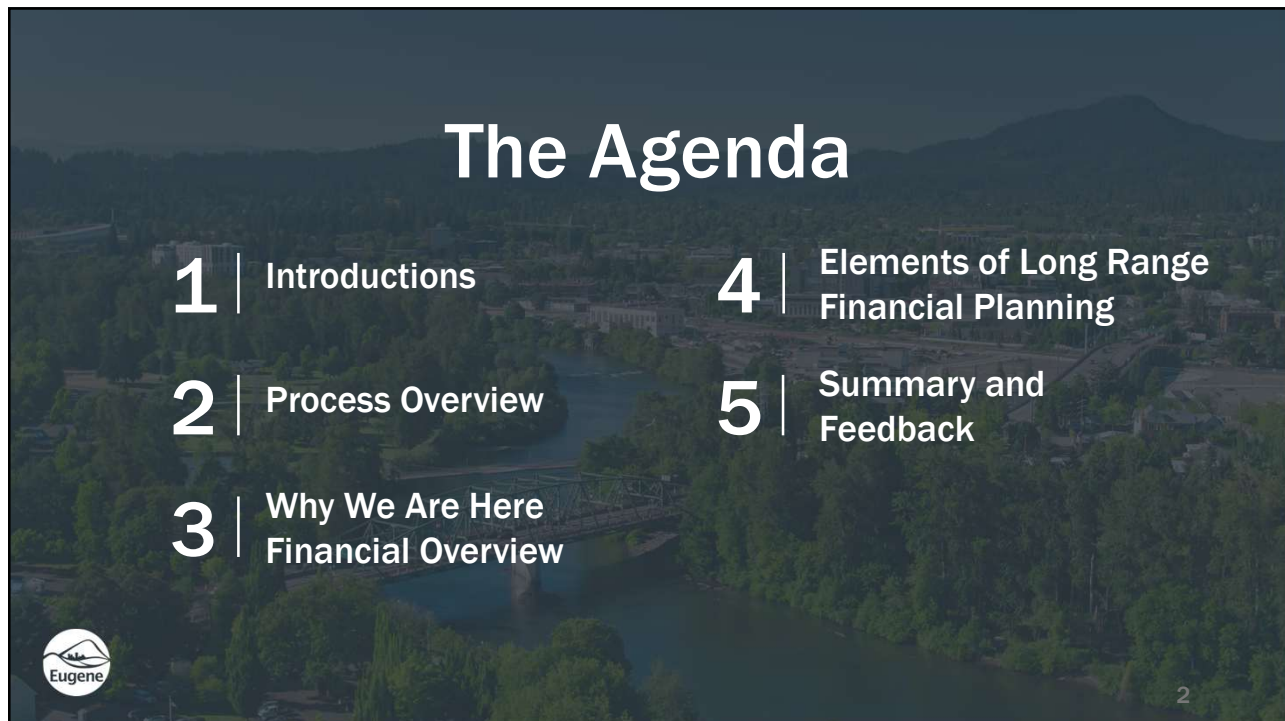




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Today's Objectives

- Provide a common understanding of the Long Range Financial Planning (LRFP) process.
- Identify any additional information that would be helpful to inform the LRFP process and workshop.

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Process Overview

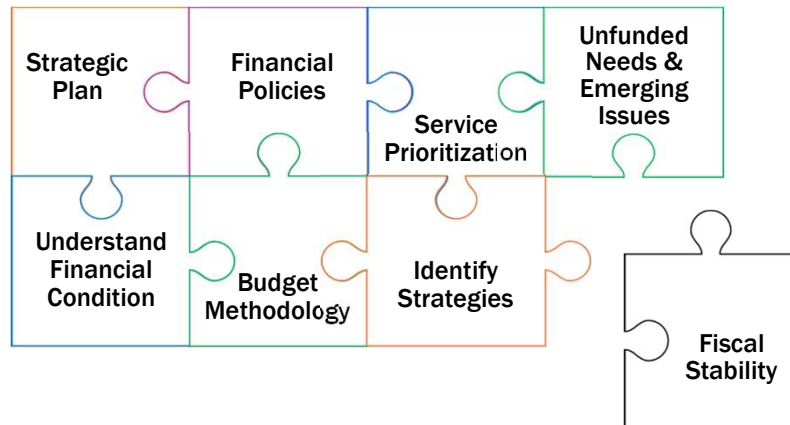


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Long Range Financial Planning (LRFP)

A process to focus the organization on long term objectives to encourage strategic thinking and link financial considerations to operational decisions.



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LRFP City Council Timeline



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City Council Actions

February 10, 2025

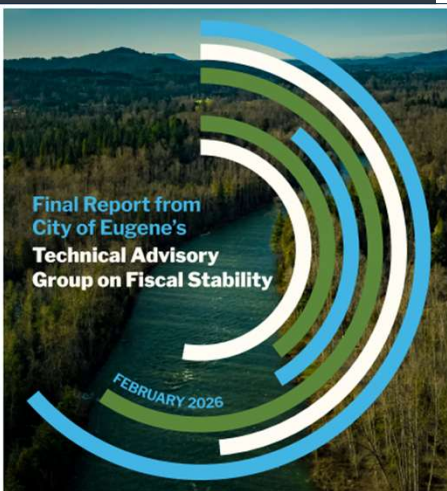
Directed the City Manager to prepare a council retreat on long-term budget stabilization strategies.

May 21, 2025

Directed the City Manager to schedule a work session in the fall of 2025 to discuss creating, in accordance with Eugene Code 2.013, an ad hoc Citizen Fiscal Stability Advisory committee to review the city's expenditures, services, and potential revenues. (TAG)

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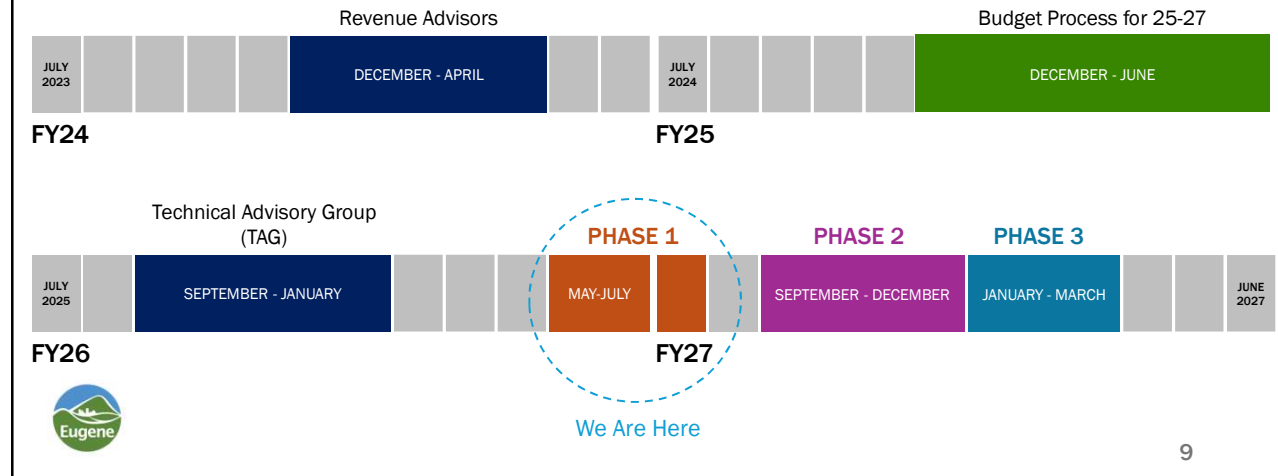
TAG Recommendations

