



WASCO COUNTY BUDGET COMMITTEE
ANNUAL MEETING
MAY 16, 2016

- PRESENT: John Carter, Committee Member
Ken Polehn, Committee Member
Scott Hege, County Commissioner/Committee Member
Steve Kramer, County Commissioner/Committee Member
- STAFF: Tyler Stone, Administrative Officer
Debbie Smith-Wagar, Interim Finance Director/Budget Officer
Kathy White, Executive Assistant
- ABSENT: Pat Davis, Committee Chair
Rod Runyon, County Commissioner/Committee Member

At 9:00 a.m. Commissioner Hege opened the Annual Meeting of the Wasco County Budget Committee, noting the absence of Chair Davis and Commission Chair Runyon.

Minutes

{{{Commissioner Kramer moved to approve the 5.18.2015 minutes. Committee Member Polehn seconded the motion which passed on a vote of 3 yays and one abstention – John Carter was not present at the 5.18.2016 Meeting.}}}

Election of Officers

{{{Commissioner Kramer nominated John Carter to serve as Chair and Ken Polehn to serve as Vice-Chair of the Wasco County Budget Committee. No further nominations were made. Commissioner Hege called for a vote on the nominations. John Carter and Ken Polehn were unanimously elected to serve as

Chair and Vice Chair of the Wasco County Budget Committee.}}

Year in Review – Administrative Officer Tyler Stone

Mr. Stone reviewed his presentation (attached) pointing out that this year has been a little different from the norm due to the staffing challenges faced by the County in the last year. In addition, there was a loss of expertise with the software that presented additional struggles in the process. He noted that rather than Eden reports, this year there are reports produced in Excel.

Mr. Stone went on to review some of the major political initiatives. He advised that the NORCOR's proposed 2016-2017 budget may not be sustainable which could have an impact on the County's budget. He stated that the SRS funding does not cover the need for road maintenance; Public Works Director Arthur Smith is working to address those funding issues. Public Works is spending down their beginning fund balance for equipment and staffing but something will need to be done for sustainability.

Mr. Stone pointed out increases in the Planning Department and Tax & Assessment staffing in the current fiscal year have allowed them to launch into project-based work. By the time they complete their projects, attrition will allow them to reduce staffing so those resources can be reallocated to other areas.

Mr. Stone acknowledged an increase in legal costs saying that the County is getting significantly more services than previously and have been able to start tackling decades-old projects, i.e., moving all the foreclosed, county-owned properties – over 150 – out on to the tax rolls. He pointed out that moving those properties in itself is a complicated legal process, noting that some of the properties are occupied which not only further complicates the process but creates additional liability for the County. In addition, legal has been involved in the Community Development Block Grant process to build the new MCCFL mental health clinic as well as supporting the County as it takes over the management of QLife which is going through a significant expansion in Maupin to bring fiber to approximately 90% of the residents.

Mr. Stone reported that the County recently regained ownership of the old armory property and will work to make sure that the use of that property best meets the needs of the community. This is one of a number of major facilities initiatives. Facilities Manager Fred Davis reported that Courthouse electrical project will come in under budget but

logistics require that it be moved into the next fiscal year; the change-over will take place on the weekend of August 19th with a planned shut-down for the last half of August 19th and the first half of August 22nd. As part of that project, the Courthouse will get a new generator that will enable lighting, technology, heating and cooling in case of a power outage.

Information Systems initiatives include commencement for a website rebuild; a vendor has been selected and the work will begin in this fiscal year and conclude in the next fiscal year. The County has experienced a number of cyber-attacks; end users have not seen much impact but it has kept the department busy. Other initiatives included the LIDAR project, major office move for the Clerk and Assessor's offices and the replacement of over sixty computers. Mr. Stone added that there are discussions underway for shared IS services primarily with the City of The Dalles to gain efficiencies and save money.

Mr. Stone went on to say that there are plans to add some staffing to the road crew and the Finance Department. Added road crew will allow for training and succession planning. In the Finance Department, the addition of a Finance Manager will ensure separation of duties and continuity in the event the Finance Director is suddenly unavailable for any reason.

Mr. Stone concluded by saying that although the beginning fund balance is better than expected and the reserves will be funded again this year, revenue and expense trends are getting closer – a trend that will be impacted by the expected increase in PERS costs; sustainability will need to be monitored closely over the next several years.

Budget Message – Budget Officer Debbie Smith-Wagar

Ms. Smith-Wagar explained that Oregon law requires a balanced budget which is what is being proposed for the Committee's consideration. She stated that the process at Wasco County is to take department input to recognize the cost of service create a balanced budget that is sound and sustainable. Departments present budgets to sustain current service levels and then propose additions to their budgets that would increase service levels. The additions are evaluated for sustainability within the budget.

Ms. Smith-Wagar reviewed her Budget Message (attached), noting the increase in the General Fund to fund the Reserve. She pointed out that the largest addition in Public

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Works is the staffing increase for Road Crew to do additional overlays. She stated the investment in overlays now will prevent more costly road repairs later. She commented that the large increase to the Community Corrections budget is the result of increased State grant funding; they will be adding a probation officer. Those increases in staffing, along with a 4.1% increase for staff payroll and a 2.5% increase for elected positions have all been incorporated into the budget. Full-time staff is now at 120.

Mr. Stone pointed out that the salary schedule increases are evaluated every other year while the Compensation Committee meets annually to review salary for the elected officials.

Ms. Smith-Wagar went on to say that other personnel expense adjustments include a 7.5% increase for health insurance and an anticipated 20% increase in PERS which will take effect July 1, 2017 – the actual increase will be announced this fall.

Ms. Smith-Wager continued to review the budget message. Commissioner Kramer noted that Crates Point is still listed in the budget; he thought that debt had been retired. Ms. Smith-Wagar replied that the fund has been closed and will not appear in future budgets.

Ms. Smith-Wagar stated that there are some adjustments to the proposed budget. The Compensation Committee has recommended a stipend be allotted for the County Clerk to compensate her for the significant work she is doing outside her role as County Clerk. For example, she was very involved in the strategic plan and county culture development, helped to form the South Wasco Park and Recreation District, and is developing County branding in conjunction with work on the new County website. This is a technical adjustment to the proposed budget.

Commissioner Hege asked if this is a short term arrangement that will return to the reduced scope of work. Mr. Stone replied that the Clerk's salary was reduced last year in recognition of the reduced responsibilities of that position over the last several years. The stipend gives the County flexibility; were Ms. Gambee to step down as County Clerk and that position were filled by someone with a skill set that was appropriate for the position but did not support the work being done outside of the requirements of that position, there would not be a need to go through a process to reduce the wages; the stipend would simply not be offered. Ms. Smith-Wagar agreed, saying that this is an effort to recognize the extra work being done now but not force the County to maintain that level of pay if

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another person is elected and doesn't want to do the extra work or does not have the skills.

Ms. Smith-Wagar went on to say that in 2015 the Clerk's salary dropped from \$75,000 to \$53,000. Chair Carter noted that this is really not an hourly increase, it is recognition of additional responsibilities and an higher level of work.

Ms. Smith-Wagar said that another adjustment is to recognize the income from renting Annex C to Mid-Columbia Center for Living for 18 months. Commissioner Hege asked if they are currently paying rent. Ms. Smith-Wagar replied affirmatively saying that there will be some unrecognized revenue as a result. There will be a \$35,000 increase in next fiscal year to the Facilities Budget for the rent which will be a net increase of \$20,000; this will also increase the ending fund balance by \$20,000.

Chair Carter called for a break at 10:10 a.m.

The meeting reconvened at 10:32 a.m.

Chair Carter opened the meeting to public comment. There being none, he closed public comment stating that if anyone wished to comment later he would re-open that portion of the meeting.

Commissioner Hege asked County Assessor Jill Amery to explain what is happening in her department with the staff that has been added.

Ms. Amery stated that counties used to visit every property within their boundaries once every six years; it was required by statute. Once that requirement was lifted counties facing budget challenges were not able to sustain staff to meet that rotation. She noted that there are some properties in Wasco County that have not been reappraised for twenty years or more. She stated that some of the additional staff will be focusing on that; right now they are looking at construction or changes, listing and sales – they have visited 1,585 properties this year which is significant for three appraisers.

