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MEMORANDUM

Date: November 4, 2011

To: Members of the Council Subcommittee on Human Services Funding

From: Sue Cutsogeorge, Finance Director, 541-682-5589

Subject: Advance Materials for November 8 Meeting

Attached are documents you'll be using as resources for next Tuesday's meeting. Please note that we'll be convening in the Bascom Conference Room in the Eugene Public Library from 12:00 to 1:30. The goal of the meeting will be to continue discussions of the funding levels and potential funding sources to recommend to council. The meeting will include time at the end for public comment on the recommendation.

The attached documents are:

1. Meeting Agenda
2. Draft Minutes from October 25 Meeting
3. Follow-up Information
    a. Funding Sources Considered by Meeting the Challenge Task Force
    b. Funding Sources Considered by Transportation Subcommittee
    c. Funding Sources Used by Other Human Service Providers
    d. Background on 1996 Utility Consumption Tax
    e. Background on Riverfront Urban Renewal District
    f. Restaurant tax/Food-related services
    g. Continuum Review
4. Draft Recommendation based on October 25 Meeting Discussion
5. Timing and Coordination Issues

If you have questions about the materials or there are other ways we can be helpful before we start, please give me a call at 541-682-5589 or email me at Sue.L.Cutsogeorge@ci.eugene.or.us.

A G E N D A

Council Subcommittee on Human Services Funding

Eugene Public Library
100 West 10th Avenue, Bascom Conference Room, 1st Floor
12:00 to 1:30 p.m.
Tuesday, November 8, 2011

12:00 to 12:05 p.m.	I.	**Agenda Review** Andy Fernandez
12:05 to 12:10 p.m.	II.	**Follow-up from October 25 Meeting** Sue Cutsogeorge
12:10 to 12:15 p.m.	III.	**Minutes Approval** Subcommittee Members
12:15 to 12:45 p.m.	V.	**Continued Discussion of Funding Level and Sources** Andy Fernandez
12:45 to 1:10 p.m.	VI.	**Discussion of Timing and Coordination Issues** Sue Cutsogeorge / Andy Fernandez
1:10 to 1:25 p.m.	VII.	**Public Comment**
1:25 to 1:30 p.m.	VII.	**Next Steps**

Website for Subcommittee Information
eugene-or.gov/HSSC

Final Meeting
Library – 1st Floor Bascom Conference Room
Tuesday, 11/22, 12:00 to 1:30

City Council Meeting
Review of Subcommittee Recommendations
Tuesday, January 11, 2012

M I N U T E S

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?

Traditional definition of human services, including HSC and direct contracts with providers	Traditional human services plus a very broad range of social justice and equity services across the community

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?

Fund current human service levels and achieve current outcomes	Fund current human service levels, but review outcomes and see if changes need to be made within current funding	Expand the outcomes achieved with human services to include additional goals

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)

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)

Follow up Information from October 25 Meeting

This attachment includes some follow-up information requested at the second subcommittee meeting.

Potential Revenue Sources
Subcommittee members wanted to know if there were other potential revenue sources besides the ones in the funding matrix presented at that meeting. Three pieces of information are attached:

1. Meeting the Challenge Task Force brainstorming list
2. Transportation Subcommittee brainstorming list
3. Funding Sources Used by Other Human Service Providers

The revenues in each of these summaries can generally be grouped into one of several categories:

- Property taxes (or assessments, which is probably not applicable in this situation)
- Excise taxes (a broad sales tax or narrow sales tax on specific items, like a restaurant tax or utility consumption tax)
- Public service/utility (a fee on all entities that benefit from a particular service either directly or indirectly)
- User fees (fees for service provided directly to an entity, such as a business license fee)
- Income taxes (personal or corporate, payroll tax, gross receipts)

In addition, we have provided background information on the City's previous attempt at enacting a utility consumption tax for homelessness issues in 1996.

Urban Renewal Funding
The packet includes some a short memo and background information from the City's budget document on urban renewal including the potential for revenues generated by termination of the Riverfront Urban Renewal District.

