



MEMORANDUM

Date: April 14, 2011
To: Mayor and City Council
From: Jon R. Ruiz, City Manager
Subject: Council Workshop: Long-Term Financial Stability

Summary

Throughout the past couple of years, council has continued to focus on the goal of long-term financial stability while working toward addressing the General Fund gap. Council has emphasized the importance of addressing the financial deficit by looking for on-going solutions rather than one-time strategies as we work toward achieving financial stability. Over the past 8 months, you have discussed several unmet needs such as:

- A sustainable funding solution for the Ambulance Transport Fund.
- A parks, recreation and open space facilities capital plan and funding strategy.
- A parks maintenance funding strategy.
- A City facilities capital replacement and maintenance funding strategy.

A purposeful focus on understanding the scope and magnitude of these and other funding challenges is critical to developing a long-term strategy for financial stability.

As noted previously in the General Fund forecast you received recently, we still have significant funding gaps to address. This council discussion is designed to continue a conversation about the City's revenue portfolio, and the mix of services that it provides. Council will be asked to discuss a process for exploring potential revenue options as we move toward the goal of building a long-term sustainable budget.

Meeting Format

The format for this meeting will be a workshop style, with participants sitting in a circle at a large table in the McNutt Room. I have invited the Meeting the Challenge Task Force members, the Executive Team and Finance staff to join council for this discussion.

Background Materials

We have provided several pieces of background material for your discussion. Finance staff will present this information briefly at the meeting.

General Fund Forecast: This memo was sent to the Budget Committee recently, and is included again as Attachment A.

Multi-Year Financial Plan: The organization has quite a few unmet needs for funding, which have been compiled in the Multi-Year Financial Plan. An updated MYFP is included as Attachment B. This newly-formatted MYFP highlights ten items for the organization to focus on over the next several years. The list of other items is included in a shortened form.

Meeting the Challenge Task Force Report: The MTC Task Force met several times in late 2009 to discuss potential new revenue sources for the City. The report is included as Attachment C.

Proposed Next Steps

1. Solicit input from the Budget Committee's citizen members during the May budget meetings. The proposed charge for those discussions is:

The Budget Committee is requested to provide general input to inform future City Council discussions on efforts to fund important service priorities and to fill the budget gaps. The results of this discussion will be taken into account by City Council as they have continued discussions about long-term financial stability in June.

2. Schedule a City Council work session prior to the end of the fiscal year to discuss the process for moving forward with long-term sustainable budget discussions.



Central Services
Finance Division

MEMORANDUM

City of Eugene
100 W. 10th Ave, Suite 100
Eugene, Oregon 97401
(541) 682-5589
(541) 682-5802 FAX

Date: March 29, 2011

To: Budget Committee Members

From: Sue Cutsogeorge, Finance Director

Subject: FY12 to FY17 General Fund Six-Year Financial Forecast

Introduction

The General Fund Six-Year Financial Forecast is a tool used to determine whether the budget will be structurally balanced in the long run (i.e., will revenues be equal to or greater than expenditures each year), or if adjustments will need to be made to ensure a sustainable service system. The forecast information in this memo is based on the FY12 Proposed Budget. Details about the FY12 Proposed Budget will be provided to you when the budget document has been printed, and the City Manager will present the proposed budget on April 27. This memo on the forecast is presented in advance of that budget document so that you can begin thinking about the financial condition of the General Fund a little bit earlier than receipt of the budget itself.

Background and History

In FY10 and FY11 we faced a deteriorating financial condition due to several factors including the economy in general, loss of our largest employer (Hynix), significant wage increases, revenue shortfalls in a variety of areas, and added services without corresponding on-going revenues to fund them. We also faced significant cost increases due to two factors: the library levy expiration and projected PERS rate increases in FY12 and FY14. These items have been anticipated for several years, and the City has been working to address the impacts through budget actions taken in FY10 and FY11.

In response, the City Manager proposed an FY10 budget that was designed to make progress towards achieving a sustainable budget over time. The budget included \$12 million of budget adjustments that were developed using three principles: maintain services to the community, incur no layoffs, and live within our means. The budget also recognized that an estimated \$5.9 million of additional adjustments would be needed in FY11 in order to continue the work towards financial sustainability.

The City Manager's FY11 Budget continued that philosophy with an approach to minimize the impacts on services and employees while developing a stable budget. The budget included a mix of balancing strategies in the General Fund totaling \$5.7 million. The FY11 budget also incorporated \$1.1 million in strategic investments, such as improvements to downtown public safety and support for the Ambulance Transport Fund. During those two years, the City reduced the number of positions by almost 80,

bringing the ratio of FTE per 1,000 of population to the lowest level in 25 years. We were predicting last year that we had a stable, structurally balanced budget as a result of those actions, but subsequent economic conditions have once again changed our outlook.

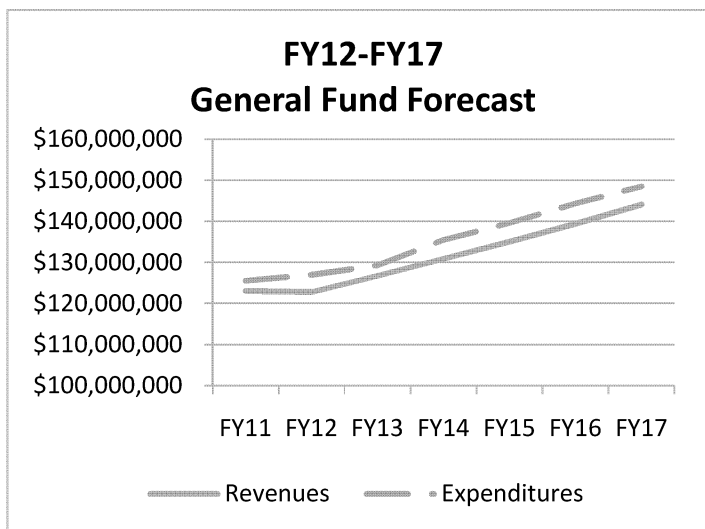
Updated FY12-17 Base Forecast

The General Fund Forecast for FY12 through FY17 has been updated to determine how the City’s financial situation has developed since last year’s forecast. This updated forecast includes the results of the FY10 audit, as well as additional information on property taxes and other revenues, PERS costs, and other economic indicators including inflation factors.

The updated forecast also includes the FY12 Proposed Budget items, which will be set out in the City Manager’s Budget Message. The overall approach to preparing the FY12 budget was to take steps to reduce the gap that has developed, while recognizing that the economic situation is very uncertain at this time, and continuing to provide the important services that our community prioritizes.

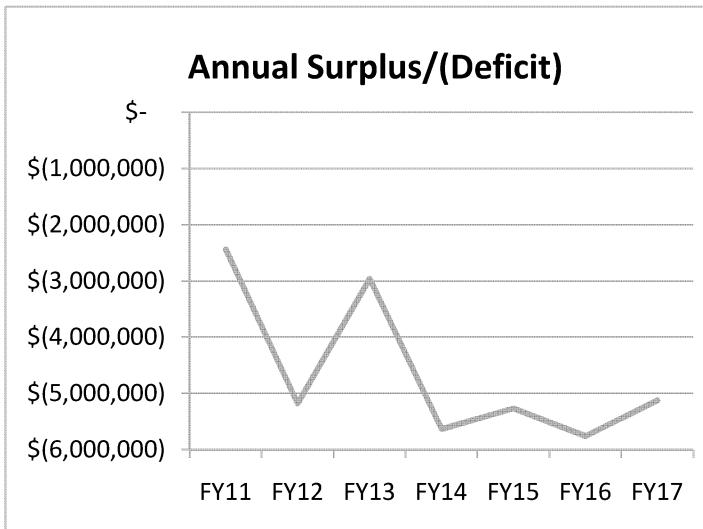
Our prediction of revenues and expenditures under the FY12-FY17 Forecast is shown in the graph below. You will note that although progress has been made towards achieving a stable budget, expenditures still exceed revenues through the forecast period. Last spring, the actions taken in the FY11 budget strategy were expected to result in a stable budget over the forecast period. Over the past year, however, several factors including the prolonged economic downturn have caused a gap in our budget once again.

The greatest single change in the forecast is the downward revision in property tax revenue. Current estimates for FY11 property taxes have been reduced from \$78.5 million in the FY11 Adopted Budget to \$76.5 million based on updated information from the Assessor, a drop of \$2 million.



Overall, assessed value was projected in the previous forecast to grow by 4.2% per year. Actual FY11 assessed value growth was only 1.5%. The category with the biggest drop in property taxes was large industrial property, including the Hynix plant. The assessed value of the Hynix property decreased 52.7% which resulted in a General Fund tax decrease of about \$0.9 million. If the impact of the change in Hynix value is excluded, the increase in assessed value for all other properties was just 2.5%.

In addition to accounting for lower assessed value in the current year, the forecast assumes a reduced growth rate in property taxes in each of the future years. The length and depth of the recession has been greater than anticipated a year ago when we last prepared a forecast and is not expected to turn around in the near future. Many factors impact assumptions around future property tax growth including credit market conditions, the housing market and construction starts. There are a range of possibilities that could unfold as we move through the forecast period. We have chosen to use a growth rate that is closer to the FY11 experience, rather than assuming that growth will return to the longer-term average in the near future.

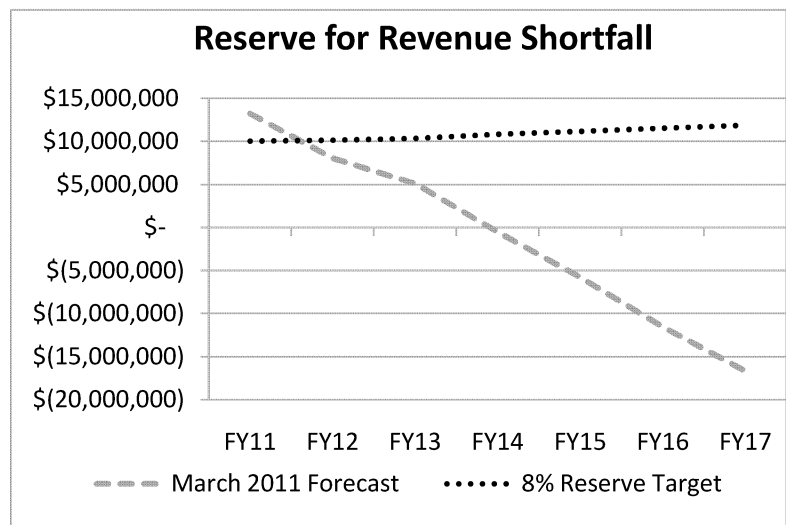


Compounding the reduced growth rate for property tax revenues are the potential impacts of property tax appeals. We are currently awaiting decision on appeals by Hynix (a portion of their enterprise zone penalty payment, which is a one-time effect) and Comcast (a significant reassessment in FY10, with potential on-going impacts). Because of the uncertainty around the outcome and timing of these appeals and the magnitude of the potential revenue loss, we have once again set aside \$1 million in a reserve for property tax appeals in the FY12 Proposed Budget.

There are many other variables influencing the forecast. Attachment A includes current information and assumptions on the major forecast variables.

Projected Reserve Balances

In addition to looking at the annual surplus or deficit, it is also important to keep the reserve balances in mind. Last year's forecast projected that the Reserve for Revenue Shortfall would remain at around \$10 million over the forecast period, which represents about 7% of General Fund expenditures. With the deterioration of the economy and other factors mentioned above, the picture this year looks quite different.



The current General Fund Forecast includes a Reserve for Revenue Shortfall balance that starts at \$13 million in FY11 (10.5% of expenditures) and is drawn down to a negative \$16 million (negative 11.2% of expenditures) by the end of the period. You may recall that the recommended target for the reserve balance is 8% of expenditures, based on comparisons of Eugene to its own history, comparisons with other similar jurisdictions, and with rating agency median reserve levels.

Next Steps

Through the General Fund update process, we have been able to adjust course as needed to address emerging trends in our constantly changing environment. As an example, when the immediate impact of lower property tax revenues became clear this past fall, departments were directed to under spend their FY11 budgets by a minimum of 1% or about \$1 million. These savings will help mitigate the unexpected deficit in the current year and help set the stage for a more streamlined approach to budget decision making for FY12.

Although we've made significant progress and have a plan that will help bridge the next year, our financial gap won't be completely eliminated. Our approach to FY11 and FY12 budget actions will allow the organization to get a head start on identifying ways to achieve a stable budget by FY13. Part of the solution to achieving a sustainable budget may include our continuing conversation about new revenue sources. In this time of uncertainty over the length or depth of the economic downturn, there is the opportunity due to our current financial position to deliberately plan for future actions while we monitor economic activity for impacts to the forecast.

The City Manager will present his FY12 Proposed Budget at the Budget Committee meeting on April 27, 2011. The General Fund forecast will also be reviewed at that meeting and you will have the opportunity to ask questions. Attachment A includes details about the forecast assumptions and Attachment B is a summary of the FY12-FY17 General Fund Forecast. If you have any questions before then, I can be reached at 541-682-5589.