1. Operational Efficiencies and Reductions
2. Revenues
3. Economic Development

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The Path



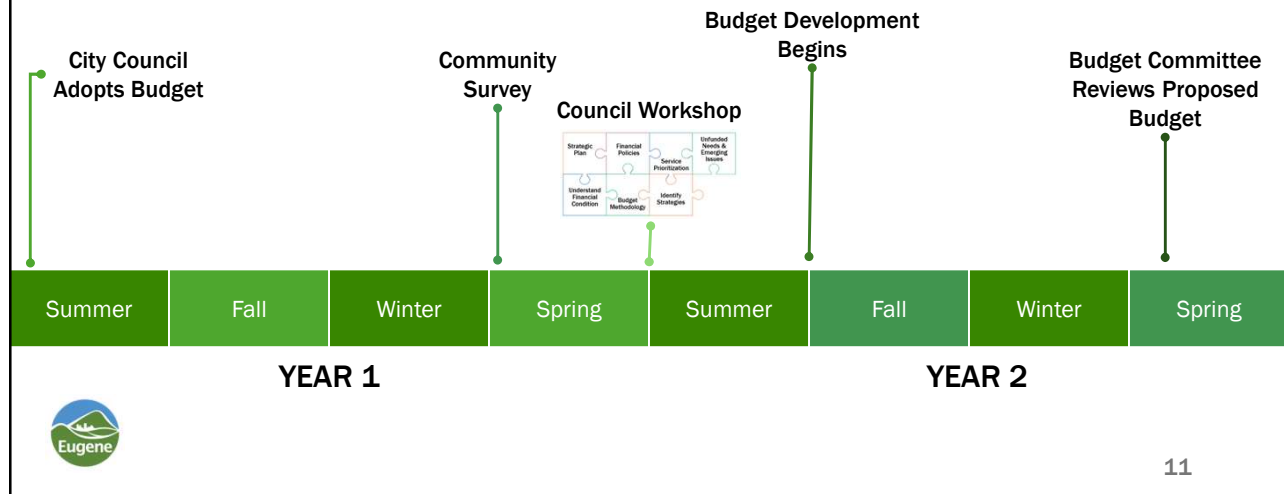
9

LRFP Process Phases



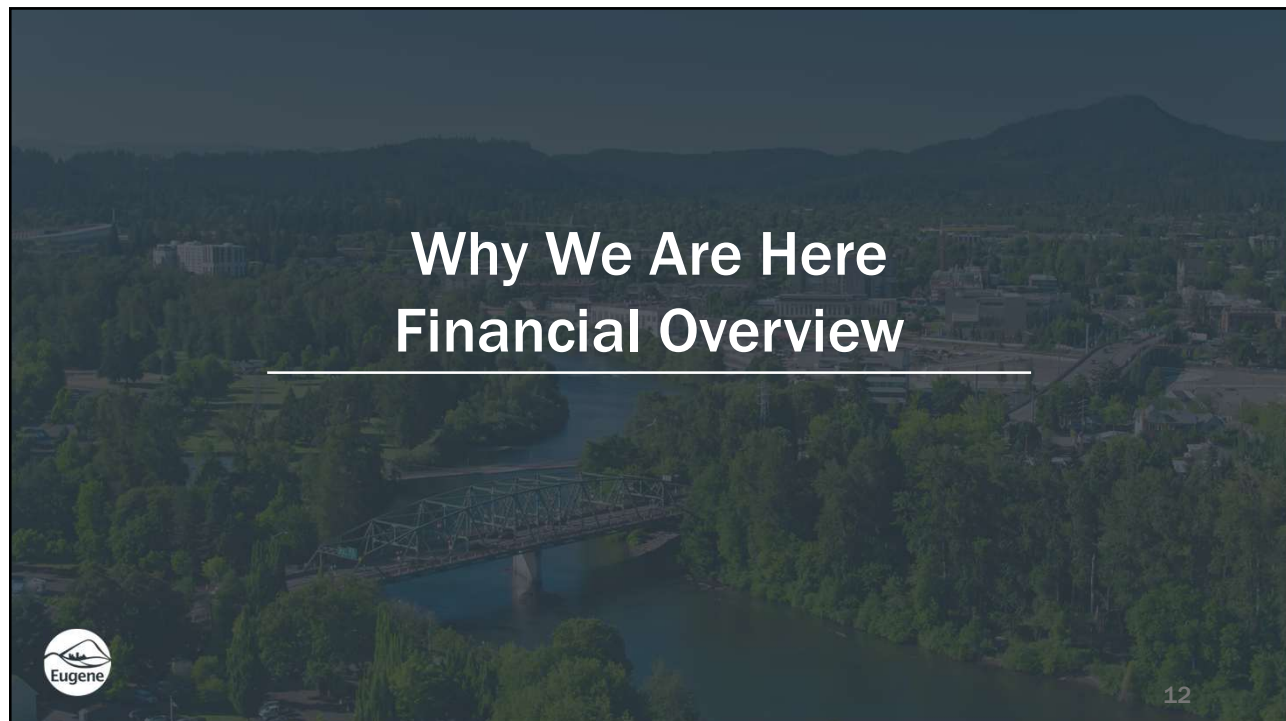
10

Cyclical LRFP Process



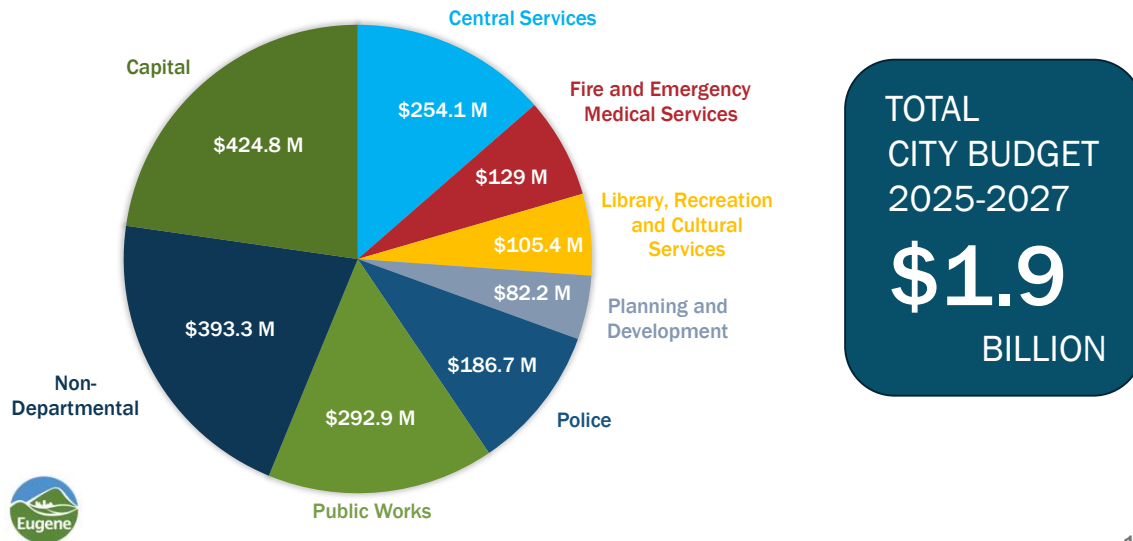
11

Why We Are Here Financial Overview



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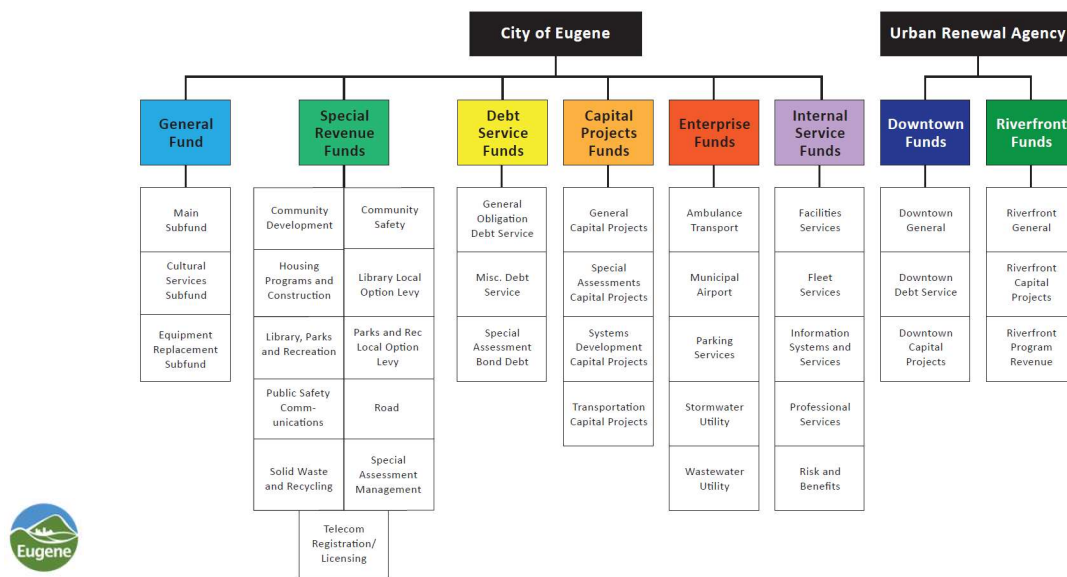
All City Funds: Adopted Budget



