

**Minutes of the Board of Commissioners
Multnomah Building, Board Room 100
501 SE Hawthorne Blvd., Portland, Oregon
Tuesday, May 2, 2018**

BUDGET WORK SESSION #3

Chair Deborah Kafoury called the meeting to order at 9:41 a.m. with Vice-Chair Lori Stegmann and Commissioners Sharon Meieran and Jessica Vega Pederson present. Commissioner Loretta Smith was excused.

Also attending were Jenny M. Madkour, County Attorney, and Marina Baker, Board Clerk.

Chair Kafoury: GOOD MORNING, MAY 2ND BWS #3. WE ARE GLAD TO HAVE OUR OWN MARK CAMPBELL HERE TO TELL US WHAT IS GOING ON WITH OUR DEBT.

BWS-3.a Debt Overview (30 min)

Mark Campbell: WHEN JIM WAS HERE I DID NOT PAY HIM TO SAY THAT.

Chair Kafoury: CFO EXTRAORDINAIRE.

Mark Campbell: MARK CAMPBELL CFO. I'M HERE TO TALK ABOUT OUR DEBT PROGRAM. SPOILER ALERT. THIS ISN'T GOING TO COVER A LOT OF NEW GROUND. LAST DECEMBER, WE ISSUED APPROXIMATELY \$180 MILLION OF CREDIT DEBT TO SUPPORT THE COURTHOUSE, THE HEALTH DEPARTMENT HEADQUARTERS, THE ARVETION ARP PROJECT AND THE RENOVATIONS OF THE PROPERTIES WE BOUGHT ON 122ND AVENUE. WHAT I WANT TO DO IS COVER A FEW THINGS AND FOCUS ON ACTIVITIES PLANNED FOR THE UPCOMING YEAR. SO WHAT I WANT TO TALK ABOUT ARE SOME FINANCING OPTIONS THAT ARE AVAILABLE TO THE COUNTY AND THE PHILOSOPHY AND PAY AS YOU GO VERSUS PAY AS YOU USE AND BRIEFLY TOUCH ON OTHER FINANCING TOOLS WE USE. THE COUNTY HAS A DEBT ISSUANCE POLICY WHICH MORE LIMITING IN TERMS OF HOW MUCH DEBT WE CAN ISSUE IN THE STATE. I WANT TO TALK ABOUT THAT A LITTLE BIT. I WANT TO TOUCH BRIEFLY ON -- I DON'T KNOW THAT WE HAVE DONE ONE OF THESE CONDUIT DEBT ISSUES IN A WHILE, BUT I WANT TO JUST TALK BRIEFLY ABOUT THAT AND THE ROLE THE HOSPITAL AUTHORITY PLAYS. AND THEN TALK ABOUT OUR CURRENT AND FISCAL YEAR 2019 YEAR PLAN BORROWINGS. THE ONLY PLANNED BORROWING WE ARE HAVE IN THE 2019 BUDGET IS \$12.5 MILLION TO CLOSE OUT THE COUNTY SHARE OF THE BUDGET. WHAT I WANT TO TALK A LITTLE BIT ABOUT, HOW THE POLICY INTERACTS AND THAT WILL BE A NICE LEAD IN TO OUR CAPITAL BRIEFING. THERE'S TWO TYPICAL WAYS THAT YOU PAY FOR CAPITAL PROJECTS. THOSE ARE PAY AS YOU GO, WHICH IN THIS COUNTY MEANS ROUTINE MAINTENANCE AND REPAIRS. THOSE COME FOR

FACILITIES FROM FEES THAT ARE CHARGED TO BUILDING OK PANT, BASED ON THE SQUARE FOOTAGE OF SPACE THEY OCCUPY. FOR TRANSPORTATION, THOSE ARE GAS TAX AND REVENUE SHARING FROM THE STATE THAT GOES IN TO THE TRANSPORTATION CAPITAL PROGRAM.

Mark Campbell: AND THEN FOR OTHER FACILITIES AND I.T. PROJECTS WE HAVE REDUCED THE AMOUNT OF DEBT WE WOULD OTHERWISE HAVE TO BORROW. SO PAY AS YOU USE IS WHAT WE TALK ABOUT WHEN WE ARE TALKING ABOUT BORROWING AND DEBT FINANCING. THOSE ARE GENERALLY FOR MAJOR CAPITAL CONSTRUCTION RENOVATION PROJECTS. THIS IS WHERE MORE LONG-TERM USE CAN BE DETERMINED. OUR CURRENT POLICY PROVIDES FOR FULL FAITH AND CREDIT BONDS TO BE ISSUED OVER A PERIOD OF 20 YEARS. ALTHOUGH WE HAVE FLEXIBILITY FOR THINGS THAT HAVE LONGER USE LIVES. FOR EXAMPLE THE BRIDGE WE FINANCED 30 YEARS. BOND PROCEEDS CAN INCLUDE COST FOR PLANNING, DESIGN, ARCHITECTURE. THE MOST IMPORTANT THING ABOUT OUR BOND PROGRAM IS THAT WE DO NOT USE FINANCING PROCEEDS TO SUPPORT OPERATIONS. IN FACT, THAT'S A STRICT PROHIBITION IN THE STATUTE. THESE ARE THE STATUTORY CITATIONS THAT GOVERN THE TYPES OF BONDS WE CAN ISSUE. I'M NOT GOING TO READ THESE. YOU CAN SEE THEM ON THE SLIDE BUT A-100 IS THE STATUTE THAT TALKS ABOUT GENERAL OBLIGATION BONDS. 287A-150 IS THE CONNECTION ON REVENUE BONDS AND 315 FULL FAITH AND CREDIT.

ONE THING I'D LIKE TO MENTION, THERE'S BEEN -- I THINK YOU ARE AWARE THAT OREGON HAS WHAT'S BEEN DESCRIBED AS A LENDING OR CREDIT ISSUE, MEANING THERE'S PROBABLY A LOT OF COOL THINGS WE COULD DO IN THE COMMUNITY IF WE COULD LEVERAGE RESOURCES FROM OTHER FUNDING AGENCIES OR TAX CREDIT PROGRAMS BUT WE ARE NOT ABLE TO DO THAT BECAUSE OF CONSTITUTIONAL PROHIBITION. I BELIEVE A BALLOT MEASURE THAT WOULD LIFT THAT PROHIBITION FOR AFFORDABLE HOUSING PROJECTS WILL BE ON THE NOVEMBER 2018 BALLOT. SO THAT OPENS UP A LOT OF OPPORTUNITIES TO ADDRESS THAT ISSUE. I FEEL HAD THE CITY OF PORTLAND BEEN ABLE TO DO THIS WITH THEIR BOND THEY MAY HAVE BEEN ABLE TO LEVERAGE THE BOND THAT WAS PASSED BY THE VOTERS TO SOMETHING ON THE ORDER OF 3.5-1. I THINK THAT IS SOMETHING TO KEEP AN EYE ON. IN TERMS OF HOW THE STATUTES PLAY IN TERMS OF DEBT CAPACITY, ALL OF THESE BOND ALLEGATIONS HAVE DEBT CAPACITY AS A PERCENTAGE OF REAL MARKET VALUE. WHAT ARE THE FEATURES OF THOSE TYPES OF DEBT INSTRUMENTS? GEO BONDS, I LIKE TO THINK OF AS THE PERFECT FINANCING TOOL BUT A DOUBLE-EDGED SWORD. YOU KNOW, THEY REQUIRE VOTER APPROVAL. HOWEVER, WHEN THEY ARE PASSED THEY COME WITH A PROPERTY TAX LEVY THAT ISN'T SUBJECT TO CONSTITUTIONAL TAX LIMITS. REVENUE BONDS ARE WHERE YOU HAVE A REVENUE SOURCE THAT WOULD COVER THE REPAYMENT OF THOSE. WE DIDN'T HAVE MANY OF THOSE. I THINK WHAT YOU WOULD LIKE TO THINK ABOUT IN 2018 IN TERMS OF THIS IS WHERE THIS CITY WITH WATER AND SEWER BONDS WHERE THEY CAN

RECOVER IT WITH A CHARGE TO RATE PAYERS. THE ONE WE HAVE TAKEN THE MOST ADVANTAGE OF IT IS FULL FAITH AND CREDIT OBLIGATIONS. THE GENERAL OBLIGATION BONDS THAT DON'T REQUIRE VOTER APPROVAL.

Mark Campbell: THEY, HOWEVER, ARE SUBJECT TO LIMITS WE HAVE IMPOSED ON OURSELVES. I THINK THE LANGUAGE IN THE STATUTE IS THEY ARE PAYABLE FROM ANY LEGALLY AVAILABLE SOURCE. SO WE TAKE THAT TO MEAN THAT'S THE GENERAL FUND. WE HAVE A COUPLE OTHER OPTIONS WE HAVE PURSUED IN THE PAST. WE HAVE DONE LINES OF CREDIT FOR THE BRIDGE, WE WENT THROUGH THE BANK AND DIDN'T HAVE TO GO THROUGH THE MECHANICS OF ACTUALLY DOING A DEBT ISSUE. AND THEN INTERNAL LOANS. WE HAVE USED A LITTLE BIT OVER THE LAST COUPLE OF YEARS. FOR INSTANCE, WE DID ONE NOT TOO LONG AGO TO COVER SOME OF THE COSTS OF UPGRADING COUNTY PHONE SYSTEM. WE DID ONE FOR THE FEASIBILITY STUDY FOR THE BURNSIDE BRIDGE. WE ARE GOING TO DO A MORATORIUM ON THOSE FOR A BIT. I REMEMBER ONE OF THE REASONS WHY WE HAD STOPPED DOING THEM SEVERAL YEARS AGO IS BECAUSE THE ACCOUNTING FOR THEM CAN BE TRICKY. IT IS MOSTLY BECAUSE WE HAVE MULTIPLE TYPES OF FUNDS THAT HAVE DIFFERENT ACCOUNTING. IF YOU HAVE MONEY FROM INTERNAL SERVICE FUND TO A CAPITAL FUND FOR EXAMPLE, THE ACCOUNTING CROSSES A COUPLE OF DIFFERENT RULES, IF YOU WILL.

SO WE WANT TO TRY TO GET THAT STRAIGHTENED OUT BEFORE WE DO ANYMORE. ALSO, THE STATE STATUTES THAT AUTHORIZE INTERNAL LOANS, I THINK. AS I HAVE COME TO LOOK AT THEM THEY DON'T PROVIDE US WITH THE FLEXIBILITY WE WOULD LIKE. IT MAY BE AN OPPORTUNITY TO PARTNER WITH SOME OTHER GROUP TO LOOK AT THAT IN THE STATUTE. WE HAVE USED THEM AND IT IS SOMETHING THAT IS AVAILABLE TO US. I TALKED ABOUT THE LIMITS THAT THE STATE IMPOSES ON THE DIFFERENT VARIOUS BONDS THAT WE CAN ISSUE. THIS IS WHAT THAT WOULD IMPLY. FOR GENERAL OBLIGATION BONDS, THE STATUTORY IS 2% OF REAL MARKET VALLEY. FOR MULTNOMAH COUNTY THAT IS \$3.2 BILLION. REVENUE AND FULL FAITH AND CREDIT BONDS CAN BE ISSUED UP TO 1% OF REAL MARKET VALUE. THAT WOULD BE 1.6 BILLION. OBVIOUSLY THAT'S A LARGE NUMBER AND IN TERMS OF OUR ABILITY TO FINANCE THAT IT WOULD BE PROBLEMATIC IF WE WERE TO GET TO THAT LEVEL. OUR SERVICE SAYS THAT THEY CANNOT EXCEED 5% OF ONGOING GENERAL FUND REVENUE. THAT, I WILL SAY, IS A LITTLE CONSERVATIVE. WE HAVE BEEN TOLD THIS BY RATING AGENCIES. I THINK THAT WE HAVE TO LOOK AT WHERE WE CAME FROM WHEN WE IMPLEMENTED THIS POLICY. OUR GENERAL FUND WAS NOT IN AS GOOD OF SHAPE AS IT IS NOW. SO WE FELT KEEPING THIS TO A LOWER PERCENTAGE OF THE REVENUES WAS FISCALLY PRUDENT THING TO DO. I WILL TALK A BIT ABOUT ACTIVITIES FOR FISCAL YEAR 2019 THIS IS SOMETHING WE WANT TO DO A DEEPER DIVE ON. THE POLICY SAYS THE DEBT IS ON PROJECTS THAT EXTENDED USEFUL LIFE. SO GENERALLY NOT FOR THINGS THAT WOULD BE REGULAR OPERATIONS AND MAINTENANCE. AGAIN, I MENTIONED EARLIER WE HAVE A PREFERRED

MAXIMUM TERM OF 20 YEARS BUT THE POLICY PROVIDES FLEXIBILITY THERE. A FEW YEARS AGO, WE IMPLEMENTED A POLICY THAT WE WILL PUT 50% OF ANY IDENTIFIED ONE-TIME ONLY GENERAL FUND REVENUES TOWARDS THE FACILITY'S CAPITAL PROJECTS. THAT HELPS TO REDUCE THE AMOUNT OF DEBT WE WOULD OTHERWISE ISSUE. ONE OF THE THINGS THAT OUR POLICY DOES FOR US IS IT HELPS US WITH OUR CREDIT RATING. LOW DEBT THAT WE HAVE, COMPARED TO SIMILAR JURISDICTIONS, IS SOMETHING THAT WAS NOTED BY MOODY'S AND STANDARD & POORS IN OUR RECENT CREDIT RATING REVIEW.

Commissioner Vega Pederson: I HAVE A QUESTION. THANK YOU, CHAIR. ARE WE AT 5% RIGHT NOW?

Mark Campbell: I WILL GET TO THAT IN A MINUTE. WE ARE RIGHT AT 4.25.

Commissioner Vega Pederson: OKAY.

