

MINUTES

Eugene Budget Committee
Bascom-Tykeson Room—Eugene Public Library—100 W 10th Avenue
Eugene, Oregon

May 10, 2011
5:30 p.m.

PRESENT: Claire Syrett, Chair; Shanda Miller, Vice Chair; John Barofsky, George Brown, Mike Clark, Pat Farr, Terry McDonald, Andrea Ortiz, George Poling, Chris Pryor, Ramin Shojai, Doug Smith, Betty Taylor, Alan Zelenka, members; Mayor Kitty Piercy; City Manager Jon Ruiz; Assistant City Manager/Planning and Development Director Sarah Medary; City Attorney Glenn Klein; Central Services Director Kristi Hammitt; Deputy Fire Chief Joe Zaludek; Public Works Director Kurt Corey; Library, Recreation, and Cultural Services Director Renee Grube; Police Chief Pete Kerns; Mike Magee, Library, Recreation, and Cultural Services; Lori Kievith, Eugene Police Department; Julie Lindsey, Fire & EMS Department; Karen Burling, Mia Cariaga, Sue Cutsogeorge, Larry Hill, Pavel Gubanikhin, Twylla Miller, Central Services Department; Stephanie Jennings, Scott Luell, Mike Sullivan, Planning and Development Department; Steve Manela, Lane County Health and Human Services.

ABSENT: Mary Ann Holser, member.

I. OPENING REMARKS

Ms. Syrett called the meeting of the Eugene Budget Committee to order.

II. PUBLIC COMMENT

Susan Ban, ShelterCare, advocated for social services, particularly safety net services, to be a top funding priority for Eugene. She reported that ShelterCare would have to close 11 housing units that served families because of the reductions in Human Services Commission (HSC) funding. ShelterCare had a waiting list for services and its existing initiatives were not sufficient to meet the gap for families on the waiting list. ShelterCare would close the list and refer the families on it to other agencies. Ms. Ban said that national studies showed that children who experienced homelessness showed the same signs as those who were abused. She said the community would be better with support systems that helped children thrive, and basic safety net services were a key element of that.

Sven Wahlroos, Vice President of Eugene Fire Fighters Local 851, recalled his submittal of written testimony expressing his concerns about the proposed 1.8 percent reduction in the Fire and Emergency Medical Services Department budget. He urged the committee to review the statistics he presented. He reported that the proposed reduction would eliminate a fire company that included a paramedic who could provide advanced life support while waiting for an ambulance to arrive. Immediate treatment was vital to ensuring a positive outcome in a medical emergency.

Mr. Wahlroos said the City had two fire stations staffed with multiple fire companies that were strategically located to respond to high call volumes in all parts of the city. That helped to reduce responses times

when multiple incidents occurred. The second company at Fire Station No. 2 primarily responded to fires and accidents throughout the city and provided secondary coverage for medical calls for service to the Whiteaker, Trainsong, and River Road neighborhoods. Mr. Wahlroos expressed concern about the resources that would be drawn from other areas of the city to respond to calls for service in areas previously covered by the eliminated company. Response times would be delayed when the company at Fire Station No. 2 was tied up on a call. He urged the Budget Committee to restore funding for the company.

Liz Schwartz, Director of Runaway and Homeless Youth Services at Looking Glass, described her agency's services for youth and noted a 20 percent increase in demand for services at the same time the agency was experiencing funding reductions. She said such reductions prolonged the time that youth were on the streets and helped to exhaust other community resources, such as emergency room funding. Homelessness youth frequently ended up being chronically homeless adults. She urged the committee to support social services.

Kori Rodley Irons, Executive Director, Community Alliance of Lane County, advocated for allocating resources to those most at risk in the community before the City spent more money on crisis services. She spoke of the many social services programs not funded by the Human Services Commission and said those programs had made the community stronger, more livable, and more humane. She found it unacceptable to let potentially thousands of people suffer because the community could not do a better job of prioritizing its spending. She urged the Budget Committee to consider an increase in social services funding and called for people to come together to discuss how to creatively solve the challenges faced by the community.

Ms. Syrett closed the public comment period and called on the committee members for questions and comments.

Mr. McDonald asked Ms. Ban about the origin of the housing waiting list. Ms. Ban said the waiting list was established in 1985 and it allowed ShelterCare to coordinate with local providers on the allocation of available resources. Responding to a follow-up question from Mr. McDonald, Ms. Ban said that ShelterCare had 29 units on-site and 17 of those served families; that number had dropped to 5, which was inadequate to meet the need. She said there were 35-40 families on the waiting list now, and it would take two to three months to house those families.

