



ADMINISTRATIVE SERVICES COMMITTEE

Agenda

Wednesday, November 18, 2015
1:00 pm

Madison Avenue Meeting Room
500 SW Madison Avenue

An opportunity for public comment will be provided at this meeting

- | | |
|------------------------------------|---|
| Discussion/ Possible Action | I. Visit Corvallis First Quarter Report (Attachment) |
| Discussion/ Possible Action | II. City First Quarter Operating Report (Attachment) |
| Discussion/ Possible Action | III. Majestic Theatre First Quarter Report (Attachment) |
| Discussion/ Possible Action | IV. Utility Rate Annual Review (Attachment) |
| Discussion/ Possible Action | V. Council Policy Review and Recommendation: 1.11, "Identity Theft Prevention and Red Flag Alerts" (Attachment) |
| Discussion/ Possible Action | VI. Council Policy Review and Recommendation: 2.11, "Councilor Information Requests" (Attachment) |
| Information | VII. Other Business |

The December meetings are canceled.

Next Scheduled Meeting

Wednesday, January 6, 2016 at 1:00 pm
Madison Avenue Meeting Room, 500 SW Madison Avenue

TO: Administrative Services Committee for November 18, 2015
FROM: Tom Nelson, Economic Development Manager *TN*
DATE: November 9, 2015
THROUGH: Mark W. Shepard, P.E., City Manager *MWS*
SUBJECT: Visit Corvallis - FY 2016 First Quarter Report



Action Requested:

Staff recommends the Administrative Services Committee review and recommend the City Council accept the Visit Corvallis Fiscal Year 2015-16 First Quarter Report.

Discussion:

The City of Corvallis budgeted \$453,550 for Visit Corvallis for FY 2015-16. The City funded \$113,388 in three installments during the first quarter. The City's contract with Visit Corvallis requires the agency to submit quarterly reports of its activities.

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

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

Budget Impact:

None



Quarterly Community Report July, August, September 2015

Executive Director's Report

This summer we have been very busy in our office. While I was putting together the Annual Report and the Draft Marketing Plan, our visitor center saw a sharp uptick in the volume of visitors we received. So our signs are now in the right place and people can find us.

This summer we ran a bicycle campaign in August and September. We asked people to take a selfie at a specific location at each of our Seven Wonders and send those in, for us to use on Instagram and for them to receive an entry into a mountain bike giveaway. The campaign didn't do as well as I hoped, but if you recall the weather was awfully hot in those months.

We did do a social media campaign with Madden Media however that was hugely successful. They wrote nine specific stories on biking, craft beer and wine and pushed them out through their social media channels on CNN, Real Simple, Sunset, Canadian Traveler and others. We received over 4,000,000 impressions from that campaign.

Other activities this summer were:

- Added a new tour of the Historic Homes Trolley Tours. It was totally sold out after an article appeared in gazette Times about it.
- We bid and won the Oregon Society of Meeting Planners Conference for this fall.
- We participated in Feast Portland once again this year. Kimber Hoang from Magenta represented Corvallis. She was a hit with the media and the consumers who visited the show.
- After having occupancy and ADR rates rising each month from July 2014 to July 2015, we saw our first decrease in occupancy in August. It was down 6/9 percent from August of last year. ADR was up though. I think an attributing factor may have been might have been the heat. The coast reported record visitation this last summer.

Visitor Information Report

During the months of July, August and September, 2015, we greeted 1,108 walk-in visitors. We distributed 1,900 visitor guides, and 1,700 maps to Corvallis lodging properties, OSU and various other Corvallis businesses upon request.

Lead requests received for our visitor guide through VisitCorvallis.com, OregonWineCountry.org and leads received in response to online and print advertisement placed by Visit Corvallis and/or the Willamette Valley Visitors Association totaled 4,753. Relocation packet requests received through VisitCorvallis.com totaled 25 for the quarter.

We placed 905 table tents promoting Corvallis and Benton County events occurring during the months of July through October, 2015 were distributed to local restaurants and other various businesses in the city and county.

Social and Digital Media Report

VisitCorvallis.com had 66,480 sessions this quarter, up 9% from last quarter. We had 48,857 users, up 3% from last quarter

Our top five traffic-referring sites this quarter were, in order from most to least, mobile Facebook, CorvallisOregon.gov, our Tumblr, SLI.OregonState.edu, and Facebook.

Our most popular pages, not including our home page, were the events calendar, our "Enter to Win a Mountain Bike" landing page, Things To Do, lodging and our attraction guide.

We sent 11,004 outclicks to our members and area businesses this quarter. This number should start increasing, as we're now able to track our calendar views through Google analytics again. Our top five receivers of traffic this quarter were the Corvallis Fall Festival, Corvallis Beer Week, our live music listings, Co.Benton.OR.US and Da Vinci Days.

Our Facebook Page's post reach averaged about 15,000 users this quarter. Post engagement remains good as well, particularly on video posts and paid posts.

Twitter Analytics report that our tweets have had 83.9K impressions this quarter, sending 583 clicks back to our website and other shared sites, with an average engagement rate of 1.2%.

Other social media sites currently lack meaningful metrics.

Attachment B



First Quarter Report

(July through September, 2015)

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 10/14/15
 Accrual Basis

Visit Corvallis
Balance Sheet
 As of September 30, 2015

	<u>Sep 30, 15</u>
ASSETS	
Current Assets	
Checking/Savings	
Checking - OSUFCU	39,646.77
Money Market-OSUFCU	20,526.87
Paypal Checking	1,778.10
Savings - OSUFCU	5.00
Total Checking/Savings	<u>61,956.74</u>
Accounts Receivable	
Accounts Receivable	1,066.17
Total Accounts Receivable	<u>1,066.17</u>
Other Current Assets	
Petty Cash	40.00
Total Other Current Assets	<u>40.00</u>
Total Current Assets	63,062.91
Fixed Assets	
Accumulated Depreciation	-1,997.98
Office Equipment & Furniture	12,147.30
Total Fixed Assets	<u>10,149.32</u>
Other Assets	
Rent Deposit	1,700.00
Total Other Assets	<u>1,700.00</u>
TOTAL ASSETS	<u>74,912.23</u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Credit Cards	
OSU Fed Visa	2,137.61
Total Credit Cards	<u>2,137.61</u>
Other Current Liabilities	
Bounty of Benton Co Ticket Sale	-120.00
Corvallis Book Sales	803.80
HWW Ticket Sales	365.00
Payroll Liabilities	-35.00
Payroll liabilities - Other	5,234.21
Payroll tax liabilities	5,871.54
Summer Solstice	27.00
Total Other Current Liabilities	<u>12,146.55</u>
Total Current Liabilities	<u>14,284.16</u>
Total Liabilities	14,284.16
Equity	
Net Assets	79,572.65
Temp Restricted Net Assets	750.00
Net Income	-19,694.58
Total Equity	<u>60,628.07</u>
TOTAL LIABILITIES & EQUITY	<u>74,912.23</u>

3:28 PM
10/14/15
Accrual Basis

Visit Corvallis
Profit & Loss
July through September 2015

	<u>Jul - Sep 15</u>
Ordinary Income/Expense	
Income	
City of Corvallis	113,387.49
Co-op Advertising Revenues	100.00
Income/Misc	39.15
Interest Income	5.16
Relocation Packets	81.00
Total Income	<u>113,612.80</u>
Expense	
Administration	13,289.25
Conferences/Education	169.00
Marketing/Advertising	36,940.16
Marketing/Community Relations	213.00
Marketing/Contract Services	1,300.00
Marketing/Dues	6,651.66
Marketing/Entertainment	44.81
Marketing/Festivals	4,205.40
Marketing/Internet	1,072.11
Marketing/Postage-Shipping	1,141.21
Marketing/Printing	1,480.97
Marketing/Promotions	1,108.90
Marketing/Research	2,000.00
Marketing/Sales Trips	1,635.00
Marketing/Sports Grants	800.00
Marketing/Telephone	99.32
Marketing/Visitor Services	98.50
Payroll Expenses	38.40
Personnel	61,019.69
Total Expense	<u>133,307.38</u>
Net Ordinary Income	<u>-19,694.58</u>
Net Income	<u><u>-19,694.58</u></u>

3:29 PM

Visit Corvallis

10/14/15

Profit & Loss Budget vs. Actual

Accrual Basis

July through September 2015

	<u>Jul - Sep 15</u>	<u>Budget</u>	<u>\$ Over Budget</u>
Ordinary Income/Expense			
Income			
City of Corvallis	113,387.49	113,387.53	-0.04
Co-op Advertising Revenues	100.00	0.00	100.00
Income/Misc	39.15		
Interest Income	5.16	12.47	-7.31
Relocation Packets	81.00	22.50	58.50
Souvenir Income	0.00	25.03	-25.03
Total Income	<u>113,612.80</u>	<u>113,447.53</u>	<u>165.27</u>
Expense			
Administration	13,289.25	16,965.70	-3,676.45
Conferences/Education	169.00	830.00	-661.00
Marketing/Advertising	36,940.16	32,062.09	4,878.07
Marketing/Community Relations	213.00	316.00	-103.00
Marketing/Contract Services	1,300.00	1,950.00	-650.00
Marketing/Dues	6,651.66	5,425.00	1,226.66
Marketing/Entertainment	44.81	124.97	-80.16
Marketing/Festivals	4,205.40	5,172.00	-966.60
Marketing/Internet	1,072.11	1,476.89	-404.78
Marketing/Media Relations	0.00	100.00	-100.00
Marketing/Postage-Shipping	1,141.21	3,337.50	-2,196.29
Marketing/Printing	1,480.97	584.00	896.97
Marketing/Promotions	1,108.90	1,195.00	-86.10
Marketing/Research	2,000.00	2,000.00	0.00
Marketing/Sales Trips	1,635.00	0.00	1,635.00
Marketing/Sports Grants	800.00	800.00	0.00
Marketing/Telephone	99.32	157.50	-58.18
Marketing/Visitor Services	98.50	649.97	-551.47
Payroll Expenses	38.40	37.50	0.90
Personnel	61,019.69	59,787.67	1,232.02
Total Expense	<u>133,307.38</u>	<u>132,971.79</u>	<u>335.59</u>
Net Ordinary Income	<u>-19,694.58</u>	<u>-19,524.26</u>	<u>-170.32</u>
Net Income	<u>-19,694.58</u>	<u>-19,524.26</u>	<u>-170.32</u>

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Visit Corvallis

10/14/15

Profit & Loss Prev Year Comparison

Accrual Basis

July through September 2015

	<u>Jul - Sep 15</u>	<u>Jul - Sep 14</u>	<u>\$ Change</u>
Ordinary Income/Expense			
Income			
City of Corvallis	113,387.49	107,082.00	6,305.49
Co-op Advertising Revenues	100.00	0.00	100.00
Income/Misc	39.15	0.00	39.15
Interest Income	5.16	5.16	0.00
Membership	0.00	50.00	-50.00
Relocation Packets	81.00	189.35	-108.35
Souvenir Income	0.00	12.42	-12.42
Total Income	<u>113,612.80</u>	<u>107,338.93</u>	<u>6,273.87</u>
Expense			
Administration	13,289.25	13,024.75	264.50
Conferences/Education	169.00	1,192.03	-1,023.03
Marketing/Advertising	36,940.16	35,159.81	1,780.35
Marketing/Community Relations	213.00	223.49	-10.49
Marketing/Contract Services	1,300.00	2,600.00	-1,300.00
Marketing/Dues	6,651.66	5,065.00	1,586.66
Marketing/Entertainment	44.81	244.41	-199.60
Marketing/Festivals	4,205.40	8,877.75	-4,672.35
Marketing/Internet	1,072.11	1,282.69	-210.58
Marketing/Postage-Shipping	1,141.21	4,305.16	-3,163.95
Marketing/Printing	1,480.97	225.00	1,255.97
Marketing/Promotions	1,108.90	34.99	1,073.91
Marketing/Research	2,000.00	2,000.00	0.00
Marketing/Sales Trips	1,635.00	6,217.24	-4,582.24
Marketing/Sports Grants	800.00	755.00	45.00
Marketing/Telephone	99.32	87.82	11.50
Marketing/Visitor Services	98.50	850.40	-751.90
Payroll Expenses	38.40	28.45	9.95
Personnel	61,019.69	49,839.31	11,180.38
Total Expense	<u>133,307.38</u>	<u>132,013.30</u>	<u>1,294.08</u>
Net Ordinary Income	<u>-19,694.58</u>	<u>-24,674.37</u>	<u>4,979.79</u>
Net Income	<u>-19,694.58</u>	<u>-24,674.37</u>	<u>4,979.79</u>



Attachment C

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

MEMORANDUM

11/6/2015

TO: Tom Nelson, Economic Development
FROM: Tom Johnston, Accountant *11/6/2015*
SUBJECT: Visit Corvallis Financial Report – First Quarter, FY 15/16

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

During the first quarter of fiscal year 2015/2016, Visit Corvallis reported revenues of \$113,613 and expenditures of \$133,308, resulting in a net loss of \$19,695. Visit Corvallis maintains a strong cash position with current assets totaling \$63,063 and current liabilities of \$14,284.

The City of Corvallis budgeted \$453,550 for Visit Corvallis for fiscal year 2015/2016 in monthly payments of \$37,796 with a final payment of \$37,794. The City has funded a total of \$113,388 in the first quarter which has been accurately accounted for on the Visit Corvallis report. The City funding represents over 99% of all revenue for the quarter.

Acceptance of the Visit Corvallis quarterly report is recommended.

TO: Administrative Services Committee for November 18, 2015
 FROM: Nancy Brewer, Finance Director *NB*
 DATE: November 9, 2015
 THROUGH: Mark W. Shepard, P.E., City Manager *MWS*
 SUBJECT: First Quarterly Operating Report – FY 15-16



Action Requested:

Staff requests the Administrative Services Committee recommend the City Council accept the FY 15-16 First Quarterly Operating Report and the Annual Investment Compliance report.

Discussion:

The First Quarterly Operating Report (QOR) is available for review on the City's website within the 45 days required under CP 10.03, with the first four pages provided as Attachment A to this memo. Overall results were generally in line with expectations.

Total revenues were about 17% of budget in the first quarter of FY 15-16. Operating revenues in the same period last fiscal year were over \$4 million higher than this fiscal year due primarily to significant first quarter receipts of system development charges last fiscal year from the Retreat project and other multi-family unit development work.

Operating expenditures across departments are generally on target at about 23% of the amended budget. This is slightly lower than last year's spending rate of nearly 25%. Highlights for ASC's interest include:

- The Community Development Revolving Fund (CDRF) enjoyed a small surplus as of the end of the first quarter as a result of the budgeted \$100,000 one-time infusion of General Fund resources approved by Council for FY 15-16, as well as nearly \$187,000 in receipts from the annual rental housing program fee. Expenditures were also about \$450,000 less than this time last fiscal year because of lower project spending scheduled. Nevertheless, this fund continues to require significant attention to ensure long-term sustainability of its programs and is a focus for the Sustainable Budget Task Force (SBTF) work which will continue through next year.
- Transit Fund – The new contract for service provision by First Student costs roughly \$180,000 more than the previous contract. While total expenditures are currently running under budget due to a vacancy and lower fuel prices, these savings may not be sufficient to offset the increased contract cost, in which case contingencies may be needed by year-end. Public Works and Finance staffs continue to monitor the Transit Fund and will update the City Council each quarter in the QOR.
- 9-1-1 Emergency Communications Fund – As of the end of the first quarter, this fund is already over 27% expended, compared to less than 25% expended this time last year. Overtime spending to backfill for vacancies and ensure adequate response in the dispatch center, was already at 54% at the end of September. The City has continued to negotiate with the Corvallis Regional Communications Center Association (CRCCA); any cost increases as the result of negotiations, if any, are not incorporated in the adopted budget. This Fund is still a focus for the SBTF, but any solutions to the ongoing viability of this operation are not likely achievable prior to finalizing the FY 16-17 budget.
- Analysis of the City's growing total portfolio of cash and investments by staff and the City's investment advisor, has led to the conclusion that with the value of reserves now held, combined with incoming property taxes expected next quarter, the City's Local Government Investment Pool is on target to exceed its \$47 million cap by approximately \$5 million by mid December. City staff has raised the core investment cap to a maximum of \$37 million to comply and optimize market opportunities within policy, and maintain sufficient liquidity for

operational cash flows. Treasury Note yields are also moving higher currently, which may signal that the Federal Reserve is finally poised to raise rates at its December 16th meeting; this has potential to benefit the City's overall investment interest earnings.