Mark Campbell: SO THE STATE AUTHORIZES WHAT'S KNOWN AS CONDUIT DEBT. FOR COUNTIES, COUNTIES CAN ACT AS THE FINANCIER FOR NON-PROFIT ENTITIES IN WHAT'S KNOWN AS HOSPITAL AUTHORITIES AND HIGHER EDUCATION FACILITIES. I DIDN'T LIST THIS ONE, BUT ALSO YOU CAN HAVE SEWER AND WATER TREATMENT FACILITIES. ANOTHER ONE THAT IS TAKEN MORE ADVANTAGE OF IN RURAL PARTS OF OREGON. THE THING ABOUT CONDUIT IS, I THINK IT ALLOWS SOME PROJECTS THAT MAY NOT OTHERWISE GO FORWARD TO BE FUNDED BECAUSE THE BORROWERS CAN TAKE ADVANTAGE OF THE BONDS. THEY ARE RATED ON THEIR OWN FINANCIAL PERFORMANCE. THEY ARE NOT NECESSARILY PIGGYBACKING ON THE COUNTY. ALL WE ARE DOING IS WE ARE THE ISSUER. SO THE BONDS ARE AN OBLIGATION OF THE BORROWER. WE ARE NOT RESPONSIBLE FOR CONTINUING DISCLOSURE. AND IT DOES NOT COUNT IN THE CONDUIT ISSUES DON'T COUNT AGAINST OW DEBT CAPACITY. FOR THE SERVICE THE COUNTY RECEIVES AN ISSUER FEE AND IT IS NO LESS THAN \$10,000. CURRENTLY SET AT 10 BASES POINTS. IN 2015, THE LEGISLATURE EXPANDED THE DEFINITION OF WHAT CAN BE FUNDED THROUGH A HOSPITAL AUTHORITY. MOST OF THE ONES THAT WE HAVE ARE CARE FACILITIES AND AND MIRBELLA, WHERE IT HAS A MEDICAL CENTER IS A COMPONENT OF IT. WE EXPANDED THE DEFINITION TO INCLUDE THINGS LIKE IN-PATIENT DRUG AND ALCOHOL TREATMENT AND SHELTERS FOR DOMESTIC VIOLENCE. THOSE TYPE OF THINGS WOULD FIT UNDER THAT STATUTE NOW. WE HAVEN'T HAD ANYBODY, THAT I'M AWARE OF, USE THAT BUT WE HAVE HAD SOME INQUIRIES FROM PEOPLE ABOUT PARTNERING WITH US ON THOSE TYPE OF PROJECTS. THE CHART HERE SHOWS YOU WHAT WE HAVE OUTSTANDING. WE HAVE ROUGHLY \$220 MILLION TODAY IN CONDUIT DEBT OUTSTANDING FOR THESE SIX ISSUES.

Mark Campbell: WE HAVEN'T DONE ONE IN A WHILE. WE WERE INFORMED THAT THEY MAY BE COMING TO US FOR A NEW MONEY DEAL BUT IT IS DEPENDENT

ON ZONING CHANGES THEY ARE REQUESTING FROM THE CITY. SO THAT MAYBE COMING SOON. IT MAY BE COMING LATER. I WANT TO PUT THAT OUT THERE. WE ARE NOT A DEBT COUNTY BY AND LARGE. THESE ARE THINGS WE ARE MAKING PAYMENT ON. THEY TOTAL \$368 MILLION. ONE OF THE THINGS I'D LIKE TO KNOW AND THINK WE SHOULD BE PROUD OF IS IN OUR MOST RECENT DEBT OFFERING WE GOT REVIEWED BY MOODY'S AND STANDARD & POORS. MOODY'S RENEWED THE AAA STATUS AND STANDARD & POORS UPGRADED US TO AAA WITH THE BOND WE DID IN DECEMBER. WE ARE ONE OF THREE PUBLIC AGENCIES IN THE STATE OF OREGON THAT HAVE THAT DUAL AAA DESIGNATION. WHAT'S THAT DO FOR US OTHER THAN WE'RE RARE? [INAUDIBLE] IT ALLOWS US TO BORROW AT THE MOST FAVORABLE RATES. THE DEBT ISSUE WE DID IN DECEMBER, WHICH I THINK IN TERMS OF JUST SHEER DOLLAR BUY IN RIVAL WHAT WE DID WITH THE FIRST PENSION BONDS IN 1999. WE GOT RIGHT AT 3% OVER THE LIFE OF THE BONDS, WHICH WAS ACTUALLY PRETTY INCREDIBLE IN THE MARKET WHEN WE WERE IN IT LAST YEAR. IT PROBABLY SAVED US 15 TO 20 BASES POINTS IN TERMS OF OUR BORROWING.

THE OTHER THING IS IT TELLS THE RESIDENTS OF THE COUNTY AND THE COMMUNITY TO EARN IT MEANS YOU ARE IN ONE OF THE TOP ECHELONS FOR FINANCIAL STABILITY OF ALL OF THE JURISDICTIONS IN THE COUNTY OR THE COUNTRY. THIS IS THE CHART I HAVE BEEN SHOWING OF WHAT OUR DEBT OBLIGATIONS ARE AND HOW THAT PLAYS IN TO THE 5%. THIS YEAR I HAVE REAL NUMBERS TO PUT TO IT. THOSE ARE THE ACTUAL DOLLAR AMOUNTS THAT WE HAVE THAT WE ISSUED. I THINK IN LAST YEAR'S PRESENTATION WE HAD BEEN ASSUMING WE WOULD HAVE \$16.25 MILLION IN DEBT SERVICE AND WE ARE JUST UNDER 15 MILLION. SO THAT RATING CHANGE HELPED US A LOT ALSO, PLUS JUST THE WAY THE DEBT WAS STRUCTURE HELPED US IN TERMS OF REUSING THAT AMOUNT. AS YOU CAN SEE, TO COMMISSIONER PEDERSON'S QUESTION WE ARE CLOSE TO 5%. WE ARE USING 4.25% OF THE GENERAL FUND REVENUES TO SUPPORT THAT DEBT. AS YOU CAN SEE, IT TAILS OFF. PARTICULARLY AFTER THE ARP PROJECT IS PAID OFF WE GET AROUND 10, \$11 MILLION A YEAR IN TERMS OF DEBT PAYMENTS. ONE OF THE THINGS THAT WE WILL BE LOOKING AT OVER THE COMING YEAR IN CONJUNCTION WITH CONJUNCTION WITH THE CAPITAL PROGRAM IS HOW DO YOU MAXIMIZE THE CAPACITY? WE MIGHT DO SOMETHING, MIGHT PUT SOMETHING FURTHER OUT KNOWING WE WILL HAVE LOWER PAYMENT FOR SIX OR SEVEN YEARS FROM NOW, BUT THAT'S STUFF WE NEED TO WORK AND MODEL OUT OVER THE NEXT SEVERAL MONTHS. AND THEN HOW DOES THAT PLAY IN TO WHAT OUR ACTUAL LIMIT IS? WHAT CAN WE GO OUT AND BORROW TODAY IF WE WANT TO GO UP TO THE FULL 5%? THERE'S THE LIST OF WHAT'S SUPPORTED BY THE GENERAL FUND. THE TWO I WOULD -- THE SERIES 2012 SELLWOOD BRIDGE IS SUPPORTED BY THE VEHICLE REGISTRATION FEE AND THE OTHER IS A LOAN WE TOOK OUT FOR THE 223RD AVENUE RAIL UNDERPASS SEVERAL YEARS AGO. THAT IS PAID DIRECTLY BY ROAD FUNDS.

Mark Campbell: THE GENERAL FUND IS ON THE HOOK TODAY FOR \$20.5 MILLION FOR DEBT SERVICE. THE 2019 BUDGET ASSUMES WE WILL BORROW 12.5 MILLION FOR THE COURTHOUSE AND THE DEBT PAYMENT IS REFLECTED THERE. IN TOTAL WE WILL BE USING 21.3 MILLION OF GENERAL FUND TO SUPPORT DEBT. NOW, I NEED TO POINT OUT, THAT IS NOT ALL DIRECT OBLIGATION TO THE GENERAL FUND. WITH ARP, WE ARE RECOVERING SOME OF THE COST FROM OTHER FUNDS BUT IN GENERAL THE GENERAL FUND BACKSTOPS THE DEBT. THAT'S HOW WE LOOK AT IT. SO BASED ON THAT CALCULATION, YOU KNOW, IF WE WERE TO GO TO THE FULL 5% LIMIT, YOU WOULD HAVE A LITTLE LESS THAN \$4 MILLION THAT COULD BE ALLOCATED. AND BASED ON MY CALCULATION THAT, YOU KNOW, YOU WOULD GET A 20-YEAR DEBT ISSUE AT 4%, THAT WOULD ALLOW YOU TO BORROW UP TO \$53 MILLION., WHICH MAY SOUND LIKE A LOT, BUT I THINK YOU WILL HEAR IN THE CAPITAL PRESENTATION WE HAVE MANY NEEDS. AND SO, I THINK THAT THAT NEEDS TO BE TEMPERED A LITTLE BIT. SO I MENTIONED WE WERE.

Chair Kafoury: IF WE BORROW IT WE HAVE TO PAY IT BACK.

Mark Campbell: EXACTLY. I MENTIONED WE WOULD BE TAKING ON SOME THINGS IN 2019. THE FIRST IS PLANNING FOR THE BOND SALE THAT WILL FINALIZE SPENDING FOR THE COURTHOUSE. THE TIMING OF THE ISSUE DEPENDS ON THE PROJECT CASH FLOW. WHEN I WAS HERE LAST YEAR, I WAS ASSUMING WE MIGHT NEED TO DO THIS AS SOON AS SEPTEMBER BUT IT LOOKS LIKE WE CAN PUSH IT OFF A BIT. THAT HAS IMPLICATIONS FOR HOW MUCH WE HAVE TO BORROW TO COVER THE STATE'S SHARE. RIGHT NOW I'M THINKING WHAT WE HAVE TO DO IS SHORT-TERM BORROWING. SO THAT WILL REDUCE THE COST OF OUR CARRY. I THINK THAT WE WILL HAVE MORE ON THAT AS WE DEVELOP THAT PLAN. AND IT IS ALSO POSSIBLE WHEN WE GET TO THIS POINT THERE WILL BE ADDITIONAL ONE-TIME-ONLY REVENUES THAT COULD REDUCE THAT AMOUNT. I KNOW J.D. WAS ABLE TO WRANGLE A MANAGEMENT FEE OUT OF THE STATE THAT WILL GIVE US \$575,000. SO EVERY BIT HELPS. THE OTHER THING WE WANT TO DO THIS YEAR. THIS WAS, I THINK, TO ADDRESS THE QUESTION THAT COMMISSIONER SMITH BROUGHT UP AT THE TCM BUDGET TEAM. WE DID REDUCE THE AMOUNT OF MONEY THAT WE BUDGET FOR BOND COUNSEL IN OUR 2019 BUDGET. PART OF THAT WAS INTENTIONAL. WE WANT TO CREATE AN INTERNAL DEBT MANAGEMENT TEAM. WHAT THAT TEAM WILL DO IS FOCUS ON THE KIND OF THINGS WE MAY BE ABLE TO BRING IN HOUSE. PROBABLY NOT ALL OF THE LEGAL WORK CAN COME IN HOUSE BUT WILL HAS TAKEN AN INTEREST IN THE SUBJECT. SO I WANT TO TAKE ADVANTAGE OF THAT. SO WE HAVE SOME OTHER SMART PEOPLE THAT CAN HELP US TO FIGURE THIS STUFF OUT. THIS WILL BE A KNOWLEDGE TRANSFER OPPORTUNITY. I'M NOT GOING TO BE HERE FOREVER AND OTHER PEOPLE SHOULD HAVE THE PLEASURE OF PARTICIPATING.

Chair Kafoury: YOU ARE NOT HINTING?

Mark Campbell: NO, NOT AT THIS TIME. SO THE OTHER THING WE WANT TO DO IS FORMALIZE ROLES AND PROCEDURES. SO THAT'S WHAT WE WILL BE DOING. THE OTHER THING WE WANT TO LOOK AT THIS YEAR IS LOOKING AT POLICIES. I MENTIONED THAT OUR INTERNAL POLICY HAS BEEN DESCRIBED AS CONSERVATIVE. MAY WANT TO LOOK AT THAT. MAYBE A POLICY DECISION THE BOARD MIGHT WANT TO MAKE IS DO YOU WANT TO GO ALL THE WAY UP TO THAT 5%? TODAY WE HAVE \$4 MILLION OF CAPACITY THAT CAN BE PUT TOWARDS THAT, BUT THAT WOULD MEAN TRADEOFFS, RIGHT? DO WE WANT TO HAVE THAT PERCENTAGE HIGHER? IN SOME OTHER PLACES IT IS AS HIGH AS 8 TO 10%. THE CHALLENGE IS BALANCING THE CAPITAL NEEDS WITH OPERATING NEEDS. WE WANT TO DO SOME MODELING ON THAT AND THAT WOULD BE ANOTHER THING WE WOULD BRING FORWARD AS A POTENTIAL POLICY RECOMMENDATION. AS IT RELATES TO THE ONE-TIME-ONLY POLICY, ANOTHER THING THE BOARD MAY WANT TO CONSIDER IS DO WE WANT TO EXPAND THAT TO INCLUDE TRANSPORTATION AND I.T. PROJECTS, AS WELL AS FACILITIES. SO A LOT TO THINK ABOUT THERE. THAT'S PRETTY MUCH ALL I HAD TO SAY.

I WANT TO SUMMARIZE, YOU KNOW, WE TALKED A LITTLE BIT ABOUT CAPITAL FINANCING AND THAT WE TRY TO MATCH THE FINANCING TOOL TO THE NATURE OF THE PROJECT. WE REDUCED THE AMOUNT THAT WE WOULD NEED TO BORROW BECAUSE THE POLICY WE HAVE HAD OF ONE-TIME-ONLY. ONE THING I'D LIKE TO NOTE ABOUT THAT, IN PARTICULAR, BECAUSE OF ALL OF THE ONE-TIME HOFF ONLY CONTRIBUTIONS THAT WE HAVE OR WILL MAKE TO THE COURTHOUSE, WE HAVE DEFERRED, IF YOU WILL, APPROXIMATELY 5.5 TO \$6 MILLION OF ANNUAL DEBT SERVICE THAT WE WOULD OTHERWISE HAVE HAD TO PAY. I THINK THAT IS PRETTY IMPRESSIVE. THE COUNTY'S DEBT HAS BEEN UPGRADED BY BOTH RATING AGENCIES THAT WE ARE RATED BY AND THEY HAVE GROWN OVER TIME. I THINK IT REFLECTS THE BOARD'S POLICIES AND THE FISCAL DISCIPLINE WE HAVE EXHIBITED. AND AGAIN, THAT HIGH RATING MEANS WE BORROW AT THE MOST FAVORABLE TERMS. YOU KNOW, I ALWAYS END WITH THIS, BUT OUR LIMITS ARE MORE RESTRICTIVE THAN ORS BUT AS THE CHAIR POINTED OUT YOU HAVE TO PAY IT BACK. I GUESS THAT'S IT AN I WILL TAKE ANY QUESTIONS.

Commissioner Stegmann: THANK YOU, MARK. THIS IS SO HELPFUL. DID YOU GO OVER ALL OF THIS LAST YEAR. I'M NOT SURE THAT YOU DID. IT IS NOT A CRITICISM BUT HELPFUL TO BE REMINDED OF BASIC PRINCIPALS AND WHERE OUR PRIORITIES LIE AND FISCAL MANAGEMENT IS THE BACKBONE OF OUR ORGANIZATION AND HOW WE MANAGE OUR DEBT AND OUR CAPITAL PROJECTS IS CRITICAL TO HOW WE DELIVER OUR SERVICES. CONGRATULATIONS ON THE UPDATED RATINGS. THAT SPEAKS VOLUMES HOW WE ARE MANAGING TAXPAYER MONEY. EXCELLENT JOB AND THANK YOU FOR THE PRESENTATION.

Commissioner Vega Pederson: THANK YOU. I ALWAYS FIND THESE INTERESTING AND I HOPE OUR INCREASED CREDIT RATING WILL GET YOU A LOT OF FREE DRINKS AT THE CONFERENCE. I DID HAVE A QUESTION ABOUT THE INTERNAL LOANS, YOU SAID WE ARE NOT USING THESE RIGHT NOW?

