

JACKSON COUNTY BUDGET COMMITTEE

Minutes

Courthouse Auditorium

April 19, 2012

The Jackson County Budget Committee meeting of April 19, 2012, was called to order by Mr. Dick Rudisile at 9:00 a.m. in the Courthouse Auditorium. Roll call was taken.

Present: Mr. Dick Rudisile, Chair, Budget Committee; Mrs. April Sevcik, Budget Committee; Mr. Craig Morris, Budget Committee; Mr. Dennis C.W. Smith, Commissioner; Mr. Don Skundrick, Commissioner; and Mr. John Rachor, Commissioner.

Mr. Danny Jordan, County Administrator; Mr. Harvey Bragg, Sr. Deputy County Administrator; Mr. Matt Michaelis, Budget Analyst; and Lynell Dewey, Recording Secretary.

Guests: Interested Members of the Public and Press.

Roads and Parks

Mr. John Vial, Roads and Parks Director, distributed copies of his presentation (*Submission No.1*) and noted that these are unprecedented times for transportation funding. Most transportation agencies are downsizing programs and the funds are simply not available, which creates an uncertain future. The State gas tax currently provides a large portion of road fund money, but with citizens driving less and using more fuel-efficient vehicles, the gas tax is not a long-term solution. Mr. Vial listed the Department goals as 1) keep the Department small while maintaining adequate staff for emergency response and winter maintenance; 2) increase pavement maintenance; 3) continue a sustainable capital construction program; 4) continue to build an \$8-12 million reserve fund; 5) increase safety-related road features; 6) maintain a cost effective and productive fleet; and 7) continue to maintain all service levels. Mr. Skundrick asked Mr. Vial what the reduction in personnel had been in Roads and Parks in the last five years, and Mr. Vial reported his Full-Time Equivalent (FTE) count decreased from 134 to 107. The Department is increasing scheduled pavement maintenance to 10 percent of all paved roads per year, and a pavement overlay program is included in the capital plan for every other year. Mr. Vial noted that the aggressive chip seal and pavement program is cost-effective because it is cheaper to do it now than pay for more expensive repairs later. Mr. Vial showed pictures of various completed and current projects, including North Ross Lane, East Pine Street at Peninger Lane, Kirtland Road, the Blackwell Road safety project and the Mill Creek Bridge.

Mr. Vial also reviewed highlights of the Park Program budget. Their budget is \$2.9 million and receives no money from the General Fund. Parks are funded approximately 45 percent from use fees, 34 percent from limited revenue sharing from the State, 14 percent from Concessions and Leases, 4 percent from the Solid Waste Fund, 2 percent from Federal reimbursement, and 1 percent miscellaneous. Some highlights from last year include installing a new jetty at the Howard Prairie Resort, six new registration and information kiosks at several parks, and new signage at Cantrell-Buckley and Rogue Elk Campgrounds. Parks received a grant from Oregon State Parks to replace the restroom, shower facility and playground at Willow Lake Campground, and this will be done during the summer of 2012. Campsite reservations have increased 28 percent from last season, and Mr. Vial credited a large part of that to the online campground reservation system. Apserkaha Organization Camp at Howard Prairie Lake is

being managed and operated by County staff this year, and it is expected to be a profitable year. He also noted the important contributions made by the volunteer and camp host program and believes that of all the improvements made in the Department, that may be the single biggest efficiency.

A \$1.4 million Bear Creek Greenway Repair Project will be completed this summer. Overall, the Department is healthy, continuing to downsize, and build a Contingency Rainy Day Fund.

Mr. Rachor asked about the factors driving the increase of reservations. Mr. Vial stated the high price of gas is probably a factor, but much of the closer-to-home vacations are probably due to the overall economy. Mr. Rudisile asked if asphalt pricing followed gas prices, and Mr. Vial responded that it does, but lags considerably behind. Mr. Skundrick explained there is a higher profit margin in gas, so the petroleum companies are concentrating more on processing fuel and less on asphalt.

Mr. Rudisile asked if there are plans for more County roads to be transferred to the cities where they are located. Mr. Vial reported that they transfer this type of road to the appropriate city whenever they have the opportunity. Last year, North Ross Lane was transferred, and the year before that there were several roads turned over to the cities where they were located. These are roads that are designated as County roads, but are now within a city limit. Under the Urban Growth Boundary (UGB) policy decision in the Regional Problem Solving document, the Commissioners must approve any UGB expansion request. This gives the County some leverage, and if these expansion requests are approved, we can require them to take over affected roads. The majority of the cities have accepted this policy decision. Mr. Morris complimented Mr. Vial's foresight and good business sense in building a fund balance to use in his continuous improvement plan.

Mr. Rudisile recessed the meeting at 9:34 a.m. to address a technical issue. The meeting resumed at 9:40 a.m.

Development Services

Ms. Kelly Madding, Development Services Director, addressed the Budget Committee (*Submission No. 2*), and noted her Department is made up four programs: Building, Code Enforcement, Current Planning, and Comprehensive Planning. Their overall goals are to provide necessary information to customers in a timely and professional manner, balance staffing levels and workload, utilize program-specific performance measures, and provide staff with a respectful and satisfying workplace. Accomplishments during fiscal year 2011-2012 include revision of the floodplain section of the Land Development Ordinance (LDO) and adoption of new floodplain maps, revisions related to wineries and farm stands, and meeting performance measures in the Current Planning and Building Programs. Ms. Madding also explained that their Department funds come 40 percent from fees, 32 percent from the General Fund, 23 percent from Community Development Fees and 5 percent from transfers. Ms. Madding stated she wished to dispel a common misconception that the County is using Code Enforcement fees to support the Development Services Department. In actuality, the income from fines makes up only .8 percent of that program's budget, and pays only about 5 percent of the Code Enforcement costs. Because of the difficult economy, the Building Program has required supplementation by the General Fund. They currently have 24.50 FTEs, and there is a reduction in the budget for the next fiscal year due to an employee retiring who will not be replaced. Fees were raised last year, and Ms. Madding intends to propose a 10 percent increase in building fees because it is an individual service being provided to specific applicants. It is logical that developers or individuals should pay for the services they are receiving, rather

than the general populace supporting those services. The Building Program is designed to pay for itself, and has historically has been able to. It is currently being subsidized 21 percent from the General Fund.

