

**Clackamas County Board of Commissioners
Planning Meeting**

Wednesday January 18, 2012

9:00-11:00

PSB 497 - Note Location Change

Attending: CL, JB, AL, PS, JD, SW, TF

9:00 Budget Committee Quarterly Meeting

Debra Newton, Frank Magdlen, N. Newton, L. Butman, C. Gilmour, G. Schmidt, M. Gonzales, D. Padilla, J. Kirkpatrick

Legislative Trends Update - G. Schmidt

Transportation Update - C. Gilmour

Sheriff's Use of Additional Support for Jail & Motor Unit - S. Wheeler

Financial Reporting Format Update - M. Gonzales, J. Kirkpatrick

Contingency and Reserve Policy - M. Gonzales

Open Discussion - Budget Committee Members - S. Wheeler

Future Meeting Dates - D. Padilla

Misc.

Transportation Funding

Past, Present & Future

Budget Committee Presentation



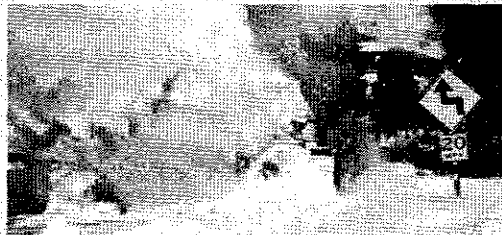
January 18, 2012

Context for Our Discussion

- What We Do
- The Past Year
- Funding Sources
- Revenues
- Expenses
- Funding Outlook
- What We Are Doing
- Funding Alternatives



