City of Corvallis, Oregon

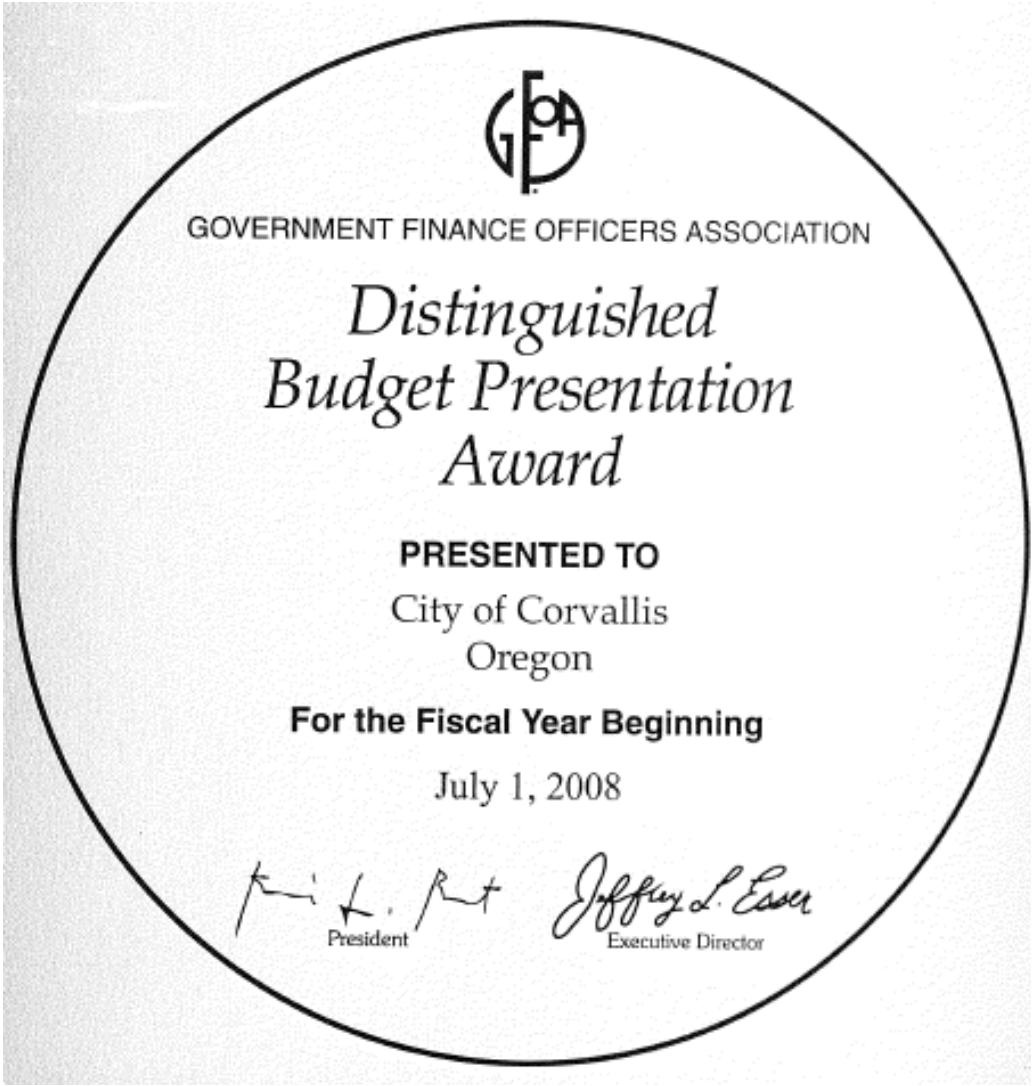
2009 – 2010

Adopted Budget

CORVALLIS

ENHANCING COMMUNITY LIVABILITY

The Government Finance Officers Association of the United States and Canada (GFOA) presented an award of Distinguished Presentation to the City of Corvallis for its annual budget for the fiscal year beginning July 1, 2008.


GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

PRESENTED TO

City of Corvallis
Oregon

For the Fiscal Year Beginning

July 1, 2008

President

Executive Director

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

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

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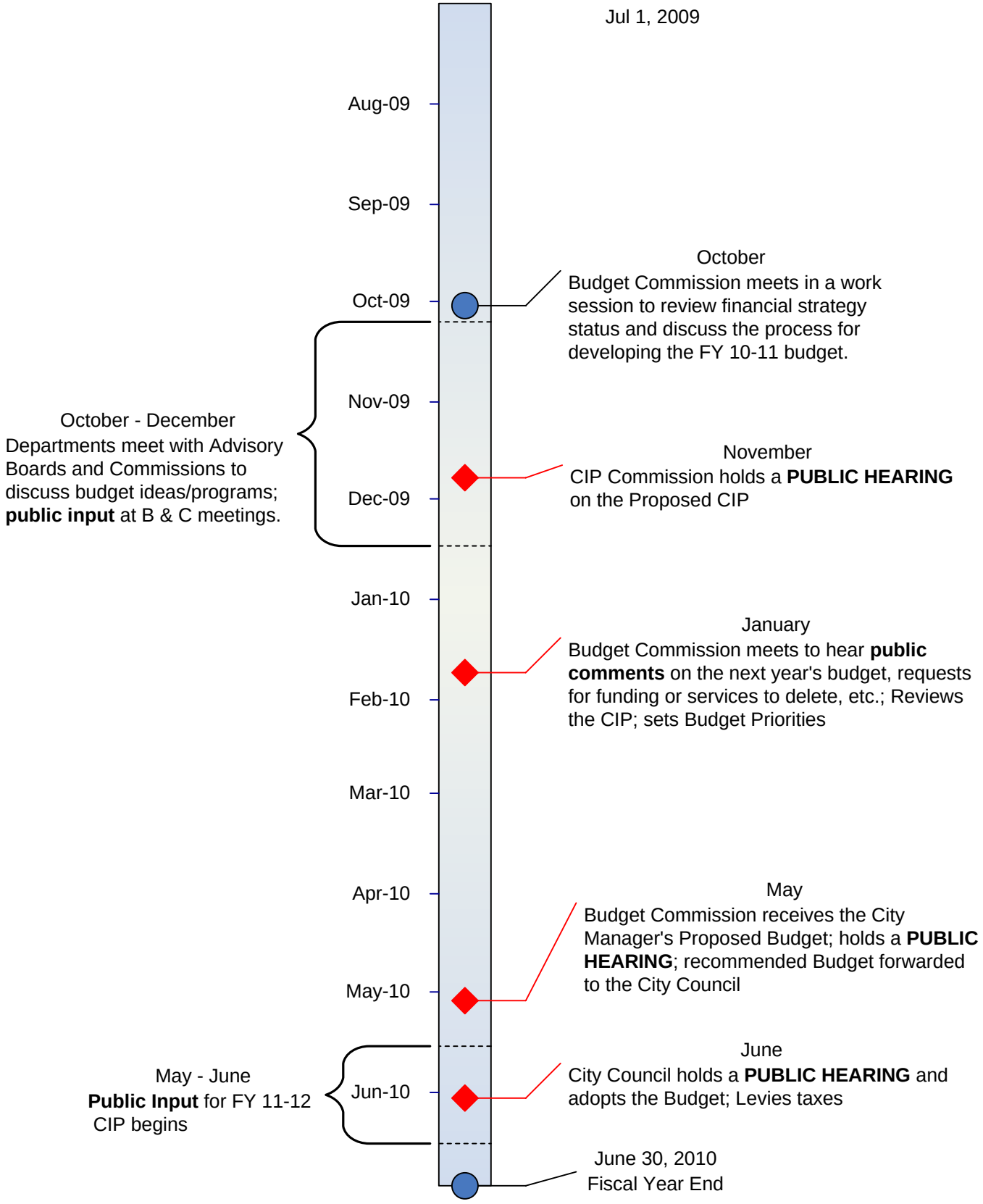
BUDGET MESSAGE

CORVALLIS CITY HALL

FY 10-11 BUDGET DEVELOPMENT TIMELINE – CITIZEN INPUT OPPORTUNITIES



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June 2, 2009

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

RE: FY 2009-2010 Adopted Budget

I am pleased to present the FY 09-10 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 Adopted Budget for FY 09-10 of $118,170,075 maintains services from FY 08-09 and adds $924,580 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 2009-2010 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. The values have also 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 six goals, and the specific FY 09-10 budget implications of the goals, include:

1. Develop community sustainability policies and implement selected actions. In December 2008 the Community Sustainability Consortium presented to the City Council a list of 300 action items developed from the year-long community sustainability planning process. In early February, staff presented a brief evaluation of the action items to the City Council, summarizing that the City has no role for 129 of the action items, the City has implemented and/or has operational 31 of the items recommended, 34 more items are already in development or in the planning phase for development/implementation (i.e., already in the budget and financial plan), and 51 items would be new initiatives. The City Council held two work sessions to discuss this information and develop priorities for staff

work for the coming fiscal year. At the April 6 City Council meeting, the Council settled on energy and transportation as the two primary areas for staff focus, and then prioritized the associated action items at the May 18 Council meeting.

The items that are already in the develop/planning phases are included in the Adopted operating budget. Projects range from reducing energy and paper use (resulting in budget savings) to pursuing composting food waste (proposed for implementation by Allied Waste, the private firm that handles trash/recycling). At the June 1 Council meeting, amendments were made to the Budget Commission proposed budget to add appropriations for a white paper on alternative sewer technologies and waste usage pattern analysis, for a 0.5 full time equivalent (FTE) position related to bicycle and alternative transportation, and for support of a potential public/private partnership in respect of the utility fund sustainability work. Additionally, $40,000 in appropriations initially established for use by the Corvallis Sustainability Coalition will be redirected for a mid-year hire of a new employee in the City Manager's Office specifically tasked with community sustainability programs.

2. Work with public, private, and non-profit entities to improve community resources available for combating homelessness, with the aim of providing paths to stability and self-sufficiency. The City has provided funding for 20 years to social service agencies that provide emergency and transitional services to Corvallis residents. For FY 09-10, the base amount budgeted totals $404,250, budgeted in the General Fund, Non-Departmental. At the February meetings the Budget Commission voted to increase the funding for FY 09-10 by $28,000 which matched the amount requested by a group of homeless advocates; the monies will be allocated through the normal process, with no guarantee the monies will go to the agency requesting the funding. Following the Budget Commission meetings in February, the City Council voted to allocate $25,000 from the FY 08-09 General Fund contingencies to provide some interim funding for transitional services and some additional mental health social worker outreach. Additional work on this Council goal will commence in late June when Benton County's Coalition to End homelessness makes its report with recommended actions.

3. Develop an integrated 10-year development plan for the Airport Industrial Park utilizing such tools as the Enterprise Zone. This initiative has been underway for a number of years. Actions to date include: implementation of an Enterprise Zone that gives limited property tax abatements for new development, listing the site on the Governor's Shovel Ready list of industrial property, and planning to implement an off-site wetlands mitigation bank to allow for development of a parcel currently considered jurisdictional wetlands. In FY 09-10 work will continue, including implementation of the offsite wetlands mitigation bank, and developing a plan for a potential hazard abatement at the old gun range site. Costs for these projects are budgeted by Public Works in the Airport Fund.

4. Establish a commission for arts and culture. Work on this initiative will begin in the fall of 2009 including developing a charge, membership, work plan and staffing recommendations to be forwarded to the City Council for a possible budget enhancement for FY 10-11. The work to be accomplished in FY 09-10 will be done with existing resources.

5. Continue to implement Prosperity That Fits/Economic Vitality Partnership/Economic Development and refine as necessary. The Adopted Budget includes nearly $350,000 for Corvallis Tourism, $209,000 for grants to organizations doing economic development activities, $46,000 for Fairs and Festivals, and $12,000 for administration of the Prosperity That Fits plan, all in the General Fund Non-Departmental budget. The City Council will discuss the economic development allocations policy following the allocations process for FY 09-10.

6. Work with Cascade Pacific Resource Conservation and Development and others to seek funding for acquisition or restoration of, and improvements to, publicly owned or protected wetlands, riparian, and natural areas. Existing staff resources will be used to develop grant applications, and implement planning and engineering efforts for restoration projects, as well as looking at Parks Facilities Plan and the Storm Water Master Plan. Staff will also bring forward recommendations on local match monies for potential grant opportunities for the City Council to consider in late 2009.

For the third 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.

THE ECONOMY

The economic challenges facing the country are also challenges in the City of Corvallis, although by many of the leading economic indicators Corvallis is faring considerably better than other cities. Oregon's unemployment rate as of May 2009 has increased to 12.1%; Benton County's unemployment rate as of April 2009 has increased to 8.9% on a seasonally adjusted basis but is the lowest in the state and on par with the national seasonally adjusted average. Hewlett-Packard has continued downsizing at most facilities, including Corvallis. While they do not provide specific information about employment levels, informal estimates now place Hewlett-Packard employment at around 2,000, significantly lower than the 5,100 employed there a decade ago. Oregon State University, the City's largest employer, is also facing challenges as the State of Oregon grapples with its budget dilemmas.

Housing starts decreased in 2008 from an average of 150 per year to 34, and 2009 is on track to be about the same. There have been some foreclosures in Corvallis as the result of people being unable to pay their mortgage, but Corvallis continues to have one of the lowest rates of foreclosure in the State with only twelve properties currently in foreclosure compared to similar sized Oregon cities of Albany (46), Springfield (43), Medford (331), and Bend (591). Property values have declined some, but not as much as in other parts of the country. The Corvallis multiple listing service reports that the average sales price for single family residential property decreased by about 1% from $305,000 to $302,000 between 2007 and 2008. This stability in values, combined with Oregon property taxation laws that separated real market values from assessed values will likely result in very little property tax revenue loss in Corvallis from residential property. In 2008, residential property average assessed value was 40% lower than real market value. This information is discussed further in the Budget Summary and the Financial Plans.

The slowed economy has had a significant effect on the City's Development Services operation. With the steep decline in single family residential construction, revenues have been less than half that of previous years. Staff layoffs have occurred, and most discretionary spending has been reduced to zero. This Adopted Budget assumes that the lower level of staffing will continue for Development Services through FY 09-10; should the economy pick-up so that call backs of staff can be initiated, a supplemental budget action will be required to increase appropriations.

THE BUDGET PROCESS

For FY 09-10, the City's budget process was modified to include a fall 2008 discussion by the City Council about the Budget Capacity (page XI-8) for all tax funds. The Budget Capacity discussion grew out of several discussions that occurred through the development of the FY 08-09 budget where City Councilors and Budget Commission members discussed alternate methods to use to develop a budget that recognizes both the budgeted ending fund balance and the possible ending fund balance which takes into account revenues exceeding projections and expenditures that are under projections, and developing a plan for using those monies. The information in the Budget Capacity memo put forward the main elements staff considers in developing budget projections, and identified the best/worst/most likely financial projections for FY 09-10. That analysis was the basis for the City Council recommendation to the Budget Commission that expenditures could be increased by around $600,000 over the projected budget (maintaining all existing services) for FY 09-10 and still achieve the Council goal of maintaining three months of payroll as an ending potential fund balance.

The Budget Commission convened in January 2009 in a series of meetings where information about the City was shared, including results from the Citizens Survey (page XI-53), the City Council's status on setting goals, the Capital Improvement Program and budget for FY 09-10 (page X-1), the Financial Plans for all operating funds (section III), and the City Council's recommendations on budget capacity. The Budget Commission also heard from each department and reviewed each department's updated business plans and requests for enhancements to current service levels. More than 30 people participated in the public comment meeting, sharing their views on City services.

At their February meeting, the Budget Commission recommended that $672,000 in property tax related enhancements (see below) be included for FY 09-10. With that direction as well as additional input at Budget Commission meetings in May and City Council meetings in June, the Adopted Budget included in this document was developed by Staff and approved by Council. Changes in financial projections were made as more detailed information has become available. These changes have had an impact on previous financial projections, and are summarized as follows:

- American Reinvestment and Recovery Act (ARRA) monies have been included in the Street ($2.3 million for specific street improvement projects),Transit ($1.1 million for three bus replacements) and Community Development Revolving Funds ($145.5 thousand for housing related projects) in respect of grants that have already been offered to the City. Additional ARRA monies have been, or soon will be, applied for; generally these grants are not included in the budget until they are offered. If offered after the budget is adopted, the budget is amended by resolution by the

City Council. In total, these projects generally have a neutral impact on the budget, with revenues equal to increased expenditures.

- The Federal Emergency Management Agency (FEMA) grant for $341,000 for the replacement of the Fire Department's ladder truck that was offered, and included in earlier projections, has been withdrawn by FEMA. The City appealed the withdrawal, but the appeal has since been denied, so these monies have been removed from the budget.
- Medical insurance premiums have been increased nearly $300,000 above previous targets based on an anticipated 15% to 18% increase in premium costs. These increases are largely driven by poor experience.
- Costs to the City for 9-1-1 services are now projected to increase by nearly $17,000 due to the State's reduction in allocating 9-1-1 tax revenue to local 9-1-1 centers.

ENHANCEMENTS

The FY 09-10 Adopted Budget includes a number of enhancements by Budget Commission and City Council to existing service levels:

- A .20 equivalent increase to the casual code enforcement officer position to create a .50 FTE position to allow for more stability in this position (by making it permanent) and to increase customer service based on calls for code enforcement; this is budgeted in the General Fund, Community Development Department.
- An increase in staffing at Municipal Court by 1.0 FTE Municipal Court Clerk to address the heavy workload at Court, and added monies to modify the court office to increase space; this is budgeted in the General Fund, Finance Department.
- 2.0 FTE Police Officers were added, along with equipment and an additional patrol car to begin to address staffing recommendations in the staffing allocation study; this is budgeted in the General Fund, Police Department budget.
- The property tax subsidy to the Osborn Aquatic Center was increased by $99,000 to cover higher costs associated with both energy usage and labor costs; this is budgeted in the Parks & Recreation Fund, Parks & Recreation Department.
- Funding for front-desk staff support at the Chintimini Senior and Community Center was increased by $10,000, and staff was asked to identify what could be done with that amount. If added as casual labor hours, this would have pushed casual usage in the same position to an amount that could have caused conflict with the labor agreement with the American Federation of State, County and Municipal Employees (AFSCME). As a result, Parks and Recreation staff re-organized the department budget slightly and using other casual hours have developed this into a .50 FTE position at the Senior Center; this is budgeted in the Parks & Recreation Fund, Parks & Recreation Department.
- Funding was increased for Corvallis Transit to offer service four times per day at Crescent Valley area (outside the City limits). This service enhancement is partially funded by the 509J school district and is budgeted in the Transit Fund, Public Works Department.
- Funding was added on a one-time basis to provide fire sprinklers in the historic Belluschi wing of the Corvallis-Benton County Public Library, based on a recommendation from the City's insurance carrier; this is budgeted in the Library Fund, Library Department.
- Staffing levels will be increased in the 9-1-1 dispatch center by adding 4.0 FTE Dispatchers, along with operating costs. This enhancement is budgeted in the 9-1-1 Emergency Communications Fund in the Police Department, with increased cost-share costs paid by the Police Department in the General Fund and the Fire Department in the Fire and Rescue Fund.
- Increased funding to implement two electric vehicle charging stations in Corvallis. Federal grant opportunities have been identified that may allow the City to use the monies budgeted for this enhancement as leverage that would allow for six to eight charging stations. Staff is pursuing this grant opportunity as more information becomes available. This is budgeted in the Parking Fund, Public Works Department.
- A 0.50 FTE will be added to implement the Natural Resources program, particularly as it relates to storm water run off and implementing parts of the Storm Water Master Plan. This position is budgeted in the Storm Water Fund, Public Works Department.

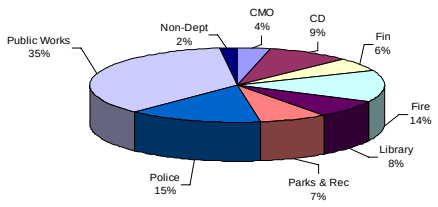
- $100,000 in funding to implement a pilot project for a storm water flow reduction strategy that involves using the public right-of-way to create rain gardens – areas where rain water is filtered through plants before reaching the storm water system; this is budgeted in the Storm Water Fund, Public Works Department.
- A $100,000 increase in personal service appropriations was approved in the Fire Fund in respect of changes implemented in the IAFF contract negotiations. These ongoing incremental costs are fully offset in the first year of implementation (FY 09-10) by savings achieved in FY 08-09.
- The City completed a refunding of the 1999 and 2001 general obligation bonds in May 2009. Current market conditions provided significant savings on the City's debt service obligations, and the Budget Commission and Council approved the new lower property tax levy needed for the FY 09-10 bond repayments.
- A number of community organizations seeking funding for specific projects came forward during the Budget Process. The following items were approved for funding by Budget Commission and City Council:
    - The Majestic Theatre Management Association – $20,000 in the Parks & Recreation Fund – to cover costs associated with the time the facility will be partially closed as the City initiates seismic upgrades to the facility.
    - The Beaver Bus – $21,820 in the Transit Fund – this is the third year of the request for the City to participate as a one-third partner in providing late night transit services on Thursday through Saturday nights when OSU is in session. This request was to make this a permanent enhancement; the Budget Commission agreed to fund this as a permanent operating cost until the City's share reaches $30,000 at which point the issue will come back to the Budget Commission for additional discussion.
    - The Homeless Coalition – $28,000 in the General Fund – this request was for five specific programs for the Coalition totaling $28,000. The Budget Commission decided to not fund this request directly, but encouraged the Homeless Coalition to participate in the City's annual Social Service Allocation process, and voted to increase the allocation amount by $28,000 for FY 09-10.
    - Sustainability Coalition – Initially, the Coalition was granted $40,000 to support community sustainability programming. However, at the June Council Meetings to adopt the FY 09-10 budget, the City Council voted to direct this funding to a new staff position in the City Manager's Office to be developed in FY 09-10. Additionally, sustainability program support was allotted additional funding of $30,000 in the Utility funds for a sustainable water demonstration project and $25,000 toward a white paper on alternative sewer technologies and a waste usage pattern analysis.
    - Bicycle and Pedestrian Advisory Commission (BPAC) – $58,700 in the Street Fund for a 0.5 FTE addition to an existing half-time position in Public Works to create a full-time transportation demand management program specialist position that handles alternative transportation, bike safety and education as well as related training materials. This enhancement also serves to underpin Council's sustainability initiatives.

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.

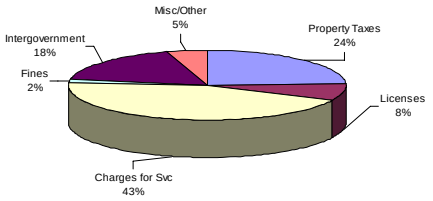
THE FY 09-10 ADOPTED BUDGET SUMMARIZED

For the FY 09-10 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 .65% lower in FY 09-10 than the FY 08-09 adopted budget. Operating expenditures increase by 8.44%, primarily due to salary and benefit costs and the enhancements identified above. The total appropriated budget is projected to increase by 8.19%.

FY 09-10 Operating Expenditures



FY 09-10 Operating Revenue



FY 09-10 ADOPTED BUDGET – ALL FUNDS

	FY 06-07 Audited	FY 07-08 Audited	FY 08-09 Adopted	FY 08-09 Revised	FY 09-10 Adopted	% Chg from FY 08-09
Beg. Fund Balance	$41,543,913	$43,715,322	$40,724,025	$43,677,142	$38,223,492	-6.14%
Operating Revenue						
Property Taxes	19,021,942	19,798,226	20,509,610	20,537,860	20,961,130	2.20%
Other Taxes	1,113,828	1,147,594	1,220,930	1,159,670	1,194,350	-2.18%
License, Fees, Permits	6,728,879	6,908,501	7,343,480	6,637,820	6,886,740	-6.22%
Charges for Service	36,166,130	37,351,006	39,544,320	36,671,170	38,215,330	-3.36%
Intergovernmental	9,923,068	9,108,987	13,159,090	10,787,570	16,031,320	21.83%
Fines and Forfeitures	1,298,011	1,213,763	1,253,270	1,165,920	1,413,310	12.77%
Miscellaneous	3,936,869	4,211,596	4,088,410	3,131,010	2,984,810	-26.99%
Total Operating Rev.	78,188,727	79,739,673	87,119,110	80,091,020	87,686,990	0.65%
Non-Operating Rev.	8,041,148	9,324,557	12,182,445	8,056,380	13,880,335	13.94%
Total Revenue	86,229,875	89,064,230	99,301,555	88,147,400	101,567,325	2.28%
Total Resources	$127,773,788	$132,779,552	$140,025,580	$131,824,542	$139,790,817	-0.17%
Operating Expenditures						
City Manager's Office	2,656,242	2,671,089	2,961,160	3,055,160	3,086,770	4.24%
Community Dev.	5,158,347	4,773,348	7,783,040	5,219,630	7,553,710	-2.95%
Finance Department	4,334,786	4,306,124	4,814,640	4,718,440	4,913,490	2.05%
Fire Department	8,847,789	9,105,462	10,638,570	9,623,500	11,524,260	8.33%
Library	5,336,415	5,813,312	6,193,510	6,068,080	6,273,870	1.30%
Parks & Recreation	5,073,132	5,179,066	5,695,870	5,524,130	5,991,290	5.19%
Police	10,206,658	10,484,650	11,338,400	11,257,340	12,315,360	8.62%
Public Works	20,077,210	22,008,719	25,827,360	24,288,630	30,312,720	17.37%
Non-Departmental	1,357,376	1,539,101	1,745,410	1,448,140	1,526,720	-12.53%
Total Operating Budget	63,047,955	65,880,871	76,997,960	71,203,050	83,498,190	8.44%
Non-Operating Budget						
Capital Projects	5,823,124	6,588,964	10,902,090	6,898,510	11,866,610	8.85%
Debt Service	7,226,691	7,344,052	7,443,110	7,443,110	7,214,200	-3.08%
Transfers	7,960,696	9,288,523	12,182,445	8,056,380	13,880,335	13.94%
Other Non-Op Uses	0	0	0	0	0	0.00%
Contingencies	0	0	1,696,600	0	1,710,740	0.83%
Total Non-Op. Budget	21,010,511	23,221,539	32,224,245	22,398,000	34,671,885	7.60%
Total Appropriated Budget	$84,058,466	$89,102,410	$109,222,205	$93,601,050	$118,170,075	8.19%
Ending Fund Balance	$43,715,322	$43,677,142	$30,803,375	$38,223,492	$21,620,742	-29.81%

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 third 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. This information, combined with the results of the City survey which was completed using the National Survey Center instrument for the first time, allowed staff to produce the City's first report card on how we are meeting citizen demands for services. Staff in all departments is 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 09-10:

- Several departments are in the process of updating strategic or master plans, and the Finance Department is in the middle of implementing an internal re-organization. The departmental business plans updates completed for the FY 09-10 budget process will be modified again once the strategic/master plans updates are complete. There will likely be FY 10-11 budget implications.
- 2009 marks another full legislative session with the likelihood that there will be changes in State law that effect the City's operations. Franchise agreements are once again on the table, with proposals to move to a statewide model and reduce allocations of franchise fees to local governments being discussed. The Governor put forth a proposal to increase gas taxes which would increase revenue to the City for street maintenance; the legislation has passed but has not yet been signed by the Governor.
- As the state wrestles with its financial challenges, which are significant due to the State's reliance on the income tax, challenges to state revenues shared with local governments are of concern. The State had made a decision in the spring to withhold the fourth quarter distribution of 9-1-1 tax revenues for the current fiscal year, but this action along with future withholdings is now in question again as of June 2009, pending related legislation making it through the House and Senate committees. As with previous years, the State is expected to examine state revenue sharing and alcohol taxes shared with local governments as possible sources of State funding. Moving beyond direct allocations to the City, the State is the primary funder of local K-12 schools and the health department, and is a significant funder for Oregon State University; cuts in funding for those areas will have a ripple effect in Corvallis.
- The economic challenges facing the nation and Corvallis are expected to continue through the balance of 2009 and potentially into 2010. The largest operating impact to the City thus far has been in Development Services where the lack of new development has led to layoffs. The lack of residential development also means fewer Systems Development Charge (SDC) revenues to fund capital projects that are the result of growth. This is perhaps most significant in the Parks system where additional acquisition of park land or open space is largely contingent on SDC revenue. However, there are other impacts. The City's projections for transient room tax revenue are down as fewer people are traveling for either business or pleasure. Demand for services is up at both the Library and Parks & Recreation as people are staying closer to home or seeking lower cost alternatives for recreation.
- There are several previously mentioned City Council goals that will require additional scoping work to allow a program to be developed and costs associated with the program to be defined. This work will continue through 2009, with likely budget implications in FY 10-11.
- The City is waiting to receive its latest National Pollution Discharge Elimination Systems (NPDES) permit for the Wastewater Treatment Plant. We expect to have new requirements associated with the effluent currently discharged to the Willamette River. Staff have begun to work on alternatives based on an expectation that the effluent temperature will need to be decreased to maintain the permit.
- The City is well situated to take advantage of ARRA monies coming from the federal government as part of the stimulus plan. The recent ODOT engineering design certification of the Public Works Engineering Division will allow the City to move quickly in applying for capital grant opportunities, and then meeting the construction targets that allow for second and potentially third tier grants. In addition, all departments are monitoring operating grant opportunities the City may be able to take advantage of for hiring Police Officers or pursuing alternative energy solutions.

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 2009- 23

A RESOLUTION LEVYING TAXES AND APPROPRIATING THE FY 2009-10 BUDGET.

Minutes of the meeting of June 1, 2009 continued.

A resolution submitted by Council member Joel Hirsch.

WHEREAS, the Corvallis Budget Commission convened on May 5, 2009 to receive the City Manager's Proposed Budget for FY 09-10; and

WHEREAS, the Corvallis Budget Commission held a public hearing on May 12, 2009, deliberated, amended the Proposed FY 09-10 Budget, and recommended that the City Council adopt a budget totaling$117,834,375; 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 $1,983,040 for debt service;

WHERAS, the City Council held a public hearing on June 1, 2009 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 2009-10 budget of $118,170,075 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, 2009.

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	$863,570
2001A General Obligation Bonds	435,900
2009A General Obligation Refunding Bonds	683,570
Total Bonded Principal and Interest Levy	$1,983,040

IT IS FURTHER RESOLVED that the amounts of the appropriations for the fiscal year beginning June 1, 2009 shall be as follows:

GENERAL FUND		
Operating Budget:		
Community Development Department	$1,722,190	
Finance Department	684,130	
Police Department	9,948,300	
Public Works Department	890,220	
Non-Departmental	1,525,230	
Non-Operating Budget:		
Transfers	990,100	
Contingency	253,500	
TOTAL GENERAL FUND		$16,013,670
STREET FUND		
Operating Budget:		
Community Development Department	$19,710	
Public Works Department	6,026,800	
Non-Operating Budget:		
Transfers	2,189,100	
Contingency	65,200	
TOTAL STREET FUND		$8,300,810
PARKS AND RECREATION FUND		
Operating Budget:		
Parks and Recreation Department	$5,991,290	
Non-Operating Budget:		
Transfers	1,171,465	
Contingency	114,440	
TOTAL PARKS AND RECREATION FUND		$7,277,195
9-1-1 EMERGENCY COMMUNICATIONS FUND		
Operating Budget:		
Police Department	$2,070,690	
Non-Operating Budget:		
Transfers	80,440	
Contingency	38,570	
TOTAL 9-1-1 COMMUNICATIONS FUND		$2,189,700

DEVELOPMENT SERVICES FUND		
Operating Budget:		
Community Development Department	$1,883,090	
Non-Operating Budget:		
Transfers	129,070	
TOTAL DEVELOPMENT SERVICES FUND		$2,012,160
FIRE AND RESCUE FUND		
Operating Budget:		
Fire Department	$11,524,260	
Non-Operating Budget:		
Transfers	1,376,920	
Contingency	220,870	
TOTAL FIRE AND RESCUE FUND		$13,122,050
COMMUNITY DEVELOPMENT REVOLVING FUND		
Operating Budget:		
Community Development Department	$3,777,000	
Non-Operating Budget:		
Transfers	46,950	
Contingency	30,350	
TOTAL CD REVOLVING FUND		$3,854,300
PARKING FUND		
Operating Budget:		
Community Development Department	$3,900	
Finance Department	129,500	
Police Department	296,370	
Public Works Department	173,770	
Non-Operating Budget:		
Transfers	224,190	
Contingency	12,400	
TOTAL PARKING FUND		$840,130
TRANSIT FUND		
Operating Budget:		
Public Works Department	$3,988,670	
Non-Operating Budget:		
Transfers	27,010	
Contingency	79,210	
TOTAL TRANSIT FUND		$4,094,890

LIBRARY FUND		
Operating Budget:		
Library Department	$6,273,370	
Non-Operating Budget:		
Transfers	224,550	
Contingency	121,320	
TOTAL LIBRARY FUND		$6,619,240
CAPITAL IMPROVEMENT FUND		
Non-Operating Budget:		
Capital Projects	$5,806,140	
TOTAL CAPITAL CONSTRUCTION FUND		$5,806,140
GENERAL OBLIGATION DEBT SERVICE FUND		
Non-Operating Budget:		
Debt Service - Principal	$1,240,000	
Debt Service - Interest	438,270	
TOTAL G.O. DEBT SERVICE FUND		$1,678,270
PENSION OBLIGATION DEBT SERVICE FUND		
Operating Budget:		
Non-Departmental	$1,490	
Non-Operating Budget:		
Debt Service - Principal	349,600	
Debt Service - Interest	1,832,660	
TOTAL PENSION OBLIGATION DEBT SERVICE FUND		$2,183,750
DAVIDSON FUND		
Operating Budget:		
Library Department	$500	
TOTAL DAVIDSON FUND		$500
WATER FUND		
Operating Budget:		
Community Development Department	$49,580	
Public Works Department	7,222,760	
Non-Operating Budget:		
Capital Projects	1,337,930	
Transfers	2,074,660	
Debt Service - Principal	739,870	
Debt Service - Interest	278,630	
Contingency	177,470	
TOTAL WATER FUND		$11,880,900

WASTEWATER FUND		
Operating Budget:		
Community Development Department	$48,420	
Public Works Department	7,036,340	
Non-Operating Budget:		
Capital Projects	3,855,150	
Transfers	4,452,240	
Debt Service - Principal	1,462,880	
Debt Service - Interest	842,810	
Contingency	190,880	
TOTAL WASTEWATER FUND		$17,888,720
STORM WATER FUND		
Operating Budget:		
Community Development Department	$49,820	
Public Works Department	2,248,400	
Non-Operating Budget:		
Capital Projects	745,000	
Transfers	828,860	
Contingency	37,860	
TOTAL STORM WATER FUND		$3,909,940
AIRPORT FUND		
Operating Budget:		
Public Works Department	$934,110	
Non-Operating Budget:		
Capital Projects	122,390	
Transfers	64,780	
Debt Service - Principal	18,550	
Debt Service - Interest	10,930	
Contingency	7,670	
TOTAL AIRPORT FUND		$1,158,430
FLEET MAINTENANCE FUND		
Operating Budget:		
Public Works Department	$741,410	
Non-Operating Budget:		
Contingency	16,000	
TOTAL FLEET MAINTENANCE FUND		$757,410
FACILITY MAINTENANCE FUND		
Operating Budget:		
Public Works Department	$798,810	
Non-Operating Budget:		
Contingency	10,000	
TOTAL FACILITY MAINTENANCE FUND		$808,810

TECHNOLOGY AND COMMUNICATIONS FUND		
Operating Budget:		
Finance Department	$1,484,810	
Public Works Department	251,430	
Non-Operating Budget:		
Contingency	30,000	
TOTAL TECHNOLOGY AND COMMUNICATIONS FUND		$1,766,240
ADMINISTRATIVE SERVICES FUND		
Operating Budget:		
City Manager's Office	$2,127,350	
Finance Department	2,615,050	
Non-Operating Budget:		
Contingency	30,000	
TOTAL ADMINISTRATIVE SERVICES FUND		$4,772,400
RISK MANAGEMENT FUND		
Operating Budget:		
City Manager's Office	$959,420	
Non-Operating Budget:		
Contingency	275,000	
TOTAL RISK MANAGEMENT FUND		$1,234,420
TOTAL FY 09-10 APPROPRIATIONS		$118,170,075

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 $1,983,040 in bonded principal and interest for general obligation debt made by this resolution.

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

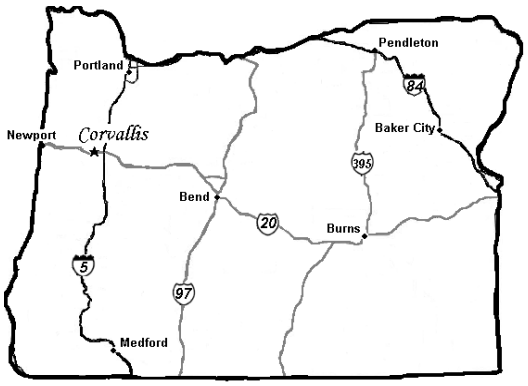
THE COMMUNITY'S GOALS

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 . . .

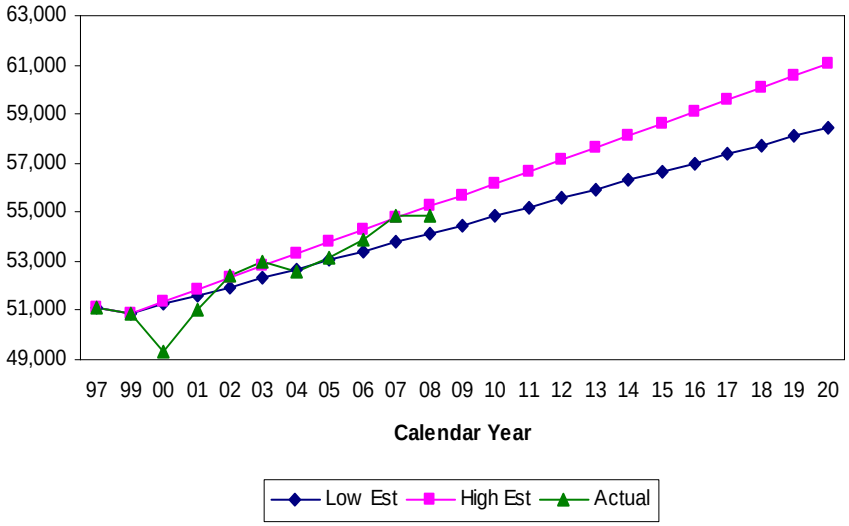
A COMPACT, MEDIUM-SIZED CITY (POPULATION RANGE: 57,500 TO 63,500)
NESTLED IN A BEAUTIFUL NATURAL SETTING

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 2008 certified estimated population of 54,880. Population is determined by the national decennial census, with estimates updated annually by Portland State University. While the City's population growth remained flat from 2007, the last decade of steady growth matches estimates in the Corvallis Comprehensive Plan, and remains on target to meet the goals set in the *2020 Vision Statement*. In 2008, the City's population was in line with projections established when the Comprehensive Plan was adopted in 1998.

Population Trends



FY 09-10 and Beyond – Projections for 2009 assume a 0.4% increase in population. Over the last decade, the City has averaged 162 new single family residential units each year. The current decline in national housing starts has also dramatically affected Corvallis, but over the long term planning horizon, residential development is forecasted to slowly 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 Historic Resources Commission provides advice and assistance to the City Council, the Planning Commission, and the Community Development Director on matters pertaining to historic and cultural resource preservation, and 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 include buildings on both sides of Madison Avenue between 5th and 6th streets. A minor remodel of City Hall was completed in 2008. Seismic upgrades are scheduled to be made to the historic structure in 2011, pending the acquisition of Federal grant money.

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 and classes in art, music and dance for children and adults. The Arts Center's gift shop and Winter Light event, the Corvallis Fall festival, and local artist guilds offer opportunities to purchase locally made crafts and works of art.

Oregon State University, Linn-Benton Community College, the Willamette Stage Company, and the community host various plays, concerts, lectures, films, and dance productions. Summer concerts in Central Park performed by the Hilltop Big Band and the Corvallis Community Band (anyone who shows up can play) are a highlight for many in the community, and a great opportunity to enjoy a 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 downtown as the retail center of Benton County.
City staff worked with a stakeholder group to recommend the structure for a Downtown Commission; as a result, the City Council adopted an ordinance in 2008 creating the Downtown Commission. The Commission is responsible for the implementation of community plans for the downtown area, including the Downtown Strategic Plan. In addition, the Downtown Commission will provide advice to the City Council on public infrastructure activities such as streetscape projects, redevelopment projects, land use matters such as recommending development code revisions, and public parking policies and projects.

<u>FY 09-10 and Beyond</u> – The City Council has adopted a goal to establish a commission for arts and culture. Work in FY 09-10 will focus on the commission's potential charge and membership, staff support requirements, and costs to be developed into a FY 10-11 budget proposal. The Downtown Commission will complete its first full year of operation, with the Parking Committee of the Commission reviewing an updated downtown parking plan.

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 2008 Corvallis was named number five on Forbes' list of "America's Smartest Cities" Also 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, Hewlett-Packard, and other researchers continue to contribute to the development of new businesses with a focus on technology and science. The Oregon Nanoscience and Microtechnologies Institute (ONAMI), built on the Hewlett-Packard campus, continues to encourage collaboration for breakthrough research. OSU construction projects currently underway include a co-generation power facility expected to be complete in 2009 and the construction of the $77 million Linus Pauling Science Center, projected for completion in 2011. OSU College of Veterinary Medicine completed renovation and expansion of the large animal hospital and diagnostic imaging facility in 2008. In January, 2009, classes resumed in Kearney (formerly Apperson) Hall, after completion of a $12 million renovation. OSU's $625 million capital campaign has generated over $490 million in donations.

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. Children's activities are always part of daVinci Days and include a variety of science and art projects such as the sidewalk chalk and community art projects. The Fall Festival is held each September and includes art and crafts by regional vendors, food, music, and the popular 5K and 10K runs. Children get involved through craft booths and games. Red, White, and Blue, hosted by the Downtown Corvallis Association (DCA), is held July 3 and 4 in the Riverfront Commemorative Park as a celebration of Northwest music, food, and 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 Efforts initiated in FY 07-08 to develop long-term, permanent funding for the plan were not successful, so implementation has remained a primarily volunteer effort, with local government and businesses funding some of the specific projects where they are in the lead. 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 included in the newly formed Enterprise Zone that allows for a three-year property tax exemption for new industries to locate and develop at the site. In addition, the City has received 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 organizations' operations. City monies are leveraged with other funds or grants to maximize the investment in Corvallis. For FY 09-10, the City's allocation of monies for economic development has been revised, with a designated amount identified for "fair and festival" funding with the balance for other economic development efforts. In total, the monies available for economic development funding were increased by 5% of the transient room tax revenue.

The Corvallis Farmers Market operates every Saturday morning from April through November on First Street at the Riverfront Park; beginning in April 2009 the Wednesday market will be sited at the south end of the Riverfront Park. 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 continues to have high unemployment when compared to the rest of the United States. Benton County consistently holds the state's lowest unemployment rate; in February, 2009, Benton County's seasonally adjusted unemployment rate was 8.1% while the state was at 11.9%. Hewlett-Packard has continued to downsize its presence in Corvallis. Layoffs occurring in 2008 and early 2009 have decreased the employment base, but H-P does not share specific numbers of employees laid off or remaining employed. General estimates are that H-P has around 2,000 remaining at the Corvallis facility. Some of those laid off have left Corvallis, but others have remained and are developing start-up companies in the tech sector. The top ten employers in the City of Corvallis as of the most recent estimates are:

	Number of Employees
Oregon State University	8,100
Hewlett Packard	2,000
Good Samaritan Hospital	1,800
Corvallis School District 509-J	767
Corvallis Clinic	600
City of Corvallis	446
Benton County	430
CH2M Hill	400
ATS Systems Oregon	276
Fiserv	240

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

U.S. Environmental Protection Agency
U.S. Postal Service
U.S. Fish and Wildlife Service: Cooperative
U.S. Geological Survey
- Forest and Rangeland Ecosystem Science Center
- Natural Resources Conservation Service

U.S. Department of Agriculture:
- Agricultural Research Service
- Horticultural Crops Research
- National Clonal Germplasm Repository
- National Forage Seed Production
- U.S. Forest Service--Siuslaw National Forest
- U.S. Forest Service--Forest Sciences Lab

FY 09-10 and Beyond – The City will continue to be economically stable despite the nation-wide economic situation. The State's constitutional limits on property taxes, combined with the economic downturn's impact on all development, are expected to result in assessed values increasing 2.5% in FY 09-10, leaving the City's property tax revenue in about the same position as it is each year. The City has had a relatively low level of foreclosures, with only 80 properties foreclosed upon in total through the last six months. Residential value has also continued to hold its value, with the average sales price in 2008 only $3,000 lower than the 2007 average. These factors are expected to keep the City's funding stable. However, the community will likely see additional economic challenges associated with potential lay-offs at Hewlett-Packard and Oregon State University as the State is forced to trim its budget by a possible 30%.

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. Winter term 2009 student enrollment is over 19,000, with almost 3,000 in graduate programs.

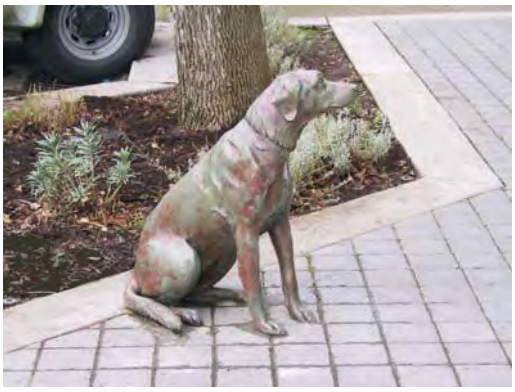
In 2004, Oregon State University adopted a new master plan to guide development of the campus for the next 10-12 years. The master plan is being implemented, with a construction plan for updates to existing facilities already underway, and new construction projects anticipated each year over the next 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. In March, 2009, GSRMC added a 3T MRI, becoming the fifth city on the west coast to have this state-of-the-art system. 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 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 $39 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 project, expected to begin when ODOT completes plans for a proposed bridge in the vicinity, 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. A multi-modal connection from Willamette Park to the Riverfront Commemorative Park multi-modal path is planned for the future.

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. The Elements building, a six story, $20 million development on Second Street opened in late spring, 2008, only to close in February, 2009, due to the economic downturn. The building has been purchased and is expected to be used for office space.

FY 09-10 and Beyond – Oregon State University is expected to continue construction of new buildings and rehabilitation of existing buildings, many of which are funded through private donations. Included in OSU's plans is a Student Leadership building in the Memorial Union, which will house the International Resource Center. 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 2009 Sunset Magazine selected Corvallis one of five "favorite eco-friendly small towns", based on participation in the Corvallis Energy Challenge, OSU's LEED-certified buildings, and numerous eco-friendly businesses. The September/October 2008 issue of AARP Magazine ranked Corvallis third in green commuters, based on the percentage of commuters who bike or walk, and the third longest life expectancy. AARP looked at the physical aspects of communities, such as clean air and water, as well as the health and habits of its citizens.

The City Council has had a value to have the organization act sustainably for a number of years, and has developed a Council policy on sustainability that focuses on the triple bottom-line: environmental, economic, and social sustainability. Staff has developed an internal sustainability management system to define and implement actions to improve the organization's sustainability, and provides an annual report to the City Council on the status of the plan. In December 2008, the City Council accepted the Community Sustainability Coalition's plan which identifies some 300 action items that were developed through a year-long community process. This plan is designed to make the entire community more sustainable, with a focus on energy and water use, education, the local economy, housing, and transportation. Staff has completed a review of the items, and determined that 31 are already operational, 34 are in a work program to be developed/implemented, and 51 would

be new initiatives where the City would likely be either a lead implementer or have a prominent supporting role. The other items would have no direct impact on the City's operations, and implementation would be led and supported by other entities.

The City Council for 2009-2010 has adopted a goal to develop community sustainability policies and implement selected actions. The Council has decided to focus work on energy and transportation initiatives.

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. Timber thinning projects were implemented in 2007 and 2008, and various improvement projects were completed with revenues from the sale of the timber.

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 positive impact on the environment by providing for treatment of combined sanitary sewer waste, rather than the waste flowing into the Willamette River. In another effort to reduce the treatment plant's environmental impact, City staff have contracted with a private firm to design, build and operate a solar photaic electric plant to provide about 50% of the power to operate the plant. The project is on hold pending the private firm's ability to secure funding.

The residents of Corvallis have shown strong support for parks, natural areas and outdoor recreation through heavy use and financial support. The Parks and Recreation Department utilizes the Facilities Plan developed in 2000 to target the development of new parks, natural areas and natural area corridors. The Department strives to provide a park within ½ mile of most neighborhoods. Currently, the City provides 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 Park. 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 mission is to conserve and protect native habitats, working lands, and lands of natural beauty. This group partners with local governments to protect and connect lands that provide

scenic enjoyment, public recreation and education, significant natural habitats, productive forest and farm lands and historically important areas.

Recreational opportunities are abundant in and around Corvallis with nearly 1,700 acres of City parks and open space, 12 miles of bike paths and 60 miles of bike lanes.

FY 09-10 and Beyond –The FY 09-10 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. The Corvallis to Albany bike path project design will be completed and grant funding (ARRA – federal stimulus) will be sought for construction. Using the Corvallis Sustainability Coalition's work as a starting point, the City Council will define the next steps toward a sustainable community. Staff will continue to work on action items in the City's sustainability plan, including a move toward being a zero waste entity.

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.

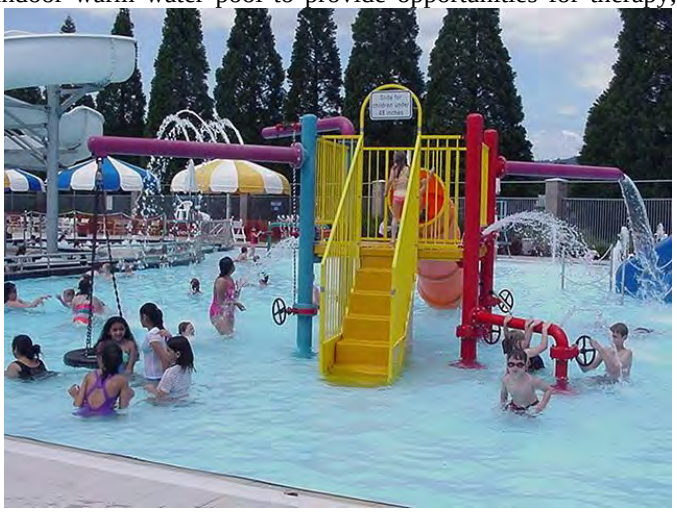
The Arts Center has a contract with the City to serve as the Public Art Selection Committee (PASC), placing calls for artists to secure art pieces for donations or for capital projects. The PASC has been active in selecting art for the Corvallis-Benton County Public Library, the Riverfront Commemorative 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 eight years, an event that draws more people each year, with sessions for young children to adults. El dia de los niños/El dia de los libros is hosted each year in April, celebrating the growing Latino community in Corvallis. Monthly bilingual programs are held at the Library to invite family participation and a bilingual book club is offered to youth. The Library's Spanish language collection has approximately 7,400 items for adults and youth, including audiovisual materials. There are also items in other sought-after non-English languages such as German, Japanese, French, and Arabic.

The Library also hosts the Fall Festival Fine Arts Showcase, the Willamette Woodworkers Show, and numerous other art displays. In 2008 a quilted art piece was commissioned by the Friends of the Library and installed on the second floor of the Library.

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.

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.



The City-owned Majestic Theatre facility is operated by a non-profit organization that coordinates a number of performances each year, including plays and musicals put on by the Corvallis Community Theatre group, individual performances by a variety of music groups, and youth-oriented programs and performances designed to introduce children to the theatre arts.

In sports, Oregon State University competes with other PAC-10 rivals, with sporting events available on campus almost every weekend of the year. OSU's College of Health and Human Sciences offers a summer program for children, including specialty day camps for Art, Nature, and Science.

FY 09-10 and Beyond – In FY 09-10 the City will continue funding community events through economic development grants and in-kind services. The City Council will work through the fall of 2009 to develop a goal to establish a commission for arts and culture, with the plan to bring a budget package forward for FY 10-11 funding. In FY 09-10 the economic development allocations will have a separate, dedicated amount available for funding fairs and festivals which is expected to increase the financial stability of these community events. City staff will work with Majestic Theatre Management to implement the first stage of a seismic upgrade to the Majestic Theatre building.

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, 53% 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.

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

The Corvallis Benton County Public Library hosts a myriad of events each year focused on lifelong learning for all ages. For the very young, the Library 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's emphasis on early childhood literacy has increased with the efforts of the Early Literacy Coordinator who works with child care providers and at-risk families to make sure all children are ready to read when they enter kindergarten. Book clubs are offered for elementary through high school and the Library's extensive teen program won the 2007 Oregon Young Adult Network's (OYAN) OYEA (OYAN's You're Excellent) award from the Oregon Library Association. Adult programs range from the 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. The Library is also a popular venue for authors to present book talks about their newest books.

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 computers at home or at work, make the expanding world of information available to all residents.

<u>FY 09-10 and Beyond</u> – In FY 09-10 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 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 maintain an excellent collection of printed materials, audiovisual items, downloadable audio and video, and online databases.

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

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

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

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

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

Oregon Cascades West Council of Governments provides coordination and leadership for seniors and people with disabilities for Linn, Benton, and Lincoln counties. They determine eligibility for medical benefits, transportation coverage, in-home services, and community based care, such as foster care, assisted living and residential care. They also coordinate food stamps, home delivered meals and Oregon Project Independence for seniors.

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

The City owns and operates the Parks and Recreation Chintimini Senior Center which provides education, recreation and services to people over the age of 50. The Senior Center's programs focus on health, life-long learning, and socialization. This facility is heavily used, and with the anticipated growth in the senior population, additional space will be needed to better meet the needs of the community.

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. Dial-a-Bus 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 provide, that 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 09-10 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. Particularly in today's challenging economic environment, more needs to be done to support agencies providing social, health, and other human services. Around 30% of the Benton County population has either no health insurance or is under-insured; nearly 20% of the population is at or below the federal poverty level. Access to health services, in particular, will be critical in future years. 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 2009.

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

The Corvallis Transit System (CTS) operates a fleet of nine buses and one trolley to provide eight full-service fixed routes and three limited-service commuter routes. The transit program also provides paratransit service to senior or disabled persons who are unable to utilize the fixed route service through a partnership with 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 08-09, transit ridership has averaged 15% more each month from the same period in the prior year. Current projections show the City may exceed 700,000 rides for the year.

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 provides one third of the funding for 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.

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 (see graphic) on downtown City streets to remind both vehicular and bicycle traffic that they need to share travel lanes.

The City has an active Transportation Demand Management program with a focus on 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 09-10 and Beyond – In FY 08-09, the Budget Commission approved new commuter transit service to the Crescent Valley area in partnership with the 509J School District, with service expected to run throughout the next two fiscal years. In addition, the City has received grants to construct the first mile of a multi-use path between Corvallis and Albany, and to improve pedestrian safety at three locations along Circle Boulevard. Federal stimulus monies will be used, in part, to re-surface around 4.5 miles of the multi-modal path between the Marys River and Philomath.

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 and definition of measures, the members of the consortium have been working to consistently measure the same data, and provide a common method of comparison to each other and to other cities throughout the country.

The work undertaken in the CPM project has resulted in the ability to compare data between organizations on some of the most basic services a municipal organization provides. Some of the CPM measures are already included in the Department section of this budget document (Section IV). The measures that are included in the budget are often based on data the City

was 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. In 2008, the City chose to participate in the National Research Center's (NRC) national citizen survey so it could benchmark results against communities across the nation. Corvallis' response rate of 42% was slightly higher than the national average. Ninety percent of Corvallis citizens rate the overall quality of life as "excellent" or "good", above the national, regional, and similarly-sized cities' responses. Eighty-two percent of the citizens rated the quality of services provided by the City as "excellent" or "good", also an above-average response. The entire survey and results are included in the Appendix of this budget and on the City's web site. The web site also includes NRC's summaries and comparisons for all questions (www.ci.corvallis.or.us).

In March 2009 the City used a combination of NRC survey results and ICMA-CPM performance measures to produce a report card on the City's performance. This report was mailed to every household in Corvallis, and published on the City's web site. Comments on the report have been favorable from both staff and citizens.

FY 09-10 and Beyond – In FY 09-10 the City will complete the fourth full year of data gathering and reporting the ICMA – CPM based performance measures. Most departments have incorporated some of these new measures into their budgeting process in order to benchmark against other consortia members. The City will publish its second "Report Card" 2010 to continue to highlight several of the performance indicators tracked in the context of the annual customer satisfaction survey results. The next annual Citizens Survey will be mailed in the early fall 2009, with results available for the FY 10-11 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 22 advisory boards and commissions, totaling over 200 citizens who freely give of their time to advise the City on issues. For FY 08-09, 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 08-09 have included:

- 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 Corvallis Sustainability Coalition involved hundreds of community members working thousands of hours to develop a list of action items to develop and implement the community's vision for sustainability.

In FY 07-08 the City's Comprehensive Communications Plan update was adopted, with a new three-year implementation plan. The Budget Commission approved adding $50,000 to the City Manager's Office budget in FY 08-09 to implement the communications action plan, which, among other things, focuses on better communication with the general public about the City's finances. The Finance Department printed the second "Budget-in-Brief" in the City Newsletter in August, shortly after the start of the new fiscal year. The communications services added in FY 08-09 will be continued in FY 09-10, with an emphasis on improving the City's web site and access to information.

In FY 07-08 the Corvallis-Benton County Public Library added a part-time Volunteer Coordinator to enhance the Library's already strong volunteer base. The Coordinator has been extremely successful in expanding the program; by the end of FY 08-09, the library benefited from the efforts of approximately 285 volunteers.

FY 09-10 and Beyond –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. The Library Volunteer Coordinator position has been made permanent, with training offered to volunteers in other departments. The Library's volunteer program will continue to offer opportunities for citizens to help provide library services to the community. The Communications Specialist will focus efforts on updating the City's web site, based on recommendations for improvements made in an on-line survey of current users.

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 and the Youth Recreation Corps offer youth 14 and 15 years old a "first job" experience that allows them to gain job experience and a small paycheck. The Youth Parks Corps teaches 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. The Youth Volunteer Corps 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 high quality programs for children and families. A few examples of key partners are The Arts Center, School District 509J, the Corvallis 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 Twilight parties, and teen game nights to the annual Teddy Bear picnic. The Library has computer areas designated specifically for kids with a well developed Library kids Web site that points to age appropriate kids' resources. The Library also participates in Benton County Health Department's "Healthy Start" program that focuses on the importance of literacy for newborns, putting Library resources into the hands of parents while they are still in the hospital.

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, and the Fire Department is starting a similar program.

FY 09-10 and Beyond –Parks and 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 Early Literacy Coordinator 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 Diversity Implementation Steering Committee has been formed, including representatives of all departments, with a focus on improving the organization's diversity through hiring, retention, programs and services.

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 Rev. King or are in keeping with the messages of social equity and social justice taught by Rev. King during his lifetime. In 2008 the MLK Commission approached the City Council, requesting a change to their charter to expand events beyond the annual Martin Luther King, Jr. holiday and develop a year-round program focusing on diversity. The updated charter for the group is being implemented, with the Commission working through the net year to develop the more robust program.

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 continues to meet regularly.

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

The City has been an active participant in the Community Alliance for Diversity (CAD) since its inception, and has an on-going contract for the CAD to provide Ombusdperson 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 09-10 and Beyond – In FY 09-10 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 2008 the City committed funding to assist in the development of 62 affordable rental units in Corvallis. Twenty-six units, ten of which will provide permanent supportive housing for survivors of domestic violence, will be built on SW Alexander at SW Third Street. The other 36 units will be built at Seavey Meadows in NE Corvallis.. The project, to be developed by Willamette Neighborhood Housing Services is scheduled to break ground in 2009/2010.

In FY 07-08 the City initiated a Code Enforcement program, with the focus of the program on issues that make neighborhoods more livable. Complaints addressed by this work group include solid waste, inoperative vehicles, over-occupied or altered structures, and possible Land Development Code violations.

FY 09-10 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 may 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.

CONCLUSION

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

SECTION – II
BUDGET SUMMARY

CORVALLIS MUNICIPAL WATERSHED AT MARYS PEAK

City of Corvallis
Budget by Fund

Total Budget

$118,170,075

Property Tax Funds

$47,127,045

General Fund

Op $14,770,070
Non-Op $1,243,600

Parks & Recreation Fund *

Op $5,991,290
Non-Op $1,285,905

Fire & Rescue Fund

Op $11,524,260
Non-Op $1,597,790

Transit Fund

Op $3,988,670
Non-Op $106,220

Library Fund *

Op $6,273,370
Non-Op $345,870

Other Special Revenue Funds

$17,197,100

Street Fund

Op $6,046,510
Non-Op $2,254,300

9-1-1 Fund

Op $2,070,690
Non-Op $119,010

Development Services Fund

Op $1,883,090
Non-Op $129,070

Comm. Dev. Revolving Fund

Op $3,777,000
Non-Op $77,300

Parking Fund

Op $603,540
Non-Op $236,590

Cap Const./Debt/ Perm Funds

$9,668,660

Capital Construction Fund

Non-Op $5,806,140

General Obligation Debt Service Fund

Non-Op $1,678,270

Pension Obligation Debt Service Fund

Op $1,490
Non-Op $2,182,260

Davidson Fund
Op $500

Enterprise Funds

$34,837,990

Water Fund

Op $7,272,340
Non-Op $4,608,560

Wastewater Fund

Op $7,084,760
Non-Op $10,803,960

Storm Water Fund

Op $2,298,220
Non-Op $1,611,720

Airport Fund

Op $934,110
Non-Op $224,320

Internal Service Funds

$9,339,280

Fleet Maintenance Fund

Op $741,410
Non-Op $16,000

Facility Maintenance Fund

Op $798,810
Non-Op $10,000

Technology and Communications Fund

Op $1,736,240
Non-Op $30,000

Administrative Services Fund

Op $4,742,400
Non-Op $30,000

Risk Management Fund

Op $959,420
Non-Op $275,000

* 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 09-10. 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 09-10 and beyond that will continue the community's progress toward achieving its goals.

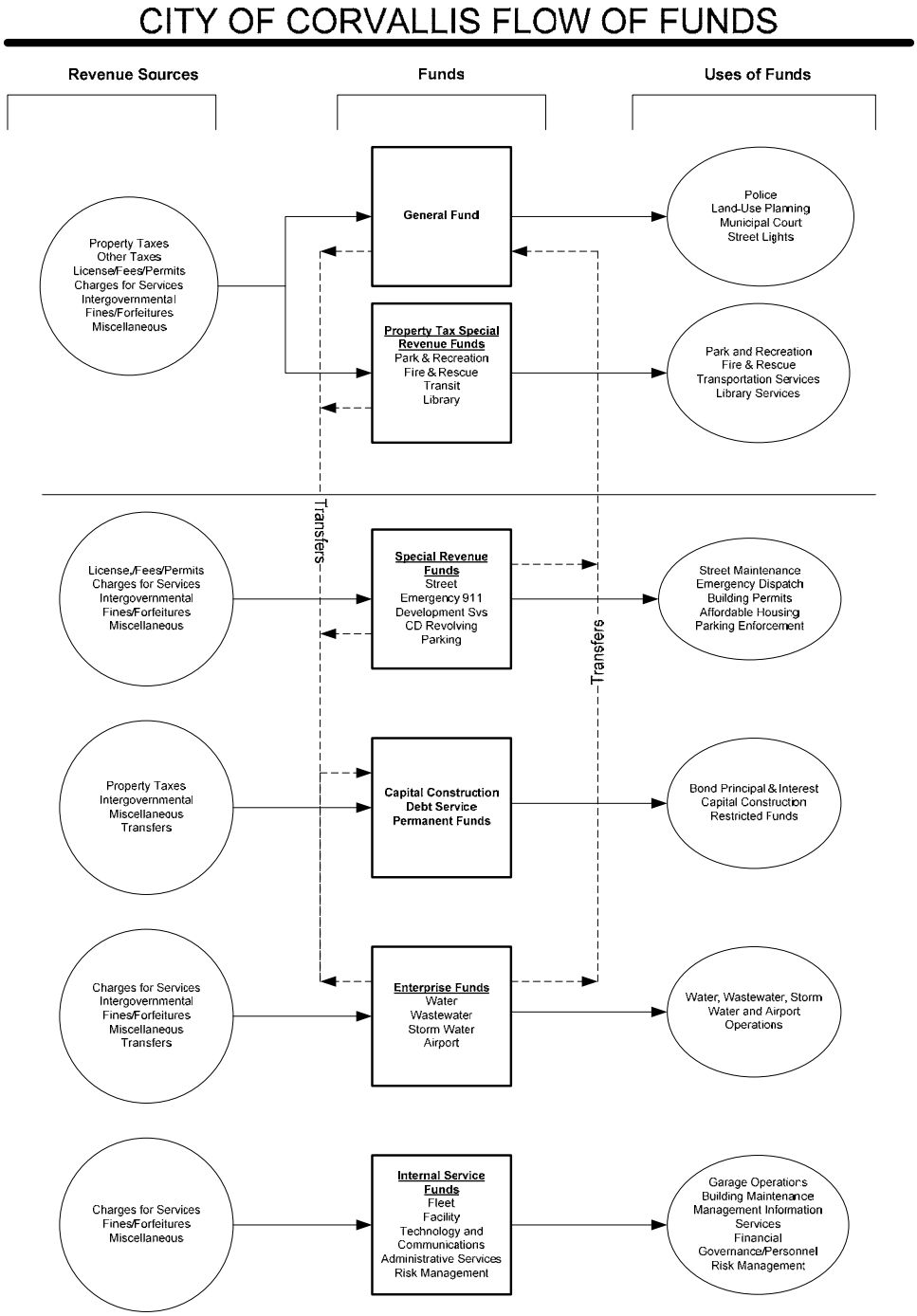
The City also has a number of policies that impact or direct existing operations; the appendix section of the budget includes the budget capacity information shared with the City Council and Budget Commission for development of the proposed budget and the Financial Policies adopted by the City Council 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 in pursuit of meeting Council goals and management objectives.

The City also seeks feedback from citizens on the services provided. The City has conducted a survey of its citizens every fall since 1993. The survey conducted in the fall of 2008 had a 42% return rate, which while still very good compared with other local governments' resident surveys, is somewhat lower than the 60%+ return rate experienced by Corvallis in prior years. The response decline is partly attributed to the new longer format adopted through first-time participation in the National Research Center's (NRC) national citizen survey. Since a response rate of this magnitude is still considered statistically viable, the trade-off of having better ability to benchmark results against communities across the nation is well worthwhile. This year's survey continued to include several questions similar to those asked every year, to allow staff to benchmark service use and areas for organizational improvement. For example, services ranked with a 90% or higher good or excellent rating included fire services, ambulance or emergency medical, public library, City parks, and the Osborn Aquatic Center. All five of these service areas also scored above a 90% in 2007.

The survey also includes specific questions each year that focus on issues of concern for the City. For 2008 questions focused on preferred sources for City government information, possible Library improvements and sustainability progress. 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 a summarized version of the survey results is included in the budget in the Appendix on page XI-53. The complete survey, including comments, can be found on the City's web site at www.ci.corvallis.or.us. The City also published an 8-page newsletter in March 2009 that highlighted survey results in the context of the City's performance measurement efforts, for a first annual report card to citizens. This report card can also be found on the website.

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



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

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

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

   Operating expenditure classifications include: Personal Services (includes salaries and wages, plus all associated benefits), Supplies and Services, and Capital Outlay. Non-operating expenditure classifications include Transfers,

Debt Service, Capital Projects, Other Non-Operating, and Contingencies which are appropriated but not used unless authorized by the City Council.

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

The Budget Process summary in the Appendices section underpins City operations with its annual overview of the cycle to establish plans for funding those operations. The Budget Commission, a group made up of the City Council and an equal number of citizen appointees, convenes each year in January to hear the results of the Citizen Survey, the City Council's goals, and the Capital Improvement Program Commission's recommended CIP. 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 lengthy history of long-term financial planning. Financial plans for each operating fund of the City are developed and updated frequently during the budget process. Three years of each financial plan are presented in the annual budget (Section III), but the financial plans are all projected for five to seven years and employed by staff throughout the year as a planning tool. This information is used in several ways:

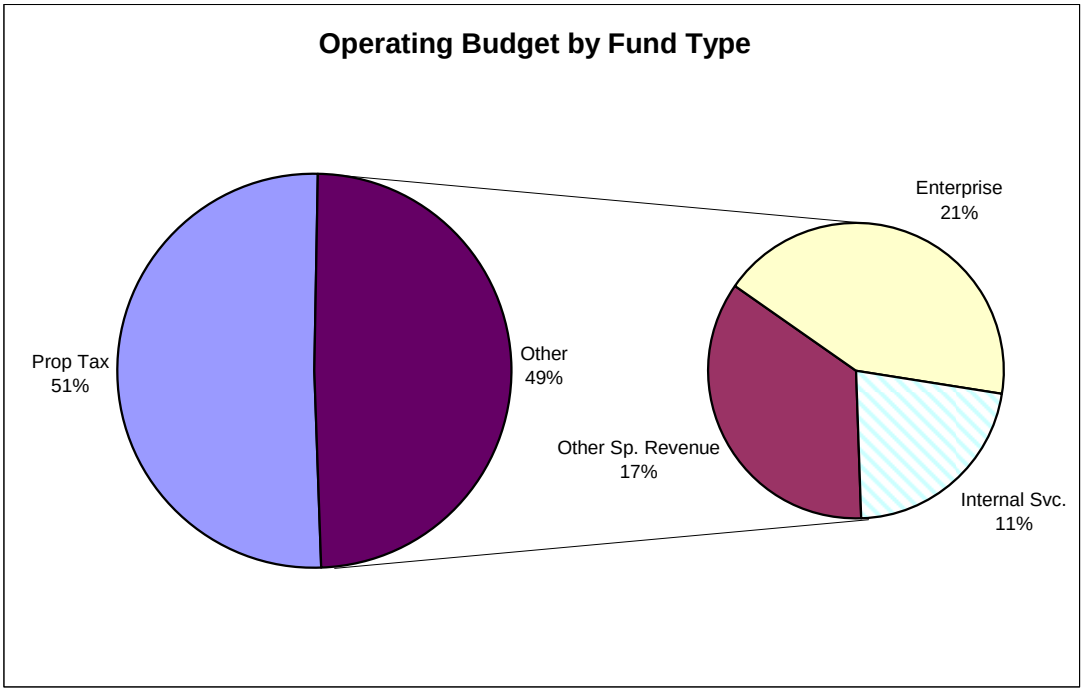
- ◊ The financial plans are used to make assumptions about revenues and expenditures, and then to test and refine those assumptions as each fiscal year is completed.
- ◊ The financial plans are used to model new assumptions such as changing the rate for certain fees (e.g., utility rates), examining the fiscal impact of legislative changes, or examining the long-term financial impact of budget decisions, particularly budget decisions that add 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 09-10

For FY 09-10, the City's projected revenue totals $101,567,325. With an estimated beginning fund balance of $38,223,492, the City projects it will have $139,790,817 in total resources to fund services. The expenditure budget totals $118,170,075 with $83,498,190 for operating expenditures and $34,671,885 for non-operating expenditures. A summary of the budgeted revenues and expenditures follows:



FY 09-10 ADOPTED BUDGET BY FUND TYPE

	Governmental Activities			Business Type Activities			
	Property Tax Funds	**Other Special Revenue Funds**	**Cap Const/Debt/ Perm Funds**	**Enterprise Funds**	**Internal Svc Funds**	**FY 09-10 Total**	**% of Total Rev/Exp**
Beg. Fund Balance	$9,959,862	$6,268,484	$799,303	$19,883,168	$1,312,675	$38,223,492	
Operating Revenue							
Property Taxes	19,027,670	0	1,933,460	0	0	20,961,130	20.64%
Other Taxes	1,194,350	0	0	0	0	1,194,350	1.18%
License, Fees, Permits	5,588,140	1,294,100	0	4,500	0	6,886,740	6.78%
Charges for Service	5,759,950	2,641,040	0	20,915,720	8,898,620	38,215,330	37.63%
Intergovernmental	5,906,500	8,602,490	841,080	681,250	0	16,031,320	15.78%
Fines and Forfeitures	1,009,810	403,500	0	0	0	1,413,310	1.39%
Miscellaneous	1,180,570	703,070	291,000	829,970	91,200	3,095,810	3.05%
Total Operating Rev.	39,666,990	13,644,200	3,065,540	22,431,440	8,989,820	87,797,990	86.44%
Non-Operating Rev.	0	218,390	6,700,235	6,850,710	0	13,769,335	13.56%
Total Revenue	39,666,990	13,862,590	9,765,775	29,282,150	8,989,820	101,567,325	100.00%
Total Resources	$49,626,852	$20,131,074	$10,565,078	$49,165,318	$10,302,495	$139,790,817	
Operating Expenditures							
City Manager's Office	0	0	0	0	3,086,770	3,086,770	2.61%
Community Dev.	1,722,190	5,683,700	0	147,820	0	7,553,710	6.39%
Finance Department	684,130	129,500	0	0	4,099,860	4,913,490	4.16%
Fire Department	11,524,260	0	0	0	0	11,524,260	9.75%
Library	6,236,460	36,910	500	0	0	6,273,870	5.31%
Parks & Recreation	5,991,290	0	0	0	0	5,991,290	5.07%
Police	9,948,300	2,367,060	0	0	0	12,315,360	10.42%
Public Works	4,878,890	6,200,570	0	17,441,610	1,791,650	30,312,720	25.65%
Non-Departmental	1,525,230	0	1,490	0	0	1,526,720	1.29%
Total Operating Budget	42,510,750	14,417,740	1,990	17,589,430	8,978,280	83,498,190	70.66%
Non-Operating Budget							
Capital Projects	0	0	5,806,140	6,060,470	0	11,866,610	10.04%
Debt Service	0	0	3,860,530	3,353,670	0	7,214,200	6.10%
Transfers	3,227,800	3,231,995	0	7,420,540	0	13,880,335	11.75%
Other Non-Op Uses	0	0	0	0	0	0	0.00%
Contingencies	789,340	146,520	0	413,880	361,000	1,710,740	1.45%
Total Non-Op. Budget	4,017,140	3,378,515	9,666,670	17,248,560	361,000	34,671,885	29.34%
Total Appropriated Budget	$46,527,890	$17,796,255	$9,668,660	$34,837,990	$9,339,280	$118,170,075	100.00%
Ending Fund Balance	$3,098,962	$2,334,819	$896,418	$14,327,328	$963,215	$21,620,742	

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 09-10, the City's projected revenue in the property tax supported funds combined (General, Parks and Recreation, Fire & Rescue, Transit, Library) totals $39,666,990. With an estimated beginning fund balance of $9,959,862, the City projects it will have $49,626,852 in total resources to fund property tax supported services. The property tax fund's combined expenditure budget totals $46,527,890, with $42,510,750 for operating costs and $4,017,140 for non-operating expenditures. The ending fund balance, including reserves, is projected to be $3,098,962 or 7.81% 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 09-10, the City's projected revenue in the Other Special Revenue Funds totals $13,862,590. With an estimated beginning fund balance of $6,268,484, the City projects it will have $20,131,074 in total resources to fund the operations in these funds. The combined expenditure budget totals $17,796,255, with $14,417,740 for operating costs and $3,378,515 for non-operating expenditures. The ending fund balance, including reserves, is projected to be $2,334,819 or 17.11% 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 09-10, the City's projected revenue in the Capital Construction/Debt Service/Permanent Funds totals $9,765,775. With an estimated beginning fund balance of $799,303, the City projects it will have $10,565,078 in total resources to fund the operations in these funds. The combined expenditure budget totals $9,668,660, with $1,990 for operating costs and $9,666,670 for non-operating expenditures. The ending fund balance, including reserves, is projected to be $896,418 or 29.24% 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 09-10, the City's projected revenue in the enterprise funds totals $29,282,150. With an estimated beginning fund balance of $19,883,168, the City projects it will have $49,165,318 in total resources to fund the associated services. The expenditure budget totals $34,837,990, with $17,589,430 for operating costs and $17,248,560 for non-operating expenditures. The ending fund balance, including reserves, is projected to be $14,327,328 or 63.87% 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 09-10, the City's projected revenue in the internal service funds totals $8,989,820. With an estimated beginning fund balance of $1,312,675, the City projects it will have $10,302,495 in total resources for these services. The combined expenditure budget totals $9,339,280, with $8,978,280 for operating costs and $361,000 for non-operating expenditures. The ending fund balance, including reserves, is projected to be $963,215 or 10.71% 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 09-10. Revenues are discussed by classification as follows:

PROPERTY TAXES

	FY 06-07 Audited	FY 07-08 Audited	FY 08-09 Adopted	FY 08-09 Revised	FY 09-10 Adopted	% Chg from FY 08-09
Operations	$17,212,745	$17,979,312	$18,544,610	$18,722,860	$19,027,670	2.60%
Debt Service	1,809,197	1,818,914	1,965,000	1,815,000	1,933,460	-1.61%
Total	$19,021,942	$19,798,226	$20,509,610	$20,537,860	$20,961,130	2.20%

Property taxes are 20.64% of the City's total projected revenue for FY 09-10, and 47.97% 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 09-10 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 2.5% to $3,838,775,559 from the $3,745,146,887 certified in 2008, 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 09-10, property tax revenue for debt is expected to total $1,933,460. Taxes for debt are levied as a total dollar amount, in the amount necessary to return revenue to the City to pay the principal and interest due on the debt during the fiscal year. The City currently has three outstanding voter approved general obligation debt issues which will have a property tax levy in FY 09-10. 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. These latter bonds are due to be fully repaid early in FY 10-11; as such a slightly higher levy is required for that final payment which falls before the FY 10-11 property taxes would be received. In May of 2009, the City achieved over $755,000 in net present value savings by refunding both the 1999 and a portion of the 2001 bond series outstanding. The 1999A issue was 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. As such, the remaining debt levy amount for FY 09-10 will be in respect of the second last year of debt service for the 2001A Open Space bonds and the first year of the new ten-year 2009A Refunding General Obligation bonds.

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 09-10 are:

	Levy Amount	Discounts	Gross Revenue
Operating Levy	$19,603,480	$ (490,080)	$19,113,400
1994 Library Debt	863,570	(21,590)	841,980
2001 Open Space Debt	435,900	(10,900)	425,000
2009 Refunding of 99/01 Bonds	683,570	(17,090)	666,480
Total	$21,586,520	($539,660)	$21,046,860

The City estimates an additional $439,610 in revenue will not be received in FY 09-10 as the result of delinquent property tax payments; this amount will be collected in future years. For FY 09-10, 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 06-07 Audited	FY 07-08 Audited	FY 08-09 Adopted	FY 08-09 Revised	FY 09-10 Adopted	% Chg from FY 08-09
Transient Room Taxes	$1,113,828	$1,147,594	$1,220,930	$1,159,670	$1,194,350	-2.18%

Other taxes are 1.18% of the City's total projected revenue for FY 09-10, and are a minor revenue in the General Fund. Other Taxes are from Transient Room taxes, estimated to decrease 2.18% for FY 09-10 from the FY 08-09 adopted budget. Revenues are continuing to grow, but not at the pace anticipated when estimating the FY 08-09 adopted budget. The percentage of rooms occupied began to slow along with the economy in the latter part of 2008. Corvallis Tourism reports that with a slight increase in hotel rates this should serve to partly offset the decline in room stays, resulting in the noted decrease over the FY 08-09 adopted budget, but a 3% increase over the revised FY 08-09 revenue estimates.

LICENSES, FEES, PERMITS

	FY 06-07 Audited	FY 07-08 Audited	FY 08-09 Adopted	FY 08-09 Revised	FY 09-10 Adopted	% Chg from FY 08-09
Franchise Fees	$4,827,108	$4,988,241	$5,038,950	$5,135,600	$5,292,690	5.04%
Building Permits	1,152,910	1,152,069	1,326,890	766,990	766,990	-42.20%
Transp. Maint. Fee	407,911	410,300	409,500	420,000	436,100	6.50%
Business License Fee	0	0	250,000	0	0	-100.00%
Other	340,950	357,891	318,140	315,230	390,960	22.89%
Total	$6,728,879	$6,908,501	$7,343,480	$6,637,820	$6,886,740	-6.22%

Licenses, fees and permits are 6.78% of the City's total projected revenue for FY 09-10. 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 08-09. 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 declined significantly in the past twelve months and is not anticipated to recover much before the spring of 2010. FY 09-10 fees are expected to be roughly equivalent with revised FY 08-09 levels, which are over 33% lower than levels achieved in the prior two years. Oregon State University and several other commercial developers have a number of large projects that are either underway, or will be soon, which underpin the revenue estimates shown above.

The Transportation Maintenance Fee (TMF) is billed monthly on the City Services bill; revenues from the TMF are used for specific street improvement construction projects. Recent commercial construction has added several new billable areas to the system, such that receipts have increased closer to levels originally forecast for this revenue source.

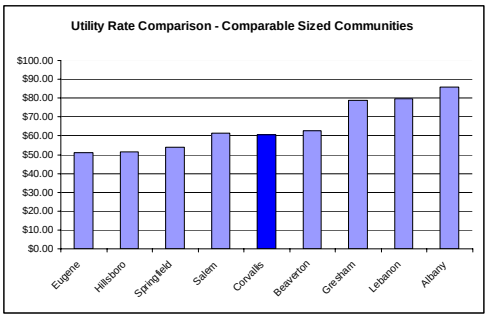
City Council authorized the addition of approximately $250,000 in estimated revenues in respect of a potential business license program for FY 08-09. It was determined early in the fiscal year however, through a stakeholder process, that the costs of this program outweighed the benefits and the initiative is not proceeding at this time.

Of the Other Licenses, Fees, and Permits revenue, the Public, Education, Government/Institutional Network (PEG/I-Net) fees charged on cable television bills for local public access, is estimated to bring in around $140,980. 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.

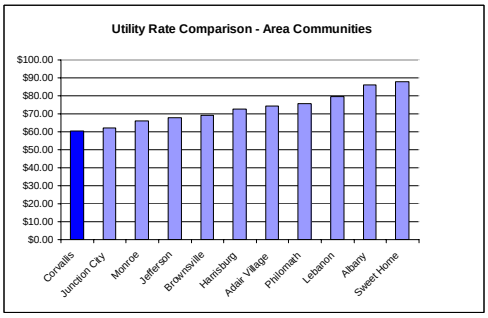
CHARGES FOR SERVICE

	FY 06-07 Audited	FY 07-08 Audited	FY 08-09 Adopted	FY 08-09 Revised	FY 09-10 Adopted	% Chg from FY 08-09
Utility Fees	$16,636,897	$17,188,369	$17,941,830	$17,640,970	$18,240,270	1.66%
Systems Dev. Chgs	3,659,178	2,566,002	3,509,890	1,389,830	1,677,910	-52.19%
Parks & Rec Fees	1,226,333	1,270,045	1,350,540	1,395,340	1,430,440	5.92%
Building Plan Review	803,729	957,668	996,620	805,550	822,300	-17.49%
Contracted Fire Svc.	1,087,372	1,135,068	1,001,610	1,032,390	1,038,530	3.69%
Ambulance Fees	1,407,763	1,839,213	1,680,170	1,857,800	1,859,860	10.69%
9-1-1 Cost Share	661,572	671,077	830,570	830,570	986,560	18.78%
Internal Service Charges	7,254,879	7,254,879	8,216,210	8,062,400	8,529,370	3.81%
Other	3,428,407	4,468,685	4,016,880	3,656,320	3,630,090	-9.63%
Total	$36,166,130	$37,351,006	$39,544,320	$36,671,170	$38,215,330	-3.36%

Charges for service revenues are 37.63% of the City's total projected revenue for FY 09-10. 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, 2009 increased 3.3% on the total bill, slightly higher than the 3% target. The projected rate increases for the three utilities will be reviewed in the fall with any actual increases put into place in February, 2009. Projected rate increases are shown in the financial plans, and currently assume 4.0% for Water, 2.0% for Wastewater, and 5.0% for Storm Water that will result in a rate increase of around 3.0% on the total utility bill for the average residential customer. Even with this year's rate increase being slightly 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 decrease significantly in FY 09-10 from FY 08-09 Adopted and prior year actuals. These revenues tend to have substantial variability due to the rate of construction activity, as well as economic conditions that might impact the volume of this activity. Residential construction has virtually come to a standstill in the past twelve months, and is not expected to recover until mid-2010 at the earliest. Since SDC revenue is typically not spent in the year it is collected, but is reserved for future construction of infrastructure projects, the budget associated with SDC projects in FY 09-10 is currently not anticipated to be fully expended due to inadequate funding available particularly in the Parks SDC and Stormwater SDC Funds.

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 increase reflects improved marketing and reorganized staffing efforts that are anticipated to offset any declines in participation due to the economy. Within the Parks & Recreation professional groups in Oregon there has been discussion that with fewer dollars people will be carefully weighing how to use leisure dollars and may be less likely to participate in multiple events; however Corvallis has been somewhat insulated from this effect, partly due to the presence of the University. Also, given less dollars for travel, citizens appear to be increasing support of programs closer to home.

Building Plan Review fees are projected to decrease 17.49% over the Adopted FY 08-09 projection. This projection is largely based on the expectation that despite several large projects at OSU, residential construction and renovation will continue to be minimal through the next fiscal year.

Contracted Fire Service revenue is projected to increase from the FY 08-09 original projection as are Ambulance revenues. The contracted fire service revenue estimate is based on the most recently negotiated contract the City has with the Rural District to provide services, and the anticipated growth in assessed value of the district's property tax base. The increase in Ambulance revenue is predicated on continued improvement in collections, combined with an increase in the number of ambulance trips being made.

The 9-1-1 Fund cost share is proposed to increase significantly in FY 09-10, due to the potential for a reduction in the 9-1-1 tax distribution by the State, as well as the recently approved addition of four dispatchers. The charge is born by the users of the 9-1-1 system which includes the Corvallis Police and Fire Departments, as well as other government agencies in the vicinity of the 9-1-1 dispatch system. Since the Benton County Sherriff's Office, the City of Philomath Police department and

various smaller Fire Districts calls for service currently represent only about 34% of system use, over 66% of the increase is born by the City's property tax funds combined.

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. The majority of the decline in this category is being experienced by the Wastewater Fund, where maximum quantities of leachate hauled from the landfill are being reduced temporarily due to environmental permit limits. The state of the economy is also contributing to decreases in other development-related revenues, such as water meter sales and public improvement/private contractors (PIPC) payments.

INTERGOVERNMENTAL

	FY 06-07 Audited	FY 07-08 Audited	FY 08-09 Adopted	FY 08-09 Revised	FY 09-10 Adopted	% Chg from FY 08-09
State Revenue Sharing	$1,160,708	$995,993	$1,216,580	$1,249,110	$1,172,280	-3.64%
Highway Tax	2,488,701	2,363,049	2,443,290	2,360,670	2,337,340	-4.34%
Transit Grants	1,085,147	808,119	1,698,710	1,584,710	1,285,140	-24.35%
Housing Grants	1,667,461	742,005	2,775,300	997,950	2,792,190	0.61%
Library Svc. District	2,037,250	2,173,000	2,181,800	2,130,300	2,320,000	6.33%
Capital Projects	646,670	646,670	1,335,540	980,010	952,320	-28.69%
9-1-1 State Taxes	412,341	832,771	547,910	507,680	467,900	-14.60%
ARRA Stimulus Grants	0	0	0	0	3,508,360	0.00%
Other	424,790	547,380	959,960	977,140	1,195,790	24.57%
Total	$9,923,068	$9,108,987	$13,159,090	$10,787,570	$16,031,320	21.83%

Intergovernmental revenues are 15.78% of the City's total projected revenue for FY 09-10. 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, partly due to normal fluctuations for one-time capital grants but in FY 09-10, particularly due to the Federal Stimulus grants available through the American Reinvestment and Recovery Act (ARRA).

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 09-10 state revenue sharing and alcohol tax revenue is expected to be fairly stable, but with an overall projected increase in Oregon's population, the lower per capita distribution amount will negatively impact slower growing communities such as Corvallis. Cigarette tax revenue has been declining, and is expected to continue to decline as a result of a combination of a decreasing number of smokers, lost cigarette tax revenues due to internet sales, and significant increases in Federal cigarette tax rates.

Gas tax monies are projected to decrease about 4.34% in FY 09-10 from Adopted FY 08-09 levels. 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 a capital grant for the purchase of one replacement bus, as well as a $1.1 million ARRA package for three additional bus replacements. The City also anticipates continuing to obtain the maximum available operating grant allocation for Corvallis Transit basic operations and the Job Access Reverse Commute (JARC) grant first obtained in FY 08-09.

Major grant programs for Housing (CDBG and HOME) are anticipated to continue, although new grant monies are declining. The projections for FY 09-10 include carry-over revenues that have been committed to projects but not yet expended or are the result of funds expected to be displaced by the anticipated receipt of $145,490 in ARRA funding in late FY 08-09.

The Library Service District revenue, which is a property tax levied against most properties in Benton County, is projected to increase over 6% in FY 09-10, 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.

Capital project grants vary from year to year depending on opportunities and the applicability of specific projects to the broader Federal or State priorities. Despite a larger capital project volume anticipated in FY 09-10, fewer grants have been identified so far this budget cycle due primarily to a lack of eligibility for many of the larger projects (such as the seismic improvements to the Majestic Theatre).

9-1-1 State taxes are expected to come in below FY 08-09 Adopted projections in both FY 08-09 revised and FY 09-10 proposed due to a possible diversion of this funding in both years by the State to cover its General Fund deficit.

The Street Fund will benefit from at least $2.3 million in ARRA funds awarded in respect of annual grind inlay and several specific bike path and street overlay projects. Due to the streamlined application and award process for these grant monies, the City has already been notified of four awards in the first several rounds of applications for ARRA funding. Public Works has carried over about $1.7 million of the revenue and appropriations included in the above number that were added in late FY 08-09 via Council resolution since the work will primarily be performed in the summer/fall of 2009. The other ARRA grant monies included in the table are discussed in the Transit and Housing intergovernmental revenue paragraphs above.

Other grants and intergovernmental revenues are primarily for special projects. As with capital projects, grant opportunities tend to change from year-to-year based on how well City programs match with those opportunities. In FY 09-10, the significant increases in this area are primarily due to about $110,000 in additional grants for special projects in the Airport Fund and a $62,000 increase in the other government agency cost share of the 9-1-1 emergency services which has been proposed due to the prospective decrease in State 9-1-1 taxes noted above.

FINES AND FORFEITURES

	FY 06-07 Audited	FY 07-08 Audited	FY 08-09 Adopted	FY 08-09 Revised	FY 09-10 Adopted	% Chg from FY 08-09
Traffic and Criminal	$788,659	$734,799	$778,500	$630,500	$905,500	16.31%
Parking	325,873	297,570	305,000	305,000	325,000	6.56%
Other	183,479	181,394	169,770	230,420	182,810	7.68%
Total	$1,298,011	$1,213,763	$1,253,270	$1,165,920	$1,413,310	12.77%

Fines and forfeitures are 1.39% of the City's total projected revenue for FY 09-10. 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 with fewer Police Officer vacancies, but collection experience has deteriorated. Projections for FY 09-10 assume that with a new collections agency contract in late FY 08-09, a significant recovery of past due fines will be achieved.

Parking fine revenue is recorded in the Parking Fund and assumes around 23,000 parking citations will be issued.

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 06-07 Audited	FY 07-08 Audited	FY 08-09 Adopted	FY 08-09 Revised	FY 09-10 Adopted	% Chg from FY 08-09
Interest Earnings	$2,332,982	$2,030,684	$1,531,160	$1,055,040	$892,600	-41.70%
Energy Tax Credits	414,012	538,197	574,440	574,440	531,440	-7.49%
Other	1,189,875	1,642,715	1,982,810	1,501,530	1,560,770	-21.28%
Total	$3,936,869	$4,211,596	$4,088,410	$3,131,010	$2,984,810	-26.99%

Miscellaneous revenues are 3.05% of the City's total projected revenue for FY 09-10. 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 $892,600 for FY 09-10. This is more than 40% lower than the FY 08-09 adopted budget, and reflects the declining interest rate environment.

The City budgets business energy tax credits (BETC) primarily in the Transit Fund, but also receives several smaller energy credits each year as a result of various sustainability initiatives. These revenues are considered temporary in nature since the State Legislature could eliminate them at any time, and with the deteriorating economy, it has proven more difficult to find partners with sufficient taxable income to absorb the credits.

NON-OPERATING REVENUE

	FY 06-07 Audited	FY 07-08 Audited	FY 08-09 Adopted	FY 08-09 Revised	FY 09-10 Adopted	% Chg from FY 08-09
Total	$8,041,148	$9,324,557	$12,182,445	$8,056,380	$13,880,335	13.94%

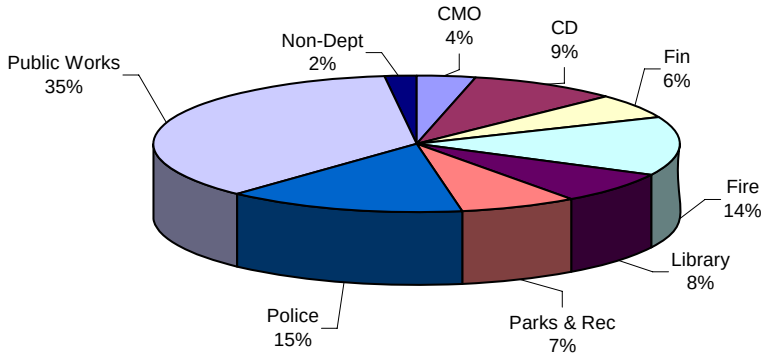
Non-Operating revenue is primarily from transfers that move monies from fund-to-fund, with transfer revenue matching transfer expenditures. The transfers in the Adopted Budget represent a 13% increase from the current budget. This is due primarily to a higher level of capital project expenditures planned.

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 09-10 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 09-10 budget.

FY 09-10 ADOPTED OPERATING BUDGET BY FUND AND DEPARTMENT

	DEPARTMENTS									
Fund	**CMO**	**CD**	**Fin**	**Fire**	**Library**	**Parks & Rec**	**Police**	**Public Works**	**Non-Dept**	**Total**
General		$1,722,190	$684,130				$9,948,300	$890,220	$1,525,230	$14,770,070
Park & Rec						$5,991,290				5,991,290
Fire & Rescue				$11,524,260						11,524,260
Transit								3,988,670		3,988,670
Library					$6,273,370					6,273,370
Street		19,710						6,026,800		6,046,510
911 Emerg.							2,070,690			2,070,690
Devel. Svcs		1,883,090								1,883,090
CD Revolving		3,777,000								3,777,000
Parking		3,900	129,500				296,370	173,770		603,540
Pension Ob.									1,490	1,490
Permanent					500					500
Water		49,580						7,222,760		7,272,340
Wastewater		48,420						7,036,340		7,084,760
Storm Water		49,820						2,248,400		2,298,220
Airport								934,110		934,110
Fleet Maint.								741,410		741,410
Facility Maint								798,810		798,810
Tech & Com.			1,484,810					251,430		1,736,240
Admin Svcs.	$2,127,350		2,615,050							4,742,400
Risk Mgmt	959,420									959,420
Total	$3,086,770	$7,553,710	$4,913,490	$11,524,260	$6,273,870	$5,991,290	$12,315,360	$30,312,720	$1,526,720	$83,498,190

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 09-10 budget by classification with comparisons to prior years is included in the Department and Fund sections of the Adopted Budget document.

OPERATING BUDGET BY DEPARTMENT BY CLASSIFICATION

	Personal Services	% of Dept Budget	Supplies & Services	% of Dept Budget	Capital Outlay	% of Dept Budget	Total
City Manager's Office	$1,303,650	42.23%	$1,783,120	57.77%	$0	0.00%	$3,086,770
Community Development	3,336,030	44.16%	4,217,680	55.84%	0	0.00%	7,553,710
Finance	3,423,030	69.67%	1,419,960	28.90%	70,500	1.43%	4,913,490
Fire	8,161,380	70.82%	2,184,990	18.96%	1,177,890	10.22%	11,524,260
Library	3,837,350	61.16%	2,425,880	38.67%	10,640	0.17%	6,273,870
Parks & Recreation	3,681,770	61.45%	2,223,950	37.12%	85,570	1.43%	5,991,290
Police	8,915,630	72.39%	3,154,070	25.61%	245,660	1.99%	12,315,360
Public Works	10,410,440	34.34%	17,665,760	58.28%	2,236,520	7.38%	30,312,720
Non-Departmental	40,000	2.62%	1,486,720	97.38%	0	0.00%	1,526,720
Total	$43,109,280	51.63%	$36,562,130	43.79%	$3,826,780	4.58%	$83,498,190

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 09-10 include:

◊ Implement the new Council Goals established for 2009-2010.
◊ Acquire and implement a new Human Resources Information System.
◊ Continue implementation of the City Council's Communications Plan and Diversity Initiatives.
◊ Develop a Community Sustainability Program.

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 09-10 include:

◊ Continue to carefully monitor the impact of the economy on Development Services permit revenues, such that as development recovers the department is poised to staff up quickly to respond to customer service needs.
◊ The Budget Commission approved an increase in the Social Services Funding allocation of $28,000 on the basis of a request from the Homeless Coalition. Community Development will allocate the extra dollars based on recommendations from the social services allocation process and Council direction.
◊ An additional 0.5 FTE Code Enforcement Officer was approved by Budget Commission to enhance this program.

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 09-10 include:

◊ The Budget Commission added a 1.0 FTE Municipal Court Clerk position to handle the increasing workload. Renovation of the Court building will occur in FY 09-10 to facilitate this increase in staff.
◊ Complete recurring credit card payment option for Utility Services customers.

