

**Minutes of the Board of Commissioners
Multnomah Building, Board Room 100
501 SE Hawthorne Blvd., Portland, Oregon
Wednesday, April 26, 2017**

BUDGET WORK SESSION #3

Chair Deborah Kafoury called the meeting to order at 9:38 a.m. with Vice-Chair Jessica Vega Pederson and Commissioners Sharon Meieran, Loretta Smith and Lori Stegmann present.

Also attending was Marina Baker, Assistant Board Clerk.

BWS-3a Debt Overview Briefing. Presenter: Mark Campbell, Chief Financial Officer.

Chair Kafoury: GOOD MORNING. WELCOME TODAY TWO OF MULTNOMAH COUNTY BUDGET.

Mr. Campbell: I WILL DO MY BEST TO KEEP YOU ON SCHEDULE THIS MORNING. WHAT I WANT TO TALK ABOUT, TODAY, IS WE HAVE A FEW FINANCIAL OPTIONS THAT ARE AVAILABLE TO THE COUNTY. WE CHARACTERIZED AS THOSE AS "PAY GO" VERSUS "PAY USE." I WANT TO TALK ABOUT THE COUNTY'S DEBT ISSUANCE POLICY AND THE STATUTORY LIMITS IN ORS ARE HIGHER THAN THE LIMITS WE'VE IMPOSED UPON OURSELVES. THREE OF YOU HAVE NOT BEEN BRIEFED ABOUT THE HOSPITAL AUTHORITY SO I WILL TALK ABOUT OUR CONDUIT DEBT PROGRAM AND I WANT TO TALK ABOUT OUR PLAN AND BORROWS AND HOW THE USE OF ONE-TIME REVENUE HAS HELPED TO REUSE WHAT WE OTHERWISE WOULD HAVE HAD TO BORROW. SO, IN TERMS OF PROJECT FINANCING, PAY AS YOU GO IS FOR ROUTINE MAINTENANCE AND REPAIRS.

WE HAVE A COUPLE OF THINGS THAT WE CHARGE OUT TO DEPARTMENTS, AN ASSET PRESERVATION FEE AND THOSE HELP WITH FACILITIES MAINTENANCE. BUT THEY DON'T SUPPORT MAJOR RENOVATIONS OR CAPITAL CONSTRUCTION. THEY ARE DESIGNED TO FIX THINGS THAT BREAK. IN TRANSPORTATION, THEY GET GAS TAX AND STATE REVENUE SHARING THAT CAN BE USED FOR THIS PURPOSE. OVER THE PAST SEVERAL YEARS, WE HAVE BEGUN TO PUT ONE-TIME ONLY MONEY INTO BOTH FACILITIES AND I.T. PROJECTS. "PAY USE" IS BOND FINANCING. ONE OF THE THINGS I LIKE TO THINK ABOUT IS IT'S NOT JUST THE CONSTRUCTION OF THE PROJECT, ALL THE DESIGN AND ENGINEERING COSTS ASSOCIATED WITH A PROJECT CAN BE INCLUDED IN DEBT FINANCING. THE OTHER IMPORTANT THING TO CONSIDER ABOUT DEBT PROCEEDS IS THEY'RE NEVER ALLOW TO USE IN OPERATIONS AND GOVERNMENTS THAT HAVE DONE THAT HAVE FOUND THEMSELVES IN

BIG TROUBLE WITH THE IRS. THESE ARE THE STATUTORY CITATIONS. I'M NOT GOING TO READ THEM.

Mr. Campbell: THESE ARE THE STATUTORY CITATION CITATIONS TO ISSUE REVENUE BONDS AND ISSUE WHAT WE CALL FULL FAITH AND CREDIT BONDS AND THEN IN EACH OF THOSE STATUTES, THE DEBT CAPACITY IS STATED AS A PERCENTAGE OF REAL MARKET VALUE WITHIN THE COUNTY. SO, THE FEATURES OF THOSE FINANCING TOOLS ARE THAT GENERAL OBLIGATION BONDS, AS YOU MAY KNOW, REQUIRE VOTER APPROVAL. WE MOST RECENTLY, JUST THIS PAST YEAR, RETIRED A GENERAL OBLIGATION BOND THAT WAS ISSUED IN 1996 TO SUPPORT PUBLIC SAFETY AND LIBRARY PROJECTS. WE HAVE NO OTHER G.O. BOND DEBTS IN OUR BOOKS AND NONE PLANNED. GENERAL OBLIGATION BONDS ARE SUPPORTED BY A TAX LEVY. AND, BECAUSE OF THAT FACT, ALL GENERAL OBLIGATION DEBT IS RATED AAA BY MOODY'S.

REVENUE BONDS HAVE DEDICATED FUNDING SOURCES, I THINK MORE LIKELY, THE TYPE OF GOVERNMENT THAT WOULD ISSUE A REVENUE BONDS IS THE CITY ISSUES WATER AND SEWER BONDS AND RECOVER THE DEBT THROUGH THEIR RATES. WE HAVE ISSUED REVENUE BONDS IN THE PAST, BUT FOR INSTANCE, WE COULD HAVE DONE THE SELLWOOD BRIDGE AS A REVENUE BOND BECAUSE THE VEHICLE REGISTRATION FEE FULFILLS IT. WE DID IT AS A FULL CREDIT BOND. AT THE TIME, THAT WAS DONE, THE CREDIT ON THE VEHICLE REGISTRATION FEE WAS NEW AND WE WOULDN'T HAVE RECEIVED AS GOOD OF AN INTEREST RATE HAD WE NOT DONE IT AS FULL FAITH AND CREDIT. SO THAT'S AN EXAMPLE.

Vice-Chair Vega Pederson: IS THE BONDING THAT HAPPENS ON GAS TAX REVENUE CONSIDERED, THEN, A REVENUE BOND?

Mr. Campbell: IT COULD BE. IT COULD BE. WE DID THE SELLWOOD BRIDGE AS A FULL FAITH AND CREDIT BECAUSE OF THE NEWNESS OF THE CREDIT BUT WE COULD ISSUE OTHER BONDS. AND THEN FULL FAITH AND CREDIT OBLIGATIONS, THEY ACT LIKE A GENERAL OBLIGATION BOND. THEY CAN BE ISSUED FOR ANY PURPOSE AND THEY ARE AUTHORIZED BY BOARD RESOLUTION THE FULL FAITH AND CREDIT OBLIGATIONS ARE SUBJECT TO THE LIMITS WE HAVE IN OUR BUDGET AND FINANCIAL POLICIES. WE HAVE A COUPLE OTHER OPTIONS FOR SHORT-TERM MONEY OR WHEN A PROJECT HAS AN INTERNAL RATE OF TERM WE CAN RECOVER OVER A SHORT PERIOD OF TIME. THOSE ARE BANK PLACEMENTS. WE'RE ALLOWED TO BORROW UP TO \$10 MILLION FROM A BANK. WE'VE DONE INTERNAL LOANS FROM THE SAUVIE ISLAND BRIDGE AND TO FINALIZE THE CONSTRUCTION FOR THAT.

WE HAVE ONE IN PLACE FOR CONVERTING THE LIGHTING ON THE MORRISON AND HAWTHORNE BRIDGES TO LEEDS. WE HAVE ANOTHER ONE TO SUPPORT THE BURNSIDE BRIDGE PLANNING PHASE. SO, WE'VE DONE THOSE AND

THEY'RE PAID BACK AND THE GOOD THING ABOUT INTERNAL LOANS IS THAT YOU CAN STRUCTURE THOSE IN ANY WAY YOU WANT. THE ONLY THING THAT IS REQUIRED IS THEY HAVE TO BE PAID BACK WITHIN 10 YEARS. SO, I WANT TO TALK A LITTLE BIT ABOUT THE DEBT LIMITS AND HOW THAT WORKS WITH THE COUNTY'S POLICY. THE STATUTORY LIMITS ARE BASED ON REAL MARKET VALUE AND FOR G.O. BONDS, YOU CAN GO UP TO 2% OF REAL MARKET VALUE. THE REAL MARKET VALUE IN MULTNOMAH COUNTY IS CLOSE TO \$140 BILLION. WE COULD ISSUE G.O. BONDS FOR UP TO \$2.8 BILLION DOLLARS, WOULD WE BE ABLE TO GET VOTER APPROVE AL FOR THAT? REVENUE IN FULL FAITH AND CREDIT BONDS ARE LIMITED TO 1% OF REAL MARKET VALUE AND THAT WOULD TRANSLATE TO A DEBT CAPACITY OF \$1.4 BILLION. THE COUNTY'S POLICY RECOGNIZED THAT, A, WE DON'T DO A LOT OF DEBT. AND, IT WAS ALSO SOMETHING THAT WE WANT TO PRESERVE CAPACITY IN THE GENERAL FUND FOR DIRECT SERVICES.

Mr. Campbell: SO THE COUNTY'S POLICY SAYS THAT WE CANNOT HAVE MORE THAN 5% OF GENERAL FUND REVENUES TO DEBT SERVICE IN ANY GIVEN YEAR. THAT WOULD BE FOR FULL FAITH AND CREDIT BONDS THAT ARE EXPLICITLY BACKED BY THE GENERAL FUND. SO, IN OUR EXAMPLE OF THE SELLWOOD BRIDGE, IT IS EXEMPT FROM THIS POLICY BECAUSE WE'RE USING THE VRF TO PAY THAT BACK. FOR MOST OTHER PROJECTS WE WOULD DO, THE GENERAL FUND IS THE PAYER AND LAST RESULT AND THAT'S SUBJECT TO 5%. WE ISSUE DEBT FOR PROJECTS THAT HAVE EXTENSIVE, USEFUL LIFE, THE ERP PROJECT HAS A LIFE OF SEVEN YEARS TO 10 YEARS. OUR POLICY SAYS WE HAVE A PREFERRED TERM OF 20 YEARS, BUT IT DOES ALLOW FOR FLEXIBILITY AND WE'VE ASSUMED THAT FOR THE COURTHOUSE, WE WOULD ISSUE THOSE BONDS OVER 30 YEARS AND THE POLICY REVISION, IN 2015, IN THE USE OF ONE-TIME REVENUES, DIRECTS US TO PUT ONE-HALF OF ANY ONE-TIME ONLY REVENUES THAT ARE IDENTIFIED INTO A POOL THAT THEN CAN BE USED TO SUPPORT CAPITAL PROJECTS THAT WE MIGHT OTHERWISE HAVE TO ISSUE DEBT FOR.

OUR CURRENT DEBT IS EXTREMELY LOW, COMPARED TO SIMILAR JURISDICTIONS AND THAT'S ONE THING THAT'S BEEN NOTED BY MOODY'S. WE HAVE BEEN UPGRADED TWICE OVER THE PAST COUPLE YEARS. AND, MOST RECENTLY, WE WERE UP UPGRADED TO AAA FOR ISSUE BONDS AND FULL FAITH CREDIT BONDS AND THAT'S THE HIGHEST RATING THAT THEY ASSIGN. I WANT TO TALK BRIEFLY ABOUT OUR CONDUIT DEBT PROGRAM. IT IS AUTHORIZED IN STATE STATUTE AND COUNTY'S CAN USE IT FOR HOSPITALS, HIGHER EDUCATION FACILITIES AND SOLID WASTE FACILITIES. CONDUIT DEBT IS NOT AN OBLIGATION TO MULTNOMAH COUNTY. IT DOESN'T COUNT AGAINST THE COUNTY COUNTY'S DEBT CAPACITY AND WE ARE NOT RESPONSIBLE FOR THE CONTINUING DISCLOSURE ACTIVITIES. FOR BEING THE ISSUER, THE COUNTY RECEIVES A FEE OF 10 BASIS POINTS ON THE VALUE OF THE TRANSACTION. I DO WANT TO POINT OUT IN 2015, THE COUNTY SUPPORTED A BILL THAT WOULD CHANGE THE DEFINITION OF HOSPITAL IN THE STATE

STATUTE. AND, WE WERE ABLE TO GET THAT CHANGED SO THAT IN-PATIENT TREATMENT FOR MENTAL HEALTH, SUBSTANCE ABUSE AND DOMESTIC VIOLENCE SHELTERS ARE ALL COVERED UNDER THIS STATUTE NOW AND OUR INTENT WITH CREATING THAT, FLEXIBILITY IN THE STATUTE, WAS TO PROVIDE ANOTHER LOW-COST ALTERNATIVE TOOL THAT PARTNERS MIGHT BE ABLE TO TAKE ADVANTAGE OF.

Mr. Campbell: THE NEXT SLIDE IS SORT OF A GRAPHING DEPICTION OF THE OUTSTANDING HOSPITAL AUTHORITY DEBT AND MOST OF THESE HAVE BEEN ISSUED FOR ADULT CARE HOME FACILITIES. THE TWO FOR ADVENTIST AND PROVIDENCE FINANCED HOSPITAL EXPANSIONS. BUT YOU CAN SEE, WE HAVE QUITE A NUMBER OF OBLIGATIONS OUT THERE AND THEY'VE -- I CAN SAY FOR CERTAIN, THAT BOTH THE ODD FELLOWS AND THE OREGON BAPTIST RETIREMENT HOME PROJECTS WOULD NOT HAVE BEEN DONE WITHOUT THE COUNTY'S HOSPITAL AUTHORITY. SO, HERE'S THE SUM TOTAL OF ALL THE COUNTY'S REMAINING OUTSTANDING BOND ISSUES. IN 1999, WE ISSUED PENSION OBLIGATION BONDS TO COVER WHAT WAS AT THE TIME OUR UNFUNDED P.E.R.S. LIABILITY. WE HAVE ABOUT \$94 MILLION. MOST OF THESE GO OUT TO 2030. IN 2010, THIS WAS A FORM OF RECOVERY STIMULUS BOND THAT WE ISSUED AND SO THE BONDS THAT FINANCED THE EAST COUNTY COURTHOUSE ARE TAXABLE AND THE COUNTY RECEIVES A SUBSIDY, AN INTEREST SUBSIDY BACK, FROM THE TREASURY FROM THESE.

THAT WAS A \$15 MILLION DEBT ISSUE. ONE OF THE FEATURES OF THAT IS THAT WE DID THAT AS AN INTEREST-ONLY ISSUE FOR THE FIRST SIX OR SEVEN YEARS TO TAKE ADVANTAGE OF THE FACT THAT WE WERE HAVING A DECLINING LEVEL OF DEBT SERVICE. AND WE'LL START TO PICK UP THOSE PRINCIPLE PAYMENTS IN 2020, I BELIEVE. THE 2012 FULL FAITH AND CREDIT BONDS FINANCED THE SELLWOOD BRIDGE REPLACEMENT PROJECT AND 2014 WAS A REFUNDING OF A NUMBER OF BONDS ISSUED THROUGH THE LATE 90S AND EARLY 2000S AND THAT REFUNDING SAVED THE GENERAL FUND OVER \$2.5 MILLION AT THAT TIME THAT WE HAVE SINCE REPROGRAMMED FOR OTHER USES. AS I MENTIONED, THE COUNTY'S DEBT WAS UPGRADED TO AAA BY MOODY'S IN FEBRUARY.

P.E.R.S. BONDS, THE ONE THING THAT KIND OF HIT ME WHEN WE WERE NOTIFIED OF THIS IS THE P.E.R.S. BONDS WERE RATED AS AAA-3. SO YOU CAN SEE THAT OVER THE 20 YEARS, HOW THE CREDIT RATING AGENCIES HAVE CHANGED THEIR VIEW OF US AND OUR FINANCES. SO, GOING FROM AA-3 TO AAA IS A MOVE UP OF FOUR CREDIT RATING LEVELS. AND, THE ONLY OTHER COUNTY IN THE STATE OF OREGON THAT'S AAA-RATED IS WASHINGTON COUNTY AND MY SUSPICION IS THAT ONE OF THE REASONS WHY THEY'RE AAA RATED IS THAT THEY HAVE INTEL AND NIKE AS THEIR MAJOR EMPLOYERS. AND THE GOOD THING ABOUT AAA RATING IS THAT INSURES YOU ARE GOING TO GET THE LOWER INTEREST RATE ON ANY BOND YOU

OFFER. SO NOW I'M GOING TO TALK ABOUT BONDINGS WE HAVE ACCOUNTED FOR IN THE 2018 BUDGET.

