

# JACKSON COUNTY BUDGET COMMITTEE

## Minutes

Board of Commissioners' Conference Room, Room 214  
December 9, 2014  
8:00 a.m.

The Jackson County Budget Committee meeting was called to order by Mr. Dick Rudisile at 8:03 a.m. in the Board of Commissioners' Conference Room. Roll call was taken.

Present: Mr. Dick Rudisile, Chair, Budget Committee; Mr. Craig Morris, Budget Committee (arrived at 8:33 a.m.); Ms. April Sevcik, Budget Committee; Commissioner Doug Breidenthal; Commissioner Don Skundrick; and Commissioner John Rachor.

Staff: Mr. Danny Jordan, County Administrator; Mr. Harvey Bragg, Sr. Deputy County Administrator; Ms. Traci Adams, Budget Analyst; and Rebecca Ward, Recording Secretary.

Guests: Commissioner-Elect, Rick Dyer; Commissioner-Elect Colleen Roberts; and Interested Members of the Public and Press

### **Approval of Budget Committee Minutes**

The first item on the agenda was approval of the Minutes from the Budget Meetings held on April 8, 2014, April 15, 2014, and April 17, 2014.

**MOTION: Commissioner Skundrick made a motion to approve the minutes of the Jackson County Budget Committee meetings for April 8, 2014, April 15, 2014, and April 17, 2014. Commissioner Breidenthal seconded the motion. Those who voted aye: Mr. Morris, Ms. Sevcik, Mr. Rudisile, Commissioner Skundrick, Commissioner Rachor, and Commissioner Breidenthal. Motion passed.**

Mr. Jordan opened by stating that the purpose of the Budget Committee meeting is to prepare and set budget targets, give an update on the budget process, and identify expectations for the upcoming year.

### **County Budget Policies**

Mr. Jordan gave an update on the current status of the County Budget Policies. He also gave a brief history of the policies which included why they were drafted and what they cover. A copy of the policies were distributed to the Committee for their review (*Submission Nos. 1, 2, 3, 4, 5, and 6*).

### **Home Rule Charter Section 15 – Local Budget Law**

Mr. Jordan asked Chair Rudisile to poll the Committee to determine the majority preference regarding future Supplemental Budget review process proceedings. He explained that the portion of the Jackson County Charter regarding Supplemental Budget preparation, Home Rule Charter, Section 15 (*Submission No. 7*), was written prior to current local budget law, and he wants to know if the Committee wants him to continue to prepare the Supplemental Budget as it has been done, submitting it to lay members for their review, comments, and concerns, and the Commissioners holding the hearing for a Supplemental Budget or whether they want to participate in the hearing. Local budget law requires a Supplemental Budget to be reviewed as part of a public hearing process which is currently conducted by the Board of Commissioners. Notice of Supplemental Budget No. 1 for Fiscal Year 2014-2015 was

provided to the Committee members (*Submission No. 8*) for their review. Chair Rudisile declined to poll the Committee until the arrival of Mr. Morris.

### **Fiscal Year 2014-2015 Beginning Fund Balance**

Mr. Jordan stated that the beginning fund balance is \$47,443,717 (*Submission No. 9*), and does not include dedicated funds, which are roughly \$40,000,000 to \$45,000,000. The Committee does not set budget targets for dedicated funds. The actual beginning fund balance is less than the projected amount of \$49,000,000, due to \$4,000,000 paid from the General Fund to increase the capacity of the Health and Human Services parking garage. Mr. Jordan explained that a lease agreement was executed with Health and Human Services to reimburse the County. This amount was not included in the fund balance, but will be added when the payment is received. Without this transaction, the fund balance would have been \$2,000,000 over the projected amount.

