

County/City Regional Road Finance Meeting Agenda

Date: April 28, 2004

Location: Lane Community College, Workforce Training Center, Building 19 (See attached map)

Dinner: 5:30 pm

Meeting: 6:00 pm

1. Welcome and Introductions– Chair Bobby Green
2. Opening Remarks
 - City responses to November 25th Road Finance Meeting. Exhibits A – D.
3. County/City Road Partnership Agreements
 - Proposal: Continuation of program at current funding levels (\$2.5 million per year) for three years, or until resolution of federal County Payments reauthorization, whichever comes first. See Exhibit E for current distributions.
4. OTIA III County Pass-through Funding
 - Proposal: Distribution of actual County OM&P revenues from OTIA III for three years or until resolution of County Payments legislation, whichever comes first. See Exhibit F for estimated distributions.
5. Road Maintenance Efficiency and Consolidation Audit
 - Proposal: Acceptance of continued C/CRP and OTIA III pass-through payments are contingent on cities participation in, and support for the conclusions of, and independent audit of road maintenance operations by a consultant hired by the County.
6. Federal Earmark Match
 - Proposal: The County will consider requests at its May 5th CIP hearing to provide the local match on selected federal earmark or State STIP projects. Funds must come from projects in the first two years of the County CIP, unallocated County Community Development Roads program or C/CRP or OTIA III pass-through funding. Candidate projects for deletion from the County CIP are shown in Exhibit G.
7. County General Fund
 - Proposal: Discuss and deliberate the County's General Fund needs; consider potential for further discussion regarding future collaboration.
8. Next Steps/Closing Remarks



P.O. Box 278
Creswell, Oregon 97426
541-895-2531

February 11, 2004

Commissioner Bobby Green, Chair
Lane County Board of Commissioners
125 East 8th Avenue
Eugene, Oregon 97401

Subject: Comments on the County/City Road Partnership Program

Dear Commissioner Green:

At the conclusion of our November 25, 2003 meeting at Lane Community College, Chair Sorenson requested written comments from cities on proposed changes to the County/City Road Partnership Program. We appreciate this opportunity to give you our opinion.

First, on behalf of the community of Creswell, we would like to sincerely thank you for all the years of funding under the County/City Road Partnership Program. In FY 2002-2003 the county provided \$72,012. This accounts for 31 percent of our yearly road fund revenues—nearly one-third of our total yearly revenues. Our 16+ miles of city roads are in better condition as a direct result of your help and assistance. We greatly appreciate our partnership with you.

As a result of the meeting and of our Council discussions, we have a number of comments for your consideration:

1. Our Transportation Needs. The city of Creswell does not have a comprehensive condition analysis of its roads; however, we can tell you that, overall, our roads are in fair condition. We can show you examples of very poor road conditions, examples of sidewalks badly in need of replacement, some bad examples of deferred maintenance, and some bike paths that need construction. We do the best we can with the limited funds we have. The charts for all cities from the November meeting will help you understand our dilemma:

- For Road Revenues per Capita: Creswell is #10 of the ten reporting cities.
- For Road Expenditures per Capita: Creswell is #9 of the ten reporting cities.

2. Proposal for Redistribution of County OTIA III Funding. We greatly appreciate your offer to share the new OTIA III Revenue with cities. You asked for comments on the various options for distributing the dollars. We would prefer Option 3 – By Average of Miles and Population. This seems to be the most equitable method, even though we would receive slightly more funds under Option 1 which uses only Average Road Miles in the distribution formula.

3. Supplemental Payments under the County/City Road Partnership Program. We could sincerely use the extra funds proposed to be distributed under a revised Road Partnership Program. Again, we would prefer Option 3 – By Average of Miles and Population.

4. Operating Efficiencies. We'd be happy to discuss additional ways to work together with county Public Works on road projects within the city limits. Nearly every road fund dollar spent in Creswell is used for preservation or modernization. Developers of new subdivisions are building the new roads in Creswell, not the city. On the other hand, there are new roads in our Transportation System Plan that need to be constructed to enhance economic development opportunities for the private sector.

5. Local Option Fuel Tax and Local Option Registration Fee. At this time, the Creswell City Council would like to go on record as opposed to either of these two methods of raising revenue for our local road system. Our opinion may change as conditions in the community change, but for right now, we are opposed to new revenues from these two sources. We would like to program and then spend any new OTIA funds and new County/City Partnership funds, before considering new revenue sources.

6. Special Funds for Economic Development Projects. As we understand it, the county has not allocated any money for road projects related to economic development as the larger road fund discussions continue. Our opinion is this: we would like to see a special fund of road-related revenues specifically set aside for projects related to economic development. We believe we could make good use of such a fund.

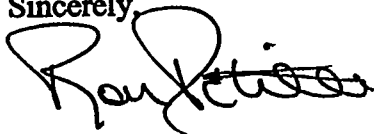
7. "Poor" Cities and "Rich" Cities. At the November meeting, our interim city administrator mentioned the desirability of adjusting the overall County/City Road Partnership Program distribution formula to reflect the disproportionate needs of the smaller and poorer cities in the county. By "poorer", we're referring to our total annual road fund revenues.

The charts and tables completed for the November meeting were incomplete—they didn't include data for Coburg and Lowell; thus, we can't design a possible system for your consideration.

The point we'd like to make is that just as our income tax system is based on progressive rates so that the poor people pay proportionately less than rich people, we'd suggest the same logic for the formula that distributes road funds. Smaller and poorer cities should receive proportionately more than larger and richer cities. Perhaps the base payment could be adjusted for smaller and poorer cities and this could be done for the next three to five years. Perhaps the bottom one-third or the bottom one-half of cities (based on annual road fund revenues, less special projects) could receive a larger base payment. Please give this idea your serious consideration.

Again, we'd like to thank you for your years of assisting the city of Creswell through the County/City Road Partnership Program. The program has been of very beneficial for us.

Sincerely,

A handwritten signature in black ink, appearing to read "Ron Petitti". The signature is stylized with a large initial "R" and a long, sweeping underline.

Ron Petitti
Mayor

cc: Lane County Administrator Bill Van Vactor
Public Works Director Ollie Snowden

FEB 09 2004



City Manager's Office

February 5, 2004

City of Eugene
 777 Pearl Street, Room 105
 Eugene, Oregon 97401-2793
 (541) 682-5010
 (541) 682-5414 Fax
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Bill Van Vactor, Administrator
 Lane County
 125 East Eighth Avenue
 Eugene, OR 97401

Dear Bill:

The Eugene City Council met on January 28, 2004 to discuss a response to the questions raised at the November 25, 2003, joint county and city road finance meeting. The city councilors provided unanimous direction on several specific issues and offered their guiding principles as discussion continues on the broader issues.

