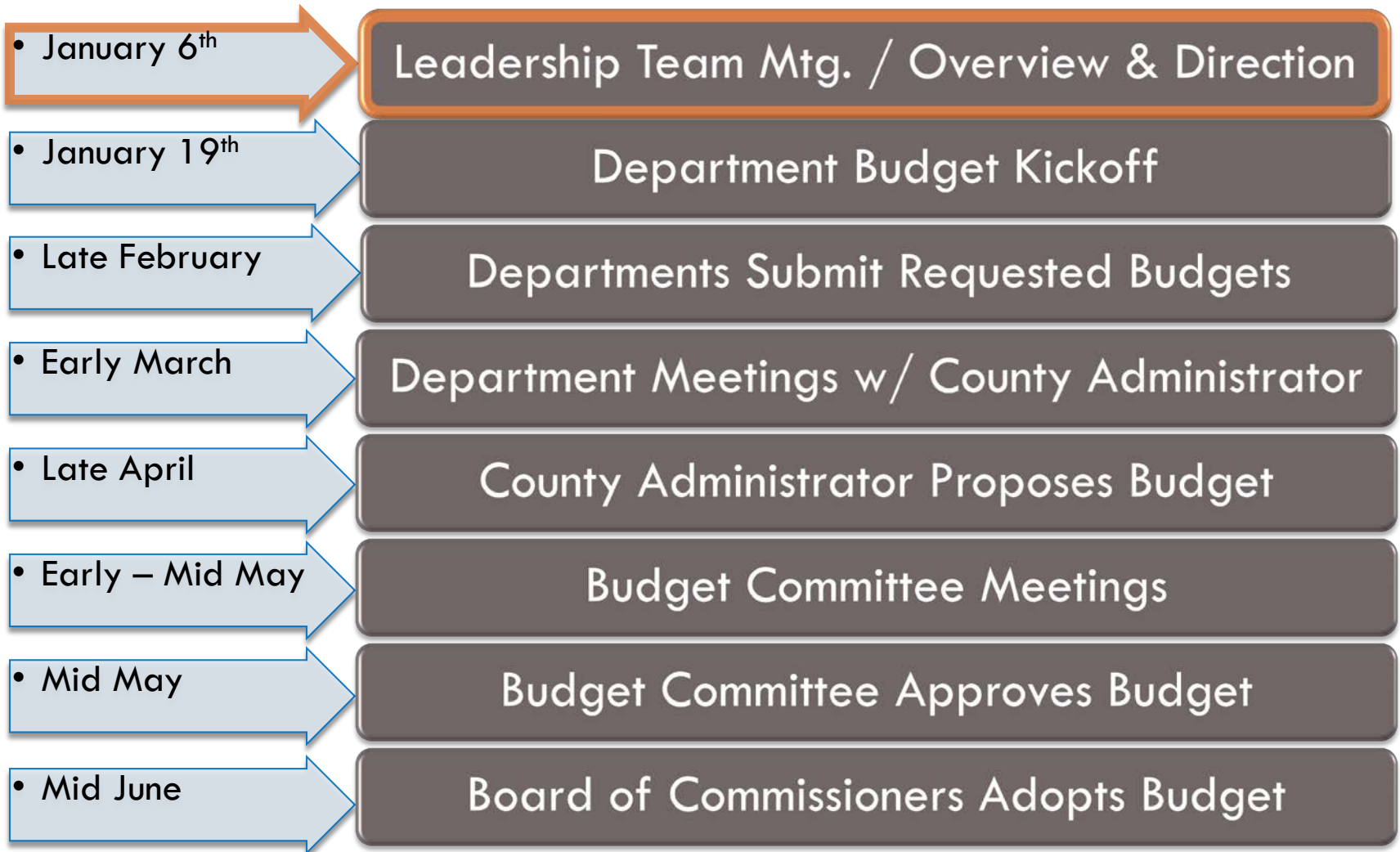


# COUNTYWIDE OVERVIEW

Steve Mokrohisky, County Administrator



# Lane County Budget Cycle



# Lane County Overview

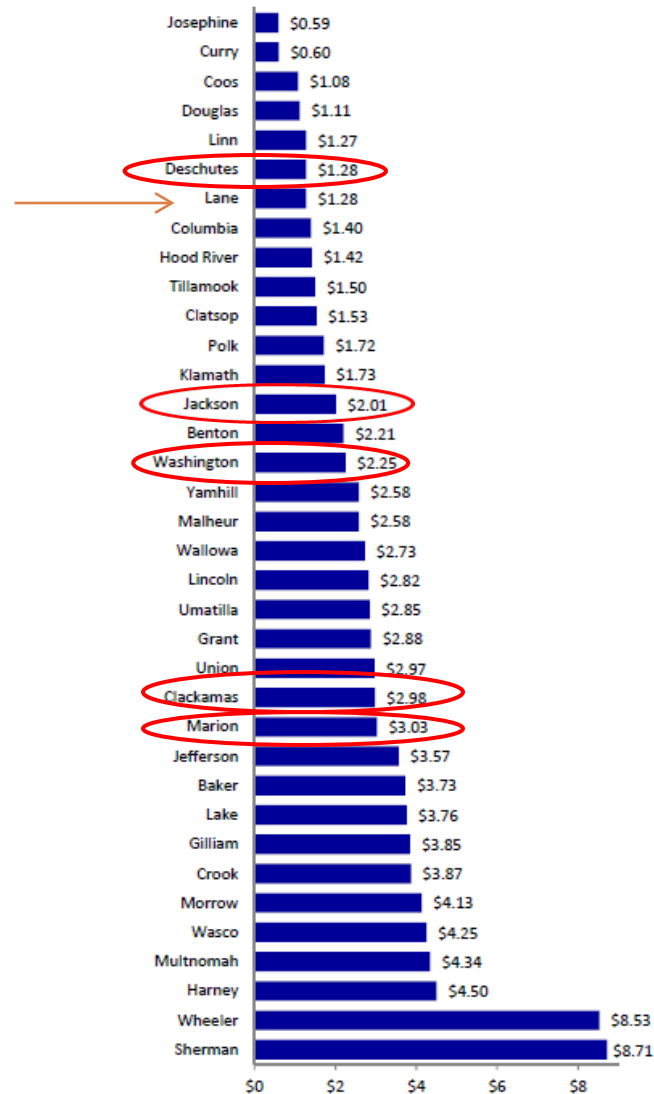
- 1736.08 FTE FY 20-21 Adopted Budget
  - *Addition of 258.32 FTE since FY 15-16*
- \$772,914,183 FY 20-21 Adopted Budget
- Ten departments
  - Assessment & Taxation\*
  - County Administration
  - County Counsel
  - District Attorney\*
  - Emergency Management
  - Health & Human Services
  - Human Resources
  - Public Works
  - Sheriff's Office\*
  - Technology Services

\*Departments run by elected officials

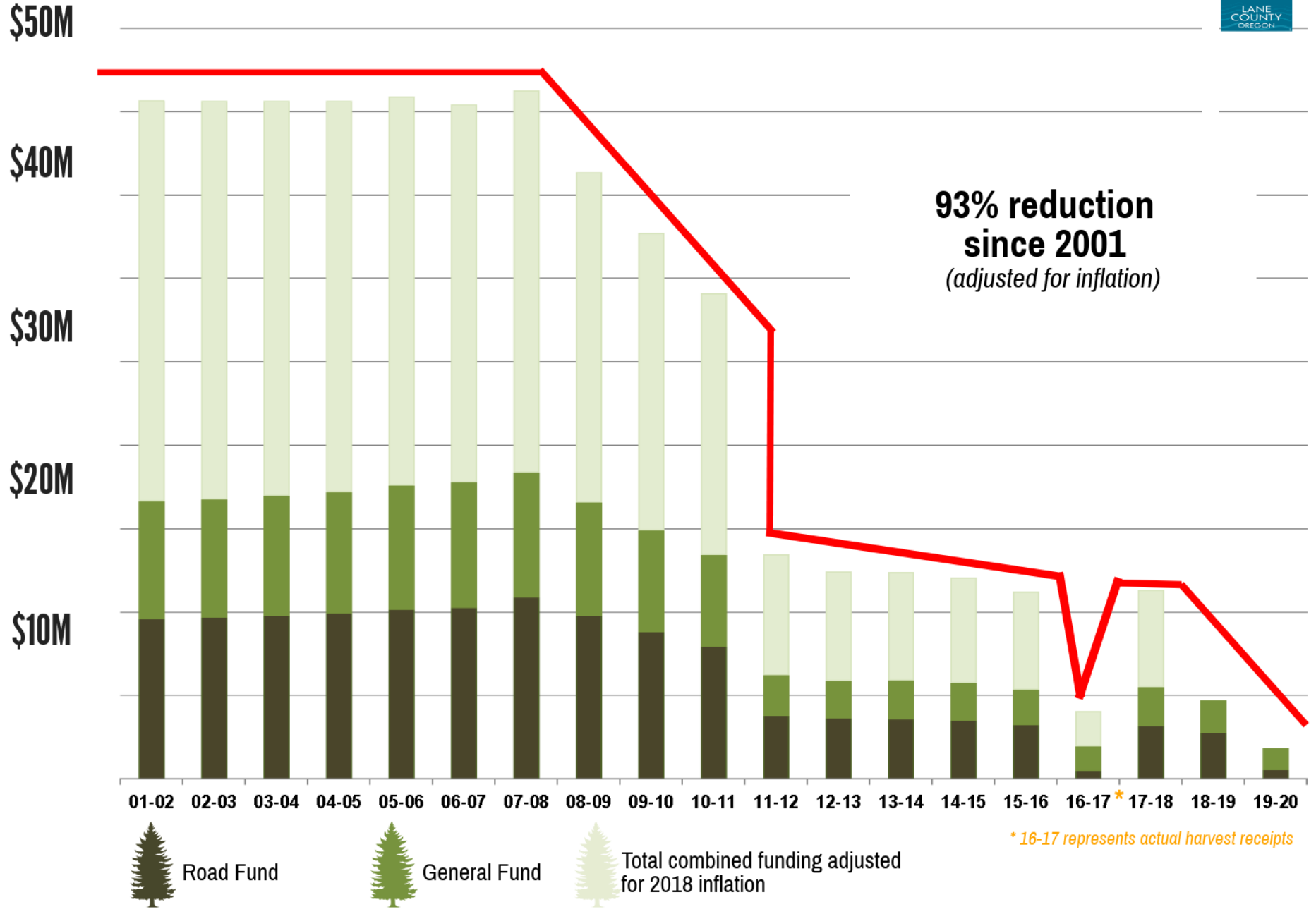
# Lane County In Context

## Property Tax Rates

Permanent rate per \$1,000, FY 2014-15



# Lane County Secure Rural Schools History



# Countywide Overview

## Financial Management goals since FY 15-16

1. Create long term financial stability through a structurally balanced budget
  - ❑ Fiscal Year Adopted Budget structural balance.
  - ❑ All funds meet or exceed the board reserve policy.
  - ❑ Moody's upgraded Lane County's bond ratings
    - ❑ Aa1 in 2019
    - ❑ Aa2 in 2017
    - ❑ Aa3 in 2010
2. Focus limited resources on repairing critical services
3. Stabilize Public Safety system with targeted investments
4. Reduce expenses within our control
  - ❑ Health Insurance, Debt and PERS
  - ❑ Internal Services including Fleet, Facilities, and Technology
  - ❑ Workers Comp Liability
  - ❑ Budget for Vacancies
  - ❑ PERS Side Account – projected 1.53 percentage point decrease in rate for 10 years

# Strategic Plan

**PURPOSE:** To improve lives

**MISSION:** We responsibly manage available resources to deliver vital, community-centered services with passion, drive and focus.

