

MINUTES

Eugene Budget Committee
Downtown Library—Bascom-Tykeson Room—100 West 10th Avenue
Eugene, Oregon

April 28, 2010
5:30 p.m.

PRESENT: John Barofsky, Chair; Claire Syrett, Vice Chair; George Brown, Mike Clark, George Poling, Chris Pryor, Jennifer Solomon, Betty Taylor, Alan Zelenka, Mary Ann Holser, Shanda Miller, Joseph Potwora, Ramin Shojai, Doug Smith, members; Mayor Kitty Piercy, City Manager Jon Ruiz, Assistant City Manager Sarah Medary, Sue Cutsogeorge, Kristie Hammitt, Twylla Miller, Pavel Gubanikhin, Larry Hill, Mia Cariaga, Myrnie Daut, Central Services Department; Police Chief Pete Kerns; Lori Kievith, Police Department; Fire Chief Randy Groves; Deputy City Attorney Emily Jerome; Rene Grube, Mike Magee, Library, Recreation and Cultural Services Department; Scott Luell, Planning and Development Department; Jan Bohman, City Manager's Office; Alana Holmes, Becky Hopkins, Human Resources; John Brown, EWEB Commissioner.

ABSENT: Andrea Ortiz, Terry McDonald, members.

OPENING REMARKS

Mr. Barofsky welcomed committee members, staff and the public. He reviewed the agenda and procedural issues. Committee members would be allowed two rounds of two minutes each, with a third one-minute round at the chair's discretion, depending on time constraints.

MINUTES APPROVAL

Ms. Syrett, seconded by Mr. Poling, moved to approve the February 2, 2010, minutes as presented. The motion was approved unanimously.

CITY MANAGER'S FY11 PROPOSED BUDGET PRESENTATION

City Manager Jon Ruiz expressed his gratitude for the efforts of staff during the difficult financial times of the past two years. He said the City was trying to develop budgets that addressed a financial storm with several elements: decreasing revenues and increasing expenditures that resulted in a draw on reserves to balance the budget, the recession and dampening of the economy, absorbing the full library levy in FY12 and substantial increases in Public Employees Retirement System (PERS) costs in FY12 and FY14. He said the goal of budget decisions was to balance fiscal responsibility with community customer service and employee satisfaction. He said an important strategy was reducing the organizational footprint, which resulted in a reduction of FTE by 80 over the past two years. He reviewed FY10 budget strategies and identified those that worked well and those that were not fully realized.

Mr. Ruiz said due in part to the unrealized gains in FY10, the FY11 budget gap was \$5.7 million of ongoing costs, which meant the gap had to be filled with ongoing savings instead of one-time solutions.

He said the FY11 budget strategies would continue to focus on minimizing the impact on services and employees while developing a sustainable budget and reviewed issues that emerged from community outreach and would inform the budget process. He said the triple bottom line framework of environment, economy and social equity was also part of the budget process. He reviewed strategies to fill the \$5.7 million FY11 General Fund budget gap through a combination of cost sharing with other funds, internal service fund savings, program and service changes, and new revenues.

Mr. Ruiz explained how cost sharing with other funds would save \$1,745,127; internal service fund savings would realize \$957,807; program and services changes would save \$2,619,215; and new revenues would bring in \$390,000. He highlighted details of program changes to be implemented in the following areas: library, parks, fires and EMS, police, planning and development and recreation. He said additional savings would be realized through reductions of attorney contracts, routine maintenance of off-street multi-use paths, elimination of graffiti removal on private property, reduction of the Lane County Animal Services (LCAS) contract and reduction of the General Fund contingency.

Continuing, Mr. Ruiz reviewed the proposal for social service funding in FY11 and FY12, which included transfer of funds designated for specific agencies or services and undesignated funds to the Human Services Commission. He proposed one-time strategic investments to align with priorities in the following areas: diversity/equity strategic plan, climate change action plan, economy and jobs creation initiative, 2012 Olympic Trials reserve, Ambulance Transport Fund support, and consulting services for Envision Eugene in FY11 and FY12. He stated that the proposed budget involved many difficult choices in order to minimize impacts on services and employees while maintaining a sustainable budget. He listed a number of strategies that were not included in the budget and reflected the next tier with more significant impacts on programs and services.

