

City of Corvallis,
Oregon

2008 - 2009

Adopted
Budget



The Government Finance Officers Association of the United States and Canada (GFOA) presented an award of Distinguished Presentation to the City of Corvallis for its annual budget for the fiscal year beginning July 1, 2007.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**City of Corvallis
Oregon**

Special Performance Measures Recognition

For the Fiscal Year Beginning

July 1, 2007

Handwritten signature of Charles S. Coyle.

President

Handwritten signature of Jeffrey R. Erwin.

Executive Director

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communication device. In addition, the City also received Special Performance Measures Recognition for the FY 07-08 budget document based on outstanding ratings from reviewers in both performance measurement from an Operations Guide perspective and unit goals and objectives under the Policy Document criteria.

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

City of Corvallis, Oregon

2008-2009

ADOPTED BUDGET

Mayor

Charles C. Tomlinson

Budget Commission

City Council

Mike Beilstein
Hal Brauner
Dan Brown
Patricia Daniels
George Grosch
David Hamby
Jeanne Raymond
Stewart Wershow (Chair)
Bill York

Citizen Members

Tim Cadman
Rich Carone
Jack Davis
Guy Hendrix
Karyle Butcher
Barbara Ross
Jacque Schreck
Doug VanPelt
Josh Kvidt

City Manager

Jon S. Nelson

Staff

Nancy Brewer, Finance Director
Julian Contreras, Budget Analyst
Janet Chenard, Budget Analyst
Tony Krieg, Customer Services Manager
Mike Dohn, Senior Administrative Specialist

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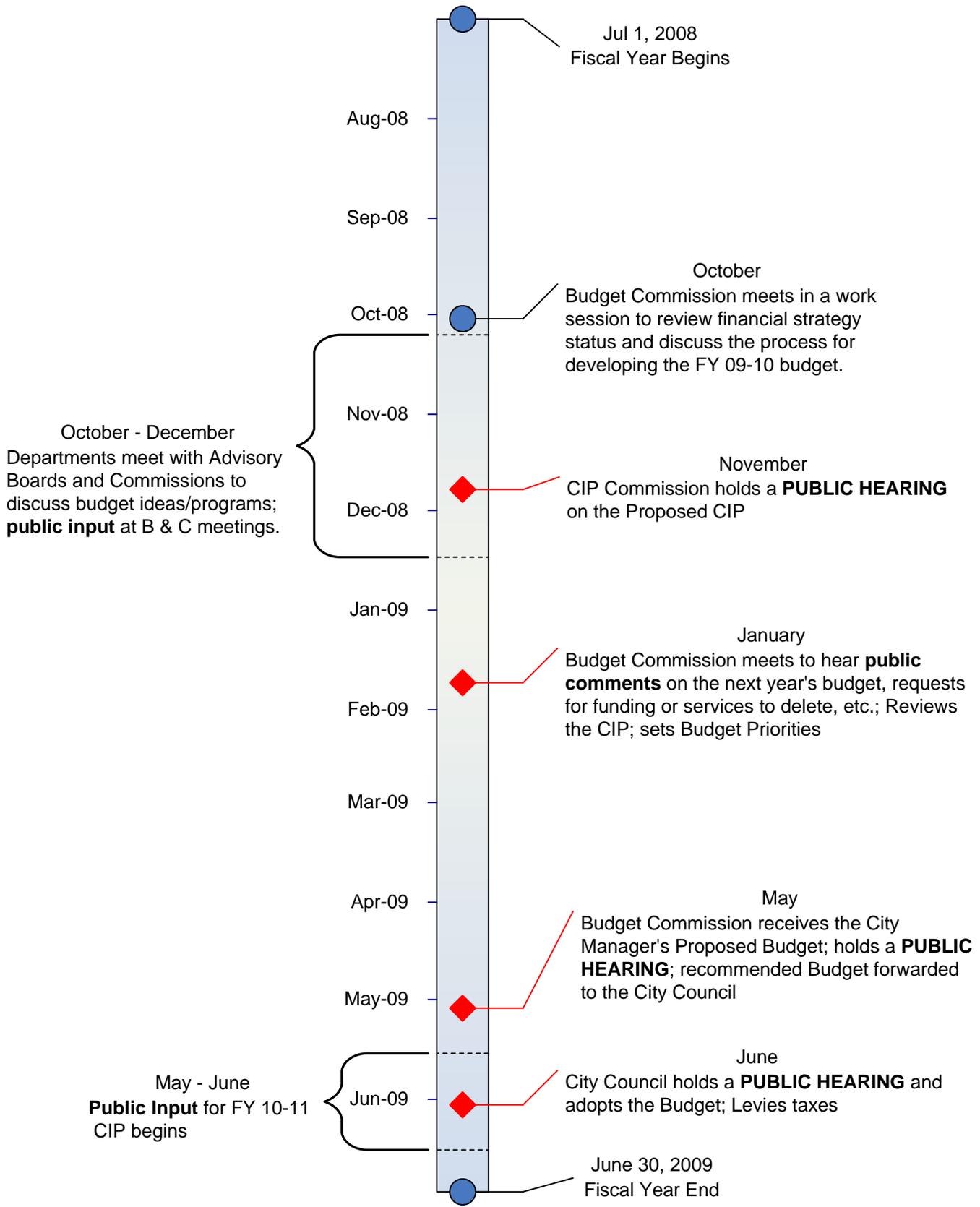
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**SECTION – I
BUDGET MESSAGE**

CORVALLIS CITY HALL



FY 09-10 BUDGET DEVELOPMENT TIMELINE – CITIZEN INPUT OPPORTUNITIES





June 3, 2008

Honorable Mayor Charles T. Tomlinson
City Councilors
Budget Commissioners
Citizens of Corvallis,

RE: FY 2008-2009 Adopted Budget

I am pleased to present the FY 08-09 Adopted Budget. The annual budget development process is designed to consider citizen input, the Corvallis 2020 Vision Statement, departmental service plans and the City Council's Goals and Values. The state of the economy is also a factor in developing the budget, and you will see this year that some revenue projections are down based on current economic challenges that are facing the nation. Even with economic challenges, the City's financial position has strengthened somewhat, and the Budget Commission has approved a number of enhancements to current services to respond to community requests. The Budget for FY 08-09 of \$109,222,205 maintains services from FY 07-08 and adds \$1,953,720 in a blend of one-time and on-going projects and services approved by the Budget Commission. The City is continuing its efforts to measure performance and benchmark our work against other entities of similar size. The list of issues that are still being worked on and are likely to require additional resources in the future is growing longer. These work efforts reflect the values of the community and in many cases countless hours of volunteer and staff time to develop the ideas into proposals for services. The City of Corvallis continues to be a proactive leader in many local government service areas.

COUNCIL GOALS AND VALUES

The community set goals in 1997 when the *2020 Vision Statement* was adopted. These broad-based goals that describe Corvallis in the future have provided the foundation for successive City Councils to follow in setting more specific goals for each Council term. The City Council for the 2007 - 2008 term has maintained this tradition, tying the goals for its term to the *2020 Vision Statement* categories. In addition to setting goals to be accomplished, since 2003 the City Council has adopted four overarching values of Diversity, Citizen Involvement, Sustainability, and Cost Efficiency. These themes are reflected throughout this budget, and had a significant role for the City Councilors in setting the goals to be accomplished. In addition, the values have been tied to the enhanced efforts at performance measurement each department is pursuing, as identified in the Department section of the budget (Section IV).

The eight goals, and the specific FY 08-09 budget implications of the goals, include:

1. Review possible development constraints in South Corvallis Refinement Plan – The initial step for this goal will be the development of a white paper on the issue. Development of the white paper will be completed by staff using existing resources, so there are no direct budgetary impacts for FY 08-09. However, the enhancement to add a planner to work on long-range planning issues will have an indirect impact since this would be one of the deferred projects that could be addressed with the added resources. If the City Council decides to pursue an alternative that would be identified in the white paper, there may be budgetary impacts for FY 09-10 and beyond.

2. Explore the need for a Southwest Area Plan – As with the South Corvallis Refinement Plan, this task will begin with staff developing a white paper using existing resources. This goal has no specific budgetary impact for FY 08-09, but if it is determined that an area plan is needed, costs for area plans have historically been around \$100,000 for consultant time combined with the need to devote around 0.50 FTE to work on the plan.
3. Improve community livability through code enforcement, code enhancement, outreach, and neighborhood-based safety – FY 07-08 has been a critical year for this goal as the City hired its first ever code enforcement supervisor and inspector and began to initiate code enforcement actions with a focused work group. As of the end of March, this group had 164 code violation complaints under investigation. The Code Enforcement work group will continue to provide reports to the City Council on the status of cases and the program through FY 08-09.
4. Develop strategies to implement the EVP and Downtown Strategic Plans – Work on this goal started when the City Council accepted both the Economic Vitality Partnership (EVP) *Prosperity That Fits* economic development strategic plan and Downtown Corvallis Association’s (DCA) *Downtown Corvallis Strategic Plan* in late December 2006. Both plans include goals to be accomplished by the City, goals to be accomplished by other organizations/private entities, and goals to be accomplished by multiple groups working together, some of which include the City. The *Prosperity That Fits* implementation committee meets monthly to develop the implementation plan, and in some cases entities are already implementing sections of the *Prosperity that Fits* plan. The DCA is also working on an implementation plan for the *Downtown Corvallis Strategic Plan* and has engaged a consultant to facilitate the establishment of an Urban Renewal District.

The Mayor appointed the Downtown/Economic Vitality Plan Implementation Committee (DEVPIC) to examine the EVP and Downtown plans and City of Corvallis investments necessary to accomplish the recommended actions. Their work during FY 07-08 has included reviewing alternatives for funding actions and monitoring the plans, and has expanded beyond seeking a funding source for the City’s efforts to include seeking funding for grants to other organizations tasked with implementing portions of the plans. The City Council at their first meeting in May 2008 considered a recommended Business License Program designed to raise \$250,000 per year to fund grants to organizations to implement the EVP and Downtown Plan action items. This led to the City Council amendment to the Budget Commission’s recommended budget to add \$250,000 for possible implementation of the Business License Program, and another \$22,300 for the City’s estimated costs for monitoring, facilitating, and communicating the status of the *Prosperity That Fits* plan and the costs for implementing the Enterprise Zone in South Corvallis.

5. Enhance organizational sustainability efforts and begin to develop a community-wide sustainability initiative – City staff work in FY 07-08 has focused on implementing the sustainability management system, with plans in place and actions undertaken for seven of the City’s eight departments. City Council members and staff are also working with the Corvallis Sustainability Coalition, a volunteer group representing over 70 community groups working to develop a community-wide sustainability plan. Their activities will continue through the end of 2008 as they complete a survey and hold three town hall meetings to discuss and develop a community-wide sustainability plan. The City has funded \$32,500 for this effort in FY 07-08, and the Budget Commission included \$30,000 in the budget to complete the work of this group.
6. Create opportunities for more affordable housing – This goal continues work that has been underway for a number of years. The City has had an active loan program focusing on rehabilitation loans for both rental and owner-occupied housing for low-income residential units. The First Time Home Buyer loan program has made 206 loans in eleven years, an investment in the community totaling over \$1.5 million. The City also has actively participated in federal Community Development Block Grant (CDBG) and HOME loan programs to facilitate construction and/or rehabilitation of both rental and owner-occupied housing. Work is currently underway to examine a Vertical Housing Credit program for downtown; this work is expected to be accomplished within current resources. Also under review are programs for a multi-family tax exemption program and a community land trust. There may be costs in FY 09-10 to implement new programs, depending on how they are structured, and the City’s level of involvement. The CoHo Co-housing condominium project was completed by Willamette Neighborhood Housing Services. Six low income/affordable homeowner units, a group home for three people with developmental disabilities, and a rental unit for a tenant with severe physical disabilities were assisted with a City investment of \$737,000
7. Develop a fiscal strategy for core City services, including a comprehensive and collaborative communication plan to increase citizen understanding of City budgets and services – The Mayor appointed a Core Services committee to review the City’s current financial status, future financial projections, and the services offered and funded by property tax dollars, and then to develop a strategy to achieve long-term financial stability. When the financial projections for FY 08-09 were updated in the fall, and the City’s financial future looked better than had previously been anticipated, the

Core Services Committee voted to sunset itself and the City Council concurred. Work on developing a communications plan about the City's finances is part of the financial strategy the City Council is currently in the process of developing.

8. Change City ordinances and policies to implement Charter amendment relating to diversity – The City's ordinances have been updated to implement the Charter amendment. Work to implement recommendations from the organization diversity assessment has also been initiated using the \$20,000 the Budget Commission approved amount for annual costs to continue organizational diversity efforts, and to better achieve the overarching value of a diverse organization.

For the second year, I have included a report card on how the City is doing in accomplishing the community's goals as outlined in the *2020 Vision Statement*. Attached to this Budget Message is a summary of the goal statements, what has been accomplished to date, and what is expected to be accomplished in the coming years. My thanks to Nancy Brewer, Janet Chenard and Julian Contreras on this excellent piece.

THE ECONOMY

Currently, the general economic projections for the United States are challenging. There is considerable discussion about the country being in a recession, credit markets are suffering, foreclosure rates are significant in many cities, and diesel fuel prices exceed \$4 per gallon. Though the national economic scene is in the doldrums, the Corvallis economy has remained relatively strong. There has been a slow-down in new residential development, and houses are on the market a bit longer than they were two or three years ago, but at the beginning of April Corvallis had no homes that were on the market after being foreclosed on. Many of the predatory lending practices seen in other parts of the country have not occurred in Corvallis. The strong First Time Home Buyers program, operated jointly by the Housing Division of the Community Development Department and Willamette Neighborhood Housing Services is given credit by local lending institutions for ensuring that first time home buyers are prepared to purchase their homes, and for having a rate of default that is significantly below the market.

While new residential development has slowed, commercial development in Corvallis has actually strengthened, with new developments along Ninth Street and a number of rehabilitation projects in the downtown area. There are also a number of capital projects on the Oregon State University campus; while they will not add to the tax base, they provide construction jobs and continued investment in the community.

The City's finances are also stable, with projections for property tax growth for FY 08-09 at 5.7%. Although residential development slowed in late 2007 and early 2008, projects that were underway in 2006 and early 2007 came onto the tax roles on January 1, 2008, adding value. In addition, with assessed value averaging 62% of real market value, even declines in real market value are not expected to have a significant impact on assessed values for the 2008-2009 fiscal year. I will note that the City's current financial projections assume that residential development will rebound somewhat in 2008; if that does not occur, then increased property tax value from new development is likely to be lower than currently projected for FY 09-10.

ENHANCEMENTS

The FY 08-09 Adopted Budget includes a number of enhancements to existing service levels:

- ◇ In the Street Fund, the Budget Commission voted to increase the budget by \$17,000 to include gravel alley maintenance, ditch cleaning, roadside mowing, and signal optimization work that was cut from the budget in FY 2004.
- ◇ In the Development Services Fund, the Budget Commission voted to add a 1.0 FTE Project Coordinator. This position's work includes project assistance on large or complex projects. The increased cost, paid by development fees, in the Adopted Budget totals \$98,250.
- ◇ In the Parking Fund, the Budget Commission voted to install additional bike parking lockers at a one-time cost of \$6,500, with an expected annual offsetting revenue of \$600 from rental revenue.
- ◇ In the Water Timber Fund, the Budget Commission voted to add 0.25 FTE support for implementing and monitoring the Watershed Stewardship Plan, at a cost of \$18,000.
- ◇ In the Water and Wastewater Funds the Budget Commission voted to add a 1.0 FTE Utilities Tech Services position. This position will split time between operations in the two funds to address the maintenance needs of the growing infrastructure of pump stations, lift stations, boosters and reservoirs. This position is included in the Adopted Budget at a cost of \$62,680 on-going, plus one-time start-up costs of \$35,000, which includes the purchase of a vehicle.

- ◇ In the Transit Fund, the Budget Commission voted to add monies for both an expansion of the current Transit system and funding \$20,000 for the third year of operation of the Beaver Bus which is primarily funded by the Associated Students of Oregon State University. In total, these enhancements increased costs in the Transit Fund by \$200,000. The Transit Fund budget was amended by the City Council, increasing appropriations \$47,310 for the estimated impact of increased fuel costs.
- ◇ In the Parks & Recreation Fund, the Budget Commission voted to add a 1.0 FTE Parks Operations Supervisor at \$105,185 for ongoing costs and \$4,000 for one-time costs. The Parks & Recreation Department has reduced other expenditures by \$42,750 to make this a net \$68,435 increase to the budget. The Budget Commission also voted to add appropriations of \$174,830 to replace the boilers at the Osborn Aquatic Center. The City's costs for this project are expected to be around \$101, 830, with the balance of the resources coming from Business Energy Tax Credits and donations. The City Council voted to amend the Recommended Budget by \$12,500 for fuel costs based on updated estimates.
- ◇ In the Fire and Rescue Fund, the Budget Commission voted to re-initiate the vehicle replacement reserves with \$250,000 in FY 08-09. This does not impact appropriations, but will create a new reserve in the Fire and Rescue Fund, and decrease the fund balance available for appropriations. Staff will bring additional information to the Administrative Services Committee and City Council to discuss the annual contribution required in the future to fund large vehicle purchases from reserves. The Budget Commission also approved a contribution of \$20,000 annually to Benton County to pay for Emergency Management Planning services, and \$87,500 to connect Fire Station 5 to the City's fiber optic network. The Fire and Rescue Fund budget was amended by the City Council by a total of \$208,000. Of that amount, \$8,000 is a carry-over for the purchase of cardio monitors which have been delayed. The balance of \$200,000 is for a new records management system (RMS). In late May the Fire Department completed a request for information process that allowed them to develop a cost estimate. More information on this issue will be shared with the City Council following a request for proposal process, and recommendation of a solution.
- ◇ In the Library Fund, the Budget Commission voted to continue the Volunteer Coordinator position on an on-going basis at a cost of \$26,000, create a 0.50 FTE Early Literacy Coordinator position at a cost of \$31,650, initiate work on a long-range plan for the Corvallis branch of the Library for \$40,000, and increase courier services by 0.25 FTE at a cost of \$10,130.
- ◇ In the General Fund, the Budget Commission voted to add a 1.0 FTE Planner for the Community Development Department to further progress on long-range planning work efforts. Costs for this enhancement total \$83,000 for on-going and \$5,000 for one-time start-up costs. The City Council amended the General Fund budget by \$345,210. Amendments were for:
 - \$5,000 to increase budget to cover FICA/Medicare costs for the Municipal Court Judge, based on an IRS finding that Judges must be paid as employees and not as independent contractors.
 - \$15,210 for Police Department fuel costs, based on increased per gallon costs.
 - \$50,000 for Community Development as a carry over of prior year appropriations to allow them to use a consultant to complete an update of the City's Buildable Lands Inventory.
 - \$275,000 for Economic Development. As noted above, most of this is for the possible implementation in FY 08-09 of a Business License Program that will allocate monies for implementing the *Prosperity that Fits* plan. An additional \$25,000 is for the City's share of monitoring, facilitating, and communicating on the status of the *PTF* plan, the City's costs for an Enterprise Zone in South Corvallis, and the City's contribution to the League of Oregon Cities foundation.
- ◇ In the Fleet Fund, the City Council voted to increase appropriations by \$47,320 for fuel costs, based on updated estimates.
- ◇ In the Administrative Service fund, the Budget Commission voted to add \$50,000 to implement the City Council's Communication Plan.
- ◇ The Budget Commission also voted to provide funding to several community based requests:
 - Provide a property tax funded subsidy of approximately \$31,000 to Majestic Theatre Management, Inc., which operates the City-owned Majestic Theatre. MTM operates under an agreement with the City, with a small contribution from the City annually paid for from earnings on a \$400,000 endowment. In recent years, with

interest rates quite low, the endowment earnings have been substantially lower than they were a decade ago, and MTM's costs have increased. The Budget Commission approved this increase for one year, as MTM indicated that they are working on a plan to become self-sustaining again.

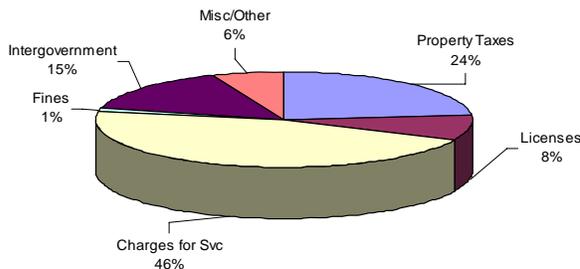
- o Grant the Corvallis Environmental Center \$15,000 to fund their educational operations.
 - o Grant the supporters of the Garfield Playground replacement project \$4,000 toward that effort.
 - o Grant the Corvallis Sustainability Coalition \$30,000 to complete funding for the community-wide planning project currently underway.
- ◇ In late FY 06-07 the Fire Department commissioned a study to look at ambulance billing and collections. From that study, it was apparent that Corvallis was understaffed in this area, that additional training for EMTs was appropriate, and additional work to improve both the billing and collection efforts could result in increased revenues. During FY 07-08 a part-time administrative support position in the Fire Department has worked extra hours equaling about .25FTE on ambulance billing as a pilot project to improve collections. This enhanced program is now projected to bring in up to 20% more revenue in FY 07-08 than the original budget projections. As a result, I have approved making this staffing change permanent, increasing a 0.72 FTE administrative position to a 1.0 FTE position, representing increased costs of \$28,100. We will monitor this investment closely and are hopeful the additional \$300,000 in revenues is a permanent, versus bubble, change.

These enhancements are all included in this Adopted Budget. In addition, the financial plans have been updated to show the on-going financial impact of these added services.

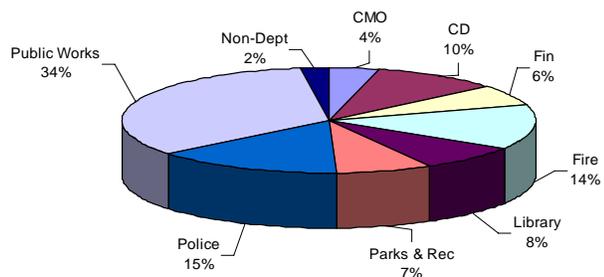
THE FY 08-09 BUDGET SUMMARIZED

For the FY 08-09 budget, staff was challenged to develop a budget that maintains current services and adds the services identified above, while limiting cost increases where possible. Operating revenues are projected to be 6.66% higher in FY 08-09 than the FY 07-08 adopted budget. Operating expenditures increase by 3.84%, primarily due to salary and benefit costs and the enhancements identified above. The total appropriated budget is projected to increase by 2.27%.

FY 08-09 Operating Revenue



FY 08-09 Operating Expenditures



FY 08-09 ADOPTED BUDGET – ALL FUNDS

	FY 05-06 Audited	FY 06-07 Audited	FY 07-08 Adopted	FY 07-08 Revised	FY 08-09 Adopted	% Chg from FY 07-08
Beg. Fund Balance	\$43,837,216	\$41,543,913	\$40,494,356	\$43,715,325	\$40,724,025	0.57%
Operating Revenue						
Property Taxes	18,844,429	19,021,942	19,402,680	19,744,470	20,509,610	5.71%
Other Taxes	1,002,657	1,113,828	1,032,490	1,173,300	1,220,930	18.25%
License, Fees, Permits	5,761,960	6,728,879	6,732,720	6,845,660	7,343,480	9.07%
Charges for Service	33,920,768	36,166,132	37,178,590	38,423,480	39,544,320	6.36%
Intergovernmental	10,887,105	9,923,068	11,954,010	9,101,950	13,159,090	10.08%
Fines and Forfeitures	1,143,010	1,298,012	1,180,720	1,249,300	1,253,270	6.14%
Miscellaneous	3,505,885	3,936,869	4,195,290	4,306,920	4,088,410	-2.55%
Total Operating Rev.	75,065,814	78,188,730	81,676,500	80,845,080	87,119,110	6.66%
Non-Operating Rev.	26,338,241	8,041,148	13,748,665	10,654,440	12,182,445	-11.39%
Total Revenue	101,404,055	86,229,878	95,425,165	91,499,520	99,301,555	4.06%
Total Resources	\$145,241,271	\$127,773,791	\$135,919,521	\$135,214,845	\$140,025,580	3.02%
Operating Expenditures						
City Manager's Office	2,576,984	2,656,242	2,879,230	2,843,140	2,961,160	2.85%
Community Dev.	4,276,092	5,158,347	7,132,540	5,037,670	7,783,040	9.12%
Finance Department	3,940,367	4,334,786	4,597,170	4,414,530	4,814,640	4.73%
Fire Department	8,275,595	8,847,789	9,356,130	9,124,300	10,638,570	13.71%
Library	5,231,544	5,336,415	5,915,230	5,797,140	6,193,510	4.70%
Parks & Recreation	4,754,481	5,073,132	5,480,860	5,310,030	5,695,870	3.92%
Police	9,867,123	10,206,658	10,932,550	10,493,520	11,338,400	3.71%
Public Works	20,099,596	20,077,210	26,116,010	22,902,410	25,827,360	-1.11%
Non-Departmental	11,397,521	1,357,376	1,738,940	1,654,940	1,745,410	0.37%
Total Operating Budget	70,419,303	63,047,955	74,148,660	67,577,680	76,997,960	3.84%
Non-Operating Budget						
Capital Projects	9,945,887	5,823,124	11,197,000	8,934,860	10,902,090	-2.63%
Debt Service	7,141,420	7,226,691	7,533,710	7,344,150	7,443,110	-1.20%
Transfers	10,738,407	7,960,696	12,338,665	10,634,130	12,182,445	-1.27%
Other Non-Op Uses	5,452,338	0	0	0	0	0.00%
Contingencies	0	0	1,584,350	0	1,696,600	7.08%
Total Non-Op. Budget	33,278,052	21,010,511	32,653,725	26,913,140	32,224,245	-1.32%
Total Appropriated Budget	\$103,697,355	\$84,058,466	\$106,802,385	\$94,490,820	\$109,222,205	2.27%
Ending Fund Balance	\$41,543,916	\$43,715,325	\$29,117,136	\$40,724,025	\$30,803,375	5.79%

Significant assumptions affecting both revenue and expenditure projections are included in the Budget Summary in Section II of this Budget. Staffing changes are highlighted on page II-18 of the Budget Summary.

PERFORMANCE MEASURES

This Adopted Budget includes the City's enhanced focus on performance measurement for the second year. The City is a member of the International City/County Managers Association (ICMA) Oregon Consortium for Performance Measurement (CPM). This partnership includes a stronger focus on measures that are made in a standard way to allow comparisons with other Oregon consortia members and with comparable sized cities in other states. In the Adopted Budget, it also translates to an enhanced presentation of performance measures (see the Department section), linking the measures to both Council Values and the objectives to be accomplished. For FY 07-08, the Government Finance Officers Association recognized the City's performance measures with a special achievement award. Staff in all departments are to be commended for the work that goes into gathering and reporting the data.

OUTSTANDING ISSUES

There are a number of issues with financial implications that will come forward in FY 08-09:

- The Downtown/Economic Vitality Plans Implementation Committee (DEVPIC) has forwarded a request to the City Council to implement a Business License Fee to provide increased funding for economic development, particularly as it relates to the *Prosperity that Fits* plan. The City Council has accepted this proposal; staff anticipates a considerable amount of staff work to develop and implement a program with a relatively short time line.
- The City Council has targeted November 2008 for a bond levy to be submitted to the voters of Corvallis to expand and rehabilitate the Chintimini Senior Center. The City Council is also considering adding monies to the bond to acquire and develop land for softball fields to replace three fields lost as other facilities have been developed or renovated. The City Council is also considering adding to the bond amount monies to replace and upgrade playground facilities. Additional work is expected on this project in June after budget adoption, and then through the fall with a bond campaign.
- The Community Sustainability Coalition (CSC) is expected to forward recommendations to the City Council by the end of 2008 for a community-wide sustainability effort. A number of City Council and staff members are active in the CSC planning process and participated in the first town hall meeting that drew more than 600 participants. Clearly, this is an initiative that has engaged the community and will lead to actions that are likely to have FY 09-10 financial impact.
- The City has been approved by the State to create an enterprise zone over the private and public industrial properties in South Corvallis. This designation, combined with the "shovel ready" status already conferred on the land and the implementation of the wetlands mitigation project, should make the Airport Industrial Park and private properties attractive sites for development, thus furthering economic diversification goals.
- Several departments are in the process of updating strategic or master plans. The departmental business plans updates will include recommendations that will have FY 09-10 implications.
- The Administrative Services Committee is continuing to work on revenue alternatives to be considered by the City Council. This work will take the remainder of 2008, and may or may not result in additional revenues to be considered in 2009.
- The City Council has asked staff to develop an alternative financial planning model that looks at "best case" "worst case" and "most likely case" scenarios. Finance Department staff will spend time over the coming summer developing these alternative models.
- FY 08-09 will be the year the City will be required to report on Other Post Employment Benefits (OPEB) in the Comprehensive Annual Financial Report. Finance Department staff will be preparing information to come to the Administrative Services Committee on the actuarial report, the alternatives that can be considered, and recommendations for implementation.
- 2009 will mark another full legislative session with the likelihood that there will be changes in State law that effect the City's operations. Since November 2008 is also an initiative election, it is possible that there may be citizen sponsored initiatives that have an impact on the City's business as well.

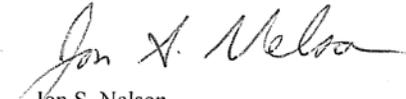
- And finally, staff will continue to work with the City Council as they develop a financial strategy and corresponding communications action plan.

As always staff will continue to monitor these and other issues as they arise and report to the City Council, Budget Commission and citizens.

SUMMARY

I speak for all staff members when I say that we appreciate the leadership provided by the City Council and Budget Commission. I also would also like to thank City staff for their continued work to manage the City's operations effectively and efficiently. Their attention to the City's long-term financial stability continues to show in steps taken to innovate service delivery and decrease costs. This Budget reflects many hours of hard work on the part of many City staff members; they are to be commended for their work.

Respectfully Submitted,



Jon S. Nelson
City Manager

RESOLUTION 2008 - 15

A RESOLUTION LEVYING TAXES AND APPROPRIATING THE FY 2008-09 BUDGET.

Minutes of the meeting of June 2, 2008 continued.

A resolution submitted by Council member Hal Brauner.

WHEREAS, the Corvallis Budget Commission convened on May 1, 2008 to receive the City Manager's Proposed Budget for FY 08-09; and

WHEREAS, the Corvallis Budget Commission held a public hearing on May 6, 2008, deliberated, amended the Proposed FY 08-09 Budget, and recommended that the City Council adopt a budget totaling \$108,561,865 ; and

WHEREAS, the Corvallis Budget Commission unanimously adopted a motion to recommend the City Council levy the maximum tax rate for operations of \$5.1067 per thousand dollars of assessed value and a total of \$2,015,400 for debt service;

WHEREAS, the City Council held a public hearing on June 2, 2008 and amended the Budget Commission's recommended budget;

NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE CITY COUNCIL OF THE CITY OF CORVALLIS that the 2008-09 budget of \$109,222,205 is hereby adopted, and

IT IS FURTHER RESOLVED that the City Council hereby levies the maximum tax rate of \$5.1067 per thousand dollars of assessed value, which is subject to the limitations of Section 11b, Article XI of the Oregon Constitution, as provided for in the budget adopted in the above paragraph of this resolution. This tax rate shall be levied and assessed pro rata upon all taxable property within the City of Corvallis as of 1:00 A.M., July 1, 2008.

IT IS FURTHER RESOLVED that the full amount of bonded principal and interest for general obligation debt which is not subject to the limitations of Section 11b, Article XI of the Oregon Constitution be levied as follows:

1994 General Obligation Refunding Bonds	\$635,900
1999A General Obligation Bonds	758,980
2001A General Obligation Bonds	620,520
Total Bonded Principal and Interest Levy	<u>\$2,015,400</u>

IT IS FURTHER RESOLVED that the amounts of the appropriations for the fiscal year beginning July 1, 2008 shall be as follows:

GENERAL FUND

Operating Budget:		
Community Development Department	\$1,693,390	
Finance Department	590,050	
Police Department	9,311,800	
Public Works Department	893,160	
Non-Departmental	1,744,060	
Non-Operating Budget:		
Transfers	652,150	
Contingency	261,450	
TOTAL GENERAL FUND		\$15,146,060

STREET FUND

Operating Budget:		
Community Development Department	\$18,660	
Public Works Department	3,588,430	
Non-Operating Budget:		
Transfers	1,903,450	
Contingency	65,200	
TOTAL STREET FUND		\$5,575,740

PARKS AND RECREATION FUND

Operating Budget:		
Parks and Recreation Department	\$5,695,870	
Non-Operating Budget:		
Transfers	1,247,655	
Contingency	92,600	
TOTAL PARKS AND RECREATION FUND		\$7,036,125

9-1-1 EMERGENCY COMMUNICATIONS FUND

Operating Budget:		
Police Department	\$1,732,200	
Non-Operating Budget:		
Transfers	77,050	
Contingency	36,720	
TOTAL 9-1-1 COMMUNICATIONS FUND		\$1,845,970

DEVELOPMENT SERVICES FUND

Operating Budget:		
Community Development Department	\$2,562,680	
Non-Operating Budget:		
Transfers	138,700	
Contingency	50,000	
TOTAL DEVELOPMENT SERVICES FUND		\$2,751,380

FIRE AND RESCUE FUND

Operating Budget:		
Fire Department	\$10,638,570	
Non-Operating Budget:		
Transfers	1,365,440	
Contingency	192,170	
TOTAL FIRE AND RESCUE FUND		\$12,196,180

COMMUNITY DEVELOPMENT REVOLVING FUND

Operating Budget:		
Community Development Department	\$3,365,980	
Non-Operating Budget:		
Transfers	39,470	
Contingency	30,350	
TOTAL CD REVOLVING FUND		\$3,435,800

PARKING FUND

Operating Budget:		
Community Development Department	\$3,580	
Finance Department	117,650	
Police Department	294,400	
Public Works Department	142,960	
Non-Operating Budget:		
Transfers	218,930	
Contingency	12,400	
TOTAL PARKING FUND		\$789,920

TRANSIT FUND

Operating Budget:		
Public Works Department	\$3,209,880	
Non-Operating Budget:		
Transfers	21,730	
Contingency	59,510	
TOTAL TRANSIT FUND		\$3,291,120

LIBRARY FUND

Operating Budget:		
Library Department	\$6,192,510	
Non-Operating Budget:		
Transfers	216,960	
Contingency	121,320	
TOTAL LIBRARY FUND	<u> </u>	\$6,530,790

CAPITAL IMPROVEMENT FUND

Non-Operating Budget:		
Capital Projects	\$5,413,150	
TOTAL CAPITAL CONSTRUCTION FUND	<u> </u>	\$5,413,150

GENERAL OBLIGATION DEBT SERVICE FUND

Non-Operating Budget:		
Debt Service - Principal	\$1,380,000	
Debt Service - Interest	615,520	
TOTAL G.O. DEBT SERVICE FUND	<u> </u>	\$1,995,520

PENSION OBLIGATION DEBT SERVICE FUND

Operating Budget:		
Non-Departmental	\$1,350	
Non-Operating Budget:		
Debt Service - Principal	291,200	
Debt Service - Interest	1,795,000	
TOTAL PENSION OBLIGATION DEBT SERVICE FUND	<u> </u>	\$2,087,550

DAVIDSON FUND

Operating Budget:		
Library Department	\$1,000	
TOTAL DAVIDSON FUND	<u> </u>	\$1,000

WATER FUND

Operating Budget:		
Community Development Department	\$46,600	
Public Works Department	7,057,390	
Non-Operating Budget:		
Capital Projects	2,548,810	
Transfers	2,948,170	
Debt Service - Principal	702,970	
Debt Service - Interest	313,210	
Contingency	177,470	
TOTAL WATER FUND	<u> </u>	\$13,794,620

WASTEWATER FUND

Operating Budget:		
Community Development Department	\$45,380	
Public Works Department	6,578,400	
Non-Operating Budget:		
Capital Projects	1,765,630	
Transfers	2,514,570	
Debt Service - Principal	1,410,010	
Debt Service - Interest	904,910	
Contingency	190,880	
TOTAL WASTEWATER FUND		\$13,409,780

STORM WATER FUND

Operating Budget:		
Community Development Department	\$46,770	
Public Works Department	1,818,320	
Non-Operating Budget:		
Capital Projects	732,100	
Transfers	811,240	
Contingency	37,860	
TOTAL STORM WATER FUND		\$3,446,290

AIRPORT FUND

Operating Budget:		
Public Works Department	\$802,110	
Non-Operating Budget:		
Capital Projects	442,400	
Transfers	26,930	
Debt Service - Principal	18,370	
Debt Service - Interest	11,920	
Contingency	7,670	
TOTAL AIRPORT FUND		\$1,309,400

FLEET MAINTENANCE FUND

Operating Budget:		
Public Works Department	\$736,350	
Non-Operating Budget:		
Contingency	16,000	
TOTAL FLEET MAINTENANCE FUND		\$752,350

FACILITY MAINTENANCE FUND

Operating Budget:		
Public Works Department	\$739,520	
Non-Operating Budget:		
Contingency	10,000	
TOTAL FACILITY MAINTENANCE FUND		\$749,520

TECHNOLOGY AND COMMUNICATIONS FUND

Operating Budget:		
Finance Department	\$1,494,050	
Public Works Department	260,840	
Non-Operating Budget:		
Contingency	30,000	
TOTAL TECHNOLOGY AND COMMUNICATIONS FUND		\$1,784,890

ADMINISTRATIVE SERVICES FUND

Operating Budget:		
City Manager's Office	\$1,994,630	
Finance Department	2,612,890	
Non-Operating Budget:		
Contingency	30,000	
TOTAL ADMINISTRATIVE SERVICES FUND		\$4,637,520

RISK MANAGEMENT FUND

Operating Budget:		
City Manager's Office	\$966,530	
Non-Operating Budget:		
Contingency	275,000	
TOTAL RISK MANAGEMENT FUND		\$1,241,530

TOTAL FY 08-09 APPROPRIATIONS \$109,222,205

IT IS FURTHER RESOLVED THAT the City Manager is hereby directed to certify to the Director of Records and Elections of Benton County, Oregon; the County Assessor of Benton County, Oregon; and the Department of Revenue of the State of Oregon, the tax rate of \$5.1067 per thousand dollars of assessed value made by this resolution.

IT IS FURTHER RESOLVED THAT the City Manager is hereby directed to certify to the Director of Records and Elections of Benton County, Oregon; the County Assessor of Benton County, Oregon; and the Department of Revenue of the State of Oregon, the full amount of \$2,015,400 in bonded principal and interest for general obligation debt made by this resolution.



Upon motion duly made and seconded, the foregoing resolution was adopted and the Mayor there upon declared said resolution to be adopted.

THE COMMUNITY'S GOALS

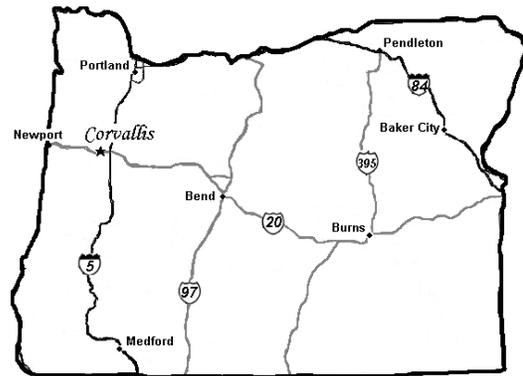
In June 1997, following two years of community meetings, the City Council adopted the *Corvallis 2020 Vision Statement* that sets forth the expectations of the community for Corvallis in the year 2020. Since that time the City Council has continued to strive to achieve the goals set forth in the *2020 Vision Statement*. The goals and the status of the goals are identified below.

WE ENVISION THAT IN 2020 CORVALLIS WILL BE . . .

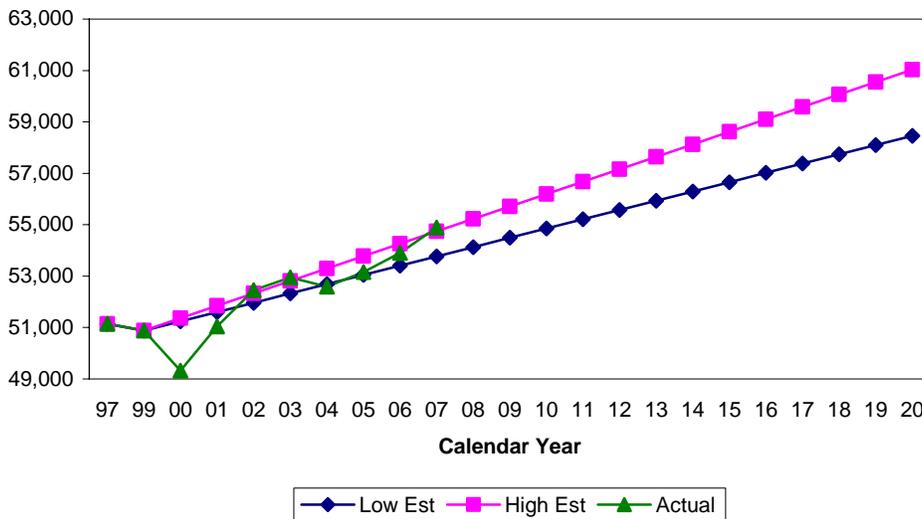
**A COMPACT, MEDIUM-SIZED CITY (POPULATION RANGE: 57,500 TO 63,500)
NESTLED IN A BEAUTIFUL NATURAL SETTING**

Corvallis is one of the oldest cities in Oregon, having been incorporated in January 1857. The City is nestled on the banks of the Willamette River in the heart of an "emerald valley", ideally located close to both the splendor of the Cascade Mountains and the West Coast's beautiful Pacific shoreline.

Corvallis is a medium-sized city with a 2007 certified estimated population of 54,890. Population is determined by the national decennial census, with estimates updated annually by Portland State University. The City's population has maintained a fairly steady and stable level of growth for the last decade, matching estimates in the Corvallis Comprehensive Plan, and is on target to meet the goals set in the *2020 Vision Statement*. In 2007, the City's population was just a bit higher than the high projections established when the Comprehensive Plan was adopted in 1998.



Population Trends



FY 08-09 and Beyond – Projections for 2008 assume a 1.2% increase in population. Over the last decade, the City has averaged 180 new single family residential units each year. The current decline in national housing starts has also affected Corvallis, but over the planning horizon, residential development is anticipated to return to historic levels.

THE HISTORIC, CIVIC, CULTURAL AND COMMERCIAL HEART OF BENTON COUNTY;

Corvallis is the largest city in Benton County, with more than two-thirds of the County's population living in Corvallis. As a result, Corvallis remains the heart of both the Willamette Valley and Benton County.

Corvallis is rich in historical heritage. The Corvallis Historical Resources Commission provides advice and assistance to the City Council, the Planning Commission, and the Community Development Director on matters pertaining to historic and cultural resource preservation, and to promote historic preservation activities in Corvallis.

The Benton County Historical Society has acquired the Horner Museum collection from Oregon State University and a parcel of land along the south riverfront in downtown Corvallis to develop a new museum facility. The Corvallis City Council has provided grant funds to the Historical Society for both acquisition of the Horner collection and fundraising for the new building.

Downtown Corvallis continues to be the civic center for Benton County, with most of both City and County offices located within the central business district. City offices now include buildings on both sides of Madison Avenue between 5th and 6th streets. A minor remodel of City Hall was initiated in 2007 with most of the staff re-location work complete. Work is expected to be on hold for a year, then begin again in 2009 to address seismic upgrades to the historic structure.



The City of Corvallis plays an active role in the community's culture. The City contracts with Majestic Theatre Management, Inc. to operate the City-owned Majestic Theatre which serves as a community-based performing arts theatre, concert facility, and classrooms for theatre and dance productions by both the City recreation programs and private organizations.

The Arts Center operates in the City-owned historic church next to Central Park. They provide gallery space, classes in art, music and dance for children and adults. The Arts Center's gift shop, Winter Light, the Corvallis Fall festival and artist guilds, such as Teal, offer opportunities to purchase locally made crafts and works of art.

Oregon State University, Linn-Benton Community College, and the community host various plays, concerts, lectures, films, and dance productions. Summer concerts in Central Park performed by the Hilltop Big Band and the Corvallis Community Band (anyone who shows up can play) are a highlight for many in the community, and a great opportunity to enjoy a picnic with live music.



The Downtown Corvallis Association (DCA) has completed a strategic plan for the downtown area. The plan, accepted by the City Council, sets forth action items to be completed by the City, private citizens and the DCA to strengthen the downtown as the retail center of Benton County. In 2007, the DCA continued work to develop the Downtown Plan's recommendation to create an Urban Renewal district for the downtown. The DCA forwarded a draft plan to the City Council for Urban Renewal District, and is currently gathering comments from stakeholders; current plans are targeting the May 2009 ballot for an election on the formation of the district.

The Downtown/Economic Vitality Plan Implementation Committee (DEVPIIC) has been working on funding alternatives to secure monies to cover the City's costs for implementing the Downtown and Economic Vitality plans. A recommendation for a funding mechanism is expected in the late spring of 2008. City staff worked with a stakeholder group to recommend the structure for a Downtown Commission; the City Council has discussed alternatives for this Commission and is expected to adopt an ordinance creating the Commission before the Urban Renewal District is placed on the ballot.

FY 08-09 and Beyond –in FY 08-09, the City Council is expected to review the proposed Urban Renewal Plan and decide whether to place the plan on the ballot for voter approval. The DEVPIC is expected to forward recommendations to the City Council for how to fund the City’s costs for the Downtown and Economic Vitality Plans in late spring, 2008. The Budget Commission approved a funding request for Majestic Theatre Management (MTM) to improve stability of its operations. The MTM board and new Executive Director have developed and initiated an aggressive revenue campaign to strengthen their financial position.

**AN ECONOMICALLY STRONG AND WELL-INTEGRATED CITY, FOSTERING LOCAL BUSINESSES,
REGIONAL COOPERATION AND CLEAN INDUSTRY**

Corvallis is a regional center for higher education, industrial technology, engineering, research, commerce, and health care. Corvallis is the home of Oregon State University, the state's leading research university. In 2004 the Harvard Business Review ranked Corvallis 15th (tied with Atlanta) in its Creativity Index, which looks at Technology, Talent, and Tolerance. In 2005 Expansion Management selected Corvallis as a "Five-Star Knowledge Worker Metro Area," the highest rating achievable, and in 2006 Corvallis was named number two on the National Science Foundation’s list for percentage of scientists in the population. In 2008 Corvallis was named one of the top fifty best places to live and launch a business, citing “. . .the foggy, quirky college town - home to old hippies, Oregon State University and one of Hewlett Packard's largest U.S. sites - is a high-tech hotbed.”

Partnerships between Oregon State University and Hewlett-Packard are leading to development of new businesses with a focus on technology and science. The Oregon Nanoscience and Microtechnologies Institute (ONAMI), built on the Hewlett-Packard campus, is complete and operational. Oregon State University is developing plans to build a research center near its campus and has also been expanding the campus, with a new engineering building and parking garage, an expansion to Reser Stadium (football), and rehabilitation of a dormitory - all completed in 2005-2006. Projects currently underway include a co-generation power facility, remodeling Graf Hall to support a portion of the ONAMI work, renovating Apperson Hall, and development of both a large animal hospital and a multi-purpose animal science teaching facility. OSU has initiated a \$600 million capital campaign, with over \$400 million donated to date.

Corvallis is home to the Business Enterprise Center, a small business incubator that provides start up services, office space and amenities, and coaching services for small start-up businesses. The focus of the non-profit organization has been on helping local businesses develop products, services, and markets, and then to grow the business until they are able to move out of the incubator. The Corvallis Independent Business Alliance is a group of local vendors who lobby for making local purchasing decisions, and for the growth of locally-owned businesses.



Corvallis hosts the daVinci Days, Fall Festival, and Red, White and Blue events as premier community festivals. daVinci Days, which celebrates Leonardo daVinci’s fusion of art, science, technology, and exploration, occurs the third weekend in July each year and includes music, arts, a film festival, and kinetic sculpture races. Kids' activities are always part of daVinci Days and include a variety of science and art projects such as the sidewalk chalk and community art projects. Fall Festival is held each September and includes art and crafts by regional vendors, food, music, and the popular 5K and 10K runs. Children get involved through craft booths and games. Red, White, and Blue, hosted by the Downtown Corvallis Association (DCA), is held July 3 and 4 in the Riverfront Commemorative park as a celebration of Northwest music, food, Oregon wines and microbrews.

The City Council for 2005 and 2006 adopted a goal to pursue economic vitality. The Economic Vitality Partnership (EVP), made up of entities with an interest in economic development from across Benton County spent 2005 and 2006 developing a strategic plan to focus economic development energy on specific industries. The resulting *Prosperity that Fits* strategic plan has been accepted by the City Council and the Mayor has appointed the Downtown/EVP Implementation committee (DEVPIC) to develop alternatives for funding the City’s costs to implement the Downtown Master and Economic Vitality

Plans. A second, non-governmental group is working on implementing portions of the plan that are identified as being the responsibility of the private sector.

Property at the Corvallis Airport zoned for industrial use has been listed on the Governor’s “shovel-ready sites” list to attract new business to the area. Utility and street infrastructure already in place provides a welcoming environment to small companies that are just getting started. This property is under review for the potential to apply an Enterprise Zone that would allow for a three-year property tax exemption for new industries to locate and develop at the site. In addition, the City is pursuing a state loan to allow for off-site wetland mitigation that would allow further development of industrial property that currently is a wetland.

The City grants over \$500,000 annually to economic development organizations such as Corvallis Tourism, the Corvallis-Benton Chamber Coalition, daVinci Days, and Fall Festival to facilitate those organization’s operations. City monies are leveraged with other funds or grants to maximize the investment in Corvallis. Long-term funding for these organizations has been included in the discussion of how to fund the Downtown/EVP Strategic Plans.

The Corvallis Farmers Market operates every Saturday morning from April through November on First Street at the Riverfront Park, and Wednesdays at the Benton County Fairgrounds. The Farmers Market is both the community’s social gathering place on Saturday mornings and a place where local farmers sell fruits, vegetables, baked goods, meat, seafood, and plants. Most of the vendors at the Market come from within 20 miles of the market’s location.

The City of Corvallis and Benton County have maintained a strong employment base, even as Oregon has had the highest unemployment rate in the United States for the last several years. Benton County consistently holds the state’s lowest unemployment rate; in December 2007, Benton County’s seasonally adjusted unemployment rate was 4.3% while the state was at 5.6%. The top ten employers in Corvallis as of the most recent compilation by the Corvallis-Benton Chamber Coalition are:

	<u>Number of Employees</u>
Oregon State University	7,300
Hewlett Packard	3,000
Good Samaritan Hospital	1,800
Corvallis School District 509-J	749
Holiday Tree Farm	700
Corvallis Clinic	600
City of Corvallis	440
Benton County	379
CH2M Hill	378
Summit Information Systems	310

Several Federal government branch offices and headquarters are located in Corvallis, including:

- | | |
|---|--|
| U.S. Environmental Protection Agency | U.S. Department of Agriculture: |
| U.S. Postal Service | - Agricultural Research Service |
| U.S. Fish and Wildlife Service: Cooperative | - Horticultural Crops Research |
| U.S. Geological Survey | - National Clonal Germplasm Repository |
| - Forest and Rangeland Ecosystem Science Center | - National Forage Seed Production |
| - Natural Resources Conservation Service | - U.S. Forest Service--Siuslaw National Forest |
| | - U.S. Forest Service--Forest Sciences Lab |

FY 08-09 and Beyond – The City will continue to be economically strong despite nation-wide economic doldrums. The State’s constitutional limits on property taxes are expected to result in assessed values increasing 3% even as real estate nationally decreases in real market value leaving the City’s property tax revenue in about the same position as it is each year. As residential development has declined in 2008, commercial development in Corvallis has increased, so that the City still expects to see additional property tax value from new development. The City Council is expected to take-up the DEVPIC recommendations to implement a business license fee to fund the costs for the *Prosperity that Fits* strategic plan before the end of 2008. 2008 will mark the 20th anniversary of the daVinci Days event and special event planning is underway to make the July festival a stand-out. The Business Enterprise Center moved to expanded facilities at the Airport Industrial Park in

2007 and continues to grow and expand. The City, in partnership with OSU, the 509J School District, and Benton County, is negotiating a contract with a private firm to build a wireless network in the City that would be available with the governmental entities serving as “anchor tenants.”

**A UNIVERSITY TOWN, A REGIONAL MEDICAL
CENTER, A RIVERFRONT CITY;**

Oregon State University is a land, sea, sun, and space grant institution, one of only two institutions of higher education in the United States to hold all four titles. OSU, first chartered as Corvallis College in 1868, currently covers 400 acres of land in and around Corvallis. Student enrollment in the 2007-2008 academic year was over 19,750, with more than 3,000 in graduate programs.



In 2004, Oregon State University adopted a new master plan to guide development of the campus for the next 10-12 years. The master plan is being implemented, with a construction plan for updates to existing facilities already underway, and new construction projects anticipated each year over the next decade. Included in the master plan is development of the OSU Research Center on the southern edge of campus.

Linn-Benton Community College (LBCC) has its main campus in Linn County, near Albany, but also has a growing presence in Corvallis at the Benton Center. LBCC has developed a program with OSU to accept a complete transfer of credits, allowing many students to take basic college courses at a lower cost than the full OSU tuition.

Good Samaritan Regional Medical Center (GSRMC), based in Corvallis, provides specialized health services and serves as a major employer and as a teaching and clinical research site for the area’s colleges and universities. GSRMC serves Corvallis and a three-county region with specialty services not available in surrounding communities. The hospital is also designated as a Level 2 trauma center, one of only three in Oregon. The high-quality programs are made possible in part by the hundreds of highly-skilled physicians from some of the nation’s most prestigious medical schools who live and work in the Corvallis area.

GSRMC continues to expand. Construction is underway on two major expansion projects. The west tower addition and the ambulatory surgery center total over 100,000 square feet of new building space and have a construction value of \$26 million.

Samaritan Health, the non-profit parent organization for GSRMC, collaborates with Linn-Benton and Oregon Coast community colleges to help train other health professionals including nurses, radiologic technologists, and nursing assistants. This helps create local family wage jobs and alleviate workforce shortages in a number of areas. In partnership with Oregon State University, Good Samaritan hosts health care administration interns, pharmacy residents and other students completing health-related undergraduate and graduate degrees. Clinical research in a variety of areas is offered at the hospital, at the Corvallis Clinic (a multi-specialty clinic), and at physician offices in conjunction with higher education institutions and national research firms.



The Madison Avenue Task Force, a volunteer organization, has worked for many years to improve Madison Avenue and develop a central pedestrian path between the Oregon State University campus and the Willamette River, through downtown Corvallis. Improvements over the years have included adding plazas in front of the Corvallis Arts Center and City Hall, developing and planting pedestrian bulbs at intersections, placing benches along the walkways, and installing dozens of pieces of public art in the alleys and on sides of buildings along Madison Avenue. In 2006 the Madison Avenue Task Force and Corvallis Arts Center printed a brochure with a walking tour of the 24 alley art works. In 2007, the Task Force and OSU developed a project to rebuild Madison Ave between 9th and 11th to better connect the campus and downtown. Grant funding is being secured to implement this project



In 1999 the City initiated work to improve a series of gravel parking lots along the Willamette River. By 2002, land that had been purchased for a possible highway by-pass was turned into a beautiful green space that has become a major gathering place for the community. The Riverfront Commemorative Park's amenities include a multi-modal path the length of the park that connects to other paths, an interactive fountain, plazas and overlooks, eating areas, and art work.

During 2006 and 2007 a stakeholder committee developed plans for the final portion of the Riverfront Commemorative Park for improvements north of Tyler Ave at the Willamette River. In November 2007, the City Council adopted the North Riverfront Park Conceptual Plan which extends improvements north of Tyler Ave. The plan includes improved access to the river, extension of the multi-modal trail, and terraced seating. The project will mark the completion of the Riverfront

Commemorative Park and will address the goals to improve access to the river, enhance the natural environment, support local business activities and provide recreational opportunities along the Willamette River.

On the southern edge of Corvallis, the Willamette Park multi-modal path has also been improved, providing a scenic path for use by bikes, runners, and walkers. In the future, a multi-modal connection from Willamette Park to the Riverfront Commemorative Park multi-modal path is planned.

The improvements initiated by the City to both the Riverfront Commemorative Park and the adjacent First Street have been followed by significant downtown development. The Riverfront on the Renaissance, a seven story \$24 million development on the south end of the Riverfront Commemorative Park, opened in January 2008 with ground floor retail, offices, and condominiums. A six story, \$10 million development on Second street is scheduled to open in late spring, 2008. Numerous improvements have been made to building façades in the Downtown since the Riverfront Commemorative Park project was completed. Buildings along both First and Second Streets have been painted and renovated, and a number of small businesses have opened.

FY 08-09 and Beyond – Oregon State University is expected to continue construction of new buildings and rehabilitation of existing buildings. Good Samaritan Regional Medical Center and its non-profit parent organization, Samaritan Health Services, have agreed to partner with Oregon State University and Oregon Health & Sciences University beginning in 2008 to provide classroom and clinical training for medical students and, ultimately, residents in an effort to expand the number of physicians in the state, especially outside of the metro areas. GSRMC will complete the expansion project at its current facility in North Corvallis. The City will initiate application of a Willamette River Greenway permit for the Willamette Park project and will begin to implement the plan.

AN ENVIRONMENTALLY-AWARE COMMUNITY WITH DISTINCTIVE OPEN SPACE AND NATURAL FEATURES, PROTECTED HABITATS, PARKS AND OUTDOOR RECREATION;

In 2008 Country Home magazine ranked Corvallis first on a list of the “Best Green Places” to live in the U.S. based on its transit and bike systems and the number of local vendors at the farmers market, and Prevention Magazine and the American Podiatric Medical Association (APMA) selected Corvallis as one of the 100 Best Walking Cities in America.

The City Council for 2005-2006 adopted Sustainability as an overarching value, and also developed a Council Goal to enhance organizational sustainability efforts. This work effort began with a consultant's study of existing sustainability efforts, and development of a strategy for the future. The City has adopted a triple-bottom line framework, which addresses sustainability from the perspectives of environment, economics, and social equity. For the 2007-2008 City Council term, the Council has adopted a goal to enhance organizational sustainability efforts and begin to develop a community-wide sustainability initiative, and a community coalition has begun a six month outreach process to develop a sustainable community plan. Work to accomplish this goal is underway by a community-wide coalition of individuals and organizations

which has launched a nine month process to engage the community and develop a plan for the entire community to follow to become a fully sustainable city.

The Watershed Advisory Commission led a public process during 2005 and 2006 to develop a plan that would provide stewardship over the 2,400 acres of land on the east side of Marys Peak. This property is part of a larger 10,000 acre federally designated watershed that provides a third of Corvallis' municipal drinking water supply. Through public participation in a visioning and goal process, efforts over the next ten years will look to improve forest health through selective thinning, protect wildlife habitat through plant diversity and control of invasive species, and enhance fish habitat through removal of current barriers to fish passage from the Marys River to Rock Creek and the upper reaches of the streams. In 2007 the City completed its first thinning harvest from the watershed, with revenues from the sale of timber used to improve the habitat on the watershed.



A Storm Water Master plan, adopted in 2002, focused on the urban stream system within the City limits. This planning effort was led by a 16 member citizen stakeholder group that addressed each of the drainage basins and developed strategies to improve water quality, enhance fish and aquatic habitat and ensure proper handling of excessive water from heavy rain events. Each year projects are developed in the Capital Improvement Program to accomplish these goals. To date, over \$1.5 million has been spent on these efforts.

The City operates the wastewater treatment plant near the Willamette River, just north of downtown. In 1999 the City completed its largest capital project ever, which corrected the combined storm water and wastewater overflow portions of the wastewater collection system. This project has had a significant impact on the environment by implementing treatment of combined sanitary sewer waste, rather than the waste directly outflowing into the Willamette River. City staff have published a request for proposals for a private firm to design, build and operate a solar photovoltaic electric plant to provide about 50% of the power to operate the plant.

The residents of Corvallis have shown strong support for parks, natural areas and outdoor recreation through heavy use and financial support. The Parks and Recreation Department utilizes the Facilities Plan developed in 2000 to target the development of new parks, natural areas and open space corridors. The Department strives to provide a park within ½ mile of most neighborhoods. Currently, the City provides 600 acres of park land and 1,086 acres of natural areas. In addition, the City has a formal agreement with Corvallis Environmental Center to provide environmental education classes and programs to the community as well as operate the Community Gardens.

In 2007, Parks and Recreation removed a softball field to restore a wetland habitat at Sunset Pak. An interface with Dunawi Creek had not been possible previously, but with the installation of a boardwalk, access to this outdoor recreation site is available to all. The Civic Beatification Commission is appointed by the Mayor to advise the City Council on matters concerning urban forestry, landscape beautification, and related resources on City-owned lands and in the community-at-large.

The Greenbelt Land Trust is a non-profit organization whose goal is to enhance and protect the open space amenities. This group protects lands that provide scenic enjoyment, public recreation and education, significant natural habitats, productive forest and farm lands and historically important areas.



Recreational opportunities are abundant in and around Corvallis with nearly 1,700 acres of City parks and open space, 12 miles of bike paths and 60 miles of bike lanes. The City provides year-round recreational programming opportunities through Parks and Recreation and the Corvallis-Benton County Public Library. In addition, the City manages an active senior center and a state-of-the-art aquatics center which includes a year-round Olympic-size indoor pool, an indoor warm water pool to provide opportunities for therapy, rehabilitation and infant programs, and two outdoor pools for summer fun.



In sports, Oregon State University competes with other PAC-10 rivals, with sporting events available on campus almost every weekend of the year. The OSU Men's Baseball team won the 2006 and 2007 College World Series while the women's softball team played at the College Softball World Series. OSU is a strong competitor in both women's gymnastics and men's wrestling. The OSU football team played in and won the 2007 Emerald Bowl.



In 2007 the City asked respondents on its annual survey about their usage of recreation and arts programs. Nearly 75% of respondents stated that they take advantage of these opportunities at least once per month, with nearly 35% participating one or more times per week.

FY 08-09 and Beyond –The FY 08-09 budget does not anticipate a specific land acquisition for additional park or open space, but the capital improvement program has monies set aside to fund acquisition of strategic land, if any becomes available. Park development will continue in FY 08-09 with phase III at Sunset Park to put in lighting for the softball fields and phase II of the Avery Park Rose Garden enhancements. The City Council has voted to refer a bond issue to the ballot in November 2008 for expansion of the Chintimini Senior Center and rehabilitation of the Chintimini Park, along with monies to replace playground equipment system-wide and improve accessibility. The Corvallis to Albany bike path project design will be completed and grant funding will be sought for construction. The Corvallis Sustainability Coalition will complete the community outreach process and develop a plan for making Corvallis a sustainable community; the City Council expects to receive recommendations before the end of December 2008.

RICH IN THE ARTS AND RECREATIONAL OPPORTUNITIES, CELEBRATING THE TALENTS AND CULTURE OF THE PEOPLE WHO LIVE HERE;

The City actively supports art and culture through a variety of ways including significant in-kind support for festivals, such as daVinci Days, Fall Festival, Red, White and Blue music festival, Procession of the Species, and the Madison Avenue Task Force sponsored Spring Garden Festival. In-kind support can range from providing street closures, police escorts, fire vehicles to lead (or end) parades, to hours of active participation by City crews to set-up and take down festival venues.



The Arts Center, housed in the City-owned historic church next to Central Park, provides gallery space for local artists and classes for children and adults. The Arts Center works with both the Corvallis-Benton County Public Library and the Parks and Recreation Department to host special events and classes. The Arts Center developed a very popular spring break and summer cultural camp for youth that introduces youth to art and cultures from around the world. The Arts Center also provides specialized programs to help at-risk

youth and young adults. In addition, the organization provides in-patient art programs at Good Samaritan Regional Medical Center to aid seriously ill patients.

The Arts Center has a contract with the City to serve as the Public Art Selection Committee (PASC), placing calls for artists to secure art pieces for donations or for capital projects. The PASC has been active in selecting art for the Corvallis-Benton County Public Library, the Riverfront Commemorative Park, and the Madison Avenue Alley art. The Arts Center receives an allocation of property taxes from the City in recognition of the many years voters approved property tax levies to fund Arts Center operations and improvements.

The Corvallis-Benton County Public Library has hosted the Tcha Tee Man Wi storytelling festival for six years, an event that draws more people each year, with sessions for young children to adults. El Dia de Los Niños is hosted each year in April, celebrating the growing Latino community in Corvallis. Monthly bilingual programs are held at the Library to invite family participation and a bilingual book club is offered to youth. The Library has also expanded its Spanish language collection to a total of 6,717 items, and is working to expand its collection in other non-English languages (Chinese, French, etc.).



The Library also hosts the Fall Festival Fine Arts Showcase, the Willamette Woodworkers Show, and numerous other art displays. In 2007 a mosaic was installed in the Library parking garage as a gift from Fall Festival.

Parks and Recreation provides both indoor and outdoor recreation opportunities for all ages, from pre-schoolers through senior citizens. Summer activities are available for children ranging from swim lessons at the Osborn Aquatic Center to day camps and foreign language classes. Programs are available for individuals, teams, and families, and for special events such as the annual Halloween party held in the parking garage at the Corvallis-Benton County Public Library. Corvallis is home to the Crystal Lake Sports Field, a premier soccer and baseball/softball complex that draws statewide tournaments. The City has an active working partnership with both Oregon State University and the 509J School District to provide after school programs to youth.

FY 08-09 and Beyond – In FY 08-09 the City will continue funding community events through economic development grants and in-kind services.

**A COMMUNITY THAT VALUES AND SUPPORTS QUALITY EDUCATION
THROUGHOUT THE AGE CONTINUUM;**

Education plays a significant role in Corvallis. A report from the Oregon Employment Department, notes the unique character of Corvallis and Benton County. In the 2000 census, 47.4% of the population age 25 and older in Benton County has a bachelor’s degree or higher. This compares favorably to the rest of Oregon where 25.1% of the population 25 and older has a bachelor’s degree or higher.

The impact of Oregon State University on the community is substantial. As the largest employer in Corvallis, the University’s economic impact is clear, but also clear is that the university brings with it a well educated citizenry through faculty and staff. With an enrollment of over 19,000 students, nearly 40% of the City’s total population is focused on achieving a university education.

The focus on education begins early with an active pre-school population that draws on City social service funding to provide services to low-income families. The City also has an active link between pre-schools and the Corvallis-Benton County Public Library for early childhood literacy and with the Parks and Recreation Department’s focus on pre-school and elementary school age recreation and sports programs.

Child development is supported by the Parks and Recreation Department with both recreational activities and summer programs for early teenagers such as the Youth Volunteer Corps, the Youth Parks Corps, and the Youth Recreation Corps. The latter two programs pay students a small amount and provide an opportunity for early job experience for kids too young to get summer jobs elsewhere. Parks and Recreation also places AmeriCorps members in local schools to support the School District's Service Learning programs that aid high school age youth with life skills training.



Through the Parks and Recreation Department, the Chintimini Senior center offers a broad spectrum of classes and programs to engage people 50 years and older. Approximately 15% of these classes are co-sponsored by Linn Benton Community College. This dynamic program utilizes the many talented instructors residing in Corvallis to create programs for a changing community. Popular classes include, fitness, computer technology, sustainability, travel, and wellness.

During 2006, staff at the Chintimini Senior Center worked with faculty from Oregon State University to develop a survey for the "baby boom" generation. The survey was designed to provide responses that will aid in developing an active recreation program for that portion of the population who will be using the Senior Center in the very near future.

The Corvallis Benton County Public Library hosts a myriad of events each year focused on lifelong learning for all ages. For the very young, the Library is embarking on an Early Literacy initiative to promote reading with families for children ages 0-6. Story times benefit young people from infancy through pre-school. The Library will increase its emphasis on early childhood literacy with the addition of a half-time Early Literacy Coordinator who will work with child care providers and at-risk families to make sure all children are ready to read when they enter kindergarten. Book clubs are offered for elementary through high school and the Library's extensive teen program won the 2007 Oregon Young Adult Network's (OYAN) OYEA (OYAN's You're Excellent) award from the Oregon Library Association. Adult programs range from the Chautauqua lecture series, to gardening brown bags to town hall style meetings with elected officials. The Library also hosts a series called "Random Reviews" where citizens volunteer to read and then review a book and hold a discussion with interested participants.



In 2005 the Library implemented the Reading Education Assistance Dogs "READ Dog" program. This innovative program focuses on kids who are having trouble learning to read, and provides kids with an opportunity to read to a dog – a non-judgmental audience willing to listen at whatever speed the child reads. This program provides a fun reading atmosphere and encourages kids to participate in a number of activities at the local Library. The READ Dog program won the Library Supporter of the Year award in 2007, granted by the Oregon Library Association.

The Library provides extensive access to information in print and electronically to support the lifelong learning needs of the community and the educational needs of students. Free public computers and internet access, a collection of over 350,000 items, experienced librarians, and access to databases such as online magazine articles from the Library or from an outside dial-up make the expanding world of information available to all residents.

FY 08-09 and Beyond – In FY 08-09 the City will continue its focus on quality education. Library and Parks and Recreation programs will continue to focus on life-long learning for all people in the community. The City Council has determined that it will seek a bond levy on the November 2008 ballot to secure funding for an expansion to the Chintimini Senior Center to allow the facility to expand its offering for life-long learning. The Parks and Recreation Department will implement a program strategy at the Senior Center that was developed from the 2006 "Baby Boomer" Study. The Library will continue to expand its internet offerings, including wireless access, and will add a half-time Early Literacy Coordinator to better address at-risk populations.

**KNOWN FOR ITS COMPREHENSIVE HEALTH AND HUMAN SERVICES, AND FOR
ITS SERVICES FOR THE ELDERLY AND DISABLED;**

High quality medical care is a hallmark of living in Corvallis, and the overall quality of life attracts a complement of well-trained health professionals to the area. Regional medical emergency and disaster planning and preparation in Corvallis is coordinated by Samaritan Health Services as the lead agency for a six-county region that receives federal funding to coordinate planning and prioritize needs.

Benton County's commitment to a healthy community was recognized nationally in 2007, when it was named one of the 100 Best Communities for Young People by America's Promise. The organization, founded by Colin Powell, measures a community's ability to provide five essential resources for children: caring adults, safe places, a healthy start in life, effective education, and opportunities to help others. Benton County received the same honor in 2005.

Good Samaritan Regional Medical Center, based in Corvallis, also provides specialized health services and serves as a major employer and as a teaching and clinical research site for the area's colleges and universities. Good Samaritan Regional Medical Center serves Corvallis and a three-county region with specialty services not available in surrounding communities. This includes a Cardiovascular Institute (providing cardiac surgery, cardiology, vascular surgery and interventional radiology services), comprehensive cancer care, inpatient mental health services, bariatric surgery, neurosurgery, and special diagnostic imaging capabilities. The hospital is also designated as a Level 2 trauma center, one of only three in Oregon.

Comprehensive health and human services are accomplished through extensive community outreach efforts that link public and private organizations in a variety of innovative partnerships. In addition to the care provided in physician offices and at the hospital, residents can access care at the free clinics offered through Community Outreach, Inc., at the local Health Department, and at school-based health clinics and the community clinic operated by the County as part of a federal grant. Health services for low-income residents are supported through grants, direct and in-kind donations (such as for lab work and medications), and volunteerism from physicians and other providers in the free clinics. Corvallis and Benton County are viewed by others as a model of inter-agency collaboration.

The City provides financial support and free office space for the non-profit Dial-A-Bus that provides curb-to-curb transportation services to elderly and disabled citizens. This long-term relationship has been beneficial to both parties. Oregon Cascades West Council of Governments provides coordination and leadership for seniors and people with disabilities for Linn, Benton, and Lincoln counties. They determine eligibility for medical benefits, transportation coverage, in-home services, community based care, such as foster care, assisted living and residential care. They also coordinate foods stamps, home delivered meals and Oregon Project Independence for seniors.



United Way of Benton & Lincoln Counties assists in the delivery of human services through collaborative efforts with area service providers. They provide funding, training and other resources to strengthen local programs.

The City owns and operates the Parks and Recreation Chintimini Senior Center which provides education, recreation and services to people over the age of 50. The City Council adopted a conceptual plan to remodel and expand the facility in preparation for the growing older adult population. Construction is pending funding, which is currently targeted for a bond measure in November, 2008.

Dial-a-Bus para-transit service and the Senior Meals program are housed at the Chintimini Senior Center. Dial-a-Bus provides wheel chair accessible, curb to curb transportation service to seniors and persons with disabilities. The Senior Meals program provides lunch at the Senior Center as well as home delivered meals.

The City grants nearly \$400,000 annually in social service grants to non-profit agencies that meet the City Council's stated social service funding priorities for providing emergency or transitional services. This is a unique funding arrangement that most cities do not fund, but which provides operating monies for more than a dozen local non-profit entities.

The City, Benton County, Good Samaritan Regional Medical Center, Oregon State University, Hewlett-Packard, and the United Way all participate in a triennial assessment of social services. This assessment includes community leadership and citizen surveys to assess the perception of social service needs, and provides the foundation for future funding decisions. Stone Soup is a non-profit, ecumenical program that provides one free meal each day to anyone who shows up. The Community Assessment Update/ Needs Assessment Report prepared by Cogan Owns Cogan in 2006 identified the following as the primary needs:

- There are more people with substance abuse problems (19%) in Benton County than elsewhere in the state (15%).
- More than half of all households in the County (53%) spend greater than a third of their income on housing. This is above the standard measurement.

The results of the needs assessment are used by social service agencies to better target programs for the community.

The Corvallis-Benton County Public Library provides the Dial-a-Book program which provides materials to the homebound who are not able to visit a library branch by using volunteers to deliver books and other items. The Library also offers a bookmobile with stops in Corvallis and Benton County to provide access to Library books and services (including free internet access) to people who cannot get to the Downtown Library or one of the branches.

As part of its strategic plan, Oregon State University has developed the Center for Healthy Aging Research which is studying the “graying” of America and the world with a focus to increase studies and research in gerontology, offer opportunities to learn about aging, and receive training in scientific procedures related to specific disciplines. Core areas for study include diet, genes and aging; bone health exercise and function in aging; psychological factors and optimal aging; and social and ethical issues in technologies for healthy aging. OSU has been working with the Chintimini Senior Center on a survey of “baby boomers” to assess attitudes about aging, and expectations about activity levels as people reach their 60s, 70s, and 80s.



FY 08-09 and Beyond – United Way donations have decreased in recent years. Requests for both regular United Way funds and for the City’s contributions are almost double the monies available to grant to requesting organizations each year. More will need to be done to support agencies providing social, health, and other human services. Around 10% of the Benton County population has no health insurance; nearly 17% of the population is at or below the federal poverty level. Access to health services, in particular, will be critical. In FY 06-07 Good Samaritan Regional Medical Center presented a new ten year master plan for development to the City. The plan was approved and construction of additional hospital rooms, as well as an ambulatory care facility is expected to be completed during FY 08-09.

The City Council has committed to placing a bond levy on the November 2008 ballot for an expansion to the Chintimini Senior and Community Center. This facility is already heavily used, and with the anticipated growth in the senior population additional space is needed to better meet the needs of the community.

A HUB IN A REGIONAL TRANSPORTATION SYSTEM THAT CONNECTS LINN AND BENTON COUNTIES AND PROVIDES A LINK TO THE NORTH-SOUTH HIGH-SPEED RAIL SYSTEM;

The Corvallis Transit System (CTS) operates a fleet of eight buses and one trolley providing service on eight fixed routes. The transit program also provides paratransit service to senior or disabled persons who are unable to utilize the fixed route service through a partnership with the non-profit “Dial-A-Bus” which is largely operated by volunteers. CTS also supports the Linn-Benton Loop bus service which provides service between OSU, downtown Corvallis, Linn-Benton Community College, and Downtown Albany. CTS provides contract administration to the City of Philomath to provide the Philomath Connection. The Linn-Benton Loop also provides a link to the Amtrak station in Albany to allow Corvallis and Philomath residents to easily access the north-south railway. All buses are equipped with bike racks, and there is covered, secure bike parking at the intermodal mall in downtown Corvallis. During FY 07-08, transit ridership has been up 5% or more each month from the same period in the prior year; current projections show the City may exceed 600,000 rides.

Funding for transit comes from a combination of property taxes, business energy tax credits, federal transit grants, fares, student fee payments made by Associated Students of Oregon State University (ASOSU) for a free pass program for students, and group pass payments from employers including the City of Corvallis, Benton County, OSU, the 509J School District, Co-Ho Co-Housing residents, the Corvallis Clinic, and Good Samaritan Regional Medical Center for free ride programs for their employees.

In 2006 the City entered into a new partnership with ASOSU to provide an after hours bus service on Thursday, Friday, and Saturday nights from 10 PM to 2 AM. The City Council provided one third of the funding as a grant to start this service. The buses run on a fixed route, and are available to any rider at the regular fare the rider would pay, including free to those riders participating in a group-pass program. The Budget Commission and City Council funded an additional \$20,000 in FY 07-08, and in FY 08-09 to continue this late-night service.

Corvallis has received a gold standard three times from the National Bicycle Alliance for its premier bike path and lane system, one of only two Oregon communities to be so honored. The City maintains 45 miles of on-street bike lanes and another 16 miles of multi-modal paths that are separated from the street. In addition to hard surface infrastructure, Corvallis has a large number of covered bike parking areas, bike lockers at the downtown Transit Center and development standards requiring space for bikes at new buildings. The system is comprehensive, reaching nearly all sections of the City and provides a viable alternative for transportation, as evidenced by the over 9% of commuters who regularly use a bike to get to their work place. In 2006 the City's Bicycle and Pedestrian Advisory Commission recommended implementing Sharrows on downtown City streets to remind both vehicular and bicycle traffic that they need to share travel lanes.



The City has an active Transportation Demand Management program with a focus on alternate modes of transportation – bus, ride-share, vanpooling, bicycling, or walking – to get around town. The City is an active participant in the Employer Transportation Coordinators program, and has implemented an emergency ride home program that pays for taxi transportation home for an employee who uses an alternate mode, then has an emergency that requires staying late or a need to be home immediately.

The Corvallis Municipal Airport provides general aviation and corporate aircraft facilities. The fixed-base operator offers full services, including hangar space, aircraft maintenance, training, and fueling facilities.

FY 08-09 and Beyond – In FY 08-09 the Budget Commission has approved a \$180,000 increase in the Transit System budget. The Corvallis Advisory Commission on Transit is seeking public input on the best use of these monies – with most conversation focused on expanded routes, additional hours of operation, or more frequent bus routes. Corvallis Transit will continue to offer expanded hours of service using federal grants for Job Access and Reverse Commute (JARC) grant which is designed to allow transit systems to extend hours to better facilitate use of the system for people who need the bus to get to and from work. Work will continue to complete the bike infrastructure with projects to add bike lanes on 35th and between Corvallis and Albany submitted to State grant programs. The Budget Commission approved adding bike locker facilities to provide enhanced security and protection from the weather for bike commuters.

A HIGHLY LIVABLE CITY WHICH EMPLOYS LOCAL BENCHMARKS TO MEASURE ITS PROGRESS IN AREAS SUCH AS HOUSING, ECONOMIC VITALITY, EDUCATIONAL QUALITY, ENVIRONMENTAL QUALITY, AND OVERALL QUALITY OF LIFE;

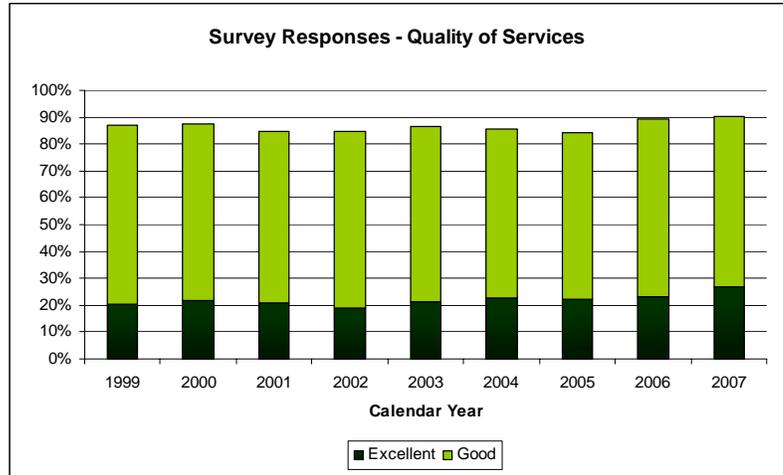
In 2005 the City of Corvallis joined with the cities of Eugene, Dallas, Hillsboro, Salem, Tualatin Hills Parks and Recreation District, Wilsonville, and Vancouver (WA) to form the Oregon Consortium for Performance Measures (CPM) under the International City/County Manager's Association (ICMA) performance measurement program. Participation in the consortium means that Corvallis will work with the other members to evaluate ICMA's standard performance measures, determine which measures are applicable to the Oregon consortium, and additionally define measures that are Oregon specific (where necessary). Following development of measures and defining the data to be measured, the members of the

consortium will work to consistently measure the same data, and provide a common method of comparison to each other and to other cities throughout the country.

The work undertaken in the CPM project will result in the ability to compare data between organizations on some of the most basic services a municipal organization provides. Some of the CPM measures are already included in the Department section of this budget document (Section IV). The measures that are included in the budget are often based on data the City was already measuring before the Oregon consortium was formed. More measures will appear in the future as measurement criteria are defined and data is gathered.

The City initiates a citizen survey in the fall each year. The survey is structured to have several questions that are asked each year to gauge public perceptions about City services. Each year other questions are asked to gather feedback about specific issues.

Response rates on the City’s survey are extremely high, usually exceeding 65%, providing fairly good information to the community about citizen attitudes. Each year since 1999 the City has asked a bellweather question: “Overall, would you rate the job the City is doing in providing City services as excellent, good, fair, or poor?” Responses that the overall services are good or excellent have consistently been at 85% or better, with the 2007 rate at 90%. The entire survey and the results is included in the Appendix of this budget and on the City’s web site. The web site also includes comments from respondents on the survey (www.ci.corvallis.or.us).



FY 08-09 and Beyond – In FY 08-09 the City will complete the third full year of data gathering and reporting the ICMA – CPM based performance measures, and for some departments will initiate new measures that are designed to allow comparisons with the consortia members. The annual Citizens Survey will be mailed in the early fall, with results available for the FY 09-10 budget planning process.

**BLESSED WITH AN INVOLVED CITIZENRY THAT ACTIVELY PARTICIPATES
IN PUBLIC POLICY AND DECISION MAKING;**

The City of Corvallis operates under a Charter first approved in 1949, and most recently updated in 2006. The City is divided into wards with the nine member City Council elected by ward to serve two-year terms. The Mayor is elected at-large for a four-year term. All ten positions are volunteer positions.

The City has 20 advisory boards and commissions, totaling over 200 citizens who freely give of their time to advise the City on issues. For FY 07-08, staff estimates that the volunteer time devoted to City issues by Board and Commission members totaled over 8,000 hours. An additional 60,000 hours are estimated to be donated by volunteers for a wide variety of other City functions each year. The Committee for Citizen Involvement has spent numerous hours developing guidelines and brochures for citizens and neighborhood groups to improve these groups’ effective participation in land-use actions. Special projects undertaken by volunteers during FY 07-08 have included:

- Implementation of the Watershed Stewardship Plan, including the first harvest of selected timber, implementation of a Marbled Murrelet assessment, and beginning to rehabilitate culverts for fish passage.
- City Council acceptance of the Downtown Strategic Plan recommendation to form a Downtown Commission, and appointment of an ad hoc committee to recommend the make-up and charge for the Downtown Commission.
- The Downtown/Economic Vitality Plan Implementation Committee has worked to develop recommendations for funding economic development activities in Corvallis.

In FY 07-08 the City's Comprehensive Communications Plan update was adopted, with a new three-year implementation plan. The Budget Commission approved adding \$50,000 to the City Manager's Office budget to implement the communications action plan, which, among other things, focuses on better communication with the general public about the City's finances. For the first time, the Finance Department printed a "Budget-in-Brief" in the City Newsletter in August, shortly after the start of the new fiscal year.

In FY 07-08 the Corvallis-Benton County Public Library added a part-time Volunteer Coordinator to enhance the Library's already strong volunteer base. Within three months, the new coordinator had added 24 volunteers. For FY 08-09, the Budget Commission has approved making this a permanent position.

FY 08-09 and Beyond – One of the City Council's goals is to “. . . include a comprehensive and collaborative communication plan to increase citizen understanding of City budgets and services.” The Finance Department will continue to print a “Budget-in-Brief” as an insert in *the City* newsletter, providing an overview of the budget to all homes, and for FY 08-09 plans to add a second publication focused on performance data. The Library Volunteer Coordinator position will be made permanent, with training offered to volunteers in other departments.

**COMMITTED IN ITS SUPPORT FOR
CHILDREN AND FAMILIES;**

The City's Parks and Recreation Department and Library work hand-in-hand to provide programs to aid all children and young adults to reach their full potential. Being involved in fun and engaging programs led by positive role models, minimizes at-risk behavior.



The Youth Parks Corps teaches youth skills to perform park maintenance, trail building, sign painting and more. The Youth Recreation Corps teaches youth to assist with day camps and the youth baseball and softball program. Both of these programs also offer youth 14 and 15 years old a “first job” experience, that allows them to gain job experience and a small paycheck. The Youth Volunteer Corp teaches youth the importance of volunteerism and provides learning through service projects.

The Parks and Recreation Department works with many partners and volunteers to provide the high quality program for children and families. A few examples of key partners are The Arts Center, Willamette Disc Golf, the Environmental Center, the Boys and Girls Club, and Indoor Play Park.

The Library offers story times for the youngest of the City's population, and is developing programs for early childhood literacy for daycare and pre-school providers and parents, especially at-risk parents. Summer and after-school programs range from puppet shows to Harry Potter parties, and teen poetry nights to the annual Teddy Bear picnic. The Library has computer areas designated specifically for kids with a well developed Library kids Web site that points to age appropriate kids' resources. The Library also participates in Benton County Health Department's “Healthy Start” program that focuses on the importance of literacy for newborns, putting Library resources into the hands of parents while they are still in the hospital.

Corvallis Transit provides summer passes for youth to ride free all summer, allowing kids to get to and from summer jobs, summer recreation programs, the Library, and the swimming pool without having to rely on a parent. The City is also an active participant in the “Safe Routes to School” program with the local school district. Each fall, City staff work with the schools to ensure all kids know safe routes to and from school.

The City provides Social Service grants to a number of local agencies that work to improve the relationships in at-risk families, or families in transition from being jobless, or drug/alcohol dependent to an independent, addiction-free life.

The Corvallis Police Department has an active Cadet program for high school students who are interested in law enforcement careers.

FY 08-09 and Beyond – In FY 08-09 the City will continue its focus on children and families. Parks & Recreation will offer a full range of programs for youth year-round. The Library will continue development of the early childhood literacy program and with the Budget Commission approved enhancement to add a half-time Early Literacy Coordinator will begin training child care providers. Corvallis Transit has found a sponsor for the summer bus pass program who will pay the costs associated with providing free rides for kids. The Fire Department will seek donations to re-establish a Fire Cadet program, similar to the Police Cadet program already established.

**A COMMUNITY THAT HONORS DIVERSITY AND
IS FREE OF PREJUDICE, BIGOTRY AND HATE;**

The City Council has maintained Diversity as a community value for many years. Corvallis adopted a civil rights ordinance in 1992. In 2006 the City Council forwarded a City Charter amendment to the voters to add a provision that requires the City to exercise its powers to ensure the equal protection, treatment and representation of all persons without discrimination. The Charter amendment passed with a majority of 63.12% yes votes, reflecting the community’s commitment to diversity.

The 2005-2006 City Council set a goal to assess diversity efforts within the City organization. The study was completed in 2006, and included a review of City documents, as well as focus groups with employees, leadership, and summer seasonal staff, and surveys of all employees to determine the organization’s current status. Results have been shared with all employees and the City Council has accepted the recommendations. The assessment report recommended a core set of activities for the organization to take to improve its diversity, including training, changes in the recruitment process, and changes in some policies.

The City also has an active Martin Luther King, Jr. Commission which works to host an annual celebration of the life of Martin Luther King, Jr. with an essay contest, a speaker at a community forum and at the high schools, and annual awards. Each year the Martin Luther King, Jr. Commission donates books to the Library that are about Mr. King or are in keeping with the messages of social equity and social justice taught by Mr. King during his lifetime.

In 2007 the City Council created a Community Police Review Board to provide an objective, unbiased, citizen-based, accessible process for the review of complaints against the Police Department or police officers, and to provide the community with information regarding the accountability of its Police Department in a way that builds trust and enhances communication between the Police and all members of the community. The CPRB had its first meeting on November 7, 2007.

The Corvallis Multi-Cultural Center provides dedicated space to the community for community-building, cross-cultural communication, literacy education and an equitable learning and teaching environment.

The City has been an active participant in the Community Alliance for Diversity (CAD) since its inception, and has an on-going contract for the CAD to provide Ombudsperson services to the community. The City is an active member of the Employer Diversity Partnership that works to bring speakers to the City to raise awareness of diversity issues, and encourage people to think differently about diversity. Presentations are usually scheduled for a half-day with employees of the partnership, and an evening presentation to interested members of the community. Members of the partnership include Benton County, 509J, Hewlett-Packard, Linn-Benton Community College, and Oregon State University.

Oregon State University has developed strategic initiatives to improve its diversity of student enrollment, with published metrics such as “The percent of students of color retention is equal to overall OSU student retention.” The City is committed to working with OSU on seeking employment opportunities for students of color through hiring summer interns in the Promise program which focuses on students of color.

FY 08-09 and Beyond – In FY 08-09 the City will continue work to implement the recommendations in the Organizational Diversity Assessment report. Work for the team of City employees who have volunteered to participate in this effort will

focus on developing an action plan that moves organizational inter-cultural competency skills from minimization towards acceptance and adaptation.

**HOME ... A GOOD PLACE FOR ALL KINDS OF PEOPLE TO LIVE AND TO LEAD
HEALTHY, HAPPY, PRODUCTIVE LIVES.**

The City of Corvallis focuses a lot of attention on how to employ land use planning to achieve this goal. In December 2006, the re-write of the Land Development Code (LDC), Phases I and III, was implemented by the City Council following five years of litigation. The goal of making Corvallis a good place to live was significant in the revisions to the LDC which shifted the land use focus to pedestrian and mixed-use focused development, and the impact of people on the natural features of the community.

The City also has a long history of providing low income housing assistance, dating back to the 1970s with the first Federal Revenue Sharing dollars. Through the 1980s and early 90s the City used competitive grant funding from the U.S. Department of Housing and Urban Development (HUD) to provide loans that rehabilitated renter- and owner-occupied housing, and turned the repayments of those loans into a Revolving Loan Fund that still exists today. In fact, during the late 1990s when federal funding disappeared almost entirely, this Revolving Fund continued to provide loan funding, enabling the City to continue its housing rehab programs and introduce a new form of assistance: the First Time Home Buyer down payment assistance loan program.



Since 2000 the City has received federal entitlement funding through HUD's Community Development Block Grant and HOME Investment Partnerships programs to continue, and expand, its investment in affordable housing. Recent grant and loan funding has helped create over 150 new affordable housing opportunities, and has allowed the City to continue its tradition of helping people rehabilitate their homes in ways that keep them affordable for the long term. In 2007 the City committed funding to assist in the development of 26 affordable rental units in south Corvallis, ten of which will provide permanent supportive housing for survivors of domestic violence. The project, to be developed by Willamette Neighborhood Housing Services is scheduled to break

ground in 2009.

In FY 07-08 the City initiated a Code Enforcement program, with the focus of the program on issues that make neighborhoods more livable. Complaints addressed by this work group include

FY 08-09 and Beyond – The City Council has begun setting a course for expanded housing assistance in coming years, and has endorsed a number of tools intended to build upon the City's current programs. These will include property tax incentives for the creation of downtown housing, especially in mixed-use settings; application of Land Development Code provisions that require increased density resulting in smaller lots and houses; and support for projects that become part of a community land trust. The City will implement a Code Enforcement program to improve the livability of neighborhoods by dedicating staff resources to resolving complaints.

CONCLUSION

The City has made substantial progress on the goals since their establishment in 1997. It is clear that the community will to continue to creatively work on these goals into the future.

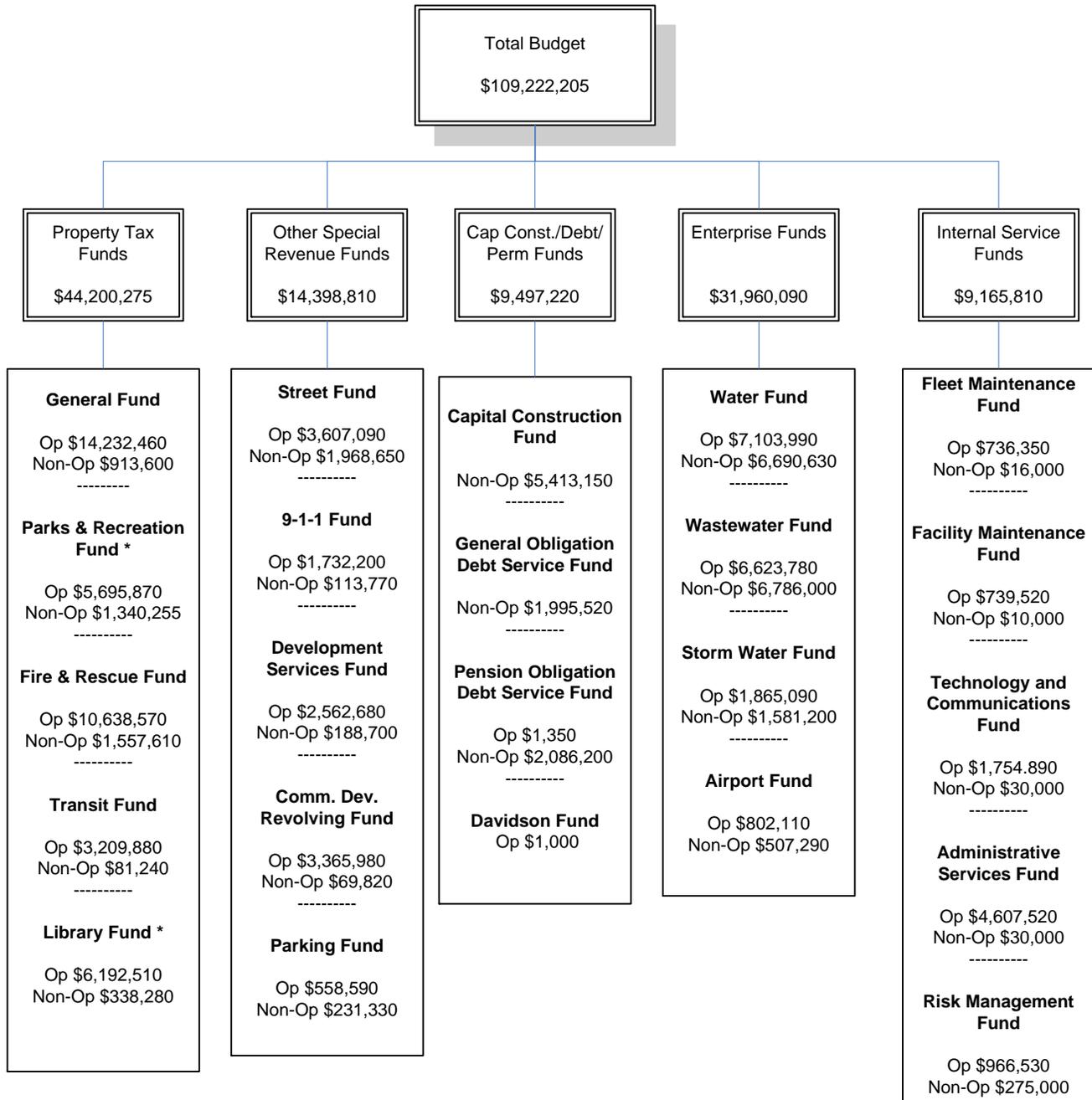


**SECTION – II
BUDGET SUMMARY**

CORVALLIS MUNICIPAL WATERSHED AT MARY'SPEAK



City of Corvallis Budget by Fund



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

BUDGET SUMMARY

I. INTRODUCTION

This section of the budget summarizes the financial information about the operations of the City for FY 08-09. The Budget Summary starts with a reader's guide that is designed to help a reader find information in the budget based on what the reader's focus is – policy, communications, financial data, or operational information. A summary of the City budget that combines all funds by fund type is presented, followed by a summary of revenue and expenditure assumptions used to develop this budget. The operating expenditure budget is summarized by both department and type of expenditure. Finally, the non-operating budget is summarized, with page references to more specific information.

II. READER'S GUIDE

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

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

Attachment A in the Budget Message section provides summary information on how the City has done in achieving the community's goals as defined in the *2020 Vision Statement*. This section also identifies some of the plans for FY 08-09 and beyond that will continue the community's progress toward achieving its goals.

The City also has a number of policies that impact or direct existing operations; the appendix section of the budget includes the Financial Policies adopted by the City Council and reviewed annually. These policies govern the financial operations of the City and the development of the annual capital and operating budgets.

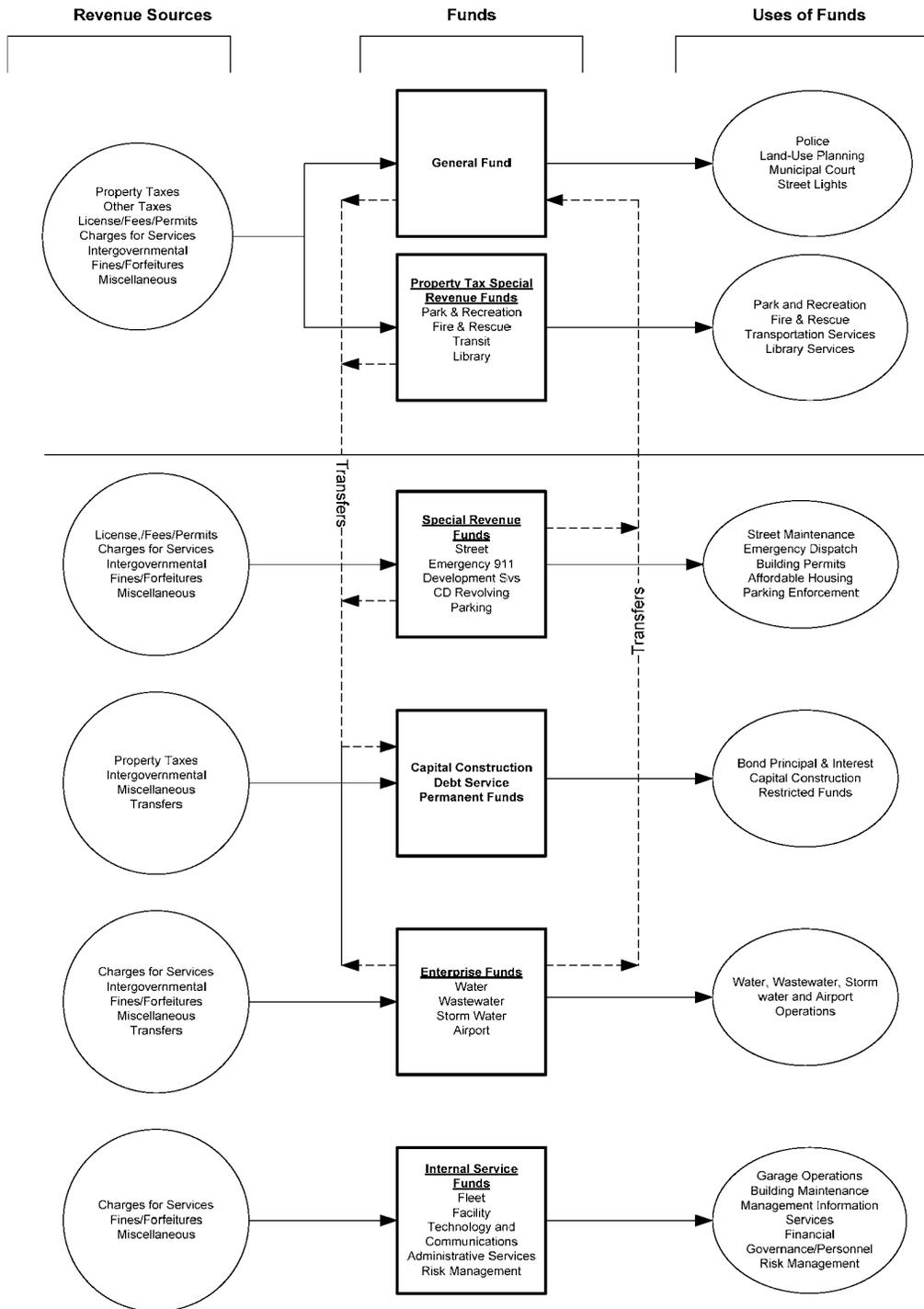
B. A Communications Device – The City's annual budget provides information about the priorities the City Council has set to be accomplished during the next fiscal year, but it also includes information about the day-to-day activities the City performs. The Budget Message provides a concise discussion of the major priorities of the City; the department and fund sections of the budget provide more detailed information about the budget for the major priorities, but also provide a considerable amount of information about the day-to-day activities, and the resources required to meet service demands. Performance measures are included in the Department section to provide information on how efficient and effective the City is with resources.

The City also seeks feedback from citizens on the services provided. The City has conducted a survey of its citizens every fall since 1993. The survey conducted in the fall of 2007 had a 64% return rate, which is comparable to prior year returns. The survey includes several questions that remain the same from year-to-year to allow staff to benchmark service use and areas for improvement. For example, services ranked with over a 95% good or excellent rating included fire suppression and prevention, ambulance, public library, parks/trails/open space, and the Chintimini Senior Center. Five of the service areas also scored above a 95% in 2006.

The survey also includes specific questions each year that focus on issues of concern for the City. For 2007 questions focused on street trees and web site initiatives. Results from the survey are used by staff to develop plans for improving communications about certain work areas. Results are also used by the Budget Commission and City Council to develop programs or services. A copy of the survey results is included in the budget in the Appendix on page XI-26. The complete survey, including comments, can be found on the City's web site at www.ci.corvallis.or.us.

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

CITY OF CORVALLIS FLOW OF FUNDS



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

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

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

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

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

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

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

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

D. Operations Guide – The City’s operations are defined through the budget document in both fund and department discussions. In the Department section, a reader can see how a wide variety of functions may be organized into a single department. In the Fund sections, a reader can see how services are matched with resources. In the Financial Plans section, a reader can see how long-term financial projections are used to plan work projects or address revenue needs such as a fee increase. The Budget Message and summary also serve to drive operations by tying services and initiatives back to citizen needs and Council goals. The budget document as a whole is also used by staff operationally as both a guide for the work plan to be accomplished and as a reference tool, serving as a comprehensive source of historical information and projections based on current assumptions.

E. The Budget Process – The Budget Commission, a group made up of the City Council and an equal number of citizen appointees, convenes each year in January to hear the results of the Citizen Survey, the City Council’s goals, and the Capital Improvement Program Commission’s recommended CIP. In odd numbered years, the Budget Commission reviews updated Business Plans for each Fund. The Budget Commission also reviews the status of the City’s finances and hears from citizens about requests to increase, decrease, or change services, as well as requests for City funding for specific projects. The Budget Commission directs staff to prepare a budget which is returned to the Budget Commission in May as the City Manager’s Proposed Budget. The Budget Commission conducts a public hearing to give citizens the opportunity to comment on the proposed budget, then recommends a budget for the City Council to approve. The City Council also holds a public hearing to give citizens an opportunity to discuss the Budget Commission’s recommended budget before finally adopting the budget by resolution, setting the legal level of appropriations.

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

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

III. FINANCIAL PLANNING

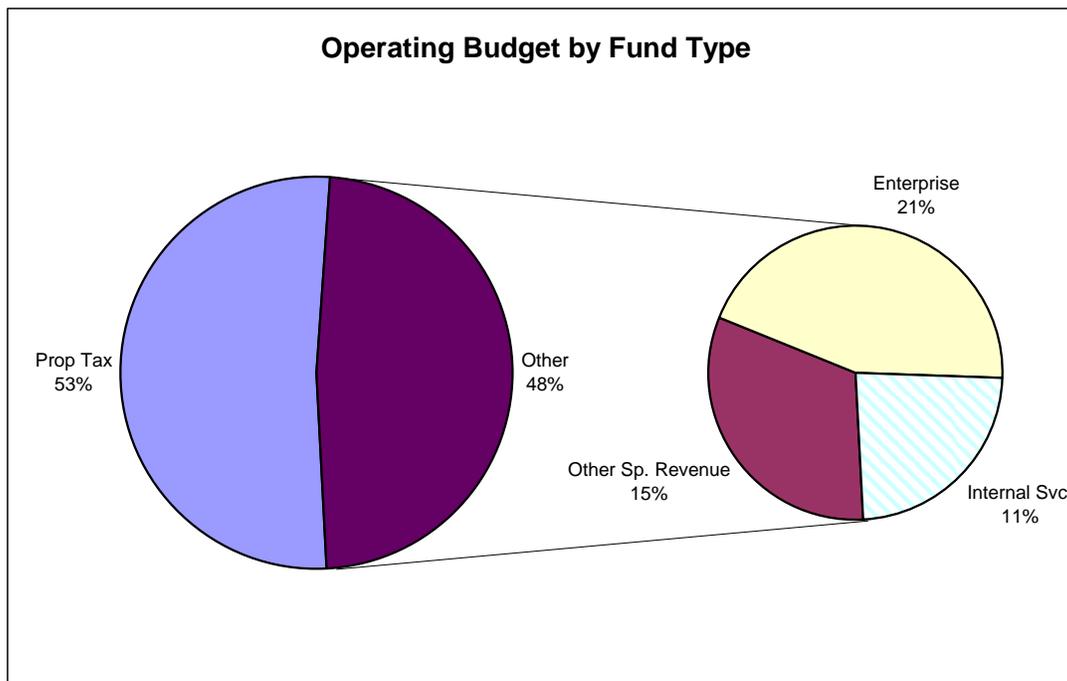
The annual budget focuses on one year of activity, but the City of Corvallis has a long history of long-term financial planning. Financial plans for each operating fund of the City are developed and updated frequently during the budget process. Three years of each financial plan are presented in the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

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

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

IV. SUMMARY OF THE ADOPTED BUDGET FOR FY 08-09

For FY 08-09, the City's projected revenue totals \$99,301,555. With an estimated beginning fund balance of \$40,724,025, the City projects it will have \$140,025,580 in total resources to fund services. The expenditure budget totals \$109,222,205 with \$76,997,960 for operating expenditures and \$32,224,245 for non-operating expenditures. A summary of the budgeted revenues and expenditures follows:



FY 08-09 ADOPTED BUDGET BY FUND TYPE

	Governmental Activities			Business Type Activities		FY 08-09 Total	% of Total Rev/Exp
	Property Tax Funds	Other Special Revenue Funds	Cap Const/Debt/ Perm Funds	Enterprise Funds	Internal Svc Funds		
Beg. Fund Balance	\$11,253,387	\$7,568,491	\$892,477	\$19,546,012	\$1,463,658	\$40,724,025	
Operating Revenue							
Property Taxes	18,544,610	0	1,965,000	0	0	20,509,610	20.65%
Other Taxes	1,220,930	0	0	0	0	1,220,930	1.23%
License, Fees, Permits	5,582,740	1,756,240	0	4,500	0	7,343,480	7.40%
Charges for Service	5,537,680	3,330,590	0	22,039,970	8,636,080	39,544,320	39.82%
Intergovernmental	4,910,840	6,405,030	848,430	994,790	0	13,159,090	13.25%
Fines and Forfeitures	877,770	375,500	0	0	0	1,253,270	1.26%
Miscellaneous	1,322,530	743,800	240,020	1,666,840	115,220	4,088,410	4.12%
Total Operating Rev.	37,997,100	12,611,160	3,053,450	24,706,100	8,751,300	87,119,110	87.73%
Non-Operating Rev.	0	25,000	6,336,145	5,821,300	0	12,182,445	12.27%
Total Revenue	37,997,100	12,636,160	9,389,595	30,527,400	8,751,300	99,301,555	100.00%
Total Resources	\$49,250,487	\$20,204,651	\$10,282,072	\$50,073,412	\$10,214,958	\$140,025,580	
Operating Expenditures							
City Manager's Office	0	0	0	0	2,961,160	2,961,160	2.71%
Community Dev.	1,693,390	5,950,900	0	138,750	0	7,783,040	7.13%
Finance Department	590,050	117,650	0	0	4,106,940	4,814,640	4.41%
Fire Department	10,638,570	0	0	0	0	10,638,570	9.74%
Library	6,140,510	52,000	1,000	0	0	6,193,510	5.67%
Parks & Recreation	5,695,870	0	0	0	0	5,695,870	5.21%
Police	9,311,800	2,026,600	0	0	0	11,338,400	10.38%
Public Works	4,103,040	3,731,390	0	16,256,220	1,736,710	25,827,360	23.65%
Non-Departmental	1,744,060	0	1,350	0	0	1,745,410	1.60%
Total Operating Budget	39,917,290	11,878,540	2,350	16,394,970	8,804,810	76,997,960	70.50%
Non-Operating Budget							
Capital Projects	0	0	5,413,150	5,488,940	0	10,902,090	9.98%
Debt Service	0	0	4,081,720	3,361,390	0	7,443,110	6.81%
Transfers	2,660,390	3,221,145	0	6,300,910	0	12,182,445	11.15%
Other Non-Op Uses	0	0	0	0	0	0	0.00%
Contingencies	727,050	194,670	0	413,880	361,000	1,696,600	1.55%
Total Non-Op. Budget	3,387,440	3,415,815	9,494,870	15,565,120	361,000	32,224,245	29.50%
Total Appropriated Budget	\$43,304,730	\$15,294,355	\$9,497,220	\$31,960,090	\$9,165,810	\$109,222,205	100.00%
Ending Fund Balance	\$5,945,757	\$4,910,296	\$784,852	\$18,113,322	\$1,049,148	\$30,803,375	

- A. Property Tax Funds – Property taxes are the major revenue source for Police, Parks and Recreation, Transit, Land-Use Planning, Library and Fire services, although all of these services have some fee or grant resources also available. For FY 08-09, the City's projected revenue in the property tax supported funds combined (General, Parks and Recreation, Fire & Rescue, Transit, Library) totals \$37,997,100. With an estimated beginning fund balance of \$11,253,387, the City projects it will have \$49,250,487 in total resources to fund property tax supported services. The property tax fund's combined expenditure budget totals \$43,304,730, with \$39,917,290 for operating costs and \$3,387,440 for non-operating expenditures. The ending fund balance, including reserves, is projected to be \$5,945,757 or 15.65% of the current year operating revenue.

- B. Other Special Revenue Funds – Other special revenue funds include the Street, 9-1-1, Development Services, Community Development Revolving, and Parking Funds. The operations supported in these funds have specific designated revenues, and receive no property tax support. For FY 08-09, the City’s projected revenue in the Other Special Revenue Funds totals \$12,636,160. With an estimated beginning fund balance of \$7,568,491, the City projects it will have \$20,204,651 in total resources to fund the operations in these funds. The combined expenditure budget totals \$15,294,355, with \$11,878,540 for operating costs and \$3,415,815 for non-operating expenditures. The ending fund balance, including reserves, is projected to be \$4,910,296 or 38.94% of the current year operating revenue.
- C. Capital Construction/Debt Service/Permanent Funds – This category includes the Capital Construction, General Obligation Debt Service, Pension Obligation Bond Debt Service, and Davidson Library funds. The Capital Construction Fund receives support from grants for specific projects and interfund transfers for cash funded projects that are not utility projects. The General Obligation Debt Service Fund is fully supported by voter approved property tax levies outside of the City’s permanent tax rate. The Pension Obligation Debt Service Fund is supported by interfund transfers from the operating funds of the organization. The Davidson Library Fund is a permanent fund, supported by a \$5,000 non-expendable trust. For FY 08-09, the City’s projected revenue in the Capital Construction/Debt Service/Permanent Funds totals \$9,389,595. With an estimated beginning fund balance of \$892,477, the City projects it will have \$10,282,072 in total resources to fund the operations in these funds. The combined expenditure budget totals \$9,497,220, with \$2,350 for operating costs and \$9,494,870 for non-operating expenditures. The ending fund balance, including reserves, is projected to be \$784,852 or 25.70% of the current year operating revenue.
- D. Enterprise Funds – Enterprise funds are business-like activities, where operating revenues pay for all costs of operation and maintenance as well as capital construction and debt service. The City of Corvallis operates four enterprise funds – Water, Wastewater, Storm Water, and Airport. For FY 08-09, the City’s projected revenue in the enterprise funds totals \$30,527,400. With an estimated beginning fund balance of \$19,546,012, the City projects it will have \$50,073,412 in total resources to fund the associated services. The expenditure budget totals \$31,960,090, with \$16,394,970 for operating costs and \$15,565,120 for non-operating expenditures. The ending fund balance, including reserves, is projected to be \$18,113,322 or 74.22% of the current year operating revenue. The enterprise funds carry relatively large balances in reserves for construction (systems development charge revenue) and debt service.
- E. Internal Service Funds – Internal service funds provide services primarily within the City’s operations and include the Fleet, Facility Maintenance, Technology and Communications, Administrative Services and Risk Management Funds. The primary support for internal services funds is payments from departments for the services provided. For FY 08-09, the City’s projected revenue in the internal service funds totals \$8,751,300. With an estimated beginning fund balance of \$1,463,658, the City projects it will have \$10,214,958 in total resources for these services. The combined expenditure budget totals \$9,165,810, with \$8,804,810 for operating costs and \$361,000 for non-operating expenditures. The ending fund balance, including reserves, is projected to be \$1,049,148 or 11.99% of the current year operating revenue.

V. REVENUE PROJECTIONS

The City’s budget process begins with revenue projections and includes testing assumptions made about revenues for the current fiscal year and expanding those assumptions to FY 08-09. Revenues are discussed by classification as follows:

PROPERTY TAXES						
	FY 05-06	FY 06-07	FY 07-08	FY 07-08	FY 08-09	% Chg from
	Audited	Audited	Adopted	Revised	Adopted	FY 07-08
Operations	\$17,028,351	\$17,212,745	\$17,587,680	\$17,929,470	\$18,544,610	5.44%
Debt Service	1,816,078	1,809,197	1,815,000	1,815,000	1,965,000	8.26%
Total	\$18,844,429	\$19,021,942	\$19,402,680	\$19,744,470	\$20,509,610	5.71%

Property taxes are 20.65% of the City’s total projected revenue for FY 08-09, and 48.81% of the projected total revenue in the property tax supported funds. Property taxes provide more than 25% of the revenue in each of the General, Parks and Recreation, Fire and Rescue, Transit, Library, and General Obligation Debt Service Funds.

Property taxes are levied for operating costs and to meet debt obligations on voter approved general obligation bonds.

The FY 08-09 Adopted Budget assumes that the City will levy the full amount of the permanent tax rate of \$5.1067 per \$1,000 of assessed value, that assessed value will grow 3.5% to \$3,739,472,526 from the \$3,613,016,933 certified in 2007, and that property tax collections will perform as they have historically.

Property taxes levied for voter approved general obligation debt are exempt from both Measure 5 and Measure 47/50 limits. For FY 08-09, property tax revenue for debt is expected to total \$1,965,000. Taxes for debt are levied as a total dollar amount, in the amount necessary to return revenue to the City to pay the principal and interest due on the debt during the fiscal year. The City has three outstanding voter approved general obligation debt issues which will have a property tax levy in FY 08-09. The 1994 Library Refunding bonds are for the construction of the Library renovation and expansion completed in 1991. The original bonds were refunded in 1994 at a lower rate in order to save tax payers' money. The 1999 Riverfront bonds were used to fund the construction of the Riverfront Commemorative Park. The 2001 Open Space bonds were used to purchase five parcels of open space, totaling over 400 acres.

Historically, the City has lost around 2.5% of the total levy each year because of a 3% discount offered by the County Tax and Finance Office for taxpayers who make their property tax payment in a single payment rather than the three payments allowed by law. As a result, levy amounts, and the related gross revenue projections for FY 08-09 are:

	Levy Amount	Discounts	Gross Revenue
Operating Levy	\$19,096,370	(\$477,400)	\$18,618,970
1994 Library Debt	635,900	(15,900)	620,000
1999 Riverfront Debt	758,980	(18,980)	740,000
2001 Open Space Debt	620,520	(15,520)	605,000
Total	\$21,111,770	(\$527,800)	\$20,583,970

The City estimates an additional \$428,240 in revenue will not be received in FY 08-09 as the result of delinquent property tax payments; this amount will be collected in future years. For FY 08-09, the City estimates it will receive \$353,880 in revenue from payments made on prior year delinquent property taxes. For more information on property tax projections, see the Financial Plans narrative in Section III.

OTHER TAXES

	FY 05-06 Audited	FY 06-07 Audited	FY 07-08 Adopted	FY 07-08 Revised	FY 08-09 Adopted	% Chg from FY 07-08
Transient Room Taxes	\$1,002,657	\$1,113,828	\$1,032,490	\$1,173,300	\$1,220,930	18.25%

Other taxes are 1.23% of the City's total projected revenue for FY 08-09, and are a minor revenue in the General Fund. Other Taxes are from Transient Room taxes, estimated to increase 18.25% for FY 08-09 from the FY 07-08 adopted budget. Revenues are continuing to grow; the percentage of rooms occupied remained high through 2007, but has shown some slowing in the early part of 2008. Corvallis Tourism reports that with high fuel costs and tight credit markets fewer people are planning leisure travel. However, the summer of 2008 will mark the Olympic Track and Field Trials at Heyward Field in Eugene, Oregon. Rooms for the event have been fully booked, and Corvallis is the next closest city with a number of hotel rooms; rooms are already being booked for this event. Revenues for FY 08-09 are projected to grow significantly over the adopted budget, but only 4% above the current year revised estimate.

