

Lane County Budget Committee
Tuesday, May 2, 2023
5:30pm – Harris Hall/Virtual Meeting

Presided with Budget Committee members present: Lane County Commissioners, David Loveall, Ryan Ceniga, Heather Buch, Pat Farr, and Laurie Trieger. Citizen Members Holly Mar-Conte, Sarah Means, Bruce Webber, and Herb Vloedman

Not present: Chris Pryor.

Staff present: County Administrator; Steve Mokrohisky, Budget and Financial Planning Manager; Christine Moody and Budget Office staff Kevin Mahoney, Jennifer Violette, Michele Stark, and Jason Miles.

I. COMMITTEE BUSINESS

Meeting called to order at 5:30pm and began with nominations for FY 23-24 Chair and Vice-Chair.

Chair nominees: Sarah Means nominated by Commissioner Trieger with a 2nd from Commissioner Loveall. Herb Vloedman nominated by Bruce Webber with a 2nd from Commissioner Ceniga. Motion to nominate Sarah Means as chair passes with seven votes.

Vice-Chair nominees: Bruce Webber nominated by Commissioner Loveall with a 2nd from Commissioner Farr. Motion to nominate Bruce Webber as Vice-Chair passes with eight votes.

Motion from Commissioner Trieger with 2nd from Bruce Webber to approve minutes from May 19, 2022 passes with five votes and four abstentions.

Christine Moody introduced new Budget Office staff members Kevin Mahoney, Michele Stark, Jennifer Violette, and Jason Miles to the committee.

II. BUDGET MESSAGE

Lane County Administrator, Steve Mokrohisky introduces proposed FY 23-24 budget via PowerPoint presentation.

Mr. Mokrohisky shared Lane County is the third lowest total local revenue per capita out of the 36 counties in Oregon and the seventh lowest permanent rate tax in Oregon at \$1.28. In addition, Lane County has had a reduction of 81% in Secure Rural Schools funding since 2001. Mr. Mokrohisky also showed that while Deschutes County has a similar permanent tax rate to Lane County, they have three districts to fund public safety that Lane County does not.

Mr. Mokrohisky talked about what he described as a “scarcity mindset” and how that has affected County operations during the past years both positively and negatively.

The committee was shown that Lane County retains only 11% of the tax revenue it collects, the other 89% goes to Lane County School districts, cities, libraries, parks, water districts and fire districts.

Mr. Mokrohisky shared the Lane County is the first county in the country to partner with a research university (The University of Oregon) in a policy lab program to innovate and solve challenges.

Mr. Mokrohisky shared an overview of Lane County's FY 23-24 budget highlighting several key points:

- Lane County government has been at the forefront in responding to unprecedented challenges for our community.
- Over 60 percent of revenue currently comes from state and federal funding sources.
- Enhancements to public safety and emergency management.
- A shift in mindset on how to best allocate revenue to fund cost centers.
- A reduction of approximately \$2.5 million in general fund request from Health & Human Services without loss of services provided.
- Proposed FY 23-24 Budget is balanced without layoffs or cuts in services.
- The use of reserves is required to balance.
- All 33 funds continue to maintain reserve levels that exceed the County's financial policies.

Commissioner Trieger inquired about how much how much the County charges to administer the collection of taxes on behalf of the taxing districts. Mr. Mokrohisky indicated there is no charge for those services as they are mandated by the state. The County receives money from the State through CAFFA funding which has been declining.

Commissioner Farr asked how the revenue from Deschutes County public safety districts is distributed. Mr. Mokrohisky shared that in Lane County public safety is funded through the general fund, whereas the public safety districts in Deschutes County are separate from the general fund.

III. BUDGET OVERVIEW

Budget and Financial Planning Manager Christine Moody provided an overview of the budget cycle and presented a pie chart of Lane County's 33 different funds for fiscal year 23-24 (FY 23-24). Ms. Moody shared that the Proposed Budget is \$1,070,612,369 a decrease of 2.79% from previous year. Followed by a chart of change in totals by fund type showing for general, special revenue, debt service, capital, enterprise, internal service and fiduciary funds.

Ms. Moody stated the full time equivalent (FTE) proposed for FY 23-24 is 2,035.29, an increase of 16.9 from the current year.