Restaurant Tax/Food-Related Services
One particular question about a revenue source was "What services does the City provide that could be considered food-related, in order to demonstrate a nexus with a possible restaurant tax?" The City does not have a comprehensive inventory of this type of service, but some examples are:

- A portion of the HSC services funded from City contributions are for food-related services, such as hunger food relief distribution by Food for Lane County, Meals on Wheels from LCOG and others.
- City Recreation Services provides meals to seniors as part of the Peterson Park Barn and Campbell Senior Center programs.

- City Public Works provides community garden support.
- The City Manager's Office and PDD work together on food waste recycling, food security and home food production issues.

The existing budget for these and other food-related City services is unlikely to be sufficient to justify the cost of implementing a new restaurant tax to pay for the services.

Updated Continuum Information
At the last meeting, councilors indicated where they were thinking the City should be on several continuums as a way of structuring a discussion on funding amounts and sources. Those continuums are included in the packet, along with the initial indication from councilors about where they were at the start of the subcommittee discussions.

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MEMORANDUM

Date: October 22, 2009

To: Meeting the Challenge Task Force

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

Subject: Previously Identified General Fund Revenue Alternatives

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Appendix H
FUNDING ALTERNATIVES FOR TRANSPORTATION SYSTEM NEEDS

Here we use the term ***funding*** to describe any mechanism that generates revenue for government services or facilities. We use ***financing*** to refer to ways to spread out the impact of collecting funds through the issuance of debt obligations, such as revenue bonds or interfund loans, that are repaid over time with interest.

Current Funding Sources

Special Assessments
Local Improvement Districts
System Development Charges (SDCs)
Lane County Road Fund
State Highway Trust Fund (SHWTF)
Federal Surface Transportation Program (STP)
General Fund

Some Alternative/Additional Funding Sources

Assessments:

Broadened Assessment Practices/Local Improvement Districts - Existing use could be expanded to fund preservation and ongoing operations & maintenance activities. Funded activities must directly benefit the property of those paying.

Broadened System Development Charges - Scope of existing SDC methodology can be expanded to include impacts of new development on arterials and collectors, local match to state facilities, and to cover larger share of street projects. Revenues may only be used for capacity improvements and not for operation & maintenance or preservation activities of the existing system. SDCs are based on estimated impact on the system by the new development.

Property Taxes:

General Obligation Bond (GO Bonds) - A financing mechanism guaranteed with full faith & credit of issuing jurisdiction and repaid with property taxes. Potential funding for capital construction or capital improvement projects including street and highway construction, overlay and reconstruction projects. May not be used for operations or maintenance and repairs. GO bond levies fall outside Measure 5 rate cap. Must be passed by a double majority at a non-general election or by a simple majority at a general election.

Local Option Property Tax Levy - This could be a capital levy, funding preservation or major capital projects for the life of the project (up to ten years) or a five-year operations levy to fund

ongoing operations & maintenance activities. Subject to Measure 5 rate cap. Must be passed by a double majority at a non-general election or by a simple majority at a general election.

Excise Taxes:

Local Option Motor Vehicle Fuel Tax - Could be assessed on gasoline and diesel at the pump or at distributor level. Typically $.01 to $.03 per gallon in addition to state and federal taxes. Could contract with state Dept. of Revenue to administer & collect revenue. Constitution limits use to "...construction, reconstruction, improvement, repair, maintenance, operation and use of public highways, roads, streets and roadside rest areas..."

Carbon-based Fuel Tax - Could tax gasoline, natural gas, fuel heating oil, coal and other fossil fuels. Assessed in addition to state and federal taxes. Constitution limits use of revenues of the tax from motor vehicle fuel to "...construction, reconstruction, improvement, repair, maintenance, operation and use of public highways, roads, streets and roadside rest areas..."

Parking Tax - Could be levied on providers of retail, commercial and non-profit services which provide parking to customers or participants, and on industrial or fleet parking. Amount would be based on estimated share of use of transportation system as measured by trips generated. Can be based on actual number of parking spaces provided or by estimated trip generation based on land use classification.