Attachments:

- A. Forecast Variables Assumptions in the FY12 to FY17 General Fund Forecast
- B. Updated FY12-FY17 GF Forecast

Forecast Variables in the FY12 to FY17 General Fund Forecast

Assessed Value – FY11 assessed value growth was only 1.5% including the effect of a revaluation of the Hynix plant, which is significantly below historic levels. The FY12 assessed value growth rate is projected to be 3.2% with the growth rate increasing each of the remaining years of the forecast.

Property Tax Collection Rate - The projected property tax collection rate is estimated at 93.75% for FY11 and 94.0% for FY12. The actual collection rates for FY07 and FY08 (after excluding the effect of the multi-year property tax refund made to Hynix in FY08) were approximately 95%, with the collection rate for FY09 dropping to 94.75% and 93.75% in FY10. The collection rate is projected to improve slightly for FY12 and stay flat at 94.0% for the remaining years in the forecast.

Property Tax Revenue - Total property tax revenue, including current and delinquent taxes, is projected at \$78.4 million in FY11, \$80.2 million in FY12 and \$94.8 million by FY17, after taking into account the assessed value changes and property tax collection rates explained above.

EWEB Contributions-in-lieu-of-taxes (CILT) - Revenue from EWEB is projected by EWEB staff at \$11.5 million in FY11 and continues to build to \$14.2 million annually by the end of the forecast. These estimates incorporate future anticipated rate increases, the anticipated closure of the steam system by June of 2012 and flat wholesale revenues.

Franchise Fees - Right-of-way fees from Qwest, NWNG, Comcast and other providers are included at \$6.0 million in FY11, increasing to \$6.8 million annually by FY17.

Interest Earnings - Portfolio interest earnings are projected at 0.75% in FY11, 0.65% in FY12 and slowly increasing in the out years of the forecast to 2.5% by FY17.

State Shared Revenues - This revenue is projected to increase from \$3.7 million to \$4.4 million over the forecast period.

Inflation Rates – Inflation rates beginning in FY12 are pegged at the inflation percentages used by the State Office of Economic Analysis in their February 2011 Forecast. The FY12 rate starts at 1.8%, increases to 2.0% in FY13 and fluctuates at just over 2% through the forecast period.

Cost of Living Adjustments – If a labor contract is in place, the forecast includes the COLA per the contract. If no contract is in place for a particular year, the forecast assumes the State Office of Economic Analysis inflation projections from their February 2011 forecast.

Materials & Services – Materials and services were held flat in FY11. The FY12 rate is 1.8%, and increases beginning in FY13 are tied to the inflation percentages used by the State Office of Economic Analysis in their February 2011 forecast.

Health Benefits - Based on preliminary projections from the City's actuary the cost of health benefits in FY12 is expected to increase by 10.7%, and by 9% each year thereafter.

Retirement Costs – The forecast includes the PERS rate increase of 3.46% of payroll in FY12 based on the actuarial valuation from calendar year 2009 data. PERS also projects an additional increase of 6% of payroll in FY14 which is included in the forecast.

Growth and Service Additions The FY12 proposed Budget will include some strategic one-time appropriations and a couple of targeted on-going additions based on Council priorities. These will be set out in the FY12 Proposed Budget. The forecast includes no general amounts for new or expanded services in future years.

Library Local Option Levy - The Library Local Option Levy approved in November 2006 was approximately half the size of the previous levy. In FY08 and FY09 half of the library services previously funded by the prior levy were absorbed in the General Fund. In FY12, levy funding is no longer available and the remaining costs of those services have been included in the General Fund.

Updated FY12-FY17 General Fund Forecast

GENERAL FUND SIX-YEAR FINANCIAL FORECAST, FY12 THROUGH FY17
 Budget Committee Memorandum
 March 30, 2011

Executive Summary: Resources and Requirements

	Actual FY09	Actual FY10	Estimated FY11	Proposed FY12	FY13	FY14	Forecast FY15	FY16	FY17									
Resources																		
Beginning Working Capital	\$	28,125,557	\$	29,715,719	\$	36,868,945	\$	34,386,026	\$	30,206,000	\$	27,635,000	\$	23,031,000	\$	18,456,000	\$	13,493,000
Current Revenues		121,397,349	124,145,149	123,078,482	122,820,205	126,770,000	130,900,000	135,055,000	139,413,000	144,083,000	149,522,906	153,860,868	159,947,427	157,206,231	156,976,000	158,086,000	157,869,000	157,576,000
Total Resources																		
Requirements																		
Personnel		83,473,931	83,755,076	87,666,617	92,414,972	95,020,000	100,441,000	103,914,000	107,844,000	111,123,000	32,136,486	28,702,871	31,289,077	29,093,814	29,399,000	30,021,000	30,768,000	31,450,000
Materials & Services																		
Departmental Expenditures		115,610,416	112,457,947	118,955,694	121,508,786	124,419,000	130,462,000	134,682,000	139,294,000	143,300,000								
Reappropriation & Encumbrances																		
Non-Departmental Expenditures	(1)	4,196,770	4,513,331	6,605,707	5,491,807	4,922,000	5,042,000	4,948,000	5,082,000	5,214,000								
Total Expenditures		119,807,187	116,971,278	125,561,401	127,000,593	129,341,000	135,504,000	139,630,000	144,376,000	148,514,000								
Change in UEFB	(2)	119,807,187	116,971,278	(46,776)	996,776	390,000	1,027,000	688,000	791,000	690,000								
Total Expenditures plus Change in UEFB				125,514,625	127,997,369	129,731,000	136,531,000	140,318,000	145,167,000	149,204,000								
Annual Operating Surplus/(Deficit)	(3)	1,590,162	7,173,871	(2,436,143)	(5,177,164)	(2,961,000)	(5,631,000)	(5,263,000)	(5,754,000)	(5,121,000)								
Ending Fund Balance																		
UEFB at June 30	(4)	20,490,000	20,200,000	20,153,224	21,150,000	21,540,000	22,567,000	23,255,000	24,046,000	24,736,000								
Reserves																		
Reserve for Revenue Shortfall	(5)	9,225,719	16,689,590	13,232,802	8,055,638	5,095,000	(536,000)	(5,799,000)	(11,553,000)	(16,674,000)								
Other Reserves			1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000								
Total Reserves			14,232,802	9,055,638	6,095,000	464,000	(4,799,000)	(10,553,000)	(15,674,000)	(15,674,000)								
Total Ending Fund Balance	(6)		34,386,026	30,205,638	27,635,000	23,031,000	18,456,000	13,493,000	9,062,000									
Total Requirements	(7)	140,297,187	137,171,278	159,947,427	157,206,231	156,976,000	158,535,000	158,086,000	157,869,000	157,576,000								

Notes:

- (1) Non-Department Expenditures includes Contingency.
- (2) Increase necessary to keep Unappropriated Ending Fund Balance at Council adopted policy level of two months of operating expenditures, excluding reserves and contingency.
- (3) Annual Operating Surplus/Deficit equals Current Revenues less Total Expenditures including Change in UEFB.
- (4) Per Council policy UEFB equals two months operating expenses (total department & non-department expenditures).
- (5) Assumes any annual surpluses are set aside and used to fully or partially fund any future operating deficits.
- (6) Total ending fund balance equals UEFB plus total reserves.
- (7) Total requirements equals total expenditure plus UEFB plus total reserves.
- (8) FY11 Reserve includes \$200K for Olympic Trials and \$1M for potential Hynix/Comcast Refund

RRSF as a % of Expenditures: 7.7% 14.3% 10.5% 6.3% 3.9% -0.4% -4.2% -8.0% -11.2%

City of Eugene

Multi-Year Financial Plan

FY12 to FY17

April 14, 2011

Table of Contents

Introduction... 1

What the Multi-Year Financial Plan Does... 1

Recommended Prioritization... 2

Summary Table of High Priority Items, by Service Category... 2

How the Strategic Financial Plan is Assembled... 3

Coordination with the Capital Improvement Program... 3

How Items are Presented... 4

Details on High Priority Items

- General Fund Shortfall... 5
- Ambulance Transport Fund Shortfall... 6
- Parking Fund Stabilization... 7
- Parks & Open Space Maintenance and Operations Capacity... 8
- Deferred Maintenance... 9
- Echo Hollow/Sheldon Pool Systems Preservation... 10
- Pavement Preservation Backlog... 11
- Envision Eugene – Technical Work... 12
- Jail Bed Additions... 13

Listing of Additional Items... 14

Introduction

The Multi-Year Financial Plan (MYFP) is an annual compilation of significant unfunded financial challenges and opportunities that the City of Eugene is expected to encounter over the next six years. The MYFP is a practical tool to assist strategic thinking and planning.

The 2012-17 MYFP lists fifty individual items. The majority of these items include estimated unfunded costs, but several items are placeholders with as-yet-to-be determined costs. If all those items with estimated costs were funded they would total about \$281 million over the next six years. Given the status of the economy in recent years, along with significant needs facing our governmental partners and the length of time and process needed to implement new revenue sources, it is unlikely that the City will be able to fully fund all of the items in the MYFP. Therefore, it is recommended that certain items be designated as the highest priority for funding in the near-term.

In this draft plan, nine items are recommended for highest funding priority. If these highest priority items were totally funded, costs would total about \$134 million over six years. The additional items, if fully funded, would total an additional \$147 million (not including placeholder items). Altogether, current estimates for all items with estimated costs would total \$281 million over six years.

What the Multi-Year Financial Plan Does

The MYFP is intended to provide a number of important benefits.

- Linking of Council Goals process, many separate planning and facility management documents, General Fund Forecast and other fund forecasts.
- Making the best use of available election dates.
- Better strategic, long-range planning.
- Understanding of operational impacts of capital expenditures and maintenance-deferral decisions.
- Provision of a better framework for the budget process and Capital Improvement Program.
- Maintenance of a comprehensive inventory of unfunded challenges and opportunities.
- Allowance of more time to prepare for expected problems.
- Creation of an advanced detection system for funding “gaps” and likely fiscal challenges.
- Facilitation of an organizational culture for “thinking ahead”.
- Understanding and weighing alternative uses for the City’s available financial resources.
- Help to accomplish Council’s goal of “Fair, Stable and Adequate Financial Resources”.
- Evaluation of the need for possible new revenue.
- Providing direction to staff on where to focus their efforts.

Recommended Prioritization

In light of limitations of financial resources and the many unfunded needs identified in the MYFP, choices must be made about which items to focus on over the next several years. Items recommended for high priority treatment are based on several considerations including: the level of commitment the City may already have regarding a particular item; judgment about the level of new funding that the community might be willing to discuss and approve over the near future; preservation of prior City investments in infrastructure and facilities; the potential impact of funding or not funding on core City services; and the ability of the City to sustainably fund an item over time. These recommendations are a starting point for discussion by Executive Managers, Budget Committee, City Council and citizens, and subsequent budgetary and election sequencing decisions.

Summary of Recommended Highest Priority Items

The following items are recommended for highest priority consideration. Detailed information on each of these items is included in this document.

Note: Amounts shown are in \$1,000s.

<i>Plan Category</i>	<i>Service Category</i>	<i>Title</i>	<i>Brief Description</i>	<i>Total Unfunded Need</i>
General Fund Shortfall	General Fund	General Fund	Resources needed to continue General Funded services over the next six years.	26,113
Continuing Current Services	Emergency Medical/Fire Services	Ambulance Transport Fund Shortfall	The Ambulance Transport Fund is currently operating at an annual financial deficit, primarily due to reduced levels of reimbursement from Medicare and Medicaid.	7,843
	Parking	Parking Fund Stabilization	The Parking Fund forecast shows that the fund will not have the resources for \$3.4 million in capital major maintenance projects scheduled in the CIP for FY13 through FY15. Parking program staff has identified rate changes and additional operating efficiencies in the fund forecast, but these actions will not to fully eliminate the projected shortfall.	3,475
Preserving and Maintaining Existing Assets	Parks and Open Space	Parks & Open Space Maintenance & Operations Capacity	The voter-approved increase in the park and natural area system in recent years has resulted a rapidly growing number of assets without sufficient funding to maintain these assets	12,000
	Public Buildings & Facilities	Deferred Maintenance	This item is for unfunded General Fund building maintenance needs. This estimate assumes that building capital preservation resources are increased by \$100,000 per year through FY17. These unfunded costs do not include deferred maintenance costs for current City Hall; those costs will be accommodated within the City Hall project funding.	14,416
		Echo Hollow/Sheldon Pool Systems Preservation	This item will fund major repair or replacement of pool water supply piping and gutter drain systems pools and stabilization of deteriorating pool shells at Echo Hollow and Sheldon Pools.	2,500

<i>Plan Category</i>	<i>Service Category</i>	<i>Title</i>	<i>Brief Description</i>	<i>Total Unfunded Need</i>
Preserving and Maintaining Existing Assets	Transportation	Pavement Preservation Backlog	The 2010 Pavement Management Report listed the City's backlog of needed pavement preservation projects at over \$150 million. In May 2007, the Council Subcommittee on Transportation Funding Solutions recommended a total yearly pavement preservation funding target of \$18 million. Unfunded amount shown is net of local motor vehicle fuel tax revenue, Transportation SDC reimbursement revenue, and 2008 Street Bond revenue. The Street Bond expires in FY14.	64,450
Implementing Adopted Plans or Policies	Metro and Community Planning	Envision Eugene – Technical Work	The purpose of Envision Eugene is to develop a comprehensive set of growth strategies to meet the city's 20 year land needs. There will be a need for substantial technical assistance to develop these future implementation measures. This item doesn't include funding for as yet undetermined projects to implement the plan.	1,500
	Municipal Court	Jail Bed Additions	This item will support the addition of 10 ongoing jail beds dedicated for housing Eugene Municipal Court offenders. Costs include leasing 10 beds located within the Springfield Jail facility, contractual court appointed attorney time, contractual city prosecutor time and related staff time. The jail beds will support the Downtown Safety Initiative and associated initiatives for adding police officers. One-time funding of \$350,000 is provided in FY12.	1,855
			Total	134,152

How the Multi-Year Financial Plan is Assembled

Each year, City departments identify significant unfunded opportunities and challenges that may arise within the next six years. Items may be for service or capital purposes. They may be based on a city goal or policy, or a report or plan. To be included in the MYFP an individual item must have an unfunded cost of at least \$250,000 in any one year of the six-year period. Placeholder projects with a significant but undetermined unfunded cost that is likely to be \$250,000 or more in any year may be included.

