



ADMINISTRATIVE SERVICES COMMITTEE

Agenda

Wednesday, January 7, 2015
3:30 pm

Madison Avenue Meeting Room
500 SW Madison Avenue

- | | |
|------------------------------------|---|
| Discussion/ Possible Action | I. Meeting date, time discussion |
| Discussion/ Possible Action | II. Visit Corvallis First Quarter Report (Attachment) |
| Discussion/ Possible Action | III. Downtown Corvallis Association Economic Improvement District First Quarter Report (Attachment) |
| Discussion/ Possible Action | IV. First Quarter Operating Report (Attachment) |
| Information | V. Other Business |

Next Scheduled Meeting

Date and Time to be determined

Madison Avenue Meeting Room, 500 SW Madison Avenue

Agenda

Council Policy Review and Recommendation:

- 4.14, "Use of City Hall Plaza and Kiosk"

Fiscal Year 2013-2014 Parks and Recreation Department
Cost Recovery Review

MEMORANDUM

DATE: November 24, 2014
TO: Administrative Services Committee
FROM: Tom Nelson, Economic Development Manager *TN*
SUBJECT: First Quarter Fiscal Year 2014-15 Visit Corvallis Program Review

I. Issue

Review and acceptance of the Visit Corvallis first quarter report for Fiscal Year 2014-15.

II. Background

The City of Corvallis budgeted \$428,330 for Visit Corvallis in FY 2014-15. The City will provide monthly payments of \$35,694, and a final payment of \$35,696. The City has funded \$107,082 in the first quarter. During the first quarter expenditures exceeded budgeted revenues due to the large carry-over from the past fiscal year and the need to increase marketing expenditures. The City's contract with Visit Corvallis requires the agency to submit quarterly reports of all activities.

III. Discussion

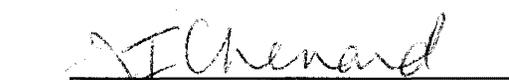
Attached is the first quarter report submitted by Visit Corvallis (Attachment A). The Visit Corvallis Financial Statements (Attachment B) were reviewed by the City's Finance staff and found to be in compliance with their agreement with the City (Attachment C).

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

IV. Action Requested

Review the report and recommend Council acceptance of the Visit Corvallis first quarter report for Fiscal Year 2015.

REVIEW AND CONCUR:



Janet Chenard
Interim Finance Director

REVIEW AND CONCUR:



Nancy Brewer
City Manager Pro Tem

VISIT CORVALLIS

Quarterly Community Report - July, August, September 2014

Executive Director's Report

We are very pleased to report that both July and August of this year were significantly up, both in occupancy and Average Daily Rate, over this time last year. Occupancy was up 9% in July and 9.4% in August. Average Daily Rate was up 5.2% in July and 6.2% in August. September numbers are not yet in.

First Quarter Highlights

What a very busy summer! We hosted two "familiarization trips" with a group of meeting planners and a group of group tour planners, looking to secure more meetings and more group tour leisure travel for Corvallis in the coming year.

Through our involvement with the Willamette Valley Visitors Association, we had the opportunity to participate in Feast Portland, a huge wine and food festival that is held each year in September. We had two chefs from our area represent Corvallis the first afternoon next to the wine garden where we garnered lots of media attention which was terrific.

We also hosted six national media writers at Gathering Together Farm on their way to Feast. We have bids out on several conferences for the end of this year, one in February 2015 and one in October 2016.

We participated in the first Strategic Arts Planning Meeting in August and worked with Corvallis Beer Week to capture images and to add another events into the mix.

On an administrative note, we are looking to replace our Travel Trade/Conference Services Manager, who resigned in August and we held our Annual Meeting in September. This is the meeting where we elect new officers for the Board of Directors and confirm other officers that have been elected to the Board by our membership.

The slate of officers for 2014-2015 are: Marti Barlow (Concierge to Go), President; Lainey Dyer (Lainey Dyer Photography), Vice-President; Jen Humcke (OSU Federal Credit Union), Treasurer; David Gerkman (Hilton Garden Inn), Secretary; and Tom Johns (Emerson Vineyards), Past President.

Newly elected Board members are: Kavinda Arthenayake, David Gerkman, Linda van Powell and Tom Johns.

The remaining Board members are: Michael Dalton, Carole Hobrock, Scottie Jones, Randy Joss, Bre Kerkvliet-Miller, Shanan LeBre, Kate Lynch, Mike Ripley, and Lonny Wunder. Our City Liaison is Biff Traber. Ex-officio Directors are: the President of the Chamber Board of Directors, Tom Nelson and Melody Oldfield.

Visitors Information Report

During the months of July, August and September, 2014 we greeted a total of 1,319 walk-in visitors, a 47% increase from the same time last year. The increase is partially due to ODOT completing the installation of proper signage to our facility. We

distributed 1,450 visitor guides, and 1,600 maps to Corvallis lodging properties, OSU and various other Corvallis businesses upon request.

Lead requests received for our visitor guide through VisitCorvallis.com, OregonWineCountry.org and leads received in response to online & print advertisement placed by Visit Corvallis and/or the Willamette Valley Visitors Association totaled 8,200. Relocation packet requests received through VisitCorvallis.com totaled 22 for the quarter.

Eight hundred and eighty Table Tents promoting Corvallis and Benton County events occurring during the months of July/August and September/October were distributed to local restaurants and other various businesses in the city and county.

Social and Digital Media Report

Google Analytics has recently updated its metrics, and some terms have changed or been replaced with new metrics.

VisitCorvallis.com had 62,002 sessions (period of time the user is actively engaged with the site) between August and September, up 9.5% from last year. We had 46,650 users (visitors who have had at least one session, includes new and returning visitors), up almost 13% from last year.

Our pageviews are down 12% from last year, from 163,632 to 143,779. We're still hunting for a good plugin to refer traffic to similar articles on our site, to help bring this number back up.

Our top five traffic-referring sites this quarter were, in order from most to least, our Tumblr blog, Facebook's mobile site, CorvallisOregon.gov, Facebook.com and i.facebook.com (a Facebook app).

Our most popular pages, not including our home page, were the events calendar, our "Things to Do" landing page, our "Seven Wonders of Corvallis" campaign page, our "Coming up in Corvallis" landing page, and our "Dining" landing page.

We sent 11,272 outclicks to our members and area businesses this quarter, down 35% from last year. The top five receivers of traffic were the Bounty of Benton County, the Farmers Market, the City of Corvallis events calendar, the Fall Festival and Corvallis Comfort Suites.

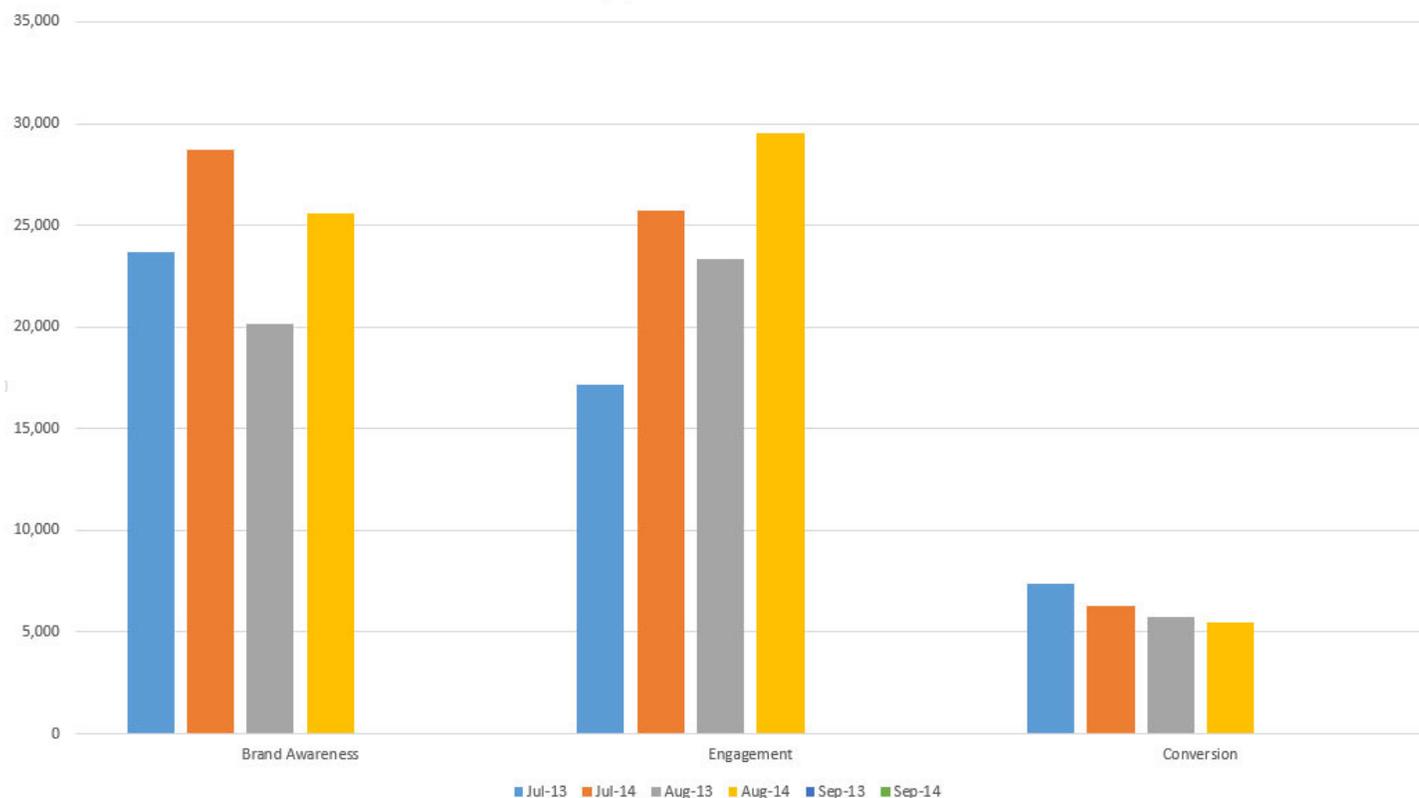
Several of the top receiving sites this quarter were for events where we provided a lot of necessary information on our site. This may have led to the drop in click-throughs, as visitors didn't need to go to other sites for information. We'll look at reworking these entries to promote more click-throughs to member sites.

Our Facebook Page's post reach and engagement remain very good despite recent changes to Facebook's newsfeed algorithm. Twitter's newly-released analytics report that our tweets have had 115.9K impressions this quarter. Other social media sites currently lack meaningful metrics.

VISIT CORVALLIS

Quarterly Community Report - July, August, September 2014

Brand Awareness, Engagement & Conversion Metrics, 2013 - 2014



	Brand Awareness	Engagement	Conversion
July 2013	23,677	17,174	7,379
July 2014	28,731	25,729	6,317
August 2013	20,117	23,338	5,772
August 2014	25,575	29,511	5,458
September 2013	0	0	0
September 2014	0	0	0

The Brand Awareness, Engagement and Conversion numbers for September 2014 aren't yet available.



First Quarter Report

(July through September, 2014)

Visit Corvallis
Balance Sheet
As of September 30, 2014

	<u>Sep 30, 14</u>
ASSETS	
Current Assets	
Checking/Savings	
Checking - OSUFCU	38,487.34
Money Market-OSUFCU	20,506.40
Paypal Checking	463.45
Savings - OSUFCU	5.00
Total Checking/Savings	<u>59,462.19</u>
Accounts Receivable	
Accounts Receivable	439.20
Total Accounts Receivable	<u>439.20</u>
Other Current Assets	
Petty Cash	40.00
Total Other Current Assets	<u>40.00</u>
Total Current Assets	59,941.39
Fixed Assets	
Accumulated Depreciation	-1,997.98
Office Equipment & Furniture	12,147.30
Total Fixed Assets	<u>10,149.32</u>
Other Assets	
Rent Deposit	1,700.00
Total Other Assets	<u>1,700.00</u>
TOTAL ASSETS	<u>71,790.71</u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Credit Cards	
OSU Fed Visa	2,313.26
Total Credit Cards	<u>2,313.26</u>
Other Current Liabilities	
Corvallis Book Sales	449.20
Payroll Liabilities	-195.00
Payroll liabilities - Other	5,234.21
Payroll tax liabilities	5,234.14
Total Other Current Liabilities	<u>10,722.55</u>
Total Current Liabilities	<u>13,035.81</u>
Total Liabilities	13,035.81
Equity	
Net Assets	83,263.93
Net Income	-24,509.03
Total Equity	<u>58,754.90</u>
TOTAL LIABILITIES & EQUITY	<u>71,790.71</u>

Visit Corvallis
Profit & Loss
July through September 2014

	<u>Jul - Sep 14</u>
Ordinary Income/Expense	
Income	
City of Corvallis	107,082.00
Interest Income	5.16
Membership	50.00
Relocation Packets	9.00
Souvenir Income	12.42
	<hr/>
Total Income	107,158.58
Expense	
Administration	12,947.94
Conferences/Education	1,192.03
Marketing/Advertising	35,159.81
Marketing/Community Relations	223.49
Marketing/Contract Services	2,600.00
Marketing/Dues	5,065.00
Marketing/Entertainment	200.51
Marketing/Festivals	8,877.75
Marketing/Internet	1,072.71
Marketing/Postage-Shipping	4,305.16
Marketing/Printing	225.00
Marketing/Promotions	34.99
Marketing/Research	2,000.00
Marketing/Sales Trips	6,202.24
Marketing/Sports Grants	755.00
Marketing/Telephone	87.82
Marketing/Visitor Services	850.40
Payroll Expenses	28.45
Personnel	49,839.31
	<hr/>
Total Expense	131,667.61
Net Ordinary Income	<hr/> -24,509.03
Net Income	<hr/> -24,509.03 <hr/>

