

# MINUTES

Budget Committee  
Bascom-Tykeson Room—Eugene Public Library  
100 West 10<sup>th</sup> Avenue—Eugene, Oregon

May 13, 2009  
7 p.m.

**PRESENT:** John Barofsky, Chair; Claire Syrett, Vice Chair; George Brown, Mike Clark, Mary Ann Holser, Terry McDonald, George Poling, Joseph Potwora, Chris Pryor, Doug Smith, Betty Taylor, Alan Zelenka, members; Mayor Kitty Piercy; City Manager Jon Ruiz; Assistant City Manager Sarah Medary; City Attorney Glenn Klein; Library, Recreation, and Cultural Services Director Renee Grube; Central Services Director Kristie Hammitt; Fire and Emergency Medical Services Director Randy Groves; Chief of Police Pete Kerns, Glen Svendsen, Eugene Police Department; Dee Ann Raile, Kitty Murdoch, Karen Burling, Sue Cutsogeorge, John Huberd, Pavel Gubanikhin, Financial Services; Public Works Director Kurt Corey, Becky Carlson, Public Works Department; Planning and Development Director Susan Muir, Scott Luell, Planning and Development Department.

**ABSENT:** Kate Davidson, Noah Kamrat, Andrea Ortiz, Jennifer Solomon, members.

## I. PUBLIC COMMENT

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

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

**Scott Bartlett**, 1445 East 21<sup>st</sup> Avenue, asked the committee to support the City's long-time partnership with Lane County in regard to animal care and animal services because he believed more money was needed to address the feral cat and pit bull overpopulation problems. He said the contract between the City and County included a cap of \$250,000 on dog license revenues. Due to resident canvasses conducted in Eugene, the County was bumping up against that number. He suggested the cap be raised by \$75,000 to \$100,000 and that the City consider splitting those revenues with the County to incentivize the process and dedicate its share to pay for spay and neuter assistance or public education. He suggested the committee consider assessing residents an additional a \$1 surcharge on licenses to generate money to address the pit bull overpopulation problem.

**Robert Olson**, 3218 Sisters Loop, asked the committee to direct additional money to Lane County for the purposes advocated for by Mr. Bartlett. He particularly supported additional money for spay and neuter programs. He shared statistics about the dog and cat overpopulation problem and said that to have an effective no-kill program the community must control its pet populations. Mr. Olson said that spay and neuter programs were very effective and a small investment now avoided the need to spend money to kill animals in the future. He asked that the cap mentioned by Mr. Bartlett be adjusted.

**Rob Harvey**, 5385 Belmont Street, a member of the Board of Directors of Kidsports, thanked the committee for its past support of Kidsports and for field maintenance, as well as for including funding for Kidsports in the proposed budget. He asked the committee to find additional money to put toward more scholarships in light of the organization's reduced revenues.

**Peter Sorenson**, 125 East 8<sup>th</sup> Avenue, thanked the committee for all the good work it was doing.

There being no more requests to speak, Mr. Barofsky solicited comments.

Mr. Potwora asked about the cap mentioned by Mr. Bartlett and Mr. Olson. Ms. Raile said the City contracted with Lane County for animal control services. That included enforcement, field officers, kenneling animals, dog licensing, and the cattery. There were two components to the City's contribution, one of which was a \$685,000 payment from the General Fund and one of which the revenues from dog licenses bought by Eugene residents, which was capped at \$257,000, for a total of approximately \$942,000. The City increased the General Fund contribution by \$13,000 in the proposed budget and retained the cap on the license fee revenues.

Ms. Raile acknowledged that that Lane County staff had done a great job of increasing dog license revenues through canvassing. She said that Lane County staff would like to use the additional money realized through that effort to support the service. Ms. Raile said the City's position was that it was just not in a financial position to increase that amount when the service level was not being increased. She said the City was paying for the service it could afford.

Mr. Potwora asked if the City Council could raise the licensing fee and pass the incremental increase to the County. Ms. Raile said the City could raise the license fee; however, it needed to be sensitive to residents in regard to fee increases. The City's goal was still to maintain the cost of the program at \$942,000, and if license revenues were raised, she would recommend a smaller General Fund payment to offset the increase.

Mr. Poling suggested that the additional license revenues generated by Lane County be directed toward Lane County and the City's General Fund contribution reduced by a like amount.

Mr. Barofsky asked what amount was involved. Ms. Raile indicated the amount was about \$230,000; the cap had not been exceeded, but the County hoped it would in the near future, based on its continued efforts.

Mr. McDonald arrived.