Income statements for each fund and the Council Goals update as of September 30, 2015 are linked to the full 14-page online quarterly operating report.

The Capital Project budget is almost 9% expended at the end of the first quarter. It is typical for capital project spending to be lower in the early part of the fiscal year, when projects are still being bid and designs finalized, or due to summer construction projects being delayed or coming in under budget. The following projects were substantially completed as of the end of the first quarter: design of the Library's lighting upgrade; the Nigel Rose Weber memorial play structure design/construction and installation at Shawala Park; construction for storm pipe capacity issues in the storm drain on Kings Boulevard between Larch Avenue and Dixon Creek outfall; safety/access improvement work done to streets and sidewalks for various local elementary schools; and resurfacing of multiple City streets.

Budget Impact:

The Quarterly Operating Report serves as an important formal mechanism for staff, the City Council, and the community to monitor the City's financial status. There is a minor cost to prepare the report.



1st Quarter Financial Summary FY 2015-16

This report provides summary information on the City's financial status as of the end of September, 2015; more detailed comparative income statement format data is available on-line at this [link](#).

YTD PERFORMANCE AT A GLANCE		COMMENTS
GENERAL FUND		
General Fund Expenditure vs. Revenue	WATCH	Long-term fiscal health in the General Fund remains a concern due in part to the State losing the Hewlett-Packard (HP) valuation appeal. The City's portion of the final interest payment is approximately \$115,000. A bigger hit is from HP's \$41 million valuation decrease in 2015, which affects the City's overall assessed value (AV). Benton County certified the City's 2015 tax roll at AV growth of 2.5% versus the 3% budgeted.
Property Tax Revenue	WATCH	Property tax receipts will lag budgeted levels until turnovers start in November when the majority of funds will be received for the year. As per above, AV growth came in under budget for FY 15-16 so revenues have been revised down to \$375,000 less than adopted levels.
Transient Room Tax	POSITIVE	Q1 receipts are up 11% over prior year actuals, and although Q1 is slightly below target this revenue is expected to meet or exceed budget by fiscal year end. The increase over last year is the result on on-line travel companies paying back collections as required by State law.
Franchise Fees	WATCH	Franchise fees are trending slightly lower in Q1 compared to last year. No decision has been reached on utility rate increases for 2016, but staff expects franchise revenues to meet budget.
State Shared Revenue	POSITIVE	FY 14-15 receipts were 6% above budget, and FY 15-16 revenues to date are running nearly 8% over the prior year. However, the League of Oregon Cities continues to predict lower cigarette/ alcohol demand that would mean less State revenue for local government distribution. In January the state will start collecting taxes for marijuana; the City is not expected to see much benefit in 15-16 since the State will first cover the costs of implementing the administration of the new tax.
Fines & Forfeitures	WATCH	Q1 traffic fine revenue receipts remain low relative to historical results due in part to officer vacancies, new officers not yet fully trained and new technology challenges. Also, it can take several months for the revenue to catch up with citations given, due to court dates/scheduling.
General Fund Expenditures vs. Budget	WATCH	General Fund expenditures are generally on target and in line with prior year spending. Parks & Recreation is approximately 27% of budget after the first quarter, which is typical in Q1 due to summer month activities. CD and PW expenses are all below 20% of budget at the end of Q1. CD has yet to make purchases associated with the Buildable Lands Inventory project in FY 15-16; and PW's PEG/I-Net and Energy Savings Project budgets will be utilized later in the fiscal year.
SPECIAL REVENUE FUNDS		
9-1-1 Emergency Services	WATCH	Although prior year revenues met expectations, contingency appropriations were needed. User charges and other future year revenues may be insufficient to maintain service levels. Current year overtime spending is high to backfill for vacancies. The Fund's declining balance makes it a focus for the Sustainable Budget Task Force (SBTF).
Community Development Revolving	WATCH	FY 14-15 ended with only a \$2,500 fund balance and negative cash balances will continue due to reduced federal grant funding availability and ineligible administrative costs. Council approved \$400,000 in one-time funds transfers from the General Fund to facilitate positive balances while the SBTF and Housing Task Force deliberate on possible funding alternatives to continue support of this Fund's programs.
Development Services	POSITIVE	Permit revenues lag last fiscal year and budget due to a slow-down in commercial construction permits, whereas charges for service revenue exceeds budget and is on track. Development projects continue to underpin the performance in this fund and have shown improved results relative to a few years ago.
Parking	WATCH	Revenues are significantly less than the same time last year related to parking permits and parking fines. The Police Department has struggled to maintain fully trained parking enforcement staff for over a year, continuing into Q1. Parking citation revenue should improve when Parking Enforcement Officers are hired and fully trained.
Street	WATCH	Declining fund balance; revenues are not adequate to fund current service demands.
Transit	WATCH	Fund balance and revenues are stable, however higher contract services may use contingencies in FY 15-16.
ENTERPRISE FUNDS		
Airport	POSITIVE	Revenues and expenditures are stable and sufficient to maintain current operations.
Storm Water	WATCH	Project spending in this fund may require significant rate increases in coming years.
Wastewater	POSITIVE	Increased metered revenues and stable expenditures maintain current levels of service.
Water	POSITIVE	Metered usage, new rate structure, stable expenditures maintain current service levels.
INTERNAL SERVICE FUNDS		
Risk Management	WATCH	Risk coverage premiums continue to increase; and until deductibles are met from previous fiscal years, claims can still be made potentially impacting current fiscal year appropriations.

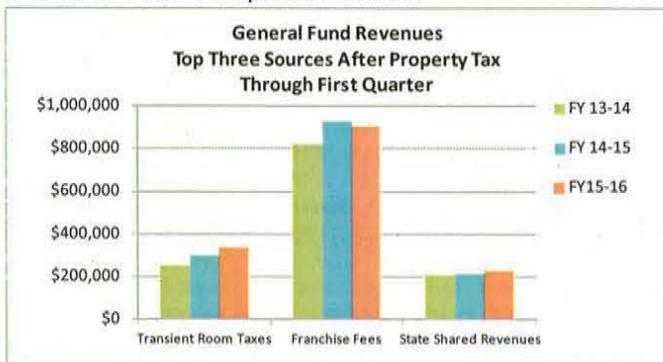
What the ratings mean: **Positive** – Current revenues and City Council-adopted use of reserves are sufficient to support the current level of service. Fund balances appear stable over a three-year forecast. No significant negative issues are identified.
Watch – Various stressors may cause current revenues to be flat or decline and impact the fund's capacity to support the current level of service. Factors exist that may contribute to higher than anticipated expenditure levels in more than one category over the next 6-12 months.
Negative – Current expenditures exceed or revenues are significantly behind forecast assumptions. Fund balance is unstable. Immediate action to balance fund is likely required.

ATTACHMENT A

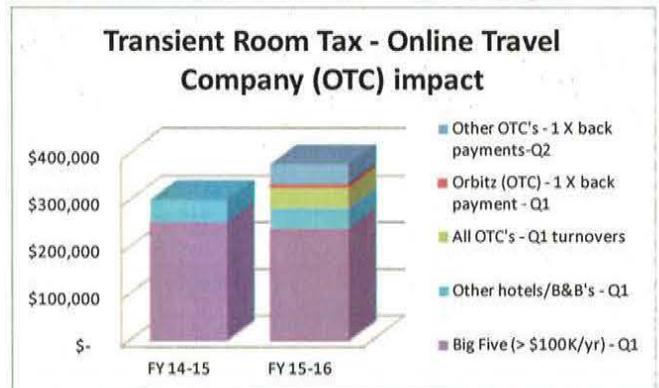
REVENUE	AMENDED BUDGET	1st Quarter FY 14-15	Y-T-D FY 14-15	FY 14-15 % REC/EXPEND	AMENDED BUDGET	1st Quarter FY 15-16	YTD FY 15-16	FY 15-16 % REC/EXPEND
Budgeted Beg. Fund Balance (incl reserves)	\$6,451,158				\$8,559,430			
Property Taxes	\$24,447,050	\$175,184	\$175,184	0.72%	\$26,004,540	\$128,991	\$128,991	0.50%
Other Tax	1,427,600	302,061	302,061	21.16%	1,511,830	335,558	335,558	22.20%
Licenses/Permits	5,741,280	1,025,549	1,025,549	17.86%	5,868,130	997,196	997,200	16.99%
Charges for Service	5,892,810	1,456,563	1,456,563	24.72%	6,053,430	1,565,798	1,565,798	25.87%
Intergovernmental	3,907,120	216,357	216,357	5.54%	4,223,730	244,954	244,954	5.80%
Fines/Forfeitures	759,660	174,807	174,807	23.01%	769,160	177,915	177,915	23.13%
Miscellaneous	652,660	162,001	162,001	24.82%	918,910	205,456	205,456	22.36%
Other Financing Sources	1,236,100	456,497	456,497	36.93%	1,241,800	129,371	129,371	10.42%
TOTAL CURRENT REVENUE	\$44,064,280	\$3,969,020	\$3,969,020	9.01%	\$46,591,530	\$3,785,239	\$3,785,243	8.12%
EXPENDITURE BY DEPARTMENT								
City Manager's Office	\$293,300	\$72,422	\$72,422	24.69%	\$501,700	\$85,020	\$85,020	16.95%
Community Development	1,498,870	302,162	302,162	20.16%	1,686,300	335,180	335,180	19.88%
Finance	647,260	150,129	150,129	23.19%	678,050	142,282	142,282	20.98%
Fire	11,397,090	3,337,040	3,337,040	29.28%	11,714,420	2,720,460	2,720,460	23.22%
Library	6,151,640	1,478,737	1,478,737	24.04%	6,349,950	1,524,312	1,524,312	24.01%
Parks & Recreation	6,367,830	1,784,679	1,784,679	28.03%	7,106,630	1,893,981	1,893,981	26.65%
Police	11,293,220	2,709,298	2,709,298	23.99%	11,884,850	2,741,413	2,741,413	23.07%
Public Works	991,940	202,331	202,331	20.40%	852,630	124,190	124,190	14.57%
Non-Departmental	994,420	212,438	212,438	21.36%	879,920	203,087	203,087	23.08%
TOTAL OPERATING EXPENDITURES	\$39,342,070	\$10,249,236	\$10,249,236	26.05%	\$41,654,450	\$9,769,925	\$9,769,925	23.45%
Debt Service	\$837,180	\$222,644	\$222,644	26.60%	\$693,240	\$623,184	\$623,184	89.89%
Transfers / Other Financing Uses	3,570,120	537,183	537,183	15.05%	4,211,240	856,111	856,111	20.33%
Contingencies/Reserves	330,000	0	0	0.00%	630,000	0	0	0.00%
TOTAL ALL EXPENDITURES	\$44,079,350	\$11,009,063	\$11,009,063	24.98%	\$47,188,930	\$11,249,220	\$11,249,220	23.84%
CURRENT REVENUE LESS TOTAL EXPENDITURES		(\$7,040,044)	(\$7,040,044)		(\$597,400)	(\$7,463,981)	(\$7,463,977)	

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

The General Fund Income Statement format above shows that FY 15-16 revenues (excluding other financing sources which are associated with pass-throughs and have an offsetting expense) are exceeding FY 14-15 by approximately 4% while operating expenditures are down over 4% from last year at this time. Fire Department expenditures were \$616,580 higher last year at this time primarily because of the purchase of an aerial equipped engine. Parks & Recreation (P&R) is approximately 27% of budget after the first quarter, which is typical in Q1 due to summer month activities; P&R has greater spending this fiscal year-to-date due to Majestic Theater operations, which were not part of Q1 figures in FY 14-15. Non-Operating expenses are greater this fiscal year due to Debt Service and Interfund Transfers. Debt Service includes payback of the Fire Drill Tower financing, with principal payments starting in FY 15-16, which have already been made, so only interest payments remain for the year. Interfund Transfers are also greater this fiscal year due to \$255,500 being moved to the Street Fund for street light utility cost support, as well as Council approved transfers of \$100,000 transfer to the CD Revolving Fund to assist fund balance and \$340,000 to the 9-1-1 Emergency Communications Fund for new consoles and dispatch software.



The graph to the left illustrates improvements in two of the three major General Fund non-property tax revenue categories year-to-date (YTD) over the prior years' results. Franchise Fees in Q1, although lower than the same time last year, are still expected to meet FY 15-16 budget.



Transient room tax (TRT) results year-to-date reflect the City's increased effort to collect amounts owed by online travel companies (OTC's) for Corvallis hotel rooms booked and paid for electronically, versus traditional hotel onsite payments. The graph to the right shows that the majority of the increase seen in TRT in the first quarter is attributable to Orbitz, Priceline and other OTC's, who have not only begun to make regular turnovers this fiscal year, but have also paid back over \$50,000 that was owed through June 2015 based on October 2013 State legislation. It should be noted that these increased receipts are somewhat offset by reductions in hotels' direct tax collection payments.

ATTACHMENT A

GENERAL FUND				
BUDGETARY BASIS	UNAUDITED FY 14-15	AMENDED FY 15-16	Year-To-Date FY 15-16	% of Budget Year-to-Date
RECURRING				
NON DEDICATED REVENUE				
Property Taxes - Permanent Rate	\$21,048,894	\$21,952,620	\$0	0.00%
Local Op Levy 2013 - HP Replacmt/SocServ Funding	745,536	794,440	0	0.00%
Prior Year Delinquent Tax Revenue	508,655	452,290	128,991	28.52%
Transient Room Tax	1,604,370	1,511,830	335,558	22.20%
Franchise Fees	5,635,615	5,495,100	907,638	16.52%
State Revenue Sharing	563,487	565,140	138,894	24.58%
Alcohol/Cigarette Tax	883,334	883,460	89,666	10.15%
Pass-Throughs	1,144,768	1,239,430	123,371	9.95%
Miscellaneous Other Revenues	692,292	723,320	149,550	20.68%
TOTAL NON-DEDICATED RECURRING REVENUE	\$32,826,951	\$33,617,630	\$1,873,668	5.57%
DEDICATED REVENUE				
Property Tax - Local Option Levy	\$2,632,517	\$2,805,190	\$0	0.00%
City Manager's Office	122,690	\$126,190	107,649	85.31%
Community Development	232,542	\$119,590	62,128	51.95%
Finance	314	\$200	57	28.53%
Fire	3,975,627	\$3,626,590	773,096	21.32%
Library	2,791,379	\$2,943,570	129,624	4.40%
Parks & Recreation	1,758,205	\$1,769,270	457,303	25.85%
Police	386,493	\$391,740	188,006	47.99%
Public Works	5,938	1,000	0	0.00%
TOTAL DEDICATED RECURRING REVENUE	\$11,905,704	\$11,783,340	\$1,717,863	14.58%
TOTAL RECURRING REVENUE	44,732,654	\$45,400,970	\$3,591,531	7.91%
EXPENDITURES				
City Manager's Office	\$292,930	\$303,020	\$85,020	28.06%
Community Development (1)	1,403,358	\$1,571,510	335,180	21.33%
Finance	647,251	\$678,050	142,282	20.98%
Fire	10,667,091	\$11,232,180	2,711,449	24.14%
Library (2)	6,051,134	\$6,334,450	1,521,178	24.01%
Parks & Recreation	5,828,585	\$6,047,270	1,716,459	28.38%
Police	11,123,206	\$11,665,580	2,741,413	23.50%
Public Works	703,933	\$703,920	374,190	53.16%
Non-Departmental	772,855	\$810,810	196,757	24.27%
Debt Service	279,053	\$693,240	623,184	89.89%
Transfers Out (Interfund, Capital, POB)	1,931,790	\$2,036,810	432,060	21.21%
Pass-Throughs	1,135,754	\$1,239,430	55,351	4.47%
Contribution to Fund Balance Reserve/Contingencies (1)	1,969,720	\$1,753,000	1,763,000	100.57%
Contributions/Adjustments to Other Reserves	257,878	0	0	0.00%
TOTAL RECURRING EXPENDITURES	\$43,064,538	\$45,069,270	\$12,697,523	28.17%
RECURRING REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	\$1,668,116	\$331,700	(\$9,105,993)	
POTENTIAL BEGINNING BUDGETARY FUND BALANCE	269,750	1,021,740	1,482,086	
<i>Net Recurring Revenue/Expenditure</i>	1,668,116	331,700	(9,105,993)	
<i>Net Non-Recurring Revenue/Expenditure</i>	(455,780)	(1,154,290)	(1,121,742)	
ENDING BUDGETARY FUND BALANCE	\$1,482,086	\$199,150	(8,745,648)	
Ending Reserve Balance by Type				
RESTRICTED	\$906,746	\$571,965	\$574,619	
COMMITTED	\$1,136,557	\$1,029,707	\$1,048,010	
ASSIGNED	\$1,955,924	\$217,998	\$1,448,194	
FUND BALANCE	\$4,820,209	\$5,943,209	\$6,583,209	
	\$8,819,436	\$7,762,880	\$9,654,031	

- (1) CD anticipated savings so reduced its revised operating expenditures to offset the fund balance reduction originally budgeted for FY 15-16 to fund the EDO contract with Linn Benton for small business support.
- (2) Library reduced its recurring operating expenditures on a revised basis to redeploy funds for a needed vehicle purchase early in the fiscal year.

