

MINUTES

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

January 28, 2009
5:30 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, members; City Manager Jon Ruiz; Assistant City Manager Sarah Medary; Kristie Hammitt, Central Services Department; Dee Ann Raile, Kitty Murdoch, John Huberd, Sue Cutsogorge, Pavel Gubanikhin, Larry Hill, Financial Services; Glen Svendsen, Mike Penwell, Central Services Facilities Management; Susan Muir, Scott Luell, Planning and Development Department; Kurt Corey, Becky Carlson, Mark Schoening, Public Works Department; René Grube, Mike Magee, Library, Recreation, and Cultural Services Administration; AIC Chief Pete Kerns, Eugene Police Department; Fire Chief Randall Groves, Fire & Emergency Medical Services; Dawn Reynolds, Police Auditor; Kitty Piercy, Mayor.

ABSENT: Alan Zelenka, Noah Kamrat, Terry McDonald, members.

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

I. PUBLIC COMMENT

Zachary Vishanoff called attention to an article in the University of Oregon newspaper entitled *Indoor Tracktown U.S.A.* He said the University could find itself with a \$40 million funding obligation. He explained that he was bringing this to the attention of the Budget Committee because he recalled that the committee had voted to recommend a funding allocation to the Olympic Trials. He related that Hayward Field had been updated as part of the Olympic Trials. He averred that the architect had included an indoor track facility as part of the long-term vision. He likened this to a Trojan Horse, as when the Olympic Trials were approved it seemed that the City would get great exposure, but “incrementally later” it came to light that the University would have to find a site and a source of funding for the facility. He was concerned that the University could consider demolishing Mac Court to build the facility or that it would resort to eminent domain. He felt it was unfortunate that the Budget Committee had not been able to see “the full vision on the table” when approving funding for Olympic Trials. He suggested that the committee could consider talking to the Oregon University System Board and encouraging them not to allow the University to engage in eminent domain and also not to approve of further bonding because he believed this was in the city’s best interest.

II. MINUTES APPROVAL:

April 30, 2008; May 5, 2008; May 7, 2008; May 14, 2008; May 19, 2008 (Work Session and Public Hearing); May 21, 2008; May 28, 2008; November 17, 2008

Mr. Barofsky welcomed Mr. Brown to the Budget Committee, as the new councilor member.

Mr. Clark, seconded by Ms. Ortiz, moved to approve the nine sets of minutes before the committee.

Mr. Barofsky requested that the minutes from the meeting held on November 17, 2008 be voted on separately. The maker and second accepted the change.

The motion to approve all of the sets of minutes as written with the exception of minutes from November 17, 2008, passed, 9:0:5; Mr. Brown, Mr. Poling, Mr. Smith, Ms. Holser, and Mr. Potwora abstaining.

Mr. Barofsky called for the vote on the minutes from the meeting held on November 17, 2008.

The motion to approve the minutes from the Budget Committee meeting held on November 17, 2008, as written passed, 12:0:1; Mr. Poling abstaining.

III. FY10-15 CAPITAL IMPROVEMENT PROGRAM OVERVIEW

Pavel Gubanikhin, Management Analyst for the Finance Division, explained that the Capital Improvement Program (CIP) was a document that was developed every other year during even years and then presented to the Budget Committee and City Council in the odd years. He stated that the CIP had been published on the City Web site in December, 2008, and had been distributed to the chairs and co-chairs of the neighborhood associations, the members of the Neighborhood Leaders Council (NLC) and other stakeholders in the community. He related that staff had offered to make a presentation of the CIP to neighborhood associations and to date no one had requested this. He added that staff had included a list of staff-recommended changes in Attachment A to the CIP memorandum that Budget Committee members had received. He explained that most of the changes were related to the shortfall in Systems Development Charge (SDC) revenue associated with a decline in projects. He stated that there was one error in the packet, on page 159 in the Eugene Depot Phase 3 project the cost was indicated at \$3.8 million and it should have indicated that the City's portion of the project was \$2.8 million.