Building Program performance measures showing the number of inspections and mileage driven per inspector also show the staff is doing more with the same amount of staff. Ms. Madding also noted that the statutory requirement for inspections is completion within 48 hours, and 99 percent of their inspections are being done in one day. This is very important to the people needing the inspection.

Ms. Madding reiterated that fees made up only 5 percent of the Code Enforcement Program. Solid Waste General Fund provides 81 percent of the Program, which is appropriate, as most of the complaints involve Solid Waste.

Current and Comprehensive Planning benefits everyone in the County and has been primarily funded by the Community Development Fee. The Current Planning budget receives 36 percent from the General Fund, 37 percent from fees and 21 percent from Community Development Fees. The Department's performance measures are significantly more stringent than statutory requirements. They do not expect to achieve 100 percent because some applicants don't bring in all the necessary papers, and we don't deny their application simply because their delay in compiling the necessary paperwork means we can't make our internal deadline. Mr. Rudisile asked Ms. Madding about the size of her Department and she stated they had 58 FTEs five years ago and now have 24 FTEs.

Mr. Smith asked Ms. Madding to define, for the public, Type 1 and Type 2 Permits. Ms. Madding explained that Type 1 is a land development permit, and if they can check the boxes and the applicant meets the standard, the permit can be issued. Type 2 requires a land use decision and must be noticed to all of the surrounding landowners. Type 2 permits are discretionary permits that are more complicated for staff to review, and there is 150-day statutory requirement.

Library

Mr. Harvey Bragg addressed the Budget Committee (*Submission No. 3*) and explained that the Library is funded 26 percent from program revenues, 9 percent from Video Lottery, and 65 percent from the General Fund. Service hours have been consistent since the libraries were opened again, and some communities are raising money to increase the hours for their local library. Circulation demand has continued to rise every year, and with fewer open hours, they are becoming more effective and efficient. Mr. Morris asked if e-books were included in the circulation demand and Mr. Bragg confirmed they are included. In addition to materials checked out, the libraries hold adult computer courses, technology workshops, school book talks, class visits, summer reading programs and a Babies and Wobblers Story Time. The Babies and Wobblers Story Time is important because early literacy development is vital to later academic success. Studies show that children who are ready to read when they start school are much more likely to graduate from high school. Mr. Bragg also noted the community meeting rooms in the libraries are popular and well used, and the number of registered cardholders continues to increase. A survey was given to determine if there would be citizen support of a charter amendment to refer to create a Library district. The campaign would be very expensive and the topic was tabled. There is increased demand due to new technologies such as mobile devices, applications, databases and patron use instruction. Funding for the Babies and Wobblers program was originally provided through an Oregon Community Foundation Grant,

and is currently funded by a Oregon State Library's Ready to Read Grant, which is ending. Friends of the Library are attempting to have that grant restored.

The goals for fiscal year 2012-2013 are to increase the e-book collection and patron technical support, update the strategic service and technology plans, and continue to look at other ways these services can be provided to citizens of Jackson County.

The Law Library budget is basically funded by filing fees. This budget is a dedicated fund in the amount of \$629,000. House Bill 5056 and Senate Bills 1579 and 5701 reduced the appropriation for this. An online cataloguing project was completed in 2011, which saved the Law Library approximately \$50,000.

The last area of the Library Department is internal Mail Services. The budget for Mail Services is \$114,000 and the General Fund pays 17 percent, with the rest being funded by chargebacks from internal departments that use this service. About 450,000 pieces of mail are prepared each year, and a piece of mail can range from an envelope or a box.

Mr. Rachor thanked the citizens for approving the Library build years ago and recognized how important the libraries are to communities. He also thanked the earlier Board for contracting with Library Systems & Services, LLC (LSSI), which is doing an excellent job managing the libraries.

Expo

Mr. Dave Koellermeir, Jackson County Expo Manager, addressed the Budget Committee (*Submission No. 4*) and noted he was representing the Fair Board as well. He stated there was a \$241,000 loss last year, and they expect a loss this year between \$100,000 - \$200,000. This improvement is a result of the Expo beginning to charge for concerts, reducing some concert costs, raising Fair entry fees by \$1 per person, and an improvement in mid-year building rentals due to a slight upswing in the economy. Mr. Koellermeier noted that negative impacts include the reduced numbers of commercial vendors for the Summer Fair, reduced parking revenue for that event, and the underutilized Lithia Amphitheater.

The Expo sponsors three events: the County Fair, Spring Fair and Rodeo, and Harvest Fair. These three events provide the largest source of revenue, followed by rentals through the year and then private sponsorships, carnivals, food and drink vendors, exhibitors etc. The budget still shows a loss, but the trend is now going in the right direction. The Expo does receive a bit of money from the lottery, but can't count on that continuing.

Fiscal year 2010-2011 had an operating loss of \$241,420, and Mr. Koellermeier is requesting General Fund support of \$68,817 for fiscal year 2012-2013. He expects to have a loan balance at June 30, 2012, and an operating loss for fiscal year 2011-2012. There is a \$244,000 carryover in a capital projects fund, and he anticipates a \$170,000 transfer, based on private donation for the showers/restrooms. With these funds, he plans to pay down a prior year loan.

One goal is to find partners, rather than just adding vendors. Mr. Koellermeier is always looking to find ways to utilize the amphitheater. His three major concerns are; 1) financial sustainability 2) adequate financial reporting and 3) control environment. Mr. Koellermeier stated that since he has come on board, he has seen a dramatic improvement on financial reporting, and the control environment has improved as well. He noted the Expo is a wonderful facility and has been well maintained. Mr. Jordan thanked Mr. Koellermeier and Mr. Chris Smith, and recognized they have worked hard to develop a relationship with the County. Mr. Jordan also

pointed out that, as County Administrator, he has absolutely zero operational control over the fair. This is also true for the Commissioners, with the exception of appointing members of the Fair Board. Mr. Jordan stated it is important for the public to know the Expo operates independently from the County, although the County does provide services such as legal and accounting services, but every contractual agreement the Expo makes is approved by the Fair Board and signed by Mr. Koellermeier. It is a unique circumstance in Oregon government.