First, councilors asked me to convey their thanks to the Board of County Commissioners for meeting with Lane County cities on this critical issue of transportation funding, and for soliciting recommendations from the cities as part of the on going dialog.

Regarding the preferred method of distribution should the Board of Commissioners choose to allocate Lane County's OTIA III revenue to the cities, the City Council unanimously expressed support for a mixed formula based on road miles and population.

The City Council was also unanimous in supporting the staff recommendation for an external review of opportunities for sharing services, recognizing the significant differences between urban transportation systems and primarily rural transportation systems. Several councilors and the Mayor expressed their hope that such a study could be completed quickly and identify three to four key areas likely to produce good results. City of Eugene staff has met with staff from Lane County and the City of Springfield to begin discussing what the scope of such a study might entail and how it might be conducted most effectively.

With regard to the broader issue of new transportation funding sources, councilors individually, favored various proposals, ranging from a modest county wide gas tax to a vehicle registration fee to no new transportation taxes. The City Council did unanimously encourage the Board of Commissioners to consider all of the options presented to date and to encourage further dialog with the cities on which options are most viable. In supporting the call for continued dialog, the City Council offered the following guiding principles:

- The level of funding should be adequate to keep the backlog of road repair projects from growing, and it should fill the shortfall between existing revenue for road repair and the annual need. As a point of reference, the current backlog in Eugene is about \$93 million and continues to grow each year.

- If a county wide gas tax is enacted with the intent to replace the local fuel tax recently implemented in Eugene, its revenue yield should at least equal the yield from Eugene's tax.
- Additional study should be made of a county wide vehicle registration fee.
- Any new source of county wide transportation revenue should have an automatic allocation formula to distribute funds to the cities.
- The current Lane County road fund allocation should be reviewed.

Again, thanks for the opportunity to provide input on this very important issue. We look forward to continuing our discussions and making progress on the proposals currently before us. Please let me know if I can provide any additional information to you or the Board of Commissioners.

Sincerely,



Dennis M. Taylor
City Manager

cc: Mayor Torrey and City Councilors
Jim Carlson
Kurt Corey



February 9, 2004

Hon. Bobby Green,
Chair,
Lane County Board of Commissioners
125 E. 8th Avenue
Eugene, Oregon 97401

Re: Transportation Funding

Dear Chairman Green:

At the November 25, 2003, meeting of the Board of Commissioners to which the Mayors of Lane County Cities were invited to participate in a discussion of transportation funding issues, the Board indicated an interest in hearing from the cities, before February 15, 2004, with respect to several concepts that were discussed at that meeting.

Let me begin by expressing the appreciation and support of the Springfield Council for the Board's consideration of a proposal to reallocate the unprogrammed additional Highway Trust Fund revenues that the County will receive under the provisions of the recently enacted Oregon Transportation Investment Act (OTIA III) to the cities of Lane County. While we understand that any such decision may be for a limited period of time, in light of uncertainties about the reauthorization of the Safe Rural Schools Self Determination Act of 2000 by the Congress, we are gratified by the County's willingness to provide this support, which we will devote to restoring our spending for preservation to minimally prudent levels.

Several members of the Board expressed interest in exploring the potential for increase collaboration and coordination among the several road agencies within the county. We encourage such increased cooperation. Earlier, our staff forwarded to the County Director of Public Works a list of the many items where cooperation is already a daily routine. Included with that list was an even more extensive list of items where we believe further cooperation might be possible. We would like to explore these opportunities further.

Because of the complexity of making comparisons across the several very diverse systems we employ for operating, maintaining and preserving a wide variety of streets and roads, such exploration has posed difficult issues in coming to a common understanding of the bases to evaluate collaboration. For this reason, we support

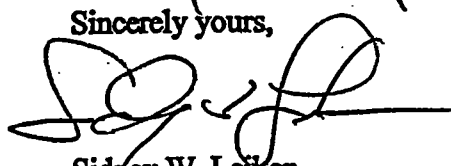
Hon. Bobby Green
February 9, 2004
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suggestion that an objective, outside firm be retained to evaluate the potential for further cooperation and collaboration. Sadly, however, we find ourselves in a difficult position to choose between using our scarce fiscal and staff resources on this sort of study, or on operations and maintenance of the existing system. Consequently, we hope that the Board would find it appropriate to fund such a study, in which we would gladly participate, with no more than nominal financial contributions by the cities..

During the meeting, Commissioner Dwyer suggested that it might be prudent to stretch some of the timelines on the projects in the current County Capital Improvement Program, and use the freed-up resources to provide additional support to city preservation projects. We endorse that suggestion. For example, it appears that the second phase of the Jasper Road extension, currently programmed for the current fiscal year, might not actually be ready for construction until at least 2010.

Finally, I understand the Commissioners wished to hear from the cities with respect to potential support for either a county wide fuel tax, dedicated to maintenance and preservation of local streets, or a similarly dedicated county vehicle registration fee. Given the absence of concern on the part of the citizens of Springfield, Eugene, and Cottage Grove, who together form the vast majority of County residents, we believe the County might find it appropriate to enact a county wide fuel tax on the order of \$0.05 per gallon. I must advise you, however, that Springfield cannot commit to any specific course of action with respect to our local tax in connection with any adoption of a County tax. At this juncture, given the repeal of our ordinance authorize the implementation of a Transportation System Maintenance Fee, our annual projections for new revenue remains some \$275,000 below the target set by Council. Once the other solutions we have discussed are in place, it will be possible to evaluate the overall financial picture and come to some conclusion about the long-term level of revenue we can rely upon.

Sincerely yours,



Sidney W. Leiken,
Mayor

c: Mike Kelly



CITY OF WESTFIR
P.O. Box 296
47441 Westoak Road
Westfir, Oregon 97492
Telephone 541-782-3733 Fax 541-782-3983
email westfircity@trip.net

EXHIBIT D

JAN 26 2004

January 24, 2004

Lane County Board of Commissioners
125 East 8th Avenue
Eugene, OR 97401

RE: County/City Road Fund Program

Dear Board of Commissioners:

The Westfir City Council met on January 12, 2004 and discussed operating efficiencies for the County/City Road financing program.

Although we do not have the projects and employees that the metropolitan areas have, we can still relate to operating efficiencies as we have a very small operating budget for our city.

Therefore, the council and mayor agreed that something must be done and decided that the best way to cut back on expenses is to review and cut back on engineering and administrative costs. Other suggestions were eliminating unnecessary projects (such as landscaping and studies) and after completion of certain projects laying employees off rather than pay them a wage while waiting for a new project to begin. We do not want to see more taxes or fees imposed to raise money for this program.

It is our hope that a solution can be found that will be fair to all the cities in Lane County, no matter what their size. Just because the small, rural communities do not have the major projects and concerns that the metropolitan areas have, they should not be penalized.