Profit & Loss Prev Year Comparison

July through September 2014

	Jul - Sep 14	Jul - Sep 13	\$ Change	% Change
Ordinary Income/Expense				
Income				
City of Corvallis	107,082.00	97,086.00	9,996.00	10.3%
Income/Misc	0.00	57.99	-57.99	-100.0%
Interest Income	5.16	6.18	-1.02	-16.5%
Membership	50.00	0.00	50.00	100.0%
Relocation Packets	9.00	9.00	0.00	0.0%
Souvenir Income	12.42	30.01	-17.59	-58.6%
Total Income	107,158.58	97,189.18	9,969.40	10.3%
Expense				
Administration	12,947.94	12,943.89	4.05	0.0%
Conferences/Education	1,192.03	2,115.00	-922.97	-43.6%
Marketing/Advertising	35,159.81	29,197.42	5,962.39	20.4%
Marketing/Community Relations	223.49	113.00	110.49	97.8%
Marketing/Contract Services	2,600.00	2,900.00	-300.00	-10.3%
Marketing/Convention Servicing	0.00	150.00	-150.00	-100.0%
Marketing/Dues	5,065.00	4,812.00	253.00	5.3%
Marketing/Entertainment	200.51	253.98	-53.47	-21.1%
Marketing/Festivals	8,877.75	11,651.00	-2,773.25	-23.8%
Marketing/Internet	1,072.71	956.93	115.78	12.1%
Marketing/Postage-Shipping	4,305.16	1,411.60	2,893.56	205.0%
Marketing/Printing	225.00	192.24	32.76	17.0%
Marketing/Promotions	34.99	4,722.41	-4,687.42	-99.3%
Marketing/Research	2,000.00	2,000.00	0.00	0.0%
Marketing/Sales Trips	6,202.24	1,139.30	5,062.94	444.4%
Marketing/Sports Grants	755.00	1,827.88	-1,072.88	-58.7%
Marketing/Telephone	87.82	88.43	-0.61	-0.7%
Marketing/Visitor Services	850.40	1,181.80	-331.40	-28.0%
Payroll Expenses	28.45	34.80	-6.35	-18.3%
Personnel	49,839.31	52,148.06	-2,308.75	-4.4%
Total Expense	131,667.61	129,839.74	1,827.87	1.4%
Net Ordinary Income	-24,509.03	-32,650.56	8,141.53	24.9%
Net Income	-24,509.03	-32,650.56	8,141.53	24.9%



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

MEMORANDUM

11/18/14

TO: Tom Nelson, Economic Development
FROM: Julian Contreras, Financial Services Manager
SUBJECT: Visit Corvallis Financial Report – First Quarter, FY 14/15

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

During the first quarter of fiscal year 2014/2015, Visit Corvallis reported revenues of \$107,159 and expenditures of \$131,668, resulting in net loss of \$24,509. Visit Corvallis maintains a strong cash position, with current assets totaling \$59,941 and current liabilities of \$13,036.

The City of Corvallis budgeted \$428,330 for Visit Corvallis for fiscal year 2014/2015 in monthly payments of \$35,694 with a final payment of \$35,696. The City has funded a total of \$107,082 in the first quarter, which has been accurately accounted for on the Visit Corvallis report. The City funding represents over 99% of all revenue for the quarter.

Acceptance of the Visit Corvallis quarterly report is recommended.

MEMORANDUM

DATE: December 3, 2014
TO: Administrative Services Committee
FROM: Ken Gibb, Community Development Director
SUBJECT: Downtown Corvallis Association First Quarter FY 14-15
EID Program Review

I. Issue

Review and acceptance of Downtown Corvallis Association's Economic Improvement District Program first quarter report for FY 14-15.

II. Background

The City Council, on July 16, 2012, approved Ordinance 2012-14, amending Municipal Code Chapter 10.07 (Economic Improvement District), establishing a boundary, and imposing assessments on property within the Downtown Voluntary Economic Improvement District (EID). The EID provides specific benefits to the members of the District by promoting commercial activity and public events in the Downtown district. Pass through revenue billed for FY 14-15 is \$89,978.26.

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

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

IV. Action Requested

That the Administrative Services Committee consider this report and recommend City Council approve acceptance of the Downtown Corvallis Association's FY 14-15 EID Program first quarter report.

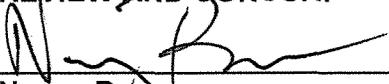
REVIEW AND CONCUR:



Janet Chenard
Interim Finance Director

12/23/14
AIC

REVIEW AND CONCUR:



Nancy Brewer
City Manager Pro Tem



A Main Street Community

460 SW Madison, Suite 9
Corvallis OR 97333
PO Box 1536
Corvallis OR 97339
(541) 754-6624
FAX (541) 758-4723

www.downtowncorvallis.org

Board Members

Liz Coulombe, President
Citizens Bank
Fred Edwards, Vice-President
Knight Vision Security
Steve Hessel, Treasurer
Downtown Property Owner
John Coleman, Secretary
Coleman Jewelers
Greg Teune,
Holiday Inn Express
Luisa Arreola,
Footwise
Elizabeth Foster,
Town & Country Realty
Randy Joss,
KEZI9
Jennifer Moreland
Zooeys/Heartland Hum. Soc.
John Semadeni
Corvallis Cyclery

Joan Wessell,
Executive Director
joan@downtowncorvallis.org

Ex-Officio

City Council
Corvallis Police Dept.
Corvallis Tourism
City Planning
Corvallis Chamber
Corvallis Econ. Dev. Manager

To: City of Corvallis – Planning Department
From: Joan Wessell, Executive Director
Downtown Corvallis Association
Date: 6 October 2014
Subject: 2014-2015 1st Quarterly Report and
2012-17 Economic Improvement District

The Downtown Corvallis Association, continues offering economic development services and keeping proper watch of Downtown vacancies and potential business tenants for Downtown Corvallis to the benefit of the Corvallis community.

Through delivery and oversight of quality, personal economic development services, the DCA helps make and keep Corvallis a more livable community. A few of those services include: thoughtful/strategic business recruitment and business retention activities, continuing education and ongoing business training, advocacy for Downtown businesses, promotional activities to ramp up pedestrian foot traffic, and activities and events that give business' more/better exposure to strengthen Downtown's economy. In an effort to strengthen the collegiality of Downtown business owners, the DCA sponsors monthly gatherings allowing folks to become better acquainted, including: monthly Membership meetings, Downtown After Hours networking, and Downtown Red Carpet Welcomes for new businesses, etc. Regularly, the DCA receives communication from Members expressing appreciation for giving them these valuable services.

Since submission of the last Quarterly report, The Downtown Corvallis Association has hosted/sponsored three (3): Downtown After Hours networking socials, Membership Meetings, Board of Directors meetings, Design Committee, Economic Enhancement, & Promotions/Marketing Committee meetings, 8 Downtown Red Carpet Welcomes, 3 Science Pubs, Red White & Blue Riverfront Festival on July 3rd & 4th, and is currently planning for Halloween's Downtown Trick or Treat for the community's ghosts & goblins, and partnering with Corvallis Lions Club on Corvallis Community Christmas Parade, and Community Outreach on 2015 Festival of Trees.

Downtown Corvallis property owners continue to (voluntarily) pay their Economic Improvement District (EID) assessments which provide funds allowing the organization's office doors to remain open. The DCA appreciates City Staff for collecting and passing through those vital assessments.

DOWNTOWN CORVALLIS ASSOCIATION
BALANCE SHEET
September 30, 2014

ASSETS	
Checking and Savings accounts	278,143.50
Other Current Assets	350.20
Fixed Assets	2,745.52
Façade Improvements loans	0.00
UF Residential loans	0.00
Interior Development Loans	11,667.51
TOTAL ASSETS	<u><u>292,906.73</u></u>
LIABILITIES & EQUITY	
Accounts Payable	0.00
Other Current Liabilities	30,715.76
Total Equity	262,190.97
TOTAL LIABILITIES & EQUITY	<u><u>292,906.73</u></u>

PROFIT AND LOSS
September 30, 2014

	Month	Year-to- Date	Budget 2013-2014	Remaining Budget
INCOME				
General Revenue	159.77	4,898.96		(4,898.96)
Program Revenue	159.00	354.00		(354.00)
Red, White & Blues	5,604.00	31,827.97		(31,827.97)
Rhapsody	9,535.00	12,600.00		(12,600.00)
Promotions	0.00	0.00		0.00
TOTAL INCOME	<u>15,457.77</u>	<u>49,680.93</u>	<u>0.00</u>	<u>(49,680.93)</u>
EXPENSE				
Personnel	8,836.52	25,491.72		(25,491.72)
Services and supplies	1,518.84	5,756.97		(5,756.97)
Programs	503.51	832.04		(832.04)
Red, White & Blues	0.00	19,840.23		(19,840.23)
Rhapsody	5,616.90	7,243.54		(7,243.54)
Promotions/OSU	0.00	0.00		0.00
TOTAL EXPENSE	<u>16,475.77</u>	<u>59,164.50</u>	<u>0.00</u>	<u>(59,164.50)</u>
NET INCOME	<u>(1,018.00)</u>	<u>(9,483.57)</u>	<u>0.00</u>	<u>9,483.57</u>

Plus: Beginning unrestricted cash balance
Checking/Money Market
Held in reserve - Contingency Fund
Total beginning cash

0.00

Net Excess (deficit) budgeted for 2014-2015

0.00

Downtown Corvallis Association, Inc.

Budget Comparison As of September 30, 2014

	Month Of Sept	7/1/14 Through Sept 2014	7/1/13 Through Sept 2013	Annual Budget	Percent Annual Budget
Income					
General Revenue					
EID Receipts	0.00	2,771.41	30,829.89		0.0%
Improvement Contributions	0.00	0.00	0.00		0.0%
Membership Dues	0.00	1,116.25	1,126.50		0.0%
Interest Income	15.20	46.73	39.59		0.0%
Rental Income - Sublet	0.00	820.00	1,230.00		0.0%
Miscellaneous	144.57	144.57	0.00		0.0%
Reimbursed Expenses	0.00	0.00	0.00		0.0%
Program Fees	0.00	0.00	0.00		0.0%
Total General Revenue	159.77	4,898.96	33,225.98	0.00	0.0%
Program Revenue					
Membership Workshops	0.00	0.00	0.00		0.0%
Christmas Lights	0.00	0.00	0.00		0.0%
Website/Newsletter Advertising	0.00	0.00	0.00		0.0%
Group advertising	0.00	0.00	0.00		0.0%
Directory advertising	0.00	0.00	0.00		0.0%
Fund Raiser	0.00	25.00	0.00		0.0%
Fund Raiser - DT After Hours	159.00	329.00	410.50		0.0%
Design Aesthetics	0.00	0.00	0.00		0.0%
Red, White & Blue	5,604.00	31,827.97	29,652.08		0.0%
Total Program Revenue	5,763.00	32,181.97	30,062.58	0.00	0.0%
Promotions Revenue					
Promotions - Misc	0.00	0.00	0.00		0.0%
Rhapsody in the Vineyard	9,535.00	12,600.00	12,270.00		0.0%
Total Promotions Revenue	9,535.00	12,600.00	12,270.00	0.00	0.0%
TOTAL INCOME	15,457.77	49,680.93	75,558.56	0.00	0.0%

Expense

Administration - Personnel

Personnel	7,400.00	21,858.78	20,683.00	0.0%
Accrued Vacation Expense	0.00	0.00	0.00	0.0%
Director - Medical Benefit	534.00	848.70	958.50	0.0%
Director - Expense	0.00	0.00	0.00	0.0%
Contract Labor	0.00	0.00	0.00	0.0%
Staff Expenses	0.00	0.00	0.00	0.0%
Volunteer - Expense	132.40	497.68	430.29	0.0%
Staff Development	0.00	0.00	77.15	0.0%
Payroll taxes	577.39	1,700.56	1,598.36	0.0%
Workers Compensation	3.93	19.60	18.90	0.0%
IRA Expense	188.80	566.40	566.40	0.0%
Total Personnel	8,836.52	25,491.72	24,332.60	0.00

Administration - Services & Supplies

Accounting	0.00	484.10	549.00	0.0%
Accounting Review	0.00	0.00	925.00	0.0%
Bad Debt	0.00	0.00	0.00	0.0%
Bank Charges	0.00	0.00	15.00	0.0%
Subscriptions	0.00	0.00	0.00	0.0%
Insurance	0.00	0.00	0.00	0.0%
Equipment Replacement	0.00	0.00	0.00	0.0%
Equipment Lease	233.21	722.95	683.97	0.0%
Office Supplies	0.00	430.95	415.10	0.0%
Permits & Fees	137.00	277.00	273.00	0.0%
Postage	0.00	97.57	17.33	0.0%
Rent	810.00	2,430.00	2,430.00	0.0%
Utilities	72.03	216.99	222.66	0.0%
Miscellaneous	0.00	0.00	28.00	0.0%
Repair & Service Equipment	0.00	279.55	0.00	0.0%
Telephone/Cell	266.60	817.86	929.25	0.0%
Depreciation	0.00	0.00	0.00	0.0%
Total Services & Supplies	1,518.84	5,756.97	6,488.31	0.00

Programs

Membership Drive	0.00	8.50	33.59	0.0%
Red Carpet Welcome	0.00	8.50	36.05	0.0%
Downtown Updates	0.00	0.00	0.00	0.0%
Website Updates	0.00	0.00	0.00	0.0%
Meetings & Public Relations	97.95	287.18	510.44	0.0%
Design Committee	0.00	0.00	0.00	0.0%
Design Committee-Awards	0.00	0.00	0.00	0.0%
Mainstreet Expenses	0.00	0.00	18.12	0.0%
Mainstreet Dues	350.00	350.00	0.00	0.0%
EID Expense	0.00	0.00	0.00	0.0%
EID Task Force Expense	0.00	0.00	0.00	0.0%
EID Expense-City Collection Fee	0.00	0.00	0.00	0.0%
Annual Reports, proposal	0.00	0.00	0.00	0.0%
Misc. Printing	0.00	0.00	0.00	0.0%
Directory Printing	0.00	0.00	0.00	0.0%
OSU Relations	0.00	8.50	0.00	0.0%
Christmas Lights	0.00	0.00	0.00	0.0%
Flower Baskets	0.00	0.00	18.62	0.0%
Design Aesthetics	0.00	0.00	0.00	0.0%
Design Aesthetics-Reimbursement	0.00	0.00	0.00	0.0%
Fund Raiser	0.00	0.00	0.00	0.0%
Economic/Image Enhancement	55.56	169.36	181.24	0.0%
Total Programs	503.51	832.04	798.06	0.00

Promotions

Red, White & Blue	0.00	19,840.23	20,437.88	0.0%	
Promotions - Misc	0.00	0.00	285.00	0.0%	
Rhapsody in the Vineyard	5,616.90	7,243.54	4,250.34	0.0%	
Total Promotions	5,616.90	27,083.77	24,973.22	0.00	0.0%

Total expense	16,475.77	59,164.50	56,592.19	0.00	0.0%
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Excess (deficit) income over expense	(1,018.00)	(9,483.57)	18,966.37	0.00
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Plus: Beginning restricted/unrestricted cash balance

