

MINUTES

**Eugene Budget Committee
Lane Community College Downtown Conference Center
101 W. 10th Ave., Eugene, Oregon 97401**

**February 4, 2017
9:00 a.m.**

Committee Members Present: City Council Members Mike Clark, Chris Pryor, George Poling, Betty Taylor, Claire Syrett, Alan Zelenka, Greg Evans, Emily Semple; Budget Committee Citizen Members Chelsea Clinton (Chair), Jon Jasper, Garrett Dunlavey, Ken Beeson (Outgoing Vice Chair), Josh Skov

Committee Members Absent: Budget Committee Citizen Members Jill Fetherstonhaugh, Shaun Londahl, Scott Nowicki (Vice-Chair)

Executive Team Members Present: Jon Ruiz (City Manager), Sarah Medary (Assistant City Manager), Glenn Klein (City Attorney), Kristie Hammitt (Central Services Director), Renee Grube (Library, Recreation and Cultural Services Director), Denny Braud (Planning and Development Division Director), Chief Pete Kerns (Eugene Police Department), Kurt Corey (Public Works Director)

Executive Team Members Absent: Chief Joe Zaludek (Eugene Fire Department)

Guest: Mayor Lucy Vinis

CALL TO ORDER

Chair Clinton called the meeting to order at 9:06 a.m.

I. WELCOME AND INTRODUCTIONS

II. ELECTION OF BUDGET COMMITTEE CHAIR AND VICE CHAIR

Chair Clinton asked the Committee for Budget Committee Chair nominations. She spoke briefly to her interest in continuing to serve as chair.

MOTION: Councilor Syrett, seconded by Councilor Zelenka, moved to re-elect Ms. Clinton as Budget Committee Chair.

VOTE: The vote was called for the motion nominating Ms. Clinton as chair. PASSED 13:0.

Chair Clinton read a statement from Mr. Nowicki expressing his interest for the vice chair position.

MOTION: Councilor Syrett, seconded by Mr. Skov, moved to elect Mr. Nowicki as Budget Committee Vice Chair.

VOTE: The vote was called for the motion nominating Mr. Nowicki as vice chair. PASSED 13:0.

III. OVERVIEW OF THE DAY, BUILDING RELATIONSHIPS

City Manager Jon Ruiz led attendees in an activity to verbalize what they perceived to be the best and worst potential outcomes of the budget process (see Appendix A).

IV. FINANCIAL CONDITION UPDATE

Twylla Miller, Budget & Analysis Manager (AIC), gave an overview of the City's financial condition. Some revenues, such as property taxes and EWEB contributions in lieu of tax, have proven to be lower than anticipated, while retirement system expenditures are slightly higher than anticipated. The budget is in a similar position as last spring with an expected \$1-2million gap over the next couple of years. City staff will update the forecasts, finalize budget decisions and the City Manager will make a presentation to the Budget Committee in April.

V. BUDGET PROCESS & DOCUMENTS OVERVIEW

Jamie Garner, Senior Budget Analyst, and Maurizio Bottalico, Senior Financial Policy Analyst, gave an overview of the City's budget process and associated documents, including the Adopted Budget, various master plans, Comprehensive Annual Financial Report (also known as the audit or CAFR), Supplemental Budgets, Capital Improvement Program (CIP), Unfunded Needs Assessment (UNA, replacing the Multi-Year Financial Plan/MYFP), Financial Policies and the Proposed Budget.

VII. CITY MANAGER OVERVIEW

City Manager Jon Ruiz gave an overview of the City's historical budget trends balancing services, employees and financial management and explained how these trends have led to the current state of the City.

VIII. EXECUTIVE TEAM DEVELOPMENT OF THE PROPOSED BUDGET

Assistant City Manager Sarah Medary outlined the Executive Team's decision-making process and how they work together to provide input to the Proposed Budget.

IX. BUDGET COMMITTEE INFORMATION NEEDS – SMALL GROUP DISCUSSION

Attendees broke into small groups to discuss what information would help them better understand the budget document, what information would be helpful in Budget Committee meetings and what information would help them in terms of public engagement. A speaker from each small group presented their team's two highest priority items (see Appendix B).

Team 1: Department specific citizen academies and a summary infographic of the budget.

Team 2: Reestablish community survey and identify the impact of unfunded service demand on the budget such as from unincorporated areas.

Team 3: Simplified, public-facing summary with percentage changes and a roadmap for individuals to enact changes.

Team 4: How to address emergent needs and high-level historical data and trends for frequent topics like PERS.

X. NEXT STEPS

Chair Clinton announced the next Budget Committee meeting to be held Wednesday, February 15th at Harris Hall. There are three citizen member openings for the next budget cycle, and applications are due March 31st. Interested individuals can look at the City's website for more information.

