



NOTE LOCATION!

A G E N D A
EUGENE BUDGET COMMITTEE
Wednesday, January 28, 2009
Downtown Library, Bascom-Tykeson Room
100 West 10th Avenue
5:30 p.m. – 8:30 p.m.

- 5:30 p.m. I. **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.

- 6:00 p.m. II. **MINUTES APPROVAL**
April 30, 2008; May 5, 2008; May 7, 2008; May 14, 2008; May 19, 2008 (Work Session and Public Hearing); May 21, 2008; May 28, 2008; November 17, 2008.

- 6:10 p.m. III. **FY10-15 CAPITAL IMPROVEMENT PROGRAM OVERVIEW**
Pavel Gubanikhin, Finance; Glen Svendsen, Facilities; Mark Schoening, Public Works

- 7:10 p.m. – B R E A K –

- 7:20 p.m. IV. **CAPITAL IMPROVEMENT PROGRAM DISCUSSION ON RECOMMENDATION TO CITY COUNCIL**

- 8:00 p.m. V. **FY10 BUDGET UPDATE**
Jon Ruiz, City Manager

- 8:30 p.m. **ADJOURN**

Budget Committee Members:

George Brown	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: February 11, 2009

Topics – FY10-15 CIP, Reserve Policy

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 and are available on 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.



MEMORANDUM

Date: January 22, 2009
To: Eugene Budget Committee Members
From: Kitty Murdoch, Budget Manager
Subject: Budget Committee Minutes

At your January 28th meeting, you will be asked to approve the minutes from the spring and fall Budget Committee meetings. The April and May minutes were distributed to you in mid-November. Due to the size of the packet, I am not redistributing them for this meeting. If you cannot locate those minutes and would like a hard copy of them, please let me know and I will send you either an email version or a paper copy version of the minutes packet for review. The draft versions of the minutes are also available on the Budget Committee website <http://www.eugene-or.gov/budgetcommittee> . If you have questions about the minutes, the webcasts on the city website may refresh distant memories. They can be found at <http://www.eugene-or.gov> . Click on the webcasts icon in the middle of the right hand side of the web page. New members will only be asked to vote on the November 17, 2008 minutes.

I am attaching the minutes from the November 17 meetings (full committee and citizen subcommittee). Please send me your edits and changes to any of the minutes by noon on Wednesday, January 28 and I will distribute a combined list of changes at the meeting.

MINUTES

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

November 17, 2008
5:30 p.m.

PRESENT: John Barofsky, Chair; Claire Syrett, Vice Chair/Secretary; Bonny Bettman, Mike Clark, Chris Pryor, Jennifer Solomon, Betty Taylor, Alan Zelenka, Kate Davidson, Mary Ann Holser, Joseph Potwora, Doug Smith, members; City Manager Jon Ruiz; AIC Assistant City Manager Sarah Medary; Central Services Executive Director, Jim Carlson; Dee Ann Raile, Sue Cutsogorge, Kitty Murdoch, John Huberd, Pavel Gubanikhin, Finance; Mayor Kitty Piercy.

ABSENT: George Poling, Andrea Ortiz, Noah Kamrat, Terry McDonald, members.

I. Introduction of Committee Members

Mr. Barofsky called the meeting to order at 5:36 p.m. and asked those present to introduce themselves.

Mr. Barofsky acknowledged the contributions of outgoing committee members Jana Rygas, Jim Carlson, Bob Peter, Mike Biglan, John Demboski, and Bonny Bettman.

II. Election of Officers

Mr. Zelenka, seconded by Mr. Clark, moved to nominate Mr. Barofsky as Chair of the Budget Committee. The motion passed unanimously, 12:0.

Ms. Taylor, seconded by Ms. Bettman, moved to nominate Ms. Syrett as Vice-Chair of the Budget Committee. The motion passed unanimously, 12:0.

III. Financial Trends

Ms. Cutsogorge presented the “Financial Trends Report” (FTR) for the benefit of the committee. She noted that she did not have copies of her slide presentation for the committee members due to problems with the City’s computer systems that day, and noted that copies would be provided to the committee members as soon as possible.

Ms. Cutsogorge noted that her report would cover trends from FY01 through FY08.

Ms. Cutsogorge briefly described the background and methodology of the FTR and in doing so noted that the report would primarily focus on the financial trends related to the City’s general fund. She added that each trend identified in the report would be classified as favorable, caution or negative.

Ms. Cutsogorge described the favorable property tax collection rate trend from her presentation for the benefit of the committee and commented that for FY01-FY08 property taxes made up approximately 60% of the general

fund revenues. She added that the figures demonstrated property tax collection rates for both the net levy and the gross levy.

Mr. Zelenka asked how many people took advantage of the 3% discount provided by the net levy. Ms. Cutsogeorge answered that she did not have exact numbers, but that the number of people who took advantage of the discount was quite high.

Ms. Cutsogeorge noted that while property tax collection rates for FY02, FY05 and FY08 had been affected by significantly large refunds to Hynix and Qwest, overall collection rates had been high.

Ms. Cutsogeorge presented information regarding revenues and expenditures per capita for the committee, noting that the revenue trend had been classified as a caution trend due to the fact that revenues per capita had suffered a 0.2% average annual decrease. She added that the expenditures trend had been classified favorable since the 0.6% rise in expenditures per capita over FY01-FY08 had only been a small percentage above inflation. She noted that the expenditures per capita being higher than revenues was a clear impediment to the committee's goal of making the general fund sustainable.

Ms. Cutsogeorge presented information demonstrating the projected General Fund Revenue budgets versus revenues actually received. She noted that the trend indicated by her graph was considered favorable as the discrepancy between budgeted and actual revenues had grown progressively smaller over FY01-FY08.

Ms. Cutsogeorge, responding to a question from Mr. Clark, noted that while they would not have FY09 actual figures until late next year they would be able to provide initial budgeted revenue figures later in the meeting.

Ms. Cutsogeorge presented information regarding the general fund surplus/deficit as a percent of revenue, noting that the trend indicated therein was considered negative since the general fund had been in a deficit state for the past two years.

Ms. Cutsogeorge, responding to a question from Ms. Bettman, noted that the financial indicators report due to be presented to the budget committee in January or February of 2009 would include information on the entire City budget and not just the general fund.

Ms. Cutsogeorge presented information regarding the general fund fund balance as a percentage of revenue, which indicated a caution trend since the percentage had been on the decline in the last two years. She noted that the fund balance percentages were often used by outside credit rating agencies to determine the financial health of the City.

Ms. Cutsogeorge presented a summary of trends and noted that her office was working on ways to address those trends classified as negative by the report.

Mr. Barofsky called for a short break at 6:01 p.m. and then reconvened the meeting at 6:10 p.m.

IV. General Fund Outlook

Ms. Raile provided a presentation on the City's six-year general fund forecast. She noted that the figures being presented represented the Financial Services division's best professional guess but that the numbers would almost certainly change over time.

Ms. Raile reminded the committee that despite deteriorating economic conditions, the City had done good work to

control costs and protect the revenues in the general fund.

Ms. Raile demonstrated a graph explaining the general fund revenues in the adopted FY09 budget. She reminded the committee that property tax revenues accounted for 62% of the total budget and constituted the largest portion of the general fund revenues.

Ms. Raile, responding to a question from Mr. Zelenka, commented that the interfund transfers portion of the general fund revenue were part of an overhead allocation plan to provide funds for central functions such as human resources and information technology and were allocated based on the individual needs of the various offices and not on any constant predetermined percentage across the board.

Mr. Raile, in comparing actual general fund revenues between FY96 and FY08, noted an average annual increase in revenues of 4.8%. She added that property tax revenues as a percentage of the total general fund revenues had decreased from 61% to 58.5% over the twelve year period.

Ms. Raile described the history of personnel costs, noting that the actual costs over the FY96-FY08 period had increased on average by 5.2% annually, which was consistent with Ms. Cutsogeorge's earlier statement regarding per capita revenues being less than per capita expenditures. She added that retirement costs were expected to decrease over the next two years

Ms. Raile presented a brief history of the Public Employees Retirement System (PERS) and Oregon Public Services Retirement Plan (OPSRP) rates going back as far as FY02. She noted that the PERS rates were capped and collared to decrease by no more than 3% in any two year period. Ms. Raile added that the decrease in the pension bond rate under OPSRP from FY06-FY10 was due to the fact that the City had paid off more than \$7 million in pension obligation bonds.

