

To: Members of the Springfield Budget Committee

From: Nathan Bell, Finance Director

Date: 4/30/2021

Re: FY22 Proposed Budget – Memo #1

I want to thank the Springfield Budget Committee for their time and effort reviewing the FY22 Proposed Budget. As normal, staff provides the opportunity for Committee members to ask questions regarding the proposed budget and receive a written staff response. This memo is a consolidation of the questions asked by Committee members and the responses provided by staff. There are some questions posed by Committee members which require additional time for the development of a response, if a question you posed is not answered here it has been noted as needing response and will be included in a subsequent memo.

Questions from Committee Member Holle Schaper

Question 1: City Manager's Office: The budget presentation slides and the budget statement for reporting FY21 Amended are not in alignment, and I am wondering which is accurate.

- Budget Statement shows FY21 Amended = \$2,599,796
- Presentation shows FY21 Amended = \$2,142,066

Response 1: Due to the timing of when the pre-recorded budget presentations were developed the second supplemental budget of FY21 was not captured in the presentation but was in the budget statement. The \$2,599,796 number is the accurate figure.

Question 2: The City Manager's presentation shows Police Reform as a consideration for 2023 and beyond. Is this indicative of a delay in beginning to work towards more police accountability? I find it concerning that other departments spoke about the concerns of increased liability due to high police and jail claims, and yet this is not a priority for FY22.

Response 2: Police reform is a high priority for Springfield as shown by the focused steps our City Manager and Council are taking to address long standing issues. City Manager Newton also offers a more specific description in her Budget Message. The CMO presentation includes the mention of Equity Training, which extends to the Police Department and is currently in process.

Police Reform is included in the fiscal year 23 (future year considerations) section of the budget submittal and beyond to emphasize the continuous improvement necessary. We have just begun the work and including it in FY 23 is a way to highlight its importance moving forward.

Question 3: Fire & Life Safety: It was mentioned in this presentation that Eugene/Springfield fire merged in 2014 - did this result in any cost savings for the city?

- Additionally, the \$880,641/year that is paid to Central Lane 911 for all emergency dispatch calls - what is the call volume?

Response 3: Determining the cost savings resulting from a combined fire department presents several challenges, most notably the unknown of what service delivery model Springfield Fire & Life Safety would presently be offering in the absence of a combined department. There are certainly efficiencies gained with a combined leadership structure (1 Chief, 2 Deputy Chiefs), shared administration, shared training, and shared logistics services. However, there are also administrative burdens that remain (for example, managing two separate budgets, two separate payroll systems, two separate purchasing systems, and two separate admin labor unions SEIU and AFSCME). Both Eugene and Springfield have committed funding to begin work on a review of the Eugene-Springfield Fire service system. However, the details related to who will be performing this work, the scope, and timeline of completion have not been finalized.

The \$880,641/year that is paid to Central Lane 911 for all emergency dispatch calls – what is the call volume?

The 3-Year average calls for service used by Central Lane for the City of Springfield in calculating the FY22 rates was 14,966.

Question 4: Finance Department: When thinking about the impact of entangling people struggling with mental health issues in the criminal justice system, the cost of housing people in the jail was mentioned. How much does it cost to house an individual in the Springfield Municipal Jail per day? How much, on average, does it cost to litigate these cases (defense attorney, prosecutor, judge, family)? What is the cost to taxpayers for criminalizing mental health issues as opposed to treating them through agencies with better solutions?

Response 4:

Cost to house individuals in the jail: The per day/per bed cost that the City utilizes for billing purposes is \$103/bed/day. This represents the personnel services, materials & services, and overhead associated with the costs of housing individuals at the jail.

Broader response on the topic provided by Springfield Municipal Court Presiding Judge, Susan Triem: As a general matter, our court currently refers appropriate individuals to treatment services at Lane County Behavioral Health (LCBH), in particular the LCBH Jail Intercept Program, and the LCBH Community Restoration Program (fitness to proceed cases). We also encourage individuals to engage in services with the FUSE Program (Frequent User System Engagement), Laurel Hill Center, and Riverbend behavioral health. We have even provided a portion of our court budget to fund the mental health provider in the jail so that these referrals can be made in custody. The problem is that these programs require an individual to be willing to engage in services. Most of the population that comes before the court is unwilling or unable to engage in treatment (often due to the acuity of their symptoms). During the pandemic -- engagement has become even more difficult because many treatment agencies are providing services remotely, making engagement nearly impossible for individuals who are homeless and lack access to technology.

