

**Minutes of the Board of Commissioners
Multnomah Building, Board Room 100
501 SE Hawthorne Blvd., Portland, Oregon
Wednesday, May 13, 2015**

BUDGET WORK SESSION #4

Chair Deborah Kafoury called the meeting to order at 9:39 a.m. with Vice-Chair Jules Bailey and Commissioners Loretta Smith, Judy Shiprack, and Diane McKeel present.

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

[THE FOLLOWING TEXT IS THE BYPRODUCT OF THE CLOSED CAPTIONING OF THIS BROADCAST.]

BWS 4a Fiscal Year 2016 Budget - Debt Overview Briefing. Presenter: Mark Campbell, Chief Financial Officer

Chair Kafoury: GOOD MORNING, EVERYONE, WELCOME TO BUDGET WORK SESSION NO. 4 FOR THE MULTNOMAH COUNTY BOARD OF COUNTY COMMISSIONERS. MARK CAMPBELL IS HERE TO TALK ABOUT DEBT.

Mr. Campbell: GOOD MORNING, I'M THE COUNTY'S CHIEF FINANCIAL OFFICER. THE TIME I HAVE ALLOTTED TO ME TO DISCUSS THIS VERY RIVETING TOPIC, HERE ARE THE TOPICS I'D LIKE TO GO OVER TODAY. FIRST I'D LIKE TO TALK A LITTLE BIT ABOUT WHAT FINANCING OPTIONS ARE AVAILABLE TO THE COUNTY AND DISCUSS BRIEFLY A CONCEPT OF PAY AS YOU GO VERSUS PAY AS YOU USE. WE WILL TALK ABOUT THE FACT THAT INSTRUMENTS ARE AUTHORIZED BY STATE STATUTE AND GO OVER SOME FINANCING TOOLS THAT THE COUNTY CAN EMPLOY TO FINANCE CAPITAL PROJECTS. THEN THE DEBT ISSUANCE POLICY AND CONTRAST THAT WITH THE STATUTORY LIMITS ESTABLISHED BY THE STATE AND THEN TALK A LITTLE ABOUT HOW USE OF ONE TIME ONLY REVENUES LIMITS THE AMOUNT WE NEED TO BORROW IN THE FUTURE. I WANT TO TALK BRIEFLY ABOUT OUR CONDUIT DEBT PROGRAM. ALSO THERE WAS A MEMO FROM ME IN THE BOARD AGENDA PACKET ON DEBT CAPACITY AND I'LL GO OVER THAT IN LESS DETAIL THAN IS IN THE MEMO BUT I WOULD ENCOURAGE TO YOU REVIEW THAT.

SO WHEN WE TALK ABOUT FINANCING FOR CAPITAL PROJECTS, WE TEND TO BREAK IT DOWN INTO A COUPLE OF DIFFERENT CONCEPTS. THAT IS PAY AS YOU GO AND PAY AS YOU USE. I JUST WANT TO DIFFERENTIATE A LITTLE BIT ABOUT WHAT THOSE MEAN AND HOW WE ADDRESS THOSE IN MULTNOMAH COUNTY. PAY AS YOU GO IS GENERALLY FOR ROUTINE MAINTENANCE AND REPAIR PROJECTS. SO FOR EXAMPLE, REPLACING EQUIPMENT WITHIN BUILDINGS, ROAD REPAIRS, PAVEMENT, REPLACEMENT COSTS FOR

VARIOUS SOFTWARE AND HARDWARE IN I.T., AND WE HAVE MECHANISMS TO DO THAT IN BOTH FACILITIES AND TRANSPORTATION.

Mr. Campbell: SO IN FACILITIES FOR THOSE TYPES OF PAY AS YOU GO PROJECTS WE HAVE WHAT'S KNOWN AS CAPITAL IMPROVEMENT PROGRAM FEE AND AN ASSET PRESERVATION FEE. WITH TRANSPORTATION THE PRIMARY SOURCE OF FUNDING FOR THOSE IS THE GAS TAX AND THE STATE REVENUE SHARING THAT WE RECEIVE. FOR I.T. WE DON'T REALLY HAVE A PAY AS YOU GO MECHANISM IDENTIFIED CURRENTLY. THEY ARE ALSO PAID FOR WITH ONE TIME ONLY REVENUES. WHEN WE TALK ABOUT DEBT FINANCING, THAT'S CONSIDERED AS PAY AS YOU USE CONCEPT. THAT'S GENERALLY FOR MAJOR CAPITAL CONSTRUCTION OR RENOVATIONS. THESE TEND TO BE LONGER TERM PROJECTS IN NATURE WHERE YOU CAN SPREAD THE COSTS OUT OVER A NUMBER OF YEARS. ONE OF THE THINGS I THINK IS IMPORTANT TO POINT OUT IS THAT WHEN WE TALK ABOUT PAY US A USE AND ISSUANCE OF DEBT, THAT CAN INCLUDE WHAT WE TRADITIONALCALLY DESCRIBE AS COST PLANNING AND DESIGN WORK CAN BE FIT INTO THAT ISSUANCE. DEBT ISSUANCE DOES NOT SUPPORT OPERATIONAL PROGRAMS.

SO HERE'S THE STATUTORY CITATIONS. THE ONE THING THAT I THINK HAS REALLY STRUCK ME OVER THE PAST FEW YEARS AS I'VE BEEN IN THIS ROLE, IS WHEN I TALK TO MY COLLEAGUES FROM OTHER STATES AND JURISDICTIONS THAT OUR POLICY, OUR STATUTES PARTICULARLY AS IT RELATES TO THE ISSUANCE OF FULL PHASING CREDIT DEBT PROVIDE US MUCH MORE FLEXIBILITY THAN SOME OTHER PLACES. AND SO WHEN YOU SEE THAT SOME GOVERNMENTS IN OTHER PARTS OF THE COUNTRY ARE ENGAGING INITIATIVE INNOVATIVE OR ALTERNATIVE FINANCING TYPES OF PROJECTS, IT'S IMPORTANT TO NOTE THAT BECAUSE WE HAVE THIS ABILITY TO ISSUE FULL-PHASING CREDIT DEBT THAT'S NOT SUBJECT TO VOTER APPROVAL, THAT GIVES US THE ABSOLUTELY LOWEST COST TO BORROWING THAT WE'RE EVER GOING TO BE ABLE TO ACHIEVE. FOR ALL OF THESE DIFFERENT STATUTES, THE DEBT CAPACITY IS PAID TO THE REAL MARKET VALUE WITHIN THE JURISDICTION.

SO NOW I WANT TO TALK JUST BRIEFLY ABOUT THE CHARACTERISTICS OF THOSE LONG TERMS DEBT INSTRUMENTS. GENERAL OBLIGATION BONDS AS I'M SURE YOU'RE ALL AWARE REQUIRE VOTER APPROVAL. BECAUSE THEY REQUIRE VOTER APPROVAL AND BECAUSE OF IN THIS STATE THEY ARE BACKED BY DEDICATED PROPERTY TAX LEVIES, THEY RECEIVE THE HIGHEST CREDIT RATING FROM THE CREDIT RATING AGENCIES. AND WE ARE IN FACT AT THE HIGHEST CREDIT RATING FOR GENERAL OBLIGATION BONDS THAT BOTH MOODY'S AND STANDARD & POOR'S DESIGNS. IT'S DESCRIBED AS ESSENTIAL CAPITAL PROJECTS AND AS I MENTIONED, THE PAY-BACK FOR THESE IS A PROPERTY TAX LEVY THAT EXISTS OUTSIDE BOTH MEASURE 5 AND MEASURE 50 LIMITS. REVENUE BONDS, AS THE NAME WOULD IMPLAY, HAVE A DEDICATED FUNDING SOURCE. THE SIZE OF THE BOND MEASURE IS

DEPENDENT ON WHAT YOU CAN GENERATE FROM THE REVENUE SOURCE. AND BECAUSE THEY HAVE A SLIGHTLY HIGHER RISK THE RATINGS ARE GENERALLY A FEW NOTCHES BELOW WHERE WE WOULD BE FOR A GENERAL OBLIGATION OR FULL PHASING CREDIT BOND. BUT IT'S BASED ON THE NATURE OF THE CASH FLOW AND REVENUES SUPPORTING IT. FOR EXAMPLE, THE SELLWOOD BRIDGE IS A REVENUE BOND-BACKED FULL-PHASING CREDIT.

Mr. Campbell: IN THE BIZ WE CALL IT A DOUBLE-BARRELED APPROACH. BECAUSE THE NEW REVENUE RATING MIGHT HAVE BEEN SLIGHTLY LOWER, HAD WE ALSO STOPPED THAT, BY FLEDGING THE COUNTY FULL PHASING CREDIT WE GOT THE HIGHEST RATING POSSIBLE ON THOSE BONDS AND ACHIEVES THE TRUE INTEREST COSTS OF LESS THAN 3.2%. WE WOULD NOT HAVE BEEN ABLE TO ACHIEVE THAT ON THE REVENUE ALONE. FINALLY THE FULL-PHASING CREDIT, AS THE NAME IMPLIES, PAYMENTS CAN BE MADE FROM ANY LEGALLY AUTHORIZED REVENUE SOURCE. CREDIT RATING ON FULL-PHASING CREDIT IS TYPICALLY ONE STEP LOWER THAN A GENERAL OBLIGATION BOND. THE REASON FOR THAT HAS NOTHING TO DO WITH MULTNOMAH COUNTY SPECIFICALLY. IT REALLY HAS TO DO WITH THE NATURE OF OUR TAX SYSTEM AND THE FACT THAT WE LIVE UNDER MEASURE 5 AND MEASURE 50. THE LIMITATION THERE'S A CONCERN BY THE RATING AGENCIES THAT WE DON'T HAVE ENOUGH FLEXIBILITY IN OUR REVENUE STREAM TO SUPPORT A FULL TRIPLE-A RATING. BUT AA 1 IS VERY GOOD, AND THERE'S NO OTHER JURISDICTION IN THE STATE OF OREGON THAT HAS A HIGHER RATING ON THEIR FULL-PHASING CREDIT BONDS. THESE BONDS ARE AUTHORIZED BY BOARD RESOLUTION, AND THEY ARE SUBJECT TO NOT ONLY THE STATUTORY LIMITS BUT ALSO THE COUNTY'S INTERNAL POLICY LIMIT.

Commissioner Shiprack: MADAME CHAIR. WHAT MIGHT BE THE COST DIFFERENTIAL BETWEEN TRIPLE-A AND AA 1 RATING?

Mr. Campbell: DEPENDING ON THE NATURE OF THE CREDIT, A QUARTER TO A HALF OF A PERCENT. THERE ARE A FEW OTHER FINANCING OPTIONS OTHER THAN ISSUANCE OF LONG TERM DEBT THAT WE CAN TAKE ADVANTAGE OF. I'LL JUST MENTION A COUPLE OF THEM HERE.

Mr. Campbell: ONE IS CAPITAL LEASES. WE LOOK TO CAPITAL LEASES WHEN WE HAVE EQUIPMENT OR PROJECTS THAT HAVE A LIMITED USEFUL LIFE, AND WHERE BONDING FOR SUCH A PROJECT WOULDN'T BE ECONOMICALLY FEASIBLE. FOR CAPITAL LEASES THE PAYMENTS ARE INCLUDED IN THE OPERATING BUDGETS. WE HAVE TWO SUCH RIGHT NOW. ONE IS THE SHERIFF'S WAREHOUSE SPACE, AND THE OTHER ONE IS RELATED TO THE SELLWOOD BRANCH LIBRARY. THE OTHER OPTION THAT'S AVAILABLE TO US IS A BANK QUALIFICATION, WHICH IS GENERALLY SHORTER TERM IN NATURE. WE CAN DO UP TO \$30 MILLION THROUGH A DIRECT PLACEMENT.

THAT WAS FEATURE CHANGED AS PART OF THE STIMULUS ACT PRIOR TO 2009, THE LIMIT ON BANK QUALIFICATIONS WAS \$10 MILLION. THIS GIVES US A LITTLE MORE FLEXIBILITY. THERE'S GENERALLY A LOWER COST OF ISSUANCE BECAUSE YOU DON'T HAVE TO GO THROUGH A FULL CREDIT RATING REVIEW. THEY TAKE LESS TIME TO DO. AND THE INTEREST RATES TYPICALLY TEND TO BE COMPARABLE TO WHAT WE WOULD GET FROM A BOND ISSUE. WE DID A BANK QUALIFICATION AS AN INTERIM STEP IN FINANCING FOR THE SWOOS BRIDGE, FOR EXAMPLE. WE BORROWED \$25 MILLION FROM BANK OF AMERICA FOR A ONE-YEAR TERM AND WE USED THAT MONEY TO CASH FLOW DURING THE TIME UNTIL WE WERE ABLE TO ISSUE LONG TERM DEBT. IT'S AN APPROACH WE MIGHT USE FOR EXAMPLE ON THE COURTHOUSE. ANOTHER THING WE CAN DO TO FINANCE PROJECTS, WE HAVE THE ABILITY TO ISSUE INTERNAL LOANS. THESE ARE AUTHORIZED IN STATUTE. THE TERM IS LIMITED TO 10 YEARS. THEY ALSO CAN PROVIDE FOR SHORT-TERM BRIDGE FINANCING. THEY PROVIDE US WITH THE GREATEST FLEXIBILITY IN ESTABLISHING A REPAYMENT SCHEDULE. IF YOU RECALL ABOUT TWO WEEKS AGO WE CAME WITH A PROPOSAL FOR LED LIGHTING ON THE BRIDGES. IN THE COUNTY'S FINANCIAL AND BUDGET POLICIES WE ADDRESS SEVERAL INFRASTRUCTURE-RELATED TOPICS. THESE INCLUDE FACILITIES AND PROPERTY MANAGEMENT, TRANSPORTATION AND INFORMATION TECHNOLOGY. YOU'LL HEAR A LOT MORE ABOUT THOSE IN THE NEXT BRIEFING.

Mr. Campbell: WANT TO FOCUS TODAY ON THE POLICY ON SHORT-TERM AND LONG TERM DEBT FINANCING. THE STATUTORY LIMITS ON THE ISSUANCE OF DEBT IS FOR LOCAL GOVERNMENTS. FOR GENERAL OBLIGATION BONDS IT'S 2% OF REAL MARKET VALUE. 2% OF REAL MARKET VALUE WOULD IMPLY THAT OUR DEBT LIMIT IS ABOUT \$2.1 BILLION. FOR REVENUE BONDS AND FULL PHASING CREDIT BONDS THE STATUTE DEBT LIMIT IS \$1.8 BILLION. RECOGNIZING THAT'S A VERY LARGE NUMBER AND WOULD CONSUME A LOT OF RESOURCES, THE COUNTY ESTABLISHED A POLICY A NUMBER OF YEARS AGO THAT WE WILL NOT HAVE DEBT SERVICE THAT EXCEEDS 5% OF ONGOING CORPORATE GENERAL FUND REVENUES. AND THAT FOR DEBT THAT'S ISSUED WE WILL ONLY ISSUE IN SUPPORT OF PROJECTS WITH AN EXTENDED USEFUL LIFE. THE POLICY ALSO STATES THAT OUR PREFERRED MAXIMUM TERM IS 20 YEARS. BUT THE POLICY DOES PROVIDE SOME FLEXIBILITY. AND YOU MAY CHOOSE TO FINANCE THINGS LIKE FOR EXAMPLE THE SELLWOOD BRIDGE IS FINANCED OVER 30 YEARS.

AGAIN, I JUST WANT TO BRIEFLY POINT OUT THE POLICY REVISION YOU ADOPTED WITH LAST YEAR'S BUDGET. THAT IS TO DEDICATE A CERTAIN A. ONE TIME ONLY REVENUES TOWARDS FACILITIES, CAPITAL PROJECTS AND MAJOR RENOVATIONS MANY I LIKE TO THINK OF THAT POLICY AS SORT OF EXPANDING OUR DEBT CAPACITY, IN THE SENSE THAT EVERY DOLLAR OF REVENUE WE CAN APPLY TOWARDS THE PROJECT THAT WE DON'T HAVE TO

BOND FOR IS LESS IN FINANCING COSTS THAT WE HAVE TO PAY OVER THE LONG TERM.

Commissioner Shiprack: THERE'S A KIND OF SIMILAR STATEMENT I THINK YOU COULD MAKE ABOUT PROJECTED INCREASES IN INTEREST RATES, AND THE SIGNIFICANCE OF BORROWING AT TODAY'S LOWER RATES.

Mr. Campbell: THERE IS ALSO THAT CONCEPT OF INTEREST RATE RISK WE ARE ALWAYS KIND OF COGNIZANT OF. ONE OF THE THINGS ABOUT TRYING TO TIME THE MARKET IS THAT IT'S A VERY TENUOUS THING. BUT GENERALLY WE DO TAKE THAT IN TO CONSIDERATION. ONE OF THE THINGS THAT WAS NOTED IN BOTH THE MOODY'S UPGRADE AND THE S&P UPGRADE IS OUR DEBT WAS LOWER THAN COMPARABLE PREDICTIONS. AND THE POLICY WAS ALSO MENTIONED AS ONE OF THE REASONS WHY THEY FELT LIKE, YOU KNOW, BECAUSE WE COULD KEEP IT WITHIN 5% OF GENERAL FUND REVENUES. I WANT TO TALK A LITTLE BIT ABOUT OUR CONDUIT DEBT PROGRAM. I HAVEN'T MENTIONED THIS IN THIS VENUE BEFORE. BUT I STARTED TO THINK ABOUT THIS BECAUSE IT OCCURRED TO ME THAT OUR CONDUIT DEBT PROGRAM IS ALMOST AS LARGE AS THE AMOUNT OF DEBT WE HAVE OUTSTANDING JUST FOR THE COUNTY'S DEBT ISSUANCE. I WANT TO JUST REMIND THE BOARD WHEN THE COUNTY ACTS AS CONDUIT FINANCIER AND THERE ARE THREE THINGS WE CAN ISSUE DEBT FOR.

ONE OF THEM IS THE HOSPITAL AUTHORITY. I'VE BROUGHT SEVERAL TRANSACTIONS TO YOU OVER THE PAST FEW YEARS IN YOUR CAPACITY AS THE HOSPITAL FACILITY AUTHORITY BOARD. WE CAN ISSUE CONDUIT DEBT FOR HIGHER EDUCATION FACILITIES AND FACILITIES THAT GENERATE THAT DEAL WITH SOLID WASTE. AS A REMINDER, CONDUIT DEBT IS NOT AN OBLIGATION IN MULTNOMAH COUNTY. IT DOESN'T COUNT AGAINST OR DEBT CAPACITY. WE'RE NOT RESPONSIBLE FOR ANY OF THE OBLIGATIONS ASSOCIATED WITH CONTINUING DISCLOSURE. AS FOR ACTING AS THE ISSUE WE ARE, WE RECEIVE A FEE EQUAL TO 10 BASIS POINTS.