Mr. Barofsky believed that the revenues above the cap should go to the County given there was no effect on the General Fund. City Manager Ruiz suggested that given the City was helping to fund the effort, it should have some return. Mr. Barofsky believed that the City was benefiting from the service provided. City Manager Ruiz agreed that it was a valuable service but continued to believe that the City's investment allowed it to establish a service level, which included the revenues generated from license fees. He said that while it might be admirable to give the County the money, he thought the City should have some benefit. Mr. Barofsky acknowledged City Manager Ruiz's remarks, but said every year the committee heard from advocates for animals, and he thought it might be worth considering because the committee heard a demand for it from the community and he did not think it would have an impact on the deficit.

Ms. Holser believed that any additional revenues above the cap should go to the County's spay and neuter program for the reasons mentioned in testimony. She thought it was logical that revenues from licensing should be dedicated to animal-related services. She thought the committee needed to discuss both that and whether the General Fund contribution should be reduced.

Mr. Pryor clarified the details of the revenue stream from dog licenses and the fact the City controlled its own dog license fees. He expressed concern that raising the license fee might result in fewer people licensing their animals.

Mr. Clark did not support increasing the license fees given the high rate of noncompliance and because it was not fair to those who did license their dogs. He determined from Ms. Raile that the costs of the current program were negotiated with the County and were based on a service level expectation. The City had provided limited increases in the contract amount since a significant increase in 2004. Mr. Clark asked if the County had its increased funding for the service as well. Ms. Raile did not know. She said the County had argued for a contract increase on the basis that it was paying for more than its share of the service. It had been the City's intent to reduce its General Fund contribution in anticipation that license revenues would increase, as had been suggested by a Lane County task force.

Mr. Clark said he might be persuaded to increase the cap and allow Lane County to keep the additional revenues if the money would go to offset the General Fund payment and the County increased its contribution by a like amount.

City Manager Ruiz said staff was taking the same approach in this situation as it had in the case of recreation fees; any revenues above those anticipated were directed to the General Fund. He suggested that the committee maintain the current cap and when the County reached the cap, the committee could discuss the issue in the context of a supplemental budget. He did not think the County would reach the cap within the next 30 days. Mr. Clark and Mr. Pryor endorsed that approach.

Mr. Potwora said he would support the recommendation offered in testimony only with a price increase in the license fees. He also liked City Manager Ruiz's idea and said he would also like more discussion of what represented a fair split.

Mr. Pryor emphasized the need to hold the City harmless in regard to the revenue from license fees given that the budget was predicated on certain expectations. He was willing to discuss raising the fee and splitting the money with the County.

Mr. Barofsky observed that lay members' involvement in the supplemental budget process was limited and he thought that the current budget review process was an appropriate venue for the committee to act on the requests of citizens.

Ms. Holser questioned if the City's contribution was proportional to its population and contribution toward service demand. Ms. Raile said the County had done a study regarding those issues and the contract was increased by \$150,000 annually as result and the County had agreed to pursue licensing more aggressively.

## **II. LANE COUNTY COMMISSIONER COMMENTS**

The committee was joined by Lane County commissioners Peter Sorenson and Rob Handy, who were present to solicit funds from Eugene to fill Lane County's budget shortfalls. Mr. Sorenson distributed a Lane County budget fact sheet and briefly reviewed its contents. Mr. Handy discussed the status of the State budget as it regarding human service funding. He asked the committee to restore \$164,434 to the City's allocation to the Human Services Commission to allow it to maintain last year's service levels. He also asked the committee to provide Lane County with half the costs of opening a jail pod holding 84 beds at a cost of \$1,640,000. He suggested that could help Lane County leverage contributions from other County municipalities.

Mr. Handy then discussed the City's contract with Lane County for 15 jail beds to hold Municipal Court prisoners. He said that contract was currently being negotiated. Mr. Handy asked Eugene to change its practice and allow its 15 beds to become part of the risk assessment process at the jail.

Mr. Barofsky solicited committee comments and questions.

Mr. Clark thanked the commissioners and expressed hope that some of the State funding of concern would be restored.

Mr. Clark asked about Lane County's legal obligation to Lane County residents as it related to the provision of jail bed services. Mr. Sorenson responded by saying that that Lane County was under a federal court decree that limited the number of inmates that the County could hold in jail. That included all 20 contract beds the County had with Springfield and Eugene. He reiterated Mr. Handy's request that Eugene allow its 15 beds to become part of the risk assessment process at the jail so that the jail was not holding taggers while releasing more dangerous prisoners. He also reiterated the request for jail funding to help fund the pod the Board of County Commissioners had shut down due to "trending lines." Mr. Sorenson added that the County was violating the federal court decree in the sense that "it had people in there but we kick them out to become in compliance." He noted that the jail released nine people on May 4, for example.

