



MINUTES OF BUDGET MEETING

NATURAL RESOURCES – ROAD DEPARTMENT – COMMUNITY DEVELOPMENT

DESCHUTES COUNTY BOARD OF COMMISSIONERS

WEDNESDAY, MAY 27, 2015

Allen Room, Deschutes Services Building

Present were Commissioners Anthony DeBone, Alan Unger and Tammy Baney. Also present were Tom Anderson, County Administrator; Erik Kropp, Deputy County Administrator; Mike Maier, Clay Higuchi and Bruce Barrett, Budget Committee; and, for a portion of the meeting, Wayne Lowry, Loni Burk, Ed Keith, Natural Resources, Chris Doty, Road Director, George Kolb, Tom Shamberger, Randy McCulley, Susan Bailey, Mike Berry, and Kelli Candella.

CDD Department representatives were Nick Lelack, Director, Peter Gutousky, Randy Scheid, Lori Furlong, Kathleen Stockton and Brog Stenman Historic Landmarks Commission. Media representative Ted Shorack of The Bulletin was in attendance.

Meeting minutes were taken by Kelli Candella.

Chair Bruce Barrett opened the meeting at 1:01 p.m.

NATURAL RESOURCES PROTECTION

Ed Keith provided information on main changes to the Natural Resource funding. Due to the rotating of grants that Natural Resources has been working on over the past few years. There are 24 grants for Bend Fuel Reduction expenditures. \$218,000 is closing out year. Last fiscal year there was a new grant for south County for \$175,000, and also a \$24,000 Fire Adaptive Community Outreach grant that covers a little of the staff time.

The FEMA Grant has been in the budget over the last few years but it has never funded; however, an agreement for this funding should be coming in July 2015 and will be a three-year grant. Commissioner Baney asked if the three-year count starts when grant was requested or when the agreement is finalized. Ed Keith acknowledged that the count begins when the agreement is finalized.

It was noted that last year PILT funding eased off Title III declining funds. The last four years has seen a small increase in Title III status. Board Policy in disbursing PILT has been to sustain Natural Resources funding. The first \$500,000 of PILT is distributed to General Fund, the balance has been distributed to Natural Resources and Roads, and the Board has elected this distribution.

Commissioner Baney stated that as SRS funds decreased, general PILT funds increased, there is no guarantee in the future, but currently it is a multi-year funding source and will assist in building cash balance.

Mr. Keith reported on the upcoming fire season, with concerns about low snow pack. He expects an extended fire season – usually this begins in August or September, but with dry vegetation in May, the season will begin early. Fire resources will be stretched very thin on any extended fire season.

Commissioner Baney asked about air support. Mr. Keith reported that the heavy duty aircraft has been moved out of the area, so we currently have two single engine aircraft, a type 2 helicopter and a repel crew located in John Day.

ROAD DEPARTMENT

Chris Doty presented a Power Point, which is attached for the record.

In regard to the slide showing equipment purchases, Randy Scheid was asked to give an example of the full graduation of a dump truck. A dump truck has 15-year life, and then it will be converted to a sanding truck and used another 10 years.

Commissioner Baney asked about SRS funding and PILT funding, and whether they are tracking that sweet spot where SRS funding decreases and PILT increases. She asked that if SRS funds were to disappear, would PILT be turned on its head.

Discussion occurred concerning projects done with the cities. Clay Higuchi asked how far south they service; for example, do they collaborate with Klamath County. Mr. Doty stated they do not provide work for Klamath County. Commissioner Baney asked about chip seal work on city maintained roads, and whether the cities do all the pot hole repair before a chip seal project. Tom Shamberger stated that the agencies do fix potholes prior to chip seal, and assist the County crew with chip seal within their city.

There was discussion regarding La Pine roads, and a question as to whether the number of miles listed in the chip seal projects includes La Pine roads. A majority of roads within La Pine are under Deschutes County jurisdiction, and some are included in the miles shown under chip seal project miles.

Discussion occurred regarding the 30-year employees and the retirement cost to department.

Commissioner Baney brought up the tipping fee amount that is currently transferred to the Road Department. She is hearing about more generation of SDC funds and PILT money increasing, and asked if the tipping fee is necessary funding for Road Department.

Mr. Doty responded that the Road Department is battling with stagnant funding. The recent request for an increase in gas tax did not move forward, transportation funding is hard to come by, and eliminating the tipping fee transfer would hurt the department's budget. Commissioner Baney stated that the tipping fee was not meant to be an ongoing revenue source.

Mr. Doty explained that the loss of potential revenue comes out of the Capital Project line first. It has been shown that on rural residential roads, garbage trucks and gravel trucks have contributed to a lot of road wear. Tom Anderson stated that the garbage companies are paying fuel tax but it is not proportional to the damage caused.

Commissioner Baney asked if Mr. Doty has checked with counterpart agencies around the state on how many have capital improvement projects. Mr. Doty stated that he does not know, but guessed approximately 30 out of 36 counties probably do not have capital projects. Without PILT, his department would have no capital improvement projects either, as the department's operating revenue would be short of the required budget.

COMMUNITY DEVELOPMENT DEPARTMENT

Nick Lelack presented a Power Point, a copy of which is attached for the record.

Discussion took place concerning the new software product – Accela: this software allows homeowner to schedule an inspection on-line. Currently 40+ agencies within Oregon are running Accela system, and eventually all 102 should be using the system. Previously outgoing funds were allocated to the IT Department for the old system; IT will no longer be the technological source for this product; therefore, that money will be seen within the CDD budget in the future. The department is becoming more technically efficient; even their vehicles have printers that allow inspectors to print off inspection reports for homeowners or contractors.

Mr. Lelack stated that within his presentation, he included information that showed no funds in the 340 fund, replacement of vehicles. Commissioner Baney noted that the vehicles CDD utilizes require a lot of driving. Mr. Lelack said that the fleet will be switching vehicles that show to a better value for fuel and efficiency compared to the current trucks used. The Department would like to purchase Ford Escapes for this purpose. Commissioner Baney asked what the reserves were in 2006; she was advised that across all reserve funds, there was between \$5-6 million.

Commissioner Baney asked about the possibility of sharing office space with the City of Bend for permitting purposes. Mr. Lelack responded that this has been discussed, but the City of Bend is located near their Legal Counsel and moving would be an issue for them.

Brog Stenman, Chairperson for the Historical Landmarks Commission, stepped up to present information on the Historical Society and issues within the County. Last fall the County Commissioners were asked to increase funds within CDD to support Preservation of Landmark funding. Mr. Stenman noted that improvement is necessary to historical preservation efforts within the county. He gave an example of Pima, Arizona, where there is a lot of history; but Deschutes County has not preserved any and as a result there is little to no historical protection.

Within the last 50 years, history within the County evolved and he feels they need to protect the culture and recreational history. There is value in leveraging history within the economy to an area that protects their history.

He would like to see a development strategic plan for historical preservation. He feels the need is there to update the historical inventory (currently at 40 or so designated sites), but these have not been reviewed. He does not feel this list is adequate, and no new sites have been added to landmark inventory. The Landmarks Commission needs to increase collaboration with Deschutes County. Currently the cities of Bend and Redmond have their own historical preservation, but they also need to collaborate and work together from a County standpoint.

He suggested other items to consider:

- Improve management of historical property management;
- Improve and increase the County's story map to give public information;
- Expand historical preservation; and
- Add staff within the County to serve the public.

Commissioner Baney thanked Mr. Stenman for bringing information to the Budget Committee, asked if there were any grants or volunteer opportunities to bring staff on that can be funded as other than a County expense. He was asked how are other communities are doing this. Mr. Stenman responded that there are no grants available; and if services were contracted out, there would be a continuity issue. They are looking for a limited term position, part-time for a set number of years.

Mike Maier asked how closely the Historical Landmark Commission works with the Historical Society. He indicated that there are 40 landmark sites within the County, including Sisters, including private residences, structural landmarks and trails. Mr. Stenman stated that the Commission works closely with the Historical Society regarding preservations and records. Some historical sites within County are on the National Register as being of historical value, and they are protected much more strongly with this designation.