**LENSES:**

- Financial Stewardship
- Equity
- Collective Impact

**CORE BEHAVIORS:**

- Passion to serve
- Driven to connect
- Focused on solutions



# Strategic Plan Priorities

- Safe, Healthy County
  - Vibrant Communities
  - Robust Infrastructure
  - Our People & Partnerships
- 
- Other Significant Plans incorporated:
    - 10 Year Public Safety Plan
    - Community Health Improvement Plan (CHIP)
    - Transportation Plans
    - Homelessness Systems Transformation Plan
    - Rural Economic Development Plan
    - Equity & Access Plan
    - Capital Improvement Plan
    - Climate Action Plan
    - Community Benefits Plan







# Lane County's Current Employment Situation and Forecast

FY 21-22 Lane County Budget Kickoff

**Brian Rooney**  
**January 6, 2021**



# Agenda today

---

- Overview of the Lane County economy during a pandemic
- Wildfires
- Forecast

# Lane County's economy is diverse.

Lane County Employment	
2019	
Education and Health Services	18%
Government	18%
Retail Trade	12%
Professional and Business Services	11%
Leisure and Hospitality	11%
Manufacturing	9%
Financial Activities	5%
Construction	5%
Wholesale Trade	4%
Other Services	3%
Transportation, Warehousing, and Utilities	2%
Information	1%
Mining and Logging	1%

Source: Oregon Employment Department

- ✓ *U of O is included in government.*
- ✓ *Private education and health services is almost all health services. Lane County is a regional health care center.*
- ✓ *Above the national average for percent of employment in manufacturing.*



# Employment and Unemployment During a Pandemic

# Job loss in 2020 was sharp and severe

Eugene, OR MSA  
Total nonfarm employment  
(seasonally adjusted)

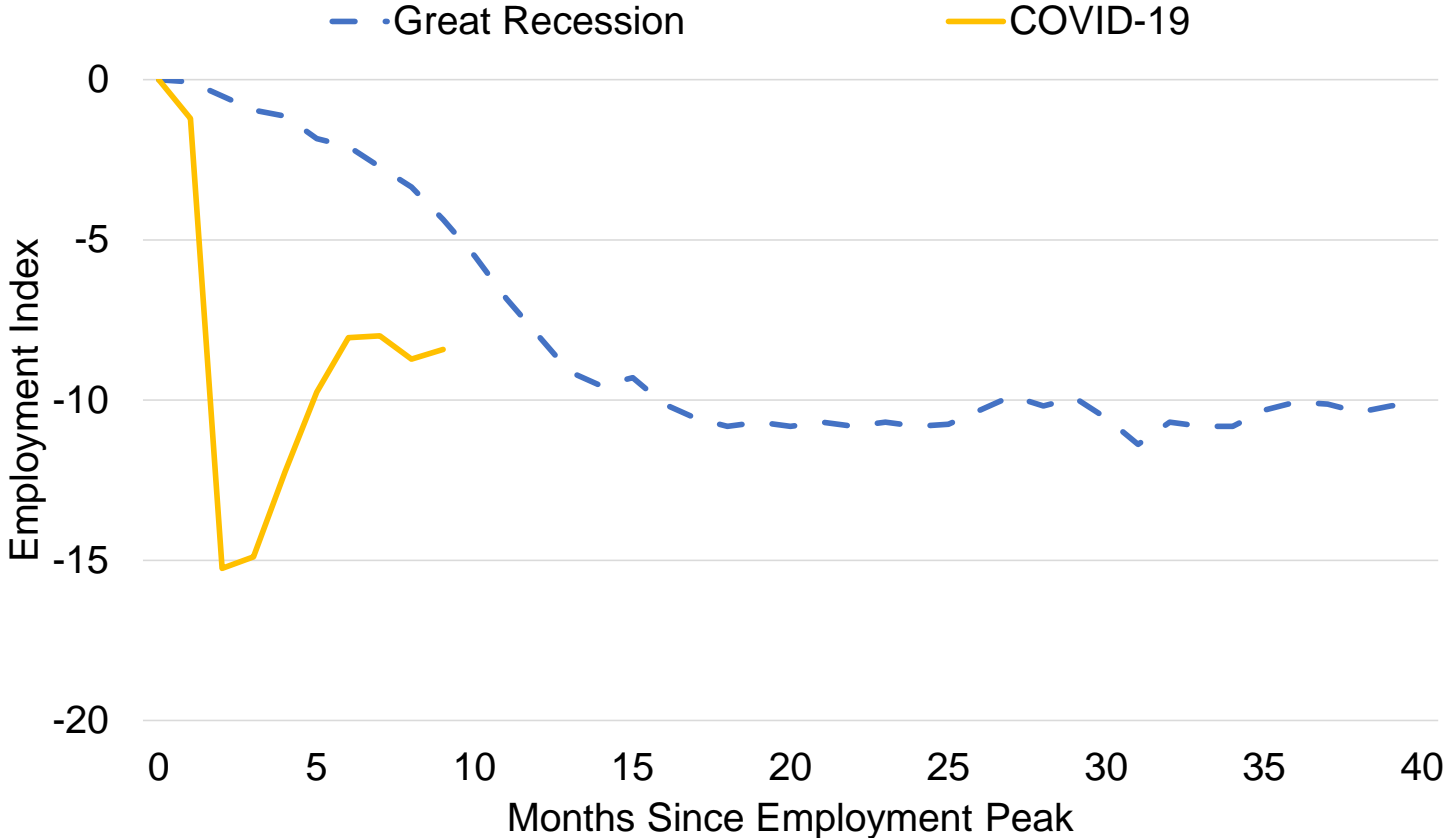


- ✓ Lane County lost 25,200 or 15% of its jobs in March and April of 2020.
- ✓ As of November 2020, Lane County has regained 45% of the jobs lost in March and April 2020

Source: Oregon Employment Department QualityInfo.org

Compared to 2008, we lost and recovered (some) quickly

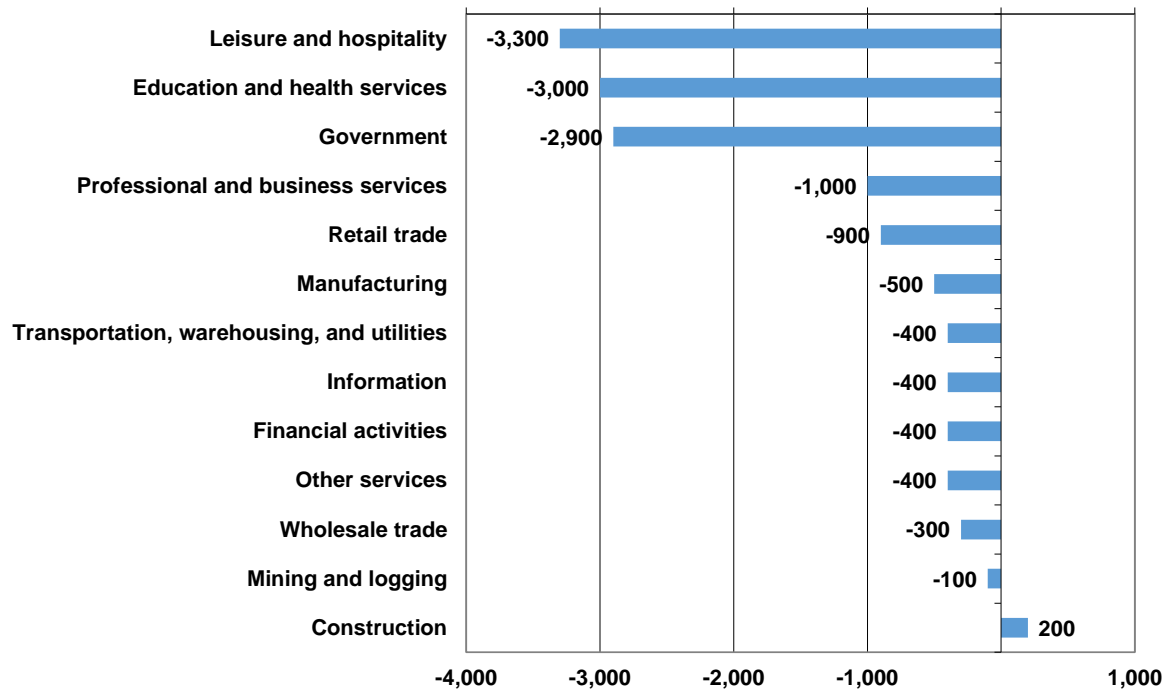
## Job Loss from Employment Peak Seasonally Adjusted