Ms. Raile proceeded to describe the significant forecast variables identified in her presentation for the committee with respect to the revenues and expenditures of the general fund.

Ms. Raile, responding to a question from Mr. Potwora, noted that with respect to property tax revenues there was enough of a margin between real and assessed values that the assessed values could sustain projected growth even if real property values were to drop significantly.

Ms. Raile, in response to a comment from Ms. Bettman, noted that the EWEB Contributions in Lieu of Taxes portion of the projected general fund revenues had been relatively static in the past few years, hovering at around \$11 million.

Ms. Raile noted that the City was anticipating wage growth as a portion of the general inflation adjustment of general fund expenses to be at 4% as dictated by the City's contracts for FY10. She noted that beyond FY10, and in the absence of new contracts, the City would default to the State's budgetary forecasts.

Ms. Syrett asked if the default forecast provision was part of normal budgeting policy or if it was the result of the unfavorable economic climate. Ms. Raile answered that the default forecast provision had been in place since FY03 and was considered normal budget policy.

Ms. Raile noted that, with respect to the Program Costs portion of projected general fund expenses, the forecast assumed the additional cost of public library operations beginning in FY12 after the current library levies had expired.

Ms. Raile presented a comparison of annual operating surplus/deficit projections, noting a substantial deterioration of the general fund in the projections for FY10 due to inflation adjustments, property tax revenue decreases, and additional public safety expenditures for police officers.

Ms. Raile presented a comparison of annual reserve for revenue shortfall, noting that at the end of the current fiscal year there would be \$1.9 million in reserve funds after the City Manager had dictated that \$2.5 million in adjustments over the course of FY09 in order to ensure that the reserves would not have a negative balance. She commented that, based on current conditions and left unchecked, the annual reserve would continue to significantly decrease.

Ms. Raile, responding to a question from Mr. Potwora, noted that the most urgent variables were the property tax collection rate and the growth rate in assessed values for property taxes. In response to further questioning from Mr. Potwora, she noted that those variables were difficult to control and that the most urgent expense variables that were under the City's control were salaries and wages for City employees.

Ms. Raile, responding to a comment from Mr. Zelenka, noted that there were several different approaches the City could take in order to increase the property tax revenues or the collection rate for those revenues including local option levies, hiring an employee to ensure accurate reporting of assessed values, and renegotiations of contributions in lieu of taxes from utilities such as EWEB and Northwest Natural Gas.

Mr. Barofsky asked if there would be any updates on the outlook of the General Fund provided in January. Ms. Raile responded most of the figures from her presentation had been finalized and that she would provide an updated presentation only if the numbers changed substantially in the interim.

Mr. Barofsky asked if it might be advisable or possible to discontinue the 3% property tax discount that Ms. Cutsogeorge had mentioned earlier. Ms. Raile answered that the discount was part of a State law and could not be discontinued by the City.

Mr. Barofsky was concerned about how forecasted salary and wage increases for certain unionized city employees might be addressed. Mr. Ruiz responded that the AFSCME and police union contracts had already been signed, and that contracts for the remaining union City employees were still being negotiated.

V. FY10 Budget Strategy

Mr. Ruiz commented that the City was faced with the difficult challenge of closing an \$8 million budget gap without cutting City services. He noted that the City Manager's and Risk Services offices had been attempting to control health benefit and workers compensation costs in recent years, in addition to seeking more ways in which to carry over the financial benefits of improved safety and wellness policies.

Ms. Taylor asked if the City Manager's office had explored any new revenue options. Mr. Ruiz responded that no viable sources of new revenue had presented themselves in recent years. He asked that the City Council feel free to make any suggestions in that regard. Ms. Taylor suggested that Mr. Ruiz look at a recent study performed by the City Club of Eugene that might give helpful input.

Mr. Ruiz, responding to a question from Mr. Zelenka about the timeline for addressing the budget gaps, noted that the City Manager's office had already been exploring avenues to increase revenues and reduce expenses and to that end had formed five City executive management teams to explore a number of options. He noted that those teams would be meeting with Mayor Piercy and members of the City Council several times over the course of the

next year to present their findings. He said that those findings and discussions would most likely be incorporated into the budget that he would eventually submit to the budget committee.

Mr. Ruiz expressed that the Council's normal timeline of considering budget issues in January in February might be moved forward to September of the previous year in order to give the Council the opportunity to provide more comprehensive policy guidance.

Mr. Ruiz suggested that biannual meetings with the budget committee might be a helpful way for the City to review or adjust its investments in various City policies and initiatives.

Mr. Ruiz, responding to a question from Mr. Zelenka, noted that closing the \$8 million FY10 budget gap, either by making service adjustments or cuts, would allow the City to increase the reserves for revenue shortfalls, which had decreased significantly over the last several years.

Mr. Pryor appreciated Mr. Ruiz's efforts to close the budget gap without cutting services, and similarly asked that he not lay off critical City infrastructure personnel unless it was absolutely necessary to do so.

Ms. Davidson asked Mr. Ruiz what the process was whereby the City Manager would be including non-executive level city employees as well as members of the general public in budget discussions. Mr. Ruiz answered that the City had recently completed an online think tank discussion for employees to make suggestions and provide input regarding the City budget. He added that the City was in the process of creating more improved ways to solicit community input on the budget, but that no specific strategic practices in that regard were yet in place.

Mr. Smith maintained that he was not in favor of cutting City services to close the budget gap, and encouraged Mr. Ruiz and the rest of the City's executive management to find creative ways to address the problem that would not require cuts.

Mr. Barofsky reminded the committee that the \$8 million budget gap pertained only to the general fund, and that the actual budget deficit faced by the City was probably closer to \$12 million or \$13 million overall.

Mr. Barofsky expressed that he was encouraged by Mr. Ruiz's efforts to find creative ways to address the budget problems, but was discouraged by Mr. Ruiz's inference that the problem could be solved in the current year when the same problem could not be solved in the previous year. Mr. Ruiz responded by noting that the financial situation and the budget challenges faced by the City in the current year were quite different from previous years.

Mr. Ruiz, responding to a comment from Ms. Bettman, reiterated that by making structural changes in order to close the \$8 million FY10 budget gap the City could increase its reserves for revenue shortfalls beyond FY10.

Ms. Bettman maintained that the current discussion regarding the budget gap was overly theoretical, and agreed with Ms. Davidson's position that the public was not being involved enough in the budget process.

Ms. Bettman felt that the calls for creative ideas to address the budget gap were actually a call to privatize public city services and which would allow public revenues to be used for private purposes with little or no oversight. She added that any public funds being devoted to private services or privatized bureaucracies should be cut first in addressing the \$8 million FY10 budget gap.

Ms. Bettman expressed that the City should review administrative salaries and compensation to see if there was anything that could be cut or re-administered to save money.

Ms. Bettman expressed an opinion that at some point it would be nice to explore the possibility of making a requirement of new City employee hires that they also live within the City limits.

Ms. Syrett agreed with Ms. Davidson and Ms. Bettman's positions that it was important to provide community members with specific strategic avenues for providing input on the budget and other City issues.

Ms. Taylor maintained that the City should consider reducing or eliminated its contributions to the Metro Partnership as well as the various tax exemption opportunities offered by the City.

Mr. Zelenka commented that it would not be wise to spend public tax revenues to privatize public services. He maintained that contributions to capital improvement projects had been insufficient to maintain current City assets.

VI. FY10 Proposed Meeting Schedule

Ms. Murdoch asked the committee to check their schedules and let her know if the two dates for upcoming meetings, January 28, 2009, and February 11, 2009, would work for them.

The meeting adjourned at 7:19 p.m.

(Recorded by Wade Hicks)

MINUTES

Citizen Budget Subcommittee
Council Chamber—Eugene City Hall

November 17, 2008
7:30 p.m.

PRESENT: John Barofsky, Chair; Kate Davidson, Mary Ann Holser, Joseph Potwora, Doug Smith, Claire Syrett, members; Jim Carlson, Kitty Murdoch, DeeAnn Raile, Sue Cutsogorge, John Huberd, Pavel Gubanikhin, Central Services.