Mr. Ruiz drew the committee's attention to the document entitled *General Fund Six-Year Financial Forecast, FY11 through FY16* and compared the Reserve for Revenue Shortfall with the target of eight percent of expenditures over the forecast period. He said reserves would be at 6.7 percent in FY16, which was somewhat short of the benchmark but at an acceptable level. He also reviewed the projected FY11 operating surplus/deficit and ending fund balance for the following funds: Ambulance Transport, Construction and Rental Housing, Road, Stormwater and Wastewater.

Mr. Ruiz pointed out that Eugene's 9.4 FTE per 1,000 of population was at the lowest point in 30 years as a result of a conscious strategy to reduce the organization footprint. He said personnel costs represented 60 to 70 percent of the budget and had to be included in any sustainable budget equation. He reviewed contractual expenses for employee groups that were included in the budget. He commented that health care costs continued to increase, but Eugene was three percent less than the national trend through aggressive management of costs. He concluded his presentation by summarizing that the proposed FY11 budget took a long-term approach to developing a sustainable portfolio and appropriate reserves that would avoid annual fluctuations in revenue and expenditures.

INITIAL THOUGHTS FROM COMMITTEE

Mr. Barofsky invited committee members to comment on the proposed FY11 budget.

Mr. Clark stated that the Lane County Board of Commissioners had recently requested financial assistance from the City, but it did not appear that the proposed budget had much flexibility to respond to those types of requests. Mr. Ruiz said he hoped that at the conclusion of the budget process, any changes would continue to stay within the amount of available revenue. He saw little flexibility to accommodate large new expenses without significant impact elsewhere in the budget.

Mr. Poling did not see how the City could make any of the next tier of difficult budget choice because of the impacts on citizens. He felt that people in the community now recognized the City's financial problems and realized that the budget contained no "fat" that could be cut.

Mr. Pryor agreed that there was little flexibility in the proposed budget. He felt optimistic about it because the structural changes being proposed would sustain the City over the long-term and the annual budget process would not consist of making many more painful cuts to realize one-time savings. He recognized that many of the proposed changes were not ones that would be reversed in future years; they would be permanent to City operations and alter its working relationships with other jurisdictions. He was pleased with the proposed social service funding strategies.

Ms. Holser asked if the goal of a sustainable budget meant that there could be no restoration of program cuts or future growth in programs. She hoped the budget process was sufficiently flexible to allow for some adjustments in the future.

Ms. Syrett commented that the budget proposal reflected some difficult choices and she looked forward to the public's reaction to those choices and priorities. She was pleased to see that staff had identified ways to preserve recreation services without increasing fees; a delayed opening for Amazon Pool was a small price to pay for continuing to offer a wide range of services to the community.

Mr. Barofsky was pleased with the openness of the budget process and the level of information provided to the Budget Committee. He had some areas of concern, such as the cuts in the Planning and Development Department that could impact economic development and opportunities for increased revenue. He said that professional planners were necessary to effectively guide the City's growth and it was important to keep the department as whole as possible.

Mr. Zelenka observed that the proposed budget thoughtfully addressed the budget gap and the next tier of cuts and changes were harsh. Regarding specific elements in the budget, he said he preferred to avoid increasing campus area parking fees because many students struggled financially. He was also concerned about impacts of reducing services in Hendricks Park and Owen Rose Garden, the loss of planners and changes to animal control services. He asked why reserves were important and the rationale for setting the reserve for revenue shortfall benchmark at eight percent of General Fund operating expenditures. He also asked for detailed information on the increased costs associated with PERS and absorption of the library local option levy.

Mr. Potwora recognized the willingness of some employee groups to forego COLA (cost-of-living allowance) increases. He also requested more information on the impact of the library levy. He noted that revenue growth from 2010 to 2014 was projected at 10 percent annually while expenses were growing by 11 percent. He wanted to hear union leaders' views on solutions to future budget concerns.

Mr. Smith stated that he cared about the budget and the health and welfare of the community, but hoped that delaying the opening of Amazon Pool could be avoided. He commended the Planning and Development Department for improving how it worked with the development community.

BREAK

The committee took a break from 6:45 p.m. to 7:00 p.m.

Ms. Solomon left the meeting.

PUBLIC COMMENT

Mr. Barofsky reconvened the meeting and outlined the procedures for providing public comment. He stressed the importance of hearing from the community about budget priorities and issues of concern.

