



BOARD OF COMMISSIONERS

1300 NW Wall Street, Bend, Oregon

(541) 388-6570

FOR RECORDING STAMP ONLY

DESCHUTES COUNTY BUDGET COMMITTEE MEETING

Thursday, May 23, 2024

The 2024 Budget Committee meetings for the week of May 20-24, 2024 were held in the Barnes Sawyer room at 1300 NW Wall Street, Bend and broadcast via livestream on YouTube and through the virtual meeting platform Zoom. Audio and video recordings of the budget hearings may be accessed at www.deschutes.org/meetings

Present were Budget Committee members Jim Fister and Krisanna Clark-Endicott, and Commissioners Patti Adair, Tony DeBone and Phil Chang. Budget Committee member Judy Trego was absent. Also present were County Administrator Nick Lelack, Deputy County Administrators Erik Kropp and Whitney Hale, Chief Financial Officer Robert Tintle, Budget and Financial Planning Manager Dan Emerson, Senior Budget and Financial Planning Analyst Camilla Sparks, Management Analyst Laura Skundrick, and BOCC Executive Assistant Brenda Fritsvold.

CALL TO ORDER:

Chair Fister reconvened the Deschutes County Budget Committee meeting at 9:00 a.m. on Thursday, May 23, 2024.

PUBLIC COMMENT: None

COORDINATED HOUSELESSNESS RESPONSE OFFICE

Erik Kropp, Deputy County Administrator, presented an overview of the Coordinated Houseless Response Office (CHRO) and shared accomplishments over the past year, which included approving a five-year strategic plan, finalizing its bylaws, and developing an RFQ

for managed camp and other homeless services. He shared information on the program's proposed FY 2024-25 budget—which includes \$350,000 for program expenses, announced that the staff person who was coordinating this program has obtained other employment, and said this position will be eliminated in the operations transition to COIC per an approved agreement.

In response to Commissioner Chang, Kropp said the \$138,000 budgeted for staff in FY 2025 will likely reduce to a minimal amount or even zero, since COIC will take over those duties. Discussion ensued that the Board allocated \$250,000 in ARPA funds for FY 2024-25 and FY 2025-26 to this program. County Administrator Nick Lelack noted that these funds may or may not be needed for CHRO operations.

ROAD DEPARTMENT AND CIP

Road Director Chris Doty provided an overview of the Road Department, which has 61 FTE as well as contract seasonal workers, and relayed his proposal to eliminate the position of Deputy Surveyor. Doty sorted the department's budgeting priorities into three categories: system maintenance, system operations, and system improvements. He summarized Fund 325—the main operating fund for the department—and shared charts showing resources and requirements. Doty reminded that the Road Department is heavily dependent on revenues from the State, with \$21.5 million expected from the State highway fund in FY 2025. He described sources and anticipated amounts of other revenues, including system development charges and grants.

Continuing, Doty shared FY 2025 budget highlights, including \$9.6 million for chip and slurry sealing, overlays and patching. Another highlight is a \$500,000 contribution to the City of Redmond for wastewater treatment capacity at its wetlands complex to provide capacity for Terrebonne's new system.

In response to Fister, Doty said overtime costs can be high due to operations necessitated to respond to winter weather conditions. He added that all unspent funds will show in next year's beginning working capital.

Assistant Road Director/County Engineer Cody Smith presented Fund 465, the Road Capital Improvement Projects (CIP) fund, sharing revenue sources and saying that the fund's total projected revenue in 2025 is \$27,522,032, which includes interest income of \$475,310. Smith distinguished the CIP project categories, as follows: transportation system, pavement preservation, traffic safety and bridge construction. FY 2025 CIP project expenditures are projected to total \$16,189,012.

