

MINUTES

Eugene Budget Committee
Public Hearing
Council Chamber, City Hall
777 Pearl Street—Eugene, Oregon

May 18, 2009
7 p.m.

PRESENT: John Barofsky, Chair; Claire Syrett, Vice Chair; George Brown, Mike Clark, Andrea Ortiz, George Poling, Chris Pryor, Jennifer Solomon, Betty Taylor, Alan Zelenka, Mary Ann Holser, Kate Davidson, Joseph Potwora, Doug Smith, members.

ABSENT: Terry McDonald, Noah Kamrat, members.

Mr. Barofsky called the meeting of the Eugene Budget Committee to order. He noted that tomorrow was Election Day and reminded everyone to drop off their ballots. He congratulated City employee Pavel Gubanikhin on becoming a United States citizen.

Mr. Barofsky opened the public hearing and reviewed the rules for providing testimony.

I. PUBLIC HEARING ON THE FY10 BUDGET RECOMMENDATIONS

Kitty Piercy, Mayor, City of Eugene, reflected on recent proposals by two county commissioners to make the City's 15 municipal court jail beds available to the general jail population. She welcomed discussions with the commission about regional economic issues and looked forward to exploring solutions at the joint elected officials level, but making the municipal court beds available to the County would mean the City would have no capacity and its public safety system would be rendered ineffective like the County's. She said that did not make good sense and agreed with Judge Wayne Allen about the need to keep the City's part of the system as functional as possible.

Ms. Piercy commended the city manager's budget proposal, which endeavored to protect services and retain employees within financial constraints. She urged the Budget Committee to identify what services would be cut if any additional expenditures from the General Fund were authorized.

Irene Alltucker, Relief Nursery, thanked the Budget Committee for its difficult work during the budget process. She said the need for human services was ever increasing while the cost of doing business continued to climb. She spoke in favor of the proposal for a \$150,000 cost-of-doing-business increase to the City's Human Services Commission (HSC) contribution. She said the human services network was faced with increases in the costs of fuel, food and providing services to clients and the additional funding would make a wonderful impact on agencies' ability to deliver services. She said the Relief Nursery had seen a 48 percent increase in the calls for services during the month of February 2009 over the demand in February 2008. She urged the committee to approve the proposal for additional funding.

Mark Spence, municipal court judge, echoed Ms. Piercy's comments regarding the municipal court jail beds. He said the court viewed any transfer of those resources out of the court's control as a very bad idea which would directly impact the quality of life and public safety in Eugene. He said there were a number of violation that were only prosecuted by the City because of the County's lack of resources and a number

of people were held in jail solely because the City had that capacity. He said examples of those violations were shoplifting, bicycle thefts, criminal trespass and prostitution, all of which affected the community's quality of life and protections would not be in place if the City relinquished those beds.

Jorge Navarro, Centro Latino Americano, stated that human services continued to experience reductions in funding, but in the face of that agencies still provided quality services. He said the proposed cost-of-doing-business increase would help them continue to deliver invaluable services to the community. He said resources of non-profit agencies were stretched to the maximum extent and a little funding would go a long way toward helping. He asked the committee to seriously consider the proposal.

Bob Richards, Buckley Center, spoke in support of the proposal for additional human services funding. He said although there were not enough resources to go around agencies were still providing services, but it was becoming increasingly difficult. He urged the Budget Committee to support the proposal for a cost-of-doing-business increase and perhaps place some funds in reserve until the State and County budgets had been finalized. He stressed that human services saved lives.

Scott Bartlett, Lane County Budget Committee, asked the committee to consider lifting the cap on the City's current contract with the County for animal services. He said the City's partnership with Lane County began in 1978 and currently the City was responsible for the spay and neuter clinic while the County handled animal rescue and shelter functions. He recommended stipulating earmarks for accountability if the cap was lifted. He said there was large unmet need because of the exploding population of feral cats and it took resources to address the problem. Another need was the disproportionate number of pit bulls that came to the shelter and they disproportionately died. He said lifting the \$250,000 cap for dog licenses by \$100,000 could give the City that amount to allocate to spay and neuter vouchers, pit bull vouchers, enhanced retention efforts and responsible pet ownership.

