. 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. Given the two different reserve presentation methods, depending on whether the sustainable financial planning option is used for a fund or not, there are some differences in how the numbers are presented. The most obvious of these differences is the new Fund Balance reserve for Property Tax Funds Combined, which has been established to rebuild fund balances to the $6.3 million required for three months of payroll coverage within a five year period.

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, external utility costs for power, 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 some degree of turnover is always expected, it is impossible to predict which positions will become vacant when. This leads to wage and benefit under-expenditures, but not at a consistent rate for each department that would allow a specific, accurate under-budgeting scenario to occur. This situation is expected to contribute less to annual savings going forward, given the newer practice of holding a number of current vacancies as unfunded to meet the sustainable financial plan. Also, with lower turnover in the

current economy, there will be less capacity to absorb either 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 the issues above. 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 12-13), 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 under an "average" experience scenario.

The Budget Commission can normally use the Potential Ending Budgetary Fund Balance, inclusive of the HNA, to better assess the likely ending financial position of any fund in which this tool is used, in order to have that information when making decisions about changes in service levels. Commencing with the FY 12-13 budget cycle however, the HNA is no longer being used for the Property Tax Funds Combined, nor for the Street Fund, since these funds have experienced several years of negative HNA. As such, staff determined that moving to the sustainable recurring operations format for these particular funds provided better information to decision-makers on projected fund balances.

Internal service funds also do not incorporate an HNA, because of the nature of their break-even mission. Since the allocation to departments of each of these funds is modified to achieve that break-even level and refunds are granted when savings are achieved, there is by definition never an HNA. In all of the other funds' financial plan presentations, the HNA is present, and is built into the beginning budgetary fund balance for future planning years only (i.e., commencing FY 13-14), to give an idea about what the financial position might be.

Property Tax Funds Combined

The City budgets its permanent rate property tax revenue in the General, Parks & Recreation, Fire and Rescue, and Library Funds in compliance with Council's Financial Policies. The Property Tax Funds Combined schedule on page 58 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. For FY 12-13, as discussed in the Budget Message, this combined financial plan has been modified to better illustrate the achievement of a more sustainable budget by comparing recurring revenues with recurring expenditures to arrive at a positive fund balance. An additional change is the schedule presented on page 59, which provides summary detail regarding combined reserves in the four property tax funds, including amounts for contributions to and uses of those reserves.

The Budget Commission and City Council focused their discussion and deliberations with respect to the budget on the financial capacity for the combined funds. Final allocation of property taxes for each individual fund is developed after the strategy has been set. The combined financial plans for property tax funds show an unreserved balance of $50. This positive balance has been achieved through significant, across-the-board service reductions in all departments, including layoffs and position elimination/reductions totaling 12.92 FTE. This number does not include an additional 5.51 FTE of vacant, authorized but unfunded positions related to the Property Tax Funds Combined which will contribute to bottom-line savings in FY 12-13.

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.

A combined presentation was developed for the property tax funded operations 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. Combining the plan allows the Budget Commission and City Council to ensure a reallocation of tax monies will result in a positive balance in each of the four funds.

Combined, FY 12-13 is currently projected to end with a $50 operating fund balance available for appropriations. Approximately 30% of what would be needed to meet the combined funds' targeted fund balance equal to three-months of payroll costs, per the City's Financial Policies, has been set aside from what would otherwise have been the potential ending budgetary fund balance based on service reductions made for a more sustainable budget.

PROPERTY TAX FUNDS - COMBINED

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

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

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

PROPERTY TAX FUNDS - OPERATING RESERVED BALANCES

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

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

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

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

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

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

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

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

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

FINANCIAL PLANNING ISSUES

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

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

SERVICE HIGHLIGHTS

Operations in the General Fund include Finance (Municipal Court), Police, Community Development (Planning), City Manager's Office (Economic Development) and Public Works (Franchise Administration, Street Lights, Engineering, Sustainability and CIP Development). The non-departmental budget primarily includes appropriations to make grants for social services, to make transient room tax allocations to Visit Corvallis, and for pass-through payments in respect of retiree medical premiums.

FINANCIAL PLANNING ISSUES

- 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, any success by utilities at limiting this revenue stream has a major financial impact. Over time, more telecommunications services, such as phone and video, are being provided via the internet. Federal law currently prohibits franchise fees to be charged on what it defines as "internet services." As a result, companies exert increasing pressure on the Federal Communications Commission to expand the definition to include more traditional telecommunication services under this law as well. 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 the community serve to reduce the underlying utility revenues on which franchise fees are paid.

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

- A positive Adopted Budgetary Fund Balance was achieved in FY 12-13 via a variety of expenditure reductions, most of which will carry forward to future years. However, on-going expenditures will continue to need to be scrutinized in order to maintain a positive fund balance in the future.

- In FY 12-13, social service allocations have been reduced by 5.07% like other cost centers; the May 2011 Operating Levy allocation remains whole at $106,840.

- The Economic Development budget has increased for the implementation of a new City Manager's Office based program, employing 2.0 FTE, as recommended by the Economic Development Commission and accepted by the City Council.

GENERAL FUND

BUDGETARY BASIS	AUDITED FY 09-10	AUDITED FY 10-11	ADOPTED FY 11-12	REVISED FY 11-12	ADOPTED FY 12-13	FY 13-14	FY 14-15
RECURRING							
REVENUE							
Property Taxes	$4,898,889	$4,979,073	$5,997,600	$6,110,770	$7,231,450	$7,470,090	$7,749,990
Other Taxes	1,079,621	1,190,725	1,151,190	1,214,860	1,270,650	1,296,060	1,321,980
License, Fees & Permits	5,227,722	5,375,369	5,469,650	5,512,020	5,548,670	5,555,380	5,633,300
Charges for Services	585,994	675,033	738,460	746,830	808,710	833,220	858,500
Intergovernmental	1,161,104	1,162,097	1,464,890	1,213,890	1,250,000	1,272,990	1,296,440
Fines & Forfeitures	573,806	697,994	871,700	718,130	716,110	723,160	730,280
Miscellaneous	95,563	134,139	117,240	120,830	220,470	237,150	258,650
Non-Operating Revenue	0	0	102,870	102,870	106,840	110,040	980
TOTAL RECURRING REVENUE	*$13,622,700*	*$14,214,430*	*$15,913,600*	*$15,740,200*	*$17,152,900*	*$17,498,090*	*$17,850,120*
EXPENDITURES							
City Manager's Office	$0	$0	$0	$0	$300,000	$301,490	$303,020
Community Development	1,441,999	1,449,820	1,356,480	1,328,480	1,311,410	1,375,680	1,401,990
Finance	585,189	576,402	677,700	677,350	629,740	654,890	670,520
Police	9,658,935	9,843,598	10,376,790	10,081,730	10,109,070	10,466,420	10,552,040
Public Works	808,595	828,901	944,200	934,640	843,450	837,920	849,840
Non-Departmental	1,427,249	1,349,829	1,315,950	1,229,950	1,262,100	1,299,020	1,223,960
Non-Operating Expenditures - Transfers & Debt	541,910	611,149	1,058,270	1,058,270	1,101,440	1,143,620	1,187,790
Contingencies	0	0	148,700	0	224,860	0	0
Contribution to Reserves	182,795	35,922	25,000	25,000	289,230	372,250	451,000
TOTAL RECURRING EXPENDITURES	*$14,646,672*	*$14,695,621*	*$15,903,090*	*$15,335,420*	*$16,071,300*	*$16,451,290*	*$16,640,160*
RECURRING REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	**($1,023,972)**	**($481,191)**	**$10,510**	**$404,780**	**$1,081,600**	**$1,046,800**	**$1,209,960**
NON-RECURRING (ONE-TIME)							
REVENUE							
Special Projects (Grants, Misc., etc.)	$186,341	$209,772	$731,940	$518,380	$443,630	$40,000	$0
Use of Reserves (Contributions)	272,865	44,530	153,740	158,980	243,450	200,200	256,450
Non-Operating Revenue	6,396	349,452	10,000	11,000	855,000	872,100	889,540
TOTAL NON-RECURRING REVENUE	*$465,602*	*$603,753*	*$895,680*	*$688,360*	*$1,542,080*	*$1,112,300*	*$1,145,990*
EXPENDITURES							
City Manager's Office	$0	$0	$0	$0	$80,000	$0	$0
Community Development	11,557	402	0	0	0	0	0
Finance	29,345	0	0	0	0	0	0
Police	319,632	71,198	125,390	176,720	243,150	136,530	179,730
Public Works	70,256	116,166	698,560	300,140	375,450	11,840	0
Non-Departmental	60,350	74,212	0	50,000	100,000	90,000	0
Non-Operating Expenditures - Transfers	100,000	118,300	36,000	22,000	855,000	906,100	1,109,540
Non-recurring Contribution to Fund Balance Reserve	0	0	0	0	1,308,289	0	0
TOTAL NON-RECURRING EXPENDITURES	*$591,140*	*$380,278*	*$859,950*	*$548,860*	*$2,961,889*	*$1,144,470*	*$1,289,270*
NON-RECURRING REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	**($125,538)**	**$223,476**	**$35,730**	**$139,500**	**($1,419,809)**	**($32,170)**	**($143,280)**
POTENTIAL BEGINNING BUDGETARY FUND BALANCE	$1,201,158	$51,648	$8,998	($206,068)	$338,212	$3	$1,014,633
Net Recurring Revenue/Expenditure	(1,023,972)	(481,191)	10,510	404,780	1,081,600	1,046,800	1,209,960
Net Non-Recurring Revenue/Expenditure	(125,538)	223,476	35,730	139,500	(1,419,809)	(32,170)	(143,280)
ENDING BUDGETARY FUND BALANCE	**$51,648**	**($206,068)**	**$55,238**	**$338,212**	**$3**	**$1,014,633**	**$2,081,313**

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; support for community-wide events, such as daVinci Days, Fall Festival, Red, White and Blue Festival and Farmers Market; volunteer activities; support for community gardens; a teen employment program entitled Youth Park Corps; and 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; budget preparation; website updates; technology management; facilitates public rental of city-owned facilities, park shelters, sports fields, and community rooms; management of maintenance plans for the Majestic Theatre, 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 portion of these dollars are then allocated on to the Aquatics and Senior Center programs. Additionally, these latter two programs receive a specified portion of the May 2011 voter-approved three-year operating levy.

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 or creation of a Parks and Recreation District if determined feasible.
- Systematic funding and development of management plans to maintain existing parks, and natural areas.
- Construction, deferred maintenance and replacement for system-wide facilities including playground equipment.
- Strategies to identify and reach under-represented populations in recreation services including people with disabilities.
- Resources and planning to respond to community-driven sustainability efforts.
- Public expectation for increased technology; i.e., park irrigation systems, parks and trails maps.

PARK AND RECREATION FUND - COMBINED

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

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.

- In order to maintain positive fund balances in FY's 10-11 and 11-12 a number of one-time reductions were made during budget preparation. To meet the City Council's ending sustainable fund balance goal for FY 12-13, additional reductions were required. Three authorized FTE have been eliminated and one of the five municipal stations will be closed.

- In an effort to help offset some of the costs associated with providing fire prevention services, OSU agreed to increase support in FY 10-11 from $25,000 to $60,000 per year. In exchange for this increase in the contract rate, a greater presence on campus of the Fire Prevention Officer (FPO) was requested. The time spent by the FPO on the OSU campus equates to .80 FTE. This has had an impact on other Prevention program areas while significantly improving campus fire safety. An additional FTE would be needed to maintain existing prevention services and programs, but is not currently affordable.

- 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 constraints on the City's budget, contributions were eliminated in FY 10-11, reduced in FY 11-12 by $350,000, and reduced by $149,310 in FY 12-13 by removing a vehicle which will not be replaced due to station closure. Resuming scheduled contributions in FY 13-14 maintains solvency in the apparatus reserve fund through at least FY 18-19, and thus continues to comply with Council Financial Policies for reserves.

- Self-contained breathing apparatus with PASS alarms (personnel accountability safety system) which are scheduled for replacement outside the three-year planning period, in FY 17-18, are estimated to cost about $523,000. Funding for this equipment is not currently included in reserves which are sufficient only to pay for large vehicles, so contributions would need to be enhanced by about $40,000 no later than FY 18-19 in order to have adequate balances on hand to absorb this planned purchase.

- Ambulance revenue is projected to increase approximately 8.6% in FY 12-13 over Adopted FY 11-12 levels. Positive efforts (improved billing practices, enhanced collection efforts, past rate adjustments, and increases in call volume) are still expected to begin being impacted 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 was delayed, and then the design phase was funded by a Capital Improvement bank loan received in August 2010. Design is nearing completion and further discussions of funding alternatives will occur this fall. The current drill tower will need to be moved by the end of 2014 at the latest to make room for mandated wastewater plan facilities.

FIRE & RESCUE FUND

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

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

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. The Adopted Budget includes reductions in Library Service levels again in FY 12-13, 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.

LIBRARY FUND - COMBINED

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

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

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 for the Street Fund is the State Highway Fund allocation of Gas Taxes, 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 had been projected to increase over the next several years, due to passage of the 2009 Jobs and Transportation Act. Corvallis had expected to receive up to an additional $1.1 million annually once this legislation was fully implemented. This increase has not materialized, 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 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 the future.

The Transportation Maintenance Fee (TMF), collected on the City's utility bills, is 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 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 repairs 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 sidewalk panels needing repair 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 12-13 with an ending budgetary fund balance for operations equal to approximately 0.72% of the FY 12-13 current revenues. This is not an adequate level of fund balance; staff will work with the City Council on alternatives.

STREET FUND - COMBINED

BUDGETARY BASIS	AUDITED FY 09-10	AUDITED FY 10-11	ADOPTED FY 11-12	REVISED FY 11-12	ADOPTED FY 12-13	FY 13-14	FY 14-15
RECURRING							
REVENUES							
Licenses, Fees & Permits	$49,216	$52,698	$42,100	$42,100	$43,440	$43,870	$44,310
Charges for Service	257,455	220,525	230,190	262,190	251,330	309,540	318,030
Intergovernmental	4,101,111	3,244,275	3,460,820	3,271,890	3,299,910	3,178,190	3,213,810
Fines & Forfeitures	1,311	4,718	1,000	1,000	1,000	1,000	1,000
Miscellaneous	5,060	7,764	4,690	2,270	1,800	2,290	620
TOTAL REVENUES	$4,414,153	$3,529,979	$3,738,800	$3,579,450	$3,597,480	$3,534,890	$3,577,770
EXPENDITURES							
Community Development	$17,369	$18,106	$21,850	$21,850	$21,020	$22,200	$22,500
Public Works	3,031,146	3,093,469	3,510,110	3,350,150	3,125,780	3,322,820	3,367,760
Transfers Out	123,180	132,650	78,590	78,590	81,100	83,880	86,800
Contingencies	0	0	82,140	0	85,520	0	0
Contribution to Reserves	109,078	141,467	80,000	88,000	94,770	105,660	116,580
TOTAL EXPENDITURES	$3,280,773	$3,385,692	$3,772,690	$3,538,590	$3,408,190	$3,534,560	$3,593,640
RECURRING REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	$1,133,380	$144,287	($33,890)	$40,860	$189,290	$330	($15,870)
NON-RECURRING (ONE-TIME)							
REVENUE							
Special Projects (Grants, Misc., etc.)	$421,582	$513,962	$560,000	$562,000	$678,340	$574,620	$583,230
Use of Reserves (Contributions)	119,948	194,271	126,890	99,700	185,300	241,910	34,639
Non-Operating Revenue	12,714	10,368	0	0	0	0	0
TOTAL NON-RECURRING REVENUE	$554,244	$718,601	$686,890	$661,700	$863,640	$816,530	$617,869
EXPENDITURES							
Public Works	$1,935,647	$639,700	$733,840	$680,000	$877,950	$830,670	$592,490
Non-Operating Expenditures - Transfers	226,653	178,989	237,580	264,960	269,360	246,180	728,240
TOTAL NON-RECURRING EXPENDITURES	$2,162,300	$818,689	$971,420	$944,960	$1,147,310	$1,076,850	$1,320,730
NON-RECURRING REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	($1,608,056)	($100,088)	($284,530)	($283,260)	($283,670)	($260,320)	($702,861)
POTENTIAL BEGINNING BUDGETARY FUND BALANCE	$798,178	$323,503	$438,760	$367,702	$125,302	$30,922	($229,068)
Net Recurring Revenue/Expenditure	1,133,380	144,287	(33,890)	40,860	189,290	330	(15,870)
Net Non-Recurring Revenue/Expenditure	(1,608,056)	(100,088)	(284,530)	(283,260)	(283,670)	(260,320)	(702,861)
ENDING BUDGETARY FUND BALANCE	**$323,503**	**$367,702**	**$120,340**	**$125,302**	**$30,922**	**($229,068)**	**($947,799)**

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 and providing emergency dispatch services for seven fire agencies (Corvallis, Philomath, Monroe, Adair Village, Alsea, Blodgett-Summit and Kings Valley-Hoskins) plus three law enforcement agencies (Corvallis, Philomath and Benton County Sheriff). The Center also furnishes after-hours paging and dispatch services for Oregon State Forestry, and Benton County Public Works Department. Call reception and dispatch services are 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 maintenance improvements all being reimbursed by the State

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 is vulnerable to diversion away from local centers; past legislative sessions have included diversion of interest and attempts to divert 9-1-1 taxes.

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. In FY 11-12, the 911 User Board hired a consultant to conduct a feasibility study for a taxing district model to potentially stabilize future funding for 9-1-1 operations. A recommendation was made by the consultant to staff (via a report and presentation) to establish a taxing district. The report/recommendation is expected to be forwarded to Council in early FY 12-13, but no assumptions for establishment of a taxing district have been included in the current financial plan.

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 approves any enhancements related to these plans, they will be incorporated in future financial plans.

Personnel services (salaries plus benefits) represent over 83% of budgeted operating costs in the 9-1-1 Fund for the Adopted Budget in FY 12-13. 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

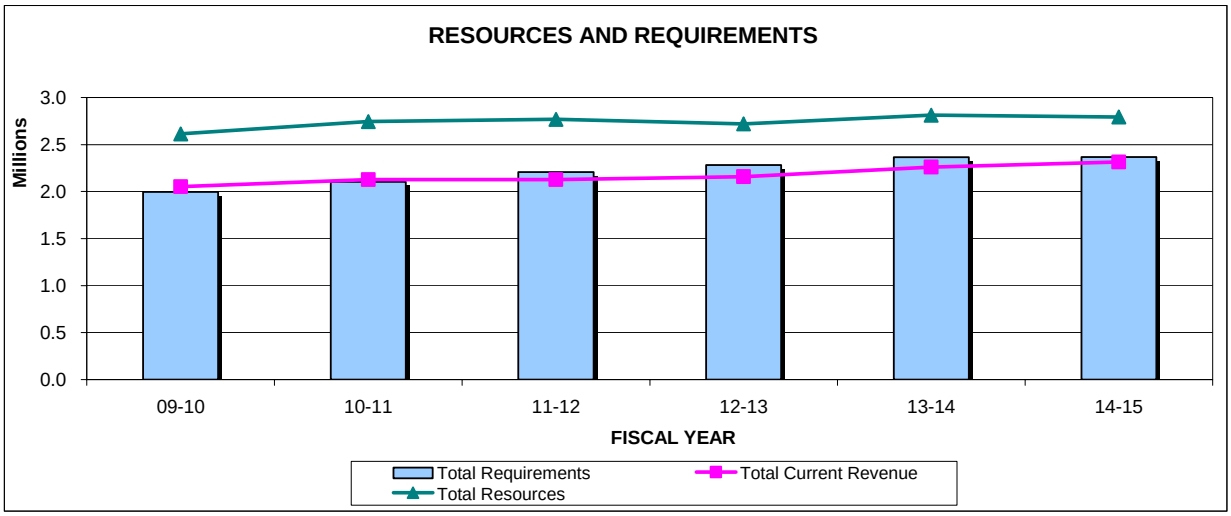
APPROPRIATE ENDING BUDGETARY FUND BALANCE

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 12-13 with an operating fund balance equal to approximately 7.8% of the FY 12-13 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 increases and spikes where possible, in combination with funding approved projects, to attain and maintain a fund balance of not less than $75,000 in the three-year planning window, without placing undue burden on the property-tax paying entities which comprise the User Group.

9-1-1 EMERGENCY COMMUNICATIONS FUND

BUDGETARY BASIS	AUDITED FY 09-10	AUDITED FY 10-11	ADOPTED FY 11-12	REVISED FY 11-12	ADOPTED FY 12-13	FY 13-14	FY 14-15
BEGINNING BUDGETARY FUND BALANCE	$277,605	$408,524	$372,238	$417,013	$313,043	$281,663	$215,863
REVENUES							
Charges for Service	$986,656	$939,405	$933,700	$933,700	$982,280	$1,067,250	$1,099,200
Intergovernmental	1,059,507	1,183,433	1,189,290	1,190,710	1,172,850	1,191,640	1,211,000
Miscellaneous	4,548	4,123	5,870	3,840	3,430	3,080	3,320
TOTAL REVENUES	$2,050,710	$2,126,961	$2,128,860	$2,128,250	$2,158,560	$2,261,970	$2,313,520
EXPENDITURES							
Police	$1,914,401	$2,026,177	$2,180,710	$2,156,150	$2,177,200	$2,300,970	$2,298,170
Transfers Out	80,390	77,940	51,070	51,070	62,240	65,350	68,620
Contingencies	0	0	48,760	0	43,450	0	0
TOTAL EXPENDITURES	$1,994,791	$2,104,117	$2,280,540	$2,207,220	$2,282,890	$2,366,320	$2,366,790
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	$55,919	$22,844	($151,680)	($78,970)	($124,330)	($104,350)	($53,270)
RESERVED BALANCES, Beginning of Year	$284,218	$209,218	$223,574	$223,574	$248,574	$268,574	$263,574
FUND BALANCE (Including Reserved), End of Year	$617,742	$640,587	$444,132	$561,617	$437,287	$445,887	$426,167
LESS: RESERVED BALANCES							
ASSIGNED	$209,218	$223,574	$248,574	$248,574	$268,574	$263,574	$283,574
ENDING BUDGETARY FUND BALANCE	**$408,524**	**$417,013**	**$195,558**	**$313,043**	**$168,713**	**$182,313**	**$142,593**
HISTORICAL NORMING ADJUSTMENT				35,000	77,950	33,550	32,268
POTENTIAL ENDING BUDGETARY FUND BALANCE	$408,524	$417,013	$195,558	$348,043	$281,663	$215,863	$174,860



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 being implemented incrementally over a three (3) year period which began 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 has provided some 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 and FY 10-11, permit revenues and charges for services exceeded forecasts significantly, due to commercial construction activities. Both years were still well below FY 08-09 totals. Staff anticipates that permit and plan review receipts for FY 11-12 and FY 12-13 will come in close to FY 10-11 revenue amounts, and continue well below prior year results for another few budget cycles.

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

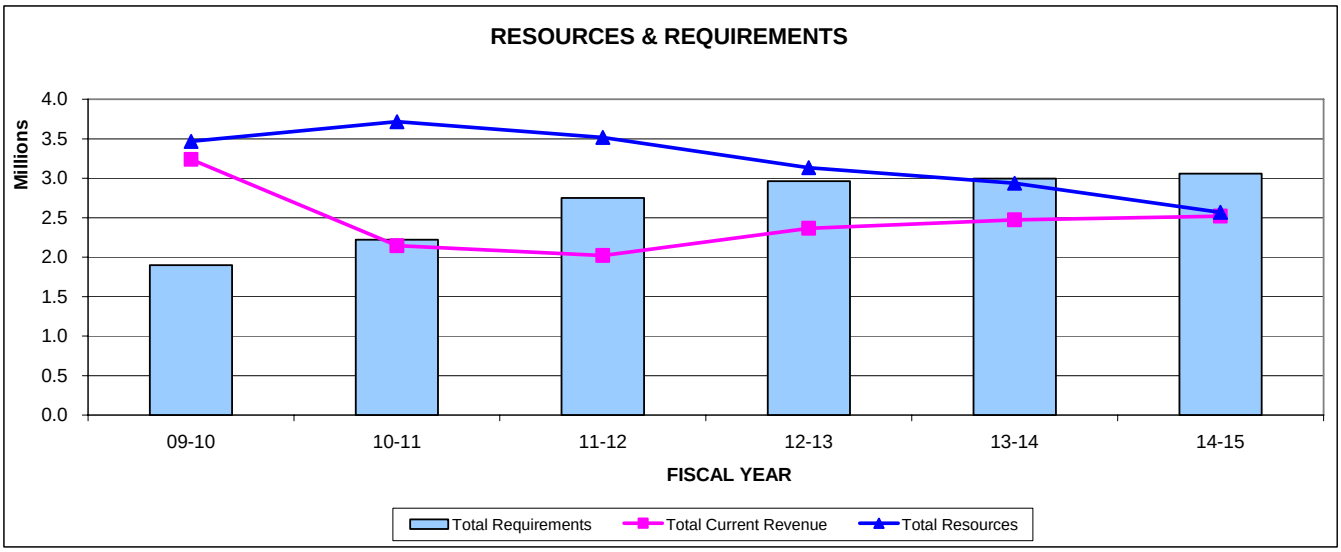
- The poor economy and lackluster housing starts.
- Determining and managing for the appropriate staff levels to respond to service demands, with the flexibility to provide all required services when large construction/development projects are presented.
- Funding future code enforcement mandates from the state or federal government, such as with new efforts relating to sustainable construction practices as promoted by the Governor's 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 12-13 with an operating fund balance equaling approximately 7.22% of the FY 12-13 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.

DEVELOPMENT SERVICES FUND

BUDGETARY BASIS	AUDITED FY 09-10	AUDITED FY 10-11	ADOPTED FY 11-12	REVISED FY 11-12	ADOPTED FY 12-13	FY 13-14	FY 14-15
BEGINNING BUDGETARY FUND BALANCE	$229,289	$1,569,257	$1,289,457	$1,495,286	$766,426	$464,456	$48,696
REVENUES							
Licenses, Fees & Permits	$1,163,606	$1,019,673	$770,270	$948,120	$1,086,350	$1,108,070	$1,130,220
Charges for Services	1,848,679	897,620	1,015,880	945,620	1,153,370	1,245,630	1,270,530
Miscellaneous	6,602	10,230	12,520	9,120	7,670	890	240
Transfers In	218,390	218,390	118,390	118,390	118,390	118,390	118,390
TOTAL REVENUES	$3,237,277	$2,145,913	$1,917,060	$2,021,250	$2,365,780	$2,472,980	$2,519,380
EXPENDITURES							
Community Development	$1,798,849	$1,945,554	$2,838,820	$2,543,310	$2,822,700	$2,936,780	$2,983,010
Transfers Out	98,460	274,330	239,560	206,800	88,800	58,840	75,280
Contingencies	0	0	50,000	0	50,000	0	0
TOTAL EXPENDITURES	$1,897,309	$2,219,884	$3,128,380	$2,750,110	$2,961,500	$2,995,620	$3,058,290
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	$1,339,968	($73,971)	($1,211,320)	($728,860)	($595,720)	($522,640)	($538,910)
FUND BALANCE (Including Reserved), End of Year	$1,569,257	$1,495,286	$78,137	$766,426	$170,706	($58,184)	($490,214)
ENDING BUDGETARY FUND BALANCE	$1,569,257	$1,495,286	$78,137	$766,426	$170,706	($58,184)	($490,214)
HISTORICAL NORMING ADJUSTMENT				$125,000	$168,750	$106,880	$90,850
POTENTIAL ENDING BUDGETARY FUND BALANCE	$1,569,257	$1,495,286	$78,137	$891,426	$464,456	$48,696	($399,364)



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. 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

Much of the funding that supports 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 CDBG eligible. Ongoing funding from HUD's CDBG and HOME Investment Partnership 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 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:

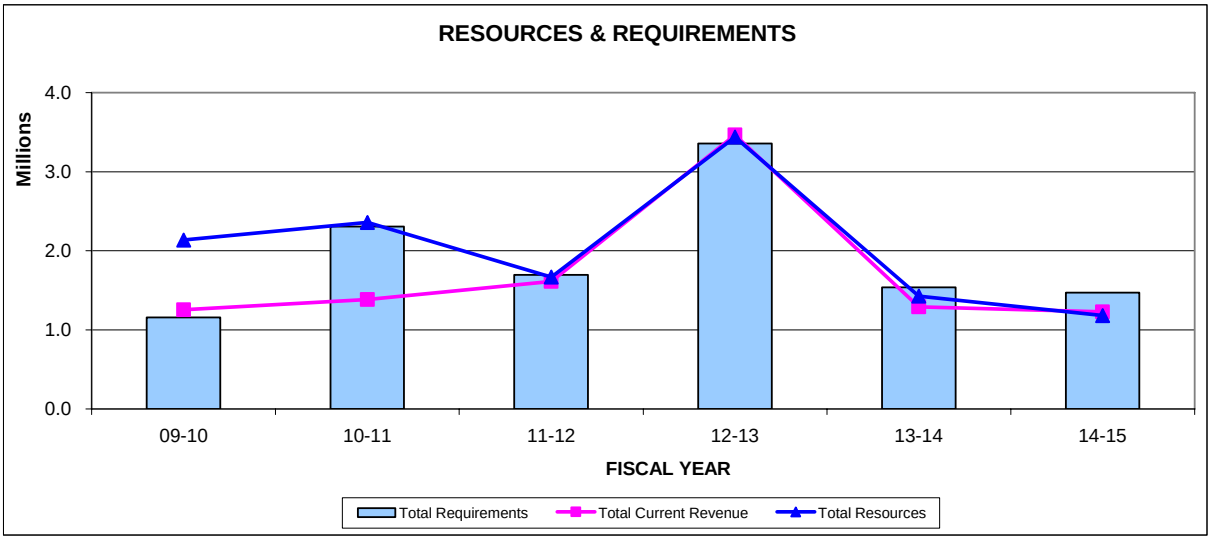
- Implementation of planning, program delivery, and program management aspects of the City's federally funded CDBG and HOME programs. Federal grant allocations for these programs vary each year.
- Continuation of current home purchase assistance and rehabilitation programs.
- Continuation of the Rental 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 were approved for a single large affordable housing development project that began construction in FY 10-11 and continued into FY 11-12. An increase to FY 12-13 budgeted expenditures has been made to reflect the potential carry forward of FY 11-12 resources which may not all be used by year-end.
- Increasing program delivery costs coupled with a relatively rapid decline in federal resources since FY 10-11 have brought FY 11-12 and projected FY 12-13 revenues and expenditures much closer than in past years. Strategies to mitigate this situation going forward include placing stricter controls on expenditure timing, seeking supplemental sources of program revenues, identifying additional cost saving measures, and redesigning loan programs to speed up and increase loan repayment 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. While the CD Revolving Fund financial plan on the facing page reflects a negative fund balance for revised FY 11-12, staff has been monitoring the situation closely and has determined that an interfund loan will not be needed as grant proceeds and lower expenditures have served to balance out the fund. Despite the narrow margin achieved, the Fund is expected to recover and end FY 12-13 with a balance equaling approximately 2.31% of the current revenues.

COMMUNITY DEVELOPMENT REVOLVING FUND

BUDGETARY BASIS	AUDITED FY 09-10	AUDITED FY 10-11	ADOPTED FY 11-12	REVISED FY 11-12	ADOPTED FY 12-13	FY 13-14	FY 14-15
BEGINNING BUDGETARY FUND BALANCE	$881,381	$975,300	$778,280	$51,937	($27,343)	$136,217	($45,803)
REVENUES							
Licenses, Fees & Permits	$116,510	$116,220	$126,700	$129,000	$131,670	$147,060	$150,480
Charges for Service	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000
Intergovernmental	$704,068	$1,015,560	$3,436,310	$1,225,410	$2,967,410	$806,510	$806,510
Fines & Forfeitures	1,831	476	2,300	2,300	2,300	2,300	2,300
Miscellaneous	425,520	244,918	433,180	251,860	359,420	329,460	263,830
TOTAL REVENUES	$1,252,929	$1,382,174	$4,003,490	$1,613,570	$3,465,800	$1,290,330	$1,228,120
EXPENDITURES							
Community Development	$1,126,470	$2,216,117	$4,336,610	$1,630,030	$3,305,250	$1,525,710	$1,454,250
Transfers Out	32,540	89,420	74,350	65,350	21,040	12,640	17,020
Contingencies	0	0	31,950	0	31,950	0	0
TOTAL EXPENDITURES	$1,159,010	$2,305,537	$4,442,910	$1,695,380	$3,358,240	$1,538,350	$1,471,270
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	$93,919	($923,363)	($439,420)	($81,810)	$107,560	($248,020)	($243,150)
RESERVED BALANCES, Beginning of Year	$2,530	$2,530	$2,530	$2,530	$0	$0	$0
FUND BALANCE (Including Reserved), End of Year	$977,830	$54,467	$341,390	($27,343)	$80,217	($111,803)	($288,953)
LESS: RESERVED BALANCES							
ASSIGNED	$2,530	$2,530	$2,530	$0	$0	$0	$0
ENDING BUDGETARY FUND BALANCE	**$975,300**	**$51,937**	**$338,860**	**($27,343)**	**$80,217**	**($111,803)**	**($288,953)**
HISTORICAL NORMING ADJUSTMENT				$36,350	$56,000	$66,000	$76,000
POTENTIAL ENDING BUDGETARY FUND BALANCE	$975,300	$51,937	$338,860	$9,007	$136,217	($45,803)	($212,953)



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 that section of the City. As such, requests for improvements to downtown parking have often 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 any significant 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. Developing new parking options will thus 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.

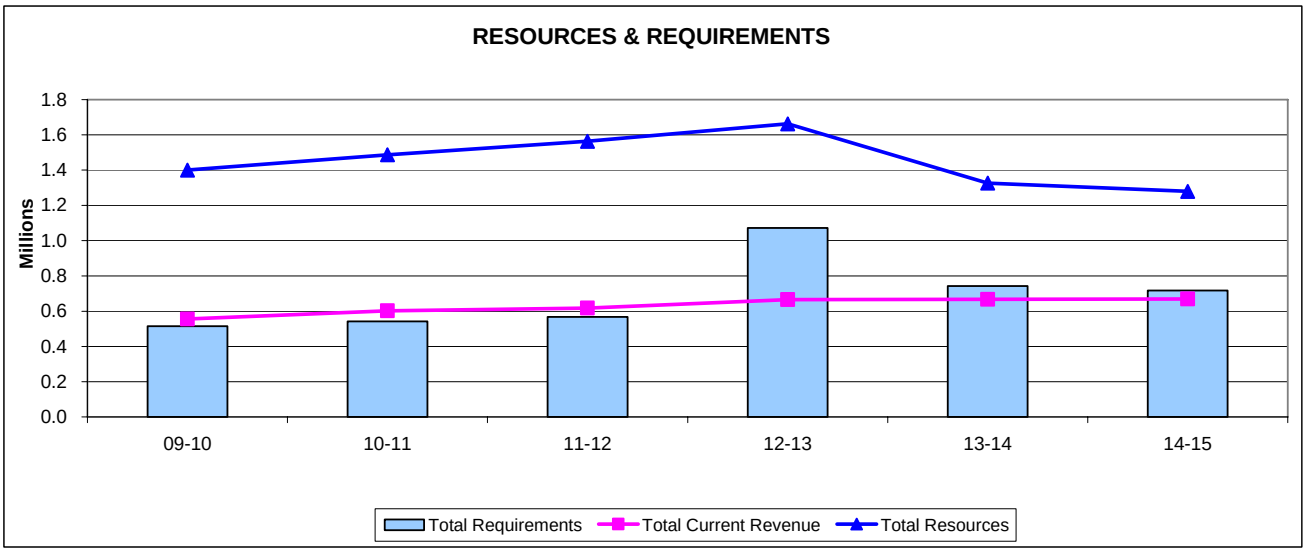
There is a growing community interest in the use of electric vehicles. Providing the means to charge these vehicles supports the City's sustainability goals and the City Council's work on an Energy and Transportation Strategy. Included in the Capital Improvement Program is a project to construct these stations in FY 12-13, 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 12-13 with an operating fund balance equal to approximately 76.54% of the FY 12-13 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 09-10	AUDITED FY 10-11	ADOPTED FY 11-12	REVISED FY 11-12	ADOPTED FY 12-13	FY 13-14	FY 14-15
BEGINNING BUDGETARY FUND BALANCE	$762,705	$789,591	$814,551	$835,890	$875,510	$578,880	$553,320
REVENUES							
Licenses, Fees & Permits	$15,841	$17,758	$20,000	$25,000	$25,000	$25,000	$25,000
Charges for Services	164,942	$167,438	164,150	184,150	187,170	189,050	190,950
Fines & Forfeitures	367,280	$411,983	405,930	403,930	450,000	450,000	450,000
Miscellaneous	7,148	$5,012	7,700	5,020	3,910	3,390	4,250
TOTAL REVENUES	$555,210	$602,191	$597,780	$618,100	$666,080	$667,440	$670,200
EXPENDITURES							
Community Development	$3,805	$3,528	$4,070	$4,070	$4,050	$4,230	$4,240
Finance	105,451	112,029	143,310	142,990	215,420	223,850	228,770
Police	279,836	269,504	351,190	279,260	355,580	332,180	319,670
Public Works	104,872	134,100	171,980	127,440	184,280	168,960	151,250
Transfers Out	20,970	23,230	253,720	13,720	299,060	13,110	13,770
Contingencies	0	0	11,890	0	13,320	0	0
TOTAL EXPENDITURES	$514,934	$542,391	$936,160	$567,480	$1,071,710	$742,330	$717,700
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	$40,276	$59,800	($338,380)	$50,620	($405,630)	($74,890)	($47,500)
RESERVED BALANCES, Beginning of Year	$82,518	$95,908	$109,408	$109,408	$120,408	$80,478	$55,588
FUND BALANCE (Including Reserved), End of Year	$885,499	$945,298	$585,579	$995,918	$590,288	$584,468	$561,408
LESS: RESERVED BALANCES							
COMMITTED	$37,323	$37,323	$37,323	$37,323	$37,323	$37,323	$37,323
ASSIGNED	58,585	72,085	31,955	83,085	43,155	18,265	28,965
ENDING BUDGETARY FUND BALANCE	$789,591	$835,890	$516,301	$875,510	$509,810	$528,880	$495,120
HISTORICAL NORMING ADJUSTMENT				$28,590	$40,480	$24,440	$20,770
POTENTIAL ENDING BUDGETARY FUND BALANCE	$789,591	$835,890	$516,301	$904,100	$578,880	$553,320	$515,890



SERVICE HIGHLIGHTS

The main operation in the Transit Fund is for the eight regular transit routes that operate Monday through Saturday, and a variety of limited-service commuter and seasonal routes. 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 is contracted by the City, for disabled persons who are unable to use the fixed-route system, and is mandated by the federal government to be offered the same days, hours, and geographical area as the fixed-route 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. 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, contributes the majority of the funding for the successful late-night bus service on Thursday, Friday and Saturday during the OSU academic school year.

In February 2011, the Corvallis Transit Service (CTS) became 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. Since implementation of fareless transit service, CTS has recorded a 38% increase in ridership, with more than a million rides provided last year.

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 no longer receives 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.

Recent legislative activity has made the BETC program more questionable as an ongoing source of funding. The current economy has also resulted in fewer partners with a sufficiently sizeable tax liability to offset the credit. In FY 11-12, the City obtained two partners, providing roughly 58% of projected BETC revenue. Additional partners are being sought to fill the remaining revenue gap. The BETC program is scheduled to sunset in the next three 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 CTS. However, future regional transportation system needs may impact grant funds available to the City.

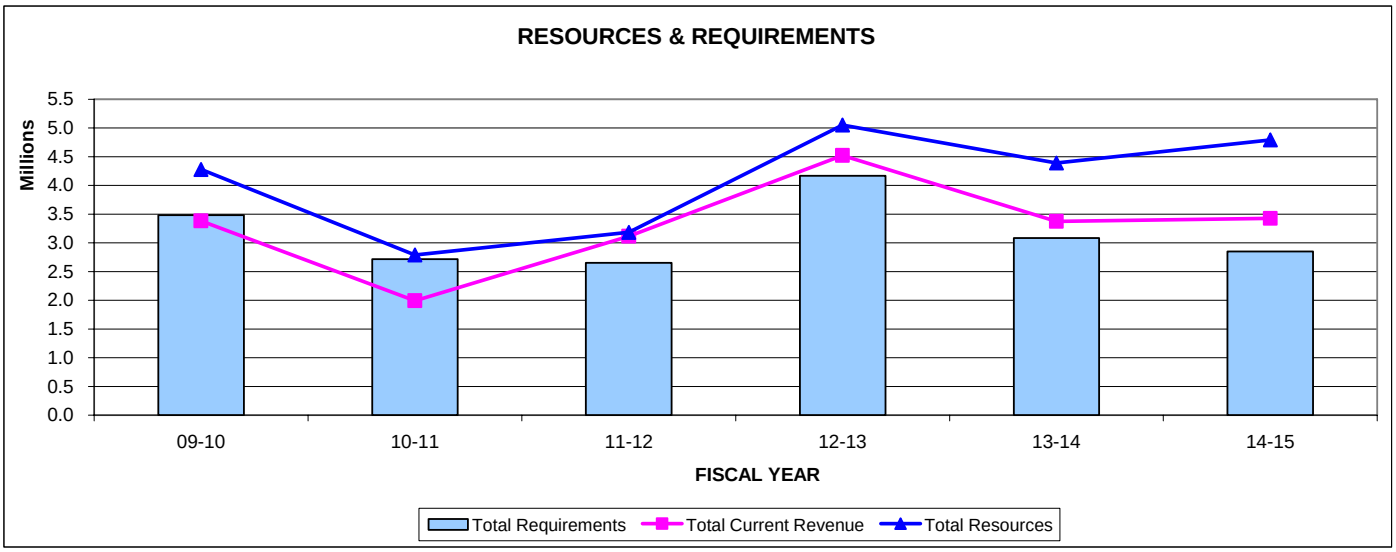
Service level is directed by users, the growth of the community and the requirements of the Americans with Disabilities Act (ADA). As the community grows, transit, as an alternative to the single-occupancy vehicle, serves to help relieve congestion and parking issues, supports sustainability efforts, and provides mobility for low-income, elderly or disabled members of the population. Providing a level and quality of service that will meet this demand in a climate of unstable revenue sources for transit service can be challenging, however due to an increase in the transit SIF rate, staff estimates a $90,000 enhancement to transit service, which translates to approximately 1,285 hours of additional service per year or a 4.9% increase. Service expansion may take the form of increased frequency on some existing routes, service that starts earlier in the morning or ends later in the evening, expansion of the service to areas where it isn't provided currently, or a combination of these. City Council will decide on changes after staff conducts a public process for community input in the summer of 2012, and works with the Citizens Advisory Commission on Transit to draft a recommendation to put any new service(s) in place at the start of OSU's 2012 fall term.

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 12-13 with an operating fund balance equaling approximately 15.78% of the FY 12-13 current revenues.

TRANSIT FUND

BUDGETARY BASIS	AUDITED FY 09-10	AUDITED FY 10-11	ADOPTED FY 11-12	REVISED FY 11-12	ADOPTED FY 12-13	FY 13-14	FY 14-15
BEGINNING BUDGETARY FUND BALANCE	$273,615	$136,087	($206,743)	($140,648)	$321,262	$842,422	$1,360,832
REVENUES							
Property Taxes	$217,114	$77,641	$0	$0	$0	$0	$0
Licenses, Fees & Permits	$0	$388,430	879,300	989,200	1,173,900	1,173,900	1,173,900
Charges for Services	$478,655	$335,536	214,660	215,860	223,610	225,320	227,050
Intergovernmental	$1,955,125	$980,984	1,737,450	1,105,250	2,352,950	1,193,670	1,229,480
Fines & Forfeitures	$169	$286	0	0	0	0	0
Miscellaneous	$730,654	$186,616	1,368,990	804,920	772,500	784,360	796,580
Other Financing Sources (Uses)	$0	$21,764	0	0	0	0	0
TOTAL REVENUES	$3,381,717	$1,991,258	$4,200,400	$3,115,230	$4,522,960	$3,377,250	$3,427,010
EXPENDITURES							
Public Works	$3,457,245	$2,449,073	$3,481,890	$2,641,700	$4,080,490	$3,071,050	$2,835,680
Transfers Out	$27,000	268,920	11,620	11,620	12,140	12,750	13,390
Contingencies	$0	0	35,590	0	77,130	0	0
TOTAL EXPENDITURES	$3,484,245	$2,717,993	$3,529,100	$2,653,320	$4,169,760	$3,083,800	$2,849,070
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	($102,528)	($726,735)	$671,300	$461,910	$353,200	$293,450	$577,940
RESERVED BALANCES, Beginning of Year	$626,061	$661,061	$211,061	$211,061	$211,061	$172,001	$6,531
FUND BALANCE (Including Reserved), End of Year	$797,148	$70,413	$675,618	$532,323	$885,523	$1,307,873	$1,945,303
LESS: RESERVED BALANCES							
COMMITTED	$0	$0	$0	$0	$0	$0	$0
ASSIGNED	$661,061	$211,061	$137,001	$211,061	$172,001	$6,531	$56,631
ENDING BUDGETARY FUND BALANCE	$136,087	($140,648)	$538,617	$321,262	$713,522	$1,301,342	$1,888,672
HISTORICAL NORMING ADJUSTMENT				$66,100	$62,800	$59,490	$56,190
POTENTIAL ENDING BUDGETARY FUND BALANCE	$136,087	($140,648)	$538,617	$387,362	$842,422	$1,360,832	$1,944,862



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, the 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 went 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 now estimated to raise approximately $1,807,030 in FY 11-12, $1,861,240 in FY 12-13, and $1,917,070 in FY 13-14 or a total of $5,585,340 for all three years assuming growth in assessed value of 3.0% in the latter two years. 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.

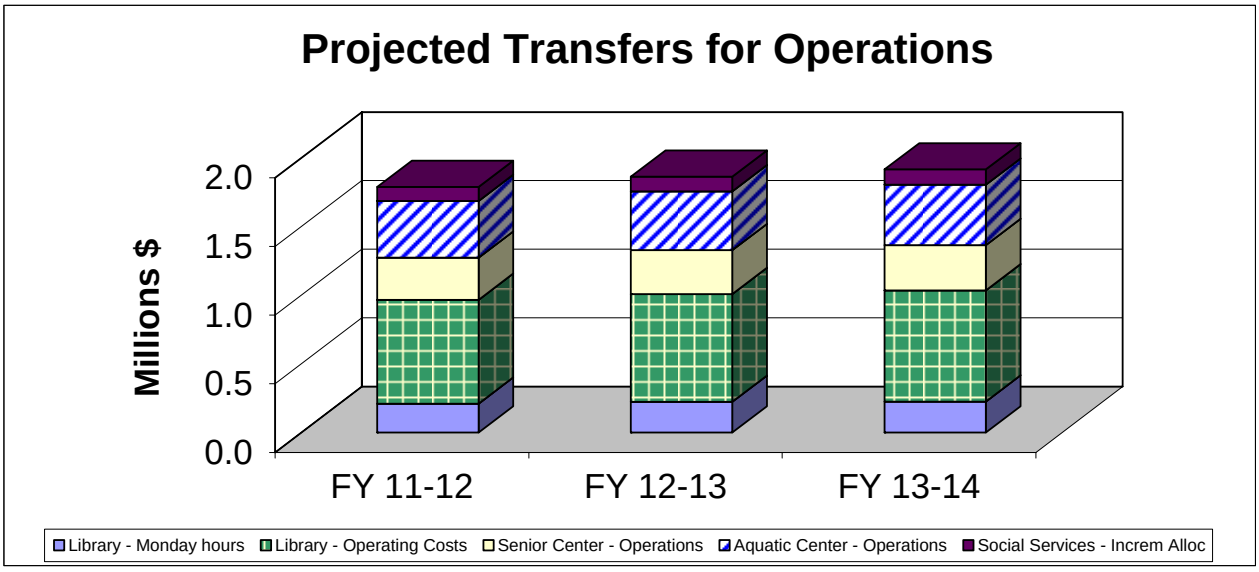
With declining revenues, the ability to meet citizen demands for new, expanded, or even existing service levels will be difficult. Given that the 2011 operating levy is limited to a three-year duration, and unless it is renewed by voters, the City's legal requirement to adopt a balanced budget means 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 12-13 with an operating fund balance equal to approximately 0% of the FY 12-13 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 09-10	AUDITED FY 10-11	ADOPTED FY 11-12	REVISED FY 11-12	ADOPTED FY 12-13	FY 13-14	FY 14-15
BEGINNING BUDGETARY FUND BALANCE	$0	$0	$0	$0	$0	$0	$0
REVENUES							
Property Taxes - Levy Related	$0	$0	$1,790,000	$1,807,030	$1,861,240	$1,917,070	$0
TOTAL REVENUES	$0	$0	$1,790,000	$1,807,030	$1,861,240	$1,917,070	$0
EXPENDITURES							
NON-OPERATING TRANSFERS							
Library Fund - Monday Hours	$0	$0	$211,000	$200,600	$223,540	$226,020	$8,300
Library Fund - Other Operating Costs	0	0	755,730	755,730	785,820	809,390	7,190
Parks & Recreation Fund - Senior Center	0	0	308,200	308,200	320,510	330,120	2,930
Parks & Recreation Aquatics Fund	0	0	412,200	412,200	428,640	441,500	3,920
General Fund - Social Services	0	0	102,870	102,870	106,840	110,040	980
TOTAL EXPENDITURES	$0	$0	$1,790,000	$1,779,600	$1,865,350	$1,917,070	$23,320
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	$0	$0	$0	$27,430	($4,110)	$0	($23,320)
RESERVED BALANCES, Beginning of Year					$27,430	$23,320	$23,320
FUND BALANCE (Including Reserved), End of Year	$0	$0	$0	$27,430	$23,320	$23,320	$0
LESS: RESERVED BALANCES							
RESTRICTED	$0	$0	$0	$27,430	$23,320	$23,320	$0
COMMITTED	0	0	0	0	0	0	0
ASSIGNED	0	0	0	0	0	0	0
ENDING BUDGETARY FUND BALANCE	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**



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. More than 2.5 billion gallons of drinking water are produced annually.

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. Given concerns about the impact of water production on the greater environment, the City has aggressively pursued energy-saving processes and equipment changes which reduce 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 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 Oregon 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 some gravel was completed during the summer of 2011, with another project scheduled for summer of 2012. 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.

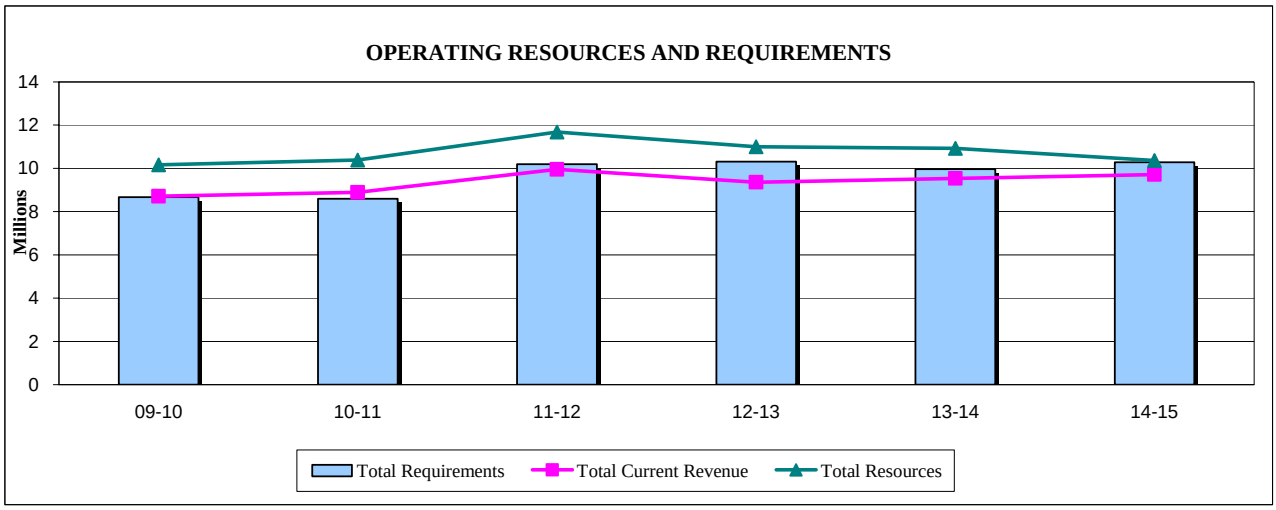
The Watershed Stewardship Plan includes projects to manage the City's watershed forest property, on the east side of Marys Peak, back to a healthy state. Revenues to accomplish these items come from the sale of timber harvested from the site. A challenge is to meet demand for environmental improvements while responding to competing pressures 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 12-13 with an operating fund balance equaling approximately 3.32% of the FY 12-13 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 09-10	AUDITED FY 10-11	ADOPTED FY 11-12	REVISED FY 11-12	ADOPTED FY 12-13	FY 13-14	FY 14-15
RATE INCREASE	2.00%	3.70%	2.50%	4.30%	2.00%	2.00%	2.00%
BEGINNING BUDGETARY FUND BALANCE	$1,066,147	$1,169,425	$1,347,415	$1,261,227	$962,687	$505,127	$301,097
REVENUES							
Charges for Service	$8,005,162	$8,060,594	$8,587,330	$8,233,490	$8,620,130	$8,791,840	$8,966,970
Intergovernmental	27,238	46,544	33,600	37,750	0	0	0
Fines & Forfeitures	1,018	3,148	0	0	0	0	0
Miscellaneous	332,539	428,246	400,260	555,020	395,350	400,610	406,140
Other Financing Sources	5,790	2,100	0	0	0	0	0
Transfers In	339,655	345,369	946,050	1,125,520	342,740	341,530	343,050
TOTAL REVENUES	$8,711,402	$8,886,002	$9,967,240	$9,951,780	$9,358,220	$9,533,980	$9,716,160
EXPENDITURES							
Community Development	$45,409	$48,327	$51,350	$51,350	$55,770	$58,520	$59,090
Public Works	6,780,740	6,806,637	8,930,510	8,157,640	7,840,490	7,700,030	7,890,780
Debt Service	1,018,484	1,009,218	1,018,820	1,018,820	1,021,160	1,016,620	1,020,340
Transfers Out	830,178	734,640	1,151,320	965,580	1,201,450	1,192,640	1,314,590
Contingencies	0	0	194,670	0	194,060	0	0
TOTAL EXPENDITURES	$8,674,811	$8,598,822	$11,346,670	$10,193,390	$10,312,930	$9,967,810	$10,284,800
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	$36,591	$287,180	($1,379,430)	($241,610)	($954,710)	($433,830)	($568,640)
RESERVED BALANCES, Beginning of Year	$4,768,175	$4,977,525	$4,909,685	$5,676,892	$3,762,522	$3,444,002	$3,640,622
FUND BALANCE (Including Reserved), End of Year	$6,146,949	$6,938,119	$2,814,570	$4,725,209	$3,755,069	$3,751,039	$3,998,659
LESS: RESERVED BALANCES							
RESTRICTED	$4,589,432	$5,093,422	$2,455,523	$3,122,122	$3,106,692	$3,342,432	$3,968,012
ASSIGNED	388,092	583,470	58,262	640,400	337,310	298,190	245,830
ENDING BUDGETARY FUND BALANCE	$1,169,425	$1,261,227	$300,785	$962,687	$311,067	$110,417	($215,183)
HISTORICAL NORMING ADJUSTMENT				$0	$194,060	$190,680	$194,320
POTENTIAL ENDING BUDGETARY FUND BALANCE	$1,169,425	$1,261,227	$300,785	$962,687	$505,127	$301,097	($20,863)



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 214 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 such as an adequate level of piping system maintenance to ensure the health and safety of the community, and the uninterrupted collection of wastewater. The City Council, sensitive to the tight economic times, directed staff to limit the combined rate increases in the three utility funds to 3%. As efficiencies in processes occur, this guideline is a bigger challenge due to expenditure increases exceeding 3% from a growing community, inflation in materials costs and more stringent federal regulations. Despite such influences, which are affecting all wastewater systems, Corvallis utility charges are the third lowest compared to eight other like-sized Oregon communities and the lowest compared to ten other surrounding communities.

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 is conducting 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 to absorb this size of expenditure, so debt will be issued to provide the money 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.

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.

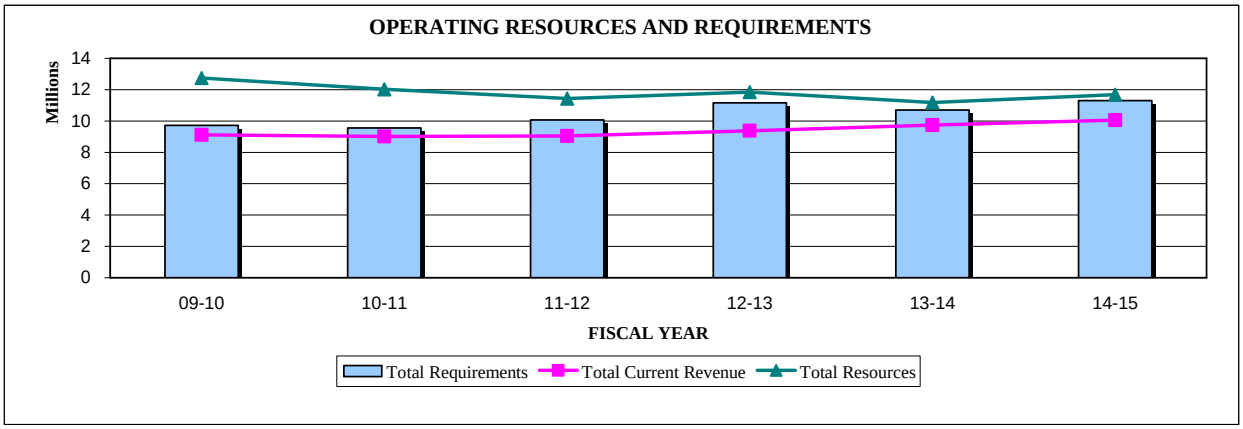
APPROPRIATE ENDING BUDGETARY FUND BALANCE

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 12-13 with an operating fund balance of approximately 10.83% of the FY 12-13 current revenue.

WASTEWATER FUND - COMBINED

BUDGETARY BASIS	AUDITED FY 09-10	AUDITED FY 10-11	ADOPTED FY 11-12	REVISED FY 11-12	ADOPTED FY 12-13	FY 13-14	FY 14-15
RATE INCREASE	2.00%	2.00%	2.50%	3.20%	4.00%	4.00%	3.50%
BEGINNING BUDGETARY FUND BALANCE	$3,408,590	$2,947,204	$2,234,464	$2,331,589	$1,221,084	$1,393,144	$627,820
REVENUES							
Charges for Service	$8,720,357	$8,951,264	$9,042,110	$9,023,140	$9,351,980	$9,712,180	$10,045,560
Intergovernmental	0	8,525	0	0	0	0	0
Miscellaneous	54,092	41,210	50,930	30,800	26,870	19,120	13,020
Other Financing Sources	0	2,391	0	0	0	0	0
Transfers In	340,152	18,251	0	0	0	0	0
TOTAL REVENUES	$9,114,601	$9,021,642	$9,093,040	$9,053,940	$9,378,850	$9,731,300	$10,058,580
EXPENDITURES							
Community Development	$44,486	$47,239	$50,380	$50,380	$52,770	$55,420	$55,890
Public Works	6,455,402	6,467,621	7,264,080	6,886,420	7,608,910	7,162,790	7,570,130
Debt Service	2,305,657	2,300,307	2,294,040	2,294,040	2,291,550	2,258,290	2,228,840
Transfers Out	925,042	742,090	878,980	843,600	1,023,220	1,222,720	1,457,020
Contingencies	0	0	181,510	0	187,580	0	0
TOTAL EXPENDITURES	$9,730,587	$9,557,257	$10,668,990	$10,074,440	$11,164,030	$10,699,220	$11,311,880
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	($615,986)	($535,615)	($1,575,950)	($1,020,500)	($1,785,180)	($967,920)	($1,253,300)
RESERVED BALANCES, Beginning of Year	$9,222,754	$9,303,471	$9,634,581	$10,201,511	$8,835,316	$8,069,756	$8,589,167
FUND BALANCE (Including Reserved), End of Year	$12,250,675	$12,533,100	$8,642,535	$10,056,400	$9,085,920	$9,028,230	$955,197
LESS: RESERVED BALANCES							
RESTRICTED (1)	$9,239,666	$10,057,707	$7,840,216	$8,601,512	$7,836,942	$8,322,303	$1,313,813
ASSIGNED	63,805	143,805	158,715	233,805	232,815	266,865	67,365
ENDING BUDGETARY FUND BALANCE (1)	$2,947,204	$2,331,589	$643,604	$1,221,084	$1,016,164	$350,150	($425,980)
HISTORICAL NORMING ADJUSTMENT				97,130	279,850	277,670	279,600
POTENTIAL ENDING BUDGETARY FUND BALANCE	$2,947,204	$2,331,589	$643,604	$1,318,214	$1,393,144	$627,820	($146,380)

(1) Lower than previously projected restricted reserves and a higher FY 12-13 ending budgetary fund balance reflects the assumption that the City's debt reserve from a DEQ Loan in respect of a 2000 CSO project will be refinanced, with the reserve thereby reverting to use for operations.



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 11-12, storm water rates were not increased, helping to offset the increases needed to maintain the water and wastewater systems during this time period. However, absent future annual increases, the Storm Water Fund would be projected to have deficit fund balances within the planning period. Increased revenues would allow for some 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.

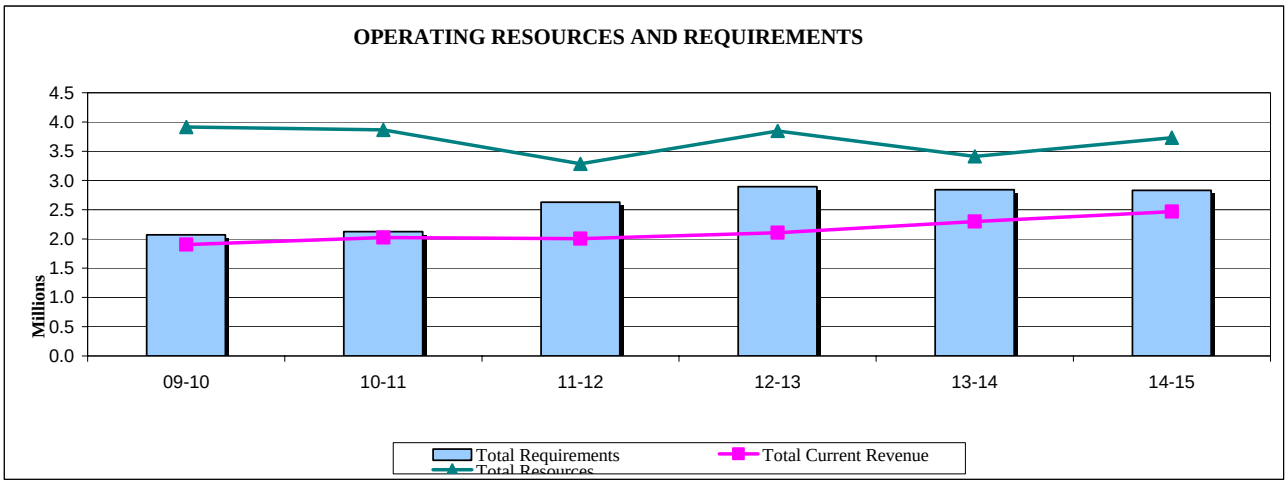
Suggested actions from the community sustainability effort could drive new projects, such as rain gardens along residential streets. Rain gardens take water out of the piping system, reducing the chance of pipe overflows and localized street flooding during heavy rain events. Rain gardens also improve 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 12-13 with an operating fund balance of approximately 9.06% of FY 12-13 current revenue. Funds over a $300,000 fund balance would be available for additional capital projects.

STORM WATER FUND - COMBINED

BUDGETARY BASIS	AUDITED FY 09-10	AUDITED FY 10-11	ADOPTED FY 11-12	REVISED FY 11-12	ADOPTED FY 12-13	FY 13-14	FY 14-15
RATE INCREASE	10.00%	0.00%	10.00%	0.00%	10.00%	9.00%	6.00%
BEGINNING BUDGETARY FUND BALANCE	$1,846,801	$1,769,356	$1,163,146	$1,622,226	$943,234	$1,128,325	$921,407
REVENUES							
Charges for Service	$1,879,433	$2,002,405	$1,965,440	$1,992,110	$2,098,090	$2,292,940	$2,464,870
Intergovernmental	0	3,127	12,740	1,880	0	0	0
Fines and Forfeitures	100	0	0	0	0	0	0
Miscellaneous	16,320	12,514	16,740	10,510	8,740	4,350	1,800
Other Financing Sources	4,000	0	0	0	0	0	0
Transfers In	3,687	5,625	0	0	0	0	0
TOTAL REVENUES	$1,903,539	$2,023,671	$1,994,920	$2,004,500	$2,106,830	$2,297,290	$2,466,670
EXPENDITURES							
Community Development	$45,472	$47,825	$52,240	$52,240	$53,670	$56,340	$56,820
Public Works	1,685,351	1,706,315	1,962,260	1,905,400	2,216,440	2,087,380	2,067,220
Transfers Out	340,212	371,660	734,060	670,850	584,600	698,030	707,290
Contingencies	0	0	39,770	0	42,140	0	0
TOTAL EXPENDITURES	$2,071,035	$2,125,800	$2,788,330	$2,628,490	$2,896,850	$2,841,750	$2,831,330
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	($167,495)	($102,129)	($793,410)	($623,990)	($790,020)	($544,460)	($364,660)
RESERVED BALANCES, Beginning of Year	$118,873	$64,218	$128,686	$193,565	$234,467	$218,077	$235,467
FUND BALANCE (Including Reserved), End of Year	$1,833,574	$1,815,791	$523,422	$1,177,701	$408,991	$764,332	$754,954
LESS: RESERVED BALANCES							
RESTRICTED	($9,215)	$75,132	$35,253	$61,034	$82,344	$44,734	$7,474
ASSIGNED	73,433	118,433	173,433	173,433	135,733	190,733	245,733
ENDING BUDGETARY FUND BALANCE	$1,769,356	$1,622,226	$314,736	$943,234	$190,914	$528,865	$501,747
HISTORICAL NORMING ADJUSTMENT				459,113	478,298	392,542	333,661
POTENTIAL ENDING BUDGETARY FUND BALANCE	$1,769,356	$1,622,226	$314,736	$1,402,348	$1,128,325	$921,407	$835,408



SERVICE HIGHLIGHTS

The City operates the highest use airport (landings/take-offs) of any non-towered airports 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 which is expected to be completed in FY 11-12.

There is currently no long-term planning document addressing 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 street and utility 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 12-13.

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 began in FY 11-12, the results of which will be used to generate recommendations for projects that support and enhance those functions.

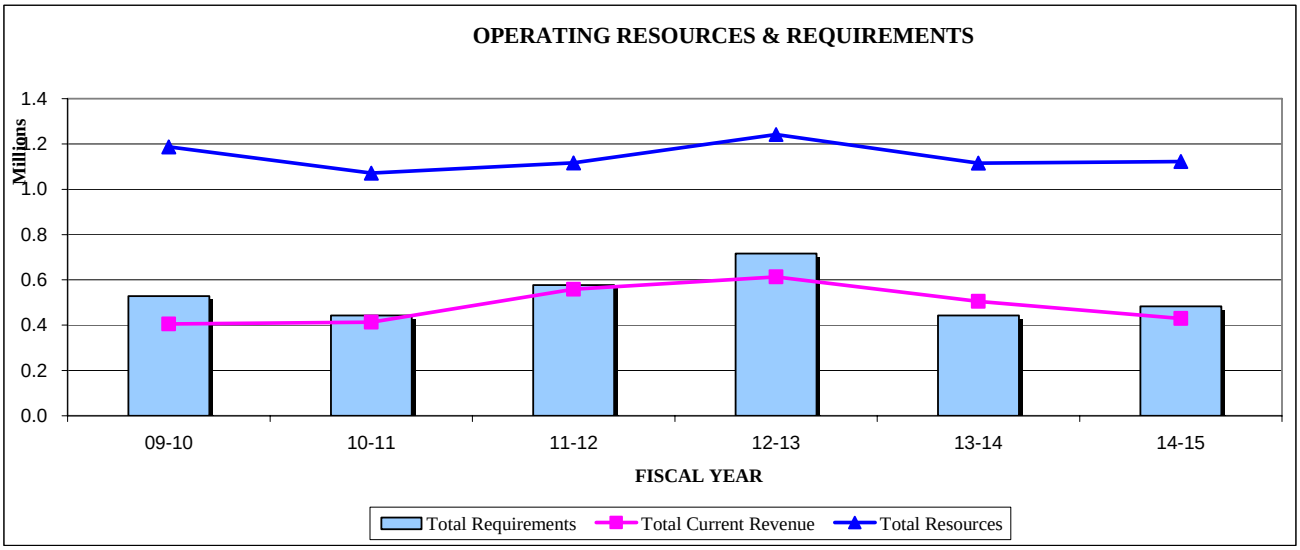
Recommended projects resulting from these three planning efforts could present a challenge for the City to accomplish within a finite revenue stream and to balance the rehabilitation of existing facilities against the construction of new ones.

