

A G E N D A
EUGENE BUDGET COMMITTEE
Monday, September 16, 2013
Lane County Public Service Building, Harris Hall
125 E 8th Avenue, 5:30 p.m. – 7:00 p.m.

- 5:30 - 6:00 p.m. I. Introduction
Timeline, Process and Goals for Budget Committee Meetings
Laura Illig, Chair
- 6:00 – 6:30 p.m. II. Community Meetings Plan
Discuss Community Meetings Plan
Laura Illig, Chair
- 6:30 - 6:55 p.m. III. Potential Budget Solutions
Brainstorm Additions to the FIT Review List
Laura Illig, Chair
- 6:55 - 7:00 p.m. IV. Minutes Approval
Laura Illig, Chair

Next Meeting:

Monday, September 23, 2013, 5:30 p.m. – 7:00 p.m.

Lane County Public Service Building, Harris Hall, 125 E 8th Avenue, 5:30 p.m. – 7:00 p.m.

The City of Eugene is committed to access for all participants. All events are held in wheelchair accessible rooms. For individuals who are hearing impaired, an interpreter, note taker or FM assistive listening system (if available) can be provided with three business days' notice prior to the event. Materials can be made available in alternate formats if requested in advance and are available on the City's website at www.eugene-or.gov/budget. To arrange for services or for more information about the session, please contact the Finance Division at (541) 682-5512.

BUDGET COMMITTEE MEETINGS THROUGH DECEMBER

<u>September 16</u>	<u>September 23</u>	<u>October 14</u>	<u>October 28</u>	<u>November 12</u>	<u>November 25</u>	<u>December 9</u>	<u>January 2014</u>
<p>Meeting Goals: Discuss process, identify items that should be included in FIT & Revenue Team work, commit to community meeting work plan</p> <p>Agenda: 1. process, goals, timeline 2. community meetings plan 3. potential budget solutions</p>	<p>Meeting Goal: Frame policy discussion</p> <p>Agenda: 1. identify parameters for policy discussion</p> <p>Materials: a. tbd</p>	<p>Meeting Goal: Develop common understanding</p> <p>Agenda: 1. review FIT work</p> <p>Materials: a. FIT matrix that outlines findings regarding financial information and potential solutions</p>	<p>Meeting Goal: Review community feedback</p> <p>Agenda: 1. review findings from community meetings 2. begin strategy development</p> <p>Materials: a. summary of community meetings</p>	<p>Meeting Goal: Start discussing strategy</p> <p>Agenda: 1. strategy discussion</p> <p>Materials: a. tbd</p>	<p>Meeting Goal: Review General Fund forecast, begin finalizing strategy</p> <p>Agenda: 1. General Fund forecast 2. strategy discussion</p> <p>Materials: a. forecast update</p>	<p>Meeting Goal: Finalize recommendations for options to include in public hearing</p> <p>Agenda: 1. identify options for public to weigh in on</p> <p>Materials: a. tbd</p>	<p>Two Public Hearings to be held on options</p>

COMMON UNDERSTANDING + FINANCIAL POLICY + COMMUNITY ENGAGEMENT = \$STRATEGY DEVELOPMENT

Community Meetings

Purpose:

The Budget Committee will hold community meetings in each ward and with various interested parties in order to:

1. Provide the community with multiple opportunities for various parts of the community to contribute to the work of the Budget Committee.
2. Obtain public input to lend value to their deliberations.

Format:

Staff from the City Manager's Office will help organize conversations between the Budget Committee and each council ward as well as identified groups in an effort to meet the abovementioned objectives.

Budget Committee Role

- Budget Committee members assume a lead role, which can shift the tone of the engagement, build trust and encourage participation. Members will provide introductory remarks, general information on the budget and the budget process, including the work of the committee, and moderate small group discussions.
- As an advisory body with at-large, citizen members is in itself an important component of public involvement in the budget process.
- One intention is to help the public to understand that the Committee is comprised of volunteer community members, just like themselves, who reflect the values and aspirations of the community and provide a community voice in determining the budget. Whenever possible, Budget Committee members will be the face of the public meetings, leading discussions and responding to public comment and questions.
- Public information on these meetings will also include information on the members of the subcommittees of BC also working on this budget process, the FIT and the revenue team – who the members are and the expanded involvement of members of the community.
- Short Video – One option to help personalize the work and help the community identify with and trust the work of the committee is to produce a brief video that features each volunteer member. The video could be used to kick off community meetings, linked to webpage and social media sites.

