



BOARD OF COMMISSIONERS

1300 NW Wall Street, Bend, Oregon
(541) 388-6570

FOR RECORDING STAMP ONLY

BOCC MEETING MINUTES

1:00 PM

MONDAY April 24, 2023

Allen Room
Live Streamed Video

Present were Commissioners Anthony DeBone, Patti Adair and Phil Chang. Also present were Nick Lelack, County Administrator; Erik Kropp, Deputy County Administrator; Whitney Hale, Deputy County Administrator; Dave Doyle, County Counsel; Kim Riley, Assistant County Counsel; and Brenda Fritsvold, BOCC Executive Assistant.

This meeting was audio and video recorded and can be accessed at the Deschutes County Meeting Portal website www.deschutes.org/meetings.

CALL TO ORDER: Chair DeBone called the meeting to order at 1:00 p.m.

CITIZEN INPUT: None

AGENDA ITEMS:

1. Resolution 2023-020, establishing the responsibilities of the County Treasurer

County Counsel Dave Doyle said because the positions of the County's appointed Chief Financial Officer (CFO) and its elected Treasurer are no longer held by the same person, the CFO, Treasurer and other county staff have identified the responsibilities of the Treasurer apart from those of the CFO. Doyle recommended Board approval of the resolution to document the responsibilities of the Treasurer.

Commissioner DeBone appreciated the work done to clarify the division of duties between the CFO and the Treasurer. Commissioner Chang asked to know how the Treasurer responsibilities were determined. Doyle explained that most of these are

laid out in State statutes and Oregon's Constitutional provisions. Others were identified in discussions between the CFO, Treasurer and the County's Internal Auditor.

ADAIR: Move approval of Resolution No. 2023-020, establishing the responsibilities of the County Treasurer

CHANG: Second

VOTE: ADAIR: Yes

CHANG: Yes

DEBONE: Chair votes yes. Motion Carried

2. Treasury Report for March 2023

County Treasurer Bill Kuhn presented the Treasury Report for March 2023 which included a high-level overview of the current state of the economy.

3. Finance Report for March 2023

Chief Financial Officer Robert Tintle presented the Finance Report for March 2023.

4. FY 2024 Video Lottery Fund Allocations

Stephanie Robinson, Administrative Services, said each year, the Board reviews anticipated revenue from the County's portion of video lottery proceeds for the upcoming fiscal year and develops an expenditure plan that has historically included funding for economic development activities, various projects, support for other organizations, and grant programs.

Robinson described revenues from video lottery proceeds in recent years and said staff recommends that the Board consider an allocation of funds in FY 2024 which aligns with the projected revenue amount of \$1,176,015. She presented the list of funding requests for FY24, shared four draft funding packages as options, and described possible one-time special investments for three projects: Fair & Expo Master Plan \$200,000; camping feasibility study \$42,000; and affordable housing trust fund (amount to be discussed/determined).

In response to Commissioner Adair, Robinson said the Board allocated \$163,000 in FY23 to one-time special projects that were sought mid-year; these included the grant approved for the Sisters Chamber of Commerce.

Commissioner Adair asked if the County can utilize funds in the Park Acquisition and Development budget for the camping feasibility study. Budget Manager Dan Emerson agreed to investigate if that would be an allowed use of this fund.

Commissioner DeBone suggested an initial award of \$300,000 to the affordable housing trust fund as a good starting point for that new initiative.

At Commissioner DeBone's suggestion, the Board was in consensus to allocate \$100,000 for the Fair's Master Plan in FY 2024. The Board also concurred to lower the amount of fundraising grants to a maximum of \$15,000 for next year.

Commissioner Chang supported allocating \$50,000 to the fuel reduction grants program. Commissioner Adair supported a lower allocation of \$20,000 to this program.

Chair DeBone noted the Board's agreement to continue discussing and finalize its expenditure plan for FY24 video lottery funding at a future meeting.

5. Countywide Long-term Financial Forecast with Courthouse Debt Service Presentation

Robert Tintle, Chief Financial Officer, gave an overview of the presentation and shared general principles which are advised to guide budgeting in times of limited resources.

Dan Emerson, Budget Manager, presented information on the long-term financial outlook for the County, beginning with a review of available funding sources for debt and capital maintenance and sharing the forecast for each, including the projected revenues and expenditures of the General Fund out to 2035 based on historical data.