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 12-13 with a fund balance of approximately 81.44% of the FY 12-13 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

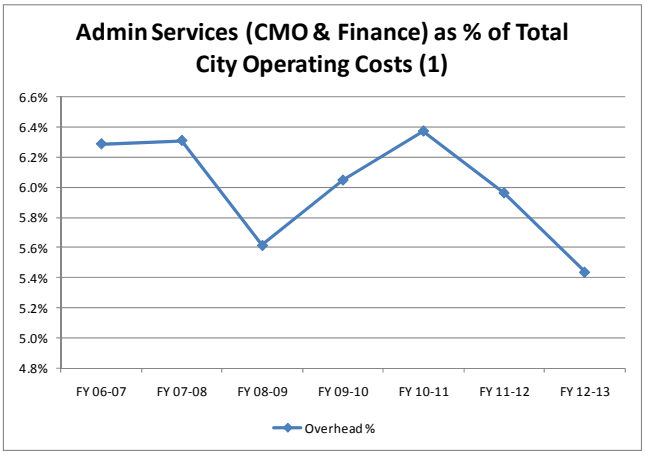
BUDGETARY BASIS	AUDITED FY 09-10	AUDITED FY 10-11	ADOPTED FY 11-12	REVISED FY 11-12	ADOPTED FY 12-13	FY 13-14	FY 14-15
BEGINNING BUDGETARY FUND BALANCE	$780,902	$657,672	$554,943	$625,500	$604,721	$683,633	$822,821
REVENUES							
Licenses, Fees & Permits	$4,297	$4,450	$2,500	$5,000	$5,000	$5,000	$5,000
Charges for Services	390,113	394,785	392,500	447,100	398,500	405,890	413,420
Intergovernmental	0	0	296,761	96,760	200,000	84,180	0
Miscellaneous	11,371	11,848	13,580	10,210	9,570	9,920	11,710
Other Financing Sources	0	2,500	0	0	0	0	0
TOTAL REVENUES	$405,781	$413,582	$705,341	$559,070	$613,070	$504,990	$430,130
EXPENDITURES							
Public Works	$487,417	$332,061	$820,910	$559,910	$664,940	$390,905	$409,580
Debt Service	29,474	33,663	32,590	32,590	31,490	30,390	29,290
Transfers Out	12,120	77,180	13,910	(15,500)	6,950	21,020	44,500
Contingencies	0	0	14,270	0	12,260	0	0
TOTAL EXPENDITURES	$529,011	$442,904	$881,680	$577,000	$715,640	$442,315	$483,370
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	($123,230)	($29,322)	($176,339)	($17,930)	($102,570)	$62,675	($53,240)
RESERVED BALANCES, Beginning of Year	$0	($62,013)	$2,850	$28,941	$5,700	$8,550	$6,255
FUND BALANCE (Including Reserved), End of Year	$595,659	$654,441	$381,454	$610,421	$507,851	$754,858	$775,836
LESS: RESERVED BALANCES							
RESTRICTED	($62,013)	$26,091	$0	$0	$0	$0	$0
ASSIGNED	0	2,850	5,700	5,700	8,550	6,255	9,105
ENDING BUDGETARY FUND BALANCE	$657,672	$625,500	$375,754	$604,721	$499,301	$748,603	$766,731
HISTORICAL NORMING ADJUSTMENT				$97,017	$87,315	$74,218	$74,218
POTENTIAL ENDING BUDGETARY FUND BALANCE	$657,672	$625,500	$375,754	$701,738	$683,633	$822,821	$840,949



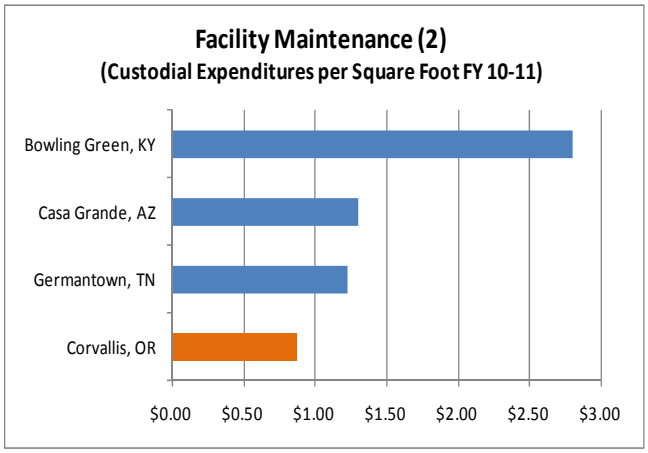
SERVICE OVERVIEW

The City has centralized several of its internal operations to provide efficient and cost effective support services. Three departments (Finance, City Manager's Office and Public Works) operate in a total of five internal service funds, and charge out their expertise and support to the other funds/departments based on defensible, established and consistent drivers. As services, programs and level of effort change in the internal service funds, and in particular with recent budgetary cuts in property tax funded programs, adjustments to these drivers are made in discussion with all departments. Regular review of internal services is conducted to ensure that cost effectiveness is maintained, whether relative to a more decentralized model or from external sources. For example, outsourcing of support functions while viable for certain standard operations, may not be cost effective if some or all departments continue to require the specialized City government services or facilities (such as state pension accounting and reporting by Finance department payroll staff and large vehicle maintenance by Fleet Fund mechanics).

The Charts below help illustrate some interesting statistics relative to the City's internal service operations and how efficient they are either relative to other City governments or on a historical trend basis.



(1) Federal grants allow for up to 10% overhead, so the City's targeted achievement of less than 7% is indicative of cost effectiveness of operations. Percentages for FY 11-12 and FY 12-13 are budget not actual.



(2) Comparator population range of 35-60k and consists of ICMA members who responded to survey questions.

APPROPRIATE ENDING BUDGETARY FUND BALANCES

Since the five internal service funds are supported by charges paid by other participating City departments, the ending operating fund balances for all but the Risk Management Fund (which is dealt with separately below) are designed to be close to $0 each year, per Council Financial Policy. Balances in excess of $20,000 in each fund will typically be refunded to departments or reserved for future specified needs.

FLEET MAINTENANCE FUND

BUDGETARY BASIS	AUDITED FY 09-10	AUDITED FY 10-11	ADOPTED FY 11-12	REVISED FY 11-12	ADOPTED FY 12-13	FY 13-14	FY 14-15
BEGINNING BUDGETARY FUND BALANCE	$10,364	$24,199	$32,359	$33,338	$34,978	$20,318	$20,318
REVENUES							
Charges for Service	$712,438	$740,062	$827,500	$820,000	$825,910	$842,410	$850,090
Fines & Forfeitures	0	32	0	0	0	0	0
Miscellaneous	1,995	1,744	1,530	1,470	1,340	1,180	1,280
TOTAL REVENUES	$714,433	$741,838	$829,030	$821,470	$827,250	$843,590	$851,370
EXPENDITURES							
Public Works	$715,598	$731,799	$818,030	$817,530	$823,610	$841,290	$849,070
Contingencies	0	0	16,000	0	16,000	0	0
TOTAL EXPENDITURES	$715,598	$731,799	$834,030	$817,530	$839,610	$841,290	$849,070
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	($1,165)	$10,039	($5,000)	$3,940	($12,360)	$2,300	$2,300
RESERVED BALANCES, Beginning of Year	$20,624	$5,624	$6,524	$6,524	$8,824	$11,124	$13,424
FUND BALANCE (Including Reserved), End of Year	$29,823	$39,862	$33,883	$43,802	$31,442	$33,742	$36,042
LESS: RESERVED BALANCES							
ASSIGNED	$5,624	$6,524	$8,824	$8,824	$11,124	$13,424	$15,724
ENDING BUDGETARY FUND BALANCE	$24,199	$33,338	$25,059	$34,978	$20,318	$20,318	$20,318

SERVICE HIGHLIGHTS

A garage facility, located at the Public Works site, provides preventive maintenance and repair services for City-owned vehicles (for a comprehensive list of city vehicles see page 51 of this section) and equipment. The organization's fleet represents a significant investment that needs to be managed successfully to assure efficient, uninterrupted service. Public Works staff coordinate vehicle purchases and work with certain user departments to develop specifications, and conduct the procurement process from competitive bid through receipt and preparation 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. Biodiesel is now used for the diesel fleet, reducing harmful emissions and extending the life of the engine. The City is also replacing standard gasoline-engine cars and light trucks with alternative-fuel vehicles, whenever operationally feasible. Equipment purchases for the garage, such as a unit which uses a parts cleaning process that doesn't rely on chemicals adds to 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 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. 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.

FACILITY MAINTENANCE FUND

BUDGETARY BASIS	AUDITED FY 09-10	AUDITED FY 10-11	ADOPTED FY 11-12	REVISED FY 11-12	ADOPTED FY 12-13	FY 13-14	FY 14-15
BEGINNING BUDGETARY FUND BALANCE	$27,303	$26,674	$29,474	$27,835	$28,465	$15,855	$15,855
REVENUES							
Charges for Service	$757,044	$691,910	$829,890	$829,890	$804,490	$882,060	$837,020
Miscellaneous	12,408	2,063	3,290	2,950	2,710	2,260	2,110
TOTAL REVENUES	$769,452	$693,973	$833,180	$832,840	$807,200	$884,320	$839,130
EXPENDITURES							
Public Works	$766,031	$687,262	$823,880	$823,080	$799,160	$926,820	$855,600
Contingencies	0	0	10,000	0	10,000	0	0
TOTAL EXPENDITURES	$766,031	$687,262	$833,880	$823,080	$809,160	$926,820	$855,600
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	$3,421	$6,711	($700)	$9,760	($1,960)	($42,500)	($16,470)
RESERVED BALANCES, Beginning of Year	$35,138	$39,188	$44,738	$44,738	$53,868	$64,518	$22,018
FUND BALANCE (Including Reserved), End of Year	$65,862	$72,573	$73,512	$82,333	$80,373	$37,873	$21,403
LESS: RESERVED BALANCES							
ASSIGNED	$39,188	$44,738	$53,868	$53,868	$64,518	$22,018	$5,548
ENDING BUDGETARY FUND BALANCE	$26,674	$27,835	$19,644	$28,465	$15,855	$15,855	$15,855

SERVICE HIGHLIGHTS

The primary operation in this fund is the maintenance of most of the City-owned and leased buildings (see table of facilities listed on page 52 of this section). 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 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, but would compete with existing maintenance programs for funding. Grant opportunities from public and private agencies are sought to supplement the organization's available resources for these projects.

TECHNOLOGY & COMMUNICATIONS FUND

BUDGETARY BASIS	AUDITED FY 09-10	AUDITED FY 10-11	ADOPTED FY 11-12	REVISED FY 11-12	ADOPTED FY 12-13	FY 13-14	FY 14-15
BEGINNING BUDGETARY FUND BALANCE	$52,888	$115,426	$49,996	$50,939	$50,119	$20,589	$20,589
REVENUES							
Charges for Service	$1,638,622	$1,549,293	$1,696,480	$1,672,480	$1,583,240	$1,627,110	$1,632,300
Miscellaneous	4,865	4,622	6,160	4,150	3,420	2,300	2,920
TOTAL REVENUES	$1,643,487	$1,553,915	$1,702,640	$1,676,630	$1,586,660	$1,629,410	$1,635,220
EXPENDITURES							
Finance	$1,387,857	$1,426,463	$1,607,720	$1,529,720	$1,443,300	$1,481,470	$1,485,630
Public Works	199,392	177,629	211,580	188,480	210,750	183,940	185,590
Contingencies	0	0	30,000	0	30,000	0	0
TOTAL EXPENDITURES	$1,587,249	$1,604,092	$1,849,300	$1,718,200	$1,684,050	$1,665,410	$1,671,220
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	$56,238	($50,177)	($146,660)	($41,570)	($97,390)	($36,000)	($36,000)
RESERVED BALANCES, Beginning of Year	$446,059	$439,759	$409,849	$454,069	$413,319	$345,459	$309,459
FUND BALANCE (Including Reserved), End of Year	$555,185	$505,008	$313,185	$463,438	$366,048	$330,048	$294,048
LESS: RESERVED BALANCES							
ASSIGNED	$439,759	$454,069	$287,879	$413,319	$345,459	$309,459	$273,459
ENDING BUDGETARY FUND BALANCE	$115,426	$50,939	$25,306	$50,119	$20,589	$20,589	$20,589

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 systems and the Public Works Department's management of the telephone system.

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 for significant IS 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 funding and human resources to deploy same 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 how 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 positive fund balance in the Property Tax Funds combined was attained with the help of a number of expenditure reductions in the MIS division over the past three years, as well as the elimination of Public Works' radio maintenance program in FY 10-11. Fund Balances in excess of $20,000 in a given year may be targeted for capital outlay or reserves for items in the strategic plans mentioned above, if not refunded.

ADMINISTRATIVE SERVICES FUND

BUDGETARY BASIS	AUDITED FY 09-10	AUDITED FY 10-11	ADOPTED FY 11-12	REVISED FY 11-12	ADOPTED FY 12-13	FY 13-14	FY 14-15
BEGINNING BUDGETARY FUND BALANCE	$54,396	$56,024	$46,574	$91,689	$51,344	$20,864	$20,864
REVENUES							
Charges for Service	$4,550,450	$4,685,490	$4,652,730	$4,622,730	$4,407,520	$4,552,140	$4,614,050
Miscellaneous	8,678	8,472	9,820	8,695	17,570	15,730	15,830
Other Financing Sources	8,379	0	0	0	0	0	0
TOTAL REVENUES	$4,567,507	$4,693,962	$4,662,550	$4,631,425	$4,425,090	$4,567,870	$4,629,880
EXPENDITURES							
City Manager's Office	$2,003,998	$2,122,104	$2,100,260	$2,100,260	$1,920,720	$1,962,420	$1,977,200
Finance	2,558,781	2,533,092	2,588,650	2,584,540	2,501,750	2,602,350	2,649,080
Contingencies	0	0	30,000	0	30,000	0	0
TOTAL EXPENDITURES	$4,562,779	$4,655,196	$4,718,910	$4,684,800	$4,452,470	$4,564,770	$4,626,280
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	$4,728	$38,766	($56,360)	($53,375)	($27,380)	$3,100	$3,600
RESERVED BALANCES, Beginning of Year	$13,720	$16,820	$19,920	$19,920	$6,890	$9,990	$13,090
FUND BALANCE (Including Reserved), End of Year	$72,844	$111,609	$10,134	$58,234	$30,854	$33,954	$37,554
LESS: RESERVED BALANCES							
COMMITTED	$0	$0	$0	$0	$0	$0	$0
ASSIGNED	$16,820	$19,920	$6,890	$6,890	$9,990	$13,090	$16,690
ENDING BUDGETARY FUND BALANCE	$56,024	$91,689	$3,247	$51,344	$20,864	$20,864	$20,864

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. Also provided are 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, a major upgrade of the existing financial software system is a priority for FY 12-13.

The positive fund balance in the Property Tax Funds combined for FY 12-13 and the prior two years was attained with the help of a number of expenditure reductions in the City Manager's Office and Finance Department operations in the Administrative Services Fund. Many of the identified reductions are related to personnel services and will carry forward into future years.

RISK MANAGEMENT FUND

BUDGETARY BASIS	AUDITED FY 09-10	AUDITED FY 10-11	ADOPTED FY 11-12	REVISED FY 11-12	ADOPTED FY 12-13	FY 13-14	FY 14-15
BEGINNING BUDGETARY FUND BALANCE	$313,619	$305,477	$312,997	$317,568	$349,123	$40,058	$40,058
REVENUES							
Charges for Service	$901,900	$1,014,210	$980,270	$980,270	$989,250	$962,870	$1,007,680
Miscellaneous	29,374	53,472	39,350	37,730	36,750	36,610	38,220
TOTAL REVENUES	$931,274	$1,067,682	$1,019,620	$1,018,000	$1,026,000	$999,480	$1,045,900
EXPENDITURES							
City Manager's Office	$957,646	$955,591	$959,950	$928,330	$1,001,950	$999,480	$1,045,900
Contingencies	0	0	275,000	0	275,000	0	0
TOTAL EXPENDITURES	$957,646	$955,591	$1,234,950	$928,330	$1,276,950	$999,480	$1,045,900
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	($26,372)	$112,091	($215,330)	$89,670	($250,950)	$0	$0
RESERVED BALANCES, Beginning of Year	$302,000	$283,770	$383,770	$383,770	$441,885	$500,000	$500,000
FUND BALANCE (Including Reserved), End of Year	$589,247	$701,338	$481,437	$791,008	$540,058	$540,058	$540,058
LESS: RESERVED BALANCES							
ASSIGNED	$283,770	$383,770	$441,885	$441,885	$500,000	$500,000	$500,000
ENDING BUDGETARY FUND BALANCE	$305,477	$317,568	$39,552	$349,123	$40,058	$40,058	$40,058

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 miscellaneous loss recovery proceeds from third parties and interest earnings.

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 with the City's insurance broker to significantly reduce projected premium costs. 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

Typically 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.

CORVALLIS

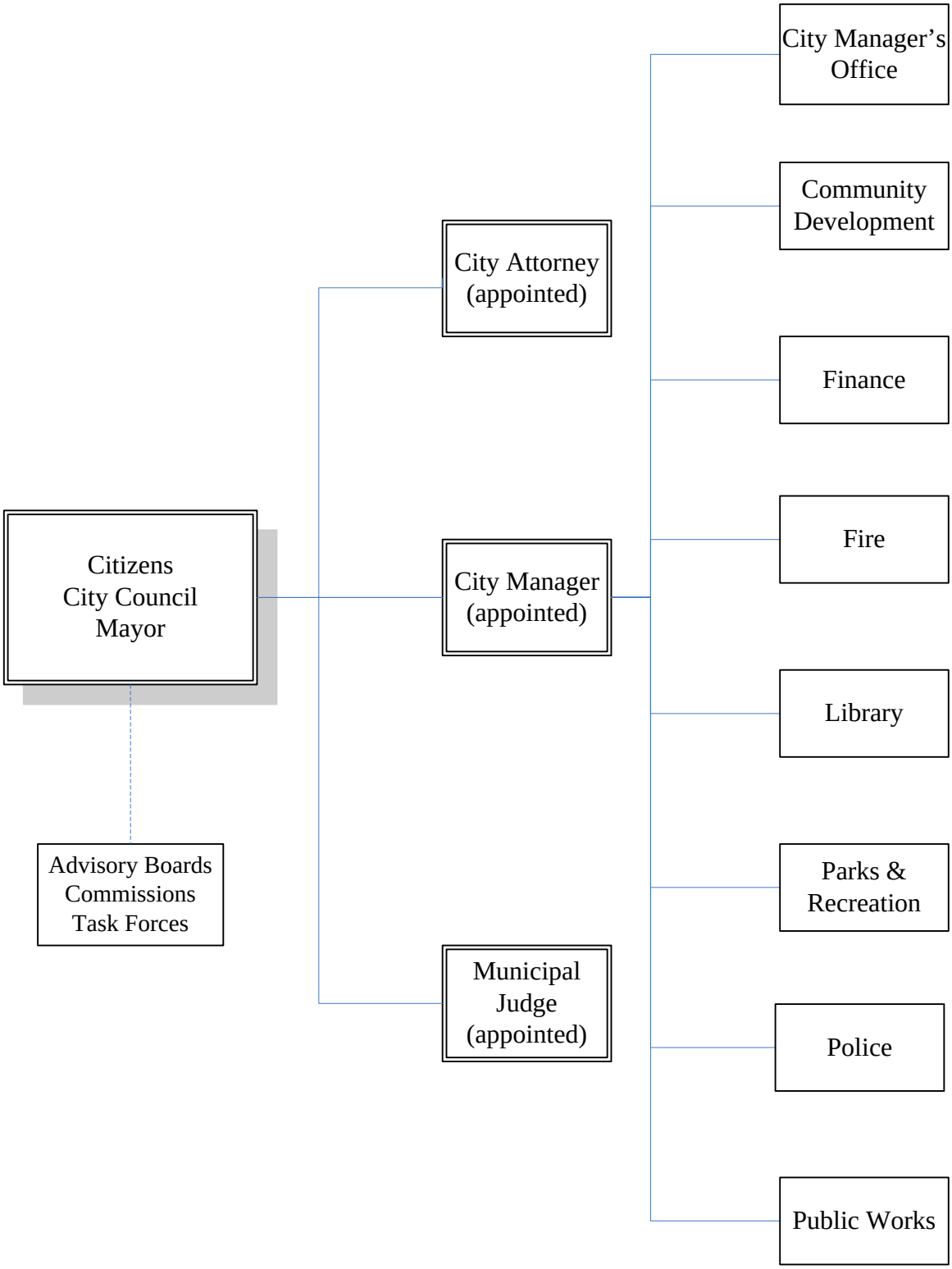
ENHANCING COMMUNITY LIVABILITY

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

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.

ECONOMIC DEVELOPMENT

- Develop and implement programs that will achieve the City's Economic Development goals of supporting innovative and business start-ups, retention and growth of current Benton County companies, and leverage local economic development assets.
- Manage Benton County-Corvallis Enterprise Zones and market the Airport Industrial Park.
- Provide staff support to the Economic Development Commission.

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 General, 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 10-11 ACTUAL	FY 11-12 TARGET	FY 11-12 REVISED	FY 12-13 TARGET
Cost Efficiency	Compare City FTE to number of citizens to assess efficient and effective customer service	City FTE per 1,000 population[1] (A)	7.59	7.20	7.45	<7.45
	Reduce average workers compensation claims per employee through promotion of a safe workplace	# of workers compensation claims per 100 FTE	10.74	<8.75	<8.75	<8.75
	Maximize workplace productivity	# of sick leave hours used per 1,000 hours worked	30.8	<28.0	<28.0	<28.0
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)	82%	>83%	85%	>86%
	Maximize citizen satisfaction with City communications and outreach	% of Citizen Survey respondents who rated the quality of public information services as excellent or good	82%	>83%	78%	>80%
		% of Citizen Survey respondents who rate the job the City does at welcoming citizen involvement as excellent or good	67%	>68%	67%	>70%
		% of Citizen Survey respondents who rated the job the City does at listening to citizens as excellent or good [2]	N/A	>55%	60%	>65%
Sustainability	Reduce paper use	Reduce paper use by 10% from FY 05-06 baseline of 524 reams as measured on a quarterly basis [3]	283	<210	210	<200
	Measure the benefits to compensation ratio for competitiveness, retention, attraction and comparator purposes.	Benefits as a % of total compensation[4]	33%	<32%	35%	<35%
Diversity	Provide a welcoming organization that promotes and respects diversity	% of job applicants for regular positions who identify themselves as a minority	14%	12%	15%	15%
	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)	97%	≥98%	≥98%	≥99%

[1] This measure refers to the actual FTE reported each quarter (e.g. does not include vacancies).
[2] Space constraints in the 2010 survey did not permit inclusion of this question.
[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.

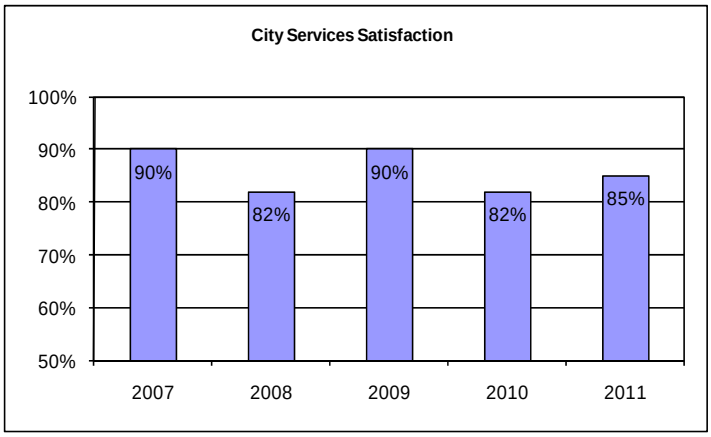
Select discussion of key measures above:

(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 since FY 2010-11 mean fewer employees are available 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. With a decrease in staffing levels the organization is less able to respond to citizen requests for assistance.

(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*: Fluctuations between years likely reflect the public's response to budget related adjustments in City services. For example, passage of the levy in 2011 to maintain services at the Osborn Aquatic Center, Chintimini Senior Center, and Corvallis-Benton County Public Library may have positively influenced satisfaction levels as shown in the adjacent chart.



- *Conclusions and challenges*: 2011 marked the final year of Corvallis' participation in the National Citizen Survey. To save money and focus more on local issues, the 2012 survey will be conducted by staff with assistance from OSU's Survey Research Center. Results will be gauged over time to compare satisfaction with programs and services. Additionally, the City shares the Citizen Survey results with its stakeholders in a number of ways, including the Annual Report Card. These communication vehicles promote further citizen feedback to improve service quality. Budget 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:

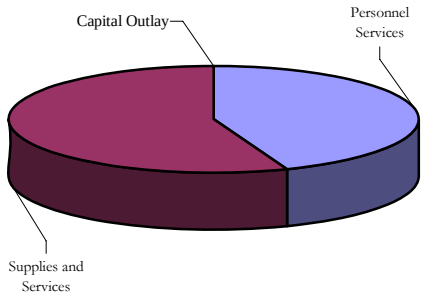
- *Measure definition*: The measure tracks the percentage of employees surveyed who indicate their workplace is very or somewhat welcoming to them.
- *Evaluation of results*: Results are used as indicators as defined in the Diversity and Inclusion Action Plan and will help focus efforts to create and maintain a welcoming environment for all employees.
- *Current year performance and trends:* The 2012 survey will not be conducted until FY 2012-13. Staff hopes to see continued 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 to date, but the trend upward is encouraging. Staff strives to eventually achieve a 100% rating. Additional success in this regard would also represent improvement toward the City's social sustainability goal of being an "Employer of Choice."

CITY MANAGER'S OFFICE – BUDGET SUMMARY

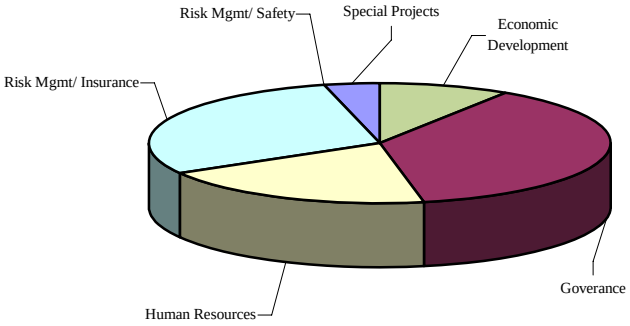
BUDGET BY CATEGORY:	ACTUAL 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	%CHANGE FROM 11-12 BUDGET
Personnel Services	$1,287,150	$1,408,071	$1,404,860	$1,387,880	$1,457,620	3.76%
Supplies and Services	1,659,029	1,669,624	1,655,350	1,640,710	1,845,050	11.46%
Capital Outlay	15,465	0	0	0	0	0.00%
TOTAL	$2,961,644	$3,077,695	$3,060,210	$3,028,590	$3,302,670	7.92%

FY 12-13 ADOPTED BUDGET

EXPENDITURES BY CATEGORY



EXPENDITURES BY DIVISION



BUDGET BY DIVISION:	ACTUAL 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	%CHANGE FROM 11-12 BUDGET
Economic Development	$0	$0	$0	$0	$300,000	100.00%
Governance	1,316,312	1,416,807	1,312,160	1,308,750	1,250,130	-4.73%
Human Resources [1]	643,336	667,744	744,300	745,580	655,590	-11.92%
Risk Mgmt/ Insurance	945,435	952,753	923,600	923,600	968,450	4.86%
Risk Mgmt/ Safety	12,211	2,838	6,350	4,730	3,500	-44.88%
Special Projects [2]	44,350	37,553	73,800	45,930	125,000	69.38%
TOTAL	$2,961,644	$3,077,695	$3,060,210	$3,028,590	$3,302,670	7.92%

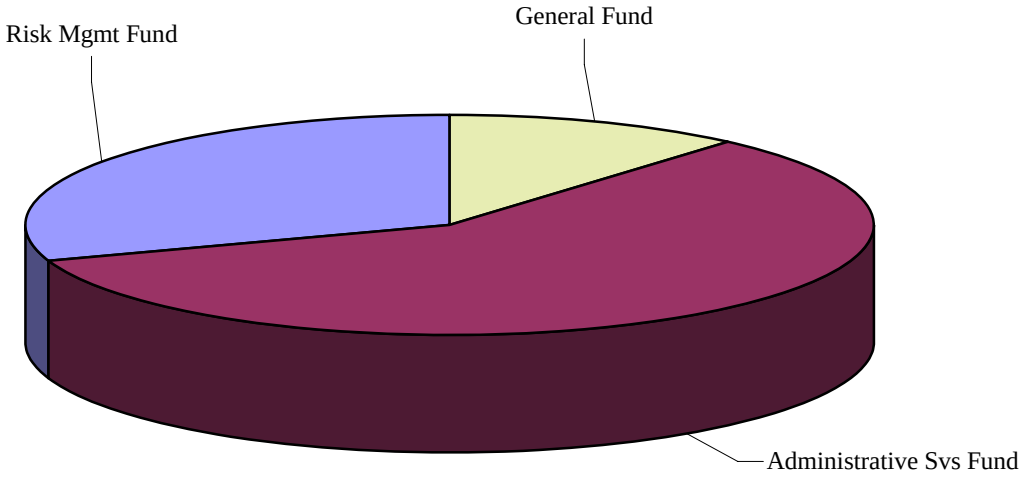
(1) FY 12-13 is significantly lower due to budgetary reductions for the elimination of the vacant human resources manager position.

(2) FY 12-13 special projects includes $80K carried over from FY 11-12 for economic development start-up costs

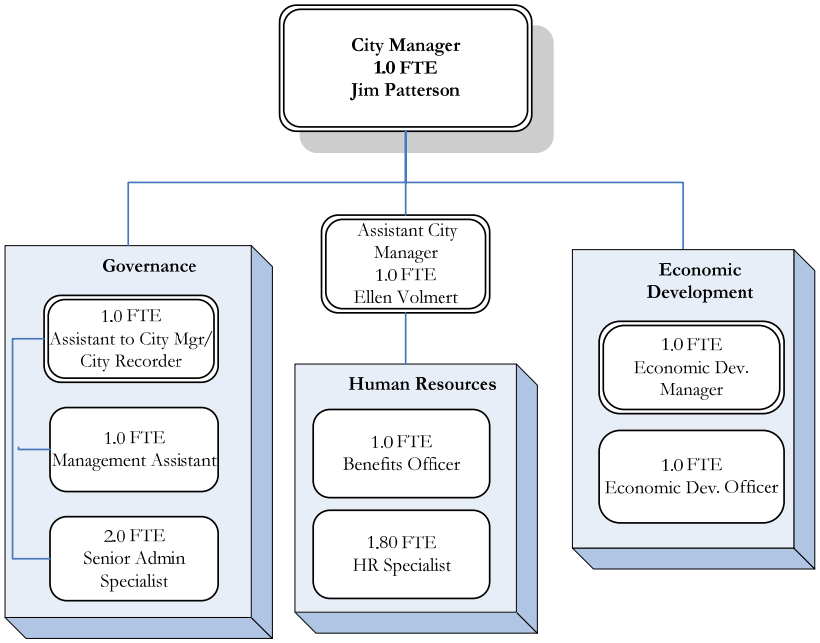
CITY MANAGER'S OFFICE – BUDGET SUMMARY (Continued)

BUDGET BY FUND:	ACTUAL 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	%CHANGE FROM 11-12 BUDGET
General Fund	$0	$0	$0	$0	$380,000	100.00%
Administrative Svs Fund	2,003,998	2,122,104	2,100,260	2,100,260	1,920,720	-8.55%
Risk Mgmt Fund	957,646	955,591	959,950	928,330	1,001,950	4.38%
TOTAL	$2,961,644	$3,077,695	$3,060,210	$3,028,590	$3,302,670	7.92%

FY 12-13 ADOPTED BUDGET
EXPENDITURES BY FUND



CITY MANAGER'S OFFICE ORGANIZATION CHART



CITY MANAGER'S OFFICE STAFF

Positions	Group	Monthly Salary Range (1.0 FTE)	Head Count	FY 12-13 FTE	Historical FY 11-12 FTE	Historical FY 10-11 FTE
City Manager	Exempt	$11,667	1	1.000	1.000	1.000
Assistant City Manager	Exempt	7,938 - 10,131	1	1.000	1.000	1.000
Economic Development Manager[3]	Exempt	6,579 - 8,396	1	1.000	0.000	0.000
Assistant to City Manager/City Recorder	Exempt	5,848 - 7,463	1	1.000	1.000	1.000
Human Resources Manager[1]	Exempt	5,848 - 7,463	-	0.000	1.000	0.000
Human Resources Administrator[1]	Exempt	5,198 - 6,634	-	0.000	0.000	1.000
Economic Development Officer[3]	Exempt	4,335 - 5,533	1	1.000	0.000	0.000
Management Assistant	Exempt	4,335 - 5,533	1	1.000	1.000	1.000
Benefits Officer	Exempt	4,335 - 5,533	1	1.000	1.000	1.000
Risk Officer/Human Resources Coordinator[2]	Exempt	3,616 - 4,614	-	0.000	0.000	1.000
Senior Administrative Specialist	Exempt	3,319 - 4,237	2	2.000	2.000	2.000
Human Resources Specialist[2]	Exempt	3,319 - 4,237	2	1.800	1.750	1.000
TOTAL			**11**	**10.800**	**9.750**	**10.000**

NOTE: Salary ranges reflect FY 11-12 Class and Compensation schedules.

1. Human Resources Administrator was re-classed to Human Resources Manager in FY 11-12. This position was eliminated in FY 12-13 to support achieving a sustainable budget for property tax funds combined.
2. Through a reorganization of the department FY 11-12, 0.75 FTE of the Risk Officer/Human Resources Coordinator position was moved to a 0.75 Human Resources Specialist to meet organization needs. The remaining 0.25 FTE of the Risk Officer/Human Resources Coordinator position was eliminated due to budgetary constraints. For FY 12-13, 0.05 FTE was added to the part-time position to offset additional duties by the elimination of the Human Resources Manager.
3. New positions' job title/description(s) for service enhancement not yet confirmed; salary may vary from above.

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

- Conduct strategic planning and monitoring.
- Coordinate non-profit agency communications.
- Administer department contracts and grants.
- Provide departmental budget preparation and management.
- Facilitate social service funding allocation.

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 10-11 ACTUAL	FY 11-12 TARGET	FY 11-12 REVISED	FY 12-13 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)	97% 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	30%	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 (B)	37	Less than 115 days	Less than 115 days	Less than 100 days
	Meet or exceed State requirements for land use application review time.	Average review time (in days) to process an administrative land use application	17	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	56%	60%	60%	60%
Sustainability	Conserve resources by reducing fuel and paper use.	Percentage of permits issued online (C)	28%	25%	25%	30%
	Maintain the quality of low income housing in a cost effective manner.	Units of housing rehabilitated per $100,000 in City funds invested[1]	25.8	5.0	5.0	3.0
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 (D)	13.2	10.0	10.0	10.0

1. FY 10-11 includes completion of two large projects. Based on the costs associated with the rehabilitation of existing homes, the target for FY 12-13 was lowered.

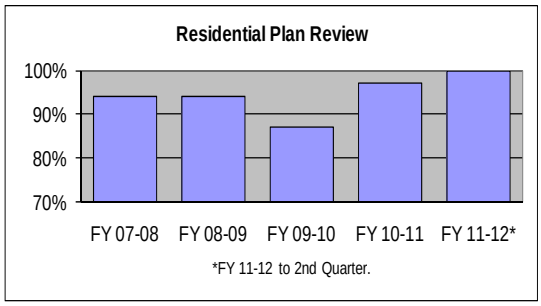
Select discussion of key measures above:

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

- *Measure definition*: Residential building plan review turn-around is 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% and FY 10-11 actual rate was 97%. Residential work was focused on remodels and additions while new home permit numbers continued to be low. Uncertainty still remains for when Corvallis will return to previous levels of development, although state economists say that even while construction remains weak there are signs of improvement. 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, number of deferred submittals, design professional competency, and staffing levels. The commercial versus residential permit volume has basically 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 the impetus for the Service Enhancement Review Fee (SERF) and the reorganization of Development Services that was initiated and approved in FY 10-11. A significant increase in process streamlining is expected as a result of the service enhancement initiative which establishes Project Coordinators that handle a project from concept to completion. Staff is committed to streamlining and simplifying processes with stakeholder input. The goal is to increase 1-day plan review times from 30% reviewed within 1-day, to 60% by 2013. In October 2011, this rate was 53%, indicating the effectiveness of the streamlining and expertise staff is gaining with more complex permit applications.



(B) <u>Average review time (in days) to process a public hearing-level land use application</u>

- *Measure Definition*: This measure examines the amount of time elapsed between receipt of a complete land use application and the final local decision on the application. State law requires local jurisdictions to issue final decisions at the local level (prior to potential Land Use Board of Appeals (LUBA) appeal) on land use applications within 120 days from receipt of a complete application.
- *Evaluation of Results*: The Planning Division has, on average, been able to issue a final decision on a land use application in much less time than 120 days. However, this figure is subject to a few variables that are outside the control of the Planning Division, including the relative number of land use appeals received and the volume of land use applications received within a given time period. If the proportion of land use appeals received increases, the average time to final decision would increase, due to the increased need to accommodate two public hearing processes. Additionally, given fixed staffing levels, an increase in the number of land use applications received would tend to increase the average time to final a local decision.
- *Current year performance and trends*: Historically, the Planning Division has averaged a much shorter time span between receipt of a complete application and a final local decision. In FY 10-11, the average was 37 days. The FY 11-12 target is to average less than 115 days to reach a final local decision on a public hearing-level land use application.
- *Conclusions and challenges*: Given the Planning Division's past performance in the area, an adjustment of the FY 12-13 target to an average of 100 days or less would be appropriate. However, given the City's budget situation and limited staff capacity, a significant increase in appeals received, and/or an increase in the number of land use applications received, could impact the Planning Division's average turnaround time.

Education Hall

(C) Percentage of permits issued online:

- *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 28% in FY 10-11. Of the 2,303 permits issued in FY 10-11, 643 or 28% were issued online, saving multiple trips to City Hall.
- *Current year performance and trends*: Current year performance is slightly above target. With actuals performing above target for two consecutive years, the target has been raised to 30% for FY 12-13.
- *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. With this State run web portal, one major challenge for the division 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.

(D) Assure that low income residents' housing needs are met in a cost effective manner:

- *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 over 10.2 units per $100,000 invested over the prior three years, indicating actual performance is on target.
- *Current year performance and trends*: Current performance is above last year at this time. The Seavey Meadows 43-unit affordable housing development is due to be completed in 2012 and will increase the number of units available to low income residents.
- *Conclusions and challenges*: There was an increase in the number of units assisted per $100,000 invested during FY 10-11 relative to prior years. Based on market statistics, home prices have flattened and/or fallen in Corvallis, and it was anticipated that unit assistance would trend back toward the City's 10 units per $100,000 target. Existing economic impacts on lending and construction continue to slow the City's progress in the First Time Homebuyer Assistance Program as well as other entities' ability to acquire and/or construct affordable housing units.

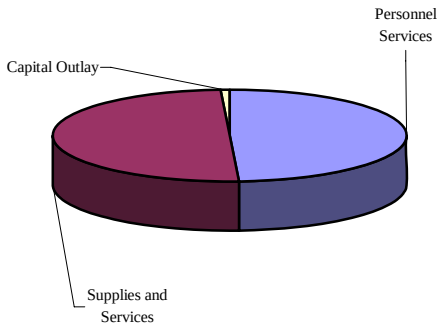
Alexander Court

COMMUNITY DEVELOPMENT DEPARTMENT – BUDGET SUMMARY

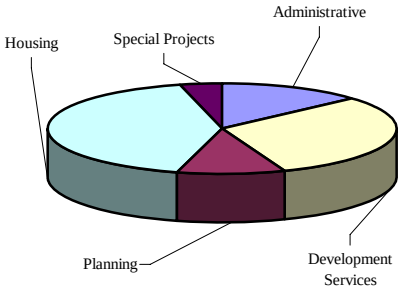
BUDGET BY CATEGORY:	ACTUAL 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	%CHANGE FROM 11-12 BUDGET
Personnel Services	$3,179,131	$3,309,493	$3,692,100	$3,635,610	$3,746,400	1.47%
Supplies and Services	1,356,285	2,467,421	4,965,700	2,007,100	3,822,280	-23.03%
Capital Outlay	0	0	54,000	39,000	57,960	7.33%
TOTAL	$4,535,416	$5,776,915	$8,711,800	$5,681,710	$7,626,640	-12.46%

FY 12-13 ADOPTED BUDGET

EXPENDITURES BY CATEGORY



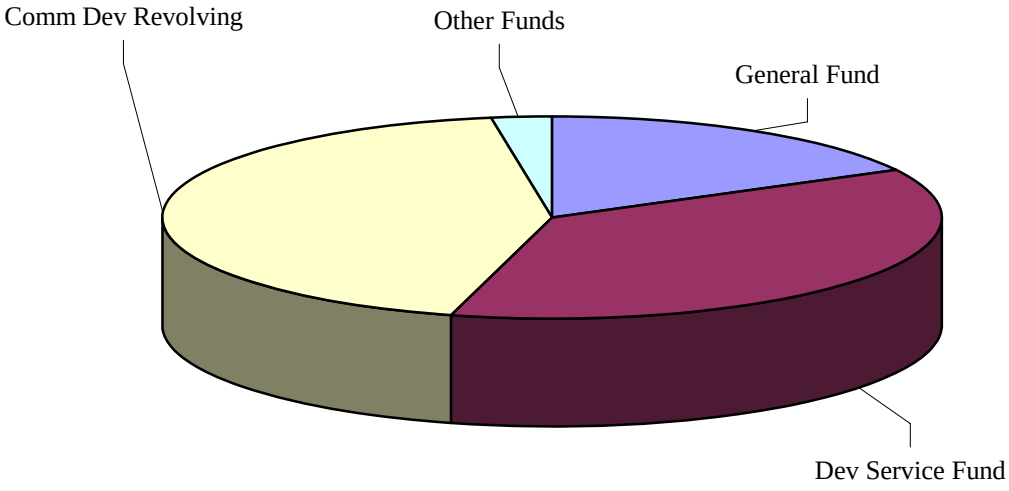
EXPENDITURES BY DIVISION



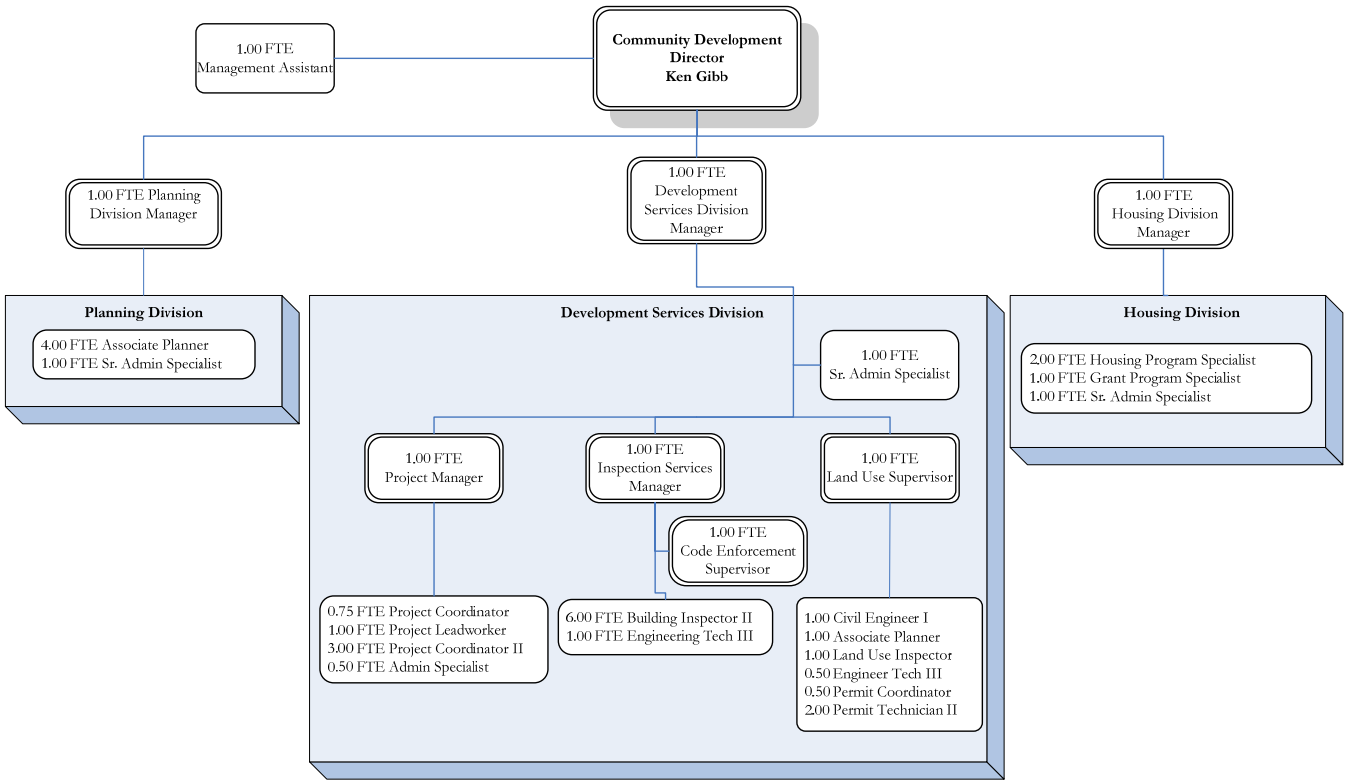
BUDGET BY DIVISION:	ACTUAL 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	%CHANGE FROM 11-12 BUDGET
Administrative	$955,045	$979,121	$1,019,220	$1,009,220	$1,021,350	0.21%
Development Services	1,783,734	1,933,598	2,199,030	2,199,030	2,347,150	6.74%
Planning	801,657	789,053	850,530	832,530	769,620	-9.51%
Housing	959,724	2,064,649	4,188,410	1,481,830	3,187,260	-23.90%
Special Projects	35,256	10,493	454,610	159,100	301,260	-33.73%
TOTAL	$4,535,416	$5,776,915	$8,711,800	$5,681,710	$7,626,640	-12.46%

BUDGET BY FUND:	ACTUAL 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	%CHANGE FROM 11-12 BUDGET
General Fund	$1,453,556	$1,450,222	$1,356,480	$1,328,480	$1,311,410	-3.32%
Street Fund	17,369	18,106	21,850	21,850	21,020	-3.80%
Dev Service Fund	1,798,849	1,945,554	2,838,820	2,543,310	2,822,700	-0.57%
Comm Dev Revolving	1,126,470	2,216,117	4,336,610	1,630,030	3,305,250	-23.78%
Parking Fund	3,805	3,527	4,070	4,070	4,050	-0.49%
Water Fund	45,409	48,327	51,350	51,350	55,770	8.61%
Wastewater Fund	44,485	47,237	50,380	50,380	52,770	4.74%
Storm Water Fund	45,473	47,825	52,240	52,240	53,670	2.74%
TOTAL	$4,535,416	$5,776,915	$8,711,800	$5,681,710	$7,626,640	-12.46%

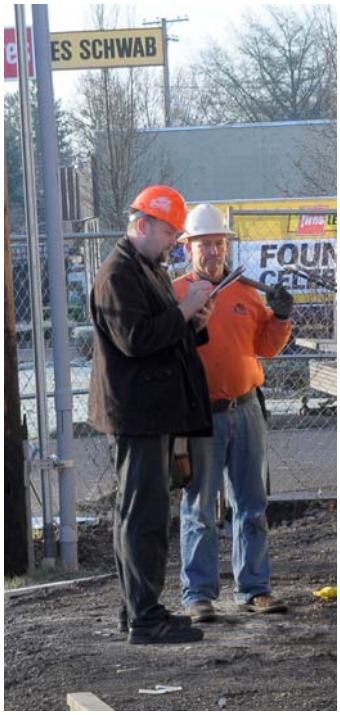
FY 12-13 ADOPTED BUDGET
EXPENDITURES BY FUND



COMMUNITY DEVELOPMENT DEPARTMENT ORGANIZATION CHART



Building Inspection



Grant Program Specialist

COMMUNITY DEVELOPMENT DEPARTMENT STAFF

Positions	Group	Monthly Salary Range (1.0 FTE)			Head Count	FY 12-13 FTE	Historical FY 11-12 FTE	Historical FY 10-11 FTE
Community Development Director	Exempt	$8,325	-	$10,625	1	1.000	1.000	1.000
Development Services Manager	Exempt	6,579	-	8,396	1	1.000	1.000	1.000
Planning Division Manager	Exempt	6,579	-	8,396	1	1.000	1.000	1.000
Assistant Building Official (ABO) [4]	Exempt	5,848	-	7,463	-	0.000	0.000	1.000
Project Manager [4]	Exempt	5,848	-	7,463	1	1.000	1.000	0.000
Housing Division Manager	Exempt	5,848	-	7,463	1	1.000	1.000	1.000
Inspection Services Manager	Exempt	5,848	-	7,463	1	1.000	1.000	1.000
Land Use Supervisor [4]	Exempt	5,848	-	7,463	1	1.000	1.000	0.000
Senior Planner [3]	AFSCME	5,387	-	6,875	-	0.000	1.000	2.000
Project Coordinator [1,4]	AFSCME	5,387	-	6,875	-	0.750	1.000	1.000
Project Leadworker [4]	AFSCME	5,387	-	6,875	1	1.000	0.000	0.000
Civil Engineer I	AFSCME	5,082	-	6,487	1	1.000	1.000	1.000
Project Coordinator II [4]	AFSCME	4,988	-	6,366	3	3.000	4.000	0.000
Plans Examiner III [4]	AFSCME	4,988	-	6,366	-	0.000	0.000	2.000
Associate/Assistant Planner [2,3]	AFSCME	4,988	-	6,366	5	5.000	5.000	5.000
Code Enforcement Supervisor	Exempt	4,747	-	6,058	1	1.000	1.000	1.000
Building Inspector II [1,4]	AFSCME	4,620	-	5,897	4	6.000	6.000	7.000
Land Use Inspector	AFSCME	4,277	-	5,458	1	1.000	1.000	1.000
Housing Program Specialist	AFSCME	4,277	-	5,458	2	2.000	2.000	2.000
Management Assistant	Exempt	4,335	-	5,533	1	1.000	1.000	1.000
Plans Examiner I [4]	AFSCME	3,963	-	5,058	-	0.000	0.000	1.000
Engineering Technician III [4]	AFSCME	3,963	-	5,058	2	1.500	1.500	1.000
Code Enforcement Officer [3]	AFSCME	3,963	-	5,058	-	0.000	0.000	0.000
Grant Program Specialist	AFSCME	3,963	-	5,058	1	1.000	1.000	1.000
Permit Coordinator [4]	AFSCME	3,963	-	5,058	1	0.500	0.500	1.000
Permit Technician II [4]	AFSCME	3,676	-	4,691	2	2.000	1.000	0.000
Permit Technician [3,4]	AFSCME	3,416	-	4,360	-	0.000	0.750	2.000
Senior Administrative Specialist	AFSCME	3,416	-	4,360	3	3.000	3.000	3.000
Administrative Specialist [3]	AFSCME	2,784	-	3,554	1	0.500	0.500	1.300
TOTAL					**36**	**37.250**	**38.250**	**39.300**

NOTE: Salary ranges reflect FY 11-12 Class and Compensation schedules.

1. Within these noted positions, the indicated FTE remain authorized but a total of 2.75 are unfilled and unbudgeted in FY 12-13 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 where 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 2.05 FTE to meet FY 11-12 Property Tax Fund balance requirements. For FY 12-13, the 1.00 Senior Planner FTE was moved to Associate Planner, but later eliminated to support achieving a sustainable budget for property tax funds combined.
4. 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

- Prresent 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.
- Provide oversight, reporting, and administrative assistance for the Finance Department.
- Process tobacco, liquor, social gaming and used merchandise license requests including the annual renewal programs.
- Support departmental operations through timely processing of interoffice mail.
- Conduct monthly meter reading and utility billing services to over 16,000 utility services accounts.
- Provide electronic bills and convenient payment options for customers.
- Ensure monthly City Services statements are accurate and delivered on time.
- Sell transit passes for the Philomath Connection and 99 Express
- Perform contract review and liability risk assessment as part of property risk management responsibilities.

FINANCIAL SERVICES

- Prepare for the annual audit and issue the Comprehensive Annual Financial Report.
- Develop and update policies and procedures for the organization on all financial matters.
- Develop and maintain superior banking and financial services relationships.
- 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 and legal notices.
- Prepare 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

- Facilitate 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

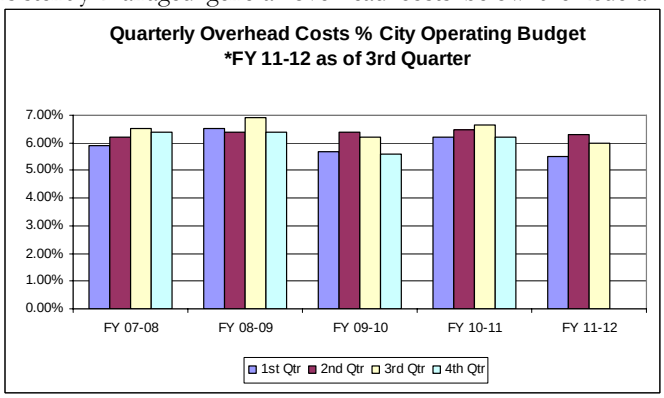
COUNCIL VALUES	Management Goals & Objectives	Performance Measures	FY10-11 ACTUAL	FY11-12 TARGET	FY11-12 REVISED	FY12-13 TARGET
Cost Efficiency	Receive sufficient per capita revenue levels to enable the City to maintain existing service levels.	Maintain operating revenue greater than or equal to $1,550 per capita.	$1,531	≥$1,350	≥$1,550	≥$1,550
	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)	6.33%	7.0%	7.0%	<7.0%
	Provide necessary information technology resources for departments to operate efficiently.	Achieve 100% server uptime relative to scheduled server uptime. (B)	99.99%	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.	.94/1	3/1	3/1	3/1
	Increase organizational efficiency in providing service output.	Maintain operating expenditures less than or equal to $1,490 per capita.	$1,337	≤$1,350	≤$1,490	≤$1,490
Sustainability	Reduce department wide paper consumption through increased use of electronic file sharing and available software tools.	Reduce paper purchases by 10% in FY 11/12 over actual FY 10/11 consumption with an additional 3% reduction in FY 12/13 (as measured in reams on a quarterly basis). (C)	628	565	565	548
	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].	1094	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:

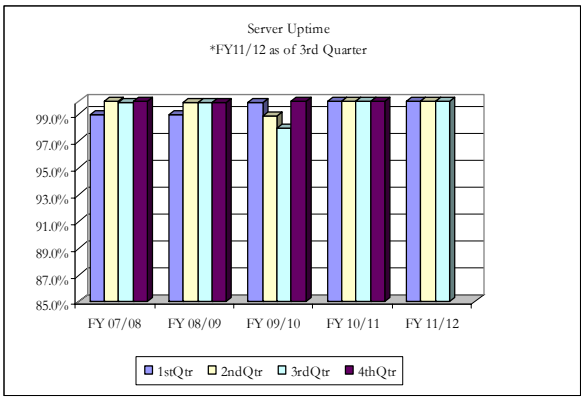
- *Measure definition:* Maintain administrative overhead for the City's operations (i.e. operating costs in the City Manager's Office and Finance Department) at less than 7% of the City's total operating budget. Both numerator and denominator of the percentage are expressed as total expenditures less 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 trended slightly higher and more in line with increases in two of the last three fiscal years. With continued efforts to increase efficiencies however, overhead costs in the first two quarters of FY 11/12 are less than the previous four 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.

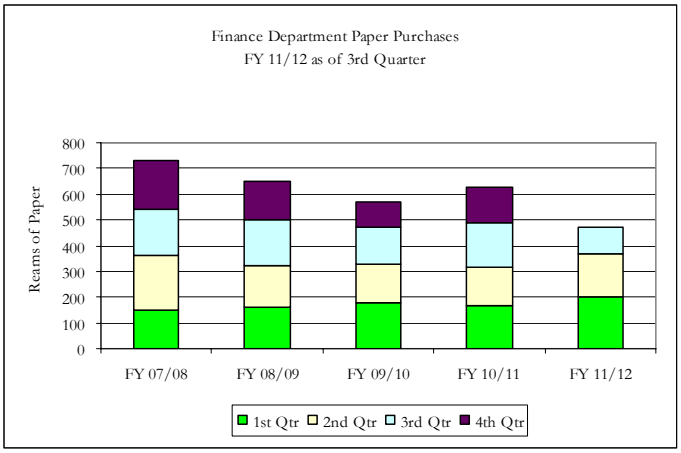
(B) Achieve 100% server uptime relative to scheduled uptime:

- *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 FY 10/11 and the first three quarters of FY 11/12, server uptime is nearly perfect. This performance measurement is necessary to provide benchmark data for comparative purposes and will be the performance standard going forward.

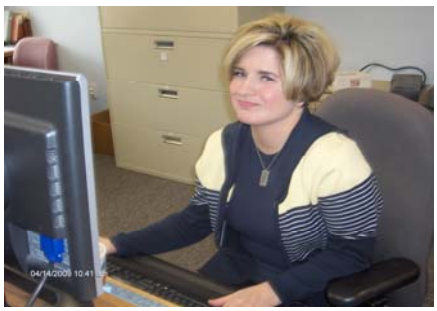


- *Conclusions and challenges*: Budgets must balance the need for 100% server uptime relative to economic feasibility. In recognition, MIS takes into consideration the schedules of each department when scheduling server downtime relative to their operational hours. To address specific problems such as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

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



- *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. However, in FY 10/11 paper consumption exceeded FY 09/10 consumption by 60 reams due to increased paper usage associated with the completion of specific projects primarily related to provision of budget information. Unfortunately, FY 11/12, paper consumption is increasing as well but staff is determined to reduce current year consumption by 10% 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. It appears the decrease in paper use is stabilizing 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 required for audit purposes. 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

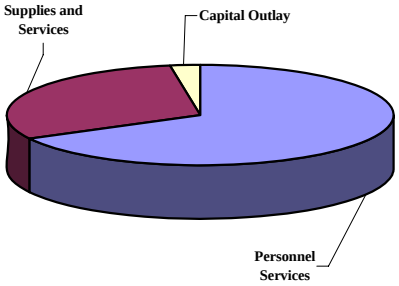
Financial Services

FINANCE DEPARTMENT – BUDGET SUMMARY

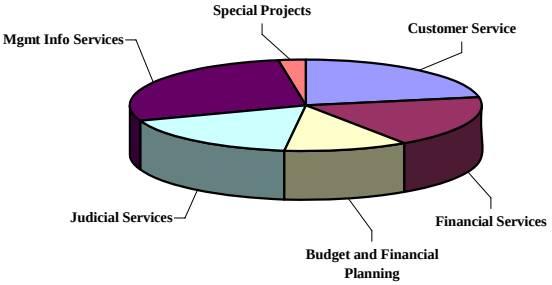
BUDGET BY CATEGORY:	ACTUAL 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	%CHANGE FROM 11-12 BUDGET
Personnel Services	$3,287,063	$3,325,766	$3,414,140	$3,412,930	$3,225,780	-5.52%
Supplies and Services	1,323,175	1,267,250	1,422,580	1,496,010	1,449,430	1.89%
Capital Outlay	56,383	54,970	180,660	25,660	115,000	-36.34%
TOTAL	$4,666,621	$4,647,986	$5,017,380	$4,934,600	$4,790,210	-4.53%

FY 12-13 ADOPTED BUDGET

EXPENDITURES BY CATEGORY



EXPENDITURES BY DIVISION



BUDGET BY DIVISION:	ACTUAL 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	%CHANGE FROM 11-12 BUDGET
Customer Service	$1,066,195	$1,023,829	$1,041,940	$1,037,360	$1,062,500	1.97%
Financial Services	1,069,059	970,940	975,980	978,600	883,720	-9.45%
Budget and Financial Planning	414,463	517,356	540,070	537,920	540,530	0.09%
Judicial Services	690,640	688,430	821,010	820,340	845,160	2.94%
Mgmt Info Services	1,387,855	1,398,968	1,405,220	1,387,220	1,338,300	-4.76%
Special Projects	38,409	48,462	233,160	173,160	120,000	-48.53%
TOTAL	$4,666,621	$4,647,986	$5,017,380	$4,934,600	$4,790,210	-4.53%

Budget & Financial Planning

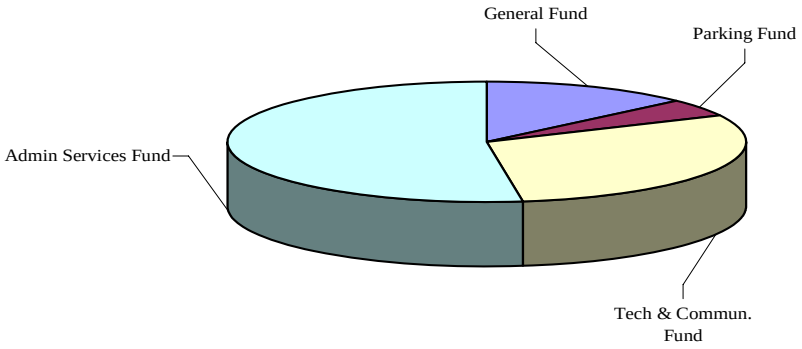
Madison Avenue Finance Department

Customer Services - Utility Billing

FINANCE DEPARTMENT – BUDGET SUMMARY (Continued)

BUDGET BY FUND:	ACTUAL 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	%CHANGE FROM 11-12 BUDGET
General Fund	$614,534	$576,401	$677,700	$677,350	$629,740	-7.08%
Parking Fund	105,451	112,029	143,310	142,990	215,420	50.32%
Tech & Commun. Fund	1,387,855	1,426,463	1,607,720	1,529,720	1,443,300	-10.23%
Admin Services Fund	2,558,781	2,533,092	2,588,650	2,584,540	2,501,750	-3.36%
TOTAL	$4,666,621	$4,647,986	$5,017,380	$4,934,600	$4,790,210	-4.53%

FY 12-13 ADOPTED BUDGET
EXPENDITURES BY FUND

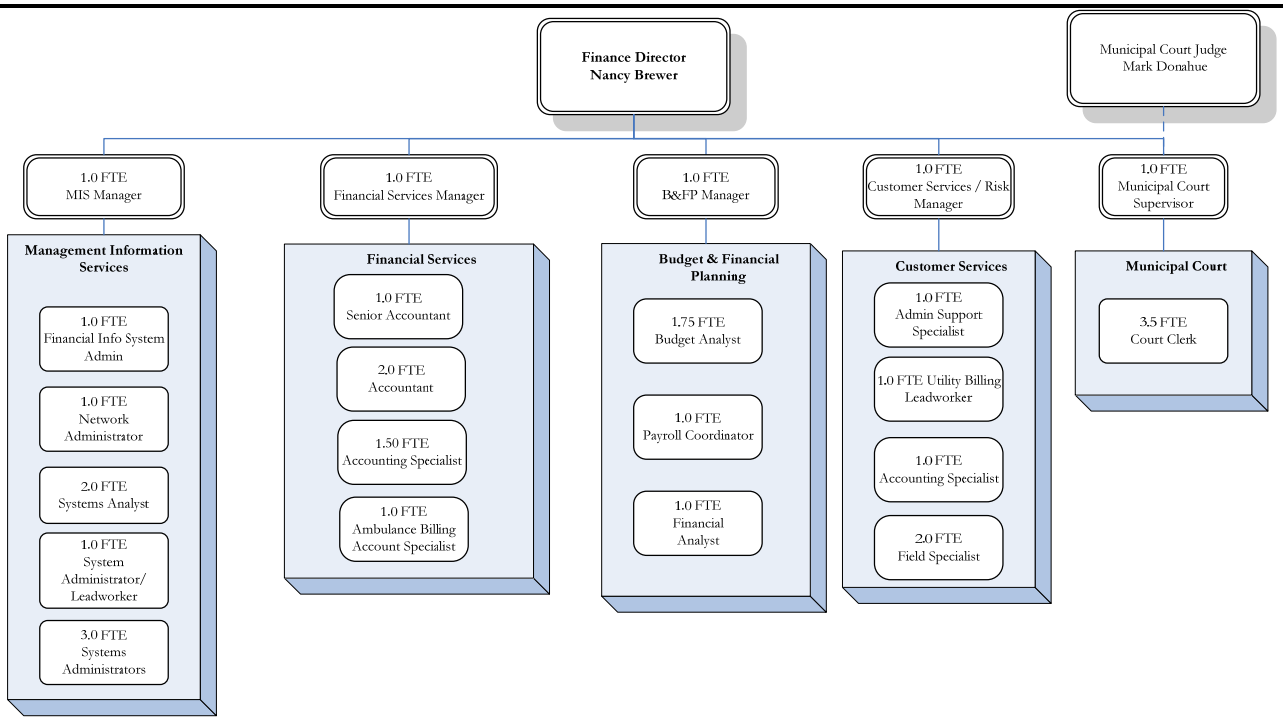


Utility Field Specialists

MIS Staff

Municipal Court Staff

FINANCE DEPARTMENT ORGANIZATION CHART



FINANCE DEPARTMENT STAFF

Positions	Group	Monthly Salary Range (1.0 FTE)	Head Count	FY 12-13 FTE	Historical FY 11-12 FTE	Historical FY 10-11 FTE
Finance Director	Exempt	$8,325 - $10,625	1	1.000	1.000	1.000
MIS Manager	Exempt	6,579 - 8,396	1	1.000	1.000	1.000
Financial Services Manager	Exempt	5,198 - 6,634	1	1.000	1.000	1.000
Budget and Financial Planning Manager	Exempt	5,198 - 6,634	1	1.000	1.000	1.000
FIS Administrator/Analyst	AFSCME	4,988 - 6,366	1	1.000	1.000	1.000
Network Administrator	AFSCME	4,988 - 6,366	1	1.000	1.000	1.000
System Administrator II/Leadworker	AFSCME	4,988 - 6,366	1	1.000	1.000	1.000
Customer Service Manager	Exempt	4,747 - 6,058	1	1.000	1.000	1.000
Webmaster/Information System Analyst	AFSCME	4,620 - 5,897	1	1.000	1.000	1.000
Senior Accountant	AFSCME	4,620 - 5,897	1	1.000	1.000	1.000
Information Systems Analyst	AFSCME	4,620 - 5,897	1	1.000	1.000	1.000
System Administrator I [1]	AFSCME	4,620 - 5,897	3	3.000	4.000	4.000
Accountant	AFSCME	3,963 - 5,058	2	2.000	2.000	2.000
Court Supervisor	Exempt	3,959 - 5,053	1	1.000	1.000	1.000
Budget Analyst [1]	Exempt	3,959 - 5,053	2	1.750	2.000	2.000
Purchasing Coordinator [1]	AFSCME	3,676 - 4,691	-	0.000	0.000	0.500
Treasury Analyst[1]	AFSCME	3,676 - 4,691	-	0.000	1.000	1.000
Financial Analyst	AFSCME	3,676 - 4,691	1	1.000	1.000	1.000
Utility Billing Field Spec	AFSCME	3,676 - 4,691	2	2.000	2.000	2.000
Utility Billing Leadworker	AFSCME	3,676 - 4,691	1	1.000	1.000	1.000
Computer Support Specialist [1]	AFSCME	3,416 - 4,360	-	0.000	0.000	1.000
Payroll Coordinator	Exempt	3,302 - 4,214	1	1.000	1.000	1.000
Court Clerk[1]	AFSCME	3,048 - 3,890	4	3.500	4.000	4.000
Accounting Specialist [1]	AFSCME	2,784 - 3,554	4	3.500	3.750	4.250
Administrative Specialist [2]	AFSCME	2,784 - 3,554	1	1.000	1.000	1.000
TOTAL			**33**	**31.750**	**34.750**	**36.750**

NOTE: Salary ranges reflect FY 11-12 Class and Compensation schedules.
1. Reductions for FY 12-13 to support achieving a sustainable budget for property tax funds combined.
2. The 1.0 FTE Administrative Specialist is being under-filled at 0.75 FTE, and the remaining 0.25 FTE will be under-funded in FY 12-13 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

Emergency vehicles responding to a call.