ADJOURN

The meeting adjourned at 2:26 p.m.

Respectfully submitted,

Jenna Boyd
Program Coordinator, Finance Division

Appendix A

Best Outcomes

- 1) That we are able to put aside some funds for the future, that cuts in recreational activity funding can be avoided and that communication with citizens is transparent.
- 2) Trust is built. Budget balances current investments with long-term stability. City is recognized as a leader in fiscal stewardship.
- 3) Fewer meetings. Find new sources of revenue. Stay focused. Keep long term consequences in mind. Everyone understands what committee can/can't do.
- 4) Following robust discussion and public input, we adopt a budget that meets current needs and builds capacity for projects and services community is asking for and is sustainable going into the future.
- 5) We have either refined, crafted or strongly embraced the process for financially investing into social issues. Finding a way to inspire community driven and fueled fiscally sustainable business models. Clear and transparent objectives for 2021 for a better 2022.
- 6) Sustainable, balanced budget.
- 7) Math right. Build community trust and understanding of city budget and how they can be engaged in the wide array of public input process. Plan for future and sustainable budget – and adequate resources to weather financial uncertainty.
- 8) Our community understands the value of the final budget. The process includes discussions that inform long range financial plans. We have capacity to improve safety.
- 9) That the City, with the support of the budget, is able to grow and become more stable, to provide support and service to all the different sectors of our population, through stability and responsibility of funding essential services.
- 10) We build confidence and adopt a budget that delivers services the community needs and values.
- 11) Develop a balanced and sustainable budget that addresses the community's needs (first and foremost) or “must-haves,” as opposed to the “nice-to-haves,” by maintaining or improving services throughout the entire city organization. No need for a “back-up” plan.
- 12) Clarity and connectedness – the budget aligns with our priorities, and the public respects and understands and agrees with the choices.
- 13) Sustainable, forward looking budget. Public trust increases. Addresses central community needs.
- 14) Budget committee decisions match community priorities – expenditures realistically reflect \$\$ available to spend.
- 15) Broad community agreement that budget supports wide list of commonly held priorities and supports inspiring vision of community future.
- 16) Clear connection between structure of budget and stated policy objectives. Some new tools for transparency to build public understanding (trust). Some new (reality-based) narratives about what we spend \$ on and why.
- 17) City is able to make progress on important community issues in a financially responsible manner, and the BC is satisfied with the process.
- 18) BC to have a productive conversation that results in a sustainable budget, and we build public trust throughout process.

- 19) The adopted budget is sustainable, and both the budget committee and public have a clear understanding of the process.
- 20) Community feels its needs are being met and trusts that city management has their best interests in meeting their needs for today and for the future.
- 21) That we are able to fulfill the needs of the City today while consciously saving and investing in the City's future.
- 22) Thorough discussion, engagement and involvement from the BC that puts us on a path to implementing the CRO and City Hall.
- 23) Actual revenue comes in close to what we forecast, and we have adequate reserves if it doesn't.
- 24) Community and committee consensus on priorities. Community and committee trust budget process and City's financial stewardship. Sustainable budget with no forecasted gaps. A budget that supports all needed and wanted services.
- 25) There was a mathematical error with decimal placement in the Comcast payoff, and we actually have \$180M to work with resulting in citywide satisfaction and happiness.
- 26) Budget Committee and then the Council are able to have constructive conversations that result in a budget and a long-range fiscal plan that are sustainable over the long-term.
- 27) Builds trust. Sustainable budget allows us to enhance the livability, prosperity, safety and health of our community.
- 28) Identify and secure long term revenue sources to support general fund. Investment in capital needs repair and replace (recreation parks, pools, etc).
- 29) Continued restoration of HSC funding to historic levels. Public trust/understanding.
- 30) Sustainable budget that takes into account the needs of diverse communities within city. Productive discussions that address tough questions and connect the budget to policy priorities.

Worst Outcomes

- 1) Loss of public trust. Overly focused on short-term without consideration of long-term City needs.
- 2) To become bogged down in debate about operational details and ignore the larger goals, priorities and outcomes.
- 3) Too much time talking without a clear purpose for the talking. Time spent on issues that are not budget committee issues.
- 4) Cuts or no ability to increase funding to parks, rec and social services.
- 5) Public opinion of "misuse" of the additional funds this cycle has. Another year without a budget with an amount "set aside" for the contentious issue of homelessness. Not addressing obvious needs and shortcomings towards 2021.
- 6) This whole budget process ends up being about city hall.
- 7) Erode public trust. Don't come to agreement. Don't meet legal deadlines.
- 8) Budget isn't sustainable into the future. Services degrade. Not able to make progress on downtown, parks and neighborhood safety.
- 9) That we underfund the essential services in an effort to take on and support non-essential items, which while nice, don't fulfill the core mission of the city.
- 10) We end up with some unanticipated revenue loss, and you hate our proposed budget!

