

EUGENE CITY COUNCIL

AGENDA ITEM SUMMARY



Work Session: Report of Council Subcommittee on Human Services Funding

Meeting Date: April 11, 2012
Department: Central Services
www.eugene-or.gov

Agenda Item Number: B
Staff Contact: Sue Cutsogeorge
Contact Telephone Number: 541-682-5589

ISSUE STATEMENT

Councilor Pryor will present a report to the City Council from the Council Subcommittee on Human Services Funding detailing its work and recommendations from discussions held in the fall of 2011. This is an information item and no action is required.

BACKGROUND

The City Council Subcommittee on Human Services Funding was created during the Budget Committee meetings in May 2011. The subcommittee consisted of George Brown, Pat Far, Andrea Ortiz and Chris Pryor. The charge of the subcommittee was to explore options to secure an increased level of stable and long-term funding for human services in the community.

The subcommittee met four times over the course of two months for its discussions, and produced a report to the full City Council that recommended a level of investment in funding for human services and an on-going funding source adequate to cover the recommended service level. That report is included as Attachment A. It should be noted that the subcommittee did not consider which agencies should be funded or the funding level for individual agencies.

Councilor Pryor will present the subcommittee's report to the full council, as was agreed to by the subcommittee at the final meeting.

RELATED CITY POLICIES

Council Goals include a goal for fair, stable and adequate financial resources. This is defined as a government whose ongoing financial resources are based on a fair and equitable system of revenues which are adequate to maintain and deliver municipal services.

The council-adopted Financial Management Goals and Policies include policies related to dedication of revenues and diversification of revenue sources.

- Policy B.9. – Non-Dedicated Revenues. With the exception of grants or earmarked donations, the City will not normally earmark revenue for specific public purposes in general service funds such as the General Fund.
- Policy C.1. – Revenue Base. The council will work to diversify the supporting revenue base in the General Fund

COUNCIL OPTIONS

No action required; therefore, no options are presented.

CITY MANAGER'S RECOMMENDATION

The City Manager recommends considering any new revenue source for human services funding in the context of other new revenue conversations both for City services (i.e., General Fund gap, ambulance transport, park operations and maintenance, street funding) and other jurisdictions (i.e., county public safety, schools capital funding).

SUGGESTED MOTION

None.

ATTACHMENTS

A. Final Report: City Council Subcommittee on Human Services Funding, February 3, 2012

FOR MORE INFORMATION

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CITY COUNCIL SUBCOMMITTEE ON HUMAN SERVICE FUNDING

FINAL REPORT

February 3, 2012



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 - 4) Termination of Riverfront Urban Renewal District
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Background

The City Council Subcommittee on Human Service Funding was created during the Budget Committee meetings in May of 2011.

The charge of the Subcommittee was to explore options to secure an increased level of stable and long-term funding for human services in the community. The Subcommittee was charged with producing a report to the full City Council that recommended a level of investment in funding for human services and an on-going funding source adequate to cover the recommended service level. It should be noted that the Subcommittee did not consider which agencies should be funded or the funding level for individual agencies.

As part of this Subcommittee, members reviewed current City funding levels for human services and determined a stable funding level into the future. Members considered regional aspects of this issue and looked at various funding mechanisms including repurposing existing funding as well as new revenue sources. Additional consideration was given to how human service funding aligns with other funding discussions and unmet City needs, such as ambulance transport funding, parks and recreation operations & maintenance and other items shown in the Multi-Year Financial Plan.

The Subcommittee consisted of four City Councilors:

- George Brown
- Pat Farr
- Andrea Ortiz
- Chris Pryor

The Subcommittee met four times over the course of two months for their discussions. As part of their process, the Subcommittee received public comment to inform their conversation. Their proceedings were captured in the minutes, which are included as appendices to this report.

Recommendations

Any discussion of human service needs and/or funding includes a number of complicated and inter-related dynamics. The Subcommittee discussed the types of human services funded in our community, the desired outcomes, the geographic area that would be focused on, and funding levels. Each of these dimensions could be viewed along a continuum that runs from more concrete results over which the City has more control and which could be implemented more quickly to more conceptual results over which the City has less control and which would take more time to address.

The Subcommittee determined it should focus its efforts on both ends of the continuum, through a two-phased strategy. The first phase would stabilize and increase City of Eugene funding for human services in the near term. This would be a strategy that would be under the City's control and which could be implemented more quickly, but would not likely achieve everything that the community and Council might want in terms of human service outcomes. The second phase would be a community-wide conversation about human service funding levels and outcomes. The second phase would be a longer-term, inter-jurisdictional conversation.

Phase 1 - City of Eugene new funding in the near term

Level and Purpose of Funding: Initial focus of revenue discussion should be on stabilizing human service funding and adding to the City's existing Human Services Commission (HSC) payment. The desired level of funding would be approximately \$2 million, as follows:

- Existing \$1,035,000 payment to HSC from the General Fund
- Existing \$350,000 payment to HSC from CDBG Funds
- Additional payment to HSC for other outcomes to be determined
- City of Eugene revenue shortfall reserve and/or contingency fund for emerging needs

The amounts of the additional payment to HSC and the City of Eugene revenue shortfall reserve or contingency fund were not specified by the Subcommittee. This level of funding would allow for the HSC stabilization payments that have been identified on a one-time basis at the Budget Committee to be made ongoing, plus some additional ongoing funding.

It should also be noted that the Subcommittee recognizes that this new funding is just one part of the overall City of Eugene budget for human services. The Subcommittee understands that funding for other human services included in the City's budget are at risk for being reduced due to budget pressures in the future. These include:

- Existing \$1,035,000 from the General Fund
- Existing \$350,000 from CDBG Funds for HSC payment
- Direct contracts with agencies, including the CAHOOTS contract for services for two vans and one back-up van, and homeless camping contract with St. Vincent dePaul.
- Affordable housing capital program funded with CDBG dollars
- Community housing and security deposit assistance funded with HOME dollars

There are no specific plans to reduce funding for these programs, but as City budgets are squeezed in the future, these programs will be under consideration for reductions, along with all other City services that share in the General Fund and CDBG/HOME program funding. Despite the potential risk to funding levels for these programs, the Subcommittee determined that the City should not move forward with new revenues to replace the current base funding. Undertaking a new revenue source to supplement or replace more of that total human service budget is probably not politically feasible in the current economic environment. Therefore, the Subcommittee recommends a much more modest approach to stabilizing and supplementing human service funding at this time.

New Revenues to be Considered: Total amount of new revenues to be generated for additional ongoing human service funding should be about \$600,000 to \$700,000. Revenues to support the recommendation could come from one of the following:

- utility consumption tax; or
- public service fee (aka utility fee or monthly human service fee).

Neither of these revenue sources would require a public vote, although the City Council could choose to send the issue to the voters. If the new revenue source were not sent to a vote, the City Council would need to be very clear, accountable and responsible in putting together the funding package.

Further evaluation regarding the mechanism for collection of this revenue will require additional analysis. At the present time, the City does not have a process in place for the collection of these revenues. Currently, robust collection efforts such as stormwater and wastewater fees are provided through partnership with EWEB. Based on past discussions and research, this is the most cost-effective manner for collecting either of these new revenues. However, this would require more analysis and dialog with EWEB to determine the appropriate collection method.

The preliminary estimate of the impact to citizens/taxpayers from these revenue sources is shown in the following chart:

	Rate	Amount Raised	Impact to Citizens/Taxpayers
Utility Consumption Tax			
	0.3%	\$700,000	~\$0.50/household per month
	0.45%	\$1,000,000	~\$0.70/household per month
	1.0%	\$2,200,000	~\$1.50/household per month
Monthly Public Service Fee			
	\$1/month	\$700,000	\$12/year per unit
	\$1.50/month	\$1,000,000	\$18/year per unit
	\$3.00/month	\$2,000,000	\$24/year per unit

Note: Revenue amounts and impact to citizens/taxpayers are very preliminary and will need updating and refinement if the idea moves forward at council. These are gross revenue estimates and do not take into account the costs of administration.

Other Options: The Subcommittee discussed several other options, some of which were shared by all members, and some of which were promoted by a portion of the Subcommittee membership.

- Council should also take a closer look at current outcomes for human service dollars and see if any adjustments in outcomes should be made.
- Council should consider terminating the Urban Renewal District as a way to generate additional General Fund dollars (both one-time and ongoing) to pay for human services.
- Council should look for opportunities to identify one-time dollars that could be used for human service funding, such as excess EWEB CILT payments or vacation of Moss Street. One-time dollars would most appropriately be used for one-time spending, such as capital purposes.