Lisa Wolverton, Lane County Animal Services Advisory Committee, echoed Mr. Bartlett's comments regarding lifting the cap on the City's contract with the County. She said that would not require the City to provide additional funds; it would only generate more license revenue that could be used specifically to help animals with spay and neuter vouchers low income pet owners. She said that would dramatically reduce the number of animals going into the shelter and urged the committee to lift the cap and earmark revenue for those programs.

Zachary Vishanoff, Eugene, distributed copies of email correspondence between him and City staff regarding a May 20 meeting related to development around Walnut Station and the University of Oregon basketball arena. He said staff had indicated that the meeting was private and he would not be allowed to attend. He objected to being excluded and felt that the meeting should be open to the public.

Juan Carlos Valle, member of the Police Commission and Centro Latino Americano board, said he was speaking as a private citizen about the tools and resources for police officers. He was aware of the police department's staffing needs and cognizant of the community's expectations. He said relying on officers to work overtime highlighted the department's needs and he was concerned about the impact of overtime on officers' physical and mental health. He said while the department's effectiveness and efficiency was not compromised at this point, the situation could not continue. He favored the community policing model and hoped that the committee would support the proposal for five more officers in the next budget cycle. He understood the Eugene Police Department's mandate to protect and serve and hoped that officers could expect the appropriate level of support to meet the community's expectations for service.

Mr. Barofsky closed the public hearing and thanked those who spoke. He called for comments from Budget Committee members.

Ms. Syrett echoed Ms. Piercy's remarks about the staff and city manager's work on the budget and the importance of identifying the source of funds for any additions to the budget. She intended to make a motion for increasing human services funding in acknowledgment of the growing need for services in the community and the incredible work of agencies in providing those services.

Ms. Solomon felt that Mr. Vishanoff should be allowed to attend the meeting he described and asked staff to provide an explanation and perhaps reverse the decision. Assistant City Manager Sarah Medary said she would respond to the request tomorrow.

Ms. Holser asked how the services identified by Mr. Bartlett would reduce the number of animals that were euthanized. Mr. Bartlett said most impounded animals came from the bottom quartile of the population and there was a direct correlation between the ability to pay for spay and neuter services and getting that done, as was seen by the exploding population of feral cats and pit bulls. He described an incident in which a dog was euthanized simply because the resources were not available to deal with a minor infection. Funding to deal with health issues would be directly invested to save animals.

Mr. Clark agreed with those who spoke in opposition to the County's proposal regarding municipal court jail beds.

Mr. Poling asked that his proposed motion regarding animal services include the proposals Mr. Bartlett made during his testimony. He stressed that the City would not be required to provide additional funding and there would be accountability for the use of the additional revenue.

Mr. Potwora asked what services would not be provided if the \$150,000 increase to human services funding was not approved. Ms. Alltucker replied that the funds would be contributed to the Human Services Commission for allocation to agencies. She said for example the Relief Nursery provided home visits and reimbursed employees for mileage traveling to and from clients' homes; the increased cost of fuel would mean providing fewer home visits if funding was not augmented. She said because of the economy human services were being requested by people who had never before accessed them.

Ms. Medary pointed out that the city manager's budget proposed a cost-of-living increase in the baseline contribution to HSC, raising the previous contribution of \$1.15 million to \$1.35 million. The budget did not include a one-time payment made in the previous year to provide a cost-of-living adjustment.

Mr. Pryor said it would be a very difficult decision for him as he was both a City official and part of the human services network. He pointed out that the City of Eugene had consistently provided a high level of support for human services, even when other jurisdictions contributed nominal amounts. He hoped that the committee could explore the possibility of contributing an additional \$150,000, but questioned where those resources would be found in a budget that had already been subjected to \$12 million in cuts.