Ms. Amery continued by saying that she inherited a software conversion when she became the Assessor. Additional staff has been added for data entry and to support the completion of the conversion. She noted that the additional staff has allowed her office to

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enter 5,000 records this year. It will take multiple years to complete both the conversion and reappraisals.

Ms. Amery stated that the long-term goal is to be fully converted with all information in the new system and new studies complete with an update to every property record. She noted that the net effect on taxes could go up or down but based on what has already been done, there are significant builds that do not have permits – that will impact appraisals. She said that the goal is to have fair and accurate appraisals.

Further discussion ensued regarding the various fees and where they should be appropriately placed. Ms. Smith-Wagar noted that she budgeted conservatively by understating revenue and overstating expenditures whenever there was not clarity.

Ms. Amery reported that the lockbox system for collecting property taxes has been most impressive. What took staff weeks to do happens very quickly now; millions of dollars in taxes were deposited in days. The system is secure and frees staff to work with the public and continue on projects. She explained that we pay a monthly fee as well as a per piece charge. She stated that we currently only use the lockbox for the fall payments but may look at using it for the 2nd and 3rd trimester payments as well.

Commissioner Hege asked why budgeting for the lockbox has increased. Ms. Amery replied that last year was the first year using the system and she did not have history on which to base the budgeting; this year there are actual costs on which to base the budget. Ms. Smith-Wagar added that the lockbox fees are part of our US Bank services; they do an analysis and give us a credit against our fees.

Commissioner Hege asked if the 21284 line item is for the Proval contractor. Ms. Amery replied that it is for the Lane County support; the Proval contractor is still in personnel services as he will finish most of his work by the end of the fiscal year – if it needs to be adjusted for the next fiscal year, we can do that at a later date. She added that his services are at or below the budgeted personnel services.

Chair Carter asked how the public knows about the online payment option. Ms. Amery responded that information goes out in the tax statements. Commissioner Hege noted that it costs more to pay online. Ms. Amery confirmed, saying that a credit card payment adds 2.5% to the tax bill while an e-check is a flat \$2.00 fee.

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Ms. Smith-Wagar briefly reviewed the Clerk's budget saying that outside the additional stipend for the Clerk, there are really no changes to the budget over last year's budget. She explained that there are two divisions in the Clerk's Office – recording and elections; recording fees are dedicated funds.

Mr. Ferguson noted that the Clerk may need a new voting tabulation machine; the machine currently in use is at least eight years old and uses zip discs to transfer data. He said he expects a cost of \$120,000 to \$130,000 in the next couple of years. Mr. Stone added that since the State is asking for the upgrade, we are trying to get some State funding for that equipment.

Commissioner Kramer asked about the increase in the 237 fund requirements. Ms. Smith-Wagar stated that she believes the increase is for updating the Helion system and to put more information online. Commissioner Hege added that some may be for a new envelope opening machine – the repairs to the current unit are almost as costly as a replacement.

Ms. Smith-Wagar went on to say that there is not much change to the Sheriff's budget; the Sheriff has asked to restructure the parks department patrol which will increase the Sheriff's staff by ½ FTE. Sheriff Magill stated that there will be some fluctuation depending on pay grade the deputy assigned at any given time; currently the assigned Deputy is a Step 1 or 2 but a Step 4 Deputy could also be assigned. He assured the Committee that it would not go over budget.

Ms. Smith-Wagar pointed out that the increase in personnel services is largely due to the 4.1% adjustment to salaries. Commissioner Hege noted that it is the same percentage across the County but the Sheriff's Department is by far the largest staff so the dollar amount is also large.

Sheriff Magill stated that the additional person being added to Community Corrections is covered by State funding. Ms. Smith-Wagar observed that this fund has no General Fund support. Sheriff Magill explained that the State is focusing on reducing recidivism to avoid the expense of constructing and running more prisons.

Ms. Smith-Wagar continued by saying that Administrative Services is adding a Finance Manager. She stated that she recommends this position so that the County has a

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succession plan and appropriate checks and balances. She added that the current structure does not allow the Director enough time to participate in broader projects such as the Strategic Plan. She pointed out that the Finance Director should be doing the County's financial report which is currently done by the auditor. The Finance Department also needs someone able to backfill the Director's position should something happen to the Director even in the short term.

Mr. Stone noted that Ms. Smith-Wagar has agreed to help transition the newly selected Finance Director. He encouraged the Committee to maintain the recommended level of funding for Finance.

Ms. Smith-Wagar stated that for County Counsel and vacation cash-out it is impossible to predict what each department will need. Therefore, rather than cushioning each department for those expenditures, they have put it all into Administrative Services for those functions.

Commissioner Hege asked about the insurance refunds. Mr. Stone replied that while we anticipate there will be a dividend from SAIF, it is not guaranteed and the amount of the anticipated refund is just a guess. Ms. Smith-Wagar added that we have not received the refund for this fiscal year.

Commissioner Kramer asked about the legal fees. Mr. Stone replied that the County is getting caught up on a lot of legal items, however, some of the fees will be refunded to the County through the MCCFL project and the Union Pacific project.

Further discussion ensued regarding the nursing home numbers which were not aligned and should match. Ms. Smith-Wagar stated that she would make that adjustment.

Commissioner Hege pointed out that on the organizational chart the Fairgrounds Caretaker is under Mr. Stone. He asked if that is the most effective way to manage that, suggesting that the position be supervised by Facilities. Mr. Stone replied that the Fair Board has taken the position that they are a volunteer board and should not supervise paid staff. He said that it is much like the Museum and VSO which have also fallen under Mr. Stone. He stated that he deals with the personnel issues but works with the Boards for operational issues.

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Mr. Polehn commented that as a member of the Fair Board he thinks that when the staffing changes out there, it should be reviewed to so something significantly different so that it is a more professionally run facility.

Commissioner Hege noted that legal counsel has risen significantly and appears to be staying up rather than the reductions he anticipated. Mr. Stone responded that while we are working to reduce those costs, he would caution that we are using legal services for things for which it has never been available – it is smart and helps protect the County. He noted that County Counsel has become an integral part of our teams; if we had had this level of counsel previously, we might not have faced some of the recent litigation. He said that he is aware of the high costs and is working to get it down. He noted that it may not be as high as budgeted depending upon where the outstanding legal issues go. At the same time, we are utilizing services at a significantly higher rate for the right reasons – for instance, in years past we would have taken on the Union Pacific work without counsel which would not have been wise. Ms. Amery added that there would not be land policies in place were it not for County Counsel.

Commissioner Kramer asked what Commissioner Hege would recommend. Commissioner Hege responded that he would reduce it to \$150,000. Commissioner Kramer stated he would have to disagree pointing out that there are still a number of outdated ordinances that need attention and a lot of work to be done to bring us up to current legal standards.

DA Nisely asked if the County has considered going out to other firms for bid. Commissioner Hege stated that he does not think the County is dissatisfied with the work that is being done; he just wants to see that expenditure reduced. Commissioner Kramer agreed that he would like to see it come down over time as well.

Chair Carter asked about the line item for salary provisions. Mr. Stone said that it is tied to the compensation program to budget for unknowns associated with re-evaluation requests and onboarding new employees at a higher step than a lessor-skilled outgoing employee; we try to not spend it but it is there if needed.

Commissioner Hege asked if it also could be used for performance awards. Mr. Stone said that it could be part of that but he has asked the Management Team to anticipate that in their budgets.

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Mr. Stone noted that the IT budget has had a programmer included for some time but the position has not been filled. He said that they hope to go out for that position to get it filled. He added that we are also exploring the possibility of shared IT services which may change the staffing from what is in the current proposed budget. That will depend on identifying a shared need between the County, the City of The Dalles and potentially other entities.

Ms. Smith-Wagar noted that approximately \$20,000 for the new website will need to be carried over into the next year which will mean the beginning fund balance will be higher than stated. She stated that she would review GASB to determine the appropriate line item – capital or contracted services. Mike Middleton, who will start as Wasco County Finance Director in June, stated that since it will be used beyond the time it takes to build it, he would place it in capital.