Commissioner Baney proposed that the Board of Commissioners get together with the Historic Landmarks Commission to discuss issues for next fiscal year. They could extend the invitation to the meeting to other jurisdictions as well.

Being no further discussion, the session ended at 3:18 pm.

DATED this 8th Day of July 2015 for the
Deschutes County Board of Commissioners

Anthony DeBone
Anthony DeBone, Chair

Alan Unger
Alan Unger, Vice Chair

ATTEST:

Bonnie Baker
Recording Secretary

Tammy Baney
Tammy Baney, Commissioner

BUDGET COMMITTEE AGENDA

Wednesday, May 27th, 2015

Program
Budget
Tab/Page

9:00 AM	<ul style="list-style-type: none">• Reconvene the Deschutes County budget meeting	
9:00 – 9:30 AM	<u>Fair and Expo Center (Funds 617-619 and 601)</u> <ul style="list-style-type: none">• Introductions• Budget discussion	4 / 153
9:30 – 10:00 AM	<u>County Assessor's Office (Fund 001-02)</u> <ul style="list-style-type: none">• Introductions• Budget discussion; Special Requests 14/395	4 / 125
10:00 – 10:15 AM	Break	
10:15 – 10:45 AM	<u>County Clerk's Office (Funds 001-05, 001-06 and 218)</u> <ul style="list-style-type: none">• Introductions• Budget discussion; Special Requests 14/399	4 / 131
10:45 – 11:45 AM	<u>Solid Waste (Funds 610-614)</u> <ul style="list-style-type: none">• Introductions• Budget discussion; Special Requests 14/439	4 / 175
11:45 – 12:30 PM	Elected Officials Compensation Committee (Lunch – Discussion)	
12:30 – 1:00 PM	<u>Natural Resources Protection (Funds 326-327)</u> <ul style="list-style-type: none">• Introductions• Budget discussion	4 / 171
1:00 – 2:00 PM	<u>Road (Funds 325, 328-340)</u> <ul style="list-style-type: none">• Introductions• Budget discussion	4 / 159
2:00 – 2:15 PM	Break	
2:15 – 3:15 PM	<u>Community Development (Funds 290-303)</u> <ul style="list-style-type: none">• Introductions• Budget discussion; Special Requests 14/425	4 / 139

DESCHUTES COUNTY ROAD DEPARTMENT

BUDGET COMMITTEE PRESENTATION

MAY 27, 2015



ROAD DEPARTMENT BUDGET PRESENTATION AGENDA

- Introductions
- Budget Strategy
 - 4 primary programs
- FY 16 Revenue/Expenditures
- FY 16 “Operating Revenue” and PILT/SRS role
- Budget Review:
 - Revenues
 - Expenditures
- Performance Measures
- Other Funds
- Q/A (But don’t wait until the end!)

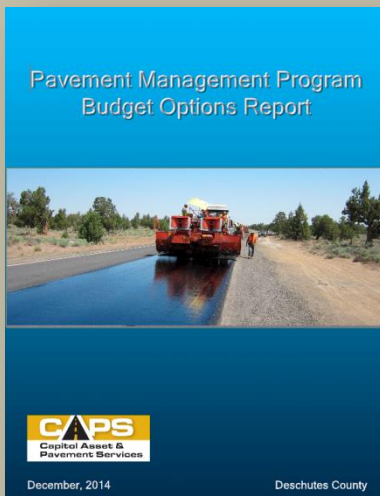


HOW WE BUDGET

4 MAIN COST CENTERS/PROGRAMS

■ 1. Pavement Management Program

- Estimates investment level to sustain pavement quality at lowest cost based on current asset condition.
- Sets annual overlay, chip seal, crack seal amounts and segment recommendations.
- Models several years in advance to allow for pavement preparation to take place in advance of maintenance investment (patch work, shoulders, crack seal, etc.)



BUDGET PROCESS, CONTINUED

- 2. Equipment Purchase/Replacement:
 - The annual equipment purchase/replacement is based on:
 - A long-term replacement schedule for existing equipment:
 - Considering industry standard replacement interval
 - Maintenance records and operating cost considerations
 - Considering full graduation of equipment thru the Department (dump truck example)
 - A near to mid-term acquisition schedule which factors:
 - Emerging needs
 - New technologies
 - Equipment availability in partner agencies (Central Oregon Public Works Partnership)



BUDGET PROCESS, CONTINUED

■ 3. Capital Improvement Plan Projects

- CIP Projects are identified in the 20-year CIP document derived from the County's Transportation System Plan (high-medium-low prioritization).
- Projects are proposed for development within a 5-year BOCC approved CIP list.
- Initial draft of 5-year program developed by staff with consideration of ranking based on:
 - Initial CIP ranking (H-M-L)
 - Crash data
 - Customer input
 - Maintenance needs and scheduling
- Funded via PILT/SRS overage and SDCs



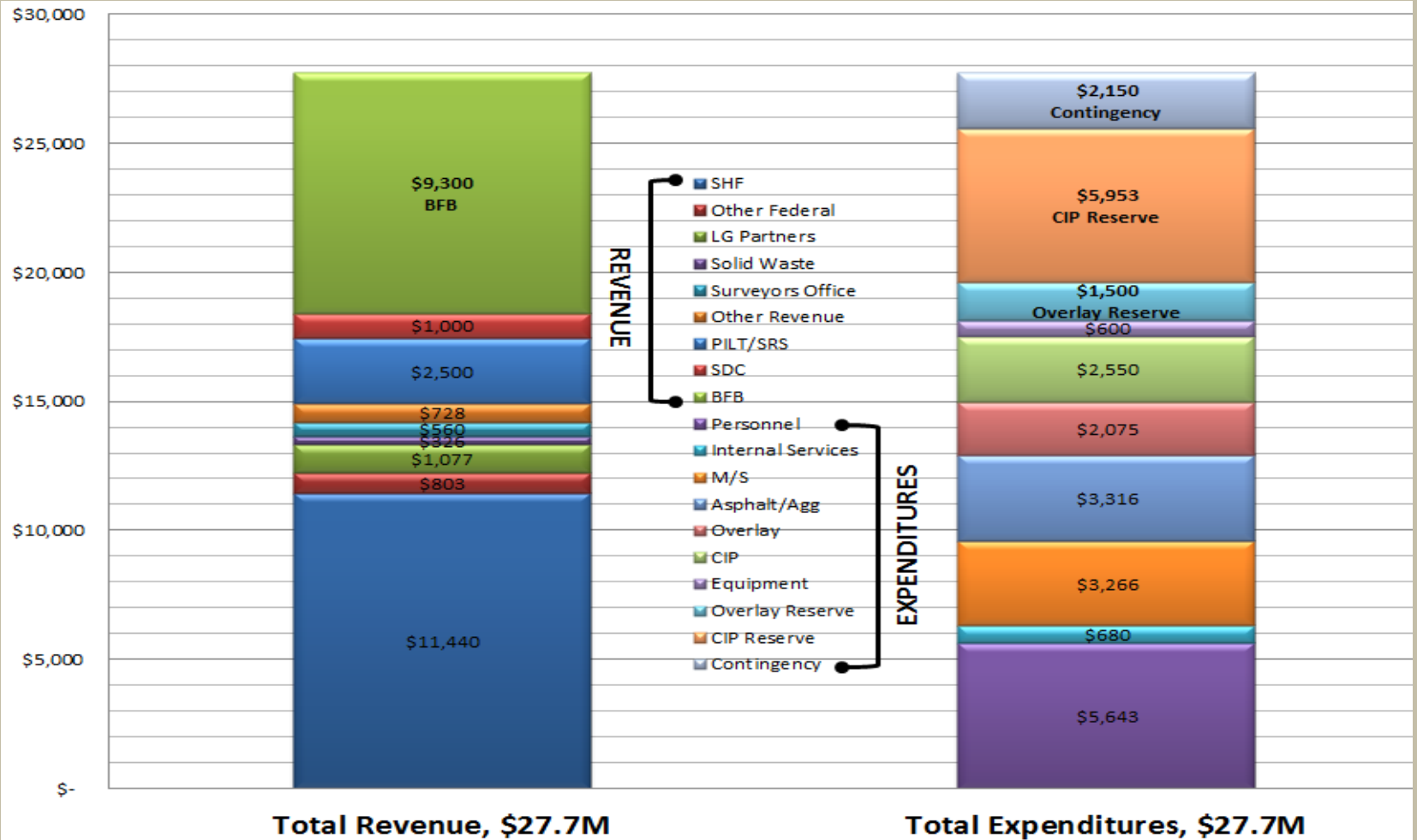
BUDGET PROCESS, CONTINUED

- 4. Staff operations with the minimum FTE necessary to deliver core services:
 - Implement aggressive Preventative Maintenance program (chip seal, etc).
 - Provide adequate snow/ice response.
 - Deliver shoulder season projects, especially prep work in advance of chip seal program.
 - Utilize contracting as necessary for products and services which are easily bid with quality assurance.