Mr. Barofsky announced that, time permitting, the Budget Committee would reconvene at 8:30 p.m. for an hour-long work session to address as many of committee members' 11 proposed motions as possible.

Mr. Zelenka stated that any proposal to add expenditures to the budget, which had already been reduced by \$12 million, should identify the source of those funds and not leave that to staff to try to determine. He wanted to see that requirement formalized by the committee.

Mr. Barofsky determined there were no objections to considering the motions proposed by staff during the time remaining in the meeting.

Mr. Barofsky, seconded by Ms. Solomon, moved to amend the Proposed Budget to:

- Remove Proposed FY10 Right-of-Way Fee on city Utilities (Wastewater and Stormwater) as directed by the City Council on April 27, 2009
- Add FY10 Interfund Transfers totaling \$500,000 from the Local Wastewater (\$100,000) and Stormwater Utility (\$400,000) Funds to the Road Fund as approved by the City Council on April 27, 2009
- Add \$1.4 million of Local Gas Tax to the Road Fund for Operations and Maintenance and remove the same amount from the Pavement Preservation Program (Capital)

Mr. Barofsky encouraged the committee to support the motion. He said the action had already been approved by the council, but had not yet been incorporated into the budget document.

Mr. Zelenka asked if the motion implied a garbage haulers fee. Mr. Barofsky said the motion only allocated gas tax revenue, plus the wastewater/stormwater transfer, for road operations and maintenance. Kitty Murdoch, Central Services, said if the motion was passed there would still be a \$900,000 shortfall in operations and maintenance. She pointed out that there was still a 10 percent haulers fee in the proposed budget and the committee would need to reduce or eliminate it; the motion did not address that fee.

The motion passed unanimously, 14:0.

Mr. Barofsky, seconded by Ms. Syrett, moved to transfer the General Fund budget for legal services into the City Attorney's Office.

Kristie Hammitt, Central Services, explained that the motion would establish a City Attorney Budget within the General Fund by pulling in funding sources available in other departments to create that budget.

Ms. Holser asked how the City determined that it would require up to three additional attorneys on an as-needed basis, in addition to the services of in-house attorneys. Ms. Hammitt said the need was based on an analysis of the City's previous requirements for legal counsel. Ms. Medary said the analysis by staff demonstrated the City currently used the equivalent of six to seven full time attorneys annually. She pointed out that the motion did not represent the addition of new attorney services or an additional expenditure for legal counsel; it simply consolidated dollar amounts budgeted in various departments for legal services.

Mr. Smith supported the idea of an in-house attorney. He asked if the amounts budgeted for legal services in departments had been compared to actual expenditures. Ms. Medary said the budgeted amounts were based on departments' previous expenditure experience.

The motion passed unanimously, 14:0.

ADJOURN

The meeting adjourned at 7:50 P.M.

(Recorded by Lynn Taylor)

MINUTES

Eugene Budget Committee
McNutt Room—City Hall
777 Pearl Street

May 18, 2009
8:30 p.m.

PRESENT: John Barofsky, Chair; Claire Syrett, Vice Chair; Betty Taylor, Jennifer Solomon, Chris Pryor, Mike Clark, Andrea Ortiz, Kate Davidson, Mary Ann Holser, Joseph Potwora, Doug Smith George Brown, Alan Zelenka, members; Assistant City Manager Sarah Medary; Kristie Hammitt, Central Services Department; Dee Ann Raile, Kitty Murdoch, John Huberd, Pavel Gubanikhin, Karen Burling, Financial Services; Susan Muir, Scott Luell, Planning and Development Department; Kurt Corey, Public Works Department; Renée Grube, Library, Recreation, and Cultural Services Administration; AIC Chief Pete Kerns, Glen Svendsen, Eugene Police Department; Fire Chief Randall Groves, Fire & Emergency Medical Services; Glenn Klein, City Attorney; Kitty Piercy, Mayor.