The compiled items are then reviewed and discussed by the Executive Managers, who make a final determination on which items will be included and which will be prioritized.

Coordination with the Capital Improvement Program

The Capital Improvement Program and the MYFP are closely coordinated but have different uses. The CIP is formally adopted by the City Council, and provides the basis for preparation of the City's Capital Budget for the following two years. It also serves as a long-term planning tool for unfunded small or large capital projects.

The MYFP is presented by the City's Executive Managers and is not formally adopted. It serves as a comprehensive, flexible planning resource and tool to support strategic thinking and planning for a range of unfunded capital and non-capital needs. The MYFP includes non-capital items as well as items with capital costs. Capital projects proposed for funding in the CIP may have associated unfunded costs for operations or

preservation & maintenance shown. Unfunded costs for capital projects in the CIP may also appear in the MYFP.

The Capital Improvement Program document contains information that supplements the information in the MYFP. That document includes descriptions of specific plans, processes, funding sources and restrictions associated with capital projects, a summary of the City's Financial Management Goals and Policies that apply to capital projects and a review of the City's debt capacity and debt policies.

How Items are Presented in the MYFP

The items recommended for highest funding priority each are presented with full details. In an effort to focus and reduce the length of the document, the remaining items are presented in a table form with summary descriptions and summed annual estimated unfunded costs. Additional details can be provided about any of these other items upon request.

All items fall within five general plan categories.

1. Continuing Current Services
2. Preserving and Maintaining Existing Assets
3. Achieving Efficiencies or Long Term Cost Savings
4. Implementing Adopted Plans or Policies
5. Improved or Expanded Services Not Part of an Adopted Plan

Within each plan category items are organized more specifically by service category.

Unfunded costs for each year are shown for each item, net of any potential revenue or savings that would be expected. Three types of costs may be shown:

- Capital costs are those costs that would be incurred by a capital project, which is the acquisition or extension of the useful life of a fixed asset with a life expectancy greater than one year.
- Facility Operating costs is the costs of operating a building, site improvement or other fixed asset. This usually includes ongoing maintenance costs and the cost of utilities servicing the asset. Some minimum level of facility costs is unavoidable for every City asset. New capital projects imply additional facility costs.
- Program Operating costs include the cost of performing program activity and delivering the particular City services. New or continuing program costs may or may not be associated with capital projects and facility costs.

General Fund Shortfall

Service Category: Governmental Services

General Fund Shortfall

Project Description: The General Fund Six Year Financial Forecast provides estimates of future resources that will be available for operating expenditures. The unfunded amounts shown are the amounts needed to get to a structural balance where revenues equal or exceed expenditures and there is an 8% Reserve for Revenue Shortfall by FY17.

Project Status: *Not Started* - In 2007-12, 2008-13, 2009-14, 2010-15, 2012-17 MYFP.

Estimated Costs (\$ in thousands)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>Total</u>
<i>Funding Not Identified</i>							
Operating: Program							
General	-	5,000	5,105	5,222	5,337	5,449	\$26,113
Total	\$0	\$5,000	\$5,105	\$5,222	\$5,337	\$5,449	\$26,113

Neighborhood: Citywide

Ward: Citywide

Specific Plans/Policies Related to this Project:

Financial Management Goals and Policies
Fund Forecast



Looking south over downtown Eugene on a rare snowy evening.

Continuing Current Services

Service Category: Emergency Medical/Fire Svcs

Ambulance Transport Fund Shortfall

Project Description: The Ambulance Transport Fund is currently operating at an annual financial deficit, primarily due to reduced levels of reimbursement from Medicare and Medicaid. These account for about 65% of current transports and the fund is not fully recovering costs. The federal Balanced Budget Act of 1997 shifted much of the financial burden for covered patient transports from the federal government to local providers. The Medicare Modernization Act of 2003 further reduced reimbursements. Medicare HMO capitated payments pay only about half of the standard fee and federal law does not allow billing the patient beyond what is allowable under Medicare and Medicaid. The fund also provides transport services to other patients who are unable to pay. A large portion of these unpaid accounts is sent to collections, but only about 3% is recovered. Additionally, current law states patients must be notified of the cost of the ambulance transport prior to the service being rendered, thus reducing transport call volume due to those choosing to be transported by private vehicle. In late FY09, ambulance transport rates were increased, which temporarily balanced the fund. The fund's FY10 capital contribution of approximately \$330,000 towards the Medic Unit replacement was waived in order to balance the fund. The General Fund provided a \$450,000 subsidy to this fund in FY11 to contribute to ambulance replacement and the FY12 proposed budget is expected to include a \$685,300 subsidy in FY12 which will allow a fleet replacement contribution. Future year's shortfall projections include the annual contributions to Medic Unit replacement.

Project Status: *Not Started* - In 2009-14, 2010-15, 2012-17 MYFP.

Estimated Costs (\$ in thousands)

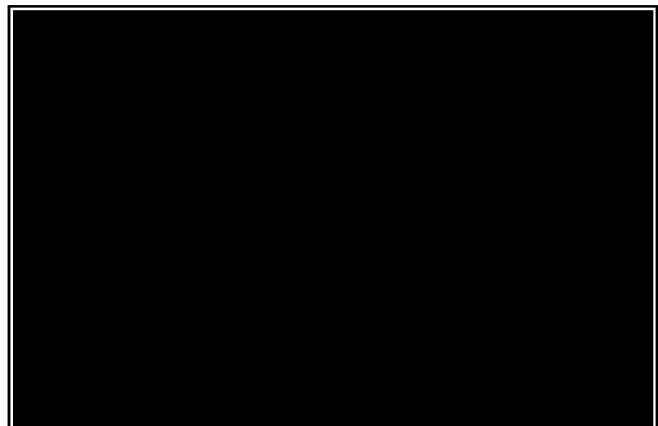
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>Total</u>
Funding Not Identified							
Operating: Program							
General	-	355	1,290	1,670	2,064	2,464	\$7,843
Total	\$0	\$355	\$1,290	\$1,670	\$2,064	\$2,464	\$7,843

Neighborhood: Citywide

Ward: Citywide

Specific Plans/Policies Related to this Project:

Ambulance Transport Fund Study
 Fire & EMS Standards of Response Coverage
 Fire & EMS Strategic Plan 2008-2011



The Ambulance Transport Fund balance will be exhausted in FY12 and significant annual shortfalls are projected in future years.

Continuing Current Services

Service Category: Parking

Parking Fund Stabilization

Project Description: The Parking Fund forecast shows that the fund will not have enough resources for \$3.4 million in capital major maintenance projects scheduled in the CIP for FY13 through FY15. As a result some of these projects may be delayed until funding is available. Parking program staff has identified rate changes and additional operating efficiencies and these are reflected in the fund forecast.

Project Status: *Not Started* - New in 2012-17 MYFP.

Estimated Costs (\$ in thousands)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>Total</u>
<i>Funding Not Identified</i>							
Capital							
Parking	-	2,423	215	837	-	-	\$3,475
Total	\$0	\$2,423	\$215	\$837	\$0	\$0	\$3,475

Neighborhood: Citywide

Ward: Citywide

Specific Plans/Policies Related to this Project:

Facility Condition Reports

Financial Management Goals and Policies



Preserving and Maintaining Existing Assets

Service Category: Parks and Open Space

Parks & Open Space Maintenance & Operations Capacity

Project Description: Over the past 12 years, Eugene's park and natural area system has benefited from a tremendous amount of community support through the passage of two voter-approved park bond measures and a successful donations program, as well as funding from parks System Development Charges (SDCs). These dollars have brought lasting changes to Eugene's landscape including new parks in 17 neighborhoods, expanded and increased connectivity among Eugene's natural areas, and future park sites ready for a growing community. Although Eugene's park and natural area system has increased significantly in just over a decade, the operations and maintenance (O&M) resources needed to maintain these assets have not kept pace with this growth.

The large addition of assets to the park and natural area system without the sufficient O&M funding to maintain these assets has put a strain on the park system. In recent years, POS has been deferring maintenance throughout the system by spreading resources over a much larger area, the result being a rapidly growing number of assets across the system getting less and less attention.

Project Status: *Not Started* - In 2007-12, 2008-13, 2009-14, 2010-15, 2012-17 MYFP.

Estimated Costs (\$ in thousands)

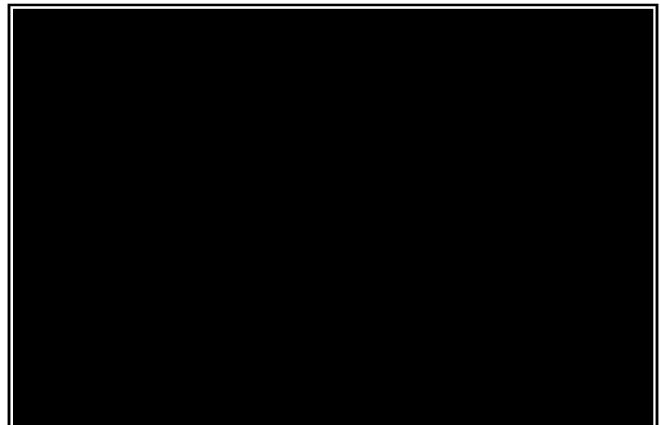
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>Total</u>
<i>Funding Not Identified</i>							
Operating: Program							
General	2,000	2,000	2,000	2,000	2,000	2,000	\$12,000
Total	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$12,000

Neighborhood: Citywide

Ward: Citywide

Specific Plans/Policies Related to this Project:

PROS Comprehensive Plan



The need for park & open space maintenance has grown significantly.

Preserving and Maintaining Existing Assets

Service Category: Public Buildings & Facilities

Deferred Maintenance

Project Description: The City has made progress in addressing deferred maintenance in General Fund buildings. However if the General Fund capital budget continues at present levels, approximately \$20.5 million in unfunded maintenance needs will remain by FY17. This estimate assumes that building capital preservation resources are increased by \$100,000 per year through FY17; the amounts shown reflect the net unfunded level of deferred maintenance. These unfunded deferred maintenance costs do not include the current City Hall. This item assumes deferred costs of maintenance on City Hall will be accommodated within the City Hall project funding.

Project Status: *Not Started* - In 2006-11, 2008-13, 2010-15, 2012-17 CIP. In 2007-12, 2008-13, 2009-14, 2010-15, 2012-17 MYFP.

Estimated Costs (\$ in thousands)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>Total</u>
<i>Funding Not Identified</i>							
Capital							
General	2,308	2,345	2,383	2,421	2,460	2,499	\$14,416
Total	\$2,308	\$2,345	\$2,383	\$2,421	\$2,460	\$2,499	\$14,416

This project is included in the 2012-17 Capital Improvement Program.

Neighborhood: Citywide

Ward: Citywide

Specific Plans/Policies Related to this Project:

Facility Condition Reports

Financial Management Goals and Policies



The Peterson Barn Community Center is just one of 113 buildings and structures totaling nearly 902,000 square feet, with a replacement value of nearly \$190 million, that is maintained by the General Fund.

Preserving and Maintaining Existing Assets

Service Category: Public Buildings & Facilities

Echo Hollow/Sheldon Pool Systems Preservation

Project Description: Major repair/replacement of pool water supply piping and gutter drain systems at Echo Hollow and Sheldon pools and stabilization of deteriorating pool shells. Funding requested by FY14, with construction by FY15. The 2004 Facility Condition Report identified approximately \$700,000 for pool shell deck and piping repairs at Echo Hollow Pool as emerging deficiencies. An engineering analysis at Sheldon Pool completed in 2007 identified \$1,151,000 for complete replacement of pool piping, gutter drainage, and treatment systems to current code. Combined figures have been adjusted for inflation.

Project Status: *Not Started* - In 2008-13, 2009-14, 2010-15, 2012-17 CIP & MYFP.