Source: Oregon Employment Department, Current Employment Statistics

# Education and tourism jobs down significantly over the year

Lane County Industry Employment Change  
over-the-year October 2020

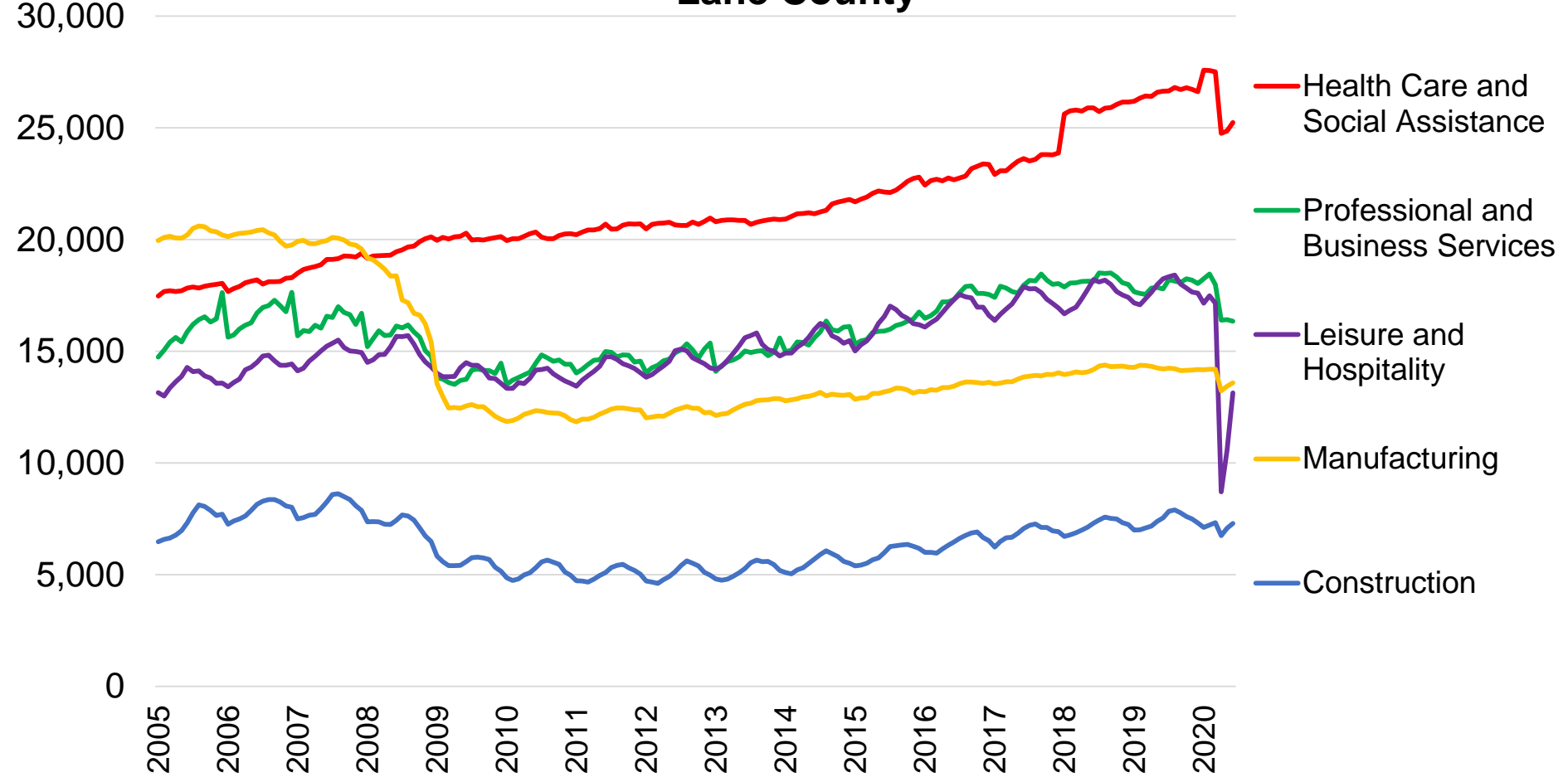


✓ Total  
Nonfarm  
Employment  
down  
13,400, or  
8.1%

Source: Oregon Employment Department, Current Employment Statistics

# A diverse employment base is an asset in recovery

## Employment in Selected Sectors Lane County

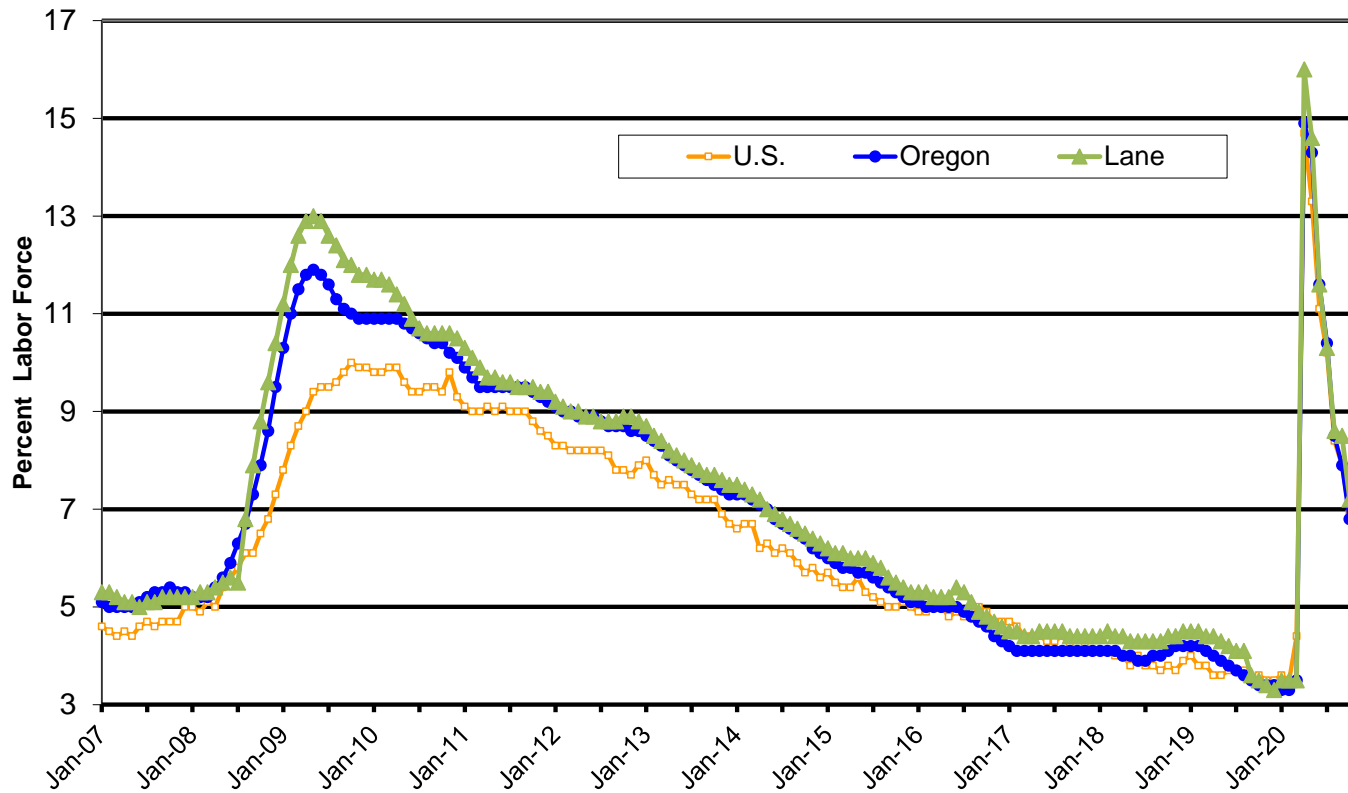


Source: Oregon Employment Department, Quarterly Census of Employment and Wages



Lane County's November 2020 unemployment rate stood at 6.2 percent, down from 7.2 percent in October and a high of 16.0 percent in April 2020.

Seasonally Adjusted Unemployment Rates, 2007 to Present



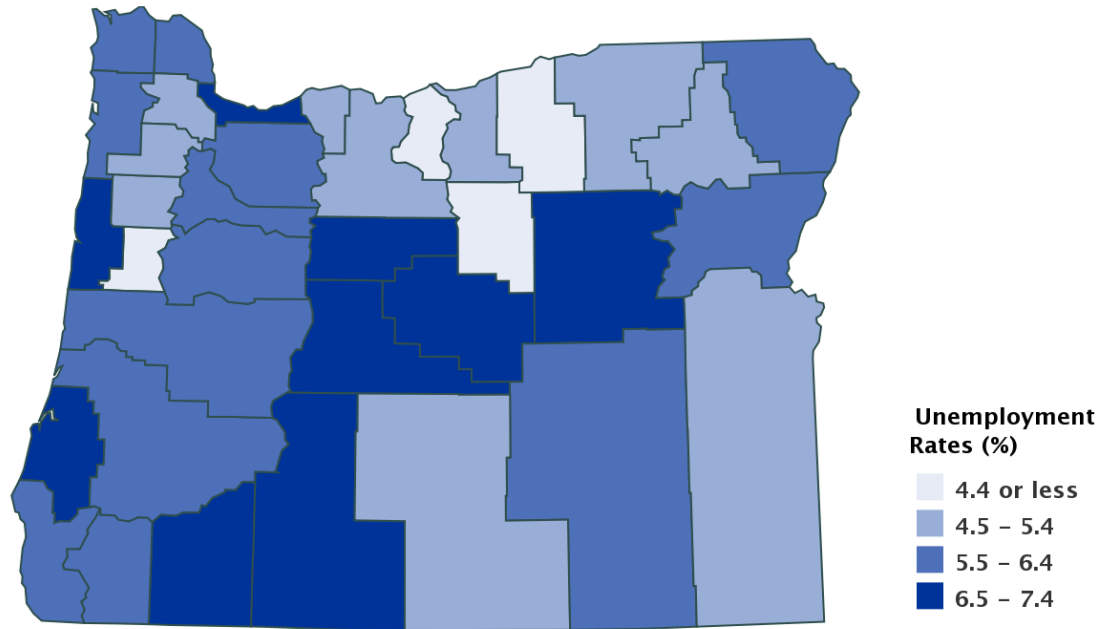
✓ Oregon's statewide rate was 6.0% in November.  
✓ U.S. unemployment rate was 6.7% in November.

# Oregon Counties Unemployment Rates

In November 2020, all of Oregon's 36 counties experienced over-the-month decreases in their unemployment rates. In 33 counties, unemployment rates dropped by half a percentage point or more. Lincoln, Josephine, and Sherman counties experienced the largest over-the-month decreases at 1.1 percentage points each.

Lincoln County had Oregon's highest seasonally adjusted unemployment rate in November at 7.4%. Other counties with some of the highest unemployment rates include Crook (7.2%), Multnomah (7.2%), and Grant (7.0%).

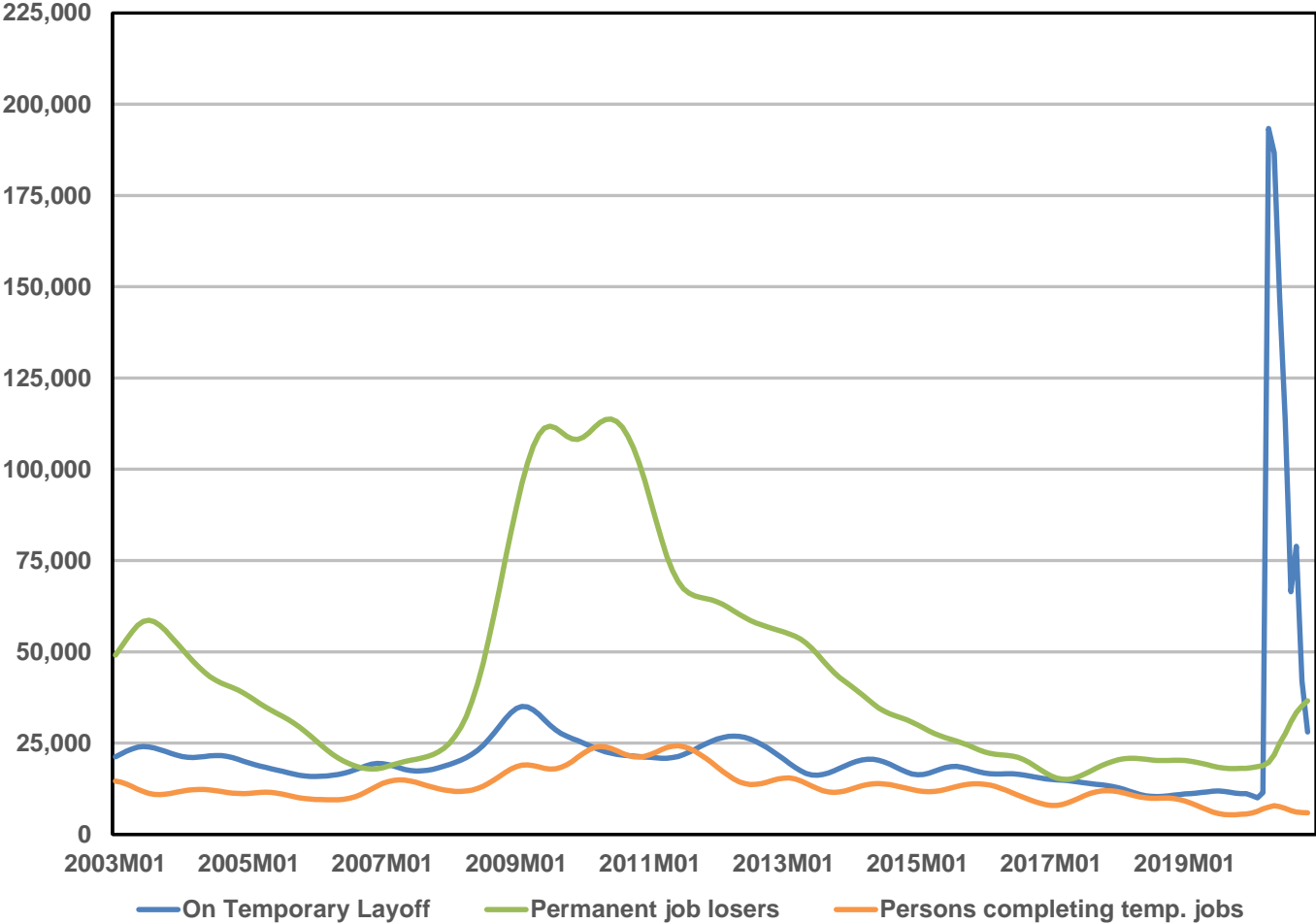
Seasonally Adjusted Unemployment Rate, November 2020



