

Budget Message

2017–2018



A Responsibly Balanced Budget, With Challenges Ahead

April 2017

Lane County Budget Committee
Lane County, Oregon

Dear Members:

A responsible government budget is a focused plan that invests limited taxpayer resources in the highest priorities and greatest needs of residents. Responsible budgeting and financial management also addresses challenges head on with practical and sustainable solutions. Lane County has a long history of responding to funding challenges by making difficult decisions and identifying innovative solutions.

In 2015, Lane County committed to two goals intended to establish a strong foundation to continue to meet the needs of our residents:

- 1) Create long-term financial stability through a structurally balanced budget
- 2) Repair critical services to make our community safer, healthier and more vibrant

We committed to these goals two years ago as we prepared to receive the last federal Secure Rural Schools (SRS) payment. The end of the SRS program culminated in an approximately 90 percent decline in federal timber funding to Lane County over the past decade. Today, Lane County receives approximately \$40 million less per year in federal timber funding than it did just 10 years ago. The drastic decline in federal timber funding, combined with one of the lowest county property tax rates in the state – a constraint made permanent after property tax caps went into effect in the 1990s – have made significant reductions in services over the past 20 years inevitable.

“For the first time in seven years, the proposed budgets for the General Fund and Road Fund are structurally balanced without the use of reserves.”

The severe funding constraints, as well as ongoing growth in personnel expenses, resulted in multiple years of large budget and service reductions in both the General Fund and Road Fund. Even with those reductions, Lane County continued to struggle with a structural budget imbalance – where one-time funds were being spent on ongoing services. Over the past two years, Lane County has faced a \$6 million annual structural imbalance in both the General Fund and Road Fund. To help solve the remaining imbalances, we have sought to achieve greater local control by reducing our dependence on federal timber subsidies, using the final SRS payments to refinance and pay off debt obligations and fund other one-time costs and projects. We have implemented practical solutions to curb growth in internal expenses, such as proactive and aggressive management of health insurance, workers compensation, general liability debt, vehicle and computer replacements, and a legacy retiree health benefit.

As a result of our focused budget plan, for the first time in seven years, the proposed budgets for the General Fund and Road Fund are structurally balanced without the use of reserves. Additionally, there are no layoffs or reductions in services proposed in this budget. This was accomplished through structural adjustments with a combination of continued expense reductions and revenue growth. We also propose two important policy changes for budgeting personnel expenses and the General Fund reserve level that will aid in creating long-term financial stability.

If objective, third-party review of Lane County’s budget and financial management is any indication of our progress in recent years then we are on the right path. In early 2017, our efforts to create long-term financial stability through a structurally balanced budget were recognized when Moody’s Investor Services upgraded Lane County’s bond rating to Aa2, the highest rating in the County’s history. In 2016, the Oregon Secretary of State’s Office foreshadowed the bond rating upgrade when it removed Lane County from its watch list of financially distressed counties.

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We have reason to be proud of the progress and outcomes to date, but to celebrate success in responsibly balancing the budget without acknowledging the significant deficiencies that exist in service levels would be irresponsible. In fact, we have consistently acknowledged the scarcity of resources that has severely diminished public services provided by Lane County over the past decade, particularly in the areas of public safety, road and bridge maintenance, and other critical public services.

A Structurally Balanced Budget, For Now

Over the past seventeen years, since our first SRS payment in 2000, the County has made a multitude of difficult, yet fiscally responsible, decisions. Strong financial policies have been implemented, monitored and revised as needed. Debt has been refinanced whenever possible as interest rates have decreased to lower costs. Services have been eliminated, combined and reimagined. Organizational restructuring has occurred. We have formed new partnerships across the state and collaborated to enhance a wide variety of services.

The County has renewed its focus over the past few years on maintaining existing services that are the most valuable to residents. We are proud of our achievements and what they mean for Lane County taxpayers – a responsible local government focused on managing the funds we receive by concentrating on internal expense savings and maintaining critical services for our community, rather than seeking service cuts to balance the budget.