Mark Campbell; WE SORT OF PUT A MORATORIUM, ON THEM, WE CAN USE THEM BUT WE WOULD WANT TO THINK ABOUT WE DO THAT. NOT TO GET TOO TECHNICAL BUT MOSTLY THE ACCOUNTING FORUM THAT HAS MY ACCOUNTANTS TEARING THEIR HAIR OUT.

Commissioner Vega Pederson: HAVE THEY BEEN USED TO PAY FOR -- WHAT TYPES OF THINGS?

Mark Campbell: ABOUT FIVE YEARS AGO WE DID AN INTERNAL LOAN TO PUT L.E.D. LIGHTS IN HAWTHORNE BRIDGE.

Commissioner Vega Pederson: DEFINITELY CAPITAL PROJECT?

Mark Campbell: YEAH. THERE'S PROVISIONS IN THE STATUTE FOR OPERATING PURPOSES, TOO BUT WE HAVE MOSTLY DONE THEM FOR CAPITAL.

Chair Kafoury: MOSTLY FOR TRANSPORTATION.

Mark Campbell: EXACTLY. YEAH.

Commissioner Vega Pederson: AND THEN I GUESS ON A MORE MACRO LEVEL, WHAT'S HAPPENING WITH THE BOND MARKETS AND IN THE MORE MACRO -- DOES THAT HAVE AN IMPACT -- LIKE YOU TALKED ABOUT DOING THE STATE FUNDS ON A SHORT TERM IS THAT AFFECTING IT OR IS THE PLAN MAINLY DESPITE WHAT MIGHT BE HAPPENING IN THE BOND MARKET?

Mark Campbell: NO. A LOT OF PEOPLE HAVE GONE BROKE TRYING TO GUESS THE BOND MARKET. I THINK WHAT WE REALIZE, LEAST FOR THE COURTHOUSE PROJECT, THAT WE WEREN'T SPENDING THE MONEY AS FAST AS WE HAD ANTICIPATED LAST YEAR. SO IT GAVE US AN OPPORTUNITY TO RETHINK HOW WE WERE GOING TO DO THAT. I THINK WE WERE LOOKING AT HAVING AS MUCH AS \$65 MILLION OF THE STATE'S OBLIGATION BUT MAYBE WE DON'T HAVE TO DO THAT MUCH RIGHT NOW. SO MAYBE WE COULD FIT THAT WITHIN THE BANK PLACEMENT AND BANK PLACEMENTS CAN GO UP TO 30 MILLION. THANK YOU VERY MUCH. I DO THINK WE DO THIS BRIEFING EVERY YEAR.

Chair Kafoury: THAT WAS A GOOD LEAD IN TO OUR NEXT CONVERSATION. DO WE KNOW IF COMMISSIONER SMITH IS COMING IN TODAY?

Jenny Madkour: WE DON'T HAVE AN EXCUSE MEMO.

Chair Kafoury: YOU FEEL A LITTLE ALONE DOWN THERE COME ON DOWN, COMMISSIONER MEIERAN. WE ARE ONE BIG HAPPY FAMILY. YOU MIGHT HAVE TO MOVE AGAIN. FINANCIAL AND CAPITAL BRIEFING. I WAS SKIPPING OVER THE CAPITAL BRIEFING AND I'M SORRY BECAUSE IT IS VERY IMPORTANT. I AM EXCITED TO HAVE YOU HERE THIS MORNING.

BWS-3.b Capital Briefing (2 hrs)

Peggidy Coffman Yates: GOOD MORNING, I'M PEGGIDY YATES, DIRECTOR OF STRATEGIC DIRECTOR IF THEY ARE COUNTY AND WE ARE HERE TO DO OUR ANNUAL BUDGET PROJECTION. WITH ME RIGHT NOW IS IAN CANNON AND WE WILL BE JOINED BY SHERRY SWACKHAMER, BOB LEAK, AND HENRY ALAMAN AS WE MOVE FORWARD. I WILL GO BRIEFLY OVER THE STRATEGIC CAPITAL PLANNING COUNTY WIDE PRESENTATION TO SET THE STAGE. AND THEN WE WILL BE GOING THROUGH WITH EACH OF THE DEPARTMENT TRANSPORTATION, INFORMATION AND TECHNOLOGY WHICH ARE ALL PART OF OUR INFRASTRUCTURE AND CAPITAL.

Chair Kafoury: WE CAN'T LOOK OUTSIDE OR GO OUTSIDE.

Peggidy Coffman Yates: I WILL TALK A LITTLE BIT ABOUT OUR 20-YEAR INFRASTRUCTURE NEEDS, THE CONSTRAINTS ASSOCIATED WITH IT AND AS MARK ALLUDED TO EARLIER AND AS DISCUSSED. WE WILL BE ALIGNING POLICIES AND BRINGING THEM TO THE BOARD FOR APPROVAL. WE WILL TALK ABOUT THE DIVISION AGENDAS. I WANT TO ORIENT YOU A LITTLE BIT. THIS IS THE SAME PROCESS AS LAST YEAR BUT I WANT TO GET YOU ORIENTED. YOU WILL NOTICE ACROSS THE TOP OF THE PAGE. YOU WILL KNOW WHO'S TALKING ACROSS THE TOP. WE WILL TALK ABOUT COUNTY WIDE, AND THEN TRANSPORTATION WILL LIGHT UP WHEN THEY ARE TALKING AND, WE WILL GO TO FACILITIES AND PROPERTY MANAGEMENT AND INFORMATION TECHNOLOGY TO KEEP US ORIENTED. AND THE GENERAL AGENDA WILL FOLLOW AROUND HOW EACH OF US ARE DOING CAPITAL PLANNING AND WHAT THE STATUS WAS FOR 2018. WHERE WE ARE AND WHAT WE ARE PROPOSING FOR OUR BUDGET THIS YEAR, THIS FY2019. AND THEN A LITTLE LOOK AHEAD. AS YOU KNOW OUR INFRASTRUCTURE -- COUNTY WIDE TRANSPORTATION FACILITIES AND INFORMATION TECHNOLOGY. FOR ME, INFRASTRUCTURE IS SO CRITICAL. WE ARE DEALING IN A WORLD WHERE IT IS UNDERFUNDED. I WANT TO FOCUS ON A COUPLE OF THINGS I WANT TO MAKE MENTION OF. THIS HAS BEEN A COLLABORATIVE PROCESS AS WE HAVE WORKED THROUGH THIS. WITH THE LEADERSHIP OF MARISSA AND I WANT TO MAKE A STATEMENT THAT I KNOW THAT THEY BROUGHT UP THE NEED FOR GREATER COLLABORATION ACROSS THE ORGANIZATION AND THIS IS A PROCESS THAT'S DEMONSTRATED THAT.

Peggidy Coffman Yates: TODAY WE WILL BE TALKING ABOUT THE ANNUAL BUDGET BUT OUR GOAL IS TO RECOGNIZE THAT IT WILL SUPPORT WHAT WE

WANT TO HAVE AS A FIVE-YEAR PLAN THAT WILL BE IN MORE DETAIL AND OUR 20-YEAR PLAN WILL PROVIDE AN UMBRELLA AS WE GET TO THAT POINT. I THINK THE OTHER THING IS WITH THAT INFORMATION PROVIDED TO YOU, IT ALSO FOCUSES AND HELPS US TO FOCUS AS AN ORGANIZATION ON ASSET MANAGEMENT. AS YOU KNOW AND I HAVE SPOKEN TO A NUMBER OF YOU, BUT I WANT TO GET US ACCLIMATED AGAIN. THE FIRST APPROACH WHEN WE ARE DOING A COUNTY-WIDE PROCESS IS UNDERSTANDING AND IDENTIFY THE NEEDS ACROSS THE ORGANIZATION, WHICH WE HAVE -- EACH OF THE VARIOUS SILOS, THE TRANSPORTATION FACILITIES AND PROPERTY MANAGEMENT HAVE DONE THEIR I.T. THEY HAVE DONE THEIR PLANNING BUT NOT COUNTY WIDE AND IS CHALLENGING WHEN YOU WEIGH ONE AGAINST THE OTHER.

WE WANT TO QUANTIFY THE NEED AND PROVIDE HIERARCHY OF THE NEED. IN ADDITION, WE WANT TO QUALIFY THE NEEDS BASED ON THE ATTRIBUTES OF A PROJECT AND ALIGN THE WORD ATTRIBUTE TO THE COUNTY VALUES. WE HAVE BEEN VERY FOCUSED ON LOOKING AT PROJECTS FROM THE PERSPECTIVE OF ACCESS EQUITY SUSTAINABILITY, SCALABILITY, SAFETY, ADAPTABILITY. WE HAVE THOSE EIGHT CRITERIA WE FOCUSED ON. AFTER TALKING TO YOU ALL, IT IS VERY CLEAR THAT OUR EMPHASIS IS ON ACCESS AND EQUITY, FOLLOWED BY SUSTAINABILITY AND THE OTHERS. SO WE ARE ABLE TO QUANTIFY THESE PROJECTS IN OUR 20-YEAR PLAN. OPERATIONAL CONSTRAINTS, MANY OF WHICH MARK ALLUDED TO A LITTLE BIT BUT I DON'T WANT TO -- WE HAVE THE GENERAL FUND FORECAST WHICH MARK HAS PROVIDED US. I THINK YOU SEE ONE OF THE BEAUTY'S OF MARK'S PRESENTATION WAS THE GRAPHIC OF HOW MUCH CAPACITY WE HAVE, WHICH IS REALLY AS A RESULT OF OUR GENERAL FUND FORECAST, OUR DEBT CAPACITY THAT WE HAVE INSTILLED ON OURSELVES, THE DISCIPLINE AND ALSO TO ADDRESS WHAT OUR EXISTING DEBT IS AT THIS POINT, WHAT OUR MARKET RATE IS, INTEREST RATES, ET CETERA. AND IDENTIFYING WHAT THOSE COSTS ARE. WE HAVE 100 INFRASTRUCTURE PROJECTS, WHICH IS WHAT WE FOCUSED ON, WHAT THOSE PROSPECTIVE COSTS ARE OVER A 20-YEAR PERIOD. WE HAVE, USING THE INFORMATION WE HAVE COMPILED BASED ON CONSTRAINTS OF NEEDS IS WE HAVE DEVELOPED A MODEL WHICH I HAVE SHARED WITH YOU ALL BUT IT ALLOWS US TO LOOK AT INTERNAL PORTFOLIOS BASED ON WHAT OUR EXISTING CAPACITY CONSTRAINTS ARE. WE CAN SEE THE MODEL TO ALIGN AND EVALUATE PROJECTS BASED ON NEED, ATTRIBUTES, AVAILABLE CAPITAL, THE VIABILITY, WHAT KIND OF RISKS WE HAVE WITH THESE POTENTIAL VULNERABILITIES WE MAY HAVE, BE THEY CHANGES IN REGULATORY CONSTRAINTS, ET CETERA.

Peggidy Coffman Yates: ANOTHER IMPORTANT PIECE IS A RECOGNITION THAT WHEN WE MAKE THE INVESTMENTS WHAT IS OUR CAPACITY? THESE PROJECTS DO PULL ON OUR OPERATIONS AND PUT STRAIN ON THOSE AND WHAT IS THE BEST SCHEDULE THAT MEETS OUR FINANCIAL CAPACITY AND OPERATIONAL? A LITTLE BIT DIFFERENT -- MARK ALLUDED TO THIS. OUR

OPERATING CAPITAL IS THE CIP AND AP. THAT IS PART OF THE PRESENTATION AND NONROUTINE MAJOR CAPITAL WHICH ARE THE BIG PROJECTS WE HAVE TALKED ABOUT WITH ERP, DOWNTOWN COURTHOUSE AND OTHERS. I JUST QUICKLY WANT TO ORIENT US AGAIN ON HOW THIS PRESENTATION WILL MOVE FORWARD. SO YOU WILL KIND OF SEE, THIS IS THE SAME LAYOUT WE USED LAST YEAR, BUT I THINK WHAT IS IMPORTANT AND SHOULD BE EMPHASIZED IS WHAT WE ARE TRYING TO DO IS PROVIDE AN UNDERSTANDING OF A PROJECT WE ARE WORKING ON. WE ARE NOT BUILDING A YELLOW BRICK ROAD. THIS IS FICTITIOUS.

BUT WHAT IT DOES IS GIVE YOU AN UNDERSTANDING OF WHAT THE SCHEDULE IS, IDENTIFIES WHERE THE 2019 PORTION OF IT IS. SO YOU KNOW WHAT WE ARE APPROVING IN THIS BUDGET AND THE DOLLAR AMOUNT. AND THEN WHAT WE ARE ALSO WANTING TO LAY OUT TO YOU IS WHERE IT SITS KIND OF, IN MANY CASES OVER A FIVE-YEAR HORIZON OR 40-YEAR WHO HORIZON AND WHERE THE MONEY IS COMING THAT YOU ARE APPROVING FOR A SPECIFIC YEAR. MANY TIMES WE MAY HAVE BWC OR OUTSIDE FUNDING OR GENERAL FUNDER DEBT BUT IT HELPS TO ORIENT WHERE AND HOW WE ARE PAYING FOR THINGS. THIS IS THE BIG PICTURE OF HOW MUCH IS IN THE CAPITAL BUDGET THIS YEAR. 356.43 MILLION. THIS IS SLIGHTLY DONE FROM LAST YEAR WHICH WAS 394 MILLION. MIKE JACKSON TALKED ABOUT THIS YESTERDAY.

THIS IS 90% OF LAST YEAR'S AND IT REALLY REPRESENTS THE SPEND ON THESE MAJOR PROJECTS. TRANSPORTATION IS 68.7. IT WAS 63 LAST YEAR. FACILITIES IS THE ONE THAT HAS SEEN THE BIGGEST CHANGE. AND I THINK THAT PRETTY MUCH COVERS WHAT I WANTED TO COVER TO SET UP THE NEXT SECTION. WHAT I THINK IS IMPORTANT IS THAT EACH OF THESE DIVISIONS WILL BE ABLE TO ADDRESS IN MORE DETAIL THE DOLLAR AMOUNTS WITHIN THESE CATEGORIES. IF THERE ARE NO QUESTIONS -- I WILL TURN IT OVER TO TRANSPORTATION.