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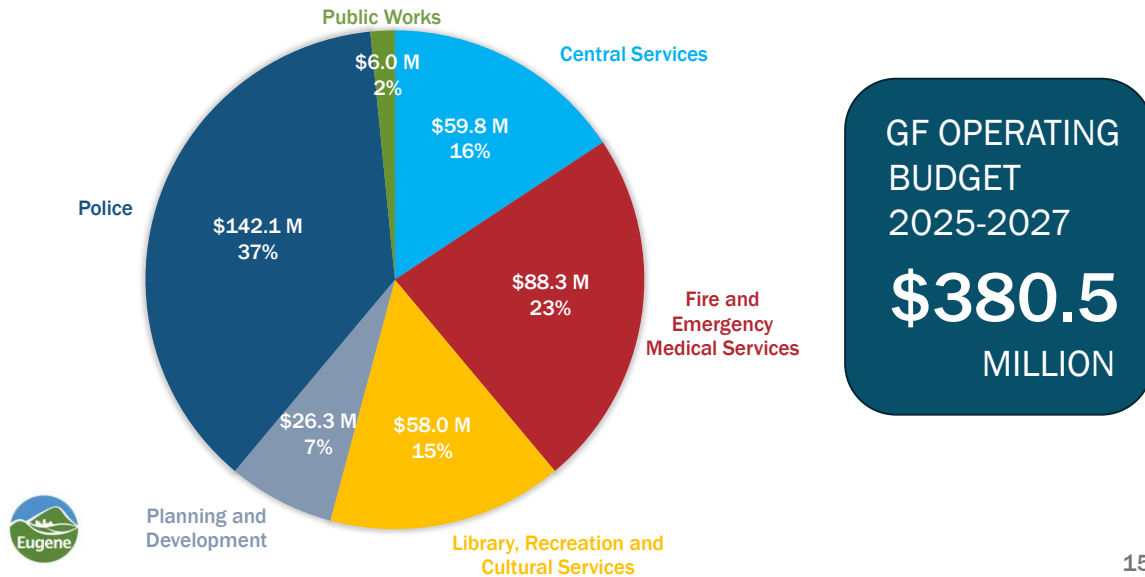
Fund Structure



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General Fund: Operating Budget



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Operating Budget: GF vs. Other Funds

Department	General Fund	Other Funds
Central Services	24%	76%
Fire and Emergency Medical Services	68%	32%
Library, Recreation and Cultural Services	55%	45%
Planning and Development	30%	70%
Police	76%	24%
Public Works	2%	98%
Total Operating Budget	36%	64%



