

MINUTES
Eugene Budget Committee
Bascom-Tykeson Room—Downtown Library
100 West 10th Avenue

April 29, 2009
5:30 p.m.

PRESENT: John Barofsky, Chair; Claire Syrett, Vice Chair; George Brown, Mike Clark, Kate Davidson, Mary Ann Holser, Terry McDonald, Andrea Ortiz, George Poling, Joseph Potwora, Chris Pryor, Betty Taylor, Doug Smith, members; City Manager Jon Ruiz; Assistant City Manager Sarah Medary; Mayor Kitty Piercy; Kristie Hammitt, Central Services Department; Dee Ann Raile, Kitty Murdoch, Karen Burling, John Huberd, Sue Cutsogeorge, Pavel Gubanikhin, Financial Services; Mike Penwell, Central Services Facilities Management; Susan Muir, Scott Luell, Planning and Development Department; Kurt Corey, Becky Carlson, Public Works Department; Renée Grube, Mike Magee, Library, Recreation, and Cultural Services Administration; AIC Police Chief Pete Kerns, Glen Svendsen, Terry Smith, Eugene Police Department; Fire Chief Randall Groves, Fire & Emergency Medical Services; Judge Wayne Allen.

ABSENT: Alan Zelenka, Noah Kamrat, Jennifer Solomon, members.

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

I. CITY MANAGER’S FISCAL YEAR 2010 PROPOSED BUDGET PRESENTATION

City Manager Jon Ruiz presented the fiscal year (FY) 2010 Proposed Budget with the assistance of a series of PowerPoint slides. City Manager Ruiz emphasized that the budget would maintain community services, shrink the organizational footprint, allow the organization to live within its means, and allow it to plan for the future. The presentation identified the total requirements and resources for all funds, broke down personnel costs, and summarized expenditures in the proposed budget. The presentation also identified programs for which support was expiring and provided an update on the FY2009 Eugene/Lane County funding exchange.

City Manager Ruiz noted the impact of the budget on a typical Eugene home, which was \$1,354 in City property taxes on a median assessed value of \$157,883.

Continuing, City Manager Ruiz reviewed the steps proposed to shrink the organizational footprint and allow the organization to live within its means. He called attention to the fact that the General Fund would end in the black for the first time since 2006.

City Manager Ruiz reminded the committee of the elements of the \$12 million General Fund savings plan and noted new revenues associated with the plan, emphasizing that no new fees were involved. He also emphasized that the savings plan was ongoing.

City Manager Ruiz called attention to a six-year forecast for the General Fund and pointed to the anticipated expenditure for PERS and the establishment of a rainy day fund in FY11. He said that, in

combination with the ongoing nature of the savings plan, meant the City would need an additional \$3 million in FY12.

City Manager Ruiz shared a major fund outlook for FY09-15 that indicated the condition of each fund on a scale of good-caution-poor. He believed the General Fund, Ambulance Fund, and Road Fund were the funds most in need of attention and noted the work that was occurring around each fund.

City Manager Ruiz anticipated additional funding challenges and discussed proposed steps for sustainable solution in 2011 and beyond, which included the Eugene Counts process, community discussion of outcomes and priorities, and a "Meeting the Challenge" Task Force.

In conclusion, City Manager Ruiz said City staff continued to balance customer service, employee satisfaction, and sound fiscal management. It needed to stay focused on the goal of maintaining the agreed upon mix and level of services with a sustainable budget, and to work as a team.

Mr. Barofsky called for committee comments and questions.

Mr. Clark asked if the City had any concern that the changing nature of the economy would affect the Public Employees Retirement System (PERS) rate for FY11. Ms. Raile said PERS rates were set every two years. The rate for FY10 was based on the valuation of the system through December 2007. The PERS Board of Directors had given no indication it would adjust the rates during the current period. The board was forecasting significant rate increases at the end of the next valuation period.

Mr. Clark recalled that Mayor Kitty Piercy and Mr. Zelenka had recently mentioned percentage figures in regard to total police spending that suggested police expenditures exceeded 60 percent of the General Fund. He asked staff to clarify that. City Manager Ruiz clarified that the percentage spending on police services was more than 40 percent of the City's General Fund. Mr. Clark asked if the percentage would jump dramatically if it included all funds. Ms. Murdoch said if considered in light of all funds, the percentage would go down.

Mr. Clark referred to the chart on page 3 of the presentation and asked if there was any concern about volatility as it related to those fees, and what fees were involved. City Manager Ruiz clarified that the fines mentioned included storm water and wastewater fees, traffic fines, and recreation fees. Ms. Raile reminded Mr. Clark that the chart he mentioned covered all funds, and encompassed all the City's business enterprises, such as Building Permit Services, ambulance transport, and the airport. She said that staff had identified those funds where user fee adjustments should be made. City Manager Ruiz cited the Ambulance Fund as the primary concern.

