

WHAT ABOUT THOSE MILLIONS IN CITY FUNDS?

Some city leaders are asking voters to approve a city service fee on the ballot in May, but others are saying “not so fast” — the sacrificial services on the chopping block don’t have to be the first cut.

After the city manager announced a projected \$6 million shortfall in general fund revenue for fiscal year 2014 (the year beginning this July 1), the City Council voted to refer to the ballot a monthly city services fee of up to \$10 per housing unit and \$30 for businesses, with an undetermined form of assistance for low-income residents. Council and staff also put forth a list of services to be cut should the fee fail at the ballot box.

Former city councilor Bonny Bettman McCornack is now co-director of Citizens for Truth, Justice, and the American Way (CiTJAW), a political action committee of liberals and conservatives who oppose the proposed fee. As a city councilor, Bettman McCornack was part of the city’s Budget Committee, which is composed of eight appointed citizens and the City Council.

“Almost every year, the assumptions and the proposed budget underestimate the amount of revenue,” Bettman McCornack says. As a result, City Council usually meets again during the fiscal year to create a supplemental budget to disperse the funds, which Bettman McCornack says is “very often millions and millions of dollars.” For example, Bettman McCornack says that the FY2012 budget predicted an ending fund balance of \$34 million, but the true ending fund balance was \$43 million.

Sue Cutsogeorge, Eugene’s finance director, says sometimes the listed dollar amount of the general fund’s total resources looks larger because of other factors. (Eugene’s supplemental budgets for the past several years list total resources that hovered around \$159 million from FY2008-10, then jumped to the \$170 million neighborhood in FY2011-13.) For example, she says carryover balance, the amount of one-time-use funds from projects started in one fiscal year and finished in another, can be included in the second year’s general fund total and make it look artificially large.

Without factors such as carryover balance, Cutsogeorge says that revenues have increased an average of 1.1 percent per year from FY2008 through FY2013, slower than costs of health care and comparison points in the Consumer Price Index.



In addition, Cutsogeorge says that the city has been hard at work paying back into the reserve for revenue shortfall (RRSF), a fund that some liken to the general fund’s savings account. She says that the city received praise in Moody’s Investor Services’ latest report on Eugene, and a high “Aa1” bond rating, in part for maintaining “sound reserve levels.”

“City Manager Jon Ruiz has also emphasized the need to maintain an adequate reserve level, and to ensure that those reserves (one-time funds) are not used to pay for ongoing services,” Cutsogeorge says. “We consider the use of reserves to patch over some ‘financial potholes’ from time to time, in instances where use of reserves can smooth over temporary shortfalls. We did that in FY2013, for instance (in combination with significant budget reductions), in order to allow for more time to develop a sustainable solution to the budget gap.”

‘It’s a shell game’

- BONNY BETTMAN MCCORNACK

“It’s a shell game,” Bettman McCornack says. Instead of looking at the general fund and not seeing money for the Sheldon Pool or library hours, she says the council should be looking at ways to stop moving money out of the general fund by cutting expenses

like the \$275,000 sent from the general fund to Urban Renewal for the Downtown Loan Program or delaying the \$1 million moved to the facilities services fund to save for the rebuilding of City Hall.

The institutional problem, Bettman McCornack says, is that expenditures like essential services don’t have to compete with expenditures that occur outside the budget process, like MUTPE tax breaks and other special expenditures. “Those expenditures happen outside the budget process while they’re moving all this money out of the general fund,” she says. “This happens year after year to various degrees.”

Read more about the cases for and against the fee at votencityfee.org and wkly.ws/1fv. — Shannon Finnell

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