

City of Corvallis,  
Oregon

2013 - 2014

Adopted  
Budget



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, 2012.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO  
**City of Corvallis**  
**Oregon**

**Special Performance Measures Recognition**

For the Fiscal Year Beginning

**July 1, 2012**

*Christopher P. Morrell*     *Jeffrey R. Emery*

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. In addition, the City also received Special Performance Measures Recognition for the FY 12-13 budget document based on outstanding ratings from reviewers in both performance measurement from an Operations Guide perspective and unit goals and objectives under the Policy Document criteria.

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**

**2013-2014**

## **ADOPTED BUDGET**

### **Mayor**

Julie Jones Manning

### **Budget Commission**

#### **City Council**

Mike Beilstein  
Hal Brauner  
Dan Brown  
Richard Hervey  
Joel Hirsch  
Roan Hogg  
Bruce Sorte  
Biff Traber  
Penny York

#### **Citizen Members**

Barbara Bull  
Karyle Butcher  
Rich Carone  
Jack Davis  
Elizabeth French  
Janet Gambatese  
Laurie Mason  
Mark O'Brien  
Curtis Wright, Chair

### **City Manager**

James A. Patterson

### **Staff**

Nancy Brewer, Finance Director  
Janet Chenard, Budget & Financial Planning Manager  
Tracey Finnegan-Wiese, Budget Analyst  
Staci Voight, Budget Analyst  
Angela Cook, Budget Analyst (Casual)

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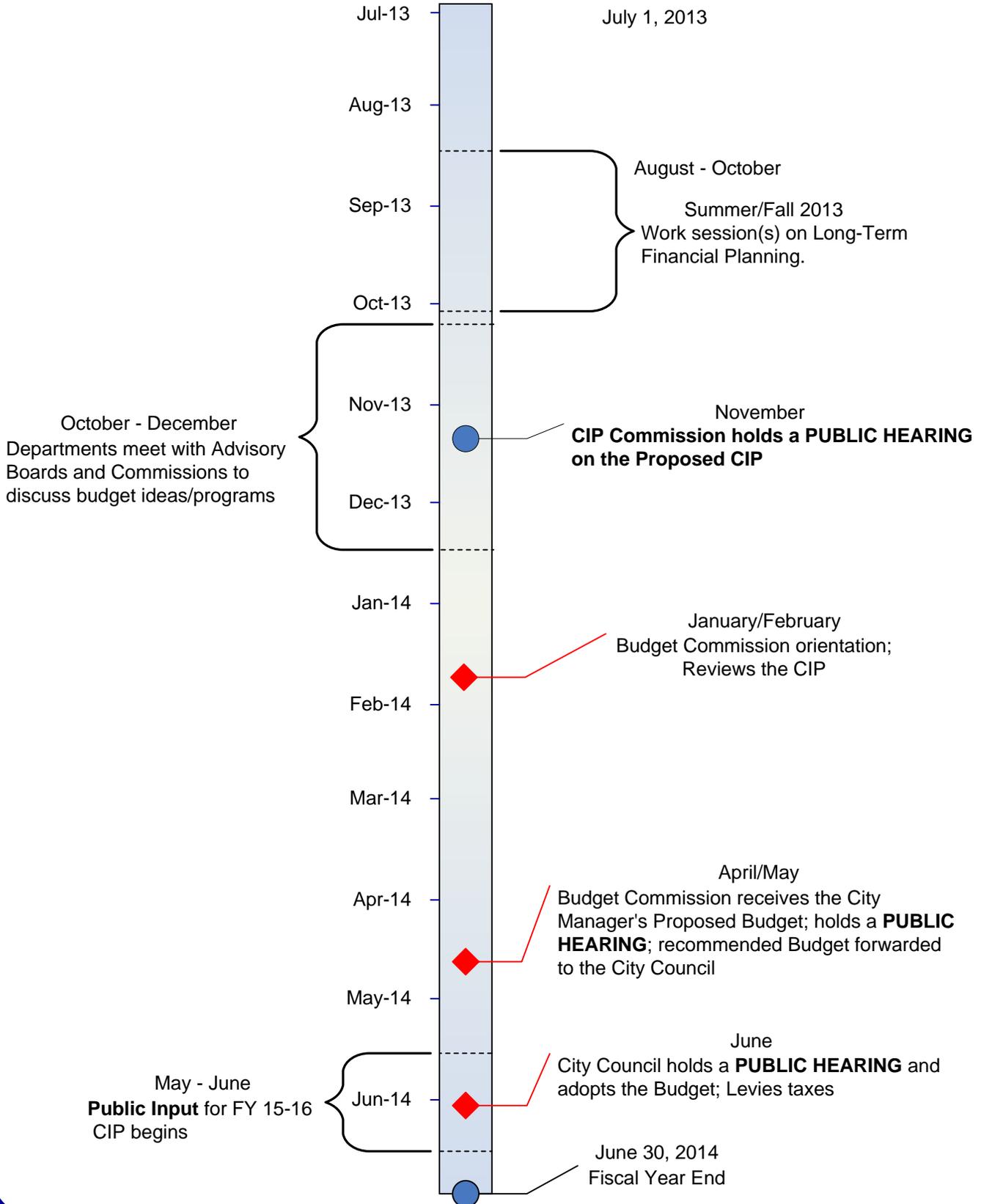
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**BUDGET MESSAGE**

**CORVALLIS CITY HALL**



## FY 14-15 BUDGET DEVELOPMENT TIMELINE – CITIZEN INPUT OPPORTUNITIES





June 18, 2013

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

RE: FY 2013-2014 Adopted Budget

## INTRODUCTION

I am pleased to present the Adopted Budget for FY 13-14 in accordance with Section 23, Item C, #5 of the City Charter and with the City Council's Financial Policies for a balanced budget. Adopting a balanced budget has been an even more significant challenge than originally anticipated this year as the result of the last-minute information from the County about the Court decision on the Hewlett-Packard valuation appeal. While this budget is balanced, there are a number of difficult and uncomfortable conversations our community will surely have to continue in our collective efforts to achieve a City Council goal of a sustainable budget. There is never a right time to do a difficult thing. This year, like last year, we are making decisions in a dynamic environment that is characterized by changing circumstances and complex situations all of which are further complicated by competing interests and the reality that our City expenses exceed our revenues. If that trend continues into the future the City Council goal of a sustainable budget will not be met and that is a fact.

## HEWLETT-PACKARD APPEAL

Staff worked diligently to develop a budget that met all of the City Council's Sustainable Budget criteria and all Council Financial Policies on growing the City's fund balance reserve. However, after the Budget Commission acted to recommend City Council adopt the balanced budget, the City was informed by Benton County staff that the five-year old Hewlett-Packard appeal of value had been decided in HP's favor by the Oregon Court. The results of this decision have had an immediate and significant impact on the City's operations. The total cost to the City as the result of paying the refund exceeds \$2.1 million between direct losses on the permanent tax rate, local option levy, and

general obligation debt levy, and the indirect losses from the Benton County Library Service District and the Corvallis Rural Fire Protection District for services provided by the City.

Staff proposed, and the City Council accepted, a strategy to address this financial challenge by immediately stopping all discretionary spending, using the one-time savings from FY 11-12 that had been set aside as an additional contribution to the fund balance reserve, increasing the debt service levy, and balancing the difference by completing an interfund loan from Water SDCs. This course of action required the City to re-publish the City Council's recommended budget with the higher debt levy and hold a second public hearing prior to adopting the budget.

In addition to the one-time costs to refund prior year's taxes, the HP appeal resulted in an estimated \$600,000 decrease in General Fund property tax revenue for FY 13-14. This loss of revenue was completely made up through actions by the State Legislature and the Public Employee Retirement System (PERS) Board that resulted in a 4.4 percentage point reduction in the PERS rate for the July 1, 2013 to June 30, 2015 biennium. The rate reduction was in two parts; 1) a 2.5 percentage point reduction due to the legislature's passage of SB 822 that reduced Cost-of-Living-Adjustments (COLAs) for all current and future retirees; and 2) a deferral of 1.9 percentage points of payroll to help balance the State's FY 13-15 budget. Though this was fortuitous timing for addressing the City's immediate revenue loss, the 1.9 percentage point reduction will come back as an estimated 2.3 percentage point increase in rates effective July 1, 2015. The COLA reduction is expected to be litigated, but a decision may not be made until after 2015 rates have been set.

Combined, the on-going revenue loss and the increased expenditures associated with the PERS rate deferral will make achieving a sustainable budget in the future considerably more difficult.

## **FINANCIALLY SUSTAINABLE BUDGET**

The FY 13-14 Adopted Budget has been developed to continue the work initiated for FY 12-13 to achieve and maintain the City Council's goal of a financially sustainable budget. Specific achievements include:

- FY 13-14 will be the third of a three-year local option levy of \$0.45 per \$1,000 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 grants to social service agencies. The City Council will be discussing strategies to renew this levy at the November 2013 election.
- The FY 12-13 budget included a set-aside of \$630,000 from recurring revenues to create the Fund Balance Reserve in the General Fund, as defined in the City Council's Financial Policies. An additional \$1,308,289 was set aside from the beginning unreserved fund balance as one-time monies to build the reserve faster than policy language would require. At the close of FY 11-12, with a slightly better financial performance than projected, the City Council set-aside another \$967,911 in one-time monies to grow the fund balance reserve; this set-aside will be used to pay part of the HP refund.

Current projections place the FY 12-13 ending Fund Balance Reserve at \$2,906,200 or 46 percent of the target of \$6,300,000 (three months of payroll expenses). City Council's Financial Policies call for setting aside \$945,000 or 15 percent of the target in FY 13-14; this Adopted Budget includes that set-aside. With the use of \$967,911 for the Hewlett-Packard refund, the Fund Balance Reserve is projected to total \$2,883,289 or 45 percent of the target at June 30, 2014 if no portion of the \$630,000 appropriated FY 13-14 contingency is

expended. Even with the use of reserves, the Fund Balance Reserve in the General Fund will end FY 13-14 well ahead of the 25 percent funding target. This continued fiscal discipline should achieve the City Council's goal of an adequate reserve to meet unexpected circumstances within five years.

- The City Council authorized the City Manager to appropriate up to \$322,630 from the one-time monies remaining at the end of FY 11-12 for one-time enhancements for City operations that would improve the organization's efficiency. Department Directors, with input from employees, developed a list of ideas totaling more than \$2 million, then discussed the list and agreed to fund only the following projects:
  - \$15,000 for the local match to a \$141,000 grant to acquire and implement an e-ticketing solution that should improve efficiency for Police and Parking Enforcement Officers when writing citations, and for both the Police Records Department and Municipal Court which each separately have to maintain all citation data in four different data management systems.
  - \$40,000 for Community Development/Development Services implementation of electronic document management hardware and software to better facilitate the work of the Community Development, Public Works, Fire, and Parks & Recreation Departments when proposed development plans are being reviewed.

Department Directors agreed that there were a number of needed technology projects on the list; however, the balance of the one-time monies should not be expended at this time as additional reductions in the budget would be necessary to keep recurring expenditures within recurring revenues. The remaining \$267,630 is available to be appropriated to support implementing City Council goals for the coming year or to be added to the Fund Balance Reserve.

- Council action to consolidate the General, Parks & Recreation, Fire and Rescue, and Library Funds into a single General Fund has created some technical challenges in developing this budget in a way that allows the Budget Commission, City Council, and citizens to see the City's financial data in a year-to-year comparison that is transparent, accurate, and understandable. Local Budget Law requires data to reflect two years of audited history, the current year budget and the FY 13-14 Proposed and Adopted Budget for the fund as it is legally defined. However, to allow an easy, single page comparison of revenue and expense history and future projections for the "new" General Fund, many of the General Fund tables throughout the document will include the old "Property Tax Funds Combined" historical data. Where the old history is brought in, it is done for financial planning to see longer-term trends for all of the General Fund operations.
- City Council action to revise the Financial Policies and appropriate the General Fund Contingency from the Fund Balance Reserve has been helpful in developing a more precise budget where the "green line" reflects what is expected to happen. Since contingencies are rarely expended, treating them as a recurring expenditure meant that expenditures were overstated by \$600,000 each year. This policy change also more closely aligns the use of contingency as a use of the fund balance reserve.
- The City Council held a work session to discuss the City's unfunded liabilities for deferred maintenance, Other Post-Employment Benefits (OPEB) and the Public Employee Retirement System (PERS). Though the numbers are daunting, the City Council has committed to coming

back to discussions about the unfunded liabilities once the Fund Balance Reserve is fully funded.

The City Council for the 2013 through 2014 term re-affirmed its commitment to a Sustainable Budget by setting it as a continuing City Council goal. It is worth noting that the City of Corvallis has been ahead of the Government Finance Officers Association which just recently adopted a Best Practice that governments should have a sustainable budget where recurring revenues meet or exceed recurring expenditures – the model this City Council adopted last fiscal year.

## OVERARCHING CORE RESPONSIBILITIES

The FY 13-14 Budget was developed keeping the Overarching Core Responsibilities as filters, just as they were in developing the FY 12-13 budget. However, as the cuts have gotten deeper, I would be remiss if I did not say that some of the cuts necessary to balance the FY 13-14 budget meet at least one of the Overarching Core Responsibilities. The five filters are:

RESIDENT WELL BEING

PUBLIC SAFETY

INFRASTRUCTURE

LIVABILITY

ECONOMIC VITALITY

These filters continue to guide City operations and budget decisions and were used by the City Council this year as they developed their goals for their two-year term.

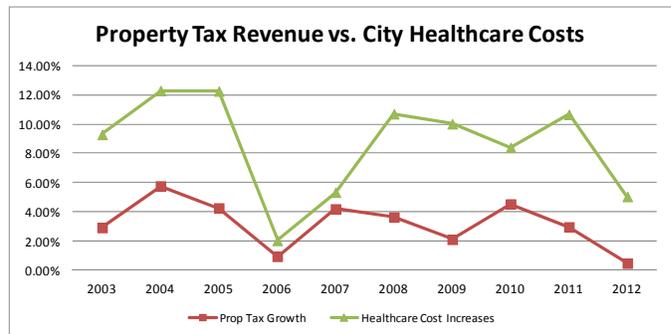
## THE BUDGET PROCESS

FY 13-14 budget development has generally followed the process developed last fiscal year. The Budget Commission process kicked off with an orientation session and the presentation of the Capital Improvement Program. This meeting was followed a couple of weeks later with two work sessions with the City Council when each Department Director presented information on his/her operational area and answered City Council questions about demand for services, challenges, and projects underway.

For staff, the budget process began with the expectation that some expenditure reductions would be necessary to achieve a balanced budget in the General Fund, and that other funds would have to be managed carefully to continue operations within current revenues. Staff remains committed to working together to achieve a balanced budget and recognizes that every department has a role in the City's financial future.

For the organization, several major factors led to changes in the financial challenges, including:

- Assessed value for 2012 grew by only 0.5% for the entire community. This slow growth was the result of adding some new value, largely from the multi-family housing being constructed around town,



offset by several large properties purchased by the university and other non-profits coming off the tax roll and continuing the long-term decreases in assessed values for industrial property.

- Benton County elected to withhold \$1 million in property tax turnovers from all taxing entities to refund taxes paid by several large taxpayers which have appeals pending at the Oregon Court of Appeals. When combined with the low level of growth in assessed values, actual property tax revenue for the City for FY 12-13 will be around \$200,000 lower than it was in FY 11-12. This also meant that revenue projections for FY 13-14 were revised down, starting from a lower base of assessed value. Subsequently, as noted above, the resolution of the Hewlett-Packard appeal will lead to significantly lower property tax revenues in FY 13-14 than anticipated at the beginning of the FY 13-14 budget development process. This lower base also changes future year projections; the City Council will take up a long-term financial strategy plan in the fall.
- PERS rate increases effective July 1, 2013 were announced in November 2012, but subsequently were completely offset by a combination of legislative and Public Employees Retirement System (PERS) Board actions. Though FY 13-14 employer rates will now be flat with prior years, the long-term effect will be higher rate increases in future years. The City's PERS rate is likely to increase by 6% or more of payroll effective July 1, 2015. Those costs will likely exceed \$2.0 million annually across all funds, with \$1.2 million of that amount carried in the General Fund.
- Moody's has continued to leave the City on negative outlook; this was confirmed in the fall of 2012 when the City refunded outstanding debt in the Water and Wastewater funds.
- The American Federation of State, County and Municipal Employees (AFSCME) bargaining unit began negotiations in February for a July 1 contract period. Since negotiations have not been completed, this budget process has not anticipated any changes to compensation for AFSCME members.
- Exempt employees (mostly managers and supervisors) have taken no COLA for three years, and agreed to a reduction in the cafeteria benefit amount effective December 2012. No compensation changes were anticipated for this group in developing this budget.
- The Corvallis Police Officers Association (CPOA) and International Association of Fire Fighters (IAFF) labor units both have approved contracts that have included reductions in costs for medical benefits and a COLA effective with the July payroll. The CPOA COLA is 2.5% and equates to approximately \$90,470 for FY 13-14. The IAFF COLA is 2% based on the February 2013 CPI-U and equates to approximately \$99,620 for FY 13-14.
- The Corvallis Regional Communications Center Association (CRCCA) declared an impasse in their negotiations in January 2013, but then cancelled a planned late June arbitration hearing because it appeared an agreement might be reached. However, at the time of this writing terms have not yet been finalized. No changes in salaries or benefits are included in this budget for CRCCA members.

The Department Directors and I continue to focus on important considerations in developing this balanced budget. Those considerations include:

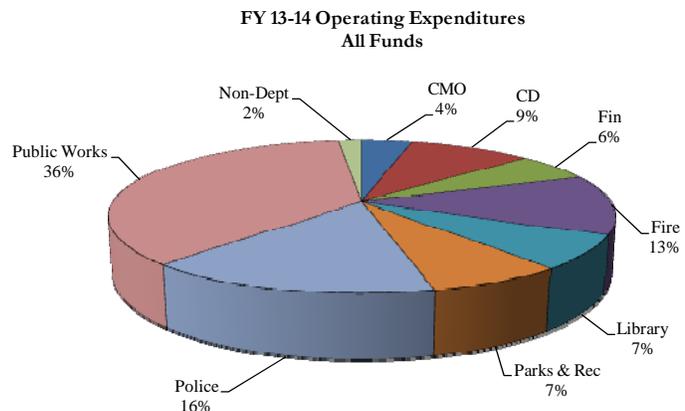
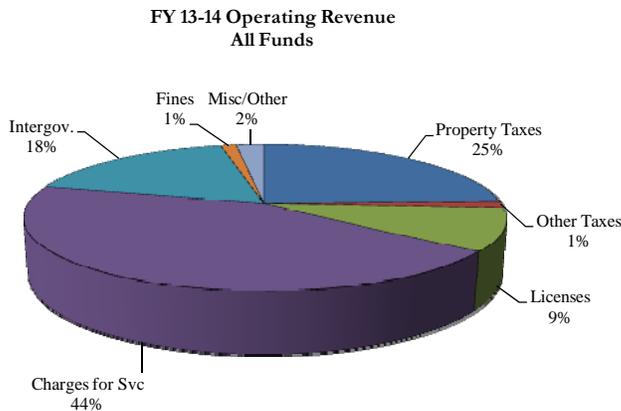
- All budget actions must serve to enhance citizen's level of trust in City government.
- Our road to financial sustainability will require reinvention.
- We must keep in mind the importance of our City of Corvallis bond rating.
- We will not grow local government unnecessarily.
- We will plan for a financially sustainable future.

- We will incorporate revised financial policies into the budget.
- Any increases in staffing will be associated with an adopted legislative City Council action, reduction of staffing in another department, Council adoption of new taxes or fees to support services, or increases in existing tax or fee resources.
- 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.
- Any proposal to reduce our work force should be considered very carefully, recognizing these decisions will impact employees and their families.
- Our balanced budget should keep the City of Corvallis competitive and in line with the market place for wages and benefits for employees.

It is in this context that the FY 13-14 Adopted Budget was developed, public hearings were held, and the Budget Commission and City Council respectively recommended and adopted a balanced budget.

## THE FY 13-14 ADOPTED BUDGET

The City of Corvallis' total Adopted Appropriated Budget for FY 13-14 is \$122,755,232, based on total anticipated revenue of \$116,034,567 and a beginning fund balance of \$39,849,641. Information about the assumptions made for FY 13-14 and future financial planning years are included in the section immediately following the Budget Message, beginning on page 25. I encourage all readers to review this information about the City's financial position.



## FY 13-14 ADOPTED BUDGET – ALL FUNDS

	FY 10-11 Audited	FY 11-12 Audited	FY 12-13 Adopted	FY 12-13 Revised	FY 13-14 Adopted	% Chg from FY 12-13 Adopted
<b>Beg. Fund Balance</b>	\$35,265,169	\$36,122,345	\$30,942,517	\$37,856,441	\$39,849,641	28.79%
<b>Operating Revenue</b>						
Property Taxes	21,707,796	24,447,883	23,904,680	23,162,860	23,636,480	-1.12%
Other Taxes	1,190,725	1,239,155	1,270,650	1,351,600	1,372,600	8.02%
License, Fees, Permits	7,594,923	8,599,092	8,740,150	8,844,060	9,079,840	3.89%
Charges for Service	39,595,595	40,705,126	39,728,150	40,025,550	42,002,980	5.73%
Intergovernmental	11,841,933	12,351,866	16,894,030	12,003,430	16,891,240	-0.02%
Fines and Forfeitures	1,230,295	1,234,517	1,283,410	1,244,980	1,202,630	-6.29%
Miscellaneous	1,533,233	2,736,271	2,617,670	3,254,200	2,153,750	-17.72%
<b>Total Operating Rev.</b>	<b>84,694,500</b>	<b>91,313,910</b>	<b>94,438,740</b>	<b>89,886,680</b>	<b>96,339,520</b>	<b>2.01%</b>
<b>Non-Operating Rev.</b>	<b>8,023,133</b>	<b>9,665,021</b>	<b>11,734,273</b>	<b>20,828,830</b>	<b>19,695,047</b>	<b>67.84%</b>
<b>Total Revenue</b>	<b>92,717,633</b>	<b>100,978,931</b>	<b>106,173,013</b>	<b>110,715,510</b>	<b>116,034,567</b>	<b>9.29%</b>
<b>Total Resources</b>	<b>\$127,982,802</b>	<b>\$137,101,276</b>	<b>\$137,115,530</b>	<b>\$148,571,951</b>	<b>\$155,884,208</b>	<b>13.69%</b>
<b>Operating Expenditures</b>						
City Manager's Office	3,077,696	2,854,817	3,302,670	3,086,180	3,297,010	-0.17%
Community Dev.	5,776,916	5,516,417	7,626,640	5,572,880	7,919,050	3.83%
Finance Department	4,647,986	4,872,485	4,790,210	4,755,770	5,005,060	4.49%
Fire Department	10,413,153	11,015,256	10,449,720	10,311,580	10,485,960	0.35%
Library	5,907,584	5,901,472	6,054,010	6,004,870	5,878,150	-2.90%
Parks & Recreation	5,441,267	5,683,816	5,928,130	5,858,590	6,164,230	3.98%
Police	12,210,477	12,574,931	12,885,000	12,798,690	13,343,410	3.56%
Public Works	24,170,737	26,048,093	29,651,700	26,689,530	30,437,350	2.65%
Non-Departmental	1,425,391	1,260,044	1,363,450	1,485,420	1,449,420	6.31%
<b>Total Operating Budget</b>	<b>73,071,207</b>	<b>75,727,331</b>	<b>82,051,530</b>	<b>76,563,510</b>	<b>83,979,640</b>	<b>2.35%</b>
<b>Non-Operating Budget</b>						
Capital Projects	4,715,906	5,718,392	9,493,868	4,448,900	10,136,785	6.77%
Debt Service	8,200,473	8,182,617	7,119,140	4,660,460	7,245,970	1.78%
Transfers	5,872,871	9,616,495	10,849,273	7,774,810	18,395,007	69.55%
Other Non-Op Uses	0	0	855,000	15,274,630	1,270,040	48.54%
Contingencies	0	0	1,611,260	0	1,727,790	7.23%
<b>Total Non-Op. Budget</b>	<b>18,789,250</b>	<b>23,517,504</b>	<b>29,928,541</b>	<b>32,158,800</b>	<b>38,775,592</b>	<b>29.56%</b>
<b>Total Appropriated Budget</b>	<b>\$91,860,457</b>	<b>\$99,244,835</b>	<b>\$111,980,071</b>	<b>\$108,722,310</b>	<b>\$122,755,232</b>	<b>9.62%</b>
<b>Ending Fund Balance</b>	<b>\$36,122,345</b>	<b>\$37,856,441</b>	<b>\$25,135,459</b>	<b>\$39,849,641</b>	<b>\$33,128,976</b>	<b>31.80%</b>

## **FY 13-14 ADOPTED BUDGET – GENERAL FUND**

The City's General Fund continues to be the focus of considerable public, Budget Commission, and City Council attention. Property tax revenue in FY 12-13 will be lower than the FY 11-12 revenue as some refunds for prior year valuation appeals have been paid by Benton County. FY 13-14 property tax revenue will be significantly lower due to payment of the HP refund identified above. The lowered values from HP and several other appeals will also result in significantly lower projected revenue estimates for FY 13-14 and beyond from what was expected a year ago. These factors continue to exacerbate the City's long-term financial outlook.

The financial plan included below reflects staff's best estimate for the future of the General Fund, as of the beginning of July, 2013. The rest of the data within this adopted budget document does not include all of the changed expectations from the revenue losses as a result of the HP and other entities' appeals due to the last minute receipt of the information and the time necessary to make all of the changes throughout the budget document. This version of the financial plan has been specifically developed and updated for this Budget Message and the upcoming discussions of a possible local option tax levy.

As the data below shows, the revenue loss in FY 13-14 due to the property tax refunds is substantial. What is less apparent is that projected property tax revenue for FY 14-15 is now \$1.7 million lower than it was one year ago. I believe that this impact will be felt by the community for years.

Total General Fund operating revenue for FY 13-14 is projected to be lower than FY 11-12 actual revenue. Operating expenditures are projected to decrease \$143,490 (around .35 percent) below the adopted budget for FY 12-13. FY 13-14 will mark the fourth successive year of reductions in the General Fund services to achieve a balanced budget.

The City has cut its General Fund budget by over \$6.4 million and cut 27.14 FTE citywide (including positions funded by internal service charges that are 40 to 50 percent funded by the General Fund) in the last three fiscal years; an additional \$372,300 and a net of 2.33 FTE are to be reduced in the General Fund for the FY 13-14 Budget.

The financial plan for the General Fund, including what has been presented in prior years in the "All Property Tax Funds Combined" presentation for comparison purposes, follows. This presentation shows the beginning fund balance as if the single General Fund has always been in existence. In addition, interfund transfers, the action to move the balances from the Parks & Recreation, Fire and Rescue, and Library Funds are shown as both non-operating revenue and non-operating expenditures. As such, these transfers net to \$0 and have no impact on the bottom line but show the cash moving between funds. The one-time Fund Balance adjustment shown below also reflects bringing activity into the General Fund which has not previously been included in the "All Property Tax Funds Combined" presentation. These are balances from Open Space Reserves and Library Future Reserves activities that have not been included in the past due to their restricted nature, but will now be restricted in the General Fund.

# GENERAL FUND FINANCIAL PLAN

BUDGETARY BASIS	AUDITED FY 10-11	AUDITED FY 11-12	ADOPTED FY 12-13	REVISED FY 12-13	ADOPTED (1) FY 13-14	FY 14-15	FY 15-16
<b>RECURRING</b>							
<b>REVENUE</b>							
Property Taxes	\$19,730,852	\$20,508,584	\$21,002,640	\$20,194,520	\$18,975,500	\$20,879,700	\$21,624,030
Other Taxes	1,190,725	\$1,239,155	\$1,270,650	1,351,600	1,372,600	1,400,050	1,428,050
License, Fees & Permits	5,475,025	\$5,703,675	\$5,698,610	5,724,530	5,915,060	5,910,240	5,989,840
Charges for Services	5,349,585	\$5,629,920	\$5,832,870	5,785,430	5,770,280	5,876,580	5,985,390
Intergovernmental	3,511,790	\$3,699,065	\$3,708,770	3,750,990	3,634,510	3,856,300	4,063,360
Fines & Forfeitures	809,652	\$805,079	\$830,110	793,550	749,530	756,800	764,140
Miscellaneous	271,601	\$272,814	\$337,350	445,780	360,690	353,070	357,410
Non-Operating Revenue	0	\$1,743,522	\$1,865,350	1,843,150	1,788,640	0	0
<b>TOTAL RECURRING REVENUE</b>	<b>\$36,339,231</b>	<b>\$39,601,812</b>	<b>\$40,546,350</b>	<b>\$39,889,550</b>	<b>\$38,566,810</b>	<b>\$39,032,740</b>	<b>\$40,212,220</b>
<b>EXPENDITURES</b>							
City Manager's Office	\$0	\$0	\$300,000	\$199,270	\$292,250	\$301,210	\$317,080
Community Development	1,449,820	1,256,557	1,311,410	1,272,230	1,277,020	1,332,610	1,443,060
Finance	576,402	659,181	629,740	602,270	626,770	639,050	667,780
Fire	10,108,279	10,433,717	10,412,910	10,165,940	10,439,070	10,536,790	11,034,300
Library	5,715,349	5,763,931	5,918,010	5,728,760	5,777,310	5,872,370	6,129,540
Parks & Recreation	5,349,049	5,518,962	5,622,180	5,587,330	5,727,160	5,802,960	5,981,670
Police	9,843,598	10,032,147	10,109,070	9,896,130	10,317,680	10,301,450	10,823,660
Public Works	828,901	867,719	843,450	802,280	848,260	805,590	826,430
Non-Departmental	1,349,829	1,211,667	1,262,100	1,241,960	1,193,350	1,122,420	1,153,420
Non-Operating Expenditures - Transfers & Debt	1,558,689	2,215,792	2,289,280	2,289,280	2,122,330	2,270,960	2,803,160
Contingencies	0	0	512,850	0	0	0	0
Contribution to Reserves	114,341	316,917	1,330,640	1,296,440	1,776,950	2,234,900	2,893,850
<b>TOTAL RECURRING EXPENDITURES</b>	<b>\$36,894,257</b>	<b>\$38,276,588</b>	<b>\$40,541,640</b>	<b>\$39,081,890</b>	<b>\$40,398,150</b>	<b>\$41,220,310</b>	<b>\$44,073,950</b>
<b>RECURRING REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES</b>	<b>(\$555,026)</b>	<b>\$1,325,224</b>	<b>\$4,710</b>	<b>\$807,660</b>	<b>(\$1,831,340)</b>	<b>(\$2,187,570)</b>	<b>(\$3,861,730)</b>
<b>NON-RECURRING (ONE-TIME)</b>							
<b>REVENUE</b>							
Special Projects (Grants, Misc., etc.)	\$427,240	\$759,930	\$566,460	\$619,240	\$504,090	\$75,540	\$66,500
Use of Reserves	220,910	693,373	495,050	496,652	534,430	1,811,209	1,230,910
Non-Operating Revenue	383,405	151,556	980,000	846,750	4,965,945	1,426,450	1,103,180
<b>TOTAL NON-RECURRING REVENUE</b>	<b>\$1,031,555</b>	<b>\$1,604,859</b>	<b>\$2,041,510</b>	<b>\$1,962,642</b>	<b>\$6,004,465</b>	<b>\$3,313,199</b>	<b>\$2,400,590</b>
<b>EXPENDITURES</b>							
City Manager's Office	\$0	\$0	\$80,000	\$30,500	\$34,000	\$0	\$0
Community Development	402	0	0	8,730	32,820	0	0
Finance	0	0	0	0	20,000	0	0
Fire	304,874	581,540	36,810	35,880	23,240	1,280,630	900,650
Library	192,088	137,541	105,500	75,950	100,500	190,620	76,500
Parks & Recreation	92,217	164,854	305,950	339,250	436,840	317,860	259,740
Police	71,198	156,826	243,150	247,630	312,600	156,260	202,450
Public Works	116,166	304,666	375,450	284,200	178,000	0	0
Non-Departmental	74,212	47,027	100,000	100,000	250,000	0	0
Non-Operating Expenditures - Transfers	118,300	97,080	960,500	836,560	5,020,565	1,596,140	1,351,230
Fund Balance Reserve Contingency	0	0	0	0	630,000	0	0
Non-recurring Contribution to Fund Balance Reserve	0	0	1,308,289	1,308,289	(630,000)	0	0
<b>TOTAL NON-RECURRING EXPENDITURES</b>	<b>\$969,457</b>	<b>\$1,489,534</b>	<b>\$3,515,649</b>	<b>\$3,266,989</b>	<b>\$6,408,565</b>	<b>\$3,541,510</b>	<b>\$2,790,570</b>
<b>NON-RECURRING REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES</b>	<b>\$62,098</b>	<b>\$115,325</b>	<b>(\$1,474,139)</b>	<b>(\$1,304,347)</b>	<b>(\$404,100)</b>	<b>(\$228,311)</b>	<b>(\$389,980)</b>
<b>POTENTIAL BEGINNING BUDGETARY FUND BALANCE</b>							
Net <u>Recurring</u> Revenue/Expenditure	(\$555,026)	1,325,224	4,710	807,660	(1,831,340)	(2,187,570)	(3,861,730)
Net <u>Non-Recurring</u> Revenue/Expenditure	62,098	115,325	(1,474,139)	(1,304,347)	(404,100)	(228,311)	(389,980)
<b>ENDING BUDGETARY FUND BALANCE</b>	<b>\$1,319,459</b>	<b>\$2,760,009</b>	<b>\$50</b>	<b>\$2,263,321</b>	<b>\$27,881</b>	<b>(\$2,388,000)</b>	<b>(\$6,639,710)</b>

(1) Expenditures reflected in this Financial Plan for FY 13-14 are marginally lower than adopted appropriations based on timing of balancing the budget for Council adoption purposes. Adjustments for additional known reductions in OPERS costs have been built in for planning purposes above. Similarly, revenues also reflect better information than was available at the time the budget was adopted with regard to property tax refunds and projections based on changes to Assessed Value provided by Benton County.



<b>Parks &amp; Recreation</b>	<b>Total reduction = \$155,260</b>	<b>Target reduction = \$155,255</b>
<ul style="list-style-type: none"> <li>❖ Eliminate the Management Assistant position and assign the work to other staff.</li> <li>❖ Modify the FTE allocations between two administrative positions and increase by .25 FTE the Parks Planner position for a net reduction of 0.125 FTE.</li> <li>❖ Reduce the Seasonal Parks Workers by .58 FTE.</li> <li>❖ Reduce the Department's training budget by \$4,090.</li> <li>❖ Increase revenue projections by \$56,000 along with further expansion of the Cost Recovery Program.</li> </ul>		

<b>Police Department</b>	<b>Total reduction = \$3,470</b>	<b>Target reduction = \$0</b>
<ul style="list-style-type: none"> <li>❖ Reduce non-mandatory training.</li> </ul>		

<b>Public Works</b>	<b>Total reduction = \$24,290</b>	<b>Target reduction = \$23,128</b>
<ul style="list-style-type: none"> <li>❖ Reduce travel and training for all but mandatory training.</li> <li>❖ Eliminate the appropriations for an Engineering Supervisor; the position will be retained as authorized but unfunded as the Public Works Department staff consider alternatives.</li> <li>❖ Re-allocate staffing levels for the Geospatial Information Systems (GIS) staff resulting in a reduction in the allocation to the General Fund.</li> </ul>		

<b>Non-Departmental</b>	<b>Total reduction = \$0</b>	<b>Target reduction = \$0</b>
<ul style="list-style-type: none"> <li>❖ There were no reductions for the Non-Departmental budget. Social Services funded by the permanent property tax rate were held flat at \$237,750.</li> <li>❖ The allocation of monies to the Corvallis Arts Center increased 1% to \$42,310.</li> <li>❖ A total of \$125,000 has been set aside on a one-time basis for accomplishing the Council goal associated with the housing study.</li> <li>❖ A total of \$125,000 has been set aside to continue work on the Council Goal associated with City/OSU Collaboration, as identified below.</li> </ul>		

## 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 Council term that are designed to move the organization closer to the community's vision. The City Council elected for the 2013-2014 term adopted six goals.

The goals, and the specific FY 13-14 budget implications of the goals, are:

1. **CITY/OSU COLLABORATION** - The Collaboration Corvallis project will be completed by the end of 2014 with Council approved recommendations implemented or planned, including a collaboration framework for the future. There have been 47 recommendations made to the Collaboration Corvallis Steering Committee as of March 31, 2013. Of those recommendations approximately half are the City's full or joint responsibility. Some of the recommendations have already been implemented (i.e., Land Development Code changes), some are in the development stage (i.e., municipal code amendments related to alcohol fines) while some have not yet been fully sized or scoped for City Council consideration (i.e., transit center hub near OSU). This Adopted Budget includes appropriations for the Collaboration project as follows:

- a. \$90,000 in the General Fund, Non-Departmental budget to complete the Collaboration work plan subject to cost sharing with OSU – OSU will contribute half this cost as revenue to the City.
- b. \$25,000 in the General Fund, Non-Departmental for development of neighborhood design standards.
- c. \$5,000 in the General Fund, Non-Departmental for a livability survey to evaluate the effectiveness of changes made in livability measures.
- d. \$5,000 in the General Fund, Non-Departmental for an existing gravel parking conditions survey.
- e. \$300,000 in the Parking Fund, Public Works Special Projects for the first stage of the potential implementation of the recommendations for expanded residential parking districts. Additional scoping work is required before the project can be implemented, so the monies have been included in the Public Works Department Special Projects budget where they can be expended if the City Council chooses to pursue this recommendation.

There are two other recommendations coming out of Collaboration Corvallis project thus far with the potential for significant costs to the City. One is the goal to achieve parity with comparable cities for Police Officers per 1,000 population. Adding Police Officers is a significant cost without any current funding in the City's budget and will be the subject of further City Council discussion about the potential for an alternative revenue source (PST – Public Safety Tax) and long-term financial strategy. The second is the recommendation to institute a property maintenance code which will need to be considered with the anticipation that rental housing fees would cover additional program costs.

2. **SUSTAINABLE BUDGET** - Council will achieve a sustainable budget where recurring revenues equal or exceed recurring expenditures in all City funds by continuing to seek expenditure efficiencies and by exploring and implementing a broad range of revenue sources. This Adopted Budget continues the work begun last year to develop and implement a sustainable financial operation. The Adopted Budget is balanced, and the City Council's commitment to build and hold a General Fund Fund Balance Reserve is met with the scheduled contribution. Additional work on a longer-term financial strategy and potential revenue alternatives will begin shortly after this budget is adopted with Budget Commission work sessions.
3. **ECONOMIC DEVELOPMENT** - Economic Development Commission will review and possibly supplement the current economic development strategy incorporating aspects of agriculture-related businesses, local investment, arts and culture, as well as the City's overarching goals. The Economic Development Commission will provide recommendations to the Council by the end of 2013. Council takes action by mid-2014. This work has been added to the Economic Development Commission's work plan for the coming year. Staff in the Economic Development Office will support this work effort without needing additional resources in FY 13-14.
4. **HOUSING** - By the end of 2013, the Council will have access to comprehensive and objective information about the demands for housing in the Corvallis urban growth boundary and the causes of the current housing mix. By the end of 2014, the Council will create policies, regulations, and strategies to help meet the housing needs of those who live here or wish to live here. The General Fund Non-Departmental Budget includes \$125,000 to implement and complete the study portion of this goal.
5. **HOMELESS COLD WEATHER SHELTER** - Participate in the development of a plan to find a permanent solution by December 2014 for a cold weather shelter and daytime drop-in center. The Community Development Department's Housing Office staff has been working with Benton County staff and members of the Corvallis Homeless Shelter Coalition (CHSC) to implement the County's 10-year plan to end homelessness. This work will continue through FY 13-14 as Housing staff provide technical assistance and advice to the CHSC with regard to acquisition considerations and requirements for specific properties in which they have interest.
6. **PUBLIC PROCESS AND PARTICIPATION** - By December 2014, the Council will revise its processes and structures into a more effective and efficient citizen engagement program to develop diverse future leaders, enhance communication between citizens and the Council, help connect citizens to each other to strengthen

community and neighborhoods, and utilize the expertise of citizen-volunteers in solving community problems. There are no monies budgeted for this goal in FY 13-14 pending City Council discussion and action to further refine the goal and determine if staff or other resources will be needed.

## DIFFICULT CONVERSATIONS

With no resources available or identified to add or expand services, but community demand for the City to provide more services, staff's attention will continue to be focused on ways to be more creative with service delivery. For staff and the community, this begins with a series of difficult conversations about how the current work is being done, and how other entities may perform the work Corvallis does, how to improve service delivery, and whether all current work can or should continue to be done.

These are difficult conversations because they hit close to home; staff, City Council members, and advisory board and commission members will be asked to take a hard look at services that some may have spent an entire career with the City building. However, our times require that we carefully and comprehensively do our due diligence into service delivery and the intended and unintended consequences that can result in asking questions and developing solid information about service delivery alternatives. The City is at the front end of these conversations and questions remain that must be answered. For example, what would happen if the City just stopped providing some services because we can't afford it? Can private enterprises provide the same services for lower cost? Will contracting services compromise the quality of that service delivery? If the City offices were open for fewer hours, would service levels suffer?

On March 4, 2013 some of the difficult conversations began with developing the FY 13-14 budget, specifically my direction to Department Directors to begin looking at whether the private sector can provide some services at significant savings. An example of staff-initiated conversations is reducing hours City facilities operate as a way to see significant savings. Department Directors are about equally divided between those who believe this is one of the best ways to reduce costs and those who see the potential for significant loss of customer service; and while no recommendation has been made in this budget to change hours of operation, we should spend sufficient time thoroughly investigating and vetting the idea to know whether the idea is viable or not. These types of conversations must continue.

Even though most of the work reflected in this message focuses on difficult conversations surrounding reducing expenditures, the City Council has also been actively pursuing difficult conversations about revenue alternatives. During the past year Council has been asked to consider establishing a Parks & Recreation District, and has most recently worked on a Public Safety Tax to fund restoration of Police and Fire services previously cut from the City budget. This conversation is expected to expand to the stage of more community participation in the next two months, and combine with conversations about renewal of the current property tax levy. Conversations about long-term financial planning strategies will begin in earnest with the Budget Commission hopefully scheduling work sessions after this budget is adopted.

## SUMMARY

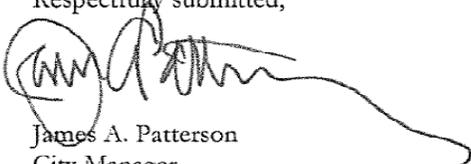
In May I wrote in a City Manager's Monthly that it is important that as a community of people we approach every difficult conversation with an expectation that we can make it work or make it better. I admire and appreciate the work of the City Council, the Budget Commission and our other Board and Commission members who give of their time to make Corvallis an outstanding city. I also appreciate and acknowledge the sacrifices that our dedicated and professional staff and bargaining units have made over the time I have been City Manager to help the City achieve a sustainable budget. There is still much work to be done. As our conversations move forward, staff proposals to balance the budget may include reinventing or remaking how we provide essential City services, how we balance our staffing levels including management and front line staff, how we negotiate labor agreements, and how the community can assist in that decision-making process.

Any discussion of new taxes or fees will require that we continue to look for significant reductions in the overall budget at the same time either the City Council or voters approve additional funding. This is the consistent response we got from the most recent Citizen Survey, where a majority of registered voters thought the bottom line to address the General Fund deficit is “combine revenue increases and budget cuts to balance the City budget, acknowledging this will mean reductions in service levels.”

Again this year, I could not have accomplished the work on this adopted balanced budget without the assistance of our knowledgeable, experienced and professional Department Directors and City staff. I appreciate their support and their commitment to this city. As professional staff, we look forward to implementation of an approved and adopted City budget.

And our collective expectation....make it work or make it better.

Respectfully submitted,

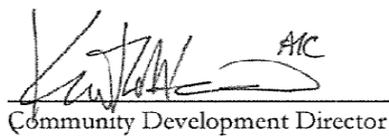


James A. Patterson  
City Manager

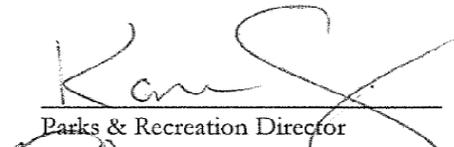
Review & Concur:



Public Works Director



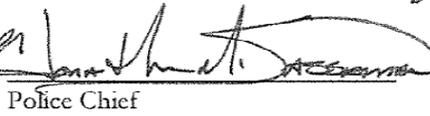
Community Development Director



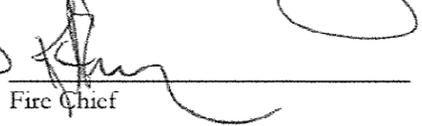
Parks & Recreation Director



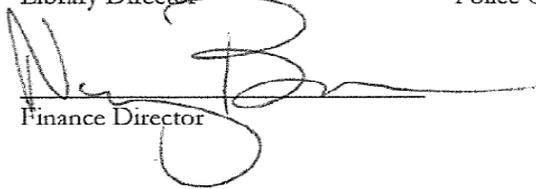
Library Director



Police Chief



Fire Chief



Finance Director

## BUDGET & FINANCIAL PLANNING OVERVIEW

The following section provides a financial overview of the City's operations in FY 13-14 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): Penny York, Hal Brauner, Curtis Wright, Joel Hirsch, Elizabeth French *Standing* (left to right): Roen Hogg, Richard Carone, Biff Traber, Mike Beilstein, Laurie Mason, Janet Gambatese, Mark O'Brien, Bruce Sorte  
*Not Pictured*: Dan Brown, Barbara Bull, Karyle Butcher, John Davis, Richard Hervey

# City of Corvallis Budget by Fund

Total Budget  
\$122,755,232

General Fund  
\$45,707,945

Special Revenue Funds  
\$25,282,742

Cap Const./Debt/  
Perm Funds  
\$10,003,865

Enterprise Funds  
\$32,487,730

Internal Service Funds  
\$9,272,950

**General Fund**  
Op \$37,935,050  
Non-Op \$7,772,895

**Street Fund**  
Op \$4,192,560  
Non-Op \$1,586,730  
-----  
**Parks SDC Fund**  
Non-Op \$2,974,562  
-----  
**9-1-1 Fund**  
Op \$2,320,330  
Non-Op \$135,750  
-----  
**Development Services Fund**  
Op \$3,274,050  
Non-Op \$135,470  
-----  
**Comm. Dev. Revolving Fund**  
Op \$3,141,770  
Non-Op \$54,470  
-----  
**Parking Fund**  
Op \$1,146,330  
Non-Op \$286,380  
-----  
**Transit Fund**  
Op \$4,021,090  
Non-Op \$104,630  
-----  
**2011 Operating Levy Fund**  
Non-Op \$1,908,620

**Capital Construction Fund**  
Non-Op \$6,334,925  
-----  
**General Obligation Debt Service Fund**  
Non-Op \$1,067,250  
-----  
**Pension Obligation Debt Service Fund**  
Op \$1,350  
Non-Op \$2,600,340  
-----  
**Davidson Fund**  
Op \$0

**Water Fund**  
Op \$7,732,250  
Non-Op \$5,431,380  
-----  
**Wastewater Fund**  
Op \$8,362,840  
Non-Op \$6,233,490  
-----  
**Storm Water Fund**  
Op \$2,319,020  
Non-Op \$1,530,230  
-----  
**Airport Fund**  
Op \$621,050  
Non-Op \$257,470

**Fleet Maintenance Fund**  
Op \$855,450  
Non-Op \$16,000  
-----  
**Facility Maintenance Fund**  
Op \$809,840  
Non-Op \$10,000  
-----  
**Technology and Communications Fund**  
Op \$1,608,770  
Non-Op \$30,000  
-----  
**Administrative Services Fund**  
Op \$4,544,060  
Non-Op \$30,000  
-----  
**Risk Management Fund**  
Op \$1,093,830  
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.

# 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 13-14 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 13-14 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 13-14 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 eighteen of the City's twenty-two funds are included to provide information about the City's future.

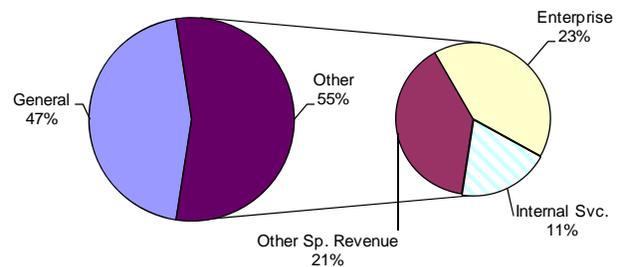
## II. SUMMARY OF THE ADOPTED BUDGET FOR FY 13-14

The Adopted Budget for FY 13-14 is balanced as per State Law. The City's projected revenue totals \$116,034,567. With an estimated beginning fund balance of \$39,849,641, the City projects it will have \$155,884,208 in total resources to fund services. The expenditure budget totals \$122,755,232 with \$83,979,640 for operating expenditures and \$38,775,592 for non-operating expenditures. A summary of the budgeted revenues and expenditures is outlined in the chart below.

	Governmental Activities			Business Type Activities		FY 13-14 Total	% of Total Rev/Exp
	General Fund (A)	Special Revenue Funds (B)	Cap Const/ Debt/Perm Funds (C)	Enterprise Funds (D)	Internal Svc Funds (E)		
<b>Beg. Fund Balance</b>	\$6,265,564	\$9,630,391	\$1,018,749	\$21,536,743	\$1,398,194	\$39,849,641	
<b>Operating Revenue</b>							
Property Taxes	20,617,620	1,870,860	1,148,000	0	0	23,636,480	20.37%
Other Taxes	1,372,600	0	0	0	0	1,372,600	1.18%
License, Fees, Permits	5,925,060	3,149,780	0	5,000	0	9,079,840	7.83%
Charges for Service	5,879,940	4,792,070	0	22,518,630	8,812,340	42,002,980	36.20%
Intergovernmental	4,207,850	9,992,080	2,241,350	449,960	0	16,891,240	14.56%
Fines and Forfeitures	749,530	453,100	0	0	0	1,202,630	1.04%
Miscellaneous	500,690	708,800	436,620	440,590	67,050	2,153,750	1.86%
<b>Total Operating Rev.</b>	<b>39,253,290</b>	<b>20,966,690</b>	<b>3,825,970</b>	<b>23,414,180</b>	<b>8,879,390</b>	<b>96,339,520</b>	<b>83.03%</b>
<b>Non-Operating Rev.</b>	<b>6,874,565</b>	<b>2,097,932</b>	<b>5,846,000</b>	<b>4,876,550</b>	<b>0</b>	<b>19,695,047</b>	<b>16.97%</b>
<b>Total Revenue</b>	<b>46,127,855</b>	<b>23,064,622</b>	<b>9,671,970</b>	<b>28,290,730</b>	<b>8,879,390</b>	<b>116,034,567</b>	<b>100.00%</b>
<b>Total Resources</b>	<b>\$52,393,419</b>	<b>\$32,695,013</b>	<b>\$10,690,719</b>	<b>\$49,827,473</b>	<b>\$10,277,584</b>	<b>\$155,884,208</b>	
<b>Operating Expenditures</b>							
City Manager's Office	326,250	0	0	0	2,970,760	3,297,010	2.69%
Community Dev.	1,309,840	6,442,160	0	167,050	0	7,919,050	6.45%
Finance Department	646,770	273,220	0	0	4,085,070	5,005,060	4.08%
Fire Department	10,485,960	0	0	0	0	10,485,960	8.54%
Library	5,878,150	0	0	0	0	5,878,150	4.79%
Parks & Recreation	6,164,230	0	0	0	0	6,164,230	5.02%
Police	10,649,520	2,693,890	0	0	0	13,343,410	10.87%
Public Works	1,026,260	8,686,860	0	18,868,110	1,856,120	30,437,350	24.80%
Non-Departmental	1,448,070	0	1,350	0	0	1,449,420	1.18%
<b>Total Operating Budget</b>	<b>37,935,050</b>	<b>18,096,130</b>	<b>1,350</b>	<b>19,035,160</b>	<b>8,911,950</b>	<b>83,979,640</b>	<b>68.41%</b>
<b>Non-Operating Budget</b>							
Capital Projects	0	0	6,334,925	3,801,860	0	10,136,785	8.26%
Debt Service	243,180	0	3,667,590	3,335,200	0	7,245,970	5.90%
Transfers	6,125,075	6,886,322	0	5,383,610	0	18,395,007	14.99%
Other Non-Op Uses	774,640	0	0	495,400	0	1,270,040	1.03%
Contingencies	630,000	300,290	0	436,500	361,000	1,727,790	1.41%
<b>Total Non-Op. Budget</b>	<b>7,772,895</b>	<b>7,186,612</b>	<b>10,002,515</b>	<b>13,452,570</b>	<b>361,000</b>	<b>38,775,592</b>	<b>31.59%</b>
<b>Total Appropriated Budget</b>	<b>\$45,707,945</b>	<b>\$25,282,742</b>	<b>\$10,003,865</b>	<b>\$32,487,730</b>	<b>\$9,272,950</b>	<b>\$122,755,232</b>	<b>100.00%</b>
<b>Ending Fund Balance</b>	<b>\$6,685,474</b>	<b>\$7,412,271</b>	<b>\$686,854</b>	<b>\$17,339,743</b>	<b>\$1,004,634</b>	<b>\$33,128,976</b>	

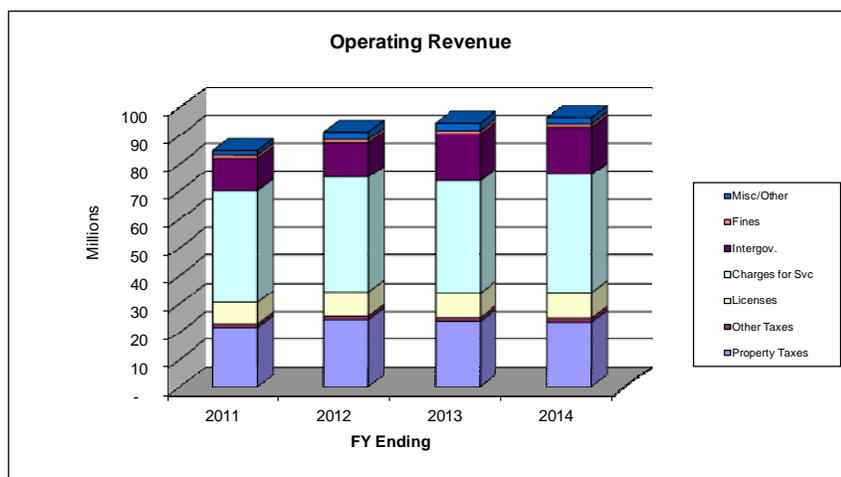
- A. **General Fund** – Property taxes are the major revenue source for Police, Land-Use Planning, Parks and Recreation, Fire, Library, and Economic Development services, although most of these services have some fee or grant resources also available. As of FY 13-14 the Parks and Recreation, Fire and Rescue, and Library Funds will be closed, with revenue and expenditure activities for these programs consolidated into a single General Fund. FY 13-14 also marks the third and final year that some Library, Parks and Recreation and Social Services are partially supported by a voter-approved property tax levy outside of the City’s permanent tax rate.
- B. **Special Revenue Funds** – The special revenue funds include the Street, Parks Systems Development Charge, 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. The 2011 Operating Levy Fund was established to record revenue received associated with the May 2011 local option tax levy; this funding is transferred out to the General Fund 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 service funds is payments from departments for the services provided.

**Operating Budget by Fund Type**



### 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 13-14. 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 in the following pages. A summary of critical factors for best/worst case potential for General Fund revenues can be found on page 54, and demonstrates well the challenges in forecasting with any precision.

**PROPERTY TAXES**

	FY 10-11	FY 11-12	FY 12-13	FY 12-13	FY 13-14	FY 13-14	% Chg from
	Audited	Audited	Adopted	Revised	Adopted	Projected	FY 12-13
							Adopted
Operations - Permanent Tax	\$19,808,493	\$20,508,583	\$21,002,640	\$20,305,690	\$20,617,620	\$18,975,500	-9.65%
2011 Operating Levy	0	1,808,062	1,861,240	1,816,370	1,870,860	1,788,640	-3.90%
Debt Service	1,899,303	2,131,238	1,040,800	1,040,800	1,148,000	1,148,000	10.30%
Total	\$21,707,796	\$24,447,883	\$23,904,680	\$23,162,860	\$23,636,480	\$21,912,140	-8.34%

Property tax revenue represents about 20% of the City’s total projected revenue for FY 13-14, and over 40% of the projected total revenue in the General Fund. Property taxes account for nearly all of the revenue in the 2011 Operating Levy and General Obligation Debt Service Funds.

Original Budget Estimates vs. the estimated Impact from the Hewlett-Packard (HP) valuation appeal decision

Estimates for property tax revenue shown in the Adopted FY 13-14 column of the table above were developed early in the budget process, and were based on data from the County on actual assessed value for FY 12-13 and projections of growth for FY 13-14. Unfortunately, two weeks before the City Council was scheduled to adopt the budget, Benton County was informed that the Oregon Tax Court had sided with HP in its appeal of values dating from 2008, 2009, and 2010. A significant amount of work was required over the intervening two week period to ensure that the City Council adopted a balanced budget. It is important to note that this work was all preliminary to having actual, final data on the impact of the HP appeal (i.e., Benton County did not have final numbers setting a corrected AV for HP prior to the City Council adopting the budget). As a result, staff did not have the time to make massive financial system changes prior to Council adopting the budget, but will modify all data at the mid-year point with hopefully more complete information from the State and County. The following paragraphs provide background on how the original budget estimates were made, and how staff believes the most recently available data on the HP decision will affect FY 13-14 and beyond.

The Adopted Revenue amount shown in the table above reflects an anticipated assessed value growth of only 0.17% to \$4,147,061,088 in 2013 from the \$4,139,865,134 certified in 2012. However, assessed value is now expected to grow by even less than originally anticipated at budget adoption, due primarily to the successful appeal noted above for tax years 2008-2010 by HP, which reduced the company’s assessed value, and therefore the AV underpinning all three of Corvallis’ levies, by over \$117 million. As such, the \$19.0 million reflected in the General Fund financial plan in the Budget Message, as well as the FY 13-14 Projected column above now represents a better estimate of what is likely to be collected in FY 13-14 for permanent rate-related property taxes including delinquencies; it should be noted that this number is also net of a \$1.4 million refund paid out under the appeal, which means that total property tax revenues collected are anticipated to be more than 8% lower than Adopted FY 12-13 levels.

Property taxes are levied for operating costs and to meet debt obligations on voter approved general obligation bonds. A \$0.45 per \$1,000 of assessed value local option tax levy to fund specific services was authorized by City of Corvallis voters in May 2011. The three-year levy went into effect July 1, 2011. The FY 13-14 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 13-14, property tax revenue for debt is expected to total \$1,148,000. Taxes for debt are levied as a total dollar amount, in the amount necessary to return revenue to the City to pay the principal and interest due on the debt during the fiscal year. The City currently has only one general obligation debt issue outstanding: a refunding of two voter-approved bond issues from 1999 and 2001. The refunding was completed in May of 2009, with the City achieving over \$755,000 in net present value savings. The underlying two issues were the 1999A Riverfront Commemorative Park construction bonds and the 2001 Open Space bonds that were used to purchase five parcels of open space totaling over 400 acres. 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. In FY 13-14 an incremental amount has been levied to offset the HP refund amount paid out for the prior years’ appeal in order to remain whole for debt service payments owed.

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 2.5% which will never be collected; revenue projections for FY 13-14, not including the changes noted above with respect to HP revaluation, are:

	Levy Amount	Discounts	Gross Revenue
Operating Permanent Tax	\$21,177,800	(\$544,380)	\$20,633,420
Operating 2011 Levy	1,918,830	(47,970)	1,870,860
2009 Refunding of 99/01 Bonds	1,177,440	(29,440)	1,148,000
Gross totals:	\$24,274,070	(\$621,790)	\$23,652,280
Less: Current Year Est Delinquencies:			(488,310)
Plus: Prior year delinquent collections:			472,510
Total Adopted Prop Tax Revenues:			<u>\$23,636,480</u>

Based on historical data, the City expects that about 2.3% of the levy each year will also 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 13-14, the City projects a loss of \$488,310 from current year property taxes that are unpaid at June 30, 2014; 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 13-14, 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 raised \$1,808,062 in FY 11-12 and is currently estimated to raise \$1,816,370 in FY 12-13 and \$1,870,860 in FY 13-14 or a total of \$5,495,292 for all three years based on growth in assessed value of .5% for 2012 and potential growth of 3.0% for 2013.

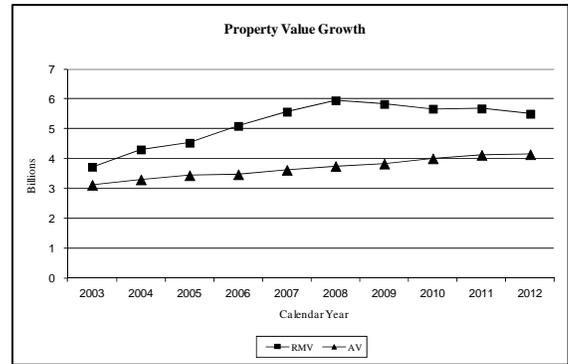
Both real market value (RMV) and assessed value (AV) are important features in projecting property tax revenue based on different tax limits. In FY 12-13, in aggregate, residential property AV was 81% of RMV; commercial property AV was 64% of RMV; and industrial property AV was 100% of RMV. As a parcel of property's ratio of AV to RMV gets closer to 100%, which two of the three statistics did for the fifth 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 12-13 combined tax rate for non-education governments, excluding levies for debt, for most Corvallis residents was \$8.9679 per \$1,000 of assessed value. This translates to an aggregate rate of around \$6.75 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 five years in the last ten where total assessed value has not increased by the full 3% that would be “expected” based on most people’s understanding of M.50. Factors impacting the variance from the 3% include new residential development added to tax rolls versus industrial depreciation rates and private property purchased by tax-exempt entities such as Oregon State University (OSU) or Samaritan Health, reducing the taxable AV.

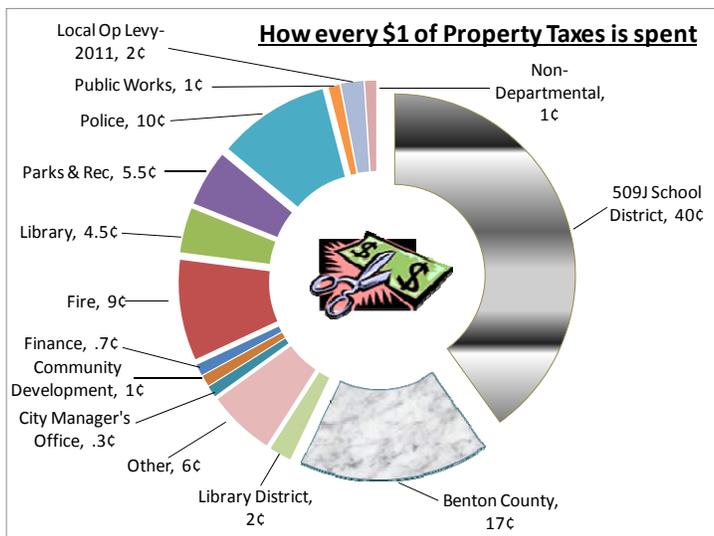
Tax Year	\$K RMV	Growth From Prior Yr	\$K AV	Growth From Prior Yr
2003	3,717,868	0.63%	3,113,328	2.94%
2004	4,299,629	15.65%	3,292,880	5.77%
2005	4,522,703	5.19%	3,433,647	4.27%
2006	5,088,443	12.51%	3,467,066	0.97%
2007	5,565,083	9.37%	3,613,017	4.21%
2008	5,946,532	6.85%	3,745,147	3.66%
2009	5,825,693	-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%
2012	5,496,249	-3.11%	4,139,865	0.52%
Avg Annual Growth		4.24%		3.20%



During the past ten years, Corvallis has achieved a 32.01% increase in AV, an average of 3.20% per year. RMV, on the other hand, increased nearly 60% for the six years through 2008 then fell for two successive years back to nearly 2007 levels. This trend generally continued with only a slight increase in 2011, then declined again in 2012. The net ten-year increase from \$3.7 billion to \$5.5 billion was just under 42%. Over the same period, the Consumers Price Index (CPI) has increased 28%, but 7% 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 over 8%. Changes in the annual RMV and AV are reflected in the table to the left (dollars are in 000's).

For the current fiscal year, the City’s AV increased by only 0.5% from \$4,118,580 in 2011 to \$4,139,865 in 2012, well below the projected 3% allowed valuation growth that was in line with the County’s forecast in this regard. The full increase did not materialize primarily due to several large properties coming off tax rolls as they were sold to exempt property holders such as OSU and Samaritan Health. While one portion of the HP appeal was resolved by the courts about the time the City’s budget was adopted, the State Department of Revenue (DOR) has since made the determination to appeal that decision, which will cause a further delay in the timing at minimum of interest owed on the appeal, or may possibly resolve in some refunded amounts reverting to the City should the Supreme Court rule in the State’s favor after all. Additionally, there is another large taxpayer appeal still outstanding for Comcast. The revenue impact of these appeals is expected to be substantial. Unfortunately, neither situation is expected to be resolved by the courts until well into FY 13-14; as such, Benton County Finance staff will likely recommend deferring tax and payments, and reserving additional monies for more potential refunds in 2013.

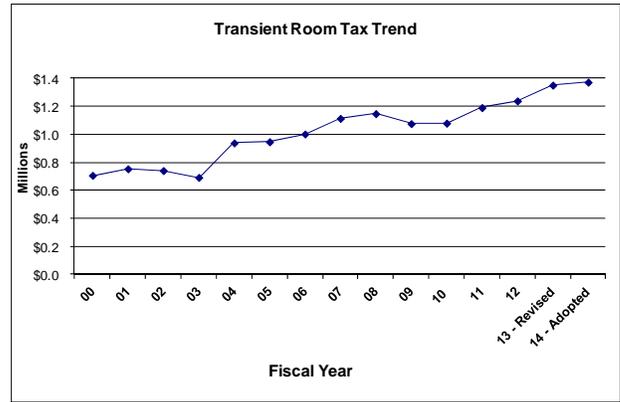


For FY 13-14, assessed value was projected to increase by 0.17% when the budget was taken forward to Council for adoption, as a reflection of the assessed value growth allowance for all properties, but no significant new taxable development in the face of a continuing stagnant economy, and projected stabilizing industrial depreciation. Another large property has been purchased by a tax exempt entity in FY 12-13, and a successful appeal by a large developer resulted in a year-end refund of just under \$100,000. The impact to the City from these Assessed Value reductions, as well as the aforementioned HP AV reduction, will only be partially offset for FY 13-14 by some new multi-family housing value being added. In FY 14-15 and FY 15-16 the AV is currently estimated to increase by 3.0% (assuming a slightly improved economy over the next two years will result in residential development picking up again offsetting somewhat any decreases in AV from the final resolution of all outstanding appeals).

**OTHER TAXES**

	FY 10-11 Audited	FY 11-12 Audited	FY 12-13 Adopted	FY 12-13 Revised	FY 13-14 Adopted	% Chg from FY 12-13 Adopted
Transient Room Taxes	\$1,190,725	\$1,239,155	\$1,270,650	\$1,351,600	\$1,372,600	8.02%

Other Taxes are from Transient Room taxes and are 1.18% of the City's total projected revenue for FY 13-14. These taxes are minor revenue in the General Fund and are estimated to increase 8.02% for FY 13-14 over what was originally budgeted in FY 12-13. 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 despite room stays being down by approximately 1% for calendar year 2012, since average daily rate and revenue per available room are both up by 4.3% and 3.3% respectively, per Visit Corvallis statistics. As such, FY 12-13 was revised to higher levels, and with the hotel rate increases still anticipated through the end of 2013, FY 13-14 results are projected to improve again slightly by about 1.6%. 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 2.0% per year through FY 15-16.



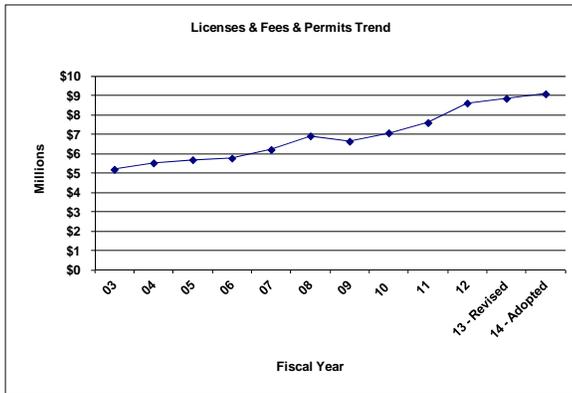
**LICENSES, FEES, PERMITS**

	FY 10-11 Audited	FY 11-12 Audited	FY 12-13 Adopted	FY 12-13 Revised	FY 13-14 Adopted	% Chg from FY 12-13 Adopted
Franchise Fees	\$5,142,289	\$5,306,529	\$5,310,290	\$5,328,540	\$5,519,540	3.94%
Building Permits	1,019,674	1,068,834	1,086,350	1,143,450	1,143,450	5.26%
Transp. Maint. Fee	414,222	423,237	422,180	422,180	432,740	2.50%
SIF	493,488	1,269,786	1,407,900	1,407,900	1,426,690	1.33%
Other	525,250	530,706	513,430	541,990	557,420	8.57%
<b>Total</b>	<b>\$7,594,923</b>	<b>\$8,599,092</b>	<b>\$8,740,150</b>	<b>\$8,844,060</b>	<b>\$9,079,840</b>	<b>3.89%</b>

Licenses, fees and permits are 7.83% of the City's total projected revenue for FY 13-14. Licenses, fees, and permits provide more than 25% of the operating revenue in the Development Services and Transit Funds, and about 14% of total General Fund revenues. The primary revenue for this classification in the General Fund is from franchise fees, which are the second largest single revenue source in the General Fund; the major drivers for franchise fees are the use of the services provided by the franchisees (utilities that use the public right-of-way) and the rates the utilities charge. These fees are estimated to increase by 3.94% in FY 13-14 over Adopted FY 12-13. This projection includes various utility rate hikes as well as a small increase in population, and revenue reductions 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 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 activity in Corvallis, as elsewhere in the U.S., has been stagnating over the past few years, but has begun to show slight signs of possible recovery. Commercial activity has remained relatively robust, explaining the higher than anticipated results of the past few years. Several large projects under discussion, including development on 1<sup>st</sup> Street, at least two large Oregon State University projects, and

construction activity resulting from the recent Sather Annexation, underpin the higher projection for FY 13-14 fees, which are expected to increase another 5.26% over adopted FY 12-13 levels. 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 continuing to ramp up at a modest 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 \$432,740 in FY 13-14. 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.

The Sustainability Initiative Fees (SIF) for Transit Operations (TOF), Urban Forest Management, and Sidewalk Maintenance, are also collected monthly via the City Services Bill. Primarily due to an ordinance-allowed increase in the Transit operations billing rate in February 2012 based on gas price increases, the TOF receipts increased by nearly 18% over budgeted FY 11-12 levels. As such, year to date collections in FY 12-13 are now on target to exceed the FY 12-13 estimated budget for all three fees of \$1,407,900, and are forecast to increase again in FY 13-14 to \$1,426,690 in total. Now that bus rides are fareless, the fees category represents a greater portion of Transit Fund revenues than charges for service.

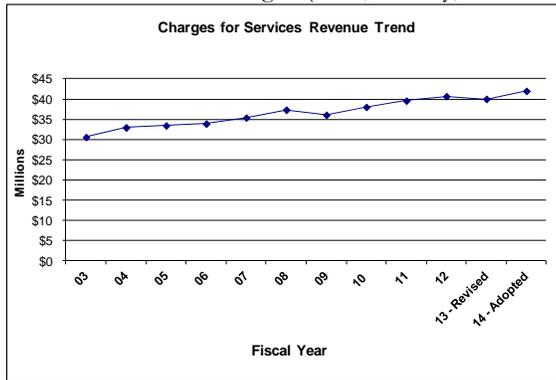
The largest component of the "Other" category is the Public, Education, Government/Institutional Network (PEG/I-Net) fees charged on cable television bills for local public access, estimated to bring in around \$147,000. Other licenses, fees and permit dollars are from permit work in the public right-of-way, use of park facilities, dog licensing and parking lot space rental fees.

**CHARGES FOR SERVICE**

	FY 10-11	FY 11-12	FY 12-13	FY 12-13	FY 13-14	% Chg from
	Audited	Audited	Adopted	Revised	Adopted	FY 12-13
						Adopted
Utility Fees	\$17,697,852	\$18,280,058	\$18,704,720	\$19,069,850	\$19,219,290	2.75%
Systems Dev. Chgs	3,588,437	3,556,322	1,989,780	1,949,780	3,266,130	64.15%
Parks & Rec Fees	1,360,074	1,370,920	1,531,140	1,464,000	1,562,810	2.07%
Building Plan Review	968,030	1,295,463	1,243,450	1,317,000	1,416,950	13.95%
Contracted Fire Svc.	1,136,763	1,172,652	1,201,270	1,202,740	1,232,050	2.56%
Ambulance Fees	1,812,511	1,910,309	1,950,000	1,950,000	1,969,500	1.00%
9-1-1 Cost Share	936,220	927,500	979,080	979,080	1,064,080	8.68%
Internal Service Charges	8,252,460	8,118,720	8,136,360	8,040,210	8,322,490	2.29%
Other	3,843,248	4,073,182	3,992,350	4,052,890	3,949,680	-1.07%
<b>Total</b>	<b>\$39,595,595</b>	<b>\$40,705,126</b>	<b>\$39,728,150</b>	<b>\$40,025,550</b>	<b>\$42,002,980</b>	<b>5.73%</b>

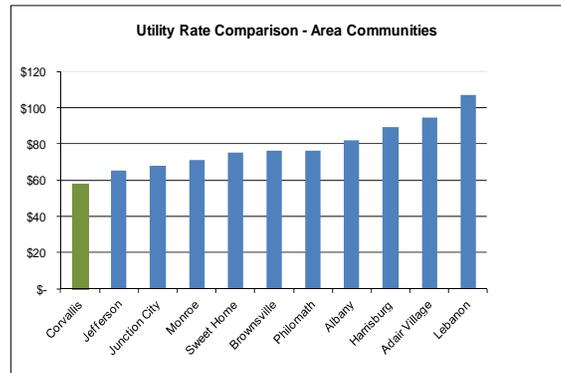
Charges for service revenues are 36.20% of the City's total projected revenue for FY 13-14, and are the largest classification of revenue for the City. Charges for service provide more than 25% of the revenue in the Development Services, 9-1-1 Emergency, Water, Wastewater, Storm Water, Airport, Fleet, Facility, Administrative Services, Technology and Communications, 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 (funds which are self-supported), Systems Development Charges (Street, Parks SDC, Water, Wastewater, and Storm Water Funds), Parks and Recreation programs (General Fund), charges for construction plan reviews (Development Services Fund), contracted fire and ambulance services (General Fund), 911 cost share contract (911 Fund) and internal service charges (Fleet, Facility, Technology and Communications, Administrative Services, and Risk Management Funds).

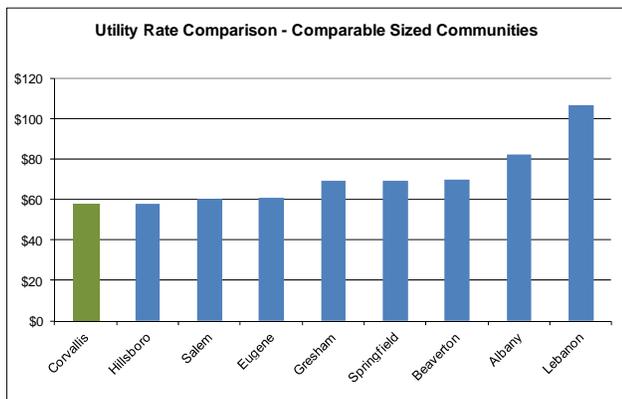


The City Council's current Financial Policies call for an annual rate review each fall for the Water, Wastewater, and Storm Water Funds, with a Council goal to keep the combined rate increase for all three utilities to around 3% for the average single family customer, with

a top rate increase limit of 7% by Council policy. Rates implemented February 1, 2013 increased 3% on the total bill, complying with 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 2014. Projected rate increases are shown in the financial plans, and currently assume 2% for Water, 4% for Wastewater, and 7% for Storm Water, which combined would result in a rate increase of around 3.5% on the total utility bill for the average residential customer. Corvallis rates remain competitive with both area communities and with other comparable sized Oregon-based utilities (Corvallis has the lowest rate in both cases). The combined rate increase for the utility funds is projected to be between three and four percent for the next several years in order to provide funding capacity for



needed infrastructure projects and maintenance.

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 and other factors outside the City's control that might impact the volume of this activity. By State Law, SDC revenue can be used only for capacity-enhancing capital projects. Commercial development, particularly at OSU, has somewhat offset reductions in residential development that occurred following the Great Recession. SDC's are projected to increase in FY 13-14 relative to Adopted and Revised FY 12-13 levels but still come in under FY 11-12 actuals. 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 13-14. Projects currently scheduled to use SDC funds should have sufficient balance available through the three-year planning horizon at a minimum.

Parks and Recreation department (General Fund) 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. Given 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 14% in FY 13-14 over the Adopted FY 12-13 projection based primarily on the improving trend seen in FY 12-13 as reflected in the revised budget. This projection is largely based on the expectation that several large projects at OSU and other new commercial development will continue to more than offset minimal residential construction and renovation through the next fiscal year. Additionally, the increases in fees due to the continued implementation of the Service Enhancement Package approved by City Council in 2010 are expected to bolster this Community Development revenue source in the Development Services Fund.

Contracted Fire Service (CRFPD) and Ambulance revenues were left flat during the budget revision period, although both may be impacted by refund and collection issues that became apparent during the final few months of the fiscal year. Increases in both revenues were originally anticipated for FY 13-14 compared with FY 12-13 projections. However, the contracted fire service revenue estimate will likely decline from budgeted levels as the CRFPD sees reduced property tax revenue from the Hewlett-Packard refund and passes the reduction along to the City. Ambulance revenue is predicated on a combination of increased calls for service and successful collection efforts, offset in part by changes in Medicare/Medicaid and a greater number of write-offs. Revenue in FY 13-14 is projected to increase 1% over Adopted FY 12-13, and continue this trend through the remainder of the planning period. The City Council will consider increases in rates whenever 100% of the operating costs for the transport ambulance are not covered.

The 9-1-1 Fund cost share is anticipated to increase by 6.61% overall in FY 13-14, but based on slightly higher proportionate calls for service than the other user group members, Corvallis Police and Fire Departments will together experience an 8.68% increase in their portion of the 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 increase nearly 2.3% based on the adopted budgets primarily driven by an approximately 12% increase in fleet maintenance fees for the Public Works department and approximately 4% increase for insurance premiums associated with Risk Management.

Other charges for service, while being fairly large in total revenue, is relatively small as individual revenue line items, and include items such as FireMed memberships, gasoline sales, parking meters, burglar alarm response fees, airport hangar rentals, indirect payments from the Associated Students of Oregon State University (ASOSU) and other contracts for transit services coordinated by the City. 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 public improvement/private contractors (PIPC) payments, which have served to partly offset increases in other categories above, for a net 5.7% projected increase in the overall charges for service receipts.

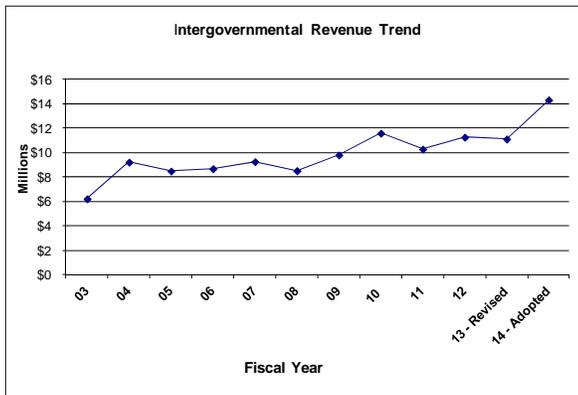
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**INTERGOVERNMENTAL**

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	FY 10-11	FY 11-12	FY 12-13	FY 12-13	FY 13-14	% Chg from
	Audited	Audited	Adopted	Revised	Adopted	FY 12-13 Adopted
State Revenue Sharing	\$1,153,551	\$1,247,011	\$1,240,000	\$1,287,000	\$1,322,110	6.62%
Highway Tax	2,691,162	2,967,995	3,256,710	3,215,040	3,309,430	1.62%
Transit Grants	980,984	1,180,516	2,352,950	1,863,450	2,785,170	18.37%
Housing Grants	1,015,559	1,306,737	2,967,410	745,910	2,578,000	-13.12%
Library Svc. District	2,336,447	2,412,300	2,443,370	2,453,500	2,506,250	2.57%
Capital Projects	1,539,256	1,072,977	2,633,650	877,190	2,567,910	-2.50%
9-1-1 State Taxes	549,519	531,416	545,030	535,000	515,110	-5.49%
Other	1,575,455	1,632,914	1,454,910	1,026,340	1,307,260	-10.15%
<b>Total</b>	<b>\$11,841,933</b>	<b>\$12,351,866</b>	<b>\$16,894,030</b>	<b>\$12,003,430</b>	<b>\$16,891,240</b>	<b>-0.02%</b>

Intergovernmental revenues are 14.56% of the City's total projected revenue for FY 13-14. Intergovernmental revenues are projected to provide close to 50% or more of the revenue in each of the Street, 9-1-1, Community Development Revolving, Airport and Transit Funds in the Adopted Budget. 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 13-14 relative to Adopted FY 12-13 due primarily to a projected decrease in capital projects revenue 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 \$1.3 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 a 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 12-13, the budgeted increases in alcohol taxes and revenue sharing are materializing, and are now expected to exceed adopted FY 12-13 expectations. For FY 13-14, statewide receipts from state revenue sharing and alcohol tax revenue are forecast to increase by approximately 6% over Adopted FY 12-13 projections based on League of Oregon Cities (LOC) estimates

combined with 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 dampening demand. For FY 14-15 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 13-14 from Adopted FY 12-13 levels. Historically higher growth rates in this revenue source have been dampened partly by continued high prices of gasoline causing gas sales to decline. Revenues continue to be projected at a 1% growth rate through the next several years, but factors such as more fuel-efficient cars, alternative fuels and modes of transportation are affecting the collection of gasoline taxes.

Grant funding for Transit Fund services anticipates receipt of nearly \$500,000 in capital grant funding for vehicle auto-announcement/information system replacement, carried over from FY 12-13 to FY 13-14. A Transit Capital Grant is also anticipated for the purchase of two buses in the latter half of FY 13-14. The Federal Operating Grant is expected to increase significantly due to the Moving Ahead for Progress in the 21<sup>st</sup> Century Act (MAP 21), a federal bill that provides additional funding to transit agencies over the next two years for surface transportation programs. FY 13-14 marks the first year that Business Energy Tax Credits (BETC) will no longer be available for use as local match requirements for these grants.

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. At this time the impacts of the “postponed sequester” federal fund reductions for FY 13-14 are not known, although it is anticipated that it will include significant cuts to discretionary programs, including CDGB and HOME. 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 13-14 include carry-over revenues from FY 12-13 for major projects that are expected to be completed during the fiscal year.

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 thus typically has a different growth rate in assessed value compared with the City’s permanent rate. FY 12-13 revised projections above do not include a reduction for a refund made to a successful development company appellant, that will likely result in total underlying property tax collections not meeting forecast. For FY 13-14 however, these intergovernmental receipts in the General Fund are projected to increase by about 2.6% from Adopted FY 12-13 levels based on the negative impact from the HP property tax refund mentioned in earlier pages on the otherwise anticipated 3% restricted growth rate, and then return to an average 3.0% in the next two years. 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 other General Fund and special revenue fund infrastructure maintenance and/or beautification projects or 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 considerably lower capital project volume is currently anticipated for the governmental Capital Construction Fund in FY 13-14 including carryovers of projects initiated in FY 12-13. 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 13-14 are expected to come in 5.49% less than Adopted FY 12-13, 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 is expected to stabilize over the next few fiscal years. Additionally, there is current legislation underway to potentially collect 9-1-1 tax on non-contract “throw-away” cell phones, which, if approved, should increase revenue streams. Ultimately, 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.

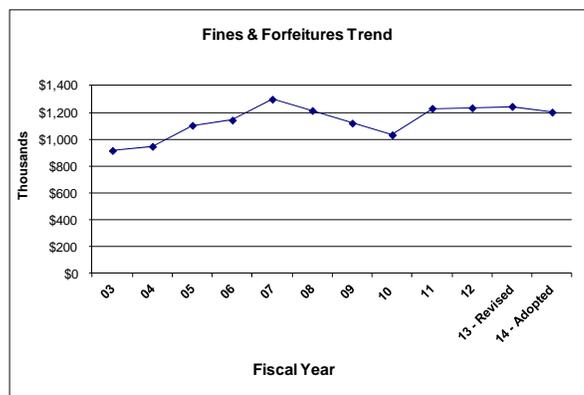
Other grants and intergovernmental revenues are primarily for special projects. As with capital projects, grant opportunities tend to change from year-to-year based on how well City programs match with granting agency goals. The Fire Department, for example, has been moderately successful over the years 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.

**FINES AND FORFEITURES**

	FY 10-11	FY 11-12	FY 12-13	FY 12-13	FY 13-14	% Chg from
	Audited	Audited	Adopted	Revised	Adopted	FY 12-13
						Adopted
Traffic and Criminal	\$678,908	\$672,068	\$705,400	\$665,400	\$625,400	-11.34%
Parking	411,983	423,111	450,000	442,000	450,000	0.00%
Other	139,404	139,338	128,010	137,580	127,230	-0.61%
<b>Total</b>	<b>\$1,230,295</b>	<b>\$1,234,517</b>	<b>\$1,283,410</b>	<b>\$1,244,980</b>	<b>\$1,202,630</b>	<b>-6.29%</b>

Fines and forfeitures are 1.04% of the City’s total projected revenue for FY 13-14. 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 decreased through this fiscal year due to new Police Officers that were not fully trained for the entire fiscal year. Reduced municipal court staffing levels have had a negative impact on collection experience. Projections for both FY 12-13 revised and FY 13-14 Adopted assume the lingering effects of these vacancies and a continued inability to collect all fines rendered.



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, yet relatively flat revenue source through the remainder of the financial planning period.

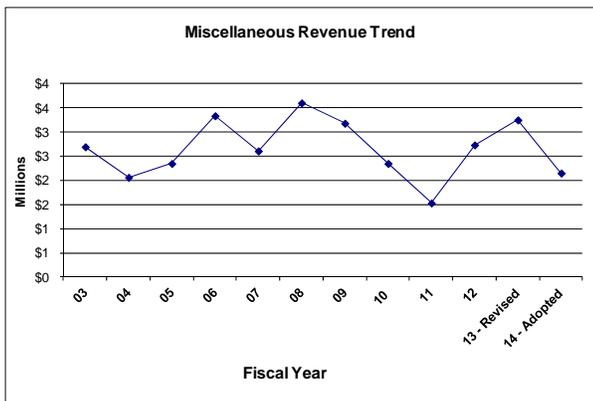
Other fines include late payments on lost and overdue books at the Library, and small amounts projected from other overdue amounts owed to the City. The General Fund revenue for fines, lost books, and penalty fees is expected to stabilize slightly below FY 12-13 Adopted budget levels as there are fewer late and lost books presumably because of the 50% fine rate increase implemented over the last year. Other revenue for fines is expected to increase by over 7% in Revised FY 12-13 compared with Adopted FY 12-13, driven by an increase in crime and asset forfeitures by Police in the General Fund. Future year projections are

anticipated to remain relatively low, even with the slight increase expected through FY 12-13, since at this juncture no new, sizeable asset forfeiture cases are known.

**MISCELLANEOUS**

	FY 10-11 Audited	FY 11-12 Audited	FY 12-13 Adopted	FY 12-13 Revised	FY 13-14 Adopted	% Chg from FY 12-13 Adopted
Interest Earnings	\$226,090	\$310,305	\$226,790	\$265,230	\$234,380	3.35%
Energy Tax Credits	13,112	622,390	589,760	1,106,420	0	-100.00%
Loan repayments	291,629	476,599	401,170	469,650	537,560	34.00%
Timber Sales	333,446	335,393	346,500	346,500	282,500	-18.47%
Other	668,956	991,584	1,053,450	1,066,400	1,099,310	4.35%
<b>Total</b>	<b>\$1,533,233</b>	<b>\$2,736,271</b>	<b>\$2,617,670</b>	<b>\$3,254,200</b>	<b>\$2,153,750</b>	<b>-17.72%</b>

Miscellaneous revenues are 1.86% of the City’s total projected revenue for FY 13-14 and are not currently 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 in this classification, prior to the economic downturn, is investment interest earnings on the City’s portfolio. Allocations are generally made based on each fund’s proportion of the average cash balance. FY 12-13 has been revised up based on fiscal year to date receipts and the City’s known earnings from current portfolio investment holdings combined with the projected State Local Government Investment Pool (LGIP) rates (currently paying 0.54%). For FY 14-15 and FY 15-16, 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, 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 received in past years which fits this description is the Business Energy Tax Credit (BETC), a state program where the City earned tax credits for projects that reduced energy consumption. Through FY 12-13, the City budgeted BETC’s primarily in the Transit Fund, but also received several smaller energy credits each year as a result of various sustainability initiatives in other funds. The State has discontinued this program as of FY 13-14 so no revenue is anticipated after FY 12-13.

Loan repayments relate primarily to recycling Housing grant 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 \$54,000 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. Likewise, the Corvallis School District (509J) contributes \$20,000 annually toward school-season bus service to Crescent Valley High School which is outside City limits and therefore not part of transit routes covered by the TOF.

## NON-OPERATING REVENUE

	FY 10-11	FY 11-12	FY 12-13	FY 12-13	FY 13-14	% Chg from
	Audited	Audited	Adopted	Revised	Adopted	FY 12-13 Adopted
Transfers In - 2011 Op Levy	\$0	\$1,743,522	\$1,865,350	\$1,843,150	\$1,908,620	2.32%
Transfers In - POB	2,283,290	2,386,500	2,491,610	2,491,610	2,601,690	4.42%
Transfers In - Fund Balances	0	0	0	0	5,623,447	0.00%
Debt Issuance Proceeds	0	0	0	12,289,040	495,400	0.00%
Inter-Agency Pass Throughs	0	0	855,000	750,060	774,640	-9.40%
CIP & Other Transfers In	5,739,843	5,534,999	6,522,313	3,454,970	8,291,250	27.12%
<b>Total</b>	<b>\$8,023,133</b>	<b>\$9,665,021</b>	<b>\$11,734,273</b>	<b>\$20,828,830</b>	<b>\$19,695,047</b>	<b>67.84%</b>

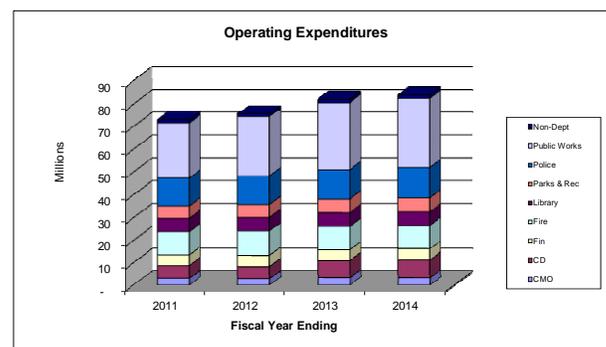
Non-Operating revenue is 16.97% of total projected revenue and is not considered to be a major revenue source for any fund. There are two types of non-operating revenue:

- ◇ 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 12-13 was revised to include \$12.3 million in proceeds from a refunding in November 2012 of three utility-backed loans with the Department of Environmental Quality (DEQ) and the Oregon Business Development Department (OBDD), which produced a net present value savings of approximately \$1.58 million and provides future capacity in these utility funds for financing of a project that would promote compliance with Total Maximum Daily Load (TMDL) requirements for discharge going into the Willamette River. No additional debt, other than intrafund loans in support of the General Fund balance impact of the HP refund and in the CD Revolving Fund in respect of grant reimbursement timing and temporary shortfalls, is currently anticipated in FY 13-14. However, a bank loan or bonds may be considered as early as FY 14-15 in support of General Fund related capital projects and TMDL respectively.
- ◇ 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 out as an expenditure and moved to another fund where the construction is managed. When a transfer is shown as revenue, it means that fund is receiving monies from another fund. The transfers in the Adopted Budget represent nearly a 69% increase from the current budget due primarily to a higher level of total capital project expenditures (in the airport and utility funds) being planned for FY 13-14, as well as fund balance transfers to close out the former Parks & Recreation, Fire, and Library Funds to the General Fund as part of consolidating all property tax services into one fund.

## 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.

Each department may have budget in one or many funds, depending on the mix of operations included in the department. The bar chart shows the operating expenditure budget by department. The table below shows the budget by fund and by department for all City operating costs in the Adopted FY 13-14 budget.



**FY 13-14 ADOPTED OPERATING BUDGET BY FUND AND DEPARTMENT**

**DEPARTMENTS**

Fund	CMO	CD	Finance	Fire	Library	Parks & Rec	Police	Public Works	Non-Dept	Total
General	\$326,250	\$1,309,840	\$646,770	\$10,485,960	\$5,878,150	\$6,164,230	\$10,649,520	\$1,026,260	\$1,448,070	\$37,935,050
Street		22,120						4,170,440		4,192,560
911 Emerg.							2,320,330			2,320,330
Devel. Svcs		3,274,050								3,274,050
CD Revolving		3,141,770								3,141,770
Parking		4,220	273,220				373,560	495,330		1,146,330
Transit								4,021,090		4,021,090
Pension Ob.									1,350	1,350
Water		56,850						7,675,400		7,732,250
Wastewater		54,640						8,308,200		8,362,840
Storm Water		55,560						2,263,460		2,319,020
Airport								621,050		621,050
Fleet Maint.								855,450		855,450
Facility Maint								809,840		809,840
Tech & Com.			1,417,940					190,830		1,608,770
Admin Svcs.	1,876,930		2,667,130							4,544,060
Risk Mgmt	1,093,830									1,093,830
Total	\$3,297,010	\$7,919,050	\$5,005,060	\$10,485,960	\$5,878,150	\$6,164,230	\$13,343,410	\$30,437,350	\$1,449,420	\$83,979,640

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 13-14 budget by classification with comparisons to prior years is in the Department section of the Budget Document.

**FY 13-14 ADOPTED OPERATING BUDGET BY DEPARTMENT BY CLASSIFICATION**

	Personnel Services	% of Dept Budget	Supplies & Services	% of Dept Budget	Capital Outlay	% of Dept Budget	Total
City Manager's Office	\$1,414,780	42.91%	\$1,882,230	57.09%	\$0	0.00%	\$3,297,010
Community Development	4,085,370	51.59%	3,764,680	47.54%	69,000	0.87%	7,919,050
Finance	3,370,860	67.35%	1,579,200	31.55%	55,000	1.10%	5,005,060
Fire	8,558,690	81.62%	1,927,270	18.38%	0	0.00%	10,485,960
Library	3,968,080	67.51%	1,910,070	32.49%	0	0.00%	5,878,150
Parks & Recreation	3,808,700	61.79%	2,293,610	37.21%	61,920	1.00%	6,164,230
Police	9,960,890	74.65%	3,154,690	23.64%	227,830	1.71%	13,343,410
Public Works	12,182,800	40.03%	16,472,940	54.12%	1,781,610	5.85%	30,437,350
Non-Departmental	0	0.00%	1,449,420	100.00%	0	0.00%	1,449,420
Total	\$47,350,170	56.38%	\$34,434,110	41.00%	\$2,195,360	2.61%	\$83,979,640

## **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, economic development, and risk management. Highlights for FY 13-14 include:

- ◇ Begin work on 2013-2014 City Council Goals.
- ◇ Coordinate the 2013 Oregon Mayors' Conference, to be held in Corvallis in late July 2013.
- ◇ Continue the Economic Development Program by fulfilling the mandate of the Economic Development Commission's strategic plan.
- ◇ Negotiate a new labor contract with 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 13-14 include:

- ◇ Finalize implementation (year three) of the three-year service enhancement package and reorganization of Development Services to improve customer service by facilitating construction plan review and inspection processes through a combination of assigning project coordinators and implementing new and improved 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, prepare the annual budget and audit reports, analyze property risk management, implement procurement policy and practices, and provide utility billing, municipal court and information systems management. Highlights for FY 13-14 include:

- ◇ Financial Services staff will continue promotion of organization-wide maximization of purchasing card use to optimize efficiencies of the City's payment processes.
- ◇ Perform contract review and liability risk assessment as part of property risk management responsibilities.
- ◇ Rapid migration upgrade and conversion of City's financial system from current AS-400 based platform to SunGard's OneSolution windows-based software scheduled to go live in February 2014.
- ◇ Conduct monthly meter reading and utility billing services to over 16,000 utility service accounts, generating over \$19 million in revenue.