Mr. McDonald observed that the State anticipated significant reductions in Temporary Assistance for Needy Families (TANF) funding for families, and asked Ms. Ban how that would affect ShelterCare's programs. Ms. Ban anticipated her agency would see more families that need services. Mr. McDonald concluded that ShelterCare's capacity to assist families had been severely reduced at the same time the community was experiencing significant need.

City Manager Ruiz determined from Ms. Ban that ShelterCare's family housing program received \$300,000 from the Human Services Commission in FY11 but no funding for FY12. Ms. Ban said the housing system as a whole had lost funding for about half the units available.

Ms. Syrett called the committee's attention to the revised work plan.

Mr. Barofsky, seconded by Ms. Ortiz, moved to approve the revised work plan. The motion passed, 12:1; Ms. Taylor voting no.

III. SOCIAL SERVICES

Assistant City Manager Sarah Medary emphasized the effort the City placed on providing residents with accessibility to services throughout the organization in addition to the funding it provided through the Human Services Commission (HSC).

Community Services Grants Manager Stephanie Jennings provided a PowerPoint presentation entitled *Social Services & Affordable Housing* that provided information about services funded by the HSC as well as from other sources. Ms. Jennings first spoke to the need that existed in the community, noting 20 percent of Eugene households lived in poverty, many people were homeless, and the demand for services had increased. She then provided a brief overview of the two intergovernmental plans that guided the allocation of local funds, the *Eugene-Springfield Consolidated Plan* and the *Human Services Plan for Lane County*, and reviewed the goals and desired outcomes of the two plans for affordable housing and community development.

In regard to the goal of increasing access to affordable housing, Ms. Jennings reported the City worked with other jurisdictions and agencies to build supportive housing targeted at the low-income and those with special needs. She emphasized the importance of housing to self-sufficiency. Ms. Jennings reviewed the funding allocated by the City for affordable housing over the past six years, which totaled \$13.7 million and which had leveraged millions of dollars from other sources. She shared a map illustrating the location of City-supported affordable housing projects. Ms. Jennings also noted the City's financial support of social services providers' capital improvements.

Ms. Jennings then discussed funding for operations, reporting that the City funded services both directly and through the HSC. She cited the City's homeless car camping program and the CAHOOTS (Crisis Assistance Helping Out On The Streets) van as examples of directly funded social services. She noted the City provided 54 percent of the HSC's funding, Springfield provided 6 percent, and Lane County provided 40 percent. Ms. Jennings compared the City's HSC allocations for FY11 and FY12, noting the base contribution remained the same (\$1.035 million) as did the Community Development Block Grant contribution (\$350,000). The City's one-time General Fund contribution fell from \$398,000 to \$36,000 and Eugene's direct contract for services increased from \$394,294 to \$791,000. Ms. Jennings reviewed the initiatives supported by the City's one-time General Fund contribution, noting the only item proposed for funding was the Looking Glass Youth Shelter. She then reviewed the initiatives supported by Eugene's direct contracts for services.

Ms. Jennings shared a graph showing the City's HSC contributions over time.

Ms. Jennings noted trends in social services funding, which included continued declines in federal and state funding as well as a change in priorities, the fact that stimulus funds had introduced new services that competed with existing services, and a general policy shift toward permanent rather than emergency housing. She said the HSC's revised approach to funding had resulted changes in the overall mix of services. She called the committee's attention to a document provided to members entitled *Human Services Fund Recommendation for Award by Outcome Area and Rank* for more information about the services funded by the HSC.

Mr. Zelenka arrived during the presentation.

Assistant City Manager Medary emphasized the City's overall investment in social services was growing, although she acknowledged that might not appear to be the case to agencies that experienced reductions. She reminded the committee that last year the City took all the one-time money it had allocated for services and committed to it as an ongoing investment.

IV. COMMITTEE DISCUSSION

Mr. McDonald asked about the status of the City's plan to end homelessness. Ms. Jennings characterized the plan, which the City did in concert with Springfield and Lane County, as somewhat conceptual. The plan was a ten-year plan and it was now five years old. She acknowledged that homelessness had grown during that period because of the economy.

Mr. McDonald emphasized the importance of property tax exemptions to the construction of low-income affordable housing and hoped the City Council continued to support them. He compared the per capita number of affordable housing units developed in Eugene to those developed in Portland and noted that Eugene had exceeded Portland by 2:1. He commended the City for its focus on affordable housing, adding that the jobs associated with such construction were significant.