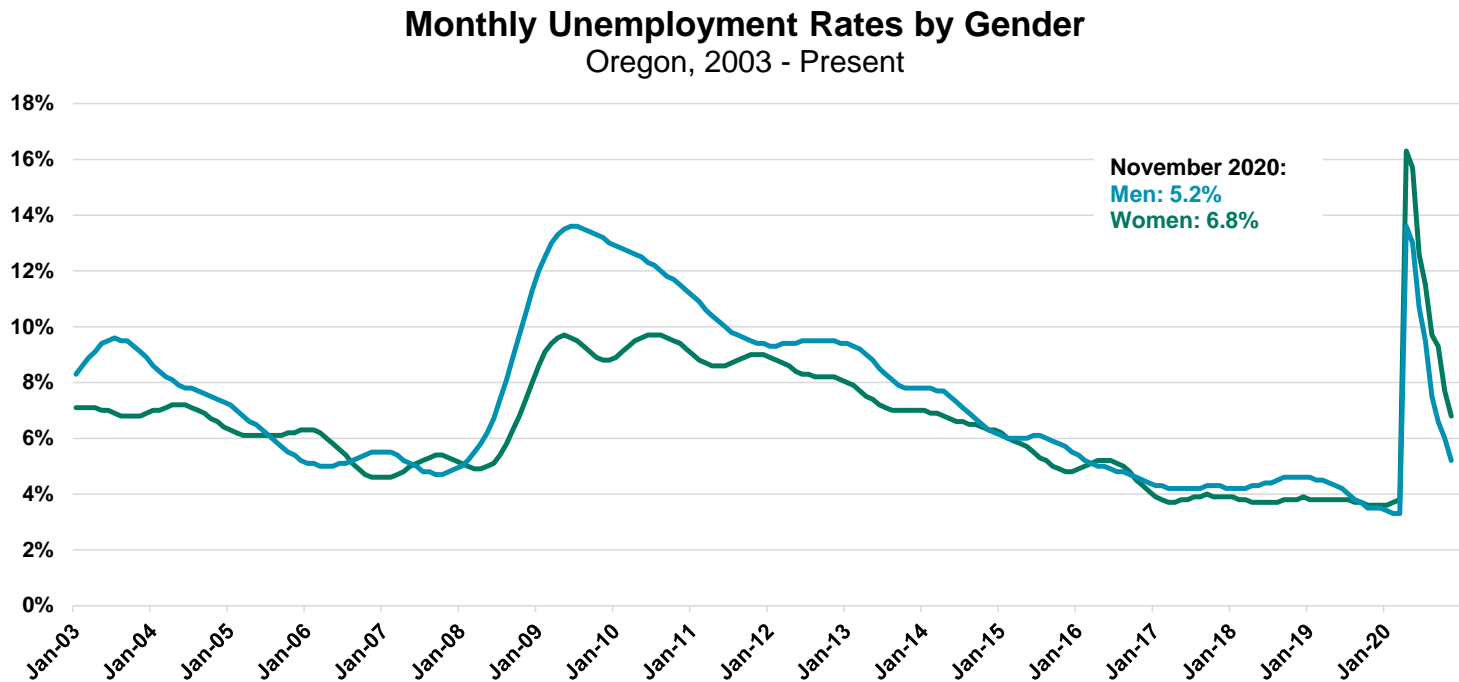
Oregon Employment Department, Local Area Unemployment Statistics

The layoffs in this recession are largely temporary but that may be slowly changing.

Oregon Job Losers by Reason [Trend]



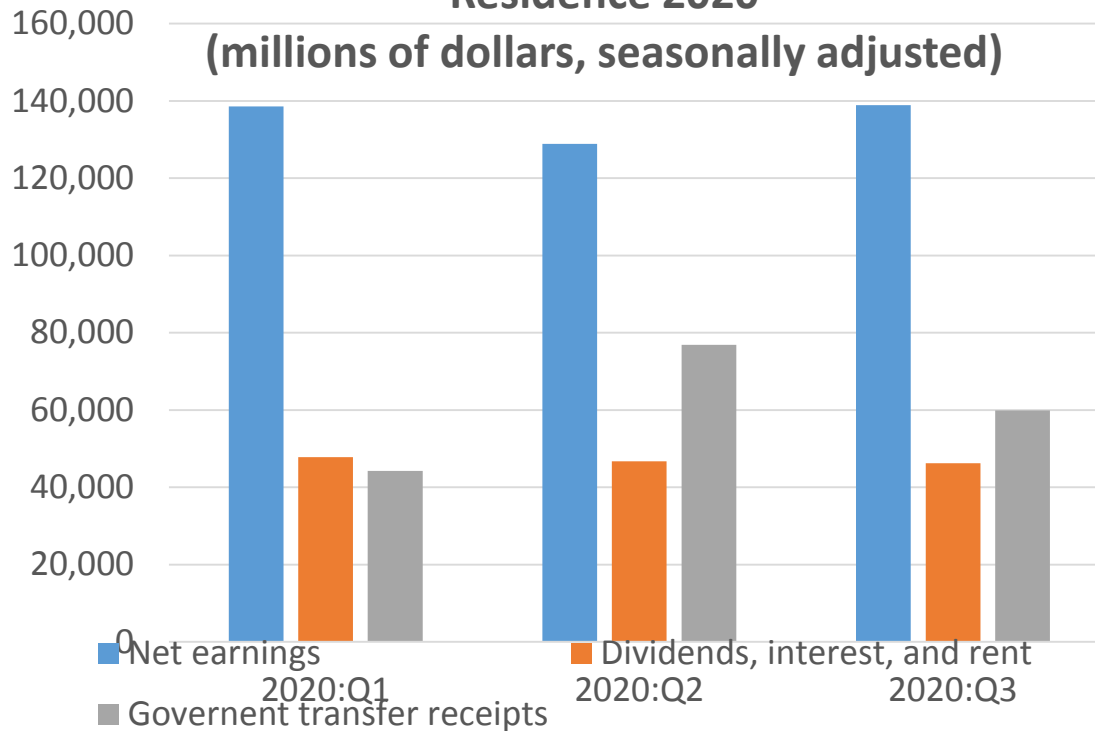
# Unlike during the Great Recession, women currently have a higher unemployment rate than men.



Source: Oregon Employment Department, Current Population Survey

Income was supported by government payments when the pandemic restrictions began in the second quarter.

**Oregon Components of Personal Income by Residence 2020**  
(millions of dollars, seasonally adjusted)



**Oregon Personal Income**  
(millions of dollars, seasonally adjusted)

Description	2020:Q1	2020:Q2	2020:Q3
Personal income	230,544	252,487	245,040

Source: Bureau of Economic Analysis

# Wildfires



Lane County had a high level of acreage burned. Fires entered residential and commercial areas across the state.

	Total	Public	Private	Public %	Private %
Clackamas	183,200	111,100	72,100	61%	39%
Douglas	125,600	62,500	63,100	50%	50%
Hood River	300	0	300	0	100%
Jackson	35,700	14,500	21,200	41%	59%
Josephine	33,900	32,500	1,400	96%	4%
Lane	154,600	41,100	113,500	27%	73%
Lincoln	2,500	400	2,100	16%	68%
Linn	41,900	13,600	28,300	32%	68%
Marion	219,300	151,100	68,200	69%	31%
<b>TOTAL</b>	<b>797,200</b>	<b>427,000</b>	<b>370,200</b>	<b>54%</b>	<b>46%</b>

Source: Mason, Bruce & Girard, Inc. Based on fire perimeters on Sep 15, 2020.

### Establishments and Jobs in Wildfire Evacuation Zone 3

Weeks of September 11 and 17

County	Business	
	Establishments	Jobs
Clackamas	1,494	10,801
Douglas	78	638
Jackson	825	6,048
Josephine	46	271
Klamath	1	10
<b>Lane</b>	<b>296</b>	<b>1,196</b>
Lincoln	182	2,238
Linn	150	1,672
Marion	218	1,703
Multnomah	0	0
Wasco	1	138
Washington	1	43
Yamhill	1	12
<b>Total</b>	<b>3,293</b>	<b>24,770</b>

Source: Oregon Employment Dept.

- ✓ Payroll data does not include sole proprietors.

# Possible Economic Impacts From Large Fire

## □ Negatives

- Loss of homes, businesses and jobs.
- Could be detrimental to tourism for several years.
- Could reduce population and business migration in the future.
- Timber harvest levels may be reduced.

## □ Positives

- Increased construction activity from rebuilding.
- Possible increased salvage logging.



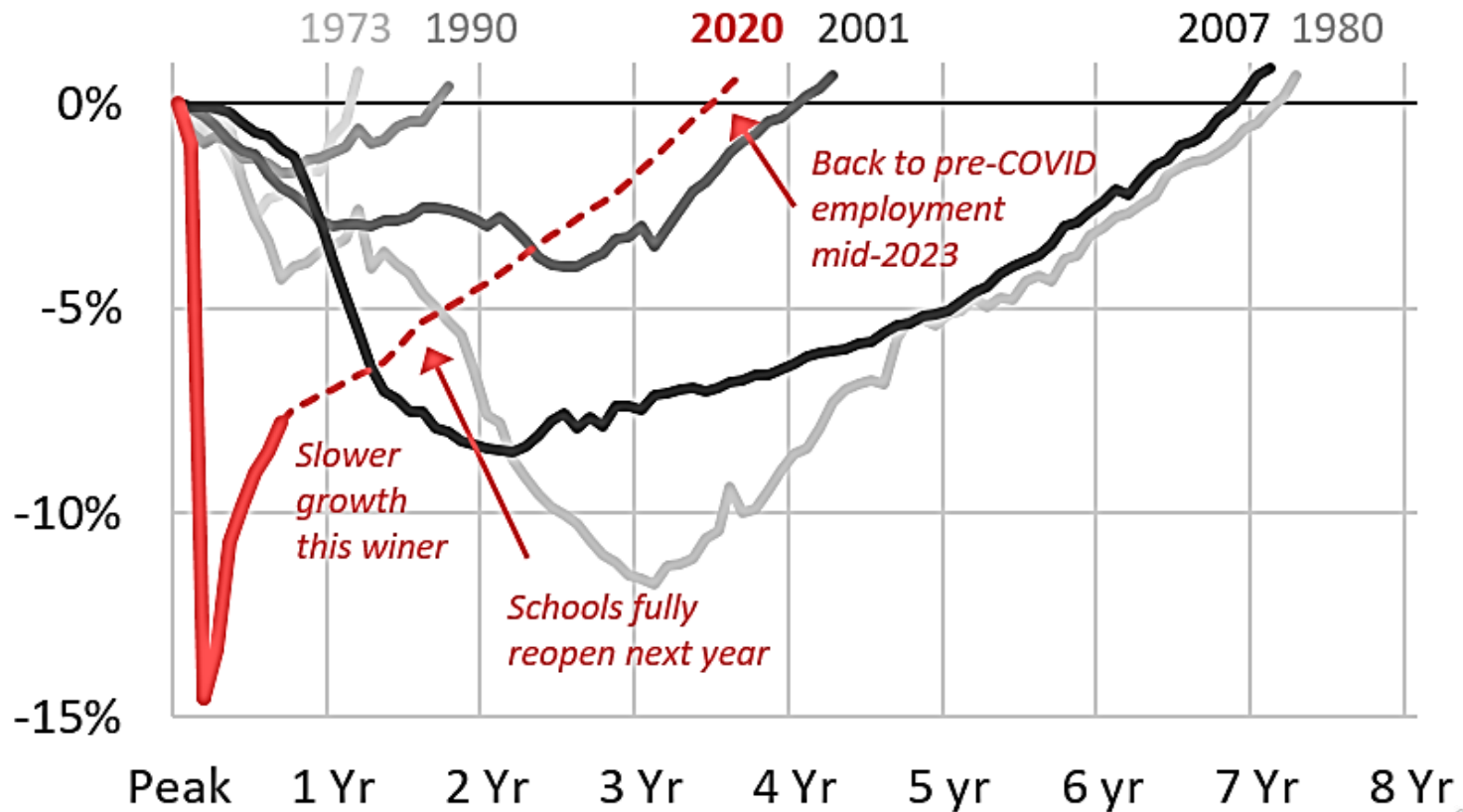


*Now for a look forward...*

Statewide, we have a “Great Recession-sized hole to fill”