ATTACHMENT A

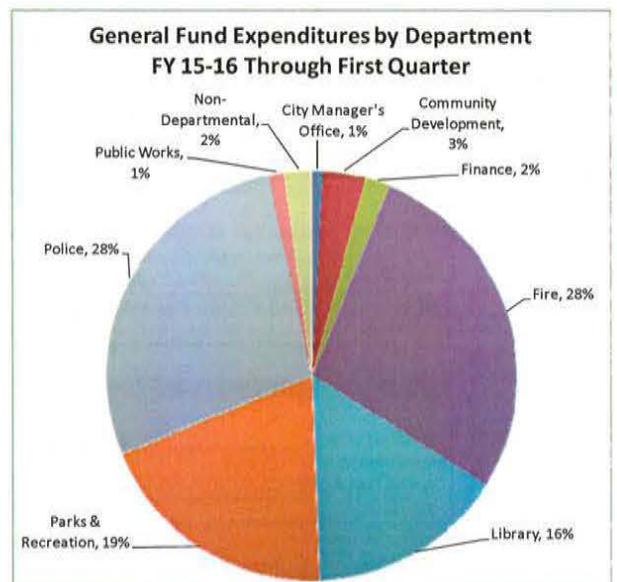
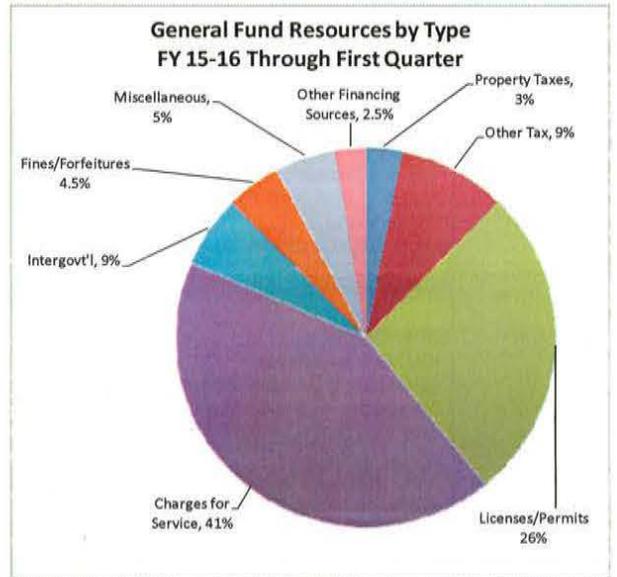
The General Fund Financial Plan update on the previous page shows the unaudited, estimated status of the "green and yellow lines" at the end of Q1. Because property taxes are not received until the second quarter, the sustainable green line and the ending budgetary fund balance YTD are currently negative, but will be positive once property tax revenue is received. Property tax levy notifications have been received from Benton County. As noted previously, the State lost the Hewlett-Packard appeal and the City's portion of the final interest payment, inclusive of the Library Service District impact, is expected to be in the range of \$115,000; the HP decision also led to a permanent \$41 million reduction in HP's assessed value. As a result, the certified assessed value for the City grew by only 2.5% versus the 3% projected in the Adopted Budget. A greater than expected beginning fund balance in FY 15-16 has partially offset the lower property tax revenue, but, the General Fund should still end FY 15-16 with a slightly higher ending fund balance provided contingency use is minimized, and other revenues and expenditures continue according to plan.

The **resources** pie chart, to the right, graphically illustrates the YTD proportions of all resources supporting General Fund services. Property taxes look low at only 3%, but that is normal at this point in the year, since the large influx of property tax receipts are typically received during Q2 in November and December.

The **expenditures** pie chart shows the distribution of General Fund expenditures by department through the first quarter. The public safety departments (Fire and Police) account for nearly 56% of fund operating expenditures; while other operations such as library, parks & recreation, economic development, planning, code enforcement, and municipal court make up the remaining 44% of expenditures.

Comparing year-to-year expenditures in this Fund (table on page 2) demonstrates that FY15-16 operational spending is lower than in FY14-15, and lower as a percentage of budget in FY15-16. Some notable highlights by department include:

- While the City Manager's Office in total is only 17% expended for the year, this is due to the new Council Goals division residing within the City Manager's Office, which has only expended 2% of its budget YTD. Economic Development is on track at 25% of budget expended.
- Community Development expenses are at only 20% of budget, which is primarily driven by the lag in spending on the Buildable Lands Inventory special project YTD and a vacant .5 FTE Code Compliance Specialist.
- Finance's personnel services are trending lower due to a vacant .5 FTE Court Clerk position. The department is evaluating work processes and data flow prior to recruiting for this FTE.
- Fire's expenses are 23% of budget, but approximately \$600,000 less than last year at this time since last year saw the purchase of an aerial equipped engine, as well as significant retirement cash-outs, and overtime due to conflagrations, including the Timberhill Fire.
- Public Works expenses in the General Fund are only at 15% of budget due to PEG/I-Net and Energy Savings Projects starting later in the fiscal year.
- Contributions to reserves will be recorded at the end of the fiscal year as part of year-end audit processes.



TO: Administrative Services Committee for November 18 Meeting
 FROM: Karen Emery, Director Parks and Recreation *ED AIC*
 Jimbo Ivy, Majestic Theatre Supervisor
 DATE: October 27, 2015
 THROUGH: Mark W. Shepard, P.E., City Manager *MWS*
 Nancy Brewer, Finance Director *NB*
 SUBJECT: Majestic Theatre Quarterly Review – 1st Quarter FY 15-16



Action Requested:

For information only, no action requested.

Discussion:

At the November 17, 2014 meeting, City Council directed Parks and Recreation Department (PRD) staff to operate the Majestic Theatre for two years commencing January 1, 2015. It was stated that General Fund subsidy will be \$10,000 or less annually. Additionally, PRD staff is required to provide quarterly reports to Council on Majestic Theatre’s operational performance and new model findings.

The table below provides revenue and expenditures for Majestic Theatre’s FY 15-16 first quarter of operations:

Income Statement - Parks & Recreation Department - Majestic Theatre Division								
	FY 15-16				FY 14-16*			
	Amended Budget	September	YTD	% of Amended Budget	Amended Budget	September	YTD	% of Amended Budget
Revenue								
Licenses, Fees & Permits	\$0	\$0	\$0	0.00%	\$0	\$2	\$6	0.00%
Charges for Services	223,960	26,017	39,586	17.68%	106,230	29,127	87,380	82.26%
Intergovernmental	-	-	-	0.00%	-	-	-	0.00%
Fines & Forfeitures	-	-	-	0.00%	-	-	-	0.00%
Miscellaneous Revenue	149,300	5,518	25,956	17.39%	99,270	5,986	17,959	18.09%
Total Revenue	\$373,260	\$31,535	\$66,542	17.56%	\$206,500	\$36,115	\$106,346	51.26%
Operating Expenditures								
Personnel Services	\$210,500	\$26,242	\$78,216	37.16%	\$99,190	\$16,732	\$50,197	50.61%
Non-Personnel Services	165,160	19,256	56,330	34.11%	106,310	18,825	56,475	53.12%
Materials & Supplies	-	6,564	27,928	-	-	5,640	16,920	-
Services	163,490	8,066	17,741	-	106,310	10,176	30,529	-
Utility & Overhead	1,670	4,626	10,661	-	-	2,996	8,989	-
Training & Conference	-	-	-	-	-	13	38	-
Capital Outlay	-	-	-	0.00%	-	-	-	0.00%
Total Operating	\$375,660	\$45,498	\$134,546	35.82%	\$206,500	\$36,667	\$106,672	51.91%
Total Expenditures	\$375,660	\$45,498	\$134,546	35.82%	\$206,500	\$36,667	\$106,672	51.91%
Use of Reserves: Endowment Interest	\$2,400	-	-	0.00%	\$2,400	-	-	0.00%
Net Income (Loss)	\$0		(\$69,004)		\$2,400		(\$1,327)	

*Data is an extrapolation of FY 14-15 activity which only includes two quarters, provided here for approximate quarter comparison purposes only.

Revenue Highlights

Revenues ended at 17.56% of budget for the quarter. Typically, July and August are slow months due to fairs, festivals, and vacations in the community and should be thought of as "off season" times. As such, the Majestic staff uses this time to repair, rebuild, and plan events for the upcoming season, with a much reduced schedule of performances to accommodate these maintenance and planning tasks. Thus revenues

are lower in the first quarter than are expected during the rest of the year. Additionally, the primary donation campaign for the Fall season will begin in the second quarter and has a \$50,000 target amount in donations by January 31, 2016. Revenue expected from performances already booked for the balance of the fiscal year is projected to be \$255,373. Revenue from room rentals, concessions and other miscellaneous revenue is projected to be \$68,910 for the fiscal year. Our annual donation target is \$110,000. Thus our total projected revenue in FY 15-16 is \$499,825.

Expenditure Highlights

Operational expenditures ended at 35.82% of budget for the quarter. Much of the planned maintenance materials/associated labor, performances rights, and equipment updates have been accomplished during the first quarter, which required much higher than normal operational staffing. The amount expended for personnel services during the first quarter is 50-60% higher than during the rest of the fiscal year. Staffing has already been reduced in accordance with the shift to normal operations in mid-to-late September. Included in these updates were additional fire and safety improvements, a redecoration effort to bring back a community feel to the venue, additional improvements to the Main Stage technical systems, and a technical upgrade to our Majestic Lab Theater to make it a viable space for full productions to add additional revenue potential for small cast shows occurring simultaneously with shows in the Main Stage. While \$14,000 from Special Projects funded these upgrades, another \$18,321 in equipment and services as well as the staff labor to implement these upgrades came from the Majestic Operational Budget.

Parks & Recreation Department General Fund Support

The City has historically incurred the cost of certain maintenance projects as owner of the Theatre. The projects were included in the Capital Improvement Plan, such as the seismic upgrade, or were a part of the Department’s seven year maintenance plan. Examples include replacing condensing units, plumbing repair, and lighting replacement. These projects were funded through the Parks and Recreation Department General Fund. The Department is prepared to continue funding projects at the Majestic Theatre as part of Department-wide special projects budget, which is outside of the Majestic theatre operating budget.

Parks & Recreation Department Majestic Theatre Non-Majestic Division Expenditures	
	As of September 30, 2015
P&R / Administration-Computers	\$ 5,136
P&R / Special Projects-Maint & Equip	14,261
Total	\$ 19,398

Balance Sheet - Parks & Recreation Department Majestic Theatre Division	
	As of September 30, 2015
Assets	
Investments - Endowment	\$ 425,239
Investments - Endowment Interest	2,479
Receivables	4,776
Total Assets	\$432,494
Liabilities	
Accounts Payable	\$ 16,686
Deferred Revenue	13,184
Other Liabilities	-
Total Liabilities	\$29,870
Net Position (Equity)	\$402,624

Expenditures during the first quarter included approximately \$14,000 from the Parks and Recreation General Fund special projects budget. The Department budgeted \$14,000 for equipment replacement to the theater's technical systems for FY 15-16. An additional \$14,000 has been budgeted in 15-16 for building maintenance projects such as HVAC repair, duct cleaning, and carpet stretching which will take place later this year so are not yet reflected in the adjacent table. As mentioned in the last quarterly report, the Department centralizes computer purchases in the Administration budget for the whole Department and has included the Majestic Theatre staff in its inventory, totaling \$5,100 so far this fiscal year. Because the Department has a fixed expenditure limit, completing these projects at the Majestic does mean other projects are not being completed elsewhere in the Department. Staff chose to absorb these additional costs with the Department’s expenditure limit and not to utilize the approved \$10,000 General Fund subsidy to help offset these costs to keep the Majestic Theatre budget neutral.

As mentioned in the Revenue section, two months of maintenance and updates to the Majestic incurred above average staffing and material costs, which will be offset by later revenue resulting from the planning, improvements, and preparation by staff in this quarter.

Balance Sheet Highlights

The endowment balance of \$425,239 has an available earned interest balance of \$2,479. Another item to highlight is the deferred revenue. This is income from ticket sales during the quarter for a show that will occur in the future. It's important to be aware of deferred revenue in the event a show cancels, since this revenue would need to be refunded.

Update on New Model for Operations

With three quarters under City operation, it is still too early to determine a recommendation for operations of Majestic Theatre once Parks and Recreation Department's two year tenure expires, but the results so far are promising, both in terms of fiscal sustainability and community perception of the success and value of the operation. Thus far City management of the theatre has been celebrated by local media, patrons, and users of the facility as being a dramatic improvement from previous administrations with the focus being on community arts efforts and inclusion of as many user groups as possible.

Financially, the model is performing as expected, including the current deficit, which was anticipated by staff. Staff plans to continue to develop programming the theatre in FY15-16, with further attention to broadening the scope of operations to include an even larger patron and user base. A strategic giving campaign is planned for Fall of 2015 and Spring of 2016 with the goal of increasing contributions to the theatre by 100% from FY 14-15. Consequently it is expected that a supplemental budget will need to be adopted as the growth of operations exceeds the original budget. Additional staff has been hired to accommodate new programs developed by staff and a higher standard of service has been implemented to further improve operations, revenue, and user experience.

Staff continues to hold monthly public forums to stay in contact with the user base and has through these efforts generated an ad hoc stakeholder group to guide creative development and generally gauge the public perception of the Majestic Theatre's efforts and success.

Agenda Item	Information Only	Held for Further Review	Decisions/Recommendations
<p>Unfinished Business</p> <p>1. OSU/City Collaboration Project IGA Extension</p> <p>2. Majestic Theatre Follow-up</p> <p>Pages 428-431</p>			<ul style="list-style-type: none"> Placed Collaboration IGA extension on 1/20/15 Council agenda <u>passed U</u> Directed PR staff to operate MT for 2 years starting 1/1/15; staff will align Theatre operations consistent with City policies and procedures - outcome may be recommendation of new model to be implemented by the end of the 2nd year that will at least contract with non-profit or private sector for productions; Council to adopt supplemental budget in December based on financial projections and any shortfall shall be less than \$10,000 per year; quarterly reports to Council required; PR to develop MT stakeholders group and job descriptions, and recruit and hire staff to manage MT <u>passed U</u>
<p>HSC Meeting – November 4, 2014</p> <p>1. Commission for MLK charge</p> <p>2. CIDAB TF recommendations</p> <p>Page 431</p>	<p>Yes</p> <p>Yes</p>		
<p>USC Meeting – November 4, 2014</p> <p>1. CPRR: 98-9.06, "Transportation Corridor Plans"</p> <p>2. CPRR: 08-9.07, "Traffic Calming Program"</p> <p>Pages 431-432</p>	<p>Yes</p>		<ul style="list-style-type: none"> Amended CP 08-9.07, "Traffic Calming Program" <u>passed U</u>
<p>ASC Meeting – November 5, 2014</p> <p>1. Livability Code/Neighborhood Outreach Program Review (interior structure conditions)</p> <p>2. Status of renaming Advisory Boards, Commissions and Committees update, including review of CP 91-2.02, "Council Process" and CP 94-2.08, "Council Liaison Roles"</p> <p>Page 432</p>	<p>Yes</p>		<ul style="list-style-type: none"> ORDINANCE 2014-16 <u>passed U</u> Amended CP 91-2.02, "Council Process" <u>passed U</u> Amended CP 94-2.08, "Council Liaison Roles" <u>passed U</u>
<p>Other Related Matters</p> <p>1. Ordinance amending CMC Chapter 5.03, "Furnishing Alcohol to Minors"</p> <p>Page 433</p>			<ul style="list-style-type: none"> ORDINANCE 2014-17 <u>passed U</u>
<p>Mayor's Report</p> <p>1. Old Spaghetti Factory opening</p> <p>Page 433</p>	<p>Yes</p>		

Councilor Traber said progress had been made on issues identified three years ago. He believed the staff report in the meeting packet reflected what Council requested at the November 3, 2014 Council meeting. He saw value in having the agreement; and in his experience, it was more difficult to establish a new agreement than to renew an existing agreement. He said the ability to amend the agreement was always an option. He believed that having the OSU President sign the IGA instead of the Board of Trustees was similar to how the City Manager is authorized to sign agreements on behalf of the City, rather than the City Council. He said the unified voice of Councilors-elect requesting a delay reflected substantial input.

