



BOARD OF COMMISSIONERS

1300 NW Wall Street, Bend, Oregon
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MID-YEAR BUDGET UPDATE MINUTES

8:30 AM

FRIDAY, January 16, 2026

BARNES & SAWYER ROOMS
Virtual Meeting Platform

Present were Budget Committee Members Jim Fister, Davi Cosper, and (via Zoom) Krisanna Clark-Endicott; Commissioners Phil Chang, Tony DeBone, and Patti Adair; County Administrator Nick Lelack; Deputy County Administrator Erik Kropp; Deputy County Administrator Whitney Hale; Chief Financial Officer Robert Tintle; Budget Manager Cam Sparks; Budget Analyst Dan Kieffer; Management Analyst Laura Skundrick; Health Services Director Holly Harris; Road Director Chris Doty; Community Justice Director Deevy Holcomb; Community Justice Business Manager Trevor Stephens; and BOCC Executive Assistant Brenda Fritsvold.

This meeting was audio and video recorded and can be accessed at www.deschutes.org/meetings.

CALL TO ORDER: Budget Committee Chair Fister called the meeting to order at 8:30 am and welcomed newly appointed Budget Committee member David Cosper.

OPENING COMMENTS:

County Administrator Nick Lelack provided opening comments and noted the likelihood of additional fiscal challenges in the coming year due to potential federal and state funding reductions. Saying that service reductions may be necessary, he shared that \$350,000 has been set aside in developing the FY 2027 budget for departmental special requests, with the expectation of compelling proposals. He emphasized the County's longstanding conservative budgeting practice and the continued need for responsible fiscal planning.

Chief Financial Officer Robert Tittle recognized Finance Department budget staff, as follows: Budget and Financial Planning Manager Cam Sparks; Senior Budget and Financial Planning Analyst Dan Kieffer; and Budget and Financial Planning Analyst Laura Skundrick.

Tittle provided an overview of the County's year-round budget and forecasting work, stressing the importance of monitoring projections and maintaining fiscal discipline. He referenced the Popular Annual Financial Report (PAFR) and described it as a concise summary of the County's FY 2025 financial data, prepared as a companion to the Annual Comprehensive Financial Report (ACFR). Tittle explained that the budget, the ACFR, and the PAFR together reflect the County's annual budget and financial reporting cycle. He concluded that Finance will continue to monitor forecasts and support effective budgeting practices to ensure continued structural balance.

Chair Fister requested that printed copies of the Popular Annual Financial Report be provided to members of the budget Committee.

PUBLIC COMMENT: None

BUDGET COMMITTEE ROLE REVIEW AND BUDGET CALENDAR:

Budget and Financial Planning Manager Cam Sparks presented an overview of Budget Committee roles and responsibilities, explaining that the Budget Committee receives the proposed budget, hears the budget message, takes and considers public comment, and discusses and revises the budget as appropriate. Sparks conveyed guidance to members regarding their service, including that all discussions and deliberations must occur in public. She outlined the parameters for obtaining information from staff and asked that all questions related to the budget be directed to her as the Budget Manager.

Commissioner DeBone shared that he had provided new Budget Committee member David Cospers with the published budget from the prior year for reference, and Sparks said she would provide a full budget orientation to Cospers the following week.

Sparks then reviewed the FY 2027 budget calendar, noting three meetings scheduled between May 12 and May 14 and that some topics would be presented during regular Board of County Commissioners meetings, including a Healthy Schools update on January 28th. Presentations from Economic Development for Central Oregon and Visit Central Oregon will be scheduled at a later date.

FINANCE UPDATE:

Sparks next provided an update on County finances. She summarized property tax revenues, including levies such as those for 9-1-1 and the Sunriver and Black Butte service districts. Referring to a graph illustrating changes in the assessed value rate over the past twenty years, she stated that the ten-year average increase was 5.3% and that FY 2027

planning is assuming 4.57%, which is below the 4.90% actual assessed value rate for FY 2026. She reviewed a graph comparing total market value and assessed value countywide over the past two decades and another showing property tax revenue collections over the same period.