Motor Vehicle Excise Taxes - Could be levied on the value of the sale of a vehicle. Constitution limits use to "...construction, reconstruction, improvement, repair, maintenance, operation and use of public highways, roads, streets and roadside rest areas..."

Vehicle Registration Fees - May be levied only by a county under ORS 803.445. Fee would be collected by Department of Transportation. Under ORS 801.041 at least 40% of the revenue must be shared with cities within the county. Constitution limits use to "...construction, reconstruction, improvement, repair, maintenance, operation and use of public highways, roads, streets and roadside rest areas..."

Utility/Usage Fees:

Transportation Utility Fee (TUF) - Could be placed on all businesses, organizations and households occupying property in the city. Amount of fee would be determined by property use classification, based on typical trip-generation potential. Revenue is typically used for maintenance, preservation and reconstruction of streets. May not be used to increase system capacity.

Livability Fee - A broader version of the TUF. Could provide revenue for a broader range of city activities related to the transportation system, including streets, bike paths, street trees, lighting, traffic calming, medians, nodal development. Assessment would be based on estimated share of use of the whole system.

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Tolls - Could be used to fund construction, operation, maintenance, preservation and reconstruction of particular transportation elements such as bridges.

Street Improvement fee - Would require participation of residents on all unimproved or substandard streets in a large, non-contiguous local improvement district. Fees would be pooled and would go to improvement of these streets only. Over time all the streets in the non-contiguous district would be improved.

Fees to Compensate for Dedicated Use of Traffic Lanes for Transit Purposes - Could be implemented as compensation where public access to certain traffic lanes is impaired due to dedicated use for Bus Rapid Transit. Lane Transit District would be the only agency paying this fee.

Other:

Special Road Funding Opportunities - One-time interagency funding, or state or federal grant opportunities that may occur.

Some Traditional Municipal Revenue Sources:

Property Tax

General Sales Tax

Personal Income Tax

Corporate Income Tax

Gross Receipts Tax

Payroll Tax

Business Registration Fees

Entertainment, Lodging or Restaurant Tax

Funding Sources Used by Other Human Services Providers

Portland, Oregon – Property Tax

In November 2008 Portland voters overwhelmingly renewed the Children's Levy for another five years. The levy was first approved in November 2002. The Levy is a City of Portland program that generates more than $12 million annually through a property tax of $0.4026 per $1,000 assessed valuation, or about $60 a year for a home with an assessed value of $150,000. After a competitive grant process in 2009, 72 programs were selected for three-year grants totaling $37 million.

These programs improve the lives of 16,000 of Portland's neediest children age birth through 24 and their families each year as they:

- Provide early childhood education and intervention, parenting education and access to immunizations and health screenings so children enter kindergarten ready to succeed.
- Offer safe and constructive after-school and mentoring programs to promote academic achievement, provide role models and increase children's engagement in school.
- Provide child abuse prevention and intervention services to reach children affected by family violence, parental drug and alcohol use, and homelessness and to support families most at risk for abuse and neglect.
- Improve the lives of children in foster care.

King County (Seattle Washington) – Property Tax

In August 2011, King County voters overwhelmingly renewed a Veterans and Human Services property tax levy for another six years. The $13 million levy helps to fund human services for regional veterans and vulnerable populations. It was a replacement for an existing levy that will expire at the end of this year. The levy costs King County homeowners 5 cents per $1,000 of assessed home value, or about $17 a year. The first Veterans and Human Services Levy was passed by the voters of King County in November 2005 to generate much needed funding to help veterans, military personnel and their families and other individuals and families in need across the county through a variety of housing and supportive services..

Little Rock, Arkansas – Sales Tax

In September 2011, voters in the city of Little Rock, Arkansas increased their sales tax by 1 cent, in part to fund services for court-involved and at-risk youth and their families. With this increase, about $3 million a year in additional funds now go to support prevention, intervention, and treatment programs to reduce juvenile crime. This brings the city's annual investment in afterschool and summer programs, gang intervention, and youth development and other treatment programs to $6 million a year. The existing $3 million comes from a property tax levy dedicated to the program. These programs have been part of the city's annual budget for over 17 years, and have widespread support among voters because of their success at reducing juvenile crime.