Lane County employees throughout our departments have provided invaluable assistance as we work to reach our goals. Their dedication to serving our residents is outstanding. The long hours, challenging conditions and swift results of our road crews during the recent winter storms is just one example of the high performing team of public servants we have in Lane County. Our people remain our greatest asset in providing innovative, responsive and cost-effective services for our community.

“Our track record of responsibly managing our limited resources proves we are up for the challenge.”

Lane County has proved to be a leader in responsibly managing many of its internal expenses. The County successfully shifted to a self-funded health insurance plan, invested in wellness and preventative care for employees, and continues to negotiate contributions to health plans – reducing budgeted expenses by approximately \$2 million per year. Fiscal Year (FY) 17–18 will mark the third year in a row with zero percent projected growth in premium charges for medical, dental and vision coverage for employees. This has been made possible in part due to an

increase in wellness programs offered to employees, as well as the opening of the Live Well Center in early 2016, which provides health services to employees and their dependents at a lower cost to the County than other providers. The result has been an overall decrease in filed claims, a welcome change from the steady increase over the past fifteen years. We will continue to look for ways to minimize costs while also providing necessary health care benefits to our employees.

A Voluntary Separation Incentive Program initiated in 2015 has generated approximately \$750,000 in personnel savings in the first year alone, far exceeding original estimates. We have experienced the fewest number of workers compensation claims and lowest cost claims in over five years. Fleet rates and computer replacement costs have decreased in the past year. A new partnership with a non-profit veteran support organization to operate the Forest Work Camp has reduced annual operating expenses by approximately \$250,000 to Lane County and is intended to enhance services to veterans in need.

We realize that in order to stay structurally balanced our efforts will require continual focus and dedication. Strong financial management will be required to maintain the structural balance of our funds in an environment where federal timber funds have evaporated and the County’s low permanent property tax rate does not keep pace with the cost to provide services. Our track record of responsibly managing our limited resources proves we are up for the challenge.

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Challenges Ahead

Both the General and Road funds continue to provide lower than adequate service levels. As mentioned above, timber harvest revenues are at historic lows. The County has been dependent upon those revenues for decades to adequately fund public safety and maintain our roads and bridges. Local revenues are also constrained, with nearly 90 percent of property taxes in Lane County going to fund services provided by schools, cities and other municipal services, not county services. While many of the services provided by Lane County benefit the other taxing districts, including property appraisals and tax collections, Lane County receives no funding from those entities and has one of the lowest property tax rates of any county in the state for which to provide regional services. These federal and local revenues have not been replaced, therefore, a multitude of the services once provided to our residents no longer exist at appropriate levels, including law enforcement patrols, traffic enforcement, criminal prosecution, property appraisals, road, bridge and park maintenance, and much more. Additional threats of funding cuts and policy changes to local services currently being considered by state and federal government sources are being monitored closely. Service levels will continue to be inadequate unless additional revenue is available in the future. This revenue shortage could result in higher costs to maintain critical road and bridge infrastructure, as deferred maintenance continues and conditions deteriorate to a point where replacement may be the only option.

As a county government, we are principally a service provider to the community and providing those services requires employees. We continue to have fewer employees per 1,000 residents than similar Oregon counties. Our dedicated employees continue to accomplish outstanding results while facing scarcity of resources. At the same time, the County's personnel budget remains a challenge mostly due to increased costs from the Public Employee Retiree System (PERS), as well as continued growth in wages. As the Legislature grapples with ways to decrease employer costs to cover the unfunded liability of the PERS system, Lane County has chosen to continue our focus on stabilizing costs within our control, such as employee health insurance. For FY 17–18, we focused on several additional key areas to continue to lower or offset expenses, improve our budgeting practices and policies, and achieve our financial goals.