LICENSES, FEES, PERMITS

	FY 05-06 Audited	FY 06-07 Audited	FY 07-08 Adopted	FY 07-08 Revised	FY 08-09 Adopted	% Chg from FY 07-08
Franchise Fees	\$4,423,025	\$4,827,108	\$4,625,410	\$4,892,140	\$5,038,950	8.94%
Building Permits	1,040,112	1,152,910	1,359,210	1,192,190	1,326,890	-2.38%
Transp. Maint. Fee	0	407,911	420,000	409,500	409,500	-2.50%
Business License Fee	0	0	0	0	250,000	0.00%
Other	298,823	340,950	328,100	351,830	318,140	-3.04%
Total	\$5,761,960	\$6,728,879	\$6,732,720	\$6,845,660	\$7,343,480	9.07%

Licenses, fees and permits are 7.40% of the City's total projected revenue for FY 08-09. Licenses, fees, and permits provide more than 25% of the revenue in the General and Development Services Funds.

The primary revenue for this classification is from franchise fees, accounted for in the General Fund, which are estimated to increase over FY 07-08. While most franchise fees will increase due to a combination of rate hikes and a small increase in population, revenue increases are offset by revenue losses due to lower telecommunications franchise fee payments. As more people switch to wireless providers for their primary telephone service, the land-line based service payments are decreasing.

This classification also includes revenue from building permits taken out in conjunction with seeking inspections of construction of new/remodeled buildings, accounted for in the Development Services Fund. New residential construction has been much lower in early 2008 than in prior years, but an increase in commercial development has partly offset that decrease. The budget assumes that the rate of construction will return to historical levels, averaging 180 new single family residential units each year. Oregon State University also has a number of large projects that are either underway, or will be soon.

The Transportation Maintenance Fee (TMF) is a newer fee that was implemented July 1, 2006. The fee is billed monthly on the City Services bill; revenues from the TMF are used for specific street improvement construction projects. Original projections were for the TMF to raise around \$420,000 per year. With nearly two years now of actual experience, the fee is raising slightly less than anticipated, so the FY 08-09 revenue estimate has been reduced.

City Council authorized the addition of approximately \$250,000 in estimated revenues in respect of a potential business license program for FY 08-09. A stakeholder committee is expected to make recommendations to City Council for further action in late 2008 that will determine if this is a permanent additional revenue source.

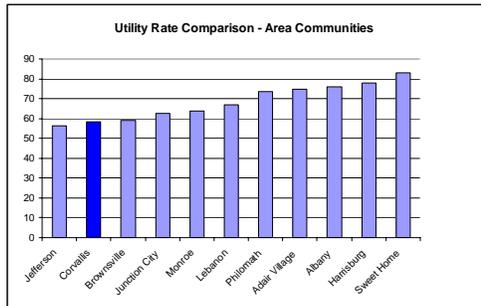
Of the Other Licenses, Fees, and Permits revenue, the Public, Education, Government/Institutional Network (PEG/I-Net) fees charged on cable television bills for local public access, is estimated to bring in around \$145,320. Remaining licenses, fees and permit dollars are from permit work in the public right-of-way, use of park facilities, and parking lot space rental fees.

CHARGES FOR SERVICE

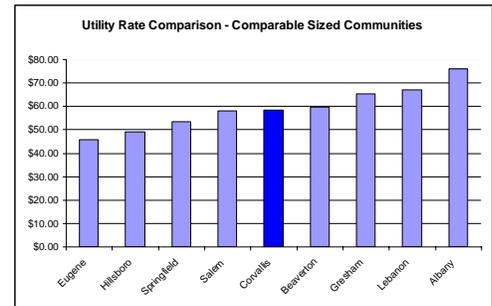
	FY 05-06 Audited	FY 06-07 Audited	FY 07-08 Adopted	FY 07-08 Revised	FY 08-09 Adopted	% Chg from FY 07-08
Utility Fees	\$15,630,654	\$16,636,897	\$16,925,630	\$16,925,630	\$17,941,830	6.00%
Systems Dev. Chgs	3,695,646	3,659,178	3,427,910	3,908,880	3,509,890	2.39%
Parks & Rec Fees	1,247,916	1,224,980	1,398,770	1,344,780	1,366,850	-2.28%
Building Plan Review	620,459	803,729	932,900	1,000,500	996,620	6.83%
Contracted Fire Svc.	1,053,970	1,087,372	1,118,920	1,135,150	1,001,610	-10.48%
Ambulance Fees	1,218,765	1,407,763	1,273,310	1,600,160	1,680,170	31.95%
9-1-1 Cost Share	666,349	661,572	671,080	671,080	830,570	23.77%
Internal Service Charges	7,211,205	7,254,879	8,304,680	8,134,330	8,216,210	-1.07%
Other	2,575,804	3,429,762	3,125,390	3,702,970	4,000,570	28.00%
Total	\$33,920,768	\$36,166,132	\$37,178,590	\$38,423,480	\$39,544,320	6.36%

Charges for service revenues are 39.82% of the City's total projected revenue for FY 08-09. Charges for service provide more than 25% of the revenue in the Development Services, Fire and Rescue, Water, Wastewater, Storm Water, Airport, Fleet, Facility, Technology and Communications, Administrative Services, and Risk Management Funds. Revenue in this category is from sales of City services to customers. The largest revenues are utility user fees for Water, Wastewater, and Storm Water services (utility funds), Systems Development Charges (Street, Parks and Recreation, Water, Wastewater, and Storm Water Funds), Parks and Recreation programs (Parks and Recreation Fund), charges for construction plan reviews (Development Services Fund), contracted fire and ambulance services (Fire and Rescue Fund), 911 cost share contract (911 Fund) and internal service charges (Fleet, Facility, Technology and Communications, Administrative Services, and Risk Management Funds).

A rate review is conducted each fall for the Water, Wastewater, and Storm Water Funds, with a Council goal to keep the combined rate increase for all three utilities to a 2% to 3% range for the average single family customer. Rates implemented February 1, 2008 increased 4.4% on the total bill, slightly higher than the 3% target; rate increases are expected to be higher than the target for the next three years. The projected rate increases for the three utilities will be reviewed in the fall with any actual increases put into place in February, 2008. Projected rate increases



are shown in the financial plans, and currently assume 7% for Water, 3.5% for Wastewater, and 0.00% for Storm Water that will result in a rate increase of around 4.5% on the total utility bill for the average residential customer. Even with the projected rate increases higher than Council's targeted goal, Corvallis rates remain competitive with both area communities (Corvallis has the lowest rate) and with comparable sized utilities (Corvallis is in the middle).



Revenues for Systems Development Charges (SDC) are projected to increase slightly in FY 08-09. SDC revenue is expected to have substantial variability due to the rate of construction activity. Although residential construction has been lower in the first part of 2008 than in prior years, commercial projects have continued, and residential is expected to return to pre-2008 levels. SDC revenue is not spent in the year it is collected, but is reserved for future construction of infrastructure projects.

Parks and Recreation fees are collected for reservation of park facilities, entrance fees for Osborn Aquatic Center, and youth and adult participation in programs and special events. The revenue decrease reflects an overall expectation of lower participation through the summer of 2008 as a result of national economic worries. Within the Parks & Recreation professional groups in Oregon there has been discussion that with fewer dollars people will be carefully weighing how to use leisure dollars and are less likely to participate in multiple events.

Building Plan Review fees are projected to increase 6.83% over the adopted FY 07-08 projection. This projection is largely based on the expectation that a number of large commercial projects will be constructed beginning in late 2008, including several projects at OSU.

Contracted Fire Service revenue is projected to decrease from the FY 07-08 original projection and Ambulance revenues are projected to increase. The contracted fire service revenue estimate is based on discussions about the contract the City has with the Rural District to provide services. The agreement is currently being negotiated, with Council approval of a new agreement anticipated in early May. Ambulance revenue is projected to increase based on a rate increase scheduled for June 2008, and improved collections, combined with an increase in the number of ambulance trips being made.

Charges for internal services, where the service is provided by one City department to other City departments, increase based on the adopted budgets for central administrative services, as well as vehicle, facility, technology and communications and risk management.

Other charges for service, while being fairly large in total revenue, is relatively small as individual revenue line items, and include items such as FireMed memberships, gasoline sales, parking meters, burglar alarm response fees, airport hangar rentals, and miscellaneous charges for copies.

INTERGOVERNMENTAL

	FY 05-06 Audited	FY 06-07 Audited	FY 07-08 Adopted	FY 07-08 Revised	FY 08-09 Adopted	% Chg from FY 07-08
State Revenue Sharing	\$1,035,285	\$1,160,708	\$1,092,130	\$1,175,430	\$1,216,580	11.40%
Highway Tax	2,561,024	2,488,701	2,474,010	2,474,010	2,443,290	-1.24%
Transit Grants	689,384	990,446	1,265,150	859,700	1,452,710	14.83%
Housing Grants	807,497	1,667,461	2,504,970	671,060	2,775,300	10.79%
Library Svc. District	1,971,200	2,037,250	2,098,370	2,121,500	2,181,800	3.98%
Capital Projects	2,187,556	646,670	1,076,680	475,480	1,335,540	24.04%
Other	1,635,159	931,832	1,442,700	1,324,770	1,753,870	21.57%
Total	\$10,887,105	\$9,923,068	\$11,954,010	\$9,101,950	\$13,159,090	10.08%

Intergovernmental revenues are 13.25% of the City's total projected revenue for FY 08-09. Intergovernmental revenues provide more than 25% of the revenue in the Street, 9-1-1, Community Development Revolving, and Library Funds. Monies received from other governments are anticipated to increase, largely due to the fluctuations for one-time capital grants.

State revenue sharing monies, which include alcohol and cigarette taxes, are paid to the City based on statutory requirements and the City may use the monies any way the City Council directs. State revenue sharing monies have traditionally been accounted for as an undesignated revenue source in the General Fund. For FY 08-09 state revenue sharing and alcohol tax revenue is expected to increase, largely due to increased sales of alcohol. Cigarette tax revenue has been declining, and is expected to continue to decline as a result of a combination of a decreasing number of smokers and lost cigarette tax revenues due to internet sales.

Gas tax monies are projected to decrease about 1.24% in FY 08-09. Although the State has increased funding through the Oregon Transportation Investment Act of 2003 (OTIA III), Corvallis' share is expected to decrease slightly since the monies are distributed on a per capita basis, and Corvallis is not growing as fast as some other areas of the State. In addition, as alternative fuels and the high price of gasoline continue, gas sales have declined, leading to a smaller amount of highway taxes statewide.

Grant funding for Transit services anticipates two capital grants for the purchase of two replacement buses (one bus delayed from an original anticipated delivery in FY 06-07) and also increase for the new Job Access Reverse Commute (JARC) grant. In addition, with the budget enhancement of \$180,000 approved by the Budget Commission, the City will be able to maximize the operating grant allocation for Corvallis Transit basic operations.

Major grant programs for Housing (CDBG and HOME) are anticipated to continue, although new grant monies are declining. The projections for FY 08-09 include carry-over revenues that have been allocated to projects but not yet expended as the projects are just beginning construction.

The Library Service District revenue, which is a property tax levied against most properties in Benton County, is projected to increase almost 4% in FY 08-09, based on estimates from Benton County. The Library service district has a permanent tax rate of \$0.3947 per \$1,000 of assessed value, and has a substantially larger tax base than the City. Changes in assessed value will be different than the City's assumptions for its tax levy. Additional revenues come to the Library Service District from forest revenues, which are dependent on federal legislation.

Other grants tend to change from year-to-year based on grant opportunities, or City programs that match with new grant opportunities.

FINES AND FORFEITURES

	FY 05-06 Audited	FY 06-07 Audited	FY 07-08 Adopted	FY 07-08 Revised	FY 08-09 Adopted	% Chg from FY 07-08
Traffic and Criminal	\$706,851	\$788,659	\$727,000	\$778,500	\$778,500	7.08%
Parking	263,663	325,873	305,000	305,000	305,000	0.00%
Other	172,496	183,480	148,720	165,800	169,770	14.15%
Total	\$1,143,010	\$1,298,012	\$1,180,720	\$1,249,300	\$1,253,270	6.14%

Fines and forfeitures are 1.26% of the City's total projected revenue for FY 08-09. Fines and forfeitures provide more than 25% of the revenue only in the Parking Fund.

Revenue in this category is primarily from traffic, criminal, and parking citations that are adjudicated through the Corvallis Municipal Court. Traffic and criminal fine revenue is recorded in the General Fund. The number of citations issued has increased in the past year, largely the result of more Police Officers available on the street. Projections assume a similar level of citation activity in FY 08-09 as has been experienced in FY 07-08.

Parking fine revenue is recorded in the Parking Fund. Parking Enforcement is now fully staffed which has increased the number of citations issued back to more historical levels.

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

MISCELLANEOUS

	FY 05-06 Audited	FY 06-07 Audited	FY 07-08 Adopted	FY 07-08 Revised	FY 08-09 Adopted	% Chg from FY 07-08
Interest Earnings	\$1,825,176	\$2,332,982	\$2,052,810	\$2,056,140	\$1,531,160	-25.41%
Other	1,680,709	1,603,887	2,142,480	2,250,780	2,557,250	19.36%
Total	\$3,505,885	\$3,936,869	\$4,195,290	\$4,306,920	\$4,088,410	-2.55%

Miscellaneous revenues are 4.12% of the City's total projected revenue for FY 08-09. Miscellaneous revenue is a major revenue only in the City's permanent fund which is to account for a permanent, non-expendable trust.

Miscellaneous revenue consists of revenue that does not fit into any other classification. The largest single source of miscellaneous revenue is from interest earnings, which is estimated to total FY 08-09 Adopted for FY 08-09. This is more than 25% lower than the FY 07-08 adopted budget, and reflects the declining interest rate environment.

The City has also budgeted the Transit Fund revenue from the Business Energy Tax Credit (BETC) in miscellaneous revenue. This is a temporary revenue that the State Legislature could eliminate during the 2009 legislative session; however, the City is taking as much advantage of the program as possible, including seeking BETC monies for other energy reduction related projects, such as the Osborn Aquatic Center improvements.

NON-OPERATING REVENUE

	FY 05-06 Audited	FY 06-07 Audited	FY 07-08 Adopted	FY 07-08 Revised	FY 08-09 Adopted	% Chg from FY 07-08
Total	\$26,338,241	\$8,041,148	\$13,748,665	\$10,654,440	\$12,182,445	-11.39%

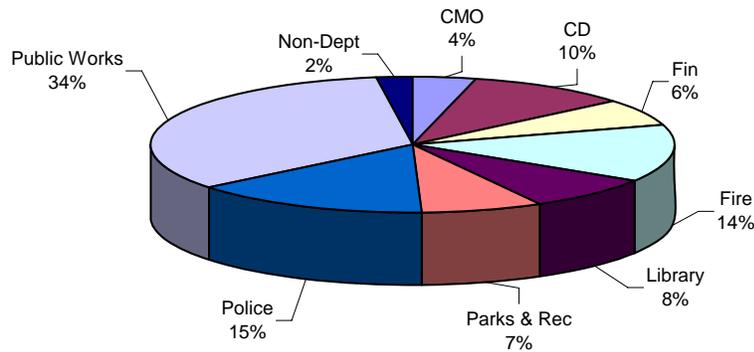
Non-Operating revenue is primarily from transfers that move monies from fund-to-fund, with transfer revenue matching transfer expenditures. The transfers in the Adopted Budget represent an 11% decrease from the current budget. This is due to a lower level of capital project expenditures planned.

VI. OPERATING BUDGET

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

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

FY 08-09 Operating Expenditures



The table that follows shows the budget by fund and by department for all operating costs for the City for the Adopted FY 08-09 budget.

FY 08-09 ADOPTED OPERATING BUDGET BY FUND AND DEPARTMENT

DEPARTMENTS

Fund	CMO	CD	Fin	Fire	Library	Parks & Rec	Police	Public Works	Non-Dept	Total
General		\$1,693,390	\$590,050				\$9,311,800	\$893,160	\$1,744,060	\$14,232,460
Park & Rec						5,695,870				5,695,870
Fire & Rescue				10,638,570						10,638,570
Transit								3,209,880		3,209,880
Library					6,192,510					6,192,510
Street		18,660						3,588,430		3,607,090
911 Emerg.							1,732,200			1,732,200
Devel. Svcs		2,562,680								2,562,680
CD Revolving		3,365,980								3,365,980
Parking		3,580	117,650				294,400	142,960		558,590
GO Debt Svc										0
Pension Ob.									1,350	1,350
Permanent					1,000					1,000
Water		46,600						7,057,390		7,103,990
Wastewater		45,380						6,578,400		6,623,780
Storm Water		46,770						1,818,320		1,865,090
Airport								802,110		802,110
Fleet Maint.								736,350		736,350
Facility Maint								739,520		739,520
Tech & Com.			1,494,050					260,840		1,754,890
Admin Svcs.	1,994,630		2,612,890							4,607,520
Risk Mgmt	966,530									966,530
Total	\$2,961,160	\$7,783,040	\$4,814,640	\$10,638,570	\$6,193,510	\$5,695,870	\$11,338,400	\$25,827,360	\$1,745,410	\$76,997,960

Each department budget is also tied to classifications of expenditure. Personal services include all salaries, wages and benefits for the staff in the department. Supplies and services include items such as basic office supplies, utility payments, memberships in professional organizations, and training costs. Capital outlay is used for the acquisition of assets (usually vehicles, computers, or office equipment) where the cost is over \$5,000 and the useful life is more than one year. Detailed information about each department, including the FY 08-09 budget by classification with comparisons to prior years is included in the Department and Fund sections of the Adopted Budget.

OPERATING BUDGET BY DEPARTMENT BY CLASSIFICATION

	Personal Services	% of Dept Budget	Supplies & Services	% of Dept Budget	Capital Outlay	% of Dept Budget	Total
City Manager's Office	\$1,195,770	40.38%	\$1,765,390	59.62%	\$0	0.00%	\$2,961,160
Community Development	3,868,120	49.70%	3,914,920	50.30%	0	0.00%	7,783,040
Finance	3,239,220	67.28%	1,489,260	30.93%	86,160	1.79%	4,814,640
Fire	7,636,470	71.78%	2,087,160	19.62%	914,940	8.60%	10,638,570
Library	3,705,880	59.83%	2,403,410	38.81%	84,220	1.36%	6,193,510
Parks & Recreation	3,400,280	59.70%	2,212,470	38.84%	83,120	1.46%	5,695,870
Police	8,250,370	72.76%	2,880,270	25.40%	207,760	1.83%	11,338,400
Public Works	10,023,850	38.81%	14,499,840	56.14%	1,303,670	5.05%	25,827,360
Non-Departmental	0	0.00%	1,745,410	100.00%	0	0.00%	1,745,410
Total	\$41,319,960	53.66%	\$32,998,130	42.86%	\$2,679,870	3.48%	\$76,997,960

CITY MANAGER'S OFFICE

The City Manager's Office is responsible for implementing the City Council's goals, policies, and decisions, managing and administering the organization consistent with the City Council's policies, providing public information, maintaining the City's official records, coordinating labor-management relationships, and providing human resources and risk management services. Highlights for FY 08-09 include:

- ◇ Implement the recommendations from the organization's diversity assessment.
- ◇ Complete the recruitment and selection of a new Parks & Recreation Director.
- ◇ Implement the City Council's updated Communications Plan with the enhancement monies approved by the Budget Commission.

COMMUNITY DEVELOPMENT DEPARTMENT

The Community Development Department is responsible for both current and long-range land use planning, development review, construction plan review and permitting, and the City's housing programs including Community Development Block Grant and HOME Investment Partnership grant programs. Highlights for FY 08-09 include:

- ◇ The Budget Commission added a 1.0 FTE Planner position for long-range planning projects.
- ◇ The Budget Commission added a 1.0 FTE Project Coordinator to work with developers and facilitate the review process.
- ◇ Staff will continue to work with the Downtown Corvallis Association on the possible establishment of an urban renewal area.

FINANCE DEPARTMENT

The Finance Department is responsible to account for and report on the financial and capital assets of the organization, prepares the annual budget and audit reports, and provides utility billing, municipal court and information systems management. Highlights for FY 08-09 include:

- ◇ Implement a city-wide wireless initiative.
- ◇ Implement on-line payment options for Municipal Court.

FIRE DEPARTMENT

The Fire Department is responsible for fire prevention and suppression, and basic and advanced life support emergency medical response for the City of Corvallis and the Corvallis Rural Fire Protection District based on a contract with that organization. The Fire Department also provides ambulance transport services for all of Benton County. Highlights for FY 08-09 include:

- ◇ Selection of a Fire training facility site.
- ◇ Continue efforts to enhance collections activities associated with ambulance billing.
- ◇ Acquire a new records management system (RMS) to replace unsupported inhouse software that cannot provide necessary compliance reporting and lacks requisite security.
- ◇ Purchase a replacement ladder truck.

LIBRARY

The Library's mission to "Bring people and information together" reflects the services provided which include reading materials, CDs, DVDs, videos, reading programs for babies to seniors; reference services including providing public access to technology, the Internet, and dozens of online databases in the library and from home and office; and providing outreach services to all of Benton County through the extension service agreement with the Benton County Library Service District.. Highlights for FY 08-09 include:

- ◇ Continue to work with the City of Monroe to secure funding to construct a new branch library.
- ◇ Implement the Early Literacy program with the addition of a 0.50 FTE Early Literacy Librarian.
- ◇ Initiate an update to the Library Master Plan.

PARKS AND RECREATION

Parks and Recreation manages 1,685.14 acres of parks and open space lands to provide a full range of recreational opportunities to enhance the City's preservation and conservation goals. The Department also operates the Osborn Aquatic Center which provides aquatic related activities for all ages, and the Chintimini Senior Center which provides programs for senior adults and a community accessible facility. Highlights for FY 08-09 include:

- ◇ Work with the City Council to develop a bond measure for the November 2008 ballot for monies to expand the Chintimini Senior Center, improve Chintimini Park upgrade playground equipment and enhance a softball field.
- ◇ Continue implementation of the Recreation Services plan.
- ◇ Hire a second Parks Operations Supervisor as approved by the Budget Commission and continue working to implement the projects on the deferred project list.

POLICE DEPARTMENT

The Police Department provides public safety and crime prevention services for the City through patrol, traffic enforcement, crime analysis and investigation, evidence control, records management, and animal control services. The Department also operates the regional 9-1-1 Emergency Communications center, and provides parking enforcement services for the City. Highlights for FY 08-09 include:

- ◇ Continue the implementation of the collaboration initiatives with the Benton County Sheriff's Office.
- ◇ Build a new evidence storage facility.
- ◇ Complete the strategic staffing allocation study and develop recommendations from the study for the business plan update.

PUBLIC WORKS

Public Works provides for the infrastructure needs of the community by offering operations and maintenance services focused on: transportation, including streets, sidewalks, traffic lights, signs, transit services, parking lot/meter maintenance, and the municipal airport; water service, including treatment at two facilities, and distribution; sanitary sewer service including the collection system and wastewater treatment plant; and storm water service, including operation and maintenance of a system of pipes and streams to collect storm water run-off. Public Works staff also provides maintenance services for the organization's fleet of vehicles and public buildings, and the City's telephone and radio systems. The department manages the City's capital improvement program which works to maintain the City's existing infrastructure assets, and enhance or expand facilities when needed. Highlights for FY 08-09 include:

- ◇ Complete Phase II of the Walnut Boulevard Reconstruction Project.
- ◇ Enhance transit service through expanded operating hours, increased frequency and a larger service area.
- ◇ Add a 1.0 FTE Utilities Tech Services position as approved by the Budget Commission to manage the utility systems.
- ◇ Add a .25 FTE to facilitate implementation of the Watershed Stewardship Plan.

NON-DEPARTMENTAL

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

- ◇ \$393,620 is budgeted in the General Fund for Social Services grants.
- ◇ \$563,250 is budgeted in the General Fund for new Economic Development Allocations.
- ◇ \$250,000 in funding has been established based on an offsetting revenue stream from a possible Business License program depending on the outcome of a stakeholder review committee's recommendations and subsequent action by Council.

BUDGET BY CLASSIFICATION

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

PERSONAL SERVICES

	FY 05-06 Audited	FY 06-07 Audited	FY 07-08 Adopted	FY 07-08 Revised	FY 08-09 Adopted	% Chg from FY 07-08
Salaries	\$24,584,130	\$25,718,979	\$27,860,430	\$27,573,310	\$29,332,750	5.28%
Benefits	9,406,822	9,998,469	11,372,780	10,979,910	11,987,210	5.40%
Total	\$33,990,952	\$35,717,448	\$39,233,210	\$38,553,220	\$41,319,960	5.32%
City FTE	423.77	438.68	440.51	441.01	446.29	1.31%

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

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

The City has four separate bargaining units: the American Federation of State, County, and Municipal Employees (AFSCME) which is the labor union for the majority of the City’s general service employees; the Corvallis Police Officers Association (CPOA) which is the labor union for sworn Police personnel; the Corvallis Regional Communications Center Association (CRCCA) which is the labor union for 9-1-1 dispatch staff; and the International Association of Fire Fighters (IAFF) which is the labor union for Fire Fighters. Exempt employees, primarily management staff, do not have a labor agreement, but generally receive the same benefits as AFSCME employees.

Cost-of-living adjustments (COLAs) are budgeted in accordance with bargaining unit agreements.

- ◇ The CRCCA is a relatively new bargaining unit which is nearing the end of the second year of its agreement with the City. For this group, the Adopted Budget includes a 3.5% COLA, plus 1% for Dispatchers and 2% for Leadworkers in accordance with the agreement.
- ◇ The IAFF COLA is 2.0% to 4.0% depending on the position in accordance with the agreement.
- ◇ CPOA is currently in negotiations for a new contract. Since no contract terms have been resolved, all CPOA positions have been budgeted with a 3% COLA.
- ◇ AFSCME is currently in negotiations for a new contract. Since no contract terms have been resolved, all AFSCME members have been budgeted for a 3% COLA.
- ◇ Exempt positions, primarily managers and supervisors, will receive the same COLA as AFSCME, and so have been budgeted with a 3% COLA.



STAFFING LEVELS

	1995-1996	2000-2001	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	% Chg from 07-08
	Actual	Actual	Actual	Actual	Actual	Adopted	Adopted	Adopted
City Manager's Office	9.75	9.50	9.50	9.50	9.50	9.50	10.00	5.26%
Community Development	27.50	31.50	33.35	35.85	37.05	38.25	40.25	5.23%
Finance	29.00	37.75	36.75	37.75	38.25	38.25	38.25	0.00%
Fire	59.50	60.00	68.72	69.72	69.72	68.72	69.00	0.41%
Library	42.42	46.27	45.77	45.77	45.77	45.90	46.65	1.63%
Parks & Recreation	25.24	27.13	28.43	28.43	37.14	37.14	38.14	2.69%
Police	81.90	91.25	82.25	82.25	85.75	86.25	86.25	0.00%
Public Works	104.66	113.85	117.50	114.50	115.50	116.50	117.75	1.07%
Total	379.97	417.25	422.27	423.77	438.68	440.51	446.29	1.31%
Population *	49,275	51,040	54,950	53,165	53,900	54,890	55,988	2.00%
FTE per 1,000 Population	7.71	8.17	7.68	7.97	8.14	8.03	7.97	-0.67%

* Population comes from estimates developed by Portland State University and includes OSU students. FY 08-09 population is projected to grow 1.2%.

The FY 08-09 Adopted Budget includes a total of 446.29 Full Time Equivalent (FTE) positions. This is a 1.31% increase from the FY 07-08 staffing level. One FTE equals 2,080 hours of work each year, or in the case of Fire Department personnel, who work 24 hour shifts, equals 2,912 hours per year. Casual staff members are also employed by the City. These positions do not show as FTE in the budget since they generally work less than half-time and do not receive full benefits. Changes in staffing are as follows:

- ◇ The City Manager's Office increased a .50 FTE as part of a mid-FY 07-08 re-organization, increasing the HR Specialist from .50 to 1.0 FTE. This reorganization was completed using existing resources.
- ◇ The Community Development Department increased by 2.0 FTE. The Budget Commission added 1.0 FTE Planner for long-range planning efforts and 1.0 FTE Project Coordinator for development projects.
- ◇ The Fire Department increased by 0.28 FTE to increase a .72 FTE administrative position to full time to work on ambulance collections.
- ◇ The Library increased by 0.50 FTE for an Early Literacy Coordinator and .25 FTE for courier hours.
- ◇ The Parks and Recreation Department added 1.0 FTE Parks Operations Supervisor. The Budget Commission approved this enhancement based in large part on the added acres of parks and park development that has occurred in the last several years.
- ◇ The Public Works Department added 1.0 FTE Utility Tech Services as approved by the Budget Commission for maintenance of the growing utility infrastructure. The Budget Commission also approved adding 0.25 FTE to facilitate the Watershed Stewardship Plan.

In addition to paid staff members, the City makes substantial use of volunteers for a wide variety of programs and services. For FY 08-09, the City estimates it will continue to use more than 39 FTE of volunteer hours in departments as follows:

VOLUNTEER HOURS

Department	2006 Hours	2007 Hours	2008 Projected
Community Development	0	220	0
Finance	188	174	180
Fire	43,509	33,444	41,732
Library	11,125	11,571	13,880
Parks and Recreation	21,483	20,000	22,000
Police	4,784	3,137	3,500
Public Works	16	240	240
TOTAL VOLUNTEER HOURS	81,105	68,786	81,532

Benefits – Benefits are budgeted according to legal requirements and include the City’s portion of FICA, Medicare, PERS, medical, dental, life, and disability insurance. Overall, the benefits budget is 4.8% higher for FY 08-09 than in FY 07-08. Contributing factors include:

- ◇ The City’s Public Employee Retirement System (PERS) rate remains the same for FY 08-09 as it was for FY 07-08, and is nearly two percentage points lower than it was for FY 06-07. The City continues to enjoy rate relief from the two pension obligation bond issues.
- ◇ In the 2003 legislative session, the legislature closed the PERS system to any new hires. As a result, all employees who start public service after August 29, 2003 are placed in the Oregon Public Service Retirement Program (OPSRP). Rates for OPSRP are budgeted at 7.69% for general service employees (down from 7.96%) and 11.6% for police and firefighters (up from 11.23%). Just over 18% of the City’s pension benefit spending is now for OPSRP members; all currently vacant positions are budgeted as OPSRP positions.
- ◇ Medical benefits for FY 08-09 are budgeted with a 14% increase, with the exception of the Teamsters plan which is anticipated to increase by about 10%. Dental benefits have not increased as much recently as medical costs, so have been forecast to increase by 7%. Actual increases for FY 07-08 ranged from 6.8% for the Teamsters package to as high as 12.5% for AFSCME Plan A family coverage, but on average, somewhat below the combined 12% increase projected in last year’s budget. This cost continues to increase at a considerably higher rate than most other areas of the budget.

SUPPLIES AND SERVICES

	FY 05-06 Audited	FY 06-07 Audited	FY 07-08 Adopted	FY 07-08 Revised	FY 08-09 Adopted	% Chg from FY 07-08
Total	\$34,072,529	\$25,829,406	\$31,579,600	\$28,037,340	\$32,998,130	4.49%

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

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

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

Overhead costs for utilities, particularly electricity and natural gas, are projected to increase in FY 08-09 based on projected rate increases. Some of the cost increases have been offset by reductions in use due to conservation measures put into place in the past three years.

Fuel costs for the City are projected to continue increasing due to rising rates currently experienced by everyone. Fuel is a substantial cost for Transit, Police, Fire, and the Fleet Fund.

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

CAPITAL OUTLAY

	FY 05-06 Audited	FY 06-07 Audited	FY 07-08 Adopted	FY 07-08 Revised	FY 08-09 Adopted	% Chg from FY 07-08
Vehicle Purchases	\$1,347,367	\$840,087	\$1,303,860	\$585,510	\$2,394,760	83.67%
Other	1,008,524	661,014	2,031,990	576,690	285,110	-85.97%
Total	\$2,355,891	\$1,501,101	\$3,335,850	\$1,162,200	\$2,679,870	-19.66%

Capital Outlay is used for all purchases of equipment which exceed \$5,000. Examples include vehicles, large equipment such as pumps or generators, and major computer systems. The City reserves monies annually in most operating funds for vehicle and major equipment replacement so that monies are available when the equipment needs to be replaced. In FY 08-09 major capital purchases include two transit buses and four vehicles in the Fire Department, including replacement for the Ladder Truck, expected to cost over \$700,000.

VII. NON-OPERATING EXPENDITURES

CAPITAL PROJECTS

	FY 05-06 Audited	FY 06-07 Audited	FY 07-08 Adopted	FY 07-08 Revised	FY 08-09 Proposed	% Chg from FY 07-08
Water	\$1,154,758	\$1,241,030	\$2,756,350	\$2,619,350	\$2,188,810	-20.59%
Wastewater	3,671,129	737,069	1,193,050	1,041,480	1,765,630	47.99%
Storm Water	630,195	585,032	746,270	667,150	732,100	-1.90%
Airport	1,863,531	0	30,100	30,100	442,400	0.00%
Street	1,872,135	1,519,988	3,868,120	3,769,490	2,653,060	-31.41%
Parks	259,684	1,217,839	1,678,500	1,608,770	1,609,440	-4.11%
Other Capital Projects	494,431	511,919	924,610	870,410	1,150,650	24.45%
Total	\$9,945,863	\$5,812,877	\$11,197,000	\$10,606,750	\$10,542,090	-5.85%

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

The Capital Project budget reflects a 5.85% decrease from FY 07-08. Major projects planned for FY 08-09 include:

- ◇ Completing the second phase of improvements to Walnut Boulevard;
- ◇ Constructing odor control improvements at the Wastewater Treatment Plant; and
- ◇ Implementing the Phase III improvements at Sunset Park.

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

TRANSFERS

	FY 05-06 Audited	FY 06-07 Audited	FY 07-08 Adopted	FY 07-08 Revised	FY 08-09 Adopted	% Chg from FY 07-08
Total	\$10,738,406	\$7,960,696	\$12,338,665	\$10,631,190	\$12,182,445	-1.27%

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

DEBT SERVICE

	FY 05-06 Audited	FY 06-07 Audited	FY 07-08 Adopted	FY 07-08 Revised	FY 08-09 Adopted	% Chg from FY 07-08
Property Tax	\$1,985,492	\$1,993,720	\$1,983,780	\$1,983,780	\$1,995,520	0.59%
Water	1,017,222	1,017,847	1,017,520	1,017,520	1,016,180	-0.13%
Wastewater	2,325,583	2,319,291	2,317,760	2,317,760	2,314,920	-0.12%
Airport	32,585	31,836	31,070	31,070	30,290	-2.51%
Pension Obligations	1,650,747	1,864,001	1,994,020	1,994,020	2,086,200	4.62%
General Fund	129,794	0	189,560	0	0	-100.00%
Total	\$7,141,423	\$7,226,695	\$7,533,710	\$7,344,150	\$7,443,110	-1.20%

The Debt Service budget includes appropriations to pay the scheduled principal and interest for all existing debt service issues. The City Council has determined that they will refer a bond levy to the voters at the November 2008 ballot for improvements and expansion at the Chintimini Senior Center. Since this debt has not been approved by the voters, no debt service is included in the budget. It is unlikely there would be any debt payments in FY 08-09. The City Council is also considering accepting a loan from the Oregon Economic and Community Development Department (OECD) to provide funding for a wetland mitigation project at the Airport Industrial Park. Since this debt has not been authorized by the city Council, no debt service is scheduled or budgeted for. The loan anticipates the first debt payment would not occur until FY 09-10. Detailed information on debt service is included in Section X of the Budget.

CONTINGENCIES

	FY 05-06 Audited	FY 06-07 Audited	FY 07-08 Adopted	FY 07-08 Revised	FY 08-09 Adopted	% Chg from FY 07-08
Total	\$0	\$0	\$1,584,350	\$0	\$1,696,600	7.08%

Contingencies are budgeted at 2% of projected revenues in all major operating funds. Contingencies are budgeted to allow the City to deal with emergencies and may only be used following approval by the City Council. If the City Council authorizes the use of contingencies, the budget is transferred, by resolution, to the appropriate expenditure category. There will never be actual expenditures in the classification of Contingencies.

ENDING FUND BALANCE

	FY 05-06 Audited	FY 06-07 Audited	FY 07-08 Adopted	FY 07-08 Revised	FY 08-09 Adopted	% Chg from FY 07-08
Total	\$41,543,916	\$43,715,325	\$29,117,136	\$40,724,025	\$30,803,375	5.79%

Fund balances, including reserves set aside for future purposes, are projected to be drawn down in all of the property tax supported funds due to declining revenues and costs which increase faster than revenues. Other funds, including special revenue funds which do not receive property taxes, System Development Charge Funds, the Water, Wastewater, Storm Water

and Airport Funds will hold fund balances that are adequate to continue all planned operations and services at their current levels. The projected balance of monies held for reserves at the end of FY 08-09 include the following:

	All Funds	Property Tax Funds
Ending Fund Balance	\$30,803,375	\$5,945,757
Less:		
Legally Restricted balances	17,396,331	423,604
Council Restrictions	1,537,030	533,180
Management Reserves	3,130,635	1,239,618
Balance Available for Appropriation	<u>\$8,739,380</u>	<u>\$3,749,356</u>

On page X-29, a schedule of changes by individual funds can be found that shows the anticipated beginning balance, estimated revenues, planned expenditures, and expected ending reserve balances that net to the projected unrestricted ending status of each fund as of June 30, 2009. In some cases, fund balances are being built to provide cash for a large capital project. In many cases, the fund may have longer-term projections that show the fund going into a negative position if all revenue and expenditure projections perform as currently estimated. In most cases, departments slightly underexpend the appropriated budget due to vacancies or project costs that are lower than original estimates. These savings are generally captured during the revised budget process when departments have six months of experience in the current fiscal year and can more accurately project the beginning fund balances for FY 09-10.

VIII. Financial Management Changes

During the course of any given fiscal year a number of financial management changes may be implemented by staff to better facilitate the operational management of the organization. For FY 08-09 the following changes occurred:

- Financial Policies – the City Council’s Financial Policies are normally reviewed and updated each year in the fall before the budget process begins. This year the City Council elected to delay that review as they work to develop a financial strategy. The Council expects that the Financial Policies may be restructured as a result of the new financial strategy.
- Financial Plans – the FY 08-09 budget Financial Plans section includes the “All Property Tax Funds Combined” financial plan as it has for a decade, but this year also includes the companion planning piece that includes “mitigating factors.” This schedule is used to project the most likely ending fund balance based on what is most likely to happen. This schedule captures the organization’s history of underexpending appropriations and re-projects the future based on the likelihood that the same level of underexpenditures will happen again. The “Mitigating Factors” schedule has been used by the Budget Commission for a number of years, but not as a formal financial plan. This change in financial management practice formalizes the use of this tool as a planning document, and includes a written summary of the purpose for the schedule.

IX. SUMMARY

The Adopted Budget for FY 08-09 is balanced. The following pages provide more detail about the organization’s work plan for the coming fiscal year and the resources necessary to complete that work plan. Questions about the FY 08-09 budget may be directed to the City of Corvallis Finance Department at 766-6990 or via e-mail to finance@ci.corvallis.or.us.

**SECTION – III
FINANCIAL PLANS**

BALD HILL SUMMIT



SECTION – III FINANCIAL PLANS

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



Not Pictured: George Grosch, Tim Cadman, Patricia Daniels

Budget Commission

FINANCIAL PLANS

Introduction

This is the fourth presentation of the financial plans for the FY 08-09 through FY 10-11 planning period. The first version was reviewed by the Capital Improvement Program (CIP) Commission, and the only substantive changes from the adopted budget were to reflect unaudited FY06-07 actuals and projected capital projects for FY 08-09 through FY 10-11. The second revision was for use by the Budget Commission in January to review the City's financial status and provide direction for developing the FY 08-09 budget. The third rendition of the plans was provided in May to the Budget Commission when this body convened to receive the Proposed Budget. This final presentation for the FY 08-09 budget cycle includes the following:

- Capital Improvement Projects as identified in the CIP commission recommended CIP to be included as the capital budget.
- Operating costs associated with the projects in the recommended CIP.
- FY 06-07 audited revenues and expenditures.
- FY 07-08 revised revenues and expenditures.
- FY 08-09 adopted revenues and expenditures.
- FY 09-10 through FY 10-11 projected revenues and expenditures assuming maintenance of all existing services.

Funds

The City has a total of twenty-three funds that are used to track and account for the City's operations. All but four of those funds have financial plans that are used to track historical revenue and expenditure patterns, and project future financial performance based on a series of assumptions. In the case of the utility funds, the financial plans are used as a tool for rate reviews to ensure resources will be adequate to meet operational and capital needs.

The four funds that are not included in the financial plans are for capital construction (used as more of a holding fund with resources and uses only accounted for when there is a capital project), one permanent fund (which accounts for the restriction of a \$5,000 original endowment from which only the earnings can be spent) and two debt service funds where the resources are either from property taxes levied outside all tax limits or other funds' operation resources.

Property Tax Funds Combined

The City budgets operating property tax revenue in the General, Parks & Recreation, Fire and Rescue, Transit, and Library Funds in compliance with Council's Financial Policies. The Property Tax Funds Combined schedule on page III-11 adds the revenues and expenditures from all five funds together for a single presentation to facilitate discussions about how to allocate property taxes to each fund. The Budget Commission discussion focuses on the financial strategy for the combined funds, with allocation of property taxes for each individual fund developed after the strategy has been set. To assist the Budget Commission in determining the most realistic level of fund balances for the property tax funds, there is a second Property Tax Funds Combined schedule on page III-13 which incorporates certain mitigating factors, to help facilitate strategic planning and decision making.

Revenue Projections

Financial plans are updated by Finance and operating department staff for CIP planning in the early fall and are further refined almost monthly throughout the budget process. When the plans are developed, certain assumptions about revenue trends are made. Assumptions about major revenues are as follows:

Property Taxes

Property taxes are levied for operating costs and to meet debt obligations on voter-approved general obligation bonds. The financial plans do not include projections for debt service funds since the amounts levied are specific to the bond issue and the amount due each year.

Property Tax Limits

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

Aggregate assessed value will also increase based on new development, with all new development assigned an assessed value that is the same ratio of assessed value to real market value as similar property.

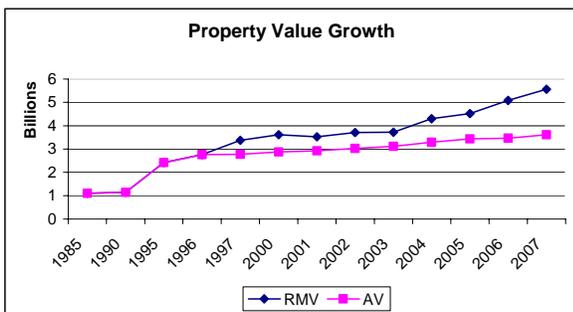
Both real market value (RMV) and assessed value (AV) are important features in projecting property tax revenue based on different tax limits. In FY 07-08, in aggregate, residential property AV was 63% of RMV; commercial property AV was 60% of RMV; and industrial property AV was 87% of RMV. As a parcel of property's ratio of AV to RMV gets closer to 100%, that property is closer to either the Measure 5 limit of \$10 per \$1,000 of RMV or Measure 50's caveat that AV will not ever be higher than RMV.

Finally, any property tax levy requires voter approval at either a general election (November of even numbered years) or requires a double majority of at least 50% voter turn-out plus a majority of those actually casting a ballot to vote yes.

Property Taxes for Operations

Tax Rates: The City's permanent tax rate is \$5.1067 per \$1,000 of assessed value. Local governments may seek voter approval of local option tax levies for one- to five-year periods. Corvallis does not have any local option levies. The Financial Plans assume that the maximum tax rate of \$5.1067 per \$1,000 will be levied each year. The FY 07-08 combined tax rate for non-education governments, excluding levies for debt, for most Corvallis residents was \$7.9716 per \$1,000 of assessed value. This translates to an aggregate rate of around \$5.14 per \$1,000 of real market value, well below the \$10 limit. However, the rates are applied parcel-by-parcel, so some parcels may be closer to the \$10 limit than others.

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



During the past nine years, Corvallis has achieved a 26.92% increase in assessed value, an average of 2.69%

per year. During that same time period, real market value has increased 52.51% from \$3.3 billion to \$5.6 billion, and the Consumers Price Index (CPI) has increased 28%. Real market and assessed value in the post-Measure 47/50 environment has grown as follows (dollars are in 000's):

Year	RMV	Growth From Prior Yr	AV	Growth From Prior Yr
1998	3,297,862	-2.37%	2,781,953	0.31%
1999	3,413,758	3.51%	2,835,592	1.93%
2000	3,494,829	2.37%	2,879,106	1.53%
2001	3,523,137	.80%	2,922,822	1.52%
2002	3,694,492	4.86%	3,024,407	3.48%
2003	3,717,868	.63%	3,113,328	2.94%
2004	4,299,629	15.64%	3,292,880	5.76%
2005	4,522,703	5.19%	3,433,647	4.27%
2006	5,088,443	12.51%	3,467,066	0.97%
2007	5,565,083	9.37%	3,613,017	4.21%
Avg Annual Growth		5.25%		2.69%

The actual assessed value for residential property has increased between 3.5% and 4.5% each year based on the 3% annual increase, and as new development averaging \$115 million per year is added. Up until 2004, this growth was largely offset by decreases in industrial and personal property values based on depreciation of plants and equipment. However, after two years of development outpacing depreciation, the 2006 assessed value was again impacted by depreciation of some of the City's larger tax payer properties, such that the full 3% increase was not realized. Although assessed values appear to have rebounded again in 2007, it should be noted that one of the City's largest industrial tax payers has requested a review of its assessed value for 2008.

The City's assessed value increased by 4.21% from \$3,467,065,775 in 2006 to \$3,613,016,933 in 2007. This was greater than the projected increase of 2.3%, which was premised on a 10-year historical average absent better predictors.

For FY 08-09, assessed value is currently projected by the County Assessor's Office to increase 3.5% to \$3,739,472,526; actual value will not be known until next October. In FY 09-10 and FY 10-11, AV is projected to increase 3.7% and 4.0% respectively. This means that property tax revenues for operations are also projected to increase 3.5% in FY 08-09 from the revised revenues in FY 07-08. The County has requested information from the State regarding possible additional depreciation impacts from some of the City's larger tax payers that would negatively impact the above rate assumptions.

Property Tax Collections

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

Based on historical data, the City expects an additional 2.3% of the levy each year will not be received due to non-payment of taxes. Property taxes that are not paid are secured by a lien on the property, and the lost revenue is recorded as a prior year receivable in the General Fund at the end of the fiscal year. Delinquent property tax revenue totaling around 51% of the outstanding receivables is projected to be collected each year from prior year delinquents. For FY 08-09, the City projects a loss of \$428,240 from current year property taxes that are unpaid at the end of FY 08-09. The City also projects General Fund revenue of \$353,880 from prior year delinquent property taxes.

Property Tax Allocations

The City Council's current Financial Policies direct that property taxes for operations be allocated to the five funds which receive property taxes each year as necessary to keep the five funds at approximately the same ending fund balance. During FY 04-05, the City Council received and adopted a number of recommendations from the Transportation Funding Alternatives Task Force (TFATF), including a recommendation to decrease property tax allocations to the Transit Fund to a flat amount of \$400,000 in FY 05-06. For long-term financial planning, the 2.36% of property tax revenue that produced the initial \$400,000 allocation to the Transit Fund in FY05-06 will remain stable so that property tax revenue will increase by whatever the actual percentage increase is for all property tax revenue. In FY 08-09, the projected increase in assessed value of 3.5% results in a projected Transit property tax allocation of \$439,410.

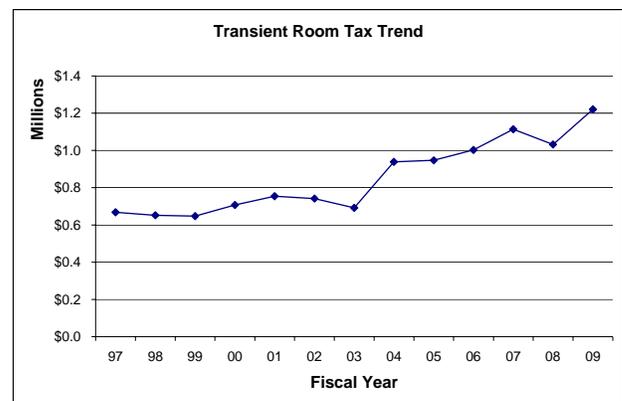
A portion of the Parks & Recreation property tax allocation is made to the Osborn Aquatic Center (OAC) to subsidize its operations and achieve an ongoing positive fund balance projection based on practice and experience.

For FY 08-09, the adopted property tax allocation is:

<u>Fund</u>	<u>Proportion</u>
General	17.08%
Parks & Recreation	21.31%
Fire & Rescue	40.44%
Transit	2.36%
Library	18.36%
Arts Center	.45%
Total	100.00%

Other Taxes

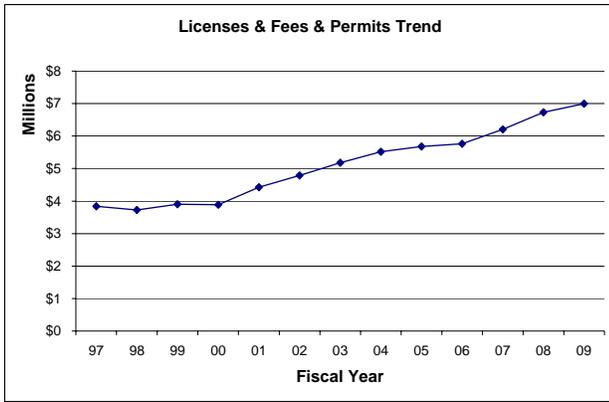
These monies are collected from Transient Room Taxes.



The City currently levies a room tax of 9% of the room costs on all transient lodging in the city limits. Projected revenues continue their upward trend of the past several years, at a 4% increase in FY 08-09 over revised FY 07-08 revenues which in turn are expected to be 5% higher than actual FY 06-07 results. Improved economic conditions and successful OSU sports team events were largely responsible for last fiscal year results exceeding adopted levels and the latter situation in particular continues to impact projections for this fiscal year and next. Commencing in FY 09-10, projections show a lower but steady increase of approximately 2% per year.

Licenses, Fees, Permits

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



Franchise fees are currently the largest single revenue source in the General Fund. Major drivers for this revenue are the use of the services provided by the franchisees (utilities which use the public right-of-way) and the rates the utilities charge. In FY 06-07 franchise fee revenue came in significantly higher than both the adopted budget level and FY 05-06 actuals. The increased receipts were a function of four major factors: City utility right-of-way fees coming in slightly higher in total based on rate increases; three new small telecommunication utilities providing service within the City of Corvallis; higher than expected revenue for several existing utilities; and timing of some FY 05/06 payments received in FY 06/07. Revised revenues for FY 07-08 are currently projected to come in only marginally above FY 06-07 actuals, and then continue relatively flat through the 3-year planning period. Franchise Fee projections are revised once rate changes are announced by a utility.

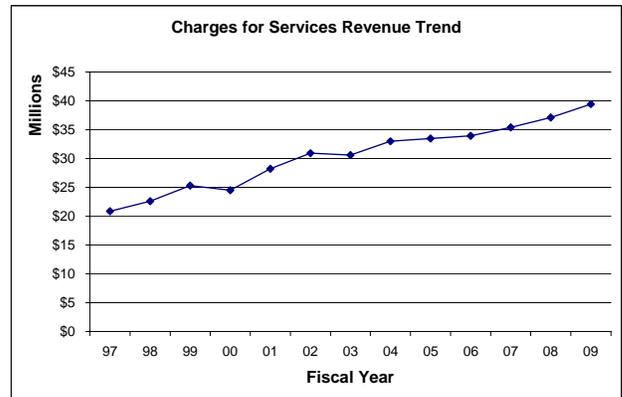
The Development Services Fund receives building permit revenue from new construction in the City. The City's population is projected to continue to grow between 1% and 1.2% per year. This figure is consistent with estimates included in the Comprehensive Plan and with the City's 15-year history. Changes in the Oregon State University (OSU) student population will continue to have an effect on the City's overall population growth rate. Residential development has slowed over the past six months due primarily to economic factors. Although this has been partly offset by increased commercial development, fee revenue in the Development Services Fund overall is expected to come in below prior years in FY07-08 and FY 08-09. Future years are projected to increase again with economic cyclicalty.

A Transportation Maintenance Fee (TMF) was approved by Council and went into effect July 1, 2006. The funds raised from the fee, based on trips generated by property use, are being used to fund specific street infrastructure projects. City Services bills are the mechanism for billing and collecting the fee from property owners. City departments are also subject to this fee. Based on trip

rates ranging from 2.1¢ for non-residential to 14.2¢ for residential properties, this fee is projected to realize approximately \$409,500 per year for the remaining three years during which the ordinance is in effect.

Charges for Service

This is the largest classification of revenue for the City. Charges for Service provide substantially all of the operating revenue for the Water, Wastewater, Storm Water and Airport Funds, which are all self-supporting. The City Council's current Financial Policies call for an annual rate review for the three utilities in the fall, with any rate increases implemented February 1. Annual rate increases are typically targeted at 2%-3% of the total water/wastewater/storm water utility bill for the average residential user, with a top rate increase limit of 7%. Due to substantial requirements for infrastructure improvement projects, rate increases in the utility funds are projected to be somewhat higher than 3% in total for the next several years. Nevertheless, rate increases are still in compliance with Council Financial policies and are identified in each fund's financial plan projections.



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

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

Revenue from plan reviews in the Development Services Fund is projected to remain relatively flat in FY 08-09, with the current residential downturn, then increase marginally over the next several years. These higher future-year estimates are based on a combination of some

anticipated large commercial construction projects and the February 2007 rate increase approved by Council.

Charges for service in the Fire and Rescue Fund are primarily from ambulance services and Corvallis Rural Fire Protection District (CRFPD) contracted services. Revenues for ambulance services, which were originally forecasted to increase in FY 06-07 only marginally over FY 04-05 levels, ended up coming in over \$300,000 (27%) higher than adopted levels due to growth in call volume, ambulance rate increases for FY 06-07 and a better collection rate than the same period in FY 05-06. The rate increase has also impacted revised FY 07-08 significantly, but growth thereafter through FY 10-11 is anticipated to be more modest than the past several years with no rate increases currently projected. Rates are reviewed annually, and the City Council will consider increases when rates do not cover 100% of the operating costs for the transport ambulance. The financial plan will be revised any time a rate increase is approved. The revenues received under the CRFPD contract are tied to property tax receipts, but the assessed values for the rural district tend to be a bit more stable than assessed values for municipal properties. Projected increases for this revenue source through the financial planning period are approximately 3.2% per year. Since this contract is under negotiation, a new revenue level may result.

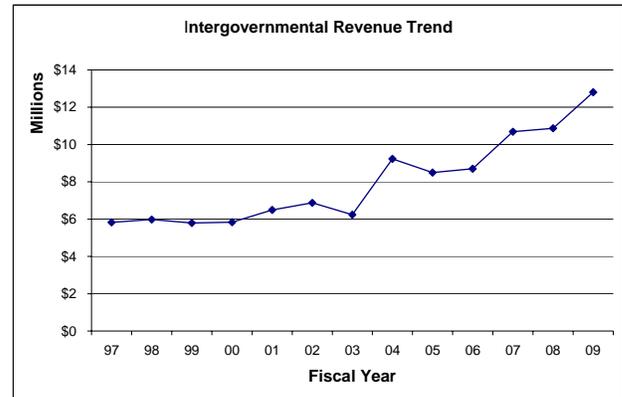
Charges for service in the Transit Fund are from fare box revenues as well as transit support payments from Philomath, Special Transportation Funding program (STF) and ASOSU on behalf of students/faculty. The revenue impact from fares is relatively small due to the small proportion of total Transit funding that comes directly from riders. The other programs providing more indirect funding (based on student enrollment levels and/or specific contracts) represent about \$332,000 or about 72% of this revenue category in the Transit Fund.

Charges for service in the internal service funds (Fleet Maintenance, Facility Maintenance, Technology and Communications, Administrative Services, and Risk Management Funds) are set to cover the projected costs for each service area. Similarly, the 9-1-1 Emergency Fund users have a cost allocation methodology, which for purposes of Corvallis Police and Fire Departments is treated as charges for service revenue. Costs are adjusted annually via various cost allocation drivers.

Systems Development Charge (SDC) revenue is based on the rate and types of development, which can be difficult to predict. This revenue stream remains dependent on factors that are largely outside the control of the City. SDC revenue is only used for capacity-related capital projects. If the revenue stream decreases from current projections, projects will be delayed to manage the funds.

Intergovernmental

This classification of revenue includes all grant monies from the state or federal government. The City receives relatively few dollars from these sources when compared to counties and school districts. The General Fund receives state revenue sharing, cigarette, and alcohol tax revenues from the state. These revenue sources are projected to increase at approximately 2% per year or, in the case of cigarette taxes, decline slightly through FY 08-09 and then remain relatively flat during the remainder of the financial planning period.



The Street Fund receives State Highway Fund (Gas Tax) monies which increased steadily through FY05-06 but then declined slightly in FY 06-07 and are projected to remain relatively stable at this lower level in the years beyond. Gas Tax rates are not predicted to increase within the planning period.

A special tax on telephone usage funds a portion of 9-1-1 operations. The City receives monies for the City's share as well as the other government agencies that use the Corvallis 9-1-1 center. FY07-08 saw a one-time unanticipated distribution that will be reserved toward the local match portion of a specific grant project currently under review. This source of revenue is projected by the State to remain relatively flat in the future due to telephone market saturation.

The Community Development Revolving Loan Fund receives Community Development Block Grant (CDBG) and HOME grant monies for low-income housing programs. These monies are projected to be received at a stable level each year, although there have been decreases in both programs in recent years. Housing Office staff members continue to seek grant opportunities to supplement the monies available.

The Transit Fund receives an annual operating grant from the Federal Transit Administration. However, the grant passes through the local Metropolitan Planning Organization (MPO) before reaching the City and

decisions made at that level about the needs of regional transportation systems could impact the size of the grant the City ultimately receives. Throughout the financial plan, capital grants are anticipated for the purchase of replacement buses.

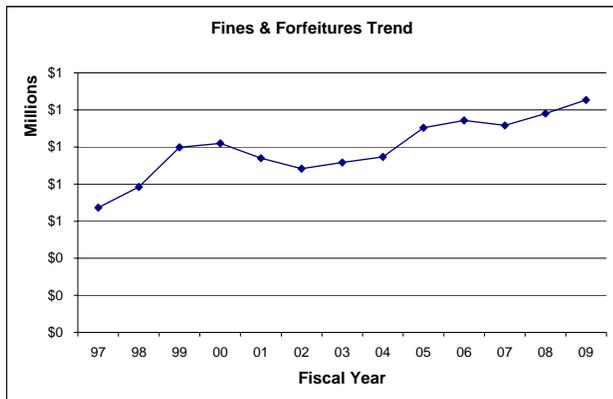
The Library Fund receives intergovernmental revenue from the Benton County Library Service District. This is a special property tax district that contracts with the City to provide library services throughout the district. The Library Service District has a considerably larger tax base than the City of Corvallis, and has experienced a different growth rate in assessed value since the implementation of Measure 50. Revenues are projected by the County to increase around 3.0% annually in sync with property tax limits.

The Capital Construction Fund (not included in financial plan projections) receives grant monies for street, bike and beautification projects. These monies are unpredictable, project specific, and are budgeted concurrent with the grant application.

The Airport Fund receives grant monies for airport improvements. These grants are specifically requested for discrete operating or capital projects, and are not an ongoing source of revenue for the fund.

Fines and Forfeitures

In the General Fund, this revenue classification accounts for monies from traffic and criminal citations that are adjudicated through Municipal Court. Revenues have recovered from below budget levels in prior years and have been coming in higher than the adopted budget for the past two fiscal years. In FY 07-08, these receipts are expected to come in a bit below FY 06-07 actuals, but slightly over adopted levels. FY 08-09 is projected to continue relatively flat at this higher level, and outlying years should experience growth in the range of 2% per year based on population projections.

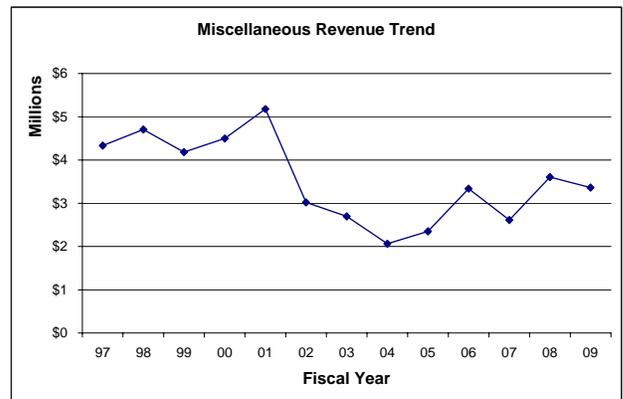


In the Parking Fund, fine and forfeiture revenues are from parking fines. This is projected to be a stable revenue source through the remainder of the financial planning period.

The Library Fund revenue for fines, lost books, and penalty fees has been steadily increasing the past few years with the continuing success of billing and collection efforts for overdue and lost materials.

Miscellaneous

As the name implies, this classification of revenue includes a number of odds and ends that do not fit elsewhere. One significant revenue source in this classification is interest earnings which are allocated to each fund based on the fund's proportion of the average cash balance. The market declined substantially in the last several years, but began to recover in FY 05-06 and continued on in FY 06-07 with slightly higher rates. Projections are based on the City's known earnings from current portfolio investment holdings combined with projected Local Government Investment Pool (LGIP) rates averaging over 4% in the past twelve months. These latter rates have been applied based on historical averages or anticipated trends in each fund's cash balance. This provides a conservative estimate that takes into account the LGIP's historic ability to at least marginally outperform a stable or declining market. In FY 08-09 the economy is currently projected to experience declining interest rates, which has resulted in a forecast for City portfolio interest earnings that is nearly \$500,000 lower than revised FY 07-08. For the remainder of the financial planning period, interest is projected based on beginning fund balances at an average of 4.25% through FY 10-11. Since interest income is a relatively unpredictable revenue source which is based on factors largely beyond the City's control, such as current market conditions, interest earnings are not relied on to fund specific projects.



Lien financing payments from Housing, Special Assessment and System Development Charge customers made up approximately 8% of the total miscellaneous

revenues earned in FY 06-07, and are projected to comprise nearly 14% of all miscellaneous revenues estimated for FY 08-09. It should be noted that their relative proportion is less than the 29% of miscellaneous revenue they represented in FY 04-05 when interest earnings were lower.

In addition to the approximately \$195,000 in charges for service that OSU/ASOSU pays the City for its faculty, staff and student group pass as well as the Beaver Bus program, OSU also makes a \$130,000 payment to help assure continuation of the public transportation service.

Other revenue sources that are classified as miscellaneous in nature are gifts, donations and contributions. The largest source of funds which fits this description is the Business Energy Tax Credit (BETC) provided under State law courtesy of various local partners. In the Transit Fund alone, BETC receipts have been over \$412,000 in each of the past two fiscal years, and had a substantial increase in FY 07-08 with another projected for FY 08-09. Thereafter, the increase is anticipated to be approximately 1% annually. Although this revenue is reflected through the full financial plan continuum, the tenuous nature of tax credit programs like this means the revenue stream may not be available indefinitely.

Expenditure Projections

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

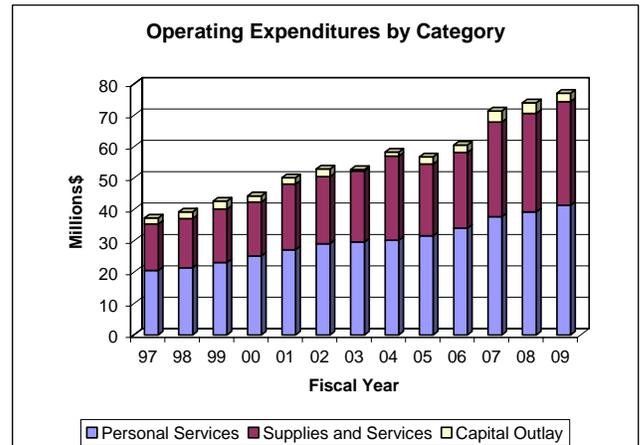
In general, the expenditures in financial plans are projected as follows:

Personal services which includes wages and benefits, are more than 50% of the City's operating budget, and in some departments are in the range of 70% of the budget. Assumptions for personal service projections include:

- Total personal services are projected to increase 5.5% per year after FY 08/09. This growth rate, which excludes PERS, has been fairly accurate when examined retrospectively. Although many benefits rates (i.e., social security, disability insurance) do not change substantially from year-to-year, medical/dental insurance rates were increasing between 9% and 20% annually over the past five years up until 2006, when they experienced a lesser increase. With the most

recent union contract negotiations, an effort has been made to bring more responsibility to individual employees to share in these costs through a vested interest in their own health and well-being. To the extent the City is successful in reducing its exposure to these rising costs, it may be possible to refine the estimated growth down from the 5.5% level – although to date insufficient numbers of employees have enrolled in the lower-cost plans such that the City's premium costs will continue to be higher at least through 2008. Overtime dollars plus monies paid for temporary help are held flat through the three-year planning window.

- The City's PERS and OPSRP rates are being projected at 7.69% of payroll through FY 08-09 and at 5.8% for the remainder of the planning period. These levels are based on preliminary system-wide information but are subject to change during the next round of financial plans if more information becomes available.



Non-personal services in each budget plan year are to be submitted by departments within a targeted 1% increase. However, if a department is able to submit a budget with less than a 1% increase, the longer term financial plans still assume future years will increase at the full 1%. Some areas which vary from this guideline include:

- Library material purchases are estimated to increase approximately 3% per year.
- Administrative overhead charges are projected to increase 4.5% per year based on a combination of personal services and non-personal services projections in the underlying funds.
- Utility costs are projected based on proposed or estimated rates from utility companies. Utility costs are sizable for the Osborn Aquatic Center and are substantial for the water and wastewater treatment

plants. All three facilities continue to aggressively pursue and implement energy-saving programs.

- Capital outlay is generally for replacement of existing capital items (i.e., vehicles, pumps) according to replacement plans, or, budgeted as a Special Project, for new capital items.
- Special projects are identified by year for each department. The most substantial projects are budgeted in the utility funds (Water, Wastewater and Storm Water) to meet operations and maintenance needs of the facilities. In other funds, special projects are based on Council Goals or specific work projects (i.e., one-time or periodic items of significant cost related to strategic plans or replacement schedules).

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

Debt Service is budgeted in the General Obligation and Pension Obligation Debt Service Funds as well as the Water, Wastewater and Airport Funds based on the existing debt service schedules. It should be noted that it is a Council Goal to examine funding alternatives for several capital projects, and it is possible additional debt will be issued in the next several years.

Transfers are generally budgeted according to pre-existing plans for support of debt service or capital projects as defined in the CIP.

Contingencies are budgeted in the budget planning year only, at 2% of current revenue in most funds, in compliance with the City Council's current Financial Policies. Since the City rarely uses contingencies, during the revised budget process these appropriations are zeroed out and the contingencies are again shown as an appropriation in the budget planning year.

Reserves

The City maintains reserves as savings in most funds for a variety of purposes. Beginning balances of reserves are shown in total on the line titled "RESTRICTED BALANCES, Beginning of Year" in the financial plans. Reserves are treated as a reduction of the fund balance available for appropriation in the bottom section of the financial plans. Reserves are classified as follows:

- Management Reserves – these reserves are used by management as tools to accommodate fluctuations in the budget. The most frequent use of management reserves is for vehicle and equipment replacements. Monies are saved over a period of time for the purchase or replacement of equipment, vehicles or computer technology that would cause a substantial financial hardship to purchase if the monies had not been saved. Included here is also a reserve of approximately \$450,000 in the Transit Fund as recommended by the TFATF in 2004 to protect against the eventuality of a sudden withdrawal of the BETC program revenue.
- Council Designations – these are reserves the City Council has identified to be saved for a future purpose. The primary Council Designations in these financial plans have been for the PERS Reserve. The monies to fund the reserves were from savings in the City's PERS rate that resulted from legislative changes that have been challenged in court. The court challenges have mostly been resolved. These particular reserves are projected to be fully drawn down by the end of FY 07-08. Another sizeable reserve created by Council in FY 06-07 relates to the Transportation Maintenance Fee. Since the spending of this reserve is ordinance driven, the balance is tracked in the street fund for reporting purposes.
- Legal Restrictions – these are reserves that have the widest variety, but they all have an outside organization's applied restriction on the use. Examples of the legally restricted balances include:
 - Debt Reserves – from time to time the City borrows money where the terms of the agreement include a requirement to hold the equivalent of one year's average debt service payment as a cash reserve. These reserves are most often seen in an enterprise fund as a requirement for a revenue bond or a revenue-backed loan.
 - SDC Reserves – these monies are held within the Street, Parks & Recreation, Water, Wastewater, and Storm Water Funds for future capital construction projects that are additions to the capacity of the infrastructure system as the result of growth. The resources for SDC Reserves are Systems Development Charges.
 - Construction Reserves – these monies are held in the Capital Construction, Water, Wastewater, Storm Water, and Airport Funds and are monies specifically designated for one or more capital projects. These would be cash balances held at

the end of a fiscal year for a project where the time line crosses fiscal years, or bond or grant monies being held for a designated project.

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

ALL OPERATING PROPERTY TAX FUNDS COMBINED

SERVICE HIGHLIGHTS

Property taxes levied by the City for operations are accounted for in the General, Parks & Recreation, Fire and Rescue, Transit, and Library Funds. Operations in the property tax supported funds primarily consist of Police, Fire, Library, Parks & Recreation, Land Use Planning, and Transit. A small allocation (0.45%) of property tax monies is made to the Arts Center each year and is accounted for in the General Fund, according to the current Council Financial Policy.

The combined property tax funds presentation includes all information from the five funds identified above. This presentation was developed following passage of Measure 50 which pre-empted the local voter-approved permanent and temporary property tax levies, which had specific required uses. Measure 50 provides a single tax rate, and the City Council now determines the allocation of property taxes. The combined three-year plan allows the Budget Commission and City Council to review the status of all funds and ensure that a reallocation of tax monies will be adequate to maintain a positive balance in each of the five funds.

FINANCIAL PLANNING ISSUES

Combined, the services in the property tax supported funds receive just under 50% of their funding from property taxes levied by the City. The Corvallis-Benton County Library Service District and the Corvallis Rural Fire Protection District are two separate taxing entities which contract for services with the City of Corvallis. When monies received from these two sources are included, the total support from property taxes is nearly 60%.

Other major revenues in the property tax supported funds are from Franchise Fees, State Revenue Sharing, Charges for Services, Ambulance Fees, Transit Fares and Grants. Another significant but temporary revenue is the Business Energy Tax Credit (BETC) for Transit. Most of these revenues are projected to remain fairly stable through the three-year planning period, with some revenues projected to decline slightly.

- Property tax revenue growth has been limited following passage of Measure 50 in 1997, with actual revenue growth lower than the rate of inflation and lower than the rate at which the City's costs have increased. In the long term, tax revenue projections are expected to be inadequate to continue current

services at existing levels beyond the three-year planning period.

- With stable to declining revenues, the ability to meet citizen demands for new or expanded services will be difficult. Over the last five years a number of fees have been implemented or increased to provide a more stable funding source for some services.
- State budget decisions may have a negative impact on intergovernmental revenue, including state revenue sharing, cigarette and alcohol taxes as well as the BETC program.

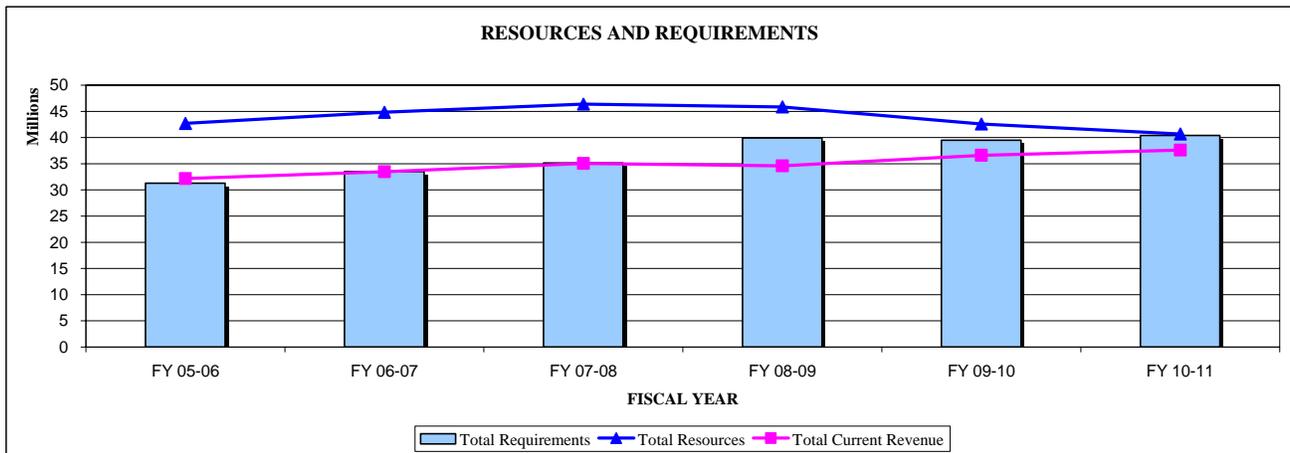
APPROPRIATE FUND BALANCE

The appropriate fund balance discussion applies to the individual funds. This presentation combines the funds into a single financial plan to enable the Budget Commission and City Council to re-allocate property taxes between funds to achieve the policy of managing the fiscal stability of all property tax funds to the same point in time.

Combined, FY 08-09 is currently projected to end with a \$3,749,353 operating fund balance, about 9.87% of the current revenue.

PROPERTY TAX FUNDS - COMBINED

BUDGETARY BASIS	AUDITED FY 05-06	AUDITED FY 06-07	ADOPTED FY 07-08	REVISED FY 07-08	ADOPTED FY 08-09	FY 09-10	FY 10-11
BEGINNING OPERATING FUND BALANCE	\$6,966,331	\$8,079,381	\$7,690,331	\$8,785,231	\$9,074,880	\$3,749,353	\$983,159
OPERATING REVENUES							
Property Taxes	\$17,028,351	\$17,212,745	\$17,587,680	\$17,929,470	\$18,544,610	\$19,217,660	\$19,972,210
Other Taxes	1,002,657	1,113,828	1,032,490	1,173,300	1,220,930	1,245,350	1,270,260
Licenses, Fees & Permits	4,703,356	5,130,881	4,928,390	5,184,270	5,582,740	5,415,090	5,491,130
Charges for Services	4,545,004	4,972,084	5,308,210	5,578,070	5,537,680	5,635,180	5,735,050
Intergovernmental	4,097,112	4,354,640	4,538,160	4,307,560	4,910,840	4,905,390	4,769,870
Fines & Forfeitures	795,071	893,079	825,120	876,990	877,770	894,090	910,720
Miscellaneous	1,328,207	1,539,361	1,330,600	1,431,840	1,322,530	1,147,490	1,056,160
TOTAL OPERATING REVENUES	\$33,499,758	\$35,216,618	\$35,550,650	\$36,481,500	\$37,997,100	\$38,460,250	\$39,205,400
OPERATING EXPENDITURES							
Community Development	\$1,038,914	\$1,149,683	\$1,482,290	\$1,370,010	\$1,693,390	\$1,707,870	\$1,786,300
Finance	460,900	496,410	523,720	517,260	590,050	668,110	696,410
Fire	8,275,595	8,847,789	9,356,130	9,124,300	10,638,570	10,044,135	9,980,610
Library	5,230,789	5,335,516	5,797,230	5,731,140	6,140,510	6,205,420	6,433,990
Parks & Recreation	4,754,482	5,073,132	5,480,860	5,310,030	5,695,870	5,743,850	6,069,770
Police	7,763,524	8,353,027	8,963,530	8,590,010	9,311,800	9,517,220	10,016,890
Public Works	2,421,520	2,896,598	5,225,150	3,045,350	4,103,400	4,151,520	3,945,780
Nondepartmental	1,361,023	1,354,701	1,436,030	1,446,030	1,744,060	1,457,780	1,498,380
TOTAL OPERATING EXPENDITURES	\$31,306,747	\$33,506,856	\$38,264,940	\$35,134,130	\$39,917,290	\$39,495,905	\$40,428,130
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	\$2,193,011	\$1,709,762	(\$2,714,290)	\$1,347,370	(\$1,920,190)	(\$1,035,655)	(\$1,222,730)
NON-OPERATING RESOURCES (USES)							
NON-OPERATING ACTIVITY							
Debt Service	(\$129,794)	\$0	(\$189,560)	\$0	\$0	\$0	\$0
Other Non-Operating Revenue	25,111	28,382	1,410,000	15,040	0	0	0
Transfers In	469,360	22,884	77,160	10,810	0	0	0
Transfers Out	(1,698,442)	(1,813,378)	(2,097,800)	(1,454,920)	(2,660,390)	(1,831,190)	(1,610,080)
Contingencies	0	0	(684,220)	0	(727,050)	0	0
TOTAL NON-OPERATING RESOURCES (USES)	(\$1,333,765)	(\$1,762,112)	(\$1,484,420)	(\$1,429,070)	(\$3,387,440)	(\$1,831,190)	(\$1,610,080)
Net Operating Fund Activity	859,246	(52,350)	(4,198,710)	(81,700)	(5,307,630)	(2,866,845)	(2,832,810)
NET ACTIVITY	\$859,246	(\$52,350)	(\$4,198,710)	(\$81,700)	(\$5,307,630)	(\$2,866,845)	(\$2,832,810)
RESTRICTED BALANCES, Beginning of Year	\$3,561,860	\$3,308,055	\$2,585,095	\$2,549,854	\$2,178,504	\$2,196,402	\$2,095,752
FUND BALANCE (Including Restricted), End of Year	\$11,387,437	\$11,335,086	\$6,076,716	\$11,253,385	\$5,945,754	\$3,078,909	\$246,100
LESS: RESTRICTED BALANCES							
MANAGEMENT RESERVES	\$1,247,742	\$1,059,060	\$971,269	\$1,169,381	\$1,239,618	\$1,125,377	\$1,009,107
COUNCIL DESIGNATIONS	1,478,023	905,831	536,149	471,840	533,180	585,450	666,900
LEGAL RESTRICTIONS	582,291	584,964	495,841	537,284	423,604	384,924	336,044
UNRESTRICTED FUND BALANCE	\$8,079,381	\$8,785,231	\$4,073,457	\$9,074,880	\$3,749,353	\$983,159	(\$1,765,950)



PROPERTY TAX FUNDS COMBINED – MITIGATING FACTORS

MITIGATING FACTOR - DEFINITION

“Mitigating Factors” is the term given to the net difference between the Adopted Budget and the expected actual financial outcome within the property tax supported funds. Oregon Local Budget Law requires the City to budget all necessary appropriations when the budget is adopted each year and makes it fairly difficult to amend the budget mid-year unless there is an unexpected revenue source. The mitigating factors figure includes both revenues and expenditures as follows:

- Historically, total actual revenues have been within two percentage points of the total budgeted revenues for a year, although estimates may be off more than that for a specific revenue.
- Departments have a history of spending around one million dollars less than budgeted each year due to staffing vacancies. While the number in total can be quantified, the specific fund and/or department changes each year depending on factors largely beyond the City’s control (i.e., voluntary separations, medical leaves). Since no one department can be identified as consistently under-expending, no one department’s budget can be “under-budgeted” to identify this savings when the budget is adopted.
- The non-personal services budget in total is also usually under-expended. Sometimes this is based on getting better prices than anticipated for a project; other times this is driven by projects that do not get started or get delayed for more stakeholder input, granting or oversight agency delays, etc. Sometimes this is driven by unexpected staff vacancies where there is suddenly no capacity to initiate or complete a project. In many cases, monies for a specific project are re-budgeted in the following year as a “carry over” project.
- Some monies are budgeted as contingencies that are not expended unless there is an emergency. Since contingencies are unlikely to be expended, they are removed from the budget in the revised process and re-budgeted in the following year. This action alone increases the ending fund balance in the current budget year by more than \$600,000 from the adopted budget.

The net between revenues that are higher than originally projected and expenditures lower than originally projected is identified as a single line item in the expenditure section of the financial plan to allow

decision makers to see what the actual beginning fund balance for the next year is most likely to be.

FINANCIAL PLANNING ISSUES

- Since budget law does not easily allow for amendments after the beginning of the fiscal year for items which could readily have been planned for and/or where no new revenue source has become available, the adopted budget always includes monies that are not likely to be expended, but are required to accurately reflect the stated work plan and staffing levels. This has resulted in challenges about the accuracy of the City’s financial projections.
- The financial plan with mitigating factors is a more accurate projection of the City’s actual financial performance, but this figure cannot be “budgeted” so when the annual budget is adopted the projected ending fund balance will be lower than the expected actual ending fund balance will be.
- Over time, the mitigating factors amount has declined as inflation has exceeded the allowed increase in the non-personal services budget. This trend is expected to continue in the future, and at some point the mitigating factors may be substantially made up of personal service savings.
- Personal services make up a significant proportion of the budget in the property tax funds; savings in this area are generally 3% to 5% of the annual appropriated budget based on vacancies which are unpredictable.

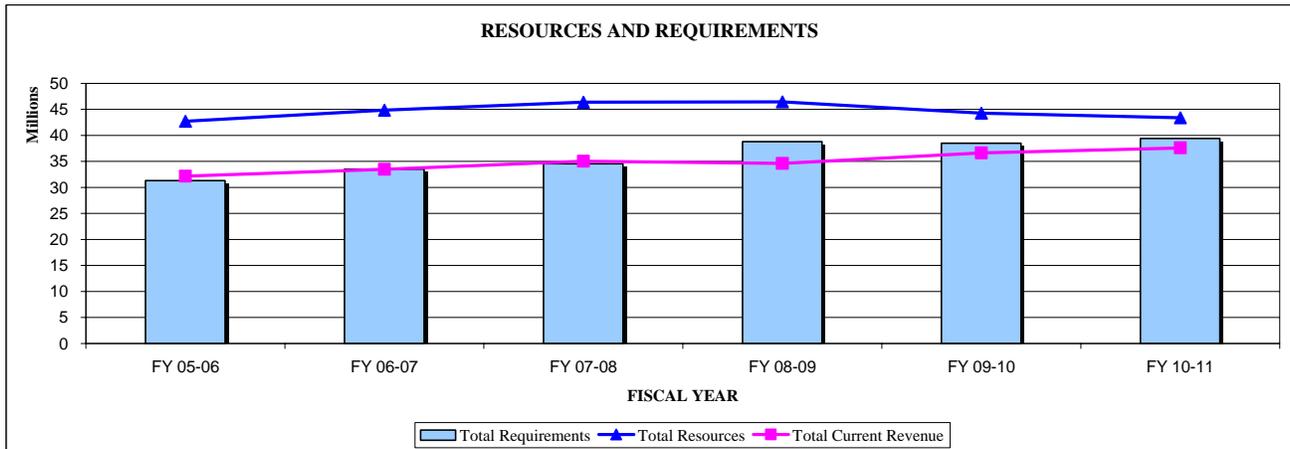
MITIGATED FUND BALANCES

In order to provide the Budget Commission and City Council with a more accurate perspective on how the City’s projected financial position may turn out, based on historical experience with vacancy and project savings, this presentation includes a savings projection and fund balances that would result under this scenario.

On this basis, FY 08-09 combined property tax funds are therefore projected to end with a total \$5,454,353 operating fund balance, or about 14.35% of the current revenue.

PROPERTY TAX FUNDS - COMBINED - WITH MITIGATING FACTORS

BUDGETARY BASIS	AUDITED FY 05-06	AUDITED FY 06-07	ADOPTED FY 07-08	REVISED FY 07-08	ADOPTED FY 08-09	FY 09-10	FY 10-11
BEGINNING OPERATING FUND BALANCE	\$6,966,331	\$8,079,381	\$7,690,331	\$8,785,231	\$9,679,880	\$5,454,353	\$3,688,159
OPERATING REVENUES							
Property Taxes	\$17,028,351	\$17,212,745	\$17,587,680	\$17,929,470	\$18,544,610	\$19,217,660	\$19,972,210
Other Taxes	1,002,657	1,113,828	1,032,490	1,173,300	1,220,930	1,245,350	1,270,260
Licenses, Fees & Permits	4,703,356	5,130,881	4,928,390	5,184,270	5,582,740	5,415,090	5,491,130
Charges for Services	4,545,004	4,972,084	5,308,210	5,578,070	5,537,680	5,635,180	5,735,050
Intergovernmental	4,097,112	4,354,640	4,538,160	4,307,560	4,910,840	4,905,390	4,769,870
Fines & Forfeitures	795,071	893,079	825,120	876,990	877,770	894,090	910,720
Miscellaneous	1,328,207	1,539,361	1,330,600	1,431,840	1,322,530	1,147,490	1,056,160
TOTAL OPERATING REVENUES	\$33,499,758	\$35,216,618	\$35,550,650	\$36,481,500	\$37,997,100	\$38,460,250	\$39,205,400
OPERATING EXPENDITURES							
Community Development	\$1,038,914	\$1,149,683	\$1,482,290	\$1,370,010	\$1,693,390	\$1,707,870	\$1,786,300
Finance	460,900	496,410	523,720	517,260	590,050	668,110	696,410
Fire	8,275,595	8,847,789	9,356,130	9,124,300	10,638,570	10,044,135	9,980,610
Library	5,230,789	5,335,516	5,797,230	5,731,140	6,140,510	6,205,420	6,433,990
Parks & Recreation	4,754,482	5,073,132	5,480,860	5,310,030	5,695,870	5,743,850	6,069,770
Police	7,763,524	8,353,027	8,963,530	8,590,010	9,311,800	9,517,220	10,016,890
Public Works	2,421,520	2,896,598	5,225,150	3,045,350	4,103,040	4,151,520	3,945,780
Nondepartmental	1,361,023	1,354,701	1,436,030	1,446,030	1,744,060	1,457,780	1,498,380
Mitigating Factors	0	0	0	(605,000)	(1,100,000)	(1,000,000)	(1,000,000)
TOTAL OPERATING EXPENDITURES	\$31,306,747	\$33,506,856	\$38,264,940	\$34,529,130	\$38,817,290	\$38,495,905	\$39,428,130
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	\$2,193,011	\$1,709,762	(\$2,714,290)	\$1,952,370	(\$820,190)	(\$35,655)	(\$222,730)
NON-OPERATING RESOURCES (USES)							
NON-OPERATING ACTIVITY							
Debt Service	(\$129,794)	\$0	(\$189,560)	\$0	\$0	\$0	\$0
Other Non-Operating Revenue	25,111	28,382	1,410,000	15,040	0	0	0
Transfers In	469,360	22,884	77,160	10,810	0	0	0
Transfers Out	(1,698,442)	(1,813,378)	(2,097,800)	(1,454,920)	(2,660,390)	(1,831,190)	(1,610,080)
Contingencies	0	0	(684,220)	0	(727,050)	0	0
TOTAL NON-OPERATING RESOURCES (USES)	(\$1,333,765)	(\$1,762,112)	(\$1,484,420)	(\$1,429,070)	(\$3,387,440)	(\$1,831,190)	(\$1,610,080)
Net Operating Fund Activity	859,246	(52,350)	(4,198,710)	523,300	(4,207,630)	(1,866,845)	(1,832,810)
NET ACTIVITY	\$859,246	(\$52,350)	(\$4,198,710)	\$523,300	(\$4,207,630)	(\$1,866,845)	(\$1,832,810)
RESTRICTED BALANCES, Beginning of Year	\$3,561,860	\$3,308,055	\$2,585,095	\$2,549,854	\$2,178,504	\$2,196,402	\$2,095,752
FUND BALANCE (Including Restricted), End of Year	\$11,387,437	\$11,335,086	\$6,076,716	\$11,858,385	\$7,650,754	\$5,783,909	\$3,951,100
LESS: RESTRICTED BALANCES							
MANAGEMENT RESERVES	\$1,247,742	\$1,059,060	\$971,269	\$1,169,381	\$1,239,618	\$1,125,377	\$1,009,107
COUNCIL DESIGNATIONS	1,478,023	905,831	536,149	471,840	533,180	585,450	666,900
LEGAL RESTRICTIONS	582,291	584,964	495,841	537,284	423,604	384,924	336,044
UNRESTRICTED FUND BALANCE	\$8,079,381	\$8,785,231	\$4,073,457	\$9,679,880	\$5,454,353	\$3,688,159	\$1,939,050



GENERAL FUND SUMMARY

SERVICE HIGHLIGHTS

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

FINANCIAL PLANNING ISSUES

Property taxes constitute approximately 25% of the revenue for the General Fund. Growth in property tax revenues will be limited to growth in assessed value, which is capped at 3% annually, plus value from new development offset by depreciation of private property.

Franchise Fees are projected to be nearly 41% of General Fund current revenue in FY 08-09. Other major revenue sources are from Transient Room Taxes and Intergovernmental Revenues. These revenue sources are projected to grow at a moderate rate throughout the planning period.

- Revenues, and particularly property tax revenues, have not grown as fast as expenditures.
- During each legislative session, bills are introduced to eliminate or greatly reduce local franchise fees. Since franchise fees became the largest single revenue source in the General Fund in recent years, any success by utilities at limiting this revenue stream would have a major financial impact.
- For FY 08-09, the City Council authorized a one-year addition of revenues and related expenditures in respect of a potential Business License program that is being worked on by a stakeholder committee. Stakeholder Committee recommendations and City Council action late in 2008 will determine if this is a permanent additional revenue/expenditure.
- Projected operating expenditures continue to exceed operating revenues, which if realized will lead to a substantial reduction in fund balance.
- The property tax funded operations' financial status continues to cause difficulties balancing funding for operations and capital projects.

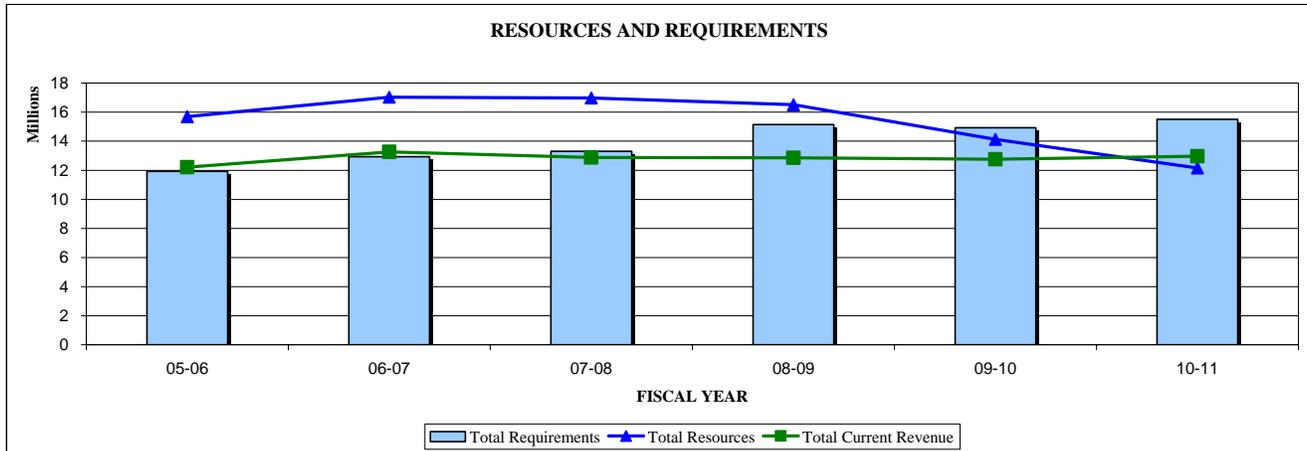
APPROPRIATE FUND BALANCE

The City's current Financial Policies state that the Finance Director shall recommend an appropriate fund balance each year for each fund. In general, a fund balance that is 5% to 8% of the current year revenues has been the target for property tax supported funds. In FY 08-09, for the property tax funds (General, Parks & Recreation, Fire & Rescue, Transit, and Library), current projections show a positive balance of \$3,749,353 which is approximately 9.87% of current revenue.

The General Fund is currently projected to end FY 08-09 with an operating fund balance equaling approximately 6.52% of the FY 08-09 current revenues.

GENERAL FUND

BUDGETARY BASIS	AUDITED FY 05-06	AUDITED FY 06-07	ADOPTED FY 07-08	REVISED FY 07-08	ADOPTED FY 08-09	FY 09-10	FY 10-11
BEGINNING OPERATING FUND BALANCE	\$2,347,841	\$2,783,754	\$2,736,594	\$3,287,584	\$3,019,493	\$837,263	(\$1,267,507)
OPERATING REVENUES							
Property Taxes	3,986,350	4,205,385	3,537,640	3,617,150	3,189,550	3,294,470	3,412,100
Other Taxes	1,002,657	1,113,828	1,032,490	1,173,300	1,220,930	1,245,350	1,270,260
Licenses, Fees & Permits	4,645,225	5,071,181	4,871,730	5,122,910	5,521,520	5,352,960	5,428,080
Charges for Services	365,128	554,627	747,700	728,010	689,010	709,290	730,200
Intergovernmental	1,165,448	1,180,864	1,102,130	1,185,430	1,226,580	1,218,340	1,240,700
Fines & Forfeitures	707,246	796,101	733,950	785,550	785,300	800,780	816,570
Miscellaneous	266,883	343,816	261,410	264,880	217,740	133,510	66,250
TOTAL OPERATING REVENUES	\$12,138,937	\$13,265,802	\$12,287,050	\$12,877,230	\$12,850,630	\$12,754,700	\$12,964,160
OPERATING EXPENDITURES							
Community Development	\$1,038,914	\$1,149,683	\$1,482,290	\$1,370,010	\$1,693,390	\$1,707,870	\$1,786,300
Finance	460,900	496,410	523,720	517,260	590,050	668,110	696,410
Police	7,763,524	8,353,027	8,963,530	8,590,010	9,311,800	9,517,220	10,016,890
Public Works	563,739	693,063	2,454,970	837,480	893,160	924,350	940,200
Nondepartmental	1,361,023	1,354,701	1,436,030	1,446,030	1,744,060	1,457,780	1,498,380
TOTAL OPERATING EXPENDITURES	\$11,188,100	\$12,046,884	\$14,860,540	\$12,760,790	\$14,232,460	\$14,275,330	\$14,938,180
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	\$950,837	\$1,218,918	(\$2,573,490)	\$116,440	(\$1,381,830)	(\$1,520,630)	(\$1,974,020)
NON-OPERATING RESOURCES (USES)							
NON-OPERATING ACTIVITY							
Debt Service	(\$129,794)	\$0	(\$189,560)	\$0	\$0	\$0	\$0
Non-Operating Revenue	18,984	5,662	1,410,000	12,000	0	0	0
Transfers In	56,480	0	66,350	0	0	0	0
Transfers Out	(611,219)	(893,128)	(555,490)	(550,190)	(652,150)	(652,260)	(571,210)
Contingencies	0	0	(257,310)	0	(261,450)	0	0
TOTAL NON-OPERATING RESOURCES (USES)	(\$665,549)	(\$887,466)	\$473,990	(\$538,190)	(\$913,600)	(\$652,260)	(\$571,210)
Net Operating Fund Activity	285,288	331,452	(2,099,500)	(421,750)	(2,295,430)	(2,172,890)	(2,545,230)
NET ACTIVITY	\$285,288	\$331,452	(\$2,099,500)	(\$421,750)	(\$2,295,430)	(\$2,172,890)	(\$2,545,230)
RESTRICTED BALANCES, Beginning of Year	\$1,120,882	\$970,257	\$778,177	\$797,879	\$644,220	\$531,020	\$462,900
FUND BALANCE (Including Restricted), End of Year	\$3,754,011	\$4,085,463	\$1,415,271	\$3,663,713	\$1,368,283	(\$804,607)	(\$3,349,837)
LESS: RESTRICTED BALANCES							
MANAGEMENT RESERVES	\$181,646	\$164,076	\$150,936	\$223,436	\$172,916	\$119,476	(\$10,774)
COUNCIL DESIGNATIONS	330,679	165,339	0	0	0	0	0
LEGAL RESTRICTIONS	457,932	468,464	392,482	420,784	358,104	343,424	328,744
UNRESTRICTED FUND BALANCE	\$2,783,754	\$3,287,584	\$871,853	\$3,019,493	\$837,263	(\$1,267,507)	(\$3,667,807)



PARKS & RECREATION FUND SUMMARY

SERVICE HIGHLIGHTS

The Park Operations Division provides maintenance for all park facilities and structures, open space, natural areas and beautification areas. This includes landscaping, mowing, maintaining park accesses and care of all park facilities and playground equipment. The Division provides project management services for improvement projects to park facilities. The Division also supports volunteer activities and provides extensive sport user group support.

The Recreation Division provides recreation and volunteer opportunities for youth and adults. Activities include year round sports programs, a variety of life-long learning and self-enrichment classes, summer playground programs, the operation of the Osborn Aquatic Center and Chintimini Senior Center, as well as many programs in cooperation with other local groups and organizations.

The Administration Services Division provides primary front-line customer service for all of the programs administered through the department. Additionally, the Division provides budget and financial preparation and processing; personnel tracking; preparation and processing of documents; i.e. contracts, policies and procedures, correspondence; update of the department's website; and implementation of automation software. This Division provides long-term park planning activities for the department and works with citizen groups to define the parks and recreation facility needs of the community.

FINANCIAL PLANNING ISSUES

The primary sources of revenue are property taxes and fees paid for recreational activities. Changes in the Oregon Constitution have preempted two levies dedicated to Parks and Recreation programs, set a permanent tax rate, and limited future growth in assessed value to 3% annually plus value from new development. The Parks & Recreation Fund is currently allocated a portion of the total property taxes received each year. A pre-established portion of these dollars are then allocated on to the Aquatics Fund which is a component of the Parks & Recreation Fund.

Issues that will need to be addressed within the three-year planning period include:

- Secure funding sources to maintain or enhance Parks & Recreation Services.

- Develop additional resources to maintain existing parks and open space, add new parks and open space and implement improvements. In this regard a second Parks supervisor was approved by the Budget Commission to help implement planned programs and projects.
- Infrastructure needs and maintenance of Parks & Recreation facilities.
- Stabilize the ongoing financial operation of the Osborn Aquatic Center through a combination of energy savings enhancements and a rebalancing of the aquatics portion of the Parks and Recreation property tax allocation.
- Finalize the financing plan for the capital improvements and ongoing operating costs of the Chintimini Senior Center expansion and park improvements and support city council direction to seek voter approval in November 2008.
- Complete the ADA Compliance Plan update.
- Complete the Maintenance Plan for all park facilities.

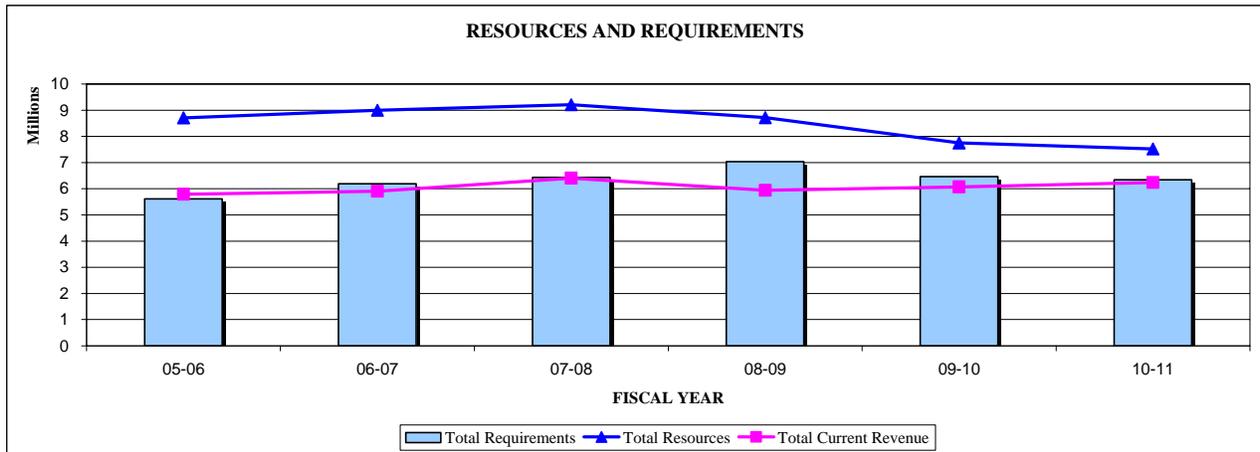
APPROPRIATE FUND BALANCE

The City's current Financial Policies state that the Finance Director shall recommend an appropriate fund balance each year for each fund. In general, a fund balance that is 5% to 8% of the current year revenue has been the target for property tax supported funds. In FY 08-09, for the property tax funds (General, Parks & Recreation, Fire & Rescue, Transit, and Library), current projections show a positive balance of \$3,749,353 which is approximately 9.87% of current revenue.

The Parks & Recreation Fund is currently projected to end FY 08-09 with an operating fund balance equaling approximately 15.06% of the FY 08-09 current revenues.

PARK AND RECREATION FUND - COMBINED

BUDGETARY BASIS	AUDITED FY 05-06	AUDITED FY 06-07	ADOPTED FY 07-08	REVISED FY 07-08	ADOPTED FY 08-09	FY 09-10	FY 10-11
BEGINNING OPERATING FUND BALANCE	\$1,118,023	\$1,194,420	\$1,290,802	\$1,277,539	\$1,512,986	\$830,936	\$276,666
OPERATING REVENUES							
Property Taxes	\$3,467,568	\$3,712,629	\$4,074,090	\$4,150,140	\$3,967,700	\$4,114,500	\$4,279,080
Licenses, Fees & Permits	44,889	45,274	43,200	43,100	43,500	44,230	44,970
Charges for Service	1,239,005	1,226,332	1,367,520	1,350,510	1,350,540	1,373,950	1,397,830
Intergovernmental	42,289	41,878	32,570	29,780	27,400	27,400	27,400
Fines & Forfeitures	63	509	860	120	0	0	0
Miscellaneous	169,458	248,773	162,510	191,620	126,730	100,100	77,480
TOTAL OPERATING REVENUES	\$4,963,272	\$5,275,395	\$5,680,750	\$5,765,270	\$5,515,870	\$5,660,180	\$5,826,760
OPERATING EXPENDITURES							
Parks and Recreation	\$4,754,482	\$5,073,132	\$5,480,860	\$5,310,030	\$5,695,870	\$5,743,850	\$6,069,770
TOTAL OPERATING EXPENDITURES	\$4,754,482	\$5,073,132	\$5,480,860	\$5,310,030	\$5,695,870	\$5,743,850	\$6,069,770
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	\$208,790	\$202,263	\$199,890	\$455,240	(\$180,000)	(\$83,670)	(\$243,010)
NON-OPERATING RESOURCES (USES)							
NON-OPERATING ACTIVITY							
Non-Operating Revenue	\$0	\$21,400	\$0	\$0	\$0	\$0	\$0
Transfers In	412,880	22,884	10,810	10,810	0	0	0
Transfers Out	(584,477)	(321,773)	(485,440)	(238,390)	(404,110)	(448,550)	(176,970)
Contingencies	0	0	(83,720)	0	(92,600)	0	0
TOTAL NON-OPERATING RESOURCES (USES)	(\$171,597)	(\$277,489)	(\$558,350)	(\$227,580)	(\$496,710)	(\$448,550)	(\$176,970)
NET OPERATING FUND ACTIVITY	\$37,193	(\$75,226)	(\$358,460)	\$227,660	(\$676,710)	(\$532,220)	(\$419,980)
OPEN SPACE COMPONENT							
Open Space Revenues	\$3,236	\$4,483	\$3,790	\$3,810	\$3,060	\$0	\$0
Open Space Expenditures	0	0	(90,485)	0	(93,545)	0	0
OPEN SPACE FUND COMPONENT ACTIVITY	\$3,236	\$4,483	(\$86,695)	\$3,810	(\$90,485)	\$0	\$0
SDC COMPONENT							
SDC Revenues	\$409,668	\$578,386	\$444,590	\$629,190	\$423,290	\$408,760	\$414,660
SDC Expenditures	(278,941)	(801,121)	(1,071,200)	(886,200)	(750,000)	(271,320)	(100,000)
SDC FUND COMPONENT ACTIVITY	\$130,727	(\$222,735)	(\$626,610)	(\$257,010)	(\$326,710)	\$137,440	\$314,660
COMBINED FUNDS NET ACTIVITY	\$171,156	(\$293,478)	(\$1,071,765)	(\$25,540)	(\$1,093,905)	(\$394,780)	(\$105,320)
RESTRICTED BALANCES, Beginning of Year	\$1,802,644	\$1,897,403	\$1,475,441	\$1,520,806	\$1,259,819	\$847,964	\$1,007,454
FUND BALANCE (Including Restricted), End of Year	\$3,091,823	\$2,798,345	\$1,694,478	\$2,772,805	\$1,678,900	\$1,284,120	\$1,178,800
LESS: RESTRICTED BALANCES							
MANAGEMENT RESERVES	\$65,903	\$84,756	\$108,097	\$108,097	\$103,097	\$96,877	\$102,397
COUNCIL DESIGNATIONS	672,310	502,971	536,149	471,840	533,180	585,450	666,900
LEGAL RESTRICTIONS	1,159,190	933,079	109,791	679,882	211,687	325,127	605,587
UNRESTRICTED FUND BALANCE	\$1,194,420	\$1,277,539	\$940,441	\$1,512,986	\$830,936	\$276,666	(\$196,084)



FIRE AND RESCUE FUND SUMMARY

SERVICE HIGHLIGHTS

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

FINANCIAL PLANNING ISSUES

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

- The City's contract with the CRFPD calls for the City to provide one paid staff member at the Locke Station on Lewisburg road. The paid 40-hr position supervises volunteers who staff the station. A new seven-year contract with the CRFPD has been negotiated at a lower payment than the amount historically received by the City. In return for the lower payment for services, the CRFPD will assume responsibility over the next seven years to replace six vehicles currently owned by the Corvallis Fire Department, but used solely for rural response.
- Funding to maintain current services and future system expansion coupled with staffing increases necessary to expand the system is a major issue.
- Service reductions implemented for FY 03-04 deleted the annual contribution to reserves for purchase of replacement vehicles. The Budget Commission recommended the reestablishment of a vehicle reserve with a \$250,000 contribution in FY 08-09. Additional contributions will be needed to make this a viable reserve, and will be discussed through the department's business plans in the fall of 2008. Funding for vehicle replacements for FY 08-09 and 09-10 is planned using current resources, which adds pressure to secure operating monies to replace this critical equipment.
- Ambulance revenue is projected to increase due to improved billing practices, increased collection efforts, a possible rate increase, and an increase in call volume. A 0.28 FTE will be added in FY 08-09 to assist with ambulance collections, as this effort is

expected to result in sufficient revenues to offset the additional personal service costs.

- The Drill Tower/Training Facility was originally scheduled to be built in FY 04-05. The project was delayed as part of the first service reductions implemented in FY 02-03. This project has been added back into the five-year Capital Improvement Program for FY 07-08 through 08-09 for land acquisition, design, and construction. Funding will come from the Fire Fund.

APPROPRIATE FUND BALANCE

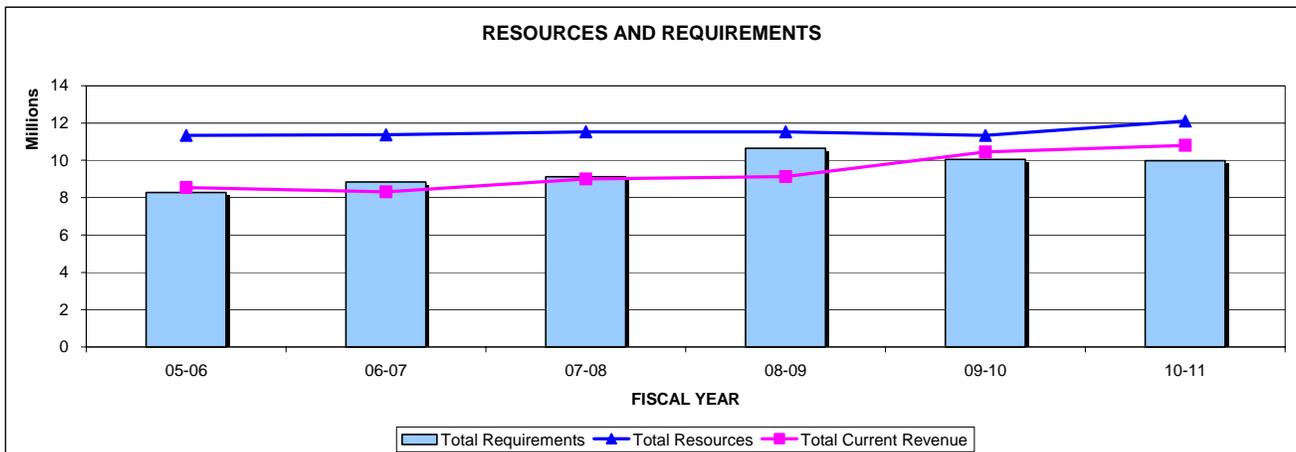
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The Fire & Rescue Fund is currently projected to end FY 08-09 with an operating fund balance equaling approximately 5.99% of the FY 08-09 current revenues.

For FY 08-09, the allocation of property taxes to the Fire and Rescue Fund increased significantly to cover the budgeted \$712,140 to purchase a new ladder truck. This fund's share of property taxes is expected to decline in FY 09-10.

FIRE AND RESCUE FUND

BUDGETARY BASIS	AUDITED FY 05-06	AUDITED FY 06-07	ADOPTED FY 07-08	REVISED FY 07-08	ADOPTED FY 08-09	FY 09-10	FY 10-11
BEGINNING OPERATING FUND BALANCE	\$1,844,563	\$2,556,579	\$2,099,164	\$2,365,402	\$2,402,175	\$639,795	\$1,046,790
OPERATING REVENUES							
Property Taxes	\$5,907,399	\$5,643,109	\$6,126,140	\$6,240,500	\$7,529,510	\$7,808,100	\$8,120,420
Licenses, Fees & Permits	13,242	14,426	13,460	18,260	17,720	17,900	18,080
Charges for Services	2,554,162	2,753,298	2,710,510	3,001,570	2,996,290	3,045,620	3,096,150
Intergovernmental	219,689	93,193	25,000	20,630	0	0	0
Fines & Forfeitures	6,210	12,272	8,000	9,470	9,470	9,470	9,470
Miscellaneous	169,115	184,059	169,050	159,170	130,810	62,950	80,250
TOTAL OPERATING REVENUES	\$8,869,817	\$8,700,357	\$9,052,160	\$9,449,600	\$10,683,800	\$10,944,040	\$11,324,370
OPERATING EXPENDITURES							
Fire	\$8,275,595	\$8,847,789	\$9,356,130	\$9,124,300	\$10,638,570	\$10,044,135	\$9,980,610
TOTAL OPERATING EXPENDITURES	\$8,275,595	\$8,847,789	\$9,356,130	\$9,124,300	\$10,638,570	\$10,044,135	\$9,980,610
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	\$594,222	(\$147,432)	(\$303,970)	\$325,300	\$45,230	\$899,905	\$1,343,760
NON-OPERATING RESOURCES (USES)							
NON-OPERATING ACTIVITY							
Non-Operating Revenue	\$2,546	\$1,320	\$0	\$3,040	\$0	\$0	\$0
Transfers Out	(325,462)	(390,730)	(823,750)	(445,750)	(1,365,440)	(492,910)	(517,560)
Contingencies	0	0	(175,330)	0	(192,170)	0	0
TOTAL NON-OPERATING RESOURCES (USES)	(\$322,916)	(\$389,410)	(\$999,080)	(\$442,710)	(\$1,557,610)	(\$492,910)	(\$517,560)
Net Operating Fund Activity	271,306	(536,842)	(1,303,050)	(117,410)	(1,512,380)	406,995	826,200
NET ACTIVITY	\$271,306	(\$536,842)	(\$1,303,050)	(\$117,410)	(\$1,512,380)	\$406,995	\$826,200
RESTRICTED BALANCES, Beginning of Year	\$940,558	\$499,848	\$154,183	\$154,183	\$0	\$250,000	\$250,000
FUND BALANCE (Including Restricted), End of Year	\$3,056,427	\$2,519,585	\$950,297	\$2,402,175	\$889,795	\$1,296,790	\$2,122,990
LESS: RESTRICTED BALANCES							
MANAGEMENT RESERVES	\$191,485	\$0	\$0	\$0	\$250,000	\$250,000	\$250,000
COUNCIL DESIGNATIONS	308,363	154,183	0	0	0	0	0
UNRESTRICTED FUND BALANCE	\$2,556,579	\$2,365,402	\$950,297	\$2,402,175	\$639,795	\$1,046,790	\$1,872,990



TRANSIT FUND SUMMARY

SERVICE HIGHLIGHTS

The main operation in the Transit Fund is for the eight transit routes that operate Monday through Saturday, providing hourly or half-hourly service to the community. Periodically, ridership patterns are evaluated and adjustments are made to routes and schedules to meet customer needs. In 2005, all transit buses were switched to B20 biodiesel, a more environmentally friendly fuel source.

Another major activity, paratransit service, is mandated by the federal government to be offered the same days, hours, and geographical area as the fixed-route service. The City contracts with a vendor to provide paratransit service for disabled persons who are unable to use the fixed-route service.

The Transit Center in Downtown Corvallis increases route efficiencies and facilitates transfers between routes. Adequate space is provided for all CTS routes, the Philomath Connection and the Linn-Benton Loop. In addition to promoting service between transit systems, the bike racks on buses and the bike lockers at the Transit Center promote use of multiple modes to meet transportation needs.

In FY 06-07, the Associated Students of Oregon State University (ASOSU) formed a partnership with the City to provide a late-night bus service on Thursday, Friday and Saturday nights during the OSU academic school year. ASOSU has contributed two-thirds of the funding for this service.

FINANCIAL PLANNING ISSUES

- The sources of funding -- property taxes, OSU group pass program, State grants and fares -- insure the base level transit service. A reduction in any funding source would result in a reduction of service. Service level is directed by users, the growth of the community and the requirements of the Americans with Disabilities Act (ADA). The demand for service is greater as the community grows, ridership increases, and more people rely on the transit system.
- Property tax revenue has, in the past, provided approximately 25% of the transit funding. During 2004, a citizen task force addressed the need for long-term stable funding for transit services. Their recommendation was to move away from property taxes, increase the support from OSU and pursue Business Energy Tax Credits (BETC) from the State. Property taxes now only comprise 15% of the annual revenues and the other two sources are generating approximately \$680,000 annually. However, relying on the BETC dollars is not a sound long term strategy

because legislative action could reduce or eliminate the funds at any time.

More work is needed to ensure long-term viability for this fund. City management established a lower property tax allocation of 2.36% (based on a \$400,000 flat amount commencing in FY 05-06) which is currently projected through FY 10-11. Since this allocation still provided for an ample operating fund balance in FY 05-06, \$450,000 was set aside in a management reserve to support operations in the event the BETC program is discontinued in the next several years.

- The formation of the Corvallis Area Metropolitan Planning Organization (CAMPO) resulted in increased grant funding to Corvallis Transit beginning in FY 03-04. This is one reason why the reduced reliance on property taxes did not result in service reductions. However, future needs for regional transportation systems as perceived by CAMPO could impact the available grant funds for the City.
- As the community grows, transit, as an alternative to the single-occupancy vehicle, becomes more important as a means to help relieve congestion and parking issues, support sustainability efforts, and as the only alternative for the low-income, elderly or disabled members of the population. The City will be challenged to provide a level and quality of service that will meet this demand in a climate of shrinking resources for City services.
- High fuel prices have impacted expenditure capacity in the Transit Fund. The FY 06-07 actual fuel costs increased 44% over adopted FY 05-06 levels, and are on track to increase over 36% in FY 07-08 over FY 06-07 actuals. Part of this increase was attributable to the contract transit service provider moving 4 miles outside the city limits, increasing the daily fuel usage without an increase in service.

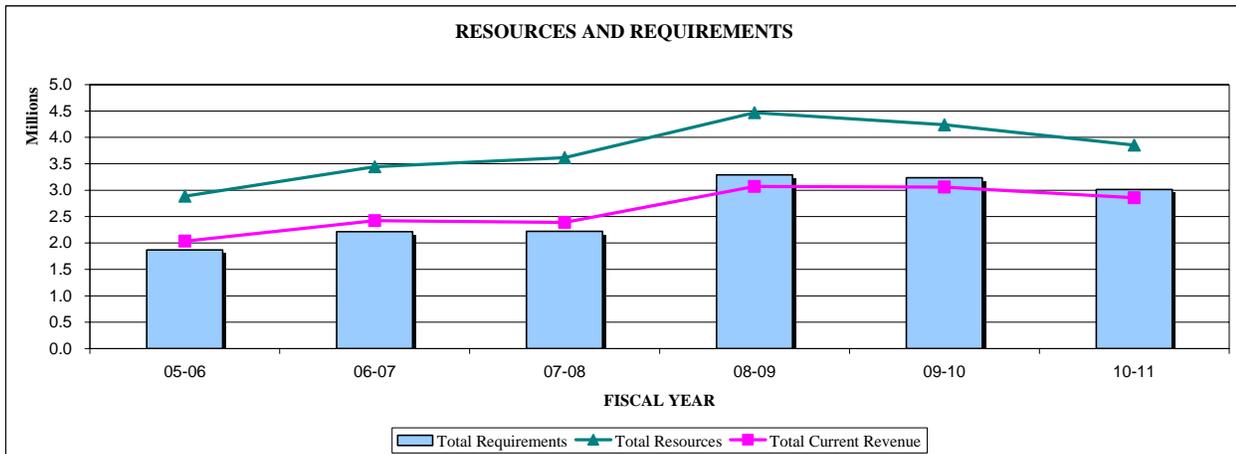
APPROPRIATE FUND BALANCE

The City's current Financial Policies state that the Finance Director shall recommend an appropriate fund balance each year for each fund. In general, a fund balance that is 5% to 8% of the current year revenues has been the target for property tax supported funds. In FY 08-09, for the property tax funds (General, Parks & Recreation, Fire & Rescue, Transit, and Library), current projections show a positive balance of \$3,749,353 which is approximately 9.87% of current revenue.