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General Fund Structural Gap



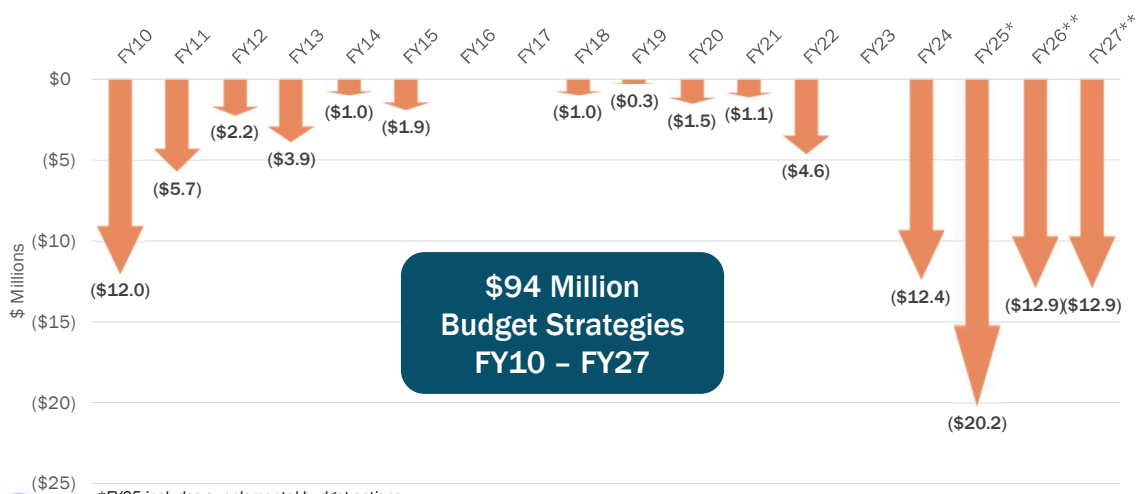
Revenue growth not keeping pace with expenditure growth

- Property tax system limitations
- Inflation
- Personnel costs
- PERS expenditures
- Unfunded state mandates
- Existing services plus evolving service needs

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General Fund Budget Strategies



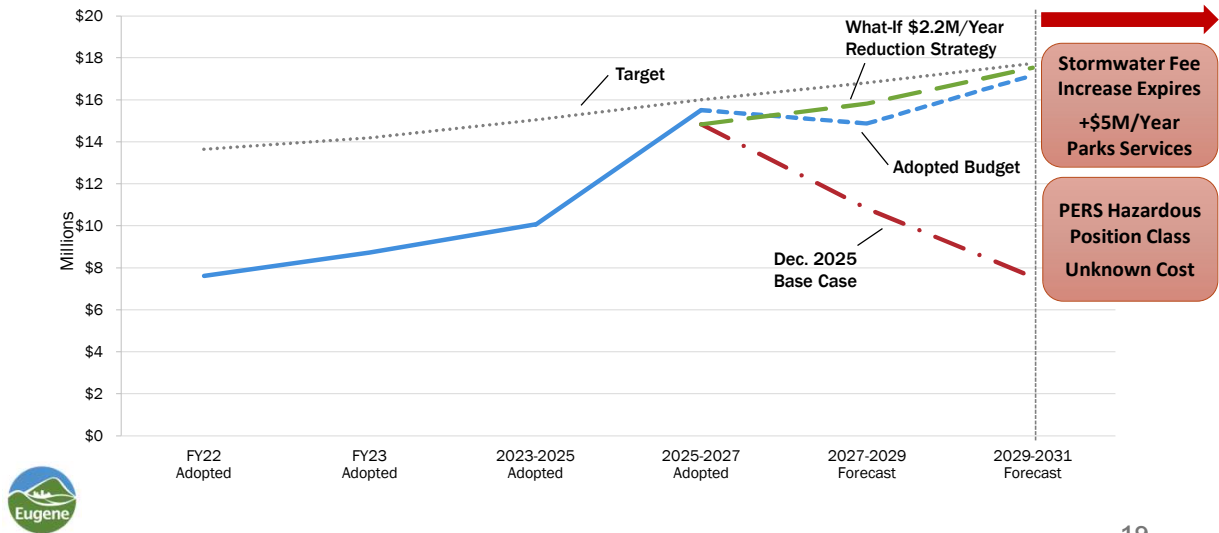
*FY25 includes supplemental budget actions.

**FY26 and FY27 include gap strategies and reserve stabilization strategies, half of 2025-2027 biennium.

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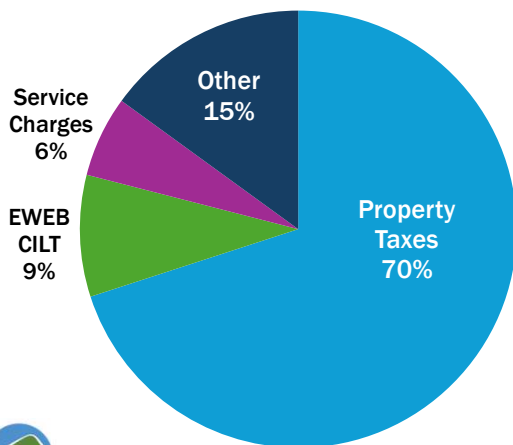
Reserve for Revenue Shortfall Dec. 2025



19

General Fund Revenues

Top 3 revenue types represent 85% of General Fund revenues



Revenue Type	Actual Average Annual Growth FY20 - FY25
Property Taxes	+3.8%
EWEB CILT	+2.4%
Service Charges	+1.1%
Other	+0.5%
All Revenue Types	+2.8%

Note: Excludes significant one-time funds such as ARPA, State homelessness grants, opioid settlements, and land sales

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Measure 5

- 1990 Constitutional amendment
- Added limits expressed as a rate per thousand dollars of Real Market Value (RMV)
 - \$5 total education taxes per \$1,000 RMV
 - \$10 total general government taxes per \$1,000 RMV
- Compression occurs if limits are exceeded on any specific property



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Measure 50

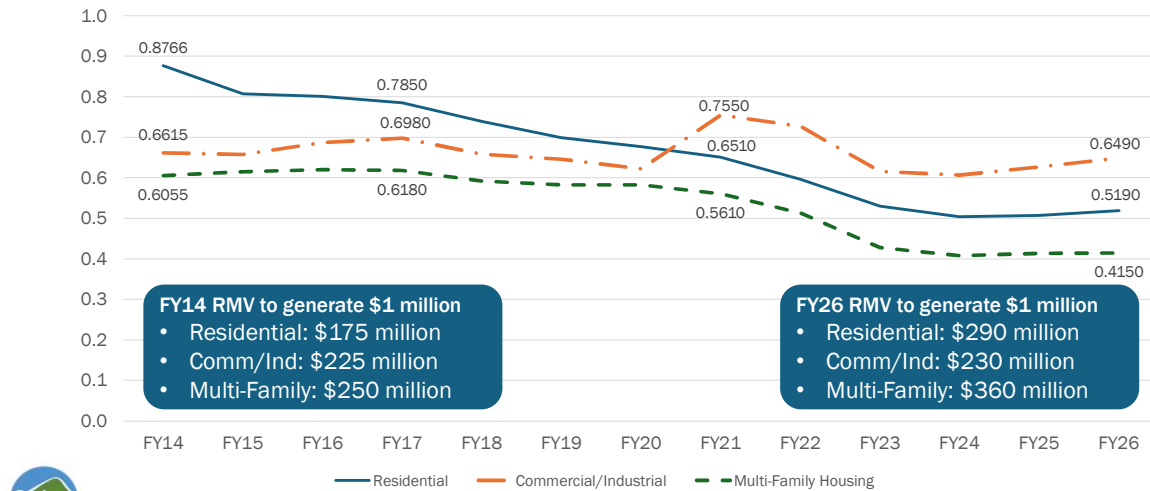
- 1997 Constitutional amendment
- Replaced existing tax levies with permanent tax rates
 - Cannot be changed by taxing district or its voters
 - Remain as they were set in 1997
- Property taxes levied on Assessed Value (AV) instead of RMV
 - Existing properties: AV established at 10% below 1995-96 RMV
 - New construction: AV determined by Changed Property Ratio
 - AV growth is limited to 3% per year



