

HOUSING IMPROVEMENT PLAN (HIP)



Steve Mokrohisky, County Administrator
Karen Gaffney, Health & Human Services Director

Housing Crisis In Lane County

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1,529

people were counted during
Lane County's 2017 Annual Point
in Time Count

12,998

individuals who were homeless
sought social services through
Lane County Human Services
Division funded programs during
Calendar Year (CY) 2016

\$2,613-\$3,045

the daily cost of care at Sacred Heart's
In-Patient Behavioral Health Unit, acute
psychiatric care

2,388

homeless and precariously
housed students attended
public school in Lane
County during the 2015-16
school year

Housing Crisis In Lane County

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Housing First supports people who are homeless and living with mental illness by combining the immediate provision of permanent housing with wrap-around supports.

Housing Crisis In Lane County

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Did you Know?

A 67-hour work week is needed to afford a 2-bedroom apartment at minimum wage

Eugene has the 2nd most-constrained housing market in the nation – only Seattle is worse

6 in 10 renters pay more than 30% of income for rent, with half of these paying more than 50% of income for housing

Our households are changing. 83% of US households will have no children at home in 12 years. (2030)

The average local family spends more than 60% of its income on housing and transportation costs

*Data from Better Housing Together



Frequent User System Engagement (FUSE)

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1 year pilot – outreach began Oct 2016 ***Findings Highlights:***

Eugene Police Dept Arrests ↓ 82%

Lane County Sheriff's Office Intakes ↓ 50%

Eugene Municipal Court Citations ↓ 75%

Overall healthcare costs ↓ 53%

Emergency Room utilization ↓ 26%

Housing Improvement Plan

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Reinvest one-time funding from Secure Rural Schools funds into the community to address crisis

- Leverage partnerships and financial resources to maximize permanent supportive housing development opportunities in Lane County.
- Provide gap financing to acquire, design, construct, and rehabilitate permanent supportive housing for persons who are experiencing homelessness, chronic homelessness or who are at risk of chronic homelessness, and who are in need of behavioral health services.



Source of \$2 million investment

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**General Fund
Secure Rural
Schools 2017
Funding:
\$1.5 million**

**Health & Human
Services Existing
Reserves
\$0.5 million**

Questions?

- *Up Next: Road Fund Projects & Reserve*



ROAD FUND

SECURE RURAL SCHOOLS (SRS) RESERVE POLICY



Presenter(s):

Dan Hurley, Interim Department Director

Tanya Heaton, PW Budget & Finance Manager

Road Fund Reserve

- Financial tool through years of revenue reductions
 - Provided ability to plan reduction in services
 - Time to identify the “right” size for Lane County
 - Cross-departmental committee
 - Optimum reserve level
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- ***How much reserve is enough to mitigate risk and how much is too much and reduces the ability to deliver quality services***



Road Fund Reserve

□ Road Fund Risk Analysis

- Infrastructure Risks
- Weather and Natural Events
- Revenue Stability

Risk Matrix

		Consequences				
		What is the Severity of injuries / potential damages / financial impacts (if the event actually occurs)?				
		Insignificant	Minor	Moderate	Major	Significant/ Catastrophic
Likelihood ↑	Almost Certain	Moderate Risk 6	High Risk 7	High Risk 7	Critical Risk 9	Critical Risk 10
	Likely	Low Risk 5	Moderate Risk 6	High Risk 7	High Risk 7	Critical Risk 9
	Possible	Low Risk 4	Low Risk 5	Moderate Risk 6	High Risk 7	High Risk 7
	Unlikely	Very Low Risk 3	Low Risk 4	Low Risk 5	Moderate Risk 6	High Risk 7
	Rare	Very Low Risk 2	Very Low Risk 3	Low Risk 4	Low Risk 5	Moderate Risk 6

Road Fund Reserve Policy

- Customized reserve format and policy
 - ▣ Emergency Reserve 17%
 - ▣ Catastrophic Reserve 15%
 - ▣ Service and Asset Stabilization Reserve 8-13%

- Maximum of 45%
 - ▣ Policy for replenishment
 - ▣ Policy for exceeding maximum



Road Fund Reserve Policy

Emergency 17%	Revenue Shortage	Revenue shortage threatening critical services
	Diversion or Destruction of Assets	\$1-2 million per event
	Unexpected Asset Failure	

Catastrophic 15%	Diversion or Destruction of Assets	Greater than \$2 million per event
	Civil Disturbance	
	Public Calamity	
	Natural Disaster	Weather event greater than \$2 million; Seismic event

Service & Asset Stabilization 8-13%	Revenue Fluctuations	
	Economic Downturns	
	Asset Stabilization	Asset capital improvement, preservation or construction