Mr. Gubanikhin provided an overview of the CIP document with PowerPoint slides. He underscored that most revenues were restricted to specific uses. He cited federal aviation funds as an example of funds that were restricted to use for airport capital projects only.

Public Works Engineer, Mark Schoening, briefly reviewed the projects in the CIP for the airport. He underscored that there were many sources of funding for the projects but none were funded with General Fund support. He explained that sources included fees that came from airplane landing, parking, terminal rents, passenger facility charges, and the Federal Aviation Administration (FAA). He related that the airport was pursuing some projects under the FAA portion of the federal stimulus package and listed several examples, such as a project to install temperature and moisture sensors in the runway that was projected to cost \$75,000. He noted that there were projects in the CIP for the airport that some people would not necessarily interpret as being capital projects but because of FAA regulations they were required to be included in the CIP in order to receive funding.

Mr. Schoening reviewed the projects in the CIP for the Parks and Opens Space Division (POS). He stated that parks received a lot of funding from SDCs and the SDC revenue shortfall had impacted it. He

discussed some of the work and acquisitions that had been accomplished with the parks bond measure, including more acquisitions of Ridgeline Trail land and the acquisition of Golden Gardens Park and the work that had been done to make the ponds there safer. Regarding the latter, he noted that the dirt taken from the Golden Gardens project had been taken to the Delta Ponds for projects there.

Mr. Schoening highlighted Stormwater projects. He said this was an area in which the City could see some economic stimulus money, but the money would flow from the federal government through the Army Corps of Engineers (ACOE). He thought the Delta Ponds project could be a recipient and if this was the case and the money materialized it would never come through the city budget.

Mr. Schoening outlined the Stormwater Plans and Policies and then moved into an overview of Transportation projects in the CIP. He noted that transportation projects had also been affected by the drop in SDC revenue. He related that three projects would be coming before the City Council in March and April: the Crest Drive area, the Chad Drive project, and the Elmira Road project. He said the assessment issue was scheduled to be discussed by the City Council in March.

Mr. Schoening stated that economic stimulus money for transportation projects would flow through the Federal Highway Administration (FHWA) to the Departments of Transportation and in Eugene's case it would come to the Metropolitan Policy Organization (MPO), which would allocate projects. He anticipated, based on the current version of legislation, that approximately \$5.5 million would come to the MPO. He predicted that this would be competitively allocated between the jurisdictions.

Continuing, Mr. Schoening explained that in the past money that had come from federal sources was not in the Eugene CIP funding sources because it had been managed and bid by the Oregon Department of Transportation (ODOT). He related that the City had gone through a process called Local Agency Certification and now the money came into the City's budget and projects were being built to city standards.

Mr. Schoening also clarified that the Community Development Block Grant (CDBG) funding had not been included because the CDBG process and the Budget Committee process happened at the same time. He said it had not been fair to present the CIP when they had not completed their work. He indicated that accessibility projects would still be pursued through block grant funding.

Mr. Schoening discussed the "three-legged stool" of transportation funding. Regarding Capital Preservation, he explained that though there were a lot of funding sources in place including the bond measure and support from the community there was still a lot of work to do. He said they had slowed the growth of the backlog down but had not stopped it. He showed a slide taken of the Roosevelt Boulevard project and explained that it had been funded through a combination of federal funds, the SDC reimbursement component, and the local gas tax. He added that in the past the project would have been managed by ODOT, but it had been managed by the City because of the local certification.

Mr. Schoening briefly reviewed Wastewater funding sources and plans and policies. He showed a slide taken of a crew pulling a new pipe through an existing pipe. He explained that it was a resin-impregnated sock that was pulled through a pipe, it was cured in place with hot water, and capacity was gained because the make-up of the pipe created less friction.