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Lane County Changed Property Ratio



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Changed Property Ratio Examples

700 E Broadway
FY24 RMV = \$84.8 million
FY24 AV = \$35.9 million



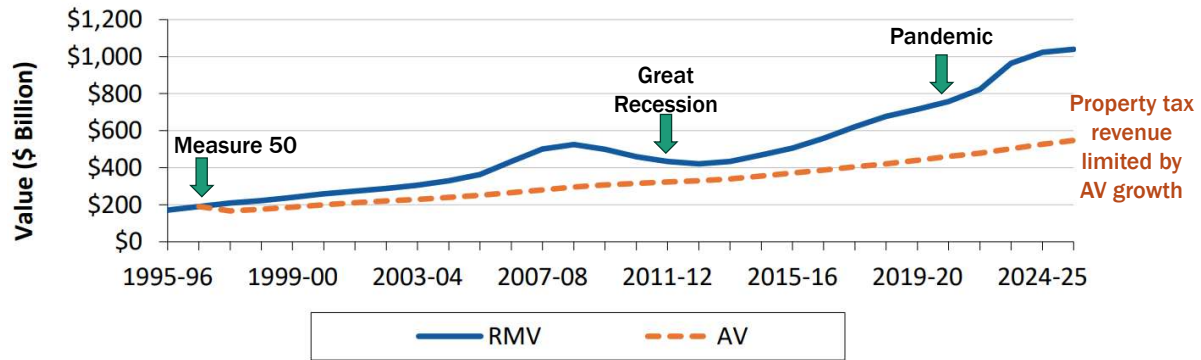
480 E Broadway
FY24 RMV = \$89.5 million
FY24 AV = \$36.5 million



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Real Market Value vs. Assessed Value



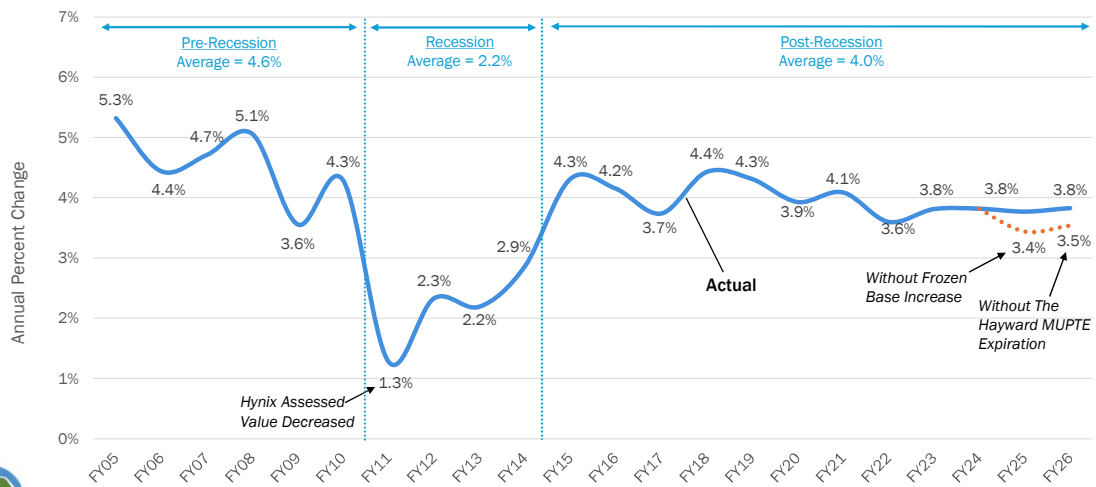
Note: Chart reflects statewide data as published by the Oregon Department of Revenue.



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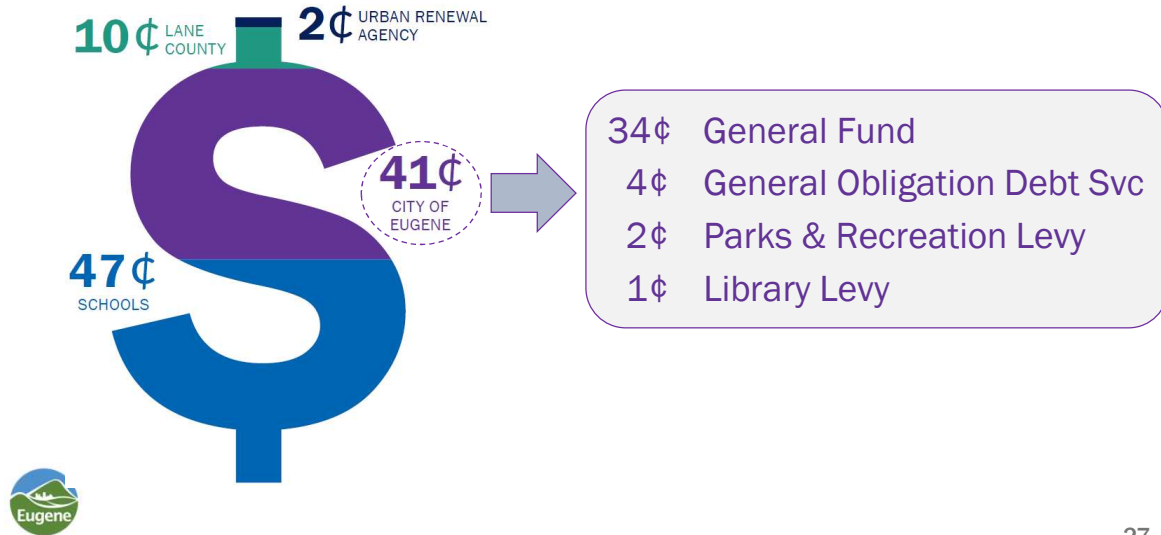
Taxable Assessed Value Annual Change



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Property Tax Allocations



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Property Tax Exemptions in Eugene

