



BOARD OF COMMISSIONERS

1300 NW Wall Street, Bend, Oregon

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DESCHUTES COUNTY BUDGET COMMITTEE MEETING

The 2023 Budget Hearings for the week of May 22-25, 2023 were held in the Barnes Sawyer room at 1300 NW Wall Street, Bend, broadcast live stream on YouTube and through the virtual meeting platform Zoom. Audio and video recordings of the budget hearings are accessed at www.deschutes.org/meetings

Present were Budget Committee Members Bruce Barrett, Jim Fister, and Judy Trego, Commissioners Patti Adair, Anthony DeBone, and Phil Chang. Also present were County Administrator Nick Lelack, Deputy County Administrators Whitney Hale and Erik Kropp, Chief Financial Officer Robert Tintle, Budget Manager Dan Emerson, Budget Analyst Camilla Sparks, Treasurer Bill Kuhn and (via Zoom) BOCC Administrative Assistant Angie Powers.

Reconvene Deschutes County Budget Meeting: Chair Barrett reconvened the Deschutes County Budget Meeting at 9:01 a.m. on Wednesday, May 24, 2023.

Deschutes County 911 Service District (Funds 705, 710):

- Convene as the 911 Service District
- Open the Public Meeting @ 9:02 a.m.
- Introductions: 9-1-1 Director Sara Crosswhite, 9-1-1 Operations Manager Chris Perry and 9-1-1 Technical Systems Manager Jonathan Spring were in attendance.
- Budget Discussion: Ms. Crosswhite provided a department overview, mission, accomplishments and department budget details. Of note was the 9-1-1 phone system, which was upgraded in March 2023 and experienced a smooth transition. The current tax levy is being maintained for the 8th year in a row, so they continue to work within their means. The levy rate may need adjustment in FY 2029. Technology upgrades continue to be one of the department's ongoing challenges. Responding to Commissioner Adair, Ms. Crosswhite reported they have a total of seven

vacancies: six telecommunicator positions and one floor supervisor. Responding to Commissioner Chang, Ms. Crosswhite responded that pay is an important factor in recruitment and retention, but Deschutes County 9-1-1 is competitive with comparable counties. Recruiting outside of the area is challenging due to the high cost of housing in Deschutes County.

- Public Comment: None presented.

Commissioner Adair: Move approval of Deschutes County 9-1-1 Service District Operating Budget of \$19,810,594 and set tax rate at \$0.3618 per \$1,000 of assessed valuation (Fund 705)

FISTER: Second

VOTE: All yes, motion carried.

Commissioner Adair: Move approval of Deschutes County 9-1-1 Service District Equipment Reserve budget of \$9,376,072 (Fund 710).

FISTER: Second

VOTE: All yes. Motion carried.

- Chair Barrett closed the public meeting for the 9-1-1 Service District at 9:23 a.m.

DIRECT SERVICES -

Assessor's Office (Fund 001-02): Scot Langton, County Assessor, presented the department overview. He's presenting a status quo budget with no changes in FTE for FY 24. A 4.6% budget increase is proposed, due in large part to increases in COLA and necessary software changes.

A graph showing a 24-year history of assessed value vs. real market value was presented. His department has only increased 2.51 FTE over the past 24 years, while market value has increased 729.6% and assessed value 376.7%. Taxes imposed have increased 430.4% over this time period. The rural areas are growing at a slower rate than the incorporated cities. Responding to Dir. Fister, Mr. Langton said that the addition of more ADUs does not have as significant an impact as, for example, a new apartment complex would have. Mr. Emerson reported that the long-term forecast assumes a growth of 4.9% over the next 20 years. Mr. Langton said that one downfall of Measure 50 is the difficulty in being able to forecast one year out.

The impact of County Assessment Function Funding Assistance (CAFFA) grants was discussed at length. The question of whether there should be a cost-share with the local taxing districts on the tax assessment services provided by the County was discussed. Historically, 100% of the Assessor's Office operating budget was provided by the general fund.

Clerk's Office (Fund 001-05, 001-06, 218): Steve Dennison, County Clerk, presented the department overview. Recordings Supervisor Jeff Sageser and Elections Supervisor Michael

Lui were also in attendance. There are 11 FTE in the Clerk's Office, and two FTE have been added over the past couple of years, due in large part to succession planning. They anticipate three additional retirements in the coming years. Department accomplishments were summarized.