Sincerely,

Diana V. Tonkin, Mayor
City of Westfir

DT/em

Exhibit E

**County/City Road Partnership Program
FY 2003-2004 Final Payment Schedule**

				Payment Calculated		
	Minimum	City	Percent of	from % of City	Total	% of
City	Payment	Road Miles	City Road Miles	Road Miles	Payment	Total
		2002				
Coburg	\$ 35,000.00	11.64	1.30%	\$ 27,065.53	\$ 62,065.53	2.5%
Cottage Grove	\$ 35,000.00	41.02	4.59%	\$ 95,380.42	\$ 130,380.42	5.2%
Creswell	\$ 35,000.00	16.45	1.84%	\$ 38,249.83	\$ 73,249.83	2.9%
Dunes City	\$ 35,000.00	13.12	1.47%	\$ 30,506.85	\$ 65,506.85	2.6%
Eugene	\$ 35,000.00	502.78	56.21%	\$ 1,169,072.82	\$ 1,204,072.82	48.2%
Florence	\$ 35,000.00	36.60	4.09%	\$ 85,102.96	\$ 120,102.96	4.8%
Junction City	\$ 35,000.00	21.53	2.41%	\$ 50,061.93	\$ 85,061.93	3.4%
Lowell	\$ 35,000.00	4.69	0.52%	\$ 10,905.27	\$ 45,905.27	1.8%
Oakridge	\$ 35,000.00	19.33	2.16%	\$ 44,946.45	\$ 79,946.45	3.2%
Springfield	\$ 35,000.00	203.34	22.73%	\$ 472,809.71	\$ 507,809.71	20.3%
Veneta	\$ 35,000.00	24.04	2.69%	\$ 55,898.23	\$ 90,898.23	3.6%
Westfir	\$ 35,000.00	-	0.00%	\$ -	\$ 35,000.00	1.4%
TOTAL	\$ 420,000.00	894.54	100.00%	\$ 2,080,000.00	\$ 2,500,000.00	100.0%

Exhibit F

FY 03-04 OTIA III \$600,000 Payment

FY 03-04 CCRP \$2,500,000 distributed in Nov - Dec 2003 by road miles

City	OTIA III Pass-through			Combined CCRP & OTIA Payments		
	Base Payment	Av. Payment By Miles/Pop	Total OTIA III	FY03-04 CCRP (2001 miles)	FY 03-04 Total	Percent of Total
Coburg	\$7,800	\$4,414.99	\$12,214.99	\$62,267.32	\$74,482.31	2.4%
Cottage Grove	\$7,800	\$21,278.27	\$29,078.27	\$130,833.86	\$159,912.13	5.2%
Creswell	\$7,800	\$8,724.75	\$16,524.75	\$72,012.34	\$88,537.09	2.9%
Dunes City	\$7,800	\$5,190.37	\$12,990.37	\$65,734.30	\$78,724.67	2.5%
Eugene	\$7,800	\$298,999.56	\$306,799.56	\$1,208,923.78	\$1,515,723.34	48.9%
Florence	\$7,800	\$18,809.01	\$26,609.01	\$120,737.45	\$147,346.46	4.8%
Junction City	\$7,800	\$11,320.26	\$19,120.26	\$84,708.98	\$103,829.25	3.3%
Lowell	\$7,800	\$2,287.00	\$10,087.00	\$45,986.58	\$56,073.58	1.8%
Oakridge	\$7,800	\$8,999.05	\$16,799.05	\$80,281.56	\$97,080.61	3.1%
Springfield	\$7,800	\$116,293.13	\$124,093.13	\$504,447.70	\$628,540.83	20.3%
Veneta	\$7,800	\$9,748.17	\$17,548.17	\$89,066.13	\$106,614.30	3.4%
Westfir	\$7,800	\$335.44	\$8,135.44	\$35,000.00	\$43,135.44	1.4%
TOTAL	\$93,600	\$506,400.00	\$600,000.00	\$2,500,000.00	\$3,100,000.00	100.0%

FY 04-05 OTIA III \$1,400,000 Payment

FY 04-05 CCRP \$2,500,000 by Road Miles

City	OTIA III Pass-through			Combined CCRP & OTIA III Payments		
	Base Payment	Av. Payment By Miles/Pop	Total OTIA III Payment	FY04-05 CCRP (2002 miles)	FY 04-05 Total	Percent of Total
Coburg	\$19,600	\$10,024.91	\$29,624.91	\$62,065.53	\$91,690.44	2.4%
Cottage Grove	\$19,600	\$48,748.28	\$68,348.28	\$130,380.42	\$198,728.70	5.1%
Creswell	\$19,600	\$20,405.30	\$40,005.30	\$73,249.83	\$113,255.13	2.9%
Dunes City	\$19,600	\$11,798.95	\$31,398.95	\$65,506.85	\$96,905.80	2.5%
Eugene	\$19,600	\$686,825.68	\$706,425.68	\$1,204,072.82	\$1,910,498.50	49.0%
Florence	\$19,600	\$43,017.54	\$62,617.54	\$120,102.96	\$182,720.49	4.7%
Junction City	\$19,600	\$26,111.28	\$45,711.28	\$85,061.93	\$130,773.21	3.4%
Lowell	\$19,600	\$5,224.83	\$24,824.83	\$45,905.27	\$70,730.10	1.8%
Oakridge	\$19,600	\$20,538.22	\$40,138.22	\$79,946.45	\$120,084.67	3.1%
Springfield	\$19,600	\$268,500.30	\$288,100.30	\$507,809.71	\$795,910.01	20.4%
Veneta	\$19,600	\$22,822.02	\$42,422.02	\$90,898.23	\$133,320.25	3.4%
Westfir	\$19,600	\$782.70	\$20,382.70	\$35,000.00	\$55,382.70	1.4%
TOTAL	\$235,200	\$1,164,800.00	\$1,400,000.00	\$2,500,000.00	\$3,900,000.00	100.0%