Mr. McDonald asked if staff considered CAHOOTS to be an emergency program or a long-term program intended to create stability. Assistant City Manager Medary suggested different people would characterize the program differently. She said it was one of the top priorities in the City's 12-point downtown public safety initiative, but the vans went everywhere in the community. Mr. McDonald concluded that the service was intended to augment public safety services downtown to give downtown an economic boost. City Manager Ruiz agreed. He believed the service fit both roles identified by Mr. McDonald. It met an immediate need and was also an investment in a long-term asset.

Mr. Poling agreed with Mr. McDonald about the importance of affordable housing. He referred to a pie chart shared by Ms. Jennings that illustrated the amount that local governments contributed to the HSC and asked if there was a similar chart that illustrated how HSC funding was allocated by jurisdiction. Ms. Jennings indicated that this information is not available.

Mr. Poling believed the nature of the City's one-time funding for social services was understood by the agencies receiving it. Assistant City Manager Medary agreed. She said that all the groups funded with one-time money knew the funding would end. There was simply not enough HSC funding to support all the need that existed.

Responding to a question from Ms. Taylor, Ms. Jennings confirmed that Sponsors had received City funding for the Roosevelt Crossing affordable housing development. Sponsors did not receive funding for operations from the City of Eugene. Ms. Taylor liked the transitional nature of the housing provided by Sponsors, which allowed it to help more people. She understood that those who lived in publicly funded affordable housing could remain even when their incomes exceeded qualifying levels. Ms. Jennings confirmed that those who lived in housing supported by low-income housing tax credits could not be forced to leave if their income increased. Ms. Taylor thought it would be better if such developments were more like Sponsors in the nature of the assistance they provided. Ms. Jennings said when people experienced a sustained income increase they often sought other housing options to avoid quarterly inspections or to buy a house. Services were in place to help people make that transition.

Mr. McDonald observed that St. Vincent de Paul had about 400 units in Eugene, and there were two residents that were over-income.

Ms. Taylor asked if the City helped those in danger of losing their homes because of past due utility bills or inability to make a payment. Ms. Jennings said the City did not have the resources to meet that need but the State had resources available through NEDCO to help residents avoid foreclosure. Eugene Water & Electric Board (EWEB) had programs to help residents with utility deposits and to prevent shut-offs, and it was working to expand those programs.

Mr. McDonald anticipated declines in EWEB's energy assistance program funding.

Ms. Syrett believed the City had demonstrated its commitment to social services and low-income housing. She acknowledged that because of the economy, the need was growing. Speaking to the HSC's competitive Request for Proposals (RFP) approach, Ms. Syrett believed that even if the HSC retained its old process, it would still be facing budget shortfalls.

Speaking to the City Manager's decision to repurpose some of its social services funding, Ms. Syrett wanted the committee to be cognizant of what that meant in terms of what was not funded.

Responding to a question from Ms. Syrett about the amount intended for security deposit assistance, Ms. Jennings said the Housing Policy Board had agreed that \$49,000 was appropriate for a pilot program. She said one of the challenges the board faced was the tradeoff between the provision of direct assistance and the funding needed for affordable housing development. She believed the board felt the deposit assistance funding was a good use of dollars. The HOME Investment Partnership Program limited the resources available to no more than two times the legal definition of the State's security deposit, which was usually one month's rent. On that basis, she estimated a maximum cost at \$1,000 per household.

Mr. Farr emphasized the importance of food and shelter to vulnerable families. He also noted proposed reductions in services to youth, who were vulnerable members of the community. He agreed that Eugene did a lot in regard to affordable housing, including the systems development charge exemptions that had to be paid for out of other sources. Referring to the pie chart showing contributions to the HSC, Mr. Farr observed that the percentages shown had been relatively stable over time, and demonstrated that the City of Eugene provided more than half the money for the human services funded by the HSC. He suggested that in part, it was because Eugene was where services were located.

Ms. Shanda Miller asked for a clarification about the differences between the FY11 and FY12 funding for social services and the increase in CAHOOTS funding. Assistant City Manager Medary explained that the increase in CAHOOTS funding was due to addition of a second van in FY11. Police Finance Manager Lori Kievith further explained that the FY11 funding for the second van included one-time funding for vehicle and equipment acquisition.