- 11) The City will lose federal funding (last FY \$8.4M), resulting in loss of funds to a variety of programs dealing with public safety, environmental issues, transportation projects, housing, etc, and we don't prepare a "back-up" plan.
- 12) Distrust by public – dissatisfaction of public.
- 13) We don't meet our obligation to have a budget in place July 1. We move forward with a budget that is not sustainable. We do not adopt a budget that reflects the community's needs. Relationships are fractured.
- 14) Long-term budget made less sustainable through allocation of 1x funds to ongoing services.
- 15) Short sighted outcome (doesn't prepare community for long term – consensus vision of our community). Overly partisan community vision.
- 16) No success in informing major trade-offs. Lack of transparency. No progress in enhancing public understanding of the budget. No connection to major policy outcomes/objectives. Insufficient planning for reserve. Insufficient long-term planning. No discussion of revenue.
- 17) We don't adequately prepare for potential downside risks.
- 18) The result of final budget decisions doesn't leave us in a place where we have a stable outlook in the short term.
- 19) Exacerbate divisiveness or animosity or distrust of city management, or have community feel its need are not being met or heard.
- 20) Not thinking about savings – the City future needs as well as immediate needs.
- 21) Minute or limited decisions made by the BC and Council.
- 22) Reduced services. Lack of public trust.
- 23) No consensus/large division in committee priorities. Unfunded services. Committee feels dissatisfied with process.
- 24) We don't allot enough money to make real progress on our homeless crisis. It's time to be serious about a public shelter.
- 25) A budget is adopted that is not sustainable over the long-term.
- 26) Can't find resources to address some critical issues facing our community right now: downtown safety/park safety, homelessness, housing affordability, economic prosperity.
- 27) Lack of revenue for: general fund expenses ongoing; CIP – repair and replacement of infrastructure assets; funding of outstanding liabilities PERS, etc.
- 28) We have need for reductions, we don't have contingencies. BC members ending process with questions, concerns, disagreement with final. Community disagreement on final conclusions.
- 29) Budget that isn't sustainable long-term. Don't want to push financial burden into the future. Budget isn't equitable – doesn't reflect the needs of diverse communities within the city. Budget process – one that overlooks tough questions/discussion points. Budget that gives too much damage to City staff – need to value employees.

Appendix B

Budget Committee Information Needs: Small Group Discussion Items

- Standardize communication for community facing documents/staff discussions.
 - **Digestible to “lay person”**
 - **One pager/white paper/summarized (Lane County example)**
- **What is the change between fiscal years for line items, \$ vs % language with explanation (why), keep info together**
- Big BDOC – truncated version to use as resource/public questions
 - One-pager summary for general residents “if you want to see more, visit...”
- Re-use high school cafeteria meetings (every ward) yearly or biennially
- What is the investment in categories (e.g. human services)
- Yearly budget presentation overview (simple) about the budget for community to attend (high-level)
- **Budget roadmaps for BC members, “rules” to win/make your suggestions heard**
- Setup a process w/\$ behind it
 - Group discussed ideas around ...X
 - Come back to BC and report out on what is needed
- How do I get my thoughts/ideas into process such as CIP?

- **Summary infographic of budget (ex: Lane County one-pager)**
- Glossary of terms online – searchable incl. acronyms
- **Citizen schools by department**
- Budget specific questions – respond with document name and page number(s) – always incl. page numbers!
- Dynamically updated UNA and other budget documents online
- Digital connections between versions (ex: if you liked X, you may also like Y.)
- Make performance measures more accessible
- Dynamic accessible content online

- List of 1X \$ from previous budget
- Tailor info for level of experience with budget
- New ideas for how BDOC reflects long-term vision (fiber)
- Link ordinances/policies to Budget document
- Integrate list of big proposals early in budget process
- View BC process as parallel legislative process
- **How to address emergent needs before Budget is proposed (how does that interact with plans and processes)**
- Identify alternatives
- Connecting Council policies to Budget
 - More info in BDOC

- Develop solutions to restore what BC wants
- Accommodate/articulate needs that arise
- Define things that are changeable by BC
- Reference to publicly vetted plans to BDOC →
 - BC role is to listen and translate into Budget
 - BC can ask staff questions to educate public
- **Factual historical data - related to frequent topics (PERS/Department budgets/current issues)**
- **Impact of unfunded service demand on budget (e.g. unincorporated areas)**
- How is list of staff-proposed cuts generated and are there other opportunities that committee could look at (what didn't make final list)
- **Reinstitute a community survey that is formed by metrics of value of services and Council vision/goals**
- Current level of info good
- Plain language explanations
- Metrics on value of services to community
- How budget aligns with goals and objectives to achieve outcomes
- Reinstitute community survey tied to Council goals