



# 2nd Quarter Financial Summary

## FY 2015-16

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

YTD PERFORMANCE AT A GLANCE		COMMENTS
<b>GENERAL FUND</b>		
General Fund Expenditure vs. Revenue	<b>WATCH</b>	Long-term fiscal health in the General Fund remains a concern based on a combination of HP's \$41 million valuation decrease in 2015 as a result of its successful Supreme Court ruling as well as ongoing growth limitations from Measures 5 and 50, even after a rebound in the economy and increases in housing development. Benton County certified the City's 2015 tax roll at AV growth of 2.5% versus the 3% budgeted.
Property Tax Revenue	<b>WATCH</b>	The majority of Property tax revenues were received during Q2. As per the above, AV growth came in under budget for FY 15-16, so permanent rate and levy revenues are expected to be \$375,000 below adopted levels.
Transient Room Tax	<b>POSITIVE</b>	Q2 receipts are up 12% over prior year actuals, and are projected to exceed budget this year by nearly \$250K; due in large part to the on-line travel companies paying back collections as required by State law.
Franchise Fees	<b>POSITIVE</b>	Although franchise fees are trending slightly lower in the first half of the fiscal year compared to the same period last year, they remain on target to exceed budget by at least \$100K by yearend, especially given the Council-approved increase in City wastewater and storm water fees going into effect in February 2016.
State Shared Revenue	<b>WATCH</b>	FY 14-15 receipts were 6% above that year's budget; however, FY 15-16 revenues to date are running roughly flat with the prior year so may end up being right at adopted budget levels. The League of Oregon Cities continues to predict lower cigarette/alcohol demand and related revenues. Marijuana tax collection started in January, but little is expected to come to the City this first year due to upfront State tax administration costs.
Fines & Forfeitures	<b>WATCH</b>	First half traffic fine receipts remain low relative to budget, but are up slightly relative to last year. Officer vacancies, new officers not yet fully trained plus new technology challenges are the primary reasons for under budget results. Court dates/scheduling can also impede revenue collection pace, even with increased ticketing.
General Fund Expenditures vs. Budget	<b>WATCH</b>	General Fund expenditures are generally on target and in line with prior year spending. Although all departments are less than 50% expended half-way throughout the fiscal year, most are spending in the 45-48% range which is typical. CMO and CD have each expended approximately 38%. Below target spending in CMO is due to hiring the contractor for Vision/Action Council Goals work not occurring till October. CD shows lower than expected spending due to vacant Code Compliance and Planner positions along with a lag in purchases associated with the Buildable Lands Inventory project.
<b>SPECIAL REVENUE FUNDS</b>		
9-1-1 Emergency Services	<b>WATCH</b>	Both revenues and expenditures are running at 48% of budget at the six month mark, but overtime costs to backfill for vacancies and absences are at 113% of budget. With a forecasted declining fund balance, this fund remains a focus for the Sustainable Budget Task Force (SBTF).
Community Development Revolving	<b>WATCH</b>	Although this Fund is currently carrying a positive cash and fund balance, this is primarily due to the Council approved \$400,000 in one-time funds transfers from the General Fund. The SBTF and Housing Task Force continue to deliberate on funding alternatives that might provide ongoing support for this Fund's programs.
Development Services	<b>POSITIVE</b>	Permit revenues and charges for service are significantly below last fiscal year and budget due to less commercial construction permit activity YTD, but are still improved over recession year levels. Given the fund's very healthy cash reserves, there remains capacity to absorb expenditures based on what at this juncture is expected to simply be timing issues for cash receipts/revenues from development projects in the pipeline.
Parking	<b>WATCH</b>	Fines and parking permit revenues are running lower than the prior year. The Police Department has had several vacancies for over a year and a half, but parking citation revenue is expected to improve once Parking Enforcement Officers are hired and fully trained.
Street	<b>WATCH</b>	Declining operating fund balance; revenues are not adequate to fund current service demands. This fund is also a focus for the SBTF work on possible revenue alternatives.
Transit	<b>WATCH</b>	Fund balance and revenues were stable through the first half of the year, however higher cost contracted bus services may require use of contingencies in FY 15-16, and the Transit Operating Fee (TOF) rate is set to be lowered due to declining gas prices which could also impact service levels going forward.
<b>ENTERPRISE FUNDS</b>		
Airport	<b>POSITIVE</b>	Revenues, expenditures and fund balance are stable and sufficient to maintain current operations.
Storm Water	<b>WATCH</b>	Project spending in this fund may require significant rate increases in coming years.
Wastewater	<b>WATCH</b>	Increased metered revenues may not be sufficient to offset future costs to maintain current levels of service.
Water	<b>POSITIVE</b>	Metered usage, new rate structure, stable expenditures maintain current service levels.
<b>INTERNAL SERVICE FUNDS</b>		
Risk Management	<b>WATCH</b>	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.*

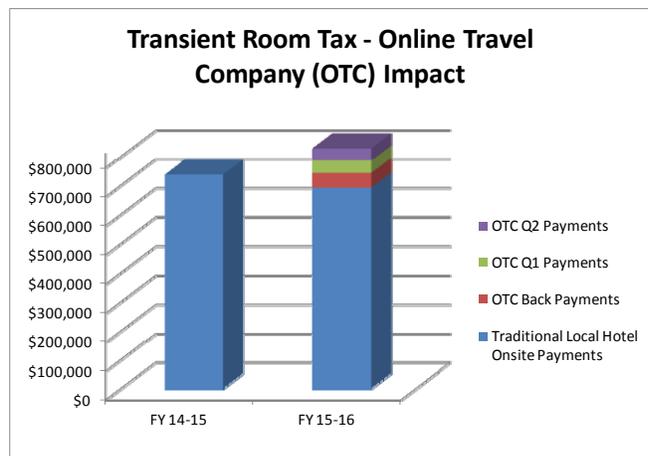
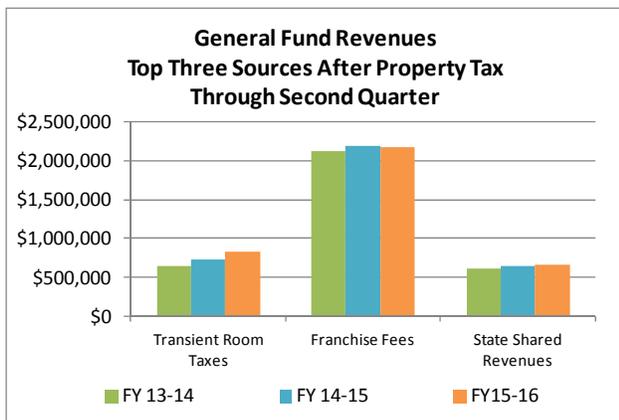
*Negative – Current expenditures exceed or revenues are significantly behind forecast assumptions. Fund balance is unstable. Immediate action to balance fund is likely required.*

**GENERAL FUND COMBINED\***

REVENUE	AMENDED BUDGET	2nd Quarter FY 14-15	Y-T-D FY 14-15	FY 14-15 % REC/EXPEND	AMENDED BUDGET	2nd 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	\$22,913,330	\$23,088,514	94.44%	\$26,004,540	\$23,721,772	\$23,850,764	91.72%
Other Tax	1,427,600	434,391	736,453	51.59%	1,511,830	492,277	827,835	54.76%
Licenses/Permits	5,741,280	1,331,390	2,356,939	41.05%	5,868,130	1,345,686	2,342,880	39.93%
Charges for Service	5,892,810	2,263,366	3,719,929	63.13%	6,053,430	2,232,732	3,798,530	62.75%
Intergovernmental	3,907,120	2,785,320	3,001,677	76.83%	4,223,730	2,936,112	3,181,065	75.31%
Fines/Forfeitures	759,660	181,823	356,629	46.95%	769,160	191,238	369,154	47.99%
Miscellaneous	652,660	149,289	311,289	47.70%	1,187,910	169,233	374,689	31.54%
Other Financing Sources	1,236,100	358,029	814,526	65.89%	1,241,800	134,390	263,761	21.24%
<b>TOTAL CURRENT REVENUE</b>	<b>\$44,064,280</b>	<b>\$30,416,938</b>	<b>\$34,385,956</b>	<b>78.04%</b>	<b>\$46,860,530</b>	<b>\$31,223,441</b>	<b>\$35,008,678</b>	<b>74.71%</b>
<b>EXPENDITURE BY DEPARTMENT</b>								
City Manager's Office	\$293,300	\$75,013	\$147,435	50.27%	\$501,700	\$104,793	\$189,814	37.83%
Community Development	1,498,870	298,930	601,092	40.10%	1,686,300	311,541	646,722	38.35%
Finance	647,260	142,477	292,606	45.21%	678,050	139,804	282,086	41.60%
Fire	11,397,090	2,526,183	5,863,223	51.44%	11,714,420	2,734,029	5,454,489	46.56%
Library	6,151,640	1,410,829	2,889,566	46.97%	6,349,950	1,398,852	2,923,164	46.03%
Parks & Recreation	6,367,630	1,356,987	3,141,666	49.34%	7,106,630	1,485,154	3,379,135	47.55%
Police	11,293,220	2,624,478	5,333,775	47.23%	11,884,850	2,585,400	5,326,813	44.82%
Public Works	991,940	221,548	423,879	42.73%	1,121,630	149,895	274,085	24.44%
Non-Departmental	994,420	220,839	433,277	43.57%	894,920	203,087	406,175	45.39%
<b>TOTAL OPERATING EXPENDITURES</b>	<b>39,342,070</b>	<b>8,877,283</b>	<b>19,126,519</b>	<b>48.62%</b>	<b>\$41,938,450</b>	<b>\$9,112,555</b>	<b>\$18,882,483</b>	<b>45.02%</b>
Debt Service	\$837,160	\$0	\$222,644	26.60%	\$693,240	\$0	\$623,184	89.89%
Transfers / Other Financing Uses	3,665,640	1,614,292	2,151,475	58.69%	4,211,240	1,677,232	2,533,343	60.16%
Contingencies/Reserves	330,000	0	0	0.00%	630,000	0	0	0.00%
<b>TOTAL ALL EXPENDITURES</b>	<b>\$44,174,870</b>	<b>\$10,491,575</b>	<b>\$21,500,638</b>	<b>48.67%</b>	<b>\$47,472,930</b>	<b>\$10,789,787</b>	<b>\$22,039,010</b>	<b>46.42%</b>
<b>CURRENT REVENUE LESS TOTAL EXPENDITURES</b>		<b>\$19,925,363</b>	<b>\$12,885,318</b>		<b>(\$612,400)</b>	<b>\$20,433,653</b>	<b>\$12,969,668</b>	