David Moon, president of Friends of Hendricks Park, submitted written testimony and highlighted several points during his comments. He stressed that his organization supported maintenance funding for all parks in the City and in order to achieve a sustainable budget it was important to fund positions that supported volunteer efforts and provided leverage for those funds that were allocated for parks maintenance. He said of specific concern was the Hendricks Park forest management plan and the coordinator of that plan. He hoped to see funding for that position restored because of the success of the volunteer program in Hendricks Park and the leveraging it accomplished.

Rich Gaston, former Budget Committee member, stated he was pleased with the direction of the proposed budget and the leadership in confronting some of the City's fiscal imbalances. He was concerned that capital reserves and expenditures were being starved in favor of head count, particularly in view of the continuing imbalance between growth of expenses and income. He sensed intent at some point in the future to move expenses away from the General Fund, possibly to local option levies or bonds. He urged the City to communicate with citizens and build trust that it was an efficient organization and dispel myths that funds were being wasted. He spoke on behalf of animals in the community and said the proposal to reduce by one-third the City's contribution to Lane County for LCAS would result in cuts to animal control. That would create a gap in services that could not be filled by other agencies that lacked the County's enforcement authority. He urged the City to work with the County and nonprofits to explore long-term solutions.

Mr. Barofsky invited comments and questions from the committee.

Mr. Potwora asked for a description of the Hendricks Park forest plan coordinator's duties and the amount required to fund the position. Mr. Moon replied that the coordinator worked with the volunteer work parties, was involved in all of the restoration efforts such as the oak knoll and ivy elimination. He said restoring \$14,000 of the proposed \$30,000 cuts would preserve the forest coordinator position.

Mr. Barofsky commented that the ability to leverage community and nonprofit efforts was an integral part of a sustainable budget. He disclosed that his home was adjacent to Hendricks Park. He questioned what additional costs might be associated with losing the coordinator position if volunteer efforts in the park were reduced.

Mr. Zelenka remarked that thousands of hours of volunteer time had gone into restoring and maintaining Hendricks Park. He said the coordinator position leveraged an enormous amount of volunteer time and effort and he was concerned that the results of those efforts would be lost if the position was eliminated. He was supportive of the request to restore \$14,000 in funding.

Ms. Holser said she also lived near Hendricks Park and the volunteer efforts were essential to maintaining one of the largest urban forests in the State. She said the park also provided educational programs and opportunities and she did not want it to regress to a state of neglect.

Mr. Potwora stated he was supportive of preserving the coordinator position as it represented an opportunity to leverage volunteer efforts on behalf of Hendricks Park.

Mr. Clark said there were a number of City-owned properties in North Eugene that were undeveloped parks. He had previously raised the subject of using volunteers to develop some of those lands to a level of usable condition. He hoped if a volunteer coordinator position was restored to the budget it would also be available for leveraging volunteer efforts on behalf of parks throughout the community.

INFORMATION REQUESTS, NEXT STEPS

Mr. Barofsky reviewed the committee's meeting schedule and agenda topics. He said the scheduled presentations would address some questions raised by committee members and Finance staff would also provide responses to questions and information requests.

Mr. Clark noted that the budget proposed a one-time support for the Ambulance Transport Fund in the amount of \$450,000 and asked for information from the fire chief on how the projected budget gap in that fund for the remainder of the current fiscal year and the next. He said during joint elected officials meeting the Ambulance Transport Fund was identified as an essential service and if General Fund support was required he hoped that option remained on the table for discussion. He did not see any options in the budget for addressing free parking downtown, although that had been a part of the discussions about downtown revitalization.

Mr. Ruiz replied that the Ambulance Transport Fund reserve would be exhausted by the end of the fiscal year and \$450,000 was needed to balance the FY11 budget. He said the question was how to fund various critical services while balancing the other services and priorities in the budget with a fixed or constrained revenue source. With respect to parking, he said that would be discussed by the Council as a part of the strategies for downtown; the Council had not yet adopted a parking strategy. He said the budget implications of whatever strategy the Council selected would then be assessed.

Mr. Poling stated he would submit written questions regarding animal services that had been conveyed to him from citizens. He asked for information on the amount of unexpended funds that had remained in the General Fund Contingency over the past several years as it might be possible to increase the proposed reduction. He said the downturn in the economy probably did not require as many planners as were employed in the past, but asked if the budget was sufficiently flexible to allow for hiring additional planners if there was a significant increase in permits and workloads. Mr. Ruiz replied that staff could be added to avoid delays in processing applications.

Mr. Poling agreed with Mr. Clark about the need for parks in North Eugene. He asked if the City could establish an adopt-a-park program that would allow volunteers to do some maintenance, such as cutting grass on fields.