Ward Meetings

- Ideally, 2-4 volunteer Committee members are present at each meeting along with the Council member for the ward.
- Conduct a community meeting in each of the City's 8 wards. If that is not sustainable, the committee could consider combining adjacent wards into one meeting (for a total of 4 meetings).
- Format - Initially town hall style to present information and frame the desired outcome of meeting. Would also include some type of small group exercise, moderated by committee members, as this is more effective for diving deeper on issues and fostering greater engagement. Other methods that may take a more creative and perhaps more engaging approach should be considered. Possible questions to be posed and discussed in groups or to be utilized in other engagement efforts might include (these capture concepts, but will need refinement):

- ✓ What do community members feel would be most valuable for the committee to learn and discover through their process and then communicate back to the community?
- ✓ How could the committee best get feedback from the community once there are reduction/revenue alternatives to consider?
- ✓ What City services are the most important to you?
- ✓ Are there specific places in the budget that should be a focus of the committee's efforts?
- ✓ What kind of priorities do you think the City budget should reflect?

Staff Role

Assist with design of meeting format; coordinate meeting logistics (scheduling, reserving space, media/promotion, materials, food, etc.); serve as facilitators to provide transitions between activities and manage Q&A; scribe public input, synthesize information after each meeting and make available to committee members and public

Potential Groups Beyond Ward Meetings:

- Civic groups such as the League of Women Voters, Rotary and City Club
- Professional organizations such as the Chamber of Commerce
- Groups that use specific City services such as Amazon Pool or Branch Library users

Timeline and Meetings:

Meetings will be scheduled weekly beginning in late September and will continue through the end of November. Specific days and times will depend on the group being convened and the schedules of the participating Budget Committee members.

Finance Investigative Team

Project Scope Statement

FIT Charge:

The Finance Investigative Team (FIT) will bring together community members and Budget Committee members to review proposed budget solutions using a standardized evaluation matrix.

FIT Work Product:

The FIT will provide a report to the Budget Committee with their evaluation. FIT information will be used as reference material for the Budget Committee and the City Council during development of the FY15 budget, and to communicate with the public about the issues.

Membership:

Currently being considered by the Budget Committee Planning Team.

Timeline and Meetings:

The FIT meetings will be held in September and October. It is anticipated that the FIT will meet three times during that period and provide their work to the full Budget Committee at the October 14 meeting.

Meeting 1

1. Review list of proposed budget solutions and determine if there are any to be added
2. Review the evaluation criteria and determine if there are any changes
3. Begin evaluation of items

Meeting 2

1. Review staff summary of items evaluated to date
2. Continue evaluation of proposed budget solutions

Meeting 3

1. Review staff summary of items evaluated to date
2. Finalize evaluation of proposed budget solutions
3. Determine method of presenting information to Budget Committee

Potential FY15 Budget Solutions For FIT Review

FY14 Proposed Budget Reductions

1. Fire Engine & Crew
2. Four Police Detectives
3. Second CAHOOTS Van
4. Teen Court Program
5. HSC & Looking Glass Station 7
6. Branch Library at Bethel & Sheldon
7. Downtown Library (1 day/week)
8. Sheldon Pool
9. Recreation Programs & Services
10. Neighborhood Park Restrooms
11. Parks Maintenance
12. Equity, Human Rights, Neighborhoods & Sustainability

Operational Changes

1. Boards & Committees
2. City Publications
3. Volunteers
4. Purchasing/Contracting Changes
5. Overtime
6. Vacant Positions

Economic Development

1. City AV
2. RR/SC
3. EWEB Site
4. UR Districts
5. MUPTE

Reserves / Fund Balances

1. Net Assets from CAFR
2. Reserve for Revenue Shortfall
3. Year-End Carryover Balance
4. Lapse Fund
5. Facility Reserve

Other Funds

1. Telecom Funds
2. Parking Funds
3. Fleet Funds
4. Other Non-General Funds

Other Solutions

1. Leaf Collection
- 2.
- 3.
- 4.
- 5.

Revenue Team

Project Scope Statement

Revenue Team Charge:

The Revenue Team will bring together members from the original Meeting the Challenge Task Force (MTC) along with several members of the Budget Committee and other community members to:

1. Review prior efforts to evaluate viable new General Fund revenue sources:
 - a. MTC Report
 - b. City Council Subcommittee on Homelessness
 - c. City Service Fee
 - d. Budget Committee Brainstorming
2. Provide information to the Budget Committee about viable new General Fund revenue sources to inform future budget discussions.

