



For Recording Stamp Only

Deschutes County Board of Commissioners
1300 NW Wall St., Bend, OR 97703-1960
(541) 388-6570 - Fax (541) 385-3202 - www.deschutes.org

**MINUTES OF BUDGET MEETING - COUNTY SERVICE DISTRICTS:
BLACK BUTTE RANCH, SUNRIVER, EXTENSION/4-H**

TUESDAY, MAY 31, 2016

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, Jimm Burton and Bruce Barrett, citizen members of the Budget Committee; Wayne Lowry and Loni Burk, Finance; and representatives of the Service Districts.

Meeting minutes were taken by Sharon Ross, Administrative Assistant/BOCC.

Chair Bruce Barrett opened the meeting at 8:59 a.m.

Agenda for the Budget Committee:

- **Election of Chair:** Motion by Mike Maier and unanimously approved to reelect Bruce Barrett to the position of chair of the Budget Committee.
- **Minutes:** Commissioner Unger moved approval of the minutes of the December 2015 meeting minutes. Motion carried.

Black Butte Ranch Count Service District.

Members present from the Black Butte Ranch County Service District were Chief of Police Denney Kelly, and Rich Elliott, Black Butte Ranch Budget Committee.

Chief Kelly commented there were few changes from last year's budget with one being the inclusion of the radio system update. The radios purchased through grant funding and the cost of the upgrades to the radios will show the need on the capital side.

Contract negotiations were completed approximately six months ago and will show a 2.5% increase for all personnel. The levy passed at a 4% increase per year. After the budget was prepared, there was a significant increase in non-represented employees' health care costs. Research was done to find a different carrier, and this will show a 22% increase in cost.

Mr. Maier inquired regarding the uniform and subscription increase. Chief Kelly replied that in the past, the uniforms were overspent and the subscription is for video training on items such as active shooter. Commissioner DeBone inquired regarding the typical process for purchasing radios. Chief Kelly noted the purchase would be under a matching fund grant. Commissioner Unger asked about the fluctuation in charges for service. Chief Kelly reported there has been an increase in citations issued over the last year and a half. Discussion was held on the possibility of a Justice Court option for handling citations.

Public Comment: Chair Barrett opened the meeting for public comment. Hearing none, the following motions were made:

MOTION: Commissioner Baney moved to approve the Black Butte Ranch Service District budget of \$2,024,771 and setting a tax rate at \$1.0499 per \$1,000 of assessed valuation. Richard Elliot seconded.

VOTE: Motion carried.

MOTION: Commissioner Baney moved approval of setting the local option operating tax rate at \$.5500 per \$1,000 of assessed valuation. Richard Elliot seconded.

VOTE: Motion carried.

Chair Barrett closed the budget meeting for Black Butte Ranch Service District.

Sunriver Service District.

Present from the Sunriver Service District were Bob Wrightson, Jim Wilson, Debbie Baker and Mike Gocke.

The Sunriver Police Department has commissioned police and reserve officers. There are reserve officers in the fire and ambulance services as well. The service district has 35 miles of bike paths and has bike patrol, and there are more people who volunteer there than those compensated.

Capital items in the budget include radios showing \$42.50 per radio. Contract negotiations for both police and fire will occur as the current contract expires June 30, 2016. The PERS increase on July 1, 2017 will probably cost around \$70,000 per year.

Another item discussed was the proposed development of a pre-fabricated training facility for police and fire, to be located on leased land owned by Sunriver Resort. The lease would cost \$200 per month, and the Service District would make necessary improvements to the site.

The District is seeking a \$300,000 one-time allocation. Discussion was held on whether allocating a portion of the transient room tax to support public safety services would be the right avenue.

Public Comment: Chair Barrett opened the meeting for public comment. Hearing none, the following motions were made:

MOTION: Commissioner Unger moved to approve the Sunriver Service District operating budget of \$6,839,461 and setting a tax rate at \$3.3100 per \$1,000 of assessed valuation. Bob Wrightson seconded.