ABSENT: Noah Kamrat, Terry McDonald, members.

I. Discussion of Supplemental Budget #1

Mr. Barofsky called the meeting to order at 7:29 p.m.

Ms. Murdoch stated that the citizen subcommittee's review of the supplemental budget had been the result of Budget Committee action in May 2008. Citizen members, especially Mr. Barofsky, had requested the opportunity to become more familiar with the purpose and transactions on the supplemental budgets and wanted the opportunity to provide informed input into the supplemental budget.

Ms. Murdoch, responding to a request for clarification on the nature of the supplemental budgets versus the adopted budget, noted that one purpose of the December supplemental budget was to reconcile the previous year's audited ending balance with the estimate in the budget. She noted that the City has a policy to send up to \$900,000 in unallocated carryover in the General Fund to the General Capital Fund to help maintain and repair general purpose city buildings and assets. She noted that the carryover amount being sent to the capital budget for the current year was only approximately \$370,000, well short of the amount sent in previous years.

Ms. Holser asked if the supplemental budget could apply not only to the General Fund but also to the capital budget. Ms. Murdoch confirmed that supplemental budgets could be applied to all funds within the City's budget. She added that the City did not generally make any policy changes to the supplemental budgets that had not been previously authorized by the City Council or were not required by policy or law.

Ms. Murdoch proceeded to review elements of her November 13 memorandum for the benefit of the subcommittee and also elucidated on how supplemental budgets were adopted by the Council. She said the materials being presented that evening were still in draft form and that some changes were expected.

Mr. Barofsky noted that as a Budget Committee member he had not felt as fully informed regarding supplemental budgets as he would have liked. He noted that it had been difficult to raise concerns regarding the supplemental budgets during the limited public hearing time in regular City Council meetings, and was pleased that the citizen subcommittee meeting had been established to provide a more comprehensive opportunity to provide public input.

Ms. Holser asked how funds within the supplemental budget would be reallocated in the event that they went unspent. Ms. Syrett expressed that the City Council would most likely have a debate on how those funds might best be reallocated.

Mr. Barofsky said that the subcommittee could provide useful input to the City Council and Budget Committee on recent issues that affected reappropriations from the supplemental budget such as wire theft and Olympic trial expenses.

As an example of a carryover transaction, Ms. Murdoch described a \$300,000 grant to the Eugene Police Department by the State of Oregon in FY08 for 2008 Olympic trial security expenses that would be carried over into the 2009 budget for expenses related to the trials. The Olympic Trials spanned two fiscal years, and the grant funds were actually used in FY09.

Ms. Murdoch, responding to a question from Ms. Syrett, noted that some of the revenue and expenditure changes of the supplemental budget had been incorporated as dictated by previously established City policies, and some had been incorporated as the result of changes to agreements with other jurisdictions and changing circumstances, such as a change in revenues.

Ms. Holser noted she was somewhat confused by the process whereby the City Council could direct to spend money from the supplemental budget. She stated she was looking forward to learning more about that process in the near future.

Mr. Barofsky asked if the carryover amount dedicated to the General Capital Fund's budget, which had historically been \$900,000, was much lower this year due to a decrease in property tax revenues or if there were other factors in FY09 that had contributed to the decline. Ms. Raile responded that one of the reasons for the decline was that the Financial Services division had experienced a much more narrow margin of error between their budget projections and actual expenses, and that as such there was much less money left over for the capital budget carryover from the supplemental budget.

Mr. Barofsky indicated that he was pleased that Financial Services' budget estimations had proved increasingly accurate, but that he would prefer that a set amount be put aside for the capital budget rather than waiting to see what was simply left over.

The subcommittee engaged in a brief discussion of how supplemental budgets functioned and how the City's actual expenditures as opposed to budgeted expenditures affected the balance of the supplemental budgets.

Ms. Murdoch noted that the recommendation the Budget Committee presents to the City Council in May of each year includes a line for carryover estimates that are established at that time. The carryover estimates are included in the resolution adopted by council. The first supplemental budget reconciles those estimates with actual carryover amounts, as determined by the city auditor.

Mr. Smith asked the subcommittee members what their reactions were regarding the \$8 million General Fund budget gap for FY10 described during the Budget Committee meeting earlier in the evening and asked Ms. Raile and Ms. Murdoch if anything was being done in the current fiscal year to address the impending gap. Ms. Raile responded that approximately \$2 million was going to be saved in FY09, primarily from reduced risk and health payments due to lower than expected costs in those programs.

Mr. Barofsky asked if part of the reason for the reduction in the capital budget carryover was the Hyundai property tax settlement that the City and other affected jurisdictions had recently had to pay off. Ms. Raile confirmed that it was, and also that the City had overall experienced significantly lower revenues and higher expenses in FY08.

Mr. Barofsky appreciated the information provided by Ms. Raile and Ms. Murdoch and believed it would help him to formulate a more focused statement that he could present during the public hearings portions of City Council meetings.

Mr. Barofsky, Ms. Murdoch, and Ms. Cutsogeorge briefly discussed the supplemental budget transactions with the Urban Renewal Agency. Mr. Barofsky reminded the newer members of the committee that they also functioned as budget committee members for the Urban Renewal Agency.

The committee held a discussion on the urban renewal agencies in Eugene and their relationship to the supplemental budget.

Ms. Davidson excused herself from the meeting at 8:10 p.m.

Mr. Potwora asked if it was possible to raise the overall debt limit of the City to deal with any impending budget shortfalls. Ms. Raile noted that the City Council had the authority to authorize additional debt for the City, but that they had chosen not to do so.

Ms. Cutsogeorge commented that it was the policy of the City to not put itself in greater debt if at all possible, and that while additional debt could be incurred for capital purposes, it could not be used for operating expenses.

Ms. Raile noted that the City had historically been very good at building reserve funds with which to address budget shortfalls, and that the Budget Committee had recently engaged in significant discussion regarding the formation of more coherent policies about how such reserves would be used.

Ms. Murdoch, in response to a question from Mr. Potwora, noted that the email correspondence of the citizens budget subcommittee members could be considered part of the public record, and as such advised the members to create separate email accounts for them to use exclusively for correspondence related to the Budget Committee and the Citizens Budget Subcommittee.

Mr. Barofsky welcomed the newer subcommittee members to the group and said that they could expect to be inundated with numerous inputs from both City officials and community members.

Mr. Barofsky noted that the next Citizen Subcommittee meeting would be on Thursday, December 11, 2008 at 5:30 p.m.

Mr. Barofsky adjourned the meeting at 8:21 p.m.

(Recorded by Wade Hicks)



MEMORANDUM

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

Date: January 22, 2008
To: City of Eugene Budget Committee
From: Pavel Gubanikhin, Budget Analyst
Subject: FY 2010-15 Draft Capital Improvement Program (CIP)

The January 28th Budget Committee meeting will be your first opportunity to review the Draft FY 2010-15 Capital Improvement Program (CIP), comment on the proposed projects, and discuss a recommendation to forward to the City Council. Your recommendation will be finalized during the Budget Committee meeting on February 11, 2009. The CIP document was sent to you on January 8, 2009.

Background: CIP Development and Review

This CIP document has been updated for FY 2010-15 in accordance with the Budget Committee recommendations and the City of Eugene Financial Policies. The Executive Summary on pages 1 – 3 presents an overview of the CIP. The Reader's Guide on pages 5 -12 details the document structure and outlines the CIP process and public input opportunities. The Financial Summaries section provides CIP summaries by funding status and funding source, as well as an alphabetical list of CIP projects. The Airport through Wastewater sections contain individual project pages providing detailed narrative and funding information.

The draft CIP document was made available on the City's web site in early December of 2008. On December 12, 2008, information about the draft FY 2010-15 CIP, capital projects specific to particular neighborhoods, and the information on opportunities for providing public input on the draft CIP was mailed to all of the neighborhood association chairs and co-chairs, as well as the representatives of the Neighborhood Leaders Council (NLC). A hyperlink to the draft CIP document on the City's web site was sent to the neighborhood association leaders and NLC representatives during the week of December 15th. Neighborhood specific articles have been sent to each neighborhood newsletters editor with the request that they be included in their December-February editions.