Exemption Type	FY26 Exempt Assessed Value	FY26 General Fund Impact	Percent of Total
Federal, State, County, and Local Government Property	\$2,784,796,133	\$18,630,000	60.5%
School Districts	660,340,005	4,420,000	14.4%
Charitable Organizations	466,075,185	3,120,000	10.1%
Religious Property	267,479,655	1,790,000	5.8%
★ Low-Income Rental Housing Property Tax Exemption (LIRHPTE)	129,320,419	870,000	2.8%
Housing Authority Property	93,876,964	630,000	2.0%
★ Multi-Unit Property Tax Exemption (MUPTE)	75,576,298	510,000	1.7%
Other	62,368,211	420,000	1.4%
Veteran	35,036,718	230,000	0.7%
★ Enterprise Zone	24,508,456	160,000	0.6%
Total	\$4,599,378,044	\$30,780,000	100%



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Eugene's Top 10 Property Taxpayers

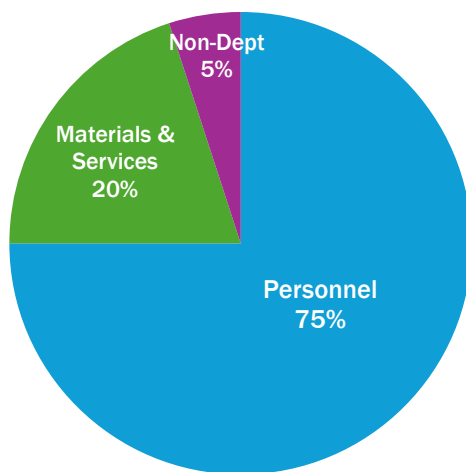
FY26 Rank	Taxpayer Name	FY26 Assessed Value	Percent Change
1	COMCAST CORPORATION	\$104,825,415	-10.3%
2	SHEPARD INVESTMENT GROUP LLC	107,191,007	14.7%
3	VERIZON COMMUNICATIONS INC	83,880,770	3.1%
4	OLIVE OWNER LLC	66,099,604	
5	MCKAY INVESTMENT COMPANY LLC	66,724,253	3.1%
6	NORTHWEST NATURAL GAS COMPANY	72,582,655	3.6%
7	VALLEY RIVER CENTER	61,259,732	-21.7%
8	CHASE VILLAGE LLC	52,336,192	3.0%
9	STANDARD AT EUGENE LLC	50,256,936	
10	WEYERHAEUSER COMPANY	55,008,323	7.2%



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General Fund Expenses



Expense Type	Actual Average Annual Growth FY20 - FY25
Personnel	+2.7%
Materials & Services	+1.8%
Non-Departmental	+5.0%
All Expense Types	+2.4%
All Revenue Types	+2.8%

Note: Excludes expenditures of significant one-time funds such as ARPA, State homelessness grants, opioid settlements, and land sales

All Expense Types <u>INCLUDING</u> Expenditures of One-Time Funds	+3.5%
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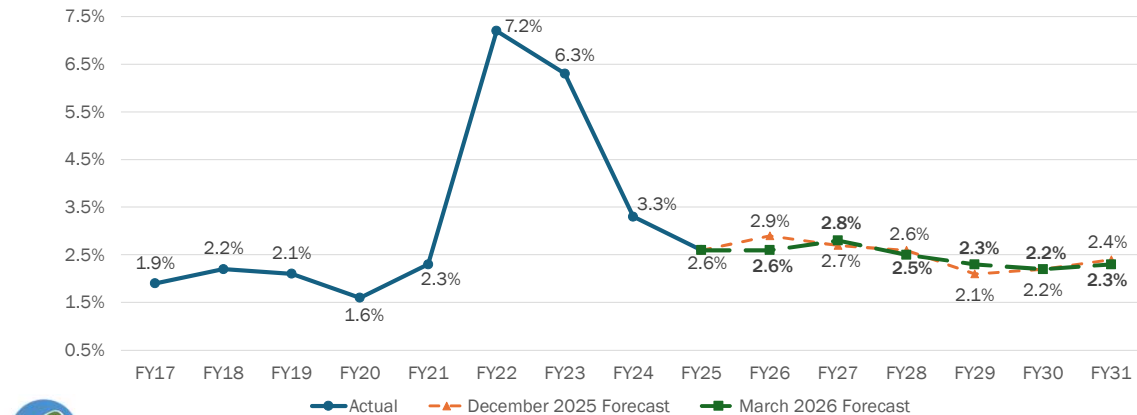
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Inflation

Consumer Price Index Change by Fiscal Year, FY17 to FY31

Consumer Price Index, Urban Consumers, all US

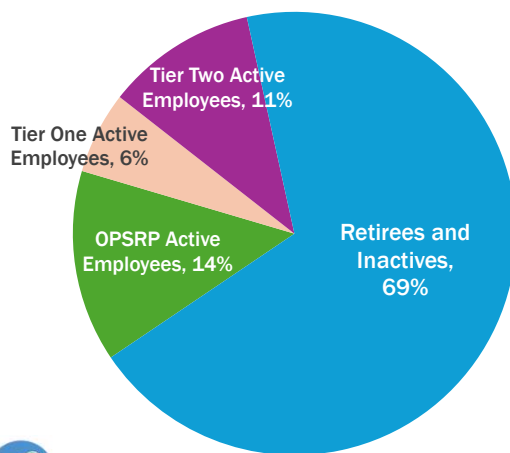


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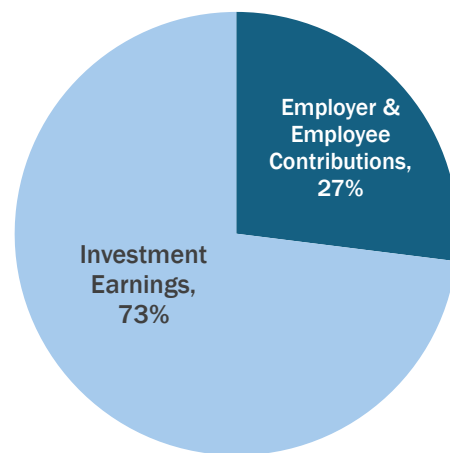
31

Public Employees Retirement System (PERS)