Boulder Colorado – Sales & Use Tax; Property Tax

The City of Boulder made available about $2.7 million the 2012-2013 Human Services Fund, All agencies in the county are eligible to compete for funds, which are awarded biennially. It is funded by $1.2 million in City general funds and $1.5 million provided by a .15 sales tax recently reapproved by voters in the fall of 2011.

In 2008 Boulder county voters approved "Worthy Cause III," a 10-year extension of a .05 percent sales and use tax that helps with debt reduction and funding of capital facilities for nonprofit organizations.

These funds help with the high price of obtaining and/or improving facilities that fit nonprofits' specific needs as they serve the population. The tax expires in 2018. Worthy cause funds must be allocated to local human services nonprofit organizations or housing authorities for use in capital projects, including building purchase, remodeling and/or debt reduction.

In November 2010, Boulder County voters approved additional funding for human services. A total of 51.6 percent of voters in Boulder County favored the issue that proposed a temporary property tax increase to fund human services .The levy will raise $5.4 million for human services annually for up to five years. This is estimated to cost about $21 per year for a $300,000 home, but this amount may be reduced if state funding goes back up.

Pitkin County (Aspin, Colorado) – Property Tax

A Pitkin County Healthy Communities Fund Levy increase measure was approved by voters by 60 percent of voters on November 1, 2011. This measure increased the current county Healthy Community Fund levy to a rate of $5.50 per year per $100,000 of assessed property value for a further six years; for an annual increase of $446,000 to $1,944,000 in 2013 for 6 years. First approved in 2002 and renewed in 2006, the tax was set to expire at the end of next year. County officials sought this increase due to the increased demand for services by residents in the county combined with the recession and lower property tax rates. The fund supports 61 different local organizations that offer a variety of services. The Healthy Community Fund is a dedicated property tax that provides a stable source of critical funding to local Health and Human Services and Community Non-Profit agencies working to keep citizens independent, healthy and safe.

Miami (Dade County, Florida) – Food and Beverage Tax

In 1993, Miami-Dade business leaders worked with local elected officials and the Florida Legislature to levy a 1% food and beverage tax at all restaurants that had a liquor license and grossed more than $400,000. Despite some early community opposition, the Dade County Commission voted 13-0 to approve the dedicated local tax and to create a detailed strategic plan for homeless housing and services

Broward County, Florida – Motor Fuel Tax

In 1999, and in response to the growing number of homeless in Broward, the Board of County Commissioners, with support from the private sector, passed Ordinance No. 2004-09 that imposed a one-cent ($.01) motor fuel local option tax upon every gallon of gas sold in Broward County. The proceeds of the gas tax are distributed by the State of Florida Department of Revenue with 54.54% distributed to Broward County and 45.46% distributed to eligible municipalities. In June of 2004, the Board of County Commissioners adopted an ordinance (No. 2004-09) that established a "Homeless Special Revenue Fund." As planned, Broward County would receive revenues from the gas tax and transfer an equal amount in its General Revenue to fund homeless services. This commitment will remain in effect and shall not be relieved unless another recurring revenue source replaces it. The County will generate approximately $7 million for homeless services.

Montgomery County, Ohio – Property Taxes

A Montgomery County Human Services Replacement Levy measure was on the November 2, 2010 ballot in Montgomery County. This measure was approved by over 70% of voters. This measure sought to renew the current 6.03 millage that is in place which helps fund these services in the county. The original levy was passed in 2003 and will expire at the end of 2010. The cost for an average homeowner in the county is around $16 a month. The cost for a homeowner with a $136,000 home is currently $263.23 per year. Since the new levy passed, the cost will increase to $287.75 or $23.98 per month.

1995-96 Utility Consumption Tax

Ballot Measure 20-54
An Amendment to the Eugene Charter
Referred to the Electors by the City Council
Ordinance #20034
Election date: March 12, 1996
Final results: Yes – 15,891
No – 25,331
Measure failed to pass.