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 10-11 ACTUAL	FY 11-12 TARGET	FY 11-12 REVISED	FY 12-13 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 65%	Percentage of total fire calls with a response time of 5 minutes or less from dispatch to arrival within city limits. (A)	82%	>70.0 %	>65.0 %	>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.	82 %	60.0 %	60.0 %	60.0%
	Maintain operating costs per capita at or below that of comparator cities ($166.40).	Total fire operating expenditures per capita. (B)	$151.37	<$146.60	<$159.45	<$166.40
	Maintain false alarm rate at or below the 38% level experienced by ICMA comparators.	False alarms as a percentage of total non-EMS incidents.[1]	21%	12 %	<38 %	<38%
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.	6,118	7,000	6,600	7,000
Sustainability	Maintain average loss per 1,000 population within city & district limits less than regional average of $32.5.	Maintain average loss per 1,000 population within city & district limits less than national average.	$25.5	< $30.9	< $32.5	<$32.5
	Maintain the number of reported residential structure fires per 1,000 population within the city limits at less than the national average of 0.89.	Residential structure fires per 1,000 population served within city limits. (C)	0.83	<0.94	< 0.89	<0.89

1. FY 11-12 target was based on achievements prior to FY 10-11 actuals, whereas FY 11-12 Revised and FY 12-13 Targets are based on comparison to ICMA national levels.

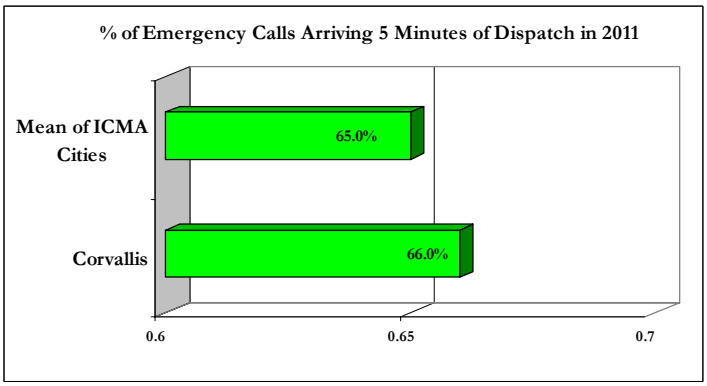
Select discussion of key measures above:

(A) Achieve a response time of five minutes or under from dispatch to arrival on more than 65% 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 65-70% 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.

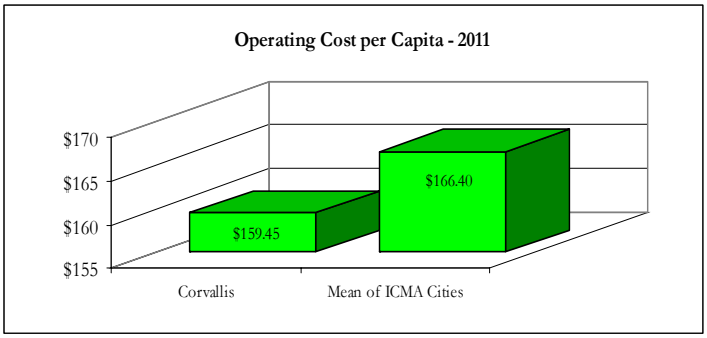
- *Current year performance and trends*: While improvements have been realized in recent years, there still remain challenges in this area, such as accurate "time stamping" by the dispatch system at the 9-1-1 Center. Staff is working with the CAD vendor to implement a hardware and software solution which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

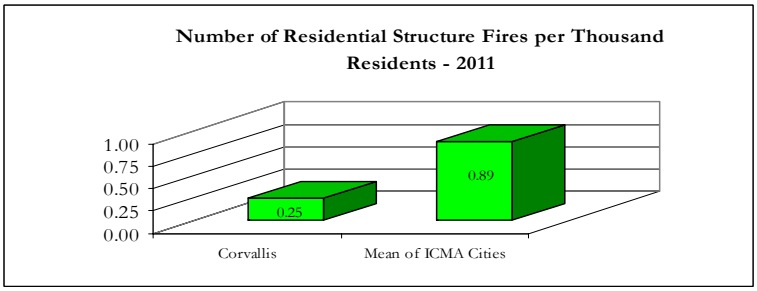


(B) <u>Maintain operating costs per capita at or below that of comparator cities:</u>

- *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. Then, with budget reductions needed in FY 10-11 and FY 11-12, reserve contributions were reduced by over $670,000 from previously planned levels. However, in the FY 12-13 budget cycle, Council policy changes served to strengthen reserve-building as a best practice in support of a sustainable budget. Operational budget reductions made in FY 12-13 will 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 0.89 average of ICMA cities:</u>



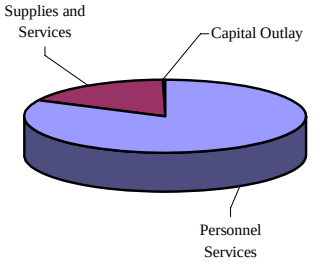
- *Measure definition:* A measure of the frequency of residential structure fires per 1,000 residents (to be compared with ICMA participant cities on a "per 1,000 residents" basis). This measure is believed to be affected by a number of demographic factors outside of a fire department's influence, such as the general socio-economic environment of the geographic area; and as one measure of the effectiveness of a department's fire prevention efforts.
- *Evaluation of results*: Traditionally excellent results have been realized, implying Corvallis' fire prevention efforts are more effective on average.
- *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

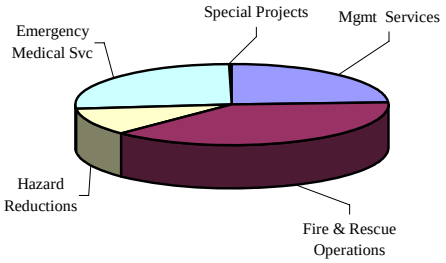
BUDGET BY CATEGORY:	ACTUAL 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	%CHANGE FROM 11-12 BUDGET
Personnel Services	$7,996,442	$8,317,499	$8,760,020	$8,760,020	$8,577,900	-2.08%
Supplies and Services	1,872,034	1,895,667	1,937,110	1,910,510	1,856,820	-4.14%
Capital Outlay	1,172,299	199,989	687,700	588,270	15,000	-97.82%
TOTAL	$11,040,775	$10,413,154	$11,384,830	$11,258,800	$10,449,720	-8.21%

FY 12-13 ADOPTED BUDGET

EXPENDITURES BY CATEGORY



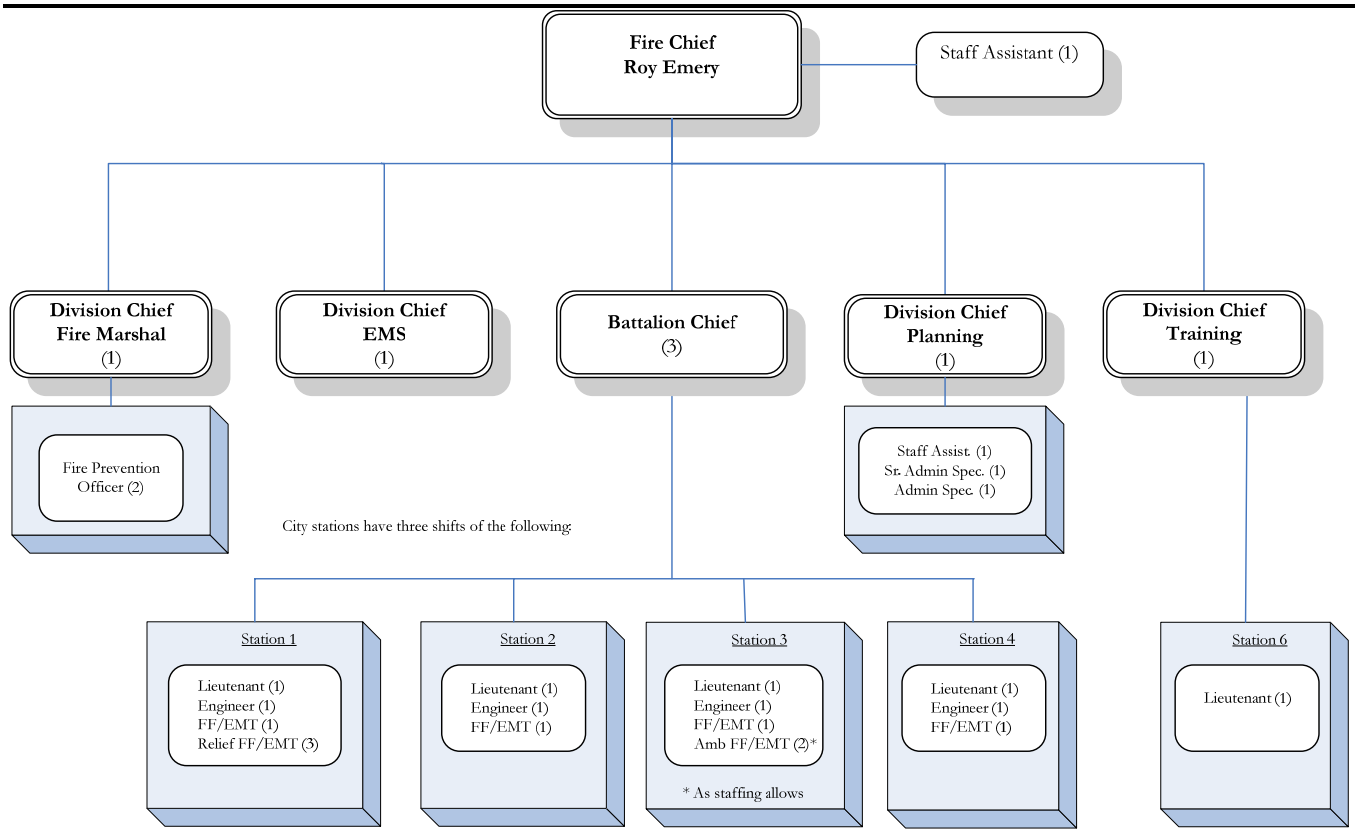
EXPENDITURES BY DIVISION



BUDGET BY DIVISION:	ACTUAL 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	%CHANGE FROM 11-12 BUDGET
Management Services	$2,343,542	$2,457,179	$2,545,890	$2,539,990	$2,516,990	-1.14%
Fire & Rescue Operations	3,787,046	3,872,307	4,153,020	4,152,790	4,025,040	-3.08%
Hazard Reduction	1,003,619	1,067,033	1,139,320	1,139,850	1,115,040	-2.13%
Emergency Medical Svc	2,593,932	2,711,763	2,826,850	2,832,110	2,755,840	-2.51%
Special Projects	1,312,636	304,872	719,750	594,060	36,810	-94.89%
TOTAL	$11,040,775	$10,413,154	$11,384,830	$11,258,800	$10,449,720	-8.21%

BUDGET BY FUND:	ACTUAL 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	%CHANGE FROM 11-12 BUDGET
Fire and Rescue Fund	$11,040,775	$10,413,154	$11,384,830	$11,258,800	$10,449,720	-8.21%
TOTAL	$11,040,775	$10,413,154	$11,384,830	$11,258,800	$10,449,720	-8.21%

FIRE DEPARTMENT ORGANIZATION CHART



FIRE DEPARTMENT STAFF

Positions	Group	Monthly Salary Range (1.0 FTE)			Head Count	FY 12-13 FTE	Historical FY 11-12 FTE	Historical FY 10-11 FTE
Fire Chief	Exempt	$7,938	-	$10,131	1	1.000	1.000	1.000
Division Chief/Battalion Chief	Exempt	6,579	-	8,396	7	7.000	7.000	7.000
Lieutenant [2]	IAFF	5,038	-	7,210	13	13.000	16.000	16.000
Fire Prevention Officer	IAFF	4,975	-	6,502	2	2.000	2.000	2.000
Fire Engineer [1,2]	IAFF	4,665	-	6,677	12	12.000	13.000	13.000
Firefighter - Emergency Medical Technician (EMT) [1,2]	IAFF	4,339	-	6,209	27	27.000	26.000	26.000
Staff Assistant	AFSCME	3,676	-	4,691	1	1.000	1.000	1.000
Staff Assistant	Exempt	3,572	-	4,559	1	1.000	1.000	1.000
Senior Administrative Specialist	AFSCME	3,416	-	4,360	1	1.000	1.000	1.000
Administrative Specialist	AFSCME	2,784	-	3,554	1	1.000	1.000	1.000
TOTAL					**66**	**66.000**	**69.000**	**69.000**

NOTE: Salary ranges reflect FY 11-12 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 12-13, the budgeted amounts are as presented. The maximum number possible of engineers is 12.
2. Non-disciplinary demotions due to a station closure in FY 12/13 to support achieving a sustainable budget for property tax funds combined.

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 departmental 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.

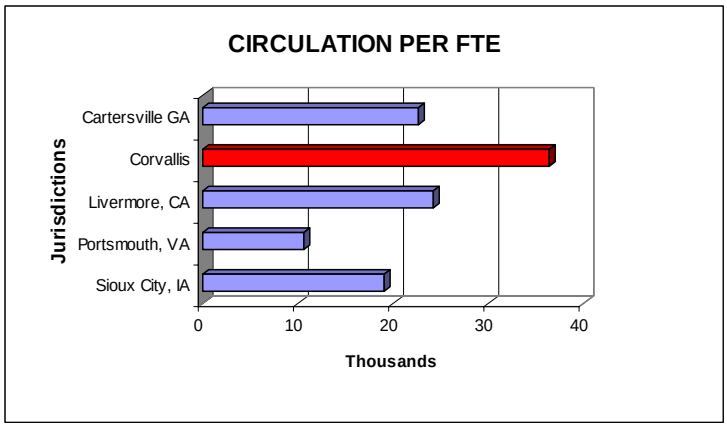
LIBRARY DEPARTMENT PERFORMANCE INDICATORS

Council Values	Management Goals & Objectives	Performance Measures	FY10-11 ACTUAL	FY11-12 TARGET	FY11-12 REVISED	FY12-13 TARGET
Cost Efficiency	Be at ICMA national average or below for operating and maintenance expenditures per item circulated of $3.38.	Operating and maintenance expenditures per item circulated.	$2.88	$3.28	$2.85	$3.00
	Circulate at least 30% more per FTE than other ICMA comparable libraries – ICMA average of 24,891.	Circulation per FTE. (A)	36,236	35,800	37,300	37,000
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)	92%	90%	93%	90%
	Be in the top 20% of circulation rates per capita of comparable ICMA libraries ≥ 15.6 [1]	Circulation rates per capita.	19.1	19.0	19.1	19.0
	Be in the top five of comparable ICMA libraries in volunteer FTE's per 1,000 population ≥ .02 [1]	Number of volunteer FTE's per 1,000 population.	.089	.087	.094	.09
Sustainability	Each public computer is used at least 2,500 times per year.	Average number of user sessions per Corvallis Library public computer.	2,804	2,900	2,500	2,500
	Provide the materials people want to use and keep them moving through the community.	Circulation per registered borrower. (C)	32.7	32.2	32.6	32.0
Diversity	Offer programs reflecting the diverse populations within Benton County.	Attendance at programs for children, teens, seniors, Latinos, and other non-English speakers.	29,263	27,500	31,000	31,000

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 2011 data, the Corvallis-Benton County Public Library is above average in efficient delivery of services. Corvallis circulation of 1,653,736 is the highest in the comparator group.



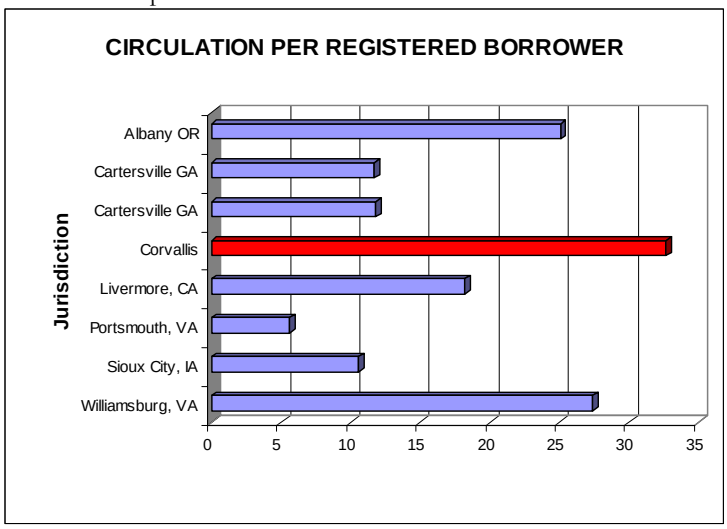
- *Current year performance and trends:* Circulation had steadily been trending up until FY 10-11 where a decrease occurred likely due to fewer open hours and closing on Sundays. FTE has also remained at slightly reduced levels since FY 10-11, resulting in this measure trending flat. However when compared with similar ICMA reporting libraries, Corvallis far exceeds them in this cost efficiency measure.
- *Conclusions and Challenges:* Library staff continues to support this measure by redesigning workflows to improve efficiency, adding more self check out machines, and by using volunteers extensively. The goal is to find better ways of meeting service demands within current staffing levels.

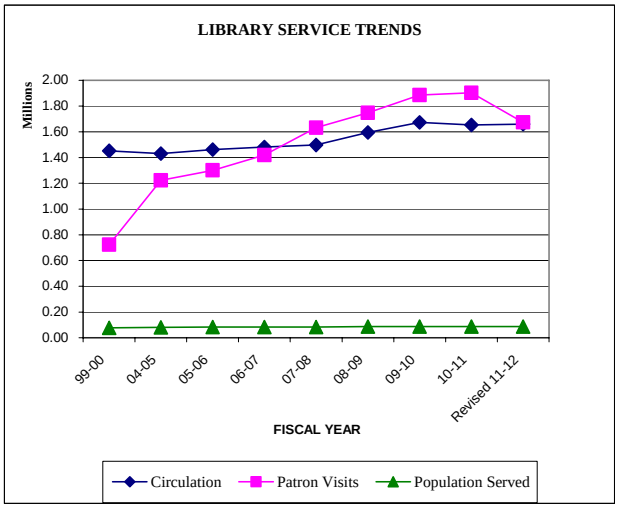
(B) Citizen rating of overall library services:

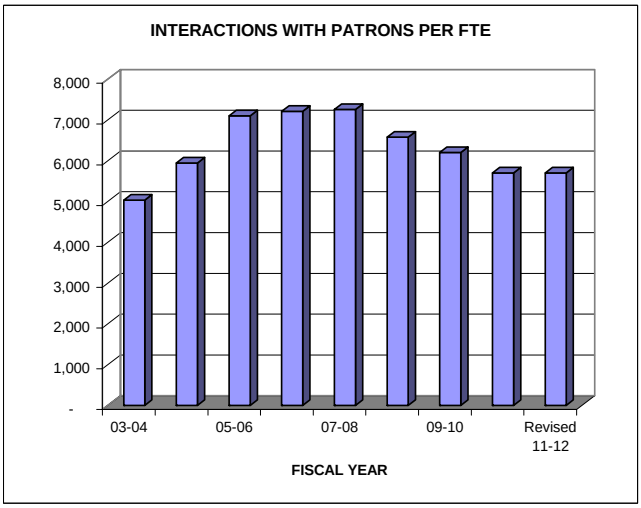
- *Measure definition:* The percentage of residents who give the library a "good" or "excellent" rating in a citizen attitude survey and comparisons to other similar libraries.
- *Evaluation of results:* The Library continues to be viewed positively by survey respondents. "Good" and "Excellent" ratings increased by one percentage point in the 2011 survey.
- *Current year performance and trends:* Service levels were maintained in FY 11-12 with the passage of the May 2011 Operating Levy. It's passage, along with positive marks from survey respondents reflect support for the Library by Corvallis citizens.
- *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) Circulation per Registered Borrower (ICMA core measure):

- *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 2011 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 expected to remain relatively flat for FY 11-12 and FY 12-13, and is on track to slightly exceed, the current year target.
- *Conclusions and Challenges:* The public uses the Library very heavily and has valued its extensive, up-to-date collection as per the Citizen Survey. The Library plans to continue its efforts to find the most cost-efficient way to provide an excellent collection. However, reductions in the budget for materials since FY 10-11 may reduce the number of items available and may decrease the number of more sought-after items. This measure will be particularly monitored in that regard to see how those changes affect overall use of the collection in the future.




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
10-11
Revised 11-12
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
-
03-04
05-06
07-08
09-10
Revised 11-12
FISCAL YEAR

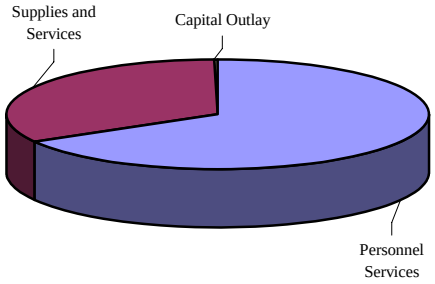
NEW FICTION

LIBRARY DEPARTMENT BUDGET SUMMARY

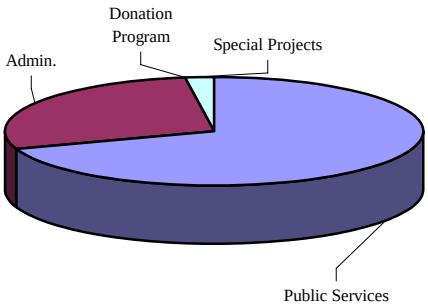
BUDGET BY CATEGORY:	ACTUAL 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	%CHANGE FROM 11-12 BUDGET
Personnel Services	$3,786,941	$3,770,588	$4,240,920	$4,090,520	$4,038,890	-4.76%
Supplies and Services	2,224,359	2,051,392	2,226,610	2,189,090	1,998,120	-10.26%
Capital Outlay	126,558	85,604	19,000	19,690	17,000	-10.53%
TOTAL	$6,137,858	$5,907,584	$6,486,530	$6,299,300	$6,054,010	-6.67%

FY 12-13 ADOPTED BUDGET

EXPENDITURES BY CATEGORY



EXPENDITURES BY DIVISION



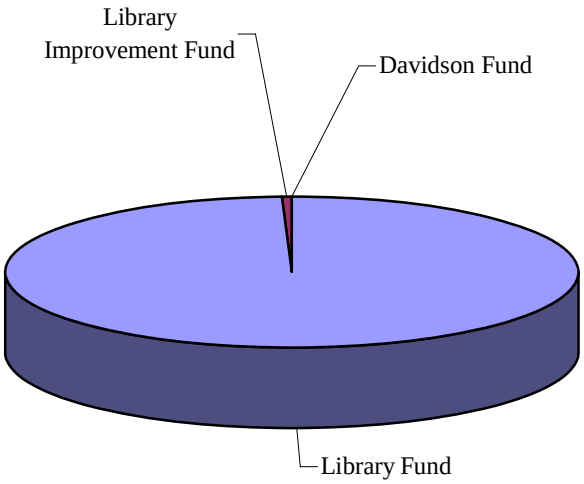
BUDGET BY DIVISION:	ACTUAL 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	%CHANGE FROM 11-12 BUDGET
Public Services	$4,089,618	$3,979,980	$4,540,830	$4,378,310	$4,212,650	-7.23%
Administration	1,753,402	1,727,550	1,814,200	1,775,730	1,705,360	-6.00%
Donation Program [1]	73,100	33,844	101,500	0	0	-100.00%
Special Projects [1]	221,739	166,210	30,000	145,260	136,000	353.33%
TOTAL	$6,137,858	$5,907,584	$6,486,530	$6,299,300	$6,054,010	-6.67%

(1) Donation division re-categorized to special projects in FY 11-12 to facilitate financial plan changes.

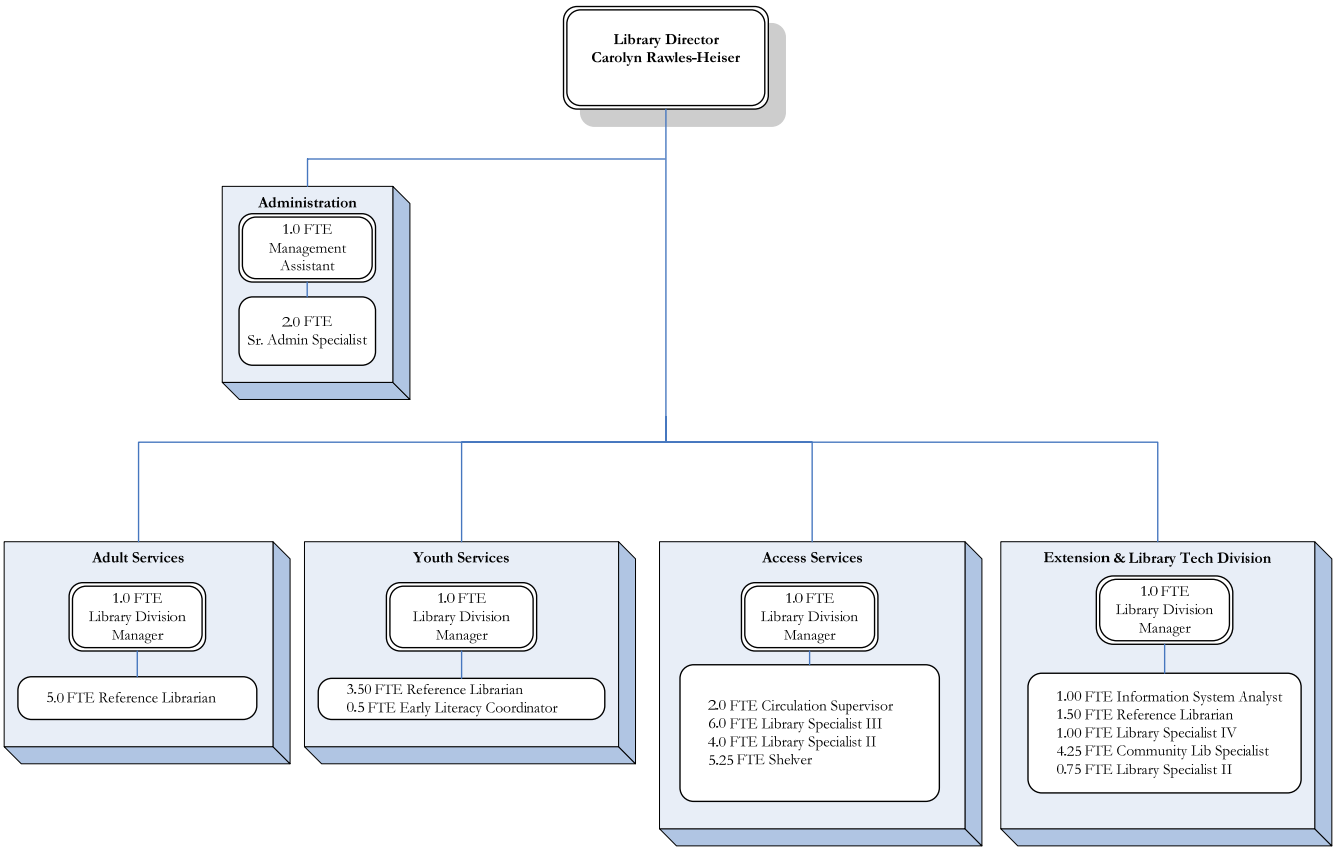
LIBRARY DEPARTMENT BUDGET SUMMARY (Continued)

BUDGET BY FUND:	ACTUAL 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	%CHANGE FROM 11-12 BUDGET
Library Fund	$6,108,299	$5,907,437	$6,456,530	$6,299,300	$6,023,510	-6.71%
Library Improvement Fund	29,094	0	30,000	0	30,000	0.00%
Davidson Fund	466	147	0	0	500	0.00%
TOTAL	$6,137,858	$5,907,584	$6,486,530	$6,299,300	$6,054,010	-6.67%

FY 12-13 ADOPTED BUDGET
EXPENDITURES BY FUND



LIBRARY DEPARTMENT ORGANIZATION CHART



LIBRARY DEPARTMENT STAFF

Positions	Group	Monthly Salary Range (1.0 FTE)			Head Count	FY 12-13 FTE	Historical FY 11-12 FTE	Historical FY 10-11 FTE
Library Director	Exempt	$7,554	-	$9,641	1	1.000	1.000	1.000
Library Division Manager [1]	Exempt	5,198	-	6,634	4	4.000	3.000	3.000
Lead Librarian[3]	AFSCME	4,988	-	6,366	-	0.000	0.625	0.625
Supervising Librarian [1]	Exempt	4,747	-	6,058	-	0.000	1.000	1.000
Circulation Supervisor	Exempt	4,747	-	6,058	2	2.000	2.000	2.000
Department Information System Analyst	AFSCME	4,620	-	5,897	1	1.000	1.000	1.000
Reference Librarian[3]	AFSCME	4,620	-	5,897	12	10.000	10.500	10.500
Access Services Librarian [2]	AFSCME	4,620	-	5,897	-	0.000	1.000	1.000
Early Literacy Coordinator	AFSCME	4,620	-	5,897	1	0.500	0.500	0.500
Management Assistant	Exempt	4,335	-	5,533	1	1.000	1.000	1.000
Library Specialist IV	AFSCME	3,963	-	5,058	1	1.000	1.000	1.000
Community Library Specialist [2]	AFSCME	3,676	-	4,691	6	4.250	3.000	3.000
Sr. Administrative Specialist - AFSCME	AFSCME	3,416	-	4,360	2	2.000	2.000	2.000
Library Specialist III [3]	AFSCME	3,416	-	4,360	6	6.000	7.000	7.000
Library Specialist II	AFSCME	3,048	-	3,890	9	4.750	4.750	4.750
Shelver [2,3]	AFSCME	2,048	-	2,614	10	5.250	6.000	6.000
TOTAL					**56**	**42.750**	**45.375**	**45.375**

NOTE: Salary ranges reflect FY 11-12 Class and Compensation schedules.

1. Library reorganization which originally re-allocated the Deputy Library Director position to a Supervising Librarian has now been re-classed as Library Division Manager.
2. Library reorganization re-classed 1.0 FTE Access Services Librarian & .,25 FTE Shelver to two .625 FTE Community Library Specialist positions.
3. Reductions for FY 12-13 to support achieving a sustainable budget for property tax funds combined.

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.
- Connect youth to the outdoors through the Youth Park Corps Program.

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 departmental 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.
- Develop & implement system-wide Capital Improvement 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 for all ages at the Osborn Aquatic Center.
- Provide a variety of recreational activities including classes, outdoor recreation and sports that encourage healthy lifestyles.
- Support community art, culture, and garden activities, including Majestic Theatre, 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 three Parks and Recreation Activity Guides, marketing community recreational opportunities.
- Provide community service and service learning opportunities 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	FY10-11 ACTUAL	FY11-12 TARGET	FY11-12 REVISED	FY12-13 TARGET
Community Involvement	Provide multiple opportunities for public involvement.	Total number of hours of Board, Commissions and Stakeholder, and Public meetings.	New	90 hours	105 hours	100 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 registrations.[1] (A)	910/ 19,980	1,820 / 23,635	1,820 / 40,000	1,820 / 43,000
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)	22,365 (11 FTE)	30,000 (14 FTE)	27,000 (13 FTE)	27,500 (13 FTE)
	Provide individual and community programs to promote high community livability and resident well-being in a cost efficient manner.	Tier 3 of the Cost Recovery Model will meet or exceed 90% cost recovery.	New	New	New	90%
	Provide intermediate and advanced level programs that promote high community livability and resident well-being while recovering all direct expenses.	Tier 4 of the Cost Recovery Model will meet or exceed 100% of cost recovery.	New	New	New	100%
	Provide opportunities and venues that generate revenue and promote economic vitality.	Tier 5 of the Cost Recovery Model will meet or exceed 200% of cost recovery.	New	New	New	200%
Sustainability	Increase the utilization percentage of granted scholarships.	Percent of total scholarship value expended. [2]	15%	20%	28%	38%
	Maintain or improve the ratio of acres per population of comparator cities.	Total park acres per 1,000 population.[3] (C)	33.2	30.1	31.85	31.85

[1] ActiveNet is making it possible for the department to now include Osborn Aquatic Center numbers in its figures and accounts for the jump from FY 10-11 to FY 11-12 and FY 12-13.
[2] Scholarships (Family Assistance) are tracked by calendar year; the percentage shown represents the calendar year of the first of the two years (i.e. FY 11-12 shows the totals for 2011 calendar year).
[3] FY 10-11was based on 1,810 acres and population of 54,460. FY 11-12 target was under-stated due to incorrect formula and should have been 33.2. FY 11-12 revised and FY 12-13 targets are based on a restatement of acres vs. deeds and have been trued up resulting in current acres of 1,733.6 and population of 54,432.

Select discussion of key measures:

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

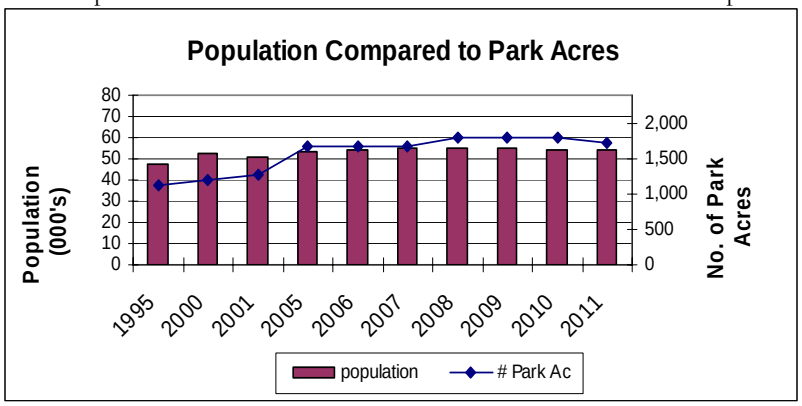
- *Measure definition*: Staff collects registration data on each program. This data is summarized monthly.
- *Evaluation of results*: Recreation staff strives to offer programs that attract the diverse community, considering a variety of geographic locations, accessibility, and affordability that improves resident well-being, community livability and public safety.
- *Current year performance and trends*: Although not clearly visible in higher registration numbers shown, which now include OAC statistics, some classes are showing decreased participant registrations resulting in some classes not reaching required minimums necessary to meet Cost Recovery.
- *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 cost recovery guidelines.

(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 36% of the total hours worked, the department must balance the higher percentage being achieved with program needs and resident well-being. As budgets tighten and the ability to maintain service levels is decreased, capacity of regular staff to direct and supervise volunteers is needed.
- *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. Parks and Recreation provides a diverse selection of volunteer opportunities. The challenge is to balance adequate staffing levels with volunteers at the appropriate service level to maintain infrastructure, programs and public safety.

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

- *Measure definition*: Total acres (1,733) divided by population in 1,000's as reported in the ICMA survey totaled 31.85 acres for the Department based on the 2010 census population figure of 54,432.
- *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 15.99*). Overall, of reporting cities in the nation Corvallis is the 6th highest out of 33 cities who reported mid-year on this performance measure. The national median is 16.0 acres per 1000 population. The availability of high quality park acres increases economic vitality through enhancing real estate values, tourism destinations and community event venues.
- *Current year performance and trends*: According to the ICMA National Citizen Survey (NCS) 2011, 96% of those surveyed had visited a City park at least once in the last year and 96% rated them as good or excellent. Per the NCS, these results are rated much above the national comparisons for populations 35,000 to 70,000.



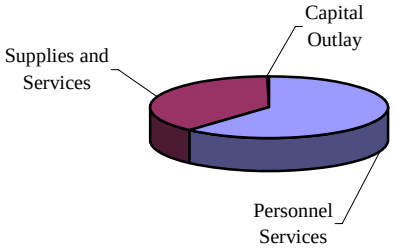
- *Conclusions and challenges*: Parks and Recreation sustains a safe, free network of attractive, well-managed parks, natural areas, and trails that enhance community livability. The challenge will be to sustain growth of park acres given budget constraints, and to have adequate resources and FTE to manage those acres.

PARKS AND RECREATION DEPARTMENT – BUDGET SUMMARY

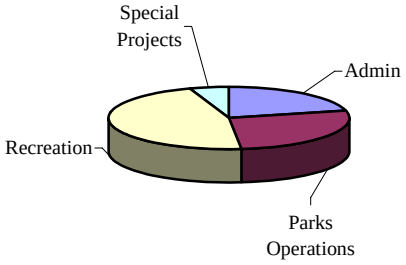
BUDGET BY CATEGORY:	ACTUAL 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	%CHANGE FROM 11-12 BUDGET
Personnel Services	$3,626,846	$3,466,019	$3,820,050	$3,800,700	$3,656,870	-4.27%
Supplies and Services	2,004,862	1,954,658	2,258,820	2,185,980	2,247,200	-0.51%
Capital Outlay	19,390	20,590	17,630	17,630	24,060	36.47%
TOTAL	$5,651,099	$5,441,267	$6,096,500	$6,004,310	$5,928,130	-2.76%

FY 12-13 ADOPTED BUDGET

EXPENDITURES BY CATEGORY



EXPENDITURES BY DIVISION



BUDGET BY DIVISION:	ACTUAL 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	%CHANGE FROM 11-12 BUDGET
Administration	$1,208,457	$1,157,120	$1,282,170	$1,258,170	$1,245,550	-2.86%
Parks Operations	1,636,824	1,605,169	1,753,330	1,713,880	1,627,070	-7.20%
Recreation	2,645,391	2,567,614	2,804,360	2,836,180	2,749,560	-1.95%
Donations (1)	10,556	3,648	37,800	0	0	-100.00%
Special Projects (1)	149,871	107,715	218,840	196,080	305,950	39.81%
TOTAL	$5,651,099	$5,441,267	$6,096,500	$6,004,310	$5,928,130	-2.76%

(1) Donation division re-categorized to special projects in FY 11-12 to facilitate sustainable property tax financial plan changes.

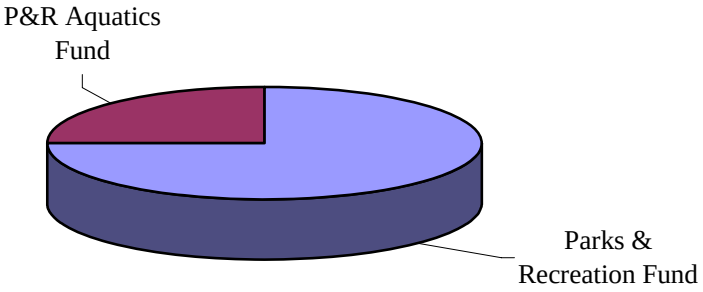
Osborn Aquatic Center

Riverfront Park

Avery Park Train

BUDGET BY FUND:	ACTUAL 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	%CHANGE FROM 11-12 BUDGET
Parks & Recreation Fund	$4,283,152	$4,123,959	$4,615,070	$4,542,880	$4,444,300	-3.70%
P&R Aquatics Fund	1,367,947	1,317,309	1,481,430	1,461,430	1,483,830	0.16%
TOTAL	$5,651,099	$5,441,267	$6,096,500	$6,004,310	$5,928,130	-2.76%

FY 12-13 ADOPTED BUDGET
EXPENDITURES BY FUND



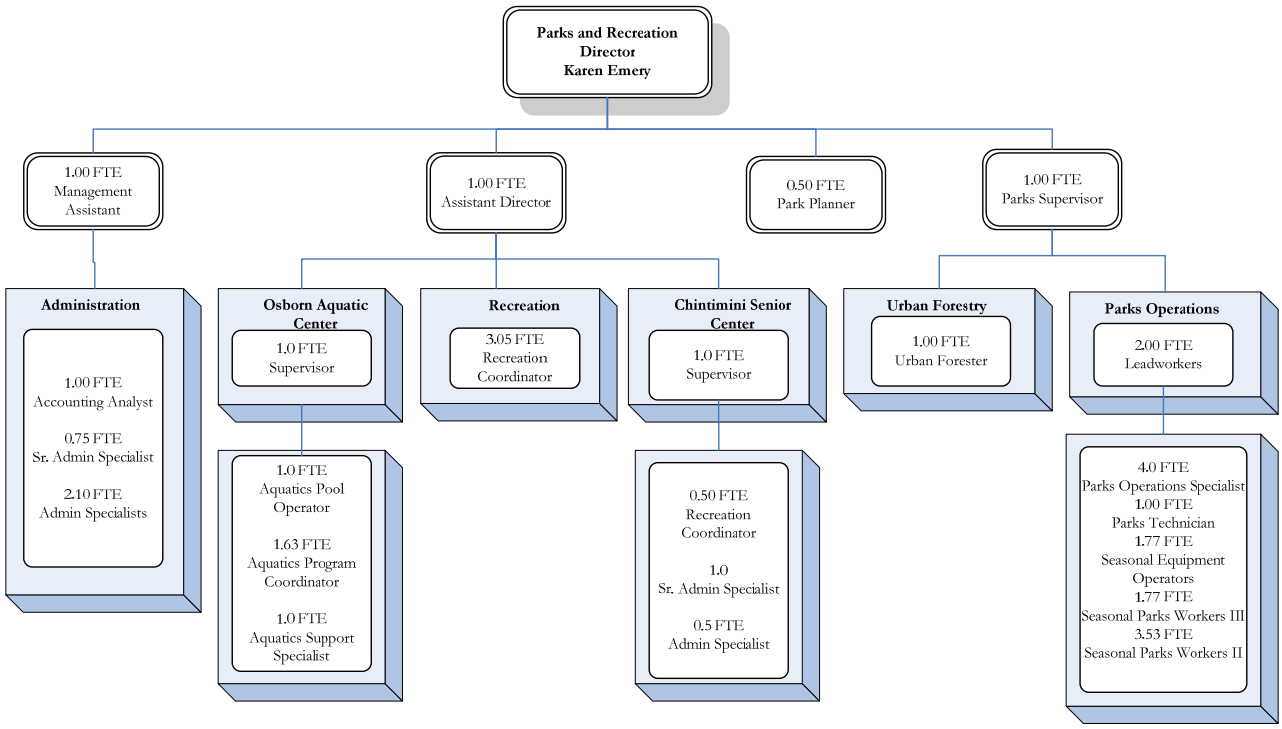
Riverfront Fish Sculpture

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)			Head Count	FY 12-13 FTE	Historical FY 11-12 FTE	Historical FY 10-11 FTE
Parks and Recreation Director	Exempt	$7,554	-	$9,641	1	1.000	1.000	1.000
Assistant Park and Recreation Director	Exempt	5,848	-	7,463	1	1.000	1.000	1.000
Parks Operations Supervisor	Exempt	5,198	-	6,634	1	1.000	1.000	1.000
Urban Forester	AFSCME	4,988	-	6,366	1	1.000	1.000	1.000
Aquatic Center Supervisor	Exempt	4,747	-	6,058	1	1.000	1.000	1.000
Park Planner	AFSCME	4,620	-	5,897	1	0.500	0.500	0.500
Parks Maintenance Leadworker	AFSCME	4,620	-	5,897	2	2.000	2.000	2.000
Park Operations Specialist [1]	AFSCME	4,277	-	5,458	4	4.000	4.500	5.000
Recreation Coordinator [1,2]	AFSCME	4,277	-	5,458	5	3.550	3.800	3.800
Aquatics Program Coordinator	AFSCME	4,277	-	5,458	2	1.630	1.630	1.630
Management Assistant	Exempt	4,335	-	5,533	1	1.000	1.000	1.000
Senior Center Supervisor	Exempt	4,335	-	5,533	1	1.000	1.000	1.000
Parks Maintenance Technician	AFSCME	3,676	-	4,691	1	1.000	1.000	1.000
Aquatics Pool Operator	AFSCME	3,676	-	4,691	1	1.000	1.000	1.000
Department Accounting Analyst	AFSCME	3,416	-	4,360	1	1.000	1.000	1.000
Aquatics Support Specialist	AFSCME	3,416	-	4,360	1	1.000	1.000	1.000
Senior Administrative Specialist [2]	AFSCME	3,416	-	4,360	2	1.750	1.500	1.500
Administrative Specialist [2]	AFSCME	2,784	-	3,554	3	2.600	2.850	2.850
Seasonal Parks Equipment Operator [1]	AFSCME	2,784	-	3,554	3	1.770	2.010	2.010
Seasonal Parks Worker III [1]	AFSCME	2,444	-	3,120	3	1.770	2.010	2.010
Seasonal Parks Worker II [1,2]	AFSCME	2,302	-	2,938	3	3.530	4.020	4.020
TOTAL					**39**	**34.100**	**35.820**	**36.320**

NOTE: Salary ranges reflect FY 11-12 Class and Compensation schedules.

1. Reductions for FY 12-13 to support achieving a sustainable budget for property tax funds combined.
2. Reorganization in FY 11-12 re-classed .25 FTE from Seasonal Parks Worker II to Recreation Coordinator position; and .25 FTE from Admin Specialist to Sr. Admin Specialist position.

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.
- Liaise 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.

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

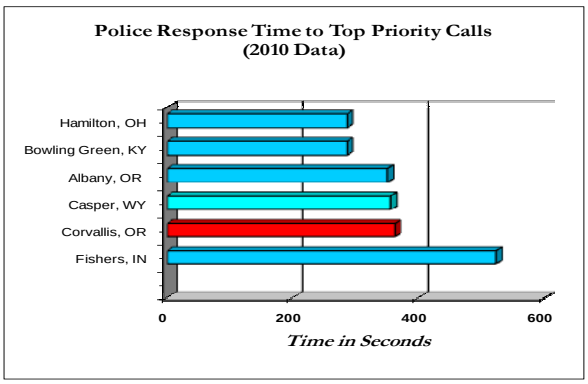
COUNCIL VALUES	Management Goals & Objectives	Performance Measures	FY 10-11 ACTUAL	FY 11-12 TARGET	FY 11-12 REVISED	FY 12-13 TARGET
Community Involvement	Achieve at least an 85% rating of excellent or good in citizen attitude surveys	Citizen satisfaction ratings of overall police services	83%	85%	81%	85%
Cost Efficiency	Increase community safety by reducing response time to top priority calls.	Response time in seconds to top priority calls (A)	362	300	300	300
	Increase community safety by clearing part 1 criminal investigations.	Percentage of Part 1 Crimes Cleared (B)	Violent: 49% Property: 14%	70% 20%	60% 25%	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.	161[1]	<90	<160[1]	<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)	1.94	<2.50	<2.50	<2.50
Diversity	Increase diversity of applicant pool through targeted outreach efforts.	Number of new, targeted efforts.	0[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):

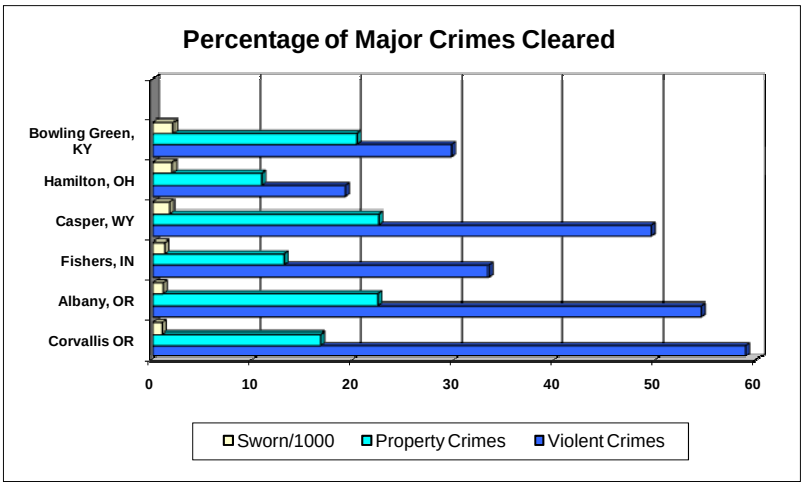
- *Measure definition:* Time in seconds from receipt of top priority call in Dispatch Center to arrival of officers on scene. Top priority calls are defined as: Immediate threat to life; Violent criminal act in progress; Suspect pursuing citizen; Imminent critical danger; or Possibility of major property loss.
- *Evaluation of results:* Corvallis response time is slightly above the median for national comparators of like sized cities reporting in the 2010 ICMA data survey.
- *Current year performance and trends:* For FY 2010-11 the average response time dropped to 362 seconds from 396 seconds, and this decreasing trend is continuing into the FY 2011-12 Fiscal Year. Response times in the first three quarters of FY 11-12 were very close to 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. The recent move to a 12-hour shift from the previous 10-hour model appears to have a positive impact on response times. However, 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 is likely to trend higher than the target once again.

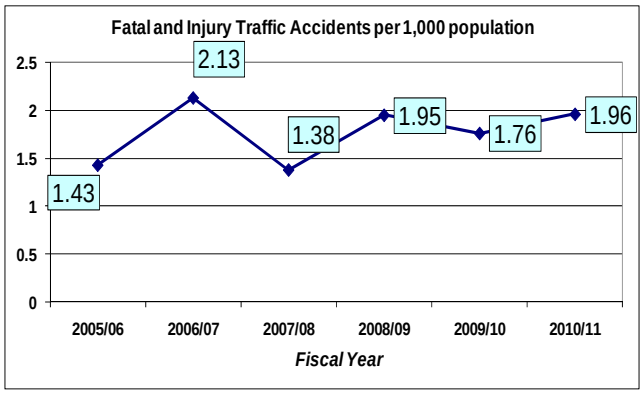
(B) **Percent of Part 1 Crimes Cleared** (ICMA Core Measure):

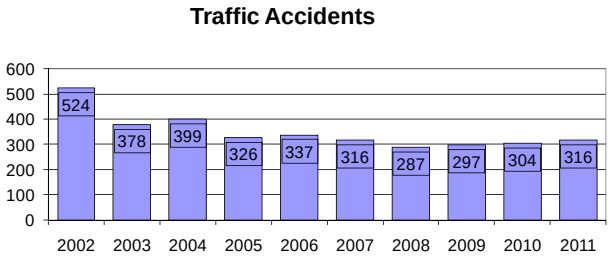
- *Measure definition:* Percentage of Part 1 violent (murder, rape, robbery and aggravated assault) and property crimes (burglary, larceny/theft, motor vehicle theft and arson) cleared.
- *Evaluation of results*: When compared to like-sized cities reporting data in the 2010 ICMA survey, Corvallis clearance rates are above 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 into FY 11-12.
- *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 five year's data and compared to State average from Oregon Department of Transportation 2010 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 2010-11 data shows a rate of 1.94 per 1,000 which is a slight increase over the previous year, however, Corvallis' rate of fatal and injury accidents continues to be well below the 2010 Oregon State average of 5.3 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.





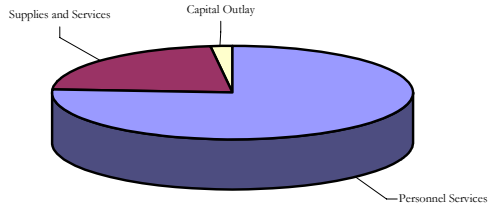
Motorcycle Traffic Officers

POLICE DEPARTMENT – BUDGET SUMMARY

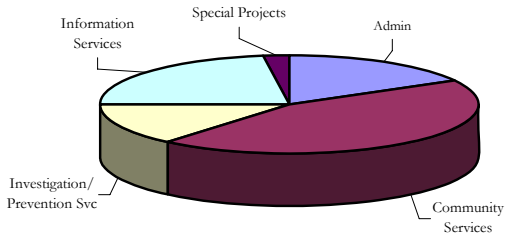
BUDGET BY CATEGORY:	ACTUAL 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	%CHANGE FROM 11-12 BUDGET
Personnel Services	$8,877,415	$9,369,863	$9,984,880	$9,681,000	$9,803,850	-1.81%
Supplies and Services	3,080,337	2,819,838	2,934,620	2,956,640	2,835,580	-3.37%
Capital Outlay	215,055	20,775	114,580	56,220	245,570	114.32%
TOTAL	$12,172,806	$12,210,477	$13,034,080	$12,693,860	$12,885,000	-1.14%

FY 12-13 ADOPTED BUDGET

EXPENDITURES BY CATEGORY



EXPENDITURES BY DIVISION

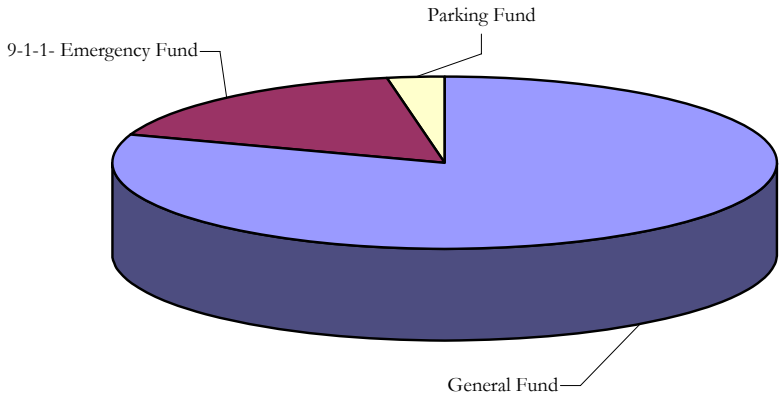


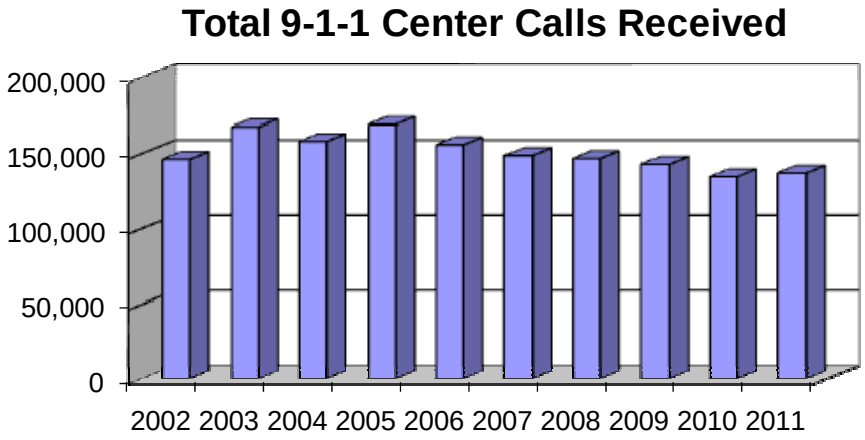
BUDGET BY DIVISION:	ACTUAL 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	%CHANGE FROM 11-12 BUDGET
Administration	$2,211,652	$2,286,498	$2,299,900	$2,199,640	$2,189,540	-4.80%
Community Services	5,267,255	5,269,835	5,788,730	5,516,020	5,687,430	-1.75%
Investigation/ Prevention Svc	1,701,537	1,733,225	1,738,780	1,834,010	1,778,920	2.31%
Information Services	2,552,128	2,846,922	2,993,950	2,959,720	2,930,230	-2.13%
Special Projects	440,234	73,997	212,720	184,470	298,880	40.50%
TOTAL	$12,172,806	$12,210,477	$13,034,080	$12,693,860	$12,885,000	-1.14%

POLICE DEPARTMENT – BUDGET SUMMARY (Continued)

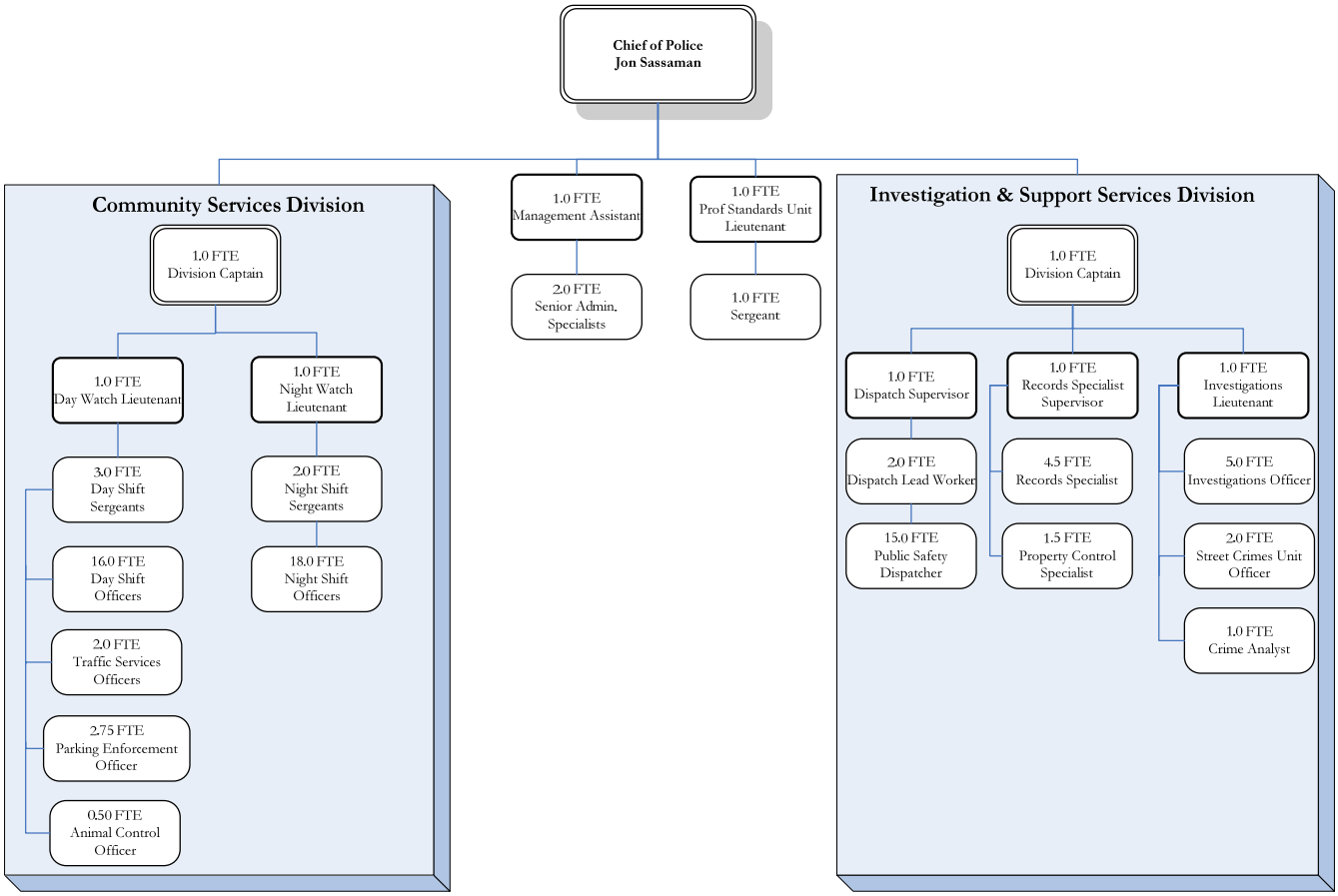
BUDGET BY FUND:	ACTUAL 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	%CHANGE FROM 11-12 BUDGET
General Fund	$9,978,568	$9,914,795	$10,502,180	$10,258,450	$10,352,220	-1.43%
9-1-1- Emergency Fund	1,914,402	2,026,176	2,180,710	2,156,150	2,177,200	-0.16%
Parking Fund	279,836	269,505	351,190	279,260	355,580	1.25%
TOTAL	$12,172,806	$12,210,477	$13,034,080	$12,693,860	$12,885,000	-1.14%

FY 12-13 ADOPTED BUDGET
EXPENDITURES BY FUND

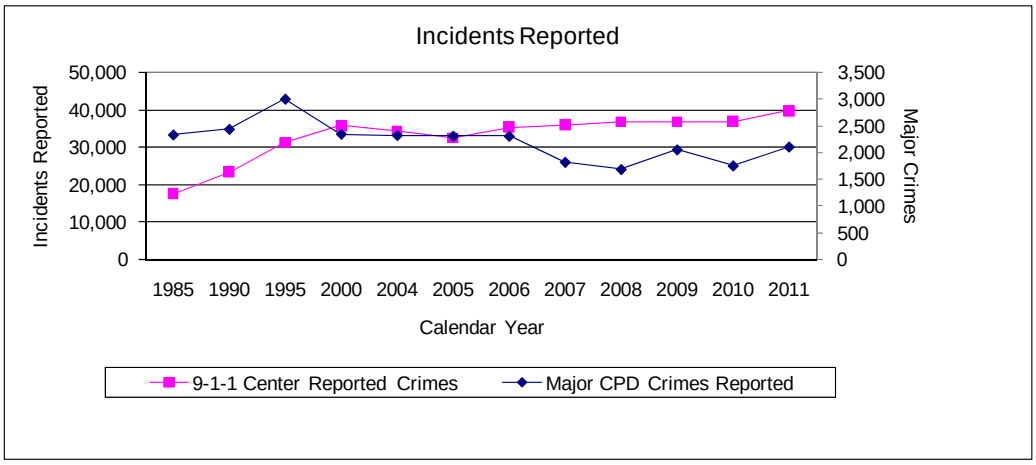




POLICE DEPARTMENT ORGANIZATION CHART



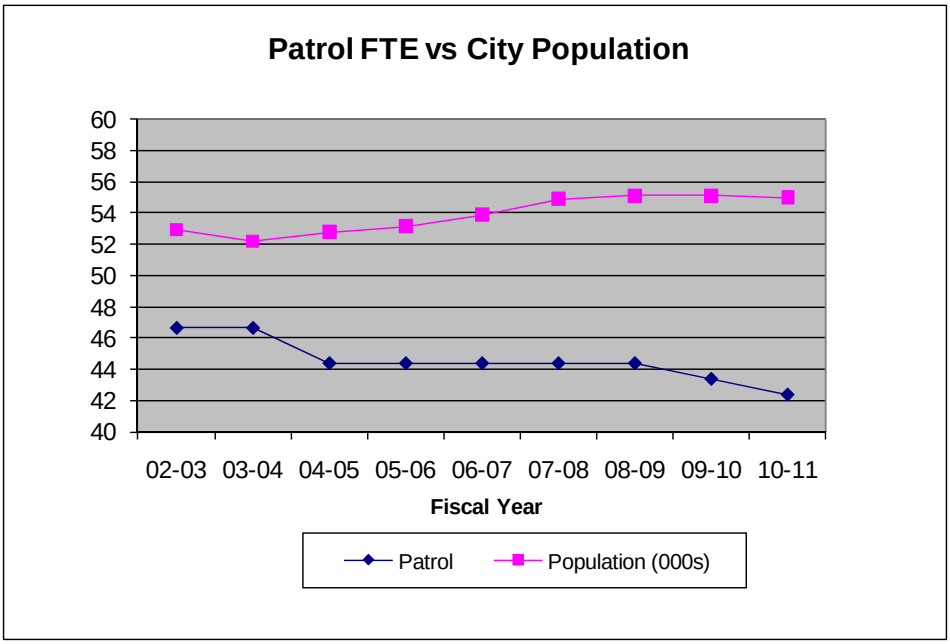
NOTE: The organizational chart above includes 3.00 FTE Police Officers that are authorized but unfunded for FY 12-13.



Positions	Group	Monthly Salary Range (1.0 FTE)			Head Count	FY 12-13 FTE	Historical FY 11-12 FTE	Historical FY 10-11 FTE
Police Chief	Exempt	$7,938	-	$10,131	1	1.000	1.000	1.000
Police Captain	Exempt	7,401	-	9,446	2	2.000	2.000	2.000
Police Lieutenant [2]	Exempt	6,579	-	8,396	4	4.000	5.000	5.000
Police Sergeant	CPOA	5,460	-	7,605	6	6.000	6.000	6.000
Supervisor, Dispatch	Exempt	5,198	-	6,634	1	1.000	1.000	1.000
Animal Control Officer	AFSCME	4,620	-	5,897	1	0.500	0.500	0.500
Police Officer [1,3]	CPOA	4,408	-	6,449	40	43.000	43.000	44.000
Crime Analyst	AFSCME	4,277	-	5,458	1	1.000	1.000	1.000
Management Assistant	Exempt	4,335	-	5,533	1	1.000	1.000	1.000
Records Specialist Supervisor	Exempt	4,335	-	5,533	1	1.000	1.000	1.000
Public Safety Dispatch Leadworker	CRCCA	3,943	-	5,033	2	2.000	2.000	2.000
Public Safety Dispatcher [1]	CRCCA	3,586	-	4,577	15	15.000	15.000	16.000
Senior Administrative Specialist (AFSCME) [2]	AFSCME	3,416	-	4,360	1	1.000	2.000	2.000
Senior Administrative Specialist (Exempt)	Exempt	3,319	-	4,237	1	1.000	1.000	1.000
Property Control Specialist	AFSCME	3,187	-	4,068	2	1.500	1.500	1.500
Parking Enforcement Officer	AFSCME	3,187	-	4,068	3	2.750	2.750	2.750
Records Specialist	AFSCME	3,048	-	3,890	5	4.500	4.500	4.500
TOTAL					**87**	**88.250**	**90.250**	**92.250**

NOTE: Salary ranges reflect FY 11-12 Class and Compensation schedules.

1. Reductions to balance FY 11-12 Budget.
2. Reductions for FY 12-13 to support achieving a sustainable budget for property tax funds combined.
3. 3.00 FTE Police Offers that are currently vacant will remain authorized but unfunded through the fiscal year.



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

- Departmental 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

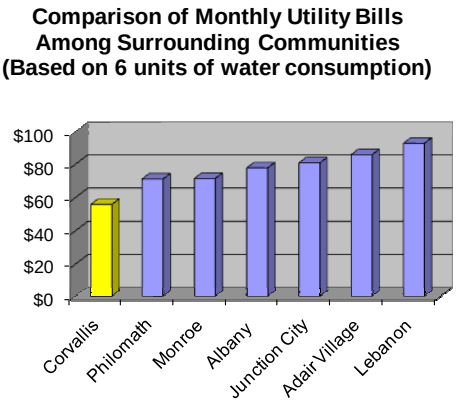
COUNCIL VALUES	Management Goals & Objectives	Performance Measures	FY 10-11 ACTUAL	FY 11-12 TARGET	FY 11-12 REVISED	FY 12-13 TARGET
Cost Efficiency	Have utility rates that contribute to Corvallis being an attractive place to live	Control operation and maintenance costs to minimize annual utility rate increases. (A)	2.4%	≤3.0%	3.3%	≤3.0%
		Percent of average annual water bill to median household income ($74,200)	0.42%	<0.45%	<0.45%	<0.45%
		Percent of average annual wastewater bill to median household income ($74,200)	0.60%	<0.65%	<0.65%	<0.65%
	Maintain transit costs below national average of $2.70.	Costs per transit ride. (B)	$1.88	<$2.70	$1.90	<$2.70
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).	82%	≥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).	77%	≥90%	≥90%	≥90%
	Encourage citizen input on Public Works projects and activities	Number of public meetings held on department projects.	15	≥20	≥20	≥20
Sustainability	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)	$75.84	< $80.00	< $80.00	< $80.00
	Remain below national average of 10% annual water loss in the distribution system.	Percent of water loss in the distribution system. (D)	4.84%	< 10.00%	<10.00%	<10.00%

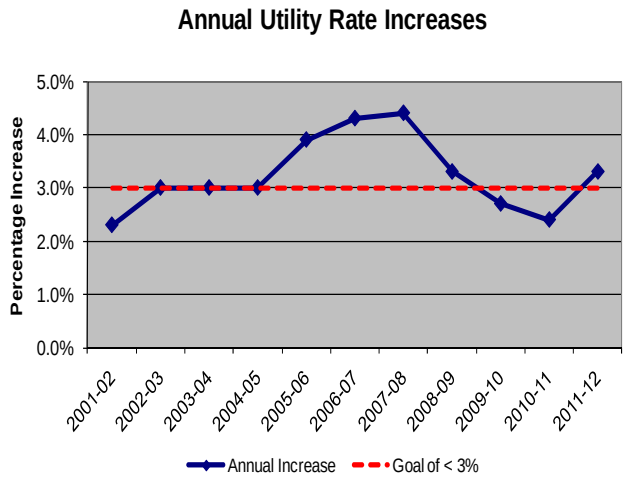
1. NACWA (National Association of Clean Water Agencies)

Select discussion of key measures above:

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

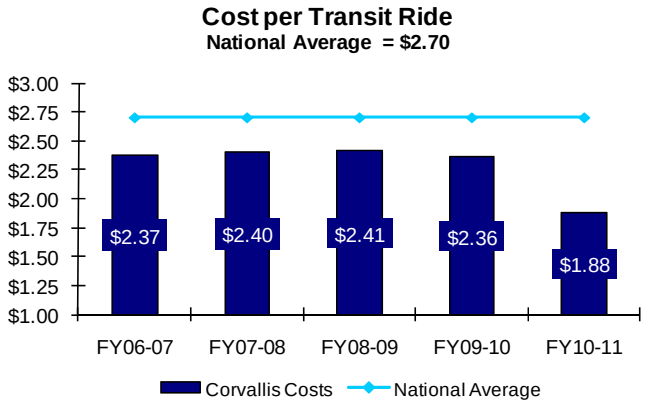
- *Measure definition*: Have utility rates that contribute to Corvallis being an attractive place to live.
- *Evaluation of results*: Corvallis has the lowest combined utility bill of comparator mid-Willamette Valley providers for the average single-family residential user. Staff is working diligently 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 $56 per month, versus other local communities where average costs for utility services exceed $80 per month. While staff worked diligently to mitigate increases in operation and maintenance costs, a variety of factors including an unseasonably wet year and cool summer, and increased water conservation efforts contributed to a significant decrease in revenue. The resulting combined utility rate increase in February 2012, implemented to maintain the utilities' viability, was 3.3%.
- *Conclusions and challenges*: The ability to maintain a minimal rate increase model must be balanced with changing weather patterns, increased water conservation efforts, an aging and expanding infrastructure system, federal and State regulations, operating and maintenance costs, and capital improvement projects.





