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A G E N D A
EUGENE BUDGET COMMITTEE
Wednesday, April 28, 2010
Downtown Library, Bascom-Tykeson Room
100 West 10th Avenue, 5:30 p.m. – 9:00 p.m.

- 5:30-5:40 p.m. I. OPENING REMARKS
John Barofsky, Chair
- 5:40-5:45 p.m. II. MINUTES APPROVAL
Budget Committee Minutes - February 2, 2010
ACTION REQUIRED
- 5:45-6:45 p.m. III. CITY MANAGER'S FY11 PROPOSED BUDGET PRESENTATION
Jon Ruiz, City Manager
- 6:45-7:00 p.m. – B R E A K –
- 7:00-7:30 p.m. IV. PUBLIC COMMENT
This is an opportunity for members of the public to comment on budget priorities. Comments will 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.
- 7:30-8:30 p.m. V. INITIAL THOUGHTS FROM COMMITTEE
John Barofsky, Chair
- 8:30-9:00 p.m. VI. INFORMATION REQUESTS, NEXT STEPS
Committee Discussion
- 9:00 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.



MEMORANDUM

City of Eugene
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Date: April 22, 2010
To: Budget Committee Members
From: Mia Cariaga, Assistant Finance Director AIC, (541) 682-5408
Subject: FY11 Proposed Budget Materials

The FY11 Budget process will commence at the Wednesday, April 28th Budget Committee meeting when City Manager, Jon Ruiz presents the FY11 Proposed Budget. This packet of materials includes the following:

- The FY11 Proposed Budget notebook.
- An agenda for the April 28, 2010 meeting.
- The 2010 Work Program including agenda items for May 3rd and May 5th.
- Minutes from the February 2, 2010 meeting.
- Follow up items from 2009 and the February 2, 2010 meeting.
- The Public Works Department Work Plan for FY11.

In an effort to best utilize City resources and to communicate the budget in a clear and more concise way, the FY11 Proposed Budget document will look different than the FY10 Proposed Budget document. Several changes have been made to the format of the document but these changes do not impact policy. Major changes are outlined here:

1. In general, this year's document is more efficient. Information that was previously presented in multiple places in the document can now be found in one place.
2. The spiral bound Budget Summary is no longer provided as a separate document. The information is still included in Section A of the current document.
3. Because Council is in the process of updating their goals and vision, detailed highlights and accomplishments are not presented in the FY11 Proposed Budget.
4. Performance measures have been removed from this year's budget document for several reasons. Many readers found the sheer magnitude of reported data overwhelming. Imbedding performance data into detailed but not directly related financial data tended to detract from people's understanding of both the measures and the money. Most important, the City's performance measurement system is shifting from a segmented, service-based approach to a design that offers greater integration with the council goals and a more direct focus on the outcomes the community finds most important. Performance data will be reported through an accessible and easy-to-use online dashboard that will allow community

members and decision-makers alike to track the City's performance, with relevant context to make the measures more meaningful and useful.

5. The Legal Expense schedule, previously presented under Financial Summaries, has been removed. With the establishment of an in house attorney's office, this information can now be found in the Operating Budget under Central Business Functions, page C. 80.

6. The Capital Budget Section has been streamlined and improved so that the content is easier for members of the public to understand.

7. There are fewer fund forecasts in this year's document. Those included are forecasts for the General Fund, Construction Permit and Rental Housing Fund, Public Safety Answering Point Fund, Road Fund, and Ambulance Transport Fund.

Please review the draft minutes from 2/2/10 Budget Committee meeting. If you have any edits to those minutes, please send them to Pavel Gubanikhin electronically at cefnpeg@ci.eugene.or.us prior to next Wednesday's meeting and he will compile a list of changes for the committee's review and approval.

We look forward to discussing the FY11 Proposed Budget with you. If you are missing materials, have questions about the packet or meeting dates, know that you will not be attending one or more of the meetings, or need other help please call me at (541) 682-5408.