Title: **AFFORDABLE-HOUSING UTILITY CONSUMPTION TAX**
Question: Shall the City Council impose a 1% utility consumption tax for ten years to fund affordable-housing and energy assistance?
Explanation: Amends Eugene Charter. Requires City Council to impose utility consumption tax on consumers of electricity, natural gas, water, cable TV, and sewer services within the city except where exempted by Council ordinance. The tax is limited to 1% of the utility charges. The tax proceeds will be used to fund affordable (low-income) housing projects (90% of the taxes) and energy assistance to low income persons (10% of the tax). The tax will terminate in ten years unless the electors authorize a continuation.

Language of the charter amendment: Section 54. Amendment IV.
In order to fund affordable-housing and energy assistance projects, the city council shall impose a utility consumption tax on consumers of electricity, natural gas, water, cable TV, and sewer services within the city, except those consumers exempted by ordinance of the council, subject to the following limitations:

(a) The total percentage of the city's utility consumption tax shall not exceed 1% of the charges for the utility service;
(b) 90% of the tax proceeds are dedicated to fund affordable-housing projects and 10% of the tax proceeds are dedicated to providing energy assistance to low income persons within the city; and
(c) The tax shall terminate after ten years, unless a majority of electors in a city-wide election authorize a continuation of the utility consumption tax.

Notes on development of the proposed utility tax

- The City Council adopted the following goal in 1995: "The Council is supportive of resources to meet the needs of individuals and families, with particular emphasis on the sustained development of affordable and low-income housing through an identified and approved revenue stream dedicated to the sustained development of affordable housing, and a review of municipal regulations for the creation and maintenance of affordable housing."
- The Council Committee to Finance Affordable Housing was established in March, 1995, made up of three council members and nine other members, including two bankers, a real estate agent and a home builder.
- The Committee was charged with finding a source of $1 million annual revenue for affordable housing.
- The Committee considered a wide range of 18 funding alternatives and recommended the utility consumption tax to the City Council.

- The proposed 1% tax on subject utility charges was expected to add about 0.90 cents per month to an average household's utility costs and could raise an estimated $1.3 million annually.
- The proposed utility consumption tax was to apply to all users, including education, government and property tax-exempt organizations.
- Added to other federal and state funds, the tax would provide enough money to build 150 low-income rental units and 20 low-income houses each year, and to rehabilitate 50 more units.
- In response to concerns that a utility tax is regressive, the Committee recommended that 10% of the revenue be used for low-income utility emergency assistance program.
- The tax would not apply to phone service, but would apply to electricity, natural gas, water, cable TV, and sewer services. Utility service providers would be responsible for collection of the tax from their customers within the city.
- The EWEB board was divided on proposed tax and took no formal position.
- On July 26, 1995, the City Council voted to place the utility consumption tax on the ballot early in 1996 (Ordinance 20034) and adopted implementing language for the City Code (Ordinance 20023).

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 FY09 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.

