

MINUTES

Eugene Budget Committee
McNutt Room—Eugene City Hall—777 Pearl Street
Eugene, Oregon

May 17, 2011
5:30 p.m.

PRESENT: Claire Syrett, Chair; Shanda Miller, Vice Chair; John Barofsky, George Brown, Mike Clark, Pat Farr, Andrea Ortiz, George Poling, Chris Pryor, Ramin Shojai, Doug Smith, Betty Taylor, Alan Zelenka, members; City Manager Jon Ruiz; Assistant City Manager/Planning and Development Director Sarah Medary; City Attorney Glenn Klein; Central Services Director Kristi Hammitt; Police Chief Pete Kerns, Deputy Chief Karen Brack, Fire & EMS Department; Public Works Director Kurt Corey; Library, Recreation, and Cultural Services Director Renee Grube; Mike Magee, Library, Recreation, and Cultural Services; Lori Kievith, Eugene Police Department; Mia Cariaga, Larry Hill, Sue Cut-sogorge, Twyla Miller, Pavel Gubanikhin, Mike Penwell, Central Services Department; Scott Luell, Planning and Development Department; Mark Schoening, Public Works Department.

ABSENT: Mary Ann Holser, Terry McDonald, members.

I. OPENING REMARKS

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

Ms. Syrett recalled the committee's discussion of the possibility of forming subcommittees to study budget-related topics more intensively, and said she would recommend the citizen members meet to identify subjects to recommend to the full committee.

III. FY12-17 MULTI-YEAR FINANCIAL PLAN

Central Services Department Director Kristie Hammitt presented the City of Eugene's FY2012-2017 Multi-Year Financial Plan (MYFP). She explained the plan was a compilation of significant unfunded capital, service, or operation needs that City departments expected to face over the next six years. Items included in the MYFP must meet a threshold of \$250,000 in any one year of the six-year period. The 2012-17 MYFP included 51 unfunded items at an estimated cost of \$281 million. The executive management team had reviewed all the items and identified nine high priority items for funding in five categories: 1) Continuing Current Services; 2) Preserving and Maintaining Our Assets; 3) Achieving Efficiencies or Long-Term Savings; 4) Implementing Adopted Plans and Policies; and 5) Improving or Expanding Services.

Ms. Hammitt emphasized the benefit of the MYFP as a planning tool for the organization, in particular that it increased understanding of the operational impacts of decisions related to capital and maintenance deferral. It also demonstrated the unfunded operational impacts of capital decisions, such as the acquisition of park lands without adequate funding to maintain or operate them. She said the plan was linked to the Capital Improvement Program (CIP) in that unfunded costs for capital projects in the CIP may also

appear in the MYFP. The MYFP reflected whether unfunded costs were capital, facility-related, or program-related.

Ms. Hammitt reviewed the criteria that staff used to determine if an item was a high priority: 1) the potential impact on core service delivery; 2) the level of commitment the City already had to the item; 3) the preservation of prior City investments in infrastructure and facilities; 4) the ability of the City to sustainably fund an item over time; 5) the degree of community interest in an item; and 6) the expert evaluation of service delivery needs going forward.

Ms. Hammitt reviewed the nine high priority items:

1. <i>General Fund Shortfall</i>	\$26,113,000
2. <i>Ambulance Transport Fund Shortfall</i>	\$7,843,000
3. <i>Parking Fund Stabilization</i>	\$3,347,000
4. <i>Parks & Open Space Operations & Maintenance Capacity</i>	\$12,000,000
5. <i>Deferred Maintenance</i>	\$14,416,000
6. <i>Pool Preservation</i>	\$2,500,000
7. <i>Pavement Preservation Backlog</i>	\$64,450,000
8. <i>Envision Eugene Technical Work</i>	\$1,500,000
9. <i>Jail Bed Additions</i>	\$1,855,000

SIX-YEAR TOTAL \$134,000,000

Ms. Hammitt provided additional detail about each unfunded priority and the amount of money it would require to fund each item in each of the six years of the MYFP.