Chair Carter called for a lunch recess at 11:52 a.m.

The meeting reconvened at 12:35 p.m.

Commissioner Hege asked about the transfer to the County Fair fund. Mr. Stone replied that it is for the insurance payment.

Commissioner Kramer asked about the nearly \$1 million for economic development. Ms. Smith-Wagar replied that that is a transfer out of Economic Development into the General Fund; \$190,000 is from lottery funding and the rest is Enterprise Zone payments.

Chair Carter asked about the NORCOR funding and cost sharing with Hood River. Mr. Stone responded that the formula that had been in place was not sustainable; we reduced our inmate population to reduce our costs. The formula has now been set so that it is stable no matter how many people you incarcerate. DA Nisely pointed out that there is an overall cap on the number of inmates that can be housed at NORCOR; they have contracts with the Marshall and ICE – as soon as the total jointly reaches 100, inmates are released based on the matrix. He stated that the matrix is used at least weekly.

Commissioner Hege noted that the two numbers for adult and juvenile do not add up to the total. Ms. Smith-Wagar took note and stated she would make that adjustment to the budget. A similar discrepancy was discovered in the Sheriff's vest line item; Ms. Smith-

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Wagar will make that correction.

Mr. Carter asked what has happened with the Health Department funding. Commissioner Hege pointed out that 2015 actuals were \$376,000; last year was \$314,000. He said that he is once again serving on that Board and they are working to restructure to keep the clinic open more. The ask for this year is an increase but not as high as it was; he characterized the increase as a show of good faith and while it is not as high as NCPHD wanted, it is reasonable. He said that he is hopeful that there will be a healthcare summit this year to make sure we are not duplicating services and are working together for efficiencies. He went on to say that with the creation of Coordinated Care Organizations, Public Health will be doing less direct services; this is a transitional period with a change in focus for Public Health.

Commissioner Kramer added that there is also an effort to change the governance structure to be similar to the mental health governance. He said that there has been progress; we have to be ready to adjust our programs in conjunction with the other changes that are happening in health care. He said that he supports the increase to help get the clinic open another day or so.

Ms. Smith-Wagar noted that the Intake Coordinator at the Veterans Service Office has been certified and is now equivalent to the Veterans Service Officer which will be a change in his classification. She stated that more state funding may become available through the lottery funds in which case the VSO will ask for an increase to their budget.

Ms. Smith-Wagar noted that the Museum budget has changed some; they are now open through the winter which increases both their revenue and expenditures. She noted that the Museum Foundation is very active and they have worked hard to attract cruise ship traffic. They have also eliminated their groundskeeper position and contracted out for those services.

Ms. Smith-Wagar stated that the Fair and Park budget is nearly the same although she did make an adjustment to match the benefits to the salary for the groundskeeper. She observed that they need a significant ending fund balance in order to run the fair at the end of August.

Commissioner Hege asked if the Fair and Hunt Park are separate. Mr. Stone replied that

they are separate. Ms. Smith-Wagar stated that the groundskeeper is paid out ½ from each of those funds; Hunt Park funds are restricted.

Further discussion ensued regarding the conditions of the buildings at the Wasco County Fairgrounds/Hunt Park and the need for repair or replacement.

Ms. Smith-Wagar continued by saying that some of the funds were not used this year and will carry over into next fiscal year. Commissioner Hege noted that the initial payment from the third Google enterprise zone is why the beginning fund balance is so high. Ms. Smith-Wagar concurred and explained that \$600,000 will go fund the reserves and \$209,000 will continue to support Planning staffing.

Chair Carter asked if the Planning staff portion will continue. Ms. Smith-Wagar replied that it is sustainable in the General Fund but this relieves some of the pressure on the General Fund. Mr. Stone added that staffing levels will be a year-to-year decision. Commissioner Kramer noted that there is some attrition expected in that department in coming years.

Ms. Smith-Wagar noted that the line item in the DA's budget for medical examiner services has increased. DA Nisley stated that this year there was some catch-up work that had to be done. He explained that when the previous Medical Examiner stepped down, they were unable to find a replacement. Statutorily, when there is not an M.E. the Public Health Officer must fill that role. He said that Public Health Officer Dr. Mimi McDonnell has done a good job and has a good relationship with law enforcement.

DA Nisley went on to say that there are some dollars in the Facilities budget for security at the DA Office's front desk. He pointed out that his office tends to attract a lot of angry people. Ms. Smith-Wagar stated that Facilities will be looking at security throughout the Courthouse.

Ms. Smith-Wagar noted that Planning is fully staffed and there is nothing new or unusual in their budget. Mr. Stone stated that the staff that was added last year has helped the department to get caught up on cases, begun to work on the long-overdue updates and long-range planning; in two or three years, staff will reduce through attrition as people retire. Commissioner Kramer added that the Planning Commission has really stepped up to help with the LUDO update.

Ms. Smith-Wagar said that Household Hazardous Waste is back at the County and is housed in the Planning Department.

Ms. Smith-Wagar noted that the Public Works budget is spread out a bit – weed, water, roads and the surveyors. The Public Works fund is where the gas tax is shown and is the fund in which the Public Works Director Arthur Smith has asked to add three positions to begin training replacements for expected retirements. In addition, the Mr. Smith has asked for additional materials for overlays and funding to replace some very old equipment. She stated that they will need to develop a replacement cycle for the road equipment.

Commissioner Hege noted that this is a big increase; Mr. Smith has explained that we need to step forward to put more back into the roads. He wants to do 25 miles of chip seal – we have been doing 10-15 miles. Commissioner Hege explained that it is a leap of faith to spend down the beginning fund balance; sometime in the next 3-5 years, the road problem must be solved. He added that the State knows that they have to address this issue and there seems to be a commitment to find a solution.

Mr. Polehn asked about the increase in chip sealing. Commissioner Kramer responded that before the road budget faced decreases due to the loss of timber funding, the County resurfaced 30 miles of road a year; that is a 7-10 year cycle. Once the funding was cut, it dropped to 15-17 miles and then to 10-12 miles of chip sealing each year. We have to increase the number of miles we do each year or we will lose our investment in our road system. Mr. Stone explained that once a road drops below the 70% condition level, it can no longer be maintained with chip seal but must be torn up and repaved at a much higher cost.

Mr. Carter asked how long this level of work can be maintained with the current budget. Commissioner Hege replied that there is over \$5 million in the beginning fund balance – outside of reserve; we can sustain this level of maintenance for a few years and the County feels like this is a good investment in our roads. He added that even the people who have been opposing funding have said there will be a package. Commissioner Kramer added that AOC also believes that the funding will move forward.

Mr. Polehn asked if the pricing for the materials comes down as the price of oil falls. Commissioner Hege confirmed saying that Mr. Smith wants to get the materials soon

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while the prices are down; newer staff can flag while they learn from the more skilled staff doing the work.

Ms. Smith Wagar stated that there are no changes to the Weed & Pest budget. She said that there is also not much change in the Youth Think budget but Community Work Service is new in Youth Services; it is a program they had given to NORCOR and has now come back to the County. She noted that there is revenue available for the program. Mr. Stone noted that some of that money comes from the City of The Dalles. He added that the program benefits the County as we are able to use the crew to supplement our grounds maintenance.

Discussion ensued regarding the funding shown in the budget for the Community Work Crew budget. Ms. Smith-Wagar said she would confirm and make that adjustment, saying it should be at least \$26,000 as a placeholder. Ms. Smith-Wagar recommended adding \$26,000 to the Title III Community Work Crew Counselor; the Committee concurred.

Commissioner Kramer pointed out that the Commission on Children and Families is still listed in the budget although that program no longer exists. Mr. Stone said that although the Commission dissolved, funding still remained for the Youth Think program. Ms. Smith-Wagar stated that the title of the fund should be changed to accurately reflect its purpose.

Commissioner Kramer noted that supplies were budgeted last year at \$20,000 but only \$2,000 were used; in 2014 they used \$6,600 in supplies. He asked why we are still budgeting at \$20,000 this year. Commissioner Hege agreed saying that it is opportunity driven but probably should be reviewed; he said he would like to discourage over-budgeting.