Estimated Costs (\$ in thousands)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>Total</u>
Funding Not Identified							
Capital							
General	-	-	500	2,000	-	-	\$2,500
Total	\$0	\$0	\$500	\$2,000	\$0	\$0	\$2,500

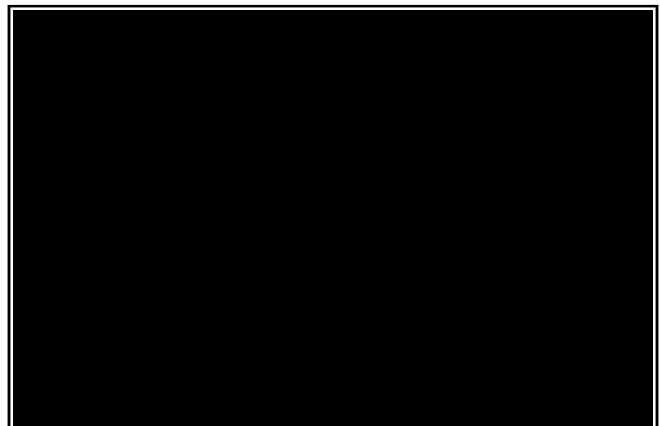
This project is included in the 2012-17 Capital Improvement Program.

Neighborhood: Multiple Neighborhoods

Ward: Multiple Wards

Specific Plans/Policies Related to this Project:

Council Goal - Arts & Outdoors
Facility Condition Reports
Financial Management Goals and Policies
Sheldon Pool Conceptual Master Plan



Echo Hollow Pool

Preserving and Maintaining Existing Assets

Service Category: Transportation

Pavement Preservation Program - Funding for Project Backlog

Project Description: The 2010 Pavement Management Report listed the City's backlog of needed pavement preservation projects at over \$150 million. In May 2007, the Council Subcommittee on Transportation Funding Solutions recommended a total yearly pavement preservation funding target of \$18 million. Unfunded amount shown is net of local motor vehicle fuel tax revenue, Transportation SDC reimbursement revenue, and 2008 Street Bond revenue. The Street Bond expires in FY14

Project Status: *In Progress* - Included in 2008-13, 2010-15, 2012-17 CIP. In 2007-12, 2008-13, 2009-14, 2010-15, 2012-17 MYFP.

Estimated Costs (\$ in thousands)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>Total</u>
Funding Not Identified							
Capital							
Pavement Preservation Capital	7,260	7,030	6,660	14,500	14,500	14,500	\$64,450
Total	\$7,260	\$7,030	\$6,660	\$14,500	\$14,500	\$14,500	\$64,450

This project is included in the 2012-17 Capital Improvement Program.

Neighborhood: Citywide

Ward: Citywide

Specific Plans/Policies Related to this Project:

Council Goal - Transportation Initiative
Pavement Management Program
TransPlan



Capital pavement overlay project in progress.

Implementing Adopted Plans or Policies

Service Category: Metro and Community Planning

Envision Eugene - Technical Work

Project Description: The City recently completed the Eugene Comprehensive Lands Assessment (ECLA) project in accordance with HB 3337. That work provided a determination of the city's residential, commercial, industrial and non-economic land supply and estimated land needs over the next 20 years. With that information as its starting point, the Envision Eugene project commenced in 2010. The purpose of Envision Eugene is to develop a comprehensive set of growth strategies to meet the city's 20 year land needs. These strategies will eventually be formally adopted by the City Council. It is expected that many of these strategies will include implementation measures which are projected to be prepared over the coming years. These implementation measures are anticipated to make up a substantial portion of the City's future work programs. While most of this work is expected to be accomplished with existing City resources, there will be a need for substantial technical assistance to develop these future implementation measures. The estimated funding shown in this proposal represents the funding necessary to support those additional technical needs. On May 9, 2011, City Council adopted the Envision Eugene Pillars, Strategies and Tactics document. This will be followed by a distribution and outreach effort, a public hearing and final City Council action scheduled for April, 2011. Technical work in support of Envision Eugene will continue concurrently with this public outreach information effort. The City Manager will return to Council with a recommendation on housing mix. Discussion on potential UGB expansion will follow if necessary. Costs of projects to implement the final Envision Eugene program are not yet known and will be in addition to the technical costs shown here.

Project Status: *In Progress* - New in 2012-17 MYFP.

Estimated Costs (\$ in thousands)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>Total</u>
Funding Not Identified							
Operating: Program							
General	300	300	300	300	300	-	\$1,500
Total	\$300	\$300	\$300	\$300	\$300	\$0	\$1,500

Neighborhood: Citywide

Ward: Citywide

Specific Plans/Policies Related to this Project:

Envision Eugene

Oregon Revised Statutes (ORS)



Map of City of Eugene showing Urban Growth Boundary.

Implementing Adopted Plans or Policies

Service Category: Municipal Court

Jail Bed Additions

Project Description: This item will support the addition of 10 ongoing jail beds dedicated for housing Eugene Municipal Court offenders. Costs include leasing 10 beds located within the Springfield Jail facility, contractual court appointed attorney time, contractual city prosecutor time and related staff time. The jail beds will support the Downtown Safety Initiative and associated initiatives for adding police officers. One-time funding of \$350,000 is provided in FY12.

Project Status: *Not Started* - New in 2012-17 MYFP.

Estimated Costs (\$ in thousands)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>Total</u>
Funding Not Identified							
Operating: Program							
General	-	357	364	371	378	385	\$1,855
Total	\$0	\$357	\$364	\$371	\$378	\$385	\$1,855

Neighborhood: Citywide

Ward: Citywide

Specific Plans/Policies Related to this Project:
Downtown Safety Initiative



The City of Eugene would rent beds in Springfield's new jail, which was opened in February, 2010.

Note: All amounts are in 1,000s.

MYFP Category	Service Category	Title	Description	FY12	FY13	FY14	FY15	FY16	FY17	Grand Total
Continuing Current Services	Emergency Medical / Fire Services	Emergency Medic Unit Additions	Adds one medic additional unit (8 FTE) in FY12 and a second unit (8 FTE) in FY14. The Fire Department has been staffing an additional medic unit during peak times with a crew normally assigned to a fire suppression engine company. The fire engine is out-of-service while the crew is on a medical transport call. Adding capacity equal to 24 hour per day coverage will reduce the number of times the engine crew has to respond on a medic transport call as well as equalize the number of calls per medic daily	1,175	1,210	2,743	2,567	2,644	2,724	13,063
		Relocation of South Hills Fire Station	Purchase of land on the south side of the city to relocate the existing Eugene Fire Station 15. Relocation is necessary due to growth in south Eugene. Relocation will allow Fire Department to respond in accordance with standards of cover.				500			500
	Rescue Vehicle Replacement	Purchase a NFPA 1901 compliant Heavy Rescue vehicle with crew cab seating for 6-8 personnel, plus their gear, on board generator and lights, air compressor for rescue, demolition and construction tools, and full Rescue Equipment complement. Useful life expected to be 20 years. Operating costs and amortized replacement costs are included in estimated costs.	650	100	103	106	109	112	1,180	
	Governmental Services	Equipment Replacement	Increase funding for General Fund & Telecom Fund non-fleet equipment acquisition and replacement. Amounts shown include an expected 50 percent contribution from departments towards department-specific equipment replacement.	772	2,414	1,302	1,110	673	3,673	9,944

MYFP Category	Service Category	Title	Description	FY12	FY13	FY14	FY15	FY16	FY17	Grand Total
Continuing Current Services	Hult / Cuthbert Amphitheater	Hult Center Silva / Soreng Hall Sound System Replacement	Replace Front of House (FOH) sound system in both the Silva and Soreng performance halls. Current systems do not provide coverage throughout the hall. Project also includes relocation of the "sound positions" that are currently located in the audience seating in each performance hall, which block the view of a portion of seats, and renovation of the Silva sound control booth into a box seat.	35	75	250				360
	Human Resource Services	Retiree Health Benefits (OPEB)	Other post employment benefits (OPEB) are benefits other than pension, for retiree health care. Retirees receive an implicit subsidy because their insurance premium is based on pooled claims experience. Retiree claims experience is more expensive than current employee claims experience. Financial accounting standards required recognition of this obligation beginning in FY08. Current unfunded actuarial liability is approximately \$10 million, net of resources set aside to date. Amounts shown reflect amortization of unfunded liability.	800	800	800	800	800	800	4,800
	Youth & Family Recreation Services	After School Programs Continuation Funding	Currently, a portion of the City's after school programs are funded by grants which are scheduled to end. If funding is not identified to continue these programs, they will either have to be eliminated or other resources reallocated affecting other programs.	76	230	319	326	333	339	1,623
Preserving & Maintaining Existing Assets	Parks & Open Space	Park Lighting Renovations	Replace deteriorated direct burial lighting systems at Campbell Center and at parks such as Alton Baker, Maurie Jacobs, Skinner Butte, Washington/Jefferson, Tugman, Washington, and Amazon. These projects are identified as Priority 1 projects in the PROS Project and Priority Plan.				600			600

MYFP Category	Service Category	Title	Description	FY12	FY13	FY14	FY15	FY16	FY17	Grand Total
Preserving & Maintaining Existing Assets	Parks & Open Space	PROS Priority 1 Play Area Renovations	These projects are identified as Priority 1 projects in the PROS Project and Priority Plan. These large-scale restoration projects go beyond available funds appropriated to Preservation and Maintenance. Examples of large-scale playground renovations include Amazon Park, Lincoln School Park, Myra's Greenway and Sladden Park.		180	370	250	250	250	1,300
		PROS Priority 1 Tennis Court Renovations	These projects are identified as Priority 1 projects in the PROS Project and Priority Plan. These large scale restoration projects go beyond available funds appropriated to Preservation and Maintenance. Many tennis courts within the City's inventory can no longer simply be resurfaced, but need to be completely reconstructed. Renovations would include the courts at: Echo Hollow, Westmoreland Park, Washington Park and State Street Park.			250	250	250	250	1,000
		Renovate Park Restrooms	Renovate or replace existing restrooms that have deteriorated with age and use. Examples include the restrooms in Washington-Jefferson Park and Sladden Park.	250	295	295	5	5	5	855
		Spencer Butte Trail Enhancement	Rebuild trail at the top of Spencer Butte. One of the most popular hiking destinations in the region, the trail route is unclear at the top of the rocky summit, causing wayfinding issues and severe impacts to a valuable habitat.				550			550
	Public Buildings & Facilities	Hult Metal/Glass Roof Repair	Repair pitched roof portion of the Hult Center roof. The pitched roof sections are a complex system of metal panels and glazing. Over the past few years, leaking into the Hult Lobby has been a problem.	250	250	250				750

MYFP Category	Service Category	Title	Description	FY12	FY13	FY14	FY15	FY16	FY17	Grand Total
Achieving Efficiencies or Long Term Cost Savings	Information Technology Service	Consolidated Server Storage: Research & Analysis	Funding to research, analyze and recommend consolidated storage technology and strategy. City servers and disk storage are typically bought on a per-project or per work unit basis, resulting in underutilized servers and unmanaged storage growth, putting a strain on server administration, backup and disaster recovery. Server virtualization will ultimately allow maximize untapped server capacity by consolidating multiple servers into Virtual Machines. Goals are lower long term cost, sustainable growth in storage and server capacity, reliable backup and disaster recovery strategies.	250						250
Implementing Adopted Plans or Policies	Capital	Eugene Depot Phase 3	The Depot Phase 3 project is the City's portion of an estimated \$17.3 million project to provide a layover facility for Amtrak trains. Eugene's portion would be construction of an expanded raised passenger platform and passenger loading area with new safe surface, covered seating, lighting etc. Amtrak's portion is construction of a siding to allow a passenger train to over-night at the Depot, and the installation of switching and relocation of the main and yard lines at the Depot to allow loading and servicing of 2 passenger trains without blocking main line or yard access.	3,800						3,800
	Community Arts & Services	Cultural Policy Review Recommendations	In 2005, a Cultural Policy Review identified goals and strategies to strengthen this sector, define the City's future role in support of local arts and culture, and identify potential community partners. In July 2007, the City Council endorsed the report's recommendations and directed the City Manager to initiate implementation and identify funding for strategies.	275	200	200	200	200	200	1,275

MYFP Category	Service Category	Title	Description	FY12	FY13	FY14	FY15	FY16	FY17	Grand Total
Implementing Adopted Plans or Policies	Community Centers	Willow Creek / Churchill Aquatic and Community Center	Construction and operation of a 40,000 square foot community center and aquatics facility in southwest Eugene.					20,000	1,950	21,950
	Emergency Medical/Fire Services	Command Training Center	Constructing, equipping and operating the Command Training Center that will include Battalion chief prop, control station, simulation center software, EOC prop, and model city, Fire driving simulator and Fire & EMS simulations. The Center will promote a safer operating environment, operational consistency in the emergency environment, increased adherence to procedures & protocols, increased efficiency, proficiency & service effectiveness.		2,627	130	134	143	147	3,181
	Emergency Medical / Fire Services	Fire Stations: Land Purchase - New West Side Station	Purchase land on the west side of the city to construct a new fire station to serve the growing Greenhill, Willow Creek areas and the area between Roosevelt Boulevard and West 11th.				500			500
		Fire Training Props Development	Complete construction of training props at the Drill Field on Public Safety campus at 2nd & Chambers. Prop additions that are currently being discussed include a warehouse loading dock and a South Hills house prop.	250	250					500
	Fleet & Radio Communications	Fleet Maintenance Facility	Replace the existing fleet maintenance facility with a 40,000 sq. ft. facility that will meet safety requirements. The existing facility does not meet earthquake safety or confined space federal requirements.		20,000	41	42	43	43	20,169

