# Why you should vote NO on Ballot Measure 20-211

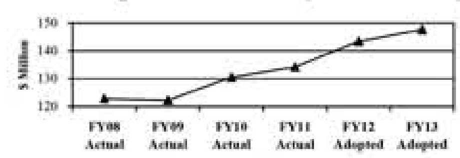
## The proposed city service fee will be a permanent regressive flat tax.

The City's proposed service fee can charge each household $120, and each business $360 a year. Income-challenged residents and the wealthiest 1% would be charged the same flat rate. Small businesses would pay the same as multinational corporations. Small LOCAL business would pay for both their home and business locations—at least $480 every year.

Non-profits are NOT exempt and would pay the non-residential rate of $360 dollars every year for each location. For example, Looking Glass, with 12 locations, would pay about $4,000 each year.

The amount of the fee collected would be reset every year by a majority of whoever is on Council (which changes every two years.)

**Charges for Services Revenue (Non-General Funds)**




*(Graph from page 256, 2013 Adopted Eugene City Budget)*

Fee revenue will grow with the City. According to 2010's census, the proposed fee would raise at least $14.4 million dollars every year to address what the City claims is a "projected $6 million dollar budget gap."

The ordinance, which becomes law if the fee passes, requires a low-income assistance program but has NO automatic exemption. The law omits specifics for the program which would enable current and future Councils to alter program parameters via a simple motion—without a public hearing.

There is no independent oversight of the new revenue's expenditures—it would be a committee hand-picked by the city manager.

A future Council will review the fee in 5 years but they will never repeal such an easy and unrestricted source of money. **In their editorial opposing the the fee the Register Guard stated, "Measure 20-211 is an open-ended grant of authority to collect a new type of tax for general purposes."**

## The City's three basic premises for proposing the city service fee are faulty.

### CITY PREMISE #1
### Our choices are limited to either the fee or radical cuts in essential services.

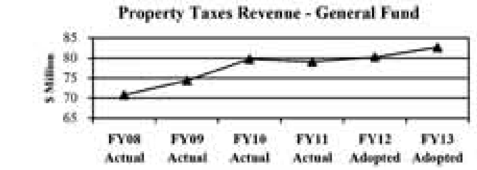
Many voters don't realize that the proposed ballot measure does not guarantee funding for the specific threatened services beyond Fiscal Year 2014. If the fee passes, the threatened services will be included in the proposed budget for 2014 only. The specific list of threatened services is NOT included in the ordinance which becomes the law if approved by voters.

Beyond the 2014 budget, the proposed law vastly expands the purpose of the fee to cover any General Fund activity or to set aside as reserves. The proposed law does not include funding for specific services on the cut list like the second Cahoots van, Fire Station #2, four police investigators, Sheldon Pool, branch libraries, and park restrooms.

The proposed law also says the new revenue could be used for "quality of life services" which is a vague and undefined phrase with no legal standing therefor creating a monumental LOOPHOLE for spending the newly acquired revenue.

Like many of you, we care very much what happens to the services on the City's cut list. But the City poses a false choice, because there is money to preserve the services. It is the Council who has the ultimate authority to approve the budget and the sole responsibility to prioritize and fund essential services. They can choose to cut nonessential services instead of essential services. Revenue has increased throughout the recession, although not as much as management "projected."

**Property Taxes Revenue - General Fund**




*(Graph from page 246, 2013 Adopted Eugene City Budget)*

### CITY PREMISE #2
### There is a budget shortfall.

Following are some examples showing where there is money to fund essential services or where the City needs to re-prioritize essential services over pet projects.

There is currently $9-11 million in the City Hall Replacement Fund (323) and the Facility Replacement Reserve Fund (614) that can be transferred back into the General Fund to pay for essential services. Since 2001 the City has transferred $40 million out of the GF into "special reserves" to replace City Hall. As of 2012 they have spent $38 million of the $40 million—and not for essential services or building City Hall. But the Mayor and Manager still want a City Hall built in two and a half years, so they continue transferring money out of the GF to design and build it.

Fee boosters like to say those funds are "one-time money" and can't be used for "ongoing services," but those funds were ongoing operational money in the GF before the council imprudently removed them into "special" reserves. Council should choose the fiscally responsible funding option of referring a bond levy to the voters to build City Hall. If they refuse to utilize a bond then they will most certainly continue draining millions more from the GF to build it—and passage of the fee measure would enable them to do just that.

