

# MINUTES

Eugene Budget Committee  
Bascom-Tykeson Room—The Eugene Public Library—100 West 10<sup>th</sup> Avenue  
Eugene, Oregon

February 2, 2010  
5:30 p.m.

**PRESENT:** John Barofsky, Chair; Claire Syrett, Vice Chair; George Brown, Mary Ann Holser, Shanda Miller, Andrea Ortiz, George Poling, Joe Potwora, Chris Pryor, Ramin Shojai, Doug Smith, Jennifer Solomon, Betty Taylor, Alan Zelenka, members; City Manager Jon Ruiz, Assistant City Manager Sarah Medary; City Attorney Glenn Klein; Central Services Director Kristi Hammitt; Sue Cutsogeorge, Larry Hill, Mia Cariaga, Pavel Gubanikhin, Central Services Department; Becky Carlson, Public Works Department; Police Chief Pete Kerns; Library, Recreation, and Cultural Services Director Renee Grube; Fire Chief Randy Groves; Planning and Development Director Susan Muir; Scott Luell, Planning and Development Department.

**ABSENT:** Mike Clark, Terry McDonald, members.

Mr. Barofsky called the meeting of the Eugene Budget Committee to order.

Introductions were made.

## I. PUBLIC COMMENT

Mr. Barofsky called for public comment. He reviewed the rules of the public comment period.

**Fred Hamlin**, Eugene, said that Eugene had higher levels of crime than many other communities in the United States and was on schedule to set new local records for crime in 2009. He hoped to see a turnaround in 2010. Mr. Hamlin urged the committee to seek out the “silent majority” of residents concerned about public safety, which he believed was at an all-time high. He commended the work done by the task force formed by Police Chief Pete Kern, which had offered a number of short-term ideas as well as some long-term solutions with budgetary impacts. He believed the top priority for Eugene residents was public safety, although he suggested the committee would hear otherwise in testimony. He believed that public safety was paramount to citizens’ enjoyment of downtown, and pointed out that many residents had written off downtown as a place to visit. He urged the committee to make public safety a priority and to improve public safety downtown.

**David Moon**, 1870 Fairmount Blvd., represented the Friends of Hendricks Park. He described his organization’s mission and reported it worked in partnership with the Parks and Open Space Division on projects in the park, which was the community’s first park. He noted that the Friends of Hendricks Park had dedicated about \$175,000 in private funding to the park in recent years. Mr. Moon asked for the committee’s support in maintaining the 78-acre park, which had unique needs due to the rhododendron garden and urban forest, and asked the committee to dedicate funds to continue maintenance. Mr. Moon did not want to see progress in the park go backwards and pointed out that deferred maintenance could lead to higher costs in the future. He advocated that the City maintain the park’s dedicated staff and the

two volunteer coordinator positions, which were important because they allowed the City to leverage its funds for greater impact. He said that the positions had increased the number of persons who volunteered in the park. Mr. Moon acknowledged the difficult budget decisions facing the committee and hoped the park was one of its priorities.

Mr. Potwora asked what the City allocated for maintenance of the park. Mr. Ruiz indicated he would get back to Mr. Potwora with an answer.

Ms. Taylor recalled that the City had stopped watering its parks during a past budget crisis and it cost much to bring them back. She thought that had been a short-sighted strategy and said the City should not defer maintenance of things that would cost more at a later time.

Mr. Zelenka, a member of the Friends of Hendricks Park, spoke of the virtues of the park and encouraged committee members to visit the park to view the improved trail system. He termed it an oasis in the middle of the city and agreed with the remarks of Mr. Moon.

Mr. Barofsky thought such partnerships were important to the community and that the partnership between the Friends of Hendricks Park and the City had demonstrated how that approach had improved the community. He thought it behooved all City managers to enter into private-public partnerships to leverage City funds to the degree possible.

## **II. APPROVAL OF MINUTES**

Mr. Barofsky called for changes to the November 2, 2009, minutes. There were none.

Ms. Syrett, seconded by Ms. Taylor, moved to approve the minutes of November 2, 2009, as submitted. The motion passed unanimously.

## **III. INTRODUCTION**

Mr. Barofsky reviewed the proposed process for speaker recognition. There was no objection to the proposed process.

## **IV. EUGENE COUNTS**

Ms. Monroe provided a PowerPoint presentation on the results of the Eugene Counts community outreach process.

Ms. Solomon and Ms. Ortiz arrived during the presentation.