**CITY OF EUGENE BUDGET COMMITTEE
WORK PROGRAM FOR 2010**

Full Committee

Item	Date/Time	Location
FY11-16 General Fund Forecast, FY11 Budget Process Update	February 2, 2010 (Tuesday) 5:30 pm - 9:00 pm	Bascom-Tykeson Room, Downtown Library
City Manager's Budget Message	April 28, 2010 (Wednesday) 5:30 pm - 9:00 pm	Bascom-Tykeson Room, Downtown Library
Animal Services, Eugene Police (Strategies and Downtown Safety Initiative)	May 3, 2010 (Monday) 5:30 pm - 9:00 pm	Bascom-Tykeson Room, Downtown Library
Public Works (Parks and Open Space, Road Fund, Capital and Facilities Projects)	May 5, 2010 (Wednesday) 5:30 pm - 9:00 pm	Bascom-Tykeson Room, Downtown Library
Work Session	May 12, 2010 (Wednesday) 5:30 pm - 9:00 pm	Bascom-Tykeson Room, Downtown Library
Work Session	May 17, 2010 (Monday) 5:30 pm – 7:30 pm	McNutt Room, City Hall, 777 Pearl Street
Public Hearing	May 17, 2010 (Monday) 7:30 pm – 8:30 pm	Council Chamber, City Hall, 777 Pearl Street
FY11 Budget Recommendation	May 19, 2010 (Wednesday) 5:30 pm - 9:00 pm	McNutt Room, City Hall, 777 Pearl Street

Citizen Subcommittee

Item	Date/Time	Location
BC Subcommittee Review of the FY10 June Supplemental Budget (if needed)	June 16, 2010 (Wednesday) 6:00 pm - 7:00 pm	Sunstone Room, Downtown Library, 3 rd floor
Service Profile Reviews	To be determined, after adoption of FY11 Budget	

MINUTES

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

February 2, 2010
5:30 p.m.

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

ABSENT: Mike Clark, Terry McDonald, members.

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

Introductions were made.

I. PUBLIC COMMENT

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

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

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

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

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

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

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

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

II. APPROVAL OF MINUTES

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

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

III. INTRODUCTION

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

IV. EUGENE COUNTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

level of outreach was inadequate.

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

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

Mr. Barofsky called for a brief break.

V. FY11-16 GENERAL FUND FORECAST

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

VI. FY11 BUDGET STRATEGY

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

Mr. Barofsky solicited questions and comments.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

VII. MEMBER PRIORITIES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

VIII. BUDGET COMMITTEE WORK PROGRAM FOR 2010

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

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

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

(Recorded by Kimberly Young)

Follow-up on Budget Committee FY10 Motions & Requests for Information

#	Budget Committee Motion/ Request for Information	Follow-up Action
1	Direct the City Manager and staff to investigate the possibility of sales of surplus properties that have not been identified for other uses by the City and use proceeds to fund officers and bring back options to Council or Budget Committee for work session and possible supplemental budget (passed 13-1 on 5/20/09).	A memo from Planning & Development staff (Denny Braud) on surplus real property strategies and Finance staff (Pavel Gubanikhin) on using surplus property sale proceeds to fund police officer positions was sent to the City Council on 12/3/09 and to the Citizen Members of the Budget Committee on 12/4/09.
2	Move to have the City Manager study and report back to the City Council about the possible options to resolve Ambulance Transport funding issues, including the incorporation of all or some portion of the Ambulance Transport Fund into the General Fund in the FY11 budget (passed 12-0).	City staff and members of the Joint Elected Officials (JEO) Task Force have been working on developing various funding option for the Ambulance Transport Fund. Periodic updates have been provided to the City Council. The FY11 proposed budget contains \$450,000 in General Fund support for the Ambulance Transport Fund.
3	Move to authorize a swap of the funds earmarked for potholes (\$1.0 million) for Lane County's Road Fund of an equal amount. City funds are to be matched by \$2.2 million from the County to open 84 jail beds (passed 13-0 on 5/20/10).	Because the proposed swap was not approved by Lane County, the intergovernmental payment of \$1.0 million was eliminated and the interfund transfer from the Facilities Replacement Fund to the Road Fund was restored on the FY10 1 st supplemental budget. This change was discussed at the 12/9/09 meeting of the Citizen Budget Subcommittee.
4	Move to write a letter from the Budget Committee to Lane County Commission urging them to support implementation of a county-wide vehicle registration fee in Lane County in order to provide funding for street operations and maintenance (passed 12-0 on 5/20/10).	A memo was drafted by Public Works and Finance staff, signed by the Budget Committee Chair and sent to Lane County in July of 2009.
5	Move to direct the City Manager to incorporate the advice of the citizen members of the Budget Committee on the disposition of the Facility Reserve, including inviting citizen members of the Budget Committee to the discussions regarding the Police facility and City Hall (passed 12-0 on 5/20/10).	A special Budget Committee meeting on Police Facility and City Hall Planning was held on 7/27/09. AT that meeting, citizen members of the Budget Committee provided their feedback on these issues to the City Council.