Glen Svendsen, Facilities Division Manager, discussed the Public Buildings & Facilities category, which includes the preservation and construction of City's General buildings and other facilities, such as parking garages. He stated that the General Fund-supported facilities included 110 buildings which amounted to

approximately 1 million square feet. He noted that the City owned almost 2 million square feet in building space. He explained that CDBG funding was for land banking and was not usually included in the Public Buildings & Facilities Funding Sources. He said the main policy sources were in the facility condition report that they conducted periodically within the division, essentially an “on the ground” analysis of all of the General Fund facilities, and master plans and specific facility plans.

Mr. Svendsen reviewed several graphs delineating the value of existing deficiencies and emerging deficiencies. He said they had made significant progress, but the value of existing deficiencies had increased between 2001 and 2004. He stated that this was a result of budget planning that kept the funding either at or just below what was needed. He noted that emerging deficiencies had decreased between 2001 and 2004 because some were becoming current deficiencies.

Mr. Barofsky opened the floor for questions.

Ms. Holser asked whether stimulus money was reflected in what the presenters had shown or was it only anticipated. Mr. Schoening replied that it was not reflected in the document because the legislation was still being crafted. He said their goal was to have a list of projects ready to go when it was passed. He thought the money would come through a Supplemental Budget process. He hoped the money would be encumbered before the CIP process was completed.

Mr. Clark asked if the estimate for SDC revenue for Parks and Open Space from 2010 to 2015 had been formulated recently. Mr. Gubanikhin indicated that it had not. Mr. Schoening confirmed that the pie chart indicated that SDC revenue was part of the method by which they thought they would pay for capital projects.

Mr. Clark asked if there were more of the current projects listed in the CIP that were “funding secured” but now would be moving toward the category of “funding identified.” He noted that he was interested in seeing the Creekside Park project move forward but it was now being moved out to 2014. He said it was listed as having the funding secured and wondered if the SDC funding would be there for it. Mr. Schoening replied that SDC income was half of what was thought when the draft had been put together. He explained that Creekside would remain as it was designated in the map.

Mr. Clark asked if projects were listed in a priority order on page 90 in the draft CIP. Mr. Schoening replied that it was not a priority order, it was a way to correlate the map to specific projects.

Mr. Clark asked if they would expect the council to see recommendations for rate changes for SDCs as a result of the decrease in revenue. Mr. Schoening responded that the administrative fee and the annual inflationary adjustment would both be changed. He added that the methodology for SDC calculation was set up to capture the impact that new development had on the system. He said the expectation was that the downturn in the economy would pass and revenues would increase again.

Ms. Solomon asked the City Manager to discuss the General Fund portion of the CIP and what portion of the fund was allocated to the CIP and whether there was a minimum threshold. City Manager Jon Ruiz asked Finance Director, Dee Ann Raile, to clarify this. Ms. Raile explained that General Fund portion of the CIP was funded at a base level of \$2.4 million. She said there was a financial policy that directed that when adjustments were made from the end of the year to the beginning of the next year, the Marginal Beginning Working Capital, there were priorities for the use of it and one of the top priorities was to take an additional \$900,000 from that money to put toward the General Fund CIP. She said this year there had not been enough money to fund the entire \$900,000.

Mr. Svendsen clarified that the CIP reflected the full amount, but the initial capital budget only included the base amount with the assumption that any unappropriated ending working capital would be added to this. He said the CIP already included the \$900,000 piece. Ms. Raile added that the CIP was the plan and it assumed the additional \$900,000.

Ms. Solomon remarked that she was “always stunned” at the nominal amount that was put toward the capital budget. She thought it seemed inadequate compared to the level of need and the value of the City’s assets. She hoped that over time they would be able to increase the General Fund contribution.

Mr. Ruiz commented that there were many categories that were not receiving full funding for capital infrastructure needs.

