

**CITY OF CORVALLIS  
COUNCIL WORK SESSION MINUTES  
October 18, 2016**

The work session of the City Council of the City of Corvallis, Oregon, was called to order at 3:31 pm on October 18, 2016, in the Madison Avenue Meeting Room, 500 SW Madison Avenue, Corvallis, Oregon, with Mayor Traber presiding.

**I. CALL TO ORDER**

Present: Mayor Traber; Councilors Baker (3:50 pm), Beilstein, Brauner, Bull, Glassmire, Hann, Hirsch, Hogg, York

**II. WATERSHED MANAGEMENT ADVISORY BOARD ANNUAL REPORT**

Watershed Management Advisory Board (WMAB)'s former Chair Jessica McDonald said it was her last term on the WMAB and David Hibbs was now the new Chair. She appreciated the City maintaining a culture of volunteerism and community involvement. She reviewed the annual report and referenced the Forest Activities Report that was included in the meeting packet.

Ms. McDonald, Watershed Specialist Ward, and Councilors discussed how climate change could impact aquatic life and water supplies. Annual monitoring of the Watershed includes measuring stream temperatures. Ms. Ward noted the summer of 2015 was very warm. Strategies to mitigate climate change include keeping water temperatures low by planting flora to shade the stream and during timber harvest planting a diversity of tree species that are more resilient to dryer weather. Ms. Ward confirmed the vast majority of water purchased by the City of Philomath comes from Rock Creek. Water sales are managed as one fund, so the Rock Creek Watershed does not receive any special cash benefits. Revenue from timber sales is reinvested in the forest. Councilors and the public were encouraged to take advantage of the annual Watershed Tour that is offered in May.

**III. SUSTAINABLE BUDGET TASK FORCE TIMELINE AND STRATEGY**

Finance Director Brewer said the Sustainable Budget Task Force (SBTF) was targeting a November 2017 ballot for voters to consider a significant revenue alternative. The City's levy expires in June 2019, and the SBTF wanted to ensure enough time for voters to determine whether they support raising revenues or reducing services. A citywide newsletter will be mailed to all Corvallis households in late November 2016 to educate residents about the state of the City's finances. A statistically valid survey was planned for January 2017 to determine whether voters would support identified revenue alternatives. Councilor Brauner noted the timeline related to General Fund revenues. If a proposed revenue measure did not pass in November 2017, the City would have time to place a different revenue measure on the November 2018 ballot. Councilors and staff discussed the advantages and disadvantages of various revenue possibilities, including an entertainment tax, a sales tax, an income tax, and levies. Councilors supported the proposed timeline.

Ms. Brewer and Councilors next discussed water and street infrastructure funding needs, which are not provided for through the General Fund. Options include utility rate increases, which will be discussed by the Council in November; a local gas tax; and phased increases to the Transportation Maintenance Fee (TMF). Corvallis' TMF is the lowest of its comparators at \$.072 per month, per household. Rates for other cities range from \$2.50 to a high of over \$8.00

per month, per household. The average is \$4.75 and the midpoint is \$5.00. At the midpoint, enough revenue could be generated to meet the \$3.4 million funding gap and it would place Corvallis in the middle of the comparators. Councilor Brauner said he would send the Council a list of the 15 cities that have trip-based transportation fees. If the Council supported raising the TMF, staff would like direction on the timeline for phasing in such increases. Staff could then draft an ordinance or resolution for the Council to consider at a future meeting. Ms. Brewer noted that Scenario C on page two of her October 6 staff report would produce enough revenue to annually generate the needed \$3.4 million.

The Task Force recommended using a “pay as you go” approach by raising rates; they did not support bond issuance. The Task Force also believed generating revenue through utility fees was preferable to a gas tax. Members also favored bringing revenue proposals forward as they were ready, rather than waiting and asking the Council to consider all of them at once.

Councilors understood that the citywide newsletter discussed earlier would be geared toward General Fund needs and alternatives; however, they requested that public outreach should also be clear about utility infrastructure needs and why additional revenue was necessary.

Councilors supported staff bringing a TMF-specific proposal for the Council to consider, as well as phasing alternatives. They asked that the proposal include why \$3.4 million was targeted and what that funding would accomplish. Councilor Brauner said he would work with SBTF member Curtis Wright and staff on the proposal.

#### IV. FINANCIAL POLICIES UPDATE

Ms. Brewer reviewed the staff report. In response to Councilors’ inquires, she provided the following information:

Under Policy 10.03, Expenditure Policies, in the Compensation section, staff recommended incorporating language from Council Policy 3.02, “City Compensation Policy.” The remaining Council Policy language, which is administrative in nature, could then be moved to administrative policies, as Council discussed at its October 4, 2016, work session.

Policy 10.05, Capital Improvement Program (CIP) Policies, Guidelines, item C, states that the Five-Year CIP will be reviewed annually by the Budget Commission. It was not reviewed last year; however, it had been reviewed annually in prior years. The CIP is being improved to make it a more informative tool for the community. In early 2017, staff anticipates presenting the CIP in a joint meeting with the Budget Commission and Planning Commission. Councilor York emphasized the importance of ensuring the community had ample opportunity to review the CIP and provide input.

Policy 10.02, Revenue, Utility Fees, item B specifies that annual combined increases should be limited to no more than 7 percent. Staff recommends deleting the language to facilitate discussions about rate increases over a longer period of time. Councilor Brauner noted the SBTF also discussed removing the language, as such a constraint would not allow the City to address its infrastructure backlog. While the policy permits exceptions, the SBTF observed that an exception would have to be made every year.

Regarding 10.08, Investment Policies, and the City’s decision to invest in fossil-free companies, the table on page 5 of the policy is recommended to be replaced with the same language in

paragraph form to improve readability. The Corporate Indebtedness section continues to reference the Fossil Free Carbon Index Underground report as a benchmark.

Under Policy 10.03, Expenditure Policies, in the Compensation section, item D references Vacant Positions. Staff and Councilors discussed the complexities associated with managing unfunded liabilities. Setting aside funds over an employee’s working life to pay for cash outs when an employee retires or resigns from the City is not financially practical. To stay in compliance with the policy, as part of the budget process, Department Directors annually develop a plan to address vacant positions, which they review with the City Manager. Sometime, positions are held vacant to manage unanticipated cash outs.

In response to Councilor requests, Ms. Brewer agreed to create a financial status online dashboard of revenues and expenses; provide the Budget Commission with a handout showing their responsibilities as set by State law; and include revision date sections at the end of each of the policies.

V. COMMUNITY COMMENTS

Neil Goudriaan expressed concern about unfunded liabilities related to employee vacation cash outs when they leave City employment. In response to his recommendations about implementing progressive human resources policies, such as changing vacation accruals to “use it or lose it,” Councilors and staff noted constraints associated with Oregon’s Public Employee Collective Bargaining Act.

VI. OTHER COUNCILOR COMMENTS – None

VII. ADJOURNMENT

The meeting adjourned at 5:25 pm.

APPROVED:

\_\_\_\_\_  
MAYOR

ATTEST:

\_\_\_\_\_  
CITY RECORDER