Councilor Brauner agreed much progress had been made through the Collaboration and that good results were achieved, even though it did not resolve every issue. He believed the Collaboration should continue, as it was important to work with a major Corvallis organization that had a significant impact on the community. He supported waiting for the new Council, and contrary to comments made by some residents, he did not believe the Collaboration had been a waste of time.

Councilor Hirsch said it would be a mistake to postpone renewal of the IGA. He believed the incoming Councilors could make changes; however, he wanted to be supportive of the request from Councilors-elect.

Councilor Hervey believed the best approach was for the City to collaborate with OSU on areas of mutual interest. He was concerned that going into a new Council term, reaching agreement with OSU on some matters could be difficult. He appreciated that the Councilors-elect came together with a unified voice. He was not a fan of tracking expenses associated with the current Collaboration; however, he believed it was something that could be considered. He noted Councilor-elect Bull's earlier comments about cost tracking in the context of goal setting, recognizing there were many other initiatives to consider. He hoped the new Council would send a clear and continuous message that the City wished to collaborate with OSU.

Councilor Brown believed delaying discussion until January was a good compromise. He believed it was important to allow the new Council to determine the direction of their Council term and it would help with decisions about how the Collaboration might fit with other possible goals.

Councilor Sorte agreed the Collaboration was needed; however, when he became a Councilor, the IGA had already been signed and he did not believe it was balanced. He said parking changes at Reser Stadium were improved through the Collaboration. He said there was more to do; however, the incremental changes already made had been positive. He agreed with the need for the IGA to have a specific time period for accomplishments, and suggested a single chair for the Steering Committee. He did not believe that chair should be the Mayor or OSU President. Rather, the person should be chosen by the Committee and it should be someone who was skilled at guiding people.

The motion passed unanimously.

B. Majestic Theatre follow-up

Councilors Hirsch and Hervey, respectively, moved and seconded, to direct Parks and Recreation Department staff to begin the operation of the Majestic Theatre for two years starting January 1, 2015. During this period, staff will align theatre operations to be

consistent with all City policies and procedures, the outcome of which may be the continuation of City operations or recommend a new model by the end of the second year. The City Council will adopt a supplemental budget based on financial projections during the month of December. Parks and Recreation will develop a Majestic Theatre stakeholders group, develop job descriptions, and recruit and hire staff to manage the Majestic Theatre.

Councilor Hirsch believed the Theatre needed a fresh start, and he was convinced it would be sustainable. Having the City operate it in the interim would provide stability and consistency.

Councilor Traber was concerned about the potential for the City to continue operations. He did not believe it was a long-term fit with building on the creative strengths of the community and said it would be a new burden for Parks and Recreation Department staff.

Councilors Traber and Sorte, respectively, moved and seconded to amend the motion to read as follows: Direct Parks and Recreation staff to begin the operation of the Majestic Theatre for two years starting January 1, 2015. During this period, staff will align theatre operations to be consistent with all City policies and procedures, the outcome of which may be ~~the continuation of City operations~~ **a recommendation of a new model to be implemented** by the end of the second year. The City Council will adopt a supplemental budget based on financial projections during the month of December. **Any shortfall shall be less than \$10,000 per year. There will be quarterly reports to the City Council about the progress on defining and finding a new model for how to operate the Majestic Theatre.** Parks and Recreation will develop a Majestic Theatre stakeholders group, develop job descriptions, and recruit and hire staff to manage the Majestic Theatre.

Councilor Sorte said live performances were declining due to more people enjoying entertainment in their homes. He did not believe adequate demand existed in Corvallis and he was concerned about operational sustainability. He was confident that PR staff could manage the facility and educational programs; however, he was concerned about managing productions.

Councilor Traber said he supported Councilor Sorte's points and offered to accept as a friendly amendment to the amendment, "...recommendation of a new model to be implemented by the end of the second year **that will at least contract with the non-profit or private sector for productions.**"

Councilor Hirsch said the idea was to give PR staff an opportunity to operate the theatre and he did not want to restrict their potential.

Councilor Sorte said he was trying to demonstrate leadership by setting the policy and providing guidance to PR staff, who work on the Council's behalf. He did not believe management of the MT had to be entirely contracted out; in his view, the performance aspect was not consistent with a PR activity.

Councilor Beilstein did not believe what was initially proposed would restrict PR from allowing others to coordinate productions and he did not see a need to provide further instructions. He shared Councilor Sorte's view that Corvallis' population was not sufficient to support productions and, therefore, a public subsidy would be needed.

In response to Councilor Hervey's inquiry, Councilor Sorte said his friendly amendment directed PR staff to contract for productions. PR would return to Council in two years with a

plan, with the productions contract being the basis of the plan, and the rest of the plan would be open for adjustments.

The amendment passed five to three on the following roll call vote.

Ayes: Sorte, Brown, Brauner, York, Traber
Nays: Hirsch, Beilstein, Hervey

The motion passed unanimously.

IX. STANDING COMMITTEE REPORTS, ORDINANCES, RESOLUTIONS, AND MOTIONS

A. Human Services Committee – November 4, 2014

Councilor Sorte said the Committee had a good discussion, the two agenda items would be discussed at their next meeting, and more information was expected to be provided at the December-1 Council meeting.

1. Commission for Martin Luther King, Jr., Charge

The item was for information only.

2. Community Involvement and Diversity Advisory Board Task Force Recommendations

The item was for information only.

B. Urban Services Committee – November 4, 2014

1. Council Policy Review and Recommendation: 98-9.06, "Transportation Corridor Plans"

Councilor Brown said the Committee was awaiting additional information and therefore, further discussion about the Policy was deferred to the Committee's next meeting.

The item was for information only.

2. Council Policy Review and Recommendation: 08-9.07, "Traffic Calming Program"

Councilors Brown and Hervey, respectively, moved and seconded to amend Council Policy 08-9.07, "Traffic Calming Program" as recommended by staff and the Committee.

Councilor Sorte expressed concern about traffic calming on NW Harrison Boulevard (Harrison). He said traffic cut-through had increased and it would become worse with the development from the Sather annexation, and possibly Campus Crest. He explained drivers traveling west on Harrison who see traffic backed up at NW 35th Street will cut through at 33rd Street, then travel to NW Tyler Avenue and to NW 36th Street, to beat the traffic signal. He said the required 300 cars per day would not be reached to trigger traffic calming options. As an alternative, Public

TO: Administrative Services Committee for November 18, 2015
 FROM: Mary Steckel, Public Works Director *[Signature]*
 DATE: October 30, 2015
 THROUGH: Mark W. Shepard, P.E., City Manager *[Signature]*
 SUBJECT: Utility Rate Annual Review



Action Requested:

The ASC recommend to the City Council approval of a combined utility rate increase of 2.8% and an ordinance change to increase wastewater utility rates by 3.5% and stormwater utility rates by 10% to be effective February 1, 2016.

Discussion:

Council Policy 10.2 was adopted in 1995 and last modified in March 2015. The Utility Fees section of the Financial Policies establishes a requirement for staff to conduct an annual comprehensive rate review each fall for the Water, Wastewater and Stormwater funds for Council review. It further specifies that every effort shall be made to index/limit rate increases for the entire utility bill 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.

Attachment A shows a 10-year history of utility rate increases and the resulting monthly water, wastewater, and stormwater charge for an average single-family residential customer in Corvallis.

Review Process

Staff conducted a review of each utility fund for the upcoming three-year planning period. Information was gathered from utility staff about projects or new expenditures that are essential to meet the operational needs of the utility systems, as well as the ongoing expenditures necessary to operate systems at the current level. Then, the utility master plans were reviewed for any updates or additions in infrastructure capital needs. The identified changes to operation and capital expenditures were incorporated in the utility fund financial plans.

The funds were then reviewed against the triggering criteria established by the City Council. The following table compares the FY 14-15 unaudited fund balance with the minimum fund balance determined by the Finance Director, in compliance with City Council Financial Policies. In all cases, the actual ending fund balance is higher than the minimum target, which means it does not trigger a request to Council to consider a rate increase in excess of the 2-3% guideline.

Fund	Actual Ending Balance	Minimum Fund Balance Target
Water	\$4,065,561	\$500,000
Wastewater	\$2,819,069	\$500,000
Stormwater	\$1,065,848	\$300,000

An assessment of the viability of each fund for the three-year planning period follows.

Water Fund

The primary revenue source in this fund is from customer utility bills, which accounts for 95% of the annual operating revenues. The implementation of a new rate structure in 2014 has improved the stability of this revenue source allowing Public Works to better meet the operational and on-going infrastructure investments that ensure the viability of the utility.

In addition, the extremely hot and dry weather conditions during the spring and summer have contributed to near record water production and sales (Attachment B). Water production for FY14-15 was up 8.1% or 209.6 million gallons over the previous fiscal year and the first quarter of FY15-16 (July-September) was up an additional 2.6% or 25.5 million gallons over the previous summer. The associated revenue has contributed to an improved fund balance which will be used for capital projects as determined by the asset management program.

The next largest category of Water Fund revenues comprise only 1% of the total operating revenue and are those associated with new developments, such as the sale of water meters. During the planning period, a moderate budgeting approach was taken with these revenues to reflect the rebounding development climate. A significant increase in the construction of multi-family units and associated water meter sales increased revenue received in FY14-15 by nearly \$90,000 over original projections.

On the expenditure side, special projects and capital projects came in less than budgeted by about \$440,000. Savings are the result of lower than expected costs for water distribution system rehabilitation and water plant master plan projects. The Taylor Plant supply stabilization (Willamette River dredging) and Taylor Water Treatment Plant filter replacement projects have been carried forward to FY15-16.

As noted in last year's rate review, a comprehensive plan is needed to address capital spending and associated staffing to meet the asset rehabilitation and replacement needs of the aging infrastructure. Staff is currently working with a consultant on a project to improve the confidence level in asset data. The project will provide a comprehensive asset register, asset valuation, useful life, decay curve, and life cycle cost logic that will allow staff to develop a mechanism within the financial plans that aligns future utility rates with appropriate contributions to reserves to address the level of investment assumed to be needed beginning in 2025.

The Water Fund is currently in a stable position, showing a positive fund balance for the 3-year planning period (Attachment C). For rate setting in FY15-16, staff recommends no increase. For the remainder of the planning period, rate increases are recommended to be 0-2%, however it is possible that these proposed increases may change as additional information is collected on pipe and pump station condition through the asset management project.

Wastewater Fund

The primary revenue source in this fund is also from customer utility bills, accounting for 93% of the annual operating revenues. Revenue received in FY14-15 was within 0.5% or \$49,220 of projections validating the improved stability of this revenue source as a result of the 2014 rate structure change. Revenues related to Coffin Butte landfill leachate treatment continue to decrease, FY14-15 revenue was \$175,000 less than anticipated and the long-term stability of this revenue continues to be unknown. Revenues related to new developments in this fund are an insignificant portion of the annual operating revenue, and while the amount received was above projections, there was no significant effect on the fund viability.

On the expenditure side, special projects and capital projects in FY14-15 came in less than budgeted by about \$825,000, of which nearly \$200,000 was the result of deferring construction of a new biosolids storage tank to a future year. Special project savings were associated with lower than expected costs for

some projects and a ten-month build-time for the new hydroexcavator vehicle; \$450,000 was carried forward to FY15-16 for this purchase.

For the planning period, staff updated project timing and/or scope per Capital Improvement Program recommendations. In an attempt to accommodate the future large Total Maximum Daily Load compliance project capital outlay, staff took a hard look at the fund viability in terms of expenditures planned and as a result, no significant new projects were added. A likely impact to future expenditure levels is the implementation of the asset management program results. The more refined wastewater infrastructure information that will be an outcome of this effort will provide a solid foundation for maintenance program planning, which may result in recommendations to alter the current expenditure levels.

For rate setting in FY15-16, staff recommends the planned 3.5% increase. This moderate increase begins to build capacity for future projects. Staff believes a higher increase is not warranted until additional information is available on the pending solution for the TMDL project. The rate increases recommended for the rest of the planning period are shown at 3.5%. With these proposed increases, the financial plan maintains a positive fund balance throughout the planning period (Attachment D). As discussed in the Water Fund previously, it is possible that these proposed increases may change as additional information is collected on pipe and lift station condition through the asset management project.

Stormwater Fund

The primary revenue source in this fund is also from customer utility bills, accounting for 97% of the annual operating revenues. The actual revenue in FY14-15 was higher than projections by about 2.9% or \$64,240, reflecting the growth in the number of stormwater accounts for the many new housing developments. Revenues related to new development in this fund comprise less than half a percent of the total annual operating revenue, and the fund viability was not impacted by changes in this revenue stream.

On the expenditure side, special projects and capital projects in FY14-15 came in less than budgeted by approximately \$275,000. Savings are the result of lower than expected costs for storm drain and master plan projects. In the planning period, a new stormwater project to address stream maintenance and restoration has been added. This project, expected to cost \$1.2 million over four years, will aid the City in mitigation work needed for local streams and creeks to increase channel capacity, minimize flooding, and improve water quality and habitat as outlined in the Stormwater Master Plan and Endangered Species Act (ESA) documents.

The asset management program mentioned in the other two funds also will be implemented for stormwater infrastructure and future expenditure levels in this fund are expected to change as more refined information is available for planning the utility's maintenance programs.

For rate setting in FY15-16, staff recommends a 10% increase to the stormwater fixed monthly fee, which is 5% higher than originally planned. This increase will help to build capacity within the fund to begin addressing the Stormwater Master Plan and ESA requirements discussed above. The rate increases recommended for the rest of the planning period are shown at 5-10%. With these proposed increases, the financial plan still reflects a negative fund balance in the third year (Attachment E). It is expected that the projected rate increases will need to be higher in future years to accommodate the current level of effort required to maintain the infrastructure and to accommodate the additional effort expected to deal with climate change impacts on rainfall patterns.

Recommendation:

The recommended rate adjustment for 2016 is a 0% increase for water, a 3.5% increase for wastewater and a 10% increase for stormwater. This results in a combined rate increase of 2.8% or approximately \$1.81 per month for the average single-family residence, which is within the parameters of the City

Council’s guidance for combined rate increases of 2-3%, and well within the 7% ceiling in the Financial Policies.

An average residential utility bill is included as Attachment F, showing the rate increases projected for the three-year planning period based on the items discussed in this report. Each year the actual rate adjustment for each utility will be reviewed and refined, and the financial plans updated in light of the most current information available.

Corvallis’ combined average single-family residential monthly utility charge is the lowest of neighboring cities (Attachment G) contributing favorably to the overall livability of our community. All municipalities are facing challenges to provide services, meet regulatory requirements, and address aging infrastructure. Comparing rates today with those of last year, the increases for surrounding cities average 5.4%. Corvallis is the second lowest in a comparison of like-sized Oregon cities shown in Attachment H.

A public notice in the *Gazette-Times*, on the cable access government channel and on the City’s Web page will invite community members to comment on staff’s proposal during Visitors Propositions at the City Council meeting when this item is discussed. A copy of this staff report will be available for review on the Web, at the Public Library and at the Public Works Administrative Office.