\* 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 higher than FY 14-15 by approximately 3.5% while operating expenditures are down 1.3% from last year at this time. Property Taxes and Intergovernmental revenue associated with the Corvallis/Benton County Library District traditionally see the largest portion of revenue receipts in Q2. Fire Department expenditures were \$408,734 higher last year at this time primarily because of the purchase of an aerial equipped engine. Police expenditures are below budget and last year due to several vacancies which are in various stages of recruitment. Parks & Recreation (P&R) has greater spending this fiscal year-to-date (YTD) due to Majestic Theater operations, which were not part of first half figures in FY 14-15, but is still well within budgeted appropriations in total. 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. The latter have already been paid, so only interest payments remain to be made this fiscal 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 (versus being included in Public Works' operating budget, which explains the decrease in that department's YTD spending), as well as Council approved transfers of \$100,000 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.

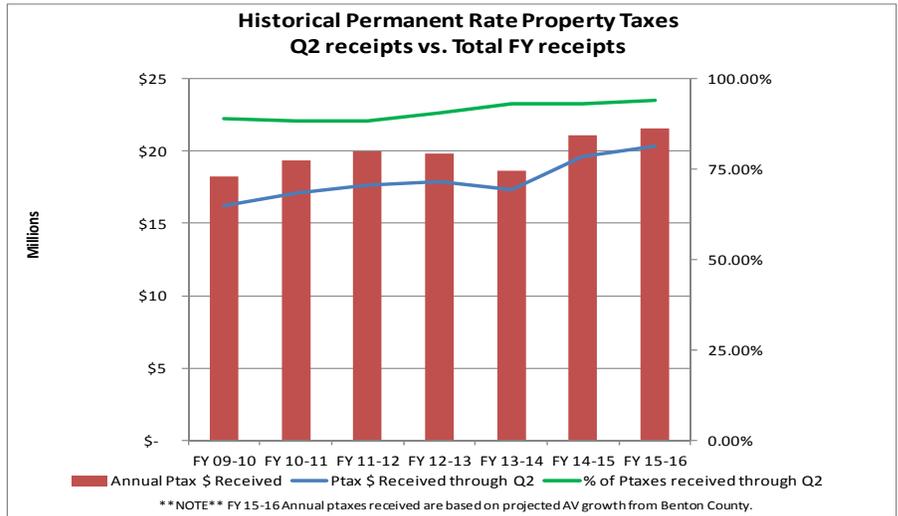


The graph above on the left illustrates improvements in two of the three major General Fund non-property tax revenue categories YTD over the prior years' results. In spite of being slightly lower than the same time last year, Franchise Fees are expected to exceed FY 15-16 budget. Transient room tax (TRT) results YTD reflect the City's increased effort to

collect amounts owed by online travel companies (OTC) for Corvallis hotel rooms booked and paid for electronically, versus traditional local hotel “onsite” payments. So far in FY 15-16, over \$50,000 was received as back payments for prior year activity in Q2, and current year OTC receipts are averaging about \$43,000 per quarter.

**Property Taxes and Assessed Value:**

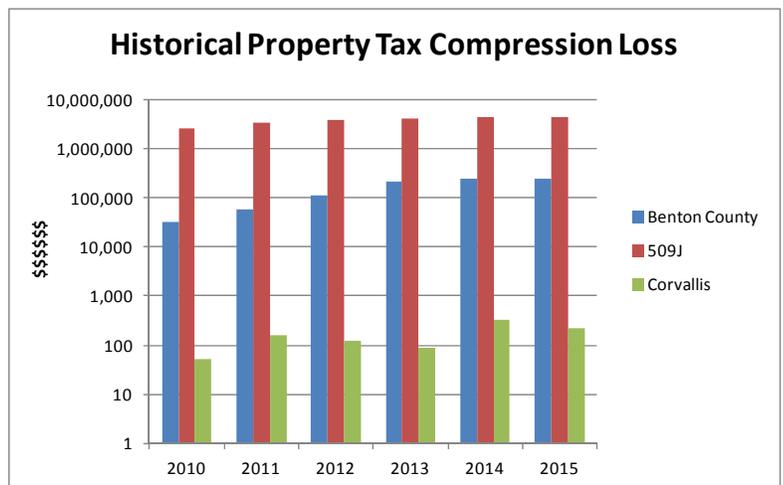
The majority of property taxes in any given year are received during the second quarter as a result of property tax statements being distributed to tax payers in October and then generally being paid in full by November/December. Tax payers are incited to pay early due to a 3% discount that represents a good “return” relative to what that money would get if left in the bank at current interest rates. The graph to the right shows total annual property taxes received in the fiscal year (red bar), with the blue line depicting the amount of property taxes received through the second quarter of the fiscal year, and the green line showing what percent Q2 property tax receipts are of the annual property taxes received: on average approximately 90%.



Tax Year	SK RMV	Growth		SK AV	Growth	
		From Prior Yr			From Prior Yr	
2006	5,088,443	12.51%		3,467,066	0.97%	
2007	5,565,083	9.37%		3,613,017	4.21%	
2008	5,946,532	6.85%		3,745,147	3.66%	
2009	5,825,693	-2.03%		3,825,054	2.13%	
2010	5,664,529	-2.77%		3,999,075	4.55%	
2011	5,672,462	0.14%		4,118,580	2.99%	
2012	5,496,249	-3.11%		4,139,865	0.52%	
2013	5,574,068	1.42%		4,201,469	1.49%	
2014	5,891,389	5.69%		4,381,367	4.28%	
2015	6,214,074	5.48%		4,490,592	2.49%	
Avg Annual Growth		3.36%			2.73%	

Property taxes for operations are levied in accordance with the Oregon constitutional limitations known as Measure 5 (1990) and 50 (1997). Measure 5 (M5) placed a maximum tax rate for non-education governments of \$10 per \$1,000 of real market value (RMV) on each parcel of property. Measure 50 (M50) set a permanent property tax rate for each governmental entity and developed a base assessed value (AV) for each parcel of property that is different than RMV for purposes of levying taxes. While AV growth is technically limited to 3% for each parcel of property, it can be more or less based on factors such as residential, commercial and industrial development, personal property depreciation, valuation appeals, sales of privately owned properties to non-taxable entities/agencies such as OSU or Samaritan Health, and vice versa. The table to the left depicts the recent history of AV and RMV growth in Corvallis; in six of the last ten years, total AV has not increased by the full 3% that most people “expect” from their understanding of M50.

One factor which can impact valuations and thus tax receipts, is when a property’s RMV becomes less than its AV. The AV decreases to the RMV level due to “M50 Compression.” While M50 compression is not a significant impact in Benton County, the chart to the right shows that several districts (particularly Benton County and the 509J School District), have been greatly impacted by M5 compression. These agencies saw respective losses of \$242,000 and \$4,508,500 in collections due to compression in 2014; the City of Corvallis has had very little impact from compression, with its largest loss to date at only \$318 in 2014. Another element to consider vis-à-vis compression relates to the “order” in which it applies to the various tax rates being levied by an agency. For example, an operating levy is compressed prior to the permanent rate taxes.