Smith then reviewed FY 2023-24 completed CIP projects, including the Hunnell Road improvement and realignment at a total cost of more than \$6 million, the Deschutes Market Road/Hamehook Road roundabout at \$2.4 million, and the Gribbling Road bridge replacement \$675,000. Works in progress include the Smith Rock Way bridge replacement, which is expected to be finished next month at a total cost of \$1.1 million. Other projects in

next year's CIP include the Powell Butte Highway/Butler Market Road roundabout at an estimated total cost of \$2.7 million; the NW Lower Bridge Way/NW 43rd Street intersection improvement, estimated to cost \$2.8 million; and the Tumalo Reservoir Road project which is expected to cost \$5.1 million. In addition, improvements to three intersections on South Century Drive in the Sunriver corridor are estimated to cost \$10.3 million.

Smith further reviewed other planned FY 2024-25 capital improvement projects, including major paving projects and the Hamehook Road bridge replacement. He concluded that capital improvements planned over the next five years are estimated to total \$69 million.

SPECIAL SERVICE DISTRICTS—

The Committee convened as the Budget Committee of the Deschutes County Road Agency.

DESCHUTES COUNTY ROAD AGENCY

Road Director Doty explained the federal PILT (Payment In Lieu of Taxes) program and reviewed the County's decision to secure the maximum annual PILT allocation by creating a separate Road Agency to collect the associated Safe Routes to School revenues, which otherwise would be subtracted out of the total PILT allocation. He estimated that the County will receive \$672,162 in PILT revenues in FY 2025, which will be split evenly between the Road Department and the General Fund.

Chair Fister opened the hearing and called for public comment. Being none, Chair Fister called for a motion.

MOTION: Adair moved approval of the Deschutes County Road Agency operating budget of \$672,162 for FY 2024-25. Clark-Endicott seconded the motion, which carried 5 - 0.

Chair Fister closed the hearing for the Deschutes County Road Agency.

A break was announced at 10:46 am. The meeting resumed at 11:05 am, at which time the Committee convened as the Budget Committee of the Deschutes County Extension and 4-H District.

DESCHUTES COUNTY EXTENSION & 4-H DISTRICT

Holly Lyons, administrative office manager for OSU's Deschutes County Extension, shared the mission of OSU's Extension Service in Deschutes County and listed the seven programs offered by the Extension. She reviewed the Extension's accomplishments from the past year, including the recent filling of three advisory committee positions, and presented FY 2024-25 budget details, listing resources and expenditures and saying that the proposed total budget is \$1.1 million. Lyons then shared current challenges, including the ability to consistently serve Extension clientele throughout the summer, and said future initiatives include possible collaboration with the Cascades campus for programming and needed

space. She concluded that the Extension is currently conducting a nationwide search for a new director.

Commissioner Chang asked to know how much State funding is received by the Extension as compared to County funding.

Chair Fister opened the hearing and called for public comment. Being none, Chair Fister called for a motion.

MOTION: Adair moved approval of the Deschutes County Extension & 4-H Service District operating budget of \$1,103,560 and set tax rate at \$0.0224 per \$1,000 of assessed valuation. Clark-Endicott seconded the motion, which carried 5 – 0.

Chair Fister closed the hearing for the Deschutes County Extension & 4 H District and the Committee convened as the Budget Committee of the Sunriver Service District.

SUNRIVER SERVICE DISTRICT

Chair Fister announced that he would recuse himself from participating in the SSD's budget approvals. Commissioner DeBone noted that Fister has no direct conflict of interest. Fister stated he would be more comfortable recusing himself unless asked to participate.

Sunriver Service District (SSD) Administrator Mindy Holliday shared accomplishments of the District over the past year, first and foremost the construction of the new public safety building—this project remains on time and within budget. Holliday presented budget details for Fund 715, proposing a millage rate increase to \$3.45 which would result in a revenue increase of 8%. She summarized proposed expenditures, including a new police vehicle and a replacement fire vehicle, and described short- and long-term fiscal considerations, including the negotiation of union contracts and the need for an ambulance and ladder truck. Holliday concluded that the SSD is exploring moving its non-represented staff to the County's healthcare plan.