Revenue Team Work Product:

The Team will develop a report that sets out viable options for the types of revenue to pursue, considerations (positive or negative) related to the revenue sources, and any timing or implementation issues. The report will be considered by the City Manager, the Budget Committee and the City Council during development of the FY15 budget.

Membership:

To be determined by the Budget Planning Committee

Timeline and Meetings:

The timeline will be determined by the Budget Committee Planning Team. It is anticipated that the Revenue Team will meet three to five times.

**July 23, 2013 Budget Committee Workshop
Best and Worst Outcomes**

BEST OUTCOMES

Achieve a balance between service cuts (zero or moderate), new revenues and minimal use of one time funds.

Sustainable, structurally balanced budget.

Services are maintained.

Budget Committee/Council *unanimously* approves FY15 budget.

Broad consensus in service level delivery/revenue enhancements.

The elimination of the “budget gap” syndrome.

Gain public trust.

A budget achieved through genuine cooperation and wide-spread respectful acceptance.

Finding community partners to provide some services/programs.

Finding revenue sources.

Adoption of a structurally balanced budget that has wide-spread community support and agreement from citizen members and council.

Consensus philosophy on addressing structural deficit.

Community in engaged with/in Budget Committee process.

Conversation shifts from cuts to outcomes.

Stable and sustainable funding options.

Income exceeds expenses to allow saving and new construction.

Economic base expands.

WORST OUTCOMES

Last year’s all-or-nothing process will be repeated (only choices being massive cuts or dipping into reserves).

Public trust and confidence deteriorates.

Resort to 1 time solutions for FY15 without a plan.

Spending too much time in discussion that doesn’t move us forward.

Loss of confidence in City government.

Fail to meet critical needs of community.

Spending down reserves/bankruptcy.

Loss of tax base/defection of more businesses.

Continued shrinkage of revenue sources.

Loss of jobs.

Budget isn’t balanced for FY15.

No new revenue source(s).

No solution to budget deficit identified.

Allowing political ideology to trump creativity and true inclusiveness.

No increased consensus on policies.

Adoption of a budget that uses reserves or one-time funding to fill gap(s).

We don’t move toward a sustainable budget.

Summary of Budget Committee Information Requests

Compiled from several sources – Spring Budget Committee Meetings, July 23 Workshop, emails to Chair Illig, Budget Buddy Conversations and City Service Fee websites

Operational Issues

- *Employee Costs:*
 - How much has been spent (total dollar amounts) on exempt employees in each of the last 5 years? How much is projected to be spent on exempt employees in FY14? Separately, please provide the same information for non-exempt employees.
 - Since 2009, how many staff positions have been added to the CMO at what cost per year?
 - How many vacant positions are in the 2013 adopted budget? How many vacant positions are currently in the budget? How many are projected for 2014?
 - How many new hires have been made each year since 2009 and what was the cost?
 - How many vacant positions budgeted for FY14 will actually be filled in FY14 and how many will remain vacant but in the FY 14 budget?
- *Other:*
 - CAHOOTS van reduction is an example of a strategy where it would have been very helpful to have the performance metrics to help with the decision-making.
 - List of all boards, commissions and committees that are being funded along with budget information.
 - What programs are operating at a minimal level and what would happen if they were dropped?
 - Information about the costs of city financed publications. Are they necessary or are they a form of bragging-rather than purveyors of needed information?
 - What is the feasibility of using volunteers? How can volunteers be utilized in the branch libraries?
 - Contracting – Could we do more and save money? What are the discreet areas where we could? What are State law constraints?
 - Would a purchasing consortium save money for the City? Are there other partnerships out there that could be formed to improve efficiencies?
 - Would discontinuing leaf collection help with the General Fund deficit?