◊ Implement Government Accounting Standards Board (GASB) Statement No. 51 on Accounting and Financial Reporting for Intangible Assets, and plan and prepare for the implementation of GASB Statement No. 54 on Fund Balance Reporting and Governmental Fund Type Definitions.

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 09-10 include:

◊ Begin construction of a new Fire training facility.
◊ Continue efforts to enhance collections activities associated with ambulance billing.
◊ Implement a new records management system (RMS) to replace unsupported inhouse software that cannot provide necessary compliance reporting and lacks requisite security.
◊ Put in service a replacement ladder truck, an interface fire engine and a new ambulance.

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 09-10 include:

◊ Budget Commission approved funding for the addition of fire sprinklers to the historic Belluschi wing of the downtown Corvallis Library building
◊ Continue to work with the City of Monroe in planning a new branch library building.
◊ Plan for implementation of recommendations from the FY 08-09 Strategic Plan.

PARKS AND RECREATION

Parks and Recreation manages 1,685 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 09-10 include:

◊ Budget Commission approved a $99,000 increase in the subsidy available to the Osborn Aquatic Center to offset increased labor and energy costs that have created a deficit in this fund over the past several years.
◊ Implement new Operations Management Software that will improve registration and customer service efficiency.
◊ Budget Commission approved the addition of $10,000 in appropriations toward front-desk staff support at the Chintimini Senior and Community Center. The department has re-organized its funding to enable the hiring of a 0.5 FTE employee.

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 09-10 include:

◊ Based upon demand and public safety concerns, the Budget Commission approved the addition of 2.0 FTE Police Officers in the General Fund and 4.0 FTE Public Safety Dispatchers in the 9-1-1 Emergency Fund.
◊ Build a new evidence compound at the Public Works site based on the approved CIP.
◊ Implement on-line police reporting system software.

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 plants; 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 09-10 include:

- ◊ Move forward with ARRA grant spending in respect of three replacement buses in the Transit Fund and several transportation projects in the Street Fund.
- ◊ Enhance transit service through the Budget Commission approved increase in funding for service to Crescent Valley area, supplemented by support from the 509J school district.
- ◊ Add a 0.5 FTE as approved by the Budget Commission to implement the Natural Resources program, particularly as it relates to storm water run off and other Storm Water master plan activities.
- ◊ Add a 0.5 FTE in the Street Fund in respect of sustainability goals related to alternative transportation and bicycle safety.
- ◊ Budget Commission approved adding $100,000 for a pilot project on storm water flow reduction through rain garden creation in the public right-of-way. Additionally, Council approved other sustainability related funding of $30,000 in the Utility funds for public/private partnership project and $25,000 for a white paper on wastewater flow and usage patterns.
- ◊ Acquire at least two electric vehicle charging stations as approved by the Budget Commission, and possibly several others if ARRA monies are available for same.

NON-DEPARTMENTAL

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

- ◊ $432,250 is budgeted in the General Fund for Social Services grants, which includes a $28,000 increase approved by Budget Commission.
- ◊ A total of $602,560 is budgeted in the General Fund in respect of Economic Development, with $347,630 for Corvallis Tourism, $46,350 for festivals and events and $208,580 in non-dedicated funds to be allocated according to policy, and $12,000 to facilitate management of the Prosperity That Fits plan.
- ◊ Budget Commission approved $40,000 in funding for the Corvallis Sustainability Coalition toward implementation of the Community Sustainability Action Plan. This funding was redirected by Council to the City Manager's Office in respect of development of a 1.0 FTE position in FY 09-10 to support community sustainability programs. Initially this will be funded as non-departmental in the General Fund to enable development of the program and position criteria.

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.

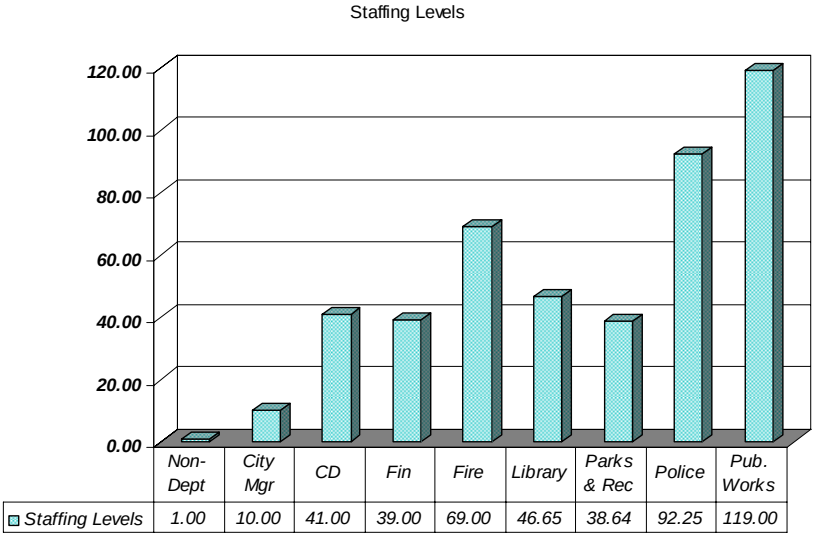
PERSONAL SERVICES

	FY 06-07 Audited	FY 07-08 Audited	FY 08-09 Adopted	FY 08-09 Revised	FY 09-10 Adopted	% Chg from FY 08-09
Salaries	$25,718,979	$27,242,689	$29,332,750	$28,641,280	$30,862,100	5.21%
Benefits	9,998,469	10,577,943	11,987,210	11,989,880	12,247,180	2.17%
Total	$35,717,448	$37,820,632	$41,319,960	$40,631,160	$43,109,280	4.33%
City FTE	438.68	440.51	446.29	441.01	456.54	2.30%

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 normally budgeted in accordance with bargaining unit agreements.

- ◊ The CRCCA has not yet negotiated the wage terms under their respective contracts, so an estimated COLA of 3.25% has been included in the effected departments' budgets.
- ◊ The IAFF contract initially had a 3.25% COLA built into the Proposed budget, but upon conclusion of the contract negotiations, an additional $100,000 has been built into the Fire Fund Personal Services budget to support the agreed upon wages and benefit terms
- ◊ CPOA wages have been budgeted based on the current agreement which calls for an annualized COLA of 4.5% in FY 09-10 for Officers and approximately a 7.5% increase for Sargeants.
- ◊ AFSCME wages were also budgeted according to the unit's existing contract at a 3.25% COLA.
- ◊ Exempt positions, primarily managers and supervisors, typically receive the same COLA as AFSCME, and so have been budgeted with a 3.25% COLA.

STAFFING LEVELS

	1995-1996 Actual	2000-2001 Actual	2005-2006 Actual	2006-2007 Actual	2007-2008 Adopted	2008-2009 Adopted	2009-2010 Proposed	% Chg from 08-09 Adopted
City Manager's Office	9.75	9.50	9.50	9.50	9.50	10.00	10.00	0.00%
Community Development	27.50	31.50	35.85	37.05	38.25	40.25	41.00	1.86%
Finance	29.00	37.75	37.75	38.25	38.25	38.25	39.00	1.96%
Fire	59.50	60.00	69.72	69.72	68.72	69.00	69.00	0.00%
Library	42.42	46.27	45.77	45.77	45.90	46.65	46.65	0.00%
Parks & Recreation	25.24	27.13	28.43	37.14	37.14	38.14	38.64	1.31%
Police	81.90	91.25	82.25	85.75	86.25	86.25	92.25	6.96%
Public Works	104.66	113.85	114.50	115.50	116.50	117.75	119.00	1.06%
Nondepartmental	0.00	0.00	0.00	0.00	0.00	0.00	1.00	0.00%
Total	379.97	417.25	423.77	438.68	440.51	446.29	456.54	2.30%
Population *	49,275	51,040	53,165	53,900	54,890	54,880	55,980	2.00%
FTE per 1,000 Population	7.71	8.17	7.97	8.14	8.03	8.13	8.16	0.00%

* Population comes from estimates developed by Portland State University and includes OSU students. FY 09-10 population is projected to grow 1.2%.

The FY 09-10 Adopted Budget includes a total of 456.54 Full Time Equivalent (FTE) positions. This is a 2.30% increase from the FY 08-09 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 Community Development Department increased by 0.75 FTE. The Budget Commission added a half-time Code Enforcement Officer to enhance this relatively new program that has a lot of community support. An additional 0.25 FTE was added administratively in the CD Revolving Fund to support grant administration in this division.

◊ The Finance Department increased by 1.0 FTE for an additional municipal court clerk. However, with a reorganization of the Utility billing and Financial Services administrative staff , the department was able to reduce 0.25 FTE for a net increase of 0.75 FTE.

◊ The Parks and Recreation Department added 0.5 FTE Administrative Assistant to bolster front-desk services at the Chintimini Senior and Community Center. The Budget Commission approved $10,000 which staff added to existing casual hours to develop into a half-time position to provide more consistent front desk coverage.

◊ The Police Department received approval from the Budget Commission to increase its dispatch staff by 4.0 FTE and its Police Officers by 2.0 FTE premised on staffing study results received by management.

◊ The Public Works Department added 0.5 FTE to implement the Natural Resources program, particularly as it relates to storm water run off and implementing parts of the Storm Water Master Plan. Council approved the addition of another 0.5 FTE to an existing position to support sustainability initiatives with respect to alternative transportation modes and bicycle safety. Public Works also added 0.50 FTE administratively in the Airport Fund through reductions in a casual position. Finally, a decrease of 0.25 FTE was made to change the Watershed specialist position from regular to casual based on the number of hours being worked, for an overall departmental net increase in staffing of 1.25 FTE.

◊ Council opted to redirect $40,000 in funding to create a 1.0 FTE position in the City Manager's Office pending development of the program and this position is budgeted in non-departmental.

In addition to paid staff members, the City makes substantial use of volunteers for a wide variety of programs and services. For FY 09-10, the City estimates it will continue to use more than 36 FTE of volunteer hours in departments as follows:

VOLUNTEER HOURS

Department	2007 Hours	2008 Hours	2009 Projected
City Manager's Office	-	-	200
Community Development	220	-	-
Finance	188	112	108
Fire	33,444	44,006	44,001
Library	11,571	13,494	14,400
Parks and Recreation	20,000	26,999	25,000
Police	3,137	3,735	3,700
Public Works	240	607	500
TOTAL VOLUNTEER HOURS	68,800	88,953	87,709

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 2.2% higher for FY 09-10 than in FY 08-09. Contributing factors include:

◊ The City's Public Employee Retirement System (PERS) contribution rates for the period July 1, 2007 through June 30, 2009 are 11.23% of Tier 1 and Tier II payroll and 7.69% of OPSRP General Services payroll and 11.23% of OPSRP Police and Fire payroll. Contribution rates for the period July 1, 2007 through June 30, 2009 were calculated based upon the December 31, 2005 actuarial valuation. Actuarial valuations are performed every two years. The City's employer rate effective July 1, 2009 through June 30, 2011 was based on the December 31, 2007 valuation and the contribution rates are 2.05% for Tier I/Tier II General Services payroll, 10.22% for Tier 1/Tier II Police and Fire payroll, 3.09% for OPSRP General Service payroll and 5.80% for OPSRP Police and Fire payroll.

◊ In fiscal years 2003 and 2006, the City issued pension bonds to make two lump-sum payments to PERS totaling approximately $33.9 million; the payments were used to finance a portion of the projected allocation of its estimated UAL. The payments reduced the City's contribution rates, although debt service payments are also due on the pension bonds. Employer contribution rates may increase or decrease due to a variety of factors, including the investment performance of the PERS fund, the use of reserves, changes to system valuation methodology and assumptions and the outcome of litigation relating to legislative changes and Public Employees' Retirement Board (PERB) actions.

◊ Medical benefits for FY 09-10 are budgeted with a 15% increase, based on rising healthcare costs and current plan experience. Dental benefits have not increased as much recently as medical costs, so have been forecast to increase by 9.5%. Actual increases for FY 08-09 averaged about 8% for all packages except Teamsters, which came in as predicted at about a 10% increase. This cost continues to increase at a considerably higher rate than most other areas of the budget.

SUPPLIES AND SERVICES

	FY 06-07 Audited	FY 07-08 Audited	FY 08-09 Adopted	FY 08-09 Revised	FY 09-10 Adopted	% Chg from FY 08-09
Total	$25,829,426	$26,457,079	$32,998,130	$28,627,380	$36,562,130	10.80%

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 09-10 based on projected rate increases. Some of the cost increases have been offset by reductions in use due to conservation measures put into place over the past several years.

Fuel costs for the City are projected to continue increasing, although not as significantly as they did in 2008 based on the recent decline at the pumps. 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.

This category is where the $2.3 million in grind inlay and other transportation projects associated with the ARRA grant funding are budgeted. This special project services budget accounts for 65% of the 10.8% increase over the Adopted FY 08-09 budget noted in the table above.

CAPITAL OUTLAY

	FY 06-07 Audited	FY 07-08 Audited	FY 08-09 Adopted	FY 08-09 Revised	FY 09-10 Adopted	% Chg from FY 08-09
Vehicle Purchases	$840,087	$504,560	$2,394,760	$1,691,080	$3,618,890	51.12%
Other	661,015	1,098,658	285,110	353,430	207,890	-27.08%
Total	$1,501,102	$1,603,218	$2,679,870	$2,044,510	$3,826,780	42.80%

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 09-10 major capital purchases include four transit buses (three funded with ARRA monies) and three vehicles in the Fire Department, including a final payment on the ladder truck replacement, budgeted in total at over $700,000.

VII. NON-OPERATING EXPENDITURES

CAPITAL PROJECTS

	FY 06-07 Audited	FY 07-08 Audited	FY 08-09 Adopted	FY 08-09 Revised	FY 09-10 Adopted	% Chg from FY 08-09
Water	$1,241,030	$2,374,382	$2,548,810	$1,762,600	$1,337,930	-47.51%
Wastewater	737,069	336,238	1,765,630	689,430	3,855,150	118.34%
Storm Water	585,032	511,278	732,100	700,820	745,000	1.76%
Airport	0	28,575	442,400	442,400	122,390	0.00%
Street	1,401,609	2,264,285	2,653,060	1,978,180	2,510,710	-5.37%
Parks	1,217,839	853,367	1,609,440	1,247,430	1,142,010	-29.04%
Other Capital Projects	640,544	220,844	1,150,650	69,650	2,153,420	87.15%
Total	$5,823,123	$6,588,969	$10,902,090	$6,890,510	$11,866,610	8.85%

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 an 8.85% increase from FY 08-09. Major projects planned for FY 09-10 include:

- ◊ Constructing odor control improvements at the Wastewater Treatment Plant;
- ◊ Replacement of the main electrical system equipment and emergency generator at the Wastewater Reclamation Plant; and
- ◊ Acquiring and developing property to relocate existing Fire Department training facilities.

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 06-07 Audited	FY 07-08 Audited	FY 08-09 Adopted	FY 08-09 Revised	FY 09-10 Adopted	% Chg from FY 08-09
Total	$7,960,696	$9,288,523	$12,182,445	$8,056,380	$13,880,335	13.94%

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 06-07 Audited	FY 07-08 Audited	FY 08-09 Adopted	FY 08-09 Revised	FY 09-10 Adopted	% Chg from FY 08-09
Property Tax	$1,993,720	$1,983,767	$1,995,520	$1,995,520	$1,678,270	-15.90%
Water	1,017,847	1,017,500	1,016,180	1,016,180	1,018,500	0.23%
Wastewater	2,319,291	2,317,721	2,314,920	2,314,920	2,305,690	-0.40%
Airport	31,836	31,067	30,290	30,290	29,480	-2.67%
Pension Obligations	1,864,001	1,994,001	2,086,200	2,086,200	2,182,260	4.60%
Total	$7,226,695	$7,344,056	$7,443,110	$7,443,110	$7,214,200	-3.08%

The Debt Service budget includes appropriations to pay the scheduled principal and interest for all existing debt service issues. In May 2009, the City concluded the refunding of two of its outstanding general obligation bonds, achieving net present value savings for taxpayers of approximately $755,000. The City Council has also accepted the offer of a loan from the Oregon Economic and Community Development Department (OECDD) to provide funding for a wetland mitigation project at the Airport Industrial Park. However, since no documentation is yet in place and disbursement timing remains unknown, no debt service is scheduled or budgeted for in FY 09-10. The loan anticipates the first debt payment would not occur until FY 10-11. Detailed information on debt service is included in Section X of the Budget.

CONTINGENCIES

	FY 06-07 Audited	FY 07-08 Audited	FY 08-09 Adopted	FY 08-09 Revised	FY 09-10 Adopted	% Chg from FY 08-09
Total	$0	$0	$1,696,600	$0	$1,710,740	0.83%

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 06-07 Audited	FY 07-08 Audited	FY 08-09 Adopted	FY 08-09 Revised	FY 09-10 Adopted	% Chg from FY 08-09
Total	$43,715,322	$43,677,142	$30,803,375	$38,223,492	$21,620,742	-29.81%

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 09-10 include the following:

	All Funds	Property Tax Funds
Ending Fund Balance	$21,620,742	$3,098,962
Less:		
Legally Restricted balances	11,977,814	460,272
Council Restrictions	1,630,977	476,774
Management Reserves	2,915,537	1,546,625
Balance Available for Appropriation	$5,096,414	$615,291

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, 2010 In some cases, fund balances are being built to provide cash for a large capital project. In many cases, the fund may have longer-term projections that show the fund going into a negative position if all revenue and expenditure projections perform as currently estimated. In most cases, departments slightly under expend the appropriated budget due to vacancies or project costs that are lower than original estimates. These savings are generally captured during the revised budget process when departments have six months of experience in the current fiscal year and can more accurately project the beginning fund balances for FY 09-10. Another way of estimating the impact of unknown potential savings has been incorporated in the form of a historical norming adjustment (HNA) in the long-term financial plans for each fund. For more information on the HNA, please refer to Section III of this document.

VIII. 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 09-10 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 until April, in order to incorporate some financial strategy elements that were derived through a Budget Capacity analysis brought to the January Budget Commission meetings. For more information on this analysis, as well as to review the newly updated Financial Policies, please refer to the Appendices in Section XI.

- Financial Plans – the FY 09-10 budget Financial Plans section includes the "All Property Tax Funds Combined" financial plan as it has for over a decade, but this year the Financial Plans have been prepared in an alternate view to prior years. Non-operating components of revenue and expenditures have been incorporated above the line with operating revenues and departmental expenditures respectively. Budget Commissioners have found this a more straight forward presentation to assess the bottom-line for decision-making. Additionally, a new graph illustrating Best case/Worst Case/Most Likely Case scenarios has been added to the Property Tax Funds Combined financial plan. This data will be tracked over the next several years to test assumptions. Lastly, the incorporation of an HNA, as discussed in the previous paragraph, helps facilitate a better discussion on budget capacity.

IX. SUMMARY

The Adopted Budget for FY 09-10 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 09-10 budget may be directed to the City of Corvallis Finance Department at 541-766-6990 or via e-mail to finance@ci.corvallis.or.us.

CORVALLIS

ENHANCING COMMUNITY LIVABILITY

BALD HILL SUMMIT

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.

Pictured: Front Row (left to right): Karyle Butcher, Hal Brauner, Tim Cadman, Jacque Schreck, David Hamby, Patricia Daniels
Back Row: Mark O'Brien, Rich Carone, John Davis, Guy Hendrix, Elizabeth French, Richard Hervey, Mike Beilstein, Dan Brown, Jeanne Raymond. Not Pictured: Barbara Bull, Joel Hirsch, Barbara Ross.

Budget Commission

FINANCIAL PLANS

Introduction

This is the fourth presentation for most of the financial plans for the FY 09-10 through FY 11-12 planning period. The Property Tax Funds Combined financial plans were presented at a special City Council work session on November 18, 2008 as part of a long-term financial planning process review with which staff had been charged. The street and utility funds were also updated with the Capital Improvement Program (CIP) changes for their first presentation as part of the annual CIP Commission review. The second revision of all of the plans was used by the Budget Commission in January to review the City's financial status and provide direction for developing the FY 09-10 budget. That second presentation also introduced a new format to highlight the operating components for 19 of the City's 23 funds. Changes to the format included the non-operating sources (uses) being combined in a total revenue or expenditure section, as applicable. A new "potential fund balance" line was also added for most of the funds. This balance is derived through an estimated Historical Norming Adjustment (HNA), formerly referred to as "mitigating factors", and is based on established average historical spending/receipt patterns. It is hoped that this new format will better facilitate decision-makers' discussions of financial capacity. The third rendition of the plans was provided in May to the Budget Commission when this body convened to receive the Proposed Budget.

The final presentation for the FY 09-10 budget cycle includes the following:

- Operating transfers and operating costs related to Capital Improvement Projects (CIP) as identified in the CIP-Commission-recommended CIP program to be included as the capital budget.
- FY 07-08 audited revenues and expenditures.
- FY 08-09 revised revenues and expenditures.
- FY 09-10 adopted revenues and expenditures based on continuing all existing services as well as the enhancements authorized for inclusion in February 2009 by the Budget Commission.
- FY 10-11 through FY 11-12 projected revenues and expenditures maintaining all existing services.

Funds

As noted above, 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' operating 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-13 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. This schedule also includes a new graph to show projected best case, worst case and most likely trend lines as discussed in the Budget Capacity memo provided to the City Council for their November 18, 2008 work session (see Appendices page XI-8). In future years, these projections will be tracked and actual performance can be measured against these projections to improve accuracy.

The Budget Commission discussion focuses on the financial capacity for the combined funds, with allocation of property taxes for each individual fund developed after the strategy has been set.

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. Major revenue assumptions are discussed more in-depth in each fund's business plan, with the assumptions summarized here.

Property Taxes

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

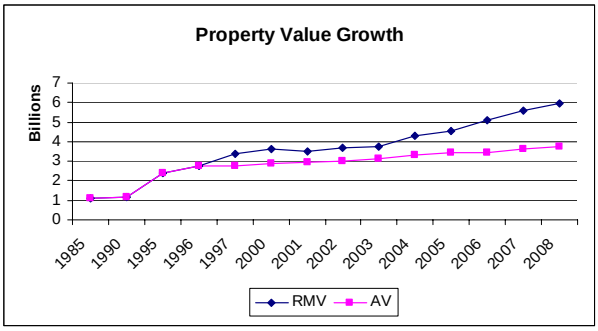
Both real market value (RMV) and assessed value (AV) are important features in projecting property tax revenue based on different tax limits. In FY 08-09, in aggregate, residential property AV was 62% of RMV; commercial property AV was 52% of RMV; and industrial property AV was 86% of RMV. As a parcel 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 May or November election; any other election 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 08-09 combined tax rate for non-education governments, excluding levies for debt, for most Corvallis residents was $8.6566 per $1,000 of assessed value. This translates to an aggregate rate of around $5.45 per $1,000 of real market value, well below the $10 limit. However, the rates are applied parcel-by-parcel, so some parcels may be closer to the $10 limit than others.

Property Values: In Corvallis, the history of assessed value 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 ten years, Corvallis has achieved a 29.87% increase in assessed value, an average of 2.78% per year. During that same time period, real market value has increased 80.31% from $3.3 billion to $5.9 billion, and the Consumers Price Index (CPI) has increased 34%. 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%
2008	5,946,532	6.85%	3,745,147	3.66%
Avg Annual Growth		5.40%		2.78%

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-paying properties, such that the full 3% increase was not realized. Although assessed values rebounded again in 2007 and 2008, it should be noted that one of the City's largest industrial tax payers has appealed its most recent valuation and has requested a re-appraisal for 2009.

The City's assessed value increased by 3.66% from $3,613,016,933 in 2007 to $3,745,146,887 in 2008. This was marginally greater than the projected increase of

3.5%, which was premised on the 3% allowed assessed value increase plus anticipated new development.

For FY 09-10, assessed value is currently projected to increase by 2.5%, due to a combination of the current economic downturn impacting new development and estimated decreases in industrial valuations serving to offset the 3% growth allowance for all other properties. In FY 10-11 and FY 11-12 the AV increases are currently estimated to rebound to 3.7% and 4.3% respectively. The County recently received an appeal from the City's largest tax payer that would negatively impact the above rate assumptions beginning in FY 10-11 if upheld.

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 09-10, the City projects a loss of $439,610 from current year property taxes that are unpaid at the end of FY 09-10. 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. The City Council has set the property tax allocations to the Transit Fund at a rate of 2.36% of property tax revenue. Property tax revenue in the Transit Fund will increase by whatever the actual percentage increase is for all property tax revenue. In FY 08-09, the revised increase in assessed value of 3.66% results in a projected Transit property tax allocation of $440,070.

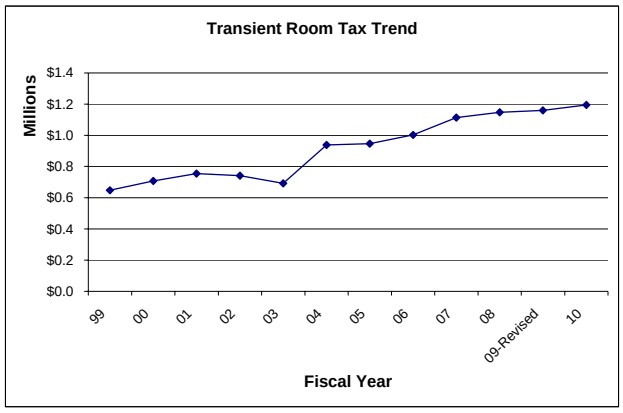
A portion of the Parks & Recreation property tax allocation is made to the Osborn Aquatic Center (OAC) to subsidize its operations and achieve an ongoing positive fund balance projection based on practice and experience. In January, the Budget Commission approved an enhancement to the total current subsidy level for OAC of $99,000 bringing the FY 09-10 allocation for this Fund to a total of $653,730. Through the recent review of Financial Policies (see pg. XI-37), Council approved increases of between 2% to 7% per year thereafter, subject to a staff analysis and recommendation regarding specific cost drivers (i.e. minimum wage increases for casual staff, energy costs, infrastructure maintenance, etc.).

For FY 09-10, the adopted property tax allocation is:

Fund	Proportion
General	25.55%
Parks & Recreation	20.00%
Fire & Rescue	35.85%
Transit	2.36%
Library	15.79%
Arts Center	.45%
Total	100.00%

Other Taxes

These monies are collected from Transient Room Taxes.

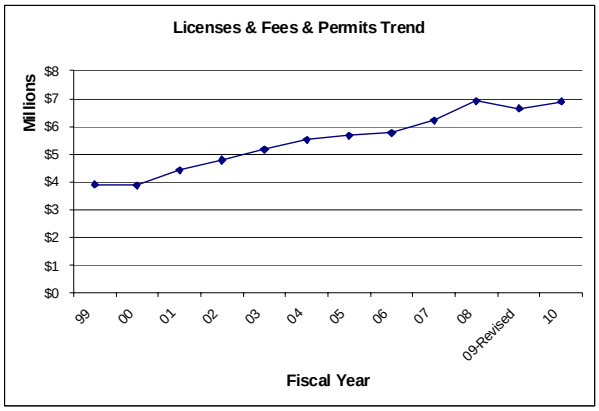


The City currently levies a room tax of 9% of the room costs on all transient lodging in the city limits. Projected revenues continue their upward trend of the past several years, although there is some flattening out due to the current economic conditions. Adopted FY 09-10 room tax revenue continues its upward trend, but at a much slower pace than was anticipated with the Adopted FY 08-09 budget. While the Corvallis Convention Bureau notes that the number of hotel stays continues to dwindle

due to the economy, growth of this revenue is still expected to be about 1% higher than FY 07-08 actuals based on higher room rates. Commencing in FY 09-10, projections show a steady increase, but lower than past years, 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).



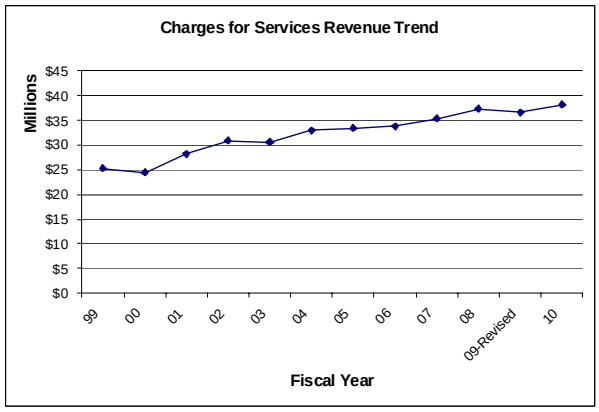
Franchise fees are currently the largest single revenue source in the General Fund. Major drivers for this revenue are the use of the services provided by the franchisees (utilities which use the public right-of-way) and the rates the utilities charge. In FY 07-08 franchise fee revenue once again came in higher than both the adopted budget level and FY 06-07 actuals, though lower than anticipated through the revised FY 07-08 process. The increase in receipts over FY 06-07 was a function of three major factors: City utility right-of-way fees coming in slightly higher in total based on rate increases; higher than expected revenue for several existing utilities based on rate increases; and timing of some FY 06-07 payments received in FY 07-08. FY 08-09 revenues are currently coming in nearly 3% above FY 07-08 actuals, and so have been revised up accordingly. Due to a slight reduction from the implementation of the OSU energy center, the FY 09-10 fees are expected to be up less than 2% from FY 08-09 revised levels. The remaining two years of the planning period are expected to show increases of about 3% per year based on increasing utility rates slightly offset by conservation efforts.

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 in Corvallis, as in most of the rest of the United States, has slowed dramatically over the past year due primarily to economic factors. Although this has been partly offset by increased commercial development, fee revenue in the Development Services Fund overall came in below prior years in FY 07-08 and is anticipated to do so again in FY 08-09 and FY 09-10. Some level of economic recovery is anticipated by the spring of 2010. As such the Financial Plans show permit revenue beginning to ramp up again in the latter two years of the planning period.

A Transportation Maintenance Fee (TMF), approved by Council, went into effect July 1, 2006 and is scheduled to sunset in July 2011. The funds raised from the fee, which is based on the vehicle trips generated by a particular property's 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 $436,100 per year for the remaining two and a half 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%. Rate increases in the utility funds are projected to be at 3% in total for the next several years.



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

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

Revenue from plan reviews in the Development Services Fund is projected to remain relatively flat in FY 08-09 and FY 09-10, with the current residential downturn, then increase marginally over the next several years to previous levels.

Charges for service in the Fire and Rescue Fund are primarily from ambulance services and Corvallis Rural Fire Protection District (CRFPD) contracted services. Revenues for ambulance services have enjoyed significant growth during the past two fiscal years due to a combination of growth in call volume, ambulance rate increases and improved collection efforts compared with prior years. Growth in the next three fiscal years through FY 11-12 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. This contract was renegotiated near the end of last fiscal year, resulting in lower Adopted FY 08-09 revenue levels than received in prior years based upon a reduction for vehicle replacements to be provided now by the Rural District. Increases for this revenue source are still estimated at approximately 3.2% per year through the financial planning period.

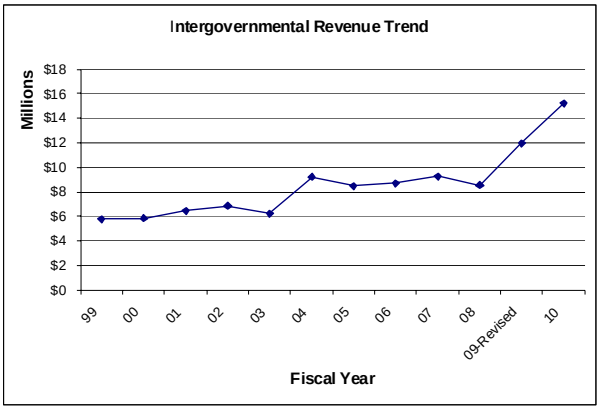
Charges for service in the Transit Fund include fare box revenues; payments from the City of Philomath and the, Special Transportation Funding program (STF) for the City to manage these transit programs; and charges to seven entities for group-pass programs that allow their employees to ride the system for free. 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-enhancing capital projects. A significant decline in this revenue source has been experienced over the past year and a half, based on the economic downturn and related decline in residential development. If this revenue stream continues to be dampened through FY 09-10 and beyond, projects may need to be delayed to manage available 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. State revenue sharing is projected to continue its historic average of approximately 8% growth per year over FY 07-08 levels through FY 09-10, and then moderate to similar levels of growth as the alcohol taxes, at approximately 2% per year. Cigarette taxes on the other hand are expected to continue to decline slightly through FY 09-10 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 FY 05-06 but then have been declining slightly each year since. For FY 09-10 and beyond, these funds are projected to remain relatively stable at approximately $2.3 million per year. Gas Tax rates are not predicted to increase within the planning period, however, the Governor has proposed an increase in Highway Fund revenue sources to the 2009 Legislature. In FY 08-09 a significant influx of special project grant monies from the American Recovery and Reinvestment Act (ARRA) is being realized in support of street grind and inlay work in particular.

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. FY 07-08 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, however the State 2009-11 proposed biennium budget includes a diversion of $8.1 million from the 9-1-1 taxes to the State general fund. If adopted, this will result in a loss of revenue to the 9-1-1 Fund which may be as much as $90,000 in each of the next two years. Additionally, the State Ways and Means Committee has proposed diverting an additional $3.1 million into the State general fund prior to the end of the Fiscal year 2008/09. This could impact current year revenues by as much as $70,000.

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

The Community Development Revolving Loan Fund receives federal Community Development Block Grant (CDBG) and HOME Investment Partnerships (HOME) program funding annually from the U.S. Department of Housing and Urban Development to support low-income housing, social services and community development programs. Funding in these programs is projected to be received at a stable level each year, although there have been decreases in both programs in recent years. Housing Division staff members continue to seek grant opportunities, currently including possible ARRA funds, to supplement the monies available.

The Transit Fund receives an annual operating grant from the Federal Transit Administration. However, the grant passes through the local Metropolitan Planning Organization (MPO) before reaching the City and decisions made at that level about the needs of regional transportation systems could impact the size of the grant the City ultimately receives. Throughout the financial plan, capital grants from FTA are anticipated for the purchase of replacement buses. The Transportation projects section of ARRA funding will also make available about $3.4 million in FY 09-10 toward the replacement of three buses and street improvements.

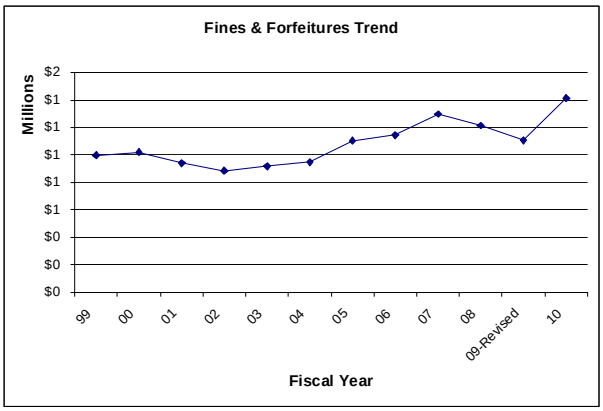
The Library Fund receives intergovernmental revenue from the Benton County Library Service District. This is a special property tax district that contracts with the City to provide library services throughout the district. The Library Service District has a considerably larger tax base than the City of Corvallis, and has experienced a different growth rate in assessed value since the implementation of Measure 50. Revenues are projected through the planning period to increase between 3.0% to 4.0 % annually based on the 3% AV growth as well as marginal increases in new development partly offset by projected decreases in industrial property value.

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

The Airport Fund receives grant monies for airport improvements, primarily from the Federal Aviation Administration. 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 been steadily increasing until FY 07-08 when they decreased about 6% from FY 06-07 levels. In FY 08-09 fine receipts are trending much lower again, but are projected to stabilize and possibly increase substantially in FY 09-10 with an invigorated collections effort. Existing staff levels limit the amount of tickets able to be issued and processed, but this also should improve with the addition of two new Police Officers and one additional municipal court clerk as approved by the Budget Commission for FY 09-10.

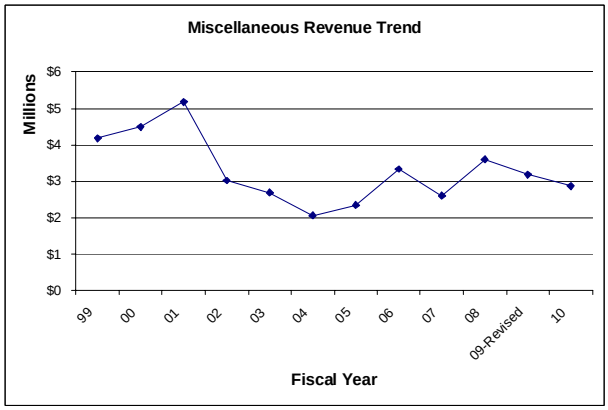


In the Parking Fund, fine and forfeiture revenues are from parking fines. This is projected to be a stable revenue source through the remainder of the financial planning period.

The Library Fund revenue for fines, lost books, and penalty fees has stabilized now after several years of increases due to improvements in 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. After several years of rates greater than 4%, the market began to decline in early FY 08-09 due to the previously noted prevailing economic turmoil. Future rate projections are based on the City's known earnings from current portfolio investment holdings combined with projected Local Government Investment Pool (LGIP) rates. It should be noted that the latter have fallen to 1.1%, from 4.7% a mere sixteen months ago, which has led to a downward revision in the three-year planning period presented here. In FY 08-09, the impact of declining interest rates resulted in a forecast for City portfolio interest earnings that is nearly $500,000 lower than FY 07-08 actuals, and has been revised down a further $467,330 in the enclosed Financial Plans. For FY 09-10, staff rate projections have been applied to the historical averages or anticipated trends in each fund's cash balance. This approach provides a conservative estimate that takes into account the LGIP's historic ability to at least marginally outperform a stable or declining market. For FY 10-11 and FY 11-12, US Treasury futures have been applied to projected fund balances as the best proxy for where the market thinks rates will be in those outlying years. Since interest income is a relatively unpredictable revenue source which is based on factors largely beyond the City's control, such as current market conditions, interest earnings are not relied on to fund specific projects.



Lien financing payments from Housing, Special Assessment and System Development Charge customers made up approximately 16% of the total miscellaneous revenues earned in FY 07-08, and are projected to comprise about the same level 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 at their previous low.

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 program 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 increasing steadily from a level of $412,500 in FY 05-06 to a projected $531,440 for FY 08-09 and FY 09-10. Thereafter, increases are 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 unexpectedly end.

Non-Operating Revenues

There are two types of non-operating revenue:

- Other Financing Sources revenues are generally from either the sale of capital assets (usually vehicles that are sold after replacements have been purchased) or from the sale of bonds. Revenues from the sale of assets tend to be small and unpredictable, so they are not budgeted, but are

shown as prior year actuals. Revenue from bonds is only shown when an actual bond sale is planned and budgeted.

- Interfund transfers occur when monies move from one City fund to another City fund. The most common transfer occurs when operating revenues are used to fund capital projects, and the money is transferred to another fund where construction is managed. When shown as a revenue, the fund is receiving monies from another source.

Expenditure Projections

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

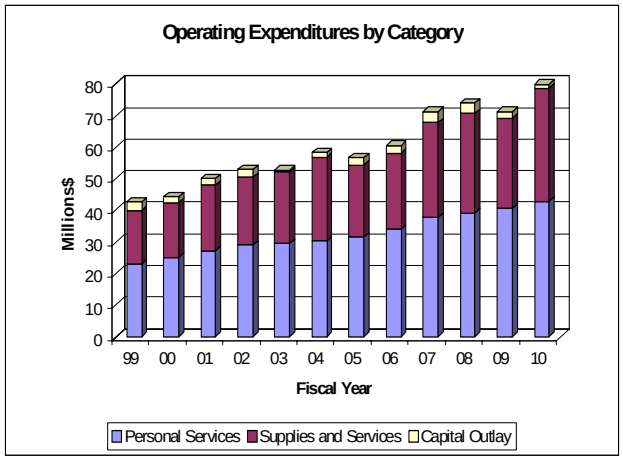
In general, the expenditures in financial plans are projected as follows:

Personal Services

Personal services which 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 09-10. 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 have increased by as much as 20% in some years, although in recent years the change is typically more in the 9-10% range. 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 2010. Overtime dollars plus monies paid for temporary help are generally held flat through the three-year planning period, with the exception of the Osborn Aquatic Center and the Library which use a substantial number of casual employees.

- The City's PERS and OPSRP rates are being projected at 2.34% and 3.28% of payroll respectively in FY 09-10 for General Service employees. Public Safety employees have been averaged in at a higher level, based on PERS/OPSRP rates of 10.62%/6% respectively. These rates will also prevail in FY 10-11, based on information provided by OPERS. A rate increase of 1.5% is built in for the remainder of the planning period, based on system losses anticipated to be sustained in FY 08-09. These rates are significantly lower than in past years, and if the economic climate does not improve, earnings may continue to fall, which will result in increasing pension rates in the future. These assumptions will be re-examined when the FY 09-10 budget is revised in late 2009 and updated information may be available from OPERS.



Supplies and Services

Non-personal services in each budget plan year are to be submitted by departments within a targeted 1% increase, which is a proxy for inflation. 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).

Non-Operating Expenditures

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

Debt Service is budgeted in the General Obligation and Pension Obligation Debt Service Funds as well as the Water, Wastewater and Airport Funds based on the existing debt service schedules. The City refunded most of its general obligation debt in May 2009, achieving net present value of approximately $755,000.

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. Additionally, the contingency amount is added to the budget planning year's historical norming average (HNA) as a mechanism to show the potential fund balance at year-end when contingencies are not used.

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 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 in the past has been for a PERS Reserve. The monies to fund the reserves were from savings in the City's PERS rate that resulted from legislative changes that were challenged in court. The court challenges have mostly been resolved. These particular reserves have now been fully drawn down effective 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 of these reserves include: Public, Education, Government Access/Institutional Network (PEG/I-Net), Open Space Donations, and Osborn Building contribution from the 509J School District.

Fund Balance and the Historic Norming Adjustment

The Fund Balance reflects the difference between revenues and expenditures in each fund since the fund was first created. Fund balances provide each fund with cash flow to cover early fiscal year expenditures when revenues are inadequate, can help fund one-time expenditures, or can provide a buffer during an economic downturn. Unrestricted Fund Balances are available for appropriation.

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

- Inaccuracy of revenue estimates – the budget is developed and adopted four months before assessed value for the year is known, so property tax revenue projections are always inaccurate. Since the inception of Constitutional changes in 1990, the City's projections have been both higher and lower than actuals. Other revenue estimates depend on making major assumptions about factors beyond the City's ability to control – rates of development, utility rates charged to customers, weather, and volume of tourism to name a few.
- Vacancies in staffing levels – the budget assumes that all current filled positions will remain so throughout the next fiscal year, by the current incumbents. While staff does not expect this will be the case, it is impossible to predict which positions will become vacant and when. This leads to wage and benefit underexpenditures, but not at a consistent rate for each department that would allow a specific, but accurate underbudgeting scenario to occur.
- The ability to get the work plan included in the budget completed – some projects are delayed and others are terminated before they are started as priorities change, either based on City Council decisions, staff vacancies, other mandates, or a shift in the organization's focus. Still other projects proceed as planned, but cost more or less than originally estimated.

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

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

The Budget Commission can use the Potential Unrestricted Fund Balance to better assess the likely ending financial position of each fund, and use that information when making decisions about adding, deleting, or holding service levels the same.

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ALL OPERATING PROPERTY TAX FUNDS COMBINED

SERVICE HIGHLIGHTS

Property taxes levied by the City for operations are accounted for in the General, Parks & Recreation, Fire and Rescue, 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.

Additionally, a graphical presentation has been added to the Property Tax Combined Financial Plan to illustrate a best and worst case fund balance premised on scenarios presented to Council at a special work session in November 2008. This was designed to help decision makers compare budgeted with actual performance over time.

FINANCIAL PLANNING ISSUES

Combined, the services in the property tax supported funds receive around 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 potentially 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.

- 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.

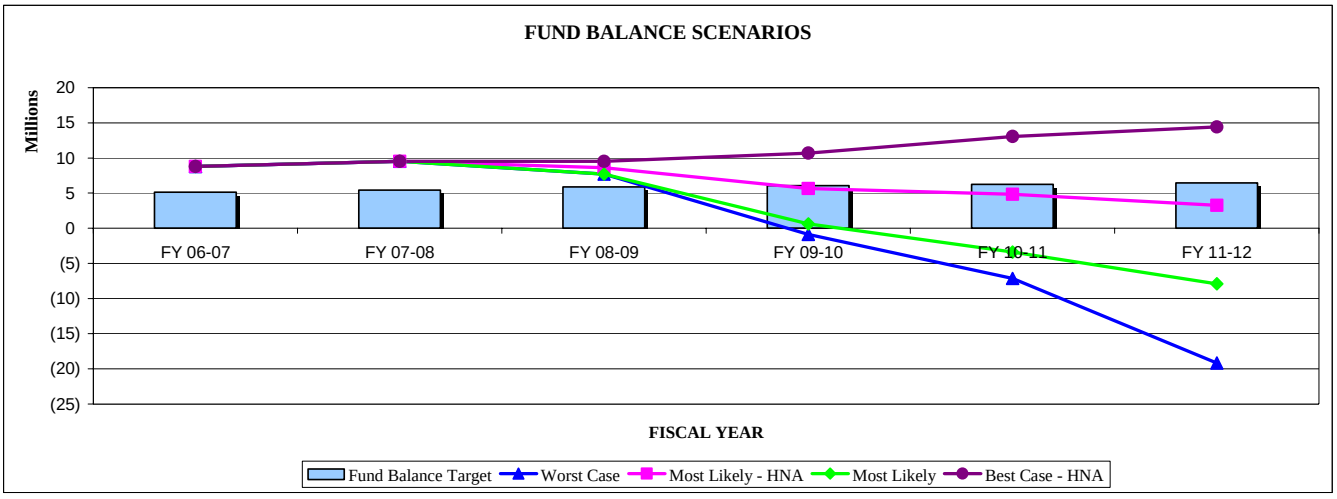
APPROPRIATE FUND BALANCE

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 09-10 is currently projected to end with a $615,292 operating fund balance, about 1.55% of the current revenue. When the Historical Norming Adjustment (HNA) is incorporated, the potential unrestricted fund balance is currently more than adequate to meet the combined funds' minimum 3-months payroll requirement as per the Financial Policies as amended in April 2008. This combined fund balance was reduced by the calculated Transit Fund Balance, since it gets a set allocation percentage. The residual fund balance was split approximately 25% to each of the four remaining funds.

PROPERTY TAX FUNDS - COMBINED

BUDGETARY BASIS	AUDITED FY 06-07	AUDITED FY 07-08	ADOPTED FY 08-09	REVISED FY 08-09	ADOPTED FY 09-10	FY 10-11	FY 11-12
BEGINNING OPERATING FUND BALANCE	$8,079,382	$8,785,233	$9,074,880	$9,529,373	$7,707,732	$615,292	($3,404,408)
REVENUES							
Property Taxes	$17,212,745	$17,979,312	$18,544,610	$18,572,860	$19,027,670	$19,709,240	$20,537,670
Other Taxes	1,113,828	1,147,594	1,220,930	1,159,670	1,194,350	1,218,240	1,242,600
Licenses, Fees & Permits	5,130,881	5,299,829	5,582,740	5,433,140	5,588,140	5,662,490	5,737,830
Charges for Services	4,972,085	5,746,939	5,537,680	5,664,150	5,759,950	5,869,620	5,983,230
Intergovernmental	4,354,640	4,124,892	4,910,840	5,252,250	5,906,500	5,108,210	5,252,860
Fines & Forfeitures	893,079	840,102	877,770	790,330	1,009,810	1,028,470	1,047,670
Miscellaneous	1,539,361	1,410,750	1,322,530	1,163,260	1,180,570	987,410	975,830
Other Non-Operating Revenue	28,382	30,768	0	0	0	0	0
Transfers In	22,884	14,458	0	0	0	0	0
TOTAL REVENUES	$35,267,885	$36,594,644	$37,997,100	$38,035,660	$39,666,990	$39,583,680	$40,777,690
EXPENDITURES							
Community Development	$1,149,683	$1,277,252	$1,693,390	$1,564,980	$1,722,190	$1,779,550	$1,877,050
Finance	496,410	515,175	590,050	574,070	684,130	682,580	719,190
Fire	8,847,789	9,105,462	10,638,570	9,623,500	11,524,260	10,648,920	12,058,250
Library	5,335,516	5,743,537	6,140,510	6,051,990	6,236,460	6,443,550	6,801,830
Parks & Recreation	5,073,132	5,179,066	5,695,870	5,524,130	5,991,290	6,078,310	6,380,600
Police	8,353,027	8,605,968	9,311,800	9,259,490	9,948,300	10,200,340	10,591,840
Public Works	2,896,598	2,976,749	4,103,040	4,116,290	4,878,890	4,130,930	4,756,200
Nondepartmental	1,354,701	1,367,740	1,744,060	1,446,790	1,525,230	1,147,780	1,183,940
Transfers Out	1,813,378	1,436,588	2,660,390	1,636,750	3,227,800	2,229,210	1,662,980
Contingencies	0	0	727,050	0	789,340	0	0
TOTAL EXPENDITURES	$35,320,234	$36,207,537	$43,304,730	$39,797,990	$46,527,890	$43,341,170	$46,031,880
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	($52,349)	$387,107	($5,307,630)	($1,762,330)	($6,860,900)	($3,757,490)	($5,254,190)
RESTRICTED BALANCES, Beginning of Year	$3,308,055	$2,549,854	$2,178,504	$2,192,820	$2,252,131	$2,483,671	$2,745,881
FUND BALANCE (Including Restricted), End of Year	$11,335,088	$11,722,194	$5,945,754	$9,959,863	$3,098,963	($658,527)	($5,912,717)
LESS: RESTRICTED BALANCES							
MANAGEMENT RESERVES	$1,059,060	$1,174,535	$1,239,618	$1,305,465	$1,546,625	$1,798,605	$1,062,605
COUNCIL DESIGNATIONS	905,831	411,864	533,180	432,174	476,774	526,024	550,184
LEGAL RESTRICTIONS	584,964	606,422	423,604	514,492	460,272	421,252	384,032
UNRESTRICTED FUND BALANCE	**$8,785,233**	**$9,529,373**	**$3,749,352**	**$7,707,732**	**$615,292**	**($3,404,408)**	**($7,909,538)**
HISTORICAL NORMING ADJUSTMENT				903,430	4,139,444	3,187,600	2,931,486
POTENTIAL UNRESTRICTED FUND BALANCE	$8,785,233	$9,529,373	$3,749,352	$8,611,161	$5,658,165	$4,826,065	$3,252,421



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 about 41% of General Fund current revenue in FY 09-10. 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.

- Projected operating expenditures continue to exceed operating revenues, which if realized will lead to a substantial reduction in fund balance.

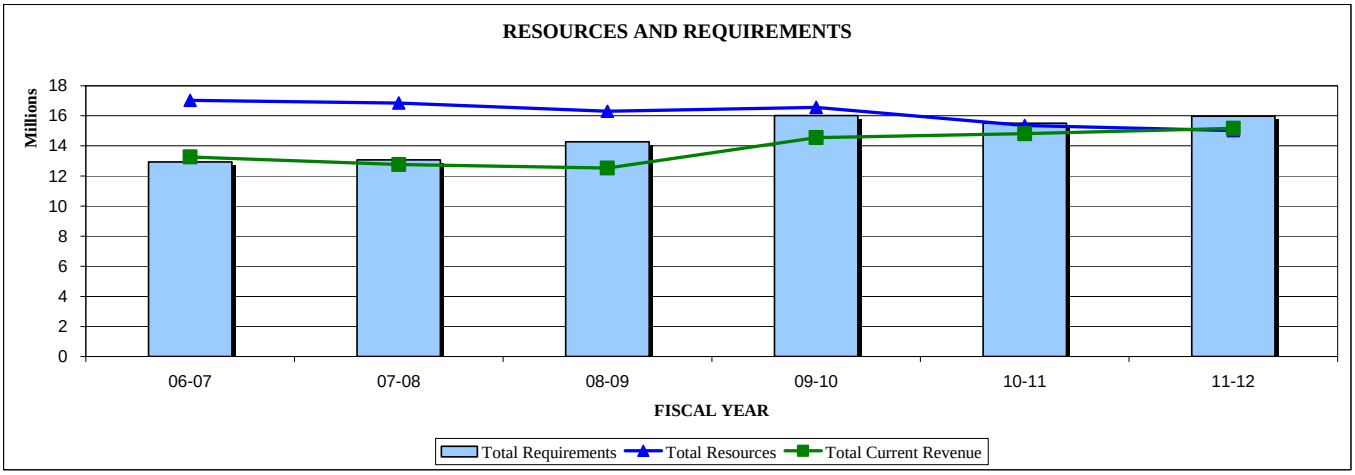
APPROPRIATE FUND BALANCE

The City's Financial Policies as amended in April 2008 state that the Finance Director shall recommend an appropriate fund balance each year for each fund. In general, a fund balance that preserves at least three months' payroll expenses for the combined property tax supported funds is the target. In FY 09-10, for the property tax funds (General, Parks & Recreation, Fire & Rescue, Transit, and Library), current projections show a positive balance of $615,292 which is approximately 1.55% of current revenue.

The General Fund is currently projected to end FY 09-10 with an operating fund balance equaling approximately 0.13% of the FY 09-10 current revenues.

GENERAL FUND

BUDGETARY BASIS	AUDITED FY 06-07	AUDITED FY 07-08	ADOPTED FY 08-09	REVISED FY 08-09	ADOPTED FY 09-10	FY 10-11	FY 11-12
BEGINNING OPERATING FUND BALANCE	$2,783,754	$3,287,584	$3,019,493	$3,051,853	$1,418,293	$19,183	($584,237)
REVENUES							
Property Taxes	4,205,385	3,636,492	3,189,550	3,194,500	4,883,950	5,049,300	5,250,270
Other Taxes	1,113,828	1,147,594	1,220,930	1,159,670	1,194,350	1,218,240	1,242,600
Licenses, Fees & Permits	5,071,181	5,228,282	5,521,520	5,369,720	5,523,720	5,597,080	5,671,420
Charges for Services	554,627	723,496	689,010	589,680	633,950	662,760	693,700
Intergovernmental	1,180,864	1,009,226	1,226,580	1,359,240	1,252,480	1,276,910	1,299,160
Fines & Forfeitures	796,101	739,487	785,300	694,610	912,200	930,210	948,580
Miscellaneous	343,816	251,503	217,740	166,120	151,770	72,860	66,250
Non-Operating Revenue	5,662	24,136	0	0	0	0	0
TOTAL REVENUES	$13,271,464	$12,760,216	$12,850,630	$12,533,540	$14,552,420	$14,807,360	$15,171,980
EXPENDITURES							
Community Development	$1,149,683	$1,277,252	$1,693,390	$1,564,980	$1,722,190	$1,779,550	$1,877,050
Finance	496,410	515,175	590,050	574,070	684,130	682,580	719,190
Police	8,353,027	8,605,968	9,311,800	9,259,490	9,948,300	10,200,340	10,591,840
Public Works	693,063	783,385	893,160	874,980	890,220	909,950	939,300
Nondepartmental	1,354,701	1,367,740	1,744,060	1,446,790	1,525,230	1,147,780	1,183,940
Transfers Out	893,128	531,293	652,150	561,240	990,100	794,670	663,220
Contingencies	0	0	261,450	0	253,500	0	0
TOTAL EXPENDITURES	$12,940,012	$13,080,813	$15,146,060	$14,281,550	$16,013,670	$15,514,870	$15,974,540
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	$331,452	($320,597)	($2,295,430)	($1,748,010)	($1,461,250)	($707,510)	($802,560)
RESTRICTED BALANCES, Beginning of Year	$970,257	$797,879	$644,220	$713,013	$598,563	$536,423	$432,333
FUND BALANCE (Including Restricted), End of Year	$4,085,463	$3,764,866	$1,368,283	$2,016,856	$555,606	($151,904)	($954,464)
LESS: RESTRICTED BALANCES							
MANAGEMENT RESERVES	$164,076	$223,436	$172,916	$172,916	$129,796	$44,726	$8,666
COUNCIL DESIGNATIONS	165,339	0	0	0	0	0	0
LEGAL RESTRICTIONS	468,464	489,577	358,104	425,647	406,627	387,607	368,587
UNRESTRICTED FUND BALANCE	**$3,287,584**	**$3,051,853**	**$837,263**	**$1,418,293**	**$19,183**	**($584,237)**	**($1,331,717)**



PARKS & RECREATION FUND SUMMARY

SERVICE HIGHLIGHTS

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

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

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

FINANCIAL PLANNING ISSUES

The primary sources of revenue are property taxes and fees paid for recreational activities or rental of facilities. The Parks & Recreation Fund is currently allocated a portion of the 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:

- Funding sources to maintain or enhance Parks & Recreation Services such as the development of a non-profit Parks and Recreation Foundation.
- Systematic funding and development of management plans to maintain existing parks and natural areas.
- Infrastructure and deferred maintenance of Parks & Recreation facilities.
- Stabilization of the financial operation of the Osborn Aquatic Center.
- A funding strategy for the needed improvements and ongoing operating costs of the Chintimini Senior Center and park improvements,
- A comprehensive ADA Assessment system wide.
- A strategy to identify under-represented populations in recreation services.
- A strategy to maintain current softball program service levels, and replace playground equipment system-wide, including equipment for people with disabilities.
- Community driven sustainability efforts.
- Public expectation for increased technology; i.e., online registration, park irrigation systems, parks and trails maps
- Construction of a Parks Operations Maintenance complex

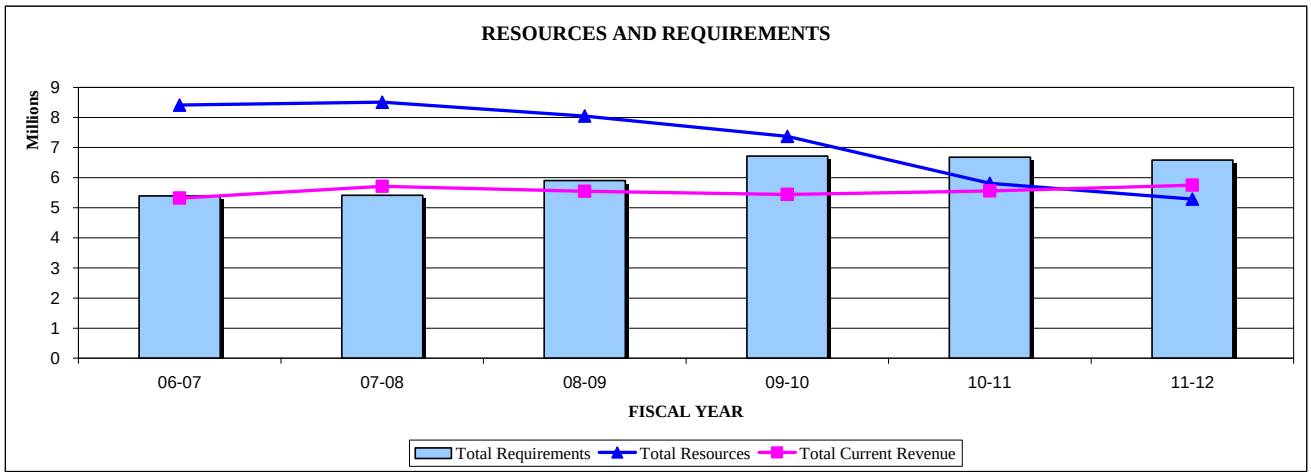
APPROPRIATE FUND BALANCE

The City's Financial Policies as amended in April 2008 state that the Finance Director shall recommend an appropriate fund balance each year for each fund. In general, a fund balance that preserves at least three months' payroll expenses for the combined property tax supported funds is the target. In FY 09-10, for the property tax funds (General, Parks & Recreation, Fire & Rescue, Transit, and Library), current projections show a positive balance of $615,292 which is approximately 1.55% of current revenue.

The Parks & Recreation Fund is currently projected to end FY 09-10 with an operating fund balance equaling approximately 0.35% of the FY 09-10 current revenues. Although the Legal reserves are negative as proposed, the Parks & Recreation operating fund has sufficient fund balance to absorb the difference. The negative balance has arisen due to lower SDC revenue projections from the slow down in construction activity. Expenditures were left at planned levels in case the construction activity picks up during FY 09-10, but will not be spent unless there is sufficient revenue to cover them.

PARK AND RECREATION FUND - COMBINED

BUDGETARY BASIS	AUDITED FY 06-07	AUDITED FY 07-08	ADOPTED FY 08-09	REVISED FY 08-09	ADOPTED FY 09-10	FY 10-11	FY 11-12
BEGINNING OPERATING FUND BALANCE	$1,194,420	$1,277,539	$1,512,986	$1,635,529	$1,292,425	$19,185	($1,142,895)
REVENUES							
Property Taxes	$3,712,629	$4,152,960	$3,967,700	$3,973,720	$3,822,950	$3,962,480	$4,132,080
Licenses, Fees & Permits	45,274	52,264	43,500	45,700	46,700	47,510	48,330
Charges for Service	1,226,332	1,270,044	1,350,540	1,395,340	1,430,440	1,455,320	1,480,710
Intergovernmental	41,878	23,908	27,400	27,400	27,400	27,400	27,400
Fines & Forfeitures	509	560	0	0	0	0	0
Miscellaneous	248,773	190,802	126,730	106,090	113,170	70,110	66,280
Non-Operating Revenue	21,400	3,600	0	0	0	0	0
Transfers In	22,884	14,458	0	0	0	0	0
TOTAL REVENUES	$5,319,679	$5,708,596	$5,515,870	$5,548,250	$5,440,660	$5,562,820	$5,754,800
EXPENDITURES							
Parks and Recreation	$5,073,132	$5,179,066	$5,695,870	$5,524,130	$5,991,290	$6,078,310	$6,380,600
Transfers Out	321,773	238,962	404,110	379,910	609,220	603,590	206,010
Contingencies	0	0	92,600	0	114,440	0	0
TOTAL EXPENDITURES	$5,394,905	$5,418,028	$6,192,580	$5,904,040	$6,714,950	$6,681,900	$6,586,610
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	($75,226)	$290,568	($676,710)	($355,790)	($1,274,290)	($1,119,080)	($831,810)
RESTRICTED BALANCES, Beginning of Year	$1,897,403	$1,520,806	$1,259,819	$866,566	$637,630	$231,815	$677,705
FUND BALANCE (Including Restricted), End of Year	$2,798,345	$2,502,095	$1,678,900	$1,930,055	$251,000	($465,190)	($1,061,130)
LESS: RESTRICTED BALANCES							
MANAGEMENT RESERVES	$84,756	$108,096	$103,097	$103,097	$92,647	$106,397	$97,287
COUNCIL DESIGNATIONS	502,971	411,864	533,180	432,174	476,774	526,024	550,184
LEGAL RESTRICTIONS	933,079	346,606	211,687	102,359	(337,606)	45,284	262,954
UNRESTRICTED FUND BALANCE	**$1,277,539**	**$1,635,529**	**$830,936**	**$1,292,425**	**$19,185**	**($1,142,895)**	**($1,971,555)**



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 for rural response.

- Funding to maintain current services and increased demand for services may necessitate additional staffing and facility expansion in the future.

- The Budget Commission approved the reestablishment of a vehicle reserve with a $250,000 contribution in FY 08-09. In the fall of 2008, City Council also approved additional contributions to future years to make this a viable reserve in the long term. Current plans call for the reserve to be adequate to fund replacements beginning in FY 11-12; until that time, replacements will continue to be cash funded.

- The Fire Department has been successful in obtaining grants for apparatus and equipment replacement; however grants are not available every year, and cannot be relied upon for long-term funding.

- Ambulance revenue has increased due to improved billing practices, increased collection efforts, a rate increase, and an increase in call volume. These efforts are expected to be offset somewhat by continued declines in Medicare coverage and increases in mandated write-off rates.

- The Drill Tower/Training Facility was originally scheduled to be built in FY 04-05. The project was delayed as part of the first service reductions implemented in FY 02-03. This project has been added back into the five-year Capital Improvement Program for FY 08-09 through FY 09-10 for land acquisition, design, and construction. Funding will come from the Fire Fund.

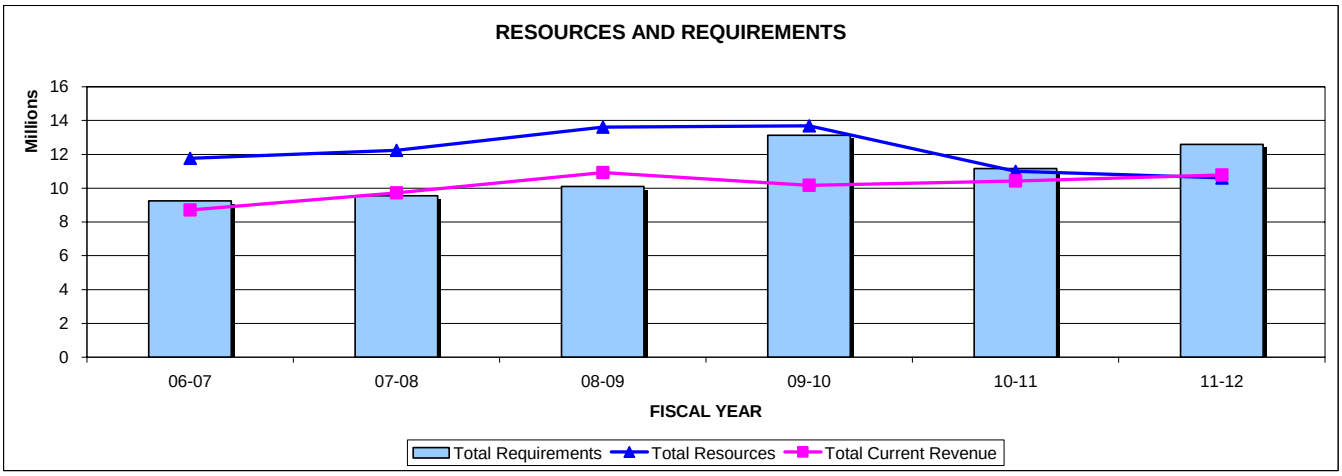
APPROPRIATE FUND BALANCE

The City's Financial Policies as amended in April 2008 state that the Finance Director shall recommend an appropriate fund balance each year for each fund. In general, a fund balance that preserves at least three months' payroll expenses for the combined property tax supported funds is the target. In FY 09-10, for the property tax funds (General, Parks & Recreation, Fire & Rescue, Transit, and Library), current projections show a positive balance of $615,292 which is approximately 1.55% of current revenue.

The Fire & Rescue Fund is currently projected to end FY 09-10 with an operating fund balance equaling approximately 0.19% of the FY 09-10 current revenues.

FIRE AND RESCUE FUND

BUDGETARY BASIS	AUDITED FY 06-07	AUDITED FY 07-08	ADOPTED FY 08-09	REVISED FY 08-09	ADOPTED FY 09-10	FY 10-11	FY 11-12
BEGINNING OPERATING FUND BALANCE	$2,556,579	$2,365,402	$2,402,175	$2,690,180	$3,270,740	$19,180	($1,033,700)
OPERATING REVENUES							
Property Taxes	$5,643,109	$6,257,148	$7,529,510	$7,540,940	$6,851,680	$7,101,760	$7,405,720
Licenses, Fees & Permits	14,426	19,283	17,720	17,720	17,720	17,900	18,080
Charges for Services	2,753,298	3,251,275	2,996,290	3,176,990	3,207,910	3,259,780	3,312,890
Intergovernmental	93,193	20,618	0	83,950	0	0	0
Fines & Forfeitures	12,272	20,292	9,470	16,600	16,110	15,940	15,940
Miscellaneous	184,059	150,156	130,810	87,300	77,070	26,630	17,810
Non-Operating Revenue	1,320	3,032	0	0	0	0	0
TOTAL OPERATING REVENUES	$8,701,677	$9,721,804	$10,683,800	$10,923,500	$10,170,490	$10,422,010	$10,770,440
OPERATING EXPENDITURES							
Fire	$8,847,789	$9,105,462	$10,638,570	$9,623,500	$11,524,260	$10,648,920	$12,058,250
Transfers Out	390,730	445,747	1,365,440	469,440	1,376,920	504,970	530,220
Contingencies	0	0	192,170	0	220,870	0	0
TOTAL OPERATING EXPENDITURES	$9,238,519	$9,551,209	$12,196,180	$10,092,940	$13,122,050	$11,153,890	$12,588,470
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	($536,842)	$170,595	($1,512,380)	$830,560	($2,951,560)	($731,880)	($1,818,030)
RESTRICTED BALANCES, Beginning of Year	$499,848	$154,183	$0	$0	$250,000	$550,000	$871,000
FUND BALANCE (Including Restricted), End of Year	$2,519,585	$2,690,180	$889,795	$3,520,740	$569,180	($162,700)	($1,980,730)
LESS: RESTRICTED BALANCES							
MANAGEMENT RESERVES	$0	$0	$250,000	$250,000	$550,000	$871,000	$193,320
COUNCIL DESIGNATIONS	154,183	0	0	0	0	0	0
UNRESTRICTED FUND BALANCE	**$2,365,402**	**$2,690,180**	**$639,795**	**$3,270,740**	**$19,180**	**($1,033,700)**	**($2,174,050)**



SERVICE HIGHLIGHTS

The main operation in the Transit Fund is for the nine transit routes that operate Monday through Saturday, and the two commuter routes that operate Monday through Friday. These routes provide 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 2008, all transit routes were revised to provide more frequent service along high-use corridors, including the implementation of the two new commuter routes. In keeping with the Council's sustainability goal, all transit buses use 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 Corvallis Transit System routes, the Philomath Connection and the Linn-Benton Loop. In addition to promoting use of various transit systems, the Center has bike lockers, which promote use of multiple modes to reach a transportation destination.

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

FINANCIAL PLANNING ISSUES

The sources of funding -- property taxes, group-pass programs, 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). As the community grows, transit, as an alternative to the single-occupancy vehicle, becomes a more important means to help relieve congestion and parking issues, support sustainability efforts, and provide 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.

The Transit Master Plan, completed in 1997, predicted a level of service that is not being provided. Even with the service expansion implemented in FY 08-09, the City does not fully provide the service identified in the plan or desired by the community. This is primarily due to a lack of stable, long-term funding. A Transportation Utility Fee is one potential, new funding mechanism. Community discussion about any new fee would start with a considerable public outreach and education effort.

As part of previous work 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 11-12. 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 State's Business Energy Tax Credit program (17% of the current revenue stream) is discontinued in the next several years.

The Transit Fund will receive $1.053 million in grant funds from the American Recovery and Reinvestment Act (ARRA) for the replacement of three transit buses which is included in the FY 09-10 budget.

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.

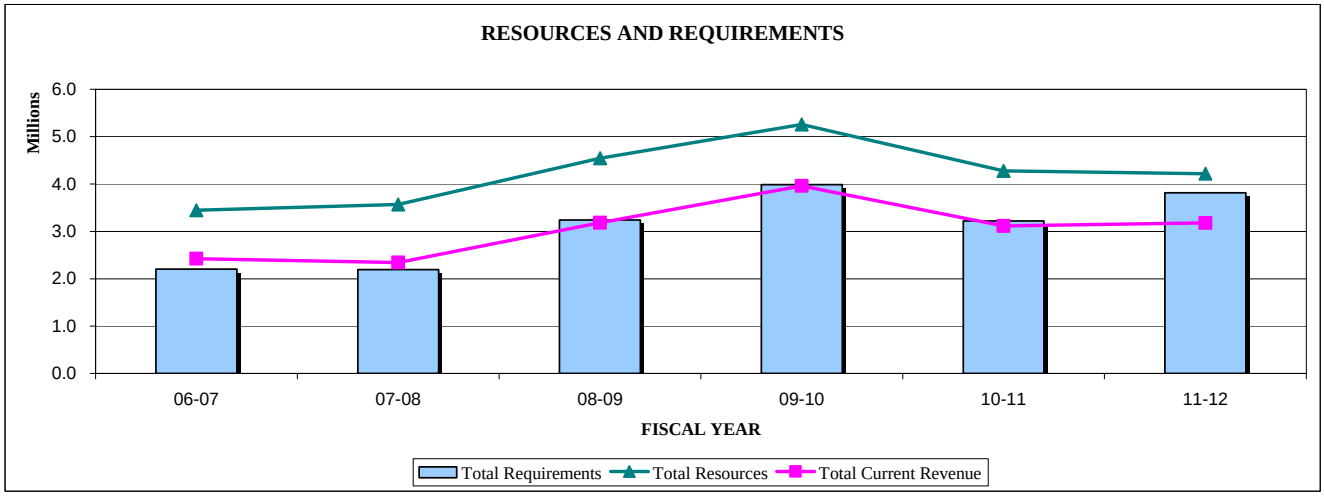
APPROPRIATE FUND BALANCE

The City's Financial Policies as amended in April 2008 state that the Finance Director shall recommend an appropriate fund balance each year for each fund. In general, a fund balance that preserves at least three months' payroll expenses for the combined property tax supported funds is the target. In FY 09-10, for the property tax funds (General, Parks & Recreation, Fire & Rescue, Transit, and Library), current projections show a positive balance of $615,292 which is approximately 1.55% of current revenue.

The Transit Fund is currently projected to end FY 09-10 with an operating fund balance equaling approximately 13.59% of the FY 09-10 current revenues.

TRANSIT FUND

BUDGETARY BASIS	AUDITED FY 06-07	AUDITED FY 07-08	ADOPTED FY 08-09	REVISED FY 08-09	ADOPTED FY 09-10	FY 10-11	FY 11-12
BEGINNING OPERATING FUND BALANCE	$330,755	$564,247	$718,968	$684,923	$669,403	$538,553	$446,053
REVENUES							
Property Taxes	$407,426	$425,824	$439,410	$440,070	$451,080	$467,540	$487,550
Charges for Service	399,965	463,642	457,340	457,340	442,050	446,020	450,050
Intergovernmental	990,446	808,119	1,452,710	1,584,710	2,338,620	1,460,500	1,489,920
Fines & Forfeitures	50	60	0	20	0	0	0
Miscellaneous	626,652	642,702	722,440	700,250	730,260	739,690	749,990
TOTAL REVENUES	$2,424,539	$2,340,347	$3,071,900	$3,182,390	$3,962,010	$3,113,750	$3,177,510
EXPENDITURES							
Public Works	$2,203,535	$2,193,364	$3,209,880	$3,241,310	$3,988,670	$3,220,980	$3,816,900
Transfers Out	12,448	11,239	21,730	9,200	27,010	15,200	15,960
Contingencies	0	0	59,510	0	79,210	0	0
TOTAL EXPENDITURES	$2,215,983	$2,204,603	$3,291,120	$3,250,510	$4,094,890	$3,236,180	$3,832,860
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	$208,556	$135,744	($219,220)	($68,120)	($132,880)	($122,430)	($655,350)
RESTRICTED BALANCES, Beginning of Year	$688,529	$663,593	$678,661	$678,661	$626,061	$624,031	$594,101
FUND BALANCE (Including Restricted), End of Year	$1,227,840	$1,363,584	$1,178,409	$1,295,464	$1,162,584	$1,040,154	$384,804
LESS: RESTRICTED BALANCES							
MANAGEMENT RESERVES	$658,661	$678,661	$581,661	$626,061	$624,031	$594,101	$565,721
COUNCIL DESIGNATIONS	4,932	0	0	0	0	0	0
UNRESTRICTED FUND BALANCE	**$564,247**	**$684,923**	**$596,748**	**$669,403**	**$538,553**	**$446,053**	**($180,917)**



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 provides 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.
- Implementing recommendations from the FY 08-09 Strategic Plan.
- Continuing to work closely with the South Benton Library Project group as they plan a new library building in Monroe and being ready to respond to the need for increased service, staff, materials, and furnishings upon its completion.
- Continuing to build up vehicle reserves to replace the Bookmobile in FY16-17.

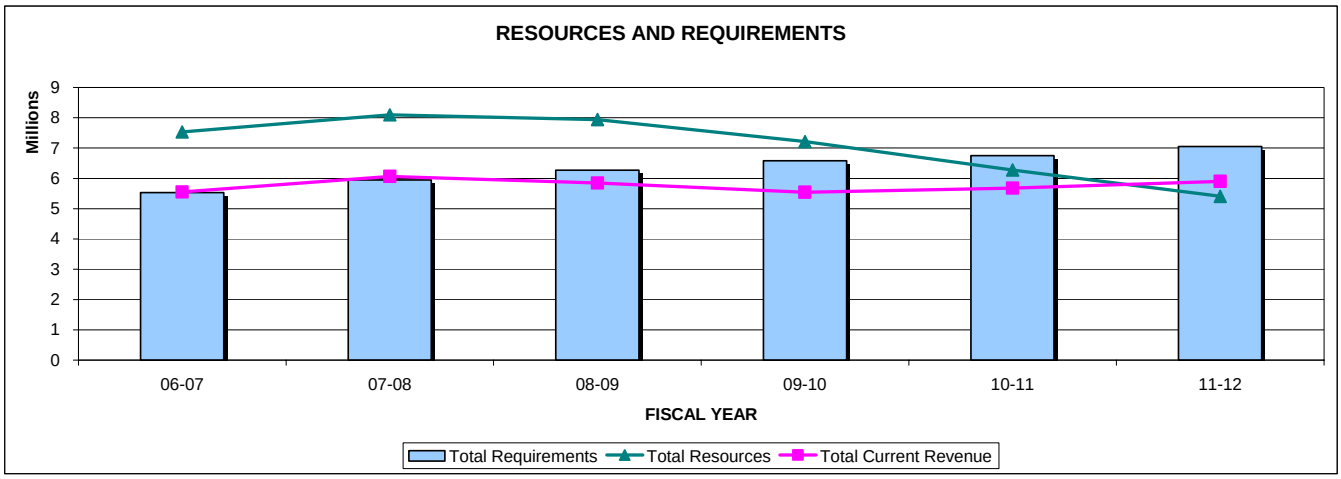
APPROPRIATE FUND BALANCE

The City's Financial Policies as amended in April 2008 state that the Finance Director shall recommend an appropriate fund balance each year for each fund. In general, a fund balance that preserves at least three months' payroll expenses for the combined property tax supported funds is the target. In FY 09-10, for the property tax funds (General, Parks & Recreation, Fire & Rescue, Transit, and Library), current projections show a positive balance of $615,292 which is approximately 1.55% of current revenue.

The Library Fund is currently projected to end FY 09-10 with an operating fund balance equaling approximately 0.35% of the FY 09-10 current revenues.

LIBRARY FUND - COMBINED

BUDGETARY BASIS	AUDITED FY 06-07	AUDITED FY 07-08	ADOPTED FY 08-09	REVISED FY 08-09	ADOPTED FY 09-10	FY 10-11	FY 11-12
BEGINNING OPERATING FUND BALANCE	$1,213,874	$1,290,462	$1,421,258	$1,466,890	$1,056,870	$19,190	($1,089,630)
REVENUES							
Property Taxes	$3,244,196	$3,506,888	$3,418,440	$3,423,630	$3,018,010	$3,128,160	$3,262,050
Charges for Service	37,863	38,482	44,500	44,800	45,600	45,740	45,880
Intergovernmental	2,048,259	2,263,021	2,204,150	2,196,950	2,288,000	2,343,400	2,436,380
Fines & Forfeitures	84,147	79,703	83,000	79,100	81,500	82,320	83,150
Miscellaneous	136,061	175,587	124,810	103,500	108,300	78,120	75,500
TOTAL REVENUES	$5,550,526	$6,063,681	$5,874,900	$5,847,980	$5,541,410	$5,677,740	$5,902,960
EXPENDITURES							
Library	$5,335,516	$5,743,537	$6,140,510	$6,051,990	$6,236,460	$6,443,550	$6,801,830
Transfers Out	195,299	209,347	216,960	216,960	224,550	310,780	247,570
Contingencies	0	0	121,320	0	121,320	0	0
TOTAL EXPENDITURES	$5,530,815	$5,952,884	$6,478,790	$6,268,950	$6,582,330	$6,754,330	$7,049,400
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	$19,711	$110,797	($603,890)	($420,970)	($1,040,920)	($1,076,590)	($1,146,440)
RESTRICTED BALANCES, Beginning of Year	$770,511	$740,017	$627,841	$627,087	$612,417	$581,357	$590,267
FUND BALANCE (Including Restricted), End of Year	$2,030,479	$2,093,977	$1,411,299	$1,669,287	$600,547	($499,363)	($1,667,483)
LESS: RESTRICTED BALANCES							
MANAGEMENT RESERVES	$151,566	$164,341	$131,944	$153,391	$150,151	$182,381	$197,611
COUNCIL DESIGNATIONS	588,451	462,746	434,745	459,026	431,206	407,886	386,206
LEGAL RESTRICTIONS	0	0	0	0	0	0	0
UNRESTRICTED FUND BALANCE	**$1,290,462**	**$1,466,890**	**$844,610**	**$1,056,870**	**$19,190**	**($1,089,630)**	**($2,251,300)**



SERVICE HIGHLIGHTS

The operational focus of the Street Fund is the preservation of the pavement. Preventive maintenance programs for asphalt streets (i.e., slurry seal, chip seal, crack seal, and street overlay) extend the service life of the street at a lower cost than a full street reconstruction. Periodically, data is gathered on the then-current street conditions, added to the Pavement Management System, and used to plan for future maintenance activities.

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

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

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

FINANCIAL PLANNING ISSUES

The primary revenue is the State Highway Fund allocation, distributed to cities based on population. Changes in this revenue stream come from fluctuations in the use of gasoline (customer purchases) or legislation that redirects these funds to purposes other than street maintenance. 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 fluctuating 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. Compounding the situation is the fact that the costs for maintenance supplies, most notably rock and asphalt have experienced significant increases going up 40% over four months in 2008. Projects identified in the Transportation Plan are not being implemented due to the restrictions on the revenue stream.

The Governor has proposed legislation, called the Jobs and Transportation Act, which includes new revenue for the Highway Fund. If passed, Corvallis would expect to receive an additional $1.9 million annually. If the Act is not passed, or is passed at a lower amount, the viability of the Street Fund will be in question as early as FY 11-12. To maintain viability, services will need to be cut or an alternative, stable funding source identified.

The Transportation Maintenance Fee (TMF) was implemented in July 2006 to fund specific street maintenance and capital projects. By ordinance, the TMF will sunset in FY 10-11. If the Governor's proposal (discussed above) passes, the TMF would not have to be renewed. If it doesn't, a renewal would be necessary, though, at its current level, the fee would not be sufficient to meet the total need in the Street Fund.

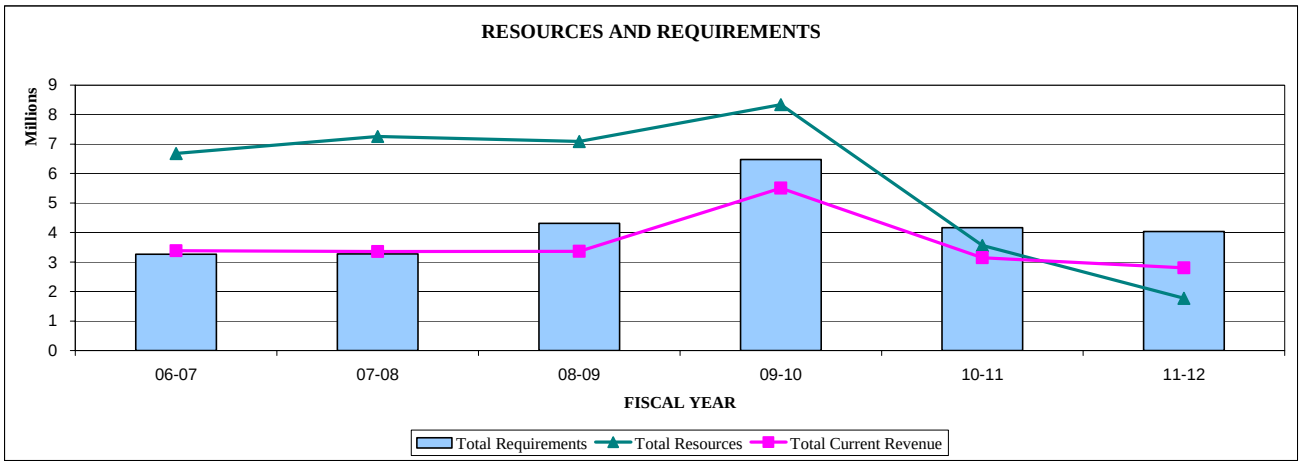
The Street Fund has been awarded $2.3 million in stimulus funds from the American Recovery and Reinvestment Act of 2009 (ARRA) for street improvements such as grind/inlay. These funds are one time in nature and are not expected to be received in the future.

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 09-10 with an operating fund balance equaling approximately 1.95% of the FY 09-10 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 - OPERATING

BUDGETARY BASIS	AUDITED FY 06-07	AUDITED FY 07-08	ADOPTED FY 08-09	REVISED FY 08-09	ADOPTED FY 09-10	FY 10-11	FY 11-12
BEGINNING OPERATING FUND BALANCE	$1,797,333	$1,795,626	$1,547,657	$1,796,299	$860,083	$107,373	($962,797)
REVENUES							
Licenses, Fees & Permits	$460,243	$457,726	$450,420	$460,920	$478,490	$478,910	$43,240
Charges for Service	219,650	358,163	248,890	288,290	270,430	278,690	319,100
Intergovernmental	2,529,669	2,403,428	2,634,070	2,551,450	4,687,110	2,382,250	2,438,760
Fines & Forfeitures	398	2,448	100	140	100	100	100
Miscellaneous	111,384	95,937	77,370	61,200	71,420	9,210	3,190
Other Financing Sources	26,701	0	0	0	0	0	0
Transfers In	18,589	19,783	0	0	0	0	0
TOTAL REVENUES	$3,366,634	$3,337,485	$3,410,850	$3,362,000	$5,507,550	$3,149,160	$2,804,390
EXPENDITURES							
Community Development	$17,389	$17,137	$18,660	$18,620	$19,710	$20,690	$21,940
Public Works	2,717,103	2,890,197	3,588,430	3,411,600	6,026,800	3,642,860	3,828,940
Transfers Out	524,540	369,918	893,040	885,370	366,850	500,880	182,140
Contingencies	0	0	65,200	0	65,200	0	0
TOTAL EXPENDITURES	$3,259,032	$3,277,252	$4,565,330	$4,315,590	$6,478,560	$4,164,430	$4,033,020
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	$107,602	$60,233	($1,154,480)	($953,590)	($971,010)	($1,015,270)	($1,228,630)
RESTRICTED BALANCES, Beginning of Year	$1,500,575	$2,103,491	$1,659,210	$1,932,482	$1,966,698	$301,198	($71,362)
FUND BALANCE (Including Restricted), End of Year	$3,899,117	$3,728,781	$1,893,987	$2,826,781	$408,571	($1,034,159)	($2,838,259)
LESS: RESTRICTED BALANCES							
MANAGEMENT RESERVES	$360,576	$403,966	$269,516	$411,446	$195,196	$210,036	$156,436
COUNCIL DESIGNATIONS	99,062	115,232	15,801	90,378	88,328	128,388	128,388
LEGAL RESTRICTIONS	1,643,853	1,413,284	1,081,043	1,464,874	17,674	(409,786)	(985,256)
UNRESTRICTED FUND BALANCE	$1,795,626	$1,796,299	$527,627	$860,083	$107,373	($962,797)	($2,137,827)
HISTORICAL NORMING ADJUSTMENT				524,043	563,042	448,057	380,848
POTENTIAL UNRESTRICTED FUND BALANCE	$1,795,626	$1,796,299	$527,627	$1,384,126	$1,194,457	$572,344	($221,838)



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 agencies (Corvallis, Philomath, Monroe, Adair Village, Alsea, Blodgett-Summit and Kings Valley-Hoskins) and three law enforcement agencies (Corvallis, Philomath and Benton County Sheriff). In addition, the Center furnishes after hours paging and dispatch services for Oregon State Forestry, and 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 have remained consistent however the State 2009-11 proposed biennium budget includes a diversion of $8.1 million from the 9-1-1 taxes to the general fund. If adopted, this will result in a loss of revenue to the 9-1-1 Fund which may be as much as $90,000 in each of the next two years. Additionally, the State Ways and Means Committee has proposed diverting $3.1 million to the general fund in the FY 08-09 Fiscal Year. This could result in a loss of current year revenue of approximately $70,000.

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 has been developed and built into the Business Plan. If Budget Commission and Council approve any enhancements related to these plans, they will be incorporated in future financial plans.

The Corvallis Regional Communications Center Association (CRCCA) is a newer bargaining unit working under its first contract with the City which is scheduled to expire in June 2009. A new agreement is being negotiated.

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. Specific impacts to the Fund are unknown at this time, yet it is recognized that any new infrastructure will bring maintenance and potentially replacement expenses

A 9-1-1 staffing study completed in FY 08-09 indicates there should be an increase in staff. The Budget Commission has approved 4.0 FTE in additional dispatchers for FY 09-10.

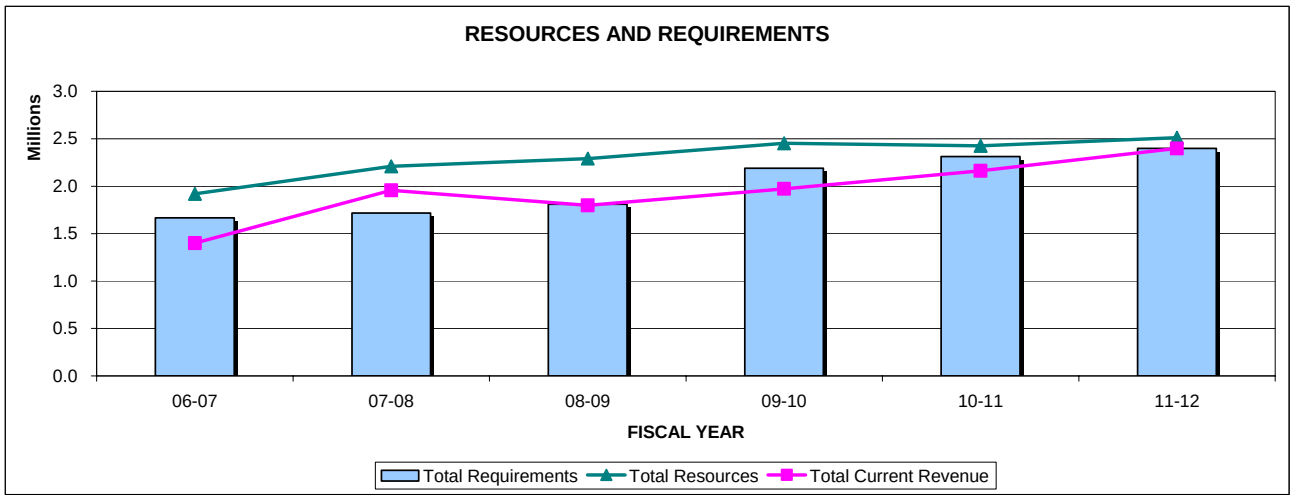
APPROPRIATE FUND BALANCE

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 09-10 with an operating fund balance equaling approximately 3.28% of the FY 09-10 current revenues

The 9-1-1 User's Group meets several times each year to discuss operations and the status of the Fund. The User's Group has developed a strategy such that user fees will be adjusted in combination with funding approved projects to maintain a fund balance in the range of at least $75,000 (3.63% of projected current revenues) through FY 11-12.

9-1-1 EMERGENCY COMMUNICATIONS FUND

BUDGETARY BASIS	AUDITED FY 06-07	AUDITED FY 07-08	ADOPTED FY 08-09	REVISED FY 08-09	ADOPTED FY 09-10	FY 10-11	FY 11-12
BEGINNING OPERATING FUND BALANCE	$188,429	$36,454	$41,682	$209,421	$196,801	$64,625	($35,375)
REVENUES							
Charges for Service	$661,587	$671,236	$830,670	$830,670	$986,660	$1,127,120	$1,232,190
Intergovernmental	714,324	1,266,895	995,660	955,430	977,700	1,029,830	1,162,330
Miscellaneous	22,551	17,449	12,280	10,530	7,520	4,280	2,510
TOTAL REVENUES	$1,398,462	$1,955,580	$1,838,610	$1,796,630	$1,971,880	$2,161,230	$2,397,030
EXPENDITURES							
Police	$1,589,202	$1,632,206	$1,732,200	$1,732,200	$2,070,690	$2,226,770	$2,308,350
Transfers Out	78,087	83,144	77,050	77,050	80,440	84,460	88,680
Contingencies	0	0	36,720	0	38,570	0	0
TOTAL EXPENDITURES	$1,667,289	$1,715,350	$1,845,970	$1,809,250	$2,189,700	$2,311,230	$2,397,030
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	($268,827)	$240,230	($7,360)	($12,620)	($217,820)	($150,000)	$0
RESTRICTED BALANCES, Beginning of Year	$333,807	$216,955	$284,218	$284,218	$284,218	$198,574	$148,574
FUND BALANCE (Including Restricted), End of Year	$253,409	$493,639	$318,540	$481,019	$263,199	$113,199	$113,199
LESS: RESTRICTED BALANCES							
MANAGEMENT RESERVES	$185,354	$284,218	$284,218	$284,218	$198,574	$148,574	$173,574
COUNCIL DESIGNATIONS	31,601	0	0	0	0	0	0
UNRESTRICTED FUND BALANCE	**$36,454**	**$209,421**	**$34,322**	**$196,801**	**$64,625**	**($35,375)**	**($60,375)**
HISTORICAL NORMING ADJUSTMENT				35,000	73,070	33,550	32,268
POTENTIAL UNRESTRICTED FUND BALANCE	$36,454	$209,421	$34,322	$231,801	$172,695	$106,245	$113,513



DEVELOPMENT SERVICES FUND SUMMARY

SERVICE HIGHLIGHTS

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

FINANCIAL PLANNING ISSUES

Revenues vary with the rate of development activity. Beginning in the latter half of 2007 and extending through all of 2008, residential construction activity hit an all time low. This has negatively impacted Fund revenues. Development Services went through an extensive expenditure reduction effort and unfortunately laid off two employees effective January 15, 2009. These two employees will be recalled when development picks up.

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 07-08, the State Building Codes Division mandated that all jurisdictions begin using the same fee methodologies by January 1, 2009. In addition, staff conducted a comprehensive fee analysis and raised fees in several areas in attempt to recover costs. This increase received stakeholder support and was necessary to continue with existing service levels.

While residential construction activity is forecast to remain very slow through most of FY 09-10, there are a number of commercial projects in the works at OSU that should help sustain minimal levels of revenue generating activity. Nevertheless, it is anticipated that permit and plan review revenues for FY 08-09 and FY 09-10 will be significantly lower than the previous two fiscal years and this has been reflected in the financial plan as presented herein.

With uncertainty in the housing market and the economy, forecasting related revenues out to any length of time with accuracy becomes difficult at best. Issues related to this fund are:

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

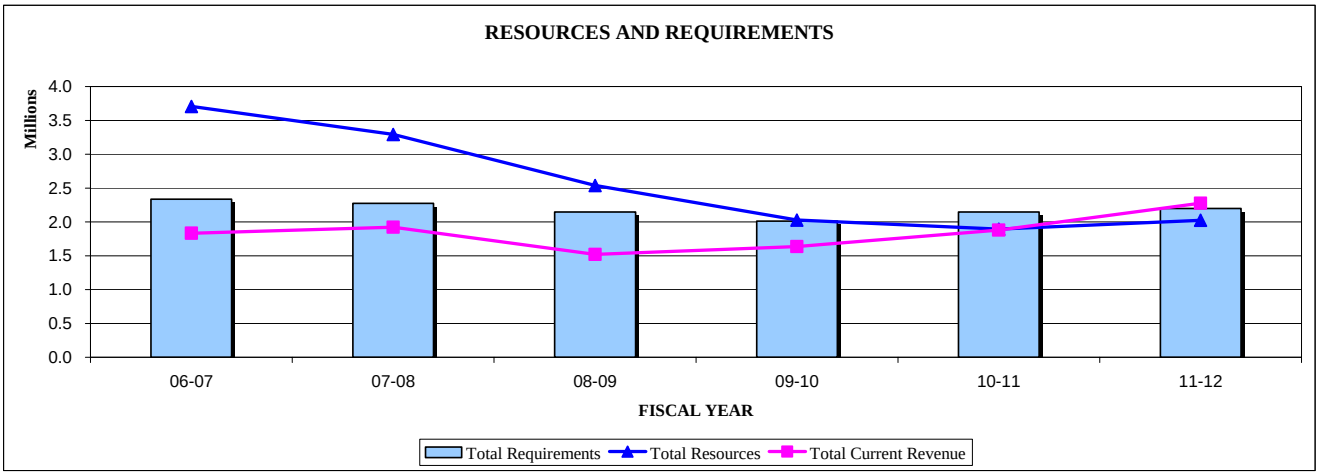
APPROPRIATE FUND BALANCE

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 currently projected to end FY 09-10 with an operating fund balance equaling approximately 0.94% of the FY 09-10 current revenues. Strategies continue to be developed to ensure that the fund maintains a positive balance through this economic downturn.

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's goal is to strive towards a minimum ending operating fund balance for the Development Services Fund of $300,000.