Budget details illustrate that real property transaction recordings make up the bulk of the Clerk's Office's charges for services, and levels of these transactions are down nearly 50% over the past year, due in large part to mortgage rate increases reducing the number of refinances. Although recording levels are down, it is important to maintain the continuity of services provided in light of these upcoming and recent retirements. Sustained high interest rates could lead to a long-term impact on revenue. Costs related to the new statewide voter registration system may also have fiscal impacts.

A major challenge of the Clerk's Office are its space needs for election operations, with the current footprint being inefficient and posing risks. Responding to Commissioner DeBone, Mr. Dennison shared that approximately three times the current square footage would be optimal for conducting efficient election operations. Commissioner Chang suggested the third floor of the expanded courthouse as a possible elections flex space which could potentially meet future needs.

Succession planning continues to be reevaluated. Voter outreach, education and engagement is a priority moving forward as well.

Break: *At the time of 10:15 a.m., a break was taken and the meeting was reconvened at 10:25 a.m.*

Natural Resources (Fund 326): Kevin Moriarty, County Forester and Natural Resources Department Head, presented the department overview. His department includes two FTEs, the Fire-Adapted Communities Coordinator and himself. Department accomplishments were summarized. Notably, a total of 38 Firewise Communities were awarded grants totaling \$172,000. An additional line item was added to the current year's budget for noxious weed compliance and abatement. Mr. Moriarty stated a need for personal services to administer fuel reduction contract implementation. Reduced funding from Title III and video lottery are some short-term fiscal issues facing the department.

Community Development (Funds 295-303): Peter Gutowsky, CDD Director, presented the department overview. Also present was Senior Management Analyst, Sherri Pinner. Mr. Gutowsky spoke about some of the department's accomplishments, with the department entering the second year of the Comprehensive Plan Update. Statewide legislation implementation has taken place with SB 391 (rural ADUs) and HB4079 (affordable housing pilot project). Ms. Pinner summarized some of CDD's fee increases for FY 24. Both spoke to the continued challenges of staff recruitment and retention faced by the department. New staff training and certification is a large investment and time-intensive. Another challenge faced is a decrease in permitting volume. Each of CDD's funds were summarized by Ms. Pinner.

Break: *At the time of 11:40 a.m., a lunch recess was taken and the meeting was reconvened at 12:11 p.m.*

Fair & Expo Center (Funds 615-619): Geoff Hinds, Fair & Expo Director, presented the department overview. Redmond Fair Board members Bill Kuhn and Steve Curley were also in attendance to answer questions. The department's five unique funds were summarized. Three funds operate in an enterprise model and two operate as capital funds. Mr. Hinds shared that August 2-6, 2023 are the dates for this year's upcoming Fair and Rodeo. Department accomplishments were covered, notably that the 2022 Deschutes County Fair & Rodeo experienced the highest ever attendance and earnings in all categories, and also received numerous awards. The facilities provide an important emergency response and evacuation center for fire and natural disasters.

Commissioner Adair spoke to the importance of non-alcoholic beverage offerings, despite the record high alcoholic beverage sales during the 2022 Fair and Rodeo.

The department is asking for four new FTEs in FY 24, to meet the demands of contract administration and facility maintenance/repairs. Repair and replacement of facilities over the 320-acre property will be the department's major short and long-term fiscal issue. Capital reserved funds are slated for a number of capital improvement projects and growth/expansion.

Responding to Commissioner Adair, the cost of drilling a new well would be approximately \$1,000/foot and the depth could reach an estimated 1,000 feet. The capacity of their current well has decreased by approximately 50%, so the necessity of drilling a new well may be in the department's future.

Mr. Kuhn highlighted that the numerous event bookings at Fair & Expo generate additional Transient Room Tax (TRT) for the County, and particularly for the incorporated city of Redmond near the fairgrounds.

Facilities and Facilities Improvement Plan (Funds 620, 070, 463): Lee Randall, Facilities Director, presented the department overview. The department currently has 25 FTE. The department oversees 40 buildings and approximately 500,000 square feet of space. Department accomplishments were summarized. They are nearly fully-staffed, with only one vacant custodial position. He extended a thanks to Human Resources for their assistance with recruitments. They've experienced increasing custodial contracting costs due to increased square footage and the inflationary effects on materials and labor. The department focuses on responsiveness and safety/resiliency. The department is requesting 1.75 new FTE for FY 24 for Fund 620.

