

Lane County Budget Committee
Tuesday, May 5, 2020
5:30pm – Virtual Meeting

Presided with Budget Committee members present: Lane County Commissioners Jay Bozievich, Heather Buch, Pat Farr, and Pete Sorenson. Citizen Members Larry Abel, Christopher Hazen, Dawn Lesley, Dale Stoneburg, and Herb Vloedman. Commissioner Joe Berney joined after roll call.

Staff present: County Administrator, Steve Mokrohisky, Budget and Financial Planning Manager, Christine Moody, Director of Operations, Greg Rikhoff, Human Resources Director, Alana Holmes, Chief Deputy Carl Wilkerson, Chief Information Officer Mike Finch, Assistant Director of Health and Human Services; Acting Director of Health and Human Services, Kachina Inman, Benefits and Wellness Manager, Mary Miller, District Attorney, Patty Perlow, Talent Manager, Ryan McBride, Sheriff Cliff Harold, Dan Hurley, County Tax Assessor, Mike Cowles, and Jill Allen, Joe Szelesta and Tawnya Ellis from the Budget Office.

I. COMMITTEE BUSINESS

Meeting called to order at 5:32pm and began with nominations for FY 20-21 Chair and Vice-Chair.

Chair nominees: Herb Vloedman nominated by Commissioner Farr with a 2nd from Dale Stoneburg. Motion passes unanimously.

Vice-Chair nominees: Dale Stoneburg nominated by Commissioner Bozievich, withdrew and nominated Larry Abel with a unanimous 2nd and passes unanimously.

Motion to approve minutes from May 16, 2019 passes unanimously.

Budget and Planning Manger Christine Moody shared budget meeting materials will be available at www.lanecounty.org/budget for the general public. Budget Committee members can access the materials from three sources: Dropbox, www.lanecounty.org/budget and will receive an email.

II. BUDGET MESSAGE

Lane County Administrator, Steve Mokrohisky introduces proposed FY 20-21 budget via PowerPoint presentation.

The committee was informed of the County's strategic focus and financial discipline for the past six years to create a structurally balanced budget without the use of reserves; to build up reserves to use in case of an emergency or a one-time investment and to do so without layoffs and a reduction in force or reduction in services.

Mr. Mokrohisky shared Lane County is the third lowest total local revenue per capita out of the 36 counties in Oregon and the seventh lowest permanent rate tax in Oregon at \$1.28. In addition, Lane County has had a reduction of 93% in Secure Rural Schools funding since 2001. To offset this Lane County is working on managing internal expenses such as health insurance and PERS.

The committee was shown that 11% of Lane County tax revenue is what Lane County receives, the other 89% goes to Lane County School districts, cities, libraries, parks, water districts and fire districts. In regards to the shared information on limited resources, Lane County has taken a stance to focus on what we can do for our community and not focus on what resources Lane County doesn't have.

Mr Mokrohisky shared a timeline of Lane County's response to COVID-19 and what Lane County has done pointing out:

- Ensuring the safety of first responders
- Advising healthcare professionals on testing guidelines
- Tracking test results
- Monitoring positive cases
- Verifying quarantine protocols are adhered to
- Advising those exposed to the virus
- Developing and implementing plans for vulnerable populations
- Assisting local business
- Keeping the public informed and educated

Mr. Mokrohisky shared that the most impacted by COVID -19 are the most vulnerable populations. FY 20-21 budget includes:

- 1.3 million dollars in investments in operations of a 24x7 shelter navigation center.
- Rapid resolution housing intervention to prevent immediate homelessness diversion and rapid exit strategies avoided or make as brief as possible.

Mr. Mokrohisky stated Lane County needs to help businesses in Lane County to support and help them understand and adapt to new consumer patterns.

Mr. Mokrohisky shared there is concern for some of Lane County's funds. Lane County has seen significant decrease in Transient Room Taxes, Car Rental Taxes, Video Lottery Dollars, and Fee's for Service. There is concern for the Lane County Behavioral Health Operation funds that didn't come during the short session. Other funds Lane County will be monitoring are: Roads fund due to a reduction in Gas Tax from people not driving as much. Parole and Probation, the Governor has asked for up to 20% reduction.