Mr. Campbell: I PUT THIS CHART IN HERE BECAUSE I THOUGHT IT WOULD BE INSTRUCTIVE. WE ARE COMPLETING \$474 MILLION PROJECTS, A TOTAL OF THESE FOUR THINGS, THE CENTRAL COURTHOUSE, THE NEW GLASS AND COY HEALTH DEPARTMENT, THE REPLACEMENT OF OUR ERP AND THE DCJ MID-COUNTY FACILITY THAT WE ACQUIRED LAST YEAR. THE FACT THAT WE HAVE BEEN ABLE TO PUT AS MUCH ONE-TIME ONLY MONEY INTO THESE PROJECTS OVER \$100 MILLION IS GOING TO SAVE US EACH \$1 MILLION THAT YOU BORROW HAS A FINANCING COST OF ROUGHLY OF \$70, 000 TO \$75,000. I THINK THAT'S QUITE A TESTAMENT TO THE BOARD'S FISCAL DISCIPLINE AND RECOGNIZING THE BEST WAY TO PUT THOSE ONE-TIME-ONLY FUNDS TO USE. SO, WHAT WE'VE DONE HERE WITH THESE PROJECTS IS THAT WE'VE TAKEN A PAY AS YOU GO APPROACH TO FINANCING THE ACQUISITION AND DESIGN ACTIVITIES.

I SHOULD ALSO POINT OUT THAT WE HAVE OTHER PARTNERS, WE'RE EXPECTING THE STATE WILL CONTRIBUTE TO \$125 MILLION TO THE COURTHOUSE. HEADQUARTERS PROJECT IS FROM THE PDC THROUGH URBAN RENEWAL FUNDS THAT WERE GRANTED TO US OUT OF THE RIVER DISTRICT. WE'VE USED THOSE FUNDS TO STAY AHEAD OF THE PROJECT AND IT JUST HAPPENED THAT IT LINED UP FOR ALL THE CASH FLOWS OF THESE PROJECTS, THAT IT LINED UP FOR US TO DO A BOND ISSUE IN SEPTEMBER. SO, ONE BOND ISSUE, THAT SAVES US IN ISSUANCE COST, STAFF TIME AND ALL OF THESE PROJECTS WILL BE IN A POSITION, AT THAT POINT, WHERE THEY CAN CONTINUE ON AND WE WON'T NEED TO WORRY ABOUT WHERE THE MONEY'S COMING FROM TO COVER THEM, AFTER THIS.

Commissioner Smith: YOU'RE SAYING WE'RE GOING TO DO ONE BOND FOR ALL FOUR OF THESE PROJECTS AND ONE COMPANY THAT'S GOING TO DO ALL OF THESE?

Mr. Campbell: WE'RE LOOKING AT THE METHOD OF SALE RIGHT NOW. ONE OF THE OPTIONS IS THAT WE MIGHT DO THIS AS A NEGOTIATED SALE WHERE WE WOULD SELECT A PRIMARY UNDERWRITER, IF YOU WILL. AND THEN WORK WITH, THEY CALL THEM JUNIOR UNDERWRITERS IN THE BUSINESS. SO, THAT MIGHT BE AN OPTION. BUT WE HAVEN'T MAPPED ALL THAT OUT YET.

Commissioner Smith: ONE OF THE THINGS WE NEED TO BE CONCERNED ABOUT, IF WE DO THAT, WE'RE ALWAYS TALKING ABOUT MWESBS, WHEN WE'RE TALKING ABOUT REALLY MONEY AND MAKING REAL MONEY, WE DON'T HAVE MINORITY-OWNED AND WOMEN-OWNED BUSINESSES WHO DO THIS KIND OF WORK AND OFFER THESE BONDS. SO I THINK IF WE'RE GOING TO DO SOMETHING, WE NEED TO MAKE SURE THAT EVERYONE MIGHT HAVE AN OPPORTUNITY TO GET AN OPPORTUNITY. THIS IS A HUGE BOND CAPACITY

THAT WE'RE GOING TO HAVE. SO, I THINK IT'S IMPORTANT TO BRING EVERYBODY IN TO LET THEM KNOW WHAT'S GOING ON.

Mr. Campbell: YEAH. WE HAVE DONE SOME OUTREACH AND THAT'S PART OF OUR INVESTIGATION INTO HOW WE WANT TO STRUCTURE THIS.

Commissioner Smith: I THINK THERE'S A COUPLE HERE, MAYBE?

Mr. Campbell: I'LL TALK A LITTLE BIT ABOUT THE SCHEDULE IN A MINUTE. BUT, WE'LL BE WORKING ON THAT OVER THE SUMMER.

Commissioner Smith: OKAY.

Mr. Campbell: AND, THE OTHER PIECE ABOUT THIS IS THAT THE ESTIMATED DEBT SERVICE FOR THESE FOUR PROJECTS DOES NOT EXCEED OUR LIMIT AND THE ANNUAL DEBT SERVICE PAYMENTS TO SUPPORT THESE PROJECTS HAVE BEEN FACTORED INTO THE GENERAL FUND FORECAST. THERE'S ONE OTHER DEBT ISSUANCE IN THE BUDGET AND THAT'S A \$3.1 MILLION ASSOCIATED WITH THE LEVY COLUMBIA PROJECT AND THIS IS BASICALLY THE COUNTY SERVING AS A FISCAL AGENT FOR THE PROJECT AND THE \$3.1 MILLION IS A LOAN FROM THE INFRASTRUCTURE AUTHORITY IN THE STATE OF OREGON AND WE'RE DRAWING DOWN THOSE FUNDS AS THE DISTRICTS ARE COMPLETING THEIR ENGINEERING EVALUATIONS. THE COUNTY'S OBLIGATION TO THIS PROJECT WAS COVERED IN 2017, WITH A ONE-TIME-ONLY ALLOCATION.

A COUPLE OF YOU HAVE SEEN THIS CHART BEFORE, BUT WHAT I WANTED TO DO HERE IS KIND OF HIGHLIGHT WHERE WE ARE TODAY, WITH OUR BORROW BORROWINGS AND HOW THE PROPOSED BORROWINGS IMPACT THE DEBT CAPACITY. THE BLUE LINE IS THE DEBT CAPACITY. BASED ON THE 2018 BUDGET, WE COULD HAVE ABOUT \$24 MILLION ALLOCATED TO DEBT SERVICE. THAT GROWS EACH YEAR, SLIGHTLY, BY THE OVERALL GROWTH AND GENERAL FUND REVENUES. BASED ON OUR ASSUMPTIONS, WE'LL BE USING ABOUT \$21.5 MILLION IN 2018. AS YOU CAN SEE, THE RED BAR'S OUR CURRENT DEBT AND THAT DROPS OFF IN 2020, SIGNIFICANTLY. AND AFTER 2020, THE ONLY GENERAL FUND OBLIGATION WOULD BE SUPPORTED CURRENTLY AND IS OUTSTANDING IS THE EAST COUNTY COURTHOUSE, ABOUT \$2 MILLION A YEAR. YOU CAN SEE HOW THESE OTHER PROJECTS STACK ON TOP OF IT.

THE OTHER THING I WANTED TO POINT OUT WITH THE ERP PROJECT IS WE'RE FINANCING THAT OVER SEVEN YEARS SO ONE OF THE THINGS WE WANT TO TAKE A LOOK AT, I'LL BE THE FIRST TO ADMIT THIS, THAT OUR APPROACH TO THIS HASN'T BEEN SUPER SOPHISTICATED AND IT WAS ALSO DRIVEN BY COMMENTS THAT WERE MADE US TO BY RATING AGENCIES. BUT WE WANT TO TAKE A LOOK AT THIS AND FIGURE OUT HOW WE MIGHT BE ABLE TO UNLOCK

SOME OF THAT ADDITIONAL CAPACITY, BUT WE WOULD BRING THAT AS A RECOMMENDATION IN 2019. ONCE THE ERP GETS PAID OFF, THE CAPACITY, IT'S UP THERE. THE LAST THING I WANT TO TALK ABOUT IS HOW WE CALCULATE THE POLICY LIMIT AND WHAT WE'VE GOT HERE'S THE LIST OF THE DEBT OBLIGATIONS THAT I TALKED ABOUT. WE HAVE CURRENTLY ABOUT \$16 MILLION IN PRINCIPLE AND INTEREST PAYMENTS ASSOCIATED WITH THESE DEBT PAYMENTS.

Mr. Campbell: THE AMOUNT SUPPORTED BY THE GENERAL FUND IS LESS THAN \$5.2 MILLION. 2018 REVENUES ARE \$488,000 AND \$500,000. MULTIPLY THAT NUMBER BY 5% TO GET \$24.4 MILLION. AND TAKE THE CURRENT GENERAL FUND OBLIGATION OUT OF \$5.71 MILLION AND WHAT WE'VE ASSUMED FOR DEBT SERVICE OUT AND THAT LEAVES YOU A NET AMOUNT THAT WE COULD HAVE OF \$2.7 MILLION. UNDER THE ASSUMPTIONS THAT WE USE, WE ASSUME 4% ANNUAL RATE OF INTEREST OVER 20 YEARS. THAT WOULD ALLOW YOU TO BORROW ANOTHER \$37 MILLION. I WANT TO TALK ABOUT THAT FOR A LITTLE BIT BECAUSE ONE OF THE THINGS THAT WE HAVE ASSUMED, IN BUILDING THIS BUDGET, IS THAT INTEREST RATES WOULD BE HIGHER THAN THEY ARE TODAY. AND, IF WE WERE GOING TO BORROW TODAY, AS A FULL FAITH AND CREDIT WITH OUR AAA RATING, WE PROBABLY COULD DO BETTER THAN WHAT WE HAVE ASSUMED IN THE BUDGET.

WHEN WE SET THIS UP, WE WEREN'T SURE HOW WE WERE GOING TO BORROW, WHAT WE NEEDED TO BORROW AND WE DIDN'T KNOW WE HAD THE RATING UPGRADE. SO, WE WILL KNOW IN SEPTEMBER HOW MUCH THE ANNUAL DEBT SERVICE WILL BE AND AT THAT TIME, WE'LL COME BACK, IF IT'S LESS, WE'LL COME BACK WITH A RECOMMENDATION ON WHAT WE MIGHT DO WITH THE ADDITIONAL REVENUE THAT'S FREED UP BY THAT. BUT THIS IS BASED ON WHAT WE KNEW AT THE TIME WE SET THIS UP. SO THE PROCESS FOR THE BORROWING THAT WE'RE GOING TO UNDERTAKE IS, WE'RE LOOKING AT MID-SEPTEMBER DEBT ISSUANCE. WE WILL BE COMING BACK TO THE BOARD IN LATE JUNE OR JULY TO ASK YOUR APPROVAL FOR AUTHORIZING RESOLUTION. WE WILL BE WORKING THROUGHOUT THE SUMMER ON BUILDING A PRESENTATION TO GO AND TALK TO MOODY'S. I THINK WE PROBABLY WANT TO GET BOTH CREDIT RATING AGENCIES TO WEIGH IN ON THIS ONE. WE'LL ALSO BE, AT THAT TIME, DURING THAT TIME, WE'LL BE CONSIDERING THE METHOD OF SALE AND WHAT ARE THE FACTORS THAT WE WANT TO WEIGH IN ON. I DO THINK, IN GENERAL, THAT THE WAY THAT THIS LINED UP AND BEING ABLE TO DO IT AS ONE BOND ISSUE, HAS REALLY BEEN BENEFICIAL IN TERMS OF THE COST SAVINGS AND THE STAFF TIME.

SO, IN SUMMARY, I TALKED ABOUT THE CAPITAL FINANCING TOOLS AND HOW WE TRY TO MATCH THOSE TO THE NATURE OF THE PROJECTS. WE TALKED ABOUT THE MOODY'S UPGRADE AND THE FACT THAT OUR PLAN BORROWING IS WITHIN OUR LIMITS AND HAS BEEN FACTORED INTO THE FIVE-YEAR FORECAST AND I TALKED ABOUT HOW CAPACITY GROWS AS DEBT IS

RETIRED. THE MOST IMPORTANT PIECE I WANT TO LEAVE YOU WITH THIS MORNING IS THAT OUR LIMIT IS MUCH MORE RESTRICTED THAN THE ORS LIMIT BUT IN THE FINAL ANALYSIS, YOUR DEBT CAPACITY IS ULTIMATELY LIMITED BY WHAT YOU CAN AFFORD TO PAY. YOU COULD HAVE A THEORETICAL CAPACITY AMOUNT BUT IF YOU ARE STRAPPED FOR ON-GOING FUNDING FOR SERVICES, YOU MIGHT WANT TO THINK ABOUT A LOWER LEVEL. THAT'S ABOUT ALL I HAVE.

Chair Kafoury: THANK YOU. QUESTIONS OR COMMENTS?

Commissioner Stegmann: THANK YOU, CHAIR. THANK YOU FOR THE INFORMATION, MARK. ON THE CONDUIT DEBT, IS THERE A CAP ON THAT AMOUNT?

Mr. Campbell: ACTUALLY, THAT'S A GOOD QUESTION BECAUSE I HAD ASKED MY QUESTION MYSELF. THE ANSWER IS, NO.

Commissioner Stegmann: INTERESTING. SOMETHING ABOUT, WE GET 10 BASIS POINTS. IS THAT A PROFIT CENTER OR DO WE HAVE TO ADMINISTER --

Mr. Campbell: IT'S GENERALLY DESIGNED TO COVER THE COST OF THE STAFF TIME AND, YOU KNOW, WE DO MAINTAIN THE BANK ACCOUNTS FOR THESE THINGS. NOT THE BANK ACCOUNTS, BUT WE GET THE BANK STATEMENTS SO WE HAVE TO TRACK IT, EVEN THOUGH WE'RE NOT RESPONSIBLE FOR IT, WE DO HAVE TO TRACK IT. SO, FOR A LARGE PROJECT, LIKE WHEN WE DID THE PROJECT, THAT WAS \$2 MILLION. THAT MORE THAN COVERED OUR COST. THE OREGON BAPTIST HOMES, IT PROBABLY DIDN'T COVER IT.

Commissioner Stegmann: THAT MAKES SENSE. AND THEN, ON THE P.E.R.S. BOND, I WAS TRYING TO WRAP MY HEAD AROUND. \$94 MILLION. HOW DOES THAT PLAY INTO THE \$25 MILLION SUBSIDIZED. HOW DOES THAT MUSH TOGETHER TO MEET THAT OBLIGATION?

Mr. Campbell: WE ISSUED THOSE BONDS IN 1999. AT THE TIME, THE COUNTY'S UNFUNDED LIABILITY, WE COULD ISSUE BONDS AGAIN. WHAT WE HAD DONE OVER THE LAST SEVERAL YEARS. P.E.R.S. IS VERY FRUSTRATING IN THE WAY THAT THEY DO THINGS AND THEY SET RATES BASED ON ACTUARIAL STUDIES. THEY WOULD DO THESE THINGS WHERE THEY WOULD SAY, WELL, THE THEY SAY IT WILL GO DOWN BY 3%. WE SAY, THEY HAVE TO GO BACK UP BY 3% IN THE NEXT BIENNIUM. WE DIDN'T MAKE CHANGES WHEN P.E.R.S. DROPPED THEIR RATES, WE JUST KEPT THEM CONSTANT SO WE'VE BEEN ABLE TO BUILD UP A PRETTY HEALTHY RESERVE. IT WAS \$85 MILLION TO \$86 MILLION LAST YEAR. WHETHER WE WANT TO ISSUE BONDS OR PUT THIS MONEY TO WORK FOR US. BONDS ARE SOMEWHAT OF A RISKY PLAY.