The Transit Fund is currently projected to end FY 08-09 with an operating fund balance equaling approximately 19.43% of the FY 08-09 current revenues.

TRANSIT FUND

BUDGETARY BASIS	AUDITED FY 05-06	AUDITED FY 06-07	ADOPTED FY 07-08	REVISED FY 07-08	ADOPTED FY 08-09	FY 09-10	FY 10-11
BEGINNING OPERATING FUND BALANCE	\$643,230	\$330,755	\$424,138	\$564,246	\$718,968	\$596,748	\$510,778
OPERATING REVENUES							
Property Taxes	\$400,000	\$407,426	\$416,770	\$424,550	\$439,410	\$455,670	\$473,890
Charges for Service	351,710	399,964	446,680	457,680	457,340	461,680	466,090
Intergovernmental	689,384	990,446	1,265,150	859,700	1,452,710	1,399,800	1,174,500
Fines & Forfeitures	40	50	0	50	0	0	0
Miscellaneous	591,057	626,652	598,660	646,920	722,440	742,630	740,520
TOTAL OPERATING REVENUES	\$2,032,191	\$2,424,538	\$2,727,260	\$2,388,900	\$3,071,900	\$3,059,780	\$2,855,000
OPERATING EXPENDITURES							
Public Works	\$1,857,781	\$2,203,535	\$2,770,180	\$2,207,870	\$3,209,880	\$3,227,170	\$3,005,580
TOTAL OPERATING EXPENDITURES	\$1,857,781	\$2,203,535	\$2,770,180	\$2,207,870	\$3,209,880	\$3,227,170	\$3,005,580
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	\$174,410	\$221,003	(\$42,920)	\$181,030	(\$137,980)	(\$167,390)	(\$150,580)
NON-OPERATING RESOURCES (USES)							
NON-OPERATING ACTIVITY							
Other Financing Sources (Uses)	\$3,581	\$0	\$0	\$0	\$0	\$0	\$0
Transfers Out	(10,398)	(12,448)	(23,770)	(11,240)	(21,730)	(9,660)	(10,140)
Contingencies	0	0	(53,510)	0	(59,510)	0	0
TOTAL NON-OPERATING RESOURCES (USES)	(\$6,817)	(\$12,448)	(\$77,280)	(\$11,240)	(\$81,240)	(\$9,660)	(\$10,140)
NET OPERATING FUND ACTIVITY	\$167,593	\$208,555	(\$120,200)	\$169,790	(\$219,220)	(\$177,050)	(\$160,720)
RESTRICTED BALANCES, Beginning of Year	\$208,461	\$688,529	\$664,096	\$663,593	\$678,661	\$581,661	\$490,581
FUND BALANCE (Including Restricted), End of Year	\$1,019,284	\$1,227,839	\$968,034	\$1,397,629	\$1,178,409	\$1,001,359	\$840,639
LESS: RESTRICTED BALANCES							
MANAGEMENT RESERVES	\$678,664	\$658,661	\$581,494	\$678,661	\$581,661	\$490,581	\$462,541
COUNCIL DESIGNATIONS	9,865	4,932	0	0	0	0	0
UNRESTRICTED FUND BALANCE	\$330,755	\$564,246	\$386,540	\$718,968	\$596,748	\$510,778	\$378,098



LIBRARY FUND SUMMARY

SERVICE HIGHLIGHTS

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

FINANCIAL PLANNING ISSUES

The primary revenue sources are property taxes from the City and the Benton County Library Service District. Decreases in the City's contribution to the Library could occur based on decreased property tax revenues and direction from the Budget Commission or City Council to direct City property tax monies to other funds. Other issues include:

- Maintaining the high level of service Corvallis and Benton County residents expect with diminished resources.
- Maintaining the Library on-line system.
- Continuing to meet citizen demand for traditional print and audio visual materials combined with increasing demand for public access to electronic resources.
- Developing a new Long-Range Master Plan.
- Implementing the next phase of the space utilization recommendations made in 2003.
- Adding Budget Commission approved staffing time in FY 08-09 for courier support to branches and for reinstatement of an early literacy program as well as continuing the casual volunteer coordinator position.
- Continuing to build up vehicle reserves to replace the Bookmobile in FY16-17.

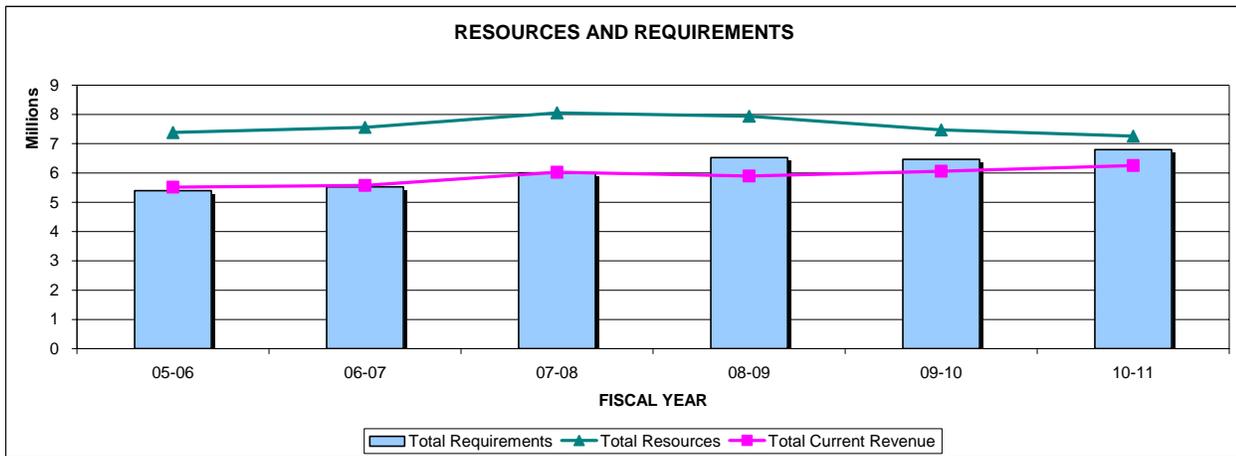
APPROPRIATE FUND BALANCE

The City's current Financial Policies state that the Finance Director shall recommend an appropriate fund balance each year for each fund. In general, a fund balance that is 5% to 8% of the current year revenues has been the target for property tax supported funds. In FY 08-09, for the property tax funds (General, Parks & Recreation, Fire & Rescue, Transit, and Library), current projections show a positive balance of \$3,749,353 which is approximately 9.87% of current revenue.

The Library Fund is currently projected to end FY 08-09 with an operating fund balance equaling approximately 14.38% of the FY 08-09 current revenues.

LIBRARY FUND - COMBINED

BUDGETARY BASIS	AUDITED FY 05-06	AUDITED FY 06-07	ADOPTED FY 07-08	REVISED FY 07-08	ADOPTED FY 08-09	FY 09-10	FY 10-11
BEGINNING OPERATING FUND BALANCE	\$1,012,674	\$1,213,874	\$1,139,634	\$1,290,462	\$1,421,258	\$844,611	\$416,431
OPERATING REVENUES							
Property Taxes	\$3,267,034	\$3,244,196	\$3,433,040	\$3,497,130	\$3,418,440	\$3,544,920	\$3,686,720
Charges for Service	34,999	37,863	35,800	40,300	44,500	44,640	44,780
Intergovernmental	1,980,302	2,048,259	2,113,310	2,212,020	2,204,150	2,259,850	2,327,270
Fines & Forfeitures	81,512	84,147	82,310	81,800	83,000	83,840	84,680
Miscellaneous	131,694	136,061	138,970	169,250	124,810	108,300	91,660
TOTAL OPERATING REVENUES	\$5,495,541	\$5,550,526	\$5,803,430	\$6,000,500	\$5,874,900	\$6,041,550	\$6,235,110
OPERATING EXPENDITURES							
Library	\$5,230,789	\$5,335,516	\$5,797,230	\$5,731,140	\$6,140,510	\$6,205,420	\$6,433,990
TOTAL OPERATING EXPENDITURES	\$5,230,789	\$5,335,516	\$5,797,230	\$5,731,140	\$6,140,510	\$6,205,420	\$6,433,990
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	\$264,752	\$215,010	\$6,200	\$269,360	(\$265,610)	(\$163,870)	(\$198,880)
NON-OPERATING RESOURCES (USES)							
NON-OPERATING ACTIVITY							
Other Non-Operating Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Transfers Out	(166,886)	(195,299)	(209,350)	(209,350)	(216,960)	(227,810)	(334,200)
Contingencies	0	0	(114,350)	0	(121,320)	0	0
TOTAL NON-OPERATING RESOURCES (USES)	(\$166,886)	(\$195,299)	(\$323,700)	(\$209,350)	(\$338,280)	(\$227,810)	(\$334,200)
NET OPERATING FUND ACTIVITY	\$97,866	\$19,711	(\$317,500)	\$60,010	(\$603,890)	(\$391,680)	(\$533,080)
LIBRARY 2010 COMPONENT							
Library 2010 Revenues	\$19,047	\$26,383	\$21,560	\$23,610	\$18,090	\$18,480	\$17,990
Library 2010 Expenditures	0	0	(117,000)	(65,000)	(52,000)	(30,000)	(30,000)
LIBRARY 2010 COMPONENT ACTIVITY	\$19,047	\$26,383	(\$95,440)	(\$41,390)	(\$33,910)	(\$11,520)	(\$12,010)
COMBINED FUNDS NET ACTIVITY	\$116,913	\$46,094	(\$412,940)	\$18,620	(\$637,800)	(\$403,200)	(\$545,090)
RESTRICTED BALANCES, Beginning of Year	\$854,798	\$770,511	\$740,281	\$740,017	\$627,841	\$566,689	\$591,669
FUND BALANCE (Including Restricted), End of Year	\$1,984,385	\$2,030,479	\$1,466,975	\$2,049,099	\$1,411,299	\$1,008,099	\$463,009
LESS: RESTRICTED BALANCES							
MANAGEMENT RESERVES	\$130,043	\$151,566	\$130,743	\$159,186	\$131,944	\$168,444	\$204,944
COUNCIL DESIGNATIONS	640,468	588,451	411,902	468,655	434,745	423,225	411,215
LEGAL RESTRICTIONS	0	0	0	0	0	0	0
UNRESTRICTED FUND BALANCE	\$1,213,874	\$1,290,462	\$924,330	\$1,421,258	\$844,611	\$416,431	(\$153,150)



STREET FUND SUMMARY

SERVICE HIGHLIGHTS

The main operation in the Street Fund is the preservation of the pavement. Preventive maintenance programs for asphalt streets, including slurry seal, chip seal, crack seal, and street overlay, extend the service life of the street at a lower cost than a full street reconstruction. A Pavement Management System is used to keep track of street conditions, and to plan for future maintenance activities.

Traffic flow through the community is facilitated by the traffic signal system. Traffic engineering ensures the efficient operation of this system through appropriate signal timing intervals while the lights themselves are made more efficient through the use of LEDs, which consume much less energy than traditional bulbs.

Plans are developed for the transportation system to assure that new streets are constructed to sustain expected traffic levels to keep pace with community desires for multi-modal transportation alternatives. Interfacing with the transit, bicycle and pedestrian community allows staff to fully address alternative transportation needs in the community. The Transportation Demand Management program focuses on alternative ways for commuters to get to work.

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

FINANCIAL PLANNING ISSUES

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

The revenue from the State is projected to remain relatively flat through the planning period due to two main factors. The first is rising gas prices, which are motivating people to find ways to cut back on their gas consumption, resulting in fewer gas taxes. The second is no new State revenue sources to support transportation

system maintenance programs. The State legislature has discussed, over the last decade, options for increased funding, but has been unsuccessful in developing a program that meets all of the various stakeholders' needs. Based on the complexity of the problem, it is not likely that they will develop a program that will be approved in the near future. Compounding the situation is the fact that the cost for maintenance supplies, most notably rock and asphalt, are experiencing double-digit percentage increases. If this scenario of flat revenues and increasing expenditures continues into the future, street maintenance activities will have to be reduced to ensure the fund's viability.

Projects identified in the Transportation Plan are not being implemented due to the restrictions on the revenue stream.

Alternative revenue sources are needed. A citizen task force addressed this issue during FY 03-04 and recommended reducing services by over \$350,000 and creating a Transportation Maintenance Fee (TMF). The City Council approved this strategy and the new fee went into effect in July 2006. It was projected to generate \$420,000 per year; however, the actual revenue received is only around \$408,000. Financial projections show that this new revenue will not be enough to sustain services at current levels during the three-year planning period.

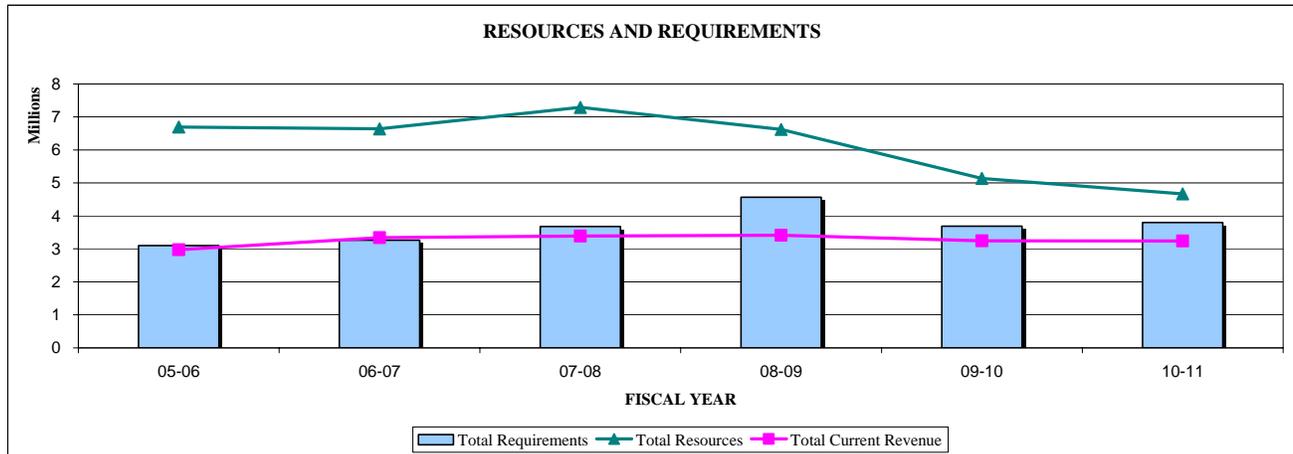
In addition, by ordinance, the TMF will sunset in the last year of the planning period. Without a renewal of the fee or a new revenue source, service will need to be reduced at that time.

APPROPRIATE FUND BALANCE

The City's current Financial Policies state that the Finance Director shall recommend an appropriate fund balance each year for each fund. The Street Fund is projected to end FY 08-09 with an operating fund balance equaling approximately 15.47% of the FY 08-09 current revenues. Staff recommends a minimum fund balance which is at least 10% of current revenue, and in no case less than \$275,000. Operations and future capital projects may need to be re-evaluated to maintain this fund balance. Monies in excess of 10% are considered available for future capital improvements.

STREET FUND - COMBINED

BUDGETARY BASIS	AUDITED FY 05-06	AUDITED FY 06-07	ADOPTED FY 07-08	REVISED FY 07-08	ADOPTED FY 08-09	FY 09-10	FY 10-11
BEGINNING OPERATING FUND BALANCE	\$1,743,019	\$1,797,333	\$1,597,224	\$1,795,626	\$1,547,657	\$527,627	\$104,077
OPERATING REVENUES							
Licenses, Fees & Permits	\$54,542	\$460,243	\$460,650	\$449,830	\$450,420	\$450,830	\$451,240
Charges for Service	215,974	219,650	236,220	319,700	248,890	256,800	265,030
Intergovernmental	2,601,402	2,529,669	2,514,390	2,514,390	2,634,070	2,494,610	2,499,610
Fines & Forfeitures	458	398	150	2,270	100	100	100
Miscellaneous	88,086	111,384	94,890	100,920	77,370	38,080	19,000
TOTAL OPERATING REVENUES	\$2,960,462	\$3,321,344	\$3,306,300	\$3,387,110	\$3,410,850	\$3,240,420	\$3,234,980
OPERATING EXPENDITURES							
Community Development	\$18,060	\$17,389	\$17,660	\$17,620	\$18,660	\$19,380	\$20,320
Public Works	2,888,644	2,717,103	3,202,540	3,038,020	3,588,430	3,421,750	3,420,700
TOTAL OPERATING EXPENDITURES	\$2,906,704	\$2,734,492	\$3,220,200	\$3,055,640	\$3,607,090	\$3,441,130	\$3,441,020
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	\$53,758	\$586,852	\$86,100	\$331,470	(\$196,240)	(\$200,710)	(\$206,040)
NON-OPERATING RESOURCES (USES)							
NON-OPERATING ACTIVITY							
Other Financing Sources	\$17,396	\$26,701	\$0	\$0	\$0	\$0	\$0
Transfers In	12,132	18,589	0	0	0	0	0
Transfers Out	(189,832)	(524,540)	(491,280)	(619,310)	(893,040)	(249,210)	(359,950)
Contingencies	0	0	(66,830)	0	(65,200)	0	0
TOTAL NON-OPERATING RESOURCES (USES)	(\$160,304)	(\$479,250)	(\$558,110)	(\$619,310)	(\$958,240)	(\$249,210)	(\$359,950)
NET OPERATING FUND ACTIVITY	(\$106,546)	\$107,602	(\$472,010)	(\$287,840)	(\$1,154,480)	(\$449,920)	(\$565,990)
SDC COMPONENT							
SDC Revenues	\$807,699	\$1,222,582	\$839,290	\$1,373,020	\$852,010	\$853,240	\$862,400
SDC Expenditures	(1,120,220)	(728,975)	(2,185,800)	(1,777,430)	(1,010,410)	(865,280)	(1,072,700)
SDC COMPONENT ACTIVITY	(\$312,521)	\$493,607	(\$1,346,510)	(\$404,410)	(\$158,400)	(\$12,040)	(\$210,300)
COMBINED FUNDS NET ACTIVITY	(\$419,067)	\$601,209	(\$1,818,520)	(\$692,250)	(\$1,312,880)	(\$461,960)	(\$776,290)
RESTRICTED BALANCES, Beginning of Year	\$1,973,956	\$1,500,575	\$2,005,044	\$2,103,491	\$1,659,210	\$1,366,360	\$1,327,950
FUND BALANCE (Including Restricted), End of Year	\$3,297,908	\$3,899,117	\$1,783,748	\$3,206,867	\$1,893,987	\$1,432,027	\$655,737
LESS: RESTRICTED BALANCES							
MANAGEMENT RESERVES	\$247,076	\$360,576	\$319,966	\$403,966	\$269,516	\$205,416	\$264,506
COUNCIL DESIGNATIONS	103,253	99,062	410,781	15,801	15,801	53,531	15,801
LEGAL RESTRICTIONS	1,150,246	1,643,853	3,616	1,239,443	1,081,043	1,069,003	858,703
UNRESTRICTED FUND BALANCE	\$1,797,333	\$1,795,626	\$1,049,385	\$1,547,657	\$527,627	\$104,077	(\$483,273)



9-1-1 EMERGENCY COMMUNICATIONS FUND SUMMARY

SERVICE HIGHLIGHTS

The 9-1-1 Emergency Communication and Dispatch Service is a centralized, county-wide 9-1-1 call reception and dispatching operation which is staffed 24 hours per day by 14 State-certified telecommunicators and one supervisor who provide emergency dispatch services for seven fire departments (Corvallis, Philomath, Monroe, Adair Village, Alsea, Blodgett-Summit and Kings Valley-Hoskins) and three law enforcement agencies (Corvallis, Philomath and Benton County Sheriff). In addition, the Center furnishes after hours paging and dispatch services for Oregon State Forestry, and City of Corvallis and Benton County Public Works Departments. Call reception and dispatch services are also provided for each of the Fire Department's emergency medical service operations with ambulance service provided county-wide by the Corvallis Fire Department. The goal of the 9-1-1 program is to dispatch emergency service within one minute of call receipt. The Center operates an enhanced 9-1-1 system and 9-1-1 Cellular Mapping developed in FY 01-02 with all costs of the system improvements reimbursed by the State. Currently, the State reimburses the City for the time a dispatcher spends maintaining the Enhanced 9-1-1 system.

FINANCIAL PLANNING ISSUES

The 9-1-1 program is managed and operated by the City of Corvallis Police Department. Funding for the 9-1-1 program is derived from state telephone tax revenues, user agency contributions, service contracts, and fees. Telephone tax revenues are expected to decrease about 3% over the three-year planning period.

- The 9-1-1 User Group charges are assessed via a cost sharing formula (payments made by agencies for the use of the system) in order to maintain basic service levels as well as fund viability. The primary funding source for these governmental agencies, including Corvallis Police and Fire, comes from property tax monies. In the long-term, cost sharing support from government agencies could be affected by state-wide property tax limitation measures.
- The 9-1-1 Master Plan was updated in December 2007. An implementation plan for improvements recommended in the Master Plan will be developed by the end of FY 07/08 and will be built into the future Business and Financial Plans.

- The Corvallis Regional Communications Center Association (CRCCA) is a new bargaining unit working under its first contract with the City which is scheduled to expire in June 2009. Personal services costs associated with this contract increased over prior contracts.
- New 9-1-1 technology continues to emerge, presenting opportunities to enhance public safety response. Technologies anticipated over the next seven years are the continuation of advancements in cellular phone mapping and location systems, vehicular geographic positioning systems, and automated vehicle crash identification in addition to large geographical interoperable radio communications. Impacts to the Fund are unknown at this time, yet it is recognized that any new infrastructure will bring maintenance and potentially replacement expenses

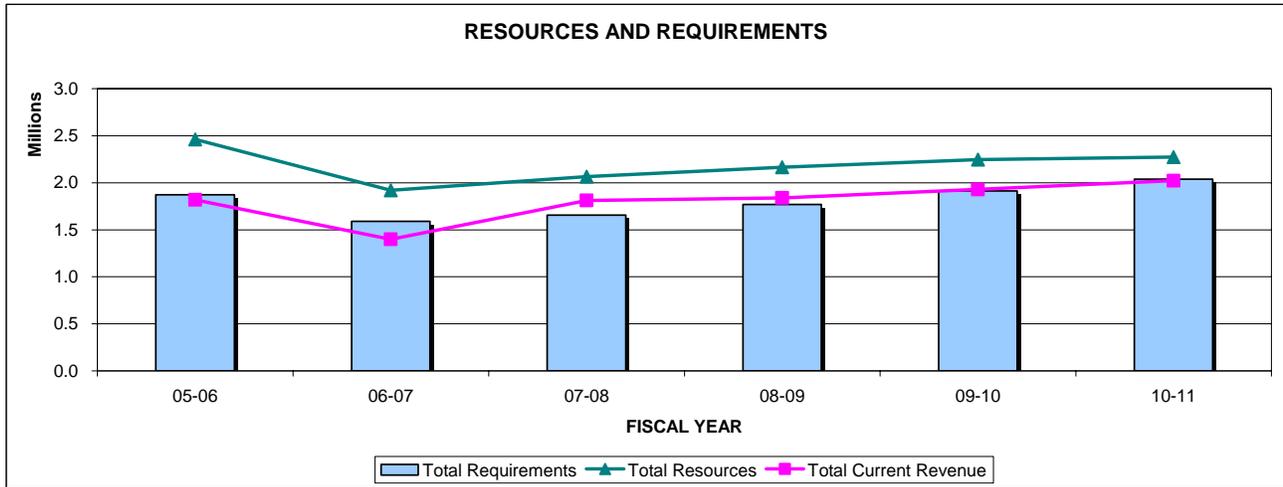
APPROPRIATE FUND BALANCE

The City's current Financial Policies state that the Finance Director shall recommend an appropriate fund balance each year for each fund. The 9-1-1 Emergency Communications Fund is projected to end FY 08-09 with an operating fund balance equaling approximately 1.87% of the FY 08-09 current revenues, and to grow to a fund balance of over \$75,000 (4.03% of projected current revenues) by FY 10-11.

The 9-1-1 User's Group meets several times each year to discuss operations and the status of the Fund. The User's Group has developed a strategy to increase payments that will grow the fund balance.

9-1-1 EMERGENCY COMMUNICATIONS FUND

BUDGETARY BASIS	AUDITED FY 05-06	AUDITED FY 06-07	ADOPTED FY 07-08	REVISED FY 07-08	ADOPTED FY 08-09	FY 09-10	FY 10-11
BEGINNING OPERATING FUND BALANCE	\$257,914	\$188,429	\$188,680	\$36,455	\$41,682	\$34,322	\$53,136
OPERATING REVENUES							
Charges for Service	\$666,548	\$661,587	\$671,180	\$671,180	\$830,670	\$892,130	\$959,130
Intergovernmental	1,131,265	714,324	909,810	1,123,460	995,660	1,022,270	1,051,930
Miscellaneous	21,011	22,552	24,840	15,990	12,280	13,740	10,900
TOTAL OPERATING REVENUES	\$1,818,824	\$1,398,463	\$1,605,830	\$1,810,630	\$1,838,610	\$1,928,140	\$2,021,960
OPERATING EXPENDITURES							
Police	\$1,872,675	\$1,589,202	\$1,680,840	\$1,654,990	\$1,732,200	\$1,914,070	\$2,038,410
TOTAL OPERATING EXPENDITURES	\$1,872,675	\$1,589,202	\$1,680,840	\$1,654,990	\$1,732,200	\$1,914,070	\$2,038,410
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	(\$53,851)	(\$190,739)	(\$75,010)	\$155,640	\$106,410	\$14,070	(\$16,450)
NON-OPERATING RESOURCES (USES)							
NON-OPERATING ACTIVITY							
Transfers Out	(\$67,084)	(\$78,087)	(\$83,150)	(\$83,150)	(\$77,050)	(\$80,900)	(\$84,950)
Contingencies	0	0	(33,080)	0	(36,720)	0	0
TOTAL NON-OPERATING RESOURCES (USES)	(\$67,084)	(\$78,087)	(\$116,230)	(\$83,150)	(\$113,770)	(\$80,900)	(\$84,950)
NET OPERATING FUND ACTIVITY	(\$120,935)	(\$268,826)	(\$191,240)	\$72,490	(\$7,360)	(\$66,830)	(\$101,400)
NET ACTIVITY	(\$120,935)	(\$268,826)	(\$191,240)	\$72,490	(\$7,360)	(\$66,830)	(\$101,400)
RESTRICTED BALANCES, Beginning of Year	\$385,257	\$333,807	\$216,956	\$216,955	\$284,218	\$284,218	\$198,574
FUND BALANCE (Including Restricted), End of Year	\$522,236	\$253,410	\$214,396	\$325,900	\$318,540	\$251,710	\$150,310
LESS: RESTRICTED BALANCES							
MANAGEMENT RESERVES	\$270,605	\$185,354	\$171,465	\$284,218	\$284,218	\$198,574	\$73,574
COUNCIL DESIGNATIONS	63,202	31,601	0	0	0	0	0
UNRESTRICTED FUND BALANCE	\$188,429	\$36,455	\$42,931	\$41,682	\$34,322	\$53,136	\$76,736



DEVELOPMENT SERVICES FUND SUMMARY

SERVICE HIGHLIGHTS

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

FINANCIAL PLANNING ISSUES

Revenues vary with the rate of development activity. Fees collected are required by state law to be used for the administration and enforcement of the inspection and plan review programs. Fees are generally set to recover the cost of providing these services and are periodically reviewed and adjusted to insure that cost recovery is being maintained.

Licenses & Permits revenue is for building permits issued at the time construction is to begin. Charges for Services revenue is for plan reviews which are generally conducted prior to permit issuance for large remodeling projects or new construction.

In FY 06-07, staff conducted a building permit fee review that resulted in a 30% building permit fee increase effective February 5, 2007. This increase received widespread support and was necessary to continue with existing service levels and to fund several stakeholder requested enhancements. As the majority of costs to the Development Services Fund are affiliated with personal services, and personnel costs continue to rise, another comprehensive fee review will be conducted for Plumbing, Mechanical and Electrical fees in the latter part of FY 08-09. In addition, because of recent legislation, the State Building Codes Division is initiating a process that will likely commence in FY 08-09 to create consistent permit fee methodologies statewide, which will likely impact Corvallis' permit fees.

In FY 07-08 residential development activity trended downward significantly while commercial construction activity remained robust. In 2007, permit numbers for new homes were nearly half of 2006 and 10-year averages. However, the influx of large commercial projects, mostly from OSU and the hospital, has caused overall revenues to remain stable. It is anticipated that revenues for FY 08-09 will remain about the same or experience a slightly upward trend as commercial activity levels off slightly and residential begins to rebound.

Pre-development meetings are currently being conducted for several large projects that will be reviewed in FY 08-09 and beyond. With uncertainty in the housing market, overall revenues are projected to be only slightly higher. Issues related to this fund are:

- Determining and managing for the appropriate staff levels to respond to normal service demands, with the flexibility to provide all required services when large construction/development projects are presented.
- Funding future code enforcement mandates from the State or Federal government.
- Implementing technological tools which provide enhancements of customer service and gain efficiencies in staffing.
- Training staff in new codes and new technologies.
- Hiring and retaining qualified employees.
- Maintaining the momentum on implementing service level enhancements supported by builders through the temporary lull in construction activity and concurrent drop in revenues.

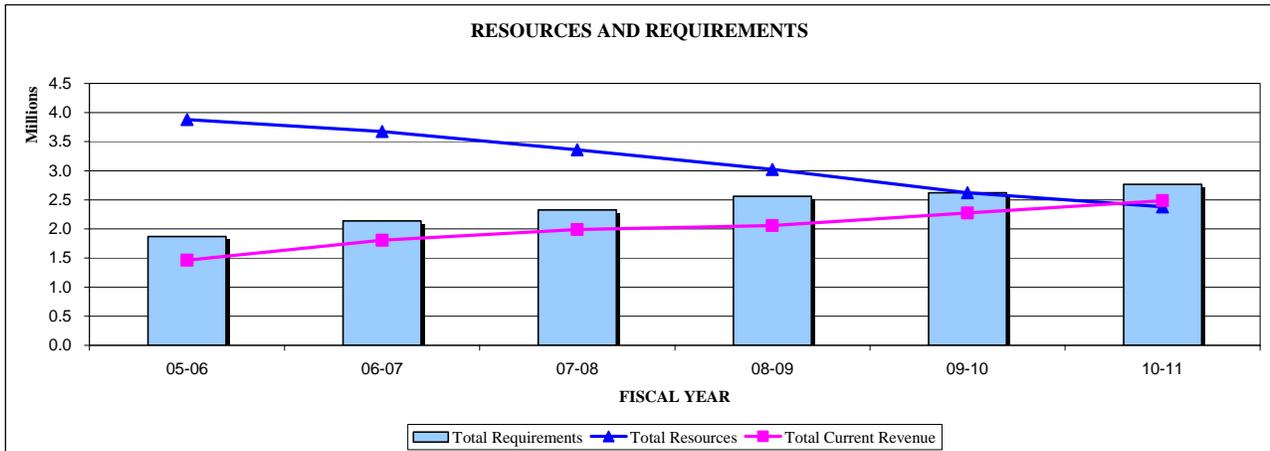
APPROPRIATE FUND BALANCE

The City's current Financial Policies state that the Finance Director shall recommend an appropriate fund balance each year for each fund. The Development Services Fund is projected to end FY 08-09 with an operating fund balance equaling approximately 6.47% of the FY 08-09 current revenues.

Included in each year's fund balance are funds paid in one fiscal year for services which will be provided in the following fiscal year. As a result, the department strives to achieve a minimum ending operating fund balance for the Development Services Fund of \$300,000.

DEVELOPMENT SERVICES FUND

BUDGETARY BASIS	AUDITED FY 05-06	AUDITED FY 06-07	ADOPTED FY 07-08	REVISED FY 07-08	ADOPTED FY 08-09	FY 09-10	FY 10-11
BEGINNING OPERATING FUND BALANCE	\$1,840,072	\$1,443,562	\$1,167,942	\$1,135,473	\$737,525	\$136,405	(\$315,935)
OPERATING REVENUES							
Licenses, Fees & Permits	\$899,695	\$1,024,444	\$1,233,500	\$1,059,350	\$1,194,500	\$1,313,960	\$1,445,360
Charges for Services	476,655	696,454	794,650	857,940	855,530	941,090	1,035,210
Fines & Forfeitures	50	0	0	0	0	0	0
Miscellaneous	88,559	84,992	101,920	73,120	58,500	19,870	5,090
TOTAL OPERATING REVENUES	\$1,464,959	\$1,805,890	\$2,130,070	\$1,990,410	\$2,108,530	\$2,274,920	\$2,485,660
OPERATING EXPENDITURES							
Community Development	\$1,870,640	\$2,136,866	\$2,379,520	\$2,326,770	\$2,562,680	\$2,621,390	\$2,766,610
TOTAL OPERATING EXPENDITURES	\$1,870,640	\$2,136,866	\$2,379,520	\$2,326,770	\$2,562,680	\$2,621,390	\$2,766,610
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	(\$405,681)	(\$330,976)	(\$249,450)	(\$336,360)	(\$454,150)	(\$346,470)	(\$280,950)
NON-OPERATING RESOURCES (USES)							
NON-OPERATING ACTIVITY							
Non-Operating Revenue	\$2,700	\$3,000	\$0	\$0	\$0	\$0	\$0
Transfers In	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Transfers Out	(167,382)	(196,213)	(94,110)	(94,110)	(138,700)	(133,270)	(105,910)
Contingencies	0	0	(50,000)	0	(50,000)	0	0
TOTAL NON-OPERATING RESOURCES (USES)	(\$139,682)	(\$168,213)	(\$119,110)	(\$69,110)	(\$163,700)	(\$108,270)	(\$80,910)
Net Operating Fund Activity	(545,363)	(499,189)	(368,560)	(405,470)	(617,850)	(454,740)	(361,860)
NET ACTIVITY	(\$545,363)	(\$499,189)	(\$368,560)	(\$405,470)	(\$617,850)	(\$454,740)	(\$361,860)
RESTRICTED BALANCES, Beginning of Year	\$575,495	\$426,642	\$235,542	\$235,542	\$228,020	\$211,290	\$208,890
FUND BALANCE (Including Restricted), End of Year	\$1,870,204	\$1,371,015	\$1,034,924	\$965,545	\$347,695	(\$107,045)	(\$468,905)
LESS: RESTRICTED BALANCES							
MANAGEMENT RESERVES	\$362,520	\$203,480	\$228,020	\$228,020	\$211,290	\$208,890	\$238,890
COUNCIL DESIGNATIONS	64,122	32,062	0	0	0	0	0
UNRESTRICTED FUND BALANCE	\$1,443,562	\$1,135,473	\$806,904	\$737,525	\$136,405	(\$315,935)	(\$707,795)



COMMUNITY DEVELOPMENT REVOLVING FUND SUMMARY

SERVICE HIGHLIGHTS

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

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

FINANCIAL PLANNING ISSUES

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

HUD's commitment of funding to the City of Corvallis CDBG and HOME programs, although declining in recent years, should help to mitigate past concerns about a diminishing balance in the CD Revolving Fund and the need to focus resources primarily on uses that would provide a repayment stream - typically amortized loans for housing purchases or rehabilitation. However, with the long-term stability of the CD Revolving Fund in mind, annual budgets will still attempt to target recycling uses as the predominant pattern for expenditures of CDBG and where possible, HOME, as well as of non-federal resources. Additionally, the non-CDBG/HOME resources of the CD Revolving Fund will be used as a secondary source of program support in coming years rather than a primary source, filling in behind CDBG and HOME resources where needed, or where those programs are limited due to the timing or federal eligibility of proposed activities or reductions in amounts of federal funding. This strategy will allow the City to increase the

fund balance of the CD Revolving Fund over time, reversing the declines seen in the 1990's, and allowing the City to maintain a long-term program and a hedge against possible future declines in or eliminations of federal funding. This strategy also allows the City to position itself to fund large housing and community development projects that may take a number of years to work through planning and predevelopment processes.

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

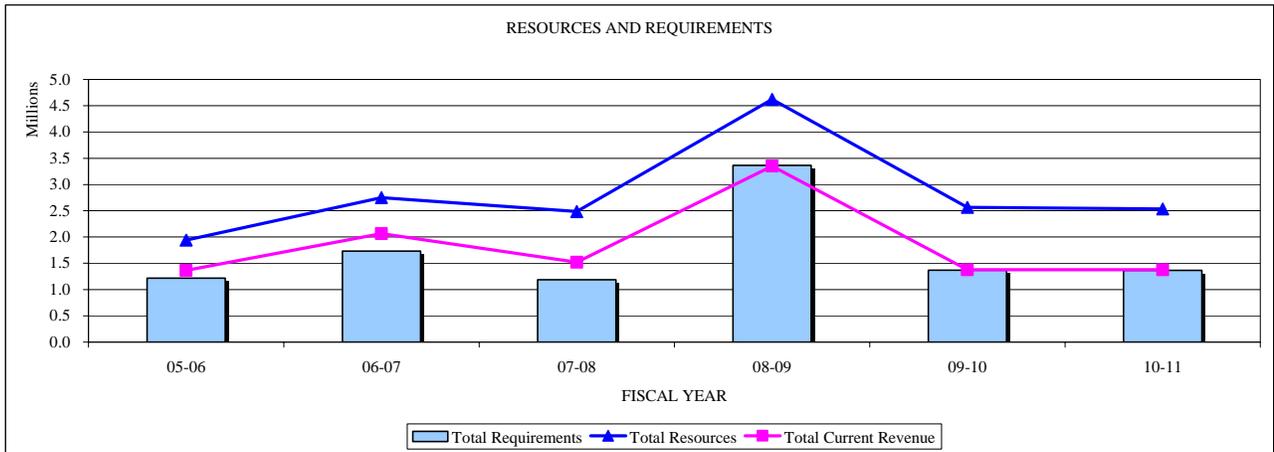
- Implementation of planning, program delivery, and program management aspects of the City's federally funded CDBG and HOME programs. Federal grant allocations for these programs vary each year.
- Continuation of current home purchase assistance and rehabilitation programs.
- Continuation of the Rental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

APPROPRIATE FUND BALANCE

The City's current Financial Policies state that the Finance Director shall recommend an appropriate fund balance each year for each fund. The CD Revolving Fund is projected to end FY 08-09 with a fund balance equaling approximately 35.38% of the current revenues. Although significant funding will be provided by HUD's CDBG and HOME programs, there will be an emphasis on fully expending each year's allocations in the year they are received. Thus, no significant impact on beginning and ending fund balances is anticipated. Balances in excess of 8% of current revenue will be used for future housing and other assistance loan/improvement programs.

COMMUNITY DEVELOPMENT REVOLVING FUND

BUDGETARY BASIS	AUDITED FY 05-06	AUDITED FY 06-07	ADOPTED FY 07-08	REVISED FY 07-08	ADOPTED FY 08-09	FY 09-10	FY 10-11
BEGINNING OPERATING FUND BALANCE	\$547,335	\$667,539	\$389,479	\$955,371	\$1,270,469	\$1,185,599	\$1,156,929
OPERATING REVENUES							
Licenses, Fees & Permits	\$87,842	\$90,912	\$92,480	\$92,480	\$94,320	\$94,320	\$94,320
Charges for Services	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Intergovernmental	807,497	1,667,461	2,504,970	671,060	2,775,300	941,390	941,390
Fines & Forfeitures	345	2,396	450	2,400	2,400	2,400	2,400
Miscellaneous	464,056	298,526	364,840	750,150	473,910	334,590	333,370
TOTAL OPERATING REVENUES	\$1,364,740	\$2,064,295	\$2,967,740	\$1,521,090	\$3,350,930	\$1,377,700	\$1,376,480
OPERATING EXPENDITURES							
Community Development	\$1,216,432	\$1,730,847	\$3,117,480	\$1,187,900	\$3,365,980	\$1,368,240	\$1,367,220
TOTAL OPERATING EXPENDITURES	\$1,216,432	\$1,730,847	\$3,117,480	\$1,187,900	\$3,365,980	\$1,368,240	\$1,367,220
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	\$148,308	\$333,448	(\$149,740)	\$333,190	(\$15,050)	\$9,460	\$9,260
NON-OPERATING RESOURCES (USES)							
NON-OPERATING ACTIVITY							
Transfers Out	(\$36,898)	(\$54,406)	(\$26,890)	(\$26,890)	(\$39,470)	(\$38,130)	(\$30,590)
Contingencies	0	0	(28,850)	0	(30,350)	0	0
TOTAL NON-OPERATING RESOURCES (USES)	(\$36,898)	(\$54,406)	(\$55,740)	(\$26,890)	(\$69,820)	(\$38,130)	(\$30,590)
Net Operating Fund Activity	111,410	279,042	(205,480)	306,300	(84,870)	(28,670)	(21,330)
NET ACTIVITY	\$111,410	\$279,042	(\$205,480)	\$306,300	(\$84,870)	(\$28,670)	(\$21,330)
RESTRICTED BALANCES, Beginning of Year	\$26,382	\$17,588	\$8,798	\$8,798	\$0	\$0	\$0
FUND BALANCE (Including Restricted), End of Year	\$685,127	\$964,169	\$192,797	\$1,270,469	\$1,185,599	\$1,156,929	\$1,135,599
LESS: RESTRICTED BALANCES							
COUNCIL DESIGNATIONS	17,588	8,798	0	0	0	0	0
UNRESTRICTED FUND BALANCE	\$667,539	\$955,371	\$192,797	\$1,270,469	\$1,185,599	\$1,156,929	\$1,135,599



PARKING FUND SUMMARY

SERVICE HIGHLIGHTS

Operations in the Parking Fund support parking enforcement by the Police Department and Municipal Court, and maintenance of the parking meters and Downtown parking lots, collection of parking meter revenues and management of residential parking districts by Public Works. Staff supports the Parking Committee of the Downtown Commission, which provides input on downtown parking management.

The conversion to digital parking meters was completed in 2005 and the purchase of sealed coin cans in FY 06-07 ensures no human contact with the coins from the meters to the bank, increasing security. The City responds quickly to replace and/or repair damaged or stolen parking meters or pay stations.

FINANCIAL PLANNING ISSUES

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

The former Downtown Parking Commission had developed policy recommendations for current Downtown parking needs and future improvements. Additional funding may be necessary in the future to implement the long-term improvements.

Despite the perception that customer parking is limited in the Downtown, a recent study showed parking availability is more than adequate. Even with the study results, business owners remain concerned about the perception of inadequate parking on their businesses and have requested more parking in the core. The availability of vacant land for either surface parking or a parking structure is limited, and very expensive. Therefore, developing new parking areas will be costly.

Responding to increasing usage of alternative transportation modes, the City installed bicycle lockers at the Transit Center. These facilities proved to be quite popular, with a waiting list for future rentals. Meeting this demand with more lockers would further promote and encourage bicycles as a viable alternative transportation mode. The Budget Commission approved the addition of

five new bike lockers in each of FY 08-09 and FY 09-10 at locations yet to be determined. There are limited dollars in the parking fund for new facilities and so future additions of this nature will need to be balanced against the demands for enhanced automobile parking.

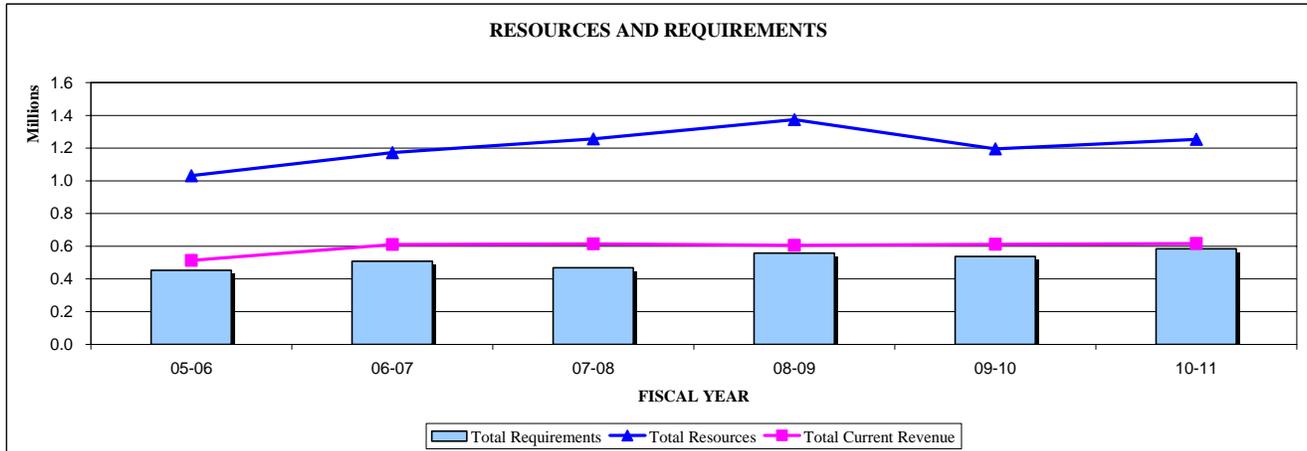
As enrollment increases at OSU, the pressure on parking in neighborhoods abutting OSU increases. In addition, parking permit fees on campus have increased, causing more neighborhood spillover. The OSU Master Plan created a committee of stakeholder representatives to address this issue. The new parking structure on campus has not had an appreciable effect on this situation.

APPROPRIATE FUND BALANCE

The City's current Financial Policies state that the Finance Director shall recommend an appropriate fund balance each year for each fund. The Parking Fund is projected to end FY 08-09 with an operating fund balance equaling approximately 86.87% of the FY 08-09 current revenues. The recommended appropriate fund balance for this fund is \$50,000. Any funds over that amount would be available for capital improvements, including land acquisition for parking.

PARKING FUND

BUDGETARY BASIS	AUDITED FY 05-06	AUDITED FY 06-07	ADOPTED FY 07-08	REVISED FY 07-08	ADOPTED FY 08-09	FY 09-10	FY 10-11
BEGINNING OPERATING FUND BALANCE	\$477,574	\$515,617	\$545,189	\$615,752	\$698,151	\$526,261	\$566,691
OPERATING REVENUES							
Licenses, Fees & Permits	\$15,995	\$17,906	\$16,000	\$55,230	\$17,000	\$17,000	\$17,000
Charges for Services	155,065	157,542	150,730	163,990	195,290	197,240	199,210
Fines & Forfeitures	320,030	401,917	355,000	367,500	373,000	373,000	373,000
Miscellaneous	22,051	33,178	24,360	26,730	20,500	24,800	27,090
TOTAL OPERATING REVENUES	\$513,141	\$610,543	\$546,090	\$613,450	\$605,790	\$612,040	\$616,300
OPERATING EXPENDITURES							
Community Development	\$3,829	\$3,022	\$3,380	\$3,370	\$3,580	\$3,700	\$3,880
Finance	108,706	99,256	114,530	112,270	117,650	122,970	128,210
Police	230,925	264,429	288,180	248,520	294,400	285,640	327,040
Public Works	109,109	141,507	127,660	103,460	142,960	125,540	124,240
TOTAL OPERATING EXPENDITURES	\$452,569	\$508,214	\$533,750	\$467,620	\$558,590	\$537,850	\$583,370
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	\$60,572	\$102,329	\$12,340	\$145,830	\$47,200	\$74,190	\$32,930
NON-OPERATING RESOURCES (USES)							
NON-OPERATING ACTIVITY							
Non-Operating Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Transfers Out	(16,953)	(20,412)	(221,190)	(21,190)	(218,930)	(20,260)	(21,270)
Contingencies	0	0	(10,920)	0	(12,400)	0	0
TOTAL NON-OPERATING RESOURCES (USES)	(\$16,953)	(\$20,412)	(\$232,110)	(\$21,190)	(\$231,330)	(\$20,260)	(\$21,270)
Net Operating Fund Activity	43,619	81,917	(219,770)	124,640	(184,130)	53,930	11,660
NET ACTIVITY	\$43,619	\$81,917	(\$219,770)	\$124,640	(\$184,130)	\$53,930	\$11,660
RESTRICTED BALANCES, Beginning of Year	\$39,926	\$45,502	\$25,610	\$27,284	\$69,525	\$57,285	\$70,785
FUND BALANCE (Including Restricted), End of Year	\$561,119	\$643,036	\$351,029	\$767,676	\$583,546	\$637,476	\$649,136
LESS: RESTRICTED BALANCES							
MANAGEMENT RESERVES	\$29,763	\$19,415	\$30,521	\$32,195	\$19,955	\$33,455	\$20,185
COUNCIL DESIGNATIONS	15,739	7,869	0	37,330	37,330	37,330	37,330
UNRESTRICTED FUND BALANCE	\$515,617	\$615,752	\$320,508	\$698,151	\$526,261	\$566,691	\$591,621



WATER FUND SUMMARY

SERVICE HIGHLIGHTS

The primary service in the Water Fund is the provision of a potable water supply. Water is taken from two surface water sources, the Willamette River and Rock Creek, and put through a rigorous treatment process that results in drinking water meeting or exceeding all state and federal water quality regulations. The two treatment plants are the Taylor Plant, located in South Corvallis, and the Rock Creek Plant, located on the east side of Marys Peak. In FY 06-07 over 2.8 billion gallons of drinking water were produced.

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

The City is concerned about conserving water and conducts outreach and education programs and offers rebates to customers who purchase selected water-efficient appliances. Equally concerned about the impact of water production on the greater environment, the City has been aggressive in its pursuit of energy-saving process or equipment changes and in reducing use of harmful or toxic chemicals in the treatment and distribution systems.

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

FINANCIAL PLANNING ISSUES

The primary revenue for this fund is from the sale of water to customers. Rates are reviewed annually and adjusted by the City Council to address operation, maintenance, and capital needs. Impacts on the system come from the changing water demands of the community and Environmental Protection Agency (EPA) regulations, which require the City to expand its level of effort in terms of operation, maintenance, and capital expenditures.

The City Council, sensitive to the tight economic times, has directed staff to limit rate increases in the three utility funds to 3% combined. However within the three-year planning period, expenditure increases due to a growing community, inflation in materials costs and federal regulations exceed the projected revenue stream. Staff

has reviewed the fee schedule for other services provided and increased the charge for water meters to new developments to recoup the actual charges incurred when a new meter is installed.

The development of the Watershed Stewardship Plan has resulted in significant projects to manage the forest property back to a healthy state. Revenues to accomplish these items are to come from sale of timber on the site. The challenge is to meet the demand for environmental improvements within the available dedicated revenue stream.

In a climate of sustainable operations, reduced water use is a community-wide goal. Over the last three years, total water production had decreased each year. But the less water sold means fewer revenues to operate and maintain the water systems. The fixed costs inherent in water production then need to be recovered from a smaller base, forcing an increase in water rates that seems to send a conflicting message to those committed to conservation. Alternative rate structures may need to be explored.

In addition to generating sufficient revenues to meet current needs is the challenge to provide funding for projects called for in the master plans. One such upcoming, significant example is the third phase of the Taylor Plant expansion, which will be needed to meet the needs of a population of 60,000.

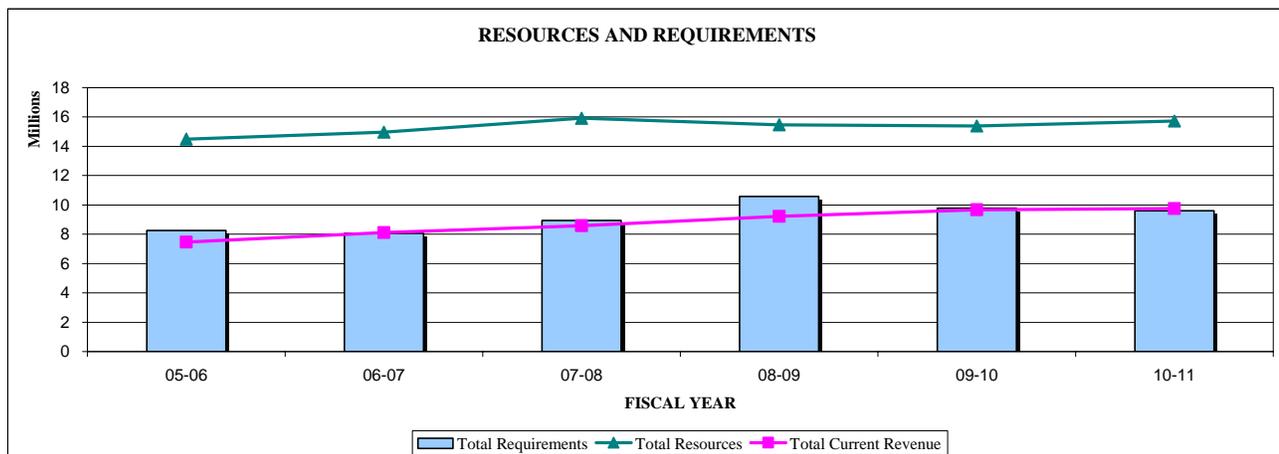
APPROPRIATE FUND BALANCE

The City's current Financial Policies state that the Finance Director shall recommend an appropriate fund balance each year for each fund. The Water Fund is projected to end FY 08-09 with an operating fund balance equaling approximately 2.27% of the FY 08-09 current revenue. A minimum recommended operating balance is \$500,000. Any funds over that amount would be available for capital improvements or for future debt service.

FY 08-09 is currently projected to end with less than the projected fund balance. This will be monitored and reviewed when the audit for FY 07-08 is completed. A plan is in place to grow the fund balance to the recommended level.

WATER FUND - COMBINED

BUDGETARY BASIS	AUDITED FY 05-06	AUDITED FY 06-07	ADOPTED FY 07-08	REVISED FY 07-08	ADOPTED FY 08-09	FY 09-10	FY 10-11
RATE INCREASE	6.00%	7.00%	7.00%	7.00%	7.00%	5.00%	2.00%
BEGINNING OPERATING FUND BALANCE	\$2,077,027	\$1,393,303	\$1,048,460	\$1,512,719	\$1,219,033	\$194,823	\$161,383
OPERATING REVENUES							
Charges for Service	\$6,890,015	\$7,568,509	\$7,801,270	\$7,834,770	\$8,498,100	\$9,002,060	\$9,329,060
Intergovernmental	0	849	0	0	0	0	0
Fines & Forfeitures	27,056	222	0	140	0	0	0
Miscellaneous	150,322	152,446	159,310	124,330	83,340	45,140	41,330
TOTAL OPERATING REVENUES	\$7,067,393	\$7,722,026	\$7,960,580	\$7,959,240	\$8,581,440	\$9,047,200	\$9,370,390
OPERATING EXPENDITURES							
Community Development	\$42,715	\$40,528	\$44,420	\$44,320	\$46,600	\$48,870	\$51,370
Public Works	5,897,933	5,691,146	6,379,240	6,188,530	6,774,780	6,992,960	7,181,280
TOTAL OPERATING EXPENDITURES	\$5,940,648	\$5,731,674	\$6,423,660	\$6,232,850	\$6,821,380	\$7,041,830	\$7,232,650
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	\$1,126,745	\$1,990,352	\$1,536,920	\$1,726,390	\$1,760,060	\$2,005,370	\$2,137,740
NON-OPERATING RESOURCES (USES)							
NON-OPERATING ACTIVITY							
Debt Service	(\$1,017,221)	(\$1,017,846)	(\$1,017,520)	(\$1,017,520)	(\$1,016,180)	(\$1,018,490)	(\$1,009,220)
Other Financing Sources	2,092	0	0	0	0	0	0
Transfers In	350,787	346,461	347,830	347,830	347,830	348,440	348,630
Transfers Out	(1,194,424)	(1,233,571)	(1,339,810)	(1,384,400)	(2,155,320)	(1,432,210)	(1,252,470)
Contingencies	0	0	(159,210)	0	(171,630)	0	0
TOTAL NON-OPERATING RESOURCES (USES)	(\$1,858,766)	(\$1,904,956)	(\$2,168,710)	(\$2,054,090)	(\$2,995,300)	(\$2,102,260)	(\$1,913,060)
NET OPERATING FUND ACTIVITY	(\$732,021)	\$85,396	(\$631,790)	(\$327,700)	(\$1,235,240)	(\$96,890)	\$224,680
WATER TIMBER COMPONENT							
Water Timber Revenues	\$44,589	\$47,162	\$239,360	\$284,830	\$291,930	\$277,480	\$37,970
Water Timber Expenditures	(109,174)	(72,747)	(324,220)	(306,950)	(420,660)	(282,170)	(110,900)
WATER TIMBER COMPONENT ACTIVITY	(\$64,585)	(\$25,585)	(\$84,860)	(\$22,120)	(\$128,730)	(\$4,690)	(\$72,930)
CONSTRUCTION COMPONENT							
Construction Revenues	\$1,195,517	\$1,237,396	\$2,649,350	\$2,580,700	\$2,548,810	\$2,663,380	\$2,074,150
Construction Expenditures	(1,154,760)	(1,241,030)	(2,676,350)	(2,619,350)	(2,548,810)	(2,663,380)	(2,074,150)
CONSTRUCTION COMPONENT ACTIVITY	\$40,757	(\$3,634)	(\$27,000)	(\$38,650)	\$0	\$0	\$0
SDC COMPONENT							
SDC Revenues	\$1,293,101	\$1,045,267	\$1,478,000	\$1,546,940	\$1,485,600	\$1,436,930	\$1,918,430
SDC Expenditures	(719,413)	(618,501)	(2,332,730)	(2,233,690)	(660,640)	(1,077,490)	(2,220,290)
SDC COMPONENT ACTIVITY	\$573,688	\$426,766	(\$854,730)	(\$686,750)	\$824,960	\$359,440	(\$301,860)
COMBINED FUNDS NET ACTIVITY	(\$182,161)	\$482,943	(\$1,598,380)	(\$1,075,220)	(\$539,010)	\$257,860	(\$150,110)
RESTRICTED BALANCES, Beginning of Year	\$4,945,042	\$5,446,605	\$5,818,138	\$5,810,132	\$5,028,598	\$5,513,798	\$5,805,098
FUND BALANCE (Including Restricted), End of Year	\$6,839,908	\$7,322,851	\$5,268,218	\$6,247,631	\$5,708,621	\$5,966,481	\$5,816,371
LESS: RESTRICTED BALANCES							
MANAGEMENT RESERVES	\$407,439	\$452,439	\$497,439	\$497,439	\$286,409	\$222,959	\$86,109
COUNCIL DESIGNATIONS	400,450	295,845	129,329	194,704	65,974	61,284	0
LEGAL RESTRICTIONS	4,638,716	5,061,848	4,190,759	4,336,455	5,161,415	5,520,855	5,218,995
UNRESTRICTED FUND BALANCE	\$1,393,303	\$1,512,719	\$450,691	\$1,219,033	\$194,823	\$161,383	\$511,267



WASTEWATER FUND SUMMARY

SERVICE HIGHLIGHTS

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

A piping system collects wastewater from homes and businesses and delivers it to the plant. Preventive maintenance programs, such as sewer cleaning and removing roots from the sewer lines, help to maintain uninterrupted service and extend the life of the collection system.

Storm water lines that are incorrectly connected to the sanitary sewers or groundwater seepage through cracks in sewer pipes add unnecessary volume to the sanitary system. This reduces the capacity for wastewater in the pipes and puts water through the treatment process that wouldn't normally need to be treated. Areas of infiltration and/or inflow are identified by introducing smoke into the pipeline and documenting where it escapes.

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

FINANCIAL PLANNING ISSUES

The primary revenue for this fund is wastewater user fees. Rates are reviewed annually and adjusted by the City Council to address operation and maintenance needs. For example, an adequate level of piping system maintenance must be supported to ensure the health and safety of the community, and the uninterrupted collection of wastewaters. The City's National Pollutant Discharge Elimination System (NPDES) permit and the EPA wastewater regulations are requiring an expanded level of effort in terms of operation, maintenance, and capital expenditures. The NPDES permit is issued for five years and the renewal process for the next permit has begun. Changes to the permit may require plant process changes.

The City Council, sensitive to the tight economic times, has directed staff to limit rate increases in the three utility funds to 3% combined. However within the three-year planning period, expenditure increases due to a growing community, inflation in materials costs and federal regulations exceed the projected revenue stream. At this time, needed capital projects are being delayed to help bring expenditures and revenues into alignment. This delay has associated risks which staff are closely monitoring.

Wastewater charges are calculated off water consumption levels. As discussed under the Water Fund, consumption is steadily decreasing which also reduces the wastewater revenue generated. This puts the recovery of charges to operate the wastewater system on a smaller base, forcing rate increases. Added pressure comes from the debt service and coverage requirements for the Department of Environmental Quality (DEQ) loan and the Revenue Bonds for the CSO project, which further impact the available resources for operation and maintenance.

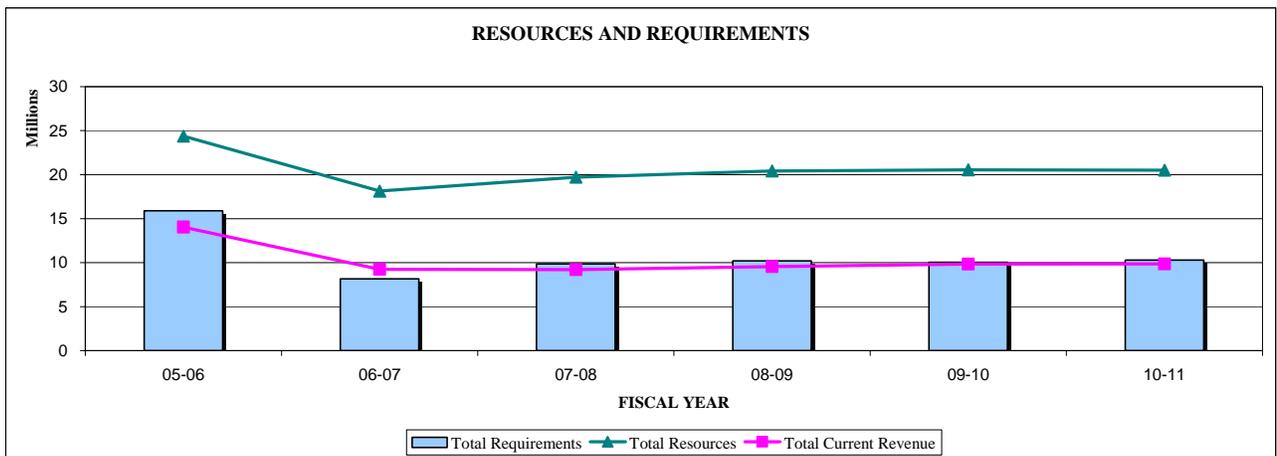
Some needed programs do not have sufficient funding. Correcting infiltration and inflow to the wastewater collection system is a low cost way to increase the capacity of the piping system and the treatment plant to accommodate growth. Throughout the City, staff has identified a significant number of corrections that, if made, would help this situation. However, resource limitations are preventing appreciable progress.

APPROPRIATE FUND BALANCE

The City's current Financial Policies state that the Finance Director shall recommend an appropriate fund balance each year for each fund. The Wastewater Fund is projected to end FY 08-09 with an operating fund balance equaling approximately 10.92% of the FY 08-09 current revenue. A minimum of \$500,000 is recommended for the operating fund balance. Staff is carefully managing the FY 07-08 budget to save monies where possible to increase the beginning fund balance over the current projected level. Additional work will be needed on the financial plan for this fund over the next rate discussion. The revenues currently projected for FY 07-08 are adequate to meet debt service coverage requirements.

WASTEWATER FUND - COMBINED

BUDGETARY BASIS	AUDITED FY 05-06	AUDITED FY 06-07	ADOPTED FY 07-08	REVISED FY 07-08	ADOPTED FY 08-09	FY 09-10	FY 10-11
RATE INCREASE	3.30%	3.30%	3.50%	3.50%	3.50%	4.00%	4.20%
BEGINNING OPERATING FUND BALANCE	\$2,602,830	\$1,041,875	\$2,070,386	\$2,153,260	\$1,626,180	\$1,005,640	\$901,470
OPERATING REVENUES							
Charges for Service	\$7,915,500	\$8,673,297	\$8,320,110	\$8,694,080	\$9,074,770	\$9,386,040	\$9,740,070
Intergovernmental	0	924	0	0	0	0	0
Miscellaneous	181,872	208,220	208,860	179,490	137,840	127,780	120,010
TOTAL OPERATING REVENUES	\$8,097,372	\$8,882,441	\$8,528,970	\$8,873,570	\$9,212,610	\$9,513,820	\$9,860,080
OPERATING EXPENDITURES							
Community Development	\$41,389	\$39,263	\$43,090	\$43,060	\$45,380	\$47,200	\$49,670
Public Works	5,257,824	5,518,772	6,534,440	6,420,700	6,578,400	6,651,150	6,816,350
Non-Departmental	111,214	0	0	0	0	0	0
TOTAL OPERATING EXPENDITURES	\$5,410,427	\$5,558,035	\$6,577,530	\$6,463,760	\$6,623,780	\$6,698,350	\$6,866,020
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	\$2,686,945	\$3,324,406	\$1,951,440	\$2,409,810	\$2,588,830	\$2,815,470	\$2,994,060
NON-OPERATING RESOURCES (USES)							
NON-OPERATING ACTIVITY							
Debt Service	(\$2,325,582)	(\$2,319,290)	(\$2,317,760)	(\$2,317,760)	(\$2,314,920)	(\$2,305,690)	(\$2,300,330)
Transfers In	358,262	351,888	331,500	331,500	331,500	331,230	0
Transfers Out	(2,712,793)	(293,802)	(1,243,590)	(1,072,620)	(1,065,070)	(1,023,820)	(1,124,470)
Other Financing Sources	5,572,537	22,370	0	5,270	0	0	0
Other Financing Uses	(5,452,338)	0	0	0	0	0	0
Contingencies	0	0	(170,580)	0	(190,880)	0	0
TOTAL NON-OPERATING RESOURCES (USES)	(\$4,559,914)	(\$2,238,834)	(\$3,400,430)	(\$3,053,610)	(\$3,239,370)	(\$2,998,280)	(\$3,424,800)
NET OPERATING FUND ACTIVITY	(\$1,872,969)	\$1,085,572	(\$1,448,990)	(\$643,800)	(\$650,540)	(\$182,810)	(\$430,740)
CONSTRUCTION COMPONENT							
Construction Revenues	\$3,957,134	\$484,507	\$1,193,050	\$983,020	\$1,765,630	\$2,301,150	\$2,530,230
Construction Expenditures	(3,671,128)	(737,069)	(1,193,050)	(1,041,480)	(1,765,630)	(2,301,150)	(2,530,230)
CONSTRUCTION COMPONENT ACTIVITY	\$286,006	(\$252,562)	\$0	(\$58,460)	\$0	\$0	\$0
SDC COMPONENT							
SDC Revenues	\$1,874,125	\$1,574,716	\$1,748,960	\$1,517,460	\$1,943,890	\$2,146,260	\$2,170,780
SDC Expenditures	(1,767,192)	(764,783)	(502,120)	(463,060)	(1,449,500)	(2,024,280)	(1,764,140)
SDC COMPONENT ACTIVITY	\$106,933	\$809,933	\$1,246,840	\$1,054,400	\$494,390	\$121,980	\$406,640
COMBINED FUNDS NET ACTIVITY	(\$1,480,030)	\$1,642,943	(\$202,150)	\$352,140	(\$156,150)	(\$60,830)	(\$24,100)
RESTRICTED BALANCES, Beginning of Year	\$7,747,193	\$7,828,119	\$8,242,738	\$8,359,677	\$9,238,897	\$9,703,287	\$9,746,627
FUND BALANCE (Including Restricted), End of Year	\$8,869,994	\$10,512,937	\$10,110,974	\$10,865,077	\$10,708,927	\$10,648,097	\$10,623,997
LESS: RESTRICTED BALANCES							
MANAGEMENT RESERVES	\$169,315	\$214,315	\$168,405	\$168,405	\$138,405	\$59,765	\$25
COUNCIL DESIGNATIONS	141,627	70,814	0	0	0	0	0
LEGAL RESTRICTIONS	7,517,177	8,074,548	9,204,449	9,070,492	9,564,882	9,686,862	10,093,502
UNRESTRICTED FUND BALANCE	\$1,041,875	\$2,153,260	\$738,120	\$1,626,180	\$1,005,640	\$901,470	\$530,470



STORM WATER FUND SUMMARY

SERVICE HIGHLIGHTS

The primary service in the Storm Water Fund is the collection of rain water to minimize urban flooding. A system of pipes and the urban streams are used to accomplish this. Preventive maintenance programs, such as pipe line and catch basin cleaning, help to extend the life of the infrastructure and insure maximum flow capacity.

Urban streams form the backbone of the City's storm water collection system. Much work has been done in recent years to maintain these areas in keeping with the community's desire for the riparian area to serve as wildlife habitat, while ensuring the streams serve their primary purpose as a storm water collection system. Minimizing the impact of staff activities on the environment, work is done in accordance with the City's Integrated Vegetation and Pest Management Program guidelines.

The City monitors the water quality in the urban streams at various locations around the community. This increases understanding of waterways and helps pinpoint improper discharges.

Long-range planning for the storm water system creates a blueprint for system policies and future modifications necessary to meet regulatory requirements and community interests. The plans are periodically updated to reflect changes in regulations, population, community values, water quality and technology. A multi-year effort focusing on the urban stream system was completed in FY 01-02. A plan update, focusing primarily on the piping system, is scheduled for FY 12-13.

FINANCIAL PLANNING ISSUES

The primary revenue for this fund is the storm water system user fee. Rates are reviewed annually and adjusted by the City Council to address operation, maintenance and capital improvement needs. Storm water rates were last increased in FY 02-03, as rate increase capacity was focused in the water and wastewater utilities. This situation is expected to continue through the planning period.

Basic operation and maintenance of the system has been able to be accomplished within this flat revenue stream. However, EPA regulations regarding the quality of storm water discharges may significantly impact operating costs, diverting limited resources away from other system needs and precipitating significant rate increases.

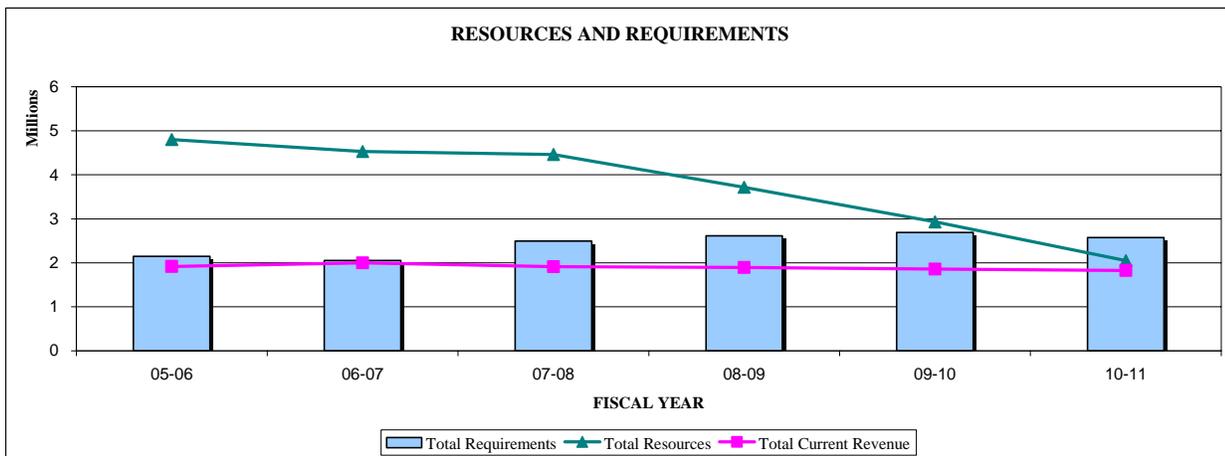
In addition to the storm water system expanding as the community grows, new storm water facilities, such as detention ponds and bioswales are added to the system with each new development. These facilities mitigate run-off during heavy rain events and improve the water quality. However, they require a different type and timing of maintenance than traditional storm water facilities and compete for limited resources.

APPROPRIATE FUND BALANCE

The City's current Financial Policies state that the Finance Director shall recommend an appropriate fund balance each year for each fund. The Storm Water Fund is projected to end FY 08-09 with an operating fund balance equaling approximately 47.27% of the FY 08-09 current revenue. A minimum recommended fund balance is \$300,000. Any funds over that amount would be available for additional capital projects.

STORM WATER FUND - COMBINED

BUDGETARY BASIS	AUDITED FY 05-06	AUDITED FY 06-07	ADOPTED FY 07-08	REVISED FY 07-08	ADOPTED FY 08-09	FY 09-10	FY 10-11
RATE INCREASE	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
BEGINNING OPERATING FUND BALANCE	\$2,335,401	\$2,310,097	\$1,971,052	\$2,232,522	\$1,660,369	\$894,809	\$157,919
OPERATING REVENUES							
Charges for Service	\$1,808,196	\$1,865,139	\$1,808,140	\$1,802,140	\$1,810,800	\$1,812,620	\$1,814,490
Miscellaneous	102,203	121,477	109,590	108,690	82,330	47,180	11,860
TOTAL OPERATING REVENUES	\$1,910,399	\$1,986,616	\$1,917,730	\$1,910,830	\$1,893,130	\$1,859,800	\$1,826,350
OPERATING EXPENDITURES							
Community Development	\$44,113	\$40,750	\$44,700	\$44,620	\$46,770	\$48,610	\$51,100
Public Works	1,561,525	1,338,602	1,984,830	1,950,130	1,818,320	1,975,140	1,852,910
TOTAL OPERATING EXPENDITURES	\$1,605,638	\$1,379,352	\$2,029,530	\$1,994,750	\$1,865,090	\$2,023,750	\$1,904,010
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	\$304,761	\$607,264	(\$111,800)	(\$83,920)	\$28,040	(\$163,950)	(\$77,660)
NON-OPERATING RESOURCES (USES)							
NON-OPERATING ACTIVITY							
Transfers In	5,853	11,347	0	0	0	0	0
Transfers Out	(539,859)	(673,777)	(634,920)	(502,080)	(710,740)	(667,050)	(666,680)
Contingencies	0	0	(38,350)	0	(37,860)	0	0
TOTAL NON-OPERATING RESOURCES (USES)	(\$534,006)	(\$662,430)	(\$673,270)	(\$502,080)	(\$748,600)	(\$667,050)	(\$666,680)
NET OPERATING FUND ACTIVITY	(\$229,245)	(\$55,166)	(\$785,070)	(\$586,000)	(\$720,560)	(\$831,000)	(\$744,340)
CONSTRUCTION COMPONENT							
Construction Revenues	\$627,569	\$669,035	\$710,070	\$573,600	\$723,100	\$673,200	\$817,200
Construction Expenditures	(630,196)	(585,032)	(746,270)	(663,220)	(732,100)	(673,200)	(817,200)
CONSTRUCTION COMPONENT ACTIVITY	(\$2,627)	\$84,003	(\$36,200)	(\$89,620)	(\$9,000)	\$0	\$0
SDC COMPONENT							
SDC Revenues	\$60,434	\$105,193	\$83,550	\$78,220	\$78,370	\$76,460	\$77,030
SDC Expenditures	(177,704)	(118,647)	(132,810)	(130,300)	(100,500)	(95,000)	(122,300)
SDC COMPONENT ACTIVITY	(\$117,270)	(\$13,454)	(\$49,260)	(\$52,080)	(\$22,130)	(\$18,540)	(\$45,270)
COMBINED FUNDS NET ACTIVITY	(\$349,142)	\$15,383	(\$870,530)	(\$727,700)	(\$751,690)	(\$849,540)	(\$789,610)
RESTRICTED BALANCES, Beginning of Year	\$548,229	\$224,391	\$247,216	\$317,349	\$161,802	\$175,672	\$63,022
FUND BALANCE (Including Restricted), End of Year	\$2,534,488	\$2,549,871	\$1,347,738	\$1,822,171	\$1,070,481	\$220,941	(\$568,669)
LESS: RESTRICTED BALANCES							
MANAGEMENT RESERVES	\$64,743	\$109,743	\$118,483	\$118,483	\$163,483	\$69,373	\$114,373
COUNCIL DESIGNATIONS	45,181	22,590	0	0	0	0	0
LEGAL RESTRICTIONS	114,467	185,016	29,423	43,319	12,189	(6,351)	(51,621)
UNRESTRICTED FUND BALANCE	\$2,310,097	\$2,232,522	\$1,199,832	\$1,660,369	\$894,809	\$157,919	(\$631,421)



AIRPORT FUND SUMMARY

SERVICE HIGHLIGHTS

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

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

In an attempt to maximize the use of the property surrounding the airfield, which cannot be developed due to safety issues, the City planted crops on these lands. Management of the crop is contracted out, with the City receiving a portion of the revenues from the sale proceeds. This revenue helps support operations and maintenance of the airfield and industrial park.

FINANCIAL PLANNING ISSUES

The primary revenue sources for this fund are hangar rentals, land and building leases, and crop sales. Land lease rates are reviewed and adjusted to reflect the current market. The level of effort required to maintain a viable industrial park and encourage new business development will be a factor in revenue available to finance capital improvements to the infrastructure systems (streets, water, wastewater, and storm water). Enhancing the streets and utility infrastructure is expected to encourage more tenants to locate at the industrial park.

Much of the industrial park property has been designated as wetlands. When development occurs in a wetland area, the loss has to be mitigated. Since the City wants to encourage continued growth at the industrial park, the challenge is to minimize the cost of wetland mitigation to ensure that development at the site is not cost-prohibitive. In this regard, the City is working with the Oregon Economic & Community Development Department (OECD) to achieve low-cost funding to begin the wetland mitigation construction program projected to cost in the range of \$475,000.

The South Corvallis Drainage Master Plan is complete and will need to be implemented in the near future.

Recommendations from this plan impact the airport site; one requirement is to separate the airport drainage system from the industrial park drainage system. The costs of these recommendations and a funding strategy will need to be developed.

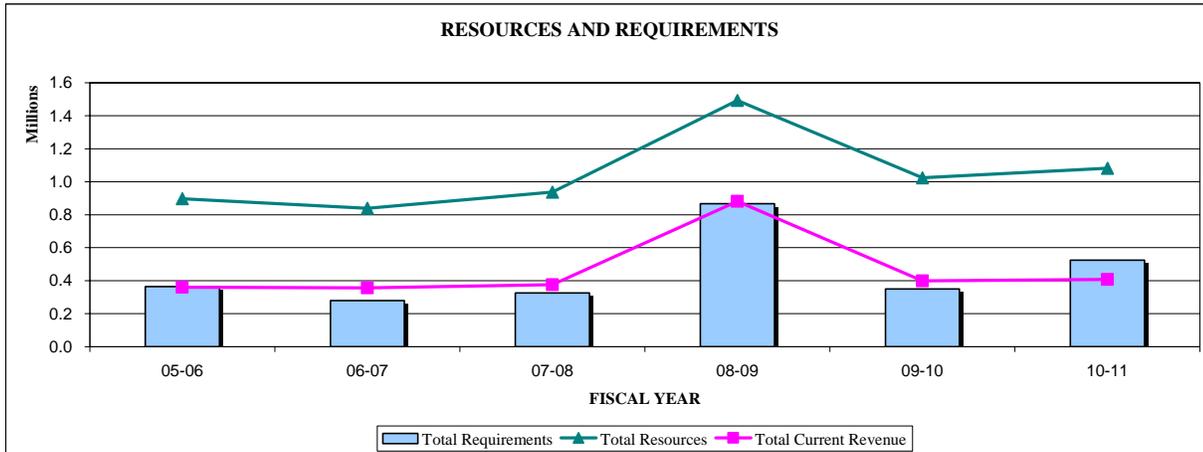
Federal regulations regarding airport security were developed as part of the Homeland Security Act. Application to general aviation airports the size of Corvallis' are still being defined. Future requirements may result in projects that compete for resources with the operations and maintenance of the site.

APPROPRIATE FUND BALANCE

The City's current Financial Policies state that the Finance Director shall recommend an appropriate fund balance each year for each fund. The Airport Fund is projected to end FY 08-09 with an operating fund balance equaling approximately 70.96% of the FY 08-09 current revenue. The Airport Fund has an uneven cash flow due to seasonal revenues from crop sales and annual lease payments. In addition, capital projects in this fund, although occurring sporadically, tend to be very large, and monies are saved over several years to be able to complete a project.

AIRPORT FUND - COMBINED

BUDGETARY BASIS	AUDITED FY 05-06	AUDITED FY 06-07	ADOPTED FY 07-08	REVISED FY 07-08	ADOPTED FY 08-09	FY 09-10	FY 10-11
BEGINNING OPERATING FUND BALANCE	\$309,584	\$477,737	\$500,964	\$557,627	\$611,133	\$625,293	\$674,573
OPERATING REVENUES							
Licenses, Fees & Permits	\$530	\$4,493	\$1,700	\$4,500	\$4,500	\$4,500	\$4,500
Charges for Service	286,195	322,380	286,700	329,280	341,620	347,710	353,930
Intergovernmental	61,427	0	410,000	10,000	507,680	10,000	10,000
Miscellaneous	12,907	30,335	27,680	32,660	27,360	36,570	38,670
TOTAL OPERATING REVENUES	\$361,059	\$357,208	\$726,080	\$376,440	\$881,160	\$398,780	\$407,100
OPERATING EXPENDITURES							
Public Works	\$283,730	\$242,068	\$694,730	\$287,040	\$802,110	\$290,570	\$299,450
TOTAL OPERATING EXPENDITURES	\$283,730	\$242,068	\$694,730	\$287,040	\$802,110	\$290,570	\$299,450
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	\$77,329	\$115,140	\$31,350	\$89,400	\$79,050	\$108,210	\$107,650
NON-OPERATING RESOURCES (USES)							
NON-OPERATING ACTIVITY							
Debt Service	(\$32,585)	(\$31,836)	(\$31,070)	(\$31,070)	(\$30,290)	(\$51,670)	(\$55,860)
Transfers Out	(48,178)	(5,761)	(7,170)	(7,170)	(26,930)	(7,260)	(169,110)
Contingencies	0	0	(6,520)	0	(7,670)	0	0
TOTAL NON-OPERATING RESOURCES (USES)	(\$80,763)	(\$37,597)	(\$44,760)	(\$38,240)	(\$64,890)	(\$58,930)	(\$224,970)
NET OPERATING FUND ACTIVITY	(\$3,434)	\$77,543	(\$13,410)	\$51,160	\$14,160	\$49,280	(\$117,320)
CONSTRUCTION COMPONENT							
Construction Revenues	\$1,813,891	\$0	\$30,100	\$30,100	\$442,400	\$60,400	\$879,300
Construction Expenditures	(1,863,531)	0	(30,100)	(30,100)	(442,400)	(60,400)	(879,300)
CONSTRUCTION COMPONENT ACTIVITY	(\$49,640)	\$0	\$0	\$0	\$0	\$0	\$0
COMBINED FUNDS NET ACTIVITY	(\$53,074)	\$77,543	(\$13,410)	\$51,160	\$14,160	\$49,280	(\$117,320)
RESTRICTED BALANCES, Beginning of Year	\$225,920	\$4,693	\$2,346	\$2,346	\$0	\$0	\$0
FUND BALANCE (Including Restricted), End of Year	\$482,430	\$559,973	\$489,900	\$611,133	\$625,293	\$674,573	\$557,253
LESS: RESTRICTED BALANCES							
MANAGEMENT RESERVES	\$0	\$0	\$0	\$0	\$0	\$0	\$0
COUNCIL DESIGNATIONS	4,693	2,346	0	0	0	0	0
LEGAL RESTRICTIONS	0	0	0	0	0	0	0
UNRESTRICTED FUND BALANCE	\$477,737	\$557,627	\$489,900	\$611,133	\$625,293	\$674,573	\$557,253



FLEET MAINTENANCE FUND SUMMARY

SERVICE HIGHLIGHTS

A garage facility is operated out of this fund which provides for preventive maintenance and repair of the City's vehicle and equipment fleet, performed by trained mechanics. Over 210 pieces of equipment in the fleet are serviced in these facilities located at the Public Works site.

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

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

The City wants to reduce the amount of green house gas emissions from the operation of its rolling stock. In FY 03-04, a switch was made to B-20 biodiesel for the diesel fleet. B-20 is 80% diesel and 20% organic fuels made from vegetable or soy oil. Biofuels reduce harmful emissions and extend the life of the engine. On another front, the City is pursuing the replacement of standard gasoline engine cars and light trucks with hybrids or diesels that can use B-20.

FINANCIAL PLANNING ISSUES

Revenue for this fund comes from charges allocated to departments for services to their vehicles and equipment. Rates are reviewed annually to insure that the best service is offered for the lowest cost.

Fluctuating fuel prices impact available appropriations in this fund, and the vehicle maintenance budgets of departments in other funds. Departments with high use vehicles, such as Police, are especially affected by this situation.

Maximizing staff usage ensures an adequate revenue stream and contributes to cost containment on shop rates. Contracting with other government agencies to perform

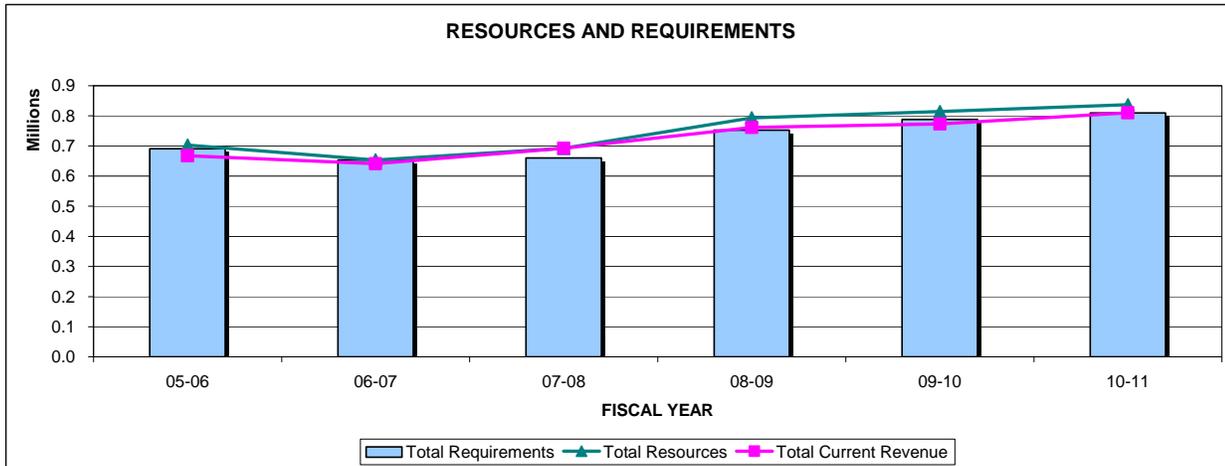
maintenance on each others' vehicles is another factor in achieving this goal.

APPROPRIATE FUND BALANCE

The City's current Financial Policies state that the Finance Director shall recommend an appropriate fund balance each year for each fund. The Fleet Maintenance Fund is an internal service fund (funded by charges to other City departments) and should have an operating fund balance close to \$0 each year. The Fleet Maintenance Fund is projected to end FY 08-09 with a fund balance of \$20,446.

FLEET MAINTENANCE FUND

BUDGETARY BASIS	AUDITED FY 05-06	AUDITED FY 06-07	ADOPTED FY 07-08	REVISED FY 07-08	ADOPTED FY 08-09	FY 09-10	FY 10-11
BEGINNING OPERATING FUND BALANCE	\$1,041	(\$17,389)	\$10,014	(\$24,628)	\$12,426	\$20,446	\$20,446
OPERATING REVENUES							
Charges for Service	\$666,955	\$642,100	\$721,150	\$691,520	\$760,470	\$770,510	\$808,680
Miscellaneous	432	(590)	800	720	800	2,550	1,910
TOTAL OPERATING REVENUES	\$667,387	\$641,510	\$721,950	\$692,240	\$761,270	\$773,060	\$810,590
OPERATING EXPENDITURES							
Public Works	\$690,740	\$653,672	\$710,150	\$660,110	\$736,350	\$788,060	\$809,690
TOTAL OPERATING EXPENDITURES	\$690,740	\$653,672	\$710,150	\$660,110	\$736,350	\$788,060	\$809,690
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	(\$23,353)	(\$12,162)	\$11,800	\$32,130	\$24,920	(\$15,000)	\$900
NON-OPERATING RESOURCES (USES)							
NON-OPERATING ACTIVITY							
Contingencies	\$0	\$0	(\$16,000)	\$0	(\$16,000)	\$0	\$0
TOTAL NON-OPERATING RESOURCES (USES)	\$0	\$0	(\$16,000)	\$0	(\$16,000)	\$0	\$0
NET OPERATING FUND ACTIVITY	(\$23,353)	(\$12,162)	(\$4,200)	\$32,130	\$8,920	(\$15,000)	\$900
NET ACTIVITY	(\$23,353)	(\$12,162)	(\$4,200)	\$32,130	\$8,920	(\$15,000)	\$900
RESTRICTED BALANCES, Beginning of Year	\$34,494	\$29,571	\$24,648	\$24,648	\$19,724	\$20,624	\$5,624
FUND BALANCE (Including Restricted), End of Year	\$12,182	\$20	\$30,462	\$32,150	\$41,070	\$26,070	\$26,970
LESS: RESTRICTED BALANCES							
MANAGEMENT RESERVES	\$17,924	\$18,824	\$19,724	\$19,724	\$20,624	\$5,624	\$6,524
COUNCIL DESIGNATIONS	11,647	5,824	0	0	0	0	0
UNRESTRICTED FUND BALANCE	(\$17,389)	(\$24,628)	\$10,738	\$12,426	\$20,446	\$20,446	\$20,446



FACILITY MAINTENANCE FUND SUMMARY

SERVICE HIGHLIGHTS

The primary operation in this fund is the maintenance of City-owned and leased buildings. Staff performs scheduled repairs, responds to emergencies and develops long-term facility plans to protect the citizens' investment in these buildings. Operations are based at the Public Works facility.

A 5-year plan of major maintenance needs of City-owned buildings is updated annually from the building assessment program. Staff develops bid specifications and manages the contracts on these projects for the building occupants.

Contracts for general building maintenance services, such as janitorial services, are administered through this fund and provide for a safe, healthy environment for employees and citizen visitors.

FINANCIAL PLANNING ISSUES

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

The majority of building facilities are used for services that are funded through property taxes. As basic services compete for available tax revenue, allocations for maintenance may be prioritized below those for direct services, such as Library books or parks maintenance. The risk in this strategy is loss of the investment in the infrastructure and higher costs for facility repair versus facility maintenance.

In 2003, a citizen task force reviewed City and County office space in the downtown to determine a recommendation for development of the City Hall block. Implementation of these recommendations will be a significant expenditure and a funding strategy must be developed. As an interim measure, a \$1.3 million capital project has been undertaken to modify existing City-owned buildings to meet space needs. It is hoped that the bigger project can be pushed out 10 or more years. However, even the reduced scope project has had

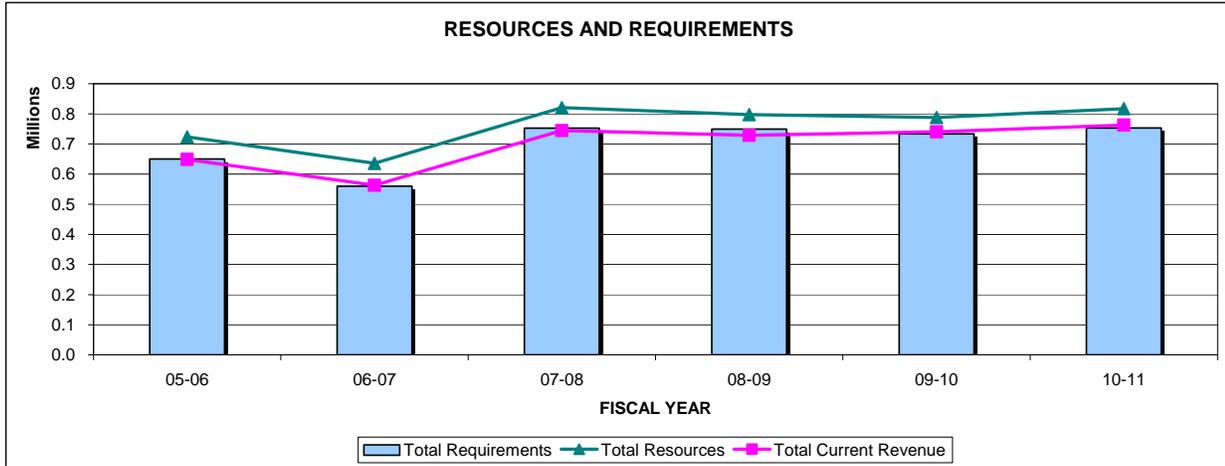
operating impacts on the Facility Fund through increased maintenance costs.

APPROPRIATE FUND BALANCE

The City's current Financial Policies state that the Finance Director shall recommend an appropriate fund balance each year for each fund. The Facility Maintenance Fund is an internal service fund (funded by charges to other City Departments) and should have an operating fund balance close to \$0 each year. The Facility Maintenance Fund is projected to end FY 08-09 with an ending fund balance of \$11,993.

FACILITY MAINTENANCE FUND

BUDGETARY BASIS	AUDITED FY 05-06	AUDITED FY 06-07	ADOPTED FY 07-08	REVISED FY 07-08	ADOPTED FY 08-09	FY 09-10	FY 10-11
BEGINNING OPERATING FUND BALANCE	\$19,799	\$26,993	\$44,012	\$41,304	\$35,713	\$11,993	\$11,993
OPERATING REVENUES							
Charges for Service	\$643,294	\$551,294	\$748,110	\$736,730	\$723,290	\$737,840	\$760,530
Miscellaneous	5,488	11,927	6,300	7,580	5,870	2,320	2,590
TOTAL OPERATING REVENUES	\$648,782	\$563,221	\$754,410	\$744,310	\$729,160	\$740,160	\$763,120
OPERATING EXPENDITURES							
Public Works	\$650,377	\$559,869	\$780,540	\$752,400	\$739,520	\$733,880	\$753,570
TOTAL OPERATING EXPENDITURES	\$650,377	\$559,869	\$780,540	\$752,400	\$739,520	\$733,880	\$753,570
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	(\$1,595)	\$3,352	(\$26,130)	(\$8,090)	(\$10,360)	\$6,280	\$9,550
NON-OPERATING RESOURCES (USES)							
NON-OPERATING ACTIVITY							
Contingencies	\$0	\$0	(\$10,000)	\$0	(\$10,000)	\$0	\$0
TOTAL NON-OPERATING RESOURCES (USES)	\$0	\$0	(\$10,000)	\$0	(\$10,000)	\$0	\$0
NET OPERATING FUND ACTIVITY	(\$1,595)	\$3,352	(\$36,130)	(\$8,090)	(\$20,360)	\$6,280	\$9,550
NET ACTIVITY	(\$1,595)	\$3,352	(\$36,130)	(\$8,090)	(\$20,360)	\$6,280	\$9,550
RESTRICTED BALANCES, Beginning of Year	\$54,525	\$45,736	\$34,777	\$34,777	\$32,278	\$35,638	\$41,918
FUND BALANCE (Including Restricted), End of Year	\$72,729	\$76,081	\$42,659	\$67,991	\$47,631	\$53,911	\$63,461
LESS: RESTRICTED BALANCES							
MANAGEMENT RESERVES	\$27,038	\$25,428	\$29,148	\$32,278	\$35,638	\$41,918	\$51,468
COUNCIL DESIGNATIONS	18,698	9,349	0	0	0	0	0
UNRESTRICTED FUND BALANCE	\$26,993	\$41,304	\$13,511	\$35,713	\$11,993	\$11,993	\$11,993



TECHNOLOGY AND COMMUNICATIONS FUND SUMMARY

SERVICE HIGHLIGHTS

Operations in the Technology and Communications Fund include the Finance Department's Management Information Services (MIS) Division maintenance of the City's centralized technology and the Public Works Department's management of the radio and telephone systems. The MIS Division is responsible for the City's computer system infrastructure used by departments. Services include: operating and maintaining the network backbone allowing connectivity of computers, office automation software, network system security, virus and spam protection, technical support for both users and department specific applications such as: the Library's on-line system, the Police and Fire database management systems and the City's financial application. Public Works radio and telephone services include managing contracts for long-distance and cell phone services, equipment repair and purchase of new data network wiring, maintaining radio antennas and repeaters, managing the fiber optic network connecting City offices spread throughout the community, planning for future system and user needs, and monitoring emerging technologies for efficiencies over the current systems.

FINANCIAL PLANNING ISSUES

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

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

An annual technical plan is prepared to address the operational needs of the City-wide network and software utilization. The plan also includes a short-term tactical plan that stems from the MIS strategic plan. The plan addresses the network operating system, group productivity software, office automation software, database standards, imaging and intranet applications. Due to rapid technology changes, sometimes changes in financial planning may also result from this tactical planning effort.

Demand for information in electronic formats continues to increase. There is also an increase in the electronic interaction of City staff with external agencies, vendors, citizens and each other. Balancing needs for technology against staying within available resources is crucial.

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

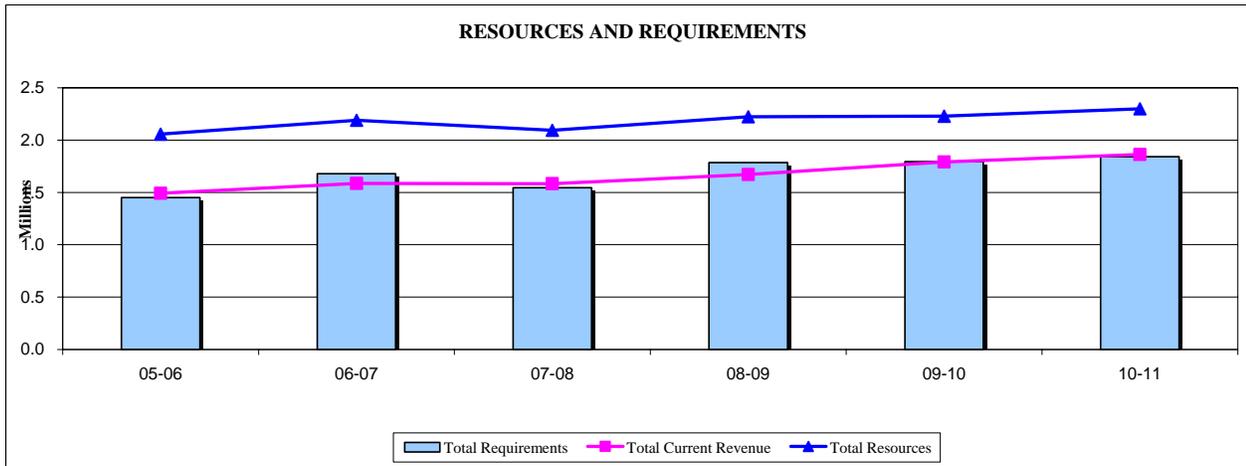
Federal regulations will require digital conversion for all radios within the next ten years, as well as the need for compatibility in equipment for radio system efficiencies; funding must be found to finance costs that prior year grants have not covered. Additional grant opportunities are being investigated. Also, digital radios are more expensive than traditional radios and the ongoing costs to maintain the system have increased.

APPROPRIATE FUND BALANCE

The City's current Financial Policies state that the Finance Director shall recommend an appropriate fund balance each year for each fund. The Technology and Communications Fund is an internal service fund (funded by charges to other City Departments) and should have a fund balance close to \$0 each year. The Technology and Communications Fund is projected to end FY 08-09 with an ending fund balance of \$19,567. Balances in excess of \$20,000 will be targeted for capital outlay for items in the strategic plan mentioned above.

TECHNOLOGY AND COMMUNICATIONS FUND

BUDGETARY BASIS	AUDITED FY 05-06	AUDITED FY 06-07	ADOPTED FY 07-08	REVISED FY 07-08	ADOPTED FY 08-09	FY 09-10	FY 10-11
BEGINNING OPERATING FUND BALANCE	\$36,201	\$50,220	\$61,300	\$66,747	\$75,727	\$19,567	\$19,567
OPERATING REVENUES							
Charges for Service	\$1,459,652	\$1,543,880	\$1,617,570	\$1,552,800	\$1,647,650	\$1,772,370	\$1,844,820
Miscellaneous	32,192	40,541	35,440	31,040	23,780	18,790	18,660
TOTAL OPERATING REVENUES	\$1,491,844	\$1,584,421	\$1,653,010	\$1,583,840	\$1,671,430	\$1,791,160	\$1,863,480
OPERATING EXPENDITURES							
Finance	\$1,218,634	\$1,430,585	\$1,457,700	\$1,309,910	\$1,494,050	\$1,507,230	\$1,568,590
Public Works	232,111	248,679	240,910	233,330	260,840	286,930	272,890
TOTAL OPERATING EXPENDITURES	\$1,450,745	\$1,679,264	\$1,698,610	\$1,543,240	\$1,754,890	\$1,794,160	\$1,841,480
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	\$41,099	(\$94,843)	(\$45,600)	\$40,600	(\$83,460)	(\$3,000)	\$22,000
NON-OPERATING RESOURCES (USES)							
NON-OPERATING ACTIVITY							
Contingencies	\$0	\$0	(\$30,000)	\$0	(\$30,000)	\$0	\$0
TOTAL NON-OPERATING RESOURCES (USES)	\$0	\$0	(\$30,000)	\$0	(\$30,000)	\$0	\$0
Net Operating Fund Activity	41,099	(94,843)	(75,600)	40,600	(113,460)	(3,000)	22,000
NET ACTIVITY	\$41,099	(\$94,843)	(\$75,600)	\$40,600	(\$113,460)	(\$3,000)	\$22,000
RESTRICTED BALANCES, Beginning of Year	\$527,729	\$554,809	\$443,439	\$443,439	\$475,059	\$417,759	\$414,759
FUND BALANCE (Including Restricted), End of Year	\$605,029	\$510,186	\$429,139	\$550,786	\$437,326	\$434,326	\$456,326
LESS: RESTRICTED BALANCES							
MANAGEMENT RESERVES	\$512,059	\$422,059	\$410,059	\$475,059	\$417,759	\$414,759	\$436,759
COUNCIL DESIGNATIONS	42,750	21,380	0	0	0	0	0
UNRESTRICTED FUND BALANCE	\$50,220	\$66,747	\$19,080	\$75,727	\$19,567	\$19,567	\$19,567



ADMINISTRATIVE SERVICES FUND SUMMARY

SERVICE HIGHLIGHTS

Operations in the Administrative Services Fund include the City Manager's Office Governance and Personnel Divisions, and the Finance Department Administrative Services and Financial Services Divisions. The services provided are used by the entire organization and include: general management oversight; Council and Budget Commission meeting support; labor negotiations; maintaining Council directives to provide equitable salary and benefit packages for employees; contract payments for the City Attorney; balancing public requests for timely, accurate information about City activities; primary responsibility for the City's financial resources through adherence to Generally Accepted Accounting Principles (GAAP) in financial transactions and reporting, as well as Oregon Revised Statutes related to purchasing and budgeting; managing collections, investments, the City's cash receipts, and accounts receivable; and providing timely payments to vendors and employees through accounts payable and payroll.

FINANCIAL PLANNING ISSUES

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

The primary challenge faced by this fund is to balance service demands from internal and external customers while maintaining stable allocation of costs to operating funds.

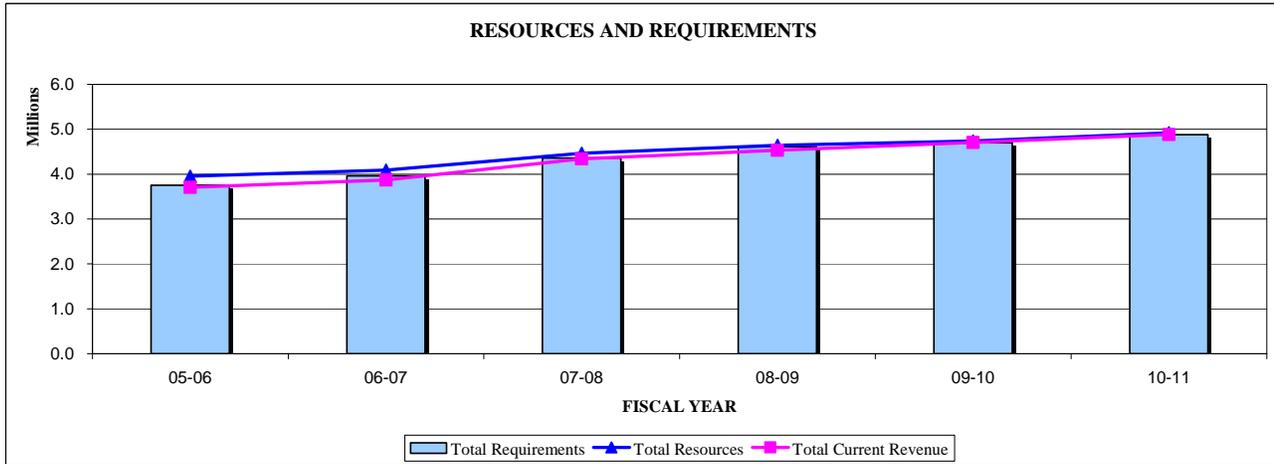
Demands for new or increased services, without increasing costs to operating departments, have pushed the need for more technology to manage and distribute information to employees.

APPROPRIATE FUND BALANCE

The City's current Financial Policies state that the Finance Director shall recommend an appropriate fund balance each year for each fund. The Administrative Services Fund is an internal service fund (funded by charges to other City Departments) and should have a fund balance close to \$0 each year. The Administrative Services fund is projected to end FY 08-09 with an ending fund balance of \$20,075. Balances in excess of \$20,000 will be returned to departments each year.

ADMINISTRATIVE SERVICES FUND

BUDGETARY BASIS	AUDITED FY 05-06	AUDITED FY 06-07	ADOPTED FY 07-08	REVISED FY 07-08	ADOPTED FY 08-09	FY 09-10	FY 10-11
BEGINNING OPERATING FUND BALANCE	\$64,547	\$76,381	\$28,681	\$41,995	\$82,122	\$20,075	\$20,075
OPERATING REVENUES							
Charges for Service	\$3,681,400	\$3,814,730	\$4,320,510	\$4,320,510	\$4,547,450	\$4,701,230	\$4,878,620
Miscellaneous	27,038	57,411	29,460	19,760	15,460	2,890	3,020
TOTAL OPERATING REVENUES	\$3,708,438	\$3,872,141	\$4,349,970	\$4,340,270	\$4,562,910	\$4,704,120	\$4,881,640
OPERATING EXPENDITURES							
City Manager's Office	\$1,601,207	\$1,654,722	\$1,914,090	\$1,881,780	\$1,994,630	\$2,010,570	\$2,065,110
Finance	2,152,127	2,308,535	2,501,220	2,475,090	2,612,890	2,690,450	2,813,430
TOTAL OPERATING EXPENDITURES	\$3,753,334	\$3,963,257	\$4,415,310	\$4,356,870	\$4,607,520	\$4,701,020	\$4,878,540
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	(\$44,896)	(\$91,116)	(\$65,340)	(\$16,600)	(\$44,610)	\$3,100	\$3,100
NON-OPERATING RESOURCES (USES)							
NON-OPERATING ACTIVITY							
Transfers In	\$16,980	\$0	\$0	\$0	\$0	\$0	\$0
Contingencies	0	0	0	0	(30,000)	0	0
TOTAL NON-OPERATING RESOURCES (USES)	\$16,980	\$0	\$0	\$0	(\$30,000)	\$0	\$0
Net Operating Fund Activity	(\$27,916)	(\$91,116)	(\$65,340)	(\$16,600)	(\$74,610)	\$3,100	\$3,100
NET ACTIVITY	(\$27,916)	(\$91,116)	(\$65,340)	(\$16,600)	(\$74,610)	\$3,100	\$3,100
RESTRICTED BALANCES, Beginning of Year	\$179,487	\$139,737	\$83,007	\$83,007	\$26,280	\$13,720	\$16,820
FUND BALANCE (Including Restricted), End of Year	\$216,118	\$125,002	\$46,348	\$108,402	\$33,792	\$36,895	\$39,995
LESS: RESTRICTED BALANCES							
MANAGEMENT RESERVES	\$20,080	\$23,180	\$26,280	\$26,280	\$13,720	\$16,820	\$19,920
COUNCIL DESIGNATIONS	119,657	59,827	0	0	0	0	0
UNRESTRICTED FUND BALANCE	\$76,381	\$41,995	\$20,071	\$82,122	\$20,075	\$20,075	\$20,075



RISK MANAGEMENT FUND SUMMARY

SERVICE HIGHLIGHTS

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

FINANCIAL PLANNING ISSUES

- Managing claims to remain within the budget projections will be important to ensure that the use of catastrophic reserves is not required.
- Deductible levels are reviewed with each year's insurance bids to determine the best possible balance between insurance levels and insurance premium costs.

The City emphasizes reducing risk in the work place and has controlled insurance costs, claims, and lost work days as a result. Staff evaluates whether to assume more risk on behalf of the City to reduce costs even further. Controlling risk and further reducing claims is necessary to achieve additional cost benefits.

APPROPRIATE FUND BALANCE

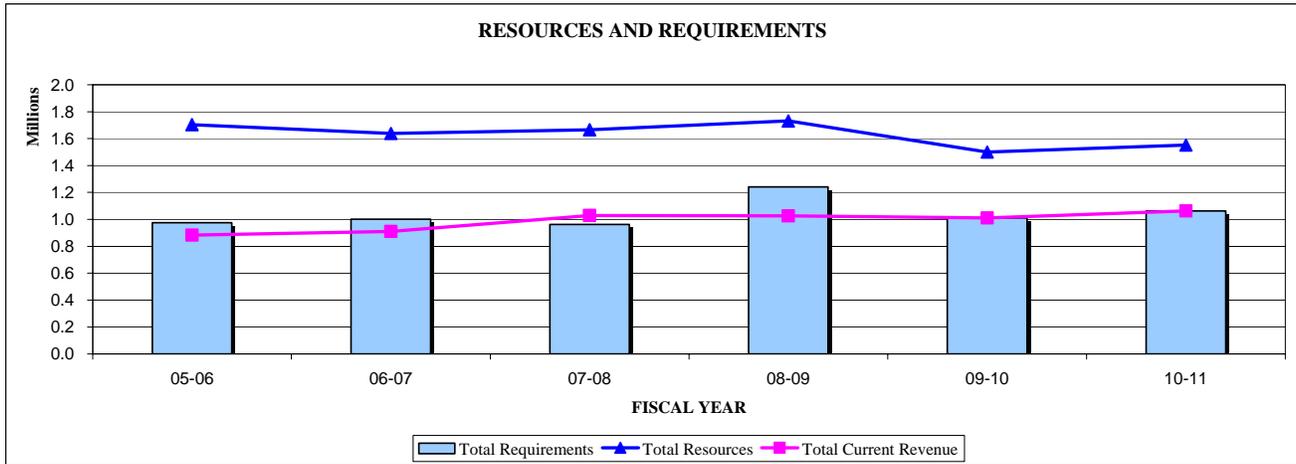
The City's current Financial Policies state that the Finance Director shall recommend an appropriate fund balance each year for each fund. The Risk Management Fund requires higher cash balances than other internal service funds in order to have funds available for catastrophic events.

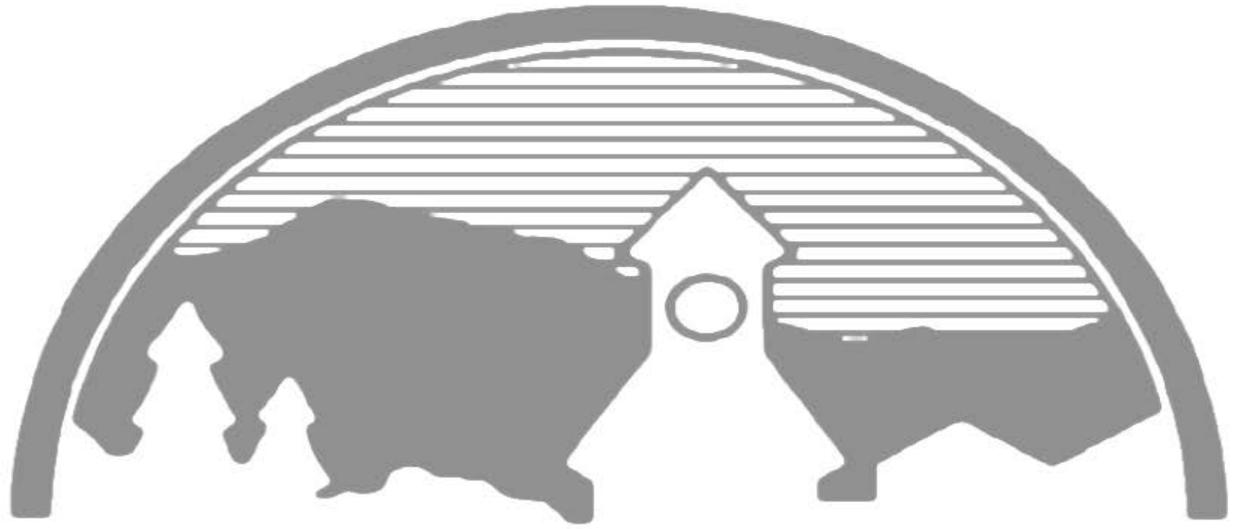
The Financial Policies recommend a \$450,000 unappropriated catastrophic reserve balance and \$275,000 for appropriated catastrophic reserves (contingencies).

The operating fund balance is recommended to be \$40,000. Any amount in excess of \$40,000 is available to increase catastrophic reserves should it fall below \$450,000 or, alternatively, is refunded to departments as a dividend based on experience. Should the ending operating fund balance drop below \$40,000 in any fiscal year, it will be rebuilt the following year. The Risk Management Fund is projected to end FY 08-09 with a fund balance of \$39,329.