Checking/Money Market

Held in reserve-Contingency Fund

Total beginning cash

0.00

Net Excess (deficit) budgeted for 2014-2015

0.00

10/05/14

Downtown Corvallis Association, Inc.
Balance Sheet
 As of September 30, 2014

Sep 30, 14

ASSETS

Current Assets

Checking/Savings

1010 · Cash - Umpqua Bank	12,690.13
1015 · MMF - Umpqua Bank	172,255.59
1050 · Cash - US Bank-EID	7,187.62
1104 · MMF-Citizens-Design Committee	2,680.42
1106 · Cash-Citizens-RW&B	23,488.76
1109 · MMF-Citizens-Facade/Upper Floor	
1109-1 · Designated City Funds	59,632.49
1109-2 · Undesignated Funds	208.49
Total 1109 · MMF-Citizens-Facade/Upper Floor	59,840.98

Total Checking/Savings 278,143.50

Other Current Assets

1116 · Prepaid Expenses	
1120 · Rent	350.20
Total 1116 · Prepaid Expenses	350.20

Total Other Current Assets 350.20

Total Current Assets 278,493.70

Fixed Assets

1258 · Fixed Asset	13,750.39
1259 - Accumulated depreciation	-11,004.87

Total Fixed Assets 2,745.52

Other Assets

1800 · Interior Development Loans	
1806 · Flat Tail	4,333.59
1807 · Brew BQ	1,000.11
1808 · Ron & Garnetta Day	333.43
1809 · Aqua	6,000.38
Total 1800 · Interior Development Loans	11,667.51

Total Other Assets 11,667.51

TOTAL ASSETS **292,906.73**

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Other Current Liabilities

2111 · Pass-thru money	74.54
2115 · Gift certificates o/s	1,966.44
2125 · Compensated Absences	25,920.00
2142 · Federal/FICA/Medicare	2,274.18
2143 · State Withholding	430.00
2144 · Federal Unemployment	5.01
2145 · State Unemployment	23.37
2146 · Workers Compensation	22.22

Total Other Current Liabilities **30,715.76**

Total Current Liabilities **30,715.76**

Total Liabilities **30,715.76**

Equity

3312 - Reserved - City loan \$	71,300.00
3318 - Undesignated funds	-3,835.80
3311 · Designated - Christmas	3,471.66
3900 · Retained Earnings	200,738.68
Net Income	-9,483.57

Downtown Corvallis Association, Inc.

Balance Sheet

As of September 30, 2014

10/05/14

	<u>Sep 30, 14</u>
Total Equity	<u>262,190.97</u>
TOTAL LIABILITIES & EQUITY	<u>292,906.73</u>

10/05/14

Downtown Corvallis Association, Inc.
Income Statement
September 2014

	Sep 14	Jul - Sep 14
Ordinary Income/Expense		
Income		
General Revenue		
4110 - EID Receipts	0.00	2,771.41
4120 - Membership dues	0.00	1,116.25
4141 - Interest income	15.20	46.73
4160 - Miscellaneous	144.57	144.57
4195 - Rental Income - Sublet	0.00	820.00
Total General Revenue	<u>159.77</u>	<u>4,898.96</u>
Program Revenue		
4260 - Fund Raiser		
4260-1 - Fundraiser	0.00	25.00
Total 4260 - Fund Raiser	<u>0.00</u>	<u>25.00</u>
4265 - Fund Raiser - DT After Hours		
4265-1 - Entry Fees	138.00	265.50
4265-2 - Bucket of Bucks	21.00	63.50
Total 4265 - Fund Raiser - DT After Hours	<u>159.00</u>	<u>329.00</u>
4310 - Red, White & Blue		
4310-1 - Beer	5,604.00	7,004.00
4310-2 - Gate	0.00	11,173.80
4310-3 - Sponsors	0.00	3,935.00
4310-4 - Vendor	0.00	9,435.17
4310-5 - Miscellaneous	0.00	280.00
Total 4310 - Red, White & Blue	<u>5,604.00</u>	<u>31,827.97</u>
Total Program Revenue	<u>5,763.00</u>	<u>32,181.97</u>
Promotions Revenue		
4460 - Rhapsody in the Vineyard	9,535.00	12,600.00
Total Promotions Revenue	<u>9,535.00</u>	<u>12,600.00</u>
Total Income	<u>15,457.77</u>	<u>49,680.93</u>
Expense		
Administration		
Personnel		
5105 - Personnel	7,400.00	21,858.78
5120 - Director-Medical Benefit	534.00	848.70
5150 - Volunteer expense	132.40	497.68
5180 - Payroll Taxes	577.39	1,700.56
5190 - Workers Compensation	3.93	19.60
5195 - IRA Expense	188.80	566.40
Total Personnel	<u>8,836.52</u>	<u>25,491.72</u>
Services and supplies		
5410 - Accounting	0.00	484.10
5460 - Office supplies	0.00	430.95
5470 - Permits & fees	137.00	277.00
5480 - Postage	0.00	97.57
5490 - Rent	810.00	2,430.00
5600 - Utilities	72.03	216.99
5620 - Repair & service equip.	0.00	279.55
5630 - Telephone/Cell	266.60	817.86
5456 - Equipment Lease	233.21	722.95
Total Services and supplies	<u>1,518.84</u>	<u>5,756.97</u>
Total Administration	<u>10,355.36</u>	<u>31,248.69</u>
Programs		
6110 - Membership Drive	0.00	8.50
6180 - Meetings & public relati	97.95	287.18
6185 - Red Carpet Welcome	0.00	8.50
6420 - Mainstreet Dues	350.00	350.00

10/05/14

Downtown Corvallis Association, Inc.
Income Statement
September 2014

	Sep 14	Jul - Sep 14
6570 · OSU Relations	0.00	8.50
6580 · Economic/Image Enhancement	55.56	169.36
Total Programs	503.51	832.04
Promotions		
7110 · Red, White & Blue		
7110-1 · Advertising	0.00	375.00
7110-2 · Entertainment	0.00	9,787.00
7110-3 · Infrastructure	0.00	3,110.75
7110-4 · Miscellaneous	0.00	2,921.00
7110-5 · Beer	0.00	3,131.73
7110-10 · Volunteer Expense	0.00	514.75
Total 7110 - Red, White & Blue	0.00	19,840.23
7125 · Rhapsody in Vineyard	5,616.90	7,243.54
Total Promotions	5,616.90	27,083.77
Total Expense	16,475.77	59,164.50
Net Ordinary Income	-1,018.00	-9,483.57
Net Income	-1,018.00	-9,483.57

MEMORANDUM

December 29, 2014

TO: Administrative Services Committee
FROM: Janet Chenard, Interim Finance Director
SUBJECT: First Quarterly Operating Report

I. Issue

To review and accept the First Quarterly Operating Report for FY 14-15.

II. Discussion

The First Quarterly Operating Report (QOR) is available for review on the City's website, and was published a few days after the 45-day deadline established in Council Policy, due to prioritization of work efforts with reduced City staffing. Overall, first quarter results were generally in line with expectations, and even showed some improvement in certain funds.

Total revenues were almost exactly 20% of budget year-to-date in FY 14-15, which is a bit higher than FY 13-14's 17% at first quarter end. The lower percentage last year was largely due to the \$1.4 million refund in respect of the Hewlett-Packard appeal made in July 2013. All operating revenue categories were roughly \$4.7million higher year-over-year in total, with the exception of intergovernmental grants (where federal operating grant receipts in the Transit fund were running about \$200,000 higher in the same period of FY 13-14).

Operating expenditures across departments were on target at about 25% of the amended budget, but almost 2% higher than the same time the prior year. Parks & Recreation typically runs higher than target in the summer months due to seasonal employees. The Fire department was higher than usual in the first quarter of FY 14-15 due to nearly \$134,000 of its \$220,000 overtime expenditure budget having been incurred for significant August conflagrations and the Timberhill fire in September. The Finance Department spending rate increased and City Manager's Office decreased in terms of percent of budget expended, based on insurance premiums for risk management now being paid by Finance.

In summary, financial performance for the organization was generally at expected levels. Several items are noted below for particular attention:

- General Fund – The financial plan's green and yellow line status at the end of the first quarter of negative \$6.3 million is typical for this point in the year, as the City awaits its first turnover of property taxes in November. Most revenues are coming in above target and the prior year, however departmental expenditures continue to run very close to or over the 25% mark as of quarter end. In particular, Fire has had two significant cashouts as well as substantial unbudgeted overtime, resulting in a first quarter finish at 29% of adopted budget. The department expects to receive conflagration funding from the Oregon Office of the State Fire Marshal for approximately \$93,000 to offset the costs incurred for the August 2014 Beaver Complex fire. If savings cannot be found elsewhere to absorb the other unanticipated overages, a supplemental budget using this funding may be needed.
- The Community Development Revolving Fund ended FY 13-14 with a marginally positive cash and fund balance, but it was back in the red as of first quarter end, awaiting grant reimbursements for summer spending on housing projects and staff costs. With a recent reorganization and other plans in progress to stabilize revenues and expenditures for housing services, staff hopes to soon ensure sustainable Fund operations.
- City-wide Investment portfolio – please note that a new streamlined version of the City's monthly Treasury report was published for October and November, as per input received offline from ASC's Councilor Traber. Additional feedback is welcome for future report format changes. Also, Council follow-up from staff on requested social criteria options for corporate investment will be forthcoming early next year, once staff has had an opportunity to collaborate with GPA, the City's investment advisor, as well as other comparator local governments on this topic.

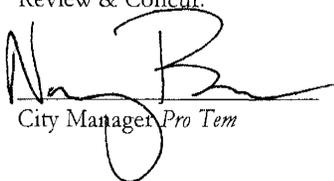
Please note that an income statement for each fund and the Council Goals update as of September 30, 2014 are linked to the full 14-page online quarterly operating report, to provide ASC with more detail on the City's current financial position.

The Capital Project budget is just under 10% expended at the end of the first quarter. It is typical for capital project spending to be lower in the early part of the fiscal year, when projects are still being bid and designs finalized, or due to summer construction projects being delayed or coming in under budget. The following projects had substantial progress or were completed as of the end of the first quarter: the storm drain replacement and sewer rehabilitation projects were completed at 15th St. and Washington Way, and progress was made on the railroad equipment installation and traffic signal work related to that improvement project; and construction on the water distribution system infrastructure rehabilitation project was completed except for patch paving of one street. With the sale of \$3.9 million in 10-year full faith and credit bonds at a true interest cost of 1.71% on September 23, 2014, staff is now forging ahead on construction work for the fire training facility, which is expected to be completed by April 2015. A supplemental budget was brought to Council for approval in December 2014 to add to adopted appropriations for the incremental costs realized during the design and bid process for this project.

III. Requested Action

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

Review & Concur:



City Manager *Pro Tem*



1st Quarter Financial Summary FY 2014-15

This report provides summary information on the City's financial status as of the end of September, 2014; more detailed comparative income statement form data is available on-line at this [link](#).

PERFORMANCE AT A GLANCE (YEAR TO DATE)		COMMENTS
GENERAL FUND		
General Fund Expenditure vs. Revenue	WATCH	Revenues appear under target until property taxes are received in Q2, though department spending is at appropriate levels for this point in the fiscal year. Property tax receipts are better this year due to no Hewlett-Packard refund that led to negative prior year results.
Property Tax Revenue	POSITIVE	Property tax receipts will lag budgeted levels until turnovers start in November when the majority of funds will be received for the year. Per 2014 tax certifications, AV growth of 4.5% appears promising to improve Revised revenue over Adopted projections.
Transient Room Tax	POSITIVE	Q1 receipts are up 14% over prior year actuals, and on track to exceed budget. The increase likely stems from great summer weather and higher enrollment at OSU this fall.
Franchise Fees	POSITIVE	Franchise fees are trending higher in the first quarter of FY 14-15; given anticipated increases in City utility revenues, staff currently expects budgeted levels to be exceeded.
State Shared Revenue	POSITIVE	FY 13-14 receipts were about 5% above budget, and FY 14-15 revenues to date are running about 5% over the prior year, with the exception of a one-month lag in liquor tax receipts. Cigarette taxes continue to decline, but are a small portion of this revenue.
Fines & Forfeitures	WATCH	While the first two months of the quarter saw higher traffic fine revenue than the prior year, significant CPD vacancies/absences and the learning curve associated with implementation of e-citations and e-ticketing saw revenues declining in September. The net result was higher receipts than last year for the quarter, but a current downward trend.
General Fund Expenditures vs. Budget	WATCH	General Fund expenditures are generally on target and in line with prior year spending, Parks & Recreation (P&R) is typically higher in Q1 due to summer month activities; Fire is over 29% expended year-to-date (YTD), and higher than FY 13-14 due to two long-term employee departures with cashouts totaling over \$70,000, as well as overtime already at 72% of budget for summer conflagrations and the September Timberhill fire.
SPECIAL REVENUE FUNDS		
9-1-1 Emergency Services	WATCH	Declining fund balance; although prior year revenues met expectations, and budget was underexpended, current spending YTD is ahead of budget and higher than prior year.
Community Development Revolving	WATCH	FY 13-14 ended with a positive fund balance, but negative cash balances are expected to continue and will be monitored based on reduced federal grant revenue availability.
Development Services	POSITIVE	Permit revenues are ahead of last fiscal year and budget, whereas charges for service are on track so far this fiscal year. Development projects continue to underpin much improved results in this fund relative to a few years ago.
Parking	WATCH	Revenues are higher than prior year, but lagging budget and fund balance has declined. The November ballot on Residential Parking Districts (RPD) has operational unknowns.
Street	WATCH	Declining fund balance; future revenues may not be adequate for current service levels.
Transit	POSITIVE	Current revenues are lower than last fiscal year and FY14-15 budget, yet expenditures remained stable; FY 13-14 net revenues contributed to a higher ending fund balance.
ENTERPRISE FUNDS		
Airport	POSITIVE	While revenues typically lag against budget at this point in the year, they are expected to achieve budgeted levels by year end; operating expenditures are low and on target.
Storm Water	POSITIVE	Metered revenues are up some from prior year; expenditures are on track with budget.
Wastewater	POSITIVE	Metered revenues are up some from prior year; expenditures are on track with budget.
Water	POSITIVE	Metered water usage has increased and the application of the new rate structure has bolstered YTD revenues; expenditures are on track.
INTERNAL SERVICE FUNDS		
Risk Management	WATCH	Risk coverage premiums continue to increase; claims are using up deductible capacity and reserves may be insufficient for a catastrophic event.