VOTE: Motion carried.

MOTION: Commissioner Unger moved to approve the Sunriver Service District Reserve budget of \$1,131,316. Jim Wilson seconded.

VOTE: Motion carried.

Being no further action taken, Chair Barrett closed the budget meeting for Sunriver Service District.

Deschutes County Extension and 4H Service District.

Budget Committee members present were Judy Hackett, Gayle Hoagland, Katrina Van Dis, and Dana Martin. A presentation was given, and the group reviewed potential funding partners.

It was explained that an expansion to the building is being proposed due to an increase in services and staffing. The cost of the expansion project is estimated at \$715,000, and they would like to break ground this fall. They requested a low-interest loan from the County, with a \$50,000 to \$60,000 annual repayment. Discussion was held on creating a debt service reserve fund for the future.

Questions were raised on the possibility of a second location, but it was noted that this would require additional support staff. Commissioner Unger posed the possibility of seeking an endowment to name the building after someone who provides a contribution towards the debt service. Discussion occurred on how to handle such a loan and interest.

Public Comment: Chair Barrett opened the meeting for public comment. Hearing none, the following motions were made:

MOTION: Commissioner DeBone moved to approve the Deschutes County Extension & 4-H Services District operating budget of \$626,245 and setting the tax rate at \$.0224 per \$1,000 of assessed valuation.
Katrina Van Dis seconded.

VOTE: Motion carried.

MOTION: Commissioner Baney moved to approve the Deschutes County Extension & 4-H Service District Reserve budget of \$538,000.
Commissioner Unger seconded.

VOTE: Motion carried.

Chair Barrett closed the budget meeting for Deschutes County Extension/4-H Service District.

Being no further discussion, the session ended at 10:37 a.m.

DATED this 6th Day of July 2016 for the
Deschutes County Board of Commissioners.

Alan Unger

Alan Unger, Chair

Tammy Baney

Tammy Baney, Vice Chair

ATTEST SIGNATURES:

Bonnie Baker

Recording Secretary

Anthony DeBone

Anthony DeBone, Commissioner

[illegible]

REQUEST APPROPRIATION OF TRANSIENT ROOM TAX FUNDS
FOR THE SUNRIVER SERVICE DISTRICT
FROM DESCHUTES COUNTY

Prepared for
Deschutes County Board of Commissioners
And the
Deschutes County Budget Committee

By
The Sunriver Service District
31 May 2016

EXECUTIVE SUMMARY

The Sunriver Service District (SSD or District) provides public safety services in the form of police, fire protection and emergency medical response to Sunriver as well as to the larger 350 square miles of the designated Ambulance Service Area. Seasonal visitations to Sunriver have and continue to cause significant impact on public safety operations. This results in a substantial increase to the cost of providing emergency services to residents and visitors with added personnel, overtime, fuel consumption, wear-and-tear on vehicles and apparatus, replacing disposables and associated administrative expenses.

The SSD depends primarily on property tax revenues to support its operations. The SSD is nearing the maximum tax rate it may impose and its ability to provide essential services is being sorely tested by the increasing costs of providing important public safety services. These fiscal challenges are further compounded by the seasonal influx of visitors and guests related to tourism.

The majority of the transient room taxes collected by Deschutes County come from Sunriver. Deschutes County collected over \$3.3 million dollars from Sunriver July 2014 to July 2015, accounting for approximately 62% of all room tax revenues. Consequently, it is appropriate that the SSD receive a portion of the transient room tax revenues to ensure adequate support for operations and infrastructure which will allow the SSD to continue providing essential public safety services to visitors. A one-time allocation would also assist support capital improvements without impacting operating resources as we near the maximum tax rate we can impose.

The Sunriver Service District therefore requests the Deschutes County Board of Commissioners, under provisions of the transient room tax, allocate a portion of the transient room tax revenues directly to SSD to support public safety service costs that are a direct result of increased tourism.