Responding to a question from Mr. Clark, Ms. Murdoch said the Safe and Sound Program was not going away, but the City's additional three-year \$70,000 commitment above the base level of support was expiring.

Ms. Syrett said the Human Services Commission (HSC) was being told the Safe and Sound Program would be eliminated if the \$70,000 was eliminated. She would verify that with the HSC Manager, Steve Manela. She understood the same was true of the funding the City had provided in FY2009 for cost-of-living increases. Ms. Murdoch said the City continued to contribute \$176,000 to the Safe and Sound Program, and she believed the bulk of the program should be intact. Ms. Syrett said she would get clarification in that regard. She thought it would be good to have Mr. Manela speak to the committee.

Ms. Ortiz thanked City Manager Ruiz and his staff for the work they had done on the budget. She also thanked the manager for bringing legal services in house, acknowledging it had not been supported by the

voters in the past but she thought that times were different. Ms. Ortiz asked if the City continued to provide funding to Downtown Eugene, Inc. Planning and development Director Susan Muir indicated the City continued that relationship but would not be making any additional contribution beyond the base level of funding.

Mr. Barofsky also thanked the manager for his presentation and staff for putting together the budget document. He referred to page F-104 of the budget document, regarding the increase in reserves in the Fleet Fund and determined from Ms. Carlson that the City was deferring some purchases, which added to the reserves, but those reserves were identified for specific vehicle purchases. Ms. Carlson offered to provide more information. Ms. Murdoch added that the General Fund contribution to the Fleet Fund had declined; the growth in the fund could be attributed to other funds.

Mr. Barofsky determined from City Manager Ruiz that the \$1.7 million in stormwater and wastewater revenues referred to in the budget on F-30 would not be a part of the budget unless the City Council changed its mind. Mr. Barofsky asked if the committee had to make that amount up in another way. City Manager Ruiz indicated that would be part of the Road Fund discussion.

Responding to a question from Mr. Potwora about the potential the City would secure grant funding that it had targeted as a way to make up the deficit, City Manager Ruiz said he was fairly confident the funds would be received but staff had some contingency plans in case they were not. He cited as an example the possibility that one-half percent target for personnel reductions would be raised slightly.

Mr. Pryor commended the manager for identifying what was sustainable, and was pleased that while the City might not be able to provide additional dollars, the manager had not backed off the City's commitment to other agencies and services. He was familiar with the challenges faced by the HSC and said while the City had not backed off its basic funding he did not think the City had additional money to provide. He also looked forward to the prioritization discussion mentioned by City Manager Ruiz as he thought the City had tried in the past to be all things to all people. Mr. Pryor said the committee needed to recognize the manager needed its guidance when economic times got tough. That was the reason many discussions had been deferred by the council to the committee. He thought strong committee questions made a better budget document.

Responding to a question from Ms. Taylor about the reference in Attachment B to reducing contributions to the Cultural Services Subfund, Ms. Grube responded that for the last three years, the City transferred \$150,000 from the General Fund to that subfund to help stabilize it. The fund was now stable and the transfer was not needed.

Ms. Taylor referred to the budget summary and asked where the typical home mentioned in the presentation could be found. City Manager Ruiz clarified that the numbers were specific to the City share of the property tax.

Responding to a question from Ms. Holser, Ms. Carlson provided an overview of the funding for the Metropolitan Wastewater Management Commission (MWMC). She indicated the regional rate was uniform for all three partners in the agency. Each jurisdiction set its own local fee, which supported the maintenance and operation of the local sewer system.

Mr. Smith asked if the 'footprint' for the organization was considered average. City Manager Ruiz did not know. He said that the 'Meeting the Challenge' employee group would be looking at such measurements. Assistant City Manager Medary said it was a difficult measure to determine, as the number was determined by what the community wanted. The City's numbers for a service could be totally different from another community.

Responding to a question from Mr. Smith, City Manager Ruiz said the City received \$3 million in federal stimulus money for transportation projects. He clarified that the funding was still allocated on a formula basis and large cities such as Portland would receive more money than Eugene.

Mr. Barofsky called for a brief meeting break. Ms. Ortiz and Ms. Taylor left the meeting during the break for other obligations.

II. PUBLIC COMMENT

Mr. Barofsky called for public comment.

Zachary Vishanoff suggested that the committee consider forming a Police Commission subcommittee to consider the impact of growth around the University of Oregon campus.