What the ratings mean:

Positive – Current revenues and City Council-adopted use of reserves are sufficient to support the current level of service. Fund balances appear stable over a three-year forecast. No significant negative issues are identified.

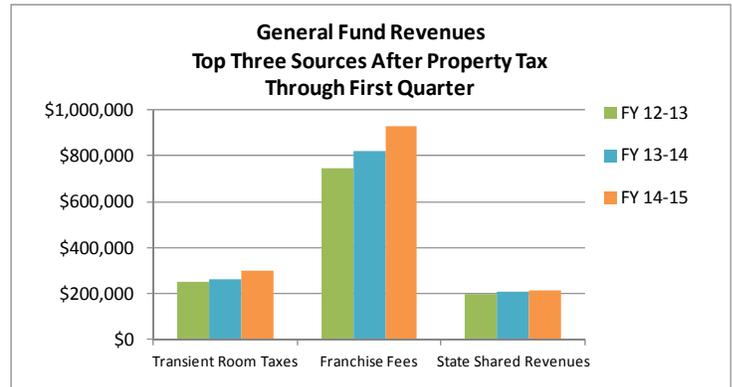
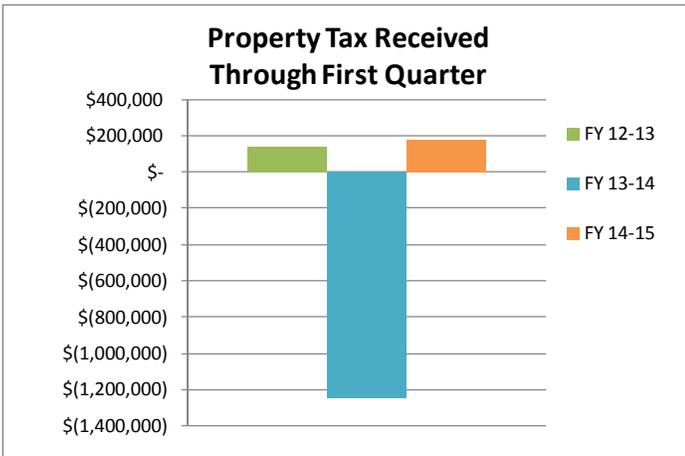
Watch – Various stressors may cause current revenues to be flat or decline and impact the fund's capacity to support the current level of service. Factors exist that may contribute to higher than anticipated expenditure levels in more than one category over the next 6-12 months.

Negative – Current expenditures exceed or revenues are significantly behind forecast assumptions. Fund balance is unstable. Immediate action to reduce expenditures is required.

GENERAL FUND COMBINED*

REVENUE	AMENDED BUDGET	1st Quarter FY 13-14	Y-T-D FY 13-14	FY 13-14 % REC/EXPEND	AMENDED BUDGET	1st Quarter FY 14-15	YTD FY 14-15	FY 14-15 % REC/EXPEND
Budgeted Beg. Fund Balance (incl reserves)	6,265,564				\$6,451,158			
Property Taxes	\$20,617,620	-\$1,247,274	-\$1,247,274	-6.05%	\$24,447,050	\$175,184	\$175,184	0.72%
Other Tax	1,372,600	264,590	264,590	19.28%	1,427,600	302,061	302,061	21.16%
Licenses/Permits	5,925,060	919,148	919,148	15.51%	5,741,280	1,025,550	1,025,550	17.86%
Charges for Service	5,889,850	1,438,489	1,438,489	24.42%	5,786,580	1,456,563	1,456,563	25.17%
Intergovernmental	4,227,760	210,411	210,411	4.98%	3,877,120	216,357	216,357	5.58%
Fines/Forfeitures	771,390	167,380	167,380	21.70%	759,660	174,807	174,807	23.01%
Miscellaneous	1,307,680	141,132	141,132	10.79%	536,080	162,001	162,001	30.22%
Other Financing Sources	7,075,308	166,243	166,243	2.35%	798,330	456,497	456,497	57.18%
TOTAL CURRENT REVENUE	\$47,187,268	\$2,060,119	\$2,060,119	4.37%	\$43,373,700	\$3,969,021	\$3,969,021	9.15%
EXPENDITURE BY DEPARTMENT								
City Manager's Office	\$326,250	\$66,051	\$66,051	20.25%	\$293,300	\$72,422	\$72,422	24.69%
Community Development	1,309,840	287,856	287,856	21.98%	\$1,498,870	\$302,162	\$302,162	20.16%
Finance	646,770	163,441	163,441	25.27%	\$647,260	\$150,129	\$150,129	23.19%
Fire	10,485,960	2,663,141	2,663,141	25.40%	\$11,397,090	\$3,337,040	\$3,337,040	29.28%
Library	6,524,140	1,414,233	1,414,233	21.68%	\$6,151,640	\$1,478,737	\$1,478,737	24.04%
Parks & Recreation	6,295,130	1,734,097	1,734,097	27.55%	\$6,114,820	\$1,784,679	\$1,784,679	29.19%
Police	10,688,290	2,621,368	2,621,368	24.53%	\$11,293,220	\$2,709,298	\$2,709,298	23.99%
Public Works	1,026,260	151,517	151,517	14.76%	\$991,940	\$202,331	\$202,331	20.40%
Non-Departmental	1,480,870	342,356	342,356	23.12%	994,420	212,438	212,438	21.36%
TOTAL OPERATING EXPENDITURES	38,457,260	9,444,060	9,444,060	24.56%	\$39,382,560	\$10,249,236	\$10,249,236	26.02%
Debt Service	\$243,180	\$220,530	\$220,530	90.69%	\$837,160	\$222,644	\$222,644	26.60%
Transfers / Other Financing Uses	7,085,818	460,206	460,206	6.49%	2,940,640	537,183	537,183	18.27%
Contingencies/Reserves	597,200	0	0	0.00%	630,000	0	0	0.00%
TOTAL ALL EXPENDITURES	\$46,383,458	\$10,124,796	\$10,124,796	21.83%	\$43,790,360	\$11,009,063	\$11,009,063	25.14%
CURRENT REVENUE LESS TOTAL EXPENDITURES		(\$8,064,678)	(\$8,064,678)		(\$416,660)	(\$7,040,042)	(\$7,040,042)	

* General Fund Combined includes component reserve funds effective FY 14/15



The two graphs on this page illustrate improvements being noted in all of the major revenue categories year-to-date in the General Fund. However, Q1 operating expenditures offset these improvements somewhat, as they are \$805,000 higher than last fiscal year as of the end of September. While the budget anticipated a net increase in costs, this spending takes the General Fund a full percentage higher than the first quarter budget target of 25%. Part of this is attributable to P&R which typically spends more in the summer months, and is only about \$50,000 higher than this time last year, but 1.5% higher as a proportion of budget. The Fire Department also saw significantly higher Q1 spending than anticipated, due to two unbudgeted accrual cash outs totaling over \$70,000 and overtime spending at 72% of FY 14-15 budget vs. about 55% of budget in the first quarter of FY 13-14. Casual (i.e., temporary) employee wages for the Fire Department were also higher at 51% of budget vs. 44% of budget in the prior year. Overtime and casual overages partly reflect backfilling for minimum coverage for absences, but this year are also due to increased conflagration activities in August and the Timberhill fire in early September. The impact of these events should each be partly offset in future months by reimbursements from other agencies for the former and insurance monies for the latter; Fire is currently awaiting a \$93,000 reimbursement from the Office of the State Fire Marshall for personnel service costs for the Beaver Complex fire, amongst others, with which the department assisted in August. P&R staff was also impacted by the Timberhill fire, which along with increased overtime and casual spending to backfill for vacancies, led to nearly 50% of budgeted dollars being spent in those categories in Q1. While both department personnel service budgets have seen cuts over the last three years, the percent expended in the first quarter has been increasing. P&R casual employee costs are also heavily impacted by minimum wage increases.

GENERAL FUND				
BUDGETARY BASIS	UNAUDITED FY 13-14	ADOPTED FY 14-15	Year-To-Date FY 14-15	% of Budget Year-to-Date
RECURRING				
NON DEDICATED REVENUE				
Property Taxes - Permanent Rate	\$18,632,793	\$20,808,660	\$0	0.00%
Local Op Levy 2013 - HP Replacement/Social Services Funding	0	706,340	0	0.00%
Prior Year Delinquent Tax Revenue	451,986	438,280	175,184	39.97%
Transient Room Tax	1,424,997	1,427,600	302,061	21.16%
Franchise Fees	5,486,499	5,374,000	928,338	17.27%
State Revenue Sharing	537,106	531,160	132,995	25.04%
Alcohol/Cigarette Tax	847,782	826,580	79,049	9.56%
Pass-Throughs	618,750	790,130	456,497	57.77%
Miscellaneous Other Revenues	1,188,762	103,690	40,663	39.22%
TOTAL NON-DEDICATED RECURRING REVENUE	\$29,188,676	\$31,006,440	\$2,114,787	6.82%
DEDICATED REVENUE				
Property Tax - Local Option Levy	\$1,910,761	\$2,493,770	\$0	0.00%
City Manager's Office	121,176	121,000	102,741	84.91%
Community Development	140,902	117,590	36,018	30.63%
Finance	133	625,200	135,103	21.61%
Fire	3,602,373	3,618,080	681,679	18.84%
Library	2,523,642	2,785,260	107,340	3.85%
Parks & Recreation	1,930,571	1,730,190	515,552	29.80%
Police	378,124	378,730	152,411	40.24%
Public Works	145,282	0	0	0.00%
TOTAL DEDICATED RECURRING REVENUE	\$10,752,962	\$11,869,820	\$1,730,843	14.58%
TOTAL RECURRING REVENUE	39,941,638	\$42,876,260	\$3,845,631	8.97%
EXPENDITURES				
City Manager's Office	\$320,760	\$293,300	\$72,422	24.69%
Community Development	1,236,569	1,498,870	302,162	20.16%
Finance	615,548	647,260	150,129	23.19%
Fire	10,879,265	10,697,090	2,717,020	25.40%
Library	5,968,502	6,068,140	1,460,752	24.07%
Parks & Recreation	6,190,145	5,817,320	1,673,224	28.76%
Police	10,604,806	11,123,210	2,700,277	24.28%
Public Works	820,250	703,940	148,585	21.11%
Non-Departmental	1,296,681	822,420	181,417	22.06%
Debt Service	243,174	837,160	222,644	26.60%
Pension Obligation Bond Debt - Transfers	1,870,950	1,931,790	471,950	24.43%
Pass-Throughs	597,869	790,130	65,233	8.26%
Contribution to Fund Balance Reserve/Contingencies	1,269,085	1,645,630	0	0.00%
TOTAL RECURRING EXPENDITURES	\$41,913,604	\$42,876,260	\$10,165,816	23.71%
RECURRING REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	(\$1,971,966)	\$0	(\$6,320,185)	
POTENTIAL BEGINNING BUDGETARY FUND BALANCE	915,509	269,750	277,314	
<i>Net Recurring Revenue/Expenditure</i>	(1,971,966)	-	(6,320,185)	
<i>Net Non-Recurring Revenue/Expenditure</i>	1,333,770	(269,750)	(265,630)	
ENDING BUDGETARY FUND BALANCE	\$277,314	\$0	(\$6,308,501)	
Ending Reserve Balance by Type				
RESTRICTED	\$629,919	\$377,160	\$508,065	
COMMITTED	1,106,989	1,018,258	\$1,030,389	
ASSIGNED	1,334,729	448,875	\$931,299	
FUND BALANCE	3,174,574	4,190,204	\$4,820,204	
	\$6,246,211	\$6,034,498	\$7,289,957	

The General Fund Financial Plan update provided above shows the unaudited, estimated status of the "green line" at the end of Q1. Because property taxes will be received in the second quarter, the sustainable green line and the ending budgetary fund balance YTD are shown as negative, but will become positive once property tax revenue is received. Property tax levy notifications have been received from Benton County and certified assessed value for the City grew by

4.3% versus the 3% increase built into projections. Thus, current estimates are for the General Fund to end FY 14-15 with a potentially much higher positive bottom line than projected at time of Budget Adoption. However, Comcast and HP appeals are still ongoing and the County has advised the City of approximately \$100,000 in holdbacks for possible future HP interest refunds should the award decision prevail, which will reduce the revenue amounts turned over to the City for permanent rate, local option and debt service levies. Directors will be reviewing deferred maintenance and infrastructure/CIP projects to determine the highest priority alternatives for use of any funding higher than budgeted that may become available. The Q1 ending budgetary fund balance above is currently reflective of:

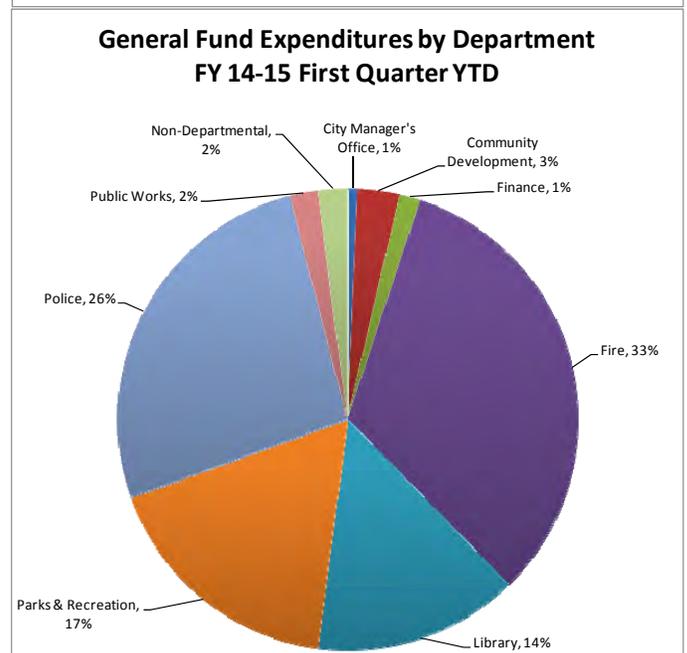
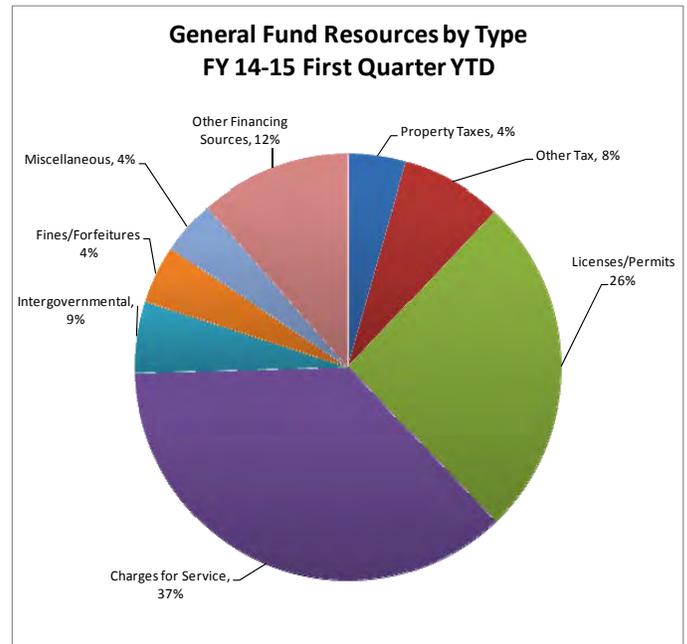
- removal of a \$500,360 interfund loan payback in FY 14-15 to the Water SDC Fund that was originally anticipated to be needed in FY 13-14, due to the HP appeal; and
- a near final FY 13-14 ending budgetary fund balance of approximately \$277K, pending any final audit adjustments by the end of the second quarter.