Kim Peoples: GOOD MORNING, CHAIR KAFOURY AND COMMISSIONERS. KIM PEOPLES FOR THE RECORD. DEPARTMENT OF COMMUNITY SERVICES. I'M GOING TO SAY A FEW WORDS AND REFRESH YOUR MEMORY AS TO HOW THE DEPARTMENT STRATEGIZES ITS CAPITAL WORK PLAN, IF YOU WILL, OR CAPITAL IMPROVEMENT PLAN. IT TRULY IS A WORK PLAN THAT SPANS A HORIZON OF 20 YEARS. IN THAT TIME LINE, THERE ARE MILESTONES AND CHECK INS WITH THE BOARD AND THE COMMUNITY. I WANTED TO TOUCH BASE ON THAT BEFORE I TURN IT OVER TO THE ILLUSTRIOUS COUNTY ENGINEER. ' IAN CANNON. THE PROGRAM IS COMPRISED OF TWO THINGS. THE PLAN IS A 20-YEAR LIST OF IDENTIFIED ASSET NEEDS TO THE COUNTY'S

Kim Peoples: ROAD AND BRIDGE SYSTEM. RIGHT NOW THE DEPARTMENT HAS TWO SEPARATE PLANS, WHICH IS A BRIDGE PLAN AND THEN, AS YOU KNOW, WE ARE WORKING ON THE ROAD PLAN. A LITTLE MORE DETAIL ON THOSE

NUANCES. THE PROCESS IS SUCH THAT WE ARE REQUIRED BY STATE PLANNING GOALS, AS NOT ONLY GOOD PRACTICE BUT BY STATE LAW TO HAVE A CAPITAL PLAN. THAT HAS REALLY TARGETED OPPORTUNITY FOR THE COMMUNITY TO SHARE ITS VISION AND ITS VALUES AROUND ITS TRANSPORTATION SYSTEM. IT IS A HEAVILY PUBLIC-ORIENTED ENGAGEMENT PROCESS WHERE THE COUNTY AMASSES A VERY THOROUGH ASSESSMENT OF ALL OF THE TRANSPORTATION SYSTEM AND THEN RANKS THAT THROUGH THE COMMUNITY AND COMMUNITY'S AND COUNTY'S CRITERION TO COME UP WITH A PRIORITIZED LIST OF THOSE ASSET NEEDS TO BE CONSTRUCTED OR REHABILITATED OVER A SPAN OF 20 YEARS. THAT THEN IS REVIEWED BY THE BOARD. THE BOARD IS ADOPTING THAT PLAN, THAT 20-YEAR WORK PLAN, IF YOU WILL, AND THEN WE MOVE THROUGH THE NEXT PHASE WHICH IS IDENTIFYING A FIVE-YEAR HORIZON. THAT FIVE-YEAR HORIZON BECOMES THE FUNDING TOOL. THE PLAN ITSELF IS NOT A FUNDING TOOL.

IT'S JUST AN ASSET NEEDS-BASED LIST. THE FIVE-YEAR PROGRAM THEN HAS IDENTIFIED FUNDING SOURCES TO LINE UP WITH THE FIVE-YEAR HORIZON. THEN, EVERY TWO YEARS, THAT FIVE-YEAR PROGRAM IS REFRESHED, REVIEWED, UPDATED AND, AGAIN, REVIEWED BY THE BOARD AND ADOPTED BY THE BOARD. ANNUALLY, AS WE ARE HERE TODAY WITH YOU, WE ARE GOING TO BE REVIEWING THE FISCAL YEAR '19 CAPITAL PLAN PROGRAM AND ESSENTIALLY THE YEAR'S WORK PLAN. SO WITH THAT BEING SAID, THE BRIDGE CAPITAL IMPROVEMENT PLAN WAS RECENTLY ADOPTED BY THE BOARD, PERHAPS TWO YEARS AGO. THROUGH THAT WHOLE PROCESS, WHAT ELEVATED TO THE TOP, WHICH IS FIRST AND FOREMOST ON ALL OF OUR MINDS IS THE EARTHQUAKE READY BURNSIDE BRIDGE PROJECT WHICH WE ARE JUST KICKING OFF. FRANKLY WE ARE IN YEAR TWO OF THE FEASIBILITY STUDY. WE ARE READY TO LAUNCH IN TO NICE TRANSITION IN TO THE ENVIRONMENTAL POLICY ACT PHASE THAT WILL TAKE A HOST OF OPTIONS THAT THE COMMUNITY AND THE BOARD AND THE STAKEHOLDERS HAVE ALL IDENTIFIED AS FEASIBLE OPTIONS AND CONTINUE TO WIN KNOW WINN WINNOW THAT LIST DOWN TO A PREFERRED OPTION AND THAT WILL BE STARTING TODAY AND THREE TO FOUR YEARS FROM NOW WE WILL BE BACK TALKING ABOUT WHAT THOSE PREFERRED OPTIONS LOOK LIKE. THAT REALLY GIVES YOU A REAL CLEAR SNAPSHOT OF THE VALUE OF A VERY COMPREHENSIVE PLAN, PROGRAM, AND THEN LAUNCHING IN TO THE ACTUAL DEVELOPMENT OF CAPITAL PROJECT.

Kim Peoples: YOU ARE ALL AT THE GROUND FLOOR TO SEE WHAT WILL TURN OUT TO BE A VERY ICONIC PROCESS TO RESTORE, REHABILITATE OR REPLACE THE BURNSIDE RIDGE. ON THE ROAD SIDE OF THINGS, WE ARE IN YEAR TWO OF -- NO -- YEAR TWO OF TWO OF THE ROAD CAPITAL IMPROVEMENT PLAN AND PROGRAM. STAFF HAS MET WITH ALL OF YOU, HAVE WALKED THROUGH THE PROCESS WE ARE WORKING WITH THE COMMUNITY ON. WE ARE LOOKING AT THE CRITERION, THE SCREENING CRITERION THAT WILL APPLY TO THE LARGE LIST OF ASSET NEEDS. THIS WILL BE THE FIRST

TIME IN COUNTY HISTORY THEY HAVE PERFORMED A COMPREHENSIVE REVIEW OF THE ROAD SYSTEM.

IT IS EMBARRASSING TO STAY UP TO THIS POINT, THE COMPREHENSIVE PLAN FOR THE ROAD PROGRAM HAS BEEN LIMITED TO ONLY THE URBAN ROADS. AS YOU KNOW, WE HAVE FAR MORE RURAL ROADS THAN URBAN ROADS AND WE HAD A LITTLE BIT OF A DISCUSSION ABOUT THE IMPACTS OF THOSE CHOICES YESTERDAY IN THE DEPARTMENT BUDGET BRIEFING. SO WE ARE VERY EXCITED ABOUT THE ROAD, THE IP PROCESS AND THE OUTCOME AND HOW IT WILL INFORM THE WORK PLAN FOR THE ROAD SIDE OF THINGS IN THE ONGOING YEARS. I DON'T KNOW WHAT THAT TICKET LOOKS LIKE OR THAT ULTIMATE COST LIST LOOKS LIKE, BUT IT WILL BE SOMETHING THAT, AGAIN, WILL REALLY TUG AT THE FUNDING ABILITIES WE WILL BE DISCUSSING AND WE TOUCHED UPON THAT AGAIN YESTERDAY. SO I WON'T SPEND TOO MUCH TIME ON ADEQUATE STABLE FUNDING. ONE MORE POINT ABOUT THE CAPITAL TRANSPORTATION AND IMPROVEMENT PLAN. WE ARE WORKING THROUGH A PLAN, ACTUALLY WE HAVE DONE QUITE A BIT OF WORK WITH THE AMERICAN WITH DISABILITIES PLAN.

WITHIN THE BRIDGE AND ROAD SYSTEM, THERE IS A COMPONENT THAT WE ENGINEER TO COMPLY WITH THE ADA, FEDERAL LAW, TO ENSURE THERE IS ULTIMATE ACCESS FOR ALL PEDESTRIANS AND VEHICULAR TRAFFIC. SO WE HAVE, AT THIS POINT IN TIME, IDENTIFIED A SIGNIFICANT AMOUNT OF AREAS WHERE THERE'S NEEDED IMPROVEMENT. WITH THAT, IT REQUIRES A FUNDING STREAM IN ORDER TO COMPLY WITH THE DIRECTIVE TO START MOVING TOWARDS RECTIFYING THOSE DEFICIENCY AND WE WILL BE DISCUSSING THAT IN THE FUTURE DISCUSSIONS. MOVING ALONG, ADEQUATE STABLE FUNDING, H B-2 017 WHICH WAS LAST YEAR HAS GIVEN US AN UPTICK IN OUR OVERALL TRANSPORTATION FUND PROGRAM. THE RECENT ENACTMENT OF HB4064 WHICH WAS THE REPURPOSING OF THE SELLWOOD FEE TO ALLOW FOR WILLIAM WILLAMETTE, REQUIRES MORE WORK FOR FURTHER STABILIZE FUNDING. LASTLY, AS WE TALKED ABOUT YESTERDAY AT THE FEDERAL LEVEL, IT IS UNCERTAIN AS TO WHAT MIGHT BE AVAILABLE TO THE LOCALS AND THE STATE BUT THE MESSAGE HAS BEEN CLEARLY THAT THE LOCALS AND THE STATE SHOULD TAKE SOME SERIOUS RESPONSIBILITY FOR FUNDING THEIR INFRASTRUCTURE NEEDS.

Kim Peoples: WE ARE NOT CLEAR YET AS TO WHERE WE ARE HEADING THERE. WE WILL TAKE THAT LEADERSHIP. TOUCHING ON IMPROVEMENT OF PROJECT DELIVERY, WE ARE EXCITED. THE FIRST ON THE SCREEN IS THE CERTIFICATION OF FEDERALLY FUNDED PROJECTS. WHAT THIS MEANS IS AN OPPORTUNITY FOR THE COUNTY IN OREGON. ODOT HAS A SYSTEM WHERE IF QUALIFYING COUNTIES AND CITIES ELECT TO DEVELOP THEIR DELIVERY SYSTEM OF CAPITAL PROJECTS IN LOCK STEP WITH ODOT'S SYSTEM THEN ODOT WOULD CERTIFY THAT JURISDICTION TO STAND IN THE SHOES OF ODOT TO DELIVER FEDERALLY FUNDED PROJECTS. THIS IS A BENEFIT TO

JURISDICTIONS IN TWO WAYS. ONE, IT PROVIDES GREATER CONTROL BY LOCAL JURISDICTIONS FOR OUTREACH AND CONTRACTING OPPORTUNITIES TO THE COMMUNITY. AS WELL AS A SIGNIFICANT TIME SAVER. THE JURISDICTION HAS DIRECT ABILITY TO CONTROL PURCHASING, CONTRACTING, RIGHT OF WAY ACQUISITION, ENVIRONMENTAL REVIEW AND THEN ACTUALLY THE CONSTRUCTION AND DESIGN PHASES. IT DOESN'T MEAN THAT ODOT WALKS AWAY.

IT JUST MEANS THEY ARE IN THE BACKGROUND A LITTLE FURTHER THAN THEY TYPICALLY ARE. WE ARE CURRENTLY WORKING ON SOME PILOT PROJECTS UNDER THE CERTIFICATION MODEL AND HOPE TO GET FULL CERTIFICATION IN THE NEXT YEAR OR SO. THE OTHER PIECE I'D LIKE TO MENTION IS TRANSPORTATION HAS BEEN SYSTEMICALLY UPGRADING ITS TECHNOLOGY TOOLS AND BECOMING MORE AND MORE SOPHISTICATED IN PROJECT DELIVERY WITH VARIOUS SOFTWARE APPLICATIONS. FOR EXAMPLE WE HAVE SOFTWARE APPLICATIONS THAT ENGINEERS MANAGE THEIR PROJECTS MORE TIGHTLY THAN A TYPICAL EXCEL SHEET. MORE SIMPLY. EARTHQUAKE READY BURNSIDE BRIDGE. I THINK WE ARE UP TO SPEED ON THE PROGRESS THE TEAM HAS MADE AND EXCITED THE SUMMER'S OUTREACH TO THE COMMUNITY TO FURTHER VET SOME OF THE OPTIONS. AS I UNDERSTAND, WE WILL BE RETURNING BACK TO YOU THIS FALL FOR PUTTING A RIBBON ON THAT FEASIBILITY STUDY AS WE STEP IN TO THE PHASE. THAT BEING SAID, THAT CONCLUDES MY SETUP FOR COUNTY ENGINEER IAN I WILL TURN IT OVER TO HIM UNLESS YOU HAVE QUESTIONS FOR ME.

Chair Kafoury: THANK YOU.

Ian Cannon: I WILL GET IN TO MORE OF THE DETAILS OF WHERE WE ARE AT WITH OUR VARIOUS PROJECTS. THE FIRST SLIDE SUM RIDES NUMBER OF PROJECTS THAT ARE IN PROCESS OR WINDING DOWN. SO THE SELLWOOD REPLACEMENT WILL SUBSTANTIALLY COMPLETE OUT IN THE FIELD. A COUPLE OF CORRECTIVE ISSUES STILL BEING DEALT WE WILL BE TRYING TO GET THE PLANTS TO GROW. SO THAT WILL BE AN ONGOING OPPORTUNITY FOR US TO BE OUT THERE AND TO WORK WITH PARKS. ABOUT 44,000 PLANTS AND WE KNOW THAT BECAUSE WE HAVE COUNTED THEM ALL. YES, WE ARE TRYING TO GET THOSE TO GROW. MOUNTAINS OF PAPERWORK. WE ARE GETTING TOWARD THE END OF THAT, TOO. WE ARE HOPING TO -- CERTAINLY THIS CALENDAR YEAR, HOPING TO HAVE THE LION'S SHARE OF THAT BEHIND US. MORRISON DECK PROJECT IS COMPLETE OUT IN THE FIELD AND JUST WORKING ON CLOSING OUT THE PAPERWORK. I THINK IT DRIVES PRETTY WELL, IF YOU HAVE HAD A CHANCE TO GO OVER IT. IT SEEMS TO BE GOOD. BROADWAY.

Chair Kafoury: KEEP YOUR FINGERS CROSSED THAT IT LASTS.

Ian Cannon: YES. WHAT TO SAY ABOUT THAT? BROADWAY BRIDGE RAIL WHEEL REPLACEMENT. THAT IS SUBSTANTIALLY COMPLETED IN THE FIELD. A COUPLE OF MINOR THINGS WE ARE CORRECTING AND SOME PAPERWORK ON THAT. AS KIM MENTIONED THE ADA PLAN, WE HAVE IDENTIFIED THE NEEDS AND GONE THROUGH A PRIORITIZATION PROCESS. THE COUNTY HAS ROUGHLY 1,000 ADA RAMPS AND OVER 90% ARE NOT IN COMPLIANCE WITH CURRENT REGULATIONS. SO WE NEED TO FIGURE OUT HOW TO CHIP AWAY AT THAT. STARK STREET BEAVER CREEK CULVERT, SUBSTANTIALLY COMPLETE OUT IN THE FIELD. THERE IS A LITTLE BUMP IN THE PAVEMENT THAT WILL CORRECT THIS SPRING WHEN THE WEATHER IMPROVES TO WHERE WE CAN DO THAT AND THEN PLANTS AND PAPERWORK ON THAT. AND THEN WE ARE PLANNING TO GO OUT TO BID WITH OUR -- WE HAVE ADVERTISED THE PROJECT FOR TROUTDALE, DOWNTOWN TROUTDALE ADA MOVEMENTS AND SAFE ROUTES IMPROVEMENTS AND WE ANTICIPATE THAT BID WILL OPEN IN A COUPLE OF WEEKS AND WE WILL GET THE CONSTRUCTION DONE, MOSTLY IN JUNE, IT MAY RUN IN TO JULY A LITTLE BIT. IN TERMS OF PROPOSED FUNDING, JUST A LITTLE SHY OF \$69 MILLION. THIS IS WHERE THE MONEY COMES FROM. VRF 11.5 MILLION AND UPCOMING BOARD ACTION WE WILL BE ABLE TO USE IT FOR OTHER WILLAMETTE RIVER BRIDGES AND TARGETING THE BURNSIDE PROJECT. THE COUNTY'S GAS TAX BRINGS IN 7 MILLION AND A LITTLE OVER 50 FROM THE STATE. WHERE THAT GOES TO THE BIGGEST SLICE OF THE PIE GOES TO THE CITY OF PORTLAND. THAT'S A RESULT OF AGREEMENTS

Chair Kafoury: A LONG TIME AGO.

