



Memorandum

Date: May 29, 2013
To: Budget Committee Members
From: Mia Cariaga, Assistant Finance Director
Subject: May 30th Meeting Materials

Please find the following in this packet of materials:

- Agenda for May 30, 2013 Budget Committee meeting
- Committee requests and responses or status updates

Hard copies of these items will be provided to Budget Committee members at the meeting. These materials will also be made available online at www.eugene-or.gov/budget and www.eugene-or.gov/pw.

We look forward to seeing you on Tuesday. If you have questions about the packet or meeting date, know that you will not be attending the meeting, or need other help, please call me at (541) 682-5408.



A G E N D A
EUGENE BUDGET COMMITTEE
Thursday, May 30, 2013
Downtown Library, Bascom-Tykeson Room
100 West 10th Avenue, 5:30 p.m. – 8:30 p.m.

- 5:30-6:30 p.m. I. Public Comment
This is an opportunity for members of the public to comment on budget priorities. Comments may be limited to three minutes per person and may be less, depending on the number of persons wishing to comment. Budget Committee members may ask clarifying questions of those testifying and will be given an opportunity to comment on what they have heard from the public at the end of the public comment time.
- 6:30-6:45 p.m. II. Break
- 6:45-8:30 p.m. III. Committee Discussion
Laura Illig, Chair
- 8:30 p.m. Adjourn

We are committed to access for all participants. All events are held in wheelchair accessible rooms. For individuals who are hearing impaired, an interpreter, note taker or FM assistive listening system (if available) can be provided with one week notice prior to the event. Materials can be made available in alternate formats if requested in advance and are available on the City's website at www.eugene-or.gov/budget. To arrange for services or for more information about the session, please contact the Finance Division at (541) 682-5512.

4/30/13	Brown, Rust	<p>1. a. What is the amount of each department's end-of-year fund balance for each of the last 5 years?</p> <p>b. What is the amount of unanticipated revenues in December's supplemental budget for each of the last 5 years?</p> <p>Please see attached.</p>
4/30/13	Brown	<p>2. a. How much has been spent (total dollar amounts) on exempt employees in each of the last 5 years?</p> <p>b. How much is projected to be spent on exempt employees in FY14?</p> <p>c. Separately, please provide the same information for non-exempt employees.</p> <p>Pending.</p>
4/30/13	Brown	<p>Since 2009, how many staff positions have been added to the CMO at what cost per year?</p> <p>Pending.</p>
4/30/13	Brown	<p>3. a. How many positions were there in the City Attorney's office when it was established, and how many are there currently?</p> <p>b. Will any be added in FY14?</p> <p>c. What is the cost of the contract with Harrang/Long each year for the past 5 years and how much is projected for that contract in FY14?</p> <p>Pending.</p>
4/30/13	Brown	<p>4.a. How many vacant positions are in the 2013 adopted budget?</p> <p>b. How many vacant positions are currently in the budget?</p> <p>c. How many are projected for 2014?</p> <p>Pending.</p>
4/30/13	Brown	<p>5. How many new hires have been made each year since 2009 and what was the cost?</p> <p>Pending.</p>