**PROPOSAL TO FUND OPERATING EXPENSES
AND CAPITAL PROJECTS
USING TRANSIENT ROOM TAX REVENUES**

Purpose

This proposal requests appropriation of Deschutes County Transient Room Tax revenues to be used for law enforcement, fire protection and emergency medical services, as well as public safety infrastructure improvements within the Sunriver Service District and the Sunriver Ambulance Service Area.

Scope

This proposal generally describes the seasonal increases in visitation in Sunriver, the increased calls for service and the resultant additional costs of law enforcement, fire protection and emergency medical services within the district and extending to the greater Ambulance Service Area in the County; and a request for appropriation of a portion of transient room tax revenues to offset the costs.

Issue

Annually, the Sunriver community is inundated with visitors who come to vacation. During the peak summer months the population increases from less than 2,000 to approximately 20,000, representing an approximate population increase of 1,000%. This population is sustained for a minimum of three consecutive months. Research has revealed there is a 70% increase of calls for service, with the costs of providing that service funded almost entirely by property taxes imposed upon the homeowners and businesses in Sunriver.

Both Police and Fire departments respond to approximately 40% of all annual calls for service within the three peak summer month of tourism. Analyzing the previous three years' data, the police department averaged 2,155 calls for service per month during the peak visitation months as compared to an average of 1,300 calls for service during the off season. This is a 68% increase during the peak season. The police department received a total of 12,472 calls for service in 2015, which was a 44% increase from the previous year. It is anticipated that this activity level will be sustained and more likely increase into the future.

The fire department averaged 87 calls for service per month during the peak visitation months as compared to an average of 43 calls for service per month during the non-peak visitation months. This represents more than a 100% increase in calls for service during the summer months.

Peak Season Costs

During the peak summer months, the SSD employs a Bike Patrol consisting of eight full-time employees whose duties involve monitoring the 33 miles of bike paths in Sunriver, ensuring pathway safety and providing visitor assistance. The bike paths are an extremely important amenity and draw for visitors that afford families a safe, scenic and fun venue for biking away from automobile traffic. The new Lava Lands bike path connecting the Visitor Center to Benham Falls and to Sunriver provides another access point for Deschutes County visitors to enter Sunriver, impacting services.

The operational cost elements provided below are directly related to the increase in visitors to Sunriver during the peak months. Significant additional expenses include, but are not limited to:

- The annual expense of the Bike Patrol, including personnel, uniforms and supplies is approximately \$75,000 annually.
- The fire department adds two additional 40-hour-per-week fire fighter/medic employees during the summer. Wages, personal safety equipment and uniforms cost approximately \$31,200.
- The police department budgets \$5,000 per year for reserve pay, of which about 75% is used in the summer. In addition, uniforms and protective gear costs about \$2,000 for each of the 5 reserve officers for a total of \$13,750.
- A larger portion of the Materials and Services budget is expended in the summer season versus the rest of the year. The major cost categories impacted by additional demand for services are medical supplies (\$23,337 annually) and fuel (\$48,000 annually). These two cost categories consume \$28,500 of the SSD budget in the peak summer season.
- The increase in operating costs of the items listed above is directly related to visitors paying the transient room tax and totals approximately \$148,500.
- Other administrative costs, labor burden rates and infrastructure costs are not included above.

Capital Expenditures and Planning

In addition to the increases in operating costs described above, the SSD has been unable to generate revenues sufficient to meet anticipated capital improvements required to maintain the level of services required. The SSD receives the majority of its revenue from property taxes, and the District is close to reaching the permanent tax rate ceiling of \$3.45 per thousand dollars of assessed value. The small amount of tax rate that remains available will be soon exhausted by increased costs in personnel, including PERS rate increases and increases for medical benefits coverage. Consequently, currently there is no ability to fund the needed fire training facility or needed improvements to the fire and police stations.