Commissioner DeBone acknowledged the maximizing of the millage rate.

Chair Fister opened the hearing and called for public comment. Being none, Chair Fister called for a motion.

MOTION: Adair moved approval of the Sunriver Service District budget of \$10,770,307 and set the tax rate at \$3.4500 per \$1,000 of assessed valuation.. Clark-Endicott seconded the motion, which carried 4 – 1 – 0 (Fister recused).

MOTION: Adair moved approval of Sunriver Service District Reserve budget of \$3,277,119. Clark-Endicott seconded the motion, which carried 4 – 1 – 0 (Fister recused).

MOTION: Adair moved approval of Sunriver Service District Capital budget of \$7,314,577 and set the local option capital improvement tax rate at \$0.4700 per \$1,000 of assessed valuation. Clark-Endicott seconded the motion, which carried 4 – 1 – 0 (Fister recused).

Chair Fister closed the hearing for the Sunriver Service District and the Committee convened as the Budget Committee of the Black Butte Service District.

BLACK BUTTE SERVICE DISTRICT

Chief of Police Jason Van Meter referenced minor changes to amounts in the published materials, as follows: decrease line 710 by \$5,000; increase line 740 by \$3,000; and increase the District's unappropriated fund balance by \$2,000.

Chief Van Meter reported salary increases of 5% resulting from collective bargaining before the Teamsters collective bargaining unit was dissolved, and said those salary increases will be honored as negotiated. He referred to the estimated annual cost of purchasing license plate readers (\$11,000), noting this also required replacing and modernizing other hardware and software.

Chair Fister opened the hearing and called for public comment. Being none, Chair Fister called for a motion.

MOTION: Adair moved approval of the Black Butte Ranch Service District operating budget of \$2,647,431 and setting the tax rate at \$1.0499 per \$1,000 of assessed valuation. Clark-Endicott seconded the motion, which carried 5 – 0.

MOTION: Adair moved to set the local option operating tax rate at \$.6500 per \$1,000 of assessed valuation. Clark-Endicott seconded the motion, which carried 5 – 0.

Chair Fister closed the hearing for the Black Butte Service District and the Committee reconvened as the Budget Committee for Deschutes County.

A lunch break was taken at 11:52 am. The meeting resumed at 12:15 pm.

SPECIAL REQUESTS AND DELIBERATIONS

Budget & Financial Planning Manager Dan Emerson reminded that the Sheriff's Office (DCSO) has two special requests not reflected in the proposed budget—these are for an additional \$700,000 in TRT funding and a 3% increase in the DCSO's TRT fund allocation from FY 2024 to FY 2025.

Joe Brundage, DCSO Business Manager, said the request for a 3% increase in TRT funding from this year to next year is akin to an annual COLA increase.

In response to Emerson, Brundage said 27% of DCSO's patrol responses involve persons who live outside of Deschutes County. Half of search and rescue calls are for non-residents.

Commissioner Chang said while these numbers offer a useful starting point for discussion, it cannot be known how many of those people are second homeowners, staying with County residents, just passing through and not staying here overnight, visiting someone in an incorporated city, commuters from Crook or Jefferson County, or how many paying for lodging in Deschutes County and thus paying its TRT.

Brundage questioned who should pay for the increased demands on DCSO as the number of visitors to the County grows. Noting that DCSO is not a fee-based department, he said it is reasonable to charge some of these costs to TRT instead of placing the economic burden of visitors on the rural taxpayers.

Commissioner Chang responded that Sunriver generates the most TRT and has its own police department. He needed more information to feel comfortable that the amount being asked for is justified.

Fister said public safety serves whoever needs it, and DCSO is responsible for public safety in the unincorporated areas of Deschutes County. He agreed if a significant share of the demands on DCSO are generated by visitors, it is not fair to place that burden on taxpayers who live here. He was sympathetic to the duty and needs of the DCSO and other public safety agencies.