Ms. Monroe invited questions on the presentation and on the Eugene Counts process.

Mr. Barofsky commended the presentation. He perceived the results of the process as one tool in the tool box that the committee could use to evaluate the budget.

Responding to a question from Ms. Holser about the origin of the process, Ms. Monroe said the process was generated by the council in an attempt to find out which of its goals were most meaningful to the

community and to find out what results the community was seeking. She confirmed that some participants were contacted face-to-face. Ms. Holser commended the City's approach to the process.

Mr. Shojai asked what staff would return to the public and suggested that staff could devise an exercise that allowed citizens to divide \$100 among the desired outcomes. Budget reconciliation could be the next step. Ms. Monroe said that some cities did such exercises, but they could be challenging because of the level of sophistication required in the allocation of dollars. For that reason, the committee was charged to represent the public's interest and was expected to gain the knowledge of what was needed to run the City. Mr. Shojai suggested that such a process would add to the transparency of the process.

Ms. Syrett believed there was value to be gained from the information. Speaking to the issues of accountability and transparency, she suggested that the City consider placing its financial information online in a "bare bones" way that illustrated where reductions had been made and how the budget reflected community priorities. The information could be updated over the course of the year so people could check on what's going on.

Ms. Syrett asked about the intensity of the outreach and if it yielded results staff hoped for. She envisioned that Eugene Counts was the beginning, rather than the end, of the process. Ms. Monroe acknowledged the process was very labor-intensive and said it was not intended to be replicated annually. She anticipated that the City would do "deep check ins" with the community at longer spans with less extensive outreach in the interim.

Mr. Barofsky suggested that the document be footnoted to indicate where Eugene was in August 2009 to allow the community to track progress.

Ms. Syrett expressed concern that the community survey lacked a question related to CAHOOTS and suggested it would be good to capture "those little pieces" that could fall under emergency services or police services. She thought it was important for the committee to know the level of use of those services as well as other community services.

Mr. Zelenka believed that public opinion was important but the more complex an issue was, the less valuable a survey instrument was in informing the decision makers because the responses represented a "snapshot in time." Speaking to Mr. Shojai's suggestion, Mr. Zelenka said that people did not have to live with the results of what they said and could choose to direct their \$100 to the one service they like. He suggested that such a process would take time and would be expensive, which was why the City had the Budget Committee. He suggested that committee members could discuss issues and learn from each other, as well as discuss the impacts of the tradeoffs that faced it.

Mr. Poling noted that the chief's task force recommended that the City increase its contribution to CAHOOTS. He did not think the public needed to be asked about CAHOOTS. He thought that the funding for CAHOOTS should be increased, and said he had requested a breakdown from staff regarding how much time the van spent downtown as opposed to the rest of the community as a way to see if there were other funding sources available.

Ms. Miller asked if there were customer service surveys in place for each time a citizen used a service. Ms. Monroe said yes. The City did not have a comprehensive report of all those, but each service had a mechanism for user feedback. Ms. Miller suggested that could be useful information for the committee. Speaking to public requests for service, she said she had been a Eugene resident for eight years and had not realized until recently that a citizen could submit a request for repairs for streetlights, for example. She was curious about the outreach for that. City Manager Ruiz suggested Ms. Miller's experience showed the

level of outreach was inadequate.

Ms. Miller thought the City had statistics and her own anecdotal experience suggested an increase in property crimes and homelessness and suggested that in an economic downturn, more police might be needed.

Mr. Zelenka noted the Public Works hotline number, (541) 682-4800.

Mr. Barofsky called for a brief break.

## **V. FY11-16 GENERAL FUND FORECAST**

Ms. Cutsogeorge presented a PowerPoint presentation providing the forecast, noting the structural imbalance that currently existed and the need to adjust revenues, expenditures, or both while maintaining the City's reserves. Members asked questions clarifying the information presented.

## **VI. FY11 BUDGET STRATEGY**

Ms. Cutsogeorge's presentation included the assumptions behind the 2010 budget. City Manager Ruiz outlined the proposed fiscal year 2011 budget strategy, noting that the City needed to find \$6.5 million in savings to balance the budget while still maintaining a responsible reserve. He anticipated the City would have a "different service portfolio" next year, with some possible opportunities to realize community goals with one-time money. He suggested that the actual budget would involve some conscious tradeoffs, such as foregone recreation fee increases to ensure continued accessibility. City Manager Ruiz said the committee would also consider the City's "triple bottom line" sustainability tool and customer and employee satisfaction levels in its assessments. He emphasized his intent on moving the organization forward with a focus on what the City could achieve in regard to the council's goals.