I THOUGHT I'D TAKE THIS OPPORTUNITY TO MENTION HOUSE BILL 3132, CURRENTLY MAKING ITS WAY THROUGH THE LEGISLATURE. IT REPRESENTS A POTENTIAL EXPANSION OF THIS CONDUIT AUTHORITY. WHAT THE BILL DID IS IT ADDED TO THE DEFINITION OF HOSPITAL FACILITIES AUTHORITY, ADDS TO THE FACILITIES THAT DEAL WITH MENTAL HEALTH AND ADDICTIONS TREATMENT, AND FACILITIES THAT SHELTER FOLKS WHO HAVE BEEN VICTIMS OF DOMESTIC ABUSE. IF THAT DOES PASS THE LEGISLATURE, I AM THINKING THAT WE WILL SEE SOME ADDITIONAL REQUESTS FOR CONDUIT FINANCING. AND WHEN I TALK ABOUT FINANCIAL POLICIES TOMORROW, I AM ALSO GOING TO DISCUSS HOW WE MIGHT WANT TO CONSIDER A POLICY AROUND WHEN WE ISSUE CONDUIT DEBT.

Commissioner Smith: MADAME CHAIR, I HAVE A QUESTION. YOU WERE DOWN

IN SALEM TESTIFYING, WHAT WAS YOUR MESSAGE TO THE LEGISLATURE IN REGARDS TO THIS?

Mr. Campbell: WE'VE BEEN APPROACHED SEVERAL TIMES OVER THE PAST FEW YEARS BY DIFFERENT AGENCIES INTERESTED IN USING HOSPITAL AUTHORITY. BECAUSE OF THE WAY THE STATUTE IS CURRENTLY WRITTEN, IT'S PRETTY NARROW AND THE FACILITIES HAVE TO BE LICENSED AS HOSPITAL FACILITY. SO THE MESSAGE IS THAT IT GIVES FOLKS WHO ARE COMMUNITY PARTNERS WITH THE COUNTY, ANOTHER ALTERNATIVE TO LOW-COST FINANCING. INSTEAD OF GOING THROUGH A TRADITIONAL COMMERCIAL BANK LOAN PROCESS, THEY COME TO US AS A CONDUIT ISSUE AND GET TAX EXEMPT FINANCING.

Commissioner Smith: WAS YOUR MESSAGE IN SUPPORT OF THE BILL?

Mr. Campbell: YES, IT WAS.

Commissioner Smith: OKAY, THANK YOU.

Chair Kafoury: DO YOU HAVE A QUESTION?

Commissioner Shiprack: SO ARE THE COMMERCIAL BANKS OPPOSED TO THIS HOUSE BILL?

Mr. Campbell: AS FAR AS I KNOW THERE'S BEEN NO OPPOSITION TO THIS.

Commissioner Shiprack: AND THERE'S NO EXPOSURE FOR MULTNOMAH COUNTY IN ANY WAY? THERE'S NO RECOURSE TO MULTNOMAH COUNTY AS THE ISSUE WE ARE OF THE CONDUIT DEBT?

Mr. Campbell: NO.

Commissioner Shiprack: SO IT'S POSSIBLE, FOR EXAMPLE, THAT CONDUIT DEBT AUTHORITY COULD BE EXPANDED TO INCLUDE AFFORDABLE HOUSING?

Mr. Campbell: THAT'S POSSIBLE.

Commissioner Shiprack: GREAT.

Mr. Campbell: SO HERE'S IS THE CHART THAT SHOWS THE DIFFERENT HOSPITAL AUTHORITY DEBT THAT WE HAVE OUTSTANDING. AS OF TODAY, THAT AMOUNT ADDS UP TO ABOUT \$306 MILLION. YOU CAN SEE THE VARIOUS ISSUES THERE. NOW, WHEN WE TALK ABOUT THE COUNTY'S DEBT, HERE ARE THE SIX DEBT ISSUES WE CURRENTLY STILL HAVE OUTSTANDING. YOU CAN SEE ON THE TOTAL AT THE BOTTOM THERE, WE HAVE A LITTLE LESS THAN \$290 MILLION IN OUTSTANDING PRINCIPAL. THE MAJORITY IS

ASSOCIATED WITH THE PERS BOND AND THE SELLWOOD BRIDGE BONDS. THE OTHER POINT I WANT TO MAKE ABOUT THIS IS THAT MOST OF THOSE DEBT ROLLS OF WITHIN THE NEXT FIVE YEARS. FISCAL YEAR 2017 WILL BE THE LAST YEAR WE LEVY FOR THE GENERAL OBLIGATION BONDS.

Mr. Campbell: SO THE NEXT THING I WANT TO SHARE IS HOW WE HAVE CALCULATED THE AMOUNT OF DEBT CAPACITY THAT'S AVAILABLE UNDER THE COUNTY'S INTERNAL POLICY. WHAT I'VE DONE HERE IS PROVIDE A CHART THAT SHOWS ALL OF THE DEBT ISSUES IN CAPITAL LEASES THAT ARE SUBJECT TO OUR INTERNAL POLICY. AND THE PRINCIPLE AND INTEREST ON THOSE TOTALS ABOUT 19.5 MILLION. THE AMOUNT THAT IS PAID DIRECTLY BY THE GENERAL FUND, HOWEVER, IS ONLY ABOUT \$5.3 MILLION. BASED ON LAST YEAR'S GENERAL FUND REVENUES, AND THIS PROBABLY NEEDS TO BE UPDATED FOR 2016, BUT BASED ON LAST YEAR'S GENERAL FUND REVENUES, 5% WOULD NET YOU DEBT SERVICE ABOUT \$20.3 MILLION. WE'RE CURRENTLY USING \$5.3 MILLION OF THAT. WHAT WE COULD GO UP TO, IF WE WENT UP TO THE FULL LIMIT OF POLICY, WE COULD ADD ANOTHER \$15 MILLION OF ANNUAL DEBT SERVICE.

I'VE ESTIMATED THAT THE AMOUNT THAT WOULD FINANCE BASED ON A 20-YEAR AMORTIZATION AT 4% ANNUAL RATE OF INTEREST WOULD BE ROUGHLY \$206 MILLION. JUST TO DEMONSTRATE, I OVERLAID WHAT WE MIGHT FINANCE FOR THE COURTHOUSE WITH THE EXISTING DEBT. SO YOU SEE THAT THE CHART DROPS TO 2020, WHEN THE ONLY THING REMAINING IN OUR EXISTING DEBT IS THE EAST COUNTY COURTHOUSE, ROUGHLY \$2 MILLION A YEAR. WE FINANCE THE COUNTY'S SHARE OF THE COURTHOUSE, I'M ESTIMATING THAT TRANSLATES TO ABOUT \$6.5 MILLION A YEAR ON AN ANNUAL BASIS. BECAUSE WE HAVE ALLOCATED SOME ONE TIME ONLY, WE'RE WILLING TO FINANCE THE ENTIRE SHARE OF THE COUNTY'S OBLIGATION, THAT AMOUNT OF DEBT SERVICE WOULD PROBABLY BE BETWEEN \$8.5 AND \$9.5 MILLION. YOU CAN SEE HOW THAT WORKS TO LOWER THE OVERALL ANNUAL COSTS.

Commissioner Smith: THAT'S ASSUMING THAT WE PAY \$250 MILLION FOR THE COURTHOUSE?

Mr. Campbell: CORRECT.

Commissioner Smith: WHAT WOULD BE OR SHARE?

Mr. Campbell: THIS ASSUMED WE FINANCE ABOUT \$88 MILLION OF IT BECAUSE WE'VE GOT \$10 MILLION FROM THE SALE OF THE MORRISON BRIDGEHEAD AND SHARES BUDGE INCLUDES \$28 MILLION.

Commissioner Smith: THAT'S THE MONEY MINUS THE MONEY PUT ASIDE FOR CAPITAL PROJECTS, AS WELL?

Mr. Campbell: THAT WOULD BE THE NET OF THE AMOUNT WE WOULD HAVE TO FINANCE FOR THE COURTHOUSE.

Commissioner Smith: ASSUMING WE PUT \$28 MILLION ASIDE, THAT'S WHERE YOU GOT THE 88?

Mr. Campbell: CORRECT.

Commissioner Smith: OKAY. THANK YOU.

Mr. Campbell: SO IN SUMMARY, I'VE OUTLINED SOME OF THE CAPITAL FINANCING OPTIONS AVAILABLE TO THE COUNTY. WE GENERALLY TRY TO MATCH THE FINANCING TOOL TO THE NATURE OF THE PROJECT. IT'S THE BOARD'S POLICY TO ISSUE LONG TERM DEBT WHEN IT'S WARRANT, AND ALSO THE BOARD POLICY THAT WE HAVE SOME ONE TIME ONLY REVENUES THAT CAN BE USED TO REDUCE THE OVERALL COST OF BORROWING. I'VE DISCUSSED DIFFERENT FINANCING TOOLS AVAILABLE TO THE COUNTY. I ALSO JUST WANTED TO GIVE A HEADS-UP ABOUT THE CONDUIT DEBT AND THE POSSIBLE EXPANSION OF THAT AUTHORITY. OUR DEBT LOAD IS LOW. MOST OF OUR DEBT IS SUBJECT TO THE CURRENT POLICY, PAID OFF BY FISCAL YEAR 2020. WE HAVE APPROXIMATELY \$206 MILLION THAT WE COULD ISSUE IN ADDITION TO DEBT WITHIN THAT POLICY. FINALLY, I THINK I'LL LEAVE YOU WITH THIS THOUGHT. THE COUNTY DEBT LIMIT RESOURCE FAR MORE RESTRICTIVE THAN WHAT THE STATUTES LIMIT US TO. ULTIMATELY WHAT WE HAVE TO CONSIDER WHEN WE ISSUE DEBT IS THAT YOUR CAPACITY IS REALLY LIMITED TO WHAT YOU ARE ABLE TO AFFORD. I'LL TAKE ANY ADDITIONAL QUESTIONS THAT YOU MIGHT HAVE.

Commissioner McKeel: I HAVE A QUESTION, MARK, IT'S GOING BACK TO WHEN WE TALKED ABOUT THE POLICY REVISION ON THE ONE TIME ONLY REVENUE, THE USE OF THE ONE TIME ONLY REVENUES. AND NOT JUST SPECIFICALLY THAT AND MAYBE THAT'S A QUESTION FOR UP HERE. COULD WE JUST GET SORT OF A REVIEW OF ALL OF THE POLICIES THAT WE HAVE SURROUNDING OUR, YOU KNOW, OUR DEPARTMENTS AND HOW THE USE OF DOLLARS AND THOSE KINDS OF THINGS? JUST AS A GOOD REMINDER FOR US AS WIE WALKING THROUGH THIS.

Mr. Campbell: THAT'S A GOOD PREVIEW FOR MY PRESENTATION TOMORROW.

Commissioner McKeel: OH, GOOD.

Mr. Campbell: WE WILL BE DISCUSSING THE VARIOUS FINANCIAL POLICIES THAT THE BOARD HAS ADOPTED AND GIVING AN OVERVIEW OF THOSE TOMORROW.

Chair Kafoury: I WANT TO SAY THAT I'M ONCE AGAIN REMINDED THAT EVEN DURING ALL THOSE YEARS WHERE WE HAD SUCH TOUGH BUDGET YEARS AND WE WERE CUTTING AWAY AT CRUCIAL PROGRAMS, WE STILL MANAGED TO BE VERY FINANCIALLY RESPONSIBLE. I THINK THAT SHOWS IN ALL OF THE DISCUSSIONS WE'VE HAD THIS MORNING. WE'RE NOT IN OVER OUR HEADS. IN FACT, WE HAVE A GREAT CREDIT RATING. TO COME OUT OF THE GREAT RECESSION IN SUCH GREAT FINANCIAL SHAPE IS KUDOS TO OUR BUDGET TEAM AND MEMBERS OF OUR BOARD.

BWS 4b Fiscal Year 2016 Budget - Board Briefing on Capital Financing Planning and Capital Investments Briefing. Presenters: Dr. Steve March, County Auditor; Annamarie McNiel, Sr. Management Auditor; Sherry Swackhamer, Director, DCA; Kim Peoples, Director, DCS; and Invited Others.

Chair Kafoury: ALL RIGHT. NEXT WE HAVE CAPITAL FINANCING PLANNING AND CAPITAL INVESTMENTS BRIEFING WITH A WHOLE HOST OF GUESTS. COME ON UP.

Dr. March: GOOD MORNING, CHAIR AND COMMISSIONERS, FOR THE RECORD MY NAME IS STEVE MARCH, MULTNOMAH COUNTY AUDITOR. YOU MAY BE WONDERING WHAT'S THE AUDITOR DOING HERE AT THIS MOMENT OF BUDGET PRESENTATIONS. AS YOU MAY RECALL, BACK IN NOVEMBER OF LAST YEAR I SENT AROUND A WORKING DRAFT CALLED CAPITAL FINANCING AND PLANNING AUDIT. OUR COUNTY ATTORNEY KINDLY REMINDED US NOT TO DISCUSS THAT AMONGST OURSELVES VIA EMAIL. I WILL SAY FOR THE RECORD NOBODY DID BUT WHERE WE ARE TODAY IS COO MADRIGAL HERE GAVE US A WONDERFUL WRITTEN RESPONSE TO THAT AUDIT. IT'S NOW AVAILABLE ON OUR WEBSITE AND THE RESPONSE ADDRESSED OUR RECOMMENDATIONS AROUND BEST PRACTICES AND PROACTIVELY ADDRESSING CAPITAL NEEDS GOING FORWARD. SO TODAY YOU WILL BE PRESENTED WITH AN EVEN CLEARER PICTURE THAT'S DEVELOPED OUT OF THAT RESPONSE. A PICTURE OF THE STEPS THE COUNTY IS TAKING TO ADDRESS CAPITAL FINANCING AND PLANNING NEED GOING FORWARD. AS I SAID, OUR REPORT'S ON THE WEBSITE. I CAN PROVIDE WITH YOU A COPY BUT IT'S REALLY NOT THE IMPORTANT THING HERE. IT'S WHAT THE COUNTY IS DOING FROM HERE ON OUT. BUT I'LL GIVE YOU JUST A LITTLE BIT OF HISTORY. YESTERDAY WE WENT BACK TO THE YEAR 2000 AND THE FINANCIAL PICTURES AND THAT WAS GOOD.

I'M GOING BACK A LITTLE FURTHER IN TIME. BACK IN 1991, WHEN I CAME TO THE COUNTY, THE COUNTY BOARD WAS STILL MEETING IN THE COUNTY COURTHOUSE. AND WE KNEW THEN THAT WE NEEDED AN ADDITIONAL BUILDING. WE ALSO NEEDED SOME FINANCIAL CAPITAL PLANNING PROCESSES. WE'VE GOTTEN CLOSE A FEW TIMES BUT HAVE FALLEN SHORT

OVER THE YEARS. IF IN THE 1990S WE HAD IN PLACE WHAT IS BEING PROPOSED NOW, IT'S POSSIBLE THAT WE WOULD BE A BUILDING CALLED ONE MAIN PLACE. ACROSS THE STREET WOULD BE A COURTHOUSE AT FIRST AND MAIN AND THERE WOULD BE A TUNNEL UNDERNEATH TO THE DETENTION CENTER. BUT ALAS WE DIDN'T MAKE IT AT THAT TIME. WE HAD A FEW THREATS OF HISTORY THAT CAME ALONG IN THE FORM OF MEASURE 5 AND THEN 47 AND 50, THAT IT JUST SEEMED LIKE THERE WAS NEVER A GOOD TIME. NOW'S A GOOD TIME AND NOW IS ALWAYS A VERY GOOD TIME.

Dr. March: SO IT'S NOT TO SAY THAT WE HAVEN'T HAD COMPONENTS OF A GOOD FINANCIAL PLANNING, PROBABLY DEPARTMENT OF COMMUNITY SERVICE, THE TRANSPORTATION PLANNING WE DO IN CONJUNCTION WITH J PACK, THE METRO JOINT POLICY ADVISORY COMMITTEE ON TRANSPORTATION CAUSES US TO WORK TOGETHER AND DEVELOP LONG-RANGE PLANNING AROUND TRANSPORTATION PROJECTS. WE'VE HAD VARIOUS PLANS FOR FACILITIES WHERE WE LOOKED AT VARIOUS CAPITAL PLANS FOR FACILITIES THAT ARCH WE GOT SOME MAINTENANCE ISSUES MIXED UP WITH THAT, DEFERRED MAINTENANCE ISSUES. SO I THINK THIS IS GOING TO BE A GREAT OPPORTUNITY FOR THE BOARD MOVING FORWARD. I'D LIKE TO THANK THE COO, THE CFO, THE BUDGET DIRECTOR AND THE CHAIR FOR THEIR FOLLOW-THROUGH IN THIS MATTER. THESE THINGS MIGHT NOT BE GLITZY BUT THEY ARE VERY IMPORTANT. IMPORTANT NOT ONLY TO THE COUNTY BUT THEY ARE IMPORTANT TO THE EXTERNAL AUDITORS AND THE CREDIT RATING AGENCIES. WHEN THEY SEE YOU HAVE GOOD SOLID FINANCIAL PLANNING GOING FORWARD IT HELPS. SO OUR FINANCIAL POLICIES HAVE CONTRIBUTED A LOT. PUTTING THE FINANCING IN THERE AS WELL WILL SOLIDIFY ALL THAT. ADDITIONALLY I'D LIKE TO THANK THE STAFF AT DEPARTMENT OF COAT ASSETS AND DEPARTMENT OF COUNTY SERVICES. THE FORMER AUDITOR WHO STARTED THE WORK ON THIS PROJECT, AND ANNAMARIE MCNEAL, CPA, WHO IS PICKING UP THIS AND HELPING ME SEE IT THROUGH TO COMPLETION. UNLESS THERE ARE QUESTIONS ABOUT OUR AUDIT AND SUCH, WHICH YOU CAN READ ONLINE, I'M GOING TURN IT OVER TO COO MADRIGAL.

Ms. Madrigal: THANK YOU, AUDITOR MARCH FOR YOUR INSIGHT, ADVICE AND GUIDANCE IN THIS PROCESS. GOOD MORNING CHAIR AND COMMISSIONERS, I'M MARISSA MADRIGAL, CHIEF OPERATING OFFICE. THIS MORNING YOU'LL HEARD ABOUT THE PROJECTS FOR THE PROPOSED FUNDS FOR FISCAL YEAR 16. BEFORE WE JUMP INTO THIS SPECIFIC CATEGORY I WANTED TO PROVIDE YOU A LITTLE CONTEXT, SOME OF WHICH YOU FLARED OUR AUDITOR, FOR THE WORK AND LONG-TERM VISION FOR CAPITAL FINANCING AND PLANNING AT MULTNOMAH COUNTY. WE'LL VIEW OF SOME CATEGORIES AND DEFINITIONS, TALK A LITTLE HISTORY AND THEN HAVE THE DEPARTMENT OF COUNTY ASSETS AND DEPARTMENT OF COMMUNITY SERVICES REVIEW THE SPECIFIC CATEGORIES WITH YOU.