Budget Impact:

The recommended rate adjustment will impact projected revenue in FY16-17 as follows:

Fund	Proposed Rate Adjustment	Projected Increase in Revenue	Projected Revenue for FY16-17
Water	0%	\$0	\$9,649,440
Wastewater	3.5%	\$474,660	\$9,950,080
Stormwater	10%	\$284,110	\$2,595,520
Combined	2.8%	\$758,770	\$22,195,040

Attachments

- A - History of Utility Rate Increases
- B - 10-year History of Water Produced
- C - Water Fund (Operating) Seven-Year Plan
- D - Wastewater Fund (Operating) Seven-Year Plan
- E - Stormwater Fund (Operating) Seven-Year Plan
- F - Average Residential Utility Bill
- G - Comparison of Average Bill with Surrounding Communities
- H - Comparison of Average Bill with Like-sized Oregon Cities
- Draft Ordinance

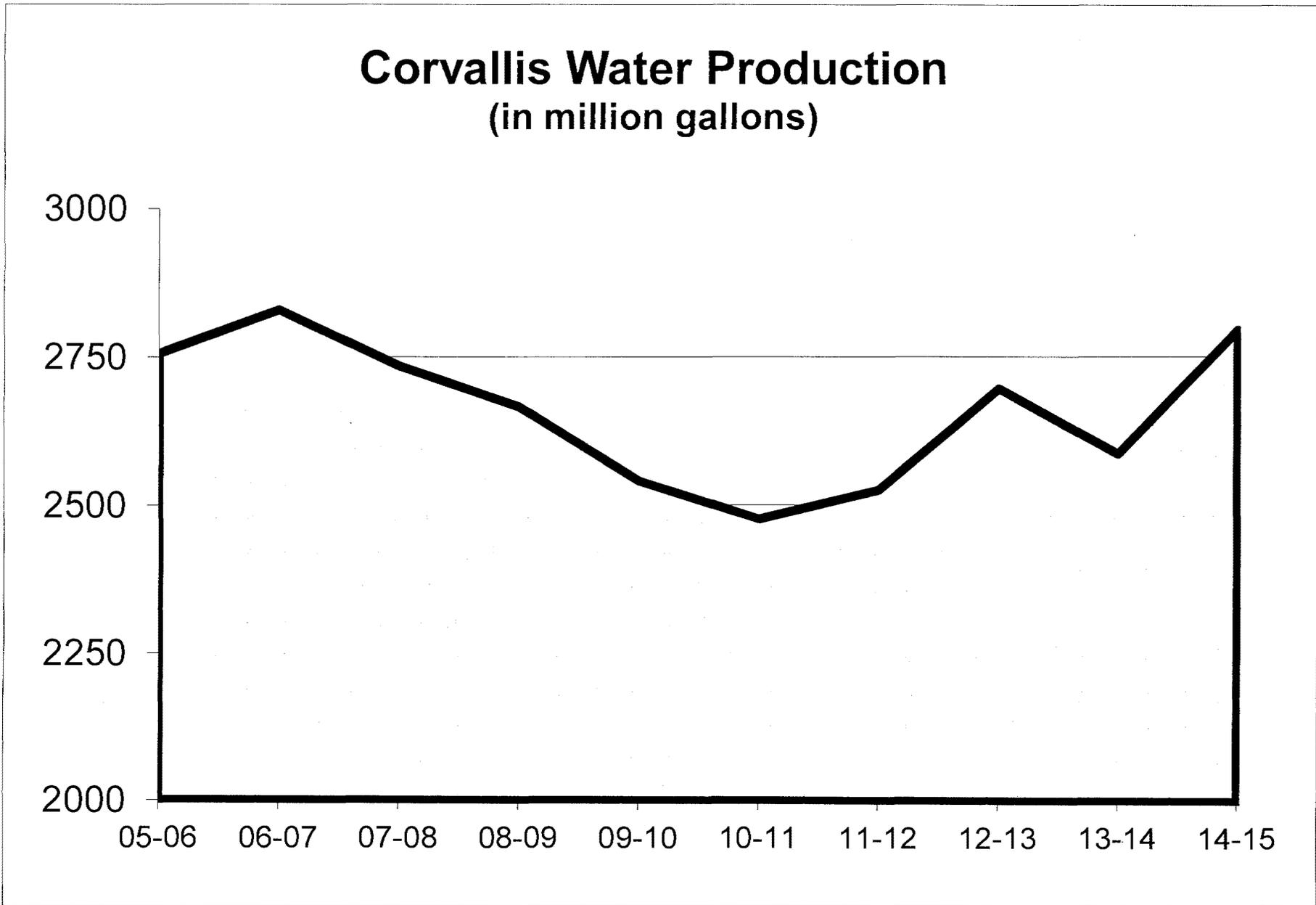
November 2015

City of Corvallis Utility Rate History

(Monthly charge for single-family residential customer based on average water consumption of 600 cu.ft. [6 units])

Year	Water		Wastewater		Stormwater		Combined Bill	
	Dollar Amount	Percentage Increase						
2005-06	\$16.11	6%	\$24.73	3.2%	\$4.98	0%	\$45.82	3.8%
2006-07	\$17.22	7%	\$25.56	3.4%	\$4.98	0%	\$47.76	4.2%
2007-08	\$18.44	7%	\$26.48	3.6%	\$4.98	0%	\$49.90	4.5%
2008-09	\$19.53	6%	\$26.97	2%	\$4.98	0%	\$51.48	3.2%
2009-10	\$19.89	8%	\$27.52	4%	\$5.48	10%	\$52.89	2.7%
2010-11	\$20.63	3.7%	\$28.07	2%	\$5.48	0%	\$54.18	2.4%
2011-12	\$21.60	4.3%	\$28.93	3%	\$5.48	0%	\$56.01	3.3%
2012-13	\$22.04	2%	\$29.78	3%	\$5.86	7%	\$57.68	3%
2013-14	\$22.04	0%	\$30.97	4%	\$6.27	7%	\$59.28	3%
2013-14 **	\$25.00	13.4%	\$33.68	8.7%	\$6.27	0%	\$64.95	9.5%
2014-15	\$25.00	0%	\$33.68	0%	\$6.27	0%	\$64.95	0%

** Utility Service Rate Structure change effective July 1, 2014



WATER FUND - OPERATING

BUDGETARY BASIS	AUDITED	UNAUDITED	ADOPTED	REVISED	PLANNING PERIOD			FY 19-20	FY 20-21	FY 21-22	FY 22-23
	FY 13-14	FY 14-15	FY 15-16	FY 15-16	FY 16-17	FY 17-18	FY 18-19				
RATE INCREASE	2.00%	0.00%	2.00%	0.00%	0.00%	2.00%	0.00%	2.00%	0.00%	2.00%	0.00%
BEGINNING OPERATING FUND BALANCE	\$2,312,974	\$2,361,512	\$2,618,392	\$4,065,561	\$4,764,561	\$3,381,291	\$1,928,441	\$304,681	\$797,371	\$1,461,341	\$2,047,191
OPERATING REVENUES											
Charges for Service	\$9,259,080	\$10,536,064	\$9,763,270	\$9,946,900	\$10,046,660	\$10,131,340	\$10,248,240	\$10,334,640	\$10,453,890	\$10,542,030	\$10,663,680
Intergovernmental	2,882	0	0	0	0	0	0	0	0	0	0
Fines & Forfeitures	5,495	2,366	0	0	0	0	0	0	0	0	0
Miscellaneous	75,999	75,377	54,880	54,880	73,380	78,990	73,360	58,330	67,020	83,500	98,940
TOTAL OPERATING REVENUES	\$9,343,457	\$10,613,807	\$9,818,150	\$10,001,780	\$10,120,040	\$10,210,330	\$10,321,600	\$10,392,970	\$10,520,910	\$10,625,530	\$10,762,620
OPERATING EXPENDITURES											
Community Development	\$55,589	\$52,332	\$54,810	\$54,810	\$59,130	\$64,510	\$67,950	\$74,070	\$78,030	\$85,000	\$89,560
Public Works	6,563,202	6,930,620	8,512,050	8,052,820	9,524,030	9,220,110	8,790,480	9,715,760	9,206,250	9,634,730	9,762,870
Non-Departmental	0	0	0	0	0	0	0	0	0	0	0
TOTAL OPERATING EXPENDITURES	\$6,618,791	\$6,982,952	\$8,566,860	\$8,107,630	\$9,583,160	\$9,284,620	\$8,858,430	\$9,789,830	\$9,284,280	\$9,719,730	\$9,852,430
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	\$2,724,666	\$3,630,855	\$1,251,290	\$1,894,150	\$536,880	\$925,710	\$1,463,170	\$603,140	\$1,236,630	\$905,800	\$910,190
NON-OPERATING RESOURCES (USES)											
NON-OPERATING ACTIVITY											
Debt Service	(\$966,500)	(\$977,600)	(\$166,400)	(\$166,400)	(\$162,400)	\$0	\$0	\$0	\$0	\$0	\$0
Transfers In	269,307	338,467	63,930	63,930	63,060	9,940	10,440	10,960	11,510	12,090	12,690
Transfers Out	(1,892,644)	(1,261,790)	(1,080,360)	(1,080,360)	(1,605,070)	(2,511,850)	(3,017,370)	(327,730)	(538,610)	(350,040)	(562,040)
Other Financing Sources	3,709	4,116	0	0	0	0	0	0	0	0	0
Other Financing Uses	0	0	0	0	0	0	0	0	0	0	0
Contingencies	0	0	(197,640)	0	(203,660)	0	0	0	0	0	0
TOTAL NON-OPERATING RESOURCES (USES)	(\$2,586,128)	(\$1,896,807)	(\$1,380,470)	(\$1,182,830)	(\$1,908,070)	(\$2,501,910)	(\$3,006,930)	(\$316,770)	(\$527,100)	(\$337,950)	(\$549,350)
NET OPERATING FUND ACTIVITY	\$138,538	\$1,734,048	(\$129,180)	\$711,320	(\$1,371,190)	(\$1,576,200)	(\$1,543,760)	\$286,370	\$709,530	\$567,850	\$360,840
RESTRICTED BALANCES, Beginning of Year	\$123,659	\$213,659	\$243,659	\$243,659	\$255,979	\$268,059	\$144,709	\$224,709	\$18,389	\$63,949	\$45,949
FUND BALANCE (Including Restricted), End of Year	\$2,575,172	\$4,309,220	\$2,732,872	\$5,020,540	\$3,649,350	\$2,073,150	\$529,390	\$815,760	\$1,525,290	\$2,093,140	\$2,453,980
LESS: RESTRICTED BALANCES											
MANAGEMENT RESERVES	\$213,659	\$243,659	\$255,979	\$255,979	\$268,059	\$144,709	\$224,709	\$18,389	\$63,949	\$45,949	\$105,949
COUNCIL DESIGNATIONS	0	0	0	0	0	0	0	0	0	0	0
UNRESTRICTED FUND BALANCE	\$2,361,512	\$4,065,561	\$2,476,892	\$4,764,561	\$3,381,291	\$1,928,441	\$304,681	\$797,371	\$1,461,341	\$2,047,191	\$2,348,031

WASTEWATER FUND - OPERATING

BUDGETARY BASIS	AUDITED	UNAUDITED	ADOPTED	REVISED	PLANNING PERIOD						
	FY 13-14	FY 14-15	FY 15-16	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23
RATE INCREASE	3.00%	0.00%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
BEGINNING OPERATING FUND BALANCE	\$2,954,611	\$2,980,277	\$2,286,927	\$2,819,069	\$1,624,729	\$618,849	\$11,419	\$379,239	\$735,539	\$2,203,329	\$5,001,869
OPERATING REVENUES											
Charges for Service	\$9,539,876	\$9,814,464	\$10,208,240	\$10,258,240	\$10,658,430	\$11,007,220	\$11,368,200	\$11,741,820	\$12,128,490	\$12,528,690	\$12,942,890
Intergovernmental	\$3,252	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Miscellaneous	24,709	522,341	22,200	22,200	22,980	19,270	15,340	21,760	27,460	56,240	112,110
TOTAL OPERATING REVENUES	\$9,567,837	\$10,336,805	\$10,230,440	\$10,280,440	\$10,681,410	\$11,026,490	\$11,383,540	\$11,763,580	\$12,155,950	\$12,584,930	\$13,055,000
OPERATING EXPENDITURES											
Community Development	\$53,359	\$50,052	\$52,880	\$52,880	\$55,080	\$60,330	\$63,570	\$69,540	\$73,300	\$80,100	\$84,450
Public Works	6,013,823	6,800,362	7,935,260	7,755,260	8,078,500	8,716,740	8,081,120	8,545,060	8,959,410	9,480,860	9,461,760
Non-Departmental	0	0	0	0	0	0	0	0	0	0	0
TOTAL OPERATING EXPENDITURES	\$6,067,182	\$6,850,414	\$7,988,140	\$7,808,140	\$8,133,580	\$8,777,070	\$8,144,690	\$8,614,600	\$9,032,710	\$9,560,960	\$9,546,210
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	\$3,500,655	\$3,486,391	\$2,242,300	\$2,472,300	\$2,547,830	\$2,249,420	\$3,238,850	\$3,148,980	\$3,123,240	\$3,023,970	\$3,508,790
NON-OPERATING RESOURCES (USES)											
NON-OPERATING ACTIVITY											
Debt Service	(\$2,253,643)	(\$2,227,750)	(\$2,219,450)	(\$2,219,450)	(\$1,872,500)	(\$1,876,980)	(\$1,875,300)	(\$1,882,050)	(\$617,100)	\$0	\$0
Transfers In	17,717	48,021	0	0	0	0	0	0	0	0	0
Transfers Out	(1,199,233)	(1,393,100)	(1,690,390)	(1,687,190)	(1,685,280)	(942,600)	(974,260)	(1,007,050)	(1,039,560)	(224,950)	(235,860)
Other Financing Sources	1,171	0	0	0	0	0	0	0	0	0	0
Other Financing Uses	0	0	0	0	0	0	0	0	0	0	0
Contingencies	0	0	(204,610)	0	(213,630)	0	0	0	0	0	0
TOTAL NON-OPERATING RESOURCES (USES)	(\$3,433,987)	(\$3,572,829)	(\$4,114,450)	(\$3,906,640)	(\$3,771,410)	(\$2,819,580)	(\$2,849,560)	(\$2,889,100)	(\$1,656,660)	(\$224,950)	(\$235,860)
NET OPERATING FUND ACTIVITY	\$66,668	(\$86,438)	(\$1,872,150)	(\$1,434,340)	(\$1,223,580)	(\$570,160)	\$389,290	\$259,880	\$1,466,580	\$2,799,020	\$3,272,930
RESTRICTED BALANCES, Beginning of Year	\$381,694	\$422,695	\$496,795	\$497,465	\$257,465	\$39,765	\$77,035	\$98,505	\$2,085	\$875	\$1,355
FUND BALANCE (Including Restricted), End of Year	\$3,402,972	\$3,316,534	\$911,572	\$1,882,194	\$658,614	\$88,454	\$477,744	\$737,624	\$2,204,204	\$5,003,224	\$8,276,154
LESS: RESTRICTED BALANCES											
MANAGEMENT RESERVES	\$422,695	\$497,465	\$256,795	\$257,465	\$39,765	\$77,035	\$98,505	\$2,085	\$875	\$1,355	\$48,055
LEGAL RESTRICTIONS	0	0	0	0	0	0	0	0	0	0	0
UNRESTRICTED FUND BALANCE	\$2,980,277	\$2,819,069	\$654,777	\$1,624,729	\$618,849	\$11,419	\$379,239	\$735,539	\$2,203,329	\$5,001,869	\$8,228,099