DCSO Captain Michael Shults said Deschutes County is the number one visitor destination in Oregon, due in part to its reputation for excellent public safety.

Brundage referred to open positions and which of these the DCSO plans to fill or not fill, noting that every month these positions remain unfilled generates more than \$200,000 in cost savings. He described other expected and/or possible revenue sources, including State DUI money (\$150,000), \$300,000 for the Medication Assisted Treatment program, and unallocated opioid settlement funds of \$125,000 per year up to a total of \$500,000 which could be used to cover the cost of having a nurse in the jail. Saying that DCSO may also be eligible to revenue PILT funds since it patrols federal lands, Brundage confirmed that the department is working to shore up reserves and contingency and save for the public safety campus improvements.

Commissioner DeBone said DCSO needs to have four months of contingency, not three.

Discussion ensued regarding the DCSO's revenue from the Countywide and Rural Tax Districts and possible grant funding from the State to establish and manage a deflection program in accordance with HB 4002.

Commissioner DeBone said Finance staff have prepared the Committee very well to deliberate.

Discussion ensued about future budgets and if those will experience sufficient growth to sustain expenditures, given the rise in staffing costs and other costs as well.

DELIBERATION OF SPECIAL REQUESTS

Fister turned to the list of special requests, beginning with those in the proposed budget.

1. Health Services: Add a 1.0 FTE Administrative Support Specialist to the IDD Division with a General Fund partial cost allocation of \$33,000

Commissioner Adair wanted to see more done in IDD to serve clients. Commissioner DeBone also expressed his support for this allocation.

Fister noted no motion made to remove this item from the proposed budget.

2. Community Development Department: Transfer \$100,000 of TRT funds to CDD to be used to coordinate short-term rental services

Emerson said while CDD expects this work to cost up to \$180,000, it is asking for just \$100,000.

MOTION: Adair moved to approve a transfer of \$50,000 from the TRT to CDD for coordinating short-term rental services. Clark-Endicott seconded the motion, which failed 3 3 – 2 (Chang and Fister opposing).

Commissioner Chang preferred that revenue from short-term rentals pay for this work and said if TRT is not used for this, these coordination costs are being borne by people who are paying for other, unassociated building permits.

Commissioner Adair preferred that CDD submit invoices for this work and be reimbursed.

3. Natural Resources: Add a 1.0 FTE Natural Resources Specialist -- \$109,000

Commissioner Adair believed this added position was not needed and that two persons are sufficient to staff this program. She made a motion to remove this position from the proposed budget—the motion was not seconded.

Commissioner Chang advised to ask the division if it can get by with 0.05 FTE before allocating for 1.0 FTE.

Fister noted no approved motion to remove this position from the proposed budget.

4. **Solid Waste: Add three positions (Hazardous Waste Supervisor/Chemist, Hazardous Waste Lead Technician, and Hazardous Waste Technician) using only program revenues**

Fister noted no motion made to remove any of these positions from the proposed budget.

5. **Facilities: Add one Operations Specialist position funded by \$49,138 of General Funds and \$67,952 in ISF charges to non-General Fund departments, and purchase an all-wheel drive van (\$25,180 from the General Fund and \$34,820 from ISF charges)**

Fister noted no motion made to remove either of these items from the proposed budget.

6. **Administrative Services: DeArmond Room A/V improvements \$30,000 (\$3,039 from the General fund, the remainder from ISF charges)**

Fister noted no motion made to remove this item from the proposed budget.

7. **Finance Department: PCI Compliance Consulting (\$30,000) and Payroll Coordinator (\$131,869)**

Fister noted that the proposal to purchase software costing \$30,000 is to ensure compliance with policy and procedures involving financial transactions such as purchasing card charges.

Fister noted no motion made to remove either of these items from the proposed budget.