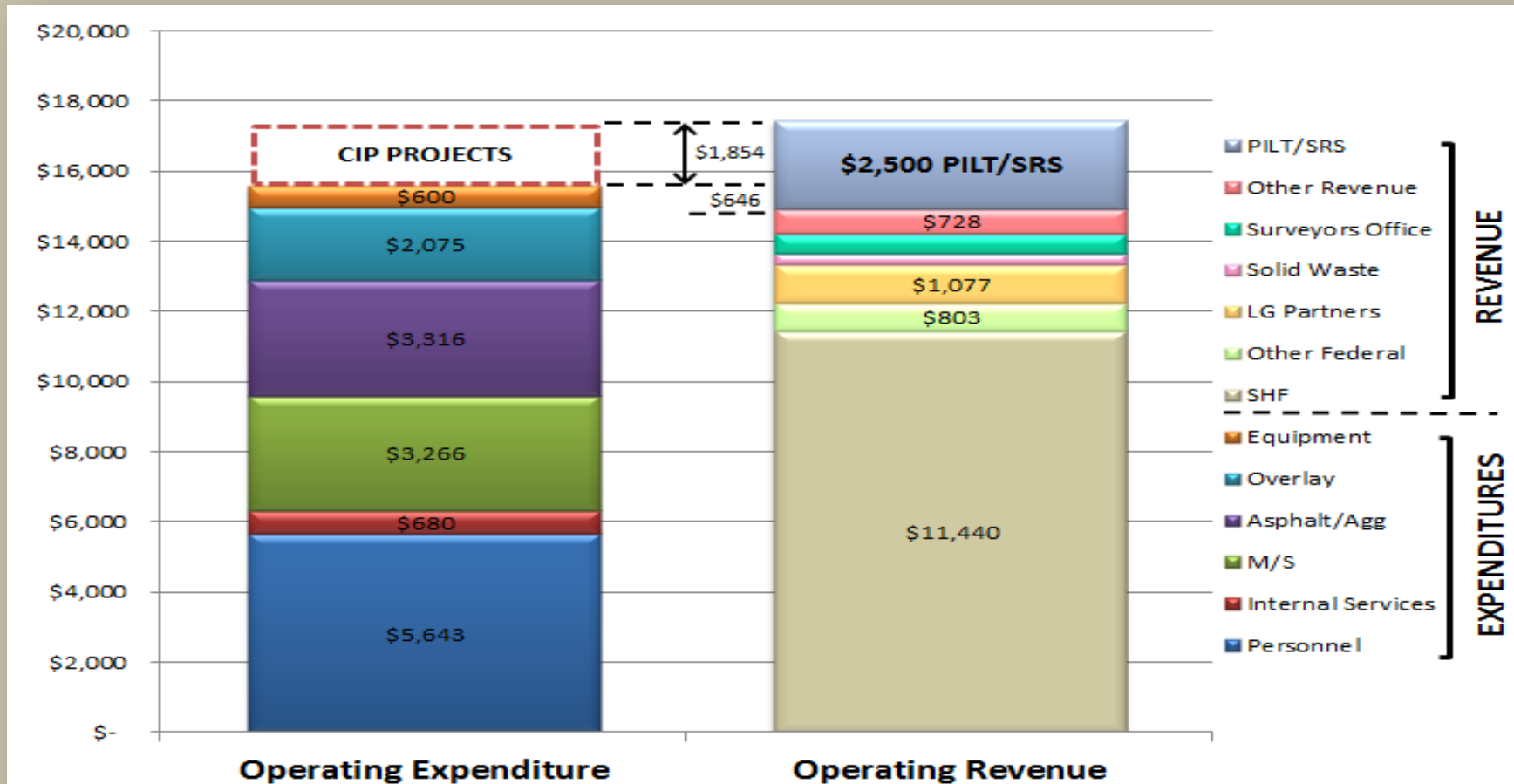


FY16 REVENUE/EXPENDITURES

FUND 325 - ROAD



PILT/SRS: OPERATIONS AND CIP RELATIONSHIP



- Operating Expenditure excludes CIP, Contingency and Budgeted Reserves.
- Operating Revenue excludes BFB and SDCs.

FY 16 REVENUE ASSESSMENT

- State Highway Fund (SHF) increasing due to growth (+2%, estimate)
- SRS extended for FY 15 and FY 16 (5% annual reductions estimated from prior years)
- PILT likely to be extended (budgeted for FY 16)
 - Will offset SRS reductions
- Partnership Revenue (other agencies): \$1.1M
 - (FY 15 \$1.1M, FY 14 \$1.2M, FY 13 \$0.58M)
 - 2/3 of partnership revenue is material (pass-thru in budget)
- Overall Operating Revenue (PILT/SRS not included)
 - FY 16: \$14.9M (+0.06%)
 - FY 15: \$14.8M
 - FY 14: \$14.8M
 - FY 13: \$13.2M
 - FY 12: \$13.4M
 - FY 11: \$12.4M

FY 16 BUDGET HIGHLIGHTS

PAVEMENT MANAGEMENT PROGRAM

- **1. Pavement Management Program (chip seal, overlay, crack seal, patch):**
 - **95+ miles of chip seal (DC System) \$2.085M (materials)**
 - 17± miles for City of Bend (\$485k revenue)
 - 10± miles for City of Redmond (\$285k revenue)
 - 2± miles for City of Sisters (\$50k revenue)
 - **10± miles of overlay, \$2.1M (\$1.5M overlay reserve unspent)**
 - **\$195,000 Crack Seal and Patch (DC system)**
 - **Total Program: \$4.38M (DC System)**
 - **Sustains Pavement Condition Index at 80 (with \$0 deferred maintenance)**



FY 16 BUDGET HIGHLIGHTS

EQUIPMENT

- \$600,000 transfer to equipment fund.
- \$604,000 in acquisition – return to pre-recession level.
- 5-year acquisition/replacement schedule re-worked for FY 16.

Equipment	FY 16
NEW EQUIPMENT	
Genie Scissor Lift	\$14,000
2 Axle Equipment Trailer	\$5,000
CB14 Small Roller	\$44,000
Belly Dump Trailer	\$57,000
REPLACEMENT EQUIPMENT	
(2)F250 and F350 Cab and Chassis	\$84,000
Belly Dump tractor	\$130,000
Powered Broom	\$50,000
Generator (Shop stand-by) 250 KW	\$100,000
Paint Support Truck/Sander Chassis	\$120,000
Total	\$604,000



FY 16 BUDGET HIGHLIGHTS

CIP PROJECTS

Projects	Current	FY Obligation				
		2016	2017	2018	2019	2020
Skyliners Road Reconstruction (10.27% local match portion) FLAP to fund 89.73%	\$ 942,000					
Tetherow Bridge Replacement Project (10.27% local match portion) ODOT Local Bridge Program to fund 89.73%		\$ 250,000				
Fall Creek Bridge (10.27% local match portion) FLAP to fund 89.73%	\$ 225,000					
Powell Butte Highway/Neff Road-Alfalfa Mkt Road Intersection Improvements	\$ 1,000,000	\$ 1,500,000				
La Pine Downtown Stormwater Improvements at Huntington Road/Third Street	\$ 262,000					
George Millican Road (CC) Reconstruction Contribution (50% via General Fund)		\$ 250,000				
Burgess Road/Day Road Turn Lane Improvements		\$ 500,000	\$ 150,000			
Huntington Road/Deer Run Paving Improvements			\$ 1,800,000			
Old Bend-Redmond Corridor Improvements (intersection improvements at Helmholtz, Tumalo, 61st-Quarry)				\$ 1,650,000	\$ 1,650,000	
Rickard Road Paving Improvements					\$ 800,000	
NW 17th Street and NE Negus Ave FDR-widening-bridge						\$ 1,500,000
Traffic Safety Improvements (annual) Various intersections - ARTS grant match in FY 16	\$ 35,000	\$ 150,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
TOTAL BY YEAR	\$ 2,464,000	\$ 2,650,000	\$ 2,000,000	\$ 1,700,000	\$ 2,500,000	\$ 1,550,000