RISK MANAGEMENT FUND

BUDGETARY BASIS	AUDITED FY 05-06	AUDITED FY 06-07	ADOPTED FY 07-08	REVISED FY 07-08	ADOPTED FY 08-09	FY 09-10	FY 10-11
BEGINNING OPERATING FUND BALANCE	\$340,386	\$314,495	\$315,425	\$186,909	\$254,329	\$39,329	\$39,329
OPERATING REVENUES							
Charges for Service	\$809,670	\$813,310	\$961,130	\$956,890	\$957,220	\$949,710	\$1,000,340
Intergovernmental	847	8,531	0	0	0	0	0
Miscellaneous	71,869	119,593	71,430	71,890	69,310	61,620	61,770
TOTAL OPERATING REVENUES	\$882,386	\$941,434	\$1,032,560	\$1,028,780	\$1,026,530	\$1,011,330	\$1,062,110
OPERATING EXPENDITURES							
City Manager's Office	\$975,777	\$1,001,520	\$965,140	\$961,360	\$966,530	\$1,011,330	\$1,062,110
TOTAL OPERATING EXPENDITURES	\$975,777	\$1,001,520	\$965,140	\$961,360	\$966,530	\$1,011,330	\$1,062,110
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	(\$93,391)	(\$60,086)	\$67,420	\$67,420	\$60,000	\$0	\$0
NON-OPERATING RESOURCES (USES)							
NON-OPERATING ACTIVITY							
Transfers Out	\$0	(\$31,170)	\$0	\$0	\$0	\$0	\$0
Contingencies	0	0	(275,000)	0	(275,000)	0	0
TOTAL NON-OPERATING RESOURCES (USES)	\$0	(\$31,170)	(\$275,000)	\$0	(\$275,000)	\$0	\$0
Net Operating Fund Activity	(\$93,391)	(\$91,256)	(\$207,580)	\$67,420	(\$215,000)	\$0	\$0
NET ACTIVITY	(\$93,391)	(\$91,256)	(\$207,580)	\$67,420	(\$215,000)	\$0	\$0
RESTRICTED BALANCES, Beginning of Year	\$481,170	\$413,670	\$262,500	\$450,000	\$450,000	\$450,000	\$450,000
FUND BALANCE (Including Restricted), End of Year	\$728,165	\$636,909	\$370,345	\$704,329	\$489,329	\$489,329	\$489,329
LESS: RESTRICTED BALANCES							
MANAGEMENT RESERVES	\$31,170	\$0	\$0	\$0	\$0	\$0	\$0
COUNCIL DESIGNATIONS	382,500	450,000	330,000	450,000	450,000	450,000	450,000
UNRESTRICTED FUND BALANCE	\$314,495	\$186,909	\$40,345	\$254,329	\$39,329	\$39,329	\$39,329





CORVALLIS

ENHANCING COMMUNITY LIVABILITY



SECTION – IV DEPARTMENT SUMMARIES

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

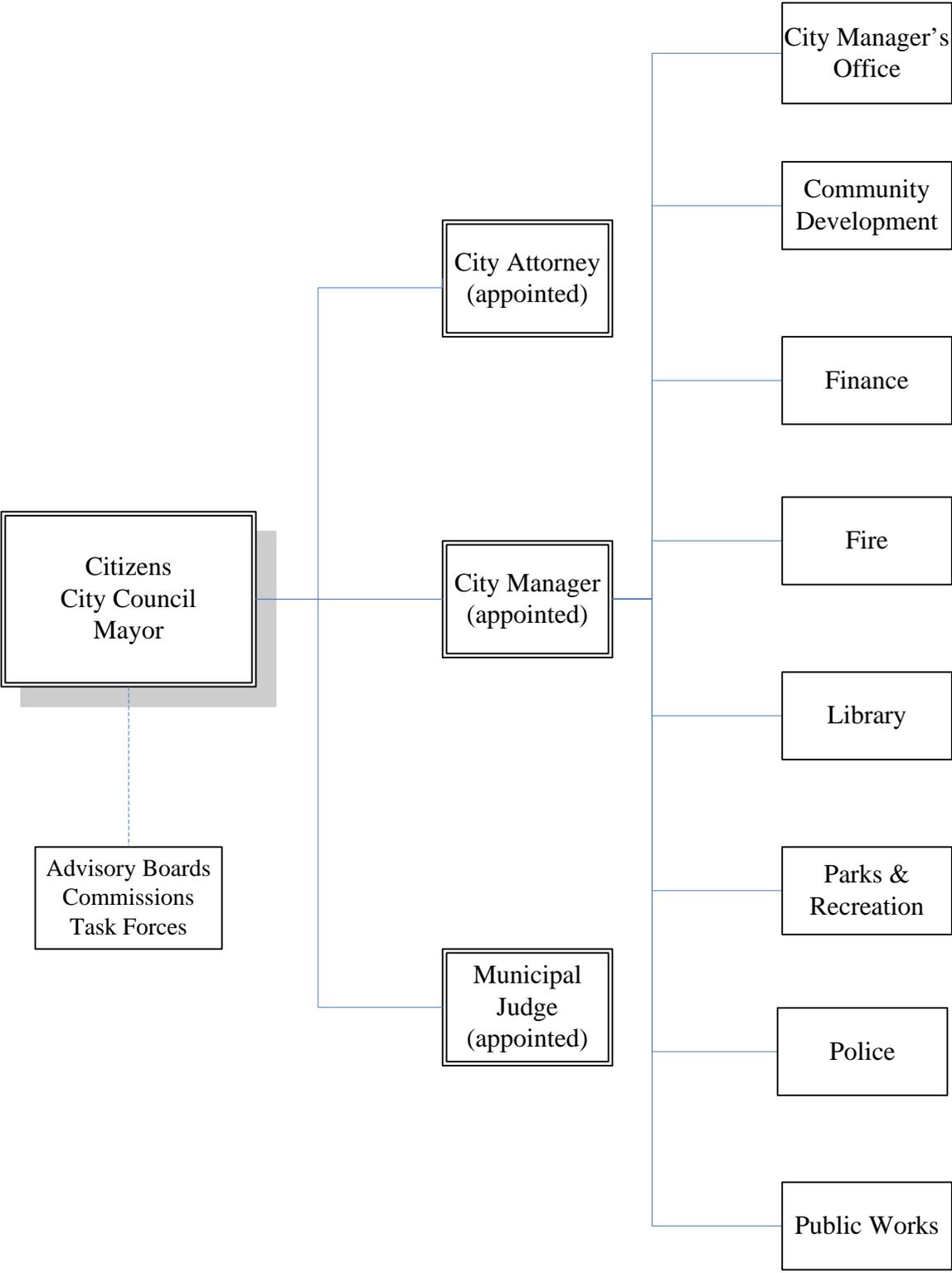
CORVALLIS POLICE DEPARTMENT



CORVALLIS FIRE & RESCUE



**CITY OF CORVALLIS
ORGANIZATION CHART**



CITY MANAGER'S OFFICE SUMMARY OF SERVICES BY DIVISION

MISSION STATEMENT

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

GOVERNANCE

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

PERSONNEL

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

RISK MANAGEMENT

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



Corvallis City Council

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

CITY MANAGER’S OFFICE PERFORMANCE INDICATORS

COUNCIL VALUES	Management Goals & Objectives	Performance Measures	FY06-07 ACTUAL	FY07-08 TARGET	FY07-08 REVISED	FY 08-09 TARGET
Cost Efficiency	Compare City FTE to assess efficient and effective customer service	City FTE per 1,000 population (1)	7.70	8.01	7.60	8.01
	Compare Human Resources FTE to assess efficient and effective customer service	Ratio of Human Resources FTE to total City FTE	1 per 119	1 per 95	1 per 93	1 per 93
	Efficiently accomplish Council goals	Percentage of Council goals completed within each 2-year term. (2)	50%	50% ¹	50%	100%
	Reduce average workers compensation claims per employee through promotion of a safe workplace	# of workers compensation claims per 100 FTE	10.6	<6.0	<6.0	<5.9
	Maximize workplace productivity	Number of sick leave hours used per 1,000 hours worked	30.2	<21.5	<28.0	<25.0
Community Involvement	Maximize citizen satisfaction with the quality of City services	% of Citizen Attitude Survey respondents giving good or excellent rating to the quality of overall City services. (3)	89%	90%	90%	93%
	Maximize citizen satisfaction with City communications and outreach on identified key issues.	Average % of Citizen Attitude Survey respondents indicating the City is doing well or very well at providing information about City spending, City Council decisions, opportunities for citizen involvement, and City services	59%	65%	46%	60%
Sustainability	Reduce paper use	Reduce paper usage by 10% from the FY 2005-06 baseline of 524 reams as measured on a quarterly basis	New Measure	<471.6	<260	<230
	Measure the benefits to compensation ratio for competitiveness, retention, attraction and comparator purposes.	Benefits as a % of total compensation	31%	28%	27%	28%
Diversity	Provide a welcoming organization that promotes and respects diversity	% of total job applicants for regular positions who identify themselves as a minority	5.6%	10.5%	10.5%	11.0%

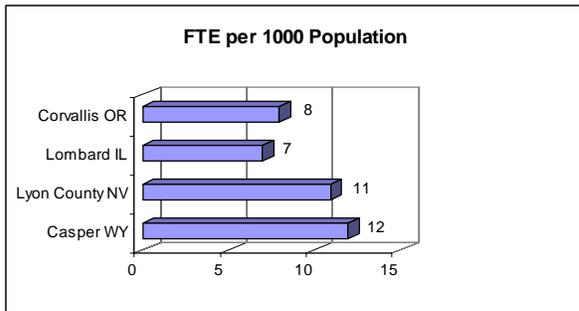
¹ The 2007-2008 Council established its goals in March 2007, and therefore it is not likely that 100% of the goals would be completed by the end of the 2007-08 fiscal year.

CITY MANAGER'S OFFICE PERFORMANCE INDICATORS (Continued)

Select discussion of key measures above:

(1) **City FTE/1000 population:**

- *Measure definition:* Assess cost efficiency by evaluating the ratio of staff to citizens.
- *Evaluation of results:* Managers use the comparison to gauge how the level of staffing in Corvallis relates to the number of customers to be served. As the population grows, additional staff will be needed, at some level, to effectively serve the citizenry. Staff will also evaluate relative to other comparable cities nationally.



- *Current year performance and trends:* Corvallis' population and staffing have remained fairly stable over the past several years; this trend is likely to continue. As shown in the graph to the left, comparing other university communities of similar size, Corvallis' FTE per 1,000 population falls approximately in the middle.

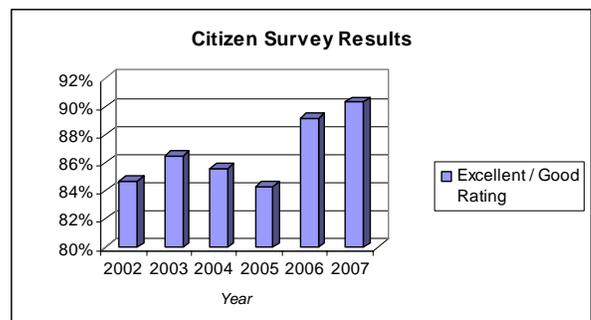
- *Conclusions and challenges:* One challenge is determining what level of population growth necessitates the addition of staff. Individual departments often assess the appropriateness of their own staffing level through direct customer feedback. The City Manager's Office facilitates that feedback through the Citizen Attitude Survey, Ward meetings, and Government Comment Corner.

(2) **Percentage of Council goals completed within each 2-year term:**

- *Measure definition:* Percentage of Council goals completed by the end of a Council term. A new Council generally establishes its goals by March of the new term. Most of the goals require more than one year to complete, and therefore such goal completion often carries over into the next fiscal year, and sometimes to the next Council term.
- *Evaluation of results:* Completing goals within a two year Council term can be a barometer of how efficiently City staff can accomplish the assigned work. However, outside forces such as legislative action or funding levels can impact staff's ability to achieve Council's established goals.
- *Current year performance and trends:* The 2007-2008 Council adopted their goals in March 2007; work toward goal completion continues.
- *Conclusions and challenges:* Challenges to completing goals include ongoing work plans and continuance of goals after a Council term is completed, as well as the addition of new goals.

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

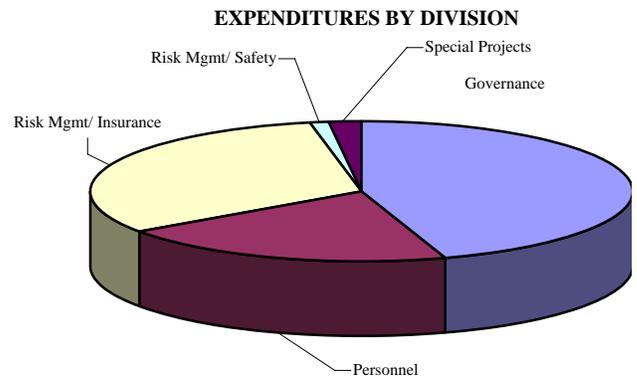
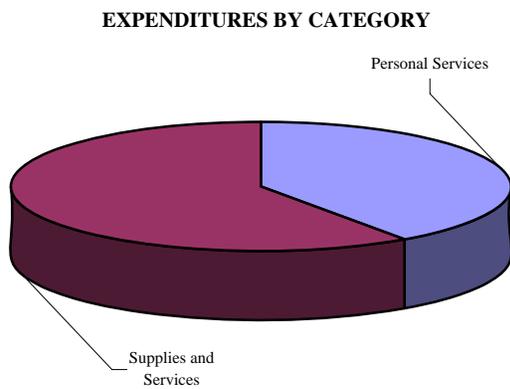
- *Measure definition:* This measure tracks the percentage of Citizen Attitude Survey respondents who give a good or excellent rating to the quality of overall City services.
- *Evaluation of results:* The City Manager and Department Directors use the results to gauge citizen satisfaction over time and adjust resource allocation accordingly.
- *Current year performance and trends:* The 2007 rating at 90.3% is the highest level achieved in the past five years, as illustrated in the graph below. The 2008 Citizen Attitude Survey will be completed by December 2008.
- *Conclusions and challenges:* Citizen satisfaction with the quality of City services is often related to the level of staffing available to meet citizen needs, as well as how well City employees provide customer service. Outside comparisons are limited by what questions are asked in other cities' surveys. Satisfaction levels do not necessarily indicate service priorities. That is, a satisfactory rating could mean spending at the same level with no more improvements needed, or that it's an important service where citizens might choose to prioritize for more/better services.



CITY MANAGER'S OFFICE – BUDGET SUMMARY

BUDGET BY CATEGORY:	ACTUAL	ACTUAL	BUDGET	REVISED	ADOPTED	%CHANGE
	2005-06	2006-07	2007-08	2007-08	2008-09	FROM 07-08
						BUDGET
Personal Services	\$985,306	\$1,021,436	\$1,144,100	\$1,124,200	\$1,195,770	4.52%
Supplies and Services	1,591,677	1,634,806	1,735,130	1,718,940	1,765,390	1.74%
Capital Outlay	0	0	0	0	0	0.00%
TOTAL	\$2,576,984	\$2,656,242	\$2,879,230	\$2,843,140	\$2,961,160	2.85%

FY 08-09 ADOPTED BUDGET

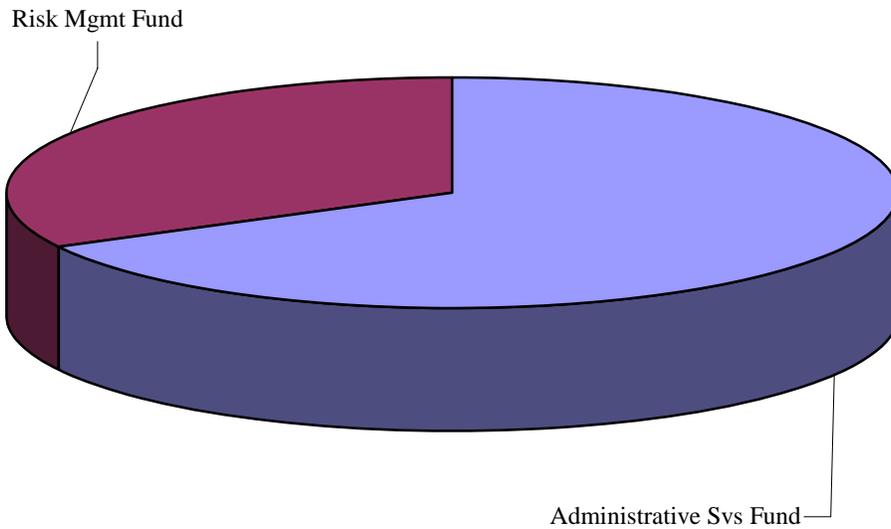


BUDGET BY DIVISION:	ACTUAL	ACTUAL	BUDGET	REVISED	ADOPTED	%CHANGE
	2005-06	2006-07	2007-08	2007-08	2008-09	FROM 07-08
						BUDGET
Governance	\$1,133,892	\$1,145,633	\$1,301,840	\$1,267,890	\$1,332,020	2.32%
Personnel	461,286	475,641	612,250	613,890	602,610	-1.57%
Risk Mgmt/ Insurance	965,172	988,710	923,950	923,950	937,890	1.51%
Risk Mgmt/ Safety	10,605	12,810	41,190	37,410	28,640	-30.47%
Special Projects	6,029	33,448	0	0	60,000	0.00%
TOTAL	\$2,576,984	\$2,656,242	\$2,879,230	\$2,843,140	\$2,961,160	2.85%

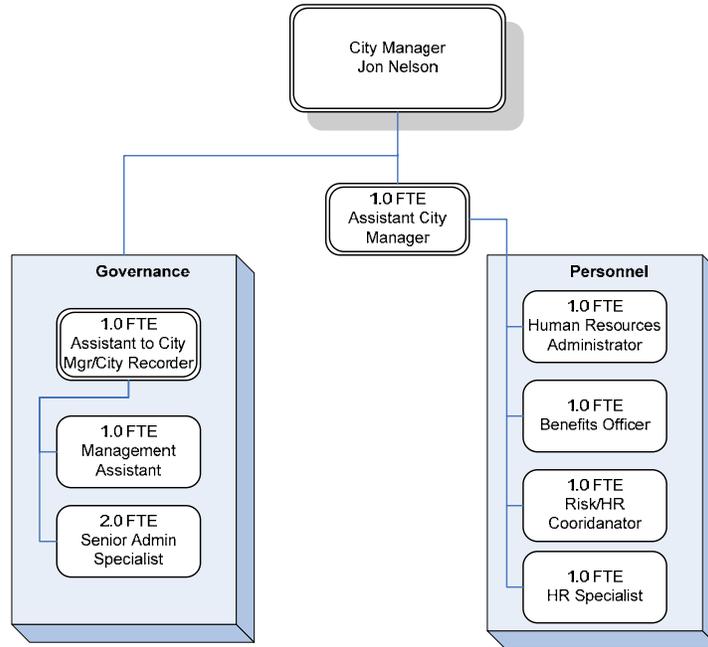
CITY MANAGER'S OFFICE – BUDGET SUMMARY (Continued)

BUDGET BY FUND:	ACTUAL 2005-06	ACTUAL 2006-07	BUDGET 2007-08	REVISED 2007-08	ADOPTED 2008-09	%CHANGE FROM 07-08 BUDGET
Administrative Svs Fund	\$1,601,206	\$1,654,722	\$1,914,090	\$1,881,780	\$1,994,630	4.21%
Risk Mgmt Fund	975,777	1,001,520	965,140	961,360	966,530	0.14%
TOTAL	\$2,576,984	\$2,656,242	\$2,879,230	\$2,843,140	\$2,961,160	2.85%

**FY 08-09 ADOPTED BUDGET
EXPENDITURES BY FUND**



CITY MANAGER'S OFFICE ORGANIZATION CHART



CITY MANAGER'S OFFICE STAFF

Positions	Monthly Salary				
	Range (1.0 FTE)	FY 05-06	FY 06-07	FY 07-08	FY 08-09
City Manager	12,483	1.00	1.00	1.00	1.00
Assistant City Manager	6,418 - 8,682	1.00	1.00	1.00	1.00
Assistant to City Manager/City Recorder	5,594 - 7,140	1.00	1.00	1.00	1.00
Human Resources Administrator	4,972 - 6,346	1.00	1.00	1.00	1.00
Management Assistant	4,147 - 5,293	1.00	1.00	1.00	1.00
Benefits Officer ¹	4,147 - 5,293	0.00	0.00	0.00	1.00
Human Resources Generalist ¹	n/a	1.00	1.00	1.00	0.00
Risk Officer/Human Resources Coordinator ¹	3,459 - 4,414	0.00	0.00	0.00	1.00
Human Resources Technician ¹	n/a	1.00	1.00	1.00	0.00
Senior Administrative Specialist (Exempt)	2,885 - 3,682	2.00	2.00	2.00	2.00
Human Resources Specialist ¹	2,885 - 3,682	0.00	0.00	0.00	1.00
Administrative Specialist ¹	n/a	0.50	0.50	0.50	0.00
TOTAL		9.50	9.50	9.50	10.00

NOTE: Salary ranges reflect FY 07-08 Class and Compensation schedules.

1. Human Resources Generalist was reclassified to Benefits Officer; Human Resources Technician was reclassified to Risk Officer/Human Resources Coordinator; Administrative Specialist position reclassified to Human Resources Specialist and increased by 0.5 FTE during FY 07-08.

COMMUNITY DEVELOPMENT DEPARTMENT SUMMARY OF SERVICES BY DIVISION

MISSION STATEMENT

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

ADMINISTRATION

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

HOUSING

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

PLANNING

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

DEVELOPMENT SERVICES

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



Housing and Community Development Commission Public Outreach Meeting

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

COMMUNITY DEVELOPMENT DEPARTMENT PERFORMANCE INDICATORS

COUNCIL VALUES	Management Goals & Objectives	Performance Measures	FY06-07 ACTUAL	FY07-08 TARGET	FY07-08 REVISED	FY08-09 TARGET
Cost Efficiency	Maintain stated objective of completing inspections within same day of request.	Percentage of building inspections completed on time (1)	99%	95%	95%	95%
	Achieve plan review turn-around time consistent with other Oregon cities.	Percentage of initial residential plan review completed within 14 calendar days (2)	79% within 10 working days	90% within 14 calendar days	90% within 14 calendar days	90% within 14 calendar days
	Meet or exceed federal HOME match requirement for all investment of Housing dollars.	Housing dollars leveraged with outside investment in funded activities	41%	25%	25%	25%
	Meet or exceed State requirements for land use application review time.	Average review time (in days) to process a public hearing land use application	36 days	<115 days	<115 days	<115 days
	Meet or exceed State requirements for land use application review time.	Average review time (in days) to process an administrative planned development land use application	22 days	<45 days	<45 days	<45 days
Community Involvement	Achieve at least the targeted % citizen rating of excellent or good.	Citizen satisfaction with land use process, from customer survey	66%	60%	60%	60%
	Achieve at least the targeted % participant rating of excellent or good.	Economic Development applicants' rating of the process in annual survey	100%	100%	100%	100%
Sustainability	Conserve resources by reducing fuel and paper use.	Percentage of permits issued online (3)	New Measure	5%	5%	5%
	Maintain the quality of low income housing in a cost effective manner.	Units of housing rehabilitated per \$100,000 in City funds invested	4	5	5	5
Diversity	Assure that low income residents' housing needs are met in a cost effective manner.	Housing units occupied by low income households assisted per \$100,000 in City funds invested	10	10	10	10

COMMUNITY DEVELOPMENT DEPARTMENT PERFORMANCE INDICATORS (Continued)

Select discussion of key measures above:

(1) Percentage of building inspections completed on time (ICMA Core Measure):

- *Measure definition:* Inspections must be completed the same day as requested if request is received prior to 7:00 a.m.
- *Evaluation of results:* Target is 95% success. Through the 2nd quarter of FY 07-08 staff achieved 100% success.
- *Current year performance and trends:* Construction activity slowed in the prior fiscal year. Current activity is increasing in commercial construction but remains slow for residential. Overall construction activity is expected to return to normal levels in FY 08-09.
- *Conclusions and challenges:* During the 3rd quarter of FY 07-08 inspection staff were engaged in a number of training opportunities due to the State adoption of new plumbing, electrical and residential codes on April 1, 2008. These training opportunities provide challenges in coverage and maintaining service levels. During this same period, inspection employees were also learning to use field inspection software and tablet PC's. Receiving adequate information from customers for inspection requests remains a troublesome and time-consuming issue. Implementation of an automated inspection request system (IVR) in the latter half of FY 07-08 will greatly reduce this issue. Despite these issues, inspection service is expected to meet stated objectives.

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

- *Measure definition:* This measure includes residential plan review turn-around times. Turn-around is defined as the time from application submittal to all disciplines (Land Development Code (LDC), electrical, mechanical, plumbing, structural, etc.) having completed a first review and the permit is issued, or a hold is placed and a review letter is sent to the applicant requesting additional information. This measure does not include turn-around time for re-review. This measure was modified in FY 07-08 from a former 10 working day measure (or approximately 2 weeks) to 14 calendar days for the purposes of comparability with ICMA statistics.
- *Evaluation of results:* Residential plan review turn-around has been aligned with the ICMA measure of 14 calendar days for initial review.
- *Current year performance and trends:* Goal for success rate is 90%. Through the 2nd quarter of FY 07-08 staff achieved the target of 90%.
- *Conclusions and challenges:* Workload fluctuates based on a number of issues, many of which are beyond the Division's control, and can contribute significantly to the rate of success. A major challenge was implementing the new LDC. Other factors include: Homeowner projects, complex remodel projects, outside agency timelines, size and scope of projects, contract structural review, seismic, ADA, over-the-counter reviews, phased development, number of deferred submittals, design professional competency, staffing levels, and state code changes.

(3) Percentage of permits issued online:

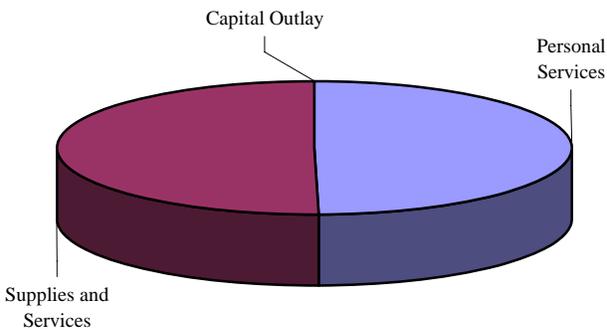
- *Measure definition:* This is a new measure, not included in statistics gathered through ICMA. This measure is how many permits are issued online through OregonPermits.gov, as compared to the total permits issued. This measure applies only to electrical and mechanical permits and not to building or other permits.
- *Evaluation of results:* This new measure was not previously tracked or reported. At the inception of this measure we anticipated at least 5% of electrical and mechanical permits would be issued online. It is planned for the percentage to be adjusted as more experience is gained through FY 08-09.
- *Current year performance and trends:* Through the 2nd Quarter of FY 07-08, performance has been better than anticipated with 19% of electrical and mechanical permits issued online. In relation to promoting sustainable business practices, this equates to 88 trips saved by contractors who would have normally visited our office to obtain these permits. This is a short term result so it is recognized that economic changes and other factors may impact whether performance remains ahead of the initial projection.
- *Conclusions and challenges:* This system will supplement and perhaps eventually replace an antiquated paper process for the most common simple permits, saving time and resources for contractors and Development Services. In addition to potential decreases in overall permitting due to the state of the economy, challenges will center on getting customers to use the online system.

COMMUNITY DEVELOPMENT DEPARTMENT – BUDGET SUMMARY

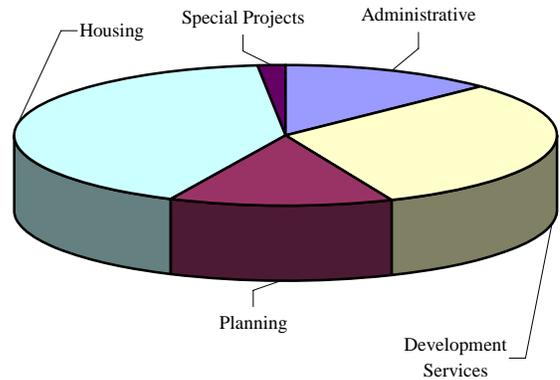
BUDGET BY CATEGORY:	ACTUAL 2005-06	ACTUAL 2006-07	BUDGET 2007-08	REVISED 2007-08	ADOPTED 2008-09	%CHANGE FROM 07-08 BUDGET
Personal Services	\$2,675,288	\$3,017,662	\$3,439,990	\$3,348,340	\$3,868,120	12.45%
Supplies and Services	1,550,593	2,102,594	3,640,180	1,645,460	3,914,920	7.55%
Capital Outlay	50,211	38,092	52,370	43,870	0	-100.00%
TOTAL	\$4,276,092	\$5,158,348	\$7,132,540	\$5,037,670	\$7,783,040	9.12%

FY 08-09 ADOPTED BUDGET

EXPENDITURES BY CATEGORY



EXPENDITURES BY DIVISION

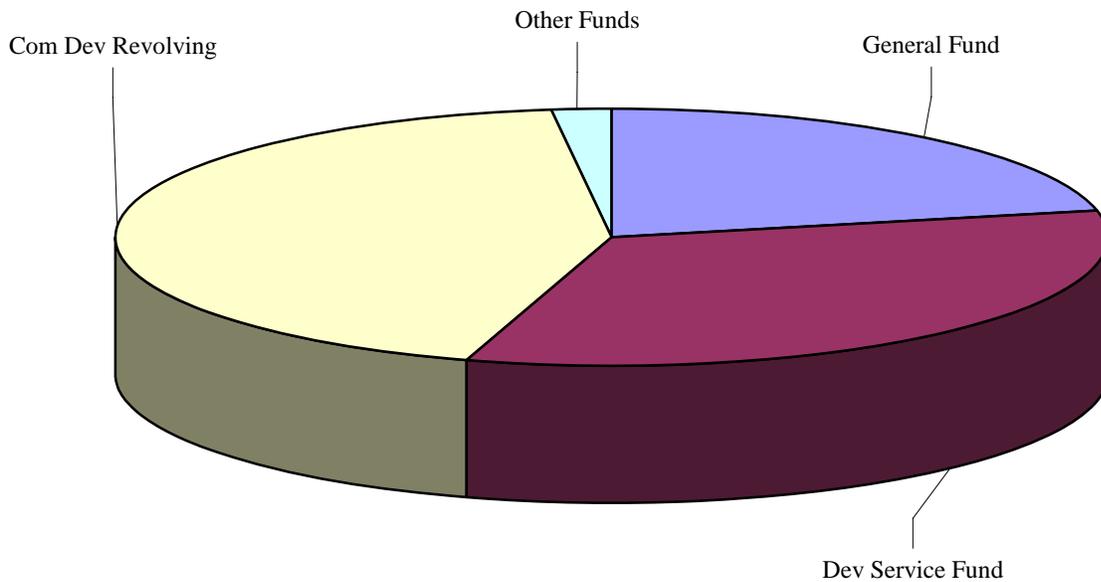


BUDGET BY DIVISION:	ACTUAL 2005-06	ACTUAL 2006-07	BUDGET 2007-08	REVISED 2007-08	ADOPTED 2008-09	%CHANGE FROM 07-08 BUDGET
Administrative	\$786,969	\$822,977	\$909,140	\$910,540	\$989,580	8.85%
Development Services	1,523,486	1,730,651	2,173,240	2,087,830	2,397,630	10.33%
Planning	721,196	777,191	902,720	834,070	1,054,260	16.79%
Housing	1,108,813	1,613,451	2,953,240	1,023,660	3,203,350	8.47%
Special Projects	135,628	214,078	194,200	181,570	138,220	-28.83%
TOTAL	\$4,276,092	\$5,158,348	\$7,132,540	\$5,037,670	\$7,783,040	9.12%

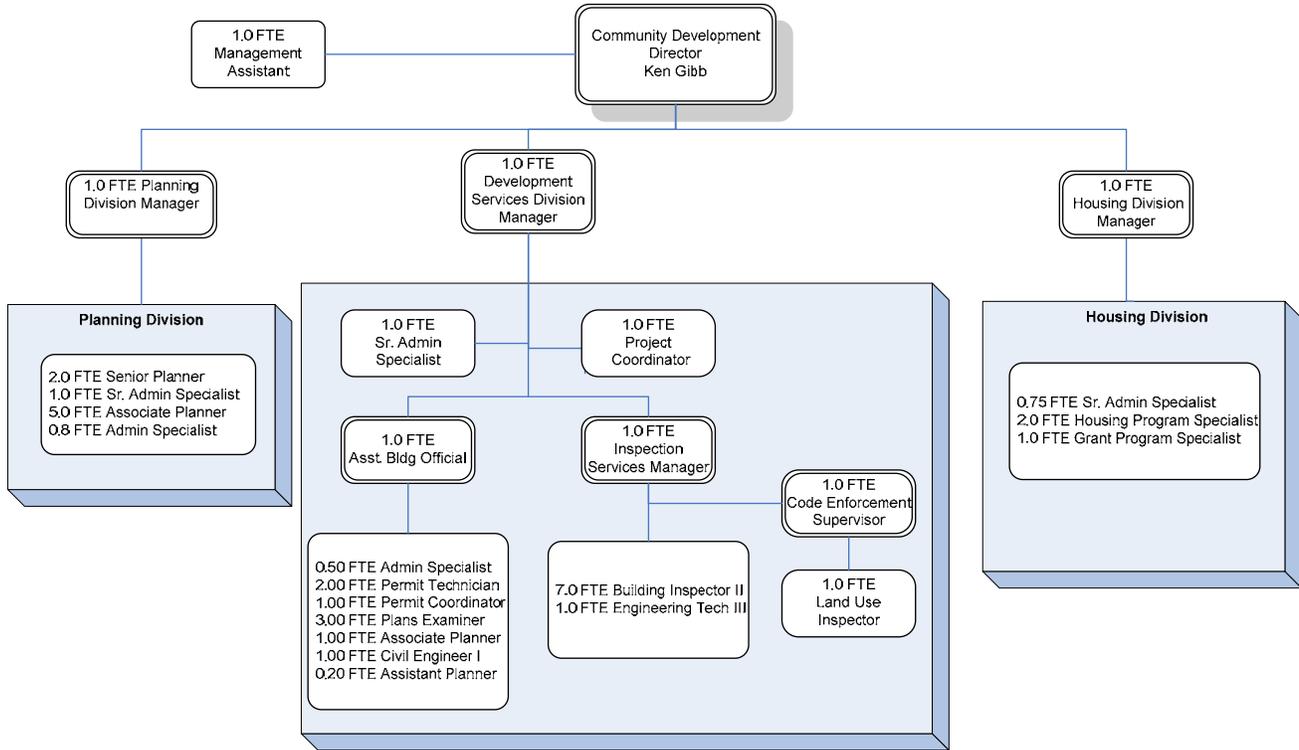
COMMUNITY DEVELOPMENT DEPARTMENT – BUDGET SUMMARY (Continued)

BUDGET BY FUND:	ACTUAL 2005-06	ACTUAL 2006-07	BUDGET 2007-08	REVISED 2007-08	ADOPTED 2008-09	%CHANGE FROM 07-08 BUDGET
General Fund	\$1,038,914	\$1,149,683	\$1,482,290	\$1,370,010	\$1,693,390	14.24%
Street Fund	18,060	17,389	17,660	17,620	18,660	5.66%
Dev Service Fund	1,870,640	2,136,865	2,379,520	2,326,770	2,562,680	7.70%
Com Dev Revolving	1,216,432	1,730,847	3,117,480	1,187,900	3,365,980	7.97%
Parking Fund	3,829	3,022	3,380	3,370	3,580	5.92%
Water Fund	42,715	40,529	44,420	44,320	46,600	4.91%
Wastewater Fund	41,389	39,263	43,090	43,060	45,380	5.31%
Storm Water Fund	44,113	40,750	44,700	44,620	46,770	4.63%
TOTAL	\$4,276,092	\$5,158,348	\$7,132,540	\$5,037,670	\$7,783,040	9.12%

**FY 08-09 ADOPTED EXPENDITURES
EXPENDITURES BY FUND**



COMMUNITY DEVELOPMENT DEPARTMENT ORGANIZATION CHART



Good Samaritan Regional Medical Center improvements



Pending land use action sign



COMMUNITY DEVELOPMENT DEPARTMENT STAFF

Positions	Monthly Salary Range (1.0 FTE)	FY 05-06	FY 06-07¹	FY 07-08²	FY 08-09³
Community Development Director	6,739 - 9,117	1.00	1.00	1.00	1.00
Development Services Manager	6,293 - 8,032	1.00	1.00	1.00	1.00
Planning Division Manager	6,293 - 8,032	1.00	1.00	1.00	1.00
Assistant Building Official	5,594 - 7,140	1.00	1.00	1.00	1.00
Housing Division Manager	5,594 - 7,140	1.00	1.00	1.00	1.00
Inspection Services Manager	5,594 - 7,140	1.00	1.00	1.00	1.00
Project Coordinator ³	4,569 - 5,599	0.00	0.00	0.00	1.00
Senior Planner ¹	4,569 - 5,599	1.00	2.00	2.00	2.00
Plans Examiner III	4,569 - 5,599	2.00	2.00	2.00	2.00
Code Enforcement Supervisor ²	4,541 - 5,796	0.00	0.00	1.00	1.00
Associate Planner ^{1,2,3}	4,233 - 5,187	5.80	6.00	5.00	6.00
Civil Engineer I	4,233 - 5,187	1.00	1.00	1.00	1.00
Building Inspector II	4,233 - 5,187	7.00	7.00	7.00	7.00
Management Assistant	4,147 - 5,293	1.00	1.00	1.00	1.00
Land Use Inspector ²	3,630 - 4,448	0.00	0.00	1.00	1.00
Assistant Planner ⁴	3,630 - 4,448	0.25	0.25	0.25	0.20
Housing Program Specialist	3,630 - 4,448	2.00	2.00	2.00	2.00
Plans Examiner I	3,630 - 4,448	1.00	1.00	1.00	1.00
Engineering Technician III	3,630 - 4,448	1.00	1.00	1.00	1.00
Grant Program Specialist	3,367 - 4,126	1.00	1.00	1.00	1.00
Permit Coordinator	3,367 - 4,126	1.00	1.00	1.00	1.00
Permit Technician ^{2,4}	3,129 - 3,835	1.75	1.75	1.95	2.00
Senior Administrative Specialist	2,920 - 3,578	2.75	2.75	2.75	2.75
Administrative Specialist	2,551 - 3,126	1.30	1.30	1.30	1.30
TOTAL		35.85	37.05	38.25	40.25

NOTE: Salary ranges reflect FY 07-08 Class and Compensation schedules.

1. FY 06-07 reflects increase of 1.20 FTE: an Associate Planner position from 0.80 to 1.00 FTE and 1.00 FTE Associate Planner added in Development Services. Also in FY 06-07, one Associate Planner was reclassified to a Senior Planner position.
2. 1.00 FTE for a Code Enforcement Officer and 0.20 FTE for a Permit Technician were enhancements for FY 07-08. One Associate Planner was reclassified to a Land Use Inspector position in FY 07-08.
3. 1.0 FTE Associate Planner plus 1.0 FTE Project Coordinator were enhancements for FY 08-09.
4. An FY 07-08 Development Services reorganization resulted in changes as reflected in FY 08-09 authorized levels above. A 1.0 FTE Permit Technician position was decreased to a 0.75 FTE. The remaining 0.25 FTE authorization was supplemented by 0.05 FTE of an Assistant Planner position plus the 0.20 FTE Permit Technician position enhancement to get to another 0.50 FTE Permit Technician.

CoHo Cohousing
Condominium project



FINANCE DEPARTMENT SUMMARY OF SERVICES BY DIVISION

MISSION STATEMENT

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

ADMINISTRATION

- Provide information to the City Council, Budget Commission, staff and citizens on the financial aspects of issues under consideration by the City.
- Advise departments on financial matters and fiscal responsibility.
- Support departmental operations through timely processing of interoffice mail.
- Secure financing for capital projects.
- Provide policies and procedures for the organization on all financial matters.
- Ensure fiscal stability through sound long-term financial planning.
- Provide timely processing of tobacco, liquor and social gaming license requests including the annual renewal programs.
- Evaluate the fiscal impact of ballot initiatives and proposed legislation which may impact City operations.
- Maintain Budget Commission records, including agendas and minutes.
- Update the City Council's Financial Policies annually.
- Provide oversight, reporting, and administrative assistance for the Finance Department.
- Maintain the Finance Department website with timely, accurate information.
- Provide public information on issues related to City finances.

FINANCIAL SERVICES

- Prepare for the annual audit and issue the Comprehensive Annual Financial Report.
- Provide support to departments to develop and monitor annual budgets and prepare the annual budget.
- Invest cash within the guidelines of the City's investment policy and Oregon Revised Statutes (ORS).
- Provide for safe and efficient cash management of City funds.
- Process timely payments to vendors for providing goods and services to the City.
- Process bills for services provided by the City, including ambulance services and special assessments.
- Assist and guide departments in grant management compliance and accounting.
- Ensure fiscal integrity in debt management.
- Process payroll to ensure employees are paid accurately and on time, and legal requirements are met.
- Provide Quarterly Operating Reports on the financial status of the City to the City Council and Budget Commission.
- Manage and pursue collection of delinquent accounts.

JUDICIAL SERVICES

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

MANAGEMENT INFORMATION SERVICES

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

UTILITY BILLING SERVICES

- Provide monthly meter reading and utility billing services to over 15,000 utility services accounts.
- Ensure monthly City Services statements are accurate and delivered on time.
- Provide electronic bills and convenient payment options for customers.

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

FINANCE PERFORMANCE INDICATORS

COUNCIL VALUES	Management Goals & Objectives	Performance Measures	FY06-07 ACTUAL	FY07-08 TARGET	FY07-08 REVISED	FY08-09 TARGET
Cost Efficiency	Receive sufficient per capita revenue levels to enable the City to maintain existing service levels.	Maintain operating revenue greater than or equal to \$1,100 per capita.	\$1,169	>\$1,100	>\$1,100	>\$1,100
	Ensure City resources are primarily spent on operations that provide services directly to citizens.	Maintain general overhead costs (City Manager's Office and Finance) at less than 7% of total operating budget.	6.3%	6.8%	6.8%	6.8%
	Provide necessary information technology resources for departments to operate efficiently.	Achieve 100% server uptime relative to scheduled server uptime.	98%	100%	100%	100%
	Manage MIS resources effectively and provide cost-efficient, high-quality, proactive service to the organization to support system changes to adapt to ongoing departmental needs.	Resolve service calls to repair calls at a ratio of three to one. ¹	New Measure	3/1	3/1	3/1
	Increase organizational efficiency in providing service output.	Maintain operating expenditures less than or equal to \$1,350 per capita. ²	\$1,168	≤\$930	≤\$1,350	≤\$1,350
Community Involvement	Work to continually improve customer satisfaction with Utility Billing services as measured by the City's Citizen Survey.	Percent of Citizen Survey Respondents giving "good" or "excellent" rating to the Utility Billing services on the City's Citizen Survey.	84%	88%	86%	86%
Sustainability	Reduce department wide paper consumption through increased use of electronic file sharing and software upgrades.	Reduce total FY 07/08 paper purchases by 20% from FY 04/05 as measured in number of reams on a quarterly basis. Additional 10% reduction in FY 08/09. ³	1,776	1,440	1,440	1,296
	Reduce paper and postage costs by increasing proportion of Utility Billing customers participating in E-Bill program.	Increase number of E-Bill participants to 20% of Utility Billing customers. ⁴	New Measure	3,000	3,000	3,000

¹ In the 2nd quarter MIS discovered a significant problem with its helpdesk software upgrade so is not currently able to track service vs. repair call data. In addition, this performance measure description was revised to provide clarification.

² The target for operating expenditures printed in the adopted FY07-08 budget document was based on an FY 05-06 value which cannot be tracked to established budget levels or population data in that time frame. As such, the revised target will be set more realistically at the original operating budget less a mitigating factor using the current population levels.

³ The FY 07-08 and FY 08-09 target was established as a total by quarter instead of on an annual basis. The target for FY 07-08 on an annual basis is 1,440 reams of paper. The FY 08-09 target is a 10% reduction from FY 07-08 paper consumption due to continued department efforts to reduce paper usage through increased use of electronic file sharing, new software reporting tools and dual monitors. The FY 06-07 actual of 1,801 was reduced to 1,776 based on more accurate receipt information.

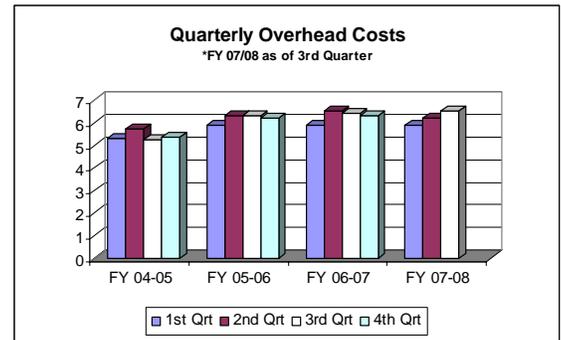
⁴ E-bill participation is low relative to target, but once a recurring credit card payment option is available in FY08-09, participation is expected to increase.

FINANCE PERFORMANCE INDICATORS (Continued)

Select discussion of key measures above:

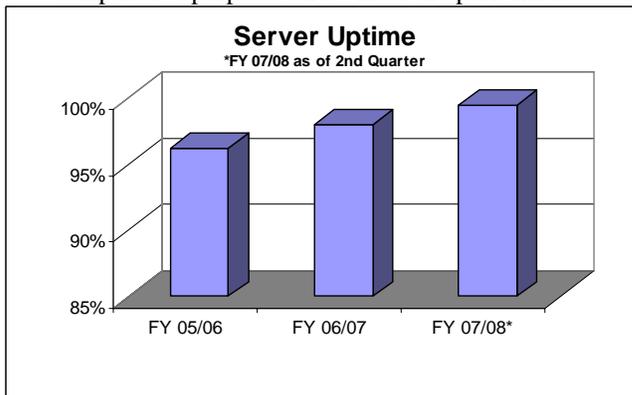
(1) Maintain general overhead costs at less than 7% of total operating budget:

- *Measure definition:* Maintain administrative overhead for the City’s operations (i.e. operating costs in the City Manager’s Office and Finance Department) at less than 7% of the City’s total operating budget. Both numerator and denominator of the percentage are expressed as total expenditures less capital projects, debt service, transfers and other non-operating costs.
- *Evaluation of results:* Keeping overhead costs as low as possible helps ensure that City resources are primarily spent on operations that provide services directly to citizens. The U.S. Government allowance for overhead on a federal HOME grant is 10% and is considered a reasonable benchmark for comparative purposes.
- *Current year performance and trends:* The City has consistently managed general overhead costs below the federal benchmark standard with general overhead costs typically falling below a 7% threshold. Total overhead costs have risen in each of the last three fiscal years and the trend projects an increase in FY 07/08. However, through the second quarter FY 07/08, overhead costs are trending lower than projections.
- *Conclusions and challenges:* As the City continues to identify efficiencies and additional savings, most general overhead costs are manageable. Due to inflation and variables outside the control of the City, some overhead costs such as employee health insurance are difficult to control and will most likely increase in the future. The organization must continue to gain efficiencies to ensure resources are primarily spent on operations that provide services directly to citizens.



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

- *Measure definition:* MIS aspires to have a 100% server uptime. When maintenance requires an outage, best effort is given to put this outage in the off-hours of the majority of the organization. The risk of an emergency outage is mitigated through the intelligent use of redundancy, clustering and backup systems.
- *Evaluation of results:* As departments further integrate computerized technology into their core business competency, MIS ensures it is done correctly. Server uptime improves performance within departments and enables the departments to achieve internal efficiencies.
- *Current year performance and trends:* Server uptime performance has been measured beginning in FY 05/06 in which MIS achieved just over a 96% server uptime average for the year. Average server uptime results in FY 06/07 indicate an improvement in performance at an average of 99%. MIS has continued a similar level of performance into the first two quarters of FY 07/08. This performance measurement is necessary to provide benchmark data for comparative purposes and will be the performance standard for FY 08/09.



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

(3) Attain at least an 80% rating for customer satisfaction with Utility Billing services:

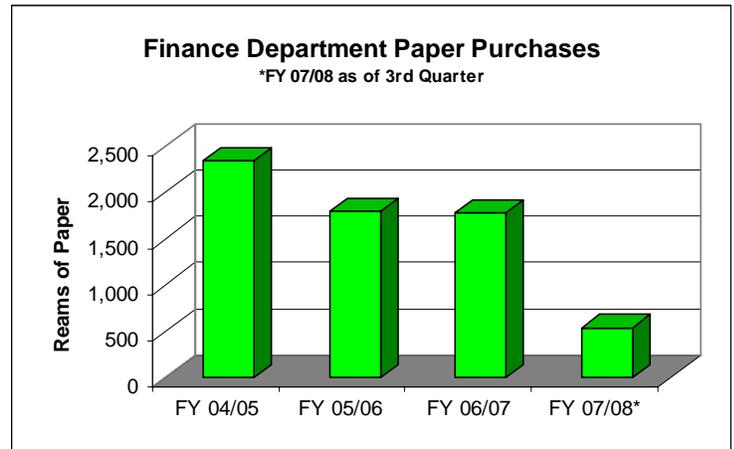
- *Measure definition:* The City’s Annual Citizen Attitude survey provides an opportunity to measure customer satisfaction with Utility Billing services. Survey responses that fall within the “good” or “excellent” rating are deemed to meet the 80% threshold.

FINANCE PERFORMANCE INDICATORS (Continued)

- *Evaluation of results:* As Utility Billing achieves this level of customer satisfaction, it must balance keeping its customer base satisfied with the need to be fiscally responsible and achieve the timely collection of payments for water, wastewater and storm water services provided by Public Works.
- *Current year performance and trends:* Utility Billing increased its customer service rating from 77.8% in 04/05 to a peak of 87.2% in 05/06. The rating declined slightly in FY 06/07 to 83.6% with a similar rating in FY 07/08.
- *Conclusions and challenges:* The FY 08/09 goal is to reach 88% satisfaction rating with utility billing service customers. Utility billing practices and policies have been revised to reduce overall operating costs and to address customer service initiatives which should have a positive impact on the rating. The changes were intended to save money and to provide better quality services while ensuring costs are allocated appropriately. Utility Billing also changed its monthly billing statement to include more consumption data and billing information as requested by its customers and is currently providing multiple payment options with a recurring credit card option available in FY 08/09. With these changes, a satisfaction rating of 88% is within reach.

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

- *Measure definition:* Reduce paper purchases by 10% in FY 08/09 from FY 07/08 as measured in number of reams purchased on a quarterly basis.
- *Evaluation of results:* Initially, the finance department determined a 10% reduction in paper consumption was a sustainable practice consistent with Council policy and established FY 04/05 as the baseline year for comparative purposes. Each year thereafter, the department would set new benchmarks to reduce consumption. In FY 08/09, the finance department will reduce paper consumption 10% from FY 07/08.



- *Current year performance and trends:* Finance department paper purchases are recorded each quarter based on the number of reams purchased from suppliers. Total paper purchases in FY 04/05 totaled 2,341 reams. In FY 05/06, paper purchases were reduced about 25% to 1,790 reams due in large part to increased employee efforts to implement sustainable practices. Many of these practices focused on changes in standard operating procedures that were readily adopted by staff, such as duplexing, or scanning documents for sharing by email. Paper consumption decreased slightly in FY 06/07 to 1,776; more than the 10% goal from the base year, FY 04/05. Paper reduction continued in the first quarter FY 07/08 with paper purchases amounting to 150 reams with second quarter purchases totaling 211 reams.
- *Conclusions and Challenges:* City Council adopted a sustainability policy directing the organization to identify opportunities to adopt sustainable practices. The Finance department typically uses more paper than other departments due to the nature of the financial work and the necessary documentation requirements in accounting practices. As a result, the Finance department has among the greatest opportunity of any department to reduce paper consumption and thereby contribute to a more sustainable environment. Staff will continue to implement new practices that enable use of less paper. This includes the purchases of additional software and use of new technologies to meet the goal. Future reductions will be proposed but at smaller increments.



Utility Billing Services



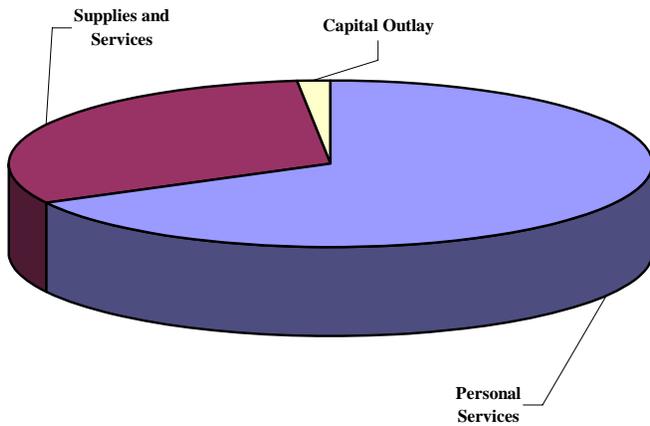
Municipal Court Judge Donahue

FINANCE – BUDGET SUMMARY

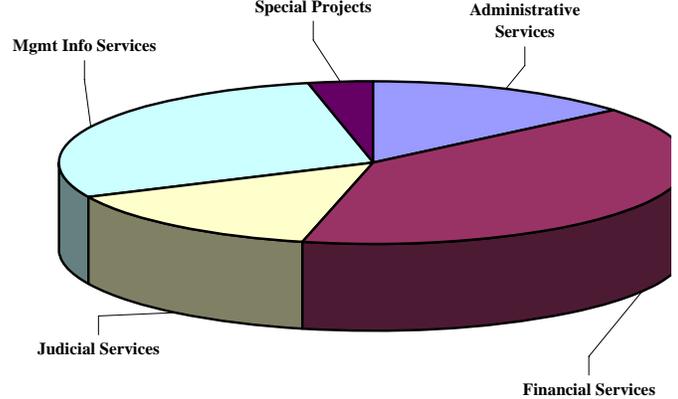
BUDGET BY CATEGORY:	ACTUAL 2005-06	ACTUAL 2006-07	BUDGET 2007-08	REVISED 2007-08	ADOPTED 2008-09	%CHANGE FROM 07-08 BUDGET
Personal Services	\$2,629,557	\$2,779,544	\$3,038,740	\$2,896,750	\$3,239,220	6.60%
Supplies and Services	1,290,480	1,434,666	1,487,930	1,447,280	1,489,260	0.09%
Capital Outlay	20,329	120,576	70,500	70,500	86,160	22.21%
TOTAL	\$3,940,366	\$4,334,787	\$4,597,170	\$4,414,530	\$4,814,640	4.73%

FY 08-09 ADOPTED BUDGET

EXPENDITURES BY CATEGORY



EXPENDITURES BY DIVISION

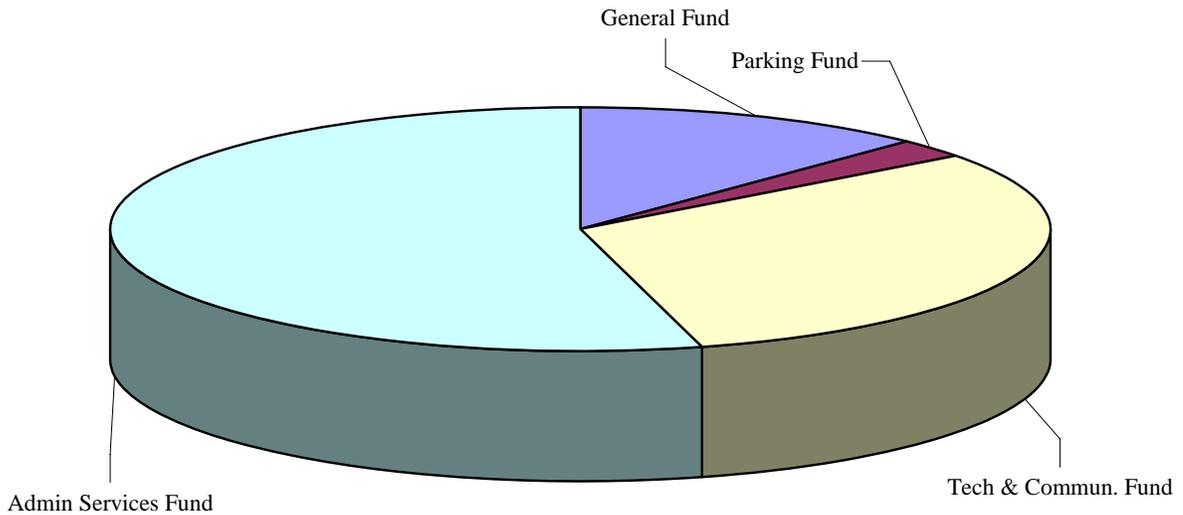


BUDGET BY DIVISION:	ACTUAL 2005-06	ACTUAL 2006-07	BUDGET 2007-08	REVISED 2007-08	ADOPTED 2008-09	%CHANGE FROM 07-08 BUDGET
Administrative Services	\$534,274	\$588,396	\$645,870	\$637,500	\$665,320	3.01%
Financial Services	1,591,867	1,720,139	1,832,850	1,815,090	1,916,910	4.59%
Judicial Services	569,605	595,667	638,250	629,530	688,550	7.88%
Mgmt Info Services	1,136,830	1,215,758	1,347,700	1,264,910	1,384,050	2.70%
Special Projects	107,790	214,827	132,500	67,500	159,810	20.61%
TOTAL	\$3,940,366	\$4,334,787	\$4,597,170	\$4,414,530	\$4,814,640	4.73%

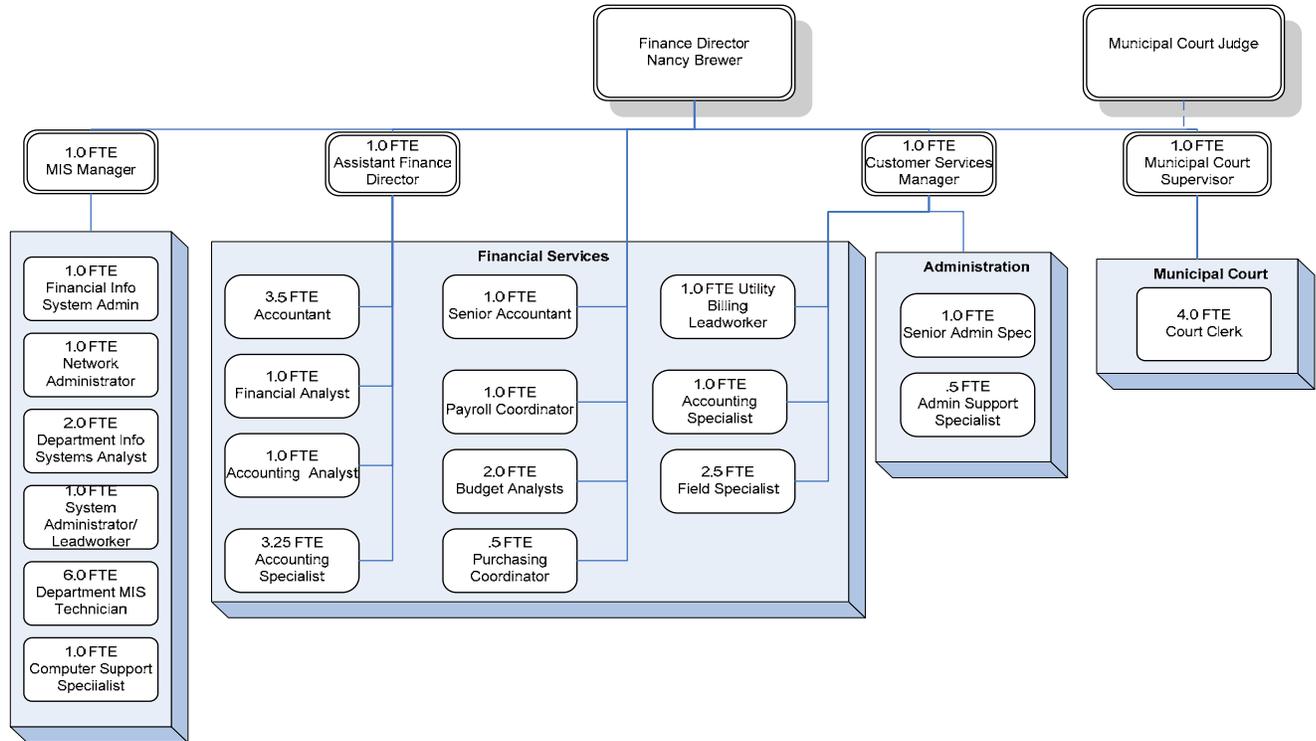
FINANCE – BUDGET SUMMARY (Continued)

BUDGET BY FUND:	ACTUAL 2005-06	ACTUAL 2006-07	BUDGET 2007-08	REVISED 2007-08	ADOPTED 2008-09	%CHANGE FROM 07-08 BUDGET
General Fund	\$460,899	\$496,410	\$523,720	\$517,260	\$590,050	12.67%
Parking Fund	108,706	99,256	114,530	112,270	117,650	2.72%
Tech & Commun. Fund	1,218,634	1,430,585	1,457,700	1,309,910	1,494,050	2.49%
Admin Services Fund	2,152,127	2,308,535	2,501,220	2,475,090	2,612,890	4.46%
TOTAL	\$3,940,366	\$4,334,787	\$4,597,170	\$4,414,530	\$4,814,640	4.73%

**FY 08-09 ADOPTED BUDGET
EXPENDITURES BY FUND**



FINANCE DEPARTMENT ORGANIZATION CHART



FINANCE DEPARTMENT STAFF

Positions	Monthly Salary				
	Range (1.0 FTE)	FY 05-06	FY 06-07	FY 07-08	FY 08-09
Finance Director	7,076 - 9,572	1.00	1.00	1.00	1.00
Assistant Finance Director	5,594 - 7,140	1.00	1.00	1.00	1.00
MIS Manager	6,293 - 8,032	1.00	1.00	1.00	1.00
Financial Info System Administrator	4,569 - 5,599	1.00	1.00	1.00	1.00
Network Administrator	4,569 - 5,599	1.00	1.00	1.00	1.00
Department Info Systems Analyst	4,233 - 5,187	2.00	2.00	2.00	2.00
System Administrator / Leadworker	3,918 - 4,801	0.00	0.00	0.00	1.00
Senior Accountant	4,233 - 5,187	1.00	1.00	1.00	1.00
Budget Analyst	4,147 - 5,293	2.00	2.00	2.00	2.00
Customer Services Manager	4,147 - 5,293	1.00	1.00	1.00	1.00
System Administrator	4,233 - 5,187	6.00	6.00	6.00	4.00
Accountant	3,630 - 4,448	3.50	3.50	3.50	3.50
Purchasing Coordinator	3,367 - 4,126	0.00	0.50	0.50	0.50
Court Supervisor	3,787 - 4,834	1.00	1.00	1.00	1.00
Payroll Coordinator	3,159 - 4,031	1.00	1.00	1.00	1.00
Computer Support Specialist	3,129 - 3,835	0.00	0.00	0.00	1.00
Financial Analyst	3,129 - 3,835	1.00	1.00	1.00	1.00
Utility Billing Field Specialist	3,129 - 3,835	2.50	2.50	2.50	2.50
Utility Billing Leadworker	3,129 - 3,835	0.00	1.00	1.00	1.00
Accounting Analyst	3,129 - 3,835	1.00	1.00	1.00	1.00
Senior Administrative Specialist	2,920 - 3,578	1.00	1.00	1.00	1.00
Court Clerk	2,551 - 3,126	4.00	4.00	4.00	4.00
Accounting Specialist	2,551 - 3,126	5.25	4.25	4.25	4.25
Administrative Specialist	2,551 - 3,126	0.50	0.50	0.50	0.50
TOTAL		37.75	38.25	38.25	38.25

FIRE DEPARTMENT SUMMARY OF SERVICES BY DIVISION

MISSION STATEMENT

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

MANAGEMENT SERVICES

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

HAZARD REDUCTION SERVICES

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

FIRE & RESCUE OPERATIONS

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

EMERGENCY MEDICAL SERVICES

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

Note: The Fire Department operates in the Fire and Rescue Fund. Workplan goals and accomplishments linked to the service activities above are provided in the Fire and Rescue Fund section.



HazMat decontamination drill



Flammable liquid and gas training



Having fun with Pluggie



EMT in action

FIRE DEPARTMENT PERFORMANCE INDICATORS

COUNCIL VALUES	Management Goals & Objectives	Performance Measures	FY06-07 ACTUAL	FY07-08 TARGET	FY07-08 REVISED	FY08-09 TARGET
Cost Efficiency	Achieve a response time of 5 minutes or under from dispatch to arrival on 80% of Code 3 fire calls within the city limits.	Percentage of fire calls with a response time of 5 minutes or less from dispatch to arrival within city limits. (1)	63%	70%	65%	65%
	Achieve a response time of 5 minutes or under from dispatch to arrival of ALS equipment on 45% of Code 3 EMS calls within the city limits (ASA contract target).	Percentage of EMS calls requiring ALS with response time of 5 minutes or less from dispatch to arrival within city limits.	55%	45%	59%	59%
	Maintain operating costs per capita at or below that of comparator cities.	Total fire operating expenditures per 1,000 population within city limits. (3)	New Measure	\$125.60	\$125.60	\$139.58
	Maintain false alarm rate at or below the level experienced by ICMA comparators.	False Alarms as a % of non-EMS responses in the city.	9%	13%	13%	13%
Community Involvement	Interact with at least 10% of residents (city and rural district) in public education events annually.	Number of attendees at public education events.	7,275	7,210	7,250	7,250
Sustainability	Maintain average loss per 1,000 population within city limits less than national average.	Maintain average loss per 1,000 population within city limits less than national average.	New Measure	<\$15,806	<\$15,806	<\$34,900
	Maintain the number of reported structure fires per 1,000 population within the city limits at less than the national average.	Structure fires per 1,000 population served within city limits. (2)	0.92	<5.30	<5.30	< 3.00

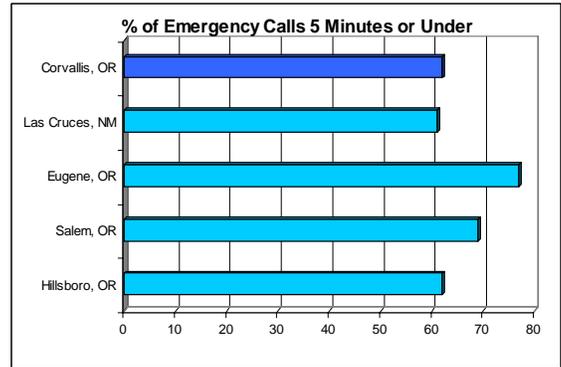
Select discussion of key measures above:

(1) Achieve a response time of five minutes or under from dispatch to arrival on 80% of Code 3 fire calls within the city limits:

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

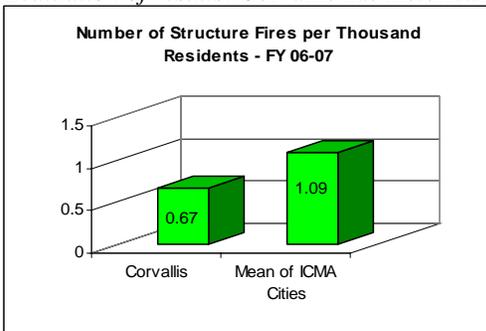
FIRE DEPARTMENT PERFORMANCE INDICATORS (Continued)

- *Current year performance and trends:* While improvements were realized, there still remain challenges in this area, such as accurate “time stamping” by the dispatch system at the 9-1-1 Center, which is being worked on.
- *Conclusions and challenges:* Corvallis’ emergency response time is impacted by its “either / or” response matrix. The adoption of the “either / or” system was an informed decision made by the City to reduce or slow the need to add personnel yet provide immediate fire and emergency medical services. It has proven to be an effective “first call” system; however, the second call in a specific area results in an increase in the time to drive from another station’s response area. The typical increase in “second call” times due to increased travel distance often exceeds the 5-minute target.



(2) Maintain the number of reported structure fires per 1,000 population within the city limits less than the national average:

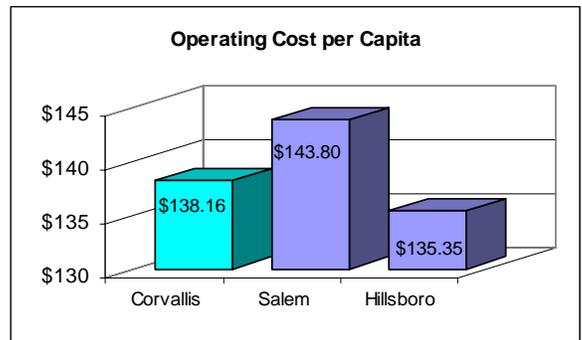
- *Measure definition / discussion:* A measure of the frequency of structures fires per 1,000 residents (to be compared with ICMA participant cities on a “per 1,000 residents” basis). This measure is believed to be affected by a number of demographic factors outside of a fire department’s sphere of influence, such as the general socio-economic environment of the geographic area. However, it is also used as one measure of the effectiveness of a department’s fire prevention efforts.
- *Evaluation of results:* Corvallis has historically realized excellent results in this area.



- *Current year performance and trends:* Corvallis continues to value its fire prevention organization. Those efforts are complimented by an educated and relatively affluent population with the means to address many problems in the home.
- *Conclusions and challenges:* Corvallis is fortunate to have an involved, proactive fire prevention organization. The major challenges faced in this area are in OSU campus housing and street design / clearance issues.

(3) Maintain operating costs per capita within the city limits at or below that of comparator cities:

- *Measure definition / discussion:* This measure, particularly when examined with other indicators (such as response times, fire loss, etc.), provides a financial measure of the department’s services.
- *Evaluation of results:* Corvallis has historically had favorable results with respect to this indicator.
- *Current year performance / trends:* Corvallis continues to enjoy a favorable cost / benefit ratio in comparison with other cities.
- *Conclusions and challenges:* The reinstatement of the vehicle/equipment reserve reduces the potential need of an alternate funding source (bonded debt, levy, etc.) for future apparatus purchases (FY 08-09 and 09-10 planned apparatus purchases will come from fund balance to allow the reserve account to become established). Legislation and lobbying by labor groups have the potential to seek increased staffing of paid firefighters in the name of safety.

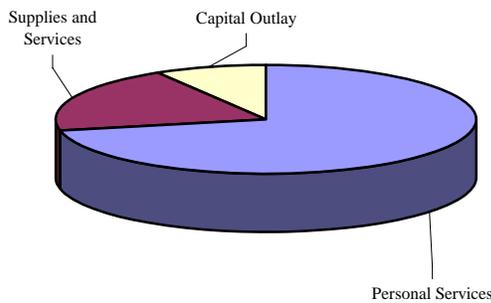


FIRE – BUDGET SUMMARY

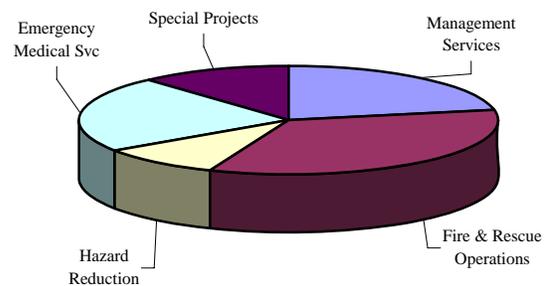
BUDGET BY CATEGORY:	ACTUAL 2005-06	ACTUAL 2006-07	BUDGET 2007-08	REVISED 2007-08	ADOPTED 2008-09	%CHANGE FROM 07-08 BUDGET
Personal Services	\$6,292,658	\$6,860,451	\$7,294,480	\$7,148,160	\$7,636,470	4.69%
Supplies and Services	1,566,408	1,639,045	1,704,090	1,653,900	2,087,160	22.48%
Capital Outlay	416,530	348,294	357,560	322,240	914,940	155.88%
TOTAL	\$8,275,595	\$8,847,790	\$9,356,130	\$9,124,300	\$10,638,570	13.71%

FY 08-09 ADOPTED BUDGET

EXPENDITURES BY CATEGORY



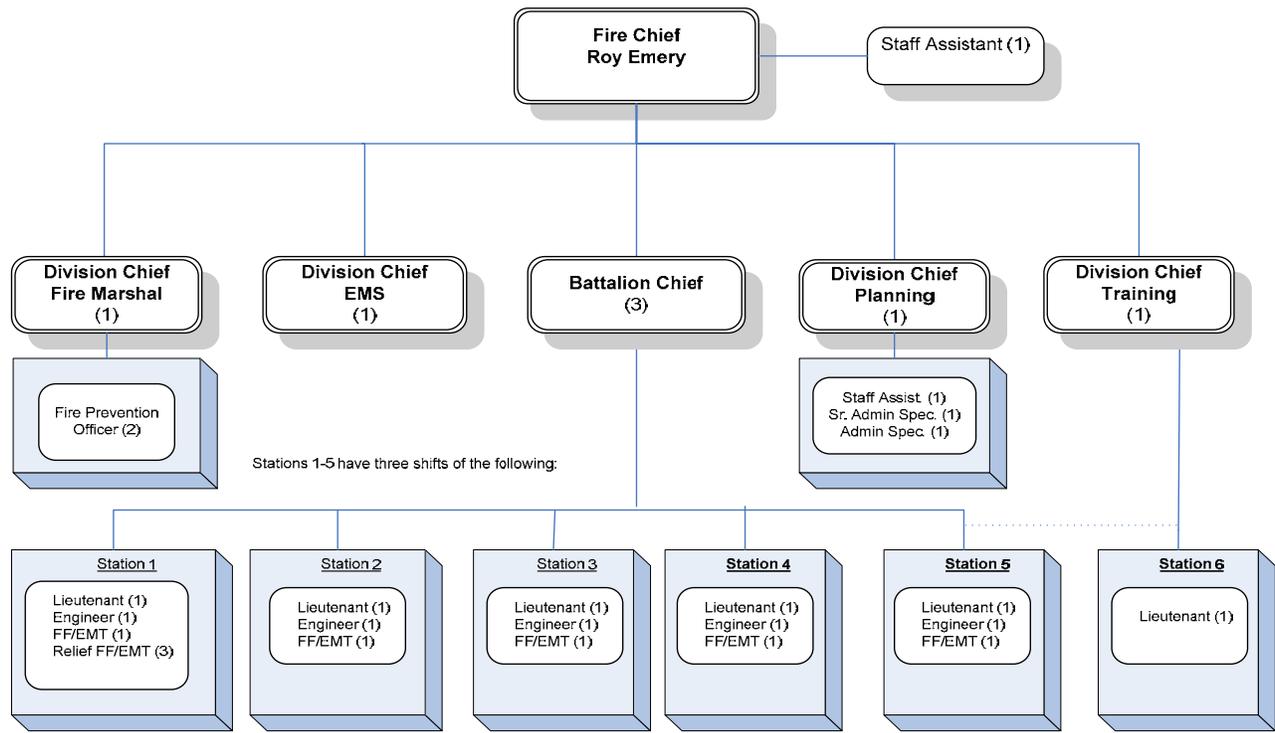
EXPENDITURES BY DIVISION



BUDGET BY DIVISION:	ACTUAL 2005-06	ACTUAL 2006-07	BUDGET 2007-08	REVISED 2007-08	ADOPTED 2008-09	%CHANGE FROM 07-08 BUDGET
Management Services	\$1,587,101	\$1,986,034	\$2,126,650	\$2,088,450	\$2,330,410	9.58%
Fire & Rescue Operations	3,098,648	3,354,369	3,510,810	3,419,080	3,643,560	3.78%
Hazard Reduction	857,594	890,324	950,900	935,420	1,002,920	5.47%
Emergency Medical Svc	2,218,854	2,184,533	2,366,130	2,323,990	2,429,240	2.67%
Special Projects	513,399	432,530	401,640	357,360	1,232,440	206.85%
TOTAL	\$8,275,595	\$8,847,790	\$9,356,130	\$9,124,300	\$10,638,570	13.71%

BUDGET BY FUND:	ACTUAL 2005-06	ACTUAL 2006-07	BUDGET 2007-08	REVISED 2007-08	ADOPTED 2008-09	%CHANGE FROM 07-08 BUDGET
Fire and Rescue Fund	8,275,595	8,847,790	9,356,130	9,124,300	10,638,570	13.71%
TOTAL	\$8,275,595	\$8,847,790	\$9,356,130	\$9,124,300	\$10,638,570	13.71%

FIRE DEPARTMENT ORGANIZATION CHART



FIRE DEPARTMENT STAFF

Positions	Monthly Salary Range (1.0 FTE)	FY 05-06	FY 06-07	FY 07-08	FY 08-09
Fire Chief	6,739 - 9,117	1.00	1.00	1.00	1.00
Operations Chief ¹	6,293 - 8,032	1.00	1.00	1.00	0.00
Division Chief/Battalion Chief ¹	6,293 - 8,032	5.00	5.00	5.00	7.00
Lieutenant ¹	4,484 - 6,359	18.00	19.00	17.00	16.00
Fire Engineer	4,172 - 5,917	15.00	12.00	12.00	9.00
Firefighter EMT	3,899 - 5,530	24.00	26.00	27.00	30.00
Fire Prevention Officer I	4,384 - 5,729	2.00	2.00	2.00	2.00
Staff Assistant - AFSCME	3,129 - 3,835	1.00	1.00	1.00	1.00
Staff Assistant - Exempt	3,159 - 4,031	1.00	1.00	1.00	1.00
Senior Administrative Specialist	2,920 - 3,578	1.00	1.00	1.00	1.00
Administrative Specialist ²	2,551 - 3,126	0.72	0.72	0.72	1.00
TOTAL		69.72	69.72	68.72	69.00

NOTE: Salary ranges reflect FY 07-08 Class and Compensation schedules.

1. Reflects reorganization of staff in October 2007. Exchanged the Operations Chief and Training Lieutenant positions for two Division Chief positions (Planning and Training).
2. Administrative Specialist increased by 0.28 FTE in FY 08-09 to assist in ambulance billing.

LIBRARY DEPARTMENT SUMMARY OF SERVICES BY DIVISION

MISSION STATEMENT

"Bringing People and Information Together"

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

ADMINISTRATION

- Lead, support, direct, plan for, and provide quality library services county-wide.
- Collaborate with local governments, advisory boards and committees, community organizations, and individual citizens.
- Actively promote library services, resources, and events.
- Encourage staff development and monitor participation.
- Attract and pursue various grants and donations to enhance the Library's mission of "bringing people and information together."
- Coordinate library technology to support staff and improve public access to information.
- Collaborate with Finance Department MIS staff to maintain and upgrade the online system for staff and public access to materials and information.

LIBRARY SERVICES

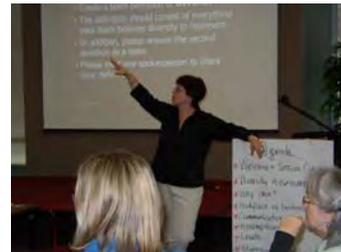
- Maintain systems to lend, retrieve, and shelve library materials.
- Develop and maintain an effective and relevant collection of library materials.
- Operate rural community libraries and mobile services.
- Provide outreach library services.
- Meet informational, educational, cultural, and recreational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



Library Fountain



Upstairs in the Library



Library staff in service

Note: The Library Department operates in the Library and Davidson Funds. Workplan goals and accomplishments linked to the service activities above are provided in these fund sections.

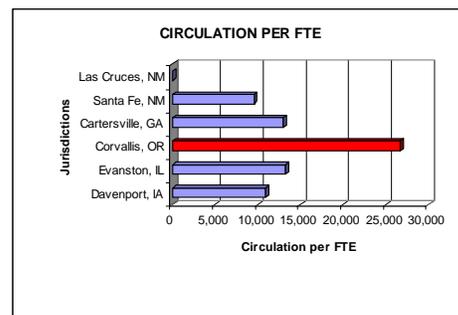
LIBRARY PERFORMANCE INDICATORS

	Management Goals & Objectives	Performance Measures	FY06-07 ACTUAL	FY07-08 TARGET	FY07-08 REVISED	FY08-09 TARGET
Cost Efficiency	Be at ICMA national average or below for operating and maintenance expenditures per item circulated of \$4.06.	Operating and maintenance expenditures per item circulated.	\$2.92	\$2.85	\$3.00	\$3.00
	Circulate at least 50% more per FTE than other ICMA comparable libraries – ICMA average of 17,975.	Circulation per FTE. (1)	26,754	33,600	28,000	27,000
Community Involvement	Achieve at least a 95% rating of excellent or good and be in the top five of national ICMA cities rated.	Citizen rating of overall library services. (2)	99%	97%	99%	97%
	Be in the top 20% of circulation rates per capita of comparable ICMA libraries ≥ 13.2 .	Circulation rates per capita.	17.6	17.8	17.6	17.8
	Increase number of interactions with the public per FTE by 2% over previous year.	Interactions with the public per FTE.	7,213	8,000	7,400	7,500
	Be in the top five of comparable ICMA libraries in volunteer FTE's per 1,000 population $\geq .025$.	Number of volunteer FTE's per 1,000 population.	.064	.075	.074	.074
Sustainability	Each public computer is used at least 3,000 times per year.	Average number of user sessions per Corvallis Library public computer.	3,766	3,300	3,770	3,770
	Provide sufficient library materials for the community to share by being in the top 20% of ICMA comparable libraries ≥ 5.3 items per capita.	Number of items in the collection per capita in Benton County. (3)	4.0	4.2	4.3	4.3
Diversity	Offer programs reflecting the diverse populations within Benton County.	Attendance at programs for children, teens, seniors, Latinos, and other non-English speakers.	20,921	21,000	24,000	24,000

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

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

- *Measure definition:* Number of items checked out from the library divided by the number of full-time equivalent employees (FTE) at the library, using the ICMA definition of paid employees which includes paid casual employees. This gives an idea of how efficient staff are compared to other comparator libraries.
- *Evaluation of results:* The Corvallis-Benton County Public Library is very efficient in its delivery of services, with an average staffing level compared to other libraries, but with an activity level that is more than twice the national average.



Note: Las Cruces, NM did not report mid-year data so it is being shown as zero.

LIBRARY PERFORMANCE INDICATORS (Continued)

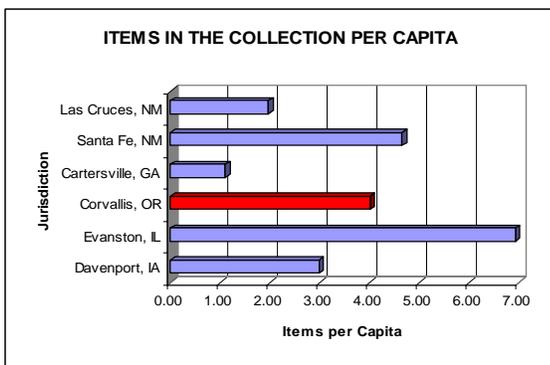
- *Current year performance and trends:* Circulation is trending flat or slightly down, so this indicator may not meet the target.
- *Conclusions and Challenges:* Library staff have made extensive efforts to support this measure by redesigning workflows to improve efficiency and by using volunteers extensively. This may not be sustainable long term as workflows are now extremely efficient and volunteers themselves need a substantial degree of management and training.

(2) Citizen rating of overall library services:

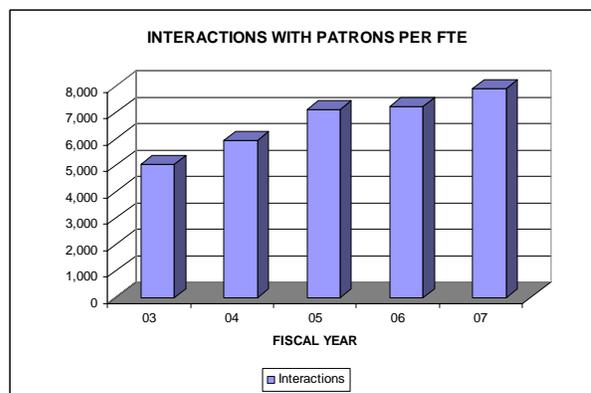
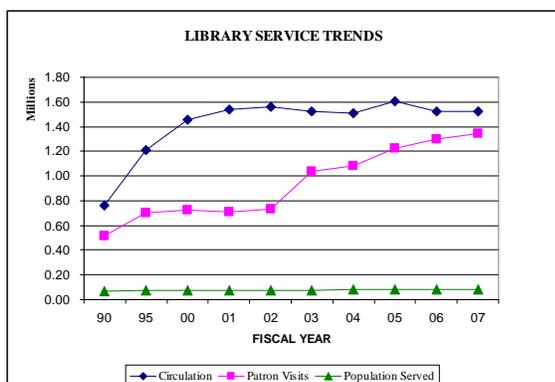
- *Measure definition:* The percentage of residents who give the library a “good” or “excellent” rating in a citizen attitude survey and comparisons to other similar libraries.
- *Evaluation of results:* The library is doing a good job, according to survey respondents, of meeting the community’s library needs.
- *Current year performance and trends:* This measure is typically above 95%. The 2006 rating was higher than usual, at 98.9%.
- *Conclusions and Challenges:* The public is extremely supportive of the Library and expects excellence in this area. The Library must constantly strive to continue to meet library users' needs and to reach out to the segment of the population that currently does not use Library services. The Library must also find a way of gauging support for the Library from county residents who are not included in the city's Citizen Attitude Survey but who are part of the Library's service area. Providing new and innovative services while maintaining good customer relations and an outstanding traditional collection is an ongoing challenge.

(3) Number of items in the collection per capita in Benton County (ICMA core measure):

- *Measure definition:* The number of collection items owned by the library divided by the population of Benton County and comparisons to similar libraries. This provides an idea of how well Corvallis can meet the Council value of sustainability by providing enough materials for the community to share.



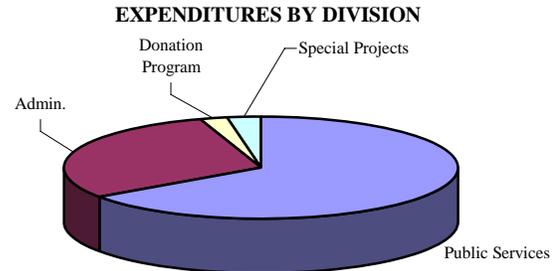
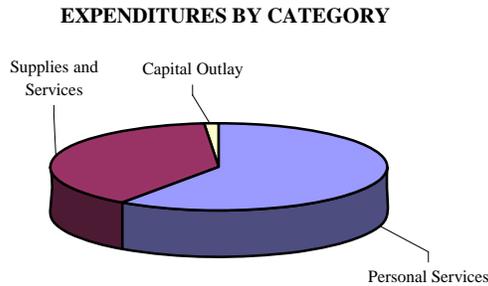
- *Evaluation of results:* The library is providing an adequate number of items compared to other comparator libraries.
- *Current year performance and trends:* The library is on track to meet or slightly exceed the target identified.
- *Conclusions and Challenges:* The public uses the Library very heavily and values its extensive, up to date collection. The Library plans to continue its efforts to find the most cost-efficient way to provide an excellent collection.



LIBRARY – BUDGET SUMMARY

BUDGET BY CATEGORY:	ACTUAL 2005-06	ACTUAL 2006-07	BUDGET 2007-08	REVISED 2007-08	ADOPTED 2008-09	%CHANGE FROM 07-08 BUDGET
Personal Services	\$3,197,147	\$3,278,641	\$3,480,030	\$3,485,710	\$3,705,880	6.49%
Supplies and Services	2,024,765	2,057,774	2,381,970	2,300,430	2,403,410	0.90%
Capital Outlay	9,632	0	53,230	11,000	84,220	58.22%
TOTAL	\$5,231,544	\$5,336,416	\$5,915,230	\$5,797,140	\$6,193,510	4.70%

FY 08-09 ADOPTED BUDGET

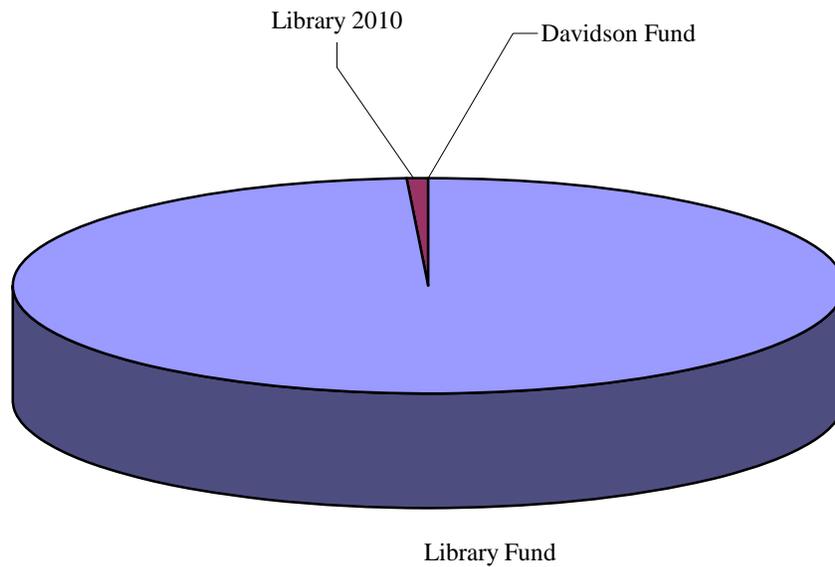


BUDGET BY DIVISION:	ACTUAL 2005-06	ACTUAL 2006-07	BUDGET 2007-08	REVISED 2007-08	ADOPTED 2008-09	%CHANGE FROM 07-08 BUDGET
Public Services	\$3,539,753	\$3,647,350	\$3,818,100	\$3,802,230	\$4,041,110	5.84%
Administration	1,584,835	1,642,765	1,763,690	1,746,250	1,851,290	4.97%
Donation Program	26,140	32,536	192,070	119,960	130,340	-32.14%
Special Projects	80,817	13,764	141,370	128,700	170,770	20.80%
TOTAL	\$5,231,544	\$5,336,416	\$5,915,230	\$5,797,140	\$6,193,510	4.70%

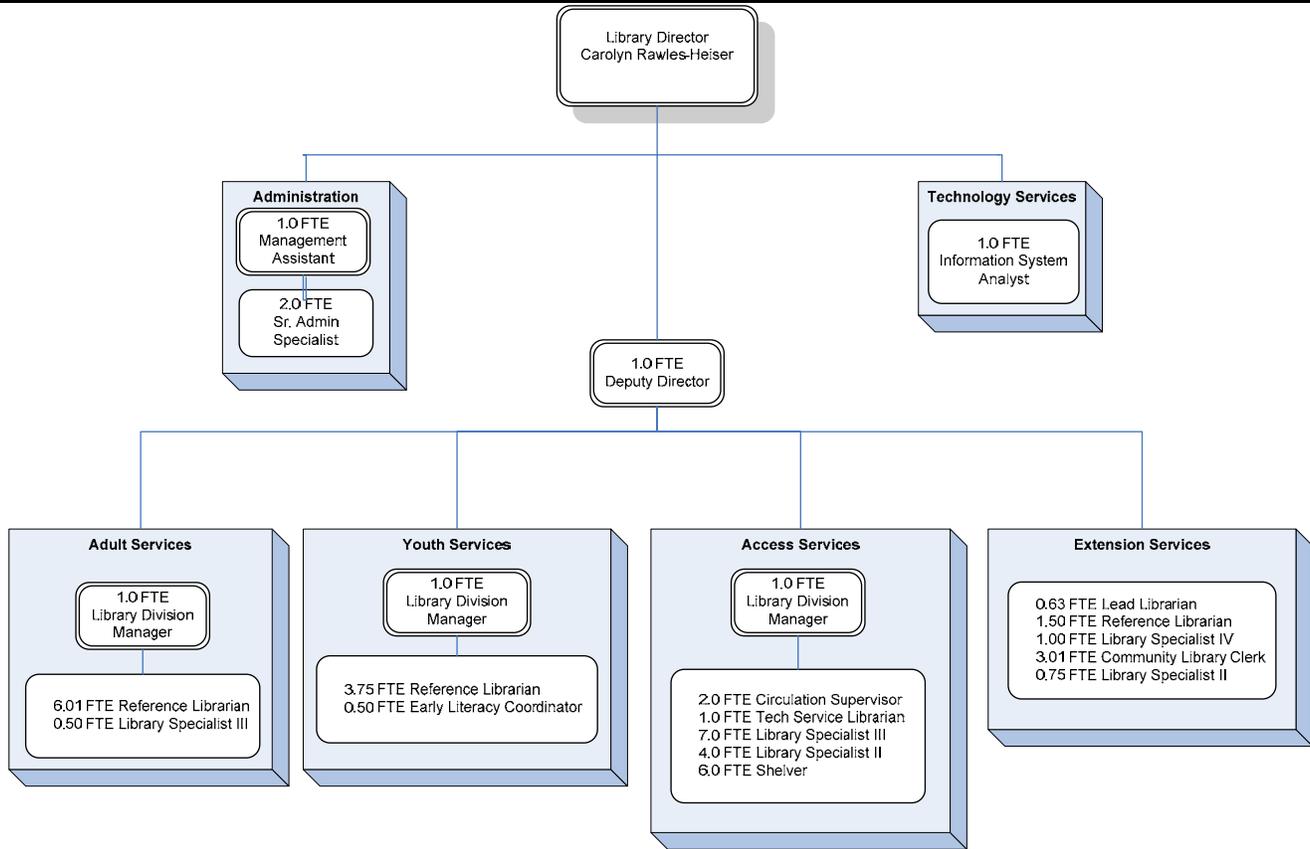
LIBRARY – BUDGET SUMMARY (Continued)

BUDGET BY FUND:	ACTUAL 2005-06	ACTUAL 2006-07	BUDGET 2007-08	REVISED 2007-08	ADOPTED 2008-09	%CHANGE FROM 07-08 BUDGET
Library Fund	\$5,230,790	\$5,335,516	\$5,797,230	\$5,731,140	\$6,140,510	5.92%
Library 2010	0	0	117,000	65,000	52,000	-55.56%
Davidson Fund	755	900	1,000	1,000	1,000	0.00%
TOTAL	\$5,231,544	\$5,336,416	\$5,915,230	\$5,797,140	\$6,193,510	4.70%

**FY 08-09 ADOPTED BUDGET
EXPENDITURES BY FUND**



LIBRARY DEPARTMENT ORGANIZATION CHART



LIBRARY DEPARTMENT STAFF

Positions	Monthly Salary	FY 05-06	FY 06-07	FY 07-08	FY 08-09
	Range (1.0 FTE)				
Library Director	6,739 - 9,117	1.00	1.00	1.00	1.00
Deputy Library Director	6,293 - 8,032	1.00	1.00	1.00	1.00
Library Division Manager	4,972 - 6,346	3.00	3.00	3.00	3.00
Department Information System Analyst	4,233 - 5,187	1.00	1.00	1.00	1.00
Lead Librarian ²	4,233 - 5,187	0.00	0.00	0.63	0.63
Circulation Supervisor ¹	4,147 - 5,293	1.00	1.00	2.00	2.00
Management Assistant	4,147 - 5,293	1.00	1.00	1.00	1.00
Reference Librarian	3,918 - 4,801	11.76	11.76	11.26	11.26
Technical Service Librarian	3,918 - 4,801	1.00	1.00	1.00	1.00
Early Literacy Coordinator ³	TBD - TBD	0.00	0.00	0.00	0.50
Library Specialist IV ¹	3,367 - 4,126	2.00	2.00	1.00	1.00
Community Library Clerk	3,129 - 3,835	3.01	3.01	3.01	3.01
Sr. Administrative Specialist - AFSCME	2,920 - 3,578	2.00	2.00	2.00	2.00
Library Specialist III	2,920 - 3,578	5.50	7.50	7.50	7.50
Library Specialist II ⁴	2,551 - 3,126	6.50	4.50	4.50	4.75
Shelver	1,770 - 2,169	6.00	6.00	6.00	6.00
TOTAL		45.77	45.77	45.90	46.65

NOTE: Salary ranges reflect FY 07-08 Class and Compensation schedules.

- The Library Department reorganized in FY 06-07 resulting in the addition of one Supervisor position and the decrease of one Library Specialist IV position. This reorganization was done within existing resources.
- The Library Department reorganized resulting in creation of a Lead Librarian position and an increase of .13 FTE within existing resources.
- The Early Literacy Coordinator is a new .5 FTE position approved as an enhancement for FY 08-09. Position classification and salary to be determined.
- Library Specialist II (Courier) increased by .25 FTE in FY 08-09 as an enhancement.

PARKS AND RECREATION DEPARTMENT SUMMARY OF SERVICES BY DIVISION

MISSION STATEMENT

To ensure the citizens of Corvallis have opportunities to engage in recreation activities of their choice, that there are a variety of clean and safe parks which contain amenities the community wants, and that all City parks, recreational facilities and programs are accessible to the public.

ADMINISTRATION	PARKS	RECREATION
<ul style="list-style-type: none"> • Provide information regarding Parks and Recreation to the general public, City Council, boards and commissions. • Provide administrative services for recreation programs and facilities including registration, reservations and permits. • Prepare and monitor budget and financial reporting; maintain business, facility maintenance, technology and vehicle replacement plans. • Process and monitor accounts payable/receivables and personnel data to include: payroll entry, casual labor, new hires and terminations, and personnel actions. • Prepare, track and process contracts, agreements, Council documents, Department policies and procedures, and correspondence. • Provide administrative services to special task forces, boards and commissions and Capital Improvement Program (CIP) projects. • Provide administrative services for short-range and long-range planning of facilities, parks and open spaces. • Provide coordination of department-wide technology implementation. 	<ul style="list-style-type: none"> • Provide and enhance community appearance through the maintenance of 37 street islands and beautification areas. • Maintain 44 sports fields facilities, including premiere sports fields at Crystal Lake. • Maintain nearly 1,700 acres of parks and open space to provide a full range of recreational opportunities. • Maintain 16.25 miles of trails on City park land. • Inspect and issue 50 tree permits annually as part of the Urban Forestry program. • Ensure the health and vitality of the urban forest. • Provide volunteer opportunities for youth and adults. 	<ul style="list-style-type: none"> • Provide programs and services for older adults and rental facilities at Chintimini Senior Center. • Provide aquatics related activities, programs and rental facilities at the Osborn Aquatic Center. • Provide a variety of recreational and cultural activities including classes, outdoor recreation and sports. • Provide volunteer opportunities for youth and adults. • Collaborate with other community groups and agencies in the delivery of services. • Provide seasonal community special events. • Provide community leadership regarding recreation services.



Lions Shelter – Avery Park

Note: The Parks and Recreation Department operates in the Parks and Recreation Fund. Workplan goals and accomplishments linked to the service activities above are provided in that fund section.

PARKS AND RECREATION DEPARTMENT PERFORMANCE INDICATORS

COUNCIL VALUES	Management Goals & Objectives	Performance Measures	FY06-07 ACTUAL	FY07-08 TARGET	FY07-08 REVISED	FY08-09 TARGET
Community Involvement	Provide multiple opportunities for community involvement while lowering program costs.	Park and Recreation FTE's per 1000 population.	.69	.70	.70	.70
	Maintain volunteer hours in the range of 25% of Parks and Recreation FTE hours.	Total number of hours worked by volunteer staff in support of parks and recreation activities.(1)	21,935	20,000	22,000	24,800
Diversity	Continue to design recreation programs to be inclusive, creating an opportunity for our diverse community to come together.	Number of Special Events offered annually and the number of people attending. (2)	38events/ 5,737 attendees	34events/ 5,400 attendees	34events/ 5,400 attendees	34events/ 5,400 attendees
Cost Efficiency	Continue to maintain revenue levels at higher than the average of the six Pacific NW cities in our population comparator group (40,000 to 60,000).	Total earned revenue per capita for parks and recreation activities (revenues not including property taxes).	\$33.09	\$27.00	\$30.54	\$32.00
	Demonstrate efficiency of Park maintenance through a lower FTE per 100 acres of developed park acres than the average (5.56) of ICMA reporting Oregon cities.	Paid park maintenance FTE's per 100 acres of developed park acres.	3.11	<5.56	3.11	<4.11 ¹
	Keep operations & maintenance (O&M) costs per capita below the median for nationwide reporting cities with populations between 40,000 and 60,000.	Net annual P&R O&M expenditures (not incl. utilities) per Capita.	\$50.09	\$60.08	\$58.05	\$55.00
Sustainability	Maintain a higher ratio than the developed park acres to total park acres per 1,000 population achieved by 90% of ICMA Pacific NW city participants.	Developed park acres per 1,000 population.(3)	12.5 ²	12.7	12.3	12.3
	Ensure ongoing citizen satisfaction with per capita number of parks, trails and open space (as demonstrated by continued 96% excellent or good survey rating).	Total park acres per 1000 population.	31.8	31.8	31.8	31.8

- 1) New Parks Operations Supervisor increases number of FTE per acre, since total acreage not expected to change. Department will still remain under the average per the management objective statement.
- 2) The FY 06-07 result differs from the 12.7 result reported in City operating reports to date, but reflects the increased population denominator from PSU of 53,795.

PARKS AND RECREATION DEPARTMENT PERFORMANCE INDICATORS (Continued)

Select discussion of key measures:

(1) **Number of hours worked by volunteer staff in support of parks and recreation activities (ICMA Core Measure):**

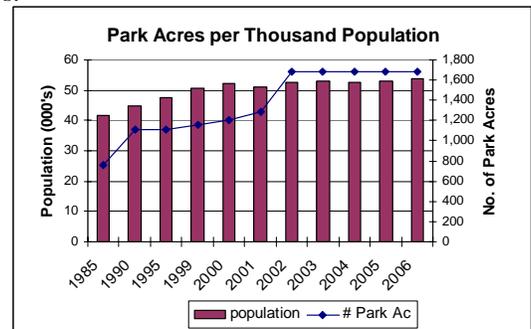
- *Measure definition:* Volunteer hours are tracked at all sites, reported monthly to management staff and compiled for reporting purposes. Dividing volunteer hours by 2080 for the equivalent FTE will show the departmental impact.
- *Evaluation of results:* Parks and Recreation volunteer base is an integral component of sustaining the core services of this department. Staff continues to provide new opportunities for volunteers to feel involved and contribute to operations in each division.
- *Current year performance and trends:* Volunteer hours have been revised up for FY 07-08 by 2,000 hours and are estimated to increase again in FY 08-09, with the addition of an extra Parks Supervisor. While maintaining volunteer hours at approximately 25% of total FTE hours enables better management of this resource, the department must weigh off the slightly higher percentage being achieved and targeted with program needs and participant interests. More attention will be paid at each site to ensure completeness and consistency of data compilation. As budgets tighten and the ability to maintain service levels is threatened, this Department will continue to pursue the use of volunteers as capacity permits.
- *Conclusions and challenges:* Community members have multiple opportunities to volunteer throughout the year, with no restrictions to age or ability. Maintaining a diverse selection of tasks and enthusiastic staff to direct the efforts of all volunteers will be a challenge.

(2) **Number of special events offered annually and the number of people attending:**

- *Measure definition:* Staff collects specific data on each event. This data is summarized monthly by the Division Manager.
- *Evaluation of results:* Recreation staff strives to offer events that attract our diverse community, considering a variety of geographic locations, accessibility, and affordability.
- *Current year performance and trends:* Staff has increased and honed marketing techniques to increase participation.
- *Conclusions and challenges:* Staff will continue to implement a wide variety of new and established events that represent the diverse nature and interests of the Corvallis community. One challenge is to automate program registration to assist with target marketing which will become a primary tool to ensure program participation as well as tracking to ensure participant demographics are as aligned as possible with those of the overall citizenry.

(3) **Developed park acres per 1,000 population (ICMA Core Measure):**

- *Measure definition:* Total developed acres (673) divided by population in 1000's as reported in the ICMA survey totaled 12.65 acres for the Department based on the 2005 population figure of 53,165. This figure can then be compared with other ICMA participating cities in a number of ways.
- *Evaluation of results:* Corvallis is a leading reporting city, population wise, throughout the nation for the number of acres per thousand of developed park land. (Average for cities 40,000 to 60,000 population is 9.) Within the Pacific Northwest reporting cities (OR and WA--all populations), Corvallis is only surpassed by Bellevue, WA for developed acres per 1000. Notable is that the 20 developed acres per thousand makes up 95% of Bellevue's total acres while Corvallis' 13 acres per thousand are only 40% of the City's total park acreage. These numbers add to a more sustainable lifestyle in Corvallis and the citizens agree by their use of city parks, trails and open space.
- *Current year performance and trends:* Significant increases of park acres and population growth are unforeseen or will not be significant enough to impact these results this year. The City's position, as compared to others in the survey, could change if an attempt to reach a higher level of sustainable living is made in other communities to follow Corvallis' lead.
- *Conclusions and challenges:* Opportunities for staff-related efficiencies and equipment will continue to be the Department's highest priority. Conservation of the environment and sustainability will remain a Department standard. The ongoing challenge will be to sustain growth of park acres given budget constraints, with adequate FTE to maintain those acres.

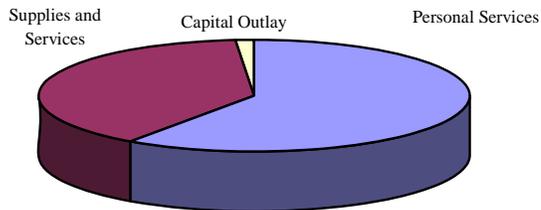


PARKS AND RECREATION DEPARTMENT – BUDGET SUMMARY

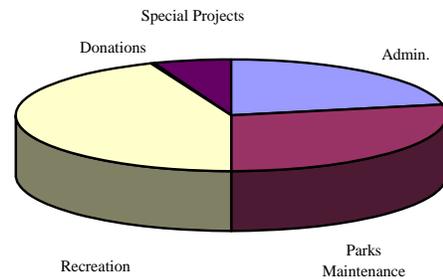
BUDGET BY CATEGORY:	ACTUAL 2005-06	ACTUAL 2006-07	BUDGET 2007-08	REVISED 2007-08	ADOPTED 2008-09	%CHANGE FROM 07-08 BUDGET
Personal Services	\$2,752,384	\$2,937,770	\$3,286,830	\$3,208,790	\$3,400,280	3.45%
Supplies and Services	1,935,258	2,044,154	2,110,090	2,027,430	2,212,470	4.85%
Capital Outlay	66,840	91,208	83,940	73,810	83,120	-0.98%
TOTAL	\$4,754,481	\$5,073,132	\$5,480,860	\$5,310,030	\$5,695,870	3.92%

FY 08-09 ADOPTED BUDGET

EXPENDITURES BY CATEGORY



EXPENDITURES BY DIVISION

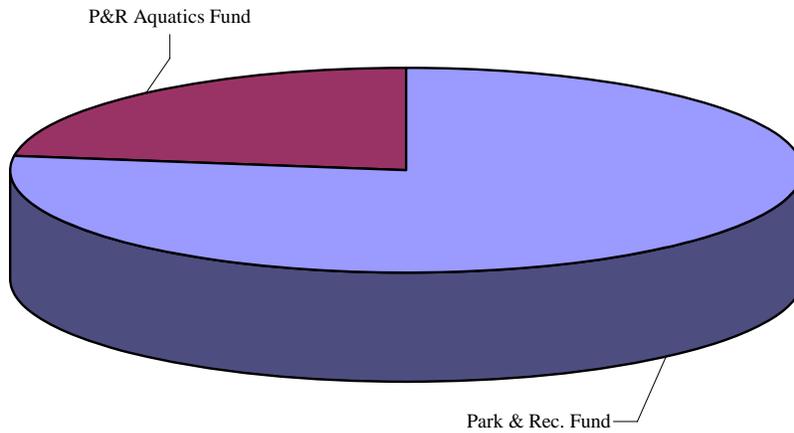


BUDGET BY DIVISION:	ACTUAL 2005-06	ACTUAL 2006-07	BUDGET 2007-08	REVISED 2007-08	ADOPTED 2008-09	%CHANGE FROM 07-08 BUDGET
Administration	\$1,077,440	\$1,100,100	\$1,186,070	\$1,171,170	\$1,254,250	5.75%
Parks Maintenance	1,256,457	1,308,546	1,542,610	1,460,370	1,589,910	3.07%
Recreation	2,195,719	2,351,907	2,456,820	2,446,030	2,501,130	1.80%
Donations	27,075	20,361	30,560	27,490	21,000	-31.28%
Special Projects	197,790	292,218	264,800	204,970	329,580	24.46%
TOTAL	\$4,754,481	\$5,073,132	\$5,480,860	\$5,310,030	\$5,695,870	3.92%

PARKS AND RECREATION DEPARTMENT – BUDGET SUMMARY (Continued)

BUDGET BY FUND:	ACTUAL 2005-06	ACTUAL 2006-07	BUDGET 2007-08	REVISED 2007-08	ADOPTED 2008-09	%CHANGE FROM 07-08 BUDGET
Park & Rec. Fund	\$3,587,524	\$3,774,740	\$4,287,460	\$4,091,400	\$4,401,250	2.65%
P&R Aquatics Fund	1,166,958	1,298,392	1,193,400	1,218,630	1,294,620	8.48%
TOTAL	\$4,754,481	\$5,073,132	\$5,480,860	\$5,310,030	\$5,695,870	3.92%

**FY 08-09 ADOPTED BUDGET
EXPENDITURES BY FUND**



Riverfront Fish Sculpture



Crystal Lakes Soccer

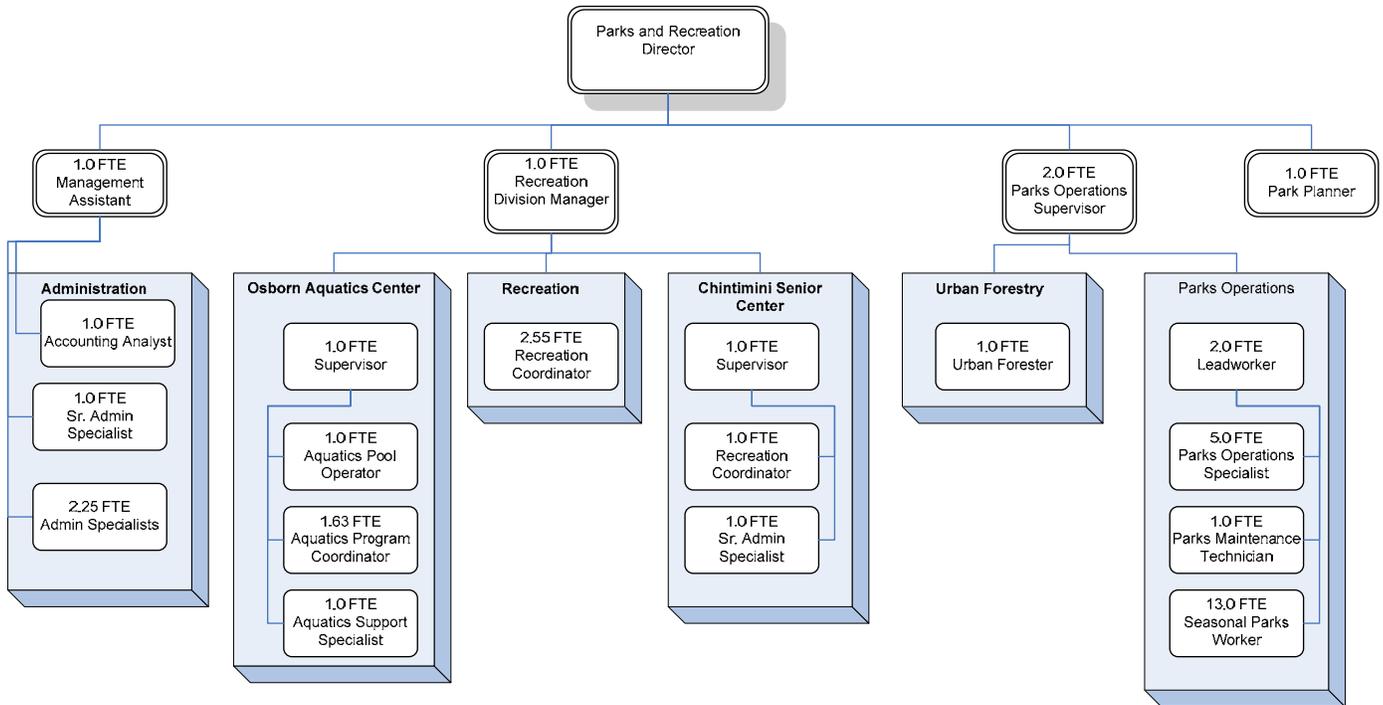


Osborn Aquatics



Bridge Game at Chintimini Senior Ctr

PARKS AND RECREATION DEPARTMENT ORGANIZATION CHART



PARKS AND RECREATION DEPARTMENT STAFF

Positions	Monthly Salary	FY 05-06	FY 06-07	FY 07-08	FY 08-09
	Range (1.0 FTE)				
Parks and Recreation Director	6,418 - 8,682	1.00	1.00	1.00	1.00
Recreation Manager	6,293 - 8,032	1.00	1.00	1.00	1.00
Parks Operations Supervisor	4,972 - 6,346	1.00	1.00	1.00	2.00
Aquatic Center Supervisor	4,541 - 5,796	1.00	1.00	1.00	1.00
Park Planner	4,233 - 5,187	1.00	1.00	1.00	1.00
Urban Forester	4,233 - 5,187	1.00	1.00	1.00	1.00
Management Assistant	4,147 - 5,293	1.00	1.00	1.00	1.00
Senior Center Supervisor	4,147 - 5,293	1.00	1.00	1.00	1.00
Parks Maintenance Leadworker	3,918 - 4,801	0.00	0.00	2.00	2.00
Parks Operations Specialist	3,630 - 4,448	6.00	6.00	4.00	5.00
Recreation Coordinator	3,630 - 4,448	3.55	3.55	3.55	3.55
Aquatics Program Coordinator	3,630 - 4,448	0.63	0.63	1.63	1.63
Parks Maintenance Technician	3,129 - 3,834	2.00	2.00	2.00	1.00
Aquatics Pool Operator	3,129 - 3,835	1.00	1.00	1.00	1.00
Department Accounting Analyst	2,920 - 3,578	1.00	1.00	1.00	1.00
Aquatics Support Specialist	2,920 - 3,578	2.00	2.00	1.00	1.00
Senior Administrative Specialist	2,920 - 3,578	2.50	2.50	2.00	2.00
Administrative Specialist	2,551 - 3,126	1.75	1.75	2.25	2.25
Seasonal Parks Worker III	2,109 - 2,585	0.00	2.01	2.01	2.01
Seasonal Parks Worker II	1,770 - 2,169	0.00	6.70	6.70	6.70
TOTAL		28.43	37.14	37.14	38.14

NOTE: Salary ranges reflect FY 07-08 Class and Compensation schedules.

POLICE DEPARTMENT SUMMARY OF SERVICES BY DIVISION

MISSION STATEMENT

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

ADMINISTRATION

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

INVESTIGATION AND SUPPORT SERVICES

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

COMMUNITY SERVICES

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



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

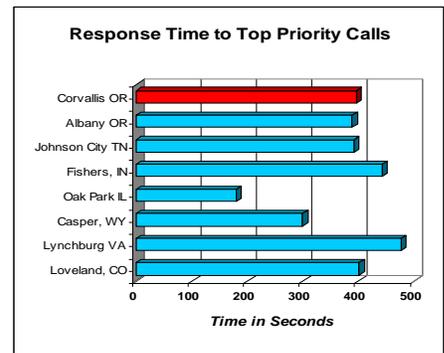
POLICE DEPARTMENT PERFORMANCE INDICATORS

COUNCIL VALUES	Management Goals & Objectives	Performance Measures	FY06-07 ACTUAL	FY07-08 TARGET	FY07-08 REVISED	FY08-09 TARGET
Community Involvement	Achieve at least an 85% rating of excellent or good in citizen attitude surveys.	Citizen satisfaction ratings of overall police services	83%	85%	85%	85%
Cost Efficiency	Increase community safety by reducing response time to top priority calls.	Response time in seconds to top priority calls (1)	365	300	300	300
	Increase community safety by clearing part 1 criminal investigations.	Percentage of Part 1 Crimes Cleared (2)	Violent: 82% Property: 21%	70%	70%	70%
	Efficiently move candidates through the complex recruitment process to reach and maintain fully authorized staffing levels.	Number of days to complete recruitment of police officers from testing to conditional job offer.	116	<150	<150	<150
	Increase community safety by maintaining overall number of traffic accidents resulting in injuries/fatalities at less than the State average of 5.5/per thousand population.	Fatal and injury traffic accidents per 1,000 population (3)	2.13	<2.75	<2.75	<2.75
Diversity	Increase diversity of applicant pool through targeted outreach efforts.	Number of new, targeted outreach efforts.	New Measure			6

Select discussion of key measures above:

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

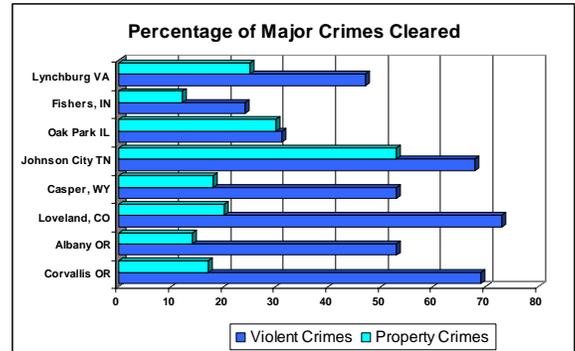
- *Measure definition:* Time in seconds from receipt of top priority call in Dispatch Center to arrival of officers on scene. Top priority calls are defined as: Immediate threat to life; Violent criminal act in progress; Suspect pursuing citizen; Imminent critical danger; or Possibility of major property loss.
- *Evaluation of results:* Corvallis response time is average compared to like-sized cities reporting data in the FY 05/06 ICMA data survey (which is the most recent full-year data available prior to publication of this budget document).
- *Current year performance and trends:* The Corvallis Police Department has one of the lowest sworn FTE per thousand population in the State of Oregon at 1.04 per thousand. The 2006 Oregon State average is 1.55 per thousand and the national average is 2.4 per thousand. The chart to the right reflects the most recent FY 05/06 survey data. Corvallis FY 06/07 average response time has decreased to 365 seconds.
- *Conclusions and challenges:* The department is responding to high priority service demands through use of increased overtime, but the ability to provide proactive versus reactive police services is negatively affected by staffing level. With current staffing constraints, the Department may not be able to maintain this level of response in the future and response time to top priority calls will continue to increase beyond the five minute (300 seconds) mark.



POLICE DEPARTMENT PERFORMANCE INDICATORS (Continued)

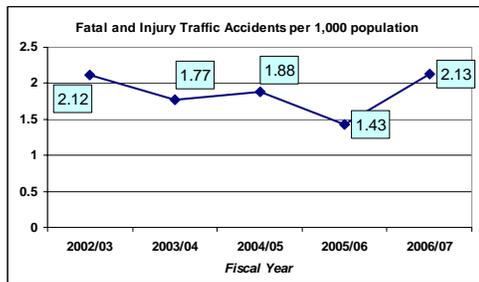
(2) **Percent of Part 1 Crimes Cleared (ICMA Core Measure):**

- *Measure definition:* Percentage of Part 1 violent (murder, rape, robbery and aggravated assault) and property crimes (burglary, larceny/theft, motor vehicle theft and arson) cleared.
- *Evaluation of results:* Corvallis clearance rates for violent crimes are above average and property crimes are below average of like-sized cities reporting data in the FY 05/06 ICMA data survey.
- *Current year performance and trends:* Community members continue to enjoy efficient and effective law enforcement investigative services despite Corvallis Police having one of the lowest sworn FTE per thousand in the State. FY 06/07 data shows an increase in clearance rates for both violent (82%) and property (21%) crimes.
- *Conclusions and challenges:* The Department continues to investigate and clear violent crimes against persons and property crimes through increased overtime and professional perseverance. The high clearance rates may not be sustainable if staffing constraints continue. Currently the Department focuses on the clearance of violent crimes at the expense of not clearing property crimes at a satisfactory level.



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

- *Measure definition:* Number of traffic accidents with fatalities or injuries per 1,000 population. Target is established based on prior four year's data and compared to State average from Oregon Department of Transportation 2005 Traffic Crash Summary.
- *Evaluation of results:* Over the past five fiscal years, the number of fatal and injury traffic accidents per 1,000 population has remained significantly under the Oregon State average.

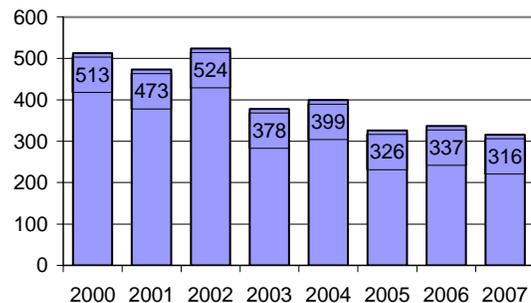


- *Current year performance and trends:* Corvallis' rate of injury and fatal accidents has consistently been much lower than the Oregon State average of 5.5 per thousand for the past five years, however the number has increased in the last year. There have been no fatal accidents in the past two years.
- *Conclusions and challenges:* Low injury and fatal accidents rate is considered to be a direct result of emphasis on traffic management in Corvallis. Continued implementation and increased staffing

of the motorcycle traffic unit, which focuses on traffic enforcement in neighborhoods, downtown and in the ten most dangerous intersections in the City, will be vital to maintain and increase community traffic safety levels.