DEVELOPMENT SERVICES FUND

BUDGETARY BASIS	AUDITED FY 06-07	AUDITED FY 07-08	ADOPTED FY 08-09	REVISED FY 08-09	ADOPTED FY 09-10	FY 10-11	FY 11-12
BEGINNING OPERATING FUND BALANCE	$1,443,562	$1,135,472	$737,525	$789,981	$391,551	$15,351	($251,789)
REVENUES							
Licenses, Fees & Permits	$1,024,443	$1,000,239	$1,194,500	$628,600	$686,930	$876,530	$1,072,270
Charges for Services	696,453	839,481	855,530	698,360	703,110	897,110	1,097,910
Fines & Forfeitures	0	0	0	0	0	0	0
Miscellaneous	84,991	56,225	58,500	32,920	27,530	5,740	5,090
Non-Operating Revenue	3,000	0	0	0	0	0	0
Transfers In	25,000	25,000	25,000	160,000	218,390	100,000	100,000
TOTAL REVENUES	$1,833,887	$1,920,945	$2,133,530	$1,519,880	$1,635,960	$1,879,380	$2,275,270
EXPENDITURES							
Community Development	$2,136,865	$2,185,309	$2,562,680	$2,043,420	$1,883,090	$1,986,450	$2,102,410
Transfers Out	196,213	88,648	138,700	102,910	129,070	160,070	95,620
Contingencies	0	0	50,000	0	0	0	0
TOTAL EXPENDITURES	$2,333,078	$2,273,957	$2,751,380	$2,146,330	$2,012,160	$2,146,520	$2,198,030
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	($499,191)	($353,012)	($617,850)	($626,450)	($376,200)	($267,140)	$77,240
RESTRICTED BALANCES, Beginning of Year	$426,642	$235,541	$228,020	$228,020	$0	$0	$0
FUND BALANCE (Including Restricted), End of Year	$1,371,013	$1,018,001	$347,695	$391,551	$15,351	($251,789)	($174,549)
LESS: RESTRICTED BALANCES							
MANAGEMENT RESERVES	$203,480	$228,020	$211,290	$0	$0	$0	$0
COUNCIL DESIGNATIONS	32,061	0	0	0	0	0	0
UNRESTRICTED FUND BALANCE	**$1,135,472**	**$789,981**	**$136,405**	**$391,551**	**$15,351**	**($251,789)**	**($174,549)**
HISTORICAL NORMING ADJUSTMENT				0	20,000	125,000	291,200
POTENTIAL UNRESTRICTED FUND BALANCE	$1,135,472	$789,981	$136,405	$391,551	$35,351	($106,789)	$261,651



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.

ARRA funding has been awarded in the form of $145,490 in one-time additional CDBG grants in FY 09/10, for use in assigning agencies serving low income and homeless people, as well as those with disabilities.

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

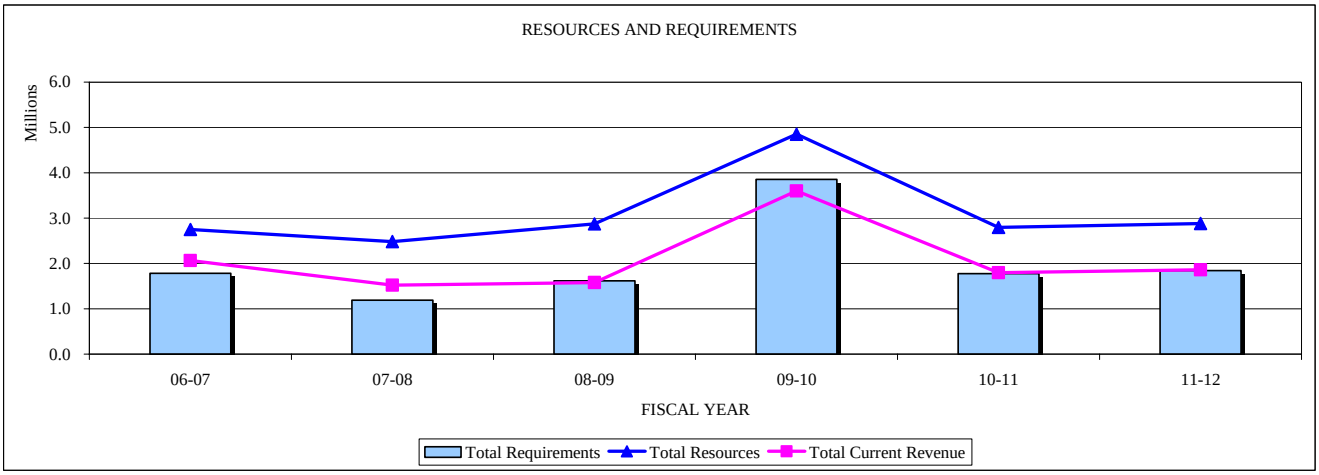
- Implementation of planning, program delivery, and program management aspects of the City's federally funded CDBG and HOME programs. Federal grant allocations for these programs vary each year.
- Continuation of current home purchase assistance and rehabilitation programs.
- Continuation of the Rental 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 09-10 with a fund balance equaling approximately 27.71% 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 06-07	AUDITED FY 07-08	ADOPTED FY 08-09	REVISED FY 08-09	ADOPTED FY 09-10	FY 10-11	FY 11-12
BEGINNING OPERATING FUND BALANCE	$667,539	$955,371	$1,270,469	$1,294,100	$1,254,210	$996,740	$1,020,470
REVENUES							
Licenses, Fees & Permits	$90,912	$91,248	$94,320	$92,660	$110,680	$94,320	$94,320
Charges for Services	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Intergovernmental	1,667,461	742,005	2,775,300	997,950	2,937,680	1,160,090	1,218,090
Fines & Forfeitures	2,396	(1,732)	2,400	2,450	2,400	2,400	2,400
Miscellaneous	298,526	682,989	473,910	479,700	541,070	535,690	541,070
TOTAL REVENUES	$2,064,295	$1,519,510	$3,350,930	$1,577,760	$3,596,830	$1,797,500	$1,860,880
EXPENDITURES							
Community Development	$1,730,847	$1,164,191	$3,365,980	$1,450,480	$3,777,000	$1,726,460	$1,812,970
Transfers Out	54,406	25,388	39,470	164,640	46,950	47,310	29,770
Contingencies	0	0	30,350	0	30,350	0	0
TOTAL EXPENDITURES	$1,785,253	$1,189,579	$3,435,800	$1,615,120	$3,854,300	$1,773,770	$1,842,740
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	$279,042	$329,931	($84,870)	($37,360)	($257,470)	$23,730	$18,140
RESTRICTED BALANCES, Beginning of Year	$17,588	$8,798	$0	$0	$2,530	$2,530	$2,530
FUND BALANCE (Including Restricted), End of Year	$964,169	$1,294,100	$1,185,599	$1,256,740	$999,270	$1,023,000	$1,041,140
LESS: RESTRICTED BALANCES							
COUNCIL DESIGNATIONS	8,798	0	0	2,530	2,530	2,530	2,530
UNRESTRICTED FUND BALANCE	**$955,371**	**$1,294,100**	**$1,185,599**	**$1,254,210**	**$996,740**	**$1,020,470**	**$1,038,610**
HISTORICAL NORMING ADJUSTMENT				248,920	279,270	248,920	248,920
POTENTIAL UNRESTRICTED FUND BALANCE	$955,371	$1,294,100	$1,185,599	$1,503,130	$1,524,930	$1,797,580	$2,064,640



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 also 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, resulting in over 50% fewer meter malfunctions. Pay stations are installed where feasible to provide more efficient control of parking spaces than individual meters and reduce the visual clutter. The City responds quickly to replace and/or repair damaged or stolen parking meters or pay stations.

Residential parking districts north of the OSU campus were created to control the level of non-resident parking on these streets. Student 'spillover' parking from campus lots can monopolize the available spaces and add unnecessary congestion to residential neighborhoods. Working with campus representatives, staff continues to seek out solutions to this issue.

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 during the three-year planning period both to maintain the level of service presently provided and to implement these improvements.

Despite the perception that customer parking is limited in Downtown, results of a third-party study showed parking availability is more than adequate. Even with this information, business owners remain concerned about the impact on their businesses from the perception of inadequate parking and have requested more parking in the core. The availability of vacant land for either surface parking or a parking structure is limited, and very expensive. 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 transportation mode, and the Budget Commission approved the addition of five new lockers in FY 08-09. There is limited capacity in the Parking Fund to support new facilities, so future additions of this nature will need to be balanced against the demands for enhanced automobile parking.

The Parking Plan, completed in 2002 is due for an update to reflect the changes in usage patterns in the last five years with the expanded retail and restaurant development in the downtown. There are several pending parking management projects, including a possible revision to the customer-free parking area, that are waiting to be addressed until the update to the Plan is completed.

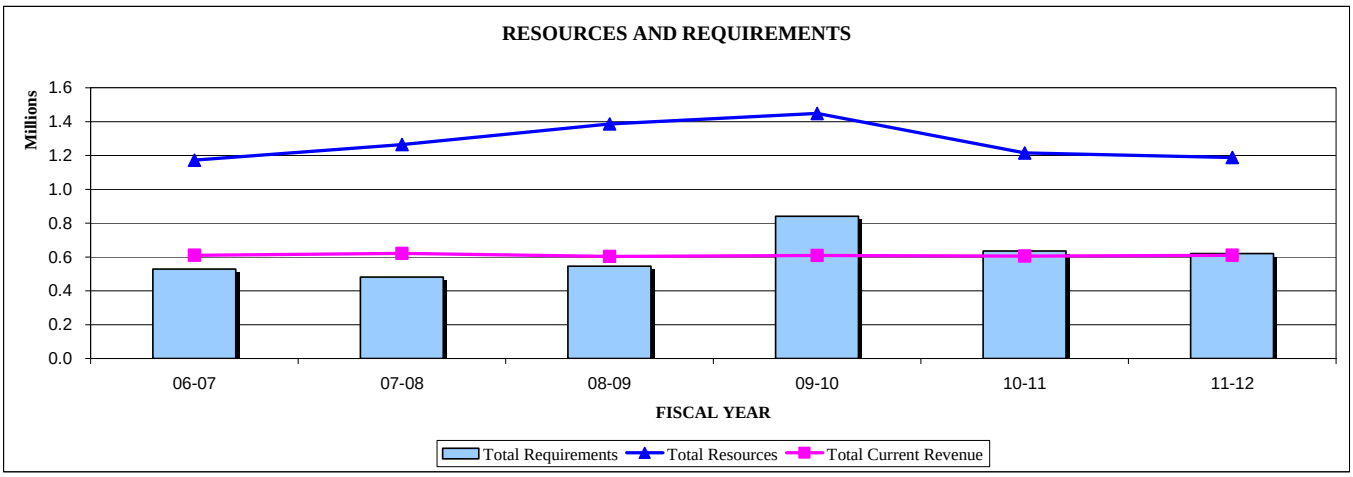
There is a growing community interest in the use of electric vehicles. Providing the means to charge these vehicles supports the City's sustainability goals and the initial recommendations from the Corvallis Sustainability Coalition. Included in the Capital Improvement Program is a project to construct these stations, but ongoing funding for this new initiative must be balanced against support for existing programs.

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 09-10 with an operating fund balance equaling approximately 88.33% of the FY 09-10 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 06-07	AUDITED FY 07-08	ADOPTED FY 08-09	REVISED FY 08-09	ADOPTED FY 09-10	FY 10-11	FY 11-12
BEGINNING OPERATING FUND BALANCE	$515,617	$615,752	$698,151	$713,225	$757,335	$537,695	$519,765
REVENUES							
Licenses, Fees & Permits	$17,906	$54,881	$17,000	$18,000	$18,000	$18,000	$18,000
Charges for Services	157,542	161,502	195,290	193,900	175,840	177,600	179,380
Fines & Forfeitures	401,917	372,551	373,000	373,000	401,000	401,000	401,000
Miscellaneous	33,178	32,671	20,500	18,190	13,910	9,430	11,790
TOTAL REVENUES	$610,543	$621,605	$605,790	$603,090	$608,750	$606,030	$610,170
EXPENDITURES							
Community Development	$3,022	$3,310	$3,580	$3,570	$3,900	$4,040	$4,270
Finance	99,256	108,177	117,650	116,260	129,500	135,560	142,120
Police	264,429	246,477	294,400	265,650	296,370	310,760	301,940
Public Works	141,507	102,744	142,960	141,570	173,770	163,630	148,370
Transfers Out	20,412	21,190	218,930	18,930	224,190	22,460	23,580
Contingencies	0	0	12,400	0	12,400	0	0
TOTAL EXPENDITURES	$528,626	$481,898	$789,920	$545,980	$840,130	$636,450	$620,280
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	$81,917	$139,707	($184,130)	$57,110	($231,380)	($30,420)	($10,110)
RESTRICTED BALANCES, Beginning of Year	$45,502	$27,284	$69,525	$69,518	$82,518	$70,778	$58,288
FUND BALANCE (Including Restricted), End of Year	$643,036	$782,743	$583,546	$839,853	$608,473	$578,053	$567,943
LESS: RESTRICTED BALANCES							
MANAGEMENT RESERVES	$19,415	$32,195	$19,955	$45,195	$33,455	$20,965	$11,165
COUNCIL DESIGNATIONS	7,869	37,323	37,330	37,323	37,323	37,323	37,323
UNRESTRICTED FUND BALANCE	**$615,752**	**$713,225**	**$526,261**	**$757,335**	**$537,695**	**$519,765**	**$519,455**
HISTORICAL NORMING ADJUSTMENT				66,052	75,150	56,475	48,003
POTENTIAL UNRESTRICTED FUND BALANCE	$615,752	$713,225	$526,261	$823,387	$678,897	$717,441	$765,135



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 07-08 over 3 billion gallons of drinking water were produced.

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

The City encourages water conservation through outreach and education programs 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 approximately every 10 years.

FINANCIAL PLANNING ISSUES

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

The City Council, sensitive to the tight economic times, has directed staff to limit the combined rate increase in the three utility funds to 3%. As staff maximizes efficiencies in operations, this guideline presents a bigger challenge, due to ongoing fluctuations in fuel and chemical costs, and increasing federal regulations. Even with these influences, which are affecting all water systems, Corvallis utility charges are average compared to eight other like-sized communities and next to the lowest compared to ten other surrounding communities.

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

In a climate of sustainable operations, reduced water use is a community-wide goal. Over the last three years, total water production has 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.

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 upcoming, significant example is the third phase of the Taylor Plant expansion, which will be needed to meet the community's water demand when the population reaches 60,000.

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

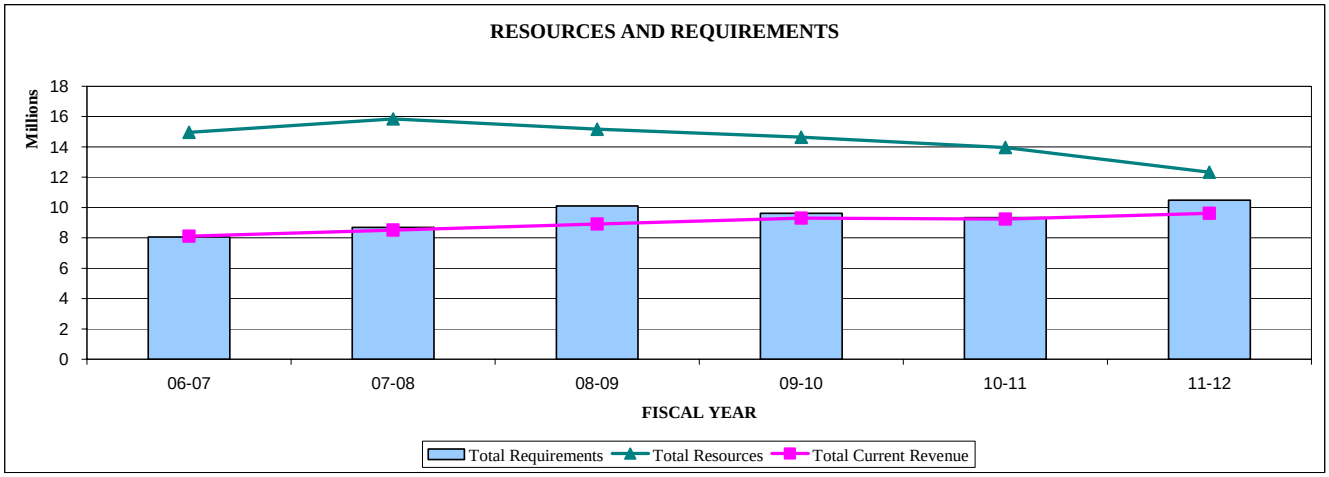
APPROPRIATE FUND BALANCE

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 09-10 with an operating fund balance equaling approximately 0.33% of the FY 09-10 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 09-10 is currently projected to end with less than the recommended fund balance. It is projected the recommended fund balance will be met when the Historical Norming Adjustment (HNA) is taken into account. Historically, the HNA has added an average of $616,000 to the ending fund balance.

WATER FUND - OPERATING

BUDGETARY BASIS	AUDITED FY 06-07	AUDITED FY 07-08	ADOPTED FY 08-09	REVISED FY 08-09	ADOPTED FY 09-10	FY 10-11	FY 11-12
RATE INCREASE	6.00%	7.00%	7.00%	6.00%	4.00%	3.00%	2.00%
BEGINNING OPERATING FUND BALANCE	$1,393,303	$1,512,719	$1,219,033	$1,383,772	$338,772	$31,012	$67,802
OPERATING REVENUES							
Charges for Service	$7,568,509	$7,784,032	$8,498,100	$8,087,980	$8,509,910	$8,809,750	$9,171,090
Intergovernmental	849	0	0	0	0	0	0
Fines & Forfeitures	222	394	0	0	0	0	0
Miscellaneous	199,608	389,331	375,270	476,440	458,910	90,120	92,470
Transfers In	346,461	341,871	347,830	347,830	341,520	341,810	348,000
TOTAL OPERATING REVENUES	$8,115,649	$8,515,628	$9,221,200	$8,912,250	$9,310,340	$9,241,680	$9,611,560
OPERATING EXPENDITURES							
Community Development	$40,528	$42,287	$46,600	$46,520	$49,580	$52,420	$55,620
Public Works	5,760,340	6,237,087	7,057,390	6,841,290	7,222,760	7,439,800	7,206,610
Debt Service	1,017,846	1,017,500	1,016,180	1,016,180	1,018,500	1,009,220	1,018,800
Transfers Out	1,237,124	1,395,100	2,287,530	2,207,480	1,153,540	835,190	2,202,170
Contingencies	0	0	177,470	0	177,470	0	0
TOTAL OPERATING EXPENDITURES	$8,055,838	$8,691,974	$10,585,170	$10,111,470	$9,621,850	$9,336,630	$10,483,200
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	$59,811	($176,346)	($1,363,970)	($1,199,220)	($311,510)	($94,950)	($871,640)
RESTRICTED BALANCES, Beginning of Year	$5,446,605	$5,810,132	$5,028,598	$4,863,939	$4,988,101	$4,678,711	$2,653,671
FUND BALANCE (Including Restricted), End of Year	$7,322,851	$6,247,711	$5,708,628	$5,326,873	$4,709,723	$2,721,473	$3,040,243
LESS: RESTRICTED BALANCES							
MANAGEMENT RESERVES	$452,439	$497,439	$286,409	$388,329	$300,099	$147,129	$74,889
COUNCIL DESIGNATIONS	295,845	203,446	65,974	158,336	242,816	264,046	287,146
LEGAL DESIGNATIONS	5,061,848	4,163,054	5,161,415	4,441,436	4,135,796	2,242,496	3,432,906
UNRESTRICTED FUND BALANCE	$1,512,719	$1,383,772	$194,830	$338,772	$31,012	$67,802	($754,698)
HISTORICAL NORMING ADJUSTMENT				$646,961	$792,083	$553,152	$470,179
POTENTIAL UNRESTRICTED FUND BALANCE	$1,512,719	$1,383,772	$194,830	$985,734	$1,470,057	$2,059,999	$1,707,678



WASTEWATER FUND SUMMARY

SERVICE HIGHLIGHTS

The primary service in the Wastewater Fund is the removal and treatment of wastewater. Treatment is accomplished through 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.

There are 219 miles of pipes to collect wastewater from homes and businesses and deliver 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. Removing this flow from the system would save treatment costs. Areas of infiltration and/or inflow are identified by introducing smoke into the pipeline and documenting where it escapes. This information is then used to prioritize maintenance activities.

The City endeavors to minimize the impact of wastewater processes on the environment by aggressively pursuing energy-saving measures, reducing use of harmful or toxic chemicals in operations, and educating the public about keeping 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 run some treatment processes.

FINANCIAL PLANNING ISSUES

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

The City's National Pollutant Discharge Elimination System (NPDES) permit and the EPA wastewater regulations are requiring expanded maintenance, operation, and capital expenditures. The NPDES permit is renewed every five years, and the requirements of the permit affect operations, lab monitoring and records. In the next permit, more stringent requirements are anticipated, and the impacts from regulations establishing total maximum daily pollutant levels to the Willamette are significant. Additional facilities and changes to processes (i.e., wastewater reuse) will be required to achieve permitted limits.

The City Council, sensitive to the tight economic times, has directed staff to limit the combined rate increases in the three utility funds to 3%. 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. Even with these influences, which are affecting all wastewater systems, Corvallis utility charges are average compared to eight other like-sized communities and next to the lowest compared to ten other surrounding communities.

Wastewater charges are calculated from water consumption amounts. As discussed under the Water Fund, consumption is steadily decreasing, which also reduces the wastewater revenue generated. This puts the recovery of fixed charges inherent in wastewater systems on a smaller base, forcing rate increases. Added pressure comes from the debt service 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.

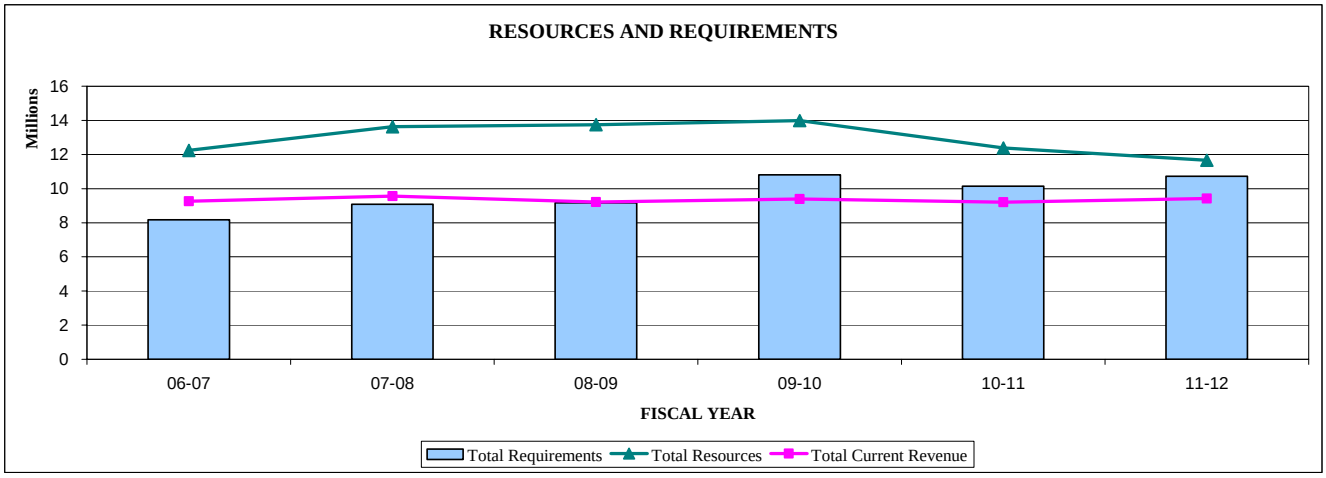
As a result, some needed programs do not have sufficient funding. Correcting infiltration and inflow to the collection system is a low cost way to increase the capacity of the piping system and the treatment plant to accommodate growth. Throughout the City, staff has identified a significant number of 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 09-10 with an operating fund balance equaling approximately 15.84% of the FY 09-10 current revenue. A minimum of $500,000 is recommended for the operating fund balance.

WASTEWATER FUND - OPERATING

BUDGETARY BASIS	AUDITED FY 06-07	AUDITED FY 07-08	ADOPTED FY 08-09	REVISED FY 08-09	ADOPTED FY 09-10	FY 10-11	FY 11-12
RATE INCREASE	3.30%	3.30%	3.50%	2.00%	2.00%	2.00%	2.50%
BEGINNING OPERATING FUND BALANCE	$1,041,874	$2,153,259	$1,626,180	$2,744,074	$2,746,434	$1,487,054	$591,284
REVENUES							
Charges for Service	$8,673,297	$9,017,547	$9,074,770	$8,767,800	$8,973,380	$9,144,860	$9,358,610
Intergovernmental	924	0	0	0	0	0	0
Miscellaneous	208,220	191,827	137,840	111,220	85,700	58,260	54,720
Other Financing Sources	22,370	5,265	0	0	0	0	0
Transfers In	351,888	342,546	331,500	331,500	331,230	0	0
TOTAL REVENUES	$9,256,699	$9,557,185	$9,544,110	$9,210,520	$9,390,310	$9,203,120	$9,413,330
EXPENDITURES							
Community Development	$39,263	$41,185	$45,380	$45,350	$48,420	$50,820	$53,990
Public Works	5,518,772	6,190,812	6,578,400	6,025,680	7,036,340	6,633,030	6,689,130
Debt Service	2,319,290	2,317,720	2,314,920	2,314,920	2,305,690	2,300,320	2,294,030
Transfers Out	293,802	533,378	1,065,070	772,210	1,222,960	1,155,820	1,680,520
Contingencies	0	0	190,880	0	190,880	0	0
TOTAL EXPENDITURES	$8,171,127	$9,083,095	$10,194,650	$9,158,160	$10,804,290	$10,139,990	$10,717,670
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	$1,085,572	$474,090	($650,540)	$52,360	($1,413,980)	($936,870)	($1,304,340)
RESTRICTED BALANCES, Beginning of Year	$1,938,101	$1,912,288	$1,795,564	$1,795,564	$1,845,564	$1,690,964	$1,649,864
FUND BALANCE (Including Restricted), End of Year	$4,065,547	$4,539,637	$2,771,204	$4,591,997	$3,178,018	$2,241,148	$936,808
LESS: RESTRICTED BALANCES							
MANAGEMENT RESERVES	$214,315	$168,405	$138,405	$218,405	$63,805	$22,705	$94,165
COUNCIL DESIGNATIONS	70,814	0	0	0	0	0	0
LEGAL RESTRICTIONS	1,627,159	1,627,159	1,627,159	1,627,159	1,627,159	1,627,159	1,627,159
UNRESTRICTED FUND BALANCE	$2,153,259	$2,744,074	$1,005,640	$2,746,434	$1,487,054	$591,284	($784,516)
HISTORICAL NORMING ADJUSTMENT				843,879	992,565	721,517	613,289
POTENTIAL UNRESTRICTED FUND BALANCE	$2,153,259	$2,744,074	$1,005,640	$3,590,313	$3,323,498	$3,149,244	$2,386,733



SERVICE HIGHLIGHTS

The primary service in the Storm Water Fund is the collection of rain water to minimize urban flooding. A system of 168 miles of pipes and 14 miles of 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 11-12.

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, because the Council-directed allowable percentage for rate increases was focused in the water and wastewater utilities. However, in FY 09-10 rates are proposed to increase 5% to meet the need to respond to federal regulations on storm water quality, rising material prices, and full implementation of the various planning documents related to the storm water system (Storm Water Master Plan, Endangered Species Salmon Response Plan, and Natural Features Inventory).

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

Proactive maintenance programs, such as video inspection and flushing of pipelines, are critical to the service life of the infrastructure because problems can be identified early and maintenance scheduled before service is disrupted. A comprehensive inspection of the storm water infrastructure, currently underway, is expected to indicate that additional resources are needed to correct identified deficiencies and to institute a preventive maintenance program to maintain service standards and meet community-requested program enhancements from the Master Plan. Rate increases projected for the planning period wil1 contribute to the capacity needed to implement these programs.

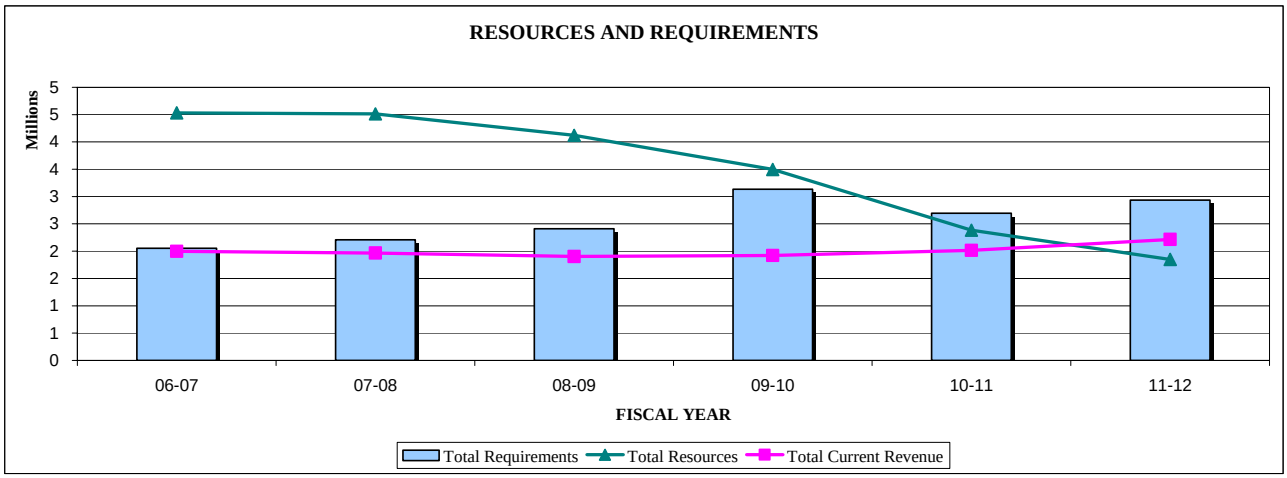
Suggested actions from the community sustainability effort could drive new projects, such as rain gardens along residential streets. Rain gardens take water out of the piping system, reducing the chances of pipe overflows and localized street flooding during heavy rain events. Rain gardens also improve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

APPROPRIATE FUND BALANCE

The City's 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 09-10 with an operating fund balance of approximately 16.93% of FY 09-10 current revenue. Funds over a $300,000 fund balance would be available for additional capital projects. Although Legal reserves (SDC revenues) are negative as proposed, the operating fund has adequate fund balance to absorb the difference. The negative balance is due to the economic downturn. Appropriations were left at planned levels, but will not be spent unless there is sufficient revenue to cover them.

STORM WATER FUND - COMBINED

BUDGETARY BASIS	AUDITED FY 06-07	AUDITED FY 07-08	ADOPTED FY 08-09	REVISED FY 08-09	ADOPTED FY 09-10	FY 10-11	FY 11-12
RATE INCREASE	0.00%	0.00%	0.00%	0.00%	5.00%	10.00%	10.00%
BEGINNING OPERATING FUND BALANCE	$2,310,097	$2,232,522	$1,660,369	$2,004,820	$1,450,890	$325,170	($410,360)
REVENUES							
Charges for Service	$1,865,139	$1,857,198	$1,810,800	$1,847,680	$1,876,620	$2,007,140	$2,212,920
Miscellaneous	121,477	102,640	82,330	53,920	43,950	7,880	1,700
Transfers In	11,347	5,834	0	0	0	0	0
TOTAL REVENUES	$1,997,963	$1,965,672	$1,893,130	$1,901,600	$1,920,570	$2,015,020	$2,214,620
EXPENDITURES							
Community Development	$40,750	$42,676	$46,770	$46,690	$49,820	$52,250	$55,450
Public Works	1,338,602	1,725,379	1,818,320	1,748,030	2,248,400	1,918,880	2,163,730
Transfers Out	673,777	439,169	710,740	615,810	800,260	724,420	716,730
Contingencies	0	0	37,860	0	37,860	0	0
TOTAL EXPENDITURES	$2,053,129	$2,207,224	$2,613,690	$2,410,530	$3,136,340	$2,695,550	$2,935,910
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	($55,166)	($241,552)	($720,560)	($508,930)	($1,215,770)	($680,530)	($721,290)
RESTRICTED BALANCES, Beginning of Year	$224,391	$317,349	$161,802	$216,336	$125,614	$45,634	$43,974
FUND BALANCE (Including Restricted), End of Year	$2,549,871	$2,221,156	$1,070,481	$1,576,504	$370,804	($366,386)	($1,105,136)
LESS: RESTRICTED BALANCES							
MANAGEMENT RESERVES	$109,743	$118,483	$163,483	$163,483	$73,433	$128,433	$183,433
COUNCIL DESIGNATIONS	22,590	0	0	0	0	0	0
LEGAL RESTRICTIONS	185,016	97,853	12,189	(37,869)	(27,799)	(84,459)	(101,919)
UNRESTRICTED FUND BALANCE	$2,232,522	$2,004,820	$894,809	$1,450,890	$325,170	($410,360)	($1,186,650)
HISTORICAL NORMING ADJUSTMENT				456,252	471,299	390,096	331,581
POTENTIAL UNRESTRICTED FUND BALANCE	$2,232,522	$2,004,820	$894,809	$1,907,142	$1,252,722	$451,035	($464,973)



AIRPORT FUND SUMMARY

SERVICE HIGHLIGHTS

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

Adjacent to the airfield is a City-owned industrial park where tenants lease property for a wide variety of industrial ventures. This land provides sites that are close to 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 worked with a local farmer to plant 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 main revenue sources for this fund are hangar rentals, land and building leases, and crop sales. Land lease rates are reviewed and adjusted to reflect the current market. The level of effort required to maintain a viable industrial park and 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). The streets and utility infrastructure need to be enhanced 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 (OECDD) to use low-cost funding to begin the wetland mitigation construction program projected to cost about $475,000.

The Airport Industrial Park (AIP) Development Plan was completed in early 2000 and the assumptions made about uses and anticipated development patterns have not held up in the subsequent years. In addition, there are conflicts between this document and zoning requirements, and a more useful document is needed. An update to the plan is scheduled for FY 09-10.

There is currently no long-term plan for how best to make street and utility system improvements at the airport and the industrial park. Without such a plan, it is difficult to respond to inquiries for new or expanded development at these sites and to avoid the construction of single-user facilities. Planned Infrastructure improvements are key to accommodating both near- and long-term development activities. Increased interest in promoting development at the industrial park further drives the need for an infrastructure plan, which is scheduled for FY 10-11.

The Airport Master Plan was completed in 2001. The Federal Aviation Administration strongly recommends that master plans be updated every 10 years to ensure that the projects included in it are valid and current. An update planned for FY 12-13 will examine the current and expected long-term functions for the airport and provide recommendations for projects that support and enhance those functions.

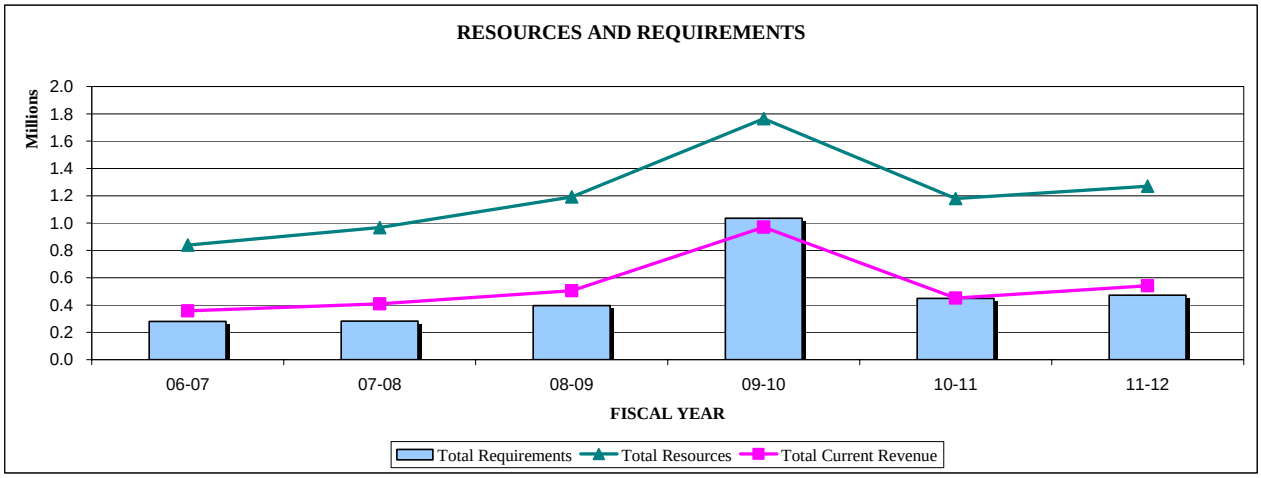
Projects resulting from these three planning efforts will present a challenge for the City to accommodate the recommendations within a finite revenue stream and to balance the rehabilitation of existing facilities against the construction of new ones.

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 09-10 with an operating fund balance equaling approximately 75.15% of the FY 09-10 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 - OPERATING

BUDGETARY BASIS	AUDITED FY 06-07	AUDITED FY 07-08	ADOPTED FY 08-09	REVISED FY 08-09	ADOPTED FY 09-10	FY 10-11	FY 11-12
BEGINNING OPERATING FUND BALANCE	$477,737	$557,627	$611,133	$687,129	$794,849	$729,249	$730,529
OPERATING REVENUES							
Licenses, Fees & Permits	$4,493	$4,579	$4,500	$4,500	$4,500	$4,500	$4,500
Charges for Service	322,380	370,243	341,620	429,720	377,900	384,680	391,600
Intergovernmental	0	0	507,680	50,480	570,010	42,680	122,680
Miscellaneous	30,335	33,515	27,360	19,720	18,030	18,300	21,900
TOTAL OPERATING REVENUES	$357,208	$408,337	$881,160	$504,420	$970,440	$450,160	$540,680
OPERATING EXPENDITURES							
Public Works	$242,068	$242,944	$802,110	$339,560	$934,110	$358,280	$371,120
Debt Service	31,836	31,067	30,290	30,290	$29,480	$55,860	$54,780
Transfers Out	5,761	7,170	26,930	26,850	64,780	34,740	46,260
Contingencies	0	0	7,670	0	7,670	0	0
TOTAL OPERATING EXPENDITURES	$279,665	$281,181	$867,000	$396,700	$1,036,040	$448,880	$472,160
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	$77,543	$127,156	$14,160	$107,720	($65,600)	$1,280	$68,520
RESTRICTED BALANCES, Beginning of Year	$4,693	$2,346	$0	$0	$0	$0	$0
FUND BALANCE (Including Restricted), End of Year	$559,973	$687,129	$625,293	$794,849	$729,249	$730,529	$799,049
LESS: RESTRICTED BALANCES							
MANAGEMENT RESERVES	$0	$0	$0	$0	$0	$0	$0
COUNCIL DESIGNATIONS	2,346	0	0	0	0	0	0
LEGAL RESTRICTIONS	0	0	0	0	0	0	0
UNRESTRICTED FUND BALANCE	$557,627	$687,129	$625,293	$794,849	$729,249	$730,529	$799,049
HISTORICAL NORMING ADJUSTMENT				83,131	86,644	71,077	60,415
POTENTIAL UNRESTRICTED FUND BALANCE	$557,627	$687,129	$625,293	$877,980	$899,024	$888,250	$930,541



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, comprised of over 210 pieces. Services are provided with 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 the major expenditure when vehicles need to be replaced. Public Works coordinates most vehicle purchases, working with the user department to develop specifications, and conducts the process from competitive bid through receipt of the vehicle.

The City has agreements with other government agencies, such as Benton County and the City of Philomath, to provide maintenance on specialized equipment. This maximizes service efficiencies and reduces overall 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 biodiesel for the diesel fleet. Biodiesel is a mix of traditional diesel and 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 alternative fuel vehicles.

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. 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. However, fluctuating fuel prices impact available appropriations in the Fleet Maintenance budget, as well as the vehicle maintenance budgets of the other departments.

Fleet services have operated under a very tight margin for a number of years to contain costs to departments and remain competitive with the private sector. Garage tools and equipment have not been updated and there is no planned schedule for replacements. Modern tools and equipment would allow a broader range of services and repairs to be provided internally, reducing the cost to departments. Staff developed a plan to begin upgrading garage equipment, but a successful long-term strategy needs to demonstrate to the customer base that commitments for more service and lower costs can be met.

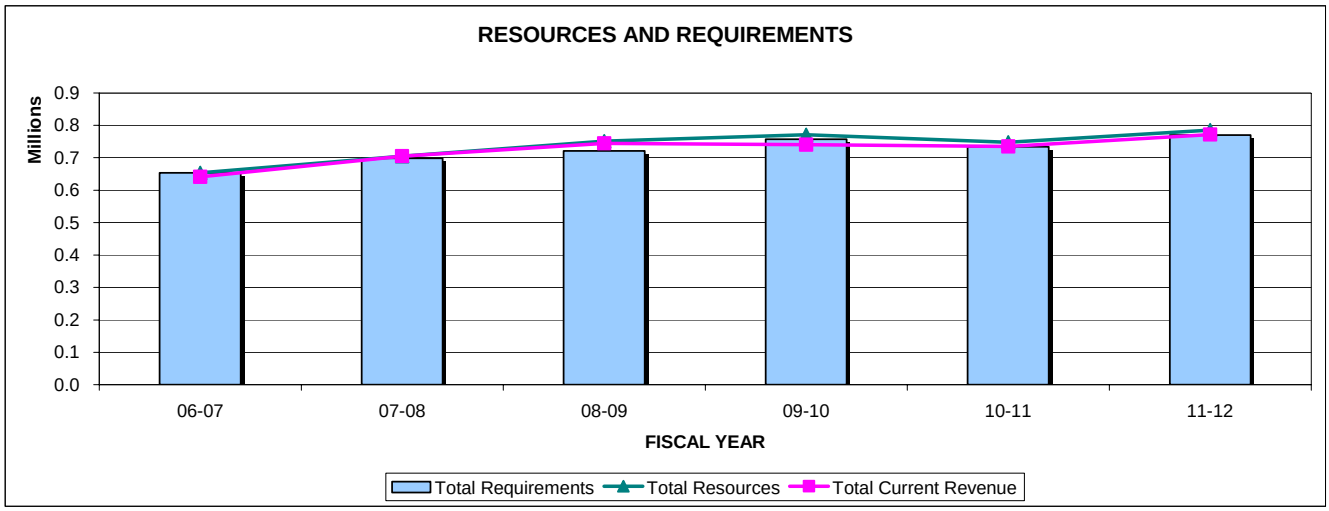
The long-term viability of the Fleet Fund is continuously being assessed. The shop rates charged to departments and outside agencies need to be sufficient to cover the cost of labor, materials, and future major building system improvements or the tool replacements mentioned above, while remaining competitive with the private sector.

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 09-10 with a fund balance of $7,584 .

FLEET MAINTENANCE FUND

BUDGETARY BASIS	AUDITED FY 06-07	AUDITED FY 07-08	ADOPTED FY 08-09	REVISED FY 08-09	ADOPTED FY 09-10	FY 10-11	FY 11-12
BEGINNING OPERATING FUND BALANCE	($17,389)	($24,628)	$12,426	($12,806)	$9,504	$7,584	$7,584
REVENUES							
Charges for Service	$642,100	$704,584	$760,470	$743,760	$739,640	$733,990	$770,410
Miscellaneous	(590)	640	800	650	850	900	990
TOTAL REVENUES	$641,510	$705,224	$761,270	$744,410	$740,490	$734,890	$771,400
EXPENDITURES							
Public Works	$653,672	$698,326	$736,350	$721,200	$741,410	$733,990	$770,500
Contingencies	0	0	16,000	0	16,000	0	0
TOTAL EXPENDITURES	$653,672	$698,326	$752,350	$721,200	$757,410	$733,990	$770,500
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	($12,162)	$6,898	$8,920	$23,210	($16,920)	$900	$900
RESTRICTED BALANCES, Beginning of Year	$29,571	$24,648	$19,724	$19,724	$20,624	$5,624	$6,524
FUND BALANCE (Including Restricted), End of Year	$20	$6,918	$41,070	$30,128	$13,208	$14,108	$15,008
LESS: RESTRICTED BALANCES							
MANAGEMENT RESERVES	$18,824	$19,724	$20,624	$20,624	$5,624	$6,524	$7,424
COUNCIL DESIGNATIONS	5,824	0	0	0	0	0	0
UNRESTRICTED FUND BALANCE	($24,628)	($12,806)	$20,446	$9,504	$7,584	$7,584	$7,584



FACILITY MAINTENANCE FUND SUMMARY

SERVICE HIGHLIGHTS

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

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

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

In keeping with organizational sustainability directives, staff evaluates the performance of building systems, maintenance practices, and the materials or supplies used, and implements or recommends changes to enhance the sustainability of facility operations.

FINANCIAL PLANNING ISSUES

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

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

The City Council has directed staff to increase sustainable practices in City operations. Some progress has been made, typically in low- or no-cost measures. Requiring compliance with LEEDs standards on remodel projects would be a major initiative and implementation would increase project costs. These requirements would compete with existing maintenance programs for funding from a limited revenue stream.

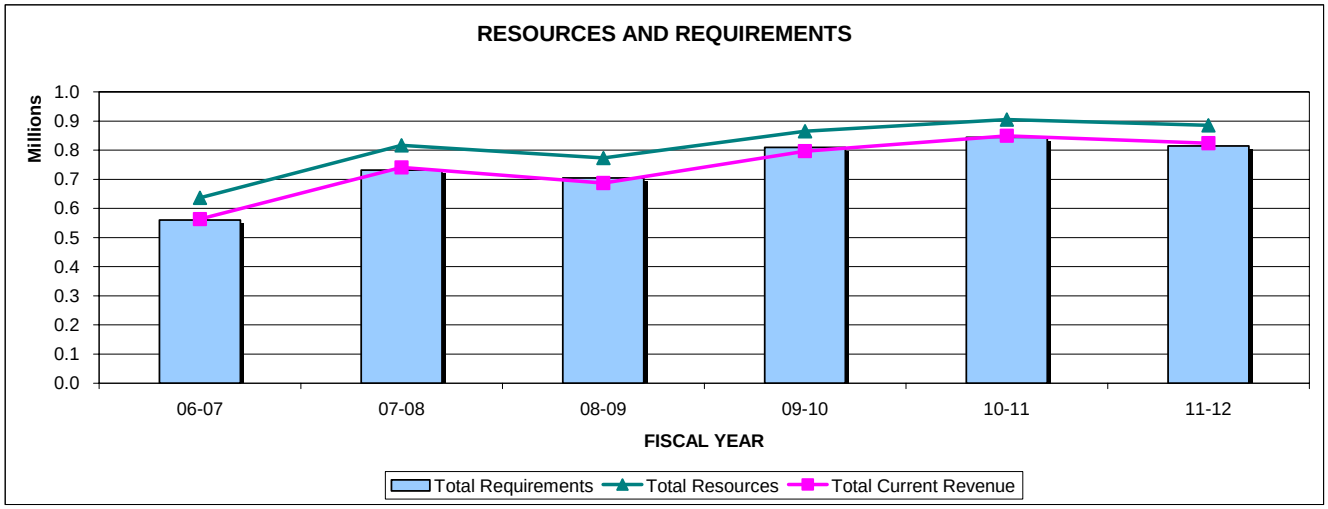
In 2003, a citizen task force reviewed City and County office space in the downtown to determine a recommendation for development of the City Hall block. Implementation of these recommendations will be a significant expenditure and a funding strategy must be developed.

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 09-10 with an ending fund balance of $15,740.

FACILITY MAINTENANCE FUND

BUDGETARY BASIS	AUDITED FY 06-07	AUDITED FY 07-08	ADOPTED FY 08-09	REVISED FY 08-09	ADOPTED FY 09-10	FY 10-11	FY 11-12
BEGINNING OPERATING FUND BALANCE	$26,993	$41,304	$35,713	$53,330	$32,400	$15,740	$15,740
REVENUES							
Charges for Service	$551,294	$730,166	$723,290	$682,340	$792,320	$848,050	$822,040
Miscellaneous	11,927	10,440	5,870	4,710	3,880	1,170	1,550
TOTAL REVENUES	$563,221	$740,606	$729,160	$687,050	$796,200	$849,220	$823,590
EXPENDITURES							
Public Works	$559,869	$731,079	$739,520	$704,160	$798,810	$843,670	$814,460
Contingencies	0	0	10,000	0	10,000	0	0
TOTAL EXPENDITURES	$559,869	$731,079	$749,520	$704,160	$808,810	$843,670	$814,460
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	$3,352	$9,527	($20,360)	($17,110)	($12,610)	$5,550	$9,130
RESTRICTED BALANCES, Beginning of Year	$45,736	$34,777	$32,278	$32,278	$36,098	$40,148	$45,698
FUND BALANCE (Including Restricted), End of Year	$76,081	$85,608	$47,631	$68,498	$55,888	$61,438	$70,568
LESS: RESTRICTED BALANCES							
MANAGEMENT RESERVES	$25,428	$32,278	$36,098	$36,098	$40,148	$45,698	$54,828
COUNCIL DESIGNATIONS	9,349	0	0	0	0	0	0
UNRESTRICTED FUND BALANCE	$41,304	$53,330	$11,533	$32,400	$15,740	$15,740	$15,740



TECHNOLOGY AND COMMUNICATIONS FUND SUMMARY

SERVICE HIGHLIGHTS

Operations in the Technology and Communications Fund include the Finance Department's Management Information Services (MIS) Division's support and maintenance of the City's centralized technology and the Public Works Department's management of the 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 providing connectivity between computers, office automation software, network system security, virus and spam protection, technical support for both users and department specific applications such as: the Library's on-line system, the Police and Fire database management systems and the City's financial application.

Public Works radio and telephone services include managing contracts for long-distance and cell phone services, repairing equipment, installing 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.

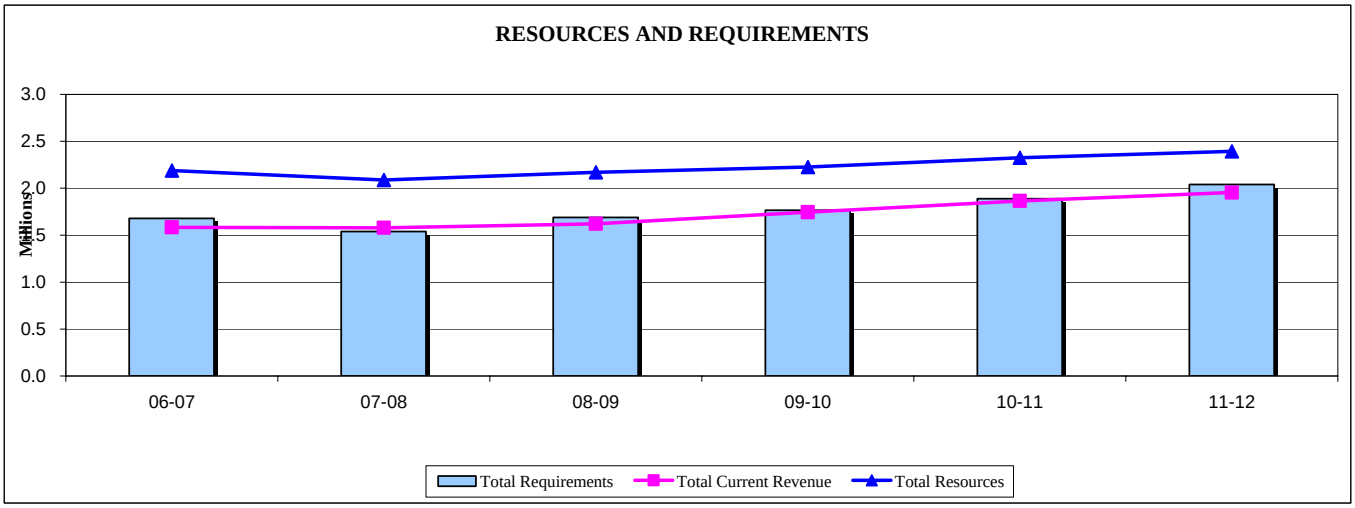
Fiber optic cable, where possible, connects departments and links the City with County and School District facilities for the transmission of data. The fiber system for the City and the County is managed by the City. Currently, no dollars are allocated to maintenance of the fiber optics infrastructure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

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 09-10 with an ending fund balance of $18,585 . 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 06-07	AUDITED FY 07-08	ADOPTED FY 08-09	REVISED FY 08-09	ADOPTED FY 09-10	FY 10-11	FY 11-12
BEGINNING OPERATING FUND BALANCE	$50,220	$66,747	$75,727	$75,505	$63,675	$18,585	$18,585
REVENUES							
Charges for Service	$1,543,880	$1,545,943	$1,647,650	$1,600,270	$1,730,310	$1,856,970	$1,945,370
Miscellaneous	40,541	32,559	23,780	19,380	13,840	7,340	9,120
TOTAL REVENUES	$1,584,421	$1,578,502	$1,671,430	$1,619,650	$1,744,150	$1,864,310	$1,954,490
EXPENDITURES							
Finance	$1,430,585	$1,324,722	$1,494,050	$1,448,530	$1,484,810	$1,578,850	$1,766,580
Public Works	248,679	213,402	260,840	239,250	251,430	308,680	274,910
Contingencies	0	0	30,000	0	30,000	0	0
TOTAL EXPENDITURES	$1,679,264	$1,538,124	$1,784,890	$1,687,780	$1,766,240	$1,887,530	$2,041,490
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	($94,843)	$40,378	($113,460)	($68,130)	($22,090)	($23,220)	($87,000)
RESTRICTED BALANCES, Beginning of Year	$554,809	$443,439	$475,059	$475,059	$418,759	$441,759	$418,539
FUND BALANCE (Including Restricted), End of Year	$510,186	$550,564	$437,326	$482,434	$460,344	$437,124	$350,124
LESS: RESTRICTED BALANCES							
MANAGEMENT RESERVES	$422,059	$475,059	$418,759	$418,759	$441,759	$418,539	$331,539
COUNCIL DESIGNATIONS	21,380	0	0	0	0	0	0
UNRESTRICTED FUND BALANCE	$66,747	$75,505	$18,567	$63,675	$18,585	$18,585	$18,585



SERVICE HIGHLIGHTS

Operations in the Administrative Services Fund include the City Manager's Office Governance and Human Resources 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.

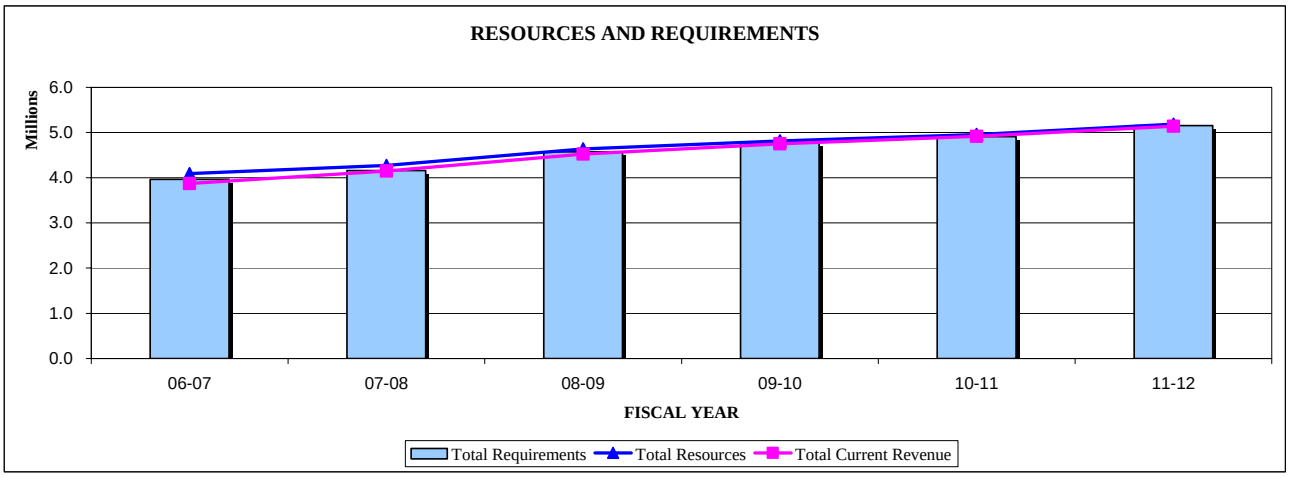
Demands for new or increased services, without increasing costs to operating departments, have pushed the need for more technology to manage and distribute information to employees.

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 09-10 with an ending fund balance of $25,076 . Balances in excess of $20,000 will be returned to departments each year.

ADMINISTRATIVE SERVICES FUND

BUDGETARY BASIS	AUDITED FY 06-07	AUDITED FY 07-08	ADOPTED FY 08-09	REVISED FY 08-09	ADOPTED FY 09-10	FY 10-11	FY 11-12
BEGINNING OPERATING FUND BALANCE	$76,381	$41,995	$82,122	$90,893	$51,033	$25,076	$25,076
REVENUES							
Charges for Service	$3,814,730	$4,123,059	$4,547,450	$4,483,100	$4,734,450	$4,907,050	$5,133,390
Miscellaneous	57,411	25,325	15,460	38,690	15,090	5,750	6,020
TOTAL REVENUES	$3,872,141	$4,148,384	$4,562,910	$4,521,790	$4,749,540	$4,912,800	$5,139,410
EXPENDITURES							
City Manager's Office	$1,654,722	$1,798,163	$1,994,630	$1,994,630	$2,127,350	$2,138,870	$2,231,680
Finance	2,308,535	2,358,050	2,612,890	2,579,580	2,615,050	2,770,830	2,921,240
Contingencies	0	0	30,000	0	30,000	0	0
TOTAL EXPENDITURES	$3,963,257	$4,156,213	$4,637,520	$4,574,210	$4,772,400	$4,909,700	$5,152,920
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	($91,116)	($7,829)	($74,610)	($52,420)	($22,860)	$3,100	($13,510)
RESTRICTED BALANCES, Beginning of Year	$139,737	$83,007	$26,280	$26,280	$13,720	$16,820	$19,920
FUND BALANCE (Including Restricted), End of Year	$125,002	$117,173	$33,792	$64,753	$41,893	$44,996	$31,486
LESS: RESTRICTED BALANCES							
MANAGEMENT RESERVES	$23,180	$26,280	$13,720	$13,720	$16,820	$19,920	$6,410
COUNCIL DESIGNATIONS	59,827	0	0	0	0	0	0
UNRESTRICTED FUND BALANCE	$41,995	$90,893	$20,075	$51,033	$25,076	$25,076	$25,076



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

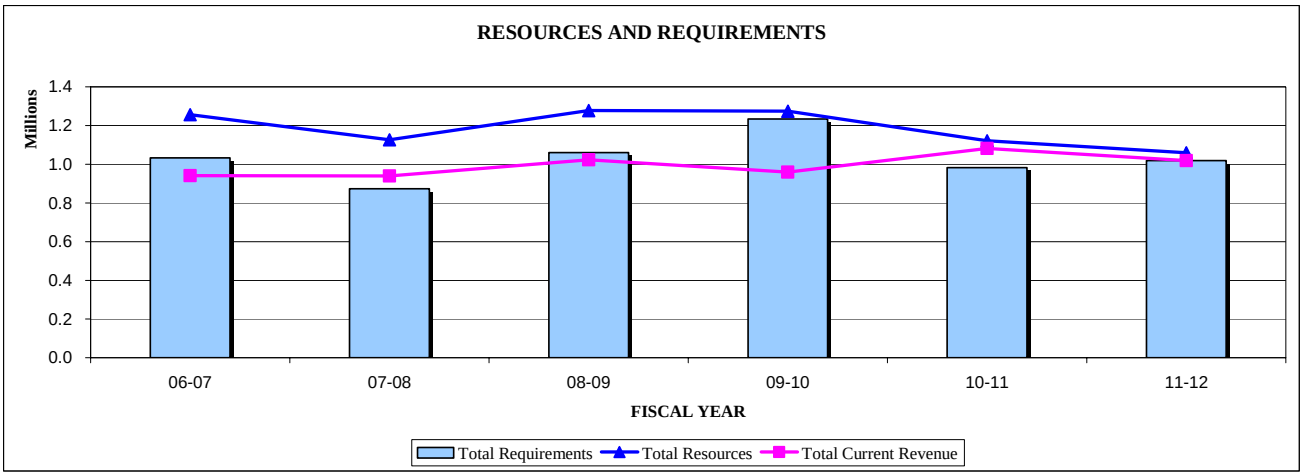
The City's current Financial Policies state that the Finance Director shall recommend an appropriate fund balance each year for each fund. The Risk Management Fund requires higher cash balances than other internal service funds in order to have funds available for catastrophic events.

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 09-10 with a fund balance of $39,882.

RISK MANAGEMENT FUND

BUDGETARY BASIS	AUDITED FY 06-07	AUDITED FY 07-08	ADOPTED FY 08-09	REVISED FY 08-09	ADOPTED FY 09-10	FY 10-11	FY 11-12
BEGINNING OPERATING FUND BALANCE	$314,495	$186,909	$254,329	$253,532	$314,862	$39,882	$39,882
REVENUES							
Charges for Service	$813,310	$865,990	$957,220	$957,220	$901,900	$1,034,420	$968,470
Intergovernmental	8,531	0	0	0	0	0	0
Miscellaneous	119,593	73,559	69,310	66,640	57,540	47,040	51,110
TOTAL REVENUES	$941,434	$939,549	$1,026,530	$1,023,860	$959,440	$1,081,460	$1,019,580
EXPENDITURES							
City Manager's Office	$1,001,520	$872,926	$966,530	$1,060,530	$959,420	$983,460	$1,019,580
Transfers Out	31,170	0	0	0	0	0	0
Contingencies	0	0	275,000	0	275,000	0	0
TOTAL EXPENDITURES	$1,032,690	$872,926	$1,241,530	$1,060,530	$1,234,420	$983,460	$1,019,580
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	($91,256)	$66,623	($215,000)	($36,670)	($274,980)	$98,000	$0
RESTRICTED BALANCES, Beginning of Year	$413,670	$450,000	$450,000	$450,000	$352,000	$352,000	$450,000
FUND BALANCE (Including Restricted), End of Year	$636,909	$703,532	$489,329	$666,862	$391,882	$489,882	$489,882
LESS: RESTRICTED BALANCES							
MANAGEMENT RESERVES	$0	$0	$0	$0	$0	$0	$0
COUNCIL DESIGNATIONS	450,000	450,000	450,000	352,000	352,000	450,000	450,000
UNRESTRICTED FUND BALANCE	$186,909	$253,532	$39,329	$314,862	$39,882	$39,882	$39,882



CORVALLIS

ENHANCING COMMUNITY LIVABILITY

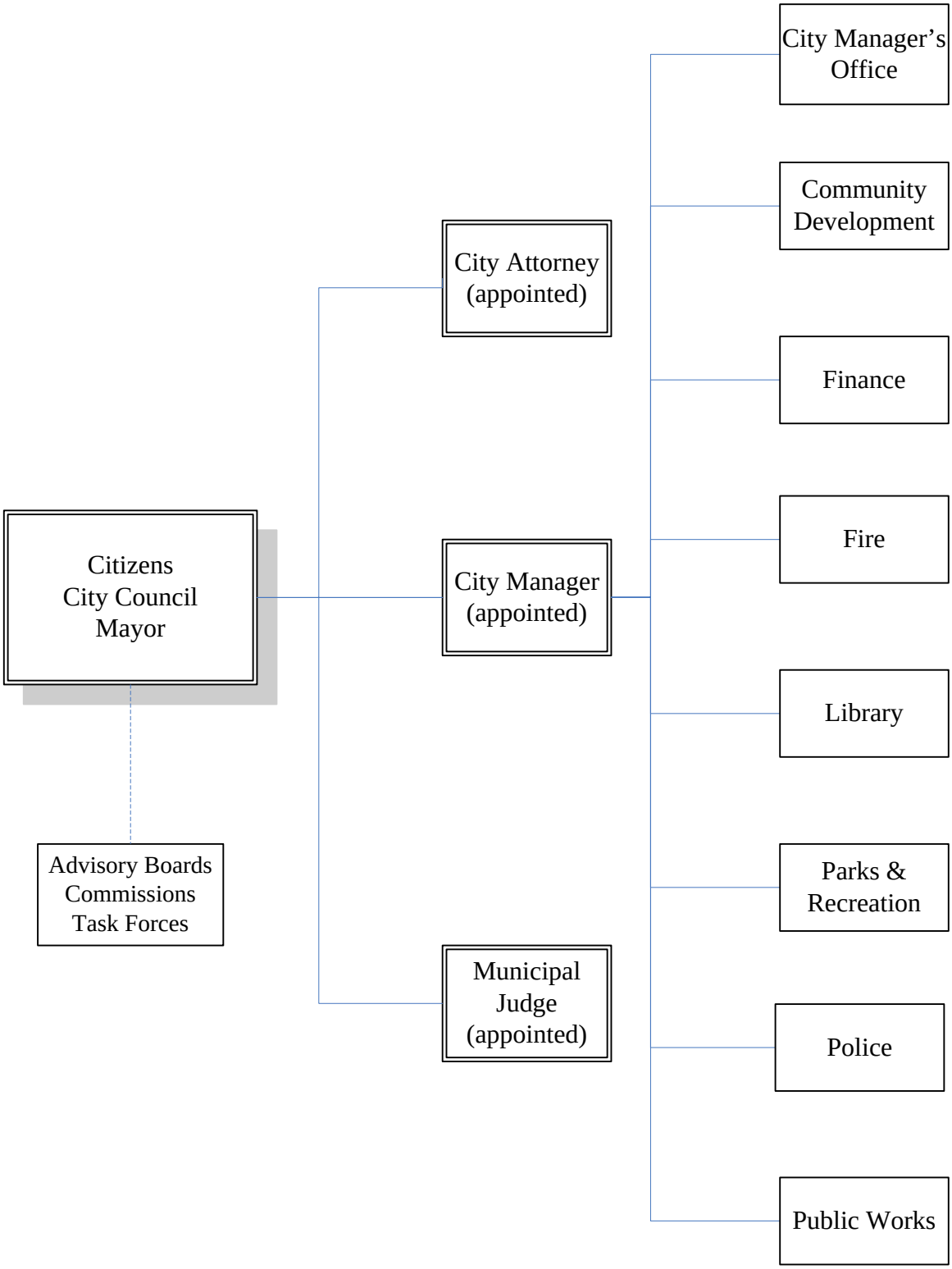
SECTION – IV
DEPARTMENT SUMMARIES

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.

HUMAN RESOURCES

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

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
Standing: Mark O'Brien, Richard Hervey, Jeanne Raymond, Mike Beilstein, Patricia Daniels, Joel Hirsch, Hal Brauner *Sitting*: David Hamby, Mayor Charlie Tomlinson, Dan Brown

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	FY07-08 ACTUAL	FY 08-09 TARGET	FY 08-09 REVISED	FY 09-10 TARGET
Cost Efficiency	Compare City FTE to assess efficient and effective customer service	City FTE per 1,000 population (1)	7.85	8.01	8.05	8.05
	Compare Human Resources FTE to assess efficient and effective customer service	Ratio of Human Resources FTE to total City FTE	1 per 96	1 per 93	1 per 98	1 per 98
	Efficiently accomplish Council goals	Percentage of Council goals completed within each 2-year term. (2)	75%[1]	100%	50%	100%
	Reduce average workers compensation claims per employee through promotion of a safe workplace	# of workers compensation claims per 100 FTE	12.8	<5.9	<6.8	<10.0
	Maximize workplace productivity	Number of sick leave hours used per 1,000 hours worked	30.7	<25.0	<25.0	<24.9
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)	90%	93%	82%	>82%
	Maximize citizen satisfaction with City communications and outreach	% of Citizen Attitude Survey respondents who rated the quality of public information services as excellent or good	New measure	New measure	73%	>73%
		% of Citizen Attitude Survey respondents who rated the job the City does at welcoming citizen involvement as excellent or good	New measure	New measure	66%	>66%
		% of Citizen Attitude Survey respondents who rated the job the City does at listening to citizens as excellent or good	New measure	New measure	56%	>56%
Sustainability	Reduce paper use	Reduce paper usage by 10% from the FY 2005-06 baseline of 524 reams as measured on a quarterly basis	275	<230	<270[2]	<220
	Measure the benefits to compensation ratio for competitiveness, retention, attraction and comparator purposes.	Benefits as a % of total compensation	29%	28%	29%	28%
Diversity	Provide a welcoming organization that promotes and respects diversity	% of total job applicants for regular positions who identify themselves as a minority	8%	11%	12%	13%

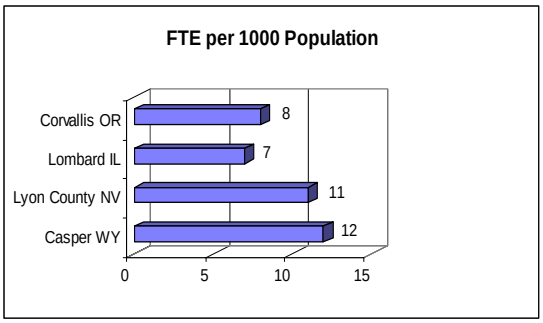
[1] The 2007-2008 Council established its goals in March 2007, and therefore it is not likely that 100% of the goals would be completed by the end of the 2007-08 fiscal year.

[2] Additional reams of paper were needed as part of May 2009 election materials prepared for the Public Library.

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 in the lower range.
- *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 2009-2010 Council adopted their goals in March 2009; 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:

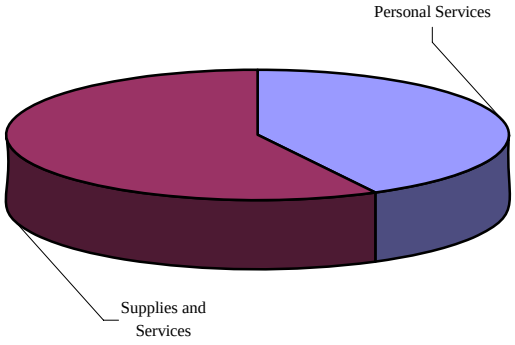
- *Measure definition*: This measure tracks the percentage of Citizen Attitude Survey respondents who give a good or excellent rating to the quality of overall City services.
- *Evaluation of results*: The City Manager and Department Directors use the results to gauge citizen satisfaction over time and adjust resource allocation accordingly.
- *Current year performance and trends*: 2008 marked the first year that Corvallis joined the National Citizen Survey. The 2009 Survey will be completed by December 2009.
- *Conclusions and challenges*: The new, national survey was more comprehensive and lengthy than Corvallis' previous questionnaire. Results will be gauged over time to compare satisfaction with programs and services**.**

CITY MANAGER'S OFFICE – BUDGET SUMMARY

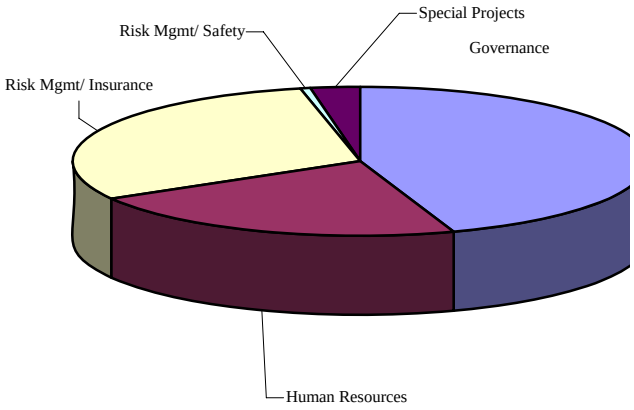
BUDGET BY CATEGORY:	ACTUAL 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	%CHANGE FROM 08-09 BUDGET
Personal Services	$1,021,436	$1,099,607	$1,195,770	$1,253,630	$1,303,650	9.02%
Supplies and Services	1,634,806	1,563,027	1,765,390	1,801,530	1,783,120	1.00%
Capital Outlay	0	8,454	0	0	0	0.00%
TOTAL	$2,656,242	$2,671,088	$2,961,160	$3,055,160	$3,086,770	4.24%

FY 09-10 ADOPTED BUDGET

EXPENDITURES BY CATEGORY



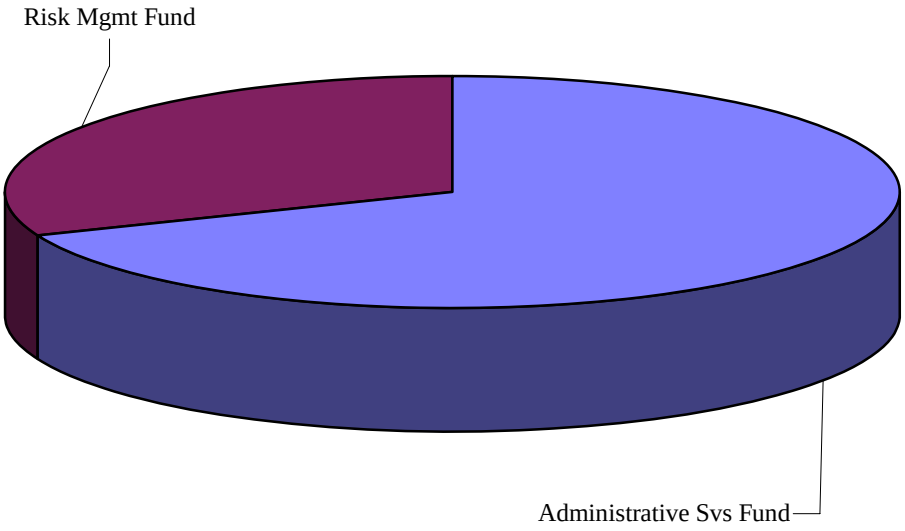
EXPENDITURES BY DIVISION



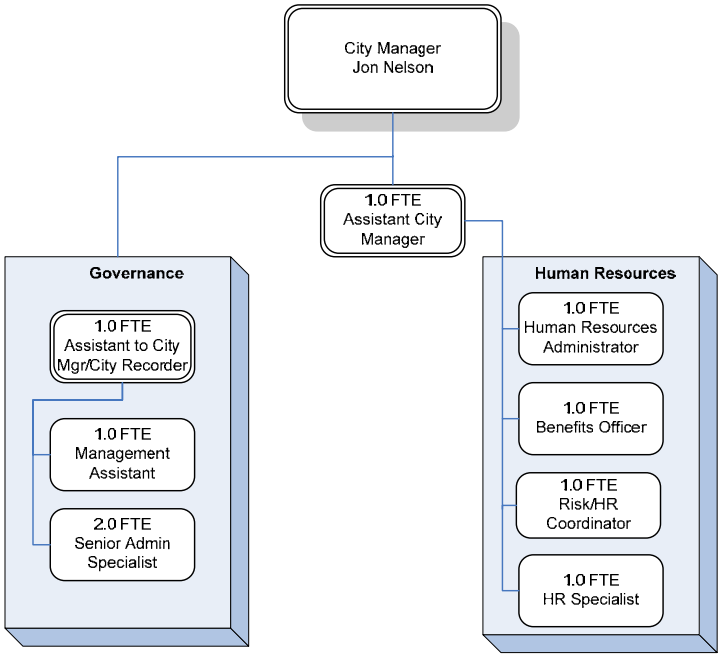
BUDGET BY DIVISION:	ACTUAL 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	%CHANGE FROM 08-09 BUDGET
Governance	$1,145,633	$1,224,925	$1,332,020	$1,310,980	$1,377,770	3.43%
Human Resources	475,641	573,238	602,610	627,650	679,580	12.77%
Risk Mgmt/ Insurance	988,710	854,761	937,890	1,037,890	922,700	-1.62%
Risk Mgmt/ Safety	12,810	18,164	28,640	22,640	16,720	-41.62%
Special Projects	33,448	0	60,000	56,000	90,000	50.00%
TOTAL	$2,656,242	$2,671,088	$2,961,160	$3,055,160	$3,086,770	4.24%

BUDGET BY FUND:	ACTUAL 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	%CHANGE FROM 08-09 BUDGET
Administrative Svs Fund	$1,654,722	$1,798,163	$1,994,630	$1,994,630	$2,127,350	6.65%
Risk Mgmt Fund	1,001,520	872,926	966,530	1,060,530	959,420	-0.74%
TOTAL	$2,656,242	$2,671,088	$2,961,160	$3,055,160	$3,086,770	4.24%

FY 09-10 ADOPTED BUDGET
EXPENDITURES BY FUND



CITY MANAGER'S OFFICE ORGANIZATION CHART



CITY MANAGER'S OFFICE STAFF

Positions	Monthly Salary Range (1.0 FTE)	FY 06-07	FY 07-08	FY 08-09	FY 09-10
City Manager	$13,245	1.00	1.00	1.00	1.00
Assistant City Manager	7,938 - 9,530	1.00	1.00	1.00	1.00
Assistant to City Manager/City Recorder	5,848 - 7,463	1.00	1.00	1.00	1.00
Human Resources Administrator	5,198 - 6,634	1.00	1.00	1.00	1.00
Management Assistant	4,335 - 5,533	1.00	1.00	1.00	1.00
Benefits Officer [1]	4,335 - 5,533	0.00	0.00	1.00	1.00
Human Resources Generalist [1]	n/a	1.00	1.00	0.00	0.00
Risk Officer/Human Resources Coordinator [1]	3,616 - 4,614	0.00	0.00	1.00	1.00
Human Resources Technician [1]	n/a	1.00	1.00	0.00	0.00
Senior Administrative Specialist (Exempt)	3,015 - 3,849	2.00	2.00	2.00	2.00
Human Resources Specialist[1]	3,015 - 3,849	0.00	0.00	1.00	1.00
Administrative Specialist[1]	n/a	0.50	0.50	0.00	0.00
TOTAL		**9.50**	**9.50**	**10.00**	**10.00**

NOTE: Salary ranges reflect FY 08-09 Class and Compensation schedules.

1. Human Resources Generalist was reclassed to Benefits Officer; Human Resources Technician was reclassed to Risk Officer/Human Resources Coordinator; Administrative Specialist position reclassed to Human Resources Specialist.

COMMUNITY DEVELOPMENT DEPARTMENT SUMMARY OF SERVICES BY DIVISION

MISSION STATEMENT

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

ADMINISTRATION

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

DEVELOPMENT SERVICES

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

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.

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	FY 07-08 ACTUAL	FY 08-09 TARGET	FY 08-09 REVISED	FY 09-10 TARGET
Cost Efficiency	Maintain stated objective of completing inspections within same day of request.	Percentage of building inspections completed on time	100%	95%	95%	95%
	Achieve plan review turn-around time consistent with other Oregon cities.	Percentage of initial residential plan review completed within 14 calendar days (1)	94% within 14 calendar days	90% within 14 calendar days	90% within 14 calendar days	90% within 14 calendar days
	Meet or exceed federal HOME match requirement for all investment of Housing dollars.	Housing dollars leveraged with outside investment in funded activities	39%	25%	25%	25%
	Meet or exceed State requirements for land use application review time.	Average review time (in days) to process a public hearing-level land use application	61	Less than 115 days	Less than 115 days	Less than 115 days
	Meet or exceed State requirements for land use application review time.	Average review time (in days) to process an administrative land use application	29	Less than 45 days	Less than 45 days	Less than 45 days
Community Involvement	Achieve at least the targeted % citizen rating of excellent or good.	Citizen satisfaction with land use process, from customer survey	62.7%	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 (2)	17%	20%	20%	20%
	Maintain the quality of low income housing in a cost effective manner.	Units of housing rehabilitated per $100,000 in City funds invested	3.3	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 (3)	4.7	10	10	10

Select discussion of key measures above:

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

- *Measure definition*: Residential plan review turn-around is 14 calendar days or less. This measure refers to residential building plan review turn-around times. Turn-around is defined as the time from application submittal to all disciplines having completed first review and the permit is issued, or a hold is placed and a review letter is sent to the applicant requesting additional information.
- *Evaluation of results:* Residential plan review turn-around target aligns with the ICMA measure of 14 calendar days for initial review.
- *Current year performance and trends*: Goal for success rate is 90%. FY 07-08 actual rate was 94%. Much of this success is due to a downturn in permits for new single family dwellings. However, there is a significant workload still with increased numbers of remodels and additions which can often be equally or even more time consuming. At this point it is uncertain when the economy will rebound and we experience a return to normal levels of new home applications.

- *Conclusions and challenges*: Workload fluctuates based on a number of issues, many of which are beyond the Division's control, and can contribute significantly to the rate of success. Factors include: The economy, new codes, homeowner projects, complex remodel projects, outside agency timelines, size and scope of projects, contract structural review, seismic, over-the-counter reviews, phased development, number of deferred submittals, design professional competency, and staffing levels.

(2) Percentage of permits issued online:

- *Measure definition*: This is a new measure (began FY 07-08) and is not included with ICMA. This measure is how many permits are issued online through OregonPermits.gov, as compared to the total permits issued. Applies only to electrical and mechanical permits.
- *Evaluation of results*: For first year startup, staff anticipated 5% of electrical and mechanical permits would be issued online. Results have exceeded expectations at 17% average for the year; 322 of 1,838 electrical and mechanical permits were issued online, saving 322 trips to City Hall.
- *Current year performance and trends*: First year's experience demonstrated a need to modify the measure upward. With additional promotion of this service, it is reasonable to adjust goal to 20% for FY 08-09 and 09-10.
- *Conclusions and challenges*: Customers have embraced the system in a manner that has exceeded expectations. Additional promotion will likely result in additional usage. This is a State run Web portal. One major challenge we experience is keeping the State up to date with current addressing data and getting them to publish it timely.

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

- *Measure definition*: This measure examines how effectively the City utilizes its financial assistance resources to help low income households move into home ownership. The higher the number of units assisted per $100,000 expended, the more cost effective the program's operation. Cost effectiveness, in turn, translates into an efficiency measure for the creation and expansion of income diversity in Corvallis' neighborhoods.
- *Evaluation of results*: Results have averaged just over 7 units per $100,000 invested over the last three years, indicating that there is a gap between actual performance and the City's performance target. This suggests a lower level of cost effectiveness than intended, translating into less diversity than desired.
- C*urrent year performance and trends*: Performance in FY 07-08, at 4.7 units/$100k invested, was the lowest yet for the three years the measure has been in place, following a 10.2/$100k in FY 06-07 and 6.3/$100k in FY 05-06.
- *Conclusions and challenges*: The decline in the number of units assisted per $100,000 invested during FY 07-08 is likely indicative of accelerated price appreciation in the Corvallis housing market combined with a relatively flat rate of income growth. Recent market statistics suggest home prices have flattened and are now falling in Corvallis, so this may help push unit assistance back toward the City's 10/$100k target. One future challenge, however, will emerge as economic uncertainty eases and home prices begin to climb again – especially if credit availability remains tight and interest rates begin to climb. Under these market conditions the gap between low income buyers' down payment resources and the market's down payment requirements will most likely grow, leading to a need for the City to evaluate whether a higher base assistance amount is needed. If so, the number of assisted units per $100,000 invested will decline. This may lead, in turn, to a need to evaluate whether the target of 10 units should be adjusted downward.

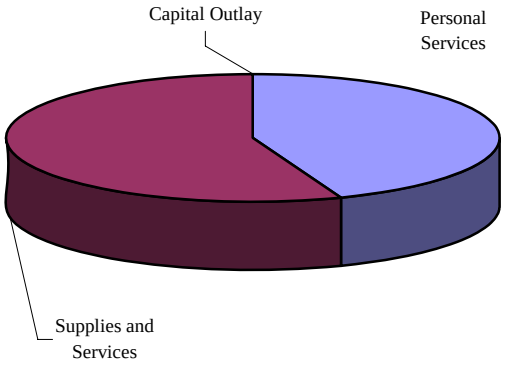
Development plan review

COMMUNITY DEVELOPMENT DEPARTMENT – BUDGET SUMMARY

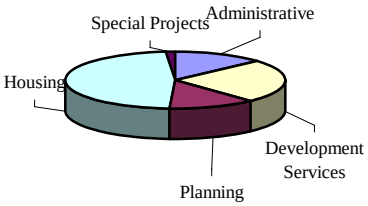
BUDGET BY CATEGORY:	ACTUAL 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	%CHANGE FROM 08-09 BUDGET
Personal Services	$3,017,662	$3,181,726	$3,868,120	$3,372,510	$3,336,030	-13.76%
Supplies and Services	2,102,594	1,552,388	3,914,920	1,847,120	4,217,680	7.73%
Capital Outlay	38,092	39,235	0	0	0	0.00%
TOTAL	$5,158,348	$4,773,349	$7,783,040	$5,219,630	$7,553,710	-2.95%

FY 09-10 ADOPTED BUDGET

EXPENDITURES BY CATEGORY



EXPENDITURES BY DIVISION

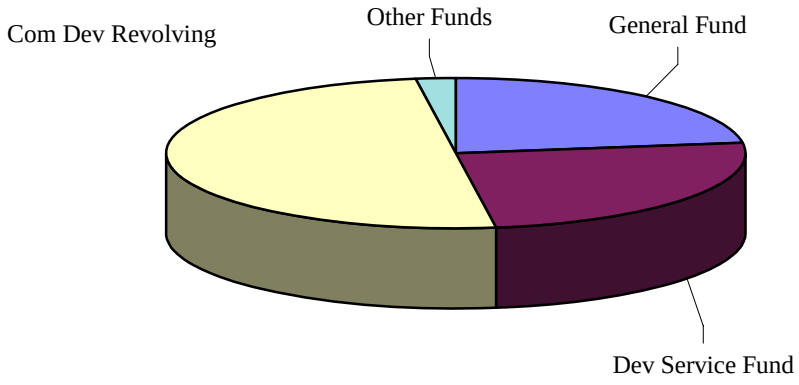


BUDGET BY DIVISION:	ACTUAL 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	%CHANGE FROM 08-09 BUDGET
Administrative	$822,977	$896,242	$989,580	$983,960	$998,840	0.94%
Development Services	1,730,651	1,940,056	2,397,630	1,973,360	1,869,590	-22.02%
Planning	777,191	779,636	1,054,260	928,310	971,390	-7.86%
Housing	1,613,451	1,007,471	3,203,350	1,287,850	3,603,070	12.48%
Special Projects	214,078	149,944	138,220	46,150	110,820	-19.82%
TOTAL	$5,158,348	$4,773,349	$7,783,040	$5,219,630	$7,553,710	-2.95%

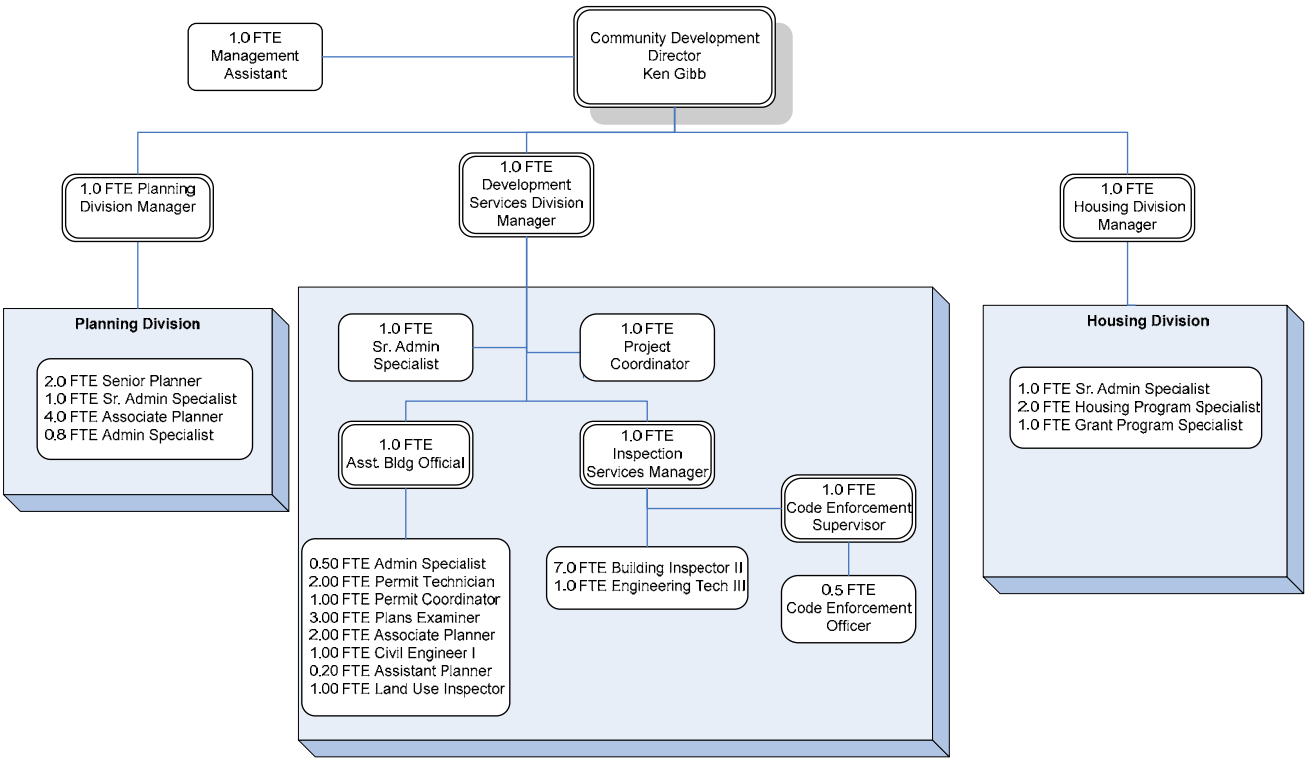
BUDGET BY FUND:	ACTUAL 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	%CHANGE FROM 08-09 BUDGET
General Fund	$1,149,683	$1,277,252	$1,693,390	$1,564,980	$1,722,190	1.70%
Street Fund	17,389	17,138	18,660	18,620	19,710	5.63%
Dev Service Fund	2,136,865	2,185,309	2,562,680	2,043,420	1,883,090	-26.52%
Com Dev Revolving	1,730,847	1,164,191	3,365,980	1,450,480	3,777,000	12.21%
Parking Fund	3,022	3,311	3,580	3,570	3,900	8.94%
Water Fund	40,529	42,287	46,600	46,520	49,580	6.39%
Wastewater Fund	39,263	41,185	45,380	45,350	48,420	6.70%
Storm Water Fund	40,750	42,676	46,770	46,690	49,820	6.52%
TOTAL	$5,158,348	$4,773,349	$7,783,040	$5,219,630	$7,553,710	-2.95%

FY 09-10 ADOPTED EXPENDITURES

EXPENDITURES BY FUND



COMMUNITY DEVELOPMENT DEPARTMENT ORGANIZATION CHART



Downtown Farmer's Market

Committee for Citizen Involvement Public Meeting

COMMUNITY DEVELOPMENT DEPARTMENT STAFF

Positions	Monthly Salary Range (1.0 FTE)	FY 06-07	FY 07-08	FY 08-09	FY 09-10
Community Development Director	$8,325 - $10,625	1.00	1.00	1.00	1.00
Development Services Manager	6,579 - 8,396	1.00	1.00	1.00	1.00
Planning Division Manager	6,579 - 8,396	1.00	1.00	1.00	1.00
Assistant Building Official	5,848 - 7,463	1.00	1.00	1.00	1.00
Housing Division Manager	5,848 - 7,463	1.00	1.00	1.00	1.00
Inspection Services Manager	5,848 - 7,463	1.00	1.00	1.00	1.00
Project Coordinator [2,5]	4,776 - 5,853	0.00	0.00	1.00	1.00
Senior Planner	4,776 - 5,853	2.00	2.00	2.00	2.00
Plans Examiner III [5]	4,776 - 5,853	2.00	2.00	2.00	2.00
Code Enforcement Supervisor [3]	4,747 - 6,058	0.00	1.00	1.00	1.00
Associate Planner [1,2]	4,424 - 5,422	6.00	5.00	6.00	6.00
Civil Engineer I	4,867 - 5,964	1.00	1.00	1.00	1.00
Building Inspector II [5]	4,424 - 5,422	7.00	7.00	7.00	7.00
Management Assistant	4,335 - 5,533	1.00	1.00	1.00	1.00
Land Use Inspector [1]	3,795 - 4,650	0.00	1.00	1.00	1.00
Assistant Planner [3]	3,795 - 4,650	0.25	0.25	0.20	0.20
Housing Program Specialist	3,795 - 4,650	2.00	2.00	2.00	2.00
Plans Examiner I	3,795 - 4,650	1.00	1.00	1.00	1.00
Engineering Technician III	3,795 - 4,650	1.00	1.00	1.00	1.00
Code Enforcement[4]	3,795 - 4,650	0.00	0.00	0.00	0.50
Grant Program Specialist	3,520 - 4,313	1.00	1.00	1.00	1.00
Permit Coordinator	3,520 - 4,313	1.00	1.00	1.00	1.00
Permit Technician [1,3,5]	3,271 - 4,009	1.75	1.95	2.00	2.00
Senior Administrative Specialist	3,052 - 3,740	2.75	2.75	2.75	3.00
Administrative Specialist	2,666 - 3,267	1.30	1.30	1.30	1.30
TOTAL		**37.05**	**38.25**	**40.25**	**41.00**

NOTE: Salary ranges reflect FY 08-09 Class and Compensation schedules.

1. FY 07-08 reflects increase of 1.0 FTE Code Enforcement Supervisor plus 0.2 FTE Permit Technician in Development Services. One Associate Planner was reclassified to a Land Use Inspector position in FY 07-08.
2. 1.0 FTE Associate Planner plus 1.0 FTE Project Coordinator were enhancements for FY 08-09.
3. 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.
4. Enhancement approved for FY 09-10.
5. Within these noted positions, the indicated FTE remain authorized but a total of 6.25 are unfilled and unbudgeted for in FY 09-10 due to insufficient revenues to cover the payroll costs in the Development Services Fund in the current economic environment.

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.
- Secure financing for capital projects.
- Provide policies and procedures for the organization on all financial matters.
- 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 public information on issues related to City finances.

FINANCIAL SERVICES

- Prepare for the annual audit and issue the Comprehensive Annual Financial Report.
- 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.
- Manage and pursue collection of delinquent accounts.

CUSTOMER SERVICES

- Provide monthly meter reading and utility billing services to over 15,000 utility services accounts.
- Support departmental operations through timely processing of interoffice mail.
- Ensure monthly City Services statements are accurate and delivered on time.
- Provide oversight, reporting, and administrative assistance for the Finance Department.
- Provide timely processing of tobacco, liquor and social gaming license requests including the annual renewal programs.
- Maintain the Finance Department website with timely, accurate information.
- Provide electronic bills and convenient payment options for customers.

BUDGET & FINANCIAL PLANNING

- Ensure fiscal stability through sound long-term financial planning.
- Provide support to departments to develop and monitor annual budgets and prepare the annual budget.
- Provide Quarterly Operating Reports on the financial status of the City to the City Council and Budget Commission.
- Process payroll to ensure employees are paid accurately.

MANAGEMENT INFORMATION SERVICES

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

JUDICIAL SERVICES

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

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

FINANCE DEPARTMENT PERFORMANCE INDICATORS

COUNCIL VALUES	Management Goals & Objectives	Performance Measures	FY07-08 ACTUAL	FY08-09 TARGET	FY08-09 REVISED	FY09-10 TARGET
Cost Efficiency	Receive sufficient per capita revenue levels to enable the City to maintain existing service levels.	Maintain operating revenue greater than or equal to $1,350 per capita[1].	$1,425	≥$1,350	≥$1,350	≥$1,350
	Ensure City resources are primarily spent on operations that provide services directly to citizens.	Maintain general overhead costs (City Manager's Office and Finance) at less than 7% of total operating budget. (1)	6.2%	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. (2)	99.75%	100%	100%	100%
	Manage MIS resources effectively and provide cost-efficient, high-quality, pro-active service to the organization to support system changes to adapt to ongoing departmental needs.	Resolve service calls to repair calls at a ratio of three to one.	3.52/1	3/1	3/1	3/1
	Increase organizational efficiency in providing service output.	Maintain operating expenditures less than or equal to $1,350 per capita.	$1,289	≤$1,350	≤$1,350	≤$1,350
Community Involvement	Work to continually improve customer satisfaction with services provided by the City as measured by the City's Citizen Survey.	Percent of Citizen Survey Respondents giving "good" or "excellent" rating to the provision of City services on the City's Citizen Survey. (3)	84%	88%	86%	86%
Sustainability	Reduce department wide paper consumption through increased use of electronic file sharing and software upgrades.	Reduce paper purchases by 10% in FY 08/09 over actual FY 07/08 consumption as measured in reams on a quarterly basis with an additional 10% reduction in FY 09/10[2]. (4)	732	659	658	593
	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[3].	604	3,000	3,000	3,000

[1] 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 is set more realistically at the original operating budget less a mitigating factor using the current population levels.

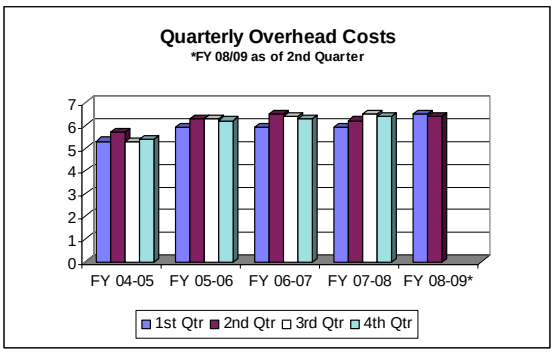
[2] The FY 07-08 and FY 08-09 target was established as a total by quarter instead of on an annual basis. The target for FY 07-08 on an annual basis is 1,440 reams of paper. The FY 08-09 target is a 10% reduction from FY 07-08 paper consumption due to continued department efforts to reduce paper usage through increased use of electronic file sharing, new software reporting tools and dual monitors.

[3] 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.

Select discussion of key measures above:

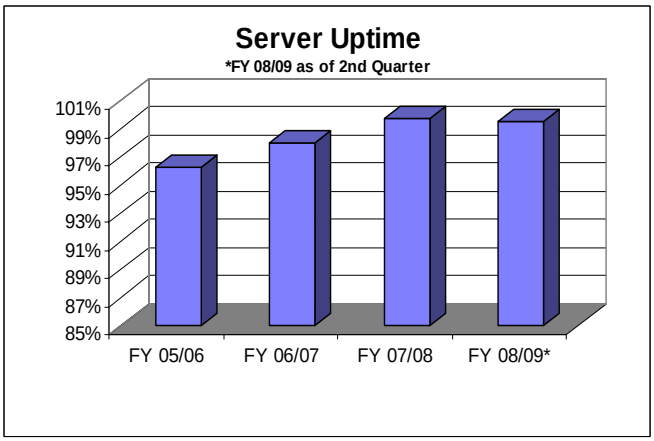
(1) Maintain general overhead costs at less than 7% of total operating budget:

- *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 08/09. However, through the second quarter FY 08/09, overhead costs are trending the same as the previous two quarters of FY 07/08.
- *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 were 98% with increased performance of 100% in FY 07/08. MIS has continued a similar level of performance into the first two quarters of FY 08/09 with a 99% server uptime performance average. This performance measurement is necessary to provide benchmark data for comparative purposes and will be the performance standard for FY 09/10.