Ms. Syrett had noticed in the notes that there was a designation of \$90,000 labeled Hayes in the Parks and Open Space CIP and asked for some background information on it, if it was not elaborated upon in the document. She also recommended that the text mention that the City had received Local Certification to manage its own transportation projects. She felt it was a significant and positive development.

Ms. Taylor asked why the airport terminal needed to be expanded. Mr. Schoening replied that the expansion had been in every CIP. He said as the airport continued to develop air service it would need to have a second baggage carousel and additional restrooms in the area outside of the secured area.

Ms. Taylor commented that the amount of air service seemed to be shrinking. Mr. Schoening responded that it had shrunk after the events of September 11, 2001, but since then it had been increasing. He reiterated that the project was in the master plan and was dependent on growth.

Ms. Taylor asked if the deferred maintenance included in the text included the existing City Hall. Mr. Svendsen affirmed that it did, adding that the facility was 45 years old.

Mr. Barofsky observed that the committee was being asked to approve a budget document that contained a dollar amount for some items but it was not changed in “the edits.” He asked how he could reconcile this. Mr. Schoening replied that in looking at page 196; the funding was planned to come in 2013, 2014, and 2015. He explained that the committee was approving a document that would serve as a plan for six years.

Mr. Barofsky echoed Ms. Solomon’ concern regarding the budget assumption of \$2.4 million and the Marginal Beginning Working Capital, which had ended up being approximately \$384,000 in the previous year. It seemed to him to make more sense to build the plan to a “real number” and not a number that was based on whether the City had “extra money.”

Mr. Clark did not see the acquisition of the Santa Clara Park in the CIP. Mr. Schoening replied that it was not there because most of the money in the bond had already been appropriated. Mr. Clark wondered why it was not there. Mr. Schoening was not certain of the answer, but he surmised that it was probably a matter of trying to balance needs with revenue.

Mr. Ruiz understood that the monies for the project were already programmed and appropriated prior to FY10. Mr. Schoening clarified that the money for the acquisition was appropriated, but the development of the park was beyond the horizon of the six-year planning window.

In response to a question from Mr. Potwora, Mr. Svendsen clarified that the CIP General Fund appropriation included both the base funding and the \$900,000, so it was starting at \$3.3 million. He related that the Budget Committee had created a policy in 1995 that said it would be split into the two pieces. He said the CIP would look at the whole amount.

In response to a follow-up question from Mr. Potwora, Mr. Ruiz said the \$2.4 million amount could be reduced or it could be more over the next few years. He added that for the next couple of years they would be moving toward a more sustainable budget and part of this would be a determination of whether that was a sustainable amount.

Mr. Potwora asked if there were any capital projects that start with variable funding sources that the City was committed to from a resource standpoint in which the funding amounts could be taken away or greatly modified. Mr. Svendsen replied that in the case of facilities they had the money in hand when a project was undertaken, from bond money or current funding or from setting aside money in a budget for a project.

Ms. Holser asked on what basis it was assumed that the General Fund money would be available for projects. Mr. Svendsen responded that another question was how the General Fund amount was set in the first place. He stated that the industry standard was to reinvest two percent of the value of assets in maintenance. Ms. Holser ascertained that the amount could be less.

Mr. Barofsky asked how the impact of the sale of the building located at 858 Pearl Street would affect the capital program. Mr. Svendsen replied that the 858 Pearl Street facility was approximately 16,000 square feet and its sale would have a marginal impact on the overall facility deficiencies. He noted that the City had done work on the facility and it was in good condition.

Mr. Ruiz underscored the importance of not using one-time money for an ongoing expense.

Mr. Barofsky asked if the moving people from a building that the City owned to a building the City had to pay rent for increased costs. Mr. Schoening replied that the City had moved two groups of people and the group that had been working out of the Eugene Hotel building had been paying substantially higher rent for space that was of a substantially lower quality. He explained that they ultimately saved money and now all of the city's engineers had their offices in the same building.