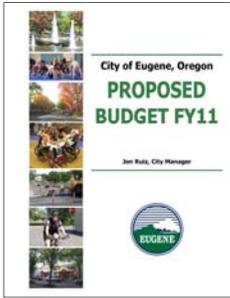
Follow-up on Budget Committee FY10 Motions & Requests for Information

#	Budget Committee Motion/ Request for Information	Follow-up Action
6	<p>At the 2/2/10 Budget Committee meeting, City staff were asked about the current funding and staffing level for the Hendricks Park maintenance. Staff response to this question is provided here.</p>	<p>Hendricks Park has an annual budget of approximately \$250,000 for ongoing operations and maintenance of the park, including 3.0 FTEs. In addition, \$14,000 is budgeted annually to contract work for the Hendricks Forest Management Plan.</p> <p>Two non-city staff as part of their duties help coordinate volunteer work parties. The first is Forest Management Plan Coordinator Jason Blazar. Jason is a contract employee whose work is solely focused on implementing the Hendricks Park Forest Management Plan. Part of his contract is to coordinate a minimum of 10 volunteer work parties annually; again focusing work in the forest of Hendricks Park.</p> <p>The second non-city staff person is Kate Hirst. The Friends of Hendricks Park pay for 4 hours a week of her time for coordination of weekly "Tuesday" volunteer work parties. City of Eugene pays for an additional 12 hours a week of her time to work on other garden related activities. All of her work and volunteer work parties are focused in the rhododendron and native plant gardens.</p> <p>Last year, these two positions helped organize approximately 2,000 volunteer hours, which (when valued) added approximately \$30,000 of maintenance and restoration work to the park.</p>

**City of Eugene
FY11 Proposed Budget Presentation**

**Jon Ruiz
City Manager
April 28, 2010**

All Funds Budget \$454.6 Million
General Fund Budget \$159.9 Million

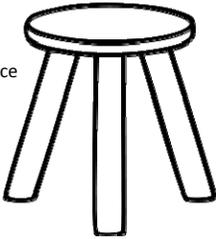



1

Stewardship

Balancing:

- Fiscal Responsibility
- Community Customer Service
- Employee Satisfaction




2

FY10 Budget Process

- \$12 million General Fund gap
- Input from Employees
- Reducing Footprint
- FY10 Budget Strategy:
 - Minimize Impact on Community Service
 - Avoid layoffs
 - Develop Sustainable Budget




3

FY10 Budget Strategy

What Worked:

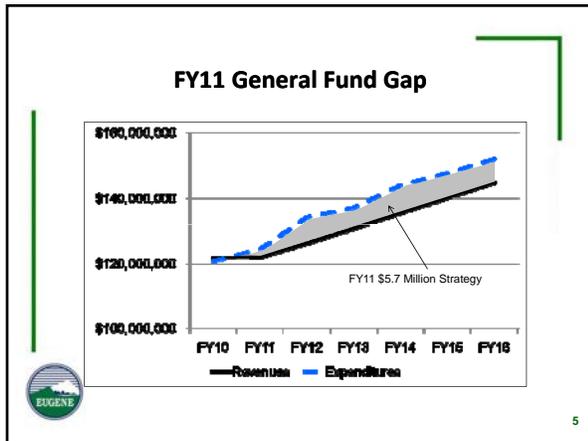
- Sharing Costs with Other Funds
- Fleet Savings
- Internal Service Funds Savings
- Program and Service Efficiencies
- Other (capital replacement transfer and contingency)
- Partial Personnel Savings
- Organizational Footprint reduction

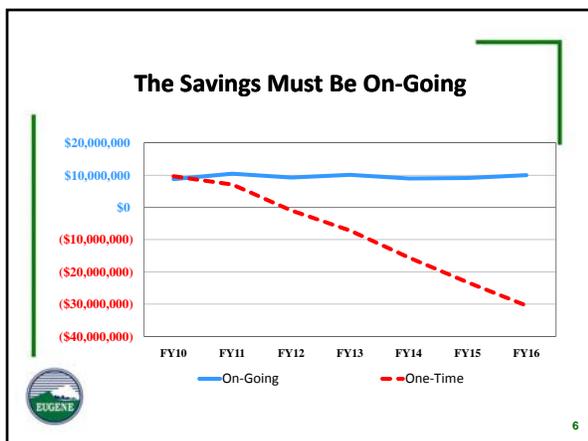
Strategies Not Fully Realized:

- Personnel Savings
- Grant Revenues
- NW Natural Gas Franchise Fee



4





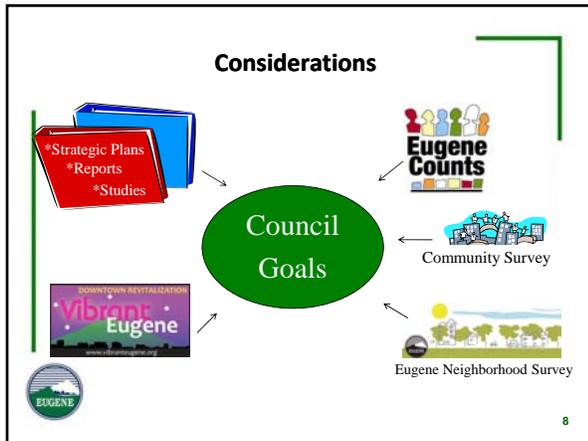
FY11 Approach

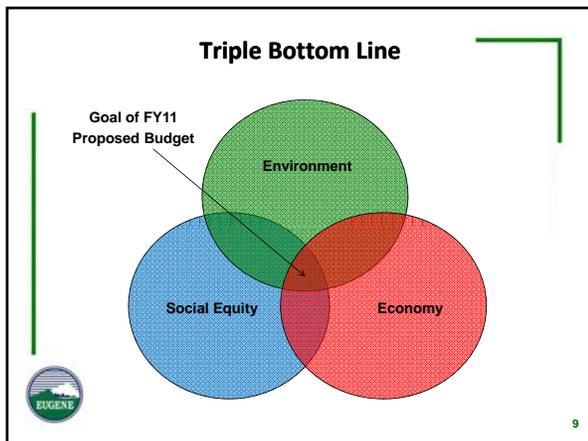
**Minimize Impact on Service and Employees
Develop a Sustainable Budget**

- Strategically align with Council, community goals and priorities
- Live within our means
- Build reserves towards goal of 8%
- Create a sustainable portfolio of services
- Reduce incrementally, not wholesale
- Maintain access to City services for all
- Maintain jobs and benefits
- Keep fee increases to a minimum
- Invest strategically with one-time funds



7





FY 11 Budget Process

- City staff invited to provide budget suggestions
- Division managers worked with staff to identify options
- Executive Team evaluated and prioritized strategies

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    graph LR
      A[City Staff & Division Managers] --> B[Executive Team]
      B --> C[City Manager]
    