## Oregon Recession Comparison

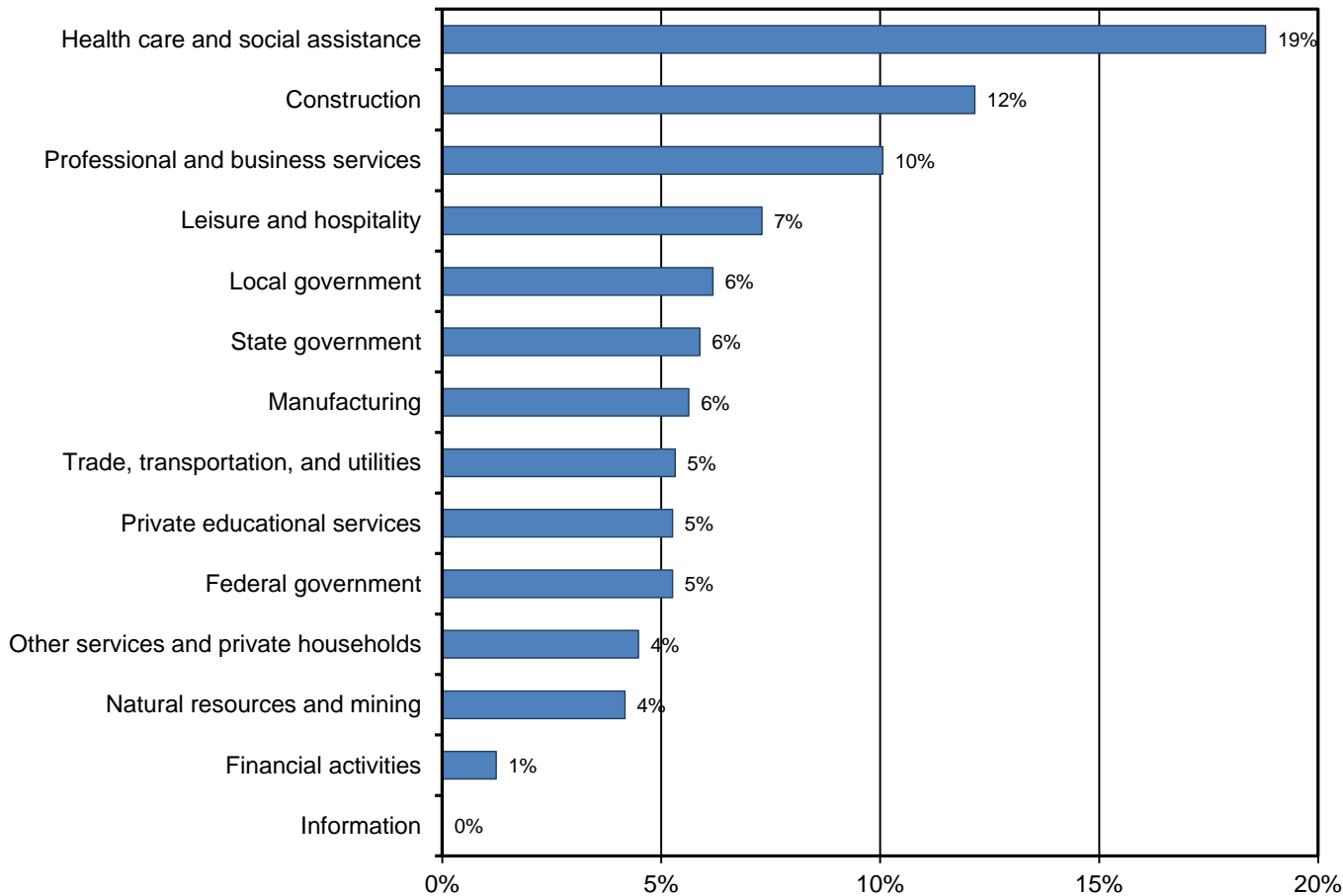
Percent Change from Pre-Recession Peak



Source: Oregon Employment Department, Oregon Office of Economic Analysis

# Ten year job growth fastest in healthcare and construction

Lane County Long-Term Employment Growth Percent Change, 2019-2029

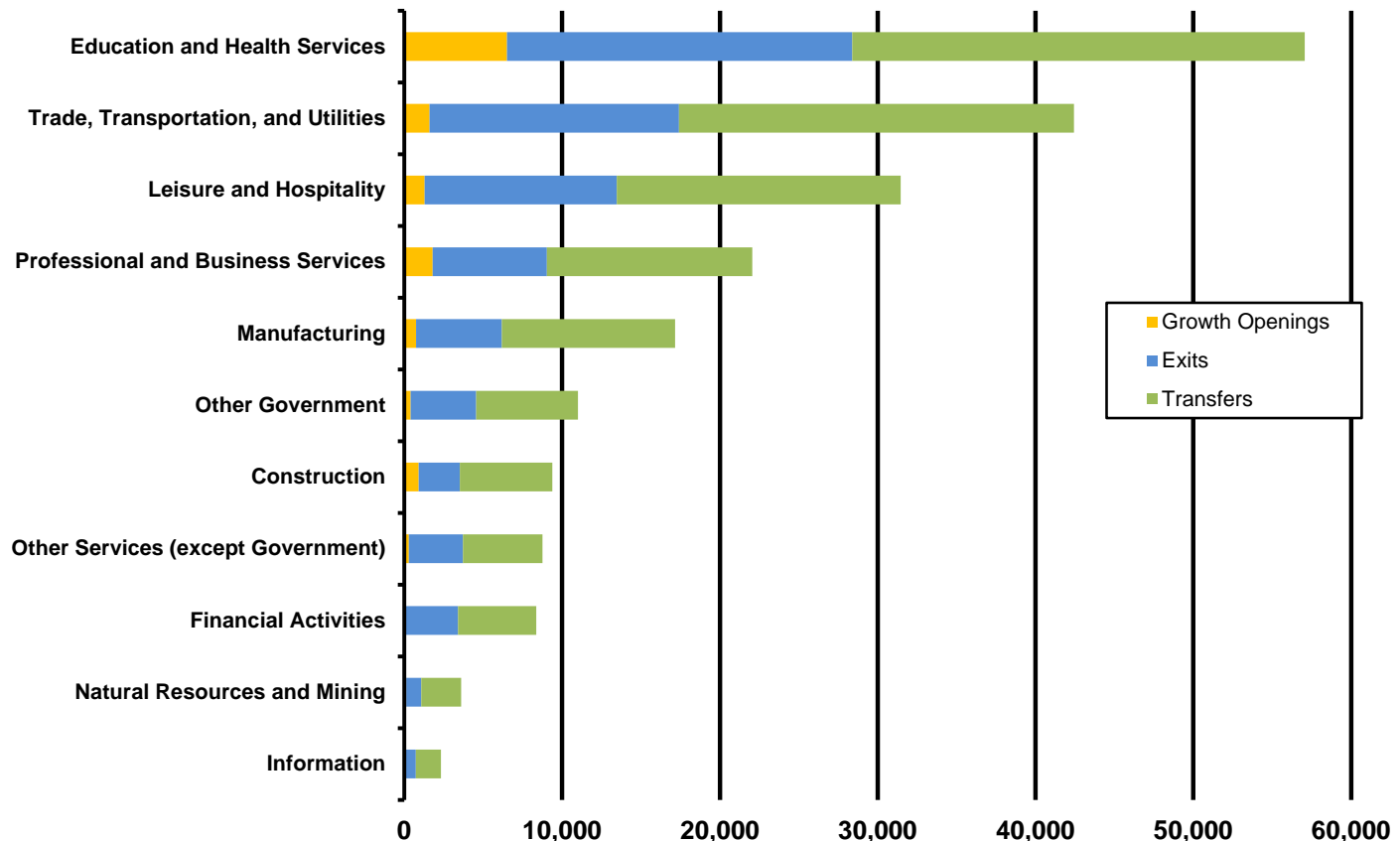


- ✓ Forecast is adjusted for the short-term affects of COVID-19.
- ✓ Lane County will added 14,000 jobs for 8% growth over ten years.
- ✓ Even industries that grow slowly will have opportunities because of replacement needs.

Source: Oregon Employment Department

# Additional opportunities will be created by replacement openings, largely from retirements and transfers.

## Lane County Projected Job Openings by Industry Growth and Replacement , 2019-2029



Source: Oregon Employment Department

# Thank you!

## Questions?

Brian Rooney

(541)359-9548

[Brian.T.Rooney@oregon.gov](mailto:Brian.T.Rooney@oregon.gov)

Website:

[www.qualityinfo.org](http://www.qualityinfo.org)

Subscription service at the bottom of the Qualityinfo.org home page or at the following link:

<https://www.qualityinfo.org/p-sofrm?custEmail=>

# TAX ASSESSOR'S UPDATES

Mike Cowles, Lane County Assessor

# Property Tax Distribution

## Where Your Property Tax Dollar Goes



**11¢**

county

**48¢**

school districts

**31¢**

cities

**6¢**

libraries, parks,  
water districts, etc.