ABSENT: Noah Kamrat, Terry McDonald, members.

Mr. Barofsky reconvened the City of Eugene Budget Committee meeting to order at 8:30 p.m.

I. INTENDED MOTIONS, DISCUSSION, AND POSSIBLE ACTION

Mr. Barofsky, seconded by Ms. Davidson, moved that the Budget Committee recommend that the City Council impose a five percent transportation surcharge on solid waste haulers to generate an estimated \$900,000 for road maintenance and operations; the surcharge will be for one year, all monies collected to be designated to local streets for operations and maintenance. Should the City receive any extra road funding from the State or other sources in the year 2010 budget cycle, that money should be used first to offset the fees as a priority in order to rescind the surcharge.

Mr. Barofsky said he had offered the motion because the City Council had requested input from the Budget Committee. He believed it was prudent to look at this as a funding mechanism for local streets. He said should the State decide to impose a gas tax, with some of the funds collected to be returned to the City, this should be used to offset the fee.

Ms. Ortiz thanked Mr. Barofsky for placing the motion on the table. She indicated her support for it.

In response to a question from Mr. Potwora, Mr. Barofsky said no other motion to provide this type of funding “had hit the floor.” Ms. Solomon added that there had been other options in the proposed budget.

Assistant City Manager Sarah Medary stated that the two other items that had been mentioned at the Budget Committee were using the money that had been allocated in the road fund “swap” with the County and cutting services.

Mr. Clark asked why they were not mentioning the idea of a gas tax as an alternative to the garbage hauler fee. Ms. Medary said the reason she had not mentioned it was because she did not think it would be feasible by July 1.

Mr. Pryor said since they were really focusing on a one-time one-year solution for \$900,000, he considered the options to be making the point “the hard way” or “the easy way.” For him, the interesting discussion would be whether they were willing to impose a fee for one year given the amount of controversy it would bring about. He asked if they would not want to do this the easier way and take \$900,000 of the pothole money and “be done with it... without the hailstorm.”

Ms. Syrett appreciated the political question. She thought it could go either way – people could be very angered by the surcharge or they could be glad that streets were getting repaired at a faster rate. She believed that implementing the fee for one year would allow them to see the effect. She preferred a systemic approach, but no such approach was apparent at this point. She intended to support the motion.

Mr. Poling had opposed the fee at the council level and had not been one of the councilors who suggested sending the item to the Budget Committee. He contended that the fee made an easy target of the garbage haulers and he was certain there was a way to address all of the other heavy trucks that traversed the city streets. He agreed with Mr. Pryor: did they really want to fund it for one year? He said he would oppose this motion and would continue to oppose it at the council level.

Mr. Barofsky had reviewed the Budget Committee minutes from the previous year regarding the \$1 million allocation for pothole repair. He recalled that it had failed the first time, but had been brought up a second time and had passed. He felt that if this did not pass, it would be like saying that if it was an election year they would fix the roads but if it was not an election year they would not do so. He averred that this was disingenuous.

Mr. Clark had seen an analysis that indicated that the fee would have an impact of 98 cents per household. But in looking at the costs of implementing the mechanisms for collecting it and what that would do to the garbage company, he recalled that one source showed that the impact would be more along the lines of \$6 per household for garbage haulers to become a tax collection authority. He wondered if instituting the fee for a shorter period of time would increase the amortized cost of implementation to the households. Ms. Medary said she would follow up on that. Mr. Clark added that he was sensitive to Mr. Pryor’s argument regarding the political implications.

Kurt Corey, Director of the Public Works Department, commented that he had not seen the analysis Mr. Clark referred to. He thought that one advantage of charging a fee to garbage haulers was that they already had a billing system in place.

Ms. Holser supported the motion. She did not foresee that a “rabid group of people” would come forward to protest it. She did not want to dip into the Facility Reserve fund for this money.