FY 16 BUDGET HIGHLIGHTS

PERSONNEL

■ 0.25 FTE Reduction to FTE Count

FTE	FY 10	FY 11	FY12	FY13	FY14	FY15	FY16
Total	61.50	60.50	60.50	56.50	52.75	52.75	52.50

- \$5.64M total Personnel Expense (+1.6% from FY 15)
 - 1.2% lower than FY 11 Budget
 - Surging retiree health care benefit in RD
 - \$61,000 in FY10 to \$212,000 in FY16
 - Reflects 30+ yr employee retirement impact



FY 16 BUDGET HIGHLIGHTS

SPECIAL PROJECTS/INVESTMENTS

- 1. Ops Area Remodel Budgeted in 330 Fund.
 - Includes locker room, ADA bathroom modifications/expansion, IT infrastructure to support Ops training and future technology.
 - \$150,000 from Equipment/Building Fund, \$100,000 from Building Maintenance
- 2. Pilot Projects: Gravel road conversion evaluation.
 - Seeking alternatives to mag chloride dust abatement with similar long-term O/M costs.
- 3. Commercial Driver training/testing curriculum investment.
 - Trans 360 training contractor to evaluate driver skills and provide training for efficient operation and safety (\$29,200)
- 4. On-Board Dynamics CNG Pilot Project

PERFORMANCE MEASURES

Performance Measure #1 – Pavement Condition Index (Quantitative): Report the overall average Pavement Condition Index (PCI) of the county paved road network. The PCI is a measure of the quality of pavement ranging from 0 (completely failed) to 100 (new surface). A PCI greater than 70 is considered “good” and optimum maintenance efficiency occurs within the low to mid-80s range.

<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016 Target</u>
80*	78*	80	80	80	80

Relating to Goals: Effective Asset Management: Preserve and enhance capital and fiscal assets.

Note: * = Alternative measurement technique utilized by the Road Department: 2011-2012; compare with caution.

Performance Measure #2 – Percent of roads rated good or better (Quantitative): Reports the percentage of roads with a PCI of 70 or better. This measure, in concert with the overall PCI rating, provides another metric by which to measure the quality of the pavement asset and whether or not improvement, sustainability, or regression is occurring across the entire system.

<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016 Target</u>
73.4%*	72.0%*	86.4%	90.8%	92.6%	93%

Relating to Goals: Effective Asset Management: Preserve and enhance capital and fiscal assets.

Note: * = Alternative measurement technique utilized by the Road Department: 2011-2012; compare with caution.

PERFORMANCE MEASURES, CONT.

Performance Measure #3 – Percent system resurfaced (Quantitative): Reports the percentage of system receiving a pavement maintenance treatment in a fiscal year. This metric assists with comparison of actual maintenance work performed versus ideal maintenance intervals (ie, chip seals last 7 years, therefore 1/7th (or 14%) of the network should be treated annually).

<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016 Target</u>
10.9%	13.6%	11.5%	13.5%	13.1%	14.0%

Relating to Goals: Effective Asset Management: Preserve and enhance capital and fiscal assets.

Performance Measure #4 – PCI Sustainability Ratio (Outcomes): Reports the ratio of pavement preservation investment divided by the “system needs” investment required to sustain the PCI at its current level. The PMP model estimates an annual average “system needs” of \$4.5M investment necessary to sustain the PCI over a 5-year to 10-year period. The FY 15 preservation investment was \$4.387M (97.5% sustained). The PMP model estimates a 0.1 PCI point degradation (or increase) for every \$235,000(+/-) subtracted (or added) to the annual pavement preservation investment (outcome measure). The goal of this PM is 100%; the target is improvement or upward trajectory.

<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016 Target</u>
n/a	n/a	83.5%	91.1%	97.5%	97.8%

Relating to Goals: Effective Asset Management: Preserve and enhance capital and fiscal assets.

ADDITIONAL DEPARTMENT FUNDS

#	Title	Purpose	Function
328	County Surveyor Fund	Survey Fee Collection	Transfers to 325 Fund for County Surveyor related expenses
329	Public Land Corner Preservation	Filing/Recording Fee Collection	Transfers to 325 Fund for County Surveyor related expenses
330	Road Department Equipment/Building Fund	Repository for annual capital outlay contributions and purchasing.	Accepts Transfer from 325 Fund. Budgeted capital outlay procurement (equipment) and building improvements.
335	Road Improvement Reserve	Holds development contributions for future road improvements	Transfers to 325 Fund when specific projects are constructed.
336	Transportation SDC	Repository for Transportation SDC Collections	Transfers to 325 Fund when specific SDC eligible projects (per CIP) are constructed.
340	Vehicle Maintenance and Replacement	Accepts County Department contributions for annual vehicle maintenance and replacement.	Transfers to 325 Fund as necessary to maintain and procure fleet.

QUESTIONS

Direct Services—Road

Road

Chris Doty, Director

Mission Statement

We strive to maintain the quality and improve the experience for all users of the Deschutes County transportation system

Department Overview

The Road Department is responsible for the development, operation, and maintenance of the County road system, consisting of 900 miles of roadway, of which approximately 700 miles are paved. The Road Department's services include routine road maintenance (e.g. chip sealing, pothole patching), snow and ice control, roadside vegetation management, traffic signing and striping, bridge maintenance, and emergency response to roadway hazards. Additionally, engineering and administration services are provided for contract management of pavement preservation and capital improvement projects, regulation of work within the public road right of way, and review of countywide planning and land use issues related to transportation. Procurement and maintenance of fleet and heavy equipment needed to perform road maintenance functions are services provided by the Department's Fleet and Equipment Division.

The Road Department is also responsible for a number of non-road services that are funded outside of dedicated road funds. These services include the following:

- ♦ **County Surveyor's Office** - provides for the review and filing of all land surveys within the County and the preservation of public land corners.
- ♦ **Countywide Noxious Weed Control** - operates under the authority of the Deschutes County Weed District. The Road Department provides support to the Natural Resources Department's administration of the program.
- ♦ **Fleet and Heavy Equipment Services** - purchasing and maintenance of vehicles for all County departments (except the Sheriff's Office) in addition to fueling services at two locations.
- ♦ **Services for Other Agencies** - provides a variety of maintenance services (e.g. chip seal and paint striping) to cities, other counties, the Forest Service, and the BLM.