Mr. Vishanoff quoted from the budget summary and suggested that it was a commentary due to what he considered the hidden costs associated with the arena, such as the overhaul of Franklin Boulevard and the Walnut Street Station mixed-use area planning effort. He said the Walnut Station was a direct result of the basketball siting on Franklin. He said the arena was done on a no-build contract so it was maintaining employment mostly for people in Portland. He suggested that future summaries include two or three pages regarding the arena and its hidden costs so the committee could fix what was wrong with the budget.

Majeska Seese Green referred to funding for public involvement, media engagement, and neighborhood associations, saying that such funding was important for the future. She was pleased to hear about organizational cultural changes and looked forward to hearing more about it and seeing it expand into the City's relationship with its citizens. She said the public does not know much about the Eugene Counts process and she looked forward to the citizen involvement element of that process. She asked the committee to avoid making any reductions in that area.

Mr. Barofsky thought Mr. Vishanoff had a valid point about the University of Oregon, which was a large employer but also a large user of City services. He thought building a relationship with the University to help the City in its budgetary difficulties could be useful in the future. He wanted to charge people who drove into the community to the University for using Eugene streets so the University paid its fair share of the cost of City services.

Ms. Holser looked forward to more City collaboration with the University on projects that affected both entities in the future.

III. PUBLIC SAFETY SYSTEM BUDGET UPDATE: AMBULANCE TRANSPORT/ FIRE

Fire Chief Randy Groves joined the committee and provided it with a PowerPoint presentation on the financial condition of the City's Ambulance Transport Fund. At the conclusion of the presentation, Chief Groves acknowledged the work on the subject of ambulance funding that had been done by Springfield City Councilor John Woodrow, who had died the previous day.

Mr. Clark thanked Chief Groves for the presentation. He said the regional problem solving approach championed by Chief Groves and his staff had been noted and commented upon by people in other communities. He also commended the other chiefs involved in the discussion of ambulance funding. He

commended the current hybrid system and said he considered ambulance services a core City service. He said he was willing to discuss the use of General Fund moneys to keep the system whole and intact.

Mr. Barofsky suggested that the Ambulance Fund should not be used to subsidize fire fighters who acted as first responders if the budget was to be truly sustainable. Those costs should be paid for from the General Fund.

Mr. McDonald asked why the City did not consider privatizing the community's ambulance service if it was not sustainable, including first response. Chief Groves was unaware of any system where a private provider also did first response. Generally fire service agencies provided the first response. He cited the Portland metro area, where a public agency responded to calls with the closest fire suppression company with paramedics onboard, and a private ambulance company followed for the transport. Mr. McDonald suggested that if the system continued to be a blended system it would not be sustainable. He suggested that as an incentive to look at privatization in a very different way. Chief Groves said that was being considered. Mr. McDonald asked how serious that examination was. Chief Groves said that in February 2008, staff posed that question to the council, which had not expressed much interest in that avenue. It was also raised at the Joint Elected Officials (JEO) summit, and it was not favored. The issue was raised with the JEO Ambulance Transport Task Team and no one was interested in staff expending any energy on it.

Mr. Potwora asked Chief Groves if there were operational or front line services that were proposed for reduction in 2010 that a citizen might feel the effect of. Chief Groves said no, not at the responder level.

Responding to a question from Ms. Holser about the impact of the community's aging population, Chief Groves acknowledged that was a consideration for the department and one of the drivers behind the financial projections for the Ambulance Fund. It was also one of the reasons that Medicare was in trouble. He said that essentially, Medicare was balancing its budget on the local providers.

Mr. Pryor suggested that a special service district was one approach and could be something that could be created at a sustainable level. Chief Groves said staff believed that was a sustainable approach, and staff at the Lane Council of Governments was looking at the logistics of that issue and the financial impact, and what it would take to provide the third leg of the financial stool. The closest successful model was that of Western Lane Ambulance, a nonprofit organization out of Florence that had a tax base was not embedded in city or county taxes but was a line item on property owner's tax bills. Chief Groves said the current study was looking at everything from the existing three battalion system to mergers to fire service authority.

Responding to a question from Mr. Potwora, Chief Groves anticipated that staff would return to the task force with a range of options and the task force's recommendations would be presented to the JEO for further discussion. He believed that it would be necessary to impose another rate increase sooner than necessary, but emphasized that was a short-term solution because the problem continued to grow.

Mr. Barofsky asked if there were reserves to cover the anticipated shortfall. Chief Groves said the reserves had been used to keep the system going. Mr. Barofsky asked where the shortfall would come from. Chief Groves anticipated it would come from the ratepayers. He said the results of the next FireMed campaign were unknown but in hard economic times people frequently gave up their insurance. He planned to consult with the manager about the potential of a rate increase.