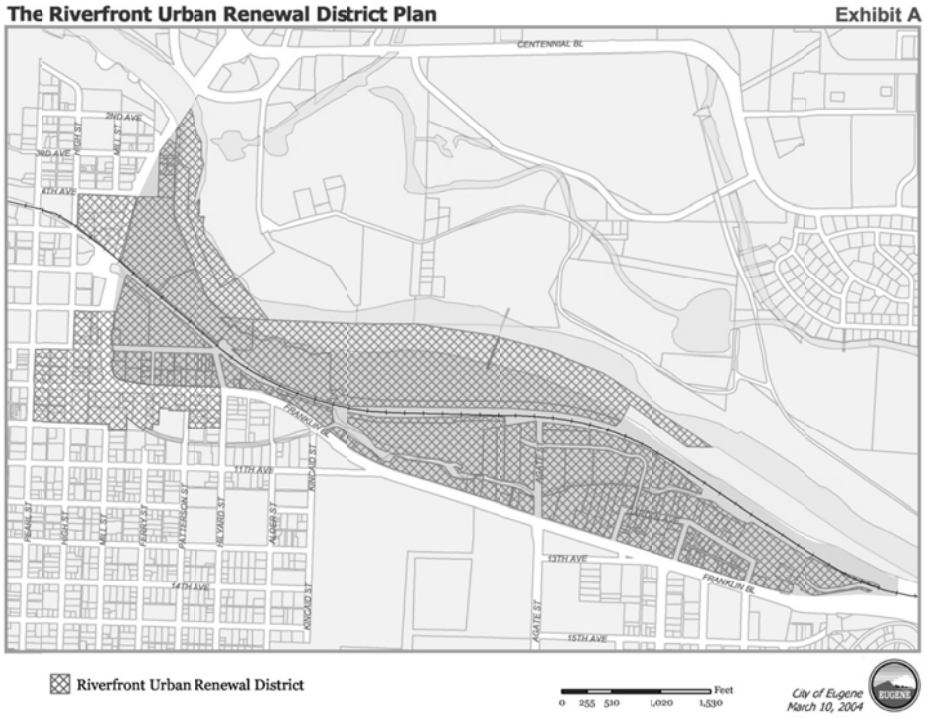
Riverfront District Project Activities

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
School Taxes				
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
General Government Taxes				
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
Bonded Debt Taxes				
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 fundinI. 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

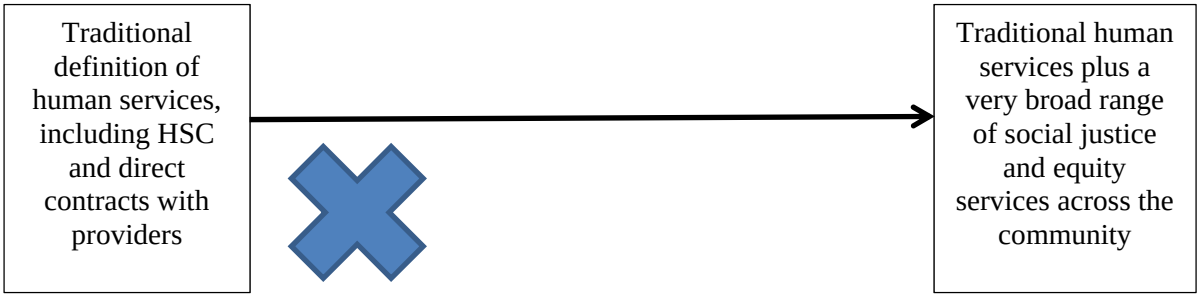
URA Riverfront Capital Projects Fund (823)

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

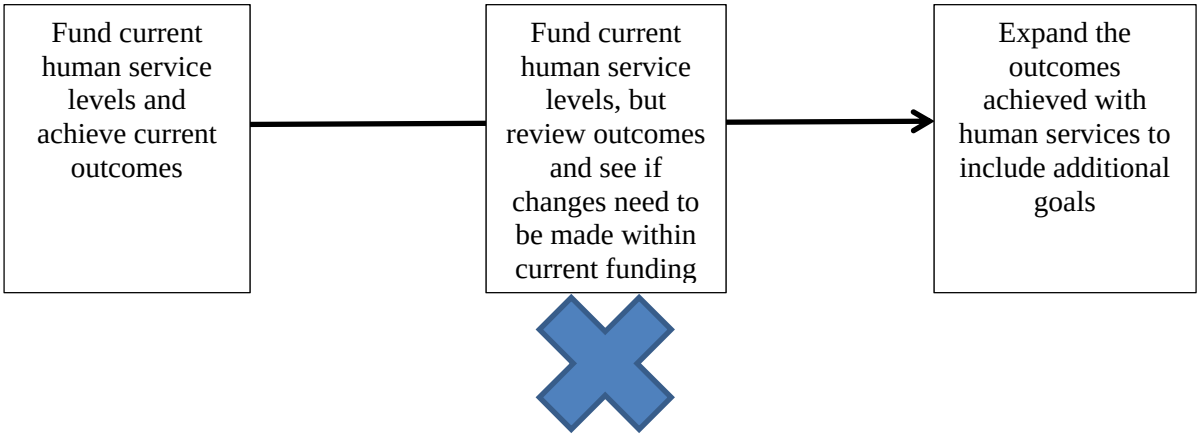
Continuum #1 - Type of Services

- 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?