Total Budget	\$27,733,506
Budget Change	+0.14%
Total Staff	52.50 FTE
Staff Change	-0.25 FTE

Resources

Requirements

Direct Services—Road

Staff Summary

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Full Time Employees	62.50	61.50	60.50	60.50	56.50

Organizational Chart

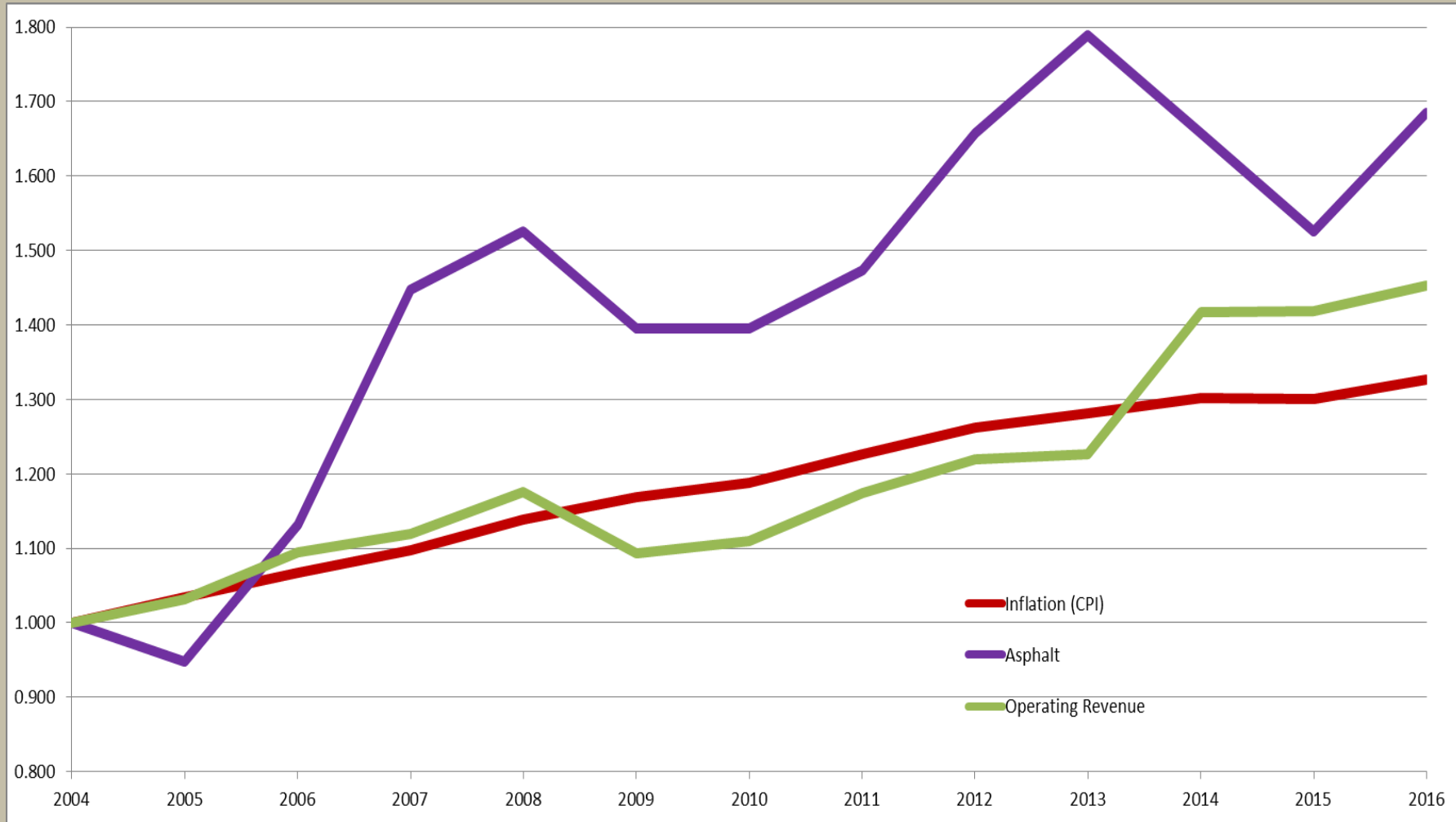
Deschutes County, OREGON



- Other reference slides to follow...

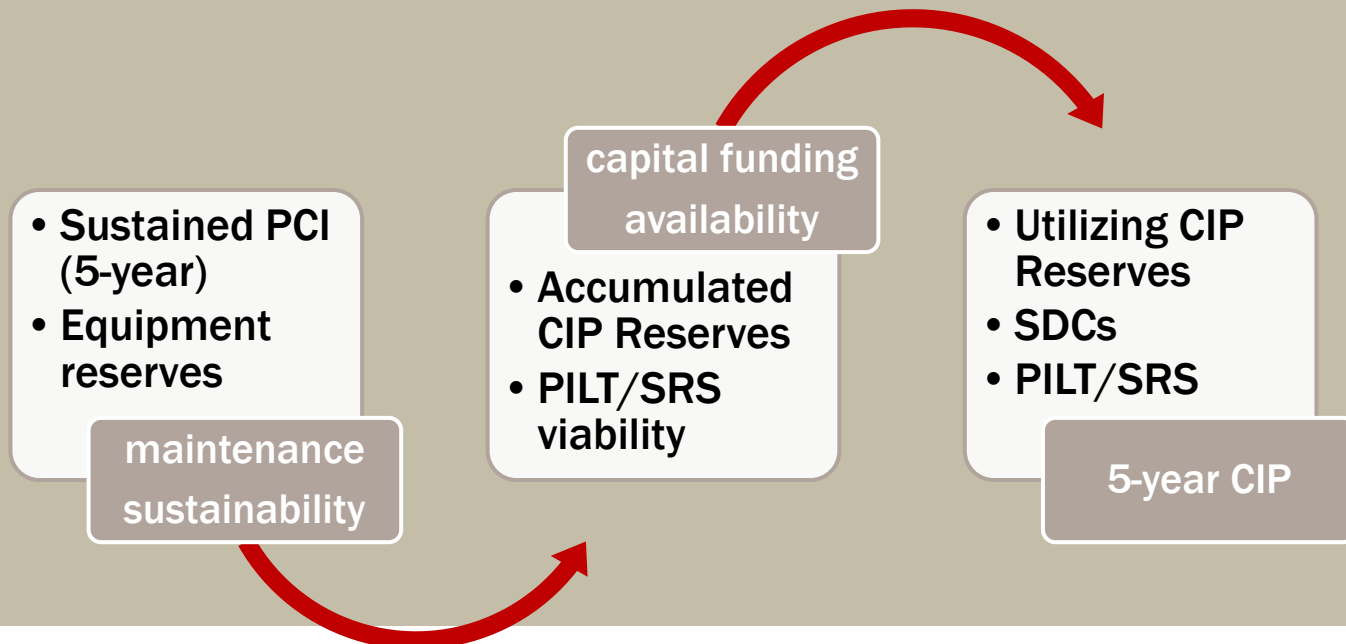
OPERATING REVENUE vs CPI vs ASPHALT

(FACTORED GROWTH FROM 2004 BASE YEAR)



CIP PROGRAM

- Since FY 12, the Road Department has developed Capital Project Reserves via funding sources as follows:
 - Transfer of STP funds previously allocated to 19th Street (\$1.2M).
 - Unbudgeted continuance of SRS in FY 13 and FY 14 (\$1.7M).
 - PILT allocation in FY 14 (\$1.0M).
 - System Development Charge Revenue (\$1.6M).



MISSION STATEMENT



We strive to maintain the quality and improve the experience for all users of the Deschutes County transportation system.



DEPARTMENT COMPOSITION

THE FOUR DIVISIONS OF THE ROAD DEPARTMENT



Operations
and
Maintenance



Fleet and
Equipment



Engineering,
Surveying, and
Traffic Safety



Administration

52.5 Full Time Employees (FY 15) and 15 +/- Contract Seasonal Employees

DEPARTMENT OVERVIEW

- **Primary Objective: Maintain and Operate County Road Network**
 - **Other Services:**
 - County Vehicle Fleet and Maintenance Services (Non-Sheriff)
 - County Surveyor Services
 - Noxious Weed Control – **Continued support of Natural Resources Department**
 - **Maintenance Services for Other Agencies**
- **Paved Centerline Miles: 700+/-**
- **Non-Paved Centerline Miles: 200+/-**
- **Roadway Asset Value: \$400,000,000+/-**
- **Registered Vehicle Count in DC: 200,000 +/-**
- **Department employees: 52.5 (4.0 Surveyors Office)**