Ms. Madrigal: IN MULTNOMAH COUNTY THERE ARE THREE BROAD CATEGORIES OF CAPITOL: TRANSPORTATION TECH KNOWLEDGE AND PUBLIC FACILITIES. WE'RE RESPONSIBLE FOR SOME OF THE INFRASTRUCTURE, TO FISH PACKAGES TUCKED AWAY ON CREEKS AND RIVERS. THESE REQUIRE HUNDREDS OF MILLIONS IN PUBLIC INVESTMENT. I'VE PROVIDED HUNDREDS EXAMPLES. THESE FUND TOTALS INCLUDE CASH ON HAND, DEBT YET TO BE ISSUED AND IN THE CASE OF THE ROAD FUND, PASS-THROUGH THE GAS TAX FUNDS TO MULTNOMAH COUNTY. THE FUND WILL HOLD AN EXCESS OF \$62 MILLION, AN AMOUNT ALMOST HALF THE SIZE OF THE GENERAL FUND. YOU HAVE A LOT OF PRECIOUS RESOURCES DEDICATED TO CAPITAL.

NEXT WE'VE PROVIDED SOME COMMON DEFINITIONS FOR YOU THAT WE'RE TRYING TO USE CONSISTENTLY ACROSS CATEGORIES TO IMPROVE CLARITY AND PREPARE FOR COUNTYWIDE PLANNING TO BE DONE WITH APPLES TO APPLES COMPARISONS. I WON'T READ THESE VERBATIM BUT WANTED TO IMPART THAT PARTS OF PROJECTS WE WILL TALK ABOUT TODAY ARE THE TOP TWO, THE MAJOR CAPITAL VEASSMENTS CAPITAL IMPROVEMENTS. WE WON'T DISCUSS OPERATIONS AND MAINTENANCE WHICH YOU HEARD MARK TALKING ABOUT AS SOMETHING THAT SHOULD BE PAID FOR IN RATES RATHER THAN WITH THE FUND.

ALSO THESE TOP TWO CATEGORIES, MAJOR CAPITAL INVESTMENTS AND CAPITAL IMPROVEMENTS, ARE MULTI-YEAR, MULTIPROJECTS REQUIRED TO COMPLETE SUCCESSFULLY. MORE DEFINITIONS HERE, THIS TIME DESCRIBING THE KINDS OF PLANS THAT HEALTHY CAPITAL PROGRAMS V STARTING ON THE LEFT WITH THE HIGHER LEVEL 10 TO 20-YEAR HORIZON. AND A FEW DETAILS ABOUT FINANCING, SKETCHING OUT WHAT YOU THINK YOU MIGHT NEED AND PRIORITIZING. GOING ALL THE WAY TO THE RIGHT WITH THE MORE SPECIFIC YEARLY CAPITOL BUDGET, WHAT YOU'LL BE VIEWING TODAY. AND LASTLY, HERE ARE SOME COMMON DEFINITIONS OF PROJECT PHASES FOR YOUR REFERENCE. AS EACH DEPARTMENT MOVES THROUGH THEIR PRESENTATION, WE'LL BE USING THIS LANGUAGE CONSISTENTLY TO IDENTIFY THE TYPE AND PHASE OF EACH PROJECT BEING PRESENTED. ANY QUESTIONS ON THOSE DEFINITIONS OR TERMS THAT WE'LL BE USING? AND NOW FOR SOME CONTEXT.

SO AS A MANAGEMENT TEAM, WHEN WE FIRST STARTED BATTING AROUND THE AUDITOR'S DRAFT REPORT WE HAD TO ASK OURSELVES, WHAT'S THE STORY AND THE HISTORY HERE? WHY HAVEN'T WE BEEN DOING A BETTER JOB OF CAPITOL PLANNING AND WHY DON'T WE HAVE A COMPREHENSIVE CAPITAL PLAN. IN THE UNIVERSE FAR, FAR AWAY, CALLED THE YEAR 2001 -- THIS SLIDE ALSO QUALIFIED AS YOUR MOMENT OF ZEN THIS MORNING. WE DIDN'T HAVE MUCH. OUR RESERVES WERE DANGEROUSLY LOW. WE WERE BEGINNING THREE CONSECUTIVE YEARS OF MIDYEAR BUDGET CUTS. WE WERE IN A ROUGH SPOT. IN FAMILY TERMS WE WERE LIVING PAYCHECK TO

PAYCHECK WITH LOW RESERVES AND MIDYEAR BUDGET CUTS. WE WERE BARELY ACCURATELY PLANNING FOR ONE YEAR, LET ALONE THE HORIZON FOR GOOD LONG-RANGE PLANNING. A LARGE CHUNK OF YOUR REVENUE THIS YEAR IS ACTUALLY GENERAL FUN BEGINNING WORKING CAPITAL, ABOUT 14.5%. I WANTED TO SHOW THANK YOU GRAPH OF OUR UNDERSPENDING OUR GENERAL FUND ENDING BALANCE AS A PERCENTAGE OF OUR REVENUES OVER TIME. BECAUSE IT ILLUSTRATES THE PRECARIOUS SITUATION THE COUNTY WAS IN 15 BUDGETS AGO. LOOK AT FISCAL YEAR 2001, 2002, AND 2003. AT THE END OF THOSE THREE YEARS WE HAD A LITTLE OVER 5% OF OUR FUNDING REMAINING AT THE END OF THE YEAR.

Ms. Madrigal: IN TECHNICAL TERMS WE WERE SQUEAKING BY FROM YEAR TO YEAR. AT THE 5% ENDING BALANCE LEVEL, ORGANIZATIONS HAVE TROUBLE WITH CASH FLOW. SOME OF YOU MAY REMEMBER THE COUNTY ISSUING TAX ANTICIPATION NOTES, WHERE WE BORROWED MONEY BEFORE TAX PAYMENTS CAME IN, TO MAINTAIN OR ABILITY TO PAY THE COUNTY'S BILLS. IT WAS NOT A STABLE SITUATION, LET ALONE A RESILIENT ONE. AS WE HEARD FROM AUDITOR MARCH THANKFULLY TODAY, THANKS TO YOUR DISCIPLINE AND CONSERVATIVE PRACTICES, THE STORY IS MUCH BRIGHTER. EACH AS WE PLODDED THROUGH THE GREAT RECESSION WE PUT UP SOME BIG ONES. THE EAST COUNTY COURTHOUSE, THE SELLWOOD BRIDGE AND WE'RE FINALLY MOVING FORWARD ON THE COURTHOUSE A HALF CENTER IN THE MAKING. WE'RE GETTING A HANDLE ON LONG-TERM PLANNING BUT ALSO LIVING IN AN INCREASINGLY COMPLEX WORLD WITH TECHNOLOGY IS THE BACKBONE OF OUR WORLD AND IT CHANGES FASTER THAN WE CAN SAY I-WATCH. WE HAVE A LOT OF THE RIGHT PARTS AS YOU CAN SEE HERE BUT WE'RE NOT QUITE IN SYNC. COUNTY MANAGERS WANT TO HELP YOU WRAP YOUR MINDS AROUND THE COMPLEXITY AND BALANCE COMMUNITY NEEDS WITH RESOURCES OVER TIME.

WE HAVE A VISION FOR HOW TO DO THAT. HERE'S WHERE I NEED TO THANK LISA FOR HELPING US WITH THE ARTWORK. POWERPOINT LEAVE AS LOT TO BE DESIRED IN ITS ABILITY TO MAKE GRAPHICS. WE TRIED TO PRESENT IT AS WELL AS WE COULD. AS YOU CAN SEE, OUR DESIRED STATE WOULD INCLUDE ALL THE CATEGORIES OF CAPITAL DEBT, MULTNOMAH COUNTY IS RESPONSIBLE FOR, AND WOULD FEED AND WEED THEM INTO A 20-YEAR COMPREHENSIVE CAPITAL IMPROVEMENT PLAN. THE CHALLENGE IS IMMENSE, ESPECIALLY WITH THE LIFE CYCLE ON TECHNOLOGY MOVING SO RAPIDLY. SHERRY SWACKHAMER WILL BE TALKING A LITTLE BIT. WE KNOW WE'RE GOING TO HAVE TO PLAN FOR AND INCLUDE UPGRADES TO TECHNOLOGY IN THIS 20-YEAR PLAN. BUT WE'RE NOT GOING TO KNOW WHAT THOSE CHANGES ARE OR WHAT WE'LL NEED BECAUSE OF CHANGES.

Ms. Madrigal: OVER THE NEXT FEW YEARS WE'D LIKE TO BUILD A FRAMEWORK IN PROCESS FOR DEVELOPMENT OF THE PLAN. TO MANAGE THE COMPLEXITY. BASED ON AUDITOR AND MANAGEMENT RECOMMENDATIONS

THE EXECUTIVE BUDGET PROPOSES ONE CAP AT ALL PROGRAM OFFER THAT DOES NOT LIVE IN FACILITIES, I.T. OR TRANSPORTATION BEFORE RATHER THE DEPARTMENT OF COUNTY MANAGEMENT. IT PROVIDES CENTRALIZED FOCUS ON COUNTYWIDE CAPITAL PLANNING AND FINANCING. THE PROPOSAL FOR CAPITAL FINANCE AND PLANNING UNITS WOULD COST \$389,450. AS WELL AS A MODEST AMOUNT FOR PROFESSIONAL SERVICES AND SOFTWARE LICENSES. THE COST OF THIS PROGRAM IS ABOUT.1% OF THE ROUGHLY \$264 MILLION RESTING IN CAPITAL FUNDS THAT I TALKED ABOUT EARLIER. WE BELIEVE IT'S A RESPONSIBLE INVESTMENT IN THE FUTURE OF MULTNOMAH COUNTY, NOT JUST OUR PROJECTS BUT THE COMMUNITY. THE CAPACITY WILL LEAD TO BETTER CONNECTIONS BETWEEN COMMUNITY PRIORITIES WHAT, WE BUILD AND DON'T BUILD. WE EXPECT THIS TEAM TO MONITOR OUR COUNTYWIDE PROCESS AND I'VE REVENUES, NEW REVENUES AND REDUCE COSTS.

Commissioner Smith: WHO WOULD BE THEIR SUPERVISOR?

Ms. Madrigal: I WOULD BE. SO THE PROPOSAL IS THE CAPITAL FINANCING UNIT, WHICH REPORTS TO ME, IN ORDER TO LEVERAGE THE SUPERVISION OF THE OTHER DEPARTMENT THAT IT IS REPORT TO ME, AS WELL.

Commissioner Smith: THEY WOULD BE ON THE SIXTH FLOOR BASICALLY?

Ms. Madrigal: THEY WOULD PROBABLY BE ON THE FIFTH FLOOR.

Commissioner Smith: AND WHEN YOU SAY MANAGEMENT RECOMMENDATIONS WHO ARE YOU REFERRING TO WHEN YOU SAY MANAGEMENT RECOMMENDATIONS?

Ms. Madrigal: THIS WAS DEVELOPED IN PARTNERSHIP WITH THE CFO, THE BUDGET DIRECTOR, SHERRY SWACKHAMER.

Commissioner Smith: OKAY, THANK YOU.

Commissioner McKeel: WHERE DOES IT LIVE AGAIN?

Ms. Madrigal: IT ACTUALLY LIVES IN THE BCM DIRECTOR'S OFFICE, WHICH IS MY BUDGET.

Commissioner McKeel: I SEE.

Ms. Madrigal: ANY OTHER QUESTIONS ON THIS? WE ALSO HAVE A DRAFT DETAILED TIMELINE AND WORK PLAN FOR THIS FOR THE NEXT YEAR THAT I'M HAPPY TO SHARE. WE CAN ALSO COME AROUND IF YOU'RE CURIOUS ABOUT THE DETAILS.

Commissioner Smith: I'M JUST CURIOUS WHY THIS WAS NOT PUT IN DCA.

Ms. Madrigal: IF WE WERE JUST FOCUSED ON FACILITIES AND I.T., I THINK THAT MIGHT MAKE SENSE. WE WANTED TO PUT IT KIND OF IN THE CENTER OF THE WHEEL THAT, DCS'S CAPITAL PROJECTS FED INTO, AS WELL AS FACILITIES AND TECHNOLOGY.

Commissioner McKeel: I WOULD LIKE TO SEE MORE DETAILS AROUND THE JOB DESCRIPTIONS AND WHAT THE MARKERS ARE FOR SUCCESS, WHERE WE'RE GOING WITH THIS.

Ms. Madrigal: ABSOLUTELY.

Commissioner Shiprack: WHILE WE'RE WEIGHING IN ON THIS, MADAME CHAIR. THE NEEDS IN TRANSPORTATION INFRASTRUCTURE AND SPECIFICALLY MULTNOMAH COUNTY'S BRIDGES ARE REALLY OVERWHELMING. IF WE ATTEMPT TO LOOK AT THEM WITHOUT A PLAN IN PLACE. AND I THINK GIVEN THE FRAME OF REFERENCE OF 100 YEARS IN THE PAST, AND NEEDING TO DO SOMETHING IN THE NEXT LITTLE BIT, IT REALLY DOES SUGGEST THAT WE NEED TO HAVE SOMETHING SUCH AS YOU'RE PROPOSING. I FIND IT REALLY REFRESHING AND I THINK ALL THE TOOLS THAT AGAIN, WE'RE ON A LITTLE BIT OF A ROLL HERE. WE HAVE BEEN FOR THE LAST EVER SO MANY, LIKE HANDFUL OF YEARS. I THINK HAVING TOOLS LIKE THIS UNIT AVAILABLE TO HELP WITH PLANNING ARE JUST GOING TO FURTHER THAT RUN OF GOOD LUCK, WHICH REALLY IS, YOU KNOW, A FUNCTION OF PLANNING AND PREPARATION.

Ms. Madrigal: ABSOLUTELY. YES.

Commissioner Smith: AND I THINK WHERE COMMISSIONER MCKEEL WAS GOING FOR ADDITIONAL INFORMATION, BECAUSE IN MY MIND THIS IS A DUPLICATION OF SERVICES. I THINK WE'RE GETTING THIS IN THE DCA DEPARTMENT. I'M JUST TRYING TO FIGURE OUT WHAT'S GOING TO BE DIFFERENT.

Ms. Madrigal: I THINK WHAT WILL BE DIFFERENT IS THAT RIGHT NOW THE THREE CATEGORIES: TRANSPORTATION, I.T., AND FACILITIES, ARE DOING PLANNING IN SILOS, WHILE YOU HAVE ONE BUDGET AND ONE DEBT LIMIT. SO HOW DO YOU VIEW -- HOW DO YOU SEE WHAT'S IN ALL THOSE SILOS? HOW DO YOU SEE HOW WE WEAVE TOGETHER THE TIME LINES, DEBT PAYMENTS AND ALL THOSE THINGS IN ONE PLACE. WE HOPE TO PROVIDE THAT TOTAL BIG PICTURE AND HELP YOU ASSESS THE TRADEOFFS. HELP YOU MAKE BETTER CHOICES AND PRIORITIZE THE COMMUNITY'S NEEDS.

Commissioner Smith: THAT SEEMS LIKE THAT'S SOMETHING THAT SHOULD

COME OUT OF CHAIR'S OFFICE INSTEAD OF DCM. IF YOU'RE TALKING ABOUT BIG PICTURE, WHO'S RESPONSIBLE FOR THAT? AND THESE OTHER RECOMMENDATIONS, IT JUST SEEMS LIKE IT'S SOMETHING THAT'S ALREADY BEING DONE. I THINK WE'VE DONE A GREAT JOB AND YOU HAVE A DIFFERENT VIEW THAN I DO. BUT IN TERMS OF NEEDING TO HAVE THAT BIG PICTURE, I THINK THAT'S SOMETHING THAT SHOULD COME OUT OF THE CHAIR'S OFFICE.

Chair Kafoury: ONE OF THE THINGS THAT INTRIGUES ME ABOUT THIS PROPOSAL IS WE'VE SEEN ON THE GROUND LEVEL THIS COOPERATION WITH THE EAST COUNTY COURTHOUSE AND HEALTH DEPARTMENT HEADQUARTERS, ALL THESE PROJECTS WE'VE HAD TO PULL IN PEOPLE FROM DIFFERENT AREAS. DEPARTMENT OF FORGET ABOUT THE CFO. WE'VE HAD TO GET EVERYBODY TOGETHER AT THE TABLE ON A PROJECT BY PROJECT BASIS. FOR EXAMPLE, THE TROUTDALE MERGER, THOSE KINDS OF ISSUES. OH, FACILITIES. IF WE CAN GO ONE STEP BACK I THINK IT SAVE AS LOT OF TIME, ENERGY AND DOLLARS ULTIMATELY WHEN WE CAN DO BETTER PLANNING AT A HIGHER LEVEL WITH ALL THE PEOPLE AROUND THE TABLE.

Commissioner McKeel: THANK YOU. I THINK THESE POSITIONS ARE VERY IMPORTANT TO TAKE THAT LOOK, AS WELL. I JUST WANT TO BE ABLE TO SEE THAT WE CAN SUSTAIN THIS UNIT AND THAT I'M GUESSING IT WOULD HAVE SOME POSSIBLE EXPANSION AT SOME POINT. THIS IS A BIG JOB WE'RE LOOKING AT HERE. I THINK IT IS REALLY IMPORTANT THAT WE HAVE THAT HIGH LEVEL OVERVIEW OF ALL OF OUR PROJECTS. AND HELPING US AS THE CHAIR SAID TO MAKE SURE WE GET THE RIGHT PEOPLE AT THE TABLE.

Chair Kafoury: I THINK IT WOULD BE REVEL AS COMMISSIONER MCKEEL REQUESTED, TO MAYBE GO AROUND THE COMMISSIONERS' OFFICES AND SHOW THE TIMELINE. THIS IS A BIG CHANGE.

Ms. Madrigal: ANY OTHER QUESTIONS? I'M GOING TO TURN OVER THE WHEEL TO DCA DIRECTOR SHERRY SWACKHAMER AND FACILITIES DIRECTOR HENRY ELLIMAN.

Chair Kafoury: WELL, LETS ASSESSMENT.

Ms. Swackhamer: GOOD MORNING, CHAIR KAFOURY, COMMISSIONERS, I'M SHERRY SWACKHAMER, THE DIRECTOR OF THE DEPARTMENT AND THE CHIEF INFORMATION OFFICER. I HAVE WITH ME THE DIRECTOR OF THE FACILITIES AND PROPERTY MANAGEMENT. WE WILL BE DISCUSSION THE TWO CAPITAL PROGRAMS FOR FACILITIES AND I.T. I'M GOING ASKEN RADIO HE TO PRESENT OF FACILITIES CAPITAL BUDGET AND I WILL PRESENT FOR INFECTION TECHNOLOGY.