The **resources** pie chart, to the right, graphically illustrates the YTD proportions of all resources supporting General Fund services. Property taxes look low at only 4%, but that is normal at this point in the year, since the large influx of property tax receipts are typically received during Q2 in November and December.

The **expenditures** pie chart shows the distribution of General Fund expenditures by department through the first quarter. The public safety departments (Fire and Police) account for 59% of fund operating expenditures; while other operations such as library, parks, recreation, economic development, planning, code enforcement, and municipal court make up the remaining 41% of expenditures.

Comparing year-to-year expenditures in this Fund (table on page 2) demonstrates that FY14-15 spending is closely aligned with FY13-14 as a percentage of budget, but higher as a whole in FY14-15. Some notable increases by department include:

- Fire’s purchase of a new aerial equipped engine, along with increased personnel service costs due to retirement cashouts and use of over-time for conflagrations;
- Library’s personnel services are trending higher due to restoration of Sunday hours, funded by the 2013 operating levy;
- Police’s personnel services are up 10% from last year due to being close to fully staffed, especially since three police officer positions are funded and staffed in FY 14-15 but were only authorized and not funded in FY 13-14; and
- Parks & Recreation (P&R) saw an 18% increase in non-personnel services due to the \$36,000 payment for annual Art Center support, which was formerly accounted for in the non-departmental budget, and for expenditures incurred as a result of an increased number of specialty summer camps.



Fund Name	Resources YTD through 1st Quarter FY13-14	Resources YTD through 1st Quarter FY14-15	Variance 13-14 to 14-15	FY 14-15 Total Budgeted Revenue	YTD% of FY 14-15 Total Budgeted Revenue
911 Emergency Services	514,884	556,017	41,133	2,350,140	23.66%
Administrative Services	1,134,031	1,247,261	113,230	5,026,820	24.81%
Airport	81,573	91,127	9,554	601,950	15.14%
Capital Improvement Project	422,512	898,145	475,633	11,733,950	7.65%
Community Development Revolving	580,203	338,130	(242,073)	2,659,050	12.72%
Davidson	7	7	-	0	0.00%
Development Services	1,307,942	1,000,629	(307,313)	2,829,890	35.36%
Facility Maintenance	199,552	201,814	2,262	806,490	25.02%
Fleet Maintenance	204,503	205,959	1,456	851,110	24.20%
General Obligation Debt Service	(64,068)	2	64,070	1,131,610	0.00%
Parking	140,777	165,885	25,108	1,129,420	14.69%
Parks System Development Charge	882,049	1,321,783	439,734	618,100	213.85%
Pension Obligation Debt Service	603,700	603,700	-	2,720,030	22.19%
Risk Management	796,714	842,049	45,335	1,121,350	75.09%
Street	744,438	716,006	(28,432)	4,356,940	16.43%
Street & Utilities Systems Development Charge	1,797,464	4,618,736	2,821,272	3,874,990	119.19%
Stormwater	879,464	684,647	(194,817)	2,741,440	24.97%
Technology & Communication	396,465	395,742	(723)	1,583,280	25.00%
Transit	886,152	636,237	(249,915)	3,475,420	18.31%
Wastewater	2,723,054	2,572,555	(150,499)	20,123,810	12.78%
Water	3,958,446	3,894,239	(64,207)	11,717,120	33.24%
TOTAL RESOURCES	\$ 18,189,862	\$ 20,990,670	\$ 2,800,808	\$ 81,452,910	25.77%

RESOURCES – Info on <=>5% difference in Operating Funds from prior year or budget target (25%)

Airport – Building and hangar rental revenues came in greater than last year, but are lagging against budgeted levels.

CD Revolving – Resources are less than prior year and budget, but Community Development Block Grant (CDBG) and the HOME program grant revenues are based on reimbursements and received only after expenditures are incurred. Timing of spending and receipts is sporadic and relatively unpredictable, so results above are typical; a significant portion of FY13-14 CDBG and HOME projects were carried forward to FY14-15 as is also the norm.

Development Services / Parks System Development Charge (SDC) / Street & Utilities SDC – Charges for Service revenue in these funds, related to permits/reviews/inspections and SDC's respectively, are above target and, in the case of SDC's also ahead of last fiscal year, courtesy of development at OSU and a \$1 million site package for the Oak Creek Retreat. Timing of large projects is variable, spanning multiple months/years, so revenues are less predictable.

General Obligation Debt Service – While not an operating fund, the GO Debt Service revenue impact from the Hewlett-Packard property tax refund in July 2013 bears noting, due to the negative first quarter balance above, whereas for FY 14-15 status of receipts has returned to normal. This year's first significant tax turnover is anticipated in November.

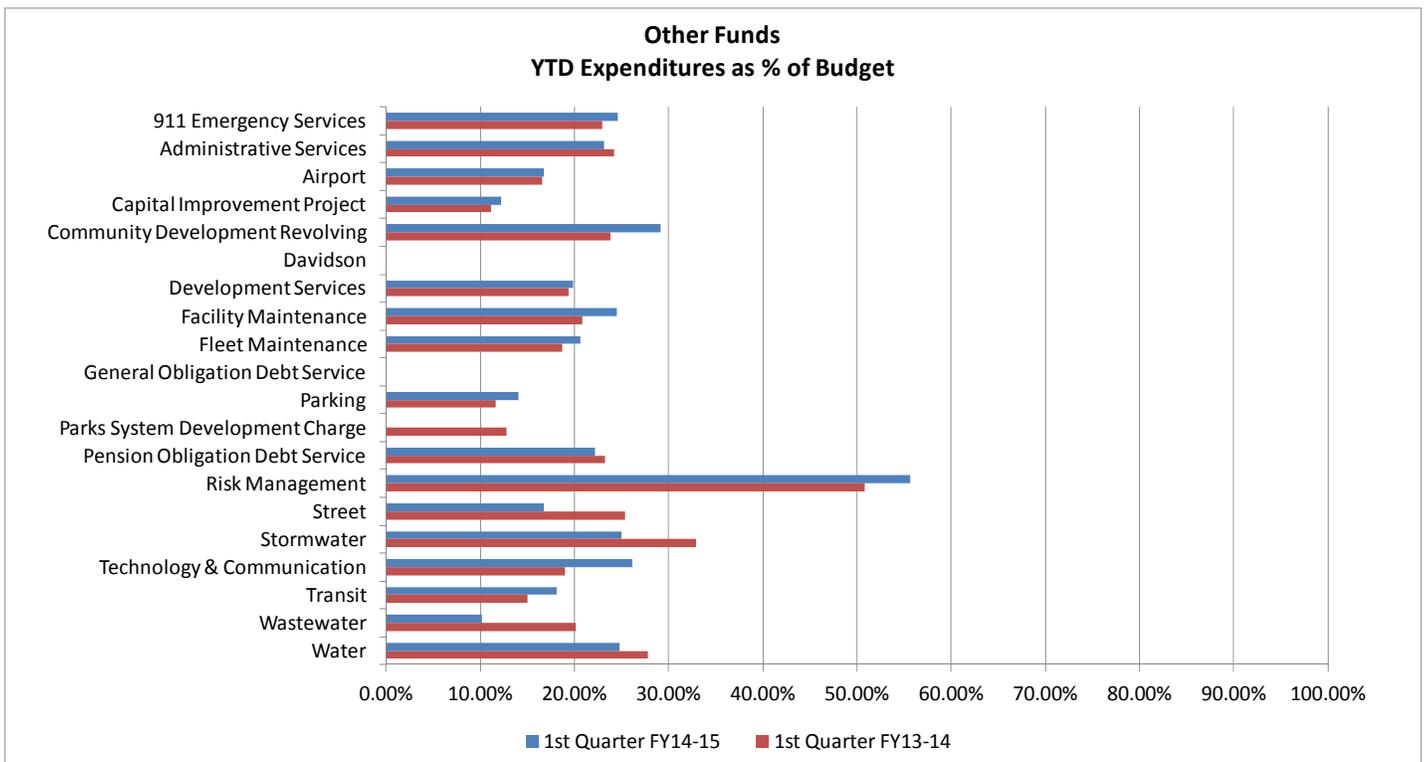
Parking – Revenues are higher YTD than prior year from approximately \$20,000 in unanticipated fees in-lieu of parking program improvements. Revenues are below budget however, with the RPD outcome awaiting the November ballot.

Risk Management – Timing of this internal service to departments is weighted to coincide with insurance premium payments, 75% of which occur in July (Q1) and 25% in January (Q3), so Q1 revenues are already at 75% of budget.

Street – Highway tax revenues have flattened, due to reduced fuel usage in more fuel-efficient, hybrid and electric vehicles, and are coming in at last year's level; thus total receipts are currently expected to come in under the increased budget amount; Sidewalk and Transportation Maintenance Fee program revenues are on target with budget as of Q1.

Transit – Revenues are roughly \$250,000 less than the previous fiscal year, mostly due to timing of operating and capital grant draws, as well as a 3.6% decrease approved in February 2014 for the Transportation Operations Fee (TOF).

Wastewater/Water – Increased metered usage and a new rate structure are positively affecting Charges for Service receipts this year; however, the table above reflects a decrease in overall revenue due to earlier and larger transfers made in FY 13-14 to the construction component funds for various capital improvement projects.



EXPENDITURES – Info on <5% difference in Operating Funds from prior year or budget target (25%)

The above bar graph compares FY14-15 and FY13-14 expenditures through September 30th as percentages of their respective total budgets for all City funds except the General Fund (discussed in previous pages).

Administrative Services – Spending is slightly below the target YTD due to vacancies for a Public Information Officer (PIO) and an Accountant. The PIO position is on-hold until a new City Manager is hired, while the Accountant position is in the recruitment phase. The Q1 unemployment invoice had not been received by September 30th, also contributing to the lag against budget, but will be reflected in the next quarter.

Airport – While total spending is aligned with prior year as a percent of budget, the actual YTD dollar spending is significantly less due to the early payoff of the OBDD loan in FY 13-14.

CD Revolving – Spending is slightly high as a percentage of budget mainly because a significant portion of FY 13-14 CDBG and HOME projects were carried forward to this fiscal year, so prior year project spending is well underway, though new FY 14-15 projects have been slower to progress.

Davidson – This is designated as a Permanent Fund under governmental accounting guidelines due to the \$5,000 endowment established through a 1981 donation in honor of the former librarian Alice Passano Davidson. Only interest earnings are expendable, and so in recent years of minimal revenues, the Library has chosen not to appropriate or spend much, if any, of the available funding hoping to grow the balance needed for specified materials.

Development Services – Spending is low as a percentage of budget in both fiscal years due to vacancy savings as well as only a very small portion of special project budget spent in the first quarter of each year.

Facility Maintenance – FY14-15 spending is higher than FY 13-14 due to an increase in repair and maintenance activities, as well as the purchase of a replacement vehicle which was approved via supplemental budget in July.

Fleet Maintenance – Spending is higher than last year due mostly to the timing of fuel deliveries.

Parking – Spending is low as a percentage of budget due to lower than anticipated spending on OSU collaboration and parking district related projects, as well as municipal court clerk, police parking enforcement, and public works

transportation program specialist vacancies. Budget associated with the RPD initiative by City Council is on hold pending outcome of the November 2014 voter referendum on this topic.

Parks System Development Charge (SDC) – Expenditures in this fund are related to capital projects. The FY13-14 expenditure was a transfer for the acquisition and development of the Coronado Park subdivision. No transfers have been made YTD in FY 14-15; park development, trails/bike paths, and playground improvements will occur in future quarters.

Risk Management – Timing of internal service charges to departments is weighted to coincide with insurance premium payments, 75% of which occur in Q1 and the remaining 25% occur in Q3. Claims for self-insured expenses are unpredictable and vary from year to year.

Street – Operating expenditures are slightly under target YTD in FY 14-15, but are much lower than prior year due to crack/slurry seal program work done in Q1 of FY 13-14 along with support for the Accela asset management project.

Technology & Communication – Spending is aligned with budget in FY14-15, however was lower at the same time last year due to a vacancy, no spending yet on special projects, and variation in timing of City-requested work orders.

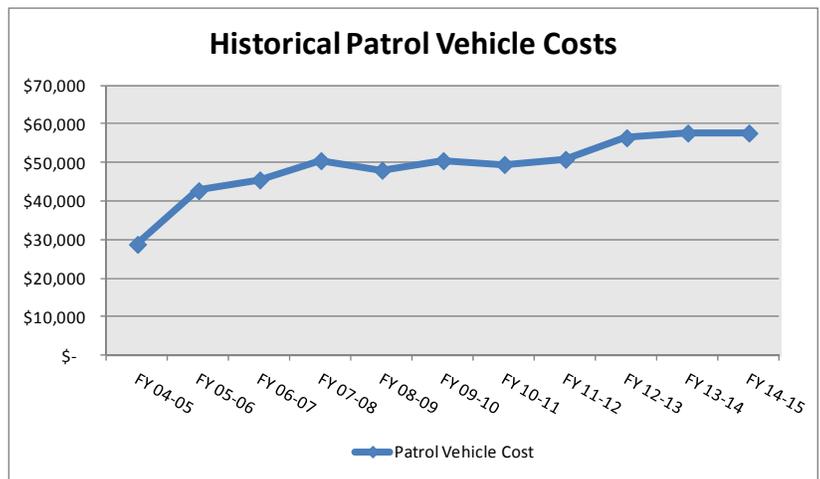
Transit – Actual spending is aligned with prior year, but is lower than budget overall in both years due to the timing and cost of fuel, as well as a replacement bus in FY 14-15 which has been ordered but not yet paid for.