Printed copies of the draft FY 2010-15 CIP were sent to the members of the Budget Committee, neighborhood leaders, NLC representatives and other community stakeholders on January 8, 2009. They were also distributed to City libraries, community and senior centers.

A public hearing on the CIP document is scheduled for February 17, 2009, with discussion and possible action by the City Council on February 23, 2009. All citizen input received during the CIP update process will be summarized in the materials provided to City Council and incorporated in the adopted CIP.

Staff Recommended Changes

Staff has compiled a list of recommended changes to the draft CIP. These changes are a result of updated information or errors and omissions. A complete list of staff recommended changes has been included as Attachment A.

The most significant changes to the draft CIP are associated with the decrease in projected System Development Charges (SDC) for Stormwater, Transportation, Wastewater and Parks as a result of reduction in new construction activity. Due to the SDC revenue decreases, staff recommends changing the status of several SDC-funded capital projects from “Funding Secured” to “Funding Identified”, and reducing the SDC portion of projects that are funded from multiple revenue sources.

ATTACHMENTS:

Attachment A: Staff Recommended Changes

Attachment B: List of capital projects that are new to the FY 2010-15 CIP

FOR MORE INFORMATION: Contact Pavel Gubanikhin at (541) 682-5512 or via e-mail at pavel.e.gubanikhin@ci.eugene.or.us .

Staff Recommended Changes

Staff has compiled a list of recommended changes to the Draft CIP. These changes are a result of updated information or errors and omissions.

Section/Project Title	Page	Draft FY10- FY15 CIP Changes														
Debt Capacity - Overview	p. 27	Change the first sentence of the second paragraph to read “The City has used only about 6% of its more than \$678 million of legal debt capacity for general obligation bonds as of June 30, 2008.”														
Debt Capacity - Overview	p. 27	Change net direct debt as a percentage of real market value (row 1 of the Debt Affordability Ratios table) from 0.2% to 0.25%.														
Debt Capacity - Overview	p. 27	Change percent of net direct debt retired within 10 years (row 2 of the Debt Affordability Ratios table) from 84% to 90%.														
Debt Capacity - Overview	p. 27	Change annual debt service on all General Fund-backed debt as a percent of General Fund expenditures (row 3 of the Debt Affordability Ratios table) from 2.9% to 2.8%.														
Debt Capacity – Projected Debt Burden	p. 28	Change the first sentence of the first paragraph to read “As of June 30, 2009, there will be about \$165 million of additional capacity for debt issuance within the policy limits.”														
Financial Summaries Table of Contents	p. 29	Change page footer to read “City of Eugene 2010-2015 Capital Improvement Program”.														
Airport Table of Contents	p. 61	Change page footer to read “City of Eugene 2010-2015 Capital Improvement Program”.														
Neighborhood and Community Park Acquisition	p. 98	Change the Parks SDC portion of the project funding as follows (\$ in thousands): <table border="1"> <thead> <tr> <th><u>2010</u></th> <th><u>2011</u></th> <th><u>2012</u></th> <th><u>2013</u></th> <th><u>2014</u></th> <th><u>2015</u></th> <th><u>Total</u></th> </tr> </thead> <tbody> <tr> <td>\$360</td> <td>\$330</td> <td>\$730</td> <td>\$735</td> <td>\$0</td> <td>\$0</td> <td>\$2,155</td> </tr> </tbody> </table>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Total</u>	\$360	\$330	\$730	\$735	\$0	\$0	\$2,155
<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Total</u>										
\$360	\$330	\$730	\$735	\$0	\$0	\$2,155										
Ferndale Park Development	p. 99	Change the Parks SDC funding for this project as follows (\$ in thousands): <table border="1"> <thead> <tr> <th><u>2010</u></th> <th><u>2011</u></th> <th><u>2012</u></th> <th><u>2013</u></th> <th><u>2014</u></th> <th><u>2015</u></th> <th><u>Total</u></th> </tr> </thead> <tbody> <tr> <td>\$0</td> <td>\$0</td> <td>\$0</td> <td>\$0</td> <td>\$0</td> <td>\$438</td> <td>\$438</td> </tr> </tbody> </table>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Total</u>	\$0	\$0	\$0	\$0	\$0	\$438	\$438
<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Total</u>										
\$0	\$0	\$0	\$0	\$0	\$438	\$438										
Royal/Danebo Park Development (Grasshopper Meadow)	p. 100	Change project status from “Funding Secured” to “Funding Identified”.														
Alton Baker Irrigation System	p. 102	Change the Parks SDC funding for this project as follows (\$ in thousands): <table border="1"> <thead> <tr> <th><u>2010</u></th> <th><u>2011</u></th> <th><u>2012</u></th> <th><u>2013</u></th> <th><u>2014</u></th> <th><u>2015</u></th> <th><u>Total</u></th> </tr> </thead> <tbody> <tr> <td>\$0</td> <td>\$212</td> <td>\$0</td> <td>\$0</td> <td>\$0</td> <td>\$0</td> <td>\$212</td> </tr> </tbody> </table>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Total</u>	\$0	\$212	\$0	\$0	\$0	\$0	\$212
<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Total</u>										
\$0	\$212	\$0	\$0	\$0	\$0	\$212										

Section/Project Title	Page	Draft FY10- FY15 CIP Changes														
Alton Baker Park Renovations	p. 103	Change the Parks SDC funding for this project as follows (\$ in thousands): <table border="1" data-bbox="743 310 1312 384"> <thead> <tr> <th><u>2010</u></th> <th><u>2011</u></th> <th><u>2012</u></th> <th><u>2013</u></th> <th><u>2014</u></th> <th><u>2015</u></th> <th><u>Total</u></th> </tr> </thead> <tbody> <tr> <td>\$0</td> <td>\$0</td> <td>\$0</td> <td>\$213</td> <td>\$0</td> <td>\$0</td> <td>\$213</td> </tr> </tbody> </table>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Total</u>	\$0	\$0	\$0	\$213	\$0	\$0	\$213
<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Total</u>										
\$0	\$0	\$0	\$213	\$0	\$0	\$213										
Park Lighting Renovations	p. 104	Change the Parks SDC funding for this project as follows (\$ in thousands): <table border="1" data-bbox="743 520 1312 594"> <thead> <tr> <th><u>2010</u></th> <th><u>2011</u></th> <th><u>2012</u></th> <th><u>2013</u></th> <th><u>2014</u></th> <th><u>2015</u></th> <th><u>Total</u></th> </tr> </thead> <tbody> <tr> <td>\$0</td> <td>\$0</td> <td>\$213</td> <td>\$0</td> <td>\$0</td> <td>\$0</td> <td>\$213</td> </tr> </tbody> </table>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Total</u>	\$0	\$0	\$213	\$0	\$0	\$0	\$213
<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Total</u>										
\$0	\$0	\$213	\$0	\$0	\$0	\$213										
PROS Priority 1 Neighborhood Park Renovations	p. 106	Change the Parks SDC funding for this project as follows (\$ in thousands): <table border="1" data-bbox="743 730 1312 804"> <thead> <tr> <th><u>2010</u></th> <th><u>2011</u></th> <th><u>2012</u></th> <th><u>2013</u></th> <th><u>2014</u></th> <th><u>2015</u></th> <th><u>Total</u></th> </tr> </thead> <tbody> <tr> <td>\$0</td> <td>\$0</td> <td>\$0</td> <td>\$0</td> <td>\$0</td> <td>\$192</td> <td>\$192</td> </tr> </tbody> </table>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Total</u>	\$0	\$0	\$0	\$0	\$0	\$192	\$192
<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Total</u>										
\$0	\$0	\$0	\$0	\$0	\$192	\$192										
PROS Priority 1 Play Area Renovations	p. 107	Change the Parks SDC funding for this project as follows (\$ in thousands): <table border="1" data-bbox="743 940 1312 1014"> <thead> <tr> <th><u>2010</u></th> <th><u>2011</u></th> <th><u>2012</u></th> <th><u>2013</u></th> <th><u>2014</u></th> <th><u>2015</u></th> <th><u>Total</u></th> </tr> </thead> <tbody> <tr> <td>\$0</td> <td>\$0</td> <td>\$0</td> <td>\$0</td> <td>\$192</td> <td>\$0</td> <td>\$192</td> </tr> </tbody> </table>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Total</u>	\$0	\$0	\$0	\$0	\$192	\$0	\$192
<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Total</u>										
\$0	\$0	\$0	\$0	\$192	\$0	\$192										
Echo Hollow/Sheldon Pool Systems Preservation	p. 163	Change picture captioning from “Having fun in the pool!” to “Echo Hollow Pool Deck”.														
Streambank and Outfall Stabilization	p. 182	Change the Stormwater SDC portion of the project funding as follows (\$ in thousands): <table border="1" data-bbox="743 1234 1312 1308"> <thead> <tr> <th><u>2010</u></th> <th><u>2011</u></th> <th><u>2012</u></th> <th><u>2013</u></th> <th><u>2014</u></th> <th><u>2015</u></th> <th><u>Total</u></th> </tr> </thead> <tbody> <tr> <td>\$0</td> <td>\$0</td> <td>\$0</td> <td>\$0</td> <td>\$0</td> <td>\$0</td> <td>\$0</td> </tr> </tbody> </table>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Total</u>	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Total</u>										
\$0	\$0	\$0	\$0	\$0	\$0	\$0										
Services for New Development - Stormwater	p. 187	Change project status from “Funding Secured” to “Funding Identified”.														
Street Lighting (Arterials & Collectors)	p. 196	Change project status from “Funding Secured” to “Funding Identified”.														
Traffic Operations Improvement Program	p. 197	Change project status from “Funding Secured” to “Funding Identified”.														
Traffic Signal Improvements and Upgrades	p. 198	Change project status from “Funding Secured” to “Funding Identified”.														
Pavement Preservation Program	p. 200	Change the Transportation SDC portion of the project funding as follows (\$ in thousands): <table border="1" data-bbox="743 1854 1312 1927"> <thead> <tr> <th><u>2010</u></th> <th><u>2011</u></th> <th><u>2012</u></th> <th><u>2013</u></th> <th><u>2014</u></th> <th><u>2015</u></th> <th><u>Total</u></th> </tr> </thead> <tbody> <tr> <td>\$530</td> <td>\$510</td> <td>\$500</td> <td>\$500</td> <td>\$500</td> <td>\$550</td> <td>\$3,090</td> </tr> </tbody> </table>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Total</u>	\$530	\$510	\$500	\$500	\$500	\$550	\$3,090
<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Total</u>										
\$530	\$510	\$500	\$500	\$500	\$550	\$3,090										