GENERAL FUND				
BUDGETARY BASIS	AUDITED FY 14-15	AMENDED FY 15-16	Year-To-Date FY 15-16	% of Budget Year-to-Date
<b>RECURRING</b>				
<b>NON DEDICATED REVENUE</b>				
Property Taxes - Permanent Rate	\$21,048,894	\$21,952,620	\$20,318,365	94.10%
Local Op Levy 2013 - HP Replacmt/SocServ Funding	745,536	794,440	718,345	90.75%
Prior Year Delinquent Tax Revenue	508,655	452,290	277,548	50.46%
Transient Room Tax	1,604,370	1,511,830	827,835	46.99%
Franchise Fees	5,635,615	5,495,100	2,177,565	38.85%
State Revenue Sharing	563,487	565,140	277,747	49.15%
Alcohol/Cigarette Tax	883,334	883,460	380,715	43.09%
Pass-Throughs	1,144,768	1,239,430	247,178	19.94%
Miscellaneous Other Revenues	692,292	723,320	346,783	58.89%
<b>TOTAL NON-DEDICATED RECURRING REVENUE</b>	<b>\$32,826,951</b>	<b>\$33,617,630</b>	<b>\$25,572,081</b>	<b>76.16%</b>
<b>DEDICATED REVENUE</b>				
Property Tax - Local Option Levy	\$2,632,517	\$2,805,190	\$2,536,505	90.75%
City Manager's Office	122,690	126,190	115,595	91.60%
Community Development	232,542	119,590	138,622	95.87%
Finance	314	200	90	45.14%
Fire	3,975,627	3,626,590	2,445,636	67.44%
Library	2,791,379	2,943,570	2,677,492	90.96%
Parks & Recreation	1,758,205	1,769,270	823,233	46.53%
Police	386,493	391,740	256,442	65.46%
Public Works	5,938	1,000	0	0.00%
<b>TOTAL DEDICATED RECURRING REVENUE</b>	<b>\$11,905,704</b>	<b>\$11,783,340</b>	<b>\$8,993,615</b>	<b>76.23%</b>
<b>TOTAL RECURRING REVENUE</b>	<b>44,732,654</b>	<b>\$45,400,970</b>	<b>\$34,565,696</b>	<b>76.18%</b>
<b>EXPENDITURES</b>				
City Manager's Office (1)	\$292,930	\$303,020	\$148,838	49.12%
Community Development	1,403,358	1,571,510	623,055	39.90%
Finance	647,251	678,050	282,086	41.60%
Fire	10,667,091	11,232,180	5,341,350	47.55%
Library	6,051,134	6,334,450	2,919,549	46.16%
Parks & Recreation	5,828,585	6,047,270	3,013,914	49.84%
Police	11,123,206	11,665,580	5,320,052	45.60%
Public Works (2)	703,933	703,920	464,937	66.05%
Non-Departmental	772,855	825,810	399,845	48.44%
Debt Service	279,053	693,240	623,184	89.89%
Transfers Out (Interfund, Capital, POB)	1,931,790	2,036,810	1,643,850	80.71%
Pass-Throughs	1,135,754	1,239,430	180,793	14.59%
Contribution to Fund Balance Reserve/Contingencies (1)	1,969,720	1,753,000	1,763,000	100.00%
Contributions/Adjustments to Other Reserves	380,815	0	0	0.00%
<b>TOTAL RECURRING EXPENDITURES</b>	<b>\$43,187,475</b>	<b>\$45,084,270</b>	<b>\$22,724,452</b>	<b>50.42%</b>
<b>RECURRING REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES</b>	<b>\$1,545,180</b>	<b>\$316,700</b>	<b>\$11,841,244</b>	
<b>POTENTIAL BEGINNING BUDGETARY FUND BALANCE</b>	269,750	1,021,740	1,359,150	
<i>Net Recurring Revenue/Expenditure</i>	1,545,180	316,700	11,841,244	
<i>Net Non-Recurring Revenue/Expenditure</i>	(455,780)	(1,154,290)	(1,153,880)	
<b>ENDING BUDGETARY FUND BALANCE</b>	<b>\$1,359,150</b>	<b>\$184,150</b>	<b>12,046,514</b>	
<b>Ending Reserve Balance by Type</b>				
RESTRICTED	\$1,010,637	\$571,965	\$721,187	
COMMITTED	\$1,063,289	\$1,029,707	\$974,739	
ASSIGNED	\$2,048,238	\$217,998	\$1,620,058	
<b>FUND BALANCE</b>	<b>\$4,820,209</b>	<b>\$5,943,209</b>	<b>\$6,583,209</b>	
	\$8,942,372	\$7,762,880	\$9,899,192	

- (1) The Economic Development Office in CMO has spent very close to 50% of its budget ytd as shown above, because of unanticipated staff reclassification increases; expenditures in the last half of the year are being closely monitored to ensure appropriations are not exceeded. CMO's recurring budget amount above does not include the one-time Council Goal monies that are part of the total budget amount shown on the pg.2 General Fund Income Statement (and thus the percentage of budget spent by CMO in that table is lower than above).
- (2) Public Works is ahead of target because both budget and actual above include a \$255,500 transfer to the Street Fund made in one installment at the beginning of the year to support the LED streetlight conversion project, in lieu of total annual electricity costs previously paid by the General Fund.

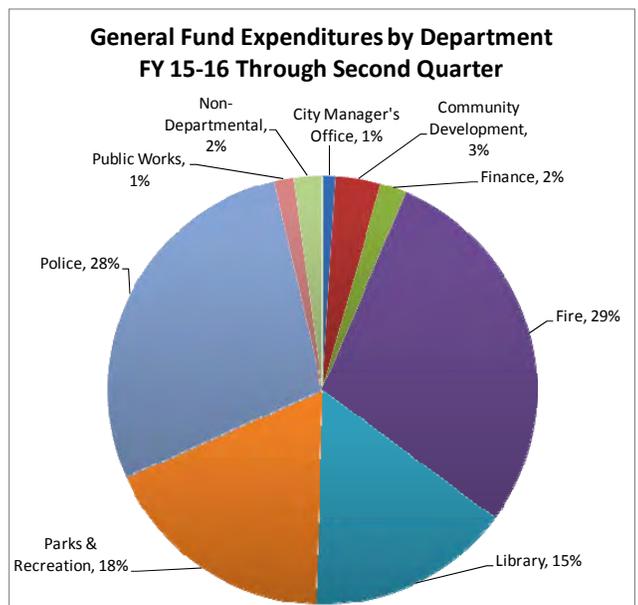
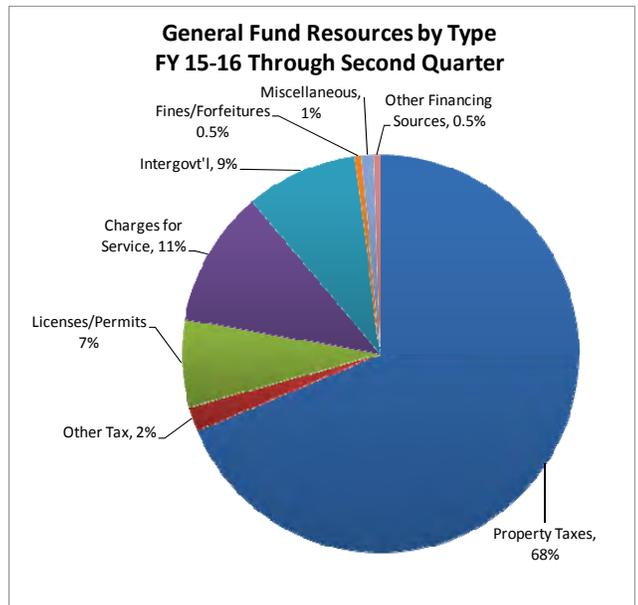
The General Fund Financial Plan update on the previous page shows the unaudited, estimated status of the “green and yellow lines” at the end of Q2. The majority of FY 15-16 property taxes were received in the second quarter, thus the sustainable green line and the ending budgetary fund balance YTD are shown with a large positive balance. However, these amounts will decrease as the year progresses with planned department expenditures. Certified assessed property values for the City grew by 2.49% versus the 3% increase built into projections due to the State loss of the Hewlett-Packard appeal, which also led to a permanent \$41 million reduction in HP’s assessed value. As such, year-end property tax revenue will come in lower than adopted levels for both permanent rate and local option levy. Franchise fees, transient room taxes, and prior year delinquent tax revenue are expected to exceed adopted levels, thus offsetting most of the reduction anticipated in property tax revenue. The General Fund should still end FY 15-16 with a positive ending fund balance provided contingency use is minimized, and other revenues and expenditures continue according to expectations.

The **resources** pie chart, to the right, graphically illustrates the YTD proportions of all resources supporting General Fund services. Property taxes are exceeding target (as is typical this time of year) at approximately 68% of the total resources received YTD and are anticipated to be around 55% of the total General Fund revenues by June 30, 2016.

The **expenditures** pie chart shows the distribution of General Fund expenditures by department through the second quarter. The public safety departments (Fire and Police) account for about 57% of fund operating expenditures and library, parks & recreation, economic development, municipal court, planning and code enforcement are the remaining 43% of expenditures.

