

NOTE LOCATION!!



A G E N D A
EUGENE BUDGET COMMITTEE
Monday, November 17, 2008
City Hall, McNutt Room
777 Pearl Street, Eugene, Oregon 97401
5:30 p.m. – 7:15 p.m.

- 5:30 p.m.* I. INTRODUCTION OF COMMITTEE MEMBERS
- 5:35 p.m. II. ELECTION OF OFFICERS
 Chairperson and Vice-Chairperson/Secretary
- 5:45 p.m. III. FINANCIAL TRENDS
 Sue Cutsogeorge, Financial Analysis Manager
- 6:15 p.m. IV. GENERAL FUND OUTLOOK
 Dee Ann Raile, Finance Director
- 7:00 p.m. V. FY10 BUDGET STRATEGY
 Jon Ruiz, City Manager
- 7:10 p.m. VI. FY10 PROPOSED MEETING SCHEDULE
- 7:15 p.m. ADJOURN^

Budget Committee Members:

Bonny Bettman	John Barofsky
Mike Clark	Kate Davidson
Andrea Ortiz	Mary Ann Holser
George Poling	Noah Kamrat
Chris Pryor	Terry McDonald
Jennifer Solomon	Joseph Potwora
Betty Taylor	Doug Smith
Alan Zelenka	Claire Syrett

Next Meeting: January 28, 2009?

Topics – Capital Improvement Plan (CIP)

**Note: The practice of taking testimony from the public has been suspended for this meeting due to the time constraints of the meeting. Public testimony will be taken during the first 30 minutes of the January meeting. In addition, citizens may testify on budget matters during council meetings and may send written comments by US Mail to the Eugene Budget Committee, 100 West 10th Avenue, Suite 400, Eugene, OR 97401 or via email to: eugenebudgetcommittee@ci.eugene.or.us*

^The City Council will remain in the McNutt Room for a 7:30 work session. Citizen members will move to the Council Chamber to discuss Supplemental Budget #1 at 7:30 p.m.

We are committed to access for all participants. All events are held in wheelchair accessible rooms. For individuals who are deaf or hard of hearing, 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 or are available at the City's website: <http://www.eugene-or.gov/budget>. To arrange for services or for more information about the session, contact the Budget Office at 682-5021.



Central Services
Finance
Budget Office

MEMORANDUM

City of Eugene
100 W. 10th Avenue, Suite 400
Eugene, Oregon 97401
(541) 682-5021
(541) 682-5802 FAX
www.ci.eugene.or.us

Date: November 13, 2008
To: Members of the Budget Committee
From: Kitty Murdoch, Budget Manager, 682-5860
Subject: November 17, 2008 Agenda Packet

Welcome to a new Budget Committee! The agendas for Monday evening's meetings are attached along with a memorandum on the outlook for the City's General Fund. The meeting schedule is a bit unusual on the 17th. The 5:30 full Budget Committee meeting will be held in the McNutt Room of City Hall. At 7:15 p.m. the citizen members will move to the Council Chamber for discussion of the first supplemental budget, while the City Council holds a work session in McNutt.

Staff is still compiling the transactions for SB#1, so materials for that discussion will be sent under separate cover and by email to citizen members on Friday.

Minutes from the Spring Budget Committee meetings will be distributed at Monday's meeting and will be approved at the first meeting in January. If you have edits to those minutes, please send them to me at any time and I will compile a list of changes for approval.

Please call me with any questions (682-5860) and let me know if you will be unable to attend the meeting.



MEMORANDUM

City of Eugene
100 W. 10th Ave, Suite 100
Eugene, Oregon 97401
(541) 682-5021
(541) 682-5802 FAX

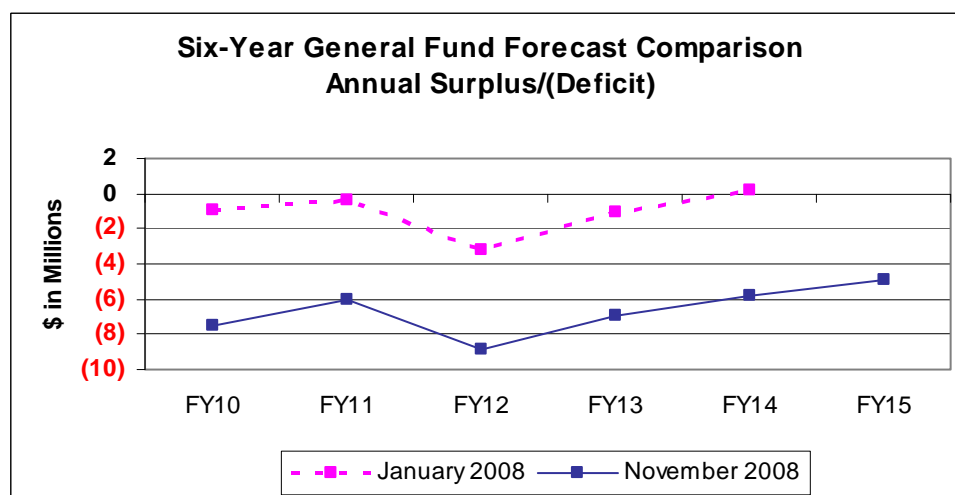
Date: November 13, 2008
To: Budget Committee Members
From: Dee Ann Raile, Finance Director
Subject: Preliminary FY10 to FY15 General Fund Six-Year Financial Forecast

The General Fund Six-Year Financial Forecast is the planning tool used to establish the budget balancing strategy for the upcoming fiscal year. The current year's budget for revenues and expenses is projected into the future based on what we now know and our best professional estimates of what we believe will occur. Projected expenses are subtracted from projected revenues and the difference is described as the "annual surplus or deficit". Annual surpluses roll forward to the next fiscal year to increase the reserves (in our instance the "Reserve for Revenue Shortfall") or if annual deficits result, the reserve is reduced accordingly.