Mr. Jordan explained that prior year carryover requirements totaling approximately \$7,300,000 are included in the fund balance but are essentially backed out. The largest is a debt service of approximately \$6,500,000, which is the result of a loan received into the General Fund for the Health and Human Services facility. Mr. Jordan further explained that this \$8,000,000 loan was taken at one percent, invested, and has earned almost two percent interest each year, resulting in a net income. The loan balance must be paid back in five annual payments of approximately \$1,500,000; it has been marked for debt service and should be backed out of the General Fund balance for purposes of evaluating available funds.

General Fund cash flow requirements have been set aside. Cash flow is needed to fund services from July 1 until taxes are collected each year.

A rainy day balance of approximately \$30,000,000 remains after accounting for the one-time prior carryover expenses and cash flow requirements. Mr. Jordan clarified that the prior carryover expenses could also be expenses next year.

Mr. Jordan discussed possible impacts to the fiscal year 2015-2016 budget. One-time revenues could total an estimated \$12,000,000 and may not be received every year. This total may include the \$4,000,000 reimbursement payment from Health and Human Services, a potential Oregon and California Railroad (O&C) Lands payment, which is contingent on Congress, Library Services money that the Library District will now pay, funds allotted to the Jackson County 4-H, Master Gardener and Agricultural Extension Service District (AESD), because their expenditures are not necessarily set and approximately \$800,000 from video lottery funds. Though the video lottery funds are identified as General Fund dollars, the State requires them to be spent towards economic development. The County is also required to account how and where the lottery funds are spent by providing a report to the State. Libraries qualify as economic development, but next year's budget targets assign the funds to the Sheriff's Office for purposes of accounting because it also qualifies.

Possible expenditures in 2015-2016 could include the following: \$6,200,000 for the conceptual design and construction of the new District Attorney's Office facility, which could be funded using expenses budgeted for, but not incurred by, the Library and AESD; \$1,500,000 for the Justice Court Building, which has been included in the budget, the property already acquired, and the facility design selected; an estimated \$2,800,000 for the Expo RV Park project, which will be spent as a loan to the Parks Department that will generate a revenue and be reimbursed to Jackson County; and \$300,000 for the Southern Oregon Historical Society as part of the Supplemental Budget.

Chair Rudisile raised several concerns and questions regarding funding provided to the Southern Oregon Historical Society (SOHS) by Jackson County. A discussion was held regarding the history of SOHS, including the lawsuit against the County; their multiple attempts to create a taxing district; continued mismanagement of organizational and operational resources; and efforts to correct and improve their policies and procedures. The Committee and Commissioners expressed their concerns regarding the location, management, and preservation of the two million plus artifacts collection maintained for the benefit of the community. Continued discussion was held regarding the potential to implement restrictions or requirements to any future funding requests. Chair Rudisile stated that the Committee would like to be involved in any future funding decisions for the SOHS.

Mr. Morris arrived at 8:33 a.m., and Mr. Rudisile asked the Recording Secretary to amend the roll call.

### **Capital Projects Update Discussion**

A discussion was held regarding the Parks Department's interest in generating revenue by developing an RV park on the north side of the Expo property between the ponds. Mr. Jordan discussed the steps taken to date and described the challenges and land use issues which still need to be overcome in order to develop the property for this purpose. He further outlined his concept for funding the project, which is to have the Parks Department borrow funds from the General Fund. The \$2,800,000 loan would be set up on a five-year repayment plan, because Oregon law allows for one fund to make a loan to another fund for capital improvements for up to a five-year term. Mr. Jordan explained that a pro forma was completed which showed a conservative 35, 40, and 50 percent occupancy over a 10-year period. The Parks Department would not satisfy the loan in five years under the pro forma. The minimum base payment would be \$250,000 annually for five years, depending on occupancy and net. At the end of this term the loan would be reissued if needed. At the lower end of occupancy, the loan would be satisfied in 11 years at an annual payment of \$250,000; at 50 percent occupancy, Mr. Jordan estimates an annual net revenue of over \$1,000,000 and the loan repaid by year 10. Net revenue generated by the project would be distributed 20 percent to the Expo and 80 percent to the Parks Department, subject to negotiation. Continued discussion was held regarding this project.