Mr. Barofsky wanted to hear more about the reasoning behind the City Manager's recommendation to phase out funding for the Safe & Sound Program, what the City's previous commitment of dollars had funded, and what would be lost. While the funding was listed as a one-time expenditure, Mr. Barofsky believed it had been intended to be ongoing and asked if the cut was needed to reduce the deficit. Ms. Jennings referred Mr. Barofsky to the program outcomes listed in a handout provided to members entitled *Homeless and At-Risk Youth Services—July 1, 2009-June 30, 2010*.

Mr. Barofsky also favored the direction the City was going with the CAHOOTS van and hoped it could be continued. He asked staff to consider some creative funding approaches to free up additional social services funding.

Mr. Barofsky asked if the positive outcomes listed in the handout would go away because of the lost funding. Lane County Human Services Division Manager Steve Manela said the two primary programs supporting the Safe & Sound Program were the New Road Access Center and Station 7 Shelter. Those programs continued to be funded through the HSC, although at a reduced level. He believed said the behavioral health component of the program and pretreatment services for youth were the largest unfunded elements of the system; 53 youth had received behavioral health services in FY11.

In response to Mr. Barofsky's question, City Manager Ruiz clarified that the money previously allocated for the Safe & Sound Program was redirected to the CAHOOTS service.

Mr. Pryor appreciated that the base contribution had not changed but he did not think it was sufficient. The HSC had been forced to make sharp reductions, which made conditions worse. People needed more services than before but there was less money. He did not think it was realistic to expect the Budget Committee to come up with a complete solution to the funding shortfall, but it could make changes to the budget if members felt that was necessary. He said the committee could also decide to make a recommendation to place more funding into social services even if the City did not have the money.

At the request of Mr. Zelenka, Ms. Jennings provided a brief overview of the services that would be lost with the cessation of one-time funding. She explained that some of the affected services had been included in providers' responses to the HSC RFP and some had fared well in that process. Assistant City Manager Medary said staff could quantify all the reductions but it would take some time.

Mr. Manela reviewed the elements of the Safe & Sound Program affected by funding reductions.

Mr. Zelenka observed that Springfield had 20 percent of the area's population but contributed only 6 percent to the HSC, while the City of Eugene contributed 54 percent. He asked what mechanism existed to ensure that Eugene's contributions to the HSC went to Eugene residents. Assistant City Manager Medary said one way to ensure that was through direct contracts for service.

Mr. Manela has further explained that the HSC was prohibited from restricting services on the basis of residency for many services, including services for the homeless. When the HSC developed its allocation plan for services, it considered where the low-income populations in Lane County lived and apportioned resources in those areas. He said about 60 percent of those served lived in Eugene. He said traditionally, HSC had not based its allocations on residency. Mr. Zelenka suggested it might be time to do so because he did not think the City of Springfield was acting in a fair manner.

Responding to a question from Mr. McDonald, Mr. Manela said the HSC was working with a list of service gaps that resulted from the outcome of the HSC RFP process, and that included things such as the Family Housing Program, culturally specific services provided by Centro Latino-Americano, the impact program operated by Whitebird Clinic, Lane Council of Governments' senior and independent living program, and the Egan Warming Center.

Mr. McDonald believed it was fair to say that Eugene had created or sponsored a number of programs that were now gone because the City chose to reduce one-time funds and not support those programs but left them to the competitive RFP process.

In response to Mr. McDonald's remarks, Mr. Manela stated the biggest challenge facing human services was to get people together around policy and ownership issues. The community was facing large reductions in state and federal funding and it was incumbent on the three local jurisdictions to figure out how to move forward. He pointed out the majority of HSC members were elected or appointed officials from Eugene, and they established the priorities in concert with the other members. He said the HSC knew it would not have the same one-time funding available from the three jurisdictions and did not include them in the RFP. As a result of having less money, the HSC faced some challenges in making allocations.

Ms. Syrett called for a brief break.

V. INFORMATION REQUESTS, NEXT STEPS

Mr. Barofsky asked staff to look into the possibility of using wastewater funds to support portable toilets for homeless camping spaces. He also asked that answers to Budget Committee questions be distributed via email prior to each meeting rather than provided in hard copy at the meeting.

Mr. Shojai referred to page C.34 and asked for a clarification of the increase in personal services expenditures for stormwater services that was not proportional to the changes in FTE count. He referred to page C.33 and asked the same question in regard to personal services in wastewater.

Mr. Clark asked how much money a 1.8 percent reduction represented to the Police and Fire Department's budgets.