Mr. Barofsky solicited questions and comments.

Responding to a question from Mr. Potwora about personnel costs, which Mr. Potwora found on a trajectory that revenues could not support, City Manager Ruiz thought the organizational footprint needed to be reduced to be sustainable over time. He anticipated 30 to 40 positions could be lost. He noted that about 71 percent of the General Fund was in personnel costs. However, the City also wanted to ensure that its employees were fairly compensated to retain valuable employees. He said the collective bargaining issue was a complex web of various interests that needed to be worked through.

Responding to a question from Mr. Potwora about unfunded PERS liabilities as of 2008, Ms. Cutsogeorge said those expenses were built into rates set by the PERS Board.

Responding to a question from Ms. Ortiz about the outcome of the furloughs imposed on AFSCME employees, City Manager Ruiz said that AFSCME employees were taking a mandatory furlough of two hours per week. The City did not capture all the ongoing savings it hoped for from the furloughs, adding to the deficit. Ms. Cutsogeorge said that employees were also given the option of voluntary furloughs, which produced a small savings. City Manager Ruiz anticipated that furloughs would continue as an option through the next year.

Ms. Ortiz asked if staff planned to reduce positions or would look at attrition and retirements. City

Manager Ruiz indicated that decision was not yet made. He recalled that for fiscal year 2010, the City had experienced some retirements and negotiated some severance packages. He said it might be possible to do the same thing this year, and that was his preference. If that could not be accomplished, he anticipated there could be layoffs. Ms. Ortiz asked if the severance packages were individually tailored to the employee or the same for all employees. City Manager Ruiz clarified that a package was made available, and if severance resulted in the City being able to eliminate a position, that was a major factor in the decision. The City had not reissued a broad call for severance applications. Ms. Ortiz determined from City Manager Ruiz there were no mandatory severance packages.

Mr. Barofsky noted the \$5 million in the General Fund left after the committee made its reductions, and that concerned him. He wanted the forecast and budget to be as close as possible to help him make informed decisions. The supplemental budget did not include the \$900,000 transfer to capital, which was a City policy. He wanted to ensure that the City was not putting its money into a savings account rather than funding its service obligations. The City would otherwise get into “the potholes and roads” situation with its capital funding.

City Manager Ruiz addressed Mr. Barofsky’s concerns, saying that the next step was to get to the place where the City was funding the services and service levels that all agreed upon. He did not think the City was “completely there yet.” He wanted to reach a place where the City lived within its means and continued to build its reserves. If the committee wanted more, it could identify reductions and the tradeoffs involved, or look to a new revenue source. He agreed that the forecast should be as accurate as possible and said he asked staff to be conservative when offering the forecast. In regard to transferring funds to capital, he suggested that required a discussion of the community’s priorities. He acknowledged the need for infrastructure investments, but reiterated his concerns about the need to weigh priorities.

Responding to a question from Ms. Syrett about the extent of the freeze on cost of living adjustments (COLAs) for non-represented employees, City Manager Ruiz explained that the City had realized the one-time benefit from the freeze and he did not anticipate freezing the COLA next year.

Mr. Pryor suggested it would be useful for the committee to identify a reasonable level of reserves. He also emphasized the importance of having a committee discussion about the structural ongoing nature of the organization and how to pay for that.

Ms. Solomon determined from City Manager Ruiz that AFSCME had challenged his imposition of furloughs through arbitration but he was unsure of the final outcome of that process.

Mr. Barofsky believed that City staff was scared of the possibility of further reductions and job losses, and that communicating to City employees was vitally important.

Mr. Barofsky recalled that in past years the committee heard a presentation on post employment benefits the City must fund. He suggested that the committee consider having a six percent Reserve for Revenue Shortfall with an added two percent going to offset those future obligations. That would help with both bonding and the City’s credit rating. Regarding capital, Mr. Barofsky said if the City was not going to employ its financial plan, it should build the \$900,000 into the capital budget rather than waiting for the end of the year.

Mr. Poling suggested that when City Manager Ruiz presented the budget, he identify the line beyond where a service’s costs made it unsustainable to fund.

Mr. Smith suggested the potential that the City might close services at one location, such as a pool, while

still providing it another, less convenient location for residents. He suggested that the closed pool could be reopened when economic conditions improved.