The current estimated costs of proceeding with these two capital improvement projects are as follows:

Training Facility

SSD has funds sufficient to cover site preparation and requires additional funding for construction of the facility. Current cost estimate for the training structure is \$300,000. The District is continuing efforts to obtain funding through both governmental and non-governmental grant sources. This effort is hampered because the District does not own the land on which the training facility will be built. The land is leased through, which precludes the District from qualifying for some grants that would normally be available.

Public Safety Building

The current Fire Station is in need of upgrades. There are additional space needs as well as modification requirements to meet a mixed gender workforce. Currently, the Fire and Police departments are housed in separate facilities. Combining into a Public Safety Building will provide efficiencies and allow for the needed modifications. The current cost estimate for a combined facility is \$3,500,000.

PROPOSAL

Since 62% of county transient room taxes are derived from the Sunriver community, we request that the SSD receive a portion of those tax revenues to offset the increased costs associated with the visitor activities that generate those tax dollars.

With a combined increase in calls for service for the two departments of approximately 70% during the peak summer months; it is reasonable that a portion of the tax dollars be returned directly to the SSD to offset the increased costs. Specific requests are below.

Operations

The County provides an on-going share of the transient room tax revenues adequate to support the increased costs of operations resulting from the seasonal spike in visitations. Services provided, such as the Bike Patrol and other seasonal operational increases, are described above and total \$148,500 per year.

○ Bike Patrol:	\$75,000
○ Seasonal firefighters:	\$31,200
○ Seasonal Police reserve officers:	\$13,750
○ Materials and Services:	\$28,500

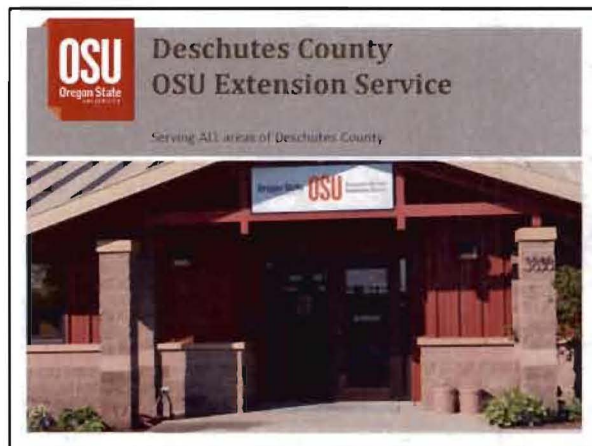
Capital

The County provides one-time-only infrastructure funding for the construction of a training facility, providing needed space and equipment for SSD fire and police use. Cost currently estimated at \$300,000.

CONCLUSION

Returning a portion of the Deschutes County transient room tax to the Sunriver community would ensure the SSD continues to meet its public safety service obligation and fiduciary responsibilities within the limits of its current tax. The financial relief provided through appropriation of transient room tax revenues will minimize the short term need to seek additional taxpayer support.

The taxpayers of Sunriver should be provided financial relief for the increased costs associated with the number of visitors who vacation in Sunriver and access the public safety services provided by the District. It is reasonable that a portion of those revenues be appropriated back to SSD to support the operational and infrastructure needs of the community as provided by the District.



History of Extension Service

1862: Morrill Act establishes land-grant universities.

1914: Smith-Lever Act creates extension system at each land-grant university.

Delivering education in Willamette Valley

1911: Oregon Extension Service established to address needs of families and youth.

