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FINANCE

The City of Eugene's Finance Division: Work in a Time of Pandemic

BY RYAN LAWLER

Life at City Hall has been a bit hectic since the COVID-19 pandemic hit the United States. The City of Eugene, Oregon (pictured above), starts its fiscal year on July 1, 2020, which means it has been going through its budget process under unprecedented conditions. Vicki Silvers, assistant finance director for the city, talked to us about the City of Eugene Finance Division and how the finance team is managing this important work in this new environment.

"We're writing the proposed budget right now, and I am calling it the 'Unicorn Budget' because we've already done fund balancing," Silvers said. "If we were to adjust that proposed budget, given the situation today [this interview was

conducted in late March] and what we're anticipating in terms of funding and changes to revenues, we would have to start all over, and we'd never make it. Right now, the state has not signaled that they're going to allow any adjustments to the budget or the legal budget process, so we're rolling as if we're doing our regular budget process."

Eugene is a few hours south of the State of Washington, one of the areas hit hardest early on in the crisis. We asked Silvers for her initial thoughts, once the COVID-19 conversation began, and about the impact she thought it would have on the Finance Division as well as city operations.

"It's a funny thing, because at the end of February, which feels like a zillion years ago, we had a budget



PHOTO: TWITTER.COM/CITYOFEUGENE

committee workshop,” Silvers said. “At that workshop, one of our city councilmembers brought the topic up to the fire chief, since he was at the meeting and had been named the point on all of this, in terms of communication and understanding what was happening nationally and in our area. Through that conversation, the councilmember asked if we were prepared economically to respond to this. The staff was kind of looking at each other, trying to figure out what he was talking about. We just had no concept of what the full impact was going to be at that point. We really didn’t. Once the stay-at-home orders started and once things started to shut down, it was like the lights went out, and then we realized what it really meant. I feel so horrible for thinking that was a silly question, right? We realize now what it is going to mean to our organization and our community. For me, it really sunk in the minute we had to stay home.”

Lane County is the public health agency in the area, and Eugene’s finance department worked closely with them from the beginning; the city’s Emergency Operations Center (EOC) handled the rest. The finance office worked with various agencies to figure out the response on the ground—how the homeless would be supported, making sure parks were closed, making sure people got the resources they needed.

And of course, staff had to get used to remote work. The finance department had been having conversations for several months prior, without knowing the pandemic was coming, in an attempt to prepare for other types of shutdowns such as a potential storm or earthquake. “Our finance staff were pretty prepared as this started to ramp up. We made sure people had all the technology that they needed, whether it was VPN or other types of software. There are some things that people would prefer to do in their offices because they have two monitors, or they have a

Above, the City of Eugene’s empty streets after Oregon Governor Kate Brown issued a mandatory stay at home order on March 23, 2020.

more robust operating system for when they run some big processes. For the most part, the entire staff went home following the initial order. Our payroll staff stayed in the building just because it’s easier for them to run payroll; otherwise they’d have to do it through VPN. The processing can take a little bit of time on VPN.”

“But then we received direction from our city manager that nobody should be working onsite. Payroll staff are expected to move home and then come in to print checks, since we still have a small handful of people who get paper paychecks,” Silvers continued. Meanwhile, the finance office prepared for its immediate worst-case scenario of not being able to process payroll. The solution was already in place; the office had already worked with its bank so it would be able to push payroll if

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Vicki Silvers, Assistant Finance Director, The City of Eugene

needed. “Same thing with accounts payable. We can send them a file and they could send checks if we needed to get invoices paid, but all of our accounts payable staff are working remotely. They’re able to send a file to the printer, and then somebody has to come in to put checks into it—but the bank could also do that job if needed. We also determined that, if all else fails and we can’t get checks deposited, it wouldn’t be the end of the world unless it’s long term. Meanwhile, we have staff who are able to do that remotely, and to pick up the mail from the post office.”

When asked about how the finance staff is communicating, Silvers explained that they use SharePoint Teams. “During our financial system implementation project, I was pushing hard to get SharePoint Teams online, but IT would not unleash it for me, which was a bit irritating. Surprisingly, they set it up in one day once this crisis started. I believe the purchasing and budget teams use Teams all the time. We are chatting all the time on there, and it’s been extremely helpful to stay connected. When people log in in the morning, they say hello to the whole team and try to maintain ‘normal’ office relationships.”

For citywide meetings, the city decided to use Zoom, which led to more participation in all city meetings than ever before. “I think the technology helps with that, because a lot of people did not historically want to go to a

meeting site,” Silvers said. “They didn’t want to leave their offices.”

The finance department also turned to Teams for its previously paper-driven budget process, which is “very archaic out of necessity.” Unfortunately, Silvers has found that doing the work electronically makes it difficult to track and noted that they would need to keep working at it.