A project list for Fund 070 was summarized, along with accomplishments. Several sidewalk improvements/replacements were completed for accessibility and safety. Upcoming roof replacements and remodels were briefly discussed. Mr. Randall referenced a 5-year

projection which was included in the agenda packets. Fund 130 (Parks) was also summarized. Commissioners DeBone and Chang added that the Camping Feasibility Study will kick off this fall.

Mr. Randall provided an update on ongoing and nearing-completion projects. The Adult Parole and Probation expansion project is nearing completion. The public safety secure parking at DCSO is nearing completion, as is 244 Kingwood serving Behavioral Health. 236 Kingwood is estimated to be completed in August 2023 with occupancy in October, with delays attributed to electrical. AJ Tucker building options will be presented to the Board of Commissioners in the coming weeks. A downtown parking study, closely related to the courthouse expansion project, is underway.

The Courthouse Expansion project (Fund 463) estimates \$10 million in expenditures for FY 24. Start of construction is targeted for this time next year. They are currently in the design development stage of the project. 60,000 square feet in needs were initially established, and they are currently settled on 52,000 sq. ft. as the design has been tightened up. Plans for permit review will be submitted to the City of Bend in late summer. Construction start time is slated for this time next year. Budget is \$40.5 million (\$34.6 hard construction costs, remainder are soft costs such as design and permitting) for expansion and \$1.5 million for the associated remodel costs. LRS Architects, Pence Contractors and Cumming Group make up the team. They are hopeful for \$25 million or more in state funding towards the courthouse expansion project. The team is closely tracking construction cost trends.

Break: *At the time of 1:44 p.m., a break was taken and the meeting was reconvened at 1:53 p.m.*

Solid Waste (Funds 610-614): Chad Centola, Solid Waste Director, and Tim Brownell, Incoming Solid Waste Director, presented the department overview. Management Analyst Sue Monette was also in attendance. The department oversees five funds, each of which were summarized. Some department accomplishments include: Negus Transfer Station improvements will be completed in FY 24, the Solid Waste Advisory Committee (SWAC) has been working hard on siting a new landfill, and an agreement was signed with Cascade Natural Gas for a renewable natural gas recovery facility at Knott Landfill. A 3% decrease in waste tonnage will require an increase in tip fees. It is proposed to increase their franchise fee from 3% to 5% for FY 24. Some of the department's personnel and capital requirements for FY 24 were covered, along with short and long-term fiscal issues.

Related to SWAC's new landfill siting, a BLM land procurement is currently being pursued legislatively, which will expedite the process.

The department anticipates an estimated \$16 million in requirements for the Knott Landfill closure and encasement. There is a 30 year post-closure remediation requirement for monitoring and maintenance. Mr. Brownell shared the department's forecasting model. Comparable counties' tip fees were outlined to give some perspective.

Special requests include seven additional FTEs for Negus Transfer Station (3 FTE Equipment Operators and 4 FTE Attendants). At Knott Landfill, the addition of one FTE Customer Service Clerk is requested, to provide additional office support. In addition, one FTE Franchise Services Manager is requested, to administer franchise agreements and recycling modernization act requirements. One FTE Public Engagement Coordinator and one FTE Customer Service Clerk are also requested.

Break: At the time of 2:38 p.m., a break was taken and the meeting was reconvened at 2:45 p.m.

Health Services (Fund 270, 274, 276): Janice Garceau, Health Services Director, presented the department overview. Behavioral Health Director Holly Harris, Public Health Director Heather Kaisner and Business Officer Cheryl Smallman were also in attendance. Ms. Garceau began the presentation expressing gratitude to Health Services staff, County staff and Deschutes County residents. The Health Services budget was reviewed in depth on May 4, 2023. Fund 274 has a total FY 24 budget of \$79,568,046, up 3% from FY 23. FTEs are 412.8*, down 2.4% from FY 23. *414.8 FTE if all special requests are approved.

Ms. Smallman provided a forecasted HS outlook into 2027. Behavioral Health would have a \$5.5 million shortfall by 2027, while Public Health would have a \$5.4 million shortfall.

Ms. Garceau stated that the key question is whether interest earned on Medicaid dollars can be used as local match funds in place of County general funds. She will look into this, and get back to Mr. Tintle and Mr. Lelack.

Health Services does a lot of vacancy repurposing, and if decisions about reductions need to be made they can do so in a much more thoughtful way.