Mr. Clark repeated his question, clarifying it by asking if there was a minimal level of service required of Lane County by the State. Mr. Sorenson said as far as he knew, Lane County was in compliance with the federal court decree and State law. He said that Lane County must reconcile a series of state mandates for service that were not appropriately funded.

Mr. Clark wanted to develop a creative solution that helped all the citizens of Lane County. He asked the amount of federal timber money received in fiscal year 2010. Mr. Sorenson did not know the precise number but estimated it at \$20 million and knew it went down in the future. Mr. Clark suggested that public safety was the highest priority for both Eugene and Lane County, and hoped that the County used the \$20 million in federal timber money to provide considerable more funding for a public safety he believed was in crisis. Mr. Sorenson declared that Lane County was not going to provide more public safety services because of plummeting revenues. He said the board had to close the Forest Work Camp, the Community Corrections Center, and the jail pod. He asserted the board was doing the best it could in a bad environment, and the City's help would mean a lot.

Mr. Poling wanted the County to prioritize the federal timber money it had received for public safety. He said that Eugene did not have an extra \$1.6 million to put into jail beds. He asked the location of the pod in question. Mr. Sorenson did not know. Mr. Poling said if it was on the third floor, it could be opened in sections of 24 inmates. He said that unless things significantly changed, the Municipal Court inmates in the jail for non-violent crimes were exempted from the matrix because their jail beds were paid for by the two cities. Mr. Sorenson said that Lane County did not count those inmates or give them a risk assessment score because it did not have the time and money to do so. However, those inmates counted under the federal cap and Lane County staff was responsible for determining which Eugene inmates would be released once the 15 beds were filled. He said the board wanted the State Court Administrator and Sheriff's Office to use the risk assessment tool for all inmates, including those in jail under municipal charges so that the jail was not in the situation of holding a Municipal Court inmate while having to release a more dangerous State Court inmate.

Mr. Barofsky asked what Mr. Sorenson meant when he referred to "leveraging" Eugene's money, and if that suggested the County would be matching it or asking other cities to match it. Mr. Sorenson said that while there were several possible approaches, he believed that if Lane County could secure funding from the cities holding the 70 percent of Lane County residents live in the 12 incorporated cities, it could provide the 30 percent attributable to the rural population. He did not have a precise formula in mind.

Mr. Barofsky said Eugene did not have a lot of discretionary money but he thought it was important for governments to work collaboratively. He suggested the potential of a money exchange such as that which occurred last year in the Road Fund. He thought there were other areas where collaboration could occur, and noted that the County alone had authority to impose a local vehicle registration fee. Mr. Sorenson said the Road Fund revenue trend was also in decline, but it had a positive balance that allowed the County to do road maintenance. Mr. Handy expressed appreciation for the funding exchange that had occurred the previous year and expressed commitment for continued funding for Buckley House.

Mr. Handy observed that the staffing requirements for 42 beds would be the same as for 84 beds and suggested that the County might as well target the larger number of beds. Mr. Sorenson emphasized the importance of short-term jail capacity as means to gain compliance with drug and alcohol programs.

Mr. McDonald determined from Mr. Sorenson that he envisioned a City-County Road Fund exchange as one means of funding the jail pod and continued to hope the City reconsidered its allocation of jail beds.

Responding to a question from Mr. McDonald about the merit of Mr. Sorenson's suggestions, City Manager Ruiz expressed concern about the allocation of City beds. In regard to any funding exchange, he said that until the council made a decision on the Road Fund, he did not consider the money available.

Mr. Sorenson reminded those present of past failed public safety funding measures. He did not think it made sense to go to the voters now. He suggested that the City's contract for 15 beds might have been a good policy when there were more jail beds, but he questioned whether it was good policy to keep taggers in jail when other inmates were released. Mr. McDonald suggested that the issue of jail beds was best addressed at the staff level. Mr. Sorenson concurred, adding that the board was really more interested in the issue of HSC and jail funding. Mr. Handy suggested that the committee could give direction to the City Manager in regard to the jail beds at this time.

Ms. Syrett said she had intended to offer the committee a motion to restore the additional funding that the City provided last year to the HSC as a means of continuing to provide cost of living increases for the staff of nonprofit providers.

Mr. Pryor recommended that Lane County address the issue of jail beds with City Manager Ruiz, Police Chief Pete Kerns, and the Municipal Court Judge. He believed that if the committee talked about moving money, it had to be new money. He said a countywide vehicle registration fee could generate new money and help "float all the boats" in Lane County. He suggested that the City could use those revenues to supplant the General Fund revenues going to the Road Fund and use the General Fund revenues for jail beds and to reduce the deficit in future years. He said that such a fee needed to be enacted quickly.