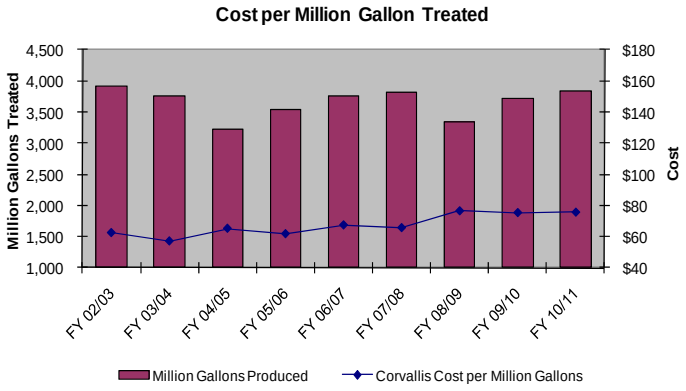
(B) **Cost per transit ride**:

- *Measure definition*: Maintain the cost of transit operations below the national average of $2.70 per ride.
- *Evaluation of results*: Corvallis continues to maintain operating costs below the average. Implementation of fareless transit service in February 2011 has resulted in a 38% increase in ridership which further decreases the cost per transit ride.
- *Current year performance and trends*: Rising fuel prices offset the majority of maintenance cost reductions attributable to the relatively new bus fleet. It is important to note that while cost per ride continues to trend lower, the total expenditures for the system are not. The chart is skewed by the dramatic increase in ridership.
- *Conclustions and challenges*: The ability to maintain this low average will be challenged by increasing fuel expenditures, expected increases in salaries and benefits to contracted drivers, and the community's demand for expanded transit service.



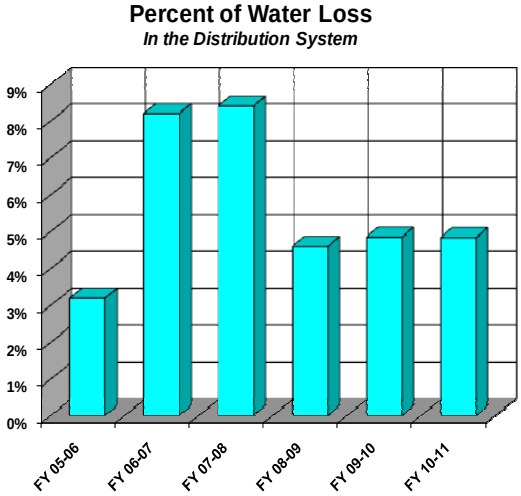
(C) **Energy cost per million gallons of wastewater treated**:

- *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 remain relatively flat with FY 10-11, due to the continued 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.



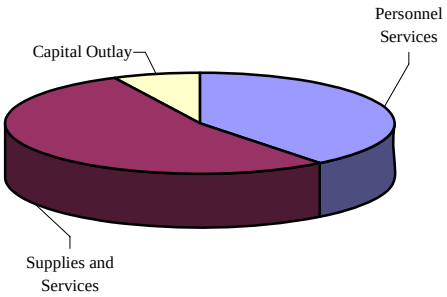
- *Evaluation of results*: In FY 10-11, Corvallis continued to monitor the distribution system for leaks using City crews and equipment. The equipment purchased for this program allows employees to survey the entire water distribution system annually. More frequent monitoring identifies leaks more quickly, 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

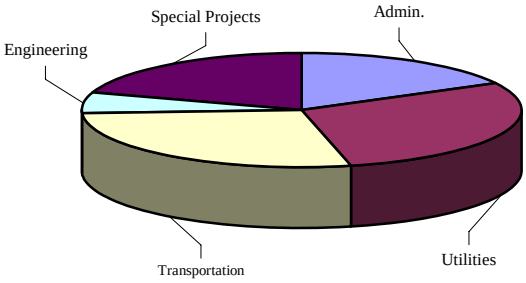
BUDGET BY CATEGORY:	ACTUAL 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	%CHANGE FROM 11-12 BUDGET
Personnel Services	$10,376,517	$10,862,913	$11,864,510	$11,652,590	$11,717,570	-1.24%
Supplies and Services	14,088,982	12,903,129	16,981,240	15,547,720	15,774,680	-7.11%
Capital Outlay	2,032,196	404,697	1,526,080	172,220	2,159,450	41.50%
TOTAL	$26,497,695	$24,170,739	$30,371,830	$27,372,530	$29,651,700	-2.37%

FY 12-13 ADOPTED BUDGET

EXPENDITURES BY CATEGORY



EXPENDITURES BY DIVISION

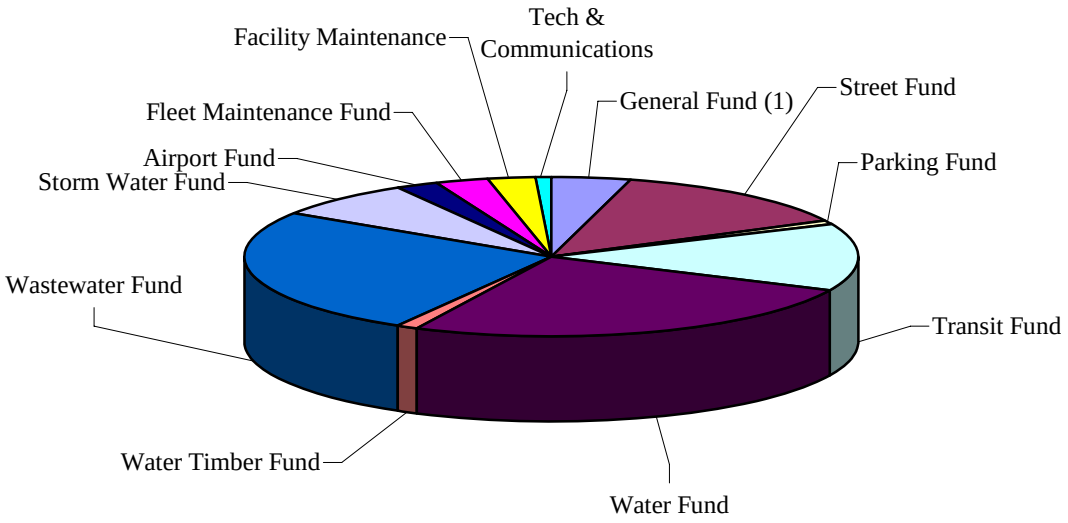


BUDGET BY DIVISION:	ACTUAL 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	%CHANGE FROM 11-12 BUDGET
Administration	$4,750,132	$4,975,839	$5,216,000	$4,869,070	$5,086,300	-2.49%
Utilities	7,633,998	8,027,995	8,627,740	8,625,500	8,707,910	0.93%
Transportation	7,407,679	7,442,990	8,469,590	8,318,890	8,204,180	-3.13%
Engineering	1,524,940	1,607,065	1,809,240	1,802,240	1,738,030	-3.94%
Special Projects	5,180,946	2,116,849	6,249,260	3,756,830	5,915,280	-5.34%
TOTAL	$26,497,695	$24,170,739	$30,371,830	$27,372,530	$29,651,700	-2.37%

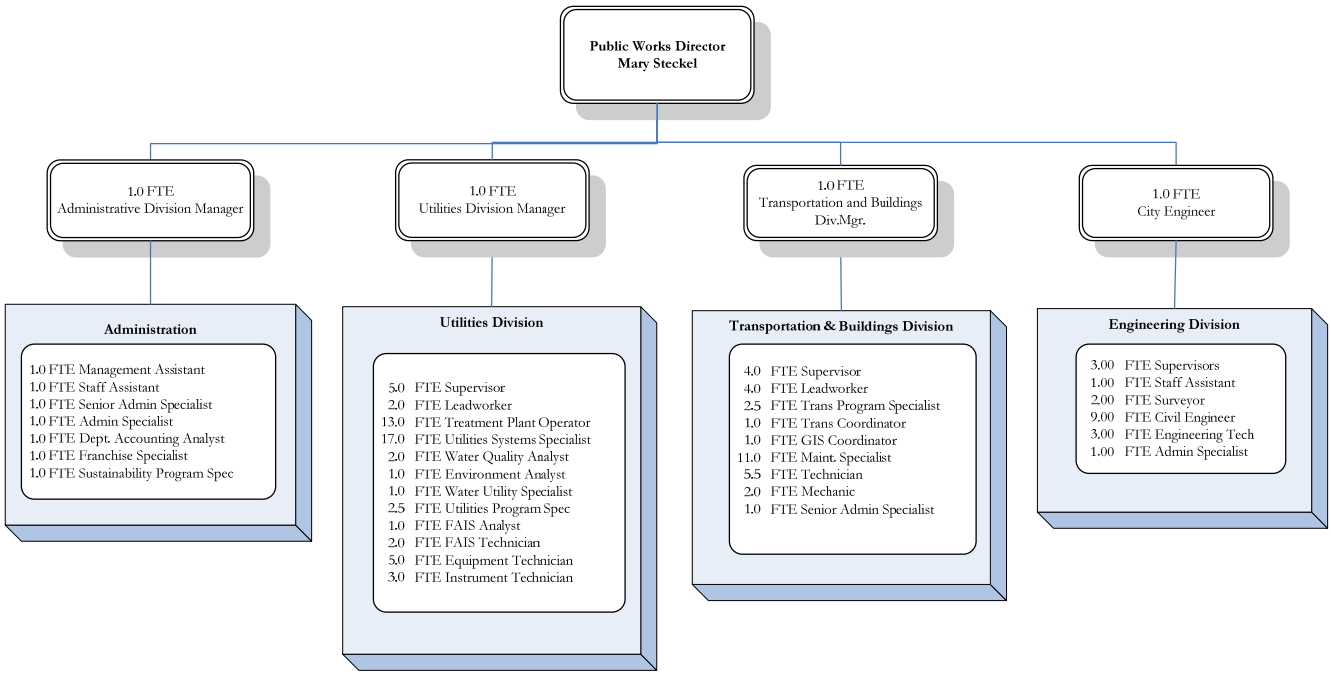
BUDGET BY FUND:	ACTUAL 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	%CHANGE FROM 11-12 BUDGET
General Fund (1)	$878,851	$945,067	$1,642,760	$1,234,780	$1,218,900	-25.80%
Street Fund	4,966,794	3,733,169	4,243,950	4,030,150	4,003,730	-5.66%
Parking Fund	104,872	134,100	171,980	127,440	184,280	7.15%
Transit Fund	3,457,245	2,449,074	3,481,890	2,641,700	4,080,490	17.19%
Water Fund	6,478,293	6,584,719	8,556,490	7,779,470	7,488,160	-12.49%
Water Timber Fund	302,449	221,917	374,020	378,170	352,330	-5.80%
Wastewater Fund	6,455,405	6,467,622	7,264,080	6,886,420	7,608,910	4.75%
Storm Water Fund	1,685,348	1,706,316	1,962,260	1,905,400	2,216,440	12.95%
Airport Fund	487,416	332,065	820,910	559,910	664,940	-19.00%
Fleet Maintenance Fund	715,598	731,800	818,030	817,530	823,610	0.68%
Facility Maintenance	766,031	687,262	823,880	823,080	799,160	-3.00%
Tech & Communications	199,393	177,629	211,580	188,480	210,750	-0.39%
TOTAL	$26,497,695	$24,170,739	$30,371,830	$27,372,530	$29,651,700	-2.37%

(1) FY 12-13 is significantly lower due to budgetary reductions for the elimination of the Sustainability Supervisor position and reduced activity of two grant funded programs.

FY 12-13 ADOPTED BUDGET
EXPENDITURES BY FUND



PUBLIC WORKS DEPARTMENT ORGANIZATION CHART



Taylor Water Treatment Plant water intake structure dredging project on the Willamette River.

PUBLIC WORKS DEPARTMENT STAFF

Positions	Group	Monthly Salary Range (1.0 FTE)	Head Count	FY 12-13 FTE	Historical FY 11-12 FTE	Historical FY 10-11 FTE
Public Works Director	Exempt	$8,325 - $10,625	1	1.000	1.000	1.000
City Engineer	Exempt	6,579 - 8,396	1	1.000	1.000	1.000
Division Managers - Transportation & Bldgs/Utilities	Exempt	6,579 - 8,396	2	2.000	2.000	2.000
Supervisors - Engineering/Water-Wastewater Ops	Exempt	5,848 - 7,463	5	5.000	5.000	5.000
Administrative Division Manager	Exempt	5,848 - 7,463	1	1.000	1.000	1.000
Civil Engineer II	AFSCME	5,818 - 7,425	6	6.000	6.000	6.000
Supervisors	Exempt	5,198 - 6,634	7	7.000	7.000	7.000
Sustainability Supervisor [2]	Exempt	5,198 - 6,634	-	0.000	1.000	1.000
GIS Coordinator	AFSCME	5,082 - 6,487	1	1.000	1.000	1.000
Civil Engineer I	AFSCME	4,988 - 6,366	3	3.000	3.000	3.000
Facility Automation Information Systems Analyst	AFSCME	4,988 - 6,366	1	1.000	1.000	1.000
Surveyor	AFSCME	4,988 - 6,366	2	2.000	2.000	2.000
Environmental Analyst	AFSCME	4,620 - 5,897	1	1.000	1.000	1.000
Franchise Utility Specialist	AFSCME	4,620 - 5,897	1	1.000	1.000	1.000
Instrument Technician II	AFSCME	4,620 - 5,897	1	1.000	1.000	1.000
Leadworkers	AFSCME	4,620 - 5,897	6	6.000	6.000	6.000
Facility Automation Information Systems Technician	AFSCME	4,620 - 5,897	2	2.000	2.000	2.000
GIS Analyst	AFSCME	4,359 - 5,563	2	2.000	2.000	2.000
Management Assistant	Exempt	4,335 - 5,533	1	1.000	1.000	1.000
Airport Program Specialist/Traffic Technician	AFSCME	4,277 - 5,458	1	1.000	1.000	1.000
Electronic Technician II	AFSCME	4,277 - 5,458	3	3.000	3.000	3.000
Utilities Treatment Plant Operator	AFSCME	4,277 - 5,458	13	13.000	13.000	13.000
Equipment Maintenance Technician	AFSCME	4,277 - 5,458	5	5.000	5.000	5.000
Program Specialist [2]	AFSCME	4,277 - 5,458	6	5.000	4.625	4.625
Special Transportation Coordinator	AFSCME	4,277 - 5,458	1	1.000	1.000	1.000
Water Quality Analyst	AFSCME	4,277 - 5,458	2	2.000	2.000	2.000
Engineering Tech III	AFSCME	3,963 - 5,058	3	3.000	3.000	3.000
Technicians - Fleet/Instrument I	AFSCME	3,963 - 5,458	4	4.000	4.000	4.000
Water Utility Specialist	AFSCME	3,963 - 5,058	1	1.000	1.000	1.000
Maintenance Specialist - Bldg & Grounds/Street/Traffic	AFSCME	3,963 - 5,058	11	11.000	11.000	11.000
Utilities Systems Specialist	AFSCME	3,963 - 5,058	17	17.000	17.000	17.000
Staff Assistant	AFSCME	3,676 - 4,691	2	2.000	2.000	2.000
Fleet Services Specialist [1]	AFSCME	3,416 - 4,360	-	0.000	0.000	0.500
Department Accounting Analyst	AFSCME	3,416 - 4,360	1	1.000	1.000	1.000
Buldings & Grounds Maintenance Technician	AFSCME	3,416 - 4,360	1	0.500	0.500	0.500
Senior Administrative Specialist [3]	AFSCME	3,416 - 4,360	2	2.000	1.000	1.000
Administrative Specialist [3]	AFSCME	2,784 - 3,554	2	2.000	3.000	3.000
TOTAL			**119**	**117.500**	**118.125**	**118.625**

NOTE: Salary ranges reflect FY 11-12 Class and Compensation schedules.

1. Positions were eliminated as part of budget reductions in FY 11-12. Both positions were vacant at time of reduction.
2. Reductions for FY 12-13 to support achieving a sustainable budget for property tax funds combined. The Program Specialist for Sustainability was increased by 0.375 FTE to continue a minimal staffing sustainability program.
3. Department reorganization moved 1.0 FTE Administrative Specialist to a Senior Administrative Specialist.

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 12-13 major budget expenditures include:

- The Social Services budget totals $344,160 in the General Fund to be allocated via a contract with United Way according to the Social Services allocation process.
- Part of the dedicated funding for Economic Development, previously located in non-departmental, has been moved to the City Manager's Office (also part of the General Fund), to fully fund an economic development program within City operations. Additionally Corvallis Tourism is budgeted to receive $371,290 in funding for economic development.
- Estimated Title Company charges of $20,000 for Net Assets lien docket software access. This is more than offset by estimated fee receipts of $38,500 in FY 12-13.
- Benefit payments related to retirees and/or their dependents' medical costs are projected at $409,140, 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 $41,890, which represents a reduction of almost 5.07% in FY 12-13, in support of achieving a sustainable budget for property tax funds combined.
- Internal service charges related to administrative overhead for these programs total $75,220.

BUDGET BY CATEGORY:	ACTUAL 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	%CHANGE FROM 11-12 BUDGET
Personnel Services	$0	$0	$0	$0	$0	0.00%
Supplies and Services	1,787,025	1,425,391	1,317,300	1,281,300	1,363,450	3.50%
Capital Outlay	0	0	0	0	0	0.00%
TOTAL	$1,787,025	$1,425,391	$1,317,300	$1,281,300	$1,363,450	3.50%

BUDGET BY FUND:	ACTUAL 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	%CHANGE FROM 11-12 BUDGET
General	$1,487,599	$1,424,041	$1,315,950	$1,279,950	$1,362,100	3.51%
Street	292,385	0	0	0	0	0.00%
Pension Obligation Debt Svc	1,350	1,350	1,350	1,350	1,350	0.00%
Water	2,198	0	0	0	0	0.00%
Storm Water	3,493	0	0	0	0	0.00%
TOTAL	$1,787,025	$1,425,391	$1,317,300	$1,281,300	$1,363,450	3.50%

STATISTICAL TRENDS[1]

Calendar Year	1990	1995	2000	2005	2009	2010	2011
COMMUNITY DEVELOPMENT							
Single Family Residence Building Permits	125	167	141	210	34	38	37
Single Family Residence Value (x $1,000)	$12,108	$23,242	$29,328	$45,919	$8,334	$9,211	$7,526
CITY MANAGER'S OFFICE							
City Employees	352.11	379.97	417.25	423.77	438	431	406
FINANCE							
City Assessed Value (000's)	$1,144,822	$2,419,879	$2,879,105	$3,433,646	$3,825,053	$3,999,075	$4,118,580
City Real Market Value (000's)	$1,144,822	$2,419,879	$3,513,758	$4,522,703	$5,825,692	$5,664,529	$5,672,461
City Tax Rate:							
Operating (per $1,000 of AV)	$7.6400	$5.6200	$5.1067	$5.1067	$5.1067	$5.1067	$5.1067
Local Opt Levy (per $1,000 of AV)							.45
Debt (per $1,000 of AV)				.5418	.5184	.4872	.5304
Consolidated Tax Rate	$33.78	$14.65	$14.77	$15.81	$17.52	$17.52	$18.45
City Budget:							
Operating (Millions)	$30.25	$38.34	$56.78	$68.62	$83.49	$81.73	$85.48
Capital (Millions	$10.30	$17.65	$31.38	$14.45	$11.67	$14.16	$11.82
Municipal Court:							
Citations (Traffic & Criminal)	7,229	7,000	12,016	8,771	5,025	6,164	5,769
Parking Citations	27,335	18,532	23,126	11,672	16,751	17,912	17,743
FIRE							
Engine Responses[2]	1,164	1,455	1,977	2,590	3,391	4,359	4,630
City Incidents (non-ambulance)	983	1,230	1,615	2,151	2,899	3,781	4,079
Non-City Incidents (non-ambulance)	181	225	362	439	492	578	551
Ambulance Responses	1,960	1,941	--	--	--	--	--
Patient Contacts	--	--	2,732	3,154	4,046	4,154	4,301
PARKS AND RECREATION							
Number of Programs[3]	--	--	--	1,132	1,021	1,004	910
Number of Registrations[4]	--	--	--	21,559	34,086	24,906	19,980
Number of Facility Reservations	--	--	--	1,396	2,400	1,268	2,137
Number of Total Park Acres	1,113	1,113	1,200	1,685	1,810	1,810	1,734
POLICE DEPARTMENT							
Major Crimes Reported	2,436	2,995	2,346	2,308	2,109	1,757	2,108
9-1-1 Center Incidents Reported	23,433	31,269	35,753	32,487	36,813	36,926	39,734

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

[3] Osborn Aquatic Center (OAC) data not yet included in these totals. Staff is working on a consistent data collection mechanism utilizing the new Activnet tool and expects to include OAC data during 2012.

[4] Decline from 2009 to 2010 was due to rental registrations no longer being counted as program registrations. The decline from 2010 to 2011 was a combination of the economic downturn and the condensing of programs due to low registration counts.

STATISTICAL TRENDS (Continued)

Calendar Year	1990	1995	2000	2005	2009	2010	2011
PUBLIC WORKS							
Transportation:							
Traffic Signals	58	55	61	82	86	87	90
Street Lights[5]	2,312	2,775	3,036	3,431	3,572	3,583	3,598
Bus Ridership	323,113	330,000	488,238	539,597	665,040	748,556	884,687
Water:							
Connections	12,111	12,684	13,802	14,427	15,991	16,065	16,132
Production (xM Gal)	2,645	2,776	2,912	2,575	2,593	2,485	2,381
Miles of Line[6]	177	193	205	247	250	252	246
Wastewater:							
Connections	11,252	12,211	13,421	14,335	15,550	15,455[7]	15,502
Treatment (xM Gal)	3,113	3,303	3,475	3,249	3,400	3,856	3,523
Miles of Line[6]	168	186	201	215	221	216	214
Storm Drains:							
Miles[6]	94.00	114.00	142.78	160.35	171	168	159
Streets:							
Miles	134.00	140.40	169.11	183.70	364.73	365.19	365.75
Miles Resurfaced	5.00	7.50	2.21	1.67	8.42	5.09	12.21
Bike Paths (Miles)	--	11.00	12.00	13.69	21	21	21
Bike Lanes (Miles)	56.00	49.00	57.22	61.23	105	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	55,125	54,460	54,520
County Employment	37,200	40,340	42,380	38,500	37,770	36,980	37,530[9]
County Unemployment	1,460	910	740	1,914	3,348	3,112	2,590
County Unemployment Rate	3.8%	2.2%	1.7%	4.6%	7.5%	7.6%	6.0%
OSU Enrollment	16,024	14,320	16,777	19,236	21,969	23,761	24,977
Volunteer Hours:							
City Manager's Office[8]	--	--	--	--	1,467	1,193	912
Community Development	--	--	0	178	1,175	1,127	781
Finance	--	302	250	222	126	125	199
Fire	--	21,672	29,659	48,243	41,776	47,602	47,929
Library	--	8,400	7,368	11,227	14,995	15,364	16,984
Parks & Recreation	--	22,500	24,335	23,452	29,949	21,742	23,098
Police	--	5,030	6,397	5,405	2,590	5,060	5,944
Public Works		440	843	632	669	653	2,453
Fiscal Year	**FY89-90**	**FY94-95**	**FY99-00**	**FY 06-07**	**FY 08-09**	**FY 09-10**	**FY 10-11**
LIBRARY							
Circulation	762,910	1,208,996	1,452,949	1,481,633	1,594,973	1,674,356	1,653,736
Patron Visits	514,543	704,996	724,291	1,402,633	1,748,618	1,885,582	1,901,807
Population Served	69,400	75,400	77,192	84,125	86,120	86,725	86,725

[5] An inventory was completed in 2007.
[6] While populating the asset register with the new asset management program, the decreases noted in miles of water and wastewater lines, as well as storm drains, reflect the transition of infrastructure inventory from the City to OSU.
[7] The reported number of total wastewater connections in 2008 and 2009 was higher due to a reporting error related to wastewater connections.
[8] City Manager's Office volunteer hours include those from the Mayor, City Councilors, and interns. Mayor and Council volunteer hours capture only Council and Standing Committee meetings. Many factors impact total hours, including the number of regular and special meetings held in a given year, the number of Councilors in attendance, and the length of each meeting. It is noted the Mayor and Councilors volunteer their time for other community meetings and activities that are not tracked. There were no intern hours in 2011.
[9] 2011 Corvallis MSA (Benton County) Total Non-Farm employment (annual)

CORVALLIS

ENHANCING COMMUNITY LIVABILITY

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

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 10-11.

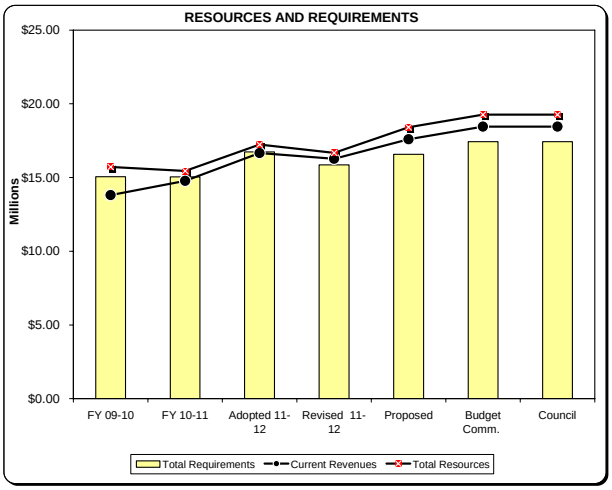
b) **Parks & Recreation Fund** – to account for revenues and expenditures associated with the operations of the Parks and Recreation Department. Major revenue sources include property taxes, fees for recreational programs, the May 2011 voter-approved local option tax levy, and parks system development 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 10-11.

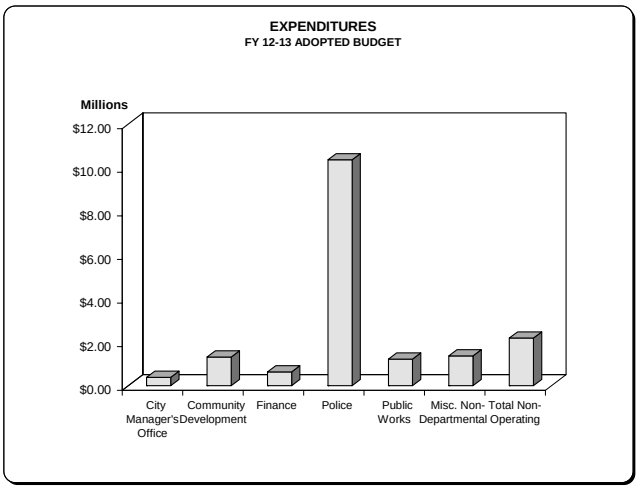
c) **Fire & Rescue Fund** – to account for revenues and expenditures associated with operations of the fire, emergency medical, and transport ambulance service which is owned and operated by the City of Corvallis. Major revenue sources include property taxes, rural fire district charges, ambulance fees, 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 10-11.

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 10-11.

GENERAL FUND SUMMARY

	ACTUAL 2009-10	ACTUAL 2010-11	ADOPTED BUDGET 2011-12	REVISED 2011-12	PROPOSED BUDGET 2012-13	COMMISSION RECOMMENDED 2012-13	COUNCIL APPROVED 2012-13
Resources:							
Beginning Fund Balance	$1,909,983	$670,403	$582,853	$404,080	$808,250	$814,380	$814,380
Property Taxes	$4,898,889	$4,979,073	$5,997,600	$6,110,770	$7,231,450	$7,231,450	$7,231,450
Other Taxes	1,079,621	1,190,725	1,151,190	1,214,860	1,270,650	1,270,650	1,270,650
Licenses, Fees, & Permits	5,227,722	5,375,369	5,469,650	5,512,020	5,548,670	5,548,670	5,548,670
Charges for Service	585,995	675,033	738,460	746,830	808,710	808,710	808,710
Intergovernmental	1,347,433	1,367,991	2,196,830	1,605,360	1,658,630	1,658,630	1,658,630
Fines/Forfeitures	573,806	697,994	871,700	728,250	716,110	716,110	716,110
Miscellaneous	95,575	138,017	117,240	237,620	255,470	255,470	255,470
Transfers In	0	345,450	112,870	112,870	106,840	106,840	106,840
Other Financing Sources	6,396	4,002	0	1,000	0	855,000	855,000
Current Revenues	$13,815,437	$14,773,654	$16,655,540	$16,269,580	$17,596,530	$18,451,530	$18,451,530
Total Resources	$15,725,420	$15,444,057	$17,238,393	$16,673,660	$18,404,780	$19,265,910	$19,265,910
Requirements:							
Operating Budget:							
City Manager's Office	$0	$0	$0	$0	$380,000	$380,000	$380,000
Community Development	1,453,556	1,450,222	1,356,480	1,328,480	1,311,410	1,311,410	1,311,410
Finance	614,534	576,402	677,700	677,350	629,740	629,740	629,740
Police	9,978,567	9,914,796	10,502,180	10,258,450	10,346,090	10,352,220	10,352,220
Public Works	878,851	945,067	1,642,760	1,234,780	1,218,900	1,218,900	1,218,900
Misc. Non-Departmental	1,487,599	1,424,041	1,315,950	1,279,950	1,362,100	1,362,100	1,362,100
Total Operating Budget	$14,413,107	$14,310,528	$15,495,070	$14,779,010	$15,248,240	$15,254,370	$15,254,370
Non-Operating:							
Transfers Out	$641,910	$699,060	$849,840	$835,840	$857,560	$857,560	$857,560
Other Financing Uses	0	0	0	0	0	855,000	855,000
Debt Service - Principal	0	0	185,000	185,000	190,000	190,000	190,000
Debt Service - Interest	0	30,389	59,430	59,430	53,880	53,880	53,880
Contingency	0	0	148,700	0	224,860	224,860	224,860
Total Non-Operating	$641,910	$729,449	$1,242,970	$1,080,270	$1,326,300	$2,181,300	$2,181,300
Total Requirements	$15,055,017	$15,039,977	$16,738,040	$15,859,280	$16,574,540	$17,435,670	$17,435,670
Ending Budgetary Fund Bal.	$670,403	$404,080	$500,353	$814,380	$1,830,240	$1,830,240	$1,830,240





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

RESPONSIBILITIES:

- Develop and implement programs that will achieve the City's Economic Development goals of supporting innovative and business start-ups, retention and growth of current Benton County companies, and leverage local economic development assets.
- Manage Benton County-Corvallis Enterprise Zones and market the Airport Industrial Park.
- Provide staff support to the Economic Development Commission.

WORK PLAN:

- This is a new program with specific work plan items to be developed once staff has been hired. Timing of staffing is:
  - July/August – recruit and hire economic development manager.
  - October/November – recruit and hire second economic development professional.
- In general, the work plan will address the goals outlined in the adopted Economic Development Strategy with the first year activities phased in commensurate with staffing capacity.

FY 11-12 HIGHLIGHTS:

- The Economic Development Commission recommended establishing an Economic Development program in the City Manager's Office effective FY 2012-13.
- An Economic Development Strategy was developed and recommended by the Economic Development Commission, and subsequently adopted by City Council.
- Corvallis Tourism received $335,450 in dedicated economic development funds to promote the City as both a destination and meeting place.
- The City contracted with the Business Enterprise Center to provide economic development services on an interim basis. This included management of the Corvallis/Benton County Enterprise Zone, Airport Industrial Park marketing, and general economic development services.

EXPENDITURES CLASS:	ACTUAL 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	% CHANGE FROM 11-12 BUDGET
Personnel Services	$0	$0	$0	$0	$205,000	0.00%
Supplies and Services	0	0	0	0	175,000	0.00%
Capital Outlay	0	0	0	0	0	0.00%
Total	$0	$0	$0	$0	$380,000	0.00%
EXPENDITURE BY PROGRAM						
Economic Development	$0	$0	$0	$0	$300,000	0.00%
Special Projects	0	0	0	0	80,000	0.00%
Total	$0	$0	$0	$0	$380,000	0.00%
Staffing Levels	0.000	0.000	0.000	0.000	2.000	0.00%

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 contracts with United Way of Benton and Linn Counties to administer the social service program allocation process and deliver funding to community organizations in support of emergency and transitional services. Additional program funding was made possible through a 2011 voter approved levy.
- Monitor department work program to ensure consistency with Council goals and mandated State and federal regulations.
- Provide staff support for the City/OSU Collaboration Project.
- Facilitate the City's involvement in the implementation of the Downtown Strategic Plan.
- 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.
- Assist in the transition of the Economic Development Program from Community Development to the City Manager's Office.
- Continue records management project to electronically store department records.

FY 11-12 HIGHLIGHTS:

- Served as staff support for six Boards and Commissions.
- Provided primary support for Economic Development Commission and the development of their Strategic Plan.
- Commenced support for the three-year OSU/City Collaboration Project to address issues involving traffic, parking, neighborhood livability and neighborhood planning.
- Continued code enforcement program activities related to public nuisances and implementation the Land Development Code.

EXPENDITURES CLASS:	ACTUAL 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	% CHANGE FROM 11-12 BUDGET
Personnel Services	$436,489	$469,914	$302,310	$292,310	$324,550	7.36%
Supplies and Services	246,645	224,356	241,960	241,960	254,850	5.33%
Capital Outlay	0	0	0	0	0	0.00%
Total	$683,134	$694,270	$544,270	$534,270	$579,400	6.45%
EXPENDITURE BY PROGRAM						
Administration	$399,897	$413,862	$424,890	$414,890	$416,020	-2.09%
Development Services	271,680	280,006	119,380	119,380	129,480	8.46%
Housing	0	0	0	0	33,900	0.00%
Special Projects	11,557	402	0	0	0	0.00%
Total	$683,134	$694,270	$544,270	$534,270	$579,400	6.45%
Staffing Levels	4.900	4.188	2.200	2.200	2.200	0.00%

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 11-12 HIGHLIGHTS:

- Provided staff support for the OSU/City Collaboration Project Scoping Committee and Work Groups.
- Adopted package of Downtown-Related Land Development Code changes.
- City Council accepted the update to the Airport Industrial Park (AIP) Master Plan, pending final action by the Benton County Board of Commissioners on corresponding AIP Zoning.
- Experienced an increased number of land use applications for development of multi-family housing in response to increased demand for student housing at OSU.
- Processed all General Development and Special Development land use applications within State-mandated time frames.

BUDGET BY CLASS:	ACTUAL 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	% CHANGE FROM 11-12 BUDGET
Personnel Services	$701,706	$698,401	$714,920	$704,920	$642,770	-10.09%
Supplies and Services	68,716	57,551	97,290	89,290	89,240	-8.27%
Capital Outlay	0	0	0	0	0	0.00%
Total	$770,422	$755,952	$812,210	$794,210	$732,010	-9.87%
EXPENDITURE BY PROGRAM						
Administration	$279,972	$296,173	$282,750	$279,750	$296,160	4.74%
Long Range Planning	228,549	260,530	107,990	92,990	91,330	-15.43%
Development Review	261,900	199,250	421,470	421,470	344,520	-18.26%
Total	$770,422	$755,952	$812,210	$794,210	$732,010	-9.87%
Staffing Levels	8.270	7.470	7.340	7.340	5.680	-22.62%

NOTE: The FY 12-13 decrease in personnel services is attributable to reassignment of FTE and the elimination of the Senior Planner position.

New development

Downtown Commission

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 11-12 HIGHLIGHTS:

- Completed installation of video arraignment system to allow Municipal Court staff to conduct arraignments from Municipal Court. Staff is no longer required to schedule arraignments in Circuit Court.

BUDGET BY CLASS:	ACTUAL 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	%CHANGE FROM 11-12 BUDGET
Personnel Services	$332,831	$352,761	$398,850	$398,850	$329,880	-17.29%
Supplies and Services	253,127	223,640	278,850	278,500	299,860	7.53%
Capital Outlay	28,576	0	0	0	0	0.00%
Total	$614,534	$576,401	$677,700	$677,350	$629,740	-7.08%
EXPENDITURE BY PROGRAM						
Judicial Services	$585,189	$576,401	$677,700	$677,350	$629,740	-7.08%
Special Projects	29,345	0	0	0	0	0.00%
Total	$614,534	$576,401	$677,700	$677,350	$629,740	-7.08%
Staffing Levels	5.000	4.000	4.000	4.000	3.250	-18.75%

NOTE: Staffing level changes in FY 12-13 to balance the budget includes reductions to 0.50 FTE Court Clerk; and .25 FTE Court Supervisor re-allocated to Parking Fund.

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 2014.
- Replace seven vehicles in animal control, detective and patrol divisions. Increase in scheduled replacements due to prior year deferments.

FY 11-12 HIGHLIGHTS:

- Continued a quarterly complaint and summary review through the Community Policing Forum and the Citizen Police Review Board.
- Hosted two regional training sessions for law enforcement personnel.
- Achieved re-accreditation through the Commission for Accreditation of Law Enforcement Agencies.

BUDGET BY CLASS:	ACTUAL 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	%CHANGE FROM 11-12 BUDGET
Personnel Services	$409,181	$513,896	$477,660	$381,050	$378,860	-20.68%
Supplies and Services	1,925,442	1,837,759	1,884,180	1,910,640	1,859,390	-1.32%
Capital Outlay	196,661	6,040	63,450	56,220	194,440	206.45%
Total	$2,531,284	$2,357,694	$2,425,290	$2,347,910	$2,432,690	0.31%
EXPENDITURE BY PROGRAM						
Administration	$2,211,652	$2,286,498	$2,299,900	$2,199,640	$2,189,540	-4.80%
Special Projects	319,632	71,197	125,390	148,270	243,150	93.91%
Total	$2,531,284	$2,357,694	$2,425,290	$2,347,910	$2,432,690	0.31%
Staffing Levels	4.250	4.250	4.250	4.250	3.450	-18.82%

NOTE: Staffing level changes in FY 12-13 to balance the budget includes reduction the Senior Admin Specialist.

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:

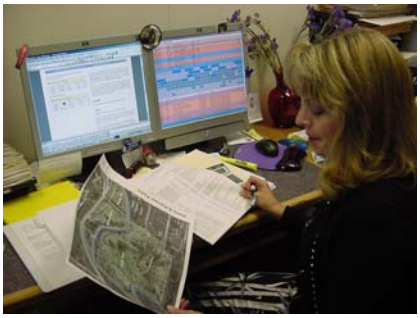
- Explore enhancing the community's use of the CopLogic online reporting system.
- Refine effective methodologies for Street Crimes Unit to positively impact crime.
- Effectively utilize volunteer Auxiliary members to provide crime prevention services.
- Maintain timely crime prevention information on the website.

FY 11-12 HIGHLIGHTS:

- Applied for and received a second year of funding through the federal Byrne Grant for Street Crimes Unit training and equipment. This grant will not be available in future years.
- Enhanced building security though installation of glass at the Department front counter reception area and installation of exterior door cameras.

BUDGET BY CLASS:	ACTUAL 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	%CHANGE FROM 11-12 BUDGET
Personnel Services	$1,836,739	$1,987,905	$1,958,190	$2,068,990	$2,022,100	3.26%
Supplies and Services	324,896	284,626	329,970	325,530	309,590	-6.18%
Capital Outlay	18,393	14,735	0	0	0	0.00%
Total	$2,180,028	$2,287,266	$2,288,160	$2,394,520	$2,331,690	1.90%
EXPENDITURE BY PROGRAM						
Detectives	$991,265	$1,080,213	$1,028,410	$1,136,330	$1,065,980	3.65%
Crime Prevention/DARE	1,908	1,589	1,840	1,840	1,680	-8.70%
Crime Analysis	107,346	113,563	121,710	130,360	123,460	1.44%
Evidence/Property Control	189,823	138,249	153,460	151,100	148,380	-3.31%
Animal Control	131,358	130,106	133,300	135,120	134,970	1.25%
Information & Support Svs	353,266	379,451	395,200	402,820	387,280	-2.00%
Records	405,062	444,095	454,240	436,950	469,940	3.46%
Total	$2,180,028	$2,287,266	$2,288,160	$2,394,520	$2,331,690	1.90%
Staffing Levels	19.250	19.250	19.250	19.250	19.050	-1.04%

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.

FY 11-12 HIGHLIGHTS:

- Applied for and received a Pedestrian safety Enforcement Grant to fund training and operation of a pedestrian safety operation.
- Hired three new police officers to achieve funded portion of sworn staffing authorizations.
- A Back to School Safety Blitz was conducted in partnership with the 509J School District to increase the safety of school children.

BUDGET BY CLASS:	ACTUAL 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	%CHANGE FROM 11-12 BUDGET
Personnel Services	$4,979,539	$5,008,243	$5,510,970	$5,238,260	$5,322,970	-3.41%
Supplies and Services	287,716	261,593	277,760	277,760	264,870	-4.64%
Capital Outlay	0	0	0	0	0	0.00%
Total	$5,267,255	$5,269,835	$5,788,730	$5,516,020	$5,587,840	-3.47%
EXPENDITURE BY PROGRAM						
Patrol	$5,047,682	$5,033,222	$5,532,830	$5,257,120	$5,274,700	-4.67%
Traffic	219,574	236,614	255,900	258,900	313,140	22.37%
Total	$5,267,255	$5,269,835	$5,788,730	$5,516,020	$5,587,840	-3.47%
Staffing Levels	45.900	45.900	44.900	44.900	43.900	-2.23%

NOTE: In FY 11-12 due to budget constraints, one patrol officer position was eliminated. Subsequently, a lieutenant position was eliminated from the FY 12-13 budget. Additionally, three officer positions will remain vacant and unfunded.

Patrol K-9 Team

Police Cadets

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:

- Renew the natural gas and 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 technical support as needed to the City organization for public facility projects.
- Provide support to the CIP Commission in developing the annual CIP update.
- Update GIS data and orthophotos of the Corvallis area.
- Coordinate development and maintenance of regional GIS data with Benton County, City of Albany, and Linn County.

FY 11-12 HIGHLIGHTS:

- Continued work 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.
- Continued implementation of new enterprise GIS software and data structure.

BUDGET BY CLASS:	ACTUAL 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	%CHANGE FROM 11-12 BUDGET
Personnel Services	$299,164	$351,301	$400,540	$390,620	$263,750	-34.15%
Supplies and Services	564,640	536,010	1,242,220	844,160	955,150	-23.11%
Capital Outlay	15,047	57,755	0	0	0	0.00%
Total	$878,851	$945,067	$1,642,760	$1,234,780	$1,218,900	-25.80%
EXPENDITURE BY PROGRAM						
Administration	$356,628	$399,375	$458,750	$456,590	$392,810	-14.37%
Transportation & Buildings	343,867	315,660	341,060	340,660	346,240	1.52%
Engineering	108,102	113,869	144,390	137,390	104,400	-27.70%
Special Projects	70,256	116,163	698,560	300,140	375,450	-46.25%
Total	$878,851	$945,067	$1,642,760	$1,234,780	$1,218,900	-25.80%
Staffing Levels	3.310	3.781	3.825	3.825	2.825	-26.14%

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 change in FY 12-13 is attributable to the elimination of the Sustainability Supervisor position.

RESPONSIBILITIES:

- Non-Departmental accounts are used for expenses, such as social services, which cannot be attributed to one department.

WORK PLAN:

- Provide Social Services allocations totaling approximately $344,160, with 32% of that funded by the 2011 Operating Levy.
- Support tourism with $371,290, based on the required funding level of 30% of the transient room tax collected in calendar year 2011.
- Charge centralized overhead for internal services at $75,220.
- Extend the annual Art Center property tax support at an estimated amount of $41,890.
- Manage health premium payments estimated at $409,140 related to retirees and/or their dependents, through the City's vendor, and bill retirees for full repayment of same.

BUDGET BY CLASS:	ACTUAL 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	%CHANGE FROM 11-12 BUDGET
Personnel Services	$0	$0	$0	$0	$0	0.00%
Supplies and Services	1,487,599	1,424,041	1,315,950	1,279,950	1,362,100	3.51%
Capital Outlay	0	0	0	0	0	0.00%
Total	$1,487,599	$1,424,041	$1,315,950	$1,279,950	$1,362,100	3.51%
EXPENDITURE BY PROGRAM						
Non-Departmental	$1,487,599	$1,424,041	$1,315,950	$1,279,950	$1,362,100	3.51%
Total	$1,487,599	$1,424,041	$1,315,950	$1,279,950	$1,362,100	3.51%
Staffing Levels	1.000	0.000	0.000	0.000	0.000	0.00%

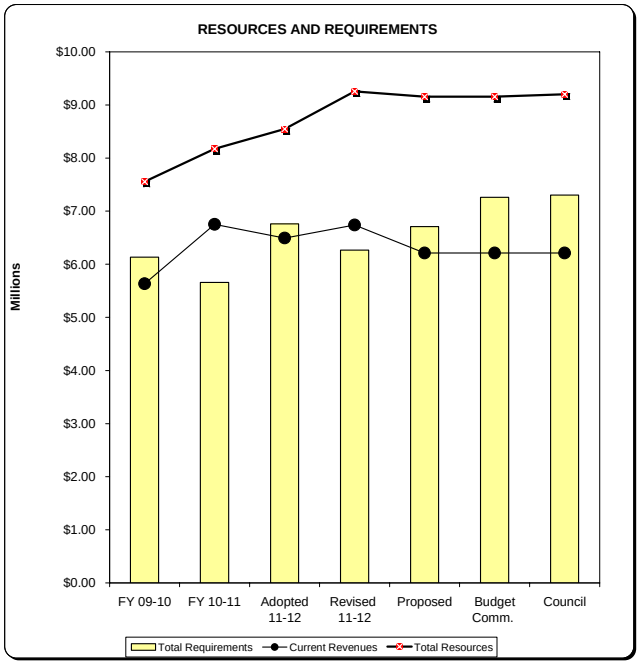
Note: FY 09-10 included a 1.0 FTE Enhancement for community sustainability. The sustainability position was approved by Council to move to Public Works and staffed at 0.625 FTE.

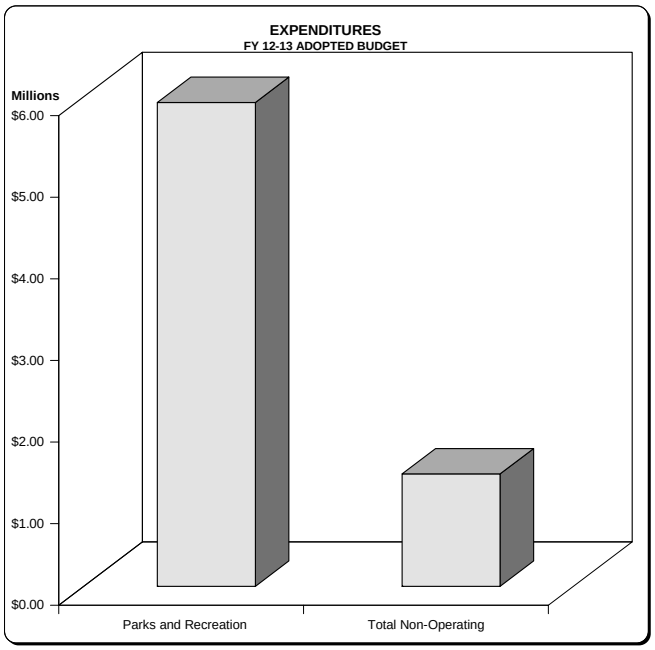
Da Vinci Days – Kinetic Sculpture

Sidewalk Chalk art contest

PARKS & RECREATION FUND SUMMARY

	ACTUAL 2009-10	ACTUAL 2010-11	ADOPTED BUDGET 2011-12	REVISED 2011-12	PROPOSED BUDGET 2012-13	COMMISSION RECOMMENDED 2012-13	COUNCIL APPROVED 2012-13
Resources:							
Beginning Fund Balance	$1,920,186	$1,420,355	$2,055,435	$2,514,880	$2,944,390	$2,944,390	$2,989,390
Property Taxes	$3,809,025	$3,971,633	$3,808,700	$3,817,570	$3,303,940	$3,303,940	$3,303,940
Licenses, Fees, & Permits	56,518	85,200	137,700	137,800	141,300	141,300	141,300
Charges for Service	1,467,079	2,569,529	1,562,570	1,862,360	1,831,140	1,831,140	1,831,140
Intergovernmental	7,400	7,400	27,400	11,800	7,400	7,400	7,400
Fines & Forfeitures	1,004	228	100	100	250	250	250
Miscellaneous	291,510	101,742	100,250	115,630	83,830	83,830	83,830
Transfers In	1,803	16,449	856,460	795,400	844,150	844,150	844,150
Current Revenues	$5,634,339	$6,752,181	$6,493,180	$6,740,660	$6,212,010	$6,212,010	$6,212,010
Total Resources:	$7,554,525	$8,172,536	$8,548,615	$9,255,540	$9,156,400	$9,156,400	$9,201,400
Requirements:							
Operating Budget:							
Parks and Recreation	$5,651,098	$5,441,267	$6,096,500	$6,004,310	$5,883,130	$5,883,130	$5,928,130
Total Operating Budget	$5,651,098	$5,441,267	$6,096,500	$6,004,310	$5,883,130	$5,883,130	$5,928,130
Non-Operating:							
Transfers Out	$483,072	$216,389	$606,828	$261,840	$759,423	$1,309,423	$1,309,423
Contingency	0	0	57,770	0	67,390	67,390	67,390
Total Non-Operating	$483,072	$216,389	$664,598	$261,840	$826,813	$1,376,813	$1,376,813
Total Requirements	$6,134,170	$5,657,656	$6,761,098	$6,266,150	$6,709,943	$7,259,943	$7,304,943
Ending Budgetary Fund Balance	$1,420,355	$2,514,880	$1,787,517	$2,989,390	$2,446,457	$1,896,457	$1,896,457





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

RESPONSIBILITIES:

- Administer and support contract management, budget and financial reporting, personnel action, technology advancement, website management, document retention, registration and facility reservations.
- Manage and administer functions for various Mayor appointed Boards, Commissions, and special task forces, for the department and the community.
- Provide policy and procedures department-wide.
- Support long term park planning, land acquisition activities, and capital improvement projects for the department.

WORK PLAN:

- Utilize registration software to enhance target marketing.
- Consolidate City/School District agreements.
- Rehabilitate Tunison Park utilizing a grant from Oregon Parks and Recreation.
- Rehabilitate Shooting Star Trail utilizing a grant from the Recreation and Trails Program.
- Work with Corvallis Rotary Clubs to construct Willamette Park Picnic Shelter funded through donations.
- Develop Master Plan for Area south of Riverfront Park.
- Determine economic value of sports tournaments and meets through survey benchmarking and use the data to produce a development plan.
- Complete update of Parks and Recreation Master Plan.
- Support Boards and Commissions.

FY 11-12 HIGHLIGHTS:

- Completed and adopted a new Cost Recovery Model.
- Resurfaced tennis courts at Lincoln School site.
- Conducted Parks and Recreation District Feasibility study.
- Completed Central Park Plaza re-development project through a grant from State Parks and Recreation.
- Initiated a Friends of Parks and Recreation Group.

BUDGET BY CLASS:	ACTUAL 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	% CHANGE FROM 11-12 BUDGET
Personnel Services	$621,884	$532,860	$664,960	$644,960	$602,670	-9.37%
Supplies and Services	735,710	715,034	856,220	791,660	924,770	8.01%
Capital Outlay	11,290	20,590	17,630	17,630	24,060	36.47%
Total	$1,368,884	$1,268,484	$1,538,810	$1,454,250	$1,551,500	0.82%
EXPENDITURE BY PROGRAM						
Administration	$1,208,457	$1,157,120	$1,282,170	$1,258,170	$1,245,550	-2.86%
Special Projects	160,427	111,364	256,640	196,080	305,950	19.21%
Total	$1,368,884	$1,268,484	$1,538,810	$1,454,250	$1,551,500	0.82%
Staffing Levels	7.250	5.600	6.350	6.350	6.350	0.00%

RESPONSIBILITIES:

- Maintain Parks and Recreation facilities, including those that house the Nature Center, Majestic Theatre, Arts Center, Corl House, Mary's River House 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 Blue Festival.

WORK PLAN:

- Continue integrating, monitoring and updating the Parks & Natural Areas Sustainable Operations Plan into daily operations.
- Develop a prioritized plan for selecting properties needing Management Plans.
- Increase revenue generation potential for Parks Division facilities.
- Continue research into Urban Forest ecosystem service delivery.
- Continue to develop the 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 and Neighborhood Forester programs.
- Continue to implement and manage the Urban Forest Sustainability Initiative Fee program.

FY 11-12 HIGHLIGHTS:

- Supported a wide range of community events including the Festival of Lights; Red, White, and Blue Festival; Farmer's Market; daVinci Days; and Fall Festival.
- Identified potential native plant restoration projects in collaboration with the Institute for Applied Ecology and Oregon Department of Fish and Wildlife, as outlined in the Herbert Farm and Natural Area Management plan.
- Began service delivery of the initial 5 year priorities of the Urban Forest Management plan through implementation of the Urban Forest Sustainability Initiative Fee program.
- Received Tree City USA award for the 10th year.
- Reinstated some services that had been reduced through budget cuts using public and private donations.
- Volunteers contributed 7,063 hours to support Parks & Natural Areas.
- Expanded the water wise, pesticide free landscape projects.

BUDGET BY CLASS:	ACTUAL 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	% CHANGE FROM 11-12 BUDGET
Personnel Services	$1,260,436	$1,270,303	$1,333,570	$1,305,390	$1,239,400	-7.06%
Supplies and Services	368,289	334,867	419,760	408,490	387,670	-7.64%
Capital Outlay	8,100	0	0	0	0	0.00%
Total	$1,636,824	$1,605,169	$1,753,330	$1,713,880	$1,627,070	-7.20%
EXPENDITURE BY PROGRAM						
Support Services	$300,130	$313,436	$206,060	$190,980	$184,540	-10.44%
Parks	510,420	474,100	562,430	561,430	526,370	-6.41%
Natural Resources	826,274	806,369	857,340	845,240	826,160	-3.64%
Urban Forestry - SIF	0	11,264	127,500	116,230	90,000	-29.41%
Total	$1,636,824	$1,605,169	$1,753,330	$1,713,880	$1,627,070	-7.20%
Staffing Levels	19.710	19.040	17.540	17.540	16.320	-6.96%

NOTE: Staffing level changes in FY 12-13 to balance the budget includes reduction of 0.5 FTE Parks Operations Specialist & .72 FTE reduction of Park Seasonals.

RESPONSIBILITIES:

- Operate and maintain the Osborn Aquatic Center, which is a year-round recreation destination, with programs for improved fitness, education and water safety, for all ages and abilities.
- Operate and maintain the Chintimini Senior Center, which provides programs focusing on health, life long learning and socialization.
- Execute 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 and programming to the Majestic Theatre and Arts Center.

WORK PLAN:

- Enhance marketing Recreation Services to meet the priority objectives of the Recreation Services Plan and Cost Recovery.
- 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 to comply with Cost Recovery goal.
- Implement process to develop the community garden master plan for the Healthy Kids Healthy Communities Initiative.
- Maintain and contribute to community partnerships, 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 11-12 HIGHLIGHTS:

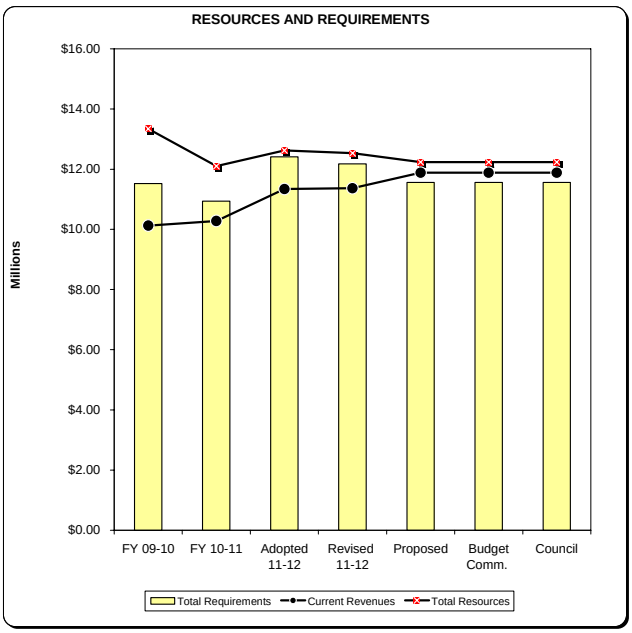
- Hosted the Olympic Water Polo Development program at the Osborn Aquatic Center in preparation for the 2012 Olympics.
- Continued energy enhancements at Osborn Aquatic Center, showing annual energy cost savings in the range of $50,000.
- Received grants and donations for the ultraviolet light system project that will further save on chemicals, heating, and improve water and air quality at Osborn Aquatic Center.
- Received grants to support Health Promotion programs and 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.
- Developed a Community Gardens Master Plan using the Healthy Kids Healthy Communities Initiative.
- Hosted, in partnership with the Benton County Health Department, Cupones de Salud which increased public participation and financial support of youth programs.

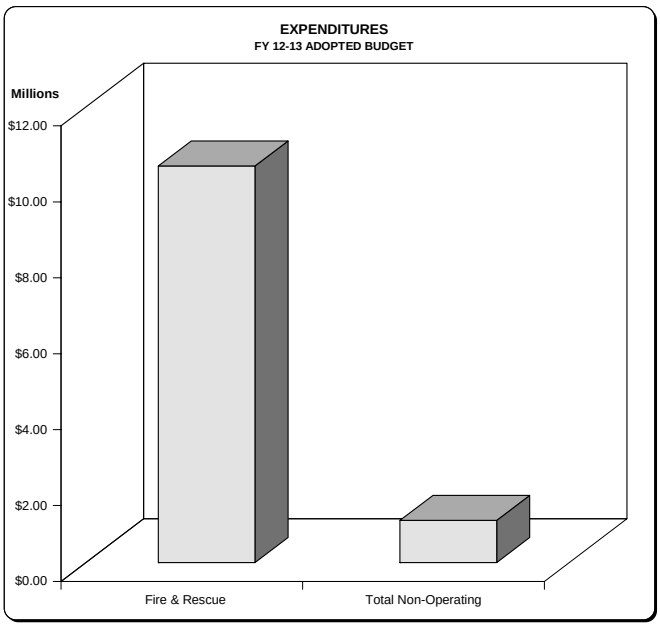
BUDGET BY CLASS:	ACTUAL 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	% CHANGE FROM 11-12 BUDGET
Personnel Services	$1,744,527	$1,662,856	$1,821,520	$1,850,350	$1,814,800	-0.37%
Supplies and Services	900,864	904,758	982,840	985,830	934,760	-4.89%
Capital Outlay	0	0	0	0	0	0.00%
Total	$2,645,391	$2,567,614	$2,804,360	$2,836,180	$2,749,560	-1.95%
EXPENDITURE BY PROGRAM						
Recreation Corps	$13,225	$15,558	$17,770	$7,210	$0	-100.00%
Volunteer Corps	45,489	16,236	17,480	18,750	17,150	-1.89%
General Programming	394,554	432,606	438,350	459,150	482,400	10.05%
Sports	296,853	301,014	338,710	353,050	316,480	-6.56%
Outdoor	12,433	10,550	16,020	16,020	14,770	-7.80%
Senior Center	543,125	506,956	541,640	527,590	503,070	-7.12%
Aquatics	1,335,217	1,281,933	1,427,230	1,447,230	1,409,230	-1.26%
Enrichment Programs	4,496	2,760	7,160	7,180	6,460	-9.78%
Total	$2,645,391	$2,567,614	$2,804,360	$2,836,180	$2,749,560	-1.95%
Staffing Levels	11.680	11.680	11.930	11.930	11.430	-4.19%

NOTE: Staffing level changes in FY 12-13 to balance the budget includes 0.50 FTE reduction to Recreation Services

FIRE AND RESCUE FUND SUMMARY

	ACTUAL 2009-10	ACTUAL 2010-11	ADOPTED BUDGET 2011-12	REVISED 2011-12	PROPOSED BUDGET 2012-13	COMMISSION RECOMMENDED 2012-13	COUNCIL APPROVED 2012-13
Resources:							
Beginning Fund Balance	$3,219,696	$1,820,879	$1,284,659	$1,165,146	$352,476	$352,476	$352,476
Property Taxes	$6,827,677	$6,842,357	$7,821,280	$7,839,510	$8,332,270	$8,332,270	$8,332,270
Licenses, Fees, & Permits	18,792	21,162	17,630	17,140	18,640	18,640	18,640
Charges for Service	3,150,266	3,271,140	3,272,170	3,325,940	3,473,230	3,473,230	3,473,230
Intergovernmental	76,380	37,562	137,850	118,290	37,700	37,700	37,700
Fines & Forfeitures	12,025	17,223	12,710	9,650	8,950	8,950	8,950
Miscellaneous	33,309	72,221	77,240	21,210	13,130	13,130	13,130
Other Financing Sources	4,138	17,505	0	35,000	0	0	0
Current Revenues	$10,122,587	$10,279,170	$11,338,880	$11,366,740	$11,883,920	$11,883,920	$11,883,920
Total Resources	$13,342,283	$12,100,049	$12,623,539	$12,531,886	$12,236,396	$12,236,396	$12,236,396
Requirements:							
Operating Budget:							
Fire & Rescue	$11,040,774	$10,413,153	$11,384,830	$11,258,800	$10,449,720	$10,449,720	$10,449,720
Total Operating Budget	$11,040,774	$10,413,153	$11,384,830	$11,258,800	$10,449,720	$10,449,720	$10,449,720
Non-Operating:							
Transfers Out	$480,630	$521,750	$920,610	$920,610	$955,440	$955,440	$955,440
Contingency	0	0	104,860	0	157,240	157,240	157,240
Total Non-Operating	$480,630	$521,750	$1,025,470	$920,610	$1,112,680	$1,112,680	$1,112,680
Total Requirements	$11,521,404	$10,934,903	$12,410,300	$12,179,410	$11,562,400	$11,562,400	$11,562,400
Ending Budgetary Fund Balance	$1,820,879	$1,165,146	$213,239	$352,476	$673,996	$673,996	$673,996





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

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.
- Revise the Emergency Operations Plan for the City.
- Recruit and train new volunteers.
- Complete the implementation of the Computer-Aided Dispatch (CAD) interface project.
- Monitor and track positive and negative impacts of the station 5 closure.
- Track predicted availability vs. actual for the second medic unit assigned to station 3.

FY 11-12 HIGHLIGHTS:

- Conducted training academies for new personnel and new volunteers.
- Performed ongoing ambulance infrastructure projects via replacement of two aging ambulances.
- Replaced four manual ambulance gurneys with power-assisted gurneys (primarily funded by grant and donations)
- Replaced one staff vehicle.
- Reprogrammed all radios and conducted testing of the operations radio frequency in the city, ensuring compliance of the narrow band width requirements on emergency radio coverage.
- Completed the E-Learning Solution project, allowing remote interactive training between stations, thereby keeping crews in their respective districts for most classroom type trainings and shift briefings.
- Initiated the implementation of CAD interface, which will provide more accurate times than the current manual entry method.

BUDGET BY CLASS:	ACTUAL 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	%CHANGE FROM 11-12 BUDGET
Personnel Services	$1,410,339	$1,492,740	$1,537,710	$1,537,710	$1,559,170	1.40%
Supplies and Services	1,073,539	1,069,322	1,052,860	1,008,070	994,630	-5.53%
Capital Outlay	1,172,299	199,989	675,070	588,270	0	-100.00%
Total	$3,656,178	$2,762,051	$3,265,640	$3,134,050	$2,553,800	-21.80%
EXPENDITURE BY PROGRAM						
Administration	$1,621,531	$1,695,188	$1,774,480	$1,768,580	$1,761,720	-0.72%
Training	722,011	761,991	771,410	771,410	755,270	-2.09%
Special Projects	1,312,636	304,872	719,750	594,060	36,810	-94.89%
Total	$3,656,178	$2,762,051	$3,265,640	$3,134,050	$2,553,800	-21.80%
Staffing Levels	10.700	11.000	10.700	10.700	10.700	0.00%

New Power-assisted ambulance gurneys

2012 Ambulance

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.
- Continue with the refinement of technological solutions for building and vehicle maintenance using Share Point (city-wide intranet).
- Complete modifications to the building, vehicle, and technology plans resulting from the station 5 closure.

FY 11-12 HIGHLIGHTS:

- Responded to 1,905 calls for fire-related incidents in 2011.
- 47,929 volunteer hours were worked in 2011 by 62 volunteers (19 of the volunteers worked for the entire year).
- Assisted the Corvallis Rural Fire Protection District (CRFPD) in purchasing and placing in service a 3,000-gallon water tender.
- Assisted the CRFPD placing in service two brush engines purchased in FY 10/11.
- Assisted the CRFPD in acquiring another brush engine from Cal Fire.
- Sold one fire apparatus and one staff vehicle.
- Mobilized one Battalion Chief for a conflagration in Central Oregon.

BUDGET BY CLASS:	ACTUAL 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	% CHANGE FROM 11-12 BUDGET
Personnel Services	$3,183,070	$3,279,645	$3,457,280	$3,457,280	$3,358,140	-2.87%
Supplies and Services	603,976	592,662	683,110	695,510	651,900	-4.57%
Capital Outlay	0	0	12,630	0	15,000	18.76%
Total	$3,787,046	$3,872,307	$4,153,020	$4,152,790	$4,025,040	-3.08%
EXPENDITURE BY PROGRAM						
Fire Operations	$3,496,202	$3,609,658	$3,807,280	$3,806,890	$3,686,670	-3.17%
Volunteers	44,763	53,811	71,410	71,570	71,650	0.34%
Building & Grounds	64,265	44,856	66,840	66,840	67,180	0.51%
Equipment and Inventory	52,550	63,259	88,750	88,750	80,800	-8.96%
Vehicle and Apparatus	129,265	100,723	118,740	118,740	118,740	0.00%
Total	$3,787,046	$3,872,307	$4,153,020	$4,152,790	$4,025,040	-3.08%
Staffing Levels	27.800	27.800	27.800	27.800	26.300	-5.40%

NOTE: Staffing level changes in FY 12-13 to balance the budget includes 3 FTE Firefighter/EMTs reductions across multiple department divisions.