Mr. Jordan discussed the County's plan to construct a new facility for the District Attorney's (DA) Office and explained funding options for the \$6,200,000 project. It is necessary to replace the current buildings because they were not designed for public safety and do not provide proper security, nor do they have the space needed to accommodate increasing grand juries, staff, and supplies. The new building will be constructed on an unused, County-owned parking lot located to the west of the current DA facilities. In order to meet the City of Medford requirements, County-owned buildings on the lot adjacent to the new DA facility will need to be demolished and replaced with a usable parking lot. The demolition costs will be included in the \$6,200,000 budget. Once the design is complete, Mr. Jordan will bring the project before the Board and will recommend that it be funded this year. Because General Fund for the Library was budgeted but not utilized, funds will be available without dipping into this year's fund balance; however, the projected ending fund balance will be reduced.

Mr. Bragg explained that the Beginning Fund Balance sheet is to show what the unencumbered Rainy Day balance would be if the expenditures are approved. If approved, they will come forward next fiscal year but will be encumbered and set aside for the intended project. Mr. Jordan expressed that this is a rough estimate, depending upon what happens during the next six months. Commissioner Breidenthal clarified that there is no bonding, no levies will be requested, and voters will not be asked for any type of increase in taxes.

A brief discussion was held regarding the lot where the church was taken down. Mr. Jordan stated that it will be partially paved for use by the Justice Court and Elections. In the future, the lot can be used for a new facility if needed. This project was included in this fiscal year's capital projects budget.

### **Library District**

Mr. Jordan stated that the Library District has decided to impose no more than the County recommended \$.52 cents instead of the full tax rate of \$.60 cents. The County created a budget to show operation under the current operating model for the first year and addition of hours during the second year without increasing the tax rate. Mr. Jordan explained the difference of the tax amount levied versus the amount collected and the roughly 94 percent budgeted; 8.5 percent will be collected and 8.3 percent has been budgeted, essentially creating an additional fund balance of \$150,000 which will carry the Library District through their operating budget. Under the terms of the Contract between the Library District and the County, the Library reimbursed the County for carrying it through the first several months of this year.

### **Jackson County 4-H, Master Gardener and Agricultural Extension Service District**

Mr. Jordan explained that the AESD levied a .50 cent tax rate (\$874,000), projected to collect 94 percent, and budgeted \$781,000. The two Districts are not required by law to have a Budget Committee during the first year or a Budget process that involves public hearings, but they are required in year two. In year one, the Board will levy the tax and authorize an Agreement with the Oregon State University (OSU) for how the funds are spent. The County has been negotiating the facilities and operation agreements. The OSU Extension Director has already hired employees, assuming that they will receive funding, but the Board has not yet determined that. Tax Levies FY 14-15 was distributed for the Committee's review (*Submission No. 10*).

### **Economic Development Initiatives**

Mr. Jordan discussed the Board's decision, made since the budget process, to invest additional funds into Economic Development by contracting with Southern Oregon Regional Economic Development (SORED) and potentially with Mark Von Holle. The amount of \$102,000 has already been budgeted in Economic and Special Development, of which \$23,000 was backed out for Taylor Grazing and \$26,000 for SORED which has been paid. Mr. Jordan explained that the Board unanimously authorized proceeding with a SORED contract in an additional annual amount of \$175,000, and by a 2-1 vote authorized conceptually a \$100,000 annual contract with Mr. Von Holle. The contracts are still being negotiated. These totals are included in the budget targets because they will be paid out over three years, which makes them an operating expense to the budget and not a one-time expense. In the past, the Board has funded other economic development initiatives from Contingency, and additional expenditures have been made which spent down the Contingency fund, so these payments have been included in the fund balance projections. Mr. Von Holle's contract is contingent upon the recruitment of two additional partners, which he has not yet obtained, and Mr. Jordan has been directed by the Board to pin down service delivery specifics and performance measures for each contract. He believes a contract will be in place by the end of the year, and if so, monthly payments would be made this fiscal year which will affect the fund balance. Continued discussion was held regarding SORED and Mr. Von Holle.