Tualatin River (Borland Road) Bridge



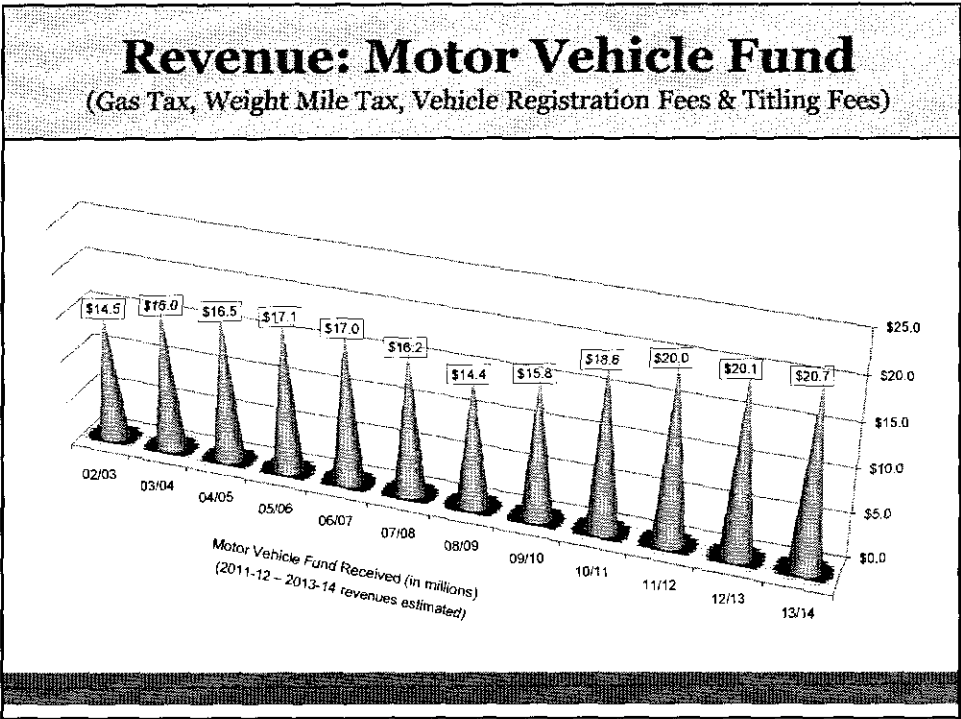
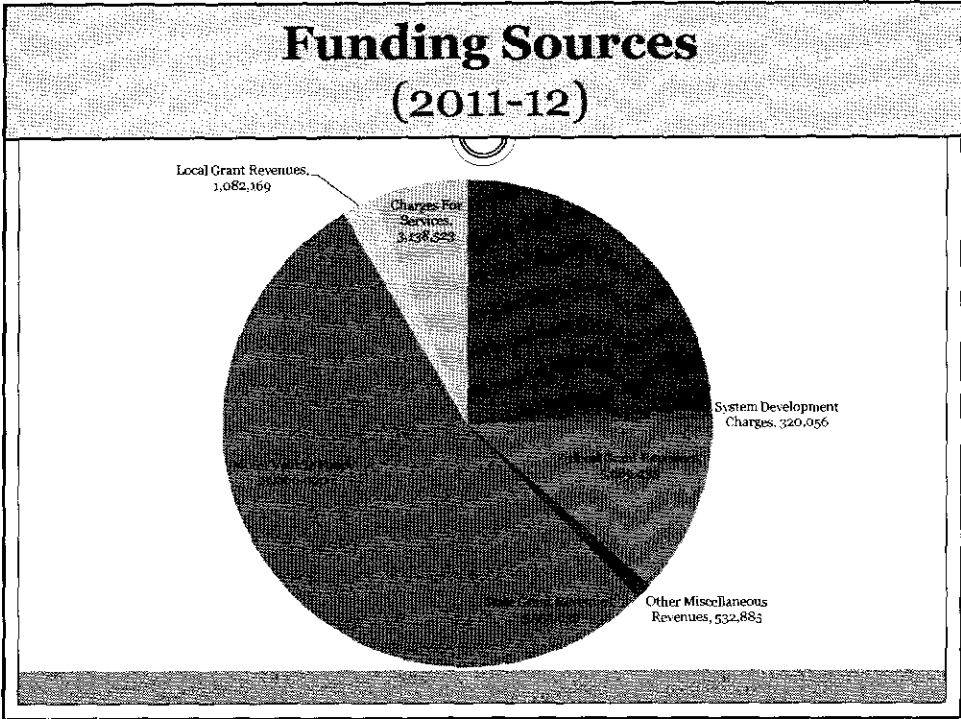
Clackamas County snowplow