HazMat Drill at OSU

Extrication Demonstration

Live 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.
- 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 twelve events.
- Expand the CFD-OSU-509J "Learn Not to Burn" pilot public education program to Lincoln and Garfield Elementary Schools.
- Update the fire prevention website, including "self-help" in permitting, hydrant information, weed abatement, and general information for citizens.

FY 11-12 HIGHLIGHTS:

- All three Fire Prevention personnel attained the Fire Marshal certification, the highest offered by the State.
- Conducted twenty fire investigations and assisted in the arrest and prosecution of two juvenile fire setters and five adults for fire-related crimes
- Performed 1,783 fire and life safety inspections.
- Reorganized and computerized the fire and life safety inspection program, ensuring the inspection of occupancies on regular intervals, and facilitating statistical analysis.
- Provided 150 fire safety presentations interfacing with over 8,000 participants.
- Attracted 1,000 attendees to the downtown fire station for Fire Prevention Week Open House.
- Provided fire prevention and safety classes for 100 juniors and seniors at Corvallis High School.
- Coordinated an off-campus housing smoke detector survey, performed by sorority members and department volunteers.
- Conducted fire and life safety training academies for Greek Housing and OSU Housing (resident advisors).
- Co-sponsored the "After the Fire" presentation at OSU, highlighting the Seton Hall dormitory fire.
- Conducted Safety Town for 300 pre-kindergarten children.
- Adopted the 2010 OFC and updated the Corvallis Fire Code (CFC) to reflect the adoption of the 2010 OFC.
- Issued thirty-three Notice of Violations (NOV) of the CFC, resulting in $8,500 in civil penalties.

BUDGET BY CLASS:	ACTUAL 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	% CHANGE FROM 11-12 BUDGET
Personnel Services	$983,187	$1,046,845	$1,121,560	$1,121,560	$1,097,070	-2.18%
Supplies and Services	20,432	20,188	17,760	18,290	17,970	1.18%
Capital Outlay	0	0	0	0	0	0.00%
Total	$1,003,619	$1,067,033	$1,139,320	$1,139,850	$1,115,040	-2.13%
EXPENDITURE BY PROGRAM						
Fire Prevention	$1,003,619	$1,067,033	$1,139,320	$1,139,850	$1,115,040	-2.13%
Total	$1,003,619	$1,067,033	$1,139,320	$1,139,850	$1,115,040	-2.13%
Staffing Levels	8.600	8.600	8.600	8.600	8.300	-3.49%

NOTE: Staffing level changes in FY 12-13 to balance the budget includes 3 FTE Firefighter/EMTs reductions across multiple department divisions.

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.
- Ensure economic vitality of ambulance services through an annual review of ambulance service rates along with ongoing performance practices and strategies.
- Continue infrastructure development through partnerships with other ambulance providers and response agencies regarding administrative and operational EMS activities.
- Maintain department compliance with Local, State, and Federal requirements for ambulance service operations.
- Continue support of community well being through car seat clinics, trauma prevention, fall prevention, and partnerships with OSU, Benton County Public Health, and others on underage consumption.

FY 11-12 HIGHLIGHTS:

- Responded to 4,329 calls for EMS-related incidents in 2011.
- Received 98% "Excellent" or "Good" ratings on the 2010 Citizen Attitude Survey for EMS services.
- Ensured ongoing stability of ambulance transport services through successful extension of the Benton County Ambulance Service Area Agreement to 2017.
- Successfully implemented an electronic patient records system that is in compliance with national EMS data reporting standards.
- Improved the efficiency and effectiveness of ambulance billing efforts through the use of electronic data transfer process to the City's Finance Department.
- Successfully completed the transition to a regional medical oversight model with neighboring EMS transport agencies.

BUDGET BY CLASS:	ACTUAL 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	% CHANGE FROM 11-12 BUDGET
Personnel Services	$2,419,845	$2,498,269	$2,643,470	$2,643,470	$2,563,520	-3.02%
Supplies and Services	174,087	213,495	183,380	188,640	192,320	4.88%
Capital Outlay	0	0	0	0	0	0.00%
Total	$2,593,932	$2,711,763	$2,826,850	$2,832,110	$2,755,840	-2.51%
EXPENDITURE BY PROGRAM						
Emergency Medical	$2,593,932	$2,711,763	$2,826,850	$2,832,110	$2,755,840	-2.51%
Total	$2,593,932	$2,711,763	$2,826,850	$2,832,110	$2,755,840	-2.51%
Staffing Levels	21.900	21.600	21.900	21.900	20.700	-5.48%

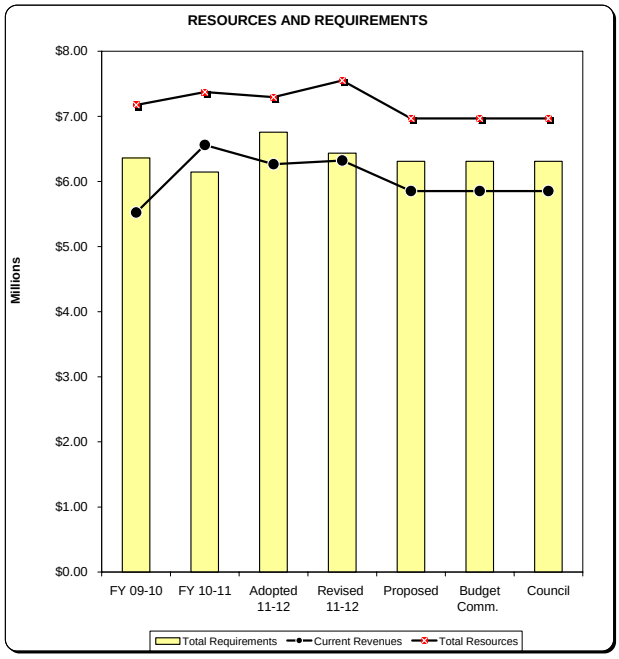
NOTE: Staffing level changes in FY 12-13 to balance the budget includes 3 FTE Firefighter/EMTs reductions across multiple department divisions.

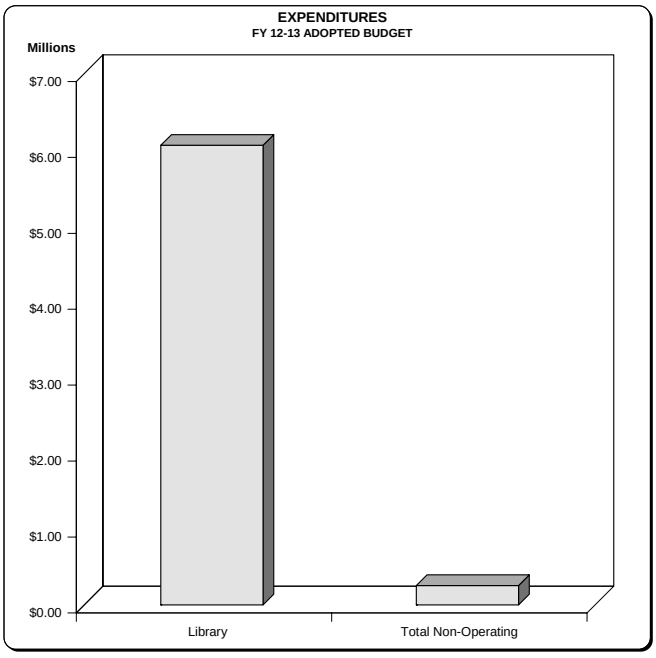
EMS training at Reser Stadium

EMS response - downtown

LIBRARY FUND SUMMARY

	ACTUAL 2009-10	ACTUAL 2010-11	ADOPTED BUDGET 2011-12	REVISED 2011-12	PROPOSED BUDGET 2012-13	COMMISSION RECOMMENDED 2012-13	COUNCIL APPROVED 2012-13
Resources:							
Beginning Fund Balance	$1,652,433	$813,008	$1,028,478	$1,230,973	$1,115,333	$1,115,333	$1,115,333
Property Taxes	$3,007,225	$3,937,789	$2,646,510	$2,652,680	$2,134,980	$2,134,980	$2,134,980
Charges for Service	43,077	43,340	47,000	43,420	43,420	43,420	43,420
Intergovernmental	2,322,025	2,407,275	2,421,840	2,497,270	2,451,370	2,451,370	2,451,370
Fines & Forfeitures	74,579	94,207	92,000	101,150	104,800	104,800	104,800
Miscellaneous	75,472	78,641	91,500	69,400	78,570	78,570	78,570
Transfers In	0	0	966,730	956,330	1,009,360	1,009,360	1,009,360
Other Financing Sources	0	0	0	0	30,000	30,000	30,000
Current Revenues	$5,522,378	$6,561,252	$6,265,580	$6,320,250	$5,852,500	$5,852,500	$5,852,500
Total Resources	$7,174,811	$7,374,260	$7,294,058	$7,551,223	$6,967,833	$6,967,833	$6,967,833
Requirements:							
Operating Budget:							
Library	$6,137,393	$5,907,437	$6,486,530	$6,299,300	$6,053,510	$6,053,510	$6,053,510
Total Operating Budget	$6,137,393	$5,907,437	$6,486,530	$6,299,300	$6,053,510	$6,053,510	$6,053,510
Non-Operating:							
Transfers Out	$224,410	$235,850	$213,090	$136,590	$192,690	$192,690	$192,690
Contingency	0	0	56,960	0	63,360	63,360	63,360
Total Non-Operating	$224,410	$235,850	$270,050	$136,590	$256,050	$256,050	$256,050
Total Requirements	$6,361,803	$6,143,287	$6,756,580	$6,435,890	$6,309,560	$6,309,560	$6,309,560
Ending Budgetary Fund Balance	$813,008	$1,230,973	$537,478	$1,115,333	$658,273	$658,273	$658,273





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

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 staffing and service changes due to budget reductions.
- Manage the ongoing large volunteer program.
- Complete scheduled building maintenance and special projects.
- Continue working with Monroe community in planning new library building.

FY 11-12 HIGHLIGHTS:

- Managed a $75,000 Oregon Digital Library Consortium Opening Day eBook Collection grant from the Oregon State Library resulting in more downloadable materials for the Library and other Oregon member libraries.
- Friends of the Library celebrated its 50th anniversary with the Kwik Witz contest, the Young Writers Workshop, and other events.
- *Check It Out!*, the Library's newsletter, was given a new look by staff with all design and layout done in-house.
- Sustainability projects included installation of energy efficient bulbs in the Belluschi Wing; and decreasing trash resulting in less frequent garbage pickup.
- Updated the fire alarm system in the Corvallis Library to meet current code & insurance carrier requirements & to prevent frequent false alarms.

BUDGET BY CLASS:	ACTUAL 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	% CHANGE FROM 11-12 BUDGET
Personnel Services	$609,346	$639,053	$677,740	$669,540	$686,910	1.35%
Supplies and Services	1,311,871	1,202,800	1,257,960	1,241,450	1,136,950	-9.62%
Capital Outlay	126,558	85,604	10,000	10,000	17,000	70.00%
Total	$2,047,775	$1,927,457	$1,945,700	$1,920,990	$1,840,860	-5.39%
EXPENDITURE BY PROGRAM						
Administration	$1,603,185	$1,576,066	$1,651,500	$1,623,910	$1,552,340	-6.00%
Library Technology	140,373	145,637	154,700	151,820	153,020	-1.09%
Grants	9,844	5,847	8,000	0	0	-100.00%
Special Projects	294,373	199,907	131,500	145,260	135,500	3.04%
Total	$2,047,775	$1,927,457	$1,945,700	$1,920,990	$1,840,860	-5.39%
Staffing Levels	5.800	6.000	5.000	5.000	5.000	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 with reduced staff 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, and services to youth of all ages.
- Continue to work with Monroe community to construct a new library building.

FY 11-12 HIGHLIGHTS:

- Presented the annual Summer Reading program for preschoolers, elementary aged children and teens.
- Offered well-attended eBook and eReader clinics.
- Eliminated the audio books on cassette collection, making way for materials experiencing greater demand.
- Changes in Bookmobile outreach services resulted in 77% more patron usage and 55% increase in circulation.
- Assisted the South Benton Library Project group with planning for the new Monroe Library building. Donations and grants, including a Community Development Block Grant, were received and a ground-breaking event was held in June.
- Provided the early literacy program and activities to childcare centers, and other agencies serving young children.
- The week-long Food for Fines event resulted in 1,875 pounds of food donated to Linn Benton Food Share.

BUDGET BY CLASS:	ACTUAL 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	% CHANGE FROM 11-12 BUDGET
Personnel Services	$3,177,595	$3,131,535	$3,563,180	$3,420,980	$3,351,980	-5.93%
Supplies and Services	912,022	848,445	968,650	947,640	860,670	-11.15%
Capital Outlay	0	0	9,000	9,690	0	-100.00%
Total	$4,089,618	$3,979,980	$4,540,830	$4,378,310	$4,212,650	-7.23%
EXPENDITURE BY PROGRAM						
Access Services	$1,469,132	$1,588,110	$1,355,750	$1,297,150	$1,120,520	-17.35%
Adult Services	682,413	601,350	578,660	540,460	467,140	-19.27%
Collection Development	737,490	630,473	391,910	374,850	277,730	-29.13%
Youth Services	512,605	517,162	505,740	510,950	516,600	2.15%
Extension Services	687,978	642,886	742,040	698,570	821,300	10.68%
Operations Levy 2011	0	0	966,730	956,330	1,009,360	4.41%
Total	$4,089,618	$3,979,980	$4,540,830	$4,378,310	$4,212,650	-7.23%
Staffing Levels	40.850	39.375	40.375	40.375	37.750	-6.50%

NOTE: Staffing level changes in FY 12-13 to balance the budget includes reductions to .625 FTE Lead Librarian; 1.0 FTE Library Specialist III; 0.50 FTE Reference Librarian; and 0.50 FTE Shelver.

Inspection Services

Corvallis Transit Service

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 10-11.

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 10-11.

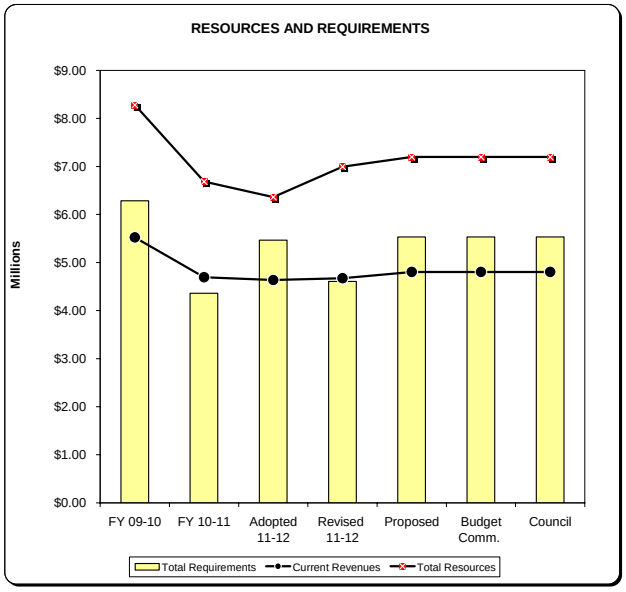
e) **Parking Fund** – to account for revenues and expenditures associated with the public parking system. Major revenue sources include income from parking meters, fines from parking violations, and sales of permits for downtown parking lots. Expenditures are associated with the operation, enforcement, maintenance, and capital improvements of the parking system.

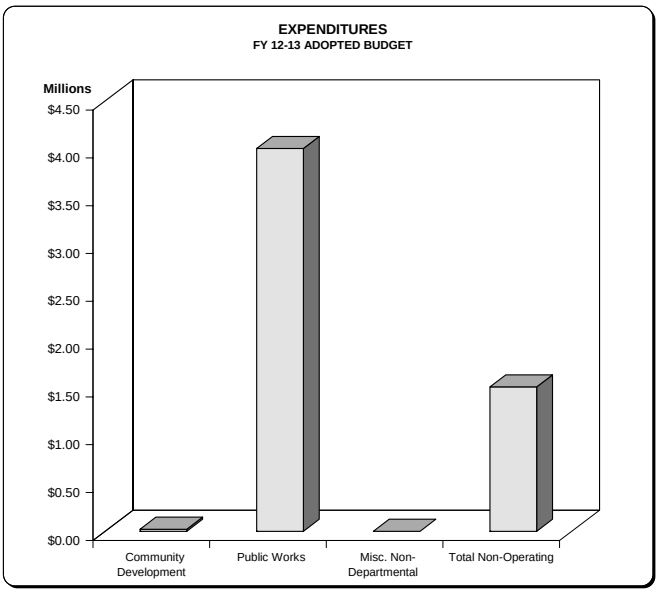
f) **Transit Fund** – to account for revenues and expenditures associated with the operation of the City's transit system. Major revenue sources include transit operating fees (TOF), business energy tax credits, and grant monies. Expenditures are for operations and maintenance of the transit system.

g) **2011 Operating Levy Fund** – was 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 2009-10	ACTUAL 2010-11	ADOPTED BUDGET 2011-12	REVISED 2011-12	PROPOSED BUDGET 2012-13	COMMISSION RECOMMENDED 2012-13	COUNCIL APPROVED 2012-13
Resources:							
Beginning Fund Balance	$2,756,739	$1,989,984	$1,727,643	$2,323,260	$2,389,990	$2,389,990	$2,389,990
Licenses/Permits	$460,898	$566,660	$602,100	$604,100	$609,620	$609,620	$609,620
Charges for Service	918,982	852,727	555,190	785,540	774,680	774,680	774,680
Intergovernmental	4,101,111	3,244,275	3,460,820	3,271,890	3,412,070	3,412,070	3,412,070
Fines & Forfeitures	1,311	4,717	1,000	1,000	1,000	1,000	1,000
Miscellaneous	26,370	16,221	15,340	11,150	8,560	8,560	8,560
Transfers In	10,849	10,368	0	0	0	0	0
Other Financing Sources	1,865	0	0	0	0	0	0
Current Revenues	$5,521,386	$4,694,968	$4,634,450	$4,673,680	$4,805,930	$4,805,930	$4,805,930
Total Resources:	$8,278,125	$6,684,952	$6,362,093	$6,996,940	$7,195,920	$7,195,920	$7,195,920
Requirements:							
Operating Budget:							
Community Development	$17,369	$18,106	$21,850	$21,850	$21,020	$21,020	$21,020
Public Works	4,966,795	3,733,169	4,243,950	4,030,150	4,003,730	4,003,730	4,003,730
Misc. Non-Departmental	292,385	0	0	0	0	0	0
Total Operating Budget	$5,276,549	$3,751,275	$4,265,800	$4,052,000	$4,024,750	$4,024,750	$4,024,750
Non-Operating:							
Tranfers Out	$1,011,592	$610,417	$1,119,310	$554,950	$1,423,600	$1,423,600	$1,423,600
Contingency	0	0	82,140	0	85,520	85,520	85,520
Total Non-Operating	$1,011,592	$610,417	$1,201,450	$554,950	$1,509,120	$1,509,120	$1,509,120
Total Requirements	$6,288,141	$4,361,692	$5,467,250	$4,606,950	$5,533,870	$5,533,870	$5,533,870
Ending Budgetary Fund Balance	$1,989,984	$2,323,260	$894,843	$2,389,990	$1,662,050	$1,662,050	$1,662,050





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

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 11-12 HIGHLIGHTS:

- Reviewed transportation issues as they pertained to land use applications.

BUDGET BY CLASS:	ACTUAL 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	%CHANGE FROM 11-12 BUDGET
Personnel Services	$15,528	$15,906	$19,710	$19,710	$18,770	-4.77%
Supplies and Services	1,841	2,200	2,140	2,140	2,250	5.14%
Capital Outlay	0	0	0	0	0	0.00%
Total	$17,369	$18,106	$21,850	$21,850	$21,020	-3.80%
EXPENDITURE BY PROGRAM						
Administration	$8,880	$9,108	$10,040	$10,040	$10,180	1.39%
Long Range Planning	8,489	8,998	11,810	11,810	10,840	-8.21%
Special Projects	0	0	0	0	0	0.00%
Total	$17,369	$18,106	$21,850	$21,850	$21,020	-3.80%
Staffing Levels	0.150	0.150	0.240	0.240	0.140	-41.67%

NOTE: Staffing level changes are associated with the reassignment of staff.

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:

- Develop the third phase of the asset management program, which includes collecting asset condition information, and risk and consequence of failure.
- Foster sustainable practices in all department operations.
- Construct capital improvements including the 11th Street reconstruction, sidewalk infill, and 9th Street pedestrian crossing projects. Initiate design of the Morris Avenue Bridge replacement project.
- Review development proposals and associated public infrastructure design submittals for compliance with City codes, master plans, and standards.

FY 11-12 HIGHLIGHTS:

- Completed 9th Street reconstruction between Jefferson and Monroe Avenues.
- Installed pedestrian crossings at three locations on Circle Boulevard.

BUDGET BY CLASS:	ACTUAL 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	%CHANGE FROM 11-12 BUDGET
Personnel Services	$644,061	$611,689	$593,500	$568,500	$601,170	1.29%
Supplies and Services	2,134,091	864,084	1,042,130	1,025,220	1,098,340	5.39%
Capital Outlay	115,279	130,464	126,890	80,000	185,300	46.03%
Total	$2,893,430	$1,606,237	$1,762,520	$1,673,720	$1,884,810	6.94%
EXPENDITURE BY PROGRAM						
Administration	$562,517	$589,356	$571,970	$537,010	$571,450	-0.09%
Development Review	134,608	139,698	160,640	160,640	161,020	0.24%
Engineering Admin/CIP	61,004	78,920	70,200	70,200	95,270	35.71%
Planning & Capital Projects	199,656	158,562	225,870	225,870	179,120	-20.70%
Special Projects	1,935,644	639,701	733,840	680,000	877,950	19.64%
Total	$2,893,430	$1,606,237	$1,762,520	$1,673,720	$1,884,810	6.94%
Staffing Levels	5.630	4.670	4.860	4.860	5.250	8.02%

NOTE: Staffing level change reflective of reallocation of Surveyor from General Fund to Street Fund and other reassignment of staff.

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 83 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.
- 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.

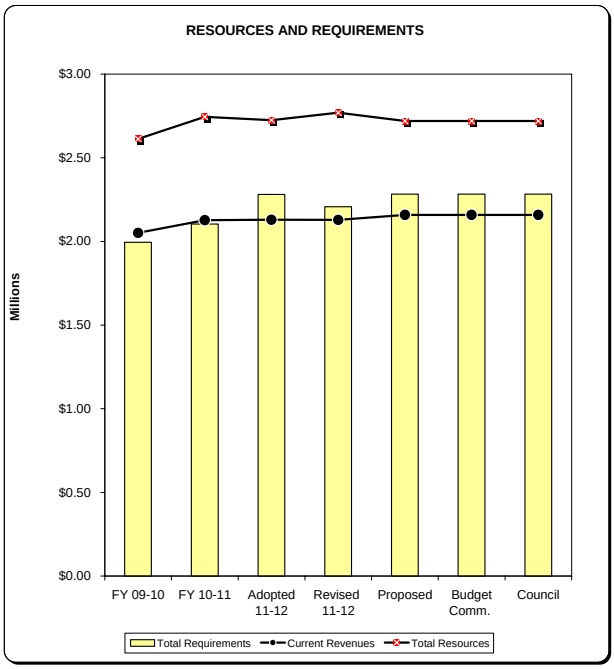
FY 11-12 HIGHLIGHTS:

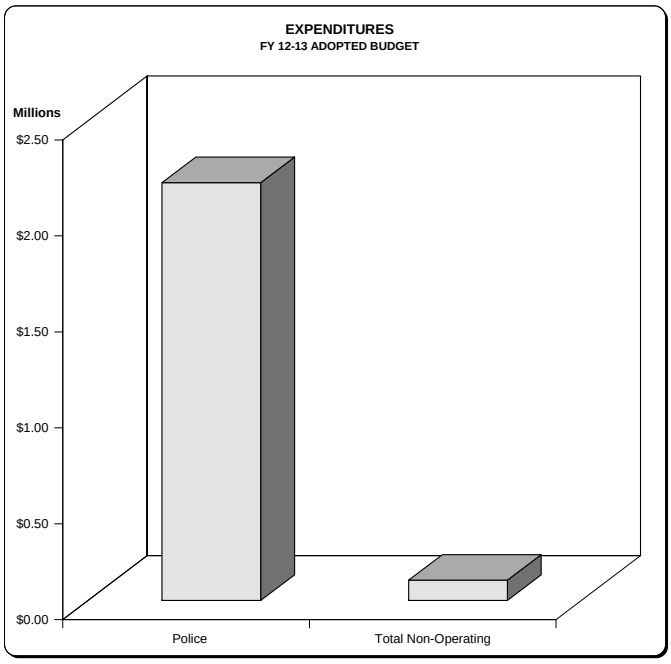
- Completed annual street preservation projects.
- Provided emergency response for multiple rain, snow and ice events.
- Installed pavement markings on street projects associated with the Capital Improvement Program street reconstruction projects.
- Performed sidewalk repairs using funds from the Sidewalk Maintenance Fee.

BUDGET BY CLASS:	ACTUAL 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	%CHANGE FROM 11-12 BUDGET
Personnel Services	$1,168,434	$1,202,518	$1,420,520	$1,420,520	$1,349,780	-4.98%
Supplies and Services	899,789	924,414	1,051,910	935,910	769,140	-26.88%
Capital Outlay	5,142	0	9,000	0	0	-100.00%
Total	$2,073,364	$2,126,932	$2,481,430	$2,356,430	$2,118,920	-14.61%
EXPENDITURE BY PROGRAM						
Street Maintenance	$747,627	$856,962	$1,050,010	$925,010	$804,940	-23.34%
Paint and Sign	389,077	323,614	331,870	331,870	312,610	-5.80%
Bike Facilities	274,031	195,856	208,450	208,450	182,550	-12.43%
Street Cleaning	95,465	95,165	102,850	102,850	106,270	3.33%
Traffic Signals	252,272	273,414	325,940	325,940	291,090	-10.69%
Mapping and GIS	86,781	86,749	109,400	109,400	88,750	-18.88%
Transportation Demand Mgt	62,642	63,795	87,890	87,890	68,410	-22.16%
Street Lighting	165,467	231,378	265,020	265,020	264,300	-0.27%
Total	$2,073,364	$2,126,932	$2,481,430	$2,356,430	$2,118,920	-14.61%
Staffing Levels	13.165	13.630	13.600	13.600	13.600	0.00%

9-1-1 EMERGENCY FUND SUMMARY

	ACTUAL 2009-10	ACTUAL 2010-11	ADOPTED BUDGET 2011-12	REVISED 2011-12	PROPOSED BUDGET 2012-13	COMMISSION RECOMMENDED 2012-13	COUNCIL APPROVED 2012-13
Resources:							
Beginning Fund Balance	$561,823	$617,742	$595,812	$640,587	$561,617	$561,617	$561,617
Charges for Service	$986,656	939,405	933,700	933,700	982,280	982,280	982,280
Intergovernmental	1,059,507	1,183,433	1,189,290	1,190,710	1,172,850	1,172,850	1,172,850
Miscellaneous	4,548	4,123	5,870	3,840	3,430	3,430	3,430
Current Revenues	$2,050,711	$2,126,961	$2,128,860	$2,128,250	$2,158,560	$2,158,560	$2,158,560
Total Resources	$2,612,534	$2,744,703	$2,724,672	$2,768,837	$2,720,177	$2,720,177	$2,720,177
Requirements:							
Operating Budget:							
Police	$1,914,402	$2,026,176	$2,180,710	$2,156,150	$2,177,200	$2,177,200	$2,177,200
Total Operating Budget	$1,914,402	$2,026,176	$2,180,710	$2,156,150	$2,177,200	$2,177,200	$2,177,200
Non-Operating:							
Transfers Out	$80,390	$77,940	$51,070	$51,070	$62,240	$62,240	$62,240
Contingency	0	0	48,760	0	43,450	43,450	43,450
Total Non-Operating	$80,390	$77,940	$99,830	$51,070	$105,690	$105,690	$105,690
Total Requirements	$1,994,792	$2,104,116	$2,280,540	$2,207,220	$2,282,890	$2,282,890	$2,282,890
Ending Budgetary Fund Balance	$617,742	$640,587	$444,132	$561,617	$437,287	$437,287	$437,287





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

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.
- Complete installation of 700 Mhz radio communications system.
- Continue work on development of a special service district exploration for 9-1-1 services, as a potential alternative, stable funding source.

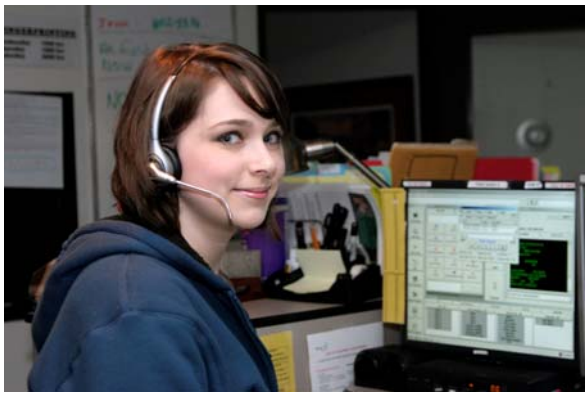
FY 11-12 HIGHLIGHTS:

- Installed equipment for the trunked 700 Mhz radio system on two communication towers.
- Completed special service district feasibility study.

BUDGET BY CLASS:	ACTUAL 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	% CHANGE FROM 11-12 BUDGET
Personnel Services	$1,415,751	$1,634,450	$1,780,630	$1,756,070	$1,815,760	1.97%
Supplies and Services	498,652	391,727	400,080	400,080	361,440	-9.66%
Capital Outlay	0	0	0	0	0	0.00%
Total	$1,914,402	$2,026,176	$2,180,710	$2,156,150	$2,177,200	-0.16%
EXPENDITURE BY PROGRAM						
9-1-1 Communications	$1,793,800	$2,023,376	$2,144,510	$2,119,950	$2,172,600	1.31%
Special Projects	120,602	2,800	36,200	36,200	4,600	-87.29%
Total	$1,914,402	$2,026,176	$2,180,710	$2,156,150	$2,177,200	-0.16%
Staffing Levels	19.850	19.850	18.850	18.850	18.850	0.00%

Note: FY 09-10 included an enhancement of four dispatchers as approved by Budget Commission; however in FY 11-12, due to budget constraints, one dispatcher position was eliminated.

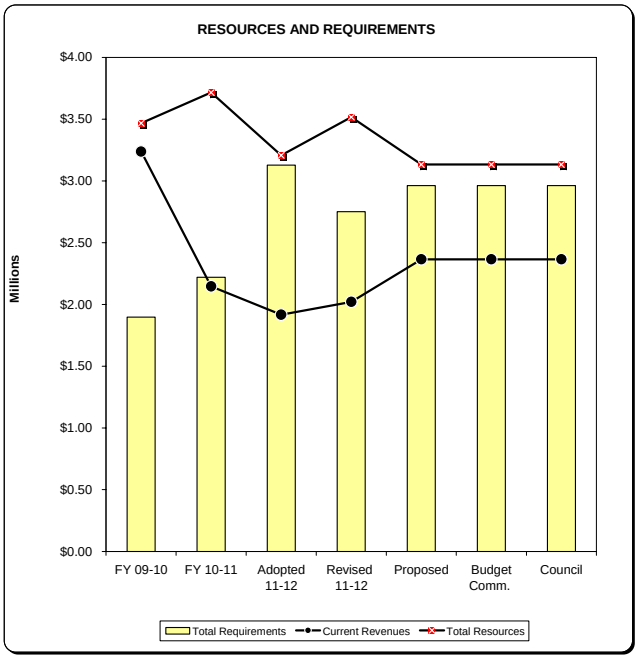
911 Dispatch Logo

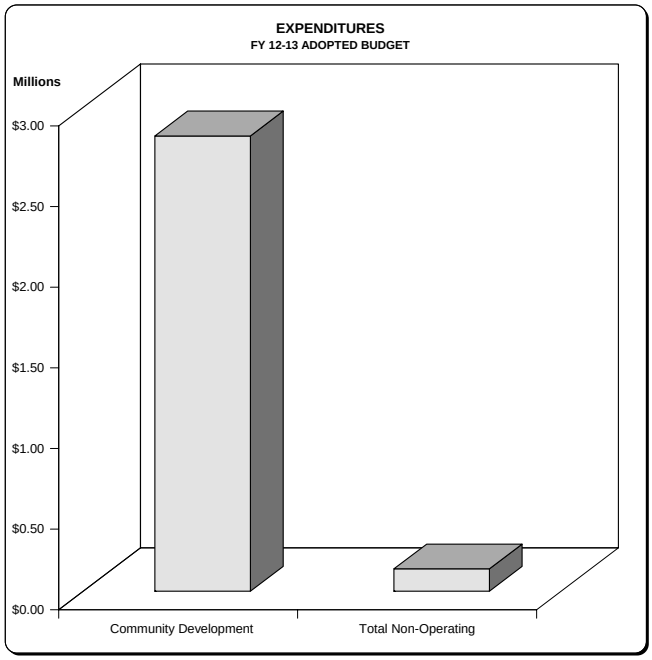


Public Safety Dispatcher

DEVELOPMENT SERVICES FUND SUMMARY

	ACTUAL 2009-10	ACTUAL 2010-11	ADOPTED BUDGET 2011-12	REVISED 2011-12	PROPOSED BUDGET 2012-13	COMMISSION RECOMMENDED 2012-13	COUNCIL APPROVED 2012-13
Resources:							
Beginning Fund Balance	$229,289	$1,569,257	$1,289,457	$1,495,286	$766,426	$766,426	$766,426
Licenses, Fees, & Permits	$1,163,606	$1,019,673	$770,270	$948,120	$1,086,350	$1,086,350	$1,086,350
Charges for Service	1,848,679	897,620	1,015,880	945,620	1,153,370	1,153,370	1,153,370
Miscellaneous	6,602	10,230	12,520	9,120	7,670	7,670	7,670
Transfer In	218,390	218,390	118,390	118,390	118,390	118,390	118,390
Other Financing Sources	0	0	0	0	0	0	0
Current Revenues	$3,237,277	$2,145,913	$1,917,060	$2,021,250	$2,365,780	$2,365,780	$2,365,780
Total Resources	$3,466,566	$3,715,170	$3,206,517	$3,516,536	$3,132,206	$3,132,206	$3,132,206
Requirements:							
Operating Budget:							
Community Development	$1,798,849	$1,945,554	$2,838,820	$2,543,310	$2,822,700	$2,822,700	$2,822,700
Total Operating Budget	$1,798,849	$1,945,554	$2,838,820	$2,543,310	$2,822,700	$2,822,700	$2,822,700
Non-Operating:							
Transfers Out	$98,460	$274,330	$239,560	$206,800	$88,800	$88,800	$88,800
Contingency	0	0	50,000	0	50,000	50,000	50,000
Total Non-Operating	$98,460	$274,330	$289,560	$206,800	$138,800	$138,800	$138,800
Total Requirements	$1,897,309	$2,219,884	$3,128,380	$2,750,110	$2,961,500	$2,961,500	$2,961,500
Ending Budgetary Fund Balance	$1,569,257	$1,495,286	$78,137	$766,426	$170,706	$170,706	$170,706





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

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.
- Continue implementation of the 3-year service enhancement package and reorganization of Development Services:
  - Additional purchasing and implementation of *ePlans* plan review software.
  - Implementation of a new web-based permit tracking system as replacement for 21-year-old system.
  - Purchase vehicles for two project coordinators.
  - Continue specialized training for new project coordinators.
  - Purchase field inspection hardware.

FY 11-12 HIGHLIGHTS:

- Participated in national code change hearings and served on numerous state committees to review proposals.
- Promoted Building Safety with an outreach booth Farmers Market.
- Implemented one-day single family residential permit plan review; part of the three-year service enhancement project.

BUDGET BY CLASS:	ACTUAL 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	% CHANGE FROM 11-12 BUDGET
Personnel Services	$104,313	$99,123	$110,270	$110,270	$110,640	0.34%
Supplies and Services	260,938	278,338	685,420	404,910	533,460	-22.17%
Capital Outlay	0	0	54,000	39,000	57,960	7.33%
Total	$365,250	$377,461	$849,690	$554,180	$702,060	-17.37%
EXPENDITURE BY PROGRAM						
Administration	$341,552	$367,370	$395,080	$395,080	$400,800	1.45%
Special Projects	23,699	10,091	454,610	159,100	301,260	-33.73%
Total	$365,250	$377,461	$849,690	$554,180	$702,060	-17.37%
Staffing Levels	0.400	0.400	0.400	0.400	0.400	0.00%

New construction

Development Services building birdhouses

RESPONSIBILITIES:

- Facilitate the construction of approved development projects, provide development information to the public, and enforce community livability standards.

WORK PLAN:

- Conduct construction plan review and inspections, issue permits and investigate citizen complaints - all within customer service expectations for quality and timeliness.
- Continue implementation of Land Use Inspector program in accordance with Council direction.
- 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.
- Continued implementation of the process changes associated with Service Enhancement Review Fees (SERF) as approved by Council.

FY 11-12 HIGHLIGHTS:

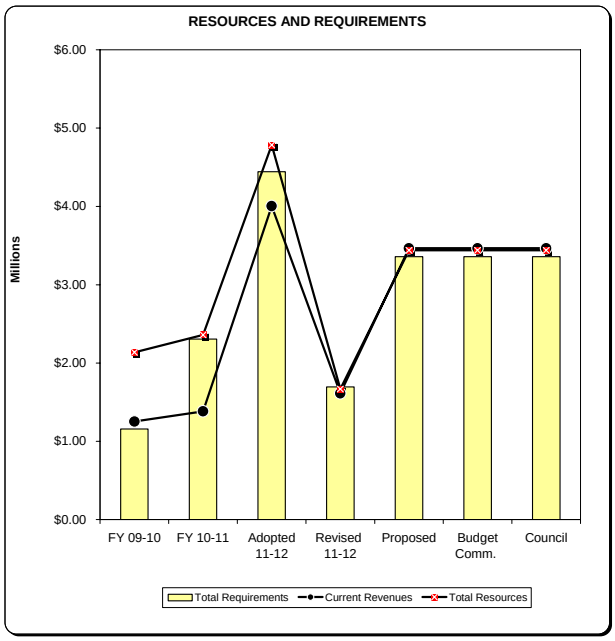
- Maintained regular meetings with the Development Services Stakeholder Advisory Group to solicit feedback and involvement of stakeholders on processes and policy issues.
- Participated in legislative and code development efforts at the State and National levels.
- Implemented SERF package and reorganization.
- Continued to conduct specialty plan reviews and inspections for Benton County.
- Issued 3,695 construction permits with a total project value of $95.1 million.
- Conducted 793 plan reviews and 14,348 building safety inspections.

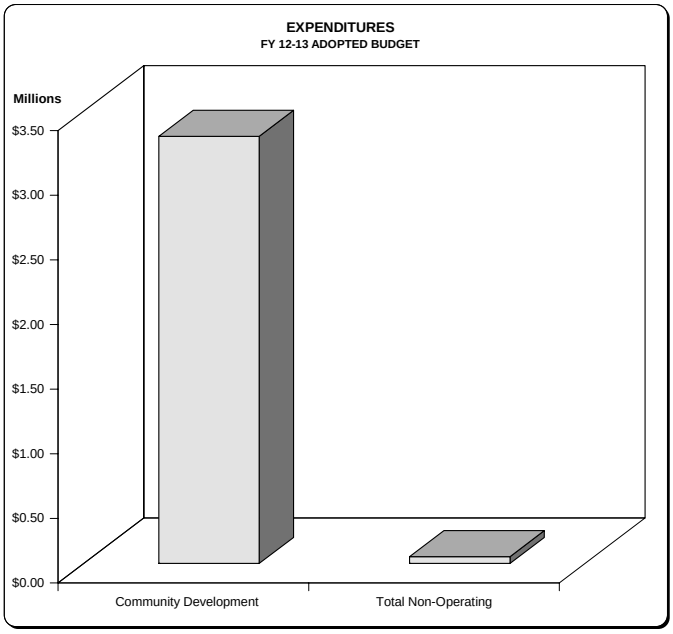
BUDGET BY CLASS:	ACTUAL 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	% CHANGE FROM 11-12 BUDGET
Personnel Services	$1,354,851	$1,496,057	$1,886,800	$1,886,800	$2,000,830	6.04%
Supplies and Services	78,748	72,036	102,330	102,330	119,810	17.08%
Capital Outlay	0	0	0	0	0	0.00%
Total	$1,433,599	$1,568,093	$1,989,130	$1,989,130	$2,120,640	6.61%
EXPENDITURE BY PROGRAM						
Administration	$307,697	$301,742	$312,100	$312,100	$330,880	6.02%
Plan Review	472,258	597,571	723,040	723,040	589,230	-18.51%
Inspections	550,236	558,224	634,450	634,450	883,310	39.22%
Land Use	103,408	110,556	319,540	319,540	317,220	-0.73%
Total	$1,433,599	$1,568,093	$1,989,130	$1,989,130	$2,120,640	6.61%
Staffing Levels	20.815	20.643	20.910	20.910	21.850	4.50%

Note: In FY 11-12 the division has 21.85 authorized positions, but only 19.10 are currently budgeted. Staffing level changes are associated with the reassignment of staff.

COMMUNITY DEVELOPMENT REVOLVING FUND SUMMARY

	ACTUAL 2009-10	ACTUAL 2010-11	ADOPTED BUDGET 2011-12	REVISED 2011-12	PROPOSED BUDGET 2012-13	COMMISSION RECOMMENDED 2012-13	COUNCIL APPROVED 2012-13
Resources:							
Beginning Fund Balance	$883,911	$977,830	$780,811	$54,467	($27,343)	($27,343)	($27,343)
Licenses, Fees, & Permits	$116,510	$116,220	$126,700	$129,000	$131,670	$131,670	$131,670
Charges for Service	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Intergovernmental	704,068	1,015,560	3,436,310	1,225,410	2,967,410	2,967,410	2,967,410
Fines & Forfeitures	1,831	476	2,300	2,300	2,300	2,300	2,300
Miscellaneous	425,520	244,918	433,180	251,860	359,420	359,420	359,420
Current Revenues	$1,252,929	$1,382,174	$4,003,490	$1,613,570	$3,465,800	$3,465,800	$3,465,800
Total Resources	$2,136,840	$2,360,004	$4,784,301	$1,668,037	$3,438,457	$3,438,457	$3,438,457
Requirements:							
Operating Budget:							
Community Development	$1,126,470	$2,216,117	$4,336,610	$1,630,030	$3,305,250	$3,305,250	$3,305,250
Total Operating	$1,126,470	$2,216,117	$4,336,610	$1,630,030	$3,305,250	$3,305,250	$3,305,250
Non-Operating:							
Transfers Out	$32,540	$89,420	$74,350	$65,350	$21,040	$21,040	$21,040
Contingency	0	0	31,950	0	31,950	31,950	31,950
Total Non-Operating	$32,540	$89,420	$106,300	$65,350	$52,990	$52,990	$52,990
Total Requirements	$1,159,010	$2,305,537	$4,442,910	$1,695,380	$3,358,240	$3,358,240	$3,358,240
Ending Budgetary Fund Balance[1]	$977,830	$54,467	$341,391	($27,343)	$80,217	$80,217	$80,217





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

1. Based on revised estimates at time of budget adoption, a negative fund balance was still projected as possible. This status and potential was shared with the City Council through Quarterly Operating Reports and during the Proposed Budget process. If this had occurred, staff would have sought Council approval for an interfund loan to be repaid in FY 12-13 based on positive cash-flows in FY 12-13. Subsequent to Council Adoption of the Budget on June 4, 2012, expected revenues have come in, such that this Fund will end FY 11-12 with a positive fund balance.

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.
- Implement FY 12-13 Community Development Block Grant and HOME Investment Partnership program funding to activities that support homeless, disabled and low income members of the community.
- Provide resources for people who have rental housing issues or concerns through the City's Rental Housing Program.

BUDGET BY CLASS:	ACTUAL 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	% CHANGE FROM 11-12 BUDGET
Personnel Services	$19,206	$18,461	$20,970	$20,970	$21,000	0.14%
Supplies and Services	147,540	133,007	127,230	127,230	130,890	2.88%
Capital Outlay	0	0	0	0	0	0.00%
Total	$166,745	$151,468	$148,200	$148,200	$151,890	2.49%
EXPENDITURE BY PROGRAM						
Administration	$166,745	$151,468	$148,200	$148,200	$151,890	2.49%
Special Projects	0	0	0	0	0	0.00%
Total	$166,745	$151,468	$148,200	$148,200	$151,890	2.49%
Staffing Levels	0.140	0.140	0.140	0.140	0.140	0.00%

Alexander Court Housing

Alexander Court Housing

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.

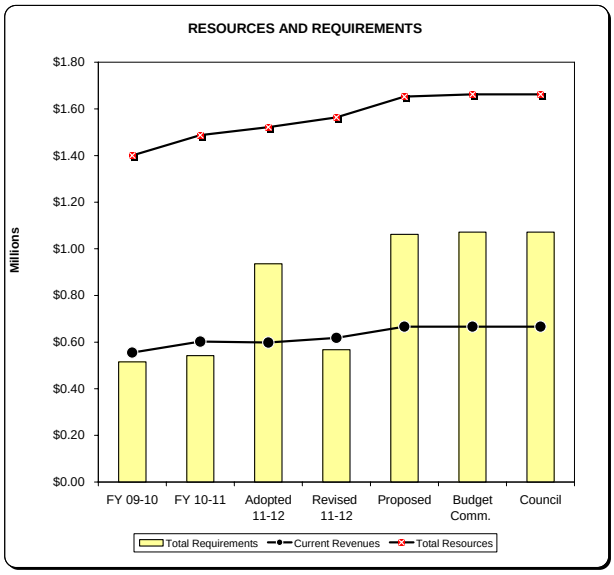
FY 11-12 HIGHLIGHTS:

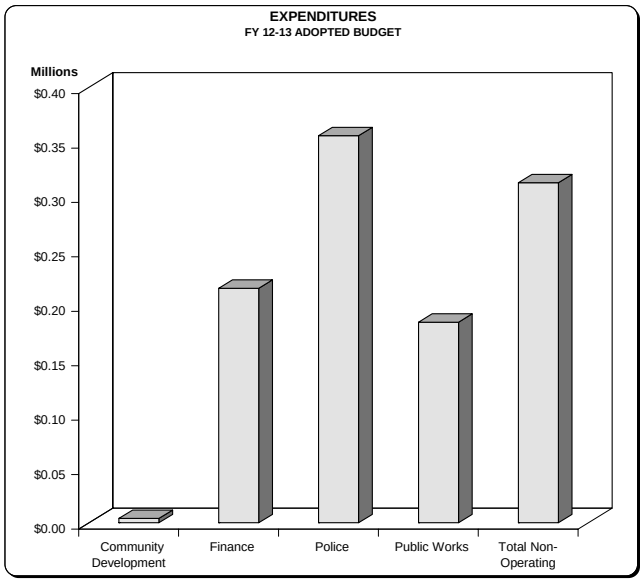
- Continued to carry out an approved Consolidated Plan for both HOME and CDBG funds.
- Reviewed funding requests and monitored non-profits' performance related to distribution of Human Service funds and HOME/CDBG capital funds.
- Worked with grantees and loan recipients to initiate, continue or complete the development of affordable housing projects that will provide 60 quality, affordable rental units in Corvallis. Ten units will offer permanent supportive housing for survivors of domestic violence, four will house adults with developmental disabilities, 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 a group home that provides housing and supportive services for five adults with severe developmental disabilities.
- Delivered operational funding to ten social service agencies for eleven programs resulting in assistance to approximately 3,000 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 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	% CHANGE FROM 11-12 BUDGET
Personnel Services	$422,333	$379,322	$494,440	$457,950	$478,320	-3.26%
Supplies and Services	537,392	1,685,327	3,693,970	1,023,880	2,675,040	-27.58%
Capital Outlay	0	0	0	0	0	0.00%
Total	$959,724	$2,064,649	$4,188,410	$1,481,830	$3,153,360	-24.71%
EXPENDITURE BY PROGRAM						
Administration	$35,800	$30,333	$40,430	$34,430	$125,620	210.71%
Non-Federal Assistance	88,738	36,778	228,040	191,720	286,900	25.81%
Rental Housing	111,233	117,422	134,160	131,600	111,480	-16.91%
CDBG	510,863	630,498	1,493,140	720,050	1,009,890	-32.36%
CDBG-ARRA	145,490	0	0	0	0	0.00%
HOME	67,600	1,249,617	2,292,640	404,030	1,619,470	-29.36%
Total	$959,724	$2,064,649	$4,188,410	$1,481,830	$3,153,360	-24.71%
Staffing Levels	5.002	5.000	5.000	5.000	5.000	0.00%

PARKING FUND SUMMARY

	ACTUAL 2009-10	ACTUAL 2010-11	ADOPTED BUDGET 2011-12	REVISED 2011-12	PROPOSED BUDGET 2012-13	COMMISSION RECOMMENDED 2012-13	COUNCIL APPROVED 2012-13
Resources:							
Beginning Fund Balance	$845,223	$885,499	$923,959	$945,298	$985,918	$995,918	$995,918
Licenses & Permits	$15,840	$17,758	$20,000	$25,000	$25,000	$25,000	$25,000
Charges for Service	164,942	167,438	164,150	184,150	187,170	187,170	187,170
Fines & Forfeitures	367,280	411,983	405,930	403,930	450,000	450,000	450,000
Miscellaneous	7,148	5,012	7,700	5,020	3,910	3,910	3,910
Current Revenues	$555,210	$602,191	$597,780	$618,100	$666,080	$666,080	$666,080
Total Resources	$1,400,433	$1,487,690	$1,521,739	$1,563,398	$1,651,998	$1,661,998	$1,661,998
Requirements:							
Operating Budget:							
Community Development	$3,805	$3,528	$4,070	$4,070	$4,050	$4,050	$4,050
Finance	105,451	112,029	143,310	142,990	215,420	215,420	215,420
Police	279,836	269,505	351,190	279,260	355,580	355,580	355,580
Public Works	104,872	134,100	171,980	127,440	184,280	184,280	184,280
Total Operating	$493,964	$519,162	$670,550	$553,760	$759,330	$759,330	$759,330
Non-Operating:							
Transfers Out	$20,970	$23,230	$253,720	$13,720	$289,060	$299,060	$299,060
Contingency	0	0	11,890	0	13,320	13,320	13,320
Total Non-Operating	$20,970	$23,230	$265,610	$13,720	$302,380	$312,380	$312,380
Total Requirements	$514,934	$542,392	$936,160	$567,480	$1,061,710	$1,071,710	$1,071,710
Ending Budgetary Fund Balance	$885,499	$945,298	$585,579	$995,918	$590,288	$590,288	$590,288





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

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 11-12 HIGHLIGHTS:

- Engage in discussions with other City departments and particularly with downtown interests about parking issues.

EXPENDITURE BY CLASS	ACTUAL 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	%CHANGE FROM 11-12 BUDGET
Personnel Services	$3,487	$3,223	$3,660	$3,660	$3,640	-0.55%
Supplies and Services	318	304	410	410	410	0.00%
Capital Outlay	0	0	0	0	0	0.00%
Total	$3,805	$3,527	$4,070	$4,070	$4,050	-0.49%
EXPENDITURE BY PROGRAM						
Administration	$3,805	$3,527	$4,070	$4,070	$4,050	-0.49%
Total	$3,805	$3,527	$4,070	$4,070	$4,050	-0.49%
Staffing Levels	0.020	0.020	0.020	0.020	0.020	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:

- Complete on-line payment service implementation for defendants.
- Continue efforts to review and forward delinquent accounts to collection agency.

FY 11-12 HIGHLIGHTS:

- Completed process of turning over existing delinquent accounts to collection agency.

EXPENDITURE BY CLASS	ACTUAL 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	%CHANGE FROM 11-12 BUDGET
Personnel Services	$36,152	$51,269	$66,790	$66,790	$116,110	73.84%
Supplies and Services	69,300	60,760	76,520	76,200	99,310	29.78%
Capital Outlay	0	0	0	0	0	0.00%
Total	$105,451	$112,029	$143,310	$142,990	$215,420	50.32%
EXPENDITURE BY PROGRAM						
Administration	$105,451	$112,029	$143,310	$142,990	$215,420	50.32%
Total	$105,451	$112,029	$143,310	$142,990	$215,420	50.32%
Staffing Levels	1.000	1.000	1.000	1.000	1.250	25.00%

NOTE: FTE increase for FY 12-13 due to allocation change, based on work effort, of Court Supervisor (75% General Fund & 25% Parking Fund).

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 11-12 HIGHLIGHTS:

- Continued public education of parking issues through presentations.

EXPENDITURE BY CLASS	ACTUAL 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	%CHANGE FROM 11-12 BUDGET
Personnel Services	$236,205	$225,370	$257,430	$236,630	$264,160	2.61%
Supplies and Services	43,631	44,135	42,630	42,630	40,290	-5.49%
Capital Outlay	0	0	51,130	0	51,130	0.00%
Total	$279,836	$269,505	$351,190	$279,260	$355,580	1.25%
EXPENDITURE BY PROGRAM						
Parking Enforcement	$279,836	$269,505	$300,060	$279,260	$304,450	1.46%
Special Projects	0	0	51,130	0	51,130	0.00%
Total	$279,836	$269,505	$351,190	$279,260	$355,580	1.25%
Staffing Levels	3.000	3.000	3.000	3.000	3.000	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 11-12 HIGHLIGHTS

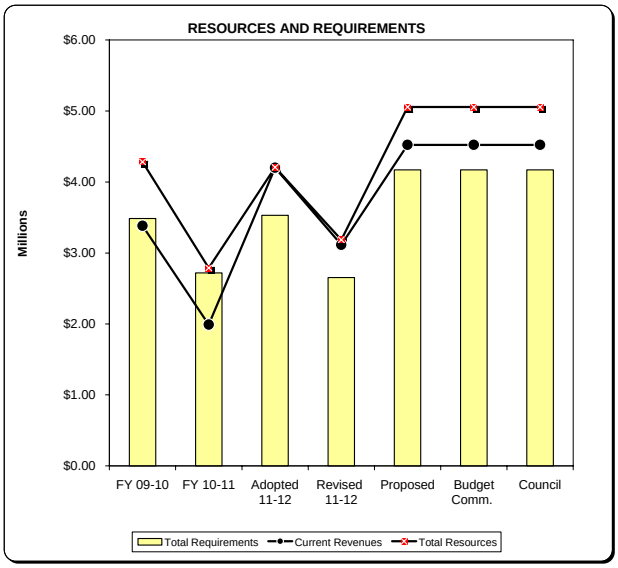
- Transitioned residential parking permits sales to the Public Works facility.

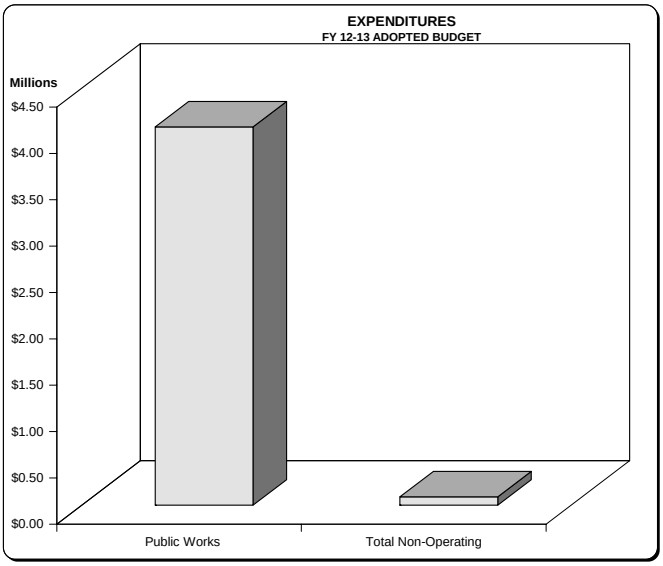
EXPENDITURE BY CLASS	ACTUAL 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	% CHANGE FROM 11-12 BUDGET
Personnel Services	$52,239	$66,273	$99,040	$79,120	$98,850	-0.19%
Supplies and Services	52,633	67,827	72,940	48,320	85,430	17.12%
Capital Outlay	0	0	0	0	0	0.00%
Total	$104,872	$134,100	$171,980	$127,440	$184,280	7.15%
EXPENDITURE BY PROGRAM						
Parking Maintenance	$104,872	$134,100	$171,980	$127,440	$184,280	7.15%
Total	$104,872	$134,100	$171,980	$127,440	$184,280	7.15%
Staffing Levels	1.100	1.071	1.100	1.100	1.100	0.00%

Parking Pay Station

TRANSIT FUND SUMMARY

	ACTUAL 2009-10	ACTUAL 2010-11	ADOPTED BUDGET 2011-12	REVISED 2011-12	PROPOSED BUDGET 2012-13	COMMISSION RECOMMENDED 2012-13	COUNCIL APPROVED 2012-13
Resources:							
Beginning Fund Balance	$899,676	$797,148	$4,318	$70,413	$532,323	$532,323	$532,323
Property Taxes	$217,114	$77,641	$0	$0	$0	$0	$0
License & Permits	0	388,431	879,300	989,200	1,173,900	1,173,900	1,173,900
Charges for Service	478,655	335,536	214,660	215,860	223,610	223,610	223,610
Intergovernmental	1,955,125	980,984	1,737,450	1,105,250	2,352,950	2,352,950	2,352,950
Fines & Forfeitures	169	286	0	0	0	0	0
Miscellaneous	730,654	186,616	1,368,990	804,920	772,500	772,500	772,500
Other Financing Sources	0	21,764	0	0	0	0	0
Current Revenues	$3,381,717	$1,991,258	$4,200,400	$3,115,230	$4,522,960	$4,522,960	$4,522,960
Total Resources	$4,281,393	$2,788,406	$4,204,718	$3,185,643	$5,055,283	$5,055,283	$5,055,283
Requirements:							
Operating Budget:							
Public Works	$3,457,245	$2,449,073	$3,481,890	$2,641,700	$4,080,490	$4,080,490	$4,080,490
Total Operating	$3,457,245	$2,449,073	$3,481,890	$2,641,700	$4,080,490	$4,080,490	$4,080,490
Non-Operating:							
Transfers Out	$27,000	$268,920	$11,620	$11,620	$12,140	$12,140	$12,140
Contingency	0	0	35,590	0	77,130	77,130	77,130
Total Non-Operating	$27,000	$268,920	$47,210	$11,620	$89,270	$89,270	$89,270
Total Requirements	$3,484,245	$2,717,993	$3,529,100	$2,653,320	$4,169,760	$4,169,760	$4,169,760
Ending Budgetary Fund Balance	$797,148	$70,413	$675,618	$532,323	$885,523	$885,523	$885,523





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

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.
- Acquire two CTS buses, per fleet replacement schedule.
- Install the replacement CTS radio system and Vehicle Information System (VIS).

FY 11-12 HIGHLIGHTS:

- Recorded a 39% increase in ridership as a result of the recently implemented fareless transit service using funds from the Transit Operations Fee.
- Continued installing bus stop enhancements using American Recovery and Reinvestment Act (ARRA) funds.
- Submitted a number of grant applications for the transit operations and maintenance center at the Public Works compound to the Federal Transit Administration and Oregon Department of Transportation.
- Participated on Oregon Department of Energy Advisory Committees in forming rules for the new Energy Tax Credit program.

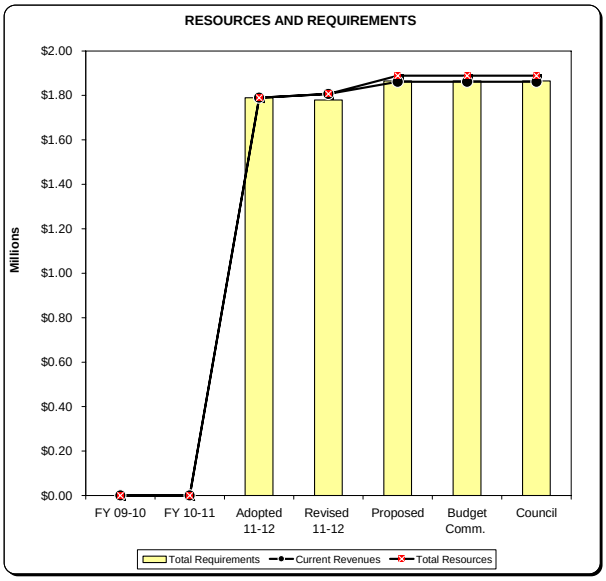
BUDGET BY CLASS:	ACTUAL 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	% CHANGE FROM 11-12 BUDGET
Personnel Services	$310,193	$322,489	$357,940	$357,940	$332,720	-7.05%
Supplies and Services	2,144,700	2,126,584	2,303,490	2,283,760	2,427,310	5.38%
Capital Outlay	1,002,353	0	820,460	0	1,320,460	60.94%
Total	$3,457,245	$2,449,074	$3,481,890	$2,641,700	$4,080,490	17.19%
EXPENDITURE BY PROGRAM						
Transportation	$2,428,749	$2,402,302	$2,625,430	$2,624,230	$2,745,030	4.56%
Special Projects	1,028,496	46,772	856,460	17,470	1,335,460	55.93%
Total	$3,457,245	$2,449,074	$3,481,890	$2,641,700	$4,080,490	17.19%
Staffing Levels	3.660	3.650	3.680	3.680	3.620	-1.63%

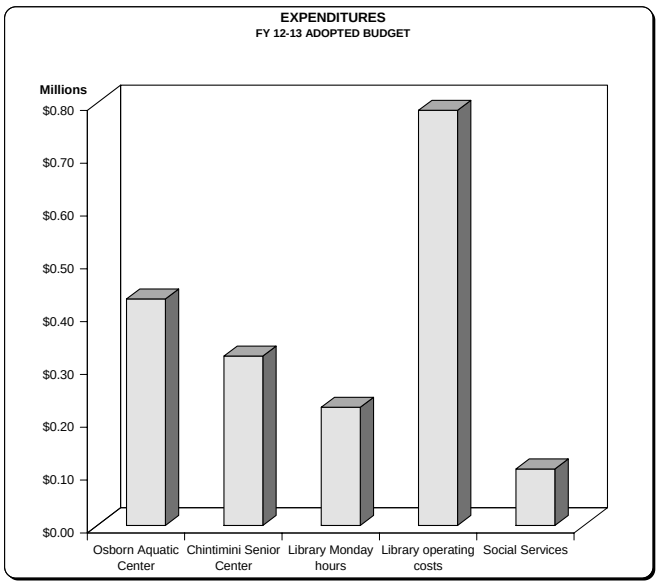
Trolley

Transit Bus

2011 LEVY FUND SUMMARY

	ACTUAL 2009-10	ACTUAL 2010-11	ADOPTED BUDGET 2011-12	REVISED 2011-12	PROPOSED BUDGET 2012-13	COMMISSION RECOMMENDED 2012-13	COUNCIL APPROVED 2012-13
Resources:							
Beginning Fund Balance	$0	$0	$0	$0	$27,430	$27,430	$27,430
Property Taxes	$0	$0	$1,790,000	$1,807,030	$1,861,240	$1,861,240	$1,861,240
Current Revenues	$0	$0	$1,790,000	$1,807,030	$1,861,240	$1,861,240	$1,861,240
Total Resources	$0	$0	$1,790,000	$1,807,030	$1,888,670	$1,888,670	$1,888,670
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	$1,790,000	$1,779,600	$1,865,350	$1,865,350	$1,865,350
Total Non-Operating	$0	$0	$1,790,000	$1,779,600	$1,865,350	$1,865,350	$1,865,350
Total Requirements	$0	$0	$1,790,000	$1,779,600	$1,865,350	$1,865,350	$1,865,350
Ending Budgetary Fund Balance	$0	$0	$0	$27,430	$23,320	$23,320	$23,320





FUND PLAN:

- Record property taxes received from May 2011 operating levy and transfers out to operating funds in FY 12-13 estimated at:
  - $428,640 - Osborn Aquatic Center
  - $320,510 - Chintimini Senior Center
  - $223,540 - Library Monday hours
  - $785,820 - Library operating costs
  - $106,840 - Social Service allocations

STREET RECONSTRUCTION PROJECTS

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 10-11.

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.

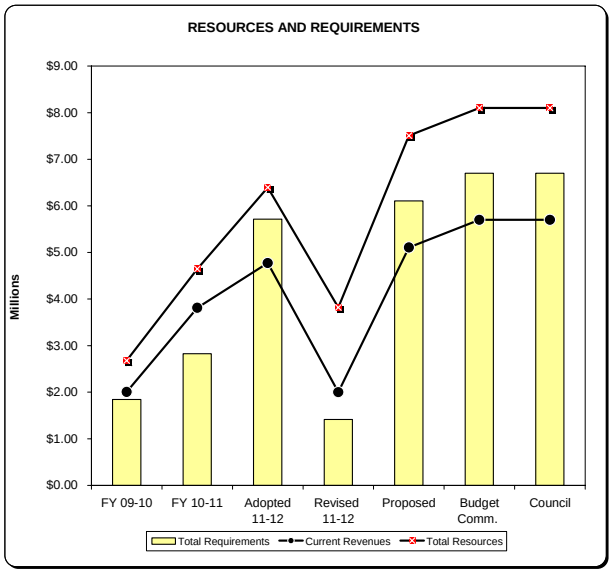
b) **Pension Obligation Debt Service Fund** – to account for revenues and expenditures associated with debt redemption for the Series 2002 A and 2005 A Pension Obligation Bonds. Major revenue sources include payments from operating funds for their proportion of annual debt service. Expenditures are for principal and interest for debt retirement.

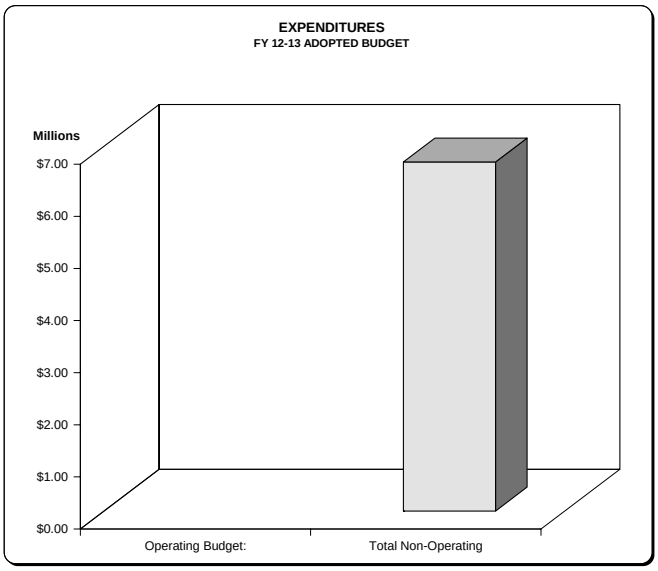
Permanent Funds – to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs.

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 2009-10	ACTUAL 2010-11	ADOPTED BUDGET 2011-12	REVISED 2011-12	PROPOSED BUDGET 2012-13	COMMISSION RECOMMENDED 2012-13	COUNCIL APPROVED 2012-13
Resources:							
Beginning Fund Balance	$670,242	$832,722	$1,623,782	$1,817,692	$2,401,849	$2,401,849	$2,401,849
Intergovernmental	$705,234	$868,706	$2,233,470	$910,380	$2,322,790	$2,355,790	$2,355,790
Miscellaneous	89,904	31,037	321,870	99,630	468,840	468,840	468,840
Transfers In	1,211,352	812,649	2,216,268	991,020	2,315,243	2,875,243	2,875,243
Other Financing Sources	0	2,100,000	0	0	0	0	0
Current Revenues	$2,006,490	$3,812,392	$4,771,608	$2,001,030	$5,106,873	$5,699,873	$5,699,873
Total Resources	$2,676,732	$4,645,114	$6,395,390	$3,818,722	$7,508,722	$8,101,722	$8,101,722
Requirements:							
Operating Budget:							
Non-Operating:							
Capital Projects	$1,844,010	$2,752,422	$5,715,313	$1,416,873	$6,105,818	$6,698,818	$6,698,818
Transfers Out	0	75,000	0	0	0	0	0
Total Non-Operating	$1,844,010	$2,827,422	$5,715,313	$1,416,873	$6,105,818	$6,698,818	$6,698,818
Total Requirements	$1,844,010	$2,827,422	$5,715,313	$1,416,873	$6,105,818	$6,698,818	$6,698,818
Ending Budgetary Fund Balance	$832,722	$1,817,692	$680,077	$2,401,849	$1,402,904	$1,402,904	$1,402,904





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 the design of Fire Department Facilities Relocation.
- Reconstruct 11th Street, North of Maple.
- Construct 9th Street Pedestrian Crossing south of Spruce Street.
- Build the first phase of the Corvallis to Albany Trail.
- Install traffic signal at 26th Street and Western Boulevard.
- Complete sidewalk infill project.
- 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 11-12 HIGHLIGHTS:

- Completed street reconstruction of 9th Street, between Monroe and Jefferson.
- Designed the Advanced Transportation Management System.
- Constructed Circle Boulevard Pedestrian Crossings.
- Initiated design and site planning for the Fire Department Facilities Relocation project.