Ms. Hammitt referred the committee to the remaining 42 unfunded items identified in the MYFP, noting that the majority of them fell into two categories, Continuing Current Services and Implementing Adopted Plans and Policies. She highlighted *Emergency Medic Unit Additions* and *Equipment Replacement* in the Continuing Current Services category and the *Police Staffing Initiative* and *Willow Creek/Churchill Aquatic and Community Center* in the Implementing Adopted Plans and Policies category as large and significant unfunded items.

Ms. Hammitt suggested the MYFP could be a valuable planning tool that allowed the committee to better evaluate the long-term impacts of short-term decisions and if they could be sustained into the future.

III. COMMITTEE DISCUSSION

Mr. Barofsky commended the presentation and termed it eye-opening as to the challenges that lay ahead. He also commended the assumption that building capital preservation resources were increased by \$100,000 per year through FY17.

Responding to a question from Mr. Barofsky, Assistant City Manager Medary clarified that the costs estimate related to Envision Eugene did not include any legal costs incurred as a result of an appeal. City Attorney Klein envisioned minimal legal costs in the event of such a challenge because it would be handled in-house and most costs would be related to preparation of the record.

Ms. Ortiz determined from Ms. Hammitt that the proposed budget carried forward the funding for jail beds approved the previous year as well as one-time funding for more jail beds to support the Downtown Public Safety Initiative.

Mr. Clark determined from Ms. Hammitt that the added funding for jail beds included about \$50,000 for related court and prosecution costs. Mr. Clark recalled that Municipal Court Judge Wayne Allen had stated to the Police Commission that the court could easily use 25 more jail beds. He indicated he planned to offer the committee a motion to fund ten jail beds to increase the total to twenty, as well as ten more beds in FY13. He also planned to offer the committee a motion to allocate funding to Buckley House at a level commensurate with past City of Eugene allocations. Mr. Clark recalled the presentation on gang activity that the Police Commission heard at its May meeting, and suggested that additional funding for the Eugene Police Department (EPD) focused on downtown could assist with that growing problem as well.

Ms. Ortiz, a member of the Intergovernmental Human Services Commission (HSC), encouraged Mr. Clark to include direction to the City Manager to work with other participating jurisdictions represented on the HSC in his motion regarding Buckley House because of the interest expressed by those jurisdictions' representatives in adding funding for the service.

Speaking to Mr. Clark's remarks about downtown gang activity, Ms. Ortiz suggested that gang members were more likely to be found in her ward than in downtown. She did not want the City's efforts to fight gangs to be confined to downtown because they were more geographically distributed. Mr. Clark agreed.

Mr. Barofsky suggested the possibility the committee could allocate one-time funding for certain projects included in the shortfall identified for Parks & Open Space operations and maintenance, such as restroom repair, to reduce that projected amount. He determined from Mr. Corey that the approximately \$64 million identified for pavement preservation included the costs of preserving improved streets only, and that that the community had 75 miles of unimproved streets.

Mr. Pryor suggested that while it was important to consider the behavior side of the equation through funding such things as jail beds, the committee also needed to consider the economies of scale realized by preventative funding and reach the best balance possible in its allocations.

Responding to a question from Mr. Clark about the funding allocated for Creekside Park, Mr. Corey recalled that the council had directed that capital funding for the park be allocated over two budget cycles with a nominal amount of funding also allocated for operations and maintenance.

There being no further questions, Ms. Syrett noted the committee was ahead of time and the next item was a public hearing scheduled for 7:30 p.m. She moved forward on the agenda to Item V, *Intended Motions Discussion*.

IV. INTENDED MOTIONS DISCUSSION

Mr. Barofsky reviewed his intended motion, which was to recommend to the City Council that \$200,000 of the FY12 marginal beginning working capital in the General Fund be transferred to the enhanced pothole program (\$100,000) and as a one-time allotment to Parks & Open Space operations and maintenance (\$100,000). He suggested that while the amounts were not large, they could help the City avoid future costs and such projects were generally well-received by the public.

Mr. Farr left the meeting.