## **FIRE DEPARTMENT**

The Fire Department is responsible for fire prevention, suppression, basic and advanced life support emergency medical response and transport 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 13-14 include:

- ◇ Continue infrastructure development through partnerships with other ambulance providers and response agencies regarding operational EMS activities.
- ◇ Begin construction of a new Fire training facility per the capital improvement program.

## **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, movies, and music; free public access to the Internet, and a wide variety of online databases; reference services; programs, story times, and book clubs for all ages. Outreach to all of Benton County occurs via a bookmobile and branches in Alsea, Monroe and Philomath through an agreement with the Benton County Library Service District. Highlights for FY 13-14 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 related to budget reductions in support of achieving a sustainable FY 13-14 budget.
- ◇ Transition services into the 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 13-14 include:

- ◇ Finalize the Parks and Recreation Master Plan with final presentations to Council in early FY 13-14.
- ◇ Implement the new Community Garden Master Plan and Heritage Tree Program; complete Tunison Park rehabilitation; construct the Willamette Park picnic shelter and boardwalk at Marys River Natural Area.
- ◇ Expand partnership with Benton County Health Department to prevent and reduce childhood obesity.

## **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 13-14 include:

- ◇ Review implementation of recommendations regarding 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.
- ◇ Three Police Officer positions are authorized, but unfunded for the FY 13-14 budget.
- ◇ Continue work with the OSU/City Collaboration Group for Neighborhood Livability, Parking and Land Development.

## **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 13-14 include:

- ◇ Identify the preferred alternative for treatment of the wastewater effluent to comply with current emerging regulations on the allowable level of pollutants in the City's discharge to the Willamette River.
- ◇ Update the Wastewater Master Plan.
- ◇ Complete the Utility Service Rate Study project to evaluate whether or not a change in the utility rate structure is appropriate.
- ◇ Implement a new Vehicle Information System for Corvallis Transit.
- ◇ Complete the Airport Industrial Park Utility Infrastructure Plan.
- ◇ Support OSU Collaboration parking district efforts at Council behest with up to \$300,000 in one-time special projects.

**NON-DEPARTMENTAL**

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

- ◇ Up to \$343,470 is budgeted in the General Fund for Social Services grants to be allocated through the United Way: \$237,750 from General Fund non-dedicated resources and up to \$105,720 for the voter-approved 2011 operating levy.
- ◇ A total of \$388,350 is budgeted in the General Fund in respect of the legally required 30% of transient room taxes allocation to Corvallis Tourism.
- ◇ Support various Council Goals related to OSU Collaboration and Affordable Housing with one-time, special project appropriations totaling about \$250,000.

**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.

**PERSONNEL SERVICES**

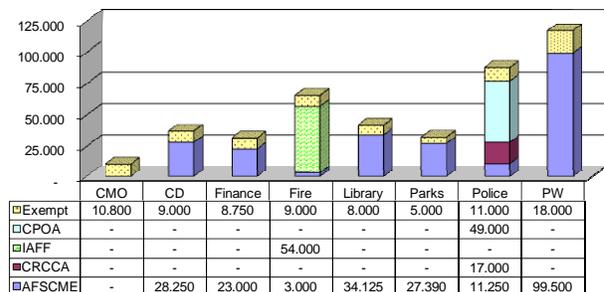
	FY 10-11	FY 11-12	FY 12-13	FY 12-13	FY 13-14	% Chg from
	Audited	Audited	Adopted	Revised	Adopted	FY 12-13
						Adopted
Salaries	\$30,745,925	\$30,323,094	\$30,969,580	\$30,047,600	\$31,206,790	0.77%
Pension (OPERS) Benefits	2,433,799	3,767,707	3,884,960	3,854,170	4,522,130	16.40%
Health Benefits	6,884,877	7,232,913	7,270,890	7,364,920	7,555,130	3.91%
Other Benefits	3,765,620	3,783,012	4,099,450	4,083,080	4,066,120	-0.81%
<b>Total</b>	<b>\$43,830,221</b>	<b>\$45,106,726</b>	<b>\$46,224,880</b>	<b>\$45,349,770</b>	<b>\$47,350,170</b>	<b>2.43%</b>
City FTE	447.615	441.315	428.395	428.395	426.065	-0.54%

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 nearly 82% of the budget (i.e., in the Fire Department).

Salaries and Wages – 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 (the latter currently represents nearly 70% of the City’s regular, authorized FTE). 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. Non-represented employees, primarily overtime-exempt management staff, do not have a labor agreement.

FY 13-14 FTE by Bargaining Unit & Department



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 13-14, a COLA has only been included in the

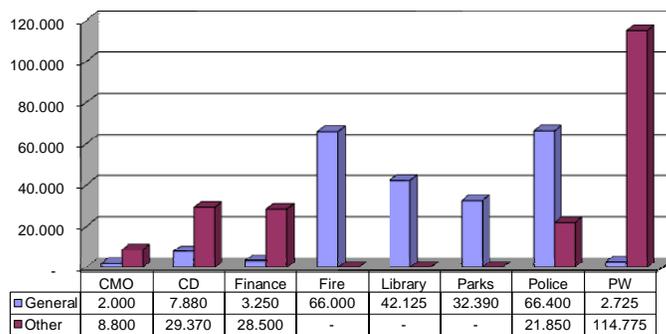
personnel services budget for CPOA (2.5%) and IAFF (2.0%) per current contract requirements. A COLA, if any, for Exempt, CRCCA, and AFSCME staff has not been budgeted, pending contract negotiations for FY 13-14. Should a contractual COLA be negotiated and maintained by a given unit in the three year planning period, savings/reductions will need to be found within existing appropriations in order to afford the incremental cost.

**STAFFING LEVELS**

	1995-1996	2000-2001	2010-2011	2011-2012	2012-2013	2013-2014	% Chg from 12-13
	Actual	Actual	Actual	Actual	Adopted	Proposed	Adopted
City Manager's Office	9.750	9.500	10.000	9.750	10.800	10.800	0.00%
Community Development	27.500	31.500	39.300	38.250	37.250	37.250	0.00%
Finance	29.000	37.750	36.750	34.750	31.750	31.750	0.00%
Fire	59.500	69.000	69.000	69.000	66.000	66.000	0.00%
Library <sup>1</sup>	42.420	46.270	45.375	45.375	42.750	42.125	-1.46%
Parks & Recreation <sup>1</sup>	25.240	27.130	36.315	35.815	34.095	32.390	-5.00%
Police	81.900	91.250	92.250	90.250	88.250	88.250	0.00%
Public Works <sup>1</sup>	104.660	113.850	118.625	118.125	117.500	117.500	0.00%
<b>Total</b>	<b>379.970</b>	<b>426.250</b>	<b>447.615</b>	<b>441.315</b>	<b>428.395</b>	<b>426.065</b>	<b>-0.54%</b>
Population *	49,275	51,040	54,520	55,055	55,550	56,160	1.10%
FTE per 1,000 Population	7.711	8.351	8.210	8.016	7.712	7.587	-1.62%

\* Population comes from estimates developed by Portland State University and includes OSU students. FY 13-14 is projected to grow 2% over last actual.  
 (1) FY 10-11 and FY 11-12 were rounded to two decimal places in previous budget documents, but for accuracy have now been restated to three decimal places.

**FY 13-14 General Fund FTE vs. Other Fund FTE by Department**

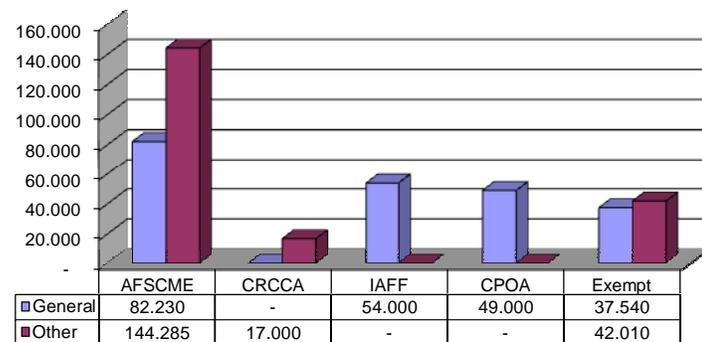


The FY 13-14 Adopted Budget includes a total of 426.065 Full Time Equivalent (FTE) positions. This is 2.33 FTE less than the Adopted FY 12-13 staffing level. One FTE equals 2,080 hours of work each year for most of the City's staff; for those Fire Department personnel who work 24 hour shifts however, one FTE equals 2,912 hours per year; in the case of Police officers and sergeants working 12-hour shifts, one FTE 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 generally 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.

**FY 13-14 General Fund FTE vs. Other Funds' 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 13-14, the City estimates it will use nearly 42 FTE of volunteer hours in departments as follows:

Department	2010 Hours	2011 Hours	2012 Hours	2013 Projected
City Manager's Office	1,193	912	2,089	2,200
Community Development	1,127	781	909	1,200
Finance	125	199	447	162
Fire	47,602	47,929	42,458	45,600
Library	15,364	16,984	16,075	16,000
Parks and Recreation	21,742	23,098	24,322	27,500
Police	5,060	5,944	5,779	5,000
Public Works	653	2,453	1,630	2,041
<b>TOTAL VOLUNTEER HOURS</b>	<b>92,866</b>	<b>98,300</b>	<b>93,709</b>	<b>99,703</b>

**Benefits** – Benefits are budgeted according to legal requirements and include the City’s portion of Social Security, Medicare, State Pension costs (PERS), medical, dental, life, and disability insurance. Overall, the benefits budget is 5.8% higher for FY 13-14 than in FY 12-13. Contributing factors include:

- ◇ The City’s Oregon Public Employee Retirement System (OPERS) employer rates for the period July 1, 2013 through June 30, 2014 were originally scheduled to increase significantly, however recent legislation and passage of senate bill 822 keeps rates relatively aligned with rates during the previous 2-year period. Contribution rates are set by the State for two fiscal years and, as depicted in the adjacent table and in the Personnel Services numbers on page 41, represent a substantial cost to the

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	8.10%	6.49%	15.40%	9.22%
FY 15/16-FY 16/17*	14.10%	12.49%	21.40%	15.22%

\* Projected rates assume full 6% collar

- City (over \$4.5 million or nearly 14.5% as a percentage of budgeted wages in FY 13-14). At the time of budget adoption, the Oregon legislature passed a number of bills that would reduce employer rates, however the new rates were not finalized by OPERS at the time of developing the FY 13-14 budget. As such, this budget only partially includes the rate reductions for FY 13-14, as they were implemented late in the process for only the General Fund since the savings were needed to offset anticipated Property Tax revenue reductions resulting from Hewlett-Packard’s successful appeal of assessed value.
- ◇ The City pays the 6% employee pick-up for CPOA, CRCCA, IAFF and non-represented employees. The pick-up reduces overall costs relative to paying a comparable amount as a direct wage since FICA payroll taxes (Social Security and Medicare) are not paid on these pension contributions.
- ◇ Medical, dental and vision benefits for FY 13-14 are budgeted to stay flat at 2013 cost levels, despite rising healthcare costs. Non-represented staff agreed in the FY 12-13 budget process to reduce their cafeteria benefit to align with the most affordable health plan, with family coverage, for the 2013 calendar year; this formula will remain the same for 2014.
  - IAFF has eliminated its HMO plan and with the 2012 open enrolment moved almost entirely to the City’s high deductible medical plan option (CDHP);
  - CPOA moved to a lower cost Teamster’s composite plan;
  - The other bargaining units, AFSCME and CRCCA, were still working as of yearend to reach an agreement with management on healthcare. If a lower cost option is not determined through the negotiation processes, and healthcare costs increase in 2014 as has been the trend, impacted 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.

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**SUPPLIES AND SERVICES**

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	FY 10-11 Audited	FY 11-12 Audited	FY 12-13 Adopted	FY 12-13 Revised	FY 13-14 Adopted	% Chg from FY 12-13 Adopted
Total	\$28,454,371	\$28,637,904	\$33,192,610	\$29,557,410	\$34,434,110	3.74%

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 forecast to increase by approximately 1% in total, as a proxy for all known or expected increased costs. With a commitment to a level of service, or to an addition or enhancement of programs or services offered by the City, inflationary pressures can argue for higher individual line item increases. Ongoing contractual services can vary significantly, as may one-time special project budget needs for vehicle and infrastructure maintenance and replacement, and changing City plans from year-to-year for studies, master plan updates, or other consultant services. For each of FY 12-13 and FY 13-14, departments with General Fund funded services or those in overhead funds (such as Finance and City Manager's Office), generally submitted budgets well below the 1% guideline for their supplies and services spending plans, in order to attain a balanced adopted budget in the General Fund.

In future years, and for most non-General 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 for all non-personnel service expenditures 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.
- ◇ Special projects which are typically sizeable contractual service or capital outlay items, are identified by year for each department and do not generally follow the 1% forecasting guideline. 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).

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**CAPITAL OUTLAY**

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	FY 10-11 Audited	FY 11-12 Audited	FY 12-13 Adopted	FY 12-13 Revised	FY 13-14 Adopted	% Chg from FY 12-13 Adopted
Vehicle Purchases	\$263,656	\$722,298	\$1,813,110	\$1,391,800	\$1,437,070	-20.74%
Other	522,970	1,260,430	820,930	264,530	758,290	-7.63%
Total	\$786,626	\$1,982,728	\$2,634,040	\$1,656,330	\$2,195,360	-16.65%

The category of Capital Outlay is used to record 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 and/or afford the vehicle). 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 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 13-14, major capital purchases planned include a backhoe, two buses and two dump trucks for Public Works. In FY 12-13, many departments made a concerted effort to defer capital purchases, and vehicles in particular, as a cost-saving measure.

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

<u>Fleet Listing - Department</u>	No. of vehicles*	Avg replace value	Avg life cycle (yrs)	Funding?
<b>Community Development</b>				
Staff cars (i.e., Inspections/Housing)	13	\$20,000	10	No
<b>Finance</b>				
Utility Billing pick-up trucks	2	\$17,500	10	Yes
<b>Fire</b>				
Engines/Tenders/Rigs	17	\$300,000-\$950,000	15-25	Yes
Ambulances	5	\$260,000	7	Yes
Fire Safety Trailer	1	\$65,000	25	Yes
Speed boat	1	\$35,000	15	No
Staff cars (i.e., chief/prevention)	9	\$25,000	10	No
<b>Library</b>				
Cargo-courier van	2	\$50,000	10	Yes
Staff car	1	\$20,000	10	Yes
<b>Parks &amp; Recreation</b>				
Trucks	19	\$25,000-\$60,000	10	Yes
Mowers/Tractors	17	\$10,000-\$70,000	10-31	Yes
Passenger vehicles/Vans	2	\$25,000	10	Yes
<b>Police</b>				
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	\$25,000	10	Yes
<b>Public Works</b>				
Dump trucks/Specialty vehicles	32	\$40,000-\$100,000	12	Yes
Staff cars/small trucks/Vans	39	\$20,000-39,000	12	Yes
Street Sweeper	2	\$260,000	6	Yes
Patch Truck	1	\$175,000	10	Yes
Camel	2	\$275,000	10	Yes
Crane/Tractors	3	\$90,000-\$130,000	12	Yes
Camera Van (Wastewater)	2	\$120,000	12	Yes
Transit buses/Trolley	12	\$410,000	12	Yes
	212			

\* Note that only vehicles to be replaced are listed; this vehicle list is focused on "rolling stock" with an individual value greater than \$10,000 and does not include the large equipment used on these vehicles, nor does it include any trailers used for hauling.

**V. NON-OPERATING EXPENDITURES**

**CAPITAL PROJECTS**

	FY 10-11	FY 11-12	FY 12-13	FY 12-13	FY 13-14	% Chg from
	Audited	Audited	Adopted	Revised	Adopted	FY 12-13
						Adopted
Water	\$202,470	\$1,385,886	\$1,118,180	\$588,080	\$1,306,580	16.85%
Wastewater	828,414	2,407,915	905,360	610,360	1,594,930	76.17%
Storm Water	161,993	482,806	721,510	481,510	787,500	9.15%
Airport	770,606	0	50,000	2,000	112,850	125.70%
Street	368,387	708,062	1,651,470	603,470	1,703,800	3.17%
Parks	230,276	97,047	1,590,698	423,550	2,128,905	33.83%
Other Capital Projects	2,153,760	636,680	3,456,650	1,739,930	2,502,220	-27.61%
<b>Total</b>	<b>\$4,715,906</b>	<b>\$5,718,396</b>	<b>\$9,493,868</b>	<b>\$4,448,900</b>	<b>\$10,136,785</b>	<b>6.77%</b>

Capital Improvement Projects (CIP) represent asset additions exceeding \$25,000 in value with a life longer than one year, or extending the useful life of existing assets. Capital projects often serve to replace, enhance, or add to existing infrastructure systems.

For context, below is an overview of the City’s infrastructure, in the form of a facilities listing:

<b>Facilities' Listing</b>	<b>Location/Address</b>	<b>Departments</b>	<b>Square Footage</b>	<b>Value</b>
City Hall	501 SW Madison	CMO, CD, PW	19,479	\$4,295,674
Madison Avenue Building	500 SW Madison	Finance	7,423	\$1,424,038
Municipal Court Building <sup>(3)</sup>	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 <sup>(3)</sup>	1050 Applegate	Library	5,000	\$859,393
Alsea Community Library <sup>(3)</sup>	19192 Alsea Highway	Library	4,400	\$417,666
Monroe Community Library <sup>(3)</sup>	668 Commercial Street	Library	1,250	\$238,990
Fire Stations (6) - 2 community centers <sup>(3)</sup>	Various	Fire	49,192	\$10,572,007
Fire Drill Tower	Waterworks S/NE 2nd St	Fire	1,872	\$562,030
Law Enforcement Building <sup>(3)</sup>	180 NW 5th	Police & 911	40,034	\$1,791,185
CPD Evidence Compound	1245 NE Third St.	Police & 911	9,945	\$182,560
Osborn Aquatic Center <sup>(3)</sup>	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 <sup>(4)</sup>	700 SW Madison Ave	Parks & Rec	6,530	\$1,220,700
Majestic Theater <sup>(4)</sup>	115 SW 2nd St	Parks & Rec	14,775	\$3,592,092
Park Land <sup>(2)(6)</sup>	Various	Parks & Rec	1,734 Acres	\$20,335,517
Park buildings <sup>(3)</sup>	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	\$50,262
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
Utility Systems - Water/Storm/Sewer <sup>(1)</sup>	Corvallis	Public Works	246/214/159 Miles	\$115,040,579
Street Infrastructure/Bridges/Traffic Signals <sup>(1)</sup>	Corvallis	Public Works	365.75 Miles	\$107,925,958
Muni-Airport Building/T-Hangers/Rental building	Airport Rd	Public Works	75,594	\$5,821,279

(1) Other utilities and infrastructure considered assets, such as lift & booster stations, valve vaults, etc. The listed value is from the Asset system, not insured value

(2) Park Land included, with the assessed value from the asset system, not insured value.

(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.

(6) Park acres total above agrees with department's total maintained holdings but exceeds capital assets in financial system, since the latter number does not include leased property.

Note: Source of building values-Barker Uerlings, 2009 Risk Assessment Building Inventory

The CIP budget reflects a 6.77% increase from FY 12-13. Major projects planned for FY 13-14 include:

- ◇ Construction of a Fire Drill Tower for department training exercises;
- ◇ 36<sup>th</sup> and Grant Water Pump Station improvements;
- ◇ Development and construction of the first section of the Corvallis to Albany trail; and
- ◇ Grant funded street reconstruction projects.

For more information on the Capital Budget, see page 239 of the Adopted FY 13-14 Budget Document, or the 2014-2018 Capital Improvement Program, available at the Corvallis-Benton County Public Library and online at <http://corvallisoregon.gov/>.

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**TRANSFERS & OTHER FINANCING USES**

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	FY 10-11	FY 11-12	FY 12-13	FY 12-13	FY 13-14	% Chg from
	Audited	Audited	Adopted	Revised	Adopted	FY 12-13 Adopted
Transfers Out - POB	\$2,283,290	\$2,386,500	\$2,491,610	\$2,491,610	\$2,601,690	4.42%
Transfers Out - 2011 Op Levy	0	1,743,522	1,865,350	1,843,150	1,908,620	2.32%
Transfers Out - Fund Balances	0	0	0	0	5,623,447	0.00%
Debt - Financing Uses	0	0	0	14,524,570	495,400	0.00%
Inter-Agency Pass Throughs	0	0	855,000	750,060	774,640	-9.40%
CIP & Other Transfers out	3,589,581	5,486,474	5,637,313	3,440,050	8,261,250	46.55%
<b>Total</b>	<b>\$5,872,871</b>	<b>\$9,616,496</b>	<b>\$10,849,273</b>	<b>\$23,049,440</b>	<b>\$19,665,047</b>	<b>81.26%</b>

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 13-14 includes the third and final year of transfers to move the 2011 Levy monies from the 2011 Operating Levy Fund to the General Fund. 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. During FY 13-14 there are also fund balance transfers from the former Parks & Recreation, Fire, and Library funds to the General Fund as part of consolidating all property tax supported services into one comprehensive fund; and for the creation of a separate Parks Systems Development Charge Fund. For an itemized list of budgeted transfers, see the Non-Operating Budget Section of the Adopted Budget Document starting on page 263. Other Financing uses included in non-operating expenditures above are for: inter-agency pass-through payments required to be appropriated under Oregon Budget Law; and in FY 12-13 Revised, proceeds from a debt refunding (as discussed in the next section) were used to pay down three outstanding loans in the utility funds; in FY 13-14 there is an interfund loan in other financing uses that will be transferred from the Water SDC Fund for an anticipated borrowing by the General Fund as needed to maintain fund balance after payment of the City's portion of the property tax refund to HP as discussed on pages 9 & 27.

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**DEBT SERVICE**

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	FY 10-11	FY 11-12	FY 12-13	FY 12-13	FY 13-14	% Chg from
	Audited	Audited	Adopted	Revised	Adopted	FY 12-13 Adopted
General Fund	\$30,389	\$244,422	\$243,880	\$243,880	\$243,180	-0.29%
Water	\$1,009,218	\$1,018,798	\$1,021,160	\$24,940	\$966,500	-5.35%
Wastewater	\$2,300,307	\$2,294,017	\$2,291,550	\$829,090	\$2,253,650	-1.65%
Airport	\$33,663	\$32,582	\$31,490	\$31,490	\$115,050	265.35%
Pension Obligations	\$2,281,922	\$2,385,149	\$2,490,260	\$2,490,260	\$2,600,340	4.42%
<b>Total</b>	<b>\$8,200,473</b>	<b>\$8,182,618</b>	<b>\$7,119,140</b>	<b>\$4,660,460</b>	<b>\$7,245,970</b>	<b>1.78%</b>

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, with the exception of the Airport Fund which reflects a payoff

amount in FY 13-14 for the small remaining balance on that loan. Three loans residing in the Water and Wastewater Funds were refunded in FY 12-13, resulting in lower revised debt service payments since the payoff of these loans is recorded as another Financing Use as seen in the section above. FY 13-14 includes the new debt service for the refunded full-faith obligations. No new debt or bonds are anticipated for FY 13-14, as the City tends to utilize a pay-as-you-go approach where feasible; however new loans or bonds may be pursued in FY 14-15 based on CIP plan needs. Refunding of existing bonds is reviewed, especially when market rates are low, as has recently been the case, and will be considered if there are sufficient savings available. Detailed information on debt service is included starting on page 253 of the Adopted Budget Document.

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**CONTINGENCIES**

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	FY 10-11 Audited	FY 11-12 Audited	FY 12-13 Adopted	FY 12-13 Revised	FY 13-14 Adopted	% Chg from FY 12-13 Adopted
Total	\$0	\$0	\$1,611,260	\$0	\$1,727,790	7.23%

Contingency appropriations 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.

For FY 13-14, in tandem with consolidating all property tax services into one General Fund, Council Financial Policies were revised to budget contingencies as 10% of the total target fund balance reserve amount in the General Fund. Thus, in FY 13-14, the General Fund financial plan will carry a \$630,000 contingency allowance and the contribution to the fund balance reserve will be shown as reduced in an equal amount. If any portion of the contingency is used, this will be evaluated and recovered through operations in the following year to ensure that the full 10% of targeted fund balance is regained to ensure timely achievement of the desired reserve level of three months of payroll (currently \$6.3 million).

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**ENDING FUND BALANCE**

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	FY 10-11 Audited	FY 11-12 Audited	FY 12-13 Adopted	FY 12-13 Revised	FY 13-14 Adopted	% Chg from FY 12-13 Adopted
Total	\$36,122,345	\$37,856,441	\$25,135,459	\$39,849,641	\$33,128,976	31.80%

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 recent years included confirmation that the target reserve for the General Fund is 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. Financial policies also called for a gradual rebuilding of that reserve, beginning with a FY 12-13 minimum contribution of 10% of the target. Work done to balance the General Fund budget for FY 12-13 allowed for additional one-time monies to be added to the reserve. The General Fund ended FY 11-12 better than anticipated; Council authorized that \$967,911 be added as a one-time supplement to the Fund Balance reserve to meet the target sooner. This extra contribution to reserves was then used at fiscal year-end to pay a portion of the significant unanticipated property tax refund to HP. Thus, after the FY 13-14 contribution, and assuming the \$630,000 contingency will not be needed, the reserve is expected to total nearly \$2.9 million, or 46% of the target, compared to the 35% established to be set aside by the end of the second year of this policy action.

At the time of budget adoption, the General Fund was expected to end FY 13-14 with a \$668,121 balance available for appropriations which is incorporated in the table above and seen in the table on the following page. However, it should be noted that the Financial Plan depicted in the Budget Message on page 17, which incorporates projections after the City received information from the County on the HP appeal and new valuation figures, shows a more recent estimate of the probable ending General Fund balance totaling \$27,881.

All other funds, such as the special revenue funds which do not receive property taxes, the enterprise funds for Water, Wastewater, Storm Water and Airport operations, and the System Development Charge funds, are projected to end FY 13-14 with fund balances that are adequate to continue 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 13-14 based on the Adopted Budget projections are:

	<b>All Funds</b>	<b>General Fund</b>
Ending Fund Balance	\$33,128,976	\$6,685,473
Less:		
Restricted	\$20,233,264	\$413,704
Committed	\$1,225,632	\$1,112,174
Assigned	\$3,570,352	\$1,270,275
Fund Balance Reserve	\$3,221,200	\$3,221,200
<b>Balance Available for Appropriation</b>	<b>\$4,878,528</b>	<b>\$668,121</b>

On page 266, 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, 2014. In some cases, fund balances are being built to provide cash for a large capital project. In many cases, the fund may have longer-term projections that show the fund going into a negative position if all revenue and expenditure projections perform as currently estimated. In most cases, departments slightly under expend the appropriated budget due to vacancies or project costs that are lower than original estimates. These savings are generally captured during the revised budget process when departments have six months of experience in the current fiscal year and can more accurately project the beginning fund balances for FY 13-14. 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 51.

## VI. FINANCIAL PLANNING OVERVIEW

The City has a total of twenty-two 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 13-14 through FY 15-16 planning period. The financial plans in the ensuing pages provide information as follows:

- ◇ 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 10-11 and FY 11-12 audited revenues and expenditures;
- ◇ FY 12-13 adopted and revised estimates of revenues and expenditures;
- ◇ FY 13-14 adopted revenues and expenditures, including various reductions in General Fund funded services as outlined in the budget message and ensuing pages; and
- ◇ FY 14-15 through FY 15-16 projected revenues and expenditures, maintaining the previous three years of reductions in the General Fund, 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. The Financial Plans generally use the same reserve terminology as required for Financial Reporting by the Government Accounting Standards Board (GASB) pronouncement #54 [Fund Balance Reporting and Governmental Fund Type Definitions](#) with some modification of these GASB #54 definitions. For example, beginning balances of reserves are shown in total on a line titled “RESERVED BALANCES, Beginning of Year” in the financial plans rather than individually. Then, the ending balance of each reserve type is treated as a reduction of the fund balance to get to the “Fund Balance available for appropriation”, which is generally shown as the final line of the financial plans, or the “ENDING BUDGETARY FUND BALANCE.”

For purposes of Financial Planning, three types of reserves are delineated in the funds of this presentation:

- Restricted – these include a wide variety of balances, but all with specific purposes which are constrained by externally enforceable legal restrictions, such as those provided by creditors, grantors, higher levels of government, constitutional provisions or enabling legislation. Examples of such balances include:
  - Debt Reserves – from time to time the City borrows money where the terms of the agreement include a requirement to hold the equivalent of one year’s average debt service payment as a cash reserve. These reserves are most often seen in an enterprise fund as a requirement for a revenue bond or a revenue-backed loan.
  - SDC Reserves – these monies are held in a separate Parks SDC Fund and within the Street, 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 are 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 for aquatic center infrastructure maintenance.

- 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 is 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. For the City's Comprehensive Annual Financial Report (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.

It should be noted that there are two different reserve presentation methods for financial planning purposes which depend on whether the sustainable financial planning option is used for a fund or not. One notable difference in how the numbers are presented can be seen with the relatively new Fund Balance "Assigned" reserve in the General Fund, 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 – each year major assumptions are made about factors beyond the City's ability to control – legislative changes, 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 cover unbudgeted increases in wages or benefits. 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) is 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 13-14), 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 plans in which it is used 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 may 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. As of the FY 12-13 budget cycle, the HNA approach is no longer used in either the General Fund or the Street Fund, since these funds have experienced negative HNA in several of the most recent years. 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., beginning FY 14-15), to give a better theoretical idea about what the financial position might be.

## ***GENERAL FUND SUMMARY***

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In previous years, the City managed and reported all property tax funded services in four separate funds, but for financial planning combined them in a joint presentation for ease of decision-making when balancing the budget. As of FY 13-14, all permanent rate property tax revenue, and the services supported by property taxes, will be recorded in the General Fund. As such, all financial issues associated with the Council Goal of attaining a sustainable budget for property tax services are now shown in the General Fund financial plan found in the Budget Message on page 17. The related reserve summary and some explanatory narrative for this new format/approach follow in the next several pages.

### **SERVICE HIGHLIGHTS**

Operations in the General Fund include all eight City departments:

- City Manager's Office (Economic Development);
- Community Development (Planning);
- Finance (Municipal Court);
- Fire (all services – suppression /rescue, prevention and emergency medical services);
- Library (all services – branches in downtown, Philomath, Monroe and Alsea);
- Parks & Recreation (all services – parks maintenance and recreation programs including aquatics and senior center);
- Police (Patrol, Traffic, Detectives, Crime Analysis, Evidence and Records); and
- Public Works (Franchise Administration, Street Lights, Engineering, Sustainability and CIP Development).

### **FINANCIAL PLANNING ISSUES**

Services that operate in the General Fund depend on property taxes, which have significant limits placed on growth based on voter approved initiatives included in the Oregon Constitution. In FY 13-14 the above services are projected to receive over 48% of their recurring revenues 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 nearly 57%. Thus, services in the General Fund are highly sensitive to changes impacting assessed values in multiple jurisdictions.

The costs in the General Fund are for services which must be provided by people. Costs for wages and benefits, especially medical insurance and PERS continue to drive annual expenditure increases faster than revenue growth. These cost increases will mean either securing new sources of revenue or continuing program/service reductions to operate within existing revenues.

#### **Revenues**

Beyond property taxes, other major revenues in the General Fund are from franchise fees, State revenue sharing, recreation program charges, ambulance fees, and grants. Many of these revenues have suffered a decline recently, and are expected to decrease again or at best remain stable in FY 13-14. Some revenue increases in the last two years of the three-year planning period may arise, based on economic forecasts, but the following issues highlight major areas of concern for the City:

- During each legislative session, bills are introduced to eliminate or greatly reduce local franchise fees. Since franchise fees are the second largest single revenue source in the General Fund after property taxes, 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 monies such as State Revenue Sharing.
- Ambulance revenue is projected to increase approximately 1% in FY 13-14 over Adopted FY 12-13 levels. Positive efforts (improved billing practices, enhanced collection efforts, past rate adjustments, and increases in call volume) are still expected to be impacted by continued declines in Medicare and Medicaid coverage and increases in mandated write-off rates.
- A positive Adopted Budgetary Fund Balance was achieved in FY 13-14 via a variety of expenditure reductions. However, ongoing expenditures will continue to need to be scrutinized in order to maintain a positive fund balance in the future.
- In FY 13-14, the General Fund support for social service allocations has remained flat at \$237,750; the May 2011 Operating Levy should allow for allocations up to \$105,720 for FY 13-14.

- The final year of the May 2011 Operating Levy is also projected to provide operational funding of \$322,160 for the Chintimini Senior Center, \$430,860 for the Aquatic Center, and \$1,048,210 for Library materials and downtown Monday hours.

## Expenditures

Service issues across General Fund departments that need to be addressed within the three-year planning period, within the context of reduced financial resources, include:

### Police Department

- Public safety positions have been left as authorized but unfunded over the past several years to provide one-time mechanisms to ensure a balanced budget. Staffing levels need to be addressed.
- The 9-1-1 Emergency dispatch system is funded in large part by users; the Corvallis Police Department is the largest user based on calls for service and therefore pays significant fees for this service.

### Fire Department

- OSU pays the City for Fire Prevention Services on campus. Over the last several years, OSU has increased its payments in return for additional staff time on campus; for FY 13-14 this agreement funds about 80% of one position. 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 funded in this budget due to lack of resources.
- The Drill Tower/Training Facility was originally scheduled to be built in FY 04-05. Due to budget constraints this project has been delayed multiple years. Facility design and infrastructure improvements were funded by a bank loan received in August 2010. Infrastructure improvements are complete and design is nearly complete; further discussions of funding alternatives will occur this fall. The current drill tower will need to be removed by the end of 2014 at the latest to make room for mandated wastewater plant facilities.

### Parks and Recreation

- Funding for developing and implementing management plans to maintain existing parks, and natural areas has not been available. Community-driven sustainability efforts that include the Parks system also need additional resources and planning.
- Maintenance and replacement for system-wide Park facilities including playground equipment has been deferred for much of the last decade. Staff has pursued grants to provide additional funding but Parks grants tend to have significant local matches and are not enough to address the full deferred maintenance needs.
- Strategies are needed to identify/reach under-represented populations in recreation services including people with disabilities.

### Library

- Library staff is continuing to find efficiencies in how services are provided and identify priorities in the materials collection to maximize the use of reduced funding while maintaining the high level of service that Corvallis and Benton County residents expect during reduced hours of operation.
- The expected increase in demand for services related to opening of the new Monroe Community Library Building will require a measured staff response in the context of limited resources.

### Community Development

- Recent year reductions have led to a lack of dedicated long-range planning staff for support of City Council initiatives.

### Finance

- Municipal Court is significantly understaffed relative to workload. While e-ticketing and other technological solutions may abate this situation somewhat in the future, staff is challenged to remain current on billing and collection for traffic and parking tickets.

### Public Works

- Increasing utility costs for street lights remains a challenge for funding, along with determining a base level of lighting needed for public safety.

Staff developed the table on the following page to illustrate some of the challenges with forecasting revenues and expenditures when deriving this fiscal year's General Fund budget. The potential for significant dollar swings with substantial impacts on ending fund balance are always present, no matter what level of precision is attempted to be maintained. This is true for all Funds, and so a similar process is exercised to attain the most reasonable estimates, based on a snap shot of what is known at that time.

<b>Financial Plan – Critical Factor Assumptions -Best (BC)/Worst (WC) Case</b>	<b>FY 14-15</b>	<b>FY 15-16</b>
<b>Property Taxes – 53% of total General Fund Revenue</b>		
Current - HP Refund occurs in FY 13-14; FY 13-14 & FY 14-15 absorb 50% of the outstanding refund of interest each year. AV grows 3% for most property; HP drops 10% of Machinery & Equipment value each year. Added value from new development is minimal (\$10M AV = \$51,000 in PT Revenue). OSU does not purchase any more property & take it off the tax rolls.	\$20,879,700	\$21,624,030
WC- Department of Revenue (DOR) appeal of HP value results in further reductions/additional refunds. OSU continues purchases of significantly valued property & it gets removed from the tax rolls.	(150,000)	(272,440)
BC- DOR prevails in their appeal & \$40 million in HP value is added back to the rolls; interest withholding by Benton County is returned to taxing jurisdictions. RMV legislation reintroduced & passes, resulting in AV resets upon sale, for higher overall AV in improving market.	204,270	92,460
<b>Personnel Services -- 68% of total General Fund Operating Expenditures</b>		
Current - COLAs are projected for CPOA (2.5%) & IAFF (2%) members based on their respective contracts. No COLA is budgeted for exempt or AFSCME members. Total Personnel Services:	\$26,338,880	
Medical/Dental benefits are budgeted based on 2013 premium costs, with no increases in future years, based on current plan holdings.	3,735,270	
PERS rates are projected to remain flat through FY 14-15, then are projected to increase by 6% of payroll based on likely rate increases associated with the 2013 deferral, change to assumed rate, & changes in methodology for setting rates.	2,627,090	\$3,900,720
WC- After 3 years of no COLA's for AFSCME & unrepresented employees, all employees get a 2% COLA in line with IAFF's contractual 1-3% in FY 14-15.	397,414	
Current insurance plans maintained & premium increase of 16%, as recently estimated by the City's agent of record consultant, occurs.	597,650	
PERS rates increase by 10% in FY 15-16 with double rate collar going away (based on 2.2% left on table from original 13-15 rate increase, 2.4% to bring back deferral of 1.9% in 13-15, 1.5% for assumed rate drop to 7.75%, 1.9% for changes due to GASB 67/68, & 2% for earnings shortfall in 13-14).		318,380
BC- Continued zero COLA's for all units without a contract, & CPOA/IAFF forego contractual COLAs in FY 14-15.	0	
Contractual agreements result in new, lower cost medical plans for across the board savings in all units of 5% of healthcare costs.	(186,760)	
PERS rates increase by only 4%, due to better earnings in 2013 & 2014 than currently anticipated, plus additional legislative or PERS Board action reduces rates		(671,290)
<b>Non-Operating Expenditures – Capital Project/Pension Obligation Bond Transfers &amp; Debt – 15% of Property Tax Revenue</b>		
Current - FY 14-15 anticipates repayment of 20% of amount borrowed in FY 13-14 for the HP refund (amount to borrow TBD, but estimated at \$495,400); anticipates a borrowing of \$3,831,500 in FY 14-15 to complete the Fire Drill Tower plus other CIP, with repayment beginning in FY 15-16.	\$3,076,970	\$3,348,450
WC- Additional refunds or appeal loss results in a larger interfund loan need to avoid draw on reserves. Interest rates on Drill Tower loan come up significantly to 5% from 2.96% currently forecast.	38,550	74,260
BC- Departments realize additional savings in FY 13-14 & a development upswing results in no loan needed to backstop service provision in FY 14-15. Fire Drill tower construction comes in under budget, allowing for early payoff of loan & related interest savings.	(495,400)	(107,740)

## 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 General Fund is currently projected to end FY 13-14 with an operating fund balance of \$27,881 which is less than 1% of forecasted FY 13-14 recurring revenues. With the projected ending Fund Balance Reserve of \$2.25 million, the ending General Fund balance is about 36% of the target. Staff and the city Council continue to work on increasing the fund balance reserve to policy levels.

<b>GENERAL FUND - RESERVE BALANCES SUMMARY</b>							
<b>BUDGETARY BASIS</b>	<b>AUDITED FY 10-11</b>	<b>AUDITED FY 11-12</b>	<b>ADOPTED FY 12-13</b>	<b>REVISED FY 12-13</b>	<b>ADOPTED FY 13-14</b>	<b>FY 14-15</b>	<b>FY 15-16</b>
<b>RESERVED BALANCES, Beginning of Year</b>	<b>\$2,832,025</b>	<b>\$2,728,360</b>	<b>\$2,153,971</b>	<b>\$2,355,865</b>	<b>\$4,436,922</b>	<b>\$5,049,442</b>	<b>\$5,473,133</b>
<b>Contributions to Reserves</b>							
Revenue Received (1)	\$34,695	\$40,739	\$34,500	\$0	\$0	\$0	\$0
Other Revenues (2) (9)	103,856	144,715	155,300	155,600	153,770	160,370	161,430
Contributions (3)	(24,210)	131,462	510,840	510,840	678,180	814,530	842,420
Contribution to Fund Balance Reserve (4)	0	0	630,000	630,000	945,000	1,260,000	1,890,000
<b>Total Recurring Contribution to Reserves</b>	<b>\$114,341</b>	<b>\$316,917</b>	<b>\$1,330,640</b>	<b>\$1,296,440</b>	<b>\$1,776,950</b>	<b>\$2,234,900</b>	<b>\$2,893,850</b>
Non-Recurring Contribution to FB Reserve (5)	0	0	1,308,289	1,308,289	(630,000)	0	0
Former Component Fund net activity (6) (9)	2,904	3,961	(122,493)	(27,020)	0	0	0
<b>Total Increase to Reserves</b>	<b>\$117,245</b>	<b>\$320,878</b>	<b>\$2,516,436</b>	<b>\$2,577,709</b>	<b>\$1,146,950</b>	<b>\$2,234,900</b>	<b>\$2,893,850</b>
<b>Use of Reserves</b>							
Fire (Vehicle-Assigned)	-\$4,564	\$468,536	\$0	-\$6,310	\$0	\$1,191,000	\$645,560
Library (Vehicle-Assigned)	118,696	49,490	83,500	83,500	49,000	130,719	76,500
Parks & Rec (Vehicle-Assigned)	20,590	30,534	29,060	20,000	81,920	54,930	65,880
Police (Vehicle-Assigned)	0	55,401	194,440	191,020	116,700	140,440	186,470
<b>Total Vehicle-Assigned</b>	<b>\$134,722</b>	<b>\$603,962</b>	<b>\$307,000</b>	<b>\$288,210</b>	<b>\$247,620</b>	<b>\$1,517,089</b>	<b>\$974,410</b>
Parks & Rec (Restricted) (7) (9)	\$26,745	(\$44,290)	\$42,000	\$41,330	\$106,020	\$38,000	\$0
Parks & Rec (Committed)	14,912	62,786	97,040	80,700	97,400	95,730	96,110
Library (Committed) (9)	0	0	0	0	0	0	0
Police (Restricted)	0	12,458	3,010	3,022	0	0	0
Public Works (Restricted) (8)	0	0	0	33,390	33,390	110,390	110,390
Public Works (Committed)	44,530	58,456	46,000	50,000	50,000	50,000	50,000
<b>Total Restricted-Committed</b>	<b>\$86,188</b>	<b>\$89,411</b>	<b>\$188,050</b>	<b>\$208,442</b>	<b>\$286,810</b>	<b>\$294,120</b>	<b>\$256,500</b>
<b>Total Decrease to Reserves</b>	<b>\$220,910</b>	<b>\$693,373</b>	<b>\$495,050</b>	<b>\$496,652</b>	<b>\$534,430</b>	<b>\$1,811,209</b>	<b>\$1,230,910</b>
<b>RESERVED BALANCES, End of Year</b>	<b>\$2,728,360</b>	<b>\$2,355,865</b>	<b>\$4,175,357</b>	<b>\$4,436,922</b>	<b>\$5,049,442</b>	<b>\$5,473,133</b>	<b>\$7,136,073</b>
<b>Ending Reserve Balance by Type</b>							
RESTRICTED	\$556,358	\$629,886	\$407,565	\$552,674	\$413,703	\$265,314	\$154,923
COMMITTED	1,253,761	1,231,694	1,081,292	1,166,444	1,112,174	1,059,114	1,006,734
ASSIGNED	918,241	494,286	748,211	779,516	1,270,276	635,417	571,127
<b>FUND BALANCE</b>	<b>0</b>	<b>0</b>	<b>1,938,289</b>	<b>1,938,289</b>	<b>2,253,289</b>	<b>3,513,289</b>	<b>5,403,289</b>
	<b>\$2,728,360</b>	<b>\$2,355,865</b>	<b>\$4,175,357</b>	<b>\$4,436,922</b>	<b>\$5,049,442</b>	<b>\$5,473,133</b>	<b>\$7,136,073</b>

(1) Generally current year recurring revenues net of current year recurring expenditures for dedicated reserves such as PEG-Inet.

(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 expenditure on the presentation page.

(4) A Council-Policy driven portion of General Fund fund balance will be set aside annually to achieve build-up of sustainable reserves level.

(5) The FY 12-13 revised additional set-aside for the fund balance reserve is from prior year ending fund balance. The FY 13-14 reduction in reserve is the mechanism to show the temporary nature of possible use of contingencies from the reserve, under Financial Policy.

(6) Revenues from former component funds (Library Improvement and Open Space) such as 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 through FY 12-13, and SDC's have also been excluded as in prior years. Commencing in FY 13-14, these components, as reserves, are now part of the General Fund activity, but are backed out in total through reserves at year-end. Also, as of FY 13/14, the General Fund financial plan has been restated to exclude the Parks SDC fund component activity completely. The Parks SDC fund activity can be found in the Parks SDC Fund financial plan.

(7) Restricted reserves for Aquatic Center Building and Senior Center Reserve. Activity for 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.

(8) Generally related to a net use of PEG-Inet reserves.

(9) Prior to FY 13-14 Open Space (Restricted) and Library Improvement (Committed) were their own component funds, thus formulas in above reserve table were recorded differently prior to FY 13-14. Starting with FY 13-14 Adopted the formulas changed since there are no longer component funds. As such, do not carry formula forward from 10/11, 11/12, or 12/13 into 13/14 and out-years as the formulas change between 12/13 and 13/14. For Library Improvement (Committed) the NET activity (revenues+expenditures) was recorded in "Former Component Fund Net Activity" for 10/11 through 12/13 Revised, which is why there is no spending recorded in "Library (Committed)" in FY 12/13 - the net activity (including the expenditures) was already captured in the former component fund net activity line.

## ***STREET FUND SUMMARY***

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### **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.

A Sustainability Initiative fee (SIF) provides 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 within the next four 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 13-14 with an ending budgetary fund balance for operations equal to approximately 6.39% of the FY 13-14 current revenues. While this is adequate for FY 13-14, FY 14-15 and beyond are not, so staff will work with the City Council on alternatives. Additionally it should be noted that while balanced for legal purposes, the adopted FY 13-14 budget is not considered sustainable when recurring revenues are compared to recurring expenditures. This also will require additional focus by staff and Council to resolve in the coming years.

## STREET FUND - COMBINED

BUDGETARY BASIS	AUDITED FY 10-11	AUDITED FY 11-12	ADOPTED FY 12-13	REVISED FY 12-13	ADOPTED FY 13-14	FY 14-15	FY 15-16
<b>RECURRING</b>							
<b>REVENUES</b>							
Licenses, Fees & Permits	\$52,698	\$58,821	\$43,440	\$63,000	\$55,900	\$56,460	\$57,020
Charges for Service	220,524	268,356	251,330	250,330	246,100	253,100	260,350
Intergovernmental	3,244,275	3,138,797	3,299,910	3,258,240	3,352,630	3,213,370	3,172,030
Fines & Forfeitures	4,718	2,488	1,000	1,000	1,000	1,000	1,000
Miscellaneous	7,765	6,114	1,800	4,020	3,420	2,370	720
<b>TOTAL REVENUES</b>	<b>\$3,529,979</b>	<b>\$3,474,576</b>	<b>\$3,597,480</b>	<b>\$3,576,590</b>	<b>\$3,659,050</b>	<b>\$3,526,300</b>	<b>\$3,491,120</b>
<b>EXPENDITURES</b>							
Community Development	\$18,106	\$17,195	\$21,020	\$21,010	\$22,120	\$22,420	\$23,380
Public Works	3,093,469	3,177,634	3,125,780	3,006,820	3,420,230	3,506,590	3,648,400
Transfers Out	132,650	78,590	81,100	81,100	125,850	130,870	136,140
Contingencies	0	0	85,520	0	73,180	0	0
Contribution to Reserves	141,467	84,359	94,770	94,770	105,660	116,580	117,520
<b>TOTAL EXPENDITURES</b>	<b>\$3,385,692</b>	<b>\$3,357,778</b>	<b>\$3,408,190</b>	<b>\$3,203,700</b>	<b>\$3,747,040</b>	<b>\$3,776,460</b>	<b>\$3,925,440</b>
<b>RECURRING REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES</b>							
	\$144,287	\$116,798	\$189,290	\$372,890	(\$87,990)	(\$250,160)	(\$434,320)
<b>NON-RECURRING (ONE-TIME)</b>							
<b>REVENUE</b>							
Special Projects (Grants, Misc., etc.)	\$513,962	\$577,108	\$678,340	\$566,180	\$688,900	\$583,230	\$592,010
Use of Reserves (Contributions)	194,271	109,800	185,300	137,000	43,400	229,909	265,020
Non-Operating Revenue	10,368	10,855	0	0	0	0	0
<b>TOTAL NON-RECURRING REVENUE</b>	<b>\$718,601</b>	<b>\$697,762</b>	<b>\$863,640</b>	<b>\$703,180</b>	<b>\$732,300</b>	<b>\$813,139</b>	<b>\$857,030</b>
<b>EXPENDITURES</b>							
Public Works	\$639,700	\$589,891	\$877,950	\$704,650	\$750,210	\$869,560	\$949,670
Non-Operating Expenditures - Transfers	178,989	171,851	269,360	243,740	164,290	663,610	305,710
<b>TOTAL NON-RECURRING EXPENDITURES</b>	<b>\$818,689</b>	<b>\$761,742</b>	<b>\$1,147,310</b>	<b>\$948,390</b>	<b>\$914,500</b>	<b>\$1,533,170</b>	<b>\$1,255,380</b>
<b>NON-RECURRING REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES</b>							
	(\$100,088)	(\$63,980)	(\$283,670)	(\$245,210)	(\$182,200)	(\$720,031)	(\$398,350)
<b>POTENTIAL BEGINNING BUDGETARY FUND BALANCE</b>							
	\$323,503	\$367,702	\$125,302	\$420,520	\$548,200	\$278,010	(\$692,181)
<i>Net Recurring Revenue/Expenditure</i>	144,287	116,798	189,290	372,890	(87,990)	(250,160)	(434,320)
<i>Net Non-Recurring Revenue/Expenditure</i>	(100,088)	(63,980)	(283,670)	(245,210)	(182,200)	(720,031)	(398,350)
<b>ENDING BUDGETARY FUND BALANCE</b>	<b>\$367,702</b>	<b>\$420,520</b>	<b>\$30,922</b>	<b>\$548,200</b>	<b>\$278,010</b>	<b>(\$692,181)</b>	<b>(\$1,524,851)</b>

## STREET FUND - RESERVE BALANCES SUMMARY

BUDGETARY BASIS	AUDITED FY 10-11	AUDITED FY 11-12	ADOPTED FY 12-13	REVISED FY 12-13	ADOPTED FY 13-14	FY 14-15	FY 15-16
<b>RESERVED BALANCES, Beginning of Year</b>	<b>\$1,666,481</b>	<b>\$1,955,559</b>	<b>\$2,264,689</b>	<b>\$2,543,673</b>	<b>\$2,769,663</b>	<b>\$2,182,833</b>	<b>\$2,068,034</b>
<b>Contributions to Reserves</b>							
<i>Revenue Received (1)</i>	\$74,064	\$13,144	\$4,770	\$4,770	\$5,660	\$6,580	\$7,520
<i>Contributions</i>	67,403	71,215	90,000	90,000	100,000	110,000	110,000
<b>Total Contribution to Reserves</b>	<b>\$141,467</b>	<b>\$84,359</b>	<b>\$94,770</b>	<b>\$94,770</b>	<b>\$105,660</b>	<b>\$116,580</b>	<b>\$117,520</b>
<i>SDC net activity (2)</i>	341,881	613,555	(543,030)	268,220	(649,090)	(1,470)	(71,040)
<b>Total Increase to Reserves</b>	<b>\$483,348</b>	<b>\$697,914</b>	<b>(\$448,260)</b>	<b>\$362,990</b>	<b>(\$543,430)</b>	<b>\$115,110</b>	<b>\$46,480</b>
<b>Use of Reserves</b>							
<i>Public Works (Vehicle-Assigned)</i>	\$126,963	\$71,215	\$185,300	\$137,000	\$43,400	\$212,750	\$265,020
<b>Total Assigned</b>	<b>\$126,963</b>	<b>\$71,215</b>	<b>\$185,300</b>	<b>\$137,000</b>	<b>\$43,400</b>	<b>\$212,750</b>	<b>\$265,020</b>
<i>Transportation Maintenance Fee (TMF)</i>	67,308	0	0	0	0	0	0
<i>Sustainability Initiative Fee (SIF)</i>	0	38,585	0	0	0	0	0
<i>In Lieu of Street Improvements (SILOP)</i>	0	0	0	0	0	17,159	0
<b>Total Restricted-Committed (1)</b>	<b>\$67,308</b>	<b>\$38,585</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$17,159</b>	<b>\$0</b>
<b>Total Decrease to Reserves</b>	<b>\$194,271</b>	<b>\$109,800</b>	<b>\$185,300</b>	<b>\$137,000</b>	<b>\$43,400</b>	<b>\$229,909</b>	<b>\$265,020</b>
<b>RESERVED BALANCES, End of Year</b>	<b>\$1,955,559</b>	<b>\$2,543,673</b>	<b>\$1,631,129</b>	<b>\$2,769,663</b>	<b>\$2,182,833</b>	<b>\$2,068,034</b>	<b>\$1,849,494</b>
<b>Ending Reserve Balance by Type</b>							
RESTRICTED	\$1,592,746	\$2,206,301	\$1,370,546	\$2,474,521	\$1,825,431	\$1,823,961	\$1,752,921
COMMITTED	91,146	65,705	\$84,216	70,475	76,135	65,556	73,076
ASSIGNED	271,666	271,666	\$176,366	224,666	281,266	178,516	23,496
	<b>\$1,955,559</b>	<b>\$2,543,673</b>	<b>\$1,631,129</b>	<b>\$2,769,663</b>	<b>\$2,182,833</b>	<b>\$2,068,034</b>	<b>\$1,849,494</b>

(1) Revenue contributions and "use of reserves" for TMF, SIF and SILOP are shown as "net" in the appropriate section above since they will typically be close to zero unless not fully expended in a given year.

(2) SDC activity is expressed in net and not included on presentation page, which is for the operating fund component only.

## ***9-1-1 EMERGENCY COMMUNICATIONS FUND SUMMARY***

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### **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 declined and this revenue stream is vulnerable to diversion away from local centers; past legislative sessions have included diversion of interest and 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 funding district. Work is continuing on the feasibility of a 9-1-1 service district, but no assumptions for establishment of a service district have been included in the current financial plan.

The 9-1-1 Master Plan was updated over five years ago. Some recommendations have been implemented and improvements made, however all remaining recommendations require additional funding.

Personnel services (salaries plus benefits) represent over 84% of budgeted operating costs in the 9-1-1 Fund for the Adopted Budget in FY 13-14. The CRCCA union's contract was not yet settled at time of Budget Adoption, therefore contractual impacts have not been incorporated herein.

Next Generation 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

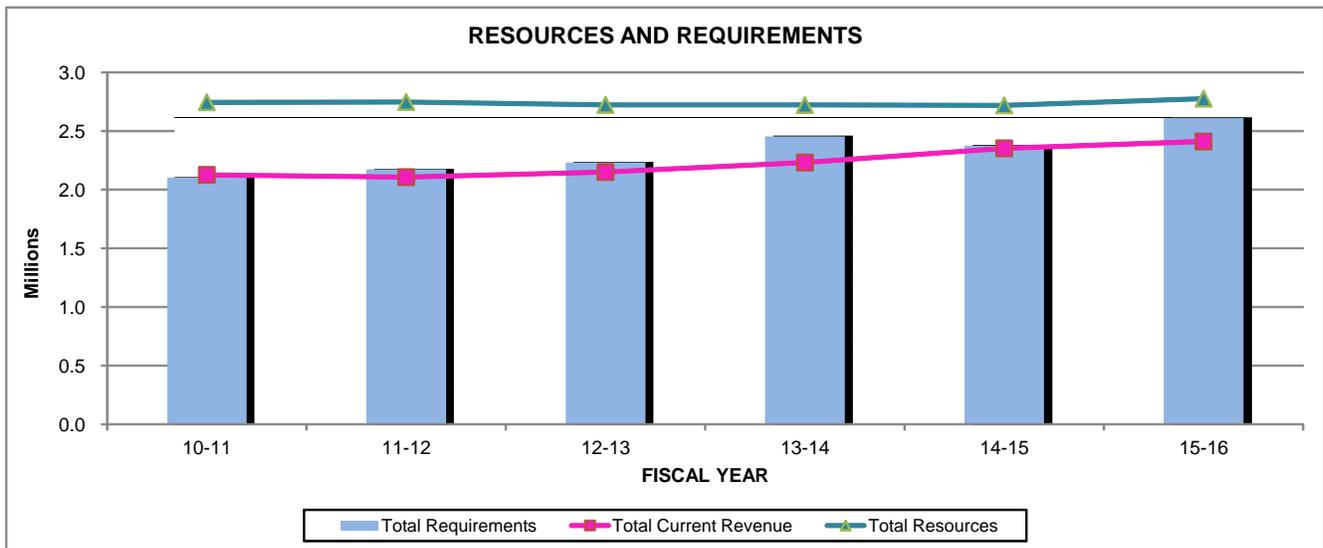
### **APPROPRIATE ENDING BUDGETARY FUND BALANCE**

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 13-14 with an operating fund balance equal to approximately 2% of the FY 13-14 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. However, due to flat or declining revenues and the known increases in personnel service costs, unless the historical norming average is attained, the recommended fund balance is currently not expected to be maintained throughout the planning period.

### 9-1-1 EMERGENCY COMMUNICATIONS FUND

BUDGETARY BASIS	AUDITED FY 10-11	AUDITED FY 11-12	ADOPTED FY 12-13	REVISED FY 12-13	ADOPTED FY 13-14	FY 14-15	FY 15-16
<b>BEGINNING BUDGETARY FUND BALANCE</b>	\$408,524	\$417,013	\$313,043	\$324,390	\$220,620	\$146,480	\$126,510
<b>REVENUES</b>							
Charges for Service	\$939,405	\$927,582	\$982,280	\$982,280	\$1,064,280	\$1,168,420	\$1,203,470
Intergovernmental	1,183,433	1,174,100	1,172,850	1,162,820	1,164,120	1,183,550	1,206,140
Miscellaneous	4,123	5,390	3,430	4,800	3,580	1,160	1,370
<b>TOTAL REVENUES</b>	<b>\$2,126,961</b>	<b>\$2,107,072</b>	<b>\$2,158,560</b>	<b>\$2,149,900</b>	<b>\$2,231,980</b>	<b>\$2,353,130</b>	<b>\$2,410,980</b>
<b>EXPENDITURES</b>							
Police	\$2,026,177	\$2,123,625	\$2,177,200	\$2,171,430	\$2,320,330	\$2,282,050	\$2,511,260
Transfers Out	77,940	51,070	62,240	62,240	90,510	95,040	99,790
Contingencies	0	0	43,450	0	45,240	0	0
<b>TOTAL EXPENDITURES</b>	<b>\$2,104,117</b>	<b>\$2,174,695</b>	<b>\$2,282,890</b>	<b>\$2,233,670</b>	<b>\$2,456,080</b>	<b>\$2,377,090</b>	<b>\$2,611,050</b>
<b>REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES</b>	<b>\$22,844</b>	<b>(\$67,623)</b>	<b>(\$124,330)</b>	<b>(\$83,770)</b>	<b>(\$224,100)</b>	<b>(\$23,960)</b>	<b>(\$200,070)</b>
<b>RESERVED BALANCES, Beginning of Year</b>	<b>\$209,218</b>	<b>\$223,574</b>	<b>\$248,574</b>	<b>\$248,574</b>	<b>\$268,574</b>	<b>\$218,574</b>	<b>\$238,574</b>
<b>FUND BALANCE (Including Reserved), End of Year</b>	<b>\$640,587</b>	<b>\$572,964</b>	<b>\$437,287</b>	<b>\$489,194</b>	<b>\$265,094</b>	<b>\$341,094</b>	<b>\$165,014</b>
<b>LESS: RESERVED BALANCES ASSIGNED</b>	<b>\$223,574</b>	<b>\$248,574</b>	<b>\$268,574</b>	<b>\$268,574</b>	<b>\$218,574</b>	<b>\$238,574</b>	<b>\$128,574</b>
<b>ENDING BUDGETARY FUND BALANCE</b>	<b>\$417,013</b>	<b>\$324,390</b>	<b>\$168,713</b>	<b>\$220,620</b>	<b>\$46,520</b>	<b>\$102,520</b>	<b>\$36,440</b>
<b>HISTORICAL NORMING ADJUSTMENT</b>				28,060	71,900	23,990	20,390
<b>POTENTIAL ENDING BUDGETARY FUND BALANCE</b>	<b>\$417,013</b>	<b>\$324,390</b>	<b>\$168,713</b>	<b>\$248,680</b>	<b>\$146,480</b>	<b>\$126,510</b>	<b>\$56,830</b>



## ***DEVELOPMENT SERVICES FUND SUMMARY***

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### **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. Commercial construction, driven primarily by OSU and Good Samaritan Health Services, has increased over the past few years; residential permit activity, although not back to pre-2007 highs, had a slight uptick in the first half of FY 12-13. The 40+ unit Alexander/Seavey Meadows project has provided some improved activity, but residential construction is still forecast to remain somewhat slow in comparison to pre-2007. There are a number of commercial projects in the works that should help sustain reasonable levels of revenue-generating activity. In FY 10-11 and FY 11-12, permit revenues and charges for services exceeded forecasts significantly, due to commercial construction activities. Staff anticipates that permit and plan review receipts for FY 12-13 and FY 13-14 will come in close to FY 09-10 levels, and continue to increase as construction activity rebounds.

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. Revenue projections in the financial plan reflect best conservative estimates of the SERF, adding around \$220,000 annually by the end of 2013. As part of the SERF, a reorganization of Development Services staff is also underway. As part of this reorganization, 2.75 FTE that were previously authorized but unfunded have been added back to the FY 13-14 Personnel Services budget; this action has resulted in a significant increase in costs for FY 13-14 and the out years.

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 better recover costs. This increase received stakeholder support and was necessary to continue with existing service levels.

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

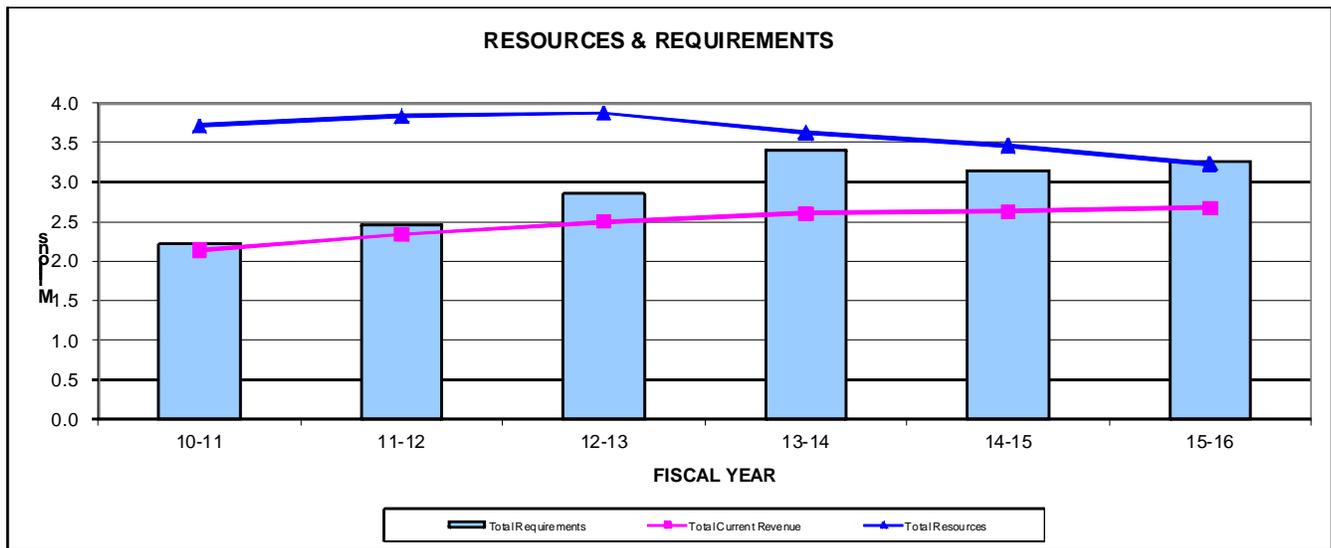
- Economic conditions and lackluster single-family housing starts.
- Determining and managing for the appropriate staff levels to respond to service demands, with the flexibility to provide all required services when large construction/development projects are presented.
- Funding future code enforcement 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 (for example, this type of impact is highlighted by the FY 13-14 increase in the Development Services Financial Plan when compared to FY 12-13 and FY 14-15).
- Training staff in new codes and new technologies.
- Hiring and retaining qualified employees.

### **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 13-14 with an operating fund balance equaling approximately 8.36% of the FY 13-14 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 continued economic downturn.

## DEVELOPMENT SERVICES FUND

BUDGETARY BASIS	AUDITED FY 10-11	AUDITED FY 11-12	ADOPTED FY 12-13	REVISED FY 12-13	ADOPTED FY 13-14	FY 14-15	FY 15-16
<b>BEGINNING BUDGETARY FUND BALANCE</b>	\$1,569,257	\$1,495,286	\$766,426	\$1,371,850	\$1,024,330	\$835,350	\$559,880
<b>REVENUES</b>							
Licenses, Fees & Permits	\$1,019,673	\$1,068,832	\$1,086,350	\$1,143,450	\$1,143,450	\$1,165,480	\$1,187,940
Charges for Services	897,620	1,141,931	1,153,370	1,234,120	1,334,070	1,340,350	1,367,150
Miscellaneous	10,230	11,768	7,670	8,240	6,790	810	240
Transfers In	218,390	118,390	118,390	118,390	118,390	118,390	118,390
<b>TOTAL REVENUES</b>	<b>\$2,145,913</b>	<b>\$2,340,922</b>	<b>\$2,365,780</b>	<b>\$2,504,200</b>	<b>\$2,602,700</b>	<b>\$2,625,030</b>	<b>\$2,673,720</b>
<b>EXPENDITURES</b>							
Community Development	\$1,945,554	\$2,416,197	\$2,822,700	\$2,762,920	\$3,274,050	\$3,059,740	\$3,169,920
Transfers Out	274,330	48,160	88,800	88,800	85,470	89,740	94,230
Contingencies	0	0	50,000	0	50,000	0	0
<b>TOTAL EXPENDITURES</b>	<b>\$2,219,884</b>	<b>\$2,464,357</b>	<b>\$2,961,500</b>	<b>\$2,851,720</b>	<b>\$3,409,520</b>	<b>\$3,149,480</b>	<b>\$3,264,150</b>
<b>REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES</b>	(\$73,971)	(\$123,435)	(\$595,720)	(\$347,520)	(\$806,820)	(\$524,450)	(\$590,430)
<b>RESERVED BALANCES, Beginning of Year</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>FUND BALANCE (Including Reserved), End of Year</b>	\$1,495,286	\$1,371,850	\$170,706	\$1,024,330	\$217,510	\$310,900	(\$30,550)
<b>LESS: RESERVED BALANCES ASSIGNED</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>ENDING BUDGETARY FUND BALANCE</b>	<b>\$1,495,286</b>	<b>\$1,371,850</b>	<b>\$170,706</b>	<b>\$1,024,330</b>	<b>\$217,510</b>	<b>\$310,900</b>	<b>(\$30,550)</b>
<b>HISTORICAL NORMING ADJUSTMENT</b>				\$291,200	\$326,640	\$248,980	\$211,630
<b>POTENTIAL ENDING BUDGETARY FUND BALANCE</b>	<b>\$1,495,286</b>	<b>\$1,371,850</b>	<b>\$170,706</b>	<b>\$1,315,530</b>	<b>\$835,350</b>	<b>\$559,880</b>	<b>\$181,080</b>



## ***COMMUNITY DEVELOPMENT REVOLVING FUND SUMMARY***

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### **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**

A portion 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 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 has declined significantly in recent years. To help a diminishing balance in the CD Revolving Fund, and with uncertainty about future HUD resources, especially in light of the current federal sequestration, annual budgets will 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 should allow the City to rebuild the fund balance of the CD Revolving Fund over time and in turn allow the City to maintain a long-term program and a hedge against continuing future declines in or elimination of federal funding.

Increasing program delivery costs coupled with a relatively rapid decline in federal resources since FY 10-11 have brought FY 12-13 and projected FY 13-14 revenues and expenditures much closer than in past years, such that in FY 12-13, it is anticipated that a one-year interfund loan from the Development Services Fund will be needed to maintain a positive year-end fund balance. Strategies to mitigate expenditures exceeding available resources 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.

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

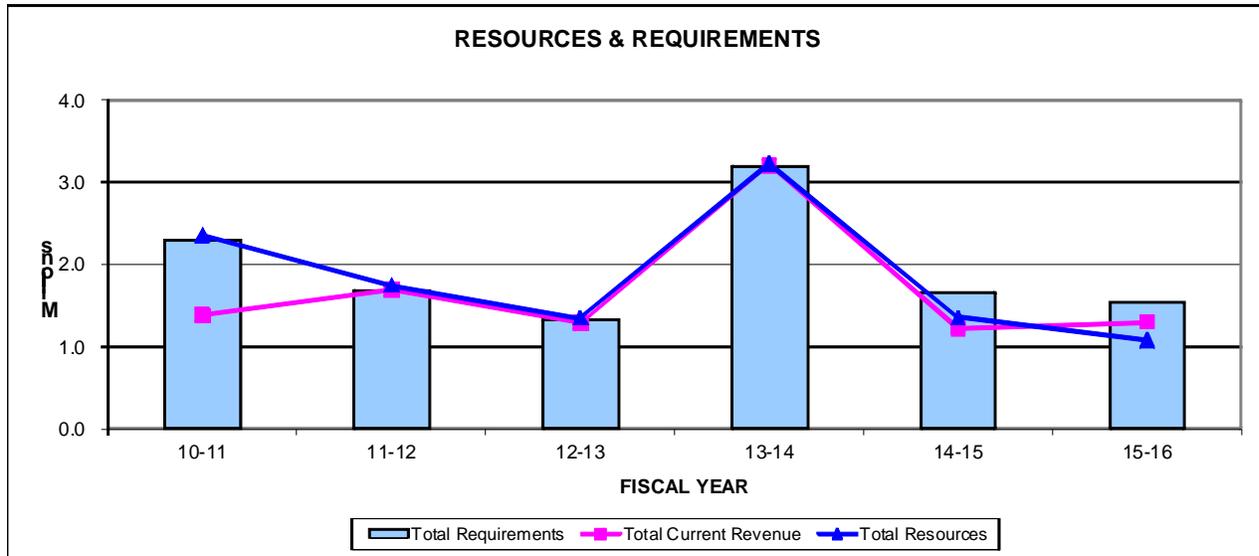
- Implementation of planning, program delivery, and program management aspects of the City's federally funded CDBG and HOME programs. Federal grant allocations for these programs vary each year.
- Continuation of current home purchase assistance and rehabilitation programs.
- Continuation of the Rental Housing Program, which includes enforcement of the Rental Housing Code.

### **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 small positive fund balance for revised FY 12-13, subsequent to Adopting the Budget an interfund loan will need to be established in order to actually achieve a positive fund balance at year-end. Despite this circumstance, the Fund is expected to recover and end FY 13-14 with a balance equaling approximately 0.87% of the current revenues.

## COMMUNITY DEVELOPMENT REVOLVING FUND

BUDGETARY BASIS	AUDITED FY 10-11	AUDITED FY 11-12	ADOPTED FY 12-13	REVISED FY 12-13	ADOPTED FY 13-14	FY 14-15	FY 15-16
<b>BEGINNING BUDGETARY FUND BALANCE</b>	\$975,300	\$51,937	(\$27,343)	\$63,794	\$13,914	\$128,524	(\$221,696)
<b>REVENUES</b>							
Licenses, Fees & Permits	\$116,220	\$129,248	\$131,670	\$133,000	\$156,000	\$150,480	\$166,725
Charges for Service	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Intergovernmental	\$1,015,560	\$1,306,737	\$2,967,410	\$745,910	\$2,578,000	\$806,510	\$854,200
Fines & Forfeitures	476	536	2,300	2,300	2,100	2,100	2,100
Miscellaneous	244,918	256,613	359,420	400,400	469,100	261,900	276,950
<b>TOTAL REVENUES</b>	<b>\$1,382,174</b>	<b>\$1,698,134</b>	<b>\$3,465,800</b>	<b>\$1,286,610</b>	<b>\$3,210,200</b>	<b>\$1,225,990</b>	<b>\$1,304,975</b>
<b>EXPENDITURES</b>							
Community Development	\$2,216,117	\$1,675,207	\$3,305,250	\$1,315,450	\$3,141,770	\$1,641,900	\$1,505,780
Transfers Out	89,420	13,600	21,040	21,040	23,710	24,900	26,150
Contingencies	0	0	31,950	0	30,760	0	0
<b>TOTAL EXPENDITURES</b>	<b>\$2,305,537</b>	<b>\$1,688,807</b>	<b>\$3,358,240</b>	<b>\$1,336,490</b>	<b>\$3,196,240</b>	<b>\$1,666,800</b>	<b>\$1,531,930</b>
<b>REVENUE EXCESS (SHORTFALL) OVER EXPENDITURE:</b>	<b>(\$923,363)</b>	<b>\$9,327</b>	<b>\$107,560</b>	<b>(\$49,880)</b>	<b>\$13,960</b>	<b>(\$440,810)</b>	<b>(\$226,955)</b>
<b>RESERVED BALANCES, Beginning of Year</b>	<b>\$2,530</b>	<b>\$2,530</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>FUND BALANCE (Including Reserved), End of Year</b>	<b>\$54,467</b>	<b>\$63,794</b>	<b>\$80,217</b>	<b>\$13,914</b>	<b>\$27,874</b>	<b>(\$312,286)</b>	<b>(\$448,651)</b>
<b>LESS: RESERVED BALANCES ASSIGNED</b>	<b>\$2,530</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>ENDING BUDGETARY FUND BALANCE</b>	<b>\$51,937</b>	<b>\$63,794</b>	<b>\$80,217</b>	<b>\$13,914</b>	<b>\$27,874</b>	<b>(\$312,286)</b>	<b>(\$448,651)</b>
<b>HISTORICAL NORMING ADJUSTMENT</b>				\$73,570	\$100,650	\$90,590	\$77,000
<b>POTENTIAL ENDING BUDGETARY FUND BALANCE</b>	<b>\$51,937</b>	<b>\$63,794</b>	<b>\$80,217</b>	<b>\$87,484</b>	<b>\$128,524</b>	<b>(\$221,696)</b>	<b>(\$371,651)</b>



## ***PARKING FUND SUMMARY***

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### **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 and east of the OSU campus were created to control the level of non-resident parking on these streets. Commuter 'spillover' parking from campus can monopolize the available spaces and add unnecessary congestion to residential neighborhoods. Working with campus representatives in recent months through the OSU Collaboration process, 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.

### **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, particularly in view of current Council priorities related to near-campus parking issues. In that regard, \$300,000 has been appropriated in the Public Works budget to potentially implement Collaboration Corvallis recommended strategies around the OSU campus.

Despite the noted 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 over ten years ago, 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 discussions 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.

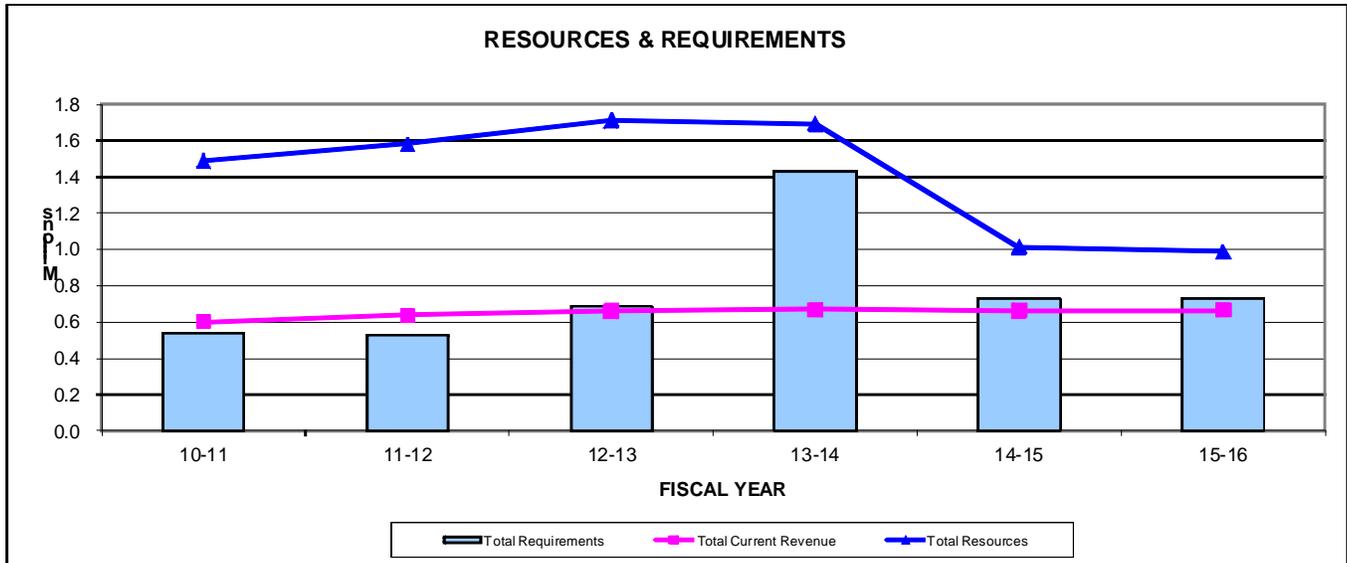
Due to a growing community interest in the use of electric vehicles, several of these stations are scheduled to be constructed by year-end FY 12-13 as part of the Capital Improvement Program. Providing the means to charge these vehicles supports the City's sustainability goals and the City Council's work on an Energy and Transportation Strategy. Ongoing funding for this initiative needs to be balanced with 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 13-14 with an operating fund balance equal to approximately 28.40% of the FY 13-14 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 10-11	AUDITED FY 11-12	ADOPTED FY 12-13	REVISED FY 12-13	ADOPTED FY 13-14	FY 14-15	FY 15-16
<b>BEGINNING BUDGETARY FUND BALANCE</b>	\$789,591	\$835,890	\$875,510	\$931,083	\$895,563	\$277,823	\$259,983
<b>REVENUES</b>							
Licenses, Fees & Permits	\$17,758	\$18,173	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
Charges for Services	\$167,438	\$186,850	187,170	187,170	187,310	189,190	191,090
Fines & Forfeitures	\$411,983	\$423,111	450,000	442,000	450,000	450,000	450,000
Miscellaneous	\$5,012	\$7,795	3,910	5,810	4,790	780	840
<b>TOTAL REVENUES</b>	<b>\$602,191</b>	<b>\$635,929</b>	<b>\$666,080</b>	<b>\$659,980</b>	<b>\$667,100</b>	<b>\$664,970</b>	<b>\$666,930</b>
<b>EXPENDITURES</b>							
Community Development	\$3,528	\$3,925	\$4,050	\$4,050	\$4,220	\$4,230	\$4,410
Finance	112,029	128,179	215,420	189,250	273,220	226,950	234,480
Police	269,505	262,333	355,580	304,300	373,560	306,060	318,790
Public Works	134,100	121,579	184,280	144,210	495,330	174,050	157,540
Transfers Out	23,230	13,720	299,060	42,490	273,040	17,290	18,150
Contingencies	0	0	13,320	0	13,340	0	0
<b>TOTAL EXPENDITURES</b>	<b>\$542,392</b>	<b>\$529,736</b>	<b>\$1,071,710</b>	<b>\$684,300</b>	<b>\$1,432,710</b>	<b>\$728,580</b>	<b>\$733,370</b>
<b>REVENUE EXCESS (SHORTFALL) OVER EXPENDITURE:</b>	<b>\$59,799</b>	<b>\$106,193</b>	<b>(\$405,630)</b>	<b>(\$24,320)</b>	<b>(\$765,610)</b>	<b>(\$63,610)</b>	<b>(\$66,440)</b>
<b>RESERVED BALANCES, Beginning of Year</b>	<b>\$95,908</b>	<b>\$109,408</b>	<b>\$120,408</b>	<b>\$120,408</b>	<b>\$131,608</b>	<b>\$72,078</b>	<b>\$59,198</b>
<b>FUND BALANCE (Including Reserved), End of Year</b>	<b>\$945,298</b>	<b>\$1,051,491</b>	<b>\$590,288</b>	<b>\$1,027,171</b>	<b>\$261,561</b>	<b>\$286,291</b>	<b>\$252,741</b>
<b>LESS: RESERVED BALANCES</b>							
COMMITTED	\$37,323	\$37,323	\$37,323	\$37,323	\$37,323	\$37,323	\$37,323
ASSIGNED	72,085	83,085	43,155	94,285	34,755	21,875	32,575
<b>ENDING BUDGETARY FUND BALANCE</b>	<b>\$835,890</b>	<b>\$931,083</b>	<b>\$509,810</b>	<b>\$895,563</b>	<b>\$189,483</b>	<b>\$227,093</b>	<b>\$182,843</b>
<b>HISTORICAL NORMING ADJUSTMENT</b>				\$38,460	\$49,880	\$32,890	\$27,960
<b>POTENTIAL ENDING BUDGETARY FUND BALANCE</b>	<b>\$835,890</b>	<b>\$931,083</b>	<b>\$509,810</b>	<b>\$934,023</b>	<b>\$277,823</b>	<b>\$259,983</b>	<b>\$210,803</b>



## ***TRANSIT FUND SUMMARY***

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### **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 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 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 a popular, well-used late-night bus service on Thursday, Friday and Saturday during the OSU academic school year.

The Corvallis Transit Service (CTS) is a fareless system; customers ride the in-city buses without having to show a pass or pay a fee. This approach provides for more efficient loading of passengers and helps buses stay on time. In the two years since implementation of fareless transit service, CTS has recorded a total 44% increase in ridership, with more than a million rides provided in FY 11-12, and on track to be more than a million in FY 12-13 as well. The addition of the Transportation Operations Fee (TOF) that citizens are charged on their City Services bills which helped afford the fareless service, also made it possible, beginning in September 2012, to introduce several route and schedule enhancements. All enhancements were designed to ease overcrowding on busy routes, help with on-time performance, and provide direct service to parts of the City that previously did not have service. OSU and 509J School District have also contributed funding toward further enhancements of routes which directly benefit their students, faculty and staff.

### **FINANCIAL PLANNING ISSUES**

Sources of funding such as state grants, Business Energy Tax Credits (BETC), and the above referenced TOF help to support the base level transit service.

The BETC program is scheduled to sunset in FY 13-14, with no additional costs eligible to be funded. The elimination of this funding source, which provided up to \$500,000 per year in operating monies, may lead to an eventual need for reductions in service level, and additionally could impact availability of match funds for federal grants. However, provided the TOF remains a robust resource, fund balance projections suggest that no reductions should be anticipated through at least FY 15-16.

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.

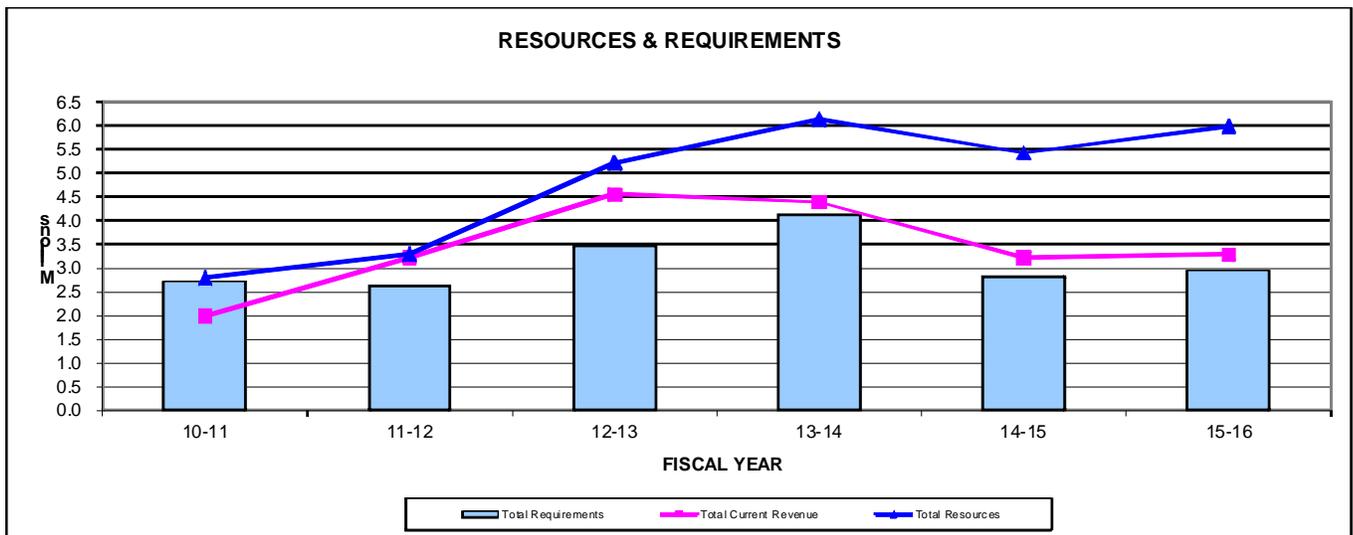
Service level is directed by users, the growth of the community and the requirements of the Americans with Disabilities Act (ADA). As the community grows, transit, as an alternative to the single-occupancy vehicle, serves to help relieve congestion and parking issues, supports sustainability efforts, and provides mobility for low-income, elderly or disabled members of the population. Providing a level and quality of service that will meet all of these demands in a climate of unstable revenue sources for transit service may nevertheless remain a challenge.

### **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 13-14 with an operating fund balance equaling approximately 42.19% of the FY 13-14 current revenues.

## TRANSIT FUND

BUDGETARY BASIS	AUDITED FY 10-11	AUDITED FY 11-12	ADOPTED FY 12-13	REVISED FY 12-13	ADOPTED FY 13-14	FY 14-15	FY 15-16
<b>BEGINNING BUDGETARY FUND BALANCE</b>	\$136,087	(\$140,648)	\$321,262	\$458,747	\$1,565,737	\$2,043,911	\$2,491,993
<b>REVENUES</b>							
Property Taxes	\$77,641	\$0	\$0	\$0	\$0	\$0	\$0
Licenses, Fees & Permits	388,430	1,035,285	1,173,900	1,173,900	1,192,690	1,192,690	1,192,690
Charges for Services	335,536	196,337	223,610	225,960	225,960	227,670	229,400
Intergovernmental	980,984	1,180,516	2,352,950	1,863,450	2,785,170	1,618,110	1,666,650
Fines & Forfeitures	286	67	0	0	0	0	0
Miscellaneous	186,616	806,552	772,500	1,283,620	184,900	187,980	193,400
Other Financing Sources (Uses)	21,764	0	0	0	0	0	0
<b>TOTAL REVENUES</b>	<b>\$1,991,258</b>	<b>\$3,218,757</b>	<b>\$4,522,960</b>	<b>\$4,546,930</b>	<b>\$4,388,720</b>	<b>\$3,226,450</b>	<b>\$3,282,140</b>
<b>EXPENDITURES</b>							
Public Works	\$2,449,073	\$2,607,742	\$4,080,490	\$3,463,980	\$4,021,090	\$2,806,820	\$2,930,160
Transfers Out	268,920	11,620	12,140	12,140	16,860	17,700	18,590
Contingencies	0	0	77,130	0	87,770	0	0
<b>TOTAL EXPENDITURES</b>	<b>\$2,717,993</b>	<b>\$2,619,362</b>	<b>\$4,169,760</b>	<b>\$3,476,120</b>	<b>\$4,125,720</b>	<b>\$2,824,520</b>	<b>\$2,948,750</b>
<b>REVENUE EXCESS (SHORTFALL) OVER EXPENDITURE:</b>	(\$726,735)	\$599,395	\$353,200	\$1,070,810	\$263,000	\$401,930	\$333,390
<b>RESERVED BALANCES, Beginning of Year</b>	\$661,061	\$211,061	\$211,061	\$211,061	\$174,881	\$152,211	\$202,311
<b>FUND BALANCE (Including Reserved), End of Year</b>	\$70,413	\$669,808	\$885,523	\$1,740,618	\$2,003,618	\$2,598,052	\$3,027,694
<b>LESS: RESERVED BALANCES ASSIGNED</b>	\$211,061	\$211,061	\$172,001	\$174,881	\$152,211	\$202,311	\$189,031
<b>ENDING BUDGETARY FUND BALANCE</b>	(\$140,648)	\$458,747	\$713,522	\$1,565,737	\$1,851,407	\$2,395,741	\$2,838,663
<b>HISTORICAL NORMING ADJUSTMENT</b>				\$0	192,504	96,252	48,126
<b>POTENTIAL ENDING BUDGETARY FUND BALANCE</b>	(\$140,648)	\$458,747	\$713,522	\$1,565,737	\$2,043,911	\$2,491,993	\$2,886,789



## ***2011 OPERATING LEVY FUND***

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### **SERVICE HIGHLIGHTS**

Property taxes levied by the City for operations are accounted for in the General Fund. 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 specific General Fund 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 is 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 various departments in 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 \$1,808,061 in FY 11-12, \$1,816,370 in FY 12-13, and \$1,870,860 in FY 13-14 or a total of \$5,495,291 for all three years assuming growth in assessed value of 3.0% in the final year. However, the nationwide recession has pushed the market value of housing downward throughout the City of Corvallis and this overall rate of growth may not be achieved. Should actual growth in assessed value be higher than projected, balances will be restricted on the same ratio as the levy for funding these services in future years.

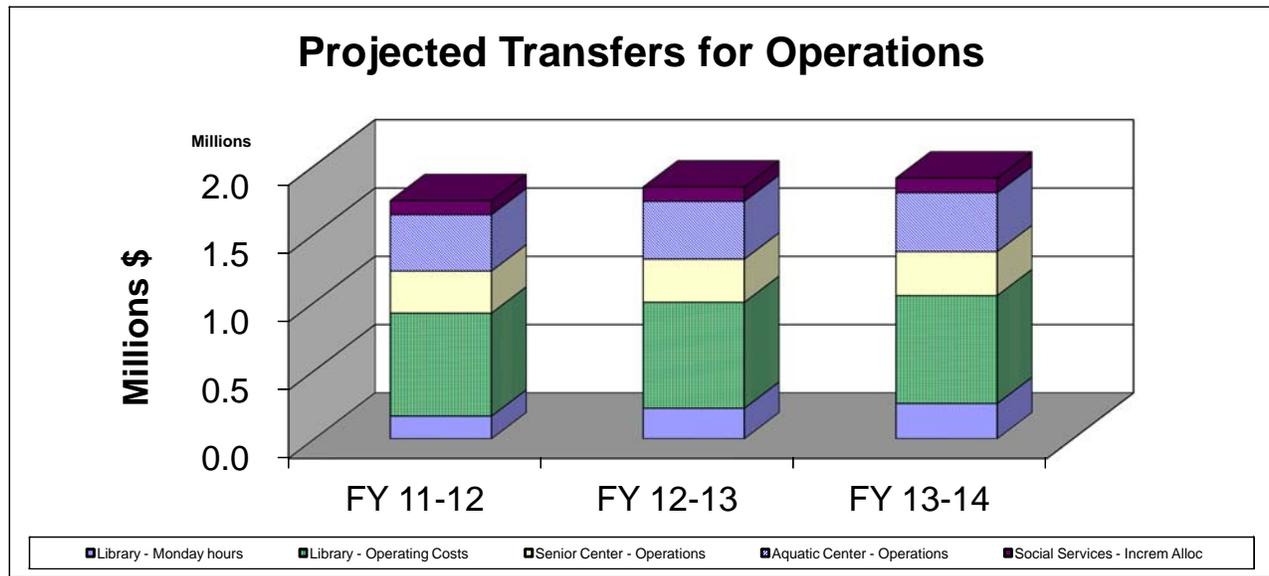
With declining revenues, the ability to meet citizen demands for new, expanded, or existing service levels will be difficult. Given that the 2011 operating levy is limited to a three-year duration, and unless it is renewed by voters, the City's legal requirement to adopt a balanced budget means that the City will either need to reduce services or find an alternative revenue stream in order to attain a positive General 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 13-14 with an operating fund balance equal to the recommended fund balance for this fund of \$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 10-11	AUDITED FY 11-12	ADOPTED FY 12-13	REVISED FY 12-13	ADOPTED FY 13-14	FY 14-15	FY 15-16
<b>BEGINNING BUDGETARY FUND BALANCE</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>REVENUES</b>							
Property Taxes - Levy Related	\$0	\$1,808,061	\$1,861,240	\$1,816,370	\$1,870,860	\$0	\$0
<b>TOTAL REVENUES</b>	<b>\$0</b>	<b>\$1,808,061</b>	<b>\$1,861,240</b>	<b>\$1,816,370</b>	<b>\$1,870,860</b>	<b>\$0</b>	<b>\$0</b>
<b>EXPENDITURES</b>							
<b>NON-OPERATING TRANSFERS</b>							
Library - Monday Hours	\$0	\$166,018	\$223,540	\$223,540	\$258,330	\$0	\$0
Library - Other Operating Costs	0	754,234	785,820	776,000	789,880	0	0
Parks & Recreation - Senior Center	0	308,200	320,510	315,930	322,160	0	0
Parks & Recreation Aquatics	0	412,200	428,640	422,510	430,860	0	0
Non-Departmental - Social Services	0	102,870	106,840	105,170	107,390	0	0
<b>TOTAL EXPENDITURES</b>	<b>\$0</b>	<b>\$1,743,522</b>	<b>\$1,865,350</b>	<b>\$1,843,150</b>	<b>\$1,908,620</b>	<b>\$0</b>	<b>\$0</b>
<b>REVENUE EXCESS (SHORTFALL) OVER EXPENDITURE</b>	<b>\$0</b>	<b>\$64,539</b>	<b>(\$4,110)</b>	<b>(\$26,780)</b>	<b>(\$37,760)</b>	<b>\$0</b>	<b>\$0</b>
<b>RESERVED BALANCES, Beginning of Year</b>	<b>\$0</b>	<b>\$0</b>	<b>\$27,430</b>	<b>\$64,539</b>	<b>\$37,760</b>	<b>\$0</b>	<b>\$0</b>
<b>FUND BALANCE (Including Reserved), End of Year</b>	<b>\$0</b>	<b>\$64,539</b>	<b>\$23,320</b>	<b>\$37,759</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>LESS: RESERVED BALANCES RESTRICTED</b>	<b>\$0</b>	<b>\$64,539</b>	<b>\$23,320</b>	<b>\$37,759</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>ENDING BUDGETARY FUND BALANCE</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>



## ***WATER FUND SUMMARY***

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### **SERVICE HIGHLIGHTS**

The primary service in the Water Fund is to provide a safe, reliable drinking water supply. Water is taken from two surface water sources, the Willamette River and Rock Creek, and undergoes a rigorous treatment process that results in drinking water meeting or exceeding all state and federal water quality regulations. Treatment is conducted at the Taylor Plant, located in South Corvallis, and the Rock Creek Plant on the east side of Mary's Peak. Over 2.5 billion gallons of drinking water are produced each year.