Economic Development Issues

- What is the increase in taxable property value needed to close the General Fund budget gap? Work towards making the new construction and annexation to create that taxable value a reality.
- Economic Development – what actions over the next X years would produce results of Y. What actions are needed, how much to invest, what would revenue return be?
- What is net effect if RR/SC are annexed with 10 year “forgiveness”, what are impacts, how often do we already provide service, timing?
- If we increase base population but also provide service to new areas what are the pros, cons? How quickly would revenue come? What are we already spending in these areas?
- EWEB site won’t develop anytime soon without investment (possibly from the URA). What is investment vs. benefit? When? What are risks?
- The City needs to have metrics in place to evaluate decisions based on how they impact its taxable value. BC and CC currently lack the data to have a meaningful discussion about policy tradeoffs.

Fund Reviews

- *General:*
 - Helpful to have a list of funds and what they can (and cannot) be used for.
 - Better understanding of what dollars (special funds) can legally be transferred into the General Fund.
- *Specific Funds:*
 - Ambulance transport fund – what is current situation?
 - Information about the Parking Fund, the status of free parking downtown and how parking fund revenue is used.
 - Telecom – can it be used for other things?
 - Fleet – can it be used for other things?

Election Questions

- More info about how staff came up with \$5.3 million of reductions.
- Answer themes that came up in the election – verifying facts:
 - Do the Net Assets as stated in the Comprehensive Annual Financial Report (CAFR) represent additional dollars that can be used to help solve the budget deficit, over and above what is represented in the budget document?
 - The budget contains estimates, rather than actual figures like the CAFR contains, so how can citizens trust the numbers?
 - Why are millions of dollars added to the budget every year on supplemental budget #1 in December?
 - The City has projected that they would collect 94% of property taxes levied. Isn't that an underestimation, since the County's statistics show an average 97% collection rate since 2003?
 - The City says it has cut the budget, but it keeps increasing each year, so have there really been cuts?
 - Does the City budget "fake jobs" in order to increase the budget each year?
 - If City employees didn't get raises every year, wouldn't that solve the budget gap?
 - Shouldn't the City be able to do something to lower the cost of PERS?
 - If the City eliminated overtime, wouldn't that help solve the budget gap?
 - Aren't property tax increases each year sufficient to pay for the annual increase in service costs?
 - What is the financial impact from ending the Urban Renewal districts? Would that solve the budget gap?
- Answer to themes that came up in the election – policy choices on spending:
 - Does the City put more money into reserves than is necessary?
 - Why does the City Council spend money on a new City Hall instead of spending those funds to balance the General Fund budget?
 - Why does the City Council approve tax breaks for downtown projects? Do developers really need the money to go forward with the projects? Why aren't those tax expenditures shown in the budget document so that they have to compete with other spending priorities?
 - Did the City Council just choose popular services to put on the chopping block to get the City Service Fee passed? Aren't there other lower priority services that could be cut instead?

Updated Gap/Forecast Information

- Is the gap still \$5.3 million? Would like to see an update of the budget forecast and the gap for FY15 and beyond.
- We need an update on the General Fund gap and revisit updated GF forecast in this process to see where we are now.

Potential Solutions

- *Past Revenue Efforts:*
 - What opportunities for revenue generation have we explored in the past?
 - Library operating levy - history, intention to put forward again.
 - Past exploration of a recreation district similar to Willamalane in Springfield.
 - Franchise fee review – are fees set at appropriate levels?
 - How does the City set fees such as municipal court, parking fines, PDD, etc?
- *Potential Reductions:*
 - Would like an updated list of suggested program reductions, what would the list be now?
 - More extensive and staff prioritized list of possible GF program reductions.
 - What can we do with capital budget? Can we move some capital costs to bonds?
 - List of what we are spending money on that's not "legally" required so that the CC and BC know what expenditures cannot be discontinued.
 - What are we doing (as a City) that we don't need to do? What are we doing that others could do instead?
- *Other:*
 - How long has MUPTE had been in place, how well has it worked, and what would be the effect if it went away?
 - If the Riverfront Urban Renewal District were to be "sunsetted", how much of the FY14 fund balance of \$6.7 mil would be prorated back to the City by the Lane Co. Treasurer?
 - Need to talk about new revenues. This can take lots of staff time so needs to be carefully considered.
 - What services are "barely hanging on" – can fee increases be used to help?
 - Can we use Transient Room Taxes to help solve the General Fund budget gap?