4/30/13	Brown	<p>6. a. Please provide a breakdown of total costs to date of the Envision Eugene project (consultants, facilitators, City staff time, materials, advertising, etc.).</p>
		<p>b. What is the source of funds that pay these costs?</p>
		<p>c. How much is budgeted to bring the project to completion?</p>
		<p>Pending.</p>
4/30/13	Brown	<p>7. a. How much has been spent on the 20-year visiting component of the South Willamette Concept Plan?</p>
		<p>b. What is the source of funds that pay these costs?</p>
		<p>c. How much is budgeted to bring this part of the whole project to completion?</p>
		<p>Pending.</p>
5/23/13	Evans	<p>8. Request for cost of City Hall rebuild and full maintenance costs.</p>
		<p>Pending.</p>
5/23/13	Clinton	<p>9. Request for status of LCOG and LRAPA funding.</p>
		<p>In the FY13 adopted budget, the Budget Committee and the City Council provided \$61,000 in LCOG and LRAPA membership funding. \$31,000 of this amount came from reducing the Council contingency and was allocated to fund the LCOG membership. \$30,000 of this amount came from one-time savings associated with the temporary closure of the Sheldon Pool and was allocated to fund the LRAPA membership.</p>
		<p>On the FY13 supplement budget in December of 2013, the City Council allocated an additional \$30,629 in LCOG membership funding, for a total of \$60,629. This second component of the FY13 LCOG funding came from the General Fund's marginal beginning working capital.</p>
		<p>The FY14 proposed budget includes \$32,000 in ongoing funding for LCOG membership. It does not include any funding for LRAPA.</p>
5/23/13	Wilde	<p>10. What happened to the \$4M a year that was channeled into the city hall replacement fund from 2001-2012? Is that money still being channeled into facilities replacement funds (323 and 614 in particular)? The City claims that they have the \$15M for a new city hall. Which funds are they referring to?</p>
		<p>Answered in Facility Reserve presentation to the Budget Committee on May 28, 2013.</p>

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| 5/28/13 | Brown | <p>11. If the Riverfront Urban Renewal District were to be "sunsetted", how much of the FY14 fund balance of \$6.7 mil would be prorated back to the City by the Lane Co. Treasurer?</p> <p>Pending.</p> |
| 5/28/13 | Brown | <p>12. Request to resend Fire Chief Groves' rationale from a couple of years ago for eliminating a fire company at station no. 2 and replacing it with an EMS crew.</p> <p>Please see attached.</p> |
| 5/28/23 | Brown | <p>13. Request for an explanation for eliminating 4 detectives.</p> <p>Pending.</p> |
| 5/28/13 | Brown | <p>14. Please provide a line item explanation of the \$300 k reduction from the Police Department and the \$8 k reduction from Planning and Development that were part of the \$1 mil Footprint Reduction.</p> <p>The EPD \$300,000 footprint savings is a reduction to overtime. The \$8,000 savings in PDD is a reduction in materials and supplies.</p> |
| 5/28/13 | Brown | <p>15. How many vacant positions budgeted for FY14 will actually be filled in FY14 and how many will remain vacant but in the FY 14 budget?</p> <p>Pending.</p> |
| 5/28/13 | Brown | <p>16. Please itemize the costs involved for the \$2.8 mil referenced on p.78 of the proposed FY14 budget to transition to a downsized service level.</p> <p>Pending.</p> |
| 5/28/13 | Brown | <p>17. Please account for the drop in Reserve For Revenue Shortfall from \$10.4 mil in FY13 to a projected \$6.9 mil in FY14.</p> <p>Please see last paragraph in attachment on General Fund ending fund balance.</p> |
| 5/28/13 | Zelenka | <p>18. How much of the \$43 million in General Fund ending balance as of June 30, 2012, as represented in the City's Comprehensive Annual Financial Report (CAFR), is available to be used for City Hall or other General Fund purposes? Have the available amounts changed since that date?</p> <p>Please see attached regarding General Fund ending fund balance.</p> |
| 5/28/13 | Zelenka | <p>19. Where did the rest of the Facility Reserve dollars come from (approximately \$4 million)?</p> <p>Please see attached.</p> |

5/28/13 Zelenka **20. What would a \$15 million bond cost the average tax payer?**
The estimated cost per household, on average over the 20 years of the bond, would be about \$15 per year.

5/28/13 Rust **21. Please explain the property tax appeal reserve.**
The Property Tax Appeal Reserve was created in FY12 as a result of large taxpayer appeals. Comcast, which is the City's largest taxpayer, appealed a tax increase assessed by the State Department of Revenue in FY10. The appeal affects taxes levied in FY10, FY11, FY12 and FY13. A state law change adopted by the legislature in the 2011 session allowed the Lane County Tax Assessor to refund the taxes under appeal to Comcast in order to stop the significant accrual of interest due to a taxpayer if an appeal is successful. This reduced taxes paid to Eugene and other Lane County jurisdictions in 2012 and 2013.