Mr. Barofsky asked if a special service district would lead to compression. Ms. Raile said the City was capped at \$10 per \$1,000 and was currently at around \$8 per \$1,000.

Mr. McDonald left the meeting.

IV. PUBLIC SAFETY SYSTEM BUDGET UPDATE: POLICE

Police Chief Pete Kerns provided an update on crime and public safety in Eugene using a series of PowerPoint slides. The presentation provided information on police levels per capita and jail beds per capita that indicated the City and County were generally below the service levels provided in other Oregon jurisdictions as well as communities outside Oregon. The presentation also touched on crime levels, the courts, and diversionary services and other programs that were currently available to help reduce crime levels.

Mr. Zelenka arrived during the presentation.

Mr. Pryor commended the presentation and noted that it paralleled a presentation heard by the Lane Council of Governments Board of Directors with the message that the community was in crisis. Even a few more jail beds would have a dramatic impact on crime by ensuring that the 20 percent of criminals committing 80 percent of the crime were in jail. He said Eugene was being looked at as a model given its additional investment in jail beds in 2009. Mr. Pryor observed that the Board of County Commissioners continued to debate whether to fund more beds, which he found astounding. He said the beds were in place and only staff was needed. He said the community needed to be committed to providing for the aftermath of arrests and demonstrate its commitment to public safety. He said that Eugene could not do it alone and must encourage the rest of the county to follow suit as the problem was countywide and failure to address it would only move it around.

Ms. Syrett determined from Chief Kerns that the City continued to fund CAHOOTS and thought that should be highlighted to the community.

Ms. Syrett asked what evidence the department had that criminals come to Eugene due to a lack of jail beds. Chief Kerns said that officers heard from miscreant they considered it a safe place to commit crimes. Ms. Syrett agreed there appeared to be a crisis and a need for more jail bed staffing. She appreciated the effort the City had made to fund more jail beds. She also challenged the assertion there was a connection between the beds being unavailable and crime going up. She thought there were too many other factors involved. Ms. Syrett asked about other communities in a similar situation. Chief Kerns did not have that information but said prior to Senate Bill 1145, which provided for mandatory minimum sentences for certain crimes, Eugene had a very high violent crime rate in the form of robberies, with a massive spike at holiday times. Eugene had been fifth or sixth in the nation for armed robberies. After the bill passed, the problem virtually disappeared. He agreed there were other factors but the lack of jail beds was a serious problem, and there was an unmistakable correlation between serial offenders and a lack of jail beds.

Mr. Pryor left the meeting.

Mr. Barofsky asked what the chief's view was on refunding the traffic patrols as a revenue enhancement and a public safety enhancement. Chief Kerns said there was a direct correlation between reducing the size of the traffic team and revenues as those officers wrote half the citations the department wrote. He said a police chief would not want to appropriate money to an assignment because needs change, and he preferred to have flexibility to use personnel where the greatest need existed. Mr. Barofsky understood that. He did not want to proscribe how services were delivered, but wondered if the department had considered moving an officer from patrol to the Traffic Team. Chief Kerns said if he had more officers, he would use them to reduce property crimes.

Mr. Barofsky was encouraged to hear the chief talk about reducing overtime. He thought the past chief liked overtime and used it rather than fund another officer. He said as a business person, he did not like overtime, so he was happy to hear the chief's remarks. He acknowledged it was not always possible to eliminate overtime.

Ms. Davidson expressed appreciation for the presentation. She found the statistics shared alarming. She agreed with Mr. Barofsky about the reduction in overtime and liked the Intelligence-led policing concept.

Ms. Davidson wanted to see Chief Kerns' assertion that criminals come to Eugene because they knew they could get away with crime backed up by hard data or at a minimum anecdotal statements. Chief Kerns said he would be happy to share what officers had heard, although it would be anecdotal.

Mr. Clark reported that the bicycle patrol officers working in downtown had been compiling stories of their daily interactions with people on the streets and he planned to share them with the committee. He agreed with Mr. Pryor about the nature of the problem, saying the community was experiencing a crisis at both the municipal and county level. He agreed the available funding was inadequate to meet the need. The department was understaffed to do community policing as expected by the citizens. The Police Commission had done a great deal of work on the topic and he anticipated the committee would hear from members of the commission as well. He intended to ask what five new officers would cost at a future meeting.