Exhibit G
County Funded CIP Projects in or near Cities

	Jurisdiction	City	Cost	Year	County Project?
<u>CaPP Projects</u>					
Wayne Morse Courthouse	ODOT	Eugene	\$325,000	FY04-05	No
Hwy 126 West Frontage Road**	Veneta	Veneta	\$450,218	FY03-04	No
Hwy 126 East @ Thurston	ODOT	Springfield	\$500,000	FY05-06	No
Hwy 58 @ Industrial Pkwy*	ODOT	Oakridge	\$240,000	FY03-04	No
Hwy 99 @ Harrison*	ODOT	Cottage Grove	\$545,000	FY03-04	No
Spfld/Creswell @ I-5, Bike/Ped Xing	ODOT	Creswell	\$300,000	FY03-04	No
2nd St. Extension**	Florence	Florence	\$248,584	FY03-04	No
E-S Hwy @ 42nd St Signal	ODOT	Springfield	\$200,000	FY04-05	No
<u>MLK Parkway*</u>	<u>Springfield</u>	<u>Springfield</u>	<u>\$3,300,000</u>	<u>FY04-05</u>	<u>Yes</u>
CaPP Subtotal			\$6,108,802		
<u>Community Development Projects</u>					
14th Ave Extension	Eugene/4J	Eugene	\$472,000	FY03-04	No
Judkins Pt. Interchange	ODOT	Eugene	\$200,000	FY04-05	No
Hwy 99 @ Harrison*	ODOT	Cottage Grove	\$175,000	FY03-04	No
Second Street*	Oakridge	Oakridge	\$400,000	FY03-04	No
Hwy 126 East Frontage Road*	Veneta	Veneta	\$195,013	FY03-04	No
Laura Street	County	Springfield	\$200,000	FY03-04	No
<u>Unencumbered Balance</u>			<u>\$443,471</u>		
CD Subtotal			\$2,085,484		
<u>County CIP Projects</u>					
Hulbert Lake Road	County	N/A	\$1,540,000	Cancelled	Yes
Lingo Lane	County	N/A	\$396,000	Cancelled	Yes
Mill Road	County	N/A	\$352,780	Cancelled	Yes
Delta/Beltline Interchange	County	Eugene	\$8,050,000	FY05-06	Yes
Game Farm Road, C/L to Coburg Rd*	County	Eugene	\$2,640,000	FY04-05	Yes
Royal Ave, Terry to Green Hill*	County	Eugene	\$2,200,000	FY05-06	Yes
MLK Parkway*	Springfield	Springfield	\$1,900,000	FY04-05	Yes
Jasper Rd Extn, S 57th to Jasper Rd*	County	Springfield	\$2,500,000	FY04-05	Yes
Irving Overpass	County	Eugene	\$4,000,000	FY05-06	Yes
<u>Assisted Housing Roads</u>			<u>\$2,033,000</u>		<u>Some</u>
CIP Subtotal			\$25,611,780		
Total County Funded Projects			\$33,806,066		

* Project in progress

** Partial payments made

Report on Ballot Measures Placed Before Lane County Voters At the Same Time As County Serial Levy Measures

Special Election	Type of Measure	Purpose of Measure	Vote	Percent	50% MET	
			(From Final Press Report)			
Mar 31, 1987	County	Three Year Operating Levy for Jail Programs	Y	22,292	58.02%	N/A
			N	15,279	39.98%	
Sept. 15, 1987	County	Lane County Three Year Oper. Levy for Law Enforcement	Y	35,700	58.34%	N/A
			N	24,251	39.66%	
	County	Lane County Three Year Operating Levy for Extension Services	Y	39,301	64.22%	N/A
			N	20,830	34.04%	
Mar 27, 1990	County	Lane County Three Year Operating Levy for Law Enforcement and Jail Programs	Y	33,058	56.23%	N/A
			N	23,205	39.47%	
June 26, 1990	County	Three Year Operating Levy for Lane Count Library Programs	Y	26,626	41.47%	N/A
			N	36,565	56.95%	
	County	Lane County Three Year Operating Levy for Extension Services	Y	32,091	49.98%	N/A
			N	31,108	48.45%	
June 30, 1992	County	Lane County Three Year Operating Levy fo Public Safety and Public Health	Y	26,723	40.70%	N/A
			N	38,370	58.44%	
Mar 23, 1993	County	Three Year Operating Levy for Law Enforcement and Jail Programs	Y	48,624	63.77%	N/A
			N	24,299	31.87%	
	County	Five Year Operting Levy for Lane County Extension Servicices the Siuslaw Library District	Y	43,099	56.52%	N/A
			N	27,346	35.86%	
			N	233	41.23%	
May 17, 1994	County	Lane County Real Property Transfer Tax	Y	21,202	29.39%	N/A
			N	47,498	65.85%	

May 16, 1995	County	Juvenile Justice Center General Obligation Bonds	Y 40,051 50.96%	N 34,580 44.00%	N/A
Mar 12, 1996	County	Lane County Sheriff's Operations - Three Year Split Rate Serial Levy	Y 26,644 25.96%	N 70,616 68.79%	N/A
May 21, 1996	County	Lane County Two Year Operating Levy A	Y 36,239 45.32%	N 32,910 41.16%	N/A
	County	Lane County Two Year Operating Levy A Plus	Y 26,256 32.84%	N 41,756 52.22%	N/A
May 20, 1997 **	County	Lane County One Year Public Safety Levy	Y 41,387 52.90%	N 36,728 47.00%	NO
0 of 1 Measures Passed		** Measure 47's Double Majority Requirement became effective at this election. So, even though the levy received 52.9% of the vote, only 43.9% of the voters turned out, so the levy failed.			
May 19, 1998	County	Formation of the McKenzie Mohawk Sheriff's Law Enforcement District	Y 1,194 40.00%	N 1,789 59.90%	N/A
Nov 3, 1998	County	4 Year Community Safety and Justice	Y 52,434 49.20%	N 54,116 50.70%	N/A
		Jail Intake & Assessment Center General Obligation Bonds	Y 52,632 49.90%	N 52,645 50.70%	N/A
Nov 2, 1999	County	Safer Communities Tax Surcharge Charter Amendment	Y 18,166 25.90%	N 51,799 74.00%	N/A
Nov 7, 2000	County	Work Camp, Jails & Services 4 Year Local Option Tax	Y 56,782 41.10%	N 81,360 58.80%	N/A
	County	Jail Improvements General Obligation Bonds	Y 52,434 38.00%	N 85,442 61.90%	N/A

Nov 5, 2002	County	Jail Improvements General Obligation Bonds	Y	45,536	39.40%	N/A
			N	69,820	60.50%	
	County	Public Safety Emergency Communications General Obligation Bonds	Y	50,925	44.20%	N/A
			N	64,180	55.70%	
	County	Courthouse & Plaza Access General Obligation Bonds	Y	20,280	17.60%	N/A
			N	94,658	82.30%	
County	Park Improvements General Obligation Bonds	Y	44,563	38.20%	N/A	
		N	71,817	61.70%		
County	Public Health General Obligation Bonds	Y	45,336	39.20%	N/A	
		N	70,284	60.70%		
County	Planetarium & Learning Center General Obligation Bonds 5 Year Local Option Tax for General Operations	Y	43,283	37.30%	N/A	
		N	72,567	62.60%		

Did you know the Lane County Department of Assessment and Taxation provides these services to cities?

Collect and Distribute tax.