MYFP Category	Service Category	Title	Description	FY12	FY13	FY14	FY15	FY16	FY17	Grand Total	
Implementing Adopted Plans or Policies	Metro & Community Planning	Envision Eugene - Projects	The purpose of Envision Eugene is to develop a comprehensive set of growth strategies to meet the city's 20 year land needs. Once planning and technical work is completed there may be opportunities for projects to implement the final Envision Eugene program. This item is a placeholder because these projects have not been identified and their costs are not yet known.	Placeholder							
	Municipal Court	Municipal Court and Prosecution Staffing	Adds 4.0 FTE personnel for Municipal Court, 1.5 FTE Prosecution staff, and incremental funding for contract jail bed space, judicial, defense and prosecution services over six years. This is a companion to proposed increase of 30 police patrol officers. Additional EPD Patrol Officers increase workload activity proportionally for Municipal Court and Prosecution services.	180	250	435	470	645		1,980	
	Parks & Open Space	Alton Baker Canoe Canal Renovation	Restore canoe canal, ponds, and development of related park facilities. Improvements would include improving conditions for paddling in the canoe canal, increasing shading of the canoe canal to reduce water temperatures, reducing bacteria in the canoe canal to improve water quality, enhancing habitat conditions for spring Chinook salmon, improving boating access and providing path improvements, and renovating landscaping. The project will be planned, permitted, and engineered through 2013. The project will be implemented in phases beginning in 2014.	102	306	510	2,040	2,040	2,040	4,998	
		Complete ADA Park Improvements	Improve park paths, playgrounds, ramps, gates, benches, tables and other amenities to improve accessibility and comply with the requirements of the Americans with Disabilities Act (ADA).		310					310	

MYFP Category	Service Category	Title	Description	FY12	FY13	FY14	FY15	FY16	FY17	Grand Total
Implementing Adopted Plans or Policies	Parks & Open Space	Develop Water Play Features	The first phase will include reviewing closed wading pools and assessing needs for replacing them with water play features or other park facilities, identifying neighborhoods with highest need for water play facilities, and developing preliminary designs. Subsequent phases will include construction of new water play features and may include other redevelopment approaches to closed pools based on assessment of need.	30	120	200	200	250		800
		Ferndale Park Development	Develop, operate and maintain new 4.5 acre park. Improvements may include walkways, children's play area, habitat enhancement, turf and landscaping. Ferndale Park is located in the Santa Clara area of Eugene on Ferndale Dr., west of River Road at the intersection with River Loop 1.					796	40	836
		PROS Priority 1 Neighborhood Park Renovations	These projects are identified as Priority 1 projects in the PROS Project and Priority Plan. These large scale restoration projects at older parks go beyond available funds appropriated to Preservation and Maintenance. An example of a park in need of this level of renovation is Charnel Mulligan Park.				420	390	490	1,300
		PROS Priority 2 Projects	These projects are identified as Priority 2 projects in the PROS Project and Priority Plan. These large scale restoration projects go beyond available funds appropriated to Preservation and Maintenance. Examples of large scale renovations include renovation of park irrigation systems, implementation of habitat management plans, and replacement of pedestrian bridges along Amazon Creek.			1,000	1,000	1,000	1,000	4,000

MYFP Category	Service Category	Title	Description	FY12	FY13	FY14	FY15	FY16	FY17	Grand Total	
Implementing Adopted Plans or Policies	Parks & Open Space	Ridgeline Trail Enhancement	Add new trails and trailhead kiosks on existing Ridgeline Park properties, including at Wild Iris Ridge, East Ridgeline Extension, and between the Mt. Baldy and Dillard West trailheads. All three projects are key elements in implementing the Ridgeline Area Open Space Vision and Action Plan and the Rivers to Ridges Vision and Strategies Plan. Ridgeline Trail development is also listed as a Priority 3 project in the Parks, Recreation, and Open Space Project and Priority Plan.	5	92	413	425	106	4	1,045	
		Royal/Danebo Park Development (Grasshopper Meadow)	Develop 2 acre neighborhood park site. Improvements may include walkways, children's play area, turf and landscaping.						448		448
	Police Services	Downtown Public Safety Station	When the Police Department moves to 300 Country Club Road, a downtown storefront public safety station will be needed. The development of a downtown Lane Community College (LCC) building is in process and discussions concerning the inclusion of a public safety station are continuing.	Placeholder							
		Police Special Operations Facility	Renovate existing Lincoln Yard facility to improve functionality for Police Special Operations. The City Hall Master Plan does not include space in City Hall for property storage and lab facilities or for Special Operations equipment and facilities. It is assumed that the Garfield Police Building would continue to house the property storage and lab functions. However, the Lincoln Yard facility used by Special Operations still needs to be upgraded.	1,000	20	20	20			1,060	

MYFP Category	Service Category	Title	Description	FY12	FY13	FY14	FY15	FY16	FY17	Grand Total
Implementing Adopted Plans or Policies	Police Services	Police Staffing Initiative: Patrol Staffing	Adds 30 Officers in Patrol, 6 Detectives, and 22 civilian staff (includes CSO's, Communications Center and Records Staff) over six years. These are the general staffing needs identified through the ICMA / PERF review and the completed strategic planning process. This project is associated with the Municipal Court staffing item.	1,812	3,001	4,150	5,502	6,896	8,342	29,703
		Police Staffing Initiative: Police Supervisory and Administrative Support	Add sworn supervisors to coincide with increase to number of Officers; adds 6 Sergeants and 6 Lieutenants over six years. Also adds 3 FTE Civilian Management staff over six years. Includes purchase and operation of vehicles for new sworn supervisors and Patrol and Operations Support staff to meet current need. Also includes annual radio maintenance and systems costs.	865	1058	1,479	1,793	2,241	2,579	10,015
	Public Buildings & Facilities	Laurelwood Golf Course Maintenance Building	Replacement of Laurelwood Golf Course Maintenance Building, needed due to age, structural condition and code problems. Includes relocation of equipment and functions, demolition, construction, and ongoing major maintenance.	103	303	3	3	3	3	418
		City Hall – Future Phases	This is a placeholder for completion of a potential multi-phased project to eventually house all downtown City services in a consolidated City Hall on the current site.	Placeholder						
	Transportation	Fairmount Neighborhood Traffic Calming	Placeholder for mitigation measures that address the impacts likely to occur to the Fairmount neighborhood as a result of development within the Walnut Station Special Area Zone. Mitigation measures will be based on update of the 2006 Agate Street and Fairmount Neighborhood Traffic Calming Study.	Placeholder						

Additional MYFP Items

MYFP Category	Service Category	Title	Description	FY12	FY13	FY14	FY15	FY16	FY17	Grand Total
Implementing Adopted Plans or Policies	Transportation	Railroad Quiet Zone	Placeholder for safety improvements and changes to the railroad crossings to obtain a regulatory Quiet Zone from the Federal Railroad Administration. Potential safety improvements at individual crossings include quad gates, median or channelizing islands, and/or conversion of the street to one way. Total project cost could range from \$800,000 to \$5 million.	Placeholder						
		Walnut Station Mixed Use Transportation Improvements	Placeholder for transportation improvements and improvements to the Millrace. Includes redesign of Franklin Boulevard between Onyx and Walnut Streets to support pedestrian and transit-friendly mixed use development, redesign and potential realignment of side streets to improve safety, operations, parking capacity and the appearance of streets within the Walnut Station area, and improvements to the pedestrian and bicycle circulation system in the Walnut Station area.	Placeholder						
Improved or Expanded Services Not Part of an Adopted Plan	Library	Downtown Library 4th Floor Remodel	The Downtown Library has seen significant growth in patrons since its opening. This may necessitate utilizing the fourth floor as public space. Also, planning is currently taking place on downtown City employee space needs as they relate to existing facilities and City Hall. These two events make it prudent for LRCS to anticipate one-time costs associated with retrofitting the space for public use as well as on-going facility and program costs.	1,250	85	87	88	90	1,600	
		Homeless Initiative	Placeholder for funding action plan items tied to the City Council priority issue to help the homeless in Eugene. The economic crisis is having a marked negative impact on homelessness in this community and options will be considered by both the Homeless Action Planning Team and the Human Services Commission.	Placeholder						

Meeting the Challenge

Final Report

January 22, 2010

Meeting the Challenge Task Force Members

John Barofsky
Merle Bottge
Dave Funk
Gerry Gaydos
Jared Mason-Gere
Gretchen Pierce
Michael Redding
David Tam
Jean Tate



Meeting the Challenge

For the last several years, the City of Eugene's General Fund has been projected to have large deficits beginning in July of 2012. Four major factors are causing this deficit.

1. The City's General Fund will be responsible for paying the cost of library operations that are currently paid by a local option levy when it expires in June 30, 2011;
2. The cost of employee wages, benefits and retirement continue to increase;
3. Previously, the City has used one-time money to pay for on-going services that will need to be paid for by the General Fund; and
4. The economic downturn, which began in 2008, has reduced the amount of money the City will be adding to the General Fund.

The City Manager's goal is to resolve this General Fund challenge by looking at a number of different solutions. This could include ways to reduce spending or increase City revenue. Gathering citizen input on service priorities as well as possible revenue sources is critical to this effort.

A special committee, the Meeting the Challenge Task Force, was appointed to recommend new revenue sources that, together with existing revenues, would help balance General Fund budget. A description of the Meeting the Challenge process is included in the Appendix. The Task Force developed one recommendation as well three options for revenue. The Task Force also had several considerations they felt should be taken into account as the City moves forward to solve this challenge.

Recommendation

The Meeting the Challenge Task Force recommends a Restaurant Tax of 5.0%, which would generate about \$14 million annually for the City. After filling the General Fund gap, any remaining funds could be used to assist restaurants in covering the costs to implement the tax, to market and promote Eugene as a destination, and to increase high priority services such as public safety.

Considerations

- Economic development and growth will provide the City with an ongoing opportunity for more revenue. City policies and procedures should stay consistent throughout different economic cycles and should encourage economic development and growth to maximize resulting property tax revenue to the General Fund. The Task Force recognizes that this is not a short-term solution, but believes it will bring results over the long-term.
- The Task Force is sensitive to the efforts of the State to raise revenue by changing the tax rates on personal income and increasing the minimum tax for corporations. The Task Force members acknowledge that an income tax would be a broad-based and equitable alternative for funding City services. In addition, the Task Force recognizes that other state and local governments are discussing new ways to generate revenue. Individual and businesses will be more likely to support additional payments if they know what will be achieved with the money.
- To maintain the public's trust, when revenue is associated with services and the revenue is not generated because it lacks public support, the services associated with the revenue should be scaled back or eliminated.

- The income from the revenue source should naturally grow with the growth of the City without the need for a rate adjustment, corresponding to the additional need for services.
- Review existing fees for services regularly and make predictable, periodic adjustments to reflect the increased cost of doing business. Some revenue opportunities might be worthwhile, but by themselves would not be sufficient to fill the entire General Fund revenue shortfall.
- It may not be possible to get all the way to a sustainable new revenue source immediately; a strategy that uses a local option property tax levy might be appropriate as a bridge until the new revenue source is in place. Any new revenue measure needs a comprehensive campaign designed to give voters a complete understanding of why the money is needed, who will pay the tax, fee or charge and what it will buy. A list of cuts in services that would be made if no new revenue source is identified should be provided.

Options

- **Restaurant Tax** – This tax is paid by residents of Eugene as well as others who use City services but do not live here. Since the payer of the tax can afford to eat out, this tax may not be considered as much of a burden. A tax of 3 to 5% would generate approximately \$8-\$14 million and would be a small addition to a restaurant bill.

While a Restaurant Tax is the recommended option for new revenue, the Task Force also identified two other options that might be further considered. The Task Force felt these alternatives are of interest but problematic and would require more thorough and careful examination.

- **Utility Consumption Tax** – This is a tax that would be paid by both individuals and businesses. A tax of 1.5% would generate at least \$2 million annually after administrative costs and adjustments for low-income and high volume users. It would be optimal to work collaboratively with the Eugene Water & Electric Board (EWEB) to identify any potential problems with this option early on. Piggy-backing this tax on an existing billing system such as the one used by EWEB would be the most cost-effective way to implement it.
- **City-wide Monthly Fee for Service** – This is a per unit fee that is used to pay for certain services. The fee should not be for a service that is deemed to be essential, such as public safety services. The amount of the fee is important. Recognizing that the fee needs to generate enough to cover the administrative costs, \$5 a month is considered acceptable whereas \$10 a month would be too much. The fee would be paid by both individuals and businesses and the basis for the fee could be used to encourage other types of desired changes.

Revenue Options That Were Not Recommended

Initially, a list of 15 revenue sources was considered. The appendix includes a description of each option and the recommended action of the Task Force.

Attachments

1. Templates for All Revenues Sources That Were Considered.
2. Criteria for Evaluating Revenue Alternatives – September 21, 2009 Memo.
3. Previously Identified General Fund Revenue Alternatives – October 22, 2009 Memo.
4. Meeting the Challenge Background and Process.