8. **Human Resources: Add one Human Resources Specialist (\$130,397)**

Fister noted no motion made to remove this item from the proposed budget.

9. **IT Department: County Website Upgrade (\$60,000); add one Microsoft 365 Administrator \$153,677); add one Endpoint Systems Administrator (\$141,042)**

Fister noted no motion made to remove any of these items from the proposed budget.

10. **9-1-1: Operations Supervisor (\$161,000)**

Fister noted no motion made to remove this item from the proposed budget.

Fister referred to five proposed changes to the submitted budget, as follows:

1. Community Justice/Adult Parole & Probation: \$100,000 to fund motel rooms for persons on supervised release

Commissioner Chang moved to add this allocation to the budget. No second was made. Chang spoke to the public safety benefits of housing persons on supervised release.

MOTION: Adair moved to allocate \$50,000 to fund motel rooms for persons on supervised release. Chang seconded the motion, which carried 4 – 1 (Clark-Endicott opposed).

Clark-Endicott was not comfortable allocating funds to house persons who find it difficult to secure housing because of choices they've made.

2. District Attorney: Add a Deputy District Attorney II (\$224,635); purchase a license from Axon Enterprise (\$24,000)

MOTION: Adair moved approval of adding a Deputy District Attorney II position as requested. Clark-Endicott seconded the motion, which failed 2 – 3 (Fister, Chang, DeBone opposing).

Commissioner DeBone suggested that the District Attorney return in six months and see what the economy and the County's budget look like. Fister stressed that his vote against is not a reflection on the District Attorney. He agreed that this request should be re-evaluated mid-year in conjunction with a revenue evaluation.

MOTION: DeBone moved approval of an allocation of \$24,000 to enable the District Attorney's Office to acquire a license from Axon Enterprise. Adair seconded the motion, which carried 5 – 0.

3. Sheriff's Office/DCSO: One-time TRT allocation of \$700,000; 3.0% increase in TRT allocation from FY 2024 (\$109,553)

Members of the Budget Committee discussed these requests and the need for the DCSO to have four months' worth of reserves, or \$18.6 million. Currently, the department's reserves amount to \$13.1 million.

Saying that the DCSO gave \$600,000 to the Stabilization Center last year, Commissioner Adair commended the Sheriff for seeing the value of this facility and contributing \$2,380,000 to the Center.

Discussion ensued regarding the anticipated cost of the public safety campus and if voters are likely or unlikely to approve a ballot measure to pay for it.

Fister noted no motion made to add the one-time \$700,000 TRT allocation to the proposed budget.

MOTION: Adair moved approval of allocating an increase of \$100,000 in TRT funds to the DCSO in FY 2024-25. Clark-Endicott seconded the motion.

In response to Commissioner Chang, Emerson said this action would reduce the allocation of TRT revenues to the capital reserve by \$100,000.

AMENDMENT: Clark-Endicott moved approval of an amendment to the motion to stipulate that the additional \$100,000 of TRT funds allocated to the DCSO in FY 2024-25 is to be used for contingency. Adair seconded the motion, which carried 4 – 1 – 0 (Chang abstained).

A vote was taken on the main motion as amended, which carried 4 – 1 (Chang opposed).

A break was announced at 2:28 pm. The meeting resumed at 2:44 pm.

ELECTED OFFICIALS COMPENSATION BOARD RECOMMENDATIONS

Fister reviewed that the Elected Officials Compensation Board met on April 29th. After considering the information provided to it, the Board voted to recommend that the Budget Committee approve a 4% increase in all of the elected official salaries for FY 2025.

Kathleen Hinman, HR Director, summarized the benefits extended to elected officials as compared to department heads. She also reviewed survey data for individual positions, which compares salary and other monetary compensation provided to second in commands, where applicable.

Hinman said HR is currently working with a consultant on a salary, market and equity analysis survey for all non-represented staff.