Mr. Campbell: TAKING THE MONEY OUT OF THE RESERVE AND FUNDING THE SIDE ACCOUNTS IS NO RISK AND THOSE FUNDS EARN AT THE RATE OF INTEREST THAT THE P.E.R.S. FUND MAKES. IF WE LEFT THEM IN OUR INVESTMENT PORTFOLIO, THEY'RE MAKING 75 TO 80 BASES POINTS. WE'RE GETTING THE BENEFIT OF THE P.E.R.S. OVERALL PORTFOLIO. WE MIGHT WANT TO DO BONDS AT A FUTURE DATE AND THAT'S SOMETHING THAT WE'RE ALWAYS TAKING A LOOK AT. ONE OF THE THINGS IS THAT THOSE BOND THAT ARE ISSUED ARE TAXABLE. A TAXABLE BOND TODAY IS PROBABLY 4.5% TO 5%. THERE WERE TIMES WHEN P.E.R.S. DIDN'T MAKE 4.5% OVER THE LAST FEW YEARS. WE FELT UNTIL THERE'S A BETTER INTEREST RATE ENVIRONMENT, IT'S NOT ADVANTAGEOUS FOR US TO ISSUE BONDS.

Commissioner Stegmann: GOING BACK TO THE REFINANCING OF THE FOUR BONDS ISSUED. WHAT ARE OUR SAVINGS VERSUS DO ONE BOND ISSUANCE OR FOUR?

Mr. Campbell: THE ISSUANCE COSTS, THERE ARE SOME THAT ARE FIXED AND SOME THAT ARE SET AS A PERCENTAGE, OR AS A BASIS POINT PERCENTAGE OF SALE. I WOULD GUESS BETWEEN \$300,000 TO \$500,000, IF WE WERE DOING THEM AS SEPARATE SALES.

Commissioner Stegmann: GREAT. I APPRECIATE YOU WATCHING ALL THE MILLIONS AND NICKELS AND DIMES AND EVERYTHING IN BETWEEN. IT SOUNDS LIKE YOU HAVE A GREAT HANDLE ON A STRATEGY TO MAKE OUR MONEY WORK FOR US THE BEST WE CAN.

Vice-Chair Vega Pederson: THANK YOU, CHAIR. SO, I WOULD ECHO THAT STATEMENT. I'M GRATEFUL FOR LEADERSHIP AND THE LEADERSHIP FOR THE FINANCIAL TEAM AND PREVIOUS BOARDS. I HAD A COUPLE OF QUESTIONS. WHEN WE ADD ON THE ADDITIONAL DEBT FOR THE ERP, THE COURTHOUSE AND THE COY BUILDING, DOES THAT BRING US CLOSER TO AVERAGE?

Mr. Campbell: WE'RE STILL PRETTY LOW BECAUSE OUR POLICY LIMIT IS VERY CONSERVATIVE. I DIDN'T MENTION, ONE OF THE FACTORS THAT WEIGHED INTO THE UPGRADE IS WE HAVE A 5% LIMIT SO I COULD GET SOME INFORMATION ON THAT. IT WOULD PUT US PROBABLY STILL SLIGHTLY LOWER THAN FOLKS IN THE REGION.

Vice-Chair Vega Pederson: AND THEN I WAS JUST CURIOUS IF WE CAN ANTICIPATE ANY CHANGES IN FEDERAL POLICY THAT MIGHT IMPACT GOING OUT FOR THE BOND IN SEPTEMBER? I KNOW THERE'S THINGS THAT ARE TALKED ABOUT AT THE ADMINISTRATION.

Mr. Campbell: THAT WAS ONE OF THE THINGS THAT WE WERE FRANKLY KIND OF CONCERNED ABOUT AND ONE OF THE REASONS WHY WE KIND OF HAD A CONSERVATIVE APPROACH TO THIS. FRANKLY, I EXPECTED THE INTEREST

RATES WOULD BE MUCH HIGHER THAN THEY ARE NOW AND THEY MAY YET GET THERE. I THINK ONE OF THE BIGGEST CHALLENGES AT THE FEDERAL LEVEL IS TAKING AWAY THE TAX EXEMPTION FOR MUNICIPAL BONDS. THE BUILD AMERICA BOND PROGRAM WAS A TEST CASE FOR THAT. TO SEE WHETHER INVESTORS HAD AN APPETITE FOR THAT. IN MY VIEW, THE TAX CREDIT BONDS ARE MORE COMPLICATED AND THEY REQUIRE A LOT MORE STAFF TIME AND A LOT MORE BOND COUNCIL AND FINANCIAL ADVISOR TIME. I THINK, IN THE SHORT-TERM, IT WOULD BE THE BIGGEST CHALLENGE OTHER THAN INTEREST RATE RISK.

Commissioner Smith: HOW MUCH IS THE UNFUNDED P.E.R.S. LIABILITY? WE HAVE THE \$94 MILLION. WHAT'S THE EXCESS?

Mr. Campbell: IT'S A LITTLE OVER \$500 MILLION.

Commissioner Smith: AND THAT'S OURS?

Mr. Campbell: I THINK MIKE POINTED THIS OUT YESTERDAY. WE'RE EXPECTING THAT THE P.E.R.S. RATES ARE GOING TO CONTINUE TO GO UP OVER THE NEXT FEW BIENNIUM. IT'S A TOPIC OF STATEWIDE DISCUSSION.

Commissioner Smith: SINCE WE'RE AT SUCH LOW INTEREST RATES, IF WE HAVE A \$500 MILLION P.E.R.S. LIABILITY, EVEN IF WE DON'T MAKE THE 3% OR 4%, COULDN'T WE ISSUE THOSE PENSION BONDS NOW. THE INTEREST RATES ARE ONLY GOING TO GO UP HIGHER AND THEY MAY DOUBLE.

Mr. Campbell: WE COULD. WHEN WE ANALYZED THIS, LAST YEAR, THE RISK OF ISSUING BONDS WAS GREATER THAN THE RISK OF USING OUR OWN RESOURCES. BUT AGAIN, IT'S SOMETHING THAT WE TAKE A LOOK AT AND IF THE MARKET CONDITIONS ARE ADVANTAGEOUS, IT'S SOMETHING WE WOULD CONSIDER.

Commissioner Smith: WHEN PEOPLE RETIRE, THEY'RE NOT HERE ANYMORE AND WE HAVE NEW DIRECT SERVICE NEEDS AND BUILDINGS TO BUILD AND WE FORGET ABOUT THOSE PEOPLE WHO WE PROMISED TO HAVE A RETIREMENT AND, YOU KNOW, WE KICK THE CAN DOWN THE ROAD FOR THEM AND WE CONTINUE DOING WHAT WE'RE DOING. SO I THINK THERE'S THAT \$94 MILLION. THIS \$500 MILLION IS REAL AND IT WAS A PROMISE WE MADE TO OUR EMPLOYEES AND WE SHOULD TRY TO FIGURE OUT HOW TO FIX THAT.

Chair Kafoury: GREAT. THANK YOU, SIR. APPRECIATE YOUR PREVIEW THIS MORNING. MORE FUN TO BE HAD COMING UP. THE CAPITAL BUDGET BRIEFING.

BWS-3b Capital Briefing. Presenters: Peggidy Yates, Director, Strategic Capital Planning, Sherry Swackhamer, Director, County Assets; Kim Peoples, Director, Community Services; and other invited guests.

Ms. Yates: GOOD MORNING, CHAIR KAFOURY AND COMMISSIONERS, I'M PEGGIDY YATES AND I'M THE DIRECTOR OF STRATEGIC CAPITAL PLANNING PROGRAM. AND I WANTED TO GIVE YOU A LITTLE BIT, AS WE GET IN, I KNOW YOU'VE SEEN A CONSISTENT FOR THE OPERATIONAL BUDGETS. THIS WILL BE A LITTLE DIFFERENT BECAUSE IT IS A DIFFERENT ANIMAL, AS WE ADDRESS THE CAPITAL BUDGET BRIEFING. SO, JUST WANTED TO GIVE YOU AN OPPORTUNITY TO KIND OF RESET. I'VE NOT USED ONE OF THESE BEFORE, SO IF I DO SOMETHING STUPID, I'LL DO IT THIS WAY. I JUST WANTED TO GO OVER QUICKLY THE AGENDA AND 90% OF THIS PRESENTATION IS GOING TO BE ASSOCIATED WITH A DIVISIONAL PRESENTATION ON WHAT THEIR ACTIVITIES ARE AND THEIR CAPITAL BUDGETS BUT I DID WANT TO TAKE A FEW MOMENTS TO TALK ABOUT WHERE WE ARE WITH OUR CAPITAL NEEDS PROCESS AND IN DEVELOPING OUR 20-YEAR CAPITAL NEEDS PROGRAM, WHICH WILL FEED INTO OUR 20-YEAR STRATEGIC CAPITAL PROGRAM.

THE OTHER THING IS, I JUST WANTED TO ORIENT YOU TO HOW THIS IS LAID OUT, THE WAY WE'VE STRUCTURED IT. ACROSS THE TOP IS COUNTYWIDE, WE'LL TALK ABOUT TRANSPORTATION, WHEN I STEP BACK. AND WE WILL HIGHLIGHT. YOU CAN FOLLOW IN CASE THERE'S A MOMENT LAPSE OF WHERE WE ARE. AND THEN, ALONG THE LEFT-HAND SIDE IS BASICALLY THE AGENDA FOR EACH OF THE DIVISIONS. THEY'LL TALK ABOUT THEIR INTERNAL CAPITAL PLANNING PROCESS, AS WELL AS THE STATUS OF THEIR 2017 PROJECTS. THEN TALK ABOUT WHAT THE PROPOSED 2018 BUDGET WILL BE AND THEN TALK A LITTLE BIT ABOUT LOOKING AT INTO THE FUTURE OF THIS YEAR AND WHAT THEY'RE LOOKING AHEAD FOR. WE'LL BE HEARING FROM TRANSPORTATION FACILITIES, INFORMATION TECHNOLOGY. WE WILL ALSO PROVIDE OPPORTUNITIES, AFTER THESE OF THOSE DIVISIONS, FOR YOU TO ASK QUESTIONS, BUT IT'S OPEN. AND THEN I'LL TALK ABOUT THE CAPITAL PROGRAM AND OUR NEXT STEPS. AS A COUNTYWIDE PLANNING PROCESS, AS I'VE SAID, I'LL BE TALKING ABOUT DEFINING OUR NEEDS.

Chair Kafoury: AND, PRETTY PICTURES. I LOVE IT.

Ms. Yates: IF WE COULD GET SOME PUPPIES UP THERE, I'D BE REALLY GOOD. [LAUGHTER] AND THEN THE DIVISION AGENDAS. AS WE'VE TALKED ABOUT BEFORE, OUR THREE MAJOR CAPITAL PROGRAMS ARE ORIENTED TOWARD TRANSPORTATION, FACILITIES AND PROPERTY MANAGEMENT AND INFORMATION TECHNOLOGY UNDER DCA AND SHERRY SWACKHAMER AND SHE'LL HAVE HER DIVISION FOLKS TALK SPECIFICALLY. AND THEN THE COUNTYWIDE PROCESS ENCOMPASSES ALL OF THAT AND PROVIDES AN UMBRELLA. I JUST WANTED TO ORIENTS YOU A LITTLE BIT. I KNOW SOME OF THIS MIGHT BE OLD HAT, BUT FIRST OF ALL, BEFORE I START THIS, I WANT TO

MAKE A CALL-OUT, YOU ALL TALKING ABOUT THESE PRETTY PICTURES. I WANT TO ACKNOWLEDGE THREE PEOPLE THAT HAVE BEEN VERY IMPORTANT IN DEVELOPING THIS PRESENTATION, FIRST OF ALL. TINA DESCHAMPS, WHO HAS BEEN MY SENIOR BUDGET ANALYST, WHO HAS BEEN INSTRUMENTAL. TROY, WHO HAS BEEN INSTRUMENTAL, AS WELL AS WILL IN DCA. THOSE PEOPLE HAVE DONE A LOT OF WORK ON THIS. I JUST WANT TO GROUND US A LITTLE BIT IN THE CAPITAL PLANNING PROCESS OR THE CAPITAL PLAN. AND, HISTORICALLY, WE'VE DONE IT IN SILOS. WE'RE TRYING TO MAKE DOWN THOSE SILOS AND MAKE IT A COMPREHENSIVE APPROACH.

Ms. Yates: I USE A COLLEGE PROFESSOR'S TERM THAT I THINK IS APPLICABLE. IN TRYING TO DEVELOP A COUNTYWIDE PERSPECTIVE, YOU HAVE TO GO THROUGH A DECONSTRUCTION PROCESS AND THEN RECONSTRUCTED. THAT DOESN'T LOSE THE VALUES OR ISSUES THAT HAVE BEEN BROUGHT UP BEFORE, BUT HELPS EVERYBODY TO START TO GET ON A LEVEL PLAYING FIELD AND DEVELOP A CONSENSUS AND AN AGREEMENT AND A VISION. SO, FIRST OF ALL, WE ALL KNOW THAT WE ARE ALL HERE TO SERVE THE PUBLIC AND THE PUBLIC NEEDS. THAT IS OUR FOUNDATION. AS WE REBUILD. THE NEXT IS OUR BOARD'S MISSION, VISION, VALUES. IMMEDIATE VISION IS COUNTY HAS THE RESOURCES TO MEET THE NEEDS OF THE COMMUNITY. I DON'T NEED TO TELL YOU THESE, BUT I JUST WANT TO KIND OF GET US ALL GROUNDED IN THE SAME SPOT.

THE VALUES OF INTEGRITY AND TRANSPARENCY. ALSO STEWARDSHIP. AND, I THINK THE INTERESTING THING IS CREATIVITY AND INNOVATIVE THINKING AND THIS IS REALLY STARTING THE DCM AND MARISSA IS BRINGING US INTO MORE CREATIVE AND INNOVATIVE THINKING ACROSS THE DON'T COUNTY. WE HAVE SINCE, A STEERING COMMITTEE WAS ESTABLISHED WITH A CHARTER ON THIS EFFORT, WHEN THE BOARD APPROVED THE PROGRAM. THE STEERING COMMITTEE CHARTER IS COMMITTED TO RECOMMEND TO THE BOARD OF COUNTY COMMISSIONER COMMISSIONERS CAPITAL INVESTMENT STRATEGY THAT ADDRESSES THE PEOPLE'S NEED FOR INFRASTRUCTURE. AGAIN, WE'RE JUST BUILDING ON THIS APPROACH. HOW DO YOU ADDRESS INFRASTRUCTURE AND HOW DO YOU BEGIN TO PRIORITIZE? WHAT IS IT WE'RE REALLY PROVIDING THROUGH OUR INFRASTRUCTURE? WE'RE PROVIDING OUR COMMUNITY MEMBERS ACCESS TO OUR PROGRAMS AND SERVICES.

OUR BUILDINGS, OUR TECHNOLOGY, OUR TRANSPORTATION, ALL ARE A MECHANISM, TOGETHER, TO PROVIDE OUR COMMUNITY ACCESS TO OUR PROGRAMS AND SERVICES. WE ALSO WENT OUT WITH THE DEPART DEPARTMENT DEPARTMENTS AND TALKED ABOUT WHAT THEIR TRENDS AND INFRASTRUCTURE NEEDS ARE TO START TO COLLABORATE AND DEVELOP A VISION. I THINK A COUPLE INTERESTING THINGS WAS, A COUPLE THINGS THAT CAME OUT OF THAT PROCESS WAS AN UNDERSTANDING OF HOW THESE ISSUES START TO MOLD, OUR FLEXIBILITY AND SPACE IS

CONTINGENTS ANT UPON THAT. THE STEERING COMMITTEE HAS DEVELOPED A CAPITAL MISSION AND WE'VE NOW MOVED FROM OBJECTIVES TO STRATEGIES. BUT OVERALL, OUR CAPITAL MISSION IS TO PROVIDE ADAPTIVE INFRASTRUCTURE THAT INSURES THE COMMUNITY'S SAFE, TIMELY, SUSTAINABLE AND SECURE ACCESS, TO COUNTY PROGRAMS AND SERVICES. AS WE BUILD THIS 20-YEAR PLAN OUT, WHAT ARE THE DRIVERS AND THE ASSUMPTIONS WE HAVE TO MAKE ABOUT OUR FUTURE TO DEVELOP AND MAKE SURE WE'RE MEETING THE NEEDS?