STORMWATER FUND - OPERATING

BUDGETARY BASIS	AUDITED	UNAUDITED	ADOPTED	REVISED	PLANNING PERIOD							
	FY 13-14	FY 14-15	FY 15-16	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	
RATE INCREASE	0.00%	0.00%	5.00%	10.00%	10.00%	5.00%	10.00%	5.00%	5.00%	5.00%	5.00%	
BEGINNING OPERATING FUND BALANCE	\$1,223,211	\$1,137,094	\$701,134	\$1,065,848	\$833,846	\$291,956	(\$793,234)	(\$1,103,864)	(\$1,443,414)	(\$1,419,584)	(\$1,429,784)	
OPERATING REVENUES												
Charges for Service	\$2,290,451	\$2,342,998	\$2,381,810	\$2,365,860	\$2,704,130	\$2,911,930	\$3,117,110	\$3,356,980	\$3,523,160	\$3,697,620	\$3,880,770	
Intergovernmental	10,543	0	0	0	0	0	0	0	0	0	0	
Fines & Forfeitures	697	50	600	600	600	600	600	600	600	600	600	
Miscellaneous	6,829	7,014	6,350	6,350	6,650	2,720	1,600	1,600	1,600	1,600	1,600	
TOTAL OPERATING REVENUES	\$2,308,520	\$2,350,062	\$2,388,760	\$2,372,810	\$2,711,380	\$2,915,250	\$3,119,310	\$3,359,180	\$3,525,360	\$3,699,820	\$3,882,970	
OPERATING EXPENDITURES												
Community Development	\$54,117	\$50,744	\$53,830	\$53,830	\$58,100	\$63,430	\$66,820	\$72,890	\$76,790	\$83,700	\$88,200	
Public Works	1,739,916	1,896,740	2,375,570	2,194,203	2,430,690	3,185,450	2,717,580	2,868,190	2,674,250	2,866,800	3,003,460	
Non-Departmental	0	0	0	0	0	0	0	0	0	0	0	
TOTAL OPERATING EXPENDITURES	\$1,794,033	\$1,947,484	\$2,429,400	\$2,248,033	\$2,488,790	\$3,248,880	\$2,784,400	\$2,941,080	\$2,751,040	\$2,950,500	\$3,091,660	
REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	\$514,487	\$402,578	(\$40,640)	\$124,778	\$222,590	(\$333,630)	\$334,910	\$418,100	\$774,320	\$749,320	\$791,310	
NON-OPERATING RESOURCES (USES)												
NON-OPERATING ACTIVITY												
Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Transfers In	3,355	9,847	0	0	0	0	0	0	0	0	0	
Transfers Out	(548,959)	(428,671)	(660,160)	(528,780)	(655,250)	(960,960)	(599,630)	(687,650)	(675,490)	(679,520)	(683,750)	
Contingencies	0	0	(47,780)	0	(54,230)	0	0	0	0	0	0	
TOTAL NON-OPERATING RESOURCES (USES)	(\$545,604)	(\$418,824)	(\$707,940)	(\$528,780)	(\$709,480)	(\$960,960)	(\$599,630)	(\$687,650)	(\$675,490)	(\$679,520)	(\$683,750)	
NET OPERATING FUND ACTIVITY	(\$31,117)	(\$16,246)	(\$748,580)	(\$404,003)	(\$486,890)	(\$1,294,590)	(\$264,720)	(\$269,550)	\$98,830	\$69,800	\$107,560	
RESTRICTED BALANCES, Beginning of Year	\$228,433	\$283,433	\$338,433	\$338,433	\$166,433	\$221,433	\$12,033	\$57,943	\$127,943	\$202,943	\$282,943	
FUND BALANCE (Including Restricted), End of Year	\$1,420,527	\$1,404,281	\$290,987	\$1,000,279	\$513,389	(\$781,201)	(\$1,045,921)	(\$1,315,471)	(\$1,216,641)	(\$1,146,841)	(\$1,039,281)	
LESS: RESTRICTED BALANCES												
MANAGEMENT RESERVES	\$283,433	\$338,433	\$166,433	\$166,433	\$221,433	\$12,033	\$57,943	\$127,943	\$202,943	\$282,943	\$237,943	
COUNCIL DESIGNATIONS	0	0	0	0	0	0	0	0	0	0	0	
UNRESTRICTED FUND BALANCE	\$1,137,094	\$1,065,848	\$124,554	\$833,846	\$291,956	(\$793,234)	(\$1,103,864)	(\$1,443,414)	(\$1,419,584)	(\$1,429,784)	(\$1,277,224)	

Attachment F

November 2015

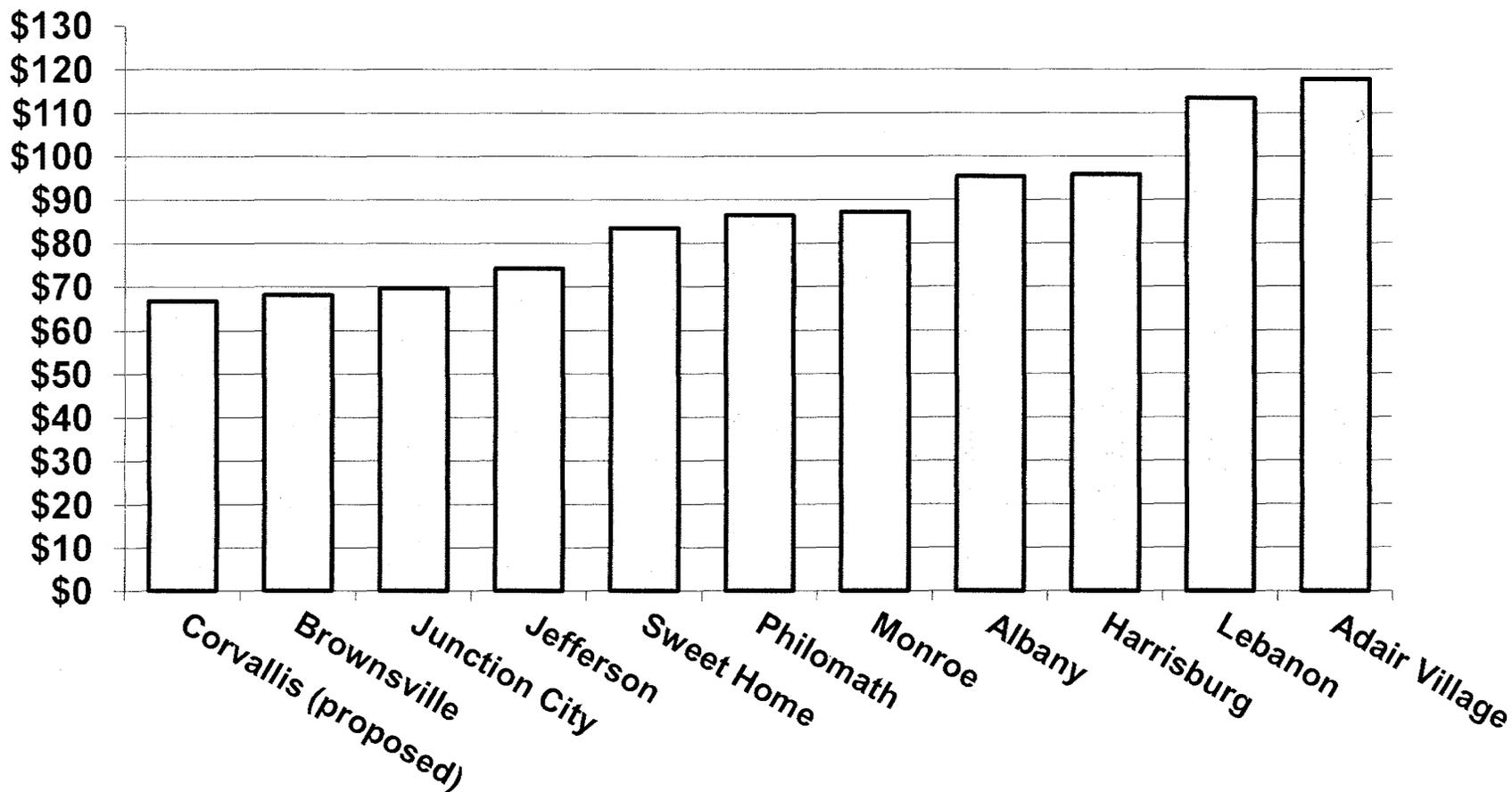
Average Residential Monthly Utility Bill

(based on water consumption of 600 cu.ft. [6 units])

Schedule of Projected Increases

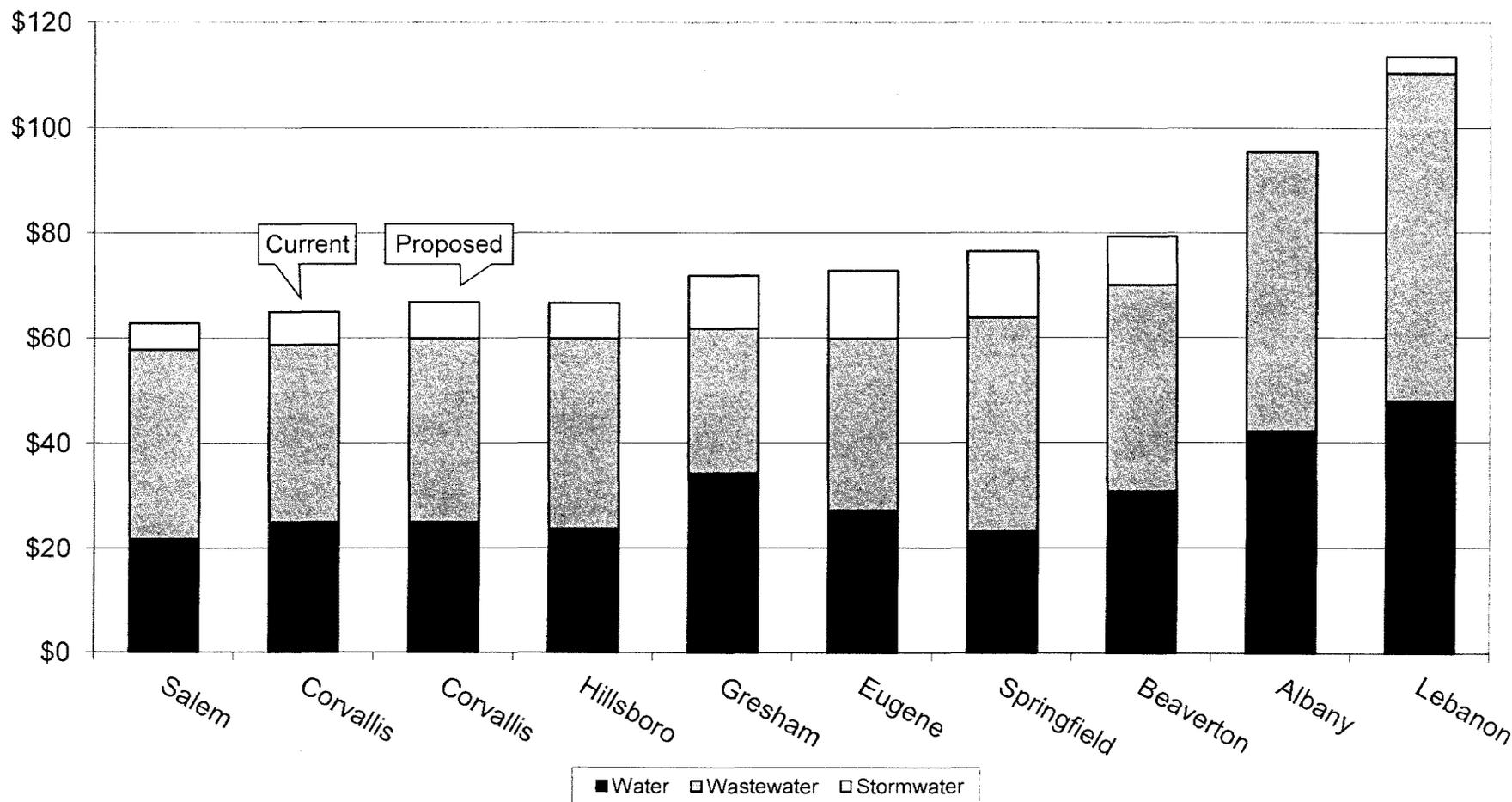
Utility	Last Rate Increase	Current Charge (Nov 15)	Proposed 15-16	Projected Rate Increases		
				16-17	17-18	18-19
Water	2/1/2013	\$25.00	0.0% \$25.00	0.0% \$25.00	2.0% \$25.50	0.0% \$25.50
Wastewater	2/1/2014	\$33.68	3.5% \$34.86	3.5% \$36.08	3.5% \$37.34	3.5% \$38.65
Stormwater	2/1/2014	\$6.27	10.0% \$6.90	10.0% \$7.59	5.0% \$7.97	10.0% \$8.76
Total % Increase			2.8%	2.9%	3.1%	3.0%
Total Bill		\$64.95	\$66.76	\$68.67	\$70.81	\$72.91

Comparison of Average Monthly Residential Utility Bill Oregon Cities Surrounding Corvallis (Based on 6 units of water consumption) November 2015



Comparison of Average Monthly Residential Utility Bill Oregon Cities Similar in Size to Corvallis

(based on consumption of 600 cu.ft. of water [6 units])
November 2015



ORDINANCE 2015-____

AN ORDINANCE RELATING TO UTILITY RATES AMENDING CORVALLIS MUNICIPAL CODE CHAPTER 3.06, "CITY SERVICES BILLING," ESTABLISHING RATES FOR 2016, AND STATING AN EFFECTIVE DATE.

THE CITY OF CORVALLIS ORDAINS AS FOLLOWS:

Section 1. Municipal Code Section 3.06 is hereby amended as follows:

Section 3.06.140 Rates.

Effective for all utility bills rendered on or after February 1, 2016, service rates shall be as follows:

1) Rates for single family customers:

Meter Size	Base Rate	hcf	Water Consumption Rates per hcf			Wastewater Consumption Rate per hcf		Stormwater Rate
			1 st Level	2 nd Level	3 rd Level	Base Rate	All Usage	Per ESU
3/4"	\$ 15.04	0-7	\$ 1.66	\$ 1.91	\$ 2.01	\$ 17.24	\$ 2.74	\$ 6.27
		8-13	\$ 2.16	\$ 2.41	\$ 2.51	\$ 17.84	\$ 2.84	\$ 6.90
		≥14	\$ 2.66	\$ 2.91	\$ 3.01			
1.0"	\$ 23.14	0-7	\$ 1.66	\$ 1.91	\$ 2.01	\$ 17.24	\$ 2.74	\$ 6.27
		8-13	\$ 2.16	\$ 2.41	\$ 2.51	\$ 17.84	\$ 2.84	\$ 6.90
		≥14	\$ 2.66	\$ 2.91	\$ 3.01			
1.5"	\$ 28.53	0-7	\$ 1.66	\$ 1.91	\$ 2.01	\$ 17.24	\$ 2.74	\$ 6.27
		8-13	\$ 2.16	\$ 2.41	\$ 2.51	\$ 17.84	\$ 2.84	\$ 6.90
		≥14	\$ 2.66	\$ 2.91	\$ 3.01			

2) Rates for irrigation meters:

Meter Size	Base Rate	hcf	Water Consumption Rates per hcf		
			1 st Level	2 nd Level	3 rd Level
3/4"	\$ 13.09	0-7	\$ 2.19	\$ 2.59	\$ 2.89
		8-13	\$ 2.85	\$ 3.25	\$ 3.55
		≥14	\$ 3.51	\$ 3.91	\$ 4.21
1.0"	\$ 20.00	0-7	\$ 2.19	\$ 2.59	\$ 2.89
		8-13	\$ 2.85	\$ 3.25	\$ 3.55
		≥14	\$ 3.51	\$ 3.91	\$ 4.21
1.5"	\$ 24.61	0-7	\$ 2.19	\$ 2.59	\$ 2.89
		8-13	\$ 2.85	\$ 3.25	\$ 3.55
		≥14	\$ 3.51	\$ 3.91	\$ 4.21
2.0"	\$ 47.37	0-7	\$ 2.19	\$ 2.59	\$ 2.89
		8-13	\$ 2.85	\$ 3.25	\$ 3.55
		≥14	\$ 3.51	\$ 3.91	\$ 4.21
3.0"	\$ 162.85	0-7	\$ 2.19	\$ 2.59	\$ 2.89
		8-13	\$ 2.85	\$ 3.25	\$ 3.55
		≥14	\$ 3.51	\$ 3.91	\$ 4.21

4.0"	\$ 278.05	0-7	\$ 2.19	\$ 2.59	\$ 2.89
		8-13	\$ 2.85	\$ 3.25	\$ 3.55
		≥14	\$ 3.51	\$ 3.91	\$ 4.21
6.0"	\$ 462.38	0-7	\$ 2.19	\$ 2.59	\$ 2.89
		8-13	\$ 2.85	\$ 3.25	\$ 3.55
		≥14	\$ 3.51	\$ 3.91	\$ 4.21
8.0"	\$ 738.87	0-7	\$ 2.19	\$ 2.59	\$ 2.89
		8-13	\$ 2.85	\$ 3.25	\$ 3.55
		≥14	\$ 3.51	\$ 3.91	\$ 4.21
10.0"	\$1,061.44	0-7	\$ 2.19	\$ 2.59	\$ 2.89
		8-13	\$ 2.85	\$ 3.25	\$ 3.55
		≥14	\$ 3.51	\$ 3.91	\$ 4.21

3) Rates for Multi-Family:

Meter Size	Base Rate	hcf	Water Consumption Rates per hcf			Wastewater Consumption Rate per hcf		Storm Water Per ESU
			1 st Level	2 nd Level	3 rd Level	Base Rate	All Usage	
3/4"	\$ 22.33	0-7	\$ 1.20	\$ 1.45	\$ 1.55	\$ 17.24	\$ 2.74	\$ 6.27
		8-13	\$ 1.32	\$ 1.57	\$ 1.67	\$ 17.84	\$ 2.84	\$ 6.90
		≥14	\$ 1.44	\$ 1.69	\$ 1.79			
1.0"	\$ 34.79	0-18	\$ 1.20	\$ 1.45	\$ 1.55	\$ 17.24	\$ 2.74	\$ 6.27
		19-33	\$ 1.32	\$ 1.57	\$ 1.67	\$ 17.84	\$ 2.84	\$ 6.90
		≥34	\$ 1.44	\$ 1.69	\$ 1.79			
1.5"	\$ 43.10	0-35	\$ 1.20	\$ 1.45	\$ 1.55	\$ 17.24	\$ 2.74	\$ 6.27
		36-65	\$ 1.32	\$ 1.57	\$ 1.67	\$ 17.84	\$ 2.84	\$ 6.90
		≥66	\$ 1.44	\$ 1.69	\$ 1.79			
2.0"	\$ 84.62	0-56	\$ 1.20	\$ 1.45	\$ 1.55	\$ 17.24	\$ 2.74	\$ 6.27
		57-104	\$ 1.32	\$ 1.57	\$ 1.67	\$ 17.84	\$ 2.84	\$ 6.90
		≥105	\$ 1.44	\$ 1.69	\$ 1.79			
3.0"	\$ 292.25	0-112	\$ 1.20	\$ 1.45	\$ 1.55	\$ 17.24	\$ 2.74	\$ 6.27
		113-208	\$ 1.32	\$ 1.57	\$ 1.67	\$ 17.84	\$ 2.84	\$ 6.90
		≥209	\$ 1.44	\$ 1.69	\$ 1.79			
4.0"	\$ 499.87	0-175	\$ 1.20	\$ 1.45	\$ 1.55	\$ 17.24	\$ 2.74	\$ 6.27
		176-325	\$ 1.32	\$ 1.57	\$ 1.67	\$ 17.84	\$ 2.84	\$ 6.90
		≥326	\$ 1.44	\$ 1.69	\$ 1.79			
6.0"	\$ 832.08	0-350	\$ 1.20	\$ 1.45	\$ 1.55	\$ 17.24	\$ 2.74	\$ 6.27
		351-650	\$ 1.32	\$ 1.57	\$ 1.67	\$ 17.84	\$ 2.84	\$ 6.90
		≥651	\$ 1.44	\$ 1.69	\$ 1.79			
8.0"	\$1,330.39	0-560	\$ 1.20	\$ 1.45	\$ 1.55	\$ 17.24	\$ 2.74	\$ 6.27
		561-1040	\$ 1.32	\$ 1.57	\$ 1.67	\$ 17.84	\$ 2.84	\$ 6.90
		≥1041	\$ 1.44	\$ 1.69	\$ 1.79			
10.0"	\$1,911.74	0-805	\$ 1.20	\$ 1.45	\$ 1.55	\$ 17.24	\$ 2.74	\$ 6.27
		806-1495	\$ 1.32	\$ 1.57	\$ 1.67	\$ 17.84	\$ 2.84	\$ 6.90
		≥1496	\$ 1.44	\$ 1.69	\$ 1.79			

4) Rates for Group Residential/Fraternity/Sorority:
(D = Domestic; M = Medium; H = High; VH = Very High)

Meter Size	Base Rate	hcf	Water Consumption Rates per hcf			Wastewater Consumption Rates per hcf		Storm Water
			1 st Level	2 nd Level	3 rd Level	Base Rate	All Usage	Per ESU
3/4"	\$ 22.33	0-7	\$ 1.20	\$ 1.45	\$ 1.55	\$ 17.24	D - \$2.74	\$ 6.27
		8-13	\$ 1.32	\$ 1.57	\$ 1.67	\$ 17.84	\$2.84	\$ 6.90
		≥14	\$ 1.44	\$ 1.69	\$ 1.79		M - \$3.24	
							\$3.35	
				H - \$4.64				
						\$4.80		
						VH - \$6.39		
						\$6.61		
1.0"	\$ 34.79	0-18	\$ 1.20	\$ 1.45	\$ 1.55	\$ 17.24	D - \$2.74	\$ 6.27
		19-33	\$ 1.32	\$ 1.57	\$ 1.67	\$ 17.84	\$2.84	\$ 6.90
		≥34	\$ 1.44	\$ 1.69	\$ 1.79		M - \$3.24	
							\$3.35	
				H - \$4.64				
						\$4.80		
						VH - \$6.39		
						\$6.61		
1.5"	\$ 43.10	0-35	\$ 1.20	\$ 1.45	\$ 1.55	\$ 17.24	D - \$2.74	\$ 6.27
		36-65	\$ 1.32	\$ 1.57	\$ 1.67	\$ 17.84	\$2.84	\$ 6.90
		≥66	\$ 1.44	\$ 1.69	\$ 1.79		M - \$3.24	
							\$3.35	
				H - \$4.64				
						\$4.80		
						VH - \$6.39		
						\$6.61		
2.0"	\$ 84.62	0-56	\$ 1.20	\$ 1.45	\$ 1.55	\$ 17.24	D - \$2.74	\$ 6.27
		57-104	\$ 1.32	\$ 1.57	\$ 1.67	\$ 17.84	\$2.84	\$ 6.90
		≥105	\$ 1.44	\$ 1.69	\$ 1.79		M - \$3.24	
							\$3.35	
				H - \$4.64				
						\$4.80		
						VH - \$6.39		
						\$6.61		
3.0"	\$ 292.25	0-112	\$ 1.20	\$ 1.45	\$ 1.55	\$ 17.24	D - \$2.74	\$ 6.27
		113-208	\$ 1.32	\$ 1.57	\$ 1.67	\$ 17.84	\$2.84	\$ 6.90
		≥209	\$ 1.44	\$ 1.69	\$ 1.79		M - \$3.24	
							\$3.35	
				H - \$4.64				
						\$4.80		
						VH - \$6.39		
						\$6.61		

4.0"	\$ 499.87	0-175	\$ 1.20	\$ 1.45	\$ 1.55	\$ 17.24	D - \$2.74	\$ 6.27
		176-325	\$ 1.32	\$ 1.57	\$ 1.67	\$ 17.84	\$2.84	\$ 6.90
		≥326	\$ 1.44	\$ 1.69	\$ 1.79		M - \$3.24	
							\$3.35	
						H - \$4.64		
						\$4.80		
						VH - \$6.39		
						\$6.61		
6.0"	\$ 832.08	0-350	\$ 1.20	\$ 1.45	\$ 1.55	\$ 17.24	D - \$2.74	\$ 6.27
		351-650	\$ 1.32	\$ 1.57	\$ 1.67	\$ 17.84	\$2.84	\$ 6.90
		≥651	\$ 1.44	\$ 1.69	\$ 1.79		M - \$3.24	
							\$3.35	
						H - \$4.64		
						\$4.80		
						VH - \$6.39		
						\$6.61		
8.0"	\$1,330.39	0-560	\$ 1.20	\$ 1.45	\$ 1.55	\$ 17.24	D - \$2.74	\$ 6.27
		561-1040	\$ 1.32	\$ 1.57	\$ 1.67	\$ 17.84	\$2.84	\$ 6.90
		≥1041	\$ 1.44	\$ 1.69	\$ 1.79		M - \$3.24	
							\$3.35	
						H - \$4.64		
						\$4.80		
						VH - \$6.39		
						\$6.61		
10.0"	\$1,911.74	0-805	\$ 1.20	\$ 1.45	\$ 1.55	\$ 17.24	D - \$2.74	\$ 6.27
		806-1495	\$ 1.32	\$ 1.57	\$ 1.67	\$ 17.84	\$2.84	\$ 6.90
		≥1496	\$ 1.44	\$ 1.69	\$ 1.79		M - \$3.24	
							\$3.35	
						H - \$4.64		
						\$4.80		
						VH - \$6.39		
						\$6.61		

5) Rates for Commercial and all other customers:

(D = Domestic; M = Medium; H = High; VH = Very High)

Meter Size	Base Rate	hcf	Water Consumption Rates per hcf			Wastewater Consumption Rates per hcf		Storm Water Per ESU
			1 st Level	2 nd Level	3 rd Level	Base Rate	All Usage	
3/4"	\$ 22.33	≥0	\$ 1.15	\$ 1.35	\$ 1.55	\$ 21.57	D - \$2.74	\$ 6.27
						\$ 22.32	\$2.84	\$ 6.90
							M - \$3.24	
							\$3.35	
							H - \$4.64	
							\$4.80	
							VH - \$6.39	
							\$6.61	

1.0"	\$ 34.79	≥0	\$ 1.15	\$ 1.35	\$ 1.55	\$ 21.57 \$ 22.32	D - \$2.74	\$ 6.27
							\$2.84	\$ 6.90
							M - \$3.24	
							\$3.35	
1.5"	\$ 43.10	≥0	\$ 1.15	\$ 1.35	\$ 1.55	\$ 21.57 \$ 22.32	D - \$2.74	\$ 6.27
							\$2.84	\$ 6.90
							M - \$3.24	
							\$3.35	
2.0"	\$ 84.62	≥0	\$ 1.15	\$ 1.35	\$ 1.55	\$ 21.57 \$ 22.32	D - \$2.74	\$ 6.27
							\$2.84	\$ 6.90
							M - \$3.24	
							\$3.35	
3.0"	\$ 292.25	≥0	\$ 1.15	\$ 1.35	\$ 1.55	\$ 21.57 \$ 22.32	D - \$2.74	\$ 6.27
							\$2.84	\$ 6.90
							M - \$3.24	
							\$3.35	
4.0"	\$ 499.87	≥0	\$ 1.15	\$ 1.35	\$ 1.55	\$ 21.57 \$ 22.32	D - \$2.74	\$ 6.27
							\$2.84	\$ 6.90
							M - \$3.24	
							\$3.35	
6.0"	\$ 832.08	≥0	\$ 1.15	\$ 1.35	\$ 1.55	\$ 21.57 \$ 22.32	D - \$2.74	\$ 6.27
							\$2.84	\$ 6.90
							M - \$3.24	
							\$3.35	
							H - \$4.64	
							\$4.80	
							VH - \$6.39	
							\$6.61	

8.0"	\$1,330.39	≥0	\$ 1.15	\$ 1.35	\$ 1.55	\$ 21.57 \$ 22.32	D - \$2.74	\$ 6.27
							\$2.84	\$ 6.90
							M - \$3.24	
							\$3.35	
							H - \$4.64	
							\$4.80	
							VH - \$6.39	
							\$6.61	
10.0"	\$1,911.74	≥0	\$ 1.15	\$ 1.35	\$ 1.55	\$ 21.57 \$ 22.32	D - \$2.74	\$ 6.27
							\$2.84	\$ 6.90
							M - \$3.24	
							\$3.35	
							H - \$4.64	
							\$4.80	
							VH - \$6.39	
							\$6.61	

6) Rates for Fire Service:

a) Standby (minimum) charges for automatic fire service. Charges are based on wet or dry sprinkling systems without hose or other connections; combined systems will pay the regular service meter minimums and the regular meter rates:

- 1] 2": \$3.02 per month
- 2] 3": \$10.55 per month
- 3] 4": \$18.09 per month
- 4] 6": \$30.15 per month
- 5] 8": \$48.24 per month

7) Properties without a Water Meter:

a) Single family property that does not have utility provided water service and therefore has no water meter, but that has connection to the utility’s wastewater service shall pay ~~\$33.68~~ **\$34.86** per month, plus the applicable storm water and other City Services fees.

b) Multi-family unmetered rates shall be ~~\$33.68~~ **\$34.86** per month for the one residential unit and ~~\$16.44~~ **\$17.02** for each additional living unit above one, plus the applicable storm water and other City Services fees.

c) Commercial accounts with wastewater service, but no water service, shall be billed as identified in section 3.60.050 (1)(c)[5].

d) Billing for accounts where there is wastewater service, but no water service shall be billed each month, regardless of whether or not the property is vacant, as long as the property remains connected to the utility’s wastewater line.

e) As provided in ORS 454.225, when wastewater charges are not paid when due, the amounts thereof, together with interest at the statutory rate and penalties from the due date, may be recovered using the procedures provided in Section 3.06.080, in an action at law brought by the City, or certified and presented to the County Assessor.

f) The liability for all accounts billed for wastewater only shall be that of the person who applied for service.

g) The City shall recover its costs and any reasonable attorney's fees in any action to recover charges pursuant to this Section.

8) Storm Water Special User Unit (per ESU to the nearest 0.1 ESU): ~~\$1.28~~ **\$1.41**.

(Ord. No. 2015- , § ; Ord. 2014-04, § 1, 6/02/2014; Ord. 2013-14, § 1, 11/18/2013; Ord. 2012-15 § 1, 2012; Ord. 2011-19 § 1, 12/19/11; Ord. 2011-04 §1, 2/07/2011; Ord. 2010-29 §1, 12/06/2010; Ord. 2009-14 §1,

12/07/2009; Ord. 2008-19 §1, 12/01/2008; Ord. 2007-26 §1, 11/19/2007; Ord. 2007-02 §1, 02/05/2007; Ord. 2006-30 §1, 12/18/2006; Ord. 2006-07 §1, 04/03/2006)

Section 2. This ordinance shall become effective February 1, 2016.

PASSED by the City Council this _____ day of _____, 2015.

APPROVED by the Mayor this _____ day of _____, 2015.

EFFECTIVE this _____ day of _____, 2016.

Mayor

ATTEST:

City Recorder

TO: Administrative Services Committee for November 18, 2015
FROM: Nancy Brewer, Finance Director *NB*
DATE: October 28, 2015
THROUGH: Mark W. Shepard, P.E., City Manager *MWS*
SUBJECT: Council Policy 1.11, Identity Theft Prevention and Red Flag Alerts



Action Requested:

Staff recommends amending Council Policy 1.11, Identity Theft Prevention and Red Flag Alerts to reflect a slight change in reporting requirements and to conform to the new policy format.

Discussion:

The MIS Manager and the Customer Services/Risk Manager will continue to monitor identity theft prevention activities within the organization on an annual basis but only report to Mayor and Council events that involve a security breach or an act of identity theft. The report will summarize the event with a full audit of the facts and circumstances that led to the security breach or identity theft and how the event can be avoided in the future. The goal of this policy is to maintain reasonable safeguards to protect the security and confidentiality of Personal Identifying Information, to reduce risk, mitigate the effects of a security breach or identity theft and to determine an appropriate response commensurate with the degree of risk posed. This policy is also subject to Council review every three years.

Budget Impact:

No budget impact.



City of Corvallis

City Council Policy – General

Policy # 1.11

Identity Theft Prevention and Red Flag Alerts



Policy:

Pursuant to State and Federal law, the City shall adopt the following general administrative rules to identify and detect Red Flags that raise concerns that Personal Identifying Information or Covered Account information is potentially being misused or stolen and outline procedures for safeguarding this information. The Policy shall include eight primary areas of compliance:

- Personal Identifying Information (PII)
- Covered Accounts
- Red Flags
- Safeguarding Personal Identifying Information
- Third Party Vendors
- Notice of Theft
- Notice of Security Breach
- Policy Implementation

Purpose:

Pursuant to Oregon Revised Statutes (ORS) 646A.600, the Oregon Consumer Identity Theft Protection Act (OCITPA) and the Fair and Accurate Credit Transaction Act (FACTA) provisions of the Federal Fair Credit Reporting Act, the City of Corvallis (City) must take appropriate measures to safeguard Personal Identifying Information and Covered Accounts from Identity Theft. The purpose of this Policy shall be to identify the City's response when patterns, practices, or specific activities occur that indicate the possible existence of Identity Theft and to take all reasonable steps to prevent and mitigate the theft of PII Personal Identifying Information.

Scope:

This Policy applies to all City of Corvallis employees and third party contractors doing business with the City of Corvallis. As general guidance, this Policy will apply to any City account, program, or procedure which allows multiple household or personal payments or collects, transfers, stores, or records a person's personally identifiable information.