Section/Project Title	Page	Draft FY10- FY15 CIP Changes														
Pavement Preservation Program – Funding for Project Backlog	p. 201	Change project status from “Funding Identified” to “Funding Secured”.														
Services for New Development - Transportation	p. 203	Change the Transportation SDC portion of the project funding as follows (\$ in thousands): <table border="0" style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: center;"><u>2010</u></td> <td style="text-align: center;"><u>2011</u></td> <td style="text-align: center;"><u>2012</u></td> <td style="text-align: center;"><u>2013</u></td> <td style="text-align: center;"><u>2014</u></td> <td style="text-align: center;"><u>2015</u></td> <td style="text-align: center;"><u>Total</u></td> </tr> <tr> <td style="text-align: center;">\$0</td> </tr> </table>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Total</u>	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Total</u>										
\$0	\$0	\$0	\$0	\$0	\$0	\$0										
Bailey Hill Road, 450’ South of Warren to 1,100’ South of Bertelsen	p. 202	Change project name to “Bailey Hill Road, South of Warren to South of Bertelsen, Prelim. Design.” Change project category from “Upgrades and Capacity Enhancement” to “Upgrade to City Standards”.														
Wastewater Table of Contents	p. 219	Change page footer to read “City of Eugene 2010-2015 Capital Improvement Program”.														
Wastewater Services for New Development	p. 223	Change the Wastewater SDC portion of the project funding as follows (\$ in thousands): <table border="0" style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: center;"><u>2010</u></td> <td style="text-align: center;"><u>2011</u></td> <td style="text-align: center;"><u>2012</u></td> <td style="text-align: center;"><u>2013</u></td> <td style="text-align: center;"><u>2014</u></td> <td style="text-align: center;"><u>2015</u></td> <td style="text-align: center;"><u>Total</u></td> </tr> <tr> <td style="text-align: center;">\$50</td> <td style="text-align: center;">\$70</td> <td style="text-align: center;">\$65</td> <td style="text-align: center;">\$60</td> <td style="text-align: center;">\$45</td> <td style="text-align: center;">\$45</td> <td style="text-align: center;">\$335</td> </tr> </table>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Total</u>	\$50	\$70	\$65	\$60	\$45	\$45	\$335
<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Total</u>										
\$50	\$70	\$65	\$60	\$45	\$45	\$335										
Wastewater System Rehabilitation	p. 226	Change the Wastewater SDC portion of the project funding as follows (\$ in thousands): <table border="0" style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: center;"><u>2010</u></td> <td style="text-align: center;"><u>2011</u></td> <td style="text-align: center;"><u>2012</u></td> <td style="text-align: center;"><u>2013</u></td> <td style="text-align: center;"><u>2014</u></td> <td style="text-align: center;"><u>2015</u></td> <td style="text-align: center;"><u>Total</u></td> </tr> <tr> <td style="text-align: center;">\$30</td> <td style="text-align: center;">\$300</td> <td style="text-align: center;">\$270</td> <td style="text-align: center;">\$230</td> <td style="text-align: center;">\$300</td> <td style="text-align: center;">\$300</td> <td style="text-align: center;">\$1,430</td> </tr> </table>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Total</u>	\$30	\$300	\$270	\$230	\$300	\$300	\$1,430
<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Total</u>										
\$30	\$300	\$270	\$230	\$300	\$300	\$1,430										

New Projects in the 2010-2015 CIP

This is a list of new projects that were not included in the adopted FY 2008-2013 CIP document.

New Projects with Funding Secured or Identified

Airport

Exit Lane Monitoring Structure
Interactive Computer Training System
Mitigation – Open Water-Runway
Pavement Management Plan
Passenger Parking

Parks and Open Space

Creekside Park
Alton Baker Irrigation System
Alton Baker Park Renovations

Public Buildings & Facilities

Housing Development Site Acquisition (Landbanking)
Broadway Garages – Seal Wall and Deck Cracks
Hult Garage – Seal Parapet Walls
Overpark – Seal Cracks in Interior/Exterior Walls and Ceilings
Overpark Deck Coating
Parcade Garage – Seal Exterior Walls
Parcade Garage – Replace Deck Coating
Parcade Garage -
Pearl Street Garage Deck Coating
Pearl Street Garage - Wall Coatings and Sealings
Steam Heat Replacement
Downtown Parking Wayfinding and Garage Signage
Hult Center Lighting Instrument Inventory & Control System Replacement
Parking System Electric Vehicle Charging Stations – Emerging Issue

Stormwater

Wetland Mitigation Bank Acquisition

Transportation

Bailey Hill Road, 450' South of Warren to 1,100' South of Bertelsen

New Projects with Funding Not Identified & Placeholder Projects

Public Buildings & Facilities

Fire Stations – Land Purchase for New West Side Station
Command Training Center
Fire Training Props Development
Echo Hollow/Sheldon Pool Systems Preservation
Police Patrol Facility
Police Special Operations Facility

Transportation

Bike Path – Westmoreland Park

MINUTES

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

November 17, 2008
5:30 p.m.

PRESENT: John Barofsky, Chair; Claire Syrett, Vice Chair/Secretary; Bonny Bettman, Mike Clark, Chris Pryor, Jennifer Solomon, Betty Taylor, Alan Zelenka, Kate Davidson, Mary Ann Holser, Joseph Potwora, Doug Smith, members; City Manager Jon Ruiz; AIC Assistant City Manager Sarah Medary; Central Services Executive Director, Jim Carlson; Dee Ann Raile, Sue Cutsogeorge, Kitty Murdoch, John Huberd, Pavel Gubanikhin, Finance; Mayor Kitty Piercy.

ABSENT: George Poling, Andrea Ortiz, Noah Kamrat, Terry McDonald, members.

I. Introduction of Committee Members

Mr. Barofsky called the meeting to order at 5:36 p.m. and asked those present to introduce themselves.