Ian Cannon: A LONG TIME AGO, YEAH. AND THEN OTHER PLACES, BURNSIDE BRIDGE, SELLWOOD, REPAYING THE BONDS THERE, ABOUT 15 MILLION TO THE ROADS, 6 MILLION TO THE BRIDGES AND THEN A CERTAIN AMOUNT, WHICH IS HARD FOR ME TO READ OFF THE SLIDE BEHIND YOU, 4 MILLION GOING TO THE SMALLER EAST COUNTY CITIES. SO 238TH IS PROBABLY OUR HIGHEST PROFILE PROJECT IN DEVELOPMENT RIGHT NOW IN THE EAST COUNTY. IT WILL BE IMPROVING THE ROUTE BETWEEN GLISAN FOR FREIGHT AND ADDING IN BETTER MULTI-MODAL FACILITIES FOR CYCLISTS AND PEDESTRIANS AND ALSO DOING STORM WATER TREATMENT WE ARE IN THE DESIGN PHASE OF 245. OF THAT. ANTICIPATING WRAPPING IT UP THIS YEAR WITH CONSTRUCTION STARTING NEXT CALENDAR YEAR. AND THEN IT WILL RUN OVER, STARTING IN THIS FISCAL YEAR AND RUN IN TO NEXT FISCAL YEAR. OR STARTING IN THIS UPCOMING FISCAL YEAR AND RUN IN THROUGH THE FISCAL YEAR AFTER THAT. I'M SORRY. FUNDING FOR THAT, THE SIGNIFICANT CHUNK IS FEDERAL FUNDING FOR THE PROJECT AND THE COUNTY PROVIDES THE MATCH.

Ian Cannon: OVERALL, WE ARE PROVIDING A LITTLE OVER 10% OF THE FUNDING FOR THE PROJECT. FROM THE COUNTY'S FUNDS. OTHER PROJECTS WE HAVE GOING ON THE ROAD SIDE, SANDY BOULEVARD. THOSE IMPROVEMENTS ARE GOING ON RIGHT NOW. WE WILL FINISH THAT UP

PROBABLY MIDSUMMER. STARK STREET, THIS IS THE NEXT BIG PROJECT AFTER 238TH IN EAST COUNTY. THIS WILL BE BROADENING THE CROSS SECTION OF THAT ROAD BETWEEN 257TH AND TROUTDALE ROAD. KIND OF A LONG HILL NEXT TO MOUNT HOOD COMMUNITY COLLEGE. WE'RE HOPING TO GET THE DESIGN STARTED ON THAT IN FY2019. ARATA ROAD, IT STARTED IN THE FIELD ON THAT AND WE WILL BE FINISHING IT OUT IN THIS CALENDAR YEAR. CONSTRUCTION WILL BE IN TO NEXT FISCAL YEAR. NEWBERRY ROAD SLIDE, WE ARE WORKING ON ACQUIRING THE RIGHT OF WAY FOR THAT PROJECT. WE HOPE TO START CONSTRUCTION LATE THIS YEAR OR VERY EARLY IN TO 2019 AND HAVE THAT COMPLETED SO WE CAN START THEN ON THE CORNELIUS PASS PROJECT OUT IN THE FIELD AFTER THAT SINCE NEWBERRY ROAD WILL BE AN IMPORTANT PART OF THE TRAFFIC PATTERN WHEN THE CORNELIUS PASS PROJECT IS CONSTRUCTED. CORNELIUS PASS, WE ARE PROGRESSING A DESIGN ON THAT.

WE HAVE FINISHED THE RIGHT OF WAY ACQUISITION AND WE ARE PLANNING TO GO TO CONSTRUCTION, GOING TO BID LATE THIS YEAR AND THEN CONSTRUCTION NEXT CALENDAR YEAR. COCHRAN ROAD, CULVERT REPLACEMENT IS IN DESIGN CURRENTLY, PLANS TO START THAT CONSTRUCTION NEXT SPRING. IT MAY ACTUALLY TAIL OUT A LITTLE PAST MIDDLE OF NEXT SUMMER, DEPENDING ON HOW IT PROGRESSES. AND THAT WILL INVOLVE CLOSING THAT ROAD FOR SOME PERIOD OF TIME. WE ARE ALSO IN THE PROCESS OF DOING THE -- STARTING THE RIGHT OF WAY ACQUISITION FOR THAT PROJECT. THAT'S WHAT WE HAVE ON THERE.

Chair Kafoury: INTERESTING TO SEE HOW LONG THOSE PROJECTS TAKE FROM WHEN WE DECIDE THAT WE ARE GOING TO FOCUS ON IT THROUGH THE DESIGN CONSTRUCTION. SO IT IS NOT JUST MY IMAGINATION WE HAVE BEEN WORKING ON THE CORNELIUS PASS ROAD FOR.

Ian Cannon: WELL, THE CORNELIUS PASS IS A TYPICAL EXAMPLE OF LONG PROJECT BECAUSE IT HAS HAD STOPS AND STARTS. BUT REALLY UNDER THE BEST OF CIRCUMSTANCES THE PROJECT PROBABLY FROM PLANNING THROUGH THE END OF CONSTRUCTION IS THREE 1/2 YEARS IF EVERYTHING GOES WELL. AND FREQUENTLY LONGER, LIKE THE SELLWOOD PROJECT. WE STARTED --

Chair Kafoury: 50 YEARS AGO.

Ian Cannon: THE 1960S. I SAY THAT BECAUSE I HAVE DOCUMENTS SHOWING PLANS FOR REPLACEMENT BRIDGES FOR THE SELLWOOD BACK TO THE 1960S, BUT WE KICKED OFF THE CURRENT PROCESS IN 2005 AND GOT IT OPEN TO TRAFFIC IN 2016. SO 11 YEARS ON THAT ONE. IT IS A LITTLE MORE WORK TO GO.

Chair Kafoury: IT IS NICE, THOUGH. I DON'T KNOW THAT WE HAVE EVER SEEN ALL OF THE PROJECTS WITH THEIR TIME LINE LAID OUT LIKE THAT LAST SLIDE. SO THAT IS A NICE VISUAL.

Ian Cannon: WE HAVE A LOT OF STUFF GOING ON. THIS TALKS ABOUT THE FUNDING. SANDY BOULEVARD \$2.5 MILLION, STARK STREET, TOTAL COST EXPECTED TO BE 4 MILLION. WE WILL BE NOT SPENDING ALL OF THAT IN THE NEXT FISCAL YEAR. IT WILL BE MOSTLY DESIGN. ARATA ROAD, MOSTLY FEDERAL FUNDS, CORNELIUS PASS IS ALL EXTERNAL FUNDS. AND COCHRAN ROAD IS PROBABLY A THIRD EXTERNAL FUNDS AT THE END OF THE DAY AND TWO-THIRDS OUT OF THE ROAD FUND. WE ARE EXCITED ABOUT THE POSSIBILITIES OF THE BURNSIDE EARTHQUAKE READY PROJECT. WE ARE PLANNING TO COME TO THE BOARD IN MAY TO GIVE YOU AN INDEPTH BRIEFING, AS MUCH AS WE CAN IN 20 TO 25 MINUTES ON THAT PROJECT ABOUT WHERE WE ARE, WHAT THE OPTIONS ARE AND HOW WE MOVE IT FORWARD. SO I WON'T GO IN TO TOO MUCH DETAIL. I THINK WE HAVE A FUNDING SOURCE FOR THAT. AND WE HAVE THE FUNDING LINED UP FOR THE NIPA PHASE BUT WILL BE LOOKING FOR CONSTRUCTION FOR THE DESIGN AND RIGHT OF WAY PHASE AND THE CONSTRUCTION. A LOT OF OPPORTUNITIES THERE.

Chair Kafoury: A LOT OF OPPORTUNITIES.

Ian Cannon: OTHER PROJECTS ON THE BRIDGES, WE ARE GOING TO KICK OFF OUR MORRISON PAINT PROJECT. THIS WILL BE PAINTING THE STEEL ON THE SPANS OVER THE RIDGE AND HOPE TO FINISH THAT DESIGN DURING FY2019 OR MAYBE A LITTLE IN TO THE FALL OF 2019 AND THEN CONSTRUCT THE -- WE WILL GO OUT TO BID IN THE FALL, BUT PROBABLY THE CONSTRUCTION WILL START ACTUALLY IN CALENDAR 2020. THE BURNSIDE MAINTENANCE PROJECT IS ON A SLOW BURN. THAT IS CONTINUING ON. WE WILL FINISH THAT UP BY LATE CALENDAR 2019. RIGHT NOW I THINK WE HAVE SOME LANE CLOSURE AND STUFF THAT ARE ONGOING AND WILL BE FOR THE DURATION OF THE PROJECT. EARTHQUAKE READY BURNSIDE. WE ARE LOOKING AT 20 MILLION ALL TOGETHER. WE HAVE THE FUNDING IDENTIFIED FOR NEXT FISCAL YEAR A LITTLE OVER \$6 MILLION. MORRISON PAINT WILL BE A \$20 MILLION PROJECT. NEXT YEAR WE ANTICIPATE \$4.5 MILLION TO SPEND. BURNSIDE MAINTENANCE, ALL TOGETHER A \$30 MILLION PROJECT. WE HAVE ABOUT, I CAN'T QUITE READ THE NUMBER THERE, BUT JUST ONGOING CONSTRUCTION FUNDING FOR NEXT YEAR. THAT PROJECT IS 90% FEDERALLY FUNDED.

Ian Cannon: THE MORRISON PAINT IS ALSO 90% FEDERALLY FUNDED. THEN JUST TO WRAP UP, IN TERMS OF SEISMIC LIABILITIES, ONE OF THE THINGS WE WANT TO MAKE SURE WE HIGHLIGHT, WE HAVE THE BURNSIDE, THE EARTHQUAKE READY BURNSIDE PROJECT, OUR CAPITAL IMPROVEMENT PLAN THAT WE APPROVED IN 2015 HAD ABOUT A \$516 MILLION PRICE TAG FOR THAT. THEN ALSO IDENTIFIED THREE OTHER PHASE ONE SEISMIC RETROFIT

PROJECTS, A LESSER LEVEL OF SEISMIC RESILIENCY FOR THOSE PROJECTS WITH A TOTAL COST OF 705 MILLION FOR SEISMIC RESILIENCY IN OUR 20-YEAR CAPITAL IMPROVEMENT PLAN FOR THE BRIDGES. MAJOR MILESTONES, WORKING THAT WORKS THAT WE PLAN TO GET DONE IN THIS OR NEXT FISCAL YEAR, SANDY ROAD, ARATA, NEWBERRY ROAD SLIDE, COCHRAN ROAD CULVERT, CORNELIUS PASS, 2358TH DRIVE, EARTHQUAKE READY BURNSIDE, BURNSIDE MAINTENANCE. AND THEN KICK OFF THE MORRISON PAINT AND A PROJECT TO REPLACE THE FALLS BRIDGE. WITH THAT, IF THERE ARE ANY QUESTIONS, I'M HAPPY TO ADDRESS THOSE.

Chair Kafoury: QUESTIONS?

Commissioner Meieran: IN TERMS OF THE FINAL, TALKING ABOUT THE INDIVIDUALS INDIVIDUAL BRIDGES AND THE LIMITED SEISMIC RESILIENCY, WHAT IS LIMITED SEISMIC RESILIENCY MEAN, A LOT OF MONEY TO SPEND.

Ian Cannon: AS WE WERE DEVELOPING THE WILLAMETTE RIVER BRIDGE CAPITAL IMPROVEMENT PLAN, WE LOOKED AT DIFFERENT OPTIONS FOR WHAT WE SHOULD PUT IN TO THE 20-YEAR PLAN AROUND CAPITAL AROUND SEISMIC IMPROVEMENTS. WE HAVE LOOKED AT EVERYTHING FROM DO NOTHING, AND THEN WE ALSO LOOKED AT WHAT WOULD IT TAKE TO GET ALL OF THE BRIDGES UP TO THE STANDARD OF BEING ABLE TO RESIST THE BIG ONE. AT THAT POINT IN TIME, I CAN'T REMEMBER THE EXACT NUMBERS BUT ALL OF THE BRIDGES AT FULL SEISMIC WE WERE LOOKING IN EXCESS OF \$2 BILLION FOR THE 20-YEAR PLAN AND THAT SEEMED PROBABLY TO BE A LITTLE BIT TOO BIG OF A REACH. SO WHAT THE BOARD APPROVED THEN WAS A PLAN TO GET THE BURNSIDE, OUR LIFELINE ROUTE, TO THAT FULLY SEISMIC RESILIENT CONDITION. AND THEN DO WHAT WE WOULD CALL A PHASE ONE SEISMIC RETROFIT ON THE OTHER BRIDGES. A PHASE ONE SEISMIC RETROFIT IS BASICALLY TYING THE SPANS OF THE BRIDGE TO THE COLUMNS OF THE BRIDGE. IN MEDIUM-SIZED EARTHQUAKES, ONE OF THE MOST COMMON FAILURE MODES IS FOR THE SPANS TO FALL OFF THE COLUMNS. SO BY TYING IT TOGETHER THAT WAY YOU CAN IMPROVE SEISMIC RESILIENCY FOR SMALL TO MEDIUM-SIZED EARTHQUAKES BUT IT DOESN'T GET US ALL THE WAY WHERE WE REALLY NEED TO BE IN THE LONG RUN FOR ALL OF OUR CROSSINGS.

Commissioner Stegmann: ONE QUICK QUESTION ABOUT THE STARK STREET. WE ARE NOT GOING TO BE CLOSING THAT ROAD, RIGHT?

Ian Cannon: I HATE TO MAKE PROMISES I CAN'T KEEP. THE EXPECTATION IS THAT THE VAST MAJORITY OF THE WORK WILL BE ABLE TO BE DONE WITH TRAFFIC ON THE ROAD. BUT THERE MAYBE SOME SHORT TERM CLOSURES FOR SETTING UP TRAFFIC CONTROL OR PARTICULAR OPERATIONS, BUT GENERALLY SPEAKING WE WILL KEEP THE ROAD OPEN DURING THAT CONSTRUCTION.

Commissioner Stegmann: OKAY. I'M GOING TO HOLD YOU TO THAT.

Ian Cannon: I HOPE I PUT ENOUGH CAVEATS IN THERE.

Chair Kafoury: YOU MIGHT HAVE TO PUT UP WITH IT BEING CLOSED.

Ian Cannon: WE DON'T ANTICIPATE ANYTHING LIKE THE LEVEL OF INCONVENIENCE THAT CULVERT REPLACEMENT CAUSED.

Chair Kafoury: THANK YOU VERY MUCH.

Ian Cannon: THANK YOU.