Actuarial Liability by Benefit Program



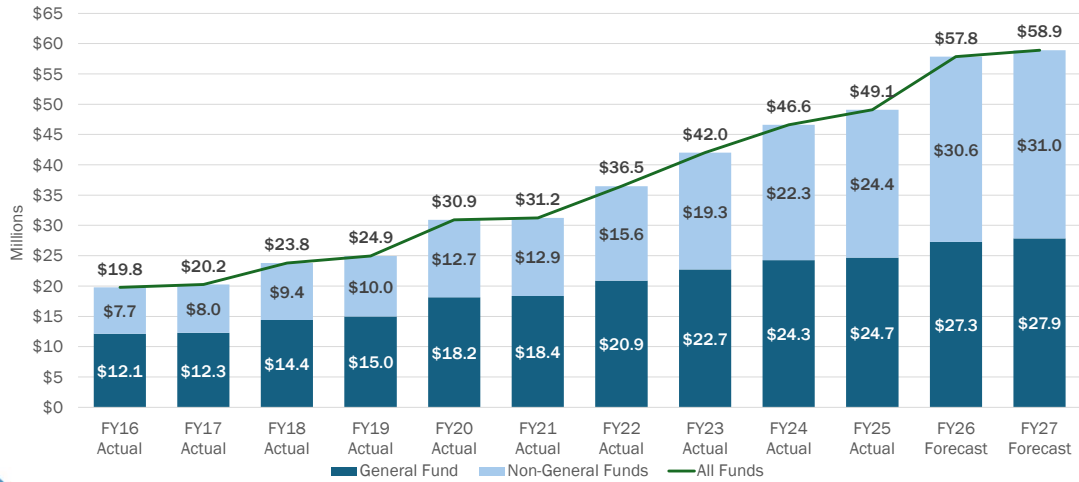
System Funding Sources



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PERS Expenditures in \$ Millions

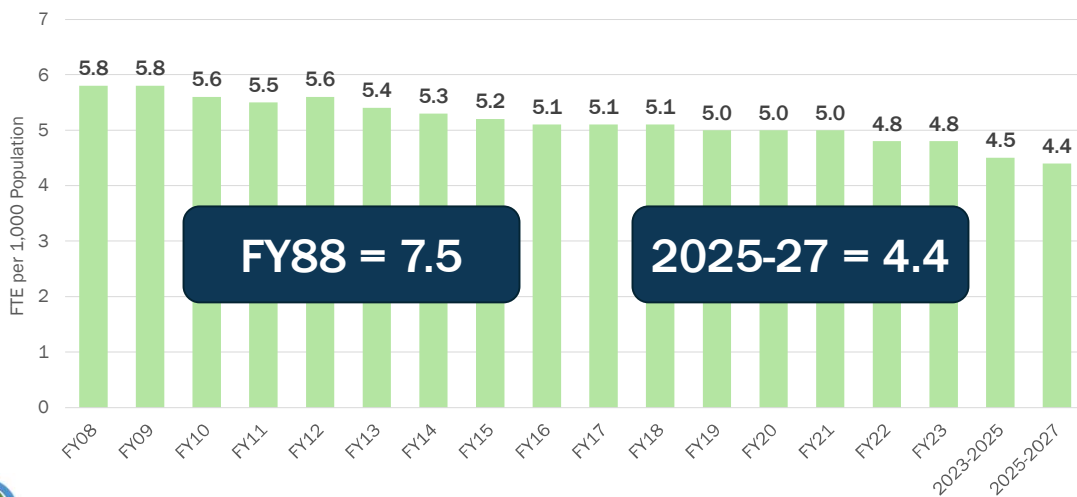


Note: Expenditures include savings from participation in the PERS Employer Incentive Fund (EIF) program.

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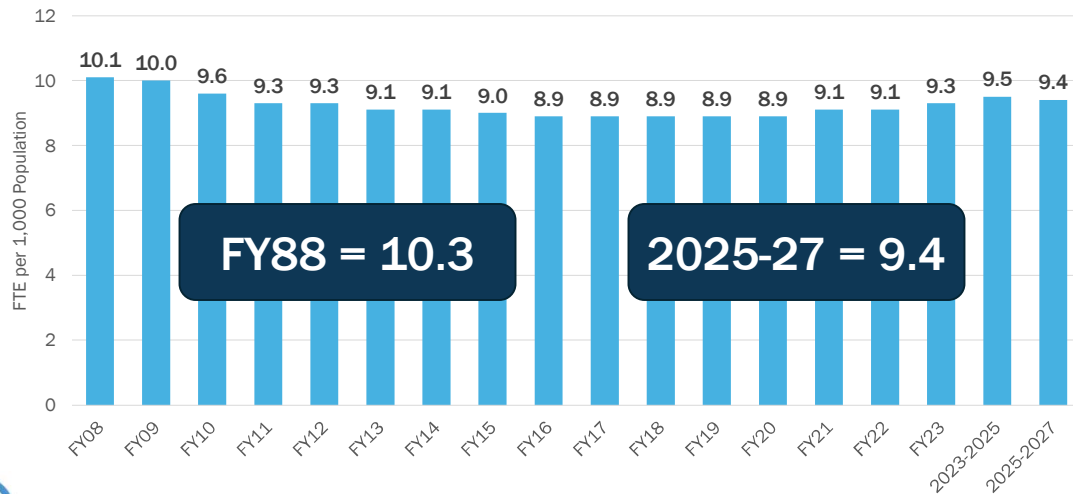
General Fund FTE per 1,000 Population



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Citywide FTE per 1,000 Population



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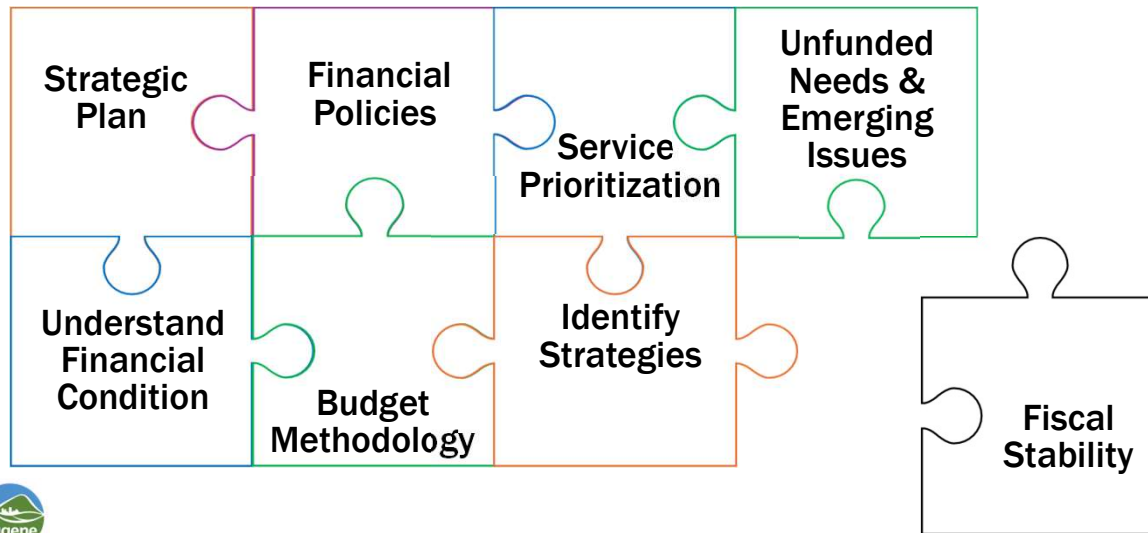
Elements of Long Range Financial Planning



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Elements of LRFP



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WHAT IT IS

Enterprise-level strategic goals

WHY IT MATTERS

Connects strategic goals with financial resources, guiding decisions on investments.