Mr. Barofsky acknowledged the contributions of outgoing committee members Jana Rygas, Jim Carlson, Bob Peter, Mike Biglan, John Demboski, and Bonny Bettman.

II. Election of Officers

Mr. Zelenka, seconded by Mr. Clark, moved to nominate Mr. Barofsky as Chair of the Budget Committee. The motion passed unanimously, 12:0.

Ms. Taylor, seconded by Ms. Bettman, moved to nominate Ms. Syrett as Vice-Chair of the Budget Committee. The motion passed unanimously, 12:0.

III. Financial Trends

Ms. Cutsogeorge presented the “Financial Trends Report” (FTR) for the benefit of the committee. She noted that she did not have copies of her slide presentation for the committee members due to problems with the City’s computer systems that day, and noted that copies would be provided to the committee members as soon as possible.

Ms. Cutsogeorge noted that her report would cover trends from FY01 through FY08.

Ms. Cutsogeorge briefly described the background and methodology of the FTR and in doing so noted that the report would primarily focus on the financial trends related to the City’s general fund. She added that each trend identified in the report would be classified as favorable, caution or negative.

Ms. Cutsogeorge described the favorable property tax collection rate trend from her presentation for the benefit of the committee and commented that for FY01-FY08 property taxes made up approximately 60% of the general

fund revenues. She added that the figures demonstrated property tax collection rates for both the net levy and the gross levy.

Mr. Zelenka asked how many people took advantage of the 3% discount provided by the net levy. Ms. Cutsogeorge answered that she did not have exact numbers, but that the number of people who took advantage of the discount was quite high.

Ms. Cutsogeorge noted that while property tax collection rates for FY02, FY05 and FY08 had been affected by significantly large refunds to Hynix and Qwest, overall collection rates had been high.

Ms. Cutsogeorge presented information regarding revenues and expenditures per capita for the committee, noting that the revenue trend had been classified as a caution trend due to the fact that revenues per capita had suffered a 0.2% average annual decrease. She added that the expenditures trend had been classified favorable since the 0.6% rise in expenditures per capita over FY01-FY08 had only been a small percentage above inflation. She noted that the expenditures per capita being higher than revenues was a clear impediment to the committee's goal of making the general fund sustainable.

Ms. Cutsogeorge presented information demonstrating the projected General Fund Revenue budgets versus revenues actually received. She noted that the trend indicated by her graph was considered favorable as the discrepancy between budgeted and actual revenues had grown progressively smaller over FY01-FY08.

Ms. Cutsogeorge, responding to a question from Mr. Clark, noted that while they would not have FY09 actual figures until late next year they would be able to provide initial budgeted revenue figures later in the meeting.

Ms. Cutsogeorge presented information regarding the general fund surplus/deficit as a percent of revenue, noting that the trend indicated therein was considered negative since the general fund had been in a deficit state for the past two years.

Ms. Cutsogeorge, responding to a question from Ms. Bettman, noted that the financial indicators report due to be presented to the budget committee in January or February of 2009 would include information on the entire City budget and not just the general fund.

Ms. Cutsogeorge presented information regarding the general fund fund balance as a percentage of revenue, which indicated a caution trend since the percentage had been on the decline in the last two years. She noted that the fund balance percentages were often used by outside credit rating agencies to determine the financial health of the City.

Ms. Cutsogeorge presented a summary of trends and noted that her office was working on ways to address those trends classified as negative by the report.

Mr. Barofsky called for a short break at 6:01 p.m. and then reconvened the meeting at 6:10 p.m.

IV. General Fund Outlook

Ms. Raile provided a presentation on the City's six-year general fund forecast. She noted that the figures being presented represented the Financial Services division's best professional guess but that the numbers would almost certainly change over time.

Ms. Raile reminded the committee that despite deteriorating economic conditions, the City had done good work to

control costs and protect the revenues in the general fund.

Ms. Raile demonstrated a graph explaining the general fund revenues in the adopted FY09 budget. She reminded the committee that property tax revenues accounted for 62% of the total budget and constituted the largest portion of the general fund revenues.

Ms. Raile, responding to a question from Mr. Zelenka, commented that the interfund transfers portion of the general fund revenue were part of an overhead allocation plan to provide funds for central functions such as human resources and information technology and were allocated based on the individual needs of the various offices and not on any constant predetermined percentage across the board.

Mr. Raile, in comparing actual general fund revenues between FY96 and FY08, noted an average annual increase in revenues of 4.8%. She added that property tax revenues as a percentage of the total general fund revenues had decreased from 61% to 58.5% over the twelve year period.

Ms. Raile described the history of personnel costs, noting that the actual costs over the FY96-FY08 period had increased on average by 5.2% annually, which was consistent with Ms. Cutsogeorge's earlier statement regarding per capita revenues being less than per capita expenditures. She added that retirement costs were expected to decrease over the next two years

Ms. Raile presented a brief history of the Public Employees Retirement System (PERS) and Oregon Public Services Retirement Plan (OPSRP) rates going back as far as FY02. She noted that the PERS rates were capped and collared to decrease by no more than 3% in any two year period. Ms. Raile added that the decrease in the pension bond rate under OPSRP from FY06-FY10 was due to the fact that the City had paid off more than \$7 million in pension obligation bonds.

Ms. Raile proceeded to describe the significant forecast variables identified in her presentation for the committee with respect to the revenues and expenditures of the general fund.

Ms. Raile, responding to a question from Mr. Potwora, noted that with respect to property tax revenues there was enough of a margin between real and assessed values that the assessed values could sustain projected growth even if real property values were to drop significantly.

Ms. Raile, in response to a comment from Ms. Bettman, noted that the EWEB Contributions in Lieu of Taxes portion of the projected general fund revenues had been relatively static in the past few years, hovering at around \$11 million.

Ms. Raile noted that the City was anticipating wage growth as a portion of the general inflation adjustment of general fund expenses to be at 4% as dictated by the City's contracts for FY10. She noted that beyond FY10, and in the absence of new contracts, the City would default to the State's budgetary forecasts.

Ms. Syrett asked if the default forecast provision was part of normal budgeting policy or if it was the result of the unfavorable economic climate. Ms. Raile answered that the default forecast provision had been in place since FY03 and was considered normal budget policy.

Ms. Raile noted that, with respect to the Program Costs portion of projected general fund expenses, the forecast assumed the additional cost of public library operations beginning in FY12 after the current library levies had expired.

Ms. Raile presented a comparison of annual operating surplus/deficit projections, noting a substantial deterioration of the general fund in the projections for FY10 due to inflation adjustments, property tax revenue decreases, and additional public safety expenditures for police officers.

Ms. Raile presented a comparison of annual reserve for revenue shortfall, noting that at the end of the current fiscal year there would be \$1.9 million in reserve funds after the City Manager had dictated that \$2.5 million in adjustments over the course of FY09 in order to ensure that the reserves would not have a negative balance. She commented that, based on current conditions and left unchecked, the annual reserve would continue to significantly decrease.

Ms. Raile, responding to a question from Mr. Potwora, noted that the most urgent variables were the property tax collection rate and the growth rate in assessed values for property taxes. In response to further questioning from Mr. Potwora, she noted that those variables were difficult to control and that the most urgent expense variables that were under the City's control were salaries and wages for City employees.

Ms. Raile, responding to a comment from Mr. Zelenka, noted that there were several different approaches the City could take in order to increase the property tax revenues or the collection rate for those revenues including local option levies, hiring an employee to ensure accurate reporting of assessed values, and renegotiations of contributions in lieu of taxes from utilities such as EWEB and Northwest Natural Gas.

Mr. Barofsky asked if there would be any updates on the outlook of the General Fund provided in January. Ms. Raile responded most of the figures from her presentation had been finalized and that she would provide an updated presentation only if the numbers changed substantially in the interim.

Mr. Barofsky asked if it might be advisable or possible to discontinue the 3% property tax discount that Ms. Cutsogeorge had mentioned earlier. Ms. Raile answered that the discount was part of a State law and could not be discontinued by the City.

Mr. Barofsky was concerned about how forecasted salary and wage increases for certain unionized city employees might be addressed. Mr. Ruiz responded that the AFSCME and police union contracts had already been signed, and that contracts for the remaining union City employees were still being negotiated.