Goals:

The goal of this policy is to maintain reasonable safeguards to protect the security and confidentiality of PII Personal Identifying Information, to reduce the risk, and mitigate the effects of a security breach or identity theft and to determine an appropriate response commensurate with the degree of risk posed.

Guidelines:

Personal Identifying Information

The City collects a substantial amount of PII Personal Identifying Information through multiple processes requiring staff to assess and address risks associated with the collection of this information. Departments are responsible for assessing current compliance and documenting appropriate safeguard practices in writing.

Covered Accounts

Covered Accounts may include utility accounts or any customer account where the extension of credit is offered resulting in a continuing relationship. Covered Accounts or any other account where there may be a reasonably foreseeable risk to customers from Identity Theft are subject to provisions of the Fair and Accurate Credit Transaction Act which requires the City to take additional precautions to eliminate the threat of Identity Theft. Before a customer can open an account with the City, staff must make a good faith attempt to verify the identity of the person opening the account. Prospective applicants who wish to receive a specific service must provide ~~Personal Identifying Information-PII~~ as required by staff.

Red Flags

Red Flag patterns, practices, or specific activities that indicate the possible existence of Identity Theft may include alerts, notifications, or other warnings received from local law enforcement or other governmental organizations. Such information may include a fraud alert or the United States Post Office providing a notice of address discrepancy. Categories of Red Flags associated with customer accounts or the ability to initiate a customer account may include:

- inquiries inconsistent with the history and usual pattern of activity of a customer including such things as a recent and significant increase in the volume of inquiries; an unusual number of recently established credit relationships; a material change in the use of services, or other unusual activity associated with the account;
- an account that was closed for cause or identified for abuse of account privileges;
- documents provided for identification that appear to have been altered or forged;
- the photograph or physical description on the identification is not consistent with the appearance of the applicant or customer presenting the identification;
- other information on the identification is not consistent with information provided by the person opening a new account or customer presenting the identification;
- other information on the identification is not consistent with readily accessible information that is on file, such as a prior customer file; or
- an application appears to have been altered or forged, or gives the appearance of having been destroyed and re-assembled.

Other potential Red Flags, such as the presentation of suspicious information that may include ~~PII Personal Identifying Information~~ that is inconsistent when compared against other information sources, such as:

- an address that does not match any address in the financial system data file;
- a Social Security Number that does not match previous history for the same customer;
- ~~PII Personal Identifying Information~~ provided by the customer that is not consistent with other ~~PII Personal Identifying Information~~ provided by the customer;

- ~~PII~~Personal Identifying Information provided is associated with known fraudulent activity, as indicated by internal or third-party sources;
- an address on an application is the same as the address provided on a fraudulent application;
- a phone number on an application is the same as the number provided on a fraudulent application;
- ~~PII~~Personal Identifying Information provided is of a type commonly associated with fraudulent activity, as indicated by internal or third-party sources;
- an address on an application is fictitious, a mail drop, or a prison;
- a phone number that is invalid or is associated with a pager or answering service;
- a Social Security Number provided is the same as that submitted by other persons opening an account or other customer;
- an address or telephone number provided is the same as or similar to the account number or telephone number submitted by an unusually large number of other persons opening accounts or other customers;
- a person opening the account fails to provide all required ~~PII~~Personal Identifying Information on an application or in response to notification that the application is incomplete;
- ~~PII~~Personal Identifying Information provided is not consistent with information that is on file with the City; or
- the person opening the account or the customer cannot provide authenticating information beyond that which generally would be available from a wallet or consumer report in response to a challenge question.

Unusual or suspicious activity may include:

- shortly following the notice of a change of address for a customer account, the City receives a request for the addition of authorized users on the account;
- mail sent to the customer is returned repeatedly as undeliverable although transactions continue to be conducted in connection with the customer's Covered Account;
- the City is notified that the customer is not receiving their bill;
- payments are made in a manner associated with fraud; or
- an existing account with a stable history shows irregularities.

The Policy shall provide appropriate responses to detected Red Flags to prevent and mitigate Identity Theft. The MIS Manager and Customer Service/Risk Manager will determine an appropriate response commensurate with the degree of risk posed.

Safeguarding Personal Identifying Information

The City shall implement and maintain reasonable safeguards to protect the security and confidentiality of ~~PII~~Personal Identifying Information, including its proper disposal. In the event a report indicates an information discrepancy, the discrepancy will be reported to the supervisor for further review and verification of the information, including verifying identification in person at the City, if necessary.

Staff shall also report to their supervisor when it appears that account documents have been altered or forged when compared to other documents in a customer or

employee file. It shall be brought to a supervisor's attention immediately if any customer, employee, or applicant presents invalid identification or identification that appears forged for the purpose of obtaining access to account information.

Access to account information will be permitted in person at the City, only after verifying the person's identity through photo identification or by providing information known only to that person. Account information can also be obtained over the Internet with secure password protection. Access to customer account information via telephone or Internet shall require the customer to verify his or her identity using information that would only be known to the customer as reflected in the customer's account. Staff will notify their supervisor and make note in a customer's file when there is a lack of correlation between information provided by a customer and information contained in a file for the purposes of gaining access to account information. Information will not be given without first clearing any discrepancies in the information provided.

In addition, staff will no longer request ~~PII Personal Identifying Information~~ on certain forms if the data is determined no longer needed for operational purposes. Documents that have reached retention periods will be purged and destroyed in a manner that maintains ~~PII Personal Identifying Information~~ in a secure manner. Documents with ~~PII Personal Identifying Information~~ will be stored in locking files or behind locked doors. Any documents containing ~~PII Personal Identifying Information~~ will be destroyed or shredded prior to disposal.

Staff will note unusual use of accounts or suspicious activities related to accounts and promptly notify their supervisor when there are an unusually high number of inquiries on an account, coupled with a lack of correlation in the information provided by the customer or employee.

When a supervisor is notified of a discrepancy, the supervisor will immediately contact (by telephone or e-mail) the MIS Manager or Customer Services/Risk Manager. The supervisor will then submit a Red Flag Discrepancy Report (Appendix A) detailing the event to the MIS Manager and the Customer Services/Risk Manager within 24 hours. The MIS Manager and the Customer Services/Risk Manager will determine an appropriate response commensurate with the degree of risk posed. The supervisory form for reporting potential red flag discrepancies is attached hereto and made a part of the Policy hereof.

Printing Social Security Numbers on any mailed materials unless redacted or on cards used to access products, services, or City buildings (such as ID cards) or publicly posting or displaying Social Security Numbers is prohibited. Exemptions include requirements by the state of Oregon; Federal laws, including statute, such as W2s, W4s, 1099s, etc; records that are required by law to be made available to the public; records for use for internal verification or administrative processes; and records used for enforcing a judgment or court order.

Staff will monitor transactions and verify the validity of change of address requests, in the case of existing accounts. Social Security Numbers or Tax Identification Numbers will not be provided by staff either verbally or in writing, even where a customer is asking for his/her own information.

If the City discovers that any of its customers or employees has become a victim of Identity Theft through ~~PII Personal Identifying Information~~ used by the

organization in opening or maintaining an account or associated with any document, the MIS Manager and the Customer Services/Risk Manager will take appropriate steps that it deems necessary to mitigate the impacts of such Identity Theft.

The Management and Information Systems (MIS) group is responsible to safeguard ~~PII Personal Identifying Information~~ stored in electronic format and to document safeguard practices in writing.

Third Party Vendors

The City has various business relationships with third-party contractors. Under these business relationships, the third-party contractor may have access to customer information covered under this Policy. The City will ensure that the third-party contractor's work for the organization is consistent with this Policy by:

- amending City contracts to incorporate these requirements; or
- by determining through written acknowledgment that the third-party contractor has reasonable alternative safeguards that provide the same or a greater level of protection for ~~PII Personal Identifying Information~~ as provided by the organization.

Notice of Theft

Notice from customers or employees, victims of Identity Theft, law enforcement authorities, or other persons regarding possible Identity Theft in connection with customer or employee information can potentially be a Red Flag for Identity Theft. Upon notice of Identity Theft to a supervisor, the MIS Manager and the Customer Services/Risk Manager will be notified to determine an appropriate response commensurate with the degree of risk posed.

Notification of Security Breach

In the event that ~~PII Personal Identifying Information~~ has been subject to a security breach, the City will comply with OCITPA, and ORS 646A.600 notification requirements.

Implementation

The Human Resources Office is responsible to include this Identity Theft Protection and Red Flag Alert Policy as part of new employee orientation by documenting review of this Policy and the concepts.

Department Directors are responsible to be familiar with the Identity Theft Protection Acts and to meet with their staff to assess current compliance and document appropriate safeguard practices in writing.

Employees are responsible to comply with this Policy and any internal processes as directed by their department. Non-compliance may result in formal disciplinary action up to and including termination of employment. Employees should contact their supervisor if they have questions about compliance with this Policy.

The Finance Department is responsible to audit departments ~~each October on an annual basis~~ for compliance verification. A security checklist will be provided to each department to act as a guideline to ensure compliance and proper procedures are followed. The checklist will include sections on program elements, employees, safeguarding electronic information, vendor compliance, and information storage and disposal. Upon review and compliance with the checklist, each department must return a signed copy to the Finance Department.

As new ways are discovered to perpetrate Identity Theft, organizations subject to the Red Flag Rules must establish reasonable policies and procedures to ensure that the organizations' Identity Theft Prevention Policy is updated periodically to reflect changes in risks to customers, employees, and to the safety of the organization. As an added layer of protection, the City will have in place a CyberRisk liability insurance policy that covers third party liability insuring agreements and first party insuring agreements. In the event of a security breach or act of identity theft, the Customer Services/Risk Manager and the MIS Manager shall submit a report to the City Council each October summarizing the event with a full audit of the facts and circumstances. ~~results of the annual review and audit.~~

The MIS Manager and Customer Service/Risk Manager are responsible for oversight of the program and program implementation.

Definitions:

Covered Accounts: Accounts the City offers or maintains for personal, family, or household purposes that involve multiple payments or transactions and include deferred payments for services or property. Covered Accounts may include utility accounts, ambulance accounts, lien/loan accounts, or any customer account where the extension of credit is offered resulting in a continuing relationship and, therefore, subject to provisions of the Fair and Accurate Credit Transaction Act of 2003.

Identity Theft: A fraud committed or attempted using the PII ~~Personal Identifying Information~~ of another person without authority.

Personal Identifying Information (PII): Any person's first name and last name in combination with any other information that can be used to identify a specific person, so long as the information obtained would be sufficient to permit a person to commit Identity Theft against the person whose information was compromised. Other information may include but not be limited to a Social Security Number, date of birth, official State- or government-issued driver's license or identification number, alien registration number, government passport number, employer or taxpayer identification number, or address.

Red Flag: A pattern, practice, or specific activity that indicates the possible existence of Identity Theft.

Review/Update:

The Finance Director will prepare this Council Policy for review every three years for Council approval.

Council Policy # 1.11

Rev #	Name	Change Date	Character of Change
0		10-20-2008	Adopted
1		05-04-2009	Amended
2		11-01-2010	Affirmed
3		11-07-2011	Affirmed
4		11-19-2012	Amended
5	Nancy Brewer	****-2015	Amended: new Policy format

TO: Administrative Services Committee for November 18, 2015
FROM: Carla Holzworth, City Recorder *CH*
DATE: November 6, 2015
THROUGH: Mark W. Shepard, P.E., City Manager *MWS*
SUBJECT: Council Policy 2.11, "Councilor Information Requests"



Action Requested:

Staff recommends amending Council Policy 2.11, "Councilor Information Requests" to reflect minor housekeeping changes, such as consistent use of terms and phrases.

Discussion:

Council adopted the Policy last May to provide a process for Councilors to request information from staff. The Policy directs an initial six-month review after adoption.

The Policy delineates the current practice for fulfilling information requests. It specifies various types of requests, situations when requests should be presented to the full Council for approval to expend staff resources in fulfillment of the request, response timelines, and request formats.

Budget Impact:

None.

	<p>City of Corvallis</p> <p>Council Procedures City Council Policy</p> <p>Policy # 2.11</p> <p>Councilor Information Requests</p>	
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Policy: The policy of the City is to provide timely information to City Councilors, in a format that is responsive, complete, and ~~publically~~ **publicly** transparent.

Purpose: Each City Councilor will have a variety of requests for information during her/his term in office. This policy sets forth general guidelines for how to categorize types of requests, how to most effectively request information and how staff will respond to those requests.

Definitions: Document Request: A request for a copy of an existing document currently under discussion or in use.

Policy Request: A request for information to inform a Councilor about a City policy, or to help a Councilor form a policy position. This can also include requesting information about a specific City action/activity (e.g., a Police Tactical Action Plan, a code enforcement case, a program at the Senior Center).

Research Request: A request for information which does not exist, or does not exist in the format the Councilor requested.

Service Request: A request to assist with a specific issue. These are often requests associated with a constituent question/concern and are tied to a specific geographic area (e.g., fill a pothole, ask about a tree in the right-of-way, address a neighborhood concern).

Guidelines: The following guidelines govern Councilor Information Requests:

1. Department Directors and/or the City Manager will respond directly to the Councilor within **five 5** working days. If the work cannot be completed within this **five 5** day period, the response will indicate when the work can be completed.
2. Document Requests – Councilors who wish to see a document the City has may make the request with the Department Director (if known) and a copy to the City Manager, or make the request directly with the City Manager:
 - a. The Councilor should specify if he/she wants the document in hard copy, electronic copy, or if the format does not matter.
 - b. If the document is on the City's website, staff will respond to the City Councilor via e-mail with a link to the document.
 - c. If the document is available in an electronic form, but not on the web, and the Councilor wants an electronic copy, a copy of the document will be sent via e-mail.
 - d. If the document is available in an electronic format but the Councilor wants a hard copy, staff will provide the Councilor with a time estimate to

Council Policy #2.11

- create/provide a copy. A significant sized hard copy that is provided to a single Councilor may also have costs for making a copy. That information will be shared with the Council for their consideration.
- e. If the City does not have the document requested, that information will be shared with the Councilor. If the document (as the Councilor would like it) could be created, staff will estimate the amount of time it would take to produce. If less than 2 hours of staff time would be needed, the document will be created. If more than 2 hours of staff time would be needed, staff will share the time estimate and/or costs with the Councilor. If the Councilor wishes to have the issue pursued he/she will need to raise the issue at **City a Council meeting** under the Council Reports **section of the agenda item** for the City Council to discuss and authorize the use of staff time.
3. Policy Request – A policy request may or may not require considerable staff time, but is expected to be information the whole City Council would want/need as a policy issue progresses. The City Councilor should make the request with the City Manager who can determine the best way to address the request. Examples include:
 - a. Simple requests – this would be something along the lines of finding minutes of the Standing Committee and/or City Council when a particular ordinance was adopted or discussion was held and will generally be completed by staff who would provide a link to the files for the Mayor and all City Councilors.
 - b. Extensive requests – this would be something such as an extensive search of an issue with a long legislative history, elections, referral to voters, legal case law, etc. that is expected to take longer than two hours to complete. If the Councilor wishes to have the issue pursued he/she will need to raise the issue at **City a Council meeting** under the Council Reports agenda item for the City Council to discuss and authorize the use of staff time.
 4. Research Request – A research request, by definition, will require the use of staff time, and potentially could require the use of a consultant's time. Since this will result in the expenditure of resources, a research request should be raised by the City Councilor **during at a Council meeting under** the Council Reports section of the agenda. If the full Council supports the request, staff will develop estimates of the time and cost to complete the research and will provide that to the City Council so that the entire City Council can determine whether to direct staff to pursue the research.
 5. Service Requests – Councilors should make service requests as follows:
 - a. If the request is on a single topic, and the Department is known, the Councilor should make the request with the Department Director ~~with a~~ **and** copy to the City Manager.
 - b. If there are several requests on different subjects, or the department is not clear, make the request with the City Manager who will assign follow-up to ~~D~~departments as appropriate.
 - c. If the service request is outside the City's current policies or practices or core responsibilities, the Councilor will be notified and can raise the issue **during at a Council meeting under** the Council Reports section of the

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agenda, ~~at a City Council meeting~~ as that may make the issue a policy or research request.

Review/Update: The City Recorder will prepare this Council Policy review ~~six months from adoption,~~ then every three years thereafter for City-Council approval.

Rev #	Name	Change Date	Character of Change
0	N.Brewer	05-04-2015	Adopted
1	C. Holzworth	- -2015	