COUNCIL ROLE

Provides high-level policy direction.

HOW IT GUIDES ORG DECISIONS

Informs priorities, plans, actions and investments at all levels of the organization.



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**WHAT IT IS**

A framework to ensure sound fiscal management.

WHY IT MATTERS

Serves as the foundational pillars for decision-making and financial management. The framework creates continuity, sets clear boundaries for staff actions and strengthens long-term strategic planning and risk management.

COUNCIL ROLE

Provides high-level policy direction and adopts policy framework.

HOW IT GUIDES ORG DECISIONS

Provides structure for a wide range of financial and budgetary topics which are incorporated into the financial activities and processes of the organization.



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**WHAT IT IS**

Defines which public services should receive attention, funding, and resources first, based on strategic goals, public need, and available capacity.

WHY IT MATTERS

Directly shapes how limited resources are directed to outcomes.

COUNCIL ROLE

Provides high level policy direction.

HOW IT GUIDES ORG DECISIONS

Informs resource allocation and budget development for the organization.



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WHAT IT IS

A structured assessment that identifies service, programs, projects, or infrastructure needs that the City should provide but currently cannot fund.

WHY IT MATTERS

Creates transparency with residents and decision-makers, helps prioritize future budgets, shows the true cost of maintaining service levels and helps manage risk.

COUNCIL ROLE

No direct role, information used in decision-making.

HOW IT GUIDES ORG DECISIONS

Provides a tool for resource allocation by showing the gap between community needs and what the budget can support.



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WHAT IT IS

Overall state of the organization's financial health, indicating stability or distress.

WHY IT MATTERS

The foundation for decision-making, maintaining stability and delivering reliable services to the community.

COUNCIL ROLE

No direct role, information used in decision-making.

HOW IT GUIDES ORG DECISIONS

Provides a clear picture of revenues, expenditures, and future obligations at a point in time to build balanced budgets and identify future risks.



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WHAT IT IS

An approach used to plan, develop, allocate and manage the biennial budget.

WHY IT MATTERS

Ensures consistency, fairness, transparency, and financial sustainability, allowing for informed decisions and helps the community understand how resources are spent.

COUNCIL ROLE

No direct role, information used in decision making.

HOW IT GUIDES ORG DECISIONS

Integrating service prioritization, strategic plan alignment and other factors helps shape service levels in relation to available resources.



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WHAT IT IS

A range of “levers” to address financial stability including service reductions, revenues, annexation, bonds, economic development, and tax reform.

WHY IT MATTERS

Core tools to help with financial sustainability while delivering services expected by the community that create flexibility, resilience and long-term sustainability.

COUNCIL ROLE

Provides high level policy direction.

HOW IT GUIDES ORG DECISIONS

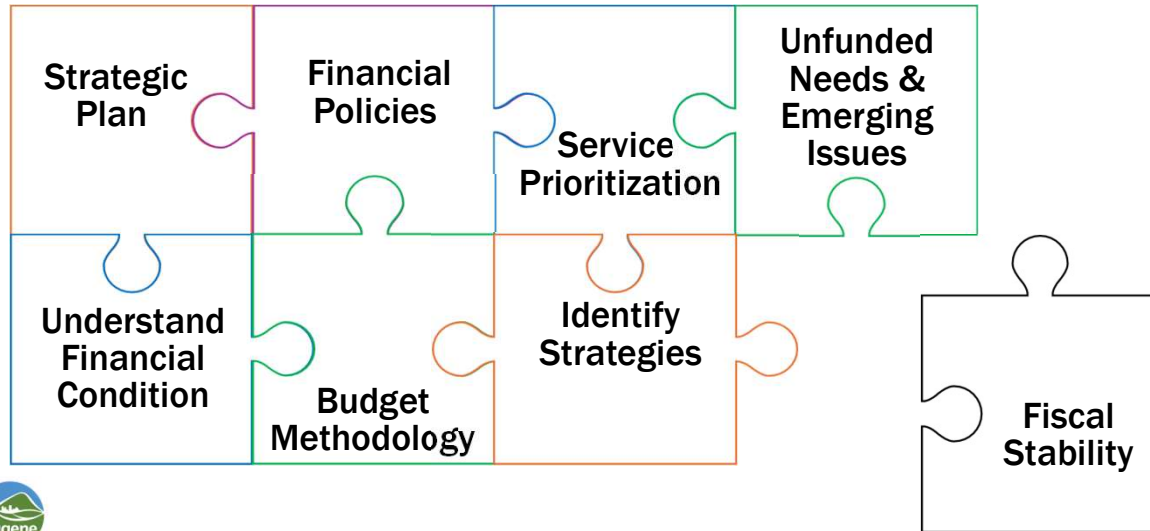
Financial strategies shape what is possible, what is sustainable, and identify trade-offs.



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Fiscal Stability



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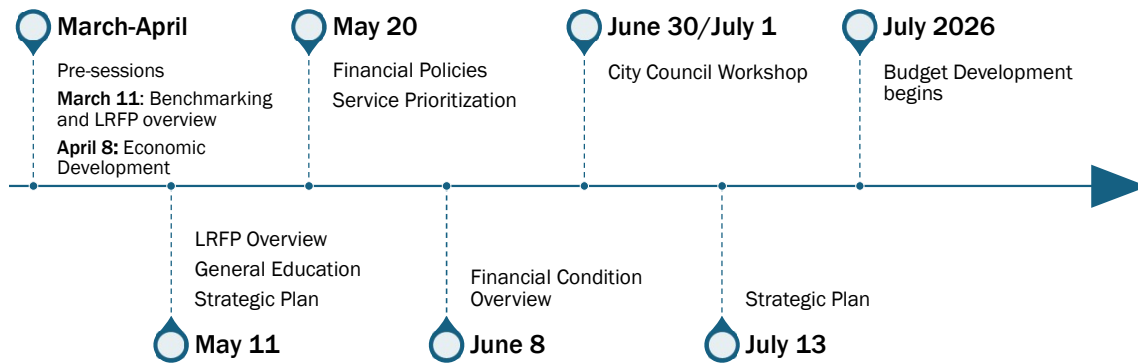
Summary and Feedback



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LRFP City Council Timeline



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Discussion

- Questions about information presented or approach?
- What additional information would be helpful to inform the LRFP process and workshop?



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