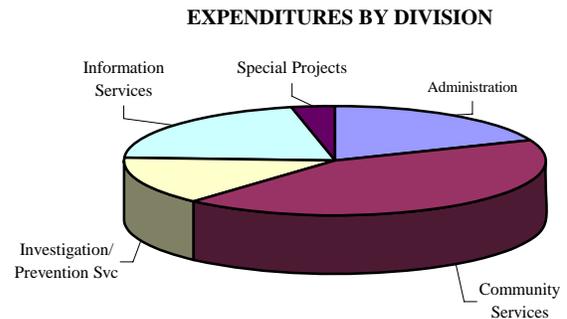
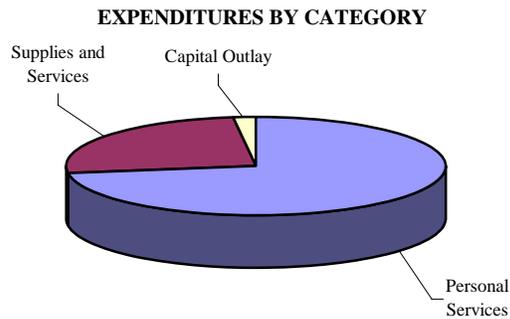
Traffic Accidents



POLICE DEPARTMENT – BUDGET SUMMARY

BUDGET BY CATEGORY:	ACTUAL 2005-06	ACTUAL 2006-07	BUDGET 2007-08	REVISED 2007-08	ADOPTED 2008-09	%CHANGE FROM 07-08 BUDGET
Personal Services	\$7,053,646	\$7,312,203	\$7,925,370	\$7,860,620	\$8,250,370	4.10%
Supplies and Services	2,557,750	2,672,523	2,868,650	2,581,980	2,880,270	0.41%
Capital Outlay	255,726	221,931	138,530	50,920	207,760	49.97%
TOTAL	\$9,867,123	\$10,206,657	\$10,932,550	\$10,493,520	\$11,338,400	3.71%

FY 08-09 ADOPTED BUDGET

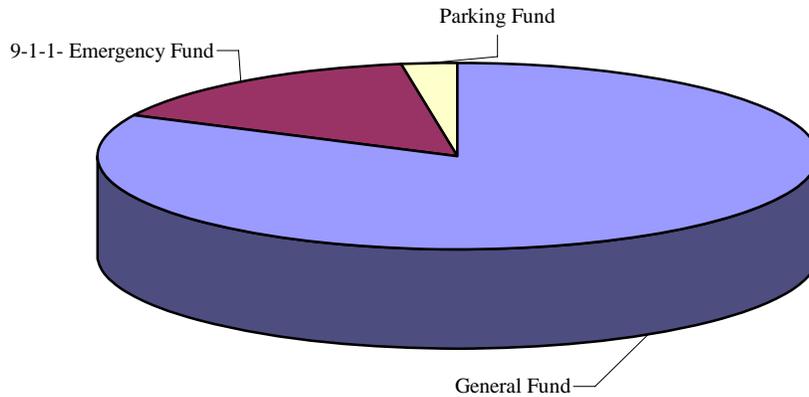


BUDGET BY DIVISION:	ACTUAL 2005-06	ACTUAL 2006-07	BUDGET 2007-08	REVISED 2007-08	ADOPTED 2008-09	%CHANGE FROM 07-08 BUDGET
Administration	\$1,704,785	\$1,756,119	\$1,884,070	\$1,880,210	\$2,136,140	13.38%
Community Services	4,487,358	4,439,381	4,631,960	4,601,210	4,845,910	4.62%
Investigation/ Prevention Svc	1,058,103	1,337,094	1,513,240	1,512,780	1,607,290	6.22%
Information Services	2,082,333	2,106,689	2,369,580	2,309,400	2,381,110	0.49%
Special Projects	534,544	567,375	533,700	189,920	367,950	-31.06%
TOTAL	\$9,867,123	\$10,206,657	\$10,932,550	\$10,493,520	\$11,338,400	3.71%

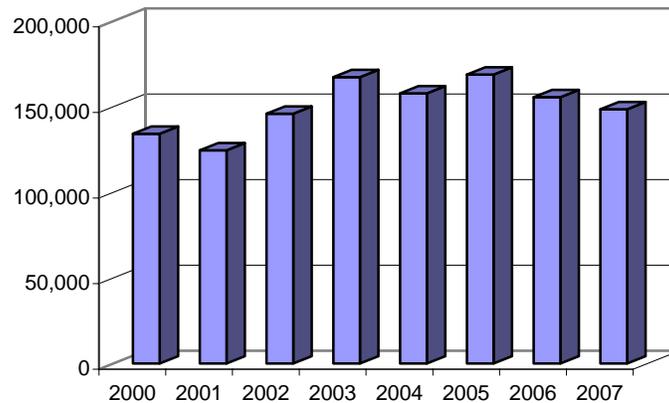
POLICE DEPARTMENT – BUDGET SUMMARY (Continued)

BUDGET BY FUND:	ACTUAL 2005-06	ACTUAL 2006-07	BUDGET 2007-08	REVISED 2007-08	ADOPTED 2008-09	%CHANGE FROM 07-08 BUDGET
General Fund	\$7,763,524	\$8,353,027	\$8,963,530	\$8,590,010	\$9,311,800	3.89%
9-1-1- Emergency Fund	1,872,674	1,589,202	1,680,840	1,654,990	1,732,200	3.06%
Parking Fund	230,925	264,429	288,180	248,520	294,400	2.16%
TOTAL	\$9,867,123	\$10,206,657	\$10,932,550	\$10,493,520	\$11,338,400	3.71%

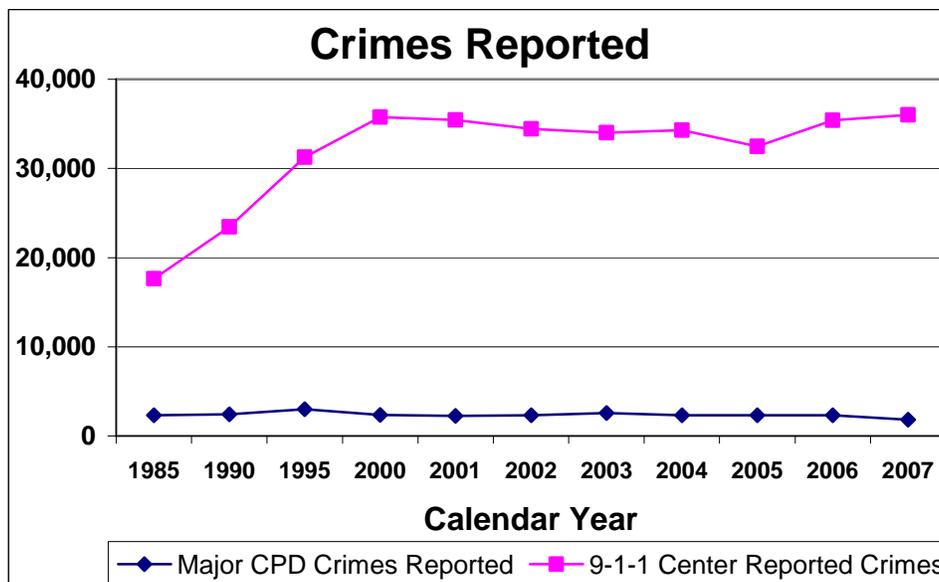
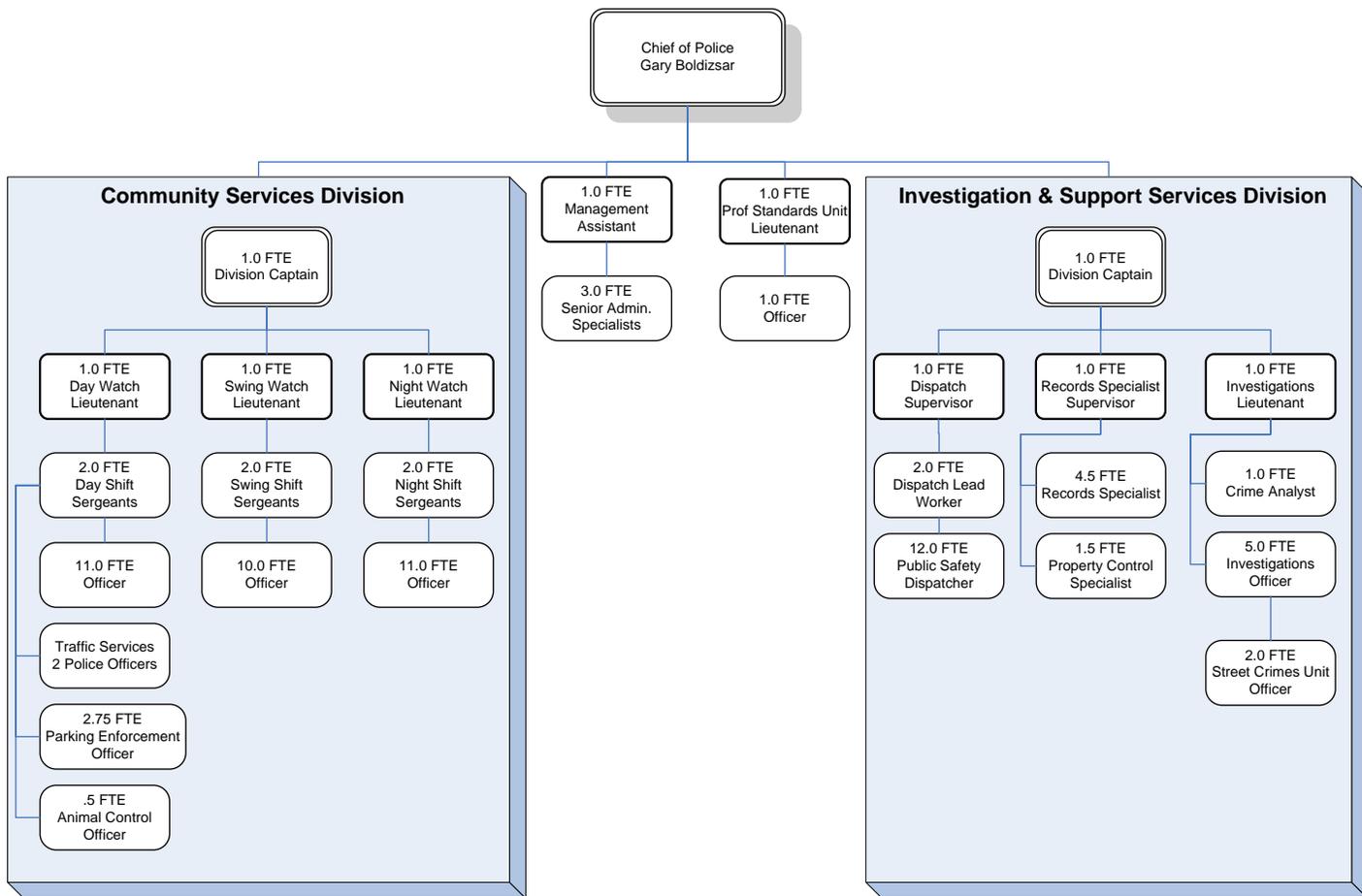
**FY 08-09 ADOPTED BUDGET
EXPENDITURES BY FUND**



Total 9-1-1 Center Calls Received



POLICE DEPARTMENT ORGANIZATION CHART

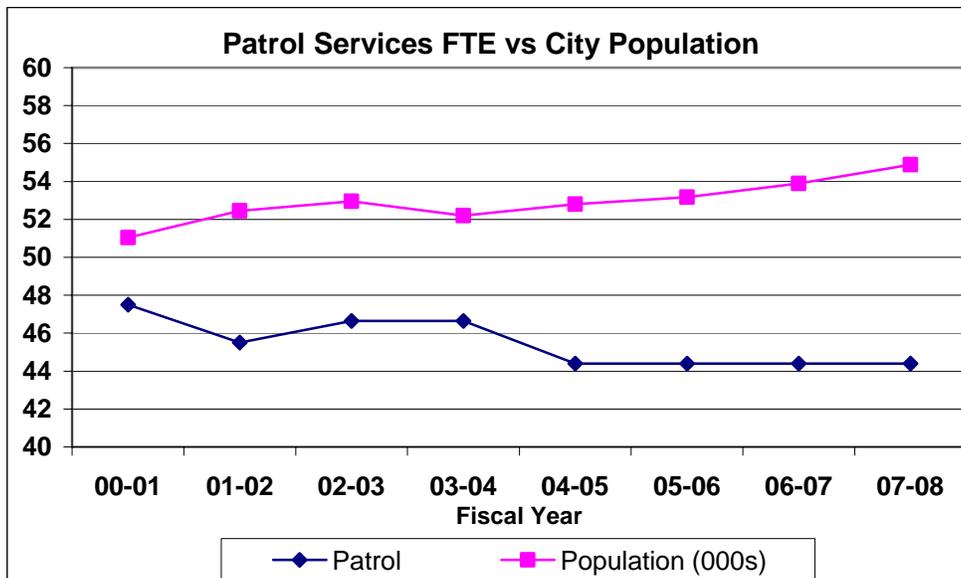


POLICE DEPARTMENT STAFF

Positions	Monthly Salary	FY 05-06	FY 06-07	FY 07-08	FY 08-09
	Range (1.0 FTE)				
Police Chief ⁵	6,739 - 9,117	1.00	1.00	1.00	1.00
Police Captain	7,080 - 9,036	2.00	2.00	2.00	2.00
Police Lieutenant	6,293 - 8,032	5.00	5.00	5.00	5.00
Supervisor, Dispatch	4,972 - 6,346	1.00	1.00	1.00	1.00
Police Sergeant	4,954 - 6,481	6.00	6.00	6.00	6.00
Management Assistant	4,147 - 5,293	1.00	1.00	1.00	1.00
Records Specialist Supervisor ³	4,147 - 5,293	0.00	0.00	1.00	1.00
Police Officer ¹	4,050 - 5,940	40.00	42.00	42.00	42.00
Public Safety Dispatch Leadworker	3,444 - 4,396	2.00	2.00	2.00	2.00
Animal Control Officer	3,630 - 4,448	0.50	0.50	0.50	0.50
Crime Analyst	3,630 - 4,448	1.00	1.00	1.00	1.00
Public Safety Dispatcher	3,164 - 4,038	12.00	12.00	12.00	12.00
Records Specialist/Leadworker ³	n/a	1.00	1.00	0.00	0.00
Property Control Specialist ⁴	2,920 - 3,578	1.00	1.00	1.50	1.50
Senior Administrative Specialist (AFSCME)	2,920 - 3,578	2.00	2.00	2.00	2.00
Senior Administrative Specialist (Exempt)	2,885 - 3,682	1.00	1.00	1.00	1.00
Parking Enforcement Officer	2,792 - 3,421	2.75	2.75	2.75	2.75
Records Specialist ²	2,792 - 3,421	3.00	4.50	4.50	4.50
TOTAL		82.25	85.75	86.25	86.25

NOTE: Salary ranges reflect FY 07-08 Class and Compensation schedules.

- Increase in FY06/07 of 2.0 FTE for Street Crimes enhancement.
- Increase in FY06/07 of 1.5 FTE reflects transfer of Benton County Sheriff's Office records staff as part of collaboration efforts.
- Records specialist leadworker position reclassified to supervisor while vacant partway through FY05/06 due to changes in job responsibilities.
- Increase in FY07/08 of 0.5 FTE Property Control Specialist as a budget-neutral enhancement.
- While the lowest step of the Police Chief position is below that of a Police Captain due to wage compression, it is highly unlikely that a Chief would be hired/promoted at this level.



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

MISSION STATEMENT

To serve the community by providing engineering, transportation and utility services; and to serve the organization by providing internal maintenance services. The department contributes to the health, well-being, and convenience of citizens, visitors, business, and industry by operating and maintaining the transportation, drinking water, wastewater and storm water infrastructure systems for long-term service. The department contributes to the efficiency of city government by promoting and coordinating sustainable activities within the organization; and providing information, assessment tools, expertise and assistance to other departments.

**TRANSPORTATION &
BUILDINGS**

- Airport and Industrial Park Management.
- Bike Path and Lane Cleaning and Repair.
- Bicycle and Pedestrian Programs.
- Building Modifications/Renovations.
- Building Service Contract Management.
- Downtown Parking Program Management.
- Fuel Storage and Dispensing.
- Geographic Information System and Mapping Services.
- Maintenance of Telephone and Radio Systems.
- Parking Meter Collection and Maintenance.
- Pavement Striping and Marking.
- Public Parking Lot Maintenance.
- Street Sign Installation and Repair.
- Street Sweeping, Repairs and Patching.
- Traffic Signal Maintenance.
- Transit and Paratransit Operations.
- Vehicle Maintenance and Repair.
- Vehicle Specification & Purchasing.

UTILITIES

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

ENGINEERING

- 24-Hour Emergency Response.
- Program Construction Inspection.
- Capital Program Development.
- Development Design Review.
- Infrastructure Planning.
- Project Design and Construction Management.
- Transportation Engineering.
- Utility Engineering.
- Utility Inspections.

ADMINISTRATION

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

Note: The Public Works Department operates in the General, Street, Parking, Transit, Water, Wastewater, Storm Water, Airport, Fleet Maintenance, Facility Maintenance and Technology & Communications Funds. Workplan goals and accomplishments linked to the service activities above are provided in these fund sections.

PUBLIC WORKS DEPARTMENT PERFORMANCE INDICATORS

COUNCIL VALUES	Management Goals & Objectives	Performance Measures	FY06-07 ACTUAL	FY07-08 TARGET	FY07-08 REVISED	FY08-09 TARGET
Cost Efficiency	Maintain street sweeping costs in lower third of comparator cities.	Street Sweeping expenditures per linear mile swept. (1)	\$15	\$15	\$15	\$15
	Maintain facility maintenance costs in lower third of comparator cities.	Custodial expenditures per square foot for administrative/office spaces. (3)	.78	<\$1.00	<\$1.00	<\$1.00
	Maintain transit costs below national average of \$2.70.	Costs per transit ride.	\$2.37	<\$2.70	<\$2.70	<\$2.70
	Have utility rates that contribute to Corvallis being an attractive place to live.	Average monthly utility bill, compared to other mid-Willamette Valley providers. (4)	53.53%	<63.95%	<63.95%	<65.00%
	Efficient treatment of wastewater.	FTE per million gallons of wastewater treated in lower third of comparator cities.	.0018	.002	.003	.003
	Efficient treatment of water.	FTE per million of gallons of water treated in lower third of comparator cities.	.0021	.0023	.002	.002
	Maximize budget available for infrastructure improvements.	Project design and construction management as a percentage of construction costs.	12%	20%	20%	20%
	Efficiently review development proposals.	Average Development Review Division FTE hours per construction project plan review.	20	30	30	30
Community Involvement	Achieve an average 78% rating of excellent or good for street, water, sewer and storm drainage services.	Citizen rating Public Work services 'excellent' or 'good' (from the Citizen Attitude Survey).	80%	78%	90%	90%
Sustainability	Be in the upper third of comparator cities for alternative fuels usage.	Percentage of vehicles and heavy equipment using alternative fuels. (2)	35%	14%	35%	35%
	Remain below national average of 10% annually for water loss in the distribution system.	Percent of water loss in the distribution system. (5)	8.3%	<10%	<10%	<10%
Diversity	Achieve an annual increase in targeted categories of transit ridership over the previous year.	Number of rides categorized as seniors, youth or with a disability in the annual transit survey. ^a	n/a	32%	10%	10%

a) This measure has been changed to show the desired increase in Senior, Youth & Disabled riders of 10% over previous year. This goal has been changed because the previous goal was to increase the number of Senior, Youth & Disabled riders as a percentage of total riders. It was determined that it was more appropriate to show that more Senior, Youth & Disabled riders are using the system, independent from what percentage this group is of the total riders, without showing it as an affect of what category the majority of riders fall in.

PUBLIC WORKS DEPARTMENT PERFORMANCE INDICATORS (Continued)

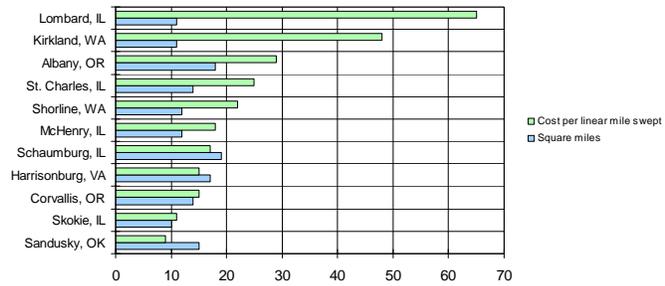
Select discussion of key measures above:

(1) **Street Sweeping expenditures per linear mile swept (ICMA core measure):**

- *Measure definition:* The total expenditures for the street sweeping program divided by the number of linear miles within the city limits.
- *Evaluation of results:* Compared to other communities with similar square miles, Corvallis has the third lowest expenditures and is doing a good job of maximizing services for the dollars spent. (These costs include the annual leaf program which requires operating two shifts per day for one month.)
- *Current year performance and trends:* The adjacent graph illustrates that it costs the City about \$15 for every linear mile swept, and the City's area is approximately 13 square miles.
- *Conclusions and challenges:* Maintaining this cost per linear mile swept in the face of rising personnel costs and fuel prices will be a challenge.

Street Sweeping

Cost Per Linear Mile Swept for FY 2006

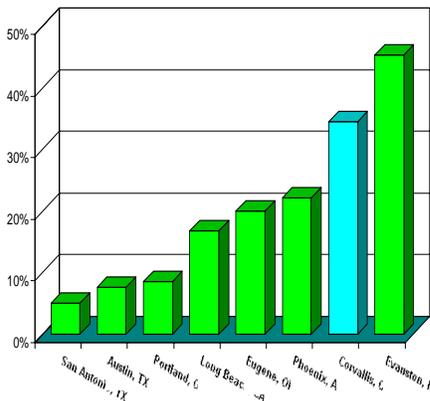


(2) **Percentage of vehicles and heavy equipment using alternative fuels (ICMA core measure):**

- *Measure definition:* Percentage of total vehicles and heavy equipment in the City fleet that use alternative fuels.
 - *Evaluation of results:* Even though Corvallis has been using bio-diesel in all heavy equipment since 2005, this ICMA measure combines vehicles and equipment, resulting in a lower percentage for the City. As older vehicles are replaced at the end of their useful life, the City is purchasing those that operate on alternative fuels. There are currently four hybrid vehicles.
 - *Current year performance and trends:* With 34% of the fleet using alternative fuels in FY 06-07, Corvallis is making progress on its sustainability goals.
 - *Conclusions and challenges:* This performance measure is directly linked to the current Council goal of Enhancing Organizational Sustainability Efforts. Initially the economic impact of this environmentally focused initiative will continue to be a challenge that must be carefully considered.

Alternative Fuel Use

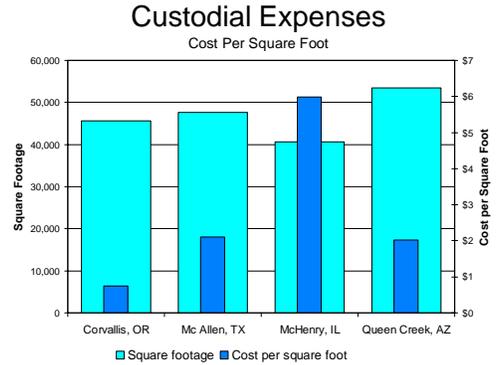
Vehicles & Heavy Equipment
FY06-07 Data



PUBLIC WORKS DEPARTMENT PERFORMANCE INDICATORS (Continued)

(3) Custodial expenditures per square foot for administrative/office spaces (ICMA core measure):

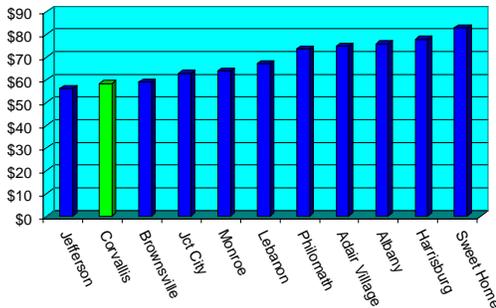
- *Measure definition:* The total custodial expenditures divided by the total square foot maintained for administrative/office spaces of City-owned or leased buildings.
- *Evaluation of results:* Of the comparator cities, Corvallis maintains the second least square footage and does so at the lowest cost per square foot.
- *Current year performance and trends:* The City averages less than \$1 for each of its over 45,000 square feet of office space maintained, as demonstrated in the adjacent graph.
- *Conclusions and challenges:* Maintaining this cost per square foot in the face of rising contract costs and increasing square footage to be maintained will be a challenge.



(4) Average monthly utility bill, compared to other mid-Willamette Valley providers:

- *Measure definition:* In the City of Corvallis, the average residential user consumes 8 units of water per month, or approximately 6,000 gallons. The full utility bill (water, wastewater and storm water) is calculated for this average user and compared to the utility bill for surrounding communities assuming the same consumption level.

Comparison of Monthly Utility Bills Among Surrounding Communities (Based on 8 units of water consumption)

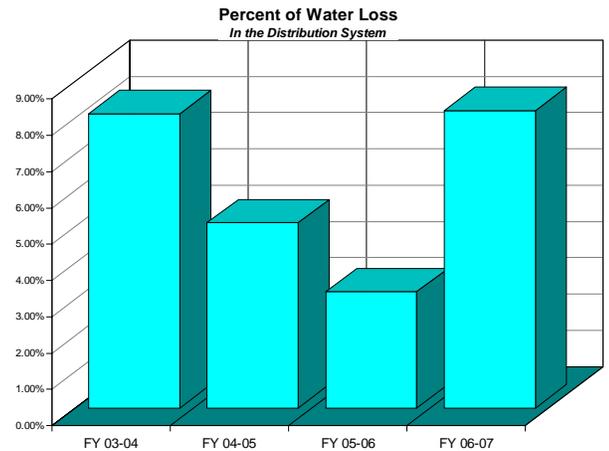


- *Evaluation of results:* Corvallis has the second lowest combined utility bill of comparator mid-Willamette Valley providers for the average user.
- *Current year performance and trends:* City residents enjoy an average billing rate of less than \$60 per month, versus other local communities where average costs for utility services exceed \$70 per month, as depicted in the adjacent graph.

to maintain this low average must be balanced with an aging and expanding infrastructure system, federal and State permit requirements, operating and maintenance costs, and capital improvement projects.

(5) Percent of water loss in the distribution system:

- *Measure definition:* The amount of water produced at the treatment plant is compared to water consumed by customers or used in City operations. The difference in these numbers is the amount of water lost through the distribution system.
- *Evaluation of results:* Corvallis implemented a leak detection program which identifies cracked piping in order to minimize the amount of water loss from the distribution system resulting in FY 03-04 through FY 05-06 recording a lower water loss. The increase in FY 06-07 was due to draining two reservoirs for maintenance work. Since the water was not metered, it was considered a loss. The American Water Works Association has identified 10% as the threshold for a good piping system.
- *Current year performance and trends:* The decrease in water loss over the last four years is depicted in the graph above.
- *Conclusions and challenges:* The City of Corvallis will continue to pro-actively work on identifying water distribution pipeline failures that can be a source of water loss from the system.

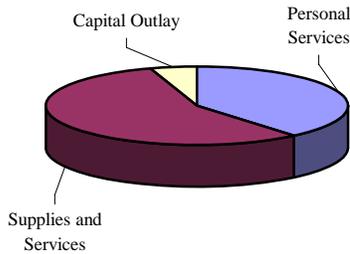


PUBLIC WORKS DEPARTMENT – BUDGET SUMMARY

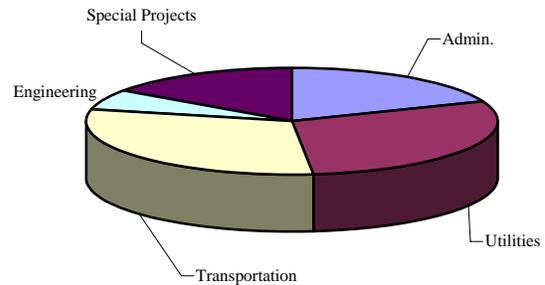
BUDGET BY CATEGORY:	ACTUAL 2005-06	ACTUAL 2006-07	BUDGET 2007-08	REVISED 2007-08	ADOPTED 2008-09	%CHANGE FROM 07-08 BUDGET
Personal Services	\$8,404,933	\$8,509,743	\$9,623,670	\$9,480,650	\$10,023,850	4.16%
Supplies and Services	10,158,043	10,886,468	13,912,620	12,876,180	14,499,840	4.22%
Capital Outlay	1,536,621	681,000	2,579,720	545,580	1,303,670	-49.46%
TOTAL	\$20,099,597	\$20,077,211	\$26,116,010	\$22,902,410	\$25,827,360	-1.11%

FY 08-09 ADOPTED BUDGET

EXPENDITURES BY CATEGORY



EXPENDITURES BY DIVISION

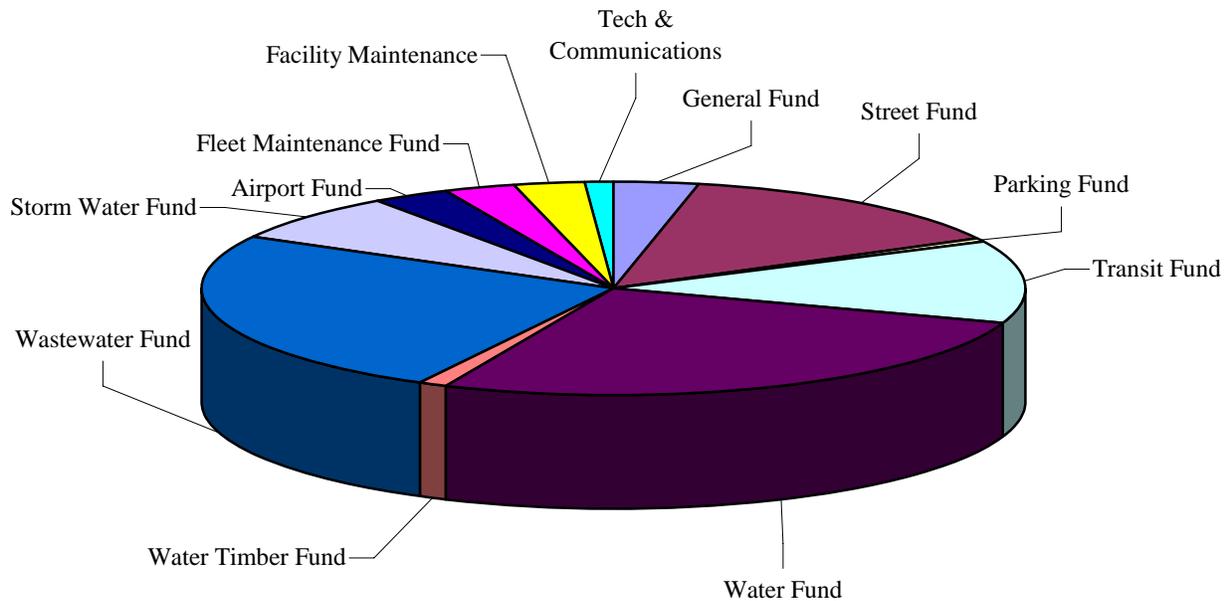


BUDGET BY DIVISION:	ACTUAL 2005-06	ACTUAL 2006-07	BUDGET 2007-08	REVISED 2007-08	ADOPTED 2008-09	%CHANGE FROM 07-08 BUDGET
Administration	\$3,713,558	\$4,122,499	\$4,713,500	\$4,676,460	\$4,861,810	3.15%
Utilities	6,788,457	6,892,303	7,418,080	7,227,930	7,639,410	2.98%
Transportation	6,404,453	6,430,657	7,307,760	7,118,110	7,777,310	6.43%
Engineering	1,213,023	1,203,140	1,485,660	1,473,740	1,585,830	6.74%
Special Projects	1,980,105	1,428,611	5,191,010	2,406,170	3,963,000	-23.66%
TOTAL	\$20,099,597	\$20,077,211	\$26,116,010	\$22,902,410	\$25,827,360	-1.11%

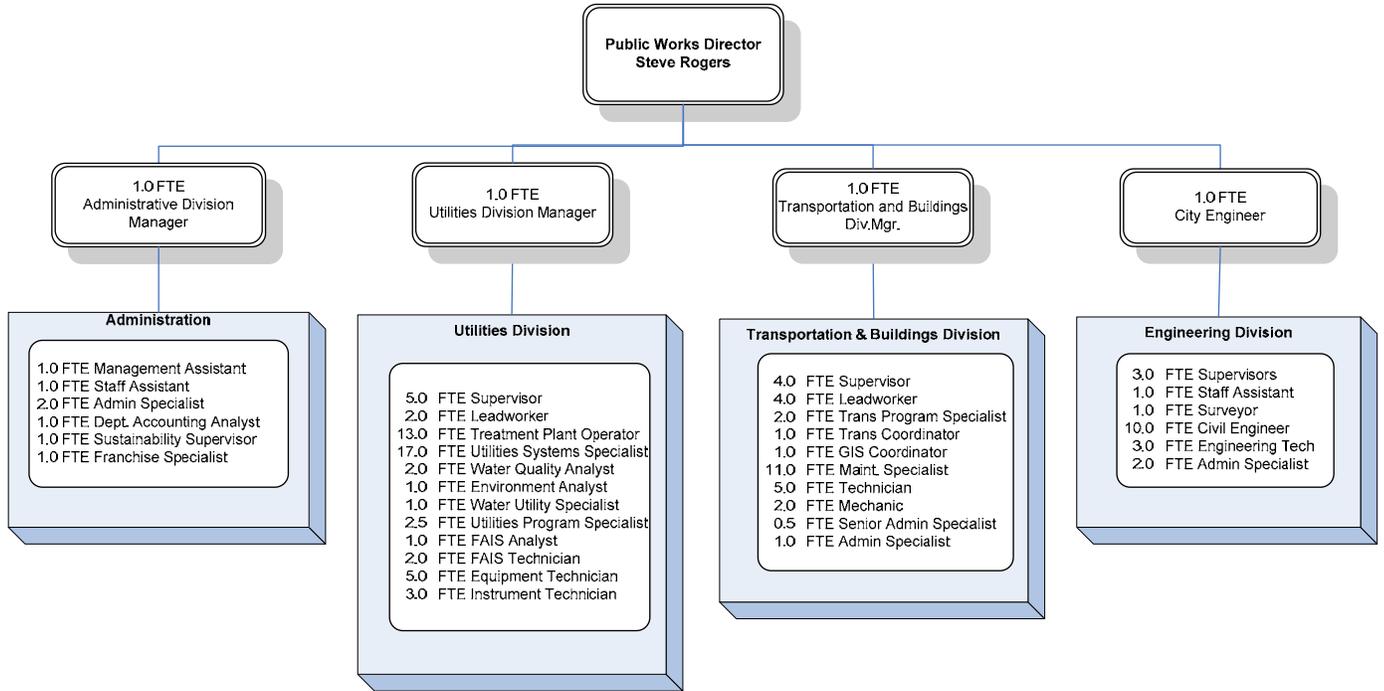
PUBLIC WORKS DEPARTMENT – BUDGET SUMMARY (Continued)

BUDGET BY FUND:	ACTUAL 2005-06	ACTUAL 2006-07	BUDGET 2007-08	REVISED 2007-08	ADOPTED 2008-09	%CHANGE FROM 07-08 BUDGET
General Fund	\$563,739	\$693,063	\$2,454,970	\$837,480	\$893,160	-63.62%
Street Fund	2,888,644	2,717,103	3,202,540	3,038,020	3,588,430	12.05%
Parking Fund	109,109	141,507	127,660	103,460	142,960	11.98%
Transit Fund	1,857,781	2,203,535	2,770,180	2,207,870	3,209,880	15.87%
Water Fund	5,897,933	5,691,145	6,379,240	6,188,530	6,774,780	6.20%
Water Timber Fund	106,083	69,195	235,820	223,340	282,610	19.84%
Wastewater Fund	5,257,824	5,518,772	6,534,440	6,420,700	6,578,400	0.67%
Storm Water Fund	1,561,525	1,338,602	1,984,830	1,950,130	1,818,320	-8.39%
Airport Fund	283,730	242,068	694,730	287,040	802,110	15.46%
Fleet Maintenance Fund	690,740	653,672	710,150	660,110	736,350	3.69%
Facility Maintenance	650,377	559,869	780,540	752,400	739,520	-5.26%
Tech & Communications	232,112	248,679	240,910	233,330	260,840	8.27%
TOTAL	\$20,099,597	\$20,077,211	\$26,116,010	\$22,902,410	\$25,827,360	-1.11%

**FY 08-09 ADOPTED BUDGET
EXPENDITURES BY FUND**



PUBLIC WORKS DEPARTMENT ORGANIZATION CHART



Wastewater Reclamation Plant Disinfection System Project - During Construction

PUBLIC WORKS DEPARTMENT STAFF

Positions	Monthly Salary	FY 05-06	FY 06-07	FY 07-08	FY 08-09
	Range (1.0 FTE)				
Public Works Director	7,076 - 9,572	1.00	1.00	1.00	1.00
City Engineer	6,293 - 8,032	1.00	1.00	1.00	1.00
Division Managers - Transportation & Bldgs/Utilities	6,293 - 8,032	2.00	2.00	2.00	2.00
Supervisors - Engineering/Water-Wastewater Ops	5,594 - 7,140	5.00	5.00	5.00	5.00
Administrative Division Manager	5,594 - 7,140	1.00	1.00	1.00	1.00
Supervisors ⁵	4,972 - 6,346	7.00	7.00	7.00	7.00
Sustainability Supervisor ²	4,972 - 6,346	0.00	1.00	1.00	1.00
Civil Engineer II	4,569 - 5,599	3.00	3.00	3.00	3.00
Management Assistant - Exempt ³	4,147 - 5,293	0.00	1.00	1.00	1.00
Civil Engineer I	4,233 - 5,187	7.00	7.00	7.00	7.00
Dept. Information System Analyst ^{1,7}	4,233 - 5,187	1.00	1.00	0.00	0.00
GIS Coordinator	4,233 - 5,187	1.00	1.00	1.00	1.00
Surveyor	4,233 - 5,187	1.00	1.00	1.00	1.00
Airport Program Specialist/Traffic Technician	3,918 - 4,801	1.00	1.00	1.00	1.00
Electronic Technician II	3,918 - 4,801	2.00	2.00	2.00	2.00
Environmental Analyst	3,918 - 4,801	1.00	1.00	1.00	1.00
Franchise Utility Specialist	3,918 - 4,801	1.00	1.00	1.00	1.00
Facility Automation Information Systems Analyst ⁷	3,918 - 4,801	0.00	0.00	1.00	1.00
Facility Automation Information Systems Technician ⁶	3,918 - 4,801	0.00	0.00	2.00	2.00
Dept MIS Technician ¹	3,918 - 4,801	2.00	2.00	0.00	0.00
Instrument Technician II	3,918 - 4,801	1.00	1.00	1.00	1.00
Management Assistant - AFSCME ³	3,918 - 4,801	1.00	0.00	0.00	0.00
Leadworkers ⁶	3,918 - 4,801	6.00	6.00	6.00	6.00
Utilities Treatment Plant Operator ⁹	3,918 - 4,801	13.00	13.00	12.00	12.00
Engineering Tech III	3,630 - 4,448	3.00	3.00	3.00	3.00
Equipment Maintenance Technician	3,630 - 4,448	4.00	4.00	4.00	5.00
Technicians - Fleet/GIS/Instrument I	3,630 - 4,448	6.00	6.00	6.00	6.00
Program Specialist ⁸	3,630 - 4,448	3.00	3.00	3.00	3.25
Special Transportation Coordinator	3,630 - 4,448	1.00	1.00	1.00	1.00
Water Quality Analyst	3,630 - 4,448	2.00	2.00	2.00	2.00
Water Utility Specialist	3,630 - 4,448	1.00	1.00	1.00	1.00
Maintenance Specialist - Bldg & Grounds/Street/Traffic	3,367 - 4,126	12.00	12.00	12.00	12.00
Utilities Systems Specialist	3,367 - 4,126	17.00	17.00	17.00	17.00
Staff Assistant	3,129 - 3,835	2.00	2.00	2.00	2.00
Utilities Treatment Plant Operator Trainee ⁹	3,129 - 3,835	0.00	0.00	1.00	1.00
Department Accounting Analyst	2,920 - 3,578	1.00	1.00	1.00	1.00
Senior Administrative Specialist	2,920 - 3,578	0.50	0.50	0.50	0.50
Administrative Specialist ⁴	2,551 - 3,126	4.00	4.00	5.00	5.00
TOTAL		114.50	115.50	116.50	117.75

NOTE: Salary ranges reflect FY 07-08 Class and Compensation schedules.

- Positions were moved to the Finance Department MIS Division.
- Sustainability Supervisor is a new position in FY06/07 based on Council Goal initiative.
- Management Assistant position reclassified from AFSCME to Exempt partway through FY05-06.
- Administrative Specialist added in FY 07-08 to work in Transit supported by JARC grant funding.

- Buildings & Grounds/Electronic-GIS/ Transportation/Utility Services
- Position was retitled partway through FY 07-08.
- Position was retitled and reclassified partway through FY 07-08.
- Increased FTE for Watershed Support
- A Plant Operator Trainee position was created, reducing Plant Operator FTEs.

NON-DEPARTMENTAL

Non-Departmental accounts are used for one-time expenditures or expenditures which cannot be easily tied to the costs of any single department. Some of the FY 08-09 major budget expenditures include:

- The Social Services budget totals \$393,620 in the General Fund to be allocated according to the Social Services allocation process.
- The Economic Development budget totals \$563,250 in the General Fund, to be allocated according to the allocation process.
- Estimated title company charges of \$20,000 for Net Assets lien docket software access. This is more than offset by fees received estimated at \$30,000 in 08/09.
- Retiree benefit payments for their dependents' medical costs are projected at \$288,060 but net to zero cost to the City as they are reimbursed by the retirees.
- Costs of \$250,000 for a possible new business license program were included on a one-time basis for FY 08-09, subject to further Council action when recommendations are forthcoming from a Stakeholder Committee in late 2008.
- The Arts Center payment is estimated at \$83,790.
- \$30,000 towards City Council's sustainability goal plus several one-time community-related grants, including \$15,000 to the Corvallis Environmental Center and \$4,000 for the group raising funds for the Garfield Park playground rehabilitation.
- Administrative service charges total \$64,880.

BUDGET BY CATEGORY:	ACTUAL 2005-06	ACTUAL 2006-07	BUDGET 2007-08	REVISED 2007-08	ADOPTED 2008-09	%CHANGE FROM 07-08 BUDGET
Personal Services	\$0	\$0	\$0	\$0	\$0	0.00%
Supplies and Services	11,397,522	11,397,522	1,738,940	1,654,940	1,745,410	0.37%
Capital Outlay	0	0	0	0	0	0.00%
TOTAL	\$11,397,522	\$11,397,522	\$1,738,940	\$1,654,940	\$1,745,410	0.37%

BUDGET BY DIVISION:	ACTUAL 2005-06	ACTUAL 2006-07	BUDGET 2007-08	REVISED 2007-08	ADOPTED 2008-09	%CHANGE FROM 07-08 BUDGET
General	\$1,361,023	\$1,354,701	\$1,436,030	\$1,446,030	\$1,744,060	21.45%
Street	0	0	300,000	206,000	0	-100.00%
Parks & Recreation	0	0	0	0	0	0.00%
G.O. Debt Service	1,325	1,325	1,460	1,460	0	-100.00%
Pension Obligation Debt Svc	9,923,959	1,350	1,450	1,450	1,350	-6.90%
Water	0	0	0	0	0	0.00%
Wastewater	111,215	0	0	0	0	0.00%
Storm Water	0	0	0	0	0	0.00%
TOTAL	\$11,397,522	\$1,357,376	\$1,738,940	\$1,654,940	\$1,745,410	0.37%

STATISTICAL TRENDS

Calendar Year	1985	1990	1995	2000	2005	2006	2007
COMMUNITY DEVELOPMENT							
Single Family Residence Building Permits	64	125	167	141	210	190	89 ¹
Single Family Residence Value (x \$1,000)	\$4,957	\$12,108	\$23,242	\$29,328	\$45,919	\$45,737	\$19,876 ¹
CITY MANAGER'S OFFICE							
City Employees	368.00	352.11	379.97	417.25	423.77	410.68	416.47
Lost Work Days	--	--	430	116.00	118.50	114.50	132.00
FINANCE							
City Assessed Value (000's)	--	\$1,144,822	\$2,419,879	\$2,879,105	\$3,433,646	\$3,467,066	\$3,613,016
City Real Market Value (000's)	--	\$1,144,822	\$2,419,879	\$3,513,758	\$4,522,703	\$5,088,443	\$5,565,082
City Tax Rate:							
Operating	--	\$7.6400	\$5.6200	\$5.1067	\$5.1067	\$5.1067	\$5.1067
Debt	--	--	--	--	.5418	.5339	.5622
Consolidated Tax Rate	--	\$33.78	\$14.65	\$14.77	\$15.81	\$15.70	\$16.76
City Budget:							
Operating (Millions)	--	\$30.25	\$38.34	\$56.78	\$68.62	\$71.34	\$74.15
Capital (Millions)	--	\$10.30	\$17.65	\$31.38	\$14.45	\$10.19	\$11.19
Municipal Court:							
Citations (Traffic & Criminal)	--	7,229	7,000	12,016	8,771	9,921	9,459
Parking Citations	--	27,335	18,532	23,126	11,672	18,664	16,987
FIRE							
Engine Responses ²	1,774	1,164	1,455	1,977	2,590	3,140	3,412
City Incidents (non-ambulance)	1,546	983	1,230	1,615	2,151	2,778	2,990
Non-City Incidents (non-ambulance)	228	181	225	362	439	362	422
Ambulance Responses ³	1,742	1,960	1,941	--	--	--	--
Patient Contacts ³	--	--	--	2,732	3,154	3,517	4,017
PARKS AND RECREATION							
Number of Programs ⁴	--	--	--	--	1,132	1,045	1,194
Number of Registrations ⁴	--	--	--	--	21,559	21,270	21,297
Number of Facility Reservations	--	--	--	--	1,396	1,194	2,612
Number of Total Park Acres	--	--	--	--	1,064	3,105	2,619
	754	1,113	1,113	1,200	1,685	1,685	1,685 ⁵
POLICE DEPARTMENT							
Major Crimes Reported	2,332	2,436	2,995	2,346	2,308	2,307	1,824
9-1-1 Center Incidents Reported	17,625	23,433	31,269	35,753	32,487	35,259	36,027

¹ Residential development and construction decreased dramatically through 2007, resulting in total permits and housing values declining to less than half of prior year levels.

² Engine responses tracked starting 2005. Prior to this, number of engine calls were being recorded. Includes engine responses to ambulance calls.

³ Tracking of patient contacts replaced ambulance responses as a more accurate measure of ambulance services. Ambulance response statistics are provided for historical purposes only.

⁴ Osborn Aquatic Center data not yet included in these totals, as staff is working on a consistent data collection mechanism.

⁵ Total includes 673 developed park acres and 1,012 natural area acres.

STATISTICAL TRENDS (Continued)

Calendar Year	1985	1990	1995	2000	2005	2006	2007
PUBLIC WORKS							
Transportation:							
Traffic Signals	52	58	55	61	82	82	97
Street Lights ⁶	2,041	2,312	2,775	3,036	3,431	3,442	3,505
Bus Ridership	187,764	323,113	330,000	488,238	539,597	570,464	589,239
Water:							
Connections	10,837	12,111	12,684	13,802	14,427	15,675	15,870
Production (xM Gal)	2,399	2,645	2,776	2,912	2,575	2,794	2,887
Miles of Line	173	177	193	205	247	244	245
Wastewater:							
Connections	10,607	11,252	12,211	13,421	14,335	15,573	16,232
Treatment (xM Gal)	3,106	3,113	3,303	3,475	3,249	3,109	3,751
Miles of Line	160	168	186	201	215	215	216
Storm Drains:							
Miles	94.00	94.00	114.00	142.78	160.35	166	167
Streets:							
Miles	133.00	134.00	140.40	169.11	183.70	362.23 ⁷	364.73
Miles Resurfaced	5.00	5.00	7.50	2.21	1.67	1.70	2.65
Bike Paths (Miles)	--	--	11.00	12.00	13.69	21	21
Bike Lanes (Miles)	45.00	56.00	49.00	57.22	61.23	56	57
OTHER							
Area Sq. Miles	11.40	12.85	13.03	13.53	14.00	14.01	14.01
Population	41,580	44,757	47,485	52,215	53,165	53,795	54,890
County Employment	32,390	37,200	40,340	42,380	43,041	40,739	45,198
County Unemployment	1,810	1,460	910	740	1,975	2,020	1,810
County Unemployment Rate	5.4%	3.8%	2.2%	1.7%	4.6%	4.7%	4.3%
OSU Enrollment	15,216	16,024	14,320	16,777	19,236	19,362	19,753
Volunteer Hours:							
Community Development	--	--	--	0	178	0	220
Finance	--	--	302	250	222	188	188
Fire	--	--	21,672	29,659	48,243	43,509	33,444
Library	--	--	8,400	7,368	11,227	11,125	11,571
Parks & Recreation	--	--	22,500	24,335	23,452	21,483	20,000
Police	--	--	5,030	6,397	5,405	4,784	3,137
Public Works	--	--	440	843	632	16	240
Fiscal Year	FY84-85	FY89-90	FY94-95	FY99-00	FY04-05	FY05-06	FY 06-07
LIBRARY							
Circulation	--	762,910	1,208,996	1,452,949	1,608,068	1,520,039	1,481,633 ⁸
Patron Visits	--	514,543	704,996	724,291	1,223,400	1,301,299	1,402,633
Population Served	--	69,400	75,400	77,192	80,500	82,835	84,125

⁶ A complete inventory was completed in August 2002.

⁷ Reporting of street miles changed from linear miles to lane miles to meet the ICMA standard measurement.

⁸ FY 06-07 statistical method changed to match ICMA statistics.



CORVALLIS

ENHANCING COMMUNITY LIVABILITY

SECTION – V PROPERTY TAX FUNDS

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



Parks and Recreation Activities



Corvallis-Benton County Public Library



Fire & Rescue



Corvallis Transit Service



Police Department

SECTION – V PROPERTY TAX FUNDS

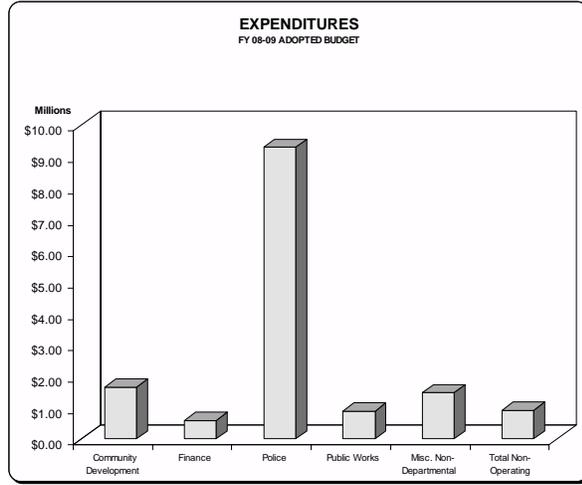
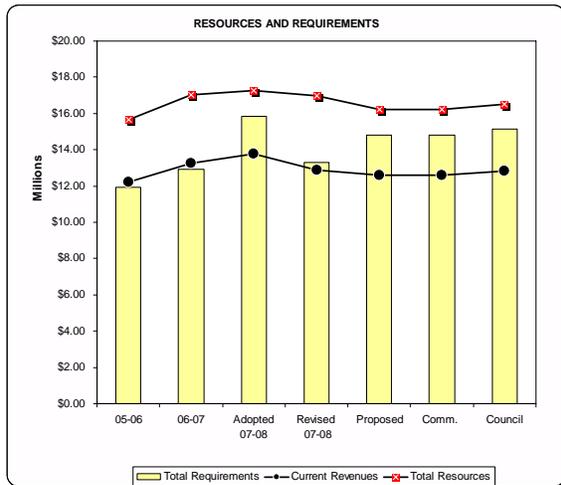
These are funds through which many special governmental functions are financed. The governmental fund measurement focus is on determination of financial position and changes in financial position (sources, uses, and balances of financial resources). Governmental funds are accounted and budgeted for on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

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

- a) **General Fund** – to account for all of the financial resources of the City which are not accounted for in any other fund. Principal sources of revenue are property taxes, franchise fees, licenses, permits and state shared revenues. Primary expenditures in the General Fund are made for police, community development and planning, and municipal court. For Government Accounting Standards Board (GASB) Statement #34 reporting purposes, this fund was considered a Major Fund in the City's Comprehensive Annual Financial Report (CAFR) in FY 06-07.
- b) **Parks & Recreation Fund** – to account for revenues and expenditures associated with the operations of the Parks and Recreation Department. Major revenue sources include property taxes, fees for recreational programs, and parks system development charges (SDC). Component funds such as Osborn Aquatics and Open Space are included in this fund. For GASB Statement #34 reporting purposes, this fund was considered a Major Fund in the City's CAFR in FY 06-07.
- c) **Fire & Rescue Fund** – to account for revenues and expenditures associated with operations of the fire, emergency medical, and transport ambulance service which is owned and operated by the City of Corvallis. Major revenue sources include property taxes, rural fire district charges, ambulance fees, and charges for inspection services. Expenditures are associated with the operation and maintenance of the fire and transport ambulance services. For GASB Statement #34 reporting purposes, this fund was considered a Major Fund in the City's CAFR in FY 06-07.
- d) **Transit Fund** – to account for revenues and expenditures associated with the operation of the City's transit system. Major revenue sources include property taxes, business energy tax credits, grant monies, and charges for service (rider fares). Expenditures are for operations and maintenance of the transit system.
- e) **Library Fund** – to account for revenues and expenditures associated with operations of the Corvallis Benton County Public Library. Major sources of revenue include taxes collected by Benton County for a service district for the Library, and property taxes. Expenditures include operations for the main library and extension services. For GASB Statement #34 reporting purposes, this fund was considered a Major Fund in the City's CAFR in FY 06-07.

GENERAL FUND SUMMARY

	ACTUAL 2005-06	ACTUAL 2006-07	ADOPTED BUDGET 2007-08	REVISED 2007-08	PROPOSED BUDGET 2008-09	COMMISSION RECOMMENDED 2008-09	COUNCIL APPROVED 2008-09
Resources:							
Beginning Fund Balance	\$3,468,723	\$3,754,011	\$3,514,771	\$4,085,463	\$3,613,713	\$3,605,713	\$3,663,713
Property Taxes	\$3,986,350	\$4,205,385	\$3,537,640	\$3,617,150	\$3,189,550	\$3,189,550	\$3,189,550
Other Taxes	1,002,657	1,113,828	1,032,490	1,173,300	1,220,930	1,220,930	1,220,930
Licenses, Fees, & Permits	4,645,225	5,071,181	4,871,730	5,122,910	5,271,520	5,271,520	5,521,520
Charges for Service	365,128	554,627	747,700	728,010	689,010	689,010	689,010
Intergovernmental	1,165,448	1,180,864	1,102,130	1,185,430	1,226,580	1,226,580	1,226,580
Fines/Forfeitures	707,246	796,101	733,950	785,550	785,300	785,300	785,300
Miscellaneous	266,883	343,816	261,410	264,880	217,740	217,740	217,740
Transfers In	56,480	0	66,350	0	0	0	0
Other Financing Sources	18,984	5,661	1,410,000	12,000	0	0	0
Current Revenues	\$12,214,401	\$13,271,463	\$13,763,400	\$12,889,230	\$12,600,630	\$12,600,630	\$12,850,630
Total Resources	\$15,683,124	\$17,025,474	\$17,278,171	\$16,974,693	\$16,214,343	\$16,206,343	\$16,514,343
Requirements:							
Operating Budget:							
Community Development	\$1,038,914	\$1,149,683	\$1,482,290	\$1,370,010	\$1,643,390	\$1,643,390	\$1,693,390
Finance	460,900	496,410	523,720	517,260	585,050	585,050	590,050
Police	7,763,524	8,353,027	8,963,530	8,590,010	9,296,590	9,296,590	9,311,800
Public Works	563,739	693,063	2,454,970	837,480	893,160	893,160	893,160
Misc. Non-Departmental	1,361,023	1,354,701	1,436,030	1,446,030	1,469,060	1,469,060	1,744,060
Total Operating Budget	\$11,188,100	\$12,046,884	\$14,860,540	\$12,760,790	\$13,887,250	\$13,887,250	\$14,232,460
Non-Operating:							
Transfers Out	\$611,219	\$893,127	\$555,490	\$550,190	\$652,150	\$652,150	\$652,150
Debt Service - Principal	125,000	0	109,190	0	0	0	0
Debt Service - Interest	4,794	0	80,370	0	0	0	0
Contingency	0	0	257,310	0	261,450	261,450	261,450
Total Non-Operating	\$741,013	\$893,127	\$1,002,360	\$550,190	\$913,600	\$913,600	\$913,600
Total Requirements	\$11,929,113	\$12,940,011	\$15,862,900	\$13,310,980	\$14,800,850	\$14,800,850	\$15,146,060
Ending Budgetary Fund Bal.	\$3,754,011	\$4,085,463	\$1,415,271	\$3,663,713	\$1,413,493	\$1,405,493	\$1,368,283



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

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

RESPONSIBILITIES:

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

WORK PLAN:

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

FY 07-08 HIGHLIGHTS:

- Facilitated the City’s involvement and coordination with the DCA in the development of the Downtown Strategic Plan, including preparation of an urban renewal plan and a proposal to create a Downtown Commission.
- Supported the creation of a dedicated code enforcement program for public nuisances and implementing the Land Development Code.

EXPENDITURES CLASS:	ACTUAL 2005-06	ACTUAL 2006-07	BUDGET 2007-08	REVISED 2007-08	ADOPTED 2008-09	%CHANGE FROM 07-08 BUDGET
Personal Services	\$145,765	\$198,094	\$327,820	\$300,810	\$368,000	12.26%
Supplies and Services	201,136	204,479	264,180	245,980	305,880	15.78%
Capital Outlay	2,250	0	21,000	22,500	0	-100.00%
Total	\$349,151	\$402,573	\$613,000	\$569,290	\$673,880	9.93%

EXPENDITURE BY PROGRAM

Administration	\$336,469	\$340,873	\$359,050	\$357,790	\$392,630	9.35%
Development Services	0	0	183,780	153,960	206,880	12.57%
Special Projects	12,682	61,700	70,170	57,540	74,370	5.99%
Total	\$349,151	\$402,573	\$613,000	\$569,290	\$673,880	9.93%
Staffing Levels	1.20	2.20	3.40	3.40	3.40	0.00%

**GENERAL FUND
COMMUNITY DEVELOPMENT DEPARTMENT
PLANNING SERVICES**

RESPONSIBILITIES:

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

WORK PLAN:

- Work to implement City Council Goals as directed.
- Refine new Land Development code to ensure internal consistency and ease of use.
- Undertake other priority planning projects as resources allow. In this regard, an additional associate planner will be hired as approved through the FY 08-09 budget process.
- Continue coordination with Benton County on issues associated with lands in the Corvallis Urban Growth Boundary.
- Process current planning land use applications in a timely manner and within State-mandated time frames.
- Coordinate with other departments to ensure development is consistent with Planning Commission and/or City Council approvals.

FY 07-08 HIGHLIGHTS:

- Worked with the Community Development Director and the Downtown Corvallis Strategic Planning Committee in the development of a Draft Urban Renewal Plan.
- Worked with the Historic Resources Commission (HRC) to identify and implement effective application review requirements and processes for HRC-level permits.
- Worked with the City Attorney to respond to a number of appeals to the Oregon Land Use Board of Appeals.
- Coordinated and completed the hiring of an Associate Planner and Assistant Planner to maintain needed staffing levels.
- Processed all General Development and Special Development land use applications within State-mandated time frames.
- Worked with the Committee for Citizen Involvement (CCI) to refine and enhance its informational materials and activities and to investigate opportunities for improving the effectiveness of Neighborhood Associations.

BUDGET BY CLASS:	ACTUAL	ACTUAL	BUDGET	REVISED	ADOPTED	%CHANGE
	2005-06	2006-07	2007-08	2007-08	2008-09	FROM 07-08
						BUDGET
Personal Services	\$604,007	\$651,779	\$709,370	\$689,370	\$862,840	21.63%
Supplies and Services	85,756	95,331	159,920	111,350	156,670	-2.03%
Capital Outlay	0	0	0	0	0	0.00%
Total	\$689,763	\$747,109	\$869,290	\$800,720	\$1,019,510	17.28%

EXPENDITURE BY PROGRAM

Administration	\$263,571	\$288,801	\$338,740	\$319,850	\$381,390	12.59%
Long Range Planning	188,325	205,521	257,730	213,680	340,820	32.24%
Development Review	237,867	252,788	272,820	267,190	297,300	8.97%
Total	\$689,763	\$747,109	\$869,290	\$800,720	\$1,019,510	17.28%
Staffing Levels	8.07	8.27	8.27	8.27	9.47	14.51%



Historic District street sign



Community volunteers

**GENERAL FUND
FINANCE DEPARTMENT
MUNICIPAL COURT**

RESPONSIBILITIES:

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

WORK PLAN:

- Work with financial system software company to enhance automation of court processing.
- Implement on-line payment service for defendants.

FY 07-08 HIGHLIGHTS:

- Installed two card-swipe devices to enable customers to pay with credit/debit card over the telephone.
- Implemented procedures created for new Minor In Possession of Alcohol Suspension law effective January 1, 2008.

BUDGET BY CLASS:	ACTUAL 2005-06	ACTUAL 2006-07	BUDGET 2007-08	REVISED 2007-08	ADOPTED 2008-09	%CHANGE FROM 07-08 BUDGET
Personal Services	\$226,033	\$241,919	\$259,510	\$257,840	\$344,800	32.87%
Supplies and Services	234,866	254,491	264,210	259,420	245,250	-7.18%
Capital Outlay	0	0	0	0	0	0.00%
Total	\$460,899	\$496,410	\$523,720	\$517,260	\$590,050	12.67%

EXPENDITURE BY PROGRAM

Judicial Services	\$460,899	\$496,410	\$523,720	\$517,260	\$570,900	9.01%
Special Projects	0	0	0	0	19,150	0.00%
Total	\$460,899	\$496,410	\$523,720	\$517,260	\$590,050	12.67%
Staffing Levels	4.00	4.00	4.00	4.00	4.00	0.00%



Court in session; Judge Donahue presiding.

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

RESPONSIBILITIES:

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

WORK PLAN:

- Continue work on law enforcement collaboration initiatives with Benton County.
- Prepare and distribute quarterly complaint and commendation summary.
- Conduct ten meetings of the Community Policing Forum.
- Maintain a comprehensive training curriculum, and implement annual In-Service Training.
- Complete four customer satisfaction surveys, and research implementation of an on-line survey tool.
- Complete an update to the Strategic Plan.
- Successfully complete an on-site assessment and reaccreditation by the Commission for Accreditation of Law Enforcement Agencies (CALEA)
- Complete Law Enforcement Building maintenance projects through contract with Benton County
- Purchase vehicles per the planned replacement schedule.

FY 07-08 HIGHLIGHTS:

- Implemented new City of Corvallis Community Police Review Board.
- Completed implementation of a new Records Management System.
- Completed four customer satisfaction mail-in surveys.
- Continued a quarterly complaint and summary review through the Community Policing Forum.
- Purchased one replacement patrol supervisors' vehicle.
- Conducted a mock-on-site accreditation assessment in preparation for the CALEA on site assessment.
- Completed two joint training sessions with Benton County Sheriff's Office.
- Hosted seven regional training sessions for law enforcement personnel.

BUDGET BY CLASS:	ACTUAL 2005-06	ACTUAL 2006-07	BUDGET 2007-08	REVISED 2007-08	ADOPTED 2008-09	%CHANGE FROM 07-08 BUDGET
Personal Services	\$309,849	\$363,295	\$378,610	\$378,190	\$424,570	12.14%
Supplies and Services	1,398,705	1,674,242	1,867,120	1,605,400	1,861,160	-0.32%
Capital Outlay	167,676	122,662	124,640	39,140	175,520	40.82%
Total	\$1,876,229	\$2,160,198	\$2,370,370	\$2,022,730	\$2,461,250	3.83%

EXPENDITURE BY PROGRAM

Administration	\$1,704,785	\$1,756,119	\$1,884,070	\$1,880,210	\$2,136,140	13.38%
Special Projects	171,444	404,080	486,300	142,520	325,110	-33.15%
Total	\$1,876,229	\$2,160,198	\$2,370,370	\$2,022,730	\$2,461,250	3.83%
Staffing Levels	3.95	4.50	4.25	4.25	4.25	0.00%

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

RESPONSIBILITIES:

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



WORK PLAN:

- Build and put into operation the Evidence garage approved through CIP.
- Refine effective methodologies for Street Crimes Unit to positively impact crime.
- Effectively utilize volunteer Auxiliary members to provide crime prevention services.
- Maintain timely crime prevention information on the website.
- Complete training of new crime analyst.
- Research on-line police reporting and implement if appropriate.

FY 07-08 HIGHLIGHTS:

- Successful investigation of the largest drug trafficking organization in the history of Benton County.

BUDGET BY CLASS:	ACTUAL 2005-06	ACTUAL 2006-07	BUDGET 2007-08	REVISED 2007-08	ADOPTED 2008-09	%CHANGE FROM 07-08 BUDGET
Personal Services	\$1,176,794	\$1,465,852	\$1,653,910	\$1,672,120	\$1,792,780	8.40%
Supplies and Services	223,142	287,596	307,290	293,950	311,450	1.35%
Capital Outlay	0	0	0	0	0	0.00%
Total	\$1,399,936	\$1,753,448	\$1,961,200	\$1,966,070	\$2,104,230	7.29%

EXPENDITURE BY PROGRAM

Detectives	\$554,185	\$772,267	\$857,590	\$942,550	\$980,100	14.29%
Crime Prevention/DARE	1,919	1,867	2,500	2,350	2,400	-4.00%
Crime Analysis	86,307	101,845	127,170	85,710	104,180	-18.08%
Evidence/Property Control	102,109	110,437	125,450	122,410	133,090	6.09%
Animal Control	83,052	110,437	112,350	111,240	118,360	5.35%
Information & Support Svs	323,212	300,092	345,340	340,230	351,710	1.84%
Records	249,153	356,502	390,800	361,580	414,390	6.04%
Total	\$1,399,936	\$1,753,448	\$1,961,200	\$1,966,070	\$2,104,230	7.29%
Staffing Levels	15.25	17.00	19.25	19.25	19.25	0.00%

**GENERAL FUND
POLICE DEPARTMENT
COMMUNITY SERVICES**

RESPONSIBILITIES:

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

WORK PLAN:

- Reduce traffic crashes at top ten crash locations by 10%.
- Maintain injury accident rate under State average.
- Mitigate community livability issues by implementing 20 Tactical Action Plans.
- Complete the Staffing Allocation Study.
- Hire four sworn police officers to achieve 100% staffing of authorized positions.

FY 07-08 HIGHLIGHTS:

- Applied for and implemented Oregon Association of Chiefs of Police/Three Flags Seatbelt Enforcement Grant.
- Applied for and implemented Oregon Association of Chiefs of Police DUII Grant.
- Continued collaboration initiative with Benton County Sheriff's Office for vehicle replacement, maintenance, and co-location of Patrol report writing.
- Implemented drug detection K-9 team.
- Issued Request for Proposals for Staffing Allocation Study.
- Enhanced and increased sector operations by assigning officers to their district 90% of the time.

BUDGET BY CLASS:	ACTUAL 2005-06	ACTUAL 2006-07	BUDGET 2007-08	REVISED 2007-08	ADOPTED 2008-09	%CHANGE FROM 07-08 BUDGET
Personal Services	\$4,190,263	\$4,157,691	\$4,364,110	\$4,346,320	\$4,458,050	2.15%
Supplies and Services	238,141	250,610	267,850	254,890	281,270	5.01%
Capital Outlay	58,954	31,080	0	0	7,000	0.00%
Total	\$4,487,358	\$4,439,381	\$4,631,960	\$4,601,210	\$4,746,320	2.47%

EXPENDITURE BY PROGRAM

Patrol	\$4,308,394	\$4,250,280	\$4,428,800	\$4,402,210	\$4,539,790	2.51%
Traffic	178,964	189,101	203,160	199,000	206,530	1.66%
Total	\$4,487,358	\$4,439,381	\$4,631,960	\$4,601,210	\$4,746,320	2.47%
Staffing Levels	43.65	45.15	43.65	43.65	43.90	0.57%



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

RESPONSIBILITIES:

- The Administration Division provides management and administrative support functions to the department’s General Fund activities to ensure that services are maintained and efficiently delivered. Functions include reception, budgeting, contract support and accounting services for the department, and sustainability program development for the organization.
- The Engineering Division coordinates the Capital Improvement Program (CIP) development, conducts design review on new developments, inspects private development of public infrastructure, and provides general engineering support to City departments.
- The Transportation Division is responsible for the City-owned street light system, and for providing geographic information system (GIS) services to the organization.
- Special Projects are one-time in nature or fall outside the scope of normal operations for the department.

WORK PLAN:

- Foster sustainable practices in all department operations.
- Create a video for the public access channel on some aspect of city services that will also provide a training opportunity for interested community members on how to produce a video.
- Negotiate a new solid waste franchise agreement.
- Meet quarterly with joint City/509J advisory board to set the direction for public access services.
- Provide technical assistance and engineering support to the organization as needed including developing CIP proposals to maintain and upgrade public facilities.
- Provide support to the CIP Commission in developing the annual CIP update.
- Provide property data (ownership, zoning, etc.) and city utility/transportation system data updates and access through GIS.
- Coordinate development and maintenance of regional GIS data with Benton County, City of Albany, and Linn County.

FY 07-08 HIGHLIGHTS:

- Conducted a community survey on public access channel services.
- Purchased new public access equipment that allows community members to submit bulletin board announcements over the web.
- Negotiated a new electrical utility franchise agreement.

BUDGET BY CLASS:	ACTUAL 2005-06	ACTUAL 2006-07	BUDGET 2007-08	REVISED 2007-08	ADOPTED 2008-09	%CHANGE FROM 07-08 BUDGET
Personal Services	\$160,252	\$205,447	\$293,330	\$277,860	\$311,760	6.28%
Supplies and Services	341,342	485,167	756,640	554,620	581,400	-23.16%
Capital Outlay	62,145	2,449	1,405,000	5,000	0	-100.00%
Total	\$563,739	\$693,063	\$2,454,970	\$837,480	\$893,160	-63.62%

EXPENDITURE BY PROGRAM

Administration	\$139,830	\$272,040	\$381,770	\$373,230	\$410,760	7.59%
Transportation & Buildings	323,555	306,906	346,830	333,860	351,350	1.30%
Engineering	97,649	97,742	124,780	121,390	131,050	5.02%
Special Projects	2,705	16,376	1,601,590	9,000	0	-100.00%
Total	\$563,739	\$693,063	\$2,454,970	\$837,480	\$893,160	-63.62%
Staffing Levels	2.22	3.45	3.45	3.45	3.46	0.29%

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

RESPONSIBILITIES:

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

WORK PLAN:

Major expenditures include:

- The Social Services budget totals \$393,620.
- The Economic Development budget totals \$563,250.
- Internal service charges for administrative services total \$64,880.
- City Council sustainability goals are to be furthered with an additional \$30,000 towards community outreach and focus.
- Several one-time grants will be made available, such as \$15,000 for the Corvallis Environmental Center and \$4,000 for the group raising funds for the Garfield Park playground rehabilitation.
- A possible new business license program estimated at \$250,000 in revenue includes the offsetting allocations in expenditures on a one-time basis below. Stakeholder Committee recommendations and further City Council action late in 2008 will determine if this program will be funded permanently.

BUDGET BY CLASS:	ACTUAL 2005-06	ACTUAL 2006-07	BUDGET 2007-08	REVISED 2007-08	ADOPTED 2008-09	%CHANGE FROM 07-08 BUDGET
Personal Services	\$0	\$0	\$0	\$0	\$0	0.00%
Supplies and Services	1,361,023	1,354,701	1,436,030	1,446,030	1,744,060	21.45%
Capital Outlay	0	0	0	0	0	0.00%
Total	\$1,361,023	\$1,354,701	\$1,436,030	\$1,446,030	\$1,744,060	21.45%

EXPENDITURE BY PROGRAM

Non-Departmental	\$1,361,023	\$1,354,701	\$1,436,030	\$1,446,030	\$1,744,060	21.45%
Total	\$1,361,023	\$1,354,701	\$1,436,030	\$1,446,030	\$1,744,060	21.45%
Staffing Levels	0.00	0.00	0.00	0.00	0.00	0.00%



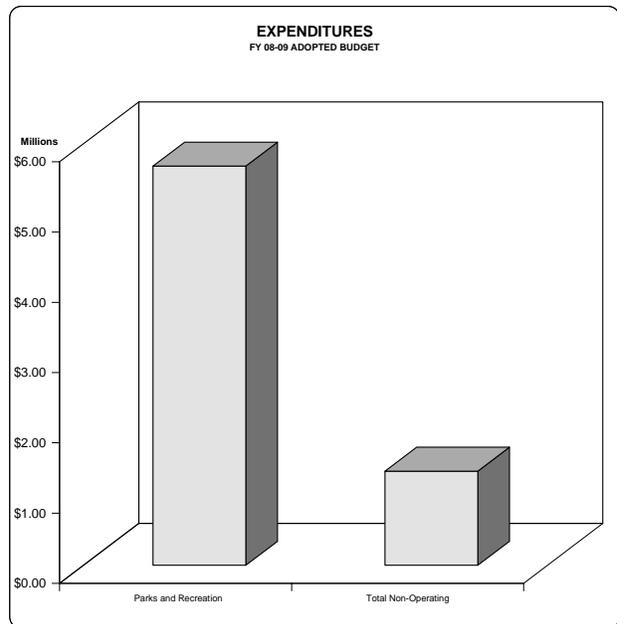
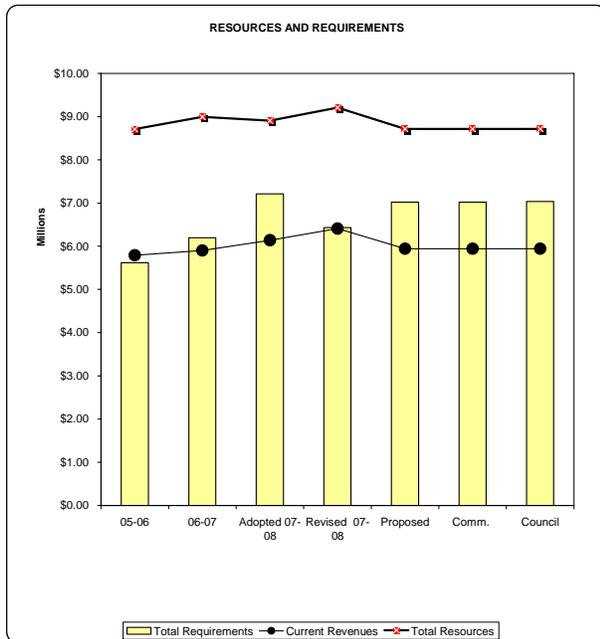
Da Vinci Days – Kinetic Sculpture



Sidewalk Chalk art contest

PARKS & RECREATION FUND SUMMARY

	ACTUAL 2005-06	ACTUAL 2006-07	ADOPTED BUDGET 2007-08	REVISED 2007-08	PROPOSED BUDGET 2008-09	COMMISSION RECOMMENDED 2008-09	COUNCIL APPROVED 2008-09
Resources:							
Beginning Fund Balance	\$2,920,667	\$3,091,823	\$2,766,243	\$2,798,345	\$2,772,805	\$2,772,805	\$2,772,805
Property Taxes	\$3,467,568	\$3,712,629	\$4,074,090	\$4,150,140	\$3,967,700	\$3,967,700	\$3,967,700
Licenses, Fees, & Permits	44,889	45,274	43,200	43,100	43,500	43,500	43,500
Charges for Service	1,590,185	1,764,032	1,767,520	1,950,510	1,750,540	1,750,540	1,750,540
Intergovernmental	42,289	41,878	32,570	29,780	27,400	27,400	27,400
Fines & Forfeitures	63	509	860	120	0	0	0
Miscellaneous	231,182	293,942	210,890	224,620	153,080	153,080	153,080
Transfers In	412,881	22,884	10,810	10,810	0	0	0
Other Financing Sources	0	21,400	0	0	0	0	0
Current Revenues	\$5,789,057	\$5,902,548	\$6,139,940	\$6,409,080	\$5,942,220	\$5,942,220	\$5,942,220
Total Resources:	\$8,709,724	\$8,994,371	\$8,906,183	\$9,207,425	\$8,715,025	\$8,715,025	\$8,715,025
Requirements:							
Operating Budget:							
Parks and Recreation	\$4,754,482	\$5,073,132	\$5,480,860	\$5,310,030	\$5,683,370	\$5,683,370	\$5,695,870
Total Operating Budget	\$4,754,482	\$5,073,132	\$5,480,860	\$5,310,030	\$5,683,370	\$5,683,370	\$5,695,870
Non-Operating:							
Transfers Out	\$863,419	\$1,122,894	\$1,647,125	\$1,124,590	\$1,247,655	\$1,247,655	\$1,247,655
Contingency	0	0	83,720	0	92,600	92,600	92,600
Total Non-Operating	\$863,419	\$1,122,894	\$1,730,845	\$1,124,590	\$1,340,255	\$1,340,255	\$1,340,255
Total Requirements	\$5,617,901	\$6,196,026	\$7,211,705	\$6,434,620	\$7,023,625	\$7,023,625	\$7,036,125
Ending Budgetary Fund Balance	\$3,091,823	\$2,798,345	\$1,694,478	\$2,772,805	\$1,691,400	\$1,691,400	\$1,678,900



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

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

RESPONSIBILITIES:

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

WORK PLAN:

- Evaluate and enhance customer service activities related to program registration, facility reservations and website.
- Address the records retention storage issue department wide.
- Continue to develop marketing strategy using Administration services.
- Complete Phase III improvements at Sunset Park.
- Update compliance plan for Americans with Disabilities Act (ADA).

FY 07-08 HIGHLIGHTS:

- Consolidated Parks and Recreation Advisory Board with Open Space and Riverfront Commissions. Renamed the consolidated entity: Parks, Natural Areas, and Recreation Board.
- Completed Phase I & II of improvements at Sunset Park.
- Completed a master plan for North Riverfront and Willamette Parks.
- Completed an ADA path for Phase I of the Avery Park Rose Garden project.

BUDGET BY CLASS:	ACTUAL 2005-06	ACTUAL 2006-07	BUDGET 2007-08	REVISED 2007-08	ADOPTED 2008-09	%CHANGE FROM 07-08 BUDGET
Personal Services	\$563,117	\$572,268	\$604,060	\$594,560	\$637,160	5.48%
Supplies and Services	679,454	749,203	810,710	742,410	894,670	10.36%
Capital Outlay	59,735	91,208	66,660	66,660	73,000	9.51%
Total	\$1,302,306	\$1,412,679	\$1,481,430	\$1,403,630	\$1,604,830	8.33%

EXPENDITURE BY PROGRAM

Administration	\$1,077,440	\$1,100,100	\$1,186,070	\$1,171,170	\$1,254,250	5.75%
Donation Program	27,075	20,361	30,560	27,490	21,000	-31.28%
Special Projects	197,790	292,218	264,800	204,970	329,580	24.46%
Total	\$1,302,306	\$1,412,679	\$1,481,430	\$1,403,630	\$1,604,830	8.33%
Staffing Levels	7.25	7.25	7.25	7.25	7.25	0.00%

**PARKS & RECREATION FUND
PARKS AND RECREATION DEPARTMENT
PARKS MAINTENANCE**

RESPONSIBILITIES:

- Maintain Parks and Recreation facilities in a safe, clean, accessible and attractive condition.
- Manage a variety of park facilities including sports fields, playgrounds, beautification areas, natural areas, trails, neighborhood and community parks, picnic shelters, and community meeting facilities.
- Manage parks and natural areas with balance between multiple use and resource conservation.
- Provide support for sports events and major community events such as Fall Festival, Farmers Market, daVinci Days and Red, White and Blue Festival.

WORK PLAN:

- Implement the Parks and Natural Areas Operations Plan.
- Hire second Parks Operations Supervisor as approved by Budget Commission.
- Fully integrate sustainability into the Parks and Natural Areas Operations Plan.
- Improve the Parks and Recreation vehicle reserve plan in terms of composition, utilization, and sustainability.
- Improve revenue generation in Parks Division facilities.
- Develop work order system in Parks operations based on GIS platform.
- Schedule and implement Best Management Practices for natural areas operations and maintenance.
- Develop an Urban Forestry Management Plan.
- Develop a management plan for Herbert Farms open space.
- Prioritize and manage maintenance of park shelters, restrooms, barns and other similar facilities within the given budgetary framework.

FY 07-08 HIGHLIGHTS:

- Supported a wide range of community events; i.e., Festival of Lights; Red, White, and Blues Festival; Farmers Market; daVinci Days; and Fall Festival.
- Implemented TreeWorks software into the Urban Forestry program.
- Completed baseline resource data for Herbert Farms Open Space with ODFW grant funds.
- Contracted and implemented OSU Home Game Day parking with a nonprofit organization.
- Completed renovation of the Avery Park outdoor lights.
- Facilitated the planting of 175 trees in the public right-of-way to celebrate Corvallis' 150th Birthday Celebration.
- Marketed downed trees and paid for restoration and cleanup from storm damage.

BUDGET BY CLASS:	ACTUAL 2005-06	ACTUAL 2006-07	BUDGET 2007-08	REVISED 2007-08	ADOPTED 2008-09	%CHANGE FROM 07-08 BUDGET
Personal Services	\$795,920	\$901,574	\$1,124,840	\$1,070,150	\$1,194,170	6.16%
Supplies and Services	400,358	406,972	400,490	383,070	385,620	-3.71%
Capital Outlay	7,105	0	17,280	7,150	10,120	-41.44%
Total	\$1,203,383	\$1,308,546	\$1,542,610	\$1,460,370	\$1,589,910	3.07%

EXPENDITURE BY PROGRAM

Support Services	\$209,377	\$199,579	\$214,280	\$204,310	\$315,430	47.20%
Parks	401,359	401,164	467,520	457,770	461,340	-1.32%
Natural Resources	592,647	707,803	860,810	798,290	813,140	-5.54%
Total	\$1,203,383	\$1,308,546	\$1,542,610	\$1,460,370	\$1,589,910	3.07%
Staffing Levels	10.00	18.71	18.71	18.71	19.71	5.34%

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

RESPONSIBILITIES:

- Provide year-round recreation programs and facilities which are of high quality and diverse, to meet the changing recreations needs.
- Ensure programs and facilities are accessible, safe and secure.

WORK PLAN:

- Continue to implement Recreation Service Plan priority objectives.
- Pursue funding for the Chintimini Senior Center and park enhancements.
- Pursue development of a softball complex as relates to Chintimini Park enhancements.
- Develop Senior Center Sustainability Plan.
- Replace boilers at Osborn Aquatic Center and access energy and cost savings.



Swim Meet

FY 07-08 HIGHLIGHTS:

- Developed an agreement with Samaritan Health Services (SHS) to offer access to approved recreation programs as a part of SHS employee wellness benefit plan.
- Partnered with OSU to complete a survey of “Baby Boomers” recreational needs in Corvallis.

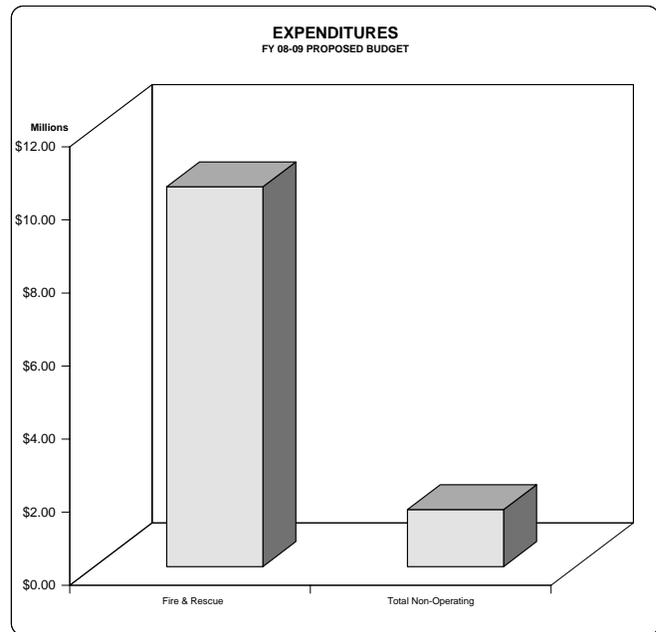
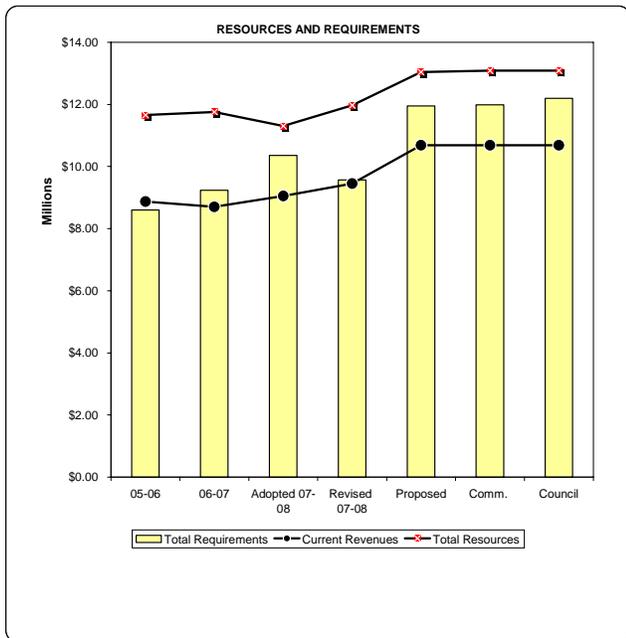
BUDGET BY CLASS:	ACTUAL 2005-06	ACTUAL 2006-07	BUDGET 2007-08	REVISED 2007-08	ADOPTED 2008-09	%CHANGE FROM 07-08 BUDGET
Personal Services	\$1,393,347	\$1,463,928	\$1,557,930	\$1,544,080	\$1,568,950	0.71%
Supplies and Services	855,446	887,979	898,890	901,950	932,180	3.70%
Capital Outlay	0	0	0	0	0	0.00%
Total	\$2,248,792	\$2,351,907	\$2,456,820	\$2,446,030	\$2,501,130	1.80%

EXPENDITURE BY PROGRAM

Recreation Corps	\$13,563	\$15,082	\$18,000	\$17,360	\$18,220	1.22%
Volunteer Corps	39,510	37,790	44,770	38,040	39,710	-11.30%
General Programming	330,957	373,633	376,010	378,680	391,230	4.05%
Sports	268,968	272,911	344,090	318,620	300,300	-12.73%
Outdoor	14,481	12,647	18,200	18,150	18,000	-1.10%
Senior Center	450,764	462,176	487,100	485,610	501,450	2.95%
Aquatics	1,126,091	1,174,658	1,158,900	1,184,130	1,224,820	5.69%
Enrichment Programs	0	3,010	9,750	5,440	7,400	-24.10%
City/School Recreation	4,459	0	0	0	0	0.00%
Total	\$2,248,792	\$2,351,907	\$2,456,820	\$2,446,030	\$2,501,130	1.80%
Staffing Levels	11.18	11.18	11.18	11.18	11.18	0.00%

FIRE AND RESCUE FUND SUMMARY

	ACTUAL 2005-06	ACTUAL 2006-07	ADOPTED BUDGET 2007-08	REVISED 2007-08	PROPOSED BUDGET 2008-09	COMMISSION RECOMMENDED 2008-09	COUNCIL APPROVED 2008-09
Resources:							
Beginning Fund Balance	\$2,785,121	\$3,056,427	\$2,253,347	\$2,519,585	\$2,357,895	\$2,402,175	\$2,402,175
Property Taxes	\$5,907,399	\$5,643,109	\$6,126,140	\$6,240,500	\$7,529,510	\$7,529,510	\$7,529,510
Licenses, Fees, & Permits	13,242	14,426	13,460	18,260	17,720	17,720	17,720
Charges for Service	2,554,162	2,753,298	2,710,510	3,001,570	2,996,290	2,996,290	2,996,290
Intergovernmental	219,689	93,193	25,000	20,630	0	0	0
Fines & Forfeitures	6,210	12,272	8,000	9,470	9,470	9,470	9,470
Miscellaneous	169,115	184,059	169,050	159,170	130,810	130,810	130,810
Other Financing Sources	2,546	1,320	0	3,040	0	0	0
Current Revenues	\$8,872,363	\$8,701,677	\$9,052,160	\$9,452,640	\$10,683,800	\$10,683,800	\$10,683,800
Total Resources	\$11,657,484	\$11,758,104	\$11,305,507	\$11,972,225	\$13,041,695	\$13,085,975	\$13,085,975
Requirements:							
Operating Budget:							
Fire & Rescue	\$8,275,595	\$8,847,789	\$9,356,130	\$9,124,300	\$10,394,290	\$10,430,570	\$10,638,570
Total Operating Budget	\$8,275,595	\$8,847,789	\$9,356,130	\$9,124,300	\$10,394,290	\$10,430,570	\$10,638,570
Non-Operating:							
Transfers Out	\$325,462	\$390,730	\$823,750	\$445,750	\$1,365,440	\$1,365,440	\$1,365,440
Contingency	0	0	175,330	0	192,170	192,170	192,170
Total Non-Operating	\$325,462	\$390,730	\$999,080	\$445,750	\$1,557,610	\$1,557,610	\$1,557,610
Total Requirements	\$8,601,057	\$9,238,519	\$10,355,210	\$9,570,050	\$11,951,900	\$11,988,180	\$12,196,180
Ending Budgetary Fund Balance	\$3,056,427	\$2,519,585	\$950,297	\$2,402,175	\$1,089,795	\$1,097,795	\$889,795



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

**FIRE AND RESCUE FUND
FIRE DEPARTMENT
MANAGEMENT SERVICES/SPECIAL PROJECTS**

RESPONSIBILITIES:

- Provide leadership, direction, and technical support to the department through management of information and finances, strategic planning and analysis, training, safety programs, and provision of employee services (recruitment, retention and development).
- Provide responsive customer service.
- The Special Projects division is used to account for projects that are one-time in nature.

WORK PLAN:

- Participate in two disaster drills with other agencies.
- Recruit and train new volunteers.
- Reestablish the Vehicle and Equipment reserve fund for future vehicle replacements.
- Replace the 1982 Grumman aerial ladder truck, the 1993 Chevrolet Suburban, the 1998 Jeep Cherokee, and the 1997 Zodiac boat.
- Replace four intravenous pumps.
- Complete brick sealing at Station 1.
- Replace/ upgrade the exhaust system at Station 3.
- Resolve Station 5 connectivity issues.
- Upgrade/ replace the Fire Department's records management system (RMS).

FY 07-08 HIGHLIGHTS:

- Conducted one volunteer training academy for new volunteers.
- Trained personnel and implemented the usage of TeleStaff (personnel scheduling software) for daily shift scheduling.
- Replaced the 1994 Ford/Lifeline ambulance and a 1996 Jeep Cherokee.
- Replaced four ALS cardiac monitors for ambulances at Stations 1, 3, 4, and 5.
- Replaced thirteen BLS/ ILS cardiac monitors/ defibrillators.

BUDGET BY CLASS:	ACTUAL 2005-06	ACTUAL 2006-07	BUDGET 2007-08	REVISED 2007-08	ADOPTED 2008-09	%CHANGE FROM 07-08 BUDGET
Personal Services	\$847,378	\$1,191,952	\$1,236,700	\$1,208,220	\$1,364,840	10.36%
Supplies and Services	845,799	887,516	934,030	924,310	1,283,070	37.37%
Capital Outlay	407,323	339,096	357,560	313,280	914,940	155.88%
Total	\$2,100,500	\$2,418,564	\$2,528,290	\$2,445,810	\$3,562,850	40.92%

EXPENDITURE BY PROGRAM

Administration	\$1,261,235	\$1,333,294	\$1,485,140	\$1,462,160	\$1,673,120	12.66%
Training	325,866	652,739	641,510	626,290	657,290	2.46%
Special Projects	513,399	432,530	401,640	357,360	1,232,440	206.85%
Total	\$2,100,500	\$2,418,564	\$2,528,290	\$2,445,810	\$3,562,850	40.92%
Staffing Levels	9.82	10.45	10.50	10.50	11.00	4.76%

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

RESPONSIBILITIES:

- Protect the lives and property of all persons within the community and surrounding district from the adverse effects of fires, sudden medical emergencies, or dangerous environmental conditions.

WORK PLAN:

- Meet or exceed current service levels and performance indicators.
- Begin construction on the drill tower facility.
- Reinstate a Fire Cadet program (contingent upon receiving matching donations).
- Share costs with Benton County Emergency Management for a City/County Emergency Preparedness Planner.

FY 07-08 HIGHLIGHTS:

- 33,444 volunteer hours were worked in 2007 by 38 volunteers.
- Renewed a seven-year contract with the Corvallis Rural Fire Protection District (CRFPD) for fire protection services in the rural district.
- Entered into a contract with OSU to provide confined space emergency rescue services.

BUDGET BY CLASS:	ACTUAL 2005-06	ACTUAL 2006-07	BUDGET 2007-08	REVISED 2007-08	ADOPTED 2008-09	%CHANGE FROM 07-08 BUDGET
Personal Services	\$2,518,960	\$2,753,707	\$2,910,220	\$2,839,830	\$3,018,740	3.73%
Supplies and Services	570,481	591,464	600,590	570,290	624,820	4.03%
Capital Outlay	9,207	9,198	0	8,960	0	0.00%
Total	\$3,098,648	\$3,354,369	\$3,510,810	\$3,419,080	\$3,643,560	3.78%

EXPENDITURE BY PROGRAM

Fire Operations	\$2,754,193	\$2,992,209	\$3,177,560	\$3,096,430	\$3,315,660	4.35%
Volunteers	54,699	58,791	71,700	67,290	73,050	1.88%
Building & Grounds	57,325	75,327	64,240	60,930	63,100	-1.77%
Equipment and Inventory	67,354	60,068	78,190	73,500	77,660	-0.68%
Vehicle and Apparatus	165,077	167,974	119,120	120,930	114,090	-4.22%
Total	\$3,098,648	\$3,354,369	\$3,510,810	\$3,419,080	\$3,643,560	3.78%
Staffing Levels	28.15	28.50	28.00	28.00	27.80	-0.71%



Vehicle extrication demonstration



Burn to Learn training



Extrication drill

**FIRE AND RESCUE FUND
FIRE DEPARTMENT
HAZARD REDUCTION SERVICES**

RESPONSIBILITIES:

- Provide code enforcement services designed to prevent or limit fire and associated hazards to life and property.
- Provide educational services, including juvenile fire-setter intervention. Investigate fires for cause.

WORK PLAN:

- Perform the following fire and life safety inspections in the City of Corvallis so that all inspectible occupancies are visited by CFD personnel:
 - Fulfill the Corvallis Public School District (509J) contract for annual fire inspection of structures (tax exempt);
 - Fulfill the OSU Housing contract for annual fire inspection of all dorm and dining occupancies (tax exempt);
 - Fulfill the OSU Facilities contract for annual fire inspection of one-third of the campus facility structures;
 - All Greek housing; and
 - All other structures located within the city limits (except single and duplex family dwellings).
- Perform the following fire and life safety inspections in the CRFPD, as indicated in the CRFPD service contract: all school, public assembly, industrial, and business structures.
- Perform a fire and life safety plan review of all new commercial and industrial building projects occurring within the service area.
- Promote public fire safety education by participating in or sponsoring at least three events.
- Determine fire cause and origin for all significant fires occurring within the service area.
- Pursue the implementation of the computerized fire inspection program utilizing wireless tablets and personal computers.

FY 07-08 HIGHLIGHTS:

- CFD Prevention staff instructed at the Fire Wise Campus Forum (sponsored by UL and FEMA) and gave a presentation at the Association of College and University Housing Officers (ACUHO) Consortium for College Residential Housing in Seattle, Washington.
- Coordinated an off-campus housing smoke detector survey, performed by Greek sorority members in concert with CFD volunteers.
- Completed the construction of the fire sprinkler demonstration trailer, financed in part through an intergovernmental agreement with OSU.
- Performed 2,000 fire and life safety inspections.
- Provided 200 fire safety presentations interfacing with approximately 7,000 participants.

BUDGET BY CLASS:	ACTUAL 2005-06	ACTUAL 2006-07	BUDGET 2007-08	REVISED 2007-08	ADOPTED 2008-09	%CHANGE FROM 07-08 BUDGET
Personal Services	\$846,111	\$872,728	\$927,850	\$913,750	\$978,790	5.49%
Supplies and Services	11,483	17,596	23,050	21,670	24,130	4.69%
Capital Outlay	0	0	0	0	0	0.00%
Total	\$857,594	\$890,324	\$950,900	\$935,420	\$1,002,920	5.47%

EXPENDITURE BY PROGRAM

Fire Prevention	\$857,594	\$890,324	\$950,900	\$935,420	\$1,002,920	5.47%
Total	\$857,594	\$890,324	\$950,900	\$935,420	\$1,002,920	5.47%
Staffing Levels	8.70	8.80	8.60	8.60	8.60	0.00%

**FIRE AND RESCUE FUND
FIRE DEPARTMENT
EMERGENCY MEDICAL SERVICES (EMS)**

RESPONSIBILITIES:

- Provide high quality advanced life support ambulance service for patients in the Benton County Ambulance Service Area.

DEPARTMENT WORK PLAN:

- Meet or exceed current service levels and performance indicators.
- Research alternative and additional revenue sources for sustainable ambulance services.
- Establish an ongoing review of ambulance revenue collection practices/ strategies to maximize returns and compliance.
- Explore ongoing partnerships with other ambulance providers and/ or response agencies regarding administrative and operational EMS activities.
- Ensure ongoing department compliance with State and Federal requirements for ambulance services such as Health Insurance Portability & Accountability Act (HIPAA) and National Emergency Medical Services Information System (NEMSIS) requirements.
- Establish replacement strategy for EMS reporting software in conjunction with the entire fire department RMS system.
- Complete State Emergency Medical Technician (EMT) recertification for all EMTs in the department.

FY 07-08 HIGHLIGHTS:

- Received 100% “Excellent” or “Good” rating on the 2007 Citizen Attitude Survey for EMS services.
- Evaluated the current ambulance billing process in order to maximize returns.
- Placed a new ambulance in service (see 07-08 Highlights for Management Services/ Special Projects).

BUDGET BY CLASS:	ACTUAL 2005-06	ACTUAL 2006-07	BUDGET 2007-08	REVISED 2007-08	ADOPTED 2008-09	%CHANGE FROM 07-08 BUDGET
Personal Services	\$2,080,208	\$2,042,064	\$2,219,710	\$2,186,360	\$2,274,100	2.45%
Supplies and Services	138,645	142,469	146,420	137,630	155,140	5.96%
Capital Outlay	0	0	0	0	0	0.00%
Total	\$2,218,854	\$2,184,533	\$2,366,130	\$2,323,990	\$2,429,240	2.67%

EXPENDITURE BY PROGRAM

Emergency Medical	\$2,218,854	\$2,184,533	\$2,366,130	\$2,323,990	\$2,429,240	2.67%
Total	\$2,218,854	\$2,184,533	\$2,366,130	\$2,323,990	\$2,429,240	2.67%
Staffing Levels	23.05	21.97	21.62	21.62	21.60	-0.09%



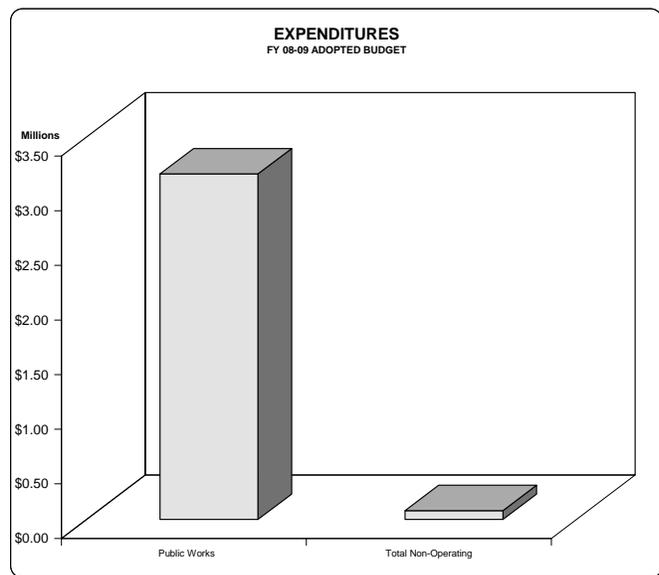
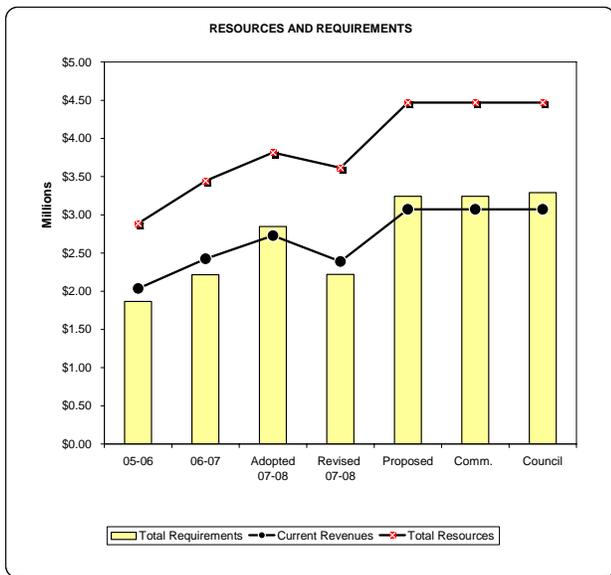
Ambulance patient care



EMS training

TRANSIT FUND SUMMARY

	ACTUAL 2005-06	ACTUAL 2006-07	ADOPTED BUDGET 2007-08	REVISED 2007-08	PROPOSED BUDGET 2008-09	COMMISSION RECOMMENDED 2008-09	COUNCIL APPROVED 2008-09
Resources:							
Beginning Fund Balance	\$851,691	\$1,019,284	\$1,088,234	\$1,227,839	\$1,397,629	\$1,397,629	\$1,397,629
Property Taxes	\$400,000	\$407,426	\$416,770	\$424,550	\$439,410	\$439,410	\$439,410
Charges for Service	351,710	399,964	446,680	457,680	457,340	457,340	457,340
Intergovernmental	689,384	990,446	1,265,150	859,700	1,452,710	1,452,710	1,452,710
Fines & Forfeitures	40	50	0	50	0	0	0
Miscellaneous	591,057	626,652	598,660	646,920	722,440	722,440	722,440
Other Financing Sources	3,581	0	0	0	0	0	0
Current Revenues	\$2,035,772	\$2,424,538	\$2,727,260	\$2,388,900	\$3,071,900	\$3,071,900	\$3,071,900
Total Resources	\$2,887,463	\$3,443,822	\$3,815,494	\$3,616,739	\$4,469,529	\$4,469,529	\$4,469,529
Requirements:							
Operating Budget:							
Public Works	\$1,857,781	\$2,203,535	\$2,770,180	\$2,207,870	\$3,162,560	\$3,162,560	\$3,209,880
Total Operating	\$1,857,781	\$2,203,535	\$2,770,180	\$2,207,870	\$3,162,560	\$3,162,560	\$3,209,880
Non-Operating:							
Transfers Out	\$10,398	\$12,448	\$23,770	\$11,240	\$21,730	\$21,730	\$21,730
Contingency	0	0	53,510	0	59,510	59,510	59,510
Total Non-Operating	\$10,398	\$12,448	\$77,280	\$11,240	\$81,240	\$81,240	\$81,240
Total Requirements	\$1,868,179	\$2,215,983	\$2,847,460	\$2,219,110	\$3,243,800	\$3,243,800	\$3,291,120
Ending Budgetary Fund Balance	\$1,019,284	\$1,227,839	\$968,034	\$1,397,629	\$1,225,729	\$1,225,729	\$1,178,409



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

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

RESPONSIBILITIES:

- The Transportation and Buildings Division provides for efficient operations of the Corvallis Transit System (CTS) and paratransit services to help meet alternative transportation needs within the community. Through intergovernmental agreements, the division provides the management and administration of the Benton County Special Transportation Fund services and Philomath Connection.
- The Transportation and Buildings Division also provides staff support to the Citizens Advisory Commission on Transit, Benton County Special Transportation Advisory Committee, and the Linn-Benton Loop Commission.
- Special Projects are one-time in nature or fall outside the scope of normal operations for the department.

WORK PLAN:

- Implement the transit service enhancement using the \$180,000 increase in the base budget.
- Manage federal transit operating and capital grants.
- Assist with the operation of transit service between Philomath and Corvallis.
- Participate with the Metropolitan Planning Organization to coordinate regional transit services.
- Replace two CTS buses.



FY 07-08 HIGHLIGHTS:

- Implemented the transit “Youth Ride Free” summer program funded by a donation from Allied Waste of Corvallis.
- Continued use of automated passenger count and GPS-based vehicle information system for route/stop planning.
- Continued using B-20 bio-diesel in the transit buses.

BUDGET BY CLASS:	ACTUAL 2005-06	ACTUAL 2006-07	BUDGET 2007-08	REVISED 2007-08	ADOPTED 2008-09	%CHANGE FROM 07-08 BUDGET
Personal Services	\$188,986	\$179,477	\$267,080	\$252,500	\$270,770	1.38%
Supplies and Services	1,611,920	1,716,656	1,939,750	1,940,370	2,279,110	17.50%
Capital Outlay	56,875	307,402	563,350	15,000	660,000	17.16%
Total	\$1,857,781	\$2,203,535	\$2,770,180	\$2,207,870	\$3,209,880	15.87%

EXPENDITURE BY PROGRAM

Transportation	\$1,788,075	\$1,880,502	\$2,188,330	\$2,174,370	\$2,524,380	15.36%
Special Projects	69,706	323,033	581,850	33,500	685,500	17.81%
Total	\$1,857,781	\$2,203,535	\$2,770,180	\$2,207,870	\$3,209,880	15.87%
Staffing Levels	2.54	2.58	3.58	3.58	3.66	2.23%



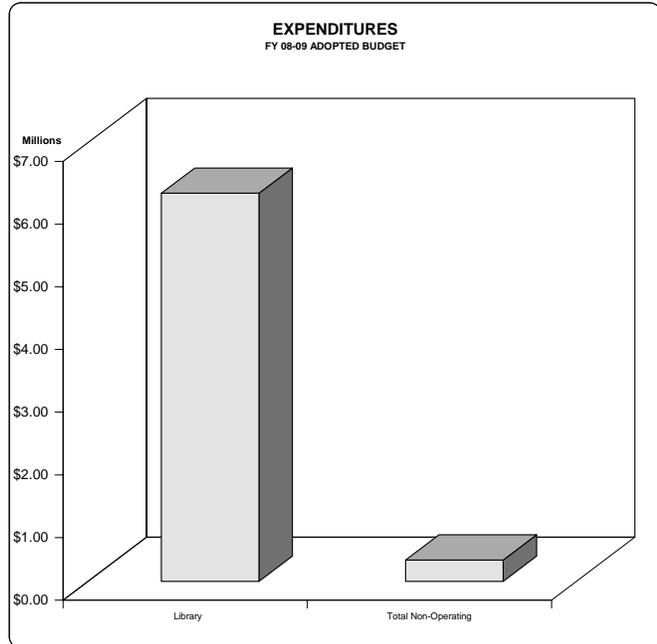
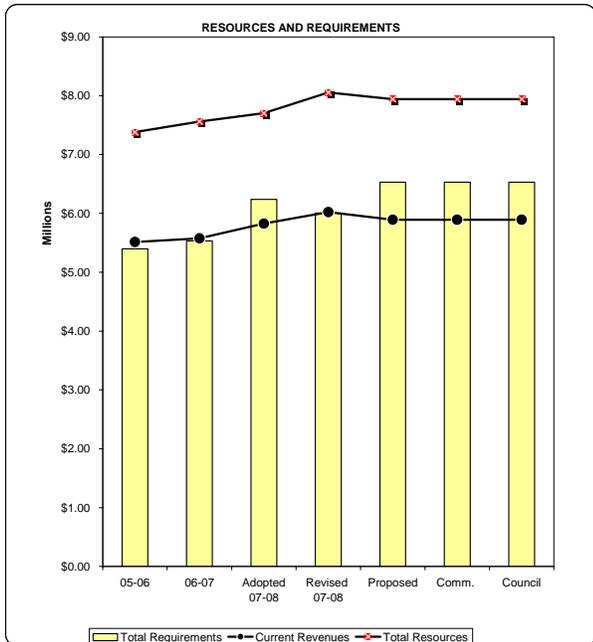
Trolley



Transit Bus

LIBRARY FUND SUMMARY

	ACTUAL 2005-06	ACTUAL 2006-07	ADOPTED BUDGET 2007-08	REVISED 2007-08	PROPOSED BUDGET 2008-09	COMMISSION RECOMMENDED 2008-09	COUNCIL APPROVED 2008-09
Resources:							
Beginning Fund Balance	\$1,867,472	\$1,984,385	\$1,879,915	\$2,030,479	\$2,049,099	\$2,049,099	\$2,049,099
Property Taxes	\$3,267,034	\$3,244,196	\$3,433,040	\$3,497,130	\$3,418,440	\$3,418,440	\$3,418,440
Charges for Service	34,999	37,863	35,800	40,300	44,500	44,500	44,500
Intergovernmental	1,980,302	2,048,259	2,113,310	2,212,020	2,204,150	2,204,150	2,204,150
Fines & Forfeitures	81,512	84,147	82,310	81,800	83,000	83,000	83,000
Miscellaneous	150,741	162,444	160,530	192,860	142,900	142,900	142,900
Current Revenues	\$5,514,588	\$5,576,909	\$5,824,990	\$6,024,110	\$5,892,990	\$5,892,990	\$5,892,990
Total Resources	\$7,382,060	\$7,561,294	\$7,704,905	\$8,054,589	\$7,942,089	\$7,942,089	\$7,942,089
Requirements:							
Operating Budget:							
Library	\$5,230,789	\$5,335,516	\$5,914,230	\$5,796,140	\$6,192,510	\$6,192,510	\$6,192,510
Total Operating Budget	\$5,230,789	\$5,335,516	\$5,914,230	\$5,796,140	\$6,192,510	\$6,192,510	\$6,192,510
Non-Operating:							
Transfers Out	\$166,886	\$195,299	\$209,350	\$209,350	\$216,960	\$216,960	\$216,960
Contingency	0	0	114,350	0	121,320	121,320	121,320
Total Non-Operating	\$166,886	\$195,299	\$323,700	\$209,350	\$338,280	\$338,280	\$338,280
Total Requirements	\$5,397,675	\$5,530,815	\$6,237,930	\$6,005,490	\$6,530,790	\$6,530,790	\$6,530,790
Ending Budgetary Fund Balance	\$1,984,385	\$2,030,479	\$1,466,975	\$2,049,099	\$1,411,299	\$1,411,299	\$1,411,299



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

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

RESPONSIBILITIES:

- The Administration Division provides vision, leadership, and support to plan and provide for library services to the community. Administration works to maintain close collaboration with local governments, advisory boards and committees, community organizations and individual citizens. Staff actively promote Library services, resources and events. Coordination is provided for department-wide technology.
- Accounts for expenditures using gifts and donations funds.
- Special projects account for one-time expenditures that fall outside the normal scope of operations for the department.

WORK PLAN:

- Review, update and develop Library policies.
- Work with four library boards to enhance Library services.
- Work with local governments to enhance services and information available to citizens.
- Support community efforts by participating in partnerships with local agencies.
- Purchase books and other library materials in accordance with the wishes of donors.
- Offer Summer Reading Program using annual gift from Friends of the Library.
- Continue building maintenance and refurbishing according to the seven year maintenance plan.
- Work with consultant and produce new Library Master Plan.
- Continue growth of the volunteer program.
- Complete work on lobby remodeling and building security.



FY 07-08 HIGHLIGHTS:

- Remodeled Corvallis lobby area and improved materials security.
- Completed HVAC/Environmental Management system improvements.
- Introduced staff to concepts of library transformation.
- Redesigned the Library's web site.
- The new Volunteer Coordinator expanded the number of volunteers and improved the program.
- Improved Corvallis Public Library building security.

BUDGET BY CLASS:	ACTUAL	ACTUAL	BUDGET	REVISED	ADOPTED	%CHANGE
	2005-06	2006-07	2007-08	2007-08	2008-09	FROM 07-08
						BUDGET
Personal Services	\$571,977	\$583,709	\$630,280	\$635,960	\$654,740	3.88%
Supplies and Services	1,117,931	1,104,457	1,415,850	1,357,950	1,412,440	-0.24%
Capital Outlay	1,129	0	50,000	0	84,220	68.44%
Total	\$1,691,036	\$1,688,166	\$2,096,130	\$1,993,910	\$2,151,400	2.64%

EXPENDITURE BY PROGRAM

Administration	\$1,446,726	\$1,503,779	\$1,621,310	\$1,595,590	\$1,703,240	5.05%
Library Technology	130,637	127,977	127,440	135,710	135,450	6.29%
Grants	7,471	11,009	14,940	14,950	12,600	-15.66%
Donations	25,385	31,637	191,070	118,960	129,340	-32.31%
Special Projects	80,817	13,764	141,370	128,700	170,770	20.80%
Total	\$1,691,036	\$1,688,166	\$2,096,130	\$1,993,910	\$2,151,400	2.64%
Staffing Levels	5.80	5.80	5.80	5.80	5.80	0.00%

**LIBRARY FUND
LIBRARY DEPARTMENT
PUBLIC SERVICES**

RESPONSIBILITIES:

- Deliver library services to Corvallis and Benton County through Adult and Youth Services, Access Services and Extension Services. Provide an effective materials collection that is accessible and usable through collection development, acquisitions, cataloging and processing.
- Provide personal assistance to patrons, systems for lending materials, special programs, and outreach services to meet the Library’s mission of “bringing people and information together.”

WORK PLAN:

- Continue to work with Monroe community in planning a new library building.
- Implement service or procedural changes resulting from lobby remodeling.
- Develop an early literacy program headed by the new Early Literacy Coordinator.



FY 07-08 HIGHLIGHTS:

- Presented the annual Tcha Tee Man Wi Storytelling Festival in collaboration with several community partners.
- Tracked and analyzed usage of the print reference collection, to be used in setting purchasing priorities.
- Using a library school intern, created an archival system for historical documents related to the Library.
- Worked with Monroe community in planning a new library building.

BUDGET BY CLASS:	ACTUAL 2005-06	ACTUAL 2006-07	BUDGET 2007-08	REVISED 2007-08	ADOPTED 2008-09	%CHANGE FROM 07-08 BUDGET
Personal Services	\$2,625,170	\$2,694,932	\$2,849,750	\$2,849,750	\$3,051,140	7.07%
Supplies and Services	906,080	952,418	965,120	941,480	989,970	2.57%
Capital Outlay	8,503	0	3,230	11,000	0	-100.00%
Total	\$3,539,753	\$3,647,350	\$3,818,100	\$3,802,230	\$4,041,110	5.84%

EXPENDITURE BY PROGRAM

Access Services	\$1,280,007	\$1,283,780	\$1,377,240	\$1,377,830	\$1,447,180	5.08%
Adult Services	594,996	585,221	638,280	635,780	661,920	3.70%
Collection Development	713,555	741,263	754,490	754,090	775,720	2.81%
Youth Services	388,468	410,200	416,130	411,460	477,540	14.76%
Extension Services	562,727	626,886	631,960	623,070	678,750	7.40%
Total	\$3,539,753	\$3,647,350	\$3,818,100	\$3,802,230	\$4,041,110	5.84%
Staffing Levels	39.97	39.97	40.10	40.10	40.85	1.87%





**SECTION – VI
OTHER SPECIAL REVENUE FUNDS**

CoHo Co-Housing Project



CoHo Co-Housing Project - Completed



SECTION – VI OTHER SPECIAL REVENUE FUNDS

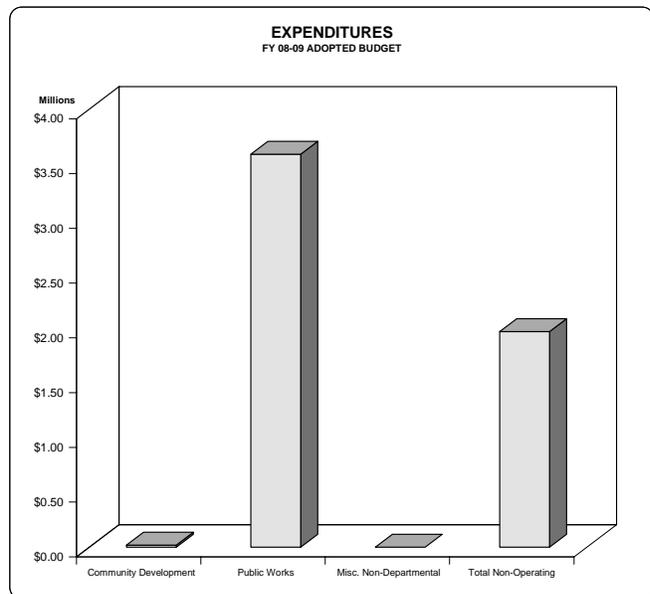
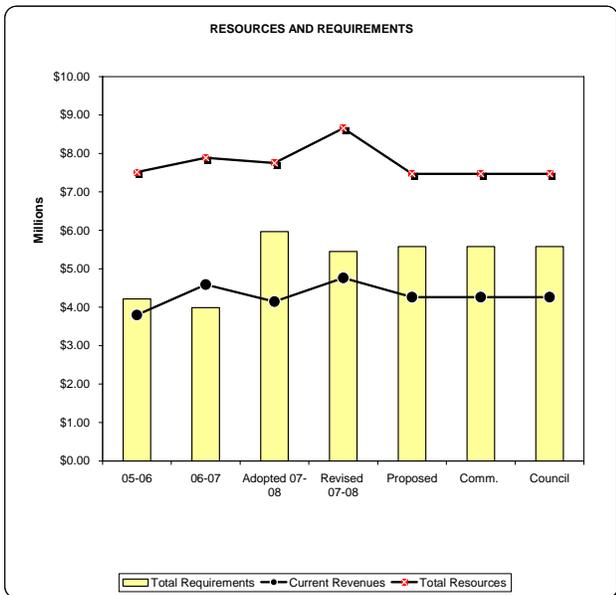
These are funds through which many special governmental functions are financed. The governmental fund measurement focus is on determination of financial position and changes in financial position (sources, uses, and balances of financial resources). Governmental funds are accounted and budgeted for on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

The Special Revenue Funds in this section of the budget are differentiated from the Special Revenue Funds listed in the "Property Tax Funds" section in that none of these funds receive any property tax monies.