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 is 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 lowest of eight other like-sized Oregon communities and the lowest of ten other surrounding communities as depicted by graphs found in the department summary section of this budget document.

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, so this project will be assessed on an annual basis. A project to remove some gravel was completed during the summer of 2011 and will be reassessed in the summer of 2013.

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.

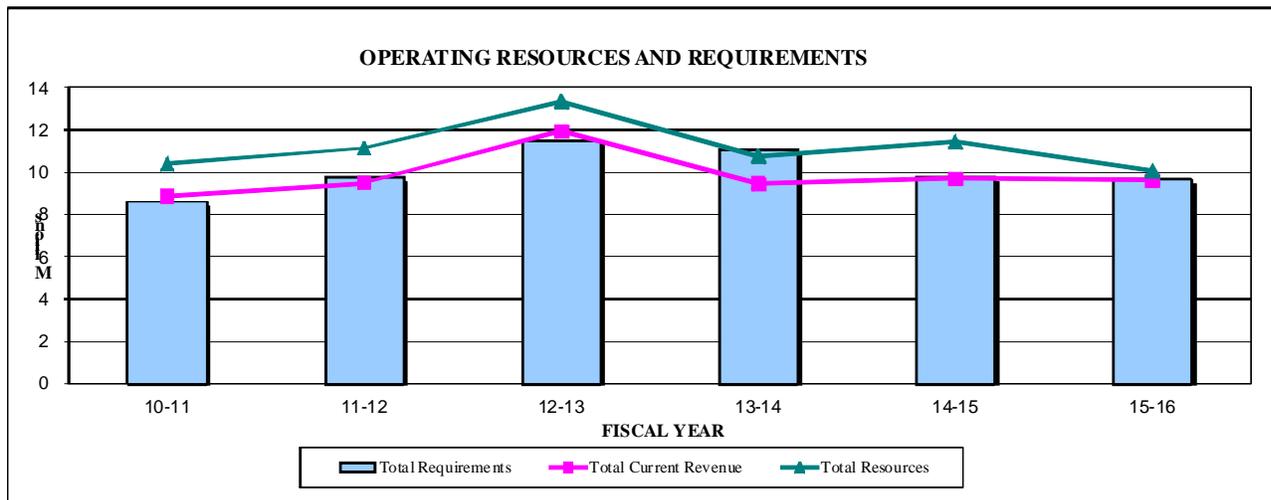
The Watershed Stewardship Plan includes projects to manage the City's watershed forest property, on the east side of Mary's Peak, back to a healthy state. Revenues to accomplish these items come from the sale of timber harvested from the site. A challenge is to meet demand for environmental improvements while responding to competing pressures to minimize 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 13-14 with an operating fund balance equaling approximately 1.29% of the FY 13-14 current revenue. The adopted ending budgetary fund balance for FY 13-14 is below the recommended minimum amount of \$500,000, so staff will continually monitor the fund's performance throughout the year.

## WATER FUND - COMBINED

BUDGETARY BASIS	AUDITED FY 10-11	AUDITED FY 11-12	ADOPTED FY 12-13	REVISED FY 12-13	ADOPTED FY 13-14	FY 14-15	FY 15-16
<b>RATE INCREASE</b>	2.00%	3.70%	2.50%	2.00%	2.00%	2.00%	2.00%
<b>BEGINNING BUDGETARY FUND BALANCE</b>	\$1,169,425	\$1,261,227	\$962,687	\$885,438	\$1,616,888	\$311,263	\$409,673
<b>REVENUES</b>							
Charges for Service	\$8,060,594	\$8,552,193	\$8,620,130	\$8,920,440	\$8,860,100	\$9,036,890	\$9,217,200
Intergovernmental	46,544	17,858	0	0	0	0	0
Fines & Forfeitures	3,148	2,954	0	0	0	0	0
Miscellaneous	428,246	581,172	395,350	383,900	318,290	319,640	324,700
Other Financing Sources	2,100	0	0	2,279,600	0	0	0
Transfers In	345,369	344,558	342,740	342,740	268,240	329,260	61,890
<b>TOTAL REVENUES</b>	<b>\$8,886,002</b>	<b>\$9,498,735</b>	<b>\$9,358,220</b>	<b>\$11,926,680</b>	<b>\$9,446,630</b>	<b>\$9,685,790</b>	<b>\$9,603,790</b>
<b>EXPENDITURES</b>							
Community Development	\$48,327	\$49,156	\$55,770	\$55,720	\$56,850	\$57,420	\$59,860
Public Works	6,806,637	7,758,700	7,840,490	7,422,700	7,675,400	7,612,680	8,169,690
Debt Service	1,009,218	1,018,798	1,021,160	24,940	966,500	977,600	166,400
Other Financing Uses/Transfers Out	734,640	922,101	1,201,450	4,008,570	2,150,760	1,100,220	1,243,300
Contingencies	0	0	194,060	0	188,930	0	0
<b>TOTAL EXPENDITURES</b>	<b>\$8,598,822</b>	<b>\$9,748,755</b>	<b>\$10,312,930</b>	<b>\$11,511,930</b>	<b>\$11,038,440</b>	<b>\$9,747,920</b>	<b>\$9,639,250</b>
<b>REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES</b>	<b>\$287,180</b>	<b>(\$250,020)</b>	<b>(\$954,710)</b>	<b>\$414,750</b>	<b>(\$1,591,810)</b>	<b>(\$62,130)</b>	<b>(\$35,460)</b>
<b>RESERVED BALANCES, Beginning of Year</b>	<b>\$4,977,525</b>	<b>\$5,676,892</b>	<b>\$3,762,522</b>	<b>\$5,511,840</b>	<b>\$5,302,530</b>	<b>\$5,502,535</b>	<b>\$5,623,775</b>
<b>FUND BALANCE (Including Reserved), End of Year</b>	<b>\$6,938,119</b>	<b>\$6,397,279</b>	<b>\$3,755,069</b>	<b>\$6,919,419</b>	<b>\$5,624,869</b>	<b>\$5,839,729</b>	<b>\$6,969,829</b>
<b>LESS: RESERVED BALANCES</b>							
RESTRICTED	\$5,093,422	\$4,802,602	\$3,106,692	\$4,909,992	\$5,207,247	\$5,295,307	\$6,267,147
ASSIGNED	583,470	709,238	337,310	392,538	295,288	328,468	333,448
<b>ENDING BUDGETARY FUND BALANCE</b>	<b>\$1,261,227</b>	<b>\$885,438</b>	<b>\$311,067</b>	<b>\$1,616,888</b>	<b>\$122,333</b>	<b>\$215,953</b>	<b>\$369,233</b>
<b>HISTORICAL NORMING ADJUSTMENT</b>				\$0	\$188,930	\$193,720	\$192,080
<b>POTENTIAL ENDING BUDGETARY FUND BALANCE</b>	<b>\$1,261,227</b>	<b>\$885,438</b>	<b>\$311,067</b>	<b>\$1,616,888</b>	<b>\$311,263</b>	<b>\$409,673</b>	<b>\$561,313</b>



## ***WASTEWATER FUND SUMMARY***

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### **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 lowest compared to eight other like-sized Oregon communities and the lowest compared to ten other surrounding communities as depicted by graphs found in the department summary section of this budget document.

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. Information gathered to date suggests that likely alternatives project costs could range 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 1-2 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. Thus, recovery of fixed charges inherent in wastewater systems is on a smaller base, forcing rate increases. While a highly beneficial refunding of a DEQ Loan was conducted in FY 12-13 to reduce existing debt service requirements, free up a \$1.5 million related debt reserve and create capacity for a future TMDL project debt issuance, repayment of any debt serves to reduce available resources for operation and maintenance of the system.

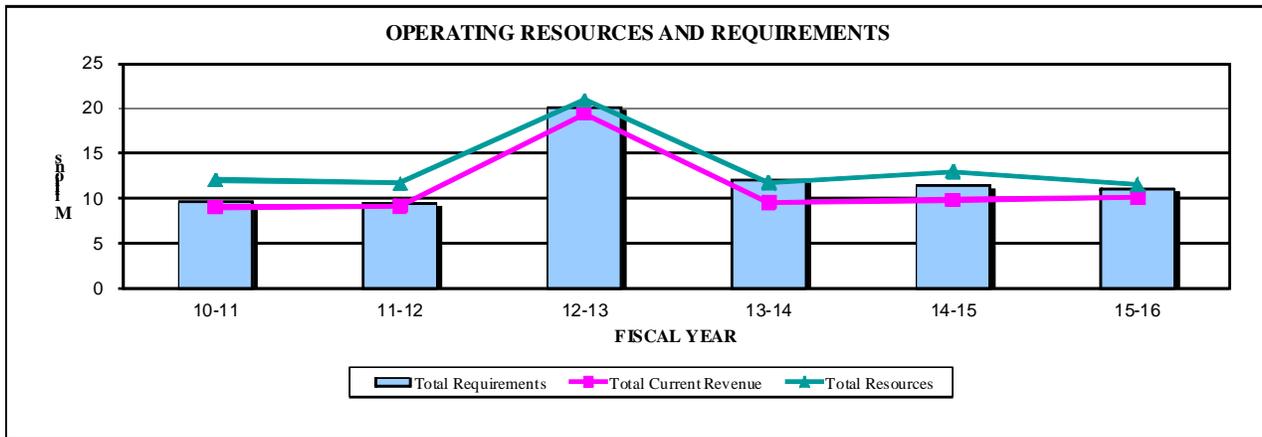
### **APPROPRIATE ENDING BUDGETARY FUND BALANCE**

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 13-14 with an operating fund balance of approximately 5.84% of the FY 13-14 current revenue.

## WASTEWATER FUND - COMBINED

BUDGETARY BASIS	AUDITED FY 10-11	AUDITED FY 11-12	ADOPTED FY 12-13	REVISED FY 12-13	ADOPTED FY 13-14	FY 14-15	FY 15-16
<b>RATE INCREASE</b>	2.00%	3.20%	4.00%	3.00%	4.00%	3.50%	3.50%
<b>BEGINNING BUDGETARY FUND BALANCE</b>	\$2,947,204	\$2,331,589	\$1,221,084	\$1,945,458	\$2,846,129	\$1,134,238	(\$166,165)
<b>REVENUES</b>							
Charges for Service	\$8,951,264	\$9,108,678	\$9,351,980	\$9,391,900	\$9,482,370	\$9,808,760	\$10,121,870
Intergovernmental	8,525	0	0	38,630	0	0	0
Fines & Forfeitures	0	262	0	0	0	0	0
Miscellaneous	41,210	47,853	26,870	36,140	32,090	17,030	15,000
Other Financing Sources	2,391	7,025	0	10,009,440	0	0	0
Transfers In	18,251	24,923	0	0	77,500	0	0
<b>TOTAL REVENUES</b>	<b>\$9,021,642</b>	<b>\$9,188,741</b>	<b>\$9,378,850</b>	<b>\$19,476,110</b>	<b>\$9,591,960</b>	<b>\$9,825,790</b>	<b>\$10,136,870</b>
<b>EXPENDITURES</b>							
Community Development	\$47,239	\$48,196	\$52,770	\$52,740	\$54,640	\$55,140	\$57,510
Public Works	6,467,621	6,531,621	7,608,910	6,803,280	8,308,200	7,683,890	7,465,920
Non-Departmental	0	0	0	114,760	0	0	0
Debt Service	2,300,307	2,294,017	2,291,550	829,090	2,253,650	2,227,750	2,219,450
Transfers Out	742,090	611,038	1,023,220	925,700	1,232,570	1,428,840	1,358,320
Other Financing Uses	0	0	0	11,329,140	0	0	0
Contingencies	0	0	187,580	0	191,840	0	0
<b>TOTAL EXPENDITURES</b>	<b>\$9,557,257</b>	<b>\$9,484,872</b>	<b>\$11,164,030</b>	<b>\$20,054,710</b>	<b>\$12,040,900</b>	<b>\$11,395,620</b>	<b>\$11,101,200</b>
<b>REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES</b>	<b>(\$535,615)</b>	<b>(\$296,131)</b>	<b>(\$1,785,180)</b>	<b>(\$578,600)</b>	<b>(\$2,448,940)</b>	<b>(\$1,569,830)</b>	<b>(\$964,330)</b>
<b>RESERVED BALANCES, Beginning of Year</b>	<b>\$9,303,471</b>	<b>\$10,201,511</b>	<b>\$8,835,316</b>	<b>\$10,081,494</b>	<b>\$9,629,073</b>	<b>\$10,016,984</b>	<b>\$3,196,304</b>
<b>FUND BALANCE (Including Reserved), End of Year</b>	<b>\$12,533,100</b>	<b>\$12,026,953</b>	<b>\$9,085,920</b>	<b>\$12,475,203</b>	<b>\$10,577,163</b>	<b>\$2,951,463</b>	<b>\$3,310,950</b>
<b>LESS: RESERVED BALANCES</b>							
RESTRICTED (1)	\$10,057,707	\$9,847,690	\$7,836,942	\$9,295,269	\$9,798,280	\$3,168,350	\$4,413,490
ASSIGNED	143,805	233,805	232,815	333,805	218,705	27,955	(46,605)
<b>ENDING BUDGETARY FUND BALANCE (1)</b>	<b>\$2,331,589</b>	<b>\$1,945,458</b>	<b>\$1,016,164</b>	<b>\$2,846,129</b>	<b>\$560,178</b>	<b>(\$333,755)</b>	<b>(\$1,055,935)</b>
<b>HISTORICAL NORMING ADJUSTMENT</b>				196,010	378,050	167,590	142,450
<b>POTENTIAL ENDING BUDGETARY FUND BALANCE</b>	<b>\$2,331,589</b>	<b>\$1,945,458</b>	<b>\$1,016,164</b>	<b>\$3,042,139</b>	<b>\$1,134,238</b>	<b>(\$166,165)</b>	<b>(\$913,485)</b>

(1) Higher than previously projected restricted reserves in both FY 11-12 and FY 12-13, despite a decrease from a debt reserve being freed up to operations through a loan refunding, reflect significant increases in SDC income.



## ***STORM WATER FUND SUMMARY***

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### **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 13-14.

### **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. For the ten years up until FY 12-13, 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.

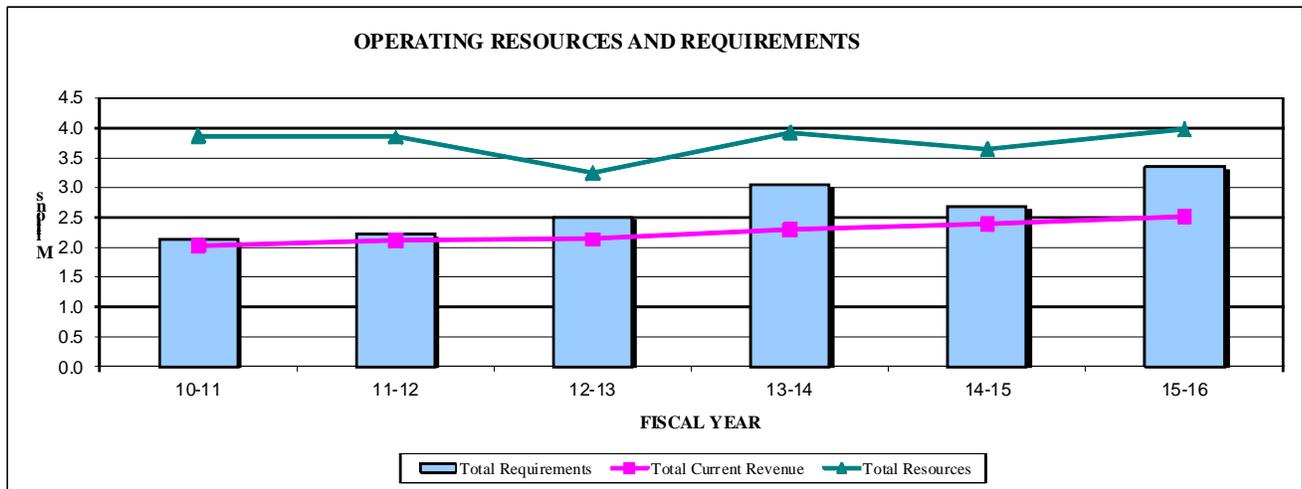
Suggested actions from the community sustainability effort could drive new projects, such as rain gardens along residential streets. Rain gardens take water out of the piping system, reducing the chance of pipe overflows and localized street flooding during heavy rain events. Rain gardens also improve 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 13-14 with an operating fund balance of approximately 13.95% of FY 13-14 current revenue. Funds over a \$300,000 fund balance would be available for additional capital projects.

## STORM WATER FUND - COMBINED

BUDGETARY BASIS	AUDITED FY 10-11	AUDITED FY 11-12	ADOPTED FY 12-13	REVISED FY 12-13	ADOPTED FY 13-14	FY 14-15	FY 15-16
<b>RATE INCREASE</b>	0.00%	0.00%	10.00%	7.00%	7.00%	6.00%	5.00%
<b>BEGINNING BUDGETARY FUND BALANCE</b>	\$1,769,356	\$1,622,226	\$943,234	\$1,465,227	\$1,030,654	\$1,275,844	\$1,347,144
<b>REVENUES</b>							
Charges for Service	\$2,002,405	\$2,080,793	\$2,098,090	\$2,114,550	\$2,240,880	\$2,384,110	\$2,513,810
Intergovernmental	3,127	12,803	0	6,400	39,220	0	0
Fines and Forfeitures	0	20	0	0	0	0	0
Miscellaneous	12,514	14,430	8,740	10,820	9,090	3,110	2,580
Other Financing Sources	0	0	0	0	0	0	0
Transfers In	5,625	5,342	0	0	0	0	0
<b>TOTAL REVENUES</b>	<b>\$2,023,671</b>	<b>\$2,113,387</b>	<b>\$2,106,830</b>	<b>\$2,131,770</b>	<b>\$2,289,190</b>	<b>\$2,387,220</b>	<b>\$2,516,390</b>
<b>EXPENDITURES</b>							
Community Development	\$47,825	\$49,984	\$53,670	\$53,640	\$55,560	\$56,070	\$58,450
Public Works	1,706,315	1,785,906	2,216,440	1,912,510	2,263,460	2,106,980	2,458,420
Transfers Out	371,660	379,496	584,600	545,190	681,950	517,280	825,030
Contingencies	0	0	42,140	0	45,780	0	0
<b>TOTAL EXPENDITURES</b>	<b>\$2,125,800</b>	<b>\$2,215,386</b>	<b>\$2,896,850</b>	<b>\$2,511,340</b>	<b>\$3,046,750</b>	<b>\$2,680,330</b>	<b>\$3,341,900</b>
<b>REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES</b>	<b>(\$102,129)</b>	<b>(\$102,000)</b>	<b>(\$790,020)</b>	<b>(\$379,570)</b>	<b>(\$757,560)</b>	<b>(\$293,110)</b>	<b>(\$825,510)</b>
<b>RESERVED BALANCES, Beginning of Year</b>	<b>\$64,218</b>	<b>\$193,565</b>	<b>\$234,467</b>	<b>\$280,626</b>	<b>\$332,839</b>	<b>\$308,209</b>	<b>\$325,329</b>
<b>FUND BALANCE (Including Reserved), End of Year</b>	<b>\$1,815,791</b>	<b>\$1,745,853</b>	<b>\$408,991</b>	<b>\$1,363,493</b>	<b>\$627,503</b>	<b>\$1,253,063</b>	<b>\$809,523</b>
<b>LESS: RESERVED BALANCES</b>							
RESTRICTED	\$75,132	\$107,193	\$82,344	\$104,406	\$125,976	\$88,096	\$50,656
ASSIGNED	118,433	173,433	135,733	228,433	182,233	237,233	(8,267)
<b>ENDING BUDGETARY FUND BALANCE</b>	<b>\$1,622,226</b>	<b>\$1,465,227</b>	<b>\$190,914</b>	<b>\$1,030,654</b>	<b>\$319,294</b>	<b>\$927,734</b>	<b>\$767,134</b>
<b>HISTORICAL NORMING ADJUSTMENT</b>				490,540	466,010	419,410	356,500
<b>POTENTIAL ENDING BUDGETARY FUND BALANCE</b>	<b>\$1,622,226</b>	<b>\$1,465,227</b>	<b>\$190,914</b>	<b>\$1,521,194</b>	<b>\$1,275,844</b>	<b>\$1,347,144</b>	<b>\$1,123,634</b>



## ***AIRPORT FUND SUMMARY***

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### **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 training, 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 uses. 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, the City works with a local farmer to have crops planted 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) Master Plan was completed in early 2000 and updated in FY 11-12. There is currently no long-term planning document addressing how best to fund 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 was initiated in FY 11-12.

An update of current and expected long-term functions for the airport began in FY 11-12 and was completed within an Airport Master Plan Update in FY 12-13. Included were recommendations for projects that support and enhance those airport functions.

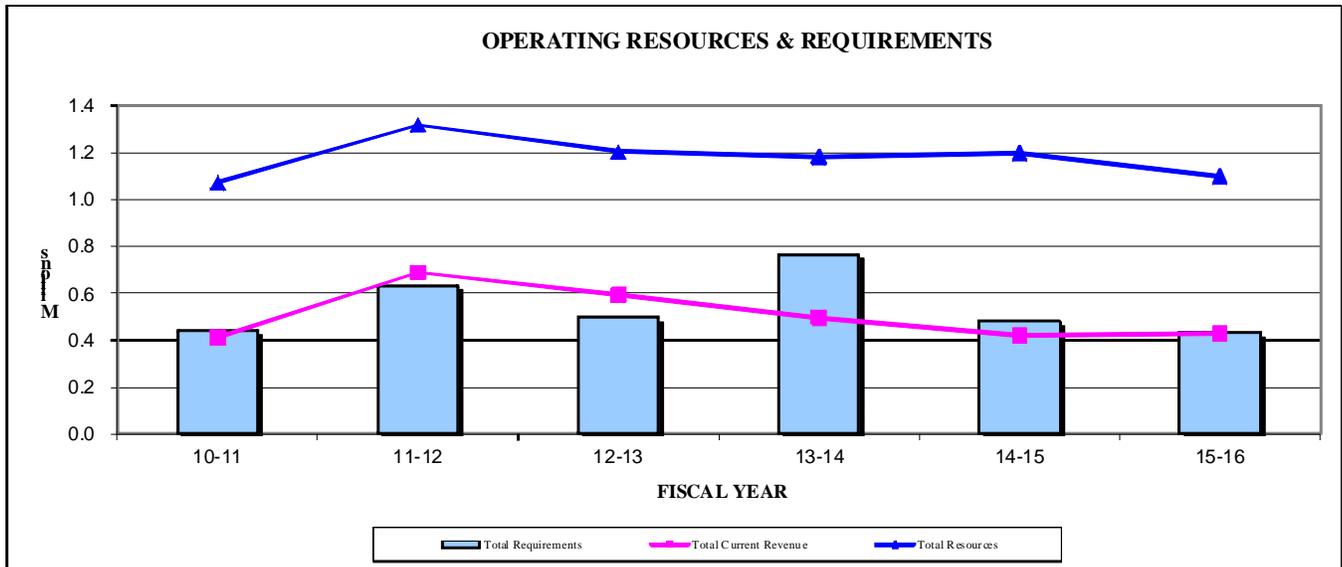
Recommended projects resulting from these three planning efforts could present a challenge for the City to accomplish within a finite revenue stream and to balance the rehabilitation of existing facilities against the construction of new ones.

### **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 13-14 with a fund balance of approximately 100.31% of the FY 13-14 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

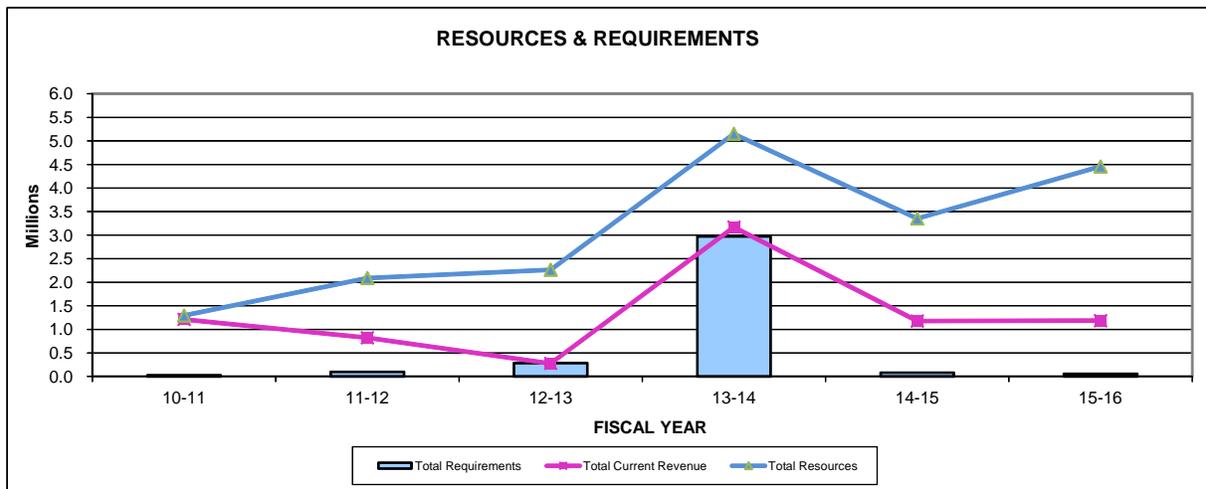
BUDGETARY BASIS	AUDITED FY 10-11	AUDITED FY 11-12	ADOPTED FY 12-13	REVISED FY 12-13	ADOPTED FY 13-14	FY 14-15	FY 15-16
<b>BEGINNING BUDGETARY FUND BALANCE</b>	\$657,672	\$625,500	\$604,721	\$677,790	\$770,080	\$660,343	\$675,451
<b>REVENUES</b>							
Licenses, Fees & Permits	\$4,450	\$4,625	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Charges for Services	394,785	458,852	398,500	493,100	398,500	405,890	413,420
Intergovernmental	0	217,363	200,000	83,560	84,180	0	0
Miscellaneous	11,848	7,623	9,570	10,050	9,570	8,330	8,680
Other Financing Sources	2,500	0	0	0	0	0	0
<b>TOTAL REVENUES</b>	<b>\$413,582</b>	<b>\$688,462</b>	<b>\$613,070</b>	<b>\$591,710</b>	<b>\$497,250</b>	<b>\$419,220</b>	<b>\$427,100</b>
<b>EXPENDITURES</b>							
Public Works	\$332,061	\$616,238	\$664,940	\$458,630	\$621,050	\$415,655	\$384,040
Debt Service	33,663	32,582	31,490	31,490	115,050	0	0
Transfers Out	77,180	(15,499)	6,950	6,450	19,620	64,970	48,420
Contingencies	0	0	12,260	0	9,950	0	0
<b>TOTAL EXPENDITURES</b>	<b>\$442,904</b>	<b>\$633,321</b>	<b>\$715,640</b>	<b>\$496,570</b>	<b>\$765,670</b>	<b>\$480,625</b>	<b>\$432,460</b>
<b>REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES</b>	(\$29,322)	\$55,141	(\$102,570)	\$95,140	(\$268,420)	(\$61,405)	(\$5,360)
<b>RESERVED BALANCES, Beginning of Year</b>	(\$62,013)	\$28,941	\$5,700	\$5,700	\$8,550	\$11,400	\$9,105
<b>FUND BALANCE (Including Reserved), End of Year</b>	\$654,441	\$683,490	\$507,851	\$778,630	\$510,210	\$610,338	\$679,196
<b>LESS: RESERVED BALANCES</b>							
RESTRICTED	\$26,091	\$0	\$0	\$0	\$0	\$0	\$0
ASSIGNED	2,850	5,700	8,550	8,550	11,400	9,105	11,955
<b>ENDING BUDGETARY FUND BALANCE</b>	<b>\$625,500</b>	<b>\$677,790</b>	<b>\$499,301</b>	<b>\$770,080</b>	<b>\$498,810</b>	<b>\$601,233</b>	<b>\$667,241</b>
<b>HISTORICAL NORMING ADJUSTMENT</b>				\$87,315	\$74,218	\$74,218	\$74,218
<b>POTENTIAL ENDING BUDGETARY FUND BALANCE</b>	<b>\$625,500</b>	<b>\$677,790</b>	<b>\$499,301</b>	<b>\$857,395</b>	<b>\$660,343</b>	<b>\$675,451</b>	<b>\$741,459</b>



## PARKS SYSTEMS DEVELOPMENT CHARGE FUND <sup>(1)</sup>

BUDGETARY BASIS	AUDITED FY 10-11	AUDITED FY 11-12	ADOPTED FY 12-13	REVISED FY 12-13	ADOPTED FY 13-14	FY 14-15	FY 15-16
<b>BEGINNING BUDGETARY FUND BALANCE</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>REVENUES</b>							
Charges for Services	1,209,457	792,326	300,000	260,000	1,170,000	1,170,000	1,170,000
Miscellaneous	4,020	29,022	4,880	16,690	21,250	8,180	13,950
Non-Operating Revenue	0	0	0	0	1,979,542	0	0
<b>TOTAL REVENUES</b>	<b>\$1,213,477</b>	<b>\$821,348</b>	<b>\$304,880</b>	<b>\$276,690</b>	<b>\$3,170,792</b>	<b>\$1,178,180</b>	<b>\$1,183,950</b>
<b>EXPENDITURES</b>							
Transfers Out	26,449	100,056	1,069,450	285,700	2,974,562	80,000	60,000
<b>TOTAL EXPENDITURES</b>	<b>\$26,449</b>	<b>\$100,056</b>	<b>\$1,069,450</b>	<b>\$285,700</b>	<b>\$2,974,562</b>	<b>\$80,000</b>	<b>\$60,000</b>
<b>REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES</b>	<b>\$1,187,028</b>	<b>\$721,292</b>	<b>(\$764,570)</b>	<b>(\$9,010)</b>	<b>\$196,230</b>	<b>\$1,098,180</b>	<b>\$1,123,950</b>
<b>RESERVED BALANCES, Beginning of Year</b>	<b>\$80,232</b>	<b>\$1,267,260</b>	<b>\$1,648,130</b>	<b>\$1,988,552</b>	<b>\$1,979,542</b>	<b>\$2,175,772</b>	<b>\$3,273,952</b>
<b>FUND BALANCE (Including Reserved), End of Year</b>	<b>\$1,267,260</b>	<b>\$1,988,552</b>	<b>\$883,560</b>	<b>\$1,979,542</b>	<b>\$2,175,772</b>	<b>\$3,273,952</b>	<b>\$4,397,902</b>
<b>LESS: RESERVED BALANCES RESTRICTED</b>	<b>\$1,267,260</b>	<b>\$1,988,552</b>	<b>\$883,560</b>	<b>\$1,979,542</b>	<b>\$2,175,772</b>	<b>\$3,273,952</b>	<b>\$4,397,902</b>
<b>ENDING BUDGETARY FUND BALANCE</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

(1) This Fund will be created effective July 1, 2013 by Council Resolution 2013-02. Historical data from the closed SDC Component of the Parks & Recreation Fund is shown in the shaded area prior to FY 13-14 to provide trend information for Financial Planning purposes only (and has been excluded from the historical columns in the General Fund Financial Plan presentation for comparative purposes, so as not to double count).



### FINANCIAL PLANNING HIGHLIGHTS AND ISSUES

The Parks Systems Development Charge (SDC) Fund collects monies paid by developers to meet the Parks SDC goals of expanding and improving the Parks system as the community develops in accordance with the Parks SDC Plan. Projects are programmed through the annual Capital Improvement Program (CIP) and are implemented when enough resources have been accumulated. When development slows, and resources are diminished, projects are limited.

### APPROPRIATE ENDING BUDGETARY FUND BALANCE

Given the restricted nature of the Parks SDC Fund resources, the only requirement is that the fund end the year with a balance which is equal to or greater than zero. For FY 13-14 the restricted ending fund balance is projected to be approximately 68.6% of the FY 13-14 current revenue. All balances in this fund are available for identified capital projects.

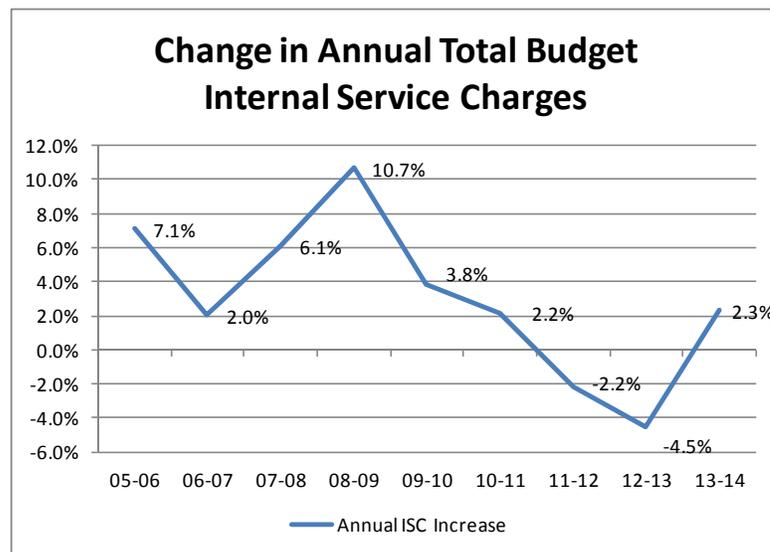
## ***INTERNAL SERVICE FUNDS – FINANCIAL PLANNING***

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### **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 General Fund 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 may be viable for certain standard operations.

The chart below provides some additional information about how overhead departments are working hard to minimize the impact of these centralized services' costs on departments' operating expenditures, particularly in the past several years.



### **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 10-11	AUDITED FY 11-12	ADOPTED FY 12-13	REVISED FY 12-13	ADOPTED FY 13-14	FY 14-15	FY 15-16
<b>BEGINNING BUDGETARY FUND BALANCE</b>	\$24,199	\$33,338	\$34,978	\$39,600	\$6,180	\$12,230	\$12,230
<b>REVENUES</b>							
Charges for Service	\$740,062	\$813,395	\$825,910	\$791,150	\$878,500	\$868,100	\$884,450
Fines & Forfeitures	32	0	0	0	0	0	0
Miscellaneous	1,744	2,046	1,340	1,340	1,300	1,070	1,100
<b>TOTAL REVENUES</b>	<b>\$741,838</b>	<b>\$815,441</b>	<b>\$827,250</b>	<b>\$792,490</b>	<b>\$879,800</b>	<b>\$869,170</b>	<b>\$885,550</b>
<b>EXPENDITURES</b>							
Public Works	\$731,799	\$806,879	\$823,610	\$823,610	\$855,450	\$866,870	\$883,250
Contingencies	0	0	16,000	0	16,000	0	0
<b>TOTAL EXPENDITURES</b>	<b>\$731,799</b>	<b>\$806,879</b>	<b>\$839,610</b>	<b>\$823,610</b>	<b>\$871,450</b>	<b>\$866,870</b>	<b>\$883,250</b>
<b>REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES</b>	<b>\$10,039</b>	<b>\$8,562</b>	<b>(\$12,360)</b>	<b>(\$31,120)</b>	<b>\$8,350</b>	<b>\$2,300</b>	<b>\$2,300</b>
<b>RESERVED BALANCES, Beginning of Year</b>	<b>\$5,624</b>	<b>\$6,524</b>	<b>\$8,824</b>	<b>\$8,824</b>	<b>\$11,124</b>	<b>\$13,424</b>	<b>\$15,724</b>
<b>FUND BALANCE (Including Reserved), End of Year</b>	<b>\$39,862</b>	<b>\$48,424</b>	<b>\$31,442</b>	<b>\$17,304</b>	<b>\$25,654</b>	<b>\$27,954</b>	<b>\$30,254</b>
<b>LESS: RESERVED BALANCES ASSIGNED</b>	<b>\$6,524</b>	<b>\$8,824</b>	<b>\$11,124</b>	<b>\$11,124</b>	<b>\$13,424</b>	<b>\$15,724</b>	<b>\$18,024</b>
<b>ENDING BUDGETARY FUND BALANCE</b>	<b>\$33,338</b>	<b>\$39,600</b>	<b>\$20,318</b>	<b>\$6,180</b>	<b>\$12,230</b>	<b>\$12,230</b>	<b>\$12,230</b>

### 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 45 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 coordinates 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, the City of Philomath, and the US Forest Service, to provide maintenance on specialized equipment. This intergovernmental relationship maximizes service efficiencies and reduces overall 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 General Fund 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 10-11	AUDITED FY 11-12	ADOPTED FY 12-13	REVISED FY 12-13	ADOPTED FY 13-14	FY 14-15	FY 15-16
<b>BEGINNING BUDGETARY FUND BALANCE</b>	\$26,674	\$27,835	\$28,465	\$27,512	\$24,902	\$14,922	\$14,922
<b>REVENUES</b>							
Charges for Service	\$691,910	\$723,890	\$804,490	\$804,490	\$793,560	\$818,840	\$826,620
Miscellaneous	\$2,063	4,305	2,710	2,710	2,310	1,970	1,910
<b>TOTAL REVENUES</b>	<b>\$693,973</b>	<b>\$728,196</b>	<b>\$807,200</b>	<b>\$807,200</b>	<b>\$795,870</b>	<b>\$820,810</b>	<b>\$828,530</b>
<b>EXPENDITURES</b>							
Public Works	\$687,262	\$719,388	\$799,160	\$799,160	\$809,840	\$857,640	\$821,280
Contingencies	0	0	10,000	0	10,000	0	0
<b>TOTAL EXPENDITURES</b>	<b>\$687,262</b>	<b>\$719,388</b>	<b>\$809,160</b>	<b>\$799,160</b>	<b>\$819,840</b>	<b>\$857,640</b>	<b>\$821,280</b>
<b>REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES</b>	<b>\$6,711</b>	<b>\$8,808</b>	<b>(\$1,960)</b>	<b>\$8,040</b>	<b>(\$23,970)</b>	<b>(\$36,830)</b>	<b>\$7,250</b>
<b>RESERVED BALANCES, Beginning of Year</b>	<b>\$39,188</b>	<b>\$44,738</b>	<b>\$53,868</b>	<b>\$53,868</b>	<b>\$64,518</b>	<b>\$50,528</b>	<b>\$13,698</b>
<b>FUND BALANCE (Including Reserved), End of Year</b>	<b>\$72,573</b>	<b>\$81,380</b>	<b>\$80,373</b>	<b>\$89,420</b>	<b>\$65,450</b>	<b>\$28,620</b>	<b>\$35,870</b>
<b>LESS: RESERVED BALANCES</b>							
ASSIGNED	\$44,738	\$53,868	\$64,518	\$64,518	\$50,528	\$13,698	\$20,948
<b>ENDING BUDGETARY FUND BALANCE</b>	<b>\$27,835</b>	<b>\$27,512</b>	<b>\$15,855</b>	<b>\$24,902</b>	<b>\$14,922</b>	<b>\$14,922</b>	<b>\$14,922</b>

### SERVICE HIGHLIGHTS

The primary operation in this fund is the maintenance of most of the City-owned and leased buildings and grounds (see table of facilities listed on page 46 of this section). Staff performs preventive maintenance and scheduled repairs, and responds to emergencies to protect the citizens' investment in this infrastructure.

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. Public Works staff in this Fund 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 operate in the General Fund. 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 and costly initiative, and 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 10-11	AUDITED FY 11-12	ADOPTED FY 12-13	REVISED FY 12-13	ADOPTED FY 13-14	FY 14-15	FY 15-16
<b>BEGINNING BUDGETARY FUND BALANCE</b>	\$115,426	\$50,939	\$50,119	\$44,060	\$39,730	\$20,900	\$20,900
<b>REVENUES</b>							
Charges for Service	\$1,549,293	\$1,641,656	\$1,583,240	\$1,567,040	\$1,583,110	\$1,583,220	\$1,637,790
Miscellaneous	4,622	5,732	3,420	5,070	4,430	2,950	3,310
<b>TOTAL REVENUES</b>	<b>\$1,553,915</b>	<b>\$1,647,388</b>	<b>\$1,586,660</b>	<b>\$1,572,110</b>	<b>\$1,587,540</b>	<b>\$1,586,170</b>	<b>\$1,641,100</b>
<b>EXPENDITURES</b>							
Finance	\$1,426,463	\$1,531,454	\$1,443,300	\$1,443,300	\$1,417,940	\$1,426,120	\$1,449,630
Public Works	177,629	160,128	210,750	188,890	190,830	170,990	176,470
Contingencies	0	0	30,000	0	30,000	0	0
<b>TOTAL EXPENDITURES</b>	<b>\$1,604,092</b>	<b>\$1,691,582</b>	<b>\$1,684,050</b>	<b>\$1,632,190</b>	<b>\$1,638,770</b>	<b>\$1,597,110</b>	<b>\$1,626,100</b>
<b>REVENUE EXCESS (SHORTFALL) OVER EXPENDITURE:</b>	(\$50,177)	(\$44,194)	(\$97,390)	(\$60,080)	(\$51,230)	(\$10,940)	\$15,000
<b>RESERVED BALANCES, Beginning of Year</b>	\$439,759	\$454,069	\$413,319	\$416,754	\$361,004	\$328,604	\$317,664
<b>FUND BALANCE (Including Reserved), End of Year</b>	\$505,008	\$460,814	\$366,048	\$400,734	\$349,504	\$338,564	\$353,564
<b>LESS: RESERVED BALANCES ASSIGNED</b>	\$454,069	\$416,754	\$345,459	\$361,004	\$328,604	\$317,664	\$332,664
<b>ENDING BUDGETARY FUND BALANCE</b>	<b>\$50,939</b>	<b>\$44,060</b>	<b>\$20,589</b>	<b>\$39,730</b>	<b>\$20,900</b>	<b>\$20,900</b>	<b>\$20,900</b>

### 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 technology initiatives to be undertaken in coming years. Projects that are recommended in the plan largely address long-term data management or communication strategies. Implementation guidelines for these projects are developed with the assistance of a committee of departmental experts who may assist with identifying funds and recommending priorities.

An annual technology plan is prepared to address the operational needs of the organization, including 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 system integration and communication of City staff with external agencies, vendors, citizens and each other. Balancing technology needs with available funding and human resources to deploy same is crucial.

Reserves exist for replacement of network infrastructure and the telephone switch system (PBX). Technology, such as Voice-Over-Internet Protocol (VOIP), may impact how telephone service is provided to departments in the future.

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 General Fund was attained with the help of a number of expenditure reductions in the MIS division over the past few 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 10-11	AUDITED FY 11-12	ADOPTED FY 12-13	REVISED FY 12-13	ADOPTED FY 13-14	FY 14-15	FY 15-16
<b>BEGINNING BUDGETARY FUND BALANCE</b>	\$56,024	\$91,689	\$51,344	\$50,538	\$33,108	\$10,298	\$10,298
<b>REVENUES</b>							
Charges for Service	\$4,685,490	\$4,422,730	\$4,407,520	\$4,327,370	\$4,527,340	\$4,529,870	\$4,666,120
Miscellaneous	8,472	8,484	17,570	23,810	27,010	16,440	16,480
Other Financing Sources	0	0	0	0	0	0	0
<b>TOTAL REVENUES</b>	<b>\$4,693,962</b>	<b>\$4,431,214</b>	<b>\$4,425,090</b>	<b>\$4,351,180</b>	<b>\$4,554,350</b>	<b>\$4,546,310</b>	<b>\$4,682,600</b>
<b>EXPENDITURES</b>							
City Manager's Office	\$2,122,104	\$1,931,725	\$1,920,720	\$1,863,760	\$1,876,930	\$1,882,950	\$1,939,120
Finance	2,533,092	2,553,671	2,501,750	2,501,750	2,667,130	2,659,760	2,740,380
Contingencies	0	0	30,000	0	30,000	0	0
<b>TOTAL EXPENDITURES</b>	<b>\$4,655,196</b>	<b>\$4,485,396</b>	<b>\$4,452,470</b>	<b>\$4,365,510</b>	<b>\$4,574,060</b>	<b>\$4,542,710</b>	<b>\$4,679,500</b>
<b>REVENUE EXCESS (SHORTFALL) OVER EXPENDITURE:</b>	<b>\$38,766</b>	<b>(\$54,182)</b>	<b>(\$27,380)</b>	<b>(\$14,330)</b>	<b>(\$19,710)</b>	<b>\$3,600</b>	<b>\$3,100</b>
<b>RESERVED BALANCES, Beginning of Year</b>	<b>\$16,820</b>	<b>\$19,919</b>	<b>\$6,890</b>	<b>\$6,889</b>	<b>\$9,989</b>	<b>\$13,089</b>	<b>\$16,689</b>
<b>FUND BALANCE (Including Reserved), End of Year</b>	<b>\$111,609</b>	<b>\$57,427</b>	<b>\$30,854</b>	<b>\$43,097</b>	<b>\$23,387</b>	<b>\$26,987</b>	<b>\$30,087</b>
<b>LESS: RESERVED BALANCES</b>							
COMMITTED	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ASSIGNED	\$19,920	\$6,889	\$9,990	\$9,989	\$13,089	\$16,689	\$19,789
<b>ENDING BUDGETARY FUND BALANCE</b>	<b>\$91,689</b>	<b>\$50,538</b>	<b>\$20,864</b>	<b>\$33,108</b>	<b>\$10,298</b>	<b>\$10,298</b>	<b>\$10,298</b>

### 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; citywide memberships in the League of Oregon cities and Council of Governments; 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 the accurate billing and collection of metered payments for water, wastewater and storm water services generating approximately \$19 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 current and future organizational needs, a major upgrade of the existing financial software system has been a priority in FY 12-13, and conversion efforts will continue to utilize significant Finance Department and other City staff time in FY 13-14.

The positive fund balance in the General Fund for FY 13-14 and the prior three 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 10-11	AUDITED FY 11-12	ADOPTED FY 12-13	REVISED FY 12-13	ADOPTED FY 13-14	FY 14-15	FY 15-16
<b>BEGINNING BUDGETARY FUND BALANCE</b>	\$305,477	\$317,568	\$349,123	\$344,704	\$347,639	\$40,639	\$40,639
<b>REVENUES</b>							
Charges for Service	\$1,014,210	\$980,270	\$989,250	\$989,250	\$1,029,830	\$1,100,100	\$1,124,130
Miscellaneous	53,472	28,073	36,750	43,750	32,000	28,560	29,330
<b>TOTAL REVENUES</b>	<b>\$1,067,682</b>	<b>\$1,008,343</b>	<b>\$1,026,000</b>	<b>\$1,033,000</b>	<b>\$1,061,830</b>	<b>\$1,128,660</b>	<b>\$1,153,460</b>
<b>EXPENDITURES</b>							
City Manager's Office	\$955,591	\$923,092	\$1,001,950	\$971,950	\$1,093,830	\$1,128,660	\$1,153,460
Contingencies	0	0	275,000	0	275,000	0	0
<b>TOTAL EXPENDITURES</b>	<b>\$955,591</b>	<b>\$923,092</b>	<b>\$1,276,950</b>	<b>\$971,950</b>	<b>\$1,368,830</b>	<b>\$1,128,660</b>	<b>\$1,153,460</b>
<b>REVENUE EXCESS (SHORTFALL) OVER EXPENDITURE:</b>	<b>\$112,091</b>	<b>\$85,251</b>	<b>(\$250,950)</b>	<b>\$61,050</b>	<b>(\$307,000)</b>	<b>\$0</b>	<b>\$0</b>
<b>RESERVED BALANCES, Beginning of Year</b>	<b>\$283,770</b>	<b>\$383,770</b>	<b>\$441,885</b>	<b>\$441,885</b>	<b>\$500,000</b>	<b>\$500,000</b>	<b>\$500,000</b>
<b>FUND BALANCE (Including Reserved), End of Year</b>	<b>\$701,338</b>	<b>\$786,589</b>	<b>\$540,058</b>	<b>\$847,639</b>	<b>\$540,639</b>	<b>\$540,639</b>	<b>\$540,639</b>
<b>LESS: RESERVED BALANCES ASSIGNED</b>	<b>\$383,770</b>	<b>\$441,885</b>	<b>\$500,000</b>	<b>\$500,000</b>	<b>\$500,000</b>	<b>\$500,000</b>	<b>\$500,000</b>
<b>ENDING BUDGETARY FUND BALANCE</b>	<b>\$317,568</b>	<b>\$344,704</b>	<b>\$40,058</b>	<b>\$347,639</b>	<b>\$40,639</b>	<b>\$40,639</b>	<b>\$40,639</b>

### 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, and payback of funds used in prior years to cover uninsured expenses. Other sources include miscellaneous loss recovery proceeds from third parties, revenues from the Employer-At-Injury Program, 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 13-14, insurance premiums are projected to increase by about 4.8% compared to FY 12-13 Adopted premium levels. Factors impacting the increase include a 10% trending factor for general liability and a significant increase in earthquake coverage. In addition to the increase in premium costs, a new methodology for allocating workers compensation premiums among departments was implemented, causing fluctuations to departments' risk management overhead for FY 13-14. 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.

## DEPARTMENT SUMMARIES

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

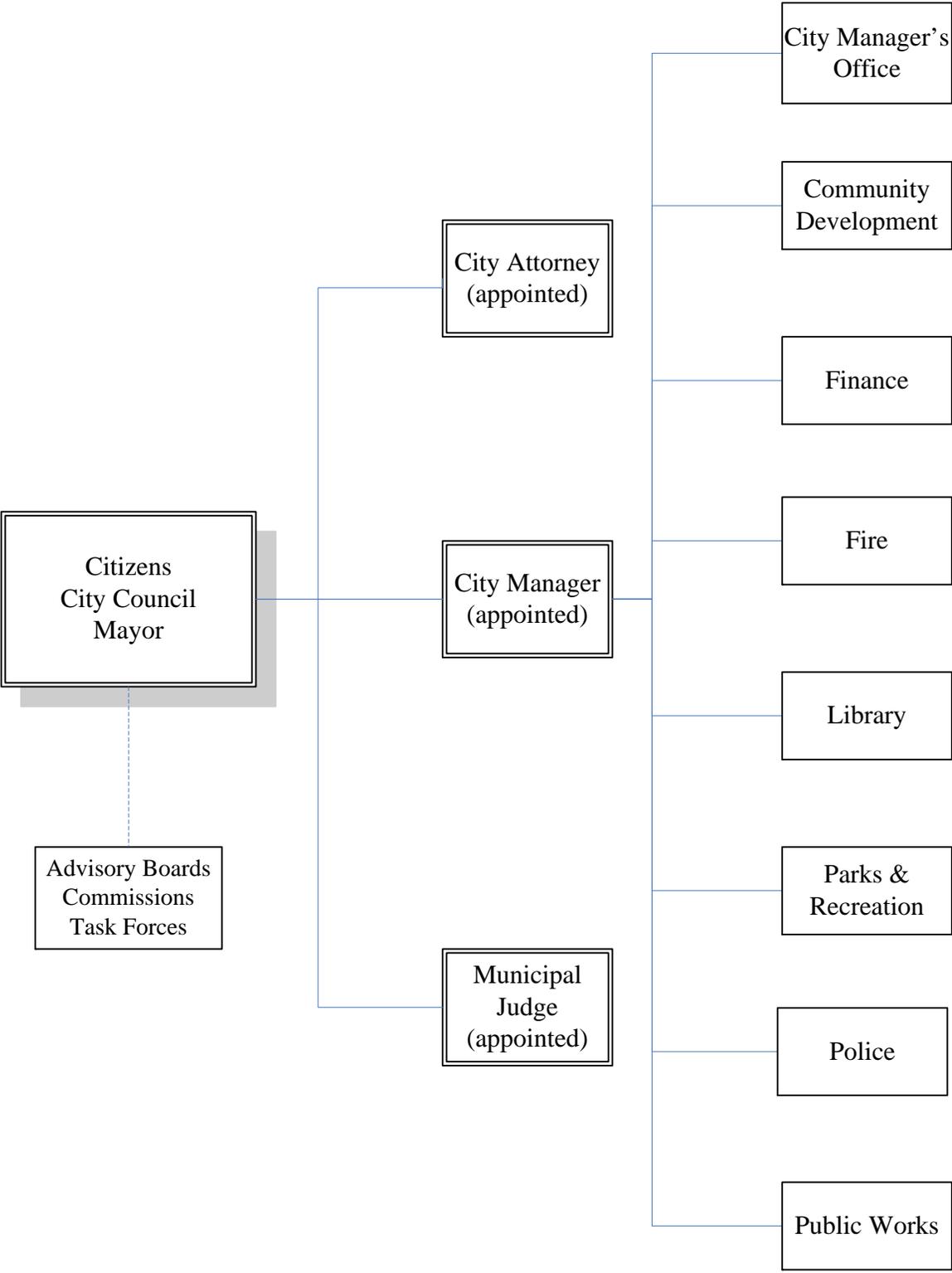
### CORVALLIS POLICE DEPARTMENT



### CORVALLIS BENTON COUNTY PUBLIC LIBRARY



**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

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### MISSION STATEMENT

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

#### **GOVERNANCE**

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

#### **HUMAN RESOURCES**

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

#### **RISK MANAGEMENT**

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

#### **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.



2013-2014 Corvallis City Council

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 11-12 ACTUAL	FY 12-13 TARGET	FY 12-13 REVISED	FY 13-14 TARGET
Cost Efficiency	Reduce average worker’s compensation claims per employee through promotion of a safe workplace.	# of workers compensation claims per 100 FTE. (A)	12.3	<8.75	<8.85	<8.80
	Maximize workplace productivity.	# of sick leave hours used per 1,000 hours worked.	25.9	<28.0	<30.5	<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)	86%	86%	86%	88%
	Maximize citizen satisfaction with City communications and outreach.	% of Citizen Survey respondents who agree the City does a good job informing citizens about City Council decisions.	n/a (New Measure)		72%	75%
Sustainability	Measure City employee benefits to compensation ratio for competitiveness, retention, attraction and comparator purposes.	Benefits as a % of total compensation. <sup>1</sup>	36%	<35%	<36%	<35%
	Provide a local business environment that supports a successful, diverse traded-sector entrepreneurial community.	Number of start-up companies the City has assisted with roll-out in partnership with OSU and ONAMI / MBI <sup>2</sup> .	n/a (New Measure)			5
	Develop a program that will focus on increased tenancy in existing vacant buildings and Enterprise Zone locations by business and industry types that are consistent with the <i>Prosperity That Fits Plan</i> .	Develop a thorough database of current vacant properties in Benton County ready for development.	n/a (New Measure)			Complete database by June 30, 2014
		Develop a Marketing Plan that would promote the implementation of the Economic Development Strategy and increase tenancy in commercially and industrially zoned properties. (C)	n/a (New Measure)			Complete Marketing Plan by June 30, 2014
	Seek out the most promising Stage 2 <sup>3</sup> companies in Benton County as determined by local employment growth and capital investment and develop a major account manager program that will proactively address their needs and growth opportunities.	# of staff visits to Benton County’s promising Stage 2 <sup>3</sup> companies.	n/a (New Measure)			150

<sup>1</sup> 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.

<sup>2</sup> Oregon Nanoscience and Microtechnologies Institute (ONAMI) / Microproducts Breakthrough Institute (MBI)

<sup>3</sup> Stage 2 companies are those that are beyond start-up phase and are in a growth mode.

**CITY MANAGER'S OFFICE PERFORMANCE INDICATORS (Continued)**

COUNCIL VALUES	Management Goals & Objectives	Performance Measures	FY 11-12 ACTUAL	FY 12-13 TARGET	FY 12-13 REVISED	FY 13-14 TARGET
Diversity	Provide a welcoming organization that promotes and respects diversity.	% of job applicants for regular positions who identify themselves as a minority.	15%	15%	15%	16%

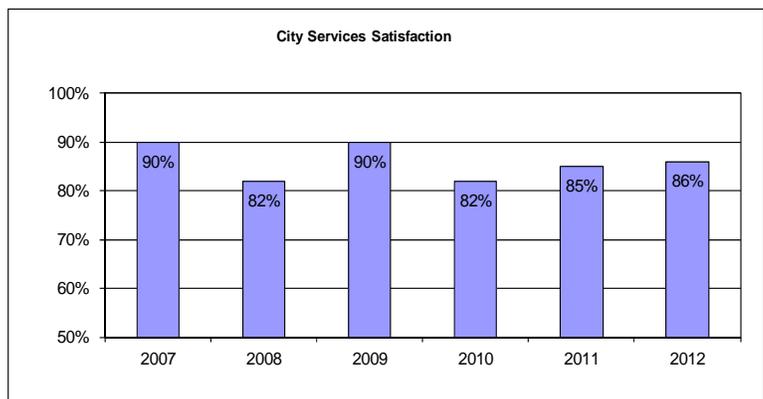
*Select discussion of key measures above:*

**(A) Reduce average worker's compensation claims per employee through promotion of a safe workplace:**

- *Measure definition:* This measure tracks the ratio of worker's compensation claims per 100 full-time equivalent (FTE) employees. Fiscal year targets are calculated based upon authorized FTE, while actual and revised are based on filled FTE which can result in improved performance.
- *Evaluation of results:* Results are one indicator of how well employees practice workplace safety. Training employees and their supervisors in safe work practices is an important part of the Safety Program.
- *Current year performance and trends:* The five-year average of workers compensation claims per 100 FTE is 11.49, though FY 12-13 has been revised to <8.85 due to the low number of claims filed mid-year, and FTE being under filled. In FY 13-14, the Human Resources department is implementing a training program for management and supervisory staff. It is anticipated that new program will translate into improved communication between supervisors and employees and reduce workplace injuries from the average, but still exceed the anomalous low claims results in FY 12-13. Additionally, training and stretching programs will focus on reducing sprains and strains which are the most frequent and expensive claims.
- *Conclusions and challenges:* There is inherent risk in some positions, especially those in public safety. Workplace injuries will occur, but staff is committed to minimizing accidents and injuries to the greatest degree possible.

**(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 as depicted in the graph below, 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 chart below.
- *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 was 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 each year's Citizen Survey results with its stakeholders via the City's website and provides a public debrief annually at the City Council meeting(s) following receipt of the results.



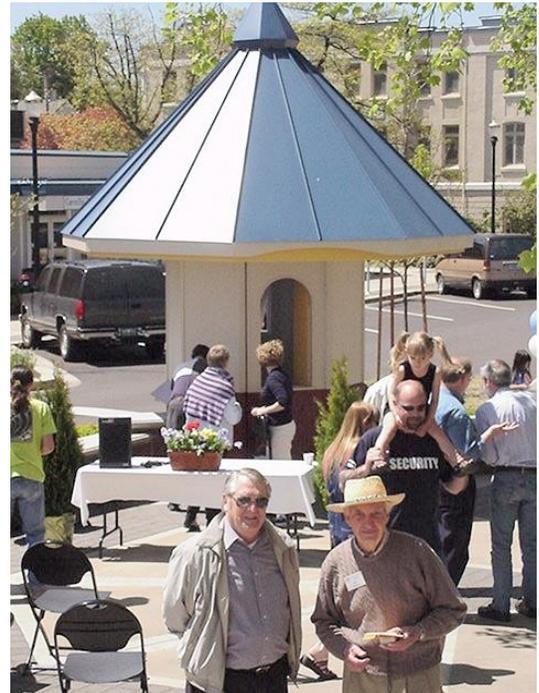
## CITY MANAGER'S OFFICE PERFORMANCE INDICATORS (Continued)

### (C) Develop a Marketing Plan that would promote the implementation of the Economic Development Strategy and increase tenancy in commercially and industrially zoned properties:

- *Measure definition:* This measure tracks progress toward creating a Marketing Plan to increase tenancy in commercially and industrially zoned properties.
- *Evaluation of results:* Completion of the Marketing Plan is an important step toward increasing occupation of commercially and industrially zoned properties. It will take time for the Plan to produce results, but it is envisioned that eventually this measure will target and produce quantifiable results.
- *Current year performance and trends:* This is the first year of this performance measure with the inception and staffing of the City's new Economic Development Program in FY 12-13.
- *Conclusions and challenges:* The intent is that a completed Marketing Plan will ultimately increase the number of jobs and business investment in Corvallis with more businesses occupying properties zoned for industrial and commercial use, though it will be a long-term process.



Central Park



City Hall Kiosk



Corvallis City Hall



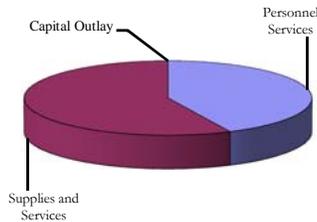
Riverfront Commemorative Park

## CITY MANAGER'S OFFICE – BUDGET SUMMARY

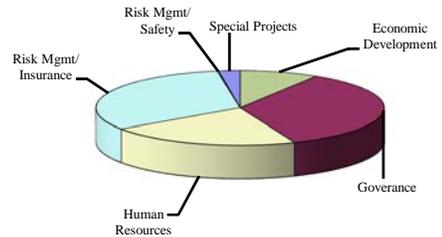
BUDGET BY CATEGORY:	ACTUAL 2010-11	ACTUAL 2011-12	BUDGET 2012-13	REVISED 2012-13	ADOPTED 2013-14	%CHANGE FROM 12-13 BUDGET
Personnel Services	\$1,408,071	\$1,226,341	\$1,457,620	\$1,322,140	\$1,414,780	-2.94%
Supplies and Services	1,669,624	1,628,476	1,845,050	1,764,040	1,882,230	2.02%
Capital Outlay	0	0	0	0	0	0.00%
<b>TOTAL</b>	<b>\$3,077,695</b>	<b>\$2,854,817</b>	<b>\$3,302,670</b>	<b>\$3,086,180</b>	<b>\$3,297,010</b>	<b>-0.17%</b>

### FY 13-14 ADOPTED BUDGET

EXPENDITURES BY CATEGORY



EXPENDITURES BY DIVISION



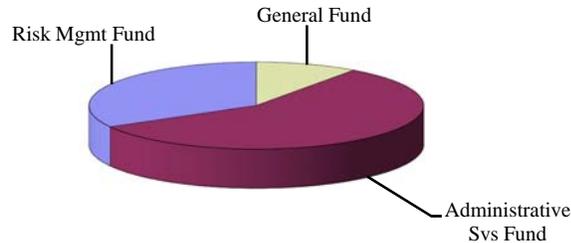
BUDGET BY DIVISION:	ACTUAL 2010-11	ACTUAL 2011-12	BUDGET 2012-13	REVISED 2012-13	ADOPTED 2013-14	%CHANGE FROM 12-13 BUDGET
Economic Development	\$0	\$0	\$300,000	\$214,470	\$292,250	-2.58%
Governance	1,416,807	1,214,180	1,250,130	1,183,690	1,153,590	-7.72%
Human Resources	667,744	671,253	655,590	679,770	708,640	8.09%
Risk Mgmt/ Insurance	952,753	918,698	968,450	968,450	1,058,830	9.33%
Risk Mgmt/ Safety	2,838	4,394	3,500	3,500	5,000	42.86%
Special Projects <sup>1</sup>	37,553	46,293	125,000	36,300	78,700	-37.04%
<b>TOTAL</b>	<b>\$3,077,695</b>	<b>\$2,854,817</b>	<b>\$3,302,670</b>	<b>\$3,086,180</b>	<b>\$3,297,010</b>	<b>-0.17%</b>

(1) FY 12-13 special projects includes \$80K carried over from FY 11-12 for economic development start-up costs, of which a portion (\$34K) were carried over again to FY 13-14 for the marketing strategy and Willamette Innovators Network (WIN) conference.

**CITY MANAGER'S OFFICE – BUDGET SUMMARY (Continued)**

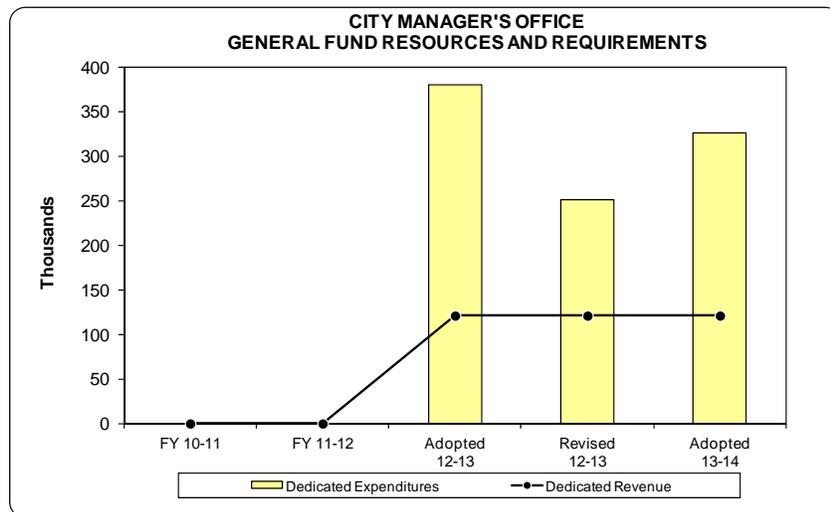
<b>BUDGET BY FUND:</b>	<b>ACTUAL 2010-11</b>	<b>ACTUAL 2011-12</b>	<b>BUDGET 2012-13</b>	<b>REVISED 2012-13</b>	<b>ADOPTED 2013-14</b>	<b>%CHANGE FROM 12-13 BUDGET</b>
<b>General Fund</b>	\$0	\$0	\$380,000	\$250,470	\$326,250	-14.14%
<b>Administrative Svs Fund</b>	2,122,104	1,931,725	1,920,720	1,863,760	1,876,930	-2.28%
<b>Risk Mgmt Fund</b>	955,591	923,092	1,001,950	971,950	1,093,830	9.17%
<b>TOTAL</b>	<b>\$3,077,695</b>	<b>\$2,854,817</b>	<b>\$3,302,670</b>	<b>\$3,086,180</b>	<b>\$3,297,010</b>	<b>-0.17%</b>

**FY 13-14 ADOPTED BUDGET  
EXPENDITURES BY FUND**

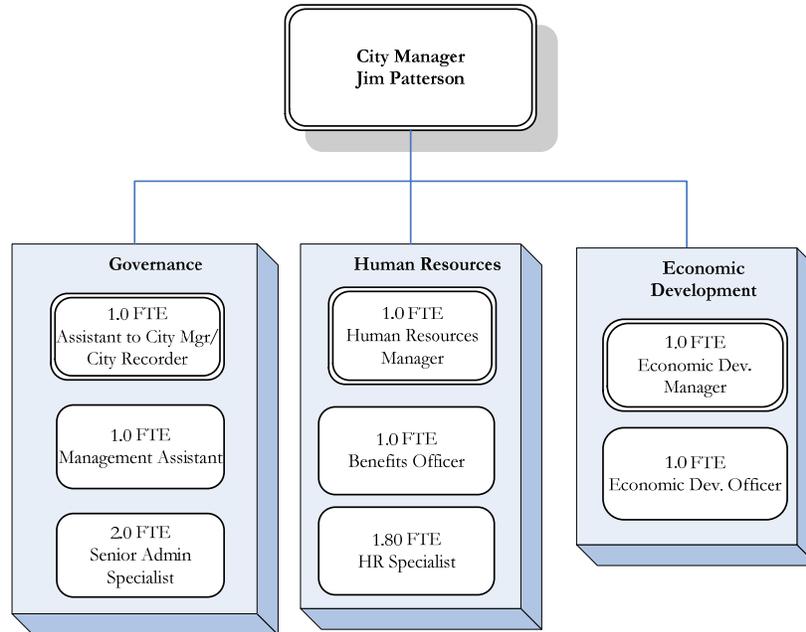


<b>GENERAL FUND - CITY MGR OFF.*</b>	<b>ACTUAL 2010-11</b>	<b>ACTUAL 2011-12</b>	<b>BUDGET 2012-13</b>	<b>REVISED 2012-13</b>	<b>ADOPTED 2013-14</b>	<b>%CHANGE FROM 12-13 BUDGET</b>
<b>DEDICATED REVENUE</b>						
<b>Charges for Services</b>	\$0	\$0	\$21,000	\$21,000	\$21,000	0.00%
<b>Miscellaneous</b>	0	0	100,000	100,000	100,000	0.00%
<b>Dedicated Revenue</b>	0	0	121,000	121,000	121,000	0.00%
<b>EXPENDITURES CLASS:</b>						
<b>Personnel Services</b>	0	0	205,000	130,390	221,250	11.40%
<b>Supplies and Services</b>	0	0	175,000	120,080	105,000	-53.71%
<b>Capital Outlay</b>	0	0	0	0	0	0.00%
<b>Dedicated Expenditures</b>	0	0	380,000	250,470	326,250	-18.59%
<b>Use of (addition to) Non-Dedicated Revenue</b>	0	0	259,000	129,470	205,250	-27.27%

\* For all other funds the revenues are dedicated for the services provided so they are not presented in the table above.



## CITY MANAGER'S OFFICE ORGANIZATION CHART



### CITY MANAGER'S OFFICE STAFF

Positions	Group	Monthly Salary Range (1.0 FTE)	Head Count	FY 13-14 FTE	Historical	
					FY 12-13 FTE	FY 11-12 FTE
City Manager	Exempt	\$11,667	1	1.000	1.000	1.000
Assistant City Manager <sup>1</sup>	Exempt	7,938 - 10,131	-	0.000	1.000	1.000
Economic Development Manager	Exempt	6,579 - 8,396	1	1.000	1.000	0.000
Assistant to City Manager/City Recorder	Exempt	5,848 - 7,463	1	1.000	1.000	1.000
Human Resources Manager <sup>1</sup>	Exempt	5,848 - 7,463	1	1.000	0.000	1.000
Economic Development Officer	Exempt	4,335 - 5,533	1	1.000	1.000	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
Senior Administrative Specialist	Exempt	3,319 - 4,237	2	2.000	2.000	2.000
Human Resources Specialist	Exempt	3,319 - 4,237	2	1.800	1.800	1.750
<b>TOTAL</b>			<b>11</b>	<b>10.800</b>	<b>10.800</b>	<b>9.750</b>

NOTE: Salary ranges reflect FY 12-13 Class and Compensation schedules.

- The Human Resources Manager position was eliminated in FY 12-13 to support achieving a sustainable budget for the General Fund; however, after the incumbent resigned from the Assistant City Manager position, a reorganization occurred that justified replacing that position with a Human Resources Manager in FY 13-14.

# 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.
- Provide support for City/OSU Collaboration Project.
- Facilitate social service funding allocation.

### 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.
- Implement applicable City Council Goals and Planning Division Work Program, per City Council direction.
- Ensure compliance with State mandates for land use planning through coordination with the Oregon Department of Land Conservation and Development and other agencies.

### 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.



Downtown Riverfront Park

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 11-12 ACTUAL	FY 12-13 TARGET	FY 12-13 REVISED	FY 13-14 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)	98%	90% within 14 calendar days	90% within 14 calendar days	90% within 14 calendar days
	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)	34 days	<100 days	<100 days	<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.	18 days	<45 days	<45 days	<45 days
Community Involvement	Achieve at least the targeted % citizen rating of 'very valuable' and 'somewhat valuable' combined for the survey question on land use planning services. <sup>4</sup>	Improving level of citizen satisfaction with land use process from Citizen Attitude Survey. <sup>1</sup>	54%	60%	81%	>75%
Sustainability	Conserve resources by reducing fuel and paper use.	Percentage of permits issued online (mechanical, electrical, and plumbing). (C)	26%	30%	30%	35%
	Maintain the quality of low income housing in a cost effective manner.	Units of housing rehabilitated per \$100,000 in City funds invested.	2.7	3.0	3.0	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)	8.5	10.0	10.0	10.0

*Select discussion of key measures above:*

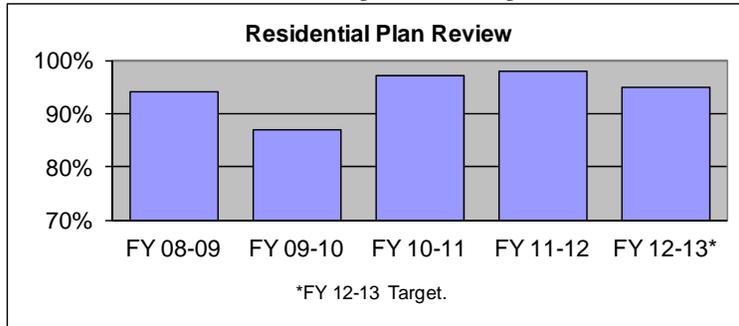
**(A) Initial plan review completed within 14 calendar days:**

- *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 target of 14 calendar days for initial review.
- *Current year performance and trends:* Goal for success rate is 90%. FY 11-12 actual rate was 98%, exceeding this target. While residential work has been focused on remodels and additions, new home permits have increased in Corvallis, and State economists suggest that there are signs of improvement in the new home construction market overall. In the meantime, it is anticipated that commercial activity will remain strong based on recent discussion with stakeholders.

<sup>1</sup> In the 2012 survey, the combined result of 'very valuable' and 'somewhat valuable' was 81%, but a more conservative target has been chosen for FY 13-14 since survey questions prior to 2012 asked to 'rate the quality' rather than 'how valuable' the services are, thus staff needs more time to evaluate the impact the new survey wording has on this performance measure.

**COMMUNITY DEVELOPMENT DEPARTMENT – PERFORMANCE INDICATORS  
(Continued)**

- *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.



Commercial work tends to be more time consuming and challenging to review. Stakeholders became 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 has been realized 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 the end of 2013.

**(B) Average review time (in days) to process a public hearing-level land use application:**

- *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 finalize a local decision.
- *Current year performance and trends:* The FY 12-13 target was to average less than 100 days to reach a final local decision on a public hearing-level land use application. Historically, the Planning Division has averaged a much shorter time span between receipt of a complete application and a final local decision. In FY 11-12, the average was 34 days.
- *Conclusions and challenges:* Given the Planning Division’s past performance in the area, maintaining the FY 13-14 target at 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.



Commercial Construction

## COMMUNITY DEVELOPMENT DEPARTMENT – PERFORMANCE INDICATORS (Continued)

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### **(C) Percentage of permits issued online:**

- *Measure definition:* This is a measure 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 exceeded targeted expectations each year. Of the 2,714 permits issued in FY 11-12, 705 or 26% were issued online, saving multiple trips to City Hall.
- *Current year performance and trends:* Current year performance is on track and may end up exceeding the FY 12-13 target which justifies increasing this target to 35% for FY 13-14. Outreach is being conducted to promote additional use, and results will be re-evaluated at the end of 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; however, no other permits are scheduled to be added at this time since the City has achieved the same availability of online permit issuance that the State has.

### **(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 affordable housing opportunities. 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 8.5 units per \$100,000 invested in FY 11-12, slightly lower than the average of the prior three years, indicating actual performance is close to target.
- *Current year performance and trends:* Current performance is below last year at this time. The Seavey Meadows 43-unit affordable housing development was completed in 2012, increasing the number of units available to low income residents. However, being a new construction project compared to one consisting solely of down payment assistance, the City's investment per unit was necessarily much higher than average.
- *Conclusions and challenges:* There was a slight decrease in the number of units assisted per \$100,000 invested during FY 11-12 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.



Housing Partners Place

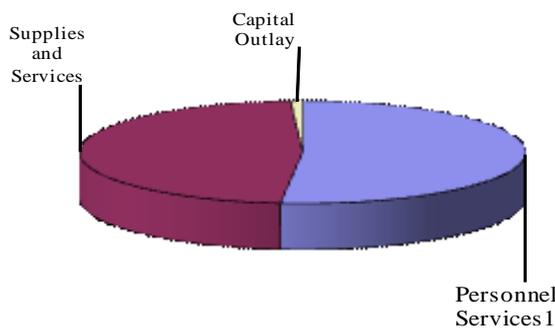
**COMMUNITY DEVELOPMENT DEPARTMENT – BUDGET SUMMARY**

<b>BUDGET BY CATEGORY:</b>	<b>ACTUAL 2010-11</b>	<b>ACTUAL 2011-12</b>	<b>BUDGET 2012-13</b>	<b>REVISED 2012-13</b>	<b>ADOPTED 2013-14</b>	<b>%CHANGE FROM 12-13 BUDGET</b>
<b>Personnel Services<sup>1</sup></b>	\$3,309,493	\$3,495,092	\$3,746,400	\$3,709,870	\$4,085,370	9.05%
<b>Supplies and Services</b>	2,467,421	1,978,538	3,822,280	1,805,050	3,764,680	-1.51%
<b>Capital Outlay</b>	0	42,786	57,960	57,960	69,000	19.05%
<b>TOTAL</b>	<b>\$5,776,915</b>	<b>\$5,516,416</b>	<b>\$7,626,640</b>	<b>\$5,572,880</b>	<b>\$7,919,050</b>	<b>3.83%</b>

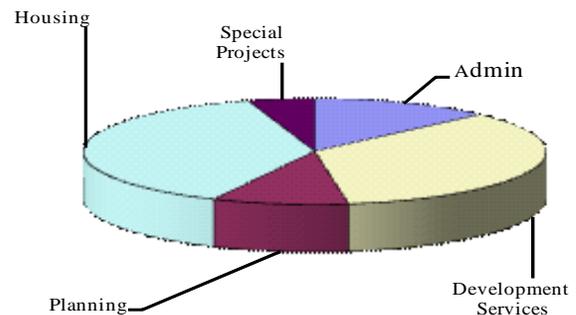
1) For FY 13-14, the Development Services Fund has added back 2.75 FTE that were authorized but unfunded for the past several years, due to the economic downturn.

**FY 13-14 ADOPTED BUDGET**

**EXPENDITURES BY CATEGORY**



**EXPENDITURES BY DIVISION**



<b>BUDGET BY DIVISION:</b>	<b>ACTUAL 2010-11</b>	<b>ACTUAL 2011-12</b>	<b>BUDGET 2012-13</b>	<b>REVISED 2012-13</b>	<b>ADOPTED 2013-14</b>	<b>%CHANGE FROM 12-13 BUDGET</b>
<b>Administrative</b>	\$979,121	\$990,565	\$1,021,350	\$1,017,660	\$1,008,480	-1.26%
<b>Development Services<sup>1</sup></b>	1,933,598	2,071,925	2,347,150	2,347,150	2,766,090	17.85%
<b>Planning</b>	789,053	748,304	769,620	759,620	750,250	-2.52%
<b>Housing</b>	2,064,649	1,535,087	3,187,260	1,198,310	3,025,860	-5.06%
<b>Special Projects</b>	10,493	170,535	301,260	250,140	368,370	22.28%
<b>TOTAL</b>	<b>\$5,776,915</b>	<b>\$5,516,416</b>	<b>\$7,626,640</b>	<b>\$5,572,880</b>	<b>\$7,919,050</b>	<b>3.83%</b>

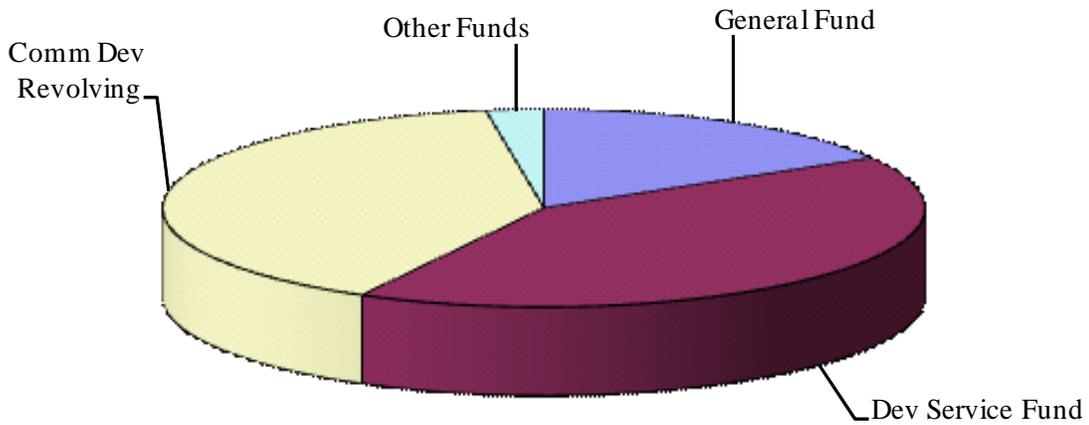
1) For FY 13-14, the Development Services Fund has added back 2.75 FTE that were authorized but unfunded for the past several years, due to the economic downturn.

**COMMUNITY DEVELOPMENT DEPARTMENT – BUDGET SUMMARY (Continued)**

<b>BUDGET BY FUND:</b>	<b>ACTUAL 2010-11</b>	<b>ACTUAL 2011-12</b>	<b>BUDGET 2012-13</b>	<b>REVISED 2012-13</b>	<b>ADOPTED 2013-14</b>	<b>%CHANGE FROM 12-13 BUDGET</b>
<b>General Fund</b>	\$1,450,222	\$1,256,557	\$1,311,410	\$1,307,350	\$1,309,840	-0.12%
<b>Street Fund</b>	18,106	17,195	21,020	21,010	22,120	5.23%
<b>Dev Service Fund<sup>1</sup></b>	1,945,554	2,416,197	2,822,700	2,762,920	3,274,050	15.99%
<b>Comm Dev Revolving</b>	2,216,117	1,675,207	3,305,250	1,315,450	3,141,770	-4.95%
<b>Parking Fund</b>	3,527	3,925	4,050	4,050	4,220	4.20%
<b>Water Fund</b>	48,327	49,156	55,770	55,720	56,850	1.94%
<b>Wastewater Fund</b>	47,237	48,196	52,770	52,740	54,640	3.54%
<b>Storm Water Fund</b>	47,825	49,984	53,670	53,640	55,560	3.52%
<b>TOTAL</b>	<b>\$5,776,915</b>	<b>\$5,516,416</b>	<b>\$7,626,640</b>	<b>\$5,572,880</b>	<b>\$7,919,050</b>	<b>3.83%</b>

1) For FY 13-14, the Development Services Fund has added back 2.75 FTE that were authorized but unfunded for the past several years, due to the economic downturn.

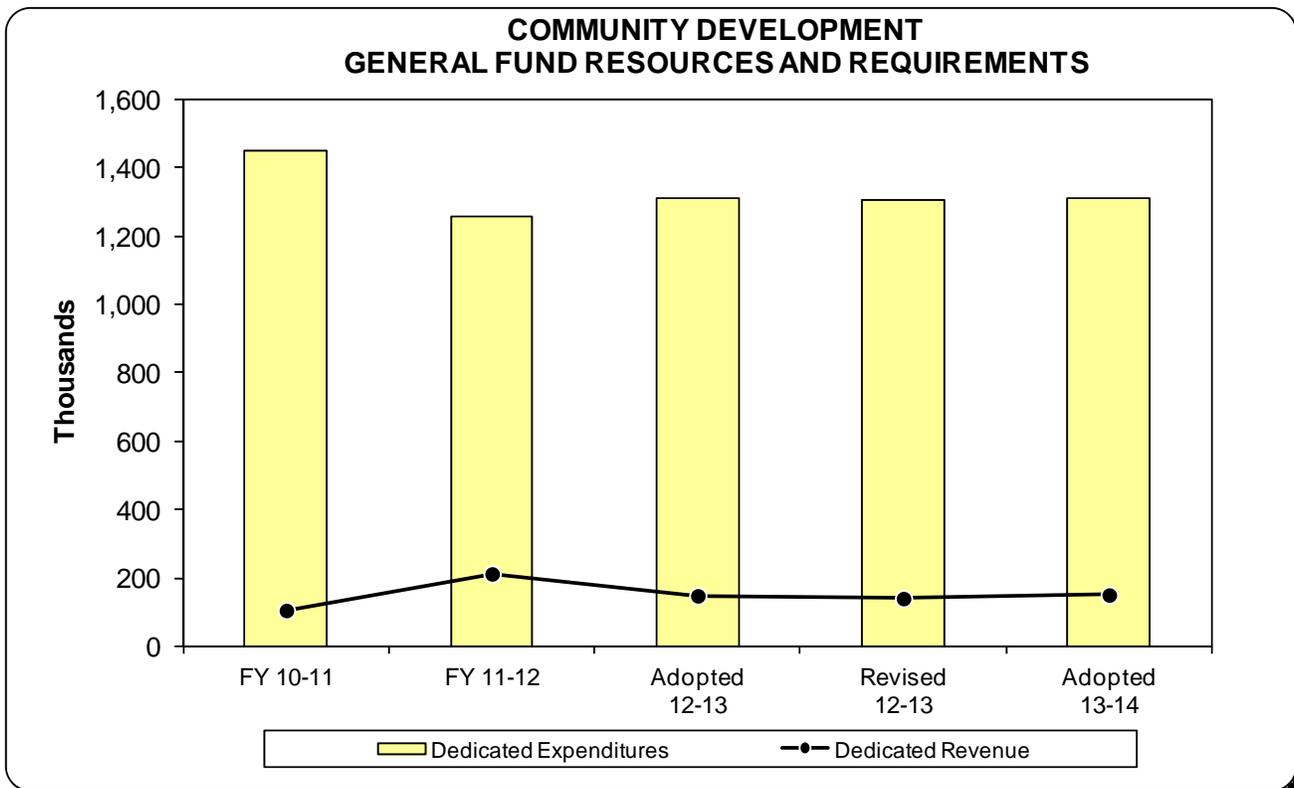
**FY 13-14 ADOPTED BUDGET  
EXPENDITURES BY FUND**



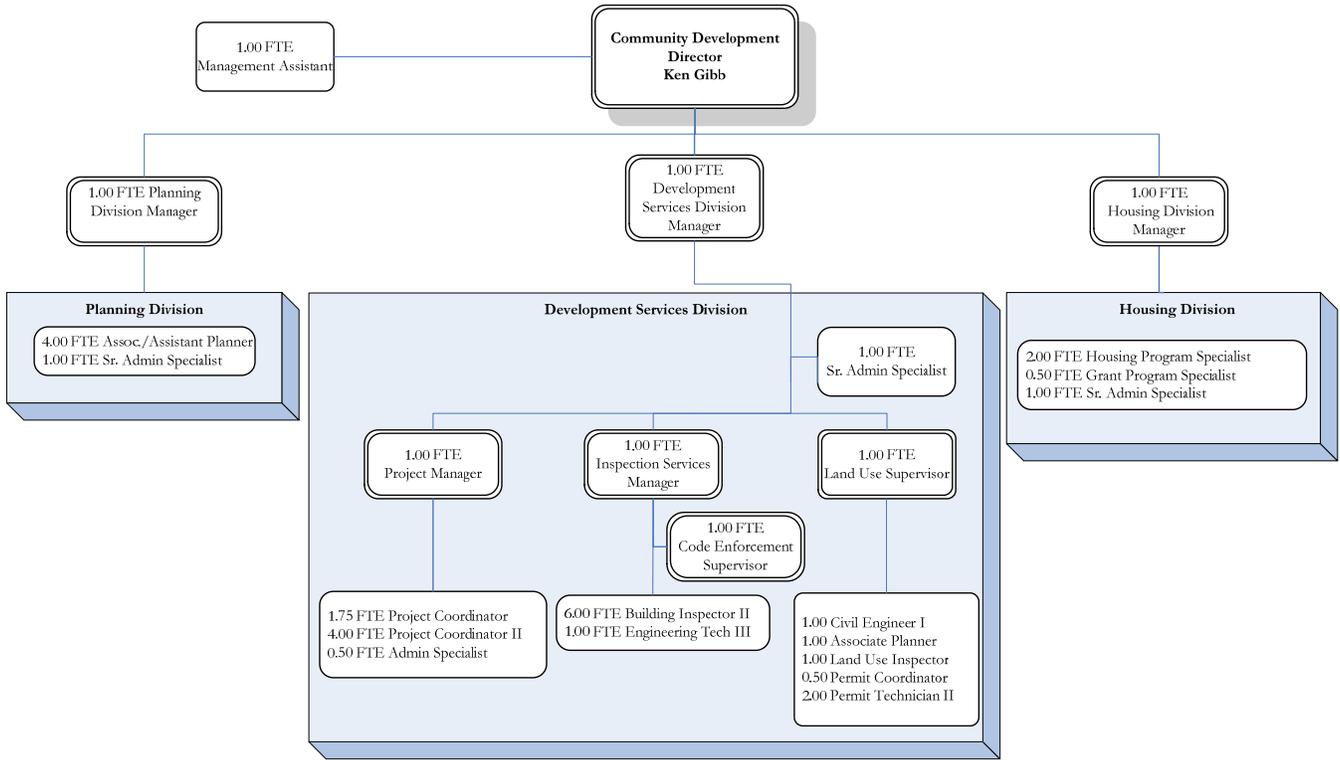
**COMMUNITY DEVELOPMENT DEPARTMENT – BUDGET SUMMARY (Continued)**

GENERAL FUND - CD*	ACTUAL 2010-11	ACTUAL 2011-12	BUDGET 2012-13	REVISED 2012-13	ADOPTED 2013-14	%CHANGE FROM 12-13 BUDGET
<b>DEDICATED REVENUE</b>						
Charges for Services	\$88,979	\$177,080	\$103,020	\$103,020	\$103,020	0.00%
Intergovernmental	8,546	5,954	10,000	5,000	8,000	-20.00%
Miscellaneous	6,120	29,620	35,500	32,500	39,860	12.28%
<b>Dedicated Revenue</b>	<b>105,645</b>	<b>212,654</b>	<b>148,520</b>	<b>140,520</b>	<b>150,880</b>	<b>1.59%</b>
<b>EXPENDITURES CLASS:</b>						
Personnel Services	1,168,319	977,526	967,320	967,320	964,150	2.58%
Supplies and Services	281,906	279,034	344,090	340,030	345,690	-5.38%
Capital Outlay	0	0	0	0	0	0.00%
<b>Dedicated Expenditures</b>	<b>1,450,225</b>	<b>1,256,560</b>	<b>1,311,410</b>	<b>1,307,350</b>	<b>1,309,840</b>	<b>0.49%</b>
<b>Use of (addition to) Non-Dedicated Revenue</b>	<b>1,344,580</b>	<b>1,043,906</b>	<b>1,162,890</b>	<b>1,166,830</b>	<b>1,158,960</b>	<b>0.35%</b>

\* For all other funds the revenues are dedicated for the services provided so they are not presented in the table above.



# COMMUNITY DEVELOPMENT DEPARTMENT ORGANIZATION CHART



Building Safety



Building Inspection

**COMMUNITY DEVELOPMENT DEPARTMENT STAFF**

Positions	Group	Monthly Salary Range (1.0 FTE)	Head Count	FY 13-14 FTE	Historical	
					FY 12-13 FTE	FY 11-12 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
Project Manager	Exempt	5,848 - 7,463	1	1.000	1.000	1.000
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
Project Leadworker <sup>2</sup>	AFSCME	5,387 - 6,875	-	0.000	1.000	0.000
Senior Planner	AFSCME	5,387 - 6,875	-	0.000	0.000	1.000
Land Use Supervisor	Exempt	5,198 - 6,634	1	1.000	1.000	1.000
Civil Engineer I	AFSCME	4,988 - 6,366	1	1.000	1.000	1.000
Project Coordinator II <sup>2</sup>	AFSCME	4,988 - 6,366	4	4.000	3.000	4.000
Associate/Assistant Planner	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	AFSCME	4,620 - 5,897	6	6.000	6.000	6.000
Management Assistant	Exempt	4,335 - 5,533	1	1.000	1.000	1.000
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
Project Coordinator <sup>2</sup>	AFSCME	4,277 - 5,458	2	1.750	0.750	1.000
Engineering Technician III <sup>2</sup>	AFSCME	3,963 - 5,058	1	1.000	1.500	1.500
Grant Program Specialist <sup>1</sup>	AFSCME	3,963 - 5,058	-	0.500	1.000	1.000
Permit Coordinator	AFSCME	3,963 - 5,058	1	0.500	0.500	0.500
Permit Technician II	AFSCME	3,676 - 4,691	2	2.000	2.000	1.000
Permit Technician	AFSCME	3,416 - 4,360	-	0.000	0.000	0.750
Senior Administrative Specialist	AFSCME	3,416 - 4,360	3	3.000	3.000	3.000
Administrative Specialist	AFSCME	2,784 - 3,554	1	0.500	0.500	0.500
<b>TOTAL</b>			<b>38</b>	<b>37.250</b>	<b>37.250</b>	<b>38.250</b>

NOTE: Salary ranges reflect FY 12-13 Class and Compensation schedules.

1. This position is authorized but unfilled and unbudgeted in FY 13-14 due to reductions in federal funding. As a result, actual anticipated head count and associated salary are lower than the authorized FTE would indicate.
2. As part of a Service Enhancement Review Fee, initiated and approved by Council in FY 10-11, the department has undergone a reorganization to optimize service provisions, and is not expected to be complete until after FY 13-14.

## FINANCE DEPARTMENT SUMMARY OF SERVICES BY DIVISION

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### **MISSION STATEMENT**

Ensuring excellence in customer service, as well as system integrity, for financial, judicial and information management.

#### **CUSTOMER SERVICES & PROPERTY RISK MANAGEMENT**

- 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
- Maintain the Finance Department website with timely, accurate information.
- 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**

- Present 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.
- Evaluate the fiscal impact of ballot initiatives and proposed legislation which may impact City operations.
- Maintain Budget Commission records, including agendas and minutes.
- Update the City Council's Financial Policies annually.
- Ensure fiscal stability through sound long-term financial planning, including capital asset management and reporting.
- 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) and facilitate quarterly Investment Council meetings.

#### **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	FY11-12 ACTUAL	FY12-13 TARGET	FY12-13 REVISED	FY13-14 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.	\$1,643	≥\$1,550	≥\$1,600	≥\$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)	5.9%	<7.0%	<6.0%	<7.0%
	Provide necessary information technology resources for departments to operate efficiently.	Achieve 100% server uptime relative to scheduled server uptime. (B)	99.96 %	100%	99.73%	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 two-to-one and document repair calls more accurately while recording multiple repair calls into a single repair call if a single incident is involved. <sup>5</sup>	1.37/1	3/1	3/1	2/1
	Increase organizational efficiency in providing service output.	Maintain operating expenditures less than or equal to \$1,490 per capita.	\$1,395	≤\$1,490	≤\$1,350	≤\$1,490
Sustainability	Reduce department wide paper consumption through increased use of electronic file sharing and software upgrades	Reduce paper purchases by 10% in FY 12/13 over actual FY 11/12 consumption with an additional 3% reduction in FY 13/14 (as measured in reams on a quarterly basis). (C)	630	548	567	550
	Reduce paper and postage costs by increasing proportion of Utility Billing customers participating in E-Bill program.	Increase number of E-Bill participants to about 13% of Utility Billing customers in FY 13/14 through increased advertisement.	1,761	1,500	1,500	2,000

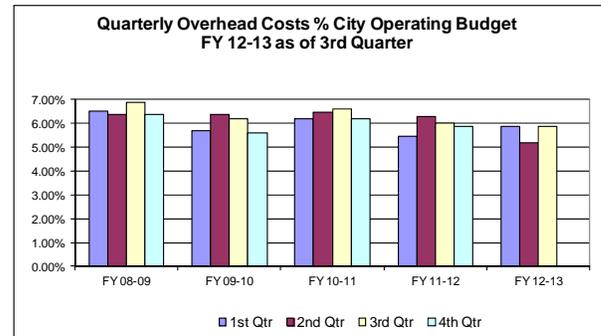
<sup>5</sup> Prior to FY 13-14, maximum ratio of service calls to repair calls was targeted at three-to-one.