The most important service we provide is to turn over revenue to the taxing districts. During 2003-04, \$125 million in property taxes will be turned over to the cities. That is \$.35 of every dollar collected.

The reduction in staff will mean distribution of the November payment will be stretched to the limit required by statute. This will mean a fifteen day delay in processing payments -- loss of interest earnings and loss of use of the revenue.

City	Property Tax	Bonds	Special Assessments	Urban Renewal	Local Option	Total Certified Tax for 2003
City of Coburg	450,493.71		7,085.54	313,408.69		770,988
City of Cottage Grove	2,155,327.68		2,469.71	574,241.34		2,732,039
City of Creswell	399,665.99		1,436.84			401,103
City of Eugene	79,497,438.25	5,548,628.28	240,572.81	4,311,846.84	4,874,658.02	94,473,144
City of Florence	1,841,592.36	323,994.82	3,833.93			2,169,421
City of Junction City	1,308,137.84		737.78			1,308,876
City of Lowell	69,793.11	4,785.42	2.94			74,581
City of Oakridge	719,245.35	52,994.75	1,020.63			773,261
City of Springfield	16,625,557.45	1,114,816.27	356,079.02		2,746,174.95	20,842,628
City of Veneta	638,303.29	64,762.30	4,306.81	446,845.63		1,154,218
City of Westfir	79,494.47		274.25			79,769
						124,780,027

Appraise New Construction

Our appraisal staff inspected and appraised new construction and added \$281 million in assessed value to the property tax rolls.

City	Accounts	Total New Assessed Value Added in 2003
City of Coburg	134	30,278,629
City of Cottage Grove	422	11,883,731
City of Creswell	375	16,181,221
City of Eugene	3,179	125,297,973
City of Florence	453	26,228,413
City of Junction City	267	7,224,165
City of Lowell	52	1,094,740
City of Oakridge	163	1,694,510
City of Springfield	1,051	50,480,791
City of Veneta	285	10,951,239
City of Westfir	24	142,207
	6,405	281,457,619

The reduction in staff will not only create a backlog of new construction appraisals, but will also increase the backlog in property divisions and ownership changes. Approximately 13,550 appraisals, and property divisions will not be completed.

Provide Information to Taxing Districts

The Assessment and Taxation staff not only provides information to property owners, but we provide information necessary for cities to conduct their business.

Annually generate the Summary of Assessments and Levies report which provides detailed information about the levy calculations and information about the property assessments within the city.

We maintain property ownership records, names and addresses on 172,000 property accounts.

We provide top ten taxpayer lists and Real Market Value information for bonding purposes.

The reduction in staff will not only reduce our ability to provide information to taxpayers and the public, but the information provide to taxing districts will be curtailed.

Respond to Appeals

We respond to appeals of the real market value and present information to the Board of Property Tax Appeals, and the Oregon Tax Court. Our ability to respond to appeals will be reduced. The chart below reflects the general level of appraisal participation at appeal. In general there is an inverse relationship with lower percentage of reduction occurring with higher appraiser participation. Reductions in value mean lost revenue through reduced taxes and interest payments.

Appeals to the Board of Property Tax Appeals						
Year	Property Type	Net # Appeals	AV Before	AV After	Difference	% Reduction
1999	ALL APPEALS	887	\$229,070,970	\$198,855,419	\$30,215,551	13.19%
2000	ALL APPEALS	1671	\$382,617,949	\$354,635,893	\$27,982,056	7.31%
2001	ALL APPEALS	1203	\$324,915,228	\$298,661,196	\$26,254,032	8.08%
2002	ALL APPEALS	1166	\$425,408,658	\$395,456,187	\$29,952,471	7.04%
2003	ALL APPEALS	1308	\$356,045,714	\$335,141,721	\$20,903,993	5.87%

Rank	Tax District	Perm Rate Per 1,000
1	City of West Fir	9.30
2	City of Cottage Grove	7.21
3	City of Oakridge	7.20
4	City of Eugene	7.01
5	City of Junction City	6.04
6	City of Veneta	5.64
7	City of Springfield	4.74
8	City of Coburg	3.75
9	Lake Creek RFPD	3.08
10	River Road Park & Rec	3.06
11	City of Florence	2.86
12	Lowell RFPD	2.70
13	City of Creswell	2.67
14	Eugene 1 RFPD	2.54
15	Bailey-Spencer RFPD	2.39
16	Zumwalt RFPD	2.34
17	Lorane RFPD	2.30
18	City of Lowell	2.16
19	Swishome RFPD	2.15
20	Lane Rural Fire & Res	2.12
21	Rainbow Water & Fire	2.06
22	Lane Co 1 RFPD	1.98
23	Willamalane Park & Rec	1.97
24	River Road Water	1.97
25	Mohawk Valley RFPD	1.91
26	Glenwood Water	1.90
27	Willakenzie RFPD	1.88
28	Goshen RFPD	1.72
29	Monroe RFPD	1.69
30	McKenzie RFPD	1.61
31	Siuslaw RFPD	1.54
32	Dexter RFPD	1.42
33	Mapleton RFPD	1.39
34	Coburg RFPD	1.33
35	Lane County	1.27
36	Upper McKenzie RFPD	1.20
37	Pleasant Hill RFPD	1.10
38	So Lane County RFPD	1.05
39	Santa Clara RFPD	1.04
40	Creswell RFPD	1.02
41	Junction City RFPD	0.98
42	Blue River Water	0.95
43	Siuslaw Public Library	0.52
44	Marcola Water	0.40
45	Fern Ridge Library	0.38
46	McKenzie Palisades Water	0.36
47	West Lane Ambulance	0.32
48	River Road Sub 1 Water	0.28
49	Junction City Water	0.25
50	Siuslaw Port	0.15

Rank	County	Population	Comparative Tax Rate*
1	WHEELER	1,550	10.0554
2	SHERMAN	1,900	9.1921
3	LAKE	7,400	6.7280
4	HARNEY	7,300	6.4328
5	DOUGLAS	101,800	5.7362
6	MORROW	11,750	5.1837
7	MULTNOMAH	677,850	4.9625
8	WALLOWA	7,150	4.5488
9	BAKER	16,500	4.3403
10	WASCO	23,550	4.2518
11	JEFFERSON	19,900	4.1612
12	CROOK (CITY)	20,300	4.0888
13	GRANT	7,650	3.8794
14	GILLIAM	1,900	3.8450
15	BENTON	80,500	3.7984
16	JACKSON	189,100	3.7022
17	JOSEPHINE	78,350	3.6862
18	COOS	63,000	3.6752
19	LINN	104,900	3.4528
20	WASHINGTON	472,600	3.3260
21	LINCOLN	45,000	3.2656
22	UMATILLA	71,100	3.2159
23	CLACKAMAS (RURAL)	353,450	3.1940
24	DESCHUTES (RURAL)	130,500	3.1324
25	MARION	295,900	3.1282
26	UNION	88,150	3.0348
27	KLAMATH	64,600	3.0281
28	YAMHILL	86,400	2.7704
29	TILLAMOOK	24,900	2.7434
30	COLUMBIA	45,000	2.6787
31	MALHEUR	32,000	2.5822
32	CURRY	21,100	2.5547
33	CLACKAMAS (CITY)	353,450	2.4042
34	POLK	64,000	2.4005
35	LANE	329,400	2.0562
36	HOOD RIVER	20,500	2.0531
37	CLATSOP	36,300	1.5088
38	DESCHUTES (CITY)	130,500	0.7800
39	CROOK (RURAL)	20,300	-