Wastewater – Operating expenditures have increased due to fuller staffing and Risk Management internal service charges. The latter situation is attributable to more workers' compensation claims and an updated City-wide property appraisal. Q1 special project expenditures include \$264,900 toward construction of the 150kw solar photo-voltaic (PV) system, funded by a Pacific Power Blue Sky grant.

FUTURE OUTLOOK

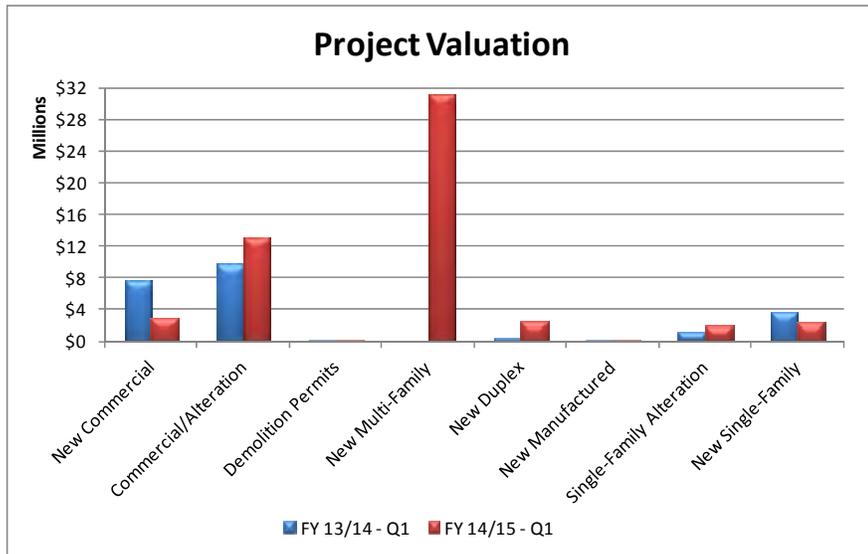
Patrol Vehicles – Over the past 10 years, the cost to purchase and fully equip a new marked patrol vehicle has doubled due to higher vehicle and equipment costs, coupled with implementing various technologies such as digital camera systems, in-car computers/tablets/software programs, E-Citation and technology and digital 700mhz radios. The chart below shows the increase in total vehicle cost with setup of all equipment/technology systems since FY 04-05.

While different model types have been tried in recent years, the impact to cost and optimal length of service time has not been significant. The extension of replacement life for patrol vehicles from three to five years (or up to six years for supervisor and K-9 vehicles) has been driven more by trying to manage equipment reserve balances. Patrol vehicles are driven by all shifts, are often utilized 24/7, so retaining vehicles longer is resulting in higher maintenance costs, as well as increased down time for repair and maintenance. Greater reliance on technology, and the associated maintenance and operating requirements, leads to vehicles being unavailable when the technology is down for repair. Additionally, the technological advances continue to require additional expertise and staff time both in the Police Department and in the City's MIS Division.



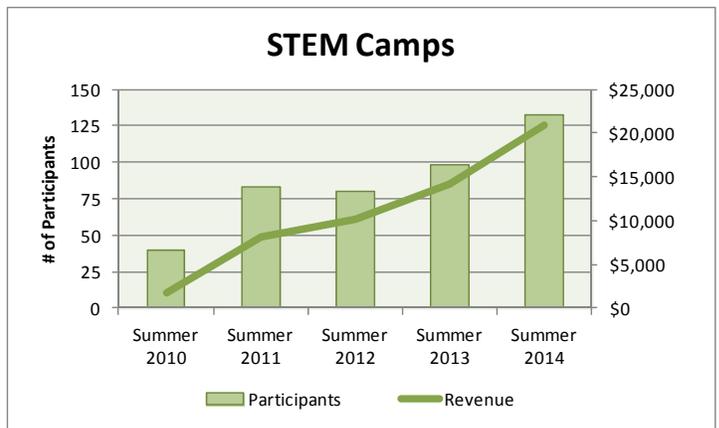
In FY 14-15, four new officers were hired through the operating levy. While approximately \$10,000 in additional annual contributions to the vehicle reserve were included in the levy funding, this is not sufficient to front the purchase of a new vehicle in the first year for these positions. This has necessitated retaining older vehicles beyond their recommended replacement schedule, as well as purchasing additional tablet computers, camera systems and radios for the older vehicles. Additional contributions into the Police vehicle reserve fund would be required to continue current service levels; the reserve is currently projecting a negative balance in FY 18-19. This further burden on the Police Department operating budget, coupled with higher technology and maintenance costs will continue to impact Police services.

Development Services – Licenses, Fees & Permits in this fund are over 40% of budget at the end of the first quarter, and \$146,350 higher than this time last year. While the volume of permits continue to be high this fiscal year, a small number of permits from this quarter included valuations that were very large, such as a \$1,000,000 site package for The Retreat at Corvallis, which contains new cottage apartments near the Oregon State University (OSU) campus.

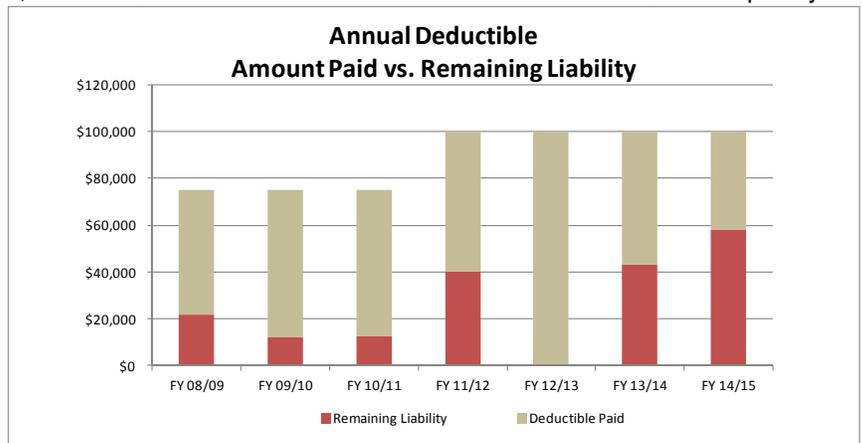


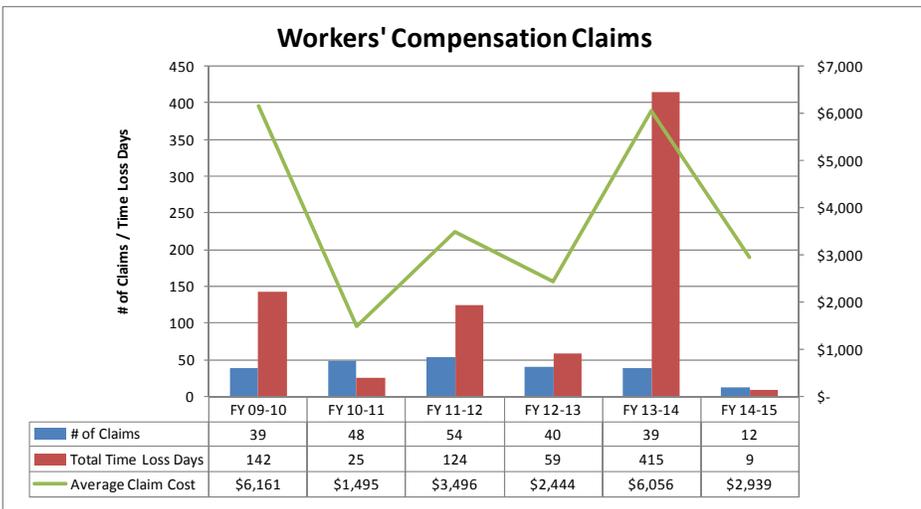
The graph to the left highlights the difference in construction permit valuations for Q1 of FY 14-15 compared to Q1 of FY 13-14, at \$53.9 million and \$22.6 million respectively in total. Services for these projects will likely span multiple years, so it is important that this influx of revenue sustain the related expenditures in the fund over the course of these projects, typically a six month average. As the fund balance grows, staff will have to carefully allocate time and resources to these projects.

STEM Camps – Since 2010, Parks and Recreation has been offering more specialized, week long, summer camps that build Science, Technology, Engineering, and Math (STEM) skills. Participation in these programs has been increasing year after year since inception. When developing Summer 2014 camps, staff used Cost Recovery methodology to decide to offer additional camps and expand those offerings due to the past demand, popularity and long waiting lists. Comparing just the last two recent summers, 2013 revenue was \$14,199 with 98 participants compared to 2014 revenue of \$20,839 with 132 participants. This 35% increase in participation created a 47% increase in revenue. This type of program growth impacts the department’s budget when determining how to allocate its firm expenditure limit since all program offerings have related expenditures.



Risk Management – The Risk Management Fund budget is split between the City Manager’s Office for workers’ compensation (WC) premiums and Finance for self-insurance and property/liability premiums. FY 14-15 budget is already \$38,000 lower than total FY 13-14 insurance costs, but FY 13-14 saw an increase in self-insurance costs due to prior year claims that had outstanding deductible liabilities. Beginning in FY 11-12, the City assumed a \$100,000 deductible policy with City County Services of Oregon (CIS). Essentially, the City is liable for all claims up to the deductible amount for any given fiscal year. The graph on the right shows the deductible paid and the remaining liability by fiscal year. For claims settled or adjudicated in any year where the City has remaining deductible, CIS will invoice the City up to the remaining deductible on a quarterly basis. During Q1 of FY 14-15, the City was invoiced for claims as far back as FY 09-10.





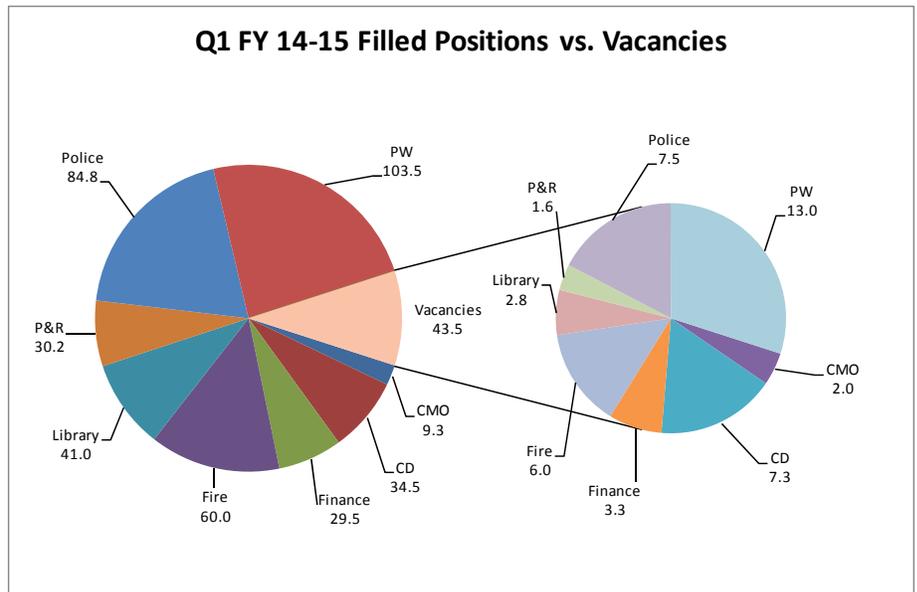
In addition, the cost per WC claim in FY 13-14 was very high, despite the fact that the number of claims were down. Although FY 14-15 Q1 results look significantly lower YTD, first quarter claims have not yet been paid out so it is too early to tell if the City's experience has improved. However, it is noteworthy that the City of Corvallis was awarded the Gold Safety Award by CIS and the League of Oregon Cities from the annual Employee Safety Award for Oregon Cities program, which was initiated by the League Board of Directors in 1973 to stimulate cities' interest and participation in loss prevention programs. The winners are those with the lowest injury

frequency, based on a sliding scale, and the City of Corvallis won based upon its FY 13-14 performance. WC claim costs vary constantly based on reserves (included in costs), follow-up treatment, time loss days, and reimbursements from the Employer-at-Injury Program (EAIP) for salary indemnification and equipment purchases, as seen in the graph above.

Risk Management costs appear to be running higher than expected in total, and will be closely monitored in coming months in case contingencies are needed to cover unanticipated premium rate increases or additional claim expenditures.

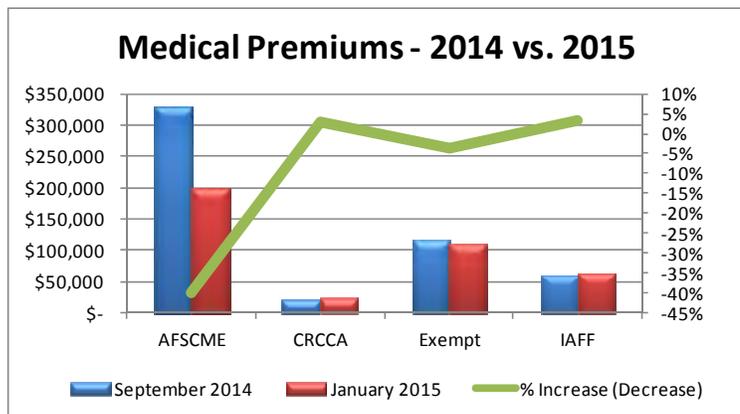
CITY STAFF – PERSONNEL SERVICES QUARTERLY UPDATE

Vacancies – The pie-within-a-pie chart below depicts how different departments have been impacted by vacancies in the first quarter of this fiscal year. Public Works (PW) has already had two departures due to retirements, contributing to the 13 vacant positions at the end of Q1, which accounts for 11% of their total authorized FTE. The 43 FTE in City-wide vacancies accounts for nearly 10% of total FY 14-15 authorized FTE, up from about 36 FTE vacancies this time last year. The primary reason for more vacancies in Q1 this year are the new positions funded by the 2013 Operating Levy that are still in the recruitment phase, but that are expected to be fully staffed in Q2. Other notable vacancies include those associated with the outcome of the Residential Parking District vote in November 2014, and the departure of the City Manager incumbent in August 2014. The latter departure put recruitment on hold for the Public Information Officer, in the City Manager's Office, pending the hiring of a new City Manager. A request for proposal has been initiated for the hiring of a consulting firm to assist with finding a new City Manager. For any position not funded by the 2013 Operating Levy, departments must perform a position review and/or consider reorganizations whenever a position becomes vacant, in order to optimize potential budget savings and/or other possible efficiencies within that department.