The Tax Assessor was not able to refund any interest that was accruing on the tax dollars under contention, however, so there is a remaining financial impact possible from this appeal. As a result, the Property Tax Appeal funding has remained in the budget since FY12. It is possible the financial impact will be less than originally estimated. The appeal is still pending, with the State Supreme Court set to rule sometime in mid-2013. Once there is a final ruling on the appeal, the Property Tax Appeal Reserve could be eliminated and the balance, after making any payment to Comcast in the event of a successful appeal, would be added to the Reserve for Revenue Shortfall.

5/28/13 Taylor **22. How much are we paying for leased spaces?**
Please see attached.

Each year, the City’s independent auditors review the City’s accounts and fiscal affairs. Based on that review, council considers a supplemental budget in December each year in which Marginal Beginning Working Capital Adjustments (MBWC) are made. MBWC is the difference between the estimated and audited actual revenues and expenditures for the prior fiscal year, or the unanticipated carryover from the previous year.

There are two components that make up MBWC – revenues that are different than estimated, and expenditures that are different than estimated when the budget for the upcoming year was prepared. The chart below shows the components of MBWC for each of the past five years, broken out by revenue and expenditure difference from estimates.

Audit Results From	FY08	FY09	FY10	FY11	FY12
Supplemental Budget Date	Dec 2008	Dec 2009	Dec 2010	Dec 2011	Dec 2012
Revenue Difference	-2,464,438	1,786,961	1,072,694	1,078,716	1,851,038
Expenditure Difference	4,042,492	4,808,266	4,890,217	3,867,250	654,427
Total MBWC	1,578,054	6,595,227	5,962,227	4,628,966	2,505,465

As can be seen in the chart, the amount of revenue difference from estimated can vary significantly from year to year, and it was in fact negative (overestimated) in FY08. The difference over the five years ranged from -2.1% to +1.5% of total General Fund Revenues.

On the expenditure side, the most recent results for FY12 show a dramatic decrease in the expenditure difference in the amount of “lapsed” funds. This is due to the strategy for balancing the FY12 budget. That year, the City Manager took a look at the significant under spending that had occurred in the previous budget years in all departments due to the climate of extraordinary frugality during the economic downturn. He proposed that it would be appropriate to institutionalize the efforts that departments had made to infuse creativity and innovation into the organizational culture by challenging departments to continue to achieve those savings year after year, turning one-time savings into ongoing savings. As a result, the Budget Committee recommended and the City Council adopted the FY12 Budget with a reduction of 1.8% in each department budget, resulting in \$2.2 million of ongoing savings.

Actual results for FY12 show that departments had significantly less under spending after making the permanent budget reductions to decrease the amount of under spending, with the \$654,427 of lapsed funds equal to about 0.5% of total expenditures. It should be noted that departments manage their budgets prudently in order to ensure that they don’t exceed their legal budget authority, which means that there will always be a minimal amount of under spending in department budgets.



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MEMORANDUM

Date: May 10, 2011
To: Budget Committee Members
From: Randall B. Groves, Chief of Departments
Subject: **FY12 BUDGET REDUCTION: FIRE COMPANY CLOSURE**

The Fire & Emergency Medical Services Department's FY12 budget reduction strategy includes the closure of one fire company staffed with three firefighters, and the addition of one 24/7 ambulance staffed with two firefighter/paramedics. The net reduction in FTE will be three captains, one per shift.

While I have made it our highest priority to maintain shift strength and response capability over the years, after a number of previous reductions in administration, training and fire prevention, we are at a point where we must turn to operations to meet the majority of the fire department's FY12 budget reduction target. Although I dislike closing a fire company, this plan allows us to add a fourth ambulance to our system. Currently, we are only able to staff three 24/7 ambulances each day plus one 10-hour peak activity ambulance. The Eugene Fire & EMS Department is responsible for an Ambulance Service Area of 438 square miles and a population approaching 190,000 people. In FY10, the department responded to 17,259 emergency medical (ambulance) calls for service.