Responding to a question from Mr. Poling, City Manager Ruiz recalled that the council had directed staff to spend the first \$300,000 of beginning marginal working capital on Creekside Park and the next \$600,000 was placed in the General Fund Capital Projects Fund. If the cost of Mr. Barofsky's motion was

added to that, the first \$1.1 million of beginning marginal working capital would be fully committed. Mr. Poling asked about the certainty the funding would be in place. City Manager Ruiz acknowledged the beginning marginal working capital could be from zero to several million depending on revenues and the time of year. Mr. Poling asked if the funding in Mr. Barofsky's motion could instead be used for a project such as Sandy Drive. Mr. Corey said yes, although he noted that work on the street was planned for the next fiscal year.

Mr. Clark supported Mr. Barofsky's motion as in keeping with the traditional use of the funding in question. He said he frequently heard from residents seeking a maintenance overlay for their streets and he hoped to be able to respond to such requests.

Responding to a question from Mr. Brown, City Manager Ruiz indicated the City anticipated a one-time increase in the Eugene Water & Electric Board's Contribution In-Lieu-of-Taxes (CILT) and, given its one-time nature, he proposed to add it to the City's reserves to help bridge the anticipated budget gap rather than use it to fund an ongoing expenditure. Ms. Hammitt clarified that the City was expected to receive an increase in the element of the CILT that could be attributed to wholesale sales, which was the most volatile CILT revenue source. She emphasized the volatile nature of other City revenue sources, such as property taxes, and said the City relied on all the revenues available to it to balance the budget. She cautioned against committing those funds too early.

Ms. Taylor agreed with City Manager Ruiz that the unexpected CILT revenues should be placed in reserve. She said such revenues should be considered in relationship to the City's unmet needs. She was prepared to adopt the proposed budget and would consider other budget additions if the City received more revenues.

Mr. Poling suggested the committee could pass a motion to ensure the CILT went to the reserves.

Speaking to the anticipated CILT, Mr. Clark pointed out that EWEB's most recent rate increase was not accounted for in the City's CILT projections, and there was more revenue than anticipated from retail sales. He suggested some but not all components of the CILT were volatile. He indicated he would modify his intended motion related to the use of the CILT to fund additional jail beds by changing the funding source to the one-time increase in CILT funding expected in FY12.

Ms. Syrett indicated she would not support a motion to restrict the use of the CILT because of the comments made by Ms. Hammitt regarding the volatile nature of many City revenues.

Speaking to her intended motion to fund portable toilets, Ms. Ortiz indicated she would likely seek a lower amount than she originally suggested while staff did more follow-up regarding utilization of the toilets.

Mr. Barofsky determined from City Manager Ruiz that the City continued to fund the Lane Regional Air Protection Agency (LRAPA) at the same level as in FY11. Noting that Springfield and Lane County had reduced their contributions, Mr. Barofsky questioned how that affected the organization's stability. Ms. Ortiz, the City's representative on the LRAPA Board of Directors, indicated that LRAPA had other funding sources and had been working to shrink its footprint for some time. She said representatives of Lane County and the City of Springfield continued to attend meetings and had not discussed withdrawing from LRAPA. She was glad to see that the budget contained funding for LRAPA given the fact her ward contained many of the businesses that were regulated by the agency.

Ms. Taylor believed that LRAPA was an important public service and was glad to see the City's contribution was still in the budget.

Ms. Taylor questioned whether jail beds were a solution to the problem of gangs.

Mr. Poling suggested to Ms. Taylor that jail beds were not a solution but were another “tool in the tool box” to battle gangs. He asked how LRAPA could continue to operate without funding from Springfield and Lane County. Ms. Ortiz said LRAPA received about 50 percent of its funding from the State of Oregon. She believed the City contributed the largest local share of the agency’s funding. She noted that Oakridge and Cottage Grove were also members and she was unsure of their contributions.

Mr. Poling questioned the equity of the City’s continued contribution to LRAPA in light of other jurisdiction’s decisions to defund their contributions to the organization. He suggested the City continue to participate as a member but redirect its contribution to another use. Ms. Ortiz did not support the proposal because of the value of the service to the community.

Mr. Shojai suggested the possibility of establishing a matching fund for contributions to LRAPA.

Mr. Zelenka believed the City’s contribution to LRAPA resulted in better local air quality. He believed that lesser funding produced lower air quality. For that reason, he supported the City’s contribution to LRAPA. He pointed out that other local governments frequently did not pay their fair share in joint efforts. He said the fallback in the absence of LRAPA would be the State Department of Environmental Quality, which was underfunded.