Road Fund Reserve Matrix

	FY 18-19 Budget
Operating Revenue	36,130,593
17% Emergency Reserve	6,142,201
15% Catastrophic Reserve	5,419,589
8% Service & Asset Stabilization Reserve	2,890,447
40% Minimum Reserves	14,452,237
45% Maximum Reserve	16,258,767

Current FY 18-19 Reserves	18,954,139
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Balance to be Invested	2,695,372
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Does not include SRS-Secure Rural Schools

Does not include contingency

Oregon House Bill 2017

- Increasing revenue over 7 years
 - ▣ 2018, 2020, 2022 – Vehicle Fees
 - ▣ 2018, 2020, 2022, 2024 – Motor Fuel Tax and Weight Mile Tax
- Road & Bridge Preservation – Chip Seal, Bridge Crew & Vegetation
- Capital Improvement Program

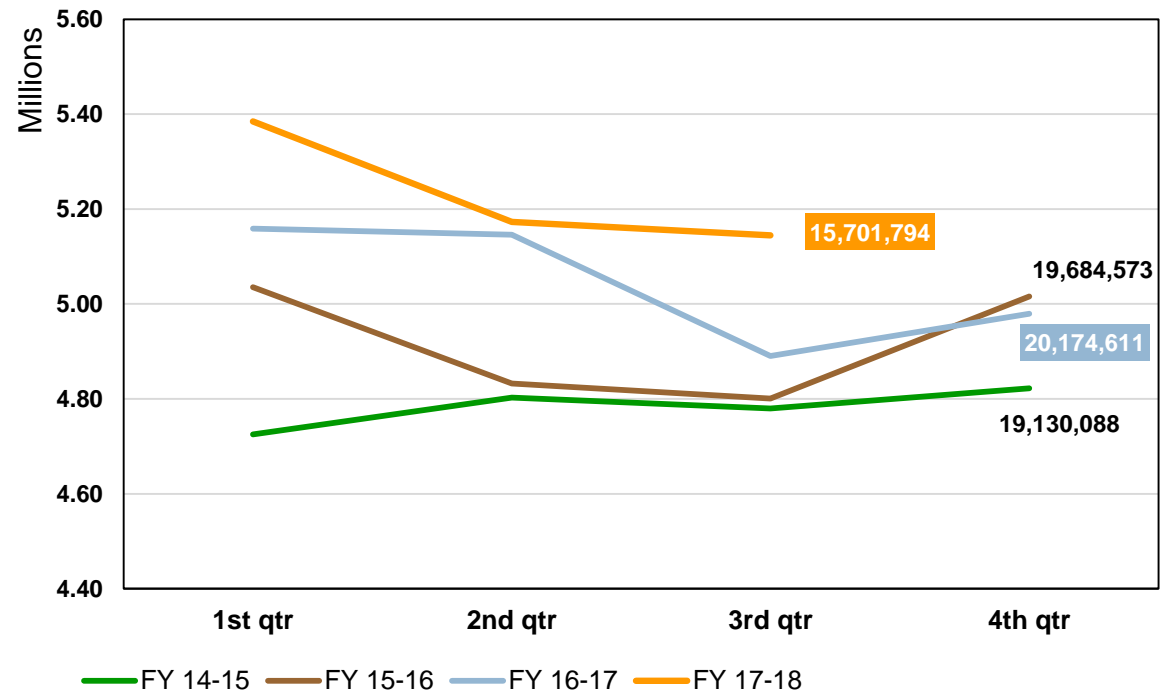
17/18	18/19	19/20	20/21	21/22	22/23	23/24
2,584,417	5,167,730	6,021,569	6,989,486	8,102,935	9,429,385	10,262,276



Oregon Highway Fund Payments

- Collections are slower than anticipated
- Current FY 17-18 projection \$21.2m
- Operational Costs Continue to grow

Highway Revenue by Quarter



Payments received in month after earned



Secure Rural Schools

	FY 17-18	FY 18-19
Secure Rural Schools	5,947,681	5,655,432
Less: National Forest Timber Sales	1,076,000	1,100,000
Increase	4,871,681	4,555,432

SRS Investment Plan by Fiscal Year

	FY 18-19	FY 19-20	FY 20-21	FY 21-22
FY 17-18 SRS	2,435,841	2,435,841	2,277,716	2,277,716



Road Fund Investment Plan

	FY 18-19 Resources	FY 18-19	FY 19-20	FY 20-21	FY 21-22
Road Fund Reserve Reduction	2,695,372	1,347,160	1,348,160		
SRS FY 17-18	4,871,681	2,435,841	2,435,841		
SRS FY 18-19	4,555,432			2,277,716	2,277,716
Total Resources	12,122,485	3,783,000	3,784,000	2,277,716	2,277,716



Road Fund Investment Plan

	FY 18-19	FY 19-20	FY 20-21	FY 21-22
Expenses				
Materials & Services				
Road Fund Facility Assessment	20,000			
Pavement Condition Assessment/Street Saver	85,000			
Stormwater Condition Assessment	250,000			
Chip Seal	400,000	400,000	400,000	400,000
Dust Abatement	150,000	150,000	150,000	150,000
Asset Management System	500,000	150,000		
Total M&S	1,405,000	700,000	550,000	550,000
Capital				
Survey Equipment - Construction	100,000			
Fish Culvert Design	300,000			
Delta Campus Capital Improvements	330,000		85,716	85,716
Jurisdictional Transfer Agreements - Local				1,492,000
Paving - Coburg Rd MP 4.836-12.883	1,448,000			
Paving - Wolf Creek Rd MP 0.000-11.594		2,084,000		
Paving - Cottage Grove-Lorane Rd MP 0.820-12.654			1,642,000	
Paving - Riverview Avenue Overlay & Culvert		500,000		
Bridges & Structures - Fish Passable Culverts	200,000			
Bridges & Structures - Bridge Repairs		500,000		
General Construction - Nelson Mtn Road				150,000
Total Capital Outlay & Projects	2,378,000	3,084,000	1,727,716	1,727,716
Total Expenses	3,783,000	3,784,000	2,277,716	2,277,716



Questions?

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□ *Up Next: General Fund Reserve*



GENERAL FUND RESERVE



Presenter(s):

Steve Mokrohisky, County Administrator

Christine Moody, Budget & Financial Planning Manager

General Fund Reserve History

May 2006: County received a “negative outlook” notation from Moody’s Bond rating agency which spurred efforts to revise reserve policy. Reserve was at 5%.

** Lapse policy (return 2% of Discretionary General Fund) was adopted to increase reserve over time.*

** Reserve policy for General Fund increased to 10%.*



General Fund Reserve History

2016: Analysis of General Fund reserve completed, spurred in part by structural balancing of budget.

GFOA analytical guidance:

Score: 17-24: “You face low to moderate level of risk to retain through reserves.”

Also reviewed existing Lapse Policy:

- Excess Lapse occurring

- Connection to personnel budget weak

- Structural imbalance occurring due to 100% budgeting



General Fund Reserve History

Outcomes of 2016 Review:

Eliminated Lapse Policy

Implemented Vacancy Variance Budgeting

Increased General Fund reserve to minimum of 20%

Modified reserve policy for other funds



Revised General Fund Reserve

(4) Reserve Policies:

(a) General Fund. Lane County will establish and strive to maintain a minimum 20% reserve of anticipated operating revenues, to ensure adequate cash flow, a strong standing with bond rating agencies, and protection of service levels to the community in the event of unforeseen events, revenue volatility, or economic downturns. This reserve is in addition to contingency amounts. The reserve will have two components:

(i) Emergency Reserve.

(1) Purpose. The first 17% of the reserve will be designated an emergency reserve and will be maintained to ensure adequate cash flow and a strong bond rating.

(2) Conditions for Use. The emergency reserve will be available for appropriation ordered by the Board for expenditure necessary to respond to a threat of public health or safety that involves one or more of the following: a severe revenue shortage threatening critical services; an involuntary conversion or destruction of Lane County property, a civil disturbance, a natural disaster, or other public calamity.

FY 18-19 Proposed Emergency Reserve = \$13,549,311



Revised General Fund Reserve

(ii) Service Stabilization Reserve.

(1) Purpose. The additional reserve beyond the emergency reserve amount will be designated a service stabilization reserve, which will provide the potential to achieve or maintain a very strong bond rating.

(2) Funding. Priority will be given to fund this component of the reserve when the County receives one-time discretionary general fund revenue or excess year-end lapse funds resulting from lower-than-budgeted expenditures.

(3) Conditions for Use. The reserve will be available for appropriation to reduce the impact of revenue fluctuations and drops in revenue growth due to economic downturns when continuation of existing service levels to the community are threatened. The following trends will guide the use of the service stabilization reserve.

(A) Overall General Fund operating revenue growth below 2.5% annually;

(B) Current Year Property Tax revenue growth below 2.5% annually;

(C) Local housing prices more than 10% below any time in prior 24 months;

(D) The Year-over-year Eugene/Springfield MSA unemployment rate more than two percentage points higher than any time in the prior 12 months, or an overall unemployment rate in excess of 7%.

FY 18-19 Proposed Service Stabilization Reserve = \$2,391,055



Secure Rural Schools

	FY 17-18	FY 18-19
Secure Rural Schools	4,060,055	3,857,063
Less: Timber Harvest Budget	2,776,207	2,500,000
Increase	1,283,848	1,357,063

Allocation of General Fund SRS Funds:

Housing Improvement Program	\$1,500,000
General Fund Reserve Increase	\$565,000
Capital Planning	\$575,900
	<u>\$2,640,900</u>



Questions?

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- *Up Next: Budget Committee Business*



FY 18-19 Proposed Budget Presentation