```

10

General Fund Budget Balancing Strategies

Share Costs with Other Funds	\$1,745,127
Internal Service Fund Savings	\$957,807
Program and Service Changes	\$2,619,215
New Revenues	\$390,000
Total FY11 GF Balancing Strategies	\$5,712,149

11

New Revenues

Parking Rate Increase – Campus	\$160,000
Library Revenue Enhancements	\$146,000
Miscellaneous New Revenues	\$84,000
Total	\$390,000

12

Internal Service Fund Savings (General Fund Savings)

Transfer to Facilities Replacement Reserve	\$749,000
Information Services Program and Rate Changes	\$248,559
Facilities Rate Reductions	\$120,000
Risk Fund Rate Reductions	\$150,078
Health Plan Premium Increase	(\$273,285)
Fleet & Radio Rate Changes	(\$36,545)
Total Internal Service Fund Savings	\$957,807



13

Sharing Costs with Other Funds

FY11 General Fund Impact:

Hult Center Major Maintenance	\$104,000
PW Engineering Services	\$103,735
Parks & Open Space to Stormwater	\$403,570
Ambulance Transport Fund Support	(\$450,000)
AIRS an RIS Funding move to Telecom Fund	\$485,600
MetroTV Funding Move to Telecom Fund	\$150,000
Other	\$98,222
Total General Fund Savings	\$1,345,127



14

Program Changes: Library

- Maintain hours at all facilities
- Reduce materials purchases
- Staff innovations and efficiencies such as automated telephone assistance
- "Library Matters" newsletter available online



General Fund Reduction of \$402,000



15

Program Changes: Parks

- Reducing services to Owen Rose Garden
- Reducing frequency of sports field mowing
- Eliminate the Hendricks Park forest management contract



General Fund Reduction of \$230,800



16

Program Changes: Fire & EMS

- Merging administrative functions with Springfield Fire Department
- Fleet efficiencies



General Fund Reduction of \$226,000



17

Program Changes: Police

- Downtown Safety Initiative
- Addition of Crime Analyst and Operation Analyst positions
- Repurpose existing funds towards property crime reduction
- Additional revenue by adding a Forfeiture Coordinator position



New Revenue of \$35,100



18

Program Changes: Planning and Development

- Reduce number of general planners
- Longer turn around time for plan review
- Plan review and inspector reductions to better reflect decreased residential construction activity
- Same day inspections will occur 95% of the time



Construction Permits Fund
Reduction of \$914,000
General Fund Reduction of
\$250,000



19

Program Changes: Recreation

- Delay Amazon Pool opening
- Reduce temporary staff
- Offer more services and increase revenue by expanding Youth & Family Recreation Service programs
- No fee increases



General Fund Reduction of
\$313,400



20

Other Program Changes

- Reduce attorney contracts in Municipal Court and Prosecutor's Office
- Reduce routine maintenance of off street multi-use paths
- Eliminate graffiti removal on private property
- Reduce Lane County Animal Services contract
- Reduce Council Contingency



21

Social Service Funding

	FY10	FY11	FY12
HSC / Eugene Base Allocation	\$1,035,000	\$1,035,000	\$1,035,000
CAHOOTS Van #1	250,000	250,000	250,000
CAHOOTS Van #2	--	325,000	250,000
Other Designations			
-HSC Designations	298,000	298,000	↓
-City Designations	94,000	94,000	
Total Designations	392,000	392,000	142,000
Base Social Service Funding	\$1,677,000	\$2,002,000	\$1,677,000
Plus: 1X Stabilization	150,000	--	--
	\$1,827,000	\$2,002,000	\$1,677,000



22

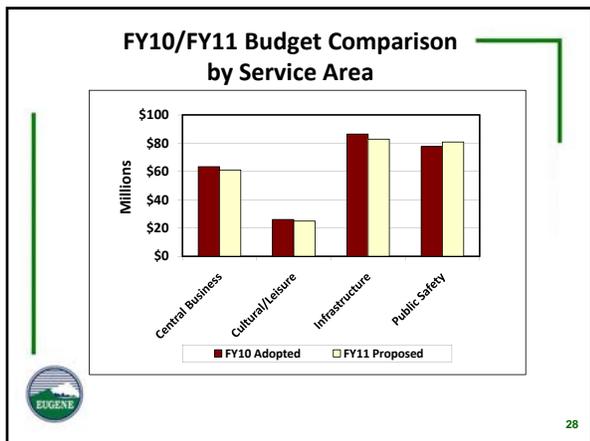
Strategic Investments

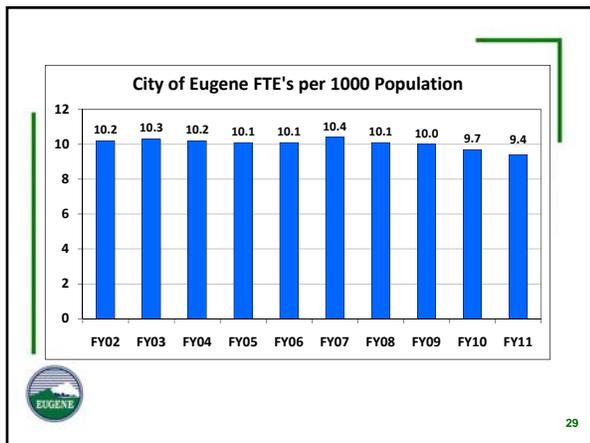
Diversity/Equity Strategic Plan & Climate Change Action Plan	\$200,000
Economy & Jobs Creation Initiative	\$200,000
2012 Olympic Trials Reserve	\$200,000
One-Time Support for Ambulance Transport Fund	\$450,000
Planning Services Consulting for Envision Eugene (FY11 and FY12)	\$100,000

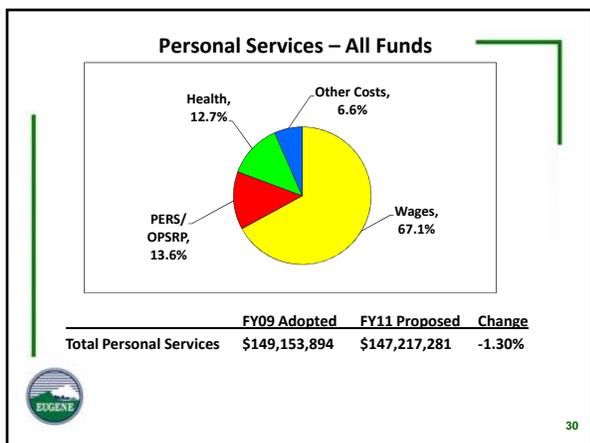


23

- ### Difficult Choices
- Rolling brownouts for the Fire & EMS Department
 - Closing a fire station
 - Reducing branch library hour and closing on weekends
 - Closing the Downtown Library on Fridays
 - Closing a pool
 - Increasing Rental Housing Unit fees
 - Reducing the Planning and Development Department by an additional three Planners