Ms. Solomon remarked that it would be good to know the value of the properties on the dispersal list and what sort of plan was in place to rid the City of those properties. She added that Mr. Svendsen had touched on the question of the industry standard and that the City was below it. She stressed that the City was not funding its CIP to the minimum industry standard. She noted that the rate had been established in the 1990s and thought the percentage had likely increased since then. Mr. Svendsen responded that the City would need an additional \$800,000 per year for a total of \$4.1 million to meet the industry minimum.

Mr. Ruiz underscored that the \$2.4 million for the CIP was not guaranteed.

Mr. Clark knew there were several tracts of vacant land and capital assets that the City owned and while he knew there were plans and good intentions for them, the City was faced with uncertain times. He hoped they could look at what some of the assets were. He wanted to look at what they owned in order to determine whether the City should be doing a better job of taking care of one thing by letting another thing go if necessary.

Mr. Pryor averred that it was important to make sure they were clear about the distinction between a maintenance program and a CIP.

Ms. Taylor left the meeting at 6:57 p.m.

Mr. Pryor agreed with Mr. Clark that they should discuss how to dispose of surplus property if there was surplus, but he did not want this to overshadow the significant discussion around the ongoing maintenance that was needed. He said the budgeting for outcomes was a critical part of what they would do. He felt that the CIP could have outcomes and it was good to have clarity around them, but he wanted to ensure they did not lose sight of the ongoing maintenance and repairs.

Mr. Ruiz commented that one nuance in the discussion lay in that when acquiring property there were inherent maintenance costs that would need to be addressed.

Ms. Ortiz left the meeting at 7 p.m. because of another obligation.

Mr. Potwora asked at what point in the budget process they would determine how much the beginning working capital would be. He also asked if the CIP would be recast to reflect a change in the numbers, if there was one. Kitty Murdoch, Budget Manager for the Finance Division, responded that city staff was looking to make its recommendation for the proposed budget about how to balance the General Fund and how to allocate the resources available for all the programs that were currently being funded. She said this would come before the Budget Committee in the form of the proposed budget and any variation from the CIP would be identified for the committee. She underscored that the committee would have the choice of whether or not to go with the recommendation from staff. She stated that whatever was adopted as the capital budget would then go forward as the CIP.

Mr. Barofsky called for a ten minute break at 7:02 p.m.

IV. CAPITAL IMPROVEMENT PROGRAM DISCUSSION ON RECOMMENDATION TO CITY COUNCIL

Ms. Murdoch reviewed the meeting schedule. She stated that the public hearing on the CIP would be held on February 18, 2009. She related that staff hoped that the City Council would adopt the CIP by the end of February so that it could be included in the budget.

Mr. Barofsky ascertained that there was general support for not convening a Budget Committee meeting on February 11, 2009.

Mr. Clark said he would be interested in the public input. Mr. Barofsky pointed out that a public hearing on the CIP was scheduled.

Mr. Potwora said he was a little unsure of how the adoption of the funding related to the projects and how they could be prioritized. Ms. Murdoch responded that the City had some “generic pots” of money. She explained that primary building systems, as an example, were allocated money but the projects for maintenance and repair of the exterior shells of city buildings were not prioritized at the committee level. She stated that based on the facilities condition report the money was allocated based on the highest need. Mr. Svendsen concurred, adding that at a policy level the committee’s recommendation and the council’s

ultimate budget would decide how much money overall should be applied to mechanical systems, building exteriors and so on.

Mr. Potwora asked if there was any General Fund money that went for public facilities or parks that was discretionary money. Mr. Svendsen replied that most of the \$3.3 million went for facilities and a smaller portion, \$250,000, was allocated to parks for preservation of park amenities.

Mr. Pryor suggested that the Budget Committee could need to use the February 11 meeting in order to elaborate on how the CIP functioned in relation to the budget for the newer members of the committee.