## FINANCE DEPARTMENT PERFORMANCE INDICATORS (Continued)

*Select discussion of key measures:*

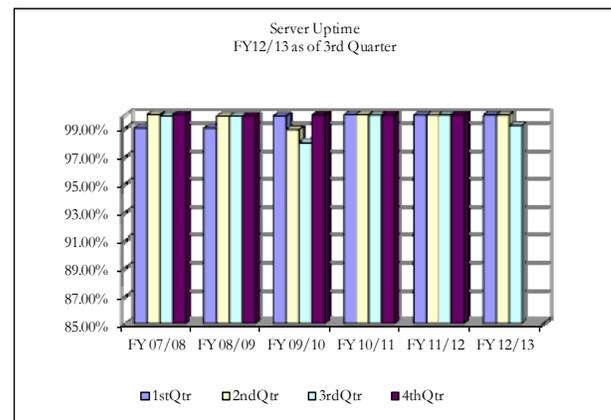
**(A) Maintain general overhead costs at less than 7% of total operating budget:**

- *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. In the last five years, total overhead costs rose slightly in FY 08/09 and again in FY 10/11. Costs declined in FY 09/10 and in FY 11/12, and are trending lower throughout FY 12/13. With continued efforts to increase efficiencies and reduce staff, overhead costs in the last two fiscal years 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:**

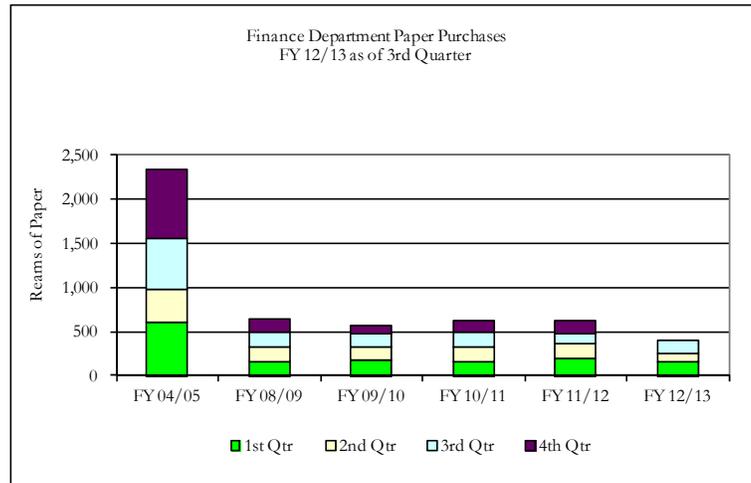
- *Measure definition:* MIS aspires to have a 100% server uptime. When maintenance requires an outage, best effort is given to have this outage occur in the off-hours for the majority of the organization. The risk of an emergency outage is mitigated through the intelligent use of redundancy, clustering 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% since initial reporting. With the additional resource of virtual servers, server uptime was near perfect in the 10 quarters preceding Q3 FY 12/13 when a catastrophic hardware failure occurred that resulted in a weekend outage spanning 64 hours. Although staff has taken measures to prevent, as well as reduce, the impact to the organization if similar incidents were to re-occur in the future, with equipment getting older and cost cutting measures across the City, there is expected to be an impact to overhead costs for server replacement in the near future.
- *Conclusions and challenges:* Budgets must balance the need for 100% server uptime relative to economic feasibility. In recognition of this situation, 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.



## FINANCE DEPARTMENT PERFORMANCE INDICATORS (Continued)

### (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. The Finance department began tracking paper consumption in FY 04/05, with 2,341 reams of paper purchased. In FY 05/06 (base year), paper consumption decreased 35% (1,790 reams) 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 650 reams in FY 08/09, a 64% reduction over the base year. Staff continued to implement new technologies, such as online archiving, and more efficient procedures. As a result, paper consumption decreased to 568 reams in FY 09/10. However, in FY 10/11 and FY 11/12 paper consumption increased unexpectedly to a high of 630 reams due to in-house printing of documents that were formerly outsourced. Staff is determined to reduce current FY 12/13 consumption to 567 reams, a 10% reduction over FY 11/12. Staff's goal for FY 13/14 is 550 reams, as a reasonable, stable level until the next wave of technology or other efficiencies can be derived.



However, in FY 10/11 and FY 11/12 paper consumption increased unexpectedly to a high of 630 reams due to in-house printing of documents that were formerly outsourced. Staff is determined to reduce current FY 12/13 consumption to 567 reams, a 10% reduction over FY 11/12. Staff's goal for FY 13/14 is 550 reams, as a reasonable, stable level until the next wave of technology or other efficiencies can be derived.

- *Current year performance and trends:* Reductions in paper consumption from previous years continues to be significant with current year consumption running well under 600 reams. It appears the decrease in paper use is stabilizing and further reductions may be more difficult, if not impossible to achieve based on archival needs alone.
- *Conclusions and Challenges:* The Finance department typically uses more paper than many other departments due to the nature of the financial work and the necessary documentation required for audit purposes. Occasionally archival needs may also cause a spike in use of paper if a budget-related election requires offline documenting or reporting. The Finance department has had 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 processes that enable use of less paper. This may include the purchases of additional software and use of new technologies, where fiscally prudent, to meet the goal. Future reductions will continue to be proposed but likely at smaller increments, given the eventual attainment of a minimum threshold of paper use from a practical standpoint.



Municipal Court



Treasury



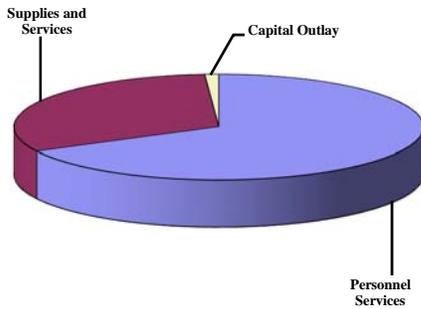
CAFR & Adopted Budget Documents

## FINANCE DEPARTMENT – BUDGET SUMMARY

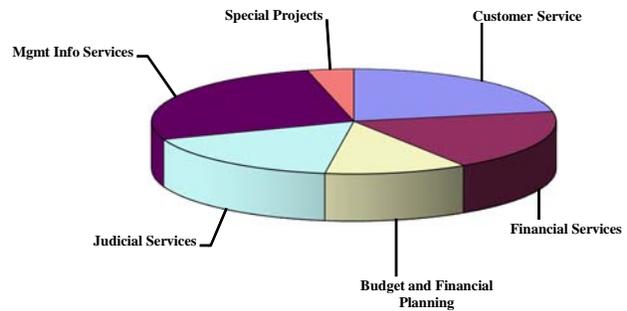
BUDGET BY CATEGORY:	ACTUAL 2010-11	ACTUAL 2011-12	BUDGET 2012-13	REVISED 2012-13	ADOPTED 2013-14	%CHANGE FROM 12-13 BUDGET
Personnel Services	\$3,325,766	\$3,380,350	\$3,225,780	\$3,243,740	\$3,370,860	4.50%
Supplies and Services	1,267,250	1,395,598	1,449,430	1,457,030	1,579,200	8.95%
Capital Outlay	54,970	96,539	115,000	55,000	55,000	-52.17%
<b>TOTAL</b>	<b>\$4,647,986</b>	<b>\$4,872,487</b>	<b>\$4,790,210</b>	<b>\$4,755,770</b>	<b>\$5,005,060</b>	<b>4.49%</b>

### FY 13-14 ADOPTED BUDGET

EXPENDITURES BY CATEGORY



EXPENDITURES BY DIVISION



BUDGET BY DIVISION:	ACTUAL 2010-11	ACTUAL 2011-12	BUDGET 2012-13	REVISED 2012-13	ADOPTED 2013-14	%CHANGE FROM 12-13 BUDGET
Customer Service	\$1,023,829	\$1,015,319	\$1,062,500	\$1,074,510	\$1,101,960	3.71%
Financial Services	970,940	978,430	883,720	878,130	945,830	7.03%
Budget and Financial Planning	517,356	536,167	540,530	534,110	569,340	5.33%
Judicial Services	688,430	787,361	845,160	810,720	854,290	1.08%
Mgmt Info Services	1,398,968	1,394,167	1,338,300	1,336,210	1,347,940	0.72%
Special Projects	48,462	161,043	120,000	122,090	185,700	54.75%
<b>TOTAL</b>	<b>\$4,647,986</b>	<b>\$4,872,487</b>	<b>\$4,790,210</b>	<b>\$4,755,770</b>	<b>\$5,005,060</b>	<b>4.49%</b>



Finance Divisions



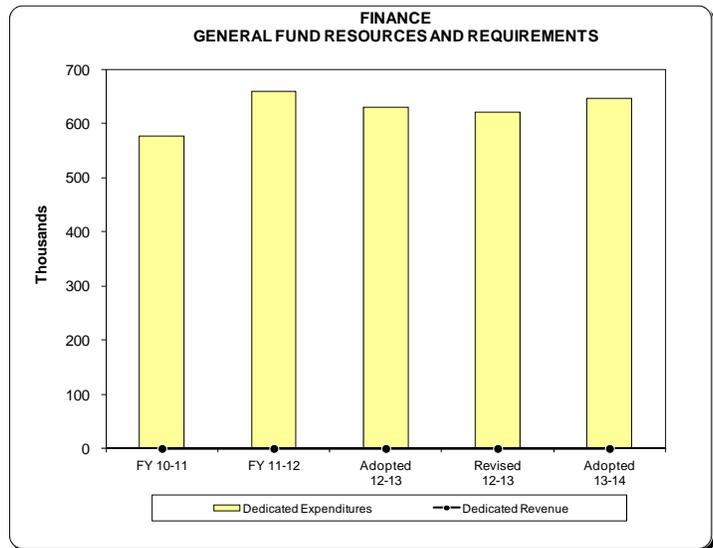
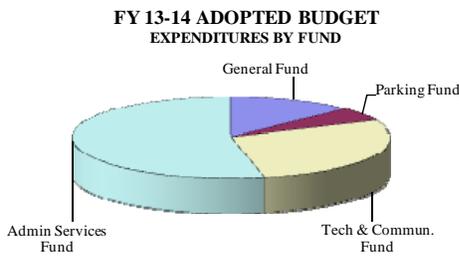
MIS Team



Customer Services - Utility Billing and Administration

**FINANCE DEPARTMENT – BUDGET SUMMARY (Continued)**

<b>BUDGET BY FUND:</b>	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>BUDGET</b>	<b>REVISED</b>	<b>ADOPTED</b>	<b>%CHANGE</b>
	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2012-13</b>	<b>2013-14</b>	<b>FROM 12-13 BUDGET</b>
<b>General Fund</b>	\$576,401	\$659,182	\$629,740	\$621,470	\$646,770	2.70%
<b>Parking Fund</b>	112,029	128,179	215,420	189,250	273,220	26.83%
<b>Tech &amp; Commun. Fund</b>	1,426,463	1,531,455	1,443,300	1,443,300	1,417,940	-1.76%
<b>Admin Services Fund</b>	2,533,092	2,553,671	2,501,750	2,501,750	2,667,130	6.61%
<b>TOTAL</b>	\$4,647,986	\$4,872,487	\$4,790,210	\$4,755,770	\$5,005,060	4.49%

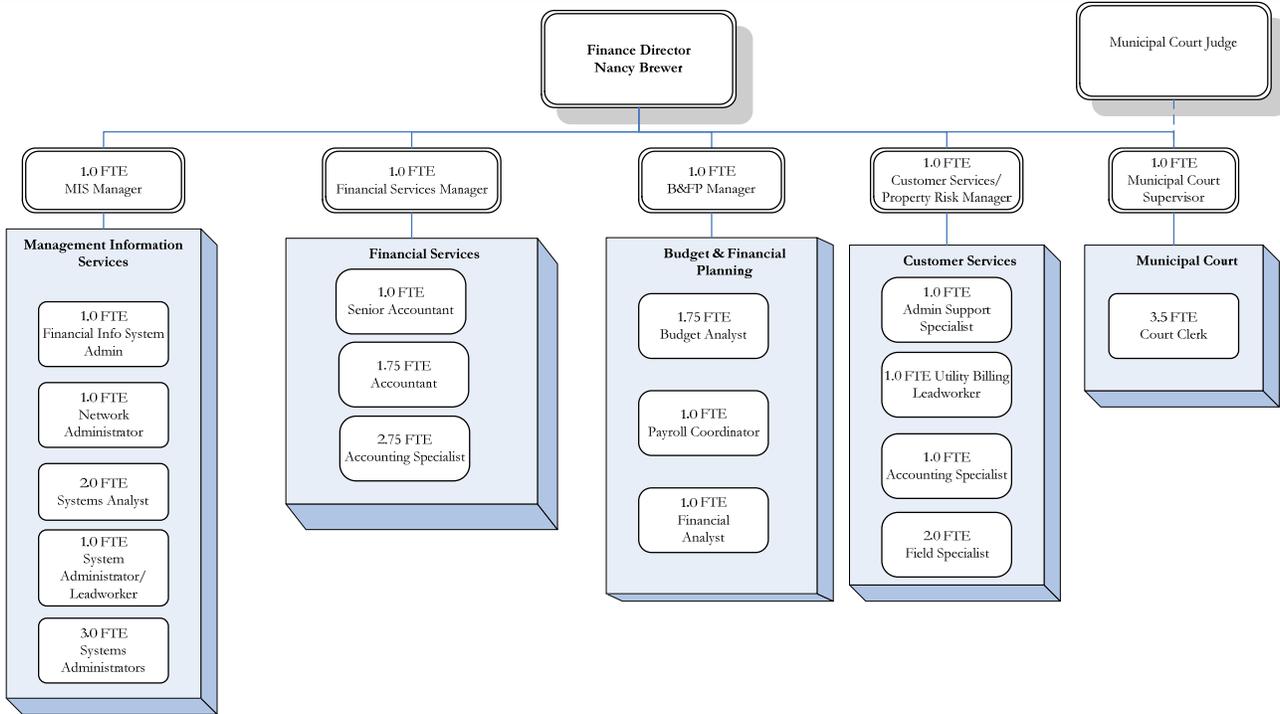


<b>GENERAL FUND - FINANCE*</b>	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>BUDGET</b>	<b>REVISED</b>	<b>ADOPTED</b>	<b>%CHANGE</b>
<b>DEDICATED REVENUE</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2012-13</b>	<b>2013-14</b>	<b>FROM 12-13 BUDGET</b>
<b>Charges for Services</b>	\$136	\$105	\$200	\$200	\$200	0.00%
<b>Dedicated Revenue</b>	136	105	200	200	200	0.00%
<b>EXPENDITURES CLASS:</b>						
<b>Personnel Services</b>	352,761	403,584	329,880	334,230	329,330	2.09%
<b>Supplies and Services</b>	223,640	255,597	299,860	287,240	317,440	5.86%
<b>Capital Outlay</b>	0	0	0	0	0	0.00%
<b>Dedicated Expenditures</b>	576,401	659,181	629,740	621,470	646,770	3.89%
<b>Use of (addition to) Non-Dedicated Revenue</b>	576,265	659,076	629,540	621,270	646,570	3.89%

\* For all other funds the revenues are dedicated for the services provided so they are not presented in the table above.

\* Although Fine & Forfeiture revenue is recorded in Finance, this revenue has been shown in the Police Department table since the revenue is generated by Police department personnel.

## FINANCE DEPARTMENT ORGANIZATION CHART



### FINANCE DEPARTMENT STAFF

Positions	Group	Monthly Salary Range (1.0 FTE)	Head Count	FY 13-14 FTE	Historical	
					FY 12-13 FTE	FY 11-12 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	AFSCME	4,620 - 5,897	3	3.000	3.000	4.000
Accountant <sup>1</sup>	AFSCME	3,963 - 5,058	2	1.750	2.000	2.000
Court Supervisor	Exempt	3,959 - 5,053	1	1.000	1.000	1.000
Budget Analyst	Exempt	3,959 - 5,053	2	1.750	1.750	2.000
Treasury Analyst	AFSCME	3,676 - 4,691	-	0.000	0.000	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
Payroll Coordinator	Exempt	3,302 - 4,214	1	1.000	1.000	1.000
Court Clerk	AFSCME	3,048 - 3,890	4	3.500	3.500	4.000
Accounting Specialist <sup>1</sup>	AFSCME	2,784 - 3,554	4	3.750	3.500	3.750
Administrative Specialist <sup>2</sup>	AFSCME	2,784 - 3,554	1	1.000	1.000	1.000
<b>TOTAL</b>			<b>33</b>	<b>31.750</b>	<b>31.750</b>	<b>34.750</b>

NOTE: Salary ranges reflect FY 12-13 Class and Compensation schedules.

1. For cost savings and to improve on efficiencies of reduced staffing levels, a reorganization during FY 12-13 resulted in 0.25 FTE being re-classed from an Accountant to an Accounting Specialist position.
2. The 1.0 FTE Administrative Specialist is being under-filled at 0.75 FTE.

## 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: Historically, the Fire Department operated in the Fire and Rescue Fund. As of FY 13-14, Fire operates in the General Fund. Work plan goals and accomplishments linked to the service activities above are provided in this funds' 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 11-12 ACTUAL	FY 12-13 TARGET	FY 12-13 REVISED	FY 13-14 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 70%.	Percentage of total fire calls with a response time of 5 minutes or less from dispatch to arrival within city limits. (A)	63.0%	70.0 %	70.0 %	>70.0%
	Achieve a response time of 5 minutes or less from dispatch to arrival of ALS equipment of Code 3 EMS calls within the city limits, greater than the 45% ASA contract target.	Percentage of EMS calls requiring ALS with response time of 5 minutes or less from dispatch to arrival within city limits.	57.0%	60.0 %	60.0 %	60.0%
	Maintain false alarm rate due to system malfunction at or below the 34% level reported by NFPA.	False alarms due to system malfunction as a percentage of total non-EMS incidents.	11.68%	<38 %	34 %	<34%
Community Involvement	Interact with at least 10% of residents (city and rural district) in public education events annually.	Percentage of citizens attending public education events.	11.5%	10%	10%	≥10%
Sustainability	Maintain average loss per capita within city & district limits less than regional average of \$35.50.	Maintain average loss per capita within city & district limits less than national average. (B)	\$8.39	< \$32.50	\$32.50	<\$35.50
	Maintain the number of reported residential structure fires within the city limits at less than the national average of 70 for similar-sized communities.	Residential structure fires within city limits. (C)	30	< 89	70	<70

**Select discussion of key measures above:**

**(A) Achieve a response time of five minutes or less from dispatch to arrival on more than 70% 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. The standards proposed by the National Fire Protection Association (NFPA) prescribe an 80% target; however, a majority of fire departments fall short of this threshold.
- *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 has been working with the CAD vendor to implement a solution which would automate time stamping for calls. Testing of the hardware has commenced, and if successful, will be installed on the medic units by end of FY 12-13.

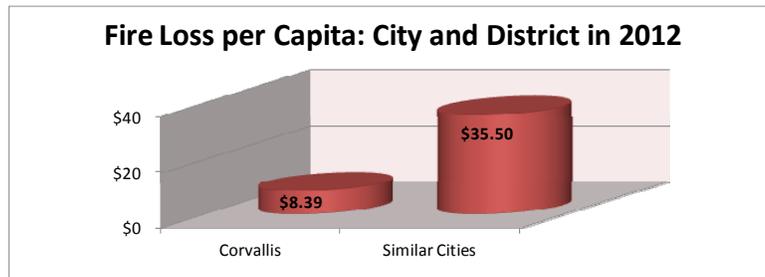
## FIRE DEPARTMENT PERFORMANCE INDICATORS (Continued)

- *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) Maintain average loss per capita within city & district limits less than regional average of \$35.50:**

- *Measure definition:* This is essentially a measure of the Fire Department's effectiveness in controlling fires that do occur.

- *Evaluation of results:* This measure typically yields excellent results but is subject to spikes for reasons that are beyond the Department's control (such as when fires are not reported to 911 until the building is already fully involved), resulting in large-loss fires. It should be noted that Corvallis is extremely fortunate to have experienced no fire deaths in more than 22 years.



- *Current year performance and trends:* Corvallis' current year performance is excellent ending at \$8.01 per capita. While year-to-year spikes can be experienced (as noted above), the long-term trend is expected to continue to show highly favorable results.

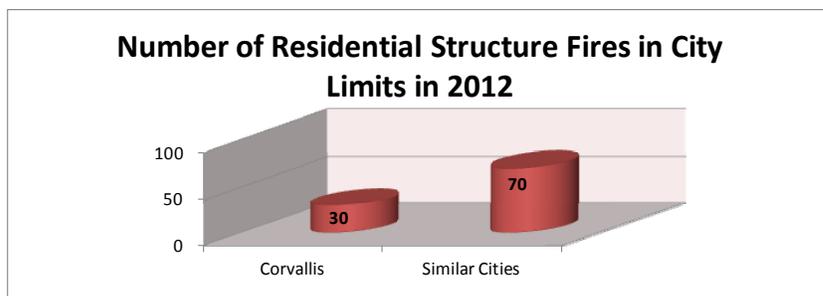
- *Conclusions and challenges:* Fire station closures increase response times in certain areas of the city. The speed and accuracy of the dispatch process, adverse weather conditions, and the failure of systems or citizens to report fires quickly can also impact this measure. The Department strives to utilize technology and education to minimize these impacts.

**(C) Maintain the number of reported residential structure fires within the city limits less than the national average of 70 for similar-sized cities:**

- *Measure definition:* This is a measure of the frequency of residential structure fires, and 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; it is also a measure of the effectiveness of a department's fire prevention efforts.

- *Evaluation of results:* Traditionally results have been better than the National Average and the target, implying Corvallis' fire prevention efforts are more effective on average.

- *Current year performance and trends:* City's citizens value the fire prevention organization, as demonstrated by consistently high ratings in the annual Citizen Attitude surveys. Prevention Program efforts are complemented by an educated and relatively affluent population with the means to address many problems in the home.



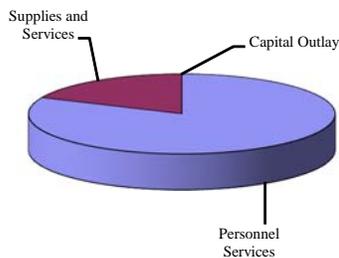
- *Conclusions and challenges:* Corvallis is fortunate to have an involved, proactive fire prevention organization. The major challenges faced in this area are in OSU campus housing and street design / clearance issues.

## FIRE DEPARTMENT – BUDGET SUMMARY

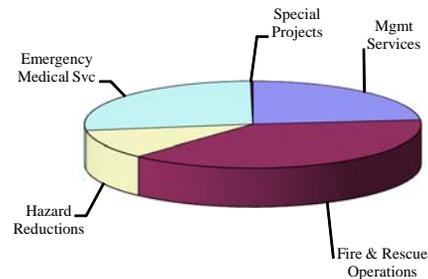
<b>BUDGET BY CATEGORY:</b>	<b>ACTUAL 2010-11</b>	<b>ACTUAL 2011-12</b>	<b>BUDGET 2012-13</b>	<b>REVISED 2012-13</b>	<b>ADOPTED 2013-14</b>	<b>%CHANGE FROM 12-13 BUDGET</b>
Personnel Services	\$8,317,499	\$8,660,125	\$8,577,900	\$8,463,070	\$8,558,690	-0.22%
Supplies and Services	1,895,667	1,802,356	1,856,820	1,833,510	1,927,270	3.79%
Capital Outlay	199,989	552,776	15,000	15,000	0	-100.00%
<b>TOTAL</b>	<b>\$10,413,154</b>	<b>\$11,015,257</b>	<b>\$10,449,720</b>	<b>\$10,311,580</b>	<b>\$10,485,960</b>	<b>0.35%</b>

### FY 13-14 ADOPTED BUDGET

**EXPENDITURES BY CATEGORY**



**EXPENDITURES BY DIVISION**

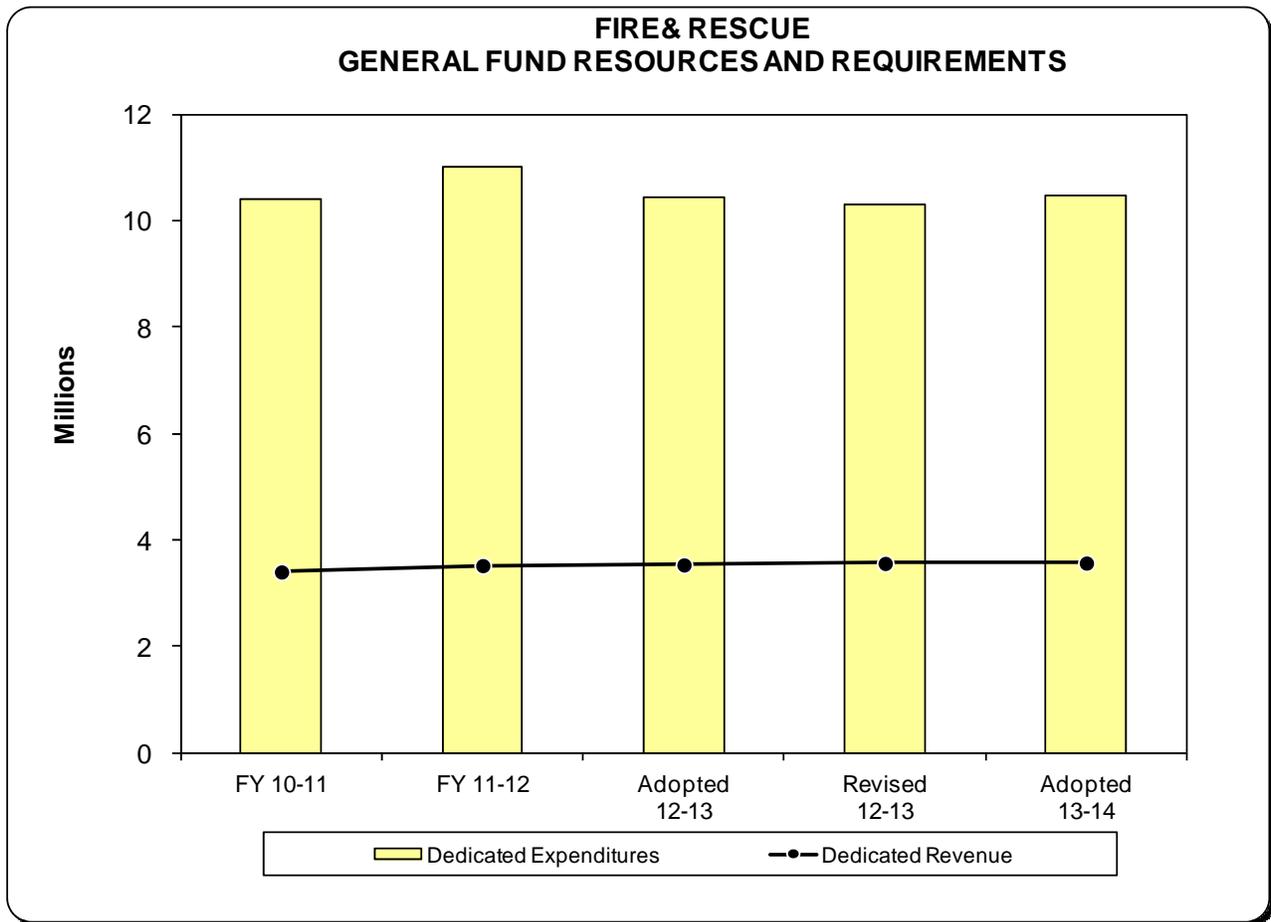


<b>BUDGET BY DIVISION:</b>	<b>ACTUAL 2010-11</b>	<b>ACTUAL 2011-12</b>	<b>BUDGET 2012-13</b>	<b>REVISED 2012-13</b>	<b>ADOPTED 2013-14</b>	<b>%CHANGE FROM 12-13 BUDGET</b>
Management Services	\$2,457,179	\$2,523,175	\$2,516,990	\$2,491,760	\$2,455,470	-2.44%
Fire & Rescue Operations	3,872,307	4,025,889	4,025,040	3,972,470	4,030,710	0.14%
Hazard Reduction	1,067,033	1,119,945	1,115,040	1,100,190	1,135,310	1.82%
Emergency Medical Svc	2,711,763	2,764,708	2,755,840	2,726,240	2,841,230	3.10%
Special Projects	304,872	581,539	36,810	20,920	23,240	-36.86%
<b>TOTAL</b>	<b>\$10,413,154</b>	<b>\$11,015,257</b>	<b>\$10,449,720</b>	<b>\$10,311,580</b>	<b>\$10,485,960</b>	<b>0.35%</b>

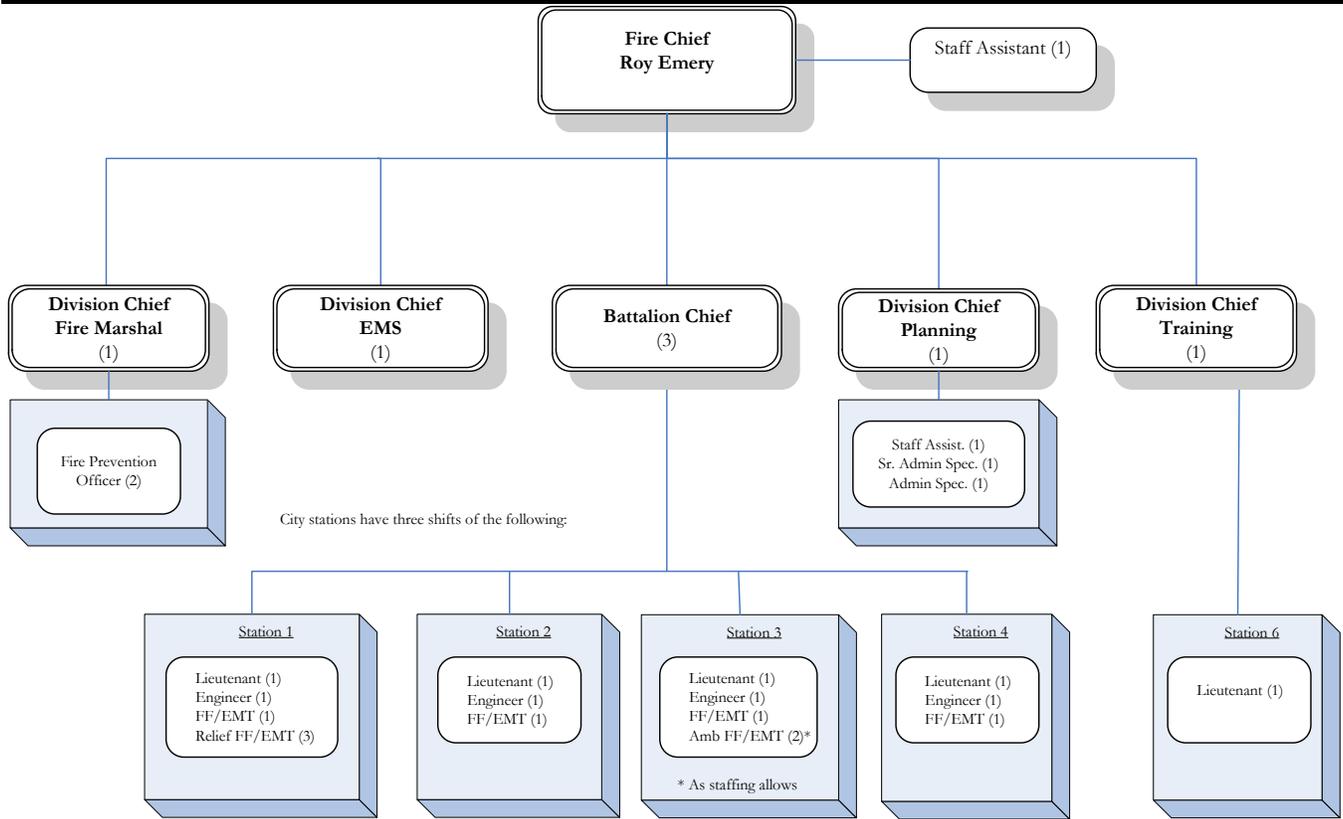
<b>BUDGET BY FUND:</b>	<b>ACTUAL 2010-11</b>	<b>ACTUAL 2011-12</b>	<b>BUDGET 2012-13</b>	<b>REVISED 2012-13</b>	<b>ADOPTED 2013-14</b>	<b>%CHANGE FROM 12-13 BUDGET</b>
Fire and Rescue Fund	\$10,413,154	\$11,015,257	\$10,449,720	\$10,311,580	\$0	N/A
General Fund	0	0	0	0	10,485,960	N/A
<b>TOTAL</b>	<b>\$10,413,154</b>	<b>\$11,015,257</b>	<b>\$10,449,720</b>	<b>\$10,311,580</b>	<b>\$10,485,960</b>	<b>0.35%</b>

**FIRE DEPARTMENT – BUDGET SUMMARY (Continued)**

GENERAL FUND - FIRE DEDICATED REVENUE	ACTUAL	ACTUAL	BUDGET	REVISED	ADOPTED	%CHANGE
	2010-11	2011-12	2012-13	2012-13	2013-14	FROM 12-13 BUDGET
License, Fees & Permits	\$21,162	\$22,544	\$18,640	\$19,190	\$20,800	11.59%
Charges for Services	3,271,141	3,392,735	3,473,230	3,463,680	3,511,310	1.10%
Intergovernmental	37,562	85,863	37,700	43,760	10,340	-72.57%
Fines & Forfeitures	17,223	12,310	8,950	11,300	11,380	27.15%
Miscellaneous	61,132	14,029	2,260	30,820	21,600	855.75%
<b>Dedicated Revenue</b>	<b>3,408,220</b>	<b>3,527,481</b>	<b>3,540,780</b>	<b>3,568,750</b>	<b>3,575,430</b>	<b>0.98%</b>
<b>EXPENDITURES CLASS:</b>						
Personnel Services	8,317,500	8,660,128	8,577,900	8,463,070	8,558,690	2.39%
Supplies and Services	1,895,667	1,802,354	1,856,820	1,833,510	1,927,270	3.79%
Capital Outlay	199,989	552,776	15,000	15,000	0	-100.00%
<b>Dedicated Expenditures</b>	<b>10,413,156</b>	<b>11,015,258</b>	<b>10,449,720</b>	<b>10,311,580</b>	<b>10,485,960</b>	<b>2.49%</b>
<b>Use of (addition to) Non-Dedicated Revenue</b>	<b>7,004,936</b>	<b>7,487,777</b>	<b>6,908,940</b>	<b>6,742,830</b>	<b>6,910,530</b>	<b>3.27%</b>



## FIRE DEPARTMENT ORGANIZATION CHART



### FIRE DEPARTMENT STAFF

Positions	Group	Monthly Salary		Head Count	FY 13-14 FTE	Historical	
		Range (1.0 FTE)				FY 12-13 FTE	FY 11-12 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 <sup>2</sup>	IAFF	5,038 - 7,210		13	13.000	13.000	16.000
Fire Prevention Officer	IAFF	4,975 - 6,502		2	2.000	2.000	2.000
Fire Engineer <sup>1,2</sup>	IAFF	4,665 - 6,677		12	12.000	12.000	13.000
Firefighter - Emergency Medical Technician (EMT) <sup>1,2</sup>	IAFF	4,339 - 6,209		27	27.000	27.000	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
<b>TOTAL</b>				<b>66</b>	<b>66.000</b>	<b>66.000</b>	<b>69.000</b>

NOTE: Salary ranges reflect FY 12-13 Class and Compensation schedules.

- 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 13-14, the budgeted amounts are as presented. The maximum number possible of engineers is 12.
- 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

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### 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.
- Manage 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.



Volunteer Appreciation

### 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.



Beaver Fair Booth

Note: Historically the Library Department has operated in the Library and Davidson Funds. As of FY13-14, the Library operates in the General Fund and Davidson Fund. Work plan goals and accomplishments linked to the service activities above are provided in these funds' sections.

## LIBRARY DEPARTMENT PERFORMANCE INDICATORS

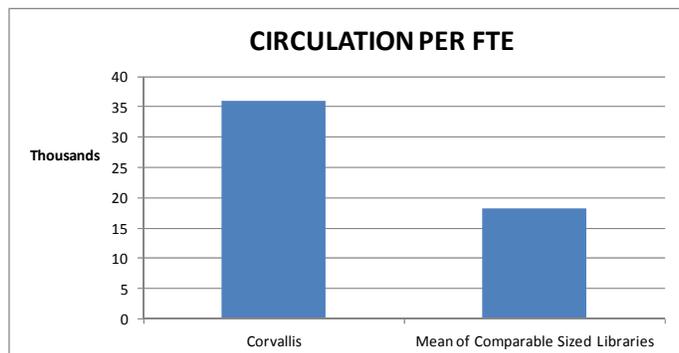
Council Values	Management Goals & Objectives <sup>1</sup>	Performance Measures	FY11-12 ACTUAL	FY12-13 TARGET	FY12-13 REVISED	FY13-14 TARGET
Cost Efficiency	Be below national average total operating expenditures per item circulated: <\$4.05	Total operating expenditures per item circulated	New	New	New	\$3.60
	Circulate more per FTE than national average of comparable libraries:>18,206	Circulation per FTE. (A)	37,953	37,000	38,000	40,500
Community Involvement	Achieve a rating of excellent or good from at least 90% of annual survey responses.	Citizen rating of overall library services. (B)	93%	90%	96%	90%
	Achieve above national average circulation rate per capita: >10.9	Circulation rates per capita.	19.33	19.0	19.0	19.0
	Encourage and provide opportunities for citizen involvement with library services.	Number of volunteer hours worked <sup>2</sup>	17,141	New	16,100	17,000
Sustainability	Encourage remote usage of online services. Increase by 1% annually.	Number of remote users <sup>2</sup>	748,648	New	761,000	768,000
	Achieve above national average use of materials in the collection: >3.39 turnover rate	Circulation turnover rate of items in the collection. <sup>2</sup>	4.70	New	4.72	4.82
	Provide the materials people want to use and keep them moving through the community exceeding the national average of 18.62.	Circulation per registered borrower. (C)	33.58	32.0	33.0	33.0
Diversity	Offer programs reflecting the diverse populations within Benton County.	Total number of programs and attendees. <sup>2</sup>	1,319/ 37,148	New	1,500/ 43,000	1,300/ 37,000

- Using 2011 Public Library Data Service Statistical Report: Libraries serving population of 50,000-99,999.
- Although a new Performance Measure for the FY 13-14 budget document, this is a measure that has historically been tracked for other purposes.

*Select discussion of key measures above: (note that graphs below use the same base comparators)*

### (A) Circulation per FTE:

- Measure definition:** Number of items checked out from the library divided by the number of full-time equivalent employees (FTE) at the library. This gives an idea of workload and staff efficiency as compared to other libraries.
- Evaluation of results:** The chart compares Corvallis with the average circulation per FTE for libraries nationwide in the population group of 50,000-99,999 as compiled in the 2011 Public Library Data Service Statistical Report. The Corvallis-Benton County Public Library is significantly above average in efficient delivery of services.



## LIBRARY DEPARTMENT PERFORMANCE INDICATORS (Continued)

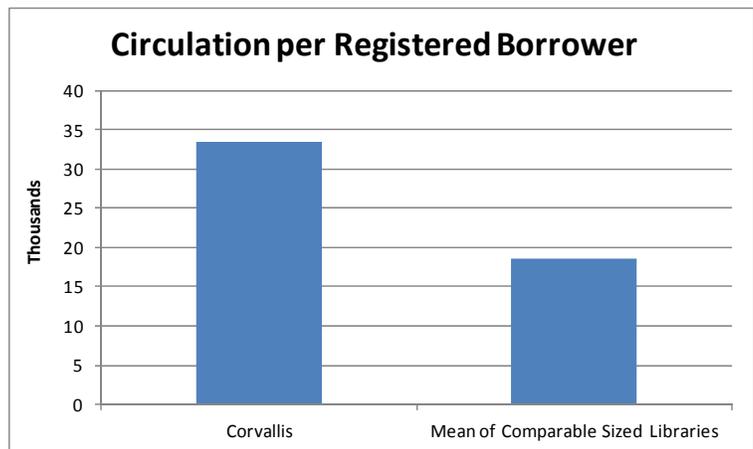
- *Current year performance and trends:* Circulation has remained high with an estimated 1,696,800 items expected to be checked out in FY 12-13. This will be an increase of about 1% over last year. The decrease of 2.625 FTE in FY 12-13 due to budget reductions also impacted this measure. Corvallis citizens have always been big library users and this is expected to continue. Ongoing budget challenges may continue to reduce the number of staff to handle the demand.
- *Conclusions and Challenges:* Staff continues to meet the challenges of high demand for library services that is nearly twice the national average. Circulation is expected to remain steady or increase slightly. Staffing is not expected to increase in the current budget climate. Library staff will continue to meet the challenges by redesigning workflows to improve efficiency, adding more self check out machines where appropriate, and by using volunteers extensively. The goal continues to be to find better ways of meeting demands for materials and services within current staffing levels.

### (B) Citizen rating of overall library services:

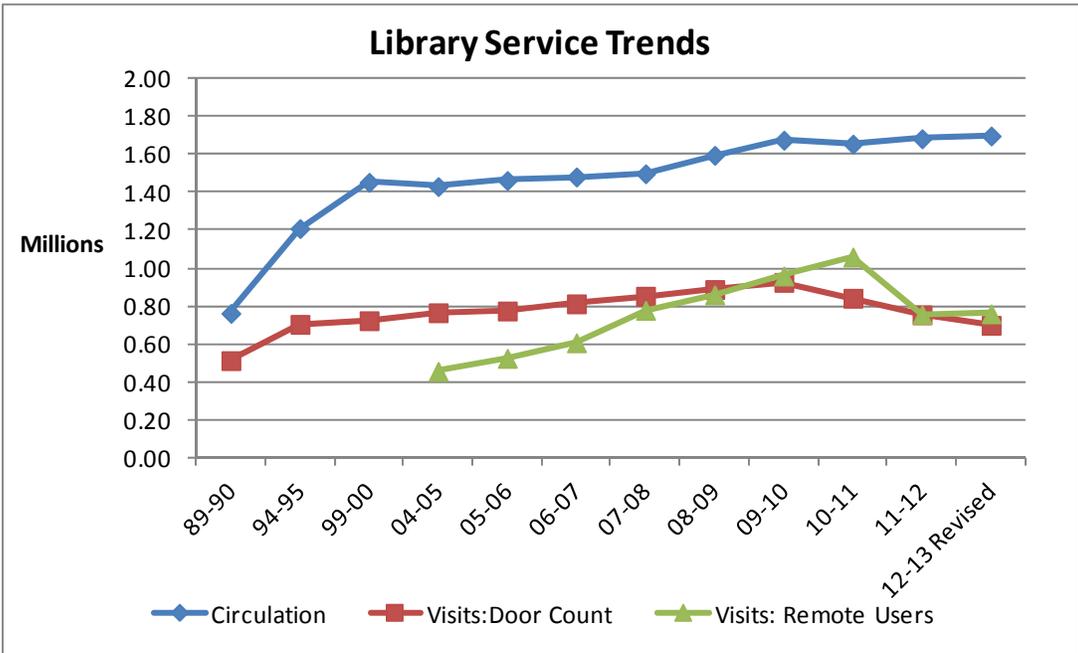
- *Measure definition:* The percentage of residents who give the library a “good” or “excellent” rating in the annual citizen attitude survey.
- *Evaluation of results:* The Library continues to be viewed positively by survey respondents. “Good” and “Excellent” ratings increased by three percentage points in the 2012 survey.
- *Current year performance and trends:* Budget and staffing reductions in FY 12-13 forced a decrease in programs and some hands on services. However, the public gave the Library even more positive ratings than last year.
- *Conclusions and Challenges:* The Library continues to be highly valued by Corvallis citizens. The Library constantly strives to meet library users' expectations for excellent services. However, continued budget reductions will make that more difficult and may eventually result in less positive ratings on future surveys.

### (C) Circulation per Registered Borrower:

- *Measure definition:* The number of items circulated (checked out) annually divided by the number of registered library card holders, compared to libraries nation-wide in the population category of 50,000-99,999. This measure provides an idea of how well Library staff meets the Council value of sustainability by providing materials that can be used and shared by the community.
- *Evaluation of results:* Using 2011 Public Library Data Service Statistical Report data, Corvallis is well above the national average in the number of items users check out each year. The collection is made up of a variety of materials that patrons want to check out.
- *Current year performance and trends:* Circulation is expected to increase by about 1% in FY 12-13. The number of library card holders averages about 50,500 at any given time. If these trends hold steady, this measure will continue to remain strong over time, and the target will continue to be achieved.
- *Conclusions and Challenges:* Currently, the Library’s collection of materials seems to meet demand in terms of number of items and types of materials offered. The public uses the Library very heavily and values its collection, as per the Citizen Survey. However, the budget for materials has been cut by about 28% since FY 09-10 and hard choices have been made about the number and types of materials that are purchased. The concern is that damaged or outdated materials cannot be replaced quickly and that fewer of the more sought-after items can be purchased to meet demand. This measure will be monitored in that regard to see how the overall use of the collection is affected in the future. The Library plans to continue its efforts to find the most cost-efficient way to provide an excellent collection.



**LIBRARY DEPARTMENT PERFORMANCE INDICATORS (Continued)**



Library Staff Picks Table

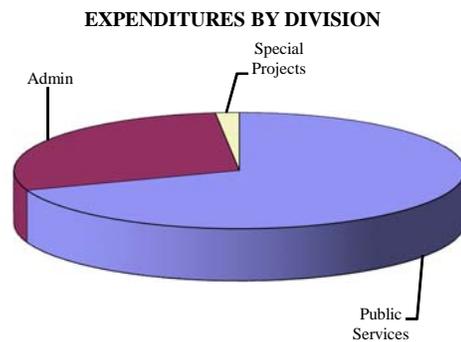
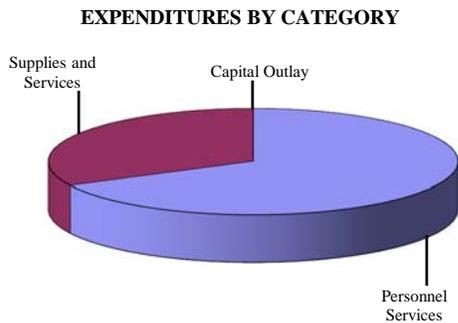


Dancers

## LIBRARY DEPARTMENT BUDGET SUMMARY

<b>BUDGET BY CATEGORY:</b>	<b>ACTUAL 2010-11</b>	<b>ACTUAL 2011-12</b>	<b>BUDGET 2012-13</b>	<b>REVISED 2012-13</b>	<b>ADOPTED 2013-14</b>	<b>%CHANGE FROM 12-13 BUDGET</b>
Personnel Services	\$3,770,588	\$3,853,066	\$4,038,890	\$3,993,890	\$3,968,080	-1.75%
Supplies and Services	2,051,392	2,014,863	1,998,120	2,010,980	1,910,070	-4.41%
Capital Outlay	85,604	33,542	17,000	0	0	-100.00%
<b>TOTAL</b>	<b>\$5,907,584</b>	<b>\$5,901,472</b>	<b>\$6,054,010</b>	<b>\$6,004,870</b>	<b>\$5,878,150</b>	<b>-2.90%</b>

### FY 13-14 ADOPTED BUDGET

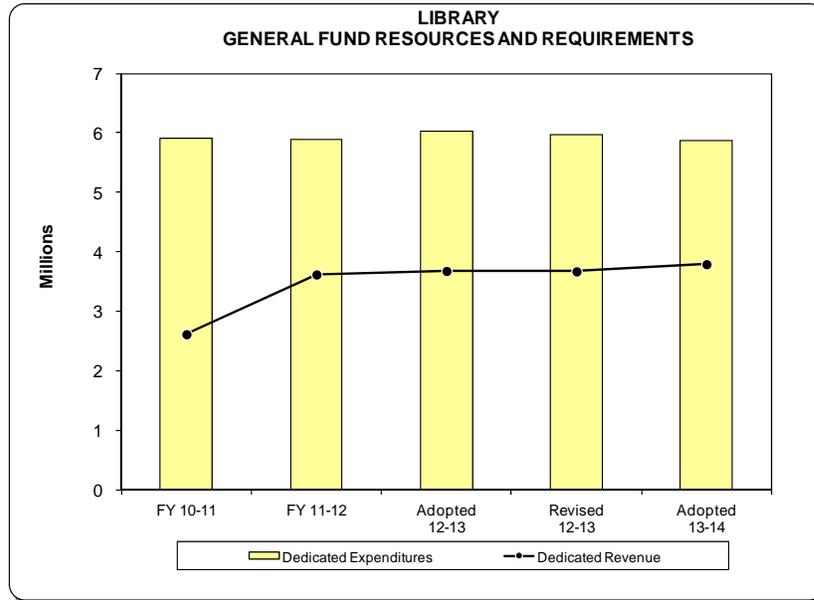


<b>BUDGET BY DIVISION:</b>	<b>ACTUAL 2010-11</b>	<b>ACTUAL 2011-12</b>	<b>BUDGET 2012-13</b>	<b>REVISED 2012-13</b>	<b>ADOPTED 2013-14</b>	<b>%CHANGE FROM 12-13 BUDGET</b>
Public Services	\$3,979,980	\$4,070,268	\$4,212,650	\$4,173,650	\$4,082,600	-3.09%
Administration	1,727,550	1,693,661	1,705,360	1,699,060	1,695,050	-0.60%
Special Projects	200,053	137,543	136,000	132,160	100,500	-26.10%
<b>TOTAL</b>	<b>\$5,907,584</b>	<b>\$5,901,472</b>	<b>\$6,054,010</b>	<b>\$6,004,870</b>	<b>\$5,878,150</b>	<b>-2.90%</b>

<b>BUDGET BY FUND:</b>	<b>ACTUAL 2010-11</b>	<b>ACTUAL 2011-12</b>	<b>BUDGET 2012-13</b>	<b>REVISED 2012-13</b>	<b>ADOPTED 2013-14</b>	<b>%CHANGE FROM 12-13 BUDGET</b>
Library Fund	\$5,907,437	\$5,901,472	\$6,023,510	\$5,974,370	\$0	N/A
Library Improvement Fund	0	0	30,000	30,000	0	N/A
General Fund	0	0	0	0	5,878,150	N/A
Davidson Fund	147	0	500	500	0	-100.00%
<b>TOTAL</b>	<b>\$5,907,584</b>	<b>\$5,901,472</b>	<b>\$6,054,010</b>	<b>\$6,004,870</b>	<b>\$5,878,150</b>	<b>-2.90%</b>

## LIBRARY DEPARTMENT BUDGET SUMMARY (Continued)

GENERAL FUND - LIBRARY	ACTUAL	ACTUAL	BUDGET	REVISED	ADOPTED	%CHANGE
DEDICATED REVENUE	2010-11	2011-12	2012-13	2012-13	2013-14	FROM 12-13 BUDGET
Charges for Services	\$43,340	\$41,192	\$43,420	\$41,920	\$42,000	-3.27%
Intergovernmental	2,407,275	2,499,769	2,451,370	2,461,890	2,516,250	2.65%
Fines & Forfeitures	94,207	98,868	104,800	102,000	102,000	-2.67%
Miscellaneous	73,652	62,677	72,700	69,600	87,400	-7.29%
2011 Operating Levy	0	920,252	1,009,360	999,540	1,048,210	3.85%
<b>Dedicated Revenue</b>	<b>2,618,474</b>	<b>3,622,758</b>	<b>3,681,650</b>	<b>3,674,950</b>	<b>3,795,860</b>	<b>2.56%</b>
<b>EXPENDITURES CLASS:</b>						
Personnel Services	3,770,592	3,853,070	4,038,890	3,993,890	3,968,080	1.02%
Supplies and Services	2,051,245	2,014,863	1,967,620	1,980,480	1,910,070	-3.94%
Capital Outlay	85,604	33,542	17,000	0	0	-100.00%
<b>Dedicated Expenditures</b>	<b>5,907,441</b>	<b>5,901,475</b>	<b>6,023,510</b>	<b>5,974,370</b>	<b>5,878,150</b>	<b>-0.89%</b>
<b>Use of (addition to) Non-Dedicated Revenue</b>	<b>3,288,967</b>	<b>2,278,717</b>	<b>2,341,860</b>	<b>2,299,420</b>	<b>2,082,290</b>	<b>-6.30%</b>



Philomath Community Library Visitor

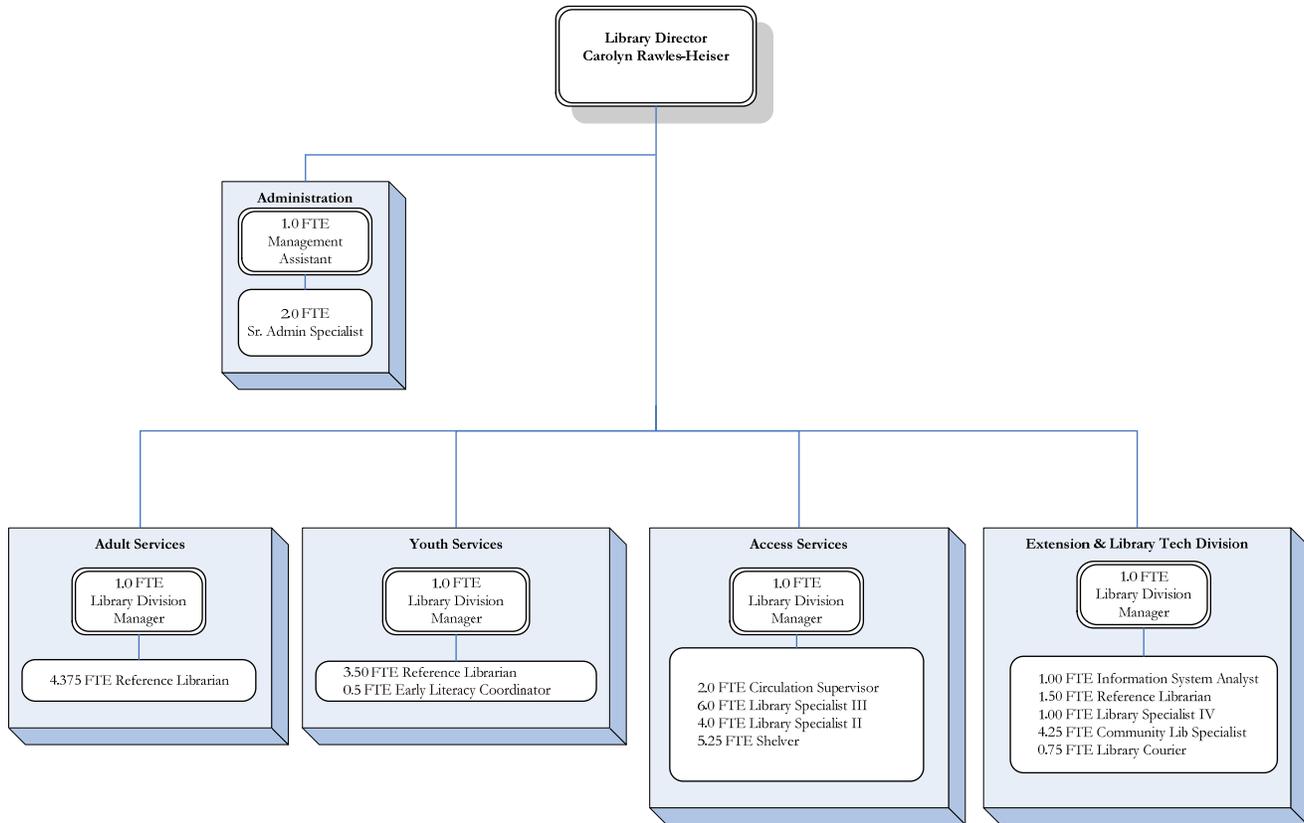


Bookmobile



Alsea Community Library Holiday Season

## LIBRARY DEPARTMENT ORGANIZATION CHART



### LIBRARY DEPARTMENT STAFF

Positions	Group	Monthly Salary		Head Count	FY 13-14 FTE	Historical	
		Range (1.0 FTE)				FY 12-13 FTE	FY 11-12 FTE
Library Director	Exempt	7,554 - 9,641		1	1.000	1.000	1.000
Library Division Manager	Exempt	5,848 - 7,463		4	4.000	4.000	3.000
Lead Librarian	AFSCME	4,988 - 6,366		-	0.000	0.000	0.625
Supervising Librarian	Exempt	4,747 - 6,058		-	0.000	0.000	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 <sup>1</sup>	AFSCME	4,620 - 5,897		11	9.375	10.000	10.500
Access Services Librarian	AFSCME	4,620 - 5,897		-	0.000	0.000	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	AFSCME	3,676 - 4,691		6	4.250	4.250	3.000
Sr. Administrative Specialist - AFSCME	AFSCME	3,416 - 4,360		2	2.000	2.000	2.000
Library Specialist III	AFSCME	3,416 - 4,360		6	6.000	6.000	7.000
Library Specialist II <sup>2</sup>	AFSCME	3,048 - 3,890		7	4.000	4.750	4.750
Library Courier <sup>2</sup>	AFSCME	2,444 - 3,120		1	0.750	0.000	0.000
Shelver	AFSCME	2,048 - 2,614		10	5.250	5.250	6.000
<b>TOTAL</b>				<b>54</b>	<b>42.125</b>	<b>42.750</b>	<b>45.375</b>

NOTE: Salary ranges reflect FY 12-13 Class and Compensation schedules.

1. Reductions for FY 13-14 to support achieving a sustainable budget for the General Fund.
2. Reclassified .75 FTE Library Specialist II to Library Courier.

## 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	ADMINISTRATION	RECREATION
<ul style="list-style-type: none"> <li>• 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.</li> <li>• Enhance community appearance through the maintenance of street islands and beautification areas.</li> <li>• Ensure the health and vitality of the urban forest by managing insects and disease, removal of hazard trees, and organizing neighborhood planting projects.</li> <li>• Support community-wide events, such as DaVinci Days, Fall Festival, Red, White and Blue Festival and Farmers Market.</li> <li>• Provide volunteer opportunities for youth and adults within the parks system including tree planting, trail building, natural area restoration and invasive species removal.</li> <li>• Connect youth to the outdoors through the Youth Park Corps Program.</li> <li>• Encourage environmental stewardship and preservation by coordinating agricultural leases, invasive plant species removal and wetland/habitat restoration and improvement activities.</li> </ul>	<ul style="list-style-type: none"> <li>• Provide centralized information about Parks and Recreation opportunities in the community.</li> <li>• Provide administrative services for recreation programs and facilities including registration, reservations and permits.</li> <li>• Prepare and monitor departmental budget and financial reporting; maintain business plan.</li> <li>• Process and monitor accounts payable/receivables and personnel data to include: payroll entry, casual labor, new hires and terminations, and personnel actions.</li> <li>• Prepare, track and process contracts, agreements, Council documents, Department policies and procedures, and correspondence.</li> <li>• Provide administrative services to special task forces, boards and commissions and Capital Improvement Program (CIP) projects.</li> <li>• Develop &amp; implement system-wide Capital Improvement Projects.</li> <li>• Provide department leadership.</li> </ul>	<ul style="list-style-type: none"> <li>• Provide health, life long learning and socialization programs and services for older adults and rental facilities at Chintimini Senior Center.</li> <li>• Provide a variety of recreational activities including classes, outdoor recreation and sports that encourage healthy lifestyles.</li> <li>• Provide volunteer, community service, and service learning opportunities for youth and adults.</li> <li>• Provide improved fitness, water safety and education programs for all ages at the Osborn Aquatic Center.</li> <li>• Support community art, culture, and garden activities, including Majestic Theatre, Arts Center and Corvallis Environmental Center.</li> <li>• Help build social capital and generate community engagement by coordinating volunteer activities.</li> <li>• Maximize service delivery, reduce duplication, lower costs and meet growing community needs by facilitating a variety of community partnerships.</li> <li>• Publish Parks and Recreation Activity Guides to market community recreational opportunities.</li> </ul>



Lacrosse

Note: Historically, the Parks and Recreation Department has operated in the Parks and Recreation Fund. As of FY 13-14, Parks and Recreation operates in the General Fund. Work plan goals and accomplishment linked to the service activities above are provided in that fund's sections.

## PARKS AND RECREATION DEPARTMENT PERFORMANCE INDICATORS

COUNCIL VALUES	Management Goals & Objectives	Performance Measure	FY11-12 ACTUAL	FY12-13 TARGET	FY12-13 REVISED	FY13-14 TARGET
Community Involvement	Provide multiple opportunities for public involvement.	Total number of hours of Board, Commissions and Stakeholder, and Public meetings.	127	100 hours	80 hours	80 hours
Diversity	Continue to design recreation programs to be inclusive, creating an opportunity for the diverse community to come together.	Number of programs offered annually and the number of registrations. (A)	2,859/ 96,917	1,820 / 43,000	1,820 / 96,000	1,820 / 100,000
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)	24,322 (11.7 FTE)	27,500 (13 FTE)	27,500 (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	90%	90%	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	100%	100%	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	200%	200%	200%
Sustainability	Increase the utilization percentage of granted scholarships.	Percent of total scholarship value expended. <sup>6</sup>	32%	38%	38%	45%
	Maintain or improve the ratio of acres per population of comparator cities.	Total park acres per 1,000 population. <sup>7</sup> (C)	31.9	31.85	31.49	31.49
	Increase environmental awareness of the community with distinctive open space & natural features, protected habitats, parks & outdoor recreation.	Maintain or improve the percentage of households using the city parks, trails and open spaces.	New	New	88%	89%

<sup>6</sup> Scholarships (Family Assistance) are tracked by calendar year and are designed for families at or below federal poverty guidelines; the percentage shown represents the amount of scholarship dollars utilized vs. awarded, while staying within budget authority. Note, the percentage is based on the calendar year of the first of the two years (i.e. FY 11-12 shows the totals for 2011 calendar year).

<sup>7</sup> FY 12-13 revised is based on acres vs. deeds and thus results in current acres of 1,733.6 compared to a revised population of 55,055, per PSU population report from December 2012.

## PARKS AND RECREATION DEPARTMENT PERFORMANCE INDICATORS (Continued)

*Select discussion of key measures:*

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

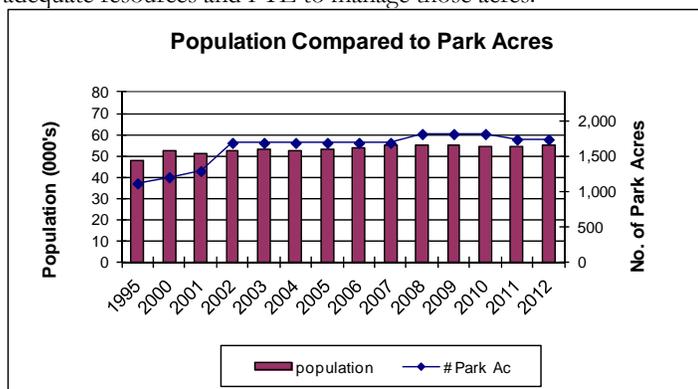
- *Measure definition:* Staff collects registration data on each program. This data is summarized monthly.
- *Evaluation of results:* Recreation staff strives to offer programs that attract the diverse community, considering a variety of geographic locations, accessibility, and affordability that improves resident well-being, community livability and public safety.
- *Current year performance and trends:* Although not clearly visible in higher registration numbers shown, which did not include OAC statistics for the FY 12-13 target, but some classes show decreased participant registrations resulting in some classes not reaching required minimums necessary to meet Cost Recovery. As such, the targeted number of programs have been left at a lower number than achieved in FY 11-12 since only programs meeting cost recovery criteria will be offered.
- *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:**

- *Measure definition:* Volunteer hours are tracked at all sites and are reported and compiled monthly. Dividing volunteer hours by 2080 for an equivalent FTE demonstrates the departmental impact.
- *Evaluation of results:* Parks and Recreation volunteer base is an integral component of sustaining the core services of this department. Staff continues to provide new opportunities for volunteers to feel involved and contribute to operations in each division.
- *Current year performance and trends:* While volunteer hours are approximately 35% of the total hours worked, the department must balance the higher percentage being achieved with program needs and 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:**

- *Measure definition:* Total acres (1,733.6) divided by population in 1,000's, as reported in the deed records, totaled 31.49 acres for the Department based on the 2012 population figure of 55,055.
- *Evaluation of results:* Corvallis is highly rated by citizens for maintaining a high number of acres per thousand of 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 2012 Citizen's Attitude Survey, 88% of those surveyed had visited a City park at least once in the last year and 98% rated them as good or excellent. Compared to five other Oregon cities with similar sized population, Corvallis ranks in the middle with number of park acres per 1,000 population.
- *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.

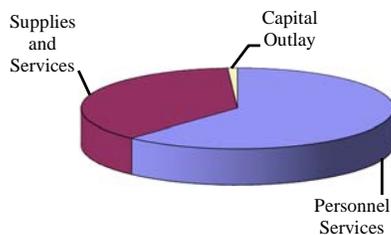


## PARKS AND RECREATION DEPARTMENT – BUDGET SUMMARY

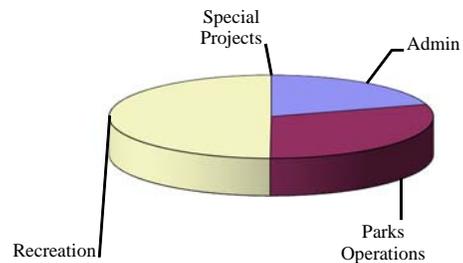
BUDGET BY CATEGORY:	ACTUAL	ACTUAL	BUDGET	REVISED	ADOPTED	%CHANGE
	2010-11	2011-12	2012-13	2012-13	2013-14	FROM 12-13 BUDGET
Personnel Services	\$3,466,019	\$3,621,636	\$3,656,870	\$3,639,870	\$3,808,700	4.15%
Supplies and Services	1,954,658	2,050,827	2,247,200	2,194,660	2,293,610	2.07%
Capital Outlay	20,590	11,351	24,060	24,060	61,920	157.36%
<b>TOTAL</b>	<b>\$5,441,267</b>	<b>\$5,683,815</b>	<b>\$5,928,130</b>	<b>\$5,858,590</b>	<b>\$6,164,230</b>	<b>3.98%</b>

### FY 13-14 ADOPTED BUDGET

EXPENDITURES BY CATEGORY



EXPENDITURES BY DIVISION



BUDGET BY DIVISION:	ACTUAL	ACTUAL	BUDGET	REVISED	ADOPTED	%CHANGE
	2010-11	2011-12	2012-13	2012-13	2013-14	FROM 12-13 BUDGET
Administration	\$1,157,120	\$1,248,010	\$1,245,550	\$1,202,640	\$1,160,330	-6.84%
Parks Operations	1,605,169	1,528,378	1,627,070	1,587,070	1,709,680	5.08%
Recreation	2,567,614	2,742,572	2,749,560	2,725,850	2,857,380	3.92%
Special Projects	111,364	164,855	305,950	343,030	436,840	42.78%
<b>TOTAL</b>	<b>\$5,441,267</b>	<b>\$5,683,815</b>	<b>\$5,928,130</b>	<b>\$5,858,590</b>	<b>\$6,164,230</b>	<b>3.98%</b>

BUDGET BY FUND:	ACTUAL	ACTUAL	BUDGET	REVISED	ADOPTED	%CHANGE
	2010-11	2011-12	2012-13	2012-13	2013-14	FROM 12-13 BUDGET
Parks & Recreation Fund	\$4,123,959	\$4,230,612	\$4,444,300	\$4,349,720	\$0	N/A
P&R Aquatics Funds	1,317,309	1,453,203	1,483,830	1,508,870	0	N/A
General Fund	0	0	0	0	6,164,230	N/A



Ballroom Dancing



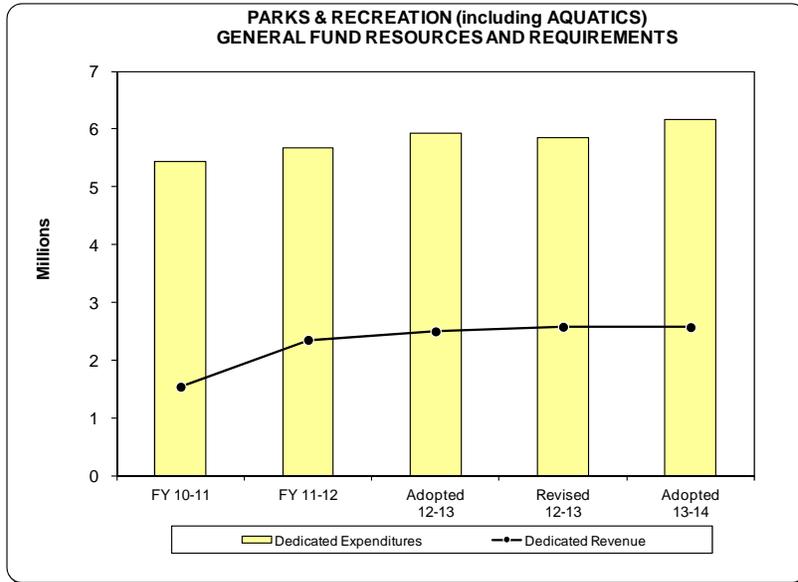
Riverfront Park



Avery Park Train

**PARKS AND RECREATION DEPARTMENT – BUDGET SUMMARY (Continued)**

GENERAL FUND - PARKS & REC	ACTUAL 2010-11	ACTUAL 2011-12	BUDGET 2012-13	REVISED 2012-13	ADOPTED 2013-14	%CHANGE FROM 12-13 BUDGET
<b>DEDICATED REVENUE</b>						
License, Fees & Permits	\$85,200	\$139,679	\$141,300	\$141,300	141,300	0.00%
Charges for Services	1,360,074	1,370,920	1,531,140	1,464,000	1,562,810	2.07%
Intergovernmental	7,400	11,800	7,400	5,770	7,400	0.00%
Fines & Forfeitures	89	467	250	250	250	0.00%
Miscellaneous	91,267	111,382	72,810	231,450	110,110	37.08%
2011 Operating Levy	0	720,400	749,150	738,440	753,020	0.52%
<b>Dedicated Revenue</b>	<b>1,544,030</b>	<b>2,354,648</b>	<b>2,502,050</b>	<b>2,581,210</b>	<b>2,574,890</b>	<b>2.50%</b>
<b>EXPENDITURES CLASS:</b>						
Personnel Services	3,466,017	3,621,641	3,656,870	3,639,870	3,808,700	6.55%
Supplies and Services	1,954,656	2,050,825	2,247,200	2,194,660	2,293,610	0.89%
Capital Outlay	20,590	11,351	24,060	24,060	61,920	157.36%
<b>Dedicated Expenditures</b>	<b>5,441,263</b>	<b>5,683,817</b>	<b>5,928,130</b>	<b>5,858,590</b>	<b>6,164,230</b>	<b>5.02%</b>
 Use of (addition to) Non-Dedicated Revenue	 3,897,233	 3,329,169	 3,426,080	 3,277,380	 3,589,340	 6.86%



Herbert Slew

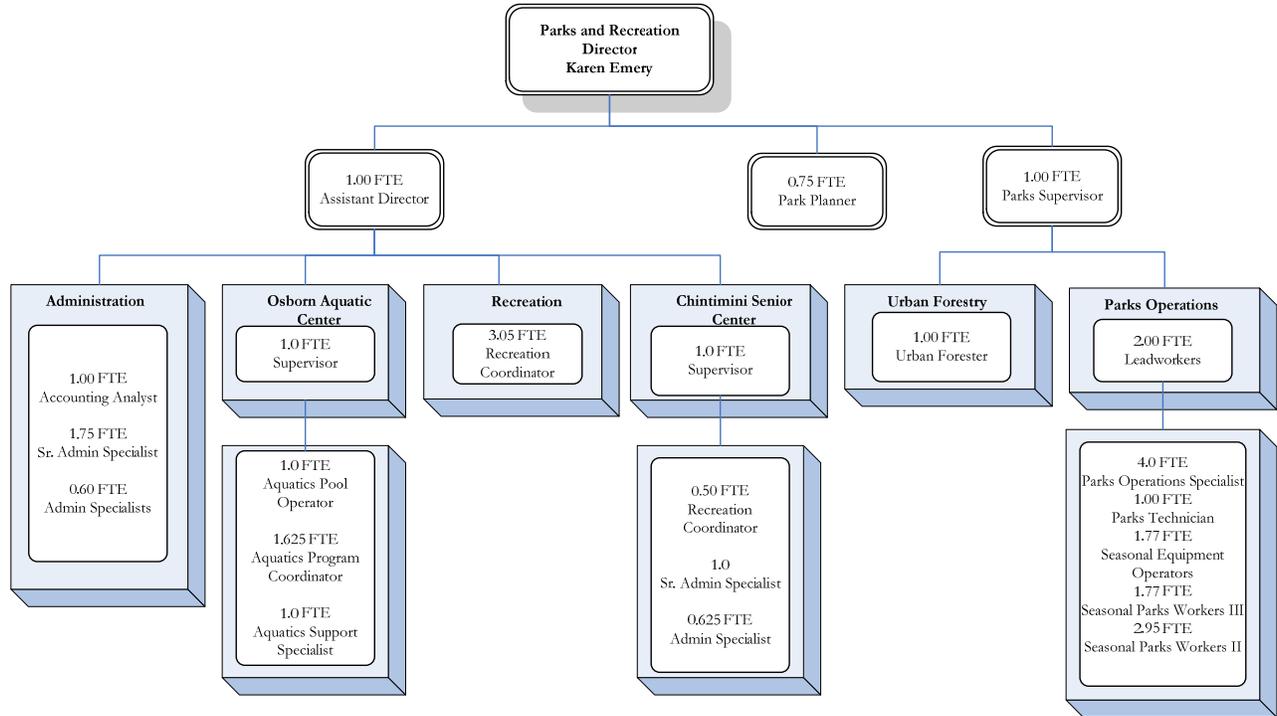


Chalk it Up!



Central Park

## PARKS AND RECREATION DEPARTMENT ORGANIZATION CHART



### PARKS AND RECREATION DEPARTMENT STAFF

Positions	Group	Monthly Salary Range (1.0 FTE)	Head Count	FY 13-14 FTE	Historical	
					FY 12-13 FTE	FY 11-12 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 <sup>2</sup>	AFSCME	4,620 - 5,897	1	0.750	0.500	0.500
Parks Maintenance Leadworker	AFSCME	4,620 - 5,897	2	2.000	2.000	2.000
Management Assistant <sup>1,2</sup>	Exempt	4,335 - 5,533	-	0.000	1.000	1.000
Park Operations Specialist	AFSCME	4,277 - 5,458	4	4.000	4.000	4.500
Recreation Coordinator	AFSCME	4,277 - 5,458	5	3.550	3.550	3.800
Aquatics Program Coordinator <sup>3</sup>	AFSCME	4,277 - 5,458	2	1.625	1.625	1.625
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 <sup>2</sup>	AFSCME	3,416 - 4,360	3	2.750	1.750	1.500
Administrative Specialist <sup>1,2</sup>	AFSCME	2,784 - 3,554	2	1.225	2.600	2.850
Seasonal Parks Equipment Operator	AFSCME	2,784 - 3,554	3	1.770	1.770	2.010
Seasonal Parks Worker III	AFSCME	2,444 - 3,120	3	1.770	1.770	2.010
Seasonal Parks Worker II <sup>1</sup>	AFSCME	2,302 - 2,938	5	2.950	3.530	4.020
<b>TOTAL</b>			<b>40</b>	<b>32.390</b>	<b>34.095</b>	<b>35.815</b>

NOTE: Salary ranges reflect FY 12-13 Class and Compensation schedules.

1. Reductions for FY 13-14 to support achieving a sustainable budget for the General Fund.
2. Reorganization in FY 13-14 re-classed 1 FTE from Admin Specialist to Sr. Admin Specialist; and .25 FTE from Management Assistant to Park Planner.
3. This position has been restated as .005 FTE less to correct a rounding error, with no impact on budget \$.

## 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.



Emergency Dispatch Center



Patrol Staff

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

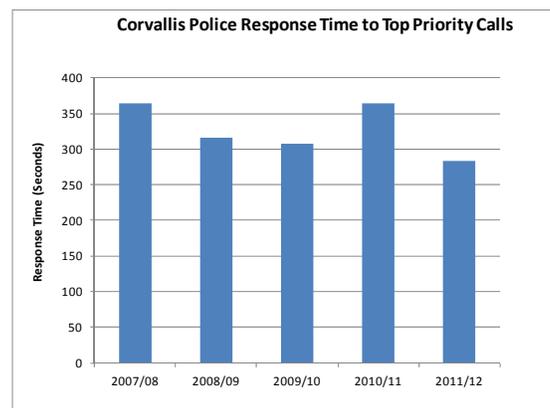
COUNCIL VALUES	Management Goals & Objectives	Performance Measures	FY 11-12 ACTUAL	FY 12-13 TARGET	FY 12-13 REVISED	FY 13-14 TARGET
Community Involvement	Achieve at least an 85% rating of excellent or good in citizen attitude surveys	Citizen satisfaction ratings of overall police services	81%	85%	81%	85%
Cost Efficiency	Increase community safety by reducing response time to top priority calls.	Response time in seconds to top priority calls (A)	283	<300	<300	<300
	Increase community safety by clearing part 1 criminal investigations.	Percentage of Part 1 Crimes Cleared (B)	Violent: 59% Property: 20%	70%	60%	70%
	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.	159 <sup>1</sup>	<90	<90 <sup>1</sup>	<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)	2.04	<2.50	<2.50	<2.50
Diversity	Increase diversity of applicant pool through targeted outreach efforts.	Number of new, targeted efforts.	0 <sup>1</sup>	6	6	6
Sustainability	Reduce printing costs and staff time through implementation and use of Electronic Citation Process.	Percentage of total traffic violations written through the E-citation system.	New	New	New	60%

1. Recruitment, and therefore outreach, was on hold for part of FY 11-12 due to budget reductions and on hold for most of FY 12-13 due to funding restraints, thus updated data is not available for FY 12-13.

Select discussion of key measures above:

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

- *Measure definition:* Time in seconds from receipt of top priority calls 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 has traditionally been slightly above the median for national comparators of like sized cities reporting in the ICMA data survey, however the City no longer participates in ICMA so survey data is not available. Over the past five years, response times have been slightly higher than the Department's goal of 300 seconds (5 minutes) average.
- *Current year performance and trends:* Response times for FY 11/12 dropped to 283 - within the target of 300 seconds (5 minutes).



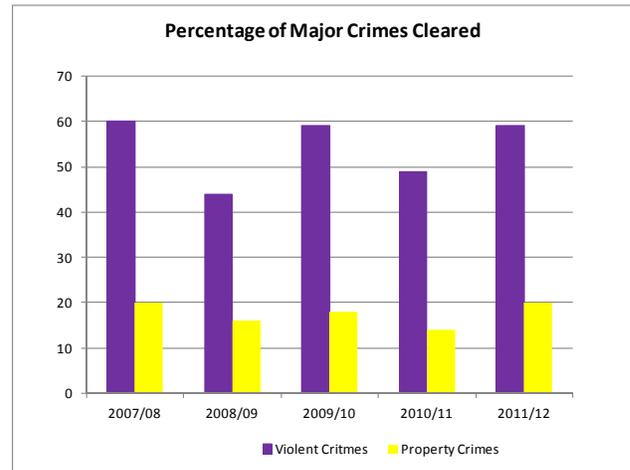
## POLICE DEPARTMENT PERFORMANCE INDICATORS (Continued)

In FY 12/13 this trend is continuing with average response times through the third quarter at 293 seconds. The move to a 12-hour shift from the previous 10-hour model appears to have a positive impact on response times.

- *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. 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:

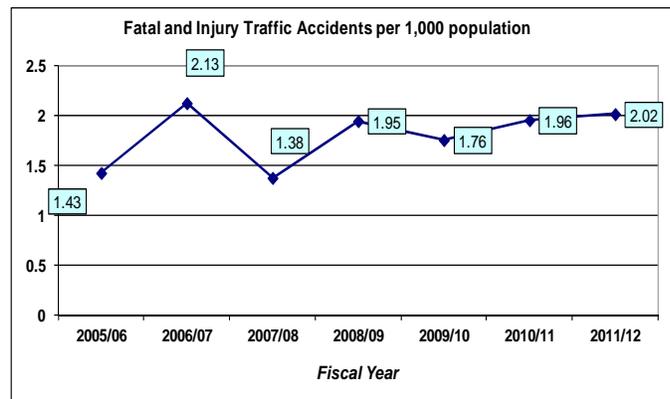
- *Measure definition:* Percentage of Part 1 violent (murder, rape, robbery and aggravated assault) and property crimes (burglary, larceny/theft, motor vehicle theft and arson) cleared.
- *Evaluation of results:* When compared to like-sized cities reporting data in the 2010 ICMA survey, Corvallis clearance rates were above average for violent crime, and below average for property crimes, however the City no longer participates in ICMA so survey data is not available for more current years. When compared over the past five years, clearance rates have been below Department targets, primarily driven by unfunded vacancies during recent years resulting in lower staffing in the Investigations Unit.
- *Current year performance and trends:* Corvallis clearance rates continue to be below Department targets (70% clearance for violent crime and 20% clearance for property crimes). This trend has continued into FY 12-13.



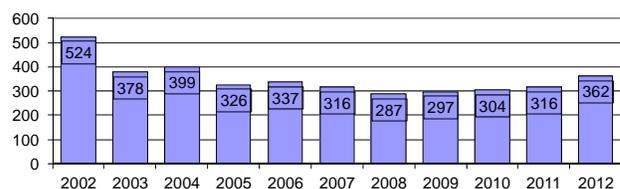
- *Conclusions and challenges:* The Department continues to focus efforts on investigating and clearing violent crime against persons, however Part 1 crime clearance continues to be low. Part 1 crime in Corvallis is at the national average; however, the Corvallis Police Department has the lowest sworn officer per thousand population ratio of all comparator agencies. 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 2011-12 data shows a rate of 2.02 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 2011 Oregon State average of 6.3 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.



**Traffic Accidents**

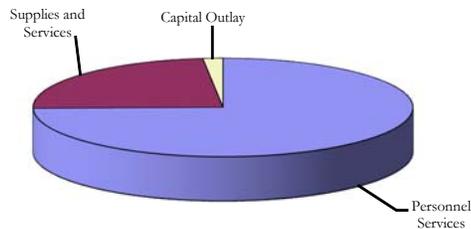


## POLICE DEPARTMENT – BUDGET SUMMARY

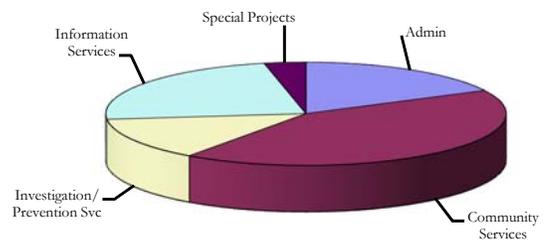
<b>BUDGET BY CATEGORY:</b>	<b>ACTUAL</b> 2010-11	<b>ACTUAL</b> 2011-12	<b>BUDGET</b> 2012-13	<b>REVISED</b> 2012-13	<b>ADOPTED</b> 2013-14	<b>%CHANGE</b> <b>FROM 12-13</b> <b>BUDGET</b>
Personnel Services	\$9,369,863	\$9,637,799	\$9,803,850	\$9,803,850	\$9,960,890	1.60%
Supplies and Services	2,819,838	2,876,231	2,835,580	2,803,820	3,154,690	11.25%
Capital Outlay	20,775	60,901	245,570	191,020	227,830	-7.22%
<b>TOTAL</b>	<b>\$12,210,477</b>	<b>\$12,574,930</b>	<b>\$12,885,000</b>	<b>\$12,798,690</b>	<b>\$13,343,410</b>	<b>3.56%</b>

### FY 13-14 ADOPTED BUDGET

**EXPENDITURES BY CATEGORY**



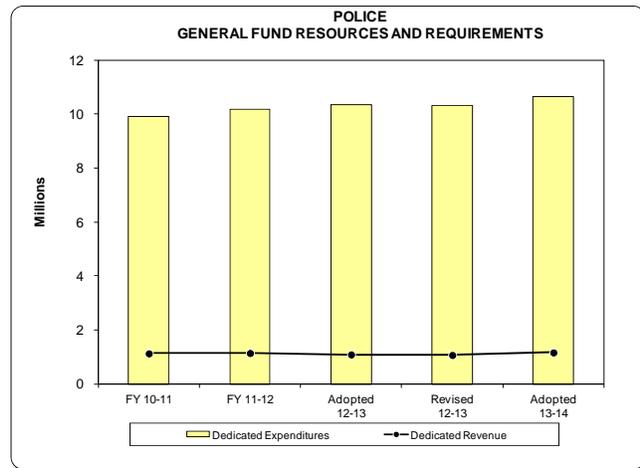
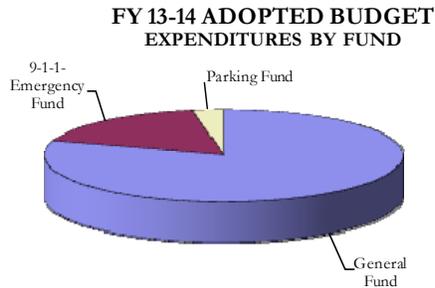
**EXPENDITURES BY DIVISION**



<b>BUDGET BY DIVISION:</b>	<b>ACTUAL</b> 2010-11	<b>ACTUAL</b> 2011-12	<b>BUDGET</b> 2012-13	<b>REVISED</b> 2012-13	<b>ADOPTED</b> 2013-14	<b>%CHANGE</b> <b>FROM 12-13</b> <b>BUDGET</b>
Administration	\$2,286,498	\$2,160,037	\$2,189,540	\$2,205,380	\$2,344,060	7.06%
Community Services	5,269,835	5,539,520	5,587,840	5,542,400	5,643,890	1.00%
Investigation/ Prevention Svc	1,733,225	1,760,131	1,778,920	1,788,560	1,783,040	0.23%
Information Services	2,846,922	2,924,457	3,029,820	3,024,010	3,124,590	3.13%
Special Projects	73,997	190,786	298,880	238,340	447,830	49.84%
<b>TOTAL</b>	<b>\$12,210,477</b>	<b>\$12,574,930</b>	<b>\$12,885,000</b>	<b>\$12,798,690</b>	<b>\$13,343,410</b>	<b>3.56%</b>

**POLICE DEPARTMENT – BUDGET SUMMARY (Continued)**

BUDGET BY FUND:	ACTUAL	ACTUAL	BUDGET	REVISED	ADOPTED	%CHANGE
	2010-11	2011-12	2012-13	2012-13	2013-14	FROM 12-13 BUDGET
General Fund	\$9,914,795	\$10,188,973	\$10,352,220	\$10,322,960	\$10,649,520	2.87%
9-1-1- Emergency Fund	2,026,176	2,123,624	2,177,200	2,171,430	2,320,330	6.57%
Parking Fund	269,505	262,333	355,580	304,300	373,560	5.06%
<b>TOTAL</b>	<b>\$12,210,477</b>	<b>\$12,574,930</b>	<b>\$12,885,000</b>	<b>\$12,798,690</b>	<b>\$13,343,410</b>	<b>3.56%</b>

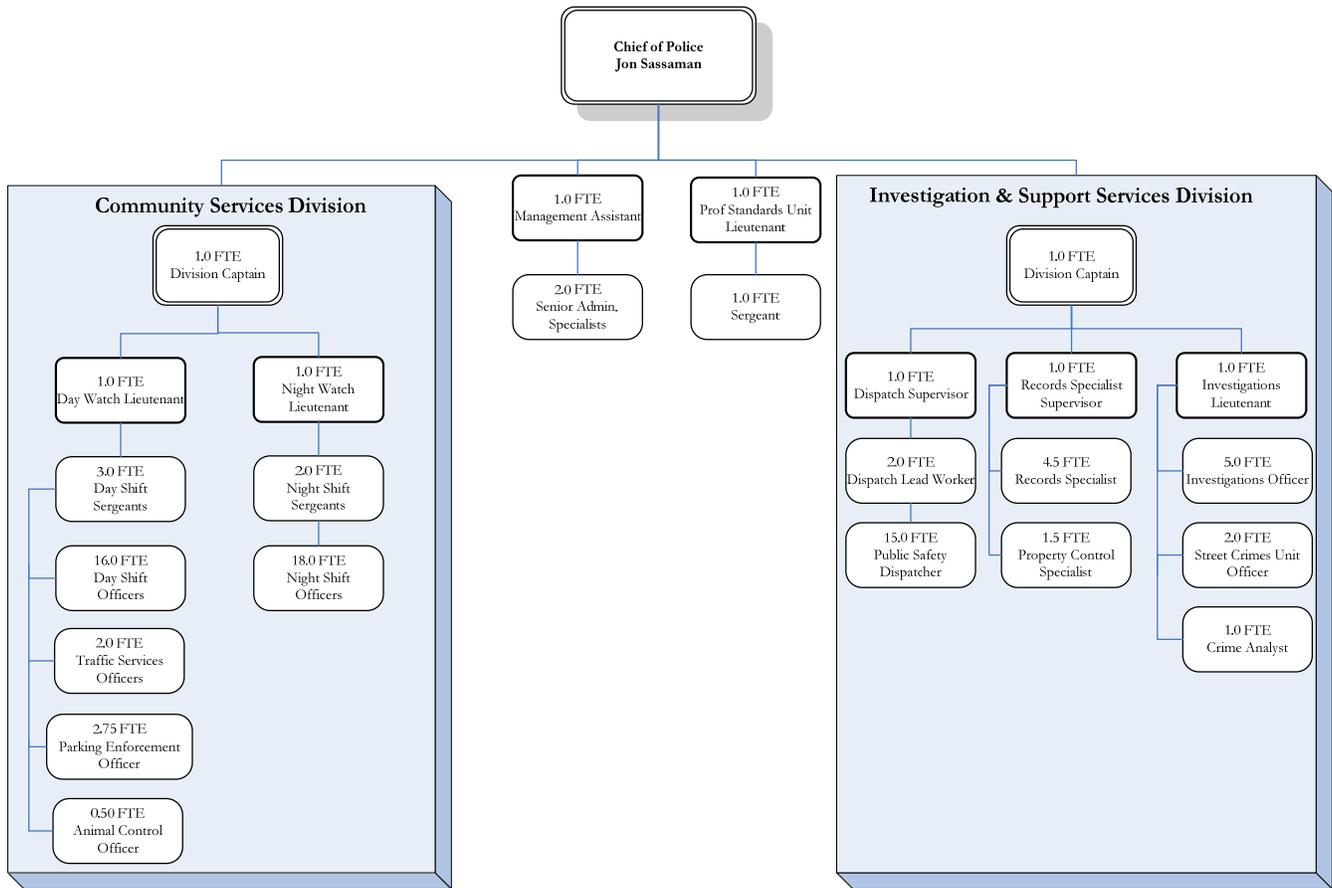


GENERAL FUND - POLICE*	ACTUAL	ACTUAL	BUDGET	REVISED	ADOPTED	%CHANGE
	2010-11	2011-12	2012-13	2012-13	2013-14	FROM 12-13 BUDGET
<b>DEDICATED REVENUE</b>						
License, Fees & Permits	\$58,893	\$58,029	\$55,000	\$55,000	\$56,000	1.82%
Charges for Services	261,616	270,715	275,350	290,420	299,000	8.59%
Intergovernmental	93,554	116,417	33,180	27,710	165,750	399.55%
Fines & Forfeitures**	695,428	692,712	715,610	685,630	635,400	-11.21%
Miscellaneous	16,309	2,321	8,000	7,430	3,980	-50.25%
<b>Dedicated Revenue</b>	<b>1,125,800</b>	<b>1,140,194</b>	<b>1,087,140</b>	<b>1,066,190</b>	<b>1,160,130</b>	<b>6.71%</b>
<b>EXPENDITURES CLASS:</b>						
Personnel Services	7,510,037	7,686,415	7,723,930	7,723,930	7,802,520	3.71%
Supplies and Services	2,383,979	2,441,662	2,433,850	2,408,010	2,730,300	12.18%
Capital Outlay	20,775	60,901	194,440	191,020	116,700	-39.98%
<b>Dedicated Expenditures</b>	<b>9,914,791</b>	<b>10,188,978</b>	<b>10,352,220</b>	<b>10,322,960</b>	<b>10,649,520</b>	<b>4.88%</b>
<b>Use of (addition to) Non-Dedicated Revenue</b>	<b>8,788,991</b>	<b>9,048,784</b>	<b>9,265,080</b>	<b>9,256,770</b>	<b>9,489,390</b>	<b>4.67%</b>

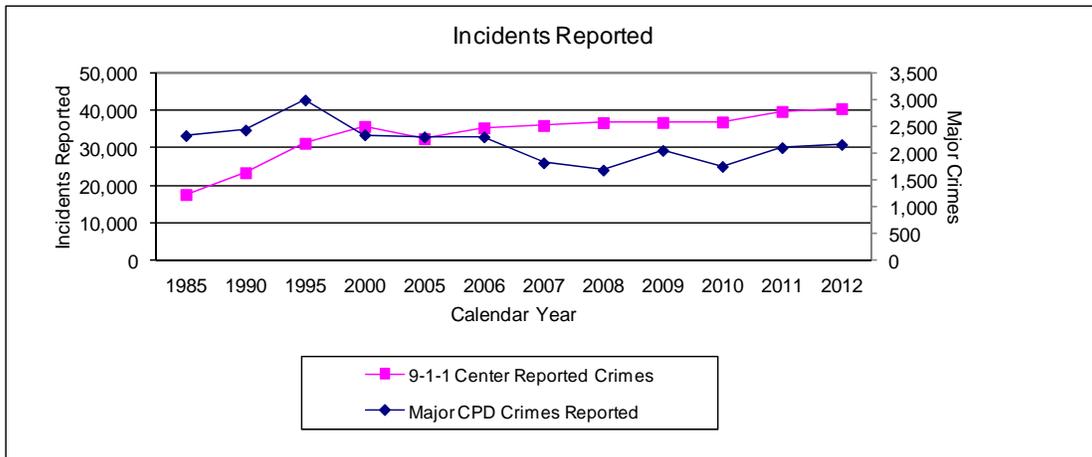
\* For all other funds the revenues are dedicated for the services provided so they are not presented in the table above.

\*\* Although Fine & Forfeiture revenue is recorded in Finance, this revenue is shown in the Police Department table since the revenue is generated by Police department personnel.

# POLICE DEPARTMENT ORGANIZATION CHART



NOTE: The organizational chart above includes 3.00 FTE Police Officers that are authorized but unfunded for FY 13-14.



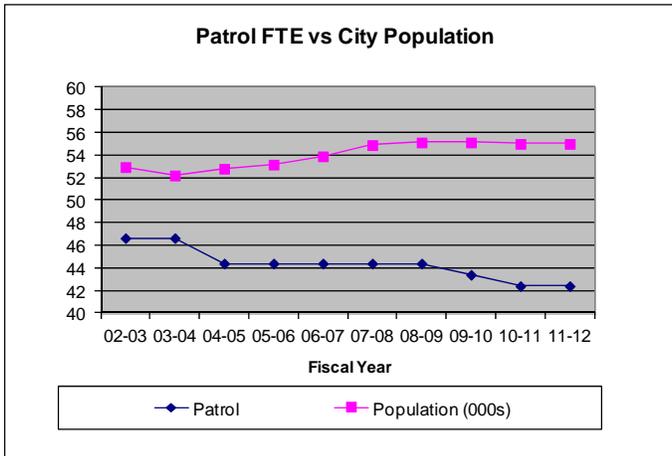
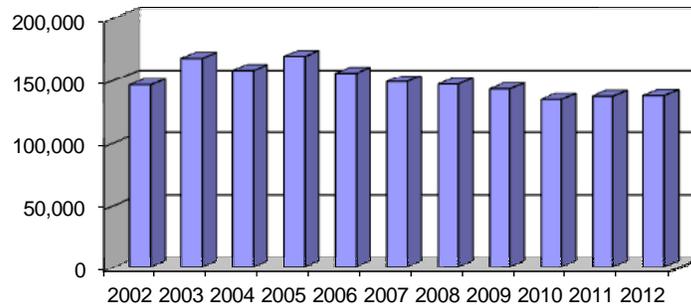
## POLICE DEPARTMENT STAFF

Positions	Group	Monthly Salary Range (1.0 FTE)	Head Count	FY 13-14 FTE	Historical	
					FY 12-13 FTE	FY 11-12 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	Exempt	6,579 - 8,396	4	4.000	4.000	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 <sup>1</sup>	CPOA	4,408 - 6,449	40	43.000	43.000	43.000
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	3,959 - 5,052	2	2.000	2.000	2.000
Public Safety Dispatcher	CRCCA	3,600 - 4,595	15	15.000	15.000	15.000
Senior Administrative Specialist (AFSCME)	AFSCME	3,416 - 4,360	1	1.000	1.000	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
<b>TOTAL</b>			<b>87</b>	<b>88.250</b>	<b>88.250</b>	<b>90.250</b>

NOTE: Salary ranges reflect FY 12-13 Class and Compensation schedules.

2. 3.00 FTE Police Offers that are currently vacant will remain authorized but unfunded through the fiscal year.