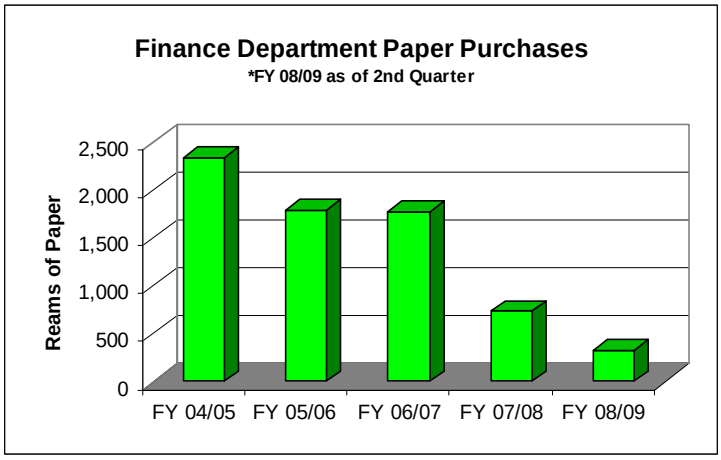


- *Conclusions and challenges*: Budgets must balance the need for 100% server uptime relative to economic feasibility. In recognition, MIS takes into consideration the schedules of each department when ensuring server uptime relative to their operational hours. To address specific problems such as electrical 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 100% performance.

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

- *Measure definition:* The City's Annual Citizen Attitude survey provides an opportunity to measure customer satisfaction with City services. Beginning in FY 08/09 the City Survey was conducted through the National Citizen Survey, a collaborative effort between National Research Center and the International City/County Management Association. The survey was developed to provide statistically valid resident opinions about community and services provided by local government. With the new survey, provision of service is now expanded beyond just utility services and includes respondents' satisfaction with the delivery of City services in general. As in previous surveys, the responses that fall within the "good" or "excellent" rating are deemed to meet the 80% threshold.
- *Evaluation of results:* The City continues to meet the needs of the community with an 82% rating. The results could be slightly lower than in years past due to the inclusion of all City services in the survey question. Without a specific question regarding Utility Services, it's difficult to compare current results with past performance.
- *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. In FY 08/09 delivery of City services was rated as excellent or good with a score of 82%. The satisfaction rating is consistent with prior survey results and will be used as a new benchmark moving forward.
- *Conclusions and challenges*: The FY 09/10 goal is to reach 86% satisfaction rating with City delivered services to customers. The City must take into consideration the increased cost of providing quality services to the community and to ensure adequate maintenance and infrastructure programs are in place to meet the challenges associated with a changing environment. Beginning in FY 09/10, staff will conduct an on-line survey more specific to Utility Services to provide better benchmark data for comparative purposes.

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



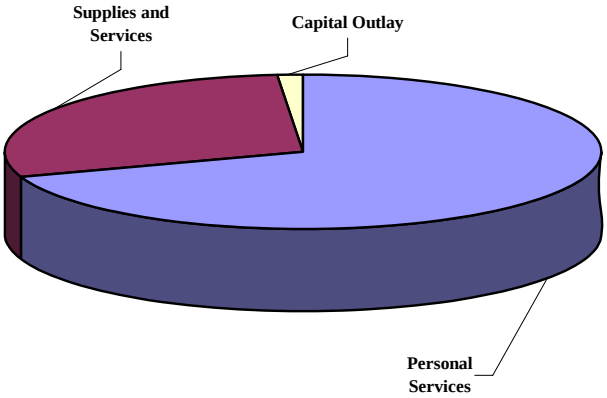
- *Measure definition:* City Council adopted a sustainability policy directing the organization to identify opportunities to adopt sustainable practices. The finance department has determined a 10% reduction in paper consumption a sustainable practice consistent with Council policy and established FY 05/06 as the baseline year for comparative purposes.
- *Evaluation of results:* Finance department paper purchases are recorded each quarter based on the number of reams purchased from suppliers. Total paper purchases in FY 04/05 totaled 2,341 reams. In FY 05/06, paper purchases were reduced about 25% to 1790 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. As the effort increased, paper consumption decreased to 732 reams in FY 07/08, a 70% reduction over the base year. Staff will continue to pursue a 10% reduction in FY 08/09 over FY 07/08, setting a revised budget target of 659 reams. Staff will also pursue a further10% reduction to 593 reams in FY 09/10 over FY 08/09.
- *Current year performance and trends:* Reductions in paper consumption continues to be significant with a current year trend of just under 700 reams. Paper consumption is trending downward but at a much slower pace.
- *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.

FINANCE DEPARTMENT – BUDGET SUMMARY

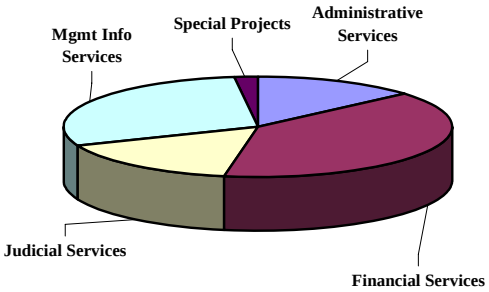
BUDGET BY CATEGORY:	ACTUAL 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	%CHANGE FROM 08-09 BUDGET
Personal Services	$2,779,544	$2,763,254	$3,239,220	$3,193,370	$3,423,030	5.67%
Supplies and Services	1,434,666	1,447,197	1,489,260	1,438,910	1,419,960	-4.65%
Capital Outlay	120,576	95,673	86,160	86,160	70,500	-18.18%
TOTAL	$4,334,787	$4,306,124	$4,814,640	$4,718,440	$4,913,490	2.05%

FY 09-10 ADOPTED BUDGET

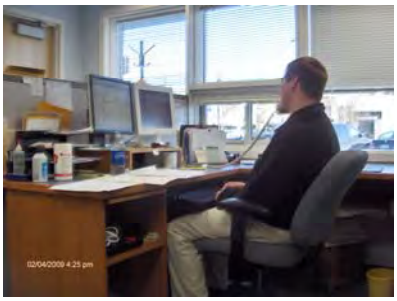
EXPENDITURES BY CATEGORY

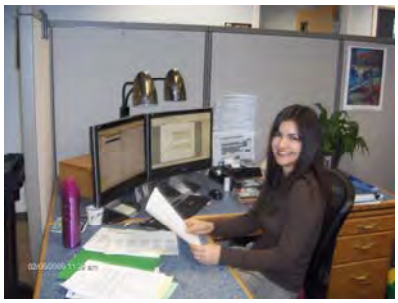


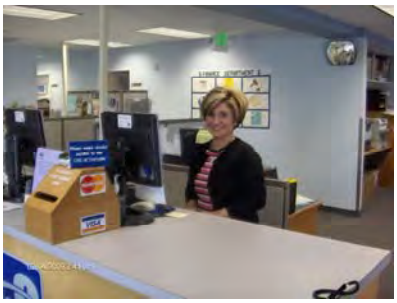
EXPENDITURES BY DIVISION



BUDGET BY DIVISION:	ACTUAL 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	%CHANGE FROM 08-09 BUDGET
Administrative Services	$588,396	$602,167	$665,320	$659,120	$674,830	1.43%
Financial Services	1,720,139	1,743,566	1,916,910	1,889,800	1,925,220	0.43%
Judicial Services	595,667	623,352	688,550	671,180	781,040	13.43%
Mgmt Info Services	1,215,758	1,267,809	1,384,050	1,338,530	1,439,810	4.03%
Special Projects	214,827	69,230	159,810	159,810	92,590	-42.06%
TOTAL	$4,334,787	$4,306,124	$4,814,640	$4,718,440	$4,913,490	2.05%


Administration

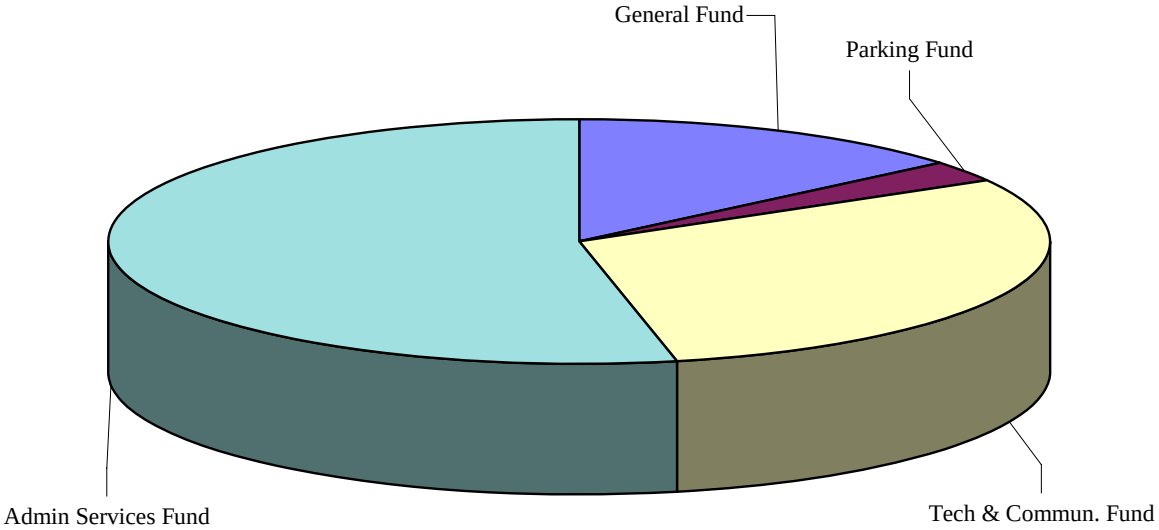

Accounting

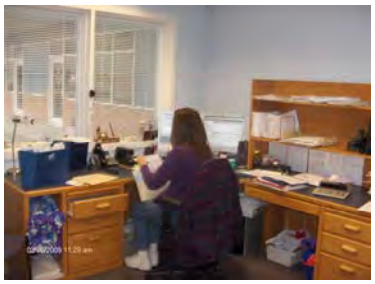

Treasury

FINANCE DEPARTMENT – BUDGET SUMMARY (Continued)

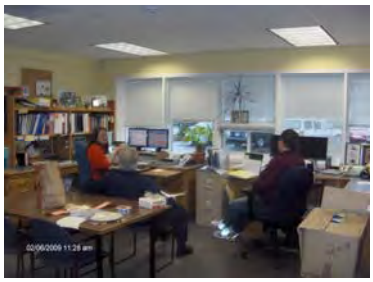
BUDGET BY FUND:	ACTUAL 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	%CHANGE FROM 08-09 BUDGET
General Fund	$496,410	$515,175	$590,050	$574,070	$684,130	15.94%
Parking Fund	99,256	108,177	117,650	116,260	129,500	10.07%
Tech & Commun. Fund	1,430,585	1,324,722	1,494,050	1,448,530	1,484,810	-0.62%
Admin Services Fund	2,308,535	2,358,050	2,612,890	2,579,580	2,615,050	0.08%
TOTAL	$4,334,787	$4,306,124	$4,814,640	$4,718,440	$4,913,490	2.05%

FY 09-10 ADOPTED BUDGET
EXPENDITURES BY FUND

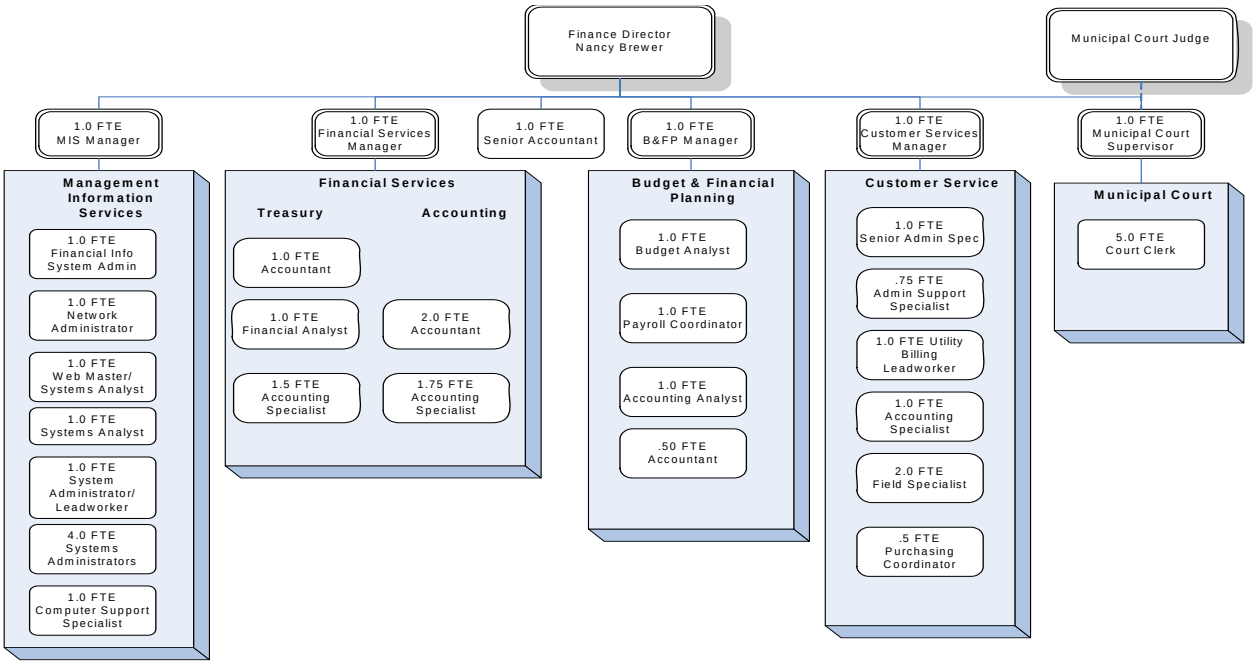



Treasury

Purchasing


Budget

FINANCE DEPARTMENT ORGANIZATION CHART



FINANCE DEPARTMENT STAFF

Positions	Monthly Salary Range (1.0 FTE)	FY 06-07	FY 07-08	FY 08-09	FY 09-10
Finance Director	$8,325 - $10,625	1.00	1.00	1.00	1.00
MIS Manager	6,579 - 8,396	1.00	1.00	1.00	1.00
Assistant Finance Director [1]	5,848 - 7,463	1.00	1.00	1.00	0.00
Financial Services Manager [1]	Under Review	0.00	0.00	0.00	1.00
Budget and Financial Planning Manager [1]	Under Review	0.00	0.00	0.00	1.00
FIS Administrator/Analyst	4,776 - 5,853	1.00	1.00	1.00	1.00
Network Administrator	4,776 - 5,853	1.00	1.00	1.00	1.00
Webmaster Information System Analyst [1]	4,424 - 5,422	0.00	0.00	0.00	1.00
Senior Accountant	4,424 - 5,422	1.00	1.00	1.00	1.00
Budget Analyst [1]	4,335 - 5,533	2.00	2.00	2.00	1.00
Customer Service Manager	4,335 - 5,533	1.00	1.00	1.00	1.00
Information Systems Analyst[1]	4,174 - 5,115	2.00	2.00	2.00	1.00
System Administrator II/Leadworker	4,095 - 5,019	0.00	0.00	0.00	1.00
System Administrator I[1]	4,095 - 5,019	6.00	6.00	5.00	4.00
Court Supervisor	3,959 - 5,053	1.00	1.00	1.00	1.00
Accountant	3,795 - 4,650	3.50	3.50	3.50	3.50
Purchasing Coordinator	3,520 - 4,313	0.50	0.50	0.50	0.50
Payroll Coordinator	3,302 - 4,214	1.00	1.00	1.00	1.00
Accounting Analyst	3,271 - 4,009	1.00	1.00	1.00	1.00
Computer Support Specialist	3,271 - 4,009	0.00	0.00	1.00	1.00
Financial Analyst	3,271 - 4,009	1.00	1.00	1.00	1.00
Utility Billing Field Spec[1]	3,271 - 4,009	2.50	2.50	2.50	2.00
Utility Billing Leadworker	3,271 - 4,009	1.00	1.00	1.00	1.00
Sr. Admin Specialist	3,052 - 3,740	1.00	1.00	1.00	1.00
Accounting Specialist	2,666 - 3,267	4.25	4.25	4.25	4.25
Administrative Specialist[1]	2,666 - 3,267	0.50	0.50	0.50	0.75
Court Clerk[2]	2,666 - 3,267	4.00	4.00	4.00	5.00
TOTAL		**38.25**	**38.25**	**38.25**	**39.00**

NOTE: Salary ranges reflect FY 08-09 Class and Compensation schedules.

1. FY 09-10 reflects reorganizations for MIS and the Financial Services Group, as well as a position reclassification between Utility Billing and Administration. The latter change resulted in a net 0.25 FTE reduction in staffing authorizations.
2. FY 09-10 includes enhancement of one Court Clerk.

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.

Training at the Drill Tower

HazMat response demonstration

Pluggie at the 2008 Open House

EMT in action

FIRE DEPARTMENT PERFORMANCE INDICATORS

COUNCIL VALUES	Management Goals & Objectives	Performance Measures	FY 07-08 ACTUAL	FY 08-09 TARGET	FY 08-09 REVISED	FY 09-10 TARGET
Cost Efficiency	Achieve a response time of 5 minutes or less from dispatch to arrival on 80% of Code 3 fire calls within the city limits.	Percentage of total fire calls with a response time of 5 minutes or less from dispatch to arrival within city limits. (1)	68 %	65 %	65 %	70%
	Achieve a response time of 5 minutes or less 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.	60.5 %	59 %	59 %	60%
	Maintain operating costs per capita at or below that of comparator cities.	Total fire operating expenditures per capita. (2)	$133.52	$139.58	$139.58	$142.00
	Maintain false alarm rate at or below the level experienced by ICMA comparators.	False alarms as a percentage of total non-EMS incidents.	21.75 %	13 %	13 %	12%
Community Involvement	Interact with at least 10% of residents (city and rural district) in public education events annually.	Number of attendees at public education events.	6,270	7,250	6,600	6,600
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.	$23,426	< $34,900	< $34,900	<$38,800
	Maintain the number of reported residential structure fires per 1,000 population within the city limits at less than the national average.	Residential structure fires per 1,000 population served within city limits. (3) *	0.77	< 3.00	< 3.00	<1.30

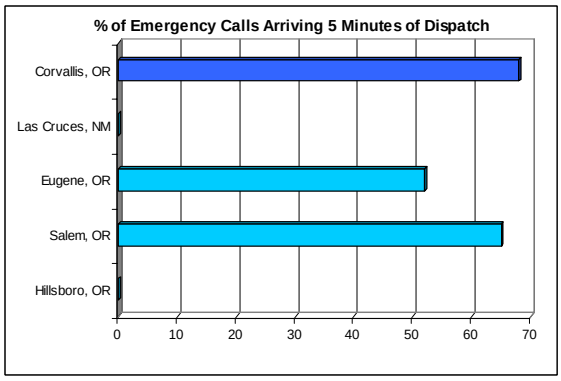
*Note: Previously, the number of all reported structure fires was measured. This has been changed to reflect the reported residential structure fires, in order to easily compare with the ICMA performance measure. The 07/08 actual was revised to reflect this change.

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:

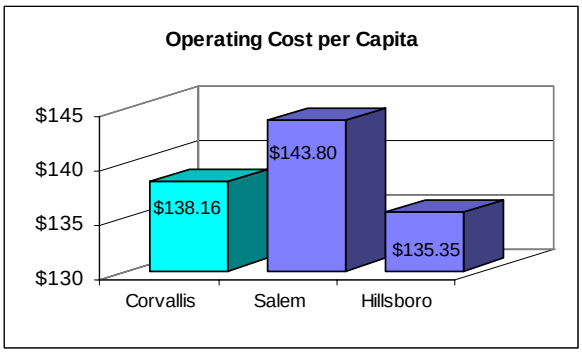
- *Measure definition / discussion*: This is one of the standard measures of a fire department's effectiveness across the industry. A common industry goal was to achieve a 4-minute response time on 90% of emergency calls. Increasing costs and population figures have resulted in the need for a majority of departments nationwide to reassess that target. A 4-minute response time was found to be unrealistic and very expensive in terms of infrastructure and personnel. Irrespective of the increased difficulty in meeting the target, response time remains the most critical factor in the degree of success achieved in mitigating fire / 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 addition of Stations 5 and 6 to the response system helped to alleviate that situation to a significant degree.

- *Current year performance and trends*[1]: 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.



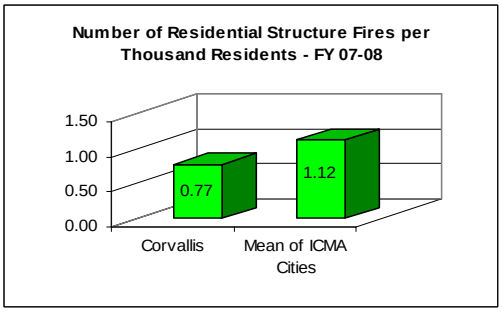
(2) <u>Maintain operating costs per capita within the city limits at or below that of comparator cities:</u>

- *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.



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

- *Measure definition / discussion:* A measure of the frequency of residential 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.

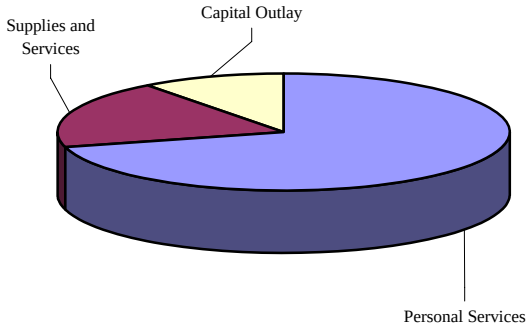
[1] Las Cruces New Mexico and Hillsboro Oregon did not report data for the period being reported so are being displayed as zero.

FIRE DEPARTMENT – BUDGET SUMMARY

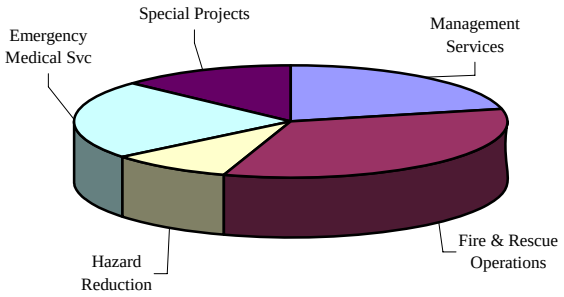
BUDGET BY CATEGORY:	ACTUAL 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	%CHANGE FROM 08-09 BUDGET
Personal Services	$6,860,451	$6,997,980	$7,636,470	$7,316,900	$8,161,380	6.87%
Supplies and Services	1,639,045	1,795,951	2,087,160	1,787,510	2,184,990	4.69%
Capital Outlay	348,294	311,531	914,940	519,090	1,177,890	28.74%
TOTAL	$8,847,790	$9,105,462	$10,638,570	$9,623,500	$11,524,260	8.33%

FY 09-10 ADOPTED BUDGET

EXPENDITURES BY CATEGORY



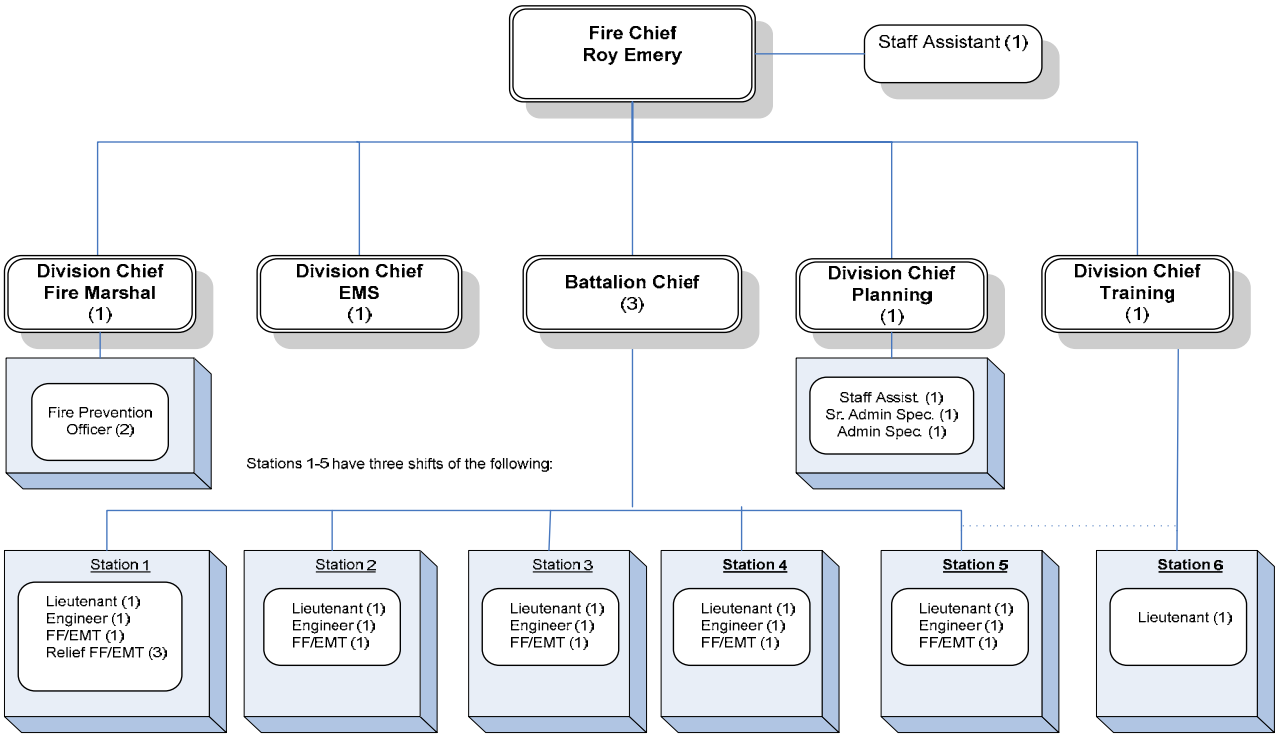
EXPENDITURES BY DIVISION



BUDGET BY DIVISION:	ACTUAL 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	%CHANGE FROM 08-09 BUDGET
Management Services	$1,986,034	$2,074,348	$2,330,410	$2,279,110	$2,459,450	5.54%
Fire & Rescue Operations	3,354,369	3,443,709	3,643,560	3,467,510	3,870,000	6.21%
Hazard Reduction	890,324	916,159	1,002,920	941,510	1,072,540	6.94%
Emergency Medical Svc	2,184,533	2,297,154	2,429,240	2,330,590	2,619,460	7.83%
Special Projects	432,530	374,092	1,232,440	604,780	1,502,810	21.94%
TOTAL	$8,847,790	$9,105,462	$10,638,570	$9,623,500	$11,524,260	8.33%

BUDGET BY FUND:	ACTUAL 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	%CHANGE FROM 08-09 BUDGET
Fire and Rescue Fund	8,847,790	9,105,462	10,638,570	9,623,500	11,524,260	8.33%
TOTAL	$8,847,790	$9,105,462	$10,638,570	$9,623,500	$11,524,260	8.33%

FIRE DEPARTMENT ORGANIZATION CHART



FIRE DEPARTMENT STAFF

Positions	Monthly Salary Range (1.0 FTE)	FY 06-07	FY 07-08	FY 08-09	FY 09-10
Fire Chief	$7,938 - $10,131	1.00	1.00	1.00	1.00
Operations Chief[1]	n/a	1.00	0.00	0.00	0.00
Division Chief/Battalion Chief[1]	6,579 - 8,396	5.00	5.00	7.00	7.00
Lieutenant[1]	4,664 - 6,613	19.00	16.00	16.00	16.00
Fire Engineer	4,298 - 6,094	12.00	12.00	9.00	10.00
Firefighter EMT	4,016 - 5,695	26.00	27.00	30.00	29.00
Fire Prevention Officer I	4,471 - 5,844	2.00	2.00	2.00	2.00
Staff Assistant - AFSCME	3,271 - 4,009	1.00	1.00	1.00	1.00
Staff Assistant - Exempt	3,302 - 4,214	1.00	1.00	1.00	1.00
Senior Administrative Specialist	3,052 - 3,740	1.00	1.00	1.00	1.00
Administrative Specialist[2]	2,666 - 3,267	0.72	0.72	1.00	1.00
TOTAL		**69.72**	**66.72**	**69.00**	**69.00**

NOTE: Salary ranges reflect FY 08-09 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.

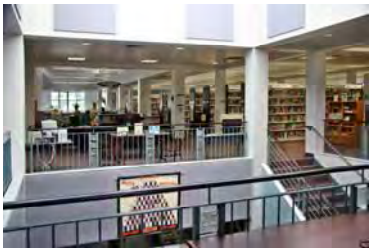
ADMINISTRATION

- 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.
- Coordinate library technology to support staff and improve public access to information.
- Coordinate the volunteer program to help provide services and offer opportunities for citizen involvement.

LIBRARY SERVICES

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

Library Fountain


Upstairs in the Library

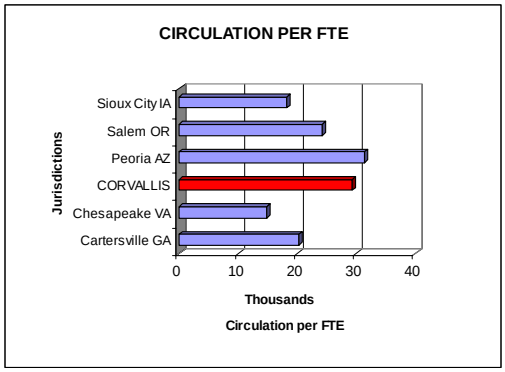
Library staff in service

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 DEPARTMENT PERFORMANCE INDICATORS

	Management Goals & Objectives	Performance Measures	FY07-08 ACTUAL	FY08-09 TARGET	FY08-09 REVISED	FY09-10 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.	$3.05	$3.00	$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)	28,655	27,000	30,000	30,000
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%	90%	90%
	Be in the top 20% of circulation rates per capita of comparable ICMA libraries ≥ 13.2.	Circulation rates per capita.	18	18	18	18
	Increase number of interactions with the public per FTE by 2% over previous year.	Interactions with the public per FTE.	7,255	7,500	7,200	7,200
	Be in the top five of comparable ICMA libraries in volunteer FTE's per 1,000 population ≥ .025.	Number of volunteer FTE's per 1,000 population.	.075	.074	.075	.075
Sustainability	Each public computer is used at least 3,000 times per year.	Average number of user sessions per Corvallis Library public computer.	3,686	3,770	3,700	3,700
	Provide the materials people want to use and keep them moving through the community.	Circulation per registered borrower. (3)	30	New Measure	29	29
Diversity	Offer programs reflecting the diverse populations within Benton County.	Attendance at programs for children, teens, seniors, Latinos, and other non-English speakers.	26,275	24,000	28,000	28,000

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 is compared to other comparator libraries.
- *Evaluation of results:* The Corvallis-Benton County Public Library is very efficient in its delivery of services, even though the staffing level of 51.1 FTE is slightly below the average of 54.6 FTE for the comparator group. Corvallis circulation of 1,497,808 is second highest.

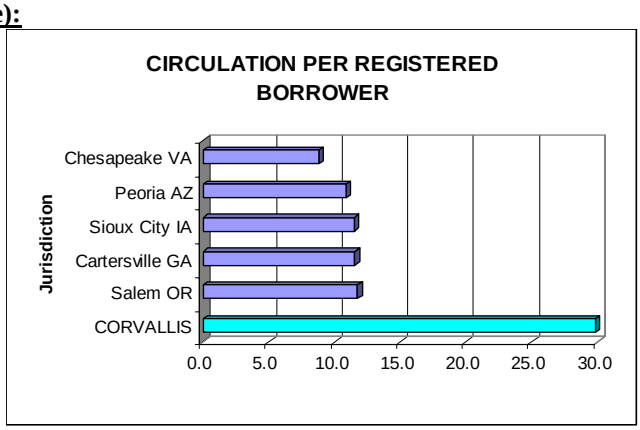
- *Current year performance and trends:* Circulation is trending flat or slightly down, so this indicator may not meet the target.
- *Conclusions and Challenges:* Library staff have made extensive efforts to support this measure by redesigning workflows to improve efficiency, adding more self check out machines, and by using volunteers extensively. Efforts continue to find better ways of meeting service demands.

(2) Citizen rating of overall library services:

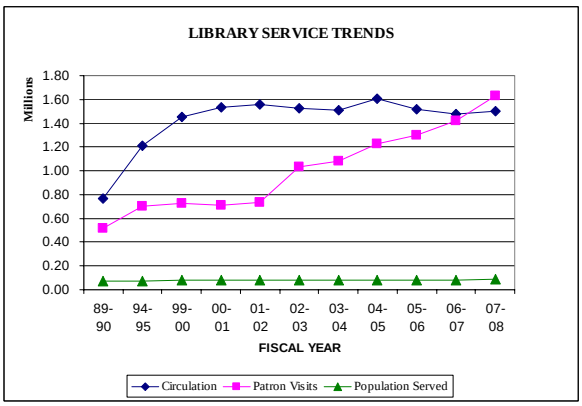
- *Measure definition:* The percentage of residents who give the library a "good" or "excellent" rating in a citizen attitude survey and comparisons to other similar libraries.
- *Evaluation of results:* The library is doing a good job, according to survey respondents, of meeting the community's library needs.
- *Current year performance and trends:* This measure has consistently been above 95%. However, the City's new citizen survey in 2008 compiled results differently than in the past. The new survey included responses from people who had not used library services, where the previous survey only asked library users to rate service.
- *Conclusions and Challenges:* Though this measure is down from previous years, the public continues to be 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 ways to measure 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. In FY 08-09, the Library's Strategic Plan process collected input from residents and focus groups throughout Benton County. Information and recommendations in the Strategic Plan will be used in the future to respond to citizens' needs.

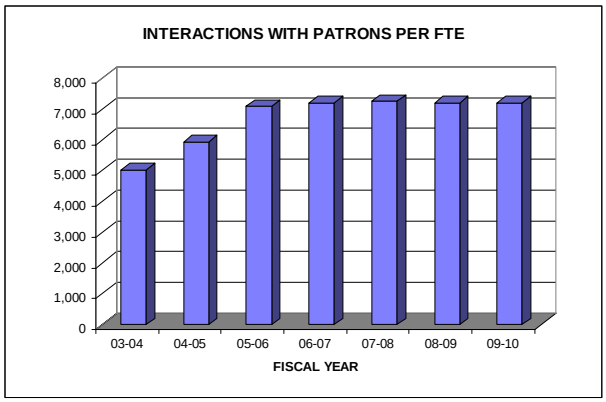
(3) Circulation per Registered Borrower (ICMA core measure):

- *Measure definition:* The number of items circulated (checked out) annually divided by the number of registered library card holders, compared to similar ICMA reporting libraries. This provides an idea of how well Corvallis can meet the Council value of sustainability by providing materials that can be used and shared by the community.
- *Evaluation of results:* Corvallis is far above other comparable libraries in the number of items users check out each year.
- *Current year performance and trends:* This is a new measure for FY 09-10, but it is expected that results will be similar to 07-08.



- *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.

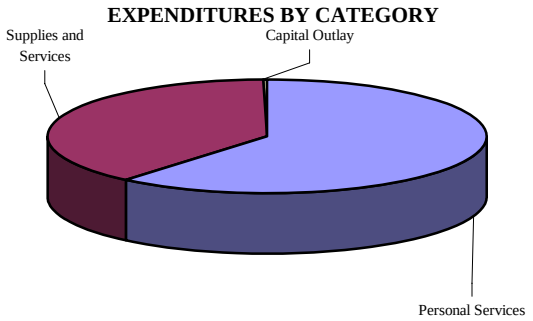


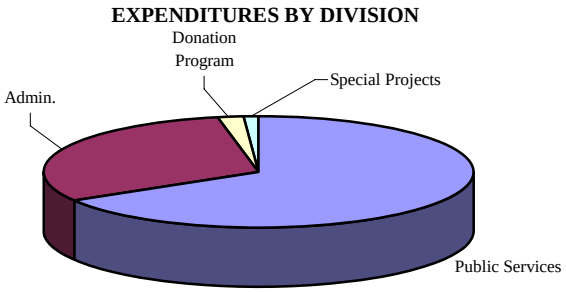


LIBRARY DEPARTMENT BUDGET SUMMARY

BUDGET BY CATEGORY:	ACTUAL 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	%CHANGE FROM 08-09 BUDGET
Personal Services	$3,278,641	$3,506,338	$3,705,880	$3,711,030	$3,837,350	3.55%
Supplies and Services	2,057,774	2,163,571	2,403,410	2,264,620	2,425,880	0.93%
Capital Outlay	0	143,403	84,220	92,430	10,640	-87.37%
TOTAL	$5,336,416	$5,813,312	$6,193,510	$6,068,080	$6,273,870	1.30%

FY 09-10 ADOPTED BUDGET



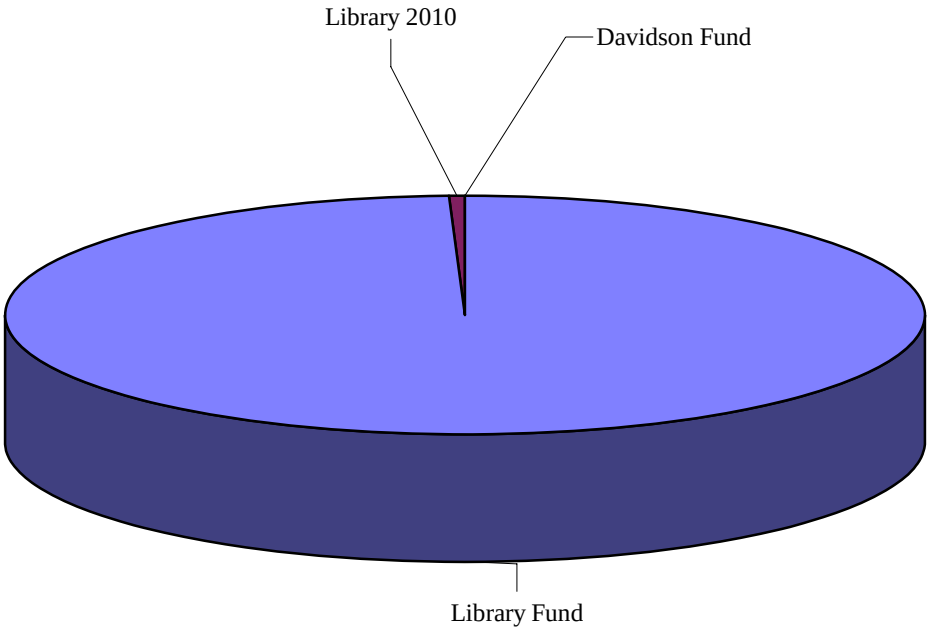


BUDGET BY DIVISION:	ACTUAL 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	%CHANGE FROM 08-09 BUDGET
Public Services	$3,647,350	$3,800,731	$4,041,110	$4,037,580	$4,167,700	3.13%
Administration	1,642,765	1,751,704	1,851,290	1,800,810	1,907,120	3.02%
Donation Program	32,536	126,742	130,340	79,320	122,520	-6.00%
Special Projects	13,764	134,136	170,770	150,370	76,530	-55.19%
TOTAL	$5,336,416	$5,813,312	$6,193,510	$6,068,080	$6,273,870	1.30%

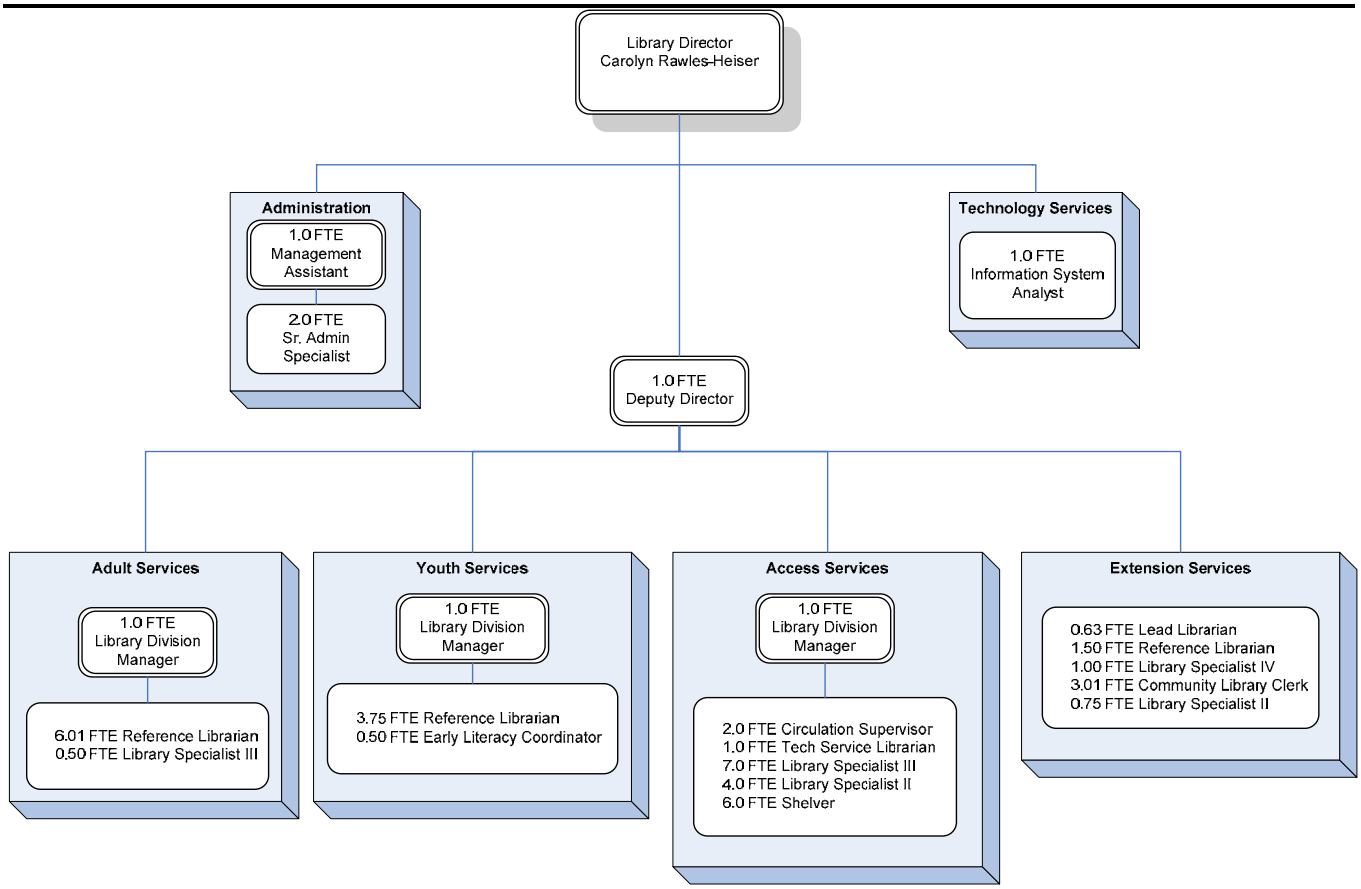
LIBRARY DEPARTMENT BUDGET SUMMARY (Continued)

BUDGET BY FUND:	ACTUAL 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	%CHANGE FROM 08-09 BUDGET
Library Fund	$5,335,516	$5,743,538	$6,140,510	$6,051,990	$6,236,460	1.56%
Library 2010	0	68,854	52,000	15,090	36,910	-29.02%
Davidson Fund	900	920	1,000	1,000	500	-50.00%
TOTAL	$5,336,416	$5,813,312	$6,193,510	$6,068,080	$6,273,870	1.30%

FY 09-10 ADOPTED BUDGET
EXPENDITURES BY FUND



LIBRARY DEPARTMENT ORGANIZATION CHART



LIBRARY DEPARTMENT STAFF

Positions	Monthly Salary Range (1.0 FTE)	FY 06-07	FY 07-08	FY 08-09	FY 09-10
Library Director	$7,554 - $9,641	1.00	1.00	1.00	1.00
Deputy Library Director	6,579 - 8,396	1.00	1.00	1.00	1.00
Library Division Manager	5,198 - 6,634	3.00	3.00	3.00	3.00
Department Information System Analyst	4,424 - 5,422	1.00	1.00	1.00	1.00
Lead Librarian 1	4,424 - 5,422	0.00	0.63	0.63	0.63
Circulation Supervisor	4,335 - 5,533	1.00	2.00	2.00	2.00
Management Assistant	4,335 - 5,533	1.00	1.00	1.00	1.00
Reference Librarian	4,095 - 5,019	11.76	11.26	11.26	11.26
Technical Service Librarian	4,095 - 5,019	1.00	1.00	1.00	1.00
Early Literacy Coordinator 2	4,095 - 5,019	0.00	0.00	0.50	0.50
Library Specialist IV	3,520 - 4,313	2.00	1.00	1.00	1.00
Community Library Specialist	3,271 - 4,009	3.01	3.01	3.01	3.01
Sr. Administrative Specialist - AFSCME	3,052 - 3,740	2.00	2.00	2.00	2.00
Library Specialist III	3,052 - 3,740	7.50	7.50	7.50	7.50
Library Specialist II 3	2,666 - 3,267	4.50	4.50	4.75	4.75
Shelver	1,851 - 2,268	6.00	6.00	6.00	6.00
TOTAL		**45.77**	**45.90**	**46.65**	**46.65**

NOTE: Salary ranges reflect FY 08-09 Class and Compensation schedules.

1. The Library Department reorganized resulting in creation of a Lead Librarian position and an increase of .13 FTE within existing resources.
2. The Early Literacy Coordinator is a .5 FTE position approved as an enhancement for FY 08-09.
3. 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

- 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.

PARKS

- Management of city-owned facilities, including all parks, sports fields, trails, natural and beautification areas, and the urban forest which provide wildlife habitat, scenic areas and places to play.
- Provide and enhance community appearance through the maintenance of street islands and beautification areas.
- Ensure the health and vitality of the urban forest by managing insects and disease, removal of hazard trees, and organizing neighborhood planting projects.
- Support of community-wide events, such as daVinci Days, Fall Festival, Red, White and Blues Festival and Farmers Market.
- Provide volunteer opportunities for youth and adults.

RECREATION

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

Avery Park bench

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	FY07-08 ACTUAL	FY08-09 TARGET	FY08-09 REVISED	FY09-10 TARGET
Community Involvement	Provide multiple opportunities for community involvement while lowering program costs.	Total number of hours worked by volunteer staff in support of parks and recreation activities[1].	26,883 (13 FTE)	24,800 (12 FTE)	28,000 (13 FTE)	30,000 (14 FTE)
Diversity	Continue to design recreation programs to be inclusive, creating an opportunity for our diverse community to come together.	Number of programs offered annually and the number of participants[2].	1,055 / 29,799	1,050 / 28,000	1,050 / 28,000	1,050 / 30,000
Cost Efficiency	Highlight the value of subsidized recreation at Osborn Aquatic Center.	Target cost per visit for subsidy at OAC.	N/A[3]	3.27	3.27	3.23
	Highlight the value of subsidized recreation at the Senior Center.	Target cost per visit for subsidy at Senior Center.	6.34	6.30	6.30	6.25
	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.	$85.87[4]	$55.00	$60.00	$60.00
Sustainability	Increase the utilization percentage of granted scholarships.	Percent of total scholarship value expended.	18%	20%	20%	25%
	Maintain or improve the ratio of acres per population of comparator cities.	Total park acres per 1,000 population[3].	31.8	31.8	30.6	30.6

[1] Insufficient tracking to provide a reliable number for this in FY 07-08. Addition of Operation Management Software will add precision to future tracking.
[2] Actuals tend to exceed target based on more acres per capita and therefore higher costs per capita than similar-sized comparators. Staff are looking at establishing future targets that take this additional variable into account and better demonstrate cost containment efforts.
[3] Scholarships are tracked by calendar year – the percentage shown will represent the calendar year of the later of the two years reflected in the Fiscal Year.(FY 07-08 shows the totals for 2008 calendar year).

Select discussion of key measures:

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

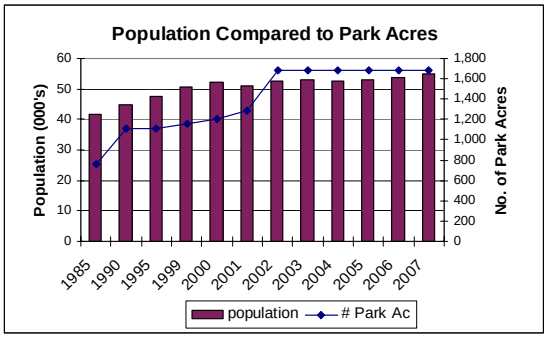
- *Measure definition*: Volunteer hours are tracked at all sites, reported monthly to management staff and compiled for reporting purposes. Dividing volunteer hours by 2080 for an equivalent FTE demonstrates the departmental impact.
- *Evaluation of results*: Parks and Recreation volunteer base is an integral component of sustaining the core services of this department. Staff continues to provide new opportunities for volunteers to feel involved and contribute to operations in each division.
- *Current year performance and trends*: Volunteer hours have been revised up for FY 08-09 by 3,200 hours and are estimated to increase again in FY 09-10, with the addition of a second Parks Supervisor. While volunteer hours are approximately 35% of the total hours worked, the department must balance the higher percentage being achieved with program needs and participant interests. 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, the Department will continue to pursue the use of volunteers to direct and supervise the work as staff capacity permits.
- *Conclusions and challenges*: Community members have multiple opportunities to volunteer throughout the year, offering citizens of all ages opportunities for community service and personal development. Maintaining a diverse selection of tasks balanced with adequate staffing levels to direct the efforts of all volunteers will be a challenge.

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

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

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

- *Measure definition*: Total acres (1685) divided by population in 1000's as reported in the ICMA survey totaled 30.63 acres for the Department based on the 2007 population figure of 54,890. 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, for the number of acres per thousand of population. (*Average acres per 1,000 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 in acres by Bellevue, WA, a city more than two times larger. The availability of so many acres of park land add to a more sustainable lifestyle in Corvallis and the citizens agree by their use of city parks, trails and natural areas.



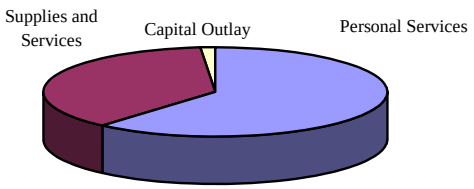
- *Current year performance and trends*: According to the National Citizen Survey 2008, 96% of those surveyed had visited a City park and 94% rated them as good or excellent. This is above the Western region and National averages.
- *Conclusions and challenges*: Conservation, restoration and sustainability will remain a Department standard. The challenge will be to sustain growth of park acres given budget constraints, and to have adequate resources and FTE to manage those acres.

PARKS AND RECREATION DEPARTMENT – BUDGET SUMMARY

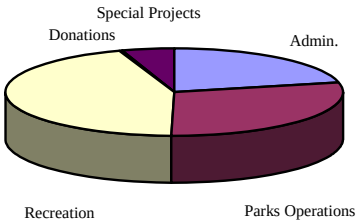
BUDGET BY CATEGORY:	ACTUAL 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	%CHANGE FROM 08-09 BUDGET
Personal Services	$2,937,770	$3,114,566	$3,400,280	$3,391,270	$3,681,770	8.28%
Supplies and Services	2,044,154	2,000,186	2,212,470	2,053,350	2,223,950	0.52%
Capital Outlay	91,208	64,314	83,120	79,510	85,570	2.95%
TOTAL	$5,073,132	$5,179,066	$5,695,870	$5,524,130	$5,991,290	5.19%

FY 09-10 ADOPTED BUDGET

EXPENDITURES BY CATEGORY



EXPENDITURES BY DIVISION



BUDGET BY DIVISION:	ACTUAL 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	%CHANGE FROM 08-09 BUDGET
Administration	$1,100,100	$1,127,147	$1,254,250	$1,232,720	$1,288,970	2.77%
Parks Operations	1,308,546	1,377,923	1,589,910	1,518,720	1,723,480	8.40%
Recreation	2,351,907	2,469,570	2,501,130	2,505,960	2,663,460	6.49%
Donations	20,361	26,884	21,000	22,670	13,410	-36.14%
Special Projects	292,218	177,542	329,580	244,060	301,970	-8.38%
TOTAL	$5,073,132	$5,179,066	$5,695,870	$5,524,130	$5,991,290	5.19%

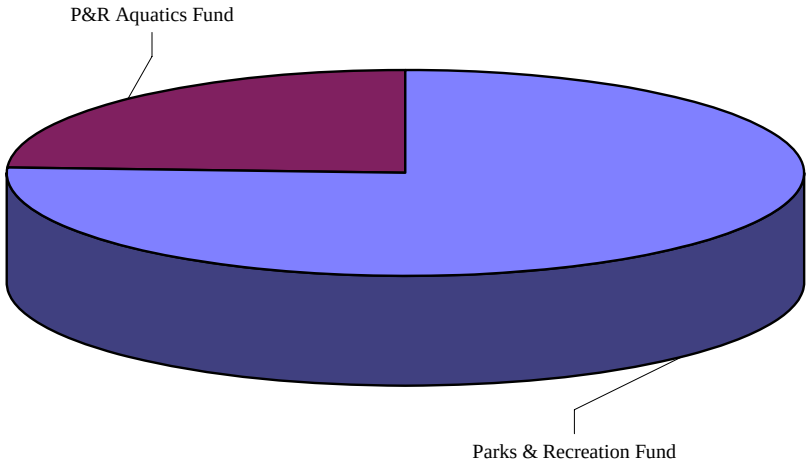
Osborn Aquatic Center

Riverfront Park

Avery Park Train

BUDGET BY FUND:	ACTUAL 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	%CHANGE FROM 08-09 BUDGET
Parks & Recreation Fund	$3,774,740	$3,921,672	$4,401,250	$4,174,440	$4,540,460	3.16%
P&R Aquatics Fund	1,298,392	1,257,394	1,294,620	1,349,690	1,450,830	12.07%
TOTAL	$5,073,132	$5,179,066	$5,695,870	$5,524,130	$5,991,290	5.19%

FY 09-10 ADOPTED BUDGET
EXPENDITURES BY FUND



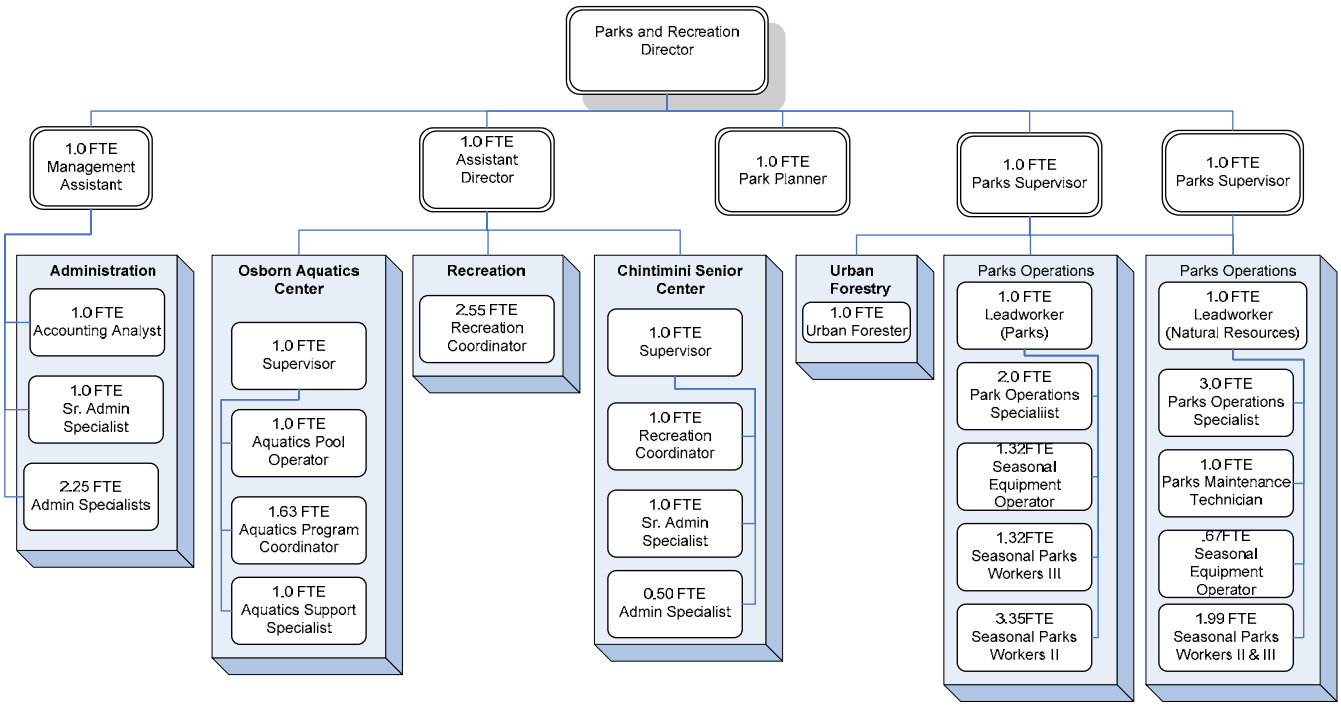
Riverfront Fish Sculpture

Chalk it up

Osborn Aquatics

Avery Park

PARKS AND RECREATION DEPARTMENT ORGANIZATION CHART



PARKS AND RECREATION DEPARTMENT STAFF

Positions	Monthly Salary Range (1.0 FTE)	FY 06-07	FY 07-08	FY 08-09	FY 09-10
Parks and Recreation Director	$7,554 - $9,641	1.00	1.00	1.00	1.00
Assistant Park and Recreation Director[1]	5,848 - 7,463	0.00	0.00	0.00	1.00
Recreation Manager[1]	n/a	1.00	1.00	1.00	0.00
Parks Operations Supervisor	5,198 - 6,634	1.00	1.00	2.00	2.00
Aquatic Center Supervisor	4,747 - 6,058	1.00	1.00	1.00	1.00
Park Planner	4,424 - 5,422	1.00	1.00	1.00	1.00
Urban Forester	4,424 - 5,422	1.00	1.00	1.00	1.00
Management Assistant	4,335 - 5,533	1.00	1.00	1.00	1.00
Senior Center Supervisor	4,335 - 5,533	1.00	1.00	1.00	1.00
Parks Maintenance Leadworker	4,095 - 5,019	0.00	2.00	2.00	2.00
Parks Operations Specialist	3,795 - 4,650	6.00	4.00	5.00	5.00
Recreation Coordinator	3,795 - 4,650	3.55	3.55	3.55	3.55
Aquatics Program Coordinator	3,795 - 4,650	0.63	1.63	1.63	1.63
Parks Maintenance Technician	3,271 - 4,009	2.00	2.00	1.00	1.00
Aquatics Pool Operator	3,271 - 4,009	1.00	1.00	1.00	1.00
Department Accounting Analyst	3,052 - 3,740	1.00	1.00	1.00	1.00
Aquatics Support Specialist	3,052 - 3,740	2.00	1.00	1.00	1.00
Senior Administrative Specialist	3,052 - 3,740	2.50	2.00	2.00	2.00
Administrative Specialist[2]	2,666 - 3,267	1.75	2.25	2.25	2.75
Seasonal Parks Equipment Operator	2,666 - 3,267	0.00	0.00	2.01	2.01
Seasonal Parks Worker III	2,205 - 2,702	2.01	2.01	2.01	2.01
Seasonal Parks Worker II	1,851 - 2,268	6.70	6.70	4.69	4.69
TOTAL		**37.14**	**37.14**	**38.14**	**38.64**

NOTE: Salary ranges reflect FY 08-09 Class and Compensation schedules.
1. Recreation Manager was reclassified to Assistant Park and Recreation Director.
2. FY 09-10 Enhancement approved for Chintimini Senior and Community Center.

POLICE DEPARTMENT SUMMARY OF SERVICES BY DIVISION

MISSION STATEMENT

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

ADMINISTRATION

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

INVESTIGATION AND SUPPORT SERVICES

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

COMMUNITY SERVICES

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

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.

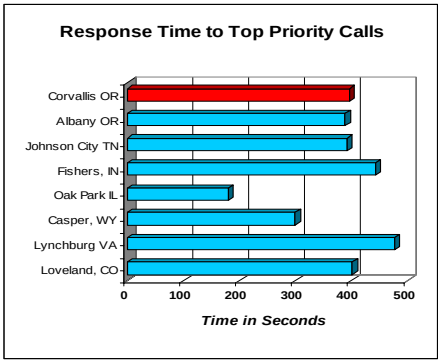
POLICE DEPARTMENT PERFORMANCE INDICATORS

COUNCIL VALUES	Management Goals & Objectives	Performance Measures	FY 07/08 ACTUAL	FY 08/09 TARGET	FY 08/09 REVISED	FY 09/10 TARGET
Community Involvement	Achieve at least an 85% rating of excellent or good in citizen attitude surveys	Citizen satisfaction ratings of overall police services	82%	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: 60% Property: 20%	70% 20%	70% 20%	70% 20%
	Efficiently move candidates through the complex recruitment process to reach and maintain fully authorized staffing levels.	Number of days to complete recruitment of police officers from testing to conditional job offer.	170	<170	<120	<120
	Increase community safety by maintaining overall number of traffic accidents resulting in injuries/ fatalities at less than the State average of 5.1/per thousand population.	Fatal and injury traffic accidents per 1,000 population (3)	1.38	<2.75	<2.5	<2.5
Diversity	Increase diversity of applicant pool through targeted outreach efforts.	Number of new, targeted efforts.	N/A - new measure	6	6	6

Select discussion of key measures above:

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

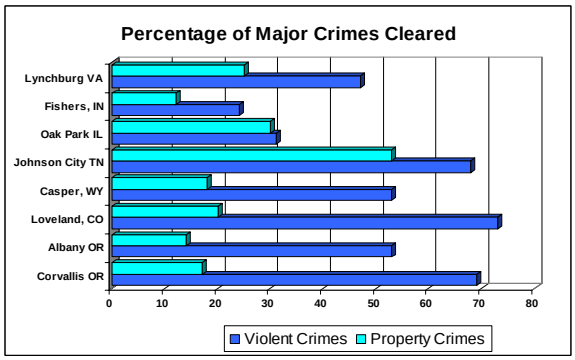
- *Measure definition:* Time in seconds from receipt of top priority call in Dispatch Center to arrival of officers on scene. Top priority calls are defined as: Immediate threat to life; Violent criminal act in progress; Suspect pursuing citizen; Imminent critical danger; or Possibility of major property loss.
- *Evaluation of results:* Corvallis response time is average compared to like-sized cities reporting data in the most recently compiled (FY 06/07) ICMA data survey.
- *Current year performance and trends:* The Corvallis Police Department has the lowest sworn FTE per thousand population in the State of Oregon and Oregon has the lowest statewide FTE per thousand ratio in the nation. Despite this staffing situation, the chart depicts a response time that is only marginally above the average for national comparators based on FY06-07 survey data. Corvallis FY 07/08 and average response time remained consistent at 365 seconds.



- *Conclusions and challenges*: The department is responding to high priority service demands though 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 even this level of response in the future and response time to top priority calls will continue to be higher than the targeted five minute (300 seconds) mark.

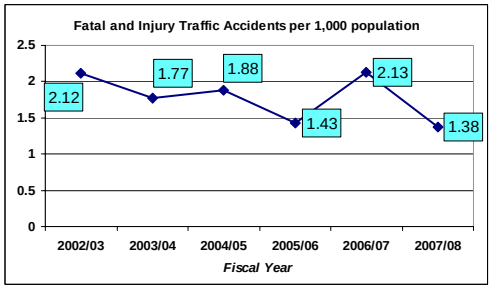
(2) **Percent of Part 1 Crimes Cleared** (ICMA Core Measure):

- *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 are at or above averages of like-sized cities reporting data in the FY 06/07 ICMA data survey.
- *Current year performance and trends*: Community members continue to enjoy efficient and effective law enforcement investigative services despite Corvallis Police having the lowest sworn FTE per thousand in the State. Clearance rates for the FY 06/07 data table are at or above comparator averages, however in FY 07/08 Corvallis clearance rate for violent crime dropped to 60% and remained static at 20% for property 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 for violent crime in FY 06/07 were not sustainable with current staffing constraints. Part 1 violent crime clearance rate in FY 07/08 dropped to 60%, and part 1 property crimes clearance maintained at 20%.

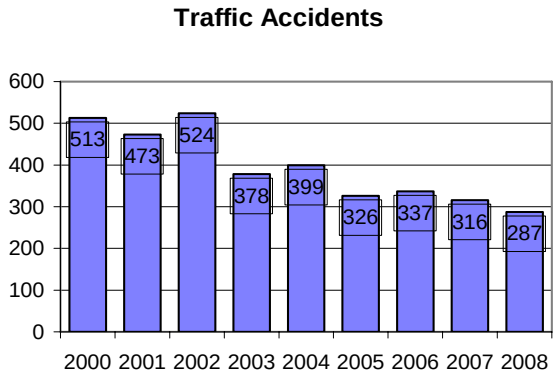


(3) **Fatal and Injury Traffic Accidents per 1.000 population**:

- *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 2007 Traffic Crash Summary.
- *Evaluation of results*: Over the past six fiscal years, the number of fatal and injury traffic accidents per 1,000 population has maintained between 2.13 and 1.38 per 1,000 population.



- *Current year performance and trends*: Corvallis' rate of injury and fatal accidents has consistently been lower than the Oregon State average of 5.1 per thousand. FY 07/08 ended at 1.38 per thousand, which is the lowest level in the past six years.
- *Conclusions and challenges*: Low injury and fatal accidents rates compared to State average continue to be a direct result of increased emphasis on traffic management in Corvallis, particularly through the efforts of the motorcycle traffic unit. Continued implementation and increased staffing of this unit, which focuses on traffic enforcement and education in neighborhoods, school zones, downtown and in the ten most dangerous intersections in the City, will be vital to maintain community traffic safety levels.

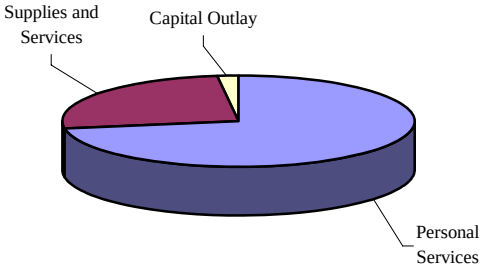


POLICE DEPARTMENT – BUDGET SUMMARY

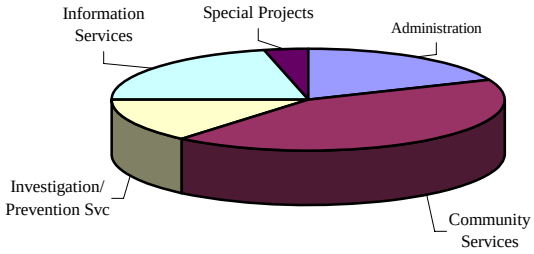
BUDGET BY CATEGORY:	ACTUAL 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	%CHANGE FROM 08-09 BUDGET
Personal Services	$7,312,203	$7,888,649	$8,250,370	$8,272,520	$8,915,630	8.06%
Supplies and Services	2,672,523	2,556,946	2,880,270	2,781,030	3,154,070	9.51%
Capital Outlay	221,931	39,055	207,760	203,790	245,660	18.24%
TOTAL	$10,206,657	$10,484,650	$11,338,400	$11,257,340	$12,315,360	8.62%

FY 09-10 ADOPTED BUDGET

EXPENDITURES BY CATEGORY



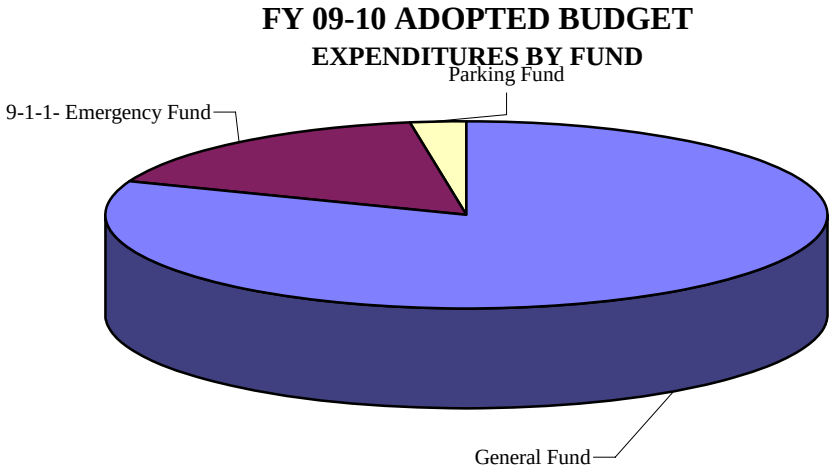
EXPENDITURES BY DIVISION

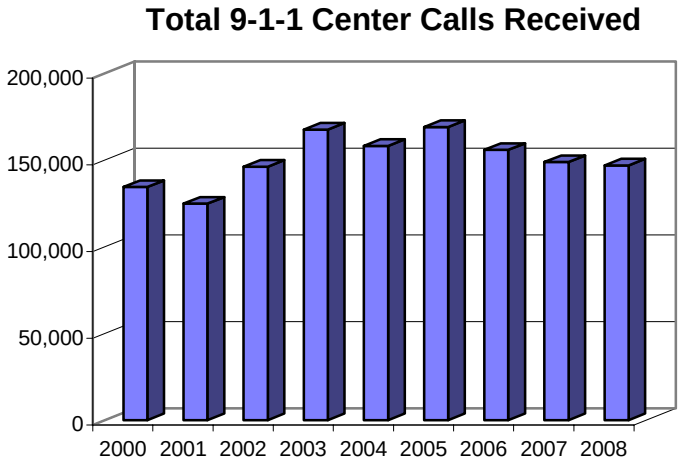


BUDGET BY DIVISION:	ACTUAL 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	%CHANGE FROM 08-09 BUDGET
Administration	$1,756,119	$1,830,329	$2,136,140	$2,089,000	$2,278,880	6.68%
Community Services	4,439,381	4,655,308	4,746,320	4,855,120	5,247,750	10.56%
Investigation/ Prevention Svc	1,337,094	1,524,228	1,607,290	1,576,570	1,708,220	6.28%
Information Services	2,106,689	2,288,954	2,480,700	2,432,910	2,630,350	6.03%
Special Projects	567,375	185,831	367,950	303,740	450,160	22.34%
TOTAL	$10,206,657	$10,484,650	$11,338,400	$11,257,340	$12,315,360	8.62%

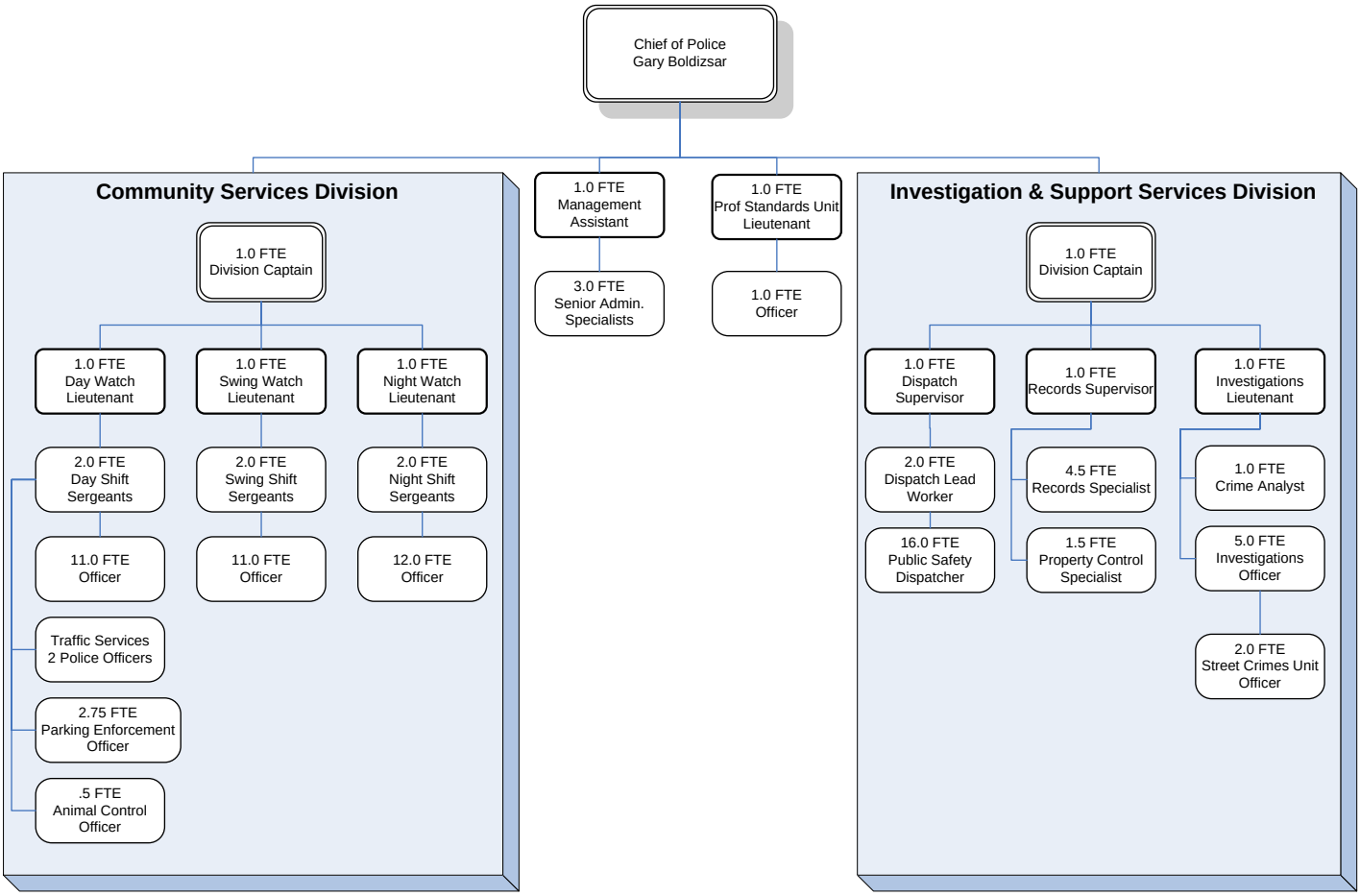
POLICE DEPARTMENT – BUDGET SUMMARY (Continued)

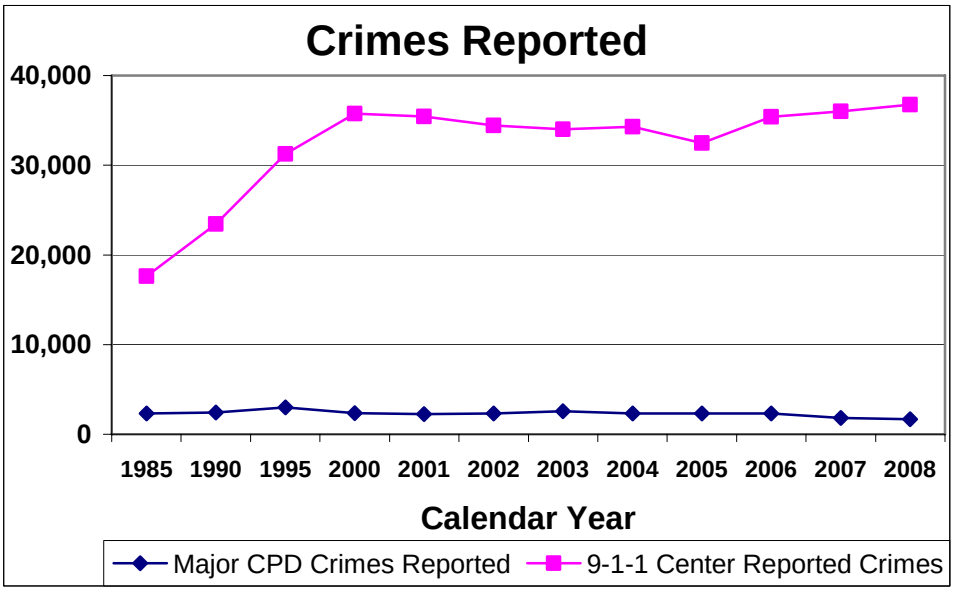
BUDGET BY FUND:	ACTUAL 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	%CHANGE FROM 08-09 BUDGET
General Fund	$8,353,027	$8,605,967	$9,311,800	$9,259,490	$9,948,300	6.84%
9-1-1- Emergency Fund	1,589,202	1,632,206	1,732,200	1,732,200	2,070,690	19.54%
Parking Fund	264,429	246,477	294,400	265,650	296,370	0.67%
TOTAL	$10,206,657	$10,484,650	$11,338,400	$11,257,340	$12,315,360	8.62%





POLICE DEPARTMENT ORGANIZATION CHART

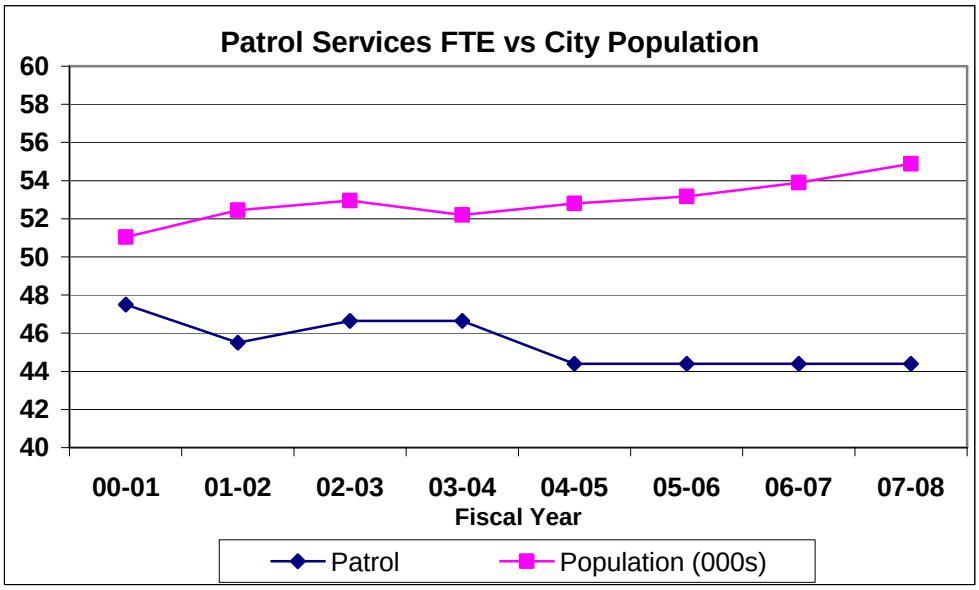




POLICE DEPARTMENT STAFF

Positions	Range (1.0 FTE)	FY 06-07	FY 07-08	FY 08-09	FY 09-10
Police Chief	$7,938 - $10,131	1.00	1.00	1.00	1.00
Police Captain	7,401 - 9,446	2.00	2.00	2.00	2.00
Police Lieutenant	6,579 - 8,396	5.00	5.00	5.00	5.00
Supervisor, Dispatch	5,198 - 6,634	1.00	1.00	1.00	1.00
Police Sergeant	4,954 - 6,639	6.00	6.00	6.00	6.00
Management Assistant	4,335 - 5,533	1.00	1.00	1.00	1.00
Records Specialist Supervisor	4,335 - 5,533	0.00	1.00	1.00	1.00
Police Officer[2]	4,050 - 5,940	42.00	42.00	42.00	44.00
Public Safety Dispatch Leadworker	3,636 - 4,641	2.00	2.00	2.00	2.00
Animal Control Officer	3,795 - 4,650	0.50	0.50	0.50	0.50
Crime Analyst	3,795 - 4,650	1.00	1.00	1.00	1.00
Public Safety Dispatcher[2]	3,307 - 4,221	12.00	12.00	12.00	16.00
Records Specialist/Leadworker	n/a	1.00	0.00	0.00	0.00
Property Control Specialist [1]	3,052 - 3,740	1.00	1.50	1.50	1.50
Senior Administrative Specialist (AFSCME)	3,052 - 3,740	2.00	2.00	2.00	2.00
Senior Administrative Specialist (Exempt)	3,015 - 3,849	1.00	1.00	1.00	1.00
Parking Enforcement Officer	2,918 - 3,576	2.75	2.75	2.75	2.75
Records Specialist	2,918 - 3,576	4.50	4.50	4.50	4.50
TOTAL		**85.75**	**86.25**	**86.25**	**92.25**

NOTE: Salary ranges reflect FY 08-09 Class and Compensation schedules.
1. Increase in FY07/08 of 0.5 FTE Property Control Specialist as a budget-neutral enhancement.
2. Enhancment of 2 Police Officers and 4 Public Safety Dispatchers for FY 09-10.



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

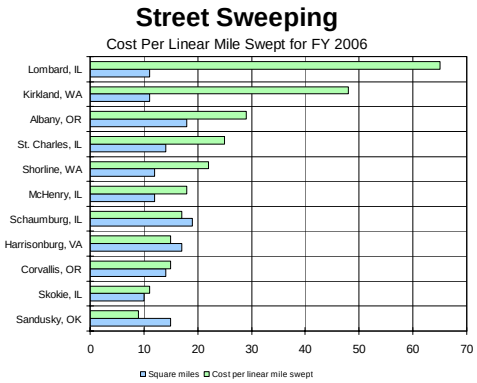
COUNCIL VALUES	Management Goals & Objectives	Performance Measures	FY07-08 ACTUAL	FY08-09 TARGET	FY08-09 REVISED	FY09-10 TARGET
Cost Efficiency	Maintain street sweeping costs in lower third of comparator cities.	Street Sweeping expenditures per linear mile swept. (1)	$15	$15	$15	$15
	Maintain facility maintenance costs in lower third of comparator cities.	Custodial expenditures per square foot for administrative/office spaces. (3)	.74	<$1.00	<$1.00	<$1.00
	Maintain transit costs below national average of $2.70.	Costs per transit ride.	$2.40	<$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)	18%	<33%	<33%	<33%
	Be in the lower third of comparator cities.	FTE per million gallons of wastewater treated.	.0024	.0030	.0030	.0030
	Be in the lower third of comparator cities.	FTE per million of gallons of water treated.	.0032	.0020	.0020	.0020
	Maximize budget available for infrastructure improvements.	Project design and construction management as a percentage of construction costs.	16%	20%	20%	20%
	Efficiently review development proposals.	Average Development Review Division FTE hours per construction project plan review.	24	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).	79%	90%	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)	13%	35%	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)	8.42%	<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. [1]	6%	10%	10%	10%

[1] 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.

Select discussion of key measures above:

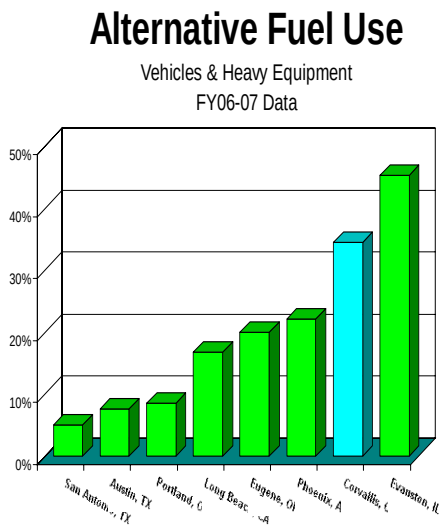
(1) **Street Sweeping expenditures per linear mile swept** (ICMA core measure):

- *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.
- *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.



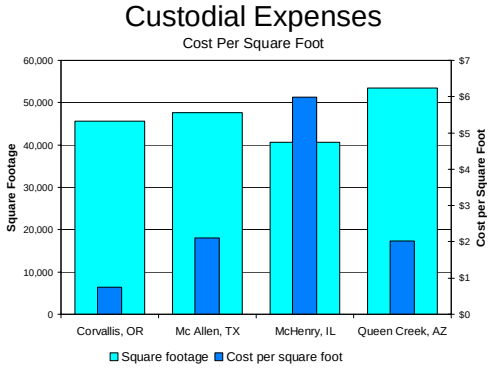
(2) **Percentage of vehicles and heavy equipment using alternative fuels** (ICMA core measure):

- *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 in the City's fleet.
- *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.



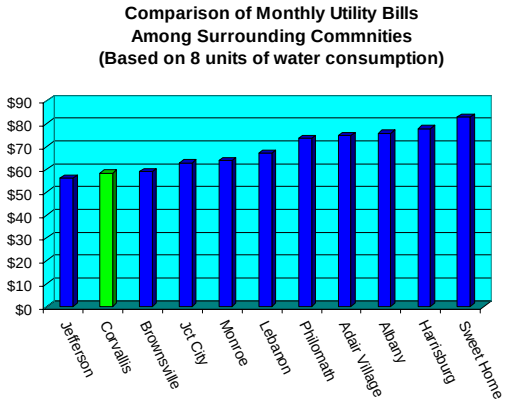
(3) **Custodial expenditures per square foot for administrative/office spaces** (ICMA core measure):

- *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 most 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.



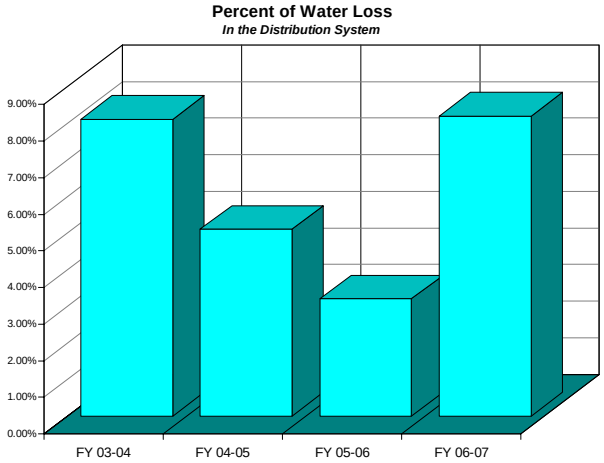
(4) **Average monthly utility bill, compared to other mid-Willamette Valley providers**:

- *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.
- *Evaluation of results*: Corvallis has the 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.
- *Conclusions and challenges*: The ability 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.

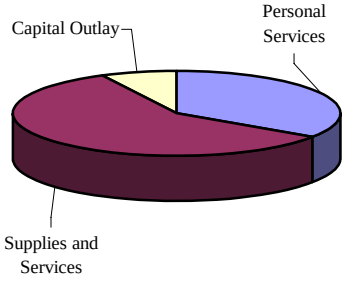


PUBLIC WORKS DEPARTMENT – BUDGET SUMMARY

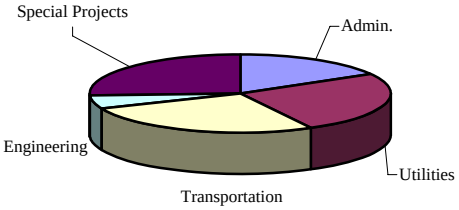
BUDGET BY CATEGORY:	ACTUAL 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	%CHANGE FROM 08-09 BUDGET
Personal Services	$8,509,743	$9,268,489	$10,023,850	$10,019,930	$10,410,440	3.86%
Supplies and Services	10,886,468	11,838,677	14,499,840	13,205,170	17,665,760	21.83%
Capital Outlay	681,000	901,553	1,303,670	1,063,530	2,236,520	71.56%
TOTAL	$20,077,211	$22,008,720	$25,827,360	$24,288,630	$30,312,720	17.37%

FY 09-10 ADOPTED BUDGET

EXPENDITURES BY CATEGORY



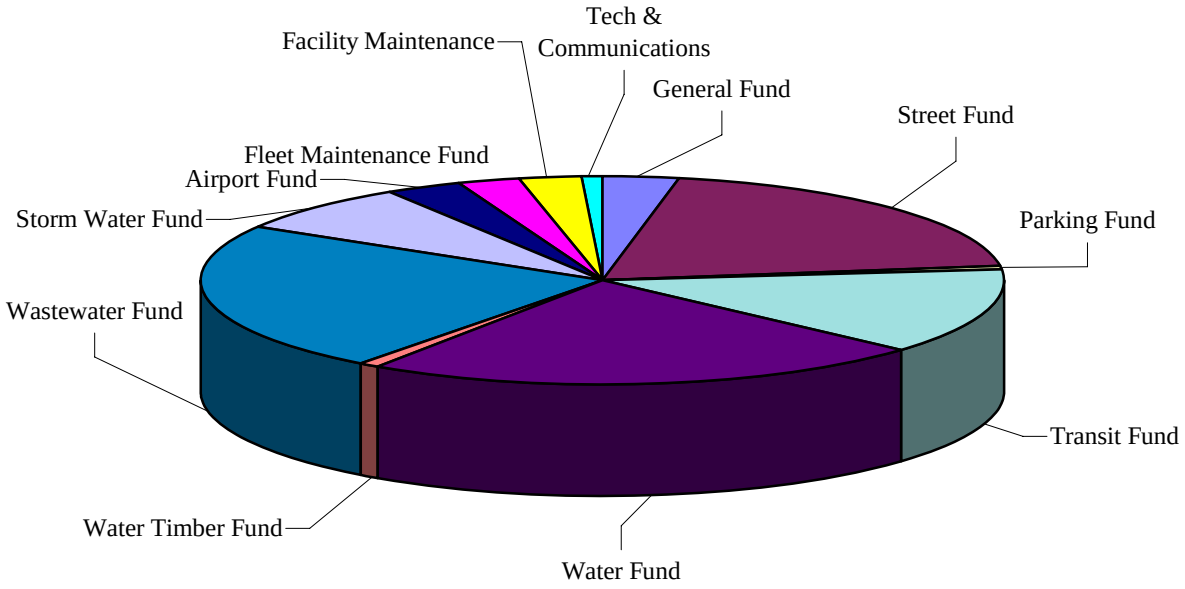
EXPENDITURES BY DIVISION



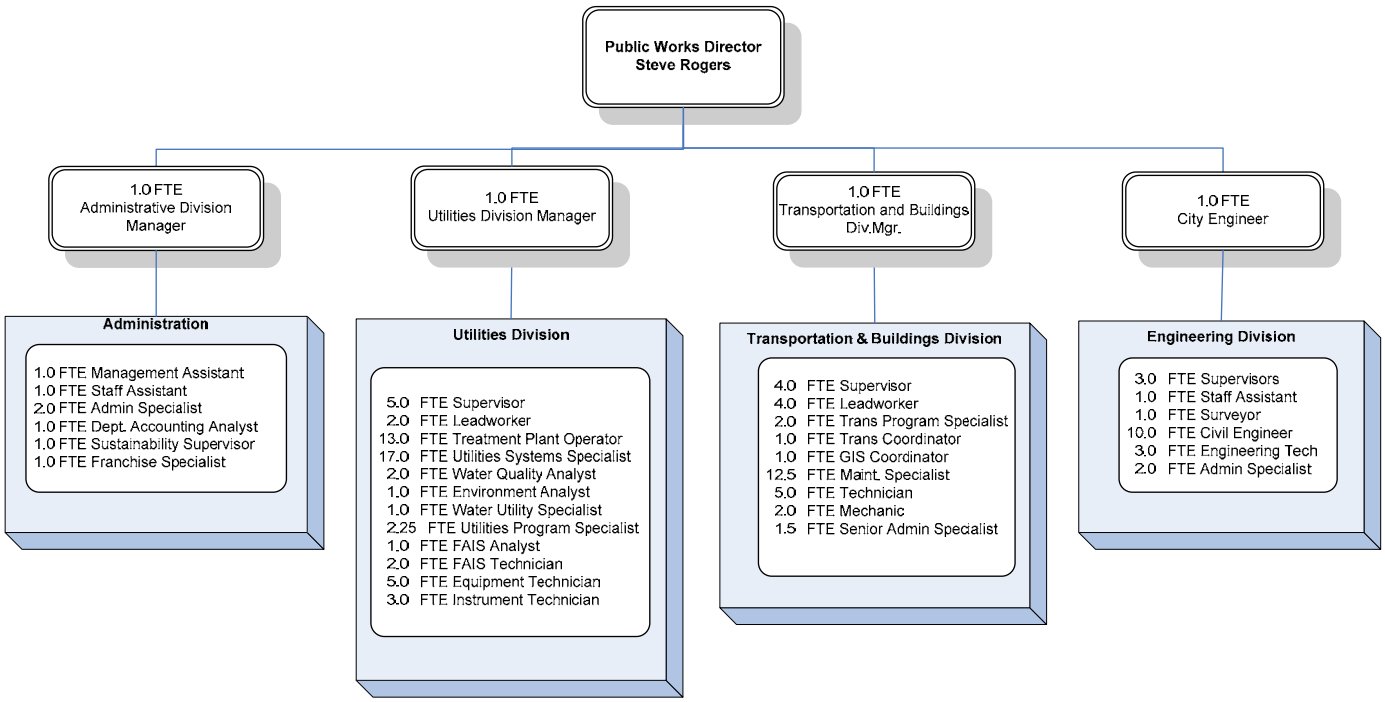
BUDGET BY DIVISION:	ACTUAL 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	%CHANGE FROM 08-09 BUDGET
Administration	$4,122,499	$4,433,868	$4,861,810	$4,844,950	$5,030,510	3.47%
Utilities	6,892,303	7,190,931	7,639,410	7,495,440	7,797,610	2.07%
Transportation	6,430,657	6,963,764	7,777,310	7,602,920	7,973,660	2.52%
Engineering	1,203,140	1,360,528	1,585,830	1,580,530	1,673,460	5.53%
Special Projects	1,428,611	2,059,628	3,963,000	2,764,790	7,837,480	97.77%
TOTAL	$20,077,211	$22,008,720	$25,827,360	$24,288,630	$30,312,720	17.37%

BUDGET BY FUND:	ACTUAL 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	%CHANGE FROM 08-09 BUDGET
General Fund	$693,063	$783,384	$893,160	$874,980	$890,220	-0.33%
Street Fund	2,717,103	2,890,197	3,588,430	3,411,600	6,026,800	67.95%
Parking Fund	141,507	102,744	142,960	141,570	173,770	21.55%
Transit Fund	2,203,535	2,193,365	3,209,880	3,241,310	3,988,670	24.26%
Water Fund	5,691,145	6,020,706	6,774,780	6,553,980	6,937,380	2.40%
Water Timber Fund	69,195	216,381	282,610	287,310	285,380	0.98%
Wastewater Fund	5,518,772	6,190,812	6,578,400	6,025,680	7,036,340	6.96%
Storm Water Fund	1,338,602	1,725,379	1,818,320	1,748,030	2,248,400	23.65%
Airport Fund	242,068	242,945	802,110	339,560	934,110	16.46%
Fleet Maintenance Fund	653,672	698,326	736,350	721,200	741,410	0.69%
Facility Maintenance	559,869	731,079	739,520	704,160	798,810	8.02%
Tech & Communications	248,679	213,402	260,840	239,250	251,430	-3.61%
TOTAL	$20,077,211	$22,008,720	$25,827,360	$24,288,630	$30,312,720	17.37%

FY 09-10 ADOPTED BUDGET
EXPENDITURES BY FUND



PUBLIC WORKS DEPARTMENT ORGANIZATION CHART



Baldy Reservoir Cover Replacement Project

PUBLIC WORKS DEPARTMENT STAFF

Positions	Monthly Salary Range (1.0 FTE)	FY 06-07	FY 07-08	FY 08-09	FY 09-10
Public Works Director	$8,325 - $10,625	1.00	1.00	1.00	1.00
City Engineer	6,579 - 8,396	1.00	1.00	1.00	1.00
Division Managers - Transportation & Bldgs/Utilities	6,579 - 8,396	2.00	2.00	2.00	2.00
Supervisors - Engineering/Water-Wastewater Ops	5,848 - 7,463	5.00	5.00	5.00	5.00
Administrative Division Manager	5,848 - 7,463	1.00	1.00	1.00	1.00
Supervisors[4]	5,198 - 6,634	7.00	7.00	7.00	7.00
Sustainability Supervisor	5,198 - 6,634	1.00	1.00	1.00	1.00
Civil Engineer II[2]	5,254 - 6,438	3.00	5.00	6.00	6.00
Management Assistant - Exempt [2]	4,335 - 5,533	1.00	1.00	1.00	1.00
Civil Engineer I[2]	4,867 - 5,964	7.00	5.00	4.00	4.00
Dept. Information System Analyst [1, 5]	n/a	1.00	0.00	0.00	0.00
GIS Coordinator	4,867 - 5,964	1.00	1.00	1.00	1.00
Surveyor	4,424 - 5,422	1.00	1.00	1.00	1.00
Airport Program Specialist/Traffic Technician	4,095 - 5,019	1.00	1.00	1.00	1.00
Electronic Technician II	4,095 - 5,019	2.00	2.00	2.00	2.00
Environmental Analyst	4,095 - 5,019	1.00	1.00	1.00	1.00
Franchise Utility Specialist	4,095 - 5,019	1.00	1.00	1.00	1.00
Facility Automation Information Systems Analyst [5]	4,776 - 5,853	0.00	1.00	1.00	1.00
Facility Automation Information Systems Technician [5]	3,864 - 5,019	0.00	2.00	2.00	2.00
Dept MIS Technician [1]	n/a	1.00	0.00	0.00	0.00
Instrument Technician II	4,095 - 5,019	1.00	1.00	1.00	1.00
Leadworkers	4,095 - 5,019	6.00	6.00	6.00	6.00
Utilities Treatment Plant Operator [7]	4,095 - 5,019	13.00	12.00	12.00	13.00
Engineering Tech III	4,095 - 5,019	3.00	3.00	3.00	3.00
Equipment Maintenance Technician	3,580 - 4,650	4.00	4.00	5.00	5.00
Technicians - Fleet/GIS/Instrument I	3,795 - 5,115	6.00	6.00	6.00	6.00
Program Specialist [6]	3,795 - 4,650	3.00	3.00	3.25	4.00
Special Transportation Coordinator	3,795 - 4,650	1.00	1.00	1.00	1.00
Water Quality Analyst	3,795 - 4,650	2.00	2.00	2.00	2.00
Water Utility Specialist	3,795 - 4,650	1.00	1.00	1.00	1.00
Maintenance Specialist - Bldg & Grounds/Street/Traffic	3,520 - 4,313	12.00	12.00	12.00	12.50
Utilities Systems Specialist	3,520 - 4,313	17.00	17.00	17.00	17.00
Staff Assistant	3,271 - 4,009	2.00	2.00	2.00	2.00
Utilities Treatment Plant Operator Trainee [7]	4,095 - 5,019	0.00	1.00	1.00	0.00
Department Accounting Analyst	3,052 - 3,740	1.00	1.00	1.00	1.00
Senior Administrative Specialist[3]	3,052 - 3,740	0.50	0.50	1.50	1.50
Administrative Specialist [3]	2,666 - 3,267	4.00	5.00	4.00	4.00
TOTAL		**114.50**	**116.50**	**117.75**	**119.00**

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

1. Positions were moved to the Finance Department MIS Division.
2. Three Civil Engineer I positions were reclassified to Civil Engineer II positions; two in FY 07-08, one in FY 08-09.
3. Administrative Specialist added in FY 07-08 to work in Transit supported by JARC grant funding. Position reclassified in FY 08-09 to Senior Administrative Specialist.
4. Buildings & Grounds/Electronic-GIS/ Transportation/Utility Services
5. Position was retitled and reclassified partway through FY 07-08.
6. Increased FTE for Watershed Support
7. A Plant Operator Trainee position was filled and has now been promoted to Utilities Treatment Plant Operator.