Ms. Smith-Wagar stated that the County has no debt; she reviewed the balances in the Reserve Funds. She said that there are three unrestricted reserve funds and 2 restricted reserve funds. While the unrestricted funds have a stated purpose that purpose is subject to change. Commissioner Hege said that in the next budget he thinks those unrestricted funds will have a more refined definition; we want them to be higher and we want to understand what each is specifically intended to support. Ms. Smith-Wagar agreed saying that Oregon budget law requires policies for those reserve funds. Mr. Stone stated that some of that information is included in the Budget Message.

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Commissioner Kramer outlined the adjustments to the budget: \$35,000 in Facility Resources; \$15,000 for the Clerk's stipend; \$26,000 for the Community Work Crew Counselor; \$20,000 carryover in IT for the website; \$700 for the Sheriff's vests; and the current NORCOR budget number.

{{{Mr. Polehn moved that the Budget Committee of Wasco County has reviewed and does approve the budget for the 2016/2017 Fiscal Year as amended by the attached list in the total amount of \$53,536,354. Commissioner Hege seconded the motion which passed unanimously.}}}

{{{Mr. Polehn moved that the Wasco County Budget Committee approve taxes for the 2016/2017 Fiscal Year at the rate of \$4.2523 per \$1,000 of assessed value for operating purposes in the General Fund. Commissioner Kramer seconded the motion which passed unanimously.}}}

Chair Carter adjourned the meeting at 1:55 p.m.

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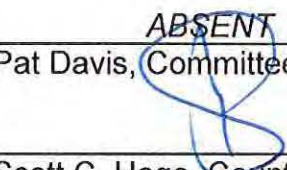
John Carter, Committee Chair



Ken Polehn, Committee Co-Chair

ABSENT

Pat Davis, Committee Member



Scott C. Hege, County Commissioner

ABSENT

Rod Runyon, County Commissioner



Steve Kramer, County Commissioner

Wasco County 2016/17 Budget Message

Overview

I am pleased to present to you the Proposed Budget for Fiscal Year 2016-2017.

This budget has been prepared to satisfy the legal requirements of Wasco County and the State of Oregon local budget law. The value and purpose of a budget is to provide a financial plan for the next fiscal year, authorize local government to spending, justify the levy of property tax, and is a tool to communicate and inform.

The primary purpose of this budget is to recognize the cost of service approach, to develop, adopt and implement a fiscally sound and sustainable plan for accomplishing goals for the upcoming year. In addition, the budget must meet the principal objectives of maintaining a responsive local government, comparatively low taxes and fees, high service levels and a strong financial position. I am confident the Proposed Budget that was built by the management team of Wasco County meets those purposes.

The only significant change between this budget and the 2015/16 budget is the addition of the CDBG Grant Fund. This fund was added during the 2015/16 fiscal year to track expenditures related to a CDBG grant that the County has accepted on behalf of the Mid-Columbia Center for Living (CFL) to build a new building. All funds will flow into and out of the County, but the County will not be contributing any money to the project.

This proposed budget has 25 funds and totals \$53,426,102. Revenues are not changing much, as you will see in the following charts. There continues to be a lull in federal funding. State funding is currently holding strong as is local activity.



Wasco County

2016/17 Budget Committee Meeting



Agenda



The year in review



16/17 Budget Process



Budget Outcomes and Highlights



Budget Message



The year in review

Major initiatives - Political

- NORCOR funding formula set at 50/40/5/5. Revenue needed for NORCOR to be sustainable.
- Another SRS payment received – est. \$610k
- Significant increases in staffing based on project based needs in Assessment and Planning Departments.
- County contracting for outside legal services has allowed us to focus on issues that have been hanging over our head and ignored for decades.
- County has started CDGB Grant for Center for Living.
- County has taken over management of Qlife.



The year in review

Major initiatives - Facilities

Facilities

- Armory was returned to County.
- Courthouse electrical replacement contract issued.
- Center For Living renting Annex C for approximately 18 months.
- Assessor and Clerk office move.
- HVAC upgrades at Museum
- Museum Revitalization
- Annex A window repaint
- Annex A handicap ramp installation
- Backflow check valves installed
- Parking lot drain replaced – public works
- Starting to contract for janitorial services.



The year in review

Major initiatives – Information Technology

Information Technology

- Migrated WC-Manatron to new server.
- Migrated WC-Homer to new server.
- Selected Vendor for new Website
- MDT research and development.
- Defended County from multiple cyber attacks.
- Replaced, installed, turned over 60+ computers
- Moved Clerk and Assessors offices

GIS

- Migrated web map to work on multiple devices including mobiles
- Created customized web map for snow plows
- Improved online access to scanned documents (surveys, plots, etc.)
- Collaborated with County Surveyor to map legal boundaries of multiple districts, including one for the formation of South Wasco Parks and Recreation District
- Completed Lidar project and rolled out for staff to use



The year in review

Major initiatives - Projects

Strategic Planning

Culture Initiative

Website update started

County Branding

South Wasco Parks and Recreation District
Formation

Qlife

Shared Services Initiatives



The year in review

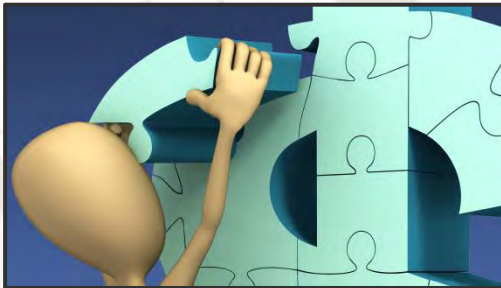
Major initiatives - Budget

- Staffing increases.
- Beginning Fund Balance came in better than expected. 6.9m total from the 5.1m budget amount.
- Funding of reserves were accomplished again this year.
- Large initial enterprise zone payment this year was allocated to reserves.



14/15 Budget Process

Approach



1. The budget review team consisted of Scott, Tyler and Debbie to review proposed budgets.
2. No Finance Director Hired
3. Budget decisions made and budget balanced.
4. Department Head meeting is called and decisions about budget requests are reviewed with the management team. Management Team has the opportunity to add things back in that were not funded by the budget team.
5. Department Heads are asked to support the proposed budget from this point forward including any changes made by the Management Team.



Budget Process

Philosophy Going into Budget

1. Continue to budget materials and services only for what is needed to operate.
2. Utilize temporary or mid-term staffing if needed to shore up departmental need or project needs.
3. Cautiously add staff to select departments to cover planned retirements and continuity of operations.
 - Road, Finance, PnP, Sheriff and Facilities
4. Fund reserves if possible.



Significant Challenges 16/17

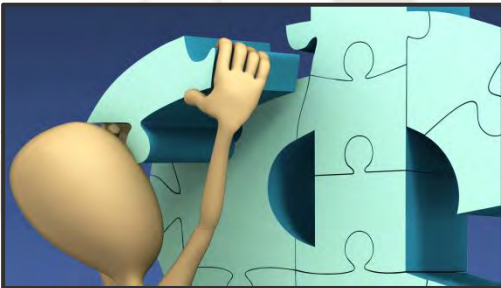
What caused us to pause in this budget

1. Lack of Finance Director and system knowledge.
2. Timber funding is still being addressed nationally. Spending down beginning fund balance in Public Works to purchase needed equipment and staffing.
3. Increase in staffing in some departments - is it short term project based or is it needed long term?
4. Upcoming PERS increases. OK this year but challenging in the future.
5. Revenue and Expense trends are getting closer meaning that sustainability will need to be watched closely over the next several years.