V. FY10 Budget Strategy

Mr. Ruiz commented that the City was faced with the difficult challenge of closing an \$8 million budget gap without cutting City services. He noted that the City Manager's and Risk Services offices had been attempting to control health benefit and workers compensation costs in recent years, in addition to seeking more ways in which to carry over the financial benefits of improved safety and wellness policies.

Ms. Taylor asked if the City Manager's office had explored any new revenue options. Mr. Ruiz responded that no viable sources of new revenue had presented themselves in recent years. He asked that the City Council feel free to make any suggestions in that regard. Ms. Taylor suggested that Mr. Ruiz look at a recent study performed by the City Club of Eugene that might give helpful input.

Mr. Ruiz, responding to a question from Mr. Zelenka about the timeline for addressing the budget gaps, noted that the City Manager's office had already been exploring avenues to increase revenues and reduce expenses and to that end had formed five City executive management teams to explore a number of options. He noted that those teams would be meeting with Mayor Piercy and members of the City Council several times over the course of the

next year to present their findings. He said that those findings and discussions would most likely be incorporated into the budget that he would eventually submit to the budget committee.

Mr. Ruiz expressed that the Council's normal timeline of considering budget issues in January in February might be moved forward to September of the previous year in order to give the Council the opportunity to provide more comprehensive policy guidance.

Mr. Ruiz suggested that biannual meetings with the budget committee might be a helpful way for the City to review or adjust its investments in various City policies and initiatives.

Mr. Ruiz, responding to a question from Mr. Zelenka, noted that closing the \$8 million FY10 budget gap, either by making service adjustments or cuts, would allow the City to increase the reserves for revenue shortfalls, which had decreased significantly over the last several years.

Mr. Pryor appreciated Mr. Ruiz's efforts to close the budget gap without cutting services, and similarly asked that he not lay off critical City infrastructure personnel unless it was absolutely necessary to do so.

Ms. Davidson asked Mr. Ruiz what the process was whereby the City Manager would be including non-executive level city employees as well as members of the general public in budget discussions. Mr. Ruiz answered that the City had recently completed an online think tank discussion for employees to make suggestions and provide input regarding the City budget. He added that the City was in the process of creating more improved ways to solicit community input on the budget, but that no specific strategic practices in that regard were yet in place.

Mr. Smith maintained that he was not in favor of cutting City services to close the budget gap, and encouraged Mr. Ruiz and the rest of the City's executive management to find creative ways to address the problem that would not require cuts.

Mr. Barofsky reminded the committee that the \$8 million budget gap pertained only to the general fund, and that the actual budget deficit faced by the City was probably closer to \$12 million or \$13 million overall.

Mr. Barofsky expressed that he was encouraged by Mr. Ruiz's efforts to find creative ways to address the budget problems, but was discouraged by Mr. Ruiz's inference that the problem could be solved in the current year when the same problem could not be solved in the previous year. Mr. Ruiz responded by noting that the financial situation and the budget challenges faced by the City in the current year were quite different from previous years.

Mr. Ruiz, responding to a comment from Ms. Bettman, reiterated that by making structural changes in order to close the \$8 million FY10 budget gap the City could increase its reserves for revenue shortfalls beyond FY10.

Ms. Bettman maintained that the current discussion regarding the budget gap was overly theoretical, and agreed with Ms. Davidson's position that the public was not being involved enough in the budget process.

Ms. Bettman felt that the calls for creative ideas to address the budget gap were actually a call to privatize public city services and which would allow public revenues to be used for private purposes with little or no oversight. She added that any public funds being devoted to private services or privatized bureaucracies should be cut first in addressing the \$8 million FY10 budget gap.

Ms. Bettman expressed that the City should review administrative salaries and compensation to see if there was anything that could be cut or re-administered to save money.

Ms. Bettman expressed an opinion that at some point it would be nice to explore the possibility of making a requirement of new City employee hires that they also live within the City limits.

Ms. Syrett agreed with Ms. Davidson and Ms. Bettman's positions that it was important to provide community members with specific strategic avenues for providing input on the budget and other City issues.

Ms. Taylor maintained that the City should consider reducing or eliminated its contributions to the Metro Partnership as well as the various tax exemption opportunities offered by the City.

Mr. Zelenka commented that it would not be wise to spend public tax revenues to privatize public services. He maintained that contributions to capital improvement projects had been insufficient to maintain current City assets.

VI. FY10 Proposed Meeting Schedule

Ms. Murdoch asked the committee to check their schedules and let her know if the two dates for upcoming meetings, January 28, 2009, and February 11, 2009, would work for them.

The meeting adjourned at 7:19 p.m.

(Recorded by Wade Hicks)

Capital Improvement Program FY10 – FY15

City of Eugene
Budget Committee

January 28, 2009



CIP Goals

- Balanced program for capital improvements for the next six years
- Show unmet capital needs
- Basis for preparing Capital Budget for the next two years

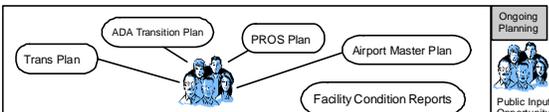


1

Sources of CIP Projects

Capital Improvement Program (CIP) Planning Process

The CIP is compiled once every two years during the summer and fall of even numbered years.



Projects Identified Through:

- Public Requests
- Prior Plans/Studies such as Airport Master Plan, PROS Plan, ADA Transition Plan, Trans Plan, etc. Many have public involvement components.
- Infrastructure Improvement and/or Replacement Programs
- Maintenance/Monitoring Programs such as Facility Condition Reports



2

Project Funding Status

- Funded projects used in planning the next two years of the capital budget.
- Projects with funding not identified represent unmet needs
- Placeholder projects are large high-profile projects still in the decision process.



3

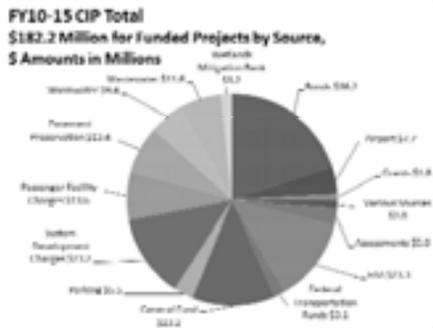
FY10-15 CIP Funding

Funding Secured & Identified	\$182.2 million
Funding Not Identified	\$103.7 million
Placeholder Projects	\$213.9 million
FY10-15 CIP Total	\$499.8 million



4

FY10-15 CIP – Projects with Funding Secured & Identified



5

CIP Project Categories

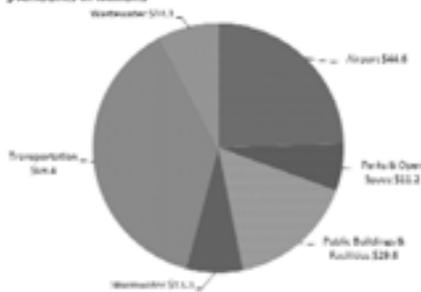
- Airport
- Parks & Open Space
- Public Buildings & Facilities
- Stormwater
- Transportation
- Wastewater



6

CIP Summary by Category

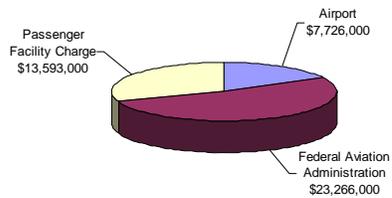
FY10-15 CIP by Project Category
\$182.2 Million for Projects with Funding Secured or Identified,
\$ Amounts in Millions



7

Airport

Airport Funding Sources
Six Year CIP Totals \$44,585,000 for Funded Projects



8

Airport Plans and Policies

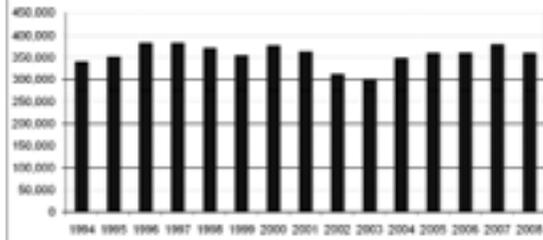
- Airport Advisory Committee Recommendation
- Airport Master Plan Update
- Federal Aviation Administration Capital Improvement Plan – 5 Year
- Airport Pavement Management Plan