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Steps Taken to Mitigate Growth in PERS Expenses

In FY 13–14, the County set up a PERS reserve to safeguard against a potential challenge of changes made by the Oregon Legislature to the PERS system. A successful challenge would likely result in higher employer rates. That decision proved to be wise, and following the Oregon Supreme Court's decision in *Moro, et al v. State of Oregon, et al* along with lower than projected investment returns for the PERS system, the County received notice that we would experience a 20 percent increase in our employer rate to fund the PERS system in the 2017–19 biennium. We expect to see similar increases in the 2019–21 biennium. Beginning in FY 17–18 we will begin utilizing the \$2.2 million PERS reserve in order to decrease the payroll charge associated with repaying our PERS Bond. The PERS employer rates create a steep challenge for most of Oregon's local governments and Lane County is no exception. We will continue to do whatever we can to limit the impact to local taxpayers and work with our legislators and the PERS Board to identify long term solutions.

Budget and Policy Changes

The County has historically budgeted the full cost for every position identified in the budget. Over the past year, we have conducted a thorough analysis of historic trends of positions to verify how many positions are filled during the course of each fiscal year. For the General Fund, the vacancy rate – also referred to as “lapse” – was identified as two percent. At the end of each year, that amount was returned to the General Fund. Over time, the true lapse amounts have varied and the practice of having departments return two percent of budgeted discretionary general fund expenses no longer accurately represents vacancy rates. In an effort to account for the minimum resources needed to fund current service levels, ensure precision in accounting for vacancy and turnover, and increase transparency, we have reduced personnel budgets for projected vacant positions in the General Fund, Road Fund and within Parole and Probation by working to identify more accurate vacancy rates.

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This change has resulted in a personnel budget that is lower than previous years and will more accurately reflect the true expense associated with filled positions. In the future, we will continue to refine and budget the most precise vacancy rate available. This change is integral to achieving structural balance by reducing ongoing budgeted expenditures to better match actual expenditures.

Additionally, the General Fund has been operating for the past ten years under a reserve policy requiring 10 percent of operating revenues be reserved for emergencies and potential service stabilization. However, the recommended reserve level from the Governmental Finance Officers Association for local governments is a minimum of two months or approximately 17 percent. A review of Lane County's requirements, as well as other reserve levels indicates that the County should have a General Fund reserve of no less than 20 percent. A higher reserve level provides cash flow until property taxes are received in November each year and will also help us solidify our bond rating going forward.

As part of the County's overall internal expense reduction strategy, we began a debt reduction plan in FY 15–16. Reserves were established to pre-pay debt in 2019 and we have started the process of refunding (refinancing) two of our outstanding bonds to take advantage of lower interest rates. The County is already on track to save \$2.4 million in interest payments due to the debt reduction plan. The refinancing approved by the Board of Commissioners in March is estimated to provide an additional \$800,000 in interest savings to the County over the life of the debt. These two items will save taxpayers \$3.1 million in interest payments and reduce annual debt service payments by approximately \$1 million.

We formed an internal committee to review and analyze revenue options for the General Fund and those recommendations were presented to the Budget Committee in May 2016. An increased focus on County fee levels and formalizing the process for revising fees was recommended and implemented.

Last year, the Sheriff made a recommendation to the Lane County Budget Committee to reduce the amount of the local option levy assessed on Lane County taxpayers due to higher than anticipated revenues and lower than anticipated expenses from early challenges experienced in recruiting. After reviewing the recommendation, the Budget Committee lowered the local option levy assessment from \$0.55 per \$1,000 assessed value down to \$0.38 per \$1,000 assessed value. As part of this reduction it also increased the critical Youth Services allocation by \$.03 per \$1,000 with the final assessments of \$0.30 and \$.08 for the Jail and Youth Services, respectively. This rate reduction decreased the amount of Lane County property tax levied by \$4.5 million in FY 16–17 while the County also continued to exceed the promise for the number of local jail beds available for local offenders.

Pursuant to ORS 294.391, this document represents the FY 17–18 budget message and transmittal of the proposed budget. The proposed FY 17–18 budget for all funds totals \$599,569,747, which is a \$19.5 million or 3.15 percent decrease from the current fiscal year. The proposed General Fund budget is \$93,812,366 which is \$1.3 million or 1.4 percent higher than the current fiscal year. We have received the Distinguished Budget Presentation Award from the Government Finance Officers Association, which is the highest award possible for governmental budgeting, for the twelfth time. This continued recognition, along with Lane County's increased bond rating, low debt burden, removal from the Secretary of State's watch list, and three consecutive successful audits of the use of Public Safety Levy resources are reflections of how the limited taxpayer resources we collect are being managed responsibly.