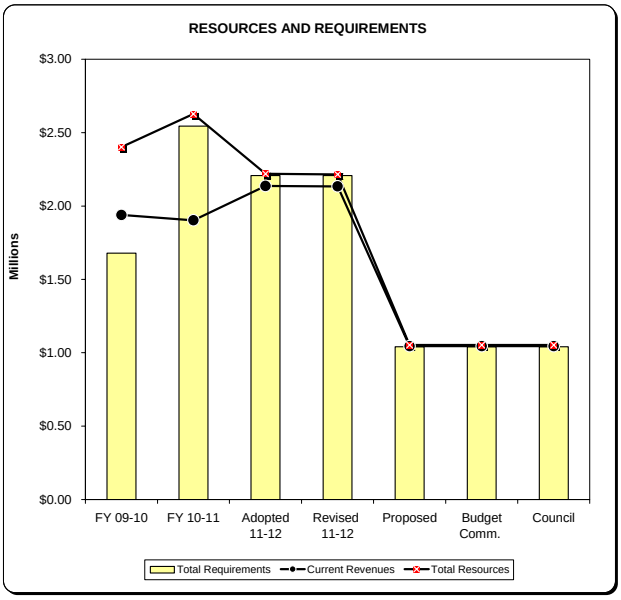
Department	ACTUAL 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	% CHANGE FROM 11-12 BUDGET
Fire	$0	$7,595	$886,000	$103,000	$774,290	-12.61%
Park and Recreation	360,530	230,276	858,243	322,193	1,590,698	85.34%
Public Works	1,483,480	2,514,551	3,971,070	991,680	4,333,830	9.14%
Total	$1,844,010	$2,752,422	$5,715,313	$1,416,873	$6,698,818	17.21%
Staffing Levels	5.290	5.710	5.600	5.600	5.600	0.00%

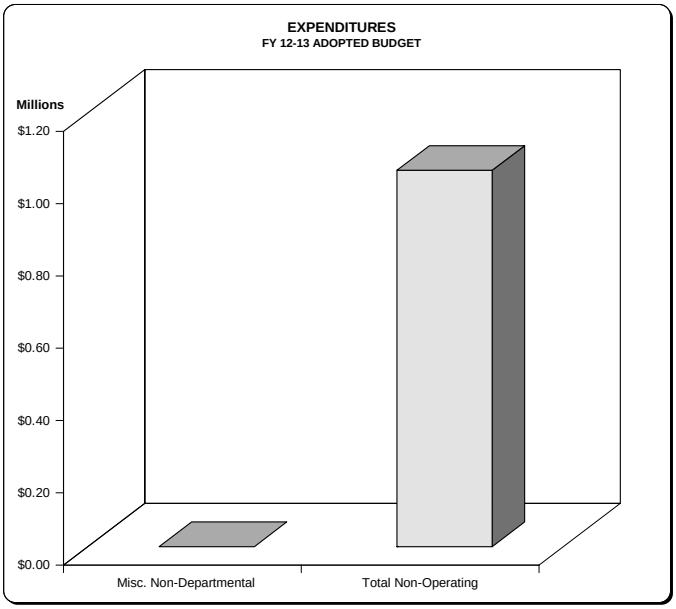
Circle Boulevard Pedestrian Crossing Project

Beca Rain Garden Project

GENERAL OBLIGATION DEBT SERVICE FUND SUMMARY

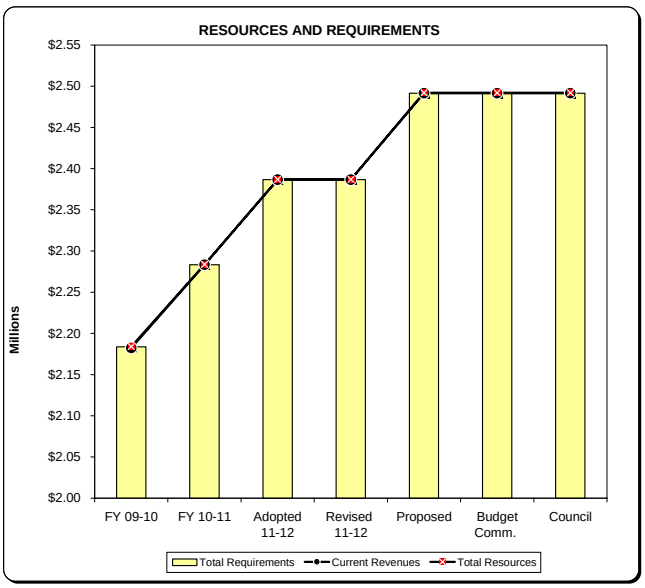
	ACTUAL 2009-10	ACTUAL 2010-11	ADOPTED BUDGET 2011-12	REVISED 2011-12	PROPOSED BUDGET 2012-13	COMMISSION RECOMMENDED 2012-13	COUNCIL APPROVED 2012-13
Resources:							
Beginning Fund Balance	$463,862	$724,090	$83,250	$82,057	$7,807	$7,807	$7,807
Property Taxes	$1,933,343	$1,899,303	$2,130,000	$2,130,000	$1,040,800	$1,040,800	$1,040,800
Miscellaneous	5,140	3,638	6,520	3,400	3,910	3,910	3,910
Other Financing Sources	0	0	0	0	0	0	0
Current Revenues	$1,938,483	$1,902,941	$2,136,520	$2,133,400	$1,044,710	$1,044,710	$1,044,710
Total Resources	$2,402,345	$2,627,031	$2,219,770	$2,215,457	$1,052,517	$1,052,517	$1,052,517
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:							
Debt Service - Principal	$1,240,000	$2,165,000	$1,895,000	$1,895,000	$785,000	$785,000	$785,000
Debt Service - Interest	438,255	379,974	312,650	312,650	255,800	255,800	255,800
Total Non-Operating	$1,678,255	$2,544,974	$2,207,650	$2,207,650	$1,040,800	$1,040,800	$1,040,800
Total Requirements	$1,678,255	$2,544,974	$2,207,650	$2,207,650	$1,040,800	$1,040,800	$1,040,800
Ending Budgetary Fund Balance	$724,090	$82,057	$12,120	$7,807	$11,717	$11,717	$11,717

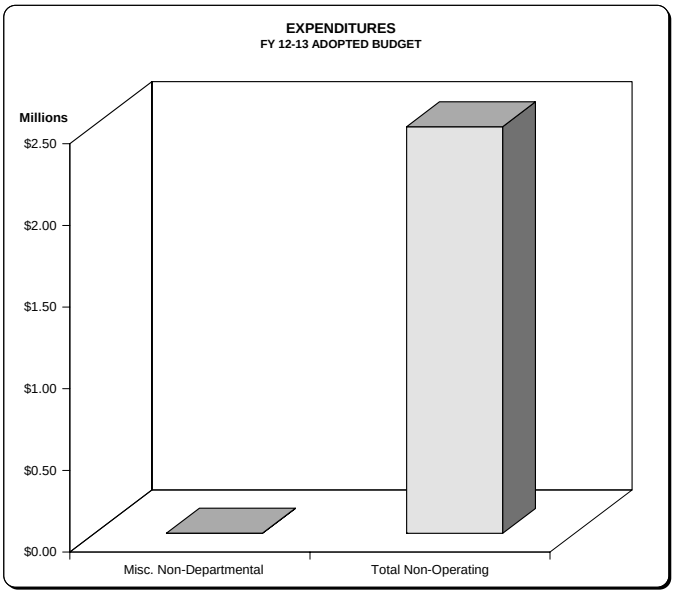




PENSION OBLIGATION DEBT SERVICE FUND SUMMARY

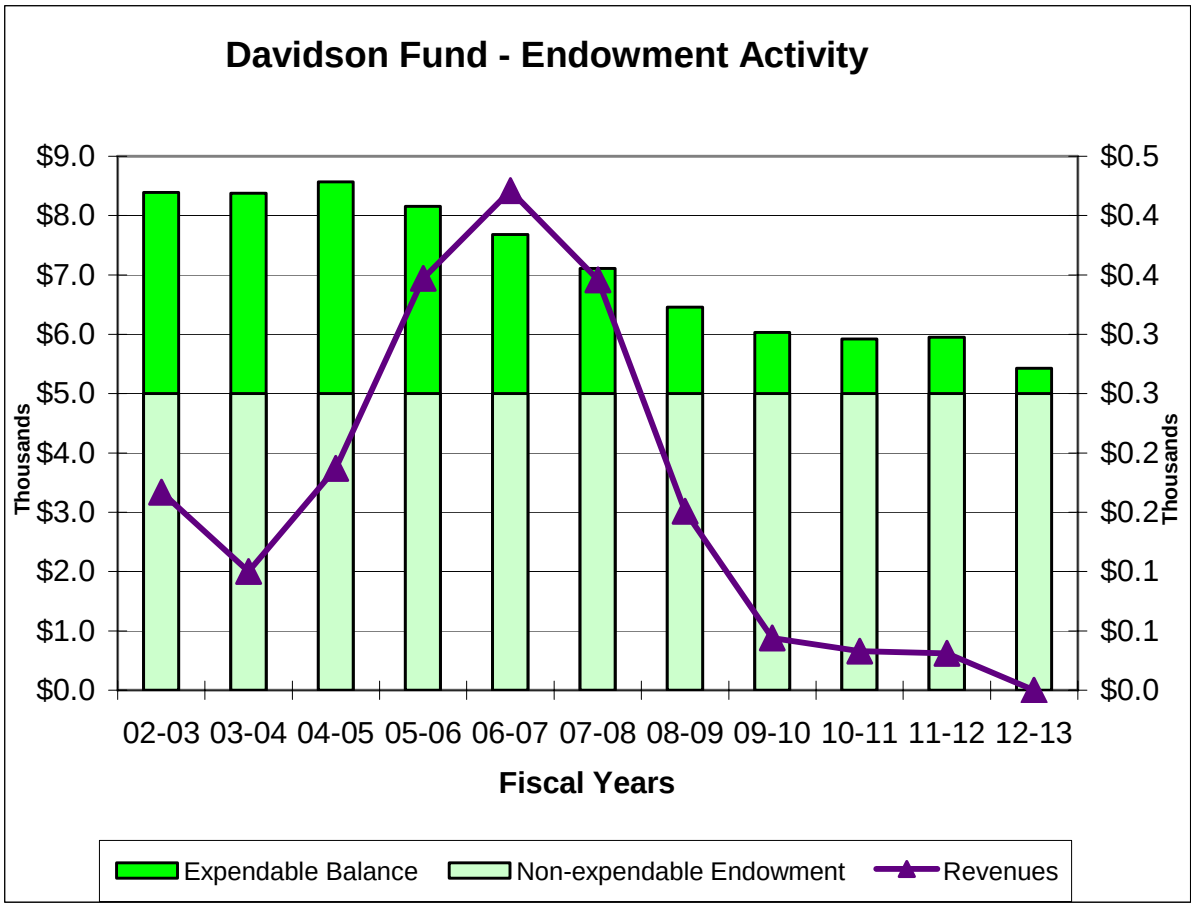
	ACTUAL 2009-10	ACTUAL 2010-11	ADOPTED BUDGET 2011-12	REVISED 2011-12	PROPOSED BUDGET 2012-13	COMMISSION RECOMMENDED 2012-13	COUNCIL APPROVED 2012-13
Resources:							
Beginning Fund Balance	$1,720	$403	$394	$448	$448	$448	$448
Miscellaneous	$20	$27	$0	$0	$0	$0	$0
Transfers In	2,182,260	2,283,290	2,386,510	2,386,510	2,491,610	2,491,610	2,491,610
Current Revenues	$2,182,280	$2,283,317	$2,386,510	$2,386,510	$2,491,610	$2,491,610	$2,491,610
Total Resources	$2,184,000	$2,283,720	$2,386,904	$2,386,958	$2,492,058	$2,492,058	$2,492,058
Requirements:							
Operating Budget:							
Misc. Non-Departmental	$1,350	$1,350	$1,350	$1,350	$1,350	$1,350	$1,350
Total Operating Budget	$1,350	$1,350	$1,350	$1,350	$1,350	$1,350	$1,350
Non-Operating:							
Debt Service - Principal	$349,592	$406,667	$461,770	$461,770	$516,250	$516,250	$516,250
Debt Service - Interest	1,832,655	1,875,255	1,923,390	1,923,390	1,974,010	1,974,010	1,974,010
Total Non-Operating	$2,182,247	$2,281,922	$2,385,160	$2,385,160	$2,490,260	$2,490,260	$2,490,260
Total Requirements	$2,183,597	$2,283,272	$2,386,510	$2,386,510	$2,491,610	$2,491,610	$2,491,610
Ending Budgetary Fund Balance	$403	$448	$394	$448	$448	$448	$448





DAVIDSON FUND SUMMARY

	ACTUAL 2009-10	ACTUAL 2010-11	ADOPTED BUDGET 2011-12	REVISED 2011-12	PROPOSED BUDGET 2012-13	COMMISSION RECOMMENDED 2012-13	COUNCIL APPROVED 2012-13
Resources:							
Beginning Fund Balance	$6,453	$6,031	$5,571	$5,917	$5,927	$5,927	$5,927
Miscellaneous	$44	$33	$60	$10	$0	$0	$0
Current Revenues	$44	$33	$60	$10	$0	$0	$0
Total Resources	$6,497	$6,064	$5,631	$5,927	$5,927	$5,927	$5,927
Requirements:							
Operating Budget:							
Library	$466	$147	$0	$0	$500	$500	$500
Total Requirements	$466	$147	$0	$0	$500	$500	$500
Ending Budgetary Fund Balance	$6,031	$5,917	$5,631	$5,927	$5,427	$5,427	$5,427



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:

- Expenditures will be minimal in FY 12-13 to ensure that the trust's restricted principal of $5,000 remains intact.

FY 11-12 HIGHLIGHTS:

- There were no expenditures in FY 11-12 to ensure that the trust's restricted principal of $5,000 remained intact.

EXPENDITURE BY CLASS	ACTUAL 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	% CHANGE FROM 11-12 BUDGET
Personnel Services	$0	$0	$0	$0	$0	0.00%
Supplies and Services	466	147	0	0	500	0.00%
Capital Outlay	0	0	0	0	0	0.00%
Total	$466	$147	$0	$0	$500	0.00%
EXPENDITURE BY PROGRAM						
Donations	$466	$147	$0	$0	$500	0.00%
Total	$466	$147	$0	$0	$500	0.00%
Staffing Levels	0.00	0.00	0.00	0.00	0.00	0.00%

Fiction shelves at the
Corvallis-Benton County Public Library

ROCK CREEK WATER TREATMENT FACILITY

CORVALLIS MUNICIPAL AIRPORT

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 10-11.

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's, 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.

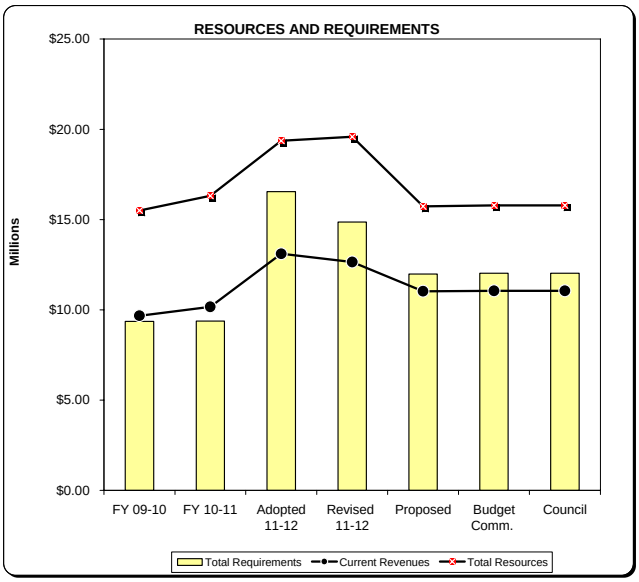
b) **Wastewater Fund** – to account for revenues and expenses associated with operating the City of Corvallis' sanitary sewer collection and treatment facilities. Major revenue sources include charges for service and wastewater SDC's. Expenses include operating costs, debt service for wastewater bonds 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.

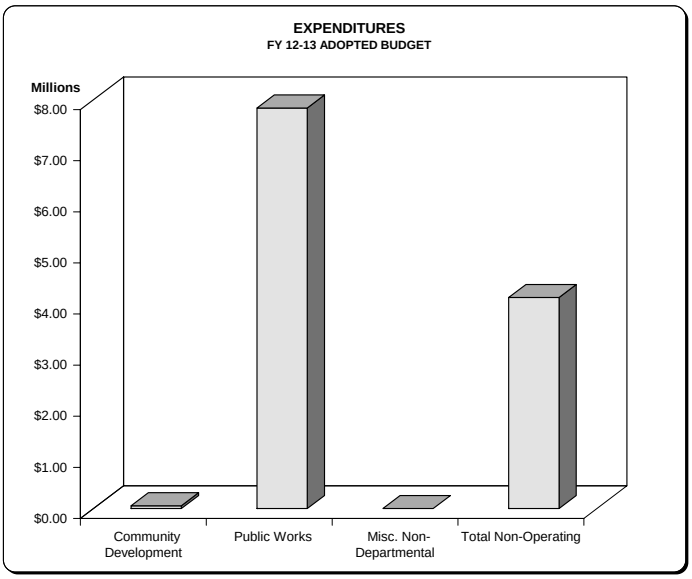
c) **Storm Water Fund** – to account for revenues and expenses associated with operating the City of Corvallis' storm drain system. Major revenue sources include charges for service and storm water SDC's. Expenses include operating costs, debt service for storm water bonds and loans, and capital construction 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 2009-10	ACTUAL 2010-11	ADOPTED BUDGET 2011-12	REVISED 2011-12	PROPOSED BUDGET 2012-13	COMMISSION RECOMMENDED 2012-13	COUNCIL APPROVED 2012-13
Resources:							
Beginning Fund Balance	$5,834,323	$6,146,949	$6,257,099	$6,938,119	$4,700,209	$4,725,209	$4,725,209
Charges for Service	$8,258,499	$8,646,978	$8,857,330	$8,584,730	$8,971,370	$8,971,370	$8,971,370
Intergovernmental	27,238	46,544	33,600	37,750	0	0	0
Fines & Forfeitures	1,018	3,149	0	0	0	0	0
Miscellaneous	365,560	456,870	440,480	592,270	416,800	416,800	416,800
Transfers In	1,017,440	1,017,939	3,778,560	3,435,310	1,645,510	1,670,510	1,670,510
Other Financing Sources	5,790	2,100	0	0	0	0	0
Current Revenues	$9,675,545	$10,173,580	$13,109,970	$12,650,060	$11,033,680	$11,058,680	$11,058,680
Total Resources	$15,509,868	$16,320,529	$19,367,069	$19,588,179	$15,733,889	$15,783,889	$15,783,889
Requirements:							
Operating Budget:							
Community Development	$45,409	$48,327	$51,350	$51,350	$55,770	$55,770	$55,770
Public Works	6,780,740	6,806,636	8,930,510	8,157,640	7,840,490	7,840,490	7,840,490
Misc. Non-Departmental	2,198	0	0	0	0	0	0
Total Operating Budget	$6,828,347	$6,854,963	$8,981,860	$8,208,990	$7,896,260	$7,896,260	$7,896,260
Non-Operating:							
Capital Projects	$297,628	$202,470	$2,366,140	$2,003,060	$1,093,180	$1,118,180	$1,118,180
Transfers Out	1,218,460	1,315,759	3,991,010	3,632,100	1,774,160	1,799,160	1,799,160
Debt Service - Principal	739,858	767,510	815,980	815,980	860,300	860,300	860,300
Debt Service - Interest	278,626	241,708	202,840	202,840	160,860	160,860	160,860
Contingency	0	0	194,670	0	194,060	194,060	194,060
Total Non-Operating	$2,534,572	$2,527,447	$7,570,640	$6,653,980	$4,082,560	$4,132,560	$4,132,560
Total Requirements	$9,362,919	$9,382,410	$16,552,500	$14,862,970	$11,978,820	$12,028,820	$12,028,820
Ending Budgetary Fund Balance	$6,146,949	$6,938,119	$2,814,569	$4,725,209	$3,755,069	$3,755,069	$3,755,069





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

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:

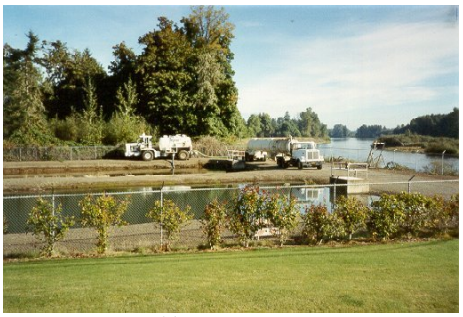
- Coordinate land use concerns with water system planning and implementation efforts.
- Enhance the Division's capabilities to provide public information regarding Water Fund charges for services.

FY 11-12 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 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	% CHANGE FROM 11-12 BUDGET
Personnel Services	$40,408	$43,029	$46,340	$46,340	$48,630	4.94%
Supplies and Services	5,001	5,297	5,010	5,010	7,140	42.51%
Capital Outlay	0	0	0	0	0	0.00%
Total	$45,409	$48,327	$51,350	$51,350	$55,770	8.61%
EXPENDITURE BY PROGRAM						
Administration	$13,042	$13,133	$13,770	$13,770	$15,930	15.69%
Plan Review	24,649	26,939	28,460	28,460	30,630	7.62%
Inspections	129	214	280	280	280	0.00%
Long Range Planning	7,589	8,042	8,840	8,840	8,930	1.02%
Special Projects	0	0	0	0	0	0.00%
Total	$45,409	$48,327	$51,350	$51,350	$55,770	8.61%
Staffing Levels	0.435	0.430	0.500	0.500	0.440	-12.00%

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:

- Work with a consultant, selected through a formal request for proposal process, to complete a review of the current utility rate structure.
- Develop the third phase of the asset management program, which includes collecting asset condition information, and risk and consequence of failure.
- Improve purchasing practices in department operations through the increased use of purchasing cards.
- Foster sustainable practices in department operations.
- Complete design work for treatment plant improvements at the Taylor Water Treatment Plant and the pump station replacement at 36th Street and Grant Avenue.
- Review development proposals and associated public infrastructure design submittals for compliance with City codes, master plans, and standards.

FY 11-12 HIGHLIGHTS:

- Created a first draft of the Asset Management Plan, establishing an asset management policy and framework, asset condition protocol, and asset hierarchy.
- Completed a seismic upgrade to the North Hills Reservoir, and a water line replacement project in Spruce Avenue between 9th Street and Highland Drive.

EXPENDITURE BY CLASS	ACTUAL 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	% CHANGE FROM 11-12 BUDGET
Personnel Services	$749,113	$837,605	$881,940	$845,910	$889,520	0.86%
Supplies and Services	1,978,650	2,039,204	3,587,460	3,231,820	2,479,990	-30.87%
Capital Outlay	397,725	102,985	408,420	27,220	368,270	-9.83%
Total	$3,125,487	$2,979,794	$4,877,820	$4,104,950	$3,737,780	-23.37%
EXPENDITURE BY PROGRAM						
Administration	$1,709,278	$1,769,343	$1,885,010	$1,784,540	$1,832,490	-2.79%
Street Maintenance	137,661	134,876	158,010	158,010	157,780	-0.15%
Mapping/GIS	104,327	112,162	135,140	135,140	133,460	-1.24%
Development Review	146,925	153,281	135,170	135,170	124,930	-7.58%
Engineering Admin/CIP	60,120	77,555	54,700	54,700	76,020	38.98%
Planning and Projects	88,114	98,233	163,010	163,010	140,980	-13.51%
Special Projects	879,062	634,345	2,346,780	1,674,380	1,272,120	-45.79%
Total	$3,125,487	$2,979,794	$4,877,820	$4,104,950	$3,737,780	-23.37%
Staffing Levels	7.590	7.541	7.360	7.360	7.340	-0.27%

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.
- Continue efforts on a five-year project to replace water meters that are read manually with ones that transmit the water consumption information to a central location.

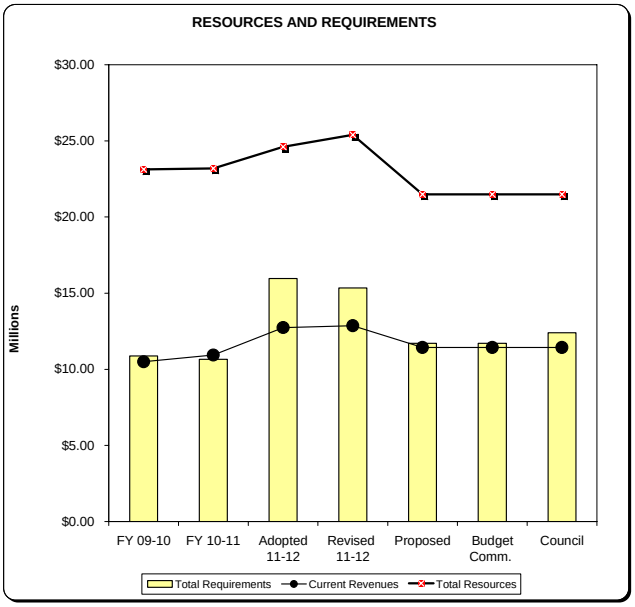
FY 11-12 HIGHLIGHTS

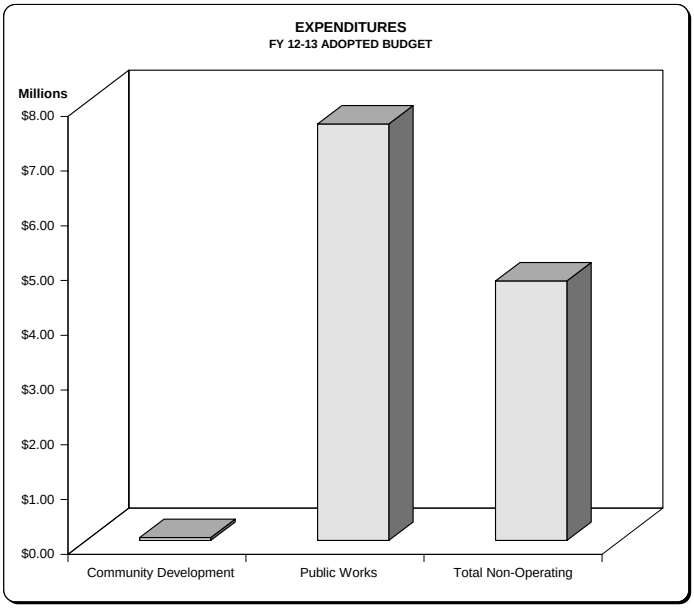
- Completed riparian restoration work along 3,000 feet of Rock Creek on City watershed property.
- Secured federal permits to remove gravel that is impeding the Taylor Water Treatment Plant intake structure.
- Installed 1,000 automated meter reading devices that send consumption reading directly to the billing office.

EXPENDITURE BY CLASS	ACTUAL 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	% CHANGE FROM 11-12 BUDGET
Personnel Services	$2,283,261	$2,419,778	$2,580,450	$2,580,450	$2,629,490	1.90%
Supplies and Services	1,332,220	1,386,359	1,454,740	1,454,740	1,448,220	-0.45%
Capital Outlay	39,773	20,704	17,500	17,500	25,000	42.86%
Total	$3,655,254	$3,826,841	$4,052,690	$4,052,690	$4,102,710	1.23%
EXPENDITURE BY PROGRAM						
Taylor Plant	$835,444	$856,150	$1,006,970	$1,006,970	$1,012,430	0.54%
Rock Creek Plant	303,253	304,618	348,910	348,910	349,370	0.13%
Facility Automation	233,274	245,357	255,460	255,460	264,650	3.60%
Lab Services	113,633	124,022	129,500	129,500	131,650	1.66%
Facility Maintenance	588,612	610,161	659,320	659,320	676,460	2.60%
Water Distribution	1,433,006	1,536,090	1,464,430	1,464,430	1,480,780	1.12%
Conservation/Pollution Prev.	46,691	52,641	77,510	77,510	78,860	1.74%
Watershed Management	101,341	97,803	110,590	110,590	108,510	-1.88%
Total	$3,655,254	$3,826,841	$4,052,690	$4,052,690	$4,102,710	1.23%
Staffing Levels	25.100	25.100	25.300	25.300	25.300	0.00%

WASTEWATER FUND SUMMARY

	ACTUAL 2009-10	ACTUAL 2010-11	ADOPTED BUDGET 2011-12	REVISED 2011-12	PROPOSED BUDGET 2012-13	COMMISSION RECOMMENDED 2012-13	COUNCIL APPROVED 2012-13
Resources:							
Beginning Fund Balance	$12,631,344	$12,250,675	$11,869,045	$12,533,100	$10,056,400	$10,056,400	$10,056,400
Charges for Service	$9,264,718	$10,064,001	$9,612,110	$9,802,050	$10,130,890	$10,130,890	$10,130,890
Intergovernmental	0	8,525	0	0	0	0	0
Miscellaneous	108,847	89,079	116,780	86,610	61,500	61,500	61,500
Transfers In	1,122,268	772,351	3,012,270	2,976,910	1,239,520	1,239,520	1,239,520
Current Revenues	$10,495,833	$10,936,347	$12,741,160	$12,865,570	$11,431,910	$11,431,910	$11,431,910
Total Resources	$23,127,177	$23,187,022	$24,610,205	$25,398,670	$21,488,310	$21,488,310	$21,488,310
Requirements:							
Operating Budget:							
Community Development	$44,485	$47,237	$50,380	$50,380	$52,770	$52,770	$52,770
Public Works	6,455,404	6,467,622	7,264,080	6,886,420	6,917,910	6,917,910	7,608,910
Total Operating Budget	$6,499,889	$6,514,859	$7,314,460	$6,936,800	$6,970,680	$6,970,680	$7,661,680
Non-Operating:							
Capital Projects	$753,858	$828,415	$3,012,270	$2,988,420	$905,360	$905,360	$905,360
Transfers Out	1,317,098	1,010,341	3,165,390	3,123,010	1,356,220	1,356,220	1,356,220
Other Financing Uses	0	0	0	0	0	0	0
Debt Service - Principal	1,462,871	1,522,152	1,582,900	1,582,900	1,650,140	1,650,140	1,650,140
Debt Service - Interest	842,786	778,155	711,140	711,140	641,410	641,410	641,410
Contingency	0	0	181,510	0	187,580	187,580	187,580
Total Non-Operating	$4,376,613	$4,139,063	$8,653,210	$8,405,470	$4,740,710	$4,740,710	$4,740,710
Total Requirements	$10,876,502	$10,653,922	$15,967,670	$15,342,270	$11,711,390	$11,711,390	$12,402,390
Ending Budgetary Fund Balance	$12,250,675	$12,533,100	$8,642,535	$10,056,400	$9,776,920	$9,776,920	$9,085,920





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

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 charges for services.

FY 11-12 HIGHLIGHTS:

- Provided information to the public regarding wastewater service availability and SDCs.

EXPENDITURE BY CLASS	ACTUAL 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	% CHANGE FROM 11-12 BUDGET
Personnel Services	$40,408	$43,029	$46,340	$46,340	$48,630	4.94%
Supplies and Services	4,077	4,208	4,040	4,040	4,140	2.48%
Capital Outlay	0	0	0	0	0	0.00%
Total	$44,485	$47,237	$50,380	$50,380	52,770	4.74%
EXPENDITURE BY PROGRAM						
Administration	$12,548	$12,581	$13,400	$13,400	$13,530	0.97%
Plan Review	24,358	26,625	28,140	28,140	30,310	7.71%
Long Range Planning	7,579	8,032	8,840	8,840	8,930	1.02%
Special Projects	0	0	0	0	0	0.00%
Total	$44,485	$47,237	$50,380	$50,380	$52,770	4.74%
Staffing Levels	0.435	0.430	0.500	0.500	0.440	-12.00%

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:

- Work with a consultant, selected through a formal request for proposal process, to complete a review of the current utility rate structure.
- Develop the third phase of the asset management program, which includes collecting asset condition information, and risk and consequence of failure.
- Improve purchasing practices in department operations through the increased use of purchasing cards.
- Foster sustainable practices in department operations.
- Initiate design of the secondary clarifiers at the Wastewater Treatment Plant and construct the annual sewer line replacement project.
- Review development proposals and associated public infrastructure design submittals for compliance with City codes, master plans, and standards.

FY 11-12 HIGHLIGHTS:

- Created a first draft of the Asset Management Plan, establishing an asset management policy and framework, asset condition protocol, and asset hierarchy.
- Completed construction of the Mary's River interceptor sewer, electrical equipment replacement at the Wastewater Treatment Plant, and backyard sewer line replacement at a number of locations.

EXPENDITURE BY CLASS	ACTUAL 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	% CHANGE FROM 11-12 BUDGET
Personnel Services	$789,036	$864,040	$915,240	$794,190	$927,290	1.32%
Supplies and Services	1,973,452	1,981,910	2,378,680	2,199,400	2,657,210	11.71%
Capital Outlay	253,487	3,498	75,090	0	100,990	34.49%
Total	$3,015,975	$2,849,448	$3,369,010	$2,993,590	$3,685,490	9.39%
EXPENDITURE BY PROGRAM						
Administration	$1,692,078	$1,756,673	$1,830,580	$1,621,680	$1,819,260	-0.62%
Street Maintenance	77,156	86,398	87,510	87,510	85,110	-2.74%
Mapping/GIS	99,789	102,982	123,110	123,110	121,620	-1.21%
Development Review	136,297	142,267	198,460	198,460	200,610	1.08%
Engineering Admin/CIP	60,114	77,407	65,900	65,900	92,610	40.53%
Planning and Projects	199,000	210,430	202,060	202,060	164,850	-18.42%
Special Projects	751,542	473,290	861,390	694,870	1,201,430	39.48%
Total	$3,015,975	$2,849,448	$3,369,010	$2,993,590	$3,685,490	9.39%
Staffing Levels	7.830	7.821	7.940	7.940	7.870	-0.88%

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.
- Develop a management plan to comply with the requirements of the DEQ Total Maximum Daily Load (TMDL) regulations on the City's wastewater discharge.

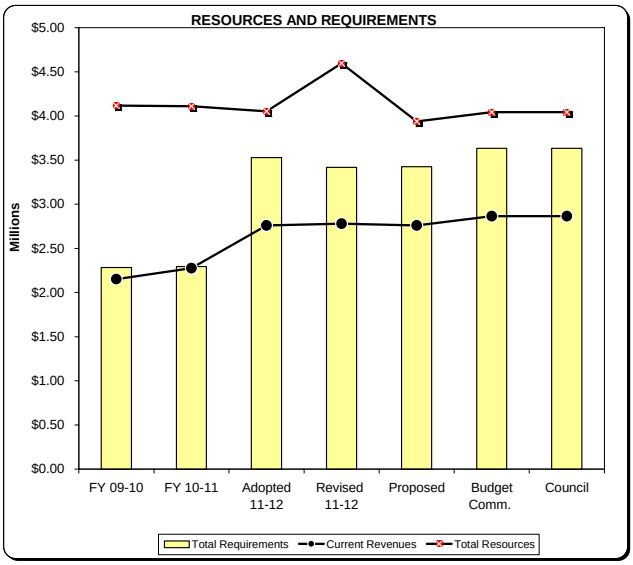
FY 11-12 HIGHLIGHTS:

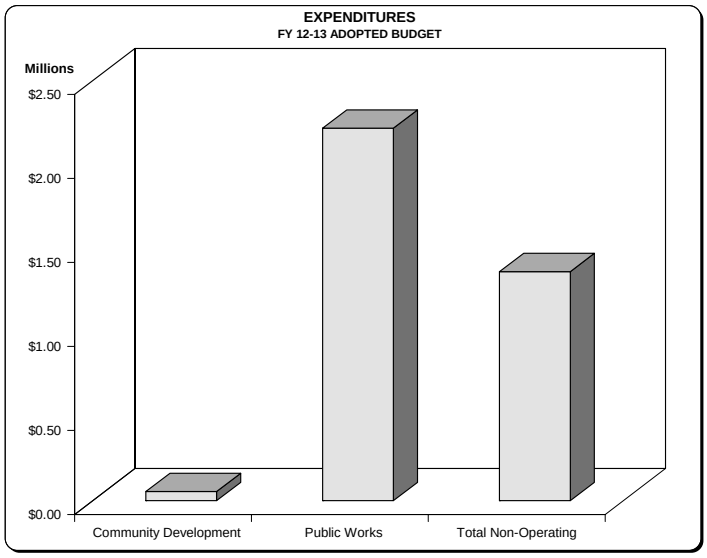
- Met all State and federal regulatory requirements; received a national award recognizing this accomplishment.
- Recycled over one million pounds of bio-solids on local farmland as a soil amendment and nutrient source.
- Completed a community engagement process on the development of alternatives to meet TMDL regulations for the temperature of the City's wastewater discharge.
- Concluded negotiations with the Oregon DEQ to renew the discharge permit for the wastewater reclamation plant.

EXPENDITURE BY CLASS	ACTUAL 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	% CHANGE FROM 11-12 BUDGET
Personnel Services	$2,240,468	$2,376,676	$2,538,020	$2,538,020	$2,555,020	0.67%
Supplies and Services	1,166,802	1,196,592	1,309,550	1,307,310	1,323,530	1.07%
Capital Outlay	32,161	44,907	47,500	47,500	44,870	-5.54%
Total	$3,439,430	$3,618,175	$3,895,070	$3,892,830	$3,923,420	0.73%
EXPENDITURE BY PROGRAM						
Wastewater Plant	$1,232,167	$1,312,612	$1,363,060	$1,360,670	$1,362,890	-0.01%
Biosolids Management	139,725	123,999	149,330	149,330	140,890	-5.65%
United Chrome	19,848	11,422	22,620	22,760	21,970	-2.87%
Pretreatment Program	91,007	70,812	118,710	114,010	133,080	12.11%
Facility Automation	242,748	251,659	265,600	265,600	271,590	2.26%
Lab Services	140,964	158,884	157,850	162,560	146,800	-7.00%
Facility Maintenance	631,697	690,928	715,750	715,750	722,700	0.97%
Wastewater Collection	891,964	948,597	1,050,520	1,050,520	1,073,410	2.18%
Conserv/Pollution Prevention	49,311	49,261	51,630	51,630	50,090	-2.98%
Total	$3,439,430	$3,618,175	$3,895,070	$3,892,830	$3,923,420	0.73%
Staffing Levels	25.150	25.150	25.050	25.050	25.050	0.00%

STORM WATER FUND SUMMARY

	ACTUAL 2009-10	ACTUAL 2010-11	ADOPTED BUDGET 2011-12	REVISED 2011-12	PROPOSED BUDGET 2012-13	COMMISSION RECOMMENDED 2012-13	COUNCIL APPROVED 2012-13
Resources:							
Beginning Fund Balance	$1,965,674	$1,833,574	$1,291,834	$1,815,791	$1,177,701	$1,177,701	$1,177,701
Charges for Service	$1,912,004	$2,052,098	$2,005,440	$2,028,390	$2,134,370	$2,134,370	$2,134,370
Intergovernmental	0	3,127	137,340	209,480	230,360	230,360	230,360
Fines and Forfeitures	100	0	0	0	0	0	0
Miscellaneous	16,206	12,587	16,740	10,990	8,770	8,770	8,770
Transfers In	219,989	207,825	601,310	530,120	386,150	491,150	491,150
Other Financing Sources	4,000	0	0	0	0	0	0
Current Revenues	$2,152,299	$2,275,637	$2,760,830	$2,778,980	$2,759,650	$2,864,650	$2,864,650
Total Resources	$4,117,973	$4,109,211	$4,052,664	$4,594,771	$3,937,351	$4,042,351	$4,042,351
Requirements:							
Operating Budget:							
Community Development	$45,474	$47,825	$52,240	$52,240	$53,670	$53,670	$53,670
Public Works	1,685,348	1,706,316	1,962,260	1,905,400	2,216,440	2,216,440	2,216,440
Misc. Non-Departmental	3,493	0	0	0	0	0	0
Total Operating Budget	$1,734,315	$1,754,141	$2,014,500	$1,957,640	$2,270,110	$2,270,110	$2,270,110
Non-Operating:							
Capital Projects	$206,185	$161,994	$725,910	$788,580	$616,510	$721,510	$721,510
Transfers Out	343,899	377,285	749,060	670,850	494,600	599,600	599,600
Contingency	0	0	39,770	0	42,140	42,140	42,140
Total Non-Operating	$550,084	$539,279	$1,514,740	$1,459,430	$1,153,250	$1,363,250	$1,363,250
Total Requirements	$2,284,399	$2,293,420	$3,529,240	$3,417,070	$3,423,360	$3,633,360	$3,633,360
Ending Budgetary Fund Balance	$1,833,574	$1,815,791	$523,424	$1,177,701	$513,991	$408,991	$408,991





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

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 charges for services.
- Implement storm water quality standards.

FY 11-12 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 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	% CHANGE FROM 11-12 BUDGET
Personnel Services	$40,403	$43,027	$46,340	$46,340	$48,620	4.92%
Supplies and Services	5,070	4,797	5,900	5,900	5,050	-14.41%
Capital Outlay	0	0	0	0	0	0.00%
Total	$45,473	$47,825	$52,240	$52,240	$53,670	2.74%
EXPENDITURE BY PROGRAM						
Administration	$13,407	$12,969	$15,010	$15,010	$14,190	-5.46%
Plan Review	24,358	26,625	28,140	28,140	30,310	7.71%
Inspections	129	200	260	260	260	0.00%
Long Range Planning	7,579	8,030	8,830	8,830	8,910	0.91%
Special Projects	0	0	0	0	0	0.00%
Total	$45,473	$47,825	$52,240	$52,240	$53,670	2.74%
Staffing Levels	0.435	0.430	0.500	0.500	0.440	-12.00%

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:

- Work with a consultant, selected through a formal request for proposal process, to complete a review of the current utility rate structure.
- Develop the third phase of the asset management program, which includes collecting asset condition information, and risk and consequence of failure.
- Improve purchasing practices in department operations through the increased use of purchasing cards.
- Foster sustainable practices in department operations.
- Construct the Dunawi Creek fish barrier removal project at 35th Street; complete planned storm pipe replacement projects.
- Review development proposals and associated public infrastructure design submittals for compliance with City codes, master plans, and standards.

FY 11-12 HIGHLIGHTS:

- Created a first draft of the Asset Management Plan, establishing an asset management policy and framework, asset condition protocol, and asset hierarchy.
- Completed the Beca Rain Gardens project; completed the planned annual pipe replacement project.

EXPENDITURE BY CLASS	ACTUAL 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	% CHANGE FROM 11-12 BUDGET
Personnel Services	$543,204	$598,613	$638,110	$638,110	$664,960	4.21%
Supplies and Services	493,151	524,724	644,170	587,310	777,000	20.62%
Capital Outlay	109,679	0	0	0	92,700	0.00%
Total	$1,146,034	$1,123,337	$1,282,280	$1,225,420	$1,534,660	19.68%
EXPENDITURE BY PROGRAM						
Administration	$382,626	$410,781	$421,160	$420,720	$419,280	-0.45%
Street Maintenance	42,219	41,676	44,810	44,810	43,960	-1.90%
Street Cleaning	185,023	196,283	215,210	215,210	231,830	7.72%
Mapping/GIS	49,522	52,353	63,960	63,960	63,440	-0.81%
Development Review	119,551	122,514	157,500	157,500	167,350	6.25%
Engineering Admin/CIP	49,123	62,891	66,210	66,210	87,740	32.52%
Planning and Projects	162,326	171,439	165,130	165,130	143,130	-13.32%
Special Projects	155,645	65,401	148,300	91,880	377,930	154.84%
Total	$1,146,034	$1,123,337	$1,282,280	$1,225,420	$1,534,660	19.68%
Staffing Levels	6.105	5.971	5.800	5.800	5.960	2.76%

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.
- Update the Storm Water Master Plan.

FY 11-12 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 storm water system discharge permit requirements.
- Constructed rain gardens on Beca Avenue as a pilot for a storm water quality management program.

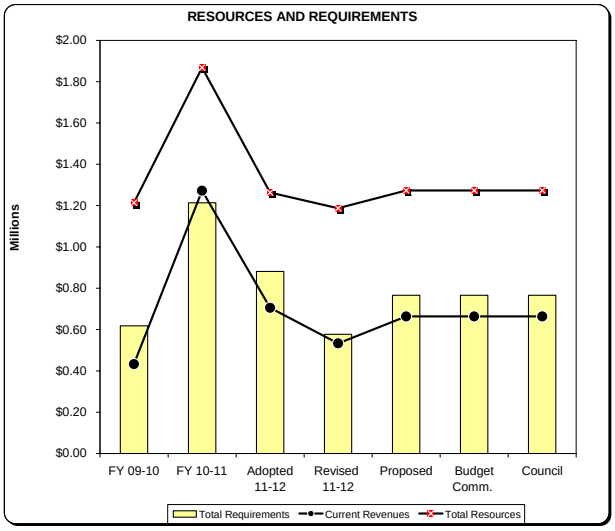
EXPENDITURE BY CLASS	ACTUAL 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	% CHANGE FROM 11-12 BUDGET
Personnel Services	$423,143	$433,010	$514,470	$514,470	$513,260	-0.24%
Supplies and Services	116,171	133,199	165,510	165,510	168,520	1.82%
Capital Outlay	0	16,770	0	0	0	0.00%
Total	$539,314	$582,979	$679,980	$679,980	$681,780	0.26%
EXPENDITURE BY PROGRAM						
Surface Water Management	$441,889	$494,139	$529,750	$529,750	$501,650	-5.30%
Conserv/Pollution Prevention	97,425	88,840	150,230	150,230	180,130	19.90%
Total	$539,314	$582,979	$679,980	$679,980	$681,780	0.26%
Staffing Levels	5.250	5.250	5.650	5.650	5.650	0.00%

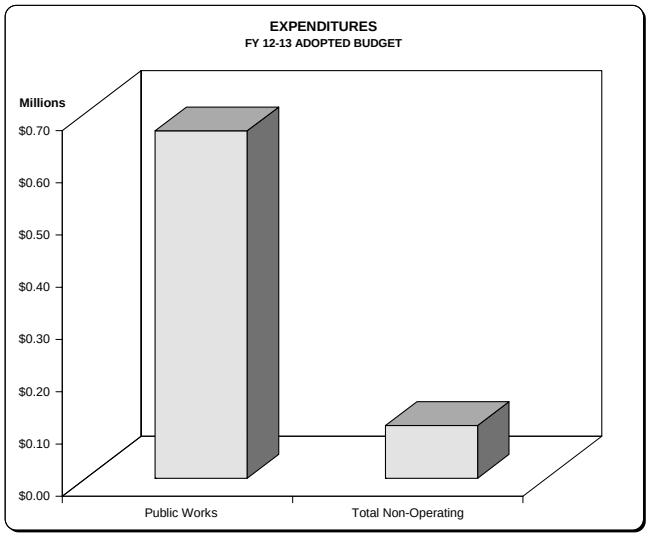
Grand Oaks detention pond

Storm Water basin

AIRPORT FUND SUMMARY

	ACTUAL 2009-10	ACTUAL 2010-11	ADOPTED BUDGET 2011-12	REVISED 2011-12	PROPOSED BUDGET 2012-13	COMMISSION RECOMMENDED 2012-13	COUNCIL APPROVED 2012-13
Resources:							
Beginning Fund Balance	$780,902	$595,659	$557,792	$654,441	$610,421	$610,421	$610,421
Licenses & Permits	$4,297	$4,450	$2,500	$5,000	$5,000	$5,000	$5,000
Charges for Service	390,113	394,785	392,500	447,100	398,500	398,500	398,500
Intergovernmental	18,961	670,551	296,761	100,080	247,500	247,500	247,500
Miscellaneous	11,371	11,848	13,580	10,210	9,570	9,570	9,570
Transfers In	8,200	188,160	0	(29,410)	2,500	2,500	2,500
Other Financing Sources	0	2,500	0	0	0	0	0
Current Revenues	$432,942	$1,272,294	$705,341	$532,980	$663,070	$663,070	$663,070
Total Resources	$1,213,844	$1,867,953	$1,263,133	$1,187,421	$1,273,491	$1,273,491	$1,273,491
Requirements:							
Operating Budget:							
Public Works	$487,417	$332,064	$820,910	$559,910	$664,940	$664,940	$664,940
Total Operating Budget	$487,417	$332,064	$820,910	$559,910	$664,940	$664,940	$664,940
Non-Operating:							
Capital Projects	$89,174	770,605	$0	$0	$50,000	$50,000	$50,000
Transfers Out	12,120	77,180	13,910	(15,500)	6,950	6,950	6,950
Debt Service - Principal	18,548	23,739	23,940	23,940	24,160	24,160	24,160
Debt Service - Interest	10,926	9,924	8,650	8,650	7,330	7,330	7,330
Contingency	0	0	14,270	0	12,260	12,260	12,260
Total Non-Operating	$130,768	$881,448.00	$60,770	$17,090	$100,700	$100,700	$100,700
Total Requirements	$618,185	$1,213,512	$881,680	$577,000	$765,640	$765,640	$765,640
Ending Budgetary Fund Balance	$595,659	$654,441	$381,453	$610,421	$507,851	$507,851	$507,851





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

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:

- Improve purchasing practices in department operations through the increased use of purchasing cards.
- Foster sustainable practices in all department operations.

FY 11-12 HIGHLIGHTS:

- Completed rehabilitation of rail spurs into the Airport Industrial Park using an Oregon Department of Transportation rail grant.

EXPENDITURE BY CLASS	ACTUAL 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	% CHANGE FROM 11-12 BUDGET
Personnel Services	$7,960	$8,045	$10,660	$10,660	$9,260	-13.13%
Supplies and Services	263,068	99,197	521,870	261,870	381,990	-26.80%
Capital Outlay	20,000	0	0	0	0	0.00%
Total	$291,028	$107,242	$532,530	$272,530	$391,250	-26.53%
EXPENDITURE BY PROGRAM						
Administration	$47,005	$50,311	$48,530	$48,530	$51,010	5.11%
Special Projects	244,023	56,931	484,000	224,000	340,240	-29.70%
Total	$291,028	$107,242	$532,530	$272,530	$391,250	-26.53%
Staffing Levels	0.080	0.080	0.100	0.100	0.100	0.00%

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.
- Continue updating and finalize adoption of the Airport Master Plan.

FY 11-12 HIGHLIGHTS:

- Continued mitigation of wetlands in the 'shovel-ready' portion of the Industrial Park site by construction of enhanced wetlands at the off-site location.

EXPENDITURE BY CLASS	ACTUAL 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	% CHANGE FROM 11-12 BUDGET
Personnel Services	$112,290	$130,218	$159,220	$159,220	$147,190	-7.56%
Supplies and Services	84,098	94,605	129,160	128,160	126,500	-2.06%
Capital Outlay	0	0	0	0	0	0.00%
Total	$196,388	$224,823	$288,380	$287,380	$273,690	-5.09%
EXPENDITURE BY PROGRAM						
Airport Operations	$196,388	$224,823	$288,380	$287,380	$273,690	-5.09%
Total	$196,388	$224,823	$288,380	$287,380	$273,690	-5.09%
Staffing Levels	1.500	1.500	1.600	1.600	1.600	0.00%

Airport Industrial park Building

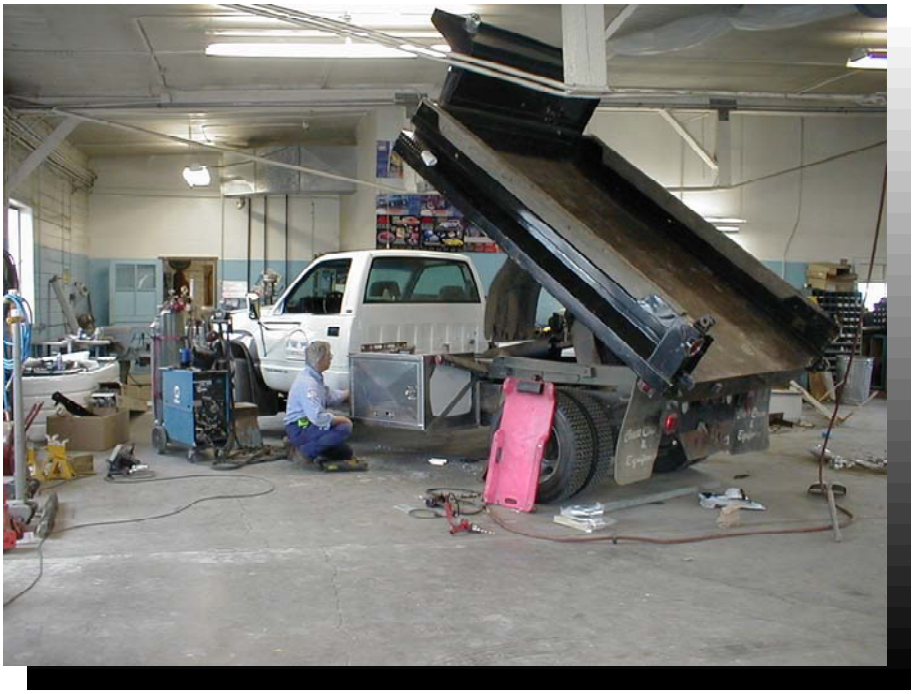
Airport Industrial Park

CORVALLIS

ENHANCING COMMUNITY LIVABILITY

CORVALLIS FINANCE DEPARTMENT

PUBLIC WORKS GARAGE FACILITIES



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 10-11.

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.

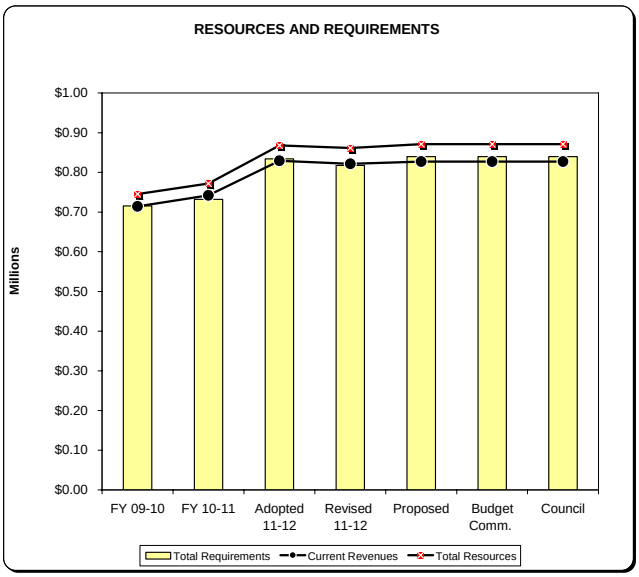
c) **Technology and Communications –** to account for revenue and expenses associated with operating the City of Corvallis' central computer and telephone systems. The major source of revenue is charges for service paid by operating departments based on a cost allocation plan. Expenses are for maintenance 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.

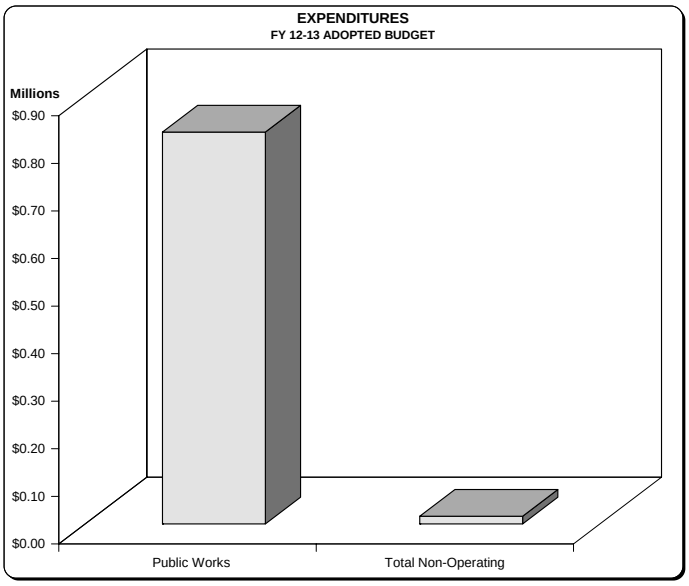
d) **Administrative Services –** to account for revenue and expenses associated with providing administrative services to all City departments. The major source of revenue is charges for service paid by operating funds based on a cost allocation formula. Expenses are for the operations of governance 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. Should there be a surplus operating balance at year-end, contributing funds/departments receive a dividend based on claims experience.

FLEET MAINTENANCE FUND SUMMARY

	ACTUAL 2009-10	ACTUAL 2010-11	ADOPTED BUDGET 2011-12	REVISED 2011-12	PROPOSED BUDGET 2012-13	COMMISSION RECOMMENDED 2012-13	COUNCIL APPROVED 2012-13
Resources:							
Beginning Fund Balance	$30,988	$29,823	$38,883	$39,862	$43,802	$43,802	$43,802
Charges for Service	$712,438	$740,062	$827,500	$820,000	$825,910	$825,910	$825,910
Intergovernmental	0	32	0	0	0	0	0
Miscellaneous	1,995	1,744	1,530	1,470	1,340	1,340	1,340
Current Revenues	$714,433	$741,838	$829,030	$821,470	$827,250	$827,250	$827,250
Total Resources	$745,421	$771,661	$867,913	$861,332	$871,052	$871,052	$871,052
Requirements:							
Operating Budget:							
Public Works	$715,598	$731,799	$818,030	$817,530	$823,610	$823,610	$823,610
Total Operating Budget	$715,598	$731,799	$818,030	$817,530	$823,610	$823,610	$823,610
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	$715,598	$731,799	$834,030	$817,530	$839,610	$839,610	$839,610
Ending Budgetary Fund Balance	$29,823	$39,862	$33,883	$43,802	$31,442	$31,442	$31,442





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

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.

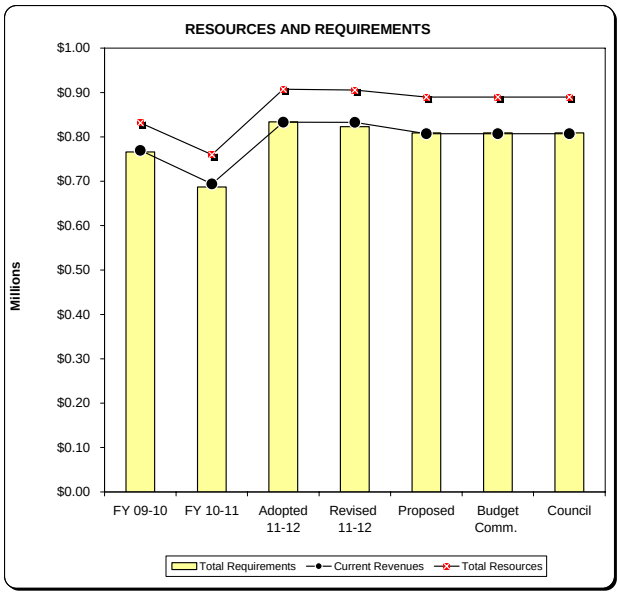
FY 11-12 HIGHLIGHTS:

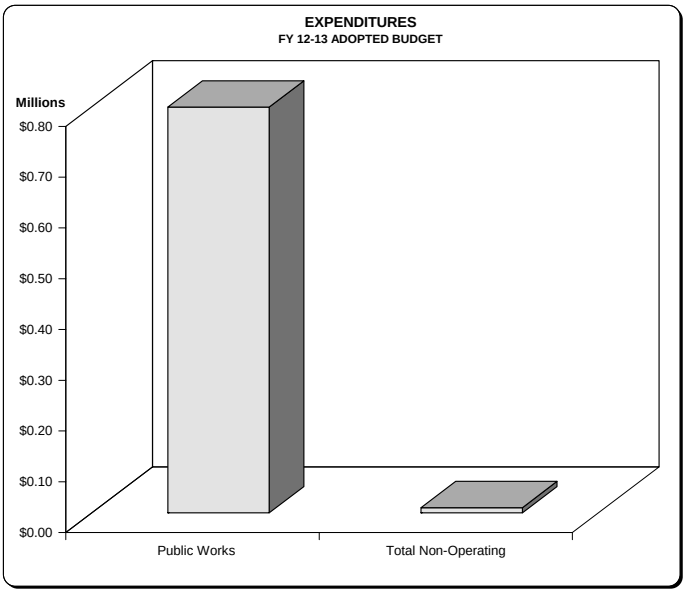
- Purchased replacement vehicles and a new diagnosis system to allow for additional maintenance work to be performed in-house.

EXPENDITURE BY CLASS	ACTUAL 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	% CHANGE FROM 11-12 BUDGET
Personnel Services	$219,077	$194,095	$211,800	$211,800	$207,970	-1.81%
Supplies and Services	468,621	532,200	606,230	605,730	615,640	1.55%
Capital Outlay	27,901	5,505	0	0	0	0.00%
Total	$715,598	$731,800	$818,030	$817,530	$823,610	0.68%
EXPENDITURE BY PROGRAM						
Transportation and Buildings	$687,697	$725,337	$811,630	$811,130	$817,210	0.69%
Special Projects	27,901	6,462	6,400	6,400	6,400	0.00%
Total	$715,598	$731,800	$818,030	$817,530	$823,610	0.68%
Staffing Levels	2.720	2.670	2.210	2.210	2.210	0.00%

FACILITY MAINTENANCE FUND SUMMARY

	ACTUAL 2009-10	ACTUAL 2010-11	ADOPTED BUDGET 2011-12	REVISED 2011-12	PROPOSED BUDGET 2012-13	COMMISSION RECOMMENDED 2012-13	COUNCIL APPROVED 2012-13
Resources:							
Beginning Fund Balance	$62,441	$65,862	$74,212	$72,573	$82,333	$82,333	$82,333
Charges for Service	$757,044	$691,910	$829,890	$829,890	$804,490	$804,490	$804,490
Miscellaneous	12,408	2,063	3,290	2,950	2,710	2,710	2,710
Current Revenues	$769,452	$693,973	$833,180	$832,840	$807,200	$807,200	$807,200
Total Resources	$831,893	$759,835	$907,392	$905,413	$889,533	$889,533	$889,533
Requirements:							
Operating Budget:							
Public Works	$766,031	$687,262	$823,880	$823,080	$799,160	$799,160	$799,160
Total Operating Budget	766,031	$687,262	$823,880	$823,080	$799,160	$799,160	$799,160
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	$766,031	$687,262	$833,880	$823,080	$809,160	$809,160	$809,160
Ending Budgetary Fund Balance	$65,862	$72,573	$73,512	$82,333	$80,373	$80,373	$80,373





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

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.

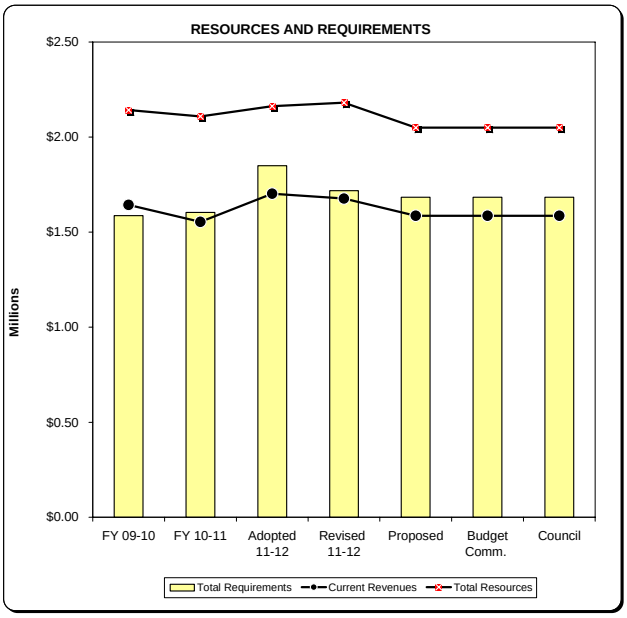
FY 11-12 HIGHLIGHTS:

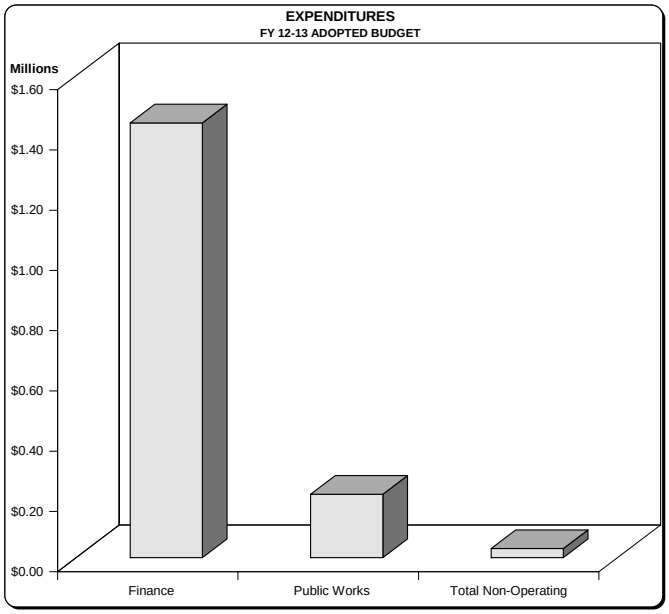
- Replaced the chiller system on the Corvallis Benton County Library.
- Replaced mechanical systems at the Public Works complex and balanced the electrical load.
- Completed a fuel pump system evaluation and associated repairs.

EXPENDITURE BY CLASS	ACTUAL 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	% CHANGE FROM 11-12 BUDGET
Personnel Services	$431,262	$376,921	$466,660	$466,660	$457,110	-2.05%
Supplies and Services	321,119	310,341	357,220	356,420	342,050	-4.25%
Capital Outlay	13,650	0	0	0	0	0.00%
Total	$766,031	$687,262	$823,880	$823,080	$799,160	-3.00%
EXPENDITURE BY PROGRAM						
Facilities Maintenance	$684,054	$633,519	$761,410	$760,610	$745,160	-2.13%
Special Projects	81,977	53,742	62,470	62,470	54,000	-13.56%
Total	$766,031	$687,262	$823,880	$823,080	$799,160	-3.00%
Staffing Levels	4.220	4.230	4.250	4.250	4.220	-0.71%

TECHNOLOGY AND COMMUNICATIONS FUND SUMMARY

	ACTUAL 2009-10	ACTUAL 2010-11	ADOPTED BUDGET 2011-12	REVISED 2011-12	PROPOSED BUDGET 2012-13	COMMISSION RECOMMENDED 2012-13	COUNCIL APPROVED 2012-13
Resources:							
Beginning Fund Balance	$498,947	$555,185	$459,844	$505,008	$463,438	$463,438	$463,438
Charges for Service	$1,638,622	$1,549,293	$1,696,480	$1,672,480	$1,583,240	$1,583,240	$1,583,240
Miscellaneous	4,865	4,622	6,160	4,150	3,420	3,420	3,420
Current Revenues	$1,643,487	$1,553,915	$1,702,640	$1,676,630	$1,586,660	$1,586,660	$1,586,660
Total Resources	$2,142,434	$2,109,100	$2,162,484	$2,181,638	$2,050,098	$2,050,098	$2,050,098
Requirements:							
Operating Budget:							
Finance	$1,387,856	$1,426,463	$1,607,720	$1,529,720	$1,443,300	$1,443,300	$1,443,300
Public Works	199,393	177,629	211,580	188,480	210,750	210,750	210,750
Total Operating Budget	$1,587,249	$1,604,092	$1,819,300	$1,718,200	$1,654,050	$1,654,050	$1,654,050
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	$1,587,249	$1,604,092	$1,849,300	$1,718,200	$1,684,050	$1,684,050	$1,684,050
Ending Budgetary Fund Balance	$555,185	$505,008	$313,184	$463,438	$366,048	$366,048	$366,048





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

RESPONSIBILITIES:

- Provide long-term technology planning and consulting services when departments acquire and implement technology systems and business applications.
- Support the networking infrastructure that provides information access and connectivity to securely access hosted applications as well as provide Internet access.
- Manage, support and host various business applications to maintain productivity and collaboration tools such as Office Suite and email services.
- Install, configure and support personal computers, hardware and software, peripherals, print, and fax services as well as train staff on use of technology.
- Provide help desk support for end users.