Public Comment

Ms. Tina Burnett Drake, of Ruch, Oregon, addressed the Budget Committee and stated she owns a business in Medford and pays property taxes in Ruch and in Medford. She cares about the way County money is spent, and is serving as the Treasurer of the Friends of Ruch Library Board of Directors. Their goal is to raise at least \$13,000 to keep the Library open for four hours on Saturday. This will increase the total Ruch Library hours to 16 hours. She stated that Curry County libraries are open every day, including Sunday. Ms. Drake encouraged the Budget Committee to do whatever they can to not only maintain the current Library hours, but to increase them as a valuable community resource.

Ms. Lynn Howe, of Medford, Oregon and Chair of the Library Advisory Committee, also addressed the Budget Committee. She noted she is well aware of the budget issues for the County and thanked them for the support they've given. As citizens, members of the Library Advisory Committee are also strategic planners, and looking to get the most of out every dollar. Based on the community strategic focus groups, the top priority is early childhood education, so children get the tools they need to be successful. The libraries have taken the money they have and focused on early childhood education. They are also using community resources more than ever before, including day-care centers, the Family Nurturing Center, Kids Unlimited, Santos, etc. where kids and their families can get the type of literacy beginnings that they need. Given the funding situation, Ms. Howe felt the libraries have done a great job of using community resources.

Ms. Shelly Austin, of Medford, Oregon and Executive Director of the Library Foundation, addressed the Budget Committee and stated the Library Foundation's mission is to raise funds to improve the library system over and above what the County can do. Their priority is also early childhood education. She noted there is always a lag between identifying the need and a response from private donations. However, they are raising more money than they ever have, and have launched a new program that emphasizes early childhood education. Private donations fund a program that provides a reading guide and a book to new mothers in all the hospitals in the Rogue Valley. The libraries are dependant not only on the County, but also private donations, and there are many groups and individuals who support the libraries. Ms. Austin believes the communities value the libraries very highly.

Mr. Matt Epstein, of Ruch, Oregon, addressed the Budget Committee and stated he came as a supporter of the budget process. He noted the presentation for the library component was the best he's seen in the past 10 years. Mr. Epstein said the Ruch community is very clear about the fact that the County budget is not overflowing. However, the libraries are a capital investment of \$40 million dollars, and are resources that need to be invested in and leveraged as much as possible. The Ruch community has committed to pay to have their Library open an additional four hours a week because they feel it is so important. Mr. Epstein was glad to hear the Commissioners are investing in the future citizens and leaders with the early childhood education focus. He encouraged the Budget Committee to fully engage the community in developing a strategic plan for the Jackson County library system, under management of LSSI, to ensure the community has an opportunity to provide input. Mr. Epstein also questioned the

amount of usage and cost of using the Law Library. Mr. Jordan noted that the budget for the Law Library is a dedicated fund that we can't spend elsewhere. Mr. Rudisile complimented Ruch for filling some of the void to keep the Library open more hours and stated that is what the Budget Committee had in mind and hoped would happen. There is nothing that says the County has to pay for all of the library costs and the communities should be stepping up to keep our libraries open. Mr. Epstein stated he is in "violent agreement" with Mr. Rudisile on that topic. He felt the City of Medford should be helping, as well as the other communities. Mr. Morris noted he spent several years on the Library Advisory Committee, and it was definitely one of the darkest days in Jackson County history when the libraries closed, and one of the happiest when they re-opened, in spite of the fact that the communities would not pass a tax measure or be open to the idea of a Library District in order to keep the libraries open at the level that they were. He stated that the fact we have libraries open today is due to the creative abilities of County leadership, and he is thankful. Mr. Morris was glad some communities are raising money to increase library service, but the real way to keep the libraries open is to come up with new ways to generate revenue, either by Library District or taxes.

Lynn Howe told the Budget Committee that in addition to the communities of Ruch, Rogue River, Ashland and Talent, libraries are trying to find additional funding, as well as a consortium of libraries.

Mr. Rudisile closed the public comment period and thanked them for showing up. The meeting was recessed at 11:00 a.m. and resumed at 11:05 a.m.

Finance

Ms. Shannon Bell, Finance Director, gave the Budget Committee an overview of the Finance Department (*Submission No. 5*) showing a projected 2.99 percent increase in revenues, a 2.82 percent increase in total expenditures and a 1.92 percent net increase. Ms. Bell noted they have received a Certificate of Achievement for Excellent in Financial Reporting for the 27th year in a row. The Finance Department's objectives are to provide technical guidance and oversight in fiscal management practices, provide accounts payable services in the most cost-effective manner, maximize payments on pre-foreclosure accounts prior to judgment, dispose of County-owned properties, ensure all cash transactions within the County are properly recorded, and invest the County portfolio in approved fixed income instruments at competitive rates. The goals for investments are safety, liquidity and growth. Ms. Bell noted the Purchase Card Rebate Program provides \$30,000 in revenue, and the cost of lockboxes has dropped and will be discontinued. Mr. Jordan noted we make our own investments, and this has earned us about three times more than the State earns for most local governments. Last year, Jackson County had the highest return rate on investments of any local government in Oregon that does their own investments.

Information Technology

Mr. Mark Decker, Information Technology Director, addressed the Budget Committee (*Submission No. 6*) and reviewed his Department's budget. His Department has two programs; Computer Replacement Fund and Information Technology (IT) Services. They provide network operations, front-line computer support, applications, telecom and web content management. The mission of Computer Replacement is to maintain stable funding to replace obsolete technology. They are always monitoring costs and making sure they are getting the best value. IT supports three data centers, networked office sites, more than 100 software applications, and the County servers. They have seen a 7.5 percent increase in personal computers (PCs), phones, and megabytes of data. The demand for data size has increased 34 percent, which is

common through the industry. In Mr. Decker's budget, 93 percent comes from internal charges, and 7 percent comes from grants and fees. The demand for IT services continues to grow, and dedicated charges to assessment will be going up. The main performance measure is customer satisfaction, which dropped slightly last year, but is still very high at 94 percent. Major projects in this current fiscal year are Windows 7 deployment, electronic document management, Novell/Microsoft migration, and legacy system replacement. Next year, the major projects planned are Oregon Counties Assessment & Taxation System (ORCATS) replacement (Manatron) for Assessment and Payment Center, and Unified Communications, replacing email telephone systems. The replacement of the ORCATS system with Manatron will provide greater operational efficiency in Assessment and the Payment Center, and it will be a more effective use of IT resources.