*Includes O&C Timber payments for eligible counties

**Department of Youth Services 2003 Criminal Referrals
by Current Residence Area**

	Criminal				Total Non-Criminal	TOTAL REFERRALS	% Criminal	% Non-Criminal	% of Total Referrals	Total Youth
	Person	Property	Other	Total Criminal						
Coburg	0	1	2	3	0	3	0.1%	0.0%	0.1%	2
Cottage Grove	23	108	16	147	30	177	6.8%	2.9%	5.6%	109
Creswell	5	35	7	47	22	69	2.2%	2.1%	2.2%	45
Eugene	107	582	237	926	530	1456	42.9%	51.5%	45.7%	1002
Florence	13	57	13	83	37	120	3.8%	3.6%	3.8%	70
Junction City	24	64	16	104	46	150	4.8%	4.5%	4.7%	97
Lowell	2	8	2	12	18	30	0.6%	1.7%	0.9%	13
Oakride	13	47	15	75	23	98	3.5%	2.2%	3.1%	75
Springfield	92	326	119	537	183	720	24.9%	17.8%	22.6%	509
Veneta	8	14	15	37	23	60	1.7%	2.2%	1.9%	45
Westfir	1	2	1	4	10	14	0.2%	1.0%	0.4%	10
All Others	26	112	45	183	107	290	8.5%	10.4%	9.1%	147
Grand Total	314	1356	488	2158	1029	3187	100.0%	100.0%	100.0%	2124

REDUCTIONS TO DEPARTMENT OF YOUTH SERVICES

Note: Economic decline and severe cuts over the past two years has created a constant erosion of juvenile justice services and treatment options needed to effectively respond to juvenile crime. It leaves serious juvenile offenders with complicated treatment needs in a community with reduced resources.

Past Reductions	'04 – '05 Proposed Cuts	Impact
8 juvenile probation counselors	3 positions	<ul style="list-style-type: none"> • 300 juvenile offenders impacted by decreased supervisory support • Reduced monitoring of conditions of probation and supervision compliance • Juvenile offenders have increased time between criminal offense and intervention
Reduction of 6 alcohol and other drug treatment beds for boys	Eliminate remaining 8 beds	<ul style="list-style-type: none"> • 32 serious juvenile offenders in the community without substance treatment
Federal grant reduction decreases corrections & treatment response for juvenile offenders with alcohol/drug problems	\$300,000 reduction	<ul style="list-style-type: none"> • Greatly reduces ability to monitor and provide treatment services for these high-risk juveniles
7 shelter care beds		<ul style="list-style-type: none"> • 75 high risk offenders remain in the community with limited supervision
45 secure state beds for juvenile offenders - (these beds are managed by the state's Oregon Youth Authority).	It is unknown if the state will cut more beds for Lane County over the next year	<ul style="list-style-type: none"> • Annually, 125 serious juvenile offenders will remain in the community. A review of 19 offenders, released due to 2003 bed reduction, shows 5 have subsequently committed significant crimes
73 percent reduction in state funding for juvenile crime prevention		<ul style="list-style-type: none"> • More youths commit crimes and enter the juvenile justice system.
Dramatic reductions in prevention, mental health services, alcohol & drug treatment, education, and shelter care for girls		<ul style="list-style-type: none"> • More juvenile offenders with primary mental health needs. • Longer detention without appropriate treatment. • Limits detention beds as a sanction for other juvenile offenders.

Lane County is projecting a \$4.1 million discretionary general budget shortfall. To provide a balanced fiscal year 2004-05 budget and create stability through the fiscal year 2005-06 cycle, Lane County is proposing a nine percent across the board cut.

Before thinking about what should be cut, understand the big picture of Lane County's Budget

THE BIG PICTURE OF LANE COUNTY GOVERNMENT'S BUDGET

1) Lane County's Commissioners have directed the County to live within its means. Commissioners won't initiate any money measures. That may mean painful cuts, such as many a local family has to make when money gets tight and expenses keep rising. But, it **strongly fulfills one of Lane County Government's primary goals: listening to citizens. That means cuts, which can be painful. Causes?** Rising expenses and flat or slow growing revenue cause the shortfall. Lane County's major source of funding for the discretionary General Fund is property taxes and these are constrained to 3 percent growth annually. The County's expenses are rising 6 percent, mainly due to health benefits negotiated with labor unions such as health, dental and retirement benefits. Lane County's negotiated benefit costs will be \$5.27 million more in Fiscal year 04-05 than four years ago.

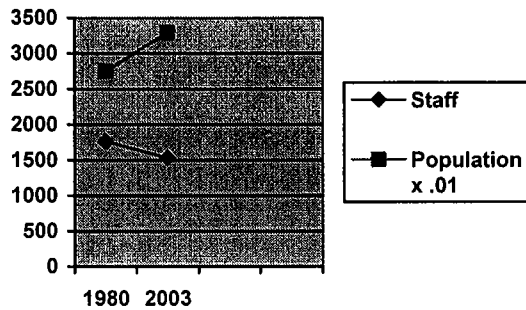
2) Lane County's budget is already a lean machine. Helpful comparisons:

- a) The County's permanent tax rate is \$1.28 per thousand in property tax dollars collected. The City of Eugene is at \$7 and the City of Springfield/Willamalane is \$6.71. With 1/5 the tax rate that the City of Eugene has, Lane County provides comprehensive general government services (public health, mental health, public safety, criminal justice, roads, vital records, animal regulation, elections, etc.) for citizens in all the County's urban and rural areas.
- b) The impact on the Total County Budget of federal, state and local reductions over the last three years is more than \$30 million and nearly 170 employees.
- c) Lane County operates with a meager manager to staff ratio. According to most personnel management theories, the optimum number of employees per supervisor is five or six.