Mr. Elliman: GOOD MORNING, CHAIR KAFOURY, COMMISSIONERS. FOR THE

RECORD I AM YOUR FACILITIES AND PROPERTY MANAGEMENT DIRECTOR, HENRY ELLIMAN. I'M HERE TO PRESENT THE 2016 FACILITIES AND PROPERTY MANAGEMENT CAPITAL BUDGET. SO YOU CAN SEE ON THIS FIRST SLIDE THAT IT IDENTIFIES OUR FOUR ELEMENTS OF OUR CAPITAL PROGRAM, OUR FACILITIES ASSETS STRATEGIC PLAN, AND OUR INVESTMENT IN NEW FACILITIES, OUR ONE TIME ONLY PROJECTS AND ALSO OUR CAPITAL IMPROVEMENT AND ASSET PRESERVATION PROGRAM. AS WE DISCUSSED YESTERDAY THE FACILITIES ASSET STRATEGIC PLAN UTILIZES THE INPUT FROM DEPARTMENTS AND ALSO TAKES INTO ACCOUNT AND ANTICIPATES THE CAPITAL REQUIREMENTS AS WELL AS OPERATIONS AND MAINTENANCE COSTS. THAT'S TO DEVELOP A ROADMAP FOR US TO DETERMINE WHERE, WHEN AND WHICH BUILDINGS TO INVEST IN. ALSO AS WE MENTIONED YESTERDAY, WE ARE CURRENTLY IN THE PROCESS OF CONDUCTING A CAPITAL RATES ANALYSIS TO DEVELOP A RATE MODEL THAT SUPPORTS A PERFORMANCE BASED SYSTEM FOR OUR PORT FOAL LOW, VERSUS THE TIER 1, TIER 2, TIER 3 SYSTEM.

THIS NEXT SLIDE IDENTIFIES THE FOUR ELEMENTS OF OUR CAPITAL PLANNING PROGRAM, ASSET PRESERVATION PROGRAM, CAPITAL IMPROVEMENT PROGRAM, OUR ANNUAL CAPITAL PRE-PLANNING. ASTHMA RIS IS A MENTIONED EARLIER, OUR ONE-YEAR CAPITAL BUDGET. BELOW THERE YOU'LL SEE THE SELECTION CRITERIA WE UTILIZED FOR PRIORITIZING THE WORK. THE FACILITIES DOES COLLECT ANNUALLY BUT THESE DON'T REALLY ADDRESS THE MAJOR CAPITAL INVESTMENTS LIKE THE COURTHOUSE AND HEALTH DEPARTMENT HEADQUARTERS. OFFICIALLY, THE AMOUNT OF FEES THAT WE COLLECT DEPARTMENT OF COVER 100% OF OUR CAPITAL IMPROVEMENT NEEDS. AS MENTIONED EARLIER WE ARE IN THE PROCESS OF MOVING AWAY FROM OUR TIER SYSTEM AND MOVING TOWARDS PERFORMANCE-BASED CRITERIA. THIS SLIDE IS OUR ANALYSIS IN RESPONSE TO THE STATUTORY REQUIREMENT FOR A SEISMIC ASSESSMENT DURING THE BUDGETING PROCESS FOR BOARD RESOLUTION 03-094.

ONE THING TO NOTE, YOU'LL SEE THAT ONCE WE REPLACE THE MULTNOMAH COUNTY COURTHOUSE AND ALSO THE MCCOY BUILDING WITH THE HEALTH DEPARTMENT HEADQUARTERS THAT WILL REDUCE OUR SEISMIC LIABILITY BY \$70 MILLION. WE'RE ALREADY IN THE PROCESS OF REDUCING THAT LIABILITY. JUST ANOTHER NOTE, YOU'LL NOTICE THE LIBRARY IS NOT INCLUDED ON THIS SEISMIC LIABILITY ANALYSIS. I HAVE A SLIGHT LATER ON IN THE PRESENTATION TO COVER THAT. NOW WE'RE MOVING INTO THE NEW FACILITIES. WE'LL START WITH THE COURTHOUSE PROJECT. YOU CAN SEE THAT OUR 2016 PROPOSED BUDGET IS \$54.3 MILLION. OUR PROJECTED SPEND FOR 2015 WAS \$1.5 MILLENNIUM. AND OUR ESTIMATED SPEND FOR 2016 WAS \$13.4. THAT'S CONSIST WE WANT WHAT WE'VE COORDINATED WITH THE STATE'S ESTIMATE.

Commissioner Smith: MADAME CHAIR, I HAVE A QUICK QUESTION.

Commissioner Smith: I SEE WE HAVE A CASH TRANSFER OF \$28 MILLION. WHY IS THAT SO MUCH HIGHER THAN WE'RE ACTUALLY GOING TO NEED FOR THIS YEAR?

Mr. Elliman: A LOT OF IT, WE'RE PREPARING FOR THE WORK THAT'S UPCOMING. SOME OF IT ALSO IS PROBABLY COORDINATION OF GETTING FUNDING FROM THE STATE. I KNOW THE CFO IS WORKING WITH THE STATE TO START GETTING SOME OF THOSE MATCHING FUNDS THIS YEAR.

Commissioner Smith: WE NEED THE \$28 MILLION TO GET THE MATCHING FUNDS? THERE'S A PROPOSED BUDGET FOR \$54.3 MILLION, JUST OVER \$28 MILLION COMING FROM THE CASH TRANSFER IF APPROVED.

Chair Kafoury: CORRECT. WE DON'T NEED NECESSARILY THE \$28 MILLION TO GET THE MATCH FROM THE STATE THIS YEAR. WHAT WE'RE TRYING TO DO IS BUYING DOWN OUR COSTS. EVERY DOLLAR THAT WE CAN PUT AWAY NOW IS A DOLLAR WE WON'T HAVE TO FUND LATER.

Mr. Elliman SOME OF THE MAJOR MILESTONES COMING UP, STATE BONDS SOLD IN MARCH OF 2015, THAT WAS \$15 MILLION TOWARDS THAT 50% MATCH. THE WEST QUADRANT FOR THE CITY OF PORTLAND, THAT 2035 PLAN WAS APPROVED IN MARCH OF 2015. THE FINAL SITE WAS SELECTED BY FOLKS LAST MONTH, THIS SPRING. WE HAVE ARCHITECT AND CMD PROJECT SELECTION IN PROCESS. LOOKING AT THE DRAWINGS BEING PRODUCED IN 2016, J.D. HAS BEEN WORKING CLOSELY WITH OJD, WE'LL MAKE A REQUEST FROM THE ESTATE FOR \$17.4 MILLION. THE ONE QUESTION I'VE BEEN GETTING A LOT, SO WHEN ARE WE GOING TO GET A REVISED UPDATE ON OUR ESTIMATE. NOW THAT WE ARE IN THE PROCESS OF SELECTING OUR ARCHITECTS AND CNGC, NEXT WE GET THEM ON BOARD AND GET A REVISED ESTIMATE WITH THEIR INPUT.

Commissioner Smith: I HAVE ANOTHER QUESTION.

Commissioner Smith: DO WE HAVE AN ESTIMATE TIME WHEN WE'RE GOING TO DO GNP IN THE NEXT YEAR? ONE OF THE CONCERNS I HAVE IS THAT WE DON'T KNOW EXACTLY THE PRICE OF THE COURTHOUSE. AND THE ESCH FOR ME, AND YOU'VE HEARD THIS BEFORE, I WANT TO KNOW HOW MUCH IT'S GOING COST FOR US TO PUT THE D.A.'S OFFICE I I HAVEN'T SEEN ANY PLANS SO SHOW US ANYTHING DIFFERENT THAN WHAT WE'VE BEEN SEEING FOR THE PAST NINE MONTHS.

Mr. Elliman: FOR US, AS WE MOVE ALONG THE KIND OF DESIGN AND CONSTRUCTION PROCESS, WE KIND OF FINE-TUNE THOSE ESTIMATES. THAT'S THE BEST INFORMATION WE CURRENTLY HAVE. WITH THE INPUT

FROM BOTH THE DESIGN TEAM AND THE CONTRACTOR THAT, SHOULD GIVE US A MORE FINELY TUNED ESTIMATE.

Commissioner Smith: THE DIFFICULTY I HAVE IS, WHEN WE'RE PUTTING MONEY ASIDE, I'M NOT SURE IF WE'RE PUTTING AWAY ENOUGH MONEY OR WE'RE PUTTING TOO MUCH MONEY. I HAVE NO IDEA WHAT THE GOAL IS. IT'S KIND OF LIKE WE'RE DOING THINGS BACKWARDS. WE PUTTING MONEY AWAY FROM THINGS THAT WE DON'T EVEN KNOW WHAT IT'S GOING TO COST. WE'RE TALKING ABOUT \$250 MILLION BUT WE HAVEN'T BEEN GIVEN EXAMPLES OF WHAT WE COULD HAVE IF DIFFERENT OFFICES ARE PUT IN FOR THE NEW COURTHOUSE VERSE WHAT'S IN THEIR NOW. I'D LINK TO SEE EVERYTHING IN THE COURTHOUSE TODAY IN THE NEW COURTHOUSE.

Ms. Swackhamer: EXCUSE ME. I THINK THAT'S WHAT THE TEAM WILL BE DEVELOPING. AND THERE IS AN ERROR ON THIS SLIDE I WANT TO MENTION. ACTUAL ARCHITECT AND CMGC SELECTION WILL HAPPEN IN JUNE AND WE'LL CORRECT THAT. AND SO THAT TEAM WILL THEN BE LOOKING AT THE NEW PLAN FOR ADDING HEIGHT AND THEN WHAT THAT RESULT WILL BE. THEY WILL BE BACK TO THE BOARD. I BELIEVE THERE IS A SCHEDULE IT FOR THAT WE CAN --

Commissioner Smith: SO THEY WILL DECIDE WHAT GMP IS WITH THE CHAIR'S OFFICE?

Ms. Swackhamer: THEY WILL MAKE RECOMMENDATIONS.

Chair Kafoury: I DO WANT TO CLARIFY ONE THING. I DON'T THINK THE \$28 MILLION WE'VE PUT ASIDE THIS YEAR THAT, THAT IS A MAGIC NUMBER FOR GETTING THE LEGISLATIVE FUNDING. IT HAS SHOWN A STRONG COMMITMENT ON OUR PART WHEN WE'VE TALKED TO LEGISLATORS ABOUT THEIR PROPOSED ADDITION FOR THIS YEAR. IN FACT, WE'RE TALKING WITH SOME KEY LEGISLATORS ABOUT THE POTENTIAL OF GOING ABOVE OF 17.4 THAT WE ORIGINALLY ASKED FOR. I THINK THAT WAS DUE IN PARDON TO US HAVING SUCH A STRONG SHOWING OF GOOD FAITH AS WE MOVE FORWARD.

Commissioner Smith: SO WHAT DOES THAT LOOK LIKE? SO THE \$17 MILLION MAY BE UP TO LIKE 20?

Chair Kafoury: WE DON'T KNOW YET.

Commissioner McKeel: CHAIR, I JUST WANTED TO ADD, I AS WELL WOULD LIKE TO SEE WHAT IN THE CURRENT COURTHOUSE VERSE THE NEW COURTHOUSE IS. IF THE DA HE IS NOT IN THERE, THAT'S A COST. THEN WE NEED TO LOOK AT THE ENTIRE PROJECT. I JUST WANTED TO PUT THAT ON RECORD.

Ms. Swackhamer: AND WE AGREE. BUT NOW THAT WE KNOW WE CAN ADD HEIGHT WE CAN LOOK AT WHAT IT'LL TAKE.

Commissioner Shiprack: AND MADAME CHAIR, I THINK THAT SUGGESTS A REALLY CONCRETE OPPORTUNITY FOR A COST ANALYSIS THAT COULD BE PLACED IN FRONT OF THE BOARD. NOT A HYPOTHETICAL BUT A REAL RANGE, ESTIMATED RANGE OF COST PER SQUARE FOOT TO BUILD A COURTHOUSE BUILDING. AND THEN TRANSLATION BY OUR FACILITIES DEPARTMENT INTO WHAT THAT TRANSLATES INTO AS A RENTAL OR LEASED PER SQUARE FOOT VALUE. IF WE COULD COMPARE THAT TO OFFICE SPACE, AND IF WE COULD COMPARE THAT TO WHAT THE CURRENT COST EQUATION IS FOR THE D.A.'S OFFICE, I THINK THAT WOULD HELP GUIDE US AS WE MAKE THESE DECISIONS. SO WE GET TO COMBINE THAT INFORMATION WITH THE INFORMATION THAT WE HAVE FROM THE NATIONAL CENTER FOR STATE COURTS ON PROGRAMMING. AND BE AS TRANSPARENT AND INTENTIONAL AS POSSIBLE IN MAKING THESE DECISIONS TOGETHER WITH OUR D.A.

Chair Kafoury: I THINK THOSE ARE REALLY GOOD POINT. I JUST WANT TO REITERATE. WE'VE SAID THIS SEVERAL TIMES. CONFUSES WE'VE BEEN DOING LOT OF PLANNING BUT WE DEPARTMENT OF HAVE A CONTRACTOR OR AN ARCHITECT. ONCE WE GET THOSE TEAMS ON BOARD, WHICH WILL BE VERY, VERY SOON, WE WILL BE ABLE TO GO THROUGH ALL. REALLY, WE'VE BEEN WORKING WITH OUR VERY WONDERFUL TEAM AND OUR OWNER'S REP BUT WE NEED THE NEXT STEP TO BE ABLE TO FINALIZE THE DOLLARS. I WANT TO PUT IN ONE MORE PLUGS. WE'VE BEEN DOWN TO SALEM A LOT TALKING WITH CAPITAL CONSTRUCTION COMMITTEES ABOUT COURTHOUSE PROJECT. WE HAVE THE OTHER COURTHOUSE PROJECTS AROUND THE STATE. OF COURSE EVERY COUNTY IS LOOKING FOR DOLLARS FOR THEIR COURTHOUSE REASON VIOLATIONS, AS WELL. WE ARE REALLY A LOT FARTHER AHEAD. ONE, BECAUSE WE HAVE CHOSEN A LOCATION WHICH SEVERAL HAVE NOT EVEN DONE THAT YET. WE'RE WE WILL IN THE REALM OF WHERE WE SHOULD BE AT THIS POINT.

Commissioner Smith: MADAME CHAIR AND THE OTHER ISSUE HERE IS I THINK WE ARE REALLY ENJOYING THIS NEW ECONOMIC BOOM AND THE PROPOSED BUDGET. BUT I THINK ALSO WE NEED TO FIGURE OUT WHO'S GOING TO MAKE THE SACRIFICE. I THINK EVERY DEPARTMENT IS GOING TO HAVE TO MAKE A SACRIFICE TO GET THIS COURTHOUSE DONE. WE CAN'T BE EXPANDING PROGRAMS IF WE ARE ALL IN THIS TOGETHER, AND STILL PUT ASIDE MORE THAN THE 50% THAT IS IN OUR POLICY FOR CAPITAL IMPROVEMENTS. WE CAN'T BE EXPANDING PROGRAMS ACROSS THE BOARD AND PUTTING AWAY THIS KIND OF MONEY FOR THE COURTHOUSE. SOMETHING IS GOING HAVE TO GIVE. AND I THINK THAT JUST BECAUSE YOU'RE SITTING HERE I'M NOT JUST TALKING ABOUT YOU, SHERRY, TO KEEP THAT CLEAR, YOU'RE DOING WHAT YOU'RE SUPPOSED TO. BUT I THINK THAT

ALL THE DEPARTMENT HEADS HERE AND THE MANAGERS PUTTING IN ALL THESE PROGRAM OFFERS, IT'S LIKE WE HAVE ALL THIS MONEY. WE DON'T HAVE ALL THIS MONEY. OUR PRIORITY AS A COUNTY IS TO GET THIS COURTHOUSE DONE. WHILE WE MAY THINK WE HAVE MONEY AND THAT'S THE ONLY THING THAT WE'RE GOING TO DO IS THE COURTHOUSE, IT DOESN'T APPEAR TO BE REFLECTED IN THE BUDGET. THERE'S SO MANY EXPANSIONS OF PROGRAMS THIS YEAR. IT IS UNREAL. WE EXPANDED SO FAR LAST YEAR WITH THE NEW MONEY THAT WE HAD. AND THIS YEAR, FOR ME, I DON'T FEEL LIKE ANYONE ELSE IS MAKING A SACRIFICE. WE'RE BEING MADE TO MAKE SOME DECISIONS ABOUT WHAT WE WANT IN TERMS OF OUR PRIORITY.

Commissioner Smith: IF OUR PRIORITY IS TO GET THIS COURTHOUSE DONE, SOME OF THE OTHER PROJECTS WILL HAVE TO TAKE A BACKSEAT. OR DO WE PAY OFF THAT \$11 MILLION OR THE \$15 MILLION FOR THE EAST COUNTY COURTHOUSE AND GET THAT OFF OUR BOOKS? THAT'LL BE ON OUR BOOKS UNTIL 2030. THOSE ARE THE THINGS I THINK WE NEED TO LOOK AT WHEN WE'RE LOOKING AT THE ENTIRE BUDGET. YOU'RE NOT THE ONLY PLACE THAT WE SHOULD TAKE -- EVERYONE NEEDS TAKE A SACRIFICE. ALL OF THESE EXPANSIONS, IT IS MAKING REALLY MY HEAD SPIN ABOUT THIS. NO ONE IS EVEN THINKING THAT THE COURTHOUSE IS OUR NUMBER ONE THING. WE COULD BAIL SERVE WITH THE BUDGET WE HAVE RIGHT NOW. WE'D BE SERVING A WHOLE LOT MORE PEOPLE THAN WE WERE TWO YEARS AGO AND IT WOULD BE FINE. SO I KNOW I'M LOOKING AT YOU SHERRY, BUT PLEASE DON'T TAKE THIS PERSONALLY. I'M JUST, YOU KNOW. I'M JUST AMAZED THAT YOU ARE THE ONLY ONES TAKING THE BIG HEALTH WITH THE \$28 MILLION. YOU PROPOSED \$28 MILLION OUT OF YOUR BUDGET FOR THIS. IT'S NOT JUST YOUR DEPARTMENT WHO NEEDS TO TAKE THIS VERY SERIOUSLY.