 - Closing neighborhood park restrooms
 - Reducing our efforts towards sustainability, equity and human rights or neighborhood service programs
 - Eliminating three Community Service Officers in the Police Department
 - Reducing the number of jail beds funded by the City
- 
- 24







Budgeted Contract Expenses

Employee Group	FY11 Proposed Wage Increase	Employee Share of FY11 Health Premium
AFSCME	2.0% on 7/1/10	5% of total cost for bargaining unit
EPEA	3.0% on 1/1/11	5% of premium with cap
IAFF	0.0% + Kelly Days	5% of premium with cap
IATSE	2.5% on 7/1/10	8% of premium
Non-Rep	2.0% on 7/1/10	8% of premium



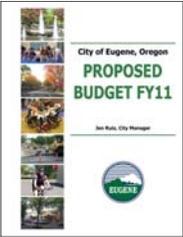
31

- ### Health Care Costs
- 8% increase in health care cost vs. national trend of nearly 11%
 - All employees contribute a percentage of their health care premium
 - Employee contribution is approximately \$800K – 5.2% of active employee total cost (all funds)
 - Work force is aging – average employee is 45 years old
 - Health care reform impact is unknown
- 
- 32

- ### Upcoming Challenges in FY12-16
- Adequate level of General Fund reserves
 - Sustainable strategy for Ambulance Transport Fund
 - PERS rate increases in FY12 and FY14
 - Library Local Option Levy expiration
 - Facilities replacement and maintenance funding
 - Parks and Recreation capital plan funding
 - Parks Maintenance funding
- 
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Summary

- ✓ Develops strategic alignment
- ✓ Lives within our means
- ✓ Builds reserves
- ✓ Maintains access to service for all
- ✓ Maintains jobs and benefits
- ✓ Minimizes fee increases
- ✓ Invests strategically



34

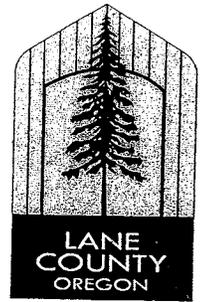
GENERAL FUND SIX-YEAR FINANCIAL FORECAST, FY11 THROUGH FY16
 April 28, 2010 - Budget Committee Presentation
 FY 11 Proposed Budget

Executive Summary: Resources and Requirements

	Actual FY08	Actual FY09	Estimated FY10	Proposed FY11	FY12	FY13	Forecast FY14	FY15	FY16
Resources									
Beginning Working Capital	\$ 29,687,078	\$ 28,125,556	\$ 29,715,719	\$ 29,624,479	\$ 30,775,000	\$ 30,222,000	\$ 31,575,000	\$ 31,498,000	\$ 32,289,000
Current Revenues	118,784,120	121,397,349	123,072,455	122,220,129	126,803,000	131,740,000	136,718,000	141,534,000	146,547,000
Total Resources	148,471,198	149,522,905	152,788,174	151,844,608	157,578,000	161,962,000	168,293,000	173,032,000	178,836,000
Requirements									
Personnel	79,927,349	83,473,931	85,229,346	87,736,416	94,196,000	96,865,000	102,574,000	105,969,000	109,449,000
Materials & Services	35,189,681	32,136,486	33,093,416	27,464,225	28,264,000	28,505,000	29,085,000	29,735,000	30,343,000
Departmental Expenditures	115,117,030	115,610,416	118,322,762	115,200,641	122,460,000	125,370,000	131,659,000	135,704,000	139,792,000
Reappropriation & Encumbrances	-	-	-	-	-	-	-	-	-
Non-Departmental Expenditures	(1) 5,228,611	4,196,770	4,840,933	5,868,704	4,896,000	5,017,000	5,136,000	5,039,000	5,166,000
Total Expenditures	120,345,641	119,807,187	123,163,695	121,069,345	127,356,000	130,387,000	136,795,000	140,743,000	144,958,000
Change in UEFB		800,000	(290,000)	(46,776)	1,047,776	505,000	1,068,000	658,000	703,000
Total Expenditures plus Change in UEFB	120,345,641	120,607,187	122,873,695	121,022,569	128,403,776	130,892,000	137,863,000	141,401,000	145,661,000
Annual Operating Surplus/(Deficit)	(3) (1,561,522)	(3) 790,162	(3) 198,760	(3) 1,197,560	(3) (1,600,776)	(3) 848,000	(3) (1,145,000)	(3) 133,000	(3) 886,000
Ending Fund Balance									
UEFB at June 30	(4) 19,690,000	20,490,000	20,200,000	20,153,224	21,201,000	21,706,000	22,774,000	23,432,000	24,135,000
Reserves									
Reserve for Revenue Shortfall	(5) 8,435,556	(5) 9,225,718	(5) 8,746,221	(5) 10,422,039	(5) 9,021,000	(5) 9,869,000	(5) 8,724,000	(5) 8,857,000	(5) 9,743,000
Other Reserves	-	-	678,258	200,000	-	-	-	-	-
Total Reserves	8,435,556	9,225,718	9,424,479	10,622,039	9,021,000	9,869,000	8,724,000	8,857,000	9,743,000
Total Ending Fund Balance	(6) 28,125,556	29,715,718	29,624,479	30,775,263	30,222,000	31,575,000	31,498,000	32,289,000	33,878,000
Total Requirements	(7) 148,471,198	(7) 149,522,905	(7) 152,788,174	(7) 151,844,608	(7) 157,578,000	(7) 161,962,000	(7) 168,293,000	(7) 173,032,000	(7) 178,836,000