WORK PLAN:

- Work on completing the Accela Automation upgrade for the Community Development Department including Interactive Voice Response (IVR) and Geographic Information System (GIS) modules.
- Continue work on adopting industry best practices for electronic records classification and management.
- Complete discussion with Benton County Information Technology department to determine whether collaborative reorganization may warrant joint action by the City and the County.
- Upgrade the Finance Department enterprise financial software system to a service-oriented architecture allowing for a software application that is far more flexible in responding to customer needs than the current legacy system.

FY 11-12 HIGHLIGHTS:

- Made progress on implementation of improved electronic records classification and management.
- Completed the deployment of Microsoft Office Suite upgrade, SharePoint and Exchange 2010, Windows 7 as the new client Operating System standard.
- Upgraded City Internet Web site and added themes for specific frequently used services such as transit and recreation.
- Continued discussion with the Benton County Information Technology department to determine whether collaborative reorganization may warrant joint action by the City and the County.
- Implemented an Advanced Metering Infrastructure for water meters.
- Installed video arraignment equipment for communication between Municipal Court and the Benton County Corrections Facility.
- Deployed two-way audio-visual video conferencing system for Fire Department training purposes.

EXPENDITURE BY CLASS	ACTUAL 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	% CHANGE FROM 11-12 BUDGET
Personnel Services	$1,050,767	$1,102,617	$1,105,860	$1,105,860	$1,022,850	-7.51%
Supplies and Services	309,281	268,876	336,860	413,860	305,450	-9.32%
Capital Outlay	27,807	54,970	165,000	10,000	115,000	-30.30%
Total	$1,387,855	$1,426,463	$1,607,720	$1,529,720	$1,443,300	-10.23%
EXPENDITURE BY PROGRAM						
Management Information Service	$1,176,003	$1,191,721	$1,166,940	$1,148,940	$1,080,120	-7.44%
Financial Information Services	211,852	207,248	238,280	238,280	258,180	8.35%
Special Projects	0	27,495	202,500	142,500	105,000	-48.15%
Total	$1,387,855	$1,426,463	$1,607,720	$1,529,720	$1,443,300	-10.23%
Staffing Levels	11.00	11.00	10.00	10.00	9.00	-10.00%

Note: Staffing level changes in FY 12-13 to balance the budget includes 1.00 FTE reduction to System Administrator position.

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 11-12 HIGHLIGHTS:

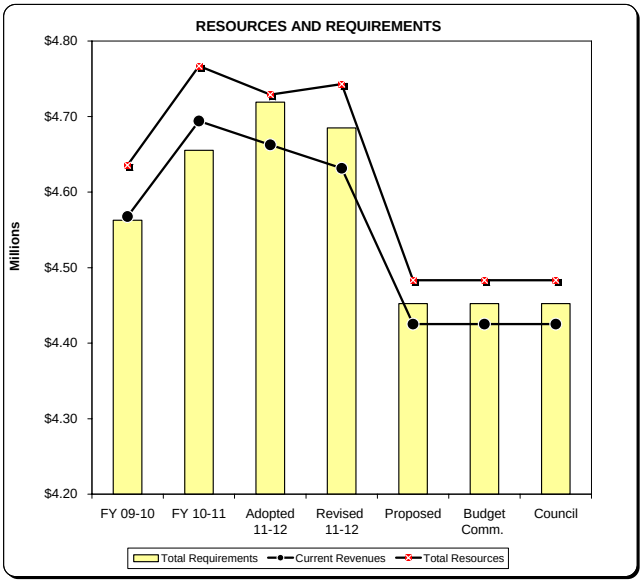
- The phone system at fire substations were replaced, reducing costs and improving reliability.
- Replaced the voicemail system server.
- Reconfigured the emergency phone system for the Emergency Operations Center (EOC) implementation during the January 2012 flood event.

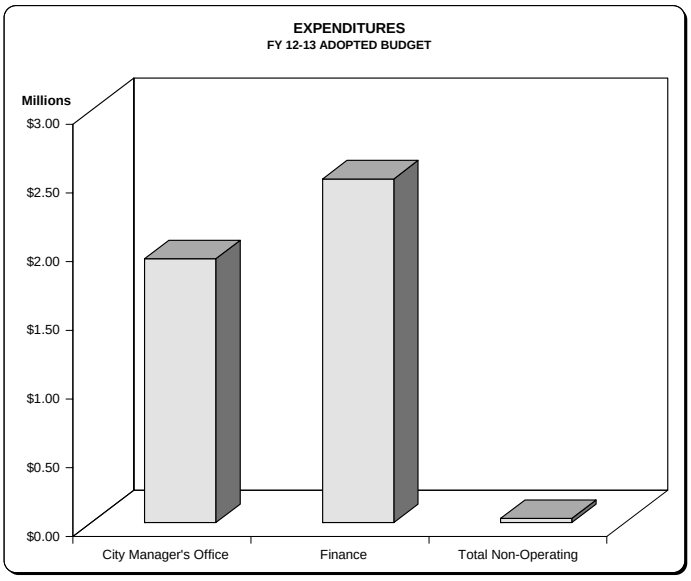
EXPENDITURE BY CLASS	ACTUAL 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	% CHANGE FROM 11-12 BUDGET
Personnel Services	$103,613	$69,640	$76,400	$76,400	$70,230	-8.08%
Supplies and Services	95,779	85,879	113,960	112,080	118,660	4.12%
Capital Outlay	0	22,110	21,220	0	21,860	3.02%
Total	$199,393	$177,629	$211,580	$188,480	$210,750	-0.39%
EXPENDITURE BY PROGRAM						
Communication	$57,524	$0	$0	$0	$0	0.00%
Telephone Services	141,869	155,519	185,610	183,730	179,140	-3.49%
Special Projects	0	22,110	25,970	4,750	31,610	21.72%
Total	$199,393	$177,629	$211,580	$188,480	$210,750	-0.39%
Staffing Levels	1.30	0.80	0.70	0.70	0.70	0.00%

Telephone system troubleshooting

ADMINISTRATIVE SERVICES FUND SUMMARY

	ACTUAL 2009-10	ACTUAL 2010-11	ADOPTED BUDGET 2011-12	REVISED 2011-12	PROPOSED BUDGET 2012-13	COMMISSION RECOMMENDED 2012-13	COUNCIL APPROVED 2012-13
Resources:							
Beginning Fund Balance	$68,116	$72,844	$66,494	$111,609	$58,234	$58,234	$58,234
Charges for Service	$4,550,450	$4,685,490	$4,652,730	$4,622,730	$4,407,520	$4,407,520	$4,407,520
Miscellaneous	8,678	8,472	9,820	8,695	17,570	17,570	17,570
Other Financing Sources	8,379	0	0	0	0	0	0
Current Revenues	$4,567,507	$4,693,962	$4,662,550	$4,631,425	$4,425,090	$4,425,090	$4,425,090
Total Resources	$4,635,623	$4,766,806	$4,729,044	$4,743,034	$4,483,324	$4,483,324	$4,483,324
Requirements:							
Operating Budget:							
City Manager's Office	$2,003,998	$2,122,105	$2,100,260	$2,100,260	$1,920,720	$1,920,720	$1,920,720
Finance	2,558,781	2,533,092	2,588,650	2,584,540	2,501,750	2,501,750	2,501,750
Total Operating Budget	$4,562,779	$4,655,197	$4,688,910	$4,684,800	$4,422,470	$4,422,470	$4,422,470
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	$4,562,779	$4,655,197	$4,718,910	$4,684,800	$4,452,470	$4,452,470	$4,452,470
Ending Budgetary Fund Balance	$72,844	$111,609	$10,134	$58,234	$30,854	$30,854	$30,854





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

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:

- Coordinate election activities for the 2013-2014 City Council and provide support for the new City Council.
- Implement 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.
- Work with Oregon State University's Survey Research Center to conduct the 2012 Citizen Attitude Survey.
- Successfully transition "the City" newsletter to an online only version.

FY 11-12 HIGHLIGHTS:

- Hired new City Manager Jim Patterson in October 2011.
- Remodeled the City Hall lobby and established the Ambassador volunteer program to provide a more welcoming presence and outstanding customer service to City Hall visitors.
- Established five overarching core responsibilities, including livability, infrastructure, public safety, resident well being, and economic vitality, which are used for managing City government and preparing a balanced budget.

EXPENDITURE BY CLASS	ACTUAL 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	% CHANGE FROM 11-12 BUDGET
Personnel Services	$732,765	$822,757	$761,290	$755,720	$719,920	-5.43%
Supplies and Services	627,897	631,603	594,670	598,960	545,210	-8.32%
Capital Outlay	0	0	0	0	0	0.00%
Total	$1,360,662	$1,454,360	$1,355,960	$1,354,680	$1,265,130	-6.70%
EXPENDITURE BY PROGRAM						
Governance	$1,316,312	$1,416,807	$1,312,160	$1,308,750	$1,250,130	-4.73%
Special Projects	44,350	37,553	43,800	45,930	15,000	-65.75%
Total	$1,360,662	$1,454,360	$1,355,960	$1,354,680	$1,265,130	-6.70%
Staffing Levels	5.500	5.500	5.500	5.500	5.500	0.00%

The City Manager's Office provides Citywide leadership and manages the overall operation of City services.

The City Manager's Office works with State and federal agencies and other local governments.

The City's Website at www.ci.corvallis.or.us is a valuable resource for information about City programs and services.

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 through value-based benefits and wellness programs.
- Complete the assessment of collaboration opportunities with Benton County.
- Conduct the 2012 Employee Survey.

FY 11-12 HIGHLIGHTS:

- Ratified agreement with American Federation of State, County and Municipal Employees (AFSCME).
- Revised Council policy on compensation to support Council goals.
- Implemented new deferred compensation vendor agreement to lower employee costs to meet the City's fiduciary responsibilities.
- Convened health primer process for labor leadership.

EXPENDITURE BY CLASS	ACTUAL 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	% CHANGE FROM 11-12 BUDGET
Personnel Services	$554,385	$585,314	$643,570	$632,160	$532,700	-17.23%
Supplies and Services	88,951	82,430	100,730	113,420	122,890	22.00%
Capital Outlay	0	0	0	0	0	0.00%
Total	$643,336	$667,744	$744,300	$745,580	$655,590	-11.92%
EXPENDITURE BY PROGRAM						
Human Resources	$643,336	$667,744	$744,300	$745,580	$655,590	-11.92%
Total	$643,336	$667,744	$744,300	$745,580	$655,590	-11.92%
Staffing Levels	4.500	4.500	4.250	4.250	3.300	-22.35%

NOTE: In FY 12-13, the Human Resources Manager position was eliminated to balance the budget; this was slightly offset by a 0.05 increase to the Human Resources Specialist.

Human Resources provides professional human resource services to City employees and facilitates recruitments to fill vacant positions.

Human Resources works with AFSCME, CPOA, International Association of Fire Fighters (IAFF), and the Corvallis Regional Communications Center Association (CRCCA) to negotiate labor agreements

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 continuing to explore 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.
- Finalize work in developing classification of electronic records management system.
- Complete installation and new route development for next generation fixed-base radio read technology for water meters.
- Implement on-line payment option through Click-2-Gov for Municipal Court customers.

FY 11-12 HIGHLIGHTS:

- Updated Purchasing Manual and related contract forms.
- Implemented an interactive voice response system for City Services customers to provide access 24/7 for telephone payments.
- Completed and submitted documentation to meet City County Insurance Services premium incentive requirements.
- Began installation and training of next generation FlexNet fixed-base meter reading solution

EXPENDITURE BY CLASS	ACTUAL 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	% CHANGE FROM 11-12 BUDGET
Personnel Services	$748,088	$726,456	$729,470	$728,970	$738,300	1.21%
Supplies and Services	327,170	318,340	327,470	323,390	339,200	3.58%
Capital Outlay	0	0	15,660	15,660	0	-100.00%
Total	$1,075,258	$1,044,796	$1,072,600	$1,068,020	$1,077,500	0.46%
EXPENDITURE BY PROGRAM						
Administration	$489,004	$427,486	$405,660	$401,830	$415,370	2.39%
Utility Billing	577,190	596,343	636,280	635,530	647,130	1.71%
Special Projects	9,064	20,967	30,660	30,660	15,000	-51.08%
Total	$1,075,258	$1,044,796	$1,072,600	$1,068,020	$1,077,500	0.46%
Staffing Levels	9.250	7.500	7.000	7.000	7.000	0.00%

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 FY 11/12 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 GFOA-Award winning, balanced, FY 13-14 budget to be adopted by City Council.
- Continue focus on streamlining department procedures for increased efficiency and improved customer service.
- Convert to OneSolution Financial system software.
- Pursue cost savings and increased efficiencies by expanding the existing purchasing card program.

FY 11-12 HIGHLIGHTS:

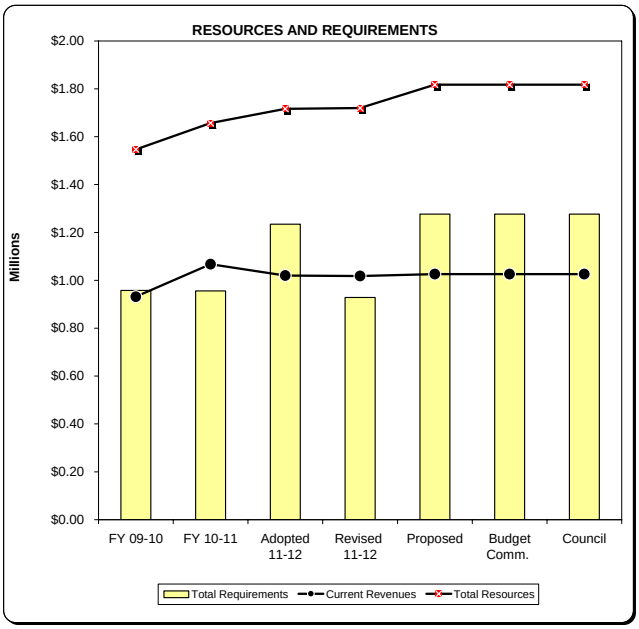
- Prepared a balanced FY 12-13 budget which was adopted by City Council.
- Prepared and submitted the FY 10-11 CAFR receiving an unqualified auditor's opinion.
- Implemented the Defined Contribution Plans Fiduciary (DCPF) Committee, to be co-chaired with City Manager's Office, to ensure legal responsibilities met in respect of this employee benefit plan.
- Changed depository banking institutions as part of five-year contract review process to save $44,720 and gain service improvements.

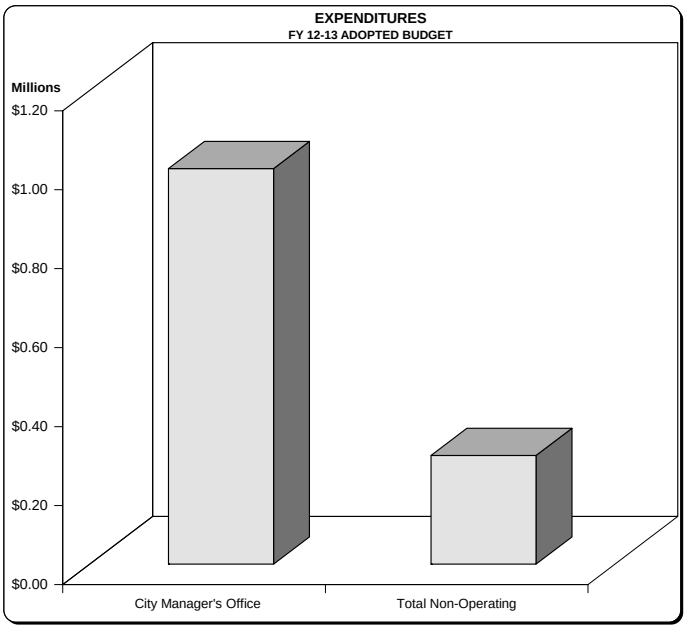
EXPENDITURE BY CLASS	ACTUAL 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	% CHANGE FROM 11-12 BUDGET
Personnel Services	$1,119,225	$1,092,663	$1,113,170	$1,112,460	$1,018,640	-8.49%
Supplies and Services	364,299	395,634	402,880	404,060	405,610	0.68%
Capital Outlay	0	0	0	0	0	0.00%
Total	$1,483,523	$1,488,297	$1,516,050	$1,516,520	$1,424,250	-6.06%
EXPENDITURE BY PROGRAM						
Budget & Financial Planning	$414,463	$517,356	$540,070	$537,920	$540,530	0.09%
Financial Services	1,069,060	970,940	975,980	978,600	883,720	-9.45%
Total	$1,483,523	$1,488,297	$1,516,050	$1,516,520	$1,424,250	-6.06%
Staffing Levels	12.750	13.250	12.750	12.750	11.250	-11.76%

NOTE: Staffing level changes in FY 12-13 to balance the budget includes reductions to 1.0 FTE Treasury Analyst; .25 FTE Budget Analyst; and .25 FTE Accounting Specialist

RISK MANAGEMENT FUND SUMMARY

	ACTUAL 2009-10	ACTUAL 2010-11	ADOPTED BUDGET 2011-12	REVISED 2011-12	PROPOSED BUDGET 2012-13	COMMISSION RECOMMENDED 2012-13	COUNCIL APPROVED 2012-13
Resources:							
Beginning Fund Balance	$615,619	$589,247	$696,767	$701,338	$791,008	$791,008	$791,008
Charges for Service	$901,900	$1,014,210	$980,270	$980,270	$989,250	$989,250	$989,250
Miscellaneous	29,374	53,472	39,350	37,730	36,750	36,750	36,750
Current Revenues	$931,274	$1,067,682	$1,019,620	$1,018,000	$1,026,000	$1,026,000	$1,026,000
Total Resources	$1,546,893	$1,656,929	$1,716,387	$1,719,338	$1,817,008	$1,817,008	$1,817,008
Requirements:							
Operating Budget:							
City Manager's Office	$957,646	$955,591	$959,950	$928,330	$1,001,950	$1,001,950	$1,001,950
Total Operating Budget	$957,646	$955,591	$959,950	$928,330	$1,001,950	$1,001,950	$1,001,950
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	$957,646	$955,591	$1,234,950	$928,330	$1,276,950	$1,276,950	$1,276,950
Ending Budgetary Fund Balance	$589,247	$701,338	$481,437	$791,008	$540,058	$540,058	$540,058





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

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.

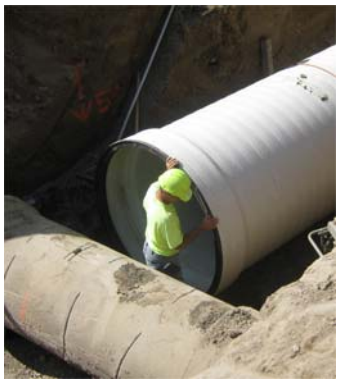
WORK PLAN:

- 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.
- Coordinate onsite appraisal of City assets in accordance with industry best practices.

FY 11-12 HIGHLIGHTS:

- Continued partial recovery of injured worker wages through the Employer at Injury (early return to work) program.
- Used interest earnings reserved for safety-related purposes to contribute toward the purchase of security cameras for the law enforcement building exterior.

EXPENDITURE BY CLASS	ACTUAL 2009-10	ACTUAL 2010-11	BUDGET 2011-12	REVISED 2011-12	ADOPTED 2012-13	% CHANGE FROM 11-12 BUDGET
Personnel Services	$0	$0	$0	$0	$0	0.00%
Supplies and Services	942,181	955,591	959,950	928,330	1,001,950	4.38%
Capital Outlay	15,465	0	0	0	0	0.00%
Total	$957,646	$955,591	$959,950	$928,330	$1,001,950	4.38%
EXPENDITURE BY PROGRAM						
Risk Management	$945,435	$952,753	$923,600	$923,600	$968,450	4.86%
Safety Program	12,211	2,838	6,350	4,730	3,500	-44.88%
Special Projects	0	0	30,000	0	30,000	0.00%
Total	$957,646	$955,591	$959,950	$928,330	$1,001,950	4.38%
Staffing Levels	0.000	0.000	0.000	0.000	0.000	0.00%



The Safety Program Encourages work practices that protect employees and citizens.

CORVALLIS/BENTON COUNTY PUBLIC LIBRARY

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 12-13 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 or uneven expenditures 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.

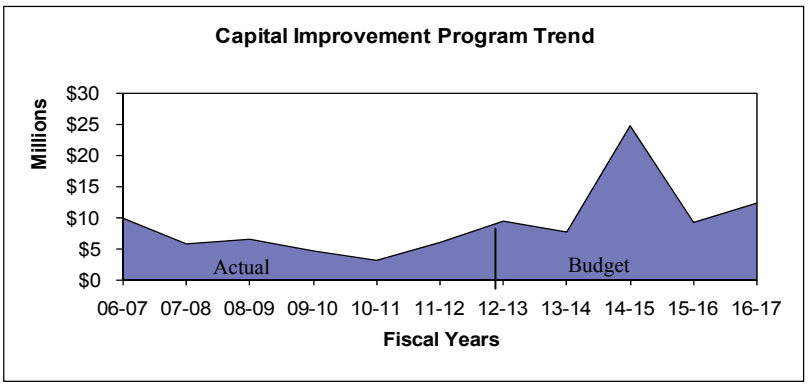
The CIP review and update is conducted annually with community involvement. Requests for projects to be included in the CIP come from:

- 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 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 http://corvallisoregon.gov/, or at the Corvallis-Benton County Public Library or by calling Public Works at 541-766-6916.

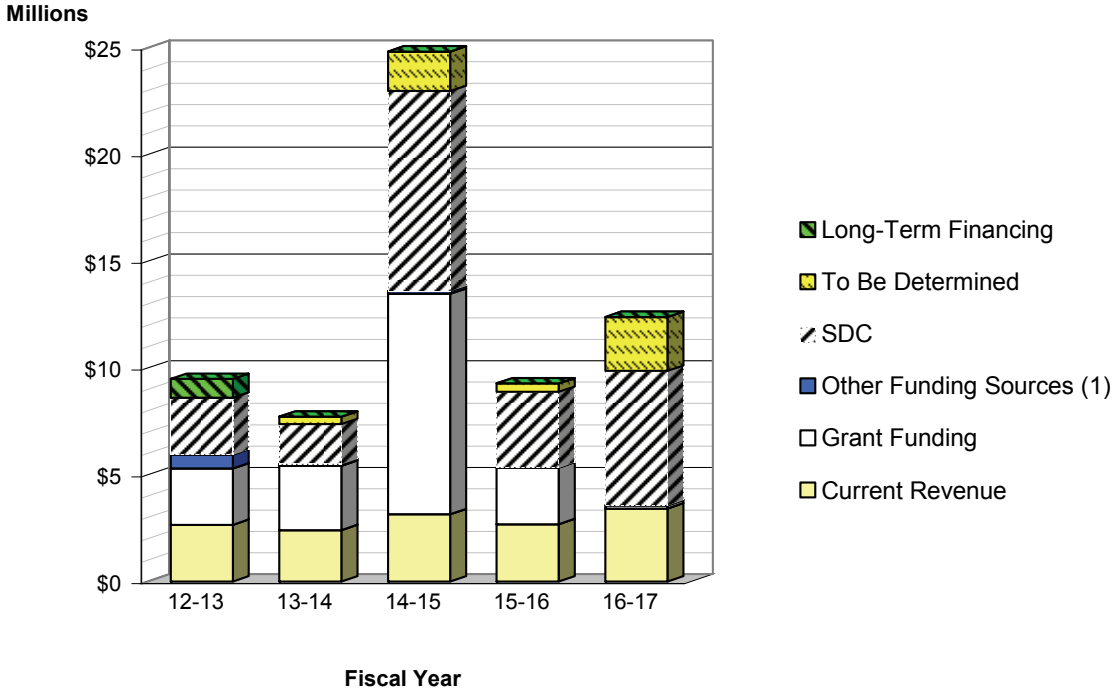


CAPITAL IMPROVEMENT PROGRAM
FUNDING SOURCES

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 12-13 and the four-year planning period.

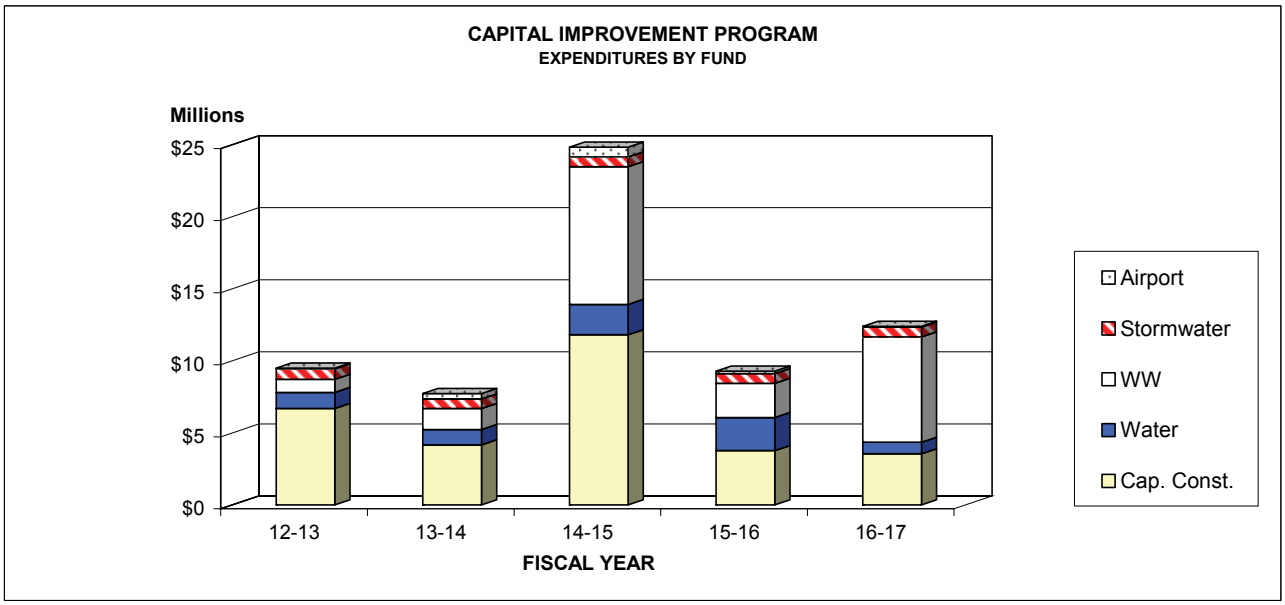
Funding Source	FY 12-13	FY 13-14	FY 14-15	FY 15-16	FY 16-17	Five Year Total
Long-Term Financing	$875,810	$0	$0	$0	$0	$875,810
Current Revenue	2,664,300	2,414,900	3,155,520	2,686,650	3,421,860	14,343,230
Grant Funding	2,633,650	3,014,550	10,329,440	2,652,560	150,250	18,780,450
Other Funding Sources (1)	652,838	81,400	127,100	0	0	861,338
SDC	2,667,270	1,868,790	9,369,660	3,546,550	6,301,500	23,753,770
To Be Determined	0	347,300	1,848,100	401,030	2,521,970	5,118,400
Total	$9,493,868	$7,726,940	$24,829,820	$9,286,790	$12,395,580	$63,732,998



(1)-Includes donations and assessments.

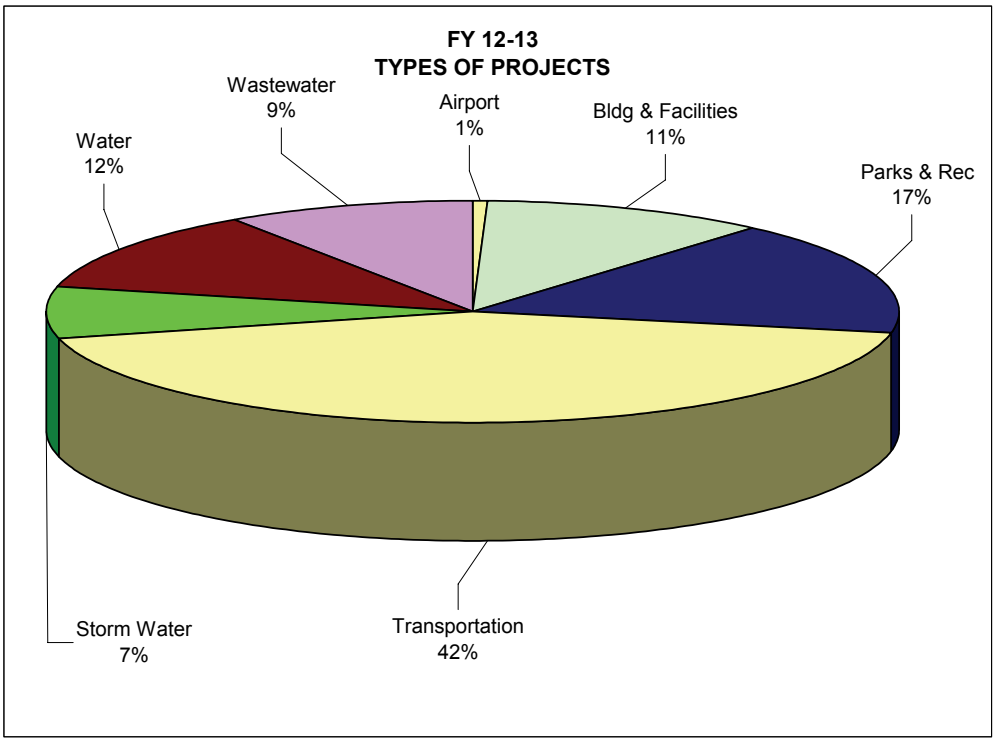
CAPITAL IMPROVEMENT PROGRAM
EXPENDITURE SUMMARY BY FUND

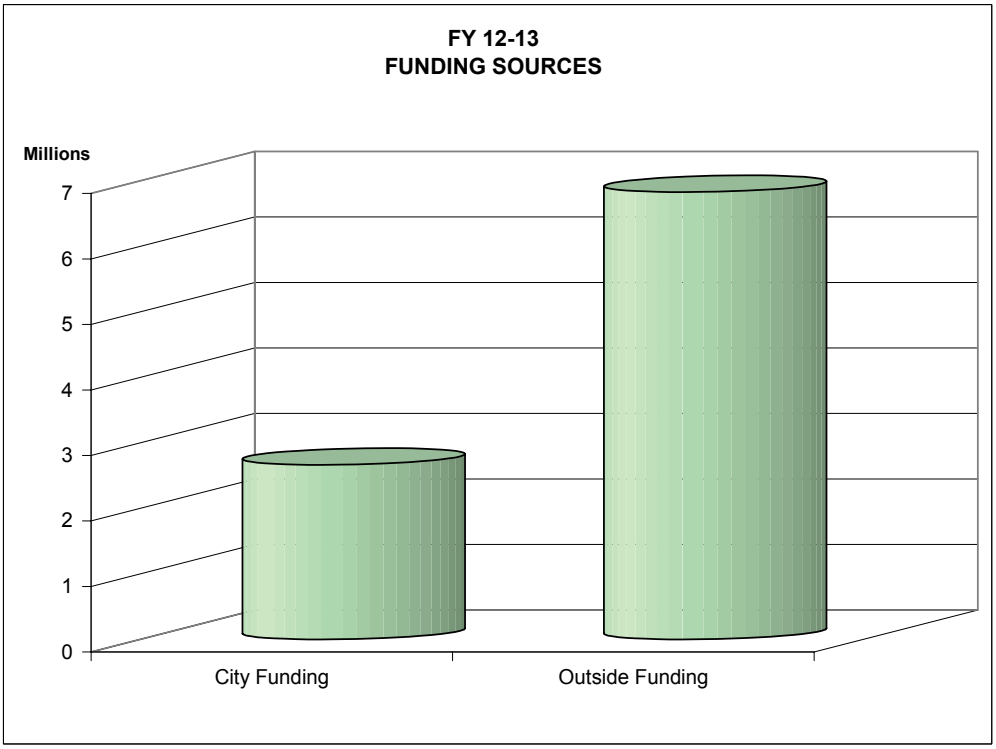
	FY 12-13	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FIVE YEAR TOTAL
Capital Construction Fund						
Public Works	$4,333,830	$3,017,440	$11,481,440	$3,525,340	$3,241,970	$25,600,020
Parks & Recreation	1,590,698	1,151,420	330,000	249,500	309,500	3,631,118
Fire Dept.	774,290	0	0	0	0	774,290
Sub Total Capital Construction Fund	$6,698,818	$4,168,860	$11,811,440	$3,774,840	$3,551,470	$30,005,428
Water Construction Fund						
Public Works	$1,118,180	$1,066,920	$2,114,120	$2,292,000	$798,000	$7,389,220
Wastewater Construction Fund						
Public Works	$905,360	$1,454,240	$9,555,640	$2,370,900	$7,312,290	$21,598,430
Storm Water Construction Fund						
Public Works	$721,510	$669,920	$674,420	$679,050	$683,820	$3,428,720
Airport Construction Fund						
Public Works	$50,000	$367,000	$674,200	$170,000	$50,000	$1,311,200
Total Capital Improvement Plan	$9,493,868	$7,726,940	$24,829,820	$9,286,790	$12,395,580	$63,732,998



FY 12-13 CAPITAL IMPROVEMENT PROGRAM

The FY 12-13 Capital Improvement Program totals $9,493,868. 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 12-13 BUDGET
AIRPORT AND INDUSTRIAL PARK			
Airport Facility Improvements	Current Revenue (CR) Airport	$29,850	$2,500
	FAA Grant	567,150	47,500
	Total	**$597,000**	**$50,000**
Total Airport and Industrial Park			**$50,000**
BUILDINGS AND FACILITIES			
City Hall Block	Bank Loan	$750,670	$101,520
	CR Street Fund	52,790	7,020
	CR Develop. Svcs. Fund	215,330	32,760
	CR CD Revolving Fund	67,540	9,000
	CR Water Fund	117,860	15,660
	CR Wastewater Fund	52,790	7,020
	CR Storm Water Fund	52,790	7,020
	CR General	271,820	0
	FEMA Grant	812,500	0
	Total	**$2,394,090**	**$180,000**
Fire Department Property Acquisition and Facilities Relocation	Bank Loan	$896,000	$774,290
	Total	**$896,000**	**$774,290**
Municipal Buildings Rehabilitation	CR General Fund	$116,000	$0
	CR Library	308,700	76,500
	EECBG Grant	120,000	0
	Total	**$544,700**	**$76,500**
Total Buildings and Facilities			**$1,030,790**
PARKS AND RECREATION			
Acquisition of Land	Open Space Trust Fund	$129,478	$129,478
	Parks SDC	300,000	250,000
	Total	**$429,478**	**$379,478**
Osborn Aquatic Center	Grants and/or Donations	$151,000	$50,000
	Total	**$151,000**	**$50,000**
Park Development - New	Parks SDC	$600,000	$550,000
	Total	**$600,000**	**$550,000**
Park Facility Renovation	CR Parks & Rec. Fund	$193,000	$20,000
	Grants and/or Donations	189,000	34,000
	To Be Determined	357,800	0
	Total	**$739,800**	**$54,000**
Park Improvements - Existing	Parks SDC	$261,500	$121,000
	CR Parks & Rec. Fund	448,950	19,000
	Grants and/or Donations	649,080	251,000
	Risk Management Fund	31,170	31,170
	Total	**$1,390,700**	**$422,170**

CAPITAL IMPROVEMENT PROJECTS	FUNDING SOURCE	TOTAL PROJECT BUDGET	FY 12-13 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
	CR Parks & Rec Fund	55,000	0
	Total	**$9,333,270**	**$31,150**
Trails / Bike Paths	Grants and/or Donations	$50,450	$50,450
	CR Parks & Rec. Fund	40,000	0
	Parks SDC	170,870	53,450
	Total	**$261,320**	**$103,900**
Total Parks and Recreation			**$1,590,698**
STORM WATER UTILITY			
Storm Drain Pipe Replacement	CR Storm Water Fund	$999,670	$231,150
	ODOT Grant	230,360	230,360
	Total	**$1,230,030**	**$461,510**
Storm Water Master Plan Projects	CR Storm Water Fund	$2,470,000	$245,000
	Storm Water SDC	240,000	0
	Total	**$2,710,000**	**$245,000**
Utility and Street Improvement Projects	Storm Water SDC	$75,000	$15,000
	Total	**$75,000**	**$15,000**
Total Storm Water Utility			**$721,510**
TRANSPORTATION			
Advanced Transportation Management Sys	Street SDC	$79,500	$69,140
	Grant	580,000	580,000
	Total	**$659,500**	**$649,140**
City Hall Parking	CR Parking Fund	$10,000	$10,000
	Total	**$10,000**	**$10,000**
Corvallis to Albany Trail	Street SDC	$145,400	$134,000
	Grant	581,600	536,000
	Total	**$727,000**	**$670,000**
Downtown Public Parking	CR Parking Fund	$200,000	$200,000
	Total	**$200,000**	**$200,000**

CAPITAL IMPROVEMENT PROJECTS	FUNDING SOURCE	TOTAL PROJECT BUDGET	FY 12-13 BUDGET
Downtown Wayfinding	CR Street Fund	$10,000	$0
	CR Parking Fund	46,570	46,570
	Grant	$289,100	$289,100
	Total	**$345,670**	**$335,670**
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**
Marys River - Crystal Lake Dr Shared-Use Path	CR Street Fund	$8,220	$8,220
	Grant	71,780	71,780
	Total	**$80,000**	**$80,000**
Morris Avenue Bridge	CR Street Fund	$123,600	$18,400
	Grant	1,079,400	160,600
	Total	**$1,203,000**	**$179,000**
Pedestrian Crossings	CR Street	$85,560	$11,800
	Grant	736,760	67,200
	Total	**$822,320**	**$79,000**
Reservoir Road Improvements	Street SDC	$300,000	$300,000
	Total	**$300,000**	**$300,000**
Safe Routes to Schools	ODOT Grant	$343,950	$343,950
	Total	**$343,950**	**$343,950**
Sidewalk In-Fill	CR Street	$42,750	$14,390
	ODOT Grant	315,270	92,710
	Total	**$358,020**	**$107,100**
Street Reconstruction - Arterial / Collector	ODOT Grant	$2,061,290	$33,000
	Total	**$2,061,290**	**$33,000**
Street Reconstruction - Local	CR Street Fund	$1,443,430	$233,430
	Total	**$1,443,430**	**$233,430**
Traffic Signals	Street SDC	$255,930	$0
	Miscellaneous Revenue	282,040	257,040
	Total	**$537,970**	**$257,040**
Utility and Street Improvement Projects	Street SDC	$1,200,000	$200,000
	Total	**$1,200,000**	**$200,000**
Total Transportation Projects			**$4,077,330**

CAPITAL IMPROVEMENT PROJECTS	FUNDING SOURCE	TOTAL PROJECT BUDGET	FY 12-13 BUDGET
WASTEWATER UTILITY			
Biosolids Storage Tank	CR Wastewater Fund	$20,000	$20,000
	Total	**$20,000**	**$20,000**
Sanitary Sewer Rehabilitation	CR Wastewater Fund	$3,996,930	$552,360
	Total	**$3,996,930**	**$552,360**
Utility and Street Improvement Projects	Wastewater SDC	$198,000	$33,000
	Total	**$198,000**	**$33,000**
WWRP Secondary Clarifiers	Wastewater SDC	$8,700,000	$300,000
	Total	**$8,700,000**	**$300,000**
Total Wastewater Utility Projects			**$905,360**
WATER UTILITY			
36th and Grant Water Pump Station Improvements	CR Water Fund	$524,910	$502,250
	Total	**$524,910**	**$502,250**
North Hills 1st Level Reservoir Improvements	Water SDC	$2,069,780	$200,000
	Total	**$2,069,780**	**$200,000**
Taylor Plant Facility Projects	CR Water Fund	$492,800	$294,250
	Total	**$492,800**	**$294,250**
Utility and Street Improvement Projects	Water SDC	$198,000	$33,000
	Total	**$198,000**	**$33,000**
Water Distribution System Rehabilitation/ Replacement Program	CR Water Fund	$1,150,000	$50,000
	Total	**$1,150,000**	**$50,000**
West Corvallis Second Level Water	Water SDC loan to Assessments	$422,900	$28,900
	Water SDC	227,770	9,780
	Total	**$650,670**	**$38,680**
Total Water Utility Projects			**$1,118,180**
GRAND TOTAL			**$9,493,868**

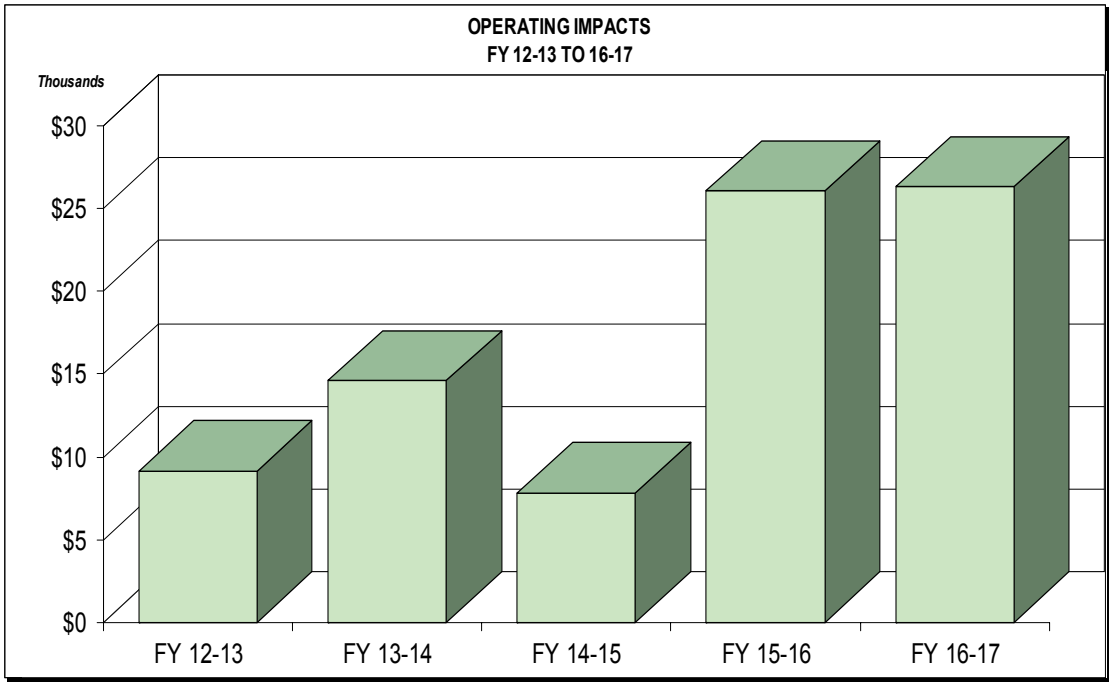
IMPACTS TO OPERATING BUDGET

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 obtained in 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.

Fund	FY 12-13	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FIVE YEAR TOTAL
General Fund	$0	$0	$0	$0	$0	$0
Street Fund	2,000	4,500	(15,500)	17,700	17,950	26,650
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	(5,300)	(5,300)	(5,300)	(15,800)
Wastewater Fund	0	0	0	(15,000)	(15,000)	(30,000)
Airport Fund	0	0	500	500	500	1,500
Total Capital Improvement Plan	$9,130	$14,590	$7,830	$26,030	$26,280	$83,860



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	13-14				$0
Airport Road Widening	Airport	14-15		1,500		1,500
South Corvallis Drainage (1)	Airport	15-16		TBD		0
BUILDINGS AND FACILITIES:						
City Hall Block	Multiple Funds	14-15				0
Fire Station Property Acquis. & Drill Fac.	Fire and Rescue	13-14				0
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	12-13		13,560		13,560
Park Improvements - Existing	Parks&Rec	12-13		24,380		24,380
Riverfront Commemorative Park (1)	Parks&Rec	14-15	TBD	TBD	TBD	0
Senior Center Expansion (1)	Parks&Rec	15-16		TBD		0
Special Use Facilities	Parks&Rec	13-14				0
Trails/Bike Paths	Parks&Rec	13-14		7,410		7,410
STORM WATER UTILITY:						
Storm Drain Pipe Repl (2)	Storm Water	Annual				0
Storm Water Master Plan (2)	Storm Water	Annual				0
TRANSPORTATION:						
35th St. Sidewalks/RR Crossing	Street	16-17				0
53rd/Hwy 20/34 Improvements	Street	14-15				0
Advanced Transportation Mngmnt System	Street	12-13				0
Brooklane Dr. Improvements	Street	16-17		250		250
City Hall Parking (1)	Parking	13-14	TBD	TBD		0
Corvallis to Albany Trails	Street	12-13		2,000		2,000
Downtown Public Parking	Parking	12-13		2,500		2,500

IMPACTS TO OPERATING BUDGET (Continued)

Project	Fund	FY Online	Personal Services	Supplies & Services	Capital Outlay	Total
Downtown Wayfinding	Street	12-13		4,000		4,000
Goodnight ROW Acquisition	Street	12-13				0
Highland Drive Sidewalk	Street	15-16				0
Madison Ave/OSU Improv	Street	16-17		5,000		5,000
Marys River - Crystal Lake Dr Shared-Use Path	Street	13-14		4,000		4,000
Monroe Streetscape - 14th to 26th Streets	Street	16-17				0
Morris Avenue Bridge	Street	13-14		(20,000)		(20,000)
Pedestrian Crossings	Street	15-16		17,400		17,400
Reservoir Road Improvements	Street	12-13				0
Safe Routes to Schools	Street	12-13				0
Sidewalk In-Fill	Street	13-14				0
Street Reconstruction (2)	Street	Annual				0
Traffic Signals	Street	12-13		14,000		14,000
Transit Operations Center	Transit	14-15		45,000		45,000
Tunison - Avery Shared-Use Path	Street	13-14				0
Utility/Street Improv	N/A	N/A				0
WASTEWATER UTILITY:						
Avery Park Sanitary Lift Station Rehabilitation	Wastewater	16-17				0
Biosolids Storage Tank	Wastewater	13-14				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 MCC Replacement	Wastewater	16-17				0
WWRP Methane Utilization	Wastewater	15-16		(30,000)		(30,000)
WWRP Primary Clarifiers (1)	Wastewater	17-18		TBD		0
WWRP Secondary Clarifiers (1)	Wastewater	15-16		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 Water Main Crossings	Water	14-15		300		300
North Hills 1st Level Reservoir Improv.	Water	12-13				0
Rock Creek Filter Addition	Water	16-17				0
Rock Creek Hydroelectric	Water	14-15		(16,500)		(16,500)
Taylor Plant Facility Plan Projects (1)	Water	12-13		TBD		0
Water Distribution System (2)	Water	Annual				0
West Corvallis 2nd Level Water	Water	13-14		400		400
Total			**$0**	**$83,860**	**$0**	**$83,860**

(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 FACILITIES RELOCATION

Description: This project identifies and develops property to relocate existing Fire Department training facilities to make room for required Wastewater Plant facilities. Design and initial project funding will come from a bank loan that was finalized in early FY 10-11; additional costs are expected.

Capital Construction Fund	Prior years	FY 12-13	Projected	Total
Land Acquisition, ROW & Easements	$0	$0	$0	$0
Design	121,710	73,290	0	195,000
Construction Management	0	42,000	0	42,000
Construction	0	659,000	0	659,000
Estimated Total Cost of Project	**$121,710**	**$774,290**	**$0**	**$896,000**

Impact on Operating Budget - Unknown

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. Site selection, preliminary design and environmental assessments have been completed. The next phase will complete final design and construct the facility. Construction is anticipated to occur in FY 14-15 and is expected to primarily be funded by an FTA grant.

Capital Construction Fund	Prior years	FY 12-13	Projected	Total
Land Acquisition, ROW & Easements	$0	$0	$0	$0
Design	314,310	0	770,000	1,084,310
Construction Management	0	0	760,000	760,000
Construction	0	0	8,470,000	8,470,000
Estimated Total Cost of Project	**$314,310**	**$0**	**$10,000,000**	**$10,314,310**

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.

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.

Wastewater Construction Fund	Prior years	FY 12-13	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.

WWRP SECONDARY CLARIFIERS

Description: This project constructs two new secondary clarifiers at the Wastewater Reclamation Plant using Wastewater SDC funds.

Wastewater Construction Fund	Prior years	FY 12-13	Projected	Total
Design	$0	$300,000	$570,000	$870,000
Construction Management	0	0	1,087,600	1,087,600
Construction	0	0	6,742,400	6,742,400
Estimated Total Cost of Project	**$0**	**$300,000**	**$8,400,000**	**$8,700,000**

Impact on Operating Budget - Unknown
Operating budget impacts are not known at this time and will be identified as the design process is completed.

MARYS RIVER WATER MAIN CROSSINGS

Description: This project will construct additional water distribution system crossings independent of bridges at two locations under the Marys River using primarily FEMA grant funds with Water and Water SDC revenues as a match.

Wastewater Construction Fund	Prior years	FY 12-13	Projected	Total
Design	$0	$0	$90,220	$90,220
Construction Management	0	0	90,120	90,120
Construction	0	0	1,462,300	1,462,300
Estimated Total Cost of Project	**$0**	**$0**	**$1,642,640**	**$1,642,640**

Impact on Operating Budget - Slight
Annual operation and maintenance costs will be minimal and are estimated to be $100.

NORTH HILLS 1ST LEVEL RESERVOIR IMPROVEMENTS

Description: This project provides for reservoir improvements that include seismic upgrades and other upgrade work 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 12-13	Projected	Total
Design	$177,600	$0	$0	$177,600
Construction Management	80,000	0	0	80,000
Construction	1,612,180	200,000	0	1,812,180
Estimated Total Cost of Project	**$1,869,780**	**$200,000**	**$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 12-13
Municipal Building Rehabilitation	$76,500
Sanitary Sewer Rehabilitation	552,360
Storm Drain Replacement	461,510
Storm Water Master Plan Projects	245,000
Street Reconstruction	266,430
Water Distribution System	50,000
Estimated Total Cost of Project	**$1,651,800**

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 16-17
35th St Sidewalks and Railroad Crossing	$1,328,050
Brooklane Drive Improvements	1,404,650
Monroe Streetscape - 14th to 26th Streets	1,558,600
Morris Avenue Bridge	1,024,000
Transit Operations Center	10,000,000
Wastewater Electrical Equipment Replacement	1,331,000
Wastewater Reclamation Plant (WWRP) Clarifiers	14,700,000
Baldy 2nd Level Storage Reservoir	2,000,000
Marys River Water Main Crossings	1,642,640
Building and Infrastructure Rehabilitation/Upgrades	9,510,220
Other projects not specified above:	9,739,970
Total for FY 13-14 to FY 16-17	54,239,130
FY 12-13 Projects	9,493,868
Total 5-year CIP Projection	$63,732,998

SUMMARY OF INDEBTEDNESS

The City utilizes primarily long-term debt to finance capital projects, but may also consider short-term debt as appropriate. The City currently has no short-term debt (defined as maturing within one-year from date of issuance).

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) 287A provides a debt limitation of three percent of real market 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 $6,800,000 or 0.12% of the 2011 real market value of $5,672,461,728. 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, 2012	Scheduled Principal Payments 2012/2013	Scheduled Balance as of June 30, 2013
Bonded Debt	$43,078,843	($1,766,248)	$41,312,595
Notes Payable	$16,302,115	($2,259,583)	$14,042,532
Total Debt	$59,380,958	($4,025,831)	$55,355,127

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 FY12-13 the City estimates it will pay $1,040,800 in property tax-related debt service and $2,734,120 in limited tax obligations to which these limits apply. These equate to 1.69% and 4.44% 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 FY12-13 operating revenue of $94,438,740. This net direct long-term general obligation debt of $3,774,920 equals 4.00% of total operating revenue.

Outstanding Limited Tax debt estimated at $33,813,843 represents 0.60% 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.

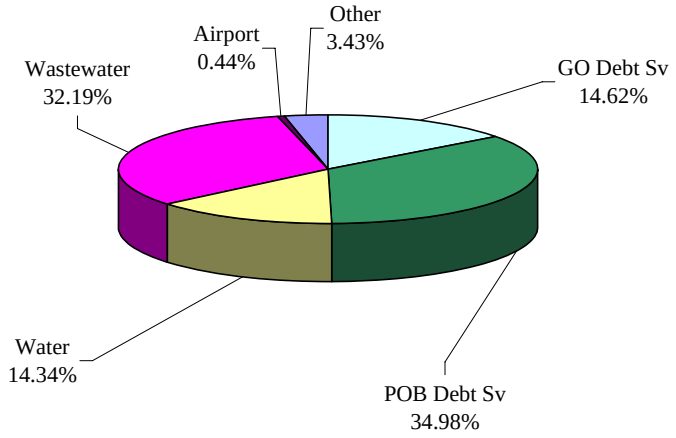
The ensuing schedules show future debt service that will be paid, with the assumptions that no existing debt will be retired early. The City will continue to use debt in the future to replace or improve infrastructure consistent with the City's financial policies, long-term financial plans, and State and Local Government laws and regulations. At this time, the City is considering a debt refunding of one or more utility-backed loans that may occur in FY 12/13 which would have substantial net present value savings and also provide future capacity through an appropriate restructuring of future payments to allow for financing a project which would promote compliance with Total Maximum Daily Load (TMDL) requirements for discharge going into the Willamette River.

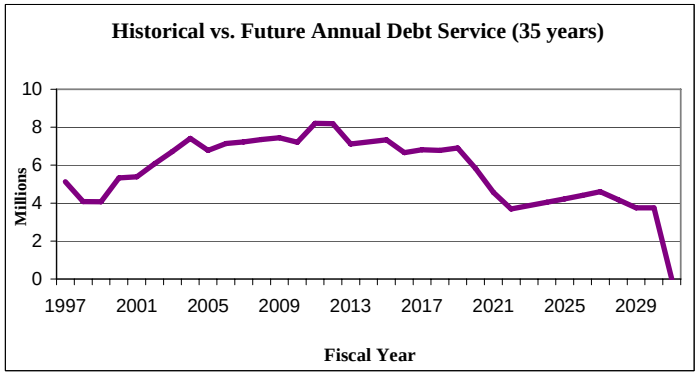
Downtown Riverfront

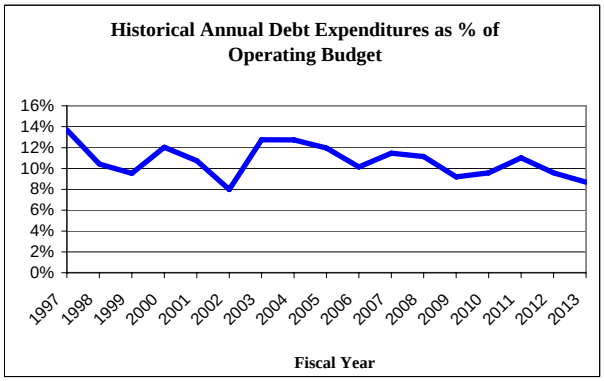
SUMMARY OF FISCAL YEAR 2012-13 TOTAL DEBT SERVICE BY TYPE

Fund	*Source of Dollars*	*Fiscal Year 2012-13 Total*
General Obligation Debt Service Fund	Property Taxes	$1,040,800
Pension Obligation Debt Service Fund	Operating fund transfers	2,490,248
Water Fund	Water revenue	1,021,149
Wastewater Fund	Wastewater revenue	2,291,530
Airport Fund	Airport revenue	31,483
Other Debt	Property Taxes	243,872
TOTAL FISCAL YEAR 2012-13 DEBT SERVICE		$7,119,082

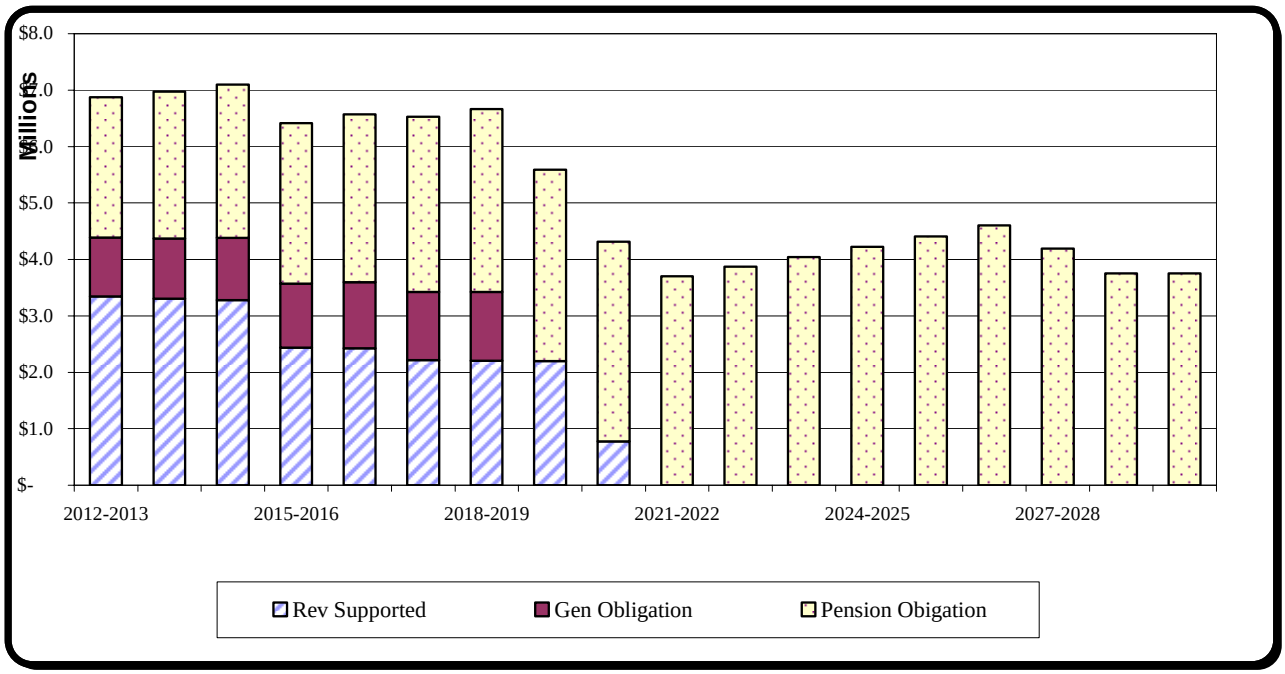
TOTAL FY 12-13 DEBT BY FUND







SCHEDULE OF DEBT SERVICE REQUIREMENTS ALL DEBT
As of June 30, 2012

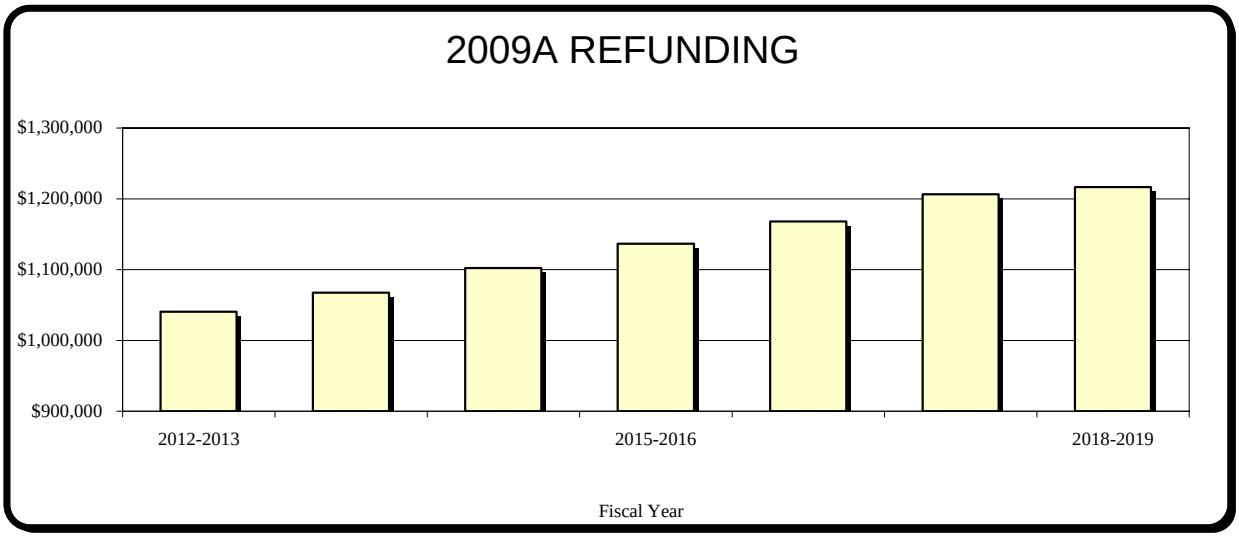


Year of Maturity	Principal	Interest	Debt Total
2012-2013	4,025,831	3,093,251	7,119,082
2013-2014	4,214,806	3,001,205	7,216,011
2014-2015	4,433,172	2,908,457	7,341,629
2015-2016	3,850,960	2,806,131	6,657,091
2016-2017	4,070,418	2,738,753	6,809,171
2017-2018	4,096,894	2,677,846	6,774,740
2018-2019	4,279,368	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
	$59,380,958	$36,381,496	$95,762,454

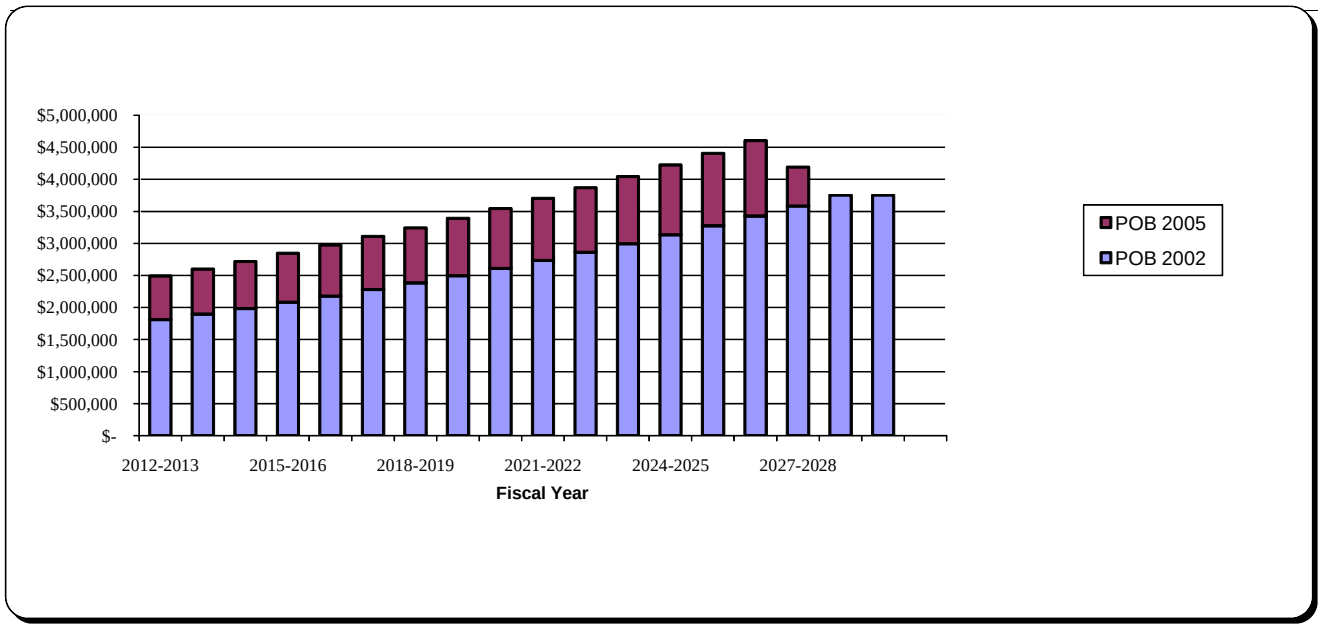
SCHEDULE OF FUTURE DEBT SERVICE REQUIREMENTS
GENERAL OBLIGATION DEBT

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:	Aa2 Non-callable

Year of Maturity	Principal	Interest	Total
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
	$6,800,000	$1,137,650	$7,937,650



FUTURE DEBT SERVICE REQUIREMENTS
TOTAL PENSION OBLIGATION DEBT



Year of Maturity	Principal	Interest	Pension Obligation Debt Total
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
	$31,898,843	$31,560,701	$63,459,544

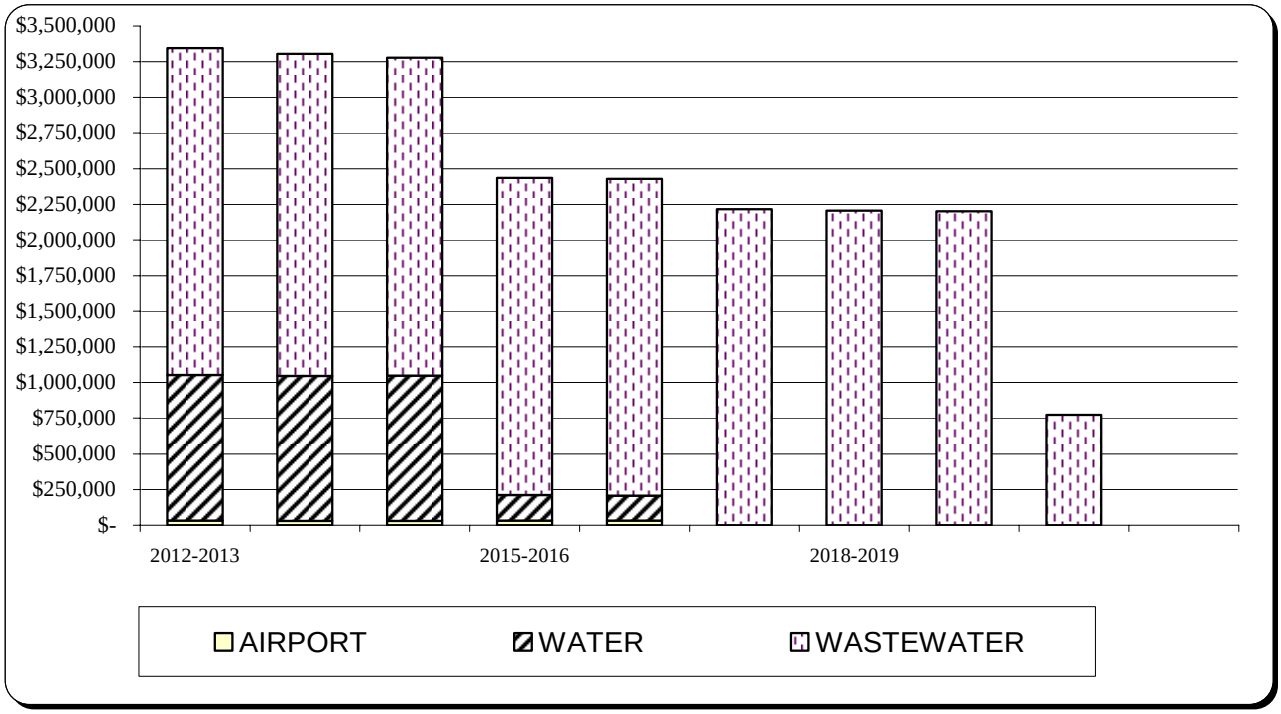
	2012/13 Funding Source
General Fund	$857,560
Street Fund	55,690
Parks & Recreattion Fund	84,820
Osborn Acquatic Center Fund	23,190
9-1-1 Fund	62,240
Development Services Fund	56,040
Fire & Rescue Fund	955,440
Community Dev Revolving Loan Fund	12,040
Parking Fund	12,490
Transit Fund	12,140
Library Fund	116,190
Water Fund	102,400
Water Timber Fund	500
Wastwater Fund	102,870
Storm Water Fund	33,550
Airport Fund	4,450
Less: Paying Agent Fees	(1,350)
	$2,490,260

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:	Aa3 (AMBAC Insured) Mandatory Redemption & Non-callable	Aa3 (AMBAC Insured) Mandatory Redemption & Non-callable

Year of Maturity	Principal	Interest	Total	Principal	Interest	Total
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
	$22,523,843	$26,730,882	$49,254,725	$9,375,000	$4,829,819	$14,204,819