With regard to the Health Benefits Fund, Sparks provided historical information on claims dating back to FY 2006. She stated that the three-year average annual increase in claims cost was 6.3%, that claims are expected to stabilize, and that the assumption is a 9% year-over-year increase over the next five years. She referenced the health insurance rates charged to departments and employees and said no rate increase is expected to departments for FY 2027.

In response to Commissioner Chang regarding the 9% claims-growth assumption, Tintle said national healthcare cost trends have been reported in the double digits for private sector companies which are not self-insured. He assured that the County's long-term planning assumption is reviewed and updated as conditions change.

Responding to Commissioner DeBone, Tintle said the County's plan covers 3,555 individuals, including employees, dependents and Central Oregon Intergovernmental Council participants.

In response to Clark-Endicott, Sparks agreed to provide information on previously researched industry averages of other county employee premium cost shares.

Commissioner Chang observed that significant changes in healthcare are anticipated, including impacts from individuals losing Medicare coverage and the expiration of Affordable Care Act subsidies, which could lead providers to absorb higher costs with downstream effects on claims and premiums. Sparks said the Health Benefits Fund forecast is updated and reviewed quarterly with the County's benefits consultants.

Sparks expounded on how the FY 2027 assumption of a 0% increase to department rates aligns with the projected growth in claims, referring to how increased claims in FY 2024 and FY 2025 reduced reserves and resulted in rates to departments being increased by 30% in two consecutive years. In addition, the Employee Benefits Advisory Committee had recommended plan design changes estimated to save \$1.5 million annually, and those changes were approved by the Board.

Responding to Commissioner Adair, Sparks said the Health Benefits Fund ended FY 2025 with an estimated \$12.1 million balance, well above the relevant County policy which requires that approximately \$8 million be maintained in reserve.

Continuing, Sparks presented information on PERS side accounts, noting that the most recent account was created in October 2025 and that the associated rate credit will take

effect on July 1, 2027. She summarized the rate relief realized from the first two side accounts since their establishment.

Deputy County Administrator Whitney Hale provided an overview of the wage equity project, explaining that every three years the County reviews all positions for pay equity adjustments and that a market analysis was recently completed for AFSCME-represented and non-represented positions.

Sparks added that the market analysis results will be implemented by aligning compensation for AFSCME and non-represented positions with an estimated total annual wage impact of \$7.09 million. For context, Tintle noted that currently, the total annual cost of wages is approximately \$213 million.

Noting that a 2.7% cost-of-living adjustment will be assumed in the initial development of the FY 2027 budget, Sparks went on to provide an overview of the General Fund and major expenditures, reminding that last year the County implemented a series of strategies to reset the expenditure curve and achieve financial sustainability in the General Fund. As a result, the General Fund is in a stronger position to absorb unanticipated costs.

Fister said it would be helpful during the Budget Week meetings to use a scoring system to evaluate special requests, given that submitted requests will likely exceed the \$350,000 available.

Commissioner Chang commented that if departmental growth is limited to a specified percentage, that limit should not subsequently be modified for any individual department as occurred in the prior year.

Sparks then provided information on transient lodging taxes, including how these are imposed, and projected annual revenues and distributions through FY 2031. She then reviewed the capital reserve forecast and the County's FTE growth and average vacancy rate, noting that three departments recently reduced FTEs.

Fister stressed the importance of setting aside funds for capital reserves to address future capital expenses.

HEALTH SERVICES FUNDING:

Health Services Director Holly Harris recapped her presentation to the Board the previous day at its annual retreat, describing fiscal threats to Behavioral Health and Public Health at the local, state and federal levels and outlining strategies to maintain core services.

ROAD DEPARTMENT FUNDING:

Road Department Director Chris Doty reviewed the department's primary revenue sources, including Secure Rural Schools, Payment in Lieu of Taxes and the State Highway Fund. He

noted that Secure Rural Schools has been reauthorized for FY 2025–FY 2027 and that it is not yet known whether Payment in Lieu of Taxes will be reauthorized. He stated that state transportation funding is currently stalled due to a possible repeal of state legislation and listed other budget pressures, including substantial increases in hot-mix asphalt prices since 2017. He stated that the department prioritizes maintenance needs first, then operations and lastly capital projects. He added that state funding derived from vehicle registration fees and gas taxes does not include built-in adjustments to offset inflation.