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 09-10 major budget expenditures include:

- The Social Services budget totals $432,250 (includes $28,000 increase referred by Budget Commission to City Council for further consideration) in the General Fund to be allocated according to the Social Services allocation process.
- The Economic Development budget in the General Fund includes $347,630 for Corvallis Tourism, $46,350 for festivals and events plus an additional $208,580 in non-dedicated funds to be allocated according to policy.
- Estimated title company charges of $20,000 for Net Assets lien docket software access. This is more than offset by estimated fee receipts of $30,000 in FY 09-10.
- Administrative service charges total $70,450.
- Retiree benefit payments for their dependents' medical costs are projected at $251,050 but net to zero cost to the City as they are reimbursed by the retirees.
- $40,000 for 1.00 FTE to support the implementation of the Community Sustainability Action Plan as part of Council's sustainability goal. This position was added to non-departmental pending further development of the program and position.
- The Arts Center payment from property tax receipts is estimated at $85,760.
- Re-budgeting $12,000 for Prosperity that Fits.

BUDGET BY CATEGORY:	ACTUAL 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	%CHANGE FROM 08-09 BUDGET
Personal Services	$0	$0	$0	$0	$40,000	0.00%
Supplies and Services	1,357,376	1,539,101	1,745,410	1,448,140	1,486,720	-14.82%
Capital Outlay	0	0	0	0	0	0.00%
TOTAL	$1,357,376	$1,539,101	$1,745,410	$1,448,140	$1,526,720	-12.53%

BUDGET BY FUND:	ACTUAL 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	%CHANGE FROM 08-09 BUDGET
General	$1,354,701	$1,367,740	$1,744,060	$1,446,790	$1,525,230	-12.55%
Street	0	168,686	0	0	0	0.00%
Parks & Recreation	0	0	0	0	0	0.00%
G.O. Debt Service	1,325	1,325	0	0	0	0.00%
Pension Obligation Debt Svc	1,350	1,350	1,350	1,350	1,490	10.37%
Water	0	0	0	0	0	0.00%
Wastewater	0	0	0	0	0	0.00%
Storm Water	0	0	0	0	0	0.00%
TOTAL	$1,357,376	$1,539,101	$1,745,410	$1,448,140	$1,526,720	-12.53%

Note: FY 09/10 includes 1.00 FTE as approved by City Council for the implementation of the Sustainability Action Plan as part of Council's sustainability goal. Since the program and nature of the position have not yet been fully developed, the $40,000 initial funding was added to non-departmental personal services until a final decision is made as to where this position/program will reside.

STATISTICAL TRENDS[1]

Calendar Year	1985	1990	1995	2000	2005	2007	2008
COMMUNITY DEVELOPMENT							
Single Family Residence Building Permits	64	125	167	141	210	89	34[2]
Single Family Residence Value (x $1,000)	$4,957	$12,108	$23,242	$29,328	$45,919	$19,876	$9,904[1]
CITY MANAGER'S OFFICE							
City Employees	368.00	352.11	379.97	417.25	423.77	416.47	446
Lost Work Days	--	--	430	116.00	118.50	132.00	N/A
FINANCE							
City Assessed Value (000's)	--	$1,144,822	$2,419,879	$2,879,105	$3,433,646	$3,613,016	$3,745,146
City Real Market Value (000's)	--	$1,144,822	$2,419,879	$3,513,758	$4,522,703	$5,565,082	$5,946,532
City Tax Rate:							
Operating	--	$7.6400	$5.6200	$5.1067	$5.1067	$5.1067	$5.1067
Debt	--				.5418	.5622	.5645
Consolidated Tax Rate	--	$33.78	$14.65	$14.77	$15.81	$16.76	$17.39
City Budget:							
Operating (Millions)	--	$30.25	$38.34	$56.78	$68.62	$74.15	$76.97
Capital (Millions	--	$10.30	$17.65	$31.38	$14.45	$11.19	$10.90
Municipal Court:							
Citations (Traffic & Criminal)	--	7,229	7,000	12,016	8,771	9,459	7,226
Parking Citations	--	27,335	18,532	23,126	11,672	16,987	17,925
FIRE							
Engine Responses[3]	1,774	1,164	1,455	1,977	2,590	3,412	3,497
City Incidents (non-ambulance)	1,546	983	1,230	1,615	2,151	2,990	2,983
Non-City Incidents (non-	228	181	225	362	439	422	514
ambulance)	1,742	1,960	1,941	--	--	--	--
Patient Contacts	--	--	--	2,732	3,154	4,017	4,257
PARKS AND RECREATION							
Number of Programs[4]	--	--	--	--	1,132	1,194	1,054
Number of Registrations	--	--	--	--	21,559	21,297	27,002
Number of Facility Reservations	--	--	--	--	1,396	2,612	3,635
Number of Total Park Acres	754	1,113	1,113	1,200	1,685	1,685	1,690
POLICE DEPARTMENT							
Major Crimes Reported	2,332	2,436	2,995	2,346	2,308	1,824	1,690
9-1-1 Center Incidents Reported	17,625	23,433	31,269	35,753	32,487	36,027	36,279

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

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

[3] Engine responses tracked starting 2005. Prior to this, number of engine calls were being recorded. Includes engine responses to ambulance calls.

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

STATISTICAL TRENDS (Continued)

Calendar Year	1985	1990	1995	2000	2005	2007	2008
PUBLIC WORKS							
Transportation:							
Traffic Signals	52	58	55	61	82	97	89
Street Lights[5]	2,041	2,312	2,775	3,036	3,431	3,505	3,538
Bus Ridership	187,764	323,113	330,000	488,238	539,597	589,239	666,953
Water:							
Connections	10,837	12,111	12,684	13,802	14,427	15,870	15,971
Production (xM Gal)	2,399	2,645	2,776	2,912	2,575	2,887	3,611
Miles of Line	173	177	193	205	247	245	216
Wastewater:							
Connections	10,607	11,252	12,211	13,421	14,335	16,232	15,545
Treatment (xM Gal)	3,106	3,113	3,303	3,475	3,249	3,751	2,772
Miles of Line	160	168	186	201	215	216	245
Storm Drains:							
Miles	94.00	94.00	114.00	142.78	160.35	167	167
Streets:							
Miles	133.00	134.00	140.40	169.11	183.70	364.73[6]	364.73
Miles Resurfaced	5.00	5.00	7.50	2.21	1.67	2.65	2.50
Bike Paths (Miles)	--	--	11.00	12.00	13.69	21	21
Bike Lanes (Miles)	45.00	56.00	49.00	57.22	61.23	57	105[7]
OTHER							
Area Sq. Miles	11.40	12.85	13.03	13.53	14.00	14.01	14.02
Population	41,580	44,757	47,485	52,215	53,165	54,890	54,880
County Employment	32,390	37,200	40,340	42,380	38,500	39,160	38,650[8]
County Unemployment	1,810	1,460	910	740	1,914	1,646	2,454
County Unemployment Rate	5.4%	3.8%	2.2%	1.7%	4.6%	4.3%	5.6%
OSU Enrollment	15,216	16,024	14,320	16,777	19,236	19,753	20,320
Volunteer Hours:							
Community Development	--	--	--	0	178	220	0
Finance	--	--	302	250	222	188	112
Fire	--	--	21,672	29,659	48,243	33,444	44,006
Library	--	--	8,400	7,368	11,227	11,571	13,494
Parks & Recreation	--	--	22,500	24,335	23,452	20,000	26,999
Police	--	--	5,030	6,397	5,405	3,137	3,735
Public Works	--	--	440	843	632	240	607
Fiscal Year	**FY84-85**	**FY89-90**	**FY94-95**	**FY99-00**	**FY04-05**	**FY 06-07**	**FY 07-08**
LIBRARY							
Circulation	--	762,910	1,208,996	1,452,949	1,608,068	1,481,633[9]	1,497,799
Patron Visits	--	514,543	704,996	724,291	1,223,400	1,402,633	1,632,114
Population Served	--	69,400	75,400	77,192	80,500	84,125	85,300

[5] An inventory was completed in 2007.
[6] Reporting of street miles changed from linear miles to lane miles to meet the ICMA standard measurement.
[7] Bike lane calculation was standardized to include lanes in both directions on a single street.
[8] 2005, 2007, 2008, Corvallis MSA (Benton County) Total Non-Farm employment
[9] 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 07-08.

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 07-08.

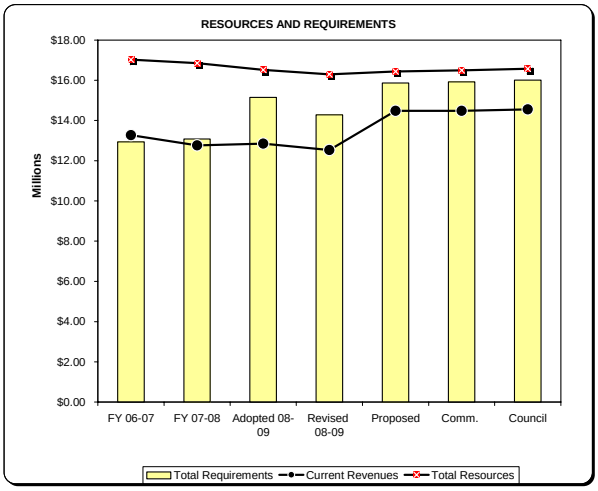
c) **Fire & Rescue Fund** – to account for revenues and expenditures associated with operations of the fire, emergency medical, and transport ambulance service which is owned and operated by the City of Corvallis. Major revenue sources include property taxes, rural fire district charges, ambulance fees, 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 07-08.

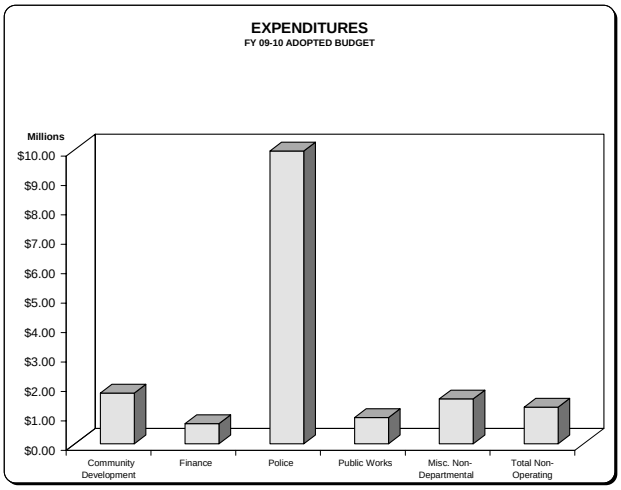
d) **Transit Fund** – to account for revenues and expenditures associated with the operation of the City's transit system. Major revenue sources include property taxes, business energy tax credits, grant monies, and charges for service (rider fares). Expenditures are for operations and maintenance of 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 07-08.

GENERAL FUND SUMMARY

	ACTUAL 2006-07	ACTUAL 2007-08	ADOPTED BUDGET 2008-09	REVISED 2008-09	PROPOSED BUDGET 2009-10	COMMISSION RECOMMENDED 2009-10	COUNCIL APPROVED 2009-10
Resources:							
Beginning Fund Balance	$3,754,011	$4,085,463	$3,663,713	$3,764,866	$1,959,746	$2,016,856	$2,016,856
Property Taxes	$4,205,385	$3,636,492	$3,189,550	$3,194,500	$4,810,120	$4,810,120	$4,883,950
Other Taxes	1,113,828	1,147,594	1,220,930	1,159,670	1,194,350	1,194,350	1,194,350
Licenses, Fees, & Permits	5,071,181	5,228,281	5,521,520	5,369,720	5,523,720	5,523,720	5,523,720
Charges for Service	554,627	723,496	689,010	589,680	633,950	633,950	633,950
Intergovernmental	1,180,864	1,009,226	1,226,580	1,359,240	1,252,480	1,252,480	1,252,480
Fines/Forfeitures	796,101	739,487	785,300	694,610	912,200	912,200	912,200
Miscellaneous	343,816	251,502	217,740	166,120	151,770	151,770	151,770
Other Financing Sources	5,661	24,136	0	0	0	0	0
Current Revenues	$13,271,463	$12,760,214	$12,850,630	$12,533,540	$14,478,590	$14,478,590	$14,552,420
Total Resources	$17,025,474	$16,845,677	$16,514,343	$16,298,406	$16,438,336	$16,495,446	$16,569,276
Requirements:							
Operating Budget:							
Community Development	$1,149,683	$1,277,252	$1,693,390	$1,564,980	$1,722,190	$1,722,190	$1,722,190
Finance	496,410	515,175	590,050	574,070	684,130	684,130	684,130
Police	8,353,027	8,605,967	9,311,800	9,259,490	9,891,190	9,948,300	9,948,300
Public Works	693,063	783,384	893,160	874,980	890,220	890,220	890,220
Misc. Non-Departmental	1,354,701	1,367,740	1,744,060	1,446,790	1,525,230	1,525,230	1,525,230
Total Operating Budget	$12,046,884	$12,549,518	$14,232,460	$13,720,310	$14,712,960	$14,770,070	$14,770,070
Non-Operating:							
Transfers Out	$893,127	$531,293	$652,150	$561,240	$894,780	$894,780	$990,100
Contingency	0	0	261,450	0	253,500	253,500	253,500
Total Non-Operating	$893,127	$531,293	$913,600	$561,240	$1,148,280	$1,148,280	$1,243,600
Total Requirements	$12,940,011	$13,080,811	$15,146,060	$14,281,550	$15,861,240	$15,918,350	$16,013,670
Ending Budgetary Fund Bal.	$4,085,463	$3,764,866	$1,368,283	$2,016,856	$577,096	$577,096	$555,606





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

RESPONSIBILITIES:

- Direct the development of the Community Development Department's work plan to ensure that it achieves City Council goals and objectives.
- Enforce the City's codes for nuisance abatement to enhance community livability.
- Provide land use compliance services for the City's Land Development Code.
- 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 08-09 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.
- Provided primary staff support in the formation and start-up of the Downtown Commission.
- Supported continued development of the code enforcement program for public nuisances and implementing the Land Development Code.

EXPENDITURES CLASS:	ACTUAL 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	%CHANGE FROM 08-09 BUDGET
Personal Services	$198,094	$277,705	$368,000	$416,140	$451,730	22.75%
Supplies and Services	204,479	228,853	305,880	255,200	334,900	9.49%
Capital Outlay	0	22,498	0	0	0	0.00%
Total	$402,573	$529,056	$673,880	$671,340	$786,630	16.73%
EXPENDITURE BY PROGRAM						
Administration	$340,873	$354,390	$392,630	$393,410	$429,730	9.45%
Development Services	0	124,841	206,880	253,560	285,530	38.02%
Special Projects	61,700	49,824	74,370	24,370	71,370	-4.03%
Total	$402,573	$529,056	$673,880	$671,340	$786,630	16.73%
Staffing Levels (1)	2.20	3.40	3.40	3.40	4.90	44.12%

(1) An Associate Planner position was temporarily moved from the Planning Division to the Development Services Division in the General Fund for budgeting purposes but may be re-deployed back to Planning depending on the incumbent's skill sets and departmental needs.

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.
- 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 08-09 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 City Attorney to respond to a number of appeals to the Oregon Land Use Board of Appeals.
- Coordinated and completed the hiring of two Assistant Planners 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 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	%CHANGE FROM 08-09 BUDGET
Personal Services	$651,779	$655,175	$862,840	$780,590	$807,490	-6.41%
Supplies and Services	95,331	93,021	156,670	113,050	128,070	-18.25%
Capital Outlay	0	0	0	0	0	0.00%
Total	$747,109	$748,196	$1,019,510	$893,640	$935,560	-8.23%
EXPENDITURE BY PROGRAM						
Administration	$288,801	$304,588	$381,390	$349,970	$373,650	-2.03%
Long Range Planning	205,521	198,892	340,820	246,570	257,100	-24.56%
Development Review	252,788	244,716	297,300	297,100	304,810	2.53%
Total	$747,109	$748,196	$1,019,510	$893,640	$935,560	-8.23%
Staffing Levels (1)	8.27	8.27	9.27	9.27	8.27	-10.79%

(1) An Associate Planner position was temporarily moved from the Planning Division to the Development Services Division in the General Fund for budgeting purposes but may be re-deployed back to Planning depending on the incumbent's skill sets and departmental needs.

Historic District street sign

Pending Land-Use Action

RESPONSIBILITIES:

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

WORK PLAN:

- Continue working with financial system software company to enhance automation of court processing.
- Implement on-line payment service for defendants through SunGuard C2G module.
- Install fiber-optic line to Benton County Community Corrections to implement video arraignment capability.

FY 08-09 HIGHLIGHTS:

- Developed new procedures for victim notification law.
- Revised process of printing daily update reports to reduce paper consumption.

BUDGET BY CLASS:	ACTUAL 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	%CHANGE FROM 08-09 BUDGET
Personal Services	$241,919	$252,525	$344,800	$336,290	$395,340	14.66%
Supplies and Services	254,491	262,650	245,250	237,780	288,790	17.75%
Capital Outlay	0	0	0	0	0	0.00%
Total	$496,410	$515,175	$590,050	$574,070	$684,130	15.94%
EXPENDITURE BY PROGRAM						
Judicial Services	$496,410	$515,175	$570,900	$554,920	$651,540	14.13%
Special Projects	0	0	19,150	19,150	32,590	70.18%
Total	$496,410	$515,175	$590,050	$574,070	$684,130	15.94%
Staffing Levels	4.00	4.00	4.00	4.00	5.00	25.00%

Note: FY 09-10 includes enhancement of 1.00 FTE (Court Clerk).

Municipal Court Judge Donahue

Municipal Court

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:

- Maintain a comprehensive training curriculum, and complete annual In-Service Training.
- Prepare and distribute quarterly complaint and commendation summary.
- Conduct ten meetings of the Community Policing Forum.
- Complete four customer satisfaction surveys.
- Complete an update to the Strategic Plan.
- Continue assessment and compliance for 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 08-09 HIGHLIGHTS:

- Completed implementation of a new Records Management System.
- Successfully completed an on-site assessment and reaccreditation by CALEA.
- Completed four customer satisfaction mail-in surveys.
- Continued a quarterly complaint and summary review through the Community Policing Forum.
- Implemented CopLink as a tool for linking law enforcement information systems.
- Purchased one hybrid vehicle for detectives per the replacement schedule
- Replaced four patrol vehicles with the more fuel efficient 6 cylinder Dodge Chargers.
- Completed two joint training sessions with Benton County Sheriff's Office.
- Hosted three regional training sessions for law enforcement personnel.

BUDGET BY CLASS:	ACTUAL 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	%CHANGE FROM 08-09 BUDGET
Personal Services	$363,295	$373,226	$424,570	$399,030	$424,360	-0.05%
Supplies and Services	1,674,242	1,574,434	1,861,160	1,800,590	1,943,880	4.44%
Capital Outlay	122,662	39,055	175,520	175,520	220,420	25.58%
Total	$2,160,198	$1,986,715	$2,461,250	$2,375,140	$2,588,660	5.18%
EXPENDITURE BY PROGRAM						
Administration	$1,756,119	$1,830,329	$2,136,140	$2,089,000	$2,278,880	6.68%
Special Projects	404,080	156,386	325,110	286,140	309,780	-4.72%
Total	$2,160,198	$1,986,715	$2,461,250	$2,375,140	$2,588,660	5.18%
Staffing Levels	4.50	4.25	4.25	4.25	4.25	0.00%

RESPONSIBILITIES:

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

WORK PLAN:

- Build and put into operation the Evidence compound 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.
- Modify evidence area to enhance space utilization.
- Implement on-line police reporting system CopLogic.

Records Staff

FY 08-09 HIGHLIGHTS:

- Purchased CopLogic for on-line citizen self reporting.
- Successfully secured accused murderer of Brooke Wilberger from New Mexico to Oregon.
- Applied for and received a federal Byrne Grant of $91,630 for Street Crimes Unit training and equipment.

BUDGET BY CLASS:	ACTUAL 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	%CHANGE FROM 08-09 BUDGET
Personal Services	$1,465,852	$1,666,251	$1,792,780	$1,721,460	$1,839,380	2.60%
Supplies and Services	287,596	297,693	311,450	286,500	372,100	19.47%
Capital Outlay	0	0	0	21,270	0	0.00%
Total	$1,753,448	$1,963,944	$2,104,230	$2,029,230	$2,211,480	5.10%
EXPENDITURE BY PROGRAM						
Detectives	$772,267	$957,873	$980,100	$959,260	$1,014,080	3.47%
Crime Prevention/DARE	1,867	1,724	2,400	2,450	1,810	-24.58%
Crime Analysis	101,845	88,179	104,180	103,880	106,080	1.82%
Evidence/Property Control	110,437	116,158	133,090	129,930	193,310	45.25%
Animal Control	110,437	113,817	118,360	115,400	121,810	2.91%
Information & Support Svs	300,092	338,898	351,710	345,910	368,820	4.86%
Records	356,502	347,295	414,390	372,400	405,570	-2.13%
Total	$1,753,448	$1,963,944	$2,104,230	$2,029,230	$2,211,480	5.10%
Staffing Levels	17.00	19.25	19.25	19.25	19.25	0.00%

RESPONSIBILITIES:

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

WORK PLAN:

- Reduce traffic crashes at top ten crash locations by 10%.
- Maintain injury accident rate under State of Oregon average.
- Enhance community livability issues by implementing proactive Tactical Action Plans for specific community issues.
- Implement Staffing Allocation Study recommendations.
- Hire additional sworn police officers to achieve 100% staffing of authorized positions.

FY 08-09 HIGHLIGHTS:

- Completed comprehensive Staffing Allocation Study.
- Applied for and received grant funding for purchase of bulletproof vests.
- Acquired two moving radar systems for motorcycle traffic team with 100% grant funding.
- Applied for and received funding through the Sustainability fund to purchase and field test ultra-capacitor powered flashlights designed to eliminate need to use environmentally unfriendly batteries.

BUDGET BY CLASS:	ACTUAL 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	%CHANGE FROM 08-09 BUDGET
Personal Services	$4,157,691	$4,377,616	$4,458,050	$4,580,060	$4,854,670	8.90%
Supplies and Services	250,610	277,692	281,270	268,060	293,490	4.34%
Capital Outlay	31,080	0	7,000	7,000	0	-100.00%
Total	$4,439,381	$4,655,308	$4,746,320	$4,855,120	$5,148,160	8.47%
EXPENDITURE BY PROGRAM						
Patrol	$4,250,280	$4,442,930	$4,539,790	$4,633,880	$4,918,370	8.34%
Traffic	189,101	212,379	206,530	221,240	229,790	11.26%
Total	$4,439,381	$4,655,308	$4,746,320	$4,855,120	$5,148,160	8.47%
Staffing Levels	45.15	43.65	43.90	43.90	45.90	4.56%

Note: FY 09-10 includes enhancement of two patrol officers.

Corvallis Police Department

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.
- Update 10-year Information Services Strategic plan.
- Create a studio space for public access video production.
- Begin 3-year process to renew the cable television franchise agreement.
- 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 08-09 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.
- Negotiated a new solid waste franchise agreement.
- Developed an Enterprise GIS Strategic Plan.
- Incorporated sustainability requirements in RFBs and RFPs.

BUDGET BY CLASS:	ACTUAL 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	%CHANGE FROM 08-09 BUDGET
Personal Services	$205,447	$267,524	$311,760	$311,760	$306,240	-1.77%
Supplies and Services	485,167	482,740	581,400	563,220	583,980	0.44%
Capital Outlay	2,449	33,120	0	0	0	0.00%
Total	$693,063	$783,384	$893,160	$874,980	$890,220	-0.33%
EXPENDITURE BY PROGRAM						
Administration	$272,040	$320,430	$410,760	$410,280	$403,940	-1.66%
Transportation & Buildings	306,906	340,106	351,350	333,880	360,490	2.60%
Engineering	97,742	112,883	131,050	130,820	115,790	-11.64%
Special Projects	16,376	9,964	0	0	10,000	0.00%
Total	$693,063	$783,384	$893,160	$874,980	$890,220	-0.33%
Staffing Levels	3.45	3.45	3.46	3.46	3.31	-4.34%

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 $432,250 (includes $28,000 increase referred by Budget Commission to City Council for further consideration).
- The Economic Development budget totals $614,560 ($347,630 for Corvallis tourism, $208,580 non-dedicated, $46,350 for festivals and events and $12,000 for Prosperity that Fits).
- $40,000 for 1.00 FTE to support the implementation of the Community Sustainability Action Plan as part of Council's sustainability goal. The position was added to nondepartmental pending development of the program and position.
- Internal service charges for administrative services total $70,450.
- Annual Art Center property tax support is estimated at $85,760.

BUDGET BY CLASS:	ACTUAL 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	%CHANGE FROM 08-09 BUDGET
Personal Services	$0	$0	$0	$0	$40,000	0.00%
Supplies and Services	1,354,701	1,367,740	1,744,060	1,446,790	1,485,230	-14.84%
Capital Outlay	0	0	0	0	0	0.00%
Total	$1,354,701	$1,367,740	$1,744,060	$1,446,790	$1,525,230	-12.55%
EXPENDITURE BY PROGRAM						
Non-Departmental	$1,354,701	$1,367,740	$1,744,060	$1,446,790	$1,525,230	-12.55%
Total	$1,354,701	$1,367,740	$1,744,060	$1,446,790	$1,525,230	-12.55%
Staffing Levels	0.00	0.00	0.00	0.00	1.00	0.00%

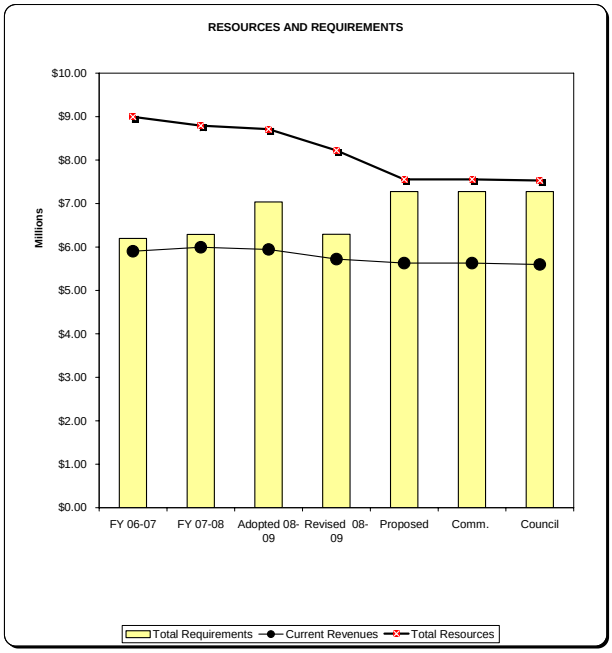
Note: FY 09-10 includes a 1.0 FTE Enhancement for community sustainability.

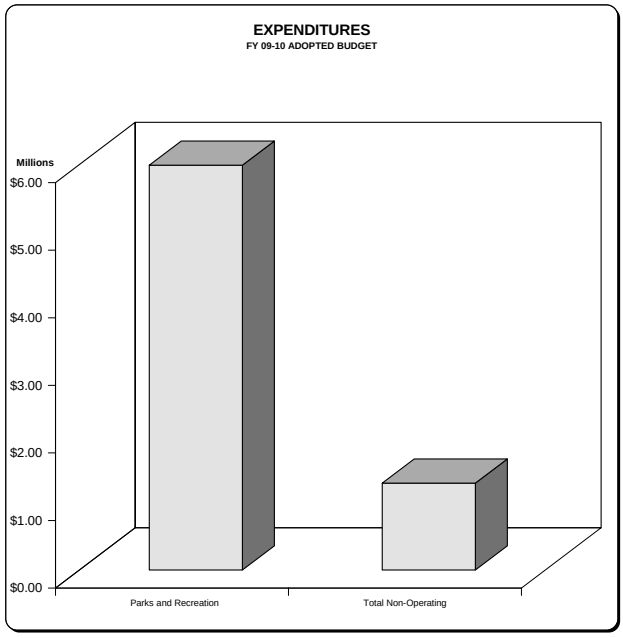
Da Vinci Days – Kinetic Sculpture

Sidewalk Chalk art contest

PARKS & RECREATION FUND SUMMARY

	ACTUAL 2006-07	ACTUAL 2007-08	ADOPTED BUDGET 2008-09	REVISED 2008-09	PROPOSED BUDGET 2009-10	COMMISSION RECOMMENDED 2009-10	COUNCIL APPROVED 2009-10
Resources:							
Beginning Fund Balance	$3,091,823	$2,798,345	$2,772,805	$2,502,095	$1,930,055	$1,930,055	$1,930,055
Property Taxes	$3,712,629	$4,152,960	$3,967,700	$3,973,720	$3,853,720	$3,853,720	$3,822,950
Licenses, Fees, & Permits	45,274	52,264	43,500	45,700	46,700	46,700	46,700
Charges for Service	1,764,032	1,533,311	1,750,540	1,555,340	1,580,440	1,580,440	1,580,440
Intergovernmental	41,878	23,909	27,400	27,400	27,400	27,400	27,400
Fines & Forfeitures	509	560	0	0	0	0	0
Miscellaneous	293,942	212,333	153,080	119,840	120,650	120,650	120,650
Transfers In	22,884	14,459	0	0	0	0	0
Other Financing Sources	21,400	3,600	0	0	0	0	0
Current Revenues	$5,902,548	$5,993,396	$5,942,220	$5,722,000	$5,628,910	$5,628,910	$5,598,140
Total Resources:	$8,994,371	$8,791,741	$8,715,025	$8,224,095	$7,558,965	$7,558,965	$7,528,195
Requirements:							
Operating Budget:							
Parks and Recreation	$5,073,132	$5,179,066	$5,695,870	$5,524,130	$5,991,290	$5,991,290	$5,991,290
Total Operating Budget	$5,073,132	$5,179,066	$5,695,870	$5,524,130	$5,991,290	$5,991,290	$5,991,290
Non-Operating:							
Transfers Out	$1,122,894	$1,110,580	$1,247,655	$769,910	$1,171,465	$1,171,465	$1,171,465
Contingency	0	0	92,600	0	114,440	114,440	114,440
Total Non-Operating	$1,122,894	$1,110,580	$1,340,255	$769,910	$1,285,905	$1,285,905	$1,285,905
Total Requirements	$6,196,026	$6,289,646	$7,036,125	$6,294,040	$7,277,195	$7,277,195	$7,277,195
Ending Budgetary Fund Balance	$2,798,345	$2,502,095	$1,678,900	$1,930,055	$281,770	$281,770	$251,000





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

RESPONSIBILITIES:

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

WORK PLAN:

- 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.
- Develop fenced Dog Park.
- Reconstruct Art Center Plaza.
- Complete Phase III of Avery Park Rose Garden project.
- Replace Arnold Park play structure and install ADA surfacing.
- Resurface tennis courts.
- Develop Foundation for the Department.

FY 08-09 HIGHLIGHTS:

- Completed Phase III of improvements at Sunset Park.
- Completed Phase II of the Avery Park Rose Garden project.
- Completed ADA playground assessment.
- Renamed former Martin Luther King Jr. Park to Orleans Park and Natural Area.
- Hired new Parks and Recreation Director.

BUDGET BY CLASS:	ACTUAL 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	%CHANGE FROM 08-09 BUDGET
Personal Services	$572,268	$573,218	$637,160	$633,150	$667,990	4.84%
Supplies and Services	749,203	712,228	894,670	796,300	860,910	-3.77%
Capital Outlay	91,208	46,126	73,000	70,000	75,450	3.36%
Total	$1,412,679	$1,331,573	$1,604,830	$1,499,450	$1,604,350	-0.03%
EXPENDITURE BY PROGRAM						
Administration	$1,100,100	$1,127,147	$1,254,250	$1,232,720	$1,288,970	2.77%
Donation Program	20,361	26,884	21,000	22,670	13,410	-36.14%
Special Projects	292,218	177,542	329,580	244,060	301,970	-8.38%
Total	$1,412,679	$1,331,573	$1,604,830	$1,499,450	$1,604,350	-0.03%
Staffing Levels	7.25	7.25	7.25	7.25	7.25	0.00%

RESPONSIBILITIES:

- Maintain Parks and Recreation facilities, including those that house the Nature Center, Majestic Theatre, and The Arts Center, in a safe, clean, accessible and attractive condition.
- Manage a variety of city-owned facilities including sports fields, playgrounds, beautification areas, natural areas, trails, neighborhood and community parks, the urban forest, 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:

- Integrate the Parks and Natural Areas Sustainable Operations Plan into daily operations.
- Improve the Parks and Recreation vehicle reserve plan in terms of composition, utilization, and sustainability.
- Increase 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.
- Implement transition plan for new staffing structure.

FY 08-09 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.
- Completed Townsend replacement shelter.
- Hired two Parks supervisors.
- Completed Urban Forest Management Plan.
- Completed Phase I of Chip Ross restoration project.

BUDGET BY CLASS:	ACTUAL 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	%CHANGE FROM 08-09 BUDGET
Personal Services	$901,574	$964,233	$1,194,170	$1,150,270	$1,333,640	11.68%
Supplies and Services	406,972	395,503	385,620	358,940	379,720	-1.53%
Capital Outlay	0	18,188	10,120	9,510	10,120	0.00%
Total	$1,308,546	$1,377,923	$1,589,910	$1,518,720	$1,723,480	8.40%
EXPENDITURE BY PROGRAM						
Support Services	$199,579	$230,184	$315,430	$277,910	$320,070	1.47%
Parks	401,164	382,068	461,340	453,390	532,080	15.33%
Natural Resources	707,803	765,671	813,140	787,420	871,330	7.16%
Total	$1,308,546	$1,377,923	$1,589,910	$1,518,720	$1,723,480	8.40%
Staffing Levels	18.71	18.71	19.71	19.71	19.71	0.00%

RESPONSIBILITIES:

- Operation and maintenance of Osborn Aquatic Center, which is a year-round recreation destination, with programs for improved fitness, education and water safety, for all ages and abilities;
- Operation and maintenance of the Chintimini Senior Center, which provides programs focusing on health, life long learning and socialization;
- Execution of a wide range of recreation programs and activities, which encourage increased physical activity, opportunities for social interchange and exposure to positive role models through sports, seasonal events, and educational programs for people of all ages.

Swim Meet

WORK PLAN:

- Continue to implement Recreation Service Plan priority objectives.
- Pursue funding for the Chintimini Senior Center and park enhancements.
- Implement Senior Center and Aquatic Center Marketing Plans.
- Develop inclusion plan to provide accessible recreation services.

FY 08-09 HIGHLIGHTS:

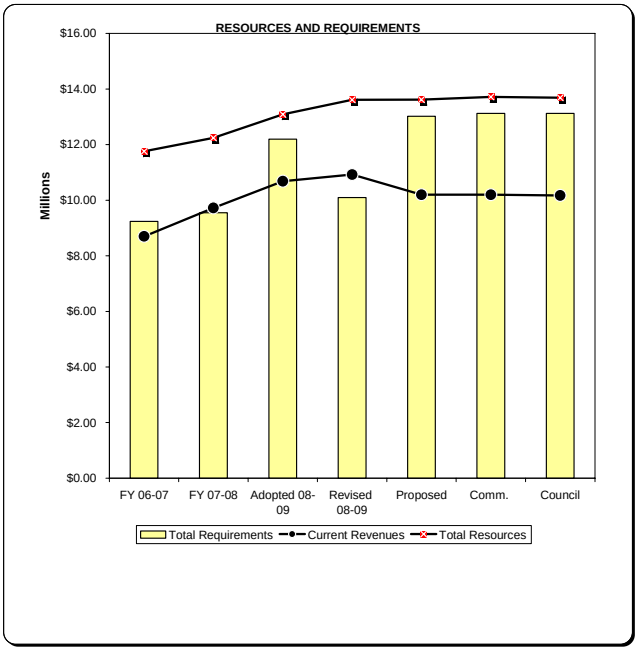
- Completed OAC Energy Enhancement Project.
- Completed Senior Center Sustainability Plan.
- Completed softball field development analysis.
- Expanded early evening exercise programs to meet changing market needs.
- Expanded the number of health and wellness programs and trips.
- Received a grant for a health promotions coordinator from the Senior Citizens Foundation of Benton County.
- Expanded Red Cross CPR and First Aid certification classes to the community.
- Expanded pool hours to meet changing market needs.

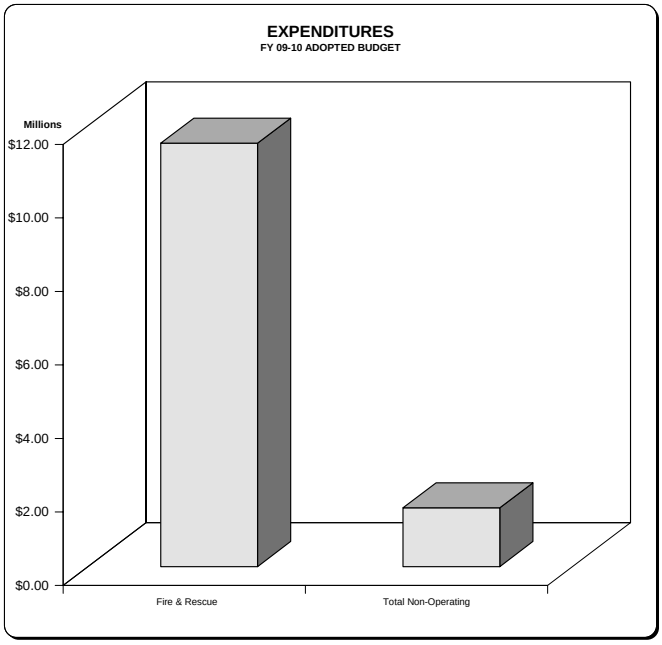
BUDGET BY CLASS:	ACTUAL 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	%CHANGE FROM 08-09 BUDGET
Personal Services	$1,463,928	$1,577,115	$1,568,950	$1,607,850	$1,680,140	7.09%
Supplies and Services	887,979	892,456	932,180	898,110	983,320	5.49%
Capital Outlay	0	0	0	0	0	0.00%
Total	$2,351,907	$2,469,570	$2,501,130	$2,505,960	$2,663,460	6.49%
EXPENDITURE BY PROGRAM						
Recreation Corps	$15,082	$17,623	$18,220	$18,180	$16,130	-11.47%
Volunteer Corps	37,790	38,781	39,710	39,050	38,210	-3.78%
General Programming	373,633	399,978	391,230	336,470	389,550	-0.43%
Sports	272,911	304,450	300,300	288,470	291,520	-2.92%
Outdoor	12,647	11,524	18,000	17,030	16,250	-9.72%
Senior Center	462,176	472,635	501,450	490,950	535,570	6.80%
Aquatics	1,174,658	1,223,592	1,224,820	1,308,670	1,368,950	11.77%
Enrichment Programs	3,010	987	7,400	7,140	7,280	-1.62%
City/School Recreation	0	0	0	0	0	0.00%
Total	$2,351,907	$2,469,570	$2,501,130	$2,505,960	$2,663,460	6.49%
Staffing Levels	11.18	11.18	11.18	11.18	11.68	4.47%

Note: FY 09-10 includes .5 FTE enhancement at the Senior Center.

FIRE AND RESCUE FUND SUMMARY

	ACTUAL 2006-07	ACTUAL 2007-08	ADOPTED BUDGET 2008-09	REVISED 2008-09	PROPOSED BUDGET 2009-10	COMMISSION RECOMMENDED 2009-10	COUNCIL APPROVED 2009-10
Resources:							
Beginning Fund Balance	$3,056,427	$2,519,585	$2,402,175	$2,690,180	$3,420,740	$3,520,740	$3,520,740
Property Taxes	$5,643,109	$6,257,148	$7,529,510	$7,540,940	$6,877,400	$6,877,400	$6,851,680
Licenses, Fees, & Permits	14,426	19,283	17,720	17,720	17,720	17,720	17,720
Charges for Service	2,753,298	3,251,275	2,996,290	3,176,990	3,207,910	3,207,910	3,207,910
Intergovernmental	93,193	20,618	0	83,950	0	0	0
Fines & Forfeitures	12,272	20,292	9,470	16,600	16,110	16,110	16,110
Miscellaneous	184,059	150,156	130,810	87,300	77,070	77,070	77,070
Other Financing Sources	1,320	3,032	0	0	0	0	0
Current Revenues	$8,701,677	$9,721,804	$10,683,800	$10,923,500	$10,196,210	$10,196,210	$10,170,490
Total Resources	$11,758,104	$12,241,389	$13,085,975	$13,613,680	$13,616,950	$13,716,950	$13,691,230
Requirements:							
Operating Budget:							
Fire & Rescue	$8,847,789	$9,105,462	$10,638,570	$9,623,500	$11,424,260	$11,524,260	$11,524,260
Total Operating Budget	$8,847,789	$9,105,462	$10,638,570	$9,623,500	$11,424,260	$11,524,260	$11,524,260
Non-Operating:							
Transfers Out	$390,730	$445,747	$1,365,440	$469,440	$1,376,920	$1,376,920	$1,376,920
Contingency	0	0	192,170	0	220,870	220,870	220,870
Total Non-Operating	$390,730	$445,747	$1,557,610	$469,440	$1,597,790	$1,597,790	$1,597,790
Total Requirements	$9,238,519	$9,551,209	$12,196,180	$10,092,940	$13,022,050	$13,122,050	$13,122,050
Ending Budgetary Fund Balance	$2,519,585	$2,690,180	$889,795	$3,520,740	$594,900	$594,900	$569,180





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

RESPONSIBILITIES:

- Provide leadership, direction, and technical support to the department through management of information and finances, strategic planning and analysis, training, safety programs, and provision of employee services (recruitment, retention and development).
- Provide responsive customer service.
- 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.
- Put in service the replacement for the 1982 Grumman aerial ladder truck.
- Replace the 1994 Central States interface/engine, the 1997 Freightliner/Lifeline ambulance, and the 1995 Ford Taurus.
- Replace EMS equipment (automatic ventilators and cardiac simulator).
- Complete the replacement of the Fire Department's records management system (RMS).

FY 08-09 HIGHLIGHTS:

- Conducted one volunteer training academy for new volunteers.
- Participated in a disaster drill with Good Samaritan Hospital in the fall of 2008.
- Participated in the state-wide Cascadia Peril exercise in April 2009.
- Shared costs with Benton County Emergency Management for a City/County Emergency Preparedness Planner.
- Ordered the replacement for the 1982 Grumman aerial ladder truck.
- Replaced a 1996 Jeep Cherokee, a 1998 Jeep Cherokee, and a 1993 Chevrolet Suburban.
- Replaced intravenous medication pumps for all ambulances.
- Updated the Fire Department Strategic Plan.
- Completed the brick sealing at Station 1.
- Started the process to resolve the Station 5 connectivity issues.
- Began the process for the Fire Department records management system (RMS) replacement.
- Replaced the exhaust extraction systems at Stations 1, 2, 3 and 4.
- Completed IAFF contract negotiations.

BUDGET BY CLASS:	ACTUAL 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	%CHANGE FROM 08-09 BUDGET
Personal Services	$1,191,952	$1,203,977	$1,364,840	$1,343,930	$1,466,360	7.44%
Supplies and Services	887,516	941,884	1,283,070	1,020,870	1,318,010	2.72%
Capital Outlay	339,096	302,579	914,940	519,090	1,177,890	28.74%
Total	$2,418,564	$2,448,440	$3,562,850	$2,883,890	$3,962,260	11.21%
EXPENDITURE BY PROGRAM						
Administration	$1,333,294	$1,457,054	$1,673,120	$1,629,310	$1,715,260	2.52%
Training	652,739	617,294	657,290	649,800	744,190	13.22%
Special Projects	432,530	374,092	1,232,440	604,780	1,502,810	21.94%
Total	$2,418,564	$2,448,440	$3,562,850	$2,883,890	$3,962,260	11.21%
Staffing Levels	10.45	10.50	11.00	11.00	10.70	-2.73%

RESPONSIBILITIES:

- Protect the lives and property of all persons within the community and surrounding district from the adverse effects of fires, sudden medical emergencies, or dangerous environmental conditions.

WORK PLAN:

- Meet or exceed current service levels and performance indicators.
- Begin construction on the drill tower facility.
- Reinstate a Fire Cadet program (contingent upon receiving matching donations).

FY 08-09 HIGHLIGHTS:

- 44,006 volunteer hours were worked in 2008 by 40.72 volunteers.
- Installed a solar water heater at Station 3 and upgraded the lighting at Stations 3 and 4, to comply with the department's sustainability initiatives.

BUDGET BY CLASS:	ACTUAL 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	%CHANGE FROM 08-09 BUDGET
Personal Services	$2,753,707	$2,785,206	$3,018,740	$2,874,340	$3,194,800	5.83%
Supplies and Services	591,464	649,552	624,820	593,170	675,200	8.06%
Capital Outlay	9,198	8,952	0	0	0	0.00%
Total	$3,354,369	$3,443,709	$3,643,560	$3,467,510	$3,870,000	6.21%
EXPENDITURE BY PROGRAM						
Fire Operations	$2,992,209	$3,112,386	$3,315,660	$3,161,220	$3,531,870	6.52%
Volunteers	58,791	54,039	73,050	67,940	68,290	-6.52%
Building & Grounds	75,327	67,615	63,100	58,310	65,230	3.38%
Equipment and Inventory	60,068	73,292	77,660	73,000	77,640	-0.03%
Vehicle and Apparatus	167,974	136,378	114,090	107,040	126,970	11.29%
Total	$3,354,369	$3,443,709	$3,643,560	$3,467,510	$3,870,000	6.21%
Staffing Levels	28.50	28.00	27.80	27.80	27.80	0.00%

Wild land training exercise

Burn to Learn exercise

Extrication demonstration

RESPONSIBILITIES:

- Provide code enforcement services designed to prevent or limit fire and associated hazards to life and property.
- Provide educational services, including juvenile fire-setter intervention. 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 one- and two- 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 08-09 HIGHLIGHTS:

- Performed 1,905 fire and life safety inspections.
- Provided 201 fire safety presentations interfacing with approximately 6,600 participants.
- Fire Prevention Week Open House attracted 1,200 attendees to the downtown fire station.
- Provided fire prevention and safety classes for 275 juniors and seniors at Corvallis High School.
- Provided theater fire safety training for 75 theater students at both local high schools.
- Distributed a "Fire Safety Landlords" brochure to all individuals who rent or manage multi-residential properties in Corvallis.
- Coordinated an off-campus housing smoke detector survey, performed by Greek sorority members and department volunteers.
- Conducted fire and life safety training academies for Greek Housing and OSU Housing (resident advisors).
- Conducted Safety Town for 400 pre-kindergarten children.

BUDGET BY CLASS:	ACTUAL 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	%CHANGE FROM 08-09 BUDGET
Personal Services	$872,728	$892,580	$978,790	$920,590	$1,057,100	8.00%
Supplies and Services	17,596	23,580	24,130	20,920	15,440	-36.01%
Capital Outlay	0	0	0	0	0	0.00%
Total	$890,324	$916,159	$1,002,920	$941,510	$1,072,540	6.94%
EXPENDITURE BY PROGRAM						
Fire Prevention	$890,324	$916,159	$1,002,920	$941,510	$1,072,540	6.94%
Total	$890,324	$916,159	$1,002,920	$941,510	$1,072,540	6.94%
Staffing Levels	8.80	8.60	8.60	8.60	8.60	0.00%

RESPONSIBILITIES:

- Provide high quality advanced life support ambulance service for patients in the Benton County Ambulance Service Area.

WORK PLAN:

- Meet or exceed current service levels and performance indicators.
- Research alternative and additional revenue sources for sustainable ambulance services.
- Continue with ongoing review of ambulance revenue collection practices/ strategies to maximize returns and compliance.
- Implement partnerships with other ambulance providers and/ or response agencies regarding administrative and operational EMS activities.
- Maintain department compliance with Local, State, and Federal requirements for ambulance service operations.

FY 08-09 HIGHLIGHTS:

- Received 94% "Excellent" or "Good" rating on the 2008 Citizen Attitude Survey for EMS services.
- Completed revisions to the Ambulance Service Area Plan in cooperation with Benton County Health Department.
- Completed State Emergency Medical Technician (EMT) recertification for all EMTs in the department.
- Purchased a new membership software module for subscription ambulance service.

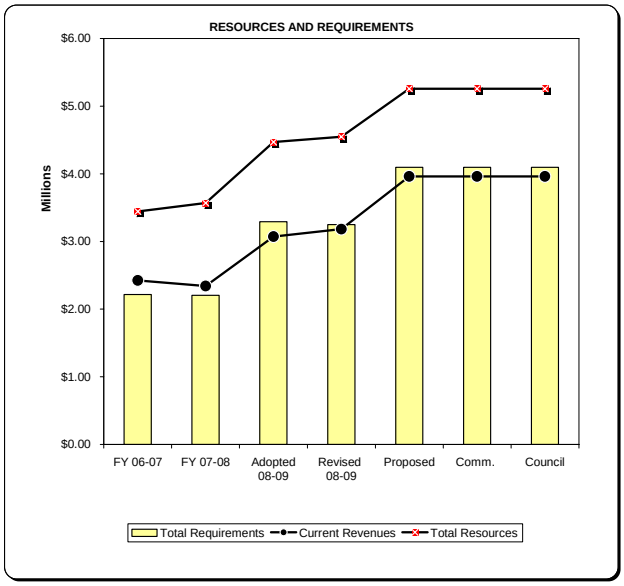
BUDGET BY CLASS:	ACTUAL 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	%CHANGE FROM 08-09 BUDGET
Personal Services	$2,042,064	$2,116,217	$2,274,100	$2,178,040	$2,443,120	7.43%
Supplies and Services	142,469	180,936	155,140	152,550	176,340	13.67%
Capital Outlay	0	0	0	0	0	0.00%
Total	$2,184,533	$2,297,154	$2,429,240	$2,330,590	$2,619,460	7.83%
EXPENDITURE BY PROGRAM						
Emergency Medical	$2,184,533	$2,297,154	$2,429,240	$2,330,590	$2,619,460	7.83%
Total	$2,184,533	$2,297,154	$2,429,240	$2,330,590	$2,619,460	7.83%
Staffing Levels	21.97	21.62	21.60	21.60	21.90	1.39%

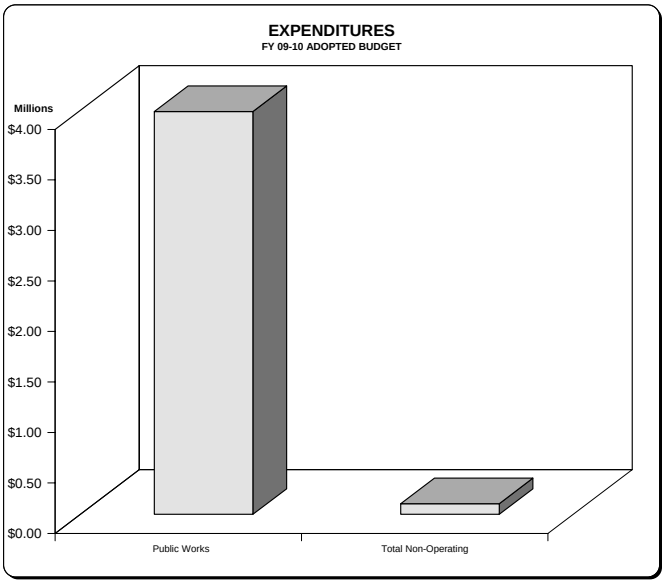
Ambulance patient care

EMS training

TRANSIT FUND SUMMARY

	ACTUAL 2006-07	ACTUAL 2007-08	ADOPTED BUDGET 2008-09	REVISED 2008-09	PROPOSED BUDGET 2009-10	COMMISSION RECOMMENDED 2009-10	COUNCIL APPROVED 2009-10
Resources:							
Beginning Fund Balance	$1,019,284	$1,227,840	$1,397,629	$1,363,584	$1,295,464	$1,295,464	$1,295,464
Property Taxes	$407,426	$425,824	$439,410	$440,070	$451,080	$451,080	$451,080
Charges for Service	399,965	463,642	457,340	457,340	442,050	442,050	442,050
Intergovernmental	990,446	808,119	1,452,710	1,584,710	2,338,620	2,338,620	2,338,620
Fines & Forfeitures	50	60	0	20	0	0	0
Miscellaneous	626,652	642,702	722,440	700,250	730,260	730,260	730,260
Current Revenues	$2,424,539	$2,340,347	$3,071,900	$3,182,390	$3,962,010	$3,962,010	$3,962,010
Total Resources	$3,443,823	$3,568,187	$4,469,529	$4,545,974	$5,257,474	$5,257,474	$5,257,474
Requirements:							
Operating Budget:							
Public Works	$2,203,535	$2,193,364	$3,209,880	$3,241,310	$3,988,670	$3,988,670	$3,988,670
Total Operating	$2,203,535	$2,193,364	$3,209,880	$3,241,310	$3,988,670	$3,988,670	$3,988,670
Non-Operating:							
Transfers Out	$12,448	$11,239	$21,730	$9,200	$27,010	$27,010	$27,010
Contingency	0	0	59,510	0	79,210	79,210	79,210
Total Non-Operating	$12,448	$11,239	$81,240	$9,200	$106,220	$106,220	$106,220
Total Requirements	$2,215,983	$2,204,603	$3,291,120	$3,250,510	$4,094,890	$4,094,890	$4,094,890
Ending Budgetary Fund Balance	$1,227,840	$1,363,584	$1,178,409	$1,295,464	$1,162,584	$1,162,584	$1,162,584





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

RESPONSIBILITIES:

- The Transportation and Buildings Division provides for efficient operations of the Corvallis Transit System (CTS), Philomath Connection (PC), and paratransit services to help meet alternative transportation needs within the community. Through intergovernmental agreements, the division provides the management and administration of the Benton County Special Transportation Fund services.
- The 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:

- 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.
- Initiate limited bus service to the Crescent Valley area, with supplementary funding from the 509J School District.
- Purchase four CTS buses, including three with ARRA funds.

FY 08-09 HIGHLIGHTS:

- Continued the transit "Youth Ride Free" summer program funded as a result of a donation from Allied Waste of Corvallis.
- Used B-20 bio-diesel in the transit buses.
- Replaced two CTS buses.

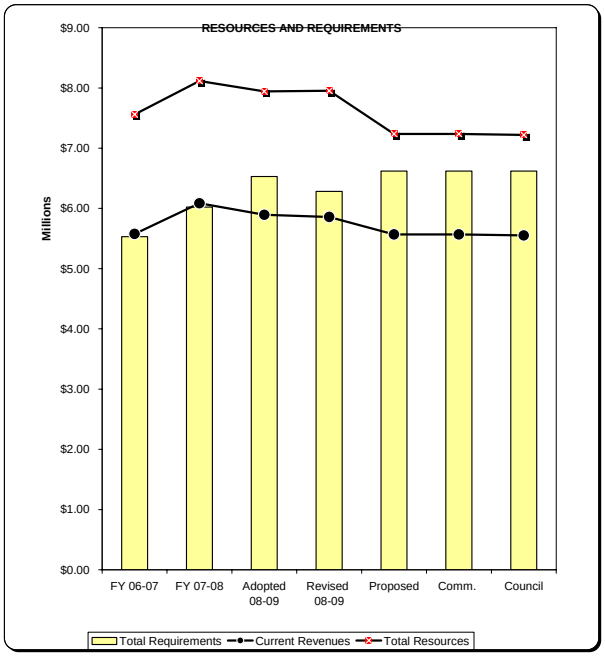
BUDGET BY CLASS:	ACTUAL 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	%CHANGE FROM 08-09 BUDGET
Personal Services	$179,477	$241,323	$270,770	$269,390	$296,390	9.46%
Supplies and Services	1,716,656	1,937,042	2,279,110	2,222,870	2,321,790	1.87%
Capital Outlay	307,402	15,000	660,000	749,050	1,370,490	107.65%
Total	$2,203,535	$2,193,365	$3,209,880	$3,241,310	$3,988,670	24.26%
EXPENDITURE BY PROGRAM						
Transportation	$1,880,502	$2,160,779	$2,524,380	$2,465,170	$2,516,960	-0.29%
Special Projects	323,033	32,585	685,500	776,140	1,471,710	114.69%
Total	$2,203,535	$2,193,365	$3,209,880	$3,241,310	$3,988,670	24.26%
Staffing Levels	2.58	3.58	3.66	3.66	3.66	0.00%

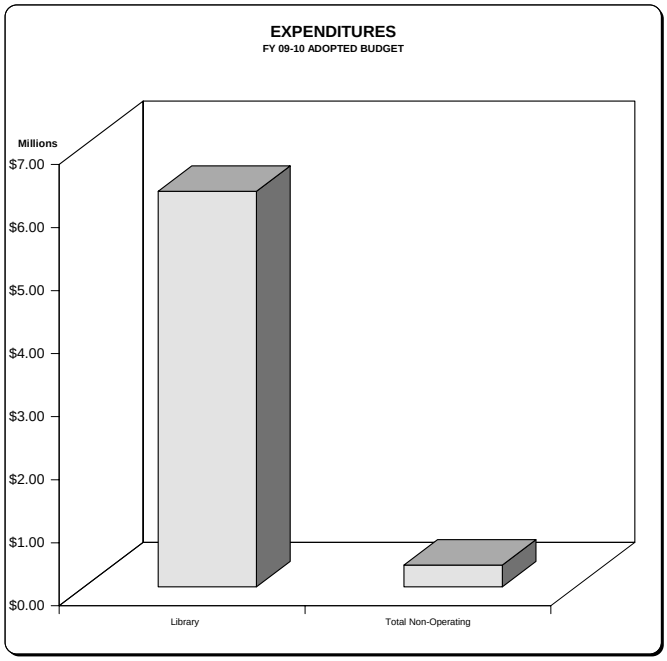
Trolley

Transit Bus

LIBRARY FUND SUMMARY

	ACTUAL 2006-07	ACTUAL 2007-08	ADOPTED BUDGET 2008-09	REVISED 2008-09	PROPOSED BUDGET 2009-10	COMMISSION RECOMMENDED 2009-10	COUNCIL APPROVED 2009-10
Resources:							
Beginning Fund Balance	$1,984,385	$2,030,479	$2,049,099	$2,093,977	$1,669,287	$1,669,287	$1,669,287
Property Taxes	$3,244,196	$3,506,888	$3,418,440	$3,423,630	$3,035,350	$3,035,350	$3,018,010
Charges for Service	37,863	38,482	44,500	44,800	45,600	45,600	45,600
Intergovernmental	2,048,259	2,263,021	2,204,150	2,196,950	2,288,000	2,288,000	2,288,000
Fines & Forfeitures	84,147	79,703	83,000	79,100	81,500	81,500	81,500
Miscellaneous	162,444	197,143	142,900	114,870	117,390	117,390	117,390
Current Revenues	$5,576,909	$6,085,237	$5,892,990	$5,859,350	$5,567,840	$5,567,840	$5,550,500
Total Resources	$7,561,294	$8,115,716	$7,942,089	$7,953,327	$7,237,127	$7,237,127	$7,219,787
Requirements:							
Operating Budget:							
Library	$5,335,516	$5,812,392	$6,192,510	$6,067,080	$6,273,370	$6,273,370	$6,273,370
Total Operating Budget	$5,335,516	$5,812,392	$6,192,510	$6,067,080	$6,273,370	$6,273,370	$6,273,370
Non-Operating:							
Transfers Out	$195,299	$209,347	$216,960	$216,960	$224,550	$224,550	$224,550
Contingency	0	0	121,320	0	121,320	121,320	121,320
Total Non-Operating	$195,299	$209,347	$338,280	$216,960	$345,870	$345,870	$345,870
Total Requirements	$5,530,815	$6,021,739	$6,530,790	$6,284,040	$6,619,240	$6,619,240	$6,619,240
Ending Budgetary Fund Balance	$2,030,479	$2,093,977	$1,411,299	$1,669,287	$617,887	$617,887	$600,547





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

RESPONSIBILITIES:

- The Administration Division provides vision, leadership, and support to plan and provide for library services to the community. Close collaboration is maintained with local governments, advisory boards and committees, community organizations and individual citizens.
- Manages the overhead and support functions of the Library, and actively promotes Library services and events. Coordination is provided for department-wide technology and volunteers.
- Accounts for expenditures using gifts, donations and grant funds.
- Special projects account for one-time expenditures that fall outside the normal scope of operations for the department.

WORK PLAN:

- Review, update and develop Library policies.
- Work with 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 some library materials and offer special services, including the Summer Reading Program, using donated funds.
- Continue planned building maintenance and refurbishing.
- Plan for implementation of recommendations from the FY 08-09 Strategic Plan.
- Special projects include meeting room carpet replacement, replacing the Bookmobile generator, and fire sprinkler installation in the Belluschi Wing.

FY 08-09 HIGHLIGHTS:

- Completed additional remodeling in the Corvallis lobby area and installed more self checkout machines that incorporate audiovisual materials security.
- Worked with the consultant to complete the new strategic plan.
- "The Best Gift: the History of the Corvallis-Benton County Public Library" by Thomas McClintock was published.
- Installed a security camera system in the Corvallis Public Library.

BUDGET BY CLASS:	ACTUAL 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	%CHANGE FROM 08-09 BUDGET
Personal Services	$583,709	$638,998	$654,740	$659,890	$690,160	5.41%
Supplies and Services	1,104,457	1,240,255	1,412,440	1,281,460	1,404,870	-0.54%
Capital Outlay	0	132,408	84,220	88,150	10,640	-87.37%
Total	$1,688,166	$2,011,661	$2,151,400	$2,029,500	$2,105,670	-2.13%
EXPENDITURE BY PROGRAM						
Administration	$1,503,779	$1,600,805	$1,703,240	$1,653,460	$1,750,040	2.75%
Library Technology	127,977	134,389	135,450	135,450	144,080	6.37%
Grants	11,009	16,509	12,600	11,900	13,000	3.17%
Donations	31,637	125,822	129,340	78,320	122,020	-5.66%
Special Projects	13,764	134,136	170,770	150,370	76,530	-55.19%
Total	$1,688,166	$2,011,661	$2,151,400	$2,029,500	$2,105,670	-2.13%
Staffing Levels	5.80	5.80	5.80	5.80	5.80	0.00%

RESPONSIBILITIES:

- Deliver library services to Corvallis and Benton County through Adult and Youth Services, Access Services and Extension Services.
- Provide an effective materials collection that is accessible and usable through collection development, acquisitions, cataloging and processing.
- Provide personal assistance to patrons, systems for lending materials, special programs, and outreach services to meet the Library's mission of "bringing people and information together."

WORK PLAN:

- Continue to work with Monroe community in planning a new library building.
- Plan implementation of recommendations from the FY 08-09 Strategic Plan.
- Continue to develop the early literacy program.

FY 08-09 HIGHLIGHTS:

- Presented the annual Tcha Tee Man Wi Storytelling Festival and Summer Reading Program.
- Added preloaded audio book devices to the materials collection.
- Worked with Monroe community in planning a new library building.
- Presented events and activities related to the state-wide OregonReads 2009 program
- Began an early literacy program and provided literacy activities to childcare centers.
- Recyclable book bags offered for sale to patrons were very popular and decreased use of plastic bags.

BUDGET BY CLASS:	ACTUAL 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	%CHANGE FROM 08-09 BUDGET
Personal Services	$2,694,932	$2,867,339	$3,051,140	$3,051,140	$3,147,190	3.15%
Supplies and Services	952,418	922,396	989,970	982,160	1,020,510	3.08%
Capital Outlay	0	10,995	0	4,280	0	0.00%
Total	$3,647,350	$3,800,731	$4,041,110	$4,037,580	$4,167,700	3.13%
EXPENDITURE BY PROGRAM						
Access Services	$1,283,780	$1,370,910	$1,447,180	$1,451,150	$1,495,040	3.31%
Adult Services	585,221	640,438	661,920	659,600	678,220	2.46%
Collection Development	741,263	729,231	775,720	775,720	799,620	3.08%
Youth Services	410,200	425,722	477,540	474,750	494,140	3.48%
Extension Services	626,886	634,429	678,750	676,360	700,680	3.23%
Total	$3,647,350	$3,800,731	$4,041,110	$4,037,580	$4,167,700	3.13%
Staffing Levels	39.97	40.10	40.85	40.85	40.85	0.00%

CORVALLIS

ENHANCING COMMUNITY LIVABILITY

SECTION – VI
OTHER SPECIAL REVENUE FUNDS

Inspection Services

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 07-08.

b) **9-1-1 Fund** – to account for revenues and expenditures associated with operations of the regional emergency communications system (9-1-1) which is owned and operated by the City of Corvallis. Major revenue sources include intergovernmental revenue from the State, Benton County, the City of Corvallis, and other regional agencies. Expenditures are associated with the operation and maintenance of the 9-1-1 communications center.

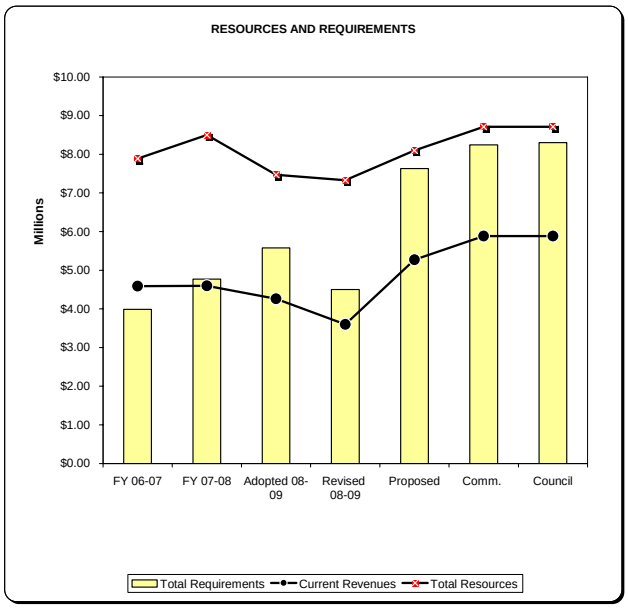
c) **Development Services Fund** – to account for revenues and expenditures associated with plan review and inspection services provided by the Development Services Division of the Community Development Department. The primary revenue source is permit fees paid for plan review and inspection of construction projects. Expenditures are for costs associated with the operation of the Development Services Division.

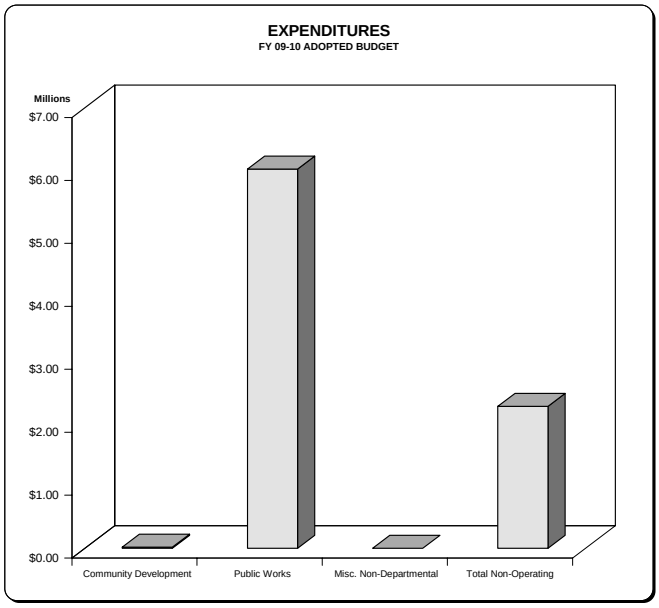
d) **Community Development Revolving Fund** – to account for revenues and expenditures associated with housing programs for low and very low income residents, improving the appearance and quality of life of neighborhoods and the community, and non-profit housing organizations which assist very low income residents. Major revenue sources include Federal grants from the U.S. Department of Housing and Urban Development and loan repayments. Expenditures provide grants for housing and community development activities, as well as loans for housing construction and rehabilitation, and down payment assistance. In all cases these programs focus on assisting low income Corvallis residents. For GASB Statement #34 reporting purposes, this fund was considered a Major Fund in the City's CAFR in FY 07-08.

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 2006-07	ACTUAL 2007-08	ADOPTED BUDGET 2008-09	REVISED 2008-09	PROPOSED BUDGET 2009-10	COMMISSION RECOMMENDED 2009-10	COUNCIL APPROVED 2009-10
Resources:							
Beginning Fund Balance	$3,297,908	$3,899,117	$3,206,867	$3,728,781	$2,826,781	$2,826,781	$2,826,781
Licenses/Permits	$460,243	$457,726	$450,420	$460,920	$478,490	$478,490	$478,490
Charges for Service	1,353,114	1,564,428	1,044,100	488,290	620,430	620,430	620,430
Intergovernmental	2,529,669	2,403,428	2,634,070	2,551,450	4,107,210	4,687,110	4,687,110
Fines & Forfeitures	398	2,448	100	140	100	100	100
Miscellaneous	200,502	150,198	134,170	99,420	67,370	96,470	96,470
Transfers In	18,589	19,783	0	0	0	0	0
Other Financing Sources	26,701	0	0	0	0	0	0
Current Revenues	$4,589,216	$4,598,011	$4,262,860	$3,600,220	$5,273,600	$5,882,600	$5,882,600
Total Resources:	$7,887,124	$8,497,128	$7,469,727	$7,329,001	$8,100,381	$8,709,381	$8,709,381
All Requirements:							
Operating Budget:							
Community Development	$17,389	$17,138	$18,660	$18,620	$19,710	$19,710	$19,710
Public Works	2,717,103	2,890,197	3,588,430	3,411,600	5,359,100	5,968,100	6,026,800
Misc. Non-Departmental	0	168,686	0	0	0	0	0
Total Operating Budget	$2,734,492	$3,076,021	$3,607,090	$3,430,220	$5,378,810	$5,987,810	$6,046,510
Non-Operating:							
Tranfers Out	$1,253,515	$1,692,326	$1,903,450	$1,072,000	$2,187,700	$2,187,700	$2,189,100
Contingency	0	0	65,200	0	65,200	65,200	65,200
Total Non-Operating	$1,253,515	$1,692,326	$1,968,650	$1,072,000	$2,252,900	$2,252,900	$2,254,300
Total Requirements	$3,988,007	$4,768,347	$5,575,740	$4,502,220	$7,631,710	$8,240,710	$8,300,810
Ending Budgetary Fund Balance	$3,899,117	$3,728,781	$1,893,987	$2,826,781	$468,671	$468,671	$408,571





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 08-09 HIGHLIGHTS:
- Transportation issues were considered in land use applications.

BUDGET BY CLASS:	ACTUAL 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	%CHANGE FROM 08-09 BUDGET
Personal Services	$15,859	$15,462	$16,510	$16,510	$17,420	5.51%
Supplies and Services	1,530	1,675	2,150	2,110	2,290	6.51%
Capital Outlay	0	0	0	0	0	0.00%
Total	$17,389	$17,138	$18,660	$18,620	$19,710	5.63%
EXPENDITURE BY PROGRAM						
Administration	$9,209	$8,590	$9,270	$9,250	$10,020	8.09%
Long Range Planning	8,180	8,548	9,390	9,370	9,690	3.19%
Special Projects	0	0	0	0	0	0.00%
Total	$17,389	$17,138	$18,660	$18,620	$19,710	5.63%
Staffing Levels	0.15	0.15	0.15	0.15	0.15	0.00%

Street light system

RESPONSIBILITIES:

- The Administration Division provides management and administrative support functions to the Department's Street Fund activities to ensure that services are efficiently delivered to maintain and upgrade public 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:

- Foster sustainable practices in all department operations.
- Update 10-year Information Services Strategic plan.
- 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.
- Design and manage construction of next year's planned Capital Improvements including Walnut Boulevard reconstruction, improvements to the 9th and Circle intersection, design of bike lanes on Country Club Drive, and design of electric vehicle charging stations.
- Use the $2.3 million received from the American Recovery and Reinvestment Act of 2009 (ARRA) to complete street rehabilitation projects such as grind/inlay.

FY 08-09 HIGHLIGHTS:

- 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 Monroe intersection improvements.
- Developed a presentation on the Governor's transportation funding proposal.
- Incorporated sustainability requirements in Requests for Bid (RFB) and Requests for Proposal (RFP).

BUDGET BY CLASS:	ACTUAL 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	%CHANGE FROM 08-09 BUDGET
Personal Services	$401,123	$447,414	$483,600	$482,890	$588,540	21.70%
Supplies and Services	379,320	405,360	652,040	667,630	2,805,970	330.34%
Capital Outlay	4,726	0	234,450	92,520	286,250	22.09%
Total	$785,169	$852,774	$1,370,090	$1,243,040	$3,680,760	168.65%
EXPENDITURE BY PROGRAM						
Administration	$469,795	$499,874	$543,920	$539,910	$570,310	4.85%
Development Review	114,750	122,816	146,400	145,780	146,970	0.39%
Engineering Admin/CIP	55,747	58,540	63,960	63,610	61,600	-3.69%
Planning & Capital Projects	126,768	140,582	169,560	169,650	261,840	54.42%
Special Projects	18,109	30,962	446,250	324,090	2,640,040	491.61%
Total	$785,169	$852,774	$1,370,090	$1,243,040	$3,680,760	168.65%
Staffing Levels	4.90	4.93	4.81	4.81	5.63	17.05%

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 82 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 projects.
- Use the American Recovery and Reinvestment Act dollars to get four years worth of street rehabilitation projects.

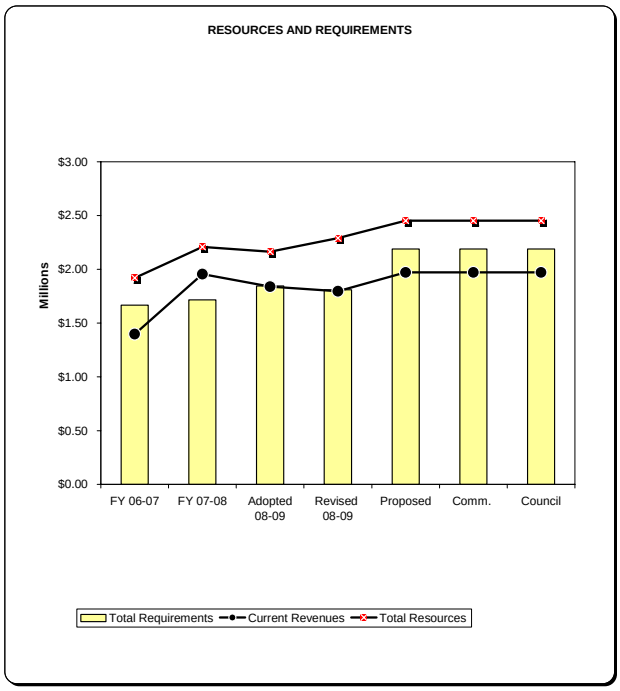
FY 08-09 HIGHLIGHTS:

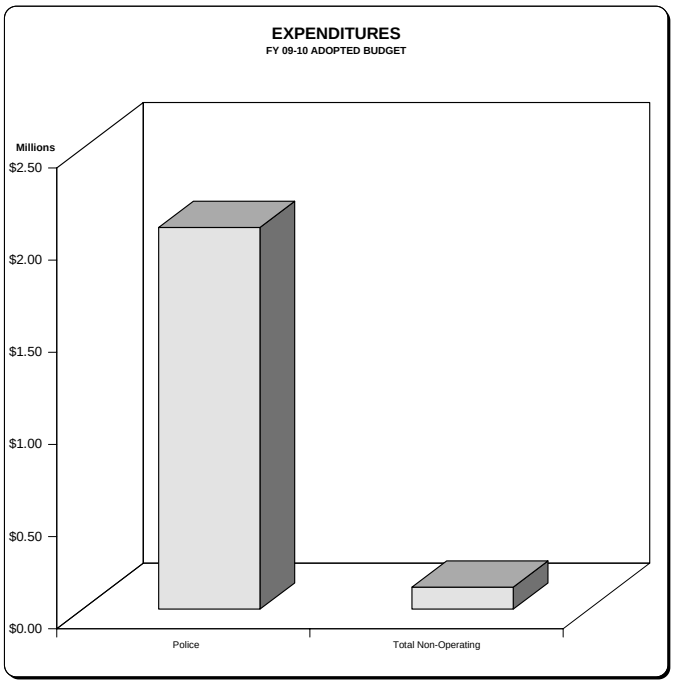
- Completed annual street preservation projects including: slurry seal and grind-inlay.
- Provided emergency response for multiple snow and ice events.
- Completed sign replacement, yellow curb painting and street marking upgrades in three districts.
- Coordinated and managed grind-inlay projects for OSU and Benton County.

BUDGET BY CLASS:	ACTUAL 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	%CHANGE FROM 08-09 BUDGET
Personal Services	$990,501	$1,037,086	$1,142,720	$1,142,720	$1,216,510	6.46%
Supplies and Services	932,935	989,937	1,068,620	1,018,840	1,120,530	4.86%
Capital Outlay	8,499	10,400	7,000	7,000	9,000	28.57%
Total	$1,931,934	$2,037,423	$2,218,340	$2,168,560	$2,346,040	5.76%
EXPENDITURE BY PROGRAM						
Street Maintenance	$931,766	$983,268	$1,055,360	$1,021,160	$1,078,210	2.17%
Paint and Sign	313,022	348,391	323,520	318,720	345,400	6.76%
Bike Facilities	85,893	85,260	142,510	151,010	215,240	51.04%
Street Cleaning	90,314	89,828	99,060	98,060	104,990	5.99%
Traffic Signals	224,404	213,935	260,840	254,740	259,540	-0.50%
Mapping and GIS	70,927	76,657	87,980	86,600	93,190	5.92%
Transportation Demand Mgt	71,784	73,684	79,510	77,570	77,920	-2.00%
Street Lighting	143,825	166,400	169,560	160,700	171,550	1.17%
Total	$1,931,934	$2,037,423	$2,218,340	$2,168,560	$2,346,040	5.76%
Staffing Levels	12.78	12.85	12.85	12.85	13.17	2.45%

9-1-1 EMERGENCY FUND SUMMARY

	ACTUAL 2006-07	ACTUAL 2007-08	ADOPTED BUDGET 2008-09	REVISED 2008-09	PROPOSED BUDGET 2009-10	COMMISSION RECOMMENDED 2009-10	COUNCIL APPROVED 2009-10
Resources:							
Beginning Fund Balance	$522,236	$253,409	$325,900	$493,639	$481,019	$481,019	$481,019
Charges for Service	$661,587	671,236	830,670	830,670	986,660	986,660	986,660
Intergovernmental	714,324	1,266,895	995,660	955,430	977,700	977,700	977,700
Miscellaneous	22,551	17,449	12,280	10,530	7,520	7,520	7,520
Current Revenues	$1,398,462	$1,955,580	$1,838,610	$1,796,630	$1,971,880	$1,971,880	$1,971,880
Total Resources	$1,920,698	$2,208,989	$2,164,510	$2,290,269	$2,452,899	$2,452,899	$2,452,899
Requirements:							
Operating Budget:							
Police	$1,589,202	$1,632,206	$1,732,200	$1,732,200	$2,070,690	$2,070,690	$2,070,690
Total Operating Budget	$1,589,202	$1,632,206	$1,732,200	$1,732,200	$2,070,690	$2,070,690	$2,070,690
Non-Operating:							
Transfers Out	$78,087	$83,144	$77,050	$77,050	$80,440	$80,440	$80,440
Contingency	0	0	36,720	0	38,570	38,570	38,570
Total Non-Operating	$78,087	$83,144	$113,770	$77,050	$119,010	$119,010	$119,010
Total Requirements	$1,667,289	$1,715,350	$1,845,970	$1,809,250	$2,189,700	$2,189,700	$2,189,700
Ending Budgetary Fund Balance	$253,409	$493,639	$318,540	$481,019	$263,199	$263,199	$263,199





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:

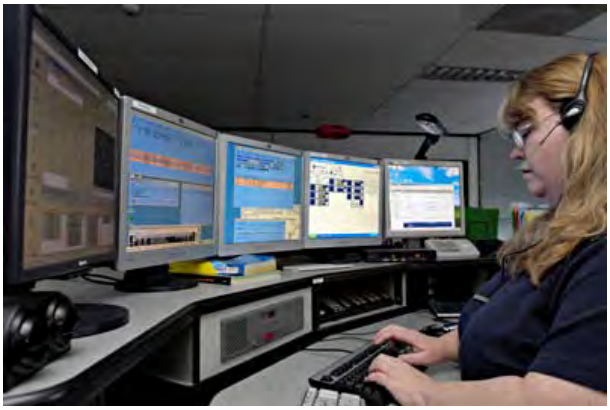
- Develop strategic plan and begin implementation of recommendations made by the Association of Public Safety Communications Officials (APCO) on site review.
- Complete radio infrastructure engineering study.
- Recruit, hire and train new dispatchers.
- Continue to participate with the Seven-county microwave interoperability initiative.
- Participate as necessary with the Oregon Wireless Interoperability Network.

FY 08-09 HIGHLIGHTS:

- Developed and adopted strategic plan based on APCO review.
- Converted to digital radio communication for law enforcement county-wide.
- Achieved Federal Communications Commission (FCC) 2013 narrow band compliance.

BUDGET BY CLASS:	ACTUAL 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	%CHANGE FROM 08-09 BUDGET
Personal Services	$1,123,215	$1,263,936	$1,350,030	$1,350,030	$1,571,620	16.41%
Supplies and Services	421,985	368,269	382,170	382,170	499,070	30.59%
Capital Outlay	44,001	0	0	0	0	0.00%
Total	$1,589,202	$1,632,206	$1,732,200	$1,732,200	$2,070,690	19.54%
EXPENDITURE BY PROGRAM						
9-1-1 Communications	$1,450,095	$1,602,761	$1,714,600	$1,714,600	$1,955,550	14.05%
Special Projects	139,107	29,445	17,600	17,600	115,140	554.20%
Total	$1,589,202	$1,632,206	$1,732,200	$1,732,200	$2,070,690	19.54%
Staffing Levels	15.85	15.85	15.85	15.85	19.85	25.24%

Note: FY 09-10 includes 4 dispatchers as approved by Budget Commission.



9-1-1 Dispatch Center

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 08-09 HIGHLIGHTS:

- Reduced original special projects due to budget shortfall from construction slowdown.
- Continued with implementation of field inspection software.
- Completed public outreach booth called "Good Wall/Bad Wall" to promote safe building practices and the benefits of permits.
- Participated in national code change hearings and served on numerous state committees to review proposals.

BUDGET BY CLASS:	ACTUAL 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	%CHANGE FROM 08-09 BUDGET
Personal Services	$103,924	$92,044	$101,080	$94,290	$108,560	7.40%
Supplies and Services	329,862	332,498	349,610	307,990	274,720	-21.42%
Capital Outlay	38,092	16,737	0	0	0	0.00%
Total	$471,878	$441,279	$450,690	$402,280	$383,280	-14.96%
EXPENDITURE BY PROGRAM						
Administration	$319,500	$351,160	$386,840	$380,500	$343,830	-11.12%
Special Projects	152,377	90,120	63,850	21,780	39,450	-38.21%
Total	$471,878	$441,279	$450,690	$402,280	$383,280	-14.96%
Staffing Levels	0.40	0.40	0.40	0.40	0.40	0.00%

Construction Plan Review

Inspection of solar panels at
Kelly Engineering Building

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.
- Explore current and future joint efforts of County and City building inspection programs.

FY 08-09 HIGHLIGHTS:

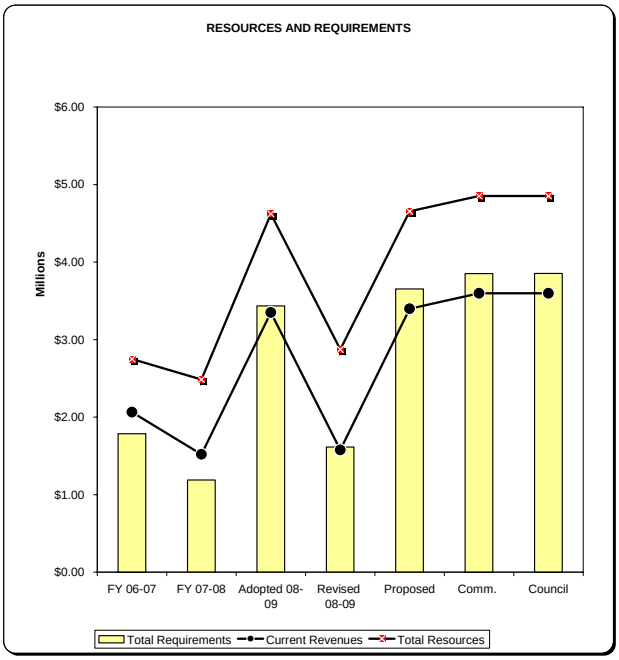
- Continued meeting regularly with the Development Services Stakeholder Advisory Group to solicit feedback and involvement of stakeholders on processes and policy issues.
- Participated in legislative and code development efforts at the State and National levels.
- Administered the Sidewalk Café ordinance.
- Worked through challenging revenue shortfall due to slowdown in construction. Reduced expenditures in personal services and non-personal services.
- Completed fee analysis and obtained Council and State approval for fee increase.
- Saw significant growth in numbers of mechanical and electrical permits issued online.
- Negotiated to agreement on administering School Excise Tax.

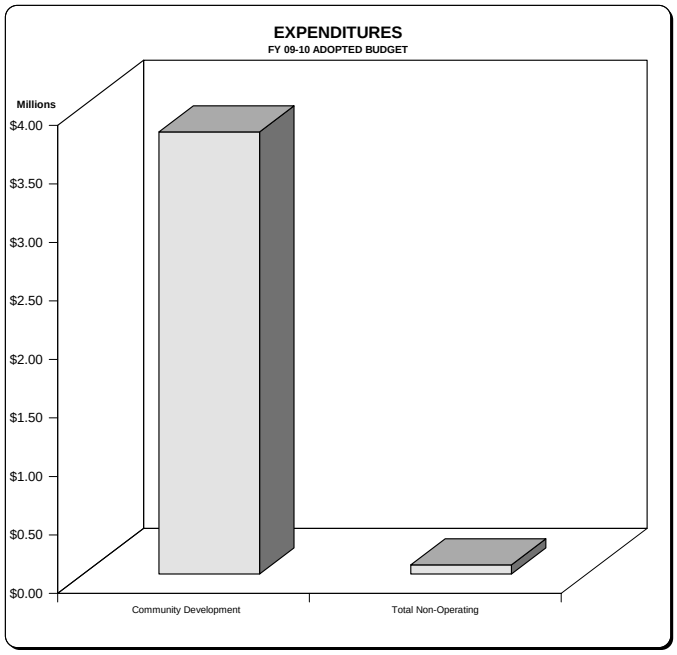
BUDGET BY CLASS:	ACTUAL 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	%CHANGE FROM 08-09 BUDGET
Personal Services	$1,558,407	$1,633,341	$1,977,220	$1,541,540	$1,378,000	-30.31%
Supplies and Services	106,580	110,689	134,770	99,600	121,810	-9.62%
Capital Outlay	0	0	0	0	0	0.00%
Total	$1,664,988	$1,744,030	$2,111,990	$1,641,140	$1,499,810	-28.99%
EXPENDITURE BY PROGRAM						
Administration	$270,200	$289,698	$323,280	$298,960	$314,590	-2.69%
Plan Review	668,210	705,141	877,960	582,490	536,870	-38.85%
Inspections	726,577	749,191	910,750	667,860	542,570	-40.43%
Land Use	0	0	0	91,830	105,780	0.00%
Total	$1,664,988	$1,744,030	$2,111,990	$1,641,140	$1,499,810	-28.99%
Staffing Levels	19.80	19.80	20.80	20.80	20.82	0.07%

Note: the division has 20.82 authorized positions, but only 14.40 are currently filled and budgeted.

COMMUNITY DEVELOPMENT REVOLVING FUND SUMMARY

	ACTUAL 2006-07	ACTUAL 2007-08	ADOPTED BUDGET 2008-09	REVISED 2008-09	PROPOSED BUDGET 2009-10	COMMISSION RECOMMENDED 2009-10	COUNCIL APPROVED 2009-10
All Resources:							
Beginning Fund Balance	$685,127	$964,169	$1,270,469	$1,294,100	$1,256,740	$1,256,740	$1,256,740
Licenses, Fees, & Permits	$90,912	$91,248	$94,320	$92,660	$110,680	$110,680	$110,680
Charges for Service	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Intergovernmental	1,667,461	742,005	2,775,300	997,950	2,738,770	2,937,680	2,937,680
Fines & Forfeitures	2,396	(1,732)	2,400	2,450	2,400	2,400	2,400
Miscellaneous	298,526	682,989	473,910	479,700	541,070	541,070	541,070
Current Revenues	$2,064,295	$1,519,510	$3,350,930	$1,577,760	$3,397,920	$3,596,830	$3,596,830
Total Resources	$2,749,422	$2,483,679	$4,621,399	$2,871,860	$4,654,660	$4,853,570	$4,853,570
All Requirements:							
Operating Budget:							
Community Development	$1,730,847	$1,164,191	$3,365,980	$1,450,480	$3,578,090	$3,777,000	$3,777,000
Total Operating	$1,730,847	$1,164,191	$3,365,980	$1,450,480	$3,578,090	$3,777,000	$3,777,000
Non-Operating:							
Transfers Out	$54,406	$25,388	$39,470	$164,640	$45,150	$45,150	$46,950
Contingency	0	0	30,350	0	30,350	30,350	30,350
Total Non-Operating	$54,406	$25,388	$69,820	$164,640	$75,500	$75,500	$77,300
Total Requirements	$1,785,253	$1,189,579	$3,435,800	$1,615,120	$3,653,590	$3,852,500	$3,854,300
Ending Budgetary Fund Balance	$964,169	$1,294,100	$1,185,599	$1,256,740	$1,001,070	$1,001,070	$999,270





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

RESPONSIBILITIES:

- Provide administration and management of the Housing Program ensuring efficient and cost effective services.

WORK PLAN:

- Continue to provide oversight of the Housing Division.

BUDGET BY CLASS:	ACTUAL 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	%CHANGE FROM 08-09 BUDGET
Personal Services	$18,721	$18,120	$18,660	$18,660	$20,320	8.90%
Supplies and Services	98,675	138,600	143,970	143,970	153,610	6.70%
Capital Outlay	0	0	0	0	0	0.00%
Total	$117,396	$156,720	$162,630	$162,630	$173,930	6.95%
EXPENDITURE BY PROGRAM						
Administration	$117,396	$146,720	$162,630	$162,630	$173,930	6.95%
Special Projects	0	10,000	0	0	0	0.00%
Total	$117,396	$156,720	$162,630	$162,630	$173,930	6.95%
Staffing Levels	0.14	0.14	0.14	0.14	0.14	0.00%

Jackson Street Youth Shelter

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.

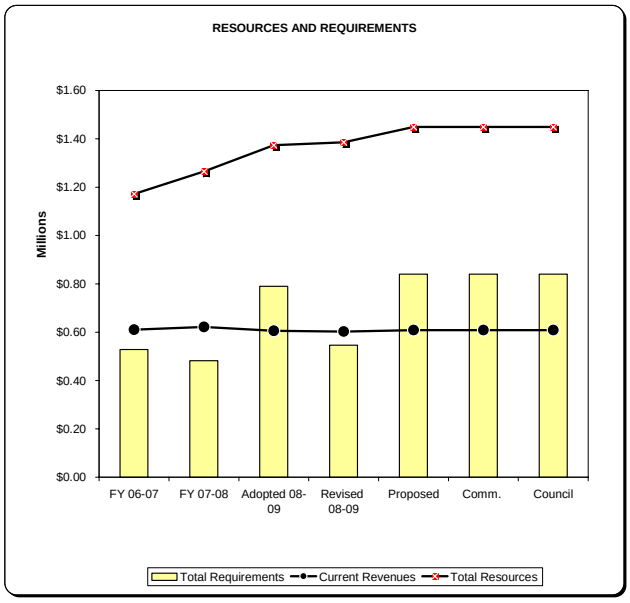
FY 08-09 HIGHLIGHTS:

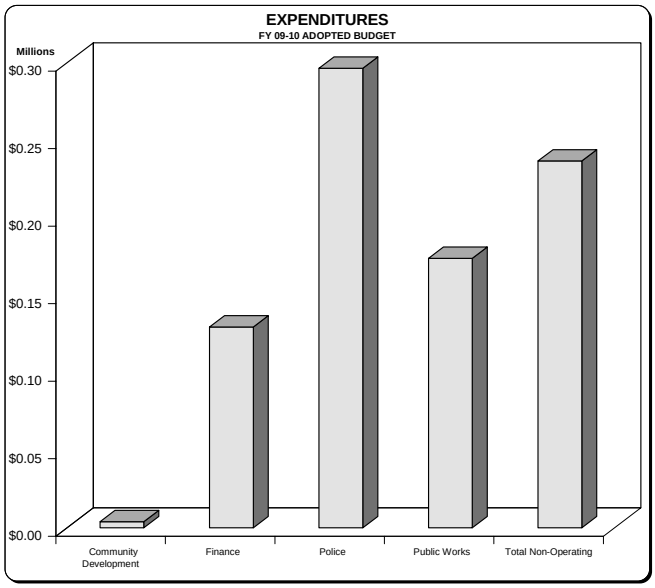
- Continued to carry out an approved Consolidated Plan for both HOME and CDBG funds.
- Reviewed funding requests and monitored non-profits' performance related to distribution of Human Service funds and HOME/CDBG capital funds.
- Worked with grantees and loan recipients to complete affordable housing projects that helped over 100 low, very low and extremely low income or special needs residents acquire or rehabilitate a home. Combined, the projects represent an investment of approximately $790,000 in City HOME, CDBG and Revolving Loan Fund resources.
- Delivered operational funding to ten social service agencies resulting in assistance to approximately 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 a rental housing information and standards enforcement program.

BUDGET BY CLASS:	ACTUAL 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	%CHANGE FROM 08-09 BUDGET
Personal Services	$359,539	$373,969	$396,830	$377,800	$417,130	5.12%
Supplies and Services	1,253,912	633,502	2,806,520	910,050	3,185,940	13.52%
Capital Outlay	0	0	0	0	0	0.00%
Total	$1,613,451	$1,007,471	$3,203,350	$1,287,850	$3,603,070	12.48%
EXPENDITURE BY PROGRAM						
Administration	$27,749	$29,629	$29,410	$29,410	$27,110	-7.82%
Non-Federal Assistance	53,243	61,827	202,950	64,800	203,390	0.22%
Rental Housing	84,104	90,495	99,930	99,930	107,890	7.97%
CDBG	626,757	765,119	1,228,550	616,650	1,288,000	4.84%
CDBG-ARRA	0	0	0	0	145,490	0.00%
HOME	821,597	60,401	1,642,510	477,060	1,831,190	11.49%
Total	$1,613,451	$1,007,471	$3,203,350	$1,287,850	$3,603,070	12.48%
Staffing Levels	4.75	4.75	4.75	4.75	5.00	5.31%

PARKING FUND SUMMARY

	ACTUAL 2006-07	ACTUAL 2007-08	ADOPTED BUDGET 2008-09	REVISED 2008-09	PROPOSED BUDGET 2009-10	COMMISSION RECOMMENDED 2009-10	COUNCIL APPROVED 2009-10
All Resources:							
Beginning Fund Balance	$561,119	$643,036	$767,676	$782,743	$839,853	$839,853	$839,853
Licenses & Permits	$17,906	$54,881	$17,000	$18,000	$18,000	$18,000	$18,000
Charges for Service	157,542	161,502	195,290	193,900	175,840	175,840	175,840
Fines & Forfeitures	401,917	372,551	373,000	373,000	401,000	401,000	401,000
Miscellaneous	33,178	32,671	20,500	18,190	13,910	13,910	13,910
Current Revenues	$610,543	$621,605	$605,790	$603,090	$608,750	$608,750	$608,750
Total Resources	$1,171,662	$1,264,641	$1,373,466	$1,385,833	$1,448,603	$1,448,603	$1,448,603
All Requirements:							
Operating Budget:							
Community Development	$3,022	$3,310	$3,580	$3,570	$3,900	$3,900	$3,900
Finance	99,256	108,177	117,650	116,260	129,500	129,500	129,500
Police	264,429	246,477	294,400	265,650	296,370	296,370	296,370
Public Works	141,507	102,744	142,960	141,570	173,770	173,770	173,770
Total Operating	$508,214	$460,708	$558,590	$527,050	$603,540	$603,540	$603,540
Non-Operating:							
Transfers Out	$20,412	$21,190	$218,930	$18,930	$224,190	$224,190	$224,190
Contingency	0	0	12,400	0	12,400	12,400	12,400
Total Non-Operating	$20,412	$21,190	$231,330	$18,930	$236,590	$236,590	$236,590
Total Requirements	$528,626	$481,898	$789,920	$545,980	$840,130	$840,130	$840,130
Ending Budgetary Fund Balance	$643,036	$782,743	$583,546	$839,853	$608,473	$608,473	$608,473





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

RESPONSIBILITIES:

- Provide assistance in parking issues related to developing options for parking facilities.