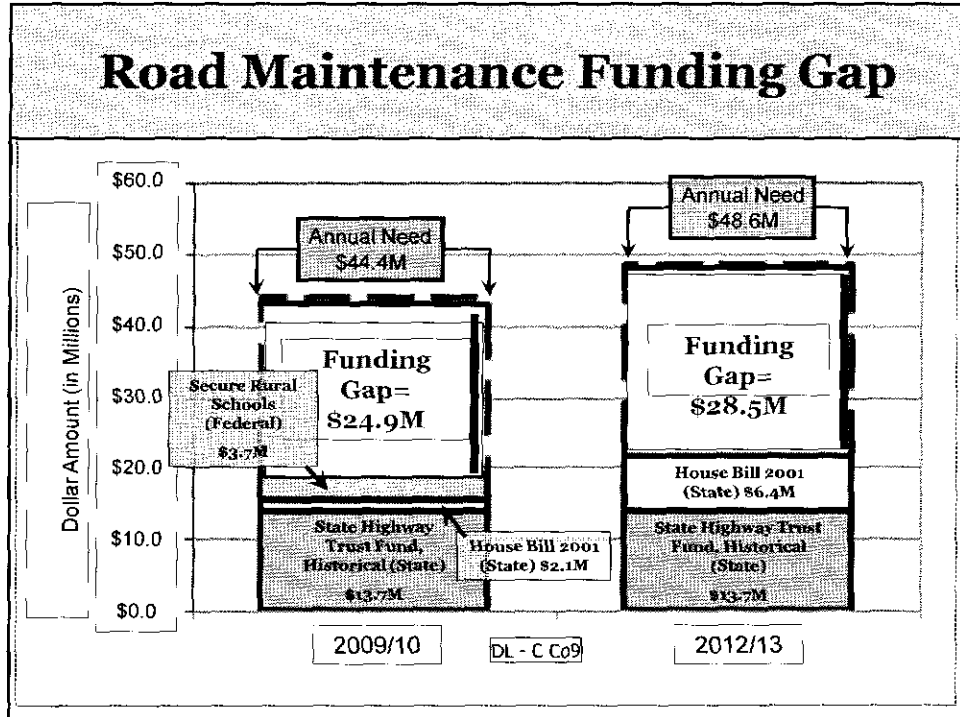
What We Do

- Four vital functions
 - Planning
 - ✦ Identify transportation projects needed in the future
 - Building
 - ✦ Build the system identified during planning
 - Maintaining
 - ✦ Take care of what has been built to extend the life of the facility
 - Fixing
 - ✦ Repair damaged roads and bridges to keep the system operating

Over the Past Year... (2010-11)

- Planning
 - Update of 20-year Transportation System Plan underway
- Building
 - Completed five major pavement overlay projects
 - Finished several bridge replacement projects
- Maintaining
 - Surfaces (miles): Pave-3.5; chip & fog seal-21; slurry-1.6; crack seal-39
 - Bridges (number): Scour-5; concrete repair-15; paint-13; guardrail-18
- Fixing
 - Emergency repairs
 - Landslide repairs





Expenses

- Revenue has not kept up with costs
 - ✦ Improvements, operations & maintenance
- Regional, State & Federal Environmental Rules
 - ✦ Many projects do not have significant environmental impact
 - ✦ Significant cost increase for labor to permit projects
 - ✦ Mandated design requirements increase cost of design and materials
- Other Mandated Planning Processes
 - ✦ Transportation System Plan (every 10 years)
 - ✦ Storm Water Management (outside urban area)
- Emergency response and natural disasters

Slide 7

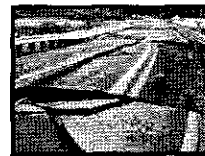
DL - C Co9 All of these numbers have been updated to reflect data on slide 6.

C Co - Landon, 12/27/2011

Responding to Weather Events

- **Natural Disasters: Fixing Damage**

- **Thayer Road** (Feb 1996 | Jan 1998)
 - ✦ Active slides triggered by erosion and rainfall
 - ✦ **Estimated permanent repair cost = \$1 - 3.5 million**
- **Zigzag River Bridge** (Jan 2011)
 - ✦ Flooding washed out rip-rap and native bank
 - ✦ **Actual cost = \$1 million**
- **Lolo Pass Road** (Jan 2011)
 - ✦ River channel changed washing out 150 feet of road
 - ✦ **Actual cost = \$1 million**



- **Countywide Damage: Safe Roads**

- **Winter Storm** (Dec 2008)
 - ✦ Snowplowing, sanding & overtime
 - ✦ **Costs = \$900,000**
- **Rain Storms & Flooding** (Jan 2009)
 - ✦ 17 landslides caused road closures
 - ✦ **Cost = \$1.7 million**

Revenue Outlook

- **Revenue Sources Disappearing**

- Local
 - ✦ System Development Charges (SDC)
 - ✦ Urban Renewal/Tax Increment Financing
- Regional
 - ✦ Major Transportation Improvement Program (MTIP)
- State
 - ✦ State Highway Fund | House Bill 2001 & fuel-efficient vehicles
 - ✦ Secure Rural Schools (program termination)
- Federal
 - ✦ Oregon Transportation Investment Act (OTIA) | Program Termination
- Grants