As you glance at the base forecast attached to this memo, or look at the presentation given in January 2008 on the same topic, you will see mostly "annual deficits". You have to go to the end of the six-year period of the January forecast to locate a surplus. A quick comparison of the two forecasts reveals a noticeable deterioration in the General Fund's financial outlook during this past year.

Before explaining the cause for the deteriorating financial condition, and because there are several new members on the Budget Committee, it is worth mentioning again that the City of Eugene has taken many actions in the past to reduce operating costs and increase revenues. The two most significant past efforts positively affecting the General Fund's bottom line were the City's participation in reforming PERS and thus reducing the cost of employee retirement expenses, and the City's success in the courts protecting its right to charge franchise fees for the use of public right-of-way. In addition to making changes that created more revenue or required less spending, the City has avoided financial crisis by consistently planning over a multi-year horizon and making appropriate adjustments in the budget, and by drawing on reserve balances when necessary.

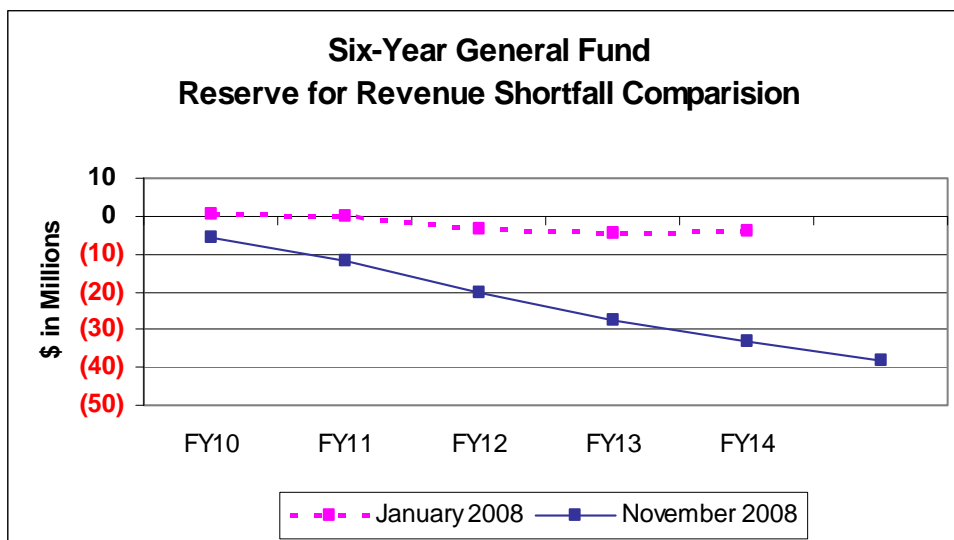
Although these actions improved the bottom line considerably, they have not been enough to completely remedy the General Fund structural imbalance. The graph below compares the annual operating deficits shown in the current forecast to the forecast prepared in January 2008.



What has changed between January 2008 and now? Beginning in FY10, the current forecast shows significantly larger deficits than were projected in January. The difference is approximately \$6.5 million and arises for the following reasons.

- Lower property tax revenue from two factors: lost revenue of \$2.7 million from Hynix, and another \$400,000 reduction based on a lower than projected increase in assessed value for the City as a whole.
- Contributions-in-lieu-of-taxes (CILT) from EWEB are \$800,000 less because Hynix will no longer use a substantial amount of electricity.
- Wage increases are projected at 4% instead of 1.8%, costing an additional \$1.4 million. In January 2008 no bargaining agreements were in place for FY10, and wage growth was estimated using inflationary projections provided by the State Office of Economic Analysis.
- \$900,000 added during development of the Budget Committee's FY09 recommended budget. This additional appropriation pays for bike patrols in downtown and surrounding parks, and funds four patrol officers.

Larger annual deficits have a corresponding effect on the balance in the General Fund Reserve for Revenue Shortfall. As would be expected, these increased annual deficits rapidly deplete the Reserve. At the end of FY10, the Reserve is projected to be overdrawn by \$5.6 million. If annual deficit spending were left unchecked, the deficit balance in the Reserve would grow to over \$20 million by the end of FY12. To begin addressing this situation in the current fiscal year, certain vacant positions will be left unfilled and a surplus in the Risk and Benefits Fund generated by improved experience on general liability claims will be returned to all funds. These actions will decrease spending by approximately \$2.5 million in the General Fund and leave the Reserve with a positive balance at year end. The graph below compares the Reserve balances in the current forecast version to the Reserve balances in the January 2008 forecast.



Since FY03, the inflation factors contained in the State of Oregon's economic forecast have been used to project the rate of growth for certain expenses in the City's General Fund forecast. As mentioned earlier, the inflationary projections made by the State are used to project wage costs when a labor

contract is not in place for those years in the forecast period. The State's inflationary factors are also used to project the rate of growth in materials and services costs beginning in FY11. Because these inflationary projections are low, ranging from 0.9% to 1.7%, another version of the preliminary forecast is presented to show the effect of higher inflation. This version increases the inflation rate by $\frac{1}{2}$ of a percentage point (.9% becomes 1.4% and 1.7% becomes 2.2%) above the rate contained in the base version. This is a small percentage change which enlarges the annual operating deficit by approximately \$500,000 in FY11 and by an increasing amount each year thereafter.