9

Airport

Enplanements by Calendar Year



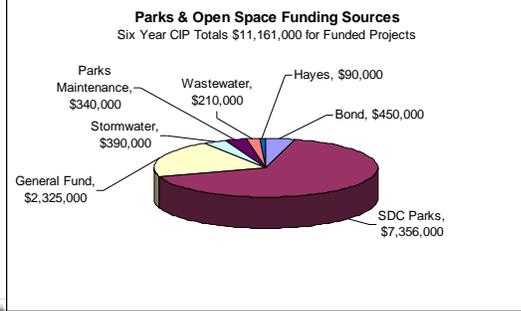
10

Airport



11

Parks & Open Space



12

Parks & Open Space Plans and Policies

- PROS Comprehensive Plan
- PROS Project and Priority Plan
- Financial Management Goals & Policies
- Street Tree Program
- Urban Forrest Management Plan
- West Alton Baker Park Development Plan



13

Parks and Open Space



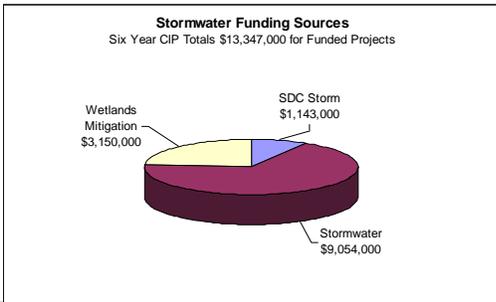
14

Parks and Open Space



15

Stormwater



16

Stormwater Plans and Policies

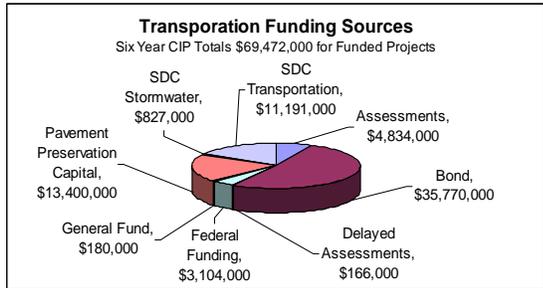
- Willamette Basin TMDL Implementation Plan
- Comprehensive Stormwater Management Plan
- Stormwater Basin Master Plan
- West Eugene Wetlands Plan
- Underground Injection Control Stormwater Management Plan
- Municipal Stormwater Permit
- Public Facilities Plan & Services

17

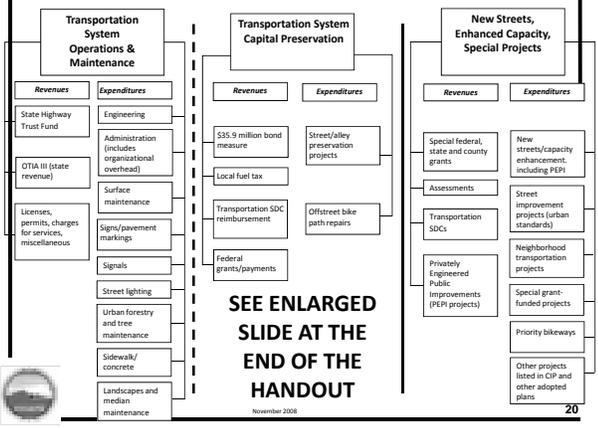
Stormwater



Transportation



City of Eugene Transportation System Funding



Transportation Plans and Policies

- Regional Transportation Plan
- Transplan
- Traffic Signal List
- Pavement Management Program
- Financial Management Goals & Policies
- Arterial-Collector Street Plan
- SDC Code and Methodologies



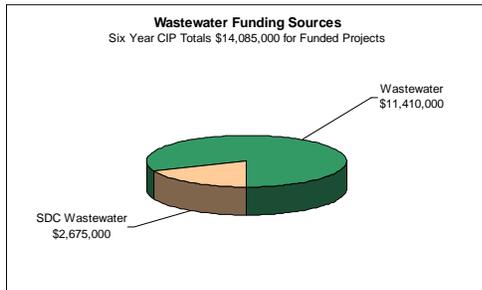
21

Transportation



22

Wastewater



23

Wastewater Plans and Policies

- Urban Sanitary Sewer Master Plan
- Wet Weather Flow Management Plan



24

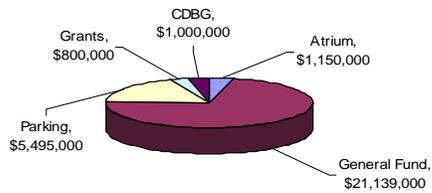
Wastewater



25

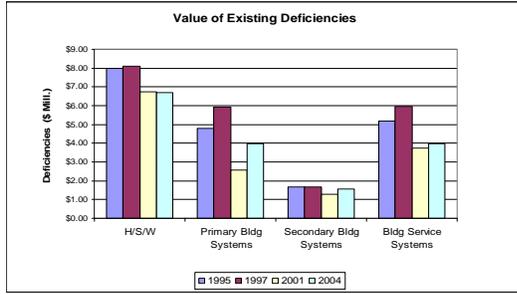
Public Buildings & Facilities

Public Buildings & Facilities Funding Sources
Six Year CIP Totals \$29,584,000 for Funded Projects

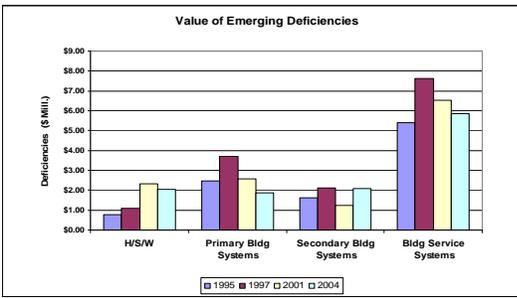


26

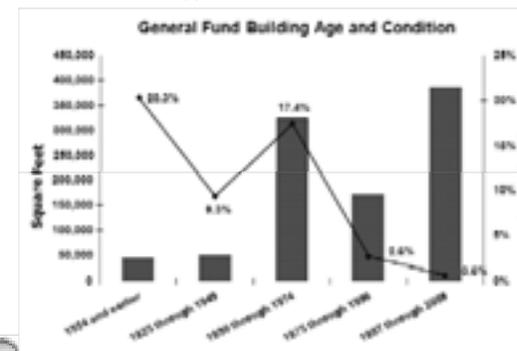
Public Buildings & Facilities



Public Buildings & Facilities



Public Buildings & Facilities



Pool Preservation



30



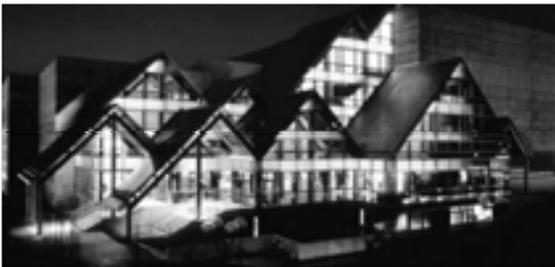
Sheldon McMurphey Johnson House



31



Hult Center



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FY2010-15 CIP Meeting Schedule

Budget Committee

- 1/28/09, 5:30 pm – CIP Review
- 2/11/09, 5:30 pm – CIP Review

City Council

- 2/17/09, 7:30 pm – Public Hearing on CIP
- 2/23/09, 5:30 pm – Work Session & Possible Action to Adopt CIP



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FY10 Budget Update

Jon Ruiz, City Manager

City of Eugene
Budget Committee

January 28, 2009



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Priorities



Policy Outcomes



Investment Outcomes



35

Priorities as articulated by Council and Community

- *Council Goals & Initiatives*
- *Community Surveys*
- *Street Bond Surveys*



36

Policy Outcomes

Examples:

- *Property crimes reported per 1,000 population, reported by neighborhood*
- *Total crime Downtown*
- *Paved lane miles in satisfactory or better condition as percentage of lane miles assessed*
- *Low/moderate-income housing units available as percentage of units needed*
- *Per capita income as percentage of Oregon average*
- *Sq. ft. of occupied housing/commercial/office space Downtown*



37

Investment in Policy Outcomes

- *Sustainable Budget – FY10, FY11*
- *Sustainable organizational footprint*
- *FY10 gap; filling the gap; new initiatives*



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City of Eugene Transportation System Funding