Phase 2 - broader community discussion with partners around regional solution

The Subcommittee did not spend a lot of time outlining this concept. The Subcommittee wanted to encourage that the City be involved in participating in any such regional discussions. The regional solution could be something that builds off of the City of Eugene solution, such as expanding a new revenue source to a wider area once the City implements a new funding mechanism. The broader community discussion will likely occur in a different arena outside of the City Council's direct control.

Appendices

- A. Subcommittee Minutes
- B. Best and Worst Outcomes
- C. Eugene's Human Services Budget, with Six Year History
- D. Revenue Information
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Subcommittee Minutes

MINUTES

Council Subcommittee on Human Services Funding
Bascom Room—Eugene Public Library
100 West 10th Avenue—Eugene, Oregon

October 4, 2011
12:15 p.m.

PRESENT: Andrea Ortiz, Chris Pryor, George Brown, members; Assistant City Manager Sarah Medary; Central Services Director Kristie Hammitt; Andy Fernandez, Library, Recreation, and Cultural Services Department; Mia Cariaga, Twylla Miller, Central Services Department; Stephanie Jennings, Mike Sullivan, Community Development Division; Lori Kievith, Pete Deshpande, Eugene Police Department; Pearl Wolfe, Katie Bloch, Lane County Health and Human Services; Juan Carlos Valle, guest.

ABSENT: Pat Farr, member.

Mr. Fernandez facilitated the meeting.

I. Subcommittee Charge

Ms. Hammitt referred the committee to the Project Scope Statement, included in the meeting packet provided to members in advance of the meeting: *The council subcommittee will explore options to secure an increased level of stable and long term funding for human services in the community. The subcommittee will produce a report to the full council (written by staff) that recommends a level of investment in funding for human services and an on-going funding source adequate to cover the recommended service level.* She previewed future agenda topic areas.

Mr. Fernandez asked those present to consider what they thought would be the best and worst outcomes of the committee's four scheduled meetings. Ms. Miller recorded the remarks made on easel pads. Mr. Fernandez summarized the themes reflected in the remarks, noting that fear of doing nothing was the worst outcome expressed most frequently, and adequate funding was the best outcome expressed most frequently.

The committee briefly discussed the approach it wished to take to the discussions it planned to have. Ms. Ortiz distinguished between mandated and discretionary services provided by the City and suggested the committee discuss what the City was obligated to do versus what it thought was the right thing to do in regard to human services funding. Mr. Pryor agreed. Ms. Hammitt pointed out that the council had not discussed mandated service levels anytime in the last three years. She suggested the topic was most appropriately placed in the larger context of the council's goals. Ms. Ortiz believed she would benefit from such a discussion.

Mr. Brown asked about the total unfunded need. Ms. Wolfe indicated that for fiscal year 2012, the Human Services Commission (HSC) received \$6.5 million in funding requests and was able to fund only \$3.8 million. Ms. Jennings added that the funding mentioned by Ms. Wolfe was specific to operational costs and did not include capital costs or the costs of affordable housing and job creation efforts.

Mr. Pryor recommended that the committee avoid discussing the General Fund to keep its deliberations more manageable. He believed that if the committee attempted to discuss budget priorities within that context it would realize its worst outcome and make no progress. He suggested the committee attempt to quantify the scope of the need and discuss non-General Fund approaches to meeting it. Mr. Fernandez suggested that the committee put the use of General Fund dollars in the “parking lot.”

II. History and Breadth of Human Services Funding

Ms. Jennings led the committee through a PowerPoint presentation entitled *Social Services and Affordable Housing*. The presentation highlighted the elements of the Eugene-Springfield Consolidated Plan, which provided guidance for community investments in affordable housing, homeownership, and programming that helped residents to self-sufficiency. The presentation also included information about the Human Services Plan for Lane County, which guided community investments in four priority outcome areas: 1) basic needs, 2) increased self-reliance, 3) a safer community, and 4) improved access to services. The presentation included a breakdown of Human Services Commission General Fund member contributions for fiscal year 2012 and summarized the City’s historic contributions to human services funding. Ms. Jennings highlighted human services funding trends, which included continued reductions in State and federal funding, a shift toward placing people in permanent housing rather than emergency shelter, and changes in the overall mix of services as a result of the more competitive funding process that had been adopted.

III. Multi-Year Financial Plan

Ms. Miller referred committee members to the *City of Eugene Multi-Year Financial Plan—FY12-FY17*, included in the meeting materials, and directed them to page 2 of the document, which summarized the City’s nine highest unfunded priorities. The priorities included the General Fund shortfall, Ambulance Transport Fund shortfall, Parking Fund stabilization, Parks & Open Space maintenance & operations capacity, Deferred Maintenance, pool preservation, pavement restoration backlog, added jail beds, and technical work associated with Envision Eugene. Ms. Miller estimated the total cost of funding the nine items over six years at \$134 million.

IV. Meeting the Challenge Task Force Report

Ms. Miller then referred members to the *Meeting the Challenge Final Report*, dated January 22, 2010, and reminded the committee that City Manager Jon Ruiz had formed a task force to discuss new revenue sources. The task force recommended the City Council institute a five percent restaurant tax anticipated to yield about \$14 million annually. The task force's alternative choices included a utility consumption tax and citywide monthly fee for service.

V. Next Steps

Mr. Fernandez briefly noted some of the other remarks made during the best/worst outcomes discussion and suggested that they indicated an interest in looking outside normal funding approaches, an interest in comprehensive approach to funding that avoided impacts to other services, an interest in partnerships, and a hope that the process led to better service prioritization.

Mr. Pryor advocated for a process modeled on that used by the council committee on transportation funding, which included consideration of multiple funding sources and their interactions with each other.

The committee agreed to a suggestion by Ms. Hammitt that it discuss the scope of the existing need at the next meeting.

Ms. Ortiz advocated for discussion of whether the City should continue to use one-time General Fund dollars to fund human services and add to that one-time money or replace it with funding other sources. She pointed out the City had many unmet needs that it could spend its General Fund dollars on. Ms. Hammitt agreed. She suggested that staff could forecast costs for a six-year period and the committee could discuss if the service mix was correct and how the direct contracts for services worked in the mix.

Speaking to the idea of scoping the need, Ms. Jennings expressed concern that the exercise could become self-defeating if the identified need was very large. She suggested that instead, the committee define the base level of services, identify the City's role and the roles played by others, and then determine the most effective services that could be strategically added to the system if more money became available.

Ms. Ortiz suggested that the City needed some sort of trigger mechanism to increase or reduce funding depending on the money received. She liked the idea of having a six-year funding plan.

Ms. Hammitt suggested that the committee could also discuss a tiered approach to services.

Mr. Pryor suggested the committee also discuss leveraging additional funding through partnerships.

Mr. Fernandez summarized the conversation, saying the committee would look at the scope of need, focus on non-General Fund sources, discuss replacing or supplanting the one-time funding, discuss possible partnerships and tiered approaches, receive a six-year forecast, and discuss the immediate gaps in funding that would exist next year. He anticipated that staff would include a public comment period on future agendas.

Responding to a question from Mr. Fernandez about other agencies or parties to involve, Mr. Pryor encouraged staff to provide notice of the meetings to the members of the Human Services Network. He also suggested that staff contact representatives of education, health, and employment and housing services.

Mr. Fernandez adjourned the meeting at 1:35 p.m.

(Recorded by Kimberly Young)

MINUTES

Council Committee on Human Services Funding
Bascom Room—Eugene Public Library—100 West 10th Avenue
Eugene, Oregon

October 25, 2011
Noon

PRESENT: Andrea Ortiz, Chris Pryor, George Brown, Pat Farr, members; Andy Fernandez, Library, Recreation, and Cultural Services; Central Services Director Kristie Hammitt; Twylla Miller, Sue Cutsogeorge, Mia Cariaga, Central Services Department; Mike Sullivan, Stephanie Jennings, Planning and Development Department; Pete Deshpande, Lori Kievith, Eugene Police Department. There were also several members of the public.

I. Agenda Review

Mr. Fernandez convened the meeting and reviewed the agenda. He stressed that this committee was not going to provide recommendations on which specific programs or agencies receive funding; rather this was a higher-level policy discussion about overall funding levels and sources. He also mentioned that the primary information for the committee's discussions would come from City staff.

II. Follow-up from October 4 Meeting

Ms. Miller provided an overview of the agenda materials provided to the committee as follow-up to the last meeting. Those materials included a memorandum to the committee from Ms. Miller dated October 21, 2011, entitled *Follow-up Information from October 4 Meeting*, which summarized the funding information provided at the meeting, a memorandum to the committee from Ms. Cutsogeorge entitled *Discussion Topics for October 25 Meeting*, and a matrix of potential revenue sources. There were no follow-up questions.