Mr. Handy agreed with Mr. Pryor. He further maintained that the County should be the venue for decision making about such things as local gas taxes to ensure coordination between the cities. He noted that the Metropolitan Policy Committee would discuss Mayor Piercy's suggestion for a transportation summit the next day, and that could be another venue for discussion.

Mr. Sorenson determined from City Manager Ruiz that \$1 million in General Fund revenues was directed toward the City Road Fund. Mr. Sorenson advocated for a funding exchange involving the Road Fund. He expressed appreciation for the suggestion for a countywide vehicle registration fee, which he believed the current board was interested in pursuing.

Ms. Holser suggested the construction of the Springfield jail would take pressure off the County jail. Mr. Sorenson concurred. He said that it would result in greater capacity for lower risk inmates at the Lane County jail.

Mr. Zelenka also favored a countywide vehicle registration fee. He believed it would be relatively easy to administer and the fee did not have to be high to produce much revenue. He pointed out that in regard to gas taxes, most of the gas stations were in Eugene-Springfield and both those cities already had gas taxes.

Mr. Zelenka wanted to know the pros and cons of the County's request to release the 15 beds and asked the City Manager to involve the municipal judge in that discussion.

Mr. Zelenka suggested that the committee could fund jail beds for \$1.6 million, the HSC for \$166,000, and five new police officers for \$737,000 using the Facility Reserve as a trust fund. He found that an interesting idea. He also wanted to know more about the pros and cons of the Road Fund exchange mentioned by Mr. Sorenson, and wanted to know if it was possible to open the jail in sections as suggested by Mr. Poling.

Mr. Clark asked if Lane County would be responsible for the costs of incarceration if a Circuit Court judge ordered that a prisoner be held in an adjacent county or Springfield jail. Mr. Sorenson said a Circuit Court judge could order such a prisoner to be held in another jail. There was no case law governing the issue. The County that received the prisoner would have to pay the immediate costs and it could take that entity some time to recover the costs. He did not think that such an approach had been used.

Mr. Clark continued to question who was responsible for running the jail. He was interested in a funding exchange that would be mutually beneficial to both parties. He did not believe the release of the City's 15 beds would be in the City's interest and would leave Municipal Court judges without effective sanctions. Mr. Sorenson said those judges would have the same problem as Circuit Court judges have. Mr. Clark said that got back to the issue of who was responsible for the service. The City had the responsibility to run Municipal Court and contracted with the County for beds to make that court work. He feared that changing that agreement would harm the Municipal Court.

Mr. Clark suggested that the larger question was the \$20 million in federal timber money the County had received; as a constituent, he respectfully suggested it was outrageous for the County to not spend that money on the public's highest priority, the provision of public safety services. He said if the County wanted to get out of the business of providing jail services, he wanted some legal advice about that issue. For the sake of the citizens that both jurisdictions served, he wanted to find some mutually beneficial agreements.

Mr. Handy said that after the County addressed its structural deficit and other commitments, it had \$7 million in timber money. He advocated for a broader view of services. Mr. Clark suggested that the board had budgetary choices it must make. He offered to partner with the board on other solutions, but encouraged Mr. Handy and Mr. Sorenson to reconsider their current approach to public safety funding.

Mr. McDonald hoped the committee would ask the City Manager to examine the issue of the risk assessment and City's contract for jail beds.

Responding to a request for input from Mr. McDonald, City Manager Ruiz said the City was looking at a \$12 million shortfall this year and he anticipated another shortfall next year. He recalled that in fiscal year 2009, the committee added an additional \$150,000 to the base HSC Fund allocation due to the need. That was intended to be a one-time expenditure but now the County was suggesting it was part of the City's base contribution, and he feared any additional contribution to the jail would be considered in the same light next year. City Manager Ruiz believed that the committee's use of one-time money to fund ongoing expenses was a continuing problem. It was not a sustainable financial practice. City Manager Ruiz said essentially, the City was being asked to use its one-time money as opposed to the County's one-time

money. He also believed that the City contributed quite a bit to the current jail. The City already paid \$1.5 million for the use of jail beds. He reiterated that his concerns were financial and not about the need, which was real.

City Manager Ruiz noted the City's contribution to the HSC was increasing this year.

Mr. Sorenson acknowledged that the County frequently asked for Eugene for money and the 11 other cities in Lane County did not contribute proportionately. As a Eugene taxpayer, he appreciated the City's fiscal discipline. However, he believed there were ways the two jurisdictions could work together to achieve the desired end in a way that benefited all residents.