Ms. Taylor asked if employees could take one day a month in furlough time instead of two hours a week. City Manager Ruiz indicated the furlough was being implemented in different ways for different parts of the organization, although he was unsure of the details of how it was actually being implemented. Ms. Taylor suggested that how the furlough was implemented could make it more acceptable to employees.

Ms. Taylor suggested that the City eliminated leaf collection, for example, as an unnecessary service; she speculated that could save a great deal of money.

Ms. Syrett pointed out to Ms. Taylor the relationship between leaf collection and the maintenance of the storm sewer system.

Responding to a question from Ms. Holser, City Manager Ruiz recalled that the committee had discussed three funds facing shortfalls the previous year, the Road Fund, the Ambulance Fund, and the Construction Permit Fund. He said work continued on the first two funds but he was unsure what the City could do in regard to the third fund, given that construction activity was down. He said the committee could discuss any or all of those funds if it wished. Ms. Cutsogeorge noted that the revenues going to such funds as the Airport Fund or Ambulance Fund were frequently governed by rules restricting their use. City Manager Ruiz observed that such funds were frequently required to be self-sufficient. Ms. Syrett shared some projects funded through the Airport Fund by way of illustrating City Manager Ruiz's remarks. Mr. Shojai determined from City Manager Ruiz that employees frequently charged different funds for City work.

Mr. Smith called for a discussion of fees for service in the same manner the committee discussed reductions. He believed that that residents would be willing to pay more to keep the services they valued. He noted that he paid his property taxes in three installments with no discount, and asked if all residents could be required to pay in a way that eliminated the discount. Ms. Cutsogeorge did not know, and said it was a State decision.

## **VII. MEMBER PRIORITIES**

Mr. Barofsky solicited members' priorities for the upcoming budget process, noting the City Manager would present the budget at the next committee meeting, scheduled for April 28.

Ms. Syrett wanted to leverage some creative thinking around providing services to homeless youth, in particular finding alternatives for youth who are not actually homeless but who hung around downtown because they had nothing else to do. She recalled that at one time Looking Glass ran a program that employed youth to clean graffiti downtown. She wanted to look at similar strategies that married the idea of creating a better downtown environment with improved public safety in concrete ways that people have confidence in.

Mr. Potwora appreciated City Manager Ruiz's assurance that the budget would reflect the priorities reflected in Eugene Counts. He agreed with City Manager Ruiz that when the organization was under budget constraints, it would have to limit the portfolio of services it provided to citizens while still providing a vibrant set of services.

Ms. Ortiz observed that until last year, the council had been able to add programs in response to community needs during her tenure. She acknowledged that services might have to be reduced but hoped those

discussions began at the employee level to give employees an opportunity to say how services would look and were delivered. She expressed concern about the City's ability to offer services that might be perceived as "extras," such as recreation or library programs, but noted that those programs were heavily used by citizens.

Ms. Holser liked the idea of "stretching out the deficit." She said that the public might question why the City held a large surplus while it reduced services and looked forward to that discussion.

Ms. Holser thought that downtown was helped by having a police presence. She said that Chief Kerns had told City Club members that there were only three officers working downtown, and she thought that downtown would be safer with more officers. She thought the City needed to find a way to fund more officers and make them more visible. She said that the homeless adults who preyed on homeless youth needed to be removed from downtown. She said that the Looking Glass Program removing graffiti was good but it was a small part of public safety.

Mr. Poling expressed appreciation for the work of City Manager Ruiz and staff. He wished to hold the fire and police departments harmless from reductions and agreed with Ms. Syrett that public safety was more than the police. There was a need to fund the courts and programs such as alcohol treatment. He thought the City was on the road to recovery in regard to transportation, given the public's support of the bond measure. He also supported funding on economic development because of its relationship to revenue generation.

Speaking to possible reductions, Mr. Poling called for elimination of the moneys being spent on food for all committee meetings and council meetings and suggested the City instead provide members with coffee, water, and cookies. He believed that while the money was not much it could save a job. He also called for the elimination of all out-of-state travel for councilors and staff and called for such expenditures to be approved by the council.

Ms. Solomon also wanted to hold public safety harmless. She wanted to add police officers for downtown but not at the expense of neighborhoods like Bethel, which had experienced an increase in property crimes. She wanted to get back on track with the capital transfer and "just do it."