**Meeting the Challenge Task Force
Review of General Fund Revenue Alternatives
January 22, 2010**

Restaurant Tax – Recommended	
Description	Tax on sales of food and non-alcoholic beverages served by restaurants in Eugene and paid by the customers based on their bill.
Meeting the Challenge Action	The Task Force recommended a 5% Restaurant Tax.
Legal Authority & Restrictions	Under home rule authority, Oregon cities have the power to enact a sales tax without state enabling legislation.
Precedence	<p>Currently, there are two cities in Oregon that collect this tax. The City of Yachats collects a 5.0% tax that applies to most prepared foods and dispensed beverages, not including alcoholic beverages. Yachats City Council voted 4-1 in favor of the tax on November 6, 2006; collection of this tax started in July of 2007. Tax proceeds are dedicated to debt payments on the wastewater treatment plant. The ordinance that imposed the tax does not have a sunset clause, and contains a provision allowing the City Council to increase the tax rate in the future after a public hearing.</p> <p>The City of Ashland collects a 5.0% tax on all prepared food. Currently, 80% of the tax goes towards debt payments for past upgrades to the sewage treatment plant and 20% goes for park land purchases. The tax was to sunset in 2010. On November 3, 2009, Ashland voters voted to extend the 5% tax to 2030, 58.8% to 41.2% in favor. One of the factors in this vote was that the wastewater rates would have gone up by 55% had the tax not been renewed.</p> <p>In March 1993, the City of Eugene proposed a 3.0% restaurant tax to be used as a general revenue source; the proposal failed at public vote with 60% opposed and 40% in favor.</p>
Revenue Yield & Stability	<p>Based on estimates developed for the 1993 proposed restaurant tax and assuming 4% average growth, a 1.0% restaurant tax would generate approximately \$2.8 million in 2009. If levied at 5.0% rate, this tax would raise approximately \$14 million annually. Determining how much of this amount would be paid by out-of-town visitors vs. City residents would require additional research, as this information is not immediately available.</p> <p>Revenues would fluctuate with changes in personal income and the economic environment.</p>
Revenue Adequacy	Based upon the estimated annual yield, this revenue source would

	<p>meet some, but not all of the City of Eugene’s General Fund need if imposed at 1.0% level. If imposed at a higher rate, this tax may meet all of the General Fund needs, depending on the rate.</p>
Administrative Effort	<p>If patterned after Ashland’s process and the City’s Telecommunications Tax, businesses would remit the tax quarterly to the City. After the initial registration of all eligible businesses, staff time would be required to post payments, work with business owners and enforce the tax uniformly. Dedicated staff would be needed to perform this function. An effort will need to be made to clearly identify foods and beverages that are subject to this tax to make compliance easier for local businesses. A portion of the proceeds may be retained by the restaurants to help defray the costs associated with collections and remittance activities.</p>
Timeline	<p>This tax could be implemented by FY12. The tax would most likely be referred to the voters for approval. Lead time would also be necessary to establish administrative and enforcement mechanisms.</p>
Incidence & Equity	<p>Designed to be a single, proportional rate. In the political campaign of 1992-93, it was argued that this tax is regressive because low income households spend a high proportion of their income on “fast food”. However, according to the Economic Research Service/USDA, “The wealthiest households tend to spend a greater share of their food budget on eating away from home than the least wealthy households: 47% versus 36% in 2008 – almost double the share of low-income households.”</p> <p>A relatively large proportion of this tax would be paid by visitors, similar to the transient room tax.</p>
Nexus	<p>This tax would be paid by both residents and non-residents of the City. Both residents and nonresidents use and benefit from a wide variety of city services including public safety, parks and cultural services.</p>
Consistency with Council Goals & Policies	<p>A restaurant tax would be consistent with City Council goals and policies.</p>
Fairness & Political Feasibility	<p>In the current economic environment, an additional tax on food and beverages may be seen as unfair by some segments of the local community, including businesses and those representing low-income populations. Opposition to this tax is likely from industry groups such as the Oregon Restaurant Association.</p>
Sustainability Impact	<p>A restaurant tax would not create an undue burden on future generations.</p>

**Meeting the Challenge Task Force
Review of General Fund Revenue Alternatives
January 22, 2010**

Utility Consumption Tax – Recommended as Second Choice	
Description	A tax on utility services used by residents of the City; levied on the amount of consumption or established as a flat fee per account.
Meeting the Challenge Action	As an alternative to the Restaurant Tax, a Utility Consumption Tax of 1.5% that would net \$2 million annually after administrative costs and adjustments for low income and high volume users, was recommended by the Task Force.
Legal Authority & Restrictions	Under home rule authority, Oregon cities can enact a consumption tax.
Precedence	<p>The City of Ashland imposes an Electric Utility User Tax. The tax is designed as a surcharge of 25% on monthly energy use. This tax generates revenue to fund general City services such as Police, Fire, Planning, Building and Senior Programs, offsetting property taxes. This tax generates approximately \$2.6 million annually.</p> <p>In March 1996, the City of Eugene proposed a 1% utility tax to fund low income housing which failed at public vote; 61% no to 39% yes.</p>
Revenue Yield & Stability	<p>If the tax were structured as a percentage surcharge on the use of electricity, natural gas, water, storm water and wastewater a rough estimate for potential yields are as follows:</p> <p>1.0% = \$2.2 million 1.5% = \$3.3 million 2.0% = \$4.5 million</p> <p>The monthly impact to the average residential user of electric, water, storm water and wastewater services is estimated below:</p> <p>1.0% = \$1.25 1.5% = \$1.87 2.0% = \$2.50</p> <p>Impact to commercial users is not provided as commercial consumption varies greatly by business. Residential consumption accounts for approximately 60% of the electric retail revenue</p>

	<p>collected by EWEB.</p> <p>A portion of the tax revenue would be needed to offset administrative costs for the utilities to collect and remit the tax.</p> <p>An annual allocation could be set aside to help mitigate the financial impacts of the tax on low-income households. Implementation of these items would reduce the yield estimates given.</p>
Revenue Adequacy	Based on the estimated annual yield, this revenue source would meet some, but not all of the City of Eugene General Fund needs.
Administrative Effort	<p>If the tax were imposed on utility companies based on gross receipts with the presumption that the tax is passed on to the customer, the on-going administrative effort would be minimal.</p> <p>An administrative fee for collecting and remitting the tax to the City would be negotiated with EWEB and NWNG. As an example, if an administrative fee of 5% of the net tax due were instituted (similar to the administrative fee in place for transient room tax) the foregone revenue would be approximately \$110,000 at the 1% tax level.</p> <p>The City has talked with EWEB in the recent past about being the billing agent for the Street Utility Fee. If both the Street Utility Fee and the Utility Consumption Tax move forward, City and EWEB staff would need to agree that both charges would be placed on the EWEB bill.</p>
Timeline	This tax could be implemented by FY12. It is assumed that such a tax would be referred to the voters prior to being implemented.
Incidence & Equity	<p>All utility users in the city would pay. An increase would be a greater financial burden to low-income households who have little to no discretionary income.</p> <p>Additionally, when the tax is established as a percent of consumption, large utility users are affected more than other users in the community. Developing a program to rebate some portion of the tax to large users could mitigate creating a barrier to economic development.</p>

Nexus	An energy consumption tax would be levied across the community. The community as a whole benefits from the full range of services provided by General Fund Revenues.
Consistency with Council Goals & Policies	A Utility Consumption Tax would be consistent with Council goals and policies.
Fairness & Political Feasibility	In the current economic climate, given the unemployment rate in our region – there may not be community support or the political will to tax energy consumption in our community – particularly as this tax would have a greater impact on large businesses, low income residents or those who are out of work.
Sustainability Impact	A utility consumption tax would not create an undue burden on future generations. The tax could lead to reduced consumption, a sustainable practice which is a high priority value for the City.

**Meeting the Challenge Task Force
Review of General Fund Revenue Alternatives
January 22, 2010**

(XYZ) Public Service Fee – Recommended as Second Choice	
Description	A public service utility is a defined group of related services that are generally available to and are broadly accessed by occupants of property in a city. Utility fees are typically set to recover part or all of the costs of the service, and are billed to persons who occupy or have use of developed property, not the owners of property. Unlike electricity, water, stormwater and sewer utility services, this fee would fund services that are not delivered directly to the property and are not directly measurable. The purpose of the fee is to provide stable funding to ensure the service remains available to the community.
Meeting the Challenge Action	After a Restaurant Tax, the Task Force recommended a Public Service Fee of between \$5 and \$10 a month to pay for services that are not deemed high priority services such as public safety.
Legal Authority & Restrictions	Under Oregon’s Home Rule principle municipality may charge fees for services. Revenues are not restricted. In January, 2007, the Oregon Supreme Court, in <i>Knapp v. City of Jacksonville</i> , upheld the City of Jacksonville’s public service utility fee. This case clarified that city fees for utility services may be charged to a person with the right to occupy or use property, but they may not be based on property ownership or value of property.
Precedence	<p>The City of Eugene currently does not charge any public service utility fees. A utility fee for street operations and maintenance, with revenue going to the Road Fund, has been under discussion for a number of years but has not been implemented.</p> <p>Several municipalities in Oregon do charge public service utility fees for parks, street operations and maintenance, police and/or fire services.</p> <ul style="list-style-type: none"> • <u>Jacksonville</u> currently charges a utility fee of \$20 per month on the occupant of each unit of developed property. This fee provides about 50% of the funding needed for Jacksonville’s fire services. • <u>Medford</u> charges \$2.60 per single-family home per month, producing \$1 million annually for police and fire services. Medford also charges a parks utility fee of \$2.87 per month per single-family home. • <u>Newberg</u> charges \$3 per residential unit per month for public safety services. • <u>Shady Cove</u> charges a utility fee of \$15 per month per residential or non-residential unit, dedicating the revenue to police services. • Numerous Oregon cities charge utility fees for street operation and maintenance.
Revenue Yield & Stability	Yield will vary with the fee level. Public service utility fee revenue

	<p>usually supplements other resources. Fees are set with consideration of the impact on the customer as well as the target revenue yield. Utility fee revenues are stable because the fee is levied broadly across the community and the typical basis for the fee (occupancy and use of property) is fairly inelastic.</p>
<p>Revenue Adequacy</p>	<p>A public service utility fee could produce adequate revenue to replace net General Fund expenditures for selected public service. General Fund service areas most suitable for a public service utility fee are those that are broadly available to all residents, for which individual consumption of the services is not easily measurable and that have the greatest incidence of use according to the City’s Community Survey.</p> <p>In Eugene these include:</p> <ul style="list-style-type: none"> • <u>Parks & Open Space</u>: (includes aquatics) net FY10 General Fund support is \$7.2 million; the Community Survey shows that parks & open space service are used by 78% of city residents. • <u>Library</u>: net FY10 General Fund support is \$7.1 million, and an additional \$2.8 million is funded by the Library Local Option Levy which will expire in FY11; the Library is used by 70% of city residents according to the Community Survey. <p>In FY09 in Eugene there are roughly 58,000 developed property units (53,000 residential and 5,000 non-residential units). If a flat utility fee of \$1 per month were imposed on all units and 100% collection is assumed, it would provide about \$700,000 gross revenue annually. If the fee was levied on a per-unit basis and was included on EWEB customer bills, the collection rate would be high and annual administrative costs could be in the neighborhood of \$200,000. With these assumptions, the fee would need to be about \$10.60 per unit per month to fully replace General Fund support for Parks & Open Space services including aquatics. To fully replace General Fund and the soon-to-expire LO Levy support for Library services, the monthly fee would need to be about \$14.50 per unit.</p>
<p>Administrative Effort</p>	<p>Most cities collect utility fees as part of a sewer, stormwater or water utility billing for a property unit. In Eugene, this would require cooperation by EWEB. If the utility fee is levied on a per-unit basis and is included on existing EWEB utility bills annual costs of administration, billing, collection and enforcement could be relatively low at about \$200,000. The City has talked with EWEB in the recent past about being the billing agent for the Street Utility Fee. If both the Street Utility Fee and the Public Service Utility Fee move forward, City and EWEB staff would need to agree that both charges would be placed on the EWEB bill. Administrative costs could be much higher and the collection rate lower if the City had to develop and implement a billing process separate from EWEB. In addition, administrative costs would likely be higher if the basis of the fee requires development and maintenance of property-specific data on which to base the fee.</p>
<p>Timeline</p>	<p>Because this fee would be a new, unfamiliar approach for funding</p>