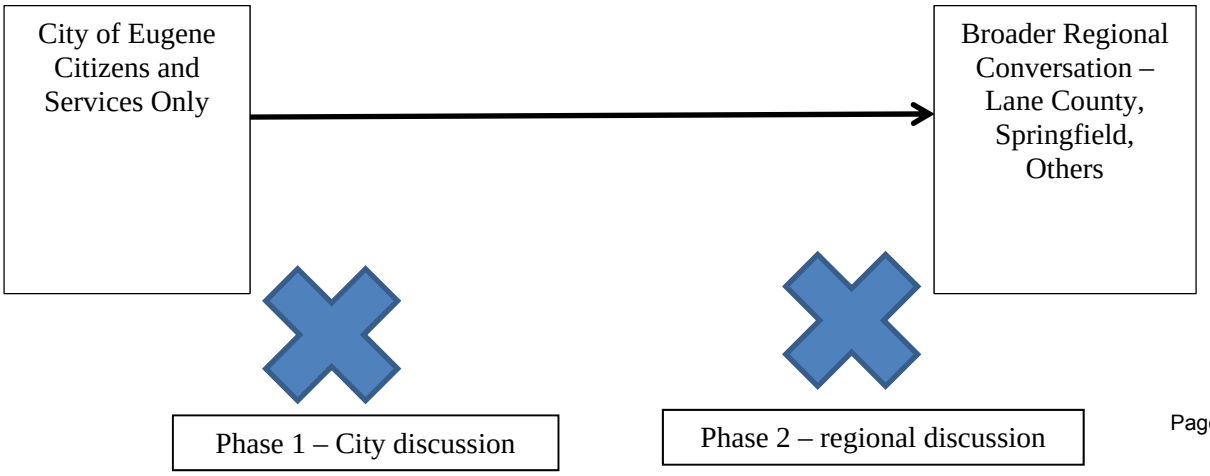
Continuum #2 – Desired Outcomes

- 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?