The Fire & EMS Department's budget reduction plan calls for the elimination of one of the two fire companies assigned to the Whiteaker Fire Station. Currently, there are only two multi-company fire stations in the City with the second being the Downtown Fire Station. The Downtown Station is the busiest fire station in Lane County serving a dense population and protecting some of the largest and tallest buildings found in the city. In determining which company to eliminate, we targeted a multi-company station to prevent having to close an entire fire station. The Whiteaker Station was the most logical choice from a risk management perspective.

The proposed reduction works as follows, instead of staffing one engine company and one ladder truck company with two crews of three firefighters each shift, we will staff one swing crew of three firefighters that will respond on the most appropriate apparatus based on the call type and call location.

While the closure of a fire company is certainly not ideal, and not something I wish to do as Fire Chief, I believe the plan represents our best option given the circumstances. Under the plan the department's current fire scene deployment standard, which is the number of fire companies and firefighters we place on scene, will continue to be met. Although we can expect a reduction in fire company response time and reliability, we can anticipate an improvement in ambulance response reliability and performance.

Finally, this plan does not call for any layoffs of personnel or reductions in rank. Instead, we will eliminate 3 Captain FTE through attrition. The elimination of these three positions will produce \$317,943 in savings. In addition, we will reduce 3 Engineer FTE to the firefighter classification, also through attrition.

The FY12 Fire budget reduction plan also calls for the elimination of a vacant Deputy Chief position that has split General Fund (GF)/Ambulance Transport Fund (ATF) funding. The position is currently vacant and the responsibilities have been reassigned within the functional consolidation with Springfield Fire & Life Safety. The GF portion of the savings is \$72,000. The ATF portion, \$64,700, has reduced the level of GF support to the ATF proposed in the FY12 Budget to its current amount of \$685,300. In addition, the department's year-end overtime contingency fund will be reduced by \$52,521. It should also be noted that additional managerial and support positions were eliminated in FY11 and associated with the Fire Service Functional Consolidation with the Springfield Fire & Life Safety Department.

Please contact me at 541-682-7115 if you have any questions or need additional information.

The General Fund had an ending fund balance of about \$43 million as of June 30, 2012. This includes the General Fund's two main reserves which total about \$31.5 million. Most of the other funds in the General Fund have already been spent or dedicated for specific uses. These General Fund reserve funds provide the City with financial flexibility to handle the unexpected and allow the City to fund regular operations until property taxes are received.

The first reserve is the Unappropriated Ending Fund Balance or "UEFB", about \$21.2 million. This reserve enables the City to pay bills and make payroll between the start of the fiscal year in July and November when property tax revenue is received. The UEFB allows the City to pay bills during that time without borrowing money, which both saves the costs of borrowing plus allows the City to earn interest on the UEFB balances.

The other reserve, called the Reserve for Revenue Shortfall, totaled about \$10.3 million or about 8% of General Fund expenditures. This reserve is needed to maintain the City's high credit rating, which saves taxpayer dollars needed to pay interest on the recent street bonds and other borrowing that the City undertakes.

The combination of these two reserve funds totals approximately three months of General Fund operating expenses. To put this in perspective, three months of expenses is on the low end of what financial experts recommend as a best practice for families to keep in their household's emergency savings account.

To better understand the City's resources at June 30, 2012 to see the components of the \$43 million ending fund balance, it is appropriate to review the General Fund balance sheet in the FY12 Comprehensive Annual Financial Report. That information is set out below, along with explanations of each of the items.

General Fund Balance Sheet
Fund Balance as of June 30, 2012

Item	Explanation	Amount
Non-Spendable	Prepays and deposits have already been paid out and are not available for other spending	\$1,399,020
Restricted for Cultural Services	From Transient Room Tax; must be spent according to state law	1,041,185
Assigned		
Unappropriated Ending Fund Balance	Pay bills and payroll until property taxes are received in November; set at 2 months of expenditures per Council policy	21,150,000
Cultural Services Reserve for	Prudent reserve for operation of Hult Center, etc.	1,342,578
Encumbrance	Contracts that were in effect but not complete as of June 30	1,201,735
Reserve for Next Year's Spending	Used to balance the FY13 Budget	1,325,082
Reserve for Revenue Shortfall	Prudent reserve for the General Fund; target is 8% (approximately one month) of expenditures	10,428,107
Other Reserves	For property tax appeals and equipment replacement	1,872,779
Unassigned	Appropriated on supplemental budget #1 in December 2012 and no longer available for spending	<u>3,330,380</u>
Total Fund Balance		\$43,090,866

Source: CAFR Exhibit 3, page 25, and CAFR Note (1)(N), page 44.