	<p>General-funded services in Eugene, substantial time would be needed to allow for full review and discussion by the City Council as well as by members of the community. It would be reasonable to expect a referral of a utility fee proposal to the ballot. Additional time would be needed to determine billing, collection and enforce processes. It would likely take at least two years to implement a new public service utility fee.</p>
Incidence & Equity	<p>All occupants of developed property will benefit from continued availability of the public services, and all could be equitably charged the utility fee. Publicly-owned or non-profit-owned facilities including dormitories and group housing would subject to the fee. The City could negotiate what fee level is appropriate rather than applying a standard rate, or these facilities could be subsidized through an exemption which would shift their share to other payers.</p>
Nexus	<p>The typical basis for existing public service utility fees in Oregon is the occupancy or use of a developed property, and the fee is typically levied as a flat fee on residential and nonresidential units, or on residential units only, depending on the service funded. The cost of the funded service is distributed as a simple average among all occupied units. This basis recognizes two key points: (1) the generality of the nexus between the public service funded by the fee and the common benefits provided by the availability and broad usage of the service by occupants of developed property across the community, and (2) the lack of practical ways to base the fee on actual measured usage of the public service.</p> <p>Other possible basis for levying the fee besides the per-unit basis include floor area or street frontage of units, number or ages of occupants, type of unit, etc. But these would be arbitrary measures unrelated to actual usage of the funded service, and would not increase equity. Developing and maintaining this kind of property- specific data may be difficult and would likely have a higher administrative cost without achieving a greater degree of equity in relating the fee to individual usage of the funded service.</p>
Consistency with Council Goals & Policies	<p>This fee is consistent with Council goals and policies.</p>
Fairness & Political Feasibility	<p>The successes of cities that have implemented utility fees for public services demonstrates that such fees can be seen as fair and can be politically feasible. However, as a new idea for the City of Eugene, it is likely that substantial discussion would be required before a consensus on fairness emerges and politically feasible is determined.</p>
Sustainability Impact	<p>The fee would have no adverse impact on sustainability goals.</p>

**Meeting the Challenge Task Force
Review of General Fund Revenue Alternatives
January 22, 2010**

Expanded/Increased Charges for Service – Not Recommended as Major Revenue Source	
Description	These are charges to customers who purchase, use or directly benefit from a specific good or service provided by the City. The charge is usually imposed as a fee at the time and location a good or service is delivered. Some charges for service are contractual. Revenue reimburses the City for part or all costs for provision of the good or service. Business privilege licenses, fines and use permits are not considered charges for service and are not included in this discussion.
Meeting the Challenge Action	The Task Force recommended reviewing existing fees for services regularly and making predictable, periodic adjustments to reflect the increased cost of doing business.
Legal Authority & Restrictions	Under Oregon’s Home Rule principal, a municipality may charge for the provision of goods and services. Revenues are not restricted.
Precedence	Most cities impose a wide range of charges. The City of Eugene currently imposes charges for more than 120 specific General-funded goods and services, providing estimated revenue of about \$10.4 million for the General Fund in FY10. It is possible to establish new charges for goods and services not currently charged for.
Revenue Yield & Stability	<p>Charges may provide all but more typically yield only part of the direct cost of providing the services. Overhead costs may also be included in the cost recovery calculation for service charges.</p> <p>Fees are usually set with consideration of the impact on the customer as well as the revenue yield. Some considerations that might influence governmental pricing practices are the need to regulate demand, the desire to subsidize a certain product, administrative concerns such as the cost of collection, and the promotion of other goals.</p> <p>Consumption of some City goods and services is elastic and if charges are set too high, customer volume and eventually revenue may decline. Some fee revenues will vary with economic conditions as individual’s income increases or decreases. Changes in building activity will impact revenue from charges for planning services. These concerns are taken into account by departments when fees are set or contracts are negotiated.</p> <p>Summary of FY10 budgeted revenues for charges for service:</p> <ul style="list-style-type: none"> • Rental Revenue: \$90,000 • Central Business Functions: \$20,500 • Cultural/Leisure Service Revenues: \$5.1 million • Infrastructure and Planning Services Revenue:\$1.1 million • Public Safety Service Revenues: \$4.1 million <p>Largest individual charges for service include:</p>

	<ul style="list-style-type: none"> • Amazon Pool Fees: \$318,000 • Hult Concessions Revenue: \$275,000 • Hult Hall Rental: \$415,000 • Hult Patron Charges: \$329,000 • Hult Reimbursement Charges: \$732,000 • Downtown Service District Fees: \$308,000 • Zoning & Vacation Charges: \$485,000 • Animal Surgery Charges: \$210,000 • Fire Contracts with Rural Fire Districts: \$1.5 million • Fire Dispatching Charge: \$696,000 • Police Charges to UO: \$509,000 <p>Revenue yield from new charges are likely to vary by type and level.</p>
Revenue Adequacy	Revenue from expansion or increase of individual charges would be tiny compared to the needs of the General Fund. Total revenue improvement from broadly reviewing charges would likely raise more revenue, but still small compared to the anticipated funding gap. The total revenue potential cannot be estimated accurately, but would likely be inadequate to contribute much towards a sustainable budget.
Administrative Effort	To update existing individual charges, an analysis of costs, customer demand for the service, economic conditions and other considerations may or may not be necessary. Development of new charges for service may require more substantial administrative effort. Once set or adjusted, charges are relatively simple to impose and collect at the time and place of delivery of the good or service.
Timeline	Charges for service are set administratively. Adjustment of existing charges may be done within a few weeks, while establishing new charges may take several months or longer.
Incidence & Equity	Most charges for service can be avoided because the services they fund are optional to the customer. Only people who use the good or service are charged, so the incidence of payment to consumption corresponds exactly. Equity can be a concern if charges are set so high that some people cannot afford to pay, even though they desire the service. City policy towards maintaining affordable charge levels may come into play to address equity concerns.
Nexus	There is a very close nexus between the good or service and who pays; those who directly use the good or service are charged.
Consistency with Council Goals & Policies	Charges for service are generally consistent with Council goals and policies. However, City policy towards maintaining affordable charge levels may come into play to address equity concerns.
Fairness & Political Feasibility	Perception of fairness will vary depending on the good or service involved and the level of the charge. Existing City charges are seen by Council and community as a fair way to generate revenue for the particular service provided.
Sustainability Impact	There is no adverse impact on City sustainability goals.

**Meeting the Challenge Task Force
Review of General Fund Revenue Alternatives
January 22, 2010**

Business License Fee – Not Recommended	
Description	A business license fee is a fee for the privilege of conducting business within the City of Eugene limits. It could be imposed on any person, partnership, corporation or similar entity doing business in the City of Eugene. The fee calculation could take several different forms: a fixed amount per business, a flat percentage of income earned in the City of Eugene, a fixed fee levied on business according to the number of its employees. It is typically paid prior to engaging in business, paid on an annual basis, and does imply a regulatory relationship.
Meeting the Challenge Action	The Business License Fee was dropped from consideration since the effort required to implement the fee would not result in a substantial revenue source, less than \$2 million annually and the administrative costs would likely be substantial. The revenue stream would be more appropriate for new City services.
Legal Authority & Restrictions	Oregon home rule principle does not preclude the imposition of a business license fee. The City has the legal authority under the state law to implement this fee, and there are currently no legal restrictions on the use of this source of revenue.
Precedence	<p>The City of Portland business license rate is 2.2% of the net income after allowable deductions. The annual minimum fee is \$100.00. Business licenses are required from the opening date of business. Multnomah County's business income tax rate is 1.45% of the net income after allowable deductions; there is no minimum tax. Business income taxes are due after each tax year end.</p> <p>Many other Oregon municipalities also collect business license fees, with amounts varying greatly by jurisdiction. Some jurisdictions, such as the City of Springfield, restrict business license fees to certain types of businesses, while others, e.g. Portland, Gresham and Beaverton collect this fee from all businesses operating within their city limits. A number of other Oregon municipalities, e.g. the City of Salem, do not impose a business license fee.</p>
Revenue Yield & Stability	Based on the Oregon Employment Department records, there were approximately 5,800 businesses registered in Eugene area zip codes as of 2001. According to the 2005 study by Chastain Economic Consulting, the number of private firms in Lane County has grown by an average 1.7% per year between 1990 and 2004; however, it is likely that this trend has reversed during the 2007-09 recession. A flat fee of \$100 per year would generate approximately \$580,000 in business license revenue, assuming

	<p>no increase in the number of businesses since 2001.</p> <p>The stability of this revenue source would presumably fluctuate with area's economic conditions.</p>
Revenue Adequacy	<p>Based on the estimated annual yield, this revenue source would only meet a small portion of the City of Eugene General Fund needs. The fee amount would need to be raised annually to keep up with the growth in City's General Fund expenditures.</p>
Administrative Effort	<p>There are currently no specific estimates of the cost of administration, collection and enforcement associated with this revenue source. As there is currently no existing similar program, administration costs associated with a business license fee program would be significant. Start-up cost estimates would also need to include the cost of implementing an automated tracking system.</p>
Timeline	<p>A reasonable timeline for implementation of a business license program would be a minimum of 8-12 months. If a decision to impose this fee was made today, FY12 would likely be the first year in which this program would be fully implemented.</p>
Incidence & Equity	<p>While this fee would be paid by businesses, some portion of it would likely be passed on to the customers. The equity of this fee would largely depend on its structure. A flat fee per business would be a greater burden on smaller businesses. This fee would not be related to business profitability. It would be a deductible business expense for federal and state tax purposes.</p>
Nexus	<p>Businesses operating in the City of Eugene would benefit from beneficial and favorable business climate associated with adequate provision of general government services, such as police and fire protection, parks and libraries.</p>
Consistency with Council Goals & Policies	<p>This revenue source would be consistent with adopted City Council goals & policies.</p>
Fairness & Political Feasibility	<p>City Council and community acceptance of this revenue source has not been assessed. It would be reasonable to expect that this revenue source would be opposed by the business community that would be affected by the business license fees.</p>
Sustainability Impact	<p>This fee would not impose a burden on future generations. However, it would increase the cost of doing business within the City of Eugene and would make the city a slightly more expensive place to do business.</p>

**Meeting the Challenge Task Force
Review of General Fund Revenue Alternatives
January 22, 2009**

Local Option Property Tax Levy – Not Recommended	
Description	A local option levy is a property tax that is paid by all property owners within the City limits. The City could impose a local option levy for capital projects for up to 10 years, or for other purposes for a maximum of five years.
Meeting the Challenge Action	Local option levy is not recommended because by statute the funding is limited to 5 years for operating purposes. The revenue from the levy is not ongoing and should not be used to pay for ongoing expenses.
Legal Authority & Restrictions	New or additional property taxes must be approved by a majority of the people voting in a primary or general election.
Precedence	Property taxes are used extensively by local governments across the United States. The City currently imposes a four-year local option levy, for library service improvements. The City has not proposed any capital local option levies in the past.
Revenue Yield & Stability	<p>To fund \$5,000,000 of operating costs with a five-year local option levy, the City would have to levy approximately \$5,664,000 per year. The typical single-family home with a taxable assessed value of \$158,447 would pay about \$0.49/\$1000 of AV, or \$77.67 per year over the five-year period.</p> <p>Local option levies are subject to the \$10/\$1000 of real market value tax rate cap for all general governments under Measure 5. Under Measure 50, local option levies are the first to be reduced in the event of tax rate compression. This means that if the combined total levies for the overlapping general governments exceed the Measure 5 cap, any local option levies would be proportionally reduced until the tax rate limit is satisfied.</p>
Revenue Adequacy	<p>A substantial portion of the City's revenue needs could be met in the short term via a local option levy – if passed by voters.</p> <p>A local option levy is not necessarily a long-term solution as future funding would be contingent upon voters renewing the levy in future years to continue the revenue stream.</p>
Administrative Effort	Property taxes are administered by the County. The County prepares the tax bills, collects the funds, and remits the appropriate amount to the City on a regular basis. Enforcement is performed by both the County and the City in the foreclosure process.
Timeline	A local option levy could be placed on the ballot in May of 2010 to be implemented in FY11.
Incidence & Equity	The tax is paid by all property owners within City limits. Property owners include business and residences. Businesses may choose to pass the tax

	on to their customers.
Nexus	The local option levy is a broad based tax across all property owners in the community, and non-resident property owners. Members of the community benefit from and enjoy a broad range of services provided by General Fund resources including public safety, parks, and cultural services.
Consistency with Council Goals & Policies	<p>The City Council has several financial policies stating that, to the extent possible, non-recurring resources, such as a local option levy, should be used for non-recurring expenses – not to fund ongoing services.</p> <p>Council goals also include a desire to foster affordable housing. An additional property tax levy would be contrary to that goal, as it would raise the cost of housing.</p>
Fairness & Political Feasibility	<p>The property tax is a proportional tax on the value of real and personal property for both businesses and residences. It does not take into account the ability of the taxpayer to pay the tax. There are numerous exemptions from the property tax designed to promote a variety of policy goals, including some designed to lessen the impact on low-income owners and tenants.</p> <p>The property tax is understandable to the voters (as opposed to a new form of user fee or taxes), making it politically feasible from that standpoint.</p> <p>Local option levy proposals have had mixed success in the Eugene area in recent years. There have been six local option levy proposals on the ballot from Eugene or Lane County since Measure 47 passed, and three of those have been successful. Council members have expressed dissatisfaction with heavy reliance on property taxes in various forums in recent years.</p>
Sustainability Impact	A local option levy would not create an undue burden on future generations.