WORK PLAN:

- Continue to coordinate with City departments and others in strategies for parking.

FY 08-09 HIGHLIGHTS:

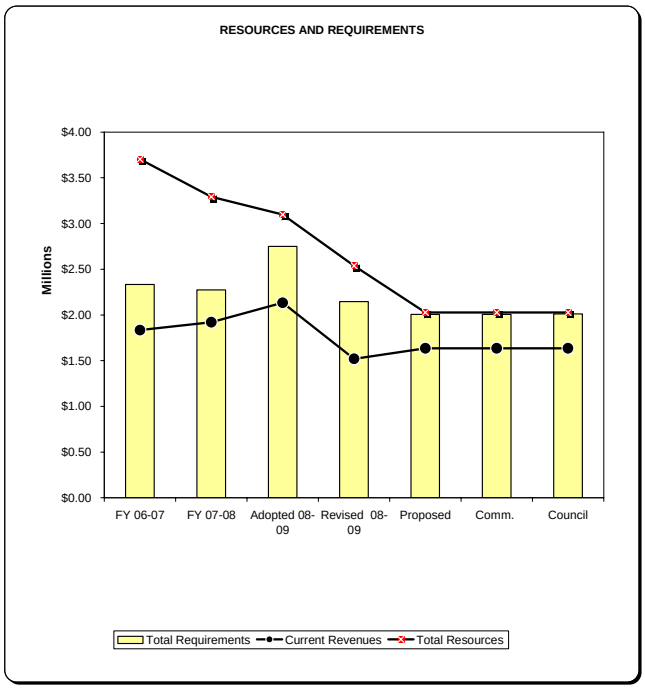
- Engage in discussions with other City departments and particularly with downtown interests about parking issues.

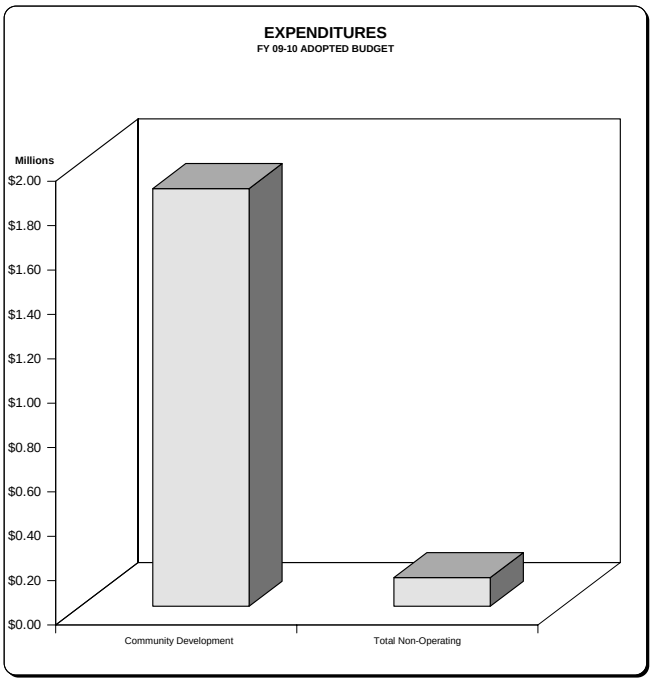
EXPENDITURE BY CLASS	ACTUAL 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	%CHANGE FROM 08-09 BUDGET
Personal Services	$2,762	$3,049	$3,170	$3,170	$3,470	9.46%
Supplies and Services	260	262	410	400	430	4.88%
Capital Outlay	0	0	0	0	0	0.00%
Total	$3,022	$3,311	$3,580	$3,570	$3,900	8.94%
EXPENDITURE BY PROGRAM						
Administration	$3,022	$3,311	$3,580	$3,570	$3,900	8.94%
Total	$3,022	$3,311	$3,580	$3,570	$3,900	8.94%
Staffing Levels	0.02	0.02	0.02	0.02	0.02	0.00%

Riverfront Parking area

DEVELOPMENT SERVICES FUND SUMMARY

	ACTUAL 2006-07	ACTUAL 2007-08	ADOPTED BUDGET 2008-09	REVISED 2008-09	PROPOSED BUDGET 2009-10	COMMISSION RECOMMENDED 2009-10	COUNCIL APPROVED 2009-10
Resources:							
Beginning Fund Balance	$1,870,204	$1,371,013	$965,545	$1,018,001	$391,551	$391,551	$391,551
Licenses, Fees, & Permits	$1,024,443	$1,000,239	$1,194,500	$628,600	$686,930	$686,930	$686,930
Charges for Service	696,453	839,481	855,530	698,360	703,110	703,110	703,110
Miscellaneous	84,991	56,225	58,500	32,920	27,530	27,530	27,530
Transfer In	25,000	25,000	25,000	160,000	218,390	218,390	218,390
Other Financing Sources	3,000	0	0	0	0	0	0
Current Revenues	$1,833,887	$1,920,945	$2,133,530	$1,519,880	$1,635,960	$1,635,960	$1,635,960
Total Resources	$3,704,091	$3,291,958	$3,099,075	$2,537,881	$2,027,511	$2,027,511	$2,027,511
Requirements:							
Operating Budget:							
Community Development	$2,136,865	$2,185,309	$2,562,680	$2,043,420	$1,883,090	$1,883,090	$1,883,090
Total Operating Budget	$2,136,865	$2,185,309	$2,562,680	$2,043,420	$1,883,090	$1,883,090	$1,883,090
Non-Operating:							
Transfers Out	$196,213	$88,648	$138,700	$102,910	$122,520	$122,520	$129,070
Contingency	0	0	50,000	0	0	0	0
Total Non-Operating	$196,213	$88,648	$188,700	$102,910	$122,520	$122,520	$129,070
Total Requirements	$2,333,078	$2,273,957	$2,751,380	$2,146,330	$2,005,610	$2,005,610	$2,012,160
Ending Budgetary Fund Balance	$1,371,013	$1,018,001	$347,695	$391,551	$21,901	$21,901	$15,351





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

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 on-line payment service for defendants.

FY 08-09 HIGHLIGHTS:

- Staff met with representatives of OSU to address parking issues.
- Obtain motor vehicle information directly from Oregon Department of Motor Vehicles reducing administrative costs significantly.

EXPENDITURE BY CLASS	ACTUAL 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	%CHANGE FROM 08-09 BUDGET
Personal Services	$43,097	$51,571	$56,360	$56,350	$58,990	4.67%
Supplies and Services	56,159	56,606	61,290	59,910	70,510	15.04%
Capital Outlay	0	0	0	0	0	0.00%
Total	$99,256	$108,177	$117,650	$116,260	$129,500	10.07%
EXPENDITURE BY PROGRAM						
Administration	$99,256	$108,177	$117,650	$116,260	$129,500	10.07%
Total	$99,256	$108,177	$117,650	$116,260	$129,500	10.07%
Staffing Levels	1.00	1.00	1.00	1.00	1.00	0.00%

RESPONSIBILITIES:

- Manage parking operations consistent with City policy, ensuring equitable application of parking regulations.

WORK PLAN:

- Continue to increase parking availability through enforcement and public education presentations.
- Identify and purchase electric powered vehicle to replace gasoline powered scooters.
- Continue to ensure Parking Employment deployment strategies are nested with needs of the community and recommendations of the Downtown Parking Commission.

FY 08-09 HIGHLIGHTS:

- Increased public education of parking issues through presentations.

EXPENDITURE BY CLASS	ACTUAL 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	%CHANGE FROM 08-09 BUDGET
Personal Services	$202,151	$207,620	$224,940	$221,940	$225,600	0.29%
Supplies and Services	38,090	38,857	44,220	43,710	45,530	2.96%
Capital Outlay	24,188	0	25,240	0	25,240	0.00%
Total	$264,429	$246,477	$294,400	$265,650	$296,370	0.67%
EXPENDITURE BY PROGRAM						
Parking Enforcement	$240,241	$246,477	$269,160	$265,650	$271,130	0.73%
Special Projects	24,188	0	25,240	0	25,240	0.00%
Total	$264,429	$246,477	$294,400	$265,650	$296,370	0.67%
Staffing Levels	3.25	3.25	3.00	3.00	3.00	0.00%

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 Enforcement

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 and Downtown Parking Committee.
- Manage the residential parking districts.
- Respond to public requests for parking system changes.

FY 08-09 HIGHLIGHTS:

- Installed two bike lockers for pay-as-you-go users on the riverfront.

EXPENDITURE BY CLASS	ACTUAL 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	%CHANGE FROM 08-09 BUDGET
Personal Services	$75,672	$70,459	$75,420	$75,420	$91,220	20.95%
Supplies and Services	65,835	32,285	44,850	43,460	82,550	84.06%
Capital Outlay	0	0	22,690	22,690	0	-100.00%
Total	$141,507	$102,744	$142,960	$141,570	$173,770	21.55%
EXPENDITURE BY PROGRAM						
Parking Maintenance	$141,507	$102,744	$142,960	$141,570	$173,770	21.55%
Total	$141,507	$102,744	$142,960	$141,570	$173,770	21.55%
Staffing Levels	1.10	0.95	0.95	0.95	1.10	15.79%

Parking Pay Station

CORVALLIS

ENHANCING COMMUNITY LIVABILITY

SECTION – VII
CAPITAL CONSTRUCTION/DEBT SERVICE/PERMANENT FUNDS

WALNUT BOULEVARD, STREET RECONSTRUCTION PROJECT

TRANSIT CENTER

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 07-08.

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.

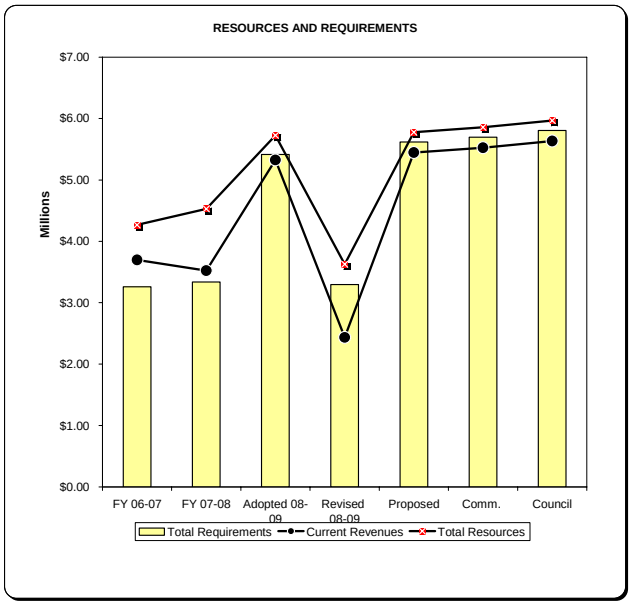
b) **Pension Obligation Debt Service Fund** – to account for revenues and expenditures associated with debt redemption for the Series 2002 A and 2005 A Pension Obligation Bonds. Major revenue sources include payments from operating funds for their proportion of annual debt service. Expenditures are for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

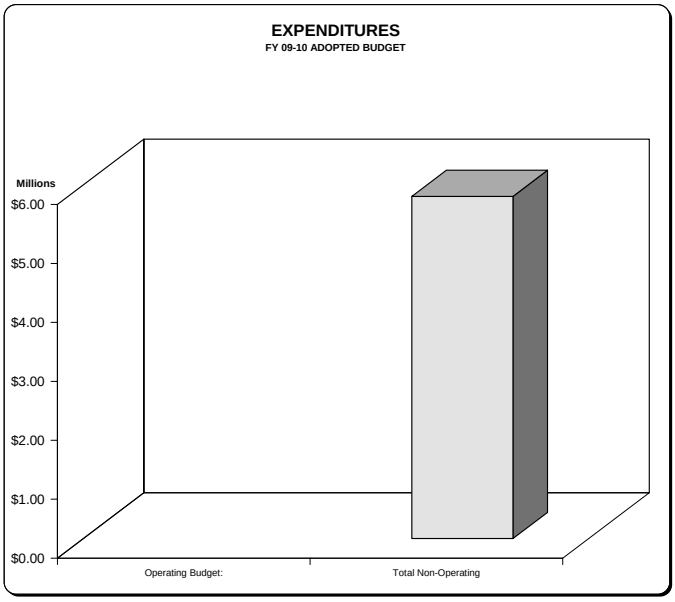
Permanent Funds – to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs.

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 2006-07	ACTUAL 2007-08	ADOPTED BUDGET 2008-09	REVISED 2008-09	PROPOSED BUDGET 2009-10	COMMISSION RECOMMENDED 2009-10	COUNCIL APPROVED 2009-10
All Resources:							
Beginning Fund Balance	$568,641	$1,006,689	$400,819	$1,191,342	$332,182	$332,182	$332,182
Intergovernmental	$646,670	$528,280	$848,430	$558,600	$841,080	$841,080	$841,080
Miscellaneous	137,776	327,256	228,670	216,050	88,920	166,920	166,920
Transfers In	2,913,595	2,667,610	4,248,155	1,661,450	4,516,625	4,516,625	4,627,625
Current Revenues	$3,698,041	$3,523,146	$5,325,255	$2,436,100	$5,446,625	$5,524,625	$5,635,625
Total Resources	$4,266,682	$4,529,835	$5,726,074	$3,627,442	$5,778,807	$5,856,807	$5,967,807
All Requirements:							
Operating Budget:							
Total Operating Budget	0	$0	$0	$0	$0	$0	$0
Non-Operating:							
Capital Projects	$3,259,993	$3,338,493	$5,413,150	$3,295,260	$5,617,140	$5,695,140	$5,806,140
Transfers Out	0	0	0	0	0	0	0
Total Non-Operating	$3,259,993	$3,338,493	$5,413,150	$3,295,260	$5,617,140	$5,695,140	$5,806,140
Total Requirements	$3,259,993	$3,338,493	$5,413,150	$3,295,260	$5,617,140	$5,695,140	$5,806,140
Ending Budgetary Fund Balance	$1,006,689	$1,191,342	$312,924	$332,182	$161,667	$161,667	$161,667





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 I and II of Majestic Theatre seismic construction.
- Complete Walnut Boulevard reconstruction.
- Complete Circle Boulevard right-turn lane at 9th Street.
- 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 08-09 HIGHLIGHTS:

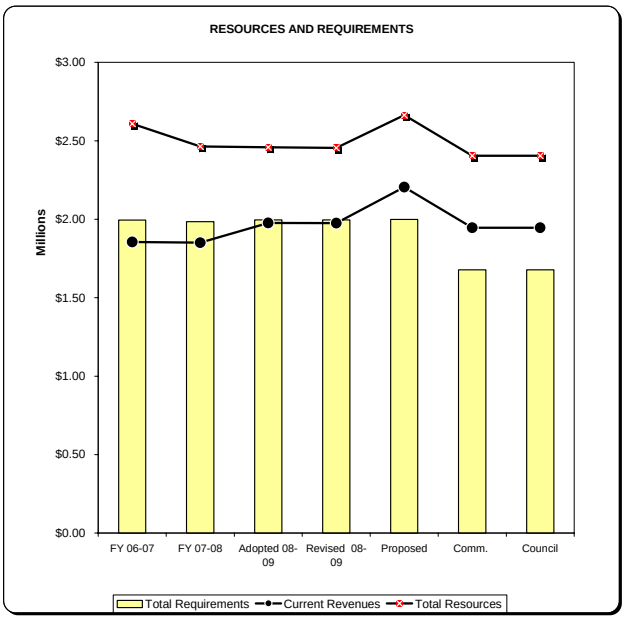
- Completed Phase II of Walnut Boulevard reconstruction.
- Completed Jefferson and Monroe Intersection Improvements.
- Completed Sunset Park Lighting Upgrades.

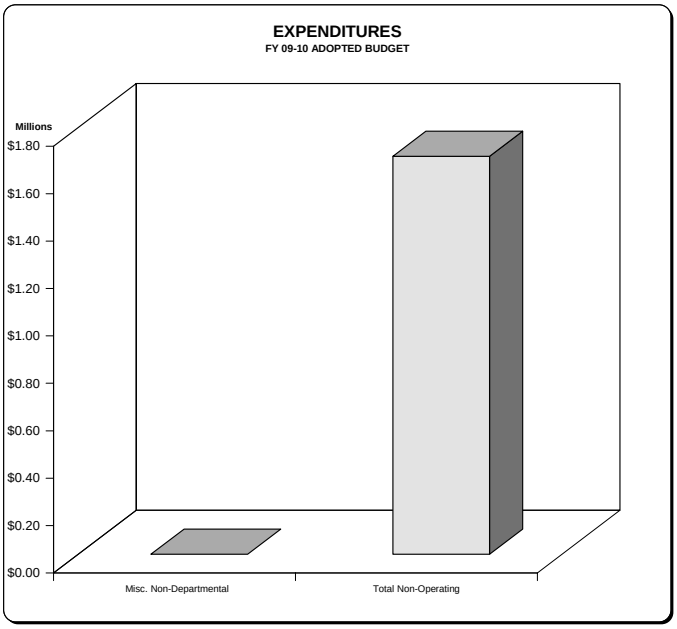
Department	ACTUAL 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	%CHANGE FROM 08-09 BUDGET
Fire	$0	$0	$896,000	$0	$896,000	0.00%
Park and Recreation	1,217,841	853,363	1,609,440	1,247,430	1,142,010	-29.04%
Public Works	2,042,152	2,485,130	2,907,710	2,047,830	3,768,130	29.59%
Total	$3,259,993	$3,338,494	$5,413,150	$3,295,260	$5,806,140	7.26%
Staffing Levels	5.71	5.71	5.71	5.71	5.29	-7.36%

Walnut Boulevard Reconstruction Project

GENERAL OBLIGATION DEBT SERVICE FUND SUMMARY

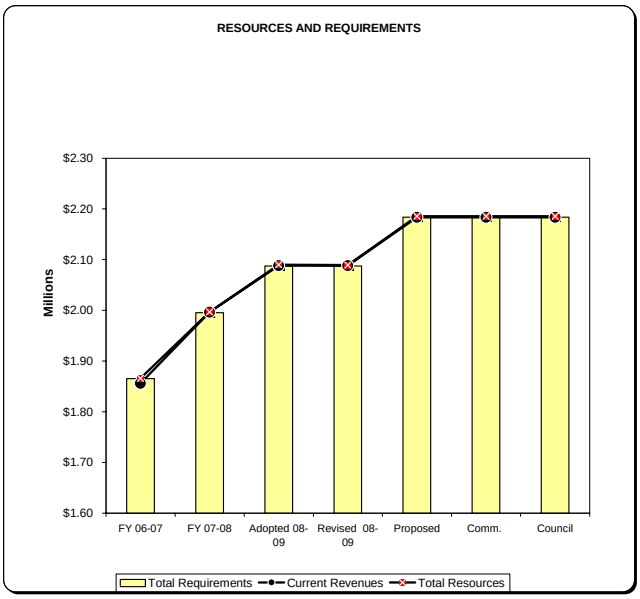
	ACTUAL 2006-07	ACTUAL 2007-08	ADOPTED BUDGET 2008-09	REVISED 2008-09	PROPOSED BUDGET 2009-10	COMMISSION RECOMMENDED 2009-10	COUNCIL APPROVED 2009-10
Resources:							
Beginning Fund Balance	$753,442	$613,970	$482,480	$479,163	$458,833	$458,833	$458,833
Property Taxes	$1,809,197	$1,818,914	$1,965,000	$1,965,000	$2,191,980	$1,933,460	$1,933,460
Miscellaneous	46,375	31,370	11,060	10,190	12,940	12,940	12,940
Current Revenues	$1,855,572	$1,850,284	$1,976,060	$1,975,190	$2,204,920	$1,946,400	$1,946,400
Total Resources	$2,609,014	$2,464,254	$2,458,540	$2,454,353	$2,663,753	$2,405,233	$2,405,233
All Requirements:							
Operating Budget:							
Misc. Non-Departmental	$1,325	$1,325	$0	$0	$0	$0	$0
Total Operating Budget	$1,325	$1,325	$0	$0	$0	$0	$0
Non-Operating:							
Debt Service - Principal	$1,265,000	$1,310,000	$1,380,000	$1,380,000	$1,445,000	$1,240,000	$1,240,000
Debt Service - Interest	728,719	673,766	615,520	615,520	553,210	438,270	438,270
Total Non-Operating	$1,993,719	$1,983,766	$1,995,520	$1,995,520	$1,998,210	$1,678,270	$1,678,270
Total Requirements	$1,995,044	$1,985,091	$1,995,520	$1,995,520	$1,998,210	$1,678,270	$1,678,270
Ending Budgetary Fund Balance	$613,970	$479,163	$463,020	$458,833	$665,543	$726,963	$726,963

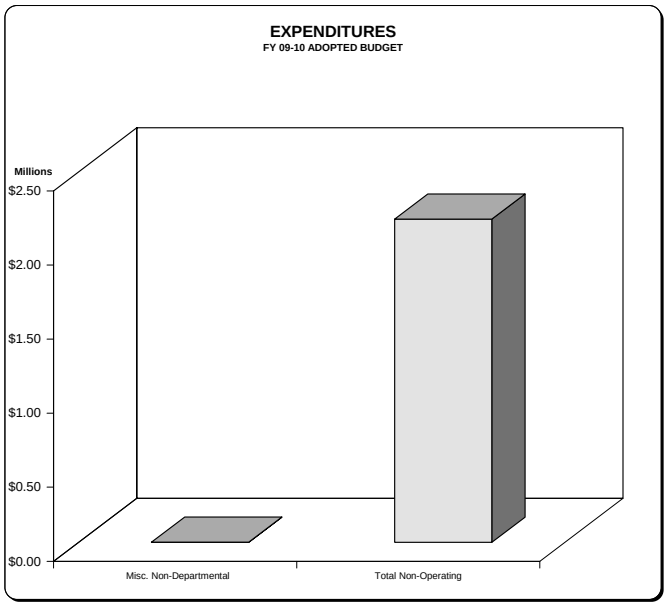




PENSION OBLIGATION DEBT SERVICE FUND SUMMARY

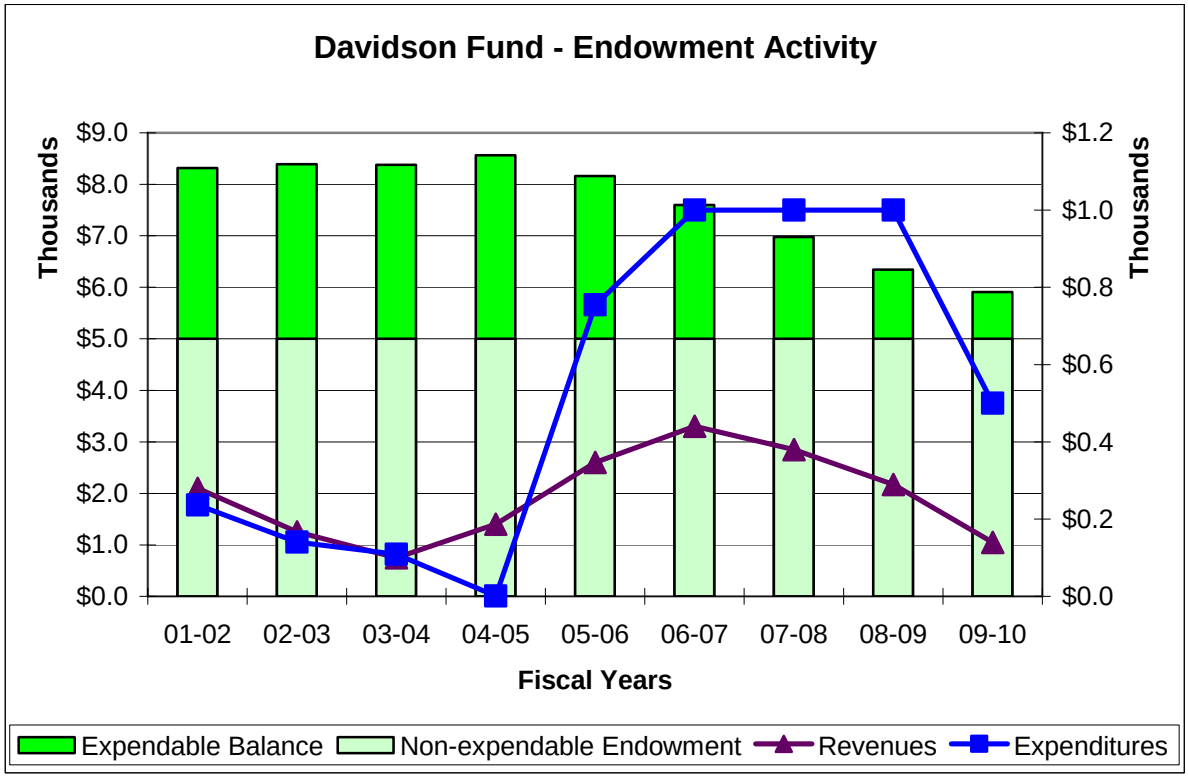
	ACTUAL 2006-07	ACTUAL 2007-08	ADOPTED BUDGET 2008-09	REVISED 2008-09	PROPOSED BUDGET 2009-10	COMMISSION RECOMMENDED 2009-10	COUNCIL APPROVED 2009-10
Resources:							
Beginning Fund Balance	$10,104	$697	$2,127	$1,581	$2,021	$2,021	$2,021
Miscellaneous	$1,519	$883	$0	$0	$0	$0	$0
Transfers In	1,854,424	1,995,351	2,087,990	2,087,990	2,183,610	2,183,610	2,183,610
Other Financing Sources	0	0	0	0	0	0	0
Current Revenues	$1,855,943	$1,996,234	$2,087,990	$2,087,990	$2,183,610	$2,183,610	$2,183,610
Total Resources	$1,866,047	$1,996,931	$2,090,117	$2,089,571	$2,185,631	$2,185,631	$2,185,631
Requirements:							
Operating Budget:							
Misc. Non-Departmental	$1,350	$1,350	$1,350	$1,350	$1,490	$1,490	$1,490
Total Operating Budget	$1,350	$1,350	$1,350	$1,350	$1,490	$1,490	$1,490
Non-Operating:							
Debt Service - Principal	$127,863	$230,618	$291,200	$291,200	$349,600	$349,600	$349,600
Debt Service - Interest	1,736,137	1,763,382	1,795,000	1,795,000	1,832,660	1,832,660	1,832,660
Total Non-Operating	$1,864,000	$1,994,000	$2,086,200	$2,086,200	$2,182,260	$2,182,260	$2,182,260
Total Requirements	$1,865,350	$1,995,350	$2,087,550	$2,087,550	$2,183,750	$2,183,750	$2,183,750
Ending Budgetary Fund Balance	$697	$1,581	$2,567	$2,021	$1,881	$1,881	$1,881





DAVIDSON FUND SUMMARY

	ACTUAL 2006-07	ACTUAL 2007-08	ADOPTED BUDGET 2008-09	REVISED 2008-09	PROPOSED BUDGET 2009-10	COMMISSION RECOMMENDED 2009-10	COUNCIL APPROVED 2009-10
Resources:							
Beginning Fund Balance	$8,159	$7,681	$7,051	$7,107	$6,267	$6,267	$6,267
Miscellaneous	$421	$346	$290	$160	$140	$140	$140
Transfers In	0	0	0	0	0	0	0
Current Revenues	$421	$346	$290	$160	$140	$140	$140
Total Resources	$8,580	$8,027	$7,341	$7,267	$6,407	$6,407	$6,407
Operating Budget:							
Library	$899	$920	$1,000	$1,000	$500	$500	$500
Total Requirements	$899	$920	$1,000	$1,000	$500	$500	$500
Ending Budgetary Fund Balance	$7,681	$7,107	$6,341	$6,267	$5,907	$5,907	$5,907



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 less in FY 09-10 to ensure that the trust's restricted principal of $5,000 remains intact.

FY 08-09 HIGHLIGHTS:

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

EXPENDITURE BY CLASS	ACTUAL 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	%CHANGE FROM 08-09 BUDGET
Personal Services	$0	$0	$0	$0	$0	0.00%
Supplies and Services	900	920	1,000	1,000	500	-50.00%
Capital Outlay	0	0	0	0	0	0.00%
Total	$900	$920	$1,000	$1,000	$500	-50.00%
EXPENDITURE BY PROGRAM						
Donations	$900	$920	$1,000	$1,000	$500	-50.00%
Total	$900	$920	$1,000	$1,000	$500	-50.00%
Staffing Levels	0.00	0.00	0.00	0.00	0.00	0.00%

Statue at Corvallis-Benton County Public Library

ROCK CREEK WATER TREATMENT FACILITY

CORVALLIS MUNICIPAL AIRPORT

SECTION – VIII
ENTERPRISE FUNDS

Operations in the enterprise funds are financed and operated in a manner similar to private business enterprises -- where the intent of the City Council is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis are to be financed or recovered primarily through user charges. The measurement focus is on determination of net income, financial position, and changes in financial position. Enterprise funds are accounted for on the accrual basis (transactions are recognized when they occur, regardless of the timing of related cash flows), and are budgeted for on the modified accrual basis (revenues are recognized when they become both "measurable" and "available to finance expenditures of the current period." Expenditures are generally recognized when the related fund liability is incurred). For GASB Statement #34 reporting purposes, all these funds are considered Major Funds in the City's CAFR in FY 07-08.

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.

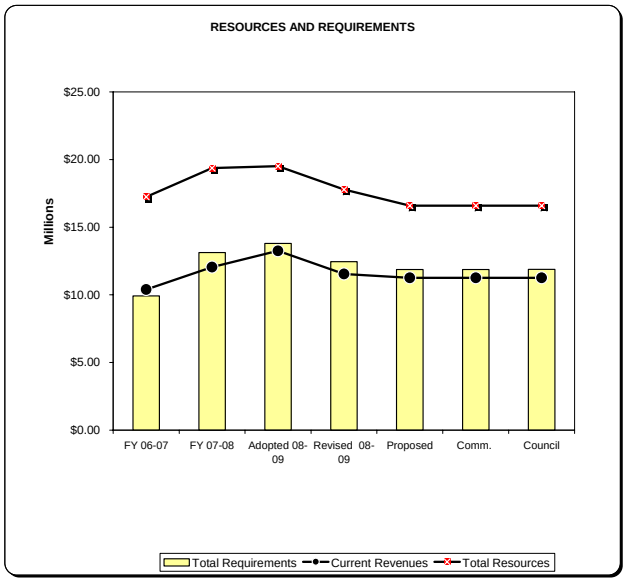
b) **Wastewater Fund** – to account for revenues and expenses associated with operating the City of Corvallis' sanitary sewer collection and treatment facilities. Major revenue sources include charges for service and wastewater SDC charges. Expenses include operating costs, debt service for wastewater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

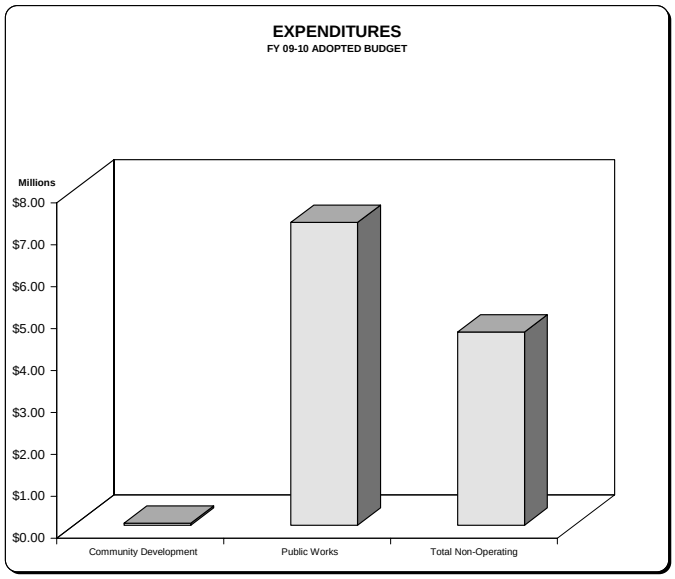
c) **Storm Water Fund** – to account for revenues and expenses associated with operating the City of Corvallis' storm drain system. Major revenue sources include charges for service and storm water SDC charges. Expenses include operating costs, debt service for storm water bonds, and capital construction 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 2006-07	ACTUAL 2007-08	ADOPTED BUDGET 2008-09	REVISED 2008-09	PROPOSED BUDGET 2009-10	COMMISSION RECOMMENDED 2009-10	COUNCIL APPROVED 2009-10
All Resources:							
Beginning Fund Balance	$6,839,908	$7,322,851	$6,247,631	$6,247,711	$5,326,861	$5,326,861	$5,326,861
Charges for Service	$8,213,079	$8,159,359	$9,233,100	$8,329,080	$8,859,910	$8,859,910	$8,859,910
Intergovernmental	849	0	65,700	0	0	0	0
Fines & Forfeitures	222	394	0	0	0	0	0
Miscellaneous	591,381	682,032	1,202,970	593,880	555,360	555,360	555,360
Transfers In	1,592,781	3,209,910	2,753,840	2,611,460	1,848,480	1,848,480	1,848,480
Other Financing Sources	0	0	0	0	0	0	0
Current Revenues	$10,398,312	$12,051,695	$13,255,610	$11,534,420	$11,263,750	$11,263,750	$11,263,750
Total Resources	$17,238,220	$19,374,546	$19,503,241	$17,782,131	$16,590,611	$16,590,611	$16,590,611
Operating Budget:							
Community Development	$40,528	$42,287	$46,600	$46,520	$49,580	$49,580	$49,580
Public Works	5,760,340	6,237,087	7,057,390	6,841,290	7,212,760	7,212,760	7,222,760
Total Operating Budget	$5,800,868	$6,279,374	$7,103,990	$6,887,810	$7,262,340	$7,262,340	$7,272,340
Non-Operating:							
Capital Projects	$1,241,030	$2,374,380	$2,548,810	$1,762,600	$1,337,930	$1,337,930	$1,337,930
Transfers Out	1,855,625	3,455,582	2,948,170	2,788,680	2,071,530	2,071,530	2,074,660
Debt Service - Principal	641,322	671,801	702,970	702,970	739,870	739,870	739,870
Debt Service - Interest	376,524	345,698	313,210	313,210	278,630	278,630	278,630
Contingency	0	0	177,470	0	177,470	177,470	177,470
Total Non-Operating	$4,114,501	$6,847,461	$6,690,630	$5,567,460	$4,605,430	$4,605,430	$4,608,560
Total Requirements	$9,915,369	$13,126,835	$13,794,620	$12,455,270	$11,867,770	$11,867,770	$11,880,900
Ending Budgetary Fund Balance	$7,322,851	$6,247,711	$5,708,621	$5,326,861	$4,722,841	$4,722,841	$4,709,711





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

RESPONSIBILITIES:

- Provide administration and management of inspection and planning programs ensuring efficient and cost effective service delivery.
- Coordinate interdepartmental studies and ongoing service issues.
- Review and approve development proposals as they relate to the connection to the City water system and calculate and impose Systems Development Charges (SDC) on these developments.
- Act as liaison between the Development Assistance Center and other City departments such as Public Works and Fire.

WORK PLAN:

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

FY 08-09 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 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	FROM 08-09 BUDGET
Personal Services	$36,193	$37,620	$41,270	$41,270	$43,970	6.54%
Supplies and Services	4,336	4,667	5,330	5,250	5,610	5.25%
Capital Outlay	0	0	0	0	0	0.00%
Total	$40,529	$42,287	$46,600	$46,520	$49,580	6.39%
EXPENDITURE BY PROGRAM						
Administration	$12,279	$12,064	$13,230	$13,220	$14,150	6.95%
Plan Review	20,343	22,102	24,640	24,590	26,440	7.31%
Inspections	547	489	270	270	270	0.00%
Long Range Planning	7,360	7,633	8,460	8,440	8,720	3.07%
Special Projects	0	0	0	0	0	0.00%
Total	$40,529	$42,287	$46,600	$46,520	$49,580	6.39%
Staffing Levels	0.44	0.44	0.44	0.44	0.44	-1.14%

South Fork railings

Taylor Lagoons

RESPONSIBILITIES:

- The Administration Division provides management and administrative support functions to the department's Water Fund activities to ensure that services to improve water quality and preserve our local environment are efficiently delivered. Functions include long-term planning for the utility, 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.
- Update 10-year Information Services Strategic plan.
- Review the utility rate structure.
- Maintain water system mapping and GIS data through incorporation of construction drawings and input from field crews.
- Provide timely review of design submittals for private development and ensure compliance to City standards by private development to protect the investment in public facilities.
- Design and manage construction of next year's planned Capital Improvements including improvements to the water distribution system and water treatment plants.

FY 08-09 HIGHLIGHTS:

- Completed the City's planned Capital Improvements including design and construction of the Baldy Reservoir cover replacement, Rock Creek Water Treatment Plant backwash tank replacement and improvements to the water distribution system.
- Incorporated sustainability requirements in Requests for Bids (RFB) and Requests for Proposal (RFP).

EXPENDITURE BY CLASS	ACTUAL 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	%CHANGE FROM 08-09 BUDGET
Personal Services	$679,093	$714,209	$774,030	$772,620	$793,320	2.49%
Supplies and Services	1,707,480	2,010,250	2,415,080	2,369,620	2,610,560	8.09%
Capital Outlay	119,804	45,382	256,030	153,110	138,230	-46.01%
Total	$2,506,377	$2,769,841	$3,445,140	$3,295,350	$3,542,110	2.81%
EXPENDITURE BY PROGRAM						
Administration	$1,481,854	$1,579,184	$1,748,160	$1,743,610	$1,822,360	4.24%
Street Maintenance	131,134	135,353	157,390	154,030	146,620	-6.84%
Mapping/GIS	88,782	89,849	105,700	104,380	114,160	8.00%
Development Review	128,623	133,486	158,550	158,080	160,230	1.06%
Engineering Admin/CIP	54,250	56,677	61,080	60,670	60,600	-0.79%
Planning and Projects	91,239	90,366	100,630	100,030	102,560	1.92%
Special Projects	530,494	684,925	1,113,630	974,550	1,135,580	1.97%
Total	$2,506,377	$2,769,841	$3,445,140	$3,295,350	$3,542,110	2.81%
Staffing Levels	7.85	7.83	7.71	7.71	7.59	-1.56%

RESPONSIBILITIES:

- Protect public health and the community's investment in the water system through efficient and effective system operation, preventive maintenance of equipment/structures, proactive repair/replacement of the infrastructure, compliance with State and federal regulations, and actions 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.
- Continue implementation of the Watershed Stewardship Plan.
- Secure water rights on the Willamette River.

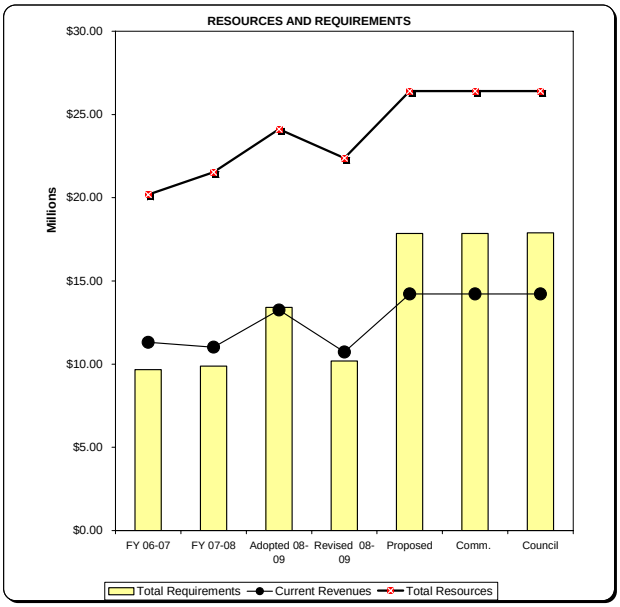
FY 08-09 HIGHLIGHTS

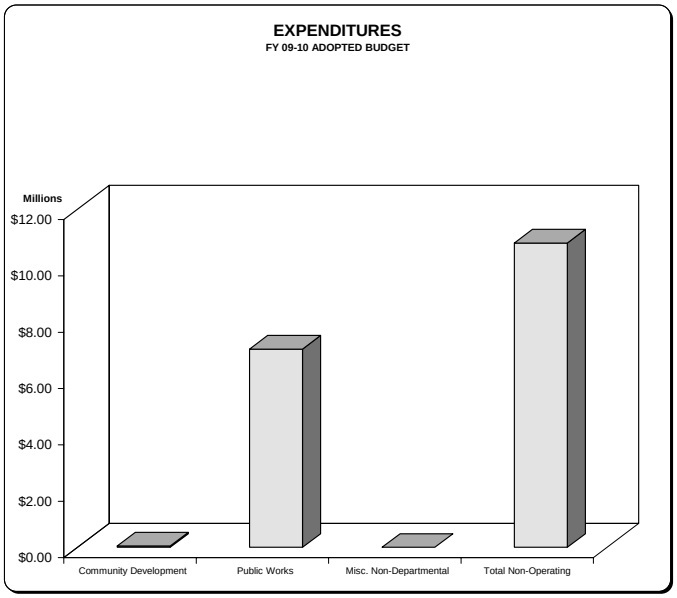
- Completed fish passage improvement projects on City Watershed including culvert replacement, fish ladder installation, and large woody debris placement.
- Completed water facilities security improvements.
- Achieved 100% compliance with all Environmental Protection Agency (EPA) drinking water quality regulations.

EXPENDITURE BY CLASS	ACTUAL 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	%CHANGE FROM 08-09 BUDGET
Personal Services	$1,913,069	$2,128,363	$2,222,320	$2,222,320	$2,239,090	0.75%
Supplies and Services	1,340,895	1,310,370	1,379,930	1,315,790	1,416,560	2.65%
Capital Outlay	0	28,514	10,000	7,830	25,000	
Total	$3,253,964	$3,467,247	$3,612,250	$3,545,940	$3,680,650	1.89%
EXPENDITURE BY PROGRAM						
Taylor Plant	$701,772	$746,699	$794,990	$786,570	$839,060	5.54%
Rock Creek Plant	284,373	309,741	323,820	312,620	316,880	-2.14%
Facility Automation	220,180	226,427	230,560	225,350	230,740	0.08%
Lab Services	103,255	106,411	113,700	111,900	113,330	-0.33%
Facility Maintenance	527,785	552,506	569,620	543,270	591,170	3.78%
Water Distribution	1,287,173	1,369,463	1,406,720	1,396,530	1,432,460	1.83%
Conservation/Pollution Prev.	60,232	69,070	73,930	72,400	61,320	-17.06%
Watershed Management	69,195	86,929	98,910	97,300	95,690	-3.26%
Total	$3,253,964	$3,467,247	$3,612,250	$3,545,940	$3,680,650	1.89%
Staffing Levels	24.60	24.80	25.55	25.55	25.10	-1.76%

WASTEWATER FUND SUMMARY

	ACTUAL 2006-07	ACTUAL 2007-08	ADOPTED BUDGET 2008-09	REVISED 2008-09	PROPOSED BUDGET 2009-10	COMMISSION RECOMMENDED 2009-10	COUNCIL APPROVED 2009-10
All Resources:							
Beginning Fund Balance	$8,869,994	$10,512,936	$10,865,077	$11,646,111	$12,184,951	$12,184,951	$12,184,951
Charges for Service	$9,916,502	$9,691,076	$10,579,680	$9,520,250	$9,763,460	$9,763,460	$9,763,460
Intergovernmental	924	0	0	0	0	0	0
Miscellaneous	523,084	495,169	350,580	277,500	211,790	211,790	211,790
Transfers In	853,041	830,256	2,323,370	928,240	4,246,080	4,246,080	4,246,080
Other Financing Sources	22,370	5,265	0	0	0	0	0
Current Revenues	$11,315,921	$11,021,766	$13,253,630	$10,725,990	$14,221,330	$14,221,330	$14,221,330
Total Resources	$20,185,915	$21,534,702	$24,118,707	$22,372,101	$26,406,281	$26,406,281	$26,406,281
All Requirements:							
Operating Budget:							
Community Development	$39,263	$41,185	$45,380	$45,350	$48,420	$48,420	$48,420
Public Works	5,518,772	6,190,812	6,578,400	6,025,680	7,001,340	7,001,340	7,036,340
Misc. Non-Departmental	0	0	0	0	0	0	0
Total Operating Budget	$5,558,035	$6,231,997	$6,623,780	$6,071,030	$7,049,760	$7,049,760	$7,084,760
Non-Operating:							
Capital Projects	$737,069	$336,239	$1,765,630	$689,430	$3,855,150	$3,855,150	$3,855,150
Transfers Out	1,058,585	1,002,635	2,514,570	1,111,770	4,450,840	4,450,840	4,452,240
Debt Service - Principal	1,298,240	1,353,465	1,410,010	1,410,010	1,462,880	1,462,880	1,462,880
Debt Service - Interest	1,021,050	964,255	904,910	904,910	842,810	842,810	842,810
Contingency	0	0	190,880	0	190,880	190,880	190,880
Total Non-Operating	$4,114,944	$3,656,594	$6,786,000	$4,116,120	$10,802,560	$10,802,560	$10,803,960
Total Requirements	$9,672,979	$9,888,591	$13,409,780	$10,187,150	$17,852,320	$17,852,320	$17,888,720
Ending Budgetary Fund Balance	$10,512,936	$11,646,111	$10,708,927	$12,184,951	$8,553,961	$8,553,961	$8,517,561





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

RESPONSIBILITIES:

- Provide administration and management of inspection and planning programs ensuring efficient and cost effective service delivery.
- Serve as part of interdepartmental team to coordinate studies and ongoing service issues.
- Review and approve development proposals as they relate to the connection to the City wastewater system and calculate and impose Systems Development Charges (SDC) on these developments.
- Act as liaison between the Development Assistance Center and other City departments such as Public Works and Fire.

WORK PLAN:

- Coordinate land use concerns with wastewater system planning and implementation efforts.
- Consult with Benton County Staff on health hazards (i.e., failing septic systems) in the County.
- Enhance the Division's capabilities to provide public information regarding Wastewater Fund charges for services.

FY 08-09 HIGHLIGHTS:

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

EXPENDITURE BY CLASS	ACTUAL 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	%CHANGE FROM 08-09 BUDGET
Personal Services	$36,193	$37,620	$41,270	$41,270	$43,970	6.54%
Supplies and Services	3,070	3,565	4,110	4,080	4,450	8.27%
Capital Outlay	0	0	0	0	0	0.00%
Total	$39,263	$41,185	$45,380	$45,350	48,420	6.70%
EXPENDITURE BY PROGRAM						
Administration	$11,969	$11,745	$12,610	$12,600	$13,590	7.77%
Plan Review	20,023	21,811	24,320	24,320	26,120	7.40%
Long Range Planning	7,271	7,630	8,450	8,430	8,710	3.08%
Special Projects	0	0	0	0	0	0.00%
Total	$39,263	$41,185	$45,380	$45,350	$48,420	6.70%
Staffing Levels	0.44	0.44	0.44	0.44	0.44	-1.14%

Wastewater Plant

Digester

RESPONSIBILITIES:

- The Administration Division provides management and administrative support functions to the department's Wastewater Fund activities to ensure that services to improve water quality and preserve the local environment are efficiently delivered. Functions include long-term planning for the utility, 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.
- Update 10-year Information Services Strategic plan.
- Review the utility rate structure.
- Maintain wastewater system mapping and GIS data through incorporation of construction drawings and input from field crews.
- Provide timely review of design submittals for private development and ensure compliance to City standards by private development to protect the investment in public facilities.
- Design and manage construction of next year's planned Capital Improvements including sanitary sewer rehabilitation and improvements to the wastewater reclamation plant.

FY 08-09 HIGHLIGHTS:

- Completed the City's planned Capital Improvements including design and construction of the sanitary sewer rehabilitation projects and design of Wastewater Reclamation Plant electrical equipment replacement.
- Incorporated sustainability requirements in RFBs and RFPs.

EXPENDITURE BY CLASS	ACTUAL 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	%CHANGE FROM 08-09 BUDGET
Personal Services	$608,578	$700,973	$780,190	$778,780	$800,890	2.65%
Supplies and Services	1,536,681	1,588,929	2,260,260	1,856,260	2,541,980	12.46%
Capital Outlay	188,537	644,128	80,000	0	214,600	168.25%
Total	$2,333,796	$2,934,030	$3,120,450	$2,635,040	$3,557,470	14.01%
EXPENDITURE BY PROGRAM						
Administration	$1,509,168	$1,625,271	$1,715,390	$1,709,250	$1,783,690	3.98%
Street Maintenance	52,989	62,427	76,300	74,650	72,860	-4.51%
Mapping/GIS	90,820	89,698	101,240	100,170	109,590	8.25%
Development Review	116,324	123,076	146,260	145,740	149,250	2.04%
Engineering Admin/CIP	53,075	56,206	60,520	60,140	60,040	-0.79%
Planning and Projects	113,002	168,064	204,140	203,530	206,590	1.20%
Special Projects	398,419	809,289	816,600	341,560	1,175,450	43.94%
Total	$2,333,796	$2,934,030	$3,120,450	$2,635,040	$3,557,470	14.01%
Staffing Levels	7.90	7.81	7.81	7.81	7.83	0.26%

RESPONSIBILITIES:

- Protect 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.
- Conclude negotiations with the Oregon Department of Environmental Quality (DEQ) to renew the City's discharge permit.

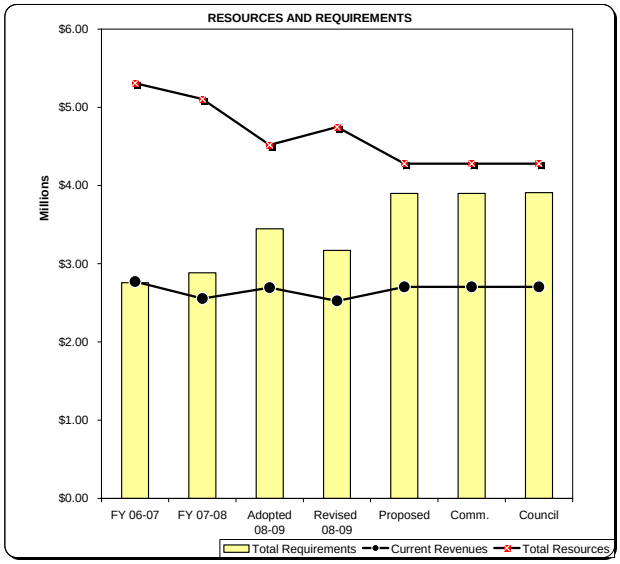
FY 08-09 HIGHLIGHTS:

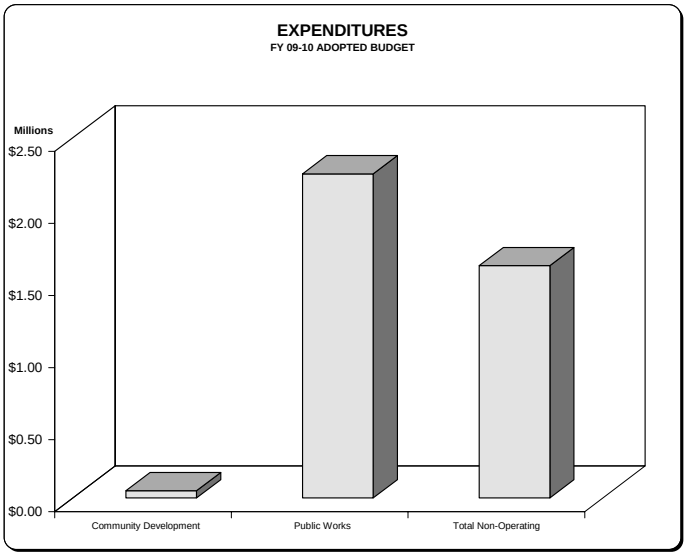
- Met all regulatory requirements; received a national award recognizing this accomplishment.
- Recycled over one million pounds of bio-solids as a soil amendment and nutrient source on local farmland.
- Completed a major evaluation of beneficial reuse opportunities for treated wastewater.

EXPENDITURE BY CLASS	ACTUAL 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	%CHANGE FROM 08-09 BUDGET
Personal Services	$2,005,983	$2,053,601	$2,225,950	$2,225,950	$2,209,100	-0.76%
Supplies and Services	1,156,015	1,186,490	1,198,500	1,133,360	1,227,770	2.44%
Capital Outlay	22,977	16,691	33,500	31,330	42,000	25.37%
Total	$3,184,975	$3,256,782	$3,457,950	$3,390,640	$3,478,870	0.60%
EXPENDITURE BY PROGRAM						
Wastewater Plant	$1,136,413	$1,103,694	$1,186,080	$1,149,090	$1,174,830	-0.95%
Biosolids Management	111,830	117,419	128,210	130,160	130,070	1.45%
United Chrome	10,696	10,224	23,320	23,320	20,270	-13.08%
Pretreatment Program	86,143	89,948	95,040	95,040	91,420	-3.81%
Facility Automation	225,114	232,820	240,970	234,840	241,250	0.12%
Lab Services	126,763	130,226	137,870	138,170	140,170	1.67%
Facility Maintenance	549,237	596,932	615,180	603,960	629,460	2.32%
Wastewater Collection	888,171	918,177	963,580	949,720	996,270	3.39%
Conserv/Pollution Prevention	50,608	57,342	67,700	66,340	55,130	-18.57%
Total	$3,184,975	$3,256,782	$3,457,950	$3,390,640	$3,478,870	0.60%
Staffing Levels	24.90	24.85	25.35	25.35	25.15	-0.79%

STORM WATER FUND SUMMARY

	ACTUAL 2006-07	ACTUAL 2007-08	ADOPTED BUDGET 2008-09	REVISED 2008-09	PROPOSED BUDGET 2009-10	COMMISSION RECOMMENDED 2009-10	COUNCIL APPROVED 2009-10
All Resources:							
Beginning Fund Balance	$2,534,488	$2,549,871	$1,822,171	$2,221,156	$1,576,506	$1,576,506	$1,576,506
Charges for Service	$1,965,377	$1,908,733	$1,885,570	$1,885,060	$1,914,450	$1,914,450	$1,914,450
Intergovernmental	0	16,341	0	0	0	0	0
Miscellaneous	126,432	105,133	85,930	54,300	44,790	44,790	44,790
Transfers In	680,382	524,645	723,100	586,330	745,000	745,000	745,000
Current Revenues	$2,772,191	$2,554,852	$2,694,600	$2,525,690	$2,704,240	$2,704,240	$2,704,240
Total Resources	$5,306,679	$5,104,723	$4,516,771	$4,746,846	$4,280,746	$4,280,746	$4,280,746
All Requirements:							
Operating Budget:							
Community Development	$40,750	$42,676	$46,770	$46,690	$49,820	$49,820	$49,820
Public Works	1,338,602	1,725,379	1,818,320	1,748,030	2,238,400	2,238,400	2,248,400
Total Operating Budget	$1,379,352	$1,768,055	$1,865,090	$1,794,720	$2,288,220	$2,288,220	$2,298,220
Non-Operating:							
Capital Projects	$585,032	$511,278	$732,100	$708,820	$745,000	$745,000	$745,000
Transfers Out	792,424	604,234	811,240	666,800	827,460	827,460	828,860
Contingency	0	0	37,860	0	37,860	37,860	37,860
Total Non-Operating	$1,377,456	$1,115,512	$1,581,200	$1,375,620	$1,610,320	$1,610,320	$1,611,720
Total Requirements	$2,756,808	$2,883,567	$3,446,290	$3,170,340	$3,898,540	$3,898,540	$3,909,940
Ending Budgetary Fund Balance	$2,549,871	$2,221,156	$1,070,481	$1,576,506	$382,206	$382,206	$370,806





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 08-09 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 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	%CHANGE FROM 08-09 BUDGET
Personal Services	$36,191	$37,621	$41,270	$41,270	$43,970	6.54%
Supplies and Services	4,559	5,055	5,500	5,420	5,850	6.36%
Capital Outlay	0	0	0	0	0	0.00%
Total	$40,750	$42,676	$46,770	$46,690	$49,820	6.52%
EXPENDITURE BY PROGRAM						
Administration	$13,208	$12,985	$13,750	$13,740	$14,740	7.20%
Plan Review	20,022	21,811	24,320	24,320	26,120	7.40%
Inspections	249	250	250	200	250	0.00%
Long Range Planning	7,271	7,630	8,450	8,430	8,710	3.08%
Special Projects	0	0	0	0	0	0.00%
Total	$40,750	$42,676	$46,770	$46,690	$49,820	6.52%
Staffing Levels	0.44	0.44	0.44	0.44	0.44	-1.14%

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, the 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.
- Update 10-year Information Services Strategic plan.
- Review the utility rate structure.
- Revamp the City newsletter insert on flood prevention activities.
- Maintain storm water facilities mapping and GIS data through incorporation of construction drawings and input from field crews.
- Provide timely review of design submittals for private development and ensure compliance to City standards by private development to protect the investment in public facilities.
- 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 08-09 HIGHLIGHTS:

- Completed the City's planned Capital Improvements to the storm drainage system, including replacement of an undersized storm sewer in Beca Avenue.
- Incorporated sustainability requirements in RFBs and RFPs.

Dixon Creek Restoration

Dixon Creek

STORM WATER FUND SUMMARY
PUBLIC WORKS DEPARTMENT
ADMINISTRATION/ENGINEERING/TRANSPORTATION/SPECIAL PROJECTS (continued)

EXPENDITURE BY CLASS	ACTUAL 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	%CHANGE FROM 08-09 BUDGET
Personal Services	$429,262	$487,897	$543,760	$543,550	$570,360	4.89%
Supplies and Services	453,880	729,791	705,350	645,620	904,900	28.29%
Capital Outlay	2,096	40,789	0	0	135,050	0.00%
Total	$885,238	$1,258,477	$1,249,110	$1,189,170	$1,610,310	28.92%
EXPENDITURE BY PROGRAM						
Administration	$349,607	$366,772	$397,310	$395,630	$402,590	1.33%
Street Maintenance	29,799	40,786	43,050	45,560	39,350	-8.59%
Street Cleaning	159,044	167,392	182,600	177,140	213,870	17.12%
Mapping/GIS	45,499	46,774	52,470	51,860	56,460	7.60%
Development Review	99,749	106,514	127,430	126,910	132,240	3.77%
Engineering Admin/CIP	43,031	45,344	50,280	49,870	49,960	-0.64%
Planning and Projects	108,840	145,974	165,970	165,700	165,790	-0.11%
Special Projects	49,668	338,922	230,000	176,500	550,050	139.15%
Total	$885,238	$1,258,477	$1,249,110	$1,189,170	$1,610,310	28.92%
Staffing Levels	6.02	6.07	6.07	6.07	6.11	0.58%

Storm Water Pipe Replacement

RESPONSIBILITIES:

- Operate and maintain the storm water system, which consists of a network of pipes, inlets, ponds, swales, open drainage ways, and urban streams that collect and convey rain water runoff to the Willamette River for the purpose of flood mitigation; and promote improvements to urban stream and Willamette River water quality through pollution prevention and natural resources conservation.

WORK PLAN:

- Maintain 100% compliance with DEQ/EPA issued National Pollution Discharge Elimination System (NPDES) storm water discharge permit.
- Maintain storm water system to minimize localized flooding events.
- Promote pollution prevention activities throughout the community.
- Construct a rain garden on a City street as a pilot for a storm water runoff management program.

FY 08-09 HIGHLIGHTS:

- Implemented year-one activities of the City's DEQ/EPA Storm Water System Discharge Permit.
- Achieved 100% compliance with all terms and conditions of the new discharge permit.
- Developed and submitted DEQ-required Total Daily Maximum Load (TDML) implementation plan.

EXPENDITURE BY CLASS	ACTUAL 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	%CHANGE FROM 08-09 BUDGET
Personal Services	$320,698	$333,371	$369,680	$369,680	$434,370	17.50%
Supplies and Services	132,665	133,531	199,530	189,180	203,720	2.10%
Capital Outlay	0	0	0	0	0	0.00%
Total	$453,364	$466,902	$569,210	$558,860	$638,090	12.10%
EXPENDITURE BY PROGRAM						
Surface Water Management	$395,915	$404,395	$498,380	$488,730	$543,070	8.97%
Conserv/Pollution Prevention	57,448	62,507	70,830	70,130	95,020	34.15%
Total	$453,364	$466,902	$569,210	$558,860	$638,090	12.10%
Staffing Levels	4.35	4.35	4.35	4.35	5.25	20.69%

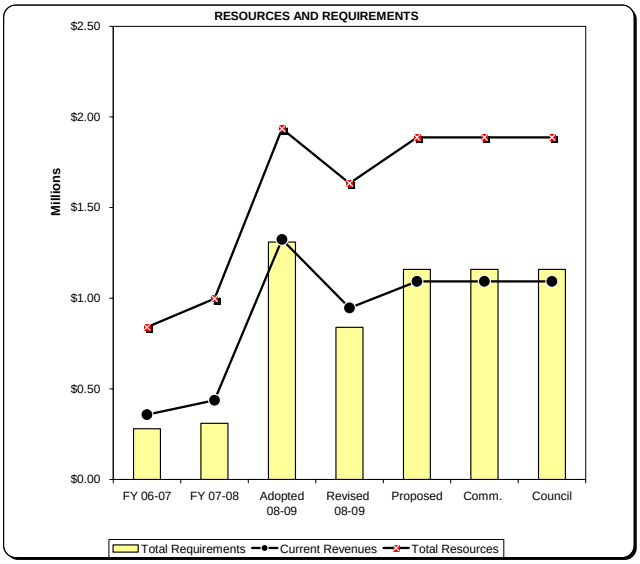
Note: FY 09-10 includes .50 FTE enhancement for Storm Water runoff management. The remaining change in FTE is due reallocation of staff to meet operational needs.

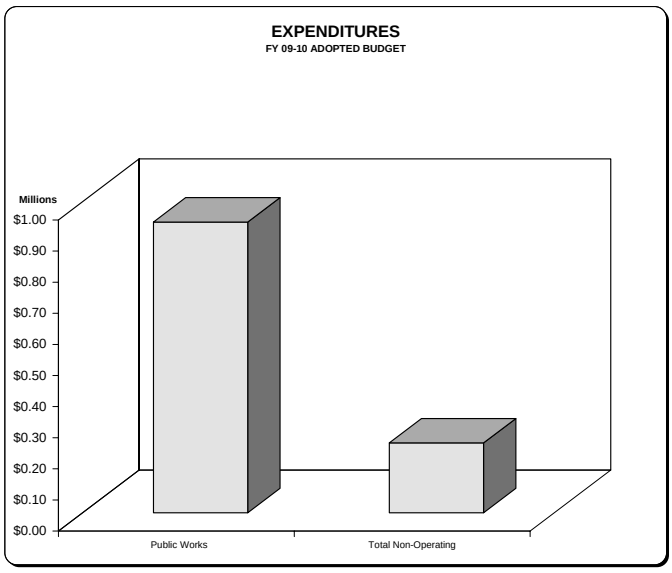
Grand Oaks detention pond

Storm Water basin

AIRPORT FUND SUMMARY

	ACTUAL 2006-07	ACTUAL 2007-08	ADOPTED BUDGET 2008-09	REVISED 2008-09	PROPOSED BUDGET 2009-10	COMMISSION RECOMMENDED 2009-10	COUNCIL APPROVED 2009-10
All Resources:							
Beginning Fund Balance	$482,430	$559,973	$611,133	$687,210	$794,850	$794,850	$794,850
Licenses & Permits	$4,493	$4,579	$4,500	$4,500	$4,500	$4,500	$4,500
Charges for Service	322,380	370,243	341,620	429,720	377,900	377,900	377,900
Intergovernmental	0	27,145	929,090	471,890	681,250	681,250	681,250
Miscellaneous	30,335	33,516	27,360	19,720	18,030	18,030	18,030
Transfers In	0	1,510	20,990	20,910	11,150	11,150	11,150
Current Revenues	$357,208	$436,993	$1,323,560	$946,740	$1,092,830	$1,092,830	$1,092,830
Total Resources	$839,638	$996,966	$1,934,693	$1,633,950	$1,887,680	$1,887,680	$1,887,680
All Requirements:							
Operating Budget:							
Public Works	$242,068	$242,945	$802,110	$339,560	$934,110	$934,110	$934,110
Total Operating Budget	$242,068	$242,945	$802,110	$339,560	$934,110	$934,110	$934,110
Non-Operating:							
Capital Projects	$0	$28,574	$442,400	$442,400	$122,390	$122,390	$122,390
Transfers Out	5,761	7,170	26,930	26,850	64,780	64,780	64,780
Debt Service - Principal	18,043	18,199	18,370	18,370	18,550	18,550	18,550
Debt Service - Interest	13,793	12,868	11,920	11,920	10,930	10,930	10,930
Contingency	0	0	7,670	0	7,670	7,670	7,670
Total Non-Operating	$37,597	$66,811	$507,290	$499,540	$224,320	$224,320	$224,320
Total Requirements	$279,665	$309,756	$1,309,400	$839,100	$1,158,430	$1,158,430	$1,158,430
Ending Budgetary Fund Balance	$559,973	$687,210	$625,293	$794,850	$729,250	$729,250	$729,250





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

RESPONSIBILITIES:

- The Administration Division provides management and administrative support functions to the department's Airport Fund activities to ensure that services are efficiently delivered. Functions include long-term planning for the Airport/Industrial Park, and 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.
- Update 10-year Information Services Strategic plan.
- Design and manage construction of next year's planned Capital Improvements including improvements to the airport facility.

FY 08-09 HIGHLIGHTS:

- Facilitated a process to develop a strategic plan for the airport and industrial park property.
- Incorporated sustainability requirements in RFBs and RFPs.

EXPENDITURE BY CLASS	ACTUAL 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	%CHANGE FROM 08-09 BUDGET
Personal Services	$8,370	$6,516	$7,400	$7,400	$7,760	4.86%
Supplies and Services	31,664	40,082	559,110	104,350	669,620	19.77%
Capital Outlay	0	0	0	0	0	0.00%
Total	$40,034	$46,598	$566,510	$111,750	$677,380	19.57%
EXPENDITURE BY PROGRAM						
Administration	$40,034	$42,338	$46,270	$46,270	$47,620	2.92%
Special Projects	0	4,260	520,240	65,480	629,760	21.05%
Total	$40,034	$46,598	$566,510	$111,750	$677,380	19.57%
Staffing Levels	0.08	0.08	0.08	0.08	0.08	0.00%

RESPONSIBILITIES:

- The Transportation & Buildings Division has responsibility for the City's Airport and Industrial Park, which includes administration of land leases, development of airport services, maintenance of facilities, and management of airport operations. The division provides the staff support to the Airport Commission.

WORK PLAN:

- Acquire joint Department of State Lands and Army Corps of Engineering permit to mitigate wetlands in the shovel-ready site.
- Provide for airport operations in accordance with FAA and Oregon Division of Aviation.
- Promote the Airport and Industrial Park properties to prospective tenants.

FY 08-09 HIGHLIGHTS:

- Incorporated Airport and Airport Industrial Park in the new enterprise zone.
- Replaced water service to main hanger building.
- Replaced south wing roof and siding on main hanger.

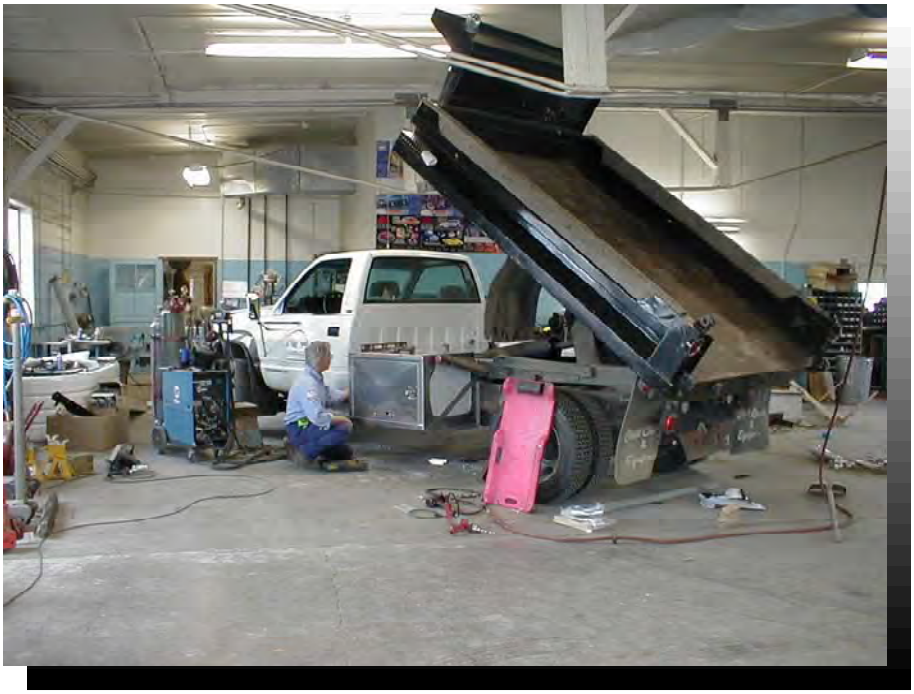
EXPENDITURE BY CLASS	ACTUAL 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	%CHANGE FROM 08-09 BUDGET
Personal Services	$90,978	$100,125	$106,640	$106,640	$127,900	19.94%
Supplies and Services	111,055	96,222	128,960	121,170	128,830	-0.10%
Capital Outlay	0	0	0	0	0	0.00%
Total	$202,034	$196,347	$235,600	$227,810	$256,730	8.97%
EXPENDITURE BY PROGRAM						
Airport Operations	$202,034	$196,347	$235,600	$227,810	$256,730	8.97%
Total	$202,034	$196,347	$235,600	$227,810	$256,730	8.97%
Staffing Levels	1.00	1.00	1.00	1.00	1.50	50.00%

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 07-08.

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.

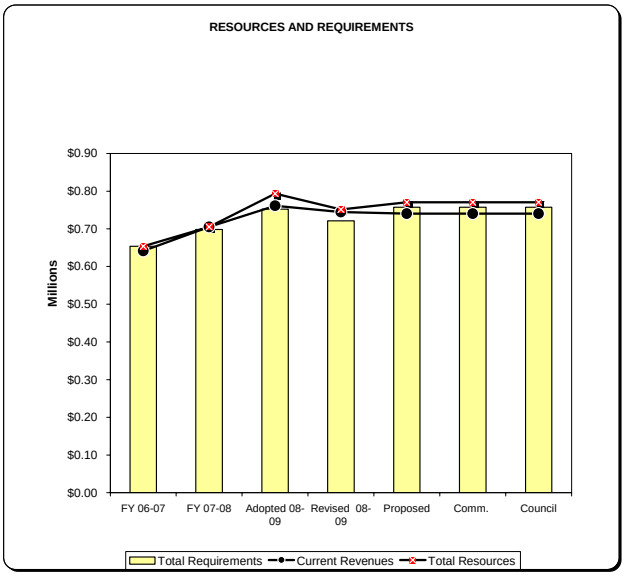
c) **Technology and Communications** – to account for revenue and expenses associated with operating the City of Corvallis' central computer, radio, and telephone systems. The major source of revenue is charges for service paid by operating departments based on a cost allocation plan. Expenses are for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

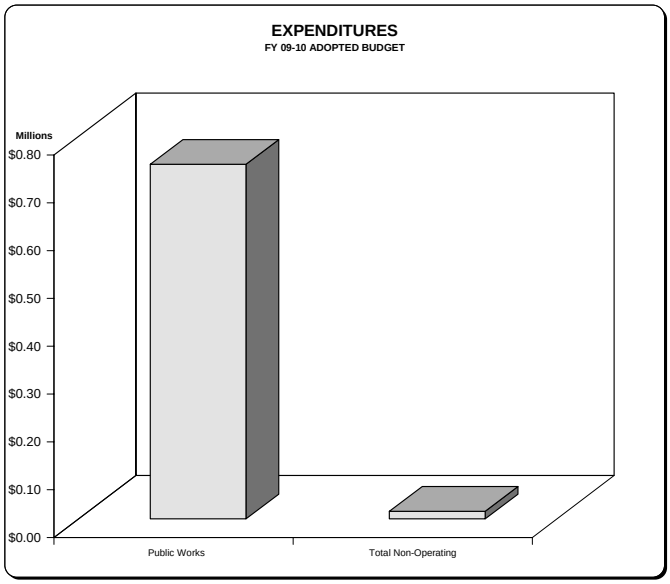
d) **Administrative Services** – to account for revenue and expenses associated with providing administrative services to all City departments. The major source of revenue is charges for service paid by operating funds based on a cost allocation formula. Expenses are for the operations of the City Manager's 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 2006-07	ACTUAL 2007-08	ADOPTED BUDGET 2008-09	REVISED 2008-09	PROPOSED BUDGET 2009-10	COMMISSION RECOMMENDED 2009-10	COUNCIL APPROVED 2009-10
Resources:							
Beginning Fund Balance	$12,182	$20	$32,150	$6,918	$30,128	$30,128	$30,128
Charges for Service	$642,100	$704,584	$760,470	$743,760	$739,640	$739,640	$739,640
Miscellaneous	(590)	640	800	650	850	850	850
Current Revenues	$641,510	$705,224	$761,270	$744,410	$740,490	$740,490	$740,490
Total Resources	$653,692	$705,244	$793,420	$751,328	$770,618	$770,618	$770,618
Requirements:							
Operating Budget:							
Public Works	$653,672	$698,326	$736,350	$721,200	$741,410	$741,410	$741,410
Total Operating Budget	$653,672	$698,326	$736,350	$721,200	$741,410	$741,410	$741,410
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	$653,672	$698,326	$752,350	$721,200	$757,410	$757,410	$757,410
Ending Budgetary Fund Balance	$20	$6,918	$41,070	$30,128	$13,208	$13,208	$13,208





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

RESPONSIBILITIES:

- The Transportation & Buildings Division provides service and repair to 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:

- Purchase vehicle lift to improve service delivery.
- 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.

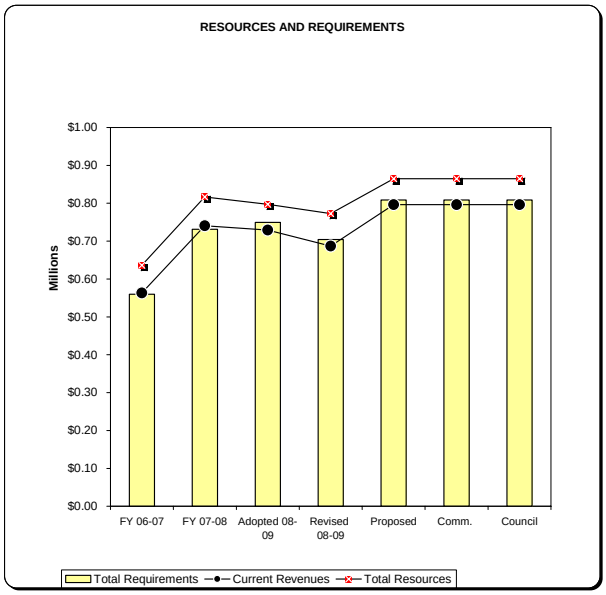
FY 08-09 HIGHLIGHTS:

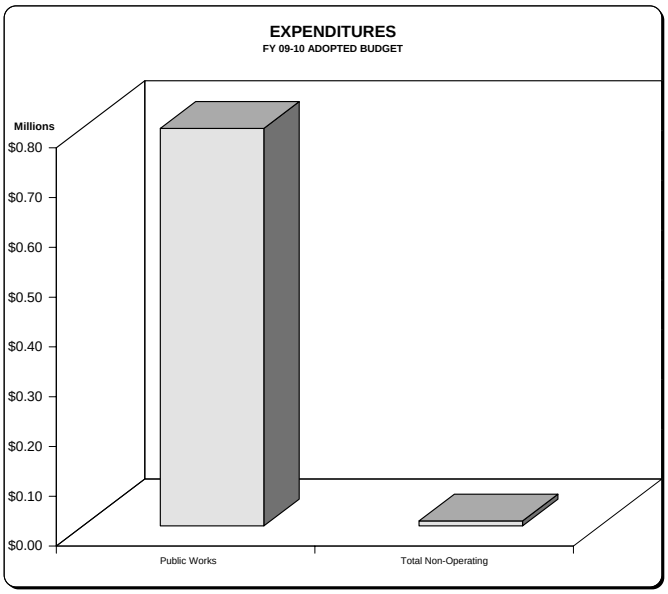
- Implemented new vehicle/equipment maintenance tracking program.

EXPENDITURE BY CLASS	ACTUAL 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	%CHANGE FROM 08-09 BUDGET
Personal Services	$210,068	$221,760	$219,230	$220,430	$212,060	-3.27%
Supplies and Services	443,604	476,566	517,120	500,770	513,450	-0.71%
Capital Outlay	0	0	0	0	15,900	0.00%
Total	$653,672	$698,326	$736,350	$721,200	$741,410	0.69%
EXPENDITURE BY PROGRAM						
Transportation and Buildings	$653,672	$695,128	$735,550	$720,550	$695,610	-5.43%
Special Projects	0	3,198	800	650	45,800	5625.00%
Total	$653,672	$698,326	$736,350	$721,200	$741,410	0.69%
Staffing Levels	2.82	2.67	2.72	2.72	2.72	0.00%

FACILITY MAINTENANCE FUND SUMMARY

	ACTUAL 2006-07	ACTUAL 2007-08	ADOPTED BUDGET 2008-09	REVISED 2008-09	PROPOSED BUDGET 2009-10	COMMISSION RECOMMENDED 2009-10	COUNCIL APPROVED 2009-10
Resources:							
Beginning Fund Balance	$72,729	$76,081	$67,991	$85,608	$68,498	$68,498	$68,498
Charges for Service	$551,294	$730,166	$723,290	$682,340	$792,320	$792,320	$792,320
Miscellaneous	11,927	10,440	5,870	4,710	3,880	3,880	3,880
Current Revenues	$563,221	$740,606	$729,160	$687,050	$796,200	$796,200	$796,200
Total Resources	$635,950	$816,687	$797,151	$772,658	$864,698	$864,698	$864,698
Requirements:							
Operating Budget:							
Public Works	$559,869	$731,079	$739,520	$704,160	$798,810	$798,810	$798,810
Total Operating Budget	559,869	$731,079	$739,520	$704,160	$798,810	$798,810	$798,810
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	$559,869	$731,079	$749,520	$704,160	$808,810	$808,810	$808,810
Ending Budgetary Fund Balance	$76,081	$85,608	$47,631	$68,498	$55,888	$55,888	$55,888





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

RESPONSIBILITIES:

- The Transportation & Buildings Division is responsible for the operation and maintenance of a number of City-owned or leased facilities. This group supports the Council objective to maintain and upgrade public facilities to assure a safe and productive work environment, while maximizing the functional life of these assets.
- Special Projects are one-time in nature or fall outside the scope of normal operations for the department.

WORK PLAN:

- Complete facilities projects while minimizing negative impacts to the public and staff.
- Finalize City Hall seismic improvement project mitigation plan with FEMA grant funds.
- HVAC system improvements at City Hall and the Madison Avenue Building.
- Slurry/seal parking lots at Municipal Court and Public Works.

FY 08-09 HIGHLIGHTS:

- Completed lighting upgrades at Public Works buildings.
- Remodeled the lobby at the Library.
- Installed emergency generators at Public Works.
- Increased use of green cleaning products in janitorial services and decreased use of paper products.

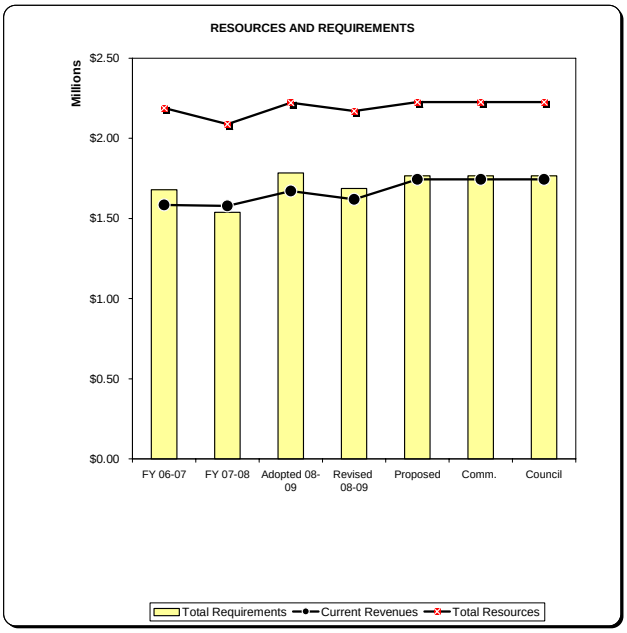
EXPENDITURE BY CLASS	ACTUAL 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	%CHANGE FROM 08-09 BUDGET
Personal Services	$280,413	$348,368	$373,240	$373,240	$400,280	7.24%
Supplies and Services	279,456	315,183	366,280	330,920	398,530	8.80%
Capital Outlay	0	67,529	0	0	0	0.00%
Total	$559,869	$731,079	$739,520	$704,160	$798,810	8.02%
EXPENDITURE BY PROGRAM						
Facilities Maintenance	$531,767	$585,555	$633,030	$627,530	$673,210	6.35%
Special Projects	28,102	145,524	106,490	76,630	125,600	17.95%
Total	$559,869	$731,079	$739,520	$704,160	$798,810	8.02%
Staffing Levels	4.21	4.21	4.22	4.22	4.22	0.00%

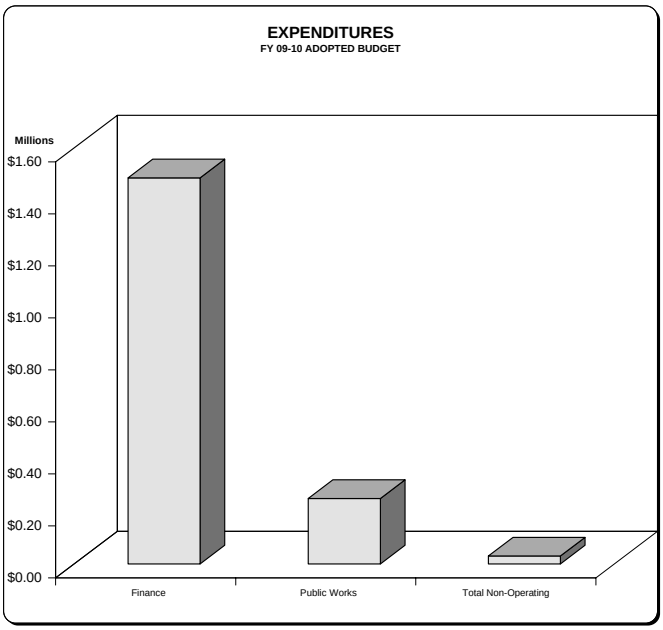
Senior Center concrete replacement

Corvallis City Hall

TECHNOLOGY AND COMMUNICATIONS FUND SUMMARY

	ACTUAL 2006-07	ACTUAL 2007-08	ADOPTED BUDGET 2008-09	REVISED 2008-09	PROPOSED BUDGET 2009-10	COMMISSION RECOMMENDED 2009-10	COUNCIL APPROVED 2009-10
Resources:							
Beginning Fund Balance	$605,029	$510,186	$550,786	$550,564	$482,434	$482,434	$482,434
Charges for Service	$1,543,880	$1,545,943	$1,647,650	$1,600,270	$1,730,310	$1,730,310	$1,730,310
Miscellaneous	40,541	32,559	23,780	19,380	13,840	13,840	13,840
Current Revenues	$1,584,421	$1,578,502	$1,671,430	$1,619,650	$1,744,150	$1,744,150	$1,744,150
Total Resources	$2,189,450	$2,088,688	$2,222,216	$2,170,214	$2,226,584	$2,226,584	$2,226,584
Requirements:							
Operating Budget:							
Finance	$1,430,585	$1,324,722	$1,494,050	$1,448,530	$1,484,810	$1,484,810	$1,484,810
Public Works	248,679	213,402	260,840	239,250	251,430	251,430	251,430
Total Operating Budget	$1,679,264	$1,538,124	$1,754,890	$1,687,780	$1,736,240	$1,736,240	$1,736,240
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	$1,679,264	$1,538,124	$1,784,890	$1,687,780	$1,766,240	$1,766,240	$1,766,240
Ending Budgetary Fund Balance	$510,186	$550,564	$437,326	$482,434	$460,344	$460,344	$460,344





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

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:

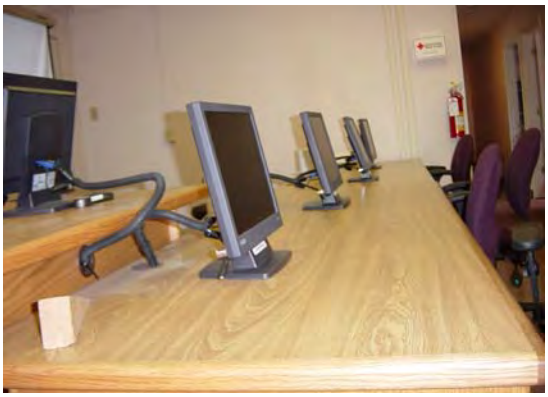
- Implement electronic records management system and best practices citywide
- Conduct security audit of the organization's technology and address issues the audit discovers.
- Publish an RFP to engage a consulting firm to develop the update to the MIS Strategic plan
- Adopt IT framework best practices and processes for the division
- Continue taking corrective action to be in compliance of the City identity theft prevention and RedFlags alerts policy
- Develop technology solutions to automate manual business processes working with OSU/BSG

FY 08-09 HIGHLIGHTS:

- Completed the AS/400 hardware replacement
- Continued to work with departments to implement e-commerce solution
- Completed the assessment of the RedFlags policy impact to the organization and began taking corrective action to be in compliance.
- Worked with departments to automate manual business processes working with OSU/BSG

EXPENDITURE BY CLASS	ACTUAL 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	%CHANGE FROM 08-09 BUDGET
Personal Services	$878,827	$833,807	$1,013,670	$988,630	$1,056,400	4.22%
Supplies and Services	431,181	395,242	409,880	389,400	357,910	-12.68%
Capital Outlay	120,576	95,673	70,500	70,500	70,500	0.00%
Total	$1,430,585	$1,324,722	$1,494,050	$1,448,530	$1,484,810	-0.62%
EXPENDITURE BY PROGRAM						
Management Information Service	$1,024,557	$1,072,375	$1,165,800	$1,125,120	$1,211,110	3.89%
Financial Information Services	191,201	195,434	218,250	213,410	228,700	4.79%
Special Projects	214,827	56,913	110,000	110,000	45,000	-59.09%
Total	$1,430,585	$1,324,722	$1,494,050	$1,448,530	$1,484,810	-0.62%
Staffing Levels	11.00	11.00	11.00	11.00	11.00	0.00%

Computer repair


IS Annex Training room

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 08-09 HIGHLIGHTS:

- Assisted Benton County Sheriff's Office and Corvallis Police Department on construction of new public safety radio site at Public Works.

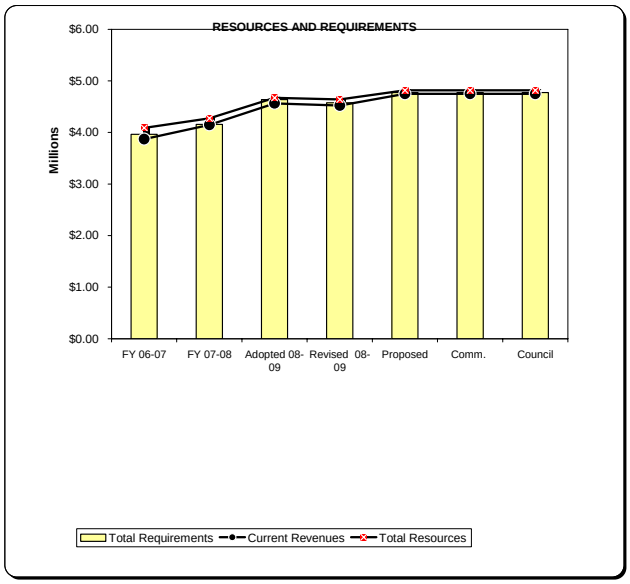
EXPENDITURE BY CLASS	ACTUAL 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	%CHANGE FROM 08-09 BUDGET
Personal Services	$111,010	$109,502	$117,140	$117,140	$116,410	-0.62%
Supplies and Services	113,158	103,900	143,700	122,110	135,020	-6.04%
Capital Outlay	24,511	0	0	0	0	0.00%
Total	$248,679	$213,402	$260,840	$239,250	$251,430	-3.61%
EXPENDITURE BY PROGRAM						
Communication	$55,610	$62,294	$78,060	$77,400	$75,590	-3.16%
Telephone Services	166,717	151,108	168,480	161,850	161,540	-4.12%
Special Projects	26,351	0	14,300	0	14,300	0.00%
Total	$248,679	$213,402	$260,840	$239,250	$251,430	-3.61%
Staffing Levels	1.35	1.35	1.35	1.35	1.30	-3.70%

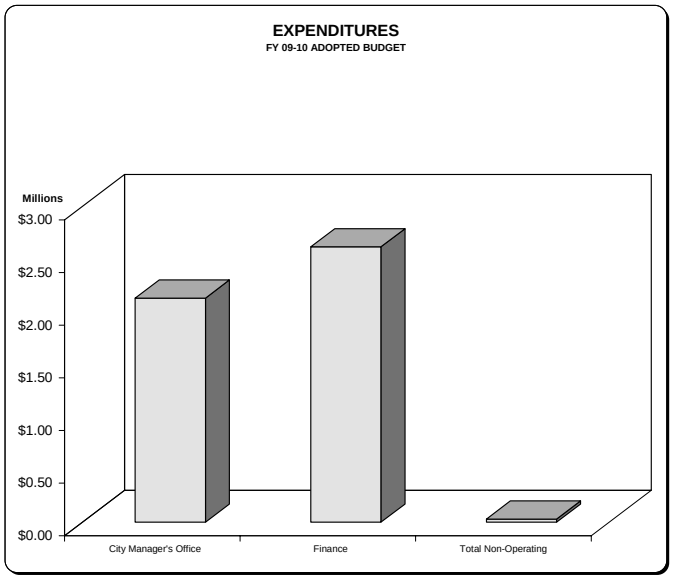
Telephone system troubleshooting

Radio repair bench

ADMINISTRATIVE SERVICES FUND

	ACTUAL 2006-07	ACTUAL 2007-08	ADOPTED BUDGET 2008-09	REVISED 2008-09	PROPOSED BUDGET 2009-10	COMMISSION RECOMMENDED 2009-10	COUNCIL APPROVED 2009-10
Resources:							
Beginning Fund Balance	$216,118	$125,002	$108,402	$117,173	$64,753	$64,753	$64,753
Charges for Service	$3,814,730	$4,123,059	$4,547,450	$4,483,100	$4,734,450	$4,734,450	$4,734,450
Miscellaneous	57,411	25,325	15,460	38,690	15,090	15,090	15,090
Current Revenues	$3,872,141	$4,148,384	$4,562,910	$4,521,790	$4,749,540	$4,749,540	$4,749,540
Total Resources	$4,088,259	$4,273,386	$4,671,312	$4,638,963	$4,814,293	$4,814,293	$4,814,293
Requirements:							
Operating Budget:							
City Manager's Office	$1,654,722	$1,798,163	$1,994,630	$1,994,630	$2,127,350	$2,127,350	$2,127,350
Finance	2,308,535	2,358,050	2,612,890	2,579,580	2,615,050	2,615,050	2,615,050
Total Operating Budget	$3,963,257	$4,156,213	$4,607,520	$4,574,210	$4,742,400	$4,742,400	$4,742,400
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	$3,963,257	$4,156,213	$4,637,520	$4,574,210	$4,772,400	$4,772,400	$4,772,400
Ending Budgetary Fund Balance	$125,002	$117,173	$33,792	$64,753	$41,893	$41,893	$41,893





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

RESPONSIBILITIES:

- The City Manager's Office implements City Council decisions, supports Mayor/City Council activities, and promotes intergovernmental relations and partnerships.
- The City Manager's Office leads and manages the overall operation of City services, facilitates effective public communications programs, conducts municipal elections, and manages the City's official records.
- The special projects division is used to account for projects that are one-time in nature.

WORK PLAN:

- Implement City Council goals and objectives
- Monitor legislative activities and provide support to the City Legislative Committee
- Continue partnerships with intergovernmental agencies and legislative representatives
- Position the organization for the future
- Continue implementation of the Comprehensive Communications Plan's action plan
- Continue implementation of the diversity initiative for the organization.

FY 08-09 HIGHLIGHTS:

- Implemented Communications Outreach activities (Special Projects), including completion of a City Web site user survey, new citizen attitude survey, and employee survey. Results were analyzed and staff began developing an action plan, including ways to improve the City's Web site and employee intranet.
- Completed City Council election process in November and coordinated Urban Renewal District election in May.
- Created Diversity Strategic Plan and continued participation in the Employer Partnership for Diversity.
- Created a new City "report card" special issue of "the City." Mailed to Corvallis residents, and it focused on the Vision 2020 statement, citizen attitude survey results, and performance measures.

EXPENDITURE BY CLASS	ACTUAL 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	%CHANGE FROM 08-09 BUDGET
Personal Services	$631,496	$665,550	$707,610	$730,030	$726,710	2.70%
Supplies and Services	547,585	559,375	684,410	636,950	721,060	5.35%
Capital Outlay	0	0	0	0	0	0.00%
Total	$1,179,081	$1,224,925	$1,392,020	$1,366,980	$1,447,770	4.00%
EXPENDITURE BY PROGRAM						
Governance	$1,145,633	$1,224,925	$1,332,020	$1,310,980	$1,377,770	3.43%
Special Projects	33,448	0	60,000	56,000	70,000	16.67%
Total	$1,179,081	$1,224,925	$1,392,020	$1,366,980	$1,447,770	4.00%
Staffing Levels	5.50	5.50	5.50	5.50	5.50	0.00%

Corvallis City Hall

Taped Council meetings are videostreamed on the City's website

DEPARTMENT RESPONSIBILITIES:

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

DEPARTMENT WORK PLAN:

- Maintain effective labor relations.
- Incorporate new online recruitment software with revised Recruitment Manual
- Implement recommendations from the career development and diversity action plans.
- Implement Human Resources software special project.

FY 08-09 HIGHLIGHTS:

- Created diversity strategic plan and career development report and action plan.
- Revised division's name to Human Resources.
- Conducted Employee Survey.
- Completed negotiations with the Corvallis Police Officers Association (CPOA), American Federation of State, County, and Municipal Employees (AFSCME), International Association of Fire Fighters (IAFF) and Corvallis Regional Communications Center Association (CRCCA).
- Completed Parks and Recreation Director recruitment process.
- Revised and expanded Web based information on Human Resources and, job opportunities

EXPENDITURE BY CLASS	ACTUAL 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	%CHANGE FROM 08-09 BUDGET
Personal Services	$389,940	$434,057	$488,160	$523,600	$576,940	18.19%
Supplies and Services	85,701	139,181	114,450	104,050	102,640	-10.32%
Capital Outlay	0	0	0	0	0	0.00%
Total	$475,641	$573,238	$602,610	$627,650	$679,580	12.77%

EXPENDITURE BY PROGRAM						
Personnel	$475,641	$573,238	$602,610	$627,650	$679,580	12.77%
Total	$475,641	$573,238	$602,610	$627,650	$679,580	12.77%
Staffing Levels	4.00	4.00	4.50	4.50	4.50	0.00%

Human Resources works with AFSCME, CPOA, IAFF, and the CRCCA to negotiate labor agreements

The Commission for Martin Luther King, Jr. is coordinated through the Human Resources Division

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.
- Complete liquor, tobacco, and social gaming license renewal process.
- Implement electronic check payment file to enable automatic update to Utility Service customer accounts.
- Complete review and revision of travel training policy.
- Complete process review and implement process improvements related to the organization's trip expense form.

FY 08-09 HIGHLIGHTS:

- Completed statewide financial audit of Qwest Communications.
- Implemented Automated Clearing House (ACH) payments to enable vendors to sign up for payment via an electronic funds transfer.
- Implemented Identity Theft Prevention and Red Flag Alert policy.
- Updated Purchasing Manual and related contract forms.

EXPENDITURE BY CLASS	ACTUAL 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	%CHANGE FROM 08-09 BUDGET
Personal Services	$439,131	$458,483	$524,390	$519,890	$551,730	5.21%
Supplies and Services	149,265	156,001	155,930	154,230	138,100	-11.43%
Capital Outlay	0	0	15,660	15,660	0	-100.00%
Total	$588,396	$614,484	$695,980	$689,780	$689,830	-0.88%
EXPENDITURE BY PROGRAM						
Administration	$588,396	$602,167	$665,320	$659,120	$674,830	1.43%
Special Projects	0	12,317	30,660	30,660	15,000	-51.08%
Total	$588,396	$614,484	$695,980	$689,780	$689,830	-0.88%
Staffing Levels	4.50	5.00	5.00	5.00	5.00	-0.04%

Finance Department Office

Utility Customer Services meter display

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.