MAJOR BUSINESS ELEMENTS OF THE ROAD DEPARTMENT



Maintenance

Pavement Management
Program

Signing/Striping

Vegetation Management

Shoulder Maintenance

Bridge Maintenance

Operations

Snow/Ice

Roadside Hazards

Event/Incident Response

Fleet/Equipment

Project Development

Capital Projects

Major Maintenance

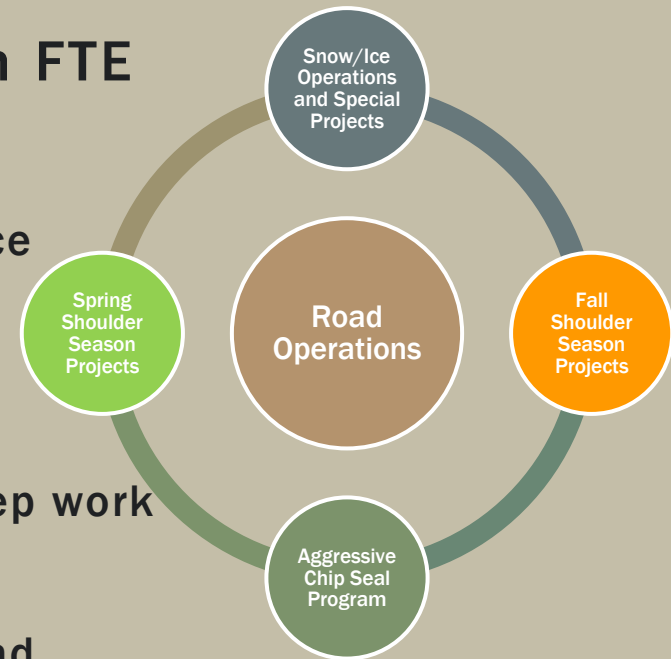
Safety Improvements

Modernization

ROAD DEPARTMENT

4-POINT BUSINESS/BUDGET STRATEGY

- 1. Focus resource investment on maintaining and sustaining existing asset quality.
- 2. Staff operations with the minimum FTE necessary to deliver core services:
 - Implement aggressive Preventative Maintenance program (chip seal, etc).
 - Provide adequate snow/ice response.
 - Deliver shoulder season projects, especially prep work in advance of chip seal program.
 - Utilize contracting as necessary for products and services which are easily bid with quality assurance.



ROAD DEPARTMENT

4-POINT BUSINESS/BUDGET STRATEGY, CONT.

- 3. Equipment purchase/replacement to support core services.
 - Maximize fleet/equipment utilization and graduation.
 - Lease/rental of specialty equipment.
 - Shared services – COPWP IGA

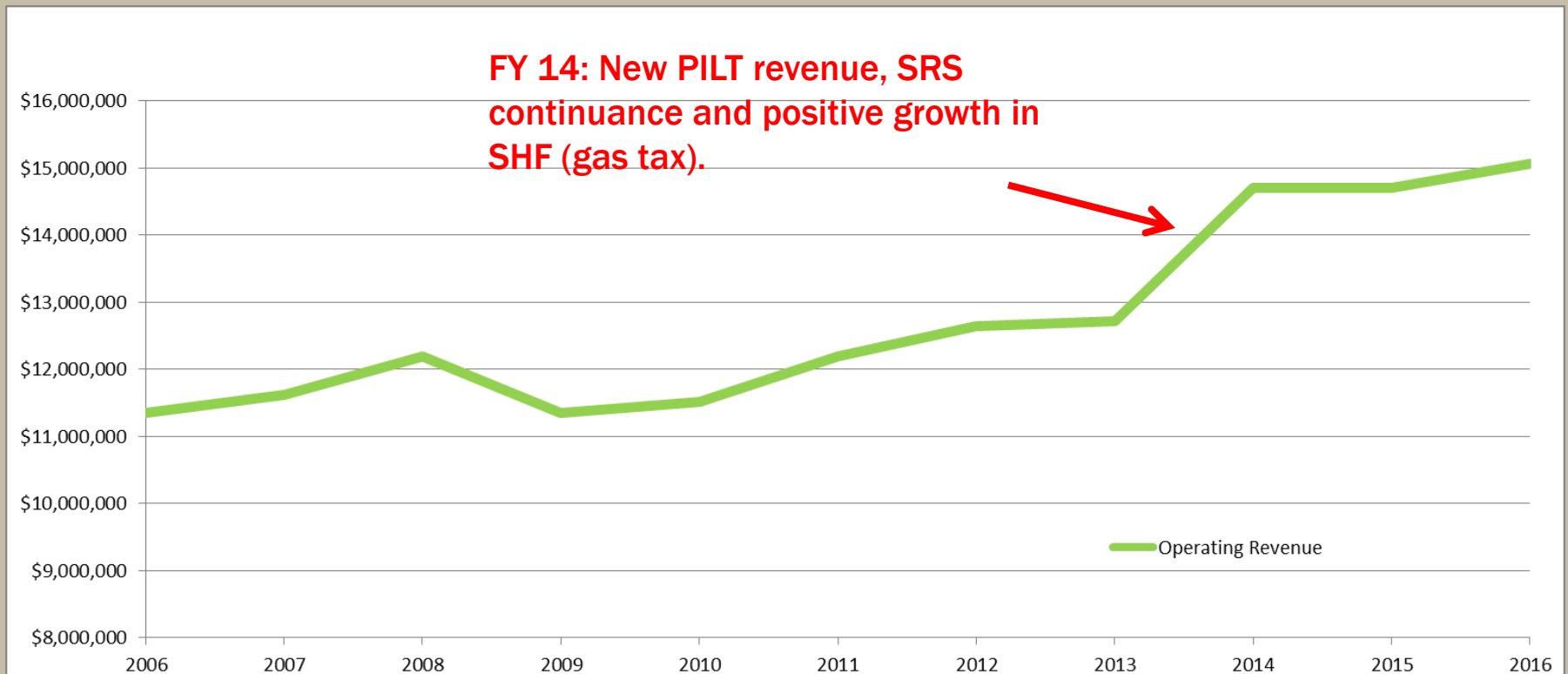
- 4. Capital Project development through availability of resources exceeding that necessary to operate and sustain quality.
 - Maintain Capital Reserve (SDC and non-SDC) to leverage grant funding (match).
 - Internally fund with SRS/PILT as resources become available.



OPERATING REVENUE 10-YEAR TREND

Operating Revenue: State Highway Fund, STP Funds, **SRS, PILT**,
Solid Waste Transfer, Mineral/Geothermal

**FY 14: New PILT revenue, SRS
continuance and positive growth in
SHF (gas tax).**



PAYMENT IN LIEU OF TAXES (PILT)

- The County received an unexpected surprise upon receipt of the annual PILT funds in the June 2013:
 - Budgeted: \$500,000
 - Received: \$1,735,135
- Question: Why the increase in PILT?
- Answer: PILT is calculated based on a 2-part methodology in which funding is allocated to an agency based on the HIGHER of the following:



Methodology A	Methodology B
\$2.54/acre of Entitlement Land (USFS/BLM)	\$0.35/acre of Entitlement Land (USFS/BLM)
Capped at \$3.42M	
Less previous federal land related payments (namely SRS)	

PAYMENT IN LIEU OF TAXES (PILT), CONT.

- **Conclusion:**
 - DC shifted from Methodology B to Methodology A.
 - Methodology shift resulted from decreased SRS payments to DC.
 - Within Methodology A, SRS decrease is offset by a dollar-for-dollar increase in PILT.
- **July 2013:** BOCC directs allocation of the PILT revenue (exceeding that of the budgeted “Methodology B” revenue) to Road and Natural Resource Departments in accordance with typical SRS allocation (85% Road/15% Natural Resources)
- **FY 15 Budget:** Continuance of FY 14 PILT allocation and assumption of SRS continuance.