What we're doing about it

- **Efficiencies**
 - Staffing Levels
 - ✦ Internal: Seasonal labor (combining divisions)
 - ✦ External: Contract private sector work force to minimize incidental costs
 - RFP versus Low Bidder
 - ✦ Manage risks to control costs
- **Prioritization -- Pavement Management System**
 - ✦ Measure performance of street system
 - ✦ Rate road conditions (calculate pavement quality index – PQI)
 - ✦ Identify maintenance and rehab needs, and costs
 - ✦ Compare needs and revenue
 - ✦ Maximize effective use of revenue

Capital Funding: Tools



User Fee

- **Solid Waste Hauler Fee**
(garbage haulers)
- **Lodging Tax**
(tourists/visitors)
- **Aggregate Natural Resource Fee**
(heavy trucks)
- **Surface Transportation Program - Federal/State/Regional Grants**
(motorists)
- **State Highway Trust Fund***
(motorists)
- **County/City Gas Tax**
(motorists)
- **Vehicle Registration Fee**
(motorists)

Property

- **System Development Charge**
(developers)
- **Zone of Benefit**
(benefitting property owners)

District

- **Tax Increment Financing**
(increased assessed value of property in district)
- **Local Improvement District**
(benefitting property owners)
- **Road Service District**
(property owners)

Jurisdiction

- **Local Option Levy**
(property owners)
- **General Obligation Bonds**
(property owners)

Maintenance Funding: Tools



User Fee:

- **Solid Waste Hauler Fee**
(garbage haulers)
- **Lodging Tax**
(tourists/visitors)
- **Aggregate Natural Resource Fee**
(heavy trucks)
- **State Highway Trust Fund**
(motorists)
- **County/City Gas Tax**
(motorists)
- **County Vehicle Registration Fee**
(motorists)

Property:

- **Utility Fee**
(district property owners)

Jurisdiction:

- **Local Option Levy**
(property owners)
- **General Obligation Bonds**
(property owners)

District:

- **Special Road Service District**
(property owners)
- **Road Maintenance District**
(property owners)