Mr. Rachor asked about the total number of computers, which is more than the number of employees we have. Mr. Decker responded that this number includes computers used by part-time employees, contractors and volunteers, as well as computers and programs run by agencies, such as the Transition Center and libraries. Mr. Skundrick asked about the growing number of FTEs in IT and Mr. Decker agreed the staff is growing, but noted the services they are providing are growing at a faster pace. Departments are turning to technology because of reduced staffing. Mr. Jordan noted that if they exclude the temporary staff on the Manatron project, IT had 31 FTEs five years ago, and is currently at 30.50 FTEs.

County Counsel

Mr. Danny Jordan, in the absence of a current County Counsel, presented Counsel's budget to the Budget Committee (*Submission No. 7*). He stated the proposed budget is actually a decrease from the previous year, because one Senior Assistant County Counsel position was reduced to Assistant County Counsel, which was offset by an increase in subscriptions, publications, registration and tuition. The Law Library requires a subscription fee to access information online. The three attorneys we have right now have not been practicing in Oregon, and they need to take a few classes specific to the work they are doing. Mr. Jordan noted the chargeback formula has been changed, partially because County Counsel is now handling employment issues by in-house counsel. County Counsel now charges employment-related issues to the departments directly for services based upon the employee group and number of employees in the employee group as of June 30th the prior year. County Counsel serves as the County's law firm, reviewing and preparing all ordinances and contracts, litigation and appeals, handling employment grievances and unfair labor practice claims, supervising outside counsel, public hearings and administrative tribunals, and providing information links, sample documents and training to County employees. It is much more cost efficient to handle these items in-house, as the cost is about a third of the cost of a Portland attorney, and about half the cost for a Medford attorney.

Current staffing levels include 2.00 Senior Assistant County Counsels, 1.00 Assistant County Counsel, 1.00 Administrative Assistant and 1.00 Project/Program Coordinator. The County Counsel position is currently vacant. The Department is handling the approximately the same number of contracts as previous years, with 16 tort claim notices, 23 active litigation or appeal cases, and 18 employment claims in the last year. Major issues of the past year are Table Rock Park, petition for Certiorari regarding Willis versus Winters (a medical marijuana case), and operating under reduced staffing. Predicted issues and goals include hiring a new County Counsel, providing more County training and improving standardized contracts and forms. Mr. Rachor asked about the in-house overhead costs, and Mr. Jordan stated they are an indirect cost department and the facility maintenance cost is included in the total cost of the Department.

County Administration

Mr. Matt Michaelis, Budget Analyst, presented the County Administration budget to the Budget Committee (*Submission No. 8*). The programs within County Administration are Facility Maintenance, Human Resources, Internal Audit, Watermaster, Emergency Management, Self-Insurance Health Plan, Workers' Compensation, Risk Management-General and Auto Liability, Economic and Special Development, Community Development Block Grant. Chargeback fees provide 95 percent of the Department revenue. There is an increase of 1.30 FTEs this year, which includes 1.00 FTE in Facility Maintenance, to be located at the new Sheriff's Office. The Internal Audit Program performs financial and performance audits and coordinates external audits. The Watermaster manages ground and surface water needs, and the State-paid Watermaster position is supported by 3.00 County FTEs that have built up a gauging station network of 26 stations in crucial areas throughout the County. These stations provide essential data and the network is used as a State model for success. Emergency Management is related to fire planning and coordinating emergency preparedness efforts throughout the County. The insurance funds cover health insurance, general and auto liability. The Economic and Special Development Program funds contribute to external agencies in the County which promote economic development, including Rogue Valley Council of Governments (RVCOG), Southern Oregon Regional Economic Development, Inc. (SORED) and the Extension Center. The Extension Center provides the County a great deal of crucial education for agriculture and economic development. County Administration houses Community Development Block Grants that come from Housing and Urban Development (HUD) through the State, and serves as grant administrator for non-profits in the area that use those funds to benefit the low and moderate income community of Jackson County. Mrs. Sevcik asked if the \$19 million in insurance includes anything we purchase. Mr. Michaelis responded that we do re-insure ourselves with limits; the \$19 million is the reserve we are required to have. Mr. Smith noted there are not many counties who do performance audits in Oregon, and these audits have helped elected officials and their departments achieve appropriate staff size. Mr. Rudisile asked for a status report on maintenance of County buildings and Mr. Bragg stated that most of the facilities are in great shape, with a few projects that need to be completed at the Expo. Mr. Bragg noted the Medford Library roof is faulty and they are working with the guarantor of that product. Overall, any backlog will be caught up within four years. Mr. Jordan noted that because the County has over 100 facilities through the County, it is a big task, and Facility Maintenance is doing an excellent job.

Public Comment

No one wished to make a comment.

Mr. Jordan noted that the Elected Officials' Salary Committee met on the previous day, and the Chair suggested that Mr. Jordan present the Elected Officials' Salary Committee's recommendation. Mr. Jordan proposed that he make that presentation just prior to the scheduled afternoon public comment period, to give the public a chance to comment on that information if they wish.

Mr. Rudisile agreed and recessed the meeting at 12:02 p.m. for a scheduled lunch break, and the meeting resumed at 1:00 p.m.