III. Minutes Approval

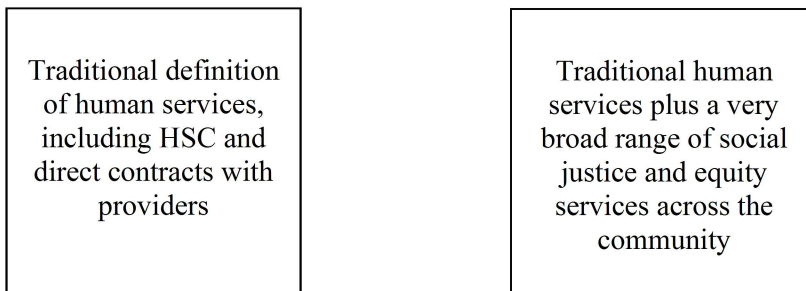
Ms. Ortiz, seconded by Mr. Pryor, moved to approve the October 4, 2011, minutes. The motion passed unanimously, 3:1:0; Mr. Farr abstained from the vote because he was not present at the meeting.

IV. Discussion of Approach to Determine Funding Level

The committee considered a series of continuums to help it determine the potential scope of the funding gap. Ms. Miller reminded the committee that the left hand side of the continuum reflected more concrete results over which the City had more control, were easier to deal with, and could be implemented quickly. The right hand side of the continuum reflected more conceptual results over which the City had less control, were more complicated to address, and took more time to implement. Committee members discussed the continuums and their preferences for the ranges represented with a focus on the “what,” or the possible range of dollar values, and the “how,” or the funding mechanism needed.

Continuum #1 - Type of Services

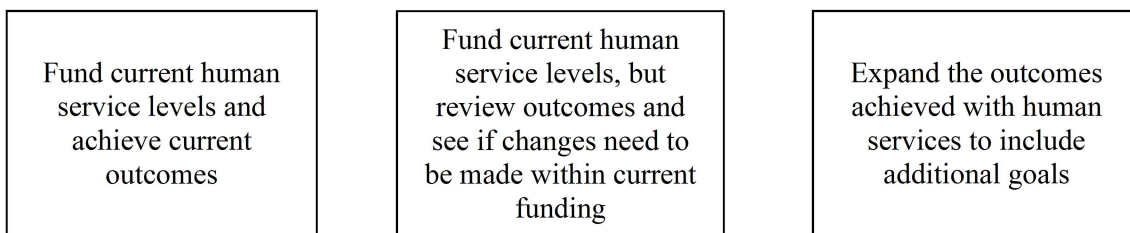
For purposes of defining the funding gap that the subcommittee will recommend to City Council, where should the focus be on the types of services to be covered by the funding solution?



The committee briefly discussed the scope of possibilities related to the right side of the continuum and the subjective nature of what might be considered services that addressed social justice and equity. The committee agreed it wished to keep to the left side of the continuum because of the organization’s current budgetary outlook and members’ desire to provide services that were sustainable over time.

Continuum #2 – Desired Outcomes

For purposes of defining the funding gap that the subcommittee will recommend to City Council, should the focus be on achieving the current outcomes, or is there a desire to refocus resources to achieve different outcomes, or to expand services to achieve additional outcomes?



The committee agreed a desired outcome for the left side of the continuum would be that the City maintained its current level of contribution to the Human Services Commission (HSC) in a sustainable way.

Ms. Hammitt said that desired outcomes should reflect other council priorities such as homelessness and downtown public safety and suggested the committee consider how funded services helped the organization support those goals. Speaking to the right side of the continuum, she suggested that it spoke to how the City organization worked with the community in terms of ensuring services were in place even if not funded by the City.

Speaking to the issue of sustainability, Mr. Pryor noted the City’s past mix of sustainable and unsustainable funding for human services and questioned whether the left side of the continuum reflected that mix. He suggested that if that was the case, the committee might want to consider adding to the figure it established as a sustainable target as he did not believe that the amount, approximately \$2 million, was overly ambitious. He acknowledged that every additional dollar added to the challenge of ensuring sustainability funding.

Ms. Hammitt reminded the committee that staff had provided it with copies of the Eugene-Springfield Consolidated Plan and the HSC Plan for Lane County, which contained details about the existing system funding gaps.

Mr. Farr said he would like to consider the current level of funding as the baseline for funding even though it included one-time money.

Ms. Ortiz questioned whether the committee had the expertise to spend much time on the right hand side of the continuum. She also doubted the City had the funding. She supported council review of the outcomes to ensure all the councilors were at the same level of knowledge and to determine whether changes should be made to ensure the community got the most out the dollars it had. She believed the committee was largely confined to discussion of the General Fund dollars given that the federal funding represented pass through dollars and staff was in the best position to evaluate such those funding opportunities.

Continuum #3 – Geographic Area

For purposes of defining the funding gap that the subcommittee will recommend to the City Council, should the focus be on services to Eugene citizens and provided by City of Eugene funding only, or should there be a wider, cross-jurisdictional conversation?

City of Eugene
Citizens and Services
Only

Broader Regional
Conversation – Lane
County, Springfield,
Others

Ms. Ortiz supported a cross-jurisdictional discussion because Eugene did not operate in a vacuum. She believed such a discussion would be more inclusive and recognized the fact that many dollars that supported human services came into the community on a regional basis.

Mr. Pryor did not think Eugene taxpayers would support services for non-Eugene residents but he acknowledged that Eugene was part of a larger metropolitan area and poverty did not respect boundaries. He suggested that the committee could develop an approach that supported Eugene residents while freeing up funding for use in other areas. He also suggested that if the committee succeeded in creating a model that worked in a sustainable manner it could be used by other jurisdictions.

Mr. Farr emphasized the fact that many non-Eugene residents came to Eugene for services. He did not know how to address that but he did not think it would stop given that Eugene was a natural place for people to seek services.

Mr. Fernandez questioned how the broad regional conversation happened. Ms. Hammitt suggested it would have to occur in the future given the committee's short time line but it could be part of the committee's recommendation.

Continuum #4 – Funding Levels

Given the previous conversations about types of services to be funded, the outcomes to be achieved, the geographic area included, and the timeline for implementation, where on the dollar continuum should the subcommittee recommend that the City Council focus the funding efforts?

Find sustainable funding for the \$150,000 of HSC funding that has been included in the budget as one-time dollars for several years	Implement alternate revenue source to pay for a portion of or the entire existing COE human service budget, including HSC and direct contracts (<= \$2 million)	Find alternate revenues to pay for the existing COE human service budget, including HSC and direct contracts plus other COE services (> \$2 million)	Regional discussion to identify alternate revenues to pay for the existing HSC budget, and direct contracts and other local government human services (large amount, not yet defined)
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Ms. Ortiz advocated for council discussion of other positive things that could be accomplished through regional levies designed to support regional needs. She called for a “mini-scoping” of what services might be involved.

Mr. Pryor suggested that, depending on the size of the need, the committee might have to consider a combination of funding mechanisms that worked together in a way that was logical to taxpayers to fund services.

Mr. Farr recalled the defeat of a past proposal for a one percent utility fee to fund affordable housing and suggested the more complicated the approach, the easier it was for people to find ways to defeat it. He said the committee needed to proceed cautiously to avoid being accused of playing a “shell game.” He said the committee needed to be realistic about what it proposed or it would be easy to scuttle.

Mr. Fernandez said it appeared that the committee was interested in talking about other services that could be provided and a range of funding mechanisms. He hoped the committee had time for discussion of innovative and creative approaches.

V. Discussion of Funding Matrix

Ms. Miller reviewed a matrix of funding sources and invited suggestions for other sources.

Mr. Brown suggested the Riverfront Urban Renewal District be added to the list because it could be an unconstrained source of funding. He projected the district to have \$900,000 in revenue for fiscal year 2013. He acknowledged that the council would have to sunset the district for the money to be spent on other uses, but the dollars realized could free up City money in other funds and the action would not raise anyone’s taxes and would reduce the projected administrative costs for the district.

Responding to a question from Ms. Ortiz about the Eugene Water & Electric Board’s plans for its property in the district, Ms. Cutsogeorge said that the status of future riverfront development was uncertain and she would need to return with more information. She said staff would provide information about the yield from the Riverfront District if closed to the committee. Mr. Pryor wanted the analysis to include other impacts of closing down the district.