So the short answer is that Lane County currently lacks available treatment "agencies with better solutions" for those who are unwilling or unable to engage in services, which make up the majority of the folks with mental health illness we see in court. Hopefully, that may change soon. Lane County recently received a \$2.5M IMPACTS Grant to develop crisis and wraparound care for high jail utilizers, and I am on the Crisis Center Steering Committee for that grant, as well as the Crisis and Forensic Services Work Group. The grant allows the county to hire court liaisons, and other personnel to provide services to this difficult population -- and the county is currently in the hiring process. They have not had much interest in the positions that they have posted so far, which is a concern.

As for the costs of these cases, I don't have a dollar amount. There is no discrete group of cases that we could pull for reference, because so many of the cases that we see have either substance abuse, mental illness, or both as a factor. We could probably come up with the number of fitness to proceed cases we've seen over the past year, but this would fall far short of the actual numbers of cases we see with a mental health component.

As for "criminalizing mental health issues," my observation is that the city prosecutor tries to file charges with an eye toward protecting the community. It is a difficult balance, when mental health issues are involved. I have also observed the city prosecutor dismiss charges in the interest of justice in cases involving mental illness.

Question 5: Human Resources: The city's liability insurance challenges were mentioned in the presentation - are there any indications that the policy this year will decrease or will we continue to see a large expense to the city? Which fund or department pays for the liability insurance payments (deductibles, attorney fees, etc)?

- What are examples of fees that were increased in order to pay for the increase in liability insurance cost due to high police and jail claims? What is being done to mitigate these costs? Is any of the money for these costs coming directly from the police budget?
- Additionally, is HR part of all personnel investigations for all departments within the city?

Response 5: Staff are continuing to gather the information necessary to respond and will provide a response in a future memo.

Question 6: Development & Public Works: Considering the shifting priorities at the federal department of transportation, how will the city shift its priorities in order to better map onto those goals? Will that create the possibility of additional federal funding?

Response 6: In general, more dollars are going to be available for infrastructure work and we will continue to lean in to accessing those dollars as we always have. In transportation, mobility, multi-modes, accessibility, equity, safety, place-making and leveraging jobs and the economy all continue to be federal priorities and city priorities. Recent examples include member directed spending requests submitted in the past couple of weeks, and discussing those requests with our federal delegation and agency partners. We have just been through the bulk of our United Front 'trip' and the Mayor did a great job working within new federal priorities.

At the staff level it is our intent to pursue viable funding opportunities and we have a strong track record of doing that and will continue to do that with opportunities as those occur.

Question 7: Development & Public Works: When work is being done on crosswalks and streets, what is done to ensure that every crosswalk remains passable by people using mobility devices or walking with strollers or small children?

Response 7: The City complies with Americans with Disabilities Act (ADA) requirements to develop a Temporary Pedestrian Accessible Route (TPAR) during construction projects that impact pedestrian ways. If for example a ramp is in construction, an ADA accessible route is developed around the construction zone or through the construction zone that meets ADA. On Mohawk Blvd we built temporary ramps for a temporary crosswalk as the permanent ramps were being constructed. We also have re-routed folks to the opposite side of Mohawk or the opposite side of Olympic when multiple ramps along the same side of the streets are in construction at the same time.

Question 8: Police: In the Springfield City Council meeting on Monday, Acting Chief Neiwert mentioned that SPD is investigating adding the use of software, such as Blue Teams, to track use of force data more accurately. Is that software purchase allocated for in the proposed budget? Has SPD considered this type of software in the past? If yes, why did they opt not to use it? If no, why not?

Response 8: The internal affairs software, to include use of force data tracking, is not allocated in the proposed budget but it is staff's intention to make this purchase in FY22 and absorb the cost in the existing

budget. Initial cost of the software is \$9,900, with ongoing annual costs of \$7,500. This type of software has been considered in the past but never rose above competing priorities.

Question 9: According to the presentation, one of the services provided by the City Attorney's Office is to proactively work with the city to minimize liability. This was presented throughout the presentation via the context of housing and development code. Police Reform was discussed in this presentation, only as something that would require the CAO to assist with legal aspects of implementing change. What could be done by the CAO to proactively minimize the liability of our police department? Considering the significant increase in the city's liability insurance deductible (from \$50,000 per year for non-Police/Jail claims and \$100,000 per year for Police/Jail claims to \$50,000 per incident for non-Police/Jail claims and \$250,000 per incident for Police/Jail claims in FY21, and as yet unknown for FY22) and the flood of police misconduct lawsuits (both from internal and external sources to the department) that have been in the news for the past year – including on the front page of the Sunday edition of the Washington Post – why is this not a stated priority of the CAO? What could the CAO's office be doing in combination with the city in order to proactively minimize liability from police and jail claims?