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

- The City Manager’s Office in total is only 38% expended for the year, due to the new Council Goals division in the City Manager’s Office, which is only 15% expended YTD based on a delayed start for the contracted employee; Economic Development is a little ahead of target at 51%.
- Community Development expenses are at only 38% of budget, which is primarily driven by the lag in spending on the Buildable Lands Inventory special project YTD and vacancies in Code Compliance and Planning.
- Finance’s personnel services are trending lower due to a vacant .5 FTE Court Clerk position. The department has decided not to fill this position as a cost-saving measure.
- Fire’s expenses are 47% of budget, but approximately \$400,000 less than in FY 14-15 mainly due to an aerial equipped engine purchased early last year.
- Public Works expenses in the General Fund are only at 24% of budget due to no spending yet of a recent Benton County donation for upgrades to Channels 21 and 29.
- Contributions to reserves will be recorded at the end of the fiscal year as part of year-end audit processes.



Fund Name	Resources YTD through 2nd Quarter FY14-15	Resources YTD through 2nd Quarter FY15-16	Variance 14-15 to 15-16	FY 15-16 Total Budgeted Revenue	YTD% of FY 15-16 Total Budgeted Revenue
911 Emergency Services	1,145,196	1,629,063	483,867	2,786,740	58.46%
Administrative Services	2,485,507	2,573,438	87,931	5,108,670	50.37%
Airport	244,549	303,385	58,836	1,196,780	25.35%
Capital Improvement Project	5,314,642	492,516	(4,822,126)	9,115,340	5.40%
Community Development Revolving	741,823	628,408	(113,415)	2,176,280	28.88%
Davidson	16	19	3	0	0.00%
Development Services	1,896,581	1,160,893	(735,688)	3,168,970	36.63%
Facility Maintenance	404,309	410,628	6,319	810,770	50.65%
Fleet Maintenance	379,233	323,771	(55,462)	859,480	37.67%
General Obligation Debt Service	1,016,186	1,040,854	24,668	1,147,090	90.74%
Parking	336,084	301,247	(34,837)	653,760	46.08%
Parks System Development Charge	1,351,539	122,017	(1,229,522)	198,730	61.40%
Pension Obligation Debt Service	2,208,890	2,296,840	87,950	2,845,930	80.71%
Risk Management	845,019	1,169,465	324,446	1,480,110	79.01%
Street	1,835,478	2,691,273	855,795	4,967,120	54.18%
Street & Utilities Systems Development Charge	5,215,861	1,842,273	(3,373,588)	4,238,820	43.46%
Stormwater	1,347,324	1,454,178	106,854	3,060,080	47.52%
Technology & Communication	791,988	917,507	125,519	1,832,420	50.07%
Transit	1,309,980	1,257,212	(52,768)	3,162,280	39.76%
Wastewater	5,331,995	6,526,572	1,194,577	16,696,330	39.09%
Water	6,755,938	5,850,859	(905,079)	11,430,120	51.19%
<b>TOTAL RESOURCES</b>	<b>\$ 40,958,138</b>	<b>\$ 32,992,418</b>	<b>\$ (7,965,720)</b>	<b>\$ 76,935,820</b>	<b>42.88%</b>

**RESOURCES – Info on <=>5% difference in Operating Funds from prior year or budget target (50%)**

**Airport** – Operating revenues are aligned with prior year but only 25% of budget ytd, as is usual with the lag of grant reimbursements and a heavily project-laden fund; the increase shown in current year total revenue is due to an intra-fund transfer associated with improvement work being done on the cargo access road.

**CD Revolving** – Resources are less than prior year and budget. This reduced revenue stream is partially due to a timing issue with regard to Community Development Block Grant (CDBG) and HOME program grant revenues being reimbursed and received only after expenditures are incurred. The problem also stems from both ineligible expenses incurred to administer the program and from reduced availability of federal funding in total. Council and staff are working on the Sustainable Budget and Housing Goals to help address the housing program issues.

**Development Services / Parks System Development Charge (SDC) / Street & Utilities SDC** – Charges for Service revenue in these funds, related to permits/reviews/inspections and SDC’s respectively, lag budget and remain below first half last year due to less development activity so far this fiscal year. Last year saw a lot of multi-family project development including the Oak Creek Retreat, which led to higher revenues early in the year. Timing of large projects is variable, spanning multiple months/years, so revenues typically are less predictable.

**Fleet Maintenance** – Current year receipts are below target and last year due to lower than expected fuel prices which affect fuel sales. This also favorably impacts the cost side, so there is no negative impact to the bottom line.

**Parking** – Revenues are below budget and approximately \$35,000 less than the same time in FY 14-15 due partly to last year’s \$20,000 received for fees in-lieu of parking program improvements. Fine and forfeitures continue to decline as a result of ongoing Parking Enforcement vacancies. This operation has been understaffed for over a year, resulting in fewer citations being issued. Revenues are expected to increase and stabilize once fully trained staffing is achieved.

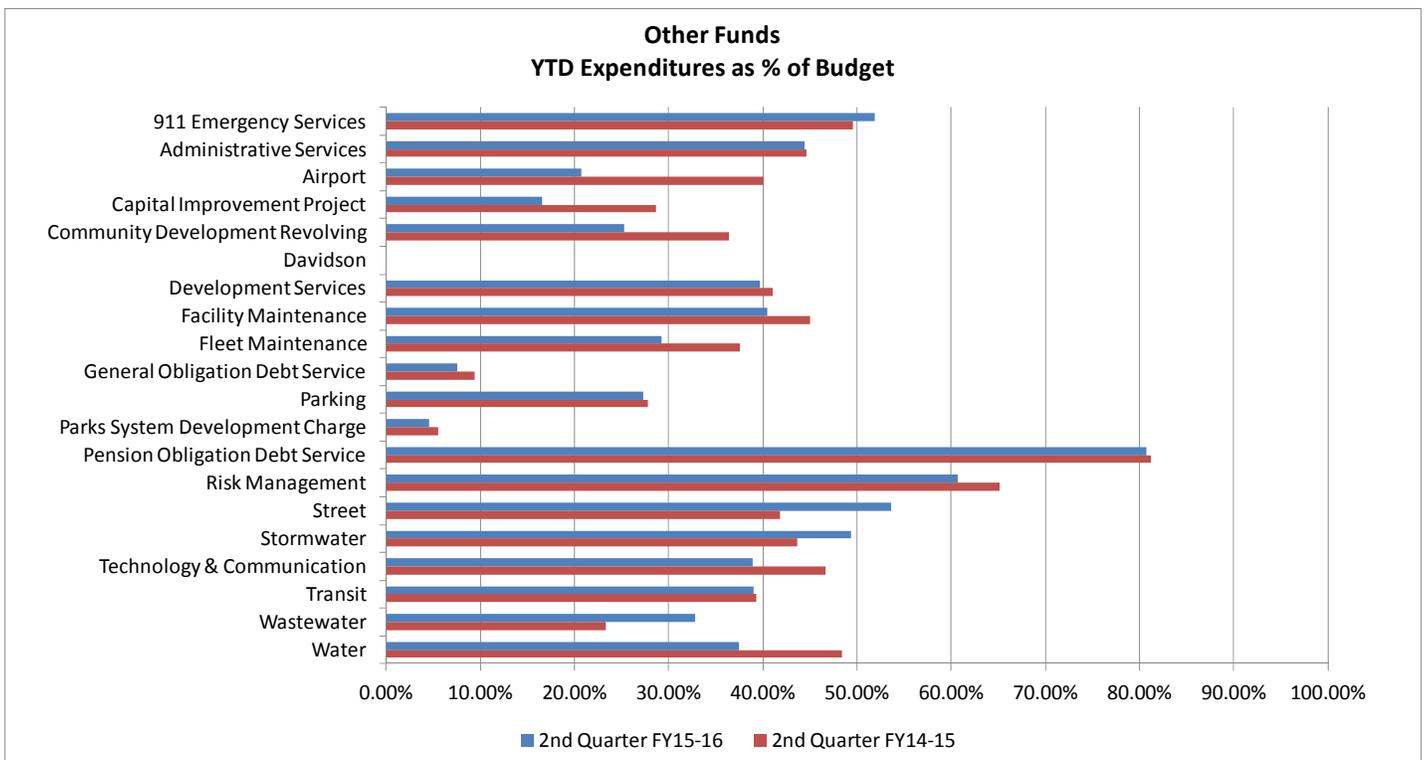
**Risk Management** – First half revenues are at approximately 79% of target as is typical based on timing of this internal service charge to departments which is weighted to coincide with insurance premium payments: 75% occur in July (Q1) and 25% in January (Q3). The remaining increase in revenue in first half FY 15-16 is the receipt of loss recovery proceeds associated with a tree replacement due to last year’s Timberhill Fire.

**Street** – Revenues are slightly high as a percent of budget due to unexpected fees in-lieu of street improvements received totaling \$140,700 from the Retreat at Oak Creek. Also, transfer activity has inflated revenues by \$610,500 which includes: a \$355,000 intrafund loan from the Street SDC Fund for completion of the streetlight retrofit project, to be paid

back within five years through energy savings; \$255,500 for annual support by the General Fund of its portion of streetlight utility costs, which will continue as a flat annual amount until the Street SDC intrafund loan is paid in full, at which time the future funding allocation of streetlight utility costs will be revisited.

**Transit** – FY 15-16 revenues reflect a slight decrease compared to Q2 of FY 14-15 due primarily to timing of receipts with the federal operating grant. While the Transit Operating Fees are fairly aligned with prior year revenue levels YTD, the rate, which is adjusted annually in February due to gas price fluctuations, will be 23% lower for 2016. Thus, these revenues are expected to come in under budget and the prior year by fiscal year end.