Ms. Hammitt observed that the funding realized by closure of the Riverfront district would not achieve the needed amount of money, but it would help.

Referring to the list of potential revenue sources, Mr. Farr questioned the political feasibility of a restaurant tax or income tax. He pointed out the council did not have to place a utility consumption tax on the ballot and could realize \$2 million annually from a 1.5 percent utility consumption tax. He acknowledged such a tax was subject to referral but he believed the council could present such a tax to the community in an understandable manner that could lead to its acceptance.

Mr. Pryor said that other cities had imposed a utility consumption tax so data about potential yields was easily secured. He said such a tax had the additional benefit of being a stable

funding source. While it was appealing that the vote did not require a vote, imposing in such a manner required the council to be even more accountable, responsible, and clear about the community benefit. He recommended that staff talk to Mr. Manela about the experience of communities that had imposed such a tax.

Committee members briefly discussed the possibility of a restaurant tax to support human services and acknowledged there would be community resistance to such a tax as well as organized opposition from the restaurant industry. Mr. Pryor posited the idea of a restaurant tax tied to the provision of food for low-income residents and reiterated his previous remarks about looking to a combination of funding sources to underwrite the costs of the human services system. The committee agreed to retain the tax in the matrix for the time being while staff gathered information about the scope of need in regard to food for low-income residents and quantified the City's current direct and indirect contributions in that area.

VI. Next Steps

Ms. Cutsogeorge said staff would also provide the committee with information about other revenue sources considered by the Meeting the Challenge Task Force and those considered by the Council Subcommittee on Transportation Funding Solutions as well as take a first cut at writing up the committee's recommendations to date.

Mr. Fernandez concluded the meeting at 1:30 p.m.

(Recorded by Kimberly Young)

MINUTES

Council Committee on Human Services Funding
Bascom Room—Eugene Public Library—100 West 10th Avenue
Eugene, Oregon

November 8, 2011
Noon

PRESENT: Andrea Ortiz, Chris Pryor, Pat Farr, members; Andy Fernandez, Library, Recreation, and Cultural Services; Central Services Director Kristie Hammitt; Twylla Miller, Sue Cutsogorge, Mia Cariaga, Central Services Department; Stephanie Jennings, Planning and Development Department; Lori Kievith, Eugene Police Department., Several members of the public were also in attendance.

ABSENT: George Brown, member.

I. Agenda Review

Mr. Fernandez convened the meeting and reviewed the agenda.

II. Follow-up from October 25 Meeting

Ms. Cutsogorge called attention to a document included in the meeting packet entitled *Follow-up Information from October 25 Meeting* and briefly overviewed its contents, which included information about potential revenue sources; information on the impact of the potential termination of the Riverfront Urban Renewal District; information about City-funded human services with a nexus to food that might be supported by a restaurant tax; and updated information about the continuum considered by the committee on October 25. She also called attention to a draft recommendation based on the committee's discussions that was included in the packet, as well as a document entitled *Timing and Coordination Issues*. There were no questions.

Ms. Ortiz arrived.

III. Minutes Approval

Ms. Ortiz, seconded by Mr. Pryor, moved to approve the minutes of October 25, 2011, as submitted. The motion passed unanimously, 3:0.

IV. Continued Discussion of Funding Level and Sources

Mr. Fernandez referred to the draft staff recommendation found on page 29 of the meeting packet proposal as the topic of discussion for the meeting.

Mr. Fernandez also referred the committee to information about the funding sources included as attachments to the meeting packet: 1) a memorandum dated October 22, 2009, to the Meeting the Challenge Task Force from Senior Financial Analyst Larry Hill entitled *Previously Identified General Fund Revenue Alternatives*; 2) Appendix H, *Funding Alternatives for Transportation System Needs*; 3) a document entitled *Funding Sources used by Other Human Service Providers*; 4) a document entitled *1995-96 Utility Consumption Tax*, which summarized Ballot Measure 20-54; and 5) a document entitled *Riverfront Urban Renewal District Information*.

Committee members discussed the potential that its recommendations would be referred to the ballot. Mr. Pryor suggested the committee consider taking two approaches, one that involved revenue sources that could be imposed by the council immediately and would be acceptable to the public because of the logical nexus between source and service, and one that allowed the public to decide. Ms. Cutsogeorge reminded the committee that only a property tax increase required a public vote; the other revenue sources could be referred to the voters if the council chose to do so.

Ms. Ortiz wanted to know what the City planned to do with the money in the Riverfront Urban Renewal District. She preferred to return that money to the General Fund rather than ask the voters for more money. Ms. Cutsogeorge reported that the district paid for City participation in planning efforts related to courthouse district and Walnut Station. If the committee chose to terminate the district, the City would have to decide whether and how it wanted to continue that participation.

Mr. Pryor suggested the committee identify a target for funding and build the revenue stream one revenue source at a time. The committee could propose terminating the Riverfront Urban Renewal District, which would realize \$300,000, as well as the revenue realized through a utility fee or community impact fee. That would help create stable funding as well as indicate to potential partners the City's willingness to participate in a larger solution.

Mr. Fernandez proposed that the committee discuss the pros and cons of the options with a focus on what could be implemented immediately, what was realistic, and what was voter-based as opposed to council-initiated. He created a chart on the whiteboard to record the pros and cons discussion.

Riverfront Urban Renewal District

Mr. Pryor said that termination of the district would be immediate, realistic, and was within the City's purview. Some people would be unhappy that the City would lose planning capacity. No public vote was needed, and the district represented an existing City resource.

Restaurant tax

There was general agreement among committee members that a restaurant tax was not a realistic option.

Utility consumption tax

Ms. Ortiz believed the fact the City would have to depend upon EWEB for billing for the tax represented a challenge. She also pointed out that differing service levels across the community could lead to charges of inequity. While she was willing to discuss it, she believed such a tax would be referred and would face wide opposition.

Ms. Cutsogeorge reported that a one-percent utility consumption tax would yield about \$1.2 million.

Mr. Farr believed an argument against the fee was that it had already been defeated at the polls. An argument in favor of the fee was that it was broad-based.

Committee members agreed such a fee could be implemented immediately and was realistic. A vote was not required. Mr. Pryor suggested another benefit of the utility consumption tax was that no one was exempted from the tax.

Public Service Fee

The committee agreed a benefit of such a fee was that it was broad-based. Ms. Cutsogeorge noted that such a fee could yield \$700,000 annually, assuming a flat fee of \$1 on all residential units regardless of unit type. She also noted that the fee included the same billing challenge mentioned earlier by Ms. Ortiz. She confirmed, in response to a question from Ms. Ortiz, that the fee would be applied to housing units under the management of the University of Oregon.

Mr. Farr believed such a fee would face broad opposition.

The committee agreed that the fact the fee was new to the community could be considered a disadvantage. The committee also agreed that such a fee would be broad-based, could be implemented immediately without a public vote, and was as realistic as any other revenue source under consideration.

Property taxes

The committee agreed that the disadvantages of a property tax increase included the compression factor and the fact it would be difficult to pass a property tax increase. They noted that the City was planning other property tax items on the ballot, such as the recently discussed renewal of the street bonds in 2012. Committee members concluded that a property tax increase was not a realistic option.

V. Discussion of Timing and Coordination Issues

The committee discussed the possible timing for implementing the various options under consideration and the need for coordination with other efforts, such as the Ambulance Transport funding issue, parks operations and maintenance, and a future street bond.

Ms. Ortiz indicated that all options were still on the table in regard to the Ambulance Transport funding issue. She anticipated the council would discuss the problem before involving other jurisdictions.

Ms. Cutsogeorge noted that there is a double-majority requirement for property tax measures except those on the ballot in May and November.

Mr. Fernandez determined that the committee was comfortable dropping a restaurant tax from the list and focusing on a utility consumption tax or public service fee and termination of the Riverfront Urban Renewal District. The committee further agreed that while a property tax increase might face competition from other ballot measures, it could be a future funding source. Mr. Pryor observed that King County in Washington State had approved a property tax increase for veterans and human services. He anticipated that any future property tax measure would have to be targeted in such a way, and suggested it could be implemented in combination with one of the other revenue sources under consideration.

Ms. Ortiz indicated her preference for a utility consumption fee over a public services fee but said she was willing to look at all the data.

Ms. Cutsogeorge said the City's contribution to human services included both its funding for the Human Services Commission and its own direct contracts for services, such as CAHOOTS. She had not assumed that 100 percent of any new revenue would be directed to the HSC but wanted to confirm that with the committee. Mr. Pryor said the committee needed to determine whether the new revenue would entirely replace existing funding, with a net effect of zero, or was the committee trying to enhance that amount. He had assumed the base level of \$1.3 million would continue and anything the committee could add to that would be in addition to that amount or at least an offset to a greater degree than zero. He was hoping for something over the current \$1.3 million.