Budget Process

Outcomes



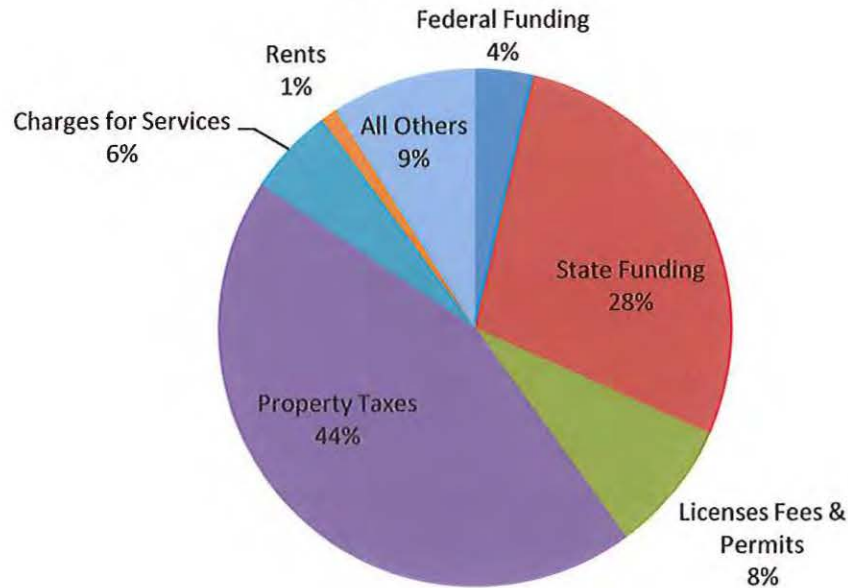
1. Budget was balanced this year due to a conservative approach to budgeting and spending last year.
2. Department budgets are tight - they are still spending frugally.
3. Reserves were funded again this year.
4. Public Works Fund continues to be the wild card going into the future.
5. Some additional staffing was added to departments.

Fund	Description	2015/16	2016/17	Difference	%
General Fund		\$13,737,164	\$15,259,135	\$1,521,971	11%
	<i>The main operating fund for Wasco County</i>				
Public Works Fund		\$2,922,535	\$3,607,339	\$684,804	23%
	<i>Road operating fund</i>				
County Fair Fund		\$219,434	\$248,653	\$29,219	13%
	<i>County Fair operating fund</i>				
County School Fund		\$314,690	\$290,000	(\$24,690)	-8%
	<i>Tax in lieu of payments pass through</i>				
Land Corner		\$67,534	\$79,539	\$12,005	18%
	<i>Dedicated to locating and remarking of land corners</i>				
Forest Health		\$231,000	\$77,219	(\$153,781)	-67%
	<i>Federal dollars to fund search and rescue operations on federal lands</i>				
Household Hazardous Waste		\$417,663	\$472,506	\$54,843	13%
	<i>Fee paid as part of garbage collection bill dedicated to recycling</i>				
Special Econ Dev Fund		\$445,693	\$2,130,800	\$1,685,107	378%
	<i>Revenue committed for economic development.</i>				
Law Library Fund		\$146,600	\$158,285	\$11,685	8%
	<i>Dedicated revenue from citations that goes to maintaining law libraries</i>				
District Attorney Fund		\$29,250	\$21,335	(\$7,915)	-27%
	<i>Forfeiture dollars and donations to victims of crimes</i>				
Museum Fund		\$241,993	\$285,149	\$43,156	18%
	<i>Operations and donations for Wasco County Historical Museum</i>				
Weed & Pest Fund		\$285,821	\$289,838	\$4,017	1%
	<i>Operating fund for weed and pest control within the County</i>				
911 Communications		\$980,570	\$1,016,192	\$35,622	4%
	<i>Operating fund for 911 services</i>				
Parks Fund		\$87,282	\$95,263	\$7,981	9%
	<i>Operating fund for Hunt Park</i>				
Community Corrections		\$1,252,470	\$1,983,382	\$730,912	58%
	<i>Operating fund for parole and probation services</i>				
Court Facilities		\$83,750	\$116,107	\$32,357	39%
	<i>State funded established to provide courthouse security</i>				
Comm on Child & Family		\$163,488	\$239,846	\$76,358	47%
	<i>State funded for operations to provide services for children and families</i>				
Kramer Field Fund		\$32,950	\$33,145	\$195	1%
	<i>Private donation to upgrade Kramer Field</i>				
Fund	Description	2015/16	2016/17	Difference	%
Clerks Records Fund		\$40,550	\$50,825	\$10,275	25%
	<i>Funded by recording fees to cover archival costs.</i>				

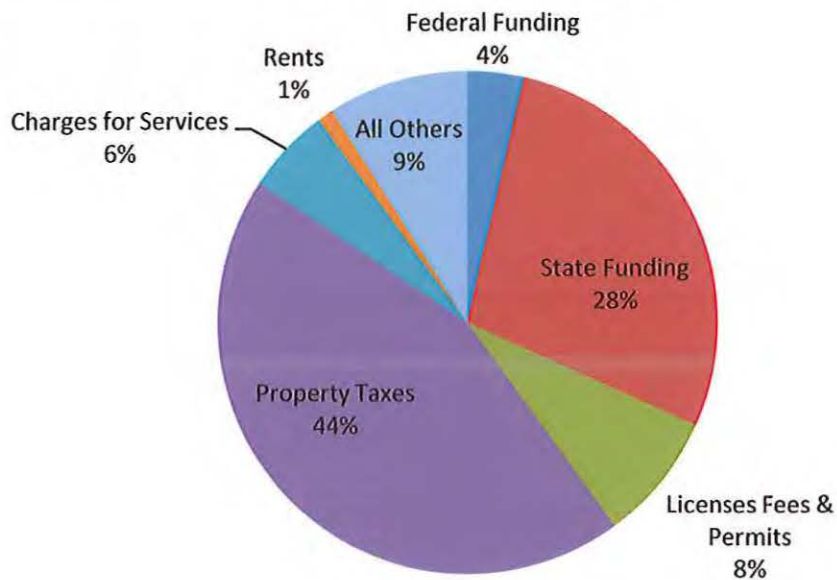
Road Reserve Fund		\$3,293,000	\$2,815,000	(\$478,000)	-15%
<i>Reserve fund for Public Works</i>					
Capital Acquisitions		\$2,072,000	\$2,802,650	\$730,650	35%
<i>The main capital fund for Wasco County</i>					
911 Equipment Reserve		\$271,200	\$240,600	(\$30,600)	-11%
<i>To save for 911 equipment replacements</i>					
Facility Capital Reserve		\$1,862,223	\$2,734,000	\$871,777	47%
<i>Fund established to save for large capital projects</i>					
General Operating Reserve		\$2,065,800	\$2,812,000	\$746,200	36%
<i>Fund to save for unanticipated revenue shortfalls</i>					
CDBG		\$0	\$5,508,670	\$5,508,670	0%
<i>Capital projects fund for Center for Living Project</i>					
Total Budget change		\$31,264,660	\$43,367,478	\$12,102,818	39%

The proposed budget is just over \$12 million more than the current budget. That increase is from the anticipated CDBG federal funds in the newly created CDBG Fund (\$5.5 million), an increase in the General Fund of about \$1.5 million a nearly \$1.7 million increase in the Special Economic Development Payments Fund, an increase in all the reserve funds (\$1.8 million) and all the other funds combined represent a net increase of the balance (\$1.5 million). County staff is cognizant of the available revenues and are aggressive in utilizing them as appropriate, meaning grant and reimbursement funds are utilized to the maximum availability.