Notes:

- (1) Non-Department Expenditures includes Contingency.
- (2) Increase necessary to keep Unappropriated Ending Fund Balance at Council adopted policy level of two months of operating expenditures, excluding reserves and contingency.
- (3) Annual Operating Surplus/Deficit equals Current Revenues less Total Expenditures including Change in UEFB.
- (4) Per Council policy UEFB equals two months operating expenses (total department & non-department expenditures).
- (5) Assumes any annual surpluses are set aside and used to fully or partially fund any future operating deficits.
- (6) Total ending fund balance equals UEFB plus total reserves.
- (7) Total requirements equals total expenditure plus UEFB plus total reserves.



April 23, 2010

To: Keli Osborn, City of Eugene
From: Karen Gaffney, Assistant Director *KG*
Subject: Impact of Proposed Eugene Budget Reduction

This is in response to your request for a description of the impact of the proposed \$200,000 reduction in the contract between Eugene and Lane County for the provision of animal services. Eugene and Lane County have several decades of history effectively working together to meet the community's animal needs. During the last few years in particular, LCAS has focused significant time and attention on this program's core missions of enforcement, license sales, and adoption services, using best practices from across the country to promote responsible pet ownership and state of the art shelter practices. We have had an agency focus on saving adoptable and treatable animals, and the results of this effort are paying off in terms of increased license compliance, positive attention for spay/neuter efforts, and a drastic decrease in euthanasia.

At your request, I have met with staff and we have developed estimates based on our preliminary conversations with you about potential service reductions. I have listed two different options below for your consideration, one involves ending services for cats, and the other would retain the cattery services. Both of these options would have significant impacts on the community, both for people and for animals.

I appreciate that Eugene is experiencing budget constraints—as we discussed, the County has been working within significant constraints for a number of years. As a result, Lane County Animal Services has already implemented a great number of strategies to maximize the return on investment of public dollars, so any significant reduction in funding will necessarily result in a significant impact to services for the community.

As Eugene considers its investment in animal services, I want to be sure you are aware of some of the strategies already in place to control costs and maximize revenue:

- Each month volunteers contribute approximately 600 hours of time at the shelter
- Veterinarians in the community donate tens of thousands of dollars each year toward the cost of medical care for shelter animals
- The shelter is able to almost exclusively feed animals with donated food
- Private donations for LCAS programs have more than doubled in the last two years, despite the significant downturn in the economy
- The county has implemented an on-line dog licensing opportunity, along with a host of other strategies to eliminate barriers to licensing compliance.

If Eugene were to reduce its contract for animal services by \$200,000, below are two options for service reductions at that level.

Option 1: Eliminate 2.0 FTE Animal Welfare Officers

Savings of: \$193,000

The City of Eugene currently contracts for 3.5 FTE Animal Welfare Officers. Under this option, service would be limited to 1.5 FTE officer response during normal business hours, only responding to dangerous behavior complaints, dog bites, animal abuse and neglect, injured animals, and dogs in traffic.

Impacts:

- No after hours emergency response pager
- No response to dog at large complaints
- No routine patrols for loose dogs
- No response to barking dog complaints
- No pick up for confined stray dogs
- No officer availability for community education

Option 2: Reduce 1.5 Officer and Close Cattery

Savings of: \$190,000