Healthcare – FY 14-15 department budgets held medical costs flat with current year rates since premiums for 2015 were not yet known. Any rate increases are to be absorbed within each department's budget. Fortunately, for FY 14-15, most department budgets should not be as negatively impacted due to significant plan changes for AFSCME and Exempt units and lower increases in the other plan premiums. In FY 13-14, a 9.1% increase was experienced with 2014 rates, but 2015

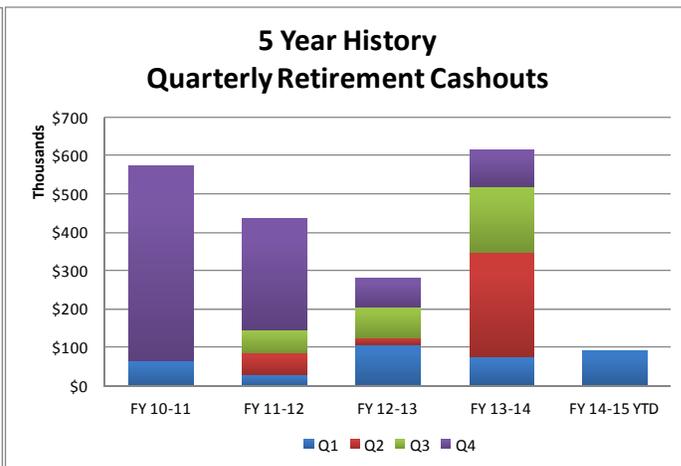
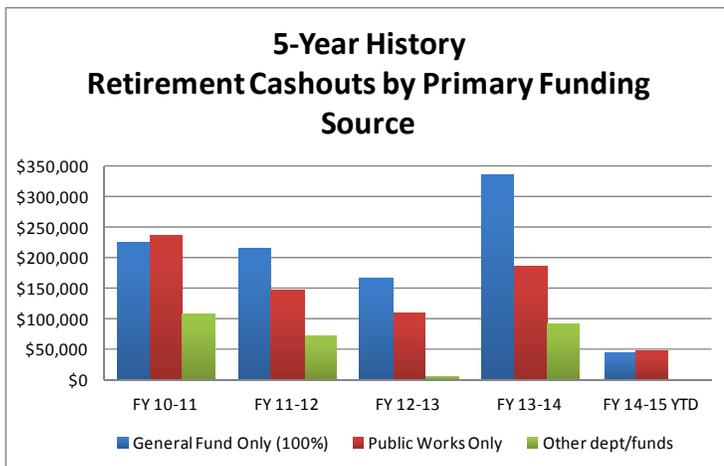
only increased by 3-4%, depending on the plan. The most notable change to medical benefits for 2015 is the consolidation to a single High Deductible Health Plan (HDHP) for both AFSCME and Exempt units. Not only does movement to a single health plan across over 300 FTE streamline administration functions, but the cost of the HDHP is considerably less than the current HMO (in which a substantial number of AFSCME participants are currently enrolled) and slightly less than the other current plans (PPO and CDHP) which are going away. The adjacent graph illustrates the monthly premium cost, by bargaining unit, for all employed at the end of Q1 (not including vacancies). The bars reflect the



totals paid in September 2014 vs. what will be paid in January 2015 per new plans and premiums. It is important to note, however, that while AFSCME, and to a lesser extent Exempt, show significant monthly premium savings compared to the other units, in FY 14-15 a large portion of the savings will be offset by the pickup of City-paid Health Savings Account (HSA) contributions for all HDHP participants (which is paid in January as one annual payment), vs. the monthly Health Retirement Account (HRA) contributions currently being made for the smaller group who have been on the CDHP plan. Additionally, the AFSCME employees will receive a medical stipend under their new contract that is paid upfront and further serves to offset premium savings. The City will pay these two once-annual upfront

expenses in January, for the entire 2015 calendar year, the monthly premium savings for the latter seven months of the fiscal year will help compensate for these payments. CPOA is not included in the analysis above as 2015 rates are not yet available.

Retirements – FY 13-14 saw a significant increase in the number of retirements and their related vacation and sick leave accrual cashouts, bringing the average of the prior four fiscal years to \$481,000. Retirement cashouts in Q1 of FY 14-15 are on track to be in line with this average, as three individuals retired in Q1 with \$95,000 in related cashouts. The graphs below represent a five year history of quarterly cashout amounts in total (right graph), and the impact by funding source (left graph). The funding source graph shows that although Public Works is ahead so far in FY 14-15, this department has had a lower annual volume of retirement payouts than the General Fund (i.e. Police, Fire, Library and P&R) since FY 11-12.



With nearly 20% of regular (non-casual) employees over the age of 55, many of whom are currently eligible for retirement or nearing eligibility, it means there is a potential for FY 14-15 and future years to be subject to large vacation and sick leave accrual payouts. These cashouts are difficult to budget for without substantial written notice from employees, which is not legal to require, so the amounts must typically be absorbed within a department's current year budget as they occur. This type of unexpected activity will continue to be closely monitored over the course of the year in order to assess the level of impact on each budget by fund and department.

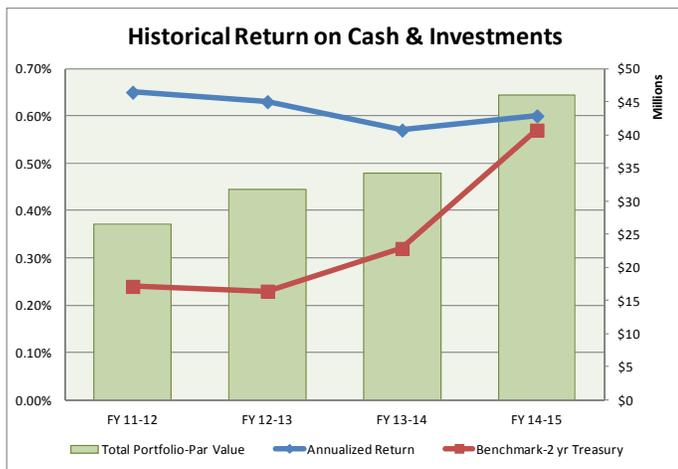
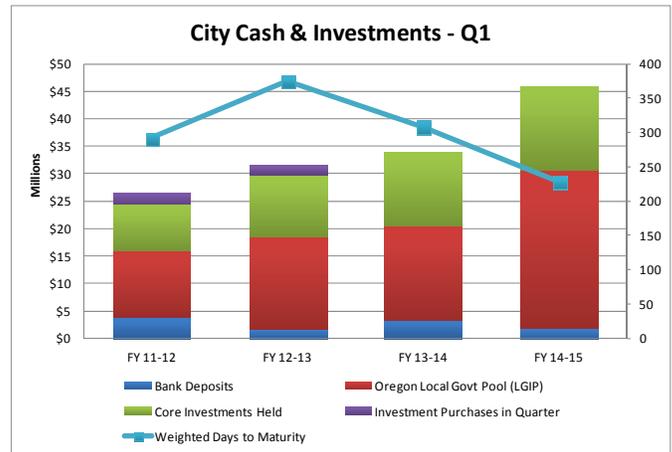
CAPITAL IMPROVEMENT PROJECTS QUARTERLY UPDATE ON SIGNIFICANT ACTIVITY

<i>Fire Department Facilities Relocation</i>	<u>CIP Doc Pg:</u> 7	<u>Adopted Budget:</u> \$3,501,500	<u>Amended:</u> \$3,501,500	<u>YTD Expended:</u> \$201,741
This project relocates and replaces the current training facility, which is 40 years old and in poor condition. The new training facility will be located on the north end of the Public Works (PW) compound, and will be compatible with the PW Facilities Plan. Phase I, construction of the building pad was completed in FY 12/13. Phases II and III designs were completed in FY 13/14. Construction began in late July, 2014 and is expected to be completed by April, 2015. Finance staff completed a 2014 full faith and credit debt issuance in September to fund this project. Actual costs of the project are greater than originally budgeted for in FY 14/15, and the bond sale was for the amount needed to complete the project. Staff will be presenting a resolution to appropriate for the additional proceeds above the FY 14/15 adopted project budget.				
<i>Storm Drain Replacement</i>	<u>CIP Doc Pg:</u> 33	<u>Adopted Budget:</u> \$297,500	<u>Amended:</u> \$297,500	<u>YTD Expended:</u> \$126,594
This project is the storm drain portion of a project that reconstructs 15 th Street and incorporated, OSU owned, Washington Way into the project that is being managed by City staff through an intergovernmental agreement (IGA) with OSU. This portion of the project is complete.				
<i>15th Street/Washington Way Improvements</i>	<u>CIP Doc Pg:</u> 41	<u>Adopted Budget:</u> \$3,081,320	<u>Amended:</u> \$3,081,320	<u>YTD Expended:</u> \$1,204,251
This project combines the planned reconstruction of 15 th Street from Western Boulevard to Jefferson Avenue with OSU's proposed realignment of Washington Way, construction of a traffic signal, a new railroad gate crossing at 15 th Street/Washington Way, and reconstruction of a 20-inch water line. City staff is managing design and construction of this expanded scope in collaboration with OSU through an IGA. Construction is nearing completion. Railroad equipment was being installed at the end of October, 2014. The traffic signal will be fully operational in November, 2014 following completion of the railroad's work. The street is now open to the traffic.				
<i>Sanitary Sewer Line Rehabilitation</i>	<u>CIP Doc Pg:</u> 87	<u>Adopted Budget:</u> \$801,750	<u>Amended:</u> \$801,750	<u>YTD Expended:</u> \$359,338
This annual program replaces or rehabilitates sanitary sewers which have exceeded their service life and / or allow excessive amounts of extraneous rainwater or groundwater (inflow and infiltration) into the sewer system. Construction is complete for those projects designed in FY 13/14. An additional high priority line for replacement adjacent to the recently completed work has been identified. There is sufficient budget to complete this additional work which is between 12 th and Dixon Streets from Garfield to Grant Avenues, which will be completed through a change order with the original contractor based on their original unit prices. Construction of the additional work began in October with completion in November.				
This project also included the sewer rehabilitation portion of a project that reconstructed 15 th Street and OSU owned Washington Way Improvements. This portion of the project is completed.				
<i>Water Distribution System Rehabilitation</i>	<u>CIP Doc Pg:</u> 109	<u>Adopted Budget:</u> \$377,000	<u>Amended:</u> \$377,000	<u>YTD Expended:</u> \$293,866
This program provides for ongoing replacement or rehabilitation of the City's water distribution system infrastructure. Construction of the project designed in FY 13/14 has been completed with the exception of patch paving of the street, which was rejected due to poor quality. The paving will be removed and repaired dependant on the weather.				

CASHFLOW AND INVESTMENT PORTFOLIO QUARTERLY UPDATE

A [Treasury Report](#) is prepared and filed monthly for review by the Administrative Services Committee, which reviews the status of investments in conjunction with this quarterly operating report.

The graphs in this section depict a four year history of total holdings at the end of each first quarter. Q1 historically holds the lowest portfolio balances as funds are depleted through the summer months, and the first round of property tax receipts are not received until Q2 of each fiscal year. However, these graphs illustrate that total holdings have successively grown over the past three fiscal years, even in the first quarter, due in part to the addition of the local operating levy revenues as well as the Council Policy directed gradual accumulation of a \$6.3 million fund balance reserve in the General Fund. The total portfolio has also benefitted this fiscal year to date from significantly increased balances of system development charge (SDC) reserves, from OSU and other local development work, which have restricted purpose spending.

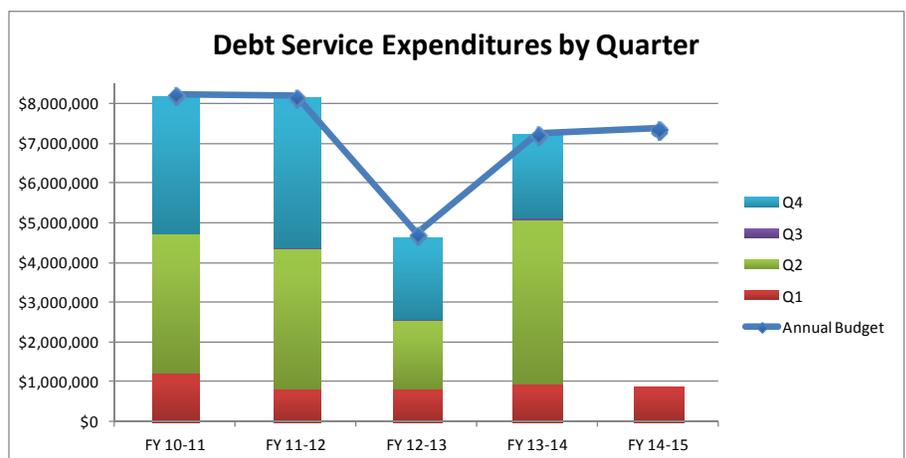


With the help of its investment advisory firm, Government Portfolio Advisors (GPA), the City maintains a strategically laddered portfolio, term-wise (see graph above showing maturities averaging less than 18 months, per policy), in order to gain some market return without undue risk. The graph to the left shows that the City has successively outperformed the benchmark 2-year Treasury note rates over the past few years. The most recent quarter end saw a spike of the benchmark 2-year Treasury note to 0.57%, narrowing the City's margin of portfolio performance to just 0.03%. Subsequently, the T-note fell over 20 basis points (b.p.), but in recent weeks has returned within an average range of 5 bp below September 30th levels. The City's target core portfolio was raised from \$15 to \$20 million at ASC's last meeting on this topic, based on the increasing reserve balances noted

above. As such, additional investment purchases are expected in Q2 to lengthen the portfolio's average days to maturity and thus optimize returns. As of September 30th, the City's earliest maturity of its non-liquid investments is not until October 2015, and the latest maturity is in July 2017.

NON-OPERATING EXPENDITURES – DEBT SERVICE QUARTERLY UPDATE

Actual debt service expenditures are typically very close to budget since the debt service schedules are known. General Obligation Bond payments are often structured to occur in Q2 when cashflow is higher from property tax inflows. The end of Q4 or beginning of Q1 are the other common times to schedule debt service payments if related to seasonal underlying revenue streams. The significant total debt reduction shown in FY 12-13 is due to three refunded utility-backed loans. While not reflected in payments as yet, \$3.9M in new full faith and credit bonds were sold on Sept.23rd (closed Oct.8th) for construction of a fire training facility and several capital project roof replacements. The first interest-only payment on this 1.71% 10-year issuance will be due in February 2015.