Ms. Yates: WE ARE IN THE PROCESS OF DEVELOPING PERFORMANCE MEASURES AND THE STEERING COMMITTEE HAS WORKED WITH OUR TECHNICAL COMMITTEE, WHO ARE THE INDIVIDUALS THAT ARE GOING TO MAKE IT MOST RELEVANT WITHIN THE ORGANIZATION BECAUSE IT TAKES ALL OF US TO ACHIEVE AND MEET THE STRUCTURE NEEDS, 20 YEARS OUT, FOR OUR COMMUNITY. I WANTED TO GIVE THE INITIAL INTRODUCTION, \$394 MILLION. BROKEN OUT BY INFORMATION TECHNOLOGY, TRANSPORTATION AND FACILITIES. EACH OF THOSE DIVISIONS WILL TALK SPECIFICALLY ABOUT THEIR PART OF THE PIE. IT'S INTERESTING BECAUSE MARK REFERRED TO PAY AS YOU GO OR PAY AS YOU USE. OUR PIE INCLUDES OUR ROUTINE CAPITAL, WHICH IS PAY AS YOU GO. AND THEN THE PAY AS WE USE, WHICH IS MORE NON-ROUTINE, MAJOR CAPITAL, WHICH INCLUDES HEALTH DEPARTMENT HEADQUARTERS, SELLWOOD BRIDGE, ERP. THIS IS A LITTLE DIFFERENT THAN A FORMAT THAT'S BEEN DONE BEFORE SO I'M GOING TO TAKE A FEW MOMENTS TO WALK YOU THROUGH.

YOU'LL SEE IT CONSISTENTLY THROUGH THIS PRESENTATION. OUR GOAL IS TO INCREASE TRANSPARENCY AND PROVIDE AN UNDERSTANDING OF WHERE THESE CAPITAL PROJECTS ARE IN THE PROCESS. SO, THIS IS AN EXAMPLE. THE YELLOW BRICK ROAD REPLACEMENT, WHICH STARTS IN 2015 AND IS GOING TO TAKE UNTIL 2021. IT'S BEEN IN THE DESIGN PHASE, WHICH IS THE BLUE. AND THEN IT GOES INTO CONSTRUCTION. I ASSUME THAT PART OF THE REASON FOR THAT LONG TIME IS BECAUSE THE LOLLIPOP KIDS ARE THE ONES THAT ARE CONSTRUCTING IT AND IF THEY DON'T GET ENOUGH SUGAR, IT'S GOING TO SLUM DOWN. THEN WHAT WE'VE TRIED TO DO IS IN THAT TIME FRAME, TO BE ABLE TO SHOW YOU WHERE WE ARE FOR THIS FISCAL YEAR 2018. AND THEY'RE ASKING FOR \$5.63 MILLION WITH A TOTAL COST OF \$18 MILLION. IT SHOWS WHERE WE ARE IN THE PROCESS, WHAT WE'RE ASKING FOR NOW AND WHAT LIES AHEAD.

THE SECOND GRAPHIC IS THE SPEND. AND IT TAKES YOU DOWN FROM THAT \$5.63 MILLION AND STARTS TO DEFINE IT MORE SPECIFICALLY. THE HORIZONTAL ACCESS IS DOLLAR AMOUNT AND IT ADDRESSES HOW MUCH WE'VE SPENT TO-DATE, WHICH IS ABOUT \$7 MILLION. AND THEN PROVIDES WHAT IS BEING PROPOSED, THAT \$5.63 MILLION, WHICH IS BROKEN OUT INTO THREE CATEGORIES, WHICH IS THE BEGINNING WORKING CAPITAL, THE MONEY THAT'S BEEN CARRIED OVER THAT HASN'T BEEN SPENT, BUT WAS

ASSIGNED TO THE PROJECT. NEW MONEY THAT THE COUNTY'S PROPOSING AND EXTERNAL FUNDS ARE IN A LIGHTING BLUE. IT SHOWS WHAT NEEDS ADDITIONAL CAPITAL DOLLARS, THAT NEED TO BE RECEIVED IN THE FUTURE, TO REACH THAT TOTAL \$18 MILLION. ANY QUESTIONS ABOUT THIS?

Mr. Peoples: SO, GOOD MORNING, CHAIR KAFOURY, COMMISSIONERS. KIM PEOPLES, DEPARTMENT DIRECTOR FOR COMMUNITY SERVICES AND JOINING ME IS IAN CANON. TOGETHER, WE'LL BE PRESENTING THE DCS CAPITAL BUDGET. I'D LIKE TO TAKE A MOMENT TO THANK PEGGIDY FOR HER LEADERSHIP AND GUIDANCE TO DEVELOP FRAME WORK ACROSS THE CAPITAL ASSETS OF INFORMATION TECHNOLOGY, FACILITIES AND TRANSPORTATION. I THINK WE'RE ON A GOOD START AND I LOOK FORWARD TO THE DEVELOPMENT OF THE STRATEGIC FRAME WORK AS WE MOVE THROUGH IT. I'D LIKE TO SET THE STAGE TO, FIRST, DISCUSS THE DEPARTMENT STRATEGIES ON HOW WE DEVELOP OUR CAPITAL BUDGET. WE START WITH THE TRANSPORTATION BUDGET PROCESS.

I LIKE TO DESCRIBE IT AS A THREE-STEP PROCESS. FIRST BEING, THE CAPITAL PLAN, WHICH IS A 20-YEAR HORIZON, A PRIORITIZED LIST OF SPECIFIC PROJECTS IDENTIFIED TO ADDRESS DEFICIENCIES IN THE CURRENT TRANSPORTATION SYSTEM. THESE PROJECTS ARE IN THE FORM OF MAINTENANCE OF EXISTING INFRASTRUCTURE OR NEW INFRASTRUCTURE FOR VEHICLE, BICYCLE OR PEDESTRIAN OR SEISMIC RESILIENCY. THE CAPITAL PLAN DOES INCLUDE PROJECTED COSTS, BUT IT IS NOT A FINANCING PLAN WITH IDENTIFIED FUNDING. ONCE WE'VE COME WITH THIS PRIORITIZED LIST, THAT IS ADOPTED BY THE BOARD EVERY SO OFTEN. THE BRIDGE CAPITAL IMPROVEMENT PLAN WAS ADOPTED ABOUT THREE YEARS AGO. THE CAPITAL PROGRAM, THIS CONSISTS OF A LIST OF PRIORITIZED FROM THE CAPITAL FUND WITH IDENTIFIED FUNDING THAT WE ANTICIPATE TO TACKLE OVER THE FIVE-YEAR WINDOW AND THIS GETS UPDATED EVERY TWO YEARS. THE THIRD COMPONENT IS WHAT WE ARE HERE PRESENTING TO YOU TODAY. THESE ARE THE CAPITAL PROJECTS THAT WE ARE REQUESTED TO BE APPROPRIATED THROUGH THE BUDGET PROPOSAL.

I'LL BE SOUNDING LIKE A BROKEN RECORD. WE COVERED THIS, I THINK, SUBSTANTIALLY, ABOUT THE NEED FOR STABLE FUNDING. WE TALKED ABOUT HOPES AND DREAMS AND HOPEFULLY NOT DASHED HOPES AND DREAMS. THIS IS VERY IMPORTANT FOR US. THIS IS THEM IMPROVED PROJECT DELIVERY COMPONENT OF THE TRANSPORTATION PROGRAM. WHAT THIS IS SPECIFICALLY IS OUR WORK TO DATE, PROGRESS FOR BEING FULLY-CERTIFIED BY FEDERAL HIGHWAYS AND OREGON DEPARTMENT OF TRANSPORTATION, CERTIFIED TO DELIVER FEDERALLY-FUNDED CAPITAL PROJECTS WITH MINIMAL OVERSIGHT OF THE ODOT AGENCY. THIS HAS BEEN A PROJECT WE'VE BEEN WORKING ON FOR MANY YEARS. WE'RE IN THE FINAL STAGES OF DEMONSTRATING TO ODOT WE CAN STAND IN THEIR SHOES WITH MINIMAL OVERSIGHT ON THEIR PART. THEY WILL BE IN THE WINGS. WE'LL BE

REQUIRED TO REPORT OUR PROGRESS, BE ABLE TO HAVE A SHORTENED TIMELINE, SO THIS IS REALLY HELPFUL TO AVOID SCHEDULE CREEP AND A COST SAVINGS BECAUSE IT WILL BE LESS TIME WAITING IN THE QUEUE. SO, I THINK WE'RE MAYBE TWO YEARS OUT FROM COMPLETION OF CERTIFICATION BECAUSE WE HAVE TO DEMONSTRATE A FEW PILOT PROJECTS, IF YOU WILL. ONE OF WHICH IS ARATA ROAD.

Mr. Cannon: ARATA ROAD AND SANDY BOULEVARD ARE BOTH PILOT PROJECTS THIS YEAR.

Mr. Peoples: ALL EYES ARE ON THOSE TWO PROJECTS SO WE CAN MOVE TOWARDS FULL CERTIFICATION. WE'RE AWARE OF THE KICK-OFF FOR THE EARTHQUAKE-READY BURNSIDE BRIDGE INITIATIVE, WHICH IS A FEASIBILITY STUDY AS TO THE EFFICACY OF REHABILITATING OR REPLACING THE BRIDGE TO INSURE WE HAVE A RESILIENT CROSSING OVER THE DOWNTOWN CORRIDOR. THOSE ARE OUR MAIN FOCUS AREAS ON THE CAPITAL PROGRAM THIS YEAR. I'LL TURN IT OVER TO IAN WHO WILL BE GLAD TO DIVE DEEP INTO OUR BIG PROJECTS, COMING UP.

Mr. Cannon: JUST STARTING WITH SOME UPDATES ON CURRENT PROJECTS. THE SELLWOOD BRIDGE IS SUBSTANTIALLY COMPLETE WITH CONSTRUCTION. TOTAL COST IS \$325 MILLION. ALMOST HALF THE FUNDING WAS FROM OUTSIDE THE COUNTY, ODOT, FEDERAL HIGHWAYS AND THE CITY OF PORTLAND. WE WILL BE REMOVING A PIER OUT OF THE MIDDLE OF THE RIVER THIS SUMMER. THE TROUTDALE PROJECT IS SLIDING RIGHT NOW AS A RESULT OF OUR ABILITY TO STAFF THE PROJECT AND GET IT DONE. WE'LL BE CONSTRUCTING THAT NEXT YEAR. SCHOOL FLASHERS HAS GONE OUT TO BID AND THE CONTRACT IS RIGHT ABOUT TO BE AWARDED SO THAT WILL BE CONSTRUCTED BEFORE THE END OF THIS YEAR. OUR ADA PLAN, THIS IS A NEW THING IN THAT THERE'S BEEN HEIGHTENED SCRUTINY AND AWARENESS OF ADA CONCERNS. THE COUNTY HAS JUST A LITTLE BIT SHY OF 1,000 ADA RAMPS. OF THOSE, ABOUT 94% ARE DEFICIENT.

SO, WE'RE IN THE PROCESS OF DEVELOPING A PROGRAM TO PRIORITIZE, TO GO BACK AND REPAIR THEM AND I THINK UNFORTUNATELY, THE \$20 MILLION IS PROBABLY A PRETTY LOW NUMBER FOR WHAT THE ANTICIPATED COST OF THAT IS GOING TO BE AS WE FINALIZE THE PLAN. THE MARINE DRIVE WAS A KIND OF A PLACEHOLDER PROJECT FOR POSSIBLY SOME CULVERT WORK AND THAT'S ACTUALLY A PLACE WHERE WE ARE NOT DOING THAT WORK SO WE'RE ABLE TO REPROGRAM THAT AND THAT IS GOING TO FUND THE ROADS CAPITAL IMPROVEMENT PLANNING EFFORT. SO, FOR FY2018, ABOUT \$63 MILLION IN TRANSPORTATION. BIG CHUNK OF THAT COMES FROM THE STATE. \$12 MILLION FROM THE VRF FOR THE SELLWOOD PROJECT AND THEN THE FUNDING ABOUT \$7 MILLION. AND OF THAT MONEY, JUST OVER HALF IS PASSED THROUGH, GOES TO THE CITY OF PORTLAND AND SOME TO THE

EAST COUNTY CITIES, THE LARGEST CHUNK OF THAT, TO THE CITY OF GRESHAM.

Mr. Cannon: THEN BETWEEN ROADS, A LITTLE OVER \$12 MILLION. BRIDGES, \$6 MILLION. AND THE SELLWOOD DEBT REPAYMENT OF \$12 MILLION. SO I'M GOING TO DIVE INTO ONE OF OUR KIND OF MAJOR UPCOMING PROJECTS. THIS IS ON 238TH DRIVE, BETWEEN GLISAN AND HALSEY AND THIS PROJECT WILL BE ADDING SOME LANE WIDTH TO ALLOW FREIGHT CAPACITY ON THAT CORRIDOR AND CONNECTING THE BICYCLE AND PEDESTRIAN ROUTES ON EACH SIDE SO THAT THOSE WILL CONTINUE THROUGH THE CORRIDOR, ALSO. WE'RE JUST GOING TO BE KICKING OFF THE DESIGN RIGHT NOW. THIS IS A SUBSTANTIALLY FEDERALLY-FUNDED PROJECT SO EVEN THOUGH WE'RE PLANNING TO SPEND \$1.7 MILLION, THE COUNTY IS KICKING IN OVER 10% OF THAT. WE'LL BE DOING CONSTRUCTION IN FISCAL 2019, A YEAR AND A HALF-LONG PROJECT. IN TERMS OF THE MONEY, WHERE DOES IT COME FROM? WE'VE BARELY STARTED SPENDING ON IT RIGHT NOW. A BIG CHUNK OF THE MONEY IS FEDERALLY-FUNDED.

SO THIS YEAR, AS I SAID, ABOUT \$.18 MILLION FROM THE COUNTY. \$1.5 MILLION FROM THE FEDERAL HIGHWAY THROUGH ODOT. AND I'M NOT GOING TO GO THROUGH TOO MUCH ON THIS SLIDE. IT'S GOT A NUMBER OF OUR OTHER PROJECTS. I WILL HIT ON A COUPLE IN TERMS OF SCHEDULE. BEAVER CREEK CULVERT, THAT'S GOING TO BE CONSTRUCTING THIS SEASON AND STARTING SHORTLY, WHICH WILL INVOLVE CLOSING STARK STREET BETWEEN CANE ROAD AND TROUTDALE ROAD. THERE WILL BE TRAFFIC IMPACTS AS A RESULT OF THAT. THAT'S A ONE-SEASON PROJECT. AND LARGELY DRIVEN BY OUR ABILITY TO GET INTO BEAVER CREEK AND WORK WITHIN THE IN-WATER WORK WINDOW. ARATA ROAD IS ANOTHER FAIRLY HIGH-PROFILE PROJECT FOR US IN EAST COUNTY AND WE'LL BE STARTING CONSTRUCTION ON THAT THIS YEAR AND COMPLETING THAT IN CALENDAR 2018. WE'VE TALKED ABOUT NEWBERRY. BEAVER CREEK IS A BIG CHUNK OF FEDERAL FUNDING AND COUNTY MATCH.