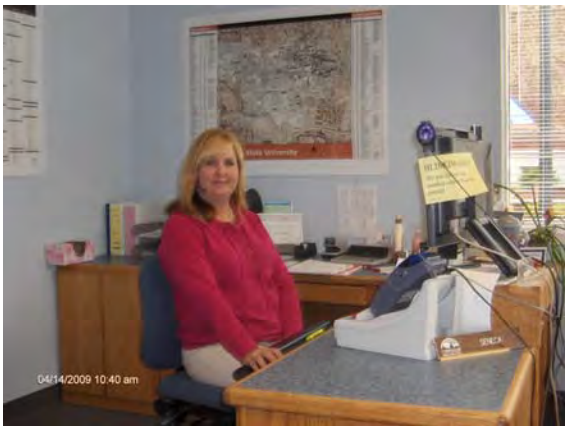
WORK PLAN:

- Complete Financial Services reorganization.
- Provide staff support to examine revenue alternatives.
- Prepare the 2008/2009 CAFR and receive an unqualified auditor's opinion.
- Implement GASB Statement No. 51 – Accounting and Financial Reporting for Intangible Assets, and plan and prepare for the implementation of GASB Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions.
- Review internal controls on an objective basis for determining risks and acceptable risk levels to develop or modify policies and procedures for efficiencies and effectiveness.
- Prepare balanced FY 10-11 budget to be adopted by City Council.
- 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.
- Complete recurring credit card payment option for Utility Services customers.
- Initiate customer friendly improvements to the C2G on-line payment screen.
- Continue to pursue operational changes that decrease paper usage by 10% or more.

FY 08-09 HIGHLIGHTS:

- Issued 2007-2008 Comprehensive Annual Financial Report and received an unqualified opinion.
- Issued the FY 09-10 Proposed and Adopted Budget documents and posted each to the department web site.
- Implemented ACH Lockbox to enable automated download and file update of electronic check payment
- Rolled out a purchasing card program to all departments.
- Implemented Other Post Employment Benefits (OPEB) and prepare for implementation of GASB 51, Accounting and Financial Reporting for Intangible Assets.
- Refunded 1999A and 2001A General Obligation Bonds to achieve net present value of $755,000 in savings for taxpayers.

EXPENDITURE BY CLASS	ACTUAL 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	%CHANGE FROM 08-09 BUDGET
Personal Services	$1,176,570	$1,166,868	$1,300,000	$1,292,210	$1,360,570	4.66%
Supplies and Services	543,570	576,698	616,910	597,590	564,650	-8.47%
Capital Outlay	0	0	0	0	0	0.00%
Total	$1,720,139	$1,743,566	$1,916,910	$1,889,800	$1,925,220	0.43%
EXPENDITURE BY PROGRAM						
Budget	$642,893	$665,917	$734,980	$752,840	$732,850	-0.29%
Accounting	216,217	235,210	237,310	242,180	247,080	4.12%
Treasury	352,145	376,813	416,940	388,250	406,090	-2.60%
Utility Billing	508,884	465,627	527,680	506,530	539,200	2.18%
Total	$1,720,139	$1,743,566	$1,916,910	$1,889,800	$1,925,220	0.43%
Staffing Levels	17.25	17.25	17.25	17.25	17.00	-1.43%

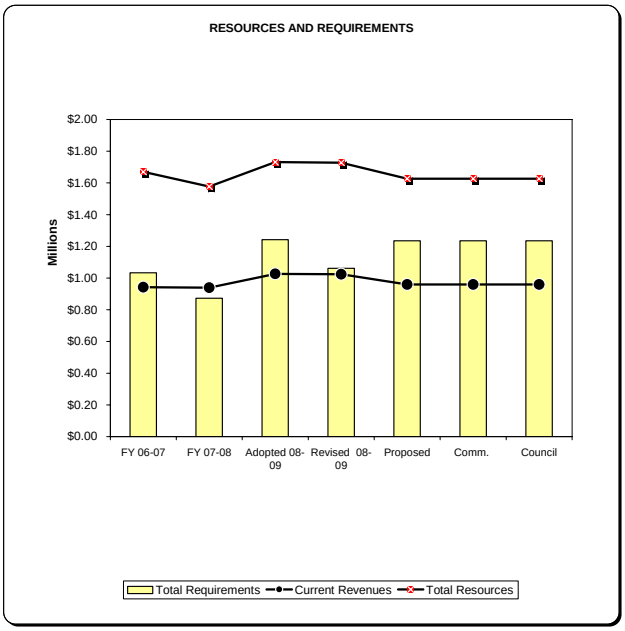


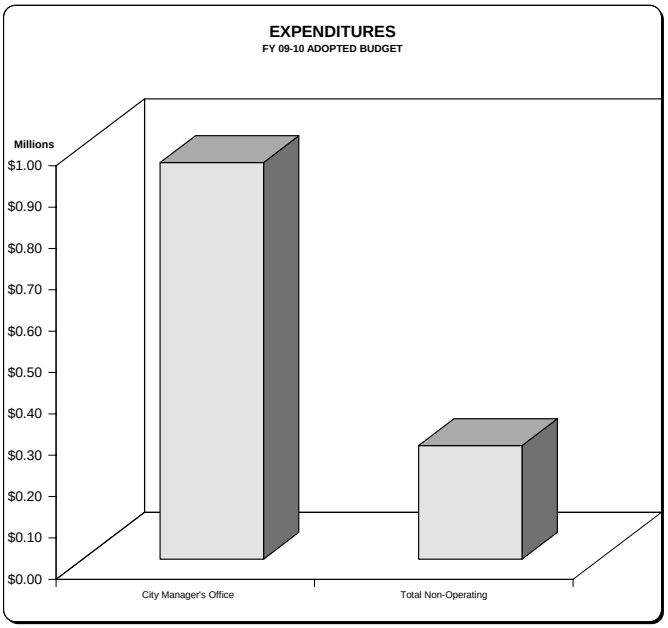
Utility Customer Services

Budget and CAFR Awards

RISK MANAGEMENT FUND SUMMARY

	ACTUAL 2006-07	ACTUAL 2007-08	ADOPTED BUDGET 2008-09	REVISED 2008-09	PROPOSED BUDGET 2009-10	COMMISSION RECOMMENDED 2009-10	COUNCIL APPROVED 2009-10
Resources:							
Beginning Fund Balance	$728,165	$636,909	$704,329	$703,532	$666,862	$666,862	$666,862
Charges for Service	$813,310	$865,990	$957,220	$957,220	$901,900	$901,900	$901,900
Intergovernmental	8,531	0	0	0	0	0	0
Miscellaneous	119,593	73,559	69,310	66,640	57,540	57,540	57,540
Current Revenues	$941,434	$939,549	$1,026,530	$1,023,860	$959,440	$959,440	$959,440
Total Resources	$1,669,599	$1,576,458	$1,730,859	$1,727,392	$1,626,302	$1,626,302	$1,626,302
Requirements:							
Operating Budget:							
City Manager's Office	$1,001,520	$872,926	$966,530	$1,060,530	$959,420	$959,420	$959,420
Total Operating Budget	$1,001,520	$872,926	$966,530	$1,060,530	$959,420	$959,420	$959,420
Non-Operating:							
Transfers Out	$31,170	$0	$0	$0	$0	$0	$0
Contingency	0	0	275,000	0	275,000	275,000	275,000
Total Non-Operating	31,170	$0	$275,000	$0	$275,000	$275,000	$275,000
Total Requirements	$1,032,690	$872,926	$1,241,530	$1,060,530	$1,234,420	$1,234,420	$1,234,420
Ending Budgetary Fund Balance	$636,909	$703,532	$489,329	$666,862	$391,882	$391,882	$391,882





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

RESPONSIBILITIES:

- Responsibilities of the Risk Management Fund include protecting the assets of the City through risk management activities and policies, purchasing appropriate insurance and providing adequate reserves for uninsured losses, increasing safety awareness, providing safety training opportunities for employees, providing for urgent safety equipment needs, and reviewing City contracts for appropriate risk management provisions.

WORK PLAN:

- Use loss-sensitive formulas for operating department service charges to encourage proactive risk management.
- Analyze claims data and make insurance purchase/risk retention decisions.
- Provide at least three safety training opportunities to all employees each year.
- Administer safety incentive program.
- Provide training for safety committee members.
- Purchase safety equipment for departments as recommended within available resources.
- Assist departments with managing risk through appropriate indemnifications and insurance provisions in City contracts and through Risk Management policies and guidance.

FY 08-09 HIGHLIGHTS:

- Continued partial recovery of injured worker wages through the Employer At Injury (early return to work) program.
- Used safety funds to purchase automated external defribulators for City departments and to partially fund department representative attendance at the Governor's Safety Conference.

EXPENDITURE BY CLASS	ACTUAL 2006-07	ACTUAL 2007-08	BUDGET 2008-09	REVISED 2008-09	ADOPTED 2009-10	%CHANGE FROM 08-09 BUDGET
Personal Services	$0	$0	$0	$0	$0	0.00%
Supplies and Services	1,001,520	864,472	966,530	1,060,530	959,420	-0.74%
Capital Outlay	0	8,454	0	0	0	0.00%
Total	$1,001,520	$872,926	$966,530	$1,060,530	$959,420	-0.74%
EXPENDITURE BY PROGRAM						
Risk Management	$988,710	$854,761	$937,890	$1,037,890	$922,700	-1.62%
Safety Program	12,810	18,164	28,640	22,640	16,720	-41.62%
Special Projects	0	0	0	0	20,000	0.00%
Total	$1,001,520	$872,926	$966,530	$1,060,530	$959,420	-0.74%
Staffing Levels	0.00	0.00	0.00	0.00	0.00	0.00%

Osborn fire melted netting

Fire Truck damage

CORVALLIS

ENHANCING COMMUNITY LIVABILITY

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 09-10 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.

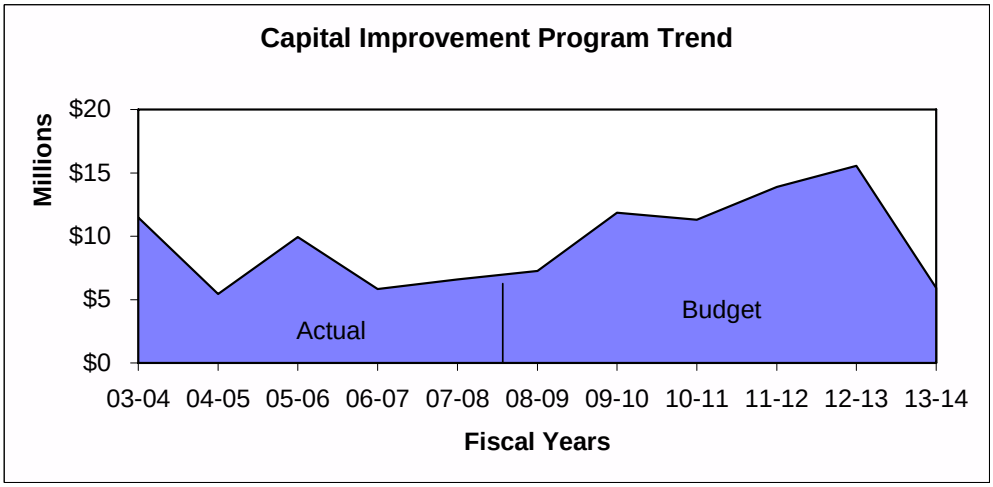
The CIP review and update is conducted annually with community involvement. Requests for projects to be included in the CIP come from:

- 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, the project's contribution to improving sustainable operations, and the ability to fund the projects. The staff team's recommendation is forwarded to the City Manager for review and development into the Proposed CIP.

The Proposed Five-Year CIP is presented to the CIP Commission which conducts a public hearing, deliberates, and then recommends a CIP for the City Council to consider. The CIP is then forwarded to the Planning Commission for a recommendation on the CIP's compatibility with the Comprehensive Plan, and then to the Budget Commission for a recommendation on the ability to fund the proposed projects. The City Council reviews all recommendations and votes on adoption of the CIP as a planning document.

The first year of the five-year CIP is further developed, and presented to the Budget Commission and the City Council as the capital budget for the following fiscal year. The CIP plan is available at the Corvallis-Benton County Public Library or by calling Public Works at 541-766-6916.

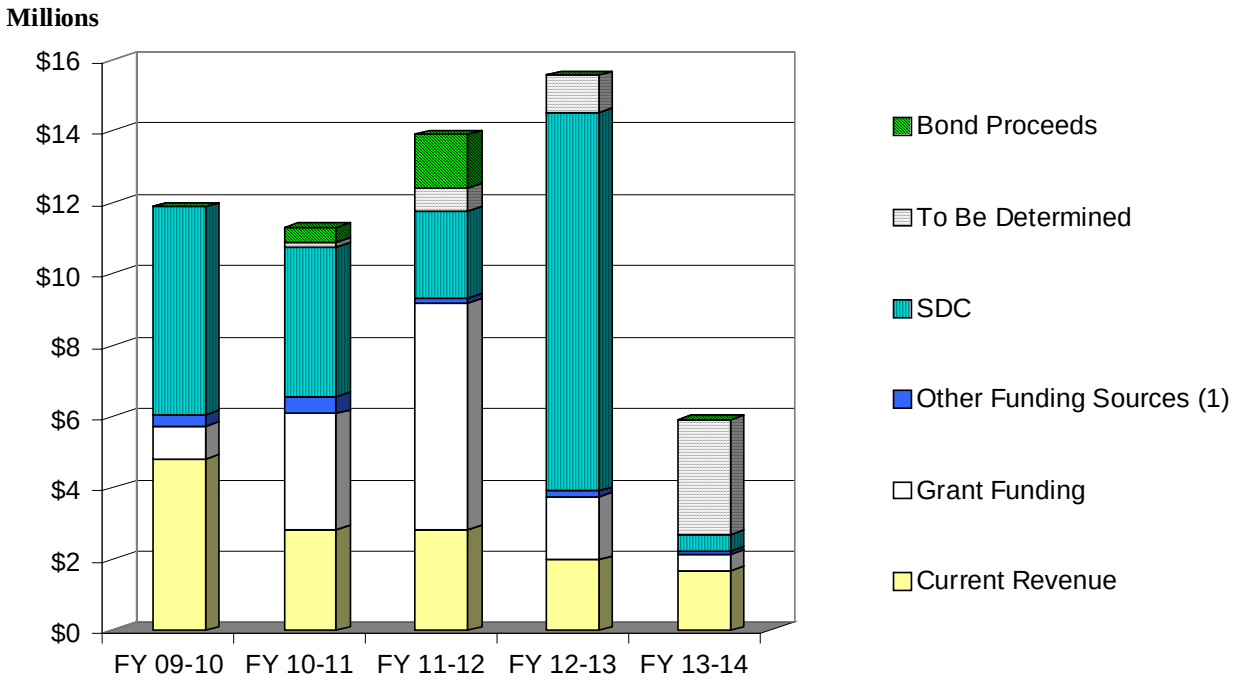


CAPITAL IMPROVEMENT PROGRAM
FUNDING SOURCES

Capital projects are funded from several different sources. The largest portion of funding comes from current revenue and system development charges which reflect the City's pay-as-you-go philosophy.

Below is a table and graph which outlines the funding sources for FY 09-10 and the four-year planning period.

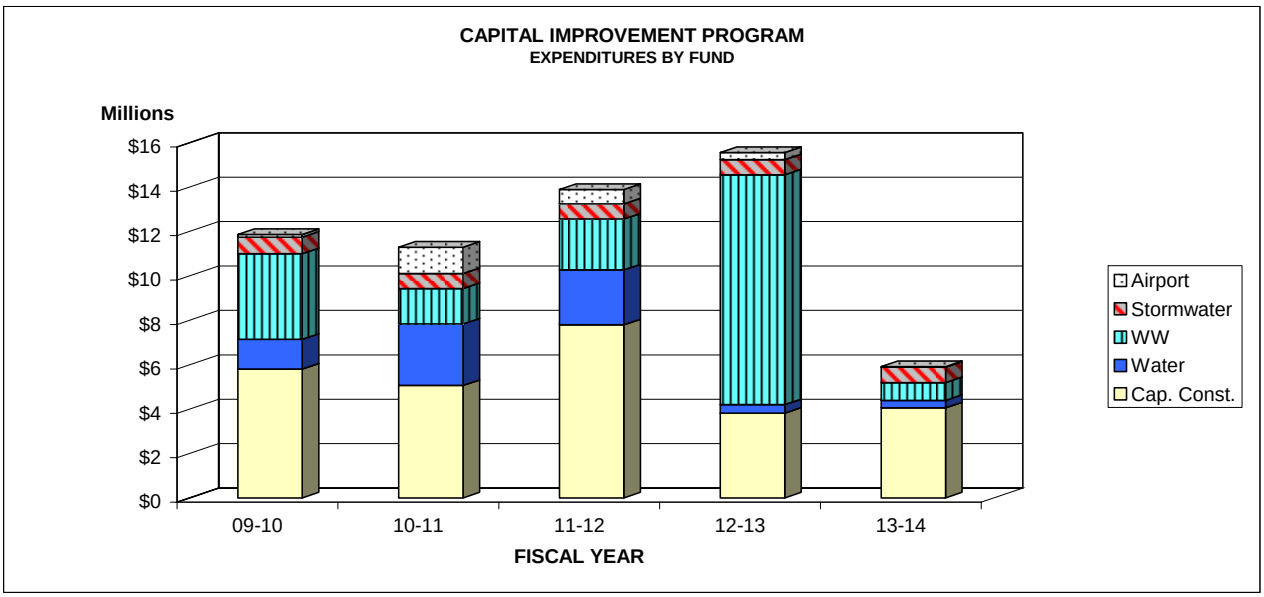
Funding Source	FY 09-10	FY 10-11	FY 11-12	FY 12-13	FY 13-14	Five Year Total
Bond Proceeds	$0	$395,000	$1,500,000	$0	$0	$1,895,000
Current Revenue	4,793,065	2,822,970	2,839,650	1,974,710	1,685,510	14,115,905
Grant Funding	952,320	3,251,110	6,345,950	1,773,910	470,120	12,793,410
Other Funding Sources (1)	303,225	480,040	115,100	153,000	78,000	1,129,365
SDC	5,818,000	4,193,540	2,446,020	10,615,000	438,500	23,511,060
To Be Determined	0	147,400	645,200	1,037,000	3,240,600	5,070,200
Total	$11,866,610	$11,290,060	$13,891,920	$15,553,620	$5,912,730	$58,514,940



(1) Includes donations and assessments

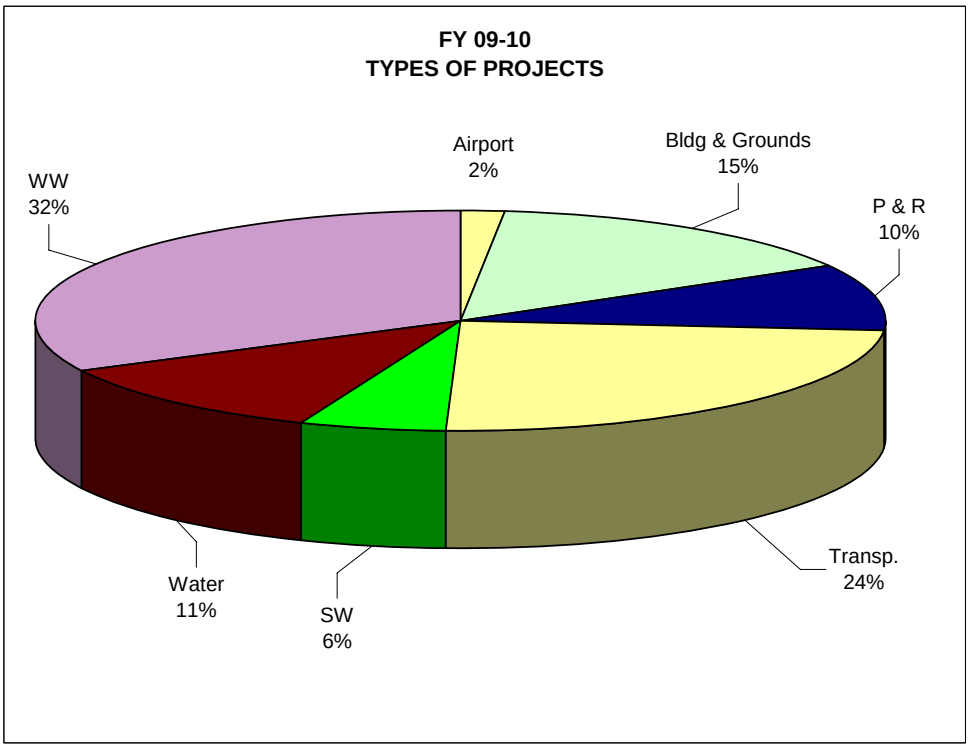
CAPITAL IMPROVEMENT PROGRAM
EXPENDITURE SUMMARY BY FUND

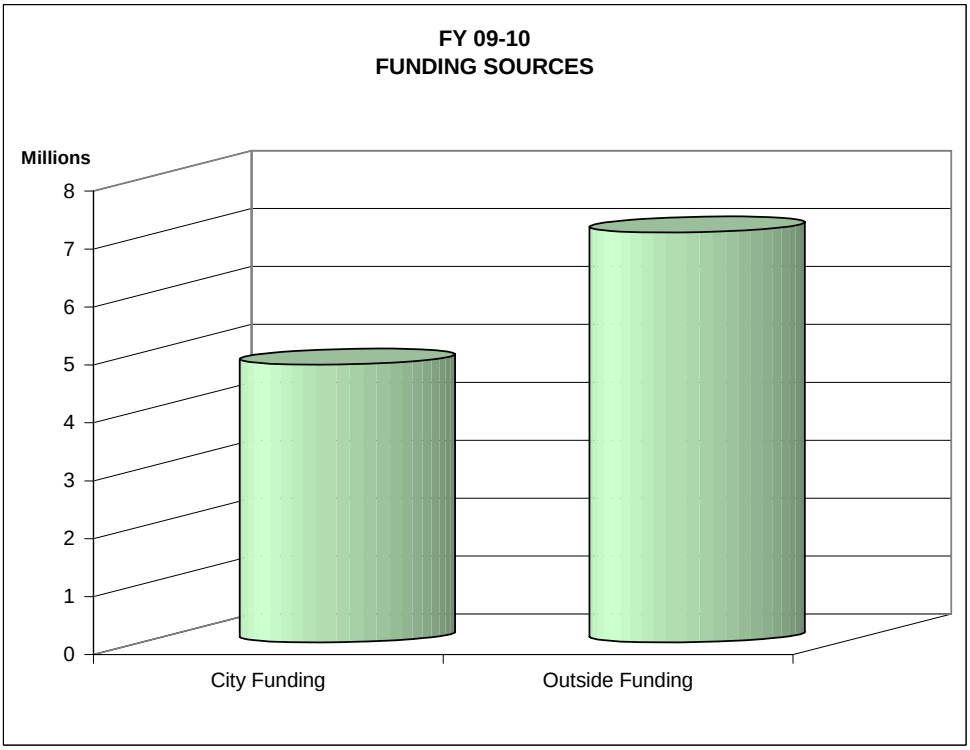
	FY 09-10	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FIVE YEAR TOTAL
Capital Construction Fund						
Public Works	$3,676,330	$4,235,750	$6,038,450	$3,093,460	$3,892,880	$20,936,870
Parks & Recreation	1,142,010	830,000	1,755,420	724,200	164,500	4,616,130
Police Dept.	91,800	0	0	0	0	91,800
Fire Dept.	896,000	0	0	0	0	896,000
Sub Total Capital Construction Fund	$5,806,140	$5,065,750	$7,793,870	$3,817,660	$4,057,380	$26,540,800
Water Construction Fund						
Public Works	$1,337,930	$2,764,050	$2,470,970	$381,250	$333,000	$7,287,200
Wastewater Construction Fund						
Public Works	$3,855,150	$1,601,090	$2,295,570	$10,351,460	$804,930	$18,908,200
Storm Water Construction Fund						
Public Works	$745,000	$677,200	$681,310	$685,550	$689,920	$3,478,980
Airport Construction Fund						
Public Works	$122,390	$1,181,970	$650,200	$317,700	$27,500	$2,299,760
Total Capital Improvement Plan	$11,866,610	$11,290,060	$13,891,920	$15,553,620	$5,912,730	$58,514,940



FY 09-10 CAPITAL IMPROVEMENT PROGRAM

The FY 09-10 Capital Improvement Program totals $11,866,610. 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 09-10 BUDGET
AIRPORT AND INDUSTRIAL PARK			
Airport Facility Improvements	Current Revenue (CR) Airport	$36,430	$1,350
	FAA Grant	691,890	25,660
	Total	**$728,320**	**$27,010**
Airport Industrial Park Improvements	CR Airport	$10,740	$0
	FHWA Grant	814,010	85,580
	Street SDC	82,490	9,800
	Total	**$907,240**	**$95,380**
South Corvallis Drainage Improvements - Airport Basin	Assessments	$0	$0
	CR Airport	56,300	56,300
	Storm Water SDC	13,600	13,600
	Total	**$69,900**	**$69,900**
Total Airport and Industrial Park			**$192,290**
BUILDINGS AND FACILITIES			
City Hall Block	CR General Fund	$998,340	$318,710
	CR Street Fund	58,890	15,560
	CR Develop. Svcs. Fund	244,320	42,340
	CR CD Revolving Fund	75,460	19,950
	CR Water Fund	131,420	34,720
	CR Wastewater Fund	58,890	15,560
	CR Storm Water Fund	58,890	15,560
	Interest Earnings	15,410	0
	FEMA Grant	812,500	0
	Total	**$2,454,120**	**$462,400**
Fire Department Property Acquisition and Facilities Relocation	CR Fire	$896,000	$896,000
	Total	**$896,000**	**$896,000**
Law Enforcement Fenced/Paved Compound	CR General Fund	$90,500	$89,560
	Interest Earnings	2,240	2,240
	Total	**$92,740**	**$91,800**
Municipal Buildings Rehabilitation	CR General Fund	$156,700	$22,000
	CR Library	281,700	0
	CR Street	2,610	0
	CR Develop. Svcs. Fund	12,190	0
	CR CD Revolving Fund	3,350	0
	CR Water Fund	5,830	0
	CR Wastewater Fund	2,610	0
	CR Storm Water Fund	2,610	0
	CR Parks & Rec. Fund	641,400	309,400
	Total	**$1,109,000**	**$331,400**
Total Buildings and Facilities			**$1,781,600**

CAPITAL IMPROVEMENT PROJECTS	FUNDING SOURCE	TOTAL PROJECT BUDGET	FY 09-10 BUDGET
PARKS AND RECREATION			
Acquisition of Natural Areas	Open Space Trust Fund	$129,960	$129,960
	Parks SDC	100,000	50,000
	Total	**$229,960**	**$179,960**
Acquisition of Parks	Parks SDC	$350,000	$300,000
	Total	**$350,000**	**$300,000**
Park Facility Renovation	CR Parks & Rec. Fund	$277,500	$50,000
	Grants and/or Donations	200,000	50,000
	To Be Determined	357,800	0
	Total	**$835,300**	**$100,000**
Park Improvements - Existing	Parks SDC	$1,882,620	$117,000
	CR Parks & Rec. Fund	174,280	52,200
	Grants and/or Donations	1,088,940	310,830
	Risk Management Fund	31,170	31,170
	G.O. Bond	1,895,000	0
	Undetermined	75,000	0
	Total	**$5,147,010**	**$511,200**
Riverfront Commemorative Park (Signage)	CR Wastewater Fund	$201,720	$0
	CR Parking Fund	148,960	0
	CR General Fund	1,685,930	0
	G.O. Bond Proceeds/Interest	6,112,140	30,850
	ISTEA Grant	715,410	0
	Property Assessments	153,810	
	To Be Determined	170,000	0
	Total	**$9,187,970**	**$30,850**
Special Use Facilities	Grants	$10,000	$10,000
	CR Parks & Rec. Fund	10,000	10,000
	Total	**$20,000**	**$20,000**
Total Parks and Recreation			**$1,142,010**
STORM WATER UTILITY			
Storm Drain Pipe Replacement	CR Storm Water Fund	$972,180	$215,100
	Total	**$972,180**	**$215,100**
Storm Water Master Plan Projects	CR Storm Water Fund	$2,920,610	$445,000
	Storm Water SDC	533,060	0
	Total	**$3,453,670**	**$445,000**
Utility and Street Improvement Projects	Storm Water SDC	$15,000	$15,000
	Total	**$15,000**	**$15,000**
Total Storm Water Utility			**$675,100**

CAPITAL IMPROVEMENT PROJECTS	FUNDING SOURCE	TOTAL PROJECT BUDGET	FY 09-10 BUDGET
TRANSPORTATION			
9th and Circle Intersection Improvements	Street SDC	$331,490	$313,800
	Total	**$331,490**	**$313,800**
Advanced Transportation Management Sys	Street SDC	$79,500	$27,910
	Grant	505,500	86,150
	Total	**$585,000**	**$114,060**
Circle Boulevard Pedestrian Activated Crsng	CR Street	$20,900	$20,900
	Grant	188,100	188,100
	Total	**$209,000**	**$209,000**
9th and Circle Intersection Improvements	Street SDC	$257,100	$19,100
	Total	**$257,100**	**$19,100**
Downtown Public Parking	CR Parking Fund	$200,000	$200,000
	Total	**$200,000**	**$200,000**
Electric Vehicle Charging Station	CR Parking Fund	$30,000	$3,200
	Total	**$30,000**	**$3,200**
Goodnight Right-of-Way Acquisition	Street SDC	$380,000	$370,000
	Total	**$380,000**	**$370,000**
Sidewalk Safety Program	CR Street Fund	$346,440	$89,000
	Grant	156,090	50,000
	Repair Prepayment	468,000	78,000
	Total	**$970,530**	**$217,000**
Street Reconstruction	CR Street	$298,040	$41,460
	CR Street - TMF	1,215,660	76,690
	STP Grant	1,620,580	0
	Street SDC	527,340	527,340
	Undetermined	945,000	0
	Total	**$4,606,620**	**$645,490**
Traffic Signals	Street SDC	$533,200	$279,300
	Miscellaneous Revenue	300,000	17,960
	Total	**$833,200**	**$297,260**
Transit Operations Center	CR Transit	$51,760	$22,620
	FTA Grant	2,762,550	146,000
	Street SDC	258,500	0
	Undetermined	366,500	0
	Total	**$3,439,310**	**$168,620**

CAPITAL IMPROVEMENT PROJECTS	FUNDING SOURCE	TOTAL PROJECT BUDGET	FY 09-10 BUDGET
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			**$2,882,530**
WASTEWATER UTILITY			
Biosolids Storage Tank	CR Wastewater Fund	$20,000	$20,000
	Total	**$20,000**	**$20,000**
Marys River Interceptor Improvements	CR Wastewater Fund	$83,600	$11,100
	Wastewater SDC	925,100	123,100
	Total	**$1,008,700**	**$134,200**
Sanitary Sewer Rehabilitation	CR Wastewater Fund	$3,459,560	$597,000
	Total	**$3,459,560**	**$597,000**
Utility and Street Improvement Projects	CR Wastewater Fund	$100,000	$50,000
	Wastewater SDC	198,000	33,000
	Total	**$298,000**	**$83,000**
Wastewater Master Plan Projects	CR Wastewater Fund	$538,340	$279,000
	Wastewater SDC	1,252,250	1,205,000
	Total	**$1,790,590**	**$1,484,000**
WWRP Electrical Equipment Replacement	CR Wastewater Fund	$116,400	$0
	Wastewater SDC	1,536,950	1,536,950
	Total	**$1,653,350**	**$1,536,950**
Total Wastewater Utility Projects			**$3,855,150**
WATER UTILITY			
North Hills 1st Level Reservoir Improvements	CR Water Fund	$230,930	$230,930
	Water SDC	1,838,660	0
	Total	**$2,069,590**	**$230,930**
Utility and Street Improvement Projects	CR Water Fund	$254,900	$204,900
	Water SDC	745,600	563,600
	Total	**$1,000,500**	**$768,500**
Water Distribution System Rehabilitation/ Replacement Program	CR Water Fund	$1,200,000	$300,000
	Total	**$1,200,000**	**$300,000**
West Corvallis Second Level Water	Water SDC loan to CR	$415,500	$25,000
	Water SDC	229,590	13,500
	Total	**$645,090**	**$38,500**
Total Water Utility Projects			**$1,337,930**
GRAND TOTAL			**$11,866,610**

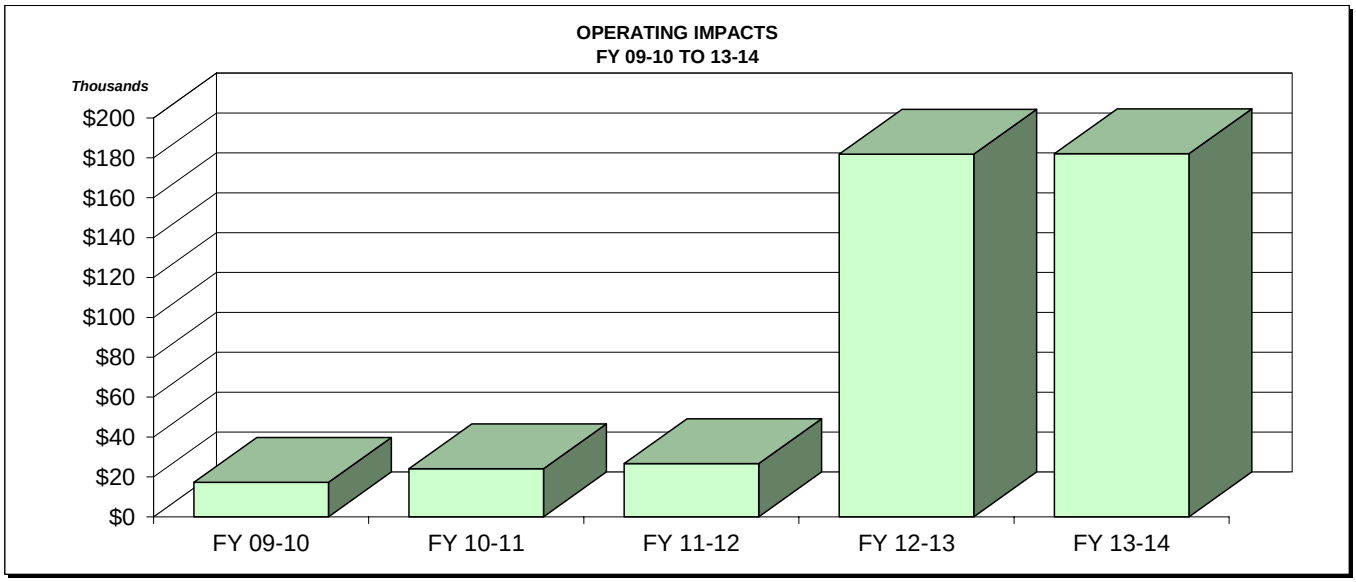
IMPACTS TO OPERATING BUDGET

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 09-10	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FIVE YEAR TOTAL
General Fund	$0	$200	$200	$200	$200	$800
Street Fund	2,000	5,000	5,500	7,500	7,750	27,750
Park & Recreation Fund	14,760	18,340	19,830	172,370	172,370	397,670
Park & Recreation Aquatics Fund	0	0	0	0	0	0
Parking Fund	500	500	500	500	500	2,500
Transit Fund	0	0	0	15,000	15,000	30,000
Water Fund	0	0	100	200	200	500
Wastewater Fund	0	0	0	(15,000)	(15,000)	(30,000)
Airport Fund	0	50	550	1,050	1,050	2,700
Total Capital Improvement Plan	**$17,260**	**$24,090**	**$26,680**	**$181,820**	**$182,070**	**$431,920**



IMPACTS TO OPERATING BUDGET (Continued)

Although financial and service impacts may be difficult to estimate in some instances, the City's process focuses on reasonably quantifiable costs or savings. For example:

- Contained within the operating component of the Water and Wastewater Funds is a variety of debt related to capital projects that have lengthy repayment schedules and coverage ratio covenants. All of these costs and the expected costs for future projects are included in the rate analysis that determines the rates paid by customers for water or wastewater service.
- Cost impacts of new and improved parks are measurable based on historical experience that allows quantification of additional labor and materials costs based on specific amenities and relative acreage.

The following section lists total estimated operating impacts by project type during the five-year planning period. Each capital project includes the associated fund, the fiscal year the capital project is coming online and the type of costs (i.e., personal services, supplies & service or capital outlay).

Project	Fund	FY Online	Personal Services	Supplies & Services	Capital Outlay	Total
AIRPORT:						
Airport Facility Improvement	Airport	10-11		$200		$200
Airport Industrial Park Improvements	Airport	11-12		1,500		1,500
Airport Road Widening	Airport	11-12		1,000		1,000
South Corvallis Drainage (1)	Airport	12-13		TBD		0
BUILDINGS AND FACILITIES:						
City Hall Block	Multiple Funds	09-10				0
Fire Station Property Acquis. & Drill Fac.	Fire and Rescue	09-10				0
Law Enforcement Evidence Building	General	09-10		800		800
Municipal Buildings Rehab	Multiple Funds	Annual				0
PARKS AND RECREATION:						
Acquisition of Natural Areas	Parks&Rec	10-11		5,650		5,650
Acquisition of Parks (1)	Parks&Rec	11-12		TBD		0
Osborn Aquatic Center	Parks Aquatics	10-11				0
Park Dev. - New	Parks&Rec	10-11		5,560		5,560
Park Facility Renovation	Parks&Rec	09-10		16,190		16,190
Park Improv - Existing	Parks&Rec	09-10		57,780		57,780
Senior Center Expansion (3)	Parks&Rec	11-12		303,060		303,060
Special Use Facilities (1)	Parks&Rec	09-10		TBD		0
Trails/Bike Paths	Parks&Rec	11-12		9,430		9,430
STORM WATER UTILITY:						
Storm Drain Pipe Repl (2)	Storm Water	Annual				0
Storm Water Master Plan (2)	Storm Water	Annual				0
TRANSPORTATION:						
9th/Circle Intersection	Street	09-10				0
35th St. Sidewalks/RR Crossing	Street	13-14				0
53rd/Hwy 20/34 Improv	Street	11-12				0
Advanced Transportation Mngmnt System	Street	11-12				0
Avery Drive RR Crossing (1)	Street	13-14		TBD		0
Brooklane Dr. Improv	Street	13-14		250		250
Circle Blvd Ped. Activated Crossings	Street	10-11		4000		4,000
Corvallis to Albany Rails with Trails	Street	11-12		1500		1,500

IMPACTS TO OPERATING BUDGET (Continued)

Project	Fund	FY Online	Personal Services	Supplies & Services	Capital Outlay	Total
Country Club Dr. Improv	Street	10-11				0
Downtown Public Parking	Parking	09-10		2,500		2,500
Electric Vehicle Charging Stations	Parking	10-11		TBD		0
Fillmore & Lincoln Sidewalks	Street	10-11				0
Goodnight ROW Acq	Street	09-10				0
Highland Drive Sidewalk	Street	12-13				0
Madison Ave/OSU Improv (1)	Street	11-12		TBD		0
Monroe Streetscape	Street	11-12				0
Sidewalk Safety Improv (2)	Street	Annual				0
Street Reconstruction (2)	Street	Annual				0
Traffic Signals	Street	09-10		22,000		22,000
Transit Operations Center	Transit	12-13		30,000		30,000
Utility/Street Improv	N/A	N/A				0
Walnut Blvd Medians (1)	Street	12-13		TBD		0
WASTEWATER UTILITY:						
Biosolids Storage Tank	Wastewater	12-13				0
Marys River Interceptor	Wastewater	11-12				0
Sanitary Sewer Rehab (2)	Wastewater	Annual				0
South Corvallis Interceptor	Wastewater	TBD				0
Wastewater Master Plan Projects (2)	Wastewater	Annual				0
WWRP Electrical Equipment Replacement	Wastewater	09-10				0
WWRP Methane Utilization	Wastewater	12-13		(30,000)		(30,000)
WWRP Primary Clarifiers (1)	Wastewater	12-13		TBD		0
WWRP Secondary Clarifiers (1)	Wastewater	12-13		TBD		0
WATER UTILITY:						
36th & Grant Water Pump Station Improv.	Water	11-12				0
Marys River Wtr Main Crossings	Water	12-13		200		200
North Hills 1st Level	Water	10-11				0
Taylor Plant Facility Plan Projects (1)	Water	12-13		TBD		0
Water Distribution System (2)	Water	Annual				0
Watershed Stewardship	Water	TBD				0
West Corvallis 2nd Level Water	Water	11-12		300		300
Total			**$0**	**$431,920**	**$0**	**$431,920**

(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.

Capital Construction Fund	**Prior years**	**FY 09-10**	**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.

❖ TRANSIT OPERATIONS CENTER

Description: This project will provide an operations center, repair, maintenance and bus storage facility for the City's transit system.

Capital Construction Fund	**Prior years**	**FY 09-10**	**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.

MARYS RIVER INTERCEPTOR IMPROVEMENTS

Description: This project will construct a new parallel 42-inch interceptor from Western Boulevard to the outlet manhole for the Marys River Lift Station.

Wastewater Construction Fund	Prior years	FY 09-10	Projected	Total
Design	$0	$134,200	$0	$134,200
Construction Management	0	0	87,500	87,500
Construction	0	0	787,000	787,000
Estimated Total Cost of Project	**$0**	**$134,200**	**$874,500**	**$1,008,700**

Impact on Operating Budget - Slight
There are no operating impacts from this project.

WWRP ELECTRICAL EQUIPMENT REPLACEMENT

Description: This project will replace the main electrical system equipment and emergency generator at the Wastewater Reclamation Plant.

Wastewater Construction Fund	Prior years	FY 09-10	Projected	Total
Design	$116,400	$0	$0	$116,400
Construction Management	0	128,500	0	128,500
Construction	0	1,408,450	0	1,408,450
Estimated Total Cost of Project	**$116,400**	**$1,536,950**	**$0**	**$1,653,350**

Impact on Operating Budget - Slight
There are no operating impacts from this project.

WWRP ODOR CONTROL FACILITIES

Description: This project will reduce odors produced at the Wastewater Reclamation Plant. This project is identified in the Wastewater Utility Master Plan.

Wastewater Construction Fund	Prior years	FY 09-10	Projected	Total
Design	$126,000	$0	$0	$126,000
Construction Management	0	91,130	0	91,130
Construction	0	993,870	0	993,870
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.

NORTH HILLS 1ST LEVEL RESERVOIR IMPROVEMENTS

Description: This project provides for reservoir improvements that include seismic upgrades and other upgrade work to required to ensure reliable operation of the facility.

Water Construction Fund	Prior years	FY 09-10	Projected	Total
Design	$0	$230,930	$0	$230,930
Construction Management	0	0	124,750	124,750
Construction	0	0	1,713,910	1,713,910
Estimated Total Cost of Project	**$0**	**$230,930**	**$1,838,660**	**$2,069,590**

Impact on Operating Budget - Slight

There are no operating impacts from this project.

BUILDING AND INFRASTRUCTURE REHABILITATION/UPGRADES

Description: These annual programs replace or rehabilitate the City's buildings and infrastructure.

	FY 09-10
Municipal Building Rehabilitation	$442,400
Sanitary Sewer Rehabilitation	597,000
Sidewalk Safety Program	217,000
Storm Drain Replacement	215,100
Storm Water Master Plan Projects	445,000
Street Reconstruction	645,490
Water Distribution System	300,000
Estimated Total Cost of Project	**$2,861,990**

Impact on Operating Budget - Positive

This program will keep costs of maintaining the City's buildings and infrastructure from rapidly escalating.

Major Future Year Capital Projects	FY 10-11 to FY 13-14
35th St Sidewalks and Railroad Crossing	$1,314,900
Brooklane Drive Improvements	1,386,000
Madison Ave/OSU Improvements	1,182,730
Monroe Streetscape - 14th to 26th Streets	1,538,460
Transit Operations Center	3,125,000
Marys River Interceptor Improvements	874,500
Wastewater Reclamation Plant (WWRP) Clarifiers	10,740,200
North Hills 1st Level Reservoir Improvements	1,838,660
Building and Infrastructure Rehabilitation/Upgrades	8,337,810
Other projects not specified above:	16,310,070
Total for FY 10-11 to FY 13-14	46,648,330
FY 09-10 Projects	11,866,610
Total 5-year CIP Projection	$58,514,940

SUMMARY OF INDEBTEDNESS

The City utilizes both short and long-term debt to finance capital projects or to occasionally meet operating needs. The City has no short-term debt.

Outstanding long-term debt consists of tax-exempt bonds issued to fund capital improvement projects and advance refund debt for capital projects. Outstanding long-term debt also includes federally taxable bonds issued to pay a portion of the City's unfunded actuarial pension liability of the Oregon Public Employee Retirement System (PERS). Annual debt service schedules are on the pages following.

Debt Outstanding	Scheduled Balance as of June 30, 2009	Scheduled Principal Payments 2009/2010	Scheduled Balance as of June 30, 2010
Bonded Debt	$50,856,870	($1,989,592)	$48,867,278
Notes Payable	$20,084,586	($1,821,277)	$18,263,309
Total Debt	$70,941,456	($3,810,869)	$67,130,587

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 $12,100,000 or 0.20% of the 2008 true cash value of $5,946,532,468 . 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 2009-10 the City estimates it will have $1,678,256 of property tax-related debt service and $2,182,247 in limited tax obligations to which these limits apply. These are equal to 2.68% and 3.48% respectively of the $62,736,620 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 2009-10 operating revenue of $86,637,700. This net direct long-term general obligation debt of $3,860,503 equals 4.46% of total operating revenue.

Outstanding Limited Tax debt of $33,116,870 represents 0.56% of the true cash value of taxable property in the City. This level is within the 1% limit established by the Policy. Prior to issuance, Council specifically exempted the balloon payment structures of the two Pension Obligation Bond series from the policy of structuring debt issues to amortize at least 33% of the principal in the first half of the repayment term. This exemption was deemed appropriate due to matching repayment structure with the underlying pension cost growth.

The ensuing schedules show future debt service that will be paid, with the assumptions that no new debt will be issued, and no existing debt will be retired early. The City will continue to use debt in the future to replace or improve infrastructure consistent with the City's financial policies, long-term financial plans, and State and Local Government laws and regulations.

Special notes:

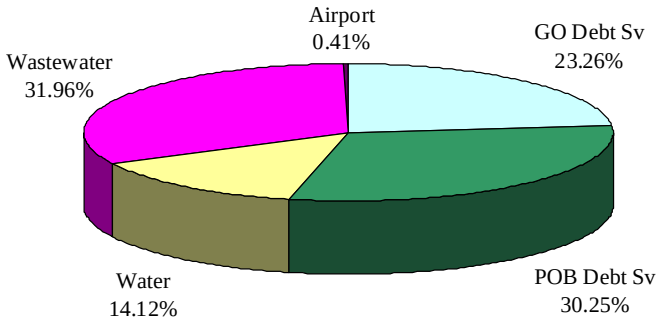
Several changes worth mentioning for their impact on the FY 09-10 debt service budget include:

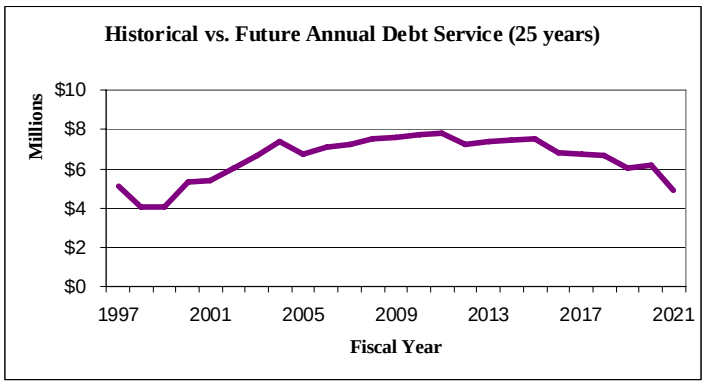
- The Oregon Economic and Community Development Department (OECDD) has offered the City of Corvallis a $475,000 loan to be used in wetland mitigation. This is intended to compensate for the loss of wetlands at the Airport Industrial Park (AIP). This mitigation will allow for further industrial development at the AIP. The impact of this potential loan has not been included in the ensuing schedules.
- The 1999 and 2001 General Obligation Bond series were refunded. This refunding more than met the State's minimum net present value savings criteria of 3% per issue when it closed in May 2009. This financing has been incorporated into the debt limitation calculations above, as well as the schedules in the following pages.

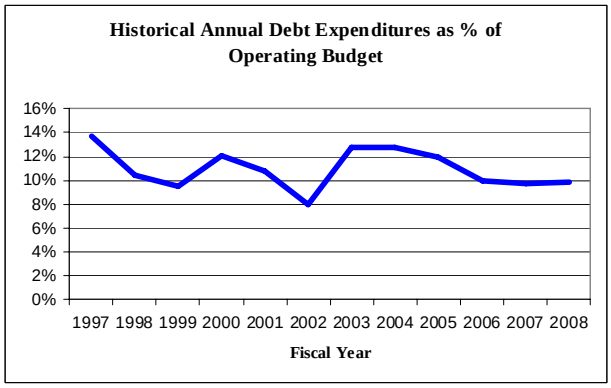
SUMMARY OF FISCAL YEAR 2009-10 TOTAL DEBT SERVICE BY TYPE

Fund	*Source of Dollars*	*Fiscal Year 2009-10 Total*
General Obligation Debt Service Fund	Property Taxes	$1,678,256
Pension Obligation Debt Service Fund	Operating fund transfers	2,182,247
Water Fund	Water revenue	1,018,484
Wastewater Fund	Wastewater revenue	2,305,658
Airport Fund	Airport revenue	29,474
TOTAL FISCAL YEAR 2009-10 DEBT SERVICE		$7,214,119

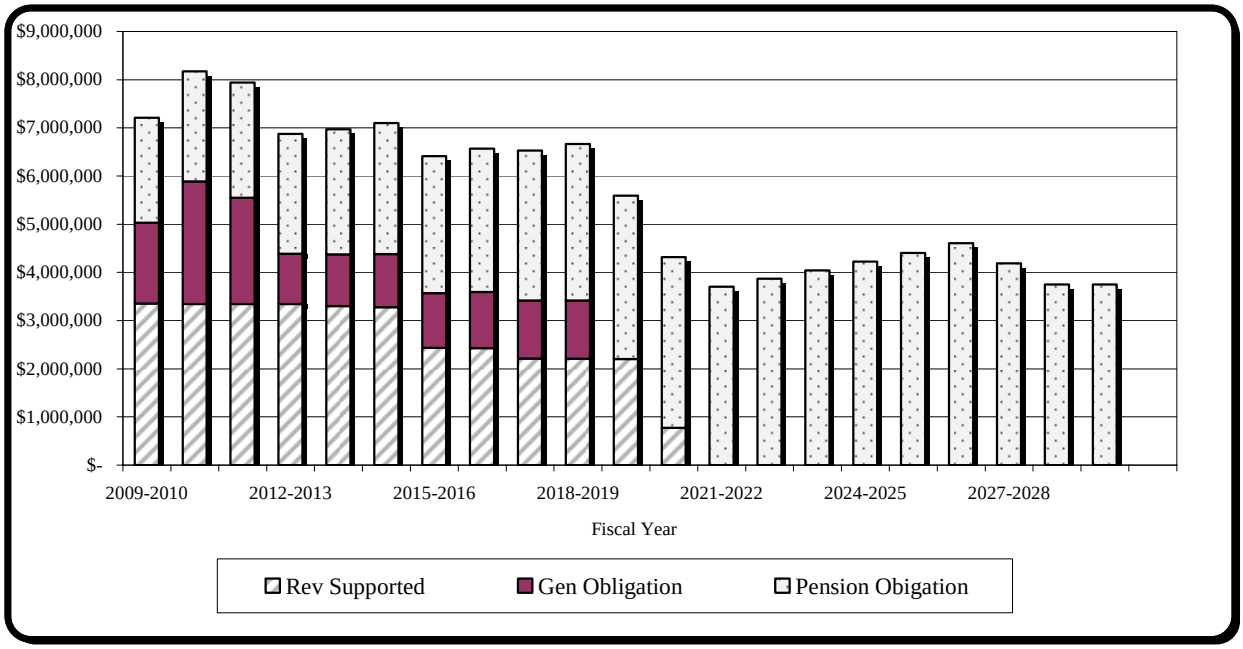
TOTAL FY 09-10 DEBT BY FUND





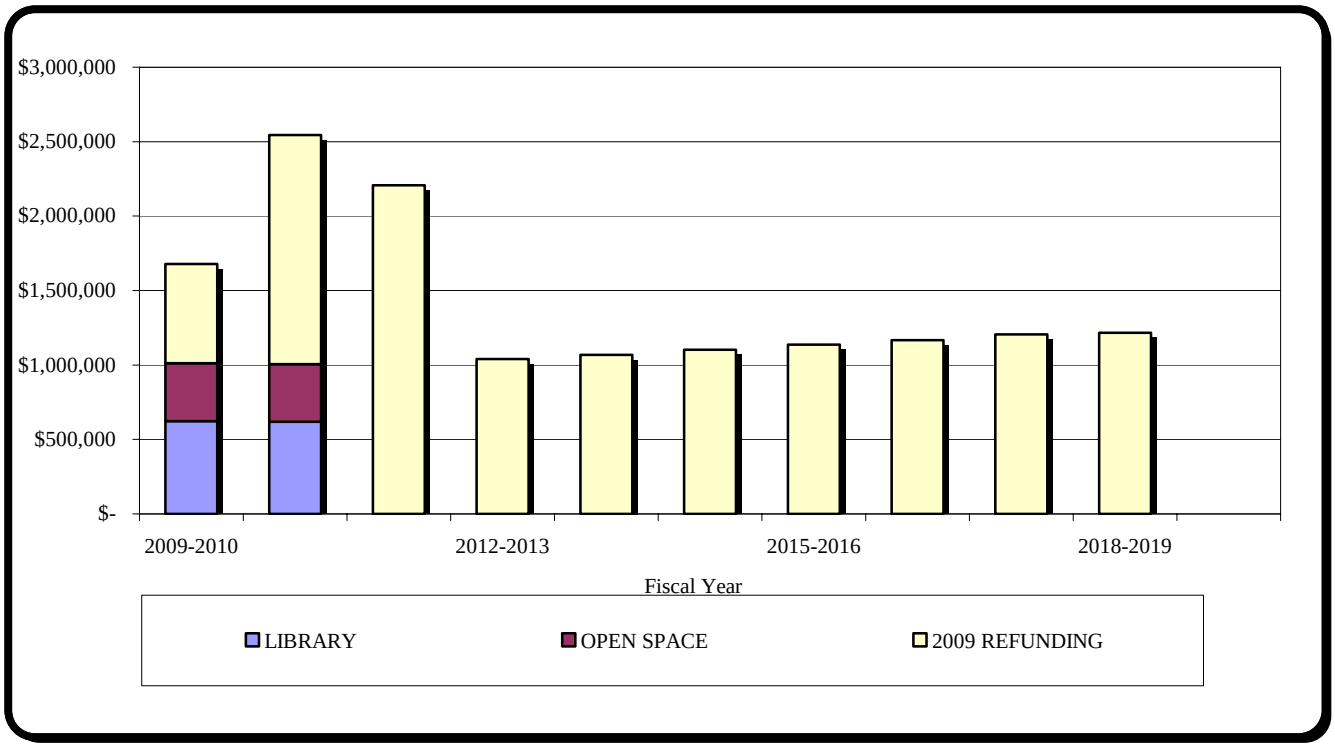


SCHEDULE OF DEBT SERVICE REQUIREMENTS ALL DEBT
As of June 30, 2009



Year of Maturity	Principal	Interest	Debt Total
2009-2010	$3,810,869	$3,403,250	$7,214,119
2010-2011	4,885,068	3,285,017	8,170,085
2011-2012	4,779,561	3,158,634	7,938,195
2012-2013	3,835,831	3,039,379	6,875,210
2013-2014	4,019,806	2,953,031	6,972,837
2014-2015	4,233,172	2,866,129	7,099,301
2015-2016	3,645,960	2,769,797	6,415,757
2016-2017	3,860,418	2,708,561	6,568,979
2017-2018	3,876,894	2,654,018	6,530,912
2018-2019	4,054,368	2,611,274	6,665,642
2019-2020	3,021,933	2,568,105	5,590,038
2020-2021	1,751,570	2,565,101	4,316,671
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
	$70,941,456	$45,962,369	$116,903,825

FUTURE DEBT SERVICE REQUIREMENTS
TOTAL GENERAL OBLIGATION DEBT



Year of Maturity	Principal	Interest	General Obligation Debt Total
2009-2010	$1,240,000	$438,256	$1,678,256
2010-2011	2,165,000	379,974	2,544,974
2011-2012	1,895,000	312,650	2,207,650
2012-2013	785,000	255,800	1,040,800
2013-2014	835,000	232,250	1,067,250
2014-2015	895,000	207,200	1,102,200
2015-2016	965,000	171,400	1,136,400
2016-2017	1,035,000	132,800	1,167,800
2017-2018	1,115,000	91,400	1,206,400
2018-2019	1,170,000	46,800	1,216,800
	$12,100,000	$2,268,530	$14,368,530

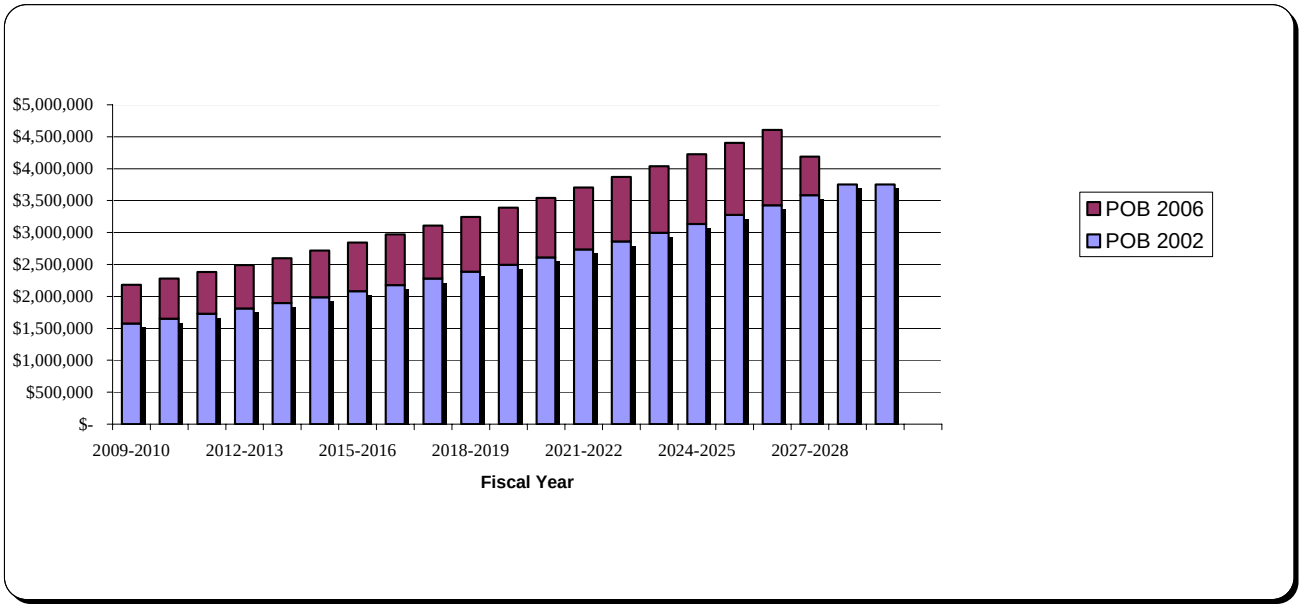
SCHEDULE OF FUTURE DEBT SERVICE REQUIREMENTS
GENERAL OBLIGATION BONDS

Issue Description:	**1994 Advance Refunding of 1990 Library GO Bonds**	**2001A Open Space purchase of Frager, Caldwell, Herbert, Owens Farm and Timberhill properties**	**2009A Refunding of Series 1999 and 2001 Bonds (Riverfront and Open Space)**
Amount Issued:	$5,380,000	$7,900,000	$10,190,000
Issue Date:	January 1, 1994	May 1, 2001	June 1, 2009
Original Issue TIC:	4.601% (TIC)	4.7964% (TIC)	2.767% (TIC)
Rating:	Aa	Aaa (MBIA Insured)	Aa3
	August 1, 2005 (continuous call)	May 1, 2012 (continuous call)	Non-callable

Year of Maturity	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2009-2010	$580,000	$44,158	$624,158	$355,000	$32,625	$387,625	$305,000	$361,473	$666,473
2010-2011	605,000	14,974	619,974	370,000	16,650	386,650	1,190,000	348,350	1,538,350
2011-2012	0	0	0	0	0	0	1,895,000	312,650	2,207,650
2012-2013	0	0	0	0	0	0	785,000	255,800	1,040,800
2013-2014	0	0	0	0	0	0	835,000	232,250	1,067,250
2014-2015	0	0	0	0	0	0	895,000	207,200	1,102,200
2015-2016	0	0	0	0	0	0	965,000	171,400	1,136,400
2016-2017	0	0	0	0	0	0	1,035,000	132,800	1,167,800
2017-2018	0	0	0	0	0	0	1,115,000	91,400	1,206,400
2018-2019	0	0	0	0	0	0	1,170,000	46,800	1,216,800
	$1,185,000	$59,132	$1,244,132	$725,000	$49,275	$774,275	$10,190,000	$2,160,123	$12,350,123

Riverfront Park Fountain

FUTURE DEBT SERVICE REQUIREMENTS
TOTAL PENSION OBLIGATION DEBT



Year of Maturity	Principal	Interest	Pension Obligation Debt Total
2009-2010	$349,592	$1,832,655	$2,182,247
2010-2011	406,667	1,875,255	2,281,922
2011-2012	461,768	1,923,380	2,385,148
2012-2013	516,248	1,974,000	2,490,248
2013-2014	570,257	2,030,073	2,600,330
2014-2015	627,139	2,091,529	2,718,668
2015-2016	684,519	2,160,058	2,844,577
2016-2017	744,957	2,228,342	2,973,299
2017-2018	805,252	2,304,340	3,109,592
2018-2019	861,833	2,381,622	3,243,455
2019-2020	926,608	2,463,281	3,389,889
2020-2021	996,024	2,547,383	3,543,407
2021-2022	1,065,211	2,637,672	3,702,883
2022-2023	1,140,795	2,728,311	3,869,106
2023-2024	2,615,000	1,426,576	4,041,576
2024-2025	2,955,000	1,268,943	4,223,943
2025-2026	3,315,000	1,090,482	4,405,482
2026-2027	3,715,000	889,892	4,604,892
2027-2028	3,525,000	664,798	4,189,798
2028-2029	3,310,000	444,275	3,754,275
2029-2030	3,525,000	229,125	3,754,125
	$33,116,870	$37,191,991	$70,308,861

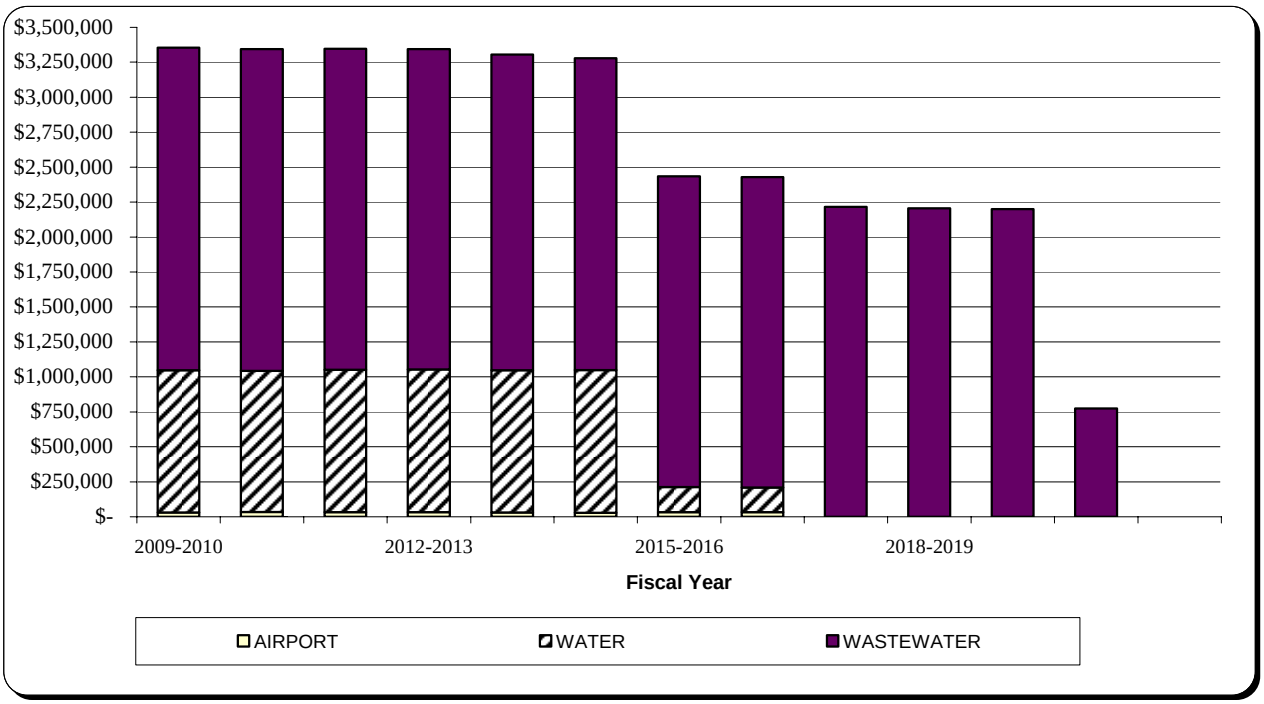
	2009-10 Funding Source
General Fund	$542,240
Street Fund	97,830
Parks & Recreattion Fund	143,930
Osborn Acquatic Center Fund	35,490
9-1-1 Fund	80,440
Development Services Fund	86,730
Fire & Rescue Fund	480,920
Community Dev Revolving Loan Fund	27,000
Parking Fund	20,990
Transit Fund	14,480
Library Fund	224,550
Water Fund	177,240
Water Timber Fund	4,130
Wastwater Fund	183,790
Storm Water Fund	56,720
Airport Fund	7,130
Less: Paying Agent Fees	(1,350)
	$2,182,260

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) Mandatory Redemption & Non-callable	Aaa (AMBAC Insured) Mandatory Redemption & Non-callable

Year of Maturity	Principal	Interest	Total	Principal	Interest	Total
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	0	0	0
2029-2030	3,525,000	229,125	3,754,125	0	0	0
	$23,291,870	$30,922,055	$54,213,925	$9,825,000	$6,269,936	$16,094,936

FUTURE DEBT SERVICE REQUIREMENTS
REVENUE SUPPORTED DEBT



Year of Maturity	Principal	Interest	Revenue Supported Debt Total
2009-2010	$2,221,277	$1,132,339	$3,353,616
2010-2011	2,313,401	1,029,788	3,343,189
2011-2012	2,422,793	922,604	3,345,397
2012-2013	2,534,583	809,579	3,344,162
2013-2014	2,614,549	690,708	3,305,257
2014-2015	2,711,033	567,400	3,278,433
2015-2016	1,996,441	438,339	2,434,780
2016-2017	2,080,461	347,419	2,427,880
2017-2018	1,956,642	258,278	2,214,920
2018-2019	2,022,535	182,852	2,205,387
2019-2020	2,095,325	104,824	2,200,149
2020-2021	755,546	17,718	773,264
	$25,724,586	$6,501,848	$32,226,434

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
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
	$4,239,520	$800,079	$5,039,599	$1,125,418	$295,895	$1,421,313

Taylor Water Treatment Plant

FUTURE DEBT SERVICE REQUIREMENTS
REVENUE SUPPORTED DEBT - WASTEWATER FUND

Issue Description:	**SRF-DEQ Loan R24480 Sewer Rehabilitation**	**SRF-DEQ Loan R24481 Combined Sewer Overflow**
Amount Issued:	$700,000	$21,263,693
Issue Date:	January 20, 1992	October 1, 1997
Original Issue TIC:	3% (TIC)	3.69% (TIC)
	Debt Reserve Requirement: $47,889	Debt Reserve Requirement: $1,579,270

Year of Maturity	Principal	Interest	Total	Principal	Interest	Total
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
	$203,166	$15,535	$218,701	$14,317,054	$3,858,555	$18,175,609

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)	Aaa (XLCA Insured)
	May 1, 2010 (continuous call)	May 1, 2017 (continuous call)

Year of Maturity	Principal	Interest	Total	Principal	Interest	Total
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
	$375,000	$19,313	$394,313	$5,265,000	$1,460,038	$6,725,038

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
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
	$199,428	$52,433	$251,861

TRANSFERS

TRANSFER FROM:	TRANSFER TO:	PURPOSE	FY 09-10 BUDGET
GENERAL FUND			
Interfund:	Capital Construction Fund	Cap. Proj: City Hall-Window Replacement	$66,000
Interfund:	Capital Construction Fund	Cap. Proj: Law Enforcement Fenced Compound	15,500
Interfund:	Capital Construction Fund	Cap. Proj: Muni Building Rehab. - 08-09	22,000
Interfund:	Capital Construction Fund	Cap. Proj: Moose Building Demolition	244,360
Interfund:	Pension Obligation Debt Svc Fund	Debt Service Payment - Pension Obligation Bond	542,240
Interfund:	Development Services Fund	Support for Development Services Fund	100,000
		FUND TOTALS	**$990,100**
STREET OPERATING FUND			
Interfund:	Capital Construction Fund	Cap. Proj: Circle Blvd Pedestrian Crossings	$20,900
Interfund:	Capital Construction Fund	Cap. Proj: Safety Sidwalk 2008-09	89,000
Interfund:	Capital Construction Fund	Cap. Proj: Moose Building Demolition	15,560
Interfund:	Capital Construction Fund	Cap. Proj: Street Reconstruction - 09/10	118,150
Interfund:	Pension Obligation Debt Svc Fund	Debt Service Payment - Pension Obligation Bond	97,830
Interfund:	Development Services Fund	Support for Development Services Fund	25,410
		FUND TOTALS	**$366,850**
STREET SDC FUND COMPONENT			
Interfund:	Capital Construction Fund	Cap. Proj: Advanced Transportation Mgmt Syst	$27,910
Interfund:	Capital Construction Fund	Cap. Proj: Country Club Dr Bike Lanes	19,100
Interfund:	Capital Construction Fund	Cap. Proj: Traffic Signal - Kings/Walnut	279,300
Interfund:	Capital Construction Fund	Cap. Proj: 9th/Circle Intersection	313,800
Interfund:	Capital Construction Fund	Cap. Proj: Goodnight ROW Acquisition	370,000
Interfund:	Capital Construction Fund	Cap. Proj: Utility/Street Improvement Projects 09/10	275,000
Interfund:	Capital Construction Fund	Cap. Proj: Street Recon 09/10 (SDC Loan)	527,340
Interfund:	Airport Cap. Const. Component	Cap. Proj: Airport Industrial Park Improvements	9,800
		FUND TOTALS	**$1,822,250**
PARKS AND RECREATION FUND			
Interfund:	Capital Construction Fund	Cap. Proj: Special Use Fac-Tennis Courts	$10,000
Interfund:	Capital Construction Fund	Cap. Proj: Park Facility Renovation	50,000
Interfund:	Capital Construction Fund	Cap. Proj: Park Improvement - Willamette Park	24,200
Interfund:	Capital Construction Fund	Cap. Proj: Muni Bldg - Majestic Seismic	309,400
Interfund:	Capital Construction Fund	Cap. Proj: Park Improvement - Fenced Dog Area	28,000
Interfund:	Pension Obligation Debt Svc Fund	Debt Service Payment - Pension Obligation Bond	143,930
Interfund:	Development Services Fund	Support for Development Services Fund	8,200
		FUND TOTALS	**$573,730**
PARKS AND RECREATION AQUATICS FUND COMPONENT			
Interfund:	Pension Obligation Debt Svc Fund	Debt Service Payment - Pension Obligation Bond	$35,490
		FUND TOTALS	**$35,490**
OPEN SPACE TRUST FUND COMPONENT			
Interfund:	Capital Construction Fund	Cap. Proj: Acquisition of Open Space (Master Project)	$95,245
		FUND TOTALS	**$95,245**
PARKS SDC FUND COMPONENT			
Interfund:	Capital Construction Fund	Cap. Proj: Acquisition of Parks (Master Project)	$300,000
Interfund:	Capital Construction Fund	Cap. Proj: Open Space (Master Project)	50,000
Interfund:	Capital Construction Fund	Cap. Proj: Park Improvements - Existing Master	117,000
		FUND TOTALS	**$467,000**
		TOTAL - PARKS AND RECREATION FUNDS	**$1,171,465**

TRANSFERS (Continued)

TRANSFER FROM:	TRANSFER TO:	PURPOSE	FY 09-10 BUDGET
911 FUND			
Interfund:	Pension Obligation Debt Svc Fund	Debt Service Payment - Pension Obligation Bond	$80,440
		FUND TOTALS	**$80,440**
DEVELOPMENT SERVICES FUND			
Interfund:	Capital Construction Fund	Cap. Proj: Moose Building Demo/Parking Lot Const.	$42,340
Interfund:	Pension Obligation Debt Svc Fund	Debt Service Payment - Pension Obligation Bond	86,730
		FUND TOTALS	**$129,070**
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	480,920
		FUND TOTALS	**$1,376,920**
COMMUNITY DEVELOPMENT REVOLVING FUND			
Interfund:	Capital Construction Fund	Cap. Proj: Moose Building Demo/Parking Lot Const.	$19,950
Interfund:	Pension Obligation Debt Svc Fund	Debt Service Payment - Pension Obligation Bond	27,000
		FUND TOTALS	**$46,950**
PARKING FUND			
Interfund:	Capital Construction Fund	Cap. Proj: Electric Vehicle Charging Station	$3,200
Interfund:	Capital Construction Fund	Cap. Proj: Downtown Public Parking	200,000
Interfund:	Pension Obligation Debt Svc Fund	Debt Service Payment - Pension Obligation Bond	20,990
		FUND TOTALS	**$224,190**
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	14,480
		FUND TOTALS	**$27,010**
LIBRARY FUND			
Interfund:	Pension Obligation Debt Svc Fund	Debt Service Payment - Pension Obligation Bond	$224,550
		FUND TOTALS	**$224,550**
WATER OPERATING FUND			
Intrafund:	Water Cap. Const. Component	Cap. Proj: N. Hills 1st Level Rsvr. Improvement	$230,930
Intrafund:	Water Cap. Const. Component	Cap. Proj: Utility/Street Improvement - 09/10	204,900
Intrafund:	Water Cap. Const. Component	Cap. Proj: Water System Rehab - 09/10	300,000
Interfund:	Capital Construction Fund	Cap. Proj: Moose Building Demolition	34,720
Intrafund:	Water SDC Component	Intrafund for Loan Repayment - Taylor Filter Media Replac.	191,530
Interfund:	Pension Obligation Debt Svc Fund	Debt Service Payment - Pension Obligation Bond	177,240
Interfund:	Development Services Fund	Support for Development Services Fund	10,090
		FUND TOTALS	**$1,149,410**
WATER TIMBER FUND COMPONENT			
Interfund:	Pension Obligation Debt Svc Fund	Debt Service Payment - Pension Obligation Bond	$4,130
		FUND TOTALS	**$4,130**

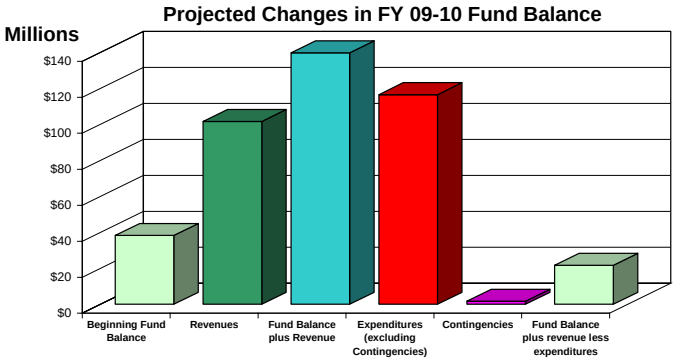
TRANSFERS (Continued)

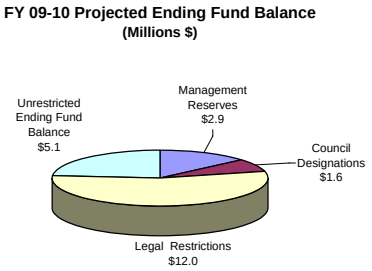
TRANSFER FROM:	TRANSFER TO:	PURPOSE	FY 09-10 BUDGET
WATER SDC FUND COMPONENT			
Intrafund:	Water Cap. Const. Component	Cap. Proj: West Corvallis 2nd Level	$16,000
Intrafund:	Water Cap. Const. Component	Cap. Proj: Utility/Street Improvement - 09/10	563,600
Intrafund:	Water Operating Component	Operating: SDC Administrative Fee	5,740
Intrafund:	Water Operating Component	Debt Service - OEDD	335,780
		FUND TOTALS	**$921,120**
WASTEWATER OPERATING FUND			
Intrafund:	Wastewater Cap. Const. Com	Cap. Proj: Biosolids Storage Tank	$20,000
Intrafund:	Wastewater Cap. Const. Com	Cap. Proj: Mary's River Interceptor	11,100
Intrafund:	Wastewater Cap. Const. Com	Cap. Proj: WWMP Influent Pump Station Improvements	279,000
Intrafund:	Wastewater Cap. Const. Com	Cap. Proj: Utility/Street Improvement - 09/10	50,000
Intrafund:	Wastewater Cap. Const. Com	Cap. Proj: Sewer Rehab 08/09	597,000
Intrafund:	Wastewater SDC Fund	Intrafund for Loan Repayment - WWRP Disinfection Facility	59,700
Interfund:	Capital Construction Fund	Cap. Proj: Moose Building Demolition	15,560
Interfund:	Development Services Fund	Support for Development Services Fund	6,810
Interfund:	Pension Obligation Debt Svc Fund	Debt Service Payment - Pension Obligation Bond	183,790
		FUND TOTALS	**$1,222,960**
WASTEWATER SDC FUND COMPONENT			
Intrafund:	Wastewater Cap. Const. Com	Cap. Proj: Mary's River Interceptor	$123,100
Intrafund:	Wastewater Cap. Const. Com	Cap. Proj: WWMP Odor Control Facilities	1,205,000
Intrafund:	Wastewater Cap. Const. Com	Cap. Proj: Untility/Street Improvement - 09/10	33,000
Intrafund:	Wastewater Operating Comp	Cap. Proj: WWRP Electrical Equip Replacement	1,536,950
Intrafund:	Wastewater Operating Comp	Intrafund for Loan Repayment - Solids Handling	331,230
		FUND TOTALS	**$3,229,280**
STORM WATER OPERATING FUND			
Intrafund:	Storm Water Cap. Const. Component	Cap. Proj: Storm Water Master Plan Project	$445,000
Intrafund:	Storm Water Cap. Const. Component	Cap. Proj: Storm Drain Replacement - 09/10	215,100
Interfund:	Capital Construction Fund	Cap. Proj: Moose Building Demolition	15,560
Interfund:	Development Services Fund	Support for Development Svcs Fund & Erosion Sediment Program	67,880
Interfund:	Pension Obligation Debt Svc Fund	Debt Service Payment - Pension Obligation Bond	56,720
		FUND TOTALS	**$800,260**
STORM WATER SDC FUND COMPONENT			
Intrafund:	Storm Water Cap. Const. Component	Cap. Proj: Utility/Street Improvement - 09/10	$15,000
Intrafund:	Storm Water Cap. Const. Component	Cap. Proj: South Corvallis Drainage Improvements	13,600
		FUND TOTALS	**$28,600**
		TOTAL - STORM WATER FUNDS	**$828,860**
AIRPORT OPERATING FUND			
Intrafund:	Airport Cap. Const. Component	Cap. Proj: Airport Facility Improvement	$1,350
Interfund:	Storm Water Cap. Const Component	Cap. Proj: S Corvallis Drainage Improvements	56,300
Interfund:	Pension Obligation Debt Svc Fund	Debt Service Payment - Pension Obligation Bond	7,130
		FUND TOTALS	**$64,780**
GRAND TOTAL 2009-10 TRANSFERS			**$13,880,335**

RESERVES/CHANGES IN FUND BALANCE – June 30, 2010

Fund	Beginning Fund Balance	Revenues	Expenditures net of Contingencies	Appropriated Contingencies	Total Expenditures	Unappropriated Reserves: Management Reserves (1)	Unappropriated Reserves: Council (2) Designations	Unappropriated Reserves: Legal (3) Restrictions	Unrestricted Ending Fund Balance (4)
General	$2,016,856	$14,552,420	$15,760,170	$253,500	$16,013,670	$129,796	$0	$406,627	$19,183
Parks & Recreation (5)	1,930,055	5,598,140	7,162,755	114,440	7,277,195	92,647	476,774	(337,606)	19,185
Fire and Rescue	3,520,740	10,170,490	12,901,180	220,870	13,122,050	550,000	0	0	19,180
Transit	1,295,464	3,962,010	4,015,680	79,210	4,094,890	624,031	0	0	538,553
Library	1,669,287	5,550,500	6,497,920	121,320	6,619,240	150,151	431,206	0	19,190
Street	2,826,781	5,882,600	8,235,610	65,200	8,300,810	195,196	88,328	0	125,047
9-1-1 Emergency Services	481,019	1,971,880	2,151,130	38,570	2,189,700	198,574	0	0	64,625
Development Services	391,551	1,635,960	2,012,160	0	2,012,160	0	0	0	15,351
CD Revolving Loan	1,256,740	3,596,830	3,823,950	30,350	3,854,300	0	2,530	0	996,740
Parking	839,853	608,750	827,730	12,400	840,130	33,455	37,323	0	537,695
Capital Construction	332,182	5,635,625	5,806,140	0	5,806,140	0	0	161,667	0
GO Debt	458,833	1,946,400	1,678,270	0	1,678,270	0	0	665,543	61,420
Pension Oblig Debt Service	2,021	2,183,610	2,183,750	0	2,183,750	0	0	1,881	0
Davidson	6,267	140	500	0	500	0	0	5,000	907
Water	5,326,861	11,263,750	11,703,430	177,470	11,880,900	300,099	242,816	4,135,796	31,000
Wastewater	12,184,951	14,221,330	17,697,840	190,880	17,888,720	63,805	0	6,966,705	1,487,051
Storm Water (5)	1,576,506	2,704,240	3,872,080	37,860	3,909,940	73,433	0	(27,799)	325,172
Airport	794,850	1,092,830	1,150,760	7,670	1,158,430	0	0	0	729,250
Fleet Maintenance	30,128	740,490	741,410	16,000	757,410	5,624	0	0	7,584
Facility Maintenance	68,498	796,200	798,810	10,000	808,810	40,148	0	0	15,740
Tech and Communications	482,434	1,744,150	1,736,240	30,000	1,766,240	441,759	0	0	18,585
Administrative Services	64,753	4,749,540	4,742,400	30,000	4,772,400	16,820	0	0	25,073
Risk Management	666,862	959,440	959,420	275,000	1,234,420	0	352,000	0	39,882
TOTAL	**$38,223,492**	**$101,567,325**	**$116,459,335**	**$1,710,740**	**$118,170,075**	**$2,915,537**	**$1,630,977**	**$11,977,814**	**$5,096,414**

(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.
(5) Although the restricted fund (legal) is negative, the respective combined fund has sufficient fund balance. The negative balance is due in part to lower SDC revenue projections from the slow down in construction activity. Expenditures were left at a high level in case the construction activity picks up during FY 09-10.





CORVALLIS

ENHANCING COMMUNITY LIVABILITY

WATER FOUNTAIN AT CORVALLIS RIVERFRONT PARK

SECTION – XI
APPENDICES

The Appendices include information that is pertinent to the budget process, but not part of the budget or work plan as identified in the budget. Included in this section are:

- Budget Process – The City follows a lengthy process to develop a budget; this section provides a summary of the process the City follows and identifies the basic budget calendar used to develop the budget, the Capital Improvement Program, and the Comprehensive Annual Financial Report.

- Financial Policies – The City Council has established policies in the past to direct activities associated with the City's financial operations. The Fund Balance section of the Financial Policies was reviewed by the City Council and updated in April 2009. However, changes to the remainder of the policy are still in process and were not finalized in time for publication of this budget document. During the annual review this fall, Council members determined it was time for a more indepth examination 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 their two-year terms when they adopt the goals and objectives they wish to accomplish during their tenure. Staff members work to ensure that services reflect the Council's Goals and Objectives. Second, proposals that citizens present to the City Council are often referred to advisory boards and commissions for study and if appropriate, the Council may request that the information be developed by the citizen, the board or commission, or City staff into a budget proposal. Third, the members of the City Council sit as one-half of the Budget Commission. Finally, the City Council holds a public hearing on the Budget Commission's recommended budget as one last opportunity for public input, and then adopts a budget, levies taxes, and sets appropriation levels by adopting a resolution.

- 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, financial planning, vehicle and computer 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 -- The Vision 2020 statement provides a broad view of what the community wants Corvallis to be like in the year 2020. The statement provides direction for decision makers throughout long-range planning efforts and is available on the City's website.

- Council Goals & Objectives -- The City Council adopts Goals and Objectives at the beginning of their term. Councilors receive quarterly updates on the status of the Council Goals and Objectives. Goals generally set forth special work projects for each Council term (Pg. I-1).

- Citizen Survey -- The results of the annual Citizen Attitude Survey are used to allow decision makers to gauge the effectiveness of basic City services. The survey is completed each fall, and has a set of questions that remain the same each year and questions that change each year to reflect important City issues (Pg. XI-53).

- Information About the City -- A snapshot of information about the City including demographics and statistical information (Pg. I-9).

- 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-34).

- 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, computers, and building maintenance are reviewed and updated. The next step is to add budget projections for the Capital Improvement Program under development.

In December, department staff review their current year budget, and develop a revised budget. Departments are challenged to under-expend their original appropriations levels by identifying lower-cost alternatives, seeking the best possible prices, and being creative in pursuing partnerships with other departments or other government agencies. 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).

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 Financial Summary provides more detailed information about issues that have a financial impact on the organization and summarizes the financial portion of the budget.

The Department Summary section provides information about the operations of each department, including a summary of the services provided, the department's total budget, staffing allocation, and an organization chart.

The Financial Plans section provides longer-term financial projections for all of the operating funds of the City and assumptions used in making projections. Each fund's presentation includes a summary of the issues for the fund. The Property Tax, Special Revenue, Capital Construction/Debt Service/Permanent, Enterprise, and Internal Service Funds sections provide more detailed information at the department and program level about the services provided within that fund, and the work plan to be implemented in the coming fiscal year.

The Non-Operating section summarizes information from the adopted Capital Improvement Program (CIP) planned for the year; the schedule of Debt Service payments for all of the monies borrowed by the City; schedule of Inter/Intra Fund Transfers and a table showing the changes in each fund balances and their reserve components.

The Appendices provide general information about the City and its financial management.

Finally, the User's Guide, Glossary, and Index are provided to assist readers with finding information in the budget document.

After the Budget Is Adopted

The day after the budget is adopted, work begins on achieving the following fiscal year's goals and objectives. Bids are awarded, contracts are signed, and contractors are lined up to begin work on July 1. Purchase requisitions are written to allow payments to be made to vendors on time. Then work begins on the next fiscal year's budget.

Occasionally, the budget will need to be revised during the course of a year. There are several ways the budget can be changed:

1. For grants, gifts, bequests, or devises which were unanticipated when the budget was adopted, the City Council can accept and appropriate the monies through a resolution.
2. Monies can be transferred between appropriations levels within a fund through the use of a Council Resolution. This transaction occurs most often when the Council votes to use Contingencies to fund emergencies.
3. A supplemental budget may be approved if there is a revenue source other than a grant, gift, bequest, devise or bond issue which was unanticipated at the time the budget was adopted. This transaction occurs most often when the beginning fund balance is higher than anticipated due to delayed projects, or when actual revenues are higher than anticipated and additional expenditures are required.
4. In the case of a community-wide or major emergency (flood, earthquake, etc.), the City Council may authorize the appropriation of the unappropriated ending fund balance, or grants which would be anticipated to assist the community in emergency response. If the emergency is too pressing to convene the City Council, the chief executive is authorized to make this budgetary adjustment.

Following the end of a fiscal year, the City's Accounting staff close the year, and the annual audit begins. The City contracts with an external auditing firm to review financial statements. Although the audit primarily focuses on accurate posting of financial transactions and appropriate internal controls, the auditors test to be sure the budget was adopted in compliance with Oregon Local Budget Law, and each fund is tested for compliance with the appropriations resolution, as amended.

More Information

Anyone who wishes more information about the budget process can contact the City of Corvallis Finance Department at 541-766-6990 or at finance@ ci.corvallis.or.us.

THE BUDGET PROCESS CALENDAR			
Month	Capital Improvement Program	Budget	Audit
June	Solicit public feedback about projects to be included in the next CIP Update.	The City Council adopts the budget for the fiscal year beginning on July 1.	Prepare for year-end close.
July	Staff develops CIP project proposals in compliance with master plans and citizen initiated requests.	The adopted budget is printed and legal documents levying taxes and appropriating monies are filed with the Benton County Assessor's Office.	Year-end work begins with soft close, June reconciliation of subsidiary ledgers, fiscal year-end check runs, and posting accruals. Capital asset inventories are conducted.
Aug.	Staff work on CIP development continues.	Work on interim projects which may have budget impact in successive years is initiated. The budget calendar for the next fiscal year is developed.	Final accruals are posted and subsidiary ledger reconciliation work is completed.
Sept.	Departments submit CIP proposals for internal review as to consistency with master plans, the Comprehensive Plan, and financial plans and policies.	Work on interim projects continues. The Budget Manual is revised as appropriate. Financial plans are updated to reflect unaudited actual revenues and expenditures from the prior year and the proposed CIP.	All internal audit work is completed, and final adjusting entries are posted.
Oct.	The City Manager reviews the staff's recommended CIP proposal, and makes a final recommendation on projects to be included.	Financial plans are finalized for publication in the CIP. Vehicle and equipment replacement schedules and reserve plans are due for Budget Office review.	Auditors are on-site to complete the annual audit.
Nov.	The CIP Commission convenes to begin review of the Proposed Five-Year CIP Update.	Computer equipment and facility maintenance plans are due for Budget Office review. Budget Analysts and Department Budget Liaisons initiate work on payroll and benefit projections for the following fiscal year. Department staff revises their current year budgets and revenue projections and initiate work on the next fiscal year's revenue projections.	The Comprehensive Annual Financial Report (CAFR) is written and presented to the Council's Administrative Services Committee (ASC) for review and a recommendation for the Council to accept the annual audit report. The Management Letter and staff's response is presented to ASC.
Dec.	The CIP Commission completes its review of the Proposed CIP and recommends a CIP for Planning and Budget Commission consideration.	Preliminary payroll projections are completed. Revised 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.	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.	Department Directors meet with the City Manager and Budget Office staff to discuss budget plans, performance indicators, and potential service enhancements. Decision packages are developed for the Budget Commission to consider. Revenue projections for the next fiscal year are completed. Financial plans are updated with the CIP Commission recommended CIP, the prior year audited revenues and expenditures, the current year revised estimates, and the next year's revenue projections.	Interim planning work is initiated, and staff complete Governmental Accounting Auditing and Financial Reporting (GAAFR) update training.
Feb.	The Budget Commission reviews the CIP for consistency with financial plans and the ability to pay the capital, operating, and maintenance costs.	The Budget Commission receives the CIP, the Annual Citizen Survey, the status of the City Council's Goals and Values, and financial plans. Department Directors present information to the Budget Commission about their business plans. Citizens and staff present Budget Commission with requests for changes to City programs. The Budget Commission deliberates and gives staff direction for developing a budget. Departments submit their final budget proposal in compliance with Budget Commission direction.	Interim staff work continues.
March	Staff updates the budget for current year capital improvement projects and submits changes to the proposed capital budget based on expected completion of current projects.	Budget Analysts review the department submitted budgets. The City Manager meets with Department Directors to discuss any outstanding issues. Departments submit lists of any projects budgeted in the current year that will not be completed and need to be carried over to the following year.	Staff meet with the auditors to schedule interim audit work and discuss any changes to be made in the audit process.
April		Budget Analysts prepare the Proposed Budget document and have the document printed.	Share the schedule for year-end close, purchasing cut-off, and final check runs with department users.
May		The Budget Commission convenes to review the City Manager's Proposed Budget and recommend a budget for the City Council to consider. Staff develops the final list of projects which may need to be carried over for Council consideration.	Interim audit work is completed.
June	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.

MEMORANDUM

January 13, 2009

TO: Budget Commission

FROM: Nancy Brewer, Finance Director

SUBJECT: **Budget Capacity**

I. Issue

To define the amount of monies available for increases in the budget that keeps the budget within the Council direction for ending fund balances.

II. Discussion

The City Council met in November in a work session to discuss the projected financial status for the property tax supported funds and the budget capacity for FY 09-10. At the work session, staff presented three scenarios – best case, worst case, and most likely – for the property tax supported funds (Attachment A). This work included a more in-depth narrative discussion than is normally presented through the budget process about the kinds of assumptions that staff makes throughout the budget process to develop both revenue and expenditure projections. The City Council agreed that the most likely scenario was the appropriate financial plan to use, and that the level of analysis was appropriate; updates at that level of detail may be appropriate every three to five years.

The City Council also looked at the information staff put together for Mitigating Factors, and looked at the financial plan that includes both the budgetary ending fund balance and a "Potential Ending Fund Balance" that includes Mitigating Factors. Based on the most likely scenario Potential Ending Fund Balance, the property tax funds are projected to maintain significant fund balances.

In December, in order to determine the amount that may be available for expenditure, the City Council looked at two separate measures for a minimum fund balance (Attachment B):

- The City Council's Financial Policies call for a possible 5% unreserved ending fund balance, potentially reserving monies for future year commitments.
- The City Council requested staff to develop information using three months of payroll costs (wages plus benefits) for a targeted minimum fund balance.

The City Council also discussed developing a plan to spend no more than 20% of the difference between the potential ending fund balance and the target each year for five years. Ultimately, the City Council agreed that using three months of payroll as a targeted ending fund balance, and drawing down the fund balance over a five year period was the direction to take. As a result, the amount potentially available for spending in FY 09-10 for new or expanded programs is $600,000.

The City Council also discussed City Council endorsed enhancements. Council asked staff to share information on the potential enhancements (included in Attachment B – top five are in the report and other ideas are attached), but chose at this time to not forward specific requests.

Finally, staff had presented some alternative formatting options to the City Council for consideration. Those recommendations have been included in the financial plans to be distributed at the January 22 Budget Commission meeting and include:

- Moving the non-operating sources and (uses) section of the financial plan to the appropriate area of the plan, so non-operating revenues will be presented with all other revenues and non-operating expenditures (primarily debt, transfers and budgeted contingencies) will be presented with the departmental expenditures.
- The graphs will be modified to show the best case, worst case, and most likely trend lines so that actual performance can be measured against those projections.
- The Mitigating Factors will be renamed the Historic Norming Adjustment (HNA) to more accurately reflect what the number is. In addition, the HNA will be added to each fund's financial plan, and shown with both the Budgetary Fund Balance and the Potential Ending Fund Balance on a single page to better facilitate the discussion of capacity.

III. Requested Action

No action is required on this issue from the Budget Commission. This information is provided to the Budget Commission from the City Council to assist in deliberations for the FY 09-10 budget development process.

Review and Concur:

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City Manager

MEMORANDUM

November 17, 2008

TO: Mayor and City Council

FROM: Nancy Brewer, Finance Director

SUBJECT: **Financial Plan Alternatives - Property Tax Funds Combined**

I. Issue

To review alternative financial plans for the property tax funds combined and provide direction for developing the FY 09-10 budget.

II. Background

The City of Corvallis has done long-term financial planning for more than twenty years. While originally limited to the General Fund, all operating funds of the City now have financial plans developed, monitored, and updated throughout the year. The plans are used extensively by staff to:

- project funding levels for operating costs for all existing services;
- facilitate discussions of revenue changes necessary to fund service demand;
- facilitate discussions of expenditure changes necessary based on revenue adequacy;
- develop long-term funding plans (i.e., reserves or debt financing needs) for capital costs and capital projects;
- develop long-term technology equipment and facility maintenance plans to maintain work flow; and
- model the financial impact of service level decisions.

Each of the funds' financial plans include a number of assumptions about the revenue streams for that particular fund, as well as the expenditure patterns, whether for the relatively fixed costs of existing staff and debt service obligations, or the fluctuating special operating projects that may be driven by facilities maintenance, equipment replacements, technology initiatives, or customer demands, and the capital improvement program projects defined in the annual update to the Capital Improvement Program (CIP).

It may be important to note that the financial plans are not any part of the required financial statements that the City produces – they have no direct correlation to the balance sheet, statement of net assets, etc. Rather, the financial plans are tools that allow the City Council and Budget Commission to provide direction on adding/deleting/changing service levels as quantified and matched with estimated financial resources. The focus of the financial plan is on revenues and expenditures, and the fund balance – the difference between revenue and expenditures.

While the City has a long tradition of doing long-term financial planning, a best practice for financial management, the City also has a long tradition of making fairly conservative financial projections. This generally means that revenues are estimated on the low side and that expenditures are estimated slightly high. As a result, actual ending fund balances are usually higher than the budget anticipated. While this can seem like a "good news" situation, it also may result in not pursuing new programs or services because the financial plan indicates there are not adequate resources to do so.