Commissioner Chang reminded that last year, he refused what he considered to be a very large pay increase. As before, he will continue to accept only a COLA.

Commissioner Adair reminded that she opted out of PERS, which has so far saved the County \$117,000.

MOTION: Clark-Endicott moved approval of the Elected Officials Compensation Committee salary recommendations from the April 29, 2024 public meeting. Fister seconded the motion, which carried 5 – 0.

A break was announced at 2:53 pm. The meeting resumed at 3:28 pm.

BUDGET APPROVAL:

MOTION: Adair moved approval of the Deschutes County budget of \$628,160,429 adjusted for approved changes and set the tax rate at \$1.2783 per \$1,000 of assessed valuation. Clark-Endicott seconded the motion, which carried 5 – 0 (Trego absent).

Chair Fister closed the Deschutes County budget meeting and the Committee convened as the budget authority for the Countywide Law Enforcement District #1.

Countywide Law Enforcement District #1 (Fund 701)

Chair Fister called for public comment. Hearing none, Chair Fister called for a motion.

MOTION: Adair moved approval of the Countywide Law Enforcement County Service District budget of \$51,483,921 adjusted for approved changes and set the tax rate at \$1.2500 per \$1,000 of assessed valuation. Clark-Endicott seconded the motion, which carried 5 – 0.

Chair Fister closed the Countywide Law Enforcement District #1 meeting and the Committee convened as the budget authority for the Rural Law Enforcement District #2.

Rural Law Enforcement District #2 (Fund 702)

Chair Fister called for public comment. Hearing none, Chair Fister called for a motion.

MOTION: Adair moved approval of the Rural Law Enforcement County Service District budget of \$17,891,381 adjusted for approved changes and set the tax rate at \$1.55 per \$1,000 of assessed valuation. Clark-Endicott seconded the motion, which carried 5 – 0.

Chair Fister declared the public meeting closed for Rural Law Enforcement District #2.

CLOSING COMMENTS:

Commissioner Adair expressed appreciation to Fister for efficiently chairing the Committee's meetings.

Tintle invited feedback from the Committee members on this year's process.

Commissioner DeBone thanked Fister for chairing and Finance and Administration for shepherding the process and preparing the committee very well with an informative, well-organized documentation. He thanked Clark-Endicott for serving on the Committee.

Lelack expressed appreciation to all and was sorry that Trego was unable to participate. He said the County will continue to discuss future anticipated revenues along with potential

impacts, and evaluate cost-saving measures. Although the County is In a stable position, he recognized the need to be vigilant to remain there.

Fister credited the County for thinking about the budget differently than in the past, due to expected limited resources, and asked that it double these efforts.

Clark-Endicott found the experience thoroughly enjoyable and thanked staff for answering her questions.

Commissioner Chang also thanked staff for framing the information in a clear way that allowed for an efficient process. He appreciated the recognition of escalating costs and the desire to continue to provide excellent services.

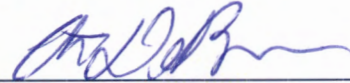
Commissioner Adair was nervous that revenues are not projected to meet costs, cautioned against ignoring warning signs, and said perhaps the County should consider zero-based budgeting.

ADJOURNED: Upon no further business, Chair Fister adjourned the Budget Committee meeting at 3:48 pm.

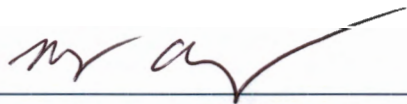
DATED this 17th day of July 2024 for the Deschutes County Board of Commissioners.



PATTI ADAIR, CHAIR

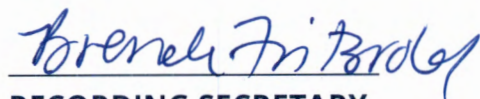


ANTHONY DEBONE, VICE CHAIR



PHIL CHANG, COMMISSIONER

ATTEST:



RECORDING SECRETARY