**4¢**

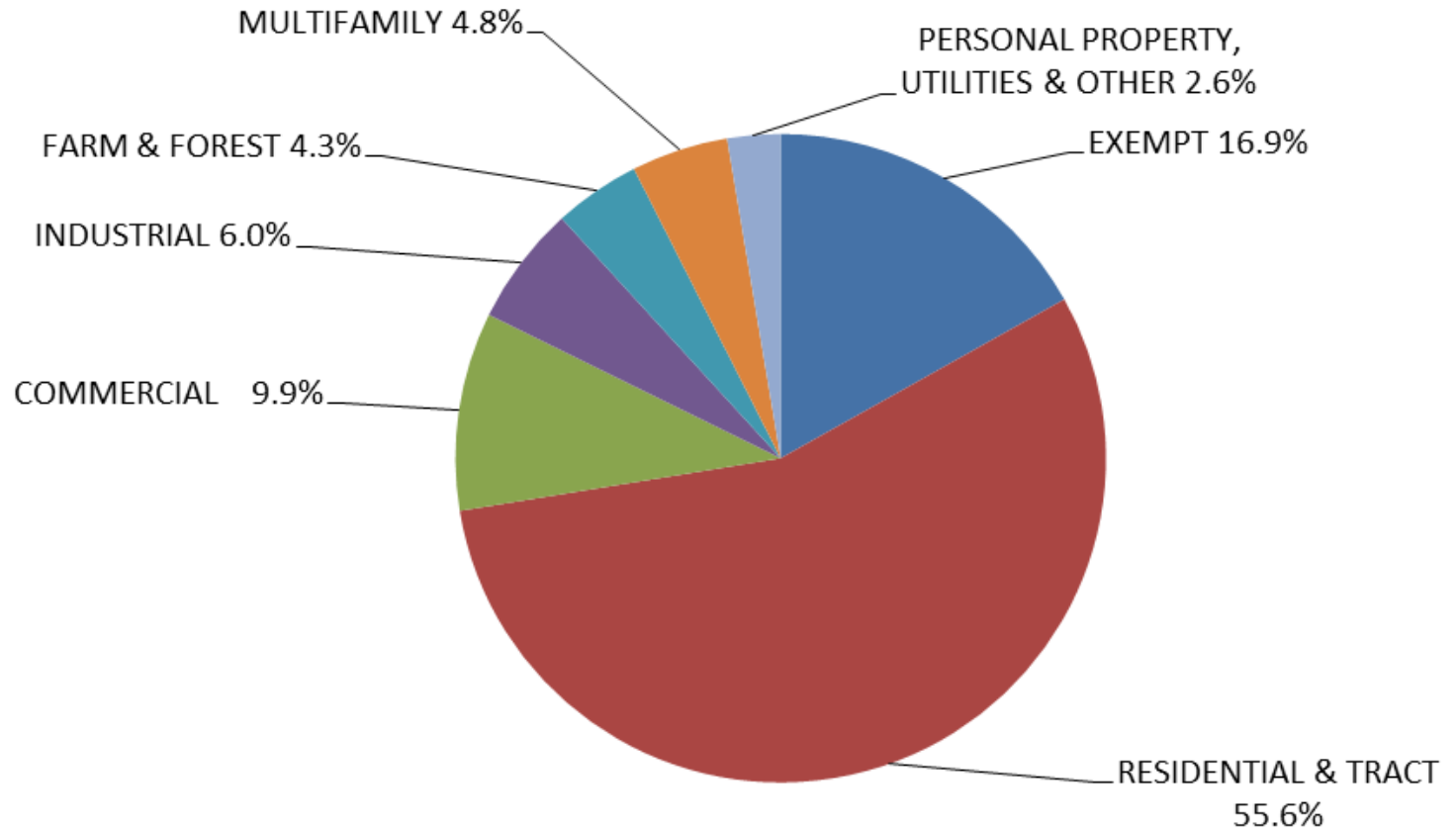
fire  
districts

- ▶ Lane County's General Fund receives approximately 11¢ of every property tax dollar paid.

- ▶ Lane County has the seventh lowest permanent tax rate of Oregon's 36 counties.



# Taxable Value Chart





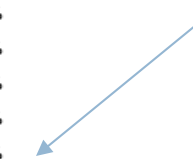
# Real Market Value Typical Dwelling

## ***Real Market Value on a Typical (Median) Home In Lane County***

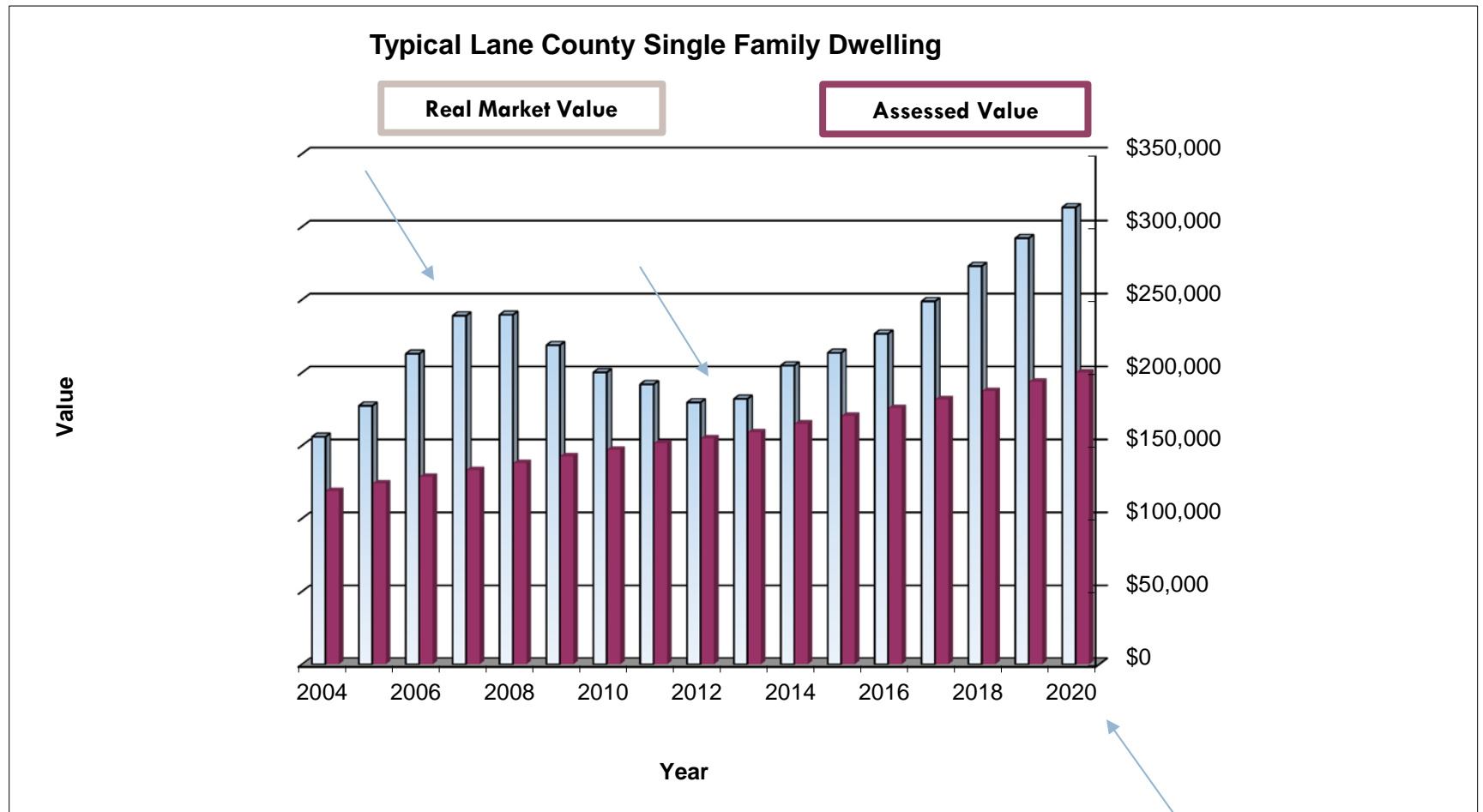
Sample areas have the following values:

For 1/1/2020

Area	2019 Median Real Market Value	2020 Median Real Market Value	Percent Change Real Market Value
Blachly	\$190,952	\$198,157	3.77%
City of Coburg	\$379,645	\$405,611	6.84%
City of Cottage Grove	\$226,549	\$243,509	7.49%
City of Creswell	\$271,303	\$289,383	6.66%
City of Dunes	\$382,270	\$406,589	6.36%
City of Eugene	\$325,126	\$346,986	6.72%
City of Florence	\$262,841	\$290,367	10.47%
City of Junction City	\$263,747	\$281,894	6.88%
City of Lowell	\$239,020	\$251,286	5.13%
City of Oakridge	\$150,271	\$165,224	9.95%
City of Springfield	\$248,440	\$272,678	9.76%
Springfield School	\$261,512	\$285,261	9.08%
City of Veneta	\$255,998	\$270,749	5.76%
City of Westfir	\$153,979	\$168,373	9.35%
Crow-Applegate	\$299,077	\$324,004	8.33%
Eugene (4J School)	\$328,296	\$350,453	6.75%
Eugene (Bethel School)	\$266,303	\$286,093	7.43%
Mapleton	\$178,179	\$193,202	8.43%
Marcola	\$295,052	\$312,351	5.86%
McKenzie	\$309,712	\$326,114	5.30%
Pleasant Hill	\$376,629	\$401,455	6.59%
River Road	\$255,188	\$274,916	7.73%
Santa Clara	\$267,727	\$287,781	7.49%
Lane County	\$292,114	\$313,186	7.21%



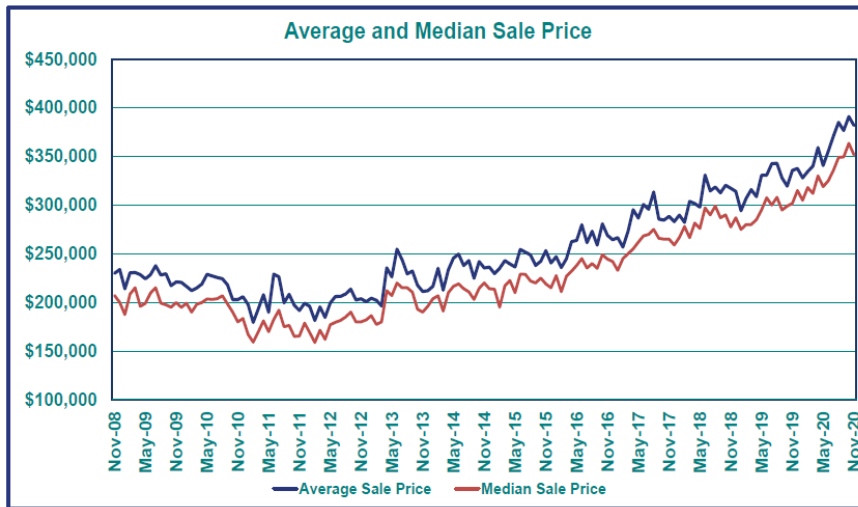
# Multi-year chart of “typical residential” dwelling



# Market Action – Residential

**SALE PRICE**  
**GREATER LANE COUNTY, OR**

*This graph represents the average and median sale price for all homes sold in Greater Lane County, Oregon.*



## Average and Median Sale Prices

Comparing 2020 to 2019 through November, the average sale price has increased 11.8% from \$325,200 to \$363,500. In the same comparison, the median sale price has increased 13.6% from \$295,000 to \$335,000.

Inventory in Months*			
	2018	2019	2020
January	1.7	2.2	1.9
February	1.8	2.0	1.6
March	1.4	1.8	1.7
April	1.5	1.7	2.0
May	1.6	1.5	2.0
June	1.7	1.6	1.3
July	1.8	1.5	0.9
August	1.7	1.6	1.0
September	2.4	1.8	1.1
October	2.1	1.8	0.9
November	2.2	1.7	0.8
December	1.9	1.4	