Sherry Swackhamer: GOOD MORNING. MY NAME IS SHERRY SWACKHAMER. I'M THE HERE WITH ME IS BOB LEEK. BOB IS OUR DEPUTY DEPARTMENT DIRECTOR AND DEPUTY COMMISSION OFFICER AND HENRY ALTMAN WHO IS OUR DIRECTOR -- DIVISION DIRECTOR. I WILL GET THAT RIGHT FOR FACILITIES AND PROPERTY MANAGEMENT. AS YOU KNOW WE ARE HERE TO TALK ABOUT CAPITAL. AND BOB AND HENRY WILL DISCUSS THE CAPITAL PROGRAM FOR THEIR RESPECTED RESPONSIBILITIES. I WILL KICK IT OFF. I NEED MORE COFFEE.

Henry Alaman: GOOD MORNING, CHAIR. GOOD MORNING, COMMISSIONERS. FOR THE RECORD MY NAME IS HENRY ALAMAN. I'M THE FACILITIES AND PROPERTY DIRECTOR. I'M HERE TO TALK ABOUT THE 2019 FACILITIES AND PROPERTY MANAGEMENT CAPITAL BUDGET. ON THE FIRST SLIDE, KIND OF INDICATES OUR GUIDING PRINCIPAL AND STRATEGIC GOALS WHICH ARE TO SUPPORT THE DEPARTMENTS WHICH SERVE OUR COMMUNITY AND HAVE A CONTINUOUS FOCUS ON PROCESS IMPROVEMENTS. THE NEXT SLIDE SHOWS US OUR PLANNING PROCESS. WE GO THROUGH AND ASSESS OUR CURRENT BUILDING PORTFOLIO. WE IDENTIFY FUTURE NEEDS AND THEN PRIORITIZE THE CAPITAL PLANNING. SO HERE ARE A LIST OF OUR 2018 PROJECTS WITH UPDATED STATUS. I WILL BE TALKING IN MORE DETAIL ABOUT EACH OF THESE IN THE FOLLOWING SLIDES. THE TOTAL FACILITY AND PROPERTY MANAGEMENT BUDGET IS \$265 MILLION. THE HEALTH DEPARTMENT HEADQUARTERS, THE FISCAL '19 BUDGET IS 28.8 MILLION. WE ARE CARRYING OVER 19.3 MILLION IN BEGINNING WORKING CAPITAL AND PROJECTED TO RECEIVE \$9.5 MILLION FROM THE PORTLAND DEVELOPMENT COMMISSION.

Henry Alaman: IF THEY ARE THE YOURS, THE BUDGET IS 193.8 MILLION. WE ARE CARRYING OVER \$71.5 MILLION IN BEGINNING WORK AND CAPITAL. THERE'S A 16.8 MILLION IN ONE-TIME-ONLY FUNDING. AS MARK CAMPBELL MENTIONED EARLIER, \$12.5 MILLION OF DEBT ISSUANCES, AS WELL AS THE AMAZING \$93 MILLION CHECK FROM THE STATE, WHICH IS FANTASTIC. AS FAR AS OTHER FUNDING, 42.9 MILLION OF THE BUDGET, IT CONSISTS OF ASSET

PRESERVATION, CAPITAL IMPROVEMENT FUND AND THE LIBRARY CONSTRUCTION FUND. MOVING IN TO THE COURTHOUSE, THE OVERALL SCHEDULE YOU SEE THE COURTHOUSE PROJECT STARTED -- IT SAYS HERE FISCAL YEAR '14.

Sherry Swackhamer: MAYBE '50S.

Henry Alaman: THE TOTAL BUDGET FOR THE COURTHOUSE PROJECT IS \$324 MILLION. THE SPEND TO DATE FOR FISCAL YEAR '18 IS 131 MILLION WITH REMAINING 193.8 MILLION TO SPEND. IT IS REALLY EXCITED TO SEE THE BOX MOVE OVER TO THE RIGHT AND SEE IT GET CLOSER AND CLOSER TO THAT END DATE. OUR FUNDING STRATEGY FOR THE COURTHOUSE PROJECT. FISCAL YEAR '19 IS FUNDED FOR 71 MILLION, CARRIED OVER FROM FISCAL YEAR 18. WE HAVE 93 MILLION FROM TAX CREDITS AND THEN \$12.5 MILLION IN DEBT SERVICE. MOVING TO THE HEALTH DEPARTMENT HEADQUARTERS, THE HEALTH DEPARTMENT HEADQUARTERS PROJECT STARTED IN FISCAL YEAR '13 WITH A TOTAL BUDGET OF \$94.1 MILLION. THE CURRENT SPEND TO DATE IS 65.3 MILLION WITH 28.8 MILLION REMAINING TO SPEND ON THE PROJECT. THIS IS REALLY GETTING EXCITED.

AS YOU SEE THE BUILDING IS TOPPED OUT. THE BUILDING EXTERIOR IS STARTING TO TAKE FORM. IF YOU WALK THROUGH THE SITE INTERIORS ARE CHANGING DAILY. YOU WILL WALK THROUGH AND THEN THE NEXT DAY YOU WILL COME THROUGH AND LIKE OH, GOSH THE ENTIRE WALL WENT UP IN THAT TIMEFRAME. SO THINGS ARE MOVING AND PROGRESSING WELL THERE. AS FAR AS OUR FUNDING STRATEGY FOR THE HEALTH DEPARTMENT HEADQUARTERS, IT'S FUNDED WITH 19.3 MILLION IN BEGINNING WORKING CAPITAL, CARRY OVER FROM FISCAL YEAR '18 AND \$9.5 MILLION WE ARE GETTING FROM PDC. MOVING TO THE EAST CAMPUS DCJ MID COUNTY, EAST CAMPUS. THE EAST CAMPUS STARTED IN FISCAL YEAR 2017, '18. I KNOW IT SEEMS LONGER. CURRENT SPEND TO DATE IS 5.5. WE HAVE 7.2 REMAINING. THERE'S BEEN A MONEY OF ITERATIONS OF THIS AND OUR INTENTION IS TO COME TO THE BOARD WITH THE REVISED FACT LINE TO SHOW YOU WHAT WE ARE DEVELOPING AS FAR AS THAT NORTH AND WEST BUILDING ON THAT CAMPUS.

Chair Kafoury: WHEN DO YOU ANTICIPATE THAT? DO WE HAVE IT SCHEDULED?

Henry Alaman: PROBABLY AFTER BUDGET DELIBERATIONS. WHEN YOU HAVE A CHANCE TO BREATHE AGAIN. AS FAR AS FUNDING STRATEGY, AS I MENTIONED EARLIER, FISCAL YEAR '19 IS FUNDED WITH 7.2 IN WORKING CAPITAL CARRYOVER. WE HAVE A NUMBER OF ONE-TIME-ONLY PROJECT REQUESTS THEY INCLUDE SHERIFF'S OFFICE, RIVER PATROL HOUSES FOR CAPITAL IMPROVEMENTS. THIS IS TO ADDRESS THE CRITICAL REPAIRS FOR THE BOAT HOUSES. THAT REQUEST IS FOR \$1 MILLION. IN ADDITION TO THAT, MCDC AND WINDOW COVERS PROJECT. THAT ONE IS REQUESTED FOR \$1

MILLION, AS WELL. SO I WANT TO MOVE ON TO CAPITAL IMPROVEMENT FUND. THE BEGINNING WORKING CAPITAL FOR CIP IS 18 MILLION. THE 2019 PROPOSED BUDGET IS 26.5. RATHER THAN GOING THROUGH THE 125 PROJECTS THAT WE HAVE FOR CIP, WE CHOSE KIND OF THREE REPRESENTATIVE FEATURED PROJECTS.

WE WILL TALK ABOUT BUDGETS IN THE FOLLOWING SLIDES FOR THOSE. HERE'S THE SCHEDULE FOR THE THREE PROJECTS. THE FIRST IS THE YEON BUILDING REPAIR AND REPLACEMENT OF THE FIRE SPRINKLERS AND THE MCDK KLEENEX TAP ORR PROJECT. BOTH ARE STARTING BUT WILL SPAN IN TO FISCAL YEAR '20. THE ANIMAL SERVICES REMODEL, THAT IS ONE THAT HAS MULTIPLE PHASES AND WE ARE COMPLETING SOME OF THOSE. YOU CAN SEE OTHER PHASES ARE ALSO SPANNING BOTH FISCAL YEARS. THE NEXT TALKS ABOUT THE BUDGET FOR THOSE THREE PROJECTS. SO IAN ' YEON BUILDING WILL HAVE WORKING CAPITAL OF THE TOTAL IS \$738,000. ANIMAL SERVICES WHICH IS MULTIPLE PHASES, IN ADDITION THEY ARE DOING THINGS THEY WANT TO ADD TO AT THIS TIME. IT HAS BECOME A COMPLEX PROJECT THERE WITH MULTIPHASE HAPPENING SIMULTANEOUSLY. SO PHASE ONE WILL BE COMPLETE IN FISCAL YEAR, EARLY IN FISCAL YEAR '19. PHASE TWO, THAT PROJECT WILL BEGIN THE FIRST QUARTER OF FISCAL YEAR '19 AND PROJECT COST \$264,000. THE PHASE THREE WILL FOLLOW DIRECTLY AFTER THAT ONE. AND THAT PROJECT COST WILL BE 136,000. THE MCDK EXTERIOR WORK BEGINS THE FIRST QUARTER OF DPIS FISCAL YEAR '19 WITH CARRY OVER BEGINNING WORKING CAPITAL OF 416,000. AND IN FISCAL YEAR '19 WE HAVE ADDED ADDITIONAL 1.4 MILLION FOR THE TOTAL PROJECT COST TO BE \$1.8 MILLION.

Chair Kafoury: IF I UNDERSTAND THE SLIDE, THE BLUE COLOR IS WHAT YOU ARE ASKING FOR IN THIS YEAR'S BUDGET.

Henry Alaman: THAT'S CORRECT.

Chair Kafoury: IT DOESN'T MEAN IT IS COMING FROM SOMEWHERE ELSE NEW MONEY.

Henry Alaman: YEP. WE ARE MOVING ON TO ASSET PRESERVATION. THESE ARE THE FUNDS THAT REALLY HELP US TO PRESERVE OUR FACILITIES OUR BEGINNING WORKING CAPITAL IS \$7.8 MILLION WITH A PROPOSED BUDGET FOR FISCAL '19 OF 12.6 MILLION. THREE PROJECTS THAT WE HAVE PICKED, JYC, THE REPLACEMENT OF THE FIRE ALARM SYSTEM REFURBISHING OF THE ROOF IN THIS FACILITY AND INVERNESS JAIL THE REPLACE OF THREE KITCHEN BOILERS. I WANT TO PAUSE FOR A MOMENT AND ACKNOWLEDGE THAT WE CONTINUE TO MAINTAIN A PRETTY HIGH LEVEL FOR THE PERFORMANCE AND RELIABILITY FOR FACILITIES. THAT CREDIT REALLY COMES TO THIS BOARD FOR THEIR CONTINUED COMMITMENT AND FINANCIAL

SUPPORT FOR MAINTAINING THOSE FACILITIES THAT REALLY SERVE THE DEPARTMENT AND SERVE THE COMMUNITY.

LOOKING AT THE SCHEDULE FOR THESE THREE PROJECTS, YOU CAN SEE THAT ALL OF THESE PROJECTS ARE STARTING IN FISCAL YEAR '19 AND WILL SPAN TO FISCAL YEAR '20. WITH REGARD TO THE BUDGET FOR THE THREE PROJECTS, LET'S START WITH INVERNESS JAIL. THE REPLACE OF THE THREE KITCHEN BOILERS, THE PROJECT WILL START IN THE SECOND QUARTER WITH \$355,000. THE REFURBISHING OF THE ROOF HERE AT THE MULTNOMAH BUILDING WILL START IN THE SECOND QUARTER WITH A TOTAL PROJECT COST OF 485,000. AND THEN THE JJC, REPLACEMENT OF THE FIRE ALARM SYSTEM THERE, THAT BEGINNING WORKING CAPITAL WILL BE 248,000, AN ADDITIONAL 500,000 COMING IN FISCAL YEAR '19 FOR A TOTAL BUDGET OF \$750,000. SIMILAR TO THE BRIDGES, KIND OF IN RESPONSE TO THE STATUTE REQUIREMENT FOR SEISMIC ASSESSMENT AND FOR BOARD RESOLUTION 03094, THIS SLIDE REPORT SEISMIC LIABILITY OF \$249 MILLION. YOU CAN SEE THAT SEISMIC LIABILITY IS REDUCED SIGNIFICANTLY ONCE THE COURTHOUSE AND THE EXISTING FACILITY ARE REPLACED.

IT REDUCES THE SEISMIC LIABILITY TO 159 MILLION. IT WILL BE A HUGE BENEFIT FOR US. ALSO A SEISMIC LIABLE REPORT FOR THE LIBRARY BUT IT IS ON THE NEXT SLIDE. SPEAKING OF THE LIBRARY AND CAPITAL SUMMARY, THE CENTRAL LIBRARY SEISMIC LIABILITY IS \$12.8 MILLION. THE OTHER BUILDINGS, WHEN YOU ADD IT UP, THERE IS AN INSIGNIFICANT SEISMIC LIABILITY WITH THE OTHER FACILITIES. WE JUST FEATURE THE CENTRAL LIBRARY. A COUPLE OF PROJECTS THAT WE WERE ABLE TO FINISH IN FISCAL YEAR '18 REPAINTING OF THE EXTERIOR AND THE CENTRAL LIBRARY, WHICH WAS A REAL SHUFFLE TRYING TO KEEP IT OPERATIONAL AND REPLACING ELEVATORS AT THE SAME TIME. WE WERE ABLE TO DO THAT AND WORKED OUT THE KINKS. WE ARE NOT VISITING THE LIBRARY AS OFTEN AT THE MOMENT. COMING THIS YEAR, ST. JOHNS LIBRARY EXTERIOR IMPROVEMENTS AND THE CENTRAL LIBRARY REPLACE THE FIRE ALARM SYSTEM. HERE'S THE OVERALL SCHEDULE FOR THE PROJECTS. YOU CAN SEE SOME OF THEM SPAN OVER MULTIPLE YEARS. HERE'S THE BUDGET OVERVIEW FOR THOSE. THE FIRE ALARM PROJECT WILL START IN THE FIRST QUARTER WITH CARRY OVER BEGINNING WORKING CAPITAL OF \$20,000 AND FISCAL YEAR '19 AN ADDITIONAL 200,000. SO THE TOTAL PROJECT COST WILL BE \$220,000. IN FISCAL YEAR '19, WE WILL ADD AN ADDITIONAL 125,000. THAT WILL GIVE US A TOTAL PROJECT COST OF \$140,000. ST. JOHNS LIBRARY, THE EXTERIOR IMPROVEMENTS, WILL START IN THE SECOND QUARTER. THE PROJECT WILL COST \$204,000. A LOT OF VARIETY WITH THE FACILITIES AND PROPERTY PROJECTS.