It was shared that although the Budget Committee will not have the answers for long term decisions, the Committee will need to make the best decision with the information available.

Mr. Mokrohisky shared that Lane County has created a culture where all employees and residents are empowered to be leaders and make creative decisions with limited resources.

In conclusion, Mr. Mokrohisky shared Lane County's purpose is to improve lives through these core behaviors: Passion to Serve, Drive to Connect, and Focus on Solutions.

Commission Sorenson asked if the projected income revenues for Car Rental Tax, Gas Tax, and Transient Room Tax is based on what it truly will be or relying on past averages?

Mr. Mokrohisky stated the proposed budget begins July 1st, 2020. The proposed budget doesn't include drastic adjustments in revenue. There are four supplemental budgets throughout the fiscal year to address budget adjustments.

Chair Vloedman requested questions to be emailed to the Lane County Budget staff.

III. BUDGET OVERVIEW

Budget and Financial Planning Manager Christine Moody shared that the proposed budget being presented was built pre COVID.

Ms. Moody presented a pie chart of Lane County's 33 different funds for fiscal year (FY 20-21). Followed by a chart of change in totals by fund type showing for general special revenue, debt service, capital, enterprise, internal service and fiduciary funds.

Ms. Moody stated the full time equivalent (FTE) proposed for FY 20-21 is 1,732.83 an increase of 23.55 from FY 19-20.

A review of relevant vocabulary terms was given.

- These include revenue v. resources, requirements v. expenditures, appropriation, personnel services, materials and services, debt service, transfers, contingency, reserve.

A review of the structure of budgeting was given.

- Funds comprising departments can be further broken down as going towards expenses, personnel, and services.
- Ms. Moody shared each of Lane County's 33 funds have to be balanced individually as well as the budget as a whole.
- Moody reiterated that a structurally balanced budget is when ongoing resources equal ongoing requirements.

The FY 20-21 Lane County revenue budget presented is \$455,366,847, and was broken down into the component sources of revenue showing comparison from FY 19-20 to FY 20-21.

- State revenue is the largest revenue received which can affect Lane County if there are budget struggles at the State level.
- Then in order from largest to smallest revenue: Internal fees and charges, taxes and assessments, federal revenue, external fees and charges, administrative charges, local revenues, property and rentals, licenses and permits, interest earnings, and fines, forfeitures & penalties.

- A chart showing other resources comparing FY 19-20 to FY 20-21 for: fund balance, transfers between funds, intrafund transfers and interfund loan receipt/payment. Noting there isn't an interfund loan for FY 20-21.

The FY 20-21 Lane County expenditures budget presented is \$505,553,574, and was broken down into the four different types of expenditures showing comparison from FY 19-20 to FY 20-21.

- Materials and services is the largest expenditure followed by personnel services, capital and debt.
- There is a reduction in materials and services for FY 20-21 due to one-time expenses happening in FY 19-20.
- Other requirements are interfund transfers, intrafund transfers, contingencies, reserves and interfund loan payment.

Ms. Moody presented a slide showing FY 20-21 reserves and reiterated what Mr. Mokrohisky stated in his Budget Message of why it is important to have reserves in the event something happens. They are also needed for cash flow to pay expenses until taxes are received in November and December. In addition it helps Lane County's credit rating. Ms. Moody shared that reserves are important to purchase future equipment and to stabilize service and revenue.

Ms. Moody highlighted budget changes including:

- Addition of 0.5 FTE in Animal Services
- Identified 1.3 million funding first year of operations for Navigation Center/Shelter
- Addition of 4.0 FTE in Facilities to begin implementing Facility Assessment
- 1.0 FTE Deputy Assessor until retirement of current Assessor in January 2023
- Increase membership level in Government Alliance on Race and Equality (GARE)
- \$1 million re-budget for Behavioral Health Crisis Center
- 5th year in a row for low to no increase per employee in health insurance expense
- Reduction of 3.0 FTE in Lane County Behavioral Health
- One-time Transient Room Tax and Video Lottery (\$200k) towards Stewart Covered Bridget Repairs

Commissioner Berney asked what GARE stands for, what the membership increased to and what the County receives from the membership?

