MINUTES

Eugene City Council
McNutt Room—City Hall
777 Pearl Street—Eugene, Oregon

June 20, 2012
Noon

COUNCILORS PRESENT: Betty Taylor, Andrea Ortiz, George Poling, Mike Clark, Chris Pryor, Alan Zelenka.

COUNCILORS ABSENT: George Brown, Pat Farr.

Her Honor Mayor Kitty Piercy called the June 20, 2012, work session of the Eugene City Council to order.

Mr. Zelenka submitted two resolutions to the council, one opposing the passage of coal trains through Eugene and one calling for the use of the Clean Air Act to reduce greenhouse gas emissions. Mayor Piercy anticipated the resolutions would be scheduled for council consideration soon.

A. WORK SESSION: Sustainable Budget Discussion

The council was joined by members of the City's executive team: Assistant City Manager/Acting Planning and Development Department Director Sarah Medary, Public Works Director Kurt Corey, Fire Chief Randy Groves, Central Services Department Director Kristi Hammitt, Library, Recreation, and Cultural Services Director Renee Grube, and City Attorney Glenn Klein.

Finance Director Sue Cutsogeorge led the council through a PowerPoint presentation titled *Sustainable Budget Discussion* that set out sustainable budget concepts, highlighted recent discussions about new revenues, and outlined City Manager Jon Ruiz's approach to the fiscal year 2014 budget. City Manager Ruiz shared a timeline for the development of the budget, which included a possible revenue measure.

Mr. Clark expressed disappointment that the council was not having a strategic discussion on how to increase the tax base by increasing the amount of taxable property. He regretted the lack of a link between Envision Eugene and the budget discussion. He did not envision that the voters would support a new tax. City Manager Ruiz reminded Mr. Clark that the Joint Elected Officials Regional Prosperity Report spoke to expanding the economic base and staff was working toward that goal. He promised to return with more information.

Ms. Taylor suggested that the council eliminate tax exemptions to grow the base. She also suggested a tie between higher service costs and more growth. She was glad the council had moved forward with a measure for road repairs but did not otherwise support such dedicated revenues. She requested more information about the potential yield from a payroll tax, which would capture revenue from non-City residents. Ms. Taylor also wished to a personal income tax affecting those making more than $100,000 annually. She did not think low-income people would vote for a tax that affected them.

Ms. Taylor also supported a business license tax and asked for more information about Portland's business license tax. She asked if Eugene could collect its tax in the same manner as Portland. She added that she thought Eugene could learn from Portland's approach to taxing.

Mr. Pryor expressed appreciation for the staff's effort. He believed the council should continue to demonstrate that it was spending the public's money in the most responsible way possible. The council should keep public acceptance in mind in regard to any taxing options and avoid unilateral action. He said the council should also consider the consequences of its decision. Some properties cost more to serve than other properties and the council must find a balance between those uses that provide a net gain and those that did not so it could support all uses.

Mr. Poling believed the City had demonstrated fiscal responsibility in recent years. However, he was hesitant to offer the voters a new tax. If the council proceeded with such a tax he believed it was important that the funding be earmarked for basic services to win public support.

Mayor Piercy believed the road measure demonstrated that the public felt it had an investment to protect. She thought there were similar services where the City could lose its investment if it was not protected, which could help initiate a conversation with the voters. Human services could be couched in terms of investment in the family. She believed the council needed to take a practical approach that spoke to why services made a difference in the lives of residents.

Mr. Zelenka suggested that the City's outstanding needs should be quantified and prioritized before the council approached the community about its willingness to invest in services. He believed that specific needs and services should be tied to a specific funding source. He advocated for easily understandable revenues with low administrative costs.

Ms. Ortiz asked if a fire taxing district would be part of the council discussion. City Manager Ruiz said yes.

Ms. Taylor hoped the City shared the presentation with the neighborhood associations.

Ms. Taylor distinguished between temporary revenues intended to address a specific need like road repairs and more permanent revenues. She did not like dedicating revenues to specific uses because the council did not know what all the future service needs would be. She believed that if the council requested general purpose money it could point to what it planned to spend it on.

Mr. Pryor suggested the challenge with asking the voters for long-term funding was that the council could not always state how the money would be spent. He believed short-term, one-time funding was a simple conversation. A conversation about creating sustainable long-term funding was very difficult because it involved the community's trust. He anticipated the council would need to reexamine its policies if it wished to have such a conversation to clarify those policies for the public and build trust.

Recognizing the time and effort it would require, Mayor Piercy emphasized the importance of a real community conversation about the City's financial status, what the council was attempting to accomplish, and why.

Mr. Zelenka pointed out the City had done things differently and reduced its budget over the past several years. There was more to do, but it was at the margins. Unless the City had more money, the council would have to reduce services. He acknowledged challenging economic times and suggested that as things turned around, it would be a good time to have the community conversation. He agreed there was

a need for a new revenue source but it needed to be specific and constrained. Then the council could talk with the community about the value of the investment and why voters should support it.

Mayor Piercy suggested that the community conversation could also include discussion about what the City had lost and what it was losing. She cited human services as an example. She said families did better if cultural activities were available and if parks were opened, but the City was cutting back on those basic services, which she believed had a human services element. She said as the council looked to services to add it needed to keep in mind that it was losing ground in other areas, and that should be part of the conversation.

Ms. Taylor agreed with Mayor Piercy's remarks. She said there were many services such as schools and parks that some citizens did not use but they were important services to the community. She asked if the City was going to ask the voters if it supported the current service mix.

Ms. Taylor recommended that the City advocate for a real estate transfer tax at the State legislature.

Mayor Piercy recommended the council also consider partnerships with other agencies as a means to accomplish some of its goals.

Mr. Pryor recommended that the council prioritize services to inform the community discussion.

Mr. Zelenka suggested that staff quantify the outstanding funding issues identified in slide 9 of the presentation prior to the council's priority discussion.

Mr. Clark also supported holding a priority discussion. He believed it would add to public confidence.

Mayor Piercy recommended that the City publicize the proposed process on the Web site in a manner that was accessible to the public.

Mayor Piercy adjourned the meeting at 12:59 p.m.

Respectfully submitted,

Beth Forrest

Beth Forrest
City Recorder

(Recorded by Kimberly Young)