Henry Alaman: LOOKING AHEAD WE REALLY LOOK FORWARD TO GLADYS MCCOY HEALTH DEPARTMENT HEADQUARTERS OPENING. THE COMPLETION OF THE DCJ EAST CAMPUS. THE DEVELOPMENT THERE, CONTINUING THE CENTRAL COURTHOUSE CONSTRUCTION WITH AN OPENING OF 2020. WE'RE

GOING TO CONTINUE TO SUPPORT OUR FACILITIES ASSET STRATEGIC PLAN BY CONTINUING TO PLAN CONDITION ASSESSMENTS, FUNCTIONAL AND RISK ASSESSMENTS. AND THEN REALLY ASSESSING OUR CAPITAL RATE STRUCTURE AND DOING THE BENCHMARK STUDY. WITH THAT I'M OPEN TO ANY QUESTIONS THAT DON'T INVOLVE ANY COMPLICATED MATH.

Commissioner Stegmann: THANK YOU CHAIR, JUST A SIMPLE QUESTION, WHAT IS THE ADDRESS OR CROSS STREET OF THE DCJ EAST CAMPUS. WHAT'S THERE NOW?

Henry Alaman: IT'S 122ND AND I FORGET THAT STREET, IT'S REALLY CLOSE TO THE LIBRARY.

Commissioner Stegmann: BETWEEN STARK AND DIVISION

Henry Alaman: Yeah

Sherry Swackhamer: THERE ARE THREE BUILDINGS THERE NOW AND DCJ HAS OCCUPIED THE SMALLEST BUILDING FOR MANY YEARS, AND THE STATE LEASED THE OTHER TWO AT ONE POINT, FOR A LONG TIME. AND THEN WE ACQUIRED THE PROPERTY IN 2014.

Commissioner Stegmann: THANK YOU.

Commissioner Vega Pederson: YOU GAVE US TOP THREE HIGHLIGHTS FOR THE LIBRARY, THE IMPROVEMENT PROJECTS AND THEN THE MAINTENANCE PROJECTS, HOW MANY PROJECT TOTAL ARE YOU GUYS GOING TO BE WORKING ON IN FY 2019? I MISSED THAT.

Henry Alaman: FOR CAPITAL IMPROVEMENT AND AP. OR JUST OVER ALL

Commissioner Vega Pederson: OVER ALL

Henry Alaman: IT'S OVER 125 PROJECTS. I THINK.

Commissioner Vega Pederson: THAT'S PRETTY IMPRESSIVE. WITH EVERYTHING THAT YOU HAVE GOING ON, AND EVERYTHING IN DIFFERENT STAGES OF WHERE THOSE PROJECTS ARE AT. SO JUST THANKS FOR ALL THE WORK THAT YOU GUYS ARE DOING. IT IS GREAT TO HAVE SOME OF THESE REALLY MAJOR PROJECTS MOVING FORWARD AND TAKING UP LESS SPACE AND WE CAN LOOK FORWARD TO KEEPING THE ASSETS THAT WE HAVE IN GOOD SHAPE, AND THEN LOOKING AT WHAT WE NEED TO ATTACK NEXT. SO THANK YOU.

Henry Alaman: MY TEAM GAVE ME A LITTLE GIFT, THEY GAVE ME THIS DVD FOR HOW TO JUGGLE. ANY OTHER QUESTIONS. I WOULD LIKE TO HAND IT OFF TO MY ESTEEMED COLLEAGUE BOB LEAK.

Bob Leek: THANK YOU HENRY, GOOD MORNING CHAIR, GOOD MORNING COMMISSIONERS, MY NAME IS BOB LEEK I'M THE DEPUTY DIRECTOR FOR THE DEPARTMENT OF COUNTY ASSETS, AND I AM ALSO THE DEPUTY CHIEF INFORMATION OFFICER. I AM HAPPY TO BE HERE THIS MORNING TO GO THROUGH INFORMATION AND TECHNOLOGY PROJECTS. I THINK WE HAVE EITHER 125 OR 127 PROJECT GOING ON AND SO HENRY AND I ARE IN A CONSTANT BACK AND FORTH ABOUT WHO HAS.

Chair Kafoury: HE'S GOING TO LOAN YOU THE JUGGLING VIDEO.

Bob Leek: YEAH EXACTLY, OR WE'LL START TO JUGGLE THINGS BETWEEN EACH OTHER. THANK YOU FOR HAVING ME THIS MORNING TO GO THROUGH INFORMATION TECHNOLOGY. CAPITOL IS A KEY METHOD FOR US TO ADDRESS THE LARGE NEEDS TO SUPPORT THE COUNTY'S OPERATIONS. THE DEPARTMENT SERVICE DELIVERY PLANS RELY ON TECHNOLOGY, THERE'S NOT AN ASPECT OF THE SERVICE WE PROVIDE TO THE PUBLIC THAT DOESN'T HAVE A COMPONENT RELATED TO TECHNOLOGY. AND IN ORDER TO SUPPORT THOSE NEEDS A ROBUST CAPITOL PLAN IS REQUIRED. WE BALANCE BETWEEN TWO NEEDS. ONE IS THAT WE NEED LONG TERM CAPITOL PLANNING, THAT'S WHY WE ARE A PART OF THE 20 YEAR CAPITOL PROGRAM, BUT WHERE ROADS AND BRIDGES MIGHT BUILD A ROAD OR WORK ON A BRIDGE THAT LAST FOR 20 OR 30 OR 40 YEARS, IN TECHNOLOGY OUR TIME FRAMES ARE MUCH MORE RAPID. SO A CAPITOL PLAN FOR US MIGHT ENCOMPASS A 2 FOR 4 YEAR HORIZON, WE'RE DOING A COLLABORATIVE EFFORT WITH THE DEPARTMENTS, TOGETHER WITH PEGGIDY'S LEADERSHIP TO TALK ABOUT WHAT ARE THE FUTURE NEEDS. WHAT DO NEEDS LOOK LIKE 5,7,10 YEARS FROM NOW, AND THEM MERRY THAT UP WITH WHERE TECHNOLOGY IS GOING.

Chair Kafoury: YOU CAN PREDICT TECHNOLOGY THAT FAR OUT.

Bob Leek: WE CAN THINK ABOUT WHAT KINDS OF TECHNOLOGIES MIGHT BE POSSIBLE THAT FAR OUT, BUT THAT'S BEAUTY OF DOING CAPITOL PLANNING. AS WE KNOW WITH THE CHANGES THAT ARE HAPPING IN TECHNOLOGY ALMOST ON AN EVEN MORE RAPID BASIS. PHONES NOW USEFUL LIFE OF ABOUT 12 MONTHS. THREE YEARS AGO THEY HAD A USEFUL LIFE OF ABOUT 2 YEARS. AND SO THAT'S A DIFFICULT PIECE FOR US TO INCORPORATE IN OUR OVERALL PLANNING. IT REALLY REQUIRES US TO DO THIS PLANNING COMPREHENSIVELY. WITH THE SERVICES DELIVERY PLANS AND MODELS AND WITH THE DEPARTMENTS. AND THEN FOR US MOST OF OUR CAPITOL PROJECTS ARE MULTI YEAR IN NATURE. AND SO YOU'VE POINTED OUT TODAY HOW MANY OF THE PROJECTS CROSS MULTIPLE YEARS, WHEN WE MAKE LARGE TECHNOLOGY INVESTMENTS, IT'S ALSO ON A MULTI YEAR BASIS.

AND SO A PROJECT WE START IN ONE YEAR MIGHT TAKE 2 OR 3 YEARS TO GO THROUGH IT'S PROCESS. WE JUST HAPPEN TO DO THEM MORE RAPIDLY. AND THEN DONE WELL IS WHEN WE USE THESE GUIDING PRINCIPALS FOR OUR EFFORTS. TWO THAT I WOULD PARTICULARLY LIKE TO HIGHLIGHT THAT ARE BECOMING MORE OF A COMPONENT OF OUR DELIVERY PLANS ARE AROUND ACCESS AND EQUITY. THE USE OF TECHNOLOGY WILL INCREASE THE ACCESS TO OUR SERVICES. TO MEET PEOPLE WHERE THEY ARE USING SMART PHONES, SMART DEVICES. THE INTERNET, THE TYPES OF THINGS THAT WE'RE PUTTING ONLINE FOR PEOPLE TO ACCESS, THOSE REQUIRE THOSE INVESTMENTS. AND THEN WITH THE KNOWLEDGE FROM A DIGITAL EQUITY GAP THAT EXISTS IN THIS COMMUNITY, THAT WE HAVE TO ADDRESS, THAT WHEN WE PUT THINGS ONLINE, THAT WE NEED TO CREATE THE CAPABILITY FOR PEOPLE TO GET TO THAT.

AND SO I WANTED TO HIGHLIGHT THOSE TWO PRINCIPALS AS PART OF OUR OVER ALL CAPITAL PLANNING EFFORT. WITH THAT AS PROJECTS COME TO US WE USE A SET OF SELECTION CRITERIA IN ORDER TO MAKE SURE WE ARE CHOOSING THE BEST PORTFOLIO OF PROJECT EFFORTS. TWO IN THIS LIST THAT I WOULD LIKE TO HIGHLIGHT, ONE IS THE INCREASING REGULATORY REQUIREMENTS. YOU'VE ALL SEEN THE NEWS AROUND PEOPLE'S EXPECTATIONS AROUND PRIVACY WHEN IT COMES TO THEIR DATA, HIGHLIGHT BY WHAT'S HAPPENING WITH FACEBOOK AND OTHER SOCIAL MEDIA PLATFORMS. WE ARE A HEALTH CARE COMPANY SO WE ARE ACCOUNTABLE TO ALL OF THOSE GUIDELINES FROM A HIPPA PERSPECTIVE. WE'RE ALSO A PUBLIC SAFETY AGENCY, WE ALSO SHEPHERD A LOT OF DATA THAT'S ACCOUNTABLE FROM A JUVENILE OR KIDS PERSPECTIVE WITH THINGS LIKE THE LIBRARY AND SO FORTH. THERE'S AN INCREASING LEVEL OF THOSE REGULATORY REQUIREMENTS THAT BECOME A KEY COMPONENT OF OUR TECHNOLOGY PROJECTS, AT A PACE THAT IS ALSO INCREASING. AND SO WHEN WE'RE MAKING THE SELECTION OF OUR PROJECTS WE'RE HAVING TO ACCOUNT FOR MORE EFFORT IN TERMS OF DATA AND PRIVACY AND SECURITY.

Bob Leek: AND THEN THE OTHER IS THE DEPARTMENTS READINESS FOR CHANGE, WITH THIS RAPID INTRODUCTION OF NEW TECHNOLOGIES IT'S BECOMING EASIER TO DO THE TECHNOLOGY. STANDING UP A PIECE OF SOFTWARE AND MAKING IT AVAILABLE FOR PEOPLE IS BECOMING MUCH EASIER. THE IMPACT TO DEPARTMENT OPERATIONS, BUSINESS PROCESSING ENGINEERING, WORK FLOW REDESIGN, TRAINING, UNDERSTANDING OF THOSE NEW TECHNOLOGY COMPONENTS ARE PART OF THE CHALLENGES WE FACE, AND IT'S BECOMING MORE OF A PART OF OUR STRATEGY AS WE TALK TO THE DEPARTMENTS ABOUT THEIR NEEDS. ONE OF THE KEY QUESTIONS IS, ARE YOU READY FOR THE AMOUNT OF CHANGE THAT THIS NEW TECHNOLOGY IS GOING TO IMPLEMENT. SO I WANTED TO HIGHLIGHT ALL OF THAT AS CONTEXT BEHIND THOSE PROJECTS WE HAVE, AND THE WORK THAT WE'RE

PLANNING ON DOING. OUR PLANNING PROCESS HAS THESE THREE KEY COMPONENTS.

WE HAVE A VERY LARGE A COMPLEX SET OF CURRENT TECHNOLOGIES AND CAPABILITIES. WE ARE WORKING ON IDENTIFYING THOSE FUTURE NEEDS INCLUDING TECHNOLOGY TRENDS. AND THEN PRIORITIZING FOR THIS CAPITOL PLANNING PROCESS. 20 YEARS OUT, THAT'S A LOT OF GUESSES A LOT OF THOUGHTS ABOUT WHERE THINGS ARE GOING. FIVE YEARS GETS A LITTLE BETTER FOR US. AND THEN EACH FISCAL YEAR, THE ABILITY FOR US TO SAY THESE ARE THE PROJECT WE'RE GOING TO WORK ON. THAT ENCOMPASSES OUR PLANNING LIFECYCLE. THIS IS THE CURRENT PROJECTS IN OUR PORTFOLIO. THEY ARE ALL IN SOME ASPECTS ACTIVE, EXCEPT FOR THE BUDGET SYSTEM IMPLEMENTATION. WE'VE PUT THAT ON HOLD AS WE WORK WITH THE DEPARTMENT OF COUNTY MANAGEMENT AND THE ERP PROGRAM TO MAKE SURE THAT WHEN WE NEED TO MAKE INVESTMENTS IN OUR BUDGET SYSTEMS, THAT WE DO THAT IN LIGHT OF THE FUTURE STATE OF OUR FINANCE SYSTEMS WITHIN THE ERP PROGRAM OR THE ENTERPRISE RESOURCE PROGRAM. I HAVE A COUPLE OF FOLLOW ON SLIDES, MUCH LIKE HENRY AND IAN DID EARLIER.

I DID WANT TO POINT OUT AND HIGHLIGHT THE CYBERSECURITY EFFORT. WE WERE FORTUNATE THAT THE BOARD MADE AN INVESTMENT AND WE IMPLEMENT SOME THINGS AND IDENTIFY THOSE AND IDENTIFY RISK AND MAKE A NEW INVESTMENT, AND THAT PROGRAM CONTINUES. I SEE ON MY FUTURE NEEDS SLIDE THAT CYBERSECURITY IS NOT SOMETHING THAT WE'LL EVER BE DONE WITH, IT'S A QUESTION OF WHAT CAN WE AFFORD TO INVEST IN AND WHAT CAN WE MITIGATE, SO I'LL HIGHLIGHT THAT IN A SECOND. OUR TOTAL CAPITAL BUDGET IT IS \$22 MILLION. YOU'LL SEE THE PREDOMINANCE OF THAT IS TOWARD THE ALIGN PROJECT. THERE'S A SMALL AMOUNT FOR THE REPLACEMENT OF THE CRIMES, THE COUNTY ATTORNEY'S CASE MANAGEMENT SYSTEM, AND IN THE OTHER CATEGORY, THE BREAKOUT OF THOSE SPECIFIC AMOUNTS THERE IN THE BOX TO THE RIGHT. THIS IS THE SCHEDULE FOR OUR ERP PROGRAM.