Finally, a version of the forecast is presented with the collection rate on property taxes held constant at 95% beginning in FY11. The base forecast assumes lower collection rates, with the rate for FY09 and FY10 at 94.75%, 94.5% in FY11 and 94% for the remaining years of the forecast. In addition, \$1.8 million in annual property tax revenue is added (2/3 of the amount paid by Hynix) beginning in FY11 as a placeholder for a new major tax payer in the City. Although these changes decrease the annual operating deficit by \$2.3 million in FY11, all years in the forecast show annual operating deficits as well as deficit balances in the Reserve for Revenue Shortfall.

On Monday night, I will make a brief presentation on the General Fund Forecast. If you have questions before then, I can be reached at 682-5041.

Attachments: Assumptions about Forecast Variables
FY10-FY15 Preliminary Forecast - Base
FY10-FY15 Preliminary Forecast with Higher Inflation
FY10-FY15 Preliminary Forecast with Additional Property Tax Revenue
FY10-FY15 Preliminary Forecast with FY10 Budget Strategy

Assumptions about Forecast Variables in FY10 to FY15 Preliminary General Fund Forecast – Base Version

Assessed Value - Based on data supplied by the Lane County Assessor, total taxable assessed value increased by 4.5% annually over the 6 years from FY04 and FY09. Using this trend, assessed value is estimated to increase 4.5% annually in each year from FY11 through FY15. In FY10, AV growth was held at 2%. This reflects the 4.5% average growth rate adjusted downward for Hynix.

Property Tax Collection Rate - The projected property tax collection rate for FY09 and FY10 is 94.75%. The actual collection rates for FY06, FY07 and FY08 (ignoring the effect of the multi-year property tax refund made to Hynix in FY08) were approximately 95%. The projected collection rate decreases to 94.5% in FY11 and 94% for the remaining years in the forecast.

Property Tax Revenue - Total property tax revenue is projected at \$76 million in FY10, \$79.1 million in FY11 and reaches \$93.9 million by FY15.

EWEB Contributions-in-lieu-of-taxes (CILT) - Revenue from EWEB is projected at \$11.3 million in FY10 and continues to build to \$12 million annually by the end of the forecast.

Franchise Fees - Right-of-way fees from Qwest, NWNG, Comcast and other providers are included at \$6.3 million in FY10, increasing to \$7.7 million annually by FY15.

Interest Earnings - Portfolio interest earnings are projected at 2.25% in FY10, 3.5% in FY11 and increasing annually thereafter to 4.25% by FY15.

State Shared Revenues - This revenue is projected to increase from \$3.5 million to \$4.5 million between FY10 and FY15.

Materials & Services -The increase to materials and services in FY10 is 2% above the FY09 level. Increases beginning in FY11 are pegged at the percentages used by the State Office of Economic Analysis in their September 2008 forecast. The rate starts at .9% in FY11 and increases to 1.7% by FY15.

Cost of Living Adjustments - The forecast includes increases to wages in FY10 at 4% above the FY09 amounts. If a labor contract is in place for FY11 and beyond, the forecast includes the minimum COLA per the contract. If no contract is in place, remaining years use the State Office of Economic Analysis inflation projections explained in the Materials & Services section above.

Health Benefits - Based on projections from the City's actuary the cost of health benefits in FY10 is expected to increase 8% over the FY09 amount. The forecast includes a 9% annual increase in each year thereafter.

Retirement Rates - The FY10 blended PERS/OPSRP retirement rate is 22.2% of payroll based on the valuation for calendar year 2007. This represents an anticipated decrease from the blended rate of 25.3% used for FY08 and FY09. The rate effective in FY10 has been collared. The PERS component of this blended rate was only allowed to decrease 3% percentage points below the rate for FY08 and FY09.

The retirement rate is held at 22.2% for the entire forecast period because the significant drop in the market value of PERS assets during 2008 may result in an increase to employer rates after the next valuation. The financial markets are currently extremely volatile. The next actuarial valuation used to establish employer rates beginning FY12 is due based December 31, 2009 data.

Growth and Service Additions - The base forecast includes no amounts for new or expanded services.

Library Local Option Levy - The Library Local Option Levy approved in November 2006 was approximately half the size of the previous levy. In FY08 and FY09 half of the library services previously funded by the old levy were absorbed in the General Fund. In FY12, when levy funding is no longer available, the remaining cost of those services is included in the forecast.

GENERAL FUND SIX YEAR FINANCIAL FORECAST, FY10 THROUGH FY15
 November 17, 2008 Budget Committee Presentation
 Base Case