Budget Committee

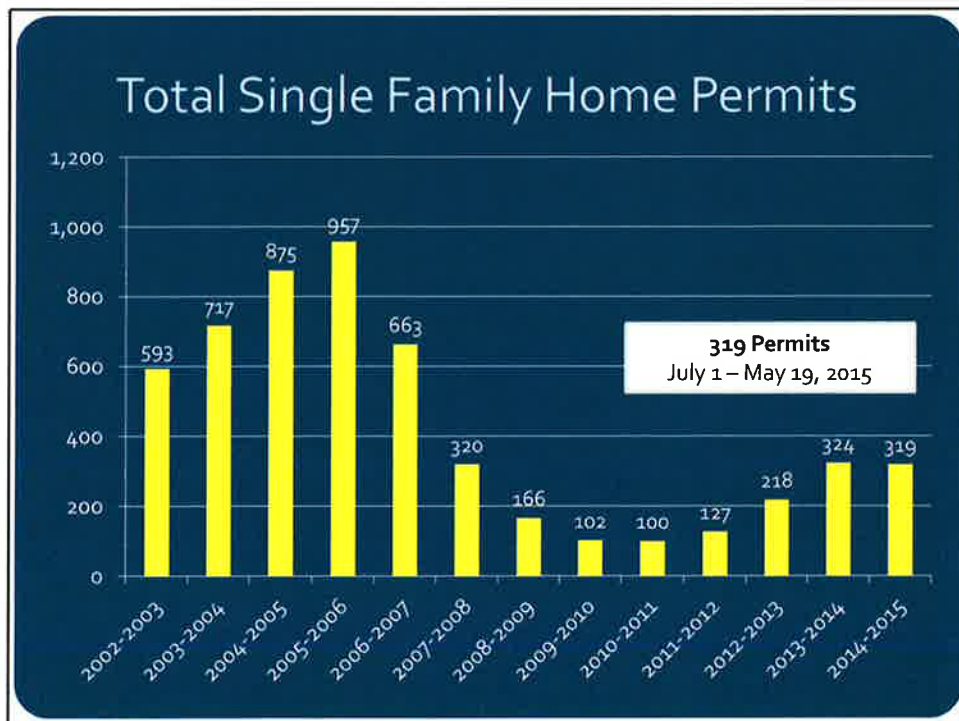
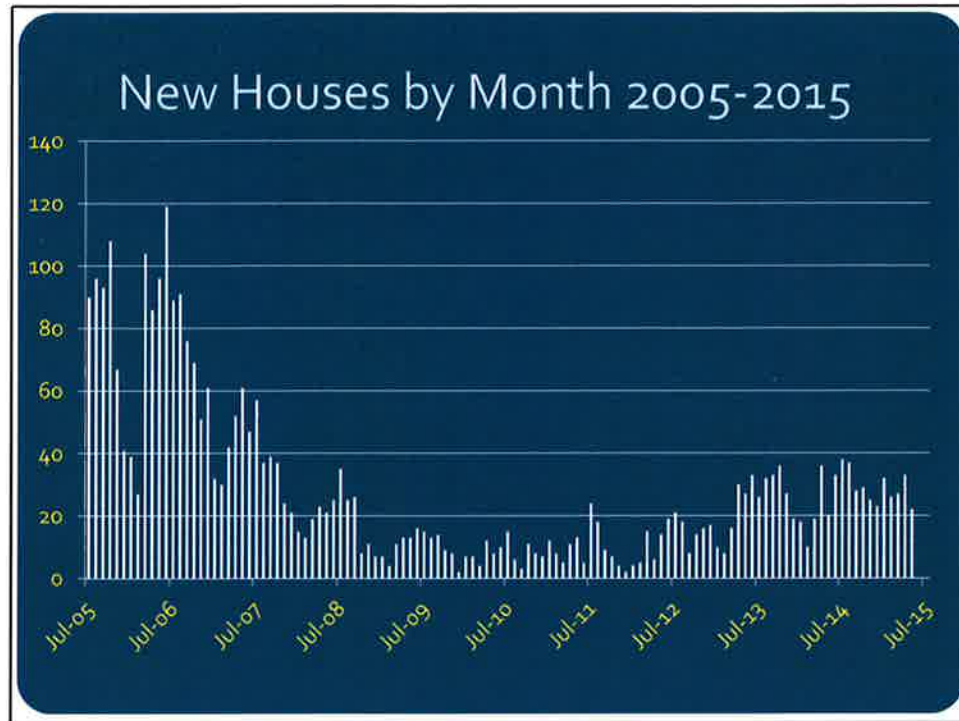
Community Development Department
Proposed Budget FY 2015-16

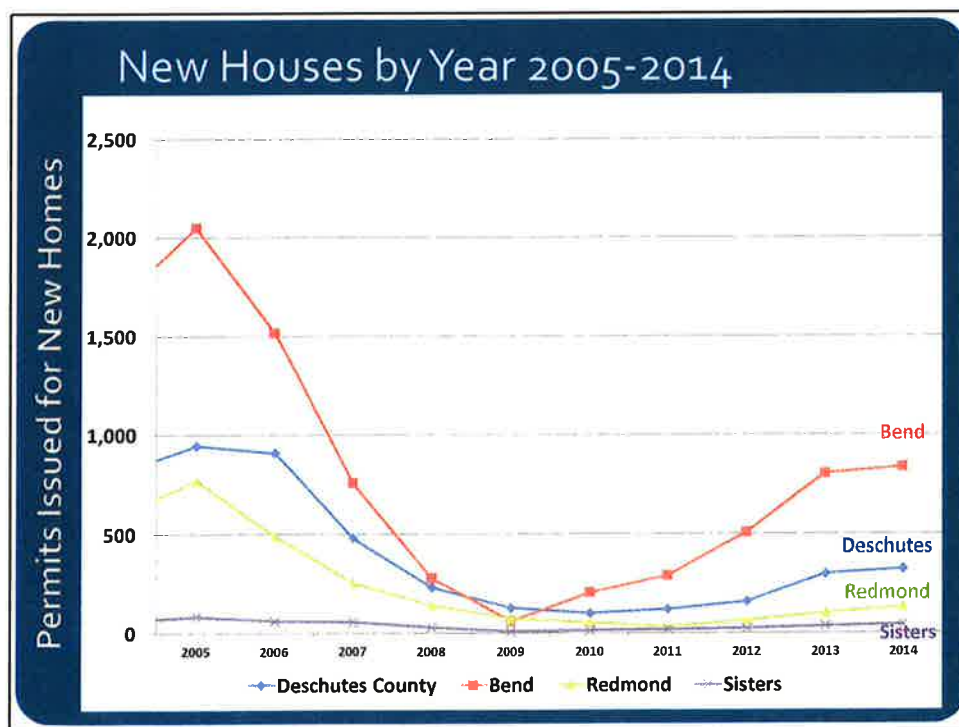
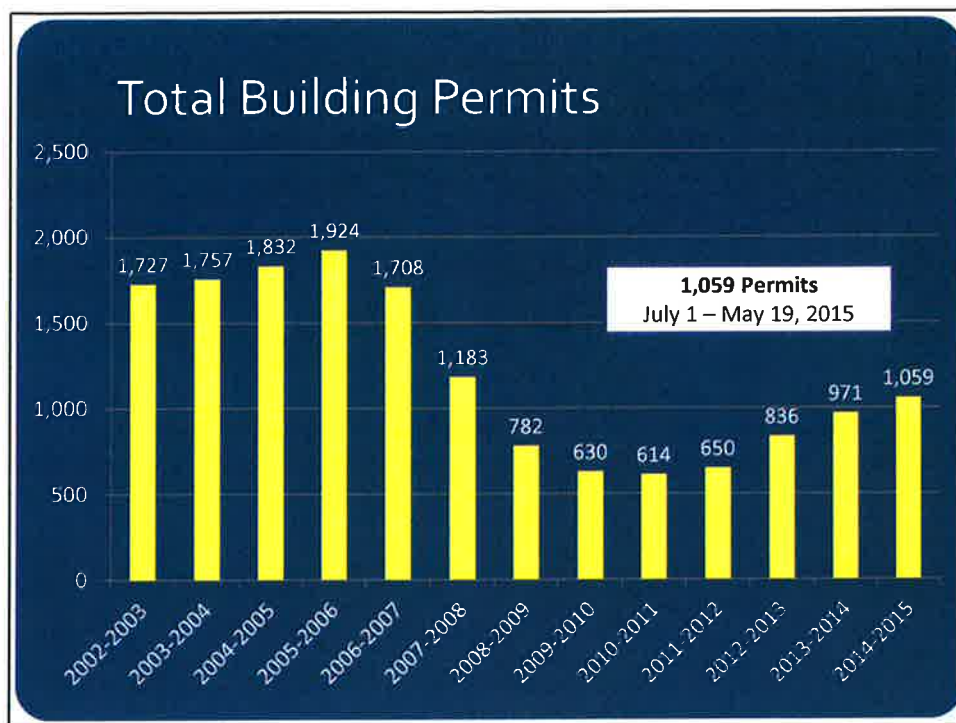


Agenda

- Trends, Forecast & Variables
- Proposed Revenues & Expenditures
- Reserve Funds & Debt Reduction
- Funds 296 & 297







A New Normal?