Mr. Elliman: IF THERE ARE NO OTHER QUESTIONS WE WILL GO TO THE NEXT FILE. THE OTHER FACILITY WE'RE WORKING ON IS THE HEALTH DEPARTMENT HEADQUARTERS. THE PROPOSED BUDGET IS 45.1 MILLION. IN 2015, THE PROJECTED SPEND WAS 2.1 AND THE ESTIMATED SPEND FOR 2016 IS 5 MILLION. THE MANAGEMENT HAS SWITCHED BACK TO MULTNOMAH COUNTY. WE HAVE A TEAM THAT'S OPERATING PRETTY WELL AND KEEPING FOLKS INFORMED. THE OWNER'S REP WAS SELECTED LAST WEEK.

Chair Kafoury: WE'VE HAD A LONG HISTORY OF WORKING WITH THEM VERY SUCCESSFULLY WITH THEM ON OTHER PROJECTS. I'M HAPPY ABOUT THAT SELECTION SO, THANKS.

Mr. Elliman: AND THEN THE HEIGHT VARIANCE REQUEST IS IN PROGRESS, WE'RE WORKING ON FINAL APPROVAL WHICH IS EXPECTED IN JUNE. CONSTRUCTION DOCUMENTS AND COMPLETE BUILDING PERMITS, THAT'S AS OF JUNE OF 2016. IT'S MORE LIKELY THE END OF 2016. JUNE OF 2016 I'M

HOPING WE'LL HAVE A DESIGN REVIEW DURING THAT TIME PERIOD. SO AS I MENTIONED EARLIER WE'RE WORKING WITH THE CITY. I'LL REVIEW SOME OPTIONS. JUST BY WAY OF BACKGROUND, THE BOARD OF COUNTY COMMISSIONERS APPROVED A FACT ONE FOR A BUILDING THAT WAS SIX FLOORS AND A COST OF \$45.1 MILLION. WITH THE APPROVAL OF THE HEIGHT VARIANCE OUR INTENTION IS TO REDESIGN THE PROJECT TO INCLUDE PREVIOUSLY OMITTED HEALTH DEPARTMENT HEADQUARTERS. WE HAD AN AREA THAT WASN'T INCLUDED IN THERE AND WE WERE LOOKING AT BALANCING THAT OUT WITH WHAT THE POTENTIAL LEASE COSTS WERE FOR THAT, SIMILAR TO WHAT WE'RE DOING WITH THE D.A.'S OFFI OPTIONS THAT WE CAN PURSUE. AND OF COURSE TAKING A LOOK AT THIS OFF SETTING COST TO AT LEAST BASE THE HEALTH DEPARTMENT PROGRAMS THAT WERE INCLUDED IN HERE.

Chair Kafoury: THANK YOU.

Mr. Elliman: OUR INTENTION WOULD BE TO COME BACK TO THE BOARD WITH A FACT 1 AMENDMENT SOMETIME THIS FALL AND GEF YOU AN UPDATE.

Commissioner McKeel: THANK YOU, I APPRECIATE THAT PIECE OF THE UPDATE. I THINK THERE WERE SOME OF US, WELL, ONE OF US THAT WAS TROUBLED BY THE FACT THAT EVERYTHING IN THE HEALTH FACILITIES WAS NOT GOING TO BE IN THIS NEW ONE. SO APPRECIATE IT.

Mr. Elliman: SO NOW I'M GOING SWITCH OVER TO THE ONE TIME ONLY PROGRAMS AND OUR REQUEST FOR CAPITAL IMPROVEMENTS HERE. WE KIND OF STARTED THIS DISCUSSION YESTERDAY. IT WAS MENTIONED THAT WE'VE GOT TWO PROJECTS, ALSO TWO PROJECTS FOR THE SHERIFF'S SUICIDE PREVENTION PROJECT. THE FUEL TANK INSTALLATION, A \$450,000 PROJECT PROVIDES ADDED CAPACITY TO THE COUNTY FOR EMERGENCY DISASTER, PROVIDES RESERVES IN CASE OF THAT EMERGENCY. IT REPLACES THE EXISTING UNDERGROUND TANKS WHICH ARE POTENTIALLY A LEAK PROBLEM FOR US. THE ANNEX RECEPTION AND LOBBY REMODEL, \$175,000, PROVIDES IMPROVED CUSTOMER SERVICE AND IMPROVED ADA ACCESS. IT ALSO ENHANCES THE LOBBY SECUTY. THE TWO ENERGY SAVING PERFORMANCE CONTRACTS, COMMISSER SMITH, YOU WERE ASKING FOR MORE DETAILS ON THESE TWO. THE WATER SAVINGS PROJECT AT IN VERY NECESSARY JAIL. THEY WILL MODERN NICE PLUMBING USED BY STAFF AND INMATES THROUGHOUT THE JAIL. THEY WILL SUPPORT IMPROVED WATER MANAGEMENT AND GREATER FLEXIBILITY FOR THE JAIL. IT HAS A GREATER COST OF \$1.5 MILLION. IT'S SUPPOSED TO REDUCE WATER CONSUMPTION BY 44%. THAT'S \$196,000 PER YEAR EN UTILITY COSTS ALONE.

Commissioner McKeel: I HAVE A QUESTION AROUND THE ENERGY SAVINGS. CAN YOU HAVE MORE, REFRESH MY MEMORY. DID YOU HAVE MORE

PROGRAM OFFERS AROUND THE ENERGY SAVINGS, OR NOT? THAN THESE TWO THAT WERE PUT IN?

Mr. Elliman: THESE WERE THE TWO TOP ONES.

Ms. Swackhamer: THESE WERE OUR TWO HIGHEST.

Commissioner Mckeel: YOU HAVE OTHER --

Ms. Swackhamer: THERE WERE FIVE BUILDINGS THAT WERE EVALUATED. BUT THESE WERE THE BIGGEST PAYBACK.

Mr. Elliman: LAST BUT NOT LEAST, SHERIFF'S OFFICE SUICIDE PREVENTION PROJECT, WHICH IS REMOVING THE OUTDATED VENT COVERS, IN CONJUNCTION WITH THAT FACILITIES IS COORDINATING, IS AN OPPORTUNITY FOR MUCH NEEDED DUCT CLEANING.

Chair Kafoury: WE'VE SEEN THE PICTURES.

Mr. Elliman: I'LL SPARE YOU THE DETAILS. SOME OF THESE PROJECTS ARE IN DIFFERENT STAGES OR PHASES. THE RELOCATION AT THE SHERIFF'S OFFICE, THE HEADQUARTERS ANALYSIS, THAT'S CURRENTLY IN DESIGN. OUR INTENTION IS TO HAVE THAT DESIGN COMPLETED BEFORE THE END OF THE FISCAL YEAR. AND THEN THE HANSON REDEVELOPMENT ANALYSIS, WE TALKED ABOUT EARLIER WITH THE TROUTDALE LEASE IN THE MIX NOW, WE REALLY KIND OF HAVE TO PAUSE A MOMENT AND SEE HOW ALL THAT PLAYS OUT ONCE WE'VE FIGURED OUT WHERE ALL THE PARTS AND PIECES FIT. ANIMAL SERVICES IS REALLY JUST IN THE INITIAL PLANNING, SO WE'RE GOING TO DO SOME INITIAL PROGRAMMING WITH THOSE FOLKS TO GET THEM ORGANIZED.

Chair Kafoury: WHAT'S THE DIFFERENCE BETWEEN THE RELOCATION OF MCSO AND HANSEN REDEVELOPMENT?

Ms. Swackhamer: THE REDEVELOPMENT IS WHAT WE DO WITH THE EXISTING SITE. ONCE WE DECIDE. WE KNOW A PIECE OF HANSEN IS NOW GOING TO TROUTDALE, SO WE'RE IN THE PROCESS OF REPROGRAMMING AND LOOKING AT WHAT'S LEFT AND WHERE'S THE RIGHT PLACE FOR THAT TO GO. AND THEN THE REDEVELOPMENT IS WHAT WE DO WITH THE SITE THAT'S LEFT.

Chair Kafoury: THANK YOU.

Mr. Elliman: NEXT SLIDE. I WANT TO CIRCLE BACK A LITTLE BIT AND TALK ABOUT THE ASSET PRESERVATION AND CAPITAL IMPROVEMENT PROGRAM OBJECTIVES. OUR OBJECTIVES IS TO KEEP OUR BUILDINGS IN SHAPE,

PRIORITIZE OUR INVESTMENTS, AND IMPROVE OUR WORK SPACES. SO THE ONGOING RESOURCES THAT -- FOR THESE PROGRAMS ARE IN THE WAY OF OUR FEES, WHICH AMOUNT TO \$4.05 PER SQUARE FOOT OF OWNED SPACE. WE ALSO HAVE REVENUES FOR ASSET PRESERVATION OF 3.5 MILLION, AND THE CIP FUND REVENUE OF 3.67 MILLION.

SO HERE ARE A COUPLE OF HIGHLIGHTS OF SOME PROJECTS THAT ARE IN PROCESS. THE INVERNESS JAIL DETENTION ELECTRONICS, WHICH WERE SLATED TO BE COMPLETED BEFORE THE END OF THE YEAR, THE JUSTICE CENTER, DOMESTIC WATER, THE HOT WATER SYSTEM WE'RE REPLACING IN CONJUNCTION WITH THE CITY OF PORTLAND, THAT'S SUPPOSED TO BE COMPLETED BEFORE THE END OF THE YEAR. MEAD BUILDING LIGHT WINDOW REPLACEMENT PROJECT. WE'RE DOING THAT IN PHASES TO LESSEN THE IMPACT ON OPERATIONS. SO WE'LL BE COMPLETING THAT WITHIN FISCAL YEAR 2016. AND THEN THE YEON BOILER, WE'RE BUILDING IN REDUNDANCY BY PUTTING IN A NEW BOILER AND KEEPING THE OLD ONE AS A BACKUP IS WHAT WE'RE DOING THERE.

ALL RIGHT. SO THIS IS MY FAVORITE SLIDE. THIS IS A LOT OF INFORMATION HERE. JUST BEAR WITH ME WHILE I EXPLAIN WHAT'S GOING ON HERE. SO THE BLUE COLUMNS, WHAT THE BLUE COLUMNS SHOW IS OUR PORTFOLIO REQUIREMENTS. AND IT'S LESS IF YOU SEE THE NOTE THERE, LESS THE COURTHOUSE AND MCCOY BUILDING. AND SO BY DISPOSING OF THE COURTHOUSE AND THE MCCOY BUILDING, THAT AVOIDS APPROXIMATELY \$58 MILLION IN CAPITAL REINVESTMENT REQUIREMENTS OVER THE NEXT 20 YEARS. YOU ALSO JUST FOR NOTE, FOR CLARITY, THIS DOES NOT INCLUDE OUR SEISMIC LIABILITY IN THE BLUE COLUMNS. THE RED LINE THAT GOES ACROSS THERE REPRESENTS THE COUNTY POLICY TO FUND CAPITAL NEEDS AT A RATE OF 2% OF THE COST OF BUILDING. THAT'S ASSUMING A 2.5% INCREASE FOR TOTAL PORTFOLIO REPLACEMENT VALUE. SO THAT IS OUR GOAL FOR FUNDING. THE GREEN LINE INDICATES OUR CAPITAL IMPROVEMENT AND ASSET PRESERVATION FEES WITH BOARD-APPROVED 8% ANNUAL INCREASES TO REACH THAT 2% GOAL. SO THAT IS OUR, THAT'S WHAT WE'RE CURRENTLY COLLECTING TO REACH THAT GOAL. AND THEN FISCAL YEAR '33, WHICH IS 18 YEARS FROM NOW, THE 8% ANNUAL INCREASE MEETS, SO THAT'S WHERE THEY COME TOGETHER, AND AT THAT POINT WE CAN MAKE AN ADJUSTMENT. WE CAN EITHER CONTINUE TO FUND WITH THOSE INCREASES TO KIND OF OFFSET OUR INCREASING CAPITAL REQUIREMENT, OR WE CAN MAKE AN ADJUSTMENT THAT MEETS THE CRITERIA THAT'S BEEN ESTABLISHED BY THE BOARD TO HAVE THAT 2%. THAT WILL BE A DECISION WE HAVE DOWN THE ROAD.

Ms. Swackhamer: IF YOU REMEMBER IN PREVIOUS YEARS, WE'VE LOOKED AT THIS SLIDE, A SIMILAR SLIDE TO THIS, AND THE TWO NEVER MET, EVER. AND SO THIS IS AN IMPROVEMENT. AND I THINK OUR POINT IS BY RECAPITALIZING AND INVESTING IN OUR FACILITIES LIKE MCCOY AND THE COURTHOUSE

WE'RE ABLE TO AT SOME POINT MEET THE GOAL BUT IF WE CONTINUE TO LOOK AT RECAPITALIZATION AND INVESTMENT WE MAY ACTUALLY REACH THAT GOAL SOONER. WITH JUST THOSE TWO ITEMS, WE'RE MAKING PROGRESS.

Commissioner McKeel: SO WHEN WE TALK ABOUT FEES, WE'RE TALKING ABOUT THE FEES ALL DEPARTMENTS PAY.

Ms. Swackhamer: WE COLLECT CIP AND --

Commissioner McKeel: COLLECT. AND THOSE ARE IDENTICAL ACROSS THE BOARD, IS THAT CORRECT?

Ms. Swackhamer: YES, IT'S BASED ON SQUARE FOOTAGE.

Commissioner McKeel: SO YOU HAVE MORE DATA AROUND, COULD WE SEE THAT?

Ms. Swackhamer: SURE.

Commissioner Mckeel: THANKS.

Chair Kafoury: QUESTIONS OR COMMENTS

Commissioner Shiprack: I WANT TO SAY IF THIS IS NOT INAPPROPRIATE, AN IMPRESSION THAT I HAD FROM INNER SAINTUM EXECUTIVE MEETING, HERE'S WHERE I GET ON TO MY THIN ICE, IT WAS AT LEAST FIVE YEARS AGO SO I THINK THERE MUST BE STATUTE OF LIMITATIONS, RIGHT? AND THIS IS JUST MY PERSONAL IMPRESSION, WE WERE DEALING IN CRISIS MODE ON CAPITAL ISSUES AND WE HAD A GLARING ABSENCE OF A CAPITAL PLAN. SO WE KIND OF LURCHED FROM CRISIS TO CRISIS TO CRISIS. AND WHAT I RECALL IS COMMISSIONER MCKEEL COMING FROM CHAMBER OF COMMERCE BUSINESS BACKGROUND, AND I COMING FROM LIBERAL ARTS, ARRIVING AT THE SAME CONCLUSION THAT WHAT WE REALLY NEEDED WAS A CAPITAL PLAN. AND SO I WANT TO SAY, THIS WAS THE UNIVERSE FAR, FAR AWAY. AND WE HAVE POWERED FORWARD AT REALLY LIGHT SPEED TO BE TO THIS PRESENTATION TODAY. AND I REALLY APPRECIATE IT, AND IT DOESN'T TAKE A LONG INVESTMENT OF HISTORY TO SEE ALL THIS PROGRESS. SO I REALLY APPRECIATE IT, AND YOU KNOW, WARP SPEED. NICE WORK.

Commissioner McKeel: AND I THINK THIS NEW UNIT WE'RE PROPOSING PUTTING TOGETHER THAT TAKES THE OVERVIEW LOOK OF ALL OF THIS PLANNING IS A REALLY GOOD NEXT STEP AS WELL.

Chair Kafoury: AND ALSO IN THE BACKGROUND BEHIND US WAS ALL THE WORK THAT YOUR TEAM DID TO PUT TOGETHER THE ANALYSIS OF EACH

AND EVERY BUILDING WE OWN. THAT IS OURS OF ENDLESS ENTERTAINMENT TO READ THAT IS HOURS OF ENDLESS ENTERTAINMENT. IT IS REALLY INTERESTING, AND THE AMOUNT OF WORK THAT WENT IN TO FIGURE OUT EXACTLY WHERE WE ARE WITH EACH AND EVERY BUILDING, WHICH AS THE TWO COMMISSIONERS HAVE MENTIONED, WE WERE NOWHERE NEAR THAT JUST A FEW YEARS AGO. SO THANK YOU.

Mr. Elliman: I MENTIONED EARLIER I HAVE A SLIDE SEPARATE FOR THE LIBRARY. THE CENTRAL LIBRARY SEISMIC LIABILITIES IS \$10 MILLION. AND WE ONLY SHOW THE CENTRAL LIBRARY BECAUSE THAT'S THE MAIN SEISMIC LIABILITY FOR THE LIBRARIES. THE NEXT ITEM THERE IS THE LIBRARY CAPITAL FUND, WHICH I BELIEVE WAS CREATED LAST YEAR, A SEPARATE FUND. SOME HIGHLIGHTS, WE HAVE THE ROCKWOOD LIBRARY MAKER SPACE, THERE'S SOME ROOF AND EXTERIOR WORK THAT'S HAPPENING THERE. ALSO AT THE ICEN BUILDING, WE ARE DOING A FLOOR RENOVATION, ROOF IMPROVEMENTS AND I UNDERSTAND THERE'S A BOILER THERE'S THAT BEEN YACHTEDDED TO THE SCOPE OF WORK. SO LOOKING AHEAD OVER THE NEXT YEAR, WE'RE GOING TO CONTINUE OUR DEVELOPMENT EFFORTS WITH THE MULTNOMAH COUNTY COURTHOUSE PROJECT, THE HEALTH DEPARTMENT HEADQUARTERS, HANSEN, AND PROGRAMMING FOR ANIMAL SERVICES.

WE'RE GOING TO RESTRUCTURE OUR CAPITAL RATE ANALYSIS TO ASSESS THE SHORT AND LONG-TERM CAPITAL REQUIREMENTS BASED ON MODERNIZATION, SHIFTING OVER TO THE HIGH-PERFORMANCE, MEDIUM PERFORMANCE AND LOW-PERFORMING BUILDING CRITERIA. WE'RE GOING TO INITIATE ASSESSMENTS OF BUILDINGS, IDENTIFIED IN THE FACILITIES ASSET STRATEGIC PLAN TO PRIORITIZE OUR CAPITAL OPERATIONS, MAINTENANCE, AND DISPOSITION OF PROPERTIES BASED UPON THE ECONOMIC VIABILITY OF THOSE INVESTMENTS. I BELIEVE THAT WALNUT PARK IS NEXT TO GET OUR ASSESSMENT DONE. WE'RE GOING TO CLOSE THE SALE OF THE MORRISON BRIDGEHEAD AT THE END OF THE CALENDAR YEAR. AND THEN WE'RE GOING TO DEVELOP REQUESTS FOR PROPOSALS FOR NORTH WILLIAMS PROPERTY FOR AFFORDABLE HOUSING AND THE DISPOSITION OF CENTRAL PROBATION. SO AT THIS POINT I'M OPEN TO ANY QUESTIONS YOU MAY HAVE.