Response 9: CAO does prioritize minimizing the City's police liability. We could have been more clear about that in our presentation and appreciate the opportunity to provide additional information.

CAO sees assisting with legal aspects of police reform as one way to minimize liability. For example, last summer the state legislature passed several police reform bills that impacted SPD operations. Our role was to analyze the new laws and their impact on existing laws and practices, advise about implementation and assist with revising the underlying policies. This is similar work we do with other departments on a daily basis.

Our other role in minimizing police liability is our participation on the City's Enterprise Risk Management (ERM) Team. That work is more related to the ideas set out in the question's second bullet. The ERM process includes assigning risk owner to manage the risk by developing mitigation strategies. In the case of use of force, the police department is the risk owner and would bring potential operational changes like collaborating with other police agencies as a mitigation strategy to the bigger ERM team. CAO's role is to then vet that solution with the ERM team and analyze the legal implications.

Question 10: Has there been discussion about the information that is available in the 2020 Annual Use of Force Analysis and how liability may be minimized based on the data presented in this report? For example, K-9's represent 9.9% of the uses of force (30/302), whereas they account for 51.9% of the injuries requiring medical assistance (14/27). What could be done in order to decrease these types of injuries? Could SPD instead have a contract with EPD to utilize the EPD K-9's when needed? Additionally, given that dispatch failed to record incoming calls and radio traffic for a period of 4-5 months (as noted in the Braziel report), should dispatch be combined with Central Lane 911 in order to both decrease annual costs and minimize liability in instances of failed technology? I think it is important to consider that Fire and Life Safety pays just 50.3% of the cost of dispatch for emergency dispatch services (\$880,641/year vs. \$1,752,475/year). Are there other parts of SPD that represent high risk and high cost that could be consolidated or combined with other agencies (e.g., SWAT)?

Response 10: Staff are continuing to gather the information necessary to respond and will provide a response in a future memo.

Question 11: It appears as though the city missed the opportunity to utilize an Enterprise Risk Management system prior to recent events, which has had significant costs for the city. How are you ensuring that you are not missing other best practices that we should or could be proactively adopting?

Response 11: Decisions made in the past were often based on the financial challenges people were working with at the time. We recognize ERM is a best practice, however, the City does not have the flexibility to implement all best practices due to a scarcity of resources.

Question 12: Have HR and CAO been working together to proactively decrease liability within the police department? If not, why not? If yes, in what capacity?

Response 12: Staff are continuing to gather the information necessary to respond and will provide a response in a future memo.

Questions from Committee Member Paul Selby

Question 1: The IT presentation cited the growing concerns over security, yet then mentioned cutting the security analyst position. How does this affect security posture?

Response 1: When the IT Security Analyst Position was eliminated, the duties of the role were largely distributed amongst other staff within the IT Department. The role of Information Security Officer, as it is described in the City's Cybersecurity Charter was given to the Network Manager. Many of the technical duties of the eliminated position are carried out by Network Analysts, Applications Analysts and Database Administrators. Many of the administrative duties are being carried out by IT department managers and the director. Work advancing strategic initiatives such as staffing the cyber security committee, conducting routine awareness briefings with executives, and implementing the cyber security roadmap have slowed. Other areas such as policy development and training have moved forward. As it is essential that our security posture remain high, IT prioritizes security related tasks over other tasks and strives to balance cyber security needs with those supporting daily operations.

Question 2: Are updates to HVAC systems in building as a result of COVID-19 an issue? It didn't seem to come up in any of the presentations specifically, other than building maintenance.

Response 2: Early in the pandemic, staff conducted an assessment of our city's heating ventilation and air condition systems (HVAC) in the interest of improving air quality and to address employee and public concerns regarding the spread of COVID.

The specific actions taken by staff include: maintenance of all HVAC units, performed disinfection of City Hall and Municipal Court offices and areas accessible to the public at the Justice Center, upgrade HVAC unit filtration to MERV11 filters, and increased filter replacement cycles to twice annually. These actions have increased facilities maintenance expenditures by approximately \$25,000 to cover materials and increase staff time as we employ higher frequency HVAC maintenance cycles.

Question 3: Is there a "wish list" or plan somewhere that indicates the city's prioritized plans for using any assistance that comes from the federal government in subsequent relief?

Response 3: At this time, staff are waiting for guidance from the Federal Government on the eligible uses for and restrictions on the American Rescue Plan funding. Once guidance is available staff intend to work internally to develop a range of proposed options, engage the City Council in a dialogue regarding those options, and then based on Council bring back changes to the FY22 budget in the form of supplemental budget appropriations.