The City of Eugene currently contracts for 3.5 FTE Animal Welfare Officers. Under this option, service would be limited to 2.0 FTE officer response, only including calls for dangerous behavior complaints, dog bites, animal abuse and neglect, injured animals, and dogs in traffic, as well as some limited patrols and response to dogs at large as officer time allows.

In fiscal year 2009, LCAS impounded 481 cats from the City of Eugene, including stray cats, injured cats, and abandoned litters of kittens. Services include basic shelter and care, and then work to find permanent homes for them. Adoption of this option would result in closing the cattery.

Impacts:

- No services for cats
- Limited response to dog at large complaints
- Limited patrols for loose dogs
- No response to barking dog complaints
- No pick up for confined stray dogs
- No officer availability for community education

This is a critical time for this community in the area of animal services. In addition to meeting the needs of the animals that come to us, the program is currently making some strategic investments to prevent unwanted pets in the future. Examples include:

- Development of bully breed vouchers with Eugene Spay/Neuter Clinic and Greenhill Humane Society for spay/neutering of those dogs who are hardest to place when they come into the shelter. For Eugene residents, this new program has already resulted in 88 vouchers redeemed, and another 24 have recently

been issued but not yet redeemed. One characteristic of pit bulls is that they often have very large litters—as many as 13 puppies. We've prevented well over 1,000 pit bull puppies already this year, and that number grows exponentially when you consider that the prevented puppies will not have litters in the future.

- Work with Greenhill Humane Society and the Lane County Veterinary Medical Association on Feral Fix to provide no-cost spay/neuter to control population growth of feral cat colonies in Eugene.
- Outreach in the community to promote responsible pet ownership and to help people with information to retain their pet.
- A focus on license sales so that pets can be returned directly home and never enter the shelter.

I hope this provides you with the information necessary for making your decisions. I believe that our current contract represents an important array of services for residents of Eugene, and my hope is that we will be able to continue providing these services together.

If you have any other questions, please let me know.



**Eugene Police Department
Office of the Chief**

777 Pearl St, Room 107
Eugene, Oregon 97401
(541) 682-6898
(541) 682-8395 FAX

MEMORANDUM

Date: April 26, 2010
To: Eugene Budget Committee
From: Pete Kerns, Chief of Police, 541-682-5102
Subject: Buckley House Funding

This memorandum has been prepared to provide you with a brief amount of historical information regarding funding for Buckley House services. Lane County subcontracts with Buckley House, through Willamette Valley Treatment Services, for alcohol and drug detoxification and sobering services for persons who would either be jailed (and likely capacity released) on minor charges, dropped off at hospital emergency rooms, or left on the street increasing the likelihood of further offending or serious injury or death. The sobering station is a 24-hour facility where intoxicated individuals can be housed and monitored until they are capable of leaving in a safe condition. This service is a critical priority for police because it provides one of very few options for local law enforcement to assist these vulnerable and medically unstable individuals.

In FY09, when Buckley House was in danger of losing funding from Lane County, the City of Eugene and Lane County developed a fund exchange to ensure that the contract with Buckley House would be maintained to provide services for a detoxification and sobering station. Buckley House received general fund appropriations from Lane County of \$326,000 in FY09, \$349,000 in FY10 and \$326,000 has been proposed for FY11. Additional funding for Buckley House of approximately \$50,000 is anticipated from the Human Services Commission in FY11.

CC: HSC and Buckley House