Planning For the Future

Long-term strategic and financial planning are important parts of ensuring excellent service and stewardship of taxpayer resources. Lane County has a strong history of solid financial management practices. A recent audit of Lane County financial indicators concluded that "Lane County has sound financial and debt management practices; though declining revenues and aging assets challenge long-term financial health."¹ In many critical

¹ Miller, Shanda. "Lane County Financial Indicators." Lane County Performance Audit Office. Published March 31, 2016. <http://bit.ly/2oJZPuD>

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areas, we lack the resources to provide the level of services that our community desires and deserves, however, we continue to make responsible use of limited taxpayer resources:

- We maintain one of the highest bond ratings provided to public agencies.
- We are responsibly managing debt and lowering costs to taxpayers.
- We maintain a low-risk auditee status with our external financial auditors.
- We have been responsive to resource constraints by reducing expenses.
- We continue to repair local services that have been cut by declines in federal and state funding.

“Long-term strategic and financial planning are important parts of ensuring excellent service and stewardship of taxpayer resources.”

The Board of Commissioners approved a strategic plan in late 2014 to focus our limited resources on the areas of highest priority over the next several years. The plan focuses on investments in three priority areas:

- A Safe and Healthy County
- Vibrant Communities
- Infrastructure

This fall we will be working together on the next Strategic Plan for Lane County, with the intention of adopting the plan in early 2018. In the next year, we will also develop new plans to address critical facility needs throughout Lane County, including a new Solid Waste Master Plan, a Lane Events Center Market Analysis and Business Plan and a County Capital Improvement Plan.

High Performing Local Workforce

Lane County employees provide exceptional services. We continue to make investments that foster an environment of continuous improvement and allow our employees to thrive. Last year, we committed to focusing on recruitment, training, development and workforce planning. To date we have successfully launched several efforts that have resulted in positive outcomes:

- We have invested in active recruitment efforts to increase outreach and participation in our community. The diversity of applicants has increased 30 percent over the last year.
- We initiated the first annual Leadership Summit this winter that focused on building trust, mastering conflict, achieving commitment and focusing on collective results. In addition, a Leadership Development Needs Assessment was conducted and out of that effort a pilot project will commence this summer to address leadership training throughout the organization.
- We continued to expand our Learn Empower Achieve Perform (LEAP) training system for all employees. Diversity training options have also increased with a greater number of attendees and a new requirement for all employees to complete three hours of diversity training each year.
- We have created a formal pipeline of talent into our organization through a new internship program that actively recruits local students and recent graduates. The interns complete rigorous, targeted and value-added projects within departments, present their findings to the organization’s leadership, and are connected with long-term employment opportunities.

We hired an equity and access coordinator to move forward several priorities established by the Board of Commissioners, including: staffing the newly formed Equity and Access Advisory Board, using data to improve equity in County-provided services internally and externally, and working with and engaging community partners to ensure access to services and employment opportunities for all people in the community.

We continue to use data and analysis to drive smart decisions. We know that nearly 140 current employees are eligible to retire now and over 200 current employees will be eligible to retire within the next five years.

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Continued investment in recruitment, training, development and workforce planning will be a high priority for our leadership team over the next year, as we seek to lead our organization and community to a vibrant future.

Local Services

Assessment and Taxation – Due to reductions in state funding and significant budget cuts in FY 12–13, Assessment and Taxation (A&T) is now one of the lowest funded operations in the state. County Assessment Function Funding Assistance (CAFFA) funds from the state, which are meant to help fund this service, have been greatly reduced over the years, from 40 percent of the A&T budget in FY 14–15 to 16 percent of the A&T budget in FY 16–17. The low staffing level creates challenges in performing statutorily required functions. As activity in the housing market increases and returns to pre-recession levels, we will need to address staffing levels in A&T to meet statutory obligations and maintain state funding. For these reasons, the proposed FY 17–18 budget includes increased funding for an additional 2.0 FTE that was added using one-time funds in FY 16–17. The department will also be recruiting for an intern in FY 17–18 to will research fee levels and perform an in-depth fee analysis to explore additional revenue opportunities.