Board of Commissioners

Mr. Skundrick addressed the Budget Committee and noted that the Board of Commissioners is an elected body with three distinct roles: 1) quasi-judicial, acting as arbitrators in matters

relating to individual land-use issues in Jackson County; 2) legislative in acting, and deleting or replacing ordinances pertaining to the County's geographical, individual and and/or political constituents; and 3) administrating the day-to-day County operations and financial wellbeing as charged by the County Charter. For this matter, the County Commissioners have appointed a County Administrator, accountable only to the Board of Commissioners, to carry out those administrative duties. The County Commissioners' staff has 5.00 FTEs, including the three Commissioners and parts of 4.00 Administrative Assistants. They are funded by chargebacks to all the other departments, and take that overhead responsibility seriously. Expenditures include personnel costs and the cost of participating in several organizations, including SOREDI, Association of Oregon Counties (AOC), Oregon and California Railroad Lands (O&C) and National Association of Counties (NACo). The Commissioners also attend and support worthwhile initiative organizations and events, adding to the good governance responsibilities they are charged with as Elected Officials. This includes lobbying efforts with State, Federal and agency officials. They support the County's action initiative and set up a grant fund specifically to encourage local job growth at the traded sector for wages above County averages. The Commissioners have added support out of the Board budget to economic development partners such as SOREDI, Sustainable Valley and the Angel Network. The past year saw the culmination of 11 years of hard work with Regional Problem Solving (RPS), which was a great example of governments who emphasize "people" working together to accomplish a common good. The Commissioners established a Federal Coordination Policy, which noticed the County's right to be notified prior to land-use decisions that will have some impact on County lands adjacent to those lands being affected by a Federal agency. The Board of Commissioners agreed to purchase the Federal Building with the intent to put the Health and Human Services (HHS) Department into this building, and planned an adjacent parking structure. This property will allow consolidation of services and provide greater access and better service to the HHS clients, placing the facility in a geographic area where most of their clients are from, and in an area well served by the transportation system. Lastly, this should reduce costs as many agencies are consolidated into one building. The County's commitment to job growth is outlined in the County's website and Mr. Skundrick encouraged everyone to view the website for details on this process. Challenges include a revenue expenditure conundrum; thinking out of the box to reduce expenses; trying to make government smaller and more efficient while minimizing the impact of reduced services on our County residents; looking for innovative methods to increase revenues that do not always rest on the back of the County's taxpayers; taking the Governor's sweeping health and education initiative and applying it to our County's residents in a manner that serves their needs while protecting County's expenses; fully realizing the potential of the coordination process with federal agencies; balancing the need of a robust economy and job growth within the County; and working with municipal partners to finalize and work with the Land Conservation and Development Commission (LCDC) for the adoption of the RPS plan. After 11 years of work, the Commissioners approved the plan and sent it to LCDC. Finally, the County will continue to work with Dave Koellermeir to help the Expo become a self-sustaining organization. Mr. Skundrick thanked the Budget Committee personally and publicly for all their hard work on this budget.

County Clerk

Ms. Chris Walker addressed the Budget Committee, and stated she anticipates taking in \$1.4 million in revenue during the 2012-2013 fiscal year, and will spend just under that amount. She is proud to come in at that target. This Department's revenue comes from the Clerk's Administrative, Elections, Recordings and Board of Property Tax Appeals Programs. The majority of the Clerk's deeds and property records come from documents being recorded in their offices, as well as fees for marriage licenses, document sales and some special election reimbursements. The Clerk's Office strives to perform the daily tasks with the utmost integrity

while serving the public with confidence and respect, and rely on the entire staff to provide essential services to the public at high levels.

In fiscal year 2011-2012 they made many positive changes and continue their commitment to provide excellence in an effective, cost-efficient manner. Jackson County was the first County to e-record, and between 60-70 percent of all the document recordings are now being received electronically, and Level 3 e-recordings can be done entirely electronically. Ms. Walker expects the percentage of e-recordings to increase. She also noted that the Clerk's Office continues to progress in the 2009 audit of the Recording Program and have fulfilled all but one of the audit recommendations. Ms. Walker was proud to state she has performed 672 marriages in the four years she has served as County Clerk. The Board of Property Tax Appeals (BOPTA) held hearings for 864 accounts appealed and these hearings were concluded on April 4, 2012. The Clerk's Office is required by statute to accept BOPTA petitions, schedule hearings and act as BOPTA's administrative assistant. They also keep the BOPTA record, issue orders, and record hearings. Ms. Walker thanked her dedicated staff who helped her to complete these necessary tasks. Another positive change was the update made to the Helion BOPTA program. All petitions and testimonies can now be scanned, which reduces the amount of paper used, streamlines tasks, and makes the workload more efficient. Ms. Walker noted that the upcoming May primary will include candidates for Commissioner, Surveyor, Assessor, and District Attorney, as well as two County Charter Amendments and numerous Federal, State and local candidates on the ballot. These ballots will be mailed on April 27, 2012.

Issues in fiscal year 2012-2013 will include a presidential/residential election and possibly three other regularly-scheduled elections. Ms. Walker expects to have an extremely high turnout at the primary, as 85 percent of the citizens voted at the last Presidential election. The Clerk's Office will be used as a Beta test site for a Bell & Howell ballot sorter, which, although it is new to Jackson County, is proven and other counties have used it. This ballot sorter is more efficient, will speed up the election results, and she is confident it will make them a better Department.

Ms. Walker expects a higher number of BOPTA petition filings for tax year 2012 and has budgeted \$69,000 to accommodate the expected increase. She may receive \$8,050 in a County Assessment Function Funding Assistance (CAFFA) Grant, and has also submitted paperwork to inquire about charging a small fee for filing these petitions, which would be presented to the Board of Commissioners for their approval. Ms. Walker noted that economic conditions make the recording program highly volatile to financial market conditions, as revenue stream is dependent upon housing sales, mortgage loans and the general state of the economy. With the continued support of the Budget Committee, Board of Commissioners and the County Administrator, they are making positive, proactive changes, with cost-saving effects. Mr. Rudisile noted that significant improvements were made to the Clerk's Office when Ms. Walker first took over the Department, and she has continued to improve the process and reduce costs.