Mr. Barofsky likened the local budget situation to the national budget situation and the fact the City needed to continue economic development to grow its way into a sustainable budget. He suggested that might require one-time infusions of cash to address problems like those that existed downtown. Rather than hiring new officers, the City could use overtime more creatively. He wanted to look outside the box for solutions. He wanted to look into the Downtown Urban Renewal Agency as a way to fund public safety expenditures. He noted that President Barack Obama had indicated that the United States would not go to the moon because it could not afford it, but he had directed \$6 billion toward supporting private industry get to outer space. He called on expenditures on local business to aid the economy.

Mr. Zelenka suggested the number one public safety issue was not downtown but property crime and he did not want that overshadowed by the squeaky wheel that was downtown.

Ms. Taylor wanted to do something about the people who broke into cars at the ridgeline trail. She thought that all property tax exemptions in the University of Oregon area should be eliminated. She reiterated her advocacy for the development of new sources of revenue. Ms. Taylor also supported free downtown parking.

Ms. Taylor did not think the City should stop services to people, particularly in an economic downturn.

She said the library and the City's recreational facilities contributed to public safety. She pointed out there were services the City offered that people did not know it had, such as the Police Commission. She believed that commission had served its purpose, could be eliminated, and the council could assume its policy making role. She said the committee should seek out services that were not important to the citizens.

Mr. Pryor likened the mention of public safety to the job requirement of "other duties as required" as it was so broad. Public safety came in a number of different flavors, which spoke to which areas of the budget that should be reduced. He thought that all committee members, given \$100, would spend it differently. He did not want to be constrained by a narrow definition of public safety and the committee to be focused on the best possible outcomes for public safety that achieved the outcomes the council had talked about in its recent goals session.

Ms. Syrett did not mean to imply that homeless youth were the cause of all problems and suggested that predators on youth should be in jail. She said it was important to "think outside the box." She wanted the manager to keep in mind that the economic impact of the City upon the community in terms of job reduction and outsourcing, which tended to eliminate the good job and create a not-so-good job.

Ms. Miller also held public safety as a high priority and agreed with much that had been said. She suggested the potential that an increased police presence downtown would both be beneficial and could move the community closer to community policing. She suggested the committee consider focusing its one-time money on economic development as a means to increase long-term revenues. Ms. Miller commended the outcome-based approach to budgeting. She wanted to discuss how the City could fund services that best spoke to its outcomes and looked forward more to hearing about that process.

Mr. Barofsky emphasized the importance of neighborhoods and said neighborhoods do a lot of work. He commended the Neighborhood Matching Grants Program and said that it contributed to how people felt about their city. He said that planning and development was an important tool in economic development and should be funded accordingly. He said the same was true of recreation.

Mr. Barofsky believed that the committee needed to do something in regard to ambulance transport soon. He appreciated everything that had been done by the council and its intergovernmental partners, but suggested the potential that the committee might need to transfer some General Fund money to ambulance transport because it was a core service that citizens expected to receive. Mr. Barofsky also encouraged investments in information technology and believed the city needed to be on the cutting edge of technology.

Mr. Brown suggested the other half of the public safety equation was funding for treatment and rehabilitation. He did not want to make reductions in those areas. Mr. Brown observed that the library was probably the busiest building in the community and served about 4,000 people daily. He did not think that the City could make any reductions to the library, and pointed out further that it was located in a so-called problem area and helped alleviate those problems.

Mr. Shojai was very supportive of outcome-based budgeting and was also supportive of the City living within its means. He acknowledged that was not easy.

Mr. Shojai supported increased investment in economic development to help reduce the risk of participation for residents who wanted to do business in Eugene. He also supported funding for public safety and agreed with Mr. Zelenka about the importance of addressing property crime.

Ms. Holser emphasized the importance of treatment but also felt that police were important and said it was important to get the right balance. She agreed that adult predators downtown were a problem. She called for appropriately focused investments in economic development and was not supportive of spending money to bring in large firms.

City Manager Ruiz thanked the committee and promised staff would present the most reasonable budget but the committee would have to make the tough decisions. He invited committee members to contact staff if they had questions or wished to meet individually to ask questions.

## **VIII. BUDGET COMMITTEE WORK PROGRAM FOR 2010**

Mr. Barofsky reviewed the recommended work program. Ms. Solomon determined from Mr. Barofsky that funding proposals could include an offsetting funding source.

Ms. Solomon said if the committee completed its business, she would like to have an entire work session devoted to urban renewal and thought the citizen members would be a good sounding board. City Manager Ruiz indicated that staff would invite the lay members to the council's February 10 work session on urban renewal.

Mr. Barofsky adjourned the meeting at 8:55 p.m.

*(Recorded by Kimberly Young)*