1916: Extension in Deschutes

1982: Extension/4-H County Service District

June 25, 2016

1915: Extension agent in Eastern Oregon

OSU Extension Today

Program areas

- 4-H Youth Development
- Horticulture/Master Gardeners
- Food Preservation & Safety
- SNAP-Ed nutrition program
- Open Campus/Juntos

OSU Extension Today

Program Areas

- Forestry & Natural Resources
- Agriculture & Rangeland Resources

Extension funding partners

Federal: Smith-Lever funds
 State: Statewide Public Service Programs
 Local: County Service Districts/General Funds
 Grants (SNAP-Ed nutrition)



Deschutes County/Extension Service District

- Office, supplies, travel, support staff, faculty
- \$470,000 in property taxes

Oregon State University Extension

- Faculty Salaries
- \$1.3 million contribution (Deschutes)
- Additional faculty support from region

Good News

- SWPS received additional \$14 million
- 2 new Extension positions (4-H & Small Farms/Community Food Systems)

June 21, 2016



Welcome to our volunteers
 serving on our budget
 committee this year



Thank you:

Katrina Van Dis
 Gayle Hoagland
 Judy Hackett

Existing site includes 4500 sq ft of office space, a demonstration garden, and 18 x 44 greenhouse



June 21, 2016

In Brief...

• NOW

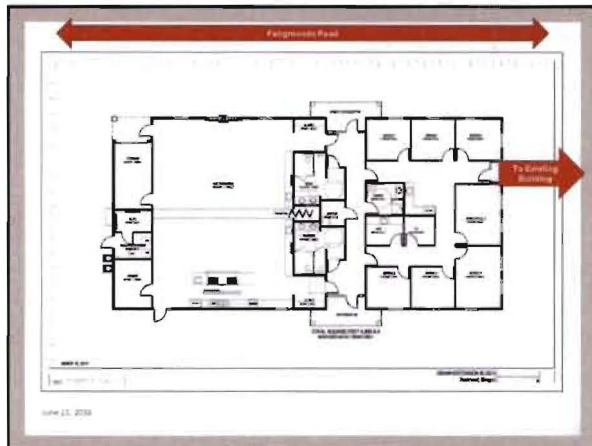
- 18 x 44 green house utilized for research and education
- Significant landscaping and demonstration garden
- Existing building includes:
 - 9 offices
 - 375 sq ft conference room
 - Small work room, lobby and reception area
 - 4500 sq ft total

- Proposal essentially doubles our space

• Additional needs:

- 4 standard offices
 - 1 staff member relocated
 - 1 about to be relocated
 - 3 sharing one office
 - 1.5 new employees coming soon
- Larger and additional classroom space
- Storage
- Flex space for regional/visiting staff, volunteer staff, and research faculty
- Eliminate Redmond SNAP-Ed rented space, increases needs by 2 office spaces and significant storage

June 21, 2016



1 Million at start, probably 1.25 Million by Ground Breaking

- Currently Saved: \$460,000
- Projected in 2017 Budget: \$75,000
- Projected Need: \$715,000
 - Asking for a low interest loan
 - Ideally, \$50,000-60,000 annual payment;
 - 10-15 year commitment
 - @1% which is likely more than earning on saved dollars; 15 years: \$51,260 annually - Total repayment: \$770,262
 - @.5%; 10 years: \$73,320 annually; 15 years is \$49,488 annually-total repayment \$742,297



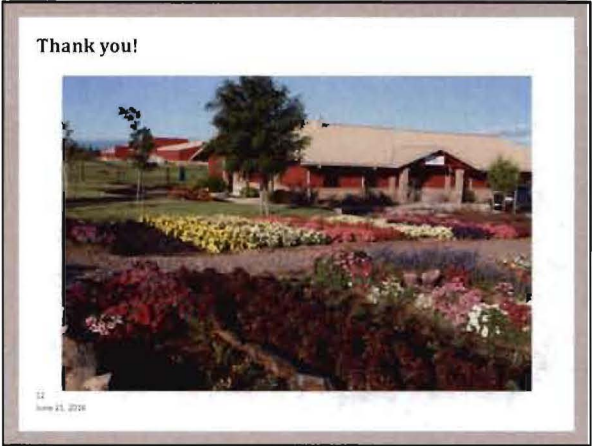
How can we repay?