Executive Summary: Resources and Requirements

	Actual FY07	Actual FY08	Estimated FY09	FY10	FY11	FY12	Forecast FY13	FY14	FY15
Resources									
Beginning Working Capital	\$ 31,536,024	\$ 29,687,078	\$ 28,125,351	\$ 22,862,306	\$ 15,985,000	\$ 10,455,000	\$ 2,620,000	\$ (3,813,000)	\$ (9,023,000)
Current Revenues	114,568,070	118,784,120	119,239,713	120,150,180	124,310,000	128,310,000	132,988,000	137,891,000	142,722,000
Total Resources	<u>146,104,094</u>	<u>148,471,198</u>	<u>147,365,064</u>	<u>143,012,486</u>	<u>140,295,000</u>	<u>138,765,000</u>	<u>135,618,000</u>	<u>134,078,000</u>	<u>133,699,000</u>
Requirements									
Personnel	76,546,298	79,927,349	87,835,008	89,934,122	92,229,000	96,946,000	99,477,000	102,445,000	105,718,000
Materials & Services	32,365,957	35,189,886	31,395,851	31,968,502	32,380,000	33,852,000	34,485,000	35,075,000	35,767,000
Departmental Expenditures	108,912,255	115,117,235	119,230,859	121,902,624	124,609,000	130,798,000	133,962,000	137,520,000	141,485,000
Reappropriation & Encumbrances			2,682,079	-	-	-	-	-	-
Non-Departmental Expenditures	7,504,761	5,228,611	5,089,820	5,124,363	5,231,000	5,347,000	5,469,000	5,581,000	5,493,000
FY09 Savings	-	-	(2,500,000)	-	-	-	-	-	-
Total Expenditures	<u>116,417,016</u>	<u>120,345,846</u>	<u>124,502,758</u>	<u>127,026,987</u>	<u>129,840,000</u>	<u>136,145,000</u>	<u>139,431,000</u>	<u>143,101,000</u>	<u>146,978,000</u>
Change in UEFB	116,417,016	1,890,000	800,000	624,000	469,000	1,051,000	548,000	612,000	646,000
Total Expenditures plus Change in UEFB		122,235,846	125,302,758	127,650,987	130,309,000	137,196,000	139,979,000	143,713,000	147,624,000
Annual Operating Surplus/(Deficit)	(1,848,946)	(3,451,727)	(6,063,045)	(7,500,807)	(5,999,000)	(6,886,000)	(6,981,000)	(5,822,000)	(4,902,000)
Ending Fund Balance									
UEFB at June 30	17,800,000	19,690,000	20,490,000	21,114,000	21,583,000	22,634,000	23,182,000	23,794,000	24,440,000
Reserves									
Reserve for Revenue Shortfall	11,887,078	8,094,639	1,893,768	(5,607,039)	(11,606,538)	(20,492,538)	(27,473,538)	(33,295,538)	(38,197,538)
Other Reserves	340,712	478,538	478,538	478,538	478,538	478,538	478,538	478,538	478,538
Total Reserves	<u>11,887,078</u>	<u>8,435,351</u>	<u>2,372,306</u>	<u>(5,128,501)</u>	<u>(11,128,000)</u>	<u>(20,014,000)</u>	<u>(26,995,000)</u>	<u>(32,817,000)</u>	<u>(37,719,000)</u>
Total Ending Fund Balance	29,687,078	28,125,351	22,862,306	15,985,499	10,455,000	2,620,000	(3,813,000)	(9,023,000)	(13,279,000)
Total Requirements	<u>146,104,094</u>	<u>148,471,198</u>	<u>147,365,064</u>	<u>143,012,486</u>	<u>140,295,000</u>	<u>138,765,000</u>	<u>135,618,000</u>	<u>134,078,000</u>	<u>133,699,000</u>

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.

GENERAL FUND SIX YEAR FINANCIAL FORECAST, FY10 THROUGH FY15
November 17, 2008 Budget Committee Presentation
 Base Case With Higher Inflation (-.5%) beginning in FY11
Executive Summary: Resources and Requirements

	Actual FY07	Actual FY08	Estimated FY09	FY10	FY11	FY12	Forecast FY13	FY14	FY15
Resources									
Beginning Working Capital	\$ 31,536,024	\$ 29,687,078	\$ 28,125,351	\$ 22,862,306	\$ 15,985,000	\$ 10,067,000	\$ 1,424,000	\$ (6,253,000)	\$ (13,210,000)
Current Revenues	114,568,070	118,784,120	119,239,713	120,150,180	124,381,000	128,440,000	133,263,000	138,253,000	143,185,000
Total Resources	<u>146,104,094</u>	<u>148,471,198</u>	<u>147,365,064</u>	<u>143,012,486</u>	<u>140,366,000</u>	<u>138,507,000</u>	<u>134,687,000</u>	<u>132,000,000</u>	<u>129,975,000</u>
Requirements									
Personnel	76,546,298	79,927,349	87,835,008	89,934,122	92,530,000	97,564,000	100,493,000	103,879,000	107,591,000
Materials & Services	32,365,957	35,189,886	31,395,851	31,968,502	32,531,000	34,157,000	34,955,000	35,718,000	36,590,000
Departmental Expenditures	108,912,255	115,117,235	119,230,859	121,902,624	125,061,000	131,721,000	135,448,000	139,597,000	144,181,000
Reappropriation & Encumbrances			2,682,079	-	-	-	-	-	-
Non-Departmental Expenditures	(1)	7,504,761	5,228,611	5,124,363	5,238,000	5,362,000	5,492,000	5,613,000	5,534,000
FY09 Savings		-	(2,500,000)	-	-	-	-	-	-
Total Expenditures	<u>116,417,016</u>	<u>120,345,846</u>	<u>124,502,758</u>	<u>127,026,987</u>	<u>130,299,000</u>	<u>137,083,000</u>	<u>140,940,000</u>	<u>145,210,000</u>	<u>149,715,000</u>
Change in UEFB		1,890,000	800,000	624,000	546,000	1,131,000	642,000	712,000	751,000
Total Expenditures plus Change in UEFB	<u>(2)</u>	<u>116,417,016</u>	<u>122,235,846</u>	<u>127,650,987</u>	<u>130,845,000</u>	<u>138,214,000</u>	<u>141,582,000</u>	<u>145,922,000</u>	<u>150,466,000</u>
Annual Operating Surplus/(Deficit)	<u>(3)</u>	<u>(1,848,946)</u>	<u>(6,063,045)</u>	<u>(7,500,807)</u>	<u>(6,464,000)</u>	<u>(9,774,000)</u>	<u>(8,319,000)</u>	<u>(7,669,000)</u>	<u>(7,281,000)</u>
Ending Fund Balance									
UEFB at June 30	(4)	17,800,000	19,690,000	21,114,000	21,660,000	22,791,000	23,433,000	24,145,000	24,896,000
Reserves									
Reserve for Revenue Shortfall	(5)	<u>11,887,078</u>	<u>8,094,639</u>	<u>(5,607,039)</u>	<u>(12,071,538)</u>	<u>(21,845,538)</u>	<u>(30,164,538)</u>	<u>(37,833,538)</u>	<u>(45,114,538)</u>
Other Reserves		340,712	478,538	478,538	478,538	478,538	478,538	478,538	478,538
Total Reserves		<u>11,887,078</u>	<u>8,435,351</u>	<u>(5,128,501)</u>	<u>(11,593,000)</u>	<u>(21,367,000)</u>	<u>(29,686,000)</u>	<u>(37,355,000)</u>	<u>(44,636,000)</u>
Total Ending Fund Balance	(6)	<u>29,687,078</u>	<u>28,125,351</u>	<u>15,985,499</u>	<u>10,067,000</u>	<u>1,424,000</u>	<u>(6,253,000)</u>	<u>(13,210,000)</u>	<u>(19,740,000)</u>
Total Requirements	(7)	<u>146,104,094</u>	<u>148,471,198</u>	<u>143,012,486</u>	<u>140,366,000</u>	<u>138,507,000</u>	<u>134,687,000</u>	<u>132,000,000</u>	<u>129,975,000</u>