Most governments have planned for emergency management situations that will cause a limited disruption to services, but the pandemic is a different animal. And, of course, since finance staff is in control of the flow of money, they should have a seat at the table in discussing how the community continues to be served. When asked about the role city finance staff has played in those discussions so far in Eugene, Silvers’ first thought was about coordinating with EOC. “We just haven’t had the staff to commit to having somebody in the EOC constantly,” she said, adding that it would be better if they could work more closely with emergency management because, by design, watching the budget isn’t EOC’s first priority. “If the commander says, go do this, somebody’s going to go do it because it needs to be done, and nobody’s going to ask where the money is going to come from.” So, it would be ideal if the finance office were able to approve EOC contracts and budget authority—which is another work



A QUICK LOOK AT THE EUGENE FINANCE DIVISION

Vicki Silvers walks us through how the City of Eugene Finance Division is set up.

“Our Finance Division is kind of a hybrid-centralized organization. We have centralized accounts payable and accounts receivable. We have treasury functions, which are centralized, so all of our banking investment pools money, and that group manages all of our merchant services. And we have a quasi-centralized purchasing function, so we do as much as we can to get folks to do their own procurement processes—but we have delegated authority that is centralized. Payroll is also centralized.”

“We don’t manage department budgets, but we support those departments during the development process and work with the executives on budget decisions to make sure they have the material and information they need to make those decisions. The departments all have finance staff and/or finance teams that manage their own budgets and their own funds.”

“The Finance Division mostly manages the general fund at a higher level, but even within the general fund, departments manage their own general fund budgets and then reporting. Our reporting team produces all the reports for the general ledger.”

in progress. “It will be the start of a painful conversation about what is this going to look like long-term. We were just coming out of the Great Recession and hitting this high point of being able to expand services, build things, and maintain parks that were neglected for years. Now we have to think about services and what’s going to come off the table.”

Another thing state and local governments need to be thinking about is tracking expenses for the federal economic stimulus package approved in late March; there are always questions about what was spent and why the money was needed. This won’t be a problem for the Eugene finance team, Silvers said. “We have some fairly well-trained emergency management and EOC staff who have worked many FEMA-related storms. When we have major snow and ice storms here, we are able to get FEMA money. But what people don’t understand is that we are just now getting reimbursement from some of the past storms from FEMA. Some think that we’re just going to be able to submit a request and get funding in the next few months. No, this could take years for this situation particularly, because it’s so broad and widespread.”

“It’s also possible that the State of Oregon will announce financial support for local communities, but as we all know, that creates a trickle-down effect for localities,” Silvers pointed out. For example, if the state delays property tax payments or temporarily suspends gas, marijuana, or liquor taxes as a way to relieve some of the economic strain citizens face, it creates a huge hit on local government revenue. “We are trying to figure out what that’s going to look like and be prepared for it,” Silvers said. “It will have a big impact on us.”

Cities across North America are wondering what the near-term and long-term impact of the pandemic will be and how they will adapt. The Eugene Finance Division will further

the process by revisiting the plans that were in place before the outbreak. “We recently passed some bonds and operation levies, so I’m not sure if some of those major projects will go forward—but those are all decisions that are made at a department level. For us, we are going to focus on helping departments.” For some, it may be a question of cutting back now and then bringing things back in a supplemental budget or monitoring a little more closely throughout to learn what the impacts will be.

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“We anticipate property tax revenues decreasing, since that’s always kind of a lag. This year will be fine, but we could see a big hit in FY 2022. I think our role in this area will be giving city staff an idea of what it is this going to look like. What are the levers that we see being pulled that are going to have an impact in the different areas? We are trying to be the voice of reason since I don’t know that people really understand all the areas that could be impacted.”

She offered an example. Eugene, home to the University of Oregon, is a big sporting town. With crowds not being allowed at sporting events, the

slowdown will affect the transit room tax; in addition, the police aren’t going to be needed to manage the crowds. In other words, finance officers can’t just think in terms of right now (e.g., airport revenue or property taxes).

Another important issue of working through the pandemic is keeping staff engaged and making sure everyone is moving in the right direction. “I’m regularly checking in with my staff,” Silvers said. “As I said before, we go through SharePoint Teams, so there’s a lot of chatting. If I’m not seeing somebody engaging in those chats, I will ping them directly and to see if they are doing OK. I have a lot of new staff, and I even have a new staff member starting in two weeks. I’m learning how they respond to things like this. I’m trying to stay engaged, and some of them like engagement more than others.”

“Personally, I’ve done some pretty awesome things in the past, like running a couple of marathons. I’ve also been through some challenging things, like getting sick in Thailand and in Mexico, so I started a conversation about those things to find out what staff has done to get through hard times like this. I’ve been trying to engage them in these kinds of conversations to develop our strong team and to continue with team cohesiveness, so that’s been fun. I think that makes a lot of difference to them.

“There are four of us on the Leadership Team in Finance. We have a daily half-hour check in to check in personally, but we also check in about our teams and share what we’re all doing. We ask ourselves if we’re getting work done, but also making sure everybody is OK. We recently started sharing personal things like recipes. I’m seeing, at least in my group, that there is a lot of humanity and caring going on, which I think is really impressive. It’s likely that this will make us a stronger team in the end.” ■