Miscellaneous

- *Staff Process for Budget Development:*
 - How does the City approach innovation at the Department Director level? What are some of the ideas that worked over the past few years? Can BC/CC plug into this process?
 - Would like to know early on what initial direction is given by the City Manager to staff with regard to the FY15 budget development.
 - Also, knowing the budget process timeline earlier would be helpful, as this would give the BC a better idea of when is the best time for providing input.
- *Other Government Partners and Their Budgets:* BC needs to know which services can be provided by other entities in order to factor this into its budget strategy selection process.
- *Budget Priorities in the Past:* It would be helpful to know how much of the budget over the past 10 years went to public safety vs. other services. Percentage of the budget that fire, police, parks, and human services have taken for each of the last 10 or so years.
- *City Hall:* What is the long-term strategy for funding City Hall? How will that impact the General Fund? What is the cost of City Hall rebuild and full maintenance costs?

July 23 Budget Committee Workshop

Staff Presentation and Small Group Discussion Comments Regarding Policy Issues

Policy Questions Posed by Kristie Hammitt

- Use of One-Time Dollars
 - When or what constitutes the right time to use one time money?
 - How much of any unexpected revenues should we save and how much should we spend?
- Reserve Levels
 - Is the 8% reserve target too much, too little?
 - How have reserves helped in managing financial uncertainty?
- Service Priorities
 - Should we balance services or prioritize them?
 - With either approach, how do we make decisions that achieve Council goals and have the least impact on the community (in whatever way that is defined)?
- Asset Maintenance
 - How should maintenance of our assets fit into a sustainable budget and be weighed against other service priorities?

One-time Funding and Reserves

- We need an exit strategy for any 1x funding used for ongoing services. Now 1x funding is renewed every year. How to get out of this cycle? Need a budget policy on this.
- Reserve policy that says something like ... “Absent an emergency, we won’t go below XXX. If we do, we will do YYY to get back to the target reserve level.”

Service Reductions

- Service cuts – system-wide vs. selected. Fits into bigger discussion on prioritizing budget.
- Service priorities need to be balanced. This will require a full day BC session.
- Council goals are important and budget choices should be tied to those goals. CC should have a discussion about which goals should be emphasized.
- What do different people mean by service “prioritization”?

Other

- Do we need a formal policy regarding our role in regional service provision? We can’t pick up the slack for everyone.
- Can we get more information about a lapse policy?

July 23 Budget Committee Workshop

Small Group Discussion Comments Regarding Public Engagement

Goals

- Need to know what are we asking people. What are we telling them?
- Explore what are budgeting “articles of faith” that the community believes (Overpaid staff, hidden money, PERS, inefficient government, does the organization have to bleed before new revenues will be supported etc.)
- Ensure there enough clarity to public on choices/priorities: not fire vs. parks but rather the loss of one fire company or 3 recreation programs for kids.
- Build trust with the community.
- Ask the public: where do we go from here?
- What services the City should deliver, and what services it should not deliver.
- Is there \$ or not and where is it? How can we counter these beliefs?
- Ensure that all stakeholders are heard.
- Get viable input from broader community
- Outreach without spending lots of money.
- Better ways to educate the public should be looked at
- involve more than just outspoken members of community
- Explain the depth of services the City offers

Methods

- Two way, interactive communication
- Need to be deliberate. Need both a formal path, with neighborhood assn’s, site councils, Rotary, Lion’s Club, etc., and an informal path communicating to community leaders, etc.
- Engage opinion and community leaders to reach their audiences
- Staff a table at neighborhood association picnics
- Ask neighborhoods – here are the cuts we are proposing, what do you think?
- Drop-in community forums
- Reaching out to neighborhood associated and seeking their feedback should be built into the public engagement process. Publicize more to neighborhoods, survey neighbors
- Find out what people want/need to know, what kinds of accountability they want, and interact with them using language that makes sense to them (not jargon).
- Focus on “services” rather than “budget” in engagement/education.
- Do not just push information out (especially if it has a “spin” as that makes people think you are hiding something.
- Include a feedback loop so people know what we are doing to meet community goals.
- Engage the community using existing channels (neighborhood associations, focus groups) and new channels (social media – more of it, gaming for budget input).
 - Example: use social media to seed small bits of information about council goals. Did you know xyz is a council goal? Did you know that we are doing abc to achieve that goal?
 - Make things easier to find on the website. Council goals and vision is hard to locate. Budget should be locatable within a small number of clicks (it is ... takes just one under “I want to ...”)
- Community forums – maps, tables
- Use ideas from other communities and past work; do not reinvent the wheel:
 - Portland’s recent community engagement process – what process/questions did they use?
 - Manross surveys