FUTURE DEBT SERVICE REQUIREMENTS
REVENUE SUPPORTED DEBT



Year of Maturity	Principal	Interest	Revenue Supported Debt Total
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
	$18,767,115	$3,417,117	$22,184,232

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)

Year of Maturity	Principal	Interest	Total	Principal	Interest	Total
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
	$2,281,645	$243,100	$2,524,745	$759,960	$129,706	$889,666

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
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
	$70,763	$2,132	$72,895	$11,141,546	$2,217,738	$13,359,284

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:	Aa2 (Syncora Insured) May 1, 2017 (continuous call)

Year of Maturity	Principal	Interest	Total
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
	$4,380,000	$801,500	$5,181,500

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
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
	$133,201	$22,941	$156,142

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
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
	$1,915,000	$266,028	$2,181,028

TRANSFERS

TRANSFER FROM:	TRANSFER TO:	PURPOSE	FY 12-13 BUDGET
GENERAL FUND			
Interfund:	Pension Obligation Debt Svc Fund	Debt Service Payment - Pension Obligation Bond	857,560
		FUND TOTALS	**$857,560**
STREET OPERATING FUND			
Interfund:	Capital Construction Fund	Cap. Proj: City Hall Block - Parking Lot & Signage	$7,020
Interfund:	Capital Construction Fund	Cap. Proj: Street Recon - Local 2011-12	233,430
Interfund:	Capital Construction Fund	Cap. Proj: Morris Avenue Bridge	18,400
Interfund:	Capital Construction Fund	Cap. Proj: Marys River-Crystal Lake Dr Path	8,220
Interfund:	Capital Construction Fund	Cap. Proj: NF-Sidewalk In-Fill	2,290
Interfund:	Pension Obligation Debt Svc Fund	Debt Service Payment - Pension Obligation Bond	55,690
Interfund:	Development Services Fund	Support for Development Services Fund - SDC Program Activity	25,410
		FUND TOTALS	**$350,460**
STREET SDC FUND COMPONENT			
Interfund:	Capital Construction Fund	Cap. Proj: Reservoir Road Improvements	$300,000
Interfund:	Capital Construction Fund	Cap. Proj: Advanced Transportation Management System	69,140
Interfund:	Capital Construction Fund	Cap. Proj: Corvallis to Albany Trail	134,000
Interfund:	Capital Construction Fund	Cap. Proj: Goodnight ROW Acquisition	370,000
Interfund:	Capital Construction Fund	Cap. Proj: Utility/Street Improvement Projects	200,000
		FUND TOTALS	**$1,073,140**
PARKS AND RECREATION FUND			
Interfund:	Capital Construction Fund	Cap. Proj: Park Facility Renovation - Art Center Plaza	$10,000
Interfund:	Capital Construction Fund	Cap. Proj: Park Improvement - Tunison / Community Center	19,000
Interfund:	Pension Obligation Debt Svc Fund	Debt Service Payment - Pension Obligation Bond	84,820
Interfund:	Development Services Fund	Support for Development Services Fund - SDC Program Activity	8,200
		FUND TOTALS	**$122,020**
PARKS AND RECREATION AQUATICS FUND COMPONENT			
Interfund:	Pension Obligation Debt Svc Fund	Debt Service Payment - Pension Obligation Bond	$23,190
		FUND TOTALS	**$23,190**
OPEN SPACE TRUST FUND COMPONENT			
Interfund:	Capital Construction Fund	Cap. Proj: Acquisition of Open Space (Master Project)	$94,763
		FUND TOTALS	**$94,763**
PARKS SDC FUND COMPONENT			
Interfund:	Capital Construction Fund	Cap. Proj: Park Improvement (Arnold Park)	$121,000
Interfund:	Capital Construction Fund	Cap. Proj: Acquisition of Land	250,000
Interfund:	Capital Construction Fund	Cap. Proj: Park Development / Coronado Subdivision	550,000
Interfund:	Capital Construction Fund	Cap. Proj: Trails / Shooting Star Improvements	53,450
Intrafund:	Parks and Recreation Oper Fund	Capital Facility Plan Update	40,000
Intrafund:	Parks and Recreation Oper Fund	Parks & Recreation Master Plan	55,000
		FUND TOTALS	**$1,069,450**
		TOTAL - PARKS AND RECREATION FUNDS	**$1,309,423**

TRANSFERS (Continued)

TRANSFER FROM:	TRANSFER TO:	PURPOSE	FY 12-13 BUDGET
911 FUND			
Interfund:	Pension Obligation Debt Svc Fund	Debt Service Payment - Pension Obligation Bond	$62,240
		FUND TOTALS	**$62,240**
DEVELOPMENT SERVICES FUND			
Interfund:	Capital Construction Fund	Cap. Proj: City Hall Seismic	$32,760
Interfund:	Pension Obligation Debt Svc Fund	Debt Service Payment - Pension Obligation Bond	56,040
		FUND TOTALS	**$88,800**
FIRE AND RESCUE FUND			
Interfund:	Pension Obligation Debt Svc Fund	Debt Service Payment - Pension Obligation Bond	$955,440
		FUND TOTALS	**$955,440**
COMMUNITY DEVELOPMENT REVOLVING FUND			
Interfund:	Capital Construction Fund	Cap. Proj: City Hall Block - Parking Lot & Signage	$9,000
Interfund:	Pension Obligation Debt Svc Fund	Debt Service Payment - Pension Obligation Bond	12,040
		FUND TOTALS	**$21,040**
PARKING FUND			
Interfund:	Capital Construction Fund	Cap. Proj: City Hall Parking	$10,000
Interfund:	Capital Construction Fund	Cap. Proj: Downtown Public Parking	200,000
Interfund:	Capital Construction Fund	Cap. Proj: Downtown Wayfinding	46,570
Interfund:	Capital Construction Fund	Cap. Proj: Electric Vehicle Charging Station	30,000
Interfund:	Pension Obligation Debt Svc Fund	Debt Service Payment - Pension Obligation Bond	12,490
		FUND TOTALS	**$299,060**
TRANSIT FUND			
Interfund:	Pension Obligation Debt Svc Fund	Debt Service Payment - Pension Obligation Bond	$12,140
		FUND TOTALS	**$12,140**
2011 OPERATING LEVY FUND			
Interfund:	General Fund	Operating Levy Support for Social Service Allocations	$106,840
Interfund:	Parks and Recreation Oper Fund	Operating Levy Support for Senior Center	320,510
Interfund:	Library Fund	Operating Levy Support for Library Monday Hours	223,540
Interfund:	Library Fund	Operating Levy Support for Other Library Svcs/Materials	785,820
Interfund:	Parks & Recreation Aquatics Fund	Operating Levy Support for Aquatic Center	428,640
		FUND TOTALS	**$1,865,350**
LIBRARY FUND			
Interfund:	Capital Construction Fund	Cap. Proj: Muni Building Rehab - Library Masonry	$76,500
Interfund:	Pension Obligation Debt Svc Fund	Debt Service Payment - Pension Obligation Bond	116,190
		FUND TOTALS	**$192,690**
WATER OPERATING FUND			
Intrafund:	Water Cap. Const. Component	Cap. Proj: 36th and Grant Water Pump Station Improvements	$502,250
Intrafund:	Water Cap. Const. Component	Cap. Proj: Taylor Mixing Equipment	294,250
Intrafund:	Water Cap. Const. Component	Cap. Proj: Water System Rehab - 11/12	50,000
Interfund:	Capital Construction Fund	Cap. Proj: City Hall Block - Parking Lot & Signage	15,660
Intrafund:	Water SDC Component	Intrafund for Loan Repayment - Sensus Flexnet	167,480
Intrafund:	Water SDC Component	Intrafund for Loan Repayment - North Hills Improvements	58,820
Interfund:	Pension Obligation Debt Svc Fund	Debt Service Payment - Pension Obligation Bond	102,400
Interfund:	Development Services Fund	Support for Development Services Fund - SDC Program Activity	10,090
		FUND TOTALS	**$1,200,950**

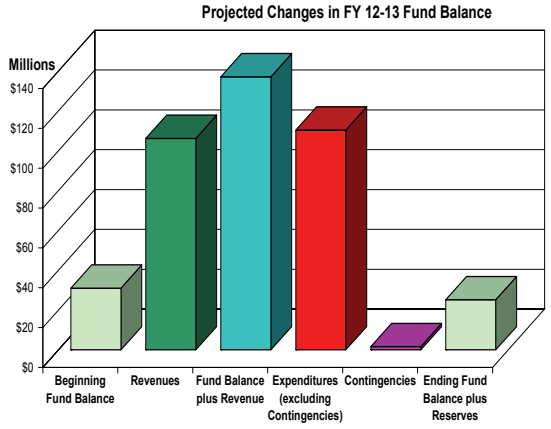
TRANSFERS (Continued)

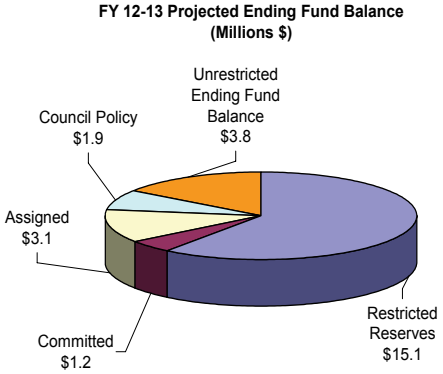
TRANSFER FROM:	TRANSFER TO:	PURPOSE	FY 12-13 BUDGET
WATER TIMBER FUND COMPONENT			
Interfund:	Pension Obligation Debt Svc Fund	Debt Service Payment - Pension Obligation Bond	$500
		FUND TOTALS	**$500**
WATER SDC FUND COMPONENT			
Intrafund:	Water Cap. Const. Component	Cap. Proj: N. Hills 1st Level Rsvr. Improvement	$200,000
Intrafund:	Water Cap. Const. Component	Cap. Proj: West Corvallis 2nd Level	21,970
Intrafund:	Water Cap. Const. Component	Cap. Proj: Utility/Street Improvement	33,000
Intrafund:	Water Operating Component	Operating: SDC Administrative Fee	5,760
Intrafund:	Water Operating Component	Debt Service - OEDD	336,980
		FUND TOTALS	**$597,710**
		TOTAL - WATER FUNDS	**$1,799,160**
WASTEWATER OPERATING FUND			
Intrafund:	Wastewater Cap. Const. Com	Cap. Proj: Biosolids Storage Tank	$20,000
Intrafund:	Wastewater Cap. Const. Com	Cap. Proj: Sewer Rehab 12/13	552,360
Interfund:	Capital Construction Fund	Cap. Proj: City Hall Block - Parking Lot & Signage	7,020
Intrafund:	Wastewaater SDC Component	Intrafund for Loan Repayment - WWRP Electrical Equipment Repl	334,160
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	102,870
		FUND TOTALS	**$1,023,220**
WASTEWATER SDC FUND COMPONENT			
Intrafund:	Wastewater Cap. Const. Com	Cap. Proj: Mary's River Interceptor	$300,000
Intrafund:	Wastewater Cap. Const. Com	Cap. Proj: Untility/Street Improvement	33,000
		FUND TOTALS	**$333,000**
		TOTAL - WASTEWATER FUNDS	**$1,356,220**
STORM WATER OPERATING FUND			
Intrafund:	Storm Water Cap. Const. Component	Cap. Proj: Storm Water Master Plan Project	$50,000
Intrafund:	Storm Water Cap. Const. Component	Cap. Proj: SWMP - Dunawi Creek Fish Barrier	150,000
Intrafund:	Storm Water Cap. Const. Component	Cap. Proj: SWMP - Dixon Creek Bank Stabilization	45,000
Intrafund:	Storm Water Cap. Const. Component	Cap. Proj: Storm Drain Replacement - 12/13	145,550
Intrafund:	Storm Water Cap. Const. Component	Cap. Proj: Storm Drain Replacement-Hwy 99/Phase I	25,600
Intrafund:	Storm Water Cap. Const. Component	Cap. Proj: Storm Drain Replacement-Street Recon/Local	60,000
Interfund:	Capital Construction Fund	Cap. Proj: City Hall Block - Parking Lot & Signage	7,020
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	33,550
		FUND TOTALS	**$584,600**
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			
Intrafund	Airport Cap. Const. Component	Cap. Proj: Airport Fac Improvement - 12/13	$2,500
Interfund:	Pension Obligation Debt Svc Fund	Debt Service Payment - Pension Obligation Bond	4,450
		FUND TOTALS	**$6,950**
GRAND TOTAL 2012-13 TRANSFERS			**$10,849,273**

RESERVES/CHANGES IN FUND BALANCE – June 30, 2013

Fund	Beginning Fund Balance (1)	Revenues	Expenditures net of Contingencies	Appropriated Contingencies	Total Expenditures	Unappropriated Reserves: Restricted Reserves (2)	Unappropriated Reserves: Committed Reserves (3)	Unappropriated Reserves: Assigned Reserves (4)	Unappropriated Reserves: Council Policy Reserve (5)	Budgetary Ending Fund Balance (6)
General	$814,380	$18,451,530	$17,210,810	$224,860	$17,435,670	$208,083	$138,439	$17,926	$1,465,789	$3
Parks & Recreation	2,989,390	6,212,010	7,237,553	67,390	7,304,943	1,083,042	536,553	119,337	157,500	25
Fire and Rescue	352,476	11,883,920	11,405,160	157,240	11,562,400	0	0	516,494	157,500	2
Library	1,115,333	5,852,500	6,246,200	63,360	6,309,560	0	406,300	94,453	157,500	19
Street	2,389,990	4,805,930	5,448,350	85,520	5,533,870	1,370,546	84,216	176,366	0	30,921
9-1-1 Emergency Services	561,617	2,158,560	2,239,440	43,450	2,282,890	0	0	268,574	0	168,713
Development Services	766,426	2,365,780	2,911,500	50,000	2,961,500	0	0	0	0	170,706
CD Revolving Loan	-27,343	3,465,800	3,326,290	31,950	3,358,240	0	0	0	0	80,217
Parking	995,918	666,080	1,058,390	13,320	1,071,710	0	37,323	43,155	0	509,810
Transit	532,323	4,522,960	4,092,630	77,130	4,169,760	0	0	172,001	0	713,522
2011 Operating Levy	27,430	1,861,240	1,865,350	0	1,865,350	23,320	0	0	0	0
Capital Construction	2,401,849	5,699,873	6,698,818	0	6,698,818	1,402,904	0	0	0	0
GO Debt	7,807	1,044,710	1,040,800	0	1,040,800	11,717	0	0	0	0
Pension Oblig Debt Service	448	2,491,610	2,491,610	0	2,491,610	448	0	0	0	0
Davidson	5,927	0	500	0	500	5,427	0	0	0	0
Water	4,725,209	11,058,680	11,834,760	194,060	12,028,820	3,106,692	0	337,310	0	311,067
Wastewater	10,056,400	11,431,910	12,214,810	187,580	12,402,390	7,836,942	0	232,815	0	1,016,164
Storm Water	1,177,701	2,864,650	3,591,220	42,140	3,633,360	82,344	0	135,733	0	190,914
Airport	610,421	663,070	753,380	12,260	765,640	0	0	8,550	0	499,301
Fleet Maintenance	43,802	827,250	823,610	16,000	839,610	0	0	11,124	0	20,318
Facility Maintenance	82,333	807,200	799,160	10,000	809,160	0	0	64,518	0	15,855
Tech and Communications	463,438	1,586,660	1,654,050	30,000	1,684,050	0	0	345,459	0	20,589
Administrative Services	58,234	4,425,090	4,422,470	30,000	4,452,470	0	0	9,990	0	20,864
Risk Management	791,008	1,026,000	1,001,950	275,000	1,276,950	0	0	500,000	0	40,058
TOTAL	**$30,942,517**	**$106,173,013**	**$110,368,811**	**$1,611,260**	**$111,980,071**	**$15,131,465**	**$1,202,831**	**$3,053,805**	**$1,938,289**	**$3,809,069**

(1) Includes reserves.
(2) 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.
(3) Includes certain donation endowments, Library Improvement reserve, and other ordinance-driven commitments.
(4) Includes vehicle/equipment, catastrophic risk management reserves, future needs and library donation program reserves.
(5) Includes incremental reservation of property tax funds combined balances based on Council Policy to rebuild reserves over a maximum of five years to a level equivalent to three months of payroll in support of a sustainable budget.
(6) 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. Due to their budgetary nature, these amounts do not align with audited year-end "unassigned" or "assigned" balances per GASB 54.





As a best practice, according to the Government Finance Officers Association (GFOA), and as often requested documentation to meet the City's annual external audit in this regard, an explanation of yearly changes in fund balance of 10% or more is provided in the table below. Adequate fund balances, as defined by Council Financial Policy, are maintained in all funds to the extent possible. However, the unpredictable nature of forecasting ensures that fund balances will never end precisely where predicted and will be either higher or lower than anticipated, depending on actual eventual circumstances (i.e. an added fee or miscellaneous revenue, insufficient time or resources to complete special/capital projects, unforeseen vacancies). The table below includes all instances where the net change in the Adopted budgetary ending fund balance from FY 11-12 when compared to the Proposed ending fund balance for FY 12-13 is greater than 10%, and provides a brief explanation for that change.

Changes of 10% or More in Fund Balance

Fund	FY 11-12 Adopted End Fund Balance	FY 12-13 Adopted End Fund Balance	% Change	Projection - Reasoning
General	$55,238	$3	-99.99%	See Property Tax Funds Combined below.
Parks & Recreation	$80,588	$25	-99.97%	See Property Tax Funds Combined below.
Fire	$54,609	$2	-100.00%	See Property Tax Funds Combined below.
Library	$54,411	$20	-99.96%	See Property Tax Funds Combined below.
Property Tax Funds Combined	$244,846	$50	-99.98%	A sustainable budget results in an ending fund balance that is set aside as a new reserve of $1,938,289 per Council Policy.
Street	$120,340	$30,922	-74.30%	Continued draw on operating revenues for various projects including CIP related projects.
911 Emergency	$195,558	$168,713	-13.73%	Less vacancy savings in FY 11-12 than in previous years leads to a lower beginning fund balance, and thus lower ending fund balance, in FY 12-13.
Development Services	$78,137	$170,706	118.47%	Higher revenues received in FY 10-11, combined with higher than anticipated revenue in FY 11-12, added to beginning fund balance.
Community Development Revolving	$338,860	$80,217	-76.33%	CDBG and HOME grant funding decreasing, combined with timing delays with respect to grant reimbursements is expected to result in a much lower beginning fund balance in FY12-13.
Transit	$538,617	$713,522	32.47%	Receipt of BETC revenue in FY 11-12, in addition to increased SIF funding result in a higher fund balance.
Wastewater	$643,604	$1,016,164	57.89%	Planned refunding of CSO DEQ loan will allow reserved monies to no longer be reserved and thus be added to fund balance in FY 12-13.
Airport	$375,754	$499,301	32.88%	Less of a draw on fund balance and current revenues for special projects than in prior year.

CORVALLIS

ENHANCING COMMUNITY LIVABILITY

WATER FOUNTAIN AT CORVALLIS RIVERFRONT PARK

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:

- Reader's Guide – The City's Annual Budget Document serves a wide variety of audiences and 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 and in the future: policy related information, a communication device, a financial plan and an operational guide.

- 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.

- 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.

- 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 to direct activities associated with the City's financial operations.

- 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.

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, in particular, but also in the future: 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 found on the City's website provides summary information on the progress made by the City in achieving the community's 2020 Vision Statement. This document also identifies some of the plans for FY 12-13 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.

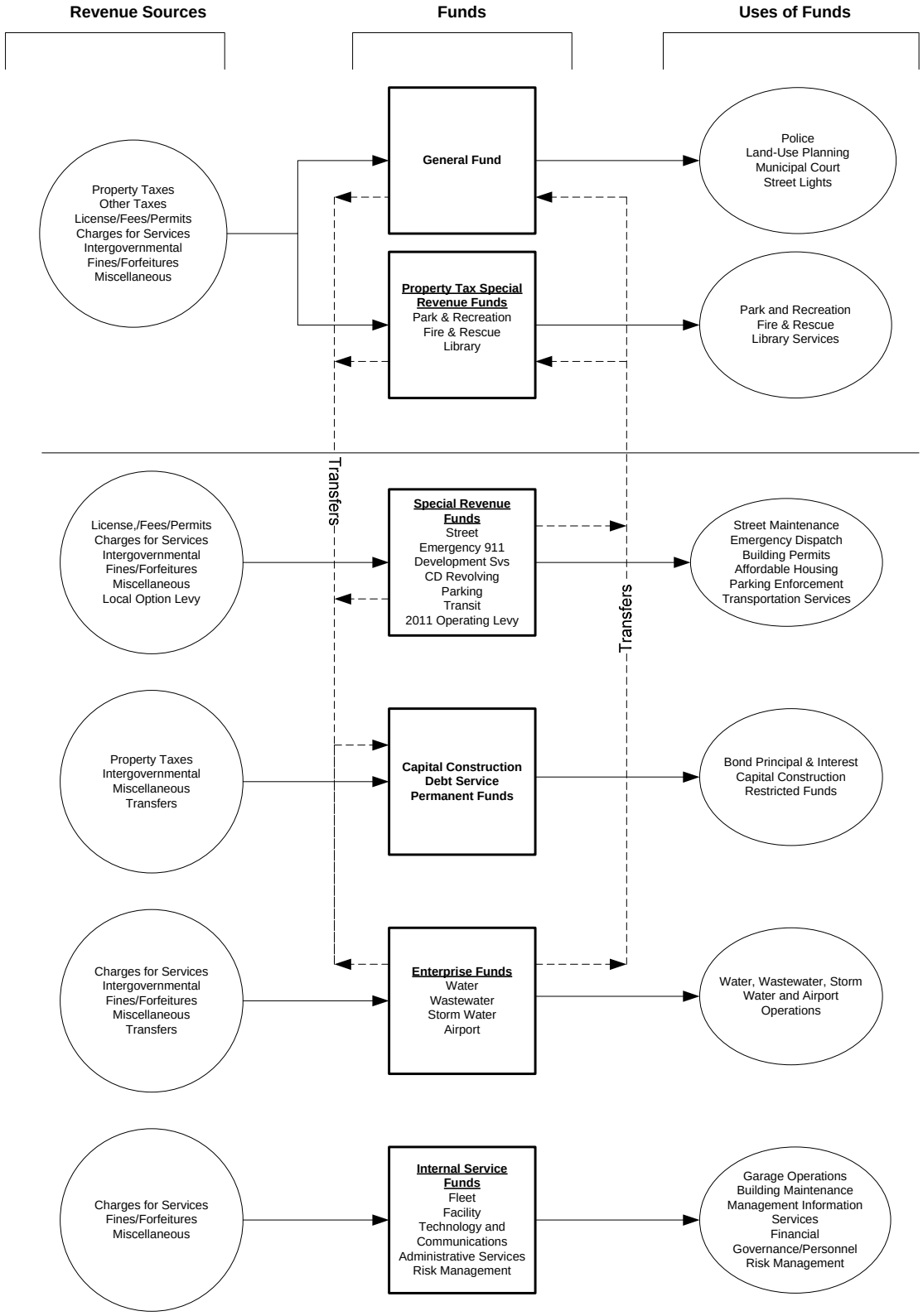
B. ***A Communications Device*** – The City's annual budget provides information about the priorities the City Council has set to be accomplished during the next fiscal year, but it also includes information about the day-to-day activities the City performs. The Budget Message provides a concise discussion 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 12-13, such key issues included the major reductions required to achieve the council goal of a sustainable budget in the Property Tax Funds for FY 12-13. 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 2011 had a 31% 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. While a response rate of this magnitude is still considered statistically viable, this is one of several reasons, including cost, that prompted the City to bring the survey back in-house commencing in 2012. The 2011 survey included several questions similar to those asked in other years, 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 fire/ambulance/emergency medical, public library and City parks. All of these program areas also scored above a 90% in 2010.

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 City Council to develop programs or services. The complete survey, including comments, are available on the City's website. In March, the City also publishes a "report card" newsletter to highlight survey results in the context of the City's performance measurement efforts. 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:

CITY OF CORVALLIS FLOW OF FUNDS



The Budget and Financial Planning Overview 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 found in the latter half of the Budget and Financial Planning Overview section 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 "Property Tax Funds, Other Special Revenue Funds, Capital Construction/Debt Service/Permanent Funds, Enterprise Funds, and 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 the Budget and Financial Planning Overview 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. These particular 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 starting on page 99.

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, pass-throughs from other municipalities, or sale of capital assets).

Operating expenditure classifications include: Personnel 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, found in the Budget and Financial Planning Overview 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. This overview, as well as the Budget Message, also serves 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. Based on feedback from City Council, staff prepares a budget which is returned to the Budget Commission in April 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 City Council, 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 quarterly to the City Manager and Finance Director on any unusual occurrences, and monthly in the final quarter of each fiscal year. The Finance Department has the overall responsibility to develop and monitor the budget. The BFP 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 http://corvallisoregon.gov/. 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 283.

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 anticipated revenue streams meet or exceed planned expenditures.

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 desires within funds available. 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 at least two times during the budget process. The first opportunity for direct input on the budget occurs in late April 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 second 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 http://corvallisoregon.gov/ for dates.

- Advisory Boards and Commissions -- There are currently more than twenty 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 (page 290) 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 City Manager delivers a proposed budget to the Budget Commission in the April/May timeframe. The Budget Commission is then required to hold a public hearing on the proposed budget, deliberate, and recommend 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 a final opportunity for public input, and then adopts a budget, levies taxes, and sets appropriation levels by adopting a resolution (see page 293 for the FY 12-13 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 write 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 by the year 2020. The statement provides direction for decision makers throughout long-range planning efforts and is available on the City's website http://corvallisoregon.gov/. An assessment of where the City is in meeting those goals is also 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 (page 25).

- 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 and is available on the City's website http://corvallisoregon.gov/.

- Information About the City -- A snapshot of information about the City can be found online under "About Corvallis." There is also additional demographic and statistical information found in Community Goals assessment of the Vision 2020 Statement on the City's website http://corvallisoregon.gov/.

- 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 (page 300).

- 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 Adopted budget (page 247) and the full CIP document is available on the City's website.

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. Nor can metered water revenue from rate payers be legally used to pay for policing 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 service provision.
- Citizen input regarding service(s) 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 starting on page 58.

The Budget Commission reviews the financial plans to assess budget priorities that the City Manager has included in the proposed budget and those which are proposed to not be funded. When the Budget Commission deliberates on the proposed budget, 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(s) based on the fund-specific projections.

Final Budget Preparation

Depending on the availability of resources, Budget Commission may be given an opportunity earlier in the budget cycle to prioritize spending available for service enhancements. In a fiscally constrained environment, staff will more typically use its expertise in concert with that of its boards and commissions, to develop a final budget for review by the Budget Commission. 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 either individually or as a group to review each department's 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%, the budget must be re-published 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 page 293).

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 in FY 12-13, 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 City Manager and Department Directors meet in January and February to set budget priorities, typically based on feedback from City Council work sessions. Expenditure budgets are finalized by department staff shortly thereafter. The budget analysis and review with the City Manager is usually completed by mid-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 293.

The typical time line for the budget is presented both graphically on the back of the tab which marks the Budget Message section, 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 & Financial Planning Overview provides more detailed information about issues that have a financial impact on the organization and summarizes the financial portion of the budget including long-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 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 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 its 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 or continues 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@corvallisoregon.gov.

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.	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 the ability to pay the capital, operating, and maintenance costs.	The Budget Commission has an orientation session and receives the CIP, the Annual Citizen Survey, and the status of the City Council's Goals and Values. Department Directors may present information about their business plans and service priorities, as appropriate. Departments submit their final budget proposal to the City Manager.	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. The Budget Commission convenes to review the City Manager's Proposed Budget and recommend a budget for the City Council to consider.	Share the schedule for year-end close, purchasing cut-off, and final check runs with department users.
May		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.

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 as volunteers, 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 over twenty advisory boards, commissions and committees. 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

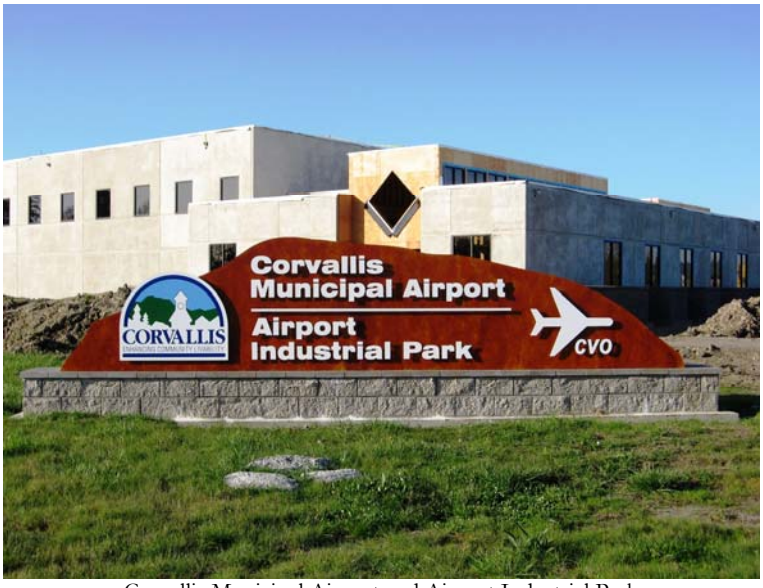
Citizen participation on City of Corvallis boards and commissions serve two important purposes: citizens are directly involved in their local government and can have a positive impact on the future of their community; and, the City Council receives timely input and information regarding issues and potential 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)
- 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)
- OSU Collaboration Project Steering Committee - A short-term body formed to address the Council Goal: Working with the 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. (6 members, 1 County representative, 7 OSU representatives, 2 non-voting Council representatives, 2 City of Corvallis representatives)

- 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

RESOLUTION 2012-15

A RESOLUTION LEVYING TAXES AND APPROPRIATING THE FY 2012-13 BUDGET.

Minutes of the meeting of June 4, 2012 continued.

A resolution submitted by Council member Mark O'Brien.

WHEREAS, the Corvallis Budget Commission convened on April 19, 2012 to receive the City Manager's Proposed Budget for FY 12-13; and

WHEREAS, the Corvallis Budget Commission held a public hearing on April 25, 2012, deliberated on May 1, 2012, and recommended that the City Council adopt a budget totaling $111,244,071 ; 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 $1,067,490 for debt service; and

WHEREAS, the City Council held a public hearing on June 4, 2012; and

WHEREAS, the City Council further amended the Budget Commission's recommended budget at its regular meeting on June 4, 2012 as permitted under ORS 294.456; and

NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE CITY COUNCIL OF THE CITY OF CORVALLIS that the 2012-13 budget of $111,980,071 is hereby adopted.

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, 2012.

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, 2012.

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: $1,067,490

IT IS FURTHER RESOLVED that the amounts of the appropriations for the fiscal year beginning July 1, 2012 shall be as follows:

GENERAL FUND

Operating Budget:		
City Manager's Office	$380,000	
Community Development Department	1,311,410	
Finance Department	629,740	
Police Department	10,352,220	
Public Works Department	1,218,900	
Non-Departmental	1,362,100	
Non-Operating Budget:		
Transfers	857,560	
Other Financing Uses	855,000	
Debt Service - Principal	190,000	
Debt Service - Interest	53,880	
Contingency	224,860	
TOTAL GENERAL FUND		$17,435,670

STREET FUND

Operating Budget:		
Community Development Department	$21,020	
Public Works Department	4,003,730	
Non-Operating Budget:		
Transfers	1,423,600	
Contingency	85,520	
TOTAL STREET FUND		$5,533,870

PARKS AND RECREATION FUND

Operating Budget:		
Parks and Recreation Department	$5,928,130	
Non-Operating Budget:		
Transfers	1,309,423	
Contingency	67,390	
TOTAL PARKS AND RECREATION FUND		$7,304,943

9-1-1 EMERGENCY COMMUNICATIONS FUND

Operating Budget:		
Police Department	$2,177,200	
Non-Operating Budget:		
Transfers	62,240	
Contingency	43,450	
TOTAL 9-1-1 COMMUNICATIONS FUND		$2,282,890

DEVELOPMENT SERVICES FUND

Operating Budget:		
Community Development Department	$2,822,700	
Non-Operating Budget:		
Transfers	88,800	
Contingency	50,000	
TOTAL DEVELOPMENT SERVICES FUND		$2,961,500

FIRE AND RESCUE FUND

Operating Budget:		
Fire Department	$10,449,720	
Non-Operating Budget:		
Transfers	955,440	
Contingency	157,240	
TOTAL FIRE AND RESCUE FUND		$11,562,400

COMMUNITY DEVELOPMENT REVOLVING FUND

Operating Budget:		
Community Development Department	$3,305,250	
Non-Operating Budget:		
Transfers	21,040	
Contingency	31,950	
TOTAL CD REVOLVING FUND		$3,358,240

PARKING FUND

Operating Budget:		
Community Development Department	$4,050	
Finance Department	215,420	
Police Department	355,580	
Public Works Department	184,280	
Non-Operating Budget:		
Transfers	299,060	
Contingency	13,320	
TOTAL PARKING FUND		$1,071,710

TRANSIT FUND

Operating Budget:		
Public Works Department	$4,080,490	
Non-Operating Budget:		
Transfers	12,140	
Contingency	77,130	
TOTAL TRANSIT FUND		$4,169,760

2011 OPERATING LEVY FUND		
Non-Operating Budget:		
Transfers	$1,865,350	
TOTAL 2011 OPERATING LEVY FUND		$1,865,350
LIBRARY FUND		
Operating Budget:		
Library Department	$6,053,510	
Non-Operating Budget:		
Transfers	192,690	
Contingency	63,360	
TOTAL LIBRARY FUND		$6,309,560
CAPITAL IMPROVEMENT FUND		
Non-Operating Budget:		
Capital Projects	$6,698,818	
TOTAL CAPITAL CONSTRUCTION FUND		$6,698,818
GENERAL OBLIGATION DEBT SERVICE FUND		
Non-Operating Budget:		
Debt Service - Principal	$785,000	
Debt Service - Interest	255,800	
TOTAL G.O. DEBT SERVICE FUND		$1,040,800
PENSION OBLIGATION DEBT SERVICE FUND		
Operating Budget:		
Non-Departmental	$1,350	
Non-Operating Budget:		
Debt Service - Principal	516,250	
Debt Service - Interest	1,974,010	
TOTAL PENSION OBLIGATION DEBT SERVICE FUND		$2,491,610
DAVIDSON FUND		
Operating Budget:		
Library Department	$500	
TOTAL DAVIDSON FUND		$500

WATER FUND		
Operating Budget:		
Community Development Department	$55,770	
Public Works Department	7,840,490	
Non-Operating Budget:		
Capital Projects	1,118,180	
Transfers	1,799,160	
Debt Service - Principal	860,300	
Debt Service - Interest	160,860	
Contingency	194,060	
TOTAL WATER FUND		$12,028,820
WASTEWATER FUND		
Operating Budget:		
Community Development Department	$52,770	
Public Works Department	7,608,910	
Non-Operating Budget:		
Capital Projects	905,360	
Transfers	1,356,220	
Debt Service - Principal	1,650,140	
Debt Service - Interest	641,410	
Contingency	187,580	
TOTAL WASTEWATER FUND		$12,402,390
STORM WATER FUND		
Operating Budget:		
Community Development Department	$53,670	
Public Works Department	2,216,440	
Non-Operating Budget:		
Capital Projects	721,510	
Transfers	599,600	
Contingency	42,140	
TOTAL STORM WATER FUND		$3,633,360
AIRPORT FUND		
Operating Budget:		
Public Works Department	$664,940	
Non-Operating Budget:		
Capital Projects	50,000	
Transfers	6,950	
Debt Service - Principal	24,160	
Debt Service - Interest	7,330	
Contingency	12,260	
TOTAL AIRPORT FUND		$765,640

FLEET MAINTENANCE FUND		
Operating Budget:		
Public Works Department	$823,610	
Non-Operating Budget:		
Contingency	16,000	
TOTAL FLEET MAINTENANCE FUND		$839,610
FACILITY MAINTENANCE FUND		
Operating Budget:		
Public Works Department	$799,160	
Non-Operating Budget:		
Contingency	10,000	
TOTAL FACILITY MAINTENANCE FUND		$809,160
TECHNOLOGY AND COMMUNICATIONS FUND		
Operating Budget:		
Finance Department	$1,443,300	
Public Works Department	210,750	
Non-Operating Budget:		
Contingency	30,000	
TOTAL TECHNOLOGY AND COMMUNICATIONS FUND		$1,684,050
ADMINISTRATIVE SERVICES FUND		
Operating Budget:		
City Manager's Office	$1,920,720	
Finance Department	2,501,750	
Non-Operating Budget:		
Contingency	30,000	
TOTAL ADMINISTRATIVE SERVICES FUND		$4,452,470
RISK MANAGEMENT FUND		
Operating Budget:		
City Manager's Office	$1,001,950	
Non-Operating Budget:		
Contingency	275,000	
TOTAL RISK MANAGEMENT FUND		$1,276,950
TOTAL FY 12-13 APPROPRIATIONS		$111,980,071

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 $1,067,490 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 February 21, 2012

CP 10.01 FINANCIAL POLICIES PURPOSE, MISSION, AND GOALS

10.01.010 Purpose

To underscore the responsibility of the City of Corvallis to its citizens for the long-term care of public funds and wise management of municipal finances while providing adequate funding for the services desired to achieve a sense of well-being and safety by the public and maintaining the community's public facilities and infrastructure to enhance the long-term livability and economic vitality of Corvallis.

10.01.020 Mission

To provide policy direction from the City Council to the City of Corvallis organization about sustainable financial management to ensure the City continues to provide desired services to the community in perpetuity.

10.01.030 Goals

To meet this mission, the goals for financial management include the following:

A. To protect the policy-making ability of the City Council by ensuring that important policy decisions are not controlled by financial problems or emergencies.

B. To enhance the policy-making ability of the City Council by providing accurate information on program costs.

C. To assist sound management of the City by providing accurate and timely information to the City Council and the public on the City's financial condition.

D. To provide sound principles, reports and analyses to guide the important decisions of the City Council and of management which have significant fiscal impact.

E. To set forth operational principles which minimize the cost of government and financial risk, and safeguard the City's assets.

F. 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.

G. To provide adequate resources to operate and maintain essential public facilities and the City's infrastructure.

H. To protect and enhance the City's credit rating and prevent default on any debt issue of the City.

I. To ensure the legal use of all City funds through a sound system of administrative policies and internal controls.

10.01.040 Background

Municipal financial operations have a wide variety of oversight or standard setting agencies, including multiple departments within both, the 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. The City Council's Financial Policies have been reviewed and updated each year since they were first adopted to ensure the policy direction is current.

10.01.050 Achieving Financial Policy Goals

To achieve and maintain the goals outlined in these policies, the Finance Department will conduct an annual analysis of projected financial condition and key financial indicators. This budget capacity analysis shall be used to inform the next budget development process.

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.

10.01.060 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 Purpose

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. Maintaining a positive ending fund balance is a best financial management practice, and is important to maintain the City's credit rating, and to meet state law requirements for no deficit spending.

10.02.020 Background

Budgetary fund balance is a critical component of the City's financial management policies. Large ending fund balance targets may be viewed as reducing resources that could be used to provide direct services to citizens; small ending balances may be viewed as leaving the City open to too much risk from emergencies or temporary economic downturns and may result in downgrades to the City's credit rating that would increase the cost of borrowing. Residents' sense of well-being is enhanced when the City is able to provide a consistent level of service from year-to-year.

This policy is designed to provide guidance for maintaining an ending fund balance that is adequate to manage risk while maximizing the services provided to citizens.

The budgetary ending 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. 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.

10.02.030 Fund Balance Definitions

The Governmental Accounting Standards Board (GASB) has defined fund balance categories for financial reporting to be classified as defined in the glossary attached to these Financial Policies.

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.

10.02.040 Fund Balance Policy

A. Property Tax Funds Combined – Budgetary Fund Balance for Financial Planning Purposes

1. The City Council has established the fund balance target for the Property Tax Funds Combined to total three months of payroll expenses.

2. The City Manager will review the City's financial status each year and develop a budget process that is designed to meet Oregon Local Budget Law requirements, taking into account the City's projected financial status for the budget year, including:

   a) the current budgetary fund balance;

   b) cash flow requirements within the fund to support expenditures, including up to three months of payroll costs;

   c) future capital needs;

d) significant revenue and expenditure trends including the HNA;

e) susceptibility of the fund's operations to emergency or unanticipated expenditures;

f) credit worthiness and capacity to support debt service requirements and covenants;

g) legal or regulatory requirements affecting revenues, expenditures, and fund balances;

h) reliability of outside revenues; and

i) any other factors pertinent to the fund's operations.

3. Should the projected ending fund balance for the budget year be lower than the City Council's target, the following strategy will be implemented:

a) For times when the fund balance is lower than the target as the result of structural/systemic changes, the fund balance shall be re-built over a period of no more than:

1. five years if the fund balance is less than 50 percent of the target. The balance shall be re-built to achieve an ending fund balance of no less than 10 percent of the target in the first year; 25 percent in the second year; 45 percent in the third year; 70 percent in the fourth year; and 100 percent in the fifth year. This strategy is specifically designed to allow for consideration/development of a new revenue source prior to significant service reductions taking effect should the City Council wish to consider revenue alternatives.

2. three years if the fund balance is between 50 percent and 100 percent of the target. The balance shall be rebuilt to achieve an ending fund balance of no less than 60 percent at the end of the first year; 75 percent at the end of the second year, and 100% at the end of the third year.

b) For times when the fund balance is lower than the target as the result of short-term poor experience (i.e., costs to respond to a natural disaster), the City Manager shall recommend a strategy for re-building the fund balance taking into account the following criteria:

1. the cause of the poor experience;

2. the City's ability to control/change the causing factor;

3. the impact to services to achieve an immediate re-build of fund balance;

4. the likelihood the causing factor will end and revenues/expenditures will return to normal levels within one year; and

5. the likely amount of time required to re-build the fund balance if no additional changes in services/revenues occurred and/or one-year is not a viable time frame for proposed solutions.

4. Should the projected ending fund balance be above the target, the City Manager will make a recommendation to the City Council whether to reserve those monies above the target for:

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/or

d) ongoing or new City programs, provided such action is considered in the context of Council approved multi-year projections of revenue and expenditures.

B. <u>Appropriate Budgetary Fund Balance – all other funds</u>

1. Each operating fund shall have a positive budgetary ending fund balance for the budget year under discussion.

2. The Finance Director shall recommend the appropriate ending budgetary fund balance for each fund as part of the budget development process. The Finance Director shall take into account the following factors:

a) the current budgetary fund balance;

b) cash flow requirements within the fund to support expenditures, including up to three months of payroll costs;

c) future capital needs;

d) significant revenue and expenditure trends including the HNA;

e) relative rate stability from year to year for enterprise funds;

f) susceptibility of the fund's operations to emergency or unanticipated expenditures;

g) credit worthiness and capacity to support debt service requirements and covenants;

h) legal or regulatory requirements affecting revenues, expenditures, and fund balances;

i) reliability of outside revenues; and

j) any other factors pertinent to that fund's operations.

3. The minimum fund balance targets for any given non-property tax fund shall be no less than five percent of current revenue.

4. Ending Budgetary Fund Balance Below Recommended – All Other Funds

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 in any fund, 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.

5. 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/or

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 Purpose

These policies provide direction in the management and oversight of existing revenue sources and for the development of new revenue sources.

10.03.020 Background

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/Statutes, federal law, or regulations promulgated by a state, federal, or other agency; others are assessed solely through the City's home rule authority. Revenues are critical to the City's financial operations as they provide the resources necessary to provide services at the level the community desires. However, the City Council also recognizes that the majority of the revenue received by the City comes from its own citizens and the ability to pay increasing amounts may make Corvallis less livable, especially for low income residents. Revenue decisions are complex and must take into account a variety of factors. The Revenue Policies are designed to provide guidance to staff and the City Council as new revenue sources or rate increases for existing revenues are considered.

10.03.030 General Revenue Policies

A. Revenue Diversity and Stability -- 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.

B. Restricted Revenues -- 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.

C. Capital Improvement Funding -- 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.

D. One-time Revenue -- One-time revenue includes fund balances and grants or other sources which have a specific time limit and/or reason for expenditure. One-time revenue will be used for one-time expenses whenever possible; in some cases one-time revenue may be used for costs the City would have incurred for a program or service, regardless of the receipt of the one-time revenue. 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.

E. Unpredictable Revenue -- 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. Capital projects to be constructed with SDC monies will not be initiated until SDC revenue is available or another financing alternative is developed.

F. Revenue Monitoring – Revenues will be monitored monthly for performance compared to both the annual budget and the anticipated timing of revenue receipts. 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.

G. Collections -- The City shall manage its revenue collections through a policy that actively pursues collection of all revenues owed to the City.

H. Charges for Services -- 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).

1. Fees and charges other than those identified elsewhere in City Council policy or via Corvallis Municipal Code will use the following criteria to determine the ratio of cost recovery:

    a) Whether the person paying the fee can avoid it;

    b) Whether the program supported by the fee is designed to benefit the entire community or only a small segment of the population;

    c) Whether the fee is set high or low to incentivize something (i.e., change behavior);

    d) Whether the fee should be earmarked for a specific use or should be treated as a general revenue available for operations;

    e) Whether there are extenuating circumstances where the Council believes the fee should not cover all of the costs associated with the service; and

    f) Whether the fee costs less to collect/administer than the revenue it brings in.

2. 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.

3. 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.

4. Historically, the City Council has provided very limited tax and fee exemptions; rather, the City Council has elected to use General Fund monies to pay the fees/charges for non-profit entities that request exemptions when the cause matches the City's goals.

I. Systems Development Charges (SDC) – SDC rates are set via resolution and are designed to cover the 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 amended, or when a project not listed in a facility plan is identified and will provide additional capacity to serve growth. The overall SDC program methodology and population service scenario shall be reviewed approximately every ten years.

10.03.040 Property Taxes

The City levies property taxes for operations and for general obligation debt service in compliance with the Oregon Constitution and Oregon Revised Statutes. The City has a permanent tax rate of $5.1067 per $1,000 of assessed value; from time-to-time the City may have a local option property tax levy for a limited period of time. Revenue for a local option levy will be accounted for according to the ballot language for the levy. Revenue from property taxes levied for general obligation debt service shall be for specific series of debt, levied and accounted for in accordance with state legal requirements. Revenue from the City's permanent tax rate will be allocated in accordance with this policy.

A. Allocation -- Property taxes are allocated to the General, Parks & Recreation, Fire and Rescue, and Library Funds 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 allocation is generally set so that each of the funds ends the budget year with 25 percent of the ending fund balance in the Combined Property Tax Financial Plan. 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.

1. 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.

2. 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.

3. 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.

10.03.050 Utility Fees (Water, Wastewater, Storm Water)

A. Utility Fee Basis -- Utility user charges for each of the three City utilities will be based on the total 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.

B. 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.

C. Rate Adoption -- Utility rates will be adopted by ordinance and will be recorded in the Corvallis Municipal Code.

D. 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

A. Cost Recovery -- Parks and Recreation services 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. Through a special initiative, services that provide recreational opportunities for populations with the fewest recreational alternatives (youth, limited income, senior adults, and families) may 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.

B. Fee Model – the following lists represent all categories of services currently provided or those which may be provided in the future by the Parks & Recreation Department. The model is based upon the degree of benefit to the community (Tier 1 -- mostly a community benefit) or individual (Tier 5 -- mostly an individual benefit) of the service provided, the values of the Corvallis community, and the vision and mission of the Parks & Recreation Department. This model and policy form the basis for setting fees and charges.

1. Revenue positive cost recovery (Tier 5 services are targeted to recover a minimum of 200 percent of direct costs):

   a) concession/vending

   b) merchandise for resale

   c) private/semi-private lesson

   d) rentals – private/commercial

   e) long-term leases

   f) equipment rentals

   g) trips

   h) organized parties

   i) drop-in childcare/babysitting

   j) leased services – private/commercial

   k) permitted services

2. Totally fee supported with no tax investment (tier 4 services are targeted to recover a minimum of 100 percent of direct costs, and some of these services may be appropriate for use of alternative funding sources such as grants, donations, and use of volunteers):

   a) classes and programs – intermediate/advanced

   b) leased services – non-profit/governmental agency

   c) preschool

   d) social clubs

3. Primarily fee supported with little or no tax investment (tier 3 services are targeted to recover a minimum of 90 percent of direct costs, and some of these services may be appropriate for use of alternative funding sources such as grants, donations, and use of volunteers):

   a) health services, wellness clinics, and therapeutic recreation

   b) classes and programs – beginning/multi-ability

   c) tournaments and leagues

   d) rentals – non-profit/governmental agency

   e) specialized events/activities

   f) camps/after school care

   g) leased services – affiliates

   h) work study/internship/community service program

4. partial tax investment with minimal to partial fee support (tier 2 services are targeted to recover a minimum of 45 percent of direct costs, and many of these services may be appropriate for use of alternative funding sources such as grants, donations and use of volunteers):

   a) life/safety classes

b) rentals – affiliates

c) supervised park/facility

d) community-wide events

e) volunteer program

5. full tax investment with little or no fee support (tier 1 services are targeted to recover zero percent of direct costs, although some of these services may be appropriate for use of alternative funding sources such as grants, donations, and volunteers:

a) non-supervised park/facility

b) inclusionary services

c) support services

C. Setting Fees – The Parks & Recreation Department Director shall set fees for programs and services in compliance with the targets listed above. Fees shall be adjusted during the course of each year as needed to ensure the cost recovery targets are achieved. The following pricing strategies will be used by the Parks & Recreation Director in setting fees:

1. Market pricing: a fee based on demand for a service or facility or what the target market is willing to pay for a service. One consideration for establishing a market fee is determined by identifying all providers of identical service (i.e., private sector providers, municipalities), and setting the highest fee. Another consideration is setting the fee at the highest level the market will bear.

2. Competitive pricing: a fee based on what similar service providers or close proximity competitors are charging for service. One consideration for establishing a competitive fee is determined by identifying all providers of an identical service (i.e., private sector providers, municipalities), and setting the mid-point or lowest fee.

3. Cost recovery pricing: a fee based on cost recovery goals within market pricing ranges.

D. Fee Review -- The Park and Recreation Department shall conduct an annual comprehensive review of cost recovery targets in compliance with these policy targets; this review will be forwarded to the Parks, Natural Areas and Recreation Board which will forward their comments to the City Council via the Human Services Committee..

E. Use of Volunteers -- Through an aggressive volunteer recruitment program, the Parks and Recreation Department shall seek to minimize the amount required for full tax investment with little to no fee support (tier 1 services) and partial tax investment with minimal to partial fee support (tier 2 services).

F. 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

A. 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.

B. Rate Changes -- 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.

1. 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.

2. 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.

3. 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.

C. 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.

10.03.110 Grants

A. 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.

B. Federal Funds -- Federal funds shall be actively sought by the City. 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 goals and services.

C. 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:

1. the amount of the matching funds required;
2. in-kind services that are to be provided;
3. length of grant and consequential disposition of service (i.e., is the City obliged to continue the service after the grant has ended?); and,
4. the related expenditures including administration, record keeping, and auditing expenditures.

D. 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.

10.03.120 Gifts, Donations and Bequests

A. 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.

B. 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 unless the gift, donation or bequest is for an already planned and budgeted service or program.

CP 10.04 EXPENDITURE POLICIES

10.04.010 Purpose

To provide direction for developing the annual budget, monitoring the City's financial status throughout the year, and ensuring that the City's monies are expended to provide services to citizens.

10.04.020 Background

The City expends a significant amount of money each year to provide services that are important to citizen's sense of well being and safety and to improve the livability of the community. The largest portion of expenditures are for the operating costs of the organization. These costs include all of the salaries/wages and related benefits for City staff, along with materials, services and capital outlays necessary to perform the basic functions of the City. Additional costs associated with capital projects (infrastructure investments) and debt service are part of the annual budget, based on specific plans for both.

10.04.030 Operating Budget -- Pay-As-You-Go

A. 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:

1. current direct and indirect costs for operations and maintenance will be controlled and will be funded with current revenues, and
2. revenue and expenditure forecasts will be prepared annually for all operating funds prior to budget discussions.

B. 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.

C. Mandated Costs -- Costs attributable to mandates of other government agencies shall be included in the annual budget.

10.04.040 Budget Balance

The City Manager will prepare a budget for each fund each year where resources on a modified accrual basis either equal or exceed all expenditures 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, and contingencies.

10.04.050 Budget Performance Reporting

A. 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 published on the City's web site for public review. 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.

B. 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 QOR.

10.04.060 Maintenance, Repair & Replacement

A. 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.

B. Master Plan Projects -- 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 and the project will result in the acquisition of a new or addition to an existing a capital asset; master plan projects that do not result in capital assets shall be included in the operating budget.

C. 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.

D. 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.

E. Stable Spending plans -- 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. If monies are not set aside in reserves due to financial shortfalls:

1. reserves will be re-built within three fiscal years to the level required to meet future replacement plans; or
2. staff will develop a plan to borrow monies for critical equipment replacement.

F. Equipment Replacement Budgeting -- Equipment to be replaced will be budgeted considering:

1. Age of the asset and its manufacturer's recommended useful life;

2. Wear and tear on the asset;

3. Environmental conditions which may shorten or lengthen the useful life of the asset;

4. The cost/benefit to complete routine maintenance and delay replacement;

5. Availability of service and/or parts; and

6. The cost/benefit of early replacement with more efficient and/or less expensive technology.

G. 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 10.04.060.F.

H. 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.

10.04.070 Personal Services

A. Compensation – The City Council has a separate policy on compensation that provides policy direction and guidelines for labor negotiations and for the City Manager as it relates to compensation for exempt employees.

B. Compensation Budget -- total projected compensation shall be budgeted in compliance with approved bargaining unit agreements. Compensation for exempt employees shall be budgeted in compliance with the City Manager's recommendation for these positions.

C. Changes in Full Time Equivalents (FTE) – Changes in the FTE shall be identified in the summary financial data in the Budget each year. This summary will include data by department, and a list of positions added, deleted, or approved but unbudgeted for the year.

D. Vacant Positions – The City shall not carry vacant budgeted positions for more than one fiscal year without the Department Director identifying a strategy for the position.

10.04.080 Transfers

A. 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.

B. 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.

C. 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:

1. The advance is reviewed, prior to the transfer of funds, by the Administrative Service Committee.

2. 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.

3. Should the borrowing fund accumulate an unexpected unrestricted balance, this excess shall be used first to repay the advance.

4. 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.

5. 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.

10.04.090 Contingency

A. 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.

B. 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.

C. 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.

D. 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 several years 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 Purpose

To provide direction for the development of the annual CIP and to maintain the City's investment in infrastructure.

10.05.020 Background

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, 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.

10.05.030 Capital Improvement Program

A. Definition of a Capital Project -- A capital project must:

1. Cost more than $25,000, and
2. be a permanent addition to the capital assets of the City, and
3. purchase land, or
4. construct a new building, or
5. remodel or add to an existing building, or
6. construct/install public infrastructure, or
7. replace existing infrastructure.

B. Full Costs Included -- 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.

C. 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.

D. 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.

E. 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.

10.05.040 Capital Improvement Maintenance

A. 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.

B. 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.

10.05.050 Capital Improvement Financing

A. 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.

B. 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.

C. Interest Earnings in the Capital Construction Fund (governmental fund) -- 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.

1. Interest earnings which are restricted due to the funding source (i.e., grant, bond issue) shall be spent in compliance with those restrictions.

2. 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 10.05.050.B.

D. Interest Earnings in the Proprietary Fund Construction Components -- Interest earnings which are restricted due to the funding source (i.e., grant, bond issue) shall be spent in compliance with those restrictions. 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 Purpose

To proactively manage the City's existing and future debt issues in compliance with state and federal laws to maintain the City's capacity for future debt issues that may be required for infrastructure investment.

10.06.020 Background

The City of Corvallis operates on a pay-as-you go basis for most capital investment, matching resources with appropriate uses. Systems Development Charge revenue is used to fund capital investments that are required to increase the capacity of the City's infrastructure. Operating monies are used to pay for maintenance of existing infrastructure, and as leverage for grant monies to fund projects that may otherwise be unattainable. If necessary for some projects, reserves are built over time, or grants are sought to fund some capital investments. From time-to-time the City plans for a capital improvement project or a significant long-term operating expenditure (such as pension obligations) which is too expensive to finance with cash reserves or which needs to be completed before reserves can be developed. When this occurs, the City borrows monies. The City is conservative in its borrowing practices, and strives to maintain low debt-per-capita ratios when compared to similar sized cities.

10.06.030 Use of Debt Financing

A. 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 or to leverage a future significant cost the City must bear (such as pension obligations) and only under the following circumstances:

1. when the project's useful life is greater than or equal to the term of the financing;

2. when project revenue or specific resources will be sufficient to service the debt; and,

3. when analysis demonstrates that the debt will smooth or reduce costs over multiple years or the project is expected to benefit the citizens of Corvallis.

B. Use of Debt Financing -- Debt financing shall not be considered appropriate for:

1. Current operating and maintenance expenses (except for issuing short-term instruments such as revenue anticipation notes or tax anticipation notes); and

2. Any recurring purpose (except as indicated above).

C. 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.

D. Short-term Debt -- Debt issued with a final maturity of one year or less from the time of issuance, which is outstanding at the end of the year, will not exceed 5% of net operating revenues (including tax anticipation notes but excluding bond anticipation notes.)

10.06.040 Limits on Debt Issuance

A. Vote to Issue General Obligation Debt -- General obligation bonds require an affirmative vote prior to issuance. Constitutional limitations require a simple majority of votes for May and November elections; 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.

B. 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.

C. 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.

D. 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.

E. 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.

10.06.050 Debt Issuance

A. Timing of Debt Issuance -- The timing for each debt issue in association with the construction schedule will be carefully considered, using the following criteria:

1. Projected cash flow requirements for the capital project;

2. Cash reserves on hand to temporarily fund preliminary project expenses;

3. Spend down schedules identified by the IRS to meet arbitrage limitations; and

4. Market conditions.

B. 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.

C. Refunding Bonds -- Refunding or advanced 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.

D. 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.

E. 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.

F. 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.

10.06.060 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.

10.06.070 Rating Agency Relationship

A. 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.

B. 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.

10.06.080 Debt Management Plan

A. Debt Management Plan -- A Debt Management Plan shall be developed and updated prior to the issuance of any additional debt. The Debt Management Plan shall encompass all debt of the City which draws on the same financial resources, including, but not limited to:

1. detail of the sources of funding for all debt;
2. current and future debt capacity analysis;
3. issues to be addressed for sound debt management;
4. a contingency debt plan should any of the funding sources become unavailable in the foreseeable future; and
5. reporting as to the City's compliance with its debt policies.

B. Review -- The Administrative Services Committee shall review the Debt Management Plan prior to the issuance of new debt and any recommendations made therein.

CP 10.07 RISK MANAGEMENT

10.07.010 Purpose

These policies set forth the over-arching guidance for the City's risk management program which is designed to minimize risk of incidents where damage could occur to citizens, employees, or the City's infrastructure or assets. Managing risk is critical to protect the community's assets and the organization's financial position.

10.07.020 Background

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 controlled to reduce risks, ensure that risk is transferred to others when appropriate, and provide insurance to mitigate against losses. The Risk Management program is comprehensive and addresses risks to City employees through appropriate training, and risks to staff and the general public through proactive maintenance and insurance coverage as well as holding adequate reserves for uninsured losses and programs designed to reduce factors associated with claims.

10.07.030 Risk Management Report

A. Annual Report -- The City Manager shall annually prepare a Comprehensive Risk Management Report, including but not limited to:

1. a summary of the past year's risk management claims,
2. an identification of current and potential liability risks or activities potentially impacting the City's finances,
3. specific strategies to address the risks identified, and
4. a summary of the past year's safety and violence in the workplace activities/trainings.

10.07.040 Risk Management Program

A. Program -- The City shall implement and maintain a Risk Management program designed to decrease exposure to risk. At a minimum, the program shall include:

1. a safety program that emphasizes reducing risks through training and safe work habits,
2. an annual examination of the City's insurance program to evaluate how much risk the City should assume, and
3. other risk management activities, including review of all City contracts with respect to indemnification and insurance provisions.

10.07.050 Risk Management Fund

A. Purpose -- The Risk Management Fund shall be used to provide for insurance coverage, uninsured losses in excess of deductible amounts, safety program expenses, and prudent reserves, contingencies and fund balances.

B. 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.

C. 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 the prior year's experience.

CP 10.08 INVESTMENTS

10.08.010 Purpose

To minimize risk associated with investing the City's monies and ensure the availability of cash to meet expenditures, while maximizing earnings opportunities and minimizing idle funds. These policies provide direction for managing the City's investments.

10.08.020 Background

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 as authorized by Oregon Revised Statutes on local government investments and the City's Administrative Policy on Investments. Investing monies has inherent risks; these risks are managed through the application of appropriate risk assessments and diversification, and following prudent rules for investing governmental funds. These policies establish and provide guidelines for the safe and efficient management of City funds, and the purchase and sale of investment instruments.

10.08.030 Scope

A. 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.

B. 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."

10.08.040 Objectives

A. The City's investment objectives are listed below, and can be summarized as primarily concerned with safety, legality and liquidity, with a secondary objective of return:

1. Preserve capital and protect investment principal,
2. Conform with federal, state and other legal requirements,
3. Maintain sufficient liquidity to meet operating requirements,
4. Diversify to avoid incurring unreasonable risks regarding specific security types or individual financial institutions,
5. Attain a market rate of return throughout budgetary and economic cycles,
6. Invest with the intent to hold until maturity.

10.08.050 Responsibility

A. 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. The Finance director may choose to use the services of a professional investment advisor if he/she believes that is most beneficial to the organization.

B. 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.

C. 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.

D. 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.

E. 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.

F. Investment Administrative 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. Substantive changes in the Investment Administrative Policy shall be submitted to the Oregon Short Term Fund Board for review after City Manager approval.

10.08.060 Investment Instruments/Vehicles

A. 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.

B. 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.

10.08.070 Reporting Requirements

A. 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.

B. 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 Purpose

To provide Council leadership for the organization by stating the importance of a system of internal controls to be implemented and maintained to meet the goals of providing accurate and timely financial reports to the community and financial markets.

10.09.020 Background

Best practices state that the City Council must lead the organization's commitment to excellence in financial management through the adoption of policies stating clear expectations. The City of Corvallis maintains a financial management system that ensures transactions are appropriately recorded, assets are managed for the benefit of the community, and risk of fraud or financial loss is identified and minimized through a set of internal controls designed 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 and meet all covenants.

10.09.030 Internal Controls

A. 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:

1. effective and efficient operations,
2. reliable and accurate financial information,
3. compliance with applicable laws and regulations, and
4. safeguarding assets against unauthorized acquisition, use, or disposition.

B. 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 Generally Accepted Accounting Principles (GAAP).

10.09.040 Financial System

A. 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.

B. Financial System Characteristics -- The City's accounting and reporting system shall demonstrate the following characteristics:

1. reliability,
2. accuracy,
3. consistency,
4. timeliness,
5. efficiency,

6. responsiveness,
7. compliance with legal requirements, and
8. conformance with GAAP.

C. Funds -- 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. Adding, closing, or making significant changes to a fund shall be done by the City Council by adopting a resolution.

10.09.050 External Financial Reporting

A. Comprehensive Annual Financial Report (CAFR) -- The City shall annually prepare and publish, by December 31st of each year, a CAFR in conformity with generally accepted accounting principles. The CAFR shall include but not be limited to:

1. an explanation of the nature of the reporting entity,
2. the extent of activities conducted by the City,
3. comparison of actual activity to adopted budget,
4. an explanation of the City's fiscal capacity,
5. disclosure of short and long term liabilities of the City,
6. capital assets reporting,
7. cash policies and compliance reporting,
8. accounting policies, controls and management responsibilities, and
9. all other disclosures required by GAAP.

GLOSSARY OF TERMS USED IN FINANCIAL POLICIES

Accrual Basis of Accounting - The basis of accounting under which transactions are recognized when they occur, regardless of the timing of related cash flows.

Appropriation - Legal authorization granted by City Council to make expenditures and incur obligations.

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 are equal to or greater than the requirements in each/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.

CAFR (Comprehensive Annual Financial Report) - Prepared at the close of each fiscal year and published no later than December 31 of each 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.

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).

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.

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. Direct Cost - A cost directly related to producing and/or providing related services. Direct costs consist chiefly of the identifiable expenses such as materials and supplies used to provide a service, the wages and salaries of personnel working to provide a service, and facility costs. These expenses would not exist without the program or service.

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 – A schedule that provides information about the expected future fiscal stability of City operations. The projections are for the operating funds of the City. Each financial plan, or proforma, includes a discussion about issues that are addressed in the proforma, as well as assumptions made about both revenues and expenditures for each fund.

Financial Policies - Administrative and Council policies established to govern the City's financial operations.

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).

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.) The Governmental Accounting Standards Board (GASB) has defined fund balance segments 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 via a resolution or ordinance.

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.

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.

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.

HNA – the Historic Norming Adjustment is the factor in each fund that results from actual experience that is usually better than

projected, either because revenues perform better than expected, and/or expenditure budgets are not fully expended due to unpredictable events such as employee turnover. The HNA is trended over a period of time and projected in future years in the financial plans to give a more likely projection of fund balance than otherwise would be visible.

Indirect Cost - A cost incurred in the production and/or provision of related services that usually cannot be directly associated with any one particular good or service. Indirect costs encompass overhead including administrative costs such as wages of supervisory and administrative personnel, occupancy and maintenance of buildings, and utility costs. These costs would exist without the specific program or service.

Investment – Cash balances, 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.

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.

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. Also referred to as a non-recurring revenue.

Operating Budget - The appropriated budget supporting current operations. Most operations are found in the General, Special Revenue, Permanent, Enterprise, and Internal Service Funds.

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.

Personal Services - A category encompassing all salaries, fringe benefits, and miscellaneous costs associated with employee expenditures. Budget law also refers to this category as personnel services.

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.

Reserved Balance – For budgetary purposes, this is the amount of fund balance that is not available for appropriation except for the uses defined for the specific reserve.

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.

System Development Charge (SDC) - A charge levied on new construction to help pay for additional expenses created by 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.

GLOSSARY OF BUDGETARY TERMS
(not found in Council Financial Policies)

Accountability - The condition, quality, fact or instance of being obliged to reckon or report for actions or outcomes.

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 Resolution - The official enactment by the legislative body establishing the legal authority for officials to obligate and expend resources.

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.

Cash Basis of Accounting - A basis of accounting under which transactions are recognized only when cash changes hands.

CDBG - Community Development Block Grant.

Contractual Services - A professional service provided by an outside individual or agency in accordance with contractual specifications.

CPOA - Corvallis Police Officers Association.

CR (Current Revenue) - Those revenues received within the present fiscal year.

CRCCA – Corvallis Regional Communications Center Association

DEQ - Department of Environmental Quality.

Depreciation – the systematic and rational distribution of the cost of a tangible capital asset (less salvage value) over its estimated useful life.

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

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.

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.

Millage - Taxation stated as one tenth of a cent per dollar of valuation; as $.001 used in calculations.

OPSRP - Oregon Public Service Retirement Program, the pension plan for employees hired after August 28, 2003.

Operating Deficit - When current expenditures exceed current revenues.

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.

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.

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.

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OTHER BUDGETARY RESOURCES/REFERENCES*

Annual Report Card- .... http://www.ci.corvallis.or.us/...Report_Card.pdf
Budget FAQs....http://www.ci.corvallis.or.us/...Budget FAQs
Citizen Attitude Survey.... http://www.ci.corvallis.or.us/...Citizen Attitude Survey
City of Corvallis website .... http://www.ci.corvallis.or.us/
Community's Goals (City Economic Info) ....http://www.ci.corvallis.or.us/...Community_Goals.pdf
Other Planning Documents....http://www.ci.corvallis.or.us/...Other Planning Documents
Sustainability Annual Report http://www.ci.corvallis.or.us/downloads/pw/annual-report-2011.pdf
Vision 2020 .... http://www.ci.corvallis.or.us/...Vision 2020

(Links are for online version. Hardcopy references for documents/information listed above can be found through the City's website by using the search function.)