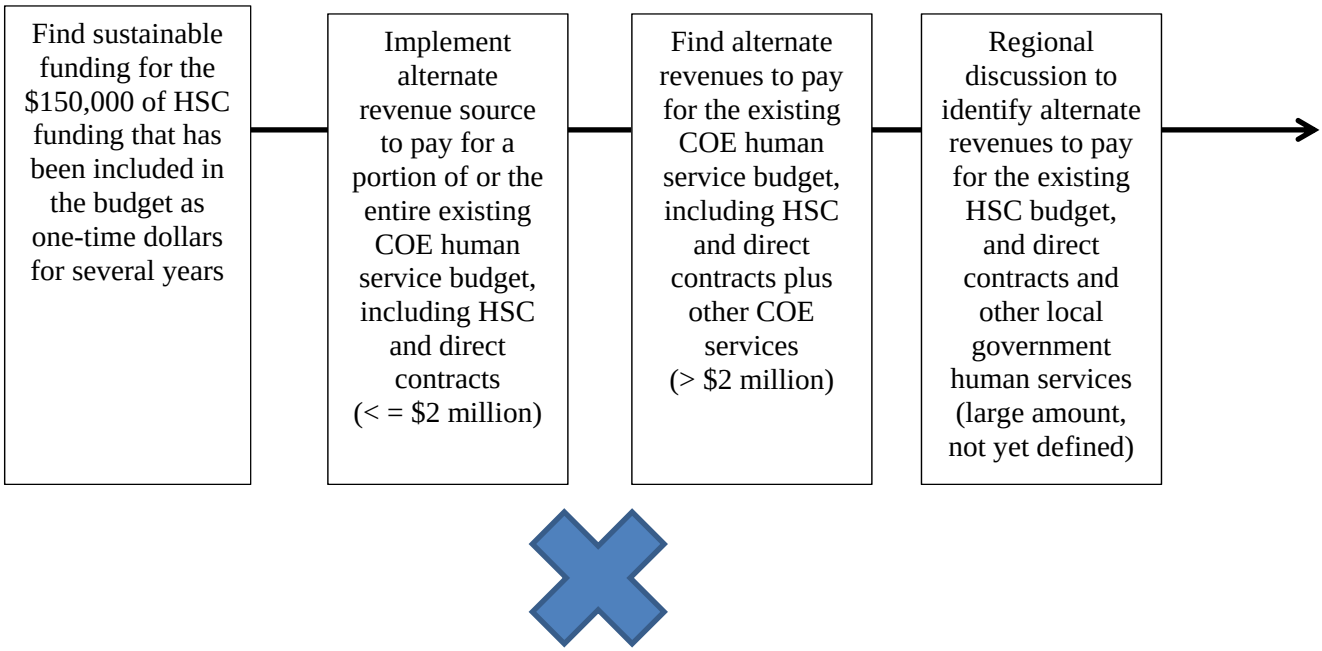
Continuum #3 – Geographic Area

- For purposes of defining the funding gap that the subcommittee will recommend to 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?



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?



Draft Subcommittee Recommendation

Phase 1 - City of Eugene new revenue(s) in the near term

- Initial focus of revenue discussion should be on existing human services in the traditional definition, with General Fund cost of approximately $2 million
- New revenue to fund General Fund human services could free up other dollars to be used for additional services, or reduce General Fund gap.
- The amount and type of other City services folded into a new revenue discussion will depend on the amount that is realistically expected to be supported by the community and be sustainable. Examples of services that could be included – non-General Fund human services like CDBG and HOME, or "quality of life" services such as recreation, library, parks, fire. The subcommittee will not recommend specific services to include, but will recommend that the process to move forward include defining those services, if council agrees with the recommendation.
- Revenues to support the recommendation could be one or more of the following:
    - restaurant tax possibly to fund food-related services
    - utility consumption tax, possibly including a partnership with EWEB around the Customer Care limited income subsidy
    - public service fee (aka utility fee)
    - termination of Riverfront Urban Renewal District
- Council should also take a closer look at current outcomes for human service dollars and see if any adjustments in outcomes should be made

Phase 2 - broader community discussion with partners around regional solution

- This could be something that builds off of the City of Eugene solution
- This discussion will likely occur in a different arena outside of the City Council's direct control
- The subcommittee did not make recommendations about exactly what this would look like, but wanted to encourage that the City be involved in participating in any such regional discussions.

Timing and Coordination Issues

The City has a number of unfunded financial challenges and opportunities. Those challenges and opportunities are discussed with the council through a number of avenues, such as Council goals, Eugene Counts, Council work sessions planning documents, and other community priorities. In recent weeks, Council has received updates on two major financial issues: fire service merger and street preservation bonds. In addition, there has been an ongoing conversation about how to solve the Ambulance Transport Fund shortfall.

There are limited opportunities to have discussions with citizens and voters about money measures, and the City should be strategic about how it moves forward with the discussions. This issue is mentioned as a topic of conversation for the subcommittee at the November 8 meeting. How would you see a human services funding measure fitting in with these other funding issues?

Fire Merger Update

At a Council work session on October 26, Chief Randy Groves presented an update on the status of the fire merger between Eugene and Springfield. As part of that discussion, he presented decision points and next steps in the merger conversation. The next few steps focus on the feasibility of merging the two IAFF contracts. Once those steps have been resolved, a new governance model will be evaluated and considered. The new governance model could involve getting citizen approval through a ballot measure if, for instance, a fire district is the chosen model.

Street Preservation Bonds

At the October 26 Council work session, Public Works Director Kurt Corey presented an update of the current street bond program, and asked Council for authorization to add projects to the list for the current bond measure. In addition, Mr. Corey presented a plan to move forward with a renewal of the street bond measure to go to voters in November of 2012.

Ambulance Transport Funding

A Central Lane Ambulance Transport System, Joint Elected Officials Task Force meeting was held on October 27 to continue discussions around the Ambulance Transport Fund shortfall. A number of potential solutions will be considered to solve the shortfall, including creating new taxing districts. These discussions will be ongoing over the next several months.