### Total 9-1-1 Center Calls Received



Motorcycle Traffic Officers

**PUBLIC WORKS DEPARTMENT SUMMARY OF SERVICES  
BY DIVISION**

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**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
- 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
- Mary's 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**

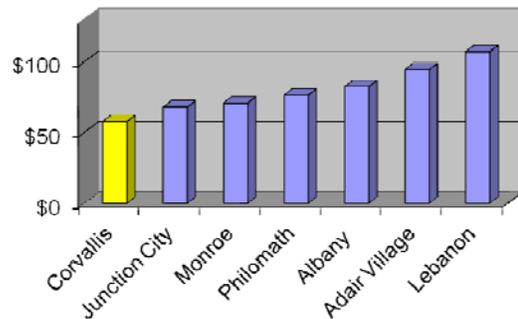
COUNCIL VALUES	Management Goals & Objectives	Performance Measures	FY 11-12 ACTUAL	FY 12-13 TARGET	FY 12-13 REVISED	FY 13-14 TARGET
Cost Efficiency	Have utility rates that contribute to Corvallis being an attractive place to live.	Control operation and maintenance costs to minimize annual utility rate increases. (A)	3.3%	≤3.0%	3.0%	≤3.0%
		Percent of average annual water bill to median household income (\$80,800). <sup>1</sup>	0.35%	<0.45%	<0.45%	<0.45%
		Percent of average annual wastewater bill to median household income (\$80,800). <sup>1</sup>	0.56%	<0.65%	<0.65%	<0.65%
	Maintain transit costs below national average of \$2.70.	Costs per transit ride. (B)	\$1.56	<\$2.70	<\$2.70	<\$2.70
Comm. Involvement	Encourage citizen input on Public Works projects and activities.	Number of public meetings held on department projects.	12	≥20	≥20	≥20
Sustainability	Maintain energy costs for wastewater treatment below the national average as determined by NACWA <sup>8</sup> (\$166 per million gallons treated).	Energy cost per million gallons treated. (C)	\$85.46	< \$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)	4.55%	< 10.00%	<10.00%	<10.00%

*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.

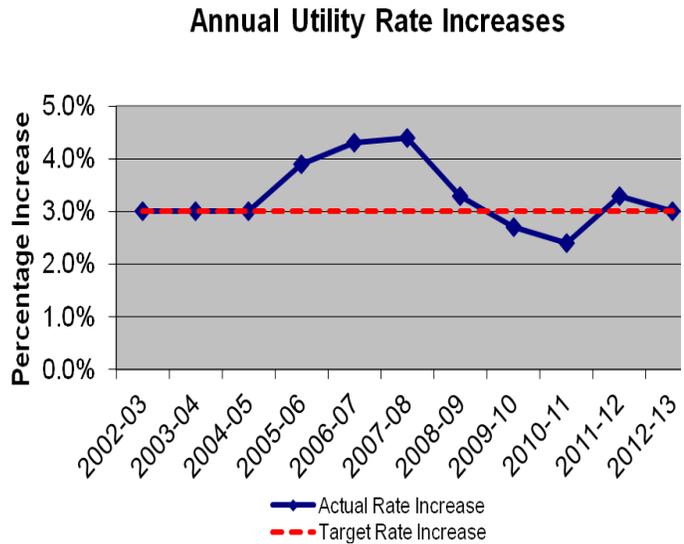
**Comparison of Monthly Utility Bills Among Surrounding Communities (Based on 6 units of water consumption)**



<sup>1</sup> National Association of Clean Water Agencies (NACWA)

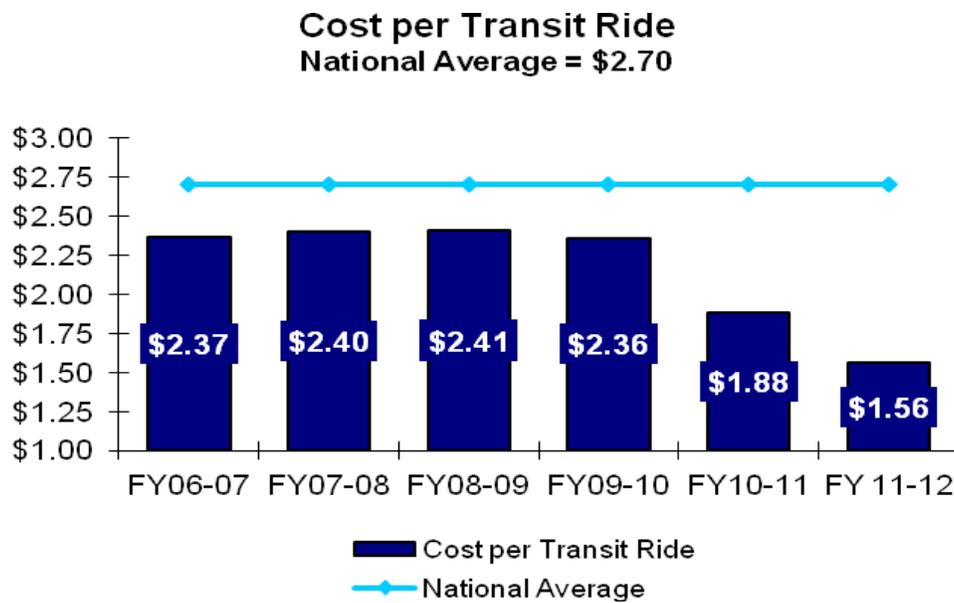
## PUBLIC WORKS DEPARTMENT PERFORMANCE INDICATORS (Continued)

- Current year performance and trends:* City residents have an average bill of approximately \$58 per month, versus other local communities where average costs for utility services exceed \$83 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 2013, implemented to maintain the utilities' viability, was 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:**

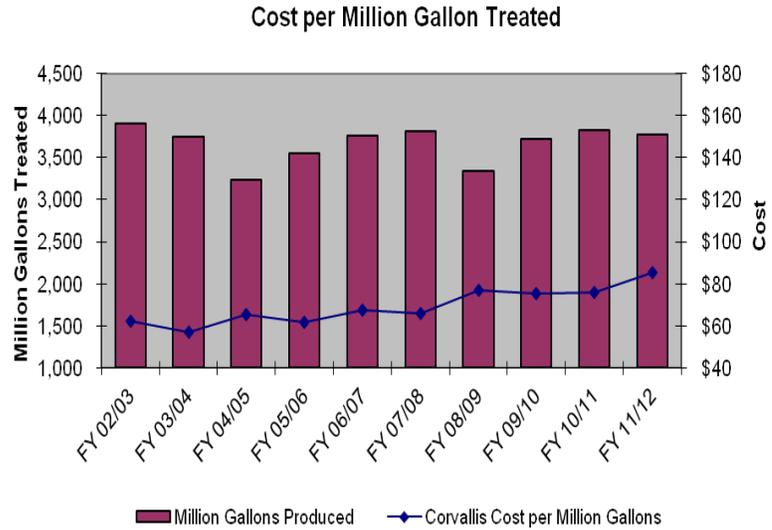
- Measure definition:* Maintain the cost of transit operations below the national average of \$2.70 per ride.
- Evaluation of results:* Corvallis continues to maintain operating costs below the average. Implementation of fareless transit service in February 2011 resulted in a 38% increase in ridership in FY 10-11 and an additional 27.2% increase in FY 11-12 which has further decreased 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.
- Conclusions 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.



**PUBLIC WORKS DEPARTMENT PERFORMANCE INDICATORS (Continued)**

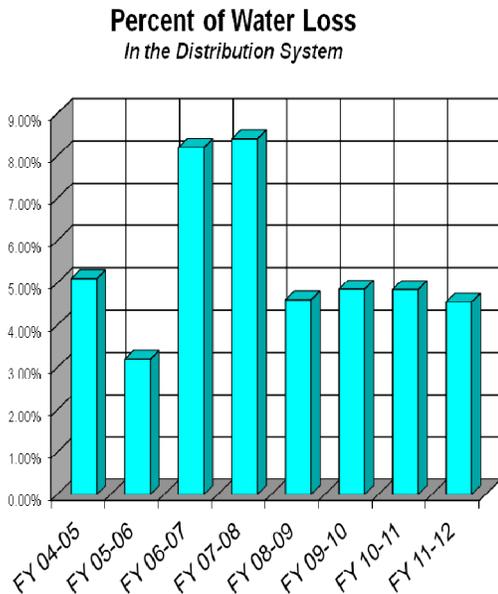
**(C) Energy cost per million gallons of wastewater treated:**

- *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 increased in FY 11-12, due to the continued rate increases by electrical utilities and a significant increase in volume of combined sewer overflow from a historic rainfall event. 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.



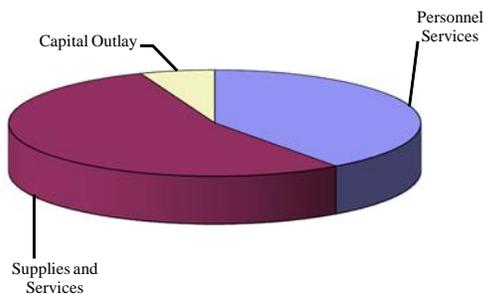
- *Evaluation of results:* In FY 11-12, Corvallis continued to monitor the distribution system for leaks using City crews and equipment. The equipment purchased for this program allows employees to survey the entire water distribution system annually. More frequent monitoring identifies leaks more quickly, 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 4.18% water loss in the distribution system, Corvallis is making progress on this sustainability goal and is keeping the targets below the <10.00% national average.
- *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**

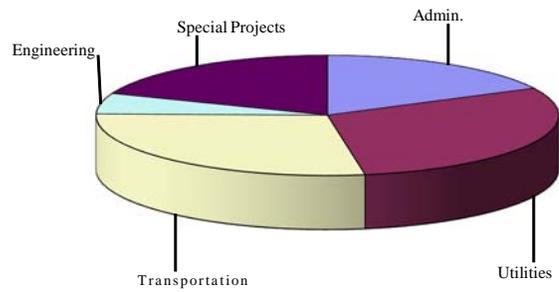
<b>BUDGET BY CATEGORY:</b>	<b>ACTUAL 2010-11</b>	<b>ACTUAL 2011-12</b>	<b>BUDGET 2012-13</b>	<b>REVISED 2012-13</b>	<b>ADOPTED 2013-14</b>	<b>%CHANGE FROM 12-13 BUDGET</b>
<b>Personnel Services</b>	\$10,862,913	\$11,232,288	\$11,717,570	\$11,173,340	\$12,182,800	3.97%
<b>Supplies and Services</b>	12,903,129	13,630,971	15,774,680	14,202,900	16,472,940	4.43%
<b>Capital Outlay</b>	404,697	1,184,833	2,159,450	1,313,290	1,781,610	-17.50%
<b>TOTAL</b>	\$24,170,739	\$26,048,091	\$29,651,700	\$26,689,530	\$30,437,350	2.65%

**FY 13-14 ADOPTED BUDGET**

**EXPENDITURES BY CATEGORY**



**EXPENDITURES BY DIVISION**



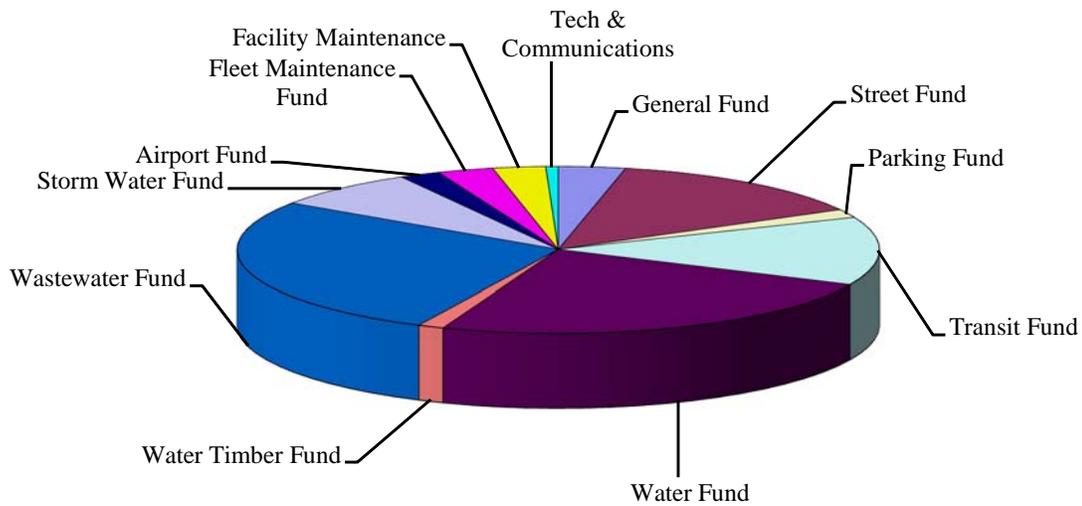
<b>BUDGET BY DIVISION:</b>	<b>ACTUAL 2010-11</b>	<b>ACTUAL 2011-12</b>	<b>BUDGET 2012-13</b>	<b>REVISED 2012-13</b>	<b>ADOPTED 2013-14</b>	<b>%CHANGE FROM 12-13 BUDGET</b>
<b>Administration</b>	\$4,975,839	\$4,788,761	\$5,086,300	\$4,464,420	\$5,348,730	5.16%
<b>Utilities</b>	8,027,995	8,304,209	8,707,910	8,705,270	9,079,230	4.26%
<b>Transportation</b>	7,442,990	7,944,308	8,204,180	8,161,790	8,498,100	3.58%
<b>Engineering</b>	1,607,065	1,509,372	1,738,030	1,738,030	1,700,280	-2.17%
<b>Special Projects</b>	2,116,849	3,501,441	5,915,280	3,620,020	5,811,010	-1.76%
<b>TOTAL</b>	\$24,170,739	\$26,048,091	\$29,651,700	\$26,689,530	\$30,437,350	2.65%

**PUBLIC WORKS DEPARTMENT – BUDGET SUMMARY (Continued)**

<b>BUDGET BY FUND:</b>	<b>ACTUAL 2010-11</b>	<b>ACTUAL 2011-12</b>	<b>BUDGET 2012-13</b>	<b>REVISED 2012-13</b>	<b>ADOPTED 2013-14</b>	<b>%CHANGE FROM 12-13 BUDGET</b>
<b>General Fund</b>	\$945,067	\$1,172,385	\$1,218,900	\$961,090	\$1,026,260	-15.80%
<b>Street Fund</b>	3,733,169	3,767,525	4,003,730	3,711,470	4,170,440	4.16%
<b>Parking Fund<sup>1</sup></b>	134,100	121,579	184,280	144,210	495,330	168.79%
<b>Transit Fund</b>	2,449,074	2,607,741	4,080,490	3,463,980	4,021,090	-1.46%
<b>Water Fund</b>	6,584,719	7,475,485	7,488,160	7,070,370	7,278,430	-2.80%
<b>Water Timber Fund</b>	221,917	283,215	352,330	352,330	396,970	12.67%
<b>Wastewater Fund</b>	6,467,622	6,531,621	7,608,910	6,803,280	8,308,200	9.19%
<b>Storm Water Fund</b>	1,706,316	1,785,906	2,216,440	1,912,510	2,263,460	2.12%
<b>Airport Fund</b>	332,065	616,238	664,940	458,630	621,050	-6.60%
<b>Fleet Maintenance Fund</b>	731,800	806,879	823,610	823,610	855,450	3.87%
<b>Facility Maintenance</b>	687,262	719,388	799,160	799,160	809,840	1.34%
<b>Tech &amp; Communications</b>	177,629	160,128	210,750	188,890	190,830	-9.45%
<b>TOTAL</b>	<b>\$24,170,739</b>	<b>\$26,048,091</b>	<b>\$29,651,700</b>	<b>\$26,689,530</b>	<b>\$30,437,350</b>	<b>2.65%</b>

(1) FY 13-14 includes a one-time special project amount of \$300k for OSU Collaboration parking district work per City Council direction.

**FY 13-14 ADOPTED BUDGET  
EXPENDITURES BY FUND**



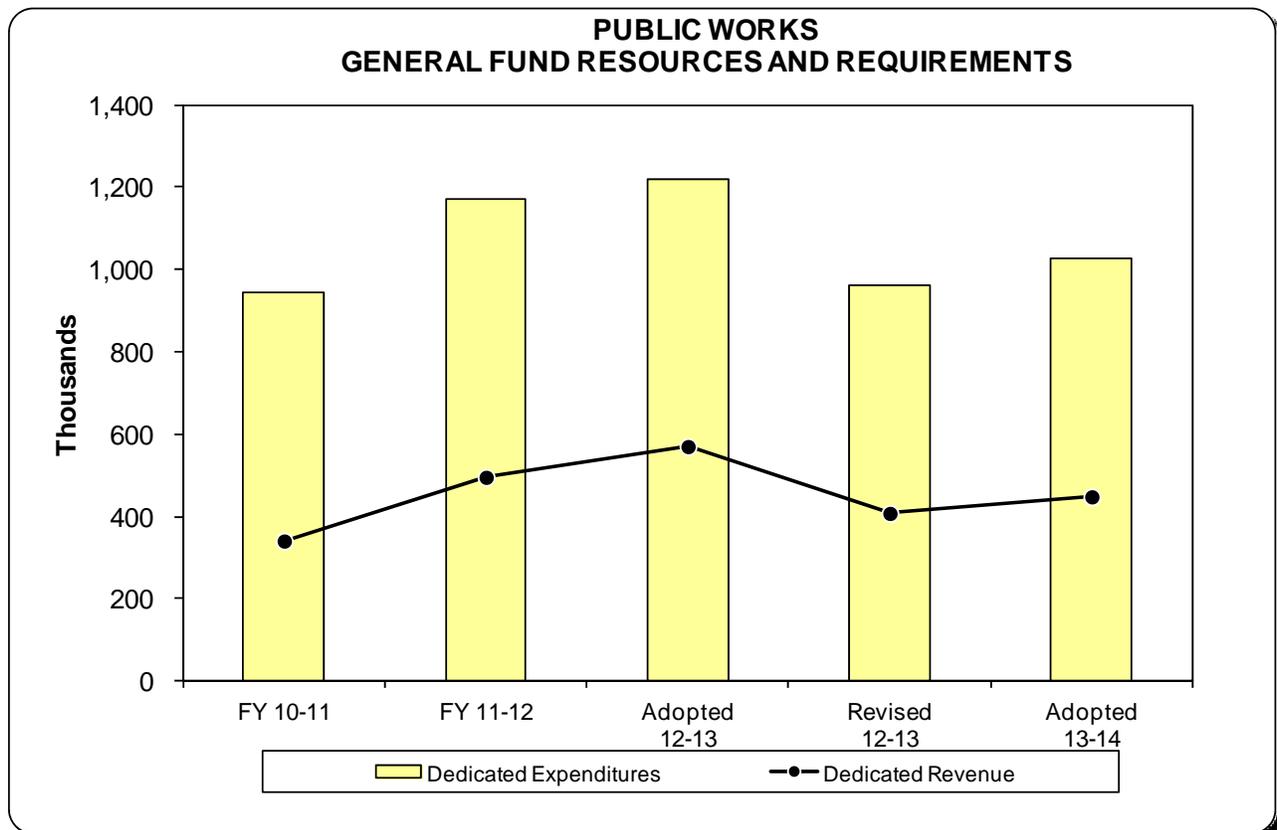
**PUBLIC WORKS DEPARTMENT – BUDGET SUMMARY (Continued)**

GENERAL FUND - PUBLIC WORKS*						%CHANGE
	ACTUAL 2010-11	ACTUAL 2011-12	BUDGET 2012-13	REVISED 2012-13	ADOPTED 2013-14	FROM 12-13 BUDGET
<b>DEDICATED REVENUE</b>						
Use of PEG-INET Reserve <sup>1</sup>	\$22,176	\$16,387	\$11,500	\$83,390	\$83,390	625.13%
Non-GF Support of Sustainability <sup>2</sup>	64,990	70,000	41,750	41,750	40,220	-3.66%
License, Fees & Permits <sup>1</sup>	140,544	145,590	142,000	147,000	147,000	3.52%
Intergovernmental	109,672	263,903	375,450	136,100	178,000	-52.59%
Miscellaneous	3,820	72	0	0	0	0.00%
<b>Dedicated Revenue</b>	<b>341,202</b>	<b>495,952</b>	<b>570,700</b>	<b>408,240</b>	<b>448,610</b>	<b>-21.39%</b>
<b>EXPENDITURES CLASS:</b>						
Personnel Services	351,306	398,234	263,750	251,460	269,980	5.36%
Supplies and Services	536,011	731,802	955,150	696,530	756,280	-20.82%
Capital Outlay	57,755	42,352	0	13,100	0	0.00%
<b>Dedicated Expenditures</b>	<b>945,072</b>	<b>1,172,388</b>	<b>1,218,900</b>	<b>961,090</b>	<b>1,026,260</b>	<b>-15.16%</b>
<b>Use of (addition to) Non-Dedicated Revenue</b>	<b>603,870</b>	<b>676,436</b>	<b>648,200</b>	<b>552,850</b>	<b>577,650</b>	<b>-9.66%</b>

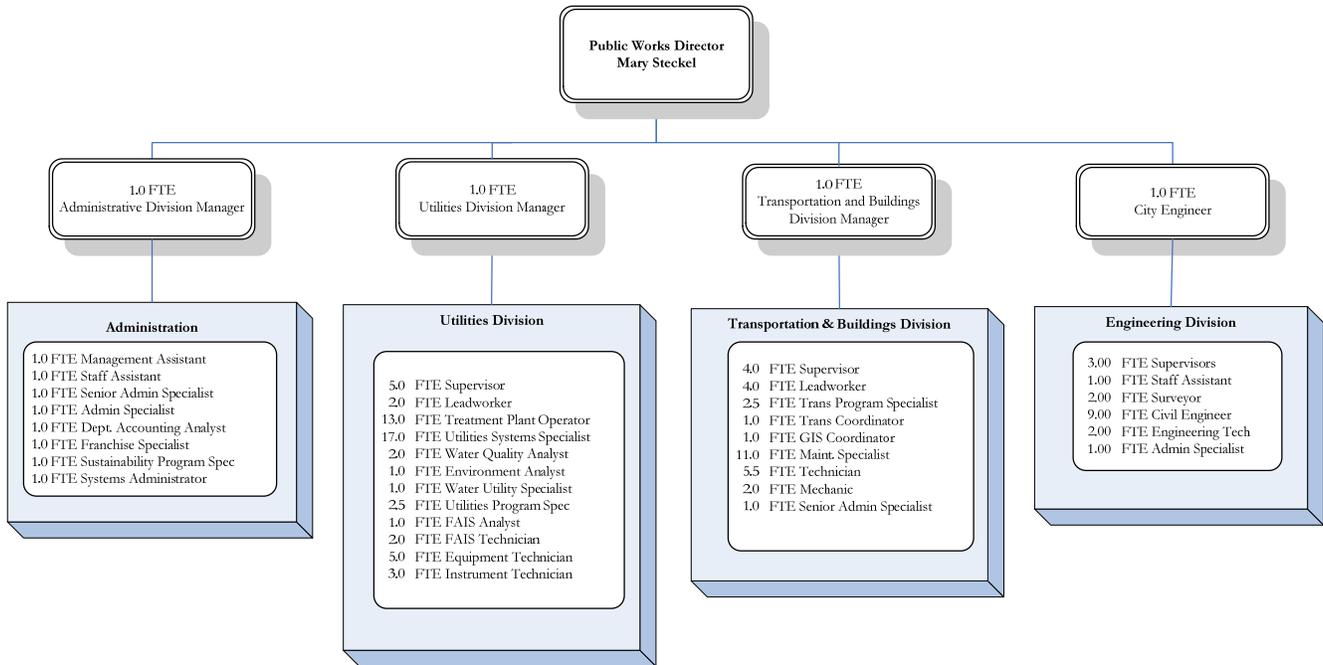
\* For all other funds the revenues are dedicated for the services provided so they are not presented in the table above.

1) Since PEG-INET reserve spending is reflected in operating expenditures, the portion of reserved and committed reserve balances above any new PEG-INET fee monies needs to be shown as dedicated revenue to illustrate the true draw on non-dedicated funding.

2) Sustainability support from non-General Fund (dedicated revenue) sources is accounted for through a reduction in the Non-Departmental General Fund internal service charge allocation. The amounts in the "Actuals" columns do not reflect any internal service charge refunds as the amount attributable specifically to sustainability is unduly complex to compute for the low dollar amount involved.



# 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		Head Count	FY 13-14 FTE	Historical	
		Range (1.0 FTE)				FY 12-13 FTE	FY 11-12 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 <sup>1</sup>	Exempt	5,848 - 7,463		4	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	Exempt	5,198 - 6,634		-	0.000	0.000	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
System Administrator I <sup>2</sup>	AFSCME	4,620 - 5,897		1	1.000	0.000	0.000
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	AFSCME	4,277 - 5,458		6	5.000	5.000	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 <sup>2</sup>	AFSCME	3,963 - 5,058		2	2.000	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
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	AFSCME	3,416 - 4,360		2	2.000	2.000	1.000
Administrative Specialist	AFSCME	2,784 - 3,554		2	2.000	2.000	3.000
<b>TOTAL</b>				<b>118</b>	<b>117.500</b>	<b>117.500</b>	<b>118.125</b>

NOTE: Salary ranges reflect FY 12-13 Class and Compensation schedules.

- 1 FTE Engineering Supervisor that is currently vacant will remain authorized, but unfunded through the fiscal year in support of achieving a sustainable General Fund budget.
- 2 Reorganization occurred whereby an Engineering Tech III FTE was redeployed as a System Administrator I FTE.

## NON-DEPARTMENTAL

Non-Departmental accounts are used for one-time expenditures or costs which cannot be easily tied to any single department. Some of the FY 13-14 major budget expenditures include:

- The Social Services budget totals \$328,300 in the General Fund to be allocated via a contract with United Way according to the Social Services allocation process. This balance is partly funded by an estimated \$90,550 from the 2011 Operating Levy.
- Corvallis Tourism is budgeted to receive \$388,350 in funding for economic development, based on the required allocation of 30% of transient room taxes.
- Estimated Title Company charges of \$20,000 for Net Assets lien docket software access. This is more than offset by estimated fee receipts of \$40,420 in FY 13-14.
- Benefit payments related to retirees and/or their dependents' medical costs are projected at \$340,600, 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 \$42,310, which represents a 1.00% increase against FY 12-13.
- Internal service charges related to administrative overhead for these programs total \$62,940.
- Council goal spending related to one-time affordable housing and OSU collaboration parking projects has been budgeted at a total of \$250,000.

<b>BUDGET BY CATEGORY:</b>	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>BUDGET</b>	<b>REVISED</b>	<b>ADOPTED</b>	<b>%CHANGE</b>
	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2012-13</b>	<b>2013-14</b>	<b>FROM 12-13</b>
						<b>BUDGET</b>
<b>Personnel Services</b>	\$0	\$0	\$0	\$0	\$0	0.00%
<b>Supplies and Services</b>	1,425,391	1,260,044	1,363,450	1,485,420	1,449,420	6.31%
<b>Capital Outlay</b>	0	0	0	0	0	0.00%
<b>TOTAL</b>	<b>\$1,425,391</b>	<b>\$1,260,044</b>	<b>\$1,363,450</b>	<b>\$1,485,420</b>	<b>\$1,449,420</b>	<b>6.31%</b>

<b>BUDGET BY FUND:</b>	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>BUDGET</b>	<b>REVISED</b>	<b>ADOPTED</b>	<b>%CHANGE</b>
	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2012-13</b>	<b>2013-14</b>	<b>FROM 12-13</b>
						<b>BUDGET</b>
<b>General</b>	\$1,424,041	\$1,258,694	\$1,362,100	\$1,341,960	\$1,448,070	6.31%
<b>Pension Obligation Debt Svc</b>	1,350	1,350	1,350	1,350	1,350	0.00%
<b>Water<sup>1</sup></b>	0	0	0	27,350	0	0.00%
<b>Wastewater<sup>1</sup></b>	0	0	0	114,760	0	0.00%
<b>TOTAL</b>	<b>\$1,425,391</b>	<b>\$1,260,044</b>	<b>\$1,363,450</b>	<b>\$1,485,420</b>	<b>\$1,449,420</b>	<b>6.31%</b>

1) In FY 12-13, issuance costs related to refunding of the former OBDD loans were booked to non-departmental.



Oregon State University

## STATISTICAL TRENDS<sup>1</sup>

Calendar Year	1990	1995	2000	2005	2010	2011	2012
<b>COMMUNITY DEVELOPMENT</b>							
Single Family Residence Building Permits	125	167	141	210	38	37	55
Single Family Residence Value (x \$1,000)	\$12,108	\$23,242	\$29,328	\$45,919	\$9,211	\$7,526	\$13,014
<b>CITY MANAGER'S OFFICE</b>							
City Employees <sup>2</sup>	352	380	417	424	431	406	415
<b>FINANCE</b>							
City Assessed Value (000's)	\$1,144,822	\$2,419,879	\$2,879,105	\$3,433,646	\$3,999,075	\$4,118,580	\$4,139,865
City Real Market Value (000's)	\$1,144,822	\$2,419,879	\$3,513,758	\$4,522,703	\$5,664,529	\$5,672,461	\$5,469,249
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	.45
Debt (per \$1,000 of AV) <sup>3</sup>				.5418	.4872	.5304	.2578
Consolidated Tax Rate <sup>4</sup>	\$33.78	\$14.65	\$14.77	\$15.81	\$17.52	\$18.05	\$17.82
City Budget:							
Operating (Millions)	\$30.25	\$38.34	\$56.78	\$68.62	\$81.73	\$85.48	\$82.05
Capital (Millions)	\$10.30	\$17.65	\$31.38	\$14.45	\$14.16	\$11.82	\$9.49
Municipal Court:							
Citations (Traffic & Criminal)	7,229	7,000	12,016	8,771	6,164	5,769	6,237
Parking Citations	27,335	18,532	23,126	11,672	17,912	17,743	18,015
<b>FIRE</b>							
Engine Responses <sup>5</sup>	1,164	1,455	1,977	2,590	4,359	4,630	4,967
City Incidents (non-ambulance)	983	1,230	1,615	2,151	3,781	4,079	4,317
Non-City Incidents (non-ambulance)	181	225	362	439	578	551	650
Ambulance Responses	1,960	1,941	--	--	--	--	--
Patient Contacts	--	--	2,732	3,154	4,154	4,301	4,651
<b>PARKS AND RECREATION</b>							
Number of Programs <sup>6</sup>	--	--	--	1,132	1,004	910	2,859
Number of Registrations <sup>6</sup>	--	--	--	21,559	24,906	19,980	96,917
Number of Facility Reservations	--	--	--	1,396	1,268	2,137	1,573
Number of Total Park Acres <sup>7</sup>	1,113	1,113	1,200	1,685	1,810	1,734	1,734
<b>POLICE DEPARTMENT</b>							
Major Crimes Reported	2,436	2,995	2,346	2,308	1,757	2,108	2,165
9-1-1 Center Incidents Reported	23,433	31,269	35,753	32,487	36,926	39,734	37,556

<sup>1</sup> 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.

<sup>2</sup> Number of employees listed is based on filled FTE as of December of each year. Values presented are not authorized FTE.

<sup>3</sup> Information obtained from Benton County Tax Table 4a 'Bonds' column

<sup>4</sup> Information obtained from Benton County Tax Table 6a County Code 901. Note, 2011 has been restated due to a reporting error in the previous FY budget document.

<sup>5</sup> Engine responses tracked starting 2005. Prior to this, only number of engine calls were being recorded. Number as of 2005 includes engine responses to medical calls.

<sup>6</sup> Osborn Aquatic Center (OAC) data is included for the first time in 2012.

<sup>7</sup> 2011/2012 is based on a restatement of acres vs. deeds and has been trued up resulting in current acres of 1,734.

## STATISTICAL TRENDS (Continued)

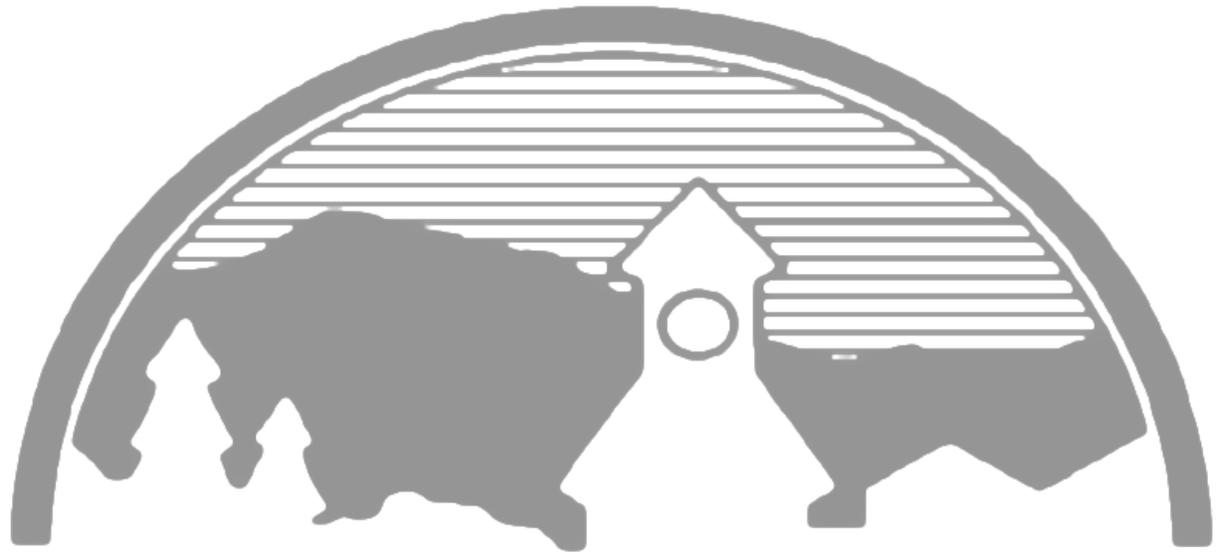
Calendar Year	1990	1995	2000	2005	2010	2011	2012
<b>PUBLIC WORKS</b>							
Transportation:							
Traffic Signals	58	55	61	82	87	90	90
Street Lights	2,312	2,775	3,036	3,431	3,583	3,598	3,639
Bus Ridership	323,113	330,000	488,238	539,597	748,556	884,687	1,157,829
Water:							
Connections	12,111	12,684	13,802	14,427	16,065	16,132	16,306
Production (xM Gal)	2,645	2,776	2,912	2,575	2,485	2,381	2,616
Miles of Line <sup>8</sup>	177	193	205	247	252	246	249
Wastewater:							
Connections	11,252	12,211	13,421	14,335	15,455	15,502	15,502
Treatment (xM Gal)	3,113	3,303	3,475	3,249	3,856	3,523	4,388
Miles of Line <sup>8</sup>	168	186	201	215	216	214	204
Storm Drains:							
Miles <sup>8</sup>	94	114	143	160	168	159	148
Streets:							
Miles	134	140	169	184	365	366	367
Miles Resurfaced	5.00	7.50	2.21	1.67	5.09	12.21	3.07
Bike Paths (Miles)	--	11	12	14	21	21	21
Bike Lanes (Miles)	56	49	57	61	105	105	106
<b>OTHER</b>							
Area Sq. Miles (Land)	12.85	13.03	13.53	14.00	14.02	14.02	14.13
Population	44,757	47,485	52,215	53,165	54,460	54,520	55,055
County Employment <sup>9</sup>	34,768	40,529	39,626	40,081	40,915	41,911	41,539
County Unemployment <sup>9</sup>	1,787	925	1,598	2,073	3,260	2,948	2,698
County Unemployment Rate <sup>9</sup>	4.9%	2.2%	3.9%	4.9%	7.3%	6.6%	6.1%
OSU Enrollment	16,024	14,320	16,777	19,236	23,761	24,977	26,393
Volunteer Hours:							
City Manager's Office <sup>10</sup>	--	--	--	--	1,193	912	2,089
Community Development	--	--	0	178	1,127	781	909
Finance	--	302	250	222	125	199	447
Fire	--	21,672	29,659	48,243	47,602	47,929	42,458
Library	--	8,400	7,368	11,227	15,364	16,984	16,075
Parks & Recreation	--	22,500	24,335	23,452	21,742	23,098	24,322
Police	--	5,030	6,397	5,405	5,060	5,944	5,779
Public Works	--	440	843	632	653	2,453	1,630
<b>Fiscal Year</b>	<b>FY89-90</b>	<b>FY94-95</b>	<b>FY99-00</b>	<b>FY 06-07</b>	<b>FY 09-10</b>	<b>FY 10-11</b>	<b>FY 11-12</b>
<b>LIBRARY</b>							
Circulation	762,910	1,208,996	1,452,949	1,481,633	1,674,356	1,653,736	1,682,083
Patron Visits <sup>11</sup>	514,543	704,996	724,291	1,402,633	1,885,582	1,901,807	1,512,697
Population Served	69,400	75,400	77,192	84,125	86,725	86,725	87,000

<sup>8</sup> 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.

<sup>9</sup> Benton County, Oregon Corvallis Metropolitan Statistical Area (MSA) Seasonally adjusted annual (un)employment <http://www.qualityinfo.org>

<sup>10</sup> City Manager's Office volunteer hours include those from the Mayor, City Councilors, and interns (if any), and the Ambassador program. 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.

<sup>11</sup> Due to a combination of Sunday hours closure and increased use of online resources, patron visits significantly declined in FY 11-12.



**CORVALLIS**

ENHANCING COMMUNITY LIVABILITY



## GENERAL FUND

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**

## GENERAL FUND

This is a fund 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.

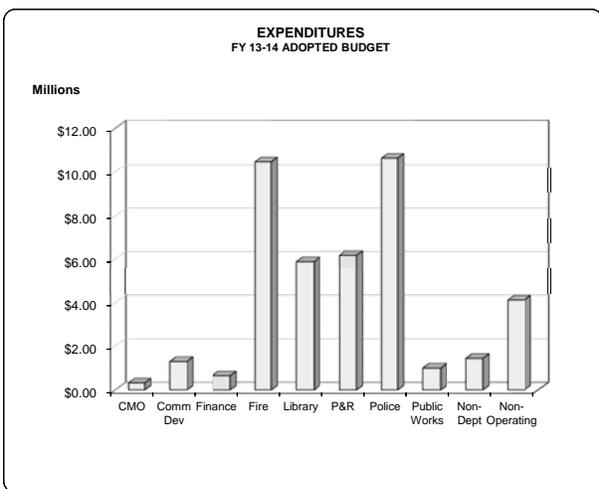
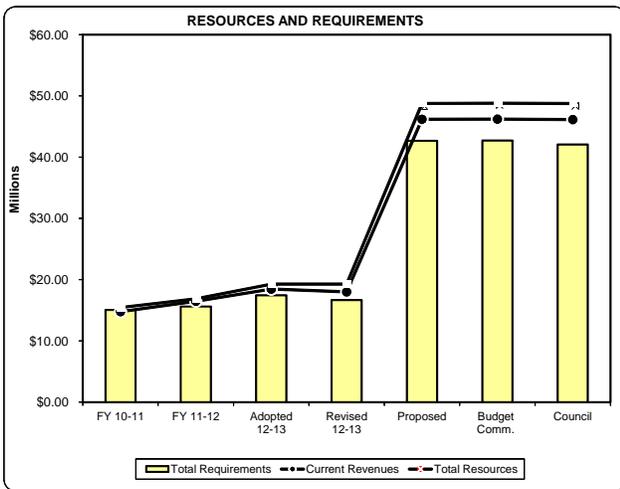
Prior to FY 13-14 this section was known as 'Property Tax Funds' which was made up of the General Fund and certain Special Revenue Funds (Parks & Recreation Fund; Fire & Rescue Fund; and Library Fund), which were differentiated from those listed in the "Special Revenue Funds" section in that the funds received property tax monies. Effective July 1, 2013, Parks & Recreation, Fire & Rescue, and Library services are represented in the General Fund and the special revenue funds for those will be closed with balances transferred to the General Fund effective June 30, 2014. Financial Plans for those closed funds can be found in the Appendices section of this document.

For Government Accounting Standards Board (GASB) Statement #34 reporting purposes, in FY 11-12 the General, Parks & Recreation, Fire & Rescue, and Library Funds were considered Major Funds in the City's Comprehensive Annual Financial Report (CAFR) and will also be reported as such for the City's FY 12-13 CAFR.

- 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, the May 2011 voter-approved local option tax levy (for Parks & Recreation, Library, and Social Services), taxes collected by Benton County for a service district for the Library, fees for recreational programs, franchise fees, rural fire district charges, ambulance fees, charges for inspection services, licenses, permits and state shared revenues. Primary expenditures in the General Fund are made for fire, police, library, parks and recreation, community development and planning, economic development, and municipal court.

## GENERAL FUND SUMMARY

	ACTUAL 2010-11	ACTUAL 2011-12	ADOPTED BUDGET 2012-13	REVISED 2012-13	PROPOSED BUDGET 2013-14	COMMISSION RECOMMENDED 2013-14	COUNCIL APPROVED 2013-14
<b>Resources:</b>							
Beginning Fund Balance	\$670,403	\$404,080	\$814,380	\$1,274,689	\$2,577,539	\$2,601,539	\$2,621,659
Property Taxes	\$4,979,073	\$6,140,795	\$7,231,450	\$7,002,000	\$21,215,100	\$21,215,100	\$20,617,620
Other Taxes	1,190,725	\$1,239,155	\$1,270,650	1,351,600	1,372,600	1,372,600	1,372,600
Licenses, Fees, & Permits	5,375,369	\$5,547,778	\$5,548,670	5,574,040	5,925,060	5,925,060	5,925,060
Charges for Service	675,033	\$828,770	\$808,710	822,020	5,879,940	5,879,940	5,879,940
Intergovernmental	1,367,991	\$1,633,284	\$1,658,630	1,455,810	4,207,850	4,207,850	4,207,850
Fines/Forfeitures	697,994	\$693,434	\$716,110	686,130	749,530	749,530	749,530
Miscellaneous	138,017	\$273,175	\$255,470	256,940	470,390	480,690	500,690
Transfers In	345,450	\$112,870	\$106,840	105,170	5,558,525	5,565,525	5,574,525
Other Financing Sources	4,002	\$1,000	\$855,000	750,060	804,640	804,640	1,300,040
<b>Current Revenues</b>	<b>\$14,773,654</b>	<b>\$16,470,261</b>	<b>\$18,451,530</b>	<b>\$18,003,770</b>	<b>\$46,183,635</b>	<b>\$46,200,935</b>	<b>\$46,127,855</b>
<b>Total Resources</b>	<b>\$15,444,057</b>	<b>\$16,874,341</b>	<b>\$19,265,910</b>	<b>\$19,278,459</b>	<b>\$48,761,174</b>	<b>\$48,802,474</b>	<b>\$48,749,514</b>
<b>Requirements:</b>							
<b>Operating Budget:</b>							
City Manager's Office	\$0	\$0.00	\$380,000	\$250,470	\$309,360	\$333,360	\$326,250
Community Development	1,450,222	\$1,256,557	\$1,311,410	1,307,350	1,317,850	1,317,850	1,309,840
Finance	576,402	\$659,181	\$629,740	621,470	654,220	654,220	646,770
Fire & Rescue	0	\$0	\$0	0	10,710,100	10,710,100	10,485,960
Library	0	\$0	\$0	0	5,970,100	5,970,100	5,878,150
Parks & Recreation	0	\$0	\$0	0	6,225,540	6,251,840	6,164,230
Police	9,914,796	\$10,188,973	\$10,352,220	10,322,960	10,857,580	10,857,580	10,649,520
Public Works	945,067	\$1,172,385	\$1,218,900	961,090	1,034,170	1,034,170	1,026,260
Misc. Non-Departmental	1,424,041	\$1,258,694	\$1,362,100	1,341,960	1,448,070	1,448,070	1,448,070
<b>Total Operating Budget</b>	<b>\$14,310,528</b>	<b>\$14,535,790</b>	<b>\$15,254,370</b>	<b>\$14,805,300</b>	<b>\$38,526,990</b>	<b>\$38,577,290</b>	<b>\$37,935,050</b>
<b>Non-Operating:</b>							
Transfers Out	\$699,060	\$819,440	\$857,560	\$857,560	\$2,481,170	\$2,481,170	\$2,481,170
Other Financing Uses	0	0	855,000	750,060	774,640	774,640	774,640
Debt Service - Principal	0	185,000	190,000	190,000	195,000	195,000	195,000
Debt Service - Interest	30,389	59,422	53,880	53,880	48,180	48,180	48,180
Contingency	0	0	224,860	0	630,000	630,000	630,000
<b>Total Non-Operating</b>	<b>\$729,449</b>	<b>\$1,063,862</b>	<b>\$2,181,300</b>	<b>\$1,851,500</b>	<b>\$4,128,990</b>	<b>\$4,128,990</b>	<b>\$4,128,990</b>
<b>Total Requirements</b>	<b>\$15,039,977</b>	<b>\$15,599,652</b>	<b>\$17,435,670</b>	<b>\$16,656,800</b>	<b>\$42,655,980</b>	<b>\$42,706,280</b>	<b>\$42,064,040</b>
<b>Ending Fund Bal. incl. reserves</b>	<b>\$404,080</b>	<b>\$1,274,689</b>	<b>\$1,830,240</b>	<b>\$2,621,659</b>	<b>\$6,105,194</b>	<b>\$6,096,194</b>	<b>\$6,685,474</b>



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

**GENERAL FUND  
CITY MANAGER'S OFFICE  
ECONOMIC DEVELOPMENT/SPECIAL PROJECTS**

**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:**

- Coordinate 2013 Willamette Innovators Network (WIN) conference.
- Produce a Marketing Plan to promote implementation of the Economic Development Strategy and increase tenancy in commercially and industrially zoned properties.
- Develop a thorough database of current vacant properties in Benton County ready for development.
- Assist the Economic Development Commission with its ongoing work efforts.

**FY 12-13 HIGHLIGHTS:**

- Established the Economic Development program, hired an Economic Development Manager and an Economic Development Officer.
- Secured a three-year contract with Benton County to provide a \$100,000 annual contribution to support the Economic Development program.
- Maintained contract with the Business Enterprise Center to manage the Corvallis/Benton County Enterprise Zone, Airport Industrial Park marketing, and general economic development services.

<b>EXPENDITURES CLASS:</b>	<b>ACTUAL 2010-11</b>	<b>ACTUAL 2011-12</b>	<b>BUDGET 2012-13</b>	<b>REVISED 2012-13</b>	<b>ADOPTED 2013-14</b>	<b>% CHANGE FROM 12-13 BUDGET</b>
<b>Personnel Services</b>	\$0	\$0	\$205,000	\$130,390	\$221,250	7.93%
<b>Supplies and Services</b>	0	0	175,000	120,080	105,000	-40.00%
<b>Capital Outlay</b>	0	0	0	0	0	0.00%
<b>Total</b>	\$0	\$0	\$380,000	\$250,470	\$326,250	0.00%

**EXPENDITURE BY PROGRAM**

<b>Economic Development</b>	\$0	\$0	\$300,000	\$214,470	\$292,250	-2.58%
<b>Special Projects</b>	0	0	80,000	36,000	34,000	-57.50%
<b>Total</b>	\$0	\$0	\$380,000	\$250,470	\$326,250	-14.14%
<b>Staffing Levels</b>	0.000	0.000	2.000	2.000	2.000	0.00%



City view of Reser Stadium



2<sup>nd</sup> Street Troubadour



Great Harvest 2<sup>nd</sup> Street

**GENERAL FUND  
COMMUNITY DEVELOPMENT DEPARTMENT  
ADMINISTRATION/DEVELOPMENT SERVICES/SPECIAL PROJECTS**

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**RESPONSIBILITIES:**

- Provide management and administrative support functions, including budget-related activities, in support of the department's General Fund services to ensure efficient and effective delivery.
- 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 code for nuisance abatement to enhance community livability.
- Provide land use compliance services for the City's Land Development Code.
- Utilize special project budget for one-time purchases/activities or for those which fall outside the normal scope of department operations.

**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 for the three years ending FY 13-14, through a 2011 voter approved levy.
- Administer the City contract with Visit Corvallis to benefit tourism activity, and the City contract with the Downtown Corvallis Association in delivery of the Economic Improvement District funding.
- Monitor the 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.
- Implement a project that works toward a geographic information system (GIS) case history database.
- Continue oversight of the code enforcement and land development code inspection programs, in accordance with Council direction.

**FY 12-13 HIGHLIGHTS:**

- Served as staff support for six Boards and Commissions.
- Assisted in the transition of the Economic Development Program from Community Development to the City Manager's Office.
- Provided ongoing project management and technical 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 of the Land Development Code; reviewed 600 new cases and closed nearly 300 cases in calendar year 2012.

<b>EXPENDITURES CLASS:</b>	<b>ACTUAL 2010-11</b>	<b>ACTUAL 2011-12</b>	<b>BUDGET 2012-13</b>	<b>REVISED 2012-13</b>	<b>ADOPTED 2013-14</b>	<b>% CHANGE FROM 12-13 BUDGET</b>
<b>Personnel Services</b>	\$469,914	\$315,638	\$324,550	\$324,550	\$320,520	-1.24%
<b>Supplies and Services</b>	224,356	221,274	254,850	260,790	278,960	9.46%
<b>Capital Outlay</b>	0	0	0	0	0	0.00%
<b>Total</b>	\$694,270	\$536,912	\$579,400	\$585,340	\$599,480	3.47%

**EXPENDITURE BY PROGRAM**

<b>Administration</b>	\$413,862	\$419,170	\$416,020	\$414,780	\$402,930	-3.15%
<b>Development Services</b>	280,006	117,742	129,480	129,480	128,730	-0.58%
<b>Housing</b>	0	0	33,900	33,900	35,000	3.24%
<b>Special Projects</b>	402	0	0	7,180	32,820	0.00%
<b>Total</b>	\$694,270	\$536,912	\$579,400	\$585,340	\$599,480	3.47%
<b>Staffing Levels</b>	4.188	2.200	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.

**GENERAL FUND  
COMMUNITY DEVELOPMENT DEPARTMENT  
PLANNING SERVICES**

**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 12-13 HIGHLIGHTS:**

- Provided staff support for the OSU/City Collaboration Project Scoping Committee and Work Groups.
- Adopted package of 2012 Land Development Code changes, including parking changes and local food measures, amongst others.
- Completed an update to the Airport Industrial Park (AIP) Master Plan.
- Experienced a large 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.
- Accomplished 11 of 12 highest priority 2012 Planning Work Program items despite reduced staffing levels.

<b>BUDGET BY CLASS:</b>	<b>ACTUAL 2010-11</b>	<b>ACTUAL 2011-12</b>	<b>BUDGET 2012-13</b>	<b>REVISED 2012-13</b>	<b>ADOPTED 2013-14</b>	<b>% CHANGE FROM 12-13 BUDGET</b>
<b>Personnel Services</b>	\$698,401	\$661,885	\$642,770	\$642,770	\$643,630	0.13%
<b>Supplies and Services</b>	57,551	57,760	89,240	79,240	66,730	-25.22%
<b>Capital Outlay</b>	0	0	0	0	0	0.00%
<b>Total</b>	\$755,952	\$719,645	\$732,010	\$722,010	\$710,360	-2.96%
<b>EXPENDITURE BY PROGRAM</b>						
<b>Administration</b>	\$296,173	\$279,378	\$296,160	\$296,160	\$275,470	-6.99%
<b>Long Range Planning</b>	260,530	55,092	91,330	81,330	83,880	-8.16%
<b>Development Review</b>	199,250	385,176	344,520	344,520	351,010	1.88%
<b>Total</b>	\$755,952	\$719,645	\$732,010	\$722,010	\$710,360	-2.96%
<b>Staffing Levels</b>	7.470	7.340	5.680	5.680	5.680	0.00%

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



**GENERAL FUND  
FINANCE DEPARTMENT  
MUNICIPAL COURT**

**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.
- Begin review and demonstration of OneSolution Court module software, and if necessary review other vendors' offerings, with a view to acquiring an improved software solution for court processing needs.
- Complete implementation of an on-line payment service for defendants.

**FY 12-13 HIGHLIGHTS:**

- Installed flexible security doors to better protect filing folders that contain personal identifying information.
- Completed process of turning over existing delinquent accounts to collection agency.

<b>BUDGET BY CLASS:</b>	<b>ACTUAL 2010-11</b>	<b>ACTUAL 2011-12</b>	<b>BUDGET 2012-13</b>	<b>REVISED 2012-13</b>	<b>ADOPTED 2013-14</b>	<b>%CHANGE FROM 12-13 BUDGET</b>
<b>Personnel Services</b>	\$352,761	\$403,584	\$329,880	\$334,230	\$329,330	-0.17%
<b>Supplies and Services</b>	223,640	255,598	299,860	287,240	317,440	5.86%
<b>Capital Outlay</b>	0	0	0	0	0	0.00%
<b>Total</b>	\$576,401	\$659,182	\$629,740	\$621,470	\$646,770	2.70%

**EXPENDITURE BY PROGRAM**

<b>Judicial Services</b>	\$576,401	\$659,182	\$629,740	\$621,470	\$626,770	-0.47%
<b>Special Projects</b>	0	0	0	0	20,000	0.00%
<b>Total</b>	\$576,401	\$659,182	\$629,740	\$621,470	\$646,770	2.70%
<b>Staffing Levels</b>	4.000	4.000	3.250	3.250	3.250	0.00%

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



Municipal Court



Judge Donahue

**GENERAL FUND  
FIRE DEPARTMENT  
MANAGEMENT SERVICES/SPECIAL PROJECTS**

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**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.
- Utilize special project budget for one-time purchases/activities or for those which fall outside the normal scope of department operations.

**WORK PLAN:**

- Participate in two disaster drills with other agencies.
- Revise the Emergency Operations Plan for the City.
- Recruit and train new volunteers.
- Replace the Cardiopulmonary Resuscitation (CPR) and Advanced Life Support (ALS) training mannequins.

**FY 12-13 HIGHLIGHTS:**

- Conducted training academies for new volunteers.
- Utilized the training module in High Plains Records Management System to track training by individual.
- Provided in-house training using Adobe Connect (when possible), which allowed crews to stay in their designated stations.
- 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 implementation of Mobile Trak application, which will provide more accurate incident times than the current manual entry method.
- Received a Federal Emergency Management Agency (FEMA) Assistance to Firefighters grant, which allowed National Fire Protection Association (NFPA) Risk Watch curriculum to be implemented.
- Monitored and tracked positive and negative impacts of the Station 5 closure.

<b>BUDGET BY CLASS:</b>	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>BUDGET</b>	<b>REVISED</b>	<b>ADOPTED</b>	<b>%CHANGE</b>
	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2012-13</b>	<b>2013-14</b>	<b>FROM 12-13</b>
						<b>BUDGET</b>
<b>Personnel Services</b>	\$1,492,740	\$1,569,812	\$1,559,170	\$1,542,830	\$1,475,450	-5.37%
<b>Supplies and Services</b>	1,069,322	982,127	994,630	969,850	1,003,260	0.87%
<b>Capital Outlay</b>	199,989	552,776	0	0	0	0.00%
<b>Total</b>	\$2,762,051	\$3,104,715	\$2,553,800	\$2,512,680	\$2,478,710	-2.94%

**EXPENDITURE BY PROGRAM**

<b>Administration</b>	\$1,695,188	\$1,762,216	\$1,761,720	\$1,748,790	\$1,770,960	0.52%
<b>Training</b>	761,991	760,959	755,270	742,970	684,510	-9.37%
<b>Special Projects</b>	304,872	581,539	36,810	20,920	23,240	-36.86%
<b>Total</b>	\$2,762,051	\$3,104,715	\$2,553,800	\$2,512,680	\$2,478,710	-2.94%
<b>Staffing Levels</b>	11.000	10.700	10.700	10.700	10.100	-5.61%

NOTE: Staffing level changes in FY 13-14 are a result of re-allocating staff between Management Services, Fire & Rescue, and EMS divisions.



New Power-assisted ambulance gurneys



2012 Ambulance

**GENERAL FUND  
FIRE DEPARTMENT  
FIRE AND RESCUE OPERATIONS**

**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.
- Refine existing technological solutions for building and vehicle maintenance planning via the intranet.
- Complete modifications to the building, vehicle, and technology plans resulting from the Station 5 closure.

**FY 12-13 HIGHLIGHTS:**

- Responded to 2,715 calls for fire-related incidents in 2012.
- 42,458 volunteer hours were worked in 2012 by 58 volunteers (33 of the volunteers worked for the entire year).
- Sold one fire apparatus.
- Upgraded Station 1's heating, ventilation and air conditioning (HVAC) system to correct long-standing problems and reduce energy use.

<b>BUDGET BY CLASS:</b>	<b>ACTUAL 2010-11</b>	<b>ACTUAL 2011-12</b>	<b>BUDGET 2012-13</b>	<b>REVISED 2012-13</b>	<b>ADOPTED 2013-14</b>	<b>% CHANGE FROM 12-13 BUDGET</b>
<b>Personnel Services</b>	\$3,279,645	\$3,418,337	\$3,358,140	\$3,307,850	\$3,342,480	-0.47%
<b>Supplies and Services</b>	592,662	607,552	651,900	649,620	688,230	5.57%
<b>Capital Outlay</b>	0	0	15,000	15,000	0	-100.00%
<b>Total</b>	\$3,872,307	\$4,025,889	\$4,025,040	\$3,972,470	\$4,030,710	0.14%

**EXPENDITURE BY PROGRAM**

<b>Fire Operations</b>	\$3,609,658	\$3,742,133	\$3,686,670	\$3,642,820	\$3,712,390	0.70%
<b>Volunteers</b>	53,811	50,181	71,650	67,100	64,650	-9.77%
<b>Building &amp; Grounds</b>	44,856	40,838	67,180	67,180	50,340	-25.07%
<b>Equipment and Inventory</b>	63,259	66,924	80,800	76,630	73,190	-9.42%
<b>Vehicle and Apparatus</b>	100,723	125,813	118,740	118,740	130,140	9.60%
<b>Total</b>	\$3,872,307	\$4,025,889	\$4,025,040	\$3,972,470	\$4,030,710	0.14%
<b>Staffing Levels</b>	27.800	27.800	26.300	26.300	26.600	1.14%

NOTE: Staffing level changes in FY 12-13 to balance the budget included 3 FTE Firefighter/EMT's reductions across multiple department divisions; changes in FY 13-14 are a result of re-allocating staff between Management Services, Fire & Rescue, and EMS divisions.



Ladder truck at Reser Stadium



Live fire demonstration



Special Rescue Team river training

**GENERAL FUND  
FIRE DEPARTMENT  
HAZARD REDUCTION SERVICES**

**RESPONSIBILITIES:**

- Provide code enforcement services designed to prevent or limit fire and associated hazards to life and property.
- Offer 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 Corvallis Rural Fire Protection District (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.
- Update the fire prevention website, including “self-help” in permitting, hydrant information, weed abatement, and general information for citizens.

**FY 12-13 HIGHLIGHTS:**

- Investigated 216 fires, 40 of which required complex investigations by the Corvallis Fire Investigation Team (CFIT). Four of the complex fires were a result of a fire-related crime.
- Performed 2,000 fire and life safety inspections, and participated in 150 compliance inspections of new construction projects.
- Provided 132 fire safety presentations interfacing with over 7,000 participants.
- Conducted fire and life safety training academies for Greek Housing and OSU Housing (resident advisors).
- Coordinated an off-campus housing smoke detector survey, performed by sorority members and department volunteers.
- Provided fire prevention and safety classes for 100 juniors and seniors at Corvallis High School.
- Participated in Safety Town, located at the Boys and Girls’ Club, program extended to 300 pre-kindergarten children.
- Expand the CFD-OSU-509J “Learn Not to Burn” pilot public education program to include the “Risk Watch” program at Lincoln and Garfield Elementary Schools. These programs are being administered by Fire Prevention volunteers.
- Issued 40 Notice of Violations (NOV) of the Corvallis Fire Code, resulting in \$9,150 in civil penalties.

<b>BUDGET BY CLASS:</b>						<b>% CHANGE</b>
	<b>ACTUAL 2010-11</b>	<b>ACTUAL 2011-12</b>	<b>BUDGET 2012-13</b>	<b>REVISED 2012-13</b>	<b>ADOPTED 2013-14</b>	<b>FROM 12-13 BUDGET</b>
<b>Personnel Services</b>	\$1,046,845	\$1,100,541	\$1,097,070	\$1,083,430	\$1,117,060	1.82%
<b>Supplies and Services</b>	20,188	19,404	17,970	16,760	18,250	1.56%
<b>Capital Outlay</b>	0	0	0	0	0	0.00%
<b>Total</b>	\$1,067,033	\$1,119,945	\$1,115,040	\$1,100,190	\$1,135,310	1.82%

**EXPENDITURE BY PROGRAM**

<b>Fire Prevention</b>	\$1,067,033	\$1,119,945	\$1,115,040	\$1,100,190	\$1,135,310	1.82%
<b>Total</b>	\$1,067,033	\$1,119,945	\$1,115,040	\$1,100,190	\$1,135,310	1.82%
<b>Staffing Levels</b>	8.600	8.600	8.300	8.300	8.300	0.00%

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



Fire Prevention at Benton County Fair



2012 Open House – “Don’t Do This!”



Safety Town “Firefighter is Your Friend”

**GENERAL FUND  
FIRE DEPARTMENT  
EMERGENCY MEDICAL SERVICES (EMS)**

**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 12-13 HIGHLIGHTS:**

- Responded to 4,525 calls for EMS-related incidents in 2012.
- Received 97% “Excellent” or “Good” ratings on the 2012 Citizen Attitude Survey for EMS services.
- Renewed the biennial State Emergency Medical Technician (EMT) recertification for all EMT’s in the department.
- Sold two ambulances.

<b>BUDGET BY CLASS:</b>	<b>ACTUAL 2010-11</b>	<b>ACTUAL 2011-12</b>	<b>BUDGET 2012-13</b>	<b>REVISED 2012-13</b>	<b>ADOPTED 2013-14</b>	<b>% CHANGE FROM 12-13 BUDGET</b>
<b>Personnel Services</b>	\$2,498,269	\$2,571,435	\$2,563,520	\$2,528,960	\$2,623,700	2.35%
<b>Supplies and Services</b>	213,495	193,273	192,320	197,280	217,530	13.11%
<b>Capital Outlay</b>	0	0	0	0	0	0.00%
<b>Total</b>	\$2,711,763	\$2,764,708	\$2,755,840	\$2,726,240	\$2,841,230	3.10%

**EXPENDITURE BY PROGRAM**

<b>Emergency Medical</b>	\$2,711,763	\$2,764,708	\$2,755,840	\$2,726,240	\$2,841,230	3.10%
<b>Total</b>	\$2,711,763	\$2,764,708	\$2,755,840	\$2,726,240	\$2,841,230	3.10%
<b>Staffing Levels</b>	21.600	21.900	20.700	20.700	21.000	1.45%

NOTE: Staffing level changes in FY 12-13 to balance the budget included 3 FTE Firefighter/EMT's reductions across multiple department divisions; changes in FY 13-14 are a result of re-allocating staff between Management Services, Fire & Rescue, and EMS divisions.



EMS training at Reser Stadium



Downtown EMS response

**GENERAL FUND  
LIBRARY DEPARTMENT  
ADMINISTRATION/SPECIAL PROJECTS**

**RESPONSIBILITIES:**

- Provides vision, leadership, planning and support for provision of library services throughout Corvallis and Benton County Library Service District. 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.
- Utilize special project budget for one-time purchases/activities or for those which fall outside the normal scope of department operations.

**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 continued budget reductions.
- Manage the ongoing large volunteer program.
- Complete scheduled building maintenance and special projects.
- Support the transition to the new Monroe Community Library building.



Monroe Library construction

**FY 12-13 HIGHLIGHTS:**

- Improved building security by implementing individual employee codes for keypad door locks.
- Completed a survey of patrons about their use of all aspects of technology at the Library, with a view to effective and efficient deployment of these limited resources.
- Co-sponsored the Library Foundation's "Complete the Block Party" to raise awareness for this campaign. The Foundation met its goal to raise funds to support the purchase of the property directly adjacent to the Library when it becomes available.
- Replaced the roof on the Belluschi Wing and the 1964 Addition to the Corvallis Library.
- Completed the fire alarm system upgrade in the Corvallis Library. Replaced well worn carpet in heavy traffic areas on the second floor and Youth Services areas.

<b>BUDGET BY CLASS:</b>	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>BUDGET</b>	<b>REVISED</b>	<b>ADOPTED</b>	<b>% CHANGE</b>
	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2012-13</b>	<b>2013-14</b>	<b>FROM 12-13</b>
						<b>BUDGET</b>
<b>Personnel Services</b>	\$639,053	\$670,646	\$686,910	\$686,910	\$699,490	1.83%
<b>Supplies and Services</b>	1,202,800	1,150,557	1,136,950	1,143,810	1,096,060	-3.60%
<b>Capital Outlay</b>	85,604	10,000	17,000	0	0	-100.00%
<b>Total</b>	\$1,927,457	\$1,831,203	\$1,840,860	\$1,830,720	\$1,795,550	-2.46%

**EXPENDITURE BY PROGRAM**

<b>Administration</b>	\$1,576,066	\$1,544,712	\$1,552,340	\$1,546,040	\$1,532,560	-1.27%
<b>Library Technology</b>	145,637	148,949	153,020	153,020	162,490	6.19%
<b>Grants</b>	5,847	0	0	0	0	0.00%
<b>Special Projects</b>	199,907	137,543	135,500	131,660	100,500	-25.83%
<b>Total</b>	\$1,927,457	\$1,831,203	\$1,840,860	\$1,830,720	\$1,795,550	-2.46%
<b>Staffing Levels</b>	6.000	5.000	5.000	5.000	5.000	0.00%

**GENERAL FUND  
LIBRARY DEPARTMENT  
PUBLIC SERVICES**

**RESPONSIBILITIES:**

- Deliver library services to Corvallis and Benton County Library Service District through Adult and Youth Services, Access Services, and Extension & Technology Services.
- Provide an extensive 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.”



Library Musicians

**WORK PLAN:**

- Continue to investigate and implement efficiencies and changes in procedures, using reduced staff to meet high demand for services.
- Develop the collection to provide a mix of materials to reflect patrons’ interests.
- Provide literacy-related services to youth of all ages, including early literacy partnerships with outside agencies and childcare providers.
- Implement services in the new Monroe Community Library.

**FY 12-13 HIGHLIGHTS:**

- Presented the annual Summer Reading program for preschoolers, elementary age children, and teens.
- Offered well-attended eBook and eReader clinics.
- Installed new furniture was installed in the lobby where additional self check machines allow more patrons to serve themselves.
- Implemented the “floating collection” system to manage the movement of materials between all library service locations.
- Utilized the Bookmobile to provide early literacy outreach services to preschool children. Also served 1,088 patrons over 11 weeks at the Saturday Farmers’ Market.
- Continued to assist the South Benton Library Project group during construction of the new Monroe Community Library.
- Redesigned the system for checking out DVDs and created the “DVD alcove” with a service desk to reduce theft.



Children’s books - Puss’n’Boots

<b>BUDGET BY CLASS:</b>	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>BUDGET</b>	<b>REVISED</b>	<b>ADOPTED</b>	<b>% CHANGE</b>
	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2012-13</b>	<b>2013-14</b>	<b>FROM 12-13</b>
						<b>BUDGET</b>
<b>Personnel Services</b>	\$3,131,535	\$3,182,420	\$3,351,980	\$3,306,980	\$3,268,590	-2.49%
<b>Supplies and Services</b>	848,445	864,306	860,670	866,670	814,010	-5.42%
<b>Capital Outlay</b>	0	23,542	0	0	0	0.00%
<b>Total</b>	\$3,979,980	\$4,070,268	\$4,212,650	\$4,173,650	\$4,082,600	-3.09%

**EXPENDITURE BY PROGRAM**

<b>Access Services</b>	\$1,588,110	\$1,085,610	\$1,120,520	\$1,083,460	\$1,059,720	-5.43%
<b>Adult Services</b>	601,350	509,674	467,140	508,800	464,190	-0.63%
<b>Collection Development</b>	630,473	373,318	277,730	277,730	217,730	-21.60%
<b>Youth Services</b>	517,162	508,964	516,600	497,270	528,580	2.32%
<b>Extension Services</b>	642,886	672,450	821,300	806,850	764,170	-6.96%
<b>Operations Levy 2011</b>	0	920,252	1,009,360	999,540	1,048,210	3.85%
<b>Total</b>	\$3,979,980	\$4,070,268	\$4,212,650	\$4,173,650	\$4,082,600	-3.09%
<b>Staffing Levels</b>	39.375	40.375	37.750	37.750	37.125	-1.66%

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. Additional staffing changes to balance the budget in FY 13-14 include reduction of a .625 FTE Reference Librarian.

**GENERAL FUND  
PARKS AND RECREATION DEPARTMENT  
ADMINISTRATION/SPECIAL PROJECTS**

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**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:**

- Enhance target marketing through utilization of registration software and department webpage improvements.
- Consolidate City/School District agreements.
- 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.
- Support Department Boards and Commissions.
- Review potential land acquisition opportunities.
- Investigate potential development of a community center based on expressed citizen interest through CIP process.
- Work with Corvallis Rotary Clubs to construct Willamette Park Picnic Shelter.

**FY 12-13 HIGHLIGHTS:**

- Rehabilitated Tunison Park utilizing a grant from Oregon Parks and Recreation and Shooting Star Trail utilizing a grant from the Recreation and Trails Program.
- Completed update of Parks and Recreation Master Plan.
- Contributed to the development of the Friends of Corvallis Parks and Recreation group, which has been formed to advocate for parks and recreation issues within the City.
- Rehabilitated the Arts Center Plaza with replacement of pavers, lighting and landscaping.

<b>BUDGET BY CLASS:</b>	<b>ACTUAL 2010-11</b>	<b>ACTUAL 2011-12</b>	<b>BUDGET 2012-13</b>	<b>REVISED 2012-13</b>	<b>ADOPTED 2013-14</b>	<b>% CHANGE FROM 12-13 BUDGET</b>
<b>Personnel Services</b>	\$532,860	\$629,205	\$602,670	\$607,080	\$548,830	-8.93%
<b>Supplies and Services</b>	715,034	772,309	924,770	914,530	986,420	6.67%
<b>Capital Outlay</b>	20,590	11,351	24,060	24,060	61,920	157.36%
<b>Total</b>	\$1,268,484	\$1,412,865	\$1,551,500	\$1,545,670	\$1,597,170	2.94%

**EXPENDITURE BY PROGRAM**

<b>Administration</b>	\$1,157,120	\$1,248,010	\$1,245,550	\$1,202,640	\$1,160,330	-6.84%
<b>Special Projects</b>	111,364	164,855	305,950	343,030	436,840	42.78%
<b>Total</b>	\$1,268,484	\$1,412,865	\$1,551,500	\$1,545,670	\$1,597,170	2.94%
<b>Staffing Levels</b>	5.600	6.350	6.350	6.350	5.100	-19.69%

NOTE: Staffing level changes in FY 13-14 to balance the budget includes reductions to 1.0 FTE Management Assistant, with .25 FTE re-classed to the Park Planner; as well as a reduction of .50 FTE Admin Specialist, with .25 FTE re-classed to the Recreation Division as an Admin Specialist.

**GENERAL FUND  
PARKS AND RECREATION DEPARTMENT  
PARKS MAINTENANCE**

**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 to integrate, monitor and update the Parks & Natural Areas Sustainable Operations Plan into daily operations.
- Develop an integrated trails web page with Benton County and Greenbelt Land Trust.
- Increase revenue generation potential for Parks Division facilities.
- Evaluate existing park service levels in light of ongoing budget reduction.
- Expand volunteer base to increase ability to maintain park maintenance customer services.
- Implement Heritage Tree Program.
- Expand Neighborhood Forester program.
- Continue to implement and manage the Urban Forest Sustainability Initiative Fee program.
- Begin habitat restoration at Herbert Farm and Natural Area.
- Construct a trail at Herbert Farm and Natural Area.
- Complete an oak release project at Chip Ross Natural Area.

**FY 12-13 HIGHLIGHTS:**

- Supported a wide range of community events including the Festival of Lights; Red, White, and Blues Festival; Farmer’s Market; daVinci Days; and Fall Festival.
- 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.
- Continued 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 11<sup>th</sup> year.
- Reinstated some services that had been reduced through budget cuts using public and private donations.
- Volunteers contributed 7405 hours to support Parks & Natural Areas.
- Expanded the water wise, pesticide free landscape projects.
- Developed Heritage Tree Program.
- Completed phase one of the tree trimming at Kendall Natural Area.

<b>BUDGET BY CLASS:</b>	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>BUDGET</b>	<b>REVISED</b>	<b>ADOPTED</b>	<b>% CHANGE</b>
	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2012-13</b>	<b>2013-14</b>	<b>FROM 12-13</b>
						<b>BUDGET</b>
<b>Personnel Services</b>	\$1,270,303	\$1,151,514	\$1,239,400	\$1,191,400	\$1,317,430	6.30%
<b>Supplies and Services</b>	334,867	376,864	387,670	395,670	392,250	1.18%
<b>Capital Outlay</b>	0	0	0	0	0	0.00%
<b>Total</b>	\$1,605,169	\$1,528,378	\$1,627,070	\$1,587,070	\$1,709,680	5.08%

**EXPENDITURE BY PROGRAM**

<b>Support Services</b>	\$313,436	\$194,109	\$184,540	\$184,540	\$210,570	14.11%
<b>Parks</b>	474,100	492,039	526,370	514,370	582,430	10.65%
<b>Natural Resources</b>	806,369	781,360	826,160	815,160	826,680	0.06%
<b>Urban Forestry - SIF</b>	11,264	60,870	90,000	73,000	90,000	0.00%
<b>Total</b>	\$1,605,169	\$1,528,378	\$1,627,070	\$1,587,070	\$1,709,680	5.08%
<b>Staffing Levels</b>	19.040	17.540	16.070	16.070	15.490	-3.61%

NOTE: Staffing level changes in FY 12-13 to balance the budget included reductions to .50 FTE Parks Operations Specialist; .72 FTE Park Seasonals; and a .25 FTE reclass to the Parks Recreation division. Additional staffing changes to balance the budget in FY 13-14 include reduction of a .58 FTE Park Seasonal.

**GENERAL FUND  
PARKS AND RECREATION DEPARTMENT  
RECREATION SERVICES DIVISION**

**RESPONSIBILITIES:**

- Operate and maintain the Osborn Aquatic Center, as 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/activities, encouraging 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 the Community Garden Master Plan.
- Maintain and contribute to community partnerships.
- Expand opportunities and remove barriers to participation for all who are interested in recreation programs.
- 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.
- Continue robust after school programs to support State life-long physical education goals.

**FY 12-13 HIGHLIGHTS:**

- 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.
- Offered over two thousand opportunities for Active Living through various physically active programs.

<b>BUDGET BY CLASS:</b>	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>BUDGET</b>	<b>REVISED</b>	<b>ADOPTED</b>	<b>% CHANGE</b>
	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2012-13</b>	<b>2013-14</b>	<b>FROM 12-13</b>
						<b>BUDGET</b>
<b>Personnel Services</b>	\$1,662,856	\$1,840,917	\$1,814,800	\$1,841,390	\$1,942,440	7.03%
<b>Supplies and Services</b>	904,758	901,655	934,760	884,460	914,940	-2.12%
<b>Capital Outlay</b>	0	0	0	0	0	0.00%
<b>Total</b>	<b>\$2,567,614</b>	<b>\$2,742,572</b>	<b>\$2,749,560</b>	<b>\$2,725,850</b>	<b>\$2,857,380</b>	<b>3.92%</b>

**EXPENDITURE BY PROGRAM**

<b>Recreation Corps</b>	\$15,558	\$7,175	\$0	\$0	\$0	0.00%
<b>Volunteer Corps</b>	16,236	16,357	17,150	16,480	16,550	-3.50%
<b>General Programming</b>	432,606	463,635	482,400	467,280	484,560	0.45%
<b>Sports</b>	301,014	306,753	316,480	311,430	329,100	3.99%
<b>Outdoor</b>	10,550	14,279	14,770	14,140	13,150	-10.97%
<b>Senior Center</b>	506,956	481,170	503,070	472,440	494,040	-1.79%
<b>Aquatics</b>	1,281,933	1,446,145	1,409,230	1,434,940	1,511,040	7.22%
<b>Enrichment Programs</b>	2,760	7,059	6,460	9,140	8,940	38.39%
<b>Total</b>	<b>\$2,567,614</b>	<b>\$2,742,572</b>	<b>\$2,749,560</b>	<b>\$2,725,850</b>	<b>\$2,857,380</b>	<b>3.92%</b>
<b>Staffing Levels</b>	11.675	11.925	11.675	11.675	11.800	1.07%

NOTE: Staffing level changes in FY 12-13 to balance the budget includes 0.25 FTE reduction to Recreation Services. FY 13-14 re-classed .125 FTE Admin Specialist from Admin Division to the Recreation Division.

**GENERAL FUND  
POLICE DEPARTMENT  
ADMINISTRATION/SPECIAL PROJECTS**

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**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.
- Support the achievement of department goals through provision of training, planning and research services.
- Coordinate the development and implementation of policies and procedures, and accreditation.
- Utilize special project budget for one-time purchases/activities or for those which fall outside the normal scope of department operations.

**WORK PLAN:**

- Maintain a comprehensive training curriculum, and complete annual In-Service Training.
- Prepare and distribute quarterly complaint and commendation summary to the Community Policing Forum and the Community Police Review Board.
- Conduct goal setting session of the Community Policing Forum.
- Continue assessment and compliance for reaccreditation by the Commission for Accreditation of Law Enforcement Agencies (CALEA) in December 2014.
- Assist with staff support of the OSU/City Collaboration Group for Neighborhood Livability, Parking and Land Development.

**FY 12-13 HIGHLIGHTS:**

- Continued a quarterly complaint and summary review through the Community Policing Forum and the Citizen Police Review Board.
- Implemented the Commission for Accreditation of Law Enforcement Agencies (CALEA) online system.
- Successfully negotiated a new three year labor contract with Corvallis Police Officers Association (CPOA).
- Updated a Department Police Officer Recruitment Plan/Action Plan.

<b>BUDGET BY CLASS:</b>	<b>ACTUAL 2010-11</b>	<b>ACTUAL 2011-12</b>	<b>BUDGET 2012-13</b>	<b>REVISED 2012-13</b>	<b>ADOPTED 2013-14</b>	<b>%CHANGE FROM 12-13 BUDGET</b>
<b>Personnel Services</b>	\$513,896	\$378,446	\$378,860	\$389,940	\$391,060	3.22%
<b>Supplies and Services</b>	1,837,759	1,883,016	1,859,390	1,862,760	2,148,900	15.57%
<b>Capital Outlay</b>	6,040	55,401	194,440	191,020	116,700	-39.98%
<b>Total</b>	\$2,357,694	\$2,316,863	\$2,432,690	\$2,443,720	\$2,656,660	9.21%

**EXPENDITURE BY PROGRAM**

<b>Administration</b>	\$2,286,498	\$2,160,037	\$2,189,540	\$2,205,380	\$2,344,060	7.06%
<b>Special Projects</b>	71,197	156,826	243,150	238,340	312,600	28.56%
<b>Total</b>	\$2,357,694	\$2,316,863	\$2,432,690	\$2,443,720	\$2,656,660	9.21%
<b>Staffing Levels</b>	4.250	4.250	3.450	3.450	3.450	0.00%

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

**GENERAL FUND  
POLICE DEPARTMENT  
INVESTIGATIONS AND SUPPORT SERVICES**

**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 12-13 HIGHLIGHTS:**

- Applied for and received an extension of funding through the federal Byrne Grant for Street Crimes Unit training and equipment. This grant will not be available after September 30, 2013.
- Conducted multi-jurisdictional international drug trafficking investigation.
- Safely secured and assisted the Secret Service with two United States First Lady visits.
- The civilian Auxiliary members performed over 1,200 volunteer hours of Crime Prevention services.

<b>BUDGET BY CLASS:</b>	<b>ACTUAL 2010-11</b>	<b>ACTUAL 2011-12</b>	<b>BUDGET 2012-13</b>	<b>REVISED 2012-13</b>	<b>ADOPTED 2013-14</b>	<b>%CHANGE FROM 12-13 BUDGET</b>
<b>Personnel Services</b>	\$1,987,905	\$2,039,433	\$2,022,100	\$2,039,130	\$2,040,550	0.91%
<b>Supplies and Services</b>	284,626	293,157	309,590	297,710	308,420	-0.38%
<b>Capital Outlay</b>	14,735	0	0	0	0	0.00%
<b>Total</b>	\$2,287,266	\$2,332,591	\$2,331,690	\$2,336,840	\$2,348,970	0.74%

**EXPENDITURE BY PROGRAM**

<b>Detectives</b>	\$1,080,213	\$1,092,159	\$1,065,980	\$1,063,370	\$1,052,410	-1.27%
<b>Crime Prevention/DARE</b>	1,589	1,811	1,680	1,680	1,680	0.00%
<b>Crime Analysis</b>	113,563	123,310	123,460	133,000	131,830	6.78%
<b>Evidence/Property Control</b>	138,249	144,446	148,380	150,360	153,410	3.39%
<b>Animal Control</b>	130,106	136,074	134,970	135,850	140,780	4.30%
<b>Information &amp; Support Svs</b>	379,451	383,662	387,280	402,830	401,830	3.76%
<b>Records</b>	444,095	451,130	469,940	449,750	467,030	-0.62%
<b>Total</b>	\$2,287,266	\$2,332,591	\$2,331,690	\$2,336,840	\$2,348,970	0.74%
<b>Staffing Levels</b>	19.250	19.250	19.050	19.050	19.050	0.00%



Cops & Robbers Citizen Police Academy



Computer Forensics

**GENERAL FUND  
POLICE DEPARTMENT  
COMMUNITY SERVICES**

**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 direction from OSU/City Neighborhood Livability Collaboration Group and implementing proactive Tactical Action Plans for specific community issues.

**FY 12-13 HIGHLIGHTS:**

- Applied for and received a Pedestrian Safety Enforcement Grant to fund training & operation of pedestrian safety.
- Awarded grant funding from the Oregon Department of Transportation to implement eCitation and eCrash programs.
- Worked with Corvallis Regional Medical Center to open a City of Corvallis Police substation in the Emergency Department.
- Based on the OSU/City Collaboration Group, increased issuance of Special Response Notices and enhanced focus on the Chronic Nuisance Ordinance violations.
- A Back to School Safety Blitz was conducted in partnership with the 509J School District to increase the safety of children.
- Cadets volunteered almost 4,500 service hours in 2012.

<b>BUDGET BY CLASS:</b>	<b>ACTUAL 2010-11</b>	<b>ACTUAL 2011-12</b>	<b>BUDGET 2012-13</b>	<b>REVISED 2012-13</b>	<b>ADOPTED 2013-14</b>	<b>%CHANGE FROM 12-13 BUDGET</b>
<b>Personnel Services</b>	\$5,008,243	\$5,268,532	\$5,322,970	\$5,294,860	\$5,370,910	0.90%
<b>Supplies and Services</b>	261,593	265,488	264,870	247,540	272,980	3.06%
<b>Capital Outlay</b>	0	5,500	0	0	0	0.00%
<b>Total</b>	\$5,269,835	\$5,539,520	\$5,587,840	\$5,542,400	\$5,643,890	1.00%

**EXPENDITURE BY PROGRAM**

<b>Patrol</b>	\$5,033,222	\$5,274,206	\$5,274,700	\$5,304,260	\$5,390,180	2.19%
<b>Traffic</b>	236,614	265,314	313,140	238,140	253,710	-18.98%
<b>Total</b>	\$5,269,835	\$5,539,520	\$5,587,840	\$5,542,400	\$5,643,890	1.00%
<b>Staffing Levels</b>	45.900	44.900	43.900	43.900	43.900	0.00%

NOTE: In FY 11-12 due to budget constraints, one patrol officer position was eliminated. Subsequently, a lieutenant position was eliminated via the FY 12-13 budget, and three officer positions will remain vacant and unfunded in FY 13-14.



Patrol K-9 Team



Officer Molina

**GENERAL FUND  
PUBLIC WORKS  
ADMINISTRATION/ENGINEERING/TRANSPORATION/SPECIAL PROJECTS**

**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 cable television franchise agreement.
- Complete greenhouse gas inventories for the Corvallis community and the City organization.
- Assist the organization with technical and engineering expertise as needed, including developing CIP proposals to maintain and upgrade public facilities.
- Support the CIP Commission in developing the annual CIP update.

**FY 12-13 HIGHLIGHTS:**

- Renewed the natural gas franchise agreement for a ten-year period.
- Implemented and began enforcement of the Council's Single-Use Plastic Carryout Bags ordinance.
- Worked with community partners on their programs to reduce energy consumption by residents and businesses in Corvallis.
- Continued implementation of new enterprise GIS software and data structure.

<b>BUDGET BY CLASS:</b>	<b>ACTUAL 2010-11</b>	<b>ACTUAL 2011-12</b>	<b>BUDGET 2012-13</b>	<b>REVISED 2012-13</b>	<b>ADOPTED 2013-14</b>	<b>%CHANGE FROM 12-13 BUDGET</b>
<b>Personnel Services</b>	\$351,301	\$398,233	\$263,750	\$251,460	\$269,980	2.36%
<b>Supplies and Services</b>	536,010	731,800	955,150	696,530	756,280	-20.82%
<b>Capital Outlay</b>	57,755	42,352	0	13,100	0	0.00%
<b>Total</b>	\$945,067	\$1,172,385	\$1,218,900	\$961,090	\$1,026,260	-15.80%

**EXPENDITURE BY PROGRAM**

<b>Administration</b>	\$399,375	\$422,818	\$392,810	\$374,350	\$412,410	4.99%
<b>Transportation &amp; Buildings</b>	315,660	321,348	346,240	346,240	339,390	-1.98%
<b>Engineering</b>	113,869	123,553	104,400	104,400	96,460	-7.61%
<b>Special Projects</b>	116,163	304,666	375,450	136,100	178,000	-52.59%
<b>Total</b>	\$945,067	\$1,172,385	\$1,218,900	\$961,090	\$1,026,260	-15.80%
<b>Staffing Levels</b>	3.781	3.825	2.825	2.825	2.725	-3.54%

NOTE: Increase in FY 11-12 expenditures is due to carry over from FY 10-11 as related to EECEBG and EPA Climate Showcase Communities grant projects. Staffing level change in FY 12-13 is attributable to the elimination of the Sustainability Supervisor position.

**GENERAL FUND  
NON-DEPARTMENTAL  
NON-DEPARTMENTAL**

**RESPONSIBILITIES:**

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

**WORK PLAN:**

- Provide Social Services allocations totaling approximately \$340,300, with approximately 30% of that funded by the 2011 Operating Levy in FY 13-14.
- Support tourism with \$388,350, based on the required funding level of 30% of the transient room tax collected in calendar year 2012.
- Charge centralized overhead for internal services at \$62,940.
- Extend the annual Art Center property tax support at an estimated amount of \$42,310.
- Manage health premium payments estimated at \$340,600 related to retirees and/or their dependents, through the City's vendor, and bill retirees for full repayment of same.
- Make progress on City Council goals for OSU Collaboration at \$125,000 and Affordable Housing at \$125,000.

<b>BUDGET BY CLASS:</b>	<b>ACTUAL 2010-11</b>	<b>ACTUAL 2011-12</b>	<b>BUDGET 2012-13</b>	<b>REVISED 2012-13</b>	<b>ADOPTED 2013-14</b>	<b>%CHANGE FROM 12-13 BUDGET</b>
<b>Personnel Services</b>	\$0	\$0	\$0	\$0	\$0	0.00%
<b>Supplies and Services</b>	1,424,041	1,258,694	1,362,100	1,341,960	1,448,070	6.31%
<b>Capital Outlay</b>	0	0	0	0	0	0.00%
<b>Total</b>	\$1,424,041	\$1,258,694	\$1,362,100	\$1,341,960	\$1,448,070	6.31%

**EXPENDITURE BY PROGRAM**

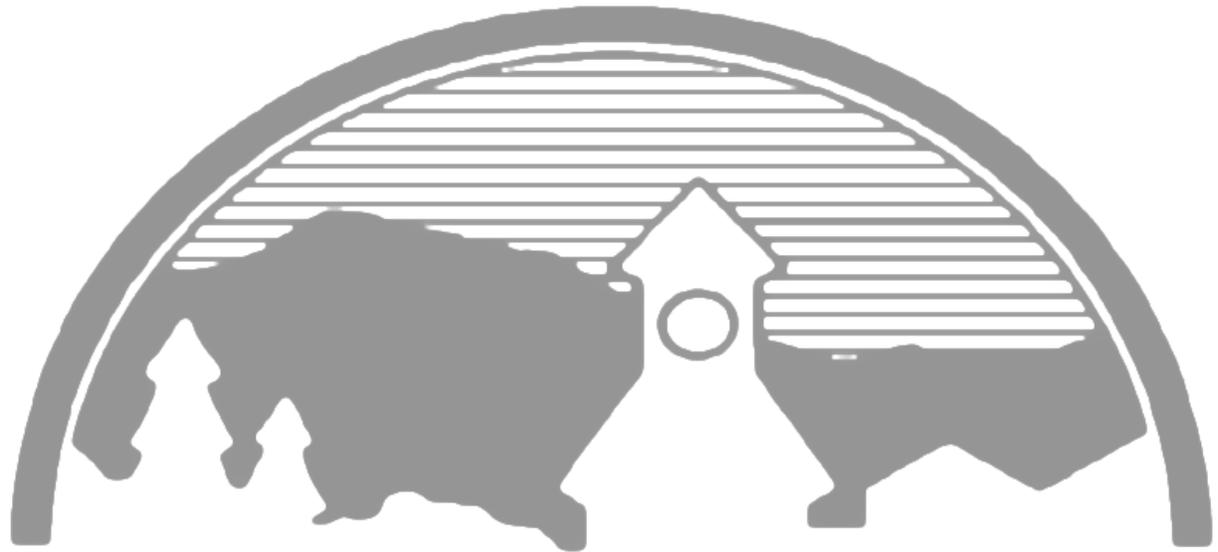
<b>Non-Departmental</b>	\$1,424,041	\$1,258,694	\$1,362,100	\$1,341,960	\$1,448,070	6.31%
<b>Total</b>	\$1,424,041	\$1,258,694	\$1,362,100	\$1,341,960	\$1,448,070	6.31%



Da Vinci Days – Kinetic Sculpture



Sidewalk Chalk art contest



**CORVALLIS**

ENHANCING COMMUNITY LIVABILITY



## SPECIAL REVENUE FUNDS

### Inspection Services



Corvallis Transit Service

## SPECIAL REVENUE FUNDS

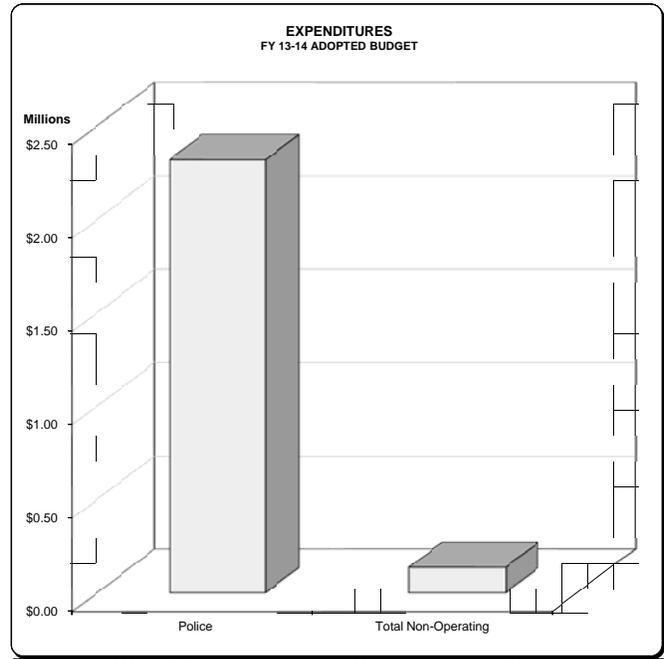
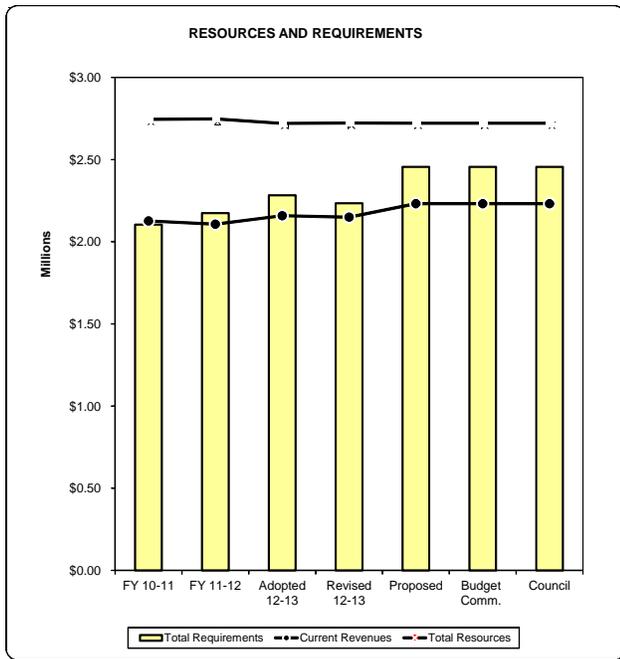
These are funds through which many special governmental functions are financed. The governmental fund measurement focus is on determination of financial position and changes in financial position (sources, uses, and balances of financial resources). Governmental funds are accounted and budgeted for on 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 do not 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 11-12.
- b) **Parks Systems Development Charge Fund** – is a new fund created in FY13-14 to account for the resources and uses associated with the Parks Systems Development Charge (SDC) fees. Previously, the activity associated with this Fund was accounted for in the Parks & Recreation Fund. Major revenue source is the parks system development charges. Expenditures are associated with capital construction SDC projects for park development, improvements, and trail/bike paths.
- c) **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 charges for service from the City of Corvallis Police & Fire departments as well as intergovernmental revenue from the State, Benton County, and other regional agencies. Expenditures are associated with the operation and maintenance of the 9-1-1 communications center.
- d) **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.
- e) **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 11-12.
- f) **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.
- g) **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 and grant monies. Expenditures are for operations and maintenance of the transit system.
- h) **2011 Operating Levy Fund** – to account for revenues and expenditures associated with the three-year 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 General Fund to which the above-referenced services pertain.

## 9-1-1 EMERGENCY FUND SUMMARY

	ACTUAL 2010-11	ACTUAL 2011-12	ADOPTED BUDGET 2012-13	REVISED 2012-13	PROPOSED BUDGET 2013-14	COMMISSION RECOMMENDED 2013-14	COUNCIL APPROVED 2013-14
<b>Resources:</b>							
Beginning Fund Balance	\$617,742	\$640,587	\$561,617	\$572,964	\$489,194	\$489,194	\$489,194
Charges for Service	\$939,405	927,582	982,280	982,280	1,064,280	1,064,280	1,064,280
Intergovernmental	1,183,433	1,174,100	1,172,850	1,162,820	1,164,120	1,164,120	1,164,120
Miscellaneous	4,123	5,390	3,430	4,800	3,580	3,580	3,580
<b>Current Revenues</b>	<b>\$2,126,961</b>	<b>\$2,107,072</b>	<b>\$2,158,560</b>	<b>\$2,149,900</b>	<b>\$2,231,980</b>	<b>\$2,231,980</b>	<b>\$2,231,980</b>
<b>Total Resources</b>	<b>\$2,744,703</b>	<b>\$2,747,659</b>	<b>\$2,720,177</b>	<b>\$2,722,864</b>	<b>\$2,721,174</b>	<b>\$2,721,174</b>	<b>\$2,721,174</b>
<b>Requirements:</b>							
<b>Operating Budget:</b>							
Police	\$2,026,176	\$2,123,625	\$2,177,200	\$2,171,430	\$2,320,330	\$2,320,330	\$2,320,330
<b>Total Operating Budget</b>	<b>\$2,026,176</b>	<b>\$2,123,625</b>	<b>\$2,177,200</b>	<b>\$2,171,430</b>	<b>\$2,320,330</b>	<b>\$2,320,330</b>	<b>\$2,320,330</b>
<b>Non-Operating:</b>							
Transfers Out	\$77,940	\$51,070	\$62,240	\$62,240	\$90,510	\$90,510	\$90,510
Contingency	0	0	43,450	0	45,240	45,240	45,240
<b>Total Non-Operating</b>	<b>\$77,940</b>	<b>\$51,070</b>	<b>\$105,690</b>	<b>\$62,240</b>	<b>\$135,750</b>	<b>\$135,750</b>	<b>\$135,750</b>
<b>Total Requirements</b>	<b>\$2,104,116</b>	<b>\$2,174,695</b>	<b>\$2,282,890</b>	<b>\$2,233,670</b>	<b>\$2,456,080</b>	<b>\$2,456,080</b>	<b>\$2,456,080</b>
<b>Ending Fund Balance (incl. reserves)</b>	<b>\$640,587</b>	<b>\$572,964</b>	<b>\$437,287</b>	<b>\$489,194</b>	<b>\$265,094</b>	<b>\$265,094</b>	<b>\$265,094</b>



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

**9-1-1 EMERGENCY FUND  
POLICE DEPARTMENT  
INFORMATION SERVICES/SPECIAL PROJECTS**

**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.
- Utilize special project budget for one-time purchases/activities or for those which fall outside the normal scope of department operations.

