

Lane County Budget Committee
Tuesday, May 3, 2022
5:30pm – Virtual Meeting

Presided with Budget Committee members present: Lane County Commissioners, Joe Berney, Jay Bozievich, Heather Buch, Pat Farr, and Laurie Trieger. Citizen Members Christopher Hazen, Dawn Lesley, Bruce Webber, Chris Pryor, and Herb Vloedman

Staff present: County Administrator; Steve Mokrohisky, Budget and Financial Planning Manager; Christine Moody and Budget Office staff Jill Allen, Joe Szelesta and Tawnya Ellis.

I. COMMITTEE BUSINESS

Meeting called to order at 5:31pm and began with nominations for FY 22-23 Chair and Vice-Chair.

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

Vice-Chair nominees: Chris Pryor nominated by Commissioner Trieger with a 2nd from Commissioner Bozievich. Motion passes unanimously.

Motion from Dawn Lesley with 2nd from Chris Pryor to approve minutes from May 20, 2021 passes unanimously.

Motion from Bruce Webber with 2nd from Chris Hazen to approve amended minutes from January 19, 2022 passes unanimously with Chris Pryor abstaining from voting due to not being present at the meeting.

II. BUDGET MESSAGE

Lane County Administrator, Steve Mokrohisky introduces proposed FY 22-23 budget via PowerPoint presentation.

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 81% 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.

Mr. Mokrohisky explained the County's focus from stability to growth focusing on housing and shelter, public safety, new facilities and workforce.

Mr. Mokrohisky shared an overview of Lane County's FY 22-23 budget pointing out:

- Lane County government has been at the forefront in responding to unprecedented challenges for our community.
- Over 60 percent of revenue currently comes from state and federal funding sources.

- To meet the demands caused by recent emergencies, we have adapted, leveraged resources and grown.
- Influx of one-time state and federal funding has created a cloud of perceived abundance.
- Proposed FY 22-23 Budget is balanced without layoffs or cuts in services.
- The use of reserves is required to balance.
- All 32 funds continue to maintain reserve levels that exceed the County's financial policies.

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

Mr. Mokrohisky shared high level FY 22-23 additions:

- Important new investments in law enforcement and emergency management, as well as infrastructure maintenance.
- New Community Justice Department.
- New Policy Team.

Discussions were had regarding using reserves and/or one-time funds to balance the budget. Mr. Mokrohisky shared the County will be developing plans to work towards being structurally balanced.

III. BUDGET OVERVIEW

Budget and Financial Planning Manager Christine Moody presented a pie chart of Lane County's 32 different funds for fiscal year (FY 22-23). Ms. Moody shared the Proposed Budget is \$974,884,757 a decrease of 7.32% 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 22-23 is 1,985.62.

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 32 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 22-23 Lane County revenue budget presented is \$587,653,757, and was broken down into the component sources of revenue showing comparison from FY 21-22 to FY 22-23.

- 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, interdept reimbursements, administrative charges, local revenues, property and rentals, licenses and permits, interest earnings, and fines, forfeitures & penalties.

- A chart showing other resources comparing FY 21-22 to FY 22-23 for: fund balance, transfers between funds, intrafund transfers and interfund loan receipt/payment.

The FY 22-23 Lane County expenditures budget presented is \$644,024,485, and was broken down into the four different types of expenditures showing comparison from FY 21-22 to FY 22-23.

- Materials and services is the largest expenditure followed by personnel services, capital and debt.
- There is a reduction in materials and services for FY 22-23 due to one-time expenses happening in FY 21-22.
- Other requirements are transfers between funds, intrafund transfers, contingencies, and reserves.

Ms. Moody presented a slide showing FY 22-23 reserves and 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 gave a brief overview of the American Rescue Plan Act of 2021 (ARPA) noting a direct payment to Lane County of \$74 million in one-time funds to be spent through 12/31/2024.

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 shows 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 (70%) versus department activity (30%). Discretionary General fund is revenue not dedicated for a specific purpose. Lane County accounts for department activity revenue separately.

A chart of General Fund Resources Comparison by Type and General Fund Requirements Comparison by Type was shown.

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. The General Fund is not structurally balanced for FY 22-23 stating the following causes:

- Growth in wages higher than previously anticipated.
- Increasing material & services costs.
- Revenue growth slow or down.
- Service additions made to support changing needs and high workloads.
- Increase in share of internal charges to HHS General Fund programs due to one-time fund receipt & movement of Youth Services to a new Department.
- Previously tracked Dawn to Dawn expansion as one-time. No longer the case.

Plans are being developed to restore structural balance including vacant position review prior to hiring and analyzing of internal expenditures.

Christine Moody presented future cautions:

- Increased wage growth.
- Services currently supported with one-time funds.

- Service/community needs.
- Structural balance.
- Aging capital assets & purchase of new assets.

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

- Strong financial policies and bond rating.
- Community trust building.
- People & Organizational Health.

IV. PUBLIC COMMENT

Budget Committee Chair Herb Vloedman presided over for public comment. No public comment was given Chair Vloedman closed the Public Hearing.

The Budget Committee was reminded of their next meeting May 5, 2022 at 2:00pm.

Meeting was adjourned by Chair Herb Vloedman at 7:03pm.

Note: A webcast (the "official" record of the meeting's events)

is available at: <https://lanecounty.org/cms/One.aspx?portalId=3585881&pageId=7842434>