Mr. Zelenka did not like the one-year sunset; he supported a longer term use of the fee. He averred that to take away the pothole overlay would be a reduction of services. He noted that the Council Committee on Transportation had recommended the fee as a long-term fix and he had supported it. He related that the committee had not been able to find ways to get at monies for other heavy trucks.

Ms. Davidson liked the motion. She felt that garbage service was very affordable and an increase would serve to encourage recycling and sustainability. She asked if the money could be used to help the Crest Drive residents with their street assessments. She opined that it was unbelievable how much they were being assessed.

Mr. Potwora thought it seemed simple; no one wanted to cut services and the potholes needed to be fixed. He believed that the motion offered a good short-term solution. He wanted the committee to show some leadership, quit talking and make some decisions.

Mr. Zelenka, seconded by Ms. Ortiz, moved to eliminate the sunset clause from the motion.

Ms. Ortiz asked if anyone on the committee had concern about taking out the sunset because she did not want it to be a “deal breaker.”

Ms. Holser asked if it would be a problem to take it out. Mr. Corey responded that everything the City Council did had a sunset and, to change something, one just had to bring it up. Regarding this topic, he said when the council committee had reviewed the problem in 2007, they found there was a gap in funding in the operations and maintenance and to begin to handle it the City needed approximately \$18 million per year. He stated that thus far they had passed the bond measure. From a public policy standpoint he believed they needed to continue gaining on the gap. He averred that inasmuch as the garbage surcharge was an ongoing part of the most recent council committee’s recommendation, it would speak against attaching a one-year sunset to the fee.

Ms. Syrett stated that it would not be a “deal breaker” for her to eliminate the sunset; she supported its removal.

Mr. Barofsky noted that he had placed the sunset in the motion to help it be more palatable to some members of the committee. He did believe if the gas tax increase at the State level was approved, it would be prudent to use it to offset the citizens’ cost.

Mr. Potwora had initially favored limiting it to one year, but he had come to believe that it would be best to make the “tough decision” and implement the fee in an ongoing way.

Ms. Davidson supported the change. She wanted to talk more about the issue of unimproved streets, such as those in the Crest Drive area. She asked how they were going to “deal with that” and whether something like the fee could be applied to improvement of unimproved streets.

Mr. Pryor thought the discussion had been fruitful. For him, elimination of the sunset made the fee more palatable. He appreciated that the money would be designated for local streets and operations and maintenance. He said he would be instructed by the discussion and the resulting vote when the item came before the council.

Ms. Medary reminded the committee that next year it would be having another discussion about where it would find funding for this ongoing issue.

Ms. Taylor said if the fee would work to help the people in the Crest Drive area she would vote for it “in a minute.” She indicated she would support the amendment. She asserted that they had “never tried” to get a vehicle registration fee increase for this purpose. She thought the City should work to do so.

Mr. Zelenka related that he had asked the County Commissioners if they were willing to consider a vehicle registration fee on several occasions and they were not. He said the City could not impose that fee, by law. He supported the fact that the money collected by this mechanism would only go toward fixing streets. He noted that every penny of the gas tax and most of the road funds went toward that purpose.

The motion to amend the motion to eliminate the sunset clause passed unanimously, 14:0.

The main motion passed as amended, 10:4; Ms. Solomon, Mr. Clark, Mr. Poling, and Ms. Taylor voting in opposition.

Mr. Barofsky, seconded by Ms. Solomon, moved that any Budget Committee motion to increase funding include an offsetting expenditure reduction and/or revenue increase elsewhere in the budget.

Mr. Potwora said staff had counseled him in crafting the language. He averred that with a \$12 million gap, it seemed very clear that no budget item should even be suggested unless the person setting it forth clearly delineated from which fund it would come from.

Mr. Clark thought it was a good idea, but he wanted to offer one change.

Mr. Clark offered a friendly amendment that would add the phrase ‘or identify another available city resource’ after ‘increase’ and before the phrase ‘elsewhere in the budget.’ The maker and the second accepted the friendly amendment.