Ms. Davidson thought that a discussion of priorities would be beneficial when General Fund dollars were going into maintenance. She said as a planning document the CIP was good and had everything in it.

In response to a question from Ms. Holser, Mr. Barofsky stated that once the City Manager presented the budget the Budget Committee would go to work.

Ms. Holser questioned why ordinary maintenance was not in the ordinary budget. She averred that everything needed maintenance. She liked the idea of having another meeting to learn more about the CIP.

Ms. Solomon commented, regarding priorities, that she did not recall talking about putting in a city-owned workout center. She also wished to compliment staff on the work on Golden Gardens Park.

Ms. Solomon observed that new projects that did not yet have identified funding in Attachment B included Echo Hollow and Sheldon swimming pools. She said the pools were in the CIP two years ago and questioned why they were now showing up as new projects. She stated that the pools were both older and vulnerable. She asked if the master planning had only been for Echo Hollow pool. Mr. Svendsen replied that a number of projects had been completed on the pools, noting that a seismic retrofit had been done on both. He said there were a number of things they continued to do for preservation. He explained that the projects in the present CIP had been in the long-term CIP. He noted that the PROS priority plan had contained projects for the pools in the out years. He said there were decisions to be made, such as whether the City would move ahead with an expansion of the Sheldon pool.

Ms. Solomon asked if these things would come before the council. Mr. Svendsen affirmed that any major improvements or expansions would be brought to the City Council.

Ms. Solomon remarked that she was under the impression that the two facilities were nearing the end of their useful lives. She wondered if the City would be better off mothballing the two and/or building a new one. She asked if they needed to have that discussion in the next year or two.

Mr. Ruiz averred that they should definitely have those kinds of discussions. He reiterated that finances were “tight.”

Ms. Solomon asked at what point the decision would be made not to repair Sheldon Pool because it was tantamount to “throwing good money after bad.” Mr. Svendsen responded that this pointed to the need for a larger discussion. He noted that they were budgeted for 2012 and there was some time to work through the issues regarding the short-term and long-term preservation investments.

Ms. Davidson asked if the acquisition of the Green property was reflected in the CIP. Mr. Ruiz replied that it was already appropriated dollars. Ms. Davidson asked if the Beverly property would be part of the

CIP as a project. Mr. Ruiz responded that there was no purchase agreement on the Beverly property and no City Council decision on it to date.

Ms. Davidson asked if there were things in the plan that were “wish list” items. Ms. Syrett thought there were some things in the CIP that could be considered “wish list” such as the potential airport expansion, should it be needed. She clarified that the Beverly property, though it had been talked about, had not been moved into a formal plan. Ms. Davidson thought the Beverly property should be put into the CIP.

Mr. Barofsky said this called out the difference between a planning document and an implementation document. He cited the PROS plan, which had identified 50 projects. He stated that it was a plan because there was not a way of knowing whether more Ridgeline property or the Beverly property would come on the market. He explained that the council could then decide to go ahead and move projects up.

Mr. Barofsky asked whether the Crest Drive project was in the document. Mr. Schoening responded that it was not because the funding had already been appropriated.

Ms. Syrett, seconded by Mr. Clark, moved to recommend approval of the Capital Improvement Program for Fiscal Years 2010 through 2015 with the aforementioned changes listed in Exhibit A and on page 159. The motion passed unanimously, 11:0.

V. FY10 BUDGET UPDATE

Mr. Ruiz provided the FY10 Budget Update. He underscored the need to establish a sustainable budget by FY11. He said the City was faced with an \$8 million shortfall and needed to not dip into reserve funds, to ensure that expenditures did not exceed revenues, and to maintain the Unencumbered Ending Fund Balance (UEFB). He stated that in looking at the council goals and initiatives and community surveys, there was information that articulated the community priorities. He wanted to find a way to measure success in an ongoing way.