Bob Leek: AND I KNOW THAT YOU'RE GETTING ADDITIONAL BRIEFINGS ON THAT SO I WON'T SPEND TOO MUCH TIME HERE, BUT THE FUNDING FOR THAT PROGRAM RUNS THROUGH THE INFORMATION TECHNOLOGY FUND AND SO THE DESIGN WORK, IMPLEMENTATION WORK, AND THE TOTAL BUDGET FOR THAT ARE REFLECTED ON THIS SLIDE. MANY THAT YOU'LL GET THROUGH THE BRIEFINGS. AND THEN THE HIGHLIGHT AROUND THE BUDGET LEADING TO THE TOTAL INVESTMENT JUST SHORT OF \$43 MILLION OVER THE LIFE OF THIS EFFORT THAT WILL COME TO LIFE OVER THE NEXT YEAR OR SO. WITH RESPECT TO OUR ONLY ONE-TIME ONLY REQUEST, I PULLED OUT SPECIFICALLY AROUND THE CRIMES REPLACEMENT EFFORT ABOUT A \$300,000 INCREMENTAL ASK. THAT SYSTEM IS SCHEDULED TO GO LIVE IN JUNE. WE KNOW THAT THERE ARE SOME ADDITIONAL FUNCTIONS AND

CAPABILITIES THAT HAVE COME TO LIGHT THROUGH THE TESTING AND THE ACCEPTANCE OF THAT NEW SYSTEM, AND SO A SMALL INCREMENTAL AMOUNT NEEDED IN FISCAL 19 TO COVER THE POST GO-LIVE WORK THAT WE'VE IDENTIFIED.

AND THEN AS I SAID, WE WERE GOING TO PULL OUT THREE ITEMS FROM THE EARLIER ANALYSIS, STARTING WITH HEALTHCARE TRANSFORMATION. THAT PROJECT STARTED IN FISCAL 2017, A TOTAL BUDGET OF AROUND \$700,000. WE DELIVERED THE EDIE AND PREMANAGE CAPABILITIES THROUGH THAT PROGRAM, AND THAT GROUP IS CURRENTLY FOCUSED ON ANALYZING HOW WE CAN FREE DATA OUT OF OUR SYSTEMS AND PRESENT IT TO CASE MANAGERS AND OTHERS TO HELP COORDINATE THE SERVICES THAT WE PROVIDE TO THE PUBLIC. WE DO THAT TODAY, BUT WE DO IT VIA PHONE CALLS AND EMAILS AND TEXT MESSAGING AND CHATS, AND IT'S A VERY CUMBERSOME WAY IT'S BEING UTILIZED AND WE WANT TO MAKE SOME INVESTMENTS TO GET THAT FREED UP AND PRESENT IT IN A COMPLIANT WAY. COMPLIANCE IS A BIG PART OF THIS, SO WE CAN DO IT AS SCALE TO THE PEOPLE WE'RE SERVING. WE'RE EXCITED ABOUT THAT PROGRAM. IT'S ACROSS DEPARTMENTAL AND INCLUDES PUBLIC SAFETY GROUPS, COUNTY HUMAN SERVICES, AND THE HEALTH DEPARTMENT IN THAT EFFORT.

THE SECOND PROJECT THAT I WANTED TO HIGHLIGHT, IT WAS AROUND THE CRIMES REPLACEMENT, A LITTLE BIT OF INCREMENTAL FUNDING NEEDED THAT ENDS UP WITH A TOTAL COST OF THAT EFFORT JUST OVER \$2 MILLION. AND AS I SAID WITH CYBERSECURITY, WE ARE FOLLOWING SOME FRAMEWORKS THAT WE GET FROM -- AN ORGANIZATION AT THE FEDERAL LEVEL THAT OUTLINES GOOD, ROBUST PROTECTION OF DATA, LOOKS LIKE THIS, AND WE APPLY OUR CURRENT STATE AGAINST THOSE FRAMEWORKS TO IDENTIFY THE INVESTMENTS THAT WE NEED TO MAKE. AND SO WE HAVE A PLAN THAT WE'RE CONSTANTLY WORKING THROUGH, AND ARE VERY PROUD OF, AND IN FACT, AT THE STATE LEVEL, THE STATE CIO HAS CHARTERED CYBERSECURITY TASK FORCE AND WORKING GROUP, AND WE'RE A PART OF THAT GROUP, AND DENNIS TOMLIN, OUR CHIEF OFFICER, PARTICIPATES IN THOSE SO THERE'S A STATEWIDE PERSPECTIVE OF CYBERSECURITY.

Sherry Swackhamer: YOU'LL HEAR WHEN WE TALK IN OUR DEPARTMENT PRESENTATION. PRETTY AMAZING. OR FRIGHTENING. WHATEVER. [LAUGHTER].

Bob Leek: AMAZINGLY FRIGHTENING.

Chair Kafoury: TEASER FOR THIS AFTERNOON.

Sherry Swackhamer: WE'LL COME BACK.

Bob Leek: ALL RIGHT. SO THEN, LOOKING AHEAD TO 2019, I, IN NO MEANS, WANTED TO MINIMIZE WHERE OUR FOCUS IS, AND IT'S ON THE ENTERPRISE PLANNING RESOURCE PROGRAM AND MULTCO ALIGN. YOU SAW THE BRIEFING, YOU SAW THE FOLKS STAND UP WHEN THEY CAME A FEW WEEKS AGO. IT'S OUR PRIME FOCUS FROM AN INFORMATION TECHNOLOGY FOCUS. WE'VE COMPRISED AN ALL-STAR TEAM FOR THAT. THAT'S OUR FOCUS. BUT IN ADDITION, WE HAVE 126 OTHER PROJECTS THAT WE'RE TRYING TO GET DONE FOR THE EFFORT, SOME THAT WE'VE HIGHLIGHTED HERE AS A PART OF THE CAPITAL PROGRAM. AND LASTLY, THIS SUMMER, WE'RE GOING TO DO AN UPDATE ON WHAT WE CALL THE TECHNOLOGY FITNESS ASSESSMENT. TWO YEARS AGO, WE TOOK SOME TIME WITH THE DEPARTMENTS TO ASK THEM, WHAT ARE ALL THE KEY TECHNOLOGY APPLICATIONS AND SYSTEMS THAT YOU DO TO DO THE WORK THAT YOU DO AND DID A RISK-BASED ASSESSMENT ON THAT, AND THAT LED TO THE IMPROVEMENT OF TECHNOLOGY IMPROVEMENT PROGRAM.

IT'S TIME TO UPDATE THAT. IT'S BEEN TWO YEARS SINCE WE DID THAT ASSESSMENT. THERE ARE THINGS THAT WE'VE INTRODUCED. THERE ARE TECHNOLOGY WE HAVE THAT IS TWO YEARS OLD THAT MAY HAVE ARISEN INTO THE LEVEL OF RISK THAT IT WASN'T AT TWO YEARS AGO. SO THE REFRESH OF THAT IS PLANNED FOR THIS SUMMER AND WILL BECOME A KEY PART OF THE CAPITAL PLANNING THAT WE'RE DOING WITH PEGGIDY AND THE CROSS DEPARTMENTAL TEAM. SO WITH THAT, I'D BE HAPPY TO ANSWER ANY QUESTIONS ABOUT OUR TECHNOLOGY PROGRAM.

Commissioner Vega Pederson: THIS ISN'T DIRECTLY RELATE TO YOUR PRESENTATION, ALTHOUGH I LOVE HEARING ALL ABOUT THE DIFFERENT PROJECTS, BUT IT WAS MORE SOMETHING THAT MARK HAD SAID EARLIER, LOOKING AT OUR FUTURE BONDING AND HOW WE DO BONDING BUT I.T. ISN'T INCLUDED IN THAT. WHAT ARE YOUR THOUGHTS ON THAT?

Bob Leek: I THINK IN ADDITION TO THE PERSPECTIVE THAT SHERRY MIGHT HAVE ON THIS, I'M THANKFUL FOR THE OPPORTUNITY TO TALK ABOUT HOW WE CAN FUND ALL OF THESE TECHNOLOGY INVESTMENTS THAT NEED TO BE MADE. SO AS MARK ALLUDED, IT'S CURRENTLY NOT PART OF THE MECHANISMS AVAILABLE TO US, SO BEING ABLE TO TALK ABOUT THAT AND KNOWING THERE'S THIS INSATIABLE AND EVER-GROWING NEED AROUND TECHNOLOGY, AND THAT REQUIRES FUNDING, THE OPPORTUNITY TO MAYBE FIGURE OUT A WAY TO INCREASE OUR FUNDING LEVELS, I'M ALL FOR THAT. BUT I'M THE CONSUMER OF THAT FUNDING AS WELL. AND I'M REPRESENTING THE DEPARTMENTS AND ALL OF YOU IN WHAT YOU NEED. IF THERE'S FUNDING METHODS THAT WE'RE NOT USING TODAY, I WOULD LOVE TO FIGURE OUT HOW TO HAPPEN INTO THOSE.

Sherry Swackhamer: I THINK A MORE STABLE PROCESS FOR I.T., ESPECIALLY THE 125 PROJECTS, OR 122, THAT WE DIDN'T GO OVER, WE LOOK AT THEM AS

BOB SAID, FROM A FIT ASSESSMENT, A RISK ASSESSMENT, TRY TO BUNDLE THEM AND ASK FOR ONE-TIME ONLY MONEY. AND WE HAVE BONDED, GONE OUT AND USED BONDING AS A MECHANISM FOR I.T. A COUPLE OF TIMES, BUT I THINK COMING UP WITH SOMETHING MORE IN LINE WITH WHAT HENRY HAS WITH CIP AND AP OFFENDING PROCESS THAT IS MORE FEE-BASED, I THINK IS SOMETHING WE WANT TO LOOK AT. AND YOU'LL HEAR, ANOTHER TEASER FOR THIS AFTERNOON, WE'LL TALK ABOUT THE INTERNAL RATE BENCHMARKING STUDY, AND HOPEFULLY SOMETHING, A RECOMMENDATION MAY COME FROM THAT TOO. BUT I THINK IT'S SOMETHING, WE ARE INVESTING SIGNIFICANTLY IN TECHNOLOGY, AND WE NEED TO VIEW IT AS AN ASSET THAT NEEDS TO BE MAINTAINED.

Commissioner Vega Pederson: YEAH. I'M GLAD THAT WE ARE HAVING THIS DISCUSSION ABOUT THE FUTURE, WHAT IT LOOKS LIKE AND WHAT IT MEANS, JUST BECAUSE YOU'RE LOOKING AT SO MANY WAYS THAT TECHNOLOGY IS REPLACING SOME OF THE BRICK AND MORTAR THINGS THAT YOU THOUGHT OF, LIKE THESE ARE THE CAPITAL PROJECTS, BANKING AND NO DIFFERENT, AND IT'S NO DIFFERENT WITH A LOT OF THE SERVICES THAT WE'RE PROVIDING HERE. THANK YOU, GUYS.

Chair Kafoury: ANY OTHER QUESTIONS OR COMMENTS?

Bob Leek: SO I WANT TO INVITE PEGGIDY BACK UP. SHE IS GOING TO BRING THIS TO A CLOSE.

Chair Kafoury: PERFECT. THANK YOU.

Peggidy Coffman Yates: AS YOU CAN SEE, WHEN YOU'RE LOOKING AT A 20-YEAR STRATEGIC CAPITAL PLAN, IT IS A LITTLE BIT OF AN OCTOPUS. THERE'S A LOT OF ACTIVITIES GOING ON. OUR FOCUS ON THE 20-YEAR PLAN IS GOING TO BE FOCUSED ON THE NONROUTINE MAJOR CAPITAL, BUT AS A PART OF OUR STEERING COMMITTEE, WE ARE ADDRESSING THOSE ISSUES OF ARE THERE OTHER FUNDING MECHANISMS. I THINK ONE THING THAT'S SO IMPORTANT TO ANSWER YOUR QUESTION IS PART OF THE VALUE OF HAVING OUR STEERING COMMITTEE WITH I.T. INVOLVED IS THE ABILITY FOR US TO START LOOKING AT THOSE GIVES AND TAKES. IS IT BRICK AND MORTAR. IS IT I.T.A., ET CETERA. IT'S COMPLEX, AND WE HAVE TO START EVALUATING COSTS AND BENEFITS INVOLVED. ON THAT NOTE, I WANT TO THANK EACH OF THE PRESENTERS. IT IS A COMPLEX PROCESS, AND A LOT OF ACTIVITY AND A LOT OF MONEY, AND WE ARE TRYING TO BE THE BEST STEWARDS AS WE CAN OF THE TAXPAYER DOLLARS.

Peggidy Coffman Yates: I JUST WANTED TO QUICKLY COVER THAT WE WILL BE COMING IN IN JUNE WITH A BOARD BRIEFING ON THE STRATEGIC CAPITAL PLAN. I WOULD LIKE TO BE SITTING DOWN WITH ALL OF YOU IN THE NEXT MONTH ONCE THE BUDGET CYCLES OVER TO TALK MORE SPECIFICALLY AND

MAKE RECOMMENDATIONS. WE WILL ALSO, AS MENTIONED BY MARK AND BY MARISSA YESTERDAY, WE WILL BE LOOKING AT SOME RECOMMENDING SOME POLICY ISSUES THAT ALIGN THAT CAPITAL PLANNING PROCESS ON A COUNTY-WIDE BASIS AND NOT SPECIFICALLY WITHIN THE SILOS. AND ALSO, WHAT WE HAVE DEVELOPED AS A MODEL IS AN ABILITY, ONCE WE'VE COME UP AND IDENTIFIED A 20-YEAR PLAN, IS THAT THERE'S A LOT OF FLEXIBILITY FOR US TO BE ABLE TO REACT AS INTEREST RATES GO UP, IF PRIORITIES CHANGE, WE'RE ABLE TO MAKE THOSE ADAPTATIONS AND BE ABLE TO PROVIDE YOU ALL WITH THE INFORMATION YOU NEED TO BE ABLE TO MAKE THE BEST DECISIONS BASED ON THE BEST INFORMATION. SO ON THAT NOTE, I WANT TO THANK YOU, AND IF YOU HAVE ANY LARGER QUESTIONS, I'M WILLING TO ANSWER. OTHER THAN THAT, I THINK WE'RE FINISHED. DO YOU HAVE ANY OTHER QUESTIONS?

Chair Kafoury: THANK YOU. I KNOW THIS HAS BEEN A LOT OF WORK FOR YOU AND A LONG-TERM PROJECT, AND WE'VE NEVER HAD ANYTHING LIKE THIS BEFORE, SO I WANT TO THANK YOU, AND I WANT TO THANK MARISSA FOR ENVISIONING THIS, AND, OF COURSE, ALL THE FOLKS THAT HAVE BEEN INVOLVED. BUT COMPARED TO HOW WE DID THINGS WHEN I FIRST ARRIVED HERE, IT'S JUST AMAZING. THANK YOU.

Peggidy Coffman Yates: AND IT DOES TAKE A GROUP OF PEOPLE, WHO I APPRECIATE BEING A PART OF THAT TEAM. SO THANK YOU VERY MUCH. AND YOU ALL BEING SUPPORTIVE.

Chair Kafoury: IT'S STILL GOING TO LEAVE US WITH SOME HARD DECISIONS, BUT AT LEAST WE WILL HAVE INFORMATION AVAILABLE TO MAKE THE RIGHT DECISIONS. ALL RIGHT. I THINK THAT'S IT FOR THIS MORNING, BUT WE'VE HAD A TEASER ABOUT OUR AFTERNOON SESSIONS, SO DON'T GO TOO FAR. WE'LL BE BACK HERE AT 1:30. THANK YOU.

ADJOURNMENT – 11:28 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:
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