Mr. Zelenka understood that the intent of the motion was to make funding proposals more specific. He said unanticipated revenue was speculative and should not be planned on.

Mr. Barofsky hoped that staff would work with the newer members of the Budget Committee to help them find the offsets.

Ms. Syrett agreed that it was a responsible approach. She was somewhat concerned that it could make committee members more focused on cuts than on adds. She had mixed feelings about the motion and was not certain how she would vote.

Mr. Potwora said if finding cuts became a show stopper, he would favor speaking to funding mechanisms in more general terms.

Ms. Ortiz commented that this seemed to fit with what was happening in the future. Ms. Medary related that staff had been talking about going out to the community about relative values “around the different services.” She said they would be seeking the strategies the City would fund to “move those dials.”

Ms. Ortiz envisioned this as working in tandem. She hoped that as they moved forward in the budget process, it would be more reflective of what the community wanted.

Ms. Holser said the budget would not stop anyone from getting grants and placing them in the Supplemental Budget. She observed that the budget was somewhat of a moveable document. She had no objections to the current process for putting forward motions. She believed that the more the committee members specified the details of what was funded and from where, the more they would be troubled by it. She thought the budget could be changed later when more was known.

Mr. Pryor believed that the motion was relatively harmless. The caution he had was with what the motion could give permission to do, which was to start the “shopping expeditions” that had dominated past budget processes. He said they had gone to a new system of budgeting: the outcome-based budget. He underscored that the City prepared a budget to be the best reflection of what those outcomes were. He said if they came to Budget Committee meetings and started shopping proposals, it would be “a whole new ball game” and a new idea could pull pieces of an already established puzzle out. He thought they could potentially defeat the purpose of the outcome-based budgeting.

Mr. Zelenka agreed with Mr. Pryor and Ms. Syrett. For him, the reality however was that they were faced with a zero sum budget; if something was added, something else had to go. He thought a discussion about what would have to “go away” would be appropriate.

Ms. Taylor said she would not support the motion. She declared that the committee members were not the professional finance people, no matter “how smart [they were].”

Mr. Clark favored the hybrid. He said he and Mr. Brown had been working on a motion that would require that the committee members identify two potential sources of revenue and then leave it up to staff, who could then decide to find the revenue for a given program or service from another area of funding.

Mr. Zelenka stressed that it was not his intent not to ask staff for input. He said if he had a proposal for funding he would talk to staff first to look for ideas of where the money could come from. He would hate to have a motion that said staff should just figure it out.

Mr. Poling understood that the motion to require the identification of an offset did not mean that would be the ending result. He said it was staff’s responsibility to advise the committee that taking funding from one service would have a certain level of implications and what those implications were so that the committee would make well-informed decisions.

Ms. Medary reiterated that the budget was very different from past budgets because it included a plan for how they could close the \$12 million gap, though it was not “locked tight.” They had identified a \$1.7 million as an operational footprint reduction including positions, fleet, and facilities. She said they still had to “get there” and if they could not, the committee would still be looking at \$157,000 remaining in the Reserve for Revenue Shortfall. She related that the budget also identified \$750,000 in new grant revenue that staff still had to achieve. She stressed that they had to work very hard from this point forward to find the \$12 million and if the committee wanted staff to find places in the budget for money, it would be challenging.

Mr. Barofsky thought sometimes the Budget Committee had different ideas. He averred that there were times that the Budget Committee and the public had different ideas about the budget.

The motion passed, as amended, 11:3; Ms. Davidson, Ms. Syrett, and Ms. Taylor voting in opposition.

Mr. Barofsky instructed the committee to submit any additional motions electronically. He noted, though, that motions could be made at any time. He stated that the next meeting was scheduled for 5:30 p.m. on May 20 in the McNutt Room.

ADJOURNMENT

The meeting adjourned at 9:28 p.m.

(Recorded by Ruth Atcherson)