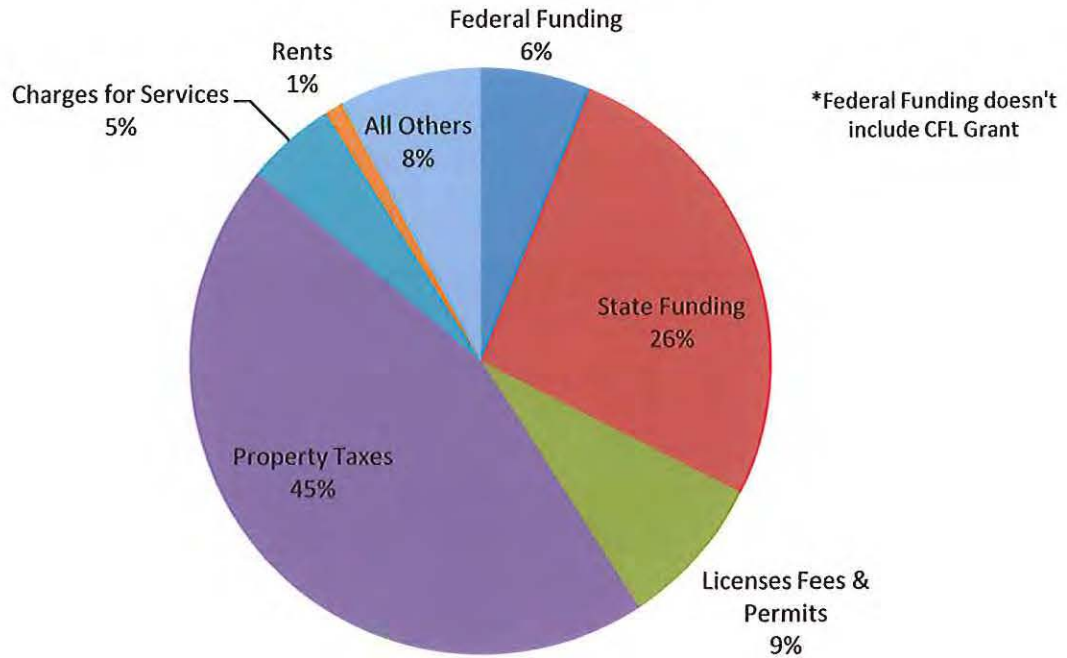
**2013/14 OPERATING REVENUE GOVT WIDE -
\$20,236,650**



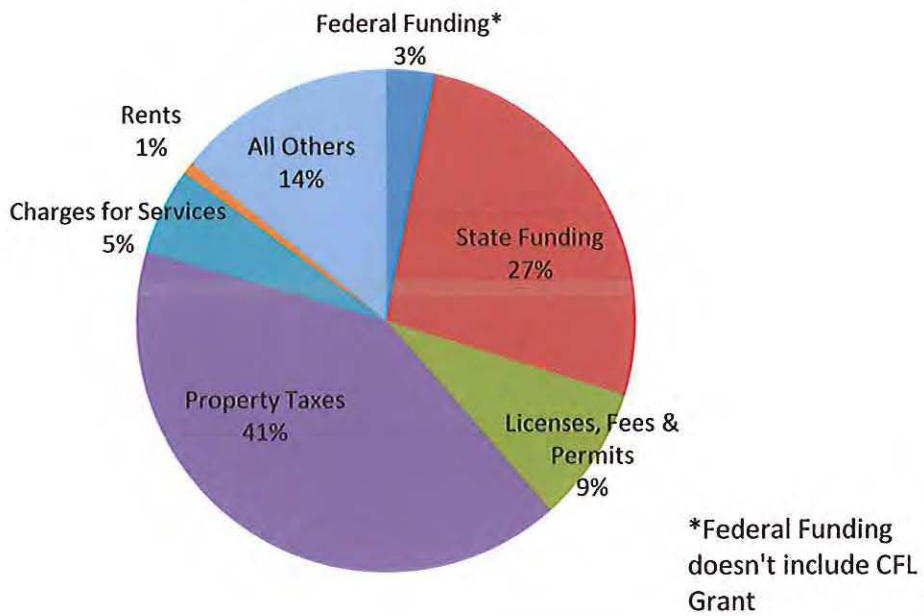
**2014/15 BUDGETED OPERATING REVENUE GOVT
WIDE - \$17,671,308**



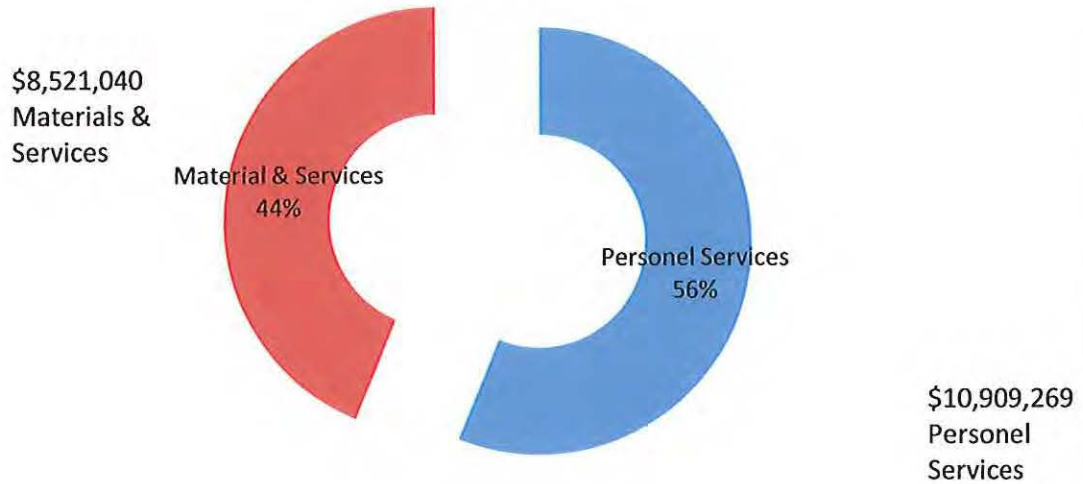
2015/16 BUDGETED OPERATING REVENUE GOVT WIDE - \$18,234,756



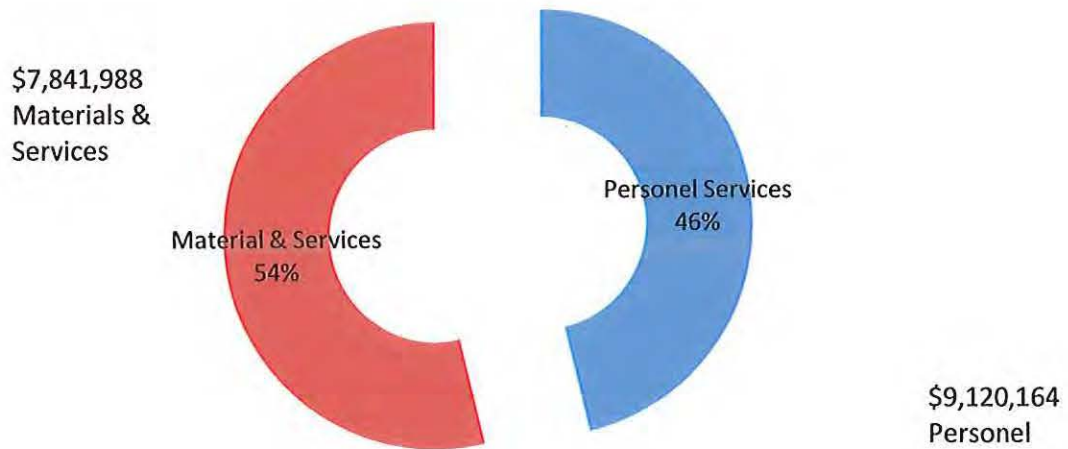
2016/17 OPERATING REVENUE GOVT WIDE - \$21,034,391



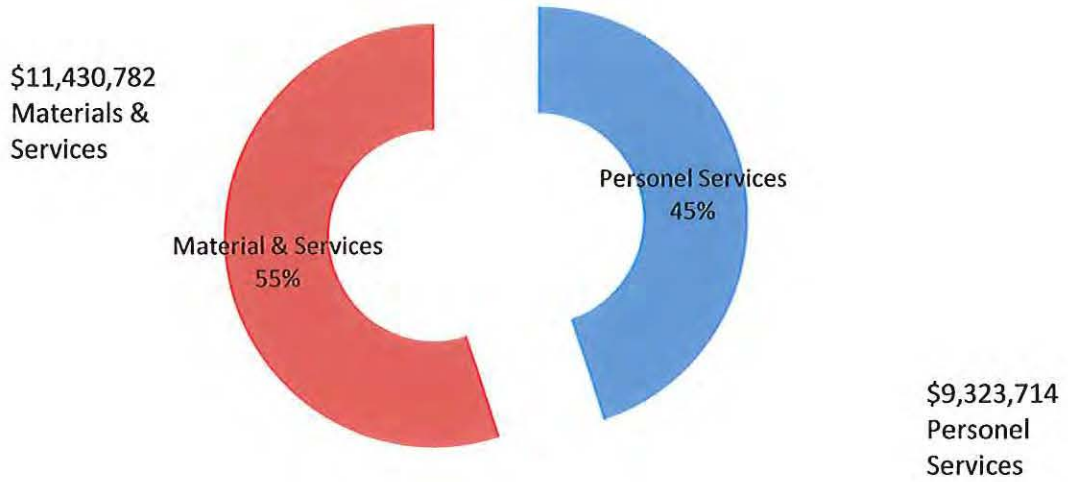
**2013/14 OPERATING EXPENSE GOVT WIDE -
\$19,430,309**