Commissioner Smith: MADAM CHAIR, I HAVE A QUESTION. GOING BACK TO THE MCCOY BUILDING, THE NEW HEALTH HEADQUARTERS, DO WE HAVE ALL THE MONEY PUT ASIDE FOR THAT PROJECT? I KNOW WE STARTED AND WE STOPPED IT, AND I'M JUST TRYING TO FIGURE OUT WHERE WE ARE, WITH THE HEALTH HEADQUARTERS.

Ms. Swackhamer: I HAVE A LIST I CAN TELL YOU.

Mr. Elliman: HEALTH DEPARTMENT HEADQUARTERS, I KNOW WE HAVE PDC

FUNDS OF 16.9 MILLION. THERE'S A 2015 CARRYOVER OF 14.5. AND THEN THERE'S AN ESTIMATED COUNTY BONDS OF 13.7 TO REACH THAT \$45 MILLION OF BUDGET.

Commissioner Smith: IN TERMS OF THE CAPITAL PLAN, ARE WE WHERE WE NEED TO BE IN TERMS OF HAVING ENOUGH RESOURCES TO COMPLETE THAT PROJECT? BECAUSE WE STARTED THAT SOME YEARS AGO WHEN I FIRST GOT HERE, SO WE HAVE STOPPED AND STARTED THAT PROJECT, AND I'M TRYING TO FIGURE OUT IF WE'RE ON TRACK TO GET THAT STARTED.

Ms. Swackhamer: YES. WE ARE.

Commissioner Smith: AND WE HAVE ALL THE MONEY WE NEED FOR THAT PROJECT?

Ms. Swackhamer: BASED ON THE ANALYSIS BASED ON THE FACT ONE THAT WAS PRESENTED AND APPROVED BY THE BOARD, WHICH ASSUMES SOME LEVEL OF BOND FUNDING, YES? AND AS WE MENTIONED EARLIER, AS WITH RELOOK AT THAT PROGRAM AND PUTTING EVERYTHING UNDER ONE ROOF, WE WILL BE BACK WITH AN AMENDMENT TO THE BOARD TO TELL YOU WHAT WE THINK THE TOTAL COST, THE REVISED COSTS WILL BE AND HOW -- AND WE'LL BE WORKING WITH THE CFO ON FUNDING.

Commissioner Shiprack: PIGGYBACKING ONTO COMMISSIONER SMITH'S LINE OF QUESTIONING, DOES THIS BUDGET INCLUDE ANY COST OR EXPECTATION OF REVENUE FROM THE DISPOSITION OF CURRENT MCCOY BUILDING?

Ms. Swackhamer: I DON'T BELIEVE IT DOES. AS WE LOOK AT THE REVISED AMENDMENT, WE COULD ADD THAT. WE CAN TALK TO MARK AND LOOK AT HOW TO ADD THAT IN.

Chair Kafoury: PART OF THE RATIONALE THAT WENT INTO THE DECISION TO PUT A PAUSE, HIT THE PAUSE BUTTON ON THE HEALTH DEPARTMENT HEADQUARTERS WAS THAT WE DIDN'T HAVE THIS -- THE COSTS KEPT GOING UP AND WE STILL HAD NOT ADDRESSED THOSE PIECES OF THE FOLKS THAT WERE NOT GOING TO BE IN THE BUILDING. AND SO THE DOLLARS THAT WE HAVE RIGHT NOW ARE ADEQUATE TO BUILD THE FACILITY AT THE SIX-FOOT, BUT WE DIDN'T EVEN KNOW AT THAT POINT HOW MUCH IT WOULD COST TO HOUSE THE FOLKS WHO WOULDN'T MOVE IN THERE. SO THAT'S WHAT WE WILL BE BACK WITH, IS AN ANALYSIS OF WHETHER WE ADD ADDITIONAL FLOORS ON, WHETHER IT'S MORE FINANCIALLY FEASIBLE TO RENT -- WHAT ARE THE OPTIONS, WE'LL HAVE OPTIONS FOR US TO DECIDE UPON.

Vice-Chair Bailey: DOES THAT MEAN THEN WE EXPECT THAT ALLOCATION, THAT COST TO GO UP?

Chair Kafoury: POTENTIALLY F. WE HOUSE MORE PEOPLE, WE BUILD MORE FLOORS AND HOUSE MORE PIECES OF THE HEALTH DEPARTMENT IN THAT BUILDING, THE COST COULD GO UP.

Ms. Swackhamer: THAT'S WHAT WE'LL HAVE TO LOOK AT. WE KNEW WE WEREN'T ABLE IN THE SIX FLOORS THAT THE 45.1 MILLION REPRESENTED, WE KNEW WE WOULD NOT BE ABLE TO PUT EVERYONE IN THERE. AND I BELIEVE THE NUMBER WAS ABOUT 15,000 SQUARE FEET WE WOULD HAVE TO LOOSE. SO NOW WE'LL HAVE TO LOOK AT WHAT'S THE MUCH LIKE WE TALKED ABOUT WITH THE COURTHOUSE AND THE D.A., WHAT'S THE COST TO LEASE VERSUS WHAT'S THE COST TO BUILD THREE MORE STORIES.

Vice-Chair Bailey: AND IF THOSE FUNDS INCREASE IS THAT PROJECTED TO COME OUT OF ADDITIONAL BONDING?

Ms. Swackhamer: IT COULD. AND THE SALE OF THE MCCOY BUILDING COULD ALSO BE A PART OF IT.

Commissioner Shiprack: IF I COULD JUST VENTURE THIS, IT'S NOT JUST THE COST OF LEASING VERSUS THE COST OF BUILDING NEW. THERE'S ALSO A PROGRAMMING ELEMENT WHICH HAS TO DO WITH THE NECESSITY OF CO-LOCATION OR NOT. AND THOSE ARE FACTORS THAT GO INTO THE PROGRAMMING ANALYSIS WOULD I GUESS FOR THE HEALTH HEADQUARTERS BUILDING.

Chair Kafoury: WE ALSO NEED TO LOOK AT THE LONG-TERM COSTS OF STAYING IN THE CURRENT MCCOY BUILDING, WHICH WE KNOW ARE ASTRONOMICAL TO SAY THE LEAST.

Commissioner McKeel: TO THE MCOY BUILDING, IS THERE A PARALLEL ANALYSIS GOING ON?

Ms. Swackhamer: IT HASN'T STARTED YET.

Commissioner McKeel: DO YOU HAVE ANY TIME LINE WHEN YOU THINK THAT WOULD START? IF THAT'S A PIECE OF THE FUNDING? I'M JUST TRYING TO PUT THIS TOGETHER.

Ms. Swackhamer: WE DON'T, BUT WE CAN COME BACK WITH ONE.

Chair Kafoury: AN IMPORTANT PIECE IS GETTING CONTROL OVER THE PROJECT, AND THEN HIRING SOJ AS OUR PROJECT MANAGER.

Commissioner McKeel: AND I UNDERSTAND ALL THAT. IT'S JUST IF WE'RE

LOOKING AT PERHAPS THAT SALE BEING SOME FUNDING GOING TO THE NEW BUILDING, THEN THAT'S A BIGGER PACKAGE.

Chair Kafoury: AND WE'RE GOING TO BE FIRM ON GETTING THE BEST PRICE FOR THIS BUILDING.

Commissioner Smith: WHAT'S THE DIFFERENTIAL BETWEEN THE ORIGINAL PRICE FOR THE HEALTH HEADQUARTERS AND WHAT WE EXPECT IT TO BE TODAY?

Ms. Swackhamer: THE ORIGINAL, I BELIEVE THAT WHEN WE STARTED THIS, AND DON'T QUOTE ME, BUT I BELIEVE IT WAS IN THE \$34 MILLION, 34.6 MILLION WHEN WE FIRST STARTED DISCUSSIONS WITH HOME FORWARD. WE CAN GET THE EXACT NUMBERS, AND THEN WHEN WE BROUGHT THE FACT ONE FORWARD FOR APPROVAL, IT WAS 45.1.

Commissioner Smith: AND SO IT WAS 45, SO WHERE ARE WE TODAY?

Ms. Swackhamer: TODAY WE'RE REEVALUATING THE COST BASED ON THE HEIGHT LIMITATION.

Commissioner Smith: WITH THE NEW HEIGHT WE COULD CONCEIVABLY BE IN THE 50S OR 60S?

Ms. Swackhamer: I WOULDN'T WANT TO PROTECT.

Commissioner Smith: BUT IT WOULD BE MORE THAN 45.

Ms. Swackhamer: MORE THAN 45.1 IF WE ADD ONE TO THREE FLOORS, WHICH IS WHAT WE'RE LOOKING AT.

Chair Kafoury: THIS WILL ALL COME BEFORE US FOR A VOTE. THERE'S BEEN NO CHECKS SIGNED, NO DECISIONS MADE.

Ms. Swackhamer: IT WILL BE PART OF THE AMENDMENT.

Chair Kafoury: THANK YOU.

Mr. Elliman: ANY OTHER QUESTIONS? ALL RIGHT, THERE'S NO FURTHER QUESTIONS, I'D LIKE TO HAND IT OVER TO SHERRY SWACKHAMER TO PRESENT ON THE I.T. CAPITAL PROGRAM.

Ms. Swackhamer: SO MUCH LIKE FACILITIES WE ARE LOOKING AT A FIVE-YEAR TECHNOLOGY CAPITAL PROGRAM FOR I.T. AND THAT'S MADE UP OF INFRASTRUCTURE REPLACEMENTS, THE REPLACEMENT OF BUSINESS SYSTEMS, THAT ARE AGING, AND NEW TECHNOLOGIES THAT YOU HEARD

ABOUT A COUPLE WEEKS AGO WHEN WE TALKED ABOUT TRENDS. POTENTIAL NEW TECHNOLOGIES. OUR PROCESS, AGAIN, IS TO LOOK AT WHAT PROJECTS DO WE NEED TO COMPLETE IN THE NEXT ONE TO FIVE YEARS, AND WE LOOK ANNUALLY AT THOSE PROJECTS, AND REPLAN, AND THEN WE CREATE A CAPITAL BUDGET FOR ONE YEAR. THE SELECTION CRITERIA THAT WE USE FOR LOOKING AT PROJECTS INCLUDES ARE WE IMPROVING SERVICE QUALITY TO THE PUBLIC, ARE WE REDUCING RISK OR LIABILITY, OR IS THERE A FEDERAL OR STATE MANDATE, OR EVEN LOCAL GOVERNMENT DO THE PROJECT. OUR RETURN ON INVESTMENT, ARE THERE WAYS TO SUSTAIN COST SAVINGS OR ADD REVENUE, AND THEN FINALLY, GIVEN THIS PROJECT, DO WE REALLY HAVE THE UNDERLYING INFRASTRUCTURE AND RESOURCES TO DELIVER ON THE PROJECT.

SO I DID A LITTLE ARCHAEOLOGICAL DIGGING AND FOUND A SLIDE ON WHAT OUR INVESTMENTS IN CAPITAL HAD BEEN HISTORICALLY. FROM THE YEAR THIS, I DID NOT DEVELOP THIS SLIDE, BUT I FOUND IT AND THOUGHT IT WAS INTERESTING. FROM THE YEAR 2000-TWEAF, THE INVESTMENT IN I.T. IS THAT TINY MAROON BAR THAT'S NEXT TO THE TO THAL BAR, WHICH IS KIND OF PEACH COLORED. DEFINITELY OVER THAT TIME PERIOD NEVER MORE THAN 5 MILLION MORE BETWEEN TWO AND 4 MILLION GOING UP AND DOWN. AND THAT REPRESENTS BUDGET, NOT SPENDING. I WOULD ALSO REMIND YOU THAT THIS WAS THE TIME I CAME IN 2003, AND I JOINED THE I.T. DEPARTMENT, NOT AS THE CIO, BUT IN 2003, AND THE COUNTY WAS ON MAIN FRAME, BUT TRYING TO GET OFF OF THE MAIN FRAME. AND THIS WAS BEFORE TECHNOLOGY STARTED CHANGING SO RAPIDLY. SO THAT'S JUST A LITTLE HISTORY I FOUND INTERESTING. BECAUSE I WAS REALLY THINKING ABOUT THAT AS I PREPARED FOR CAPITAL BUDGET. WHAT DID WE DO BEFORE?

I PUT TOGETHER A SLIDE FROM 2008 TO 2016 PROPOSED, AND THIS WAS A TIME WHEN TED WHEELER CAME IN AS THE CHAIR AND REALLY SAW THE NEED AND THE WAY TECHNOLOGY COULD ACTUALLY HELP US DO BUSINESS BETTER. AND STARTED MAKING SOME CAPITAL INVESTMENTS. IN 2010 THAT GREEN BAR IS WHERE THE BOARD APPROVED OUR FULL FAITH IN CREDIT BOND TO BUILD THE NEW DATA CENTER AND TO IMPLEMENT THE NEW VOIP SYSTEM, THE NEW PHONE SYSTEM. SO THOSE WERE BIG INVESTMENTS. AS MOTHER NATURE REECE TALKED EARLIER TODAY, THESE BIG CAPITAL PROJECTS GO -- USUALLY TAKE MORE THAN ONE YEAR, AND WE GO THROUGH PHASES OF PLANNING DESIGN AND IMPLEMENTATION. SO I THINK YOU'LL SEE PEAKS WHERE WE HAVE ASKED FOR DOLLARS TO PLAN FOR PROJECTS, WE START THAT PLANNING, THEN WE DELIVER, SO YOU'LL SEE THE GAP, THE DEPTH AS WE'RE DELIVERING AND THEN WE START NEW PROJECTS. SO WE ALWAYS HAVE A GROUP OF PROJECTS THAT NEED TO BE DONE OVER THE NEXT FIVE YEARS AND THEY'RE ALWAYS AT SOME DIFFERENT LEVEL OF -- ONE OF THOSE DIFFERENT PHASES. AND AGAIN, THAT REPRESENTS THE BUDGET, NOT THE SPENDING.

Ms. Swackhamer: SO FISCAL YEAR 2016 CAPITAL PROGRAM PROPOSED BUDGET IS \$7.35 MILLION. IT'S ABOUT EQUALLY DIVIDED BETWEEN NEW ONE-TIME-ONLY REQUESTS OF 3.25 MILLION AND PROJECTS THAT ARE IN PROCESS OF ABOUT 3 MILLION. AND THEN THE BOARD DID APPROVE A \$1 MILLION LIFE CYCLE REPLACEMENT FUND A COUPLE OF YEARS AGO TO GIVE US A WAY TO REALLY START BUILDING A STABLE FUNDING WE'D LIKE TO START USING THOSE DOLLARS FOR. AND THEN WE ARE GOING TO BE WORKING WITH THE TEAM THAT MAURICE TALKED "ABOUT LAST NIGHT" HOW WE ACTUALLY PROVIDE A MORE STABLE FUNDING SOURCE. I THINK IT WILL BE SIMILAR TO CAPITAL, WHERE WE'LL HAVE A FEE, AND WE'LL HAVE TO DECIDE WHAT THAT FEE IS BASED ON, AND THAT WE'LL COLLECT THAT FEE ON AN ANNUAL BASIS. AND IT WILL MEET SOME GOAL. IT WILL NOT GET 100 PERCENT OF OUR NEEDS, AND SO WE WILL CONTINUE TO ASK ESPECIALLY FOR LARGE PROJECTS FOR ONE-TIME-ONLY MONEY, BUT FOR THE SMALLER PROJECTS HOPEFULLY WE'LL BE ABLE TO USE THIS FEE AND COLLECT AND HAVE A STABLE FUNDING SOURCE TO DO SOME LEVEL OF CAPITAL I.T. ON AN ANNUAL BASIS. AND AT LEAST THAT IS OUR GOAL.

SO AS YOU KNOW, WE HAVE BEEN TALKING TO YOU AND REVIEWING AND EVALUATING OUR AT-RISK BUSINESS APPLICATIONS. AND WE SUPPORT OVER 300 AT THIS POINT. AND WE CAME UP WITH A WAY TO CATEGORIZE THOSE PROJECTS. AND THE FIRST CATEGORY IS THOSE THAT WE NEED TO DISPOSE OF AND REPLACE AS SOON AS POSSIBLE. AND WE HAVE RIGHT NOW THREE APPLICATIONS THAT ARE IN THAT CATEGORY AND THEY'RE FAIRLY SMALL AND THE DEPARTMENTAL FUNDING THAT WE GET THROUGH ALLOCATIONS AND THE DEPARTMENTS WERE ABLE TO REPLACE THOSE, AND THOSE ARE IN PROCESS. ONE IS CALLED FIRST STAR. YOU MIGHT REMEMBER WE TALKED TO YOU ABOUT FIRST STAR WHICH IS THE HEALTH DEPARTMENT'S INSPECTION SYSTEM THAT WE BADLY NEEDED REPLACEMENT. AND THAT WE IN FACT ARE GOING LIVE WITH TODAY. I'M HAPPY TO SAY. AND OVER THE SUMMER THEY'LL HAVE A FEW MORE CHANGES, ADDED FUNCTIONALITY, BUT I'M HAPPY TO SAY THAT ONE IS MOVING FORWARD. THE SECOND GROUP ARE APPLICATIONS THAT WE NEED TO REALLY STOP MAKING CHANGES TO AND FIND A REPLACEMENT. SO THEY'RE THE ONES THAT ARE GOING TO POP UP INTO THAT NUMBER ONE GROUP SOON IF NOT ALREADY. AND THE THIRD, NUMBER THREE IS APPLICATIONS, WE LOOK AT ARE THERE PLACES, THIS IS AN APPLICATION THAT NEEDS TO BE REPLACED BUT IS THERE ANOTHER APPLICATION WE CAN MERGE IT INTO AND DEFER THAT COST. AND THE FOURTH CATEGORY ARE SYSTEMS THAT WE CAN PHASE OUT OVER TIME AND NOT REPLACEMENT IT MAY BE TOO DISRUPTIVE TO PHASE THEM OUT NOW BUT WE CAN PLAN A WAY TO PHASE THEM OUT AND NOT REPLACE THEM.

Commissioner Smith: MADAM CHAIR, I HAVE A QUESTION. COULD YOU EXPLAIN TO ME WHAT THE CRIMES MCDA IS?