**WORK PLAN:**

- Continue implementation of recommendations made by the Association of Public Safety Communications Officials (APCO) and Emergency Services Consulting International (ESCI) on site reviews.
- Begin implementation/usuage of 700 Mhz system by first responders.
- Make decision on a path forward for the potential development of a special service district for 9-1-1 services, as an alternative, stable funding source.

**FY 12-13 HIGHLIGHTS:**

- Completed installation of 700 Mhz radio communications system on two towers in Benton County.
- Three Dispatchers received awards from Oregon APCO. Awards were: Commitment to Excellence, Critical Incident, and Telecommunicator of the Year.
- Negotiated new labor contract with Corvallis Regional Communications Center Association (CRCCA) that will go into effect early in FY 13-14, subject to Council approval.

<b>BUDGET BY CLASS:</b>	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>BUDGET</b>	<b>REVISED</b>	<b>ADOPTED</b>	<b>% CHANGE</b>
	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2012-13</b>	<b>2013-14</b>	<b>FROM 12-13</b>
						<b>BUDGET</b>
<b>Personnel Services</b>	\$1,634,450	\$1,726,834	\$1,815,760	\$1,815,760	\$1,897,220	4.49%
<b>Supplies and Services</b>	391,727	396,791	361,440	355,670	363,110	0.46%
<b>Capital Outlay</b>	0	0	0	0	60,000	0.00%
<b>Total</b>	\$2,026,176	\$2,123,624	\$2,177,200	\$2,171,430	\$2,320,330	6.57%

**EXPENDITURE BY PROGRAM**

<b>9-1-1 Communications</b>	\$2,023,376	\$2,089,664	\$2,172,600	\$2,171,430	\$2,255,730	3.83%
<b>Special Projects</b>	2,800	33,960	4,600	0	64,600	1304.35%
<b>Total</b>	\$2,026,176	\$2,123,624	\$2,177,200	\$2,171,430	\$2,320,330	6.57%
<b>Staffing Levels</b>	19.850	18.850	18.850	18.850	18.850	0.00%

Note: Due to budget constraints in FY 11-12, one dispatcher position was eliminated.



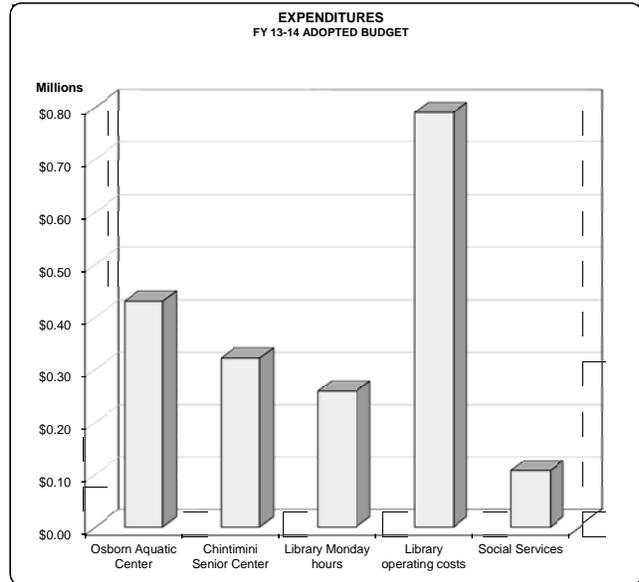
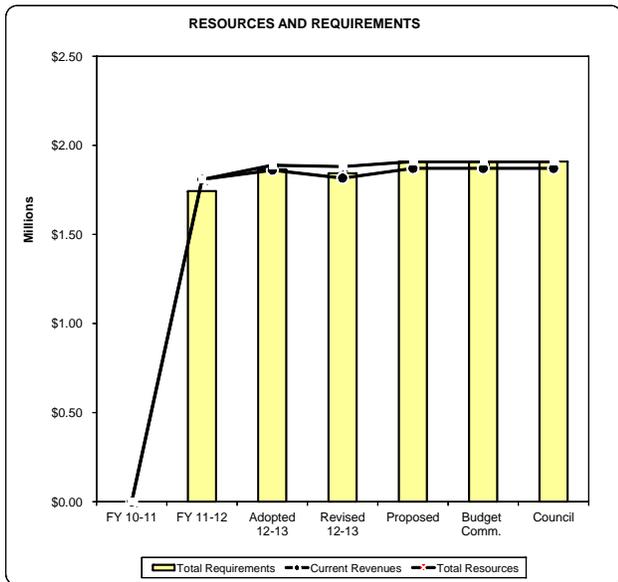
911 Dispatch Logo



Public Safety Dispatcher

## 2011 LEVY FUND SUMMARY

	ACTUAL 2010-11	ACTUAL 2011-12	ADOPTED BUDGET 2012-13	REVISED 2012-13	PROPOSED BUDGET 2013-14	COMMISSION RECOMMENDED 2013-14	COUNCIL APPROVED 2013-14
<b>Resources:</b>							
Beginning Fund Balance	\$0	\$0	\$27,430	\$64,539	\$37,759	\$37,759	\$37,759
Property Taxes	\$0	\$1,808,061	\$1,861,240	\$1,816,370	\$1,870,860	\$1,870,860	\$1,870,860
Current Revenues	\$0	\$1,808,061	\$1,861,240	\$1,816,370	\$1,870,860	\$1,870,860	\$1,870,860
<b>Total Resources</b>	<b>\$0</b>	<b>\$1,808,061</b>	<b>\$1,888,670</b>	<b>\$1,880,909</b>	<b>\$1,908,619</b>	<b>\$1,908,619</b>	<b>\$1,908,619</b>
<b>Requirements:</b>							
<b>Operating Budget:</b>							
Misc. Non-Departmental	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Operating Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Non-Operating:</b>							
Transfers Out	\$0	\$1,743,522	\$1,865,350	\$1,843,150	\$1,908,620	\$1,908,620	\$1,908,620
<b>Total Non-Operating</b>	<b>\$0</b>	<b>\$1,743,522</b>	<b>\$1,865,350</b>	<b>\$1,843,150</b>	<b>\$1,908,620</b>	<b>\$1,908,620</b>	<b>\$1,908,620</b>
<b>Total Requirements</b>	<b>\$0</b>	<b>\$1,743,522</b>	<b>\$1,865,350</b>	<b>\$1,843,150</b>	<b>\$1,908,620</b>	<b>\$1,908,620</b>	<b>\$1,908,620</b>
Ending Budgetary Fund Balance	\$0	\$64,539	\$23,320	\$37,759	\$0	\$0	\$0

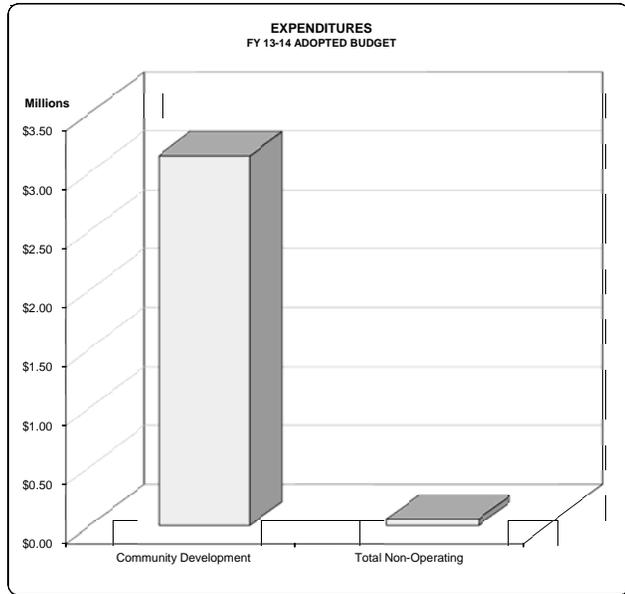
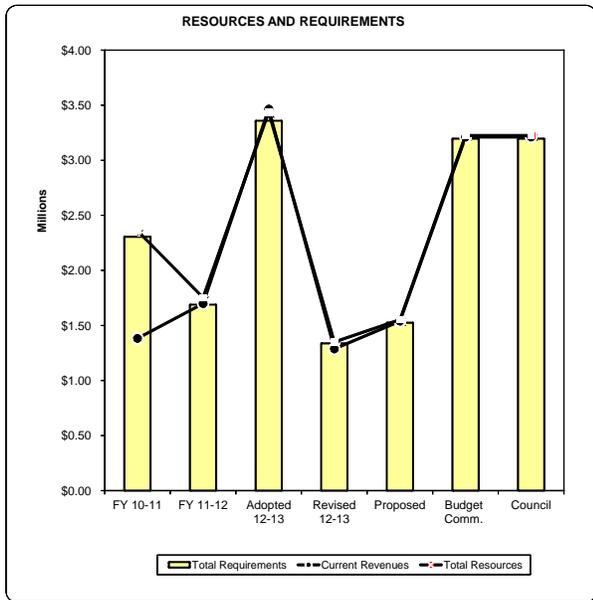


### FUND PLAN:

- Record property taxes received from May 2011 operating levy, and transfer out these receipts plus prior year balances to operating funds for expenditure in FY 13-14 at the following estimated amounts:
  - \$430,860 - Osborn Aquatic Center
  - \$322,160 - Chintimini Senior Center
  - \$258,330 - Library Monday hours
  - \$789,880 - Library operating costs
  - \$107,390 - Social Service allocations

## COMMUNITY DEVELOPMENT REVOLVING FUND SUMMARY

	ACTUAL 2010-11	ACTUAL 2011-12	ADOPTED BUDGET 2012-13	REVISED 2012-13	PROPOSED BUDGET 2013-14	COMMISSION RECOMMENDED 2013-14	COUNCIL APPROVED 2013-14
<b>Resources:</b>							
Beginning Fund Balance	\$977,830	\$54,467	(\$27,343)	\$63,794	\$13,914	\$13,914	\$13,914
Licenses, Fees, & Permits	\$116,220	\$129,248	\$131,670	\$133,000	\$156,000	\$156,000	\$156,000
Charges for Service	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Intergovernmental	1,015,560	1,306,737	2,967,410	745,910	906,020	2,578,000	2,578,000
Fines & Forfeitures	476	536	2,300	2,300	2,100	2,100	2,100
Miscellaneous	244,918	256,613	359,420	400,400	469,100	469,100	469,100
<b>Current Revenues</b>	<b>\$1,382,174</b>	<b>\$1,698,134</b>	<b>\$3,465,800</b>	<b>\$1,286,610</b>	<b>\$1,538,220</b>	<b>\$3,210,200</b>	<b>\$3,210,200</b>
<b>Total Resources</b>	<b>\$2,360,004</b>	<b>\$1,752,601</b>	<b>\$3,438,457</b>	<b>\$1,350,404</b>	<b>\$1,552,134</b>	<b>\$3,224,114</b>	<b>\$3,224,114</b>
<b>Requirements:</b>							
<b>Operating Budget:</b>							
Community Development	\$2,216,117	\$1,675,207	\$3,305,250	\$1,315,450	\$1,469,790	\$3,141,770	\$3,141,770
<b>Total Operating</b>	<b>\$2,216,117</b>	<b>\$1,675,207</b>	<b>\$3,305,250</b>	<b>\$1,315,450</b>	<b>\$1,469,790</b>	<b>\$3,141,770</b>	<b>\$3,141,770</b>
<b>Non-Operating:</b>							
Transfers Out	\$89,420	\$13,600	\$21,040	\$21,040	\$23,710	\$23,710	\$23,710
Contingency	0	0	31,950	0	30,760	30,760	30,760
<b>Total Non-Operating</b>	<b>\$89,420</b>	<b>\$13,600</b>	<b>\$52,990</b>	<b>\$21,040</b>	<b>\$54,470</b>	<b>\$54,470</b>	<b>\$54,470</b>
<b>Total Requirements</b>	<b>\$2,305,537</b>	<b>\$1,688,807</b>	<b>\$3,358,240</b>	<b>\$1,336,490</b>	<b>\$1,524,260</b>	<b>\$3,196,240</b>	<b>\$3,196,240</b>
Ending Fund Balance (incl. reserves)	\$54,467	\$63,794	\$80,217	\$13,914	\$27,874	\$27,874	\$27,874



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

**COMMUNITY DEVELOPMENT REVOLVING FUND  
COMMUNITY DEVELOPMENT DEPARTMENT  
ADMINISTRATION/SPECIAL PROJECTS**

**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 13-14 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.

**FY 12-13 HIGHLIGHTS:**

- Oversaw reductions due to monitoring reduced/changed federal funding profile.

<b>BUDGET BY CLASS:</b>	<b>ACTUAL 2010-11</b>	<b>ACTUAL 2011-12</b>	<b>BUDGET 2012-13</b>	<b>REVISED 2012-13</b>	<b>ADOPTED 2013-14</b>	<b>% CHANGE FROM 12-13 BUDGET</b>
<b>Personnel Services</b>	\$18,461	\$20,336	\$21,000	\$21,000	\$21,770	3.67%
<b>Supplies and Services</b>	133,007	119,784	130,890	130,040	129,140	-1.34%
<b>Capital Outlay</b>	0	0	0	0	0	0.00%
<b>Total</b>	\$151,468	\$140,120	\$151,890	\$151,040	\$150,910	-0.65%
<b>EXPENDITURE BY PROGRAM</b>						
<b>Administration</b>	\$151,468	\$140,120	\$151,890	\$151,040	\$150,910	-0.65%
<b>Special Projects</b>	0	0	0	0	0	0.00%
<b>Total</b>	\$151,468	\$140,120	\$151,890	\$151,040	\$150,910	-0.65%
<b>Staffing Levels</b>	0.140	0.140	0.140	0.140	0.140	0.00%



Advocacy Center



Alexander Court Housing

**COMMUNITY DEVELOPMENT REVOLVING FUND  
COMMUNITY DEVELOPMENT DEPARTMENT  
HOUSING SERVICES**

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**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.
- Oversee 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 opportunities.
- Administer the City's Saving Energy Loan Fund (SELF) program.
- Provide support for private non-profit agencies that address low income housing and related social service needs.
- Provide support for the Rental Housing Program, including the delivery of landlord/tenant information and referral services, the enforcement of rental housing standards, and oversight of the annual fee collection process.
- Maintain housing assistance loan portfolio management.

**FY 12-13 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 58 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 six will provide affordable home ownership opportunities under a Community Land Trust model. Other assisted projects included extensive rehabilitation and accessibility upgrades in single family, owner-occupied homes; down payment assistance loans for low income first time buyers; funding for development of a new domestic violence advocacy center; rehabilitation funding for a 50-unit affordable housing complex in northeast Corvallis; and rehabilitation funding for a domestic violence services and transitional housing facility.
- Delivered operational funding to eight social service agencies for nine 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.
- Addressed the continued decline in federal resources through a reduction in Housing Division staff.

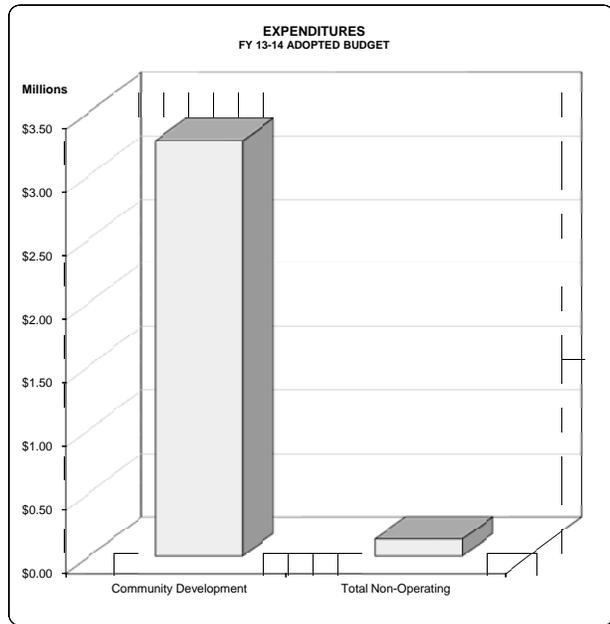
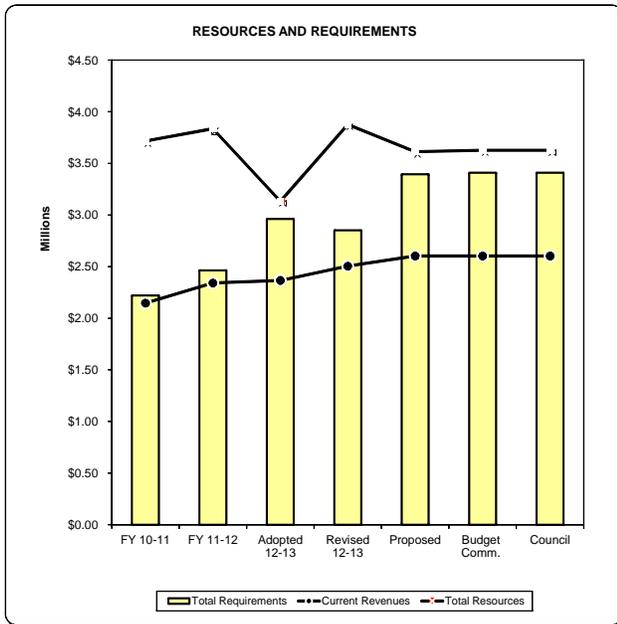
<b>BUDGET BY CLASS:</b>	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>BUDGET</b>	<b>REVISED</b>	<b>ADOPTED</b>	<b>% CHANGE</b>
	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2012-13</b>	<b>2013-14</b>	<b>FROM 12-13</b>
						<b>BUDGET</b>
<b>Personnel Services</b>	\$379,322	\$466,685	\$478,320	\$441,790	\$426,960	-10.74%
<b>Supplies and Services</b>	1,685,327	1,068,402	2,675,040	722,620	2,563,900	-4.15%
<b>Capital Outlay</b>	0	0	0	0	0	0.00%
<b>Total</b>	\$2,064,649	\$1,535,087	\$3,153,360	\$1,164,410	\$2,990,860	-5.15%

**EXPENDITURE BY PROGRAM**

<b>Administration</b>	\$30,333	\$27,225	\$125,620	\$125,620	\$0	-100.00%
<b>Non-Federal Assistance</b>	36,778	129,720	286,900	213,800	339,730	18.41%
<b>Rental Housing</b>	117,422	126,752	111,480	108,030	106,920	-4.09%
<b>CDBG</b>	630,498	779,195	1,009,890	249,860	1,048,180	3.79%
<b>CDBG-ARRA</b>	0	0	0	0	0	0.00%
<b>HOME</b>	1,249,617	472,196	1,619,470	467,100	1,496,030	-7.62%
<b>Total</b>	\$2,064,649	\$1,535,087	\$3,153,360	\$1,164,410	\$2,990,860	-5.15%
<b>Staffing Levels</b>	5.000	5.000	5.000	5.000	4.500	-10.00%

## DEVELOPMENT SERVICES FUND SUMMARY

	ACTUAL 2010-11	ACTUAL 2011-12	ADOPTED BUDGET 2012-13	REVISED 2012-13	PROPOSED BUDGET 2013-14	COMMISSION RECOMMENDED 2013-14	COUNCIL APPROVED 2013-14
<b>Resources:</b>							
Beginning Fund Balance	\$1,569,257	\$1,495,286	\$766,426	\$1,371,850	\$1,009,330	\$1,024,330	\$1,024,330
Licenses, Fees, & Permits	\$1,019,673	\$1,068,832	\$1,086,350	\$1,143,450	\$1,143,450	\$1,143,450	\$1,143,450
Charges for Service	897,620	\$1,141,931	1,153,370	1,234,120	1,334,070	1,334,070	1,334,070
Miscellaneous	10,230	\$11,768	7,670	8,240	6,790	6,790	6,790
Transfer In	218,390	\$118,390	118,390	118,390	118,390	118,390	118,390
Other Financing Sources	0	\$0	0	0	0	0	0
<b>Current Revenues</b>	<b>\$2,145,913</b>	<b>\$2,340,921</b>	<b>\$2,365,780</b>	<b>\$2,504,200</b>	<b>\$2,602,700</b>	<b>\$2,602,700</b>	<b>\$2,602,700</b>
<b>Total Resources</b>	<b>\$3,715,170</b>	<b>\$3,836,207</b>	<b>\$3,132,206</b>	<b>\$3,876,050</b>	<b>\$3,612,030</b>	<b>\$3,627,030</b>	<b>\$3,627,030</b>
<b>Requirements:</b>							
<b>Operating Budget:</b>							
Community Development	\$1,945,554	\$2,416,197	\$2,822,700	\$2,762,920	\$3,259,050	\$3,274,050	\$3,274,050
<b>Total Operating Budget</b>	<b>\$1,945,554</b>	<b>\$2,416,197</b>	<b>\$2,822,700</b>	<b>\$2,762,920</b>	<b>\$3,259,050</b>	<b>\$3,274,050</b>	<b>\$3,274,050</b>
<b>Non-Operating:</b>							
Transfers Out	\$274,330	\$48,160	\$88,800	\$88,800	\$85,470	\$85,470	\$85,470
Contingency	0	\$0	50,000	0	50,000	50,000	50,000
<b>Total Non-Operating</b>	<b>\$274,330</b>	<b>\$48,160</b>	<b>\$138,800</b>	<b>\$88,800</b>	<b>\$135,470</b>	<b>\$135,470</b>	<b>\$135,470</b>
<b>Total Requirements</b>	<b>\$2,219,884</b>	<b>\$2,464,357</b>	<b>\$2,961,500</b>	<b>\$2,851,720</b>	<b>\$3,394,520</b>	<b>\$3,409,520</b>	<b>\$3,409,520</b>
<b>Ending Fund Balance (incl. reserves)</b>	<b>\$1,495,286</b>	<b>\$1,371,850</b>	<b>\$170,706</b>	<b>\$1,024,330</b>	<b>\$217,510</b>	<b>\$217,510</b>	<b>\$217,510</b>



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

**DEVELOPMENT SERVICES FUND  
COMMUNITY DEVELOPMENT DEPARTMENT  
ADMINISTRATION/SPECIAL PROJECTS**

---

**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 three-year service enhancement package and reorganization of Development Services:
  - Additional purchasing and implementation of *Projectdox* e-plan review software.
  - Continue 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 recently hired project coordinators.
  - Finalize purchases of field inspection hardware.

**FY 12-13 HIGHLIGHTS:**

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

<b>BUDGET BY CLASS:</b>	<b>ACTUAL 2010-11</b>	<b>ACTUAL 2011-12</b>	<b>BUDGET 2012-13</b>	<b>REVISED 2012-13</b>	<b>ADOPTED 2013-14</b>	<b>% CHANGE FROM 12-13 BUDGET</b>
<b>Personnel Services</b>	\$99,123	\$114,061	\$110,640	\$110,640	\$100,940	-8.77%
<b>Supplies and Services</b>	278,338	395,617	533,460	473,680	566,870	6.26%
<b>Capital Outlay</b>	0	42,786	57,960	57,960	69,000	19.05%
<b>Total</b>	\$377,461	\$552,464	\$702,060	\$642,280	\$736,810	4.95%

**EXPENDITURE BY PROGRAM**

<b>Administration</b>	\$367,370	\$381,928	\$400,800	\$399,320	\$401,260	0.11%
<b>Special Projects</b>	10,091	170,535	301,260	242,960	335,550	11.38%
<b>Total</b>	\$377,461	\$552,464	\$702,060	\$642,280	\$736,810	4.95%
<b>Staffing Levels</b>	0.400	0.400	0.400	0.400	0.400	0.00%



Kearney Hall



Good Samaritan Health Medical Building

**DEVELOPMENT SERVICES FUND  
COMMUNITY DEVELOPMENT DEPARTMENT  
DEVELOPMENT SERVICES**

---

**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.
- Expand use of technology including: electronic plan review, e-permitting, scanning old permits, field inspection software, GIS integration, and services offered via [www.CorvallisPermits.com](http://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 12-13 HIGHLIGHTS:**

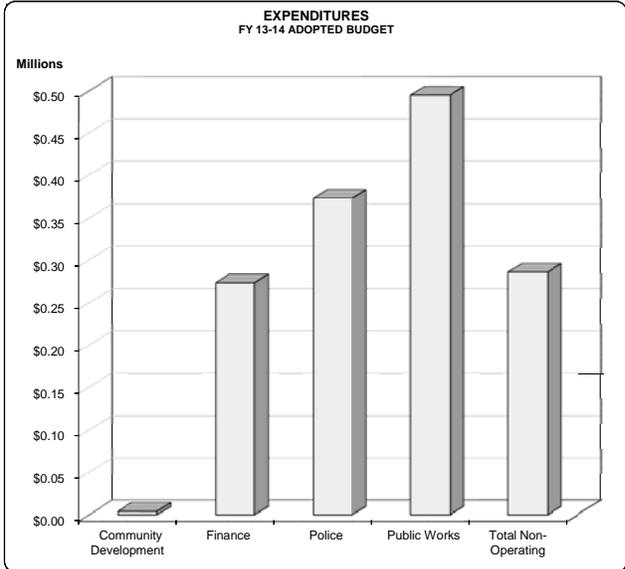
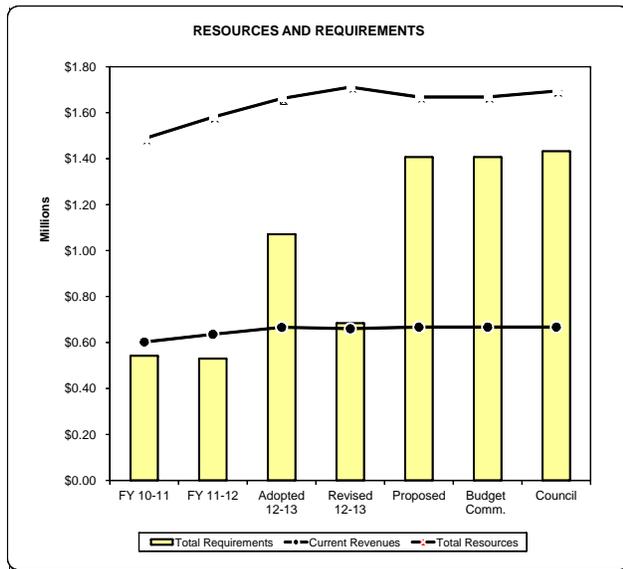
- Maintained regular meetings with the Development Services Stakeholder Advisory Group to solicit feedback and involvement of stakeholders on processes and policy issues.
- Participated in legislative and code development efforts at the State and National levels.
- Continued to conduct specialty plan reviews and inspections for Benton County.
- Issued 3,056 construction permits with a total project value of \$1.55 million.
- Conducted 870 plan reviews and 15,190 building safety inspections.
- Increased share of over-the-counter permits to 61% of total.

<b>BUDGET BY CLASS:</b>	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>BUDGET</b>	<b>REVISED</b>	<b>ADOPTED</b>	<b>% CHANGE</b>
	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2012-13</b>	<b>2013-14</b>	<b>FROM 12-13</b>
						<b>BUDGET</b>
<b>Personnel Services</b>	\$1,496,057	\$1,764,887	\$2,000,830	\$2,000,830	\$2,396,160	19.76%
<b>Supplies and Services</b>	72,036	98,847	119,810	119,810	141,080	17.75%
<b>Capital Outlay</b>	0	0	0	0	0	0.00%
<b>Total</b>	\$1,568,093	\$1,863,734	\$2,120,640	\$2,120,640	\$2,537,240	19.65%
<b>EXPENDITURE BY PROGRAM</b>						
<b>Administration</b>	\$301,742	\$349,411	\$330,880	\$330,880	\$365,929	10.59%
<b>Plan Review</b>	597,571	555,239	589,230	589,230	1,000,186	69.74%
<b>Inspections</b>	558,224	663,072	883,310	883,310	841,845	-4.69%
<b>Land Use</b>	110,556	296,011	317,220	317,220	329,280	3.80%
<b>Total</b>	\$1,568,093	\$1,863,734	\$2,120,640	\$2,120,640	\$2,537,240	19.65%
<b>Staffing Levels</b>	20.643	20.910	22.350	22.350	22.850	2.24%

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

## PARKING FUND SUMMARY

	ACTUAL 2010-11	ACTUAL 2011-12	ADOPTED BUDGET 2012-13	REVISED 2012-13	PROPOSED BUDGET 2013-14	COMMISSION RECOMMENDED 2013-14	COUNCIL APPROVED 2013-14
<b>Resources:</b>							
Beginning Fund Balance	\$885,499	\$945,298	\$995,918	\$1,051,491	\$1,001,471	\$1,001,471	\$1,027,171
Licenses & Permits	\$17,758	\$18,173	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
Charges for Service	167,438	186,850	187,170	187,170	187,310	187,310	187,310
Fines & Forfeitures	411,983	423,111	450,000	442,000	450,000	450,000	450,000
Miscellaneous	5,012	7,795	3,910	5,810	4,790	4,790	4,790
Current Revenues	\$602,191	\$635,929	\$666,080	\$659,980	\$667,100	\$667,100	\$667,100
<b>Total Resources</b>	<b>\$1,487,690</b>	<b>\$1,581,227</b>	<b>\$1,661,998</b>	<b>\$1,711,471</b>	<b>\$1,668,571</b>	<b>\$1,668,571</b>	<b>\$1,694,271</b>
<b>Requirements:</b>							
<b>Operating Budget:</b>							
Community Development	\$3,528	\$3,925	\$4,050	\$4,050	\$4,220	\$4,220	\$4,220
Finance	112,029	128,179	215,420	189,250	247,520	247,520	273,220
Police	269,505	262,333	355,580	304,300	373,560	373,560	373,560
Public Works	134,100	121,579	184,280	144,210	495,330	495,330	495,330
<b>Total Operating</b>	<b>\$519,162</b>	<b>\$516,016</b>	<b>\$759,330</b>	<b>\$641,810</b>	<b>\$1,120,630</b>	<b>\$1,120,630</b>	<b>\$1,146,330</b>
<b>Non-Operating:</b>							
Transfers Out	\$23,230	\$13,720	\$299,060	\$42,490	\$273,040	\$273,040	\$273,040
Contingency	0	0	13,320	0	13,340	13,340	13,340
<b>Total Non-Operating</b>	<b>\$23,230</b>	<b>\$13,720</b>	<b>\$312,380</b>	<b>\$42,490</b>	<b>\$286,380</b>	<b>\$286,380</b>	<b>\$286,380</b>
<b>Total Requirements</b>	<b>\$542,392</b>	<b>\$529,736</b>	<b>\$1,071,710</b>	<b>\$684,300</b>	<b>\$1,407,010</b>	<b>\$1,407,010</b>	<b>\$1,432,710</b>
Ending Fund Balance (incl. reserves)	\$945,298	\$1,051,491	\$590,288	\$1,027,171	\$261,561	\$261,561	\$261,561



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

**PARKING FUND SUMMARY  
COMMUNITY DEVELOPMENT DEPARTMENT  
ADMINISTRATION**

---

**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 12-13 HIGHLIGHTS:**

- Engaged in discussions with other City departments and particularly with downtown interests and OSU Collaboration work groups about parking issues.

<b>EXPENDITURE BY CLASS</b>	<b>ACTUAL 2010-11</b>	<b>ACTUAL 2011-12</b>	<b>BUDGET 2012-13</b>	<b>REVISED 2012-13</b>	<b>ADOPTED 2013-14</b>	<b>%CHANGE FROM 12-13 BUDGET</b>
<b>Personnel Services</b>	\$3,223	\$3,529	\$3,640	\$3,640	\$3,820	4.95%
<b>Supplies and Services</b>	304	396	410	410	400	-2.44%
<b>Capital Outlay</b>	0	0	0	0	0	0.00%
<b>Total</b>	\$3,527	\$3,925	\$4,050	\$4,050	\$4,220	4.20%

**EXPENDITURE BY PROGRAM**

<b>Administration</b>	\$3,527	\$3,925	\$4,050	\$4,050	\$4,220	4.20%
<b>Total</b>	\$3,527	\$3,925	\$4,050	\$4,050	\$4,220	4.20%
<b>Staffing Levels</b>	0.020	0.020	0.020	0.020	0.020	0.00%



Riverfront Parking Pay Station

**PARKING FUND SUMMARY  
FINANCE DEPARTMENT  
MUNICIPAL COURT**

---

**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 efforts to review and forward delinquent accounts to collection agency.
- Begin review and demonstration of OneSolution Court module software, and if necessary work with other vendors, to potentially pursue acquisition of new software.

**FY 12-13 HIGHLIGHTS:**

- Completed installation of software to enable online payment of parking tickets through the SunGard financial system website, Click-2-Gov (C2G).

EXPENDITURE BY CLASS	ACTUAL 2010-11	ACTUAL 2011-12	BUDGET 2012-13	REVISED 2012-13	ADOPTED 2013-14	%CHANGE FROM 12-13 BUDGET
<b>Personnel Services</b>	\$51,269	\$55,866	\$116,110	\$92,140	\$122,920	5.87%
<b>Supplies and Services</b>	60,760	72,314	99,310	97,110	150,300	51.34%
<b>Capital Outlay</b>	0	0	0	0	0	0.00%
<b>Total</b>	\$112,029	\$128,179	\$215,420	\$189,250	\$273,220	26.83%

**EXPENDITURE BY PROGRAM**

<b>Administration</b>	\$112,029	\$128,179	\$215,420	\$189,250	\$227,520	5.62%
<b>Special Projects</b>	\$0	\$0	\$0	\$0	\$45,700	
<b>Total</b>	\$112,029	\$128,179	\$215,420	\$189,250	\$273,220	26.83%
<b>Staffing Levels</b>	1.000	1.000	1.250	1.250	1.250	0.00%

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



**PARKING FUND SUMMARY  
POLICE DEPARTMENT  
INVESTIGATION AND PREVENTION/SPECIAL PROJECTS**

---

**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.
- Implement strategies from the OSU/City Parking Collaboration Group.

**FY 12-13 HIGHLIGHTS:**

- Continued public education of parking issues through presentations.
- Provided enforcement guidance to the OSU/City Parking Collaboration Group.
- Purchased parking scooters to replace aging vehicles.

<b>EXPENDITURE BY CLASS</b>	<b>ACTUAL 2010-11</b>	<b>ACTUAL 2011-12</b>	<b>BUDGET 2012-13</b>	<b>REVISED 2012-13</b>	<b>ADOPTED 2013-14</b>	<b>%CHANGE FROM 12-13 BUDGET</b>
<b>Personnel Services</b>	\$225,370	\$224,554	\$264,160	\$264,160	\$261,150	-1.14%
<b>Supplies and Services</b>	44,135	37,779	40,290	40,140	61,280	52.10%
<b>Capital Outlay</b>	0	0	51,130	0	51,130	0.00%
<b>Total</b>	\$269,505	\$262,333	\$355,580	\$304,300	\$373,560	5.06%

**EXPENDITURE BY PROGRAM**

<b>Parking Enforcement</b>	\$269,505	\$262,333	\$304,450	\$304,300	\$302,930	-0.50%
<b>Special Projects</b>	0	0	51,130	0	70,630	38.14%
<b>Total</b>	\$269,505	\$262,333	\$355,580	\$304,300	\$373,560	5.06%
<b>Staffing Levels</b>	3.000	3.000	3.000	3.000	3.000	0.00%



Parking Enforcement

**PARKING FUND SUMMARY  
PUBLIC WORKS DEPARTMENT  
TRANSPORTATION AND BUILDINGS/SPECIAL PROJECTS**

---

**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 in conjunction with implementing changes developed by the OSU/City Collaboration Team; \$300,000 is budgeted in FY 13-14 for parking district efforts.
- Respond to public requests for parking system changes.

**FY 12-13 HIGHLIGHTS**

- Transitioned residential parking permits sales to the Public Works facility.
- Completed the downtown parking duration study update, which provided information on the need for a mix of short- and long-term parking in various areas.

<b>EXPENDITURE BY CLASS</b>	<b>ACTUAL 2010-11</b>	<b>ACTUAL 2011-12</b>	<b>BUDGET 2012-13</b>	<b>REVISED 2012-13</b>	<b>ADOPTED 2013-14</b>	<b>% CHANGE FROM 12-13 BUDGET</b>
<b>Personnel Services</b>	\$66,273	\$75,144	\$98,850	\$58,870	\$103,000	4.20%
<b>Supplies and Services</b>	67,827	46,435	85,430	85,340	392,330	359.24%
<b>Capital Outlay</b>	0	0	0	0	0	0.00%
<b>Total</b>	\$134,100	\$121,579	\$184,280	\$144,210	\$495,330	168.79%

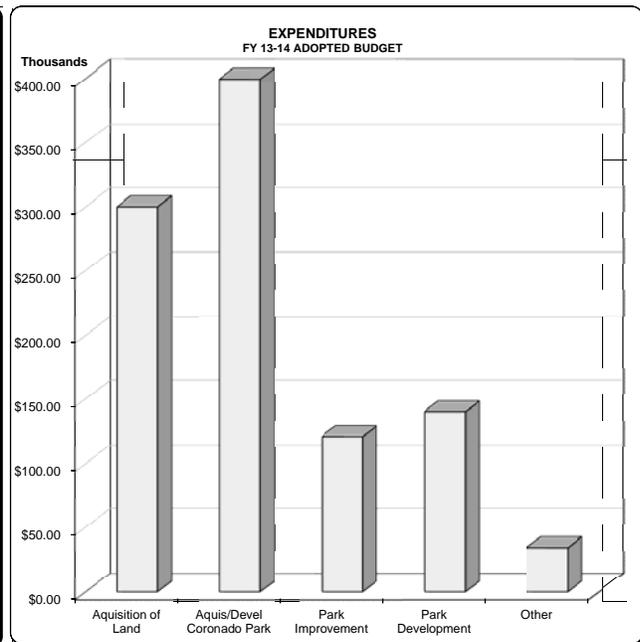
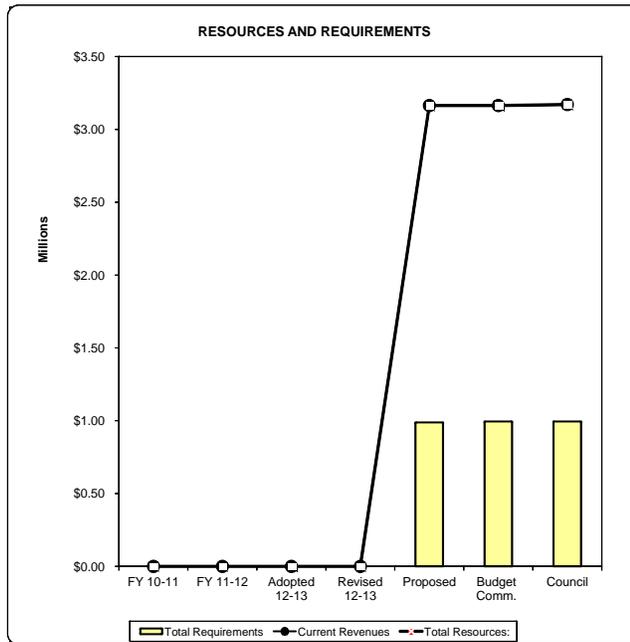
**EXPENDITURE BY PROGRAM**

<b>Parking Maintenance</b>	\$134,100	\$121,579	\$184,280	\$144,210	\$495,330	168.79%
<b>Total</b>	\$134,100	\$121,579	\$184,280	\$144,210	\$495,330	168.79%
<b>Staffing Levels</b>	1.071	1.100	1.100	1.100	1.100	0.00%



## PARKS SYSTEMS DEVELOPMENT CHARGE FUND SUMMARY

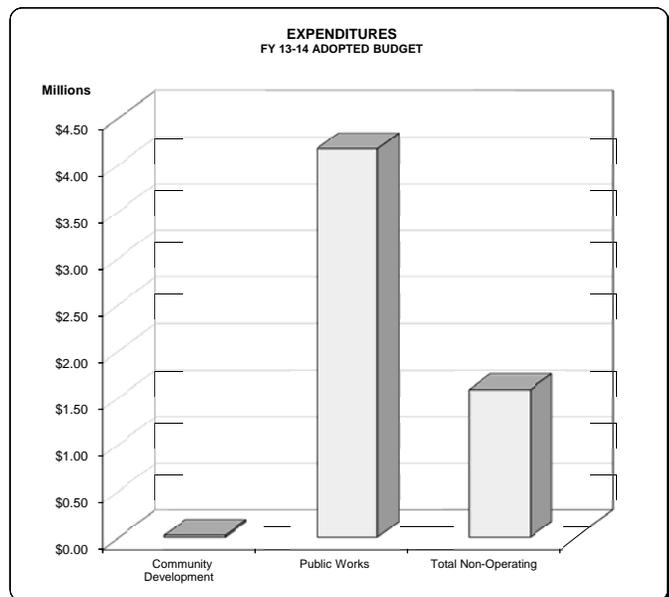
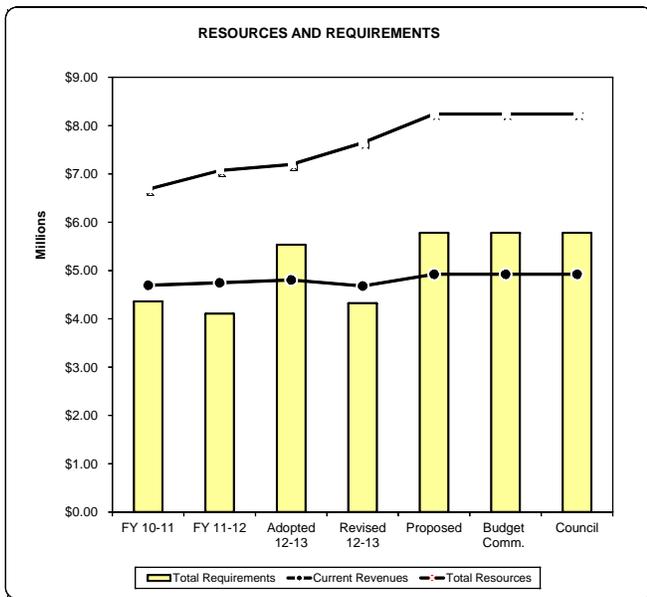
	ACTUAL 2010-11	ACTUAL 2011-12	ADOPTED BUDGET 2012-13	REVISED 2012-13	PROPOSED BUDGET 2013-14	COMMISSION RECOMMENDED 2013-14	COUNCIL APPROVED 2013-14
<b>Resources:</b>							
Beginning Fund Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Charges for Service	\$0	\$0	\$0	\$0	\$1,170,000	\$1,170,000	\$1,170,000
Miscellaneous	0	0	0	0	21,250	21,250	21,250
Transfers In	0	0	0	0	1,972,542	1,972,542	1,979,542
<b>Current Revenues</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,163,792</b>	<b>\$3,163,792</b>	<b>\$3,170,792</b>
<b>Total Resources:</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,163,792</b>	<b>\$3,163,792</b>	<b>\$3,170,792</b>
<b>Requirements:</b>							
Non-Operating:							
Transfers Out	\$0	\$0	\$0	\$0	\$988,020	\$995,020	\$995,020
<b>Total Non-Operating</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$988,020</b>	<b>\$995,020</b>	<b>\$995,020</b>
<b>Total Requirements</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$988,020</b>	<b>\$995,020</b>	<b>\$995,020</b>
Ending Fund Balance (incl. reserves)	\$0	\$0	\$0	\$0	\$2,175,772	\$2,168,772	\$2,175,772



Note: For Non-Operating activity see the Non-Operating section. This fund will be created effective July 1, 2013 by Council Resolution 2013-02. Historical data can be found in the closed Parks and Recreation Fund Fund Summary in the Appendices section.

## STREET FUND SUMMARY

	ACTUAL 2010-11	ACTUAL 2011-12	ADOPTED BUDGET 2012-13	REVISED 2012-13	PROPOSED BUDGET 2013-14	COMMISSION RECOMMENDED 2013-14	COUNCIL APPROVED 2013-14
<b>Resources:</b>							
Beginning Fund Balance	\$1,989,984	\$2,323,260	\$2,389,990	\$2,964,193	\$3,317,863	\$3,317,863	\$3,317,863
Licenses/Permits	\$566,660	\$632,929	\$609,620	\$629,180	\$632,640	\$632,640	\$632,640
Charges for Service	852,727	930,223	774,680	773,680	805,450	805,450	805,450
Intergovernmental	3,244,275	3,138,797	3,412,070	3,258,240	3,464,790	3,464,790	3,464,790
Fines & Forfeitures	4,717	2,488	1,000	1,000	1,000	1,000	1,000
Miscellaneous	16,221	31,069	8,560	18,030	18,390	18,390	18,390
Transfers In	10,368	10,855	0	0	0	0	0
<b>Current Revenues</b>	<b>\$4,694,968</b>	<b>\$4,746,361</b>	<b>\$4,805,930</b>	<b>\$4,680,130</b>	<b>\$4,922,270</b>	<b>\$4,922,270</b>	<b>\$4,922,270</b>
<b>Total Resources:</b>	<b>\$6,684,952</b>	<b>\$7,069,621</b>	<b>\$7,195,920</b>	<b>\$7,644,323</b>	<b>\$8,240,133</b>	<b>\$8,240,133</b>	<b>\$8,240,133</b>
<b>Requirements:</b>							
<b>Operating Budget:</b>							
Community Development	\$18,106	\$17,195	\$21,020	\$21,010	\$22,120	\$22,120	\$22,120
Public Works	3,733,169	3,767,526	4,003,730	3,711,470	4,170,440	4,170,440	4,170,440
<b>Total Operating Budget</b>	<b>\$3,751,275</b>	<b>\$3,784,721</b>	<b>\$4,024,750</b>	<b>\$3,732,480</b>	<b>\$4,192,560</b>	<b>\$4,192,560</b>	<b>\$4,192,560</b>
<b>Non-Operating:</b>							
Transfers Out	\$610,417	\$320,707	\$1,423,600	\$593,980	\$1,513,550	\$1,513,550	\$1,513,550
Contingency	0	0	85,520	0	73,180	73,180	73,180
<b>Total Non-Operating</b>	<b>\$610,417</b>	<b>\$320,707</b>	<b>\$1,509,120</b>	<b>\$593,980</b>	<b>\$1,586,730</b>	<b>\$1,586,730</b>	<b>\$1,586,730</b>
<b>Total Requirements</b>	<b>\$4,361,692</b>	<b>\$4,105,428</b>	<b>\$5,533,870</b>	<b>\$4,326,460</b>	<b>\$5,779,290</b>	<b>\$5,779,290</b>	<b>\$5,779,290</b>
<b>Ending Fund Balance (incl. reserves)</b>	<b>\$2,323,260</b>	<b>\$2,964,193</b>	<b>\$1,662,050</b>	<b>\$3,317,863</b>	<b>\$2,460,843</b>	<b>\$2,460,843</b>	<b>\$2,460,843</b>



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

**STREET FUND SUMMARY  
COMMUNITY DEVELOPMENT DEPARTMENT  
ADMINISTRATION/PLANNING**

---

**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 12-13 HIGHLIGHTS:**

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

<b>BUDGET BY CLASS:</b>	<b>ACTUAL 2010-11</b>	<b>ACTUAL 2011-12</b>	<b>BUDGET 2012-13</b>	<b>REVISED 2012-13</b>	<b>ADOPTED 2013-14</b>	<b>%CHANGE FROM 12-13 BUDGET</b>
<b>Personnel Services</b>	\$15,906	\$15,122	\$18,770	\$18,770	\$19,860	5.81%
<b>Supplies and Services</b>	2,200	2,073	2,250	2,240	2,260	0.44%
<b>Capital Outlay</b>	0	0	0	0	0	0.00%
<b>Total</b>	\$18,106	\$17,195	\$21,020	\$21,010	\$22,120	5.23%

**EXPENDITURE BY PROGRAM**

<b>Administration</b>	\$9,108	\$9,737	\$10,180	\$10,170	\$10,660	4.72%
<b>Long Range Planning</b>	8,998	7,458	10,840	10,840	11,460	5.72%
<b>Special Projects</b>	0	0	0	0	0	0.00%
<b>Total</b>	\$18,106	\$17,195	\$21,020	\$21,010	\$22,120	5.23%
<b>Staffing Levels</b>	0.150	0.240	0.140	0.140	0.140	0.00%

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



Street light system

**STREET FUND SUMMARY  
PUBLIC WORKS DEPARTMENT  
ADMINISTRATION/ENGINEERING/SPECIAL PROJECTS**

---

**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:**

- Continue data refinement for the asset management program, which includes collecting asset condition information, age, risk and consequence of failure.
- Reconstruct 10<sup>th</sup> Street between Buchanan and Grant Avenues.
- Initiate design of the 35<sup>th</sup> Street railroad crossing reconstruction project.
- Construct the Corvallis-Albany Trail within the city limits.
- Initiate design of the Morris Avenue Bridge replacement project.
- Foster sustainable practices in all department operations.
- Review development proposals and associated public infrastructure design submittals for compliance with City codes, master plans, and standards.

**FY 12-13 HIGHLIGHTS:**

- Completed an initial Asset Management Plan, establishing an asset management policy and framework, asset condition protocol, and asset hierarchy.
- Constructed traffic signal at 26<sup>th</sup> Street and Western Boulevard through a cooperative agreement with OSU.
- Reconstructed 11<sup>th</sup> Street using an innovative, time and cost saving method referred to as Full Depth Reclamation.

<b>BUDGET BY CLASS:</b>	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>BUDGET</b>	<b>REVISED</b>	<b>ADOPTED</b>	<b>%CHANGE</b>
	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2012-13</b>	<b>2013-14</b>	<b>FROM 12-13</b>
						<b>BUDGET</b>
<b>Personnel Services</b>	\$611,689	\$562,053	\$601,170	\$484,520	\$647,590	7.72%
<b>Supplies and Services</b>	864,084	883,925	1,098,340	971,030	1,136,300	3.46%
<b>Capital Outlay</b>	130,464	71,214	185,300	137,000	43,400	-76.58%
<b>Total</b>	\$1,606,237	\$1,517,192	\$1,884,810	\$1,592,550	\$1,827,290	-3.05%

**EXPENDITURE BY PROGRAM**

<b>Administration</b>	\$589,356	\$520,783	\$571,450	\$452,490	\$650,050	13.75%
<b>Development Review</b>	139,698	151,425	161,020	161,020	169,680	5.38%
<b>Engineering Admin/CIP</b>	78,920	67,850	95,270	95,270	72,600	-23.80%
<b>Planning &amp; Capital Projects</b>	158,562	187,244	179,120	179,120	184,750	3.14%
<b>Special Projects</b>	639,701	589,890	877,950	704,650	750,210	-14.55%
<b>Total</b>	\$1,606,237	\$1,517,192	\$1,884,810	\$1,592,550	\$1,827,290	-3.05%
<b>Staffing Levels</b>	4.670	4.860	5.250	5.250	5.400	2.86%

**STREET FUND SUMMARY  
PUBLIC WORKS DEPARTMENT  
TRANSPORTATION AND BUILDINGS**

---

**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 90 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 12-13 HIGHLIGHTS:**

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

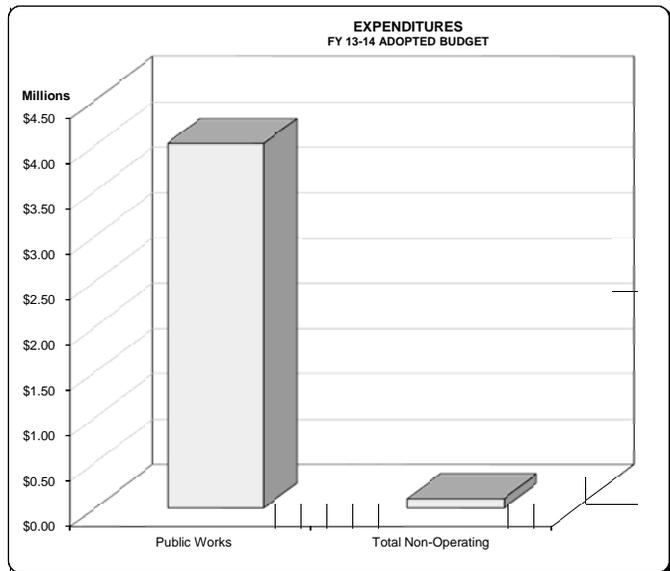
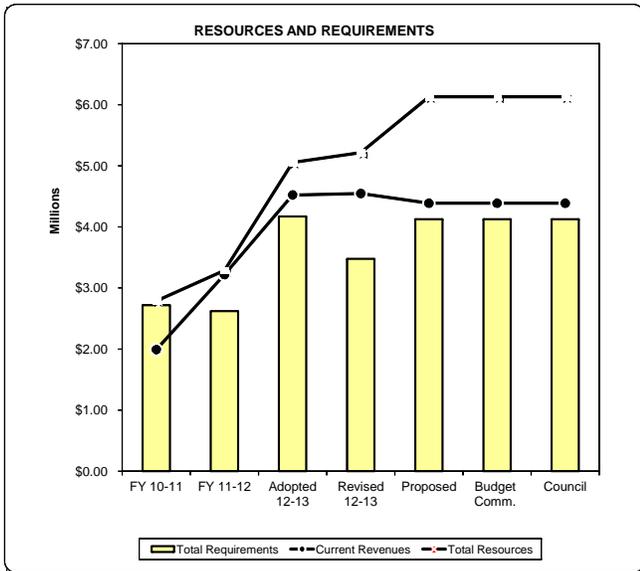
<b>BUDGET BY CLASS:</b>	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>BUDGET</b>	<b>REVISED</b>	<b>ADOPTED</b>	<b>%CHANGE</b>
	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2012-13</b>	<b>2013-14</b>	<b>FROM 12-13</b>
						<b>BUDGET</b>
<b>Personnel Services</b>	\$1,202,518	\$1,375,426	\$1,349,780	\$1,349,780	\$1,384,870	2.60%
<b>Supplies and Services</b>	924,414	874,906	769,140	769,140	958,280	24.59%
<b>Capital Outlay</b>	0	0	0	0	0	0.00%
<b>Total</b>	\$2,126,932	\$2,250,332	\$2,118,920	\$2,118,920	\$2,343,150	10.58%

**EXPENDITURE BY PROGRAM**

<b>Street Maintenance</b>	\$856,962	\$916,260	\$804,940	\$804,940	\$975,560	21.20%
<b>Paint and Sign</b>	323,614	332,070	312,610	312,610	309,050	-1.14%
<b>Bike Facilities</b>	195,856	183,860	182,550	182,550	196,500	7.64%
<b>Street Cleaning</b>	95,165	106,962	106,270	106,270	107,780	1.42%
<b>Traffic Signals</b>	273,414	294,177	291,090	291,090	305,110	4.82%
<b>Mapping and GIS</b>	86,749	91,823	88,750	88,750	95,300	7.38%
<b>Transportation Demand Mgt</b>	63,795	71,075	68,410	68,410	79,380	16.04%
<b>Street Lighting</b>	231,378	254,106	264,300	264,300	274,470	3.85%
<b>Total</b>	\$2,126,932	\$2,250,332	\$2,118,920	\$2,118,920	\$2,343,150	10.58%
<b>Staffing Levels</b>	13.630	13.600	13.600	13.600	13.600	0.00%

## TRANSIT FUND SUMMARY

	ACTUAL 2010-11	ACTUAL 2011-12	ADOPTED BUDGET 2012-13	REVISED 2012-13	PROPOSED BUDGET 2013-14	COMMISSION RECOMMENDED 2013-14	COUNCIL APPROVED 2013-14
<b>Resources:</b>							
Beginning Fund Balance	\$797,148	\$70,413	\$532,323	\$669,808	\$1,740,618	\$1,740,618	\$1,740,618
Property Taxes	\$77,641	\$0	\$0	\$0	\$0	\$0	\$0
License & Permits	388,431	1,035,285	1,173,900	1,173,900	1,192,690	1,192,690	1,192,690
Charges for Service	335,536	196,337	223,610	225,960	225,960	225,960	225,960
Intergovernmental	980,984	1,180,516	2,352,950	1,863,450	2,785,170	2,785,170	2,785,170
Fines & Forfeitures	286	67	0	0	0	0	0
Miscellaneous	186,616	806,552	772,500	1,283,620	184,900	184,900	184,900
Other Financing Sources	21,764	0	0	0	0	0	0
<b>Current Revenues</b>	<b>\$1,991,258</b>	<b>\$3,218,757</b>	<b>\$4,522,960</b>	<b>\$4,546,930</b>	<b>\$4,388,720</b>	<b>\$4,388,720</b>	<b>\$4,388,720</b>
<b>Total Resources</b>	<b>\$2,788,406</b>	<b>\$3,289,170</b>	<b>\$5,055,283</b>	<b>\$5,216,738</b>	<b>\$6,129,338</b>	<b>\$6,129,338</b>	<b>\$6,129,338</b>
<b>Requirements:</b>							
<b>Operating Budget:</b>							
Public Works	\$2,449,073	\$2,607,742	\$4,080,490	\$3,463,980	\$4,021,090	\$4,021,090	\$4,021,090
<b>Total Operating</b>	<b>\$2,449,073</b>	<b>\$2,607,742</b>	<b>\$4,080,490</b>	<b>\$3,463,980</b>	<b>\$4,021,090</b>	<b>\$4,021,090</b>	<b>\$4,021,090</b>
<b>Non-Operating:</b>							
Transfers Out	\$268,920	\$11,620	\$12,140	\$12,140	\$16,860	\$16,860	\$16,860
Contingency	0	0	77,130	0	87,770	87,770	87,770
<b>Total Non-Operating</b>	<b>\$268,920</b>	<b>\$11,620</b>	<b>\$89,270</b>	<b>\$12,140</b>	<b>\$104,630</b>	<b>\$104,630</b>	<b>\$104,630</b>
<b>Total Requirements</b>	<b>\$2,717,993</b>	<b>\$2,619,362</b>	<b>\$4,169,760</b>	<b>\$3,476,120</b>	<b>\$4,125,720</b>	<b>\$4,125,720</b>	<b>\$4,125,720</b>
<b>Ending Fund Balance (incl. reserves)</b>	<b>\$70,413</b>	<b>\$669,808</b>	<b>\$885,523</b>	<b>\$1,740,618</b>	<b>\$2,003,618</b>	<b>\$2,003,618</b>	<b>\$2,003,618</b>



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

**TRANSIT FUND  
PUBLIC WORKS DEPARTMENT  
TRANSPORTATION/SPECIAL PROJECTS**

**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 additional CTS buses, per fleet replacement schedule.
- Install a new Vehicle Information System (VIS).



**FY 12-13 HIGHLIGHTS:**

- Recorded an 11.5% increase in ridership in calendar year 2012 when compared to calendar year 2011.
- 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.
- Completed a Request for Proposal for a new Vehicle Information System.
- Installed a replacement CTS radio system.
- Acquired two CTS buses, per fleet replacement schedule.

<b>BUDGET BY CLASS:</b>	<b>ACTUAL 2010-11</b>	<b>ACTUAL 2011-12</b>	<b>BUDGET 2012-13</b>	<b>REVISED 2012-13</b>	<b>ADOPTED 2013-14</b>	<b>% CHANGE FROM 12-13 BUDGET</b>
<b>Personnel Services</b>	\$322,489	\$338,373	\$332,720	\$332,720	\$350,250	5.27%
<b>Supplies and Services</b>	2,126,584	2,269,368	2,427,310	2,434,660	2,452,840	1.05%
<b>Capital Outlay</b>	0	0	1,320,460	696,600	1,218,000	-7.76%
<b>Total</b>	\$2,449,074	\$2,607,741	\$4,080,490	\$3,463,980	\$4,021,090	-1.46%

**EXPENDITURE BY PROGRAM**

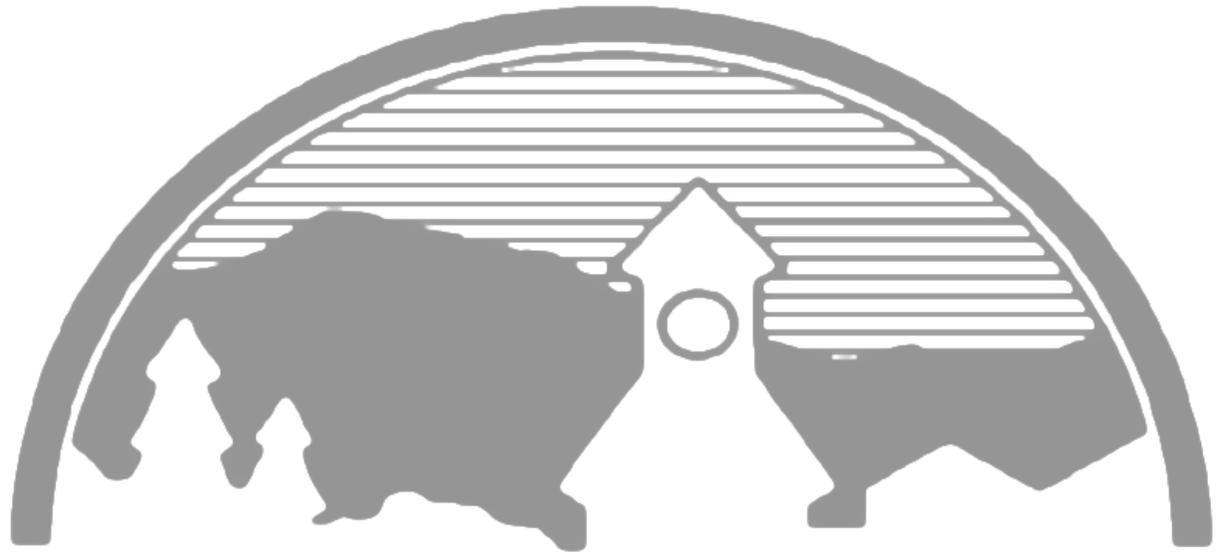
<b>Transportation</b>	\$2,402,302	\$2,589,943	\$2,745,030	\$2,742,710	\$2,776,650	1.15%
<b>Special Projects</b>	46,772	17,798	1,335,460	721,270	1,244,440	-6.82%
<b>Total</b>	\$2,449,074	\$2,607,741	\$4,080,490	\$3,463,980	\$4,021,090	-1.46%
<b>Staffing Levels</b>	3.650	3.680	3.620	3.620	3.620	0.00%



Trolley



Transit Bus



**CORVALLIS**

ENHANCING COMMUNITY LIVABILITY



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 11-12.

**Debt Service Funds** – to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

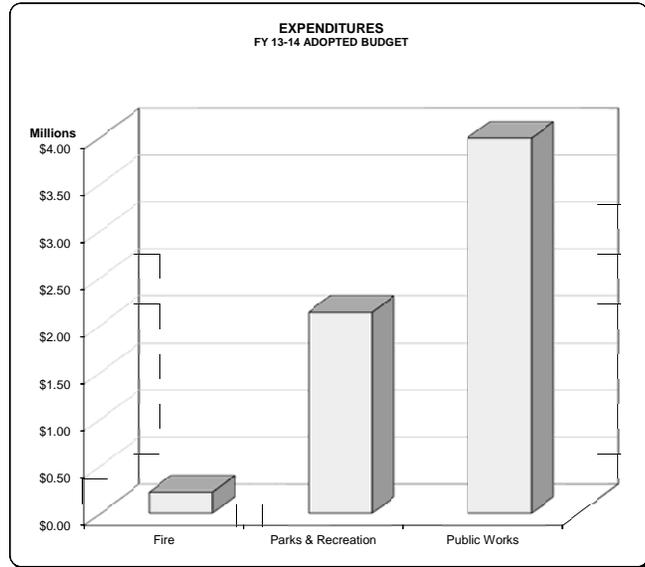
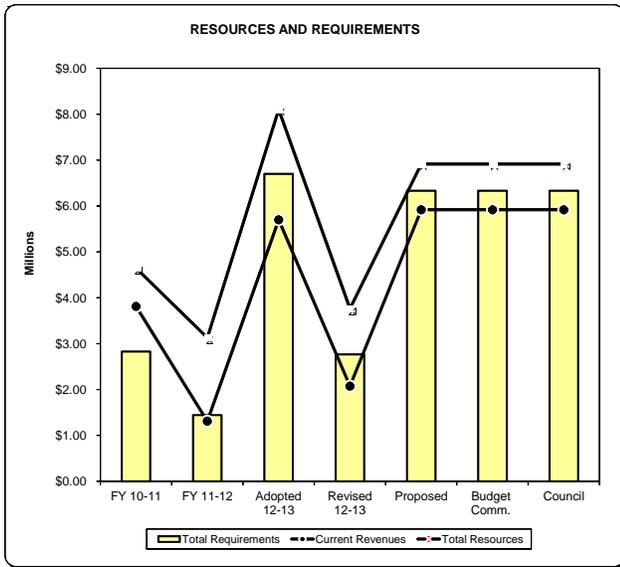
- a) **General Obligation Debt Service Fund** – to account for revenues and expenditures associated with debt redemption for General Obligation Bonds. Major revenue sources include property taxes levied for debt service. Expenditures are for principal and interest for debt retirement.
- b) **Pension 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 2010-11	ACTUAL 2011-12	ADOPTED BUDGET 2012-13	REVISED 2012-13	PROPOSED BUDGET 2013-14	COMMISSION RECOMMENDED 2013-14	COUNCIL APPROVED 2013-14
<b>Resources:</b>							
Beginning Fund Balance	\$832,722	\$1,817,692	\$2,401,849	\$1,686,990	\$995,370	\$995,370	\$995,370
Intergovernmental	\$868,706	\$877,434	\$2,355,790	\$871,830	\$2,241,350	\$2,241,350	\$2,241,350
Miscellaneous	31,037	105,312	468,840	298,730	432,000	432,000	432,000
Transfers In	812,649	328,343	2,875,243	904,770	3,244,310	3,244,310	3,244,310
Other Financing Sources	2,100,000	0	0	0	0	0	0
<b>Current Revenues</b>	<b>\$3,812,392</b>	<b>\$1,311,089</b>	<b>\$5,699,873</b>	<b>\$2,075,330</b>	<b>\$5,917,660</b>	<b>\$5,917,660</b>	<b>\$5,917,660</b>
<b>Total Resources</b>	<b>\$4,645,114</b>	<b>\$3,128,781</b>	<b>\$8,101,722</b>	<b>\$3,762,320</b>	<b>\$6,913,030</b>	<b>\$6,913,030</b>	<b>\$6,913,030</b>
<b>Requirements:</b>							
<b>Operating Budget:</b>							
<b>Non-Operating:</b>							
Capital Projects	\$2,752,422	\$1,441,791	\$6,698,818	\$2,766,950	\$6,334,925	\$6,334,925	\$6,334,925
Transfers Out	75,000	0	0	0	0	0	0
<b>Total Non-Operating</b>	<b>\$2,827,422</b>	<b>\$1,441,791</b>	<b>\$6,698,818</b>	<b>\$2,766,950</b>	<b>\$6,334,925</b>	<b>\$6,334,925</b>	<b>\$6,334,925</b>
<b>Total Requirements</b>	<b>\$2,827,422</b>	<b>\$1,441,791</b>	<b>\$6,698,818</b>	<b>\$2,766,950</b>	<b>\$6,334,925</b>	<b>\$6,334,925</b>	<b>\$6,334,925</b>
<b>Ending Fund Balance (incl. reserves)</b>	<b>\$1,817,692</b>	<b>\$1,686,990</b>	<b>\$1,402,904</b>	<b>\$995,370</b>	<b>\$578,105</b>	<b>\$578,105</b>	<b>\$578,105</b>



## 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:**

- Initiate the design of Morris Avenue Bridge.
- Improve and update City Hall parking lot.
- Reconstruct 10<sup>th</sup> Street, from Buchanan to Grant.
- Design of Highway 99 widening from Circle Boulevard to the railroad overpass.
- Construct the Corvallis to Albany Trail.
- 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 12-13 HIGHLIGHTS:**

- Completed the design of Fire Department Facilities Relocation.
- Completed street reconstruction of 11<sup>th</sup> Street, North of Maple.
- Constructed 9<sup>th</sup> Street Pedestrian Crossing south of Spruce Street.
- Installed traffic signal at 26<sup>th</sup> Street and Western Boulevard.
- Completed Shooting Star Trail improvements.

Department	ACTUAL 2010-11	ACTUAL 2011-12	BUDGET 2012-13	REVISED 2012-13	ADOPTED 2013-14	% CHANGE FROM 12-13 BUDGET
<b>Fire</b>	\$7,595	\$154,430	\$774,290	\$655,290	\$219,000	-71.72%
<b>Park and Recreation</b>	230,276	97,047	1,590,698	423,550	2,128,905	33.83%
<b>Public Works</b>	2,514,551	1,190,314	4,333,830	1,688,110	3,987,020	-8.00%
<b>Total</b>	\$2,752,422	\$1,441,791	\$6,698,818	\$2,766,950	\$6,334,925	-5.43%
<b>Staffing Levels</b>	5.710	5.600	5.600	5.600	5.000	-10.71%



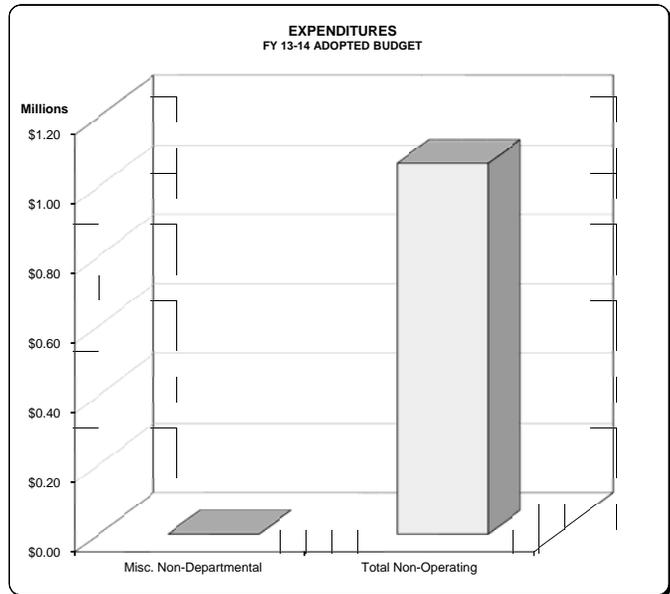
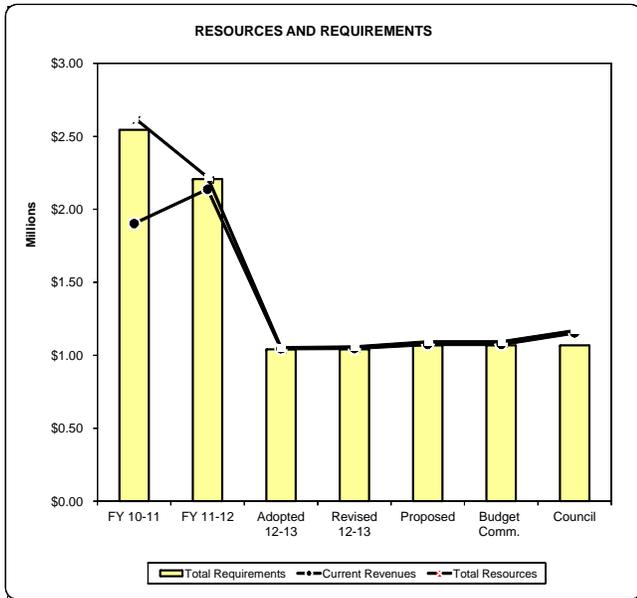
Circle Boulevard Pedestrian Crossing Project



Traffic Signal Cabinet

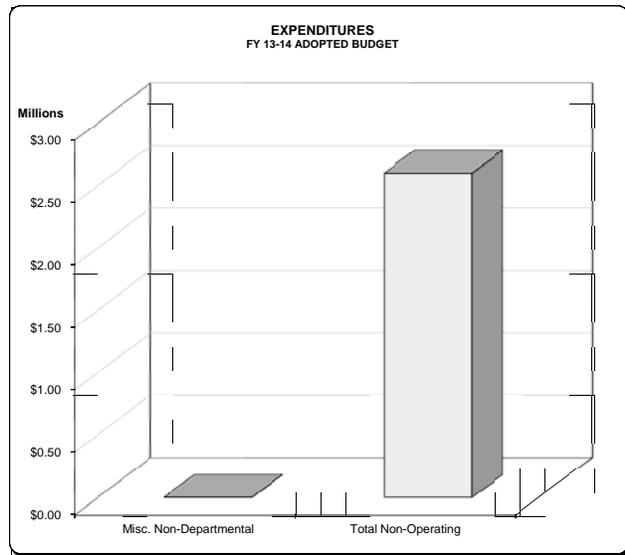
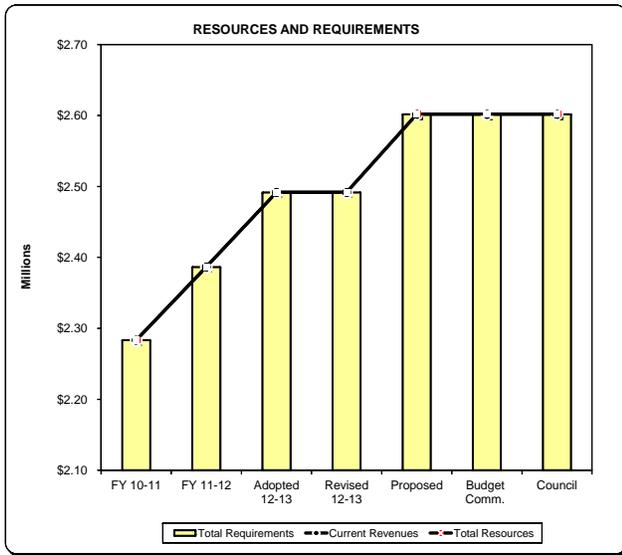
## GENERAL OBLIGATION DEBT SERVICE FUND SUMMARY

	ACTUAL 2010-11	ACTUAL 2011-12	ADOPTED BUDGET 2012-13	REVISED 2012-13	PROPOSED BUDGET 2013-14	COMMISSION RECOMMENDED 2013-14	COUNCIL APPROVED 2013-14
<b>Resources:</b>							
Beginning Fund Balance	\$724,090	\$82,057	\$7,807	\$11,763	\$17,423	\$17,423	\$17,423
Property Taxes	\$1,899,303	\$2,131,238	\$1,040,800	\$1,040,800	\$1,070,000	\$1,070,000	\$1,148,000
Miscellaneous	3,638	6,118	3,910	5,660	4,620	4,620	4,620
Other Financing Sources	0	0	0	0	0	0	0
<b>Current Revenues</b>	<b>\$1,902,941</b>	<b>\$2,137,356</b>	<b>\$1,044,710</b>	<b>\$1,046,460</b>	<b>\$1,074,620</b>	<b>\$1,074,620</b>	<b>\$1,152,620</b>
<b>Total Resources</b>	<b>\$2,627,031</b>	<b>\$2,219,413</b>	<b>\$1,052,517</b>	<b>\$1,058,223</b>	<b>\$1,092,043</b>	<b>\$1,092,043</b>	<b>\$1,170,043</b>
<b>Requirements:</b>							
<b>Operating Budget:</b>							
Misc. Non-Departmental	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Operating Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Non-Operating:</b>							
Debt Service - Principal	\$2,165,000	\$1,895,000	\$785,000	\$785,000	\$835,000	\$835,000	\$835,000
Debt Service - Interest	379,974	312,650	255,800	255,800	232,250	232,250	232,250
<b>Total Non-Operating</b>	<b>\$2,544,974</b>	<b>\$2,207,650</b>	<b>\$1,040,800</b>	<b>\$1,040,800</b>	<b>\$1,067,250</b>	<b>\$1,067,250</b>	<b>\$1,067,250</b>
<b>Total Requirements</b>	<b>\$2,544,974</b>	<b>\$2,207,650</b>	<b>\$1,040,800</b>	<b>\$1,040,800</b>	<b>\$1,067,250</b>	<b>\$1,067,250</b>	<b>\$1,067,250</b>
<b>Ending Fund Balance (incl. reserves)</b>	<b>\$82,057</b>	<b>\$11,763</b>	<b>\$11,717</b>	<b>\$17,423</b>	<b>\$24,793</b>	<b>\$24,793</b>	<b>\$102,793</b>



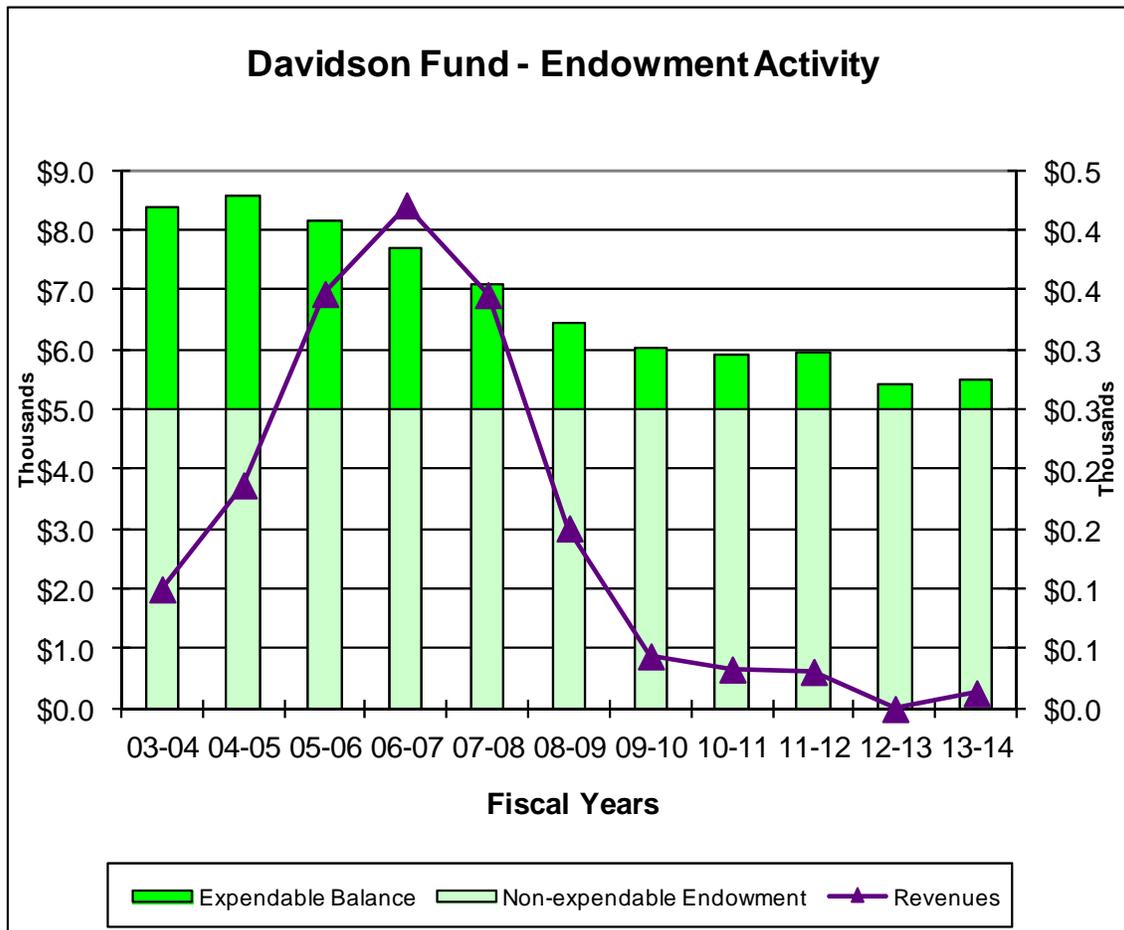
## PENSION OBLIGATION DEBT SERVICE FUND SUMMARY

	ACTUAL 2010-11	ACTUAL 2011-12	ADOPTED BUDGET 2012-13	REVISED 2012-13	PROPOSED BUDGET 2013-14	COMMISSION RECOMMENDED 2013-14	COUNCIL APPROVED 2013-14
<b>Resources:</b>							
Beginning Fund Balance	\$403	\$448	\$448	\$454	\$454	\$454	\$454
Miscellaneous Transfers In	\$27 2,283,290	\$4 2,386,500	\$0 2,491,610	\$0 2,491,610	\$0 2,601,690	\$0 2,601,690	\$0 2,601,690
Current Revenues	\$2,283,317	\$2,386,504	\$2,491,610	\$2,491,610	\$2,601,690	\$2,601,690	\$2,601,690
<b>Total Resources</b>	<b>\$2,283,720</b>	<b>\$2,386,952</b>	<b>\$2,492,058</b>	<b>\$2,492,064</b>	<b>\$2,602,144</b>	<b>\$2,602,144</b>	<b>\$2,602,144</b>
<b>Requirements:</b>							
<b>Operating Budget:</b>							
Misc. Non-Departmental	\$1,350	\$1,350	\$1,350	\$1,350	\$1,350	\$1,350	\$1,350
<b>Total Operating Budget</b>	<b>\$1,350</b>	<b>\$1,350</b>	<b>\$1,350</b>	<b>\$1,350</b>	<b>\$1,350</b>	<b>\$1,350</b>	<b>\$1,350</b>
<b>Non-Operating:</b>							
Debt Service - Principal	\$406,667	\$461,767	\$516,250	\$516,250	\$570,260	\$570,260	\$570,260
Debt Service - Interest	1,875,255	1,923,381	1,974,010	1,974,010	2,030,080	2,030,080	2,030,080
<b>Total Non-Operating</b>	<b>\$2,281,922</b>	<b>\$2,385,148</b>	<b>\$2,490,260</b>	<b>\$2,490,260</b>	<b>\$2,600,340</b>	<b>\$2,600,340</b>	<b>\$2,600,340</b>
<b>Total Requirements</b>	<b>\$2,283,272</b>	<b>\$2,386,498</b>	<b>\$2,491,610</b>	<b>\$2,491,610</b>	<b>\$2,601,690</b>	<b>\$2,601,690</b>	<b>\$2,601,690</b>
Ending Fund Balance	\$448	\$454	\$448	\$454	\$454	\$454	\$454



## DAVIDSON FUND SUMMARY

	ACTUAL 2010-11	ACTUAL 2011-12	ADOPTED BUDGET 2012-13	REVISED 2012-13	PROPOSED BUDGET 2013-14	COMMISSION RECOMMENDED 2013-14	COUNCIL APPROVED 2013-14
<b>Resources:</b>							
Beginning Fund Balance	\$6,031	\$5,917	\$5,927	\$5,962	\$5,502	\$5,502	\$5,502
Miscellaneous	\$33	\$45	\$0	\$40	\$0	\$0	\$0
Current Revenues	\$33	\$45	\$0	\$40	\$0	\$0	\$0
<b>Total Resources</b>	<b>\$6,064</b>	<b>\$5,962</b>	<b>\$5,927</b>	<b>\$6,002</b>	<b>\$5,502</b>	<b>\$5,502</b>	<b>\$5,502</b>
<b>Requirements:</b>							
Operating Budget: Library	\$147	\$0	\$500	\$500	\$0	\$0	\$0
<b>Total Requirements</b>	<b>\$147</b>	<b>\$0</b>	<b>\$500</b>	<b>\$500</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Ending Fund Balance	\$5,917	\$5,962	\$5,427	\$5,502	\$5,502	\$5,502	\$5,502



Note: Left axis is to be referenced for the bar graphs and the right axis is to be used for the line graph.

**DAVIDSON FUND SUMMARY  
LIBRARY DEPARTMENT  
DONATION PROGRAM**

**RESPONSIBILITIES:**

- Materials purchased with Davidson Fund monies are purchased in compliance with a donation in honor of former librarian Alice Passano Davidson and are identified with a special book plate.

**WORK PLAN:**

- There are no expenditures planned for FY 13-14 to ensure the trust's restricted principal of \$5,000 remains intact.

**FY 12-13 HIGHLIGHTS:**

- Materials were purchased for the Library's collection to meet the requirements of the original donor.

EXPENDITURE BY CLASS	ACTUAL	ACTUAL	BUDGET	REVISED	ADOPTED	% CHANGE
	2010-11	2011-12	2012-13	2012-13	2013-14	FROM 12-13 BUDGET
Personnel Services	\$0	\$0	\$0	\$0	\$0	0.00%
Supplies and Services	147	0	0	500	0	0.00%
Capital Outlay	0	0	0	0	0	0.00%
<b>Total</b>	<b>\$147</b>	<b>\$0</b>	<b>\$0</b>	<b>\$500</b>	<b>\$0</b>	<b>0.00%</b>

**EXPENDITURE BY PROGRAM**

Donations	\$147	\$0	\$0	\$500	\$0	0.00%
<b>Total</b>	<b>\$147</b>	<b>\$0</b>	<b>\$0</b>	<b>\$500</b>	<b>\$0</b>	<b>0.00%</b>
Staffing Levels	0.00	0.00	0.00	0.00	0.00	0.00%



Library Books

**ENTERPRISE FUNDS**

**ROCK CREEK WATER TREATMENT FACILITY**



**CORVALLIS MUNICIPAL AIRPORT**



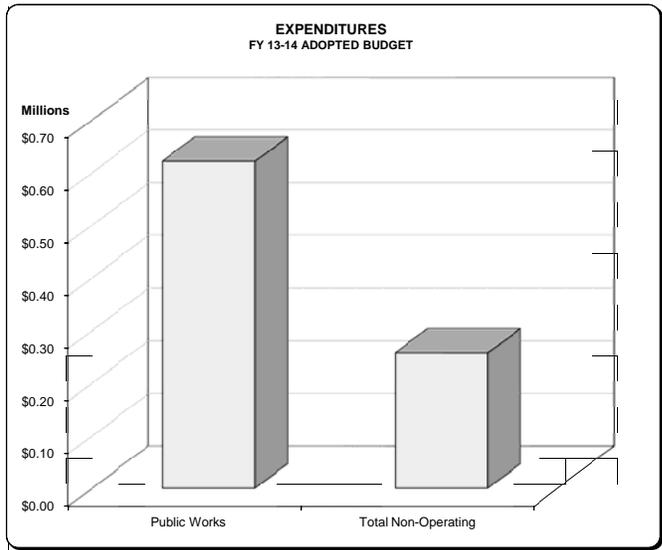
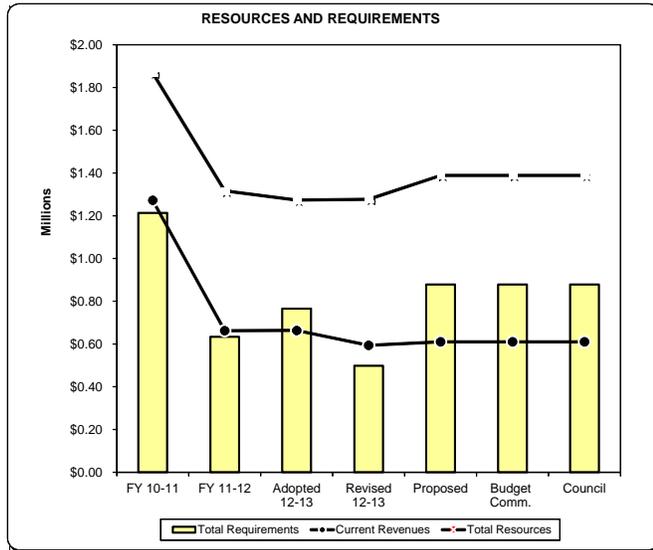
## ENTERPRISE FUNDS

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 11-12.

- 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 from metered water sales, water system development charges (SDC), and watershed timber sales. Expenses include operating costs, debt service for water revenue bonds and loans, and capital construction for water facility projects. The water fund includes restricted fund reserves for capital projects bond proceeds (if any), and SDC funds.
- b) **Wastewater Fund** – to account for revenues and expenses associated with operating the City of Corvallis' sanitary sewer collection and treatment facilities. Major revenue sources include charges for service and wastewater SDCs. 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 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. 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 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).

## AIRPORT FUND SUMMARY

	ACTUAL 2010-11	ACTUAL 2011-12	ADOPTED BUDGET 2012-13	REVISED 2012-13	PROPOSED BUDGET 2013-14	COMMISSION RECOMMENDED 2013-14	COUNCIL APPROVED 2013-14
<b>Resources:</b>							
Beginning Fund Balance	\$595,659	\$654,441	\$610,421	\$683,490	\$778,630	\$778,630	\$778,630
Licenses & Permits	\$4,450	\$4,625	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Charges for Service	394,785	458,852	398,500	493,100	398,500	398,500	398,500
Intergovernmental	670,551	220,679	247,500	83,560	185,740	185,740	185,740
Miscellaneous	11,848	7,623	9,570	10,050	9,570	9,570	9,570
Transfers In	188,160	(29,409)	2,500	2,000	11,290	11,290	11,290
Other Financing Sources	2,500	0	0	0	0	0	0
<b>Current Revenues</b>	<b>\$1,272,294</b>	<b>\$662,370</b>	<b>\$663,070</b>	<b>\$593,710</b>	<b>\$610,100</b>	<b>\$610,100</b>	<b>\$610,100</b>
<b>Total Resources</b>	<b>\$1,867,953</b>	<b>\$1,316,811</b>	<b>\$1,273,491</b>	<b>\$1,277,200</b>	<b>\$1,388,730</b>	<b>\$1,388,730</b>	<b>\$1,388,730</b>
<b>Requirements:</b>							
<b>Operating Budget:</b>							
Public Works	\$332,064	\$616,238	\$664,940	\$458,630	\$621,050	\$621,050	\$621,050
<b>Total Operating Budget</b>	<b>\$332,064</b>	<b>\$616,238</b>	<b>\$664,940</b>	<b>\$458,630</b>	<b>\$621,050</b>	<b>\$621,050</b>	<b>\$621,050</b>
<b>Non-Operating:</b>							
Capital Projects	\$770,605	0	\$50,000	\$2,000	\$112,850	\$112,850	\$112,850
Transfers Out	77,180	(15,499)	6,950	6,450	19,620	19,620	19,620
Debt Service - Principal	23,739	23,940	24,160	24,160	109,050	109,050	109,050
Debt Service - Interest	9,924	8,642	7,330	7,330	6,000	6,000	6,000
Contingency	0	0	12,260	0	9,950	9,950	9,950
<b>Total Non-Operating</b>	<b>\$881,448</b>	<b>\$17,083.00</b>	<b>\$100,700</b>	<b>\$39,940</b>	<b>\$257,470</b>	<b>\$257,470</b>	<b>\$257,470</b>
<b>Total Requirements</b>	<b>\$1,213,512</b>	<b>\$633,321</b>	<b>\$765,640</b>	<b>\$498,570</b>	<b>\$878,520</b>	<b>\$878,520</b>	<b>\$878,520</b>
Ending Fund Balance (incl. reserves)	\$654,441	\$683,490	\$507,851	\$778,630	\$510,210	\$510,210	\$510,210



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

**AIRPORT FUND  
PUBLIC WORKS DEPARTMENT  
ADMINISTRATION/SPECIAL PROJECTS**

---

**RESPONSIBILITIES:**

- The Administration Division provides management and administrative support functions to the department's Airport Fund activities to ensure that services are efficiently delivered. Functions include long-term planning for the Airport/Industrial Park, and administrative support for budgeting, contracting and accounting services.
- Special Projects are one-time in nature or fall outside the scope of normal department operations.

**WORK PLAN:**

- Foster sustainable practices in all department operations.
- Complete Airport improvement projects including replacement of the membrane roof and windows in the main hangar, and install a security camera system.

**FY 12-13 HIGHLIGHTS:**

- Improved purchasing practices in department operations through the increased use of purchasing cards.

<b>EXPENDITURE BY CLASS</b>	<b>ACTUAL 2010-11</b>	<b>ACTUAL 2011-12</b>	<b>BUDGET 2012-13</b>	<b>REVISED 2012-13</b>	<b>ADOPTED 2013-14</b>	<b>% CHANGE FROM 12-13 BUDGET</b>
<b>Personnel Services</b>	\$8,045	\$9,502	\$9,260	\$9,260	\$10,700	15.55%
<b>Supplies and Services</b>	99,197	365,218	381,990	175,680	326,080	-14.64%
<b>Capital Outlay</b>	0	0	0	0	0	0.00%
<b>Total</b>	\$107,242	\$374,720	\$391,250	\$184,940	\$336,780	-13.92%

**EXPENDITURE BY PROGRAM**

<b>Administration</b>	\$50,311	\$46,227	\$51,010	\$50,790	\$57,600	12.92%
<b>Special Projects</b>	56,931	328,493	340,240	134,150	279,180	-17.95%
<b>Total</b>	\$107,242	\$374,720	\$391,250	\$184,940	\$336,780	-13.92%
<b>Staffing Levels</b>	0.080	0.100	0.100	0.100	0.100	0.00%



**AIRPORT FUND  
PUBLIC WORKS DEPARTMENT  
TRANSPORTATION AND BUILDINGS**

---

**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 12-13 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.
- Rehabilitation of railroad spur tracks into the Airport Industrial Park with a grant from the State of Oregon.