Emerson said one reason why available General Funds are declining is that the County's staff has grown about twice as fast as the population since 2018. Other factors include unforeseen emergency capital maintenance needs and the increased cost of materials due to restricted supply and recent high inflation. While the full amount of allowable property tax levy is currently being assessed, rising costs and operational growth are combining to outpace revenues—if this continues, service levels could be affected.

Commissioner Chang asked for information on the rate of staff increases from 2013-2017 in comparison to the rate of population growth in the County those same years. He noted that some added positions are funded by grants.

County Administrator Nick Lelack suggested other comparisons of value might be made to the growth in the number of second homes, or to the growth in the tourism industry.

Continuing, Emerson said revenue sources such as property tax are not keeping up with growing expenditures. By FY 2035, operational expenditures are projected to surpass all General Fund revenues; a deficit of \$700,000 is forecast in FY36.

With respect to the planned courthouse expansion project, Emerson said issuing 20-year bonds for the construction cost estimate of \$40.5 million would result in an annual debt service of \$3.24 million. Paying this debt service from transient room tax (TRT) revenue and general funds would likely leave little or no TRT or general funds for other purposes.

Emerson next shared charts illustrating available funds and forecasted expenditures for the General Fund and TRT account as well as charts showing forecasts for debt and capital expenditures. The latter charts included debt service for the courthouse and minimum capital maintenance and capital projects. A graph contrasting available funds with forecasted expenditures showed that available funds are projected to fall short of debt service obligations and minimal capital needs in FY39.

Emerson said other expenses not included in these projections include improvements to the public safety campus, funding for the Stabilization Center, and higher operational subsidies to departments which are experiencing declining revenues. He briefly described a potential \$10 million buy-down of the amount needed to be borrowed for the courthouse expansion project, which would save on financing costs.

Responding to Commissioner Chang, Emerson confirmed that the remaining \$400,000 of ARPA funds could be used to buy down the debt service for the courthouse project.

Commissioner Chang requested an analysis of positions which the County is essentially cost-sharing with the State in order to jointly deliver needed services (for example, through the Community Justice and Health Services departments). He supported efforts to advocate for higher State funding of these staff costs in the future. Commissioner DeBone said the Association of Oregon Counties is a good partner in helping to address unfunded mandates from the State.

Regarding the General Fund, Commissioner Chang said it was fiscally irresponsible of the County to not increase the property tax rate to the full amount allowed in previous years.

Continuing his presentation, Emerson shared an analysis and forecast of the Health Benefits Fund. He said due to this fund's diminishing reserves, the County will increase

rates by 11% in FY24. An additional 23% rate increase is expected in FY25 to meet projected claims costs.

Kathleen Hinman, Human Resources Director, explained that the County has experienced a 10.8% increase in claims costs, in part due to the number of FTEs added since 2018 and also because the cost per claim has grown. Staff recommends the contingency amount be 25% of projected claims.

Commissioner Adair was concerned that in 2024, the Health Benefits reserve fund is projected to fall below \$5 million.

Commissioner Chang asked if it was too late to consider funding the courthouse via a voter-approved general obligation bond. Tintle said the question of how to pay for this project is a matter of policy to be decided by the Board.

Commissioner DeBone agreed it is necessary to acknowledge current costs and where and why these are escalating. He said the County will continue to provide great services.

OTHER ITEMS:


- Deputy County Administrator Whitney Hale relayed a request from KOR Community Land Trust for County sponsorship of its fundraising event on April 27th. The Board was in agreement to approve a \$1,000 fundraising grant from video lottery funds for this purpose.
- Jen Patterson, Strategic Initiatives Manager, distributed a draft letter of support for SB 847A as discussed in last Friday's legislative update meeting. Following discussion and advice from Assistant Legal Counsel Kim Riley, it was decided to revise the letter to refer to Section 5 of HB 2006 which authorizes transitional housing accommodations inside urban growth boundaries (UGBs).

EXECUTIVE SESSION: None

ADJOURN:

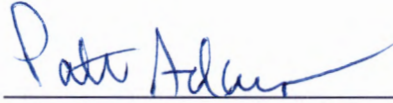
Being no further items to come before the Board, the meeting was adjourned at 4:47 p.m.

DATED this 6th Day of June 2023 for the Deschutes County Board of Commissioners.



ANTHONY DEBONE, CHAIR

ATTEST:



PATTI ADAIR, VICE CHAIR



RECORDING SECRETARY



PHIL CHANG, COMMISSIONER