Health Services has five special requests:

1. Healthy Schools: Adding 1.0 FTE Public Health Educator II (50/50 match with Bend-La Pine Schools) *This is included in the proposed Health Services budget.
2. Conversion of Promoting Integration of Primary and Behavioral Health Care (PIPBHC) Supervisor from limited duration to regular. This position is the primary liaison with the Mosaic Medical team (funded with OHP revenue).
3. Family Connects Oregon Home Health Visits: Adding 1.0 Public Health Nurse II (7/1/23) and 1.0 Public Health Nurse II (1/1/24), converting 2.5 FTE Perinatal Care team members from limited duration to regular (funded with revenue from enhanced Medicaid and commercial billing rates).
4. System of Care Program Staff: Convert 8.0 FTE from limited duration to regular (funded with OHP and enhanced case rate). These staff work with youth with mental health problems to reduce the risk of youth suicide. Responding to Commissioner Adair, suicide continues to be the leading cause of death for youth aged 10 to 24.
5. Convert Department of Equity and Inclusion (DEI) Strategist position to regular (funded indirectly to department programs, from behavioral and public health).

Dir. Fister spoke about Stabilization Center funding by local service districts, such as Sunriver, proportionate to the number of law enforcement drop-offs sourced from Sunriver. Ms. Garceau shared that it's helpful for community partners to be aware that the Stabilization Center serves not only Bend and Redmond, but also Crook County and other areas. It's a regional facility that serves the entire region, and it's not economically feasible to open up stabilization centers in each area. Ms. Harris provided some statistics on which percentage of stabilization center clients come from different geographic areas.

Break: At the time of 3:56 p.m., a break was taken and the meeting was reconvened at 4:03 p.m.

Office of Coordinated Houselessness: Cheyenne Purrington, Coordinated Houseless Response Office Director, was not in attendance, due to recent news of her resignation. Erik Kropp, Deputy County Administrator, provided the department overview. Through House Bill 4123, the state provided \$1 million for the first two years of operation, and the next three years would need funding from the County and cities. Two FTE are in the current year's budget, and for FY 24 it is the status quo. There will need to be additional discussions with the Board of Commissioners to determine the future of the Coordinated Houseless Response Office. Commissioner Chang believes the creation and implementation of a Strategic Plan must be a priority. Work will need to be better-defined, as well as establishing roles and responsibilities. The CHRO Board of Directors consists of Commissioner Adair, the mayor of La Pine and city councilors from Redmond, Sisters and Bend. Responding to Dir. Fister, it has not yet been determined who will be responsible for hiring the new Director.

COIC will be disbursing funds from the governor's Homelessness Package (Executive Order 23-02), to be used for the creation of new shelter beds. A large amount of the funding can be used for prevention of homelessness and rehousing individuals.

Commissioner DeBone expressed frustration with the disorganized way in which funds are being spent on combating homelessness. Results are not a function of how much money is being spent, it is a function of the community culture. Commissioner Chang stated that the governance and structure of the Office hasn't produced results, and if it stays the same, there's no guarantee that new staffing will produce better results. A different structure should be considered. It must be determined if the office should be providing direct service delivery, or if it exists to support service delivery and fill the gaps.

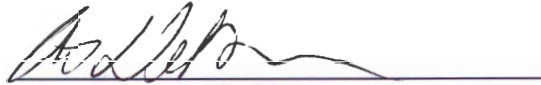
In response to Dir. Trego, Mr. Kropp shared there are a total of eight coordinated houseless response offices, including Deschutes County. Commissioner Adair commended Tillamook County's model which utilizes Helping Hands, although they do struggle with continued funding.

OTHER ITEMS:

- Mr. Emerson shared that special requests and budget decisions will take place on Thursday, May 25, and solicited questions for any departments on their requests.

ADJOURNED: Upon no further business, Chair Barrett called for adjournment at 4:51 p.m., to be continued at 9:00 a.m. on Thursday, May 25, 2023.

DATED this _____ Day of _____ 2023 for the Deschutes County Board of Commissioners.

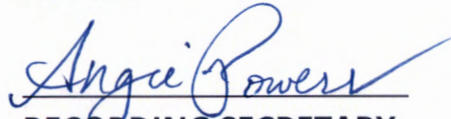


ANTHONY DEBONE, CHAIR



PATTI ADAIR, VICE CHAIR

ATTEST:



RECORDING SECRETARY



PHIL CHANG, COMMISSIONER