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.

GENERAL FUND SIX YEAR FINANCIAL FORECAST, FY10 THROUGH FY15

November 17, 2008 Budget Committee Presentation

Base Case With 95% Collection Rate and \$1.8 Million Additional Property Taxes Beginning in FY11

Executive Summary: Resources and Requirements

	Actual FY07	Actual FY08	Estimated FY09	FY10	FY11	FY12	Forecast FY13	FY14	FY15
Resources									
Beginning Working Capital	\$ 31,536,024	\$ 29,687,078	\$ 28,125,351	\$ 22,862,306	\$ 15,985,000	\$ 12,732,000	\$ 7,677,000	\$ 4,161,000	\$ 1,879,000
Current Revenues	114,568,070	118,784,120	119,239,713	120,150,180	126,587,000	131,090,000	135,915,000	140,819,000	145,589,000
Total Resources	146,104,094	148,471,198	147,365,064	143,012,486	142,572,000	143,822,000	143,592,000	144,980,000	147,468,000
Requirements									
Personnel	76,546,298	79,927,349	87,835,008	89,934,122	92,229,000	96,946,000	99,477,000	102,445,000	105,718,000
Materials & Services	32,365,957	35,189,886	31,395,851	31,968,502	32,380,000	33,852,000	34,485,000	35,075,000	35,767,000
Departmental Expenditures	108,912,255	115,117,235	119,230,859	121,902,624	124,609,000	130,798,000	133,962,000	137,520,000	141,485,000
Reappropriation & Encumbrances			2,682,079	-	-	-	-	-	-
Non-Departmental Expenditures	(1) 7,504,761	5,228,611	5,089,820	5,124,363	5,231,000	5,347,000	5,469,000	5,581,000	5,493,000
FY09 Savings			(2,500,000)						
Total Expenditures	116,417,016	120,345,846	124,502,758	127,026,987	129,840,000	136,145,000	139,431,000	143,101,000	146,978,000
Change in UEFB		1,890,000	800,000	624,000	469,000	1,051,000	548,000	612,000	646,000
Total Expenditures plus Change in UEFB	(2) 116,417,016	122,235,846	125,302,758	127,650,987	130,309,000	137,196,000	139,979,000	143,713,000	147,624,000
Annual Operating Surplus/(Deficit)	(3) (1,848,946)	(3,451,727)	(6,063,045)	(7,500,807)	(3,722,000)	(6,106,000)	(4,064,000)	(2,894,000)	(2,035,000)
Ending Fund Balance									
UEFB at June 30	(4) 17,800,000	19,690,000	20,490,000	21,114,000	21,583,000	22,634,000	23,182,000	23,794,000	24,440,000
Reserves									
Reserve for Revenue Shortfall	(5) 11,887,078	8,094,639	1,893,768	(5,607,039)	(9,329,538)	(15,435,538)	(19,499,538)	(22,393,538)	(24,428,538)
Other Reserves		340,712	478,538	478,538	478,538	478,538	478,538	478,538	478,538
Total Reserves	11,887,078	8,435,351	2,372,306	(5,128,501)	(8,851,000)	(14,957,000)	(19,021,000)	(21,915,000)	(23,950,000)
Total Ending Fund Balance	(6) 29,687,078	28,125,351	22,862,306	15,985,499	12,732,000	7,677,000	4,161,000	1,879,000	490,000
Total Requirements	(7) 146,104,094	148,471,198	147,365,064	143,012,486	142,572,000	143,822,000	143,592,000	144,980,000	147,468,000

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.