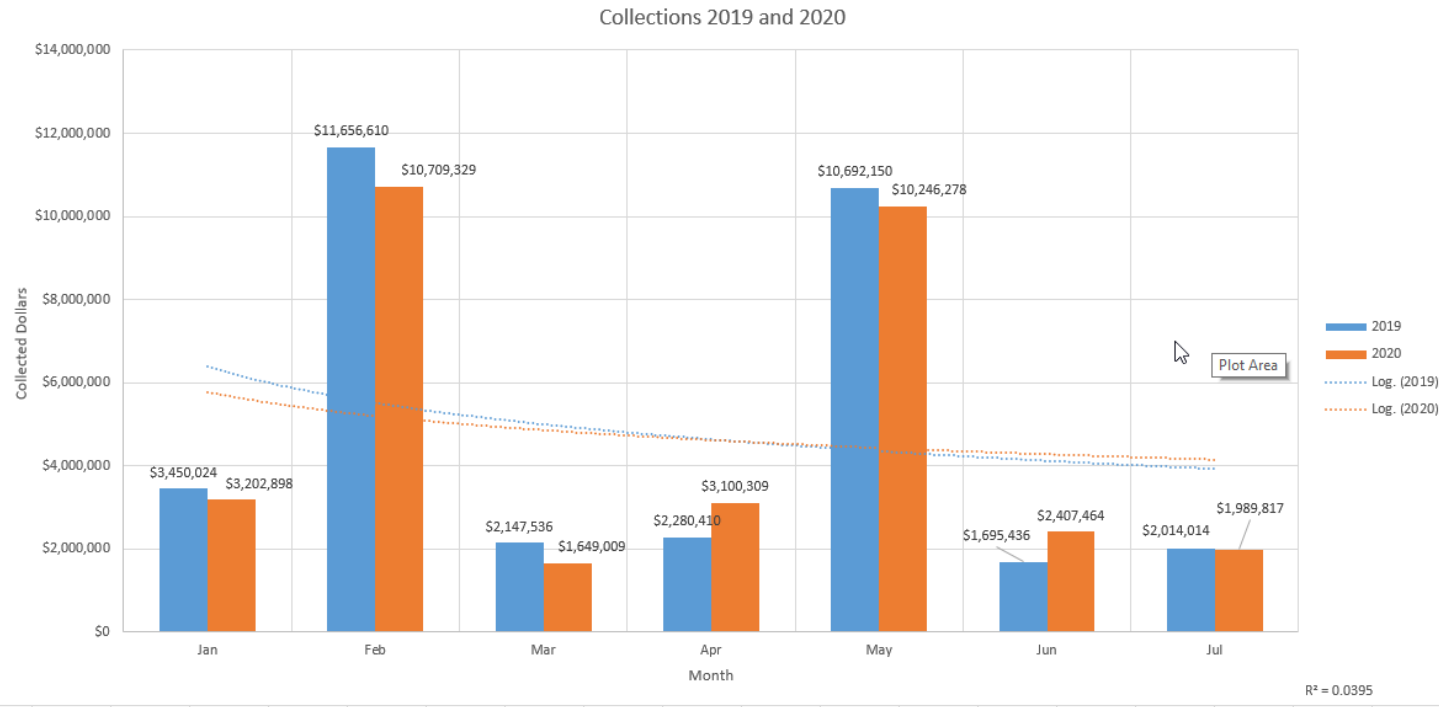
For 1/1/2021



## Inventory and Market Time

Inventory decreased to 0.8 months in November, the lowest on RMLS™ record. Total market time decreased to 33 days.

# Collections



November 2019 \$499,991,965

November 2020 \$501,030,380

# COVID-19 Impacts on Key Dates

## □ 1/1/2020 Assessment Date for FY 2020-21

- Limited Impact

## □ 1/1/2021 Assessment Date for FY 2021-22

- Impacted – Flat to slight decline in revenue

## □ 1/1/2022 Assessment Date for FY 2022-23

- Possible Impacted

- Projecting net Assessed Value (AV) flat or slight decrease for FY 2021-22
- FY 2022-23 and on, back to typical AV/MAV increases
- Some districts impacted more than others

# Commercial, Industrial and Multifamily

- Too early for definitive adjustments
- Certain sectors may see decreases
- Real Market Value (RMV) to Maximum Assessed Value (MAV) gap
- State appraised accounts
- Business personal property accounts
- Appeals

# STATE & FEDERAL LEGISLATIVE UPDATES

Alex Cuyler, Intergovernmental Relations Manager

# State and Federal Funding Issues of Import to the Lane County FY 21-22 Budget Process

## □ FEDERAL CONTEXT

- Federal Fiscal Year ends 9/30/2021, and the omnibus budget bill and Covid-19 relief package were combined into one act, signed by President Trump on 12/27/2020.
- Depending on Georgia Senate runoff elections, our delegation could be very well positioned to direct significant resources to Oregon.
- As we prepare for Federal FY 22, earmarking may return.
- Federal Timber revenue reverts to actual harvest (no Secure Rural Schools extension, but PILT was extended).
- First 100 days of new Administration, will there be a path for state and local revenue replacement?



# State and Federal Funding Issues of Import to the Lane County FY 21-22 Budget Process

## □ STATE CONTEXT

- Governor's Recommended Budget has been published, but Legislatively Approved Budget can be very different.
- Ways and Means representation has declined for Lane County.
- Lane County receives significant state revenue for Developmental Disabilities, Community Corrections (and JRI), Juvenile Justice, Public Health, Mental Health, Housing, Transportation, and Assessment and Taxation.
- Watching Ballot Measure 110 implementation and COVID-19 Relief Package implementation.
- Intersection of Criminal Justice systems with Behavioral Health/Mental Health systems, mitigating risk exposure for county government is priority.

# TRACKING AREAS OF FINANCIAL PRESSURES

Dan Hurley, Public Works Director

Greg Rikhoff, Director of Operations

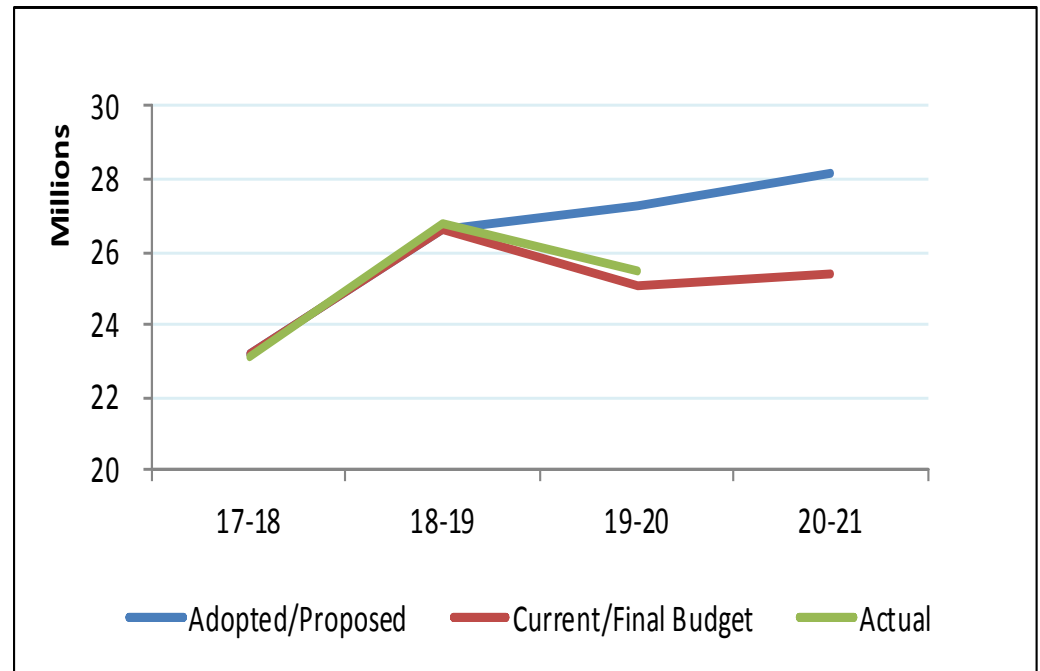
Karen Gaffney, Health & Human Services Director

Christine Moody, Budget & Financial Planning Manager

Steve Mokrohisky, County Administrator

# Public Works – Oregon Highway Revenues

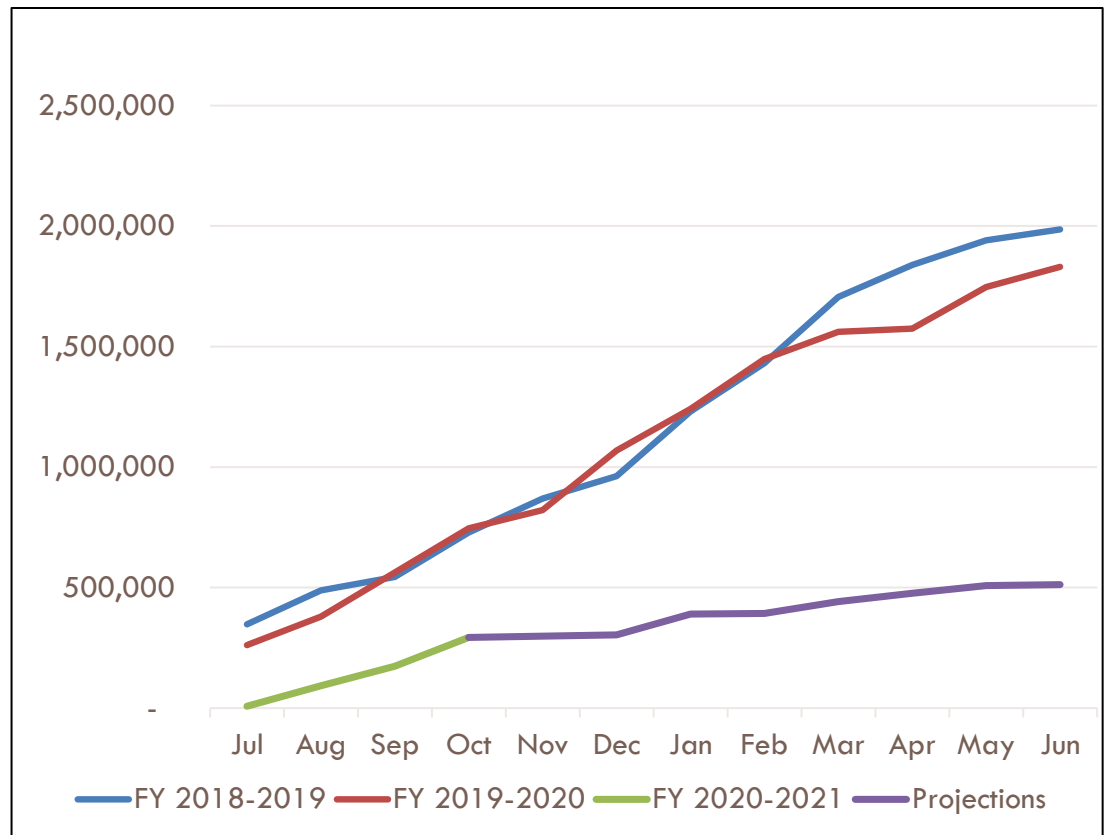
- FY 19-20 Highway Revenues were reduced in Supplemental by \$2.2 million.
- FY 20-21 Highway Revenues were reduced during Budget Committee deliberations by \$2.7 million.
- While revenues have been decreasing, costs have been increasing.