ARATA ROAD, WE'VE GOT THE ROAD. NEWBERRY ROAD SLIDE, THAT'S GOT A DIFFERENT COLOR AND WE ARE HOPING TO SPEND \$1.6 MILLION IN FY18, BUT WE HAVEN'T IDENTIFIED WHERE THAT'S COMING FROM YET. MOVING FROM THE ROADS TO THE BRIDGES, OUR BIG ONGOING PROJECT IN THE BRIDGES IS THE BURNSIDE BRIDGE MAINTENANCE PROJECT AND JUST TO CLARIFY, KIM TALKED BRIEFLY ABOUT OUR EARTHQUAKE-READY BURNSIDE PROJECT WHICH IS A LONG-TERM LOOK AT THE BURNSIDE BRIDGE, WHAT CAN WE DO TO MAKE IT SEISMICALLY RESILIENT. IT'S A SUBSTANTIALLY FEDERALLY-FUNDED PROJECT SO WE'RE GOING TO BE DOING A GOOD AMOUNT OF CONSTRUCTION THIS YEAR AND TWO FOLLOWING YEARS AND THE COUNTY MATCHES ABOUT 10% OF THE WORK. AND, THIS IS KIND OF LOOKING AT IT IN THE DOLLARS, MATCHING \$7.4 MILLION FEDERAL DOLLARS AND IN THE

FUTURE OUT-YEARS, 10% FOR A TOTAL COST OF \$25 MILLION, INCLUDING THE DESIGN PHASE.

Mr. Cannon: EARTHQUAKE-READY BURNSIDE, THIS IS THE LONG-TERM PROJECT. WE'RE EARLY IN THAT PROJECT, IN THE FEASIBILITY STAGE. NEXT WEEK, WE ANTICIPATE HAVING OUR FIRST POLICY ADVISORY GROUP MEETING WITH ELECTEDS FROM VARIOUS LOCAL JURISDICTIONS, INCLUDING CHAIR AND COMMISSIONER VEGA PEDERSON. WE'RE ON THE FEASIBILITY PHASE, IT'S A LOAN FROM THE GENERAL FUND. WE'LL BE LOOKING TO WORK ON THE STUDY, WHICH WILL TAKE THREE TO FOUR YEARS. DESIGN AFTER THAT. AND ACQUISITION OF RIGHT-OF-WAY, IF NECESSARY. AND THEN CONSTRUCTION. IF WE STAY ON-SCHEDULE, WE COULD SEE A SIGNIFICANTLY UPGRADED OR REPLACED BURNSIDE BRIDGE IN 2029.

Chair Kafoury: RIGHT AROUND THE CORNER. [LAUGHTER]

Mr. Cannon: I FELT THAT WAY ON THE SAUVIE ISLAND BRIDGE, "IT'S NEVER GOING TO HAPPEN". YOU HAVE TO BE A PATIENT PERSON IF YOU WANT TO WORK ON THESE PROJECTS. [LAUGHTER] THE GENERAL FUND AND THE FUNDING FOR FUTURE PHASES, TO BE DETERMINED. WHAT WE NEED TO TARGET IN THE NEAR-TERM IS HOW TO FUND THE NEPA PHASE. WE WOULD LIKE TO BE ABLE TO ROLL RIGHT OUT OF THE FEASIBILITY STUDY INTO THAT NEPA STUDY, THAT IS AN ENVIRONMENTAL IMPACT STATEMENT.

Chair Kafoury: REMIND ME WHEN WE THINK THE FEASIBILITY STUDY WILL BE COMPLETE?

Mr. Cannon: PROBABLY IN OCTOBER 2018. OTHER PROJECTS THAT WE'VE GOT, BROADWAY, THAT WILL BE CONSTRUCTED THIS SEASON. MORRISON, A LIFT SPAN, THIS SEASON. AND THEN THE OTHER PROJECT THAT'S JUST IN THE WINGS GETTING KICKED OFF, THE MORRISON PAINT PROJECT. THIS IS KIND OF PAINT AS MUCH AS THE MONEY WILL ALLOW, STARTING WITH THE LIFT SPAN AND THE WORK OVER THE RIVER.

Chair Kafoury: THIS IS THE SLIDE THAT SCARES PORTLAND COMMUTERS. [LAUGHTER]

Mr. Cannon: YEAH. IT'S PRETTY CHALLENGING OUT THERE. WITH THE BRIDGE PROJECTS GOING ON AND I THINK THERE'S ABOUT 50 OTHER CONSTRUCTION PROJECTS THAT ARE IMPACTING TRAFFIC IN DOWNTOWN RIGHT NOW. IN TERMS, THE BROADWAY RAIL WHEEL IS SUBSTANTIALLY FEDERALLY-FUNDED, COMPLETING IN 2018. THE MORRISON LIFT SPAN, ALSO COMPLETING IN 2018. FEDERALLY-FUNDED. AND THE MORRISON PAINT IS SUBSTANTIALLY FEDERALLY-FUNDED. WE WILL LOOK AT OUR ANTICIPATED SEISMIC LIABILITY AND THIS IS BASICALLY LOOKING AT SOME SORT OF FULLY-SEISMIC

RESILIENT BURNSIDE BRIDGE AND A MORE LIMITED RETROFIT ON THE OTHER BRIDGES.

Mr. Cannon: IT IS HALF THE BRIDGE CAPITAL IMPROVEMENT PROGRAM. MAJOR MILESTONES, I'VE SORT OF HIT ON THESE, I'M NOT GOING TO READ THEM TO YOU. WE'RE GOING TO GET A LOT OF WORK DONE THIS YEAR. ONGOING PROJECTS, BURNSIDE MAINTENANCE, THE EARTHQUAKE-READY BURNSIDE AND UNFORTUNATELY, ARATA ROAD WILL BE CROSSING TWO CONSTRUCTION SEASONS AND THEN IN TERMS OF CONSTRUCTION, I THINK THE BIG ONE FOR US IS CORNELIUS PASS. WE'RE GOING TO START THAT NEXT SPRING. AND, HAPPY TO ANSWER ANY QUESTIONS.

Commissioner Meieran: THANK YOU FOR THE PRESENTATION. IT'S ALWAYS INSPIRING TO HEAR ABOUT THE BRIDGES AND OUR HOPES AND DREAMS. I HAD A QUESTION. I'M NOT SURE IF THIS IS EVEN RELEVANT TO THE DISCUSSION HERE TODAY. BUT, IT WAS THE ADA RAMPS. AND THERE WAS A MENTION OF, LIKE, \$20 MILLION TO REPAIR 1,000 OR SO RAMPS.

Mr. Cannon: RIGHT.

Commissioner Meieran: IS THAT SOMETHING THAT WE SHOULD BE AWARE OF NOW, THAT'S \$20,000 PER RAMP TO JUST REPAIR THE RAMP? I JUST HAD A NUMBER OF QUESTIONS ABOUT THAT.

Commissioner Meieran: IT'S CERTAINLY SOMETHING THAT THE BOARD NEEDS TO BE AWARE OF. THERE'S BEEN A HEIGHTENED AWARENESS OF THE ADA CONCERNS, THE OREGON DEPARTMENT OF TRANSPORTATION WAS SUED OVER THEIR ADA COMPLIANCE AND THEY HAVE BEEN PUTTING A GREAT DEAL OF RENEWED FOCUS ON THAT, SO IT'S A POTENTIAL AREA OF CONCERN FOR THE COUNTY, THAT WE HAVE RAMPS, ON OUR TRANSPORTATION INFRASTRUCTURE, THAT DON'T MEET THE CURRENT STANDARDS. SO WE ARE DEVELOPING AN ADA TRANSITION PLAN, HERE IS WHAT OUR ROAD MAP IS TO GETTING INTO COMPLIANCE AND AS THAT DEVELOPS, WE'LL BE COMING TO THE BOARD AND SHARING THAT. THERE'S CERTAINLY GOING TO BE DOLLARS ASSOCIATED WITH THAT AND CURRENTLY, YOU KNOW, WE DON'T HAVE A FUNDING STREAM IDENTIFIED TO PAY FOR THAT WORK.

Commissioner Meieran: THANK YOU.

Chair Kafoury: ANY OTHER QUESTIONS OR COMMENTS?

Commissioner Stegmann: THANK YOU FOR THE INFORMATION. I HAD A COUPLE QUESTIONS. ONE, IN GENERAL. WHAT IS OUR APPROACH TO HELP ALLEVIATE THE TRAFFIC, WHETHER IT'S A BRIDGE OR A ROAD CLOSURE FOR A CULVERT? OBVIOUSLY, WE'RE GOING TO TRY TO MINIMIZE IT. I THINK IT WOULD BE HELPFUL TO SHINE SOME LIGHT ON THAT.

Mr. Cannon: IS THERE A WAY TO DO THE WORK WITH LESS IMPACT? SO, THAT'S OUR FIRST LOOK. ONCE WE'VE DECIDED WHAT LEVEL THE IMPACT NEEDS TO HAPPEN, THEN WE LOOK FOR WAYS TO MAKE SURE WE'RE COMMUNICATING CLEARLY WITH THE COMMUNITY, WHAT THEY CAN EXPECT AND ALSO COORDINATING WITH OTHER AGENCIES SO WE'RE WORKING ACTIVELY IN THE PORTLAND MOVING GROUP, WHICH IS COORDINATING INFRASTRUCTURE PROJECTS DOWNTOWN. SO THAT WE CAN, AT LEAST, TAKE SOME OF THE ROUGH EDGES OFF OF IT. WHEN WE GET CONCERNS FROM PEOPLE ABOUT, ARE WE COMMUNICATING WITH PEOPLE CLEARLY? WE GO OUT AND ADDRESS THAT. IN TERMS OF OUR OWN PROJECTS DOWNTOWN, WE ARE SEQUENCING THE WORK ON THE BURNSIDE MAINTENANCE PROJECT SO THAT THERE ARE MINIMAL IMPACTS ON THE BURNSIDE BRIDGE DECK UNTIL AFTER THE MORRISON CLOSURES OR LANE CLOSURE CLOSURES HAS HAPPENED. THE WAY THE PROJECTS ARE ROLLING OUT, IT IS HAVING AN IMPACT AND WE REALIZE THAT.

Commissioner Stegmann: I'M GLAD TO SEE THAT SEQUENCING. DO WE COORDINATE. I-5 WAS CLOSED AND SO HOW DOES THAT COORDINATION WORK WITH THE STATE?

Mr. Cannon: ODOT HAS TO GRANT US THE ABILITY TO CLOSE I-5. WE HAVE BEEN WORKING CLOSELY WITH THEM. WE'VE WORKED WITH THE ROSE QUARTER AROUND THE BLAZER GAMES TO KEEP RAMPS OPEN TO HELP PEOPLE GET OUT OF THAT. AND OTHER AGENCIES ARE PIGGYBACKING ON THOSE CLOSURES TO GET ACCESS TO AREAS THAT THEY WOULDN'T BE ABLE TO GET ACCESS TO AREAS. ON THE BURNSIDE PROJECT, TRIMET IS GOING TO BE DOING SOME TRACK WORK THAT WILL RESULT IN THE TRACKS UNDERNEATH THE BURNSIDE TO BE CLOSED SO WE ARE TAKING THAT OPPORTUNITY TO GET IN AND DO THE WORK UNDER THE BURNSIDE WHILE TRIMET HAS THAT AREA CLOSED OFF.

Commissioner Stegmann: I'M PLEASED TO HEAR THAT THAT'S ON YOUR TOP PRIORITY. AND SO, ALSO, I WOULD JUST LIKE TO MAKE SURE THAT WE HAVE A MINIMAL IMPACT ON SURROUNDING BUSINESSES. AND STREET CLOSURES AND HOW THOSE CLOSURES COULD, FOR A SMALL BUSINESS OWNER, HAVE A REALLY MAJOR IMPACT. HAD SOME OTHER QUESTIONS ON THE TROUTDALE ROAD INFILL, THAT IS A PROJECT WE ARE MOVING FORWARD WITH IT?

Mr. Cannon: WE ARE MOVING FORWARD, IT WILL CONSTRUCT NEXT YEAR.

Commissioner Stegmann: WHERE IS THAT? DO YOU KNOW?

Mr. Cannon: I'LL GET BACK TO YOU ON THE DETAILS FOR THAT.

Commissioner Stegmann: THAT'S FINE. REALLY HAPPY, THE 238TH, THAT HAS BEEN SUCH A HUGE PROJECT AND REALLY IMPORTANT TO EAST COUNTY, SO I'M EXCITED TO SEE THAT MOVE FORWARD, AS WELL. THANK YOU.

Vice-Chair Vega Pederson: I HAD A GENERAL QUESTION. FROM WHAT WE HEARD YESTERDAY ABOUT THE WORK THAT'S BEEN DONE TO IDENTIFY THE IMPACTS OF THE SNOW AND THE WINTER THAT WE'VE HAD, DO YOU HAVE ANY ESTIMATE RIGHT NOW ABOUT THE WORK THAT WOULD NEED TO BE DONE? YOU IDENTIFIED NEWBERRY, THAT MIGHT PUSH OFF SOME OF THE PROJECTS THAT WE HAVE PLANNED FOR THE NEXT FISCAL YEAR?

Mr. Cannon: IT'S UNLIKELY THAT THAT WILL IMPACT THE PROGRAMMED CAPITAL PROJECTS. NEWBERRY, THAT'S ONE THAT WE REALLY WANT TO TRY AND GET THAT WORK DONE BEFORE WE START THE CORNELIUS PASS PROJECT BECAUSE THE CORNELIUS PASS PROJECT WILL INVOLVE SOME ROAD CLOSURE, SOME EXTENDED CLOSURES OF THAT ROAD AND NEWBERRY IS AN ALTERNATE ROUTE SO WE'RE WORKING TO GET THAT NEWBERRY ONE DONE AHEAD OF THE CORNELIUS PASS.

Vice-Chair Vega Pederson: WE CAN HAVE DISCUSSIONS, WE MIGHT WANT TO LOOK AT FREIGHT SO THEY'LL UNDERSTAND.

Mr. Peoples: WE'RE EXPLORING ALTERNATIVE FUNDING THROUGH FEDERAL HIGHWAYS. THEY MAY HAVE FUNDING FOR US, AS WELL AS FEMA. THERE MAY BE FUNDS AVAILABLE THERE, IF THERE IS A DECLARATION OF DISASTER. THIRDLY, WHAT WE DISCUSSED YESTERDAY IS THERE MAY BE FLEXIBILITY IN OUR SUMMER PROGRAM IN THE OVERLAY AND THE PAVEMENT MAINTENANCE WORK TO AUGMENT THIS SO IF WE CAN PARSE TOGETHER A FUNDING, THAT'S OUR FIRST APPROACH. THEN IT'S CERTAINLY THE LEGISLATURE FOR OTHERS.

Commissioner Smith: THANKS, MADAM CHAIR. WHEN WE ARE WE GOING TO DO THE RFPS FOR THE SEISMIC UPGRADES, FOR THE STUDIES?

Mr. Cannon: CAN YOU ASK ME THAT AGAIN?

Commissioner Smith: THE SEISMIC STUDIES, ARE WE DOING RFPS FOR THOSE?

Mr. Cannon: CURRENTLY, THE SEISMIC STUDY WE'RE WORKING ON IS THE EARTHQUAKE-READY BURNSIDE. WE HAVE A CONSULTANT UNDER CONTRACT FOR THE FEASIBILITY STUDY. WE HAVEN'T IDENTIFIED FUNDING FOR THE NEXT PHASE.

Commissioner Smith: WE WILL PUT OUT AN RFP?

Mr. Cannon: RIGHT. AS WE GET CLOSER TO INITIATING THAT NEXT PHASE, WE'LL GO THROUGH AN RFP SELECTION PROCESS FOR DESIGNERS.

Commissioner Smith: THANK YOU.

Chair Kafoury: ALL RIGHT. THANKS.

Ms. Swackhamer: GOOD MORNING CHAIR KAFOURY, COMMISSIONERS. I'M SHERRY SWACKHAMER. I'M THE CHIEF OFFICER FOR MULTNOMAH COUNTY. I'M HERE WITH HENRY ALAMAN AND BOB LEEK AND WE WILL BE PRESENTING THE FISCAL YEAR 2018 CAPITAL BUDGET FOR FACILITIES AND PROPERTY MANAGEMENT FIRST, AND LATER, THE INFORMATION TECHNOLOGY. AND I'M GOING TO START OFF TALKING ABOUT OUR STRATEGIES FOR FACILITIES, OUR GUIDING PRINCIPLES. AS PEGGIDY MENTIONED, ABOUT PROVIDING ACCESS TO SAFE, FUNCTIONAL AND ADAPTABLE FACILITIES AND WE WANT TO DO THAT IN A FISCALLY-RESPONSIBLE, SOCIALLY-EQUITABLE MANNER. OUR GOALS, FROM A STRATEGIC STANDPOINT ARE TO ENHANCE OUR DEPARTMENTAL SERVICE DELIVERY, OPTIMIZE CAPITAL REINVESTMENTS AND TO ALWAYS MAINTAIN THE VALUE OF THE COUNTY-OWNED ASSETS.