Assessor

Mr. Josh Gibson, County Assessor, addressed the Budget Committee with a breakdown of results from fiscal year 2011-2012 and his fiscal year 2012-2013 budget (*Submission No. 9*). He noted they will receive \$200,000 less funding from the State this year. His Department has 115,000 total accounts, of which 97,000 are assessable accounts. Currently, he has 30 FTEs, has budgeted 33 FTEs for 2012-2013, and the Department includes 10 Field Appraisers. These Appraisers perform appraisals on residential, commercial and personal property, examine all sales in Jackson County, determine real estate market trends, ownership changes, verify legal

descriptions, farm and forest special assessment programs, veterans exemptions, senior deferrals and property line adjustments.

The Assessor's Department's goals are: 1) to ensure all property is accurately and fairly appraised and assessed according to law; 2) educate the citizens of Jackson County on property tax laws; 3) increase collaboration and communication; and 4) be great stewards of the taxpayers' money.

In July of 2011, the Assessor's Department lost several employees, which represented a total of 126 years' worth of experience. Cross-training became imperative, and is ongoing. Improvements to office environment, in addition to cross-training, included culture and atmosphere, employee expectations, transparency expectations and customer service expectations. In the restructuring of Assessor's Office, an Operations Manager was hired, and a format of Lead Appraisers and team was created. Tax time procedures were implemented with a review panel, the Department was open longer hours during tax season (without additional staff hours or overtime), and all Appraisers were involved in BOPTA using uniform presentation format. Specific appraisal goals include: 1) all confirmations will be examined and verified by all Appraisers; 2) total of 900 physical inspection visits for sales to ensure accuracy of their records; and, 3) total of 600 physical inspections of personal property audits.

A great deal of County property requires a recalculation process. This is a review of an area to verify all the sales and reestablish what the base values are. Prior to Measure 50, every property in the County had to be visited every six years. Since that time, the base value has just been trended. Currently, 40 percent of the County hasn't been reviewed in 20 years. Last year, the Assessor's Office reviewed 14,000 accounts in Central Point, Gold Hill, Sam's Valley and Eagle Point Golf Course. There are 7,000 accounts to be reviewed in Southeast Medford, Phoenix, Talent and the rural areas within these parameters, and this is scheduled to be done next year. Eagle Point and Shady Cove will need to be recalculated as well, but that will be in the years to come.

Mr. Gibson is very excited about the new Manatron software. The first step in converting to Manatron will be scanning roughly 2 million documents. This will allow the appraisers to eventually have access to electronic documents in the field. Manatron will revolutionize how they do appraisals, streamlining the process, increasing efficiency and accuracy, and decreasing the staff time needed to make en masse changes.

Surveyor

Mr. Kerry Bradshaw, Jackson County Surveyor's Office, addressed the Budget Committee and stated that revenue for the Surveyor's Program is \$72,196, and for the Corner Restoration Program, it is \$1,282,128. Expenditures are planned to be \$72,196 for Surveyor's Program, and \$1,282,128 for the Corner Restoration Program. The Surveyor's Office is required by statute to have a balanced budget.

Mr. Bradshaw noted that citizens often ask what the Surveyor's Office does. He explained one of their primary responsibilities is to maintain and re-establish old government corners set back in the late 1800's and early 1900's. All Oregon counties are controlled by these corners, and there are over 10,000 of these corners in Jackson County. Many corners are destroyed by logging, fire and malicious mischief, and must be replaced.

Human Service Agencies/Special Requests

Mr. Mark Orndoff, Health and Human Services Director, provided a history of Human Services grants (*Submission No. 10*). There are currently 21 grants to 14 different safety-net providers throughout the County. Jennifer Mylenek, Executive Director of Jackson County Court Appointed Special Advocates (CASA) addressed the Budget Committee. She stated that CASA serves 500 children a year, and could not do it without the funds so generously provided by the County. They have 206 volunteers who make a more than two-year commitment to each child. Last year, volunteers gave 18,850 hours. CASA volunteers are court appointed, legal advocates, have access to confidential information, and interact with many other agencies that the children need. By mandate, the CASA program must be 75 percent funded by community funding, and she expressed her gratitude for the support of the County. Ms. Mylenek also noted there are 450 children on their waiting list. Mr. Jordan noted that CASA is one of the many Human Service agencies whose funding the Budget Committee will be deliberating on. The program has been handled internally by HHS. The projected General Fund contribution to the Human Service agencies is \$550,000.

Health and Human Services

Mr. Mark Orndoff, Health and Human Services Director, addressed the Budget Committee (*Submission No. 11*) and stated they have a balanced budget for all nine divisions, and noted the demand for service has increased. The State made legislative changes with House Bill 4165 (early learning councils in regional hubs) and House Bill 3650/Senate Bill 1580 (Care Coordination Organizations). There is also the Federal/National Health Care Reform, pending Supreme Court ruling and the November elections which will probably have an effect on County services. After putting the budget together, HHS received notice of additional revenue of \$122,000 and requested the addition of 1.00 additional FTE. The total operating revenue for 2012-2013 is \$34,613,267, with the majority coming from the State, some grants from local government, some from Federal Government, 7.6 percent from the General Fund, and a small amount from fees and charges. The FTE and Revenue Reductions are a result of contracting for a Mediation Program, the gradual phasing out of the Commission on Children & Families, grants transferred directly to providers in the Alcohol and Drug Program, and closing School-based Health Centers (SBHC). Mr. Orndoff stated that the SBHC contracts at Crater and Ashland schools will not be renewed, and the State has been notified of Jackson County's intent to terminate our current obligation to Hazel Secure Residential Treatment Facility (SRTF). Other reductions have been made, where possible, through the elimination of vacant positions, retirements and eliminating probationary employees to minimize impact. Mr. Orndoff stated they have tried to make the changes as seamlessly as possible, and these changes were communicated to the various organizations to give them sufficient time to find another provider or close without a big impact. Mr. Jordan noted, for the general public, that most of the HHS services are required and funded by the State, and provided for the State by the County. Overall, HHS budget was reduced by \$12,626,587. Of that, \$9.6 million was a pass-through from the State to HHS and then distributed to various service providers in the Developmental Disabilities Program. Per an external auditor, that pass-through money does not have to be included in the budget, as it now goes directly to those providers. The rest of the reductions were \$2.1 million for Mental Health, \$1.1 million for Commission on Children and Families (JCP grants transferred to Community Justice), \$185,000 for Public Health, and \$129,000 for the Alcohol and Drug Program.