**Wastewater/Water** – Water Fund revenue in total has decreased in FY 15-16, though it is on target with budget, due to the reduced intrafund transfer from Water SDC's to cover the diminishing Water Treatment Plant Expansion Charge (WTPEC) debt service costs related to the Taylor Plant renovation and lagging construction-related intrafund transfers based on slower progress on CIP. The Wastewater Fund intrafund transfers for capital construction work being done on annual sewer rehab projects was recorded earlier in FY 15-16 than the previous year, which partly explains the large increase in revenues shown above, but they continue to lag total budget YTD due to timing of construction projects overall.



**EXPENDITURES – Info on <=>5% difference in Operating Funds from prior year or budget target (50%)**

The above bar graph compares FY15-16 and FY14-15 expenditures through December 31<sup>st</sup> as percentages of their respective total budgets for all City funds except the General Fund (discussed in previous pages).

**9-1-1 Emergency Services** – Overall expenditures at the end of Q2 exceed budget due to early spending on special project purchases which utilize reserve funds and an influx of one-time money from the General Fund for new consoles and priority-based dispatch software which is expected to increase the deployment accuracy of public safety resources. Non-personnel service costs are over target YTD due to unbudgeted legal costs for CRCCA bargaining unit negotiations. Spending is anticipated to even out to adopted levels as the year progresses.

**Administrative Services** – The financial software system replacement, partly appropriated for in FY 15-16, will be delayed until FY 16-17; this situation, along with the Public Information Officer (PIO) recruitment taking more time than expected, have both contributed to savings in the first half of the year.

**Airport** – Total spending is lagging against current year budget and prior year actuals, mostly due to large improvement projects on the airport buildings/grounds, including the cargo access road construction which has been delayed until later in the year and is unlikely to be completed until FY 16-17.

**CD Revolving** – Expenditures are low as a percentage of budget because they are primarily grant-related, thus variable in timing and FY 15-16 projects are slow to progress. Additionally, the Housing and Neighborhood Services Manager is the interim CD Director and so his personnel service costs are distributed primarily to the funds supported by the Director and only allocated to the CD Revolving Fund for hours directly worked on CDBG and HOME grant projects.

**Davidson** – This \$5,000 endowment from a 1981 donation is designated as a Permanent Fund under governmental accounting guidelines. To grow the balance, Library staff did not appropriate expendable interest earnings for FY 15-16.

**Development Services** – Spending is low as a percentage of budget in both fiscal years due to vacancy savings; recruitments for vacancies have been delayed until a new CD Director is hired. FY 15-16 is also low due to only 2% of special project budget having been spent YTD, to ensure sufficient revenues will be available to cover these costs.

**Facility Maintenance** – FY 15-16 spending is lower than prior year and budget targets as a vehicle replacement has not taken place yet, and planned facility maintenance projects are scheduled for completion in the spring.

**Fleet Maintenance** – FY 15-16 spending is significantly lower than FY 14-15 due to the average price per gallon of fuel being 37% lower than anticipated, and carrying a vacancy for most of the fiscal year.

**Parking** – Spending is low as a percentage of budget in both years due to a vacant .50 FTE Parking Program Specialist and no spending of special project dollars yet associated with new pay stations.

**Parks System Development Charge (SDC)** – Fund expenditures are for capital projects. Spending is aligned with FY 14-15, but lags against current year budget due to project delays.

**Risk Management** – Timing of internal service charges to departments is weighted to coincide with insurance premium payments, 75% of which occur in Q1 and the remaining 25% occur in Q3. Self insurance claims are largely unpredictable, and can vary significantly year-to-year due to the significant deductible exposure the City has with outstanding tort/liability claims. Year-to-date self insurance claims are only 5% of budget while workers' compensation (WC) premium costs are trending higher than expected with nearly 62% of the WC budget already used in the first half, not including the second quarter invoice of claim costs which will occur in Q3. These are monitored closely for a possible need to use contingencies.

**Street** –The bar chart above indicates spending in FY 15-16 is a bit higher than current year budget target and significantly more than last year's actuals mainly due to Special Project spending being ahead of schedule, with one of two heavy equipment purchases and the Conflict Monitor Detector having been received, the Sidewalk Safety and Loop Detection projects near completion, and 481 streetlight lamps having been replaced with LED lamps. Starting in FY 15-16, the street resurfacing projects covered by TMF funding now run through CIP and annual transfers out to the CIP Fund have already taken place for the majority of the annual budget.

**Technology and Communication** – Below budget spending is from FY 15-16 vacancies anticipated to be filled by the end of the fiscal year and nearly \$90K that has not yet been used for the planned replacement of the City's phone system.

**Transit** –Though low in both years, the percentage of budget spent is comparable, and can mostly be attributed to lower fuel costs, which are on average 32% lower again this year, and subsequently driving the cost of Materials & Supplies down. A vacant position in FY 15-16 is also creating some Personnel Services savings. Costs may escalate quickly in future quarters with the newly negotiated, much more costly service contract with First Student for bus operations.

**Wastewater** – Operating expense percentages and actual expenditures are lower overall than last fiscal year; but capital project transfers out for construction work on annual sewer rehab projects are nearly double the prior year.

**Water** – FY 15-16 expenditures are low as a percentage of budget and less than prior year actuals, mostly due to Special Project expenditures for replacement equipment and project work taking place later in the year, less in intrafund

transfer support YTD for capital construction work done on water systems rehab projects, and debt service payments tapering off on the 2012 Full Faith and Credit Refunding Obligations, with final payment scheduled for FY 16-17.

**FUTURE OUTLOOK**

*Fire Department – Training Academy and Personnel Vacancies’ Impacts*

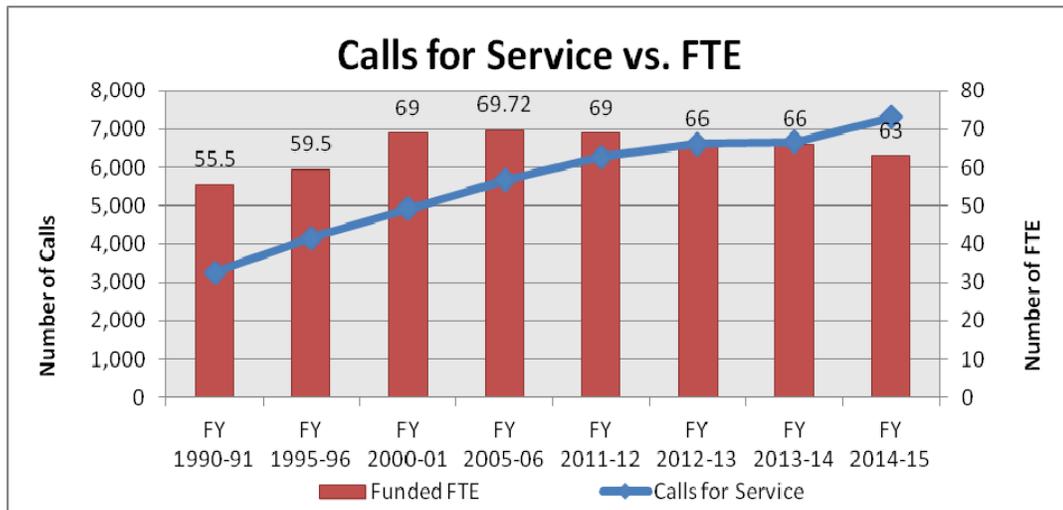
The Corvallis Fire Department (CFD) entered FY 15-16 with seven vacancies. A September 2015 retirement increased that number to eight. CFD had been balancing its budget by carrying vacancies and reducing contributions to the apparatus reserve account under the fixed expenditure limit budget model. A recruitment was initiated in the spring 2015. It is more efficient to run a training academy for several staff versus a single hire, as the material needing to be covered is the same regardless of the number of individuals attending. The seven new employees out of the academy are the first hires for Operations since August 2011.

The academy started October 1<sup>st</sup>, with the full training lasting six weeks. During the academy, employees are evaluated through a series of written exams and manipulative skill evaluations. The new training facility has allowed a much more efficient training delivery model for CFD. In previous academies, classroom sessions were taught at the main station and manipulative skills training and evaluation were delivered at the old drill tower. The new facility, with a classroom building, has eliminated the time lost to the “commute,” adding valuable instruction time for the recruits.

Recruits transitioned to their assigned shifts in late November riding as a fourth member of a crew for several shifts before officially functioning as the third member of a crew just before Thanksgiving. Training will continue throughout the recruits’ first probationary year. During this first year, they will also complete additional written and skill evaluations. The hiring of these recruits has allowed CFD to again staff a Medic Unit out of Station #3. This two-person “Medic Unit 120” adds an additional unit to the department’s response resources approximately 50-60% of the time.

Due to other turnover, CFD currently has three vacancies and expects to run another academy in October 2016 for five to seven recruits. There are currently 12 CFD employees eligible to retire between the Operations, Administration and Prevention divisions. With a probationary period lasting one year it would be difficult to hire, train, and place new employees if a large number of those eligible chose to retire at once. Absorbing unbudgeted retirement cashout payments (which consist of contractually earned but unused vacation and sick leave hour benefits) within existing appropriations can

make it difficult to immediately hire the replacement for a new retiree.