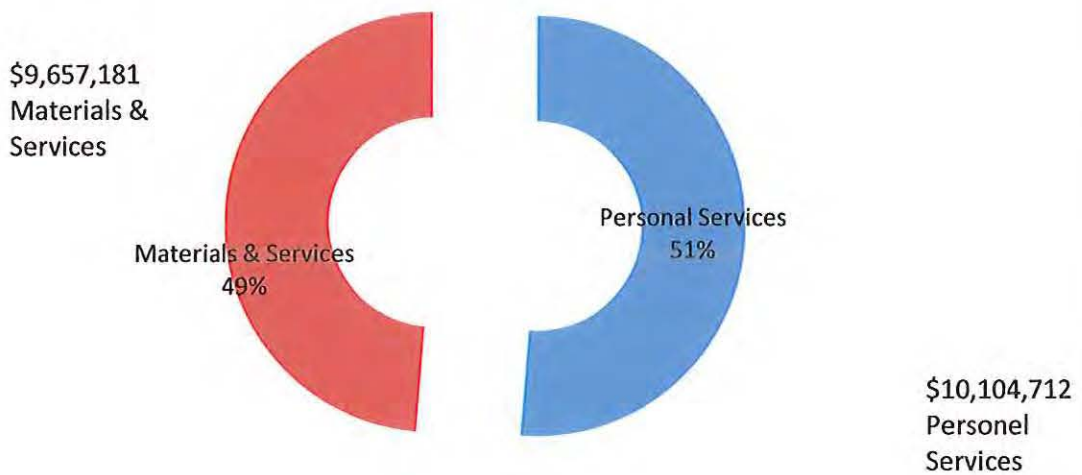
**2014/15 BUDGETED OPERATING EXPENSE GOVT
WIDE - \$16,962,152**



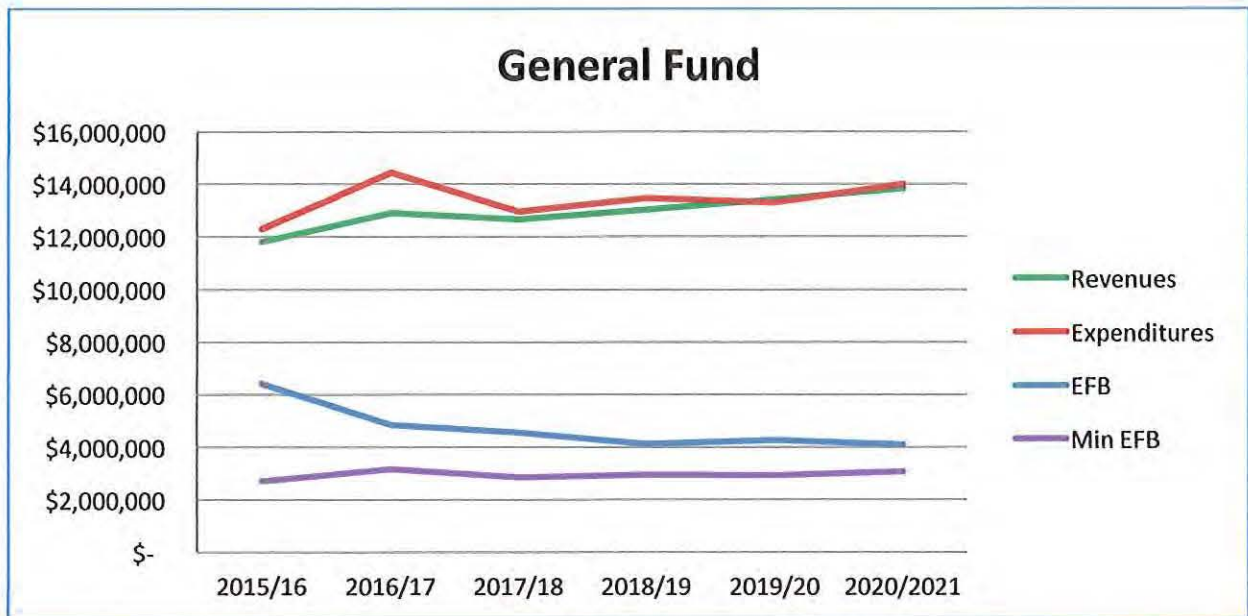
**2015/16 BUDGETED OPERATING EXPENSE GOVT
WIDE - \$20,757,496**



**2016/17 BUDGETED OPERATING EXPENSE GOVT
WIDE - \$19,824,393**



Financial Forecast



The chart above the impact of the proposed budget as forecast for the next five years. The spike in expenditures in fiscal year 2016/17 corresponds to the transfers-out to the reserve funds. Parts of the transfers-out are supported by corresponding transfers in from the Special Economic Development Payments Fund. Based on current assumptions, the current level of expenditures are sustainable for the next five years.

Staffing

Sheriff Department – The proposed budget includes a ½ time deputy to realign current patrol needs regarding the State Parks contract.

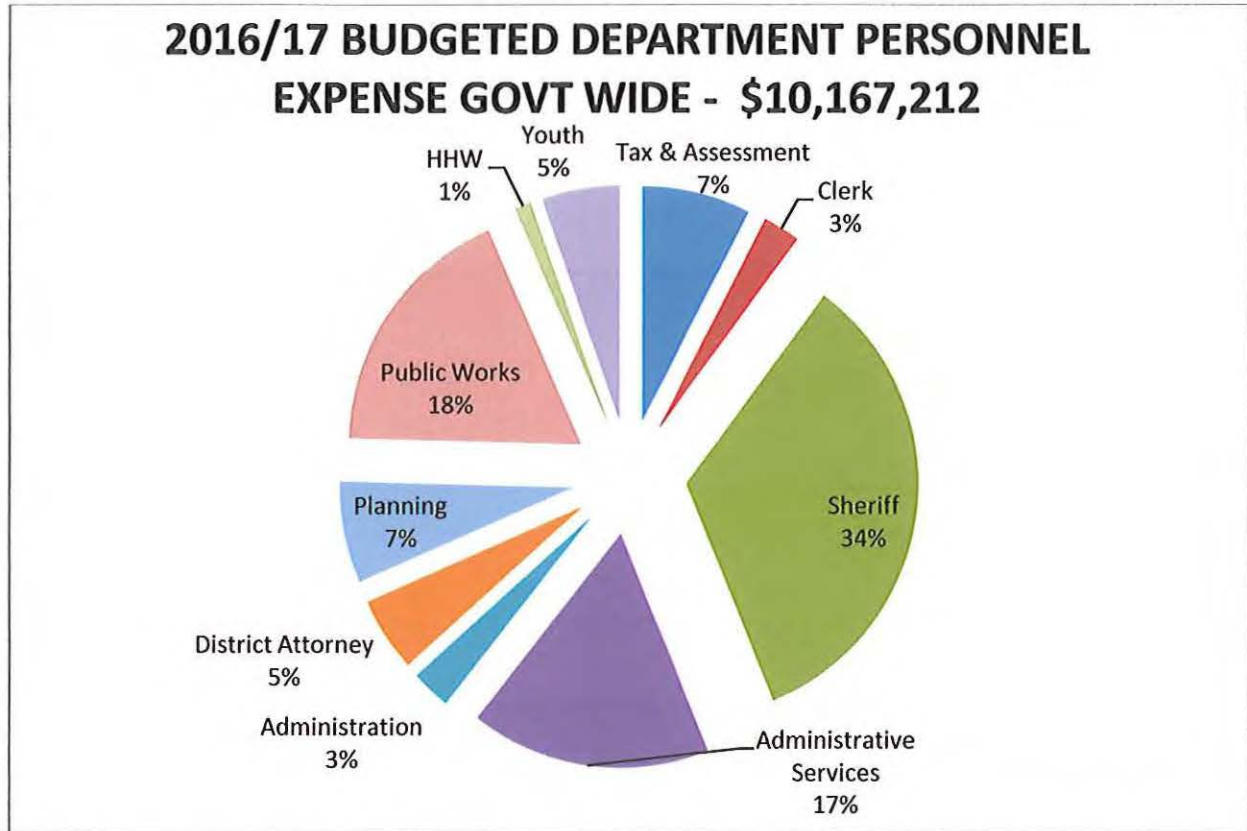
Finance Department – This budget allows for a full time Accounting Manager position.