<u>Jurisdiction</u>	<u>Manager/Staff</u>
Lane County	1 to 12.5
Clackamas County	1 to 10.8
Marion County	1 to 6.5
Jackson County	1 to 5.3
Washington County	1 to 4
City of Springfield	1 to 5.4
City of Eugene	1 to 5.2

d) Staffing to Population Changes

YEAR	COUNTY STAFF	POPULATION
1980	1,765 employees	275,226 citizens
2003	1,530 employees	329,400 citizens



- 2) **Lane County relies on a mixture of resources** – state, federal, and local – to provide for the safety and security of Lane County’s 328,000 citizens through public safety, public works, human services, elections, vital records and other systems. The Discretionary General Fund is about \$51.7 million and it’s the only portion of Lane County’s \$425 million budget that the budget committee and commissioners have any authority to adjust. **Within the Discretionary General Fund, there are some services still mandated by state and federal law**, such as Elections, Deeds and Records, and Assessment and Taxation to name a few.
- 3) **The County Government’s effectiveness is comprised of the sum of its parts.** Much like a human body, the system can’t function properly without all the pieces. Without mental health services or drug treatment programs, crime and healthcare costs increase; without public health, the community is at risk and insurance costs rise to cover the indigent; without jail beds or parole and probation resources, prosecuting misdemeanors is wasted time, offenders go free and the public is put at risk. Without animal regulation, there’s disease and public health risk. And, there has to be some administrative resources to run the government, manage the budget, protect the county’s legislative interests, and report accountably to the public.
- 4) **65 percent of the Discretionary General Fund is dedicated for Public Safety**, including Parole and Probation and District Attorney. The reductions in these areas are larger, but so is the overall funding.

**What is funded by the Discretionary General Fund
& the proposed cuts for fiscal year 04-05**

Department Service	9% proposed cut from Discret. Gen. Fund	Reductions due to state cuts, expenses exceeding revenue, and grant changes	Total Budget Reduction	Total Full Time Equivalent Employees Cut	Remaining Operating Budget All Funds
Sheriff's Office	\$2,319,523	\$30,914	\$2,350,437	26	
Sheriff's Office Restoral of State Community Corrections funds for 48 beds	1,020,533 ADDED BACK		1,020,533	11.5 ADDED BACK	
Sheriff's Office Net	\$1,298,990	\$30,914	\$1,329,904	14.5	\$43,497,359
Youth Services – Juvenile Justice	\$529,420	\$297,123	\$826,543	3	\$8,774,584
District Attorney	\$454,580	\$637,839	\$1,092,419	14.9	\$6,313,752
Assessment and Taxation	\$451,794		\$451,794	3	\$4,868,984
Information Services (technology)	\$268,916	\$198,354	\$467,270	0	\$7,366,863
Health & Human Services	\$377,051	\$340,609	\$717,660	3.76	\$71,674,142
Regional Information System	\$78,606	\$398,023	\$476,629	3	\$9,313,709
Management Services (finance, facilities management, county clerk/elections, LCARA)	\$49,673	\$197,537	\$247,210	4.25	\$9,357,259
Board of Commissioners County Administration	\$32,591	\$80,716	\$113,307	2.37	\$2,289,772
County Counsel Legal Services and Law Library	\$10,166	16,296	\$26,462	.25	\$1,218,792
General Expense	\$8,942	\$627,603	\$636,545	0	\$27,997,182
TOTAL	\$3,560,729	\$2,825,014	\$6,385,743	49.03	\$192,672,398

NOTE: The Discretionary General Fund total figure differs from the Discretionary General Fund shortfall of \$4.1 million because of the State Community Corrections Authority Restoral of \$1,020,533, which was allocated in the Discretionary General Fund and also restored 11.5 fte.

FUNDS WITHIN LANE COUNTY'S TOTAL BUDGET

Each year, the County prepares a budget and spending plan. The two main sections of the spending plan are the operating budget and the roads capital improvement budget.

The operating budget, including the General Fund, provides and maintains services on a daily basis. It is divided into many different "funds" (such as general fund) that are required by state or federal laws, the County's Charter, Lane Code, or generally accepted accounting practices.

The General Fund (of which the Discretionary General Fund is a portion)

Special Revenue Funds include dedicated funds such as the road fund and school fund.

Debt Services Funds for repaying debt incurred from past years

Capital Projects Funds for construction, maintenance and repair projects other than roads or waste management

Enterprise Funds for self-sustaining programs such as County Fair and Waste Management Division.

Internal Service Funds provide self-insurance, employee benefits, information systems, fleet service, and computer replacement.

The roads capital improvement budget includes preservation and improvement projects on County roads, revenue sharing with other agencies, special grant programs, and repairs to County shops. These funds are budgeted in the Road Fund.

HOW LANE COUNTY'S RELIANCE ON PROPERTY TAX AFFECTS TODAY'S BUDGET

The percentage of property tax that goes to Lane County has been declining.

In 2001, Lane County received 9.8 cents of every dollar

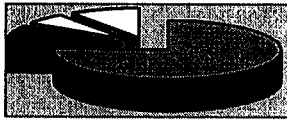
In 2002, it was 9.5 cents

In 2003, it was 9.2 cents

The remainder goes to about 80 schools, cities, ambulance, library, parks, water, and fire districts.

Revenue from Property Taxes grows by three percent per year, but the County's cost to provide services is growing by six percent. The property tax rate is constrained by law (Measures 47 and 50) to 3 percent growth per year, based on assessed, not market rates, of property. Taxes may also grow by the amount of new construction and is offset by property tax exemptions and urban renewal districts.

Lane County faces financial challenges on many fronts, including its Bond Rating. Moody's may downgrade the County's Bond Rating because reserves have reached unacceptably low levels. A downgrade in the rating makes future borrowing for new facilities, roads, parks, and other infrastructure more difficult and more expensive.



- Personal Income Taxes
- Legis. Action
- Lottery
- Other

HOW HAS THE COUNTY'S FUND SOURCES CHANGED OVER TIME?

Property Tax System was changed significantly in 1997 by Measures 47 and 50. The growth in tax revenues prior to Measures 47 and 50 was six percent as set by the Oregon Constitution. After 47 and 50 it has averaged five percent per year and is declining. At the same time, the County's costs to provide services has grown at a rate of 6 percent. This is a result of Measures 47 and 50, which were passed by voters in 1997. These measures significantly revised the entire property tax system. Pre Measure 47/50, a 6 percent growth in the tax rate was allowed. The rate is now constrained to 3 percent, plus new construction.

Federal Funds (for Federal Land holdings)

A total of 56 percent of all Lane County lands are owned by the Federal Government, which does not pay taxes. For 61 years, Lane County relied on money from harvesting timber on federal lands (United State Forest Service, and BLM/O&C forests). These provided stable funding for public safety, public health, roads, and other services. When the policies for Federal Timber harvesting changed in the 1990s, resulting in lower timber harvest levels, the County's budget declined precipitously. About one-third of the County's workforce was laid off.