A review of relevant vocabulary terms was given.

- These include revenue v. resources, requirements v. expenditures, appropriation, personnel services, materials and services, debt service, transfers, contingency, and reserve.

A review of the structure of budgeting was given.

- Funds comprising departments can be further broken down as expenses, personnel, and services.
- Ms. Moody shared each of Lane County's 33 funds have to be balanced individually as well as the budget as a whole.
- Funds that are not currently structurally balanced are the General Fund, Land Management Fund, and Parole & Probation Subfund.
- Ms. Moody reiterated that a structurally balanced budget is when ongoing resources equal ongoing requirements.

The FY 23-24 Lane County revenue budget presented is \$634,655,111, and was broken down into the component sources of revenue showing comparison from FY 22-23 to FY 23-24.

- State revenue is the largest revenue received which can affect Lane County if there are budget struggles at the State level.
- Then in order from largest to smallest revenue: Internal fees and charges, taxes and assessments, federal revenue, external fees and charges, interdept reimbursements, local revenues, property and rentals, licenses and permits, interest earnings, and fines, forfeitures & penalties.
- Administrative Charges were shown out of order at the bottom of the slide to highlight they are internal service funds moving money back and forth.
- A chart showing other resources comparing FY 22-23 to FY 23-24 for: fund balance, transfers between funds, intrafund transfers and interfund loan receipt/payment.

The FY 23-24 Lane County expenditures budget presented is \$683,272,734, and was broken down into the four different types of expenditures showing comparison from FY 22-23 to FY 23-24.

- Materials and services is the largest expenditure followed by personnel services, capital and debt.
- There is a reduction in materials and services for FY 23-24 due to one-time expenses happening in FY 22-23.
- Other requirements are transfers between funds, intrafund transfers, contingencies, and reserves.

Ms. Moody presented a slide showing FY 23-24 reserves and why it is important to have reserves in the event something happens. They are also needed for cash flow to pay expenses until taxes are received in November and December. In addition, it helps Lane County's credit rating. Ms. Moody shared that reserves are also important to purchase future equipment and to stabilize service and revenue.

Ms. Moody presented a slide on Lane County's General fund which includes: public safety, assessment and taxation, elections, public health, animal services, property management, finance, facilities, county administration and county counsel. The slide shows that the General Fund pays for 30-35% of the County's FTE.

Ms. Moody shared a slide for the breakdown of General fund resources showing discretionary (71%) versus department activity (29%). Discretionary General fund is revenue not dedicated for a specific purpose. Lane County accounts for department activity revenue separately.

A chart of General Fund Allocation by Service Category Comparison was shown broken out by Public Safety (72.6%), Public Health & Welfare (11.3%), General Government (15.5%), and Non-Department (0.5%).

Ms. Moody stated Lane County does a five-year General fund revenue forecast noting the ability to remain structurally balanced will depend on the ability to hold expenses to revenue growth. The General Fund is not structurally balanced for FY 23-24 stating the following causes:

- Growth in wages due to labor market.
- Increasing material & services costs.
- Revenue growth slow or down (Recording Revenue & CAFFA grant)
- Addition of 2.0 FTE in District Attorney's Office & 0.50 FTE in Emergency Management
- Reduction of 2.0 FTE in Youth Services

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

Christine Moody presented future cautions:

- Increased wage growth.
- Services currently supported with one-time funds.
- Service/community needs.
- Structural balance.
- Aging capital assets & purchase of new assets.

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

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

A Next Steps slide was shown which contained information on upcoming committee work sessions, a date for deliberation & final budget approval, how to access materials, and where to direct questions for budget staff.

Committee Chair Sarah Means recessed the meeting at 6:53 until 7:01 pm.

IV. PUBLIC COMMENT

Budget Committee Chair Sarah Means presided over public comment. Public comment was provided by Edward Chartrand about a nonprofit organization called "Hope Rides Again".

Commissioners Farr and Loveall thanked Mr. Chartrand for his public comment.

The Budget Committee was reminded of their next meeting May 4, 2023 at 1:30 pm.

Meeting was adjourned by Chair Sarah Means at 7:08pm.

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

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