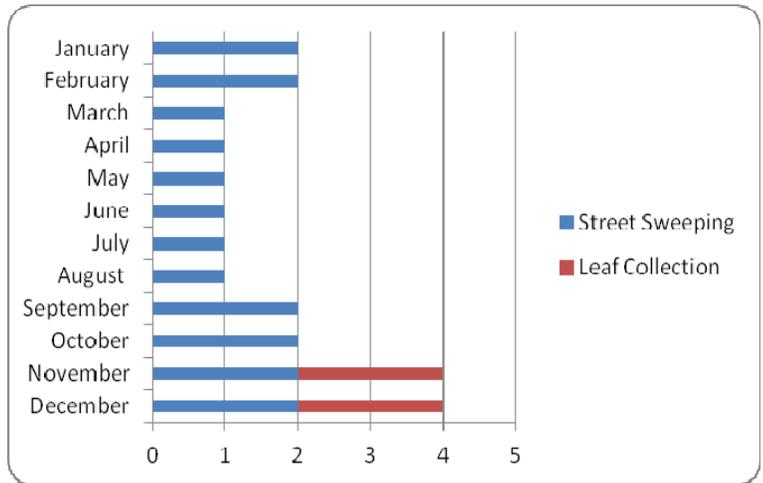


The graph to the left shows the steady growth in calls for service in the face of an overall decline in the funded FTE for which the CFD has authorization. This situation, as well as below national target response times, serves to illustrate the importance of retaining and/or quickly filling vacant positions.

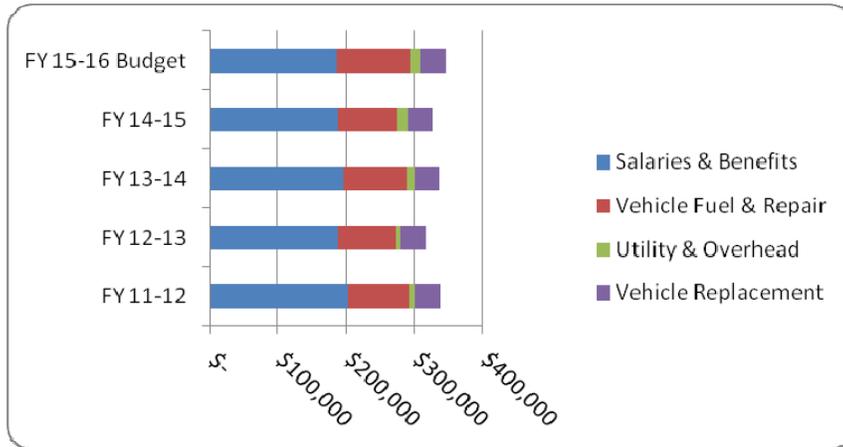
*Public Works Street Sweeping Program Review*

The Public Works Department is committed to improving the water quality of urban streams. Pollutants in the street (fluids from vehicles, debris, and/or pet waste) are carried by rain water runoff into the storm water system. Most of the water that flows to a catch basin does not go to the treatment plant, but drains directly to a natural water source. Street sweeping helps remove pollutants that are on the streets before they enter the storm water system.

The Street Sweeping Program provides sweeping that takes place once per month from March through August, and then increases to twice per month from September through February. In addition, the City partners with Republic Services to provide the annual Fall Leaf Collection Program, which occurs in November and December increasing sweeping to two shifts a day. The chart to the right reflects the number of full time staff required to accomplish this level of service. The staffing reflected in blue indicates day shift operators; red reflects swing shift operators.



The Street Sweeping Program is funded in part by the Street Fund and in part by the Stormwater Fund. Revenues for these two funds come primarily from the State Highway Fund and the Stormwater Utility Fee respectively and are used to fund all Street and Stormwater services provided by the City. The lack of a dedicated revenue for the sweeping program reduces Public Work's ability to ensure the current service level into the future. In addition, it is expected that emerging storm water regulations will increase the requirements for activities associated with pollutant removal. The resulting impact may be a requirement to increase sweeping services which would reduce available revenue needed for other important Street and Stormwater services.



Current program expenditures include salaries and benefits for the sweeper operators, fuel and repair for two vehicles, utility and overhead for vehicle storage, safety supplies and radios, and contributions to reserves for vehicle replacement. Expenditures can fluctuate from year to year as a result of increasing or decreasing fuel prices and overtime associated with extended sweeping hours for sand/gravel clean up after a snow or ice event. The chart to the left reflects the distribution of expenses in the Sweeping Program budget.

Some interesting facts that many people are not aware of include:

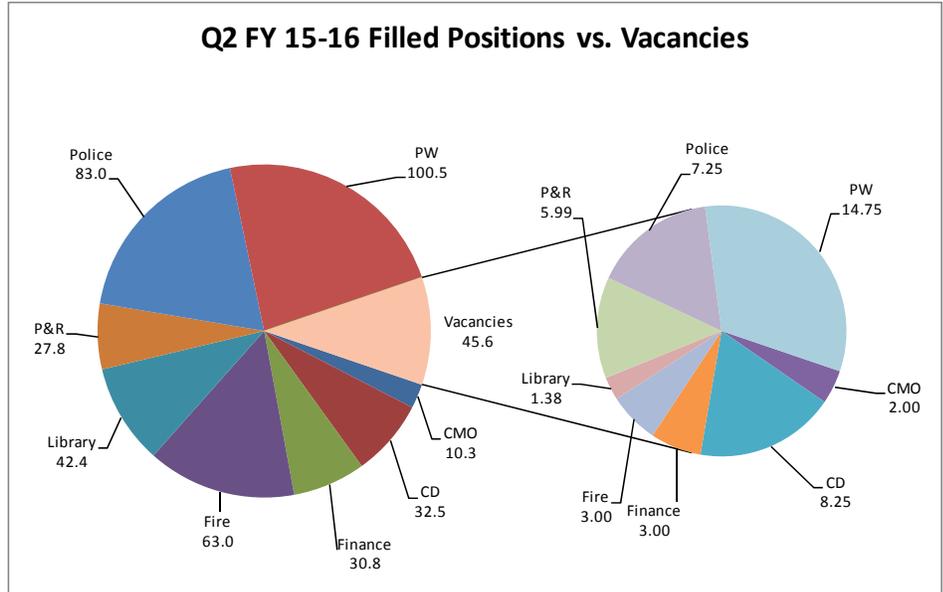
- Sweeper brooms need be replaced after approximately 80 hours of use and cost just over \$300. In an average year, brooms are replaced roughly 40 times resulting in approximately \$12,000 in broom replacement expense.
- Sweeper vehicles cost \$225,000 to replace and last approximately 12 years. To plan for this expense Public Works contributes \$37,500 per year to a reserve account.



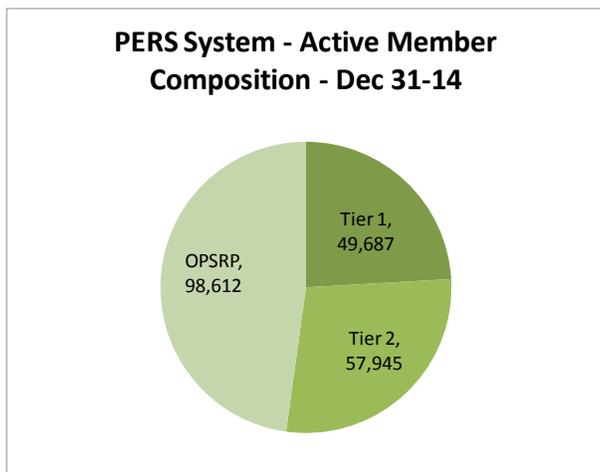
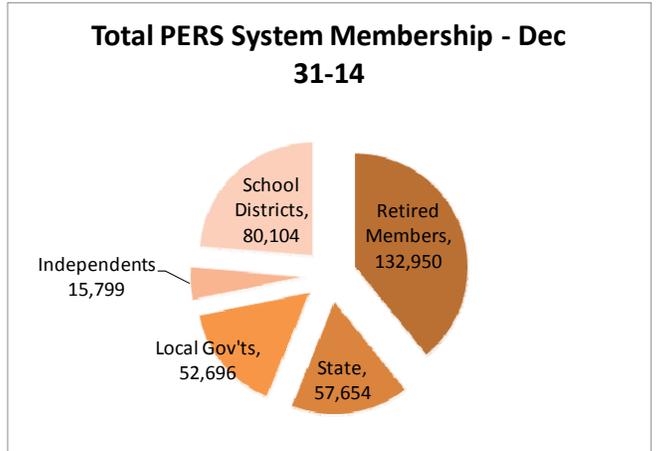
- Street sweeping is a high priority for many community members; Public Works receives regular inquiries regarding the program and the street sweeping webpage is in the top five for the most hits received on the City website.
- The City provides sweeping services to Oregon State University, Oregon Department of Transportation and Benton County on a routine basis. These organizations are billed for labor hours and vehicle costs associated with the service.