Multiple Tools: Sharing the Cost

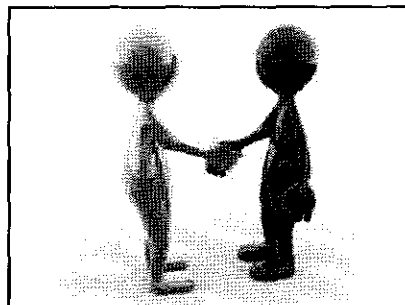


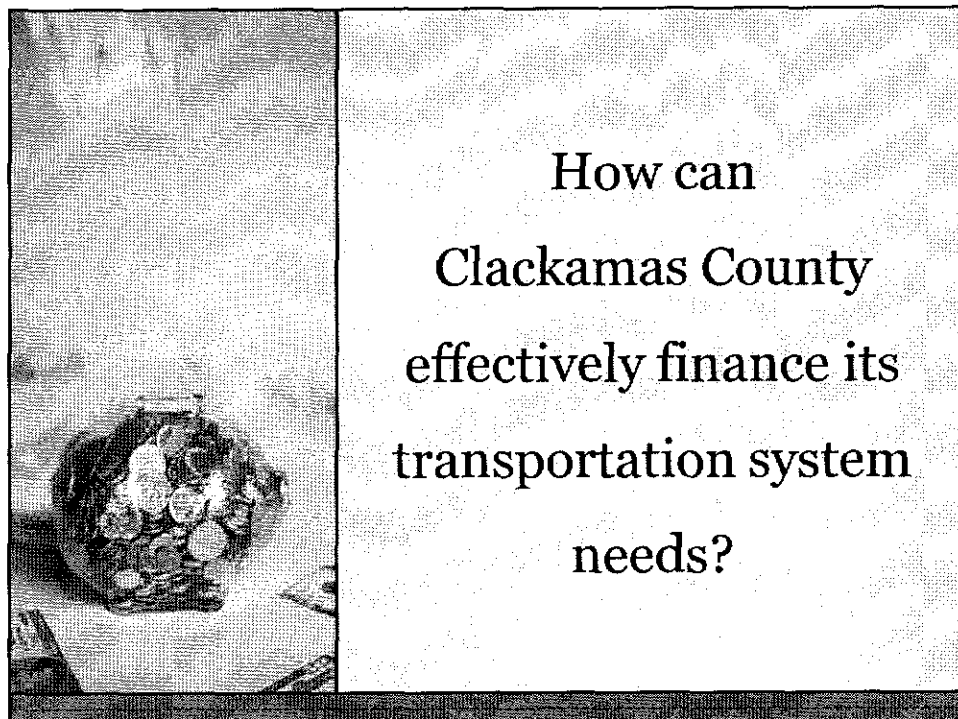
Helps distribute the cost

- Reduces cost to single individual or group

Many users benefit from the roadways

- Property owners and users
- Businesses
- Motorists
- Transit
- Bicyclists and pedestrians
- Public safety providers
- Developers





CLACKAMAS COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

| 216 Sheriff's Fund | Budget | 25% YTD Budget | Current Year Actual | Variance with YTD Budget Positive (Negative) | Prior Year Actual | Variance with PY-CY Positive (Negative) |
|--------------------------------------------------------------|---------------------|---------------------|------------------------|-------------------------------------------------------|----------------------|--------------------------------------------------|
| REVENUES: | | | | | | |
| Other licenses and permits | 239,000 | 59,750 | 55,207 | (4,543) | 57,150 | (1,943) |
| Licenses and permits | 239,000 | 59,750 | 55,207 | (4,543) | 57,150 | (1,943) |
| Fines forfeitures penalties | 128,000 | 32,000 | 20,330 | (11,670) | 26,863 | (6,533) |
| Penalties | 128,000 | 32,000 | 20,330 | (11,670) | 26,863 | (6,533) |
| Federal Intergovernmental | 772,216 | 193,054 | 54,974 | (138,080) | 54,450 | 524 |
| State Intergovernmental | 267,053 | 64,263 | 329 | (63,934) | 42,051 | (41,722) |
| Local Govt Rev Outside Cnty | 7,800,000 | 1,950,000 | 2,184,205 | 234,205 | 1,746,456 | 437,749 |
| Prior Year Other Check Classif | - | - | - | - | 819 | (819) |
| Forest reserve timber sales | 81,355 | 20,339 | 78,650 | 58,311 | 81,355 | (2,705) |
| Intergovernmental | 8,910,624 | 2,227,656 | 2,318,158 | 90,502 | 1,925,131 | 393,027 |
| Admissions parking entry fees | - | - | 750 | 750 | 1,650 | (900) |
| Other charges for services | 1,449,152 | 362,288 | 366,831 | 4,543 | 318,295 | 48,536 |
| Charges to other County funds | 882,000 | 220,500 | 113,264 | (107,236) | 116,150 | (2,886) |
| Charges for services | 2,331,152 | 582,788 | 480,845 | (101,943) | 436,095 | 44,750 |
| Contributions | 500 | 125 | 1,800 | 1,675 | 2,300 | (500) |
| Asset and property proceeds | 55,000 | 13,750 | - | (13,750) | 28,204 | (28,204) |
| Reimbursements | 4,606,779 | 1,151,695 | 941,645 | (210,050) | 816,219 | 125,426 |
| Other miscellaneous | 49,500 | 12,375 | 40,714 | 28,339 | 19,164 | 21,550 |
| Interest and fiscal charges | 10,000 | 2,500 | (996) | (3,496) | 1,442 | (2,438) |
| Miscellaneous | 4,721,779 | 1,180,445 | 983,163 | (197,282) | 867,329 | 115,834 |
| TOTAL REVENUES | 16,330,555 | 4,082,639 | 3,857,703 | (224,936) | 3,312,568 | 545,135 |
| EXPENDITURES: | | | | | | |
| Personal services | 45,761,688 | 11,440,422 | 9,103,428 | 2,336,994 | 8,358,907 | 744,521 |
| Materials and services | 12,965,922 | 3,241,481 | 2,905,367 | 336,114 | 2,748,678 | 156,689 |
| Capital outlay | 578,500 | 144,625 | 609 | 144,016 | - | 609 |
| TOTAL EXPENDITURES | 59,306,110 | 14,826,528 | 12,009,404 | 2,817,124 | 11,107,585 | 901,819 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (42,975,555) | (10,743,889) | (8,151,701) | 2,592,188 | (7,795,017) | (356,684) |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | 42,631,830 | 10,657,958 | - | (10,657,958) | - | - |
| Transfers out | (1,487,314) | (371,829) | (16,815) | 355,014 | (374,740) | 357,925 |
| TOTAL OTHER FINANCING SOURCES | 41,144,516 | 10,286,129 | (16,815) | (10,302,944) | (374,740) | 357,925 |
| NET CHANGE IN FUND BALANCE | (1,831,039) | (457,760) | (8,168,516) | (7,710,756) | (8,169,757) | 1,241 |
| FUND BALANCE, JULY 1 | 1,831,039 | 457,760 | - | (457,760) | - | - |
| Fund Balance 2011-09-30 | - | - | (8,168,516) | (8,168,516) | (8,169,757) | 1,241 |