- a) **Street Fund** – to account for revenues and expenditures associated with the ongoing maintenance of the City's road system. A major revenue source includes state gas tax revenue sharing. Operating expenditures are for street maintenance including street sweeping, de-icing, minor street repairs, reconstruction programs, striping/painting, and preventive maintenance programs. For GASB Statement #34 reporting purposes, this fund was considered a Major Fund in the City's CAFR in FY 06-07.
- b) **9-1-1 Fund** – to account for revenues and expenditures associated with operations of the regional emergency communications system (9-1-1) which is owned and operated by the City of Corvallis. Major revenue sources include intergovernmental revenue from the State, Benton County, the City of Corvallis, and other regional agencies. Expenditures are associated with the operation and maintenance of the 9-1-1 communications center.
- c) **Development Services Fund** – to account for revenues and expenditures associated with plan review and inspection services provided by the Development Services Division of the Community Development Department. The primary revenue source is fees paid by developers for plan review and inspections. Expenditures are for all costs associated with the operation of the Development Services Division.
- d) **Community Development Revolving Fund** – to account for revenues and expenditures associated with housing programs for low and very low income residents, improving the appearance and quality of life of neighborhoods and the community, and non-profit housing organizations which assist very low income residents. Major revenue sources include Federal grants from the U.S. Department of Housing and Urban Development and loan repayments. Expenditures provide grants for housing and community development activities, as well as loans for housing construction and rehabilitation, and down payment assistance. In all cases these programs focus on assisting low income Corvallis residents. For GASB Statement #34 reporting purposes, this fund was considered a Major Fund in the City's CAFR in FY 06-07.
- e) **Parking Fund** – to account for revenues and expenditures associated with the public parking system. Major revenue sources include income from parking meters, fines from parking violations, and sales of permits for downtown parking lots. Expenditures are associated with the operation, enforcement, maintenance, and capital improvements of the parking system.

STREET FUND SUMMARY

	ACTUAL 2005-06	ACTUAL 2006-07	ADOPTED BUDGET 2007-08	REVISED 2007-08	PROPOSED BUDGET 2008-09	COMMISSION RECOMMENDED 2008-09	COUNCIL APPROVED 2008-09
Resources:							
Beginning Fund Balance	\$3,716,975	\$3,297,908	\$3,602,268	\$3,899,117	\$3,206,867	\$3,206,867	\$3,206,867
Licenses/Permits	\$54,542	\$460,243	\$460,650	\$449,830	\$450,420	\$450,420	\$450,420
Charges for Service	955,752	1,353,114	1,022,000	1,619,700	1,044,100	1,044,100	1,044,100
Intergovernmental	2,601,402	2,529,669	2,514,390	2,514,390	2,634,070	2,634,070	2,634,070
Fines & Forfeitures	458	398	150	2,270	100	100	100
Miscellaneous	156,007	200,502	148,400	173,940	134,170	134,170	134,170
Transfers In	12,132	18,589	0	0	0	0	0
Other Financing Sources	17,396	26,701	0	0	0	0	0
Current Revenues	\$3,797,689	\$4,589,216	\$4,145,590	\$4,760,130	\$4,262,860	\$4,262,860	\$4,262,860
Total Resources:	\$7,514,664	\$7,887,124	\$7,747,858	\$8,659,247	\$7,469,727	\$7,469,727	\$7,469,727
All Requirements:							
Operating Budget:							
Community Development	\$18,060	\$17,389	\$17,660	\$17,620	\$18,660	\$18,660	\$18,660
Public Works	2,888,644	2,717,103	3,202,540	3,038,020	3,588,430	3,588,430	3,588,430
Misc. Non-Departmental	0	0	300,000	206,000	0	0	0
Total Operating Budget	\$2,906,704	\$2,734,492	\$3,520,200	\$3,261,640	\$3,607,090	\$3,607,090	\$3,607,090
Non-Operating:							
Transfers Out	\$1,310,052	\$1,253,515	\$2,377,080	\$2,190,740	\$1,903,450	\$1,903,450	\$1,903,450
Contingency	0	0	66,830	0	65,200	65,200	65,200
Total Non-Operating	\$1,310,052	\$1,253,515	\$2,443,910	\$2,190,740	\$1,968,650	\$1,968,650	\$1,968,650
Total Requirements	\$4,216,756	\$3,988,007	\$5,964,110	\$5,452,380	\$5,575,740	\$5,575,740	\$5,575,740
Ending Budgetary Fund Balance	\$3,297,908	\$3,899,117	\$1,783,748	\$3,206,867	\$1,893,987	\$1,893,987	\$1,893,987



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

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

RESPONSIBILITIES:

- Provide assistance in transportation planning issues as they affect the community.
- Facilitate Transportation Planning issues.

WORK PLAN:

- Assist in implementing the Transportation Plan.
- Integrate transportation related planning efforts into all planning projects and development review activities.

FY 07-08 HIGHLIGHTS:

- Transportation issues were considered in land use applications.

BUDGET BY CLASS:	ACTUAL 2005-06	ACTUAL 2006-07	BUDGET 2007-08	REVISED 2007-08	ADOPTED 2008-09	%CHANGE FROM 07-08 BUDGET
Personal Services	\$15,293	\$15,859	\$15,550	\$15,550	\$16,510	6.17%
Supplies and Services	2,147	1,530	2,110	2,070	2,150	1.90%
Capital Outlay	620	0	0	0	0	0.00%
Total	\$18,060	\$17,389	\$17,660	\$17,620	\$18,660	5.66%

EXPENDITURE BY PROGRAM

Administration	\$8,845	\$9,209	\$8,600	\$8,580	\$9,270	7.79%
Long Range Planning	8,595	8,180	9,060	9,040	9,390	3.64%
Special Projects	620	0	0	0	0	0.00%
Total	\$18,060	\$17,389	\$17,660	\$17,620	\$18,660	5.66%
Staffing Levels	0.15	0.15	0.15	0.15	0.15	0.00%



Street light system

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

RESPONSIBILITIES:

- The Administration Division provides management and administrative support functions to the Department’s Street Fund activities to ensure that services are efficiently delivered to maintain and upgrade public infrastructure. Functions include long-term planning for transportation systems, and budgeting, contract support and accounting services for the department.
- The Engineering Division provides Capital Improvement Program development, conducts design review on new developments, inspects private development of the public infrastructure and provides general engineering support to City departments.
- Special Projects are one-time in nature or fall outside the scope of normal operations for the department.

WORK PLAN:

- Promote department activities on the public and government access channels.
- Migrate the department’s infrastructure tracking software to a new platform.
- Design and manage construction of next year’s planned Capital Improvements including Walnut Boulevard reconstruction and improvements to the 9th and Circle intersection.

FY 07-08 HIGHLIGHTS:

- Updated the municipal code on allowable activities in the public right-of-way.
- Began a composting program to reduce the organic waste that goes to the landfill, the largest remaining component of the department’s waste stream.
- Completed pavement preservation with grind-inlay on NW 9th Street from Circle Blvd. to Conifer Blvd.
- Completed the City’s planned Capital Improvements including design and construction of the Walnut Boulevard reconstruction, Jefferson and 9th traffic signal installation, and improvements to Country Club Drive and 35th Street sidewalks and bike lanes.

BUDGET BY CLASS:	ACTUAL 2005-06	ACTUAL 2006-07	BUDGET 2007-08	REVISED 2007-08	ADOPTED 2008-09	%CHANGE FROM 07-08 BUDGET
Personal Services	\$387,047	\$401,123	\$471,440	\$469,310	\$483,600	2.58%
Supplies and Services	374,039	379,320	435,080	420,630	652,040	49.87%
Capital Outlay	270,151	4,726	144,110	53,110	234,450	62.69%
Total	\$1,031,237	\$785,169	\$1,050,630	\$943,050	\$1,370,090	30.41%

EXPENDITURE BY PROGRAM

Administration	\$437,071	\$469,795	\$526,100	\$518,860	\$543,920	3.39%
Development Review	122,836	114,750	133,830	132,950	146,400	9.39%
Engineering Admin/CIP	54,735	55,747	58,800	59,190	63,960	8.78%
Planning & Capital Projects	112,366	126,768	163,790	161,740	169,560	3.52%
Special Projects	304,230	18,109	168,110	70,310	446,250	165.45%
Total	\$1,031,237	\$785,169	\$1,050,630	\$943,050	\$1,370,090	30.41%
Staffing Levels	4.54	4.90	4.93	4.93	4.81	-2.43%

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

RESPONSIBILITIES:

- The Transportation and Buildings Division protects the community’s health and its investment in the street and public bike facilities through street cleaning, preventive maintenance programs and repair/replacement activities. In addition, the department implements the Transportation Demand Management (TDM) program to maximize transportation systems and reduce congestion, and provides GIS mapping services to Street Fund work groups.

WORK PLAN:

- Conduct annual projects to maintain street pavement and bicycle infrastructure.
- Participate with local solid waste franchise on the annual leaf collection program.
- Provide routine maintenance and emergency response to 81 traffic signals.
- Manage the annual sidewalk safety program, including installation of ADA ramps.
- Continue conversion to new street signs and pavement marking standards.
- Provide code violation response and resolution for right-of-way issues.
- Complete pavement preservation with grind-inlay on NW Elks Drive and NW Arnold Way.
- Complete City/County partnership on pavement preservation with grind-inlay and overlay on Highland Drive from Walnut Boulevard. to Lewisburg Road.



FY 07-08 HIGHLIGHTS:

- Completed annual street preservation projects including: slurry seal and grind-inlay.
- Developed new strategy for the annual leaf collection program that reduced fuel consumption and increased leaf re-use.
- Provided emergency response for multiple snow and ice events.
- Completed sign replacement, yellow curb painting and street marking upgrades in three districts.

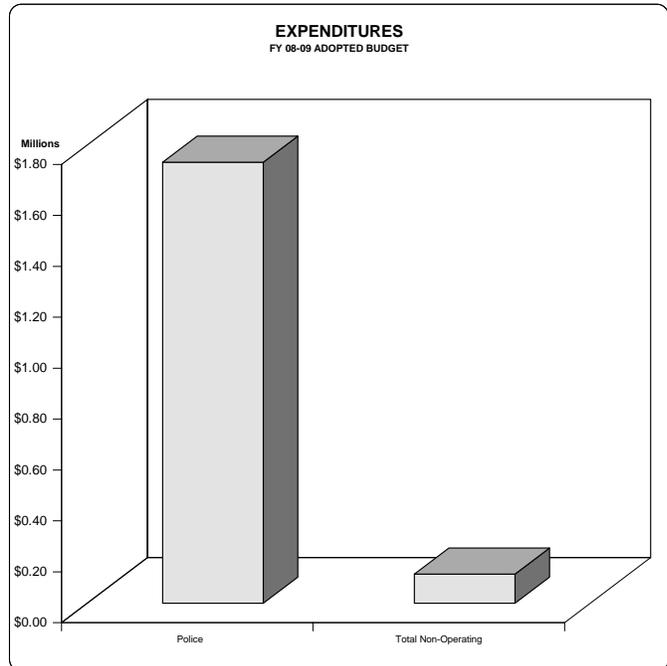
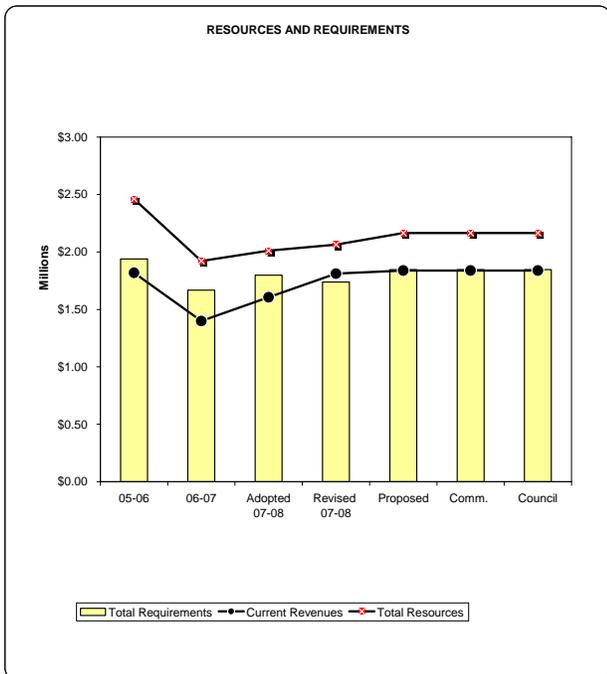
BUDGET BY CLASS:	ACTUAL 2005-06	ACTUAL 2006-07	BUDGET 2007-08	REVISED 2007-08	ADOPTED 2008-09	%CHANGE FROM 07-08 BUDGET
Personal Services	\$978,379	\$990,501	\$1,091,940	\$1,081,960	\$1,142,720	4.65%
Supplies and Services	879,028	932,935	1,051,970	1,005,010	1,068,620	1.58%
Capital Outlay	0	8,499	8,000	8,000	7,000	-12.50%
Total	\$1,857,407	\$1,931,934	\$2,151,910	\$2,094,970	\$2,218,340	3.09%

EXPENDITURE BY PROGRAM

Street Maintenance	\$853,324	\$931,766	\$1,026,730	\$1,001,110	\$1,055,360	2.79%
Paint and Sign	328,850	313,022	352,310	342,960	323,520	-8.17%
Bike Facilities	91,978	85,893	100,540	98,190	142,510	41.74%
Street Cleaning	84,879	90,314	96,350	94,540	99,060	2.81%
Traffic Signals	196,055	224,404	254,610	245,070	260,840	2.45%
Mapping and GIS	72,306	70,927	86,190	82,420	87,980	2.08%
Transportation Demand Mgt	81,364	71,784	72,380	71,640	79,510	9.85%
Street Lighting	148,652	143,825	162,800	159,040	169,560	4.15%
Total	\$1,857,407	\$1,931,934	\$2,151,910	\$2,094,970	\$2,218,340	3.09%
Staffing Levels	12.72	12.78	12.85	12.85	12.85	0.00%

9-1-1 EMERGENCY FUND SUMMARY

	ACTUAL 2005-06	ACTUAL 2006-07	ADOPTED BUDGET 2007-08	REVISED 2007-08	PROPOSED BUDGET 2008-09	COMMISSION RECOMMENDED 2008-09	COUNCIL APPROVED 2008-09
Resources:							
Beginning Fund Balance	\$643,171	\$522,236	\$405,636	\$253,410	\$325,900	\$325,900	\$325,900
Charges for Service	\$666,548	661,587	671,180	671,180	830,670	830,670	830,670
Intergovernmental	1,131,264	714,324	909,810	1,123,460	995,660	995,660	995,660
Miscellaneous	21,011	22,552	24,840	15,990	12,280	12,280	12,280
Current Revenues	\$1,818,823	\$1,398,463	\$1,605,830	\$1,810,630	\$1,838,610	\$1,838,610	\$1,838,610
Total Resources	\$2,461,994	\$1,920,699	\$2,011,466	\$2,064,040	\$2,164,510	\$2,164,510	\$2,164,510
Requirements:							
Operating Budget:							
Police	\$1,872,674	\$1,589,202	\$1,680,840	\$1,654,990	\$1,732,200	\$1,732,200	\$1,732,200
Total Operating Budget	\$1,872,674	\$1,589,202	\$1,680,840	\$1,654,990	\$1,732,200	\$1,732,200	\$1,732,200
Non-Operating:							
Transfers Out	\$67,084	\$78,087	\$83,150	\$83,150	\$77,050	\$77,050	\$77,050
Contingency	0	0	33,080	0	36,720	36,720	36,720
Total Non-Operating	\$67,084	\$78,087	\$116,230	\$83,150	\$113,770	\$113,770	\$113,770
Total Requirements	\$1,939,758	\$1,667,289	\$1,797,070	\$1,738,140	\$1,845,970	\$1,845,970	\$1,845,970
Ending Budgetary Fund Balance	\$522,236	\$253,410	\$214,396	\$325,900	\$318,540	\$318,540	\$318,540



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

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

RESPONSIBILITIES:

- Enhance community safety by providing county-wide emergency communications for police, sheriff, fire, and emergency medical services.
- Provide information and support to the community and public safety agencies in a prompt, professional, and courteous manner.
- The special projects division is used to account for projects that are one-time in nature.

WORK PLAN:

- Develop strategic plan and begin implementation of recommendations made by the Association of Public Safety Communications Officials (APCO) on site review.
- Complete radio infrastructure engineering study.
- Recruit, hire and train new dispatchers.
- Continue to participate with the Seven-county microwave interoperability initiative.
- Participate as necessary with the Oregon Wireless Interoperability Network.

FY 07-08 HIGHLIGHTS:

- Completed APCO onsite review of operations.
- Completed Logisys records management system data training for all dispatchers.
- Completed construction and go-live for the new Logsdon Ridge repeater.
- Enhanced dispatcher procedure for in-progress fires, meeting needs of Fire personnel and resulting in more efficient responses to fires.

BUDGET BY CLASS:	ACTUAL	ACTUAL	BUDGET	REVISED	ADOPTED	%CHANGE
	2005-06	2006-07	2007-08	2007-08	2008-09	FROM 07-08
						BUDGET
Personal Services	\$1,181,483	\$1,123,215	\$1,282,040	\$1,256,190	\$1,350,030	5.30%
Supplies and Services	662,488	421,985	384,910	387,020	382,170	-0.71%
Capital Outlay	28,703	44,001	13,890	11,780	0	-100.00%
Total	\$1,872,674	\$1,589,202	\$1,680,840	\$1,654,990	\$1,732,200	3.06%

EXPENDITURE BY PROGRAM

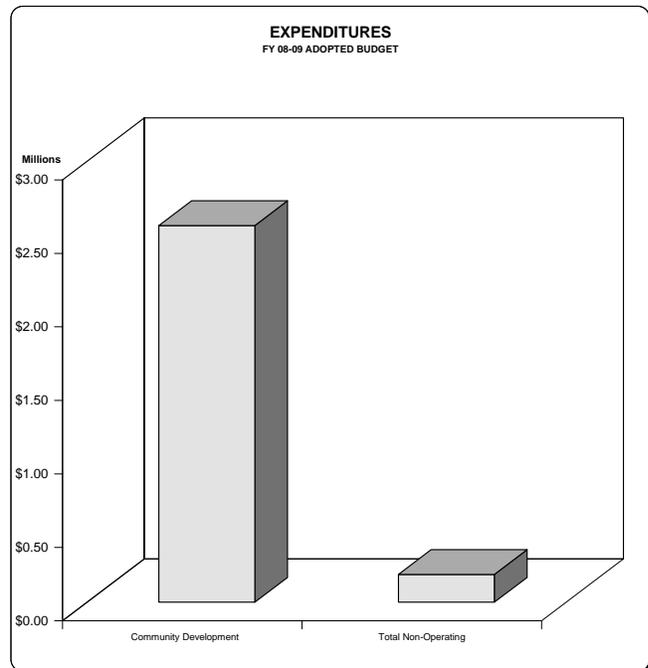
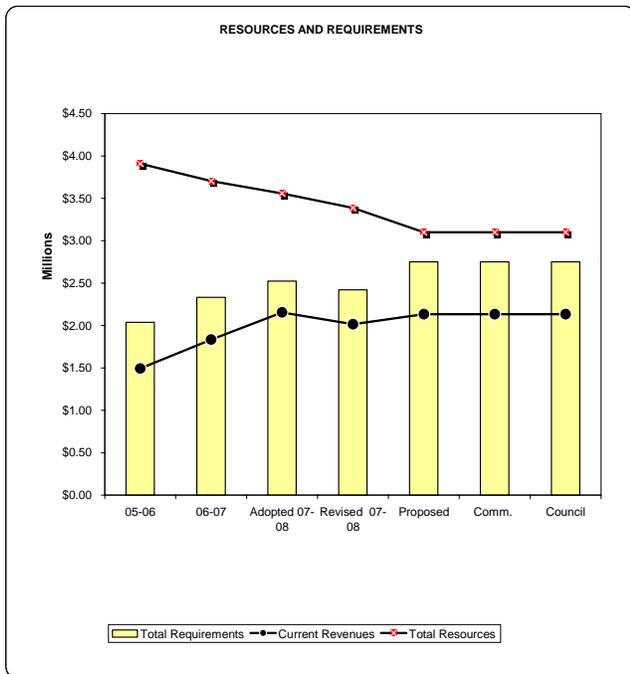
9-1-1 Communications	\$1,509,968	\$1,450,095	\$1,633,440	\$1,607,590	\$1,714,600	4.97%
Special Projects	362,706	139,107	47,400	47,400	17,600	-62.87%
Total	\$1,872,674	\$1,589,202	\$1,680,840	\$1,654,990	\$1,732,200	3.06%
Staffing Levels	16.25	15.85	15.85	15.85	15.85	0.00%



911 Communications Center staff

DEVELOPMENT SERVICES FUND SUMMARY

	ACTUAL 2005-06	ACTUAL 2006-07	ADOPTED BUDGET 2007-08	REVISED 2007-08	PROPOSED BUDGET 2008-09	COMMISSION RECOMMENDED 2008-09	COUNCIL APPROVED 2008-09
Resources:							
Beginning Fund Balance	\$2,415,567	\$1,870,204	\$1,403,484	\$1,371,015	\$965,545	\$965,545	\$965,545
Licenses, Fees, & Permits	\$899,695	\$1,024,444	\$1,233,500	\$1,059,350	\$1,194,500	\$1,194,500	\$1,194,500
Charges for Service	476,655	696,453	794,650	857,940	855,530	855,530	855,530
Fines and Forefeitures	50	0	0	0	0	0	0
Miscellaneous	88,559	84,992	101,920	73,120	58,500	58,500	58,500
Transfer In	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Other Financing Sources	2,700	3,000	0	0	0	0	0
Current Revenues	\$1,492,659	\$1,833,889	\$2,155,070	\$2,015,410	\$2,133,530	\$2,133,530	\$2,133,530
Total Resources	\$3,908,226	\$3,704,093	\$3,558,554	\$3,386,425	\$3,099,075	\$3,099,075	\$3,099,075
Requirements:							
Operating Budget:							
Community Development	\$1,870,640	\$2,136,865	\$2,379,520	\$2,326,770	\$2,562,680	\$2,562,680	\$2,562,680
Total Operating Budget	\$1,870,640	\$2,136,865	\$2,379,520	\$2,326,770	\$2,562,680	\$2,562,680	\$2,562,680
Non-Operating:							
Transfers Out	\$167,382	\$196,213	\$94,110	\$94,110	\$138,700	\$138,700	\$138,700
Contingency	0	0	50,000	0	50,000	50,000	50,000
Total Non-Operating	\$167,382	\$196,213	\$144,110	\$94,110	\$188,700	\$188,700	\$188,700
Total Requirements	\$2,038,022	\$2,333,078	\$2,523,630	\$2,420,880	\$2,751,380	\$2,751,380	\$2,751,380
Ending Budgetary Fund Balance	\$1,870,204	\$1,371,015	\$1,034,924	\$965,545	\$347,695	\$347,695	\$347,695



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

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

RESPONSIBILITIES:

- Provide administration and management of inspection and planning programs ensuring efficient and cost effective services.

WORK PLAN:

- Provide administration and enforcement of the Building Code, Municipal Code and Land Development Code.
- Continue public outreach program through “Think Permit” and Building Safety Week.
- Complete ongoing wireless field inspection project by fully implementing Accela Wireless.
- Add web-based services for customers though continued integration of software such as GIS (mapping), Permit Plan (permit tracking) and Laserfiche (document scanning and storage).
- Continue to provide for extra capacity plan review and inspection services to accommodate fluctuations in construction activity while maintaining service levels.
- Continue with specialized training for staff in areas of green construction and sustainable construction practices.
- Continue with several special projects as part of the 2007 service enhancement and permit fee increase package.

FY 07-08 HIGHLIGHTS:

- Began public outreach program through “Think Permit” and Building Safety Week.
- Installed interactive voice response (IVR) system for customers to schedule inspections and receive automated results.
- Added online e-permitting services for simple mechanical and electrical permits.
- Participated in national code change hearings and served on numerous state committees to review proposals such as residential fire sprinklers, adoption of existing building code, statewide fee methods, certificate of occupancy, and others.

BUDGET BY CLASS:	ACTUAL 2005-06	ACTUAL 2006-07	BUDGET 2007-08	REVISED 2007-08	ADOPTED 2008-09	%CHANGE FROM 07-08 BUDGET
Personal Services	\$86,281	\$103,924	\$90,570	\$90,570	\$101,080	11.60%
Supplies and Services	287,721	329,862	353,980	356,700	349,610	-1.23%
Capital Outlay	45,462	38,092	21,370	21,370	0	-100.00%
Total	\$419,464	\$471,878	\$465,920	\$468,640	\$450,690	-3.27%

EXPENDITURE BY PROGRAM

Administration	\$300,316	\$319,500	\$351,890	\$354,610	\$386,840	9.93%
Special Projects	119,148	152,377	114,030	114,030	63,850	-44.01%
Total	\$419,464	\$471,878	\$465,920	\$468,640	\$450,690	-3.27%
Staffing Levels	0.40	0.40	0.40	0.40	0.40	0.00%



CoHoCohousing project under construction



Inspection of construction project

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

RESPONSIBILITIES:

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

WORK PLAN:

- Continue to conduct construction plan review and inspections, issue permits and investigate citizen complaints - all within customer service expectations for quality and timeliness.
- Continue implementation of Code Enforcement and Land Use Inspector program in accordance with Council direction.
- Continue to expand use of technology including: e-permitting, scanning old permits, field inspection software and Tablet PC's, GIS integration, and services offered via www.CorvallisPermits.com.
- Complete community outreach projects per public outreach communications plan.
- Complete integration of field inspection software and hardware for field inspectors.
- Provide continuing education training for certified inspection and plan review staff. Implement code changes. Focus on areas of green construction and sustainable construction practices.
- Develop new project coordinator position.
- Perform permit fee analysis for plumbing, electrical, mechanical, erosion control and land development code programs with the goal to maintain cost recovery for proposed service levels per direction from the Stakeholder Advisory Group.
- Explore current and future joint efforts of County and City building inspection programs.

FY 07-08 HIGHLIGHTS:

- Collaborated with Finance to purchase and implement Interactive Voice Response system (IVR).
- Implemented three new codes - Residential, Plumbing and Electrical.
- Continued implementation of the Erosion & Sediment Control Program.
- Completed work to participate in State's online e-permitting program.
- Implemented provisions of the new Land Development Code.
- Continued meeting regularly with the Development Services Stakeholder Advisory Group to solicit feedback and involvement of stakeholders on processes and policy issues.
- Participated in legislative and code development efforts at the State and National levels.
- Worked with community members and the City Council in developing amendments to the Sidewalk Café ordinance.

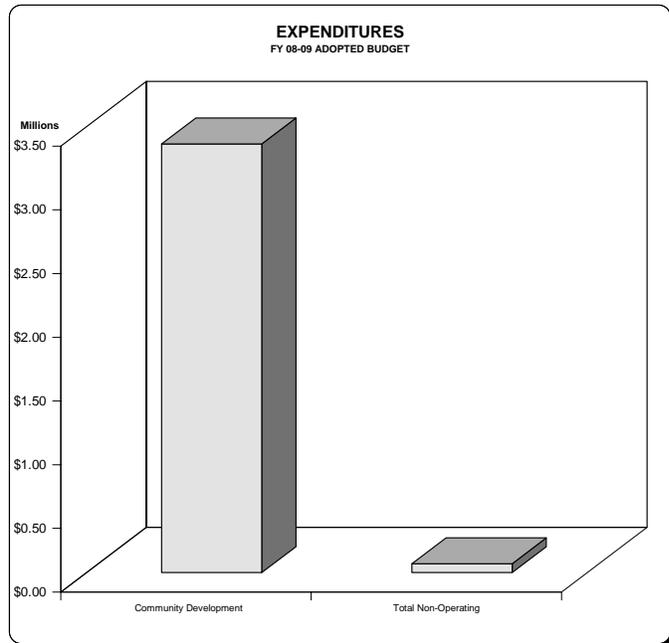
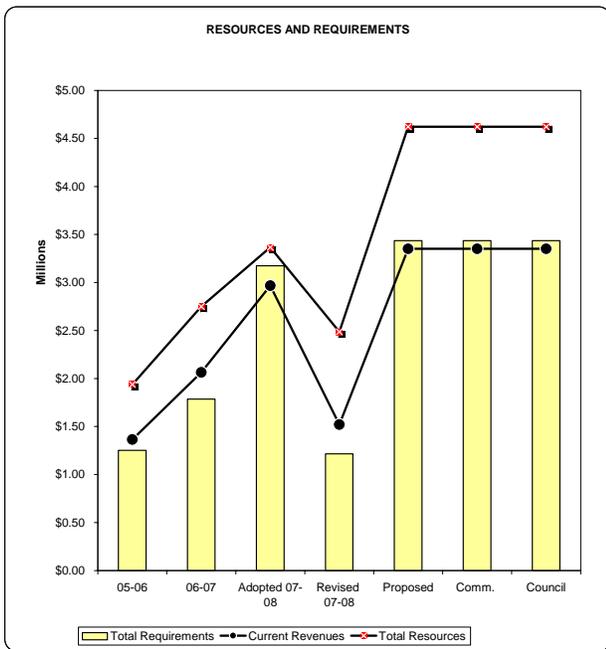
	ACTUAL 2005-06	ACTUAL 2006-07	BUDGET 2007-08	REVISED 2007-08	ADOPTED 2008-09	%CHANGE FROM 07-08 BUDGET
BUDGET BY CLASS:						
Personal Services	\$1,351,072	\$1,558,407	\$1,778,610	\$1,733,970	\$1,977,220	11.17%
Supplies and Services	100,104	106,580	134,990	124,160	134,770	-0.16%
Capital Outlay	0	0	0	0	0	0.00%
Total	\$1,451,176	\$1,664,988	\$1,913,600	\$1,858,130	\$2,111,990	10.37%

EXPENDITURE BY PROGRAM

Administration	\$232,726	\$270,200	\$299,110	\$296,130	\$323,280	8.08%
Plan Review	565,490	668,210	739,970	735,120	877,960	18.65%
Inspections	652,959	726,577	874,520	826,880	910,750	4.14%
Total	\$1,451,176	\$1,664,988	\$1,913,600	\$1,858,130	\$2,111,990	10.37%
Staffing Levels	19.45	19.80	19.80	19.80	20.80	5.05%

COMMUNITY DEVELOPMENT REVOLVING FUND SUMMARY

	ACTUAL 2005-06	ACTUAL 2006-07	ADOPTED BUDGET 2007-08	REVISED 2007-08	PROPOSED BUDGET 2008-09	COMMISSION RECOMMENDED 2008-09	COUNCIL APPROVED 2008-09
All Resources:							
Beginning Fund Balance	\$573,717	\$685,127	\$398,277	\$964,169	\$1,270,469	\$1,270,469	\$1,270,469
Licenses, Fees, & Permits	\$87,842	\$90,912	\$92,480	\$92,480	\$94,320	\$94,320	\$94,320
Charges for Service	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Intergovernmental	807,497	1,667,461	2,504,970	671,060	2,775,300	2,775,300	2,775,300
Fines & Forfeitures	345	2,396	450	2,400	2,400	2,400	2,400
Miscellaneous	464,056	298,526	364,840	750,150	473,910	473,910	473,910
Current Revenues	\$1,364,740	\$2,064,295	\$2,967,740	\$1,521,090	\$3,350,930	\$3,350,930	\$3,350,930
Total Resources	\$1,938,457	\$2,749,422	\$3,366,017	\$2,485,259	\$4,621,399	\$4,621,399	\$4,621,399
All Requirements:							
Operating Budget:							
Community Development	\$1,216,432	\$1,730,847	\$3,117,480	\$1,187,900	\$3,365,980	\$3,365,980	\$3,365,980
Total Operating	\$1,216,432	\$1,730,847	\$3,117,480	\$1,187,900	\$3,365,980	\$3,365,980	\$3,365,980
Non-Operating:							
Transfers Out	\$36,898	\$54,406	\$26,890	\$26,890	\$39,470	\$39,470	\$39,470
Contingency	0	0	28,850	0	30,350	30,350	30,350
Total Non-Operating	\$36,898	\$54,406	\$55,740	\$26,890	\$69,820	\$69,820	\$69,820
Total Requirements	\$1,253,330	\$1,785,253	\$3,173,220	\$1,214,790	\$3,435,800	\$3,435,800	\$3,435,800
Ending Budgetary Fund Balance	\$685,127	\$964,169	\$192,797	\$1,270,469	\$1,185,599	\$1,185,599	\$1,185,599



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

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

RESPONSIBILITIES:

- Provide administration and management of the Housing Program ensuring efficient and cost effective services.

WORK PLAN:

- Continue to provide oversight of the Housing Division.

BUDGET BY CLASS:	ACTUAL 2005-06	ACTUAL 2006-07	BUDGET 2007-08	REVISED 2007-08	ADOPTED 2008-09	%CHANGE FROM 07-08 BUDGET
Personal Services	\$17,382	\$18,721	\$17,340	\$17,340	\$18,660	7.61%
Supplies and Services	90,237	98,675	136,900	146,900	143,970	5.16%
Capital Outlay	0	0	10,000	0	0	-100.00%
Total	\$107,619	\$117,396	\$164,240	\$164,240	\$162,630	-0.98%

EXPENDITURE BY PROGRAM

Administration	\$106,320	\$117,396	\$154,240	\$154,240	\$162,630	5.44%
Special Projects	1,299	0	10,000	10,000	0	-100.00%
Total	\$107,619	\$117,396	\$164,240	\$164,240	\$162,630	-0.98%
Staffing Levels	0.14	0.14	0.14	0.14	0.14	0.00%

Jackson Street
Youth Shelter



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

RESPONSIBILITIES:

- To facilitate the creation and maintenance of affordable and habitable housing opportunities for lower-income and/or housing disadvantaged Corvallis residents.

WORK PLAN:

- Manage Community Development Block Grant (CDBG) and HOME Investment Partnership program utilization and administration.
- Administer the City’s housing rehabilitation and home ownership assistance programs in accordance with City Council’s objective of maintaining affordable housing in the City.
- Provide support for private non-profit agencies that address low income housing and related social service needs.
- Continue to implement the Rental Housing Program, including the enforcement of rental housing standards and the fee collection process.
- Provide loan portfolio management and surplus City real property oversight.

FY 07-08 HIGHLIGHTS:

- Continued to carry out approved Consolidated Plan for both HOME and CDBG funds.
- Reviewed funding requests and monitored non-profits’ performance related to distribution of Human Service funds and HOME/CDBG capital funds.
- Worked with grantees and loan recipients to complete affordable housing projects that helped 24 low income or special needs residents acquire or rehabilitate a home. Combined, the projects represent an investment of just over \$675,000 in City HOME, CDBG and Revolving Loan Fund resources.
- Delivered operational funding to twelve social service agencies resulting in assistance to over 2,000 low, very low and extremely low income Corvallis residents, many of whom are homeless. Funded services included shelter, counseling, food provision, parenting education, and case management.
- Delivered rental housing information and standards enforcement program.

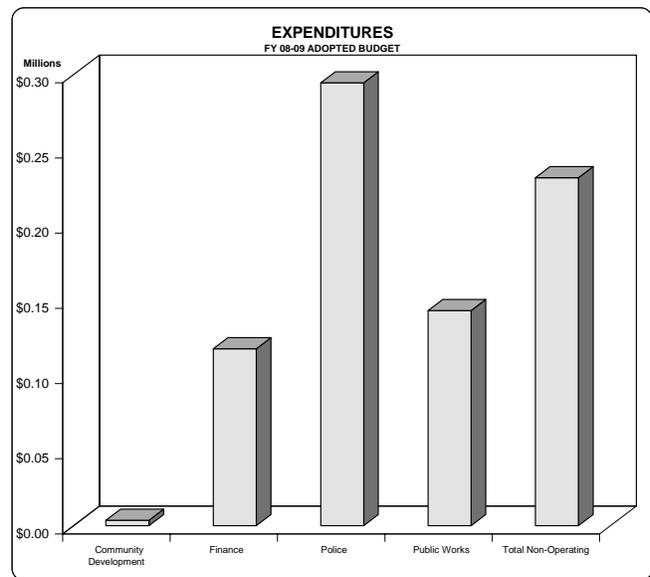
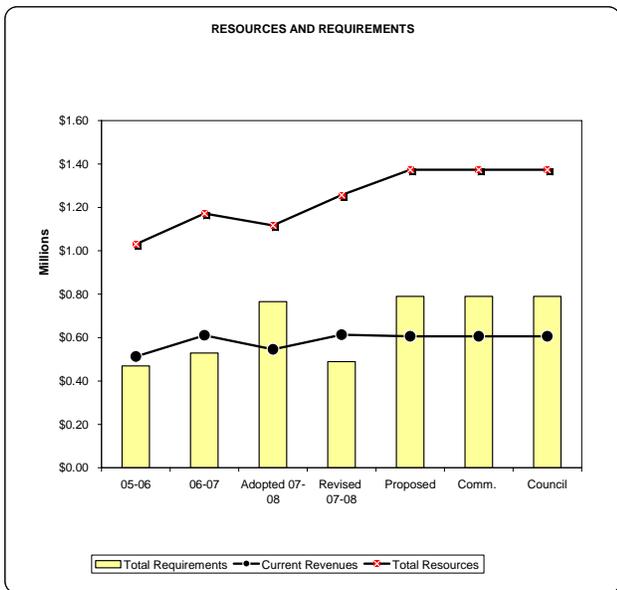
BUDGET BY CLASS:	ACTUAL	ACTUAL	BUDGET	REVISED	ADOPTED	%CHANGE
	2005-06	2006-07	2007-08	2007-08	2008-09	FROM 07-08
						BUDGET
Personal Services	\$339,010	\$359,539	\$380,090	\$380,090	\$396,830	4.40%
Supplies and Services	769,803	1,253,912	2,573,150	643,570	2,806,520	9.07%
Capital Outlay	0	0	0	0	0	0.00%
Total	\$1,108,813	\$1,613,451	\$2,953,240	\$1,023,660	\$3,203,350	8.47%

EXPENDITURE BY PROGRAM

Administration	\$19,934	\$27,749	\$22,590	\$22,590	\$29,410	30.19%
Non-Federal Assistance	50,897	53,243	190,780	189,290	202,950	6.38%
Rental Housing	70,827	84,104	94,210	93,390	99,930	6.07%
CDBG	734,501	626,757	1,393,610	660,060	1,228,550	-11.84%
Home	232,655	821,597	1,252,050	58,330	1,642,510	31.19%
Total	\$1,108,813	\$1,613,451	\$2,953,240	\$1,023,660	3,203,350	8.47%
Staffing Levels	4.75	4.75	4.75	4.75	4.75	0.00%

PARKING FUND SUMMARY

	ACTUAL 2005-06	ACTUAL 2006-07	ADOPTED BUDGET 2007-08	REVISED 2007-08	PROPOSED BUDGET 2008-09	COMMISSION RECOMMENDED 2008-09	COUNCIL APPROVED 2008-09
All Resources:							
Beginning Fund Balance	\$517,500	\$561,119	\$570,799	\$643,036	\$767,676	\$767,676	\$767,676
Licenses & Permits	\$15,995	\$17,906	\$16,000	\$55,230	\$17,000	\$17,000	\$17,000
Charges for Service	155,065	157,542	150,730	163,990	195,290	195,290	195,290
Fines & Forfeitures	320,030	401,917	355,000	367,500	373,000	373,000	373,000
Miscellaneous	22,051	33,178	24,360	26,730	20,500	20,500	20,500
Other Financing Sources	0	0	0	0	0	0	0
Current Revenues	\$513,141	\$610,543	\$546,090	\$613,450	\$605,790	\$605,790	\$605,790
Total Resources	\$1,030,641	\$1,171,662	\$1,116,889	\$1,256,486	\$1,373,466	\$1,373,466	\$1,373,466
All Requirements:							
Operating Budget:							
Community Development	\$3,829	\$3,022	\$3,380	\$3,370	\$3,580	\$3,580	\$3,580
Finance	108,706	99,256	114,530	112,270	117,650	117,650	117,650
Police	230,925	264,429	288,180	248,520	294,400	294,400	294,400
Public Works	109,109	141,507	127,660	103,460	142,960	142,960	142,960
Total Operating	\$452,569	\$508,214	\$533,750	\$467,620	\$558,590	\$558,590	\$558,590
Non-Operating:							
Transfers Out	\$16,953	\$20,412	\$221,190	\$21,190	\$218,930	\$218,930	\$218,930
Contingency	0	0	10,920	0	12,400	12,400	12,400
Total Non-Operating	\$16,953	\$20,412	\$232,110	\$21,190	\$231,330	\$231,330	\$231,330
Total Requirements	\$469,522	\$528,626	\$765,860	\$488,810	\$789,920	\$789,920	\$789,920
Ending Budgetary Fund Balance	\$561,119	\$643,036	\$351,029	\$767,676	\$583,546	\$583,546	\$583,546



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

**PARKING FUND SUMMARY
COMMUNITY DEVELOPMENT DEPARTMENT
ADMINISTRATION**

RESPONSIBILITIES:

- Provide assistance in parking issues related to developing options for parking facilities.

WORK PLAN:

- Continue to coordinate with City departments and others in strategies for parking.

FY 07-08 HIGHLIGHTS:

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

EXPENDITURE BY CLASS	ACTUAL 2005-06	ACTUAL 2006-07	BUDGET 2007-08	REVISED 2007-08	ADOPTED 2008-09	%CHANGE FROM 07-08 BUDGET
Personal Services	\$2,877	\$2,762	\$3,010	\$3,010	\$3,170	5.32%
Supplies and Services	952	260	370	360	410	10.81%
Capital Outlay	0	0	0	0	0	0.00%
Total	\$3,829	\$3,022	\$3,380	\$3,370	\$3,580	5.92%

EXPENDITURE BY PROGRAM

Administration	\$3,829	\$3,022	\$3,380	\$3,370	\$3,580	5.92%
Total	\$3,829	\$3,022	\$3,380	\$3,370	\$3,580	5.92%
Staffing Levels	0.02	0.02	0.02	0.02	0.02	0.00%



Riverfront Parking area

**PARKING FUND SUMMARY
FINANCE DEPARTMENT
MUNICIPAL COURT**

RESPONSIBILITIES:

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

WORK PLAN:

- Implement new program to turn over non-payment of delinquent citations to collection agency for recovery.
- Begin review process for implementation of on-line bill pay service for defendants.

FY 07-08 HIGHLIGHTS:

- Implemented a new process for resolving delinquent criminal and parking violations that included additional penalties and fines when a defendant did not comply with a court order issued under the new program resulting in increased collections.
- Worked with MIS to eliminate the need for an outside vendor to obtain vehicle owner information from the Department of Motor Vehicles (DMV). Municipal Court now acquires the information directly from the DMV.
- Installed two credit/debit card swipe devices to accept customer payments over the telephone.

EXPENDITURE BY CLASS	ACTUAL 2005-06	ACTUAL 2006-07	BUDGET 2007-08	REVISED 2007-08	ADOPTED 2008-09	%CHANGE FROM 07-08 BUDGET
Personal Services	\$56,500	\$43,097	\$53,450	\$53,160	\$56,360	5.44%
Supplies and Services	52,206	56,159	61,080	59,110	61,290	0.34%
Capital Outlay	0	0	0	0	0	0.00%
Total	\$108,706	\$99,256	\$114,530	\$112,270	\$117,650	2.72%

EXPENDITURE BY PROGRAM

Administration	\$108,706	\$99,256	\$114,530	\$112,270	\$117,650	2.72%
Total	\$108,706	\$99,256	\$114,530	\$112,270	\$117,650	2.72%
Staffing Levels	1.00	1.00	1.00	1.00	1.00	0.00%



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

RESPONSIBILITIES:

- Manage parking operations consistent with City policy, ensuring equitable application of parking regulations.

WORK PLAN:

- Increase parking availability through public education and enforcement.
- Continue to re-evaluate Parking Enforcement deployment strategies consistent with recommendations of the Downtown Parking Commission.
- Purchase parking scooter in accordance with replacement schedule.

FY 07-08 HIGHLIGHTS:

- Increased public education of parking issues through presentations.

EXPENDITURE BY CLASS	ACTUAL 2005-06	ACTUAL 2006-07	BUDGET 2007-08	REVISED 2007-08	ADOPTED 2008-09	%CHANGE FROM 07-08 BUDGET
Personal Services	\$195,257	\$202,151	\$246,700	\$207,800	\$224,940	-8.82%
Supplies and Services	35,274	38,090	41,480	40,720	44,220	6.61%
Capital Outlay	394	24,188	0	0	25,240	0.00%
Total	\$230,925	\$264,429	\$288,180	\$248,520	\$294,400	2.16%

EXPENDITURE BY PROGRAM

Parking Enforcement	\$230,531	\$240,241	\$288,180	\$248,520	\$269,160	-6.60%
Special Projects	394	24,188	0	0	25,240	0.00%
Total	\$230,925	\$264,429	\$288,180	\$248,520	\$294,400	2.16%
Staffing Levels	3.15	3.25	3.25	3.25	3.00	-7.69%

Note: Prior to FY 08-09, .25 FTE of one patrol lieutenant was funded from the Parking Fund, however it was determined the fund split for FY 08-09 more accurately reflects the appropriate staff commitment to this fund.



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

RESPONSIBILITIES:

- The Transportation and Buildings Division is responsible for parking meters, public parking lots, residential parking districts, and interacting with the public and businesses to resolve issues related to public parking in the community.

WORK PLAN:

- Add bike lockers for pay-as-you-go users and/or car and vanpool park-and-ride commuter use.
- Monitor, evaluate and recommend changes to the parking system in downtown Corvallis in accordance with the Parking Plan.
- Manage the residential parking districts.
- Respond to public requests for parking system changes.

FY 07-08 HIGHLIGHTS:

- Upgraded City parking lot surfaces in Downtown Corvallis.
- Reprogrammed parking meters and pay-stations to implement a change in the meter rates.

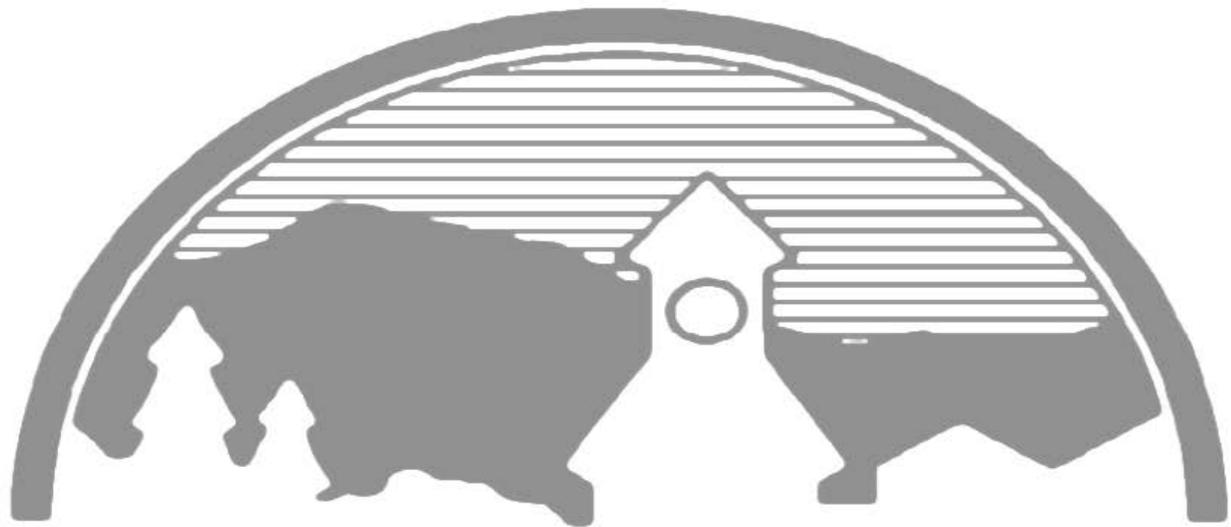
EXPENDITURE BY CLASS	ACTUAL 2005-06	ACTUAL 2006-07	BUDGET 2007-08	REVISED 2007-08	ADOPTED 2008-09	%CHANGE FROM 07-08 BUDGET
Personal Services	\$85,301	\$75,672	\$67,720	\$67,720	\$75,420	11.37%
Supplies and Services	23,809	65,835	37,250	35,740	44,850	20.40%
Capital Outlay	0	0	22,690	0	22,690	0.00%
Total	\$109,109	\$141,507	\$127,660	\$103,460	\$142,960	11.98%

EXPENDITURE BY PROGRAM

Parking Maintenance	\$109,109	\$141,507	\$127,660	\$103,460	\$142,960	11.98%
Total	\$109,109	\$141,507	\$127,660	\$103,460	\$142,960	11.98%
Staffing Levels	1.00	1.10	0.95	0.95	0.95	0.00%



Parking Pay Station



CORVALLIS

ENHANCING COMMUNITY LIVABILITY

**SECTION – VII
CAPITAL CONSTRUCTION/DEBT SERVICE/PERMANENT FUNDS**

STREET RECONSTRUCTION PROJECT



INTERMODAL MALL



SECTION – VII CAPITAL CONSTRUCTION/DEBT SERVICE/PERMANENT FUNDS

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

Capital Projects Funds – to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

- a) **Capital Construction Fund** – to account for revenues and expenditures associated with the construction, repair, and improvement of the City of Corvallis' infrastructure other than proprietary funds. Major revenue sources include general obligation bonds, and federal and state grants and loans. Expenditures are associated with capital construction projects for the City's non-enterprise funded operations (i.e., Park improvements/ development, streets, city facilities). For GASB Statement #34 reporting purposes, this fund was considered a Major Fund in the City's CAFR in FY 06-07.

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

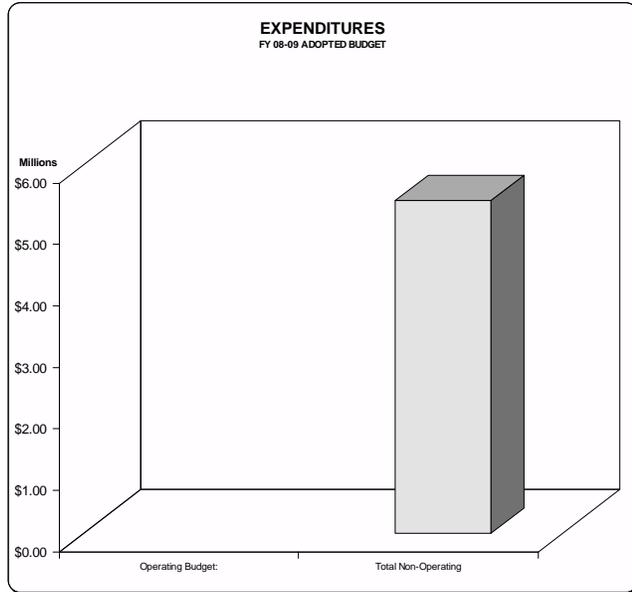
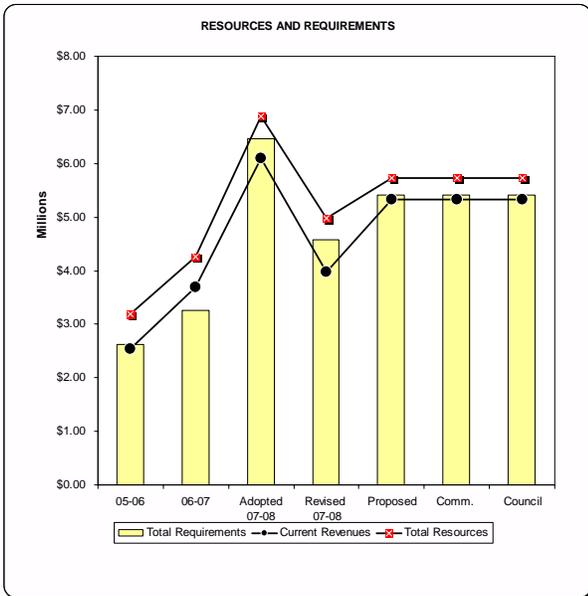
- a) **General Obligation Debt Service Fund** – to account for revenues and expenditures associated with debt redemption for General Obligation Bonds. Major revenue sources include property taxes levied for debt service. Expenditures are for principal and interest for debt retirement.
- b) **Pension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

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

- a) **Davidson Fund** – to account for monies endowed to the City by Nellie Woodward. The donation of \$5,000, made in 1981, is a non-expendable endowment, with annual interest earnings to be used to purchase high quality novels, biographies, short stories, and poetry for the Corvallis Public Library in honor of the former librarian Alice Passano Davidson. Materials purchased with Davidson trust monies are identified with a special book plate.

CAPITAL CONSTRUCTION FUND SUMMARY

	ACTUAL 2005-06	ACTUAL 2006-07	ADOPTED BUDGET 2007-08	REVISED 2007-08	PROPOSED BUDGET 2008-09	COMMISSION RECOMMENDED 2008-09	COUNCIL APPROVED 2008-09
All Resources:							
Beginning Fund Balance	\$655,597	\$568,641	\$770,313	\$1,006,689	\$400,819	\$400,819	\$400,819
Intergovernmental	\$417,411	\$646,670	\$960,390	\$426,010	\$848,430	\$848,430	\$848,430
Miscellaneous	177,229	137,776	673,170	317,870	228,670	228,670	228,670
Transfers In	1,944,677	2,913,595	4,469,315	3,230,960	4,248,155	4,248,155	4,248,155
Current Revenues	\$2,539,317	\$3,698,041	\$6,102,875	\$3,974,840	\$5,325,255	\$5,325,255	\$5,325,255
Total Resources	\$3,194,914	\$4,266,682	\$6,873,188	\$4,981,529	\$5,726,074	\$5,726,074	\$5,726,074
All Requirements:							
Operating Budget:							
Total Operating Budget	0	\$0	\$0	\$0	\$0	\$0	\$0
Non-Operating:							
Capital Projects	\$2,626,273	\$3,259,993	\$6,471,230	\$4,580,710	\$5,413,150	\$5,413,150	\$5,413,150
Transfers Out	0	0	0	0	0	0	0
Total Non-Operating	\$2,626,273	\$3,259,993	\$6,471,230	\$4,580,710	\$5,413,150	\$5,413,150	\$5,413,150
Total Requirements	\$2,626,273	\$3,259,993	\$6,471,230	\$4,580,710	\$5,413,150	\$5,413,150	\$5,413,150
Ending Budgetary Fund Balance	\$568,641	\$1,006,689	\$401,958	\$400,819	\$312,924	\$312,924	\$312,924



**CAPITAL CONSTRUCTION FUND SUMMARY
CAPITAL PROJECTS**

RESPONSIBILITIES:

- The Public Works Engineering Division leads the annual update of the Capital Improvement Program (CIP) and coordinates the capital construction program for all departments, to include design, contract administration, and construction inspection.

WORK PLAN:

- Complete Phase II of Walnut Boulevard reconstruction.
- Complete design for the Wastewater Reclamation Plant Odor Control Facilities.
- Provide technical assistance and engineering support to the organization as needed to develop CIP proposals to maintain and upgrade public facilities.
- Assist in identifying funding strategies for projects identified in the CIP.
- Complete each project within estimated time line and budget.

FY 07-08 HIGHLIGHTS:

- Completed Phase I of Walnut Boulevard reconstruction.
- Completed 35th Street sidewalks and bike lanes under an intergovernmental agreement with OSU.

Department	ACTUAL 2005-06	ACTUAL 2006-07	BUDGET 2007-08	REVISED 2007-08	ADOPTED 2008-09	%CHANGE FROM 07-08 BUDGET
Fire	\$0	\$0	\$378,000	\$0	\$90,327	-76.10%
Park and Recreation	255,852	1,217,841	1,678,500	1,153,680	210,749	-87.44%
Public Works	2,370,421	2,042,152	4,414,730	3,427,030	210,735	-95.23%
Total	\$2,626,272	\$3,259,993	\$6,471,230	\$4,580,710	\$511,811	-92.09%
Staffing Levels	6.84	5.71	5.71	5.71	5.71	0.00%



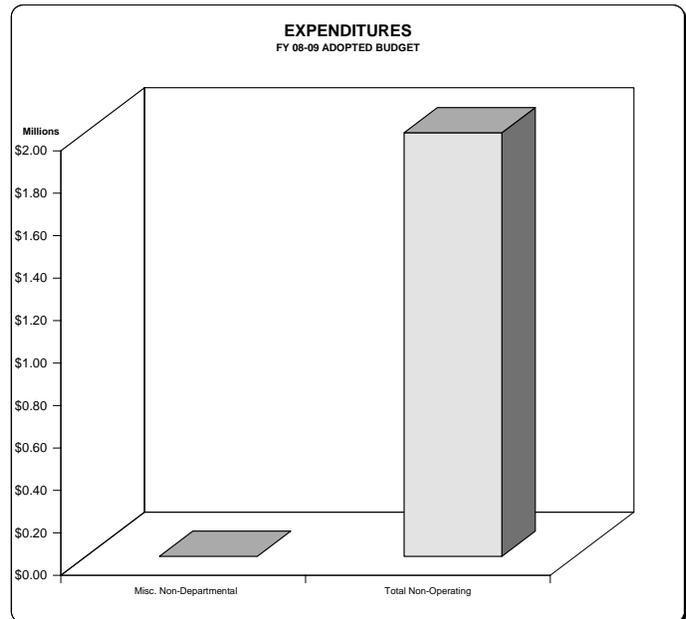
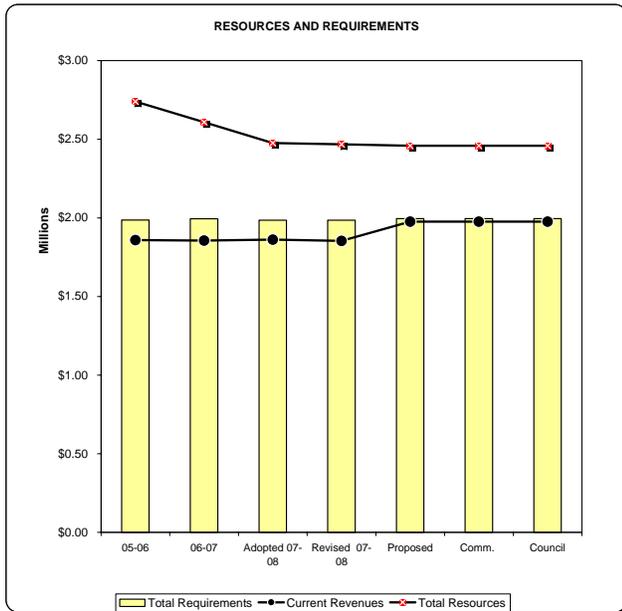
Brooklane Drive Improvements



Sunset Park – Phase I

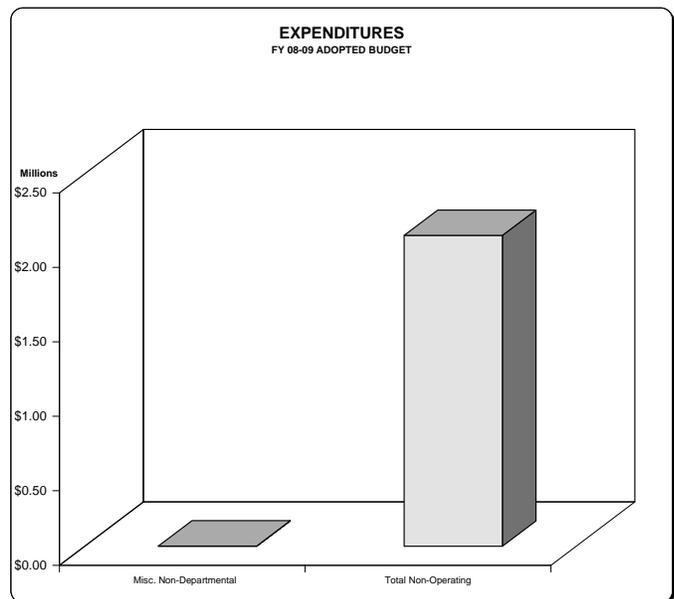
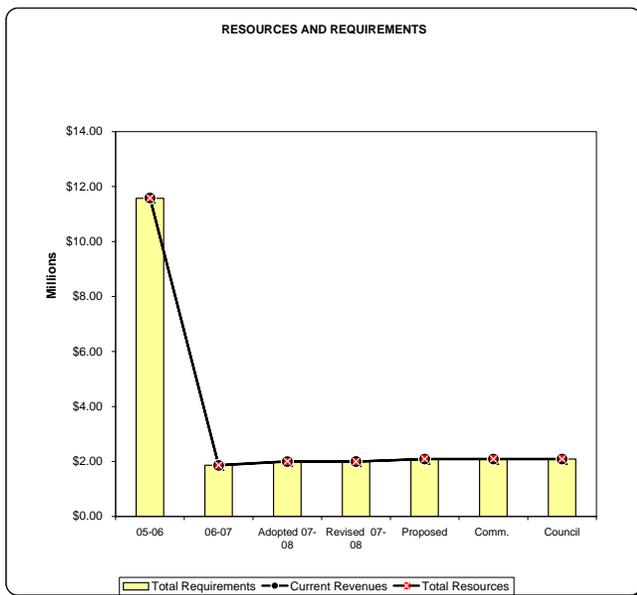
GENERAL OBLIGATION DEBT SERVICE FUND SUMMARY

	ACTUAL 2005-06	ACTUAL 2006-07	ADOPTED BUDGET 2007-08	REVISED 2007-08	PROPOSED BUDGET 2008-09	COMMISSION RECOMMENDED 2008-09	COUNCIL APPROVED 2008-09
Resources:							
Beginning Fund Balance	\$881,529	\$753,442	\$614,303	\$613,970	\$482,480	\$482,480	\$482,480
Property Taxes	\$1,816,078	\$1,809,197	\$1,815,000	\$1,815,000	\$1,965,000	\$1,965,000	\$1,965,000
Miscellaneous	42,651	46,375	46,430	38,750	11,060	11,060	11,060
Current Revenues	\$1,858,729	\$1,855,572	\$1,861,430	\$1,853,750	\$1,976,060	\$1,976,060	\$1,976,060
Total Resources	\$2,740,258	\$2,609,014	\$2,475,733	\$2,467,720	\$2,458,540	\$2,458,540	\$2,458,540
All Requirements:							
Operating Budget:							
Misc. Non-Departmental	\$1,325	\$1,325	\$1,460	\$1,460	\$0	\$0	\$0
Total Operating Budget	\$1,325	\$1,325	\$1,460	\$1,460	\$0	\$0	\$0
Non-Operating:							
Debt Service - Principal	\$1,205,000	\$1,265,000	\$1,310,000	\$1,310,000	\$1,380,000	\$1,380,000	\$1,380,000
Debt Service - Interest	780,491	728,719	673,780	673,780	615,520	615,520	615,520
Total Non-Operating	\$1,985,491	\$1,993,719	\$1,983,780	\$1,983,780	\$1,995,520	\$1,995,520	\$1,995,520
Total Requirements	\$1,986,816	\$1,995,044	\$1,985,240	\$1,985,240	\$1,995,520	\$1,995,520	\$1,995,520
Ending Budgetary Fund Balance	\$753,442	\$613,970	\$490,493	\$482,480	\$463,020	\$463,020	\$463,020



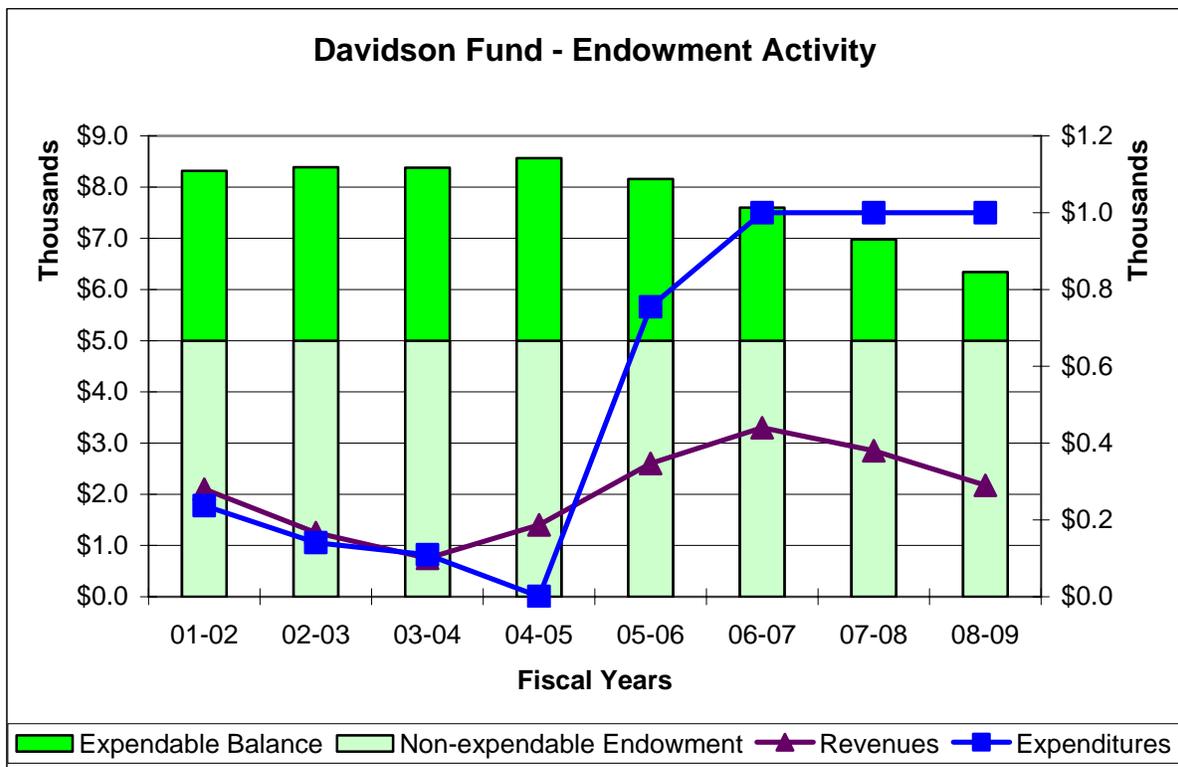
PENSION OBLIGATION DEBT SERVICE FUND SUMMARY

	ACTUAL 2005-06	ACTUAL 2006-07	ADOPTED BUDGET 2007-08	REVISED 2007-08	PROPOSED BUDGET 2008-09	COMMISSION RECOMMENDED 2008-09	COUNCIL APPROVED 2008-09
Resources:							
Beginning Fund Balance	\$314	\$10,104	\$10,064	\$697	\$2,127	\$2,127	\$2,127
Miscellaneous	\$19,386	\$1,519	\$0	\$1,520	\$0	\$0	\$0
Transfers In	1,585,110	1,854,424	1,995,380	1,995,380	2,087,990	2,087,990	2,087,990
Other Financing Sources	9,980,000	0	0	0	0	0	0
Current Revenues	\$11,584,496	\$1,855,943	\$1,995,380	\$1,996,900	\$2,087,990	\$2,087,990	\$2,087,990
Total Resources	\$11,584,810	\$1,866,047	\$2,005,444	\$1,997,597	\$2,090,117	\$2,090,117	\$2,090,117
Requirements:							
Operating Budget:							
Misc. Non-Departmental	\$9,923,959	\$1,350	\$1,450	\$1,450	\$1,350	\$1,350	\$1,350
Total Operating Budget	\$9,923,959	\$1,350	\$1,450	\$1,450	\$1,350	\$1,350	\$1,350
Non-Operating:							
Debt Service - Principal	\$86,893	\$127,863	\$230,620	\$230,620	\$291,200	\$291,200	\$291,200
Debt Service - Interest	1,563,854	1,736,137	1,763,400	1,763,400	1,795,000	1,795,000	1,795,000
Total Non-Operating	\$1,650,747	\$1,864,000	\$1,994,020	\$1,994,020	\$2,086,200	\$2,086,200	\$2,086,200
Total Requirements	\$11,574,706	\$1,865,350	\$1,995,470	\$1,995,470	\$2,087,550	\$2,087,550	\$2,087,550
Ending Budgetary Fund Balance	\$10,104	\$697	\$9,974	\$2,127	\$2,567	\$2,567	\$2,567



DAVIDSON FUND SUMMARY

	ACTUAL 2005-06	ACTUAL 2006-07	ADOPTED BUDGET 2007-08	REVISED 2007-08	PROPOSED BUDGET 2008-09	COMMISSION RECOMMENDED 2008-09	COUNCIL APPROVED 2008-09
Resources:							
Beginning Fund Balance	\$8,567	\$8,159	\$7,599	\$7,681	\$7,051	\$7,051	\$7,051
Miscellaneous	\$347	\$421	\$380	\$370	\$290	\$290	\$290
Transfers In	0	0	0	0	0	0	0
Current Revenues	\$347	\$421	\$380	\$370	\$290	\$290	\$290
Total Resources	\$8,914	\$8,580	\$7,979	\$8,051	\$7,341	\$7,341	\$7,341
Operating Budget:							
Library	\$755	\$899	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Total Requirements	\$755	\$899	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Ending Budgetary Fund Balance	\$8,159	\$7,681	\$6,979	\$7,051	\$6,341	\$6,341	\$6,341



**DAVIDSON FUND SUMMARY
LIBRARY DEPARTMENT
DONATION PROGRAM**

RESPONSIBILITIES:

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

WORK PLAN:

- Expenditures will be for materials that meet the requirements of the trust.

FY 07-08 HIGHLIGHTS:

- Purchases of materials continued at the level to spend down some of the accumulated interest earnings in the fund. Selected materials comply with the restrictions of the fund.

EXPENDITURE BY CLASS	ACTUAL 2005-06	ACTUAL 2006-07	BUDGET 2007-08	REVISED 2007-08	ADOPTED 2008-09	%CHANGE FROM 07-08 BUDGET
Personal Services	\$0	\$0	\$0	\$0	\$0	0.00%
Supplies and Services	755	900	1,000	1,000	1,000	0.00%
Capital Outlay	0	0	0	0	0	0.00%
Total	\$755	\$900	\$1,000	\$1,000	\$1,000	0.00%

EXPENDITURE BY PROGRAM

Donations	\$755	\$900	\$1,000	\$1,000	\$1,000	0.00%
Total	\$755	\$900	\$1,000	\$1,000	\$1,000	0.00%
Staffing Levels	0.00	0.00	0.00	0.00	0.00	0.00%



**SECTION – VIII
ENTERPRISE FUNDS**

ROCK CREEK WATER TREATMENT FACILITY



CORVALLIS MUNICIPAL AIRPORT



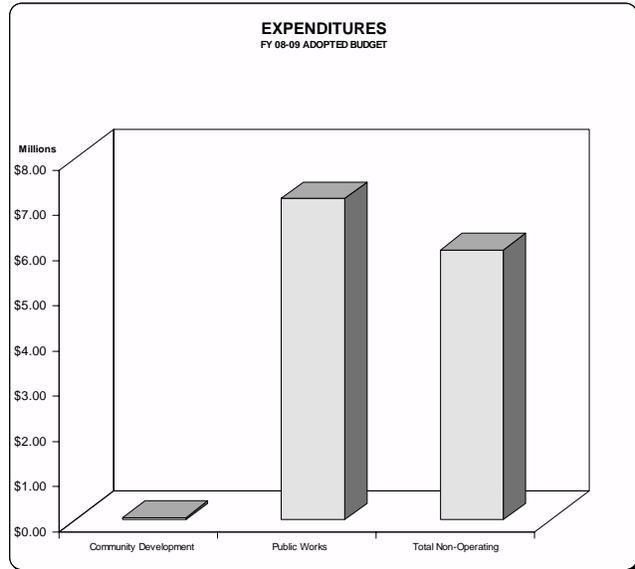
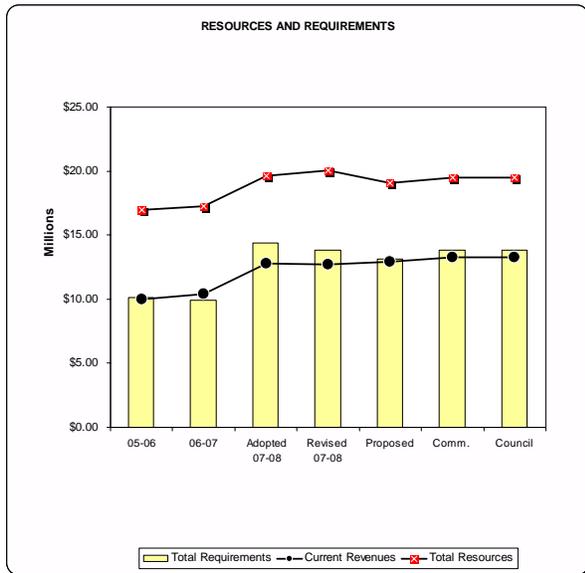
SECTION – VIII ENTERPRISE FUNDS

Operations in the enterprise funds are financed and operated in a manner similar to private business enterprises -- where the intent of the City Council is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis are to be financed or recovered primarily through user charges. The measurement focus is on determination of net income, financial position, and changes in financial position. Enterprise funds are accounted for on the accrual basis (transactions are recognized when they occur, regardless of the timing of related cash flows), and are budgeted for on the modified accrual basis (revenues are recognized when they become both "measurable" and "available to finance expenditures of the current period." Expenditures are generally recognized when the related fund liability is incurred). For GASB Statement #34 reporting purposes, all these funds are considered Major Funds in the City's CAFR in FY 06-07.

- a) **Water Fund** – to account for revenues and expenses associated with operating the City of Corvallis' water acquisition, treatment, and distribution facilities. Major revenue sources include charges for service, water SDC, and watershed timber sales. Expenses include operating costs, debt service for water revenue bonds, and capital construction for water facility projects. The water fund includes restricted fund reserves for capital projects bond proceeds (if any), and SDC funds.
- b) **Wastewater Fund** – to account for revenues and expenses associated with operating the City of Corvallis' sanitary sewer collection and treatment facilities. Major revenue sources include charges for service and wastewater SDC charges. Expenses include operating costs, debt service for wastewater bonds, and capital construction for wastewater facility projects. The wastewater fund includes restricted fund reserves for debt service, capital projects bond proceeds (if any), and SDC funds.
- c) **Storm Water Fund** – to account for revenues and expenses associated with operating the City of Corvallis' storm drain system. Major revenue sources include charges for service and storm water SDC charges. Expenses include operating costs, debt service for storm water bonds, and capital construction for drainage facility projects. The storm water fund includes restricted fund reserves for capital project bond proceeds (if any), and SDC funds.
- d) **Airport Fund** – to account for revenues and expenses associated with operating the City of Corvallis' airport. Major revenue sources include charges for hangar rental space and fuel, industrial land rental, and sales of grass seed grown on the airport land through a farm lease contract. Expenses include operating costs, debt service for airport revenue bonds or loans, and capital construction for airport facility projects paid from current revenue. The airport fund includes restricted fund reserves for capital projects bond proceeds (if any).

WATER FUND SUMMARY

	ACTUAL 2005-06	ACTUAL 2006-07	ADOPTED BUDGET 2007-08	REVISED 2007-08	PROPOSED BUDGET 2008-09	COMMISSION RECOMMENDED 2008-09	COUNCIL APPROVED 2008-09
All Resources:							
Beginning Fund Balance	\$7,022,069	\$6,839,908	\$6,866,598	\$7,322,851	\$6,166,831	\$6,247,631	\$6,247,631
Charges for Service	\$7,811,160	\$8,213,079	\$8,536,270	\$8,569,770	\$9,233,100	\$9,233,100	\$9,233,100
Intergovernmental	0	849	65,700	0	65,700	65,700	65,700
Fines & Forfeitures	27,056	222	0	140	0	0	0
Miscellaneous	418,238	591,381	644,180	695,110	1,202,970	1,202,970	1,202,970
Transfers In	1,694,933	1,592,781	3,508,970	3,454,520	2,393,840	2,753,840	2,753,840
Other Financing Sources	2,092	0	0	0	0	0	0
Current Revenues	\$9,953,479	\$10,398,312	\$12,755,120	\$12,719,540	\$12,895,610	\$13,255,610	\$13,255,610
Total Resources	\$16,975,548	\$17,238,220	\$19,621,718	\$20,042,391	\$19,062,441	\$19,503,241	\$19,503,241
Operating Budget:							
Community Development	\$42,715	\$40,528	\$44,420	\$44,320	\$46,600	\$46,600	\$46,600
Public Works	6,004,016	5,760,340	6,615,060	6,411,870	7,113,090	7,057,390	7,057,390
Total Operating Budget	\$6,046,731	\$5,800,868	\$6,659,480	\$6,456,190	\$7,159,690	\$7,103,990	\$7,103,990
Non-Operating:							
Capital Projects	\$1,154,760	\$1,241,030	\$2,756,350	\$2,619,350	\$2,188,810	\$2,548,810	\$2,548,810
Transfers Out	1,916,928	1,855,625	3,756,150	3,701,700	2,588,170	2,948,170	2,948,170
Debt Service - Principal	611,485	641,322	671,810	671,810	702,970	702,970	702,970
Debt Service - Interest	405,736	376,524	345,710	345,710	313,210	313,210	313,210
Contingency	0	0	164,000	0	177,470	177,470	177,470
Total Non-Operating	\$4,088,909	\$4,114,501	\$7,694,020	\$7,338,570	\$5,970,630	\$6,690,630	\$6,690,630
Total Requirements	\$10,135,640	\$9,915,369	\$14,353,500	\$13,794,760	\$13,130,320	\$13,794,620	\$13,794,620
Ending Budgetary Fund Balance	\$6,839,908	\$7,322,851	\$5,268,218	\$6,247,631	\$5,932,121	\$5,708,621	\$5,708,621



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

WATER FUND SUMMARY
COMMUNITY DEVELOPMENT DEPARTMENT
ADMINISTRATION/PLAN REVIEW/INSPECTIONS/PLANNING/SPECIAL PROJECTS

RESPONSIBILITIES:

- Provide administration and management of inspection and planning programs ensuring efficient and cost effective service delivery.
- Coordinate interdepartmental studies and ongoing service issues.
- Review and approve development proposals as they relate to the connection to the City water system and calculate and impose Systems Development Charges (SDC) on these developments.
- Act as liaison between the Development Assistance Center and other City departments such as Public Works and Fire.

WORK PLAN:

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

FY 07-08 HIGHLIGHTS:

- Coordinated with Public Works on water system issues related to development applications.
- Provided information to the public regarding water service availability and SDCs.

EXPENDITURE BY CLASS	ACTUAL 2005-06	ACTUAL 2006-07	BUDGET 2007-08	REVISED 2007-08	ADOPTED 2008-09	FROM 07-08 BUDGET
Personal Services	\$37,539	\$36,193	\$39,210	\$39,210	\$41,270	5.25%
Supplies and Services	4,546	4,336	5,210	5,110	5,330	2.30%
Capital Outlay	630	0	0	0	0	0.00%
Total	\$42,715	\$40,529	\$44,420	\$44,320	\$46,600	4.91%

EXPENDITURE BY PROGRAM

Administration	\$11,388	\$12,279	\$12,010	\$11,990	\$13,230	10.16%
Plan Review	22,420	20,343	23,610	23,590	24,640	4.36%
Inspections	576	547	670	630	270	-59.70%
Long Range Planning	7,701	7,360	8,130	8,110	8,460	4.06%
Special Projects	630	0	0	0	0	0.00%
Total	\$42,715	\$40,529	\$44,420	\$44,320	\$46,600	4.91%
Staffing Levels	0.44	0.44	0.44	0.44	0.44	0.00%



South Fork railings



Taylor Lagoons

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

RESPONSIBILITIES:

- The Administration Division provides management and administrative support functions to the department's Water Fund activities to ensure that services to improve water quality and preserve our local environment are efficiently delivered. Functions include long-term planning for the utility, and budgeting, contract support and accounting services for the department. Citizen information materials are developed by division staff in support of department projects.
- The Engineering Division coordinates Capital Improvement Program (CIP) development, conducts design review on new developments, inspects private development of public infrastructure, and provides general engineering support to City departments.
- The Transportation and Buildings Division provides for utility patching of streets and sidewalks after water services have been excavated and repaired, and for Geographic Information System (GIS) implementation to provide better access to data about public water facilities.
- Special Projects are one-time in nature or fall outside of the scope of normal operations for the department.

WORK PLAN:

- Foster sustainable practices in all department operations.
- Promote department activities on the public and government access channels.
- Migrate the department's infrastructure tracking software to a new platform.
- Design and manage construction of next year's planned Capital Improvements including improvements to the water distribution system and water treatment plants.

FY 07-08 HIGHLIGHTS:

- Updated the municipal code on allowable activities in the public right-of-way.
- Began a composting program to reduce the organic waste that goes to the landfill, the largest remaining component of the department's waste stream.
- Completed the City's planned Capital Improvements including design and construction of the Taylor Water Treatment Plant filter rehabilitation and improvements to the water distribution system.

EXPENDITURE BY CLASS	ACTUAL 2005-06	ACTUAL 2006-07	BUDGET 2007-08	REVISED 2007-08	ADOPTED 2008-09	%CHANGE FROM 07-08 BUDGET
Personal Services	\$656,183	\$679,093	\$741,900	\$735,720	\$774,030	4.33%
Supplies and Services	1,557,333	1,707,480	2,369,130	2,253,740	2,415,080	1.94%
Capital Outlay	521,280	119,804	0	0	256,030	0.00%
Total	\$2,734,796	\$2,506,377	\$3,111,030	\$2,989,460	\$3,445,140	10.74%

EXPENDITURE BY PROGRAM

Administration	\$1,398,083	\$1,481,854	\$1,663,010	\$1,655,280	\$1,748,160	5.12%
Street Maintenance	137,796	131,134	168,150	163,850	157,390	-6.40%
Mapping/GIS	87,778	88,782	103,740	98,330	105,700	1.89%
Development Review	132,641	128,623	145,160	143,810	158,550	9.22%
Engineering Admin/CIP	50,592	54,250	57,640	57,510	61,080	5.97%
Planning and Projects	86,473	91,239	97,330	97,280	100,630	3.39%
Special Projects	841,434	530,494	876,000	773,400	1,113,630	27.13%
Total	\$2,734,796	\$2,506,377	\$3,111,030	\$2,989,460	\$3,445,140	10.74%
Staffing Levels	7.85	7.85	7.83	7.83	7.71	-1.53%

**WATER FUND
PUBLIC WORKS DEPARTMENT
UTILITIES**

RESPONSIBILITIES:

- Protect the public health and the community’s investment in the water system through efficient and effective system operation, preventive maintenance of equipment/structures, proactive repair/replacement of the infrastructure, performance of State and federal regulatory analysis, and by taking action to position the City for compliance with future regulations.
- Provide an uninterrupted supply of safe, high quality water at adequate pressure for the domestic and fire protection needs of the community; operate a water quality laboratory to ensure the drinking water supply is in compliance with State and federal Safe Drinking Water Act regulations; and promote water and natural resource conservation.
- Manage the City-owned property on the east side of Marys Peak as part of the watershed for the Rock Creek Treatment Plant water source.

WORK PLAN:

- Maintain 100% compliance with all State and federal Safe Drinking Water Act requirements.
- Begin implementation of the Watershed Stewardship Plan.
- Conclude negotiations with the Department of Environmental Quality (DEQ) to renew the City’s discharge permit.

FY 07-08 HIGHLIGHTS

- Completed development of the Watershed Stewardship Plan.
- Completed security improvements at several reservoirs and pump stations.
- Achieved 100% compliance with all Environmental Protection Agency (EPA) drinking water quality regulations.

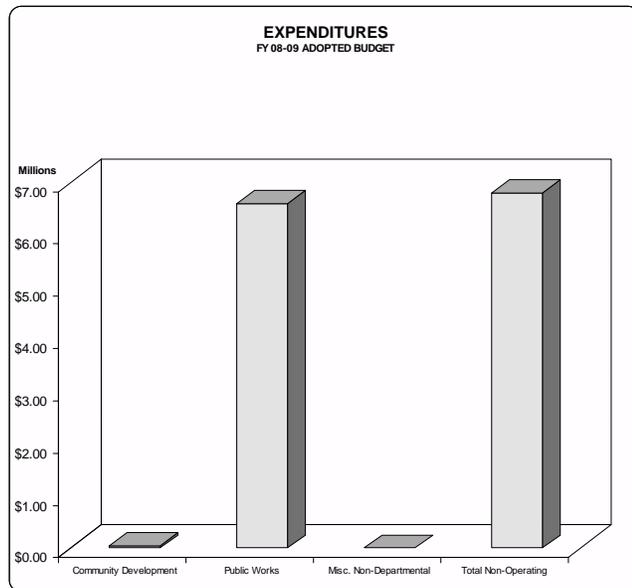
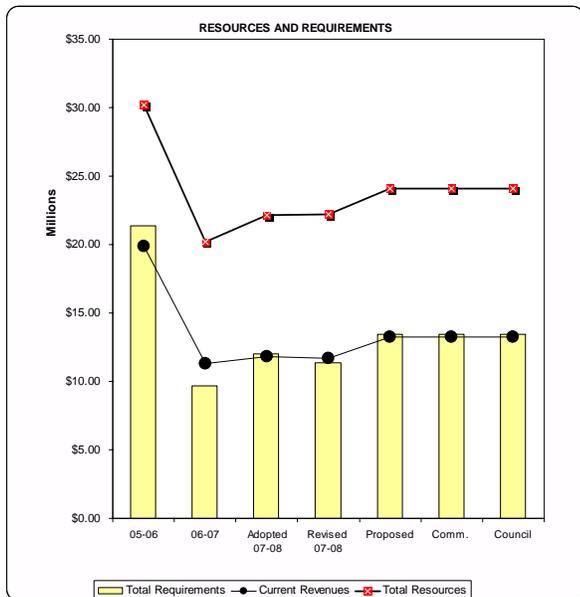
EXPENDITURE BY CLASS	ACTUAL 2005-06	ACTUAL 2006-07	BUDGET 2007-08	REVISED 2007-08	ADOPTED 2008-09	%CHANGE FROM 07-08 BUDGET
Personal Services	\$1,926,310	\$1,913,069	\$2,125,000	\$2,103,120	\$2,222,320	4.58%
Supplies and Services	1,330,244	1,340,895	1,367,080	1,290,730	1,379,930	0.94%
Capital Outlay	12,665	0	11,950	28,560	10,000	
Total	\$3,269,220	\$3,253,964	\$3,504,030	\$3,422,410	\$3,612,250	3.09%

EXPENDITURE BY PROGRAM

Taylor Plant	\$735,260	\$701,772	\$784,350	\$759,670	\$794,990	1.36%
Rock Creek Plant	273,048	284,373	322,830	310,350	323,820	0.31%
Facility Automation	195,752	220,180	220,790	219,940	230,560	4.43%
Lab Services	102,666	103,255	116,830	108,090	113,700	-2.68%
Facility Maintenance	502,940	527,785	556,640	555,280	569,620	2.33%
Water Distribution	1,319,149	1,287,173	1,344,560	1,309,050	1,406,720	4.62%
Conservation/Pollution Prev.	74,283	60,232	72,210	71,490	73,930	2.38%
Watershed Management	66,120	69,195	85,820	88,540	98,910	15.25%
Total	\$3,269,220	\$3,253,964	\$3,504,030	\$3,422,410	\$3,612,250	3.09%
Staffing Levels	24.60	24.60	24.80	24.80	25.55	3.02%

WASTEWATER FUND SUMMARY

	ACTUAL 2005-06	ACTUAL 2006-07	ADOPTED BUDGET 2007-08	REVISED 2007-08	PROPOSED BUDGET 2008-09	COMMISSION RECOMMENDED 2008-09	COUNCIL APPROVED 2008-09
All Resources:							
Beginning Fund Balance	\$10,350,023	\$8,869,994	\$10,313,124	\$10,512,937	\$10,865,077	\$10,865,077	\$10,865,077
Charges for Service	\$9,547,341	\$9,916,502	\$9,753,360	\$9,894,080	\$10,579,680	\$10,579,680	\$10,579,680
Intergovernmental	0	924	0	0	0	0	0
Miscellaneous	424,156	523,085	475,860	448,240	350,580	350,580	350,580
Transfers In	4,315,396	853,041	1,573,260	1,363,230	2,323,370	2,323,370	2,323,370
Other Financing Sources	5,572,537	22,370	0	5,270	0	0	0
Current Revenues	\$19,859,430	\$11,315,922	\$11,802,480	\$11,710,820	\$13,253,630	\$13,253,630	\$13,253,630
Total Resources	\$30,209,453	\$20,185,916	\$22,115,604	\$22,223,757	\$24,118,707	\$24,118,707	\$24,118,707
All Requirements:							
Operating Budget:							
Community Development	\$41,389	\$39,263	\$43,090	\$43,060	\$45,380	\$45,380	\$45,380
Public Works	5,257,824	5,518,772	6,534,440	6,420,700	6,578,400	6,578,400	6,578,400
Misc. Non-Departmental	111,214	0	0	0	0	0	0
Total Operating Budget	\$5,410,427	\$5,558,035	\$6,577,530	\$6,463,760	\$6,623,780	\$6,623,780	\$6,623,780
Non-Operating:							
Capital Projects	\$3,671,128	\$737,069	\$1,193,050	\$1,041,480	\$1,765,630	\$1,765,630	\$1,765,630
Transfers Out	4,479,984	1,058,585	1,745,710	1,535,680	2,514,570	2,514,570	2,514,570
Other Financing Uses	5,452,338	0	0	0	0	0	0
Debt Service - Principal	1,304,272	1,298,240	1,353,480	1,353,480	1,410,010	1,410,010	1,410,010
Debt Service - Interest	1,021,310	1,021,050	964,280	964,280	904,910	904,910	904,910
Contingency	0	0	170,580	0	190,880	190,880	190,880
Total Non-Operating	\$15,929,032	\$4,114,944	\$5,427,100	\$4,894,920	\$6,786,000	\$6,786,000	\$6,786,000
Total Requirements	\$21,339,459	\$9,672,979	\$12,004,630	\$11,358,680	\$13,409,780	\$13,409,780	\$13,409,780
Ending Budgetary Fund Balance	\$8,869,994	\$10,512,937	\$10,110,974	\$10,865,077	\$10,708,927	\$10,708,927	\$10,708,927



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

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

RESPONSIBILITIES:

- Provide administration and management of inspection and planning programs ensuring efficient and cost effective service delivery.
- Serve as part of interdepartmental team to coordinate studies and ongoing service issues.
- Review and approve development proposals as they relate to the connection to the City wastewater system and calculate and impose Systems Development Charges (SDC) on these developments.
- Act as liaison between the Development Assistance Center and other City departments such as Public Works and Fire.

WORK PLAN:

- Coordinate land use concerns with wastewater system planning and implementation efforts.
- Consult with Benton County Staff on health hazards (i.e., failing septic systems) in the County.
- Enhance the Division’s capabilities to provide public information regarding Wastewater Fund charges for services.

FY 07-08 HIGHLIGHTS:

- Facilitated the annexation of one health hazard site due to failed sewer system.
- Provided information to the public regarding wastewater service availability and SDCs.

EXPENDITURE BY CLASS	ACTUAL 2005-06	ACTUAL 2006-07	BUDGET 2007-08	REVISED 2007-08	ADOPTED 2008-09	%CHANGE FROM 07-08 BUDGET
Personal Services	\$37,539	\$36,193	\$39,210	\$39,210	\$41,270	5.25%
Supplies and Services	3,230	3,070	3,880	3,850	4,110	5.93%
Capital Outlay	620	0	0	0	0	0.00%
Total	\$41,389	\$39,263	\$43,090	\$43,060	45,380	5.31%

EXPENDITURE BY PROGRAM

Administration	\$11,113	\$11,969	\$11,680	\$11,670	\$12,610	7.96%
Plan Review	22,101	20,023	23,290	23,290	24,320	4.42%
Long Range Planning	7,555	7,271	8,120	8,100	8,450	4.06%
Special Projects	620	0	0	0	0	0.00%
Total	\$41,389	\$39,263	\$43,090	\$43,060	\$45,380	5.31%
Staffing Levels	0.44	0.44	0.44	0.44	0.44	0.00%



Wastewater Plant



Digester

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

RESPONSIBILITIES:

- The Administration Division provides management and administrative support functions to the department’s Wastewater Fund activities to ensure that services to improve water quality and preserve our local environment are efficiently delivered. Functions include long-term planning for the utility, and budgeting, contract support and accounting services for the department. Citizen information materials are developed by division staff in support of department projects.
- The Engineering Division coordinates Capital Improvement Program (CIP) development, conducts design review on new developments, inspects private development of public infrastructure, and provides general engineering support to City departments.
- The Transportation & Buildings Division provides for utility patching of streets and sidewalks after wastewater services have been excavated and repaired, and for Geographical Information Systems (GIS) implementation to provide better access to data about public wastewater facilities.
- Special Projects are one-time in nature or fall outside the scope of normal department operations.

WORK PLAN:

- Foster sustainable practices in all department operations.
- Promote department activities on the public and government access channels.
- Migrate the department’s infrastructure tracking software to a new platform.
- Provide technical assistance and engineering support to the organization as needed including developing CIP proposals to maintain and upgrade public facilities and supporting implementation of wastewater operations projects.
- Provide timely review of design submittals for private development and ensure compliance to City standards by private development to protect the investment in public facilities.
- Maintain wastewater system mapping and GIS data through incorporation of construction drawings and input from field crews.
- Design and manage construction of next year’s planned Capital Improvements including sanitary sewer rehabilitation and improvements to the wastewater reclamation plant.

FY 07-08 HIGHLIGHTS:

- Updated the municipal code on allowable activities in the public right-of-way.
- Began a composting program to reduce the organic waste that goes to the landfill, the largest remaining component of the department’s waste stream.
- Completed the City’s planned Capital Improvements including design and construction of the sanitary sewer rehabilitation projects.

EXPENDITURE BY CLASS	ACTUAL 2005-06	ACTUAL 2006-07	BUDGET 2007-08	REVISED 2007-08	ADOPTED 2008-09	%CHANGE FROM 07-08 BUDGET
Personal Services	\$592,293	\$608,578	\$743,010	\$735,320	\$780,190	5.00%
Supplies and Services	1,285,617	1,536,681	2,342,430	2,322,490	2,260,260	-3.51%
Capital Outlay	332,234	188,537	90,910	90,910	80,000	-12.00%
Total	\$2,210,144	\$2,333,796	\$3,176,350	\$3,148,720	\$3,120,450	-1.76%

EXPENDITURE BY PROGRAM

Administration	\$1,373,874	\$1,509,168	\$1,708,530	\$1,698,270	\$1,715,390	0.40%
Street Maintenance	52,782	52,989	65,330	63,680	76,300	16.79%
Mapping/GIS	86,929	90,820	99,580	93,440	101,240	1.67%
Development Review	121,994	116,324	133,520	132,990	146,260	9.54%
Engineering Admin/CIP	51,231	53,075	57,060	57,540	60,520	6.06%
Planning and Projects	120,536	113,002	191,350	188,450	204,140	6.68%
Special Projects	402,797	398,419	920,980	914,350	816,600	-11.33%
Total	\$2,210,144	\$2,333,796	\$3,176,350	\$3,148,720	\$3,120,450	-1.76%
Staffing Levels	7.41	7.90	7.81	7.81	7.92	1.41%

**WASTEWATER FUND SUMMARY
PUBLIC WORKS DEPARTMENT
UTILITIES**

RESPONSIBILITIES:

- Protect the public health and the environment, and preserve the community’s investment in the wastewater system through efficient and effective system operation; preventive maintenance of equipment and structures; proactive repair/replacement of the infrastructure; State and Federal regulatory analysis; and taking action to position the City for compliance with future regulations.
- Provide uninterrupted collection and treatment of wastewater in compliance with all State and Federal Clean Water Act regulations; prevent pollution of urban streams by minimizing system overflow occurrences; operate a water quality laboratory to measure water quality protection efforts; and promote pollution prevention practices and natural resources conservation.

WORK PLAN:

- Maintain 100% compliance with all requirements of the National Pollutant Discharge Elimination System (NPDES) Wastewater Discharge Permit.
- Pursue opportunity for beneficial reuse of treated wastewater.

FY 07-08 HIGHLIGHTS:

- Met all regulatory requirements; received a national award recognizing this accomplishment.
- Recycled 1,201,836 pounds of bio-solids as a soil amendment and nutrient source on local farmland.

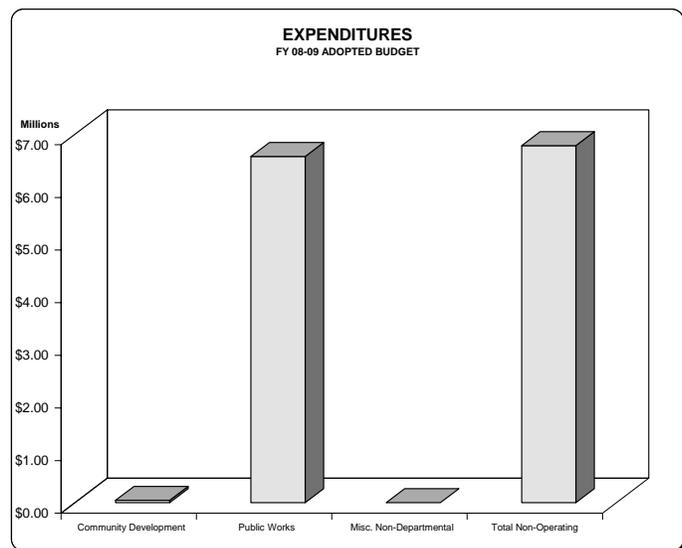
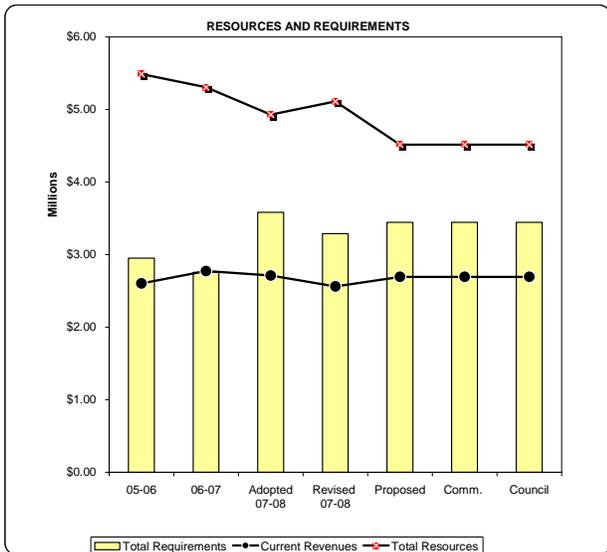
EXPENDITURE BY CLASS	ACTUAL 2005-06	ACTUAL 2006-07	BUDGET 2007-08	REVISED 2007-08	ADOPTED 2008-09	%CHANGE FROM 07-08 BUDGET
Personal Services	\$1,906,327	\$2,005,983	\$2,140,190	\$2,111,700	\$2,225,950	4.01%
Supplies and Services	1,091,426	1,156,015	1,205,950	1,142,040	1,198,500	-0.62%
Capital Outlay	49,927	22,977	11,950	18,240	33,500	180.33%
Total	\$3,047,680	\$3,184,975	\$3,358,090	\$3,271,980	\$3,457,950	2.97%

EXPENDITURE BY PROGRAM

Wastewater Plant	\$1,047,215	\$1,136,413	\$1,156,530	\$1,113,890	\$1,186,080	2.56%
Biosolids Management	112,659	111,830	124,010	125,090	128,210	3.39%
United Chrome	32,682	10,696	16,380	11,120	23,320	42.37%
Pretreatment Program	78,770	86,143	91,160	91,180	95,040	4.26%
Facility Automation	201,881	225,114	231,100	227,440	240,970	4.27%
Lab Services	105,113	126,763	131,770	129,950	137,870	4.63%
Facility Maintenance	533,927	549,237	587,080	582,480	615,180	4.79%
Wastewater Collection	884,936	888,171	954,120	926,340	963,580	0.99%
Conserv/Pollution Prevention	50,497	50,608	65,940	64,490	67,700	2.67%
Total	\$3,047,680	\$3,184,975	\$3,358,090	\$3,271,980	\$3,457,950	2.97%
Staffing Levels	25.05	24.90	24.85	24.85	25.35	2.01%

STORM WATER FUND SUMMARY

	ACTUAL 2005-06	ACTUAL 2006-07	ADOPTED BUDGET 2007-08	REVISED 2007-08	PROPOSED BUDGET 2008-09	COMMISSION RECOMMENDED 2008-09	COUNCIL APPROVED 2008-09
All Resources:							
Beginning Fund Balance	\$2,883,630	\$2,534,488	\$2,218,268	\$2,549,871	\$1,822,171	\$1,822,171	\$1,822,171
Charges for Service	\$1,859,896	\$1,965,377	\$1,882,020	\$1,876,020	\$1,885,570	\$1,885,570	\$1,885,570
Intergovernmental	0	0	22,000	20,880	0	0	0
Miscellaneous	113,289	126,432	119,260	113,030	85,930	85,930	85,930
Transfers In	631,071	680,382	688,070	552,720	723,100	723,100	723,100
Current Revenues	\$2,604,256	\$2,772,191	\$2,711,350	\$2,562,650	\$2,694,600	\$2,694,600	\$2,694,600
Total Resources	\$5,487,886	\$5,306,679	\$4,929,618	\$5,112,521	\$4,516,771	\$4,516,771	\$4,516,771
All Requirements:							
Operating Budget:							
Community Development	\$44,113	\$40,750	\$44,700	\$44,620	\$46,770	\$46,770	\$46,770
Public Works	1,561,525	1,338,602	1,984,830	1,950,130	1,818,320	1,818,320	1,818,320
Total Operating Budget	\$1,605,638	\$1,379,352	\$2,029,530	\$1,994,750	\$1,865,090	\$1,865,090	\$1,865,090
Non-Operating:							
Capital Projects	\$630,196	\$585,032	\$746,270	\$663,220	\$732,100	\$732,100	\$732,100
Transfers Out	717,564	792,424	767,730	632,380	811,240	811,240	811,240
Contingency	0	0	38,350	0	37,860	37,860	37,860
Total Non-Operating	\$1,347,760	\$1,377,456	\$1,552,350	\$1,295,600	\$1,581,200	\$1,581,200	\$1,581,200
Total Requirements	\$2,953,398	\$2,756,808	\$3,581,880	\$3,290,350	\$3,446,290	\$3,446,290	\$3,446,290
Ending Budgetary Fund Balance	\$2,534,488	\$2,549,871	\$1,347,738	\$1,822,171	\$1,070,481	\$1,070,481	\$1,070,481



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

STORM WATER FUND SUMMARY
COMMUNITY DEVELOPMENT DEPARTMENT
ADMINISTRATION/PLAN REVIEW/INSPECTIONS/PLANNING/SPECIAL PROJECTS

RESPONSIBILITIES:

- Provide administration and management of inspection and planning programs ensuring efficient and cost effective service delivery.
- Coordinate as part of interdepartmental team on studies and ongoing service issues.
- Review and approve development proposals as they relate to the connection to the City storm water system and calculate and impose Systems Development Charges (SDC) on these developments.
- Act as liaison between the Development Assistance Center and other City departments such as Public Works and Fire.

WORK PLAN:

- Ensure coordination of land use concerns regarding storm water system planning and implementation efforts.
- Enhance the Division’s capabilities to provide public information regarding Storm Water Fund charges for services.
- Implement storm water quality standards.

FY 07-08 HIGHLIGHTS:

- Coordinated with Public Works on storm water system issues related to development applications.
- Provided information to the public regarding storm water service availability and SDCs.

EXPENDITURE BY CLASS	ACTUAL 2005-06	ACTUAL 2006-07	BUDGET 2007-08	REVISED 2007-08	ADOPTED 2008-09	%CHANGE FROM 07-08 BUDGET
Personal Services	\$38,522	\$36,191	\$39,210	\$39,210	\$41,270	5.25%
Supplies and Services	4,962	4,559	5,490	5,410	5,500	0.18%
Capital Outlay	630	0	0	0	0	0.00%
Total	\$44,113	\$40,750	\$44,700	\$44,620	\$46,770	4.63%

EXPENDITURE BY PROGRAM

Administration	\$12,631	\$13,208	\$13,040	\$12,990	\$13,750	5.44%
Plan Review	23,085	20,022	23,290	23,290	24,320	4.42%
Inspections	186	249	250	240	250	0.00%
Long Range Planning	7,582	7,271	8,120	8,100	8,450	4.06%
Special Projects	630	0	0	0	0	0.00%
Total	\$44,113	\$40,750	\$44,700	\$44,620	\$46,770	4.63%
Staffing Levels	0.79	0.44	0.44	0.44	0.44	0.00%



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

RESPONSIBILITIES:

- The Administration Division provides management and administrative support functions to the department's Storm Water Fund activities to ensure that services to improve water quality and preserve our local environment are efficiently delivered. Functions include long-term planning for the utility, and budgeting, contract support and accounting services for the department. Citizen information materials are developed by division staff in support of department projects.
- The Engineering Division coordinates Capital Improvement Program (CIP) development, conducts design review on new developments, inspects private development of public infrastructure, and provides general engineering support to City departments.
- The Transportation & Buildings Division provides for utility patching of streets and sidewalks after storm water services have been excavated and repaired, for sweeping services to protect water quality from street runoff, and for Geographical Information Systems (GIS) implementation to provide better access to data about public storm water facilities.
- Special Projects are one-time in nature or fall outside the scope of normal department operations.

WORK PLAN:

- Foster sustainable practices in all department operations.
- Promote department activities on the public and government access channels.
- Migrate the department's infrastructure tracking software to a new platform.
- Provide technical assistance and engineering support to the organization as needed including developing CIP proposals to maintain and upgrade public facilities and supporting implementation of storm water operations projects.
- Provide timely review of design submittals for private development and ensure compliance to City standards by private development to protect the investment in public facilities.
- Maintain storm water facilities mapping and GIS data through incorporation of construction drawings and input from field crews.
- Design and manage construction of next year's planned Capital Improvements including storm water master plan projects and improvement to the storm drainage system.

FY 07-08 HIGHLIGHTS:

- Updated the municipal code on allowable activities in the public right-of-way.
- Began a composting program to reduce the organic waste that goes to the landfill, the largest remaining component of the department's waste stream.
- Completed the City's planned Capital Improvements including fish barrier removals on Oak Creek and Dixon Creek, and improvements to the storm drainage system.



Dixon Creek Restoration



Dixon Creek

STORM WATER FUND SUMMARY
PUBLIC WORKS DEPARTMENT
ADMINISTRATION/ENGINEERING/TRANSPORTATION/SPECIAL PROJECTS (continued)

EXPENDITURE BY CLASS	ACTUAL 2005-06	ACTUAL 2006-07	BUDGET 2007-08	REVISED 2007-08	ADOPTED 2008-09	%CHANGE FROM 07-08 BUDGET
Personal Services	\$423,168	\$429,262	\$521,250	\$512,810	\$543,760	4.32%
Supplies and Services	435,455	453,880	650,860	642,020	705,350	8.37%
Capital Outlay	231,344	2,096	256,760	261,760	0	-100.00%
Total	\$1,089,967	\$885,238	\$1,428,870	\$1,416,590	\$1,249,110	-12.58%
EXPENDITURE BY PROGRAM						
Administration	\$321,592	\$349,607	\$389,180	\$385,950	\$397,310	2.09%
Street Maintenance	30,194	29,799	38,300	36,260	43,050	12.40%
Street Cleaning	162,742	159,044	188,520	182,140	182,600	-3.14%
Mapping/GIS	42,349	45,499	51,710	47,590	52,470	1.47%
Development Review	106,582	99,749	115,760	115,260	127,430	10.08%
Engineering Admin/CIP	41,995	43,031	47,480	46,810	50,280	5.90%
Planning and Projects	113,393	108,840	159,160	158,820	165,970	4.28%
Special Projects	271,121	49,668	438,760	443,760	230,000	-47.58%
Total	\$1,089,967	\$885,238	\$1,428,870	\$1,416,590	\$1,249,110	-12.58%
Staffing Levels	5.73	6.02	6.07	6.07	6.07	0.00%



Storm Water Pipe Replacement

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

RESPONSIBILITIES:

- Operate and maintain the storm water system, which consists of a network of pipes, inlets, open drainage ways, and urban streams that collect and convey rain water runoff to the Willamette River for the purpose of flood mitigation; and promote improvements to urban stream and Willamette River water quality through pollution prevention and natural resources conservation.

WORK PLAN:

- Maintain storm water system to minimize localized flooding events.
- Promote pollution prevention activities throughout the community.

FY 07-08 HIGHLIGHTS:

- Negotiated terms and conditions with DEQ and received the City's first DEQ/EPA Storm Water System Federal Discharge Permit.

EXPENDITURE BY CLASS	ACTUAL	ACTUAL	BUDGET	REVISED	ADOPTED	%CHANGE
	2005-06	2006-07	2007-08	2007-08	2008-09	FROM 07-08 BUDGET
Personal Services	\$338,013	\$320,698	\$359,820	\$353,110	\$369,680	2.74%
Supplies and Services	133,545	132,665	196,140	180,430	199,530	1.73%
Capital Outlay	0	0	0	0	0	0.00%
Total	\$471,558	\$453,364	\$555,960	\$533,540	\$569,210	2.38%

EXPENDITURE BY PROGRAM

Surface Water Management	\$409,536	\$395,915	\$491,080	\$469,440	\$498,380	1.49%
Conserv/Pollution Prevention	62,022	57,448	64,880	64,100	70,830	9.17%
Total	\$471,558	\$453,364	\$555,960	\$533,540	\$569,210	2.38%
Staffing Levels	4.35	4.35	4.35	4.35	4.35	0.00%



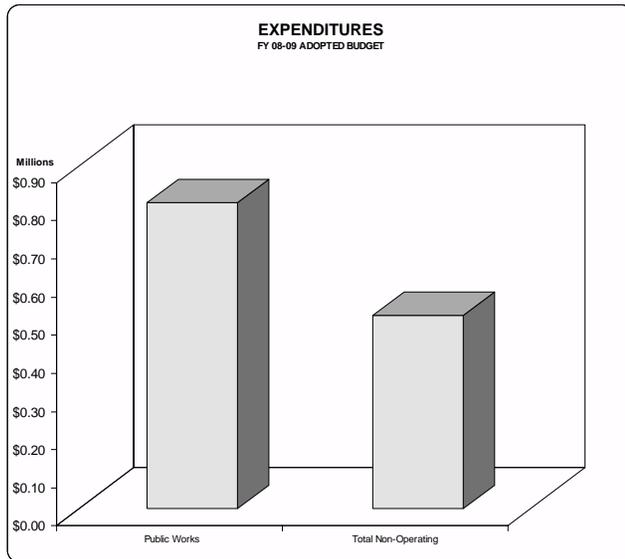
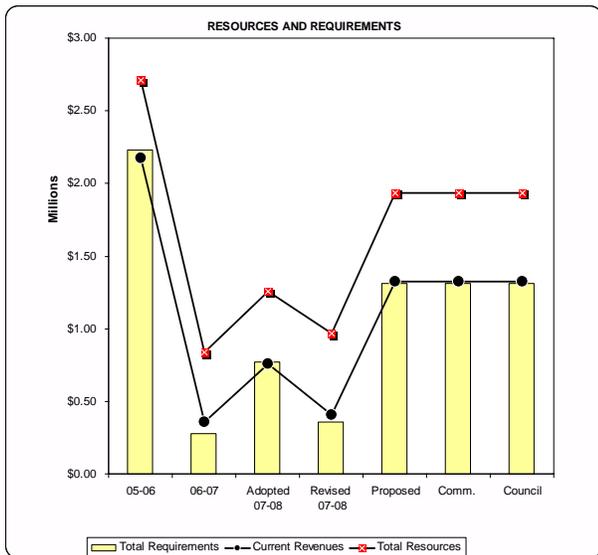
Grand Oaks detention pond



Storm Water basin

AIRPORT FUND SUMMARY

	ACTUAL 2005-06	ACTUAL 2006-07	ADOPTED BUDGET 2007-08	REVISED 2007-08	PROPOSED BUDGET 2008-09	COMMISSION RECOMMENDED 2008-09	COUNCIL APPROVED 2008-09
All Resources:							
Beginning Fund Balance	\$535,504	\$482,430	\$503,310	\$559,973	\$611,133	\$611,133	\$611,133
Licenses & Permits	\$530	\$4,493	\$1,700	\$4,500	\$4,500	\$4,500	\$4,500
Charges for Service	286,195	322,380	286,700	329,280	341,620	341,620	341,620
Intergovernmental	1,831,571	0	438,590	38,590	929,090	929,090	929,090
Miscellaneous	12,907	30,335	27,680	32,660	27,360	27,360	27,360
Transfers In	43,747	0	1,510	1,510	20,990	20,990	20,990
Current Revenues	\$2,174,950	\$357,208	\$756,180	\$406,540	\$1,323,560	\$1,323,560	\$1,323,560
Total Resources	\$2,710,454	\$839,638	\$1,259,490	\$966,513	\$1,934,693	\$1,934,693	\$1,934,693
All Requirements:							
Operating Budget:							
Public Works	\$283,730	\$242,068	\$694,730	\$287,040	\$802,110	\$802,110	\$802,110
Total Operating Budget	\$283,730	\$242,068	\$694,730	\$287,040	\$802,110	\$802,110	\$802,110
Non-Operating:							
Capital Projects	\$1,863,531	\$0	\$30,100	\$30,100	\$442,400	\$442,400	\$442,400
Transfers Out	48,178	5,761	7,170	7,170	26,930	26,930	26,930
Debt Service - Principal	17,898	18,043	18,200	18,200	18,370	18,370	18,370
Debt Service - Interest	14,687	13,793	12,870	12,870	11,920	11,920	11,920
Contingency	0	0	6,520	0	7,670	7,670	7,670
Total Non-Operating	\$1,944,294	\$37,597	\$74,860	\$68,340	\$507,290	\$507,290	\$507,290
Total Requirements	\$2,228,024	\$279,665	\$769,590	\$355,380	\$1,309,400	\$1,309,400	\$1,309,400
Ending Budgetary Fund Balance	\$482,430	\$559,973	\$489,900	\$611,133	\$625,293	\$625,293	\$625,293



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

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

RESPONSIBILITIES:

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

WORK PLAN:

- Foster sustainable practices in all department operations.
- Design and manage construction of next year's planned Capital Improvements including improvements to the airport facility.

FY 07-08 HIGHLIGHTS:

- Analyzed resource flow for airport management and developed a strategy for enhancing sustainable practices.

EXPENDITURE BY CLASS	ACTUAL 2005-06	ACTUAL 2006-07	BUDGET 2007-08	REVISED 2007-08	ADOPTED 2008-09	%CHANGE FROM 07-08 BUDGET
Personal Services	\$8,174	\$8,370	\$8,240	\$8,200	\$7,400	-10.19%
Supplies and Services	79,041	31,664	436,670	36,670	559,110	28.04%
Capital Outlay	0	0	0	0	0	0.00%
Total	\$87,215	\$40,034	\$444,910	\$44,870	\$566,510	27.33%

EXPENDITURE BY PROGRAM

Administration	\$43,108	\$40,034	\$44,910	\$44,870	\$46,270	3.03%
Special Projects	44,107	0	400,000	0	520,240	30.06%
Total	\$87,215	\$40,034	\$444,910	\$44,870	\$566,510	27.33%
Staffing Levels	0.08	0.08	0.08	0.08	0.08	0.00%



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

RESPONSIBILITIES:

- The Transportation & Buildings Division has responsibility for the City’s Airport and Industrial Park, which includes administration of land leases, development of airport services, maintenance of facilities, and management of airport operations. The division provides the staff support to the Airport Commission.

WORK PLAN:

- Promote the Airport and Industrial Park through a contract with Corvallis-Benton County Chamber Coalition.

FY 07-08 HIGHLIGHTS:

- Achieved Governor’s Industrial Site-Certified listing for the Industrial Park “Area C” wetland mitigation project.
- Acquired Business Enterprise Center (BEC) as a new tenant in the Airport Industrial Park.

EXPENDITURE BY CLASS	ACTUAL 2005-06	ACTUAL 2006-07	BUDGET 2007-08	REVISED 2007-08	ADOPTED 2008-09	%CHANGE FROM 07-08 BUDGET
Personal Services (1)	\$87,824	\$90,978	\$120,510	\$120,510	\$106,640	-11.51%
Supplies and Services	108,691	111,055	129,310	121,660	128,960	-0.27%
Capital Outlay	0	0	0	0	0	0.00%
Total	\$196,515	\$202,034	\$249,820	\$242,170	\$235,600	-5.69%

EXPENDITURE BY PROGRAM

Airport Operations	\$196,515	\$202,034	\$249,820	\$242,170	\$235,600	-5.69%
Total	\$196,515	\$202,034	\$249,820	\$242,170	\$235,600	-5.69%
Staffing Levels	1.00	1.00	1.00	1.00	1.00	0.00%

(1)-FY 07-08 includes one time increase of \$20,000 in personal services for two projects. One project will develop cost estimates, review plan requirements and recommend lease language for airport industrial leases. The other project will evaluate the infrastructure needs at the airfield. The budget was added to personal services as it was not known whether a consultant would be hired or the work done by temporary help.



