

MINUTES

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

February 11, 2012
9 a.m.

COUNCILORS PRESENT: George Brown, Pat Farr, Betty Taylor, Andrea Ortiz, George Poling,
Chris Pryor, Alan Zelenka.

COUNCILORS ABSENT: Mike Clark.

Her Honor Mayor Kitty Piercy called the February 11, 2012, annual workshop and meeting with the Eugene Budget Committee to order. The council was joined by Budget Committee lay members John Barofsky, Ken Beeson, Chelsea Clinton, Shanda Miller, Mark Rust, Doug Smith, and Claire Syrett. City Manager Jon Ruiz and members of the City's Executive Team, Assistant City Manager/Planning and Development Director Sarah Medary, Fire and Emergency Medical Services Chief Randy Groves, Police Chief Pete Kerns, Library, Recreation, and Cultural Services Director Renee Grube, and Public Works Director Kent Corey.

The council first considered a motion related to the location of the proposed Veterans Administration (VA) hospital.

Mr. Brown, seconded by Mr. Farr, moved that because the City Council strongly supported veterans and locating the new Veterans Administration (VA) Clinic in Eugene, and because the council was committed to ensuring that Eugene sites were competitive and was working proactively with the VA, land owner, and developer of the project to ensure its success, the council directed the city manager to bring back to the council as quickly as feasible a range of options for facilitating the development of a VA Clinic in Eugene as well as possible mechanisms for funding those options. The motion passed unanimously, 7:0.

A. WORKSHOP

Ms. Miller and Ms. Cutsogeorge then led the council and lay committee members through a PowerPoint presentation entitled *City of Eugene General Fund Forecast*, which highlighted General Fund trends, described causes of the structural budget imbalance, and underscored recent budget accomplishments. The presentation included both a General Fund forecast and reserve review that included trend data about property tax revenues, Eugene Water & Electric Board's Contribution-in-Lieu of Taxes (CILT), and inflation, and highlighted the impact of additional PERS costs over the forecast period.

Councilors and lay committee members asked questions clarifying the details of the presentation.

Mayor Piercy called for a brief break.

City Manager Ruiz then discussed the strategy he proposed for reducing the City's anticipated \$7 million budget shortfall over two years by reducing the organizational footprint through position eliminations and recapturing recession revenues through the City's investments in the Joint Elected Officials Regional Prosperity Plan, business assistance loans, and downtown development efforts. He acknowledged staff had proposed little by way of new revenue increases and attributed that to recognition of the fact that taxpayers were facing a similar gap. City Manager Ruiz anticipated that some employees would be laid off. He indicated he would present his full recommendation to the committee on February 22.

Councilors and lay committee members asked questions clarifying the details of the manager's strategy.

Mr. Poling suggested the City would be deeper in the hole after two years if the projections were not realized and the gap grew even more. City Manager Ruiz believed the two-year period gave the City time to make course corrections without creating financial instability. He pointed out that the more revenue the City captured in the first years, the less it would have to capture in the out years; if the City was able to capture more than half of the shortfall in the first year it would reduce the risk in out-years.

Ms. Taylor requested information about the ten-year tax exemptions granted by the City.

Responding to a question from Mayor Piercy about steps the organization had taken to reduce health care expenses, Ms. Hammitt said that Risk Services Manager Myrnie Daut had evaluated an on-site clinic but it did not appear to be a cost-saving strategy when investigated. Ms. Daut focused on prevention and wellness to lower the City's overall health expenditures. Ms. Hammitt promised to provide additional information. Ms. Ortiz suggested the City could direct staff to the County's community health centers for regular care and buy catastrophic insurance for other issues. Ms. Hammitt said the City continued to look for opportunities to reduce costs through cooperation with other regional agencies. She reminded the committee that employee benefits were bargained for through the contract process.

Ms. Hammitt led the council and lay committee members through a PowerPoint presentation entitled *Sustainable Funding for City Services* that highlighted the City's progress toward achieving a stable budget. Councilors and committee lay members asked questions clarifying the details of the presentation.

Ms. Ortiz determined from City Manager Ruiz that when he talked about employee layoffs he was also talking about service reductions. Ms. Ortiz acknowledged that several employees were doing several jobs. She hoped that the organization moved forward in a way that was true to the council's goals and the community's values.

Mr. Poling asked if Eugene was aware of service reductions contemplated by the other local jurisdictions that involved services delivered through intergovernmental agreements. If that was the case and if Eugene could no longer fill the funding gap, he questioned whether those functions could continue and if it was worth it to go forward on such a diminished basis. City Manager Ruiz noted his frequent meetings with the chief executive officers of those jurisdictions and said they attempted to keep those issues in mind while also being aware that the elected officials had their own priorities. He said it was a balancing act.

The council and committee lay members discussed the proposed process. Concerns included the truncated process associated with the official budget message scheduled on April 18, uncertainty surrounding the budgets of other jurisdictions, inadequate time for the committee to provide the input necessary to achieve a service mix that was in accord with community goals and available funding, and a desire to do more than meet the minimum legal requirements. Those supporting the process found it more strategic than past budget reviews, believed there was adequate time for public input built into the

process, and thought it accommodated potential changes resulting from other jurisdictions' budget decisions.

City Manager Ruiz previewed the February 22 meeting, reminding the council and lay committee members they would receive his recommended reductions on that date and all Budget Committee meetings scheduled in February and March would include public input opportunities. There would be time for members to provide input and offer motions prior to the official budget presentation.

Responding to a question from Mr. Poling, Ms. Hammitt confirmed that the committee could meet if any of its partner jurisdictions took an unexpected budget action that affected the City's budget. She assured the committee that staff continued to track the discussions that were occurring around the involved services.

Mr. Zelenka expressed interest in a document showing what had changed in the non-General Fund portion of the budget from the previous year. He also advocated for a "big picture" discussion of revenues that included information about initiatives planned by other local jurisdictions. Ms. Miller and Mr. Barofsky shared Mr. Zelenka's interest in a "big picture" discussion. City Manager Ruiz welcomed such a conversation.

The committee agreed to move forward with the process proposed by City Manager Ruiz.

Mayor Piercy adjourned the meeting at 11:52 a.m.

Respectfully submitted,



Beth Forrest
City Recorder

(Recorded by Kimberly Young)