Ms. Syrett asked how much of the anticipated FY10 grant revenue the City had realized. Ms. Hammitt said \$150,000 was generated in grant revenue to offset operating expenses; significantly more grant revenue was received in other categories.

Ms. Syrett asked if staff costs could be paid from urban renewal funds. Mr. Ruiz said that staff time could be paid from urban renewal funds. Mr. Luell explained that staff activities related to urban renewal were paid from urban renewal funds, but those costs flowed through the General Fund and so that was not always apparent.

Ms. Syrett requested additional information on the 24 percent increase in the Fleet Services Fund. She appreciated Mr. Gaston's remarks regarding animal control services and hoped they would be considered during the committee's deliberations. Regarding social services funding and downtown public safety

strategies, she understood there might be an alternative proposal to purchasing another CAHOOTS van, which could realize some savings. She would email the remainder of her questions.

Ms. Miller was pleased with the fiscally responsible budget proposal. She wondered whether there were any additional efficiencies or innovative practices that could realize additional savings. She noted the implementation of data-lead policing and thought that in the future data information systems could help the City make decisions about how it delivered other services. Mr. Ruiz said staff would continue to seek efficient and cost-efficient methods. He said the development of City performance measures would help to inform future budget processes.

Ms. Taylor agreed with Mr. Poling on reducing the General Fund Contingency and developing an Adopt-a-Park program. She did not understand why volunteers could not work without oversight by City employees. She did not feel that another CAHOOTS van was needed. She questioned why Amazon Pool's opening would be delayed instead of another pool facility. She suggested that in the future it would be better to close a branch library than to reduce hours at the downtown library. She asked how much money would go to the General Fund immediately and on an ongoing basis each year if the urban renewal district was terminated immediately.

Ms. Medary clarified that volunteers worked in many City facilities and programs without staff oversight. She said the volunteer coordinator position at Hendricks Park was prioritizing and coordinating the work of volunteers and coordinating those efforts; not providing supervision. She said Amazon Pool was selected for later opening because unlike other pools, it was not covered and therefore had a shorter season. She said the primary users during the early part of the season were typically specialized groups, not the general public. She said delaying the pool's opening would allow for more major maintenance tasks to be performed between seasons. She said that the proposed budget included the addition of programs at Amazon Community Center.

Mr. Potwora asked for information on the net impact on the General Fund of absorbing the library levy. He also asked if there were alternatives to the County providing animal control services.

Mr. Pryor agreed that it was appropriate for the Council to explore its impact on the budget. He asked what funds beyond the General Fund Contingency were used to support the Council and what types of expenses were associated with Council support, such as staffing, supplies, travel, office space, conferences and training. He was interested in identifying structural efficiencies that would result in ongoing savings.

Ms. Hammitt listed the budget and expenditures paid out of the General Fund Contingency from FY06 to FY10. She noted that the City expects to cover expenses associated with preparation of the voters' pamphlet, Downtown work crew and Human Rights Summit out of the General Fund Contingency in FY10. She said that staff support for the Council was not paid from the General Fund Contingency. She would provide a full accounting of the fund to the committee.

Mr. Smith expressed his strong support for Library, Recreation and Cultural Services and its leadership. He asked that the four-week delayed opening of Amazon Pool be taken off the table. He said the pool was originally envisioned to have a six-month season and the delayed opening only realized a savings of \$8,000. He indicated that South Eugene was underserved in terms of aquatics by Nation Recreation and Park Association (NRPA) standard, which recommends one public pool per 20,000 of population.

Mr. Barofsky asked for a memorandum explaining why expenditures exceeded revenue in the Special Revenue Fund. He questioned why a \$450,000 one-time transfer to the Ambulance Transport Fund was proposed when the fund transferred \$348,000 to the General Fund for Central Services allocation. He asked for an accounting of how the \$348,000 would be used. Mr. Ruiz explained that other funds received

benefits from services provided through the General Fund support, such as from Finance, and the cost of those benefits were allocated to those funds. He said all costs could be absorbed by the General Fund, but the question was what other difficult choices would need to be made to fill that gap.

Mr. Zelenka reiterated his previous requested related to the need for a reserve and the eight percent benchmark, the amounts related to increased PERS expenses and absorption of the library levy, how many staff would be laid off as a result of the 80 FTE reduction, details about the campus park fee increase, options for funding the Hendricks Park forest management plan coordinator, details about the reduction in planners, animal control options, the delay in opening Amazon Pool and the General Fund Contingency.