	ACTUAL	ACTUAL	BUDGET	REVISED	ADOPTED	% CHANGE
EXPENDITURE BY CLASS	2010-11	2011-12	2012-13	2012-13	2013-14	FROM 12-13 BUDGET
Personnel Services	\$130,218	\$158,259	\$147,190	\$147,190	\$156,020	6.00%
Supplies and Services	94,605	83,259	126,500	126,500	128,250	1.38%
Capital Outlay	0	0	0	0	0	0.00%
<b>Total</b>	<b>\$224,823</b>	<b>\$241,518</b>	<b>\$273,690</b>	<b>\$273,690</b>	<b>\$284,270</b>	<b>3.87%</b>

**EXPENDITURE BY PROGRAM**

Airport Operations	\$224,823	\$241,518	\$273,690	\$273,690	\$284,270	3.87%
<b>Total</b>	<b>\$224,823</b>	<b>\$241,518</b>	<b>\$273,690</b>	<b>\$273,690</b>	<b>\$284,270</b>	<b>3.87%</b>
Staffing Levels	1.500	1.600	1.600	1.600	1.600	0.00%



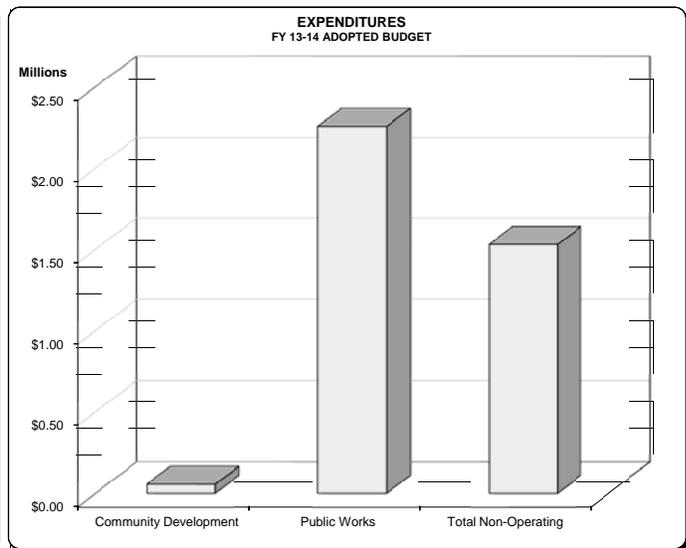
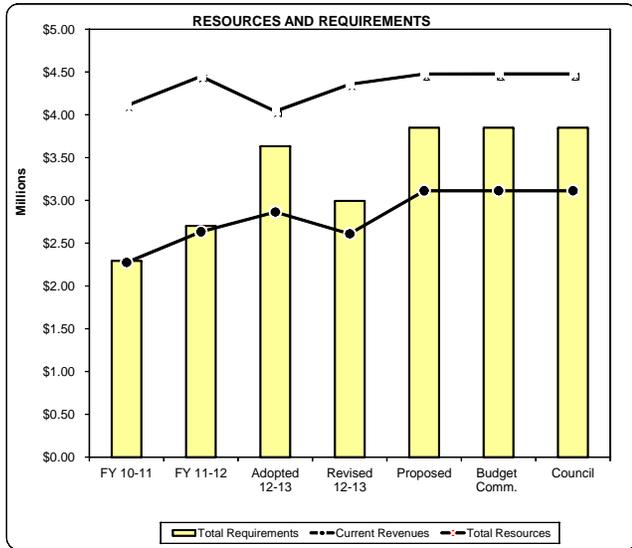
Airport Industrial park Building



Corvallis Municipal Airport Runway

## STORM WATER FUND SUMMARY

	ACTUAL 2010-11	ACTUAL 2011-12	ADOPTED BUDGET 2012-13	REVISED 2012-13	PROPOSED BUDGET 2013-14	COMMISSION RECOMMENDED 2013-14	COUNCIL APPROVED 2013-14
<b>Resources:</b>							
Beginning Fund Balance	\$1,833,574	\$1,815,791	\$1,177,701	\$1,745,853	\$1,363,493	\$1,363,493	\$1,363,493
Charges for Service	\$2,052,098	\$2,127,980	\$2,134,370	\$2,150,830	\$2,277,160	\$2,277,160	\$2,277,160
Intergovernmental	3,127	205,029	230,360	11,760	264,220	264,220	264,220
Fines and Forfeitures	0	20	0	0	0	0	0
Miscellaneous	12,587	16,096	8,770	11,160	9,380	9,380	9,380
Transfers In	207,825	284,468	491,150	436,740	562,500	562,500	562,500
Other Financing Sources	0	0	0	0	0	0	0
<b>Current Revenues</b>	<b>\$2,275,637</b>	<b>\$2,633,593</b>	<b>\$2,864,650</b>	<b>\$2,610,490</b>	<b>\$3,113,260</b>	<b>\$3,113,260</b>	<b>\$3,113,260</b>
<b>Total Resources</b>	<b>\$4,109,211</b>	<b>\$4,449,384</b>	<b>\$4,042,351</b>	<b>\$4,356,343</b>	<b>\$4,476,753</b>	<b>\$4,476,753</b>	<b>\$4,476,753</b>
<b>Requirements:</b>							
<b>Operating Budget:</b>							
Community Development	\$47,825	\$49,984	\$53,670	\$53,640	\$55,560	\$55,560	\$55,560
Public Works	1,706,316	1,785,906	2,216,440	1,912,510	2,263,460	2,263,460	2,263,460
Misc. Non-Departmental	0	0	0	0	0	0	0
<b>Total Operating Budget</b>	<b>\$1,754,141</b>	<b>\$1,835,890</b>	<b>\$2,270,110</b>	<b>\$1,966,150</b>	<b>\$2,319,020</b>	<b>\$2,319,020</b>	<b>\$2,319,020</b>
<b>Non-Operating:</b>							
Capital Projects	\$161,994	\$482,803	\$721,510	\$481,510	\$787,500	\$787,500	\$787,500
Transfers Out	377,285	384,838	599,600	545,190	696,950	696,950	696,950
Contingency	0	0	42,140	0	45,780	45,780	45,780
<b>Total Non-Operating</b>	<b>\$539,279</b>	<b>\$867,641</b>	<b>\$1,363,250</b>	<b>\$1,026,700</b>	<b>\$1,530,230</b>	<b>\$1,530,230</b>	<b>\$1,530,230</b>
<b>Total Requirements</b>	<b>\$2,293,420</b>	<b>\$2,703,531</b>	<b>\$3,633,360</b>	<b>\$2,992,850</b>	<b>\$3,849,250</b>	<b>\$3,849,250</b>	<b>\$3,849,250</b>
<b>Ending Fund Balance (incl. reserves)</b>	<b>\$1,815,791</b>	<b>\$1,745,853</b>	<b>\$408,991</b>	<b>\$1,363,493</b>	<b>\$627,503</b>	<b>\$627,503</b>	<b>\$627,503</b>



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 12-13 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.

<b>EXPENDITURE BY CLASS</b>	<b>ACTUAL 2010-11</b>	<b>ACTUAL 2011-12</b>	<b>BUDGET 2012-13</b>	<b>REVISED 2012-13</b>	<b>ADOPTED 2013-14</b>	<b>% CHANGE FROM 12-13 BUDGET</b>
<b>Personnel Services</b>	\$43,027	\$44,314	\$48,620	\$48,620	\$50,570	4.01%
<b>Supplies and Services</b>	4,797	5,670	5,050	5,020	4,990	-1.19%
<b>Capital Outlay</b>	0	0	0	0	0	0.00%
<b>Total</b>	\$47,825	\$49,984	\$53,670	\$53,640	\$55,560	3.52%

**EXPENDITURE BY PROGRAM**

<b>Administration</b>	\$12,969	\$14,599	\$14,190	\$14,160	\$14,580	2.75%
<b>Plan Review</b>	26,625	28,065	30,310	30,310	31,250	3.10%
<b>Inspections</b>	200	260	260	260	260	0.00%
<b>Long Range Planning</b>	8,030	7,059	8,910	8,910	9,470	6.29%
<b>Special Projects</b>	0	0	0	0	0	0.00%
<b>Total</b>	\$47,825	\$49,984	\$53,670	\$53,640	\$55,560	3.52%
<b>Staffing Levels</b>	0.430	0.500	0.440	0.440	0.440	0.00%



**STORM WATER FUND SUMMARY**  
**PUBLIC WORKS DEPARTMENT**  
**ADMINISTRATION/ENGINEERING/TRANSPORTATION/SPECIAL PROJECTS**

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**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:**

- Complete a review of the current utility rate structure with the hired consultant's assistance.
- Continue data refinement for the asset management program, which includes collecting asset condition information, age, risk and consequence of failure.
- Foster sustainable practices in department operations.
- Review development proposals and associated public infrastructure design submittals for compliance with City codes, master plans, and standards.

**FY 12-13 HIGHLIGHTS:**

- Selected a consultant through a formal request for proposal process, and began a review of the current utility rate structure.
- Completed an initial Asset Management Plan, establishing an asset management policy and framework, asset condition protocol, and asset hierarchy.
- Improved purchasing practices in department operations through the increased use of purchasing cards.

<b>EXPENDITURE BY CLASS</b>	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>BUDGET</b>	<b>REVISED</b>	<b>ADOPTED</b>	<b>% CHANGE</b>
	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2012-13</b>	<b>2013-14</b>	<b>FROM 12-13</b>
						<b>BUDGET</b>
<b>Personnel Services</b>	\$598,613	\$601,780	\$664,960	\$564,240	\$688,240	3.50%
<b>Supplies and Services</b>	524,724	549,479	777,000	666,490	768,060	-1.15%
<b>Capital Outlay</b>	0	0	92,700	0	101,200	9.17%
<b>Total</b>	\$1,123,337	\$1,151,260	\$1,534,660	\$1,230,730	\$1,557,500	1.49%
<b>EXPENDITURE BY PROGRAM</b>						
<b>Administration</b>	\$410,781	\$382,207	\$419,280	\$306,650	\$472,770	12.76%
<b>Street Maintenance</b>	41,676	56,787	43,960	43,960	45,960	4.55%
<b>Street Cleaning</b>	196,283	220,556	231,830	231,830	232,710	0.38%
<b>Mapping/GIS</b>	52,353	54,944	63,440	63,440	71,600	12.86%
<b>Development Review</b>	122,514	160,153	167,350	167,350	175,720	5.00%
<b>Engineering Admin/CIP</b>	62,891	64,649	87,740	87,740	68,860	-21.52%
<b>Planning and Projects</b>	171,439	129,203	143,130	143,130	147,990	3.40%
<b>Special Projects</b>	65,401	82,762	377,930	186,630	341,890	-9.54%
<b>Total</b>	\$1,123,337	\$1,151,260	\$1,534,660	\$1,230,730	\$1,557,500	1.49%
<b>Staffing Levels</b>	5.971	5.800	5.465	5.465	5.865	7.32%

**STORM WATER FUND SUMMARY  
PUBLIC WORKS DEPARTMENT  
UTILITIES**

**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.
- Renew NPDES discharge permits.
- Construct a storm system overflow pipe serving the neighborhood around Greeley Avenue to reduce local nuisance flooding.
- Initiate a stream bank stabilization needs assessment for Dixon Creek between 27<sup>th</sup> and 29<sup>th</sup> Streets.

**FY 12-13 HIGHLIGHTS:**

- 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.
- Developed a Green Streets/Storm water pollution prevention initiative with a grant from the EPA.
- Replaced the failing storm system serving the 11<sup>th</sup> Street and Taylor Avenue intersection.

<b>EXPENDITURE BY CLASS</b>	<b>ACTUAL 2010-11</b>	<b>ACTUAL 2011-12</b>	<b>BUDGET 2012-13</b>	<b>REVISED 2012-13</b>	<b>ADOPTED 2013-14</b>	<b>% CHANGE FROM 12-13 BUDGET</b>
<b>Personnel Services</b>	\$433,010	\$474,352	\$513,260	\$513,260	\$523,380	1.97%
<b>Supplies and Services</b>	133,199	160,295	168,520	168,520	182,580	8.34%
<b>Capital Outlay</b>	16,770	0	0	0	0	0.00%
<b>Total</b>	\$582,979	\$634,646	\$681,780	\$681,780	\$705,960	3.55%

**EXPENDITURE BY PROGRAM**

<b>Surface Water Management</b>	\$494,139	\$523,307	\$501,650	\$501,650	\$517,130	3.09%
<b>Conserv/Pollution Prevention</b>	88,840	111,339	180,130	180,130	188,830	4.83%
<b>Total</b>	\$582,979	\$634,646	\$681,780	\$681,780	\$705,960	3.55%
<b>Staffing Levels</b>	5.250	5.650	5.650	5.650	5.350	-5.31%

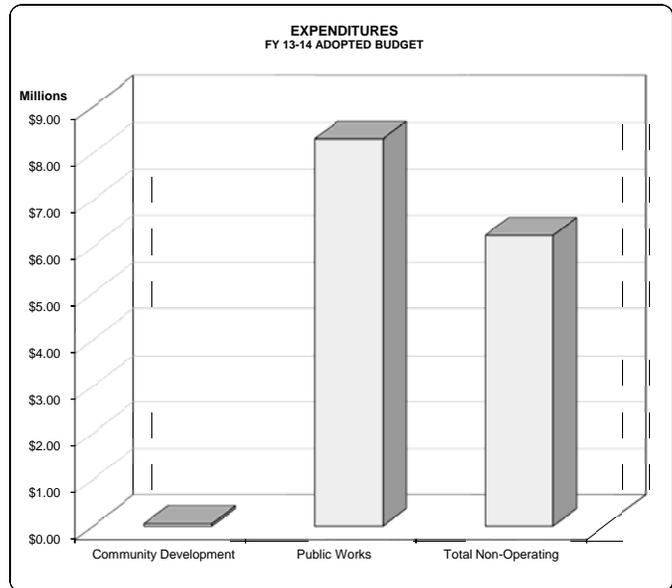
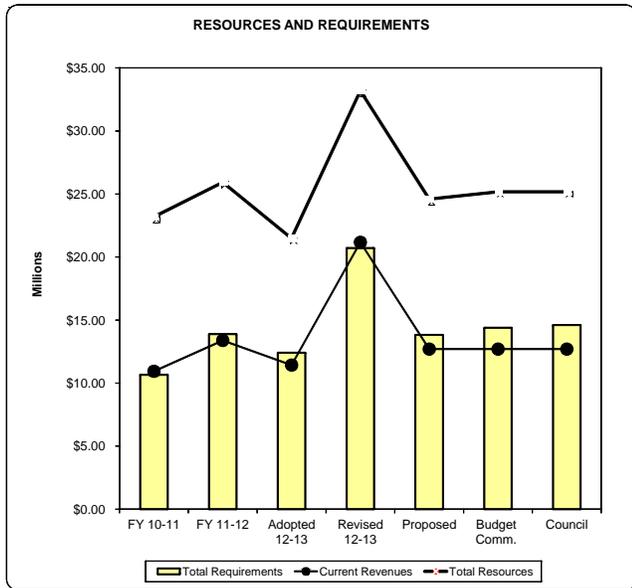


Crew clearing drain



## WASTEWATER FUND SUMMARY

	ACTUAL 2010-11	ACTUAL 2011-12	ADOPTED BUDGET 2012-13	REVISED 2012-13	PROPOSED BUDGET 2013-14	COMMISSION RECOMMENDED 2013-14	COUNCIL APPROVED 2013-14
<b>Resources:</b>							
Beginning Fund Balance	\$12,250,675	\$12,533,100	\$10,056,400	\$12,026,953	\$11,895,543	\$12,475,203	\$12,475,203
Charges for Service	\$10,064,001	\$10,628,403	\$10,130,890	\$10,170,810	\$10,596,770	\$10,596,770	\$10,596,770
Intergovernmental	8,525	0	0	38,630	0	0	0
Fines & Forfeitures	0	262	0	0	0	0	0
Miscellaneous	89,079	245,650	61,500	85,440	77,540	77,540	77,540
Transfers In	772,351	2,503,852	1,239,520	862,000	2,023,980	2,023,980	2,023,980
Other Financing Sources	2,391	7,025	0	10,009,440	0	0	0
<b>Current Revenues</b>	<b>\$10,936,347</b>	<b>\$13,385,192</b>	<b>\$11,431,910</b>	<b>\$21,166,320</b>	<b>\$12,698,290</b>	<b>\$12,698,290</b>	<b>\$12,698,290</b>
<b>Total Resources</b>	<b>\$23,187,022</b>	<b>\$25,918,292</b>	<b>\$21,488,310</b>	<b>\$33,193,273</b>	<b>\$24,593,833</b>	<b>\$25,173,493</b>	<b>\$25,173,493</b>
<b>Requirements:</b>							
<b>Operating Budget:</b>							
Community Development	\$47,237	\$48,196	\$52,770	\$52,740	\$54,640	\$54,640	\$54,640
Public Works	6,467,622	6,531,621	7,608,910	6,803,280	7,528,540	8,108,200	8,308,200
<b>Total Operating Budget</b>	<b>\$6,514,859</b>	<b>\$6,579,817</b>	<b>\$7,661,680</b>	<b>\$6,970,780</b>	<b>\$7,583,180</b>	<b>\$8,162,840</b>	<b>\$8,362,840</b>
<b>Non-Operating:</b>							
Capital Projects	\$828,415	\$2,407,913	\$905,360	\$610,360	\$1,594,930	\$1,594,930	\$1,594,930
Transfers Out	1,010,341	2,609,592	1,356,220	978,700	2,193,070	2,193,070	2,193,070
Other Financing Uses	0	0	0	11,329,140	0	0	0
Debt Service - Principal	1,522,152	1,582,888	1,650,140	511,830	1,863,940	1,863,940	1,863,940
Debt Service - Interest	778,155	711,129	641,410	317,260	389,710	389,710	389,710
Contingency	0	0	187,580	0	191,840	191,840	191,840
<b>Total Non-Operating</b>	<b>\$4,139,063</b>	<b>\$7,311,522</b>	<b>\$4,740,710</b>	<b>\$13,747,290</b>	<b>\$6,233,490</b>	<b>\$6,233,490</b>	<b>\$6,233,490</b>
<b>Total Requirements</b>	<b>\$10,653,922</b>	<b>\$13,891,339</b>	<b>\$12,402,390</b>	<b>\$20,718,070</b>	<b>\$13,816,670</b>	<b>\$14,396,330</b>	<b>\$14,596,330</b>
<b>Ending Fund Balance (incl. reserves)</b>	<b>\$12,533,100</b>	<b>\$12,026,953</b>	<b>\$9,085,920</b>	<b>\$12,475,203</b>	<b>\$10,777,163</b>	<b>\$10,777,163</b>	<b>\$10,577,163</b>



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

**WASTEWATER FUND SUMMARY  
COMMUNITY DEVELOPMENT DEPARTMENT  
ADMINISTRATION/PLAN REVIEW/PLANNING/SPECIAL PROJECTS**

**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 12-13 HIGHLIGHTS:**

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

<b>EXPENDITURE BY CLASS</b>	<b>ACTUAL 2010-11</b>	<b>ACTUAL 2011-12</b>	<b>BUDGET 2012-13</b>	<b>REVISED 2012-13</b>	<b>ADOPTED 2013-14</b>	<b>% CHANGE FROM 12-13 BUDGET</b>
<b>Personnel Services</b>	\$43,029	\$44,318	\$48,630	\$48,630	\$50,570	3.99%
<b>Supplies and Services</b>	4,208	3,878	4,140	4,110	4,070	-1.69%
<b>Capital Outlay</b>	0	0	0	0	0	0.00%
<b>Total</b>	\$47,237	\$48,196	\$52,770	\$52,740	\$54,640	3.54%

**EXPENDITURE BY PROGRAM**

<b>Administration</b>	\$12,581	\$13,061	\$13,530	\$13,500	\$13,910	2.81%
<b>Plan Review</b>	26,625	28,064	30,310	30,310	31,250	3.10%
<b>Long Range Planning</b>	8,032	7,071	8,930	8,930	9,480	6.16%
<b>Special Projects</b>	0	0	0	0	0	0.00%
<b>Total</b>	\$47,237	\$48,196	\$52,770	\$52,740	\$54,640	3.54%
<b>Staffing Levels</b>	0.430	0.500	0.440	0.440	0.440	0.00%



Wastewater Reclamation Plant



Taylor Sludge Ponds

**WASTEWATER FUND SUMMARY**  
**PUBLIC WORKS DEPARTMENT**  
**ADMINISTRATION/ENGINEERING/TRANSPORTATION/SPECIAL PROJECTS**

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**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:**

- Complete a review of the current utility rate structure with the hired consultant's assistance.
- Continue data refinement for the asset management program, which includes collecting asset condition information, age, risk and consequence of failure.
- 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.
- Complete design for the Wastewater Reclamation Plant secondary clarifiers.
- Initiate an alignment study of the south Corvallis interceptor sewer pipe.

**FY 12-13 HIGHLIGHTS:**

- Selected a consultant and began a review of the current utility rate structure.
- Improved purchasing practices in department operations through the increased use of purchasing cards.
- Completed the third phase of the asset management program, which includes collecting asset condition information, age, risk and consequence of failure.
- Replaced approximately 2,200 feet of sewer pipe.
- Finalized 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.

	ACTUAL	ACTUAL	BUDGET	REVISED	ADOPTED	% CHANGE
EXPENDITURE BY CLASS	2010-11	2011-12	2012-13	2012-13	2013-14	FROM 12-13 BUDGET
Personnel Services	\$864,040	\$763,525	\$927,290	\$827,940	\$924,120	-0.34%
Supplies and Services	1,981,910	2,059,857	2,657,210	2,054,420	2,975,020	11.96%
Capital Outlay	3,498	0	100,990	0	225,100	122.89%
<b>Total</b>	<b>\$2,849,448</b>	<b>\$2,823,382</b>	<b>\$3,685,490</b>	<b>\$2,882,360</b>	<b>\$4,124,240</b>	<b>11.90%</b>
<b>EXPENDITURE BY PROGRAM</b>						
Administration	\$1,756,673	\$1,687,429	\$1,819,260	\$1,670,850	\$1,879,070	3.29%
Street Maintenance	86,398	89,845	85,110	85,110	88,980	4.55%
Mapping/GIS	102,982	107,280	121,620	121,620	119,010	-2.15%
Development Review	142,267	181,534	200,610	200,610	211,640	5.50%
Engineering Admin/CIP	77,407	64,625	92,610	92,610	68,560	-25.97%
Planning and Projects	210,430	120,277	164,850	164,850	170,180	3.23%
Special Projects	473,290	572,391	1,201,430	546,710	1,586,800	32.08%
<b>Total</b>	<b>\$2,849,448</b>	<b>\$2,823,382</b>	<b>\$3,685,490</b>	<b>\$2,882,360</b>	<b>\$4,124,240</b>	<b>11.90%</b>
Staffing Levels	7.821	7.940	7.870	7.870	7.870	0.00%

**WASTEWATER FUND SUMMARY  
PUBLIC WORKS DEPARTMENT  
UTILITIES**

**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 12-13 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.
- Developed temperature TMDL Wastewater Reclamation Plant solution alternatives for City Council consideration.

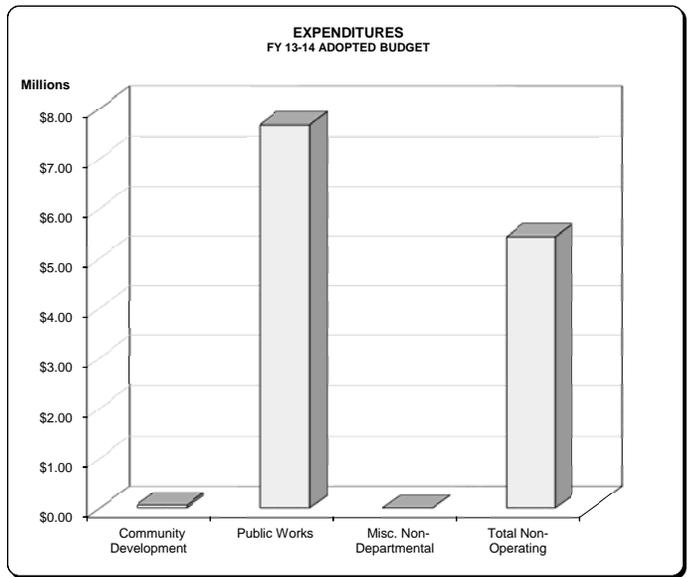
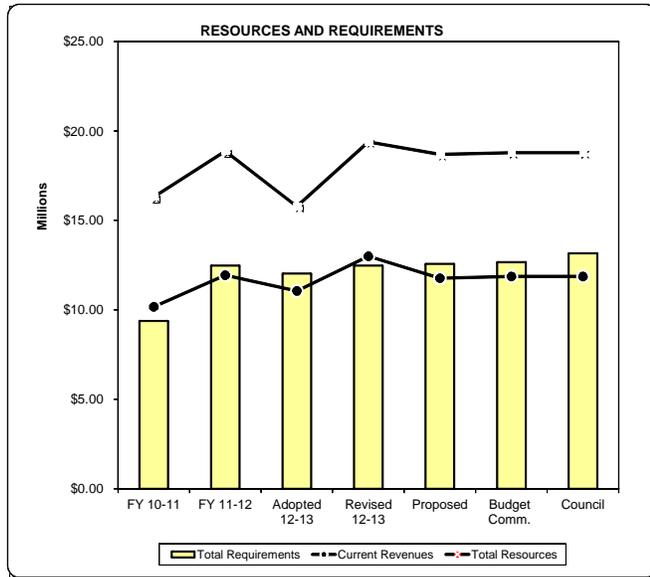
<b>EXPENDITURE BY CLASS</b>	<b>ACTUAL 2010-11</b>	<b>ACTUAL 2011-12</b>	<b>BUDGET 2012-13</b>	<b>REVISED 2012-13</b>	<b>ADOPTED 2013-14</b>	<b>% CHANGE FROM 12-13 BUDGET</b>
<b>Personnel Services</b>	\$2,376,676	\$2,432,348	\$2,555,020	\$2,555,020	\$2,791,330	9.25%
<b>Supplies and Services</b>	1,196,592	1,237,885	1,323,530	1,323,530	1,343,260	1.49%
<b>Capital Outlay</b>	44,907	38,006	44,870	42,370	49,370	10.03%
<b>Total</b>	\$3,618,175	\$3,708,239	\$3,923,420	\$3,920,920	\$4,183,960	6.64%

**EXPENDITURE BY PROGRAM**

<b>Wastewater Plant</b>	\$1,312,612	\$1,290,759	\$1,362,890	\$1,362,890	\$1,463,890	7.41%
<b>Biosolids Management</b>	123,999	139,149	140,890	140,890	149,640	6.21%
<b>United Chrome</b>	11,422	24,940	21,970	21,970	0	-100.00%
<b>Pretreatment Program</b>	70,812	134,620	133,080	133,080	140,430	5.52%
<b>Facility Automation</b>	251,659	266,663	271,590	269,090	284,040	4.58%
<b>Lab Services</b>	158,884	116,629	146,800	146,800	142,240	-3.11%
<b>Facility Maintenance</b>	690,928	667,690	722,700	722,700	788,040	9.04%
<b>Wastewater Collection</b>	948,597	1,023,108	1,073,410	1,073,410	1,164,220	8.46%
<b>Conserv/Pollution Prevention</b>	49,261	44,680	50,090	50,090	51,460	2.74%
<b>Total</b>	\$3,618,175	\$3,708,239	\$3,923,420	\$3,920,920	\$4,183,960	6.64%
<b>Staffing Levels</b>	25.150	25.050	25.050	25.050	25.850	3.19%

## WATER FUND SUMMARY

	ACTUAL 2010-11	ACTUAL 2011-12	ADOPTED BUDGET 2012-13	REVISED 2012-13	PROPOSED BUDGET 2013-14	COMMISSION RECOMMENDED 2013-14	COUNCIL APPROVED 2013-14
<b>Resources:</b>							
Beginning Fund Balance	\$6,146,949	\$6,938,119	\$4,725,209	\$6,397,279	\$6,919,419	\$6,919,419	\$6,919,419
Charges for Service	\$8,646,978	\$9,094,084	\$8,971,370	\$9,271,680	\$9,246,200	\$9,246,200	\$9,246,200
Intergovernmental	46,544	17,858	0	0	0	0	0
Fines & Forfeitures	3,149	2,954	0	0	0	0	0
Miscellaneous	456,870	663,543	416,800	413,730	344,100	344,100	344,100
Transfers In	1,017,939	2,159,919	1,670,510	1,034,380	2,178,780	2,278,780	2,278,780
Other Financing Sources	2,100	0	0	2,279,600	0	0	0
Current Revenues	\$10,173,580	\$11,938,358	\$11,058,680	\$12,999,390	\$11,769,080	\$11,869,080	\$11,869,080
<b>Total Resources</b>	<b>\$16,320,529</b>	<b>\$18,876,477</b>	<b>\$15,783,889</b>	<b>\$19,396,669</b>	<b>\$18,688,499</b>	<b>\$18,788,499</b>	<b>\$18,788,499</b>
<b>Requirements:</b>							
<b>Operating Budget:</b>							
Community Development	\$48,327	\$49,156	\$55,770	\$55,720	\$56,850	\$56,850	\$56,850
Public Works	6,806,636	7,758,700	7,840,490	7,422,700	7,775,400	7,675,400	7,675,400
Misc. Non-Departmental	0	0	0	27,350	0	0	0
<b>Total Operating Budget</b>	<b>\$6,854,963</b>	<b>\$7,807,856</b>	<b>\$7,896,260</b>	<b>\$7,505,770</b>	<b>\$7,832,250</b>	<b>\$7,732,250</b>	<b>\$7,732,250</b>
<b>Non-Operating:</b>							
Capital Projects	\$202,470	\$1,385,885	\$1,118,180	\$588,080	\$1,206,580	\$1,306,580	\$1,306,580
Transfers Out	1,315,759	2,266,659	1,799,160	1,163,030	2,373,970	2,473,970	2,473,970
Other Financing Uses	0	0	0	3,195,430	0	0	495,400
Debt Service - Principal	767,510	815,965	860,300	0	930,000	930,000	930,000
Debt Service - Interest	241,708	202,833	160,860	24,940	36,500	36,500	36,500
Contingency	0	0	194,060	0	188,930	188,930	188,930
<b>Total Non-Operating</b>	<b>\$2,527,447</b>	<b>\$4,671,342</b>	<b>\$4,132,560</b>	<b>\$4,971,480</b>	<b>\$4,735,980</b>	<b>\$4,935,980</b>	<b>\$5,431,380</b>
<b>Total Requirements</b>	<b>\$9,382,410</b>	<b>\$12,479,198</b>	<b>\$12,028,820</b>	<b>\$12,477,250</b>	<b>\$12,568,230</b>	<b>\$12,668,230</b>	<b>\$13,163,630</b>
Ending Fund Balance (incl. reserves)	\$6,938,119	\$6,397,279	\$3,755,069	\$6,919,419	\$6,120,269	\$6,120,269	\$5,624,869



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

**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 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 12-13 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 2010-11	ACTUAL 2011-12	BUDGET 2012-13	REVISED 2012-13	ADOPTED 2013-14	% CHANGE FROM 12-13 BUDGET
<b>Personnel Services</b>	\$43,029	\$44,318	\$48,630	\$48,630	\$50,570	3.99%
<b>Supplies and Services</b>	5,297	4,838	7,140	7,090	6,280	-12.04%
<b>Capital Outlay</b>	0	0	0	0	0	0.00%
<b>Total</b>	\$48,327	\$49,156	\$55,770	\$55,720	\$56,850	1.94%

**EXPENDITURE BY PROGRAM**

<b>Administration</b>	\$13,133	\$13,422	\$15,930	\$15,880	\$15,520	-2.57%
<b>Plan Review</b>	26,939	28,384	30,630	30,630	31,570	3.07%
<b>Inspections</b>	214	280	280	280	280	0.00%
<b>Long Range Planning</b>	8,042	7,071	8,930	8,930	9,480	6.16%
<b>Special Projects</b>	0	0	0	0	0	0.00%
<b>Total</b>	\$48,327	\$49,156	\$55,770	\$55,720	\$56,850	1.94%
<b>Staffing Levels</b>	0.430	0.500	0.440	0.440	0.440	0.00%



Water Pipe Repair



Water Pipe Installation

**WATER FUND  
PUBLIC WORKS DEPARTMENT  
ADMINISTRATION/ENGINEERING/TRANSPORTATION/SPECIAL PROJECTS**

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**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:**

- Complete a review of the current utility rate structure with the hired consultant's assistance.
- Continue data refinement for the asset management program, which includes collecting asset condition information, age, risk and consequence of failure.
- Implement an improved software solution for work order management within the maintenance work groups.
- Foster sustainable practices in department operations.
- Review development proposals and associated public infrastructure design submittals for compliance with City codes, master plans, and standards.
- Reconstruct the pump station at 36<sup>th</sup> Street and Grant Avenue.

**FY 12-13 HIGHLIGHTS:**

- Selected a consultant through a formal request for proposal process, and began a review of the current utility rate structure.
- Completed an initial Asset Management Plan, establishing an asset management policy and framework, asset condition protocol, and asset hierarchy.
- Improved purchasing practices in department operations through the increased use of purchasing cards.
- Instituted piping improvements at the Taylor Water Treatment Plant.

	ACTUAL	ACTUAL	BUDGET	REVISED	ADOPTED	% CHANGE
EXPENDITURE BY CLASS	2010-11	2011-12	2012-13	2012-13	2013-14	FROM 12-13 BUDGET
Personnel Services	\$837,605	\$732,448	\$889,520	\$714,280	\$896,200	0.75%
Supplies and Services	2,039,204	2,048,355	2,479,990	2,216,630	2,524,890	1.81%
Capital Outlay	102,985	1,016,574	368,270	389,220	65,000	-82.35%
<b>Total</b>	<b>\$2,979,794</b>	<b>\$3,797,377</b>	<b>\$3,737,780</b>	<b>\$3,320,130</b>	<b>\$3,486,090</b>	<b>-6.73%</b>

**EXPENDITURE BY PROGRAM**

Administration	\$1,769,343	\$1,729,296	\$1,832,490	\$1,609,290	\$1,876,830	2.42%
Street Maintenance	134,876	141,065	157,780	157,780	162,940	3.27%
Mapping/GIS	112,162	117,238	133,460	133,460	129,820	-2.73%
Development Review	153,281	120,252	124,930	124,930	132,060	5.71%
Engineering Admin/CIP	77,555	53,205	76,020	76,020	56,730	-25.37%
Planning and Projects	98,233	85,402	140,980	140,980	145,050	2.89%
Special Projects	634,345	1,550,918	1,272,120	1,077,670	982,660	-22.75%
<b>Total</b>	<b>\$2,979,794</b>	<b>\$3,797,377</b>	<b>\$3,737,780</b>	<b>\$3,320,130</b>	<b>\$3,486,090</b>	<b>-6.73%</b>
Staffing Levels	7.541	7.360	7.340	7.340	7.490	2.04%

**WATER FUND  
PUBLIC WORKS DEPARTMENT  
UTILITIES**

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**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.
- Replace Rock Creek Watershed entry road bridge.

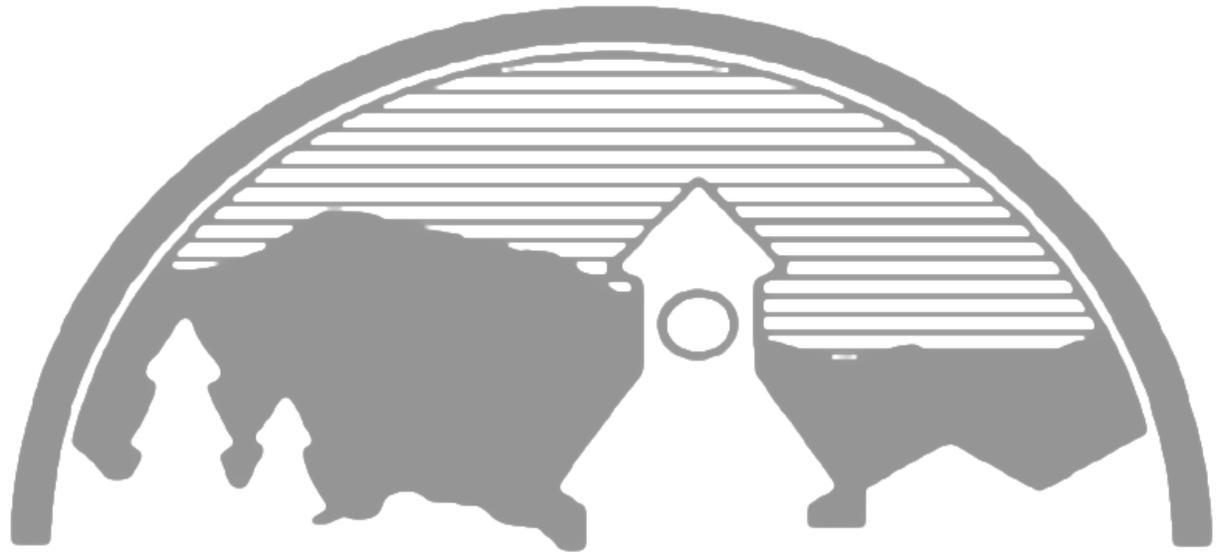
**FY 12-13 HIGHLIGHTS**

- Updated the Corvallis Forest Stewardship Plan.
- Updated the City’s Water Management and Conservation Plan.

<b>EXPENDITURE BY CLASS</b>	<b>ACTUAL 2010-11</b>	<b>ACTUAL 2011-12</b>	<b>BUDGET 2012-13</b>	<b>REVISED 2012-13</b>	<b>ADOPTED 2013-14</b>	<b>% CHANGE FROM 12-13 BUDGET</b>
<b>Personnel Services</b>	\$2,419,778	\$2,626,036	\$2,629,490	\$2,629,490	\$2,692,430	2.39%
<b>Supplies and Services</b>	1,386,359	1,318,600	1,448,220	1,438,080	1,464,880	1.15%
<b>Capital Outlay</b>	20,704	16,687	25,000	35,000	32,000	28.00%
<b>Total</b>	\$3,826,841	\$3,961,323	\$4,102,710	\$4,102,570	\$4,189,310	2.11%

**EXPENDITURE BY PROGRAM**

<b>Taylor Plant</b>	\$856,150	\$947,242	\$1,012,430	\$1,012,430	\$1,040,510	2.77%
<b>Rock Creek Plant</b>	304,618	328,721	349,370	349,370	372,860	6.72%
<b>Facility Automation</b>	245,357	255,266	264,650	264,650	275,360	4.05%
<b>Lab Services</b>	124,022	120,641	131,650	131,650	136,160	3.43%
<b>Facility Maintenance</b>	610,161	667,767	676,460	676,460	643,030	-4.94%
<b>Water Distribution</b>	1,536,090	1,462,049	1,480,780	1,480,780	1,517,260	2.46%
<b>Conservation/Pollution Prev.</b>	52,641	69,804	78,860	78,860	81,370	3.18%
<b>Watershed Management</b>	97,803	109,833	108,510	108,370	122,760	13.13%
<b>Total</b>	\$3,826,841	\$3,961,323	\$4,102,710	\$4,102,570	\$4,189,310	2.11%
<b>Staffing Levels</b>	25.100	25.300	25.300	25.300	24.800	-1.98%



# CORVALLIS

ENHANCING COMMUNITY LIVABILITY



**INTERNAL SERVICE FUNDS**

**CORVALLIS FINANCE DEPARTMENT**



**PUBLIC WORKS ADMINISTRATION**



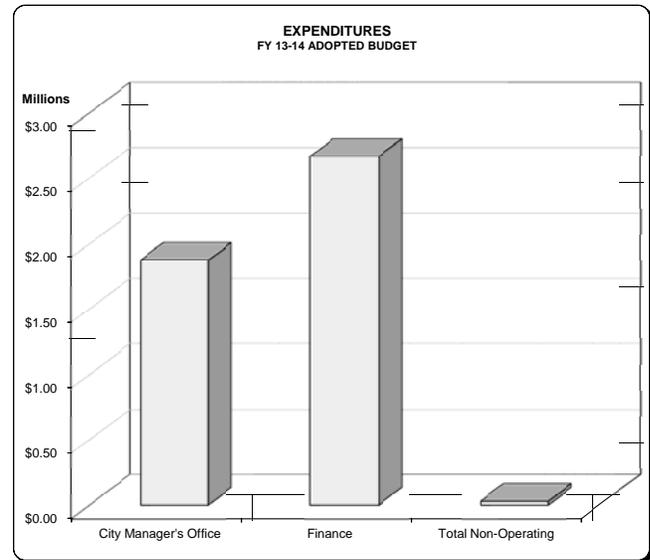
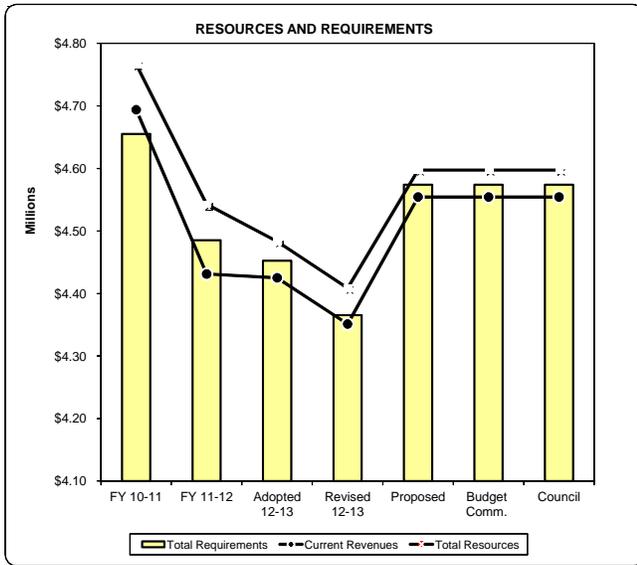
## INTERNAL SERVICE FUNDS

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 11-12.

- 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.

## ADMINISTRATIVE SERVICES FUND SUMMARY

	ACTUAL 2010-11	ACTUAL 2011-12	ADOPTED BUDGET 2012-13	REVISED 2012-13	PROPOSED BUDGET 2013-14	COMMISSION RECOMMENDED 2013-14	COUNCIL APPROVED 2013-14
<b>Resources:</b>							
Beginning Fund Balance	\$72,844	\$111,609	\$58,234	\$57,427	\$43,097	\$43,097	\$43,097
Charges for Service	\$4,685,490	\$4,422,730	\$4,407,520	\$4,327,370	\$4,527,340	\$4,527,340	\$4,527,340
Miscellaneous	8,472	8,484	17,570	23,810	27,010	27,010	27,010
Other Financing Sources	0	0	0	0	0	0	0
<b>Current Revenues</b>	<b>\$4,693,962</b>	<b>\$4,431,214</b>	<b>\$4,425,090</b>	<b>\$4,351,180</b>	<b>\$4,554,350</b>	<b>\$4,554,350</b>	<b>\$4,554,350</b>
<b>Total Resources</b>	<b>\$4,766,806</b>	<b>\$4,542,823</b>	<b>\$4,483,324</b>	<b>\$4,408,607</b>	<b>\$4,597,447</b>	<b>\$4,597,447</b>	<b>\$4,597,447</b>
<b>Requirements:</b>							
<b>Operating Budget:</b>							
City Manager's Office	\$2,122,105	\$1,931,725	\$1,920,720	\$1,863,760	\$1,876,930	\$1,876,930	\$1,876,930
Finance	2,533,092	2,553,671	2,501,750	2,501,750	2,667,130	2,667,130	2,667,130
<b>Total Operating Budget</b>	<b>\$4,655,197</b>	<b>\$4,485,396</b>	<b>\$4,422,470</b>	<b>\$4,365,510</b>	<b>\$4,544,060</b>	<b>\$4,544,060</b>	<b>\$4,544,060</b>
<b>Non-Operating:</b>							
Contingency	\$0	\$0	\$30,000	\$0	\$30,000	\$30,000	\$30,000
<b>Total Non-Operating</b>	<b>\$0</b>	<b>\$0</b>	<b>\$30,000</b>	<b>\$0</b>	<b>\$30,000</b>	<b>\$30,000</b>	<b>\$30,000</b>
<b>Total Requirements</b>	<b>\$4,655,197</b>	<b>\$4,485,396</b>	<b>\$4,452,470</b>	<b>\$4,365,510</b>	<b>\$4,574,060</b>	<b>\$4,574,060</b>	<b>\$4,574,060</b>
<b>Ending Fund Balance (incl. reserves)</b>	<b>\$111,609</b>	<b>\$57,427</b>	<b>\$30,854</b>	<b>\$43,097</b>	<b>\$23,387</b>	<b>\$23,387</b>	<b>\$23,387</b>



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

**ADMINISTRATIVE SERVICES FUND  
CITY MANAGER'S OFFICE  
GOVERNANCE/SPECIAL PROJECTS**

**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:**

- Support the 2013-2014 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.

**FY 12-13 HIGHLIGHTS:**

- Worked with Oregon State University's Survey Research Center, to successfully conduct the 2012 Citizen Survey with a 69% response rate.
- Completed election and orientation activities for the 2013-2014 City Council.
- Implemented enhanced subscription services on the City's website to notify interested parties about Council, Standing Committee, Board, and Commission meetings.
- Created a Facebook page for the City Manager's Office as an additional outreach to citizens.

<b>EXPENDITURE BY CLASS</b>	<b>ACTUAL 2010-11</b>	<b>ACTUAL 2011-12</b>	<b>BUDGET 2012-13</b>	<b>REVISED 2012-13</b>	<b>ADOPTED 2013-14</b>	<b>% CHANGE FROM 12-13 BUDGET</b>
<b>Personnel Services</b>	\$822,757	\$664,191	\$719,920	\$667,710	\$650,200	-9.68%
<b>Supplies and Services</b>	631,603	596,282	545,210	516,280	518,090	-4.97%
<b>Capital Outlay</b>	0	0	0	0	0	0.00%
<b>Total</b>	\$1,454,360	\$1,260,472	\$1,265,130	\$1,183,990	\$1,168,290	-7.65%

**EXPENDITURE BY PROGRAM**

<b>Governance</b>	\$1,416,807	\$1,214,180	\$1,250,130	\$1,183,690	\$1,153,590	-7.72%
<b>Special Projects</b>	37,553	46,293	15,000	300	14,700	-2.00%
<b>Total</b>	\$1,454,360	\$1,260,472	\$1,265,130	\$1,183,990	\$1,168,290	-7.65%
<b>Staffing Levels</b>	5.500	5.500	5.500	5.500	5.000	-9.09%



Ambassador Program



City Hall

**ADMINISTRATIVE SERVICES FUND  
CITY MANAGER'S OFFICE  
HUMAN RESOURCES**

**RESPONSIBILITIES:**

- The Human Resources Division provides a comprehensive portfolio of professional human resource services in a customer-oriented environment.

**WORK PLAN:**

- Maintain effective labor relations.
- Conduct Management Training for all management staff.
- Complete the assessment of collaboration opportunities with Benton County.
- Negotiate new contract with American Federation of State, County and Municipal Employees (AFSCME).
- Finalize new contract with Corvallis Regional Communications Center Association (CRCCA).

**FY 12-13 HIGHLIGHTS:**

- Ratified agreement with Corvallis Police Officers Association.
- Completed a comprehensive assessment of the Human Resources function resulting in departmental changes to better serve employees and managers.

<b>EXPENDITURE BY CLASS</b>	<b>ACTUAL 2010-11</b>	<b>ACTUAL 2011-12</b>	<b>BUDGET 2012-13</b>	<b>REVISED 2012-13</b>	<b>ADOPTED 2013-14</b>	<b>% CHANGE FROM 12-13 BUDGET</b>
<b>Personnel Services</b>	\$585,314	\$562,151	\$532,700	\$524,040	\$543,330	2.00%
<b>Supplies and Services</b>	82,430	109,102	122,890	155,730	165,310	34.52%
<b>Capital Outlay</b>	0	0	0	0	0	0.00%
<b>Total</b>	<b>\$667,744</b>	<b>\$671,253</b>	<b>\$655,590</b>	<b>\$679,770</b>	<b>\$708,640</b>	<b>8.09%</b>

**EXPENDITURE BY PROGRAM**

<b>Human Resources</b>	\$667,744	\$671,253	\$655,590	\$679,770	\$708,640	8.09%
<b>Total</b>	<b>\$667,744</b>	<b>\$671,253</b>	<b>\$655,590</b>	<b>\$679,770</b>	<b>\$708,640</b>	<b>8.09%</b>
<b>Staffing Levels</b>	4.500	4.250	3.300	3.300	3.800	15.15%

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.



Apply Online

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

**ADMINISTRATIVE SERVICES FUND  
FINANCE DEPARTMENT  
CUSTOMER SERVICE/SPECIAL PROJECTS**

**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:**

- Implement new hardware and software for automated check processing system.
- Complete liquor, tobacco, and social gaming license renewal process.
- Provide accurate reads of over 15,000 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 and complete installation and new route development for next generation fixed-base radio read technology for water meters.
- Finalize work in developing classification of electronic records management system.
- Begin training on OneSolution Utilities module for conversion to new utilities software.

**FY 12-13 HIGHLIGHTS:**

- Implemented on-line payment option through Click-2-Gov financial system software for Municipal Court customers.
- Installed additional software to allow on-line payment option for miscellaneous receivables such as liquor and tobacco licenses, alarm permits, cobra insurance, rental housing fees and other receivables.
- Completed installation of toll-free telephone payment option for City Services customers.
- Redesigned meter reading routes to accommodate over 2,400 FlexNet fixed-based meter smart points and about 7,500 radio-read devices to allow field specialists to take over maintenance of the automated system.

<b>EXPENDITURE BY CLASS</b>	<b>ACTUAL 2010-11</b>	<b>ACTUAL 2011-12</b>	<b>BUDGET 2012-13</b>	<b>REVISED 2012-13</b>	<b>ADOPTED 2013-14</b>	<b>% CHANGE FROM 12-13 BUDGET</b>
<b>Personnel Services</b>	\$726,456	\$733,558	\$738,300	\$752,200	\$783,570	6.13%
<b>Supplies and Services</b>	318,340	289,869	339,200	337,310	368,390	8.61%
<b>Capital Outlay</b>	0	15,647	0	0	0	0.00%
<b>Total</b>	\$1,044,796	\$1,039,074	\$1,077,500	\$1,089,510	\$1,151,960	6.91%

**EXPENDITURE BY PROGRAM**

<b>Administration</b>	\$427,486	\$390,568	\$415,370	\$426,090	\$428,130	3.07%
<b>Utility Billing</b>	596,343	624,752	647,130	648,420	673,830	4.13%
<b>Special Projects</b>	20,967	23,755	15,000	15,000	50,000	233.33%
<b>Total</b>	\$1,044,796	\$1,039,074	\$1,077,500	\$1,089,510	\$1,151,960	6.91%
<b>Staffing Levels</b>	7.500	7.000	7.000	7.000	7.000	0.00%



Madison Building Solar Hot Water Project



Finance Department – Madison Avenue Building

**ADMINISTRATIVE SERVICES FUND  
FINANCE DEPARTMENT  
BUDGET & FINANCIAL PLANNING/FINANCIAL SERVICES**

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**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 12/13 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 14-15 budget to be adopted by City Council.
- Go live on OneSolution financial system software.
- Continue pursuit of cost savings and increased efficiencies by further expansion of the purchasing card program.

**FY 12-13 HIGHLIGHTS:**

- Prepared a balanced FY 13-14 budget which was adopted by City Council.
- Prepared and submitted the FY 11-12 CAFR receiving an unqualified auditor's opinion.
- Conducted additional previous year reviews and clean up based on State PERS system conversion which continues to be City resource intensive.
- Supported Administrative Services Committee discussions toward direction on potential revenue alternatives such as a public safety tax.
- Started the ONESolution Financial system software implementation.
- Refunded three older Water and Wastewater loans with OBDD and DEQ respectively, through a full faith and credit obligation, saving the utilities over \$1.5 million on a net present value basis.

	ACTUAL	ACTUAL	BUDGET	REVISED	ADOPTED	% CHANGE
EXPENDITURE BY CLASS	2010-11	2011-12	2012-13	2012-13	2013-14	FROM 12-13 BUDGET
Personnel Services	\$1,092,663	\$1,103,005	\$1,018,640	\$1,006,030	\$1,085,290	6.54%
Supplies and Services	395,634	411,592	405,610	406,210	429,880	5.98%
Capital Outlay	0	0	0	0	0	0.00%
<b>Total</b>	<b>\$1,488,297</b>	<b>\$1,514,597</b>	<b>\$1,424,250</b>	<b>\$1,412,240</b>	<b>\$1,515,170</b>	<b>6.38%</b>

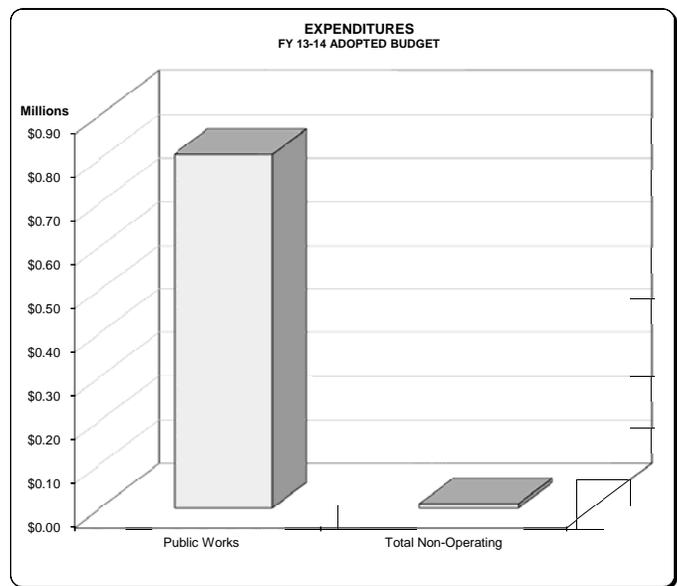
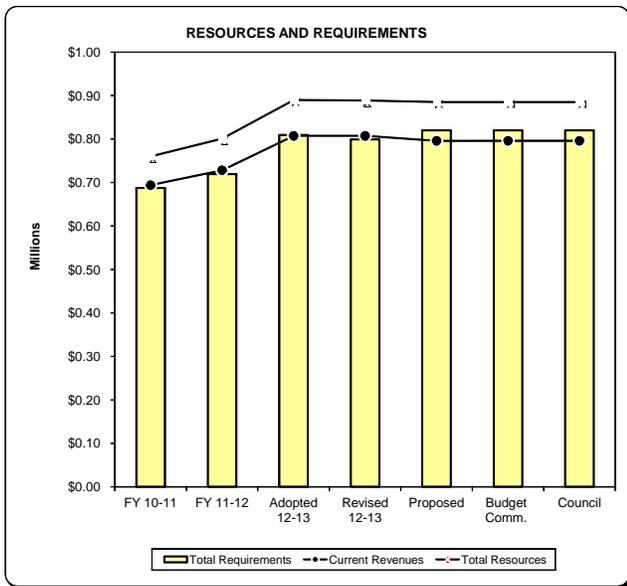
**EXPENDITURE BY PROGRAM**

Budget & Financial Planning	\$517,356	\$536,167	\$540,530	\$534,110	\$569,340	5.33%
Financial Services	970,940	978,430	883,720	878,130	945,830	7.03%
<b>Total</b>	<b>\$1,488,297</b>	<b>\$1,514,597</b>	<b>\$1,424,250</b>	<b>\$1,412,240</b>	<b>\$1,515,170</b>	<b>6.38%</b>
Staffing Levels	13.250	12.750	11.250	11.250	11.250	0.00%

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. FY 13-14 staffing changes include a .25 FTE Accountant reduction and .25 FTE Accounting Specialist increase.

## FACILITY MAINTENANCE FUND SUMMARY

	ACTUAL 2010-11	ACTUAL 2011-12	ADOPTED BUDGET 2012-13	REVISED 2012-13	PROPOSED BUDGET 2013-14	COMMISSION RECOMMENDED 2013-14	COUNCIL APPROVED 2013-14
<b>Resources:</b>							
Beginning Fund Balance	\$65,862	\$72,573	\$82,333	\$81,380	\$89,420	\$89,420	\$89,420
Charges for Service	\$691,910	\$723,890	\$804,490	\$804,490	\$793,560	\$793,560	\$793,560
Miscellaneous	2,063	4,305	2,710	2,710	2,310	2,310	2,310
Current Revenues	\$693,973	\$728,195	\$807,200	\$807,200	\$795,870	\$795,870	\$795,870
<b>Total Resources</b>	<b>\$759,835</b>	<b>\$800,768</b>	<b>\$889,533</b>	<b>\$888,580</b>	<b>\$885,290</b>	<b>\$885,290</b>	<b>\$885,290</b>
<b>Requirements:</b>							
<b>Operating Budget:</b>							
Public Works	\$687,262	\$719,388	\$799,160	\$799,160	\$809,840	\$809,840	\$809,840
<b>Total Operating Budget</b>	<b>687,262</b>	<b>\$719,388</b>	<b>\$799,160</b>	<b>\$799,160</b>	<b>\$809,840</b>	<b>\$809,840</b>	<b>\$809,840</b>
<b>Non-Operating:</b>							
Contingency	\$0	\$0	\$10,000	\$0	\$10,000	\$10,000	\$10,000
<b>Total Non-Operating</b>	<b>\$0</b>	<b>\$0</b>	<b>\$10,000</b>	<b>\$0</b>	<b>\$10,000</b>	<b>\$10,000</b>	<b>\$10,000</b>
<b>Total Requirements</b>	<b>\$687,262</b>	<b>\$719,388</b>	<b>\$809,160</b>	<b>\$799,160</b>	<b>\$819,840</b>	<b>\$819,840</b>	<b>\$819,840</b>
Ending Fund Balance (incl. reserves)	\$72,573	\$81,380	\$80,373	\$89,420	\$65,450	\$65,450	\$65,450



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

**FACILITY MAINTENANCE FUND  
PUBLIC WORKS DEPARTMENT  
TRANSPORTATION AND BUILDINGS / SPECIAL PROJECTS**

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**RESPONSIBILITIES:**

- The Transportation & Buildings Division is responsible for the operation, maintenance and long range planning of a number of City-owned or leased facilities. This group supports the Council objective to maintain, upgrade, and evaluate each facility for energy saving projects reducing natural resources and building costs. The public facilities are maintained providing 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 annual long range building maintenance plans for City buildings maintained by Facilities staff.
- Monitor and adjust Energy Management System for further energy savings.
- Complete mechanical system upgrades at the Public Works complex.

**FY 12-13 HIGHLIGHTS:**

- Re-commissioned Energy Management Systems at Fire Station #1 with the completion of the renewable solar electric generation project.
- Provided carpet replacement, fire alarm replacement and ADA upgrade for Corvallis Benton County Library.
- Performed HVAC upgrades at Public Works and Municipal Court Buildings.
- Completed water saving landscape project for Municipal Court Building.

EXPENDITURE BY CLASS	ACTUAL	ACTUAL	BUDGET	REVISED	ADOPTED	% CHANGE
	2010-11	2011-12	2012-13	2012-13	2013-14	FROM 12-13 BUDGET
Personnel Services	\$376,921	\$399,639	\$457,110	\$457,110	\$460,710	0.79%
Supplies and Services	310,341	319,749	342,050	342,050	323,990	-5.28%
Capital Outlay	0	0	0	0	25,140	0.00%
<b>Total</b>	<b>\$687,262</b>	<b>\$719,388</b>	<b>\$799,160</b>	<b>\$799,160</b>	<b>\$809,840</b>	<b>1.34%</b>

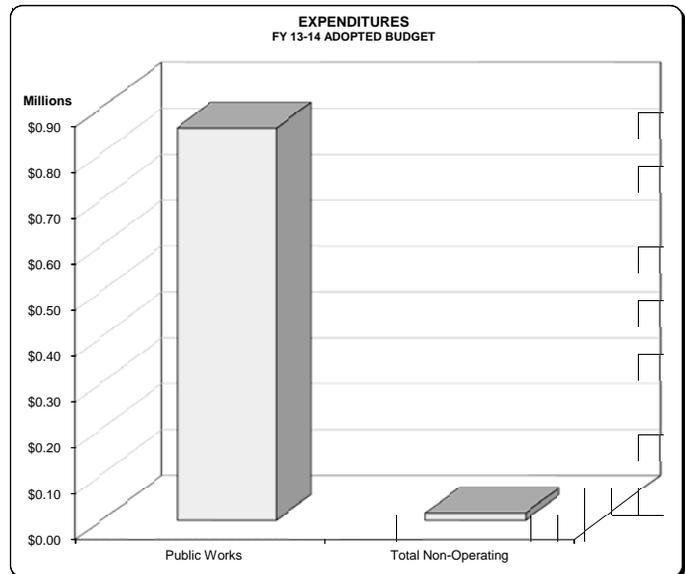
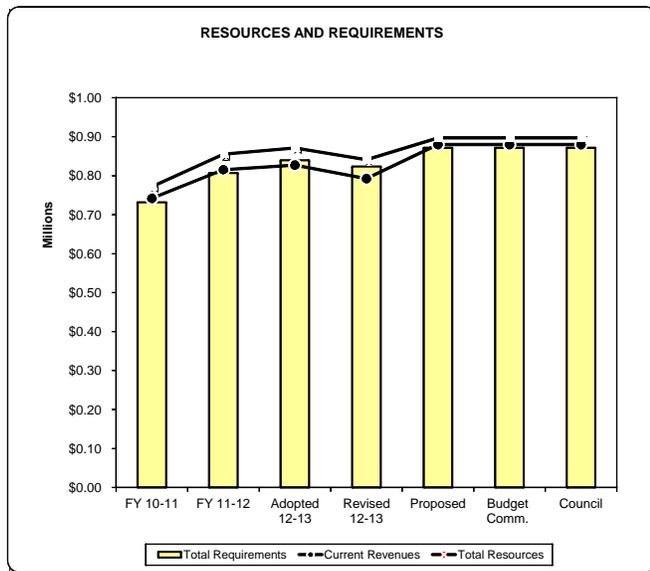
**EXPENDITURE BY PROGRAM**

Facilities Maintenance	\$633,519	\$670,578	\$745,160	\$745,160	\$735,300	-1.32%
Special Projects	53,742	48,810	54,000	54,000	74,540	38.04%
<b>Total</b>	<b>\$687,262</b>	<b>\$719,388</b>	<b>\$799,160</b>	<b>\$799,160</b>	<b>\$809,840</b>	<b>1.34%</b>
Staffing Levels	4.230	4.250	4.220	4.220	4.220	0.00%



## FLEET MAINTENANCE FUND SUMMARY

	ACTUAL 2010-11	ACTUAL 2011-12	ADOPTED BUDGET 2012-13	REVISED 2012-13	PROPOSED BUDGET 2013-14	COMMISSION RECOMMENDED 2013-14	COUNCIL APPROVED 2013-14
<b>Resources:</b>							
Beginning Fund Balance	\$29,823	\$39,862	\$43,802	\$48,424	\$17,304	\$17,304	\$17,304
Charges for Service	\$740,062	\$813,395	\$825,910	\$791,150	\$878,500	\$878,500	\$878,500
Intergovernmental	32	0	0	0	0	0	0
Miscellaneous	1,744	2,046	1,340	1,340	1,300	1,300	1,300
Current Revenues	\$741,838	\$815,441	\$827,250	\$792,490	\$879,800	\$879,800	\$879,800
<b>Total Resources</b>	<b>\$771,661</b>	<b>\$855,303</b>	<b>\$871,052</b>	<b>\$840,914</b>	<b>\$897,104</b>	<b>\$897,104</b>	<b>\$897,104</b>
<b>Requirements:</b>							
Operating Budget:							
Public Works	\$731,799	\$806,879	\$823,610	\$823,610	\$855,450	\$855,450	\$855,450
<b>Total Operating Budget</b>	<b>\$731,799</b>	<b>\$806,879</b>	<b>\$823,610</b>	<b>\$823,610</b>	<b>\$855,450</b>	<b>\$855,450</b>	<b>\$855,450</b>
Non-Operating:							
Contingency	\$0	\$0	\$16,000	\$0	\$16,000	\$16,000	\$16,000
<b>Total Non-Operating</b>	<b>\$0</b>	<b>\$0</b>	<b>\$16,000</b>	<b>\$0</b>	<b>\$16,000</b>	<b>\$16,000</b>	<b>\$16,000</b>
<b>Total Requirements</b>	<b>\$731,799</b>	<b>\$806,879</b>	<b>\$839,610</b>	<b>\$823,610</b>	<b>\$871,450</b>	<b>\$871,450</b>	<b>\$871,450</b>
Ending Fund Balance (incl. reserves)	\$39,862	\$48,424	\$31,442	\$17,304	\$25,654	\$25,654	\$25,654



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

**FLEET MAINTENANCE FUND  
PUBLIC WORKS DEPARTMENT  
TRANSPORTATION AND BUILDINGS / SPECIAL PROJECTS**

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**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 operations.
- The fleet operations perform annual condition assessments for vehicles and equipment due for replacement the next fiscal year. The assessments are important to ensure vehicles and equipment are disposed of at the right time or extended for a period of time reducing waste of resources and funds. Fleet operations staff work with their customers to purchase vehicles that meet service needs, as well as sustainable practices for reducing fuel and emissions.
- Purchase and dispense fuel for the City and external agency customers.
- 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 and provide recommendations to fleet customers regarding alternate options.
- Repair vehicles and equipment in a cost-effective manner that is competitive with private industry.
- Evaluation of vehicle maintenance plans for servicing of vehicles and equipment reducing costs and downtime for fleet customers.
- Develop partnerships with other organizations to provide fleet maintenance service and repair on their vehicles and equipment.

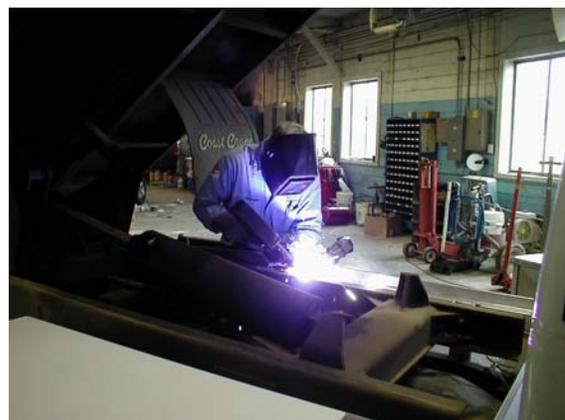
**FY 12-13 HIGHLIGHTS:**

- Purchased three new vehicles, one paver and a new Genesis diagnostic system to allow for additional maintenance to be performed in-house.

EXPENDITURE BY CLASS	ACTUAL	ACTUAL	BUDGET	REVISED	ADOPTED	% CHANGE
	2010-11	2011-12	2012-13	2012-13	2013-14	FROM 12-13 BUDGET
Personnel Services	\$194,095	\$206,787	\$207,970	\$207,970	\$215,710	3.72%
Supplies and Services	532,200	600,092	615,640	615,640	639,740	3.91%
Capital Outlay	5,505	0	0	0	0	0.00%
<b>Total</b>	<b>\$731,800</b>	<b>\$806,879</b>	<b>\$823,610</b>	<b>\$823,610</b>	<b>\$855,450</b>	<b>3.87%</b>

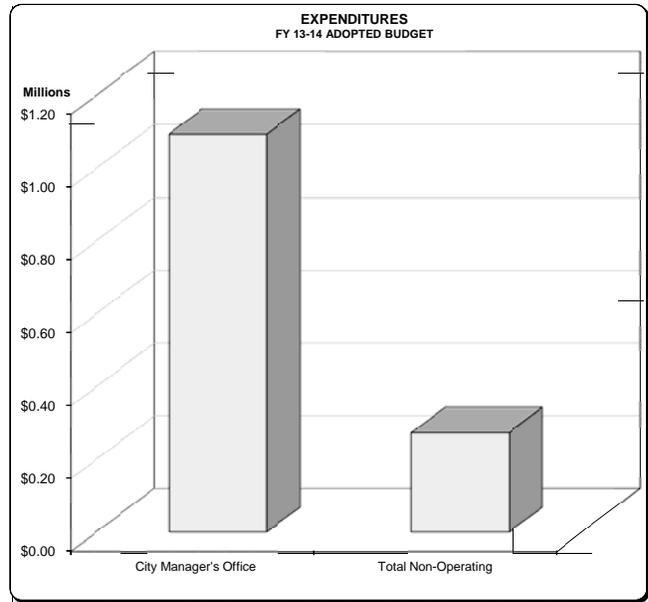
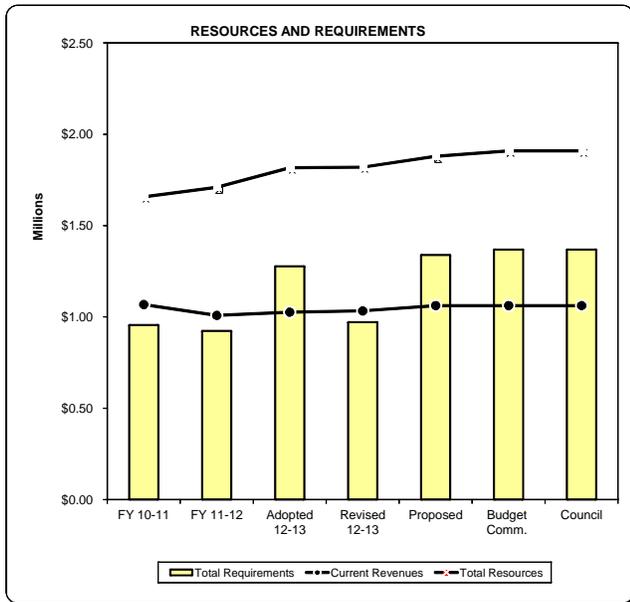
**EXPENDITURE BY PROGRAM**

Transportation and Buildings	\$725,337	\$802,482	\$817,210	\$817,210	\$852,250	4.29%
Special Projects	6,462	4,398	6,400	6,400	3,200	-50.00%
<b>Total</b>	<b>\$731,800</b>	<b>\$806,879</b>	<b>\$823,610</b>	<b>\$823,610</b>	<b>\$855,450</b>	<b>3.87%</b>
Staffing Levels	2.670	2.210	2.210	2.210	2.210	0.00%



## RISK MANAGEMENT FUND SUMMARY

	ACTUAL 2010-11	ACTUAL 2011-12	ADOPTED BUDGET 2012-13	REVISED 2012-13	PROPOSED BUDGET 2013-14	COMMISSION RECOMMENDED 2013-14	COUNCIL APPROVED 2013-14
<b>Resources:</b>							
Beginning Fund Balance	\$589,247	\$701,338	\$791,008	\$786,589	\$817,639	\$847,639	\$847,639
Charges for Service	\$1,014,210	\$980,270	\$989,250	\$989,250	\$1,029,830	\$1,029,830	\$1,029,830
Miscellaneous	53,472	28,073	36,750	43,750	32,000	32,000	32,000
Current Revenues	\$1,067,682	\$1,008,343	\$1,026,000	\$1,033,000	\$1,061,830	\$1,061,830	\$1,061,830
<b>Total Resources</b>	<b>\$1,656,929</b>	<b>\$1,709,681</b>	<b>\$1,817,008</b>	<b>\$1,819,589</b>	<b>\$1,879,469</b>	<b>\$1,909,469</b>	<b>\$1,909,469</b>
<b>Requirements:</b>							
<b>Operating Budget:</b>							
City Manager's Office	\$955,591	\$923,092	\$1,001,950	\$971,950	\$1,063,830	\$1,093,830	\$1,093,830
<b>Total Operating Budget</b>	<b>\$955,591</b>	<b>\$923,092</b>	<b>\$1,001,950</b>	<b>\$971,950</b>	<b>\$1,063,830</b>	<b>\$1,093,830</b>	<b>\$1,093,830</b>
<b>Non-Operating:</b>							
Contingency	\$0	\$0	\$275,000	\$0	\$275,000	\$275,000	\$275,000
<b>Total Non-Operating</b>	<b>\$0</b>	<b>\$0</b>	<b>\$275,000</b>	<b>\$0</b>	<b>\$275,000</b>	<b>\$275,000</b>	<b>\$275,000</b>
<b>Total Requirements</b>	<b>\$955,591</b>	<b>\$923,092</b>	<b>\$1,276,950</b>	<b>\$971,950</b>	<b>\$1,338,830</b>	<b>\$1,368,830</b>	<b>\$1,368,830</b>
Ending Fund Balance (incl. reserves)	\$701,338	\$786,589	\$540,058	\$847,639	\$540,639	\$540,639	\$540,639



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



Windstorm Damage

**RISK MANAGEMENT FUND  
CITY MANAGER'S OFFICE  
RISK MANAGEMENT**

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**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:**

- Assist departments with managing risk through appropriate indemnifications and insurance provisions in City contracts and through Risk Management policies and guidance.
- Use loss-sensitive formulas for department service charges to encourage proactive risk management.
- Analyze claims data and make insurance purchase/risk retention decisions.
- Administer safety incentive program.
- Purchase safety equipment for departments as recommended within available resources.
- Coordinate onsite appraisal of City assets in accordance with industry best practices.

**FY 12-13 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.
- Completed assessment to determine appropriate earthquake coverage levels now that Affiliated Insurance has notified the City it will no longer provide \$100 million coverage as has been available in the past.

<b>EXPENDITURE BY CLASS</b>	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>BUDGET</b>	<b>REVISED</b>	<b>ADOPTED</b>	<b>% CHANGE</b>
	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2012-13</b>	<b>2013-14</b>	<b>FROM 12-13</b>
						<b>BUDGET</b>
<b>Personnel Services</b>	\$0	\$0	\$0	\$0	\$0	0.00%
<b>Supplies and Services</b>	955,591	923,092	1,001,950	971,950	1,093,830	9.17%
<b>Capital Outlay</b>	0	0	0	0	0	0.00%
<b>Total</b>	<b>\$955,591</b>	<b>\$923,092</b>	<b>\$1,001,950</b>	<b>\$971,950</b>	<b>\$1,093,830</b>	<b>9.17%</b>

**EXPENDITURE BY PROGRAM**

<b>Risk Management</b>	\$952,753	\$918,698	\$968,450	\$968,450	\$1,058,830	9.33%
<b>Safety Program</b>	2,838	4,394	3,500	3,500	5,000	42.86%
<b>Special Projects</b>	0	0	30,000	0	30,000	0.00%
<b>Total</b>	<b>\$955,591</b>	<b>\$923,092</b>	<b>\$1,001,950</b>	<b>\$971,950</b>	<b>\$1,093,830</b>	<b>9.17%</b>
<b>Staffing Levels</b>	0.000	0.000	0.000	0.000	0.000	0.00%



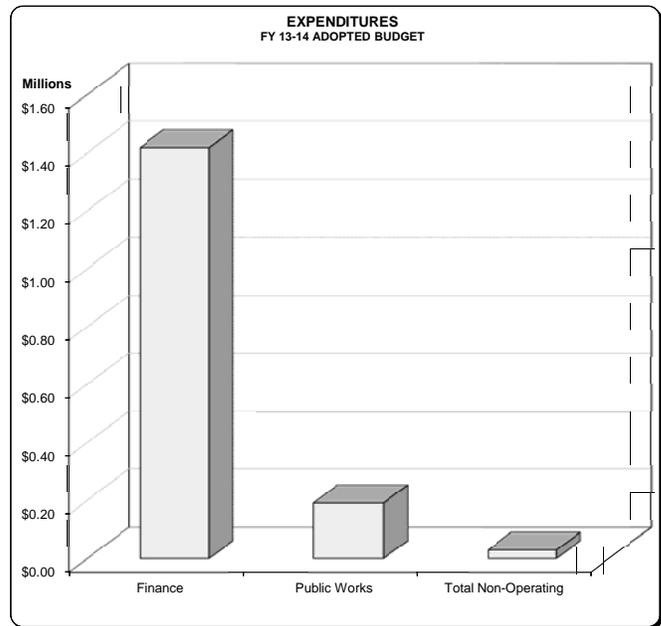
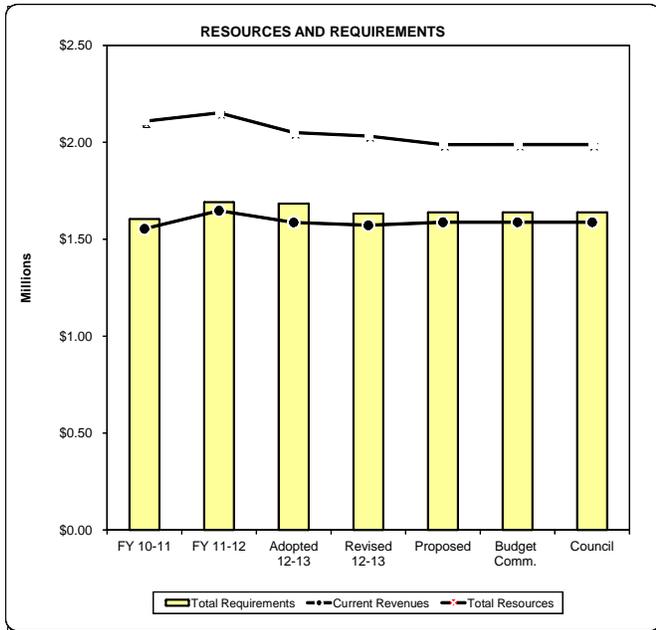
Smoke Detector



Safe Work Practices

## TECHNOLOGY AND COMMUNICATIONS FUND SUMMARY

	ACTUAL 2010-11	ACTUAL 2011-12	ADOPTED BUDGET 2012-13	REVISED 2012-13	PROPOSED BUDGET 2013-14	COMMISSION RECOMMENDED 2013-14	COUNCIL APPROVED 2013-14
<b>Resources:</b>							
Beginning Fund Balance	\$555,185	\$505,008	\$463,438	\$460,814	\$400,734	\$400,734	\$400,734
Charges for Service	\$1,549,293	\$1,641,656	\$1,583,240	\$1,567,040	\$1,583,110	\$1,583,110	\$1,583,110
Miscellaneous	4,622	5,732	3,420	5,070	4,430	4,430	4,430
Current Revenues	\$1,553,915	\$1,647,388	\$1,586,660	\$1,572,110	\$1,587,540	\$1,587,540	\$1,587,540
<b>Total Resources</b>	<b>\$2,109,100</b>	<b>\$2,152,396</b>	<b>\$2,050,098</b>	<b>\$2,032,924</b>	<b>\$1,988,274</b>	<b>\$1,988,274</b>	<b>\$1,988,274</b>
<b>Requirements:</b>							
<b>Operating Budget:</b>							
Finance	\$1,426,463	\$1,531,454	\$1,443,300	\$1,443,300	\$1,417,940	\$1,417,940	\$1,417,940
Public Works	177,629	160,128	210,750	188,890	190,830	190,830	190,830
<b>Total Operating Budget</b>	<b>\$1,604,092</b>	<b>\$1,691,582</b>	<b>\$1,654,050</b>	<b>\$1,632,190</b>	<b>\$1,608,770</b>	<b>\$1,608,770</b>	<b>\$1,608,770</b>
<b>Non-Operating:</b>							
Contingency	\$0	\$0	\$30,000	\$0	\$30,000	\$30,000	\$30,000
<b>Total Non-Operating</b>	<b>\$0</b>	<b>\$0</b>	<b>\$30,000</b>	<b>\$0</b>	<b>\$30,000</b>	<b>\$30,000</b>	<b>\$30,000</b>
<b>Total Requirements</b>	<b>\$1,604,092</b>	<b>\$1,691,582</b>	<b>\$1,684,050</b>	<b>\$1,632,190</b>	<b>\$1,638,770</b>	<b>\$1,638,770</b>	<b>\$1,638,770</b>
Ending Fund Balance (incl. reserves)	\$505,008	\$460,814	\$366,048	\$400,734	\$349,504	\$349,504	\$349,504



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

**TECHNOLOGY AND COMMUNICATIONS FUND  
FINANCE DEPARTMENT  
MANAGEMENT INFORMATION SYSTEMS/SPECIAL PROJECTS**

**RESPONSIBILITIES:**

- Provide long-term technology planning and provide computing services to departments that acquire and implement technology systems and business applications.
- Support the networking infrastructure that provides information access and connectivity to securely access hosted systems and cloud based applications.
- Manage, support and host various business applications to promote productivity, collaboration and efficiency in the organization.
- Install, configure and repair personal computers, various hardware and software, peripherals, print, and fax services as well as train staff on use of technology.
- Provide help desk services with the aim to restore operation as quickly as possible and minimize the adverse effect on departments' ability to run their operation.

**WORK PLAN:**

- Build business continuity through improved disaster recovery solutions and deliver high system availability throughout the City infrastructure including upgrading the City Disaster Recovery Plan.
- Implement flexible, scalable eforms and workflow processes to help speed process automation and thus efficiencies around the organization including digital signature.
- 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.
- 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 12-13 HIGHLIGHTS:**

- Completed the discussion with the Benton County Information Technology department and determined collaborative reorganization is unlikely to provide cost efficiencies through joint action by the City and the County.
- Improved the efficiency and availability of technology resources and applications by continuing to expand the City Virtual computing environment.
- Continued to strengthen and enhance the City technology security and compliance to Criminal Justice Information System (CJIS) requirements.
- Made progress on the new Financial System OneSolution training and conversion as well as Human Resources, payroll and time tracking modules.

<b>EXPENDITURE BY CLASS</b>	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>BUDGET</b>	<b>REVISED</b>	<b>ADOPTED</b>	<b>% CHANGE</b>
	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2012-13</b>	<b>2013-14</b>	<b>FROM 12-13</b>
						<b>BUDGET</b>
<b>Personnel Services</b>	\$1,102,617	\$1,084,338	\$1,022,850	\$1,059,140	\$1,049,750	2.63%
<b>Supplies and Services</b>	268,876	366,225	305,450	329,160	313,190	2.53%
<b>Capital Outlay</b>	54,970	80,892	115,000	55,000	55,000	-52.17%
<b>Total</b>	\$1,426,463	\$1,531,455	\$1,443,300	\$1,443,300	\$1,417,940	-1.76%

**EXPENDITURE BY PROGRAM**

<b>Management Information Service</b>	\$1,191,721	\$1,182,891	\$1,080,120	\$1,078,030	\$1,082,960	0.26%
<b>Financial Information Services</b>	207,248	211,276	258,180	258,180	264,980	2.63%
<b>Special Projects</b>	27,495	137,288	105,000	107,090	70,000	-33.33%
<b>Total</b>	\$1,426,463	\$1,531,455	\$1,443,300	\$1,443,300	\$1,417,940	-1.76%
<b>Staffing Levels</b>	11.00	10.00	9.00	9.00	9.00	0.00%

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

**TECHNOLOGY AND COMMUNICATIONS FUND  
PUBLIC WORKS DEPARTMENT  
TRANSPORTATION AND BUILDINGS/SPECIAL PROJECTS**

---

**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 12-13 HIGHLIGHTS:**

- Upgraded telephone system with Applied Voice Speech Technologies (AVST).

EXPENDITURE BY CLASS	ACTUAL	ACTUAL	BUDGET	REVISED	ADOPTED	% CHANGE
	2010-11	2011-12	2012-13	2012-13	2013-14	FROM 12-13 BUDGET
Personnel Services	\$69,640	\$78,383	\$70,230	\$70,230	\$68,270	-2.79%
Supplies and Services	85,879	81,745	118,660	118,660	100,160	-15.59%
Capital Outlay	22,110	0	21,860	0	22,400	2.47%
<b>Total</b>	<b>\$177,629</b>	<b>\$160,128</b>	<b>\$210,750</b>	<b>\$188,890</b>	<b>\$190,830</b>	<b>-9.45%</b>

**EXPENDITURE BY PROGRAM**

Communication	\$0	\$0	\$0	\$0	\$0	0.00%
Telephone Services	155,519	158,813	179,140	179,140	168,430	-5.98%
Special Projects	22,110	1,315	31,610	9,750	22,400	-29.14%
<b>Total</b>	<b>\$177,629</b>	<b>\$160,128</b>	<b>\$210,750</b>	<b>\$188,890</b>	<b>\$190,830</b>	<b>-9.45%</b>
Staffing Levels	0.80	0.70	0.70	0.70	0.70	0.00%



Public Works Server System

**NON-OPERATING BUDGET**

**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. 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 borrows 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 13-14 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.

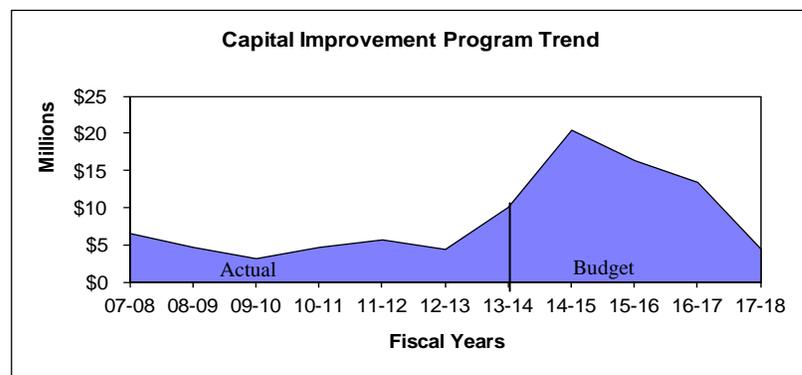
The CIP review and update is conducted annually with community involvement. Requests for projects to be included in the CIP come from:

- 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.

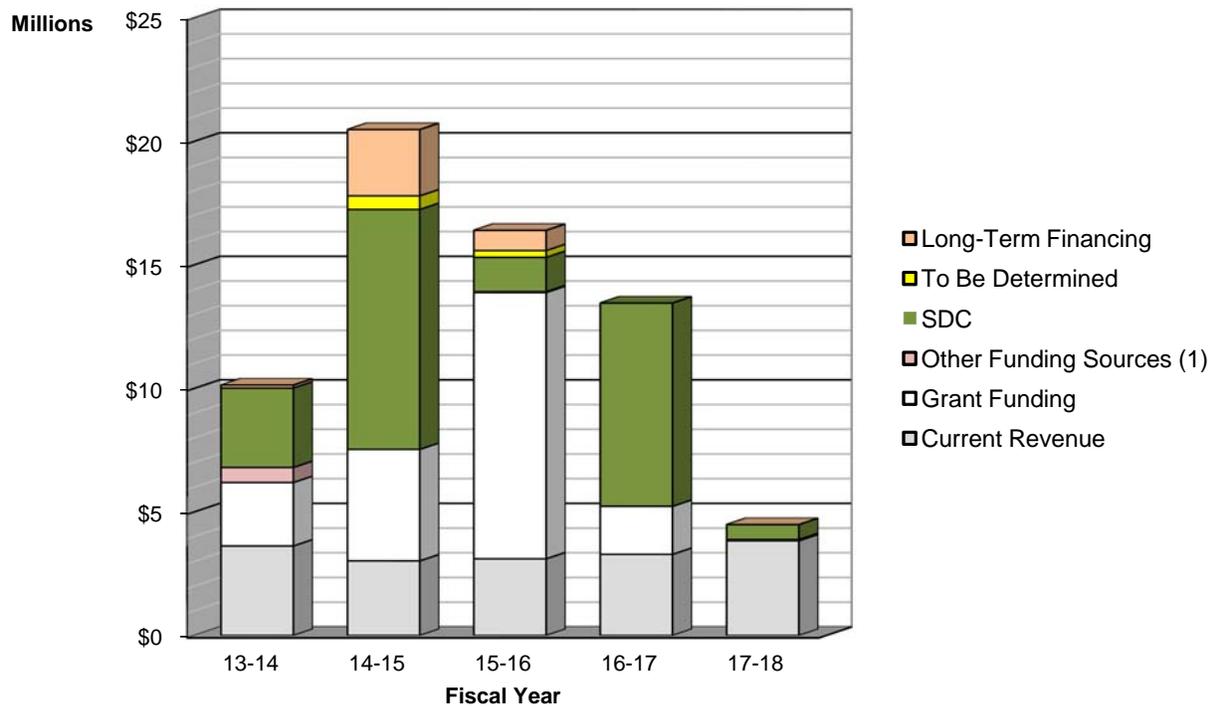


## CAPITAL IMPROVEMENT PROGRAM FUNDING SOURCES

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 13-14 and the ensuing four-year planning period.

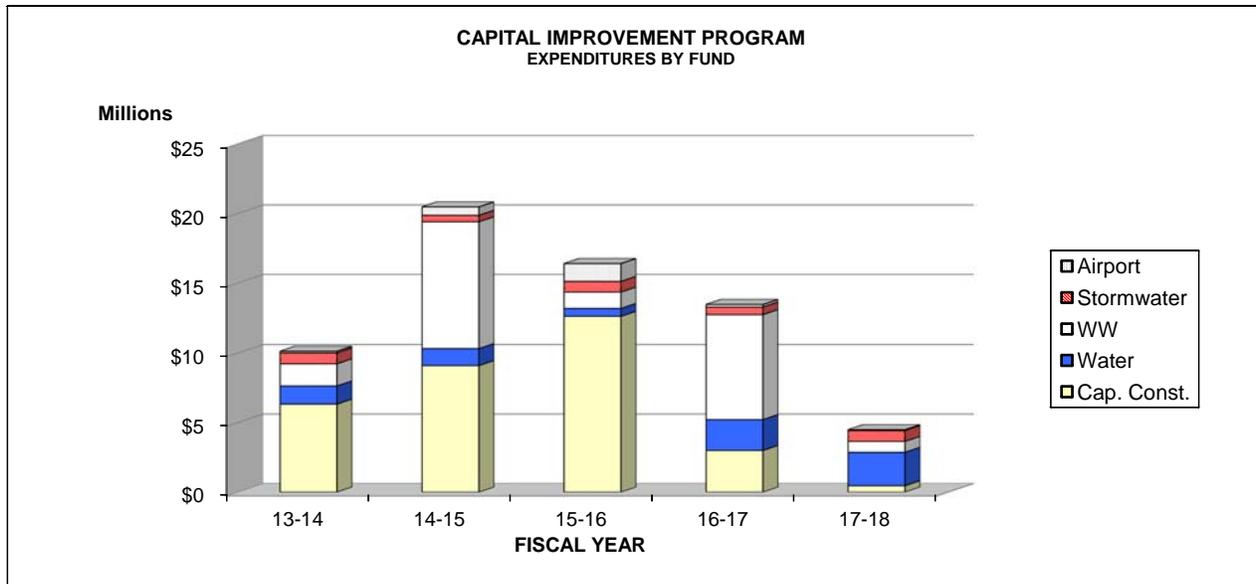
<b>Funding Source</b>	<b>FY 13-14</b>	<b>FY 14-15</b>	<b>FY 15-16</b>	<b>FY 16-17</b>	<b>FY 17-18</b>	<b>Five Year Total</b>
Long-Term Financing	\$119,000	\$2,683,000	\$818,500	\$0	\$0	\$3,620,500
Current Revenue	3,626,080	3,021,670	3,105,770	3,286,840	3,833,770	16,874,130
Grant Funding	2,567,910	4,512,880	10,775,620	1,943,870	52,380	19,852,660
Other Funding Sources (1)	608,385	0	37,100	0	0	645,485
SDC	3,215,410	9,711,080	1,388,780	8,227,060	604,060	23,146,390
To Be Determined	0	550,000	274,500	0	0	824,500
<b>Total</b>	<b>\$10,136,785</b>	<b>\$20,478,630</b>	<b>\$16,400,270</b>	<b>\$13,457,770</b>	<b>\$4,490,210</b>	<b>\$64,963,665</b>



(1)-Includes donations and assessments.