Coordinated Population Forecast



2015

Through

2065

**Deschutes
County**

Urban Growth
Boundaries (UGB)
& Area Outside UGBs

 Population Research Center
PLANNING SMOKE DEVELOPMENT

Figure 1. Historical and Forecast Populations, and Average Annual Growth Rates (AAGR) for Deschutes County and its Sub-Areas

	Historical			Forecast				
	2000	2010	AAGR (2000-2010)	2015	2035	2065	AAGR (2015-2035)	AAGR (2035-2065)
Deschutes County	115,367	157,733	3.2%	170,606	249,037	357,345	1.9%	1.2%
Bend ¹	52,041	76,858	4.0%	85,737	132,209	194,793	2.2%	1.3%
La Pine	899	1,653	6.3%	1,687	3,014	5,836	2.9%	2.2%
Redmond	15,524	26,508	5.5%	27,715	39,812	64,785	1.8%	1.6%
Sisters	961	2,038	7.8%	2,315	4,375	7,212	3.2%	1.7%
Outside UGBs	45,942	50,676	1.0%	53,151	69,627	84,719	1.4%	0.7%

Sources: U.S. Census Bureau, 2000 and 2010 Censuses; Forecast by Population Research Center (PRC).

¹ For simplicity each UGB is referred to by its primary city's name.

- Population growth of 16,500 over 20 years @ 2.4 persons per household = 28 new homes per month for increased population
- 4 replacement dwellings per month
- Total: 32 new homes per month on average (current volume = 30 new homes per month)

However... housing units outpace population growth,

Figure 9. Deschutes County and Sub-Areas—Total Housing Units

	2000	2010	AAGR (2000-2010)
Deschutes County	54,583	80,139	3.9%
Bend ¹	22,511	36,117	4.8%
La Pine	523	942	6.1%
Redmond	6,373	11,092	5.7%
Sisters	483	1,109	8.7%
Outside UGBs	24,693	30,879	2.3%

Sources: U.S. Census Bureau, 2000 and 2010 Censuses

¹ For simplicity each UGB is referred to by its primary city's name.

However... housing units outpace population growth, persons per household and occupancy rates are decreasing,

Figure 10. Deschutes County and Sub-Areas—Persons per Household (PPH) and Occupancy Rate

	Persons Per Household (PPH)			Occupancy Rate		
	2000	2010	Change 2000-2010	2000	2010	Change 2000-2010
<i>Deschutes County</i>	2.5	2.4	-2.5%	83.5%	80.0%	-3.6%
Bend ¹	2.4	2.4	-1.2%	93.6%	88.0%	-5.5%
La Pine	2.2	2.3	6.1%	76.7%	74.1%	-2.6%
Redmond	2.6	2.6	1.6%	94.3%	90.7%	-3.6%
Sisters	2.4	2.4	-0.4%	82.4%	76.4%	-6.0%
Outside UGBs	2.6	2.4	-5.6%	71.8%	67.0%	-4.8%

Sources: U.S. Census Bureau, 2000 and 2010 Censuses. Calculated by Population Research Center (PRC)

¹ For simplicity each UGB is referred to by its primary city's name.

	Persons Per Household (PPH)			Occupancy Rate		
	2000	2010	Change 2000-2010	2000	2010	Change 2000-2010
Deschutes County	2.5	2.4	-2.5%	83.5%	80.0%	-3.6%
Bend ¹	2.4	2.4	-1.2%	93.6%	88.0%	-5.5%
La Pine	2.2	2.3	6.1%	76.7%	74.1%	-2.6%
Redmond	2.6	2.6	1.6%	94.3%	90.7%	-3.6%
Sisters	2.4	2.4	-0.4%	82.4%	76.4%	-6.0%
Outside UGBs	2.6	2.4	-5.6%	71.8%	67.0%	-4.8%

¹ For simplicity each UGB is referred to by its primary city's name.

However... housing units outpace population growth, persons per household and occupancy rates are decreasing, **and in-migration is hard to forecast.**

Migration is the most volatile and challenging demographic component to forecast due to the many factors influencing migration patterns. Economic and social factors—such as employment, educational opportunities, housing availability, family ties, cultural affinity, and natural amenities—occurring both inside and outside the study area can affect both directionality and volume of migration. Net migration rates will change in line with historical trends unique to Deschutes County. Slight net out-migration of

Other Variables...

- Building Services Contracts with Sisters & Redmond
- Spillover of Bend UGB amendment
- La Pine housing market
- Possible new rural buildable land supply
 - Caldera Springs Annexation
 - Goal 11 Exception
 - Thornburgh appeal outcome
 - Miller Tree Farm Cluster Development
 - New proposals...

Budget Proposal

Revenue & Staffing

Budget Summary	FY 2012	FY 2013	FY 2014	FY 2015 ¹	FY 2016 ² (Proposed)
Resources	4,476,213	4,457,366	4,914,977	6,230,219	7,213,683
Requirements	4,476,213	4,457,366	4,914,977	6,230,219	7,213,683
FY 15 Reserves:	\$687,470				
FY 16 Reserves:	\$1,037,652				
Full Time Equivalents	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Community Development	28.60	28.60	29.00	33.00	35.00

- FY 2014 Actuals led to very conservative revenue projections for FY 2015 budget preparation and adoption
- FY 2016 projection is a significant increase over FY 2015 budget, but modest increase over FY 2015 revised projection
- Proposed 2.5% fee increase to cover inflationary costs

Expenses

- Investments in efficiencies:
 - Training
 - **Example:** Cross training building inspectors to conduct multiple inspections during each site visit; in-house ePermitting staff training
 - Technology
 - **Examples:** Computer replacements, tablets, vehicle printers, large monitors for ePlan review, replace PowerPoint projectors
 - Overtime, Extra Help, Consultants to meet business needs and provide expertise
 - **Examples:** On-call staff and overtime to meet business needs during peak periods; consultants for specific project (i.e., US EPA Brownfield Grant)

Expenses

- Increased business costs:
 - Bank Card Charges to purchase permits
 - Hearings Officer fees
 - Indirect charges to other departments
 - Time Management Leave (TML) due to retirements of 3-4 long term employees
 - Printing, binding, postage
 - Operating at full staffing (no vacant, budgeted positions)
 - Vehicles
 - Need to purchase 4 new vehicles (lack of funds to purchase)

Reserve Funds & Debt Reduction

- Propose to allocate over \$1 million to reserve funds, increases total reserve funds to \$1,725,122
 - CDD Reserve: \$1,329,631
 - CDD Building Improvement: \$50,000
 - CDD Building Reserve: \$345,491
- Comprehensive User Fee Study to be completed summer 2015 to position CDD for long-term financial sustainability (reserve funds), consistent level of services & cover actual cost of services
- Vehicle Maintenance and Replacement fund nearly depleted – propose to allocate an additional \$3000 per vehicle to rebuild fund (\$60,000)
- Paid off CDD Debt in 2015: A & T Reserve \$90,360
- 1 payment remaining on CDD Building (CDD Debt Service = \$164,225)

Fund 296

- FY 2015: Budgeted \$118,750 for septic system upgrade rebates.
- FY 2015: 15 rebates (\$3,750 each) in the amount of \$56,250.
- Balance: \$62,500 proposed to be carried over to FY 2016.
- Results:
 - Increase the proposed FY 2016 budget from \$37,500 to \$62,500 to provide 16 rebates.
 - Adjust contingency to \$69,516

Fund 297

- Beginning Fund Balance FY 2016: \$321,500
- Proposed expenditures:
 - \$15,000: Goal 11 Exception Traffic Study
 - \$54,824: Debt service on La Pine Sewer Bond
- Long term:
 - Approximately \$305,000 Fund Balance
 - Annual debt service payments of \$54,824 on approximately \$770,000 debt.
 - New Neighborhood SDC payments will determine debt repayment.