GENERAL FUND SIX YEAR FINANCIAL FORECAST, FY10 THROUGH FY15
November 17, 2008 Budget Committee Presentation
Base Case With \$8 Million On-Going Reduction Beginning FY10
Executive Summary: Resources and Requirements

	Actual FY07	Actual FY08	Estimated FY09	FY10	FY11	FY12	Forecast FY13	FY14	FY15
Resources									
Beginning Working Capital	\$ 31,536,024	\$ 29,687,078	\$ 28,125,351	\$ 22,862,306	\$ 24,165,000	\$ 27,269,000	\$ 28,537,000	\$ 31,649,000	\$ 36,331,000
Current Revenues	114,568,070	118,784,120	119,239,713	120,330,180	124,872,000	129,220,000	134,219,000	139,326,000	144,342,000
Total Resources	146,104,094	148,471,198	147,365,064	143,192,486	149,037,000	156,489,000	162,756,000	170,975,000	180,673,000
Requirements									
Personnel	76,546,298	79,927,349	87,835,008	89,934,122	92,229,000	96,946,000	99,477,000	102,445,000	105,718,000
Materials & Services	32,365,957	35,189,886	31,395,851	31,968,502	32,380,000	33,852,000	34,485,000	35,075,000	35,767,000
Departmental Expenditures	108,912,255	115,117,235	119,230,859	121,902,624	124,609,000	130,798,000	133,962,000	137,520,000	141,485,000
Reappropriation & Encumbrances			2,682,079	-	-	-	-	-	-
Non-Departmental Expenditures	(1)	7,504,761	5,228,611	5,124,363	5,231,000	5,347,000	5,469,000	5,581,000	5,493,000
FY09 Savings			(2,500,000)						
FY10 Budget Strategy				(8,000,000)	(8,072,000)	(8,193,080)	(8,324,169)	(8,457,356)	(8,601,131)
Total Expenditures	116,417,016	120,345,846	124,502,758	119,026,987	121,768,000	127,951,920	131,106,831	134,643,644	138,376,869
Change in UEFB		1,890,000	800,000	(709,000)	457,000	1,031,000	525,000	590,000	622,000
Total Expenditures plus Change in UEFB	116,417,016	122,235,846	125,302,758	118,317,987	122,225,000	128,982,920	131,631,831	135,233,644	138,998,869
Annual Operating Surplus/(Deficit)	(3)	(1,848,946)	(6,063,045)	2,012,193	2,647,000	237,080	2,587,169	4,092,356	5,343,131
Ending Fund Balance									
UEFB at June 30	(4)	17,800,000	20,490,000	19,781,000	20,238,000	21,269,000	21,794,000	22,384,000	23,006,000
Reserves									
Reserve for Revenue Shortfall	(5)	11,887,078	8,094,639	3,905,961	6,552,462	6,789,542	9,376,631	13,468,818	18,811,593
Other Reserves		340,712	478,538	478,538	478,538	478,538	478,538	478,538	478,538
Total Reserves		11,887,078	8,435,351	4,384,499	7,031,000	7,268,080	9,855,169	13,947,356	19,290,131
Total Ending Fund Balance	(6)	29,687,078	28,125,351	24,165,499	27,269,000	28,537,080	31,649,169	36,331,356	42,296,131
Total Requirements	(7)	146,104,094	148,471,198	143,192,486	149,037,000	156,489,000	162,756,000	170,975,000	180,673,000

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.
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**Financial Trends
Report**

Budget Committee
November 17, 2008



Agenda


- Background & Methodology
- Property Tax Collection Rate
- Revenues & Expenditures Per Capita
- General Fund Revenue: Actual vs. Budget
- General Fund Surplus/Deficit as a Percent of Revenue
- Fund Balance as a Percent of Revenue



2

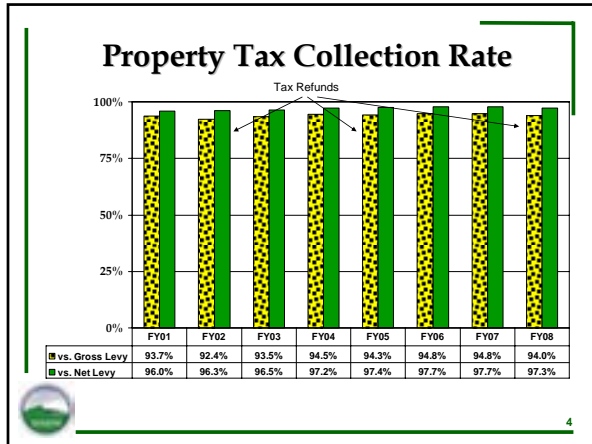
Background & Methodology

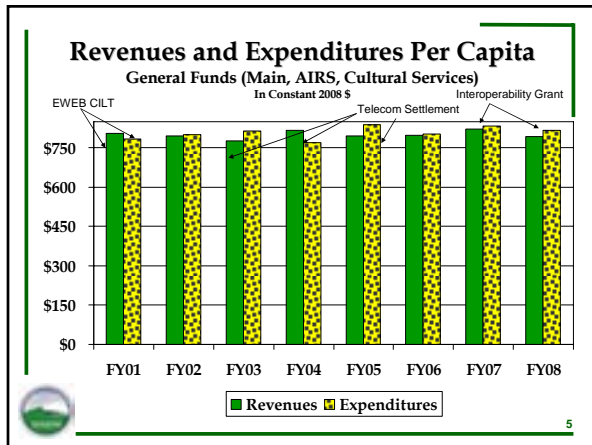
- ICMA Model
- Governmental Funds
- Inflation Adjusted
- Compare Eugene to prior years
- Compare to rating agency benchmarks
- Assign a Trend
 - » Favorable
 - » Caution
 - » Negative