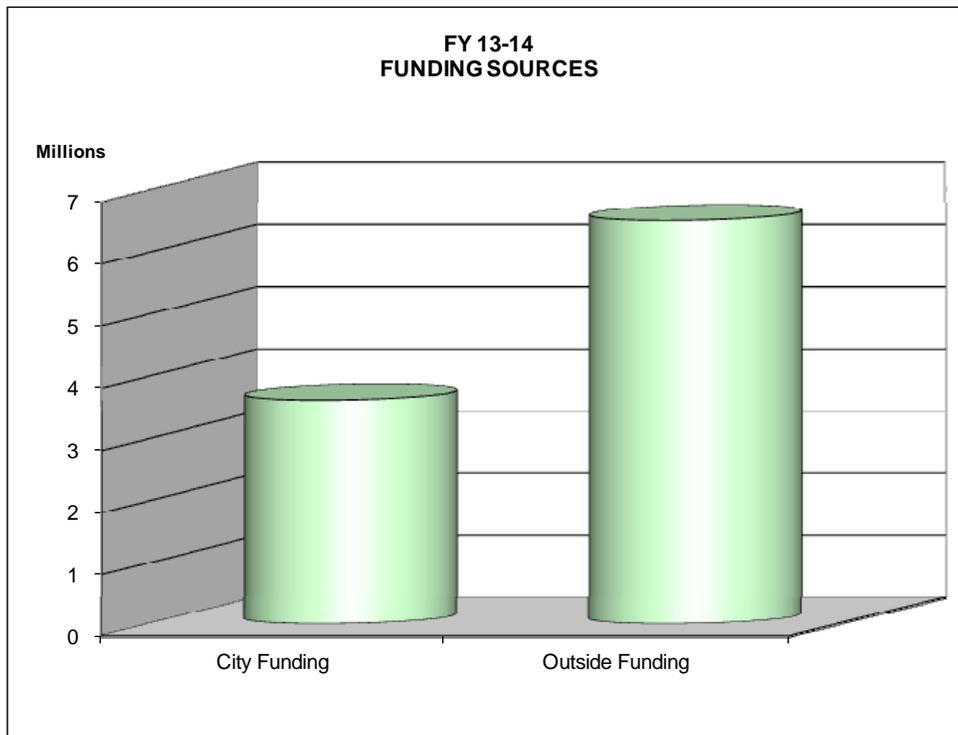
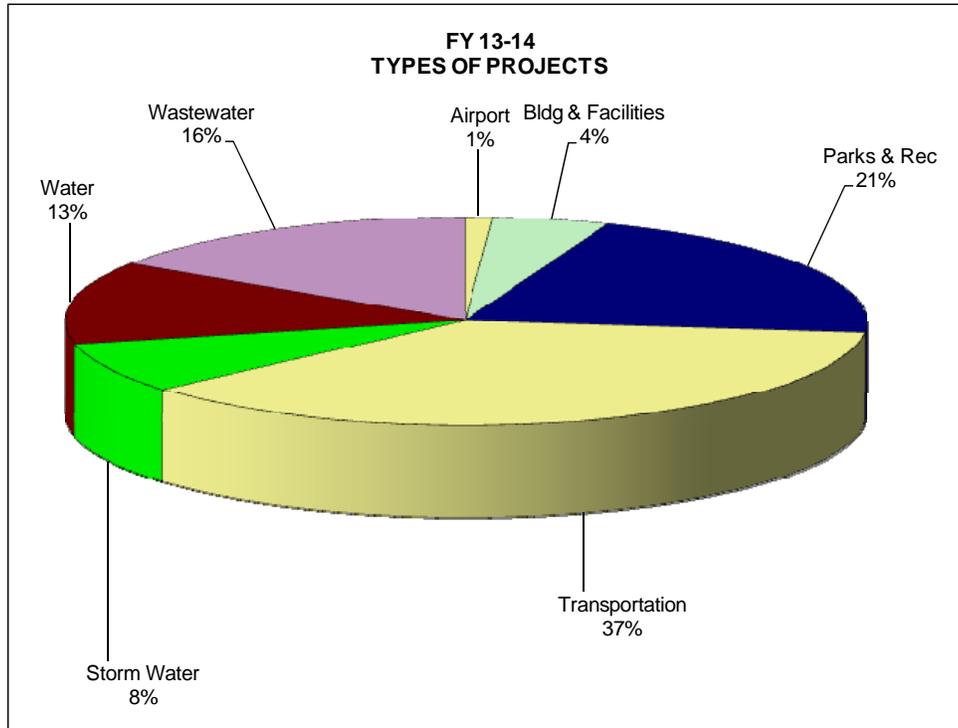
## CAPITAL IMPROVEMENT PROGRAM EXPENDITURE SUMMARY BY FUND

	<u>FY 13-14</u>	<u>FY 14-15</u>	<u>FY 15-16</u>	<u>FY 16-17</u>	<u>FY 17-18</u>	<u>FIVE YEAR TOTAL</u>
<b>Capital Construction Fund</b>						
Public Works	\$3,987,020	\$5,665,150	\$11,293,310	\$2,614,990	\$465,000	\$24,025,470
Parks & Recreation	2,128,905	761,300	494,500	387,820	0	3,772,525
Fire Dept.	219,000	2,683,000	818,500	0	0	3,720,500
<b>Sub Total Capital Construction Fund</b>	<u>\$6,334,925</u>	<u>\$9,109,450</u>	<u>\$12,606,310</u>	<u>\$3,002,810</u>	<u>\$465,000</u>	<u>\$31,518,495</u>
<b>Water Construction Fund</b>						
Public Works	\$1,306,580	\$1,217,490	\$564,000	\$2,216,520	\$2,400,420	\$7,705,010
<b>Wastewater Construction Fund</b>						
Public Works	\$1,594,930	\$9,084,540	\$1,178,500	\$7,508,640	\$789,320	\$20,155,930
<b>Storm Water Construction Fund</b>						
Public Works	\$787,500	\$465,000	\$769,780	\$545,750	\$777,270	\$3,345,300
<b>Airport Construction Fund</b>						
Public Works	\$112,850	\$602,150	\$1,281,680	\$184,050	\$58,200	\$2,238,930
<b>Total Capital Improvement Plan</b>	<u>\$10,136,785</u>	<u>\$20,478,630</u>	<u>\$16,400,270</u>	<u>\$13,457,770</u>	<u>\$4,490,210</u>	<u>\$64,963,665</u>



## FY 13-14 CAPITAL IMPROVEMENT PROGRAM

The FY 13-14 Capital Improvement Program totals \$10,136,785 . 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 13-14 BUDGET
<b>AIRPORT AND INDUSTRIAL PARK</b>			
Airport Facility Improvements	Current Revenue (CR) Airport	\$92,970	\$11,290
	FAA Grant	862,610	101,560
	<b>Total</b>	<b>\$955,580</b>	<b>\$112,850</b>
<b>Total Airport and Industrial Park</b>			<b>\$112,850</b>
<b>BUILDINGS AND FACILITIES</b>			
City Hall Block	Bank Loan	\$750,670	\$89,620
	CR Street Fund	49,790	7,020
	CR Develop. Svcs. Fund	201,830	32,760
	CR CD Revolving Fund	63,790	9,000
	CR Water Fund	111,110	15,660
	CR Wastewater Fund	49,790	7,020
	CR Storm Water Fund	49,790	7,020
	CR General	1,141,820	0
	FEMA Grant	812,500	0
	<b>Total</b>	<b>\$3,231,090</b>	<b>\$168,100</b>
Fire Department Property Acquisition and Facilities Relocation	Bank Loan	\$4,497,500	\$219,000
	<b>Total</b>	<b>\$4,497,500</b>	<b>\$219,000</b>
Municipal Buildings Rehabilitation	CR General Fund	\$563,000	\$90,000
	<b>Total</b>	<b>\$563,000</b>	<b>\$90,000</b>
<b>Total Buildings and Facilities</b>			<b>\$477,100</b>
<b>PARKS AND RECREATION</b>			
Acquisition of Land	Open Space Trust Fund	\$130,235	\$130,235
	Parks SDC	300,000	300,000
	<b>Total</b>	<b>\$430,235</b>	<b>\$430,235</b>
Osborn Aquatic Center	Grants and/or Donations	\$40,000	\$40,000
	<b>Total</b>	<b>\$40,000</b>	<b>\$40,000</b>
Park Development - New	CR General	\$25,000	\$25,000
	Grants and/or Donations	65,000	65,000
	Parks SDC	740,000	539,520
	<b>Total</b>	<b>\$830,000</b>	<b>\$629,520</b>
Park Facility Renovation	CR General	\$309,650	\$125,000
	Grants and/or Donations	291,650	125,000
	To Be Determined	274,500	0
	<b>Total</b>	<b>\$875,800</b>	<b>\$250,000</b>
Park Improvements - Existing	Parks SDC	\$268,000	\$121,000
	CR General	498,200	74,000
	CR Storm Water Fund	10,000	10,000
	CR Water Fund	15,000	15,000
	Grants and/or Donations	614,470	303,000
	<b>Total</b>	<b>\$1,405,670</b>	<b>\$523,000</b>

CAPITAL IMPROVEMENT PROJECTS	FUNDING SOURCE	TOTAL PROJECT BUDGET	FY 13-14 BUDGET
Riverfront Commemorative Park (Signage)	CR Wastewater Fund	\$201,720	\$0
	CR Parking Fund	148,960	0
	CR General Fund	1,740,930	0
	G.O. Bond Proceeds/Interest	6,112,440	31,150
	Grants and/or Donations	975,410	0
	Property Assessments	153,810	0
	<b>Total</b>		<b>\$9,333,270</b>
Special Use Facilities	Grants and/or Donations	\$107,500	\$107,500
	CR General	82,500	82,500
	To Be Determined	150,000	0
	<b>Total</b>	<b>\$340,000</b>	<b>\$190,000</b>
Trails / Bike Paths	Grants and/or Donations	\$62,950	\$12,500
	CR General	40,000	10,000
	Parks SDC	183,270	12,500
	<b>Total</b>	<b>\$286,220</b>	<b>\$35,000</b>
<b>Total Parks and Recreation</b>			<b>\$2,128,905</b>
<b>STORM WATER UTILITY</b>			
Storm Drain Pipe Replacement	CR Storm Water Fund	\$1,031,450	\$242,500
	ODOT Grant	230,360	225,000
	<b>Total</b>	<b>\$1,261,810</b>	<b>\$467,500</b>
Storm Water Master Plan Projects	CR Storm Water Fund	\$2,250,000	\$305,000
	Storm Water SDC	240,000	0
	<b>Total</b>	<b>\$2,490,000</b>	<b>\$305,000</b>
Utility and Street Improvement Projects	Storm Water SDC	\$90,000	\$15,000
	<b>Total</b>	<b>\$90,000</b>	<b>\$15,000</b>
<b>Total Storm Water Utility</b>			<b>\$787,500</b>
<b>TRANSPORTATION</b>			
35th Street Sidewalks and Railroad Crossing	CR Street	\$24,540	\$24,540
	Street SDC	236,460	236,460
	<b>Total</b>	<b>\$261,000</b>	<b>\$261,000</b>
City Hall Parking	CR Parking Fund	\$10,000	\$10,000
	<b>Total</b>	<b>\$10,000</b>	<b>\$10,000</b>
Corvallis to Albany Trail	Street SDC	\$145,400	\$134,700
	Grant	581,600	529,800
	<b>Total</b>	<b>\$727,000</b>	<b>\$664,500</b>

CAPITAL IMPROVEMENT PROJECTS	FUNDING SOURCE	TOTAL PROJECT BUDGET	FY 13-14 BUDGET
Downtown Public Parking	CR Parking Fund	\$200,000	\$200,000
	<b>Total</b>	<b>\$200,000</b>	<b>\$200,000</b>
Downtown Wayfinding	CR Street Fund	\$10,000	\$10,000
	CR Parking Fund	46,570	46,570
	Grant	289,100	289,100
	<b>Total</b>	<b>\$345,670</b>	<b>\$345,670</b>
Goodnight Right-of-Way Acquisition	Street SDC	\$370,000	\$370,000
	<b>Total</b>	<b>\$370,000</b>	<b>\$370,000</b>
Highway 99 Widening	Street SDC	\$275,610	\$275,610
	Grant	31,550	31,550
	<b>Total</b>	<b>\$307,160</b>	<b>\$307,160</b>
Morris Avenue Bridge	CR Street Fund	\$123,600	\$17,400
	Grant	1,079,400	160,600
	<b>Total</b>	<b>\$1,203,000</b>	<b>\$178,000</b>
Pedestrian Crossings	CR Street	\$164,470	\$4,950
	Grant	657,850	43,250
	<b>Total</b>	<b>\$822,320</b>	<b>\$48,200</b>
Reservoir Road Improvements	Street SDC	\$300,000	\$300,000
	<b>Total</b>	<b>\$300,000</b>	<b>\$300,000</b>
Safe Routes to Schools	CR Street	\$7,400	\$7,400
	Grant	326,550	326,550
	Miscellaneous Revenue	10,000	10,000
	<b>Total</b>	<b>\$343,950</b>	<b>\$343,950</b>
Street Reconstruction - Arterial / Collector	ODOT Grant	\$882,760	\$400,440
	<b>Total</b>	<b>\$882,760</b>	<b>\$400,440</b>
Street Reconstruction - Local	CR Street Fund	\$1,571,430	\$100,000
	<b>Total</b>	<b>\$1,571,430</b>	<b>\$100,000</b>
Utility and Street Improvement Projects	Street SDC	\$1,200,000	\$200,000
	<b>Total</b>	<b>\$1,200,000</b>	<b>\$200,000</b>
<b>Total Transportation Projects</b>			<b>\$3,728,920</b>

CAPITAL IMPROVEMENT PROJECTS	FUNDING SOURCE	TOTAL PROJECT BUDGET	FY 13-14 BUDGET
<b>WASTEWATER UTILITY</b>			
Biosolids Storage Tank	CR Wastewater Fund	\$250,000	\$40,000
	<b>Total</b>	<b>\$250,000</b>	<b>\$40,000</b>
Sanitary Sewer Rehabilitation	CR Wastewater Fund	\$4,119,890	\$671,930
	<b>Total</b>	<b>\$4,119,890</b>	<b>\$671,930</b>
Utility and Street Improvement Projects	Wastewater SDC	\$198,000	\$33,000
	<b>Total</b>	<b>\$198,000</b>	<b>\$33,000</b>
WWRP Secondary Clarifiers	Wastewater SDC	\$8,700,000	\$850,000
	<b>Total</b>	<b>\$8,700,000</b>	<b>\$850,000</b>
<b>Total Wastewater Utility Projects</b>			<b>\$1,594,930</b>
<b>WATER UTILITY</b>			
36th and Grant Water Pump Station Improvements	CR Water Fund	\$1,066,090	\$877,400
	<b>Total</b>	<b>\$1,066,090</b>	<b>\$877,400</b>
Rock Creek Hydroelectric	CR Water Fund	\$121,600	\$37,500
	Grant	203,600	0
	<b>Total</b>	<b>\$121,600</b>	<b>\$37,500</b>
Utility and Street Improvement Projects	Water SDC	\$198,000	\$33,000
	<b>Total</b>	<b>\$198,000</b>	<b>\$33,000</b>
Water Distribution System Rehabilitation/ Replacement Program	CR Water Fund	\$1,150,000	\$320,000
	<b>Total</b>	<b>\$1,150,000</b>	<b>\$320,000</b>
West Corvallis Second Level Water	Water SDC loan to Assessments	\$510,490	\$28,900
	Water SDC	227,770	9,780
	<b>Total</b>	<b>\$738,260</b>	<b>\$38,680</b>
<b>Total Water Utility Projects</b>			<b>\$1,306,580</b>
<b>GRAND TOTAL</b>			<b>\$10,136,785</b>

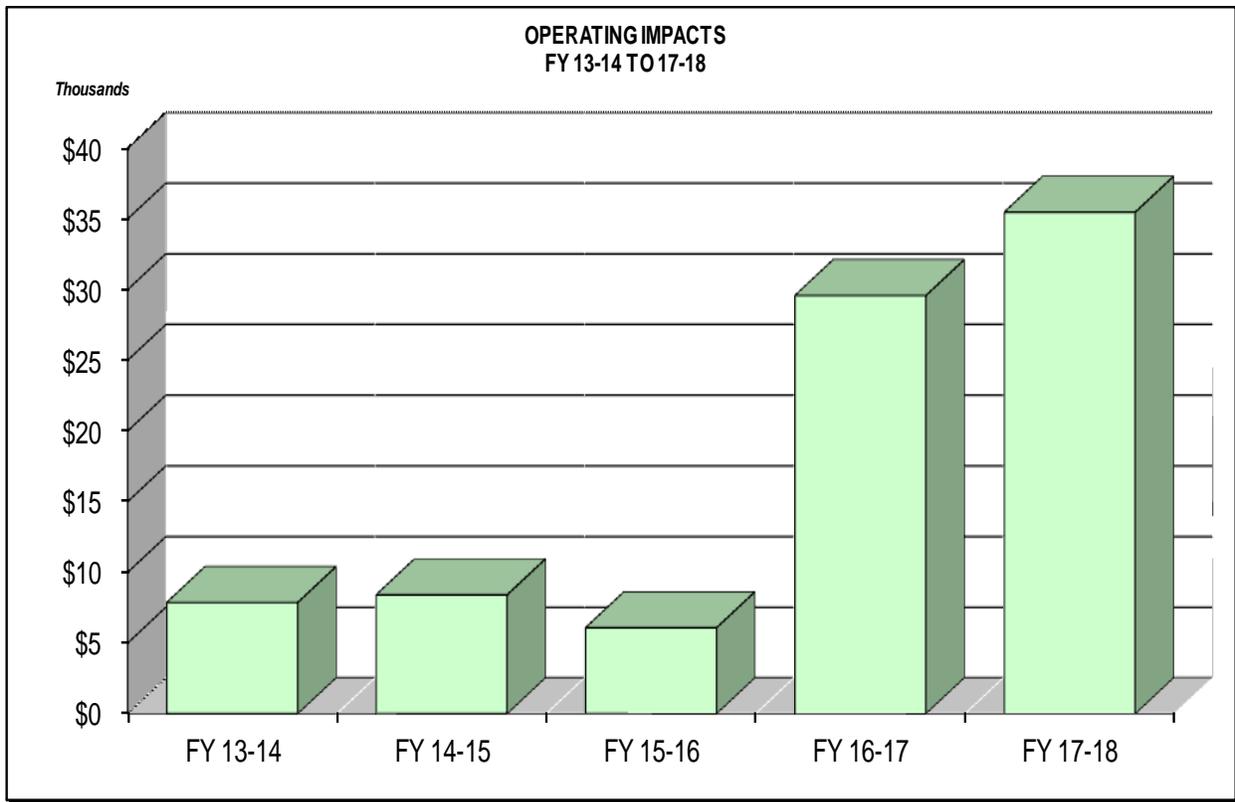
## IMPACTS TO OPERATING BUDGET

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 obtaining a bank loan 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 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FIVE YEAR
						TOTAL
General Fund	\$7,370	\$11,810	\$12,630	\$12,630	\$12,630	\$57,070
Street Fund	0	1,500	(12,150)	11,350	17,150	17,850
Parking Fund	500	500	500	500	500	2,500
Transit Fund	0	0	15,000	15,000	15,000	45,000
Water Fund	0	(5,400)	(5,400)	(5,400)	(5,300)	(21,500)
Wastewater Fund	0	0	(5,000)	(5,000)	(5,000)	(15,000)
Airport Fund	0	0	500	500	500	1,500
<b>Total Capital Improvement Plan</b>	<b>\$7,870</b>	<b>\$8,410</b>	<b>\$6,080</b>	<b>\$29,580</b>	<b>\$35,480</b>	<b>\$87,420</b>



## 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
<b>AIRPORT:</b>						
Airport Facility Improvement	Airport	14-15				\$0
Airport Road Widening	Airport	15-16		1,500		1,500
South Corvallis Drainage (1)	Airport	16-17		TBD		0
<b>BUILDINGS AND FACILITIES:</b>						
City Hall Block	Multiple Funds	15-16				0
Fire Station Facilities Relocation	General	15-16				0
Municipal Buildings Rehab	Multiple Funds	Annual				0
<b>PARKS AND RECREATION:</b>						
Acquisition of Land	General	13-14		5,650		5,650
Osborn Aquatic Center	General	13-14				0
Park Development - New	General	13-14		2,680		2,680
Park Facility Renovation	General	13-14		16,950		16,950
Park Improvements - Existing	General	13-14		24,380		24,380
Riverfront Commemorative Park (1)	General	13-14				0
Special Use Facilities	General	13-14				0
Trails/Bike Paths	General	Annual		7,410		7,410
<b>STORM WATER UTILITY:</b>						
Storm Drain Pipe Repl (2)	Storm Water	Annual				0
Storm Water Master Plan (2)	Storm Water	Annual				0
<b>TRANSPORTATION:</b>						
35 <sup>th</sup> St. Sidewalks/RR Crossing	Street	13-14				0
53 <sup>rd</sup> /Hwy 20/34 Improvements	Street	14-15				0
City Hall Parking	Parking	15-16				0
Corvallis to Albany Trails	Street	13-14		2,000		2,000
Downtown Public Parking	Parking	13-14		2,500		2,500
Downtown Wayfinding	Street	13-14		4,000		4,000
Goodnight ROW Acquisition	Street	13-14				0
Highway 99 Widening	Street	13-14				0
Madison Ave/OSU Improv	Street	16-17		5,000		5,000

## IMPACTS TO OPERATING BUDGET (Continued)

Project	Fund	FY Online	Personal Services	Supplies & Services	Capital Outlay	Total
Marys River - Crystal Lake Dr Shared-Use Path	Street	16-17		2,000		2,000
Monroe Streetscape - 14th to 26th Streets	Street	15-16				0
Morris Avenue Bridge	Street	15-16		(20,000)		(20,000)
Pedestrian Crossings	Street	15-16		18,850		18,850
Reservoir Road Improvements	Street	13-14				0
Safe Routes to Schools	Street	13-14				0
Sidewalk In-Fill	Street	15-16				0
Street Reconstruction (2)	Street	Annual				0
Traffic Signals	Street	15-16		6,000		6,000
Transit Operations Center	Transit	15-16		45,000		45,000
Tunison - Avery Shared-Use Path	Street	16-17				0
Utility/Street Improv	N/A	N/A				0
<b>WASTEWATER UTILITY:</b>						
Avery Park Sanitary Lift Station Rehabilitation	Wastewater	16-17				0
Biosolids Storage Tank	Wastewater	15-16		(15,000)		(15,000)
Sanitary Sewer Rehab (2)	Wastewater	Annual				0
Wastewater System TMDL(1)	Wastewater	TBD		TBD		0
WWRP MCC Replacement	Wastewater	16-17				0
WWRP Primary Clarifiers (1)	Wastewater	17-18		TBD		0
WWRP Secondary Clarifiers (1)	Wastewater	15-16		TBD		0
<b>WATER UTILITY:</b>						
36th & Grant Water Pump Station Improv.	Water	13-14				0
Baldy 2nd Level Storage Reservoir	Water	16-17				0
Marys River Water Main Crossings	Water	17-18		100		100
North Hills 1st Level Reservoir Improv.	Water	12-13				0
Rock Creek Filter Addition	Water	17-18				0
Rock Creek Hydroelectric	Water	14-15		(22,000)		(22,000)
Taylor Plant Facility Plan Projects (1)	Water	16-17		TBD		0
Water Distribution System (2)	Water	Annual				0
West Corvallis 2nd Level Water	Water	14-15		400		400
<b>Total</b>			<b>\$0</b>	<b>\$87,420</b>	<b>\$0</b>	<b>\$87,420</b>

(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:

<b>Positive</b>	The project will either generate some revenue to offset expenses or will actually reduce operating costs.
<b>Slight</b>	The impact will be between \$0 and \$10,000 in increased operating expenditures.
<b>Moderate</b>	The impact will be between \$10,001 and \$50,000 in increased operating expenditures.
<b>High</b>	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 bank loans, the initial loan was finalized in early FY 10-11. A second bank loan is planned for FY 14-15 to cover the additional project costs.

<u>Capital Construction Fund</u>	Prior years	FY 13-14	Projected	Total
Land Acquisition, ROW & Easements	\$0	\$0	\$0	\$0
Design	202,040	219,000	0	421,040
Construction Management	41,060	0	264,800	305,860
Construction	533,900	0	3,236,700	3,770,600
<b>Estimated Total Cost of Project</b>	<b>\$777,000</b>	<b>\$219,000</b>	<b>\$3,501,500</b>	<b>\$4,497,500</b>

#### **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 15-16 and is expected to primarily be funded by an FTA grant.

<u>Capital Construction Fund</u>	Prior years	FY 13-14	Projected	Total
Land Acquisition, ROW & Easements	\$0	\$0	\$400,000	\$400,000
Design	314,310	0	1,563,500	1,877,810
Construction Management	0	0	182,500	182,500
Construction	0	0	7,854,000	7,854,000
<b>Estimated Total Cost of Project</b>	<b>\$314,310</b>	<b>\$0</b>	<b>\$10,000,000</b>	<b>\$10,314,310</b>

#### **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 PRIMARY CLARIFIERS**

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

<u>Wastewater Construction Fund</u>	Prior years	FY 13-14	Projected	Total
Design	\$0	\$0	\$648,900	\$648,900
Construction Management	0	0	573,070	573,070
Construction	0	0	5,267,030	5,267,030
<b>Estimated Total Cost of Project</b>	<b>\$0</b>	<b>\$0</b>	<b>\$6,489,000</b>	<b>\$6,489,000</b>

**Impact on Operating Budget - Unknown**

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

**WWRP SECONDARY CLARIFIERS**

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

<u>Wastewater Construction Fund</u>	Prior years	FY 13-14	Projected	Total
Design	\$20,000	\$850,000	\$0	\$870,000
Construction Management	0	0	1,087,600	1,087,600
Construction	0	0	6,742,400	6,742,400
<b>Estimated Total Cost of Project</b>	<b>\$20,000</b>	<b>\$850,000</b>	<b>\$7,830,000</b>	<b>\$8,700,000</b>

**Impact on Operating Budget - Unknown**

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

**BALDY 2ND LEVEL STORAGE RESERVOIR**

**Description:** This project will construct a 1.5 million gallon capacity water storage reservoir to serve the southwest Corvallis 2nd level service area using Water SDC funds.

<u>Water Construction Fund</u>	Prior years	FY 13-14	Projected	Total
Design	\$0	\$0	\$309,000	\$309,000
Construction Management	0	0	145,900	145,900
Construction	0	0	1,605,100	1,605,100
<b>Estimated Total Cost of Project</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,060,000</b>	<b>\$2,060,000</b>

**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 Water and Water SDC funds.

<u>Water Construction Fund</u>	<u>Prior years</u>	<u>FY 13-14</u>	<u>Projected</u>	<u>Total</u>
Design	\$0	\$0	\$90,220	\$90,220
Construction Management	0	0	90,120	90,120
Construction	0	0	1,462,300	1,462,300
<b>Estimated Total Cost of Project</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,642,640</b>	<b>\$1,642,640</b>

**Impact on Operating Budget - Slight**

Annual operation and maintenance costs will be minimal and are estimated to be \$100.

**BUILDING AND INFRASTRUCTURE REHABILITATION/UPGRADES**

**Description:** These annual programs replace or rehabilitate the City’s buildings and infrastructure.

	<u>FY 13-14</u>
Municipal Building Rehabilitation	\$90,000
Sanitary Sewer Rehabilitation	671,930
Storm Drain Replacement	467,500
Storm Water Master Plan Projects	305,000
Street Reconstruction	500,440
Water Distribution System	320,000
<b>Estimated Total Cost of Project</b>	<b>\$2,354,870</b>

**Impact on Operating Budget - Positive**

This program will keep costs of maintaining the City’s buildings and infrastructure from rapidly escalating.

<u>Major Future Year Capital Projects</u>	<u>FY 13-14 to FY 17-18</u>
Airport Rd Widening Hwy 99W to RR Tracks	\$1,300,430
Fire Department Facilities Relocation	3,501,500
Monroe Streetscape - 14th to 26th Streets	1,558,600
Morris Avenue Bridge	1,024,000
Transit Operations Center	10,000,000
Tunison - Avery Shared-Use Path	1,298,000
Wastewater Reclamation Plant (WWRP) Clarifiers	14,319,000
Baldy 2nd Level Storage Reservoir	2,060,000
Marys River Water Main Crossings	1,642,640
Building and Infrastructure Rehabilitation/Upgrades	9,385,720
Other projects not specified above:	8,736,990
<b>Total for FY 14-15 to FY 17-18</b>	<b>54,826,880</b>
FY 13-14 Projects	10,136,785
<b>Total 5-year CIP Projection</b>	<b>\$64,963,665</b>

## DEBT SERVICE

### 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 \$6,015,000 or 0.11% of the 2012 real market value of \$5,496,249,969. 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.

<b>Debt Outstanding</b>	<b>Scheduled Balance as of June 30, 2013</b>	<b>Scheduled Principal Payments 2013/2014</b>	<b>Scheduled Balance as of June 30, 2014</b>
Bonded Debt	\$52,797,595	(\$4,175,257)	\$48,622,338
Notes Payable	\$1,857,978	(\$327,978)	\$1,530,000
<b>Total Debt</b>	<b>\$54,655,573</b>	<b>(\$4,503,235)</b>	<b>\$50,152,338</b>

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 FY 13-14 the City estimates it will pay \$1,067,250 in property tax-related debt service and \$2,114,124 in limited tax obligations to which these limits apply. These equate to 1.71% and 3.39% 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 FY 13-14 operating revenue of \$93,339,610. This net direct long-term general obligation debt of \$3,910,754 equals 4.19% of total operating revenue.

Outstanding Limited Tax debt estimated at \$33,107,595 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 following highlights noted:

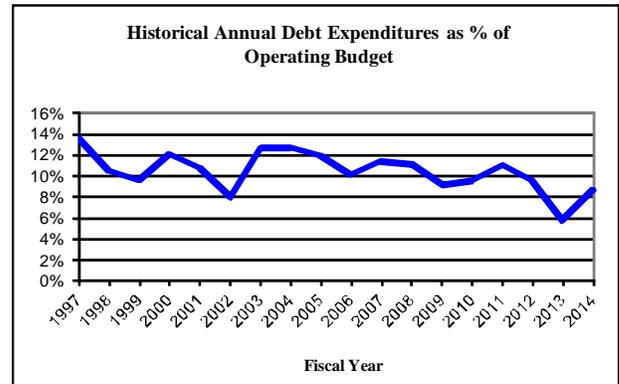
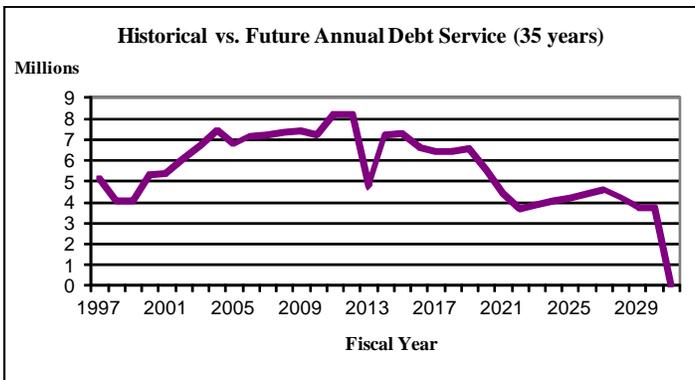
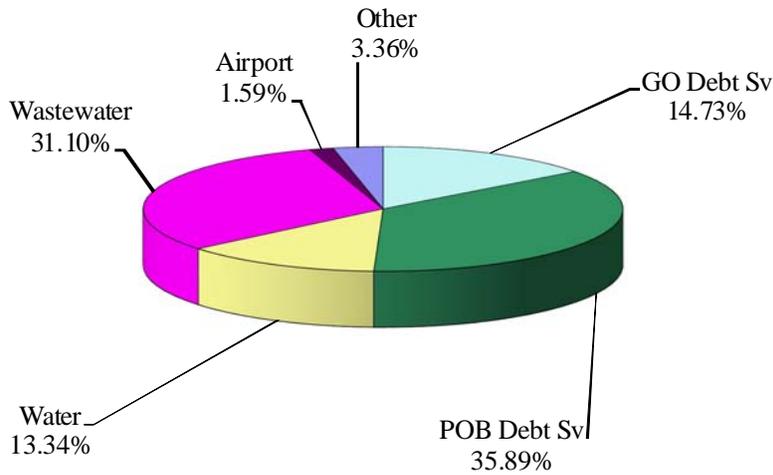
- In FY 12-13 the City refunded three utility-backed loans that were originally issued in support of Water and Wastewater Fund projects. This debt refunding produced net present value savings of approximately \$1,579,690 and provides future capacity in these Funds to allow for financing of a project that would promote compliance with Total Maximum Daily Load (TMDL) requirements for discharge going into the Willamette River.
- The City plans to prepay the small outstanding balance of the OBDD Airport Industrial Park loan in FY 13-14 due to its relatively high interest rate and the fact that the Airport Fund has the capacity to afford the payoff.
- An additional bank loan not yet depicted in the attached schedules is anticipated in the amount of approximately \$3.8 million in FY 14-15 to support General Fund CIP projects, such as the Fire Drill Tower and the Library roof replacement.
- The \$700,000 State Revolving Fund-DEQ Loan will be fully paid off per the original amortization schedule effective July 1, 2013.

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.

**SUMMARY OF FISCAL YEAR 2013-14 TOTAL DEBT SERVICE BY TYPE**

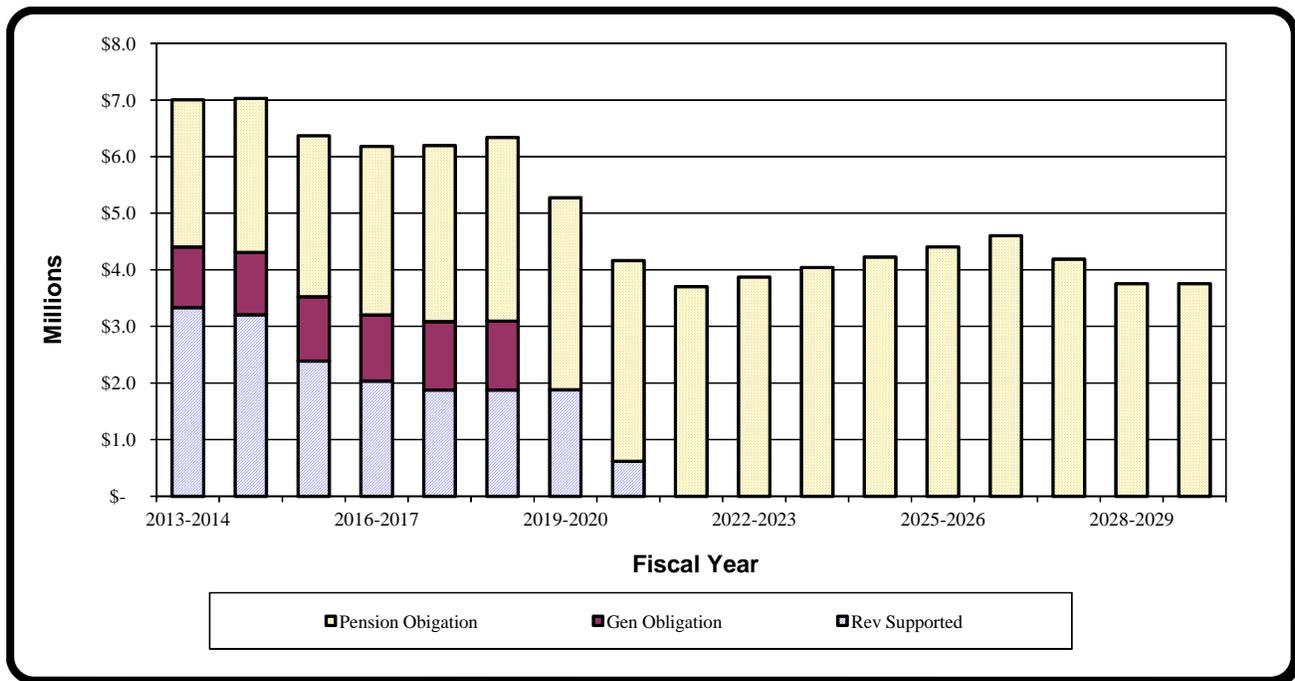
<i>Fund</i>	<i>Source of Dollars</i>	<i>Fiscal Year 2013-14 Total</i>
General Obligation Debt Service Fund	Property Taxes	\$1,067,250
Pension Obligation Debt Service Fund	Operating fund transfers	2,600,330
Water Fund	Water revenue	966,500
Wastewater Fund	Wastewater revenue	2,253,643
Airport Fund	Airport revenue	115,042
Other Debt	Property Taxes	243,174
<b>TOTAL FISCAL YEAR 2013-14 DEBT SERVICE</b>		<b>\$7,245,939</b>

**TOTAL FY 13-14 DEBT BY FUND**



- NOTE: The dip in 2013 is due to a refunding of three utility-backed loans, which produced a net present value savings of approximately \$1.5M and provides future capacity in these utility funds for financing of a project that would promote compliance with Total Maximum Daily Load (TMDL) requirements for discharge going into the Willamette River.

**SCHEDULE OF DEBT SERVICE REQUIREMENTS ALL DEBT**  
As of June 30, 2013

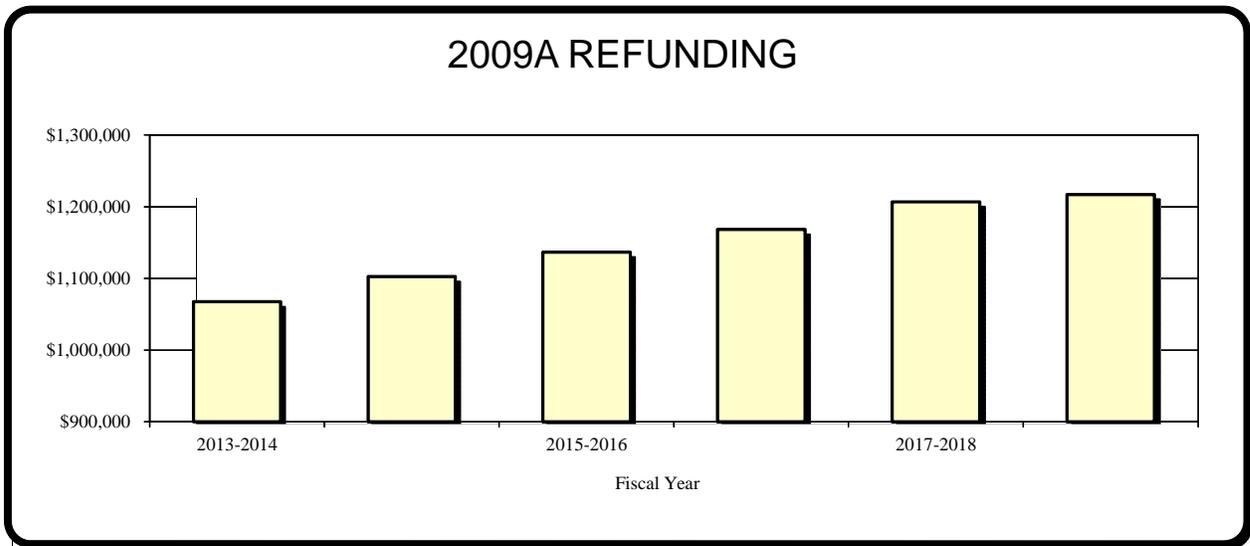


Year of Maturity	Principal	Interest	Debt Total
2013-2014	4,503,235	2,742,704	7,245,939
2014-2015	4,572,139	2,696,407	7,268,546
2015-2016	3,949,519	2,658,642	6,608,161
2016-2017	3,794,957	2,621,234	6,416,191
2017-2018	3,845,252	2,591,543	6,436,795
2018-2019	4,011,833	2,565,962	6,577,795
2019-2020	2,971,608	2,540,839	5,512,447
2020-2021	1,841,024	2,563,035	4,404,059
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
	<u>\$54,655,573</u>	<u>\$32,360,439</u>	<u>\$87,016,012</u>

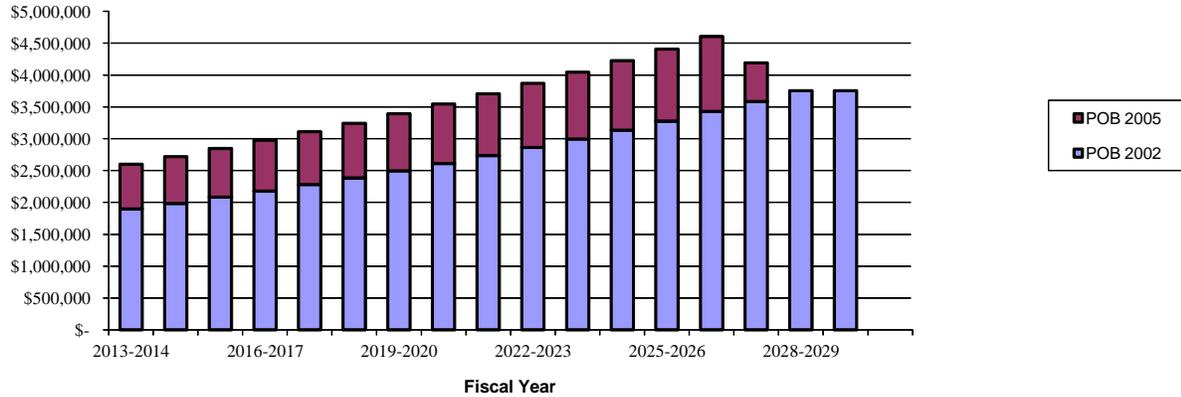
**SCHEDULE OF FUTURE DEBT SERVICE REQUIREMENTS  
GENERAL OBLIGATION DEBT**

Issue Description:	<b>2009A Refunding of Series 1999 and 2001 Bonds (Riverfront and Open Space)</b>
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
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
	<u>\$6,015,000</u>	<u>\$881,850</u>	<u>\$6,896,850</u>



## FUTURE DEBT SERVICE REQUIREMENTS TOTAL PENSION OBLIGATION DEBT



Year of Maturity	Pension Obligation Debt Total		Funding Source	2013-2014 *
	Principal	Interest		Funding Source
2013-2014	570,257	2,030,073	General Fund	\$1,870,950
2014-2015	627,139	2,091,529	Street Fund	100,440
2015-2016	684,519	2,160,058	Parks & Recreation Fund	0
2016-2017	744,957	2,228,342	Osborn Aquatic Center Fund	0
2017-2018	805,252	2,304,340	9-1-1 Fund	90,510
2018-2019	861,833	2,381,622	Development Services Fund	85,470
2019-2020	926,608	2,463,281	Fire & Rescue Fund	0
2020-2021	996,024	2,547,383	Community Dev Revolving Loan Fund	23,710
2021-2022	1,065,211	2,637,672	Parking Fund	16,470
2022-2023	1,140,795	2,728,311	Transit Fund	16,860
2023-2024	2,615,000	1,426,576	Library Fund	0
2024-2025	2,955,000	1,268,943	Water Fund	169,340
2025-2026	3,315,000	1,090,482	Water Timber Fund	760
2026-2027	3,715,000	889,892	Wastewater Fund	162,280
2027-2028	3,525,000	664,798	Storm Water Fund	56,570
2028-2029	3,310,000	444,275	Airport Fund	8,330
2029-2030	3,525,000	229,125		
	<u>\$31,382,595</u>	<u>\$29,586,701</u>	Less: Paying Agent Fees	(1,350)
		<u>\$60,969,296</u>		<u>\$2,600,340</u>

\* As of FY 13-14 all property tax funds have been consolidated into one combined General Fund and subsequently all POB transfers related to these funds have been accounted for in the General Fund.

**FUTURE DEBT SERVICE REQUIREMENTS  
PENSION OBLIGATION BONDS**

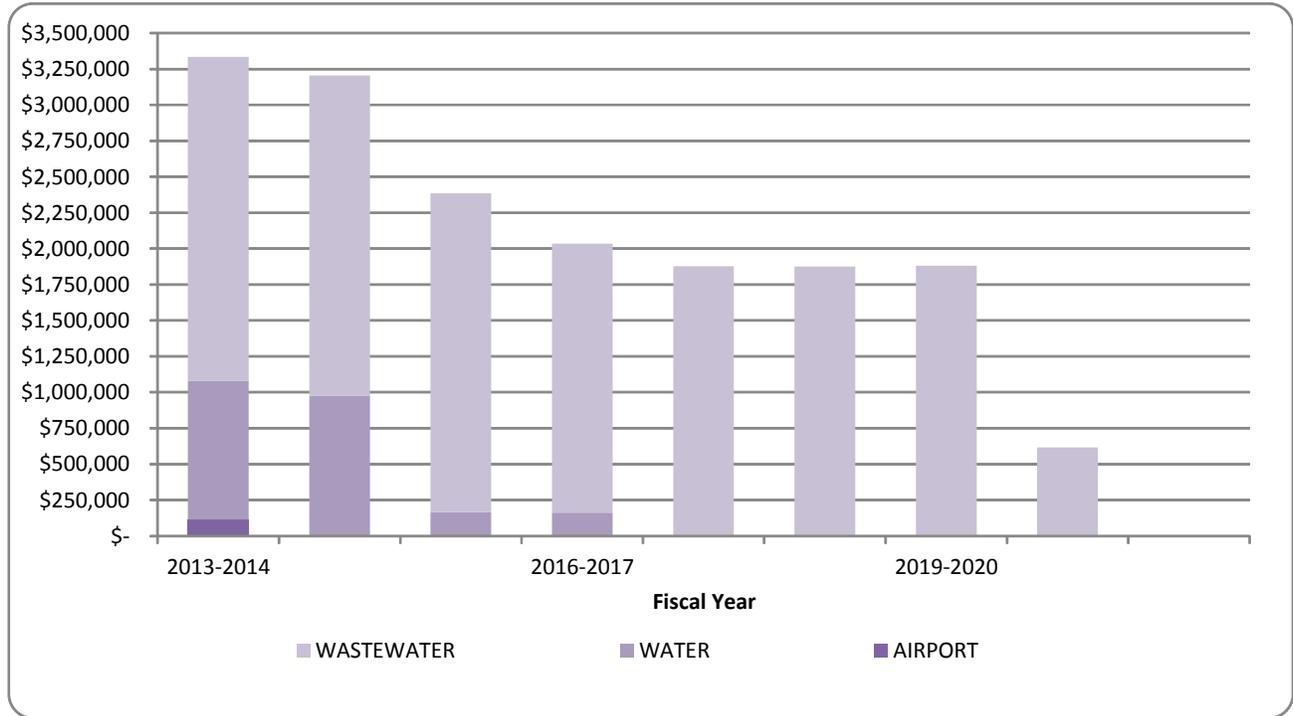
Issue Description:

<b>2002 A</b> <b>Pension Obligation Bonds</b>  Amount Issued: \$23,913,017 Issue Date: March 1, 2002 Original Issue TIC: 6.6362891% (TIC) Rating: Aa3 (AMBAC Insured) Mandatory Redemption & Non-callable
--

<b>2005A</b> <b>Pension Obligation Bonds</b>  Amount Issued: \$9,980,000 Issue Date: September 23, 2005 Original Issue TIC: 5.048345% (TIC) Rating: Aa3 (AMBAC Insured) Mandatory Redemption & Non-callable
--

Year of Maturity	2002 A			2005A		
	Principal	Interest	Total	Principal	Interest	Total
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
	<b>\$22,222,595</b>	<b>\$25,220,730</b>	<b>\$47,443,325</b>	<b>\$9,160,000</b>	<b>\$4,365,971</b>	<b>\$13,525,971</b>

**FUTURE DEBT SERVICE REQUIREMENTS  
REVENUE SUPPORTED DEBT**



Year of Maturity	Revenue Supported Debt		Revenue Supported Debt Total
	Principal	Interest	
2013-2014	2,902,978	432,207	3,335,185
2014-2015	2,850,000	355,350	3,205,350
2015-2016	2,095,000	290,850	2,385,850
2016-2017	1,805,000	229,900	2,034,900
2017-2018	1,705,000	171,975	1,876,975
2018-2019	1,755,000	120,300	1,875,300
2019-2020	1,815,000	67,050	1,882,050
2020-2021	605,000	12,100	617,100
	<u>\$15,532,978</u>	<u>\$1,679,732</u>	<u>\$17,212,710</u>

**SCHEDULE OF FUTURE DEBT SERVICE REQUIREMENTS  
REVENUE SUPPORTED DEBT - WATER FUND**

Issue Description:	<b>2012 Full Faith &amp; Credit * Refunding Obligations</b>
Amount Issued:	\$2,210,000
Issue Date:	November 15, 2012
Original Issue TIC:	1.031% (TIC)

Year of Maturity	Principal	Interest	Total
2013-2014	930,000	36,500	966,500
2014-2015	960,000	17,600	977,600
2015-2016	160,000	6,400	166,400
2016-2017	160,000	2,400	162,400
	<b>\$2,210,000</b>	<b>\$62,900</b>	<b>\$2,272,900</b>

\*The City intends to use the net revenues of the water system to make the debt service payments, though the refunding obligations are secured by the City's full faith and credit.



**FUTURE DEBT SERVICE REQUIREMENTS  
REVENUE SUPPORTED DEBT - WASTEWATER FUND**

Issue Description:	<b>SRF-DEQ Loan R24480 Sewer Rehabilitation</b>	<b>2012 Full Faith &amp; Credit * Refunding Obligations</b>
Amount Issued:	\$700,000	\$9,275,000
Issue Date:	January 20, 1992	November 15, 2012
Original Issue TIC:	3% (TIC) Debt Reserve Requirement: \$47,889	1.031% (TIC)

Year of Maturity						
	Principal	Interest	Total	Principal	Interest	Total
2013-2014	23,934	359	24,293	1,355,000	229,400	1,584,400
2014-2015	0	0	0	1,380,000	202,050	1,582,050
2015-2016	0	0	0	1,400,000	174,250	1,574,250
2016-2017	0	0	0	1,080,000	144,050	1,224,050
2017-2018	0	0	0	1,115,000	111,125	1,226,125
2018-2019	0	0	0	1,150,000	77,150	1,227,150
2019-2020	0	0	0	1,190,000	42,050	1,232,050
2020-2021	0	0	0	605,000	12,100	617,100
	<u>\$23,934</u>	<u>\$359</u>	<u>\$24,293</u>	<u>\$9,275,000</u>	<u>\$992,175</u>	<u>\$10,267,175</u>

Issue Description:	<b>2006A Adv Refunding Bonds Combined Sewer Overflow</b>
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
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
	<u>\$3,915,000</u>	<u>\$618,300</u>	<u>\$4,533,300</u>

\*The City intends to use the net revenues of the wastewater system to make the debt service payments, though the refunding obligations are secured by the City's full faith and credit.

**SCHEDULE OF FUTURE DEBT SERVICE REQUIREMENTS  
REVENUE SUPPORTED DEBT - AIRPORT FUND**

Issue Description:	<b>1996 OEDD (OBDD) Loan Airport Industrial Park</b>
Amount Issued:	\$332,240
Issue Date:	September 6, 1996
Original Issue TIC:	5.4687% (TIC)

Year of Maturity	Principal	Interest	Total
2013-2014	109,044	5,998	115,042
	<u>\$109,044</u>	<u>\$5,998</u>	<u>\$115,042</u>

\*The City is choosing to prepay the Airport Industrial Park loan in its entirety in FY 13-14, though final payment per the current loan amortization schedule is not required until FY 16-17.

**SCHEDULE OF FUTURE DEBT SERVICE REQUIREMENTS  
OTHER DEBT – GENERAL FUND**

Issue Description:	<b>2010 Bank Loan Capital Improvement Project Loan (City Hall/Majestic Theater Seismic &amp; Fire Drill Tower)</b>
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
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
	<u>\$1,725,000</u>	<u>\$212,156</u>	<u>\$1,937,156</u>

## TRANSFERS

TRANSFER FROM:	TRANSFER TO:	PURPOSE	FY 13-14 BUDGET
<b>GENERAL FUND</b>			
Interfund:	Capital Construction Fund	Cap. Proj: Muni Bldgs - Replace Lib Computer Room A/C Unit	\$90,000
Interfund:	Capital Construction Fund	Cap. Proj: Fire Dept Facilities Relocation	100,000
Interfund:	Capital Construction Fund	Cap. Proj: Acquisition of Land	95,520
Interfund:	Capital Construction Fund	Cap. Proj: Trails / Bike Paths	10,000
Interfund:	Capital Construction Fund	Cap. Proj: Special Use Facilities (Master Project)	82,500
Interfund:	Capital Construction Fund	Cap. Proj: Park Development-New (Master Project)	25,000
Interfund:	Capital Construction Fund	Cap. Proj: Park Facility Renovation (Master Project)	125,000
Interfund:	Capital Construction Fund	Cap. Proj: Park Improvements-Existing (Master Project)	55,000
Interfund:	Capital Construction Fund	Cap. Proj: Park Imp-Tunison / Community Center	19,000
Interfund:	Development Services Fund	Support for Development Services Fund - SDC Program Activity	8,200
Interfund:	Pension Obligation Debt Svc Fund	Debt Service Payment - Pension Obligation Bond	1,870,950
<b>FUND TOTALS</b>			<b>\$2,481,170</b>
<b>STREET OPERATING FUND</b>			
Interfund:	Capital Construction Fund	Cap. Proj: 35th Street Sidewalks & Railroad Crossing	\$24,540
Interfund:	Capital Construction Fund	Cap. Proj: Downtown Wayfinding	10,000
Interfund:	Capital Construction Fund	Cap. Proj: Morris Avenue Bridge	17,400
Interfund:	Capital Construction Fund	Cap. Proj: Safe Routes to School	7,400
Interfund:	Capital Construction Fund	Cap. Proj: Pedestrian Crossings	4,950
Interfund:	Capital Construction Fund	Cap. Proj: Street Reconstruction-Local / 12th Street	100,000
Interfund:	Pension Obligation Debt Svc Fund	Debt Service Payment - Pension Obligation Bond	100,440
Interfund:	Development Services Fund	Support for Development Services Fund - SDC Program Activity	25,410
<b>FUND TOTALS</b>			<b>\$290,140</b>
<b>STREET SDC FUND COMPONENT</b>			
Interfund:	Capital Construction Fund	Cap. Proj: Reservoir Road Improvements	\$300,000
Interfund:	Capital Construction Fund	Cap. Proj: 35th Street Sidewalks & Railroad Crossing	236,460
Interfund:	Capital Construction Fund	Cap. Proj: Corvallis to Albany Trail	85,400
Interfund:	Capital Construction Fund	Cap. Proj: Goodnight ROW Acquisition	370,000
Interfund:	Capital Construction Fund	Cap. Proj: Highway 99 Widening	31,550
Interfund:	Capital Construction Fund	Cap. Proj: Utility/Street Improvement Projects	200,000
<b>FUND TOTALS</b>			<b>\$1,223,410</b>
<b>PARKS AND RECREATION FUND</b>			
Interfund:	General Fund	Close Parks & Recreation Fund to General Fund	\$1,350,835
<b>FUND TOTALS</b>			<b>\$1,350,835</b>
<b>PARKS AND RECREATION AQUATICS FUND COMPONENT</b>			
Interfund:	General Fund	Close Parks & Rec Aquatics Fund to General Fund	\$104,071
<b>FUND TOTALS</b>			<b>\$104,071</b>
<b>OPEN SPACE TRUST FUND COMPONENT</b>			
Interfund:	General Fund	Close Open Space Fund to General Fund	\$95,080
<b>FUND TOTALS</b>			<b>\$95,080</b>
<b>PARKS SDC FUND COMPONENT</b>			
Interfund:	Parks SDC Fund	Close Parks SDC Component Fund to Parks SDC Fund	\$1,979,542
<b>FUND TOTALS</b>			<b>\$1,979,542</b>
<b>TOTAL - PARKS AND RECREATION FUNDS</b>			<b>\$3,529,528</b>
<b>PARKS SDC FUND</b>			
Interfund:	General Fund	Parks & Recreation Master Plan	\$22,000
Interfund:	Capital Construction Fund	Cap. Proj: Acquisition of Land	300,000
Interfund:	Capital Construction Fund	Cap. Proj: Park Development / Coronado Subdivision	399,520
Interfund:	Capital Construction Fund	Cap. Proj: Trails / Bike Paths	12,500
Interfund:	Capital Construction Fund	Cap. Proj: Park Development-New (Master Project)	140,000
Interfund:	Capital Construction Fund	Cap. Proj: Park Development-New (Master Project)	121,000
<b>FUND TOTALS</b>			<b>\$995,020</b>

## TRANSFERS (Continued)

TRANSFER FROM:	TRANSFER TO:	PURPOSE	FY 13-14 BUDGET
<b>911 FUND</b>			
Interfund:	Pension Obligation Debt Svc Fund	Debt Service Payment - Pension Obligation Bond	\$90,510
<b>FUND TOTALS</b>			<b>\$90,510</b>
<b>DEVELOPMENT SERVICES FUND</b>			
Interfund:	Pension Obligation Debt Svc Fund	Debt Service Payment - Pension Obligation Bond	\$85,470
<b>FUND TOTALS</b>			<b>\$85,470</b>
<b>FIRE AND RESCUE FUND</b>			
Interfund:	General Fund	Close Fire & Rescue Fund to General Fund	\$1,053,035
<b>FUND TOTALS</b>			<b>\$1,053,035</b>
<b>COMMUNITY DEVELOPMENT REVOLVING FUND</b>			
Interfund:	Pension Obligation Debt Svc Fund	Debt Service Payment - Pension Obligation Bond	\$23,710
<b>FUND TOTALS</b>			<b>\$23,710</b>
<b>PARKING FUND</b>			
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:	Pension Obligation Debt Svc Fund	Debt Service Payment - Pension Obligation Bond	16,470
<b>FUND TOTALS</b>			<b>\$273,040</b>
<b>TRANSIT FUND</b>			
Interfund:	Pension Obligation Debt Svc Fund	Debt Service Payment - Pension Obligation Bond	\$16,860
<b>FUND TOTALS</b>			<b>\$16,860</b>
<b>2011 OPERATING LEVY FUND</b>			
Interfund:	General Fund	Operating Levy Support for Social Service Allocations	\$107,390
Interfund:	General Fund	Operating Levy Support for Senior Center	322,160
Interfund:	General Fund	Operating Levy Support for Library Monday Hours	258,330
Interfund:	General Fund	Operating Levy Support for Other Library Svcs/Materials	789,880
Interfund:	General Fund	Operating Levy Support for Aquatic Center	430,860
<b>FUND TOTALS</b>			<b>\$1,908,620</b>
<b>LIBRARY FUND</b>			
Interfund:	General Fund	Close Library Fund to General Fund	\$633,079
<b>FUND TOTALS</b>			<b>\$633,079</b>
<b>LIBRARY IMPROVEMENT RESERVE FUND COMPONENT</b>			
Interfund:	General Fund	Close Library Improvement Reserve Fund to General Fund	\$407,805
<b>FUND TOTALS</b>			<b>\$407,805</b>
<b>WATER OPERATING FUND</b>			
Intrafund:	Water Cap. Const. Component	Cap. Proj: 36th and Grant Water Pump Station Improvements	\$877,400
Intrafund:	Water Cap. Const. Component	Cap. Proj: Rock Creek Hydroelectric	37,500
Intrafund:	Water Cap. Const. Component	Cap. Proj: Water System Rehab - 13/14	320,000
Intrafund:	Water SDC Component	Intrafund for Loan Repayment - Sensus Flexnet	167,480
Intrafund:	Water SDC Component	Intrafund for Loan Repayment - North Hills Improvements	553,190
Interfund:	Water Cap. Const. Component	Cap. Proj: Park Improvement-Master Project (Timberhill SW Garden)	15,000
Interfund:	Pension Obligation Debt Svc Fund	Debt Service Payment - Pension Obligation Bond	169,340
Interfund:	Development Services Fund	Support for Development Services Fund - SDC Program Activity	10,090
<b>FUND TOTALS</b>			<b>\$2,150,000</b>

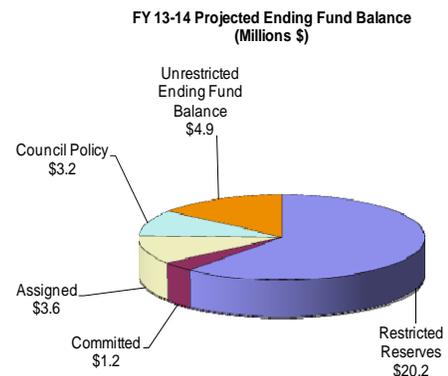
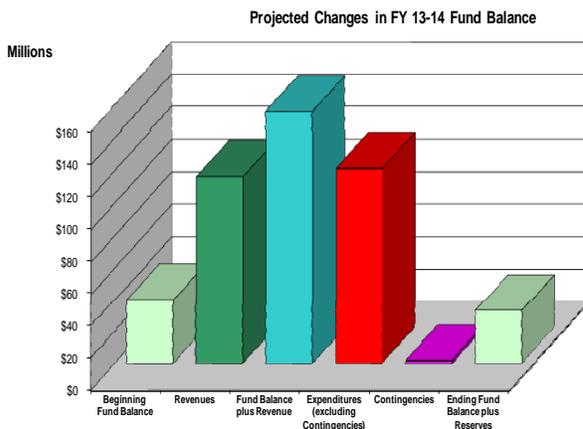
## TRANSFERS (Continued)

TRANSFER	TRANSFER TO:	PURPOSE	FY 13-14 BUDGET
<b>WATER TIMBER FUND COMPONENT</b>			
Intrafund:	Pension Obligation Debt Svc Fund	Debt Service Payment - Pension Obligation Bond	\$760
<b>FUND TOTALS</b>			<b>\$760</b>
<b>WATER SDC FUND COMPONENT</b>			
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	6,330
Intrafund:	Water Operating Component	Debt Service - OBDD	261,910
<b>FUND TOTALS</b>			<b>\$323,210</b>
<b>TOTAL - WATER FUNDS</b>			<b>\$2,473,970</b>
<b>WASTEWATER OPERATING FUND</b>			
Intrafund:	Wastewater Cap. Const. Com	Cap. Proj: Biosolids Storage Tank	\$40,000
Intrafund:	Wastewater Cap. Const. Com	Cap. Proj: Sewer Rehab 13/14	671,930
Intrafund:	Wastewater SDC Component	Intrafund for Loan Repayment - WWRP Electrical Equipment Repl	351,550
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	162,280
<b>FUND TOTALS</b>			<b>\$1,232,570</b>
<b>WASTEWATER SDC FUND COMPONENT</b>			
Intrafund:	Wastewater Operating Component	Cap. Proj: South Corvallis Interceptor	\$77,500
Intrafund:	Wastewater Cap. Const. Com	Cap. Proj: WWRP Secondary Clarifiers	850,000
Intrafund:	Wastewater Cap. Const. Com	Cap. Proj: Utility/Street Improvement	33,000
<b>FUND TOTALS</b>			<b>\$960,500</b>
<b>TOTAL - WASTEWATER FUNDS</b>			<b>\$2,193,070</b>
<b>STORM WATER OPERATING FUND</b>			
Intrafund:	Storm Water Cap. Const. Component	Cap. Proj: Storm Water Master Plan Project	\$20,000
Intrafund:	Storm Water Cap. Const. Component	Cap. Proj: SWMP - Greeley Overflow Pipe	100,000
Intrafund:	Storm Water Cap. Const. Component	Cap. Proj: SWMP - Dixon Creek Bank Stabilization	185,000
Intrafund:	Storm Water Cap. Const. Component	Cap. Proj: Storm Drain Replacement - 13/14	242,500
Interfund:	Capital Construction Fund	Cap. Proj: Park Improvement-Master Project	10,000
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	56,570
<b>FUND TOTALS</b>			<b>\$681,950</b>
<b>STORM WATER SDC FUND COMPONENT</b>			
Intrafund:	Storm Water Cap. Const. Component	Cap. Proj: Utility/Street Improvement	\$15,000
<b>FUND TOTALS</b>			<b>\$15,000</b>
<b>AIRPORT OPERATING FUND</b>			
Intrafund:	Airport Cap. Const. Component	Cap. Proj: Airport Fac Improvement (Cargo Access Rd)	\$11,290
Interfund:	Pension Obligation Debt Svc Fund	Debt Service Payment - Pension Obligation Bond	8,330
<b>FUND TOTALS</b>			<b>\$19,620</b>
<b>GRAND TOTAL 2013-14 TRANSFERS</b>			<b>\$18,395,007</b>

## RESERVES/CHANGES IN FUND BALANCE – June 30, 2014

Fund	Beginning Fund Balance <sup>(1)</sup>	Revenues	Expenditures net of Contingencies	Appropriated Contingencies	Total Expenditures	Unappropriated Reserves				Budgetary Ending Fund Balance <sup>(6)</sup>
						Restricted Reserves <sup>(2)</sup>	Committed Reserves <sup>(3)</sup>	Assigned Reserves <sup>(4)</sup>	Council Policy Reserve <sup>(5)</sup>	
General	\$2,621,659	\$46,127,855	\$41,434,040	\$630,000	\$42,064,040	\$413,704	\$1,112,174	\$1,270,275	\$3,221,200	\$668,121
Parks and Recreation	3,529,528	0	3,529,528	0	3,529,528	0	0	0	0	0
Fire and Rescue	1,053,035	0	1,053,035	0	1,053,035	0	0	0	0	0
Library	1,040,884	0	1,040,884	0	1,040,884	0	0	0	0	0
Street	3,317,863	4,922,270	5,706,110	73,180	5,779,290	1,825,431	76,135	281,266	0	278,011
Parks Systems Develop Chrgs	0	3,170,792	995,020	0	995,020	2,175,772	0	0	0	0
9-1-1 Emergency Services	489,194	2,231,980	2,410,840	45,240	2,456,080	0	0	218,574	0	46,520
Development Services	1,024,330	2,602,700	3,359,520	50,000	3,409,520	0	0	0	0	217,510
CD Revolving Loan	13,914	3,210,200	3,165,480	30,760	3,196,240	0	0	0	0	27,874
Parking	1,027,171	667,100	1,419,370	13,340	1,432,710	0	37,323	34,755	0	189,483
Transit	1,740,618	4,388,720	4,037,950	87,770	4,125,220	0	0	152,211	0	1,851,407
2011 Operating Levy	37,759	1,870,860	1,908,620	0	1,908,620	0	0	0	0	0
Capital Construction	995,370	5,917,660	6,334,925	0	6,334,925	578,105	0	0	0	0
GO Debt	17,423	1,152,620	1,067,250	0	1,067,250	102,793	0	0	0	0
Pension Oblig Debt Service	454	2,601,690	2,601,690	0	2,601,690	454	0	0	0	0
Davidson	5,502	0	0	0	0	5,502	0	0	0	0
Water	6,919,419	11,869,080	12,974,700	188,930	13,163,630	5,207,247	0	295,288	0	122,334
Wastewater	12,475,203	12,698,290	14,404,490	191,840	14,596,330	9,798,280	0	218,705	0	560,178
Storm Water	1,363,493	3,113,260	3,803,470	45,780	3,849,250	125,976	0	182,233	0	319,294
Airport	778,630	610,100	868,570	9,950	878,520	0	0	11,400	0	498,810
Fleet Maintenance	17,304	879,800	855,450	16,000	871,450	0	0	13,424	0	12,230
Facility Maintenance	89,420	795,870	809,840	10,000	819,840	0	0	50,528	0	14,922
Tech and Communications	400,734	1,587,540	1,608,770	30,000	1,638,770	0	0	328,604	0	20,900
Administrative Services	43,097	4,554,350	4,544,060	30,000	4,574,060	0	0	13,089	0	10,298
Risk Management	847,639	1,061,830	1,093,830	275,000	1,368,830	0	0	500,000	0	40,639
<b>TOTAL</b>	<b>\$39,849,641</b>	<b>\$116,034,567</b>	<b>\$121,027,442</b>	<b>\$1,727,790</b>	<b>\$122,755,232</b>	<b>\$20,233,264</b>	<b>\$1,225,632</b>	<b>\$3,570,352</b>	<b>\$3,221,200</b>	<b>\$4,878,528</b>

- (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 General Fund 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. Note that the ending reserve balance shown here is \$967,911 higher than is expected to be the case since this early contribution will not be made now based on the need to offset the impact to the General Fund for the Hewlett-Packard property tax refund due early in FY 13-14.
- (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.

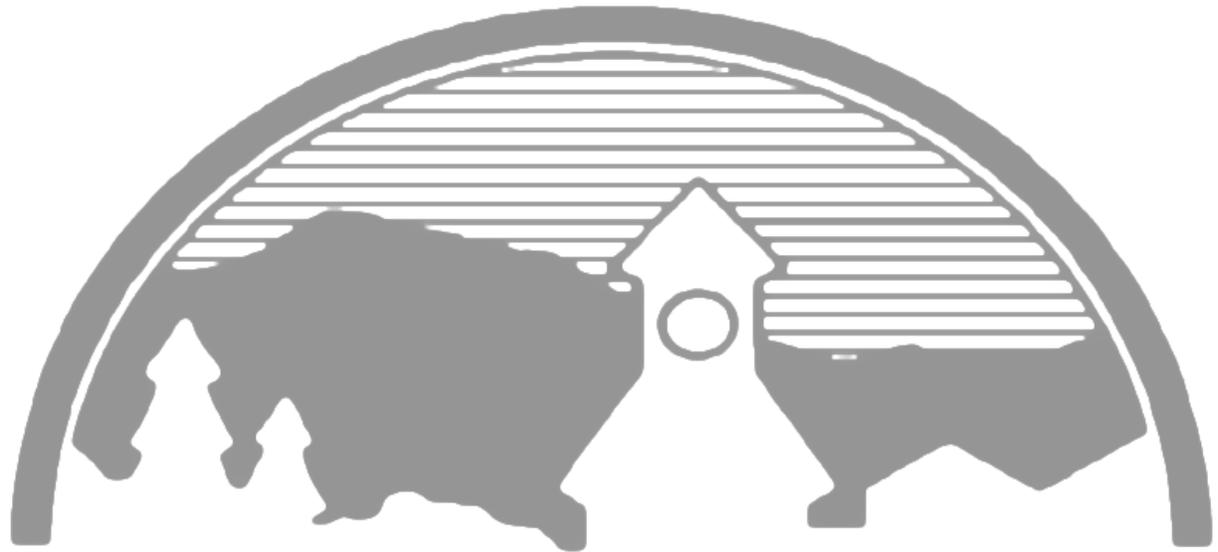


## RESERVES/CHANGES IN FUND BALANCE (Continued)

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 12-13 when compared to the Proposed ending fund balance for FY 13-14 is greater than 10%, and provides a brief explanation for that change.

**Changes of 10% or More in Fund Balance**

Fund	FY 12-13 Adopted End Fund Balance	FY 13-14 Adopted End Fund Balance	% Change	Projection - Reasoning
General	\$3	\$668,121	22123127.81%	The Parks & Recreation, Fire, and Library funds are being closed out to the General Fund in FY 13-14, which results in the zero balances seen below. Continued emphasis on achieving a sustainable budget by cutting expenses is expected to result in a greater General Fund (former Property Tax Funds Combined) ending fund balance than was projected for last fiscal year. The FY 13-14 Ending Fund Balance shown here is inclusive of an interfund loan from the Water SDC fund to help offset a refund to be paid to Hewlett-Packard as a result of their property tax appeal. Note that the HP refund amount is not built into the FY 13-14 Adopted Budget, but that this and other offsetting impacts are illustrated in the General Fund Financial Plan shown in the Budget Message on page 17.
Parks & Recreation	\$25	\$0	-100.00%	See General Fund explanation above.
Fire	\$2	\$0	-100.00%	See General Fund explanation above.
Library	\$20	\$0	-100.00%	See General Fund explanation above.
Street	\$30,922	\$278,010	799.07%	Vacancies through most of FY 12/13 contribute to significantly less personnel services costs and subsequently improve the beginning fund balance for FY 13/14, along with decreased CIP expenditures planned for Street Reconstruction.
911 Emergency	\$168,713	\$46,520	-72.43%	Personnel service costs are the primary driver of higher expenditures in FY 13/14 due to projected PERS/OPSRP rate and health premium cost increases, leading to lower ending fund balance.
Development Services	\$170,706	\$217,510	27.42%	Revenues have been revised up for FY 12/13 and FY 13/14 due to Service Enhancement Review Fee (SERF) increase approved, and some large development projects on the horizon.
Community Development Revolving	\$80,217	\$27,874	-65.25%	HUD's commitment of funding CDBG and HOME programs has declined significantly in recent years.
Parking	\$509,810	\$189,483	-62.83%	Potential parking district project costs associated with the Oregon State University collaboration lead to lower ending fund balance.
Transit	\$713,522	\$1,851,407	159.47%	Receipt of unbudgeted Business Energy Tax Credit (BETC) revenue in FY 12/13, accrued from prior years, contributed to a higher than anticipated fund balance.
Water	\$311,067	\$122,333	-60.67%	Drivers for the lower ending fund balance in FY 13/14 are increases in POB debt transfers, incremental CIP costs related to 36th & Grant project, and commencement of principal, in addition to interest, payments on SDC loan for North Hills.
Wastewater	\$1,016,164	\$560,178	-44.87%	Drivers for the lower ending fund balance in FY 13/14 are increases in POB debt transfers and CIP project costs related to Sewer Rehabilitation projects.
Storm Water	\$190,914	\$319,294	67.24%	Vacancies through most of FY 12/13 contribute to significantly less personnel services costs and subsequently improve the beginning fund balance for FY 13/14, along with projected increases to utility metered revenue due to the Council approved rate increase in February 2013.



# CORVALLIS

ENHANCING COMMUNITY LIVABILITY



## APPENDICES

### 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:

- Budget Commission & Department Directors – The Budget Commission consists of 18 Budget Commissioners made up of 9 council members and 9 community members. The Budget Commission, in conjunction with Department Directors and City Staff, work to develop the final Adopted budget each fiscal year.
- 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 2013-24, which represents the official enactment by the legislative body establishing the legal authority for officials to obligate and expend resources under Local Budget Law.
- Closed Funds – During FY 13-14 the City Council resolved to close the Parks & Recreation, Fire & Rescue, and Library funds and transfer their operations and balances into the General Fund. The closed funds are represented to show a historical and current fund balance view.
- 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.

# City of Corvallis, Oregon

501 SW Madison Ave

Corvallis, OR 97333

[www.corvallisoregon.gov](http://www.corvallisoregon.gov)

Officers, Budget Commission Members, and Department Directors as of June 30, 2013

## **Budget Commission**

Ward	Council	Years of Service	Term Expires*
	Julie Jones Manning, Mayor	Three	December 31, 2014
1	Penny York	One	December 31, 2014
2	Roan Hogg	Three	December 31, 2014
3	Richard Hervey, City Council President	Five	December 31, 2014
4	Dan Brown	Seven	December 31, 2014
5	Mike Beilstein	Nine	December 31, 2014
6	Joel Hirsch	Five	December 31, 2014
7	Bruce Sorté	One	December 31, 2014
8	Biff Traber, City Council Vice President	Four	December 31, 2014
9	Hal Brauner	Thirteen	December 31, 2014
Citizen	John Davis	Eleven	December 31, 2011
Citizen	Rich Caron	Eight	December 31, 2014
Citizen	Karyle Butcher	Six	December 31, 2016
Citizen	Barbara Bull	Five	December 31, 2017
Citizen	Elizabeth French	Five	December 31, 2017
Citizen	Curtis Wright, Budget Commission Chair	Three	December 31, 2019
Citizen	Laurie Mason	Three	December 31, 2019
Citizen	Janet Gambatese	One	December 31, 2021
Citizen	Mark O'Brien	One	December 31, 2021

\*Maximum term expiration is listed.

## **Department Directors**

		Years in this position	Years of Service with the City of Corvallis
City Manager	James Patterson	2	2
Finance Director	Nancy Brewer	19	23
Public Works Director	Mary Steckel	1	23
Community Development Director	Ken Gibb	18	18
Parks and Recreation Director	Karen Emery	5	24
Library Director	Carolyn Rawles-Heiser	15	15
Police Chief	John Sassaman	1	25
Fire Chief	Roy Emery	6	29

## 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 13-14 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.

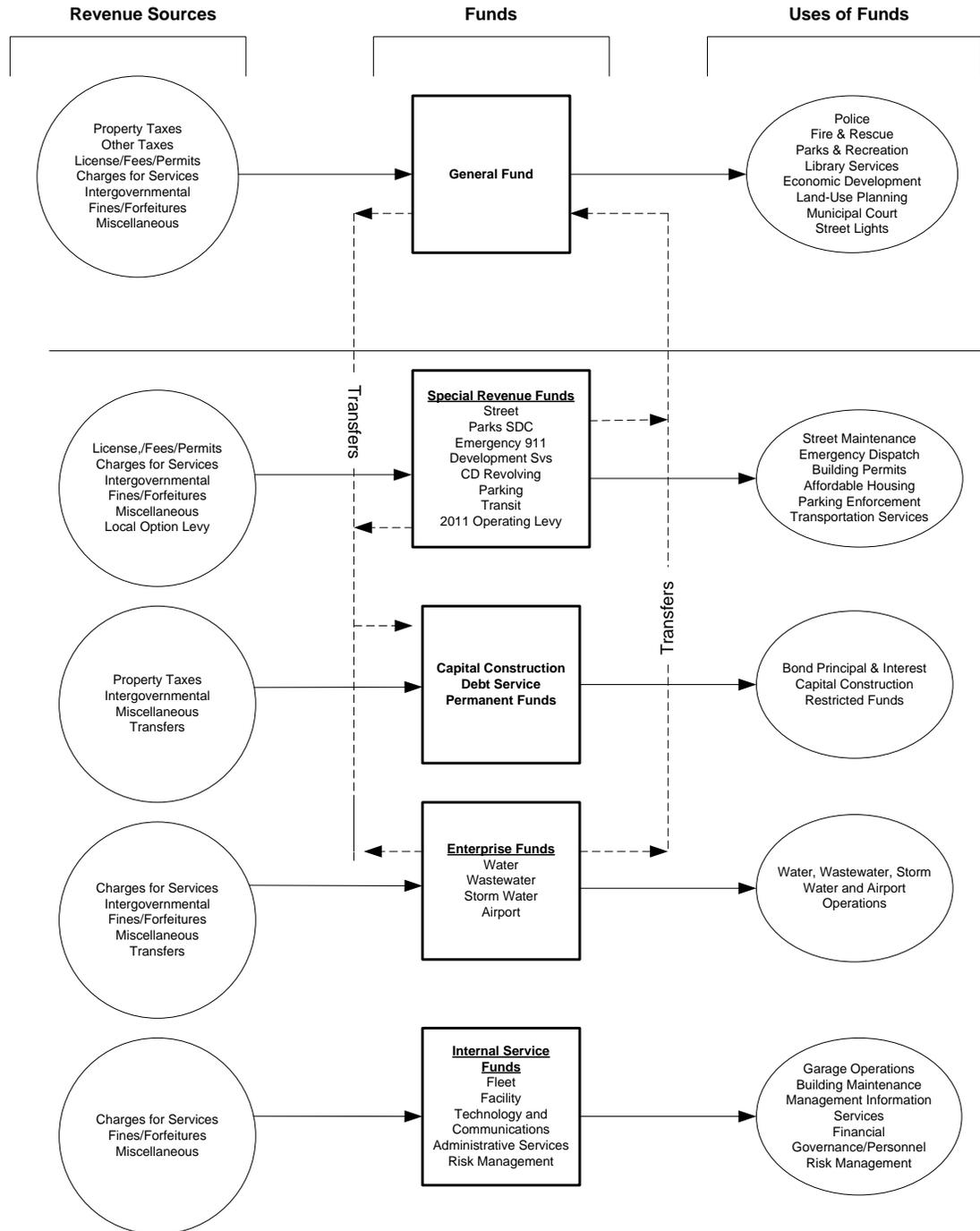
B. ***A Communications Device*** – The City's annual budget provides information about the priorities the City Council has set to be accomplished during the next fiscal year, but it also includes information about the day-to-day activities the City performs. The Budget Message provides a concise discussion 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 13-14, such key issues included the reductions required to achieve the council goal of a sustainable budget in the General Fund for FY 13-14 and the various challenges that will need to be addressed in the future in order to maintain a sustainable budget. 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 2012 had a 65% return rate, which is very good compared with other local governments' resident surveys, and above the 31% return rate achieved in 2011. The response decline during 2011 was partly attributed to the longer format of the National Research Center's (NRC) national citizen survey adopted for use three years ago. While the 2011 response rate was still considered statistically viable, this was one of several reasons, including cost, that prompted the City to bring the survey back in-house commencing in 2012. The 2012 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 rating of 'good' or 'excellent' included 9-1-1 emergency dispatch, ambulance, public library and City parks. All of these program areas also scored above a 90% in 2011.

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' budgets are 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 “General Fund, 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 is linked and referred to as the Property Tax Supported Fund. Prior to FY 13-14 there were three special revenue funds (Parks & Recreation, Fire & Rescue, and Library) that received property tax revenue, in addition to the General Fund, and 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 had the authority to change the allocation of property taxes each year. Prior to FY 13-14, by Council Financial Policy, these four funds were reviewed together in the all tax funds combined presentation, and taxes were re-allocated each year to keep each individual fund balanced and positive. As of FY 13-14, Parks & Recreation, Fire & Rescue, and Library have been integrated directly into the General Fund and the special revenue funds originally established for these three areas will cease to exist as of June 30, 2014.

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 General 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 87.

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 website](#). 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 276.

# 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 283) 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 286 for the FY 13-14 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 members 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 [here](#).
- ▶ 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 19).
- ▶ 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://www.corvallisoregon.gov/index.aspx?page=1131>
- ▶ 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://www.corvallisoregon.gov/modules/showdocument.aspx?documentid=6874>
- ▶ 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 294).
- ▶ 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 239) 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.
- ▶ 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 52.

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 develops 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 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 286).

### **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 13-14, 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 reviews 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 is 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, the coming fiscal year's 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 286.

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 General, 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 books for 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](mailto: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. (9 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 (12 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 2013- 24**

**A RESOLUTION LEVYING TAXES AND APPROPRIATING THE FY 2013-14 BUDGET.**

Minutes of the meeting of June 17, 2013 continued.

A resolution submitted by Council member Brauner.

**WHEREAS**, the Corvallis Budget Commission convened on April 23, 2013 to receive the City Manager's Proposed Budget for FY 13-14; and

**WHEREAS**, the Corvallis Budget Commission held a public hearing and deliberated on April 30, 2013, and recommended that the City Council adopt a budget totaling \$122,660,372; 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 \$1,097,440 for debt service; and

**WHEREAS**, the City Council held a public hearing on June 3, 2013 and further amended the Budget Commission's recommended budget at its regular meeting on June 3, 2013 as permitted under ORS 294.456; and

**WHEREAS**, the City Council held an additional public hearing on June 17, 2013 after re-noticing a proposed change made at the June 3, 2013 meeting for the total amount to levy for debt service, and approved this change to the Budget Commission's recommended budget at its regular meeting on June 17, 2013 as permitted under ORS 294.456;

**NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE CITY COUNCIL OF THE CITY OF CORVALLIS** that the 2013-14 budget of 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, 2013.

**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, 2013.

**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: \$1,177,440 .

**IT IS FURTHER RESOLVED** that the amounts of the appropriations for the fiscal year beginning July 1, 2013 shall be as follows:

**GENERAL FUND**

Operating Budget:			
City Manager's Office		\$326,250	
Community Development Department		1,309,840	
Finance Department		646,770	
Fire Department		10,485,960	
Library Department		5,878,150	
Parks & Recreation Department		6,164,230	
Police Department		10,649,520	
Public Works Department		1,026,260	
Non-Departmental		1,448,070	
Non-Operating Budget:			
Transfers		2,481,170	
Other Financing Uses		774,640	
Debt Service - Principal		195,000	
Debt Service - Interest		48,180	
Contingency		630,000	
<b>TOTAL GENERAL FUND</b>			<b>\$42,064,040</b>

**STREET FUND**

Operating Budget:			
Community Development Department		\$22,120	
Public Works Department		4,170,440	
Non-Operating Budget:			
Transfers		1,513,550	
Contingency		73,180	
<b>TOTAL STREET FUND</b>			<b>\$5,779,290</b>

**PARKS AND RECREATION FUND**

Non-Operating Budget:			
Transfers		\$3,529,528	
<b>TOTAL PARKS AND RECREATION FUND</b>			<b>\$3,529,528</b>

**PARKS SYSTEMS DEVELOPMENT CHARGE FUND**

Non-Operating Budget:			
Transfers		\$995,020	
<b>TOTAL PARKS SYSTEMS DEVELOPMENT CHARGE FUND</b>			<b>\$995,020</b>

**9-1-1 EMERGENCY COMMUNICATIONS FUND**

Operating Budget:			
Police Department		\$2,320,330	
Non-Operating Budget:			
Transfers		90,510	
Contingency		45,240	
<b>TOTAL 9-1-1 COMMUNICATIONS FUND</b>			<b>\$2,456,080</b>

**DEVELOPMENT SERVICES FUND**

Operating Budget:		
Community Development Department	\$3,274,050	
Non-Operating Budget:		
Transfers	85,470	
Contingency	50,000	
<b>TOTAL DEVELOPMENT SERVICES FUND</b>		<b>\$3,409,520</b>

**FIRE AND RESCUE FUND**

Non-Operating Budget:		
Transfers	\$1,053,035	
<b>TOTAL FIRE AND RESCUE FUND</b>		<b>\$1,053,035</b>

**COMMUNITY DEVELOPMENT REVOLVING FUND**

Operating Budget:		
Community Development Department	\$3,141,770	
Non-Operating Budget:		
Transfers	23,710	
Contingency	30,760	
<b>TOTAL CD REVOLVING FUND</b>		<b>\$3,196,240</b>

**PARKING FUND**

Operating Budget:		
Community Development Department	\$4,220	
Finance Department	273,220	
Police Department	373,560	
Public Works Department	495,330	
Non-Operating Budget:		
Transfers	273,040	
Contingency	13,340	
<b>TOTAL PARKING FUND</b>		<b>\$1,432,710</b>

**TRANSIT FUND**

Operating Budget:		
Public Works Department	\$4,021,090	
Non-Operating Budget:		
Transfers	16,860	
Contingency	87,770	
<b>TOTAL TRANSIT FUND</b>		<b>\$4,125,720</b>

**2011 OPERATING LEVY FUND**

Non-Operating Budget:		
Transfers	\$1,908,620	
<b>TOTAL 2011 OPERATING LEVY FUND</b>		<b>\$1,908,620</b>

**LIBRARY FUND**

Non-Operating Budget:

Transfers

\$1,040,884**TOTAL LIBRARY FUND**

\$1,040,884

**CAPITAL IMPROVEMENT FUND**

Non-Operating Budget:

Capital Projects

\$6,334,925**TOTAL CAPITAL CONSTRUCTION FUND**

\$6,334,925

**GENERAL OBLIGATION DEBT SERVICE FUND**

Non-Operating Budget:

Debt Service - Principal

\$835,000

Debt Service - Interest

232,250**TOTAL G.O. DEBT SERVICE FUND**

\$1,067,250

**PENSION OBLIGATION DEBT SERVICE FUND**

Operating Budget:

Non-Departmental

\$1,350

Non-Operating Budget:

Debt Service - Principal

570,260

Debt Service - Interest

2,030,080**TOTAL PENSION OBLIGATION DEBT SERVICE FUND**

\$2,601,690

**DAVIDSON FUND**

Operating Budget:

Library Department

\$0**TOTAL DAVIDSON FUND**

\$0

**WATER FUND**

Operating Budget:

Community Development Department

\$56,850

Public Works Department

7,675,400

Non-Operating Budget:

Capital Projects

1,306,580

Transfers

2,473,970

Other Financing Uses

495,400

Debt Service - Principal

930,000

Debt Service - Interest

36,500

Contingency

188,930**TOTAL WATER FUND**

\$13,163,630

**WASTEWATER FUND**

Operating Budget:		
Community Development Department	\$54,640	
Public Works Department	8,308,200	
Non-Operating Budget:		
Capital Projects	1,594,930	
Transfers	2,193,070	
Debt Service - Principal	1,863,940	
Debt Service - Interest	389,710	
Contingency	191,840	
<b>TOTAL WASTEWATER FUND</b>		<b>\$14,596,330</b>

**STORM WATER FUND**

Operating Budget:		
Community Development Department	\$55,560	
Public Works Department	2,263,460	
Non-Operating Budget:		
Capital Projects	787,500	
Transfers	696,950	
Contingency	45,780	
<b>TOTAL STORM WATER FUND</b>		<b>\$3,849,250</b>

**AIRPORT FUND**

Operating Budget:		
Public Works Department	\$621,050	
Non-Operating Budget:		
Capital Projects	112,850	
Transfers	19,620	
Debt Service - Principal	109,050	
Debt Service - Interest	6,000	
Contingency	9,950	
<b>TOTAL AIRPORT FUND</b>		<b>\$878,520</b>

**FLEET MAINTENANCE FUND**

Operating Budget:		
Public Works Department	\$855,450	
Non-Operating Budget:		
Contingency	16,000	
<b>TOTAL FLEET MAINTENANCE FUND</b>		<b>\$871,450</b>

**FACILITY MAINTENANCE FUND**

Operating Budget:		
Public Works Department	\$809,840	
Non-Operating Budget:		
Contingency	10,000	
<b>TOTAL FACILITY MAINTENANCE FUND</b>		<b>\$819,840</b>

**TECHNOLOGY AND COMMUNICATIONS FUND**

Operating Budget:		
Finance Department	\$1,417,940	
Public Works Department	190,830	
Non-Operating Budget:		
Contingency	<u>30,000</u>	
<b>TOTAL TECHNOLOGY AND COMMUNICATIONS FUND</b>		\$1,638,770

**ADMINISTRATIVE SERVICES FUND**

Operating Budget:		
City Manager's Office	\$1,876,930	
Finance Department	2,667,130	
Non-Operating Budget:		
Contingency	<u>30,000</u>	
<b>TOTAL ADMINISTRATIVE SERVICES FUND</b>		\$4,574,060

**RISK MANAGEMENT FUND**

Operating Budget:		
City Manager's Office	\$1,093,830	
Non-Operating Budget:		
Contingency	<u>275,000</u>	
<b>TOTAL RISK MANAGEMENT FUND</b>		\$1,368,830

**TOTAL FY 13-14 APPROPRIATIONS** \$122,755,232

**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 \$1,177,440 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.

## CLOSED FUNDS

### FIRE AND RESCUE FUND SUMMARY

	ACTUAL 2010-11	ACTUAL 2011-12	ADOPTED BUDGET 2012-13	REVISED 2012-13	PROPOSED BUDGET 2013-14	COMMISSION RECOMMENDED 2013-14	COUNCIL APPROVED 2013-14
<b>Resources:</b>							
Beginning Fund Balance	\$1,820,879	\$1,165,146	\$352,476	\$679,285	\$1,053,035	\$1,053,035	\$1,053,035
Property Taxes	\$6,842,357	\$7,871,299	\$8,332,270	\$8,049,410	\$0	\$0	\$0
Licenses, Fees, & Permits	21,162	\$22,544	18,640	19,190	0	0	0
Charges for Service	3,271,140	\$3,392,735	3,473,230	3,463,680	0	0	0
Intergovernmental	37,562	\$85,863	37,700	43,760	0	0	0
Fines & Forfeitures	17,223	\$12,310	8,950	11,300	0	0	0
Miscellaneous	72,221	\$24,744	13,130	38,510	0	0	0
Other Financing Sources	17,505	40,500	0	14,920	0	0	0
Current Revenues	\$10,279,170	\$11,449,995	\$11,883,920	\$11,640,770	\$0	\$0	\$0
<b>Total Resources</b>	<b>\$12,100,049</b>	<b>\$12,615,141</b>	<b>\$12,236,396</b>	<b>\$12,320,055</b>	<b>\$1,053,035</b>	<b>\$1,053,035</b>	<b>\$1,053,035</b>
<b>Requirements:</b>							
Operating Budget:							
Fire & Rescue	\$10,413,153	\$11,015,256	\$10,449,720	\$10,311,580	\$0	\$0	\$0
<b>Total Operating Budget</b>	<b>\$10,413,153</b>	<b>\$11,015,256</b>	<b>\$10,449,720</b>	<b>\$10,311,580</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Non-Operating:							
Transfers Out	\$521,750	\$920,600	\$955,440	\$955,440	\$1,053,035	\$1,053,035	\$1,053,035
Contingency	0	0	157,240	0	0	0	0
<b>Total Non-Operating</b>	<b>\$521,750</b>	<b>\$920,600</b>	<b>\$1,112,680</b>	<b>\$955,440</b>	<b>\$1,053,035</b>	<b>\$1,053,035</b>	<b>\$1,053,035</b>
<b>Total Requirements</b>	<b>\$10,934,903</b>	<b>\$11,935,856</b>	<b>\$11,562,400</b>	<b>\$11,267,020</b>	<b>\$1,053,035</b>	<b>\$1,053,035</b>	<b>\$1,053,035</b>
Ending Fund Balance	\$1,165,146	\$679,285	\$673,996	\$1,053,035	\$0	\$0	\$0

### LIBRARY FUND SUMMARY

	ACTUAL 2010-11	ACTUAL 2011-12	ADOPTED BUDGET 2012-13	REVISED 2012-13	PROPOSED BUDGET 2013-14	COMMISSION RECOMMENDED 2013-14	COUNCIL APPROVED 2013-14
<b>Resources:</b>							
Beginning Fund Balance	\$813,008	\$1,230,973	\$1,115,333	\$1,490,744	\$1,040,884	\$1,040,884	\$1,040,884
Property Taxes	\$3,937,789	\$2,663,438	\$2,134,980	\$2,062,500	\$0	\$0	\$0
Charges for Service	43,340	\$41,192	43,420	41,920	0	0	0
Intergovernmental	2,407,275	\$2,499,769	2,451,370	2,461,890	0	0	0
Fines & Forfeitures	94,207	\$98,868	104,800	102,000	0	0	0
Miscellaneous	78,641	\$74,813	78,570	79,350	0	0	0
Transfers In	0	\$920,252	1,009,360	999,540	0	0	0
Other Financing Sources	0	0	30,000	0	0	0	0
Current Revenues	\$6,561,252	\$6,298,332	\$5,852,500	\$5,747,200	\$0	\$0	\$0
<b>Total Resources</b>	<b>\$7,374,260</b>	<b>\$7,529,305</b>	<b>\$6,967,833</b>	<b>\$7,237,944</b>	<b>\$1,040,884</b>	<b>\$1,040,884</b>	<b>\$1,040,884</b>
<b>Requirements:</b>							
Operating Budget:							
Library	\$5,907,437	\$5,901,472	\$6,053,510	\$6,004,370	\$0	\$0	\$0
<b>Total Operating Budget</b>	<b>\$5,907,437</b>	<b>\$5,901,472</b>	<b>\$6,053,510</b>	<b>\$6,004,370</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Non-Operating:							
Transfers Out	\$235,850	\$137,090	\$192,690	\$192,690	\$1,040,884	\$1,040,884	\$1,040,884
Contingency	0	0	63,360	0	0	0	0
<b>Total Non-Operating</b>	<b>\$235,850</b>	<b>\$137,090</b>	<b>\$256,050</b>	<b>\$192,690</b>	<b>\$1,040,884</b>	<b>\$1,040,884</b>	<b>\$1,040,884</b>
<b>Total Requirements</b>	<b>\$6,143,287</b>	<b>\$6,038,562</b>	<b>\$6,309,560</b>	<b>\$6,197,060</b>	<b>\$1,040,884</b>	<b>\$1,040,884</b>	<b>\$1,040,884</b>
Ending Fund Balance	\$1,230,973	\$1,490,744	\$658,273	\$1,040,884	\$0	\$0	\$0

## CLOSED FUNDS (Continued)

### PARKS AND RECREATION FUND SUMMARY

	ACTUAL 2010-11	ACTUAL 2011-12	ADOPTED BUDGET 2012-13	REVISED 2012-13	PROPOSED BUDGET 2013-14	COMMISSION RECOMMENDED 2013-14	COUNCIL APPROVED 2013-14
<b>Resources:</b>							
Beginning Fund Balance	\$1,420,355	\$2,514,880	\$2,989,390	\$3,659,708	\$3,513,528	\$3,529,528	\$3,529,528
Property Taxes	\$3,971,633	\$3,833,052	\$3,303,940	\$3,191,780	\$0	\$0	\$0
Licenses, Fees, & Permits	85,200	\$139,678	141,300	141,300	0	0	0
Charges for Service	2,569,529	\$2,163,246	1,831,140	1,724,000	0	0	0
Intergovernmental	7,400	\$11,800	7,400	5,770	0	0	0
Fines & Forfeitures	228	\$467	250	250	0	0	0
Miscellaneous	101,742	\$151,321	83,830	257,010	0	0	0
Transfers In	16,449	\$820,456	844,150	820,210	0	0	0
Current Revenues	\$6,752,181	\$7,120,020	\$6,212,010	\$6,140,320	\$0	\$0	\$0
<b>Total Resources:</b>	<b>\$8,172,536</b>	<b>\$9,634,900</b>	<b>\$9,201,400</b>	<b>\$9,800,028</b>	<b>\$3,513,528</b>	<b>\$3,529,528</b>	<b>\$3,529,528</b>
<b>Requirements:</b>							
<b>Operating Budget:</b>							
Parks and Recreation	\$5,441,267	\$5,683,816	\$5,928,130	\$5,858,590	\$0	\$0	\$0
<b>Total Operating Budget</b>	<b>\$5,441,267</b>	<b>\$5,683,816</b>	<b>\$5,928,130</b>	<b>\$5,858,590</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Non-Operating:</b>							
Transfers Out	\$216,389	\$291,376	\$1,309,423	\$411,910	\$3,513,528	\$3,513,528	\$3,529,528
Contingency	0	0	67,390	0	0	0	0
<b>Total Non-Operating</b>	<b>\$216,389</b>	<b>\$291,376</b>	<b>\$1,376,813</b>	<b>\$411,910</b>	<b>\$3,513,528</b>	<b>\$3,513,528</b>	<b>\$3,529,528</b>
<b>Total Requirements</b>	<b>\$5,657,656</b>	<b>\$5,975,192</b>	<b>\$7,304,943</b>	<b>\$6,270,500</b>	<b>\$3,513,528</b>	<b>\$3,513,528</b>	<b>\$3,529,528</b>
Ending Fund Balance	\$2,514,880	\$3,659,708	\$1,896,457	\$3,529,528	\$0	\$16,000	\$0

# FINANCIAL POLICIES

Adopted November 27, 1989

Last Revised March 4, 2013

## **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 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. The portion of the fund balance that is not available for appropriation will be identified as a Reserved Balance.

**10.02.040 Fund Balance Policy**

A. General Fund – Budgetary Fund Balance for Financial Planning Purposes

1. The City Council has established the fund balance reserve target for the General Fund to total three months of payroll expenses.
2. The City Council shall appropriate 10% of the target fund balance amount each fiscal year as a contingency to be used for unanticipated expenditures such as costs associated with a response to a disaster, or to meet unanticipated increases in service delivery costs. Use of the contingency is expected to be infrequent. The City Council must authorize expenditure of any contingencies via a resolution.
3. 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.
4. Should the projected ending fund balance reserve 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 reserve 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 reserve 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 reserve 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 reserve is lower than the target as the result of short-term poor experience (i.e., costs to respond to a natural disaster; use of contingencies for unanticipated expenditures), the City Manager shall recommend a strategy for re-building the fund balance reserve 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.
5. 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. Appropriate Budgetary Fund Balance – all other funds

- 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; 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 shall be accounted for in the General Fund.

#### **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 is 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 Personnel 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 – Non-General Fund**

- A. Contingency Amount -- To meet emergency conditions, the budget shall provide for an appropriated contingency in each fund other than the General Fund 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 maintain the City's investment in infrastructure, this policy provides direction for the development and implementation of the annual CIP.

**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.

## **CP 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 elections in May or November; 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 for General Fund supported LTGO debt 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 have 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 as soon as practical, but no later than August 31 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 31<sup>st</sup> 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.

Personnel 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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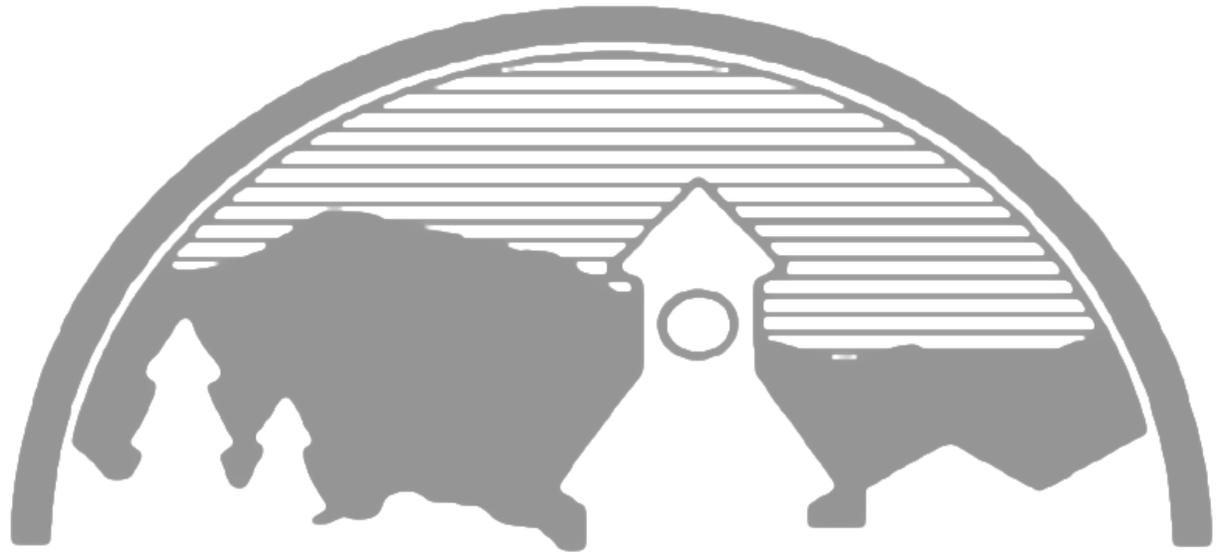
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**OTHER BUDGETARY RESOURCES/REFERENCES\***

The City Newsletter.....	<a href="http://www.corvallisoregon.gov/index.aspx?page=611">http://www.corvallisoregon.gov/index.aspx?page=611</a>
Budget FAQs.....	<a href="http://www.corvallisoregon.gov/index.aspx?page=1288">http://www.corvallisoregon.gov/index.aspx?page=1288</a>
Citizen Attitude Survey.....	<a href="http://www.corvallisoregon.gov/index.aspx?page=1131">http://www.corvallisoregon.gov/index.aspx?page=1131</a>
City of Corvallis website .....	<a href="http://www.corvallisoregon.gov/">http://www.corvallisoregon.gov/</a>
Community's Goals (City Economic Info) .....	<a href="http://www.corvallisoregon.gov/modules/showdocument.aspx?documentid=6874">http://www.corvallisoregon.gov/modules/showdocument.aspx?documentid=6874</a>
Other Planning Documents.....	<a href="http://www.corvallisoregon.gov/index.aspx?page=302">http://www.corvallisoregon.gov/index.aspx?page=302</a>
Sustainability Annual Report .....	<a href="http://www.corvallisoregon.gov/index.aspx?page=927">http://www.corvallisoregon.gov/index.aspx?page=927</a>
Vision 2020 .....	<a href="http://www.corvallisoregon.gov/index.aspx?page=51">http://www.corvallisoregon.gov/index.aspx?page=51</a>

\* 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.



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