Essential services can also be funded with the $4 to 6 million dollars that city leaders pretend doesn't exist during the budget adoption in July. Management habitually underestimates the amount of revenue available to spend on essential services during the budget adoption process. That "unanticipated" revenue is then acknowledged in December and gets unceremoniously appropriated to pet projects and reserves, instead of essential services. Those millions are real GF revenue and can be used to fund the threatened services this July and every July. (In 2011 it was $5.1 million, in 2012 it was $4.7 million. )

Currently the City maintains fund balances beyond what they need to provide "good bond ratings" or a safe cushion. In 2013 the balances totaled $55 million dollars which was an increase of 9.3% from 2012 when it was $50.3 million. A portion of that balance is reasonable to reserve, but a portion is available for funding essential services.

The Manager claims that they've already reduced expenditures by $24 million but offers no specifics. In just one example from the 2013 budget, there is a $14 million increase in GF expenditures from 2011 to 2012 followed by a $5 million dollar reduction in 2013. Does the Manager get credit for a $5 million "cut" while ignoring the $9 million net increase?

The City also claim they've reduced full time positions by 100, but City documents show that from 2009 to 2013 they reduced 113 FTE's as part of the budget reduction process—in the same time period the Manager added 38 positions. As of February 2013 there are still 96.22 vacant positions in the budget. Each vacancy represents almost $99,000—or $9 million each year budgeted for nonexistent jobs. This practice vastly inflates the expenditure side of management's "budget gap" claim.

City leaders display a serious disconnect when they zealously grant millions in private developer subsidies and tax exemptions without ever mentioning a "projected budget gap." Rich developers like Capstone build profitable projects that require the increased use of city services like police, fire, and libraries, but they don't pay for them—forcing the rest of us taxpayers to pay more to make-up the deficits they create.

With one hand the City gives away money and free services to rich developers, while they have the other hand out to take more taxes from average working folks. Development subsidies have a destructive impact on local government's ability to provide services. Here are two examples which should be terminated immediately to secure funding for services now and in the future:

- There are 16 current and approved (one in the pipeline, due to be approved post-election when MUPTE's "moratorium" expires) Multiple Unit Property Tax exemptions which costs the City $2 million a year in lost GF revenue.
- There are the two Urban Renewal Districts costing the City's GF $1.4 million every year, with an additional $6 million sitting in the Riverfront reserves. The Riverfront URD was established in 1987 with a promise to create 900 high-paying, high-tech jobs, but hasn't created one. Council can terminate both URD's and keep that money in the GF for city services.

### CITY PREMISE #3
### Continuously escalating employee costs should be addressed by continuously escalating taxation.

The City claims they have no control over employee expenses and that PERS is exclusively a state issue. This is not the whole story.

- The City employs lobbyists to advocate the City's position on legislation in Salem. This session PERS is being hotly debated in Salem and the City should be advocating a position consistent with the public's best interest, not just the bureaucracy's best interest.
- Like other cities that have been forced to economize, the City can prohibit overtime unless it is externally reimbursed or incurred during an emergency.
- The City can control discretionary salary increases and cost of living increases which have been the status quo throughout the recession including executive salaries (the only year the execs didn't grant themselves increases was 2013.) That was in addition to contractual step-increases.
- The City Manager's salary is twice what the Governor earns. Executive and exempt employee compensation in Eugene is way out of line with current economic trends. It's past time for an adjustment.
- Management's frequent use of high-priced "private consultants" are an unaccountable expenditure. They are generally funded from Materials and Services Budgets which are more than $100 million for 2013 (up 2% a year until 2013 then increased 1.5%.) Those expenditures are not itemized and not transparent and are overdue for scrutiny.

The point is that many of these inscrutable expenditures and giveaways are much lower priorities than the services the City is threatening to cut. There is enough existing revenue to fund essential services—it is just a matter of how the City prioritizes spending. The City's either/or choice between the permanent regressive fee or cutting essential services is a red herring.

Dedicating our tax dollars to pay for essential city services must be the City's first priority. We urge you to vote no on the city service fee.

**For more information please visit our web site: VoteNoCityFee.org.**

*Submitted by Citizens for Truth, Justice, and the American Way. Committee directors: Former City Councilors Bonny Bettman McCornack and Paul Nicholson. Treasurer: David Monk*