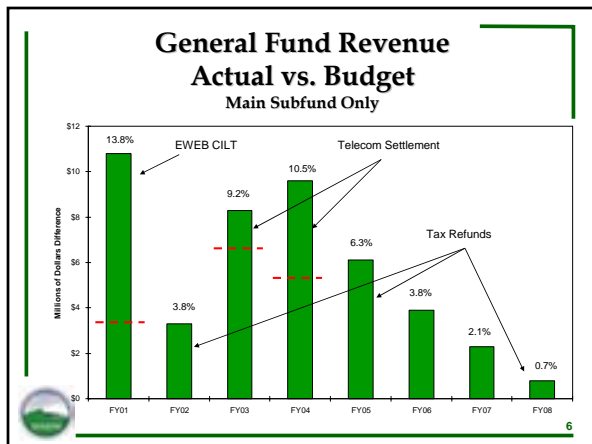


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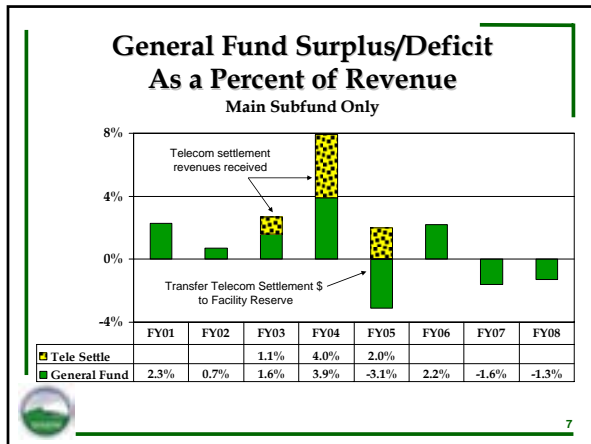
Budget Committee, Financial Trends Report – November 2008

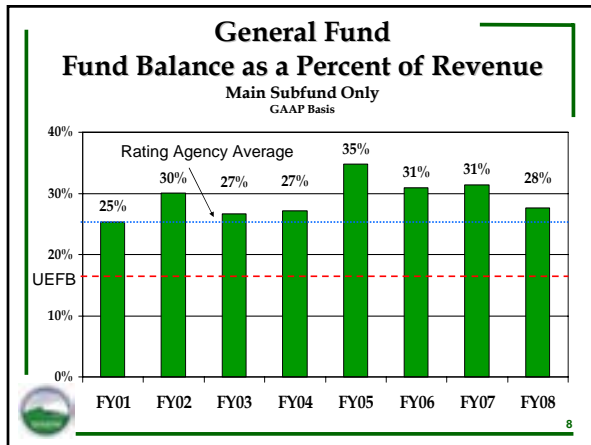






Budget Committee, Financial Trends Report – November 2008





Summary of Trends

<u>Indicator</u>	<u>Trend</u>
Property Tax Collection Rate	Favorable
Revenues Per Capita	Caution
Expenditures Per Capita	Favorable
General Fund Revenue: Actual vs. Budget	Favorable
Gen Fund Surplus/Deficit as % of Revenue	Unfavorable
General Fund Balance as % of Revenue	Caution


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City of Eugene - General Fund Six-Year Financial Forecast

General Fund Six-Year Financial Forecast

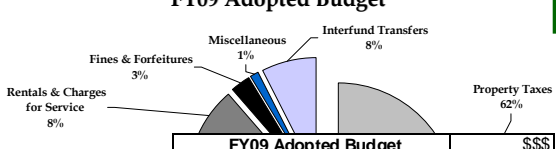
November 17, 2008

- Introduction
- Revenue and Expenditures
- Forecast Scenarios




1

General Fund Revenue FY09 Adopted Budget



FY09 Adopted Budget		\$\$\$
Property Taxes	75.7	75.7
Other Taxes	11.5	11.5
Licenses & Permits	6.3	6.3
Intergovernmental	4.4	4.4
Rentals & Charges for Service	9.2	9.2
Fines & Forfeitures	3.4	3.4
Miscellaneous	1.4	1.4
Interfund Transfers	9.1	9.1
Total	121.0	121.0


(in millions)



History of Revenues

General Fund
(Actual Collections; mil \$)

	FY96	FY08	12-Year Annualized Increase
Property Taxes	42.4	70.8	4.4%
Other Revenues	26.7	50.2	5.4%
Total	69.1	121.0	4.8%



3

City of Eugene - General Fund Six-Year Financial Forecast

History of Personnel Costs

General Fund
(Actual Costs; mil \$)

**12-Year
Annualized
Increase**

	FY96	FY08	
Salary	32.6	53.1	4.1%
Fringe	3.0	4.8	4.0%
Health	2.8	8.9	10.1%
Retirement	4.8	13.1	8.7%
Total	43.3	79.9	5.2%



4

History of PERS/OPSRP Rates

% of payroll

PERS	FY10	FY08	FY06	FY04	FY02
Employer	10.57	13.70	17.16	20.06	13.20
Pension Bonds	5.50	5.50	6.00	0.00	0.00
Employee Pick-up	6.00	6.00	6.00	6.00	6.00
Total	22.07	25.20	29.16	26.06	19.20

OPSRP	FY10	FY08	FY06
Employer - General Svc	8.67	13.80	11.90
Employer - Police & Fire	11.38	17.10	15.51
Pension Bonds	5.50	5.50	6.00
Employee Pick-up	6.00	6.00	6.00
Total - General Service	20.17	25.30	23.90
Total - Police & Fire	22.88	28.60	27.51



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Significant Forecast Variables

Revenue

- Property Tax Revenue
- Contributions in Lieu of Taxes
- Franchise Fees
- State Shared Revenue