Clackamas County Policy on Reserves for Future Expenditures and Contingency Accounts

- I. **Budgeted Reserves** as defined in this policy will be the sum of two types of budgeted accounts:
1. **Contingency** – a non-spendable account which under Local Budget Law may be accessed during the fiscal year to transfer appropriations to a spendable category account, when the need for such appropriations is approved by the Board of County Commissioners;
 2. **Reserve for Future Expenditure** – an un-appropriated non-spendable account from which under Oregon Local Budget Law no appropriation can be transferred. The amount budgeted at adoption of the annual budget will be maintained for the fiscal year period.

Reserve for Future Expenditure exist for a twelve month fiscal year period and then are subject to re-consideration during the annual budget process by the Budget Committee and Board of Commissioners. If sufficient resources exist for funding the reserve in the succeeding fiscal year, amounts may be re-allocated through the budget process to a spendable category account in whole or in part.

Budgeted Reserves in a fund may include amounts for Contingency, Reserve for Future Expenditure, or both.

II. Budgeted Reserves Policy for the County General Fund:

Clackamas County will maintain adequate budgeted reserves in the General Fund in order to

- provide for future resource needs,
- protect program budgets from periodic transient resource level variations, and
- maintain cash flow levels in amounts sufficient to bridge months in each year during which inflows of revenues are slower.

• The amount to be budgeted in the account titled "**Contingency**" should be targeted each year to measure 5% of the overall County General Fund budget.

• The amount to be identified in an account titled "**Reserve for Future Expenditure**" in the General Fund should be targeted each year to measure 10% of the overall County General Fund budget, less resources in the General Fund that are dedicated to particular identified uses by law or source. [example: *Secure Rural Schools and Community Self-Determination Act dollars dedicated to specific purposes*] In no year will the General Fund Budgeted Reserves exceed 15% of the total General Fund budget.

III. Other Funds Budgeted Reserves Policy:

Funds other than the General Fund may budget **Reserve for Future Expenditure** accounts when the reserves are composed of dollars dedicated to particular identified uses, either

- by law,
- by source, or
- by commitment of the Board of County Commissioners.

These other funds may also budget **Contingency** accounts, composed of amounts which may be re-appropriated to other spendable accounts during the budget year by approval of the Board of County Commissioners. Per Local Budget Law, Contingency and Reserve accounts should not be budgeted in Debt Service Funds.