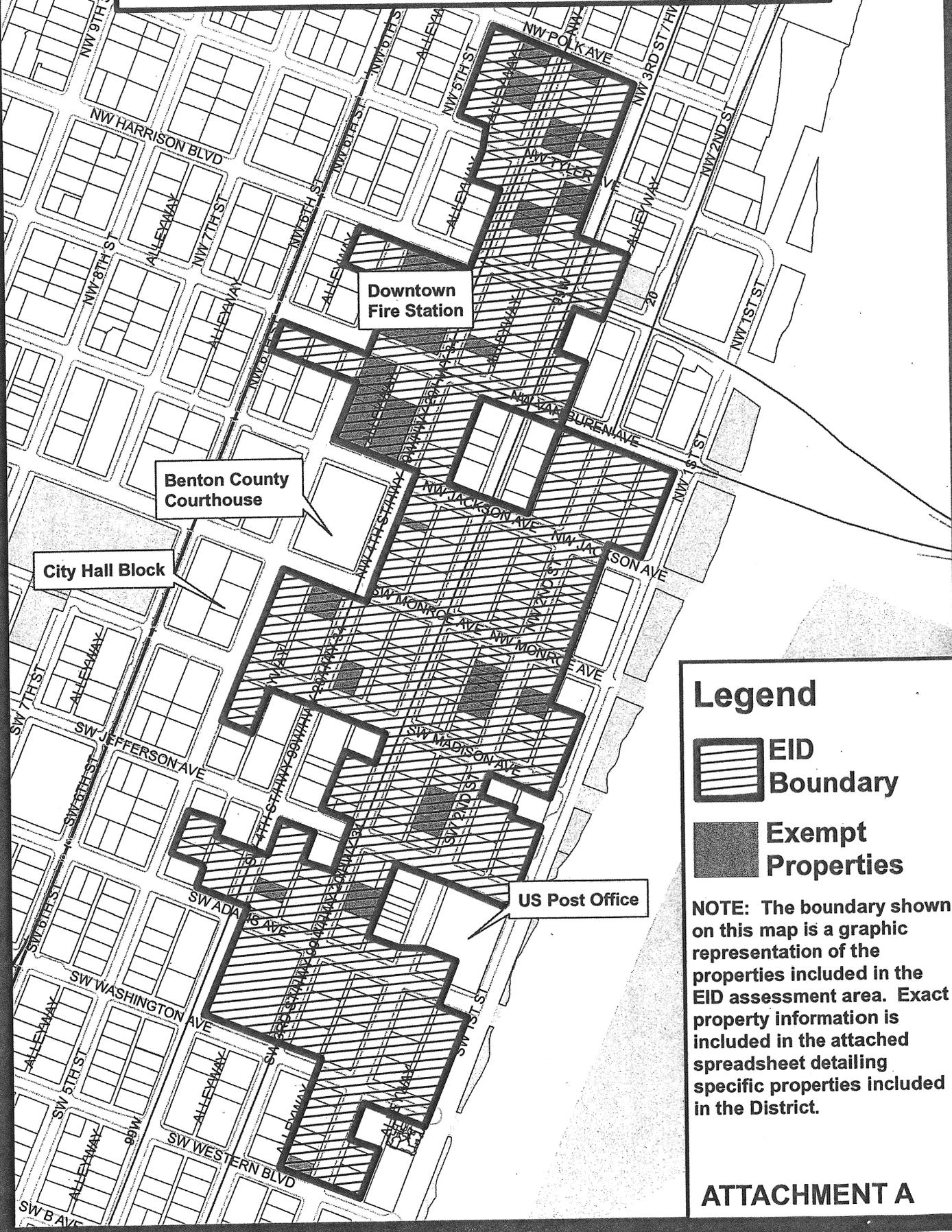
Performance Measurement is important for providing management, staff, the City Council and citizens with information on how well City staff are providing expected service levels, as well as linking this performance with [Council Goals](#) and values. Continuing pressure to improve accountability and provide greater value-for-money performance has prompted government at all levels to recognize the need for outcome-oriented and strategic performance indicators. Highlighted below are just a few of the many measures which departments utilize to help guide operational decision-making.

COUNCIL VALUES	Management Goals & Objectives	Performance Measures	FY13-14 ACTUAL	FY14-15 TARGET	1st QTR ACTUAL	FY14-15 YTD
Cost Efficiency	Ensure City financial 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.	5.50%	<7.00%	5.54%	5.54%
	Provide necessary information technology (IT) resources for departments to operate efficiently.	Achieve 100% server uptime relative to scheduled server uptime. ⁽¹⁾	99.3%	100.0%	99.9%	99.9%
	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. ⁽²⁾	22,012 (10.59 FTE)	25,000 (12 FTE)	6,142 (2.95 FTE)	6,142 (2.95 FTE)
	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. ⁽³⁾	143 or 2.58/thou	<2.5/thou	39 or .70/thou	39 or .70/thou
	Have utility rates that contribute to Corvallis being an attractive place to live.	Control operation and maintenance costs to minimize annual utility rate increases. ⁽⁴⁾	2.8%	≤3.0%	n/a	n/a
		Percent of average annual water bill to median household income (\$69,400). ⁽⁴⁾	0.33%	<0.45%	n/a	n/a
		Percent of average annual wastewater bill to median household income (\$69,400). ⁽⁴⁾	0.46%	<0.65%	n/a	n/a
	Diversity	Provide a welcoming organization that promotes and respects diversity.	% of job applicants for regular positions who identify themselves as a minority. ⁽⁵⁾	16%	16%	13%
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. ⁽⁶⁾	7.2	10.0	6.7	6.7

COUNCIL VALUES	Management Goals & Objectives	Performance Measures	FY13-14 ACTUAL	FY14-15 TARGET	1st QTR ACTUAL	FY14-15 YTD
Sustainability	Seek out the most promising Stage 2 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.	Number of Economic Development division staff visits to Benton County's promising Stage 2 companies.	150	150	36	36
	Conserve resources by reducing fuel and paper use.	Percentage of permits issued online (mechanical, electrical, and plumbing). ⁽⁷⁾	52%	35%	52%	52%
	Maintain average fire loss per capita within city & district limits less than regional average of \$34.40.	Maintain average loss per capita within city & district limits less than national average.	\$5.67	<\$34.40	\$13.71	\$13.71
	Achieve above national average use of 18 items checked out per user each year for comparable sized libraries.	Circulation per registered borrower. ⁽⁸⁾	36.8	>35.0	9.2	9.2
	Increase the utilization percentage of Parks & Recreation granted scholarships.	Percent of total scholarship value expended. ⁽⁹⁾	47%	47%	32%	32%
	Increase community usage of on-line police reporting system by 10%.	Number of police reports made through the on-line system.	689	758	180	180
	Remain below national average of 10% annual water loss in the distribution system.	Percent of water loss in the distribution system.	4.89%	<10.00%	<2.93%	<2.93%
Community Involvement	Interact with at least 10% of residents (city and rural district) in public Fire education events annually.	Percentage of citizens attending public education events.	6.8%	≥10%	0.4%	0.4%

1. During Q1, MIS did not experience any significant power outages that caused server downtime. Overall performance for the fiscal year is near perfect which indicates adequate server backup and scheduling of maintenance.
2. Volunteers are most prevalent in Q1 and Q4. Parks operations continue to be a leader in the utilization of volunteer labor, capitalizing on college and community need for service project opportunities.
3. There have been 39 accidents, or 0.7 per thousand YTD. The City continues to be well below the State average. FY14-15 YTD figures utilize the most recent actual PSU Population Research Group figure of 55,345 (December 2013).
4. These are annual measures calculated in the second quarter.
5. Of the 488 applicants in the first quarter, 65 indicated they are a minority.
6. In Q1, there was one First Time Home Buyer down payment assistance loan approved and closed.
7. Target is exceeded due to increasing awareness as a result of outreach efforts; 499 permits issued online in Q1.
8. Circulation per registered borrower (i.e., number of items checked out divided by number of people with library cards) has reached 26% of the target as of Q1. Also, 9.2 items per borrower is more than 50% of the national annual average.
9. This program is designed for families at or below federal poverty guidelines. Due to outreach and changes in eligibility per cost recovery policy, utilization rates are increasing substantially. Thus a \$125K cap on award utilization is in effect for FY 14-15 to stay within available funding. One quarter's utilization rate may be greater or less than the YTD target utilization rate since awards are granted throughout the entire year, until the cap is met. Q1 awards were \$251,400, of which utilization was \$79,871 (or 32%), but nearly 64% of the cap.

Proposed Amended Economic Improvement District Boundary



Legend

-  EID Boundary
-  Exempt Properties

NOTE: The boundary shown on this map is a graphic representation of the properties included in the EID assessment area. Exact property information is included in the attached spreadsheet detailing specific properties included in the District.

Celebrating Main Street Leaders

Meet Joan Wessell – the Executive Director of Downtown Corvallis Association in Oregon. Joan became involved in downtown revitalization in 1984 shortly after moving from Corvallis to Coos Bay, Oregon. She served as Coos Bay Downtown Director from 1984-1987 when she went back to school. Four years after completing her masters' degree, Joan applied for the Downtown Corvallis Association leadership role and was hired on the spot. Joan will celebrate her 22nd anniversary as executive director of the Downtown Corvallis Association this year. Her community recently celebrated "Joan Wessell Day" in recognition of her many accomplishments to make Corvallis a more livable community. Learn more about Joan's 25 years on Main Street.

In the summer edition of Main Street Now, we interviewed Joan and 12 other Main Street directors who have led local Main Street programs for 25 years or more. Read the article here.

Main Street Executive Director Spotlight - Joan Wessell

Joan became involved in downtown revitalization in 1984 shortly after moving from Corvallis to Coos Bay, Oregon. She served as Coos Bay Downtown Director from 1984-1987 after which she resigned to return to Oregon State University. Four years after completing her masters' degree, Joan applied for the Downtown Corvallis Association leadership role and was hired on the spot. Joan will celebrate her 22nd anniversary as executive director of the Downtown Corvallis Association this year. Her community recently celebrated "Joan Wessell Day" in recognition of her many accomplishments to make Corvallis a more livable community.

How did you get involved with Main Street: In 1975, my family and I moved from Corvallis, Oregon to Coos Bay, Oregon and while living there, became friends with the newly-hired Coos Bay Downtown Manager. I was unsure of what ALL she did, but I volunteered for a few events anyway. When she and her husband moved out of state and they advertised her position, I applied for the job and was hired on the spot! I fell in love with the job (1984-1987)! In 1987, I moved back to Corvallis to return to Oregon State University to complete my bachelors degree (1989), continuing on to obtain my masters degree. In 1993, while job-searching, I spotted a help wanted ad for the Downtown Corvallis Association Director, so I applied and was hired on the spot! So, with student loans in tow, I accepted the job with a gigantic smile!

Why have you stayed for over 25 years? The job feeds my soul with no two days ever being the same and I love the people (Members) that I work with.

If you could give a new Main Street Manager one piece of advice, what would it be? Just relax and do your best and...NEVER STOP LEARNING HOW TO BE A BETTER DOWNTOWN DIRECTOR!!!

What is the most rewarding aspect of being a Main Street Manager? Standing back and looking at the programs and events that I created that are successful and making lots of \$ for the organization I work for.

What is the most difficult aspect? The low wage and extremely long hours is challenging and the lack of a retirement plan is difficult.

In your experience, what has been the most effective means of building support for your program?

Getting out into the public (presentations to service organizations; involvement in city commissions, volunteer opportunities, community events, etc) to deliver the downtown message and create a sense of awareness about the downtown program.

Describe what leading Main Street means to you. It is an opportunity to give back and make a positive contribution to the community, to get volunteers more involved in the community, and to give young people an opportunity to get better integrated into the downtown program.

Name three essential skills a Main Street Manager must have to be successful. PEOPLE SKILLS!!

Organizational skills, Patience, Problem Solving, Communication Skills. (I couldn't just name 3 skills!)

Being a Main Street Manager is a demanding job, how do you avoid burnout? It helps to reinforce/remind myself each day that my dedication to the job I'm doing helps people and makes a positive difference in the downtown/community!

Why do you feel the Main Street Approach has worked so well for over 30 years? The incremental approach, community involvement, and professional management are vital to the program's success!

Is there any aspect of Main Street you would change or enhance? Consider assistance for long-term downtown directors to attend National Conferences at no cost to their organization.

Main Street Managers always have such great stories – name the funniest or craziest experience you've had on the job. It was nearing midnight (and dark) as vendors & volunteers tore down canopies at our annual Red White & Blue Festival. One volunteer thoughtfully laid a canopy (in a black bag) on the asphalt rather than propping it up against the fence, as he feared it might fall and hurt someone. As I rushed around helping with take-down, a volunteer handed me a travel mug asking if I knew the owner, I answered that it belonged to the person who had just taken down the canopy (in the black bag) and I turned toward him with his mug, tripping over the (unseen) black bag, falling full on my face onto the asphalt! Volunteers cautioned me to lie down, which caused my bleeding nose to fill my throat with blood! With vendors and volunteers gathering around, (someone called an ambulance!) I was becoming embarrassed and just wanted to finish our job! After answering some questions from the ambulance crew, I informed that I didn't want to be transported to hospital, I rested up a bit, took a couple of aspirins, finished our festival take down and went home with another festival memory under my belt!

Describe how you've seen the Main Street movement evolve over the years. I've seen a new awareness & reawakening around the country to the value of healthy downtowns and community involvement in maintaining Downtown's buildings and business vitality throughout the U.S.

Name a project or accomplishment that you are most proud of during your time with Main Street? I have 3 of which I am proud: (1) Requesting funds from the City to establish 3 zero-percent interest loan programs to assist business & building owners with improving their buildings (facade, interior, & upper floor). Since inception, the program has assisted with over 2 million \$ in improvements. (2) Establishing a twice-yearly wine walk "Rhapsody in the Vineyard" in 2003 that gains in popularity (retail & winery participation) & customer attendance each time we present. The event provides customers with exposure to Downtown businesses. (3) The 20-year run of an Independence Day Festival, "Red White & Blue Riverfront Festival" that is a community favorite & significant fundraiser for the Downtown Association.