A brief discussion was held regarding Oregon Institute of Technology's (OIT) desire to bring technical courses to the Rogue Valley.

### **Expo Funding**

A discussion was held regarding Expo budget targets. Mr. Jordan explained that though the Board has stated multiple times that they will no longer provide funding to the Expo, the Expo is regularly in the red and continually requests and receives additional funds. Mr. Jordan has been instructed to manage that, but stated that over the last seven to eight years the Board negated the rules multiple times by providing additional funding to the Expo when requested. Mr. Jordan expects it will occur again this year if the Expo ends up in the red. Currently, it has a fund balance of between \$250,000 and \$300,000. They have submitted a business plan and asked the Board to provide \$16,000,000 in a bond obligation and funding for other activities. The Board has not yet discussed this request. Mr. Jordan explained that because the Expo persistently asks for funding, and the Board repeatedly negates the rules and provides the requested funding, he is proposing a contingency in the General Fund of \$200,000 that could be made available to the Fair and Expo. It will not be a direct appropriation to that budget, but would be an appropriation in the General Fund Fiduciary as a contingency. If the Fair and Expo are not managed according to Board requirements, the Board can choose not to provide the funding, but if it is doing well and simply lost revenue due to a bad Fair or low attendance (from the heat, etc.), then the Board could decide to authorize the use of those funds. Continued discussion was held regarding Expo funding.

Mr. Jordan stated that based upon Board suggestion, he will propose an amount to provide directly to the AESD operating budget for its many activities. The amount has not yet been determined because the AESD needs to be appropriately and adequately funded within the District first. It is open for discussion and will be deliberated further in the budget targets.

### **PERS Update**

A Public Employees Retirement System (PERS) Rate Comparison sheet (*Submission No. 11*) and Budget to Actual FY 14-15 to FY 14-15 (*Submission No. 12*) was provided to the Committee and Mr. Jordan provided an update on the rates. Mr. Bragg explained how PERS affected the budget this fiscal year. The budget reflected the rate provided - 22.01 percent - but the legislature made some changes which resulted in a savings to the County. Department budgets were not adjusted and funds were left as a projection. Mr. Bragg confirmed that these funds are encumbered by the lawsuit, and are in departments' budgets but are not being spent. Mr. Jordan further explained the County's obligations and options if the Supreme Court rules in PERS' favor, and how the General Fund and department fund balances will be affected if that occurs. With the PERS reductions received last fiscal year, it was estimated that the General Fund would be underspent by \$4,800,000. It is the same for dedicated funds because they are about 50/50. Depending on the Supreme Court ruling, the County could have an obligation to the General Fund of \$4,000,000 and an obligation to dedicated funds of \$4,000,000. All funds would pay their own costs. The General Fund could be assessed in rates, or it could be paid in full. Continued discussion was held regarding the PERS rates, the County's percentage of employees in Tiers 1, 2, and 3, and the audit requirement to report the unfunded actuarial liability. The County is unable to compute this and will need to pay PERS to compute it on its behalf.

Chair Rudisile called for a break at 9:31 a.m. and the meeting continued at 9:41 a.m.

### **Budget Targets for Fiscal Year 2015-2016**

The Budget Targets for Fiscal Year 2015-2016 (*Submission No. 13*) were distributed. Mr. Jordan explained that he projected an increase in the Budget Targets of 3.5 percent and an increase in Revenue Funds of 1.5 percent. The budgeted expenditures are adjusted if anything is added or removed. When

an item is removed, it means it is essentially a one-time carryover that is backed out to avoid adding a CPI.

Assessor's Office: A 3.5 percent increase has been added to the total budget target. No cost of living raise has been added during the last 2 years.