WE HAVE A THREE-PART PLANNING PROCESS. WE FIRST ASSESS REALLY WHAT OUR CURRENT PORTFOLIO LOOKS LIKE, WE DO SEISMIC STUDIES. YOU'RE GOING TO HEAR ABOUT ONE WE WANT TO DO IN FISCAL YEAR 18 LATER. WE DO ASSESSMENTS OF BUILDINGS. WE MEET WITH OUR CUSTOMERS TO DETERMINE THEIR PROGRAM ATTIC NEEDS AND WE LOOK AT UTILIZATION RATES OF OUR FACILITIES. SECONDLY, WE IDENTIFY FUTURE NEEDS. WHAT ARE OUR LIFE CYCLE REPLACEMENTS? AND ARE WORKPLACE TRENDS LIKE? WORKPLACE TRENDS ARE GOING TOWARD MORE FLEXIBLE WORKSPACE THAT CAN BE EASILY AND READILY RECONFIGURED. AND THEN, AS YOU'VE, AGAIN, HEARD FROM PEGGIDY, WE'RE A PART OF THE CAPITAL PLANNING TEAM THAT'S LOOKING ACROSS THE COUNTY. WE'RE DEVELOPING A 20-YEAR CAPITAL PLAN. WE HAVE A FIVE-YEAR CAPITAL IMPROVEMENT PLAN FOR FACILITIES AND THEN TODAY, WE'LL BE TALKING TO YOU ABOUT OUR ANNUAL CAPITAL BUDGET. I'LL TURN IT OVER TO HENRY.

Mr. Alaman: GOOD MORNING CHAIR, GOOD MORNING, COMMISSIONERS. I'M HENRY, YOUR FACILITIES AND PROPERTY MANAGEMENT DIRECTOR. THIS IS A LIST OF OUR 2017 PROJECTS THAT ARE CURRENTLY IN THE WORKS. THE FIRST ONE BEING THE MULTNOMAH COUNTY DETENTION CENTER, WHERE WE'VE COMPLETED THE PLANNING PHASE OF THAT. THE YEON ANNEX RECEPTION AND LOBBY IS ALSO COMPLETE. FOR THE COURTHOUSE PROJECT, WHICH WE'VE BEEN BRIEFED ON A COUPLE OCCASIONS, THE COURTHOUSE HAS STARTED ACTUAL CONSTRUCTION. WE'VE GOT AUGER CAST PILINGS GOING INTO PLACE AND WE'RE WORKING ON FINALIZING THE DESIGN AND LOOKING FORWARD TO REACHING A GUARANTEED MAXIMUM PRICE.

Chair Kafoury: YOU CAN WATCH THE CONSTRUCTION?

Ms. Swackhamer: YES, YOU CAN WATCH IT LIVE. ON THE VIDEO CAM.

Mr. Alaman: AS WELL AS THE MCCOY FACILITY. WE'RE LOOKING FORWARD TO ALSO WORKING TOWARD A GUARANTEED MAXIMUM PRICE FOR THAT PROJECT. FOR ENERGY-SAVINGS PROJECTS, ONE OF THEM IS WATER SAVINGS AND JJC IS L.E.D. LIGHTING PROJECTS. BOTH ARE SUPPOSED TO BE COMPLETED THIS SUMMER, 2017. SOME OTHER PROJECTS WE'RE WORKING ON, THE ION ABOVE-GROUND FUEL TANK. WE'VE PUT TWO 12,000-GALLON TANKS AT THE YEON FACILITY. WE'RE WORKING ON PROGRAMMING THOSE PUMPS. THAT SHOULD BE COMPLETELY HERE SHORTLY, ONCE THE WEATHER ALLOWS US TO DO SOME ASPHALT WORK. THE DCJ EAST COUNTY CAMPUS. THEY'RE CONSOLIDATING OPERATIONS FROM SEVERAL FACILITIES INTO THIS FACILITY. AND, THEY'RE ALSO WORKING ON POTENTIALLY CHANGING THE SERVICE DELIVERY MODEL. ANIMAL SERVICES UPGRADE. THIS IS MULTIPLE THINGS GOING ON. WE HAVE DOG KENNEL REMODEL WORK AND ELECTRICAL SERVICE UPGRADES AT THAT FACILITY. THE SHERIFF'S OFFICE HEADQUARTERS, AS YOU KNOW, WE PREVIOUSLY PURCHASED THE LAND ADJACENT TO THE TROUTDALE FACILITY WITH THE NEW SHERIFF, HE HAS ASKED US TO PAUSE AND REALLY LOOK AT ALL THE PROGRAM NEEDS FOR THE SHERIFF'S OFFICE AND REALLY ASSESS, YOU GO, WHAT'S THE BEST USE OF THE CURRENT FUNDING AND PROGRAM FUNDING AVAILABLE.

SO, THIS IS A BREAKDOWN OF THE PROPOSED CAPITAL BUDGET, TOTALING \$286 MILLION. THE MAJORITY OF IT IS TAKEN UP BY THE COURTHOUSE AND HEALTH DEPARTMENT HEADQUARTERS. AND THEN THERE'S ANOTHER CATEGORY, OTHER, THE ASSET PRESERVATION, THE CAPITAL IMPROVEMENT, THE LIBRARY FUND, THE DCJ MID-COUNTY FACILITY. SO, AS WE'VE SEEN IN THE PREVIOUS SLIDES, THIS IS OUR SCHEDULE FOR THE MULTNOMAH COUNTY CENTRAL COURTHOUSE. YOU CAN SEE THE INITIAL PROGRAM STARTED BACK IN 2014 AND THERE'S DESIGN AND CONSTRUCTION. THERE'S BLENDED AREA BETWEEN DESIGN AND CONSTRUCTION. WE HAVE TAKEN ADVANTAGE OF THE AMENDMENT PACKAGES AND GET INTO THE GROUND AND IT HAS HELPED US SIGNIFICANTLY AS FAR AS SECURING SOME OF OUR MAJOR SUBCONTRACTORS AND MITIGATING THE MARKET ESCALATION COSTS RIGHT NOW.

Chair Kafoury: I'M REALLY CONCERNED ABOUT ALL OF OUR PROJECTS THAT WE HAVE GOING ON RIGHT NOW, WHAT I'M HEARING ACROSS THE COMMUNITY IS PRICES GOING UP AND UP AND UP. GOOD FOR THE ECONOMY, ON THE OTHER HAND, NOT SO GREAT FOR US.

Mr. Alaman: SO, THIS NEXT SLIDE COVERS THE FUNDING FOR THE PROJECT. SO YOU CAN SEE THAT THERE'S SOME BEGINNING WORKING CAPITAL, ONE-

TIME-ONLY MONEY THAT MARK CAMPBELL ALLUDED TO EARLY. THE STATE IS KICKING IN \$96 MILLION AND THE DEBT THAT MARK CAMPBELL COVERED EARLIER, SO THAT'S KIND OF HOW WE'VE OUTLINED HOW WE'RE GOING TO FUND THE COURTHOUSE PROJECT.

Mr. Alaman: THIS IS A FEASIBILITY STUDY TO DETERMINE THE OPTIONS FOR FUTURE DEVELOPMENT. IT'S \$100,000. WE WERE FORTUNATE ENOUGH TO MEET WITH COMMISSIONER STEGMANN. SHE HELPED US ESTABLISH WHAT THE PRIORITIES WERE, HOW TO BEST LEVERAGE THE DOLLARS. THE MULTNOMAH COUNTY ASSESSMENT, IS OUR FOCUS ON DETERMINING THE SEISMIC RISK. THE MULTNOMAH BUILDING, AFTER WE REPLACE THE MCCOY FACILITY, THE COURTHOUSE PROJECT, IT'S THE SECOND LARGEST EXPOSURE TO OUR PORTFOLIO. WE WANT AN ASSESSMENT IN PLACE, AND DETERMINE WHAT OUR RISKS ARE. THE LAST ONE, THE MULTNOMAH COUNTY DETENTION CENTER. THESE ARE THE ELECTRONICS. THE ORIGINAL TOUCH PADS THAT ARE THERE ARE NO LONGER SUPPORTED. WE'RE TRANSITIONING TO REPLACING ALL THOSE TOUCH PADS.

Ms. Swackhamer: WE DID A FEASIBILITY STUDY ON WHAT THE NEEDS WERE, AND CAME BACK WITH THIS AS THE TOP PRIORITY. SO WE'RE NOT GUESSING HERE. I BELIEVE THERE ARE ABOUT FIVE SYSTEMS THAT NEED TO BE REPLACED.

Mr. Alaman: THIS NEXT SLIDE IS ABOUT THE CAPITAL IMPROVEMENT FUND 2507. OUR GOAL IS TO MAINTAIN AND IMPROVE BUILDING SYSTEMS FOR TIER TWO AND THREE BUILDINGS. MIGHT BE GOOD FOR ME TO EXPLAIN THE DIFFERENCE BETWEEN TIER ONE, TIER TWO AND TIER THREE. TIER ONE ARE TYPICALLY HIGH PERFORMING BUILDINGS THAT WE MAINTAIN AT A HIGH RELIABILITY. TIER TWO, IN THE MIDDLE, MEDIUM-PERFORMING BUILDINGS. OUR GOAL IS TO INVEST IN THOSE TO PUSH THEM TOWARD TIER ONE FACILITIES. TIER THREE OF OUR LOWER-END PERFORMING BUILDINGS. WE'RE INVESTING THERE TO KEEP THEM OPERATIONAL. OUR FUND STATUS RIGHT NOW FOR WORKING CAPITAL IS ABOUT \$6.7 MILLION. THE PROPOSED BUDGET FOR 2018 IS 22.2.

THE JUSTICE CENTER, THERE'S EXTERIOR REPAIR AND CEILING WORK THAT'S GOING TO BE DONE THERE. THAT'S TO REPLACE THE ORIGINAL JOINTS THAT HAVE BEEN THERE SINCE THE BEGINNING. I THINK THE BUILDING IS 30-PLUS YEARS OLD. WE NEED TO DO THAT. ANIMAL SERVICES, SO I HAD MENTIONED THAT WE HAVE A NUMBER OF UPGRADES GOING ON THERE. THAT'S WORK THAT WE'RE CONTINUING TO DO TO SUPPORT THEM. AND THEN THE WALNUT PARK PAINT EXTERIOR. THIS IS IN CONJUNCTION WITH THE REGIONAL ARTS COMMITTEE, WHO'S WANTING TO REDO THE ARTWORK OUT THERE, AND WHAT THEY WANT TO DO IS DO THAT IN CONJUNCTION WITH US PAINTING THE EXTERIOR OF WALNUT PARK. THIS IS WHAT THE SCHEDULE LOOKS LIKE FOR CAPITAL IMPROVEMENT FUNDS, A SCHEDULE OVERVIEW. YOU CAN SEE

THAT THE EXTERIOR REPAIR, WE'VE BEEN DOING A LOT OF PRELIMINARY PROGRAMMING FOR THAT HAD ON THE ANIMAL SERVICES FACILITY.

Mr. Alaman: AGAIN, WE'VE DONE SOME WORK IN THERE. THEN THE PAINT EXTERIOR, WALNUT PARK, IS STARTING UP IN 2018. CAPITAL IMPROVEMENTS, THE FUNDING FOR EXTERIOR REPAIR AND SEAL, THE JUSTICE CENTER, LOOKS LIKE THE TOTAL PROJECT IS ABOUT \$2 MILLION. FOR FISCAL YEAR '18, WE'RE GOING TO SPEND ABOUT THAT MUCH. FOR ANIMAL SERVICES UPGRADE, WE'VE DONE SOME WORK THERE IN FISCAL YEAR '18 WE'LL SPEND ABOUT \$1. \$1.2 MILLION. TIER ONE FACILITIES, FUND 2509. THE FUND STATUS, WORKING CAPITAL RIGHT NOW IS ABOUT \$11 MILLION, AND THE PROPOSED BUDGET IS ABOUT \$16 MILLION. THE HIGHLIGHTED PROJECTS, MULTNOMAH BUILDING, REPLACE THE SOUTH COOLING TOWER, AND JUVENILE JUSTICE CENTER, REBUILD THREE CHILLERS, AND THE INVERNESS JAIL IS TO REPLACE THE MOTORIZED CHOP GATE. WE'RE STILL LOOKING AT WHETHER IT'S A PLACEMENT, BUT LOOKS LIKE A REPLACEMENT. THE MOTORIZED CHOP GATE IS ABOUT \$300,000. THE THREE CHILLERS AT JUVENILE JUSTICE CENTER, WOULD BE WORTH NOTING THAT WE HAVE ORIGINAL SOFTWARE PROGRAMMING THERE AT THE JUVENILE JUSTICE CENTER. PART OF THAT IS REPLACING THAT TO UPDATE IT.

ASSET PRESERVATION FUND, THE BUDGET OVERVIEW, SO WE'VE SPENT VERY LITTLE ON THE SOUTH COOLING TOWER AT THIS POINT. IT LOOKS LIKE \$30,000, SO THE MAJORITY WOULD BE IN FISCAL YEAR 18. CHOP GATE, THREE CHILL IS, MOST OF THOSE FUNDS SPENT IN 2018. THIS NEXT SLIDE IS ANOTHER REALLY JOYFUL SLIDE, JUST LIKE IAN SHARED. OF COURSE, IT'S NOT \$705 MILLION, BUT STILL SOMETHING TO BE NOTED. THIS SEISMIC LIABILITY SLIDE IS REALLY A REQUIREMENT BY THE BOARD, BOARD RESOLUTION THAT ASKED US TO SUMMARIZE, OR IDENTIFY, THE SEISMIC LIABILITY FOR OUR COUNTY BUILDINGS. ONCE THE FACILITIES ARE REPLACED, OUR SEISMIC LIABILITY GOES DOWN SIGNIFICANTLY. AS I NOTED EARLIER, THE LIBRARY, WHICH HAS A SEPARATE OPERATING CAPITAL FUND, AND I WON'T GO INTO A LOT OF THE DETAILS HERE, BECAUSE I KNOW THEY'RE PROVIDING MORE DETAIL DURING THEIR PRESENTATION, BUT THE CENTRAL LIBRARY SEISMIC EXPOSURE IS \$12. MILLION. WHEN YOU ADD UP ALL THE OTHER FACILITIES FOR THE LIBRARY, IT'S REALLY PRETTY INSIGNIFICANT COMPARED TO THE CENTRAL LIBRARY.

THEIR FUND STATUS, THEIR CURRENT WORKING CAPITAL, IS \$2.4 MILLION. THEIR PROPOSED BUDGET IS 3.7. SOME PROJECTS THAT WERE COMPLETED FOR 2017 ARE BEING COMPLETED. THE WOODSTOCK LIBRARY, WHICH IS A RECONFIGURATION, AND FLOOR REPLACEMENT. WE ALSO DID LIGHTING UPGRADES AT THE WOODSTOCK LIBRARY. THE CENTRAL LIBRARY, WE WERE DOING PLANNING AND CONSTRUCTION AND REPLACEMENT OF THEIR ELEVATOR SYSTEMS. AND THAT WILL CONTINUE, AS YOU CAN SEE, DOWN IN 2018. THAT WORK WILL CONTINUE AT THE CENTRAL LIBRARY, AS WELL AS

GRESHAM LIBRARY AND GREGORY HEIGHTS LIBRARY, DOING ROOF WORK ON THOSE PROJECTS. LOOKING AHEAD, ONE OF THE THINGS WE'RE FOCUSED ON, WE'RE REACHING OUT TO OUR DEPARTMENTS TO DETERMINE NEEDS, WHAT LOCATIONS, YOU KNOW, WHAT'S THE FLEXIBILITY THEY NEED IN THEIR FACILITIES.