Facilities – Janitorial services are being transitioned to a contracted service, which will reduce the facilities budget by two FTE. This budget does include adding back one position in facilities for a Facilities Tech I.

Road Department – In anticipation of looming retirements, the Road Department is adding three entry-level Road Laborers to allow the department to train new employees to backfill the expected vacancies.

Currently employed are 117 full time, 14 part time and about 4 seasonal employees. This budget increases the full time positions to 120. This proposed budget also contains salary increases to bring current positions to market rates. The average increase for non-elected employees is 4.1%. The Compensation Committee met to

review elected officials' salaries. The Committee recommended a 2.5% increase for elected officials' salaries, and that recommendation is incorporated into this proposed budget.



FUND:	2015/16 BUDGET	2016/17 BUDGET	\$ DIFFERENCE	% + OR -
General Fund	\$5,967,087	\$6,639,984	\$672,897	11.3%
Public Works	\$1,613,177	\$1,624,939	\$11,762	0.7%
County Fair	\$24,774	\$44,103	\$19,329	78.0%
Land Corner Preservation	\$53,234	\$53,234	\$2,805	5.3%
Household Haz	\$113,441	\$117,584	\$4,143	3.7%
Museum	\$56,267	\$44,669	(\$11,598)	-20.6%
Weed & Pest	\$92,171	\$93,588	\$1,417	1.5%
911 Communications	\$781,522	\$825,122	\$43,600	5.6%
Parks	\$16,682	\$36,343	\$19,661	117.9%
Comm Corrections	\$536,546	\$610,870	\$74,324	13.9%
Children & Family	\$71,813	\$73,971	\$2,158	3.0%

Transfers

The following transfers between funds serve one of two purposes, either supporting operations or supporting reserve commitments.

From	To	Amount	Reason
General Fund	County Fair Fund	\$29,000	Operations
General Fund	Museum	\$17,500	Operations
General Fund	911 Communications	\$261,000	Operations
General Fund	Capital Acquisitions	\$900,000	Bldg improvement
General Fund	Facilities Cap Repl	\$900,000	Facilities reserve
General Fund	Operating Reserve	\$800,000	Reserve
Land Corner	General Fund	\$2,500	Reimb Surveyor exp
Forest Health	General Fund	\$75,000	Reimb Search & Rescue
Spec Econ Dev	General Fund	\$190,000	Lottery support of Planning
Special Econ Dev	Crates Point	\$809,650	Partial debt svc pyt/econ dev
Law Library	General Fund	\$8,000	Administration
District Attorney	General Fund	\$1,800	Administration
Comm Corrections	General Fund	\$370,932	NORCOR – 1145
Facilities Reserve	General Fund	\$25,000	Capital Projects
	TOTAL	\$4,390,382	

Capital Outlay

The proposed budget includes very little capital funding for projects that may or may not be completed in this budget year as staff and financial resources are evaluated. Ideally, we look for grant funding to leverage capital dollars prior to starting a project. Potential major capital projects that have been identified may include, but are not limited to improvements to the road department building roof, major upgrades to the courthouse electrical system and other renovations inside the courthouse building.

Other capital considerations include the Armory re-development project and potential renovations to Annex C as part of leasing the facility.

Personnel service costs account for 19% of the County wide 2015/16 Proposed Budget and is 51% of the total operating cost.

PERS

PERS sets rates every two years. The current PERS rate took effect July 1, 2015 and will expire on June 30, 2017. New PERS rates will not be announced until the Fall of 2016, but expectations are that rates will increase by approximately 20% in the next biennium. This expectation has been factored into the five-year financial forecast prepared for the General Fund.

Non-Represented	2015/17	2013/15	2011/13	2009/11
PERS – Tiers 1 & 2 Gen Serv and P/F	15.87%	12.64%	12.81%	8.65%
OPSRP – Gen Service	8.86%	9.80%	9.50%	7.34%
OPSRP – Police & Fire	12.97%	12.53%	12.21%	10.05%

Represented	2015/17	2013/15	2011/13	2009/11
PERS – Tiers 1 & 2 Gen Serv and P/F	21.87%	18.64%	18.81%	14.65%
OPSRP – Gen Service	14.86%	15.80%	15.50%	13.34%
OPSRP – Police & Fire	18.97%	18.53%	18.21%	16.05%

Insurance

Health insurance rates will increase approximately 7.5% on July 1, 2016. Dental insurance rates will decrease slightly.

Reserve Funds

Currently, Wasco County has three unrestricted Reserve Funds and two restricted Reserve Funds. The difference derives from the source of revenue used in the funds.

*The National Advisory Council on State and Local Budgeting (NACSLB) and the Government Finance Officers Association recommend that **all governments** develop a formal, written fund balance policy which includes outlining reserve fund purposes and goals that is made publicly available.*

Facility Capital Reserve - unrestricted

The purpose of this reserve is to save for facility capital improvements or replacements that; due to the inherently high cost of development, cannot normally be achieved in a single budget year. Additionally, this fund can be used for infrastructure improvements, or replacements to enhance efficiency or effectiveness of county operations. Examples of projects may include major building remodels such as the replacement of the Courthouse electrical or plumbing systems, construction of a new building, or purchases of software that make the County more efficient or effective.

Capital Acquisition - unrestricted

This reserve account is created to allow Wasco County to fund a reserve specifically for capital acquisitions and capital development activities. This fund will be built over time with the goal of having a pool of money available to acquire or develop real property.

Operating Reserve Fund - unrestricted

This fund was created to offset future operating shortfalls as part of our long term forecasting. For example, the uncertainty of receiving timber dollars and state funding streams impact operating and program decisions. Having a reserve fund to help sustain services will help facilitate change and assist in long term budgeting.

Road Reserve Fund - restricted

This fund is necessary to help protect the county if a natural disaster destroys any function or component of the county road infrastructure. May also be used to replace or repair major road equipment essential in maintaining the infrastructure and/or be used to continue operations in any of the five districts.

911 Equipment Reserve Fund - restricted

This fund was created in anticipation of replacing any equipment related to the operations of the 911 Communications Center.

	<i>2016/17</i>	<i>2015/16</i>	<i>2014/15</i>	<i>2013/14</i>	<i>2012/13</i>
Facility Capital Reserve ^{^^}	2,709,000	1,082,622	1,026,111	323,177	121,995
Capital Acquisition ^{^^}	2,802,650	1,335,688	1,228,258	607,676	482,261
Operating Reserve ^{^^}	2,812,000	1,431,379	1,326,935	552,503	225,428
Road Reserve [^]	2,815,000	2,792,094	2,782,550	2,767,601	2,752,187
911 Equipment Reserve [^]	240,600	238,018	237,204	227,987	192,089
Total	11,812,000	6,879,800	6,601,059	4,478,945	3,773,959

[^]All restricted reserve funds have been held steady or increased under the current commission through commitment in long term planning.

^{^^}Non-restricted reserve funds have doubled since 2011 – the 2011 levels were not sufficient to accomplish any strategic or long range plans, nor were they sufficient in sustaining services in the event of a disaster. Now, the reserve levels are closer to accomplishing those best practice and citizen safe measures.

Contingency and Ending Fund Balance

The General Fund contingency assigned amount shall be no more than thirty percent of the unassigned fund balance. The current budgeted contingency amount of \$446,492 is 9.2% of the budgeted unassigned amount.

The General Fund unassigned balance (also referred to as unappropriated or Ending Fund Balance) will be at least two months of total personnel services and no more than four months of total operating expenses. The current unassigned amount is within that range at \$4,831,000.