It should also be pointed out that these figures were as of June 30, 2012 and are not the currently anticipated amounts of reserves for the General Fund. In the FY14 Proposed Budget (page 17), the amounts for UEFB (\$21.33 million) and RRSF (\$6.9 million) are updated for estimated activity in FY13 and FY14. The UEFB has increased in accordance with Council policy to maintain that reserve at two months of expenditures. The RRSF has decreased by \$3.5 million for three reasons: (1) the FY13 Budget was adopted by Council with a deficit that is funded with RRSF, (2) current year (FY13 revenues) are anticipated to be lower than budgeted, and (3) a portion of the RRSF balance is programmed to be used in FY14 to provide funding to transition to a smaller service system.

These reserve amounts are available General Fund dollars that could be used at Council discretion; however, the combination of the two reserves is currently expected to be less than the 3 months of operating expenditures targeted for General Fund reserves. The UEFB is set at the target of 2 months of operating expenditures, but the Reserve for Revenue Shortfall will be approximately 5.4%, significantly less than the 8% target.

The following chart shows all of the revenues and expenditures in the Facility Reserve since FY01 that have led to the current balance of \$7.9 million.

FACILITY RESERVE

Updated as of May 2013

Revenues	<u>\$ in Millions</u>
Telecom Lawsuit Settlement	15.4
EWEB CILT - Unanticipated FY01 Revenues	7.3
Capitalization Component of the Facility Charge	5.7
Assessment Bond Fund Residual Assets	2.3
Sale of Assets	1.2
Marginal Beginning Working Capital	1.0
FY00 Marginal Property Tax Exception Value	0.7
Reallocation of General Capital Transfer	0.5
Library Asbestos Settlement	0.2
Library Project Close Out	0.1
Interest Earnings	<u>4.7</u>
Total Revenues	39.2
Expenditures	
Police Headquarters at 300 Country Club Road	(16.0)
Lane County Revenue Swap (street repair)	(4.5)
FEU/PCU Building	(3.9)
City Hall Master Plan Project	(2.7)
Road Fund for Street Repairs	(2.0)
General Fund Budget Balancing for FY04	(0.9)
City Hall Planning & Design (anticipated on SB in June 2013)	(0.8)
FF&E for Downtown Fire Station	(0.3)
Homeless Prevention Services	(0.2)
LRCS Master Plan	<u>(0.1)</u>
Total Expenditures	(31.3)
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Balance in FY14 Proposed Budget	7.9

City of Eugene External Leases

City Function	Building Name	Address	Lease Term Ends	FY13 Total Annual Cost	Funding Source
Police Auditor	N/A	800 Olive Street	May 2017	\$ 24,650	General Fund
City Archives	Parkview Place	101 E Broadway, basement	Sept 2015	\$ 27,996	General Fund
Public Works Engineering	Wells Fargo Building	99 E Broadway, Suite 400	Dec 2018	\$ 305,040	NGF
Public Works Administration	Parkview Place	101 E Broadway, Suite 400	Feb 2014	\$ 78,000	General Fund
Municipal Court	Roberts Building	1102 Lincoln Avenue	Dec 2021	\$ 102,600	General Fund
Risk Services and Human Resources	Bennett Building	940 Willamette Street, Suite 200	April 2022	\$ 245,279	GF / NGF
City Council and City Manager's Office	Lane County Public Service Building	125 E 8th Avenue, 2nd Floor	August 2014	\$ 75,000	General Fund
Total				\$ 858,565	