Mr. Ruiz stressed his commitment to maintain existing services without laying anyone off. He said the City was in different financial times. He noted that the City had found ways to do things differently, but to get to a sustainable budget the organizational footprint would have to be reduced with less positions, less vehicles, and less of an energy footprint. He wanted to have a discussion about priorities within the context of a sustainable budget.

Mr. Ruiz said he was encouraging city staff to be creative and innovative. He cited his Victory Garden survey, in which he solicited ideas for cost reductions across the organization. He related, as an example, that someone had determined that the library paid a company 84 cents per compact disc to remove the cellophane wrap and this money could be saved by asking library volunteers to do so.

Continuing, Mr. Ruiz surmised that facility preservation would not be funded as much in FY10. He said the upcoming budget would leave no room for new initiatives. He believed that as they moved toward FY11 the discussion would focus on policy outcomes and how to provide an organizational footprint that was smaller and sustainable but still provided services in new and different ways. He was optimistic. He felt that the city staff team was very talented and the funding gap presented an opportunity to bring out the “creative juices” to do some things differently.

In response to a question from Mr. Potwora, Mr. Ruiz reiterated that he did not want to consider staff reductions at this time. He did not want to take people out of work and add to local unemployment. He added his feeling that a fear of job loss stifled creativity.

Mr. Potwora commented that everyone currently knew someone that had lost their job. He said he would be “extremely surprised” if the City could close the funding gap without laying off anyone.

Ms. Syrett appreciated taking the approach of shrinking overall spending without shrinking staff. She felt laying off people would not contribute to the health of the community in the face of nearly 10 percent unemployment. She added that it seemed that two or three of the airport proposals could qualify for economic stimulus money. She had also heard politicians admonishing cities and states to not laying off police officers and teachers. She wondered if Eugene was in a “better situation” than some other municipalities and whether this would affect the amount of stimulus money the City would receive.

Mr. Ruiz did not think Eugene’s situation put the municipality at a disadvantage. He said the City had approximately a \$2 million package of projects to put forward. He related that the City also intended to put together a collaborative package with its jurisdictional partners. He noted that Intergovernmental Relations Manager, Brenda Wilson, had done a lot of work to position the City.

Ms. Syrett observed that there were many unfilled positions in the City and asked if they would continue to remain unfilled. Mr. Ruiz confirmed that they would in an effort to shrink the City’s “footprint.”

Mr. Barofsky remarked that when talking about public input, he felt his job as a citizen member of the Budget Committee was to inform staff and the council of what the city’s priorities were. He said when speaking about matrices it was easy to say property crimes per 1,000, but it was more difficult to measure the reduction in crime that putting a youth in treatment might bring about. He also noted that the Neighborhood Matching Grants was set to sunset. He felt it was one of the best uses of city dollars. He implored the City Manager to find a way to include the grants in the budget that was ultimately submitted.

Ms. Solomon asked what should come first: priorities or a sustainable budget. Mr. Ruiz responded that it was a “little bit of both.” He said the council had already articulated various priorities through the actions taken. He thought they would create a sustainable budget and then find the strategies that would “move the dials.” He stressed that the City could not keep drawing down reserves.

Mr. Poling asked if Mr. Ruiz intended to draw a line and allowing everything below it to fall off. He also wanted to know at what point they would begin to make reductions. Mr. Ruiz replied that they were not doing the “red line approach” in the present year. He stated that \$8 million represented 6 or 7 percent of the City’s General Fund. He thought if the City’s situation was more akin to the County’s situation there would be a greater level of concern. He noted that the City was paying off a fire department debt in order to capture the ongoing debt service money. He said another example was that the City’s Risk Fund tended to “over-collect.” He felt that if staff looked at actual claims they could reduce the cost to departments.

Mr. Poling pointed out that not filling vacancies meant that employees would have to more and more. He recalled his experience in the County and underscored that it took a toll on employees. Mr. Ruiz replied that it was not “about doing more with less.” He related that the Fire Department was discussing opportunities to collaborate on training between Eugene and Springfield. He said they would continue to think about how they could do things differently and in a sustainable way. He wanted to avoid cutting services and laying off people.