JUVENILE JUSTICE UPDATE:

Community Justice Director Deevy Holcomb reported that Community Corrections funding received from the State was less than anticipated. After eliminating 5.75 FTE in FY 2026, the division evaluated current and future needs in light of a 70% decline in youth detention admissions since 2014.

Community Justice Business Manager Trevor Stephens outlined recommendations resulting from that evaluation, including baseline staffing parameters, leasing space to a private provider, and additional FTE reductions. He reported a nearly 21% reduction in FTE since FY 2025, achieved through improved integration of administrative functions between Juvenile Justice and Adult Parole and Probation and greater integration of detention and probation services staff in the Juvenile division. He spoke to ongoing efforts to innovate and partner with other County agencies, including the Sheriff's Office and Health Services, which serve mutual populations.

WRAP-UP:

Commissioner Chang spoke to the impact of past budget decisions on the current financial landscape, in particular the decision to reduce property taxes in 2017 or 2018 and not raise those until 2024.

Noting that the County has added 217 positions since 2019, Commissioner Adair pointed to the continued fiscal impacts of adding staff over time.

Clark-Endicott supported a continued focus on reductions in expenditures and personnel, and no revenue increases.

Commissioner DeBone commented on Deschutes County's somewhat enviable position relative to other Oregon counties in terms of continued growth and a predictable tax base.

Saying that the Committee's challenge will be balancing desired service levels with associated costs, Cosper encouraged continued review of expenditures as the FY 2027 budget is developed.

Chair Fister and Lelack discussed the upcoming May budget meetings and noted that additional meeting time may be needed for future mid-year budget updates.

ADJOURN:

Being no further items to come before the Budget Committee, the Mid-Year Budget Committee meeting was adjourned at 10:44 am.

Following a break, the Elected Officials Compensation Board met.

ELECTED OFFICIALS COMPENSATION BOARD:

At 10:55 am., Fister convened the meeting of the Elected Officials Compensation Board. In attendance were: Budget Committee Members Jim Fister, David Coper, and (via Zoom) Krisanna Clark-Endicott; County Administrator Nick Lelack; Deputy County Administrator Erik Kropp; Deputy County Administrator Whitney Hale; HR Director Susan DeJoodde; Chief Financial Officer Robert Tintle; Budget Manager Cam Sparks; Budget Analyst Dan Kieffer; Management Analyst Laura Skundrick; and BOCC Executive Assistant Brenda Fritsvold. Consultant Laurie Grenya of HR Answers participated to provide information and answer questions on relevant market data and the methodology used to gather that.

Whitney Hale, Deputy County Administrator, reminded that last year, consulting firm HR Answers was engaged to gather market data from the designated comparable counties—Clackamas, Lane and Marion—and to further provide private-sector data filtered for organizations with comparable budgets and employee counts and geographically leveled using two survey sources.

Consultant Laurie Grenya said each year, the Elected Officials Compensation Board reviews compensation for the Assessor, Clerk, County Commissioners, District Attorney, Sheriff, Justice of the Peace and Treasurer to prepare a recommendation to the Budget Committee for the next fiscal year. She described compensation best practices, including that comparable positions should have at least a 70% overlap in duties and responsibilities. Reiterating the County's compensation philosophy to target 105% of the market average, Grenya observed that results from the wage equity study may create compression issues.

Assessor

Discussion focused on compression relative to the Deputy Assessor following wage equity adjustments effective June 22, 2026 and an expected 2.7% COLA effective July 1, 2026.

Noting that the Deputy Assessor's compensation would be \$185,124 with the COLA on July 1, Fister advised addressing the resulting compression issue. He added that the Assessor receives a 3% 401(k)/457 contribution.

County Administrator Nick Lelack observed that non-elected employees receive benefits not available to elected officials, such as the ability to sell back temporary modified leave. Elected officials do not automatically receive COLAs.

Cosper proposed a 5% base salary increase plus a 2.7% COLA for the Assessor. Grenya described how the 105% of market target would apply to the Deputy Assessor's figure and that the COLA would be added. Clark-Endicott observed that Assessor salaries in the comparable counties are substantially lower despite their larger populations. Fister suggested adjusting the Assessor's base salary by 5% plus a 2.7% COLA for FY 2027.