Mr. Alaman: WE'RE GOING TO ANALYZE THE CAPITAL RATE STRUCTURE WITH MCCOY AND THE COURTHOUSE COMING ONLINE. WE NEED TO DETERMINE WHETHER THERE NEEDS TO BE AN ADJUSTMENT TO THAT RATE STRUCTURE. CONSOLIDATION, TAKING ADVANTAGE OF ECONOMIES OF SCALE, PROVIDING MULTIPLE SERVICES FROM A CERTAIN LOCATION. REDEVELOPMENT AND DISPOSITION PLAN. AGAIN, THANK YOU TO THE NEW COMMISSIONERS FOR ALLOWING ME TO SHARE WITH YOU THE PLAN FOR OUR DISPOSITIONS, AND FOR MCCOY AND THE COURTHOUSE, HANSON FACILITIES, OTHER PROJECTS THAT WE'RE LOOKING AT AS FAR AS SURPLUSING AND POTENTIAL DISPOSITION. SO AT THIS POINT I GUESS I'M GOING TO OPEN IT UP TO ANY NON-MATH QUESTIONS.

Vice-Chair Vega Pederson: IS THE OPEN DATE STILL PLANNED FOR 2020, BECAUSE IT LOOKED LIKE THE CONSTRUCTION WAS GOING BEYOND THAT ON THAT SLIDE.

Mr. Alaman: YEAH. IT'S STILL 2020.

Vice-Chair Vega Pederson: OKAY, GREAT. THANK YOU.

Commissioner Stegmann: I REALLY APPRECIATE THE TIER SYSTEM THAT YOU WENT OVER. IT'S A GREAT WAY TO PRIORITIZE THING, THAT WE'RE ADDRESSING THE MOST HIGH NEEDS FIRST. I THINK THERE'S ALWAYS MORE WORK THAN THERE IS MONEY, AND SO WE'VE GOT TO BE SMART ABOUT WHAT WE'RE GOING TO TACKLE FIRST. I THINK SEE THAT IN YOUR WORK. THANK YOU.

Ms. Swackhamer: WE'RE GOING TO MOVE ON TO INFORMATION TECHNOLOGY. I'LL DO THE OVERVIEW. BOB WILL PROVIDE THE DETAILS. AGAIN, FROM A STRATEGY STANDPOINT, OUR GUIDING PRINCIPLES. WE REALLY ARE LOOKING TOWARD MODERNIZATION OF OUR TECHNOLOGY PLATFORMS, TRYING TO KEEP THEM MODERN AS THINGS ARE CHANGING, AS WELL AS SECURITY AND CYBER SECURITY. AS WE LOOK AT CAPITAL PROJECTS, WE EVALUATE WHETHER THEY'RE IMPROVING SERVICE QUALITY TO OUR COMMUNITY, WHETHER THEY'RE REDUCING RISKS, LIABLE, OR ARE THEY SOME KIND OF MANDATE FROM THE STATE OR FEDERAL LEVEL, WHAT KIND OF RETURN DO WE GET ON OUR INVESTMENT, ARE THEY IN LINE WITH OUR MISSION, DO THEY PROVIDE SIGNIFICANT OR ADDITIONAL COST SAVINGS OR ADDITIONAL REVENUE TO THE COUNTY, AND DO WE HAVE THE RESOURCES AVAILABLE TO DO THESE PROJECTS.

Ms. Swackhamer: WE USE A SIMILAR PLANNING PROCESS. WE LOOK AT OUR STRATEGIC PLAN, WHICH WE REFER TO PART OF IT AS OUR TECHNOLOGY FITNESS ASSESSMENT THAT YOU HEARD ABOUT BEFORE. WE GET FEEDBACK FROM OUR CUSTOMERS. AND AGAIN, WE EVALUATE MANDATES. WE LOOK AT FUTURE NEEDS. WHAT ARE OR LIFECYCLE REPLACEMENTS, WHICH PROBABLY HAPPEN QUICKER IN I.T. THAN THEY DO IN FACILITIES AND TRANSPORTATION. WHAT CHANGES ARE GOING ON FROM A SERVICE DELIVERY PERSPECTIVE WITH OUR CUSTOMERS, AND TECHNOLOGY TRENDS THAT ARE CHANGING VERY RAPIDLY, AND WE ANTICIPATE WILL CONTINUE TO DO THAT IN THE FUTURE. WE PRIORITIZE AGAIN FOR CAPITAL PLANNING. WE ARE WORKING WITH THE CAPITAL PLANNING STEERING COMMITTEE TO LOOK AT A 20-YEAR PERSPECTIVE. WHAT WE WILL NEED IN 20 YEARS FROM A TECHNOLOGY STANDPOINT IS HARD TO IMAGINE RIGHT NOW, 'CAUSE I JUST HEARD THERE WERE FLYING CARS.

Chair Kafoury: FLYING CARS?

Ms. Swackhamer: FLYING CARS BEING DEVELOPED BY MULTIPLE MANUFACTURERS RIGHT NOW. NO BRIDGES ARE REQUIRED, RIGHT? WE DEVELOP A FIVE-YEAR IMPROVEMENT PLAN. AND AGAIN, A CAPITAL BUDGET ON AN ANNUAL BASIS, WHICH BOB WILL BE TALKING TO YOU ABOUT THE FISCAL YEAR 2018 CAPITAL BUDGET.

Mr. Leek: GOOD MORNING, CHAIR, COMMISSIONERS. I'M BOB LEEK, CHIEF INFORMATION DEPUTY FOR THE COUNTY. ONE OF MY FAVORITE TV SHOWS WAS "THE JETSONS." GLAD TO SEE THAT COME TO FRUITION. MUCH LIKE MY PEERS IN TRANSPORTATION AND IN FACILITIES, WE HAVE AN ACCUMULATION OF LIABILITY. WE DON'T CALL IT SEISMIC LIABILITY, BUT THE TERM IN TECHNOLOGY IS CALLED TECHNOLOGY DEBT. HERE AT THE COUNTY WE HAVE A TREMENDOUSLY LARGE INSTALLED BASE OF TECHNOLOGY IN OUR NETWORKS, OUR SYSTEMS, THE HARDWARE WE PURCHASE, THE SOFTWARE APPLICATIONS THAT WE HAVE. ABOUT 18 MONTHS AGO, WE STARTED AN EFFORT TO BEGIN TO ANALYZE OUR ACCUMULATED TECHNOLOGY THAT WE HAVE AND BUILD AN ASSESSMENT. WHAT THAT ASSESSMENT DID, WE USED INFORMATION AND FRAMEWORK FROM GARDNER TO ASK QUESTIONS, BOTH OF OURSELVES IN INFORMATION TECHNOLOGY, BUT OF OUR DEPARTMENT PARTNERS AS WELL.

SOME OF THOSE QUESTIONS YOU SEE HERE ON THE LIST. AND THAT RESULTS IN PUTTING EACH OF THE TECHNOLOGIES THAT WE HAVE INTO ONE OF THESE FOUR QUADRANTS. THE QUADRANT STARTS TO TOLERATE, AND I GET THAT FEEDBACK FROM OUR DEPARTMENTS. THEY TOLERATE THE CURRENT TECHNOLOGY, WISH THEY HAD NEW THINGS, BUT EVERYTHING NEEDS A STARTING POINT. OUR CURRENT TECHNOLOGIES FALL INTO THAT CATEGORY. FOR EACH DEPARTMENT, ALL OF THEIR TECHNOLOGIES, THEY

TAKE ONE OF THREE PATHS. WE EITHER NEED TO ELIMINATE THE TECHNOLOGIES, WE NEED TO MIGRATE THEM TO OTHER CHOICES. MAYBE CONSOLIDATE THEM INTO ONE SOFTWARE PACKAGE INSTEAD OF HAVING MULTIPLE VERSIONS, OR MAKE INVESTMENTS IN NEW TECHNOLOGIES, NEW AVAILABILITY OF THINGS, THAT THE DEPARTMENTS NEED IN ORDER TO DELIVER SERVICES TO THE PUBLIC.

Mr. Leek: SO THIS IS AN INTRODUCTION FOR YOU ALL ABOUT THAT TECHNOLOGY FITNESS ASSESSMENT, BECAUSE IT SERVES AS AN ANCHOR POINT IN THE STRATEGIC PLANNING WE'RE DOING UNDER PEGGIDY. WE WANT TO TRIBUTE, MAYBE NOT TO A 20-YEAR VISION, BECAUSE IT'S TOUGH FOR ME TO THINK ABOUT WHAT TECHNOLOGY MIGHT LOOK LIKE FROM NOW, GIVEN THAT THE IPHONE IS TURNING 10 YEARS OLD. IMAGINE WHAT THE THOUGHTS WERE 10 YEARS AGO, WHERE WE ARE TODAY WITH SOMETHING AS REVOLUTIONARY AS THE IPHONE, I WONDER WHERE WE'LL BE 10 YEARS FROM NOW. I HAVE A SLIDE ON THAT AT THE END. I'LL SAVE THAT FOR YOU. WE WERE HERE JUST A FEW WEEKS AGO TO PROVIDE YOU UPDATES ON ALL OF THE IN-PROCESS PROJECTS. I'M NOT GOING TO GO THROUGH THIS IN ANY DETAIL. I DID WANT TO POINT OUT IN A THAT ON THE HEALTHCARE TRANSFORMATION LINE, WE'VE MADE SASH COMPLETION AND PROGRESS ON BOTH. THE CONNECTION TO THE COMMUNITY IS SERVING WITH ITS INTENDED OUTCOME. IT WAS A PRETTY EXTENSIVE CONTRACTING PROCESS FOR US TO ENSURE THAT WE WERE PROTECTING THE CONFIDENTIALITY AND SAFETY OF THE PATIENT INFORMATION, BUT NOW THAT WE'RE CONNECTED TO THE COMMUNITY WE'RE SEEING THE BENEFITS.

A SECOND PAGE OF THE PROJECTS, ONE IS AROUND CYBER SECURITY. THERE'S PROBABLY NOT A DAY THAT GOES BY IF YOU DON'T HAVE A NEWSFEED AROUND BREACHES, PROBLEMS, OR CONCERNS, WITH CYBER SECURITY, AND THE VULNERABILITIES THAT WE FACE. THEY'RE REAL RISKS FOR US AT THE COUNTY, AND THE CONTINUED INVESTMENTS IN WHERE WE STARTED, WHICH IS TO DETECT THAT SOMETHING IS HAPPENING, OUR MOVEMENT IS TOWARD RESPONDING TO THOSE EVENTS AS THEY OCCUR, SO WHEN WE FIND ENVIRONMENTS WE CLEAN THEM OUT OF OUR SYSTEMS, AND OF COURSE ARE COMPLIANT WITH HIPAA GUIDELINES, OR OTHER REGULATORY AGENCIES THAT WE'RE ACCOUNTABLE FOR WHEN IT COMES TO OUR CYBER SECURITY PROTECTIONS.

Commissioner Smith: COULD YOU GIVE ME AN EXAMPLE OF WHAT THE VULNERABILITIES WOULD BE, WHAT THEY LOOK LIKE?

Mr. Leek: ONE EXAMPLE IS PHISHING, P-H-I-S-H-I-N-G. BAD ACTORS CRAFT AN EMAIL THAT LOOK LIKE IT'S COMING FROM SOMEONE WITH A GOOD REPUTATION. THE EMAIL MAY HAVE OUR LOGO ON IT THAT THEY COPY FROM OUR WEBSITE. THEY MAY SEND IT THAT SOUNDS LIKE IT'S FROM A POSITION IN AUTHORITY, LIKE THE CHAIR. WE DID A PHISHING TEST. H.R. HAD GRANTED

EMPLOYEES TWO ADDITIONAL DAYS OF VACATION. CLINK THIS LINK TO DO THAT. WOW, WHAT A GREAT BENEFIT. I DIDN'T HAVE HEAR ABOUT THIS. I CHECKED ON THE LINK, WHICH TOOK ME TO A PAGE WHICH SAID, YOU HAVE BEEN SUCCESSFULLY PHISHED. THE VULNERABILITIES ARE HOW CAN WE DETECT THE BAD ACTORS, THE ACTIVITIES THEY'RE DOING TO COMPROMISE OUR SYSTEM.

Mr. Leek: RECENTLY THERE WAS A JURISDICTION, I WANT TO SAY IT WAS IN ARIZONA, IN THEIR PURCHASING DEPARTMENT THAT WAS SUCCESSFULLY PHISHED, AND ENDED UP WRITING A CHECK FOR A SIGNIFICANT AMOUNT OF MONEY TO A COMPLETELY FRAUDULENT ORGANIZATION. WE'VE DONE A TREMENDOUS AMOUNT OF WORK WITH OUR SECURITY AWARENESS PROGRAM, AND OUR FOLKS IN OUR FINANCE DIVISION, IN DCM, SHARED THAT THEY HAD GONE A SIMILAR EMAIL AND DIDN'T CLICK ON IT, AN FORWARDED IT ALONG TO INFORMATION SECURITY. WE COULD FOLLOW UP ON THAT. WE HAVE AN INTERNAL AWARD, WE CALL OUR HUMAN FIREWALL AWARD. THEY AWARDED THOSE INDIVIDUALS, THEY'RE THE LATEST RECIPIENTS OF OUR HUMAN FIREWALL AWARD. SO WE'RE TRYING TO DETECT THESE THINGS SO WE DON'T HAVE THE VULNERABILITIES IN OUR SYSTEMS.

Commissioner Smith: DO WE SEND OUT A NOTE TO THE EMPLOYEES TO SAY, LOOK OUT FOR THIS?

Mr. Leek: RIGHT.

Commissioner Smith: ANTERIOR ANOTHER ISSUE, ARE THERE ANYTHING THINGS THAT GO THROUGH THE SENIOR AND DISABILITY DEPARTMENT THAT THAT TARGETS OUR SENIORS THAT WE SHOULD BE ON THE LOOKOUT FOR?

Mr. Leek: I THINK WE CAN PARTNER WITH THOSE TEAMS AND DIVISIONS WITHIN THE COUNTY FOR SITUATIONS LIKE THAT, TO PROVIDE ADDITIONAL INFORMATION, PROVIDE COMMUNITY SERVICE, WITH RESPECT TO RAISING AWARENESS. WE DO THAT, INTERNALLY WE DO THROUGH THAT EVERY WEDNESDAY WIRE, WE HAVE A SECURITY RELATED ARTICLE IN THAT. WHEN WE FIND VULNERABILITIES, OR EVENTS THAT COULD HAPPEN AT THE COUNTY, WE TRY TO COMMUNICATE THAT.

Commissioner Smith: THANK YOU.

Mr. Leek: WE'VE CANCELED A COUPLE OF PROJECTS, THE LAST TWO ON THIS LIST. THEY'RE RELATED TO OUR TRANSITION TO OUR ERP PROGRAM. SO RATHER THAN CONTINUING TO BUILD OUT CAPABILITIES IN OUR SYSTEM, BECAUSE OF THE IMMINENT PLANNED START OF THE ERP PROGRAM, WE'RE CANCELING THOSE TWO PROJECTS. THE REQUIREMENTS GET ROLLED INTO OUR ERP PROGRAM. SO WE ALSO HAVE A PIE CHART. OUR PIE CHART HAS THREE PIECES. THE VAST MAJORITY OF THE FUNDING REQUESTED FOR 2018

IS RELATED TO THE ERP PROGRAM. I'M GOING TO TALK IN MORE DETAIL ABOUT THAT. WE DO HAVE PROJECTS IN PROCESS. THOSE COME FROM THE LAST TWO PAGES, THE TABLE THAT WE HAD, OF ABOUT \$3.5 MILLION. THEN WE HAVE ONE-TIME ONLY REQUEST, WHICH IS INCREMENTAL FUNDING REQUIRED FOR THE PROJECT WE'RE WORKING WITH THE DISTRICT ATTORNEY'S OFFICE ON TO REPLACE THEIR CASE MANAGEMENT SYSTEM.