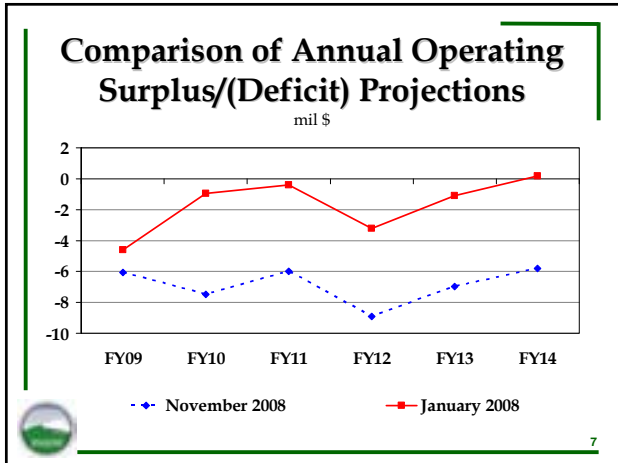
Expense

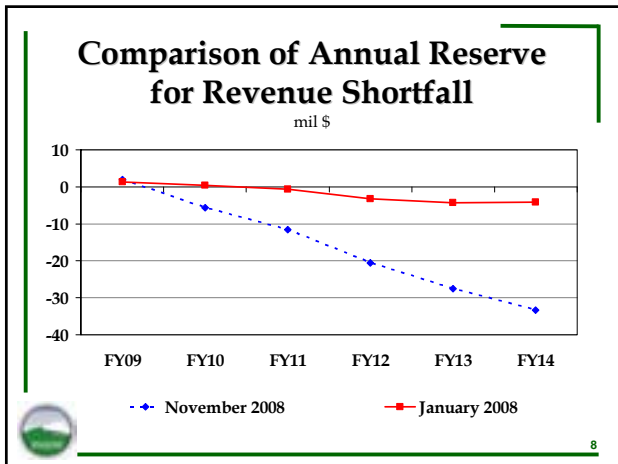
- General Inflation Adjustment
- Health Benefits
- Retirement Costs
 - » PERS
 - » OPSRP
- Program Costs

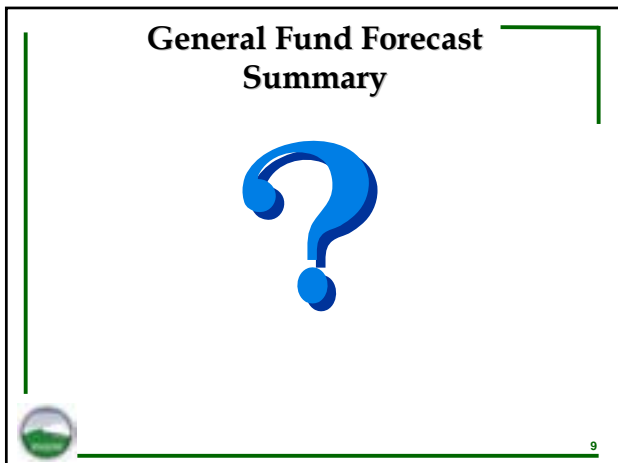


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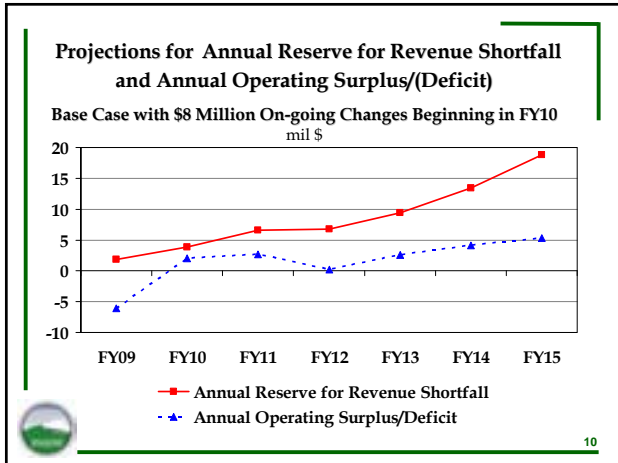
City of Eugene - General Fund Six-Year Financial Forecast







City of Eugene - General Fund Six-Year Financial Forecast



DRAFT WORK PROGRAM FOR 2009

Full Committee

Item	Meeting Date	Time
Election of Officers, Financial Trends, General Fund Forecast, FY10 Budget Strategy	November 17, 2008 (M)	5:30-7:10 p.m.
CIP, Financial Policies	January 28, 2009 (W) B/T Room -Library	5:30-9:00 p.m.
CIP, Financial Policies	February 11, 2008 (W) B/T Room-Library	5:30-9:00 p.m.
Review of Proposed FY10 Budget - dates & times are <u>tentative</u> :		
City Manager's Budget Message	April 29, 2009 (W)	5:30-9:00 p.m.
Work Session	May 4, 2009 (M)	5:30-9:00 p.m.
Work Session	May 6, 2009 (W)	5:30-9:00 p.m.
Work Session	May 13, 2009 (W)	5:30-9:00 p.m.
Work Session	May 18, 2009 (M)	5:30-7:15 p.m.
Public Hearing	May 18, 2009 (M)	7:30-8:30 p.m.
Budget Recommendation	May 20, 2009 (W)	5:30-9:00 p.m.

Citizen Subcommittee

Item	Meeting Date	Time
BC Subcommittee mtg on service profiles	December 11 (Th) Library, Sunstone, 3 rd Floor	5:30 p.m.
BC Subcommittee mtg on service profiles	January 13 (Tu) Library, Sunstone, 3 rd Floor	5:30 p.m.