Question 4: I don't know if this is department-by-department or a city-wide thing, but is there a long-term plan to support work-from-home as a result of the pandemic for some positions? Does that have any impact on things like building maintenance, etc.?

Response 4: There is recognition that telework has worked well for some positions. Staff have developed a policy regarding telework and are evaluating its continued use in the future while balancing the community's needs to access City Hall.

Questions from Committee Member George Jessie

Question 1: I am concerned about the “reallocating” of FTE from the General Fund to enterprise funds in the CMO and Finance departments. (p. 1 CMO summary). These work groups typically oversee and support all activities throughout the City organization. Enterprise funds are usually charged an “indirect rate” to capture these associated costs. I see no justification for the reallocation of FTE and assume it is to reduce demand on the GF.

Response 1: The reallocation of the Assistant City Manager is being proposed in tandem with the elimination of the DPW Director position, resulting in a net reduction in cost to the utility funds. The 0.50 FTE of the Assistant City Manager in the City Manager’s Office which is proposed for allocation directly to the utility funds is intended to respond to the direct oversight role the Assistant City Manager now has over the Development & Public Works (DPW) Department. This oversight role was previously filled by a DPW Director which is proposed for elimination in the FY22 budget and which was directly allocated to the utility funds.

The Indirect charge methodology is an appropriate reimbursement mechanism for some of the other more general functions provided by the City Manager’s Office. However, the current indirect methodology does not provide for full cost recovery of internal service departments and given the direct role the Assistant City Manager plays in DPW, staff feel a direct allocation is justified.

The increased utility fund FTE in the Finance Department was a result of the reassignment of a Finance Analyst position from DPW to Finance. The position is still 100% dedicated to support DPW and was already funded by these utilities; the only thing that changed was the department, so there is no net financial impact to the utility funds.

Question 2: There is a significant increase in expenditures, within the enterprise funds (201, 611 & 617) for IT, without clear explanation of why. (p4 of 6 IT summary)

Response 2: Staff are continuing to gather the information necessary to respond and will provide a response in a future memo.

Question 3: Indirect charges went up significantly for several enterprise funds from FY20 to FY22. (Street 201 - 9.8%, San Swr 611 - 25.1%, Stm Swr 617 - 11.8%) (p. 233 of 252). The Ambulance Fund actually went down 19.4%. This seems counter intuitive, when more direct GF costs are being shifted to these funds.

Response 3: As you correctly describe in your earlier question, Indirect charges are intended to cover the costs associated with the administrative services functions provided by departments such as Finance, HR, City Manager’s Office, and City Attorney’s Office. The Indirect charge amount is calculated based on the overall General Fund costs of those administrative service departments, and are then allocated out to the Enterprise Funds based on the FTE in those Enterprise Funds.

If we look at the total Indirect charges in FY20 compared to FY22 (p.233 of 252 of the FY22 Budget Book) we see an increase from \$2,628,516 to \$2,779,872. This is an increase of 5.76% over two years, or an annual average increase of 2.88%, which is within the range of what the Finance Department views as a normal annual increase.

Indirect charges to funds 201, 611, and 617 have increased in large part because the City has experienced a decrease in overall Ambulance Fund FTE (decrease of 9.65 FTE), resulting in a redistribution of the overall Indirect cost. Additionally, Funds 201, 611 and 617 have experienced a net FTE increase over that period of 2.63 FTE.

Question 4: The DPW budget shows significant increases in several program areas and enterprise fund requirements. (p. 8 DPW Summary) These increases seem in competition with the additional funding demands proposed by the CMO, Finance and IT departments. This will create the need to increase “user fees”, which have been increasing more rapidly than the inflation rate.

Response 4: The proposed increase in the Stormwater and Wastewater Funds is due to planned investments in master planning efforts that will help identify areas of those systems which are in need of capital preservation, repair or replacement. The onetime cost of this effort is approximately \$500,000 in the Stormwater Fund and \$500,000 in the Wastewater Fund. These planning efforts normally occur every 5-10 years to help inform future capital project development and result in temporary increases in the budget.

The cost of the master planning efforts described here have been built into the rate model, meaning that planning efforts will not have an impact on the rates in future years. However, it is likely that the capital project needs resulting from these planning efforts and regulatory demands will impact future year rates.

Additionally, normal CPI is not always the best comparative benchmark for all activities in these funds since a good portion of the activities are related to capital investments that are more closely tied to construction cost, the need to invest now to save for future capital replacement, and new operational activities resulting from regulatory requirements.

The changes occurring in the City Manager’s Office, Finance and IT are the result of shifting in funds that were already in the budget and will not have an impact on user rates.