Management/Confidential Employees Group: Mr. Jordan proposed a 1.75 percent CPI adjustment for payroll expenses for the Management/Confidential employee group. The Unions will be different; one of the Unions will be discussed in Executive Session and the other is set by contract. Mr. Jordan explained that estimates are made, but he cannot provide a CPI.

Board of Commissioners: The Commissioners' budget target is \$45,219. They are funded mostly through indirect charges to departments. Mr. Jordan explained that the Board is overhead and funded through indirect cost allocation. When work is done for the Sheriff, it will be charged to the Sheriff's Office; when work is done for Health and Human Services (HHS), it will be charged to HHS, etc. Because the Sheriff's Department is the largest General Fund department, it will receive the largest indirect payment for the cost of the Board. The Board is roughly funded about 50 percent from the General Fund and 50 percent through dedicated funds. If dedicated fund services are no longer provided, the burden of cost will be reallocated to the General Fund (local taxpayers). For example, the FAA Grant Assurances for the Airport is not a direct local property tax. It is a Federal appropriation that is funding the Board. If that program is removed, the Board overhead that was paid by the Federal appropriation now becomes a local property tax burden.

Clerk's Office: A 1.5 percent increase in revenue of \$13,747 has been applied.

Community Justice: Most of the Community Justice General Fund is allocated to Juvenile Services. The adult side of the plan comes from dedicated funds, most of which is provided by the State. The Juvenile side is a County mandated function, though the level of the function is discretionary. A carryover from the previous year of \$422,000 was backed out to avoid adding the CPI. The CPI was then adjusted to reach the budget target.

County Counsel: County Counsel's entry is straightforward.

County Administration: Audit, CAO, Facility Maintenance, and Human Resources are current budget plus 3.5 percent. Economic and Special Development is \$102,216 total, \$26,000 will go to SOREDI, \$23,914 is backed out for Taylor Grazing, and there was a carryover from the previous year. The budget, less the adjustment, plus the cost of living adjustment (COLA) of 3.5 percent equals the total.

A discussion was held regarding the roughly \$800,000 lottery funds payment. Mr. Jordan explained that these funds are part of the General Fund, but must be used for economic development. The funds will be allocated to the Sheriff's department because it is the largest General Fund department. The County must meet the State's reporting requirement for this portion of the General Fund.

Jackson County 4-H, Master Gardener and Agricultural Extension Service District: The budget has been zeroed out.

The Watermaster's Office: The State funds the Watermaster and the County funds two technicians. A CPI adjustment has been added.

Development Services: The County is essentially subsidizing development in the community in the approximate amount of \$500,000, which is reduced from prior years. Mr. Jordan stated that he suspects it will continue to decrease if more development continues within the community. An \$84,000 carryover for last year's software project has also been backed out. The CPI adjustment was not applied to that amount.

District Attorney: Mr. Jordan has made a significant change to what he would normally recommend to the Committee by adding \$160,000 back to the budget for an additional staff person; \$130,000 for payroll and \$30,000 for overhead charges. Two years ago, the District Attorney was forced to cut a position; however, filings have increased and there is now a need for additional staff to investigate and prosecute drug cases, high-tech crimes and child pornography. Because the Committee's number one priority, based on budget policies, is public safety, and the DA is stating that the cut is now impacting her ability to prosecute cases, Mr. Jordan recommends that the Committee agree to fund the additional staff person. This amount was added and the CPI applied, which brought the budget target to \$4,070,000. There will be a public hearing process to determine whether this should be adopted, and the DA will provide more details at that time. She will also provide a letter of support from the Public Safety Coordinating Council (PSCC). Continued discussion was held regarding the formation, purpose and membership of the PSCC, County service levels, and Commissioner support of the additional funding.

Expo: A General Fund contingency amount of \$200,000 was added as a line item but not included in their budget.

Finance: Finance's entry is straightforward.