Airport Industrial Park buildings

**SECTION – IX
INTERNAL SERVICE FUNDS**

CORVALLIS FINANCE DEPARTMENT



PUBLIC WORKS GARAGE FACILITIES



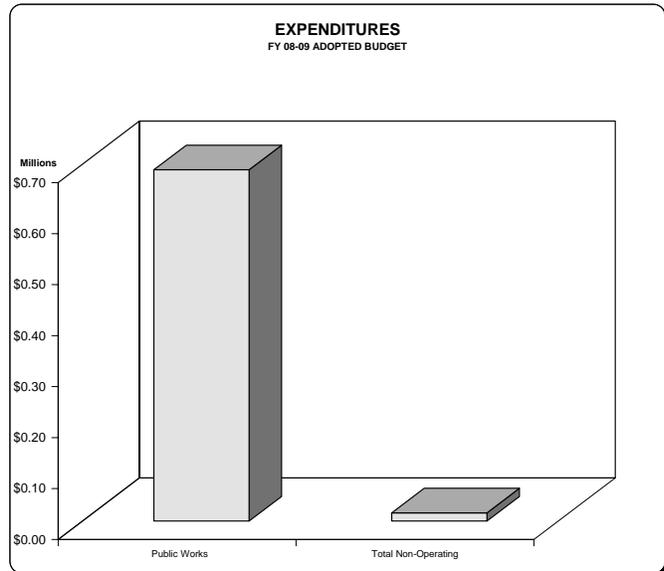
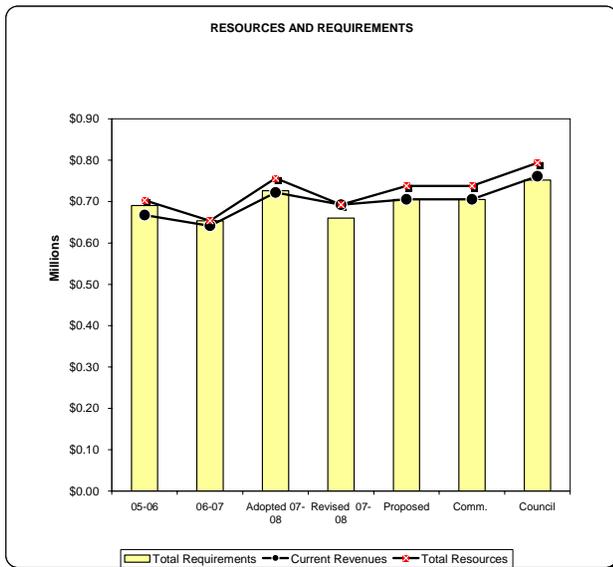
SECTION – IX INTERNAL SERVICE FUNDS

These funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost reimbursement basis. The measurement focus is on determination of net income, financial position, and changes in financial position. Internal service funds are accounted for on the accrual basis (transactions are recognized when they occur, regardless of the timing of related cash flows), and are budgeted for on the modified accrual basis (revenues are recognized when they become both "measurable" and "available to finance expenditures of the current period." Expenditures are generally recognized when the related fund liability is incurred). For GASB Statement #34 reporting purposes, all these funds are considered Major Funds in the City's CAFR in FY 06-07.

- a) **Fleet Maintenance** – to account for revenues and expenses associated with operating and maintaining the City of Corvallis' rolling stock. The major source of revenue is charges for service paid by operating departments based on the actual use of the garage and fuel purchases. The expenses are directly associated with the costs to operate and maintain City vehicles including purchase of fuel. As an internal service fund, revenues (charges for service) should equal expenses, with any accrued balance each year returned proportionately to the contributing funds.
- b) **Facility Maintenance** – to account for revenues and expenses associated with the ongoing maintenance of City buildings. The major source of revenue is charges for service paid by operating departments based on prior year use of the Facility Maintenance work group's services. Expenses are associated with maintenance of City Hall, Municipal Court, Library, Arts Center, Parks & Recreation and Public Works administration and shop buildings. As an internal service fund, revenues (charges for service) should equal expenses, with any accrued balance each year returned proportionately to the contributing funds.
- c) **Technology and Communications** – to account for revenue and expenses associated with operating the City of Corvallis' central computer, radio, and telephone systems. The major source of revenue is charges for service paid by operating departments based on a cost allocation plan. Expenses are for maintenance of the data center facility and equipment, information systems, radio and telephone support staff, and reserves for future replacement of major computer and phone equipment. As an internal service fund, revenues (charges for service) should equal expenses, with any accrued balance each year returned proportionately to the contributing funds.
- d) **Administrative Services** – to account for revenue and expenses associated with providing administrative services to all City departments. The major source of revenue is charges for service paid by operating funds based on a cost allocation formula. Expenses are for the operations of the City Manager's Office and the administration, accounting, budget, treasury and collections portions of the Finance Department. As an internal service fund, revenues (charges for service) should equal expenses, with any accrued balance each year returned proportionately to the contributing funds.
- e) **Risk Management Fund** – to account for revenue and expenses associated with providing risk management services to the organization. The major revenue source is charges paid by departments for insurance premiums and based on a cost allocation formula that uses exposure and prior year claims experience. Expenses are for general and auto liability and worker's compensation insurance, and for the City's safety program. As an internal service fund, revenues (charges for service) should equal expenses. However, the Risk Management Fund also holds a catastrophic reserve.

FLEET FUND SUMMARY

	ACTUAL 2005-06	ACTUAL 2006-07	ADOPTED BUDGET 2007-08	REVISED 2007-08	PROPOSED BUDGET 2008-09	COMMISSION RECOMMENDED 2008-09	COUNCIL APPROVED 2008-09
Resources:							
Beginning Fund Balance	\$35,535	\$12,182	\$34,662	\$20	\$32,150	\$32,150	\$32,150
Charges for Service	\$666,955	\$642,100	\$721,150	\$691,520	\$704,670	\$704,670	\$760,470
Miscellaneous	432	(590)	800	720	800	800	800
Current Revenues	\$667,387	\$641,510	\$721,950	\$692,240	\$705,470	\$705,470	\$761,270
Total Resources	\$702,922	\$653,692	\$756,612	\$692,260	\$737,620	\$737,620	\$793,420
Requirements:							
Operating Budget:							
Public Works	\$690,740	\$653,672	\$710,150	\$660,110	\$689,040	\$689,040	\$736,350
Total Operating Budget	\$690,740	\$653,672	\$710,150	\$660,110	\$689,040	\$689,040	\$736,350
Non-Operating:							
Contingency	\$0	\$0	\$16,000	\$0	\$16,000	\$16,000	\$16,000
Total Non-Operating	\$0	\$0	\$16,000	\$0	\$16,000	\$16,000	\$16,000
Total Requirements	\$690,740	\$653,672	\$726,150	\$660,110	\$705,040	\$705,040	\$752,350
Ending Budgetary Fund Balance	\$12,182	\$20	\$30,462	\$32,150	\$32,580	\$32,580	\$41,070



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

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

RESPONSIBILITIES:

- The Transportation & Buildings Division provides service and repair to the City’s vehicle and equipment fleet to ensure that the fleet is mechanically safe, in good repair, and meets forecasted life to support departments in their activities.
- Special Projects are one-time in nature or fall outside the scope of normal operations for the department.

WORK PLAN:

- Develop bids and specifications for vehicle replacements for the organization.
- Repair vehicles and equipment in a cost-effective manner that is competitive with private industry.
- Develop partnerships with other organizations.

FY 07-08 HIGHLIGHTS:

- Developed vehicle/equipment maintenance program for new departmental allocation mechanism.

EXPENDITURE BY CLASS	ACTUAL 2005-06	ACTUAL 2006-07	BUDGET 2007-08	REVISED 2007-08	ADOPTED 2008-09	%CHANGE FROM 07-08 BUDGET
Personal Services	\$201,212	\$210,068	\$208,700	\$189,060	\$219,230	5.05%
Supplies and Services	489,528	443,604	501,450	471,050	517,120	3.12%
Capital Outlay	0	0	0	0	0	0.00%
Total	\$690,740	\$653,672	\$710,150	\$660,110	\$736,350	3.69%

EXPENDITURE BY PROGRAM

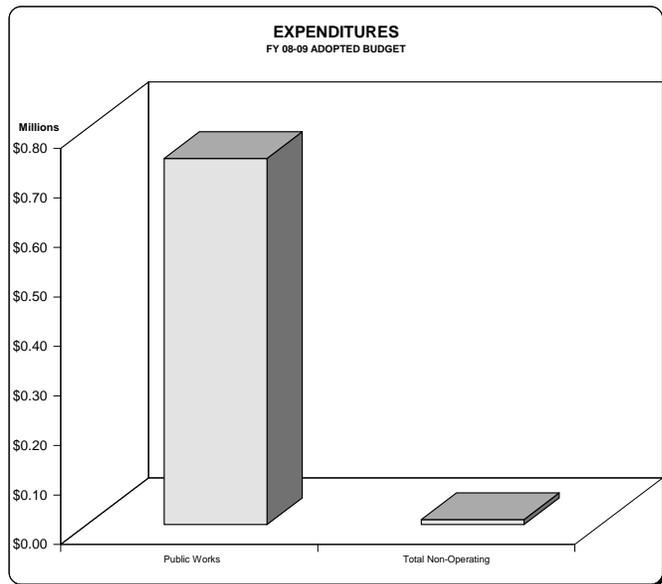
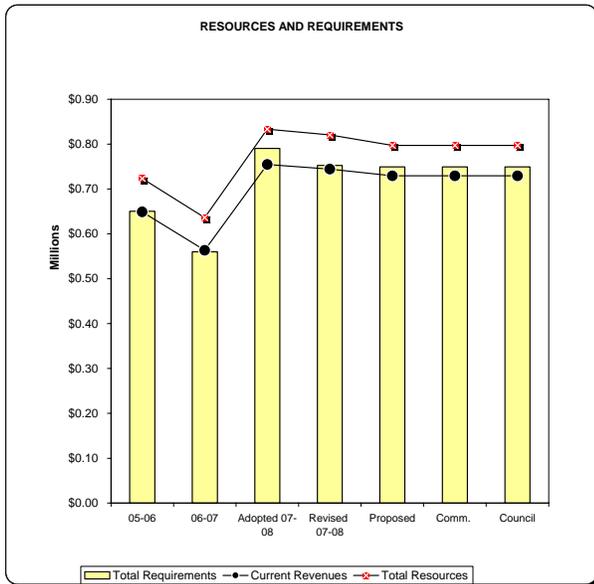
Transportation and Buildings	\$690,740	\$653,672	\$703,650	\$653,610	\$735,550	4.53%
Special Projects	0	0	6,500	6,500	800	-87.69%
Total	\$690,740	\$653,672	\$710,150	\$660,110	\$736,350	3.69%
Staffing Levels	2.82	2.82	2.67	2.67	2.72	1.87%

Note: For FY 08-09, minor changes to the supervisor’s allocation was done to more adequately reflect the time spent managing this work group.



FACILITY MAINTENANCE FUND SUMMARY

	ACTUAL 2005-06	ACTUAL 2006-07	ADOPTED BUDGET 2007-08	REVISED 2007-08	PROPOSED BUDGET 2008-09	COMMISSION RECOMMENDED 2008-09	COUNCIL APPROVED 2008-09
Resources:							
Beginning Fund Balance	\$74,324	\$72,729	\$78,789	\$76,081	\$67,991	\$67,991	\$67,991
Charges for Service	\$643,294	\$551,294	\$748,110	\$736,730	\$723,290	\$723,290	\$723,290
Miscellaneous	5,488	11,927	6,300	7,580	5,870	5,870	5,870
Current Revenues	\$648,782	\$563,221	\$754,410	\$744,310	\$729,160	\$729,160	\$729,160
Total Resources	\$723,106	\$635,950	\$833,199	\$820,391	\$797,151	\$797,151	\$797,151
Requirements:							
Operating Budget:							
Public Works	\$650,377	\$559,869	\$780,540	\$752,400	\$739,520	\$739,520	\$739,520
Total Operating Budget	650,377	\$559,869	\$780,540	\$752,400	\$739,520	\$739,520	\$739,520
Non-Operating:							
Contingency	\$0	\$0	\$10,000	\$0	\$10,000	\$10,000	\$10,000
Total Non-Operating	\$0	\$0	\$10,000	\$0	\$10,000	\$10,000	\$10,000
Total Requirements	\$650,377	\$559,869	\$790,540	\$752,400	\$749,520	\$749,520	\$749,520
Ending Budgetary Fund Balance	\$72,729	\$76,081	\$42,659	\$67,991	\$47,631	\$47,631	\$47,631



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

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

RESPONSIBILITIES:

- The Transportation & Buildings Division is responsible for the operation and maintenance of a number of City-owned or leased facilities. This group supports the Council objective to maintain and upgrade public facilities to assure a safe and productive work environment, while maximizing the functional life of these assets.
- Special Projects are one-time in nature or fall outside the scope of normal operations for the department.

WORK PLAN:

- Complete facilities projects while minimizing negative impacts to the public and staff.
- Finalize City Hall seismic improvement project mitigation plan with FEMA grant funds.
- Increase use of green cleaning products in janitorial services and decrease use of paper products.
- Complete lighting upgrades for Public Works buildings.

FY 07-08 HIGHLIGHTS:

- Developed a FEMA-approved and Council-adopted Multi-Hazard Mitigation Plan and submitted a FEMA grant application for the seismic retrofit of City Hall.
- Completed City Hall lower-level renovation and relocated the Development Services Division to that floor.
- Completed installation of new water recycling system at the Public Works car wash.

EXPENDITURE BY CLASS	ACTUAL 2005-06	ACTUAL 2006-07	BUDGET 2007-08	REVISED 2007-08	ADOPTED 2008-09	%CHANGE FROM 07-08 BUDGET
Personal Services	\$353,945	\$280,413	\$351,550	\$349,980	\$373,240	6.17%
Supplies and Services	296,432	279,456	363,990	337,420	366,280	0.63%
Capital Outlay	0	0	65,000	65,000	0	-100.00%
Total	\$650,377	\$559,869	\$780,540	\$752,400	\$739,520	-5.26%

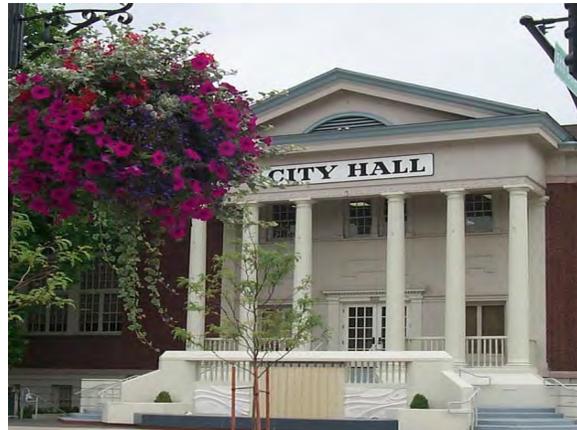
EXPENDITURE BY PROGRAM

Facilities Maintenance	\$611,451	\$531,767	\$606,010	\$597,050	\$633,030	4.46%
Special Projects	38,927	28,102	174,530	155,350	106,490	-38.98%
Total	\$650,377	\$559,869	\$780,540	\$752,400	\$739,520	-5.26%
Staffing Levels	4.21	4.21	4.23	4.23	4.22	-0.24%

Note: For FY 08-09, minor changes to the supervisor's allocation was done to more adequately reflect the time spent managing this work group.



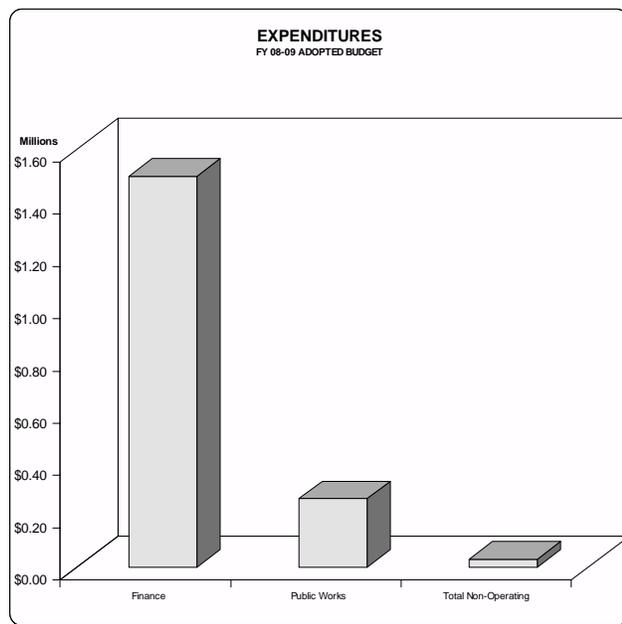
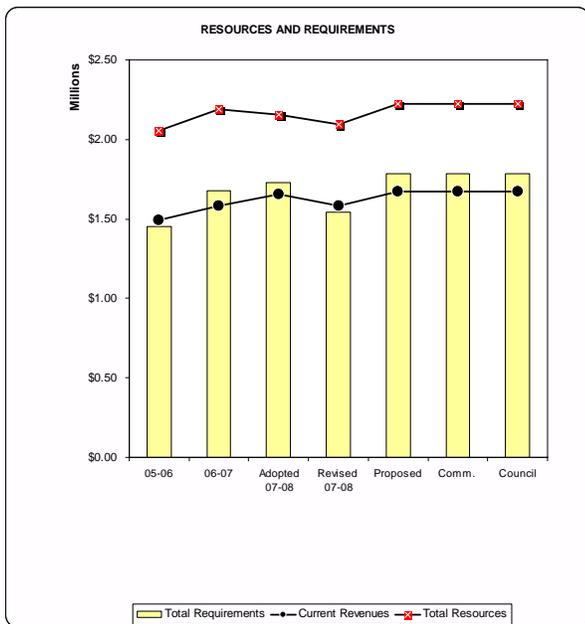
Senior Center concrete replacement



Corvallis City Hall

TECHNOLOGY AND COMMUNICATIONS FUND SUMMARY

	ACTUAL 2005-06	ACTUAL 2006-07	ADOPTED BUDGET 2007-08	REVISED 2007-08	PROPOSED BUDGET 2008-09	COMMISSION RECOMMENDED 2008-09	COUNCIL APPROVED 2008-09
Resources:							
Beginning Fund Balance	\$563,930	\$605,029	\$504,739	\$510,186	\$550,786	\$550,786	\$550,786
Charges for Service	\$1,459,652	\$1,543,880	\$1,617,570	\$1,552,800	\$1,647,650	\$1,647,650	\$1,647,650
Miscellaneous	32,192	40,541	35,440	31,040	23,780	23,780	23,780
Current Revenues	\$1,491,844	\$1,584,421	\$1,653,010	\$1,583,840	\$1,671,430	\$1,671,430	\$1,671,430
Total Resources	\$2,055,774	\$2,189,450	\$2,157,749	\$2,094,026	\$2,222,216	\$2,222,216	\$2,222,216
Requirements:							
Operating Budget:							
Finance	\$1,218,634	\$1,430,585	\$1,457,700	\$1,309,910	\$1,494,050	\$1,494,050	\$1,494,050
Public Works	232,111	248,679	240,910	233,330	260,840	260,840	260,840
Total Operating Budget	\$1,450,745	\$1,679,264	\$1,698,610	\$1,543,240	\$1,754,890	\$1,754,890	\$1,754,890
Non-Operating:							
Contingency	\$0	\$0	\$30,000	\$0	\$30,000	\$30,000	\$30,000
Total Non-Operating	\$0	\$0	\$30,000	\$0	\$30,000	\$30,000	\$30,000
Total Requirements	\$1,450,745	\$1,679,264	\$1,728,610	\$1,543,240	\$1,784,890	\$1,784,890	\$1,784,890
Ending Budgetary Fund Balance	\$605,029	\$510,186	\$429,139	\$550,786	\$437,326	\$437,326	\$437,326



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

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

RESPONSIBILITIES:

- Provide access to accurate and timely data retrieval for the organization.
- Implement, manage, and maintain data systems.
- Provide help desk support for users.
- Manage and maintain the City's network infrastructure.

WORK PLAN:

- Deploy a pilot program for wireless networking infrastructure to implement a city-wide WiMAX/Wi-Fi network.
- Complete replacement of the hardware portion of the AS/400 financial system.
- Continue to work with departments to develop and implement E-commerce solutions.
- Upgrade key networking infrastructure hardware.
- Implement a single sign on software for employees to logon to multiple software applications.

FY 07-08 HIGHLIGHTS:

- Deployed wireless network connectivity to key meeting rooms and for public library patrons.
- Upgraded the City's electronic mail server from Exchange 2000 to 2003 including upgrades to the spam filter software and firmware.
- Completed the installation of a single mode fiber from Public Works compound to the Administrative building to provide redundant networking connection path for the Public Works Department.

EXPENDITURE BY CLASS	ACTUAL 2005-06	ACTUAL 2006-07	BUDGET 2007-08	REVISED 2007-08	ADOPTED 2008-09	%CHANGE FROM 07-08 BUDGET
Personal Services	\$830,280	\$878,827	\$981,030	\$867,920	\$1,013,670	3.33%
Supplies and Services	368,025	431,181	406,170	371,490	409,880	0.91%
Capital Outlay	20,329	120,576	70,500	70,500	70,500	0.00%
Total	\$1,218,634	\$1,430,585	\$1,457,700	\$1,309,910	\$1,494,050	2.49%

EXPENDITURE BY PROGRAM

Management Information Service	\$971,664	\$1,024,557	\$1,131,780	\$1,047,340	\$1,165,800	3.01%
Financial Information Services	165,166	191,201	215,920	217,570	218,250	1.08%
Special Projects	81,804	214,827	110,000	45,000	110,000	0.00%
Total	\$1,218,634	\$1,430,585	\$1,457,700	\$1,309,910	\$1,494,050	2.49%
Staffing Levels	9.00	11.00	11.00	11.00	11.00	0.00%



Computer repair



MIS Annex Training room

**TECHNOLOGY AND COMMUNICATIONS FUND
PUBLIC WORKS DEPARTMENT
TRANSPORTATION AND BUILDINGS**

RESPONSIBILITIES:

- The Transportation and Buildings Division is responsible for managing and maintaining telephone services and Public Works radio systems for City operations.

WORK PLAN:

- Manage the City’s telephone system in conjunction with Benton County.
- Maintain the City radio system used by Public Works and some mobile and portable radio equipment used by Police and Fire, providing 24-hour uninterrupted service.
- Manage the City’s fiber optic cable system.

FY 07-08 HIGHLIGHTS:

- Increased digital capacity to meet the demand for caller ID digital display on City phones.
- Upgraded the fiber to the Taylor Water Treatment Plant from multi-mode to single-mode fiber.
- Completed a digital remote unit upgrade of the telephone system for the Parks & Recreation Department.

EXPENDITURE BY CLASS	ACTUAL 2005-06	ACTUAL 2006-07	BUDGET 2007-08	REVISED 2007-08	ADOPTED 2008-09	%CHANGE FROM 07-08 BUDGET
Personal Services	\$111,520	\$111,010	\$111,990	\$111,770	\$117,140	4.60%
Supplies and Services	120,592	113,158	128,920	121,560	143,700	11.46%
Capital Outlay	0	24,511	0	0	0	0.00%
Total	\$232,112	\$248,679	\$240,910	\$233,330	\$260,840	8.27%

EXPENDITURE BY PROGRAM

Communication	\$72,229	\$55,610	\$75,450	\$74,450	\$78,060	3.46%
Telephone Services	154,802	166,717	165,460	158,880	168,480	1.83%
Special Projects	5,080	26,351	0	0	14,300	0.00%
Total	\$232,112	\$248,679	\$240,910	\$233,330	\$260,840	8.27%
Staffing Levels	1.55	1.35	1.35	1.35	1.35	0.00%



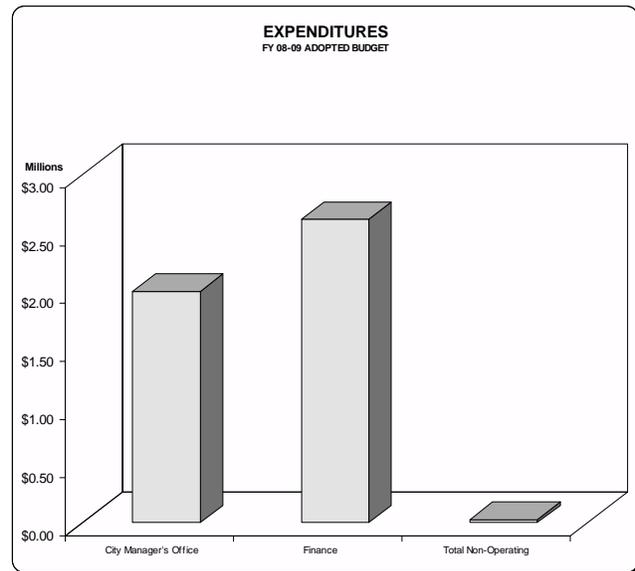
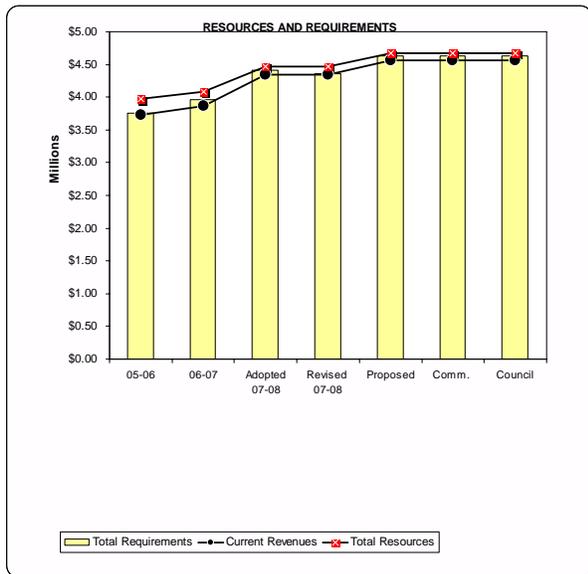
Telephone system troubleshooting



Radio repair bench

ADMINISTRATIVE SERVICES FUND

	ACTUAL 2005-06	ACTUAL 2006-07	ADOPTED BUDGET 2007-08	REVISED 2007-08	PROPOSED BUDGET 2008-09	COMMISSION RECOMMENDED 2008-09	COUNCIL APPROVED 2008-09
Resources:							
Beginning Fund Balance	\$244,034	\$216,118	\$111,688	\$125,002	\$108,402	\$108,402	\$108,402
Charges for Service	\$3,681,400	\$3,814,730	\$4,320,510	\$4,320,510	\$4,547,450	\$4,547,450	\$4,547,450
Miscellaneous	27,038	57,411	29,460	19,760	15,460	15,460	15,460
Transfers In	16,980	0	0	0	0	0	0
Current Revenues	\$3,725,418	\$3,872,141	\$4,349,970	\$4,340,270	\$4,562,910	\$4,562,910	\$4,562,910
Total Resources	\$3,969,452	\$4,088,259	\$4,461,658	\$4,465,272	\$4,671,312	\$4,671,312	\$4,671,312
Requirements:							
Operating Budget:							
City Manager's Office	\$1,601,207	\$1,654,722	\$1,914,090	\$1,881,780	\$1,994,630	\$1,994,630	\$1,994,630
Finance	2,152,127	2,308,535	2,501,220	2,475,090	2,612,890	2,612,890	2,612,890
Total Operating Budget	\$3,753,334	\$3,963,257	\$4,415,310	\$4,356,870	\$4,607,520	\$4,607,520	\$4,607,520
Non-Operating:							
Contingency	\$0	\$0	\$0	\$0	\$30,000	\$30,000	\$30,000
Total Non-Operating	\$0	\$0	\$0	\$0	\$30,000	\$30,000	\$30,000
Total Requirements	\$3,753,334	\$3,963,257	\$4,415,310	\$4,356,870	\$4,637,520	\$4,637,520	\$4,637,520
Ending Budgetary Fund Balance	\$216,118	\$125,002	\$46,348	\$108,402	\$33,792	\$33,792	\$33,792



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

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

RESPONSIBILITIES:

- The City Manager's Office implements City Council decisions, supports Mayor/City Council activities, and promotes intergovernmental relations and partnerships.
- The City Manager's Office leads and manages the overall operation of City services, facilitates effective public communications programs, conducts municipal elections, and manages the City's official records.
- The special projects division is used to account for projects that are one-time in nature.

WORK PLAN:

- Implement City Council goals and objectives.
- Monitor legislative activities.
- Continue partnerships with intergovernmental agencies and legislative representatives.
- Provide support to the City Legislative Committee.
- Position the organization for the future.
- Implement the Comprehensive Communications Plan's new three-year action plan and Communications Outreach activities (Special Projects).

FY 07-08 HIGHLIGHTS:

- Added the Corvallis Municipal Code to the City's Web site with full search capabilities.
- Updated the City's Comprehensive Communications Plan and developed a new three-year action plan.

EXPENDITURE BY CLASS	ACTUAL 2005-06	ACTUAL 2006-07	BUDGET 2007-08	REVISED 2007-08	ADOPTED 2008-09	%CHANGE FROM 07-08 BUDGET
Personal Services	\$599,348	\$631,496	\$694,050	\$674,150	\$707,610	1.95%
Supplies and Services	540,573	547,585	607,790	593,740	684,410	12.61%
Capital Outlay	0	0	0	0	0	0.00%
Total	\$1,139,921	\$1,179,081	\$1,301,840	\$1,267,890	\$1,392,020	6.93%

EXPENDITURE BY PROGRAM

Governance	\$1,133,892	\$1,145,633	\$1,301,840	\$1,267,890	\$1,332,020	2.32%
Special Projects	6,029	33,448	0	0	60,000	0.00%
Total	\$1,139,921	\$1,179,081	\$1,301,840	\$1,267,890	\$1,392,020	6.93%
Staffing Levels	5.50	5.50	5.50	5.50	5.50	0.00%



Corvallis City Hall



Videostreaming taped City Council meetings is available on the City's Web site

**ADMINISTRATIVE SERVICES FUND
CITY MANAGER'S OFFICE
PERSONNEL**

DEPARTMENT RESPONSIBILITIES:

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

DEPARTMENT WORK PLAN:

- Maintain effective labor relations.
- Incorporate new online recruitment software with revised Recruitment Manual.
- Complete career development reports and recommendations.
- Implement Human Resources software special project.

FY 07-08 HIGHLIGHTS:

- Evaluated and revised Wellness promotion program and incentives.
- Evaluated and revised Personnel Division structure.
- Began creating the diversity strategic plan.

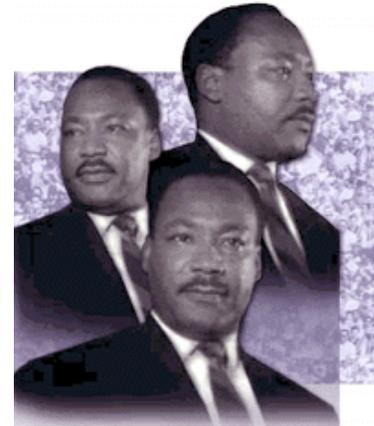
EXPENDITURE BY CLASS	ACTUAL	ACTUAL	BUDGET	REVISED	ADOPTED	%CHANGE
	2005-06	2006-07	2007-08	2007-08	2008-09	FROM 07-08 BUDGET
Personal Services	\$385,959	\$389,940	\$450,050	\$450,050	\$488,160	8.47%
Supplies and Services	75,327	85,701	162,200	163,840	114,450	-29.44%
Capital Outlay	0	0	0	0	0	0.00%
Total	\$461,286	\$475,641	\$612,250	\$613,890	\$602,610	-1.57%

EXPENDITURE BY PROGRAM

Personnel	\$461,286	\$475,641	\$612,250	\$613,890	\$602,610	-1.57%
Total	\$461,286	\$475,641	\$612,250	\$613,890	\$602,610	-1.57%
Staffing Levels	4.00	4.00	4.00	4.50	4.50	12.50%



Personnel works with AFSCME, CPOA, IAFF, and the CRCCA to negotiate labor agreements



The Commission for Martin Luther King, Jr. is coordinated through the Personnel Division

**ADMINISTRATIVE SERVICES FUND
FINANCE DEPARTMENT
ADMINISTRATION/SPECIAL PROJECTS**

RESPONSIBILITIES:

- Ensure sound fiscal management and long-term financial planning for the City.
- Provide access to financial information for the City Council, Boards and Commissions, citizens, and employees.
- Secure sources of funds for City operations and projects.
- Provide the organization with policies and procedures for the financial operations of the City.
- Provide mail services for the City organization.

WORK PLAN:

- Focus on City’s sustainability goal to reduce paper usage by exploring new software technologies and electronically storing files and documents.
- Continue participation as steering committee representative in statewide financial audit of Qwest Communications.
- Provide staff support to examine revenue alternatives.

FY 07-08 HIGHLIGHTS:

- Purchased and installed the Alert Notification System, an automated telephone notification system that will enable staff to notify utility services customers by telephone of a delinquency on their utility account or any water related emergency.
- Completed testing for Automated Clearing House (ACH) payments to enable vendors to sign up for payment via an electronic funds transfer.

EXPENDITURE BY CLASS	ACTUAL 2005-06	ACTUAL 2006-07	BUDGET 2007-08	REVISED 2007-08	ADOPTED 2008-09	%CHANGE FROM 07-08 BUDGET
Personal Services	\$391,404	\$439,131	\$498,460	\$486,170	\$524,390	5.20%
Supplies and Services	168,856	149,265	169,910	173,830	155,930	-8.23%
Capital Outlay	0	0	0	0	15,660	0.00%
Total	\$560,260	\$588,396	\$668,370	\$660,000	\$695,980	4.13%

EXPENDITURE BY PROGRAM

Administration	\$534,274	\$588,396	\$645,870	\$637,500	\$665,320	3.01%
Special Projects	25,987	0	22,500	22,500	30,660	36.27%
Total	\$560,260	\$588,396	\$668,370	\$660,000	\$695,980	4.13%
Staffing Levels	5.00	4.50	5.00	5.00	5.00	0.00%



Finance Department entrance at Madison Avenue Building

**ADMINISTRATIVE SERVICES FUND
FINANCE DEPARTMENT
FINANCIAL SERVICES**

RESPONSIBILITIES:

- Ensure the City's financial transactions are recorded accurately and in accordance with generally accepted accounting principles (GAAP).
- Manage the City's cash position and adhere to the State and City's prudent person investment and cash management policies and procedures.
- Maintain, and improve, a system of internal controls designed to provide reasonable assurance the City's assets and resources are safeguarded.
- Manage the City's banking and investment broker relationships.
- Ensure all debt covenants are met and that compliance is reported appropriately.
- Ensure the budget is adopted annually in compliance with Oregon Local Budget Law.
- Report to the City Council and Budget Commission quarterly on the status of the City's finances.
- Ensure payments to vendors are accurate and timely.
- Pay all employees the accurate amount owed, process payments to benefit providers, and file required payroll reporting forms.
- Pursue collection of monies owed to the City.
- Provide accurate reads of over 15,000 water meters each month to facilitate billing; calculate, mail, and collect monthly utility bills; and provide information to utility customers about their bills, billing cycles, and services available.

WORK PLAN:

- Implement the Council goal to develop recommended funding strategies for capital projects without a funding source.
- Implement Other Post Employment Benefits (OPEB) and prepare for implementation of GASB 51, Accounting and Financial Reporting for Intangible Assets.
- Prepare the 2007-2008 Comprehensive Annual Financial Report and receive an unqualified opinion from the auditors.
- Prepare balanced FY 09-10 budget to be adopted by City Council.
- Install software and complete procedures to implement purchasing card program.
- Continue to update department procedures for increased efficiency and improved customer service.
- Continue to implement customer service improvement practices in Utility Billing including e-commerce initiatives such as on-line utility services payment options, marketing and promoting electronic monthly bills; increase efficiencies in daily operations and promote customer donation options to parks, low-income payment assistance fund and the library youth program.
- Implement ACH Lockbox to enable automated download and file update of electronic check payment.
- Continue to pursue operational changes that decrease paper usage by 10% or more.

FY 07-08 HIGHLIGHTS:

- Issued 2006-2007 Comprehensive Annual Financial Report and received an unqualified opinion.
- Issued the FY 08-09 Proposed and Adopted Budget documents and posted each to the department web site.
- Citizen's Survey rated Utility Billing services "good or excellent" at 83.6%.



Utility Billing Office meter display

**ADMINISTRATIVE SERVICES FUND
FINANCE DEPARTMENT
FINANCIAL SERVICES (Continued)**

EXPENDITURE BY CLASS	ACTUAL 2005-06	ACTUAL 2006-07	BUDGET 2007-08	REVISED 2007-08	ADOPTED 2008-09	%CHANGE FROM 07-08 BUDGET
Personal Services	\$1,125,339	\$1,176,570	\$1,246,290	\$1,231,660	\$1,300,000	4.31%
Supplies and Services	466,527	543,570	586,560	583,430	616,910	5.17%
Capital Outlay	0	0	0	0	0	0.00%
Total	\$1,591,867	\$1,720,139	\$1,832,850	\$1,815,090	\$1,916,910	4.59%

EXPENDITURE BY PROGRAM

Budget	\$614,202	\$642,893	\$709,550	\$695,300	\$734,980	3.58%
Accounting	200,483	216,217	232,110	238,650	237,310	2.24%
Treasury	348,056	352,145	385,780	381,760	416,940	8.08%
Utility Billing	429,126	508,884	505,410	499,380	527,680	4.41%
Total	\$1,591,867	\$1,720,139	\$1,832,850	\$1,815,090	\$1,916,910	4.59%
Staffing Levels	12.75	17.25	17.25	17.25	17.25	0.00%



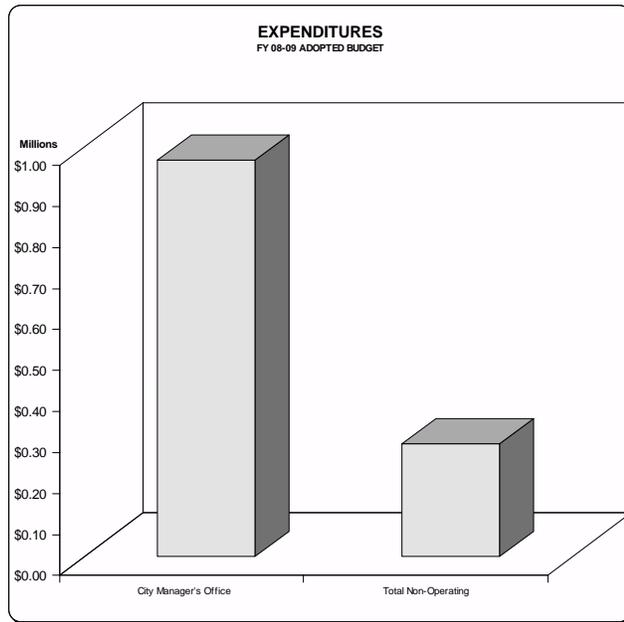
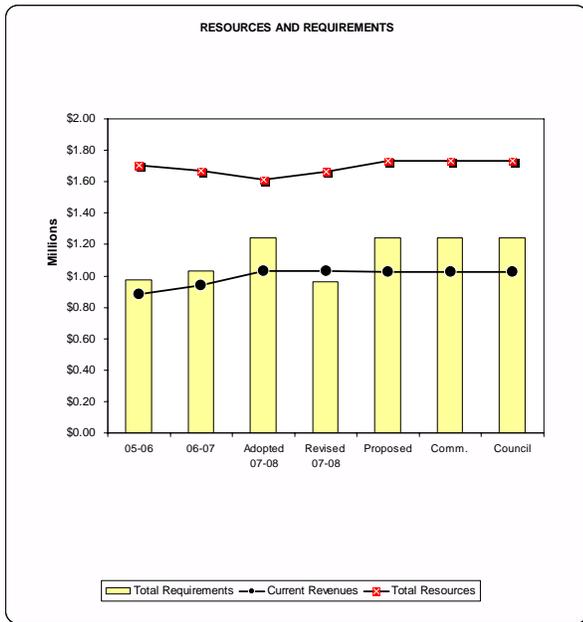
Utility Services Counter



Budget and CAFR Awards

RISK MANAGEMENT FUND SUMMARY

	ACTUAL 2005-06	ACTUAL 2006-07	ADOPTED BUDGET 2007-08	REVISED 2007-08	PROPOSED BUDGET 2008-09	COMMISSION RECOMMENDED 2008-09	COUNCIL APPROVED 2008-09
Resources:							
Beginning Fund Balance	\$821,556	\$728,165	\$577,925	\$636,909	\$704,329	\$704,329	\$704,329
Charges for Service	\$809,670	\$813,310	\$961,130	\$956,890	\$957,220	\$957,220	\$957,220
Intergovernmental	847	8,531	0	0	0	0	0
Miscellaneous	71,869	119,593	71,430	71,890	69,310	69,310	69,310
Current Revenues	\$882,386	\$941,434	\$1,032,560	\$1,028,780	\$1,026,530	\$1,026,530	\$1,026,530
Total Resources	\$1,703,942	\$1,669,599	\$1,610,485	\$1,665,689	\$1,730,859	\$1,730,859	\$1,730,859
Requirements:							
Operating Budget:							
City Manager's Office	\$975,777	\$1,001,520	\$965,140	\$961,360	\$966,530	\$966,530	\$966,530
Total Operating Budget	\$975,777	\$1,001,520	\$965,140	\$961,360	\$966,530	\$966,530	\$966,530
Non-Operating:							
Transfers Out	\$0	\$31,170	\$0	\$0	\$0	\$0	\$0
Contingency	0	0	275,000	0	275,000	275,000	275,000
Total Non-Operating	0	\$31,170	\$275,000	\$0	\$275,000	\$275,000	\$275,000
Total Requirements	\$975,777	\$1,032,690	\$1,240,140	\$961,360	\$1,241,530	\$1,241,530	\$1,241,530
Ending Budgetary Fund Balance	\$728,165	\$636,909	\$370,345	\$704,329	\$489,329	\$489,329	\$489,329



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

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

RESPONSIBILITIES:

- Responsibilities of the Risk Management Fund include protecting the assets of the City through risk management activities and policies, purchasing appropriate insurance and providing adequate reserves for uninsured losses, increasing safety awareness, providing safety training opportunities for employees, providing for urgent safety equipment needs, and reviewing City contracts for appropriate risk management provisions.

WORK PLAN:

- Use loss-sensitive formulas for operating department service charges to encourage proactive risk management.
- Analyze claims data and make insurance purchase/risk retention decisions.
- Provide at least three safety training opportunities to all employees each year.
- Administer safety incentive program.
- Provide training for safety committee members.
- Purchase safety equipment for departments as recommended within available resources.
- Assist departments with managing risk through appropriate indemnifications and insurance provisions in City contracts and through Risk Management policies and guidance.

FY 07-08 HIGHLIGHTS:

- Continued partial recovery of injured worker wages through the Employer At Injury (early return to work) program.
- Used safety funds to install track lighting in the 9-1-1 dispatch center.

EXPENDITURE BY CLASS	ACTUAL 2005-06	ACTUAL 2006-07	BUDGET 2007-08	REVISED 2007-08	ADOPTED 2008-09	%CHANGE FROM 07-08 BUDGET
Personal Services	\$0	\$0	\$0	\$0	\$0	0.00%
Supplies and Services	975,777	1,001,520	965,140	961,360	966,530	0.14%
Capital Outlay	0	0	0	0	0	0.00%
Total	\$975,777	\$1,001,520	\$965,140	\$961,360	\$966,530	0.14%

EXPENDITURE BY PROGRAM

Risk Management	\$965,172	\$988,710	\$923,950	\$923,950	\$937,890	1.51%
Safety Program	10,605	12,810	41,190	37,410	28,640	-30.47%
Total	\$975,777	\$1,001,520	\$965,140	\$961,360	\$966,530	0.14%
Staffing Levels	0.00	0.00	0.00	0.00	0.00	0.00%



December 2006 windstorm



The Safety program encourages safe work practices that protect employees and citizens



**SECTION – X
NON-OPERATING BUDGET**

CORVALLIS/BENTON COUNTY PUBLIC LIBRARY



SECTION – X NON-OPERATING BUDGET

The Non-Operating budget is generally defined as monies that the City will expend, but not in direct support of the day-to-day operations of the City's programs and services. The Non-Operating Budget includes:

- a) **Capital Budget** – The City completes a five-year Capital Improvement Program (CIP) each year prior to the Budget Commission setting priorities for the coming fiscal year. The CIP is developed by staff using master plans that address both the rehabilitation and expansion needs of each infrastructure area (Airport, Buildings, Parks, Transportation, Storm Water, Wastewater, and Water systems). CIP projects are also proposed by citizens through the public outreach process conducted each year in May/June, as well as proposals to advisory boards and commissions and staff. The first year of the CIP is reviewed by the Budget Commission for the ability to pay, and once recommended is appropriated as the Capital Budget.
- b) **Debt Service** – The City has a need to borrow monies for capital projects or other large capital needs from time-to-time. The repayment schedules for each of the debt issues is included in the budget, with the FY 08-09 debt payment (principal and interest) appropriated for expenditure. Resources for debt repayment are designated at the time the monies are borrowed.
- c) **Transfers** – Transfers are budgeted to move monies from one fund to another fund. Transfers are generally designated as operating or capital. Operating transfers are monies that are used by the receiving fund to pay for basic operating costs, and are paid by the expending fund because the operations benefit the expending fund. In most cases, the transfer is for a specific program. Capital transfers are transactions where the City moves monies between funds in order to better track and account for capital construction projects.
- d) **Reserves** – Most of the City's funds hold reserves of one kind or another. Contingencies are reserves that are appropriated and could be used by the City Council during the course of the fiscal year to pay unanticipated costs. The City rarely uses contingencies. Management reserves are developed by staff and used to facilitate long-term financial planning – saving monies today for a larger than normal expenditure in the future. Council reserves are items defined by the City Council, either through ordinance or policy, where monies are set aside for the future. Legal reserves are mandated by a third party, most often by the federal or state government, where the City collects monies for a future, specific use and must be sure that the monies are not expended for any other use.

OVERVIEW OF CAPITAL IMPROVEMENT PROGRAM

DEFINITION OF A CAPITAL PROJECT

A capital project results in a permanent addition to the City's assets. This is accomplished through either: 1) acquisition of property; 2) new construction; or 3) rehabilitation, reconstruction or renovation of an existing facility to a "like new" condition which extends its useful life or increases its usefulness or capacity.

Capital projects are large scale endeavors in cost, size, and benefit to the community. They involve non-recurring expenditures or capital outlays from a variety of specifically identified funding sources and do not duplicate maintenance activities in the operating budget. These expenditures are to be in compliance with City Financial Policies.

The purchase of vehicles is not considered a capital project. Capital projects typically have a service life in excess of fifteen years.

CAPITAL IMPROVEMENT PROGRAM

The City annually develops the five-year Capital Improvement Program (CIP) which:

- Plans development or rehabilitation of public property to protect it from deterioration, extend its useful life and preserve the community's prior investments;
- Anticipates land acquisition for open space, parks, streets, drainageways and other community facilities; and
- Plans for public buildings, utilities, streets, park facilities and other physical property of the community.

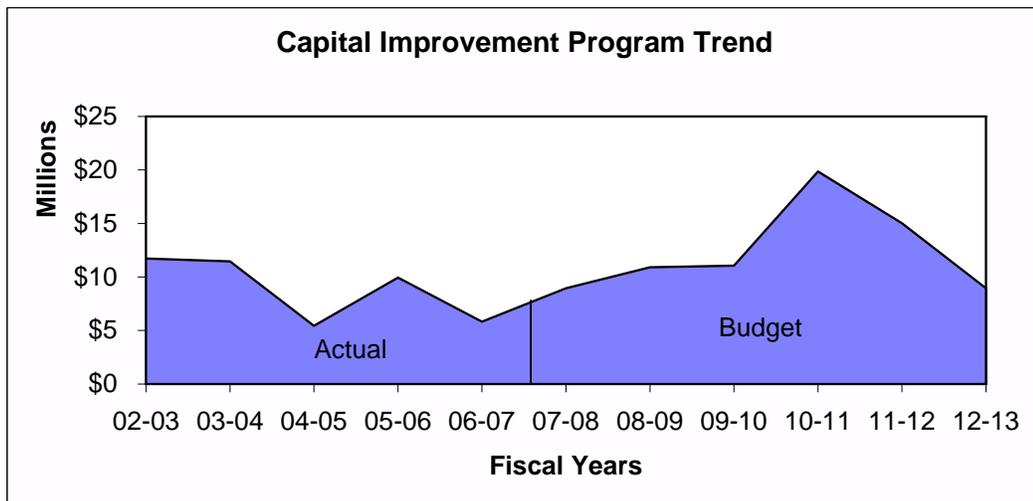
The CIP review and update is conducted annually with community involvement. Requests for projects to be included in the CIP come from:

- Advisory boards and commissions and include the board or commission's priority for the project, and recommended funding sources;
- Citizen requests;
- Projects recommended in a facility master plan; and
- Staff requests based on preventive or deferred maintenance plans.

The requests for projects are developed and a staff team reviews each request for its urgency, its "fit" with other projects already planned, and the ability to fund the projects. The staff team's recommendation is forwarded to the City Manager for review and development into the Proposed CIP.

The Proposed Five-Year CIP is presented to the CIP Commission which conducts a public hearing, deliberates, and then recommends a CIP for the City Council to consider. The CIP is then forwarded to the Planning Commission for a recommendation on the CIP's compatibility with the Comprehensive Plan, and then to the Budget Commission for a recommendation on the ability to fund the proposed projects. The City Council reviews all recommendations and votes on adoption of the CIP as a planning document.

The first year of the five-year CIP is further developed, and presented to the Budget Commission and the City Council as the capital budget for the following fiscal year. The CIP plan is available at the Corvallis-Benton County Public Library or by calling Public Works at 766-6916.

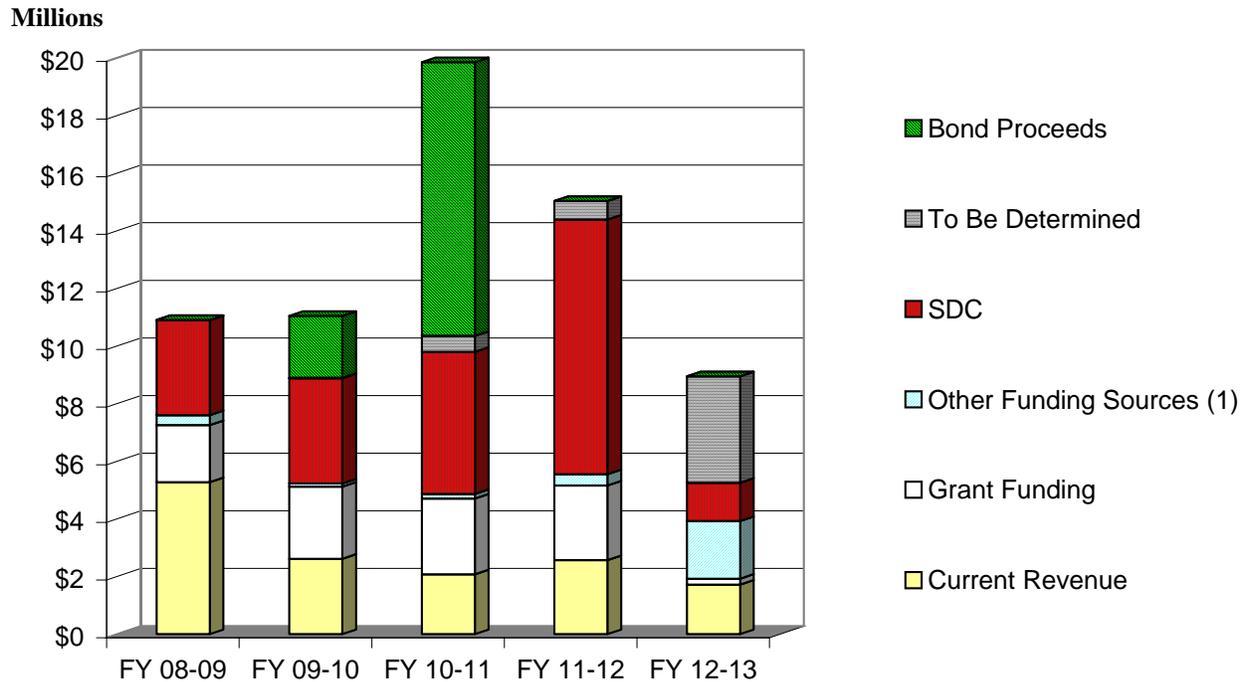


CAPITAL IMPROVEMENT PROGRAM FUNDING SOURCES

Capital projects are funded from several different sources. The largest portion of funding comes from current revenue and system development charges which reflect the City's pay-as-you-go philosophy.

Below is a table and graph which outlines the funding sources for FY 08-09 and the four-year planning period.

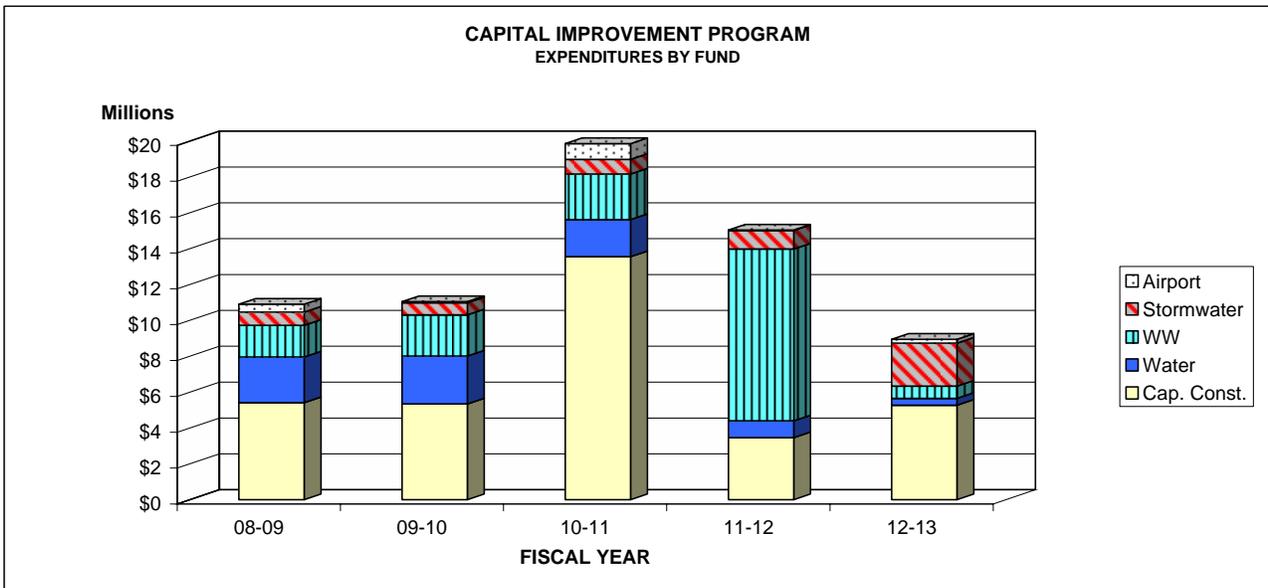
Funding Source	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13	Five Year Total
Bond Proceeds	\$0	\$2,150,000	\$9,500,000	\$0	\$0	\$11,650,000
Current Revenue	5,274,065	2,617,170	2,081,990	2,570,210	1,723,455	14,266,890
Grant Funding	1,983,540	2,504,460	2,629,410	2,589,770	205,865	9,913,045
Other Funding Sources (1)	345,265	109,000	155,100	391,030	1,996,870	2,997,265
SDC	3,299,220	3,653,700	4,930,800	8,842,280	1,328,600	22,054,600
To Be Determined	0	10,500	557,000	638,370	3,692,930	4,898,800
Total	\$10,902,090	\$11,044,830	\$19,854,300	\$15,031,660	\$8,947,720	\$65,780,600



(1) Includes donations and assessments

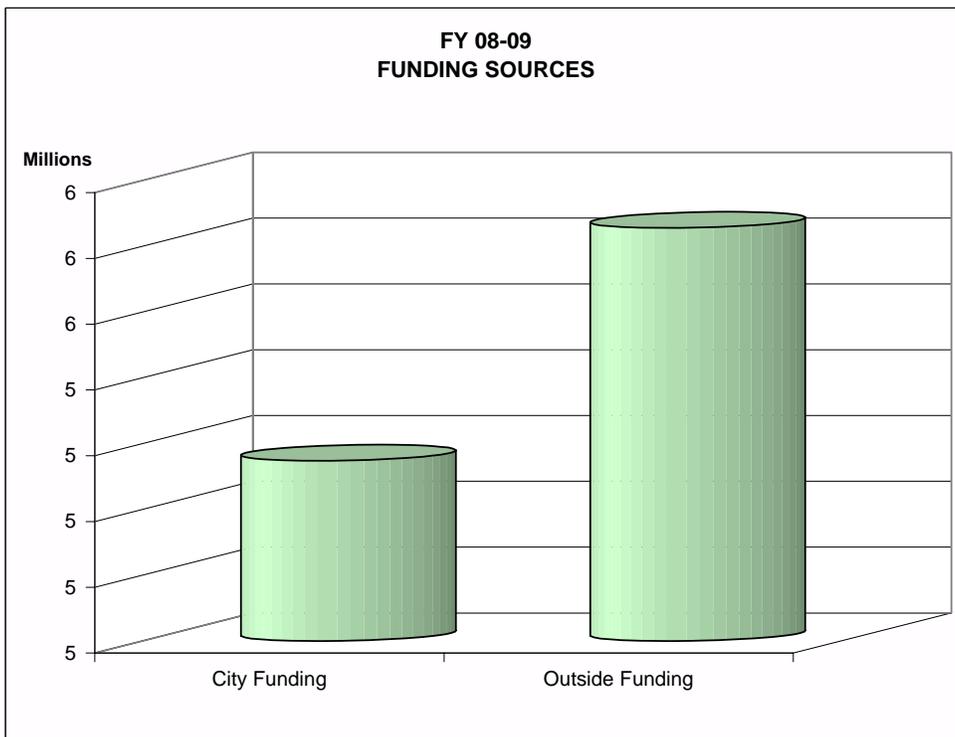
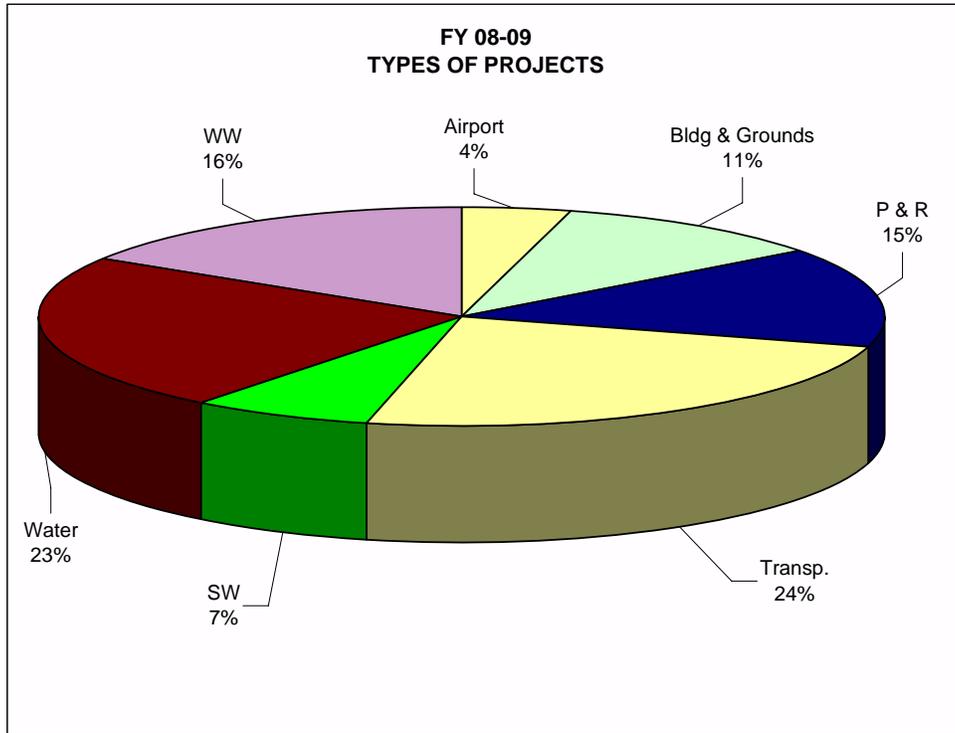
CAPITAL IMPROVEMENT PROGRAM EXPENDITURE SUMMARY BY FUND

	<u>FY 08-09</u>	<u>FY 09-10</u>	<u>FY 10-11</u>	<u>FY 11-12</u>	<u>FY 12-13</u>	<u>FIVE YEAR TOTAL</u>
Capital Construction Fund						
Public Works	\$2,907,710	\$2,709,380	\$3,873,420	\$3,331,630	\$4,734,560	\$17,556,700
Parks & Recreation	1,609,440	2,637,320	9,680,000	125,000	534,000	14,585,760
Fire Dept.	896,000	0	0	0	0	896,000
Sub Total Capital Construction Fund	<u>\$5,413,150</u>	<u>\$5,346,700</u>	<u>\$13,553,420</u>	<u>\$3,456,630</u>	<u>\$5,268,560</u>	<u>\$33,038,460</u>
Water Construction Fund						
Public Works	\$2,548,810	\$2,663,380	\$2,074,150	\$938,470	\$381,250	\$8,606,060
Wastewater Construction Fund						
Public Works	\$1,765,630	\$2,301,150	\$2,530,230	\$9,583,650	\$685,360	\$16,866,020
Storm Water Construction Fund						
Public Works	\$732,100	\$673,200	\$817,200	\$1,035,610	\$2,395,850	\$5,653,960
Airport Construction Fund						
Public Works	\$442,400	\$60,400	\$879,300	\$17,300	\$216,700	\$1,616,100
Total Capital Improvement Plan	<u>\$10,902,090</u>	<u>\$11,044,830</u>	<u>\$19,854,300</u>	<u>\$15,031,660</u>	<u>\$8,947,720</u>	<u>\$65,780,600</u>



FY 08-09 CAPITAL IMPROVEMENT PROGRAM

The FY 08-09 Capital Improvement Program totals \$10,902,090 . The following pages list all capital projects by type of project: airport, building and grounds, parks and recreation, storm water, transportation, wastewater and water. The two graphs below outline the relationship between type of project and the funding sources.



CAPITAL IMPROVEMENT PROJECTS	FUNDING SOURCE	TOTAL PROJECT BUDGET	FY 08-09 BUDGET
AIRPORT AND INDUSTRIAL PARK			
Airport Facility Improvements	Current Revenue (CR) Airport	\$37,150	\$20,990
	FAA Grant	728,150	421,410
	Total	\$765,300	\$442,400
Total Airport and Industrial Park			\$442,400
BUILDINGS AND FACILITIES			
City Hall Block	CR General Fund	\$665,870	\$132,190
	CR Street Fund	43,420	9,190
	CR Develop. Svcs. Fund	201,170	42,630
	CR CD Revolving Fund	55,380	11,730
	CR Water Fund	97,030	20,530
	CR Wastewater Fund	43,420	9,190
	CR Storm Water Fund	43,420	9,190
	Interest Earnings	15,410	0
	FEMA Grant	480,000	0
	Total	\$1,645,120	\$234,650
Fire Department Property Acquisition and	CR Fire	\$896,000	\$896,000
	Total	\$896,000	\$896,000
Municipal Buildings Rehabilitation	CR General Fund	\$146,500	\$20,000
	CR Library	110,000	\$0
	CR Parks & Rec. Fund	280,000	0
	Total	\$536,500	\$20,000
Total Buildings and Facilities			\$1,150,650
PARKS AND RECREATION			
Acquisition of Natural Areas	Open Space Trust Fund	\$121,485	\$128,260
	Parks SDC	300,000	50,000
	Total	\$421,485	\$178,260
Acquisition of Parks	Parks SDC	\$350,000	\$300,000
	Total	\$350,000	\$300,000
Osborn Aquatic Center	Parks & Rec Aquatics Fund	\$111,830	\$111,830
	Grants and/or Donations	20,000	20,000
	Miscellaneous Revenue	43,000	43,000
	Total	\$174,830	\$174,830
Park Facility Renovation	CR Parks & Rec. Fund	\$169,170	\$58,000
	Grants and/or Donations	383,330	150,000
	Total	\$552,500	\$208,000
Park Improvements - Existing	Parks SDC	\$1,869,620	\$407,500
	CR Parks & Rec. Fund	174,280	86,300
	Grants and/or Donations	1,107,940	193,830
	Risk Management Fund	31,170	31,170
	G.O. Bond	1,650,000	0
	Undetermined	75,000	0
	Total	\$4,908,010	\$718,800

CAPITAL IMPROVEMENT PROJECTS	FUNDING SOURCE	TOTAL PROJECT BUDGET	FY 08-09 BUDGET
Riverfront Commemorative Park (Signage)	CR Wastewater Fund	\$201,720	\$0
	CR Parking Fund	148,960	0
	CR General Fund	1,685,930	0
	G.O. Bond Proceeds/Interest	6,109,440	29,550
	ISTEA Grant	715,410	0
	Property Assessments	153,810	0
	Total	\$9,015,270	\$29,550
Total Parks and Recreation			\$1,609,440
STORM WATER UTILITY			
Storm Drain Pipe Replacement	CR Storm Water Fund	\$865,960	\$183,100
	Total	\$865,960	\$183,100
Storm Water Master Plan Projects	CR Storm Water Fund	\$3,140,490	\$448,500
	Storm Water SDC	627,510	85,500
	Grant	22,000	0
	Total	\$3,790,000	\$534,000
Utility and Street Improvement Projects	Storm Water SDC	\$15,000	\$15,000
	Total	\$15,000	\$15,000
Total Storm Water Utility			\$732,100
TRANSPORTATION			
9th and Circle Intersection Improvements	Street SDC	\$252,590	\$251,100
	Total	\$252,590	\$251,100
Downtown Public Parking	CR Parking Fund	\$200,000	\$200,000
	Total	\$200,000	\$200,000
Goodnight Right-of-Way Acquisition	Street SDC	\$380,000	\$10,000
	Total	\$380,000	\$10,000
Jefferson & Monroe Intersection Improv.	Street SDC	\$226,680	\$192,170
	Total	\$226,680	\$192,170
Rivergreen Avenue Extension	Street SDC	\$210,720	\$7,140
	Grant	752,550	64,220
	Total	\$963,270	\$71,360

CAPITAL IMPROVEMENT PROJECTS	FUNDING SOURCE	TOTAL PROJECT BUDGET	FY 08-09 BUDGET
Sidewalk Safety Program	CR Street Fund	\$397,910	\$84,000
	Grant	156,090	100,000
	Repair Prepayment	468,000	78,000
	Total	\$1,022,000	\$262,000
Street Reconstruction	CR Street	\$320,650	\$303,430
	CR Street - TMF	1,241,930	400,000
	STP Grant	1,783,180	194,380
	Undetermined	472,500	0
	Total	\$3,818,260	\$897,810
Traffic Signals	Street SDC	\$843,100	\$275,000
	Total	\$843,100	\$275,000
Transit Operations Center	CR Transit	\$57,450	\$22,620
	FTA Grant	2,746,890	146,000
	Street SDC	258,500	0
	Undetermined	366,500	0
	Total	\$3,429,340	\$168,620
Utility and Street Improvement Projects	Assessments	\$100,000	\$50,000
	Street SDC	1,350,000	275,000
	Total	\$1,450,000	\$325,000
Total Transportation Projects			\$2,653,060
WASTEWATER UTILITY			
Sanitary Sewer Rehabilitation	CR Wastewater Fund	\$3,350,380	\$290,000
	Total	\$3,350,380	\$290,000
Utility and Street Improvement Projects	CR Wastewater Fund	\$50,000	\$50,000
	Wastewater SDC	33,000	33,000
	Total	\$83,000	\$83,000
Wastewater Master Plan Projects	CR Wastewater Fund	\$561,270	\$191,230
	Wastewater SDC	1,245,670	1,085,000
	Total	\$1,806,940	\$1,276,230
WWRP Electrical Equipment Replacement	CR Wastewater Fund	\$116,400	\$116,400
	Wastewater SDC	1,536,950	0
	Total	\$1,653,350	\$116,400
Total Wastewater Utility Projects			\$1,765,630

CAPITAL IMPROVEMENT PROJECTS	FUNDING SOURCE	TOTAL PROJECT BUDGET	FY 08-09 BUDGET
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WATER UTILITY

Baldy Reservoir Cover Replacement	CR Water Fund	\$929,750	\$855,000
	Total	\$929,750	\$855,000
Marys River Water Main Crossings	CR Water Fund	\$287,450	\$15,800
	Water SDC	111,650	6,100
	FEMA Grant	1,197,450	65,700
	Total	\$1,596,550	\$87,600
Rock Creek Plant Facility Plan Projects	CR Water	\$373,070	\$373,070
	CR Water Timber	148,430	68,430
	Water SDC	223,500	223,500
	Total	\$745,000	\$665,000
Utility and Street Improvement Projects	CR Water Fund	\$50,000	\$50,000
	Water SDC	50,000	50,000
	Total	\$100,000	\$100,000
Water Distribution System Rehabilitation/ Replacement Program	CR Water Fund	\$1,200,000	\$100,000
	Total	\$1,200,000	\$100,000
Watershed Stewardship	CR Water Timber	\$60,000	\$60,000
	Grants	648,000	648,000
	Total	\$648,000	\$708,000
West Corvallis Second Level Water	Water SDC loan to CR	\$408,300	\$24,500
	Water SDC	221,200	8,710
	Total	\$629,500	\$33,210
Total Water Utility Projects			\$2,548,810
GRAND TOTAL			\$10,902,090



Walnut Boulevard Street Reconstruction

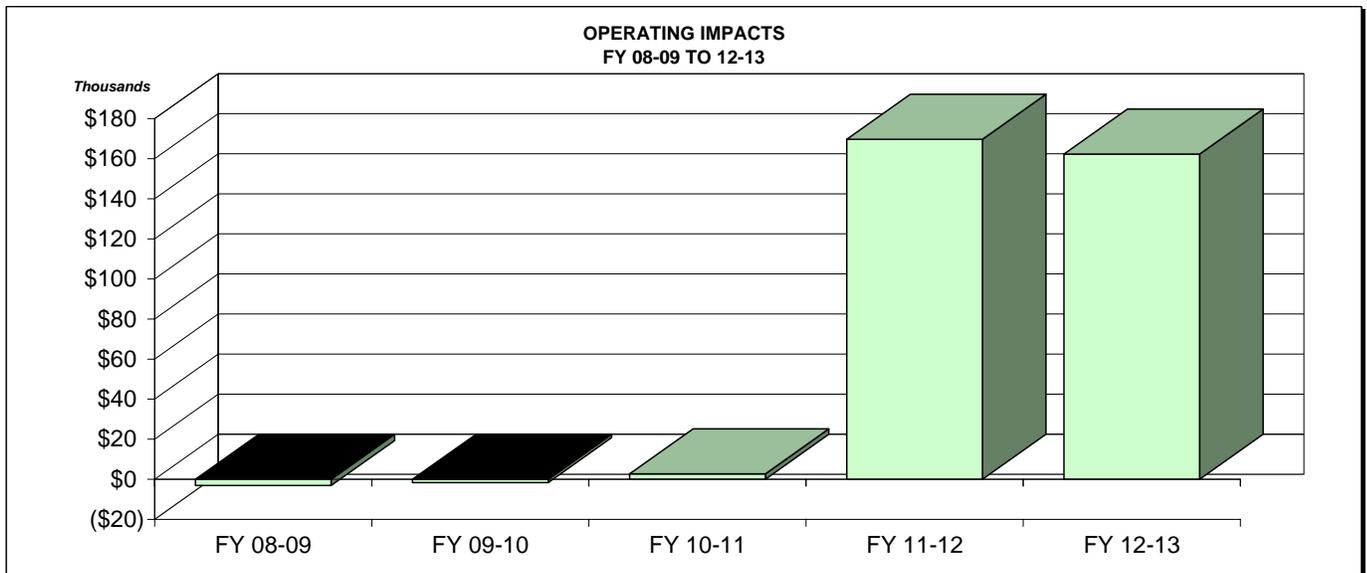
IMPACTS TO OPERATING BUDGET

Prior to placing a capital project within the Capital Improvement Program (CIP), staff analyzes the feasibility of doing the project itself and the long and short-term costs or savings associated with the project. This is done through the financial planning process.

Operational costs or savings are placed within the Financial Plans to ensure that there are funds available to maintain the completed project.

The information below illustrates the financial impacts to operations over the next five years from projects in each fund.

Fund	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13	FIVE YEAR TOTAL
General Fund	\$0	\$0	\$0	\$0	\$0	\$0
Street Fund	0	0	0	0	2,500	2,500
Park & Recreation Fund	10,330	14,880	19,020	170,550	175,640	390,420
Park & Recreation Aquatics Fund	(14,000)	(18,670)	(18,670)	(18,670)	(18,670)	(88,680)
Parking Fund	500	500	500	500	500	2,500
Transit Fund	0	0	0	15,000	15,000	30,000
Water Fund	0	1,600	1,800	1,800	1,800	7,000
Wastewater Fund	0	0	0	0	(15,000)	(15,000)
Airport Fund	0	0	50	550	550	1,150
Total Capital Improvement Plan	(\$3,170)	(\$1,690)	\$2,700	\$169,730	\$162,320	\$329,890



IMPACTS TO OPERATING BUDGET (Continued)

Although financial and service impacts may be difficult to estimate in some instances, the City's process focuses on reasonably quantifiable costs or savings. For example:

- ▶ Contained within the operating component of the Water and Wastewater Funds is a variety of debt related to capital projects that have lengthy repayment schedules and coverage ratio covenants. All of these costs and the expected costs for future projects are included in the rate analysis that determines the rates paid by customers for water service.
- ▶ Cost impacts of new and improved parks are measurable based on historical experience that allows quantification of additional labor and materials costs based on specific amenities and relative acreage.

The following section lists total estimated operating impacts by project type during the five-year planning period. Each capital project includes the associated fund, the fiscal year the capital project is coming online and the type of costs (i.e., personal services, supplies & service or capital outlay).

Project	Fund	FY Online	Personal Services	Supplies & Services	Capital Outlay	Total
AIRPORT:						
Airport Facility Improvement	Airport	10-11		\$150		\$150
Airport Road Widening	Airport	10-11		1,000		1,000
South Corvallis Drainage (1)	Airport	12-13		TBD		0
BUILDINGS AND FACILITIES:						
City Hall Block	Multiple Funds	08-09				0
Fire Station Property Acquis. & Drill Fac.	Fire and Rescue	09-10				0
Municipal Buildings Rehab	Multiple Funds	Annual				0
PARKS AND RECREATION:						
Acquisition of Natural Areas	Parks&Rec	09-10		11,200		11,200
Acquisition of Parks (1)	Parks&Rec	10-11		TBD		0
Osborn Aquatic Center	Parks Aquatics	08-09		(88,680)		(88,680)
Park Dev. - New	Parks&Rec	10-11		2,830		2,830
Park Facility Renovation	Parks&Rec	08-09		20,300		20,300
Park Improv - Existing	Parks&Rec	08-09		44,150		44,150
Senior Center Expansion (3)	Parks&Rec	10-11		303,060		303,060
Special Use Facilities (1)	Parks&Rec	09-10		TBD		0
Trails/Bike Paths	Parks&Rec	09-10		8,880		8,880
STORM WATER UTILITY:						
Storm Drain Pipe Repl (2)	Storm Water	Annual				0
Storm Water Master Plan (2)	Storm Water	Annual				0
TRANSPORTATION:						
9 th /Circle Intersection	Street	08-09				0
35 th St. Sidewalks/RR Crossing	Street	12-13		250		250
53 rd /Hwy 20/34 Improv	Street	10-11				0
Avery Drive RR Crossing (1)	Street	11-12		TBD		0
Brooklane Dr. Improv	Street	12-13		250		250
Country Club Dr. Improv	Street	10-11				0
Downtown Public Parking	Parking	08-09		2,500		2,500
Fillmore & Lincoln Sidewalks	Street	10-11				0
Goodnight ROW Acq	Street	09-10				0

IMPACTS TO OPERATING BUDGET (Continued)

Project	Fund	FY Online	Personal Services	Supplies & Services	Capital Outlay	Total
Highland Drive Sidewalk	Street	11-12				0
Jefferson/Monroe Intersec.	Street	09-10				0
Madison Ave/OSU Improv (1)	Street	12-13		TBD		0
Monroe Streetscape	Street	11-12				0
Sidewalk Safety Improv (2)	Street	Annual				0
Street Reconstruction (2)	Street	Annual				0
Traffic Signals	Street	12-13		2,000		2,000
Transit Operations Center	Transit	11-12		30,000		30,000
Utility/Street Improv	N/A	N/A				0
Walnut Blvd Medians (1)	Street	12-13		TBD		0
WASTEWATER UTILITY:						
Marys River Interceptor	Wastewater	11-12				0
Sanitary Sewer Rehab (2)	Wastewater	Annual				0
Wastewater Master Plan Projects (2)	Wastewater	Annual				0
WWRP Electrical Equipment Replacement	Wastewater	09-10				0
WWRP Methane Utilization	Wastewater	12-13		(15,000)		(15,000)
WWRP Primary Clarifiers (1)	Wastewater	11-12		TBD		0
WWRP Secondary Clarifiers (1)	Wastewater	11-12		TBD		0
WATER UTILITY:						
36th & Grant Water Pump Station Improv.	Water	11-12				0
Baldy Reservoir Cover Replacement	Water	08-09		2,000		2,000
Marys River Wtr Main Crossings	Water	09-10		300		300
North Hills 1st Level	Water	10-11				0
Rock Creek Plant Facility Plan Projects	Water	08-09		4,400		4,400
Taylor Plant Facility Plan Projects (1)	Water	12-13		TBD		0
Water Distribution System (2)	Water	Annual				0
Watershed Stewardship	Water	08-09				0
West Corvallis 2nd Level Water	Water	10-11		300		300
Total			\$0	\$329,890	\$0	\$329,890

(1) Projects identified as TBD, the operating costs are not known at this time and will be determined in the design phase.

(2) Annual infrastructure rehabilitation/replacement programs typically have a neutral impact on the operating budget.

(3) Offsetting revenues from increased classes are projected to bring operating cost to a net increase of \$150,000.

MAJOR CAPITAL PROJECTS

The following section lists major capital projects planned for the City. They are listed in detail and include the impact (over the five-year planning period) that each project will have on operating funds once the project is completed. The amount of impact is identified by the following terms:

Positive	The project will either generate some revenue to offset expenses or will actually reduce operating costs.
Slight	The impact will be between \$0 and \$10,000 in increased operating expenditures.
Moderate	The impact will be between \$10,001 and \$50,000 in increased operating expenditures.
High	This project will cause an increase in operating expenditures of \$50,001 or more.

❖ **FIRE DEPARTMENT PROPERTY ACQUISITION AND FACILITIES RELOCATION**

Description: This project acquires and develops property to relocate existing Fire Department facilities.

<u>Capital Construction Fund</u>	Prior years	FY 08-09	Projected	Total
Land Acquisition, ROW & Easements	\$0	\$330,000	\$0	\$330,000
Design	0	48,000	0	48,000
Construction Management	0	42,000	0	42,000
Construction	0	476,000	0	476,000
Estimated Total Cost of Project	\$0	\$896,000	\$0	\$896,000

Impact on Operating Budget - Slight

Operating budget impacts are not known at this time and will be identified during the design process.

❖ **PARK IMPROVEMENTS - SUNSET PARK**

Description: This project provides for a wide variety of improvements at Sunset Park including a play area, new restroom, removal of the north ball field, wetland restoration, ballfield lights and parking lot improvements.

<u>Capital Construction Fund</u>	Prior years	FY 08-09	Projected	Total
Design	\$104,870	\$0	\$0	\$104,870
Construction Management	99,230	31,000	0	130,230
Construction	1,586,950	319,000	0	1,905,950
Estimated Total Cost of Project	\$1,791,050	\$350,000	\$0	\$2,141,050

Impact on Operating Budget - Slight

Annual operation and maintenance are estimated to increase \$830 as a result of these improvements.

❖ **TRANSIT OPERATIONS CENTER**

Description: This project will provide an operations center, repair, maintenance and bus storage facility for the City's transit system.

<u>Capital Construction Fund</u>	Prior years	FY 08-09	Projected	Total
Land Acquisition, ROW & Easements	\$0	\$0	\$750,000	\$750,000
Design	145,690	168,620	182,700	497,010
Construction Management	0	0	141,300	141,300
Construction	0	0	2,051,000	2,051,000
Estimated Total Cost of Project	\$145,690	\$168,620	\$3,125,000	\$3,439,310

Impact on Operating Budget - Moderate

Annual operation and maintenance costs are estimated to be \$15,000. This amount would be part of the cost to contract with a private operating company, and may be offset by increasing competition for the operations contract.

❖ **WWRP ELECTRICAL EQUIPMENT REPLACEMENT**

Description: This project will replace the main electrical system equipment and emergency generator at the Wastewater Reclamation Plant.

<u>Wastewater Construction Fund</u>	Prior years	FY 08-09	Projected	Total
Design	\$0	\$116,400	\$0	\$116,400
Construction Management	0	0	128,500	128,500
Construction	0	0	1,408,450	1,408,450
Estimated Total Cost of Project	\$0	\$116,400	\$1,536,950	\$1,653,350

Impact on Operating Budget - Slight
There are no operating impacts from this project.

❖ **WWRP ODOR CONTROL FACILITIES**

Description: This project will reduce odors produced at the Wastewater Reclamation Plant. This project is identified in the Wastewater Utility Master Plan.

<u>Wastewater Construction Fund</u>	Prior years	FY 08-09	Projected	Total
Design	\$126,000	\$0	\$0	\$126,000
Construction Management	0	80,000	0	80,000
Construction	0	1,005,000	0	1,005,000
Estimated Total Cost of Project	\$126,000	\$1,085,000	\$0	\$1,211,000

Impact on Operating Budget - Slight
There are no operating impacts from this project.

❖ **MARYS RIVER WATER MAIN CROSSINGS**

Description: This project will construct additional crossings independent of bridges at locations by directional drilling under the Marys River.

<u>Water Construction Fund</u>	Prior years	FY 08-09	Projected	Total
Design	\$0	\$87,600	\$0	\$87,600
Construction Management	0	0	87,550	87,550
Construction	0	0	1,421,400	1,421,400
Estimated Total Cost of Project	\$0	\$87,600	\$1,508,950	\$1,596,550

Impact on Operating Budget - Slight
Annual operation and maintenance are estimated to increase \$100.



BUILDING AND INFRASTRUCTURE REHABILITATION/UPGRADES

Description: These annual programs replace or rehabilitate the City’s buildings and infrastructure.

	FY 08-09
Municipal Building Rehabilitation	\$20,000
Sanitary Sewer Rehabilitation	290,000
Sidewalk Safety Program	262,000
Storm Drain Replacement	183,100
Storm Water Master Plan Projects	534,000
Street Reconstruction	897,810
Water Distribution System	100,000
Estimated Total Cost of Project	\$2,286,910

Impact on Operating Budget - Positive

This program will keep costs of maintaining the City’s buildings and infrastructure from rapidly escalating.

<u>Major Future Year Capital Projects</u>	<u>FY 09-10 to FY 12-13</u>
South Corvallis Drainage Improvements	\$2,204,600
Senior Center and Chintimini Park Improvements	10,000,000
35th St Sidewalks and Railroad Crossing	1,229,800
Brooklane Drive Improvements	1,386,000
Madison Ave/OSU Improvements	1,245,000
Transit Operations Center	3,125,000
Wastewater Reclamation Plant (WWRP) Clarifiers	9,291,320
North Hills 1st Level Reservoir Improvements	2,069,590
Building and Infrastructure Rehabilitation/Upgrades	8,803,830
Other projects not specified above:	15,523,370
Total for FY 09-10 to FY 12-13	54,878,510
FY 08-09 Projects	10,902,090
Total 5-year CIP Projection	\$65,780,600

DEBT SERVICE

SUMMARY OF INDEBTEDNESS

The City utilizes both short and long-term debt to finance capital projects or to occasionally meet operating needs. The City has no short-term debt.

The long-term debt outstanding consists of tax-exempt bonds issued to fund capital improvement projects and advance refund debt for capital projects. Outstanding long-term debt also includes federally taxable bonds issued to pay a portion of the City's unfunded actuarial pension liability of the Oregon Public Employee Retirement System (PERS). Annual debt service schedules are on the pages following.

Debt Outstanding	Scheduled Balance as of June 30, 2008	Scheduled Principal Payments 2008/2009	Scheduled Balance as of June 30, 2009
Bonded Debt	\$52,963,062	(\$2,056,192)	\$50,906,870
Notes Payable	\$21,830,907	(\$1,746,321)	\$20,084,586
Total Debt	\$74,793,969	(\$3,802,513)	\$70,991,456

Oregon Revised Statutes (ORS) 287 and 288 provide a debt limitation of three percent of true cash value for general purpose property tax bonds issued by cities. The limitation does not apply to bonds issued for Water, Wastewater, Storm Water, Special Assessment (Bancroft), Pension Obligation or other "limited tax" use. The amount of General Obligation (GO) debt issued by Corvallis and subject to the three percent limitation is \$13,530,000 or 0.24% of the 2007 true cash value of \$5,565,082,858. This calculation does not include the amount available for debt service provided by the debt service fund balance from accumulated tax levies and earnings thereon, which would serve to further reduce this percentage as permitted by ORS.

The Council has adopted several additional limitations regarding debt issuance in Debt Policy CP10.06. Annual debt service paid from property taxes for long-term issues and annual debt payments in respect of limited tax bonds are not to exceed 15% and 5% respectively of the combined operating and capital budgets in government funds. During Fiscal Year 2008-09 the City estimates it will have \$1,995,510 of property tax-related debt service and \$2,086,188 in limited tax obligations to which these limits apply. These are equal to 3.49% and 3.65% respectively of the \$57,211,330 combined operating and capital budgets in

the governmental funds. The annual debt service payments above combined are not to exceed 10% of the estimated Fiscal Year 2008-09 operating revenue of \$84,993,080. This net direct long-term general obligation debt of \$4,081,698 equals 4.80% of total operating revenue.

Outstanding Limited Tax debt of \$33,408,062 represents 0.60% of the true cash value of taxable property in the City. This level is within the 1% limit established by the Policy. The balloon payment structures of the two Pension Obligation Bond series were specifically exempted by Council prior to issuance from the policy of structuring debt issues to amortize at least 33% of the principal in the first half of the repayment term. This exemption was deemed appropriate due to matching repayment structure with the underlying pension cost growth.

The ensuing schedules show future debt service that will be paid, with the assumption that no new debt will be issued or existing debt retired early. The City will however continue to use debt in the future to replace or improve infrastructure consistent with the City's financial policies, long-term financial plans, and State and Local Government laws and regulations.

Special notes:

Two additional debt obligations are under consideration for fiscal year 2008-2009.

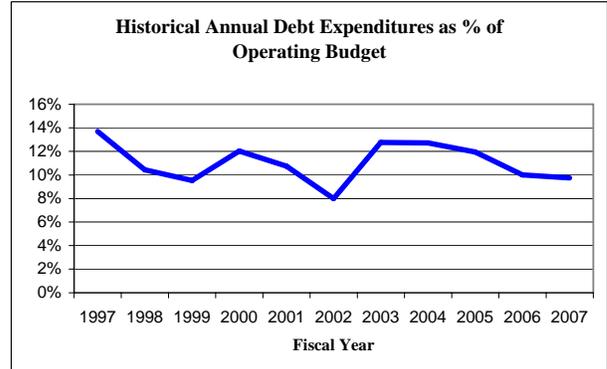
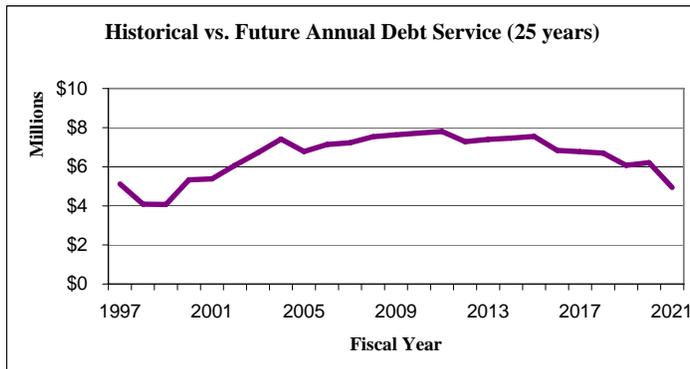
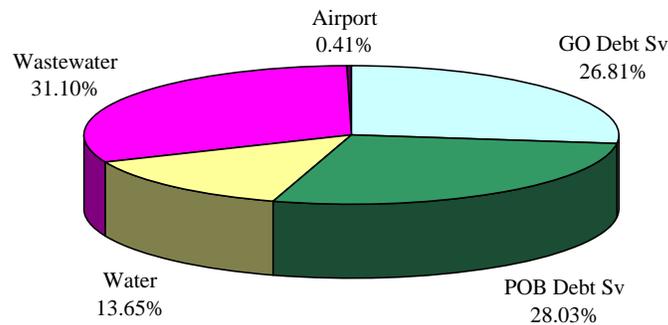
- The Oregon Economic and Community Development Department (OECDD) has offered the City of Corvallis a \$475,000 loan to be used in wetland mitigation. This is intended to compensate for the loss of wetlands at the Airport Industrial Park (AIP). This mitigation will allow for further industrial development at the AIP.
- Additionally, the City is working on a plan to refer a bond issue to the ballot in November 2008 for expansion of the Chintimini Senior Center, as well as the rehabilitation of Chintimini Park and several other playgrounds and sports fields. Current estimated cost for these projects is expected to be between \$10 and \$14 million, and would likely need to be fully financed by G.O. Bonds.

These potential financings have not been incorporated into the debt limitation calculations above, nor have they been included in the schedules on ensuing pages, as it is not yet known if these projects will come to fruition.

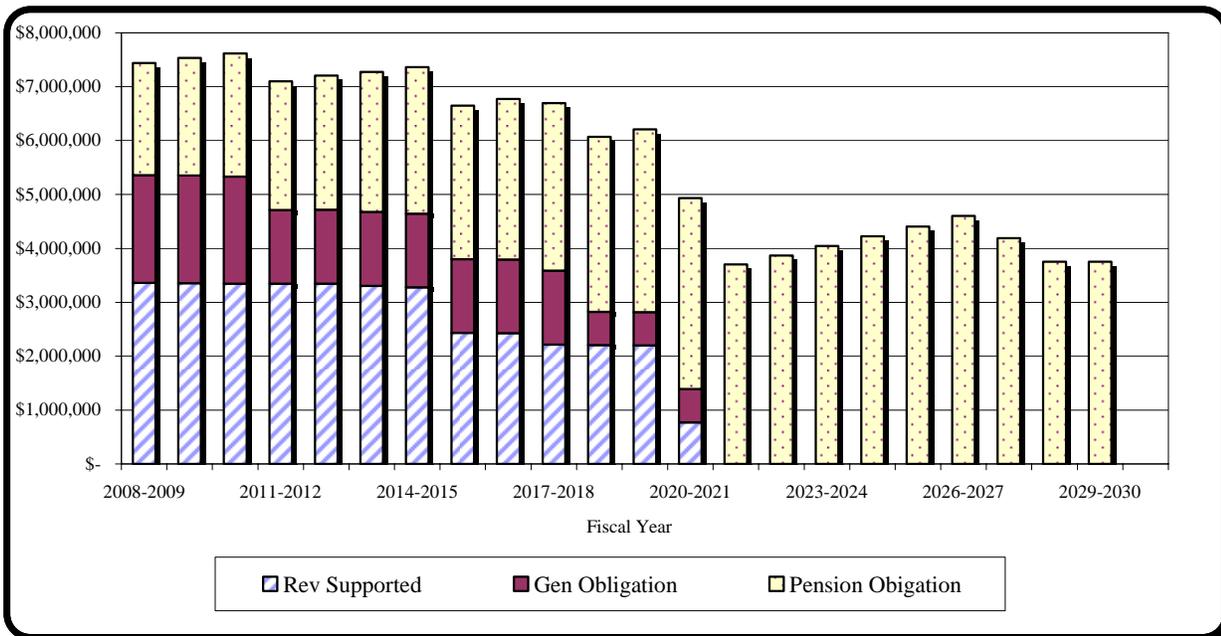
SUMMARY OF FISCAL YEAR 2008-09 TOTAL DEBT SERVICE BY TYPE

<i>Fund</i>	<i>Source of Dollars</i>	<i>Fiscal Year 2008-09 Total</i>
General Obligation Debt Service Fund	Property Taxes	\$1,995,510
Pension Obligation Debt Service Fund	Operating fund transfers	2,086,188
Water Fund	Water revenue	1,016,171
Wastewater Fund	Wastewater revenue	2,314,872
Airport Fund	Airport revenue	30,278
TOTAL FISCAL YEAR 2008-09 DEBT SERVICE		\$7,443,019

TOTAL FY 08-09 DEBT BY FUND

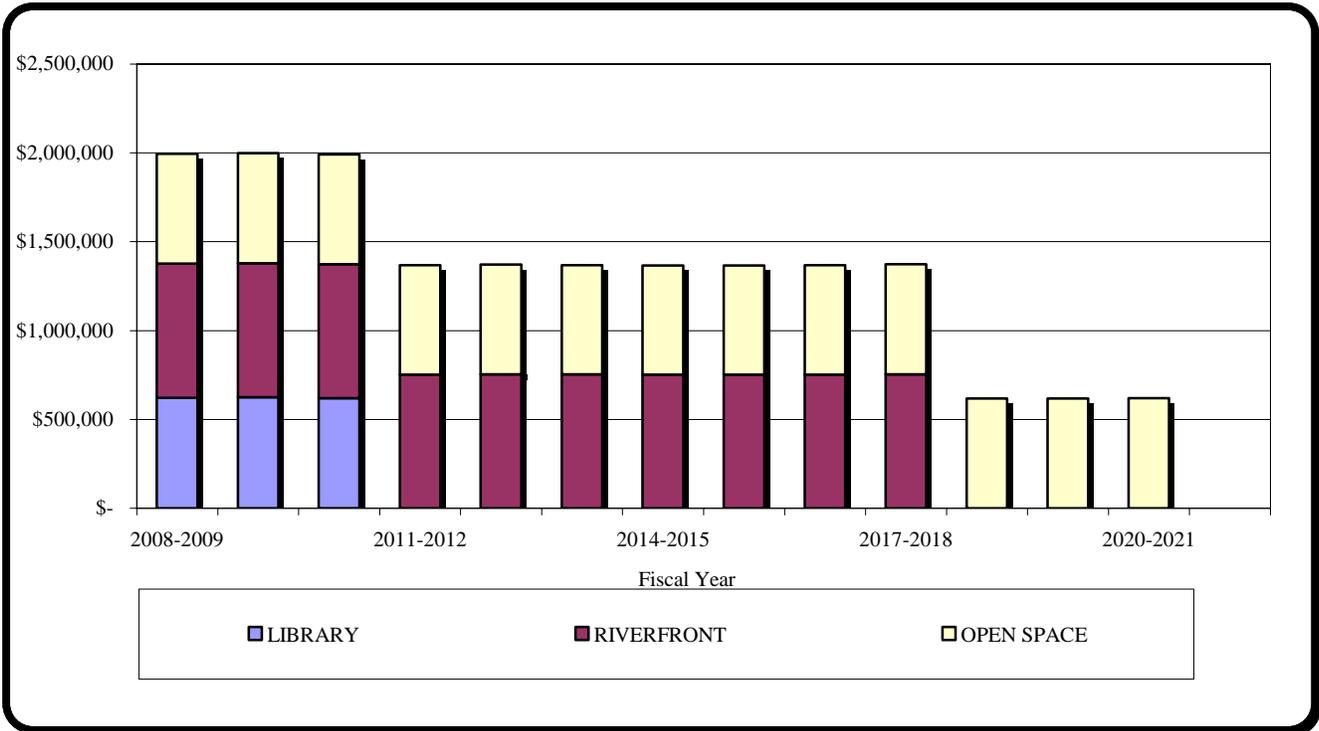


**SCHEDULE OF DEBT SERVICE REQUIREMENTS ALL DEBT
As of June 30, 2008**



Year of Maturity	Principal		Debt Total
	Principal	Interest	
2008-2009	\$3,802,513	\$3,640,506	\$7,443,019
2009-2010	4,015,869	3,518,194	7,534,063
2010-2011	4,225,068	3,392,174	7,617,242
2011-2012	3,819,561	3,279,231	7,098,792
2012-2013	4,030,831	3,175,851	7,206,682
2013-2014	4,204,806	3,069,123	7,273,929
2014-2015	4,403,172	2,960,531	7,363,703
2015-2016	3,795,960	2,850,349	6,646,309
2016-2017	3,995,418	2,774,848	6,770,266
2017-2018	3,991,894	2,705,523	6,697,417
2018-2019	3,419,368	2,648,189	6,067,557
2019-2020	3,581,933	2,625,605	6,207,538
2020-2021	2,341,570	2,594,601	4,936,171
2021-2022	1,065,211	2,637,672	3,702,883
2022-2023	1,140,795	2,728,311	3,869,106
2023-2024	2,615,000	1,426,576	4,041,576
2024-2025	2,955,000	1,268,943	4,223,943
2025-2026	3,315,000	1,090,482	4,405,482
2026-2027	3,715,000	889,892	4,604,892
2027-2028	3,525,000	664,798	4,189,798
2028-2029	3,310,000	444,275	3,754,275
2029-2030	3,525,000	229,125	3,754,125
	<u>\$74,793,969</u>	<u>\$50,614,797</u>	<u>\$125,408,766</u>

**FUTURE DEBT SERVICE REQUIREMENTS
TOTAL GENERAL OBLIGATION DEBT**



Year of Maturity	General Obligation Debt		General Obligation Debt Total
	Principal	Interest	
2008-2009	\$1,380,000	\$615,510	\$1,995,510
2009-2010	1,445,000	553,200	1,998,200
2010-2011	1,505,000	487,131	1,992,131
2011-2012	935,000	433,247	1,368,247
2012-2013	980,000	392,272	1,372,272
2013-2014	1,020,000	348,342	1,368,342
2014-2015	1,065,000	301,602	1,366,602
2015-2016	1,115,000	251,952	1,366,952
2016-2017	1,170,000	199,087	1,369,087
2017-2018	1,230,000	142,905	1,372,905
2018-2019	535,000	83,715	618,715
2019-2020	560,000	57,500	617,500
2020-2021	590,000	29,500	619,500
	\$13,530,000	\$3,895,963	\$17,425,963

**SCHEDULE OF FUTURE DEBT SERVICE REQUIREMENTS
GENERAL OBLIGATION BONDS**

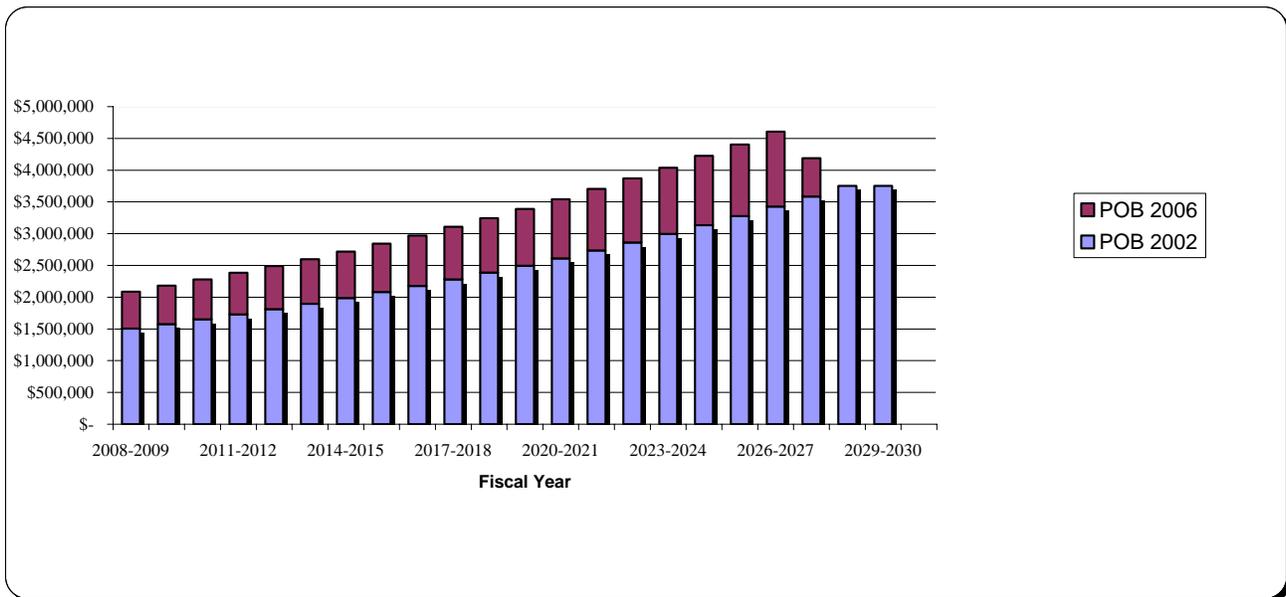
Issue Description:	1994 Advance Refunding of 1990 Library GO Bonds	1999A Willamette Riverbank. Riverfront Park Restoration	2001A Open Space purchase of Frager, Calwell, Herbert, Owens Farm and Timberhill properties
Amount Issued:	\$5,380,000	\$9,500,000	\$7,900,000
Issue Date:	January 1, 1994	February 1, 1999	May 1, 2001
Original Issue TIC:	4.601% (TIC)	4.4547% (TIC)	4.7964% (TIC)
Rating:	Aa	Aa3	Aaa (MBIA Insured)
	August 1, 2005 (continuous call)	June 1, 2009 (continuous call)	May 1, 2012 (continuous call)

Year of Maturity	1994 Advance Refunding of 1990 Library GO Bonds			1999A Willamette Riverbank. Riverfront Park Restoration			2001A Open Space purchase of Frager, Calwell, Herbert, Owens Farm and Timberhill properties		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2008-2009	\$550,000	\$71,568	\$621,568	\$490,000	\$264,993	\$754,993	\$340,000	\$278,949	\$618,949
2009-2010	580,000	44,158	624,158	510,000	245,393	755,393	355,000	263,649	618,649
2010-2011	605,000	14,974	619,974	530,000	224,483	754,483	370,000	247,674	617,674
2011-2012	0	0	0	550,000	202,223	752,223	385,000	231,024	616,024
2012-2013	0	0	0	575,000	178,573	753,573	405,000	213,699	618,699
2013-2014	0	0	0	600,000	153,273	753,273	420,000	195,069	615,069
2014-2015	0	0	0	625,000	126,273	751,273	440,000	175,329	615,329
2015-2016	0	0	0	655,000	97,523	752,523	460,000	154,429	614,429
2016-2017	0	0	0	685,000	66,738	751,738	485,000	132,349	617,349
2017-2018	0	0	0	720,000	34,200	754,200	510,000	108,705	618,705
2018-2019	0	0	0	0	0	0	535,000	83,715	618,715
2019-2020	0	0	0	0	0	0	560,000	57,500	617,500
2020-2021	0	0	0	0	0	0	590,000	29,500	619,500
	<u>\$1,735,000</u>	<u>\$130,700</u>	<u>\$1,865,700</u>	<u>\$5,940,000</u>	<u>\$1,593,672</u>	<u>\$7,533,672</u>	<u>\$5,855,000</u>	<u>\$2,171,591</u>	<u>\$8,026,591</u>



Riverfront Park Fountain

**FUTURE DEBT SERVICE REQUIREMENTS
TOTAL PENSION OBLIGATION DEBT**



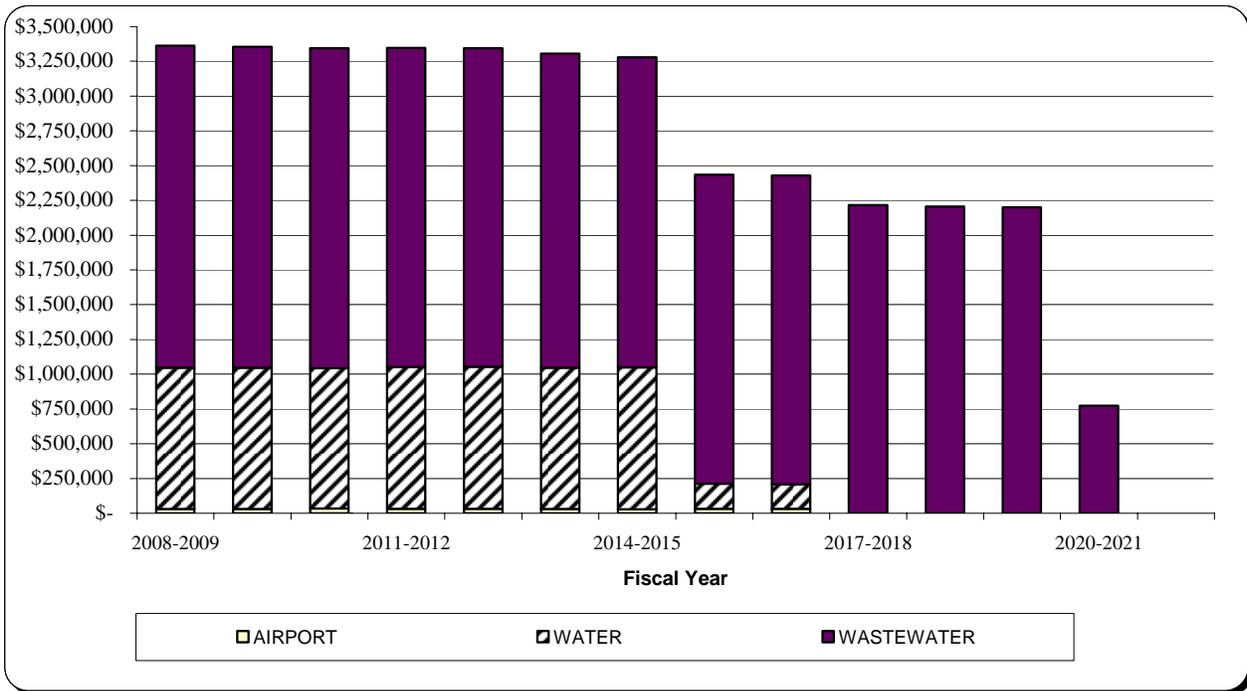
Year of Maturity	Principal	Interest	Pension Obligation Debt Total		2008-09 Funding Source
2008-2009	\$291,192	\$1,794,996	\$2,086,188	General Fund	\$499,960
2009-2010	349,592	1,832,655	2,182,247	Street Fund	96,420
2010-2011	406,667	1,875,255	2,281,922	Parks & Recreation Fund	130,540
2011-2012	461,768	1,923,380	2,385,148	Osborn Aquatic Center Fund	29,980
2012-2013	516,248	1,974,000	2,490,248	9-1-1 Fund	77,050
2013-2014	570,257	2,030,073	2,600,330	Development Services Fund	96,070
2014-2015	627,139	2,091,529	2,718,668	Fire & Rescue Fund	469,440
2015-2016	684,519	2,160,058	2,844,577	Community Dev Revolving Loan Fund	27,740
2016-2017	744,957	2,228,342	2,973,299	Parking Fund	18,930
2017-2018	805,252	2,304,340	3,109,592	Transit Fund	9,200
2018-2019	861,833	2,381,622	3,243,455	Library Fund	216,960
2019-2020	926,608	2,463,281	3,389,889	Water Fund	170,020
2020-2021	996,024	2,547,383	3,543,407	Water Timber Fund	3,780
2021-2022	1,065,211	2,637,672	3,702,883	Wastewater Fund	182,010
2022-2023	1,140,795	2,728,311	3,869,106	Storm Water Fund	53,950
2023-2024	2,615,000	1,426,576	4,041,576	Airport Fund	5,940
2024-2025	2,955,000	1,268,943	4,223,943		
2025-2026	3,315,000	1,090,482	4,405,482	Less: Paying Agent Fees	(1,350)
2026-2027	3,715,000	889,892	4,604,892		<u>\$2,086,640</u>
2027-2028	3,525,000	664,798	4,189,798		
2028-2029	3,310,000	444,275	3,754,275		
2029-2030	3,525,000	229,125	3,754,125		
	<u>\$33,408,062</u>	<u>\$38,986,986</u>	<u>\$72,395,048</u>		

**FUTURE DEBT SERVICE REQUIREMENTS
PENSION OBLIGATION BONDS**

Issue Description:	2002 A Pension Obligation Bonds	2006A Pension Obligation Bonds
Amount Issued:	\$23,913,017	\$9,980,000
Issue Date:	March 1, 2002	September 23, 2005
Original Issue TIC:	6.6362891% (TIC)	5.048345% (TIC)
Rating:	Aaa (AMBAC Insured)	Aaa (AMBAC Insured)
	Mandatory Redemption & Non-callable	Mandatory Redemption & Non-callable

Year of Maturity	Principal	Interest	Total	Principal	Interest	Total
2008-2009	\$201,192	\$1,305,208	\$1,506,400	\$90,000	\$489,788	\$579,788
2009-2010	229,592	1,346,808	1,576,400	120,000	485,847	605,847
2010-2011	256,667	1,394,733	1,651,400	150,000	480,522	630,522
2011-2012	281,768	1,449,632	1,731,400	180,000	473,748	653,748
2012-2013	301,248	1,510,152	1,811,400	215,000	463,848	678,848
2013-2014	320,257	1,576,143	1,896,400	250,000	453,930	703,930
2014-2015	337,139	1,649,261	1,986,400	290,000	442,268	732,268
2015-2016	349,519	1,731,881	2,081,400	335,000	428,177	763,177
2016-2017	359,957	1,816,443	2,176,400	385,000	411,899	796,899
2017-2018	370,252	1,911,148	2,281,400	435,000	393,192	828,192
2018-2019	376,833	2,009,567	2,386,400	485,000	372,055	857,055
2019-2020	381,608	2,114,792	2,496,400	545,000	348,489	893,489
2020-2021	386,024	2,225,376	2,611,400	610,000	322,007	932,007
2021-2022	390,211	2,346,189	2,736,400	675,000	291,483	966,483
2022-2023	390,795	2,470,605	2,861,400	750,000	257,706	1,007,706
2023-2024	1,790,000	1,206,400	2,996,400	825,000	220,176	1,045,176
2024-2025	2,045,000	1,090,050	3,135,050	910,000	178,893	1,088,893
2025-2026	2,320,000	957,125	3,277,125	995,000	133,357	1,128,357
2026-2027	2,620,000	806,325	3,426,325	1,095,000	83,567	1,178,567
2027-2028	2,950,000	636,025	3,586,025	575,000	28,773	603,773
2028-2029	3,310,000	444,275	3,754,275			
2029-2030	3,525,000	229,125	3,754,125			
	<u>\$23,493,062</u>	<u>\$32,227,263</u>	<u>\$55,720,325</u>	<u>\$9,915,000</u>	<u>\$6,759,723</u>	<u>\$16,674,723</u>

**FUTURE DEBT SERVICE REQUIREMENTS
REVENUE SUPPORTED DEBT**



Year of Maturity	Revenue Supported Debt Total	
	Principal	Interest
2008-2009	\$2,131,321	\$1,230,000
2009-2010	2,221,277	1,132,339
2010-2011	2,313,401	1,029,788
2011-2012	2,422,793	922,604
2012-2013	2,534,583	809,579
2013-2014	2,614,549	690,708
2014-2015	2,711,033	567,400
2015-2016	1,996,441	438,339
2016-2017	2,080,461	347,419
2017-2018	1,956,642	258,278
2018-2019	2,022,535	182,852
2019-2020	2,095,325	104,824
2020-2021	755,546	17,718
	\$27,855,907	\$7,731,848
		\$35,587,755

**SCHEDULE OF FUTURE DEBT SERVICE REQUIREMENTS
REVENUE SUPPORTED DEBT - WATER FUND**

Issue Description:	1994-98 OEDD Loan Taylor Water Treatment Plant	1996 OEDD Loan Taylor Water Treatment Plant
Amount Issued:	\$9,703,048	\$2,107,000
Issue Date:	November 2, 1994	September 6, 1996
Original Issue TIC:	4.5407% (TIC)	5.4442% (TIC)
		Debt Reserve Requirement: \$151,067

Year of Maturity						
	Principal	Interest	Total	Principal	Interest	Total
2008-2009	\$594,837	\$245,728	\$840,565	\$108,127	\$67,479	\$175,606
2009-2010	625,756	216,959	842,715	114,102	61,667	175,769
2010-2011	647,376	186,204	833,580	120,134	55,505	175,639
2011-2012	684,743	153,816	838,559	131,222	49,017	180,239
2012-2013	722,906	119,054	841,960	137,390	41,799	179,189
2013-2014	756,915	81,815	838,730	143,622	34,242	177,864
2014-2015	801,824	42,231	844,055	149,920	26,342	176,262
2015-2016	0	0	0	161,291	18,097	179,388
2016-2017	0	0	0	167,737	9,226	176,963
	\$4,834,357	\$1,045,807	\$5,880,164	\$1,233,545	\$363,374	\$1,596,919



Taylor Water Treatment Plant

**FUTURE DEBT SERVICE REQUIREMENTS
REVENUE SUPPORTED DEBT - WASTEWATER FUND**

Issue Description:	SRF-DEQ Loan R24480 Sewer Rehabilitation	SRF-DEQ Loan R24481 Combined Sewer Overflow
Amount Issued:	\$700,000	\$21,263,693
Issue Date:	January 20, 1992	October 1, 1997
Original Issue TIC:	3% (TIC) Debt Reserve Requirement: \$47,889	3.69% (TIC) Debt Reserve Requirement: \$1,579,270

Year of Maturity	SRF-DEQ Loan R24480			SRF-DEQ Loan R24481		
	Principal	Interest	Total	Principal	Interest	Total
2008-2009	\$41,570	\$7,032	\$48,602	\$983,421	\$632,101	\$1,615,522
2009-2010	42,827	5,775	48,602	1,020,044	590,561	1,610,605
2010-2011	44,121	4,481	48,602	1,058,031	547,474	1,605,505
2011-2012	45,455	3,147	48,602	1,097,433	502,782	1,600,215
2012-2013	46,829	1,773	48,602	1,138,301	456,427	1,594,728
2013-2014	23,934	359	24,293	1,180,692	408,344	1,589,036
2014-2015	0	0	0	1,224,662	358,471	1,583,133
2015-2016	0	0	0	1,270,269	306,740	1,577,009
2016-2017	0	0	0	1,317,574	253,084	1,570,658
2017-2018	0	0	0	1,366,642	197,428	1,564,070
2018-2019	0	0	0	1,417,535	139,702	1,557,237
2019-2020	0	0	0	1,470,325	79,824	1,550,149
2020-2021	0	0	0	755,546	17,718	773,264
	\$244,736	\$22,567	\$267,303	\$15,300,475	\$4,490,656	\$19,791,131

Issue Description:	2000A Revenue Bonds Combined Sewer Overflow	2006A Adv Refunding Bonds Combined Sewer Overflow
Amount Issued:	\$8,105,000	\$5,410,000
Issue Date:	May 1, 2000	March 1, 2006
Original Issue TIC:	5.5349% (TIC)	3.843% (TIC)
Rating:	Aaa (MBIA Insured) May 1, 2010 (continuous call)	Aaa (XLCA Insured) May 1, 2017 (continuous call)

Year of Maturity	2000A Revenue Bonds			2006A Adv Refunding Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2008-2009	\$360,000	\$37,673	\$397,673	\$25,000	\$228,075	\$253,075
2009-2010	375,000	19,313	394,313	25,000	227,138	252,138
2010-2011	0	0	0	420,000	226,200	646,200
2011-2012	0	0	0	440,000	205,200	645,200
2012-2013	0	0	0	465,000	183,200	648,200
2013-2014	0	0	0	485,000	159,950	644,950
2014-2015	0	0	0	510,000	135,700	645,700
2015-2016	0	0	0	535,000	110,200	645,200
2016-2017	0	0	0	565,000	83,450	648,450
2017-2018	0	0	0	590,000	60,850	650,850
2018-2019	0	0	0	605,000	43,150	648,150
2019-2020	0	0	0	625,000	25,000	650,000
2020-2021	0	0	0	0	0	0
	\$735,000	\$56,986	\$791,986	\$5,290,000	\$1,688,113	\$6,978,113

**SCHEDULE OF FUTURE DEBT SERVICE REQUIREMENTS
REVENUE SUPPORTED DEBT - AIRPORT FUND**

Issue Description:	1996 OEDD Loan Airport Industrial Park
Amount Issued:	\$332,240
Issue Date:	September 6, 1996
Original Issue TIC:	5.4687% (TIC)

Year of Maturity	Principal	Interest	Total
2008-2009	\$18,366	\$11,912	\$30,278
2009-2010	18,548	10,926	29,474
2010-2011	23,739	9,924	33,663
2011-2012	23,940	8,642	32,582
2012-2013	24,157	7,326	31,483
2013-2014	24,386	5,998	30,384
2014-2015	24,627	4,656	29,283
2015-2016	29,881	3,302	33,183
2016-2017	30,150	1,659	31,809
	\$217,794	\$64,345	\$282,139

TRANSFERS

TRANSFER FROM:	TRANSFER TO:	PURPOSE	FY 08-09 BUDGET
GENERAL FUND			
Interfund:	Capital Construction Fund	Cap. Proj: City Hall Block	\$132,190
Interfund:	Capital Construction Fund	Cap. Proj: Muni Bldg Rehab 08/09	20,000
Interfund:	Pension Obligation Debt Svc Fund	Debt Service Payment - Pension Obligation Bond	499,960
FUND TOTALS			\$652,150
STREET OPERATING FUND			
Interfund:	Capital Construction Fund	Cap. Proj: City Hall Block	\$9,190
Interfund:	Capital Construction Fund	Cap. Proj: Street Reconstruction - 08/09 (CR funds)	303,430
Interfund:	Capital Construction Fund	Cap. Proj: Street Reconstruction - 08/09 (TMF funds)	400,000
Interfund:	Capital Construction Fund	Cap. Proj: Safety Sidewalk - 08/09	84,000
Interfund:	Pension Obligation Debt Svc Fund	Debt Service Payment - Pension Obligation Bond	96,420
FUND TOTALS			\$893,040
STREET SDC FUND COMPONENT			
Interfund:	Capital Construction Fund	Cap. Proj: 9th Street and Circle Intersection Improvements	\$251,100
Interfund:	Capital Construction Fund	Cap. Proj: Goodnight ROW Acquisition	10,000
Interfund:	Capital Construction Fund	Cap. Proj: Jefferson/Monroe Improvements	192,170
Interfund:	Capital Construction Fund	Cap. Proj: Rivergreen Avenue Extension	7,140
Interfund:	Capital Construction Fund	Cap. Proj: Traffic Signal - Kings/Walnut	275,000
Interfund:	Capital Construction Fund	Cap. Proj: Utility/Street Improvement Projects	275,000
FUND TOTALS			\$1,010,410
PARKS AND RECREATION FUND			
Interfund:	Capital Construction Fund	Cap. Proj: Park Facility Renovation (Master Project)	\$15,000
Interfund:	Capital Construction Fund	Cap. Proj: Park Facility Renovation - Townsend Shelter Replacement	35,000
Interfund:	Capital Construction Fund	Cap. Proj: Park Improvements - Avery Park Shelter Lighting Upgrade	16,000
Interfund:	Capital Construction Fund	Cap. Proj: Park Improvements-Crystal Lake Irrigation	35,760
Interfund:	Capital Construction Fund	Cap. Proj: Park Improvements - Willamette Park	30,000
Interfund:	Pension Obligation Debt Svc Fund	Debt Service Payment - Pension Obligation Bond	130,540
FUND TOTALS			\$262,300
PARKS AND RECREATION AQUATICS FUND COMPONENT			
Intrafund:	Parks and Rec. Fund	Cap. Proj: OAC Boiler Replacement	\$111,830
Interfund:	Pension Obligation Debt Svc Fund	Debt Service Payment - Pension Obligation Bond	29,980
FUND TOTALS			\$141,810
OPEN SPACE TRUST FUND COMPONENT			
Interfund:	Capital Construction Fund	Cap. Proj: Acquisition of Open Space (Master Project)	\$93,545
FUND TOTALS			\$93,545
PARKS SDC FUND COMPONENT			
Interfund:	Capital Construction Fund	Cap. Proj: Acquisition of Natural Areas (Master Project)	\$50,000
Interfund:	Capital Construction Fund	Cap. Proj: Acquisition of Open Space (Master Project)	300,000
Interfund:	Capital Construction Fund	Cap. Proj: Park Improvements - Willamette Park	50,000
Interfund:	Capital Construction Fund	Cap. Proj: Park Improvements (Master Project)	350,000
FUND TOTALS			\$750,000
TOTAL - PARKS AND RECREATION FUNDS			\$1,247,655

TRANSFERS (Continued)

TRANSFER			FY 08-09
FROM:	TRANSFER TO:	PURPOSE	BUDGET
911 FUND			
Interfund:	Pension Obligation Debt Svc Fund	Debt Service Payment - Pension Obligation Bond	\$77,050
FUND TOTALS			\$77,050
DEVELOPMENT SERVICES FUND			
Interfund:	Capital Construction Fund	Cap. Proj: City Hall Block	\$42,630
Interfund:	Pension Obligation Debt Svc Fund	Debt Service Payment - Pension Obligation Bond	96,070
FUND TOTALS			\$138,700
FIRE AND RESCUE FUND			
Interfund:	Capital Construction Fund	Cap. Proj: Fire Dept Property Acquisition/Facility Relocation	\$896,000
Interfund:	Pension Obligation Debt Svc Fund	Debt Service Payment - Pension Obligation Bond	469,440
FUND TOTALS			\$1,365,440
COMMUNITY DEVELOPMENT REVOLVING FUND			
Interfund:	Capital Construction Fund	Cap. Proj: City Hall Block	\$11,730
Interfund:	Pension Obligation Debt Svc Fund	Debt Service Payment - Pension Obligation Bond	27,740
FUND TOTALS			\$39,470
PARKING FUND			
Interfund:	Capital Construction Fund	Cap. Proj: Downtown Public Parking	\$200,000
Interfund:	Pension Obligation Debt Svc Fund	Debt Service Payment - Pension Obligation Bond	18,930
FUND TOTALS			\$218,930
TRANSIT FUND			
Interfund:	Capital Construction Fund	Cap. Proj: Transit Operations Center	\$12,530
Interfund:	Pension Obligation Debt Svc Fund	Debt Service Payment - Pension Obligation Bond	9,200
FUND TOTALS			\$21,730
LIBRARY FUND			
Interfund:	Pension Obligation Debt Svc Fund	Debt Service Payment - Pension Obligation Bond	\$216,960
FUND TOTALS			\$216,960
WATER OPERATING FUND			
Intrafund:	Water Cap. Const. Component	Cap. Proj: Utility/Street Improvement Projects (loan to assessments)	\$50,000
Intrafund:	Water Cap. Const. Component	Cap. Proj: Baldy Reservoir Cover Replacement	855,000
Intrafund:	Water Cap. Const. Component	Cap. Proj: Marys River Water Main Crossing	15,800
Intrafund:	Water Cap. Const. Component	Cap. Proj: Taylor Filter Media Replacement	434,910
Intrafund:	Water Cap. Const. Component	Cap. Proj: Water System Rehab/Repl - 08/09 (Construction)	100,000
Intrafund:	Water Cap. Const. Component	Cap. Proj: Rock Creek Backwash Tank Replacement	373,070
Intrafund:	Water SDC Component	Intrafund for Loan Repayment - North Hills Reservoir Improvements	135,990
Interfund:	Capital Construction Fund	Cap. Proj: City Hall Block	20,530
Interfund:	Pension Obligation Debt Svc Fund	Debt Service Payment - Pension Obligation Bond	170,020
FUND TOTALS			\$2,155,320
WATER TIMBER FUND COMPONENT			
Intrafund:	Water Cap. Const. Component	Cap. Proj: Rock Creek Backwash Tank Replacement	\$68,430
Intrafund:	Water Cap. Const. Component	Cap. Proj: Watershed Stewardship/Fish Passages	60,000
Interfund:	Pension Obligation Debt Svc Fund	Debt Service Payment - Pension Obligation Bond	3,780
FUND TOTALS			\$132,210

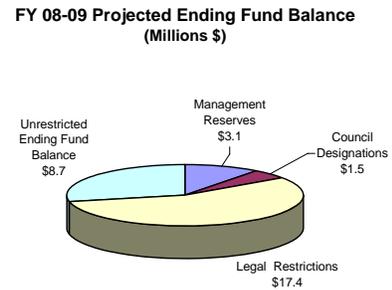
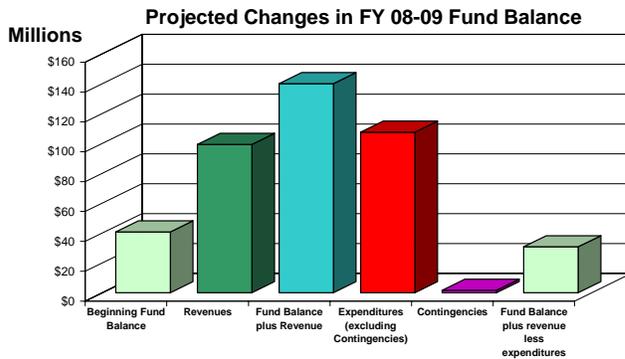
TRANSFERS (Continued)

TRANSFER			FY 08-09
FROM:	TRANSFER TO:	PURPOSE	BUDGET
WATER SDC FUND COMPONENT			
Intrafund:	Water Cap. Const. Component	Cap. Proj: Utility/Street Improvement Projects	\$50,000
Intrafund:	Water Cap. Const. Component	Cap. Proj: West Corvallis 2nd Level	33,210
Intrafund:	Water Cap. Const. Component	Cap. Proj: Marys River Water Main Crossing	6,100
Intrafund:	Water Cap. Const. Component	Cap. Proj: Rock Creek Backwash Tank Replacement	223,500
Intrafund:	Water Operating Component	Operating: SDC Administrative Fee	12,050
Intrafund:	Water Operating Component	Debt Service - OEDD	335,780
FUND TOTALS			\$660,640
TOTAL - WATER FUNDS			\$2,948,170
WASTEWATER OPERATING FUND			
Intrafund:	Wastewater Cap. Const. Com	Cap. Proj: Utility/Street Improvement Projects (loan to assessments)	\$50,000
Intrafund:	Wastewater Cap. Const. Com	Cap. Proj: Sanitary Sewer Rehab & I/I (Construction)	290,000
Intrafund:	Wastewater Cap. Const. Com	Cap. Proj: WWMP Influent Pump Station Improvements	191,230
Intrafund:	Wastewater Cap. Const. Com	Cap. Proj: WWMP Electrical Equipment Replacement	116,400
Intrafund:	Wastewater SDC Component	Intrafund for Loan Repayment - WWRP Disinfection Loan	68,530
Intrafund:	Wastewater SDC Component	Intrafund for Loan Repayment - Odor Control	157,710
Interfund:	Capital Construction Fund	Cap. Proj: City Hall Block	9,190
Interfund:	Pension Obligation Debt Svc Fund	Debt Service Payment - Pension Obligation Bond	182,010
FUND TOTALS			\$1,065,070
TOTAL - WASTEWATER FUNDS			\$2,514,570
WASTEWATER SDC FUND COMPONENT			
Intrafund:	Wastewater Cap. Const. Com	Cap. Proj: Utility/Street Improvement Projects	\$33,000
Intrafund:	Wastewater Cap. Const. Com	Cap. Proj: WWMP Odor Control Facilities	1,085,000
Intrafund:	Wastewater Operating Comp	Intrafund for Loan Repayment - Solids Handling	331,500
FUND TOTALS			\$1,449,500
TOTAL - WASTEWATER FUNDS			\$2,514,570
STORM WATER OPERATING FUND			
Intrafund:	Capital Construction Fund	Cap. Proj: Storm Drain Replacement	\$183,100
Intrafund:	Capital Construction Fund	Cap. Proj: Storm Water Master Plan Projects (Master Project)	439,500
Interfund:	Capital Construction Fund	Cap. Proj: City Hall Block	9,190
Interfund:	Development Services Fund	Support for Erosion Sediment Control Program	25,000
Interfund:	Pension Obligation Debt Svc Fund	Debt Service Payment - Pension Obligation Bond	53,950
FUND TOTALS			\$710,740
STORM WATER SDC FUND COMPONENT			
Intrafund:	Storm Water Cap. Const. Component	Cap. Proj: Utility/Street Improvement Projects	\$15,000
Intrafund:	Storm Water Cap. Const. Component	Cap. Proj: Storm Water Master Plan Projects (Master Project)	85,500
FUND TOTALS			\$100,500
TOTAL - STORM WATER FUNDS			\$811,240
AIRPORT OPERATING FUND			
Intrafund:	Airport Cap. Const. Component	Cap. Proj: Airport Facility Improvement - Ramp & Fence	\$20,990
Interfund:	Pension Obligation Debt Svc Fund	Debt Service Payment - Pension Obligation Bond	5,940
FUND TOTALS			\$26,930
GRAND TOTAL 2008-09 TRANSFERS			\$12,182,445

RESERVES/CHANGES IN FUND BALANCE – June 30, 2009

Fund	Beginning Fund Balance	Revenues	Expenditures			Unappropriated Reserves			Unrestricted Ending Fund Balance (4)
			net of Contingencies	Appropriated Contingencies	Total Expenditures	Management Reserves (1)	Council (2) Designations	Legal (3) Restrictions	
General	\$3,663,713	\$12,850,630	\$14,884,610	\$261,450	\$15,146,060	\$172,916	\$0	\$358,104	\$837,263
Parks & Recreation	2,772,805	5,942,220	6,943,525	92,600	7,036,125	103,097	533,180	211,687	830,936
Fire and Rescue	2,402,175	10,683,800	12,004,010	192,170	12,196,180	250,000	0	0	639,795
Transit	1,397,629	3,071,900	3,231,610	59,510	3,291,120	581,661	0	0	596,748
Library	2,049,099	5,892,990	6,409,470	121,320	6,530,790	131,944	434,745	0	844,611
Street	3,206,867	4,262,860	5,510,540	65,200	5,575,740	269,516	15,801	1,081,043	527,627
9-1-1 Emergency Services	325,900	1,838,610	1,809,250	36,720	1,845,970	284,218	0	0	34,322
Development Services	965,545	2,133,530	2,701,380	50,000	2,751,380	211,290	0	0	136,405
CD Revolving Loan	1,270,469	3,350,930	3,405,450	30,350	3,435,800	0	0	0	1,185,599
Parking	767,676	605,790	777,520	12,400	789,920	19,955	37,330	0	526,261
Capital Construction	400,819	5,325,255	5,413,150	0	5,413,150	0	0	312,924	0
GO Debt	482,480	1,976,060	1,995,520	0	1,995,520	0	0	463,020	0
Pension Oblig Debt Service	2,127	2,087,990	2,087,550	0	2,087,550	0	0	2,567	0
Davidson	7,051	290	1,000	0	1,000	0	0	5,000	1,341
Water	6,247,631	13,255,610	13,617,150	177,470	13,794,620	316,409	65,974	5,384,915	(58,677)
Wastewater	10,865,077	13,253,630	13,218,900	190,880	13,409,780	138,405	0	9,564,882	1,005,640
Storm Water	1,822,171	2,694,600	3,408,430	37,860	3,446,290	163,483	0	12,189	894,809
Airport	611,133	1,323,560	1,301,730	7,670	1,309,400	0	0	0	625,293
Fleet Maintenance	32,150	761,270	736,350	16,000	752,350	20,624	0	0	20,446
Facility Maintenance	67,991	729,160	739,520	10,000	749,520	35,638	0	0	11,993
Tech and Communications	550,786	1,671,430	1,754,890	30,000	1,784,890	417,759	0	0	19,567
Administrative Services	108,402	4,562,910	4,607,520	30,000	4,637,520	13,720	0	0	20,072
Risk Management	704,329	1,026,530	966,530	275,000	1,241,530	0	450,000	0	39,329
TOTAL	\$40,724,025	\$99,301,555	\$107,525,605	\$1,696,600	\$109,222,205	\$3,130,635	\$1,537,030	\$17,396,331	\$8,739,380

- (1) Includes vehicle/equipment, future needs and library donation program reserves.
- (2) Includes certain donation endowments, Aquatic Center and Water Timber fund balance, and catastrophic risk management reserves.
- (3) Includes debt reserves and third-party agreed reserves plus “restricted” fund balances such as debt service funds, permanent funds, Library 2010, system development charge balances and capital improvement.
- (4) More detail regarding the changes in fund balances noted above is available in Section III in the individual financial plan narratives for each fund. There is also a brief explanation on page II-22 of the Budget Summary related to the underlying factors impacting changes in fund balance.