Ms. Syrett called for a brief meeting break.

V. PUBLIC HEARING ON FY12 PROPOSED BUDGET

Ms. Syrett reconvened the meeting and opened the public hearing.

Mayor Kitty Piercy believed residents wanted to know the committee had them in mind and wanted to be assured that like them, the City was “tightening its belt” and making every decision a cost-effective one. Mayor Piercy also believed the City needed to continue to provide the best services possible recognizing current conditions. She suggested that, when considering service additions, the committee keep in mind the fact the City was in the process of opening a new police headquarters and bringing on new officers. She reminded the committee of the accessible services the City provided its citizens in the form of parks where they could inexpensively recreate and the library, which did not appear as a human services budget line item but was fundamental to maintaining the community’s quality of life. Mayor Piercy asked the committee to consider all the existing services in the budget that the City was struggling to add to incrementally.

Mr. Farr returned.

Robert Roth asked the committee to add to the budget of Adaptive Services so it could hire another full-time staff person and buy another specially equipped van to take clients of the center on more outings. He referred the committee to an e-mail he sent members earlier that provided more information about the center and his request. He praised Hilyard Center and spoke of his daughter’s Rebecca’s participation in center-sponsored activities, which was made possible by continuity in staffing. That continuity had been fortunate in its staffing in the past but the part-time nature of the center’s staff tended to foster turnover.

Scott Olmos, City of Eugene Fire Captain and President of Eugene Fire Fighters Local 851, reiterated his organization’s concerns about City Manager Ruiz’s proposal to reduce staffing at Fire Station 2.

Ms. Syrett closed the public hearing.

Committee members asked Mr. Olmos questions clarifying the situation at Fire Station #2. Mr. Olmos indicated the City would lose a truck company at Fire Station #2 and instead a swing company would respond. He said the station currently housed a truck company and a fire engine. The fire truck company would become an “either/or” and three Fire Captain 1s and three engineers would be lost to attrition. Mr. Olmos estimated it would cost \$317,000 to restore the three lost positions at Fire Station #2.

City Manager Ruiz clarified that three positions in question would be eliminated as of July 1 and, if restored, would result in elimination of the ambulance service. It would cost a total of \$1 million to fund the positions and the ambulance. He said the proposal saved money through the elimination of positions and by assigning the six remaining employees to an ambulance rather than to a truck company. That gained needed ambulance capacity and saved money.

Mr. Olmos clarified that the fourth ambulance was not currently in place and was in addition to the existing service.

Ms. Syrett asked staff to provide the committee with an estimate of the cost of adding an additional Full-Time Equivalent (FTE) at Hilyard Community Center.

Ms. Taylor asked if the department considered it to be more important to put out fires or rush people to the hospital. Mr. Olmos said both functions were critical. He said the first response fire engine slated to be eliminated did both fire suppression, but 80 percent of the time the engine responding to accidents and hazards. The City would now have to rely on nearby companies to respond to that need. If given the choice, Mr. Olmos would restore the fire company and address the ambulance transport issue a different way.

Mr. Zelenka left the meeting.

Mr. Smith thanked Mr. Roth for his testimony. He asked questions clarifying Mr. Roth’s request.

Returning to the subject of the proposed elimination of the fire company at Fire Station #2, Ms. Ortiz asked if the Ambulance Service Area (ASA) redesign discussed by the council in the past would alleviate the problem, or did the City still need four medic units within the city limits. Deputy Chief Brack responded that it would help the situation if the City gave up the calls in Zone 3, but eliminating those calls from the call volume still left the department with a capacity problem. Ms. Ortiz determined from Deputy Chief Brack that the number of calls reflected the Rural Metro contract. Ms. Ortiz asked if Rural Metro could begin higher level transports. Mr. Olmos believed Rural Metro was ready to step in at any time, but the department would have to address the question of at what point revenue lost to Rural Metro would cause problems.

Ms. Ortiz supported the fire fighters but believed the issue required a more comprehensive discussion and said she had asked Chief Randy Groves to reconvene the task force that previous met about the issue.