Assessor Scot Langton and Deputy Assessor Tana West addressed the implications of TML sell-back with the result that West would be compensated more in her current role than as an elected Assessor.

MOTION: Clark-Endicott moved to adjust the Assessor's base salary by 5% plus a 2.7% COLA in FY 2027. Cosper seconded the motion, which carried 3 - 0.

Tintle reported a resulting total salary of \$190,020.

County Clerk

Grenya recommended no change. Fister was inclined to offer a 2.7% COLA. Cosper was unsure he would support an increase based on the data. Clark-Endicott agreed with no change.

MOTION: Cosper moved to recommend no change in the County Clerk's salary. Clark-Endicott seconded the motion, which carried 2 - 1 with Fister opposed.

County Commissioners

Saying that the Commissioner positions are public service roles and not intended to be career positions, Clark-Endicott supported taking the total amount currently paid to the three County Commissioners and divide it equally among the five Commissioner positions when the Board expands on January 1, 2027, resulting in an estimated per-position annual amount of about \$78,000. Referencing Lane County, Cosper said the amount proposed by Clark-Endicott seemed low and suggested setting the salary at \$115,000.

In response to Grenya, Lelack said the positions are expected to remain full-time. Saying that each Commissioner's committee assignments would be reduced, Clark-Endicott referred to departmental position reductions and other budget pressures. Fister added that Commissioner positions are funded entirely through internal service funds, which impacts departmental budgets.

MOTION: Cospers moved to keep the annual salary for County Commissioners the same with no adjustment. Fister seconded, which carried 2 - 1, with Clark-Endicott opposed.

District Attorney

Grenya explained that the State contributes a portion of the funding for the District Attorney, with the current State stipend of \$179,678 increasing by 4% to \$186,866 effective January 1, 2027--that recently determined increase was not reflected in the provided spreadsheet. Saying that the position's compensation is lagging, Grenya recommended an adjustment of up to 17%. Clark-Endicott proposed matching the 4% State increase and applying a 2.7% COLA; Cospers agreed.

MOTION: Clark-Endicott moved approval of a 4% adjustment on the salary portion paid by the County along with a 2.7% COLA on that same portion for the District Attorney position. Cospers seconded the motion, which carried 3 - 0.

Tintle reported a resulting total salary from the County of \$69,144.

Sheriff

Fister noted there was no change in the Sheriff's salary last year.

In response to Fister, Hale said the position of Undersheriff, which serves as second-in-command, is currently vacant. Human Resources Director DeJoode added that the Undersheriff's base salary is set at 5% above Captains.

MOTION: Cospers moved approval of a 5% increase plus a 2.7% COLA for the Sheriff. Clark-Endicott seconded the motion, which carried 3 - 0.

Tintle reported a resulting total salary of \$227,564.

Justice of the Peace

Fister noted that the position is 0.60 FTE. The recommendation was no change. Cospers did not believe an adjustment beyond a COLA was warranted.

MOTION: Cospers moved approval of a 2.7% COLA only. Clark-Endicott seconded the motion, which carried 3 - 0.

Tintle reported a FY 2027 total salary of \$143,924.

Treasurer

Fister noted that the County has a highly competent Chief Financial Officer. Lelack stated that the Treasurer remains an elected position and that the County has traditionally assigned Treasurer duties to the CFO with a 10% compensation premium. Hale suggested

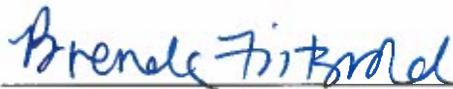
bringing forward both options in May—combining Treasurer with the CFO position or continuing as a separate 0.50 FTE elected position—and Lelack recommended establishing compensation for either outcome. Clark-Endicott stated she was comfortable with either no change or a 2% adjustment. Fister stated a preference for no change.

MOTION: Clark-Endicott moved to recommend no change in Treasurer compensation for FY 2027. Cosper seconded the motion, which carried 3 – 0.

Adjournment:

There being no further business before the Elected Officials Compensation Board, the meeting was adjourned at 12:39 pm.

Respectfully submitted,



Brenda Fritsvold, BOCC Executive Assistant