Ms. Cutsogeorge clarified that the City's base allocation was slightly more than \$1 million and the add-ons totaled about \$150,000, all of which came from the General Fund. Any new revenue source could free up money in the General Fund or help reduce the deficit.

Mr. Farr believed that a reduction in the General Fund contribution was a separate conversation. He preferred to consider new revenues as an addition to the existing contribution. Mr. Pryor agreed. He wanted to guarantee the current contribution. He pointed out the City could terminate the district and immediately add \$300,000 to the contribution to achieve stable funding. A utility consumption fee at .5 percent would raise an additional \$500,000 and bring the contribution up to nearly \$2 million.

Ms. Hammitt encouraged the committee to consider the issue in the context of other tax-related initiatives being considered and the council's goals. She suggested that the council could inventory and prioritize all City services. Ms. Cutsogeorge reminded the committee that the City was facing a \$6 million reduction in the General Fund over the next couple of years, and a new revenue source might be a way to help offset those reductions.

Responding to a suggestion from Mr. Pryor that Ms. Cutsogeorge's remarks implied that the City could not guarantee its base human services funding, Ms. Hammitt said no decisions had been made in that regard. However, she believed that the City would need to look outside the organization's resources and work with its partners to maintain adequate funding levels for human services.

Mr. Farr expressed a desire for a dedicated and secured revenue stream to fund human services.

The committee then discussed its preferred funding target and what services were included in the target.

Mr. Pryor did not want to make up the funding gap by using General Fund money or erode existing human services funding to pay for something else. He was interested in a stable funding source at whatever level the council chose. Then the council could discuss what it could do to supplement that funding to reach a level that reflected past one-time or emergency allocations that could not be sustained over time.

Mr. Farr wanted to eliminate the instability of one-time funding and add to the total amount. Mr. Pryor shared that goal but posited the possibility the committee might have to revisit current funding levels. Mr. Farr did not want to.

Responding to a question from Ms. Ortiz, Ms. Hammitt said she had interpreted the committee's charge as finding ways to fund the City's entire human services contribution, including stabilizing what the City was doing now.

Mr. Pryor emphasized that the City's human services contribution should be stable and should be increased. He said human services agencies relied on the contribution and suffered when the City returned to baseline funding levels. He suggested the committee could establish a target that included the base allocation of \$1.3 million and \$300,000 from termination of the district, and add to that with another source that increased that amount by \$700,000. At that point, the council still had stable funding at a higher level even if it had to decrease its General Fund contribution. Ms. Hammitt concurred.

VI. Public Comment

Erin Bonner, ShelterCare, thanked the committee for its discussion. She spoke of the many budget reductions that agencies and their clients were experiencing and said she was grateful for the committee's work.

Jan Aho, Pearl Buck Center, also expressed appreciation for the discussion. She thanked the committee and staff for their commitment and for recognizing the importance of the services funded to the community. Speaking to the CAHOOTS service, Ms. Aho said the providers had been talking about relationship between public safety and human services and believed that relationship was very important for the health of the community.

Steve Manela of Lane County's Health and Human Services Department also appreciated the conversation and thought the committee's work was very important. He appreciated that the local jurisdictions were working together on human services funding.

Mr. Pryor encouraged staff to continue to involve Mr. Manela in the process.

VII. Next Steps

The next meeting was scheduled for November 22, 2011.

Mr. Fernandez concluded the meeting at 1:25 p.m.

(Recorded by Kimberly Young)

MINUTES

Council Subcommittee on Human Service Funding
Bascom Room—Eugene Public Library—100 West 10th Avenue
Eugene, Oregon

November 22, 2011
Noon

PRESENT: Andrea Ortiz, Chris Pryor, George Brown, Pat Farr, members; Andy Fernandez, Library, Recreation, and Cultural Services; Kristie Hammitt; Twylla Miller, Sue Cutsogeorge, Mia Cariaga, Central Services Department; Mike Sullivan, Stephanie Jennings, Planning and Development Department; Pete Deshpande, Lori Kievith, Eugene Police Department. Several members of the public were also in attendance.

I. Agenda Review

Mr. Fernandez convened the meeting and reviewed the agenda.

Mr. Fernandez asked the committee to consider the following questions and possible options.

Which components are recommended for stabilization?

- *HSC payment*
 - *Base payment (General Fund \$1 million, Community Development Block Grant \$0.3 million)*
 - *Additional directed payments (General Fund \$0.2 million)*
- *Direct City contracts and programs*
- *Other?*

What is the recommended stabilization mechanism?

- *Reallocate General Fund Resources*
 - *No new revenue*
- *Partial General Fund allocation with new revenue source(s)*
- *New revenues only*

If new revenue, which one(s) and what is the target amount from each source?

- *Utility consumption tax*
- *Human services monthly fee*
- *Terminate Riverfront Urban Renewal District*
- *Other?*

II. Minutes Approval

Ms. Ortiz, seconded by Mr. Pryor, moved to approve the November 8, 2011, minutes as submitted. The motion passed unanimously, 4:0.

III. Follow-up from November 8 Meeting

Ms. Cutsogeorge provided an overview of the agenda materials prepared by staff as follow-up to the November 8 meeting. Information included the average utility bill for a Eugene Water & Electric Board ratepayer and a chart showing the pros and cons of the revenue sources under discussion; and a document entitled *Eugene Human Services Budget*, which included summary data regarding City of Eugene expenditures on human services funding over the past six years (fiscal years 2007-2012).

Ms. Cutsogeorge called the committee's attention to a final document entitled *Funding Tradeoff Scenarios*, which summarized three general funding approaches for human services the committee could consider: 1) Reallocate General Fund Services; 2) Expanded Human Services Commission Payment from New Revenue Source; and 3) Fund Entire Human Services Commission Payment (Current + Expansion) from New Revenues.

IV. Continued Discussion

Ms. Cutsogeorge invited comment on the funding tradeoff scenarios.

Mr. Brown suggested that the City could use one-time money such as the Eugene Water & Electric Board's Contribution-in-Lieu-of-Taxes (CILT) payment or the revenue the City would realize from the University of Oregon for the vacation of Moss Street to fund one-time expenses, such as capital construction of facilities for veterans. He suggested it would also be prudent to hold some money in reserve. Ms. Hammitt asked if Mr. Brown proposed to direct all one-time money to one-time expenses. Mr. Brown had not given that question thought and suggested the question of what needed to be funding could be referred to human services staff and the agencies that provided the services. He said another approach was for the City to fund those services most in need for a short-term period while other funding was found.

Mr. Farr believed one-time funding should be used as a last resort or on an expenditure that would not require additional funding in the future.

Ms. Ortiz preferred to see the CILT money go into the General Fund and thought the street vacation revenue should go toward transportation-related expenses. She opposed reallocating General Fund moneys given the outlook for that fund and advocated for a more sustainable overall funding approach. She thought it might make sense to terminate the Riverfront Urban Renewal District. She questioned how the council could decide which agencies should be

assisted given that they were all in need of additional funding. She did not support the gap funding approach mentioned by Mr. Brown.

Mr. Brown acknowledged the committee's charge was to find ongoing resources. He believed the most prudent approach was to keep the one-time funds in reserve pending the upcoming budget process.

Mr. Pryor believed the council must first stabilize the current funding level for human services before moving forward with a new stable mechanism for additional funding. He asked if termination of the Riverfront District had implications for EWEB. Mr. Sullivan responded that EWEB hoped the City would participate in the cost of infrastructure improvements when redevelopment of its site moved forward. He had no estimates of those costs, but said the district was the City's tool for participation and without the district the City had no way to contribute.

Mr. Pryor confirmed with Mr. Sullivan that the anticipated infrastructure improvements would be a one-time investment and suggested the City could use one-time money for the purpose. Mr. Sullivan pointed out the other legal and administrative costs related to the issue. He reported that EWEB was ready to present its master plan to the council for approval. EWEB had already tested the market's interest in the site and some interesting discussions were occurring. He pointed out the site required significant investment because of its relative isolation from the remainder of the community, but it represented a great opportunity for the community. He reiterated that the district was the tool for the City's participation and the City's funding would help leverage EWEB's contribution. He emphasized the importance of a strong downtown core to economic development and noted the master plan's relationship to the City's vision for the area.