Health and Human Services: Mr. Jordan made a significant change in the Health and Human Services budget targets. The General Fund target was increased by 3.5 percent; however, the second line added \$287,000 to counter the operating deficit of the Animal Shelter, which is \$400,000 annually. The Board has tried to close the operating gap through fees; however, the majority of the gap is funded through the Beebe Trust. The Beebe Trust is being spent down, and at \$400,000 per year will be completely spent within two years. Discussion was held regarding options for future years. Budgeting \$287,000 would cover a large portion of the \$400,000 gap. Mr. Jordan stated that this makes sense because the Beebe Trust would then be available to support the operating deficit for another 10 years. Over that period of time, new ways to fund the balance could be developed. Other options are to stop receiving cats into the Animal Shelter, as the County is not required to do so, or significantly increase fees. Continued discussion was held regarding the political ramifications of not accepting cats and the policies and status of the CATS and Southern Oregon Humane Society shelters.

The one-time additional funding for service agencies that was added back to the budget by vote was backed out and the base was increased by 3.5 percent to \$333,326. If the Committee would like to allocate more, which has been the discussion multiple times in the past, it is important that Mr. Jordan be able to include it in the budget. Discussion was held regarding the County's criteria on selecting agencies to fund, the total amount appropriate to allocate to them, how the agencies save the County money through prevention and how performance measures are monitored. Mr. Jordan stated that it is possible to allow United Way to distribute the funds on the County's behalf, according to the County's criteria, but the County would be charged a 10 percent fee. The Committee decided that \$350,000, subject to annual CPI, would be an appropriate amount to allocate to service agencies. Mr. Jordan reminded the Committee that they cannot bind future budget committees, and though recommendations may be made the Board may not agree.

Discussion was held regarding the potential marijuana tax revenue and how these funds could possibly help service agencies. The State has earmarked a portion of these funds that the County receives for mental health services, but haven't yet adopted rules for what those services mean. Because mental health services are not necessary safety net services and typically qualify for Medicare and Medicaid, there are many things the public would like done with mental health dollars that the County cannot do because it would violate contract requirements. Continued discussion was held regarding the potential litigation of medical marijuana and the legalization of recreational marijuana.

Information Technology: Information Technology is straightforward. A 3.5 percent CPI was added.

Library: General fund support was backed out, and roughly \$800,000 in video lottery funds will no longer be accounted for toward libraries. The County will still have a library budget because the Library District is subcontracting with the County to deliver the service; however, this may not continue and will be determined at a later date. The County will continue to own the buildings, materials, supplies, vans, computers, and phones, etc. The County will budget for building maintenance and will be reimbursed by the Library District as part of its contract. The Library District will also be responsible for any major system failure (such as HVAC). The Mail Courier and the Law Library, a separate dedicated fund, will remain with the County.

Roads and Parks: Roads and Parks do not receive any General Fund dollars.

Sheriff's Office: There is a reduction of \$405,000. It would have been \$376,000 more, which would account for the video lottery funds, but the \$376,000 decrease is due to Union negotiations. There was also a one-time carryover of \$31,824 from Search and Rescue that was backed out. The CPI adjustment was then added to the base amount for a total of \$221,201,097.

Emergency Management: Emergency Management is straightforward. A 3.5 percent CPI was added.

Justice Court: A projection of 1.5 percent in increased revenue was made, which would generate \$1,032,000 this year to the General Fund. Once received, it is budgeted against the Sheriff's budget for the traffic team. It is not a net revenue when expenditures are accounted for.

## **REVENUE**

The Health and Human Services building has begun to generate an ongoing operating revenue to the General Fund of almost \$1,300,000. The County will receive the one-time, upfront payment of \$4,000,000 dollars to reimburse what was spent on the parking garage. Health and Human Services will also continue to pay the lease rate of 1.25 per square foot over its 35 year lease period. Health and Human Services is still adding positions.

Solid Waste Transfer: There is a slight increase in projection.

Property Tax: Prior year property tax is slightly down because we are receiving more payments for current year property taxes.

O&C: A payment of \$1,650,000 has been proposed, which is dependent on what legislation is passed.

Property Tax: There is an increase of \$1,860,000.

State Liquor Revenue: This is slightly decreased.

Amusement Device Fee: This is a State revenue which is also slightly decreased.

Bureau of Land Management, Federal Entitlement, and Cigarette tax: All State revenues are decreased. Total revenue is \$40,689,394 with an operating surplus of \$1,167,000, which is about the amount of the Health and Human Services building. There was a \$5,200,000 operating deficit last year, which was essentially removed when the voters passed the Library and AESD, and the County still has an operating surplus of \$1,167,000. This means that the budget was significantly reduced has moved into positive territory. A discussion was held regarding whether property tax should be reduced due to the operating surplus, leaving us at a zero balance, or whether the surplus should be maintained to build a larger fund balance, eventually allowing the County to buy off debt.

Discussion was held regarding the Library GO bond debt and how the County could potentially set up a reserve to meet the bond service payment and potentially reduce taxes. Mr. Jordan noted that the County has reduced taxes twice before; the permanent rate limit on the Urban Renewal District was eliminated, and the Juvenile Bond debt was paid off early.

An appropriation for one full-time equivalent (FTE) position was added in the General Fund. After the budget was adopted for this year, the Sheriff added two FTEs, but he did it within his current appropriation and will fund the positions within the budget target he was given. There are no other significant changes. Mr. Jordan stated that the Sheriff believes his budget is adequate to meet the needs.

Chair Rudisile asked Mr. Jordan if he still has a goal to build reserves in the fund balance somewhere in the range of \$100,000,000. Mr. Jordan stated that he believes it is a bad idea to set a minimum of what the fund balance should be. The goal should be to build the fund balance and invest it, which will generate an annual return that could be used for a permanent tax reduction. Continued discussion was held regarding costs, the way to remove the operating deficit, revenue curves, and how property values and assessed values are determined. Mr. Morris asked whether a budget policy that will allow departments to grow by the actual rate of growth should be the goal when fiscally possible. Mr. Jordan explained the difference between the actual budget and accounting for the budget and how that would affect such a policy. He also gave an example by explaining how vacancies in the Sheriff's office relate to the difficulty of budgeting for the rate of growth. Further discussion was held regarding vacancies and how they are filled.

Mr. Morris asked whether the County should consider creating a budgeting plan to follow in the event that the County continues to see an operating surplus instead of a deficit. Mr. Jordan stated that it should go into the fund balance for now. If the fund balance continues to grow, a discussion will need to take place regarding budget policies. Because this is a one-time, first-ever operating surplus, however, he considers it Rainy Day dollars.

Chair Rudisile called for a break at 11:09 a.m. and the meeting resumed at 11:14 a.m.

A discussion was held regarding the potential impact of unanticipated revenue.

*Mr. Rudisile closed the meeting to go into Executive Session under ORS 192.660(2)(d), ORS 192.660(2)(3), and ORS 192.660(2)(h), at 11:16 a.m., and stated the meeting will reconvene into regular session after Executive Session.*

**Executive Session**

ORS 192.660(2)(d), Labor Negotiations – Press Excluded ORS 192.660(4)  
ORS 192.660(2)(3), Real Property  
ORS 192.660(2)(h), Litigation

*Mr. Rudisile reconvened the Budget Committee Meeting at 12:00 p.m.*

The Committee discussed how the supplemental budget process might be handled in the future. They decided to continue to approve supplemental budgets without changing the current process; however, they would like to be kept informed. Mr. Jordan clarified that if Committee members do not respond to communications, it is automatically considered an approval. Mr. Bragg explained how reserves are no longer appropriated within local budget law, so funds in reserve can only be accessed through the supplemental budget process instead of a simple budget adjustment.

**Other Discussion Items**

There being no other items to discuss, Mr. Rudisile adjourned the meeting at 12:07 p.m.

Respectfully submitted,

/s/ Dick Rudisile  
Dick Rudisile, Presiding Officer

/s/ Rebecca Ward  
Rebecca Ward, Recording Secretary