**CITY STAFF – PERSONNEL SERVICES QUARTERLY UPDATE**

**Vacancies** – The pie-within-a-pie chart to the right depicts how different departments have been impacted by vacancies in Q2 of this fiscal year. Public Works (PW) netted four new departures, including one retirement; the department now has 16 vacant positions as of quarter end, representing nearly 13% of its total authorized FTE. The 46 FTE in City-wide vacancies is about 10% of total FTE authorized in FY 15-16 and is roughly the same number of vacancies seen in Q1 of FY 15-16. Police had seven vacant positions which included three officers, two Public Safety Dispatchers, a Police Accreditation Manager, and a Parking Enforcement Officer – all of which are in the recruitment process except for one Public Safety Dispatcher, which is held unbudgeted for FY 15-16. Fire’s total net vacancies fell to 3.0 FTE in the second quarter as explained in the Departmental highlights on page 9. Community Development (CD) had eight vacancies, including the CD Director position which is expected to be hired in Q3. Recruitment is in process for two Code Compliance positions (supervisor and specialist), but the other openings are on hold until the arrival of the CD Director to give that individual a chance to assess needs. City Council had authorized the addition of 1.0 FTE Project Manager for the City Manager’s Office (CMO) in FY 15-16 to work on Council Goals; however, a temporary contracted employee was hired instead. A Public Information Officer started work in CMO on December 16<sup>th</sup>. For any position not funded by the 2013 Operating Levy, departments must perform a position review and/or consider reorganizations whenever a position becomes vacant, in order to optimize potential budget savings and/or other possible efficiencies within that department.



**Oregon PERS Update** – Early in the second quarter of the fiscal year, Finance staff, the Human Resources Director and the City Manager attended a town hall meeting convened by PERS Executive Director Steve Rodeman for Corvallis agency participants. The focus was to provide local government officials with a better understanding of future employer contribution rate estimates and the dynamics driving projected increases, including the current system’s underfunded status, particularly as pertains to impacts from the Supreme Court’s decision on the 2013 cost allocation bills.



The pie charts shown here reflect some of the data provided by the State that highlight two of the primary drivers behind rising public pension system costs: 1) the fact that retirees (who no longer contribute to the system but are eligible for, or are receiving, payouts) now make up nearly 40% of total membership; and 2) that the lowest cost beneficiaries in the newest OPSRP program have grown to represent 48% of total active membership as of Dec.31, 2014 and bear the burden of these higher costs without promise of similar benefits.

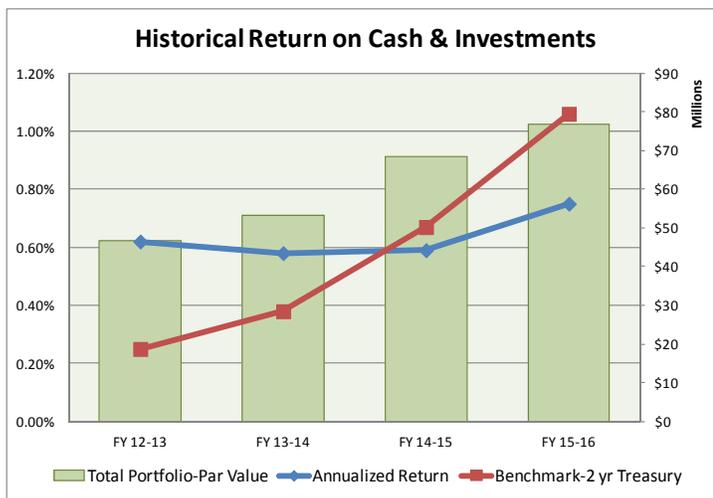
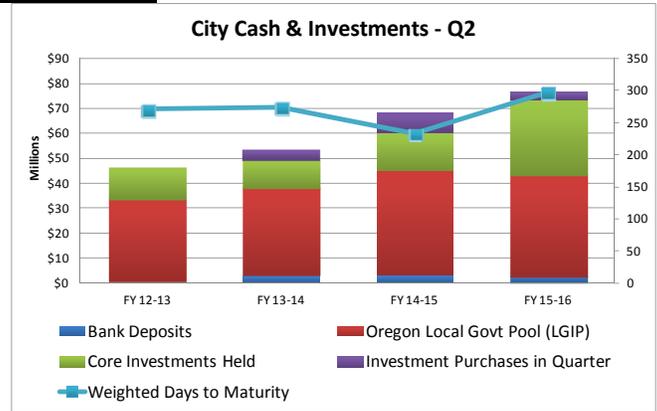
## CAPITAL IMPROVEMENT PROJECTS QUARTERLY UPDATE ON SIGNIFICANT ACTIVITY

<b><i>South Corvallis Drainage Improvements</i></b>	<u>CIP Doc Pg:</u> <a href="#">5</a>	<u>Adopted Budget:</u> <b>\$70,800</b>	<u>Amended:</u> <b>\$70,800</b>	<u>YTD Expended:</u> <b>\$9,249</b>
This project will design and construct approximately 10,000 feet of storm sewer pipe for the Airport basin. The project design is on hold until an assessment program is established for Airport lease holders.				
<b><i>Municipal Buildings Rehabilitation</i></b>	<u>CIP Doc Pg:</u> <a href="#">10</a>	<u>Adopted Budget:</u> <b>\$721,900</b>	<u>Amended:</u> <b>\$721,900</b>	<u>YTD Expended:</u> <b>\$165,987</b>
This project extends the life of municipal buildings through a planned program of rehabilitation projects. This fiscal year's budget includes: upgrading interior lighting at the Corvallis-Benton County Library; roof replacements at the Library and Municipal Court buildings; and Fire Station 2 seismic upgrades.				
Design of the Library lighting upgrade was completed in the 1 <sup>st</sup> quarter. The next steps are ordering the lights and installation. The Library roof replacement is 95% complete. The Municipal Court roof replacement is scheduled for the spring of 2016.				
Bid documents are being prepared for the fire station seismic upgrades. Construction is scheduled to begin May, 2016 with completion in July, 2016.				
<b><i>Park Improvements - Existing</i></b>	<u>CIP Doc Pg:</u> <a href="#">21</a>	<u>Adopted Budget:</u> <b>\$1,503,000</b>	<u>Amended:</u> <b>\$1,503,000</b>	<u>YTD Expended:</u> <b>\$108,292</b>
This project provides for improvements for several existing City parks. Improvements that are currently underway include construction of the Arnold Park playground equipment. This was substantially completed during the first quarter, but fabrication errors in the playground components delayed full completion in the second quarter; however, the work was sufficiently accomplished to open the park to the public. The remaining weather-dependent work will be completed in the third quarter.				
<b><i>Storm Water Master Plan Projects</i></b>	<u>CIP Doc Pg:</u> <a href="#">31</a>	<u>Adopted Budget:</u> <b>\$465,000</b>	<u>Amended:</u> <b>\$465,000</b>	<u>YTD Expended:</u> <b>\$215,675</b>
This project implements various elements of the Storm Water Master Plan (SWMP), which identifies upgrades and modifications to the storm water system. Construction is completed for storm pipe capacity issues in the storm drain on Kings Boulevard between Larch Avenue and the Dixon Creek outfall.				
<b><i>Morris Avenue Bridge</i></b>	<u>CIP Doc Pg:</u> <a href="#">49</a>	<u>Adopted Budget:</u> <b>\$1,050,500</b>	<u>Amended:</u> <b>\$1,050,500</b>	<u>YTD Expended:</u> <b>\$612,530</b>
This project replaced the existing Morris Avenue Bridge over Oak Creek near 26 <sup>th</sup> Street. The old wooden bridge has been removed and replaced with a concrete slab bridge deck. The bridge was opened to traffic during the 2 <sup>nd</sup> quarter, while the final punch list items are being completed. Final landscape restoration has been suspended until March, 2016 due to the weather.				
<b><i>Baldy 2<sup>nd</sup> Level Storage Reservoir</i></b>	<u>CIP Doc Pg:</u> <a href="#">84</a>	<u>Adopted Budget:</u> <b>\$113,920</b>	<u>Amended:</u> <b>\$113,920</b>	<u>YTD Expended:</u> <b>\$692</b>
This project was to provide drinking water storage facilities to serve the southwest Corvallis 2 <sup>nd</sup> level water pressure service area. This project is being rescheduled to next fiscal year.				
<b><i>WWRP Secondary Clarifier</i></b>	<u>CIP Doc Pg:</u> <a href="#">81</a>	<u>Adopted Budget:</u> <b>\$4,908,000</b>	<u>Amended:</u> <b>\$4,908,000</b>	<u>YTD Expended:</u> <b>\$198,173</b>
This project designs and constructs a new secondary clarifier at the Wastewater Reclamation Plant (WWRP). The new clarifier will accommodate increased flows due to community growth. Final design is in progress and anticipated for completion in the winter of 2016. The Utilities Division has decided to postpone construction until demands require additional capacity. Timing of implementation of these improvements is not known at this time.				