Mr. Pryor did not think the City needed an ongoing source of funds to support master plan implementation given the one-time nature of the investment. Mr. Sullivan said Eugene could use the approach taken by Portland to the redevelopment of the South Waterfront District, where all parties to the redevelopment project essentially waited for a development idea to crystalize before all resources were committed. That took some time. The council could modify the Riverfront Urban Renewal District Plan to more fully describe the projects to be accomplished and the time period for implementation. In a sense, that made the funding one-time because of the projects in the plan were one-time in nature.

Ms. Ortiz expressed concern about the many residents who needed human services and agreed with Mr. Pryor that there might be other ways for the City to participate in the master plan implementation process without maintaining the district.

Mr. Brown believed there were other ways to induce development at the EWEB site without "giving away the farm" and recommended the City look into the approaches employed by Boulder, Colorado and the State of Arizona related to attracting development. He believed

EWEB was capable of negotiating a development agreement and the City could help EWEB's efforts by reducing systems development charges and streamlining the permit process.

Mr. Farr preferred to drop district termination from consideration because it would not provide much funding and when it was gone the City would now lack the ability to impact the EWEB development. He preferred to look to the two taxing mechanisms under consideration.

Mr. Fernandez returned to the three questions.

Which components are recommended for stabilization?

The committee accepted a suggestion from Mr. Pryor that the committee recommend the City maintain the current General Fund allocation for human services and increase it to \$2 million using a new revenue source. The committee acknowledged that the General Fund element was more susceptible to reallocation.

What is the recommended stabilization mechanism?

If new revenue, which one(s) and what is the target amount from each source?

The committee agreed to forward both a human services monthly fee of \$1 per month to raise approximately \$700,000 annually and a utility consumption tax of one percent to raise approximately \$1.2 million annually to the council for its consideration. The committee also agreed to mention the possibility of terminating the Riverfront Urban Renewal District as well as the possibility of directing the one-time sources that were discussed toward one-time expenses.

Ms. Cutsogeorge summarized the recommendation as including \$1.35 million from the General Fund, \$350,000 from CDBG and the HOME funds, with \$600,000 to \$700,000 to come from a new revenue source in the form of a utility consumption tax, human services monthly fee, termination of the district, or a combination thereof, as well as opportunities for one-time dollars to offset one-time expenses.

Mr. Pryor asked staff to communicate to the Budget Committee that the committee wanted to secure the base payment in the General Fund to the degree possible. There was general concurrence.

The committee accepted a suggestion from Mr. Farr that its top funding priorities were the utility consumption tax and monthly human services fee, with the other mechanisms as lesser priorities. Mr. Pryor suggested that staff provide the council with all the revenue options the committee discussed.

V. Finalize Recommendation

Ms. Cutsogeorge said she would finalize the committee's recommendation and circulate it among members before forwarding it to the council for discussion on January 11, 2012.

VI. Next Steps

Ms. Ortiz recommended that staff give EWEB a "heads up" about the committee's recommendations.

Mr. Fernandez concluded the meeting at 1:15 p.m.

(Recorded by Kimberly Young)

Best & Worst Outcomes

City Council Subcommittee on Human Service Funding
October 4, 2011

Best Outcomes

- Clarity to prioritize funding
- Start establishing an appropriate role for the City and develop a community-wide solution that aligns with financial goals
- Clear strategy for City's role in Human Services and creative ways to implement
- Find and develop a solution, and participants feel that it was time well spent
- Find a way to fund the increased need for Human Services
- Logical, sustainable and adequate level of funding that doesn't impact other services
- Don't look at the issue in a vacuum – develop good recommendations
- Develop a stable level of funding so that costs in other areas are minimally impacted
- Active level of partnership with other jurisdictions
- Human Services savings – costs in terms of other services
- Develop a plan to recommend long term Human Services Funding
- No more one-time funding discussions of Human Services at Budget Committee meetings
- Look broad, see creative solutions
- Regional partnerships
- Staff / Council increase knowledge of providers of Latino services - direct assistance to those agencies
- Partnerships to include business communities, and develop a plan to blend all aspects of the community
- Identify new funding streams and implement, consider affordable housing and Eugene homelessness issues
- Solid direction to Council > service goals, budget priority
- Develop a sustainable long term budget solution for Human Services, affordable housing

Worst Outcomes

- Don't find a way to fund the need for human services
- Nothing changes
- Revenues decreases and there is a reduction in Human Services support
- Reduced resources will lead to an increased level of competition
- Surrounding community can't sustain, and there will be an influx of need to Eugene
- Group decides that they have done all they can
- Giving up
- Human Services is bottomless set of needs
- Development of permanent "under class" – costs
- No clear direction for funding Human Services
- No solution found – Budget Committee asks continue
- No action

- Increase in low income families
- Latino families ignored and basic services not met
- Develop a report that doesn't get used
- Less money
- Heightened levels of poverty
- Community conflict with impacted populations
- Come to inconclusive place
- Inadequate funding of social services for the most vulnerable
- Indecision and problem gets worse
- This group doesn't have the tools, information for decision-making

**Eugene's Human Service Budget,
With Six Year History**

Human Service Funding Summary – Past Six Years

	FY07	FY08	FY09	FY10	FY11	FY12
HSC Payment						
-General Fund Base	\$970,700	\$992,000	\$1,015,000	\$1,035,000	\$1,035,000	\$1,035,000
-General Fund Directed	405,720	506,000	516,000	448,000	398,000	186,000
-Other Funds Base	350,000	350,000	350,000	350,000	350,000	350,000
-Other Funds Directed	0	0	0	0	0	0
Total	1,726,420	1,848,000	1,881,000	1,833,000	1,783,000	1,571,000
Direct Contracts & Programs						
-General Fund	376,326	390,451	347,482	344,294	344,294	689,000
-Other Funds	2,530,110	2,517,499	2,420,600	2,876,325	2,974,796	2,270,000
Total	2,906,436	2,907,950	2,768,082	3,220,619	3,319,090	2,959,000
Total General Fund	1,752,746	1,888,451	1,878,482	1,827,294	1,777,294	1,915,000
Total Other Funds	2,880,110	2,867,499	2,770,600	3,226,325	3,324,796	2,615,000
Total Funding	4,632,856	4,755,950	4,649,082	5,053,619	5,102,090	4,530,000

Human Service Funding – Details for the Past Six Years

FY12 Budget

	General Fund	Other Funds	Total
HSC Payment			
Base Payment	\$1,035,000	\$350,000	\$1,385,000
Directed Payments*	186,000	0	186,000
ARRA for Homeless Prevention & Rapid Rehousing	0	0	0
Total HSC Payment	1,221,000	350,000	1,571,000
Direct Contracts & Programs			
CAHOOTS	600,000	0	600,000
SVdP Homeless Camping	89,000	0	89,000
CDBG & HOME for affordable housing capital	0	2,168,000	2,168,000
Miscellaneous **	5,000	97,000	102,000
Total Direct Contracts & Programs	694,000	2,265,000	2,959,000
Totals	\$1,915,000	\$2,615,000	\$4,530,000

FY11 Budget

	General Fund	Other Funds	Total
HSC Payment			
Base Payment	\$1,035,000	\$350,000	\$1,385,000
Directed Payments*	398,000	0	398,000
Total HSC Payment	1,433,000	350,000	1,783,000
Direct Contracts & Programs			
CAHOOTS	250,294	0	250,294
SVdP Homeless Camping	89,000	0	89,000
ARRA for Homeless Prevention & Rapid Rehousing	0	276,610	276,610
CDBG & HOME for affordable housing capital	0	2,648,186	2,648,186
Miscellaneous ***	5,000	50,000	55,000
Total Direct Contracts & Programs	344,294	2,974,796	3,319,090
Totals	\$1,777,294	\$3,324,796	\$5,102,090

FY10 Budget

	General Fund	Other Funds	Total
HSC Payment			
Base Payment	\$1,035,000	\$350,000	\$1,385,000
Directed Payments*	448,000	0	448,000
Total HSC Payment	1,483,000	350,000	1,833,000
Direct Contracts & Programs			
CAHOOTS	250,294	0	250,294
SVdP Homeless Camping	89,000	0	89,000
ARRA for Homeless Prevention & Rapid Rehousing	0	276,610	276,610
CDBG & HOME for affordable housing capital	0	2,550,715	2,550,715
Miscellaneous ***	5,000	49,000	54,000
Total Direct Contracts & Programs	344,294	2,876,325	3,220,619
Totals	\$1,827,294	\$3,226,325	\$5,053,619

* Limited duration payments to HSC have been for stabilization, Station 7, homeless initiatives (ShelterCare, SVdP), Safe & Sound.