Ms. Moody stated GARE stands for Government Alliance on Race and Equality and would send him answers to the other questions.

Ms. Moody presented a slide on Lane County's General fund which includes: public safety, assessment and taxation, elections, public health, animal services, property management, finance, facilities, county administration and county counsel. The slide show the General Fund pays for 30-35% of the County's FTE. Ms. Moody referred the Budget Committee to the Service Option Sheets (SOS) in their budget document.

Ms. Moody shared a slide for General fund resources breakdown of discretionary (72%) versus department activity (28%). Discretionary General fund is revenue not dedicated for a specific purpose. Lane County accounts for department activity revenue separately.

Ms. Moody presented a pie chart highlighting discretionary General fund by service category and bar graphs comparing General fund resources versus requirements by type.

Ms. Moody stated Lane County does a five year General fund revenue forecast noting the ability to remain structurally balanced will depend on the ability to hold expenses to revenue growth.

Christine Moody presented future cautions:

- Increased wage growth
- Rate increases expected by PERS
- Aging capital assets
- Of note is COVID-19 increasing expenses. lost revenue and economic impact
 - Revenues at risk: Transient Room Tax, Car Rental Tax, Gas Tax, Fees for service, and certain state funding.
 - Not at risk: property taxes, existing contracts and awarded grants.

Christine Moody reviewed the strategic plan's strong foundational strengths:

- Strong financial policies and bond rating.
- Community trust building (the public safety levy).
- The people and partnerships.

IV. PUBLIC COMMENT

Budget Committee Chair Herb Vloedman presided over for public.

James Neu thanked the Budget Committee for the opportunity to provide public comment. Stating the Corona virus has physically and financially effected communities at the state and County level. Lane County has provided funding for increased public services. Mr. Neu referenced the March 31st Lane County Board of Commissioners meeting where concern was voiced for future budget shortfalls due to the pandemic. Mr. Neu urged Lane County to be prudent in conserving their expenditures and forgoing membership in the Association of Oregon and California Counties (AOCC) for the next several years or permanently.

Kim Kelly thanked the Budget Committee for the opportunity to speak. She acknowledge gratitude toward ending the membership to AOCC and encouraged the Committee to continue not supporting the membership.

Linda Perrine thanked Lane County for making the Budget Committee meetings available online and asked for the opportunity to provide virtual public comment in the future. Linda urged the Budget Committee to continue not funding AOCC membership. She hopes this will encourage the AOCC to conduct its affairs publically. Noting the AOCC doesn't publish minutes, and still has a policy that supports the forest industry and doesn't entertain different points of view. She sees AOCC funding has a mechanism to produce changes in the organization and if these changes occur it would lead to an opportunity to discuss funding membership again.

The Budget Committee was reminded of the next meeting May 7, 2020 at 1:30pm.

Commission Bozievich asked for the slide show to be available on the Lane County website. He clarified that the State is asking agencies for 8.5% budget cut in the biennium but noted there is only one year left in the biennium so it is a 17% cut. Commission Bozievich asked if PERS has been adjusted based on the hit the stock market has taken and how it will affect the unfunded liability.

Ms. Moody shared the PowerPoint presentations will be on the Lane County website and that the budget was built before COVID-19 before what the state is asking for in reduction. She shared that the Lane County departments do not feel like they have enough data to change numbers. If and when they do, the data will be shared with the Budget Committee. Mr. Moody shared that the PERS projections slide is an older projection and rates will not be set until the next biennium so there is time to make up some of the downturn.

Larry Abel asked if the 17% cut just affects Parole and Probation.

Commission Bozievich stated that the State is asking for a cut from all agencies but the funding for Parole and Probation is almost all from the Community Correction Act and that funding will have a similar cut. He noted that without legislature convening the only tool the Governor has is to make cuts across the board. Commissioner Bozievich urged the Budget Committee to make an assumption there will be a reduction in State revenue and have a plan on how to fill the difference.

Public Hearing was adjourned by Chair Herb Vloedman.

Note: A webcast (the “official” record of the meeting’s events) is available at:
https://lanecounty.org/how_do_i/view/webcasts