**Meeting the Challenge Task Force
Review of General Fund Revenue Alternatives
January 22, 2010**

Payroll Tax – Not Recommended	
Description	A tax on wages and salaries earned within the City. When collected via a payroll deduction, it is commonly called a payroll tax; when collected from employer based on total payroll, it is commonly called a head tax.
Meeting the Challenge Action	Although this tax would capture revenue from individuals living outside the City who use City services, the tax was not recommended because it is not paid by employers of the State and the method of charging per head is difficult on small businesses and low-income jobs.
Legal Authority & Restrictions	Cities in Oregon have the legal authority to impose a payroll tax under the Oregon home rule principle, as there is no preemption under the current state law. However, it is unlikely that the Oregon Department of Revenue would agree to collect this tax on behalf of the City of Eugene unless it is compelled to do so by the state legislature.
Precedence	<p>The State of Oregon collects a tax on gross payroll within the Lane Transit District in Eugene/Springfield area and the Tri-County Metropolitan Transit District (Tri-Met) in the Portland area to provide partial funding for those districts. Transit districts do not have the home rule authority and may not impose these taxes unless allowed by the state statute.</p> <p>Effective January 1, 2009, LTD payroll tax rate was increased to 0.65%. In 2003, Oregon legislature provided LTD with the authority to increase the rate annually until it reaches 0.7% in 2014. Certain wages, such as those paid by the federal government units and public school districts are exempt from the tax under the state law. A number of other employers, such as cities and County are exempted from this tax by an LTD ordinance.</p>
Revenue Yield & Stability	According to an analysis completed in 2001, a 1% payroll tax in Eugene would raise an estimated \$29.6 million per year if applied to all payrolls. This amount would need to be reduced in order to adjust for payrolls that are likely to be exempt from this tax, such as that of federal and state agencies. A more up-to-date estimate of the amount of payroll taxes that can be collected annually is currently not available due to lack of breakdown of payroll tax collected within the LTD service area by jurisdiction.

	The amount of revenue collected is likely to mirror employment and wage trends and therefore correlate strongly with the current economic conditions in the area.
Revenue Adequacy	This revenue source would generate a very significant amount of revenue and would provide a sustainable source of revenue for the General Fund for the foreseeable future.
Administrative Effort	The effort associated with administration, collection and enforcement of this revenue source would be born primarily by the State of Oregon and would be similar to the effort associated with collecting payroll taxes on behalf of LTD and Tri-Met by the Department of Revenue. If the City of Eugene were to collect this tax on its own, the administrative costs of doing so would be very high.
Timeline	A reasonable timeline for implementation of this revenue source cannot be estimated at this point.
Incidence & Equity	Even when established at a flat rate, this tax is often regressive in its nature, because it ignores non-wage income such as self-employment earnings, investment income, rents and dividends. This tax may affect household relocation decisions and this have a negative impact on population growth. An employer-paid option would create a disincentive for job creation.
Nexus	Citizens employed within the City of Eugene limits would benefit from adequately funded general government services, such as police and fire protection, parks and libraries. Citizens who work in the City of Eugene and live elsewhere, but use City services while within the City limits, would contribute to the City's tax base.
Consistency with Council Goals & Policies	This revenue source would not be inconsistent with adopted City Council goals and policies. It would strongly support the goal of achieving fair, stable and adequate financial resources.
Fairness & Political Feasibility	<p>Opposition to a payroll tax from both business and labor groups, as well as city residents in general, would be likely. When this tax is withheld from the wages of only non-city residents, it is sometimes called a work privilege tax; it was considered and rejected by the Eugene City Council in 2004.</p> <p>The Eugene Decisions surveys identified this revenue source as one of the three least favored taxation choices. It is likely to face opposition at the state level as well.</p>
Sustainability Impact	This revenue source would not impose an undue burden on future

	<p>generations. However, it would reduce the amount of disposable income available to City residents, and may therefore have a negative impact on economic activity in the City of Eugene.</p>
--	--

**Meeting the Challenge Task Force
Review of General Fund Revenue Alternatives
January 22, 2010**

Personal Income Tax – Not Recommended	
Description	A tax on income of residents of Eugene and nonresidents earning income in Eugene.
Meeting the Challenge Action	The Task Force agreed that the Personal Income Tax was the best, most fair tax to pay for a broad range of General Fund services, but it is politically unfeasible at the current time. Measure 66 which raises the personal income taxes State-wide and is on the ballot in January 2010 was the reason for not considering the tax any further.
Legal Authority & Restrictions	Under Oregon’s Home Rule principle, a municipality has the authority to assess a personal income tax on residents and non-residents earning income in Eugene.
Precedence	<p>There is a personal income tax precedent in Oregon. In 2003 Multnomah County passed a three-year temporary personal income tax on County residents to fund public schools, healthcare, senior services and public safety. The tax raised about \$128 million per year.</p> <p>In November 1985 there was an income tax measure on the Eugene ballot. It failed 89% to 11%.</p> <p>In the summer of 1994 the City Club of Eugene issued a report suggesting the City Council consider a personal income tax but a tax was not considered in that year.</p> <p>A personal income tax on incomes above \$100,000 to fund public safety services was considered and rejected by City Council in July of 1996.</p> <p>In the Fall of 1997, City Council formed the Council Committee on Finance to review multiple revenue sources that would stabilize the General Fund after the impact of Measure 50. The committee reviewed multiple revenue sources and ultimately recommended that Council direct staff to develop an implementation plan for a business and personal income tax. Although Council took no action on the recommendation, this effort contributed to the allocation of Urban Renewal funds to the new library and the successful passage of the Parks and Open Spaces Bond Measure.</p> <p>In November of 1999, Lane County proposed an 8% income tax surcharge to support public safety needs. The measure failed, 74% no 26% yes; in Eugene, it failed 68% no 32% yes.</p> <p>In May of 2007, Lane County proposed a 1.1% income tax measure to support public safety needs. It failed 71.1% to 28.9% in Lane County.</p> <p>The City Council has undertaken additional alternative revenue study efforts which included considering a personal income tax in 1992, 2002 and most</p>

	recently in 2007 for transportation needs.
Revenue Yield & Stability	<p>Assuming that approximately 68% of Lane County income is earned within Eugene or by Eugene residents, a 1 percent tax on Adjusted Gross Income would generate \$51 million. Alternatively, a Eugene income tax could be levied as a percentage of the taxpayer's state income tax liability. A Eugene surcharge of 10 percent would have raised about \$28 million for fiscal year 2007-8.</p> <p>Tax revenues would fluctuate with changes in personal income and mirror economic conditions.</p>
Revenue Adequacy	A personal income tax could meet the revenue needs of the city – however there could be a high administrative cost associated with collection.
Administrative Effort	<p>There are no specific estimates of the cost of administration, collection and enforcement associated with administration of this revenue source. It is assumed in-house administration costs would be significant.</p> <p>An alternate collection possibility could be to “piggy back” on the state income tax much like municipalities do with a local sales tax with states that collect a state sales tax. The state collects the entire sales tax and remits the local share back to the municipality. The responsibility for compliance and collection then rests with the state. It is possible that a similar mechanism could be used for a local personal income tax if the State were willing to collect the local share.</p>
Timeline	A personal income tax would most likely be referred to the ballot – the earliest opportunity to go before the voters would be in May of 2010. The City would have to establish a collection mechanism – either in house or in coordination with the Department of Revenue to establish procedures around the distribution of the tax. The earliest collections from a personal income tax would start being received would most likely be April 2012 for tax year 2011.
Incidence & Equity	<p>All Eugene residents earning income would pay the tax regardless of employer or source location and potentially non-residents that are earning income in Eugene as well.</p> <p>Generally an income tax is designed to be progressive, but the structure of the tax can increase or decrease progressivity. This tax would mirror the progressivity of Oregon state income taxes if established as a surcharge to state income tax liability.</p>
Nexus	A personal income tax is a general tax that would support a wide range of City services.
Consistency with Council Goals & Policies	This revenue source would be consistent with adopted City Council goals & policies.
Fairness & Political Feasibility	In the current economic environment, a personal income tax may be viewed as unfair especially given the high unemployment rate in the region. Lane County was unable to pass a personal income tax in a more stable economic environment. It is expected there would be limited Council and community support for such a measure at this time.

Sustainability Impact

A personal income tax would not impose an undue burden on future generations.



MEMORANDUM

Date: September 21, 2009

To: Meeting the Challenge Task Force

From: John Huberd, Sr. Budget Analyst, 541-682-5386

Subject: Suggested Criteria for Analysis of Revenue Alternatives

Listed below are suggested criteria for selecting revenue alternatives. An evaluation of each revenue alternative using this criterion would provide a balanced approach in selecting revenue options. Due to the short timeline for the Task Force each initial analysis would be kept simple while allowing for the selection of the most feasible revenue alternatives.

1. Legal Authority & Restrictions: May the City legally implement the revenue alternative and are there legal restrictions on the use of the revenue?
2. Precedence: What is the prior history of the revenue alternative in Eugene?
3. Revenue Yield & Stability: What would be the magnitude of the estimated revenue yield and how would that likely change over time?
4. Revenue Adequacy: Would the yield meet a significant part of the City's projected revenue needs?
5. Administrative Effort: How could administration, collection and enforcement be performed and would there be significant costs involved?
6. Timeline: What is a simple timeline for implementation of the revenue alternative and collection of revenue?
7. Incidence & Equity: Who would likely pay and could the revenue alternative be imposed impartially?
8. Nexus: What relationship would exist between the sources of the revenue, the services it would help fund, and who would pay?
9. Consistency with Council Goals and Policies: Would the revenue alternative be consistent with adopted goals and policies?
10. Fairness & Political Feasibility: To what extent would the revenue alternative likely be viewed as fair or unfair? How likely is Council approval and community acceptance of the revenue alternative?
11. Sustainability: Would the revenue alternative impose an undue burden on future generations?



MEMORANDUM

Date: October 22, 2009

To: Meeting the Challenge Task Force

From: Larry Hill, Senior Financial Analyst, 682-5722

Subject: Previously Identified General Fund Revenue Alternatives

The City of Eugene has comprehensively reviewed new alternative revenue sources for the General Fund a number of times since the mid-1980s. In the past we have identified the following as possible revenue alternatives for the City's General Fund.

Amusement or Admissions Tax – An excise tax applied to the price of amusement fees or admissions to spectator events, performances, sporting events, festivals or other forms of entertainment or amusement.

Annexation of Additional Property within the Urban Growth Boundary – Increase property tax revenue by annexing taxable property outside City limits but within the Urban Growth Boundary.

Business License Fee – A fee imposed on a person, partnership, corporation or similar entity for the privilege of conducting business within the City of Eugene. May be a general business license or specifically targeted.

Corporate/Business Gross Receipts Tax – A tax imposed on a person, partnership, corporation or similar entity for the privilege of conducting business within the City of Eugene, measured by gross income within the City of Eugene.

Corporate/Business Net Income Tax – A tax applied to the net income of a person, partnership, corporation or similar entity doing business in the City of Eugene. Tax could be piggybacked on state income tax.

Contribution in Lieu of Taxes (CILT) on City-Operated Sewer and Stormwater Utility Revenues - A percentage of gross revenues the City receives for provision of sanitary sewer and wastewater utility services. City code currently states that revenue derived from the above standard shall be used for the reconstruction, repair, maintenance, operation, and preservation of city-owned roads and streets. The Council can make this source available for general fund operations, but it would require a code change.

Contribution in Lieu of Taxes (CILT) on EWEB Water Utility Revenues – A percentage of gross revenues EWEB receives for provision of water utility services.

Expanded/Increased Fees for Service – Increase in the range of services for which the City charges fees and/or increase in the amount of fees charged.

Head or Payroll Tax – A tax on wages and salaries earned within the City of Eugene, collected either from employers on total payroll or from employees via a payroll deduction.

Retail Sales Tax – An excise tax levied on a broad range of or specific goods and services at the point of sale.

Local Option Property Tax Levy – A limited-duration tax levied on all taxable property in the City.

Personal Income Tax – A tax on income of residents of Eugene and on nonresidents earning income in Eugene. Tax could be piggybacked on state income tax.

Private Sector Sponsorship of Certain City Facilities or Services – Negotiated term sponsorship by private sector individuals, organizations, business or corporations to support specific City facilities or services.

Restaurant Tax – An excise tax on sales of food and beverages in the city paid either by customers on their bill or by the restaurant based on gross receipts.

Utility Consumption Tax – An excise tax on utility services used by residents of the City, levied either on amount of consumption or as a flat per-account fee.

Meeting the Challenge Process

Five Task Force meetings were held, including an initial meeting with staff and the City Manager to share perceptions of the financial condition of the City. The initial meeting included an overview of the General Fund, a comparison of benchmark revenues and expenditures from other jurisdictions, a presentation of the budget saving strategies put in place for FY09 and FY10 and a review of criteria to evaluate revenue alternatives.

Next, two meetings focused on a review of revenue alternatives and discussion by Task Force members of the pros and cons of each. Three options, Utility Consumption Tax, Restaurant Tax and XYZ Public Service Fee were chosen on November 11, 2009.

The subsequent two meetings were spent developing the Meeting the Challenge recommendation. During the month of December, Task Force members refined their recommendation for revenue alternatives focusing the conversation on adequacy, equity and political feasibility. The Task Force ultimately recommended a Restaurant Tax.

A final meeting is scheduled for January 26, 2010 for the Task Force to present the results of their work and recommendation to the City Manager.