## CASHFLOW AND INVESTMENT PORTFOLIO QUARTERLY UPDATE

A [Treasury Report](#) is prepared monthly per City policy and is now sent directly to Council to help fulfill its fiduciary responsibilities. The quarterly operating report provides high level updates beyond what is provided on a monthly basis.

The graphs in this section depict four years of data showing total holdings at the end of each second quarter. These graphs illustrate that total holdings have grown over the past three fiscal years, due to: the addition of the local operating levy revenues; the Council Policy to build to a \$6.3 million fund balance reserve in the General Fund; increased receipts from system development charges (SDC), from local development work; and bond proceeds from a debt issuance to finance several capital construction projects, including the Fire Department training facility.



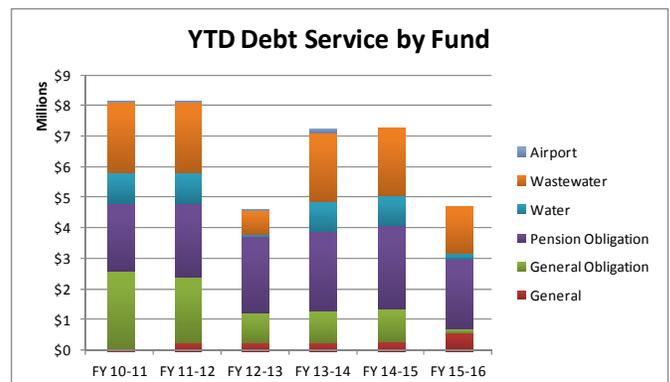
The City strategically ladders its portfolio to gain some market return without undue risk. The graph to the left shows that the City portfolio has typically outperformed the benchmark 2-year Treasury note (T-note) yield. However, in mid-December, the Federal Reserve made a much anticipated increase of 25 basis points (b.p.) in the Fed Funds rate, which in turn led to an increase in T-note yields of nearly 42 b.p., which is 31 b.p. above the City's total portfolio performance over the same period. Global concerns related to China's economy, as well as the rising value of the US\$ and declining fuel prices are among factors which led to T-note yields falling back to near previous quarter levels as of the date of this report. As such, it is expected that portfolio yields will be back above benchmarks by the end of the third quarter, with a March Fed meeting rate hike now heavily discounted. Should additional Fed rate hikes occur in future months as still

being promulgated, any new lag of the City's portfolio return to benchmarks is planned to be mitigated through laddering of long-term investment purchases that balance performance/risk in that current rate environment.

Given sufficient liquidity due to the November/December influx of property taxes and increasing reserve holdings, the target core portfolio has been raised to a maximum of \$40 million. During Q2, \$5.675MM in government agencies and corporates matured, and purchases were made of a \$3MM U.S. Treasury Bond at a yield of 0.89%, a \$2MM FNMA at 0.65%, a \$3MM FHLB at 0.86% and a longer-term \$1MM FHLB at 2.03%. A \$2MM Certificate of Deposit with Oregon State Credit Union was rolled over for an additional year at a higher yield of 0.75%. The core portfolio totaled \$33.5MM at quarter end, and will be increased in accordance with policy to \$37 MM over Q3, assuming acceptable market trends.

## NON-OPERATING EXPENDITURES – DEBT SERVICE QUARTERLY UPDATE

Debt service payments for GO Bonds are typically targeted for the second quarter, in order to match the influx of property taxes. Since most debt issuances require semi-annual payments, the fourth quarter then picks up the remainder by default. Though funding sources have shifted somewhat over the years, the City's total debt service has been in much the same range for the past few years (other than in FY 12-13 when a refunding of several utility-backed loans occurred). The decrease in expenditures in Q2 of FY 15-16 is due to a significant portion of the refunded Water Fund loans under the 2012 Full Faith and Credit Refunding Obligations having been fully satisfied in FY 14-15.



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

COUNCIL VALUES	Management Goals & Objectives	Performance Measures	FY14-15 ACTUAL	FY15-16 TARGET	2 <sup>nd</sup> QTR ACTUAL	FY15-16 YTD
Cost Efficiency	Ensure City financial resources are primarily spent on operations that provide services directly to citizens.	Maintain general overhead costs (City Manager’s Office and Finance) at less than 7% of total operating budget.	5.85%	<7.00%	6.35%	6.01%
	Resolve high priority technology related incidents within a four-hour working time-frame.	Achieve 80% or greater resolution within the four-hour working time-frame. <sup>(1)</sup>	N/A	80%	76%	76%
	Provide multiple opportunities for community involvement while lowering program costs.	Total number of hours worked by volunteer staff in support of parks and recreation activities. <sup>(2)</sup>	29,482 (14.17 FTE)	25,750 (12.38 FTE)	26,272 (12.63 FTE)	34,044 (16.37 FTE)
	Increase community safety by maintaining overall number of traffic accidents resulting in injuries/fatalities at less than the State average of 5/per thousand population.	Fatal and injury traffic accidents per 1,000 population. <sup>(3)</sup>	153 or 2.7/thou	<2.5/thou	9 or .2/thou	43 or .8/thou
	Have utility rates that contribute to Corvallis being an attractive place to live.	Control operation and maintenance costs to minimize annual utility rate increases. <sup>(4)</sup>	0%	≤3.0%	2.8%	2.8%
		Percent of average annual water bill to median household income (\$78,600). <sup>(4)</sup>	0.43%	<0.45%	.38%	.38%
		Percent of average annual wastewater bill to median household income (\$78,600). <sup>(4)</sup>	0.58%	<0.65%	.51%	.51%
Diversity	Provide a welcoming organization that promotes and respects diversity.	% of job applicants for regular positions who identify themselves as a minority. <sup>(5)</sup>	15%	16%	19%	17%
	Offer programs of interest and benefit to all users of the Library and that will attract new users.	Percent of people who visit the Library and attend a program; program attendance divided by physical visits (door count).	7.7%	8.0%	6.7%	8.8%

COUNCIL VALUES	Management Goals & Objectives	Performance Measures	FY14-15 ACTUAL	FY15-16 TARGET	2 <sup>nd</sup> QTR ACTUAL	FY15-16 YTD
	Assure that low income residents' housing needs are met in a cost effective manner.	Housing units occupied by low income households assisted per \$100,000 in City funds invested. <sup>(6)</sup>	6.7	10.0	5.4	6.5
Sustainability	Seek out the most promising Stage 2 companies in Benton County as determined by local employment growth and capital investment and develop a major account manager program that will proactively address their needs and growth opportunities.	Number of Economic Development division staff visits to Benton County's promising Stage 2 companies.	154	150	71	97
	Conserve resources by reducing fuel and paper use.	Percentage of permits issued online (mechanical, electrical, and plumbing). <sup>(7)</sup>	55%	35%	53%	56%
	Maintain average fire loss per capita within city & district limits less than regional average of \$34.40.	Maintain average loss per capita within city & district limits less than national average.	\$12.94	<\$31.90	\$0.14	\$.44
	Increase the utilization percentage of Parks & Recreation granted scholarships.	Percent of total scholarship value expended. <sup>(9)</sup>	58%	47%	46%	12%
	Increase community usage of on-line police reporting system by 10%.	Number of police reports made through the on-line system.	733	806	193	343
	Remain below national average of 10% annual water loss in the distribution system.	Percent of water loss in the distribution system. <sup>(8)</sup>	4.58%	<10.00%	5.80%	3.82%
Community Involvement	Interact with at least 10% of residents (city and rural district) in public Fire education events annually.	Percentage of community members attending public education events.	5.9%	≥10.0%	2.8%	4.23%

1. This is a new performance measure for FY 15-16, therefore FY 14-15 actual statistics were not available and Q1 actual data was an estimate based on partial data availability, however all data after Q1 FY 15-16 is accurate and acquired through help desk software statistics.
2. Volunteer hours in Q2 of this fiscal year have already exceeded the target for the year due to Majestic Theatre volunteer hours being well above what was projected, demonstrating the level in which the community is involved in productions and activities.
3. FY15-16 figures utilize the most recent actual PSU Population Research Group figure of 57,390 (December 2015).
4. These are annual measures calculated in the second quarter; there were no utility rate increases approved for FY14-15.
5. Of the 1,029 applicants in the second quarter, 190 indicated that they are a minority; and 248 of 1,424 applicants YTD.
6. In Q2, there was 1 First Time Home Buyer down payment assistance loan approved and closed and 4 total for FY to-date.
7. Target is exceeded due to increasing awareness as a result of outreach efforts; 386 permits were issued online in Q2 and a total of 934 for FY to-date. This measure will be reviewed for a "stretch" target for next fiscal year, given that it is now regularly exceeded.
8. This measure reports on three months' of data, with the third month's data usually being collected after quarterly reports are submitted which results in future quarter updates. For the Q2 report, quarter data includes a two month average; YTD includes a Q1 update of 2.93%.
9. Each quarter's utilization rate of the family assistance program (FAP) is a percentage of the awards made in that quarter, so may be greater or less than the YTD utilization rate since that is the proportion of total awards granted thus far in the fiscal year (until the \$125K expenditure cap is met). In Q2 \$12,271 was utilized, versus \$26,775 awarded in the quarter. YTD awards total \$358,858, of which \$43,473 has been utilized.