** General Fund for Blue Ribbon Committee, Project Homeless Connect, LTD tokens. HOME for community housing, security deposit assistance.

FY09 Budget

	General Fund	Other Funds	Total
HSC Payment			
Base Payment	\$1,015,000	\$350,000	\$1,365,000
Directed Payments*	516,000	0	516,000
Total HSC Payment	1,531,000	350,000	1,881,000
Direct Contracts & Programs			
CAHOOTS	255,282	0	255,282
SVdP Homeless Camping	87,200	0	87,200
ARRA for Homeless Prevention & Rapid Rehousing	0	0	0
CDBG & HOME for affordable housing capital	0	2,371,600	2,371,600
Miscellaneous ***	5,000	49,000	54,000
Total Direct Contracts & Programs	347,482	2,420,600	2,768,082
Totals	\$1,878,482	\$2,770,600	\$4,649,082

FY08 Budget

	General Fund	Other Funds	Total
HSC Payment			
Base Payment	\$992,000	\$350,000	\$1,342,000
Directed Payments*	506,000	0	506,000
Total HSC Payment	1,498,000	350,000	1,848,000
Direct Contracts & Programs			
CAHOOTS	250,276	0	250,276
SVdP Homeless Camping	85,175	0	85,175
ARRA for Homeless Prevention & Rapid Rehousing	0	0	0
CDBG & HOME for affordable housing capital	0	2,466,693	2,466,693
Miscellaneous **	55,000	50,806	105,806
Total Direct Contracts & Programs	390,451	2,517,499	2,907,950
Totals	\$1,888,451	\$2,867,499	\$4,755,950

FY07 Budget

	General Fund	Other Funds	Total
HSC Payment			
Base Payment	\$970,700	\$350,000	\$1,320,700
Directed Payments*	405,720	0	405,720
Total HSC Payment	1,376,420	350,000	1,726,420
Direct Contracts & Programs			
CAHOOTS	242,986	0	242,986
SVdP Homeless Camping	83,340	0	83,340
ARRA for Homeless Prevention & Rapid Rehousing	0	0	0
CDBG & HOME for affordable housing capital	0	2,478,940	2,478,940
Miscellaneous **	50,000	51,170	101,170
Total Direct Contracts & Programs	376,326	2,530,110	2,906,436
Totals	\$1,752,746	\$2,880,110	\$4,632,856

* Limited duration payments to HSC have been for stabilization, Station 7, homeless initiatives (ShelterCare, SVdP), Safe & Sound.

** General Fund for Blue Ribbon Committee, Project Homeless Connect, LTD tokens. HOME for community housing, security deposit assistance.

Revenue Information

**Human Services Subcommittee
Potential Revenue Sources**

Potential Revenue Sources	Rate	Estimated Amount Generated	Stability	Administrative Effort	Timeline To Implement	Who Pays The Tax			General Fairness	Politically Supportable Easily Understood By Citizens
						City Residents	Non-Residents	Businesses		
Restaurant Tax	5.0%	~\$14 million annually	Revenues could fluctuate with economy	High. Internal program would need to be established for collection/ administration. Significant initial set-up costs.	By FY14	X	X		Yes	Yes
Utility Consumption Tax	1.5%	~\$2 million annually	Stable	Minimal if imposed on utility companies based on gross receipts with the presumption the tax is passed on to consumers.	By FY14	X		X	Yes	Yes
Public Service Fee	Flat fee per property unit	~\$0.7 million annually assuming a flat fee of \$1 per unit per month	Stable	Minimal if billed by EWEB; much higher if the City were to implement an in-house billing and collection process.	By FY14	X		X	Yes	Yes
Local Option Property Tax Levy	Depends on the amount to be raised	\$5 million annually, assuming a levy of ~\$80 per year for a median single-family house	Stable in the short-run, but requires periodic renewals	Minimal.	By FY13 (if placed on May 2012 ballot)	X		X	Yes	Yes
Business License Fee	A fixed amount per business, a flat % of income, or a fee per number of employees	Under \$2 million annually	Revenue would fluctuate with economic conditions	High administrative effort that would require establishing a new in-house program.	By FY14			X	Depends on fee structure	Depends on fee structure
Payroll Tax	1.0%	~\$30 million annually if applied to all payrolls and assuming a rate of 1.0%	Revenue would fluctuate with economic conditions	If Oregon Department of Revenue is unable or unwilling to administer, collect and enforce a City payroll tax, the cost for administration would be very high.	By FY14	X	X (non-residents who work in the City)		Regressive (excludes non-wage income)	Yes
Income Tax - Corporate	Depends on the tax structure (flat, tiered, etc.)	Unknown at this time	Revenue would fluctuate with economic conditions	High; administration, collection and enforcement would have to be handled by the City of Portland or the Oregon Department of Revenue.	By FY14			X	Depends on the tax structure	No
Income Tax - Personal	Depends on the tax structure (flat, tiered, etc.)	A tiered school income tax was proposed in 2011 that excluded joint filers with OTI under \$22,000 and had several rates ranging from 0.35% to 1.20% depending on the income level, would have raised an estimated \$16.8 million annually.	Revenue would fluctuate with economic conditions. Tax avoidance and evasion would likely be an issue.	High; administration, collection and enforcement would have to be handled by the City of Portland.	By FY13 (if placed on May 2012 ballot)	X			Depends on the tax structure	No

Last updated: 10/20/11

**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.

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(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>

Riverfront Urban Renewal District Information

This attachment includes some follow-up information requested at the last subcommittee meeting about the impacts from termination of the Riverfront Urban Renewal District.

Riverfront District Financial Information

Attached to this material are excerpts from the City/URA FY12 budget. These pages set out information on the background of the district and its goals (page I.5), impact of the district on the overlapping taxing districts (page I.12) and the budget and actual expenditures (pages I.23 to I.24).

As can be seen on the overlapping taxing district impact statement (page I.12), the total revenue in the district in FY11 was \$790,000, of which \$300,000 came from the City of Eugene's permanent tax rate. This is the amount (\$300,000) that would be available to the City's General Fund in the event that the district was terminated.

The budget information on page I.23 sets out the amount of balance available, which is the amount that could be appropriated for spending in the district on projects included in the plan. The amount for FY12 is \$4.8 million. If the district were terminated, the City would receive a portion of that amount, and the rest would be distributed to the other overlapping taxing districts. The amount to be distributed would be based on the City's share of the overall increment, which is about 40%, so the City would receive approximately \$1.8 million from district termination on a one-time basis.

The budget information on page I.23 also sets out the actual spending for the past two fiscal years in the district on administrative costs. For FY90 and FY10, the amount was approximately \$180,000 per year, which was significantly less than the amounts budgeted in those years. The budget for FY12 is \$250,000. The district's administrative budget is used to support the project activities occurring in the area.

Riverfront District Project Activities

The Riverfront Urban Renewal District supports efforts to strengthen natural resources and to stimulate appropriate development for the east portion of downtown and along the Willamette River from EWEB to Walnut Station. Three significant recent efforts have included the Courthouse District, the EWEB riverfront property redevelopment and master plan work, and the Walnut Station area. Concepts regarding the millrace are included in the work with EWEB and the Courthouse District. The Courthouse Garden, located on Urban Renewal Agency-owned property, is a part of this area. Other initiatives are also in process, including working with property owners and interested developers throughout the Urban Renewal District to encourage desired development. Based on the Riverfront Urban Renewal Plan, development in the District is intended to play a critical role in the revitalization of the entire region, and specifically to strengthen the connection between downtown, the river, and the University.