Mr. McDonald suggested that mutual work on a vehicle registration fee would be one of the better ways in which the two jurisdictions could get together to address long-standing needs.

Mr. Poling concurred with the remarks of Mr. Clark in regard to the use of the federal timber revenues. Speaking to the subject of a vehicle registration fee, he thought the Eugene council supported such a fee. He said if there was any momentum toward changing the jail bed contract, he would first like to see a cost comparison between what Eugene was paying the County and what Springfield might charge. He suggested that the City could send its low-crime prisoners to Springfield when that city opened its new jail.

### **III. MINUTES APPROVAL**

Mr. Poling, seconded by Mr. Pryor, moved to approve the minutes of January 28, 2009. The motion passed unanimously, 12:0.

### **IV. INTENDED MOTIONS**

Mr. Barofsky solicited intended motions from committee members.

Mr. Clark anticipated that he and Mr. Brown would offer the committee a motion calling for funding for additional officers.

Mr. Poling said he would offer a motion to amend the City's contract with Lane County Animal Services to remove the cap, retain the current General Fund contribution, and retain the current license fee.

Mr. Zelenka said he intended to make three motions: one to encourage Lane County to institute a countywide vehicle registration fee; one to use \$16 million in the Facility Reserve with the interest accrued to fund jail beds at a cost of \$1.6 million for jail beds, the HSC Fund at a cost of \$166,000, and five new officers at a cost of \$737,000; and one calling for another Road Fund exchange with Lane County if there was General Fund money directed toward the Road Fund.

Mr. Potwora indicated he would offer a motion that any motion proposing to increase the budget must be accompanied by a budget offset.

Mr. Barofsky clarified the details of the current Eugene Water & Electric Board contribution-in-lieu of taxes (CILT) with Ms. Raile. She indicated that while that revenue stream would be greater than anticipated, other revenue streams, including property tax revenue collections, would be lower than anticipated, and the higher CILT helped offset those losses.

Mr. Poling recalled that the council had passed a motion directing the staff and Budget Committee not to use any of the Facility Reserve in the current budget process and said he wanted more information about the ramifications of using that money now. Mr. Clark asked the cost of changing direction given the discussions about the use of that money that had already occurred.

Ms. Syrett suggested that part of the problem with proposing an offsetting reduction was that the reduction also became a subject of debate. The proposed reduction could also be quite arbitrary.

Ms. Syrett referred to the General Fund revenue projections associated police patrol services and the 9-1-1 center and the fact they were higher than projected in the past, and suggested that there could be additional funding in the future the committee would want to be prepared to spend. She suggested the committee's current discussion could inform future supplemental budget discussions or the use of unanticipated funds. She requested information about how the General Fund revenues were projected.

At the request of Mr. Poling, City Manager Ruiz reviewed the motion passed by the City Council regarding the use of the Facility Reserve:

*Until the Council makes decisions after receiving the information described above, the city manger shall not include in his proposed budget the use of any portion of the Facility Reserve.*

Mr. Poling recalled that his motion encompassed the Budget Committee. Ms. Medary said staff would do further research.

Mr. Barofsky took some exception to the council's action as thought the budget should be considered as a whole and it was his role to bring his values to the discussion. He pointed out that the council had final say on the budget, which came to it as a recommendation from the committee. Ms. Holser agreed.

Mr. Poling expressed appreciation for Mr. Barofsky's comments, but said in the past, he had been concerned about committees being on "shopping expeditions" for funding for pet projects. If the council did not want something to be part of that "shopping list," it had to hold it back. He did not have the same concern about the current committee. He thought that the core element of the motion was a sound approach for the council but did not object to hearing the committee's perspective, which he thought Mr. Zelenka's motion would accomplish. He said the council depended on the committee's lay members for fresh and creative ideas.

Mr. Poling said he meant no disrespect, but was concerned that the Facility Reserve, which was designed for a specific purpose, had been reduced from \$40 million to \$22 million because of committee actions. His intent was to protect those moneys for the one-time uses they were initially set aside for. He did not support funding ongoing expenditures, no matter how worthy, with one-time funding.

Mr. Brown thought the intent of the motion he intended to offer and Mr. Zelenka's motion was not to stir up controversy but rather to stimulate creative thought about the proper use of the money left in the fund. Once it was spent, it was gone.

Mr. Smith appreciated Mr. Pryor's expression of confidence in the committee.

## **V. ADJOURN**

Mr. Barofsky adjourned the meeting at 9:25 p.m.

*(Recorded by Kimberly Young)*