Responding to a question from Ms. Miller about the City's response time target and current trends, Deputy Fire Chief Joe Zaludek acknowledged response reliability would be reduced as a result of the reduction at Fire Station No. 2. He said the City's target response time was four to six minutes in core areas. The goal was a four-minute response. Ms. Miller requested average response time by neighborhood and for the city as a whole.

Mr. Zelenka asked that the FY12 budget reduction information requested by Mr. Clark be provided for all departments, as well as the total General Fund budget reduction amount. Ms. Hammitt referred to page A.6 of the FY12 proposed budget document that provides a summary of major budget changes.

Ms. Syrett questioned the proposed vehicle replacement expenditures in the Fleet Services Fund given the City's fiscal crisis and shortfall in social services funding. She suggested that instead, the vehicles could be acquired over time. Mr. Corey explained that fleet vehicles were on a planned replacement cycle that had been placed in abeyance for the last two years and that fact was catching up with the City. The City's strategy was to track each class of vehicle and replace each at a point that optimized the resale value but had reached the point of diminishing returns. Ms. Syrett wanted to ensure the City's investments represented tough and careful choices given the social service needs that existed.

City Manager Ruiz said that Fleet Services had worked with the Police Department to push the useful life of police motorcycles out to seven years, but that required more expenditures on maintenance and at some point the vehicle reached the point where that was no longer wise. Mr. Poling added the manner in which police vehicles were driven could create structural stresses that caused catastrophic vehicle failure in patrol cars. He said the safety of employees was a high priority for him.

Responding to a question from Mr. Poling, Deputy Chief Zaludek said response times were consistent with all three battalions. Response reliability had gone up because there were 16 engine companies to draw from. Mr. Poling asked if there was a way to model how third battalion coverage affected Fire Station No. 2. Deputy Chief Zaludek responded in the affirmative. Responding to a follow-up question from Mr. Poling, Deputy Chief Zaludek confirmed that Eugene's ambulance staffing was considered minimal staffing by industry standards.

Ms. Ortiz determined from Deputy Chief Zaludek that the City planned to replace five medic units in the coming year. She asked if the lives of City-owned medic units would be increased by the City's contract with Rural Metro to do low-level ambulance transfers. Deputy Chief Zaludek believed there was potential for that. However, the City would still put a tremendous number of miles on its medic units.

Ms. Ortiz determined from Deputy Chief Zaludek that the three captain positions proposed for elimination at Fire Station No. 2 would be eliminated through attrition. Deputy Chief Zaludek clarified that the engine company would be fully staffed, the tower would be routine staffed with a medic unit, and the engine company had the ability to staff the tower in extreme circumstances. Ms. Ortiz concluded there was some coverage but it was not optimal.

Mr. McDonald asked about the status of the City's poplar farm. Mr. Corey said the farm was planted out and the City was about three years from its first harvest. The City had hired a consultant to assist with the marketing of harvested wood. He did not know what the harvested materials would be used for due to changing market conditions. Mr. McDonald stated that he looks forward to the farm's contribution to the General Fund. Mr. Corey anticipated the revenues would go to offset the costs of the regional wastewater treatment plant rather than the General Fund.

Mr. Farr suggested that staff could provide the committee with statistical information about reductions in response time experienced at the Bethel fire station when it became an engine company to illustrate the effectiveness of a two-person versus three-person crew.

Ms. Ortiz stated that she wants to establish a funding source that could be used to provide portable toilets and trash service to those who agreed to host homeless campers.

Mr. Barofsky noted that the City has multiple unfunded needs, such as Ambulance Transport Fund shortfall, Parks & Open Space operations and maintenance, and deferred maintenance of City facilities. He advocated that the citizen members of the committee be charged with the task of reviewing some of the many funding challenges the organization faced. Ms. Syrett reminded Mr. Barofsky of past citizen subcommittees and suggested that the committee could identify one or two such subcommittees to work over the next year.

Ms. Ortiz noted the HSC's preliminary discussions of possible community benefit tax to underwrite human services, and said she believe such a tax needed to be assessed on a countywide basis.

Mr. Clark suggested the potential that targeted timber harvests could provide more local revenues for social services.

Ms. Syrett stated she wants to review the FY12 budget reductions at a high level and does not want the committee to delve into line item detail

Mr. Barofsky asked how the FY11 underspending is reflected in the FY12 proposed budget. Mr. Cutsogeorge indicated that the staff have included the FY11 savings unto the FY12 budgeted beginning working capital.

VIII. ADJOURN

Ms. Syrett reminded the Budget Committee members about tomorrow's meeting agenda and adjourned the meeting at 7:46 p.m.

(Recorded by Kimberly Young)