Ms. Holser thanked Chief Kerns for an informative presentation. She believed that data would show that earlier, shorter arrests and time in jail prevented further crime. People often failed to follow the commitments required by their sanctions otherwise. She expressed concern about the loss of Lane County's DUII evaluation program. She asked if there would be any sanction associated with the failure to comply with the privately provided program. Judge Allen said yes. He said that the group doing the evaluations was called Quality Research, and the firm would start work on May 1.

Ms. Holser asked if the opening of the Springfield jail would affect the capacity of the Lane County jail. Chief Kerns said that Springfield leased five jail beds from Lane County. He believed that the effect would be that Eugene's crime would be reduced similar to Springfield's as a result of the jail opening.

Ms. Davidson left the meeting.

Responding to a question from Mr. Zelenka, Chief Kerns said the department was down 11 positions and would soon be down 12 positions due to a retirement. Officers had been lost to other departments and the City had slowed on hiring because of budget concerns. The problem with delaying hiring was that everything slowed down. It took about three months to go through the hiring process where formerly it took much more time. Mr. Zelenka asked if the department had plans to fill those positions by the end of the year. Chief Kerns said the City lacked enough qualified applicants to fill all the vacant positions. Mr. Zelenka said that seemed to be a perennial problem, but he did not understand it. He asked why officers could not be hired faster. Chief Kerns said the City had not done a good enough job in continuously hiring new officers, although improvements had been made to the process. The City was in the first three month period of the new hiring process and he hoped the process did a better job. Mr. Zelenka asked how many officers were hired in 2008. Chief Kerns responded that the department hired 12 or 13 new officers. Responding to a follow-up question from Ms. Holser, Chief Kerns said that it was very difficult and time consuming to hire new officers. Mr. Zelenka asked how hiring new officers would help. Chief Kerns said that it would take some time for the department to enjoy the benefit of the new officers. He was counting on the accelerated hiring process.

Mr. Poling thanked the chief and Judge Allen for their work. He said that public safety was a bigger system than just officers arresting people, and encompassed the courts, diversion programs, and the jails. He speculated that the crime rate was higher than the numbers provided because back in the 1980s the Sheriff had to cut back to the degree that people quit calling. He believed that minor crimes and thefts were not reported.

Mr. Poling asked if the department attempted to hire experienced officers. Chief Kerns said yes. He said that those hires did not take so long to bring on board.

Speaking to Ms. Syrett's comments, Mr. Poling noted his own policing background said that what Chief Kerns described did happen.

Mr. Clark recalled hearing about a family from South Carolina that paid for a bus ticket to send their troubled son to Eugene. He said that he and Mr. Poling were recently at a Cal Young neighborhood organization meeting and heard from a resident who had a methamphetamine addict living in his cul-de-sac committing crimes who was frequently arrested but could not be held in jail due to a lack of funding. There was little that could be done with the current funding situation. City residents frequently believed the City operated the jail and was not doing its job. He suggested that the City could consider operating a jail and billing the County for its use of such a facility. He acknowledged that would create controversy, but suggested there were other things that could be done.

Responding to a question from Mr. Zelenka, Chief Kerns said that if the City continued to hire new officers at the rate of every six months, it could be fully staffed by the end of the year.

Responding to a question from Ms. Syrett, Chief Kerns indicated the cost projections for new officers included the cost of their equipment.

Mr. Barofsky thought there were ways to address the community's crime problem other than with "badges and bullets." He was glad that people were keeping that in mind.

Mr. Barofsky asked if City Manager Ruiz had any proposals to increase or decrease funding in public safety. City Manager Ruiz said no, other than the adjustments that the department would experience in the \$12 million reduction package.

Mr. Barofsky asked what Chief Kerns would want if given \$5 million by the committee. Chief Kerns identified more jail beds, police officers, and crime prevention specialists. Responding to a follow-up question from Ms. Holser, Chief Kerns expressed support for more spending on alcohol treatment by Lane County given how much alcohol abuse affected crime rates.

Mr. Clark asked the cost of additional jail beds for use by Municipal Court.

Mr. Clark asked if there were the things the City could do through the budget to retain officers.

City Manager Ruiz commended the leadership shown by chiefs Kerns and Groves. He expressed appreciation for the fact that the two chiefs did not shy from difficult questions. He said both chiefs understood the environment they were operating in. He believed the committee would see that in the other members of the City staff team, who were working innovatively to meet the challenges that faced Eugene.

V. INFORMATION REQUESTS: NEXT STEPS

Mr. Barofsky previewed the next agenda. He solicited information requests.

Mr. Barofsky asked how much of the Neighborhood Matching Grants Program funding was legacy money and how much was new money.

ADJOURNMENT

Mr. Barofsky adjourned the meeting at 9:15 p.m.

(Recorded by Kimberly Young)