Mr. Leek: THAT SYSTEM IS CALLED CRIMES. THAT'S THE SYSTEM WE'RE REPLACING. AS THAT EFFORT HAS CONTINUED, A SMALL AMOUNT OF INCREMENTAL FUNDING IS NEEDED FOR THAT OF ABOUT \$300,000. SO LET ME TALK ABOUT ERP FOR A COUPLE OF SLIDES. OUR APPROACH TO FUNDING THE ERP PROGRAM IS TO REQUEST ALL THE FUNDING THAT WE NEED FOR THE ENTIRE PROGRAM, AND THEN PAYING THAT BACK OVER SEVEN YEARS. SO THIS SLIDE WHICH TALKS ABOUT THE SCHEDULE, SHOWS THE DESIGN WORK THAT WE ARE COMPLETING THIS YEAR. THAT WILL FINISH UP IN JUNE. AND THE ANTICIPATED BEGINNING OF THE IMPLEMENTATION STARTING IN JULY THIS YEAR. THE PROJECT IS SCHEDULED TO TAKE ABOUT 18 MONTHS, FOR GO LIVE. THE END OF THE PURPLE LINE IS NEXT JULY. THEN WE'LL CONTINUE TO ENHANCE THAT PRODUCT. WE'LL DO ADDITIONAL PROJECTS AS WE GO ALONG, AND PAY THE DEBT SERVICE ON THE \$41. MILLION, WHICH IS A SEVEN-YEAR TOTAL COST OF OWNERSHIP.

IT'S UNIQUE IN THE WAY WE'RE FUNDING THIS PROJECT, RATHER THAN ASKING MONEY FOR THIS PROJECT. THAT'S WHY THERE'S ONE BIG BLUE BAR HERE THAT SAYS \$41.3 MILLION. THE CRIMES REPLACEMENT, THE INCREMENTAL FUNDING FOR THAT PROJECT, AND THE ERP SYSTEM REPLACEMENT. THE ADDITIONAL INFORMATION ON THIS SLIDE ARE THE PROGRAM OFFER NUMBERS IN CASE WE MADE TO REFERENCE THOSE BACK. SO WE HAVE SOME PROJECTS THAT WE WANTED TO HIGHLIGHT FOR YOU THAT ARE PART OF THE PROJECT FUNDING OR ANTICIPATED FUTURE FUNDING NEEDS. WE HAVE THREE OF THOSE. I WANT TO TALK THROUGH THE INET PROGRAM. ABOUT TWO DECADES AGO, MULTNOMAH COUNTY, AND SEVERAL OTHER GROUPS IN THIS REGION BUILT THE FIRST IN THE COUNTRY'S HIGH-SPEED BROADBAND NETWORK THAT WAS A PRIVATE/PUBLIC PARTNERSHIP. THE NAME OF THAT IS CALLED INET. IT LAID A FEW MILES OF FIBER IN THE GROUND IN THIS REGION CONNECTING BOTH GOVERNMENT ORGANIZATIONS AS WELL AS SOME PRIVATE ORGANIZATIONS, OHSU WAS PART OF THIS. THE MOUNT HOOD CABLE REGULATORY COMMISSION WAS PART OF THIS.

THAT EFFORT HAS BEEN VERY SUCCESSFUL, AND EMULATED THROUGHOUT THE COUNTRY. THE COMPANY WE PARTNERED WITH IS WHAT YOU ALL NOW KNOW AS COMCAST. COMCAST IS GETTING OUT OF THIS BUSINESS. WE NEED TO WORK ON A REPLACEMENT FOR THAT DIGITAL BROADBAND NETWORK, INCLUDING THE OPPORTUNITY TO MAKE SOME ADDITIONAL INVESTMENTS FOR NEEDS LIKE OUR LIBRARIES AND SO FORTH. SO WE ARE WORKING WITH

THE CITY OF PORTLAND, THE PROVIDER OF THIS NETWORK, ON A PLAN, ON WHAT WE NEED TO DO BY WHEN. MULTNOMAH COUNTY HAS A COST SHARE OF THAT. CURRENTLY THAT'S WHAT YOU SEE REFLECTED ON THIS SLIDE. IT'S A HIGH-LEVEL ESTIMATE. THE UPDATED ESTIMATES ARE EXPECTED OVER THE NEXT FEW MONTHS. WE WILL BE BACK TO BRIEF ON THE ADDITIONAL WORK GOING ON. WE WANTED TO USE TODAY'S OPPORTUNITY TO INTRODUCE THIS AS A TOPIC.

Chair Kafoury: I'M SORRY, WHAT IS THE TIMELINE FOR THIS, COMCAST GETTING OUT, AND US HAVING TO HAVE A REPLACEMENT.

Mr. Leek: IT ISN'T FIRM, BECAUSE THOSE OF US WHO ARE CURRENTLY USING THAT NETWORK ARE PUSHING BACK, INDICATING THAT YOU PROVIDE US A SERVICE TODAY, YOU KNOW, YOU JUST CAN'T TURN IT OFF, BUT THE REALITY IS THEY'RE GOING TO GET OUT OF THIS BUSINESS. SO THE CURRENT TIMELINE WE NEED TO HAVE REPLACED THIS NETWORK BY THE END OF 2021. SO ABOUT THREE FISCAL YEARS FOR THIS.

Commissioner Smith: WHAT HAPPENS IF WE DON'T?

Mr. Leek: YOU CAN BUY BROADBAND ACTIVITY FOR YOUR HOME THROUGH CENTURY LINK. THEY CAN PROVIDE A CONNECTION FOR YOU. HOWEVER THAT'S RELATIVE TO THE COST WE HAVE OF OUR CURRENT NETWORK, A MUCH MORE EXPENSIVE OPTION. THE ONE OPTION THAT WE'RE NOT ENTERTAINING IS THAT WE WOULDN'T CONTINUE TO HAVE BROADBAND NETWORKS. SO THE WORK THAT THE CITY OF PORTLAND IS DOING, AND WE'RE A MEMBER OF A TEAM THAT'S LOOKING INTO THIS, WHAT ARE THOSE ALTERNATIVES SO THAT WE CAN COME BACK AND PRESENT TO ALL THE RELATIVE AND RELEVANT PARTNERS, HERE'S WHAT THE PLAN IS, THIS IS THE COST SHARE THAT'S BEEN PROPOSED, THOSE TYPES OF DETAILS.

Ms. Swackhamer: I WOULD JUST ADD THAT THE CITY OF PORTLAND AND THE GROUP ARE ACTUALLY TALKING TO ADDITIONAL PARTNERS TO ASK THEM TO PARTICIPATE, OR GIVE THEM THE OPPORTUNITY ACTUALLY TO PARTICIPATE, IN A NEW NETWORK, IF WE DECIDE TO BUILD ONE.

Chair Kafoury: WHO ALL IS INVOLVED CURRENTLY? US AND THE CITY OF PORTLAND?

Mr. Leek: I CAN GET THE DETAILS FOR YOU, BUT IT INCLUDES PORTLAND PUBLIC SCHOOLS, THE CITY OF PORTLAND, US, THE CITY OF GRESHAM HAS BEEN PART OF THE DIALOG, OHSU, METRO, TRI-MET --

Chair Kafoury: PRETTY BIG PLAYERS.

Mr. Leek: IT IS ALL THE BIG PLAYERS IN THE MARKET. WE CERTAINLY SEE THIS AS AN OPPORTUNITY TO CHART A DIGITAL FUTURE WITH HIGH SPEED CONNECTIVITY. ON THE ONE HAND IT'S A FORCED ON UPON US TO TALK ABOUT THIS.

Chair Kafoury: I APPRECIATE YOU'RE LOOKING AT THIS, WHAT SOUNDS VERY SCARY, TO TURN IT INTO AN OPPORTUNITY TO MAKE IT SOMETHING EVEN BETTER.

Mr. Leek: YEAH. THERE'S ADDITIONAL WAYS WE CAN ADDRESS SOME OF THE COST COMPONENTS. WE'RE WORKING CLOSELY WITH THE LIBRARY THAT HAS ACCESS TO FEDERAL FUNDING AT DISCOUNTED RATES, FOR BROADBAND CONNECTIVITY. I THINK WE HAVE THE RIGHT PEOPLE. I WISH IT WAS MOVING ALONG FASTER, BUT WE'LL BRING IT FORWARD AS SOON AS WE HAVE THE DETAILS READY TO SHARE. SO THEN THE SECOND LINE IN THIS IS THE TECHNOLOGY IMPROVEMENT PROGRAM. GOING BACK TO THE FIRST SLIDE WE SHARED, WHERE WE TALKED WATTS THE PATH FOR EACH PIECE OF OUR TECHNOLOGY.

WE ASSESSED THINGS THAT FELT INTO ELIMINATE OR MIGRATE. THE ESTIMATED TOTAL TO ASSESS THAT IS ABOUT \$12.5 MILLION. WE'RE ROLLING SOME OF THE PROJECTS THAT I MENTIONED, THAT ARE CANCELED, SOME REMAINING FUNDS INTO THIS PROGRAM. SO WE'RE SET FOR 2018. THAT'S IN TERMS OF THE GREEN BAR THAT YOU SEE, ABOUT HALF A MILLION DOLLARS OF WORK WE'RE DOING. THE FIRST PROJECT WE'RE DOING IS WITH ANIMAL SERVICES, HELPING TO REPLACE THEIR SHELTER MANAGEMENT SYSTEM THAT IS A COUPLE OF DECADES-OLD. I'D HAVE CALL THAT VERY HEAVILY TECHNOLOGY OBSOLETE. THIS PROGRAM ALLOWS US TO MAKE THE INVESTMENT IN A REPLACEMENT TECHNOLOGY FOR THEM TO TRACK THE PETS, HELP WITH ADOPTIONS, PAY FEES, THOSE TYPES OF ACTIVITIES.

Ms. Swackhamer: YOU'LL LIKE THE NAME OF THE NEW SYSTEM.

Chair Kafoury: SHELTER BUDDY. WE ALL REMEMBER THAT ONE.

Mr. Leek: AND THEN, AS I MENTIONED, CYBER SECURITY, I'M GOING BACK TO THIS SLIDE, WE'RE GOING TO FINISH UP OUR WORK IN 2018, AND THEN DO ANOTHER ROUND OF DESIGN WORK TOWARD THE EVEN OF NEXT FISCAL YEAR THAT WILL LAY THE BASIS FOR THE ONGOING INVESTMENTS WE'RE MAKING IN OUR CYBER SECURITY RISK MITIGATION EFFORTS. OKAY. I HAVE A COUPLE MORE SLIDES. IN FISCAL '18, MOST OF THE EFFORTS ARE FOCUSED ON THE ERP PROGRAM. THAT IS RISEN TO THE TOP OF THE KEY EFFORT THAT WE NEED TO SUPPORT THE ONGOING OPERATIONS ON A DAY-TO-DAY BASIS THE COUNTY. IT'S OUR HUMAN RESOURCES SYSTEM, OUR FINANCIAL MANAGEMENT SYSTEM.

Mr. Leek: IT'S HOW WE PAY FOLKS FOR PAYROLL, OUR ASSET MANAGEMENT FOR OUR FACILITIES ORGANIZATION, AND OUR PROCUREMENT LIFECYCLE FROM DECIDING WE NEED TO BUY SOMETHING TO PAYING FOR THAT. OUR FOCUSES ON THE ERP PROGRAM TO ENSURE THAT IT SUCCESSFULLY LAUNCHES NEXT JULY. WE HAVE A FEW PROJECTS IN PROCESS. THEN WE'RE GETTING THE TECHNOLOGY FITNESS ASSESSMENT WORK UP AND RUNNING. THAT'S WHERE WE'LL BE FOCUSED FOR THE NEXT 12 MONTHS IN FISCAL '18. THEN LASTLY I TOLD YOU THAT I PROMISED NEW TECHNOLOGY. SHERRY AND I TALKED THAT NEXT YEAR WE MIGHT SHOW YOU OUR PLANS THROUGH AUGMENTED REALITY, OR VISUAL REALITY METHODOLOGY. WE THOUGHT WE COULD TEASE YOU WITH THIS SLIDE.

Commissioner Stegmann: THERE'S SO MUCH HERE THAT IT'S REALLY KIND OF HARD TO REALLY DELVE DOWN, BUT I FEEL CONFIDENT THAT YOU HAVE A GOOD PLAN. AND AGAIN, TO PRIORITIZE WHAT OUR GREATEST NEEDS ARE. I APPRECIATE YOUR ABILITY TO DO THAT. THANK YOU.

Commissioner Meieran: THANK YOU. I AGREE WITH COMMISSIONER STEGMANN. IN PARTICULAR, YOU KNOW, HOW MUCH I CARE ABOUT EDI AND PREMANAGE, WHICH I THINK TIE IN SO DIRECTLY TO ALL OF OUR VALUES. WE TALK ABOUT WHETHER SOMETHING IMPROVES SERVICE QUALITY, WHETHER IT PROVIDES A RETURN ON INVESTMENT. WE COORDINATE THE SERVICES THAT WE PROVIDE FOR RELATIVELY LOW-COST FOR THIS TYPE OF SYSTEM. I'M SO EXCITED TO SEE THAT HERE. I THINK THERE'S POTENTIAL FOR EXPANSION INTO DIFFERENT AREAS. THAT'S FOR ANOTHER DAY. THANK YOU VERY MUCH.

Vice-Chair Vega Pederson: JUST A BRIEF COMMENT. I ALSO GOT CAUGHT WITH THE PHISHING EMAIL. THEY ASKED ME IF I WANTED TO BE LINKEDIN FRIENDS WITH MARISSA MADRIGAL, AND OF COURSE I WANT TO BE FRIENDS WITH MARISSA!

Mr. Leek: THAT'S WHY THEY'RE SO REALISTIC, RIGHT?

Chair Kafoury: YEAH. THAT'S GREAT. THANK YOU VERY MUCH FOR YOUR PRESENTATION THIS MORNING. THANK YOU ALL FOR COMING. WE WILL BE BACK HERE AT 1:30 PM.

Ms. Yates: JUST A WRAP-UP. MOSTLY JUST TO LET YOU KNOW WHAT OUR NEXT STEPS ARE, THERE WON'T BE 20 STRATEGIC CAPITAL NEEDS REPORT. THERE WILL BE A 20-YEAR STRATEGIC NEED CAPITAL REPORT. WE'LL BE CIRCLING BACK WITH THE BOARD ON THE OVERALL CAPITAL PLAN THAT'S GOING TO INCORPORATE EVERYTHING YOU WERE PRESENTED TODAY, AND LOOK AT POLICY REVIEW AND RECOMMENDATIONS AS A RESULT, AND THEN OUR GOAL IS TO HAVE A 20-YEAR STRATEGIC CAPITAL PLAN IN FRONT OF THE BOARD IN JANUARY. THAT'S IT. QUESTIONS?

Chair Kafoury: ANY QUESTIONS FOR PEGGIDY? THANKS FOR YOUR WORK ON THIS.

Ms. Yates: IT TRULY WAS A GROUP EFFORT. I APPRECIATE IT. THANK YOU.

Chair Kafoury: THANK YOU. LOVE THE PICTURES. NOW WE'RE GOING TO BE ADJOURNING FOR THE MORNING AND COMING BACK AT 1:30 THIS AFTERNOON FOR FINANCIAL AND BUDGET POLICIES AND INVESTMENT POLICY. TUNE IN. SEE YOU.

ADJOURNMENT – 11:38 a.m.

[CAPTIONS PROVIDED BY LNS CAPTIONING AND MAY INCLUDE INACCURATE WORDS OR PHRASES DUE TO SOUND QUALITY, OTHER TECHNICAL DIFFICULTIES AND/OR SOFTWARE ERRORS.]

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Submitted by:

Lynda J. Grow, Board Clerk and
Marina Baker, Assistant Board Clerk
Board of County Commissioners
Multnomah County, Oregon