- Have been contributing \$50,000 minimum to building fund for 5+/- years
- The 2017 budget projects a \$75,000 contribution.
- Expect additional rent from SNAP-Ed office of \$25,000+ annually
- Expect additional income from classroom use of \$6,000 annually



Notables

- Expect property tax income to increase by 2-3% annually in immediate future and to level out in the future
- 2017 is a 6.2% expected increase; \$28,500+
- SNAP-Ed will provide additional rented space income; \$24,000
- Expect the following expenses to increase:
 - Janitorial +\$2,500
 - Landscape Mtce +\$2,500
 - Building R&M +2,000
 - Electricity & Natural Gas +7,500
- Current budget has significant cuts in:
 - Travel
 - Landscape and green house
 - Office Equipment



BUDGET COMMITTEE AGENDA

Tuesday, May 31st, 2016

Program
Budget
Tab/Page

9:00 AM

- Elect Chair
- Approve minutes from the December 2015 meeting

9:00 – 9:15 AM

Black Butte Ranch Service District (Fund 761)

7 / 289

**(Budget Committee-Commissioners, Dave Sullivan,
Dave Dougherty & Rich Elliott)**

- Open public meeting and introductions
- Budget discussion
- Public Comment
- Motions to:
 - 1) Approve budget of **\$2,024,771** and set tax rate at **\$1.0499** per \$1,000 of assessed valuation
 - 2) Set local option operating tax rate at **\$.5500** per \$1,000 of assessed valuation
- Motions to be seconded
- Budget Committee votes
- Close budget meeting

9:15 – 9:45 AM

Sunriver Service District (Funds 715 & 716)

7 / 285

**(Budget Committee-Commissioners, Bob Wrightson,
Jim Wilson & Mike Gocke)**

- Open public meeting and introductions
- Budget discussion
- Public comment
- Motions to:
 - 1) Approve Sunriver Service District operating budget of **\$6,839,461** and set tax rate at **\$3.3100** per \$1,000 of assessed valuation (*Fund 715*)
 - 2) Approve Sunriver Service District Reserve budget of **\$1,131,316** (*Fund 716*)
- Motions to be seconded
- Budget Committee votes
- Close budget meeting

9:45 – 10:15 AM

Deschutes County Extension and 4-H Service District (Funds 720 & 721)

7 / 279

**(Budget Committee-Commissioners, Judy Hackett,
Gayle Hoagland & Katrina Van Dis)**

- Open public meeting and introductions
- Budget discussion
- Public comment

BUDGET COMMITTEE AGENDA

Tuesday, May 31st, 2016

Program
Budget
Tab/Page

Deschutes County
Extension and
4-H Service
District (Cont'd)

- Motions to:
 - 1) Approve Deschutes County Extension & 4-H Service District operating budget of **\$626,245** and set tax rate at **\$.0224** per \$1,000 of assessed valuation (*Fund 720*)
 - 2) Approve Deschutes County Extension & 4-H Service District Reserve budget of **\$538,000** (*Fund 721*)
- Motions to be seconded
- Budget Committee votes
- Close budget meeting

10:15 – 10:30 AM

Break

10:30AM – 1:00PM

Deschutes County Budget Proposal/Lunch

- Open public meeting
- Deschutes County Budget Proposal

Service Partners

1:00 – 1:30 PM

Economic Development of Central Oregon (EDCO)

1:30 – 2:00 PM

Central Oregon Visitors Association (COVA)

2:00 – 2:45 PM

Other Funds

Health Benefits Fund (Fund 675)

6 / 243

PERS Reserve (Fund 135)

6 / 249

Economic Development Fund (Fund 105)

6 / 236

Video Lottery (Fund 165)

6 / 232

2:45 – 3:00 PM

Break

3:00 – 5:00 PM

Health Services

5 / 192

- Introductions
- Budget discussion; **Special Requests 14/419**

**Continue the Deschutes County budget meeting to
Wednesday, June 1st , at 9:00 AM**