# Public Works

## □ Lane Events Center– Event Revenues

- Current restrictions on event and venue operators have reduced our ability to hold events to almost nothing.
- Facilities of all sizes are restricted to only 100 guests inside and 250 outside.
- The impact to LEC’s revenue by the end of FY 20/21: **1.5 million dollars**
- The impact to the community is around **30 million dollars** in lost annual economic impact

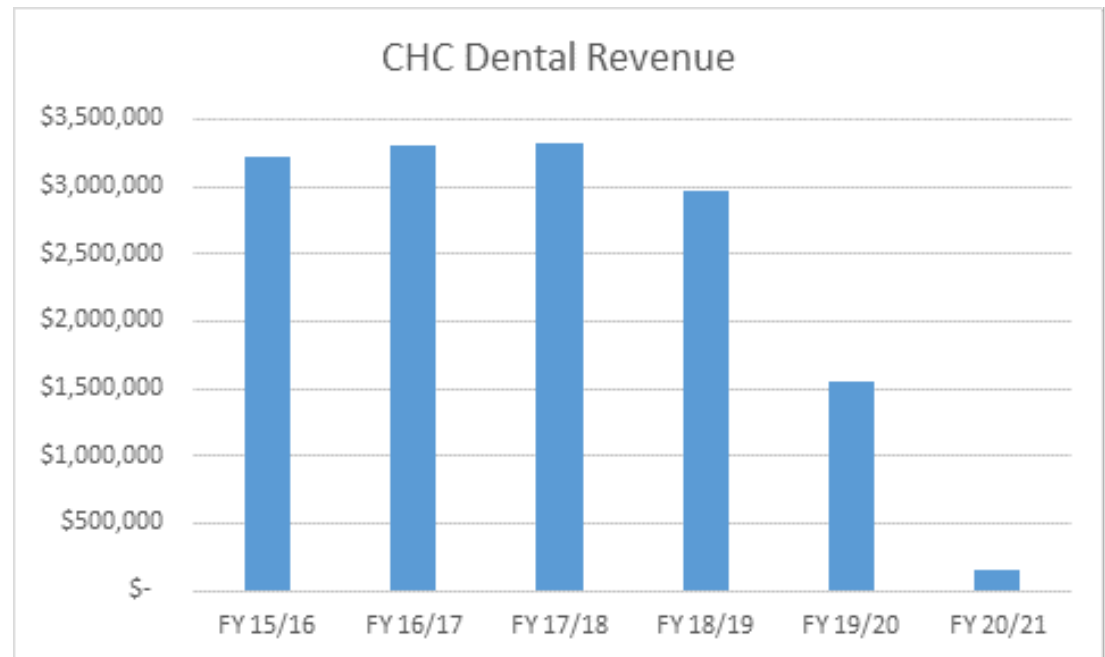


# Parole & Probation

- The Governor's Recommended Budget for FY21-23
  - ▣ \$24.5 million reduction to Grant-in-aid State-wide (\$2.4 million reduction for Lane County)
  - ▣ \$10 million reduction to Justice Re-Investment (\$1 million reduction for Lane County)

# Areas of Financial Pressure: Health & Human Services

- **Community Health Centers**
  - ▣ Revenue loss in FY 20-21 with loss of in-school dental program
  - ▣ Should rebound in FY 21-22
  - ▣ Some offsets with federal funds



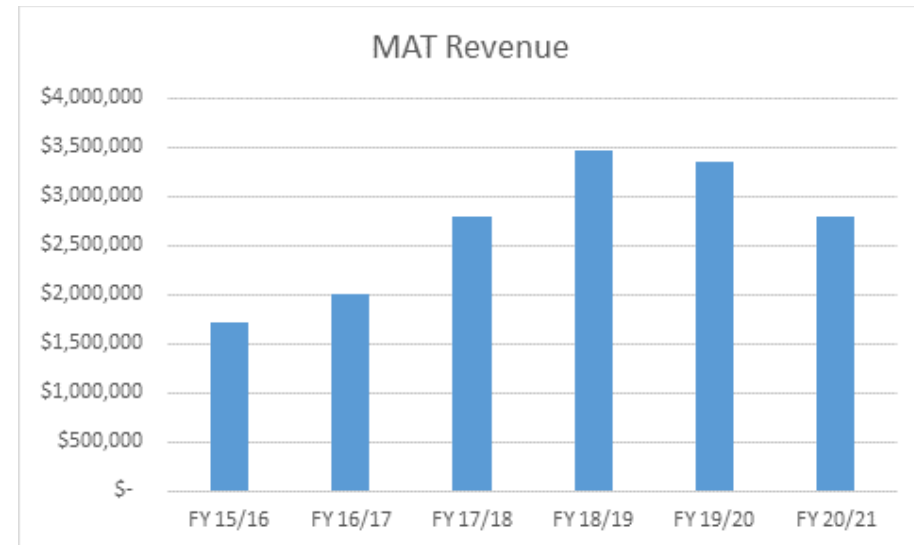
# Areas of Financial Pressure:

## Health & Human Services

- Human Services Division: Housing & Homelessness
  - ▣ Significant influx of one-time revenue in FY 20-21
  - ▣ Commitment to future services in Supportive Housing and River Ave (need to identify additional revenue)
- Public Health
  - ▣ Significant expenditures for COVID response
  - ▣ Funding commitments from state and federal partners

# Areas of Financial Pressure: Health & Human Services

- Behavioral Health
  - Revenue pressure in FY 20-21 at Medication Assisted Treatment Program
  - Gap in forensics funding with mandated caseload
  - State funding allocations





# Other known pressures

- Other known revenue impacts from COVID-19
  - ▣ Transient Room Tax
    - Lane Events Center, Parks, Travel Lane County, Rural Communities, Historical Museum
  - ▣ Car Rental Tax
    - 1<sup>st</sup> Qtr FY 20-21 down 38% from same period FY 19-20
      - Discretionary General Fund/Parks

# Other Countywide Expenditure impacts

## □ Expenditures

### ▣ Pay equity

- Final recommendations/decisions being determined

### ▣ Labor contract negotiations

- FY 20-21 Prosecuting Attorneys/AFSCME/Parole Officers

### ▣ PERS rates

- Dependent on Investment returns

### ▣ Health Insurance expenses

- Net Claim expenses up 8.83% July-Nov
- Wellness Clinic is a key part of managing workforce health

# THEMES FOR THE COMING YEAR

Steve Mokrohisky, County Administrator

# Themes for the Coming Year

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- Resiliency of our Organization and Community
- COVID-19 Pandemic Response and Recovery
- Wildfire Recovery
- Equity
- Data analytics
- Affordable Housing
- Strategic Plan expiration at end of 2021

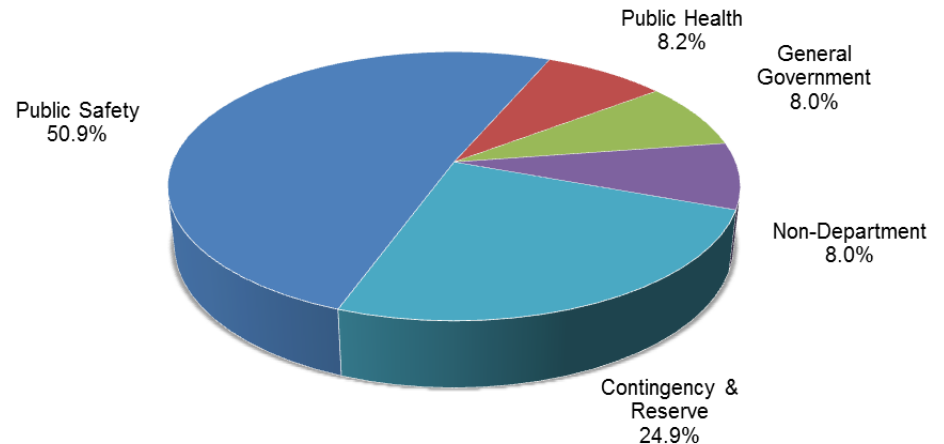
# GENERAL FUND - INITIAL 5 YEAR FORECAST

Christine Moody,  
Budget & Financial Planning Manager

# General Fund

Primary operating fund for the County, this fund consists of discretionary revenues from tax collections, federal timber receipts, investment earnings, cigarette and liquor taxes, and other state and local revenue sources. The remaining revenues are generated by activities such as grants and contracts, recording and election fees, and other revenues generated by department activities or services.

**Discretionary General Fund FY 20-21  
Allocation by Service Category**



# General Fund History

Decades of budget reductions due to:

- ▣ Loss of Timber/SRS Funds beginning in 1980's
- ▣ Property Tax reform (Measures 5/50) mid-1990's
  - ▣ Resulted in low rate/slow (but consistent) growth

Prior to FY 15-16:

- ▣ Expenditures consistently exceeding revenue
  - ▣ PERS Rates; Medical Insurance; Wages
- ▣ Use of one-time funds for ongoing operations

# Steps Taken to structurally balance

After decades of service reductions due to loss of Timber/SRS funds; focus on structurally balancing General Fund began in FY 15-16.

- ▣ Stopped spending one-time funds on operating
- ▣ Reduction of operating expenses:
  - Internal expenses
  - Prepayment of Debt to lower operating expenses
  - Self-Funded Medical Insurance to control premium growth

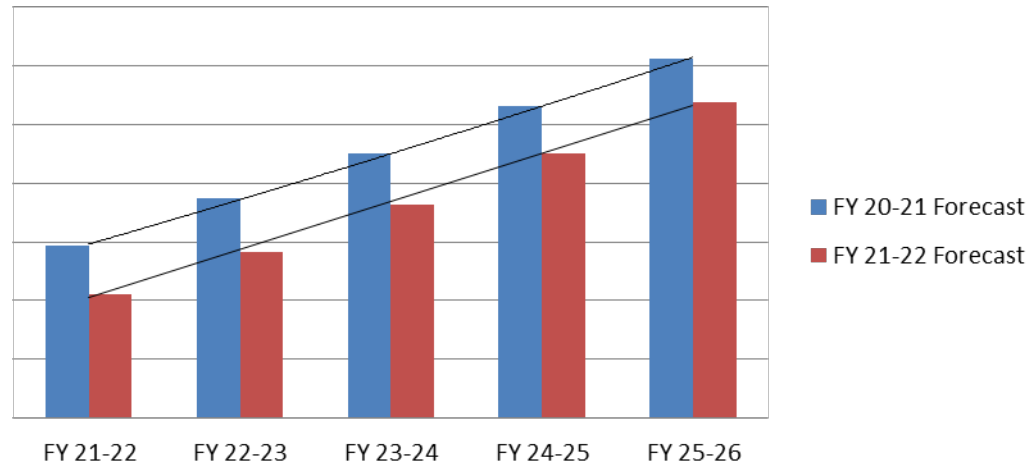
Structural Balance achieved beginning in FY 17-18



# Forecast Highlights – Revenue

## Property Taxes

Forecasting flat for FY 21-22; 3.25% FY 22-23; 3.5% FY 23-24; 3.75% FY 24-25 and 3.5% for FY 25-26



## Timber Revenue

Holding flat at \$3 million estimate; no current SRS renewal

## Recording Revenue

Remains fairly strong with low interest rates

## Parking Revenue

Impact from COVID-19 and transition of Market District lots will decrease revenue to General Fund

# Forecast Highlights - Expenses

## **Wages**

Continued growth due to market adjustments and cost of living increases

## **Benefits**

-Medical claims per employee increasing; offset by increasing FTE and retirements. Shifting internal charge by medical plan to match plan expenses.

-PERS Employer rate increase in FY 21-22; Side Account offset begins

## **Materials & Services**

Future CPI projections for West Region (OR December Economic Forecast)–

FY 21-22 - 2.1%

FY 22-23 - 1.8%

FY 23-24 - 2.0%

FY 24-25 - 2.2%

FY 25-26 - 2.5%

# 5 Year Forecast

Initial General Fund Forecast:

**FY 21-22 initial forecast is stable; unknowns raise concerns**

Slowdown in Property Tax growth having largest impact; Wages and Employer PERS rates along with speed of economic recovery after COVID-19 will determine next four years.

Next Steps: Forecast will be verified through Proposed Budget development process

Next Forecast: May, 2021 Budget Committee

# BUDGET CALENDAR

# BASIC BUDGET DIRECTION

Steve Mokrohisky, County Administrator

Christine Moody, Budget & Financial Planning Manager

# Budget Calendar

## **January**

Budget Kickoff w/Leadership Team January 6<sup>th</sup>

Budget Kickoff w/Departments January 19<sup>th</sup>

## **February**

Departments prepare and submit budget to central budget office

## **March**

County Administrator Meetings w/ Departments

Adjustments to department budgets

## **April**

Preparation of proposed budget document

## **May/June**

Budget Committee Meetings

Budget Committee Approval and Board of Commissioners Adoption

# Initial Budget Direction

- No extension/renewal of SRS payments.
  - Assume timber harvest payments
  
- Personnel
  - Include previously approved cost of living & market increases in addition to merit raises
  - Include a vacancy variance
  
- Benefits
  - Medical rates – shift internal rates between plans
  - PERS Employer Rate increase
  - Material & Services – Limit to CPI growth as possible (2.1%)

## GOALS:

- Structurally balance all funds
- Continue to meet 20% minimum reserve in General Fund
- Maintain current service levels