County Administration –The County Administration Office (CAO) maintains three goals to create a vibrant local economy: 1) partner with rural communities to implement a new rural prosperity plan, 2) invest in infrastructure projects that spur redevelopment of key corridors, and 3) pursue a regional approach to business retention, expansion and recruitment with community partners.

The Budget & Financial Planning office within County Administration has been crucial in providing support to the Board of Commissioners, county administrator and department directors as we have focused on our budget plan to eliminate the structural deficits, reduce debt levels, analyze internal services including cost structures and policies, and revise financial policies. This office also works with the Board and administrator to produce the County's strategic plan and provides budget oversight and management analysis services.

The Community and Economic Development program is continuing to identify investments in rural communities through the Rural Prosperity Initiative. As part of the executive team of the regional Pacific Northwest Manufacturing Partnership, we continue to lead conversations surrounding advanced wood products and cross-laminated timber. We are actively involved in discussions regarding a year-round farmer's market/public market which continue in conjunction with the discussions regarding the Eugene City Hall and the Lane County Courthouse projects.

The Lane County Justice Court is currently researching the feasibility of establishing a travelling mediation program to meet the needs of our rural community.

The performance auditor has completed a Behavioral Health Audit, identifying successes and solutions to improve services. Audits are underway on the Road Maintenance Division and cash handling controls.

The addition of a purchasing supervisor within Financial Services is proposed in this budget. This position will begin to address the need for oversight of the County's procurement function to standardize the procurement process and improve the County's consistency, quality and accountability, while maximizing resources. Additionally, the position will partner with the County's equity and access coordinator to advance equity, diversity, and inclusion, and provide outreach and support for minority-owned, women-owned, and emerging small businesses and vendors to learn about contracting opportunities with the County.

Parole and Probation continues to advance its use of best practices when assessing and prioritizing offenders on supervision. This last summer, Parole and Probation was nationally recognized at the American Parole and Probation Association Conference for a training program it developed for new parole officers. Additional office space opened in an unused area of the Law Library for Parole and Probation this past November so that parole officers have a presence in the Courthouse, which ensures clients have nearby access to critical services. Increased prosecution by the District Attorney's Office has resulted in a greater workload at Parole and Probation, but flat or reduced revenue and increased costs have resulted in a budget that unfortunately eliminates one currently vacant parole officer position. As we assess what changes the Legislature may make

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to community corrections revenue, we must continue to evaluate the highest and best use of the limited Community Corrections Act funding that Lane County receives and distributes to various local agencies.

County Counsel – County Counsel has continued to provide training to management staff in the area of employment law in order to reduce litigation- and claim-related costs. This perpetual knowledge transfer enhances our managers’ and supervisors’ ability to understand and consistently manage within state law. Additionally, actively managing unemployment claims has resulted in a reduction in related expenses. County Counsel has partnered with the University of Oregon Law School to provide students with experience and education conducting legal research while reducing costs incurred by the County.

County Counsel’s participation in the Oregon County Councils Association and Oregon Association of Defense Counsel has provided a substantial resource for source documents, thereby reducing internal research costs, enhancing services provided to clients at a reduced cost, and bringing the County’s policies in line with best practices.

District Attorney’s Office - The District Attorney’s (DA) Office has again exceeded expectations by continuing to prosecute low-level felonies at a much higher rate than in previous years. In years past, approximately 1,500 cases were not filed due to a lack of resources –that number is now approximately 68 cases. The DA continues to collaborate with the Sheriff’s Office, Parole and Probation, the University of Oregon, Sexual Assault Support Services and local police departments to work toward reducing property crimes, sexual violence and other crimes in our community.