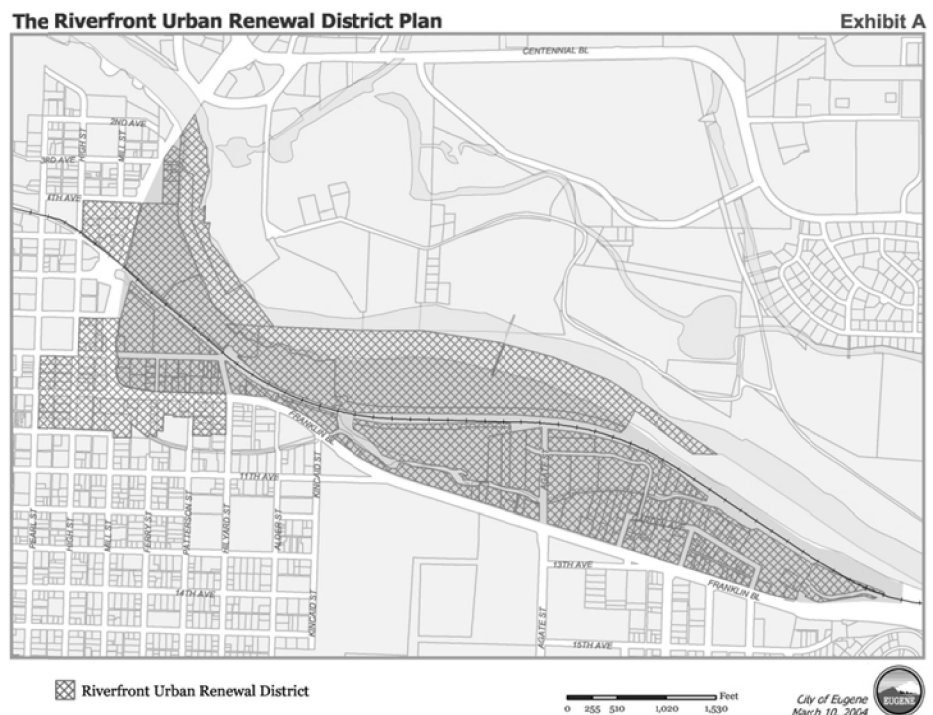
Riverfront Urban Renewal District

The Riverfront District was created in 1985 to assist in financing public infrastructure. The original district encompassed nearly 148 acres adjacent to and including the University of Oregon’s Riverfront Research Park site. In FY04, the City Council amended the boundaries of the district to add another 30 acres, bringing the total area to approximately 178 acres. The current boundaries of the district are shown in the map.

The district plan was reviewed and amended by the City Council in March 2004. Major changes in the amendment included changing the name of the district from the “Riverfront Research Park Urban Renewal Area” to the “Riverfront Urban Renewal Area”, extending the termination date to 2024, expanding and revising the list of project activities, providing new cost estimates of the projects to be undertaken, establishing a maximum indebtedness of \$34.8 million, and providing other information about the impact of the amendments.

Major goals in the Riverfront District for FY12 are:

- Collaborate with EWEB to review the master plan for the downtown riverfront area.
- Promote redevelopment of public and private properties in the area around the Wayne Morse Federal Courthouse.
- Improve connections between the core of downtown, the riverfront area and the University of Oregon.



Division of Tax Impact on Overlapping Taxing Jurisdictions in FY11

Estimate, Net of Discounts and Delinquencies

Taxing District	Type of Tax	Downtown	Riverfront	Total
<u>School Taxes</u>				
School District 4j	Permanent Tax Rate	\$575,000	\$205,000	\$780,000
School District 4j	Local Option Levy	0	65,000	65,000
Lane Community College	Permanent Tax Rate	75,000	30,000	105,000
Lane ESD	Permanent Tax Rate	30,000	10,000	40,000
Total School Taxes		\$680,000	\$310,000	\$990,000
<u>General Government Taxes</u>				
City of Eugene	Permanent Tax Rate	\$850,000	\$300,000	\$1,150,000
City of Eugene	Library Levy	0	10,000	10,000
Lane County	Permanent Tax Rate	150,000	55,000	205,000
Total General Government		\$1,000,000	\$365,000	\$1,365,000
<u>Bonded Debt Taxes</u>				
City of Eugene	Bonded Debt	\$40,000	\$50,000	\$90,000
Lane County	Bonded Debt	10,000	5,000	15,000
School District 4j	Bonded Debt	60,000	50,000	110,000
Lane Community College	Bonded Debt	0	10,000	10,000
Total Bonded Debt		\$110,000	\$115,000	\$225,000
Totals		\$1,790,000	\$790,000	\$2,580,000

Note: Although local property taxes to schools are reduced as a result of the division of taxes, school budgets are only minimally reduced, all else being equal, because schools are funded through a per pupil formula from the state, and any loss in local property taxes is made up by an increase in state fundinl. The chart does not take into account any effects of Measure 5 compression on school taxes.

Source: Lane County Assessment and Taxation, Table 4e, Detail of Urban Renewal Plan Areas by Taxing District, Tax Year 2010-11.

Maximum Indebtedness Information

Oregon Revised Statutes require that each urban renewal district that receives property tax revenue include a “maximum indebtedness” limit in their urban renewal plan. “Maximum indebtedness” is a required spending cap for all property tax expenditures over a period of time. “Maximum indebtedness” is not a legal debt limit. It is more like a spending limit.

Adopting a maximum indebtedness figure does not authorize or obligate the Agency to spend money or enter into debt. Within the maximum indebtedness limitation, the Agency Board has the ability to fund projects over time, either with cash or by issuing debt. Certain expenditures are included in maximum indebtedness and certain expenditures are excluded. For instance, interest on debt is excluded, but cash payments for projects and administrative expenses are included. Expenditures made from sources other than tax increment revenues are not included in the spending limit, such as Downtown Revitalization Loan Program funds. In addition, interest on debt is not included in maximum indebtedness, nor is the refinancing of existing indebtedness.

URA Riverfront General Fund (821)

To account for tax increment revenues received for the Riverfront Urban Renewal District. Resources are used for improving the condition and appearance of the Riverfront District.

	FY09 Actual	FY10 Actual	FY11 Budget 7/1/2010	FY11 Budget 12/31/2010	FY12 Adopted
Resources:					
Beginning Working Capital	2,131,187	2,899,250	3,517,950	3,524,486	4,150,986
Revenues					
Taxes	668,665	757,478	780,000	780,000	825,000
Rental	23,190	0	0	0	63,000
Miscellaneous	254,117	53,976	25,000	25,000	26,000
Total Revenues	945,972	811,454	805,000	805,000	914,000
Non-Departmental					
Interfund Transfers	0	0	0	0	0
Total Non-Departmental	0	0	0	0	0
Total Resources	3,077,159	3,710,704	4,322,950	4,329,486	5,064,986
Requirements:					
Department Operating					
Planning and Development	177,909	186,218	267,500	267,500	249,144
Total Department Operating	177,909	186,218	267,500	267,500	249,144
Non-Departmental					
Balance Available	0	0	4,055,450	4,061,986	4,815,842
Total Non-Departmental	0	0	4,055,450	4,061,986	4,815,842
Total Requirements	177,909	186,218	4,322,950	4,329,486	5,064,986
Ending Working Capital	2,899,250	3,524,486	0	0	0

URA Riverfront Capital Projects Fund (823)

To account for costs of constructing and improving capital facilities in the Urban Renewal Riverfront District. Financing is provided by transfers from the Riverfront General Fund and interest on investments.

	FY09 Actual	FY10 Actual	FY11 Budget 7/1/2010	FY11 Budget 12/31/2010	FY12 Adopted
Resources:					
Beginning Working Capital	219,322	170,547	157,318	161,965	163,515
Revenues					
Miscellaneous	4,414	2,650	1,000	1,000	1,000
Total Revenues	4,414	2,650	1,000	1,000	1,000
Total Resources	223,736	173,197	158,318	162,965	164,515
Requirements:					
Total Capital Projects	53,189	11,232	141,500	141,500	141,500
Non-Departmental					
Balance Available	0	0	16,818	21,465	23,015
Total Non-Departmental	0	0	16,818	21,465	23,015
Total Requirements	53,189	11,232	158,318	162,965	164,515
Ending Working Capital	170,547	161,965	0	0	0

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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.

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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

	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.
Administrative Effort	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.
Timeline	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.
Incidence & Equity	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.” A relatively large proportion of this tax would be paid by visitors, similar to the transient room tax.
Nexus	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.
Consistency with Council Goals & Policies	A restaurant tax would be consistent with City Council goals and policies.
Fairness & Political Feasibility	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.
Sustainability Impact	A restaurant tax would not create an undue burden on future generations.

Where to Find More Information

Where to Find More Information

City Council Subcommittee on Human Service Funding Website: eugene-or.gov/HSSC

This website includes all of the Subcommittee's materials, including agendas and background memos and reports, minutes and presentation materials.

Eugene-Springfield Consolidated Plan: available on the City of Eugene's website (eugene-or.gov) under Departments >> Planning & Development >> Community Development >> HUD Consolidated Plan

This document is a five-year strategic plan for housing and community development in the Eugene-Springfield area.

Human Services Plan for Lane County: available on the HSSC website

This document was prepared for the Human Services Commission and it is a long-range blueprint for human services in the community.

Multi-Year Financial Plan (MYFP): eugene-or.gov/budget

This document 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.

Meeting the Challenge Task Force Report: available on the HSSC website, included in the meeting packet for 10/4/11

The City Manager created the Meeting the Challenge Task Force in 2009 in order to get input from a citizen committee on service priorities and possible new revenue sources to solve budget challenges.