Mr. Brown left the meeting.

Mr. Shojai asked about the impact of the proposed reductions at Fire Station #2 on response times. Deputy Chief Brack anticipated that response times would increase slightly and the department would make adjustments to mitigate that to the degree possible.

Mr. Pryor thought that both the fire fighters and the manager had reasonable positions but he did not know where the committee would find the money to support both the fire company and the ambulance. He believed that no matter the committee's ultimate position, the issue required further discussion.

VI. INTENDED MOTIONS DISCUSSION (continued)

Mr. Barofsky, seconded by Mr. Clark, moved to recommend to the City Council that \$200,000 of the FY12 marginal beginning working capital in the General Fund, after the \$900,000 transfer to the General Capital Projects Fund, is transferred to the Public Works enhanced pothole program (\$100,000) and (\$100,000) to the parks department as a one-time allotment for O&M.

Mr. Barofsky reiterated his rationale for the motion and emphasized that it represented only a recommendation to the City Council.

Ms. Syrett expressed appreciation for Mr. Barofsky's creativity and forethought in regard to preservation of City assets and indicated her support for the motion.

The motion passed, 9:1:1; Ms. Taylor voting no, and Mr. Shojai abstaining from the vote.

Mr. Clark, seconded by Mr. Barofsky, moved to recommend to the council that, upon receipt of the unanticipated additional CILT moneys from EWEB, the City spend \$707,000 for ten more jail beds than are currently budgeted in FY12 for a total of 20, and to add ten beds for FY13.

Mr. Clark wanted to address both the capacity problem that existed now and the potential that the community would have to address more gang violence. He was also concerned about the potential of a spike in crime similar to the one that occurred a few years ago when Lane County reduced its jail funding. He wanted the City to be prepared in case Lane County reduced its jail funding again.

Mr. Clark asked Chief Kerns to speak to the need for jail beds. Chief Kerns confirmed that the jail beds were vital in helping the department manage crime, including the community's street gang problem.

Responding to a question from Mr. Farr, Chief Kerns anticipated he would probably use the funding to purchase Springfield jail beds because they cost less than Lane County beds.

City Manager Ruiz determined from Mr. Clark that he was proposing to allocate \$350,000 for FY12 and \$357,000 for FY13. Mr. Clark indicated he wanted to keep the expenditures within the confines of the funding made available through the CILT.

Ms. Ortiz indicated her preference for a funding source would be the unexpended money in the FY11 EPD budget intended to pay for the Downtown Public Safety Team.

Responding to a question from Ms. Syrett, City Attorney Klein indicated that the committee could not actually budget for FY13 at this time but could indicate its intent.

Mr. Barofsky determined from Chief Kerns that the jail beds would be used to house only those offenders convicted and sentenced in Municipal Court.

Responding to a question from Mr. Shojai, Chief Kerns said police agencies in Lane County probably needed about 1,000 jail beds but had access to only 400 jail beds at this time, including those in Springfield, and any addition would help the EPD manage crime. He acknowledged it was hard to know the precise impact of the added beds, but he pointed out that if the City had the ability to keep such offenders until they were tried and sentenced, it could avoid them from committing additional crimes and they were less likely to reoffend in the future.

Speaking to Ms. Ortiz's remarks, Mr. Clark said he considered that source but he understood Chief Kerns could use that funding to purchase needed equipment to support data-led policing that would also be used by the new officers being hired.

Mr. Smith emphasized the importance of having jail beds to house criminals. He determined from Ms. Hammitt that the City's contract with Lane County ensured that it paid for the number of offenders that were actually jailed.

Ms. Taylor left the meeting.

Ms. Ortiz indicated she would support the motion even though she preferred to use the unspent money in the EPD budget. She also emphasized the citywide need that existed for more policing of the gang problem.

Mr. Clark agreed that the gang problem was citywide and he was concerned about the department's capacity to address it, which was why he chose to offer the committee a motion with a larger amount than was available in the existing EPD budget.

The motion passed unanimously, 10:0.

VII. ADJOURN

Ms. Syrett adjourned the meeting at 8:30 p.m.

(Recorded by Kimberly Young)