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With active diversion programs through the Treatment Court prosecutor, 32 Lane County Treatment Court participants graduated in 2016. All graduates obtained full-time work or enrolled in higher education prior to the completion of the program. Nine graduates complied with Department of Human Services’ protocols and were reengaged with their children. Ten veterans graduated from Lane County Veterans Treatment Court. The Family Law Division collected nearly \$21 million in child support for Lane County children. The proposed budget for the DA’s Office maintains current service levels and positions, which includes an additional medical examiner position and support staff added during the current fiscal year.

Health and Human Services – This will be a year of continued service stabilization for Health and Human Services (H&HS) after significant expansion of services to meet community needs in prior years.

Fiscal Year16–17 was successful for our Community Health Centers (CHC). After experiencing rapid expansion in past years, service levels stabilized and will continue at current levels into the upcoming year, with minimal plans for additional services. This stabilization is thanks in large part to our designation as a Federally Qualified Health Center (FQHC) which has allowed Lane County to leverage a significant amount of federal funding to provide access to primary care, mental health services, chemical dependency programs, and prenatal and dental services. The CHC saw more than 5,000 new patients this past year and the FQHCs increased the number of patients served in 2016 by 13 percent, providing 123,714 individual patient encounters to 29,731 patients in 2016.

Youth Services committed to moving the Phoenix Treatment program to a residential facility designed for the treatment of juveniles. This move will provide for both better compliance with state rules and a better treatment environment for youth. In FY 17–18 we will also see the Family Mediation program moving to Youth Services. The move will allow for closer collaboration on joint restorative services projects between Family Mediation and Youth Services staff.

We are working with our community partners, including the cities in Lane County, the Poverty and Homelessness Board, Housing and Community Services Agency (HACSA), the Human Services Commission and other community partners to identify both temporary and permanent solutions to homelessness. Work is underway on Operation 600 to create 600 new, permanent supportive housing units. In addition, H&HS and the Board of

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Commissioners reviewed the needs and basic information on two Lane County properties for potential supportive housing sites for women and children.

Human Resources – Reduction of internal costs continues to be a focus of the Human Resources Department. Progress has been made to automate numerous processes, including the performance evaluation method, which is transitioning to an online interface. The online interface will allow for enhanced efficiency; it has been in testing and is currently being rolled out to select departments for use. Another example of automation for efficiency is the expanded online training available through LEAP. This allows for training to be done when most effective and efficient for employees. The hiring of a recruitment analyst has provided the ability to concentrate on increasing the diversity of applicants in Lane County’s recruitment process.

Technology Services – Technology Services continues to move toward virtual infrastructure, reducing our environmental footprint and costs while improving service availability. In an ongoing effort to ensure internal services are provided in the most efficient and effective manner, an assessment of Technology Services’ internal services and billing structure has been initiated. Partnerships with external customers continue to expand, increasing the efficiency in technology of our community partners.

Public Works – The Public Works Department experienced a stable year in FY 16–17 after many years of reductions and declining revenue due to the elimination of the Secure Rural Schools (SRS) program. A sign of this stability is evident in the Road Fund where, for the first time in a number of years, the fund has achieved a structural balance between revenues and expenditures.

The outlook beyond FY 17–18 continues to be challenging for the Road Fund. State highway funds are projected to decrease in future years, while at the same time the backlog of deferred maintenance on Lane County’s roads and bridges continues to grow. This maintenance backlog will eventually become more problematic as bridges and roads age and require more significant repairs.

Animal Services will see positive additions in the upcoming year. The proposed budget includes a new 0.49 FTE part-time animal welfare officer to support licensing and enforcement activities. This additional officer will ensure that there is at least one officer on duty throughout the year and provide backup for our full-time animal control officer. The FY 17–18 budget will also provide funding for the purchase of a temperature-controlled animal box to be outfitted on an Animal Services vehicle. This animal box will ensure that we can provide a safe and comfortable environment for animals throughout the year, as well as ensure the safety of our Animal Services staff.