Ms. Holser commented that there were few satisfactory alternatives to animal control, which was a public health responsibility. She said free parking might be a good way to keep downtown lively, but it was difficult to track parking revenue and expenses in the budget. She asked for an accounting of parking revenue and expenditures. She was also interested in receiving an accounting of the General Fund Contingency.

Mr. Smith said South Eugene had fewer aquatic facilities now than it did 30 years ago. He urged the City to explore the aquatics budget for \$8,000 in savings that would avoid a delayed opening for Amazon Park. He would provide a written statement about the service impacts of a delayed opening. He noted that when the Amazon Pool ballot measure was passed it was with the largest margin of any ballot measure that year.

Mr. Zelenka asked for explanation of the transfer of funds into and out of the Stormwater Fund. He commented that eliminating free parking would cost the City up to \$600,000 annually.

Mr. Potwora asked for details of the impact of PERS increases in FY12 and FY14, and a listing of FTE reductions by department. He also hoped to hear from union leadership about how they envisioned working with the City to address budget gaps.

Ms. Taylor stated that the General Fund Contingency was not related to supporting the Council. She was in favor of reducing the amount in the fund because it was generally used to respond to funding requests by groups and organizations. She felt the fund should be used for expenses that could reasonably be considered contingencies. She was in favor of free parking in downtown and wanted an accurate picture of the costs of parking, including the cost of meters and their maintenance, parking enforcement and administration.

Mr. Barofsky asked for a breakdown of the savings that could be realized from the delayed opening of Amazon Pool. He suggested that rather than establishing a General Fund Contingency a supplemental budget could address any contingencies by using funds from the Reserve for Revenue Shortfall.

Mr. Pryor reiterated his interest in receiving accountings of the expenditure of General Fund Contingency dollars and the costs associated with Council support. He said that budgeting decisions should be informed, but not driven by pleas for funding for specific needs.

Ms. Holser suggested that instead of purchasing a second CAHOOTS van perhaps a local car dealership would be interested in donating a vehicle. She asked what costs associated with the van would be covered by the proposed \$350,000 allocation. She concurred with the remarks from other committee members regarding the General Fund Contingency. She suggested leaving Amazon Pool open later in the year to take advantage of warm weather in the fall. She said pools were important to youth and family activities.

Ms. Miller asked if resources were at an effective level for information technology and if not, what it would cost to achieve that level. She asked if the costs of vehicles and fuel were factored into the creative

parks maintenance strategies. She questioned whether there was a City policy related to vehicle idling and wondered about the extent to which investments in park capital projects increased maintenance costs. She also asked for data on Amazon Pool usage and the impact of a delayed opening on swim meets.

Ms. Medary said the City had a “no idling” policy and she would send that to the committee. She said more efficient maintenance strategies had resulted in a significant savings in fuel consumption. Regarding capital investments and maintenance expenses, she said the City had tended in the past to neglect the maintenance of capital investments. The presentation by Public Works at the next committee meeting would elaborate on that issue.

Mr. Barofsky asked for a status report on initiatives that received attention during the last budget cycle: acquisition of a policy facility on Country Club Road and surplus property owned by the City. He urged the committee to also address the issue of unimproved streets within the City.

Mr. Shojai found it challenging to provide an opinion on the budget without the instruments to determine the need, cost and benefit of services. He indicated that decisions regarding cuts should be based on information about their costs, risks and benefits.

Mr. Zelenka asked for details of FY11 budget strategy #29 related to miscellaneous revenues. He said while the Road Fund was stabilized in terms of operations and maintenance, but a \$150 million backlog of project remained. He asked how strategy #22 related to bike path and pedestrian bridge operations differed from bond funds intended for improving bike paths. He asked for an accounting of library revenue and how much of that revenue remained with the library. Mr. Ruiz replied that the library was a General Fund operation and all revenue went to the General Fund and was redistributed through the budget process.

Ms. Holser remarked that in her experience it was difficult to sustain volunteer programs with staff to provide training and coordination.

Mr. Barofsky reviewed the meeting schedule and agenda topics. He asked committee members to submit intended motions as far in advance as possible to allow for prioritization of the discussions.

Mr. Ruiz asked committee members to forward any additional information requests to Mia Cariaga.

ADJOURN

The meeting adjourned at 8:20 P.M.

(Recorded by Lynn Taylor)