

Lane County Budget Committee
Tuesday, May 4, 2021
5:30pm – Virtual Meeting

Presided with Budget Committee members present: Lane County Commissioners, Joe Berney, Heather Buch, Pat Farr, and Laurie Trieger. Citizen Members Christopher Hazen, Dawn Lesley, Bruce Webber, Chris Pryor, and Herb Vloedman. Commissioner Jay Bozievich communicated before the meeting he would be absent.

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, Director of Health and Human Services; Karen Gaffney, District Attorney; Patty Perlow, Sheriff; Cliff Harold, Director Public Works; 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 5:31pm and began with nominations for FY 21-22 Chair and Vice-Chair.

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

Vice-Chair nominees: Dawn Lesley nominated by Commissioner Buch with a 2nd from Commissioner Trieger. Motion passes unanimously.

Motion from Dawn Lesley with 2nd from Commissioner Buch to approve minutes from August 24, 2020 passes unanimously with Commissioner Trieger, Bruce Webber and Chris Pryor abstaining from voting due to not being present at the meeting.

Motion from Commissioner Buch with a 2nd from Bruce Webber to approve Budget Committee Bylaws. Motion passes unanimously. The Bylaws will now go before the Board of County Commissioners.

II. BUDGET MESSAGE

Lane County Administrator, Steve Mokrohisky introduces proposed FY 21-22 budget via PowerPoint presentation.

The committee was informed of the County's focus during the current crisis of managing threats and seizing opportunities.

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.

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 explained the County's financial discipline over the past several 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 an overview of Lane County's FY 21-22 budget pointing out:

- General Fund is structurally balanced
- Some minor funds are not structurally balanced
- No layoffs
- 20% reserve fund policy
- During COVID had to use some reserves

The Committee was shown a Lane County Public Safety System lifecycle explaining the interconnectedness with Lane County Departments.

Ms. Trieger asked where Youth Services would live in the lifecycle. Mr. Mokrohisky shared Youth Services lives throughout the lifecycle.

Mr. Mokrohisky shared high level FY 21-22 additions:

- Electronic Monitoring Services in the Sheriff's Office
- Behavioral Health general fund utilization due to lack of grant funds
- Equity FTE add
- Data and Analytics FTE adds

Mr. Mokrohisky shared results from the employee satisfaction survey noting during a crisis Lane County's employee overall satisfaction is high. During 2020 Lane County's turnover rate was 8.5% decreasing from 11.5% the previous year.

Mr. Mokrohisky shared his commitment to Lane County is strategic focus and financial discipline.

Commissioner Trieger shared her appreciation for the FY 21-22 Equity add.

Mr. Hazen questioned who owns the response from received Public Comment in regards to data requested from the District Attorney and Sheriff's Office.

Mr. Mokrohisky shared the request would need to be refined to determine what is being asked and then directed to the appropriate department.

Commissioner Berney shared his appreciation for the leadership at Lane County.

III. BUDGET OVERVIEW

Budget and Financial Planning Manager Christine Moody presented a pie chart of Lane County's 33 different funds for fiscal year (FY 21-22). Ms. Moody shared the Proposed Budget is \$767,757,739 a decrease of 13.6% from previous year. 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 21-22 is 1,804.18.

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 21-22 Lane County revenue budget presented is \$486,017,841, and was broken down into the component sources of revenue showing comparison from FY 20-21 to FY 21-22.

- 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 20-21 to FY 21-22 for: fund balance, transfers between funds, intrafund transfers and interfund loan receipt/payment. Noting there is 1 interfund loan for FY 21-22.

The FY 21-22 Lane County expenditures budget presented is \$519,884,963, and was broken down into the four different types of expenditures showing comparison from FY 20-21 to FY 21-22.

- Materials and services is the largest expenditure followed by personnel services, capital and debt.
- There is a reduction in materials and services for FY 21-22 due to one-time expenses happening in FY 20-21.
- Other requirements are interfund transfers, intrafund transfers, contingencies, reserves and interfund loan payment.

Ms. Moody presented a slide showing FY 21-22 reserves and reiterated what Mr. Mokrohisky stated in his Budget Message of why it is important to have reserves in the event something happens, noting COVID-19 and the Holiday Farm Fire. 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:

- Increased public health expenses due to COVID-19.
- Lane Management workload increase – Holiday Farm Fire rebuilding.
- Environmental Health revenue decline – closures and decreased occupancy in restaurants/hotels.
- Road Fund, Parks, Lane Events Center, Community Health Centers – Decreasing revenue; reduction in reserves to continue operations.
- Implementing of new laws and regulations related to COVID-19 pandemic (employee & public).
- Holiday Farm Fire September 2020 – Multiagency responses/expenses proving shelter.
- Coordination of financial support – business, rent relief, Cars Act Funding.
- Staff added to provide services to public for COVID-19 pandemic & Holiday Farm Fire.
- Loss of structural balance in several funds – ongoing expenditures exceeding ongoing revenue.

Ms. Moody gave a brief overview of the Coronavirus Aid Relief, Economic Security Act (CARES Act) and American Rescue Plan (ARP). The ARP is not part of the Proposed Budget but Lane County is expecting \$74 million in one-time funds.

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
- Community and Service needs increasing
- Watching the structural balance of funds
- Aging Capital Assets

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.

Commissioner Farr noted the structurally balanced budget during a crisis and asked about Lane County's bond rating.

Mr. Mokrohisky shared prior to 2017 Lane County's bond rating was Aa3. Moody's reviewed during 2017 and improved rating to Aa2, Moody's reviewed in 2019 and moved to Aa1.

Commissioner Triege asked if the ARP funds would be addressed during a Supplemental Budget.

Ms. Moody shared the funds could be added into the budget if they are received with guidelines otherwise, they would be done in a Supplemental.

Commissioner Berney asked if there is no growth in aggregate property tax receipts. Ms. Moody confirmed that is based on the Assessor's recommendation.

Commissioner Berney asked about assuming Personnel budget. Ms. Moody shared merit increases are forecasted into the FY 21-22 budget but union bargaining isn't as that is something that hasn't been board approved.

Commissioner Berney asked about refinancing debt due low interest rates. Ms. Moody shared bonds are restricted on the terms.

Commissioner Berney asked what body is responsible for the ARP funds. Mr. Mokrohisky shared these are one time resources that the Board will discuss during the budget process.

IV. PUBLIC COMMENT

Budget Committee Chair Herb Vloedman presided over for public.

AlexAnn Westlake, Direct of Our Community Birth Center, gave public comment on the challenges faced this past year. Our Community Birth Center has a new building and once open will offer services that range from pregnancy to birth and into parenthood. Visit their website for more information at ourcommunitybirthcenter.org.

Danny Huffsmith lives in Eugene and gave public comment on her concern that black Oregonians are jailed at higher rates than others. She asked for the commissioners to adopt a proposal for a new performance metric to require the Office of the District Attorney to collect and make publicly available race and ethnicity information, proportional to population, on police encounters, citations, arrests, cases filed and convictions on an annual basis.

Chair Vloedman noted he received 3 written public comments.

The Budget Committee was reminded of their next meeting May 5, 2021 at 2:00pm.

Public Hearing was adjourned by Chair Herb Vloedman at 7:30pm.

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