Ms. Swackhamer: YES. SO THE D.A.'S PRIMARY SYSTEM FOR CASE MANAGEMENT IS CALLED CRIMES, AND IT IS ONE THAT IS IN OUR TOP 10 TO BE REPLACED. I'M ACTUALLY GOING TO TALK ABOUT THAT IN A LITTLE BIT. IT'S A ONE-TIME-ONLY PROGRAM OFFER. SO MANAGING FACILITIES AND I.T. BOTH, WE SHARE BEST PRACTICES, SO WE REALLY DID APPRECIATE THE WORK THAT THE FACILITIES TEAM DID IN THEIR STRATEGIC PLAN, AND WE'LL BE INITIATING A STRATEGIC PLAN, A NEW STRATEGIC PLAN FOR I.T. IN 2016, AND WE WANT TO TAKE SOME OF THE WORK THAT PEGITY DID AND HER TEAM TO LOOK AT OUR APPLICATION SYSTEMS AND WHAT CONDITION THEY'RE IN, AND EVALUATE THEM. DO THEY MEET THE TECHNICAL NEEDS OF OUR ENVIRONMENT, AND DO THEY MEET THE CUSTOMERS' NEEDS. IT WON'T LOOK EXACTLY LIKE FACILITIES BUT A SIMILAR CONCEPT. SO WE THINK IT WAS VERY USEFUL AND IMPORTANT IN FACILITIES AND THAT WE CAN REALLY REUSE THAT THOUGHT PROCESS. WORK WITH OUR TEAMS AND OUR DEPARTMENTS TO EVALUATE OUR BUSINESS APPLICATION. AND THEN ALSO IN 2016 WE'VE BEEN FOCUSED ON BUSINESS APPLICATIONS AND WHICH ONES NEED TO BE -- WHICH ARE AT RISK AND WHEN ONES NEED TO BE REPLACED BUT WE'LL BE TAKING THE SAME LOOK AT INFRASTRUCTURE. WHEN WE BUILT THE DATA CENTER, WE ACTUALLY UPGRADED MUCH OF OUR AGING INFRASTRUCTURE, BOTH FROM THE NETWORK SIDE AND INSIDE THE DATA CENTER. BUT WE IMPLEMENTED THE DATA CENTER IN 2012.

SO THAT MEANS IT'S TIME TO ALREADY START LOOKING AT THAT AND PLANNING FOR SOME REPLACEMENT. THE CHANGE IN TECHNOLOGY IS SO FAST, IN ORDER TO MAINTAIN THE INVESTMENT, WE CONTINUALLY HAVE TO LOOK. AS I SAID, WE HAVE THE FIRST PROJECT WHERE WE WOULD LIKE TO USE THE LIFE CYCLE REPLACEMENT. THIS IS A SYSTEM USED BY DCHS CALLED THE UNIVERSAL CLIENT REGISTRY SYSTEM. IT'S ACTUALLY USED BY ABLING AND DISABILITIES AND VETERANS SERVICES. IT SUPPORTS 15 PROGRAMS AND OVER 11,000 CLIENTS. IT'S USED BY SERVICE PROVIDERS WHO ACT ON BEHALF OF THE COUNTY TO MANAGE CLIENTS AND PROVIDE COUNTY, STATE, AND LOCALLY FUNDED SERVICES FOR AGING DISABILITY AND VETERANS SERVICES. THESE PROGRAMS HELP ELDERS, VETERANS, AND PEOPLE WITH DISABILITIES REMAIN IN THEIR HOME; BE INDEPENDENT, AND DIRECT THEIR OWN CARE. THIS SYSTEM WAS OLD WHEN I GOT HERE IN 2003 AND NEEDED TO BE REPLACED. BUT THERE WERE OTHER HIGHER PRIORITIES, LIKE A NEW MENTAL HEALTH SYSTEM, BUT NOW WE HAVE MOVED FORWARD ENOUGH TO WHERE THIS SYSTEM NEEDS TO BE REPLACED. WE WERE ABLE TO REDIRECT SOME OF OUR CAPITAL FUNDS FROM ANOTHER PROJECT IN ORDER TO DO PHASE ONE AND GET THIS STARTED.

Ms. Swackhamer: I FEEL WE'RE HIGHLY AT RISK SINCE WE HAVE NO I.T. SUPPORT OF THIS SYSTEM. WE HAVE NO ONE THAT KNOWS THIS PRODUCT. IT'S CALLED PARADOX, IN OUR I.T. ORGANIZATION. AND RIGHT NOW WE HAVE

ONE PERSON IN AGING AND DISABILITY AND VETERANS SERVICES THAT CAN SUPPORT THIS THAT IS SUPPORTING THIS SYSTEM. AND THEY ONLY WORK PART-TIME. SO I FEEL VERY MUCH AT RISK, AND, AS I KNOW THAT LIESL DOES AND HER TEAM. WE DIRECTED FUNDS TO START THIS PROJECT AND DO PHASE ONE WE WILL USE A PORTION OF THE LIFE CYCLE REPLACEMENT FUND TO DO PHASES TWO AND THREE, AND CURRENTLY THAT'S ESTIMATED AT \$480,000. AND WE HOPE TO COMPLETE THAT PROJECT IN 2016.

NEXT WE'LL TALK ABOUT OUR NEW ONE-TIME-ONLY REQUESTS. WE HAVE THREE. THE FIRST ONE YOU HEARD ME TALK YESTERDAY ABOUT THE REMAINING SITES FOR OUR NETWORK CONVERGENT PROJECT. THESE CITE WOULD BE THE HANSEN BUILDING, THE JUSTICE CENTER, AND THE DOWNTOWN COURTHOUSE. THERE ARE THREE PROGRAM OFFERS AND THEY TOTAL 1.42 MILLION. AND JUST AS A BREAKDOWN, ABOUT 700,000 OF THAT ARE PRIMARILY TO DO THE WIRING AND CABLING INSIDE THE COURT HOUSE, THE DOWNTOWN COURTHOUSE. BUT AS I SAID, WE DON'T FEEL WE CAN T THE RISK OF NOT DOING THAT. AND WE WILL MOVE THE EQUIPMENT THAT WE HAVE THERE TO THE NEW COURTHOUSE. AND THE HANSEN BUILDING IS ABOUT 343,000 AND THE JUSTICE CENTER IS 375 OF THAT. THE SECOND PROGRAM OFFER IS OUR CYBERSECURITY PROGRAM OFFER. THERE'S THREE PARTS TO THAT OFFER. REPLACING OUR FIREWALLS IS THE FIRST PART, AND THAT'S ABOUT \$570,000. THE FIRE WALLS ARE REALLY WHAT PROTECTS OUR NETWORK, THEY'RE THE FIRST LINE OF DEFENSE. AND THEY ARE IN BAD NEED OF REPLACEMENT. THE NEXT IS TO ADDRESS SOME CRITICAL SECURITY VULNERABILITIES IN ONE OF OUR MISSION CRITICAL SYSTEMS THAT I WOULD LIKE TO NOT DISCLOSE. BUT THAT TOTALS ABOUT \$665,000. AND THEN ONE WE TALKED ABOUT YESTERDAY, REPLACING OUR EMAIL SECURITY AND ARCHIVING SERVICE IS ABOUT \$490,000. AND THESE ARE REALLY ALL REPLACEMENT OF SOFTWARE AND HARDWARE.

Commissioner Smith: WITH THE HANSEN BUILDING, SINCE WE'RE MOVING AND GOING TO TROUTDALE, WHY ARE WE UPGRADING THE HANSEN BUILDING?

Ms. Swackhamer: WE'RE ONLY MOVING 44 PEOPLE OUT OF HANSEN. WE'RE LEAVING THE REMAINING STAFF, WE'RE NOT SURE YET WHAT WE'RE GOING TO DO, AND WHAT WE'VE TALKED ABOUT IS THE COURTHOUSE IS OUR FIRST PRIORITY, THEN WE WILL DO IT IN ORDER, SO WE'LL DOT COURTHOUSE, THEN THE JUSTICE CENTER AND WE'LL EVALUATE HANSEN AND DETERMINE HOW LONG WE THINK WE WILL BE THERE AT THAT POINT AND MAKE A DECISION AS TO WHETHER TO CUT IT OVER OR NOT.

Commissioner Smith: DO YOU THINK THEY HAVE MORE OR LESS THAN 44 PEOPLE AT HANSEN LEFT AFTER THEY GO TO TROUTDALE?

Ms. Swackhamer: MORE. OKAY. STILL PROBABLY CLOSE TO A HUNDRED

PEOPLE THERE. I MIGHT HAVE THAT NUMBER OFF A LITTLE BIT. AT LEAST 80 PEOPLE STILL THERE. AND THEN THE LAST ONE-TIME-ONLY OFFER IS IN REGARD TO THE D.A.'S CRIME SYSTEM AND THE OPPORTUNITY OF ABOUT 100,000, POTENTIAL REPLACEMENT FOR THAT SYSTEM.

Commissioner McKeel: SO WE HAVE A TOTAL NUMBER HERE, AND YOU'VE GIVEN US OTHER NUMBER AROUND EACH FACILITY. YOU HAVE A LINE ITEM AROUND EACH OF THESE AND WHERE IT'S GOING AND ALL OF THAT. SO COULD WE GET THAT?

Ms. Swackhamer: YES.

Commissioner McKeel: THANK YOU. AS WE LOOK AT THESE PROJECTS, I'M ALWAYS CONCERNED ABOUT THE SUSTAINABILITY OF A PROJECT. SO I KNOW WE TALKED ABOUT SOMETIMES IT'S HARD TO HIRE NEW PEOPLE INTO I.T., AND SO I'M JUST CURIOUS ABOUT WHAT YOUR PROJECTION IS FOR OUT INTO THE FUTURE, WHAT THESE PROJECTS NEED TO REMAIN SUSTAINABLE. IN HUMAN RESOURCES AND DOLLARS AND THAT SORT OF THING.

Ms. Swackhamer: WELL, AS FAR AS FOR THE CONVERGENCE PROJECT, WE HAVE THE STAFF WHO'S ALREADY BEEN WORKING ON THAT, AND DID ALL THE IMPLEMENTATION IN 2015. AND WE BELIEVE THERE'S ONE CONTRACTOR INVOLVED IN THAT. SO WE INTEND TO MOVE THAT GROUP TO FINISH THESE THREE.

Commissioner McKeel: SO YOU DON'T HAVE ANY STAFF ISSUES. OKAY. THOSE MAY BE THE ANSWERS, AND THAT'S GOOD.

Ms. Swackhamer: IT'S A VALID QUESTION.

Commissioner McKeel: AS WE GO OUT INTO THE FUTURE, AS FAR AS THE COST OF MAINTAINING, BECAUSE THIS IS ONE-TIME-ONLY TO DO.

Ms. Swackhamer: AND AS FAR AS THE NETWORK CONVERGENCE PROJECT, THE COST OF MAINTAINING THEM IS IN OUR FY-16 PROPOSED BUDGET AND WE DON'T SEE IT NECESSARILY GOING UP FOR ANY REASON THAT WE KNOW OF RIGHT NOW, OTHER THAN JUST LABOR COSTS GO UP EVERY YEAR. AND THEN WITH THE OTHER INFRASTRUCTURE RELATED PROJECTS, WE DO ANTICIPATE BRINGING IN SOME CONSULTING HELP TO HELP US. BUT MANY OF THESE ARE REPLACEMENT OF EXISTING SYSTEMS, SO THE ONGOING SUPPORT OF THEM IS ALREADY IN OUR BUDGET. AND WE DON'T SEE MAJOR CHANGES. AND THEN WITH THE CRIME -- AND THEN AS FAR AS THE D.A.'S CRIME SYSTEM, I THINK THAT -- WE WILL FIND OUT MORE AS WE LOOK AT WHAT OPPORTUNITIES THERE ARE FOR EVALUE -- FOR REPLACING THAT SYSTEM. AND I DON'T ACTUALLY THINK WE KNOW ENOUGH AT THIS POINT.

Commissioner McKeel: SO YOU'LL COME BACK --

Ms. Swackhamer: WE'LL COME BACK.

Commissioner McKeel: OKAY.

Ms. Swackhamer: THIS NEXT SLIDE TALKS ABOUT OUR PROJECTS IN PROCESS. AS WE'VE SAID, WE HAVE PROJECTS IN VARIOUS STAGES OF PLANNING DESIGN AND IMPLEMENTATION. THREE OF THESE PROJECTS HAVE A SLIDE OF THEIR OWN LATER SO I'M GOING TO SKIP THEM, BUT TALK ABOUT THE OTHERS. SO THE FACILITIES ASSET MANAGEMENT, FACILITIES MANAGEMENT INFORMATION SYSTEM, THAT WE ARE PLANNING FOR HENRY'S TEAM, WE EXPECT COMPLETION NOT UNTIL 2017. WE'RE IN PLANNING RIGHT NOW, WE ACTUALLY IMPLEMENTED ONE SYSTEM WITHOUT USING THESE FUNDS, THEY WERE FACILITIES WAS ABLE TO DO IT WITHIN THEIR INTERNAL RATES THAT REALLY REPLACES OUR CAD DRAWING SYSTEM. AND OUR ABILITY TO DO SPACE PLANNING.

SO THAT'S BEING REPLACED RIGHT NOW. SO WE ARE MAKING PROGRESS. MICHAEL HAD DONE A LOT OF WORK AS FAR AS BUSINESS PROCESS REENGINEERING, AND THEN WE WERE GETTING READY TO DEVELOP AN RFP FOR A NEW SYSTEM AND MICHAEL LEFT, AND NOW WE'RE BRINGING HENRY UP TO SPEED ON THAT PROJECT AND GETTING READY TO KICK OFF THAT RFP PROCESS AGAIN. SO THAT'S WHERE WE ARE ON THAT ONE. THE DCJ, DOCUMENT MANAGEMENT SYSTEM, AS WE'VE TALKED BEFORE, WE'VE DONE A COUPLE OF PILOTS WITH THEM AND NOW THEY HAVE SELECTED A NEW SYSTEM. AND THAT SYSTEM WE'RE GOING TO USE MORE BROADLY THAN JUST DCJ. IT'S CURRENTLY BEEN IMPLEMENTED, IT'S CALLED HP TRIM, IF THAT HELPS, AND IT'S BEING IMPLEMENTED FOR OUR RECORDS AND ADMINISTRATION TEAM FOR RECORDS MANAGEMENT AND ARCHIVING, AND THEN THE GROUP NEXT IN LINE IS DCJ. THE DCM BUDGET SYSTEM IMPLEMENTATION, AS YOU ALL KNOW, THIS IS THE SECOND YEAR WE'VE USED THE NEW SYSTEM. WE FOCUSED IN 2015 AND ADDING REPORTING CAPABILITIES TO THAT SYSTEM, AND IN 2016, WE'LL BE PLANNING TO ADD THE FUNCTIONALITY THAT SOME FUNCTIONALITY THAT THEY WEREN'T ABLE TO INCLUDE IN PHASES ONE. BUT THAT IS NEEDED.

THE SAP ENHANCEMENTS PROJECT HAS BEEN ON HOLD WHILE WE EVALUATED, WHILE WE DID THE ENTERPRISE RESOURCE PLANNING WE BRIEFED YOU ON. AND WE ARE IN THE PROCESS AND THIS ONE WE'LL TALK ABOUT MORE, THE ERP SIDE, ON THE SIDE OF SAP ENHANCEMENTS, WE HAVE PUT THIS ON HOLD THOUGH IN WORKING WITH THE HR EXEC TEAM THEY WOULD LIKE TO IMPLEMENT AN INTERIM SOLUTION FOR PERFORMANCE MANAGEMENT. PERFORMANCE MANAGEMENT FOR THE DEPARTMENTS IS A VERY LABOR INTENSIVE MANUAL PROCESS AND WE

HAVE FOUND A MODULE OF THE SYSTEM THAT WE ALREADY USE FOR RECRUITING THAT HAS A PERFORMANCE MANAGEMENT SYSTEM THAT MAYBE DOESN'T DO ANYTHING WE NEED, BUT WOULD LET US AUTOMATE THIS PAPER PROCESS WHILE WE DETERMINE WHAT WE'RE GOING TO DO IN THE LONG RUN WITH SAP. SO WE'LL BE KICKING OFF THAT PROJECT IN 2015.

Vice-Chair Bailey: DOES THAT MEAN IN THE SHORT RUN WE'RE GOING TO WORK ON UPGRADING THE SAP SYSTEM AND THEN EVALUATE WHETHER OR NOT IT MAKES US CONTINUE WITH SAP WITH ANOTHER VENDOR, OR AM I MISUNDERSTAND SOMETHING.

Ms. Swackhamer: WHAT THIS MEANS IS WE WON'T IMPLEMENT THE SAP MODULE FOR PERFORMANCE MANAGEMENT, BUT WE HAVE ANOTHER SYSTEM CALLED NEO GOV THAT HAS A MODULE BUT IS SIMPLE AND WILL GET US STARTED. WE'LL IMPLEMENT THAT AT A LOW COST WHILE WE EVALUATE. WHEN IT SAYS RFB. WE'LL SPEND SOME OF THOSE DOLLARS ON THIS OTHER INTERIM SOLUTION.

Vice-Chair Bailey: GOT IT. THANK YOU.

Commissioner Shiprack: SO SHERRY, 1ST I HAVE TO SET I.T. AND THE WHOLE FRAMEWORK OVER HERE, BECAUSE IF YOU LOOK -- IF I LOOK AT IT TOO CLOSELY I GET BLINDED BY THE LIGHT. BUT I THINK THAT WHAT WE'VE DONE FOR A LONG TIME EVIDENCED BY YOUR GRAPH IS AS A BOARD WE'VE STEPPED OUT TO SUPPORT I.T. AGAIN WITHOUT LOOKING AT THE DETAILS TOO CLOSELY. BECAUSE IT IS A FAST-MOVING SPECIALTY AREA. SO CRUCIAL TO OUR SUCCESS. MY QUESTION HAS TO DO WITH CASH FLOW OF THE MONEY THAT THE BOARD COMMITS TO THESE PROJECTS. BECAUSE AGAIN, I THINK BECAUSE WE'RE A LITTLE BIT BEDAZZLED BY THE SPEED OF CHANGE AND BY THE IMPORTANCE OF THE TECHNOLOGY, WE WANT TO GIVE YOU WHAT YOU ASK FOR. BUT IT SEEMS FROM THIS GRAPH THAT JUST THE CASH FLOW, THE TIMING IS NOT ALWAYS THERE. MY CONCERN, JUST SO YOU CAN ADDRESS THIS AS A CONCERN, BECAUSE AGAIN, GIVEN THE DAZZLING LIGHT OF I.T., I'M REALLY NOT CAPABLE OF FRAMING THIS AS A QUESTION. BUT MY CONCERN IS THAT WE ARE PARKING RESOURCES INTO I.T. WHICH IS NOT REALLY AN INVESTMENT ARM OF THE COUNTY SO YOU'RE NOT PUTTING THEM INTO A LINE OF ACCOUNTING THAT COLLECTS ANY KIND OF INTEREST RATE OF RETURN FOR US. BUT YOU'RE ALSO NOT YET READY TO GO FORWARD WITH THE PROJECT. AND SO IT IS THIS KIND OF STAGING THAT'S MY CONCERN THAT I'D LIKE FOR YOU TO ADDRESS.