Mr. Poling stated that the council majority had, in the past, been opposed to considering collaborative efforts with the other jurisdictions. He hoped that his colleagues would be willing to work with Eugene's governmental partners in areas other than just the Fire Department. He pointed out that the records keeping forms were the same for all of the different law enforcement agencies. He asked that the councilors please not "throw up a roadblock" and refuse to have the discussion because the City needed to cooperate with the other jurisdictions.

Ms. Holser asked how they would reconcile their goals with the potential stimulus funding. She hoped they were getting the "thinking going" so that they would have a plan for it when it came through. Mr. Ruiz underscored that stimulus money would be for one-time projects. He stated that they intended to apply for dollars for specific projects.

Ms. Davidson liked Mr. Ruiz's approach. She requested an ongoing tally of the work that came out of the Victory Garden exercise and the money that would be saved so the committee could track it. She felt that the priority exercise was important to articulate. She said when they talked about priorities it seemed "a little fuzzy." She suggested they create a "map" of how the priorities were decided and how they were being tracked. She thought such a map would help the committee have a strategic conversation about budget outcomes.

Mr. Ruiz remarked that the previous year's City Manager's budget had been recommended for approval to the council with very few changes. He said this indicated that it was reasonably aligned with the community's priorities.

Mr. Clark said he admired the approach the City Manager was taking. He also wanted to see some of the ideas submitted by city staff, adding that they should celebrate innovation more often. He echoed the desire to have more conversations on priorities than had happened in the past. He pointed out that the ground would shift and shift again before the budget process was completed. He said the County's budget would have impacts on the City. He supported the use of outcome-based metrics. He concluded by asking the budget committee members to offset any "adds" proposed for the budget with where the money should come from. He encouraged people to come up with innovative offsets.

Mr. Barofsky asked for a motion to extend the meeting.

Ms. Syrett, seconded by Mr. Smith, moved to extend the meeting by ten minutes. The motion passed unanimously, 11:0.

Mr. Pryor said the success of the budget approach would depend on the council clearly articulating the outcomes that were desired. He said he was placing a great deal of hope on the council retreat scheduled for February 6 and 7. He did not want to spend most of the time discussing initiatives. He declared that they had to spend their time being very clear about what the baseline core set of outcomes should be.

Ms. Davidson left the meeting at 8:31 p.m.

Mr. Pryor wanted the council to be "so clear" about its goals and outcomes that people would not come in with individual "shopping lists" for initiatives they wished to put in the budget.

Mr. Barofsky averred that they needed to discuss whether the City could find savings by bringing the City Attorney services inhouse. He asked if the City Manager thought bringing in a performance auditor would help to build a sustainable budget.

Mr. Ruiz agreed that they might ultimately want to hire someone for a performance audit, but he thought it was important internally to spend time and create the culture for the present.

Mr. Barofsky commented that the previous year's budget process was not a good comparison. He opined that the process had been "one of the wackiest ones." He attributed it to the political climate at the time.

Mr. Smith related that he had been observing the budget process for 30 years. He thanked Mr. Svendsen for his presentation, noting that he was a strong believer in facilities. He opined that having buildings that "did not look so good" reflected on a community. He averred that the public received a lot for their dollar in facilities. He also commended Mr. Ruiz for trying to do the same work with less. He felt that the manager had to use the executives and the executives had to use the employees to work out how to keep the same service level for less. He said there were a lot of talented people in the organization and they should listen to them. He also felt that one-time money could be used to create ongoing savings, even though it would not be ongoing revenue. He shared that in his mind the priority was a system that was citizen-based as "best as they can." He underscored the importance of listening to citizens.

ADJOURNMENT

The meeting adjourned at 8:40 p.m.
(Recorded by Ruth Atcherson)