In 2000, a six-year federal funding bill was passed by Congress with the help of Congressman Peter DeFazio and Senators Ron Wyden and Gordon Smith. This funding agreement, Secure Rural School and Community Self-determination Act runs out after 2006. Lane County will lose \$21 million per year in revenue. This will affect schools, roads, rural law enforcement patrols, Forest Work Camp, Search and Rescue, Forest Deputy patrols, and conversation easements. The county is working with its delegation to renew the federal legislation.

Benefits Cost Increases

Cost increases are being driven by Health Care and Retiree Medical Benefits. The County has little control over these costs because they are protected by collective bargaining agreements. This year, costs are projected to rise by 20 percent. Lane County's negotiated benefit costs will be \$5.27 million more in Fiscal year 04-05 than four years ago.

THE STATE CUTS AFFECT LANE COUNTY'S SERVICES

Lane County, as a subdivision of the state, delivers an array of shared services that protect public safety, health and quality of life. IMPORTANT: While this is not part of the General Fund, it is helpful for citizens to understand that the state cuts (as opposed to county budget cuts) also diminish or eliminate various services provided to local citizens by Lane County Government.

THE PUBLIC IS INVOLVED IN THE BUDGET

Budget Committee Meetings

April 20 (public hearing - public comment at approximately 8:30 p.m.)

April 22, 27 (public comment 5:15 p.m. – 5:30 p.m.)

Budget Work Sessions

April 29, May 4, 6, 11, 13

Budget Committee Approval

May 18 or 20 (Public Comment at 5:25 –5:45 p.m.)

Budget Adoption June 16

THE NATION'S COUNTIES IN CRISIS

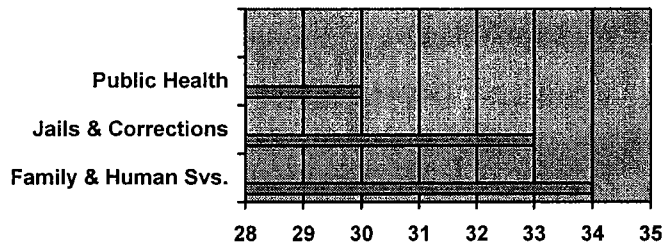
The fiscal pressure on state budget actions that originate in the state capitols and Washington, D.C. are affecting counties and will have serious consequences for millions of Americans in communities across the country.

Among the major findings of a national survey by the Carl Vinson Institute of Government, University of Georgia:

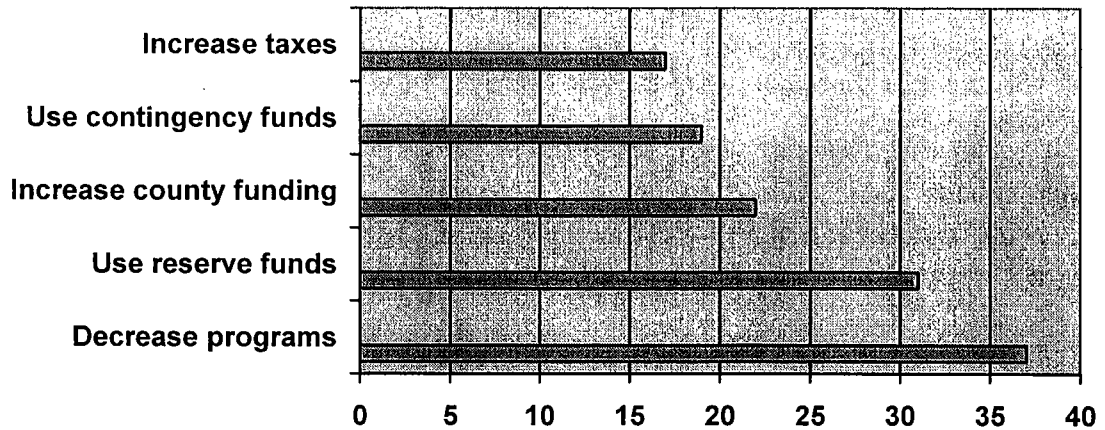
- 25 percent of counties are planning decreases in public health services
- 56 percent of counties are facing reductions in state funding for state-mandated programs
- 37 percent of counties facing state reductions will reduce services
- 17 percent of counties will increase taxes.

While counties struggle to deal with the revenue reductions, the demand for services continues to rise. Although they contain the largest and most specialized labor markets, metro areas are also the home for the majority of the nation's unemployed workers. Of Lane County's 329,400 population, 71.3 percent live in one of 12 local cities.

Percentage: U.S. Counties Major Funding Areas Affected by State Cuts

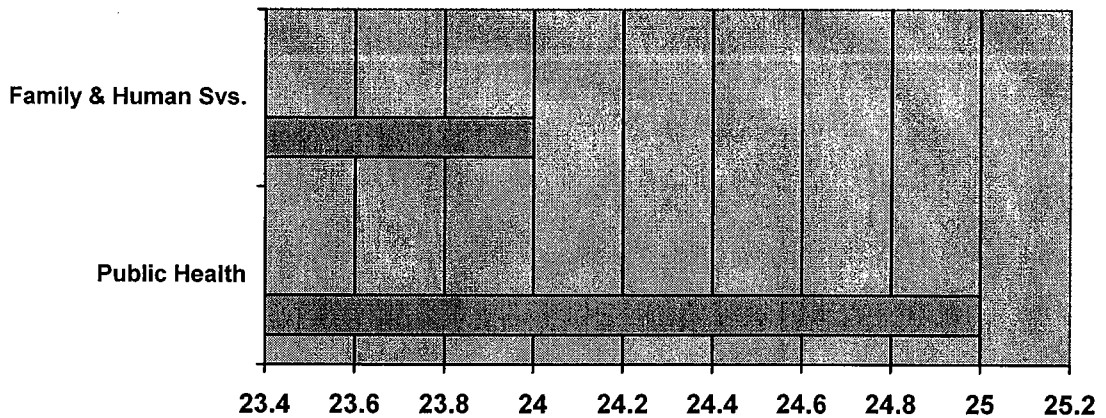


Percentage: Counties with Shortfalls Will Carry Out State-Mandated Programs in the Following Ways



For governments that cannot increase property taxes, a close examination of their service delivery requirements is in order. Adjustments in staffing levels, service hours and programs can often achieve cost savings. A recent survey of counties and cities, conducted by the International Personnel Management Association, revealed that some are achieving cost savings in staffing by using layoffs, hiring freezes, leaving positions vacant, providing retirement incentives and mandatory furloughs. Others are reducing the hours of certain county conducted services as a means of adjusting their budgets.

Percentage: Counties Planning Decreases in the Following Services:



Percentage: Counties Experiencing Simultaneous Increase in Service Demand and Budgetary Shortfalls:

