

MINUTES – TILLAMOOK COUNTY BUDGET COMMITTEE MEETING MINUTES
Tuesday, May 20, 2014
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FILED 9:45am

BUDGET COMMITTEE PRESENT:

Doug Olson, Chair
Bill Baertlein
Tim Josi
Mark Labhart
Jon Carnahan
Shirley Kalkhoven

JUL 13 2015
TASSI O'NEIL
COUNTY CLERK (CB)

STAFF PRESENT FOR PORTIONS OF THE MEETING: Karen Dye, Sheriff's Office; Gordon McCraw, Director, Emergency Management; Kathy Lewis, Chief Deputy Treasurer; Michael Soots, Director, Information Services; Jon Briscoe, Lieutenant, Sheriff's Office; Christine Arthur, District Attorney's Office; Jacque Rogers, District Attorney's Office; William Porter, District Attorney; Barbara Billstine, District Attorney's Office; Tassi O'Neil, Clerk; Denise Vandecoeving, Assessor; Liane Welch, Director, Public Works; Dan Krein, Director, Juvenile Department; Matt Thenell, Juvenile Department; Mona Hamblen, Director, Human Resources; and Julie Kettner, Staff Assistant.

GUESTS: Justin Aufdermauer, John Davy, Caitlin Heusser, and David Yamamoto.

ITEM NO. 1: OPENING REMARKS: Chair Olson called the meeting to order at 9:02 a.m. in Commissioners' Meeting Rooms A and B and requested those present to sign in.

ITEM NO. 2: APPROVE BUDGET COMMITTEE WORKSHOP MINUTES: A motion was made by Jon Carnahan to approve Budget Committee Workshop Minutes for April 15, 2014; April 16, 2014; and April 17, 2014. The motion was seconded by Shirley Kalkhoven. The motion carried with six aye votes. The committee members signed the minutes.

ITEM NO. 3: FY 14-15 BUDGET MESSAGE: Deb Clark read the Tillamook County Budget Message Fiscal Year 2014-2015 dated May 20, 2014 (see attached).

COMMENTS REGARDING PROPOSED BUDGET: Commissioner Josi suggested that next year on page 2, third paragraph, Ms. Clark provide more detail regarding the Oregon Constitution and funding for the public school system. He said he appreciates Ms. Clark's work on the budget. Commissioner Josi said that probably no one is happy with the budget but the commissioners and the Budget Committee are happy with the work that was done. He said that state timber revenue may or may not come to the rescue and that long-term projections show a decrease in these revenues. He said the worst case scenario is that the eventual resolution of the Coho litigation could shut down Tillamook County. He said the best case scenario is to work with the Board of

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Forestry to increase timber revenue. The County is exploring litigation regarding trust counties.

Doug Olson stated for the record that he is the budget officer for the Economic Development Council (EDC), that the EDC receives money from the County, and that he may offer comments. Commissioner Labhart stated that he is on the EDC board. Commissioner Baertlein said that he is on the board of the Pioneer Museum. Shirley Kalkhoven stated that she sits on the Futures Council but she does not have a comment regarding the Futures Council.

Commissioner Labhart asked if they could talk about revenue first. There was no opposition. On April 30, 2014, Commissioner Labhart sent an email regarding revenues (see attached). Ms. Clark confirmed a \$343,095 increase over the budgeted \$3,880,000 and that additional money not accounted for in 2014 is carried over.

Commissioner Labhart asked the other committee members which estimate of timber revenue they would like to see used for budgeting purposes.

Commissioner Josi recommended leaving the number Ms. Clark has budgeted as is. He said these numbers change all the time. Ms. Clark's numbers are somewhat conservative already.

Ms. Clark said that some General Fund departments have overspent. The retirement plan is slipping. If there are additional revenues, she would like to see a lump sum contributed to the retirement plan.

Commissioner Baertlein said the carryover was included in the beginning fund balance. Commissioner Labhart said it appears that we will have more money than we estimated and we are using the lowest estimated number for forest timber revenue.

Jon Carnahan said there are always issues that arise such as collective bargaining. He agrees with using a middle-of-the-road figure.

Ms. Kalkhoven suggested leaving it alone. A supplemental budget will allow you to spend additional monies if they are received, and there are issues that are not yet settled.

Chair Olson said there are three weaknesses in the County budget: the Health Department, Community Development and the retirement fund. He agrees that if there are additional funds, the retirement fund would be a good place to put it. The County may need to bail out the Health Department again and there is a possibility of litigation

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for Community Development. Chair Olson is comfortable proceeding with the budget as proposed.

Commissioner Josi said that the concerns about the Health Department's budget are valid. The Health Department will end this year in the black. They are having active discussions about how to move forward. Deb Clark confirmed that if the Health Department ends the fiscal year in the black, there will not be a supplemental budget.

Mr. Carnahan said that since timber revenue is always changing, consider taking a three-year average. He said that timber revenue is great to have and organizations in Tillamook County are dependent on it.

ITEM NO. 4: DEPARTMENT AND OTHER FUNDED AGENCIES: Justin Aufdermauer, Chamber of Commerce, said that organization has received \$4,000 from lottery funds in the past. Their total projects costs \$8,000. This year their funding is being cut by \$2,000. He is requesting the additional \$2,000. Commissioner Josi said that if we open the gate, the flood commences. Chair Olson said that key organizations have taken a cut. He suggests leaving it as is.

Liane Welch, Public Works, said that she is not asking for additional funds, but is requesting a readjustment. They are now planning to do extensive rehabilitation of Brooten Road. Chair Olsen asked how this would affect timing. Ms. Welch said the contractor is planning to start earlier. Ms. Kalkhoven asked if this would confound the detour issue on Little Nestucca. Ms. Welch said there will still be 20 minute delays.

Tassi O'Neil, Clerk, said she supports the idea of additional funds going into the retirement plan since it is a County liability.

Mona Hamblen, Human Resources, said she is also in support of any extra funds going into the retirement fund. She asked for clarification regarding this year's funding. Deb Clark replied that the retirement fund is funded at 20 percent this year, but we have the option to make a lump sum payment. She also clarified that the 2014-2015 budget includes normal steps and a one percent cost of living adjustment (COLA).

Commissioner Josi said that while he feels that two people in Human Resources are deserving of promotions, it is not in the budget because that would also open the gates.

ITEM NO 5: PUBLIC QUESTIONS AND COMMENTS: There were no questions or comments from members of the public.

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ITEM NO. 6: BUDGET COMMITTEE DELIBERATIONS: Deb Clark said that the Compensation Board met this morning to consider a one percent increase for elected officials.

Commissioner Labhart said that he is not going to rubber stamp the budget. He agrees with putting the anticipated additional revenue in the retirement fund. He also believes there will be additional revenue. He feels the County can still be pennywise and fund small increases. He questioned the need to double the Building Improvement Fund. He asked if mental health funds are available to the County. Ms. Clark confirmed that the mental health funds are pass-through funds which the County cannot touch. Commissioner Labhart asked about Community Development. Ms. Clark said she will not know the deficit until the final check run. She estimated conservatively at \$75,000 but said it will probably be more. Commissioner Labhart said he would like to see the EDC funding increased by \$2,000 and the Chamber of Commerce increased by the additional \$2,000 they requested. He said this could be done by decreasing the amount going into the Building Improvement Fund. Ms. Clark clarified that he was suggesting the funds be transferred from the general fund to the video lottery fund to make up the difference. Commissioner Labhart said the Fair has made a compelling case and that it is his opinion that the County has a liability issue. He asked if John Davy could talk to the committee about the prioritized list. Ms. Clark said there had not been an opportunity to talk to the Fair prior to this meeting. She said that the Fair buildings are County buildings and are included in the Building Improvement Fund. She said that with these issues, the jail roof and security needs, she felt it was prudent to double the Building Improvement Fund. Commissioner Labhart asked about a line of credit. Chair Olson said there are different types and it should be set up so that the County doesn't have to retire the debt at the end of every month. Commissioner Labhart said the County asked the City to reduce the amount for dog control several years ago. Now the police chief is requesting that funding return to what it was in the past. Commissioner Baertlein is aggressively working on a getting a shelter. If that comes through, additional funding will be needed.

Commissioner Baertlein said the Leadership Team met and discussed the funding increase in the Building Improvement Fund. He agreed with Commissioner Labhart that we have liability issues with regard to the Fair. Commissioner Baertlein said he has concerns about moving funds; when someone gains, someone else loses. The animal shelter and animal show are moving forward. He said that surplus funds from timber revenue should go to the retirement fund. The Health Department had a turnaround in one month from Medicaid dollars that came in. Their balance can fluctuate dramatically; he hesitates to make any changes. He suggested the County work on a five-year budget cycle. He also feels the County needs to take a look at available social services.

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Commissioner Josi said he supports the budget as presented. His biggest concern was the Fair and he feels better knowing that money is going into the Building Improvement Fund for this. He discussed what has happened in Clatsop County; it forced them to think about 'essential' services. In the end, that is what we need to focus on. Hopefully we will avoid a crisis by continuing down the path we have taken.

Mr. Carnahan said retirement system funding is important. He also said the County should focus on safety and upgrade of the Fair and Jail. He would like elaboration on how funds from the Building Improvement Fund will be used. He agreed that the Health Department balance fluctuates. Mr. Carnahan said another concern of his is the lottery funds and he supports what is funded. If the County used a percentage system, EDC would be the big loser. If we open it up for one, it has to be opened up for all organizations that are funded. He complimented the County and Ms. Clark. Mr. Carnahan supports the budget as presented. He said the Community Development over-expenditure might be funded with the additional timber funds.

Ms. Kalkhoven said she supports the budget as presented. She said since the last workshop regarding to the Fairgrounds, some repairs have been started. She invited Mr. Davy to give an update. Ms. Kalkhoven agreed that the retirement fund needs attention.

John Davy was invited by Chair Olson to give an update. Mr. Davy said there were no changes to the Fair's budget request. He hopes to meet with the Commissioners and the Treasurer to discuss the prioritized list of things that need to be done. They have started some projects. Ms. Clark said the Fair Board has a reserve fund they can use to get some of those things done this fiscal year.

Chair Olson said he supports the budget as is. After receiving Transient Lodging Tax (TLT) funds for the first quarter and using historical trend data for the state, he asked the budget officer to make an adjustment to show \$1.1 million to the EDC. With regard to the Chamber of Commerce increase, Chair Olson said he was in agreement with Commissioner Labhart, but not in agreement with where the funds would come from. Chair Olson looked at data for the past three years; overall the General Fund has increased 14.13 percent. He found that personal services costs have gone up 32.6 percent; everything else has decreased. He is uncomfortable with that trend. Chair Olson said the Board of Commissioners has fiduciary responsibility with regard to facilities as well as personnel. He said that a credit line that is properly conducted could be used for vehicle purchases as well as building improvements.

Commissioner Labhart said that he appreciates that we are having discussions that are headed in the right place. There are counties that are imploding around us. He complimented the budget although he will probably vote against it.

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Commissioner Baertlein complimented Ms. Clark and her staff.

Chair Olson said the public will get one more opportunity for discussion when the board meets in June.

ITEM NO. 7: BUDGET COMMITTEE APPROVAL OF BUDGET AND TAX LEVIES: A motion was made by Commissioner Josi to approve the budget as presented by the Budget Officer with the increase appropriation to Economic Development Council to \$1.1 million in Fund 111 (TLT). The motion was seconded by Ms. Kalkhoven. There were five aye votes and one nay (Commissioner Labhart). The motion carried.

A motion was made by Mr. Carnahan to approve the recommendation of the Compensation Committee for a one percent (1%) salary increase across the board for elected officials (Commissioners, Assessor, Treasurer, Clerk, Surveyor, Sheriff, that portion of the District Attorney's salary paid by the County, and the Justice of the Peace) effective July 1, 2014. The motion was seconded by Ms. Kalkhoven. The motion carried with six aye votes.

Chair Olson read the 2014/2015 Tax Levies (Tillamook County General Services Permanent Rate is \$1.4986 per \$1,000 of assessed value; Library Local Option Tax is \$0.65 per \$1,000 of assessed value; Veteran's Service Local Option Tax is \$0.03 per \$1,000 of assessed value; Library Debt Service Levy is \$219,700; Hospital Debt Service Levy is \$855,900 and the Road Debt Service Levy is \$1,512,900). A motion was made by Ms. Kalkhoven to adopt the 2014/2015 tax levies as read. The motion was seconded by Mr. Carnahan. The motion carried with six aye votes.

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There being no further business Chair Olson adjourned the meeting at 10:35 a.m.

RESPECTFULLY SUBMITTED this 13th day of July, 2015.

County Clerk: Tassi O'Neil

Susan L. Becraft
Susan Becraft, Recording Secretary
& Special Deputy

APPROVED BY BUDGET COMMITTEE:

Doug Olson
Doug Olson, Chair

Bill Baertlein
Bill Baertlein, Commissioner

(deceased)
Shirley Kalkhoven

Tim Josi
Tim Josi, Commissioner

Jon Carnahan
Jon Carnahan

Mark Labhart
Mark Labhart, Commissioner

**TILLAMOOK COUNTY BUDGET
COMMITTEE
BUDGET MEETING
May 20, 2014
9:00 A.M.
COMMISSIONER'S CONFERENCE ROOM**

AGENDA

- 9:00 a.m.
1. Call to Order Doug Olson, Chairperson
 2. Approve Budget Committee Workshop Minutes
 3. FY14-15 Budget Message Debbie Clark, Budget Officer
 4. Department and Other Funded Agencies
Comments Regarding Proposed Budget
 5. Public Questions and Comments
 6. Budget Committee Deliberations
 7. Budget Committee Approval of Budget & Tax Levies
 8. Adjourn

BUDGET COMMITTEE MEETING

Tuesday, May 20, 2014

PLEASE PRINT

Name

Karen DYE

Gordon McGraw

Justin Aufdermauer

Kathy Lewis

JOHN DAVY

Caitlin Heusser

Michael Soots

Jon BRISCOE

Christine Arthur

Jacque Rogers

Will R. Carter DIT

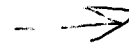
Breonna Bell

Jess Owen

Denise Vandeweyer

DAVID TAMARCO

(Please use reverse if necessary)



Mona J. Hambleen



Land of Cheese, Trees and Ocean Breeze

TILLAMOOK COUNTY BUDGET MESSAGE FISCAL YEAR 2014-2015

May 20, 2014

Members of the Budget Committee, Board of County Commissioners and Tillamook County Citizens:

As budget officer, I present the proposed budget portraying the expected financial performance of Tillamook County for fiscal year 2014-2015. The budget format is consistent with that of previous years and all funds are presented as balanced between revenues and expenditures as required by Oregon Revised Statutes Chapter 294.

Tillamook County uses the cash basis of accounting for all budgets. Revenues are recorded at the time they are received in cash and expenditures are accounted for when paid. The historic information includes actual revenues and expenditures that have been audited and adjusted to the modified accrual basis of accounting which is required by Generally Accepted Accounting Principles (GAAP).

The General Fund is the County's main operating fund and is appropriated by various departmental levels. The remaining funds of the County are appropriated by categories: personal services, materials and services and capital outlay. Tillamook County requires that the Special Revenue Funds be self-sustaining through fees, grants or other governmental appropriations, state and federal contracts, specific operating levies and other revenue sources that don't rely on General Fund support. In some cases, the General Fund will loan monies to a Special Revenue Fund to comply with State budget law mandates. Additionally, all funds include separate appropriations for debt service, transfers and contingency, where applicable. Special reserve balances and unappropriated ending balances are included where needed.

The County Leadership Team consisting of Elected Officials and Department Directors continued discussions for the third annual budget priority/strategic planning meeting. The continued purpose of this meeting is to collaboratively discuss priorities for the County budgeting process. The following recommendations were established to help guide the County in providing government services to the community:

- The general fund unappropriated ending fund balance needs to be maintained at a minimum of \$4 million or the amount needed to bridge the minimal operational costs from July until November property tax collections of each fiscal year.
- Lommen Bridge matching funds. Final year of General Fund support of \$1 million match. Proposed budget includes a \$334,000 transfer. This bridge is scheduled for a minimum \$10 million replacement.
- Reevaluated the minimum balance for the Revenue Stabilization Fund to be funded at \$2 million.
- Recognized the primary risks are the courthouse not being seismically sound and Courtroom 108 security issues. The Building Improvement Fund needs to be added to, but no recommendations were made on how to accomplish this goal. A long term plan for replacement or upgrades to the courthouse and other aging and inadequate facilities must be developed.

- Vehicle Reserve Fund should fund future vehicle purchases on an annual pro rata basis by department. Incremental funding must be commenced so as to replace end of life vehicles needed to conduct County business.

In the planning or execution of any budget, there is a constant need to be prepared to make adjustments to respond to change in the environment and not wait for the next budget cycle. The planning for this budget attempted to anticipate consequences of state and federal funding changes. However, it is certain we do not know all of the challenges that will appear. Very likely adjustments will be made as the fiscal year progresses. Services and programs will continue to rely on increased General Fund support as federal and state program funding diminishes.

Property taxes are imposed on the assessed value of property. The assessed value of each parcel cannot exceed its fair market value and ordinarily is less than its fair market value. The assessed value of property was initially established as a result of the enactment of a constitutional amendment. The amendment often called "Measure 50" assigned each property a value that was, in most cases, less than its fair market value in Fiscal Year 1998, and limited increases in that assessed value to three percent (3%) per year, unless the property is improved, rezoned, subdivided or ceases to qualify for exemption. The Oregon Constitution separates property taxes into two (2) categories: one to fund the public school system and one to fund government operations. Government operations' taxes are limited to \$10 per \$1,000 of the Real Market Value of property. After discussion with the County Assessor, the proposed budget estimated an assessed value increase of 3% with an estimated 93% collection rate.

The Oregon Department of Forestry (ODF) manages 290,781 acres of forest land in the County. ODF grows and harvests timber to produce revenue as the primary use of forest lands. This practice represents approximately one-fifth of the County's General Fund revenues. The State Forester projected state forest timber revenue to range between \$15 and \$17 million, countywide. The proposed General Fund revenue projection of \$4,650,000 represents 29% of the average between the low and high estimate. Political factors continue to play an important role in the stability of these revenues. The General Fund budget continues to be driven by this revenue source and monitoring will be necessary to anticipate budgetary adjustments.

Revenue from investments is expected to remain stagnant. The County allocates interest on month end balances and generally uses the Local Government Investment Pool for most investments. The General Fund bears the investment loss for operating funds that have negative balances and the County does not charge local taxing districts for investment services that are required by law. In addition, bank charges continue to offset interest earnings.

The cost allocation plan is prepared in accordance with OMB A-87 standards. The Board of County Commissioners and Budget Committee members remain supportive of the Special Revenue Funds paying their indirect costs. Fiscal year 2014-2015 proposes that the Special Revenue Funds pay 85% of the full allocation.

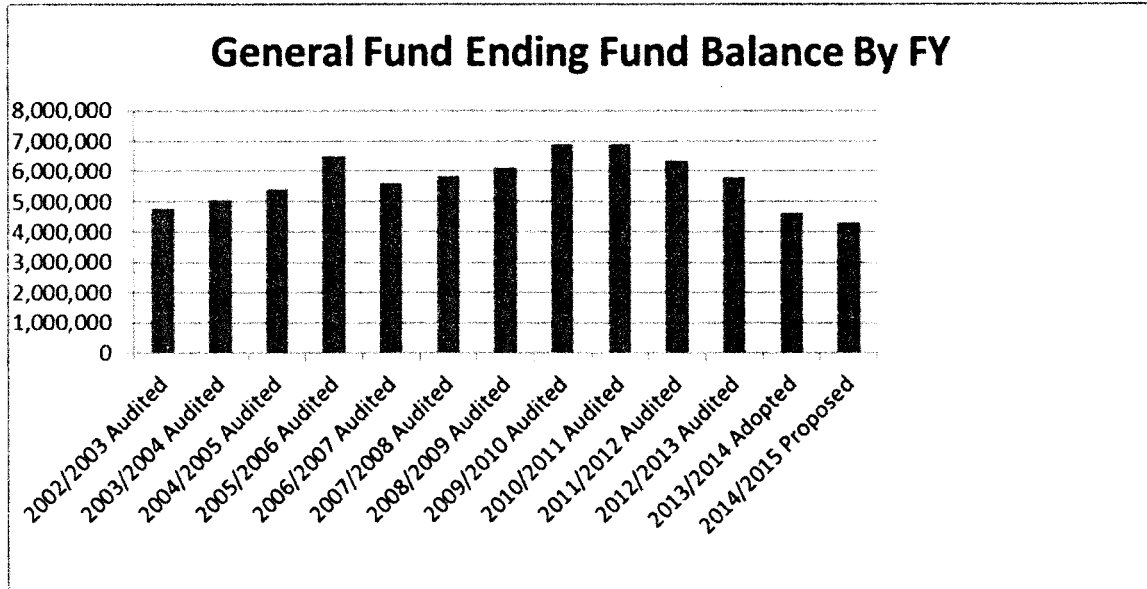
The AFSCME contract included a 1% wage increase effective July 1, 2014. This contract will expire on December 31, 2014. The Teamster contract was "rolled over" for two (2) years with the exception of wage increases effective July 1, 2012 and July 1, 2013. This contract expires June 30, 2014. The proposed budget contains a 1% increase for all non-represented employees, as well. Elected Officials compensation requires a recommendation from the Compensation Board and approval of the budget committee. The County is planning to keep its workforce stable with no anticipated staffing increases or decreases.

A ten percent (10%) increase has been budgeted for health insurance benefits in the proposed budget. Full-time employees continue to pay ten percent (10%) of the health insurance premium and the County pays ninety percent (90%).

The County will contribute twenty percent (20%) of salaries to the retirement program. This was the same percentage used for the current fiscal year to fund the Retirement Plan. The actuarial valuation as of July 1, 2013, suggested a funding contribution of 25.3%. Currently the Retirement Plan has a funded ratio of

seventy-nine percent (79%). Hopefully the state timber revenues will be realized at the higher end of the State Forester's projection and an additional amount can be determined to contribute to the Retirement Plan during fiscal year 2014-2015.

The proposed General Fund transfers to other funds totals \$1,262,000. The proposed transfers includes \$334,000 for the final contribution to the \$10 million Lommen Bridge Project, \$158,000 for Public Health support, \$20,000 for Commission on Children and Families support and \$750,000 to the building improvement fund for essential improvements to County buildings. The General Fund unappropriated ending fund balance is proposed at \$4,296,696 a decrease of \$313,501, or 6.8%, from fiscal year 2013-2014. This balance is within the suggested amount proposed by the leadership team. The chart below shows the history of the General Fund's ending balance:



The proposed General Fund budget reduces cash by \$1,103,304. The County's proposed General Fund budget totals \$22,896,634. This is a \$930,429 or 4.06% increase from fiscal year 2013-2014 adopted level. A chart showing the comparison of the proposed 2014-2015 General Fund budget and fiscal year 2013-2014 adopted General Fund budget is shown below:

GENERAL FUND BUDGET FY 2013-2014 vs. 2014-2015			
RESOURCES	ADOPTED 2013-14	PROPOSED 2014-15	INCREASE/(DECREASE)
Operating Revenue	16,366,205	17,246,634	880,429
Other Funding Sources	5,600,000	5,650,000	50,000
TOTAL	21,966,205	22,896,634	930,429
EXPENDITURES			
Personal Services	12,946,300	13,564,300	618,000
Materials & Services	3,286,908	3,400,538	113,630
Capital Outlay	361,800	123,100	(238,700)
Transfers Out	511,000	1,262,000	751,000
Contingency	250,000	250,000	0
Unappr Fund Balance	4,610,197	4,296,696	(313,501)
TOTAL	21,966,205	22,896,634	930,429

The proposed General Fund budget does not include the requests of two (2) promotions, 2.88 FTE new hires, 1.48 FTE re-hire of previously defunded positions and one (1) increase from .75 FTE to .88 FTE. Full-Time Equivalent employees are proposed to remain at the current staffing level.

The proposed General Fund budget includes seven (7) vehicle leases for the Sheriff's Department. Two vehicle leases effective fiscal year 2013-2014 and five (5) additional vehicle leases for fiscal year 2014-2015. Other proposed capital expenditures are for copier leases.

The proposed General Fund budget requires a \$500,000 transfer from the Revenue Stabilization Fund. Fiscal year 2013-2014 was adopted with the assumption that \$400,000 would be transferred. To date, no funds have been transferred from the Revenue Stabilization Fund to the General Fund. My intention is to not use any of the Revenue Stabilization Funds this fiscal year. If needed, the proposed \$500,000 transfer would reduce the Revenue Stabilization Fund by 24.06%.

The total proposed Tillamook County budget for fiscal year 2014-2015 is \$74,260,389. The adopted budget for fiscal year 2013-2014 totaled \$82,893,599. This is an overall decrease of (\$8,633,210) or 10.41%. The majority of this decrease represents a reduction in debt service and capital projects completed in fiscal year 2013-2014 with the voter passed \$15 million general obligation bond measure to fund road improvements. A chart showing the comparison of the proposed all funds 2014-2015 budget and the fiscal year 2013-2014 adopted budget is shown below:

ALL FUNDS BUDGET			
FY 2013-2014 vs. FY 2014-2015			
RESOURCES	ADOPTED 2013-14	PROPOSED 2014-15	INCREASE/(DECREASE)
Operating Revenue	65,834,444	49,223,319	(16,611,125)
Other Funding Sources	17,059,155	25,037,070	7,977,915
TOTAL	82,893,599	74,260,389	(8,633,210)
EXPENDITURES			
Personal Services	22,755,240	23,055,590	300,350
Materials & Services	26,827,141	21,647,848	(5,179,293)
Capital Outlay	17,145,050	9,307,110	(7,837,940)
Transfers Out	1,855,500	2,479,420	623,920
Contingency	2,450,970	5,960,310	3,509,340
Debt Service	3,244,981	2,434,405	(810,576)
Unappr Fund Balance	8,614,717	9,375,706	760,989
TOTAL	82,893,599	74,260,389	(8,633,210)

The County's other major funds consist of the Library, Veteran's Services, Health and Human Services, and Road.

Tillamook County voters approved five (5) year operating levies for the Library and Veteran's Service departments in May 2012. The Library operating levy continues at 65 cents per \$1,000 of assessed valuation and the Veteran's Service operating levy continues at 3 cents per \$1,000 of assessed valuation. The Veteran's Service department successfully relocated to the Courthouse saving rent, utility and janitorial expenses.

The Health Services Fund and Commission on Children and Families have been working together for three (3) years through shared staffing and program development. In fiscal year 2013-2014, these two (2) departments merged into the Health and Human Services Department, Fund 170.

With the passage of the voter approved \$15M general obligation road bond in May 2013, the Road Department has resources for needed repairs for roads, replacing failing culverts and continue with the bridge maintenance program.

The County will levy additional taxes to pay the annual requirements for three Debt Service Funds. The Hospital Debt service levy is \$855,900. The Hospital General Obligation Bond was passed in 1996. This bond provided funding for a remodel and earthquake retrograde of the Tillamook County General Hospital. The bond will retire in fiscal year 2015-2016.

The Library Debt Service levy is \$219,700. The General Obligation bond funded the construction of the main library located at Stillwell and Third Street in Tillamook. This facility opened in 2006 and continues to be the nucleus for library services and community events. This bond was refinanced in September 2013 saving the taxpayers approximately \$200,000 over the life of the debt. The bond will retire in fiscal year 2023-2024.

The Road Debt Service levy is \$1,512,900. The Road General Obligation Bond was passed in May 2013 and has provided funding for the heretofore mentioned projects.

My objectives as budget officer is to provide sustainable funding for all mandated and essential County government programs; provide services in a transparent, open and efficient manner to the citizens of Tillamook County; and ensure cost effective achievement of services to the County's citizens by providing an environment that fosters a highly qualified and professional workforce.

Moving forward, it may be necessary to respond to any economic crisis and reevaluate the impact this may have on the County's complex financial portfolio of discretionary and dedicated revenues. Preserving the General Fund balance reserve, focusing on financial sustainability and stability, and actively manage and monitor mid-year spending needs to be a key element in the County's financial strategy.

The budget has been prepared based on the most accurate information provided at this time. The budget committee meeting has been noticed as required by ORS 294.311(35). The budget committee reviews the proposed budget and receives the budget message. Following budget approval by the budget committee, another public hearing is held. A budget summary and notice of hearing are published prior to the hearing, subject to strict legal requirements as to the time and method of publication.

The Board of County Commissioners is scheduled to adopt the County budget at a public hearing on June 18, 2014. After hearing testimony, the Commissioners may adjust the budget within certain parameters or adopt the approved budget presented to them by the budget committee.

Thanks to the Board of County Commissioners, Budget Committee members, Elected Officials, Department Heads and County staff who have contributed to the preparation of this year's budget.

Respectfully submitted,



Debbie Clark
County Treasurer/Budget Officer

Mark Labhart

Subject: FW: Final Quarter Payment State Timber

From: Jon Carnahan [mailto:carnahan@tillamookbay.cc]
Sent: Wednesday, April 30, 2014 5:40 PM
To: Mark Labhart
Subject: Re: Final Quarter Payment State Timber

Mark, I got a call today from Justin asking why his budget was cut. How would he know that? I told him we haven't approved any budgets yet and are just working on scenarios because the requests exceeded our revenue, especially our lottery revenue. Is a new budget draft out? Thanks, Jon

Sent from my iPad

On Apr 30, 2014, at 3:48 PM, "Mark Labhart" <mlabhart@co.tillamook.or.us> wrote:

Hi All

I have done some figuring now that we have the final ODF quarterly payment for FY 14. With today's payment of \$3,744,922 we end the year with \$14,461,304. This is over what we used for an estimate from ODF at \$13,500,000. What does this mean to the GF? We estimated a GF contribution from State Timber at \$3,880,000. We actually received \$4,193,778 or an additional \$313,778 more than we budget for in FY 14. That's Good News. **343,095**

Deb used ←
\$4.6

As you recall from my previous email, FY 15 ODF's estimate is \$17,014,989 with a range given of \$15 to \$17 million. So if we use the bottom number of \$15 million to be conservative, we still end up with an additional \$538,696 in the GF. This means the GF would receive \$4,350,000 in FY 15 which is \$156,222 more into the GF if I use the most conservative estimate of revenue. So bottom line, GF received \$313,778 more than we estimated in FY14 and its estimated GF will receive an additional \$156,222 in FY 15 using the most conservative estimate for a total of \$470,000 additional GF in FY 15.

ODF estimates that FY 15 will bring in \$17,014,989 in revenue which if true will bring in \$4.9 million to our GF. If this figures holds up, we will have an additional \$706,222 over FY 14. \$4,900,000 - \$4,193,778 = \$706,222.

\$736,000

Mark Labhart
Mark Labhart
Tillamook County Commissioner
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Tillamook, OR 97141
503-842-3403
503-801-1704 (cell)

Budget Notes for Proposed FY 15

Revenue

- **ODF Revenue FY 15.** Deb used a figure of \$4.6 million for **state timber** for FY 15. ODF estimates we will receive a grand total of about \$17 million which translates to \$4.9 million to the GF or about \$300,000 more (\$4.9 - \$4.6) than the figure Deb used. If we use the bottom of the ODF estimate range (\$15 to \$17 million) at \$15 million we can anticipate about \$4.4 million which is \$200,000 less than Deb estimated. So, the question is do we believe ODF's estimate. I do. Market forces are pushing timber prices higher. Lots of building and remodeling going on. History has shown that ODF is fairly close to their estimate most of the time.
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- Deb indicates she may not need to transfer the \$400,000 from the **Revenue Stabilization Fund** unless Marlene has a negative cash balance. Marlene indicates she may not. Where are we the balance? This leaves a \$2,070,000 balance in the RSF.
- **ODF Revenue FY 14** We received an additional \$314,000 in FY 14 than we estimated. We estimated \$3.9 million in the GF and we actually received \$4.2 which translates to the GF getting about \$314,000 more than we estimated. This is unanticipated revenue.
- **Building Improvement Fund.** The 13 & 14 fiscal years the BIF has had about \$600,000 in it. Deb is proposing to add \$750,000 GF contribution. Fund would be at \$1.2 million in FY 15. Maybe we could cut that back (say \$252,000) to fund some of the cuts she took in other programs??? Still would be a total of \$1,000,000 in the fund from \$600,000.
- **Contingency.** Proposing to drop contingency by about \$313,000 from FY 14 to FY 15 but still within the \$4 million comfort range at \$4.5 million.

Expenditures

- **Mental Health**

- They currently have about \$1 million in their savings account and they are asking for \$1.5 million in FY 15. In

FY 12 they received \$1 million. In FY 13 they received \$1.1 million and in FY 14 they received \$1.5 million. Are any of these dollars available to us or is it just pass through from the state that must go to Mental Health programs?

- Looks like Community Development will over expend their FY 14 budget. How much in GF is needed to backfill this over expenditure?
- Video Lottery – Estimated Revenue is \$187,000. Deb cut expenditures back to balance the budget at \$187,000.
 - EDC
 - Expenditures FY 12 \$90,000, FY 13 \$93,150, FY 14 \$91,550, FY 15 \$90,000

They asked for \$95,000. We need to adequately fund them. \$92,000?
 - Tillamook Chamber
 - We have a history of giving them \$4,000. FY 15 proposed cut them in ½ to \$2,000.
 - Fair
 - Lottery is paying the \$75,000 payment for the grandstands. Thoughts about using some GF to help pay for the Grandstands and the high priority electrical.
 - Need to figure out how much GF can contribute to high priority electrical repairs at the Fair.
- Election machine – consider using the line of credit to pay for it if financially viable. I'm being told this may not work as you have to pay off the line of credit each month. Not sure if this is correct or not??
- Dogs. City is asking for \$26,000 which is what they received in FY 10. Budget was reduced by \$10,000 to \$16,500 since then. Police Chief is asking for restitution to \$26,000 because he says that is what he is spending for the contracted services. Are we going to need more dollars for the shelter???

2014/2015 Tax Levies

TC General Services Permanent Rate:	\$1.4986/\$1000.00
Budget Committee approves full permanent rate	
Library Local Option Tax	\$0.65/\$1,000
Veterans Service Local Option Tax	\$0.03/\$1,000
Library Debt Service Levy	\$219,700.00
Hospital Debt Service Levy	\$855,900.00
Road Debt Service Levy	\$1,512,900.00

These levies represent the requirements of the proposed budget
The budget committee must approve the levies as part of the Budget Approval.