**SECTION – XI
APPENDICES**

WATER FOUNTAIN AT CORVALLIS RIVERFRONT PARK



SECTION – XI APPENDICES

The Appendices include information that is pertinent to the budget process, but not part of the budget or work plan as identified in the budget. Included in this section are:

- Budget Process – The City follows a lengthy process to develop a budget; this section provides a summary of the process the City follows and identifies the basic budget calendar used to develop the budget, the Capital Improvement Program, and the Comprehensive Annual Financial Report.
- Financial Policies – The City Council has established policies in the past to direct activities associated with the City's financial operations. These Financial Policies are currently under review by the City Council, and so the most recent version, adopted in February 2007 is included herein. In the past, these policies have been reviewed and updated annually by the City Council in the fall, prior to development of the next budget. This budget cycle, Council members determined it was time for a more indepth review and restructuring of the policies after many years of the same format/approach.
- Governmental Structure – The City of Corvallis makes good use of volunteers on a number of advisory boards and commissions. This section of the appendices provides a list of the boards and commissions and their membership.
- Citizen Survey – The City of Corvallis completes a survey of citizen's attitudes about City services each year in the fall. The survey results that are published in the budget are summary results, excluding comments and answers to open ended questions. For the full survey, see the City's web site at www.ci.corvallis.or.us.
- Glossary – The budget process tends to use specific language that may include terms that are not in the average person's vocabulary, or in the budget context the term may be used in a unique manner. The glossary provides brief definitions of these terms.
- Closed Funds – From time-to-time the City closes a fund, either because the purpose of the fund has been completed, or because financial reporting changes have been implemented that cause the City to account for the monies differently. It is a requirement that the budget document reflect historical spending information for two fiscal years after a fund has been closed (i.e. no appropriations in the new fiscal year). Since no funds currently meet this criteria, there is no closed fund information included in this section for this budget cycle.

THE BUDGET PROCESS

Introduction

This section of the budget document will assist readers in understanding why the City adopts an annual budget, who participates in the budget process, the information decision-makers use to determine budget priorities, what is involved in budget preparation, the time line for adopting the budget, what is in the budget document, and what happens after the budget is adopted.

Reasons the City Budgets

The City adopts an annual budget for a variety of reasons. First, there is a legal requirement for each municipal government to adopt a budget. The Oregon Constitution and Oregon Revised Statutes (ORS) set forth the requirements for a budget, including that the budget must be balanced, and that the fiscal year for local governments runs from July 1 to June 30.

Second, the budget provides the best opportunity to communicate with citizens about what the City Council and staff expect to accomplish in the coming year. The budget sets forth the goals and objectives to be accomplished, and identifies the human, material, and financial resources necessary to accomplish the goals and objectives.

Third, the annual budget process provides an opportunity to review the status of the current year's work plan, and adjust it, if necessary, to be responsive to new initiatives or emergencies.

Finally, the annual budget process provides an opportunity to examine trends in revenues and expenditures, and test assumptions made in the long-term financial planning process to ensure that the City's finances will remain sound. Assumptions which appear to be invalid can be corrected and work plans can be revised to ensure that expenditures match revenue streams.

Budget Process Participants

There are several key participants in the budget process:

- ▶ **Citizens** -- Citizens are the most critical part of the budget process. Everything the City does focuses on achieving a level of service the community wants. Citizen input into the budget process occurs throughout the year in a variety of ways. Citizens come to City Council or Advisory Board and Commission meetings to discuss services or programs in which they have an interest. Citizens are invited to participate in public meetings where the policy is developed which guides City staff in the delivery of services. Citizens are surveyed on a number of topics, including specific service level

surveys and the annual Citizens' Attitude Survey. That information is also used to guide development of policy in the community.

Citizens have opportunities for formal input on the budget three times during the budget process. The first time occurs in January/February when the Budget Commission convenes to set the budget priorities for the coming year. Citizens have the opportunity to provide input requesting changes in service levels, new programs, deletions of programs, or to encourage the Budget Commission to make no changes. The second opportunity for direct input on the budget occurs in early May when the Budget Commission convenes to receive the City Manager's proposed budget. A public hearing is held specifically to obtain input from citizens about the proposed budget. The final opportunity for citizens to have formal input in the budget process occurs in June when the City Council holds a public hearing on the Budget Commission's recommended budget.

Specific dates for meetings change each year. Citizens are advised to check the FYI column in the *Corvallis Gazette-Times*, the calendar of events in *the City* newsletter, the Public Access channel or the City's web page www.ci.corvallis.or.us for dates.

- ▶ **Advisory Boards and Commissions** -- There are currently twenty permanent advisory boards and commissions, and a half-dozen ad hoc groups that meet to provide advice to the City Council for their policy decisions. Advisory boards and commissions provide input to departments on specific goals and objectives to be accomplished. That input, with Council approval, becomes the basis for part of a department's budget each year.
- ▶ **Budget Commission** -- A budget commission is required by Oregon State Law as part of the budget process. The Budget Commission consists of the City Council plus an equal number of citizen representatives; in Corvallis, 18 total members. The Budget Commission convenes early in the calendar year to set priorities for the coming fiscal year. This information is used to develop the City Manager's proposed budget, delivered to the Budget Commission in May. The Budget Commission holds a public hearing on the proposed budget, deliberates, and recommends a budget to the City Council for approval.
- ▶ **CIP Commission** -- The Capital Improvement Program (CIP) Commission convenes annually to review the proposed five-year CIP. The CIP addresses infrastructure issues including maintenance and expansion of the City's existing infrastructure

(water, wastewater and storm water utilities, streets, airport, parks, and City-owned buildings).

- ▶ City Council -- The City Council plays several roles in the development of the budget. First, the City Council provides overall policy direction for its two-year terms when it adopts the goals and objectives to accomplish during the tenure. Staff members work to ensure that services reflect the Council's Goals and Objectives. Second, proposals that citizens present to the City Council are often referred to advisory boards and commissions for study and if appropriate, the Council may request that the information be developed by the citizen, the board or commission, or City staff into a budget proposal. Third, the members of the City Council sit as one-half of the Budget Commission. Finally, the City Council holds a public hearing on the Budget Commission's recommended budget as one last opportunity for public input, and then adopts a budget, levies taxes, and sets appropriation levels by adopting a resolution.
- ▶ City Staff Members -- Staff members are primarily responsible for the technical work necessary to put together the annual budget. Staff members develop revenue and expenditure estimates for on-going services, as well as special services identified by the City Council, Budget Commission or advisory boards and commissions. Staff members also develop performance indicators and work plans. Work plans identify key projects to be completed during the coming year, based on the input from citizens, advisory boards and commissions, the Budget Commission, and City Council.
- ▶ Finance Department Staff -- Budget Office staff members assist departments in developing budgets, then review and analyze the department budget requests to be sure they are adequate enough to provide services, but not extravagant. Budget Analysts work with departments throughout the year to facilitate the budget process. Work includes training, facility planning, vehicle and technology replacement plans, Capital Improvement Program (CIP) project development, and financial plan updates.

Budget Office staff also write the Quarterly Operating Reports which are forwarded to the Budget Commission and the City Council to keep policy makers informed about the City's financial status during the year. Treasury staff assist in budget preparation by reviewing revenue projections for accuracy, developing the annual debt service budget, and making revenue projections by fund for investment earnings. Accounting staff assist in budget preparation by ensuring the budget meets accounting guidelines. Accounting staff also process

financial transactions throughout the year, and perform the annual audit to ensure that all budget and accounting requirements were met.

Information Decision Makers Use in the Budget Process

To assist in the budget process, a substantial amount of information is provided to decision makers. The information fits into two categories - general information that applies to all City operations and fund specific information that may only apply to selected funds:

General Information

- ▶ Vision 2020 -- Statement 2020 provides a broad view of what the community wants Corvallis to be like in the year 2020. The statement provides direction for decision makers throughout long-range planning efforts and is available on the City's website as well as in Attachment A to the Budget Message (pg.I-15).
- ▶ Council Goals & Objectives -- The City Council adopts Goals and Objectives at the beginning of their term. Councilors receive quarterly updates on the status of the Council Goals and Objectives. Goals generally set forth special work projects for each Council term (Pg. I-1).
- ▶ Citizen Survey -- The results of the annual Citizen Attitude Survey are used to allow decision makers to gauge the effectiveness of basic City services. The survey is completed each fall, and has a set of questions that remain the same each year and questions that change each year to reflect important City issues (Pg. XI-26).
- ▶ Information About the City -- A snapshot of information about the City including demographics and statistical information (pg.I-15).
- ▶ Financial Policies -- The City maintains a set of financial policies for developing the Capital Improvement Program and the annual budget, as well as daily financial management (Pg. XI-8).
- ▶ Capital Improvement Program (CIP) -- The CIP is a five-year planning document for infrastructure maintenance and expansion. The City's priorities in developing its CIP are 1) maintenance of existing infrastructure, 2) improvements to existing infrastructure, and 3) additions to infrastructure. The CIP Commission-recommended five-year CIP is presented to the Budget Commission to consider the financial implications. The Budget Commission reviews the CIP in conjunction with the proposed operating budget to ensure adequate resources for both operations and capital improvements. The projects in the first year of the approved CIP are included in the proposed budget (Section VII and X).

Fund Specific Information

The official definition of a fund is “a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.”

For the lay person, each fund may be thought of as a separate business, with its own check book, an identified source of revenue, and specific plans for spending. For example, the Water Fund receives its revenue from the sales of water to the community. Water Fund expenses are only for the operations and maintenance of the water system, and any debt associated with providing water services. When a person looks at the Water Fund financial plan, they will see projections for the resources available and planned costs to provide water to the community.

One of the most critical factors in budgeting for each fund is the understanding that revenues and expenditures must be made in the appropriate fund. In other words, the Police Department is not budgeted in the Water Fund since Police do not provide water services.

For each fund, staff evaluates revenue projections, current services, and issues for the Budget Commission to address. Primary factors considered by staff in developing the budget and financial plans include:

- ▶ Projections for the major revenue sources, taking into account demographic and general economic factors, planned rate increases, and trend information.
- ▶ Relevant federal, state, or city regulations, mandates, or needs which affect revenues or services provided within a fund.
- ▶ Council position, policy statement, or general consensus regarding a service.
- ▶ Service deficiencies which have been identified through complaints, observations, or citizen survey data.
- ▶ Demographics, neighborhood data, or trends in demand for services.
- ▶ An advisory board or commission recommendation regarding a service.
- ▶ Special interest, neighborhood or professional group input or request for service.
- ▶ Special studies, reports, or master plans which have identified a need for a service or infrastructure development or rehabilitation.

- ▶ Formal employee and/or union input regarding services.
- ▶ Citizen input regarding service which has been received by boards, commissions, the Council or staff.
- ▶ Annual equipment assessments and inventories which identified any deficiency.

Financial Plans

The general and fund specific information is combined to develop three-year financial plans for each fund. The financial plan is critical in the budget decision-making process since decisions made today can affect the long-term health of any fund. Each financial plan includes a discussion of the current and long-term factors affecting the fund. Assumptions about major revenues and expenditures are discussed as part of the financial plans (Section III).

The Budget Commission uses the financial plans to make recommendations about which budget priorities should be included in the proposed budget, and which will not be funded. When the Budget Commission makes these decisions, they take into account whether the proposal meets the long-term goals of the community as stated in the general policy documents and whether the fund can afford the program based on the fund-specific projections.

Final Budget Preparation

Once the Budget Commission has addressed the budget priority issues and given policy direction on development of the budget, staff turns its attention to putting together a final budget. Specifically, staff works to ensure that the final budget to be presented includes:

- ▶ known inflation factors, including such items as postal rate increases, social security costs, and contribution rates to employee pension funds;
- ▶ fixed elements of the budget such as insurance costs, utility costs, and vehicle maintenance costs;
- ▶ capital projects as approved by the CIP and Budget Commissions;
- ▶ costs for items in the general category of supplies and contractual services; and
- ▶ employee salaries and benefits, which are the largest expenditure category in the City budget.

Fiscal prudence demands that revenue and expenditure estimates be as accurate as possible. To ensure accuracy, the City uses several steps. First, department staff develop revenue and expenditure estimates for which they have primary responsibility. Revenue estimates are reviewed by the Budget Analysts and Treasury staff.

Departments then submit their expenditure budget proposals to the Finance Department Budget Office for review. Budget Analysts review the expenditure budgets in detail, checking for the accuracy and reasonableness of projections, and ensuring that all required elements of the budget are correct.

Once the analysis is completed, each department director meets with the City Manager to review his or her proposed budget to be sure that planned activities are in line with Council Goals and Objectives and Budget Commission direction.

The Budget Office staff works with the City Manager to develop the proposed budget to present to the Budget Commission. The Budget Commission holds a public hearing on the proposed budget, asking for citizens to comment on both the work plan and on the financial plan for the coming year. The Budget Commission may make changes to the proposed budget at this time, then it votes to recommend a budget to be forwarded to the City Council.

The City Council also holds a public hearing on the budget. By state law, the City Council may make changes to the Budget Commission recommended budget. However, if the change exceeds 10%, a republishing of the budget must occur before it can be adopted. Once the City Council completes any amendments to the Budget Commission recommended budget, the Council adopts the budget by resolution and levies taxes.

Time Line for the Budget

The annual budget process takes a relatively long time period to develop. In fact, staff usually begin work on parts of the budget for year x2 before the budget for year x1 is adopted. Public meetings are held, or a survey is conducted, by the CIP Commission in May or June each year to get citizen input on capital projects that will be considered for the fiscal year that will begin July 1, one year later. Citizen requested projects are forwarded to the appropriate department and advisory board or commission to be more fully developed and to make an accurate budget projection for inclusion in the proposed CIP. Late summer and early fall are also times when standing advisory boards and commissions will meet to evaluate projects completed in the prior fiscal year, and begin to set the work plan for the next fiscal year for the departments they advise.

Department staff officially start to work on budget proposals in the fall. Financial plans are updated with the prior year's actual revenues and expenditures, and capital replacement plans for vehicles, technology, and building maintenance are reviewed and updated. The next step is to add budget projections for the Capital Improvement Program under development.

In December, department staff review their current year budget, and develop a revised budget. Departments are

challenged to under-expend their original appropriations levels by identifying lower-cost alternatives, seeking the best possible prices, and being creative in pursuing partnerships with other departments or other government agencies. By including the revised budget calculations in the budget document, each fund will show the most accurate carry-over balance possible.

Beginning in January, revenue projections are finalized. The Budget Commission meets in January and February to set budget priorities. Expenditure budgets are finalized by department staff shortly after the Budget Commission has completed their deliberations. The budget analysis and review with the City Manager is usually completed by the end of March so that the first two weeks of April are spent putting together the budget document to be printed in time for distribution to the Budget Commission in late April or early May.

Finally, the Budget is scheduled to go to the City Council at their first meeting in June. This date allows the City to meet state requirements to adopt the budget as late as possible prior to the beginning of the fiscal year, but early enough that commitments for work which must cross fiscal years can be made, and the work can continue uninterrupted. This is most critical for capital projects since June is the beginning of the prime construction season.

The Budget is adopted by the City Council by resolution. The adopting resolution sets appropriations by department within each fund, and provides the legal benchmark for auditors to test against to ensure that appropriations have not been exceeded. The appropriations resolution is included within the Budget Message (Section I of the Adopted Budget document).

The time line for the budget is presented both graphically, and in a monthly summary schedule at the end of this section.

The Budget Document

The City's budget is designed to provide the reader with the information the Budget Commission, the City Council, and staff considered when setting out the work and spending plan for the year. The Budget document begins with the City Manager's Message which summarizes the goals addressed in the budget plan, the financial and operational issues the organization is facing, and the future issues which may come to fruition during the next fiscal year or beyond. The Budget Summary provides more detailed information about issues that have a financial impact on the organization and summarizes the financial portion of the budget.

The Financial Plans section provides longer-term financial projections for all of the operating funds of the City and assumptions used in making projections. Each fund's presentation includes a summary of the issues for the fund.

The Department Summary section provides information about the operations of each department, including a summary of the services provided; performance measures associated with those services; the department's total budget by category, division and fund; staffing allocation; and an organization chart.

The Property Tax Combined, Special Revenue, Capital Construction/Debt Service/Permanent, Enterprise, and Internal Service Funds sections provide more detailed information at the department and program level about the services provided within that fund, and the work plan to be implemented in the coming fiscal year.

The Non-operating section summarizes information from the adopted Capital Improvement Program (CIP) planned for the year. It also includes Debt Service information such as the schedule of payments for all of the monies borrowed by the City. Transfers detail and a reserve schedule are at the end of this section.

The Appendices provide this budget process information as well as other general information related to financial policies, government structure and citizen feedback through the annual survey.

Finally, the Glossary and Index are provided to assist readers with finding information in the budget document.

After the Budget Is Adopted

The day after the budget is adopted, work begins on achieving the following fiscal year's goals and objectives. Bids are awarded, contracts are signed, and contractors are lined up to begin work on July 1. Purchase requisitions are written to allow payments to be made to vendors on time. Then work begins on the next fiscal year's budget.

Occasionally, the budget will need to be revised during the course of a year. There are several ways the budget can be changed:

1. For grants, gifts, bequests, or devises which were unanticipated when the budget was adopted, the City

Council can accept and appropriate the monies through a resolution.

2. Monies can be transferred between appropriations levels within a fund through the use of a Council Resolution. This transaction occurs most often when the Council votes to use Contingencies to fund emergencies.
3. A supplemental budget may be approved if there is a revenue source other than a grant, gift, bequest, devise or bond issue which was unanticipated at the time the budget was adopted. This transaction occurs most often when the beginning fund balance is higher than anticipated due to delayed projects, or when actual revenues are higher than anticipated and additional expenditures are required.
4. In the case of a community-wide or major emergency (flood, earthquake, etc.), the City Council may authorize the appropriation of the unappropriated ending fund balance, or grants which would be anticipated to assist the community in emergency response. If the emergency is too pressing to convene the City Council, the chief executive is authorized to make this budgetary adjustment.

Following the end of a fiscal year, the City's Accounting staff close the year, and the annual audit begins. The City contracts with an external auditing firm to review financial statements. Although the audit primarily focuses on accurate posting of financial transactions and appropriate internal controls, the auditors test to be sure the budget was adopted in compliance with Oregon Local Budget Law, and each fund is tested for compliance with the appropriations resolution, as amended.

More Information

Anyone who wishes more information about the budget process can contact the City of Corvallis Finance Department at 541-766-6990 or at finance@ci.corvallis.or.us.

THE BUDGET PROCESS CALENDAR

Month	Capital Improvement Program	Budget	Audit
June	Solicit public feedback about projects to be included in the next CIP Update.	The City Council adopts the budget for the fiscal year beginning on July 1.	Prepare for year-end close.
July	Staff develops CIP project proposals in compliance with master plans and citizen initiated requests.	The adopted budget is printed and legal documents levying taxes and appropriating monies are filed with the Benton County Assessor's Office.	Year-end work begins with soft close, June reconciliation of subsidiary ledgers, fiscal year-end check runs, and posting accruals. Capital asset inventories are conducted.
Aug.	Staff work on CIP development continues.	Work on interim projects which may have budget impact in successive years is initiated. The budget calendar for the next fiscal year is developed.	Final accruals are posted and subsidiary ledger reconciliation work is completed.
Sept.	Departments submit CIP proposals for internal review as to consistency with master plans, the Comprehensive Plan, and financial plans and policies.	Work on interim projects continues. The Budget Manual is revised as appropriate. Financial plans are updated to reflect unaudited actual revenues and expenditures from the prior year and the proposed CIP. Business plans are developed by departments approximately biennially to address longer term budget challenges and issues.	All internal audit work is completed, and final adjusting entries are posted.
Oct.	The City Manager reviews the staff's recommended CIP proposal, and makes a final recommendation on projects to be included.	Financial plans are finalized for publication in the CIP. Vehicle and equipment replacement schedules and reserve plans are due for Budget Office review.	Auditors are on-site to complete the annual audit.
Nov.	The CIP Commission convenes to begin review of the Proposed Five-Year CIP Update.	Technology and facility maintenance plans are due for Budget Office review. Budget Analysts and Department Budget Liaisons initiate work on payroll and benefit projections for the following fiscal year. Department staff revises their current year budgets and revenue projections and initiate work on the next fiscal year's revenue projections.	The Comprehensive Annual Financial Report (CAFR) is written and presented to the Council's Administrative Services Committee (ASC) for review and a recommendation for the Council to accept the annual audit report. The Management Letter and staff's response is presented to ASC.
Dec.	The CIP Commission completes its review of the Proposed CIP and recommends a CIP for Planning and Budget Commission consideration.	Preliminary payroll projections are completed. Revised budgets must be completed. Department Directors submit a transmittal letter summarizing the efforts to revise the current year budget and achieve savings targets. Proposed budgets are completed for overhead operations to allow internal service charges to be determined. Department Directors meet with the City Manager and Budget Office staff to discuss budget plans, performance indicators, and potential service enhancements.	Council accepts the CAFR and Management Letter. The CAFR is filed with the State Division of Audits and submitted to the Government Finance Officers Association for review.

THE BUDGET PROCESS CALENDAR

Month	Capital Improvement Program	Budget	Audit
Jan.	The Planning Commission reviews the CIP for consistency with land use planning.	Decision packages are developed for the Budget Commission to consider. Powerpoint presentations are posted to the City's website and community cable channel for citizen information and review. Revenue projections for the next fiscal year are completed. Financial plans are updated with the CIP Commission recommended CIP, the prior year audited revenues and expenditures, the current year revised estimates, and the next year's revenue projections.	Interim planning work is initiated, and staff complete Governmental Accounting Auditing and Financial Reporting (GAAFR) update training.
Feb.	The Budget Commission reviews the CIP for consistency with financial plans and the ability to pay the capital, operating, and maintenance costs.	The Budget Commission receives the CIP, the Annual Citizen Survey, the status of the City Council's Goals and Values, and financial plans. Department Directors present information to the Budget Commission about their business plans. Citizens and staff present Budget Commission with requests for changes to City programs. The Budget Commission deliberates and gives staff direction for developing a budget. Departments submit their final budget proposal in compliance with Budget Commission direction.	Interim staff work continues.
March	Staff updates the budget for current year capital improvement projects and submits changes to the proposed capital budget based on expected completion of current projects.	Budget Analysts review the department submitted budgets. The City Manager meets with Department Directors to discuss any outstanding issues. Departments submit lists of any projects budgeted in the current year that will not be completed and need to be carried over to the following year.	Staff meet with the auditors to schedule interim audit work and discuss any changes to be made in the audit process.
April		Budget Analysts prepare the Proposed Budget document and have the document printed.	Share the schedule for year-end close, purchasing cut-off, and final check runs with department users.
May		The Budget Commission convenes to review the City Manager's Proposed Budget and recommend a budget for the City Council to consider. Staff develops the final list of projects which may need to be carried over for Council consideration.	Interim audit work is completed.
June	Solicit public feedback about projects to be included in the next CIP Update.	The City Council adopts the budget for the fiscal year beginning on July 1.	Prepare for year-end close.

FINANCIAL POLICIES

Adopted November 27, 1989
Last Revised April 21, 2008

CP 10.01 FINANCIAL POLICIES PURPOSE

10.01.010 Purpose

Primary among the responsibilities of the City of Corvallis to its citizens is the care of public funds and wise management of municipal finances while providing for the adequate funding of the services desired by the public and the maintenance of public facilities. These financial management policies, designed to ensure the fiscal stability of the City of Corvallis municipal corporation, shall guide the development and administration of the annual operating and capital budgets.

These financial policies address revenues, operating budget, capital improvement, accounting, debt management, risk management and investments.

10.01.020 Financial Policy Objectives

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

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

10.01.023 To assist sound management of the City by providing accurate and timely information on financial condition.

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

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

10.01.026 To employ revenue policies which prevent undue or unbalanced reliance on certain revenues, which distribute the costs of municipal services fairly, and which provide adequate funds to operate desired programs.

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

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

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

10.01.030 Achieving Financial Policy Objectives

10.01.030.010 Annual Analysis

To achieve and maintain the aforementioned objectives, the Finance Department, at the direction of the City Manager, will conduct an annual analysis of projected financial condition and key financial indicators. This analysis shall be reviewed by the Budget Commission and the City Council prior to the budget process.

10.01.030.020 Focus of the Analysis

It is the focus of this analysis to:

- a. identify the areas where the city is already reasonably strong in terms of protecting its financial condition;
- b. identify existing or emerging problems in revenue sources, management practices, infrastructure conditions, and future funding needs;
- c. forecast expenditures and revenues for the next seven years, with consideration given to such external factors as state and federal actions, the municipal bond market, management options being explored and used by other local governments; and
- d. review internal management actions taken during the last budget cycle.

10.01.040 Review & Update

The Financial Policies shall be reviewed by the Finance Director annually in November and updated as appropriate.

CP 10.02 REVENUE POLICIES

10.02.010 General Description

Policies dealing with taxes and the means whereby the City raises revenue to fund operations.

10.02.020 Fund Balance

10.02.020.010 Appropriate Fund Balance

Through the annual budget development process the Finance Director recommends the appropriate ending fund balance for each fund. The Finance Director shall take into account:

- a. the current fund balance,
- b. cash flow requirements,
- c. future capital needs,
- d. significant revenue and expenditure trends including the historical average rate of expenditures compared to budget for the fund.
- e. relative rate stability from year to year for enterprise funds;
- f. susceptibility of the fund to emergency or unanticipated expenditures;
- g. credit worthiness and capacity to support debt service requirements;
- h. legal or regulatory requirements affecting revenues, expenditures, and fund balances;
- i. reliability of outside revenues; and
- j. any other factors pertinent to that fund's operations..

The Budget Commission and City Council shall amend or approve the recommended appropriate fund balance through adoption of the annual budget.

10.02.020.020 Fund Balance Below Appropriate Fund Balance

10.02.020.021 Should the fund balance fall below the appropriate fund balance during the budget process, a plan for expenditure reductions and/or revenue increases shall be submitted to the City Council via the Administrative Services Committee or the Budget Commission.

10.02.020.022 If, at the end of a fiscal year, the audited fund balance falls below the appropriate fund balance then the City shall develop a plan to restore the fund balance within the-financial planning period.

10.02.020.030 Fund Balance Above Appropriate Fund Balance

In the event the projected ending fund balance is higher than an appropriate level, the City Council may decide to use the difference to fund the following activities:

- a. one-time capital expenditures which do not significantly increase ongoing City costs;
- b. other one-time costs; and

c. ongoing or new City programs, provided such action is considered in the context of Council approved multi-year projections of revenue and expenditures.

10.02.020.040 Property Tax Funds Combined – Fund Balance

Prior to each year's initial Budget Commission meeting, the City Council shall review the Property Tax Funds – Combined fund balance for the purpose of determining whether resources exist to consider activities in 10.02.020.030. This review may include establishing ~~an~~ at least a 5% unreserved ending_fund balance, reserving funds for future year commitments and assumption modeling (including the historical average rate of expenditures compared to budget for the fund) to determine if capacity exists based upon the third year Property Tax Funds -- Combined fund balance. Results of this City Council review will be forwarded to the Budget Commission.

10.02.030 Sources of Revenue

10.02.030.010 Diversification

The City will strive to maintain a diversified and stable revenue system to shelter the government from short-run fluctuations in any one revenue source and ensure its ability to provide ongoing service.

10.02.030.020 Restricted Revenue

Restricted revenue shall only be used for the purposes legally permissible and in a fiscally responsible manner. Programs and services funded by restricted revenue will be clearly designated as such.

10.02.030.030 Intergovernmental Revenue

Intergovernmental revenue for capital improvements shall be used to finance only those capital improvements that are consistent with the capital improvement plan and local government priorities, and whose operation and maintenance costs have been included in operating budget forecasts. Intergovernmental revenue restricted for specific operating purposes will be expended consistent with those restrictions.

10.02.030.040 Reliance on Property Taxes

In preparing the proposed budget, the Finance Director shall make recommendations to the City Manager regarding options to reduce the City's reliance on property tax revenue.

10.02.030.050 One-Time Revenue

One-time revenue includes fund balances and grants which have a specific time limit and/or reason for expenditure. One-time revenue will be used for one-time expenses whenever possible. If one-time revenue is considered for ongoing expenditures (such as adding staff) the Budget Commission or City Council will balance the need for the additional ongoing expenditures with the on-going ability to pay prior to approving the program.

10.02.030.060 Unpredictable Revenue

Unpredictable revenue, which includes development related revenue such as Systems Development Charges (SDC), Public Improvement by Private Contractor fees, Development Review, Plan Review and Inspection Permit revenues, will be closely monitored through the year.

- a. Capital projects to be constructed with SDC monies will not be initiated until SDC revenue is available or another financing alternative is developed.
- b. Operations funded partially or wholly from unpredictable revenue will be monitored monthly and mitigating action will be taken if revenues are not received as expected.

10.02.040 Revenue Collection

The City shall manage its revenue collections through a policy that actively pursues collection of all revenues owed to the City.

10.02.050 Fees, Licenses, Permits & Misc. Items

10.02.050.010 Cost Recovery

All fees for licenses, permits, fines, and other miscellaneous charges other than Parks & Recreation and utility user charges shall be set to recover the City's direct expense in providing the attendant service. These fees shall be reviewed and reported to the Council's Administrative Services Committee by November in odd numbered years. A revenue manual listing all such fees and charges of the City shall be maintained by the Finance Department and updated concurrent with the biennial review.

10.02.050.020 Special Benefit Fees

A fee shall be charged for any service that benefits limited interests within the community, except for basic, unavoidable human needs type services provided to persons with limited ability to pay.

10.02.050.030 Hazardous Materials Fees

Fees for the direct costs of containment and cleanup of hazardous materials will be assessed to the responsible party for all hazardous material responses by any City department.

10.02.050.040 Alternate Funding Sources

Solicitation of funds through donations, fund raising events, non-traditional sources, and various other modes shall be encouraged by the Park and Recreation Advisory Board and other advisory committees. Funds collected for any special purpose shall be earmarked for that purpose.

10.02.050.050 Tax and Fee Exemptions

The City Council does not give tax or fee exemptions. For certain social service or affordable housing type projects, the City Council may vote to pay fees or back taxes.

10.02.050.060 Systems Development Charges

Systems Development Charges (SDC) are set to cover the growth related costs of infrastructure necessary to provide services for future growth. The list of projects eligible for SDC funding shall be updated when facility plans are updated or at least every five years, beginning in 2005, and will be done at all other times to coincide with major updates of infrastructure facility plans. The overall SDC program methodology and population service scenario shall be reviewed at least every ten years beginning in 2010.

10.02.060 Utility Fees (Water, Wastewater, Storm Water)

10.02.060.010 Utility Fee Basis

Utility user charges for each of the three City utilities will be based on the cost of providing the service (i.e., set to fully support the total direct, indirect, and capital costs) and are established so that the operating revenues of each utility are at least equal to its operating expenditures, reserves, debt coverage and annual debt service obligations, and planned replacement of the utility's facilities.

10.02.060.020 Annual Rate Review

Staff shall conduct an annual comprehensive rate review each fall for the Water, Wastewater and Storm Water funds for Council review. Rate increases will be targeted for implementation in February. Every effort shall be made to index/limit rate increases for the entire utility bill

(water, wastewater, and storm water) to the rate of inflation (estimated at 2% to 3%) but not more than 7% in any one year unless federal or state mandate, judgment arising out of litigation, or Council approved policy needs dictate otherwise.

10.02.060.030 Rate Adoption

Utility rates will be adopted by ordinance and will be recorded in the Corvallis Municipal Code.

10.02.060.040 Franchise Fees

The City's Water, Wastewater, and Storm Water utilities will pay a franchise fee to the City's General Fund to compensate for the use of the public right-of-way. The franchise fee will be equal to 5% of the utility's gross operating revenue each year, net of interest, intergovernmental monies, miscellaneous water service fees, permit fees, SDCs, late payment penalties, and turn on service fees.

10.02.070 Parks and Recreation Department Fees

10.02.070.010 Cost Recovery

Parks and Recreation programs are funded through a combination of user fees, property taxes, grants, and donations. Fees and charges shall be assessed in an equitable manner in accordance with the following fee and charge assessment schedule. Programs that provide recreational opportunities for populations with the fewest recreational alternatives (youth, limited income, senior adults, and families) will be more heavily supported by grants, donations, or property taxes than user fees to ensure that the population is well served by Parks & Recreation programs. Percentages shall be considered as guidelines; however, special circumstances, the nature and cost of each program, and persons to be served should be taken into consideration.

- a. total fee support (recover a minimum of 95% of direct costs)
 - special instruction classes (all ages)
 - recreation trips and outings
 - adult sports leagues
 - major events which charge admission
- b. partial fee support (recover 50% to 75% of direct costs)
 - outdoor recreation
 - preschool programs/introduction
 - child care oriented programs
 - senior citizen programs
- c. minimum fee support (recover 33% to 50% of direct costs)
 - youth programs and events
 - playground programs

10.02.070.020 Osborn Aquatics Center Fees

The Osborn Aquatics Center direct costs are funded through fees charged for its usage plus a subsidy from property tax monies received in the Parks & Recreation Fund. The Aquatics Center shall pay the general indirect costs charged to all City departments for centralized administrative functions.

10.02.070.021 The City's subsidy will be set at \$383,620 in FY 04-05, and will increase 2% annually thereafter unless the City Council revises this policy. All costs in excess of this subsidy will be fee supported.

10.02.070.022 Fees for annual passes, open swim periods, instructional classes, etc. will be set to meet revenue requirements of the Aquatic Center, less all other revenue including the Parks & Recreation subsidy, rentals and concessions. Where possible fees will be comparable to similar publicly owned facilities in Oregon, taking into account the additional amenities offered at Osborn.

10.02.070.023 Rental fees for group usage (i.e., Corvallis Aquatic Team) shall be negotiated at a minimum of a 100% cost recovery rate or the rate of inflation based on the CPI-U whichever is greater.

10.02.070.024 Rental fees for group usage (i.e., Corvallis Aquatic Team) shall be set at negotiated rates for the first year of operation, then will increase at the negotiated rate or the rate of inflation based on the CPI-U.

10.02.070.025 Prices for concessions operated by the City shall be set at the wholesale price of the item plus at least 100%. Income from contracted concession services shall be determined based on the negotiated agreement between the City and the concessionaire. All monies from concessions will be used for operations at the Aquatics Center.

10.02.070.030 Rate Review

The Park and Recreation Department shall conduct an annual comprehensive review of rates including Osborn Aquatic Center rates. The Park and Recreation Advisory Board shall recommend to the City Council, via the Human Service Committee, any alterations or adjustments necessary in specific fees and/or charges to reflect service demand changes, the ability of users to support the demand, and concerns for other City operations.

10.02.070.040 Use of Volunteers

Through an aggressive volunteer recruitment program, the Parks and Recreation Department shall seek to minimize the subsidy required for partial and minimum fee support programs.

10.02.080 Ambulance Fees

10.02.080.010 Policy

It is the intent of the City to provide responsive, efficient and self-funded emergency medical services as the Benton County designated service provider to the Benton County Ambulance Service Area, including all residents of the City.

10.02.080.020 Procedures for Rate Changes

- a. Staff shall review ambulance rates annually no later than February 28 to ensure the rates reflect changes in the direct costs of service. In reviewing rates, staff will consider the historic and projected costs of service, service demands, changes in fixed and variable costs, market rates, and changes in service requirements or mandates. The City shall notify Benton County of proposed fee increases or decreases at the beginning of the City's formal budget review process.
- b. Proposed rate changes will be submitted to the City Council via the Administrative Services Committee for review and recommendation to the full Council no later than April 1 of each year. If no rate change is recommended, staff will note the fact in a Council Report.
- c. The Council shall adopt rate adjustments by resolution. Following Council adoption, the new rates will go into effect by July 1 of each fiscal year.
- d. Notification will be issued to the public 30 days prior to the July 1 deadline. Customers will be notified of rate changes via advertisements in the local newspaper.

10.02.080.030 Special Rate Reviews

If, at any time during the fiscal year, estimated costs of service exceed available revenue, the City Manager may conduct a special rate review. In conducting such reviews the City Manager would follow the above procedures. In this instance, rate adjustments could take place at any time within the fiscal year, with 30 days' public notice.

10.02.090 Grants

10.02.090.010 Grant Opportunities

The City shall aggressively pursue grant opportunities; however, before accepting grants, the City will consider the current and future implications of accepting the monies.

10.02.090.020 Federal Funds

Federal funds shall be actively sought. The City will use these funds to further the applicable national program goal. Because federal funds are not a guaranteed revenue source and are intended for a specific purpose, they will not be relied upon as an alternative source of capital improvement funds unless the federal grant is specifically for capital projects. Use of federal funds shall not have a negative effect on any City fund.

10.02.090.030 Grant Review

In reviewing grants the department director and Finance Director shall evaluate each grant offer and make their recommendation to the City Manager after considering:

- a. the amount of the matching funds required;
- b. in-kind services that are to be provided;
- c. length of grant and consequential disposition of service (i.e., is the City obliged to continue the service after the grant has ended?); and,
- d. the related expenditures including administration, record keeping, and auditing expenditures.

10.02.090.040 Single Audit

The annual audit by the City's independent auditors will include all required audit procedures for grant compliance as specified in the federal government's OMB Circular A-133.

10.02.100 Gifts, Donations and Bequests

10.02.100.010 Use of Gifts, Donations & Bequests

Gifts, donations and/or bequests given to, and accepted by, the City for the use of any of its departments or divisions shall be used solely for the purpose intended by the donor. Unrestricted gifts will be expended on the recommendation of the related advisory board.

10.02.100.020 Evaluation

Gifts, donations, and bequests will be evaluated to determine what, if any, obligations are to be placed upon the City. Gifts, donations, and bequests will be considered as "over and above" basic City appropriations.

10.02.100.030 Permanent Fund Expenditures

Permanent Fund expenditures shall carry the approval of the related advisory board before execution by City staff.

10.02.100.040 Auditing

Gifts, donations and bequests may be audited by the City's external auditors. Revenues and expenditures relating to gifts, donations and bequests shall be recorded

in compliance with generally accepted accounting principles.

10.02.110 Transfers

10.02.110.010 General Fund Transfers

To the maximum extent feasible and appropriate, General Fund transfers to other funds shall be defined as payments intended for the support of specific programs or services. Amounts not needed to support such specific program or service expenditures shall be transferred back to the General Fund, unless Council directs the transfer to be used for other purposes.

10.02.110.020 Transfer Reconciliation & Cash Flow

Transfers for specific programs or projects, or to support special operations, should occur on the basis of cash flow needs of the program or service being supported. A reconciliation of actual transfers against budgeted transfers will be included in the year-end audit process.

10.02.110.030 Advances

Where it is necessary to make a one-time advance of General Fund monies to another fund, this action shall occur under the following conditions:

- a. The advance is reviewed, prior to the transfer of funds, by the Administrative Service Committee.
- b. All excess cash balances in the fund receiving the advance shall be invested for the benefit of the General Fund, if allowed by federal and state law and regulations, as long as the advance is outstanding.
- c. Should the borrowing fund accumulate an unexpected unrestricted balance, this excess shall be used first to repay the advance.
- d. At the time of closing out the fund, assets net of liabilities of the fund equaling the unpaid portion of the advance revert to the General Fund, if allowed by federal, state or local law.
- e. For short-term cash deficits in funds other than the General Fund during the course of the year, short-term loans are preferred to advances, except in cases where the receiving fund is legally precluded from paying interest on loans, or where loan transactions would be too numerous and costly to be cost effective.

10.02.120 Property Tax Allocations

10.02.120.010 Background

The property tax base was approved as a charter amendment by Corvallis voters to support the general

services of the City. Additional tax levies to support fire operations and equipment purchases, street and road maintenance, recreation programs, and parks maintenance were approved as special charter amendments as early as 1909. Temporary levies were approved and re-approved for transit (first approved in 1980) and the Arts Center (first approved in 1970). Monies from these tax levies were segregated into the General, Street, Fire & Rescue, Parks & Recreation, Transit, and Special Levies (Arts Center) Funds and were combined with other revenues in each fund to provide the resources necessary to maintain services to the community.

The statutory authority to levy property taxes by individual levy was removed through the passage of a constitutional amendment, and its implementing legislation, known as Measure 50. Measure 50 has resulted in a single property tax rate and has overridden the requirement that monies be segregated according to the charter. Local option levies for one to ten years in length can be approved by voters to fund operations.

10.02.120.020 Council Findings

10.02.120.021 Allocations of property taxes which follow the Charter approved proportions of the total levy would result in some funds incurring costs which exceed their revenues.

10.02.120.022 The projections of combined revenues and expenditures for all property tax supported funds indicates that a reallocation of property tax monies between funds would result in the ability to fund all operations and capital projects currently included in the seven-year financial and business plans for the next fiscal year.

10.02.120.023 If a local option levy is needed, the City Council shall weigh the services to be funded by a levy and determine whether it is better to go for a general levy or a special levy focused on certain service areas.

10.02.120.024 The Arts Center allocation shall remain at 0.45% of the total property taxes received.

10.02.120.030 Basis for Determining the Allocations

10.02.120.031 An analysis of the financial status of all property tax funds shall be reviewed by the City Council each year prior to the update of these financial policies to ensure that the allocations are adequate to support Council approved operating costs identified in:

- a. Capital Improvement Plans;
- b. Financial plans;
- c. Department business plans; or
- d. Master plans.

10.02.120.032 Program enhancements or new programs which are presented to the City Council or Budget Commission for review shall include an analysis of the impact of the new/enhanced program on the property tax allocation policy.

10.02.120.033 New revenue sources which could reduce the reliance on property taxes will continue to be sought, but will not necessarily result in a reduction of property taxes to the fund unless the new revenue is adequate to address all of the financial and business plans within the fund.

10.02.120.040 Allocation

Property taxes are allocated annually according to the Budget Commission and City Council direction through the annual budget process.

10.02.120.050 Stability

Every effort shall be made to hold the property tax allocation rates stable for a minimum of two years to improve long-term financial planning and fiscal stability.

CP 10.03 OPERATING BUDGET POLICIES

10.03.010 General Description

Policies dealing with the expenditure of the operating budget.

10.03.020 Operating Budget -- Pay-As-You-Go

10.03.020.010 Pay-As-You-Go

The City shall attempt to conduct its operations from existing or foreseeable revenue sources. Achieving pay-as-you-go requires the following practices:

- a. current direct and indirect costs for operations and maintenance will be controlled and will be funded with current revenues, and
- b. revenue and expenditure forecasts will be prepared annually for all operating funds prior to budget discussions.

10.03.020.020 Cost Allocation Plan

The Finance Director shall prepare a full cost allocation plan tri-annually to provide accurate, complete estimates of indirect service costs. The plan will be updated annually during budget development.

10.03.020.030 Mandated Costs

Costs attributable to mandates of other government agencies shall be included in the annual budget.

10.03.030 Budget Balance

The Finance Director will prepare a budget for each fund each year where resources on a modified accrual basis either equal or exceed all expenditures in the City Council Adopted Budget in compliance with Oregon Administrative Rule 150-294.

- a. Resources available include all revenue anticipated in the budget year, including taxes, fees, charges for service, fines, intergovernmental payments, miscellaneous revenue, transfers, other financing sources, expendable reserves, and beginning fund balances.
- b. Expenditures include all planned expenditures for operations, inter-fund transfers, capital budget, debt service, Council Reserves and contingencies.

10.03.040 Budget Performance Reporting

10.03.040.010 Quarterly Reports

The Finance Director shall submit a Quarterly Operating Report (QOR) to the Budget Commission within 45 days of the close of the fiscal quarter. The QOR will be reviewed by the Administrative Services Committee and be accepted by the City Council. At a minimum, the QOR will include income statements for all operating funds of the City, and may include other information such as the status of the City Council's Values and Goals and departmental performance information.

10.03.040.020 Performance Indicators

Where practical, the City shall develop and employ performance indicators to be included in the budget.

10.03.050 Maintenance, Repair & Replacement

10.03.050.010 Master Plans

The City shall maintain master plans for all major infrastructure systems. Master plans provide direction about system needs (such as pipe size and reservoir locations) for predicted population build out of the community. Infrastructure master plans are required for Parks, Transportation, Water Plant, Water Distribution system, Wastewater Plant, Wastewater Collection system, Storm Water system, and the Airport. The master plans shall be adopted by the City Council as amendments to the City's Comprehensive Plan.

Projects identified via an infrastructure master plan will be scheduled based on the priority of the project as identified in the master plan and will be budgeted in the Capital Improvement Program (CIP) when resources are available to implement the project.

10.03.050.020 Annual Inventory

The City will conduct an inventory of all fixed assets in conjunction with the annual audit. During the inventory, any excess wear and tear will be noted by staff and used to update replacement plans during the following budget preparation cycle.

10.03.050.030 Equipment Replacement Plans

Assets which are not part of a major infrastructure system or buildings and land, including vehicles, computers, and specialized equipment required for normal work (i.e., defibrillators, bullet proof vests), will be tracked by each department with replacement plans made for at least the next seven years. These schedules will be updated annually in conjunction with the budget process.

Every effort will be made to develop an equipment replacement schedule that results in a stable annual spending level. If spending levels cannot be stable, staff will set aside in reserves an equal amount each year adequate to fully fund the project in the future.

Consideration for scheduling replacement shall include:

- a. Age of the asset and its manufacturer's recommended useful life;
- b. Wear and tear on the asset;
- c. Environmental conditions which may shorten or lengthen the useful life of the asset;
- d. The cost/benefit to complete routine maintenance and delay replacement; and
- e. The cost/benefit of early replacement with more efficient and/or less expensive technology.

10.03.050.040 Facility Maintenance

The seven-year facility maintenance schedule for major maintenance or replacement projects for all City-owned buildings will be updated annually. The primary goal of the plan is to complete maintenance projects prior to system failures that would cause a decrease in service levels to citizens. Criteria for including projects are the same as those identified in 10.03.050.030.

10.03.050.050 Maintenance Costs from the CIP

Projects included in the proposed CIP will identify the anticipated operating costs or savings associated with the project. Operating costs from CIP projects will be included in the seven-year financial plan for the

appropriate fund prior to approval of the CIP by the CIP Commission, Budget Commission or City Council.

10.03.060 Personal Services

10.03.060.010 Compensation Rates

The City of Corvallis shall strive to pay fair total compensation to its employees, in balance with the City's reasonable ability to pay and to provide services to the community in accordance with City Council goals and priorities. Total compensation includes both salary and fringe benefit levels. The City Council has adopted Council Policy 91-3.02 which identifies how total compensation rates will be determined.

10.03.060.020 Compensation Survey

The City shall conduct compensation surveys, both internally and of similar positions in comparable cities as necessary. These surveys shall be the basis for determining fair total compensation in accord with Council Policy and state law.

10.03.060.030 Work Force Changes

The City's work force, measured in FTE (full time equivalent) shall not fluctuate more than 2% annually without corresponding changes in service levels or scope.

10.03.060.040 Cost Analysis

In establishing pay rates a cost analysis of rate increases will be conducted and shall include the effect of such increases on the City's share of related fringe benefits and unfunded liabilities (including non-salary related benefits), impact on total compensation, the City's ability to pay, and the reasonable cost to provide City services in accordance with City Council goals and priorities.

10.03.060.050 Benefits

Long term costs of changes in benefit packages shall be estimated as well as their impact on total compensation, and this information shall be fully disclosed to the City Council before negotiated labor agreements are affirmed. Benefits are considered in the context of total compensation, the City's ability to pay, and the reasonable cost of providing City services.

10.03.070 Contingency

10.03.070.010 Contingency Amount

To meet emergency conditions, the budget shall provide for an appropriated contingency of at least 2% of estimated annual operating revenues. All governmental and enterprise funds shall maintain a contingency. The contingency shall be exclusive of all reserves.

10.03.070.020 Contingency Use

Use of the contingency should be infrequent and for unanticipated expenditures such as costs associated with a response to a disaster, or to meet unanticipated increases in service delivery costs. The City Council must authorize expenditure of any contingencies via a resolution.

10.03.070.020 Contingency in Excess of 2%

The Finance Director may recommend a contingency in excess of 2% of current revenue in specific funds to address specific needs. When this occurs, the Finance Director will provide the Budget Commission and City Council with information regarding the reasons for the recommendation.

10.03.070.030 Contingency Below 2%

Where correction of a fund balance deficit causes the contingency to be budgeted below 2% of operating revenue, a gradual correction of the problem over a two year period is preferable to a one-time jump in rates, or substantial decreases in other expenditure plans.

CP 10.04 CAPITAL IMPROVEMENT POLICIES

10.04.010 General Description

Policies relating to the five-year capital improvement program and special funds necessary to address particular needs of the community.

10.04.020 Capital Improvement Program

10.04.020.010 Definition of a Capital Project

A capital project must:

- a. Cost more than \$10,000, and
- b. be a permanent addition to the fixed assets of the City, and
- c. purchase land, or
- d. construct a new building, or
- e. remodel or add to an existing building, or
- f. construct/install public infrastructure, or
- g. replace existing infrastructure.

For any project which meets the definition of a capital project, all costs for the project including design, land or right-of-way acquisition, appraisals, construction, construction management, furnishings, and legal or administrative costs will be included in the project budget.

10.04.020.020 Five-year CIP

A five-year Capital Improvement Plan (CIP) shall be developed and presented annually by staff to the CIP Commission, reviewed by the Planning Commission for compliance with the comprehensive plan, reviewed by the Budget Commission for compliance with long-term financial plans, and approved by the City Council. This plan shall contain all capital improvements from all funds and departments of the City. The first year of the plan shall constitute the next year's capital budget.

10.04.020.030 Existing Assets

A high priority shall be placed on repair or replacement of capital assets when such assets have deteriorated to the point of becoming hazardous, incur high maintenance costs, are negatively affecting property values, and/or are no longer functionally serving their intended purposes.

10.04.020.040 Construction Standards

Capital improvements constructed in the City shall be designed and constructed based on published construction standards which shall be periodically updated by the City Engineer. The construction standards will assure projects are built with an acceptable useful life and minimum maintenance costs.

10.04.030 Intergovernmental Assistance

Intergovernmental revenue, unless restricted for use to operating purposes by the granting agency, shall be used to finance only those capital improvements that are consistent with the capital improvement plan and local government priorities, and whose operations and maintenance costs have been included in operating budget forecasts.

10.04.040 Capital Improvement Maintenance

10.04.040.010 Maintenance Standards

Standards of maintenance to adequately protect the City's capital investments shall be developed and periodically updated. The annual budget will be prepared to meet established maintenance schedules.

10.04.040.020 Operating Budget Impacts

Future operating budget impacts for new capital facilities will be analyzed and included in the seven-year financial plans as part of considering a proposed capital project.

10.04.050 Capital Improvement Financing

10.04.050.010 Appropriate Funding

Within the limitation of existing law, various funding sources may be used for capital improvements. When capital projects are proposed, appropriate funding will be identified.

10.04.050.020 Unspent Funds

Upon completion of capital projects, the Finance Director shall certify any unspent funds from the project. The most restrictive project revenues shall be used first so that unused funds will have the fewest restrictions on future use. Unspent capital project funds, except bond funds, shall be returned to their original source. If there are unspent funds from a bond issue, those monies will be allocated according to stipulations in the bond indenture. In no case shall projects incur a funding deficit without the express approval of the City Council.

10.04.050.030 Interest Earnings in the Capital Construction Fund (governmental fund)

10.04.050.031 Interest earnings shall be allocated to each project based on the project's proportion of the cash balance in the fund. Projects which have a negative cash balance due to timing of reimbursements of grants or loans will not accrue interest revenue or an interest expense.

10.04.050.032 Interest earnings which are restricted due to the funding source (i.e., grant, bond issue) shall be spent in compliance with those restrictions.

10.04.050.033 Interest earnings not otherwise limited will be considered the most restricted City funds in the project and will be spent first in compliance with Financial Policy 10.04.050.020.

10.04.050.040 Interest Earnings in the Proprietary Fund Construction Components

10.04.050.041 Interest earnings which are restricted due to the funding source (i.e., grant, bond issue) shall be spent in compliance with those restrictions.

10.04.050.042 All non-restricted interest earnings will be accrued to the operating fund and will be available to spend on either operations or future capital projects.

CP 10.05 ACCOUNTING POLICIES

10.05.010 General Description

Policies relating to financial accountability, reporting, and the system that the City utilizes in accounting for its financial transactions.

10.05.020 Internal Controls

The City shall establish and maintain a process that is designed to provide reasonable assurance that the City is achieving the following objectives:

- a. effective and efficient operations,
- b. reliable and accurate financial information,
- c. compliance with applicable laws and regulations, and
- d. safeguarding assets against unauthorized acquisition, use, or disposition.

10.05.030 Financial System

10.05.030.010 Purpose of the Financial System

The financial system shall be used as the means of recording and reporting financial transactions in a way that will assist users in assessing the service efforts, costs and accomplishments of the City.

10.05.030.020 Financial System Characteristics

The City's accounting and reporting system shall demonstrate the following characteristics:

- a. reliability,
- b. accuracy,
- c. consistency,
- d. timeliness,
- e. efficiency,
- f. responsiveness,
- g. compliance with legal requirements, and
- h. compliance with generally accepted accounting principles (GAAP).

10.05.030.030 Funds

By Council resolution, the City shall establish and maintain only those funds that are necessary by law and for sound financial administration. The funds shall be structured in a manner consistent with GAAP, to maximize the City's ability to audit, measure and evaluate financial performance. The fund structure will be reviewed annually and the Finance Director will recommend changes to improve compliance with Council policies, financial planning, resource allocation and service delivery will be made to the City Manager at the beginning of the annual budget process.

10.05.030.040 Chart of Accounts

The City shall establish and maintain a chart of accounts that is consistent with external financial reporting requirements while meeting the information needs of Corvallis citizens and the budgetary and reporting needs of City management and staff.

10.05.040 External Financial Reporting

10.05.040.010 Comprehensive Annual Financial Report (CAFR)

The City shall annually prepare and publish, by December 31st of each year, a Comprehensive Annual Financial Report (CAFR) in conformity with generally accepted accounting principles. The CAFR shall include but not be limited to:

- a. an explanation of the nature of the reporting entity,
- b. the extent of activities conducted by the City,
- c. comparison of actual activity to adopted budget,
- d. an explanation of the City’s fiscal capacity,
- e. disclosure of short and long term liabilities of the City,
- f. fixed assets reporting,
- g. cash policies and compliance reporting,
- h. accounting policies, controls and management responsibilities, and
- i. all other disclosures required by GAAP.

10.05.040.020 Annual Audit

The City shall hire an independent external auditor to perform an annual audit of the financial statements, including tests of the internal controls. It is the City’s objective that the financial statements receive an unqualified opinion, an opinion in which the auditor can state, without reservation, that the financial statements are fairly presented in conformity with GAAP.

CP 10.06 DEBT POLICIES

10.06.010 General Description

Policies relating to the long-term financing of the City’s capital improvement program.

10.06.020 Use of Debt Financing

10.06.020.010 Long-term Debt

The City of Corvallis shall only use long-term debt for capital projects that cannot be financed out of current revenues within the Revenue Policy guidelines for rate increases. Debt financing shall generally be limited to

one-time capital improvement projects and only under the following circumstances:

- a. when the project’s useful life is greater than or equal to the term of the financing;
- b. when project revenue or specific resources will be sufficient to service the debt; and,
- c. when the project will benefit the citizens of Corvallis.

10.06.020.020 Use of Debt Financing

Debt financing shall not be considered appropriate for:

- a. Current operating and maintenance expenses (except for issuing short-term instruments such as revenue anticipation notes or tax anticipation notes); and
- b. Any recurring purpose (except as indicated above).

10.06.020.030 Tax/Revenue/Bond Anticipation Notes

Tax and revenue anticipation debt will be retired within the fiscal year issued, and bond anticipation notes will be retired no later than six months after the completion of the project.

10.06.020.040 Short-term Debt

Short-term debt outstanding at the end of the year will not exceed 5% of net operating revenues (including tax anticipation notes but excluding bond anticipation notes.)

10.06.030 Limits on Debt Issuance

10.06.030.010 Vote to Issue General Obligation Debt

The issuance of general obligation bonds requires an affirmative vote of a majority of electors voting. Constitutional limitations implemented by Measure 50 address voter requirements. For general elections (November in even numbered years) a simple majority of votes is required. For all other elections, a simple majority of registered voters must vote in the election, and of those voting a simple majority must vote affirmatively.

10.06.030.020 Statutory General Obligation Bond Debt Limits

Oregon Revised Statutes chapters 287 and 288 limit the outstanding general obligation principal indebtedness of the City other than bonds issued for water, sanitary or storm sewers to 3% of the true cash value of the taxable property within the City.

10.06.030.030 Council Imposed Debt Limits

The annual general obligation debt service for long-term issues (greater than five years), where the debt service is paid from property tax sources, shall not exceed 15% of the combined operating and capital budgets in the Governmental funds.

10.06.030.040 Limited Tax General Obligation Bonds

The outstanding principal debt for Limited Tax General Obligation Bonds (LTGO), non-self-supporting leases, and full faith and credit lease purchases, is limited to 1% of the true cash value of the taxable property in the City. Furthermore, annual debt payments shall not exceed 5% of the combined operating and capital budgets in the Governmental Funds.

10.06.030.050 Revenue Bonds

Revenue secured debt obligations will be undertaken only after a study of the projected operating, maintenance, debt service and coverage requirements and the impact of these requirements on user rates has been completed. The outcome of the study will be shared with the City Council prior to issuing the debt.

10.06.040 Debt Issuance

10.06.040.010 Timing of Debt Issuance

The timing for each debt issue in association with the construction schedule will be carefully considered. Staff will consider the following:

- a. Projected cash flow requirements for the capital project;
- b. Cash reserves on hand to temporarily fund preliminary project expenses;
- c. Spend down schedules identified by the IRS to meet arbitrage limitations; and
- d. Market conditions.

10.06.040.020 Competitive Sale

All bonds will be sold at competitive sale unless it is in the City's best interest to sell at a negotiated sale. The City reserves the right to reject any and all bids at a competitive sale and sell the bonds at a negotiated sale if it is in the best interest of the City of Corvallis to do so.

10.06.040.030 Refunding Bonds

Refunding bonds may be authorized by the City Council providing the issuance complies with the rules adopted by the State Treasurer and outlined in Oregon Revised Statutes.

10.06.040.040 Annual Debt Payment Limits

To maintain the City's credit rating and expenditure flexibility, the annual debt service payments the City must make on net direct long-term general obligation debt shall not exceed 10% of operating revenue. To achieve this goal, on a per issue basis, the City will structure its debt to pay no less than 33% of the principal on bonds sold during the first half of the repayment term.

10.06.040.050 Overlapping Debt

City staff shall endeavor to notify the City Council of the debt issuance plans of the City's overlapping taxing jurisdictions and the possible impact such debt plans may have on the City's debt capacity.

10.06.040.060 Investment of Bond Proceeds

Receipt of bond proceeds will be timed to occur in conjunction with construction. However, it is acknowledged that in most cases bond proceeds will not be fully expended as soon as they are received. The City shall invest the proceeds from debt issuance in the legally authorized investment instruments for local governments in Oregon to maximize interest earnings available for the capital project. Prior to choosing an investment instrument, staff will take into consideration projected cash flow of the project and the likelihood that IRS spend down targets will be met or exceeded. The investment instrument(s) shall be chosen to maximize interest earnings and minimize any arbitrage penalties which may accrue within the established IRS regulations.

10.06.050 Leasing

Lease purchase financing shall be considered only when the useful life of the item is equal to or greater than the length of the lease, and a lease purchase is the most economical method of purchasing available. If the item may become technologically obsolete or is likely to require major repair during the lease purchase period, then the item should be either purchased with cash or placed on an operating lease.

10.06.060 Rating Agency Relationship

10.06.060.010 Reporting

The City shall maintain good communication with bond rating agencies about its financial condition. The City will follow a policy of full disclosure on every financial report and bond prospectus.

10.06.060.020 Compliance with SEC Rules

The City will comply with all aspects of the Securities and Exchange Commission rule 15c2-12 pertaining to secondary market disclosure.

10.06.070 Debt Management Plan

10.06.070.010 Debt Management Plan

A Comprehensive Debt Management Plan shall be developed and updated prior to the issuance of any additional debt. The Comprehensive Debt Management Plan shall encompass all debt of the City including, but not limited to:

- a. detail of the sources of funding for all debt;
- b. current and future debt capacity analysis;
- c. issues to be addressed for sound debt management;
- d. a contingency debt plan should any of the funding sources become unavailable in the foreseeable future; and
- e. reporting as to the City's compliance with its debt policies.

10.06.070.020 Review

The Administrative Services Committee shall review the Comprehensive Debt Management Plan prior to the issuance of new debt and any recommendations made therein.

CP 10.07 RISK MANAGEMENT POLICIES

10.07.010 General Description

Policies related to managing the financial risks of the City.

10.07.020 Risk Management Report

The City Manager shall annually prepare a Comprehensive Risk Management Report, including but not limited to:

- a. a summary of the past year's risk management claims,
- b. an identification of current and potential liability risks or activities potentially impacting the City's finances,
- c. specific strategies to address the risks identified, and
- d. a summary of the past year's safety and violence in the workplace activities.

10.07.030 Risk Management Program

The City shall implement and maintain a Risk Management program designed to decrease exposure to risk. At a minimum, the program shall include:

- a. a safety program that emphasizes reducing risks through training and safe work habits,
- b. an annual examination of the City's insurance program to evaluate how much risk the City should assume, and
- c. other risk management activities, including review of all City contracts with respect to indemnification and insurance provisions.

10.07.040 Risk Management Fund

10.07.040.010 Purpose

The Risk Management Fund shall be used to provide for insurance coverages, uninsured losses in excess of \$250, safety program expenses, and prudent reserves, contingencies and fund balances.

10.07.040.020 Catastrophic Reserves

The targeted balance for unappropriated catastrophic reserves shall be \$450,000 each year. Appropriated catastrophic reserves which are drawn down will be rebuilt the following fiscal year. Unappropriated catastrophic reserves which are drawn down below the recommended target will be re-built at the rate of \$100,000 per year, or sooner if practical.

10.07.040.030 Unreserved Fund Balance Target

The unreserved fund balance target for the Risk Management Fund shall be \$40,000. Should the ending fund balance drop below \$40,000 in any fiscal year, it will be re-built the following year. Ending unreserved balances in excess of \$40,000 will be used as a dividend to departments if the catastrophic reserves are fully funded or can be used as funding for additional expenditures in the safety program as directed by the City Manager and appropriated within the following budget year. If the excess is used as a dividend to departments, the funds will be returned to departments based on experience.

CP 10.08 INVESTMENT POLICIES

10.08.010 General Description

Policies relating to the investment of City funds.

10.08.020 Purpose

It is the purpose of these investment policies to establish and provide guidelines for the safe and efficient management of City funds, and the purchase and sale of investment instruments. The goal is to minimize risk and ensure the availability of cash to meet expenditures, while minimizing idle funds.

10.08.030 Scope

10.08.030.010 Application of Policy

These investment policies apply to all cash-related assets within the scope of the City's audited financial statements and held directly by the City. Funds held and invested by trustees or fiscal agents are excluded from these policies; however, such funds are subject to regulations established by the State of Oregon.

10.08.030.020 Pooled Cash

The City of Corvallis will make use of pooled cash to invest under the prudent investor rule. The rule states "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment considering the probable safety of their capital as well as the probable income to be derived."

10.08.040 Objectives

The City's investment objectives are:

- a. Preservation of capital and the protection of investment principal,
- b. Conformance with federal, state and other legal requirements,
- c. Maintenance of sufficient liquidity to meet operating requirements,
- d. Diversification to avoid incurring unreasonable risks regarding specific security types or individual financial institutions,
- e. Attainment of a market rate of return throughout budgetary and economic cycles,
- f. Investment purchases made with the intent to hold until maturity.

10.08.050 Responsibility

10.08.050.010 Authority

The authority for investing City funds is vested with the City Manager, who, in turn, may designate the Finance Director as Treasurer to manage the day-to-day operations of the City's investment portfolio, place purchase and sell orders with dealers and financial institutions, and prepare reports as required.

10.08.050.020 Investment Council

To assist the City Manager in carrying out this management responsibility for the investment program, the Investment Council has been created. The Investment Council shall be composed of the City Manager, the

Finance Director, the City Attorney, and a citizen of the City of proven integrity and business ability. The City Council President, or the Council Vice-President if the Council President is unable to serve, shall serve ex-officio as a voting member.

10.08.050.030 Investment Council Charge

The Investment Council is responsible for providing advice with respect to the investment decisions, activities, and establishment of written procedures for the investment operations. Monitoring of the portfolio shall be performed by the Investment Council at least quarterly and verified by the City's independent auditor at least annually. The Investment Council shall review investment reports, investment strategies, investment holdings, banking relationships, and the legality and probity of investment activities.

10.08.050.040 Investment Council Meetings

The Investment Council shall meet quarterly. At each meeting, the Investment Council reviews investment reports submitted by the City Treasurer reflecting investment activity for each of the immediately preceding three months. Acceptance of the report must be unanimous. Should the reports not be accepted, the reports shall be revised accordingly by the City Treasurer and resubmitted to the Investment Council at its next regularly scheduled meeting or sooner if requested.

10.08.050.050 Investment Maturity Matches Cash Flow

Recognizing that the City's need for funds is not constant, the City Treasurer should schedule investments in coordination with all funds such that there is as little idle cash as practical, consistent with the projected cash flow budget.

10.08.050.060 Administrative Investment Policy

The City Treasurer shall annually update the City's administrative policy for investments, to be reviewed and approved by the Investment Council prior to adoption. Significant changes to the Investment Administrative Policy shall be submitted to the Oregon Short Term Fund Board for review after City Manager approval.

10.08.060 Investment Instruments/Vehicles

10.08.060.010 Investment Instruments

Funds of the City of Corvallis must be limited to those investments allowed by the statutes of the State of Oregon and as identified in the Investment Administrative Policy.

10.08.060.020 Investment Diversification

Funds of the City of Corvallis will be invested in accordance with diversification by financial institution and by maturity as outlined in the Investment Administrative policy.

10.08.070 Reporting Requirements

10.08.070.010 Annual Reports

The City Treasurer shall submit an annual Statement certifying compliance with the Investment Administrative Policy to the Investment Council, noting compliance. This statement shall be filed by August 1 of each year.

10.08.070.020 Monthly Reports

The City Treasurer shall provide the Investment Council with a Monthly Investment Report reviewing the compliance with the Investment Administrative Policy and providing data on investment instruments being held, as well as any narrative necessary for clarification. The Monthly Investment Report shall include summary information about all investments held in the City's portfolio as of the end of the month, and shall be issued within 21 days after the end of the monthly reporting period.

10.08.070.030 Internal Control Procedures

The City Treasurer shall submit the written internal control procedures to the Investment Council as needed.

GOVERNMENTAL STRUCTURE

The City of Corvallis is governed by a representative government organized pursuant to a Home Rule Charter adopted by the voters in 1949 and most recently amended in 2006. The Charter establishes the Council/Manager form of government to carry out local governance for the community.

The nine-member City Council is elected by ward to serve a two-year term as the governing body for Corvallis. The Mayor presides at Council meetings and is elected at-large for a four-year term. Council members and the Mayor perform this community service without compensation. The Mayor and Council provide community leadership, develop policies to guide the City in delivering services and achieving community goals, and encourage citizen awareness and involvement.

The City Council appoints the City Manager to oversee the administrative operations of the City. The City Manager is responsible for implementing Council policies using the resources appropriated by the Council. City services are delivered by eight operating departments: City Manager's Office, Community Development, Finance, Fire, Library, Parks and Recreation, Police, and Public Works. All departments are headed by managers with the education, expertise and commitment to deliver quality services to Corvallis citizens.

The City Council appoints a City Attorney to advise the Council and City staff on legal affairs, to ensure that all laws are effectively enforced, to prosecute violations of City ordinances and State laws, and, when necessary, to defend the City in litigation.

The City Council appoints a Municipal Judge to preside over the Corvallis Municipal Court and ensure that cases involving municipal offenses are fairly decided on a timely basis in a manner consistent with community values.

STANDING COMMITTEES

The Mayor and City Council are advised by three standing Council committees. The committees include three Council members who review issues and topics and make recommendations to the City Council:

1. The Administrative Services Committee -- responsible for the City's financial policies, fiscal impact review, Capital Improvement Program fiscal review, risk management and litigation issues, personnel and labor relations;
2. The Human Services Committee -- responsible for social services, recreation, park and open space issues, law code enforcement, library service issues, and intergovernmental agreements;

3. The Urban Services Committee -- responsible for Planning Commission recommendations, utility issues, infrastructure issues, Airport development, structural code enforcement, fire department issues, and the Capital Improvement Program.

The Mayor and City Council are also advised and assisted in establishing City policy by twenty advisory boards and commissions. Nearly 200 citizens are appointed by the Mayor, with Council approval, to serve on the advisory boards and commissions to ensure responsiveness to community concerns and needs.

CORVALLIS BOARDS AND COMMISSIONS

Citizen participation on City of Corvallis boards and commissions serve two important purposes: citizens are directly involved in their local government and can have a positive impact on the future of their community; and, the City Council receives timely input and information regarding issues and potential impacts on citizens.

The various boards and commissions serve in an advisory capacity to the City Council within their respective areas of municipal policy. Members are unpaid volunteers who devote countless hours of their time to these community activities. Anyone living in Corvallis, employed or self-employed full time in Corvallis, or residing within Corvallis' Urban Growth Boundary may serve on these advisory boards and commissions. Typically, each term of office runs for three years; members are appointed by the Mayor and confirmed by the City Council; no individual member may serve more than three full consecutive terms or nine years.

- Airport Commission - Advises the City Council on policy matters concerning the management, care, and control of the airfield and industrial park property. (8 members and 1 non-voting Council representative)
- Bicycle and Pedestrian Advisory Commission - Advises the City Council on policy matters relating to bicycle and pedestrian use, operation, routing, and safety in the City limits. (6 members, 1 Associated Students of Oregon State University (ASOSU) representative, and 1 non-voting Council representative)
- Board of Appeals - Hear and decide appeals of orders, decisions or determinations made by the Building Official, Fire Chief or Community Development Director regarding the application and interpretation of the Building, Fire and Housing Codes. (6 members and 1 non-voting Council representative)

- Budget Commission - Advises the City Council concerning the budgetary policies of the City and has the power and duties established by State law. (9 City Council Members and 9 citizen members)
- Capital Improvement Program Commission - Advises the City Council on matters of infrastructure maintenance and enhancement through review of the annual Capital Improvement Program. (8 members and 1 non-voting Council representative)
- Citizens Advisory Commission on Transit - Advises the Council on policy matters relating to the operation, maintenance, and expansion of the Corvallis mass transit system and on other mass transit systems interfacing with the Corvallis Transit System. (7 members, 1 ASOSU representative, 1 OSU representative and 1 non-voting Council representative)
- Civic Beautification and Urban Forestry Commission - Advises City Council on matters related to the planting, maintenance, preservation and removal of community trees and landscape beautification. Commission oversees the Civic Beautification Fund and promotes beautification projects which enhance the appearance of the community. (9 members, 1 non-voting Council representative and 1 non-voting Oregon State University representative)
- Committee For Citizen Involvement - Informs citizens about how to participate in all phases of land use planning and decision making in accordance with Statewide Goal One. (9 members, 1 non-voting Council representative and 1 non-voting Planning Commission representative)
- Community Police Review Board - Provides the community with an objective, unbiased, citizen-based, accessible process for reviewing complaints against the Police Department and Police Officers. Established to provide the community with information regarding the accountability of its Police Department in a way that builds trust and enhances communication between the Police and all members of the community. (7 members and 1 non-voting Council representative)
- Corvallis-Benton County Public Library Board - Advises the City Council on all policy matters pertaining to the operation, expansion, and level of service provided by the Library. Membership reflects the fact that the County contracts with the City to provide services to Benton County. (5 County appointed members, 5 City appointed members, 1 non-voting County Commission representative and 1 non-voting Council representative)
- Downtown Parking Commission - Assists citizens, City Council and staff to pursue opportunities to integrate new parking development with the community's vision of a diverse and vital downtown, and to decrease the demand for parking by encouraging the use of alternative modes of transportation. Advises the City Council in the development and implementation of Downtown parking solutions. (11 members and 1 non-voting Council representative)
- Historic Resources Commission- Advises and assists the City Council in all policy matters pertaining to historic and cultural resource preservation. (10 members, 1 non-voting Council representative and 1 Planning Commission representative)
- Housing and Community Development Commission - Oversees the planning for, and delivery of, City housing and community development assistance that utilizes local resources and funding from the federal Community Development Block Grant program and HOME Investment Partnerships program. Formulates and recommends policy to the City Council on housing and community revitalization issues with an emphasis on the needs of low income residents. (9 members and 1 non-voting Council representative)
- Land Development Hearings Board - The Board hears and acts on appeals resulting from alleged errors in orders, requirements, decisions, and interpretations of the Community Development Director or designated administrative officers charged with the enforcement of the Land Development Code and such other matters as required by Code. (A 3-member Planning Commission sub-committee)
- Library 2010 Legal Reserve Board - Advises the City Council on all matters related to allocating the annual Library 2010 Legal Reserve budget. The 2010 Legal Reserve is intended for enhancements over and above the annual operation funding provided by the City of Corvallis and Benton County, including enhancements to current Library collections, public furnishings and equipment, automation system upgrades, and structural maintenance. (8 members, and 1 non-voting Council representative)
- Martin Luther King, Jr. Commission - Plans the annual memorial celebration held each January to commemorate Dr. Martin Luther King, Jr, as well as other special events and activities throughout the year to celebrate diversity in the community. Also serves as the Affirmative Action Advisory Committee. (7 members, 1 County representative and 1 non-voting Council representative)

- Parks, Natural Areas and Recreation Board - Advises the City Council on policy matters pertaining to Corvallis parks resources and recreation activities. (9 members, 1 non-voting Council representative and 1 School District representative)
- Planning Commission - Serves as an advisory body to the City Council on land use planning matters and reviews development applications for compliance with City plans and ordinances. (9 members and 1 non-voting Council representative)
- Public Arts Selection Commission - Selects public art for the City of Corvallis consistent with Council policy. (7 members and 1 non-voting Council representative)
- Watershed Management Advisory Commission - Advises the City Council concerning policy matters related to the management of the Corvallis watershed on Mary's Peak. (7 members and 1 non-voting Council representative).

2007 CITIZEN ATTITUDE SURVEY

WARD RESPONSE - Distribution of response by City Wards:

Ward 1	15.4%
Ward 2	5.4%
Ward 3	12.2%
Ward 4	5.8%
Ward 5	6.1%
Ward 6	11.8%
Ward 7	16.7%
Ward 8	16.7%
Ward 9	<u>9.9%</u>
	100.0%

1. **The City's Comprehensive Communications Plan provides methods for communicating with and involving residents. Below is a list of sources that can be used to inform citizens about the City. Please indicate whether or not each is a preferred source of information for you.**

	PREFERRED SOURCE?		
	<u>NO</u>	<u>YES</u>	<u>DON'T KNOW</u>
a. "the City" newsletter	19.8%	74.4%	5.8%
b. Information in the <i>Gazette-Times</i>	21.2%	76.0%	2.8%
c. Information in the <i>Barometer</i>	70.6%	21.3%	8.1%
d. Government access tv channel	81.2%	11.0%	7.8%
e. Annual Reports	57.1%	26.0%	16.9%
f. City Web site	50.1%	35.5%	14.4%
g. Speaking engagement by City official	66.8%	13.6%	19.6%
h. Parks and Recreation Activity Guide	28.2%	65.2%	6.6%

2. **Do you think you know as much as you need to about City government, or would you like to know more?**

	<u>2007</u>	<u>2006</u>	<u>2005</u>
1 Know enough	54.4%	42.7%	43.3%
2 Would like to know more	45.6%	57.3%	56.7%

2007 CITIZEN ATTITUDE SURVEY

3. The Library continually looks for ways to improve service to its patrons. Below is a list of possible improvements and additions. Please indicate how valuable each service would be to your household. If no one in your household has used the Library in the past 12 months, skip to question 4.

	<u>2007</u>	<u>2006</u>	<u>2005</u>
1 No, have not used	25.5%	23.5%	22.9%
2 Yes, have used	74.5%	76.5%	77.1%

	<u>VERY VALUABLE</u>	<u>SOMEWHAT VALUABLE</u>	<u>NOT VALUABLE</u>	<u>DON'T KNOW</u>
a. More self-checkout machines	24.1%	44.4%	22.1%	9.4%
b. Self pick-up of holds	22.8%	37.4%	20.3%	19.5%
c. E-books	18.8%	21.3%	31.3%	28.6%
d. Computer classes	20.7%	31.6%	30.3%	17.4%
e. Adult cultural programs	25.9%	36.1%	20.3%	17.7%
f. Downloadable video	17.5%	25.3%	30.9%	26.3%

4. Consistent with the Corvallis 2020 Vision Statement, the City provides many opportunities for recreation and access to the arts, including participation in a sports program, using the Senior Center or Osborn Aquatic Center, checking out books, viewing alley art, and attending community festivals. On average, how often do you or your family take advantage of these opportunities?

	<u>2007</u>
1 Once per year	23.9%
2 Once per month	40.7%
3 One or more times per week	25.0%
4 One or more times per day	9.3%
5 Never	1.1%

2007 CITIZEN ATTITUDE SURVEY

5. City government provides a number of services and facilities to the residents of Corvallis. Please circle whether or not you have used each of the following services or facilities in the last 12 months. If you have used, please rate the quality of that service or facility as excellent, good, fair, or poor.

	<u>USED:</u>		<u>IF USED:</u>				<u>2007%</u>	<u>2006%</u>
	<u>HAVE</u>	<u>YES,</u>	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>	<u>EXC. or</u>	<u>EXC. or</u>
	<u>NOT</u>	<u>HAVE</u>	<u>EXC.</u>	<u>GOOD</u>	<u>FAIR</u>	<u>POOR</u>	<u>GOOD</u>	<u>GOOD</u>
a. Police services	71.4%	28.6%	34.8%	41.7%	13.9%	9.6%	76.5%	75.7%
b. 911	85.2%	14.8%	65.3%	22.4%	9.2%	3.1%	87.7%	90.0%
c. Fire suppression	98.1%	1.9%	66.7%	33.3%	0.0%	0.0%	100.0%	100.0%
d. Fire prevention/education	91.3%	8.7%	71.4%	25.0%	1.8%	1.8%	96.4%	100.0%
e. Ambulance services	90.2%	9.8%	82.8%	17.2%	0.0%	0.0%	100.0%	95.6%
f. Public library services	25.4%	74.6%	67.6%	31.0%	1.2%	0.2%	98.6%	98.9%
g. City bus service	68.0%	32.0%	34.9%	47.8%	16.3%	1.0%	82.7%	85.3%
h. Bicycle lanes/bicycle trails	37.4%	62.6%	48.9%	44.9%	6.0%	0.2%	93.8%	90.9%
i. Corvallis Senior Center	79.8%	20.2%	56.2%	41.5%	1.5%	0.8%	97.7%	94.0%
j. City parks/trails/open space	16.4%	83.6%	57.0%	40.8%	2.2%	0.0%	97.8%	97.0%
k. City recreation program(s)	72.6%	27.4%	40.9%	52.8%	5.1%	1.2%	93.7%	96.1%
l. Osborn Aquatic Center	63.7%	36.3%	51.7%	41.8%	4.7%	1.8%	93.5%	93.1%
m. Municipal Court services	86.4%	13.6%	25.9%	38.8%	22.4%	12.9%	64.7%	N/A
n. Utility billing customer service	53.2%	46.8%	30.8%	52.8%	13.1%	3.3%	83.6%	83.6%
o. Building inspection services	88.2%	11.8%	39.2%	41.9%	10.8%	8.1%	81.1%	65.8%
p. Public review of land development proposals	90.8%	9.2%	18.6%	44.1%	20.3%	17.0%	62.7%	66.1%
q. Nuisance abatement services	94.5%	5.5%	17.7%	35.3%	29.4%	17.6%	53.0%	56.4%
r. Housing assistance programs	95.9%	4.1%	44.0%	32.0%	16.0%	8.0%	76.0%	90.9%

2007 CITIZEN ATTITUDE SURVEY

6. City government also provides a number of other services used by almost all residents of Corvallis. Based on your experience, please rate the quality of each of the following services as excellent, good, fair, or poor.

	%	%	%	%	%	2007 %	2006 %
	<u>EXCEL- LENT</u>	<u>GOOD</u>	<u>FAIR</u>	<u>POOR</u>	<u>DON'T KNOW</u>	<u>EXC. or GOOD</u>	<u>EXC. or GOOD</u>
a. Drinking water	35.8%	46.6%	11.8%	3.7%	2.1%	82.4%	81.4%
b. Sanitary sewer service	39.3%	48.6%	4.5%	1.0%	6.6%	87.9%	86.9%
c. Storm drainage operation	27.9%	51.7%	10.7%	2.3%	7.4%	79.6%	75.9%
d. Street maintenance	19.9%	48.9%	25.3%	4.8%	1.1%	68.8%	63.4%
e. Traffic signal operation	24.8%	51.4%	16.5%	5.6%	1.7%	76.2%	78.5%

7. Overall, would you rate the job the City is doing in providing City services as excellent, good, fair, or poor?

	<u>2007</u>	<u>2006</u>	<u>2005</u>
1 Excellent	26.8%	23.0%	22.1%
2 Good	63.5%	66.2%	62.2%
3 Fair	7.8%	8.7%	12.9%
4 Poor	1.0%	1.1%	1.3%
5 Don't know	0.9%	1.0%	1.5%

8. The City is creating a strategic plan for managing publicly owned trees along streets, in parks, and in other public spaces. This includes the Central Business District, residential areas, parks, natural areas, etc. Please indicate your opinion about whether or not each of the following should be included in the City's planning.

	<u>NO</u>	<u>YES</u>	<u>DON'T KNOW</u>
a. A planting, pruning, and removal plan for each neighborhood	21.3%	57.4%	21.3%
b. A strategy for funding the planting, pruning, and removal of street/public trees	10.2%	77.0%	12.8%
c. A strategy for funding the repair of sidewalks damaged by tree roots	5.4%	87.2%	7.4%
d. A long-range vision for tree canopy cover in our city	13.4%	65.2%	21.4%
e. A plan to better care for older and newly planted trees	10.8%	71.6%	17.6%

2007 CITIZEN ATTITUDE SURVEY

9. Do you believe each of the following would be very valuable, somewhat valuable, or not valuable features to have on the City's Web site?

	<u>VERY VALUABLE</u>	<u>SOMEWHAT VALUABLE</u>	<u>NOT VALUABLE</u>	<u>DON'T KNOW</u>
a. Submit City forms and permits online	49.7 %	27.0%	5.5%	17.8%
b. Sign up for automatic e-mail updates on subjects I choose	38.8%	34.7%	12.7%	13.8%
c. Webpages by type (e.g. taxpayers, businesses, residents, etc.)	25.0%	33.5%	18.0%	23.5%
d. Podcast City Council meetings	9.4%	34.2%	30.6%	25.8%
e. Videostream/podcast non-City Council meetings	6.1%	30.0%	35.2%	28.7%
f. Submit testimony for a public hearing	20.7%	35.0%	19.0%	25.3%
g. Participate in a chat room, virtual town hall, survey, blog, or social computing site (e.g. MySpace) on specific City topics	11.5%	32.5%	32.9%	23.1%
h. Register for a recreation program	57.9%	28.3%	4.2%	9.6%
i. Reserve a park or community room	59.7%	26.0%	3.6%	10.7%
j. Apply for a City job	52.9%	21.8%	9.1%	16.2%
k. Purchase a bus pass	56.5%	25.2%	5.7%	12.6%
l. Pay parking ticket, court or library fines	57.3%	26.7%	4.9%	11.1%
m. Request a copy of a police report or report a crime	44.6%	32.5%	9.0%	13.9%

10. If you have visited the City's Web site, please skip to question 11. If you have NOT visited the City's Web site, please indicate whether or not each of the following is a reason why.

	<u>NO</u>	<u>YES</u>
a. Do not have Internet access	83.0%	17.0%
b. Did not know the City had a Web site	58.2%	41.8%
c. Did not think there would be anything of interest to me	51.9%	48.1%
d. Visited the site before and did not like it	92.1%	7.9%
e. Do not consider the City Web site to be a credible and trustworthy source of information	89.0%	11.0%

2007 CITIZEN ATTITUDE SURVEY

11. How valuable are the following City services to you as a resident of Corvallis - very valuable, somewhat valuable, or not valuable?

	<u>VERY VALUABLE</u>	<u>SOMEWHAT VALUABLE</u>	<u>NOT VALUABLE</u>	<u>DON'T KNOW</u>
a. Drinking water	96.2%	2.6%	0.9%	0.3%
b. Economic development (e.g. business retention, tourism)	41.9%	46.3%	8.6%	3.2%
c. Fire suppression/prevention services	79.1%	19.7%	0.6%	0.6%
d. Ambulance services	82.3%	15.1%	1.4%	1.2%
e. Landlord/tenant assistance	23.4%	42.1%	24.0%	10.5%
f. Low income/affordable housing assistance	34.9%	34.7%	21.9%	8.5%
g. Land use planning services	45.2%	35.4%	10.6%	8.8%
h. Library services	73.3%	22.9%	3.4%	0.4%
i. Parks and Recreation services	68.1%	29.4%	2.0%	0.5%
j. Police services	82.5%	14.3%	3.0%	0.2%
k. Sanitary sewer services	87.4%	11.1%	0.9%	0.6%
l. Social services	41.3%	41.3%	11.3%	6.1%
m. Storm drainage operation	69.5%	26.4%	2.6%	1.5%
n. Street maintenance	74.0%	24.4%	1.4%	0.2%
o. Transit services	48.1%	38.0%	11.8%	2.1%
p. Weed abatement services	23.0%	50.5%	18.5%	8.0%

12. If funds become available in the future to increase transit service hours, what do you think should be the priority for the increased hours?

	<u>PRIORITY</u>
1 Increase the frequency of transit service (e.g move hourly service to half hour service)	33.3%
2 Extend transit operating hours to later in the evening	29.5%
3 Add Sunday transit service	14.1%
4 Other or combination of above	23.1%

2007 CITIZEN ATTITUDE SURVEY

13. Do you agree or disagree with the following statements?

	<u>AGREE</u>	<u>DISAGREE</u>	<u>DON'T KNOW</u>
a. The City provides quality services	90.3%	2.6%	7.1%
b. The City uses tax dollars wisely and provides good value for the money	43.6%	17.5%	38.9%
c. The City listens to residents and values community input	46.1%	16.1%	37.8%
d. City services are essential and positively impact the quality of life	92.8%	2.6%	4.6%
e. City Council actions promote a better community	51.1%	13.9%	35.0%

14. All in all, do you think Corvallis is growing too quickly, too slowly, or at about the right pace?

	<u>2007</u>	<u>2006</u>	<u>2005</u>
1 Too quickly	28.1%	22.9%	25.7%
2 At about the right pace	58.2%	61.3%	53.6%
3 Too slowly	13.7%	15.8%	20.7%

15. What race or ethnicity best describes you?

	<u>2007</u>
1 African American	0.2%
2 Asian	2.3%
3 Caucasian	90.1%
4 Hispanic/Latino	1.8%
5 Native American	1.7%
6 Native Hawaiian or Pacific Islander	0.2%
7 Two or more races	3.7%

16. What is your gender?

	<u>2007</u>	<u>2006</u>	<u>2005</u>
1 Male	42.7%	44.7%	42.7%
2 Female	57.1%	55.3%	57.3%
3 Other gender identity or expression	0.2%	N/A	N/A

2007 CITIZEN ATTITUDE SURVEY

17. How many years have you, yourself, lived in Corvallis?

	<u>2007</u>	<u>2006</u>	<u>2005</u>
1 Less than 5 years	18.7%	20.9%	19.0%
2 5 to 9 years	15.4%	16.4%	14.6%
3 10 to 19 years	23.1%	24.0%	26.4%
4 20 to 29 years	18.9%	16.5%	16.5%
5 30 years or more	23.9%	22.2%	23.5%

18. In which age category are you?

	<u>2007</u>	<u>2006</u>	<u>2005</u>
1 18 - 34	21.8%	21.5%	23.4%
2 35 - 44	16.0%	17.7%	14.5%
3 45 - 60	35.6%	33.1%	36.7%
4 61+	26.6%	27.7%	25.4%

19. And finally, would you say that you usually vote, or usually do not vote on City issues?

	<u>2007</u>	<u>2006</u>	<u>2005</u>
1 Usually vote on city issues	90.6%	91.2%	89.0%
2 Usually do not vote on city issues	9.4%	8.8%	11.0%

GLOSSARY OF BUDGETARY TERMS

Accountability - The condition, quality, fact or instance of being obliged to reckon or report for actions or outcomes.

Accrual Basis of Accounting - The basis of accounting under which transactions are recognized when they occur, regardless of the timing of related cash flows.

Ad Valorem Tax - A tax based on the assessed value of taxable property.

AFSCME - American Federation of State, County, and Municipal Employees.

Annexation - The incorporation of land into an existing city with a resulting change in the boundaries of that city.

Appropriation - Legal authorization granted by City Council to make expenditures and incur obligations.

Appropriation Resolution - The official enactment by the legislative body establishing the legal authority for officials to obligate and expend resources.

Assessed Value - The value set by the County assessor on real and personal taxable property as a basis for levying taxes.

Assessments - An amount levied against a property for improvements specifically benefiting that property.

Bancroft - Bonds issued for improvements in special districts, amortized for 10 years or more, and assessed against the specific property benefiting from the improvement. Property owners make scheduled payments to the issuing jurisdiction until the Bancroft assessment has been paid in full.

Benefits - Employee benefits mandated by state and federal law, union contracts, and/or Council policy. The most common forms of fringe benefits are pension plans, health and life insurance, vacation, sick and holiday leave, deferred compensation, automobile allowances, disability insurance, and educational and incentive pay.

Bonds - A written promise to pay a sum of money (principal or face value) at a future date (maturity date) along with periodic interest paid at a specified percentage of the principal (interest rate). Bonds are typically used to finance long-term capital improvements.

Budget - A plan of financial operation, embodying an estimate of proposed expenditures for a given period (typically a fiscal year) and the proposed means of financing them (revenue estimates). Upon approval by the City Council, the budget appropriation resolution is the legal basis for expenditures in the budget year.

Budget Calendar - The schedule of key dates or milestones which a government follows in the preparation and adoption of the budget.

Budgetary Control - The monitoring or oversight of expenditures against budget at the level of appropriation, which is by department within funds.

CAFR (Comprehensive Annual Financial Report) - Prepared at the close of each fiscal year to show the actual audited condition of the City's funds and serves as the official public record of the City's financial status and activities.

Capital Budget - A plan of proposed capital expenditures and the means of financing them. The capital budget is usually enacted as part of the complete annual budget which includes both operating and capital outlays. The capital budget should be based on a capital improvement program.

Capital Improvement Program (CIP) - A plan for capital expenditures to be incurred each year over a fixed period of several future years, setting forth each capital project, identifying the expected beginning and ending date for each project, the amount to be expended in each year, and the method of financing those expenditures.

Capital Outlay - Expenditures for operating equipment drawn from the operating budget. Capital outlay items normally include equipment that will last longer than one year and having an initial cost above \$5,000. Capital outlay does not include capital budget expenditures for construction of infrastructure such as streets, buildings, or bridges.

Cash Basis of Accounting - A basis of accounting under which transactions are recognized only when cash changes hands.

CDBG - Community Development Block Grant.

Contingencies - An appropriation of funds to cover unforeseen events which occur during the budget year. City Council must authorize the use of any contingency appropriations (not to be confused with Reserves).

Contractual Services - A professional service provided by an outside individual or agency in accordance with contractual specifications.

Cost Allocation - A costing of local government services to identify the full cost of municipal services.

Council Goals - Broad goals established by the City Council at the outset of each two-year term to guide the organization in its activities and focus.

CPI - Consumer Price Index.

CPOA - Corvallis Police Officers Association.

CR (Current Revenue) - Those revenues received within the present fiscal year.

Debt Service - The amount of principal and interest that a local government must pay each year on net, direct-bonded, long- term debt plus the interest it must pay on direct short-term debt.

Deficit - (1) The excess of an entity's liabilities over its assets (see Fund Balance). (2) The excess of expenditures or expenses over revenues during a single accounting period.

DEQ - Department of Environmental Quality.

Direct Cost - A cost directly related to producing and/or providing services. Direct costs consist chiefly of the materials and supplies used to provide a service, and the wages and salaries of personnel working to provide a service. Such direct cost is usually readily identifiable, as opposed to *indirect cost* that is allocated among the various products or services provided.

EMS - Emergency Medical Services.

Enterprise Fund Accounting - Accounting used for self-sufficient government operations financed and operated in a manner similar to business enterprises, and for which preparation of an income statement is desirable.

Equipment Replacement Schedule - A schedule of annual purchases to replace major equipment and vehicles that have met or exceeded their useful life to the City.

Expenditure - Total amount incurred if accounts are kept on an accrual basis; total amount paid if accounts are kept on a cash basis.

Financial Audit - A systematic examination of resource utilization concluding in a written report. It is a test of management's internal accounting controls and is intended to:

- Ascertain whether financial statements fairly present financial position and results of operations,
- Test whether transactions have been legally performed,
- Identify areas for possible improvements in accounting practices and procedures,
- Ascertain whether transactions have been recorded accurately and consistently, and
- Ascertain the stewardship of officials responsible for governmental resources.

Financial Condition - The City's ability to pay all costs of doing business and to provide services at the level and quality that are required for the health, safety, and welfare of the community, and that its citizens desire.

Financial Plans - Provide information about the expected future fiscal stability of City operations. The projections are for the major operating funds of the City. Each financial plan, or proforma, includes a discussion about

issues that are addressed in the proforma, as well as footnotes about the assumptions made about both revenues and expenditures for each fund.

Financial Policies - Administrative and Council policies established to govern the City's accounting, investment management, revenue collection, disbursement, financial management, budgetary, and fund maintenance practices and procedures to ensure the long-term viability of the City's resources and services.

Fixed or Mandated Costs - These include expenditures to which the government is legally committed (such as debt service and pension benefits), as well as expenditures imposed by higher levels of government (such as for wastewater treatment facilities).

FTE - Full time equivalent.

Fund - An independent fiscal and accounting entity with a self-balancing set of accounts, recording cash and/or resources together with all related liabilities, obligations, reserves, and equities, which are segregated for the purpose of carrying on specific activities or attaining certain objectives.

Fund Balance - The difference between fund assets and fund liabilities of governmental and similar trust funds. The equivalent terminology within proprietary funds is Retained Earnings. (When the term "Fund Balance" is used in reference to Proprietary Funds, it is normally referring to the estimated budgetary-basis amount available for appropriations for budgeting purposes.)

GAAP- Generally Accepted Accounting Principles.

General Obligation Bonds - When a government pledges its full faith and credit to the repayment of the bonds it issues, then those bonds are general obligation (GO) bonds. Sometimes the term is also used to refer to bonds which are to be repaid from taxes and other general revenues.

GNP - Gross National Product.

Goal - The long-term continuing mission of a department, division, or program. Goals define the strategic results to be achieved and therefore indicate the relevance, permanence, scope, and effectiveness of that outcome.

Government Funds - These funds subscribe to the modified accrual basis of accounting and include the following types of funds:

General Fund - The major source of revenue for this fund is taxes. There are no restrictions as to the purposes in which the revenues in this fund can be used.

Special Revenue Funds - The resources received by these funds are limited to a defined use, such as the Street Fund.

Debt Service Funds - Funds used for paying principal and interest of debt on non-enterprise funds.

Capital Project Funds - Resources from these funds are used for purchase or construction of long-term fixed assets.

Permanent Funds - The resources received by these funds are limited to a defined use and only earnings may be spent. The Davidson Fund is the city's only permanent fund. Grant - A contribution of assets by one entity to another. Grants are generally designated for a specific expenditure.

IAFF - International Association of Firefighters.

ICMA - International City/County Management Association. In the context of the budget document and performance measurement, this company has created a database of indicators for comparator information.

Indirect Cost - A cost incurred in the production and/or provision of a service that usually cannot be directly associated with any one particular good or service but rather results from general productive activity. In effect, indirect cost is any cost of production other than direct labor and direct materials cost. Examples include the wages of supervisory and administrative personnel, occupancy and maintenance of buildings, and utility costs.

Intergovernmental Revenue - Revenues received from another governmental entity.

Internal Charges - Various, specific charges set to recover the cost of providing goods and/or services to particular funds or departments within the organization. Examples include administrative service charge, data processing charge, and telephone charges.

Investment - Securities and real estate purchased and held for the production of income in the form of interest, dividends, rentals, or base payments.

Liabilities - The sum of all amounts that are owed at the end of the fiscal year, including all accounts payable, accrued liabilities, and debt.

Long-Term Debt - Present obligations that are not payable within a year. Bonds payable, long-term notes payable, and lease obligations are examples of long-term debt.

Master Plan - A comprehensive plan, normally covering a 5-10 year period, developed to guide delivery of specific services, identify future needs and challenges, and identify future infrastructure needs.

Millage - Taxation stated as one tenth of a cent per dollar of valuation; as \$.001 used in calculations.

Modified Accrual Basis of Accounting - The accrual basis of accounting adapted to the governmental fund type under which revenues are recognized when they become both "measurable" and "available to finance expenditures

of the current period." Expenditures are generally recognized when the related fund liability is incurred.

Municipal Code - A system of rules which are compiled and arranged by a municipal corporation, i.e. the City, and adopted and used to regulate the conduct of its inhabitants and government.

OCDBG - Oregon Community Development Block Grant.

One-Time Revenue - Revenue that cannot reasonably be expected to continue, such as a single-purpose federal grant, an interfund transfer, or use of a reserve. Continual use of one-time revenues to balance the annual budget can indicate that the revenue base is not strong enough to support current service levels.

Operating Budget - The appropriated budget supporting current operations. Most operations are found in the General, Special Revenue, Permanent, Enterprise, and Internal Service Funds.

OPSRP - Oregon Public Service Retirement Program, the pension plan for employees hired after August 28, 2003.

Operating Deficit - When current expenditures exceed current revenues.

Overlapping Debt - The net direct bonded debt of another jurisdiction that is issued against a tax base within part or all of the boundaries of the community.

Pay-As-You-Go Basis - A term used to describe the financial policy of a government which finances all of its capital outlays and/or improvements from current revenues rather than by borrowing.

Performance Indicators - Specific quantitative or qualitative measures of work performed within an activity or program (e.g., total miles of streets cleaned). Also, a specific quantitative measure of results obtained through a program or activity (e.g., reduced incidence of vandalism due to new street lighting program). These indicators strive to measure an organization's effectiveness and efficiency of service provision, and are particularly useful when examined against comparators' results where available.

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

PERS - Public Employee Retirement System, the pension plan for employees hired before August 28, 2003.

Personal Services - A category encompassing all salaries, fringe benefits, and miscellaneous costs associated with employee expenditures.

Property Tax Levy - The tax levy combining the general operating levy and the debt service levy imposed by the City.

Proposed Budget - The financial and operating document submitted by the City Manager to the Budget Commission and the governing body for consideration.

Proprietary Funds - These funds subscribe to an accrual basis of accounting and include the following types of funds:

Enterprise Funds - Account for distinct, self-sustaining activities that derive the major portion of their revenue from user fees.

Internal Service Funds - Account for goods and/or services provided to other funds or departments within the organization. Examples include the Vehicle and Equipment Maintenance and Data Processing Funds.

Reserves - An account used to indicate that a portion of fund equity is restricted for a specific purpose or not available for appropriation and subsequent spending. Three specific types of reserves are used by the City of Corvallis:

Management Reserves – these reserves are used by management as tools to accommodate fluctuations in the budget. The most frequent use of management reserves is for vehicle and equipment replacements where monies are saved over a period of time for the purchase or replacement of equipment, vehicles or computer software that would cause a substantial financial hardship to purchase if the monies had not been saved.

Council Designations – these are reserves the City Council has identified to be saved for a future purpose (i.e. PERS rate savings in a reserve to pay for future rate increases).

Legal Restrictions – these are reserves that have the widest variety, but they all have an outside organization's applied restriction on the use. Examples of the legally restricted balances include:

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

SDC Reserves – these monies are held within the Street, Parks & Recreation,

Water, Wastewater, and Storm Water Funds for future capital construction projects that are additions to the capacity of the infrastructure system as the result of growth. The resources for SDC Reserves are Systems Development Charges.

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

Resolutions - A legal document adopted by the City Council that directs a course of action. In relationship to the budget, resolution refers to the document that levies taxes and sets legal appropriation levels.

Restricted Revenue - Legally earmarked for a specific use, as may be required by state law, bond covenants, or grant requirements. For example, many states require that gas tax revenues be used only for street maintenance or street construction.

Revenue - Monies received or anticipated by a local government from either tax or non-tax sources.

Revenue Estimates - A formal estimate of how much revenue will be earned from a specific revenue source for some future period; typically, a future fiscal year.

Revenue Shortfalls - Differences between revenue estimates and revenues actually received during the fiscal year.

Supplies and Services - A category of operating expenditures which include items such as contractual services, conference and training, charges for service, office supplies, and operating supplies.

System Development Charge (SDC) - A charge levied on new construction to help pay for additional expenses created by this growth or to compensate for already existing capacity in key facilities and systems already in place which support the new development.

Transfer - Amounts distributed from one fund to finance activities in another fund. Shown as an expenditure in the originating fund and a revenue in the receiving fund.

Unfunded Liability - A liability that has been incurred during the current or a prior year, that does not have to be paid until a future year, and for which reserves have not been set aside. It is similar to long-term debt in that it represents a legal commitment to pay at some time in the future.

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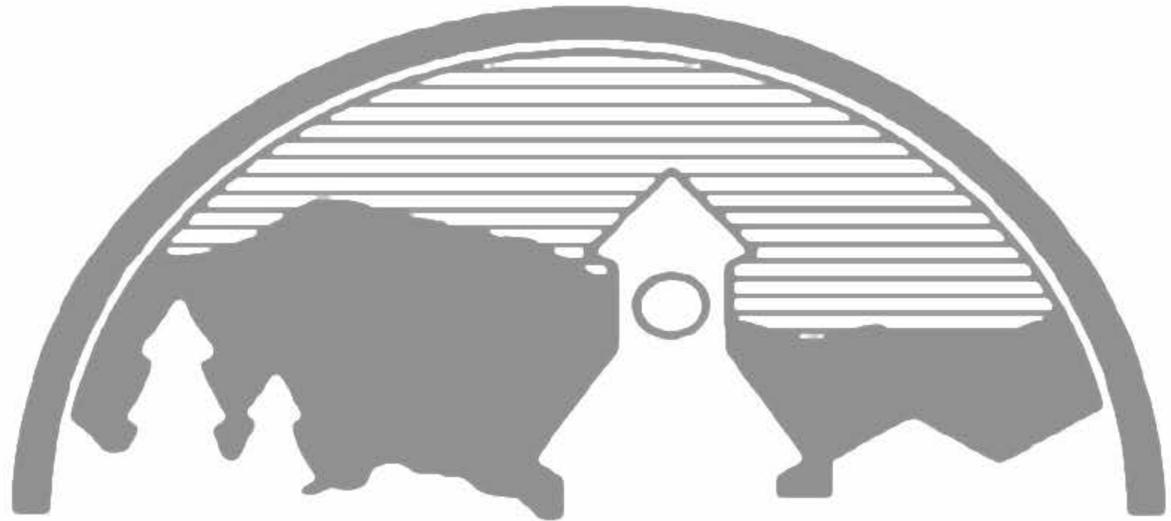
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