Mr. Orndoff showed a brief video explaining Coordinated Care Organizations (CCOs). The link is <http://www.oahhs.org/public-docs/video/what-ccos-mean-to-Oregon.html>. He stated this is a complete transformation of the health care system to coordinate primary care, mental health,

dental, and other services. Statewide, 47 letters of intent have been received, some of which were placeholders. Oregon Health Authority (OHA) is awaiting approval of Centers for Medicare & Medicaid Systems (CMS) waiver and funding to capitalize CCO efforts, and is hoping for approval in June. OHA/Oregon Health have a number of committees meetings planned in the coming months to address the specifics of implementation. Six CCOs have applied in Oregon with a hopeful implementation of August 1, 2012. The six applicants are CareOregon Jackson County, Coordinated Care of Oregon, Jackson County CCO, Mid-Rogue IPA, ODS Jackson, and Primary Health. Mr. Orndoff gave a brief description of each of these applicants.

There are concerns, because the timelines are very aggressive and agreements must be in place with the Local Mental Health Authority (LMHA) and Local Public Health Authority (LPHA). Also, multiple CCOs in a region could create additional administrative burden, and the current safety net system could be vulnerable to cost shifting as shortfalls occur in physical health. Should waivers be secured and Center for Medicare & Medicaid Systems (CMS) approves this transformation, it is expected that \$2.5 billion could be infused into Oregon's health care system over the next five years to try to reform our current structure.

Mr. Orndoff noted that HHS is currently housed in nine different buildings, with nine divisions and also operates a Developmental Disabilities (DD) building. In studying the case load, they found that 37 percent of the 960 families in the DD Program had contact with both DD and Mental Health and the two facilities are over a mile apart. Bricks and mortar aren't going to transform the system, but it will provide integrated client-centered care to the citizens of Jackson County and they will develop a centralized intake to assess the entire family unit. The CCO's are going to happen, so Mr. Orndoff believes we should embrace them and find where the opportunities are.

The overall goal is to improve the health of those they serve, contain costs and improving the access and quality of care. Mr. Orndoff stated, "It is said by many that the system is broken – and we are the system." The solutions to complex problems are best solved working together. The time is now and HHS, working with partners, can and will transform the system. He reminded the public there is a Health and Human Services e-brochure available on the Jackson County website that describes the programs they offer. Mr. Skundrick expressed concern about CCOs as the details aren't even close to be determined. One issue is governance, as part of the statute is the CCOs have to obtain the approval of County governments and we don't know what the County would be signing on to, or what the risks and responsibilities are. Also, from a budget standpoint, the concern is that Mental Health will lose funding to cover shortfalls in physical health programs. Mr. Skundrick stated Mr. Orndoff has done a great job of keeping the Commissioners informed, but doesn't believe anyone truly understand it. The impression has been given that the Federal government will probably fund it, but we don't really know. Mr. Orndoff agreed we will likely get less funding in the long-term. He stated they will have to work with the managed care organizations in a manner that helps them be able to see the value, not only of the Medicaid population they serve, but also those who bounce in and out of Medicaid eligibility, and are the most vulnerable in our community. If we aren't able to serve them effectively with our partners, it will likely cost the partners more in the long run. Mr. Orndoff noted it is likely that some of these organizations are mission-driven and want to serve the Medicaid population, but the reality is for many, it is all about money. The lure of not only the Medicaid population initially, but the public employees that will likely come into the plan in the next few years is really why they are getting interest from the national groups. Mr. Orndoff believes HHS must keep a strong voice at the table to direct the focus to delivery of services and the safety net for the most vulnerable, as well as the necessary focus on the dollar.

It was noted that the Mental Health program has no County funding.

Elected Officials' Salary Committee

Mr. Jordan summarized the results of the Elected Officials' Salary Committee meeting on April 17, 2012, at 11:30 a.m. The Elected Officials' Salary Committee is made up of three lay members of the Budget Committee, and the Elected Officials' compensation was discussed at this meeting for fiscal year 2012-2013. He explained the process by which these salaries are set, and that there are laws that govern different methods of setting salaries for different groups of employees. For Elected Officials there is a very specific law, Oregon Regulatory Statute 204.112(3). Mr. Jordan chose to read this for the benefit of the public and offered some explanations as he read. "The County Compensation Board shall annually review the compensation paid to persons comparably employed by the State of Oregon, local public bodies and private businesses within a labor market deemed appropriate by the board for each elective officer. The County Compensation Board shall take into account such factors as the number of employees supervised and the size of the budget administered by each elective officer, the duties and responsibilities of each elective officer, and the compensation paid to subordinates and other appointed employees who serve in positions of comparable management responsibility. The County Compensation Board shall prepare and approve by majority vote a recommended compensation schedule for the elective officers and shall submit the recommended compensation schedule to the County governing body." At the direction of the Elected Officials' Salary Committee, the County Human Resources Office compared each of our elected positions and compared them to similar positions of similar duties and responsibilities within the County's pay structure. In other words, they took the Commissioners, Assessor, County Clerk, Justice of the Peace, Sheriff, Surveyor and the District Attorney (who is a State employee but receives a stipend from the County) and treated them as if they were appointed rather than elected, and gave them an appropriate County classification. In comparison to Clackamas, Deschutes, Linn, Lane and Marion Counties, who are comparable in size, complexity and function, our Assessor is paid 10.3 percent less, our Clerk is paid 4.18 percent less, our District Attorney is paid 2.4 percent less, our Justice of the Peace is paid 2.33 percent more, our Sheriff is paid .36 percent less, and our Surveyor is paid 2.16 percent more. Overall, our Elected Officials are paid less than the comparables and the mean. Several years ago, the Elected Officials' Salary Committee recommended that Commissioners be treated the same as appointed personnel, who were then on a four-step plan, which meant that each year the compensation increased, assuming they performed well and the Elected Officials' Salary Committee felt that was an appropriate action. Last year all appointed staff and Elected Officials in the County went into a six-step plan, which actually saves money as new people are brought in at the lower levels and take longer to get to the highest plan. The recommendation was also made to include all Elected Officials in the Cost of Living Adjustment (COLA) step increase. Because there will be a new District Attorney this year, and the State pays the District Attorney a base wage and the County pays a stipend, the stipend will also be on the step program. The recommendation from the Elected Officials' Salary Committee was that the Elected Officials, with the exception of the Commissioners, continue in the six-step program. Finally, Mr. Jordan noted the County Commissioners declined the step increase last year, and this year requested their salaries remain flat and removed from the step plan, but they will accept the COLA step. The Elected Officials' Salary Committee recommended the Commissioners be moved to Step Two of the new six-step range, which translates to a 1.86 percent increase. Mr. Jordan noted the new Commissioner will come in at the same salary, which will be a cost savings.