The City Council requested staff develop financial plan alternatives that look at "best case" "worst case" and "most likely case" scenarios.

III. Discussion

Staff began work by defining what best, worst and most likely case would mean. Assuming that best case would not mean the end to Measure 47 limitations (and an additional $8.8 million in property tax revenue) and that worst would not mean a natural disaster that leveled the town resulting in no revenue but very high expenditures, staff has defined these terms as follows:

- Best case – the highest fund balance assuming normal operations and continued funding of all existing services. No new revenue sources, but all existing revenue sources are growing annually at a higher than average level. Expenditures are increasing at lower than historical rates (i.e., medical insurance rates have been in the 15% to 20% range, best case is that they would be in the 8% to 9% range). Budgets continue to be under-expended by average historical levels.
- Worst case – the lowest fund balance assuming normal operations, continued funding of all existing services, but costs are higher than expected; the level of under-expenditure is at the historical average. Revenues are growing, but at a lower than historical average level.
- Most likely – the projections staff would ordinarily bring to the Budget Commission, this assumes all current services continue at their current levels. The rate of revenue and expenditure growth is at the historical average level, and the rate of under-expenditures matches the historical average rate – with some adjustment for current environmental factors or other known changes. This scenario takes into account the normal analysis staff completes in making revenue and expenditure estimates, as well as accounting for the mitigating factors, which is a net of revenues over estimates and expenditures under estimates.

It may help to see this in a graphic format:

Change from Historical Average			
	Most Likely	**Best Case**	**Worst Case**
Revenue Projections	↔	↑	↓
Expenditure Projections	↔	↓	↑
Service Level Changes	**None**	**None**	**None**
Mitigating Factors	↔	↔	↔

It is also important to note that in some cases there is an inverse relationship between revenues and expenditures. Prime examples include:

- Transient Room Taxes (TRT) and Economic Development Allocations – best case scenario would have TRT revenue increasing and economic development allocations remaining at historical levels, but if TRT revenue is up, the expenditures would also increase.
- Franchise Fees and City utility payments – best case scenario would have franchise fee revenues increase faster than historical trends, but that also means that utility costs, most notably for the Osborn Aquatic Center and the Street Light system, would increase significantly more than a "normal" best case scenario might show.

Since staff needed a way to treat these inverse relationships that was consistent, and since in most cases the increased revenue exceeds the increased expense, where an inverse relationship exists, the "best case" scenario will use increased revenues and increased expenditures; the "worst case" scenario will be the opposite.

IV. Projections

For all of the projections, staff has attempted to take into account the current economic crisis, and the likely impact the crisis will have. This effort is most apparent in the "Most Likely" scenarios since it is the path staff normally takes in developing financial plans.

Clearly, no one can predict the actual duration or depth of the recession or the long-term impacts. However, there are a number of economic indicators that staff routinely monitors, along with reviews of the economic forecasts made by others. As of this writing, the general consensus of leading economists is that the economic downturn will continue for two years or longer, and unemployment will rise (some say to over 8% nationwide). The expected continuation of the current downturn is reflected in the following projections:

REVENUES

Property Taxes

Property tax projections are important since the property tax makes up around 50% of the revenue for the property-tax-supported operations. As the City Council knows, property tax revenue growth has been uneven since the adoption of Measure 47/50 in the late 1990s changed the tax system. Over the last eleven years, the City has had five years with less than 3% growth in assessed value/tax revenue, one year where growth was right at 3%, and five years where it has been more than 3%. For 2008, the City had projected AV and tax revenue growth at 3.5%; the actual growth rate was 3.65%, which will result in around $30,000 more property tax revenue for operations than was originally estimated.

All property is assessed as of January 1 each year. Property that is under construction but not complete is assessed at partial value, then becomes fully taxable in the year after construction is complete.

Since the property tax rate has been fixed by the State at $5.1067 per thousand of assessed value, changes in property tax revenue are solely based on changes in AV. The primary factors associated with changes in AV are:

- New development – the economic downturn has not hit the Corvallis housing market as hard as other communities because of the lack of predatory lending practices in Corvallis. As a result, the impact of the housing downturn has not resulted in a high rate of foreclosures in Corvallis as seen elsewhere. However, there has been a near stop to new residential development, most notably in single family homes. As of the end of October, the Development Services group had issued 36 new single family home permits for the first ten months of 2008 as opposed to the 150 to 180 that had been average over the same period for several decades. The average AV increase from new development has been around $100 million in assessed value each year for the past decade.

  Corvallis has seen some new commercial development during the last year, and there are a number of projects underway (or soon to be underway) on the OSU campus and at Samaritan Health Services. New projects coming onto the tax rolls with full value in 2009 will be the Second Street Spa building and the new Ninth Street shopping center. Non-profit development, where most of the new construction in the community is occurring, does not increase assessed value for tax purposes.

  Based on the assumption that 36 new homes would have an average RMV of $300,000, and an average ratio of AV to RMV of 62% for Corvallis, this would set the initial AV to $186,000 for each home. At $5.1067 per $1,000 of AV, new residential development is expected to produce a total of around $34,200 in property tax revenue for the City. Commercial development is estimated to have a real market value of around $30 million, and an AV to RMV ratio of 51.8% for an AV of $15,540,000. At $5.1067 per $1,000 of AV, new commercial development is projected to increase property tax revenue by around $79,360, bringing total revenue from new development to $113,560.

- Industrial Property depreciation –Industrial property, both personal and real property) depreciates according to the market. For the most part, RMV equals AV for developed industrial property, so when the RMV decreases, AV does as well. The largest value in industrial property in Corvallis is in Hewlett Packard which made up 10.6% of the City of Corvallis total assessed value in 2008. HP has an AV to RMV ratio of 98.9%. Additional industrial value is at the Evanite site which made up 0.66% of the City's AV for 2008. HP has signaled that they do not plan to appeal their value for the 2008 tax year, but they have requested a complete re-appraisal for the 2009 tax year, which is currently underway. Evanite has not indicated whether or not they may appeal their value, but they have had a development proposal submitted (and subsequently withdrawn) for part of their land.

  For 2008, HP's assessed value was just over $397 million, and they paid $6.3 million in property taxes. Of their total tax bill, just over $2 million comes to the City of Corvallis for operations. For 2008, Evanite's AV was just over $25 million, and they paid just over $400,000 in property taxes. Of their total tax bill, just under $129,000 comes to the City of Corvallis for operations.

  A 25% decrease in industrial value (around $100 million in assessed and real market value) would drop property tax revenue to the City by nearly half a million dollars. In the past, the decreases in industrial assessed value would likely have been offset by the increases from new residential development. With the lack of residential development, the potential decrease in industrial property assessed value will likely not be offset by new development value.

- 3% growth in Existing Value – Under Oregon law, existing property AV will increase 3% per year unless RMV drops to below the AV. Existing residential value has an assessed (AV) to real market

value (RMV) ratio of 62%; commercial is at 52%. This means that RMV would need to decrease by 35% on average for a residential property and 48% for commercial property to be in "Measure 50 Compression" where RMV drops to below AV. Until that time, it is likely that the majority of residential and commercial property will continue to have the 3% annual AV increase applied. It is difficult to tell if residential property values are likely to decrease by 35% on average over the next one to two years. When looking at recent historical information, the median house price in Corvallis decreased by 5% from September 2007 to September 2008. This seems to be a fairly small drop compared to national averages, but over time, and on some properties, the decrease in RMV may be more significant.

All of these factors combined have been considered by staff in making projections for property taxes in the "Most Likely" scenario. They also informed the estimates for the best and worst case scenarios:

Operating Property Taxes			
Basis	**Most Likely**	**Best Case**	**Worst Case**
Industrial Value	Decrease by 10% of current value or $40 million for FY 09-10; no change after 2009.	No change to existing value	Decrease by 25% of current value or $100 million in 2009; no changes thereafter.
New construction value	Around $25 million in new construction AV added to the rolls in 2009; 25% of historical averages added in 2010 ($25 million); 50% of historical average added in 2011 ($50 million) [note: since 2008 construction would come on the rolls in 2009, the value estimated from permits issued to date is the same in all three scenarios].	Around $25 million in new construction AV added to the rolls in 2009; 50% of historical average in 2010 and back to normal operations in 2011 (+$100 million per year).	Around $25 million in new construction AV added to the rolls in 2009; no new residential value in 2010 or 2011.
Existing Value	Maintain all existing value and increase at 3% overall.	Maintain all existing value and increase at 3% overall.	Decrease existing value by 1% per year due to decreases in RMV.
AV/Rev Change Rates	FY 09-10 = 2.20% FY 10-11 = 3.65% FY 11-12 = 4.28%	FY 09-10 = 3.66% FY 10-11 = 4.29% FY 11-12 = 5.48%	FY 09-10 = 0.65% FY 10-11 = -1.00% FY 11-12 = -1.00%
Revenue impact of a 1% change in AV: $191,250			

Transient Room Taxes

Transient Room Tax (TRT) revenue is dependent on three factors: 1) the room tax rate (currently at 9%); 2) the number of rooms used each year; and 3) the rate charged for the rooms. TRT monies are divided, with half available for Economic Development Allocations (30% to Corvallis Tourism and 20% for competitive allocations) and half for the City's General Fund.

The City's TRT rate has been the same since the late 1990s. A year ago, the Downtown/Economic Vitality Plan Implementation Committee (DEVPIC) discussed the possibility of raising the room tax rate as a way to secure additional funds for City operations. Based on changes in State law, any increase

would likely result in more monies to Corvallis Tourism, and not a significant amount of additional revenue to the City. Over the last several years, the room rates have averaged a steady annual increase as inflation has continued at a relatively level pace. The number of room nights took a downturn after the 9-11 terrorism attacks when business travel declined, but had returned to better than average rates for the last year or so. However, with the current economic downturn, the number of advance reservations has declined and the industry expects to have lower than average room rentals as both business and leisure travel declines. John Hope-Johnstone, Corvallis Tourism Executive Director, in his recent annual report to the City Council on tourism indicated that conference bookings are down but room rates are up and he is projecting revenues will be higher in FY 09-10. Year-to-date revenue is about 4% lower than last year at the same time.

Transient Room Taxes			
Basis	**Most Likely**	**Best Case**	**Worst Case**
TRT Rate	9%	9%	9%
Room Rates	Slight increase for FY 09-10; Increasing 3% for 10-11 and 11-12	Increasing 4% for all three years	Level for all three years
Room usage	Slight decline for 09-10 and 10-11, then a slow increase to 2006 levels in 11-12	Increasing 2% per year for all three years	Decrease room nights 5%
Projected Revenue Increase	FY 09-10 = 0.00% FY 10-11/11-12 = 3.00%	6.00%	-2.00%
Impact of a 1% change in TRT revenue: $12,210			

Licenses, Fees, Permits

This revenue classification consists of franchise fees and a number of small transactions; franchise fees make up over $5 million of the $5.59 million projected revenue for FY 08-09. The second largest revenue source at $145,320 is the PEG/I-NET fee assessed through Comcast, and restricted to provide Public, Education, Government access channel services and Institutional Network infrastructure. Altogether the rest of the small licenses, fees and permits revenue makes up nearly $400,000, most of the fees are already set at the maximum allowed (i.e., liquor licenses) or are reviewed annually for fees that cover the costs of providing the service (i.e., park use permits).

Franchise Fees are assessed against utilities that use the City-owned public right-of-way to do business. Rates for the various franchises are set in the franchise agreement, and are usually limited by state or federal law which often governs how the City can develop and implement franchise agreements. For any of the franchises where the state or federal government sets a maximum rate, the City charges the maximum allowed. Revenue increases when the City grows (more utility users), when utility usage is up, or when rates increase. Franchise Fee revenue from Qwest has been declining over the past decade as fewer people have hard-wired phones. Cable franchise fees are threatened by subscribers moving to dish systems. An additional factor in franchise fees is the community-wide emphasis on reducing energy usage to be a more sustainable community as well as cutbacks by consumers concerned by the economy and their ability to afford these costs. Reduced usage will reduce the amount that is collected for franchise fees.

The largest contributors for franchise fees include the City's Water and Wastewater utilities, NW Natural, and Pacific Power. NW Natural has requested from the Public Utility Commission (PUC) a 14% rate increase effective in October 2008. Pacific Power has received approval from the PUC for an 8.5% increase in residential customer rates, also effective last month. The City Council will be considering a proposed 6% water utility fee increase and a 2% proposed increase for wastewater, effective February 1, 2009.

Licenses, Fees, Permits			
Basis	**Most Likely**	**Best Case**	**Worst Case**
Utility Rates	Gas and electric trend up at 10% per year; water and wastewater at 3% per year; the balance at 2% per year [note: this is also net of the Business License Fee revenue estimated for FY 08-09 when the budget was adopted].	Gas and electric trend up at 15% per year; water and wastewater at 4% per year; the balance at 3% per year [note: as a "best case for the Tax Funds;" this is not the direction anticipated for the water and wastewater utilities].	Gas and electric trend up at 5% per year; water and wastewater at 1% per year; the balance at 0% per year.
Population Growth	1% per year	1.5% per year	0% per year
Projected Revenue Increase	3% per year	5% per year	1% per year
Impact of a 1% change in License, Fees, and Permits revenue: $ 50,390			

Charges for Service

As with Licenses, there are dozens of small charges for service that are collected by the City. The category includes fees for participating in Parks & Recreation activities including the Senior and Aquatic Centers, fees from employers participating in the Transit group pass program, Fire inspection Fees, and Police Department charges to Benton County for shared use of facilities. The largest single revenues in this category include:

- Corvallis Rural Fire Protection District (CRFPD) payments for services. The City contracts with the CRFPD to provide Fire prevention and suppression services to the rural district. The contract payment is based on a proportion of the CRFPD's revenue from property taxes. The rural district does not have a significant amount of industrial land included within its boundaries, so the issues with depreciation of industrial property the City faces does not have a large an impact. On the other hand, the rural district also has less commercial property that helps to grow values faster. New residential development in the rural district tends to have higher values (larger parcels of land and often times larger homes with barns, etc.), but there are also fewer residential homes built in the rural district each year than inside the City of Corvallis. Overall, this is expected to be a relatively stable revenue.
- Ambulance Fees for the Fire Department. These fees increased significantly in FY 07-08 based in part on increased rates, but largely based on concerted efforts at collections.
- Admission and Rental fees for the Osborn Aquatic Center. OAC covers about 60% of its operating costs through fees charged for use of the facility, through general admission, rental for special programs, or lessons.

- Transit farebox revenues are not consider to be a significant revenue, making up only about 2% of the total Charges for Service revenue; however it is the only portion of Transit Fund revenue the City has direct control over, other than the allocation proportion of property taxes.

Charges for Service			
Basis	**Most Likely**	**Best Case**	**Worst Case**
CRFPD payments	This revenue stream is estimated to increase around 3.15% in FY 09-10; then closer to 3.50% in 10-11 and 11-12 as the housing market shake-out ends and development begins again.	More development in the rural area will increase the rate of growth from new value to around 4% per year.	Relatively little development will be added to the rolls for 2009. No new development for 2010 or 2011. Like Corvallis, RMV falls so that M50 compression occurs and values drop by 1% per year for all three years.
Ambulance Fees	Revenues will increase around 3% annually based on maintaining current collections. Call volume will continue to increase. The number of hardship write-offs will increase slightly due to general economic conditions. Not enough will be lost to significantly alter revenue estimates. Late in FY 10-11 collections will increase another percentage point as the new Fire Department RMS is implemented and the billing process goes faster.	Call volumes continue to increase 2% per year. Revenue collections increase due to Fire RMS.	Call volume increases; due to economic factors the increase in hardship write-offs becomes significant at 10% of billings; staff turnover slows the efforts currently made on collections.
Osborn Aquatic Center Fees	Revenues will continue at the historical average.	Revenues increase as more people use the facility in lieu of going elsewhere on vacation; class registrations increase, costs decrease due to energy savings.	Revenues decrease as people have less discretionary income for leisure activities or classes, energy costs escalate faster than revenue growth.
Transit Fares	Revenue will increase slightly as ridership continues at the high levels it has been in the latter half of FY 07-08 and FY 08-09. If ridership continues at current levels, revenue will not increase.	Revenue increases more significantly as ridership increases by users other than those involved in the group pass programs.	Ridership declines and fare box revenue decreases as fuel costs drop.
Projected Revenue Increase	2%	4%	1%
Impact of a 1% change in Charges for Service revenue: $55,380			

Intergovernmental

Intergovernmental revenue is received from other government agencies. There are a number of smaller grants that are focused on specific purchases or service activities included in the property tax funds combined financial plans (i.e., grant for bulletproof vests; grant for historic preservation). The City has a number of larger grants that have been applied for for specific projects (i.e., City Hall seismic; Transit Operations Center) that are associated with a capital project and are planned for the Capital Construction Fund, and not as a direct revenue for one of the property tax supported funds. The most significant revenues in this category, which are usually received each year, include:

- State shared revenues – this category includes shared revenues, cigarette and alcohol taxes accounted for in the General Fund. The State collects these tax revenues, then shares them with local governments in accordance with a formula established in the Oregon Revised Statutes.
- Transit Federal Grants – the Transit Fund receives a significant portion of its operating revenue each year from federal transportation funding grants for both operations and capital (bus replacement).
- Library Service District – the Library Service District is a special property tax district that includes most of Benton County. The district faces many of the same issues as the City's property tax estimation process, except that Industrial Property is less than 7% of the total assessed value.

Intergovernmental			
Basis	**Most Likely**	**Best Case**	**Worst Case**
State Shared Revenues	Maintains the historical average growth in revenues at around 8% per year.	Growth in revenues is close to 10% per year.	Staff projects this as a 2% increase; however, it is widely expected that the State may look at the opportunity to use one or more of these sources to prop up the State's own General Fund.
Transit Operating and Capital Grants	Assumes a 3% annual growth in the operating grant, mirroring the City's expected growth in costs for both personal services and the transit contract for services. Capital grants will occur as needed for bus replacements.	The best case would increase the level of federal cost share for operations from 80% to 90%. An alternative scenario would be a general increase in federal dollars available for transit operations, but this would likely result in increased costs for more operating hours of service. Capital grants would increase the level of federal cost share to 90%.	Federal support would decrease for operations to 70% of the operating costs. Federal support would decrease for capital purchases to 70%.
Library Service District	Industrial Property value decreases by 10% in 2009. The balance of property values increases at 3%. Around $30 million in new value from new development in 2009; $40 million is added in 10-11 and $60 million in 11-12.	No decrease in industrial value. $30 million in new development in 2009; $60 million in 2010; $100 million in 2011. Existing property increases at 3%.	Industrial value decreases by $100 million; $30 million in new value in 2009; no new value for 2010 or 2011; existing residential value in M50 compression so 1% loss in 2010 and 2011.

Intergovernmental			
Basis	**Most Likely**	**Best Case**	**Worst Case**
	FY 09-10 = 3.02% FY 10-11 = 3.68% FY 11-12 = 3.99%	FY 09-10 = 3.53% FY 10-11 = 4.03% FY 11-12 = 4.64%	FY 09-10 = 1.53% FY 10-11 = -1.00% FY 11-12 = -1.00%
Projected Revenue Increase (net of capital grants)	FY 09-10 = 2% FY 10-11 = 4% FY 11-12 = 4%	FY 09-10 = 3% FY 10-11 = 6% FY 11-12 = 4%	FY 09-10 = 0% FY 10-11 = -3% FY 11-12 = -2%
Impact of a 1% change in intergovernmental revenue: $49,110			

Fines and Forfeitures

A small amount of fines and forfeitures revenue is from late payment penalties at the Library, with the majority of this revenue from traffic/criminal citations issued by the Corvallis Police Department and adjudicated at Corvallis Municipal Court.

Fines and Forfeitures			
Basis	**Most Likely**	**Best Case**	**Worst Case**
Police officers available to write citations; violation occurrence rate; Municipal Court time to adjudicate cases.	With existing staffing levels, revenues are expected to be around the same amount each year.	More Police Officers, particularly those focused on traffic enforcement, are added, increasing the number of citations written.	More serious crimes keep current CPD staff busy on major investigations, so fewer citations are written.
Projected Revenue Increase	2%	4%	-3%
Impact of a 1% change in fines and forfeitures revenue: $8,770			

Miscellaneous

This revenue classification includes everything that does not fit into a more specific revenue class. The major revenue sources in this classification include the Business Energy Tax Credit (BETC) for Transit services and interest earnings. Note that lower fund balance projections in out years result in lower interest revenue earned even when rates increase.

Miscellaneous			
Basis	**Most Likely**	**Best Case**	**Worst Case**
BETC	Continue the historical trend of about 1% growth per year.	Continue the FY 07-08 trend with a 6% increase, which was the result of increased ridership.	The State Legislature determines that the tax credit program should end and there are no more BETC revenues to fund Transit.
Interest Earnings	The current projections are for earnings to be around the rate of the current treasury: 1.6%.	The market rebounds and investments earn 4%.	The market drops even more, and earnings drop to 0.5%.

Projected Revenue Change	First year decrease = 23%	First year decrease = 0.7%	First year decrease = 70%
Impact of a 1% change in miscellaneous revenue: $13,220			

EXPENDITURES

Personal Services Expenditures

Personal Services Expenditures is the largest single expenditure classification in the organization, with more than 59% of the property tax funds combined expended for wages and benefits. Costs in this classification are largely driven by labor agreements for wage increases, including step increases and cost-of-living adjustments (COLA), the associated benefits that are a function of wages (i.e., PERS, FICA), and medical/dental insurance.

Personal Services			
Basis	**Most Likely**	**Best Case**	**Worst Case**
Wages	Matches historical trends of around 5.5% annual increase incorporating both step increases (range from 4.15% to 5% each step) and COLAs.	Cost of living is low, so COLAs are minimized; staff achieve long tenures so there are no step increases. Best estimate is a 2% annual increase.	The economy remains in the doldrums, but with high inflation, driving COLAs up. Retirements create a work force with less tenure so that many more employees are getting annual step increases. Annual increases around 7%.
PERS/OPSRP Retirement Contributions	PERS/OPSRP employer rates are known for the period of July 1, 2009 through June 30, 2011, and are 2.50 percentage points lower than current rates. For FY 11-12, assume a 1.5 percentage point increase in all rates as the result of the system losses from 2008. Assumes a rebound with no significant system losses in 2009, and an offset to the actual increase from changes in PERS actuarial practices.	Market rebounds in 2009 and completely offsets PERS system losses from 2008. Employer rates decrease two percentage points from the July 1, 2009 effective rates (i.e. 3% total)	Significant system losses in 2009. PERS rate increases limited to three percentage points for 2011 (i.e., rates increase to 8.7% for General Service), deferring additional increases to 2013.
Medical/Dental Rates	Matches system average of around 5.5% when vacancy savings are factored in.	Increased participation in the high deductible plan lowers those rates in 2010 (after a year of experience); annual increases at around 4%. National health care reform lowers rates beginning in 2011.	A higher number of hardship cases in the medical system without insurance and other factors drive all insurance rates to 15% or more annual increases, even with vacancies.
Projected Expenditure Increase	1.3% (when combined with flat overtime/temp assumption)	-0.9%	3.8%

Personal Services			
Basis	**Most Likely**	**Best Case**	**Worst Case**
Impact of a 1% change in Personal Service Expenditures: $223,150			

Supplies and Services Expenditures

Supplies and Services expenditures are for all operating expenses other than Personal Services. This classification includes chemicals for the pool, medical supplies for ambulances, computers, utilities, administrative overhead, supplies, and Library materials such as books and DVDs. Departments are generally limited to an annual increase of 1% of the prior year budget, although some expenditure areas are exempt from this limit, including:

- Utility costs at the Osborn Aquatic Center, which are 45% of the non-personal services budget, and over the last decade have increased by considerably more than 1% each year.
- Library materials, which increase 3% each year to maintain buying capacity.
- Fuel purchases, which over the last two years have risen by as much as 100%.
- Administrative overhead, which is tied predominantly to personal services (for City Manager, Risk, Finance, Facilities, Fleet, Radio and Telephone/Computer systems), and usually increase around 4.5% each year.
- The First Student contract for Transit Services which combines both the staff to drive the buses and maintenance costs.

Since these scenarios are only associated with differing economic projections and not changes in service levels, staff has not developed alternative scenarios that would treat the items listed above as exempt from the 1% increase limit any differently. In any event, the pressures, mostly from external factors, that have been the cause for the exemption remain in place.

Supplies and Services			
Basis	**Most Likely**	**Best Case**	**Worst Case**
Overall increases	Continues at 1% annually.	Decreases to 0.7% annually.	Increases to 2% annually to manage the same buying power in a time of inflation.
Impact of a 1% change in Supplies and Services Expenditures: $189,210			

Special Projects

The special project budget is used by all departments to budget and manage funds that are not part of the on-going operation of the department, but are important to the operations. Examples include budgeting for grants, vehicle replacements, new technology initiatives, master plan updates, etc. For the most part, these expenditures make up 10% of the operating budget each year. These are generally one-time projects and have no staff time allocated to the project unless it is a pilot project. The project system is used to facilitate accounting for the project (many of the projects are for capital asset purchases). For

vehicle replacements, the purchases are usually made from reserves set aside for that purpose. While these projects are important to the department's (or organization's) operations, in many cases these projects can be most easily deferred if monies are not available because they have a specific focus and time line for completion.

The scenarios do not take into account any differences in special projects. To do more or fewer projects would require considerably more time to discuss the details behind each project – which ones are grant funded, based on Council direction, etc. Also, one of the overriding assumptions in these scenarios is that service levels are maintained; to reduce some parts of the budget would require more discussion about priorities.

Non-Operating Expenditures

Non-Operating Expenditures includes payments for debt service, transfers of monies between funds, capital projects, and contingencies. In the property tax supported funds, there is currently no direct debt supported by operating funds, and none of these scenarios anticipate any new debt. Monies are transferred between all of the operating funds and the Pension Obligation Debt Service Fund to make the debt service payments on the Pension Obligation Bonds. Monies are also transferred to the Capital Construction Fund to pay for Capital Improvement Program (CIP) projects. These transfers are all budgeted according to projects identified in the annual update to the CIP, and are one-time expenditures where the City usually has some level of control over the timing of the project and/or expenditures. Contingencies are budgeted in each fund at 2% of current revenue to be used in case of an emergency. Contingencies are rarely used, and are usually "zeroed out" in the revised budget and "re-budgeted" in the following year so they tend to have no net impact.

Because these all tend to be either programmed/required regardless of all else, or within the Council's purview, there is no difference between the three scenarios in the non-operating budget. There is some allowance for savings in both special projects and CIP projects through the mitigating factors assumptions.

Mitigating Factors

Mitigating factors is the term the City has been using to quantify the average historical actual financial performance as compared to budget. Mitigating Factors is the net of revenues and expenditures each year, and is staff's attempt to quantify the organization's actual financial performance as opposed to the financial plan made each year during budget deliberations.

In general, although the specific line items of revenue may be off by a more sizeable amount, the City is fairly accurate with total revenue estimates, with annual actual revenue performance between 98% and 102% of the estimate.

The organization has a history of careful expenditure management, with all departments consistently under-expending their budgets. Causes of the under-expenditures are primarily:

- Personal Services Savings – all organizations have turnover, and the City of Corvallis is no different. Although turnover can generally be quantified at around $1 million annually, the

turnover does not follow a pattern that would allow the City to under-budget wages. The Police Department, which has vacant positions that stay open longer than average due to their hiring process, often uses salary savings to cover higher than budgeted overtime. It may also be important to note that the City's rate of turnover is generally lower than many other organizations. In the last five years, many of the vacancies have occurred as the result of retirements, with new hires starting at lower wage rates. To the extent these retirements are known in advance, an allowance for the lower step replacement is built into personal service estimates.

- Supplies and Services Savings – all departments under expend their supplies and services budgets by varying amounts. Some of these savings come from obtaining lower prices than expected when the budget was developed. Some is from work that simply does not get done or gets deferred to the following year. Deferral of work is most often associated with staff turnover, or with changing priorities during the course of the year.
- Special Projects Savings – most of the time, when special projects monies are not expended in a year it is because either the capital asset item was not available for delivery by the end of the fiscal year, or because the project was deferred or took longer than originally anticipated. Special projects that are not completed within one fiscal year are most often re-budgeted as a carry-over in the following year. For example, in FY 08-09 the Fire Department budgeted to replace the aerial truck. The department completed its bid process and awarded the bid, but it takes 300 plus days to have the truck built. The balance of appropriations will be carried over to FY 09-10 to make the final payment when the truck is delivered in October 2009.

All of these factors combine to make "mitigating factors". Staff completes a historical review each year to develop an estimate of the mitigating factors amount. For this financial plan discussion, Mitigating Factors has been added "below the line" for each financial plan scenario and a revised estimated fund balance is included.

Mitigating Factors			
Basis	**Most Likely**	**Best Case**	**Worst Case**
Mitigating Factors	Will be at the historical level for each year of the financial plan. FY 10-11 increases to account for contingencies which are budgeted but are expected to not be used. In all other years (including FY 08-09 Revised) the contingencies are not included in the budget.	Will be at the historical level for each year of the financial plan. FY 10-11 increases to account for contingencies which are budgeted but are expected to not be used. In all other years (including FY 08-09 Revised) the contingencies are not included in the budget.	Will be at the historical level for each year of the financial plan. FY 10-11 increases to account for contingencies which are budgeted but are expected to not be used. In all other years (including FY 08-09 Revised) the contingencies are not included in the budget.

V. Financial Plan Format

The three scenarios that are included with this packet all have one minor, but significant, change. For all three, rather than putting Mitigating Factors into a separate financial schedule, it has been added "below the line" on the main schedule. This allows a single view of the financial plan that shows both the budgetary fund balance and the most likely fund balance. Since this format does not allow the "most likely" ending balance to also be treated as a beginning balance, the most likely ending fund balance includes the cumulative impact of mitigating factors. If the City Council prefers this format, the FY 09-

10 budget process will have a single "All Tax Funds Combined" financial plan that includes Mitigating Factors below the line.

Staff has prepared one more schedule to show another alternative format. Over time, staff had worked to make the financial plan look more like the budget to actual comparison pages in the Comprehensive Annual Financial Report (CAFR) so that an end user could track from financial plan to CAFR to financial plan. Among other things, this has meant that non-operating revenues and expenditures have been pulled out into their own section of the plan. Based on discussions at last year's Budget Commission and City Council, staff thought the City Council and Budget Commission may prefer a presentation where all revenues (operating and non-operating) and all expenditures (operating and non-operating) were listed together and summed to a total revenues and total expenditures line.

If the City Council prefers this format, all other financial plans will be converted for the FY 09-10 budget planning process.

VI. Requested Action

This is the first time that staff has quantified the discussion that occurs when trying to make budget estimates. Refinements to this process will occur based on the City Council's discussion and on the City's experience. In addition, refinements to the estimates included here will be updated in January before the Budget Commission meets, and again in April when the Proposed Budget is in final draft, prior to its presentation to the Budget Commission.

Staff is seeking City Council direction on the following:

1. Review these scenarios and discuss the options available. Staff will prepare a single financial forecast to share with the Budget Commission for development of the FY 09-10 budget.

2. Consistent with the Fund Balance Financial Policy (Attachment B), provide direction for the Budget Commission on the appropriate fund balance and the capacity for budget enhancements, including whether the Council would direct a portion of that capacity for on-going versus one-time capital expenditures.

3. Provide information to staff about budget enhancements the City Council would like to have proposed to the Budget Commission for consideration.

Review and Concur:

_//s//_____
City Manager

Attachments:

A = Summary of Rate Changes
B = Fund Balance Financial Policy
C = Property Tax Funds Combined Financial Plan – Most Likely Scenario
D = Property Tax Funds Combined Financial Plan – Best Case Scenario
E = Property Tax Funds Combined Financial Plan – Worst Case Scenario
F = Property Tax Funds Combined Financial Plan – Alternative Format

Summary of Rate Changes			
Classification	**Most Likely**	**Best Case**	**Worst Case**
Property Taxes	FY 09-10 = 2.20% FY 10-11 = 3.65% FY 11-12 = 4.28%	FY 09-10 = 3.66% FY 10-11 = 4.29% FY 11-12 = 5.48%	FY 09-10 = 0.65% FY 10-11 = -1.00% FY 11-12 = -1.00%
Transient Room Taxes	FY 09-10 = 0% FY 10-11/11-12 = 3% per year	6%	-2%
Licenses, Fees, Permits	3%	5%	1%
Charges for Service	2%	4%	1%
Intergovernmental	FY 09-10 = 2% FY 10-11 = 4% FY 11-12 = 4%	FY 09-10 = 3% FY 10-11 = 6% FY 11-12 = 4%	FY 09-10 = 0% FY 10-11 = -3% FY 11-12 = -2%
Fines and Forfeitures	2%	4%	-3%
Miscellaneous	First year decrease = 23%	First year decrease = 0.7%	First year decrease = 70%
Total Revenue	FY 09-10 = 1% FY 10-11 = 2% FY 11-12 = 3%	FY 09-10 = 3% FY 10-11 = 3% FY 11-12 = 4%	FY 09-10 = -3% FY 10-11 = -1% FY 11-12 = -1%
Personal Services	1.3%	-0.9%	3.8%
Supplies and Services	1%	-0.7%	2%
Special Projects	0%	0%	0%
Non-Operating Budget	0%	0%	0%
Total Expenditures	FY 09-10 = -2% FY 10-11 = 2% FY 11-12 = 6%	FY 09-10 = -3% FY 10-11 = 1% FY 11-12 = 4%	FY 09-10 = 0% FY 10-11 = 3% FY 11-12 = 7%
Mitigating Factors	FY 09-10 = 2% FY 10-11 = 4% FY 11-12 = 4%	FY 09-10 = 2% FY 10-11 = 4% FY 11-12 = 4%	FY 09-10 = 2% FY 10-11 = 4% FY 11-12 = 4%

Note: where only one percentage change is noted , the assumption is that this is the approximate change in each of the three years of the particular scenario.

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:

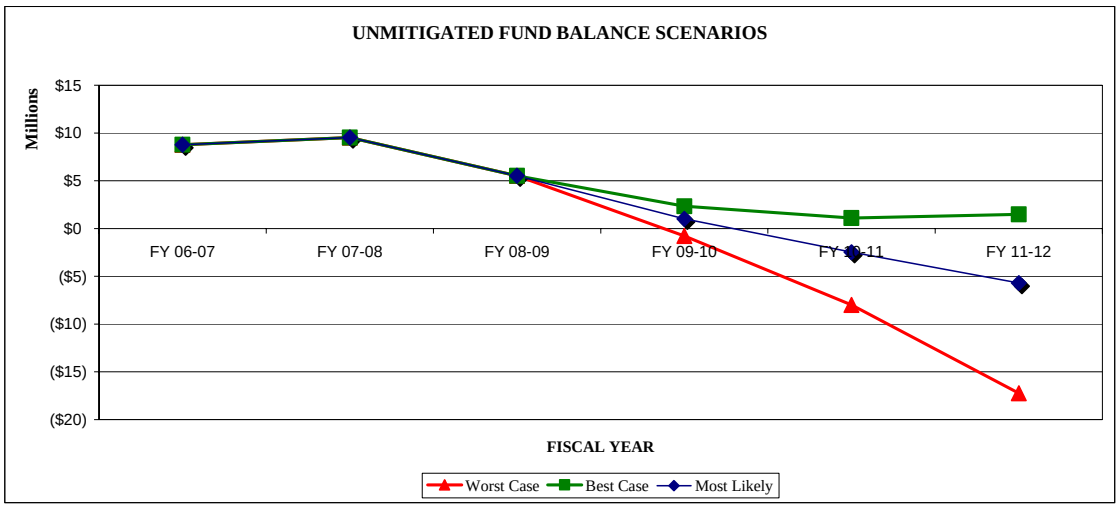
a. one-time capital expenditures which do not significantly increase ongoing City costs;
b. other one-time costs; and
c. ongoing or new City programs, provided such action is considered in the context of Council approved multi-year projections of revenue and expenditures.

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 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.

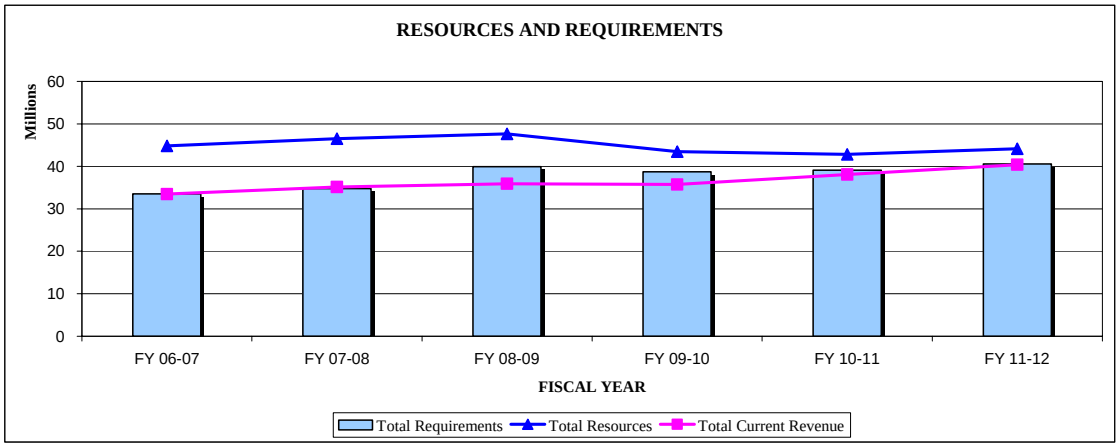
PROPERTY TAX FUNDS - COMBINED - MOST LIKELY

BUDGETARY BASIS	AUDITED FY 06-07	UNAUDITED FY 07-08	ADOPTED FY 08-09	REVISED FY 08-09	PROJECTED FY 09-10	FY 10-11	FY 11-12
BEGINNING OPERATING FUND BALANCE	$8,079,382	$8,785,232	$9,074,879	$9,529,373	$5,526,161	$1,018,541	($2,471,528)
OPERATING REVENUES							
Property Taxes	$17,212,745	$17,979,312	$18,544,610	$18,572,860	$18,973,010	$19,652,600	$20,478,580
Other Taxes	1,113,828	1,147,594	1,220,930	1,220,930	1,220,930	1,257,560	1,295,290
Licenses, Fees & Permits	5,130,881	5,299,829	5,582,740	5,582,740	5,497,930	5,645,780	5,803,710
Charges for Services	4,972,084	5,746,940	5,537,680	5,537,680	5,668,390	5,806,400	5,948,450
Intergovernmental	4,354,640	4,124,892	4,910,840	4,910,840	4,964,930	4,876,480	4,802,630
Fines & Forfeitures	893,079	840,102	877,770	877,770	894,080	910,700	927,640
Miscellaneous	1,539,361	1,410,752	1,322,530	1,322,530	1,016,840	956,240	972,480
TOTAL OPERATING REVENUES	$35,216,618	$36,549,421	$37,997,100	$38,025,350	$38,236,110	$39,105,760	$40,228,780
OPERATING EXPENDITURES							
Community Development	$1,149,683	$1,277,252	$1,693,390	$1,693,390	$1,673,170	$1,749,880	$1,845,650
Finance	496,410	515,175	590,050	590,050	594,870	622,070	654,890
Fire	8,847,789	9,105,460	10,638,570	10,638,570	10,113,220	9,980,440	11,384,710
Library	5,335,516	5,743,537	6,140,510	6,140,510	6,113,650	6,337,310	6,692,580
Parks & Recreation	5,073,132	5,179,064	5,695,870	5,695,870	5,666,260	5,980,920	6,226,940
Police	8,353,027	8,605,970	9,311,800	9,311,800	9,512,420	10,009,850	10,323,770
Public Works	2,896,598	2,976,752	4,103,040	4,103,040	4,136,640	3,915,190	3,729,620
Nondepartmental	1,354,701	1,367,740	1,744,060	1,744,060	1,456,650	1,496,910	1,538,950
TOTAL OPERATING EXPENDITURES	$33,506,856	$34,770,950	$39,917,290	$39,917,290	$39,266,880	$40,092,570	$42,397,110
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	$1,709,762	$1,778,471	($1,920,190)	($1,891,940)	($1,030,770)	($986,810)	($2,168,330)
NON-OPERATING RESOURCES (USES)							
NON-OPERATING ACTIVITY							
Debt Service	$0	$0	$0	$0	$0	$0	$0
Other Non-Operating Revenue	28,382	30,768	0	0	0	0	0
Transfers In	22,884	14,458	0	0	0	0	0
Transfers Out	(1,813,378)	(1,436,588)	(2,660,390)	(2,094,390)	(2,505,640)	(2,246,300)	(1,635,240)
Contingencies	0	0	(727,050)	0	(764,730)	0	0
TOTAL NON-OPERATING RESOURCES (USES)	($1,762,112)	($1,391,362)	($3,387,440)	($2,094,390)	($3,270,370)	($2,246,300)	($1,635,240)
Net Operating Fund Activity	(52,350)	387,109	(5,307,630)	(3,986,330)	(4,301,140)	(3,233,110)	(3,803,570)
NET ACTIVITY	($52,350)	$387,109	($5,307,630)	($3,986,330)	($4,301,140)	($3,233,110)	($3,803,570)
RESTRICTED BALANCES, Beginning of Year	$3,308,055	$2,549,854	$2,178,505	$2,192,821	$2,209,702	$2,416,182	$2,673,142
FUND BALANCE (Including Restricted), End of Year	$11,335,087	$11,722,195	$5,945,755	$7,735,864	$3,434,723	$201,613	($3,601,956)
LESS: RESTRICTED BALANCES							
MANAGEMENT RESERVES	$1,059,060	$1,174,536	$1,239,618	$1,245,427	$1,438,436	$1,652,305	$1,048,875
COUNCIL DESIGNATIONS	905,831	411,864	533,180	471,534	523,684	615,654	665,374
LEGAL RESTRICTIONS	584,964	606,422	423,604	492,742	454,062	405,182	390,502
UNRESTRICTED FUND BALANCE	**8,785,232**	**9,529,373**	**3,749,353**	**5,526,161**	**1,018,541**	**(2,471,528)**	**(5,706,707)**
MITIGATING FACTORS				3,477,164	4,142,044	3,187,600	2,931,486
POTENTIAL UNRESTRICTED FUND BALANCE	$8,785,232	$9,529,373	$3,749,354	$9,003,325	$8,637,749	$8,335,280	$8,031,587



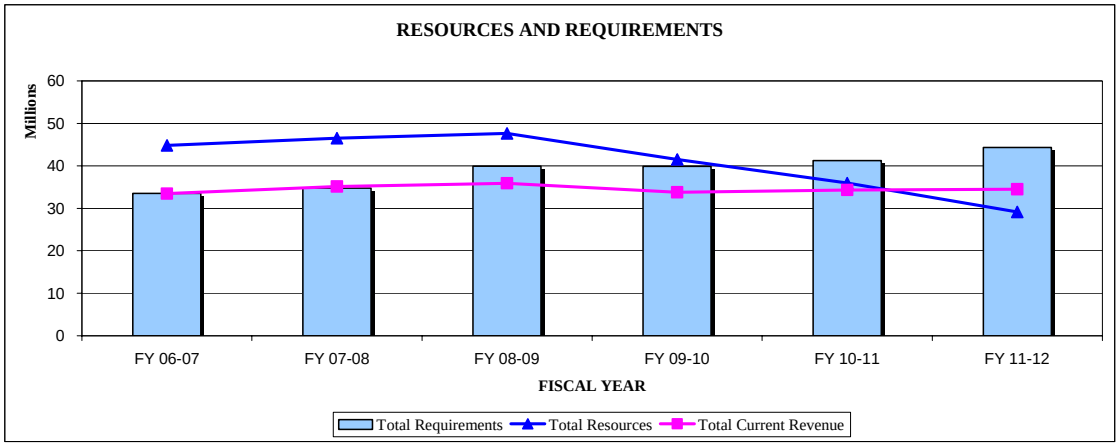
PROPERTY TAX FUNDS - COMBINED - BEST CASE

BUDGETARY BASIS	AUDITED FY 06-07	UNAUDITED FY 07-08	ADOPTED FY 08-09	REVISED FY 08-09	PROJECTED FY 09-10	FY 10-11	FY 11-12
BEGINNING OPERATING FUND BALANCE	$8,079,382	$8,785,232	$9,074,879	$9,529,373	$5,526,161	$2,345,978	$1,104,759
OPERATING REVENUES							
Property Taxes	$17,212,745	$17,979,312	$18,544,610	$18,572,860	$19,245,250	$20,074,510	$21,179,220
Other Taxes	1,113,828	1,147,594	1,220,930	1,220,930	1,294,190	1,371,840	1,454,150
Licenses, Fees & Permits	5,130,881	5,299,829	5,582,740	5,582,740	5,580,760	5,818,080	6,072,510
Charges for Services	4,972,084	5,746,940	5,537,680	5,537,680	5,748,300	5,968,630	6,199,120
Intergovernmental	4,354,640	4,124,892	4,910,840	4,910,840	4,984,128	5,000,040	4,957,830
Fines & Forfeitures	893,079	840,102	877,770	877,770	909,540	942,550	976,850
Miscellaneous	1,539,361	1,410,752	1,322,530	1,322,530	1,230,820	1,144,050	1,190,980
TOTAL OPERATING REVENUES	$35,216,618	$36,549,421	$37,997,100	$38,025,350	$38,992,988	$40,319,700	$42,030,660
OPERATING EXPENDITURES							
Community Development	$1,149,683	$1,277,252	$1,693,390	$1,693,390	$1,637,960	$1,676,990	$1,699,240
Finance	496,410	515,175	590,050	590,050	587,660	607,070	622,040
Fire	8,847,789	9,105,460	10,638,570	10,638,570	10,032,730	9,871,780	11,245,070
Library	5,335,516	5,743,537	6,140,510	6,140,510	6,008,140	6,140,540	6,255,560
Parks & Recreation	5,073,132	5,179,064	5,695,870	5,695,870	5,574,540	5,806,610	5,880,010
Police	8,353,027	8,605,970	9,311,800	9,311,800	9,278,860	9,578,110	9,679,020
Public Works	2,896,598	2,976,752	4,103,040	4,103,040	4,118,560	3,877,820	3,663,370
Nondepartmental	1,354,701	1,367,740	1,744,060	1,744,060	1,457,870	1,498,740	1,541,950
TOTAL OPERATING EXPENDITURES	$33,506,856	$34,770,950	$39,917,290	$39,917,290	$38,696,320	$39,057,660	$40,586,260
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	$1,709,762	$1,778,471	($1,920,190)	($1,891,940)	$296,668	$1,262,040	$1,444,400
NON-OPERATING RESOURCES (USES)							
NON-OPERATING ACTIVITY							
Debt Service	$0	$0	$0	$0	$0	$0	$0
Other Non-Operating Revenue	28,382	30,768	0	0	0	0	0
Transfers In	22,884	14,458	0	0	0	0	0
Transfers Out	(1,813,378)	(1,436,588)	(2,660,390)	(2,094,390)	(2,505,640)	(2,246,300)	(1,635,240)
Contingencies	0	0	(727,050)	0	(764,730)	0	0
TOTAL NON-OPERATING RESOURCES (USES)	($1,762,112)	($1,391,362)	($3,387,440)	($2,094,390)	($3,270,370)	($2,246,300)	($1,635,240)
Net Operating Fund Activity	(52,350)	387,109	(5,307,630)	(3,986,330)	(2,973,702)	(984,260)	(190,840)
NET ACTIVITY	($52,350)	$387,109	($5,307,630)	($3,986,330)	($2,973,702)	($984,260)	($190,840)
RESTRICTED BALANCES, Beginning of Year	$3,308,055	$2,549,854	$2,178,504	$2,192,821	$2,209,702	$2,416,182	$2,673,142
FUND BALANCE (Including Restricted), End of Year	$11,335,087	$11,722,195	$5,945,754	$7,735,864	$4,762,160	$3,777,900	$3,587,061
LESS: RESTRICTED BALANCES							
MANAGEMENT RESERVES	$1,059,060	$1,174,536	$1,239,618	$1,245,427	$1,438,436	$1,652,305	$1,048,875
COUNCIL DESIGNATIONS	905,831	411,864	533,180	471,534	523,684	615,654	665,374
LEGAL RESTRICTIONS	584,964	606,422	423,604	492,742	454,062	405,182	390,502
UNRESTRICTED FUND BALANCE	**8,785,232**	**9,529,373**	**3,749,352**	**5,526,161**	**2,345,978**	**1,104,759**	**1,482,310**
MITIGATING FACTORS				3,477,164	4,142,044	3,187,600	2,931,486
POTENTIAL UNRESTRICTED FUND BALANCE	$8,785,232	$9,529,373	$3,749,353	$9,003,325	$9,965,187	$11,911,568	$15,220,605



PROPERTY TAX FUNDS - COMBINED - WORST CASE

BUDGETARY BASIS	AUDITED FY 06-07	UNAUDITED FY 07-08	ADOPTED FY 08-09	REVISED FY 08-09	PROJECTED FY 09-10	FY 10-11	FY 11-12
BEGINNING OPERATING FUND BALANCE	$8,079,382	$8,785,232	$9,074,879	$9,529,373	$5,526,161	($782,948)	($7,979,887)
OPERATING REVENUES							
Property Taxes	$17,212,745	$17,979,312	$18,544,610	$18,572,860	$18,683,980	$18,496,290	$18,310,500
Other Taxes	1,113,828	1,147,594	1,220,930	1,220,930	1,196,510	1,172,580	1,149,130
Licenses, Fees & Permits	5,130,881	5,299,829	5,582,740	5,582,740	5,415,090	5,476,790	5,545,150
Charges for Services	4,972,084	5,746,940	5,537,680	5,537,680	5,607,900	5,680,120	5,754,360
Intergovernmental	4,354,640	4,124,892	4,910,840	4,910,840	4,906,312	4,542,760	4,193,910
Fines & Forfeitures	893,079	840,102	877,770	877,770	855,430	833,790	812,830
Miscellaneous	1,539,361	1,410,752	1,322,530	1,322,530	392,240	365,490	360,920
TOTAL OPERATING REVENUES	$35,216,618	$36,549,421	$37,997,100	$38,025,350	$37,057,462	$36,567,820	$36,126,800
OPERATING EXPENDITURES							
Community Development	$1,149,683	$1,277,252	$1,693,390	$1,693,390	$1,704,670	$1,817,940	$1,972,380
Finance	496,410	515,175	590,050	590,050	603,840	641,610	691,320
Fire	8,847,789	9,105,460	10,638,570	10,638,570	10,279,890	10,252,560	11,779,530
Library	5,335,516	5,743,537	6,140,510	6,140,510	6,213,330	6,553,110	7,091,160
Parks & Recreation	5,073,132	5,179,064	5,695,870	5,695,870	5,738,650	6,136,180	6,517,730
Police	8,353,027	8,605,970	9,311,800	9,311,800	9,741,530	10,419,180	10,942,020
Public Works	2,896,598	2,976,752	4,103,040	4,103,040	4,152,460	3,949,290	3,792,550
Nondepartmental	1,354,701	1,367,740	1,744,060	1,744,060	1,455,350	1,491,630	1,529,040
TOTAL OPERATING EXPENDITURES	$33,506,856	$34,770,950	$39,917,290	$39,917,290	$39,889,720	$41,261,500	$44,315,730
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	$1,709,762	$1,778,471	($1,920,190)	($1,891,940)	($2,832,258)	($4,693,680)	($8,188,930)
NON-OPERATING RESOURCES (USES)							
NON-OPERATING ACTIVITY							
Debt Service	$0	$0	$0	$0	$0	$0	$0
Other Non-Operating Revenue	28,382	30,768	0	0	0	0	0
Transfers In	22,884	14,458	0	0	0	0	0
Transfers Out	(1,813,378)	(1,436,588)	(2,660,390)	(2,094,390)	(2,505,640)	(2,246,300)	(1,635,240)
Contingencies	0	0	(727,050)	0	(764,730)	0	0
TOTAL NON-OPERATING RESOURCES (USES)	($1,762,112)	($1,391,362)	($3,387,440)	($2,094,390)	($3,270,370)	($2,246,300)	($1,635,240)
Net Operating Fund Activity	(52,350)	387,109	(5,307,630)	(3,986,330)	(6,102,628)	(6,939,980)	(9,824,170)
NET ACTIVITY	($52,350)	$387,109	($5,307,630)	($3,986,330)	($6,102,628)	($6,939,980)	($9,824,170)
RESTRICTED BALANCES, Beginning of Year	$3,308,055	$2,549,854	$2,178,504	$2,192,821	$2,209,702	$2,416,182	$2,673,142
FUND BALANCE (Including Restricted), End of Year	$11,335,087	$11,722,195	$5,945,754	$7,735,864	$1,633,234	($5,306,746)	($15,130,915)
LESS: RESTRICTED BALANCES							
MANAGEMENT RESERVES	$1,059,060	$1,174,536	$1,239,618	$1,245,427	$1,438,436	$1,652,305	$1,048,875
COUNCIL DESIGNATIONS	905,831	411,864	533,180	471,534	523,684	615,654	665,374
LEGAL RESTRICTIONS	584,964	606,422	423,604	492,742	454,062	405,182	390,502
UNRESTRICTED FUND BALANCE	**8,785,232**	**9,529,373**	**3,749,352**	**5,526,161**	**(782,948)**	**(7,979,887)**	**(17,235,666)**
MITIGATING FACTORS				3,477,164	4,142,044	3,187,600	2,931,486
POTENTIAL UNRESTRICTED FUND BALANCE	$8,785,232	$9,529,373	$3,749,353	$9,003,325	$6,836,261	$2,826,922	($3,497,371)



PROPERTY TAX FUNDS - COMBINED - ALTERNATE VIEW

BUDGETARY BASIS	AUDITED FY 06-07	UNAUDITED FY 07-08	ADOPTED FY 08-09	REVISED FY 08-09	PROJECTED FY 09-10	FY 10-11	FY 11-12
BEGINNING OPERATING FUND BALANCE	$8,079,382	$8,785,232	$9,074,880	$9,529,373	$5,526,161	$1,018,541	($2,471,528)
OPERATING REVENUES							
Property Taxes	$17,212,745	$17,979,312	$18,544,610	$18,572,860	$18,973,010	$19,652,600	$20,478,580
Other Taxes	1,113,828	1,147,594	1,220,930	1,220,930	1,220,930	1,257,560	1,295,290
Licenses, Fees & Permits	5,130,881	5,299,829	5,582,740	5,582,740	5,497,930	5,645,780	5,803,710
Charges for Services	4,972,084	5,746,940	5,537,680	5,537,680	5,668,390	5,806,400	5,948,450
Intergovernmental	4,354,640	4,124,892	4,910,840	4,910,840	4,964,930	4,876,480	4,802,630
Fines & Forfeitures	893,079	840,102	877,770	877,770	894,080	910,700	927,640
Miscellaneous	1,539,361	1,410,752	1,322,530	1,322,530	1,016,840	956,240	972,480
Other Non-Operating Revenue	28,382	30,768	0	0	0	0	0
Transfers In	22,884	14,458	0	0	0	0	0
TOTAL REVENUES	$35,267,884	$36,594,647	$37,997,100	$38,025,350	$38,236,110	$39,105,760	$40,228,780
OPERATING EXPENDITURES							
Community Development	$1,149,683	$1,277,252	$1,693,390	$1,693,390	$1,673,170	$1,749,880	$1,845,650
Finance	496,410	515,175	590,050	590,050	594,870	622,070	654,890
Fire	8,847,789	9,105,460	10,638,570	10,638,570	10,113,220	9,980,440	11,384,710
Library	5,335,516	5,743,537	6,140,510	6,140,510	6,113,650	6,337,310	6,692,580
Parks & Recreation	5,073,132	5,179,064	5,695,870	5,695,870	5,666,260	5,980,920	6,226,940
Police	8,353,027	8,605,970	9,311,800	9,311,800	9,512,420	10,009,850	10,323,770
Public Works	2,896,598	2,976,752	4,103,040	4,103,040	4,136,640	3,915,190	3,729,620
Nondepartmental	1,354,701	1,367,740	1,744,060	1,744,060	1,456,650	1,496,910	1,538,950
Transfers Out	1,813,378	1,436,588	2,660,390	2,094,390	2,505,640	2,246,300	1,635,240
Contingencies	0	0	727,050	0	764,730	0	0
TOTAL EXPENDITURES	$35,320,234	$36,207,538	$43,304,730	$42,011,680	$42,537,250	$42,338,870	$44,032,350
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	**($52,350)**	**$387,109**	**($5,307,630)**	**($3,986,330)**	**($4,301,140)**	**($3,233,110)**	**($3,803,570)**
RESTRICTED BALANCES, Beginning of Year	$3,308,055	$2,549,854	$2,178,505	$2,192,821	$2,209,703	$2,416,182	$2,673,141
FUND BALANCE (Including Restricted), End of Year	$11,335,087	$11,722,195	$5,945,755	$7,735,864	$3,434,724	$201,613	($3,601,957)
LESS: RESTRICTED BALANCES							
MANAGEMENT RESERVES	$1,059,060	$1,174,536	$1,239,618	$1,245,427	$1,438,436	$1,652,305	$1,048,875
COUNCIL DESIGNATIONS	905,831	411,864	533,180	471,534	523,684	615,654	665,374
LEGAL RESTRICTIONS	584,964	606,422	423,604	492,742	454,062	405,182	390,502
UNRESTRICTED FUND BALANCE	**8,785,232**	**9,529,373**	**3,749,353**	**5,526,161**	**1,018,541**	**(2,471,528)**	**(5,706,708)**
HISTORICAL NORMING ADJUSTMENT				3,477,164	4,142,044	3,187,600	2,931,486
POTENTIAL UNRESTRICTED FUND BALANCE	$8,785,232	$9,529,373	$3,749,353	$9,003,325	$8,637,750	$8,335,281	$8,031,587

MEMORANDUM

December 10, 2008

TO: Mayor and City Council

FROM: Nancy Brewer, Finance Director

SUBJECT: **City Council Budget Direction**

I. Issue

To complete providing directions for developing the FY 09-10 Budget.

II. Background

At the City Council work session on November 18, several issues associated with the FY 09-10 budget were discussed. The Council requested additional information to determine the capacity for adding enhancements for FY 09-10. The Council also discussed a number of enhancement possibilities and agreed to vote on the top five to help determine whether the City Council would like to forward enhancement packages to the Budget Commission.

III. Discussion

A. Budget Capacity -- The Council's Financial Policy includes looking at a possible 5% unreserved ending fund balance, potentially reserving monies for future year commitments, and then looking at capacity. At the work session, the City Council discussed using three months of payroll costs (wages plus benefits) for a targeted minimum fund balance instead of 5%, and then developing a plan to spend no more than 20% of the difference between the potential ending fund balance (the most likely financial scenario plus the historic norming adjustment (HNA)) and three month's of payroll costs each year for five years.

The current Council Financial policy would point to a minimum ending fund balance of $1.9 million (5% of current revenue). On average, three months of payroll costs in the property tax supported funds total $5.6 million. The projected potential ending fund balance with HNA for FY 09-10 is $8.6 million. The Council discussion of spending around 20% above the ending fund balance target would mean that the capacity for enhancements for FY 09-10 would be $1.3 million if following the existing financial policy and $600,000 if the target is three months of payroll.

	Potential Ending Fund Balance	Target	Difference	20%
Financial Policy 5%	$8,637,749	$1,900,000	$6,737,749	$1,347,550
Three Month's Payroll	$8,637,749	$5,600,000	$3,037,749	$607,550

B. The City Council had some discussion about the graph included with the financial plan and a desire to modify the graph to show the targeted fund balance, as well as some historic norming adjustment (HNA) trend lines. Attached to this report is an update of the financial plan that includes a revised graph. Staff attempted to include best case and worst case with and without the HNA, but the number of lines made the graph too complex. Unless the Council directs otherwise, staff will present the attached graph for the Budget Commission consideration in January.

C. Budget Enhancements – The top five potential enhancements are:

- Community Sustainability Support
- Code Enforcement Support
- Downtown Restroom including evening hours
- Economic Development staff position
- Safety Sidewalk Program support

The complete outcome of the voting is attached.

IV. Requested Action

Discuss this information and provide direction to staff and the Budget Commission, including:

- The target budget capacity. While not discussed at the work session, does the City Council wish to communicate a preference regarding an amount for on-going expenditures and an amount for one-time expenditures?

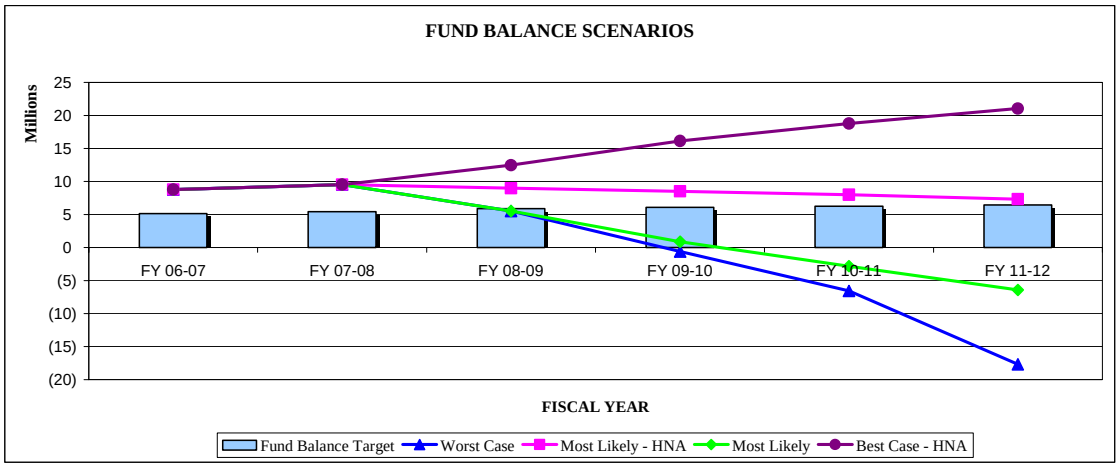
- Any City Council Budget Enhancements for staff to develop and forward to the Budget Commission.

Review and Concur:

//s//
City Manager

PROPERTY TAX FUNDS - COMBINED

BUDGETARY BASIS	AUDITED FY 06-07	AUDITED FY 07-08	ADOPTED FY 08-09	REVISED FY 08-09	PROJECTED FY 09-10	FY 10-11	FY 11-12
BEGINNING OPERATING FUND BALANCE	$8,079,382	$8,785,233	$9,074,880	$9,529,373	$5,518,176	$886,391	($2,818,253)
REVENUES							
Property Taxes	$17,212,745	$17,979,312	$18,544,610	$18,572,860	$19,246,300	$20,001,980	$20,787,910
Other Taxes	1,113,828	1,147,594	1,220,930	1,220,930	1,245,350	1,270,260	1,295,670
Licenses, Fees & Permits	5,130,881	5,299,829	5,582,740	5,582,740	5,415,090	5,476,790	5,545,150
Charges for Services	4,972,085	5,746,939	5,537,680	5,537,680	5,635,180	5,735,050	5,837,350
Intergovernmental	4,354,640	4,124,892	4,910,840	4,910,840	4,905,380	4,769,860	4,637,610
Fines & Forfeitures	893,079	840,102	877,770	877,770	894,080	910,700	927,640
Miscellaneous	1,539,361	1,410,750	1,322,530	1,322,530	1,016,810	956,550	973,170
Other Non-Operating Revenue	28,382	30,768	0	0	0	0	0
Transfers In	22,884	14,458	0	0	0	0	0
TOTAL REVENUES	$35,267,885	$36,594,644	$37,997,100	$38,025,350	$38,358,190	$39,121,190	$40,004,500
EXPENDITURES							
Community Development	$1,149,683	$1,277,252	$1,693,390	$1,693,390	$1,704,480	$1,782,820	$1,865,290
Finance	496,410	515,175	590,050	590,050	603,630	631,300	660,400
Fire	8,847,789	9,105,462	10,638,570	10,638,570	10,113,220	9,980,550	11,384,820
Library	5,335,516	5,743,537	6,140,510	6,140,510	6,205,420	6,433,990	6,750,280
Parks & Recreation	5,073,132	5,179,066	5,695,870	5,697,540	5,745,570	6,064,130	6,276,410
Police	8,353,027	8,605,968	9,311,800	9,311,800	9,512,460	10,009,890	10,323,810
Public Works	2,896,598	2,976,749	4,103,040	4,103,040	4,151,430	3,930,780	3,738,920
Nondepartmental	1,354,701	1,367,740	1,744,060	1,744,060	1,457,910	1,498,520	1,540,380
Transfers Out	1,813,378	1,436,588	2,660,390	2,094,390	2,535,920	2,246,300	1,635,240
Contingencies	0	0	727,050	0	762,130	0	0
TOTAL EXPENDITURES	$35,320,234	$36,207,537	$43,304,730	$42,013,350	$42,792,170	$42,578,280	$44,175,550
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	($52,349)	$387,107	($5,307,630)	($3,988,000)	($4,433,980)	($3,457,090)	($4,171,050)
RESTRICTED BALANCES, Beginning of Year	$3,308,055	$2,549,854	$2,178,504	$2,186,506	$2,203,387	$2,394,877	$2,636,117
FUND BALANCE (Including Restricted), End of Year	$11,335,088	$11,722,194	$5,945,754	$7,727,879	$3,287,583	($175,822)	($4,353,186)
LESS: RESTRICTED BALANCES							
MANAGEMENT RESERVES	$1,059,060	$1,174,535	$1,239,618	$1,245,427	$1,438,436	$1,652,305	$1,048,875
COUNCIL DESIGNATIONS	905,831	411,864	533,180	471,534	508,694	584,944	624,964
LEGAL RESTRICTIONS	584,964	606,422	423,604	492,742	454,062	405,182	390,502
UNRESTRICTED FUND BALANCE	**$8,785,233**	**$9,529,373**	**$3,749,352**	**$5,518,176**	**$886,391**	**($2,818,253)**	**($6,417,527)**
HISTORICAL NORMING ADJUSTMENT				3,477,164	4,139,444	3,187,600	2,931,486
POTENTIAL UNRESTRICTED FUND BALANCE	$8,785,233	$9,529,373	$3,749,352	$8,995,340	$8,502,999	$7,985,955	$7,318,167



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 budget capacity analysis shall be reviewed by the Budget Commission and the City Council prior to the budget process.

10.01.030.020 Focus of the Analysis

It is the focus of this analysis to:

a. identify the areas where the city is already reasonably strong in terms of protecting its financial condition;
b. identify existing or emerging problems in revenue sources, management practices, infrastructure conditions, and future funding needs;
c. forecast expenditures and revenues for the next three to seven years, with consideration given to such external factors as state and federal actions, the municipal bond market, management options being explored and used by other local governments; and
d. review internal management actions taken during the last budget cycle.

10.01.040 Review & Update

The Financial Policies shall be reviewed by the Finance Director annually in November and updated as appropriate.

CP 10.02 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 actual expenditures compared to budget for the fund (hereinafter referred to as the Historical Norming Adjustment or HNA);
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 some portion of 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:

a. determining the unrestricted ending fund balance, and the potential ending fund balance that includes the HNA that approximates the five-year average difference between budgeted and actual revenues and expenditures,
b. preserving sufficient fund balance to cover at least three months' payroll expenses for the combined funds,
c. establishing the time period over which to allocate any surplus balance for one-time or ongoing service enhancements,
d. reserving funds for future year commitments and assumption modeling to determine if capacity exists based upon the 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, 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 its share of 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 $653,730 in FY 09-10, and will increase by 2% to 7% annually thereafter, subject to a staff analysis and recommendation regarding specific cost drivers (i.e. energy costs, minimum wage increases, infrastructure maintenance requirements); the actual rate of increase in the subsidy will be included in the Budget Summary each year . 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.

0.02.090 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. The five property tax funds remain segregated due to other dedicated revenue sources for specific programs in those funds.

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 triennially 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 that are tied to Council values and goals, as well as management objectives, 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 built based on published construction standards which shall be periodically updated by the City Engineer. The construction standards will assure projects are built with an acceptable useful life and minimum maintenance costs.

10.04.030 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

10.40.050.010 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 elections in May and November a simple majority of votes is required. For all other elections, a simple majority of registered voters must vote in the election, and of those voting a simple majority must vote affirmatively.

10.06.030.020 Statutory General Obligation Bond Debt Limits

Oregon Revised Statutes chapters 287 and 288 limit the outstanding general obligation principal indebtedness of the City other than bonds issued for water, sanitary or storm sewers to 3% of the true cash value of the taxable property within the City.

10.06.030.030 Council Imposed Debt Limits

The annual general obligation debt service for long-term issues (greater than five years), where the debt service is paid from property tax sources, shall not exceed 15% of the combined operating and capital budgets in the Governmental funds.

10.06.030.040 Limited Tax General Obligation Bonds

The outstanding principal debt for Limited Tax General Obligation Bonds (LTGO), non-self-supporting leases, and full faith and credit lease purchases, is limited to 1% of the true cash value of the taxable property in the City. Furthermore, annual debt payments shall not exceed 5% of the combined operating and capital budgets in the Governmental Funds.

10.06.030.050 Revenue Bonds

Revenue secured debt obligations will be undertaken only after a study of the projected operating, maintenance, debt service and coverage requirements and the impact of these requirements on user rates has been completed. The outcome of the study will be shared with the City Council prior to issuing the debt.

10.06.040 Debt Issuance

10.06.040.010 Timing of Debt Issuance

The timing for each debt issue in association with the construction schedule will be carefully considered. 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 Internal Revenue Service (IRS) spend down targets will be met or exceeded. The investment instrument(s) shall be chosen to maximize interest earnings and minimize any arbitrage penalties which may accrue within the established IRS regulations.

10.06.050 Leasing

Lease purchase financing shall be considered only when the useful life of the item is equal to or greater than the length of the lease, and a lease purchase is the most economical method of purchasing available. If the item may become technologically obsolete or is likely to require major repair during the lease purchase period, then the item should be either purchased with cash or placed on an operating lease.

10.06.060 Rating Agency Relationship

10.06.060.010 Reporting

The City shall maintain good communication with bond rating agencies about its financial condition. The City will follow a policy of full disclosure on every financial report and bond prospectus.

10.06.060.020 Compliance with SEC Rules

The City will comply with all aspects of the Securities and Exchange Commission rule 15c2-12 pertaining to secondary market disclosure.

10.06.070 Debt Management Plan

10.06.070.010 Debt Management Plan

A Comprehensive Debt Management Plan shall be developed and updated prior to the issuance of any additional debt. The Comprehensive Debt Management Plan shall encompass all debt of the City including, but not limited to:

a. detail of the sources of funding for all debt;
b. current and future debt capacity analysis;
c. issues to be addressed for sound debt management;
d. a contingency debt plan should any of the funding sources become unavailable in the foreseeable future; and
e. reporting as to the City's compliance with its debt policies.

10.06.070.020 Review

The Administrative Services Committee shall review the Comprehensive Debt Management Plan prior to the issuance of new debt and any recommendations made therein.

CP 10.07 RISK MANAGEMENT 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 coverage, 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 throughout the most recently completed fiscal year. 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 Civic Beautification and Urban Forestry - Advises City Council on matters related to the planting, maintenance, preservation and removal of community trees and landscape beautification. Commission oversees the Civic Beautification 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)
- Citizens Advisory Commission on Transit - Advises the Council on policy matters relating to the operation, maintenance, and expansion of the Corvallis mass transit system and on other mass transit systems interfacing with the Corvallis Transit System. (7 members, 1 ASOSU representative, 1 OSU representative and 1 non-voting Council representative)
- Committee For Citizen Involvement - Informs citizens about how to participate in all phases of land use planning and decision making in accordance with Statewide Goal One. (9 members, 1 non-voting Council representative and 1 non-voting Planning Commission representative)
- Community Police Review Board - Provides the community with an objective, unbiased, citizen-based, accessible process for reviewing complaints against the Police Department and Police Officers. Established to provide the community with information regarding the accountability of its Police Department in a way that builds trust and enhances communication between the Police and all members of the community. (7 members and 1 non-voting Council representative)
- Corvallis-Benton County Public Library Board - Advises the City Council on all policy matters pertaining to the operation, expansion, and level of service provided by the Library. Membership reflects the fact that the County contracts with the City to provide services to Benton County. (5 County appointed members, 5 City appointed members, 1 non-voting County Commission representative and 1 non-voting Council representative)
- Downtown Commission – Provides public policy guidance and recommendations to the City Council in the following areas: Implementation of the community plans for the downtown area; Public infrastructure activities; Redevelopment efforts; Land use matters; Public parking policies and projects; Other community matters that may affect downtown. (11 members including 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 (LDHB) - The Board hears and acts on appeals resulting from alleged errors in orders, requirements, decisions, and interpretations of the Community Development Director or designated administrative officers charged with the enforcement of the Land Development Code and such other matters as required by Code. (A 3-member Planning Commission sub-committee)
- Library 2010 Trust Board - Advises the City Council on all matters related to allocating the annual Library 2010 Fund budget. The 2010 Fund 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)

2008 Citizen Attitude Survey Summary
January 2009

Percentages below based on excluding "don't know" responses
Western Region = AK, WA, OR, CA, HI, MT, ID WY, CO, UT, NV, AZ, NM

1. Please rate each of the following aspects of life in Corvallis

	% of Corvallis respondents rated as excellent or good	National Comparison	Western Region Comparison	Populations 35,000-70,000 Comparison
Corvallis as a place to live	93%	Above	Above	Above
Your neighborhood as a place to live	81%	Above	Above	Above
Corvallis as a place to raise children	88%	Above	Above	Above
Corvallis as a place to work	65%	Above	Above	Above
Corvallis as a place to retire	74%	Above	Above	Above
The overall quality of life in Corvallis	90%	Above	Above	Above

2. Please rate each of the following characteristics as they relate to Corvallis as a whole:

	% of Corvallis respondents rated as excellent or good	National Comparison	Western Region Comparison	Populations 35,000-70,000 Comparison
Sense of community	78%	Above	Above	Above
Openness and acceptance of the community toward people of diverse backgrounds	71%	Above	Above	Above
Overall appearance of Corvallis	86%	Above	Above	Above
Cleanliness of Corvallis	84%	Above	Above	Above
Overall quality of new development in Corvallis	49%	Below	Below	Below
Variety of housing options	45%	Below	Below	Similar
Overall quality of business and service establishments in Corvallis	55%	Similar	Similar	Below
Shopping opportunities	32%	Below	Below	Below
Opportunities to attend cultural activities	65%	Above	Above	Above

	% of Corvallis respondents rated as excellent or good	National Comparison	Western Region Comparison	Populations 35,000-70,000 Comparison
Recreational opportunities	79%	Above	Above	Above
Employment opportunities	25%	Similar	Similar	Below
Educational opportunities	92%	Above	Above	Above
Opportunities to participate in social events and activities	80%	Above	Above	Above
Opportunities to participate in religious or spiritual events and activities	85%	Above	Above	Above
Opportunities to volunteer	90%	Above	Above	Above
Opportunities to participate in community matters	81%	Above	Above	Above
Ease of car travel in Corvallis	73%	Above	Above	Above
Ease of bus travel in Corvallis	63%	Above	Above	Above
Ease of bicycle travel in Corvallis	90%	Above	Above	Above
Ease of walking in Corvallis	88%	Above	Above	Above
Availability of paths and walking trails	87%	Above	Above	Above
Traffic flow on major streets	56%	Above	Above	Above
Amount of public parking	44%	Similar	Similar	Similar
Availability of affordable quality housing	25%	Below	Similar	Similar
Availability of affordable quality child care	35%	Similar	Above	Similar
Availability of affordable quality health care	50%	Above	Above	Similar
Availability of affordable quality food	70%	Above	Above	Above
Availability of preventive health care services	64%	Above	Above	Not Available
Air quality	86%	Above	Above	Above
Quality of overall natural environment in Corvallis	93%	Above	Above	Above
Overall image or reputation of Corvallis	86%	Above	Above	Above

3. Please rate the speed of growth in the following categories in Corvallis over the past 2 years:

	% of Corvallis Respondents	National Comparison	Western Region Comparison	Populations 35,000-70,000 Comparison
Population growth too fast	24%	Below	Below	Below
Retail growth (stores, restaurants, etc.) too slow	43%	Above	Above	Above
Jobs growth too slow	79%	Above	Above	Above

4. To what degree, if at all, are run down buildings, weed lots or junk vehicles a problem in Corvallis?

	% of Corvallis Respondents	National Comparison	Western Region Comparison	Populations 35,000-70,000 Comparison
Not a problem	15%	Not available	Not available	Not available
Minor problem	55%	Not available	Not available	Not available
Moderate problem	25%	Not available	Not available	Not available
Major problem	5%	Below	Below	Below

5. Please rate how safe or unsafe you feel from the following in Corvallis:

	% of Corvallis respondents who felt very or somewhat safe	National Comparison	Western Region Comparison	Populations 35,000-70,000 Comparison
Violent crime (e.g. rape, assault, robbery)	87%	Above	Above	Above
Property crimes (e.g. burglary, theft)	66%	Above	Above	Above
Environmental hazards, including toxic waste	84%	Above	Above	Above

6. Please rate how safe or unsafe you feel:

	% of Corvallis respondents who felt very or somewhat safe	National Comparison	Western Region Comparison	Populations 35,000-70,000 Comparison
In your neighborhood during the day	97%	Above	Above	Above
In your neighborhood after dark	83%	Above	Above	Above
In Corvallis' downtown area during the day	96%	Above	Above	Above
In Corvallis' downtown area after dark	76%	Above	Above	Above

7. During the past 12 months, were you or anyone in your household the victim of any crime?

	% of Corvallis respondents	National Comparison	Western Region Comparison	Populations 35,000-70,000 Comparison
Yes, victim of a crime	17%	Similar	Similar	Above

8. If yes, was this crime (these crimes) reported to the police?

	% of Corvallis respondents	National Comparison	Western Region Comparison	Populations 35,000-70,000 Comparison
Yes, reported to police	57%	Below	Below	Below

9. In the last 12 months, about how many times, if ever, have you or other household members participated in the following activities in Corvallis?

	% of Corvallis respondents	National Comparison	Western Region Comparison	Populations 35,000-70,000 Comparison
Used Corvallis public libraries or their services	83%	Above	Above	Above
Used Corvallis recreation centers	58%	Similar	Similar	Similar
Participated in a recreation program or activity	53%	Above	Similar	Above
Visited a neighborhood park or City park	96%	Above	Above	Above
Ridden a local bus within Corvallis	39%	Above	Above	Above

	% of Corvallis respondents	National Comparison	Western Region Comparison	Populations 35,000-70,000 Comparison
Attended a meeting of local elected officials or other local public meeting	29%	Similar	Similar	Similar
Watched a meeting of local elected officials or other local public meeting on cable television	26%	Below	Below	Below
Read Corvallis City newsletter	87%	Above	Above	Above
Visited the City of Corvallis Web site	61%	Similar	Similar	Similar
Recycled used paper, cans or bottles from your home	99%	Above	Above	Above
Volunteered your time to some group or activity in Corvallis	64%	Above	Above	Above
Participated in a club or civic group in Corvallis	44%	Above	Above	Above
Provided help to a friend or neighbor	98%	Above	Above	Above

10. About how often, if at all, do you talk to or visit with your immediate neighbors (people who live in the 10 or 20 households that are closest to you)?

	% of Corvallis respondents	National Comparison	Western Region Comparison	Populations 35,000-70,000 Comparison
Has contact with neighbors at least once per month	83%	Similar	Similar	Similar

11. Please rate the quality of each of the following services in Corvallis:

	% of Corvallis respondents rated as excellent or good	National Comparison	Western Region Comparison	Populations 35,000-70,000 Comparison
Police services	79%	Similar	Similar	Similar
Fire services	96%	Above	Above	Similar
Ambulance or emergency medical services	94%	Above	Above	Above
Crime prevention	73%	Above	Above	Above
Fire prevention and education	88%	Above	Above	Above
Municipal court	74%	Above	Above	Above
Traffic enforcement	61%	Similar	Similar	Similar

	% of Corvallis respondents rated as excellent or good	National Comparison	Western Region Comparison	Populations 35,000-70,000 Comparison
Street repair	50%	Above	Above	Similar
Street cleaning	80%	Above	Above	Above
Street lighting	65%	Above	Above	Similar
Snow removal	62%	Similar	Above	Similar
Sidewalk maintenance	56%	Above	Above	Similar
Traffic signal timing	61%	Above	Above	Above
Bus or transit services	71%	Above	Above	Above
Garbage collection	89%	Above	Above	Above
Recycling	89%	Above	Above	Above
Yard waste pick up	87%	Above	Above	Above
Storm drainage	76%	Above	Above	Above
Drinking water	78%	Above	Above	Above
Sewer services	85%	Above	Above	Above
City parks	94%	Above	Above	Above
Recreation programs or classes	85%	Above	Above	Above
Land use, planning, and zoning	52%	Above	Above	Above
Code enforcement (weeds, abandoned buildings, etc.)	47%	Similar	Above	Similar
Animal control	65%	Similar	Above	Similar
Economic development	43%	Below	Similar	Below
Health services	74%	Above	Above	Above
Services to seniors	83%	Above	Above	Above
Services to youth	72%	Above	Above	Above
Services to low-income people	51%	Above	Above	Above
Public library services	90%	Above	Above	Above
Public information services	73%	Above	Above	Above
Public schools	78%	Above	Above	Above
Cable television	63%	Above	Above	Above
Emergency preparedness (services that prepare the community for natural disasters or other emergency situations)	60%	Below	Similar	Similar

	% of Corvallis respondents rated as excellent or good	National Comparison	Western Region Comparison	Populations 35,000-70,000 Comparison
Preservation of natural areas such as open space, farmlands, and greenbelts	74%	Above	Above	Above
Osborn Aquatic Center	91%	n/a	n/a	n/a
Chintimini Senior Center	85%	n/a	n/a	n/a

12. Overall, how would you rate the quality of the services provided by each of the following?

	% of Corvallis respondents rated as excellent or good	National Comparison	Western Region Comparison	Populations 35,000-70,000 Comparison
City of Corvallis	82%	Above	Above	Above
Federal Government	32%	Similar	Similar	Below
State Government	52%	Above	Above	Above
Benton County Government	69%	Above	Above	Above

13. Have you had any in-person or phone contact with an employee of the City of Corvallis within the last 12 months (including police, receptionists, planners, or any others)?

	% of Corvallis respondents	National Comparison	Western Region Comparison	Populations 35,000-70,000 Comparison
Had contact with City employee(s) in last 12 months	54%	Below	Below	Below

14. What was your impression of the employee(s) of the City of Corvallis in your most recent contact?

	% of Corvallis respondents rated as excellent or good	National Comparison	Western Region Comparison	Populations 35,000-70,000 Comparison
Knowledge	87%	Above	Above	Above
Responsiveness	78%	Above	Above	Above
Courtesy	81%	Above	Above	Above
Overall impression	79%	Above	Above	Above

15. Please rate the following categories of Corvallis government performance:

	% of Corvallis respondents rated as excellent or good	National Comparison	Western Region Comparison	Populations 35,000-70,000 Comparison
The value of services for the taxes paid to Corvallis	63%	Similar	Similar	Similar
The overall direction that Corvallis is taking	60%	Similar	Similar	Similar
The job Corvallis government does at welcoming citizen involvement	66%	Similar	Similar	Similar
The job Corvallis government does at listening to citizens	56%	Similar	Similar	Similar

16. Please rate how likely or unlikely you are to do each of the following:

	% of Corvallis respondents rated as very or somewhat likely	National Comparison	Western Region Comparison	Populations 35,000-70,000 Comparison
Recommend living in Corvallis to someone who asks	91%	Above	Above	Above
Remain in Corvallis for the next five years	77%	Below	Below	Below

17. What impact, if any, do you think the economy will have on your family income in the next six months?

	% of Corvallis respondents very or somewhat positive	National Comparison	Western Region Comparison	Populations 35,000-70,000 Comparison
Positive impact of economy on household income	6%	Below	Below	Below

The following questions are specific to Corvallis and therefore comparisons with other communities are not available:

18a. Please indicate whether each of the following is a preferred source of information for you about the City:

	Yes	No
"the City" newsletter	72%	28%
Information in the Gazette-Times	76%	24%
Information in the Barometer	44%	56%
Cable's Government Access Channel 21	14%	86%
Annual Reports	31%	69%
City Web site	52%	48%
Speaking engagement by City official	16%	84%
Parks and Recreation Activity Guide	75%	25%

18b. Below is a list of possible improvements and additions to the Corvallis Library. Please indicate how valuable, if at all, each service is to your household. If no one in your household has used the Library in the past 12 months, please skip to the next question.

	Very valuable	Somewhat valuable	Not valuable
More self-checkout machines	25%	44%	31%
E-books	23%	41%	36%
Computer classes	24%	39%	37%
Adult cultural programs	31%	46%	23%

18c. In 2005, the City Council adopted a specific goal to enhance organizational sustainability efforts, focusing on environmental, economic, and social issues to guide its activities. Please rate the job the City is doing toward meeting its goal of improving sustainability in City government.

	Excellent	Good	Fair	Poor
Progress toward improving sustainability	11%	56%	28%	6%

CORVALLIS DEMOGRAPHICS

D1. Are you currently employed for pay?

No	33%
Yes, full-time	48%
Yes, part-time	19%

D2. During a typical week, how many days do you commute to work (for the longest distance of your commute) in each of the ways listed below?

Motorized vehicle (e.g. car, truck, van, motorcycle, etc.) by myself	46%
Motorized vehicle (e.g. car, truck, van, motorcycle, etc.) with other children or adults	11%
Bus or other public transportation	3%
Walk	12%
Bicycle	22%
Work at home	6%
Other	1%

D3. How many years have you lived in Corvallis?

Less than 2 years	14%
2 to 5 years	23%
6 to 10 years	19%
11 to 20 years	15%
More than 20 years	29%

D4. Which best describes the building you live in?

One family house detached from any other houses	68%
House attached to one or more houses (e.g. a duplex or townhome)	10%
Building with two or more apartments or condominiums	19%
Mobile Home	1%
Other	3%

D5. Is this a house, apartment, or mobile home?

Rented for cash or occupied without cash payment	41%
Owned by you or someone in this house with a mortgage or free and clear	59%

D6. About how much is your monthly housing cost for the place you live (including rent, mortgage payment, property tax, property insurance and "homeowners" association fees)?

Less than $300 per month	7%
$300 to $599 per month	23%
$600 to $999 per month	29%
$1,000 to $1,499 per month	22%
$1,500 to $2,499 per month	14%
$2,500 or more per month	4%

D7. Do any children 17 or under live in your household?

No	73%
Yes	27%

D8. Are you or any other members of your household age 65 or older?

No	80%
Yes	20%

D9. How much do you anticipate is your household's total income before taxes will be for the current year? (Please include in your total income money from all sources for all persons living in your household.)

Less than $24,999	24%
$25,000 to $49,999	27%
$50,000 to $99,999	32%
$100,000 to $149,000	13%
$150,000 or more	4%

D10. Are you Spanish, Hispanic or Latino?

No, not Spanish, Hispanic or Latino	97%
Yes, I consider myself Spanish, Hispanic or Latino	3%

D11. What is your race?

American Indian or Alaskan Native	2%
Asian, Asian Indian, or Pacific Islander	3%
Black or African American	0%
White	93%
Other	4%
(Note: total exceeds 100% as respondents could select more than one option)	

D12. What is your age?

18 to 24 years	15%
25 to 34 years	32%
35 to 44 years	10%
45 to 54 years	16%
55 to 64 years	12%
65 to 74 years	8%
75 years or older	7%

D13. What is your sex?

Female	51%
Male	49%

D14. Did you vote in the last general election?

No	4%
Yes	95%
Ineligible to vote	2%

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.

Benefits - Employee benefits mandated by state and federal law, union contracts, and/or Council policy. The most common forms of fringe benefits are pension plans, health and life insurance, vacation, sick and holiday leave, deferred compensation, automobile allowances, disability insurance, and educational and incentive pay.

Bonds - A written promise to pay a sum of money (principal or face value) at a future date (maturity date) along with periodic interest paid at a specified percentage of the principal (interest rate). Bonds are typically used to finance long-term capital improvements.

Budget - A plan of financial operation, embodying an estimate of proposed expenditures for a given period (typically a fiscal year) and the proposed means of financing them (revenue estimates). Upon approval by the City Council, the budget appropriation resolution is the legal basis for expenditures in the budget year.

Budget Calendar - The schedule of key dates or milestones which a government follows in the preparation and adoption of the budget.

Budgetary Control - The monitoring or oversight of expenditures against budget at the level of appropriation, which is by department within funds.

CAFR (Comprehensive Annual Financial Report) - Prepared at the close of each fiscal year to show the actual audited condition of the City's funds and serves as the official public record of the City's financial status and activities.

Capital Budget - A plan of proposed capital expenditures and the means of financing them. The capital budget is usually enacted as part of the complete annual budget which includes both operating and capital outlays. The capital budget should be based on a capital improvement program.

Capital Improvement Program (CIP) - A plan for capital expenditures to be incurred each year over a fixed period of several future years, setting forth each capital project, identifying the expected beginning and ending date for each project, the amount to be expended in each year, and the method of financing those expenditures.

Capital Outlay - Expenditures for operating equipment drawn from the operating budget. Capital outlay items normally include equipment that will last longer than one year and having an initial cost above $5,000. Capital outlay does not include capital budget expenditures for construction of infrastructure such as streets, buildings, or bridges.

Cash Basis of Accounting - A basis of accounting under which transactions are recognized only when cash changes hands.

CDBG - Community Development Block Grant.

Contingencies - An appropriation of funds to cover unforeseen events which occur during the budget year. City Council must authorize the use of any contingency appropriations (not to be confused with Reserves).

Contractual Services - A professional service provided by an outside individual or agency in accordance with contractual specifications.

Cost Allocation - A costing of local government services to identify the full cost of municipal services.

Council Goals - Broad goals established by the City Council at the outset of each two-year term to guide the organization in its activities and focus.

CPI - Consumer Price Index. This typically used as a benchmark for inflation.

CPOA - Corvallis Police Officers Association.

CR (Current Revenue) - Those revenues received within the present fiscal year.

CRCCA – Corvallis Regional Communications Center Association

Debt Service - The amount of principal and interest that a local government must pay each year on net, direct-

bonded, long- term debt plus the interest it must pay on direct short-term debt.

Deficit - (1) The excess of an entity's liabilities over its assets (see Fund Balance). (2) The excess of expenditures or expenses over revenues during a single accounting period.

DEQ - Department of Environmental Quality.

Direct Cost - A cost directly related to producing and/or providing services. Direct costs consist chiefly of the materials and supplies used to provide a service, and the wages and salaries of personnel working to provide a service. Such direct cost is usually readily identifiable, as opposed to *indirect cost* that is allocated among the various products or services provided.

EMS - Emergency Medical Services.

Enterprise Fund Accounting - Accounting used for self-sufficient government operations financed and operated in a manner similar to business enterprises, and for which preparation of an income statement is desirable.

EPA – Environmental Protection Agency

Equipment Replacement Schedule - A schedule of annual purchases to replace major equipment and vehicles that have met or exceeded their useful life to the City.

Expenditure - Total amount incurred if accounts are kept on an accrual basis; total amount paid if accounts are kept on a cash basis.

Financial Audit - A systematic examination of resource utilization concluding in a written report. It is a test of management's internal accounting controls and is intended to:

- Ascertain whether financial statements fairly present financial position and results of operations,
- Test whether transactions have been legally performed,
- Identify areas for possible improvements in accounting practices and procedures,
- Ascertain whether transactions have been recorded accurately and consistently, and
- Ascertain the stewardship of officials responsible for governmental resources.

Financial Condition - The City's ability to pay all costs of doing business and to provide services at the level and quality that are required for the health, safety, and welfare of the community, and that its citizens desire.

Financial Plans - Provide information about the expected future fiscal stability of City operations. The projections are for the major operating funds of the City. Each financial plan, or proforma, includes a discussion about issues that are addressed in the proforma, as well as footnotes about the assumptions made about both revenues and expenditures for each fund.

Financial Policies - Administrative and Council policies established to govern the City's accounting, investment management, revenue collection, disbursement, financial management, budgetary, and fund maintenance practices and procedures to ensure the long-term viability of the City's resources and services.

Fixed or Mandated Costs - These include expenditures to which the government is legally committed (such as debt service and pension benefits), as well as expenditures imposed by higher levels of government (such as for wastewater treatment facilities).

FTE - Full time equivalent.

Fund - An independent fiscal and accounting entity with a self-balancing set of accounts, recording cash and/or resources together with all related liabilities, obligations, reserves, and equities, which are segregated for the purpose of carrying on specific activities or attaining certain objectives.

Fund Balance - The difference between fund assets and fund liabilities of governmental and similar trust funds. The equivalent terminology within proprietary funds is Retained Earnings. (When the term "Fund Balance" is used in reference to Proprietary Funds, it is normally referring to the estimated budgetary-basis amount available for appropriations for budgeting purposes.)

GAAP- Generally Accepted Accounting Principles.

General Obligation Bonds - When a government pledges its full faith and credit to the repayment of the bonds it issues, then those bonds are general obligation (GO) bonds. Sometimes the term is also used to refer to bonds which are to be repaid from taxes and other general revenues.

Goal - The long-term continuing mission of a department, division, or program. Goals define the strategic results to be achieved and therefore indicate the relevance, permanence, scope, and effectiveness of that outcome.

Government Funds - These funds subscribe to the modified accrual basis of accounting and include the following types of funds:

- General Fund - The major source of revenue for this fund is taxes. There are no restrictions as to the purposes in which the revenues in this fund can be used
- Special Revenue Funds - The resources received by these funds are limited to a defined use, such as the Street Fund.
- Debt Service Funds - Funds used for paying principal and interest of debt on non-enterprise funds.

- Capital Project Funds - Resources from these funds are used for purchase or construction of long-term fixed assets.
- Permanent Funds - The resources received by these funds are limited to a defined use and only earnings may be spent. The Davidson Fund is the city's only permanent fund.

Grant - A contribution of assets by one entity to another. Grants are generally designated for a specific expenditure.

IAFF - International Association of Firefighters.

ICMA – International City/County Management Association. In the context of the budget document and performance measurement, this company has created a database of indicators for comparator information.

Indirect Cost - A cost incurred in the production and/or provision of a service that usually cannot be directly associated with any one particular good or service but rather results from general productive activity. In effect, indirect cost is any cost of production other than direct labor and direct materials cost. Examples include the wages of supervisory and administrative personnel, occupancy and maintenance of buildings, and utility costs.

Intergovernmental Revenue - Revenues received from another governmental entity.

Internal Charges - Various, specific charges set to recover the cost of providing goods and/or services to particular funds or departments within the organization. Examples include administrative service charge, data processing charge, and telephone charges.

Investment - Securities and real estate purchased and held for the production of income in the form of interest, dividends, rentals, or base payments.

Liabilities - The sum of all amounts that are owed at the end of the fiscal year, including all accounts payable, accrued liabilities, and debt.

Long-Term Debt - Present obligations that are not payable within a year. Bonds payable, long-term notes payable, and lease obligations are examples of long-term debt.

Master Plan - A comprehensive plan, normally covering a 5-10 year period, developed to guide delivery of specific services, identify future needs and challenges, and identify future infrastructure needs.

Millage - Taxation stated as one tenth of a cent per dollar of valuation; as $.001 used in calculations.

Modified Accrual Basis of Accounting - The accrual basis of accounting adapted to the governmental fund type under which revenues are recognized when they become both "measurable" and "available to finance expenditures of the current period." Expenditures are generally recognized when the related fund liability is incurred.

Municipal Code - A system of rules which are compiled and arranged by a municipal corporation, i.e. the City, and adopted and used to regulate the conduct of its inhabitants and government.

One-Time Revenue - Revenue that cannot reasonably be expected to continue, such as a single-purpose federal grant, an interfund transfer, or use of a reserve. Continual use of one-time revenues to balance the annual budget can indicate that the revenue base is not strong enough to support current service levels.

Operating Budget - The appropriated budget supporting current operations. Most operations are found in the General, Special Revenue, Permanent, Enterprise, and Internal Service Funds.

OPSRP - Oregon Public Service Retirement Program, the pension plan for employees hired after August 28, 2003.

Operating Deficit - When current expenditures exceed current revenues.

Overlapping Debt - The net direct bonded debt of another jurisdiction that is issued against a tax base within part or all of the boundaries of the community.

Pay-As-You-Go Basis - A term used to describe the financial policy of a government which finances all of its capital outlays and/or improvements from current revenues rather than by borrowing.

Performance Indicators - Specific quantitative or qualitative measures of work performed within an activity or program (e.g., total miles of streets cleaned). Also, a specific quantitative measure of results obtained through a program or activity (e.g., reduced incidence of vandalism due to new street lighting program). These indicators strive to measure an organization's effectiveness and efficiency of service provision, and are particularly useful when examined against comparators' results where available.

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

PERS - Public Employee Retirement System, the pension plan for employees hired before August 28, 2003.

Personal Services - A category encompassing all salaries, fringe benefits, and miscellaneous costs associated with employee expenditures.

Property Tax Levy - The tax levy combining the general operating levy and the debt service levy imposed by the City.

Proposed Budget - The financial and operating document submitted by the City Manager to the Budget Commission and the governing body for consideration.

Proprietary Funds - These funds subscribe to an accrual basis of accounting and include the following types of funds:

- Enterprise Funds - Account for distinct, self-sustaining activities that derive the major portion of their revenue from user fees.
- Internal Service Funds - Account for goods and/or services provided to other funds or departments within the organization. Examples include the Vehicle and Equipment Maintenance and Data Processing Funds.

Reserves - An account used to indicate that a portion of fund equity is restricted for a specific purpose or not available for appropriation and subsequent spending. Three specific types of reserves are used by the City of Corvallis:

- 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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