- Engage members of the public who weighed in on the FY14 proposed budget in the FY15 budget discussion.
- Use Survey Monkey, other online survey app to hear from community
- Have a “check in” at level of neighborhood association, clubs, and other organizations.
- It is important to have a multi-year approach to public engagement and have periodic check-ins.
- Have a clear communication strategy involving one or two pages to hand out to community members. Make sure the information is out there so community is not surprised about discussions/outcomes.

Other Comments

- Citizens that have a chance to engage with City employees have a higher level of trust in process and government.
- Earlier public engagement is important for successful implementation of the budget strategies that will be identified by the Budget Committee.
- Important to have clear communications strategy to ensure community receives info and has opportunity to be engaged.
- Public weigh-in is tricky to do and evaluate. Prefer BC taking responsibility to assemble for solution.
- Council’s public comment period provides Council with ongoing community input, but it is not broadly representative.
- Neighborhood associations don’t have very broad participation, but they give a particular perspective that in conjunction with other input is helpful.
- All mechanisms of community outreach will have limitations.

July 23 Budget Committee Workshop

Small Group Discussion Comments Regarding Solutions

Potential Revenue Sources

Bonds & Levies

- Since library local option levy was successful in the past, should the BC entertain a new levy for this service?
- What can we do with capital budget? Can we move some capital costs to bonds? Perhaps include equipment. Maybe Fire could bond some big-ticket equipment items. Annual fleet replacement costs – avg. \$1M. Could bond and re-bond every 5 years or so.
- 5 year local option levy

Fees & Taxes

- Can we get more revenue from some areas – CILT, NW Natl Gas, Telecom fees? Stormwater fees – what are pros/cons of raising the fees, price tolerance?
- Franchise fee review – set at appropriate levels?
- Restaurant Tax
- Look at specific user fees (such as the Pool and Library). Ask participants to pay more for those services they wish to continue using.
- What about municipal court fees, parking fines and PDD/building permit fees? What does this look like and how often are they reviewed?
- Business license fee, like PDX or Madison (Madison, WI gets \$4.2 million per year in fees, additional \$2 million in fines)
- Pay to use public restrooms
- Economic development, annexation info – if we increase base population but also provide service to new areas what are the pros, cons? How quickly would revenue come? What are we already spending in these areas? What is net effect if RR/SC are annexed with 10 year “forgiveness”, what are impacts, how often do we already provide service, timing? Is there any surplus after accounting for costs to annex and provide service?
- Is it politically feasible to try another system-wide revenue source?

Special Districts

- Worth considering fire special district?
- Should we look at a parks & rec district?

Property

- Look at sale of undeveloped property
- Sale of Property (Laurelwood)

Other Ideas

- Grant to fund red light cameras
- Meters that can be used to fund human services (Baltimore using parking revenues with an additional donation option)

Other Discussion Regarding Solutions

- Solving the gap will require a combination of approaches – there is no one silver bullet. It may take several smaller revenue ideas in combination with service changes, efficiencies, etc. Ideas previously rejected as too small may now be appropriate to look at again.
- Look at how we are funding City Hall, both immediately and in the long term. It is a CC decision, but how can the BC help? Should we use general fund dollars to pay for capital costs? Facility Reserve should be on the list of funds that BC reviews. Explain the value of having a City Hall to citizens before discussing funding it.
- Use specific criteria for making budget decisions, such as invest in things that grow the base, divest from things that don't. Look at how we spend our current dollars and see if that lines up with the outcomes we are hoping to achieve. If not, shift dollars to something that will achieve our goals. Example – Portland housing focuses on spending money in ways that encourages people to move out of homelessness, and took dollars away from services that support remaining homeless.
- Community's expectations regarding new revenue may have shifted, so discussions like stormwater or parks maintenance fee may have community support going forward.
- Look at the long-term, big picture, but also recognize the immediate budget concerns.