Public Comment

No one wished to make a comment.

Mr. Rudisile closed the public hearing at 2:47 p.m. and recessed the meeting until 3:00 p.m.

At 3:03 p.m. the Budget Committee met and began deliberations. Mr. Rudisile stated he would present the minutes for approval, review the Elected Officials' Salary Committee recommendations, call on each Committee member for comments, vote on adopting the budget, and review several Orders.

Mrs. Sevcik moved for approval of the minutes from the December 8, 2011, meeting. Mr. Rachor seconded the motion. The minutes were approved by a unanimous roll call vote.

Mr. Rudisile read the title Order No. 77-12 in the matter of approving the 20-12-2013 Fiscal Year Elected Officials Salaries for Jackson County Oregon as recommended by the Elected Officials' Salary Committee. Mr. Morris made a motion for approval as recommended. Mrs. Sevcik seconded the motion. Before a vote was taken, a discussion was held on the topic of salaries, including comments on the pros and cons of salary freezing and the benefits of the step program, which is actually a decrease in expenses because the new Commissioner will come in at a lower cost than Commissioner Smith. Those who aye – Mr. Rudisile, Mr. Morris, Mrs. Sevcik, Mr. Rachor, Mr. Skundrick and Mr. Smith. Motion passed unanimously.

Mr. Jordan noted there are some appropriation Orders that need to be approved. As they were preparing the orders this year, the Department of Revenue changed an administrative rule to state that Reserves or Unappropriated Ending Fund balances aren't adopted as part of the appropriation authority. However, the law does allow 15 percent of any fund to be moved to Contingency. Mr. Jordan noted this allows even less flexibility in spending reserves. The Board of Commissioners would still have to approve any Contingency dollars used. Mr. Morris asked if it was possible for a department to move money into Contingency during the year, and Mr. Jordan stated they cannot, with the exception of a limited number of emergency conditions.

Mr. Bragg provided further clarification by stating they were talking about three different accounts: Contingency, Reserves, and Unappropriated Ending Fund balance. Contingency is an operating contingency fund, which is appropriated and can be moved. It takes a Board Order to take money out of Contingency funds into a line item. A Reserve is set aside and not appropriated, because the expectation is you are saving up for something specific. A Supplemental Budget can be done to access those funds if absolutely necessary. The Supplemental Budget must be noticed in the newspaper, a public hearing must be held, and the Supplemental Budget must be approved by the Board of Commissioners. Unappropriated Ending Fund Balance locks up the money and guarantees it will not be spent. This carries forward, and the Beginning Fund Balance the following year will be at least equal to that amount. A Supplemental Budget cannot access that fund, and only if there is a true catastrophe will those funds be accessible. Mr. Morris asked if there is a dollar threshold on what the Commissioners can approve without reconvening the Budget Committee. Mr. Jordan stated there is the short period, between the time the Budget Committee approves the budget and the Board of Commissioners adopts the budget, where the Commissioners can change the amount of any fund by up to 10 percent without the Budget Committee's approval.

Mr. Rudisile asked each Committee member if they had any questions, and then raised a question himself on the Health and Human Services Service Partners' Grants. He noted this area hasn't been reduced in the last five to seven years. During that time, budgets have been cut in nearly every department in the County, some of them quite substantially, including cutting \$2.1 million from the Sheriff's budget, and public safety is our first priority. There was a lengthy discussion about the amount being given to the service partners. While everyone agreed that these organizations are worthy of support, it was eventually agreed to make a 15 percent reduction across the board. A discussion was held regarding the benefits and drawbacks of possibly having a third party administer grants.

Mrs. Sevcik made a motion to reduce funding to each of the service partners by 15 percent from what is proposed in the budget. Mr. Smith seconded the motion. Those who voted aye – Mr. Rudisile, Mr. Morris, Mrs. Sevcik, Mr. Rachor, Mr. Skundrick and Mr. Smith. Motion passed unanimously.

Mr. Jordan explained the choices for the Budget Committee in approving the Budget, with the possibility of increasing the HHS budget because of additional funding now which became available after the budget was drafted.

Mr. Morris made a motion to approve the Health and Human Services budget with the recommended changes of adding 1.00 FTE Developmental Disabilities Case Manager in the amount of \$122,580 for a Fund total of \$50,271,660. Mrs. Sevcik seconded the motion. Those who voted aye – Mr. Rudisile, Mr. Morris, Mrs. Sevcik, Mr. Rachor, Mr. Skundrick and Mr. Smith. Motion passed unanimously.

Mr. Morris made a motion for approval of Order 78-12 in the matter of approving the 2012-2012 fiscal year budget for Jackson County, Oregon, as recommended by the County Administrator and which includes the approved change to the Health and Human Services Fund. Mrs. Sevcik seconded the motion. Those who voted aye – Mr. Rudisile, Mr. Morris, Mrs. Sevcik, Mr. Rachor, Mr. Skundrick and Mr. Smith. Motion passed unanimously.

Mr. Rudisile adjourned the meeting at 3:48 p.m.

Respectfully submitted,

/s/ Dick Rudisile
Dick Rudisile, Presiding Officer

/s/ Lynell Dewey
Lynell Dewey, Recording Secretary

Approved on: December 6, 2012