The Fleet Services Division will continue to work toward the goal of reducing the overall size of our fleet by 10 percent. At the end of FY 16–17, we will have reduced fleet by 6.1 percent and are on track to reach our goal of a 10 percent overall reduction by the end of FY 17–18. We will also be conducting an in-depth assessment of the fleet program to look for additional areas to increase efficiency and decrease costs.

The Forest Work Camp has been leased to Veteran’s Legacy, a non-profit organization that provides rehabilitative services to veterans. This lease results in annual savings of over \$172,000 and allows the site to be utilized by a program that will have a positive impact on the community. These savings will continue for the duration of the lease.

Sheriff’s Office - The proposed budget maintains current service levels and positions, although total expenses in the Sheriff’s Office are decreasing by 1.8 percent due to the elimination of the General Fund lapse policy and a 1.2 percent reduction in revenues, due largely to reductions in state and federal revenue. Four police service deputy sheriffs completed a 32-40 week process, including police academy and field training, and achieved “solo status,” allowing 24-hour patrol to be maintained. Three new mental health specialists from Lane County Behavioral Health began working in the Jail this year to provide continued services for local offenders who will remain in the community. These specialists were added in last year’s budget and will work on client discharge planning, continuation of necessary behavioral health services and reintegration into the community. A new agreement was put in place with the Department of Corrections (DOC) to specifically address females transitioning from prison to the Community Corrections Center and then Sponsors, Inc. Lane

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County is one of four counties working with DOC to reduce this population to avoid the building of a new prison.

With the voter-approved Public Safety Levy, the Jail has been able to fund at least 255 local jail beds and prevented capacity-based releases of violent felony offenders since July 2013. Despite challenges in recruiting qualified deputy sheriffs, the jail was able to expand jail operations and reopened an additional 60 local jail beds during FY 15–16.

While financial projections showed a continued reduction of General Fund allocation over the 5 years prior to the passage of the jail levy, we have continued to allocate more General Fund to jail operations than was originally anticipated in 2013. The proposed budget exceeds the projected amount by \$73,895.

Conclusion

We are pleased to present a responsibly balanced budget. Lane County has faced scarcity of resources for many years, culminating in a 90 percent decline in federal timber funds over the past decade and a \$6 million structural imbalance in both the General Fund and Road Fund after the end of the Secure Rural Schools program in 2015. Since that time, we have remained focused on two clear goals:

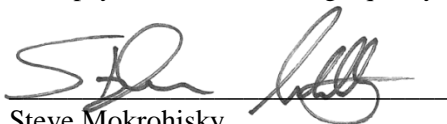
- 1) Create long-term financial stability through a structurally balanced budget.
- 2) Repair critical services to make our community safer, healthier and more vibrant.

“Maintaining a responsible, structurally balanced budget without further erosion to critical services will require continued focus, innovation and support from partners.”

The proposed Fiscal Year 2017-18 budget, including the General Fund and Road Fund, are structurally balanced with no use of reserves for the first time in seven years, including no layoffs and no reductions in services. We have achieved the goals we established in 2015 through focused efforts to reduce internal expenses, use one time resources to refund and refinance existing debt, enhance existing revenue, and update policies to meet current needs. Many of the solutions that Lane County has implemented to responsibly balance the budget are now becoming leading practices throughout the state. Cities, counties and even state government are turning to Lane County as an example of how to find opportunity in scarcity.

While we have achieved financial stability for the moment, many of the most critical services that Lane County provides to residents remain underfunded, particularly in the areas of public safety, as well as road and bridge maintenance. Federal timber funding has evaporated. State resources continue to be eroded. Local revenues are constrained, with nearly 90 percent of property taxes in Lane County going to fund services provided by schools, cities and other municipal services – leaving Lane County with one of the lowest property tax rates of any county in the state. Additionally, significant challenges ahead will continue to place pressure on our progress, including state and federal funding and policy changes, growth in expenses and constrained local revenues. Maintaining a responsible, structurally balanced budget without further erosion to critical services will require continued focus, innovation and support from partners.

Through dedicated employees and focused leadership, we continue our commitment to responsible stewardship of taxpayer resources and high quality services for residents of Lane County.



Steve Mokrohisky
County Administrator

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