Ms. Swackhamer: WELL, I THINK I DO UNDERSTAND YOUR QUESTION. AND I THINK THE ISSUE FOR US IS WE NEED TO KNOW THAT THE PROJECT IS FUNDED BEFORE WE START THE PLANNING. SO WE HAVE THE RESOURCES FOR PLANNING. AND THESE PROJECTS CAN TAKE UP TO FIVE YEARS OR SOMETIMES LONGER IF YOU THINK ABOUT WHEN WE STARTED THE

VOICEOVER EPIDEMIOLOGIST PROJECT -- IP PROPPING, THE BUSINESS PLAN WAS DEVELOPED IN 2009 AND WE'RE REALLY JUST FINISHING IT, WE'LL BE FINISHING IT IN 2016. WE DIDN'T GET THE FUNDING IN 2009, WE GOT THE FUNDING IN 2010, I BELIEVE. AT LEAST PART OF THE FUNDING. SO IT TAKES A LOT OF TIME, WE NEED TO KNOW WE'RE GOING TO HAVE THE FUNDING IN ORDER TO START THE PLANNING, AND SOMETIMES THINGS HAPPEN LIKE WITH SAP KIND OF IN THE MIDDLE OF THE UPGRADES WE'RE PLANNING WE LOOKED AT WHAT IT WAS GOING TO COST AND DECIDED THAT WE REALLY NEEDED TO TAKE A LITTLE BIT OF A STOP AND SAY, YOU KNOW, IS THIS THE RIGHT THING TO DO. OR DO WE WANT TO SPEND ALMOST A MILLION DOLLARS IN UPGRADING AND THEN ELIMINATE THIS SYSTEM. SO I TOTALLY UNDERSTAND WHAT YOU'RE SAYING, AND I THINK WE CAN WORK ON GETTING BETTER AT THE PLANNING, IF YOU WILL, AND AT THE -- AT KNOWING. BUT I THINK MANY OF THESE PROJECTS TAKE A LOT OF TIME AND EFFORT TO JUST PLAN AND DO REQUIREMENTS AND THEN -- BUT TO DO THAT, AND NOT GET THE FUNDING, WE SPENT DOLLARS ON SOMETHING THAT WE AREN'T REALLY GOING TO DO.

Commissioner Shiprack: I UNDERSTAND THE BALANCE. WE HAVE POPULATIONS OF PEOPLE WE SERVE WHO HAVE NEEDS THAT COME UP TODAY. AND WE KNOW WHAT THOSE NEEDS ARE, AND WE KNOW THE NEEDS ARE URGENT AND THEY'RE TODAY. AND SO WHAT IS FISCALLY IRRESPONSIBLE, BECAUSE WE REALLY TODAY HAS BEEN DEDICATED TO HOW WE HAVE ACHIEVED A REALLY HIGHER LEVEL OF FISCAL RESPONSIBILITY, WHAT I THINK IS FISCALLY IRRESPONSIBLE IS TO HINGE THE BALANCE WAY OVER TO TAKING OUR ACTUAL RESOURCES AND PUTTING THEM INTO I.T. FOR PROJECTS THAT ARE JUST IN PLANNING WHEN THERE MAY BE A MORE RESPONSIBLE WAY FOR US TO PHASE THAT, WHICH DOES NOT TAKE THE COMMITMENT AWAY FROM THE OUTCOME OF YOUR PLANNING WORK. AND AT THE SAME TIME GIVES US A MORE REALISTIC VIEW OF RESOURCES THAT ARE AVAILABLE WITHIN THE LENS OF OUR FISCAL POLICY. ANY OTHER QUESTIONS OR COMMENTS ABOUT THIS SLIDE OR THIS PRESENTATION SO FAR?

Ms. Swackhamer: THERE'S THREE PROJECTS I WAS GOING TO TALK ABOUT SPECIFICALLY. AS YOU KNOW, WE ARE LOOKING AT POTENTIALLY REPLACING OUR ENTERPRISE RESOURCE PLANNING SYSTEM. THE ANALYSIS WE DID A BRIEFING ON RECENTLY, WE DO HAVE A CONTRACT FOR THE RFP AND THAT DEVELOPMENT IS UNDERWAY. THAT BUDGET WAS HALF A MILLION DOLLARS. AND WE WILL SPEND ABOUT 120 MILLION, THE REMAINING ON THE RFP. 120,000. THE NEXT PROJECT IS THE NETWORK CONVERGENCE PROJECT. WE TALKED A LOT ABOUT THIS, BUT IN 2015 TO COMPLETE THAT SCOPE OF WORK WE SPENT OVER 26,000 HOURS AND AS I MENTIONED YESTERDAY, WE DID A CUTOVER EVERY 45 DAYS FOR 18 MONTHS.

Ms. Swackhamer: THIS IS PROBABLY ONE OF THE MOST COMPLICATED AND COMPLEX PROJECTS THAT I'VE EVER DONE. AND I THINK THAT THE COUNTY HAS DONE OTHER THAN MAYBE THE IMPLEMENTATION OF SAP. WE HAVE ONE-TIME-ONLY REQUEST FOR THE NEXT THREE SITES, WE EXPECT THOSE TO BE COMPLETED IN 2016. OUR ORIGINAL BUDGET WAS ABOUT \$5 MILLION LAST YEAR IN THIS YEAR FOR 2015, WE ASKED FOR AN ADDITIONAL 1.14 MILLION TO COMPLETE THE REST, A LIST OF LONG LIST OF SITES. THE 5.1 MILLION ACTUALLY BOUGHT ALL THE HARDWARE AND SOFTWARE AND MOST OF THE PERIPHERY EQUIPMENT AND IMPLEMENTED SIX PILOT SITES. WE ASKED FOR THE ADDITIONAL 1.4 TO FINISH THE IMPLEMENTATION OF ALL SITES EXCEPT THE LAST THREE, AND OUR ONE-TIME-ONLY REQUEST FOR FISCAL YEAR 2016 IS 1.42 TO FINISH THOSE SITES. FOR A TOTAL BUDGET ESTIMATED AT 7.6 MILLION. I THINK THE MAIN REASONS FOR THE ADDITIONAL DOLLARS IS THAT THE WIRING AND CABLING WAS MUCH MORE EXPENSIVE THAN WE ANTICIPATED.

I THINK WITH AN AVERAGE AGE OF OUR FACILITIES OF 50 YEARS, WHEN EVERY BUILDING THAT WE WENT INTO WE FOUND SOMETHING THAT WE DIDN'T EXPECT. OR IT TOOK LONGER. IT ALSO TOOK LONGER TO IMPLEMENT THAN WE ANTICIPATED ORIGINALLY. SO WE HAD MORE LABOR OVER A LONGER PERIOD OF TIME. SO THOSE ARE THE MAJOR CONTRIBUTIONS. OVERALL I THINK THIS HAS BEEN A VERY SUCCESSFUL PROJECT. WE IMPLEMENTED ALL OF THESE SITES, 13 LARGE SITES OR CLUSTERS OF SITES, 11 SCHOOL-BASED HEALTH CENTERS, 18 LIBRARIES AND 26 CALL CENTERS. ALL WITH REALLY VERY LITTLE DISRUPTION. AND I THINK THE TEAM HAS DONE A GREAT JOB. AND I THINK ALSO THIS PROJECT DOESN'T JUST GIVE US A NEW PHONE SYSTEM, IT GIVES US WHAT TERMED UNIFIED COMMUNICATIONS PLATFORM THAT WILL ALLOW US TO DO OTHER THINGS IN THE FUTURE THAT OUR CUSTOMERS, DEPARTMENTS NEED.

Chair Kafoury: AND THE TEAM WON AN AWARD.

Ms. Swackhamer: AND THEN THE DCA CONTINUITY OF OPERATIONS PROJECT, WHICH WAS FUNDED BY THE BOARD LAST YEAR, AND PHASE ONE OF THAT PROJECT WAS WI-FI EXPANSION AND THAT HAS BEEN COMPLETED, PHASE TWO IS REMOTE ACCESS. EXPANSION. AND THE REQUIREMENTS FOR THAT ARE COMPLETED, WE HAVE TWO VENDORS AND WE'RE DOING PROOF OF CONCEPT RIGHT NOW, AND WE ACTUALLY PLAN THE IMPLEMENTATION FOR THE SUMMER OF 2015, BUT WHEN I PUT THAT PICTURE IN, IT COVERED UP MY TIME FRAME. AND I DIDN'T NOTICE IT, SO I APOLOGIZE. THIS PROJECT WAS ACTUALLY INITIATED BECAUSE A COUPLE OF WINTERING YOU MIGHT REMEMBER THERE WAS A FIRE IN A SUBSTATION IN DOWNTOWN PORTLAND, AND THERE WERE EIGHT BLOCKS OF PORTLAND WITHOUT POWER FOR A NUMBER OF DAYS. AND WE HAD FOUR BUILDINGS IMPACTED. ALSO ABOUT THAT TIME WE DID AN EMERGENCY MANAGEMENT INCIDENT TRAINING, AND AS I WALKED AROUND THAT ROOM AND PEOPLE WERE ALL EACH

DEPARTMENT WAS DECIDING HOW THEY WERE GOING TO REACT TO THIS STAGED EMERGENCY, I REALIZED EVERYONE WAS GOING TO THE SAME BUILDING TO USE THE SAME CAPACITY.

Ms. Swackhamer: IT'S LIKE, I DON'T THINK IN A REAL EMERGENCY THIS WILL WORK. SO WE REALIZED IF WE NEEDED TO MOVE A LARGE GROUP OF PEOPLE FROM ONE LOCATION TO ANOTHER FOR SOME PERIOD OF TIME, THAT WE DID NOT HAVE ENOUGH WI-FI CAPACITY OR IF AS A PART OF THAT WE ALSO WANTED TO LET A LARGE GROUP OF PEOPLE WORK FROM HOME IN AN EMERGENCY SITUATION. THAT WE DID NOT HAVE ENOUGH REMOTE ACCESS CAPABILITIES. SO THAT'S REALLY WHAT THIS IS ABOUT, WHAT I TALKED ABOUT YESTERDAY, BUILDING RESILIENCY. AND WE DO SPET TO HAVE THIS FINISHED IN 2016. I THINK WE'VE HIT ON MOST OF THE HIGHLIGHTS, INCLUDING THE FACT THE NEW HEALTH DEPARTMENT INSPECTION SYSTEM IS GOING LIVE TODAY. BUT REALLY WE LOOK AT WHAT'S NEXT, AND WE'LL BE DOING LIFE CYCLE PLANNING FOR INFRASTRUCTURE, WE'LL BE LOOKING AT AN I.T. STRATEGIC PLAN, I THINK WE CAN ADDRESS COMMISSIONER SHIPRACK'S CONCERNS ABOUT HOW TO DIVIDE PROJECTS DIFFERENTLY, LOOK AT PROJECTS DIFFERENTLY. AND AS WE ASK FOR FUNDING, WE'LL BE LOOKING AT RATE PLANNING FOR CAPITAL, FOCUSED ON COMPLETING AS MANY OF OUR PROJECTS IN PROCESS IN 2016. AS WELL AS THE ONE-TIME-ONLY PROJECTS AND THEN AS I MENTIONED YESTERDAY, HOW TO BUILD BETTER RESILIENCY.

Chair Kafoury: QUESTIONS OR COMMENTS? VERY THOROUGH. THANK YOU. TEAM TRANSPORTATION. COME ON DOWN.

Mr. Peoples: GOOD MORNING, CHAIR KAFOURY, COMMISSIONERS. I'M KIM PEOPLES THE DEPARTMENT DIRECTOR FOR THE DEPARTMENT OF COMMUNITY SERVICE AND JOINING ME TODAY IS IAN CANNON, SERVING AS THE COUNTY'S ENGINEER. TOGETHEREGIN OUR PRESENTATION BY DISCUSSING COMPONENTS OF THE CAPITAL PLANNING PROCESS, SOURCES OF REVENUE FOR THE TRANSPORTATION PROGRAM, FOLLOWED BY A DISTRIBUTION OF REVENUES DISCUSSI AND THEN I'LL TURN TO IAN TO WALK THROUGH THE SPECIFICS OF THE CAPITAL PROGRAM FOR FISCAL YEAR 2016. SO IF YOU'RE WITH ME, HERE WE GO. THE TRANSPORTATION CAPITAL PLANNING PROCESS IS COMPRISED OF THREE COMPONENTS. THE CAPITAL PLAN, WHICH IS A 20-YEAR PLANNING HORIZON, THE CAPITAL PROGRAM, WHICH IS A FISCALLY-YEAR PROGRAM, THAT IDENTIFIES FUNDING FOR A LISTED PRIORITIZATION OF PROJECTS. AND THEN THE CAPITAL BUDGET FOR THE FISCAL YEAR. BEGINNING WITH THE CAPITAL PLAN,

Mr. Peoples: AS I MENTIONED, THIS IS A PRIORITIZED LIST OF SPECIFIC PROJECTS IDENTIFIED TO ADDRESS DEFICIENCIES IN THE CURRENT TRANSPORTATION SYSTEM. THESE PROJECTS ARE IN THE -- ARE EITHER IN THE FORM OF MAINTENANCE OF EXISTING INFRASTRUCTURE, OR NEW

INFRASTRUCTURE TO ADDRESS THE GROWING DEMAND OF VEHICLE, BOYS CL, OR PEDESTRIAN USE AND PROJECTS THAT ADDRESS SEISMIC RESILIENCY. THE CAPITAL PLAN DOES INCLUDE PROJECT COST BUT EACH PROJECT BUT IT IS NOT THE FINANCING PLAN WITH IDENTIFIED FUNDING. IN SHORT, IT IS A 20-YEAR HORIZON OF ANTICIPATED NEED. THE CAPITAL PROGRAM ON THE OTHER HAND DOES CONSIST OF THE PRIORITIZED PROJECTS FROM THE CAPITAL PLAN WITH IDENTIFIED FUNDING AND IT'S A FIVE-YEAR WINDOW OF THOSE PROJECTS WE ANTICIPATE TO TACKLE. THE THIRD COMPONENT OF THE CAPITAL PLANNING PROCESS IS WHAT WE'RE PRESENTING TODAY.

THESE ARE THE CAPITAL PROJECTS WE'RE REQUESTING TO BE APPROPRIATED THROUGH THE FISCAL YEAR 2016 CAPITAL PROGRAM BUDGET PROPOSAL. THE CAPITAL PLANNING PROCESS BEGINS WITH AN EXTENSIVE PUBLIC ENGAGEMENT PROCESS INCLUDING BUSINESS AND NEIGHBORHOOD COMMUNIT AGENCIES ANDSTAKEHOLDERS. THE PROJECTS ARE VETTED THROUGH A VARIETY OF CRITERION, INCLUDIN SAFETY, COMMUNITY SUPPORT, LAND USE GOALS, ENGINEERING CRITERIA, AND THE EQUITY LENS. WITH THIS PROCESS IN MIND IN A FEW SHORT WEEKS WE'LL COME BEFORE YOU TO PRESENT THE BRIDGE CAPITAL PLAN FOR YOUR CONSIDERATION AND APPROVAL. THE BRIDGE CAPITAL PLAN IS A NEEDS ASSESSMENT FOR THE COUNTY'S APPROVED COUNTY WILLAMETER BRIDGES OVER A 20-YEAR PLANNING HORIZON.

SO I'D LIKE TO COVER THE SEISMIC LIABILITIES FOR OUR WILLAMETTE RIVER BRIDGES, A TOTAL ESTIMATED SEISMIC LIABILITY OF \$705 MILLION. IT'S IMPORTANT TO REVIEW OUR SEISMIC LIABILITY SPECIFICALLY FOR THE COUNTY'S WILLAMETTE RIVER BRIDGES. YOU MAY RECALL OVER THE PAST YEAR WE PRESENTED CONCERN OF BRIDGE RESILIENCY IN THE EVENT OF VARIOUS SEISMIC EVENTS. OUR ANALYSIS WAS INCORPORATED INTO SPECIFIC PROJECTS AND PRIORITIZED IN OUR CAPITAL PLAN I REFERRED TO THAT YOU'LL BE CONSIDERING IN THE NEXT FEW WEEKS. THE CAPITAL PLAN REFLECTS PROJECTS SCALED TO ADDRESS SEISMIC RESILIENCY WITH VARYING LEVELS OF ENGINEERING. THE PLANNING KNOWLEDGE THE REGION'S ANTICIPATED DEPENDENTS ON THE BURNSIDE BRIDGE AND TO REMAIN OPERATE RABBLE IN A LARGE SEISMIC EVENT.

HENCE UNTIL THE BURNSIDE IS REPLACED OR REHABILITATED, TO WITHSTAND A LARGE EVENT, THE LIABILITY IS SIGNIFICANT. THE LIABILITIES FOR THE BROADWAY HAWTHORNE AND MORRISON BRIDGES ARE CONSIDERABLY LESS YET STILL SUBSTANTIAL. THE ENGINEERING COSTS FOR THESE PRIDGES ANTICIPATES RESILIENCY TO THE DEGREE THE BRIDGES WOULD WITHSTAND A LOW TO MODERATE EVENT. PLEASE NOTE THE SAUVIE ISLAND AND SELLWOOD BRIDGES ARE NOT LISTED AS THEY'RE BOTH DESIGNED TO CURRENT SEISMIC STANDARDS. TRANSPORTATION REVENUE COMING INTO THE COUNTY IS ROUGHLY \$56 MILLION.

Mr. Peoples: IT'S COMPRISED OF THE STATE HIGHWAY FUNDS PRETOMORROW NAPOLITANOLY, WITH THE STATE HIGH FUNDS ARE COMPRISED IN ITSELF OF STATE GAS TAX, VEHICLE REGISTRATION FEES OF VEHICLES REGISTERED IN MULTNOMAH COUNTY, A WEIGHT MILE TAX ON FREIGHT, IN ADDITION, COUNTY GAS TAX ENACTED IN 1983, THREE CENTS WORTH, AND ALSO OF GREAT BENEFIT TO THE SELLWOOD BRIDGE IS THE DEDICATED VEHICLE REGISTRATION FEE FOR THE REPLACEMENT OF THE SELLWOOD BRIDGE. SO WE COLLECT ROUGHLY \$56 MILLION, NOW I'D LIKE TO SHARE WITH YOU THE DISTRIBUTION OF COUNTY'S GROWS RECEIPTS FOR THE TRANSPORTATION PROGRAM. ONCE COLLECTED THESE TRANSPORTATION REVENUES ARE THEN DISTRIBUTED THROUGH A SUBSEQUENT INTERGOVERNMENTAL SET OF AGREEMENTS TO THE CITY OF PORTLAND AND THE EAST COUNTY CITIES, CITY OF PORTLAND IS ROUGHLY \$25 MILLION, AND THE CITIES OF THE EAST COUNTY CITIES ANOTHER PROPORTIONATE SHARE OF \$3.5 MILLION.

AFTER THOSE DISTRIBUTIONS THE ROAD AND BRIDGE PROGRAMS ARE FUNDED AT ROUGHLY \$16 MILLION. ANOTHER \$11 MILLION IS FUNDED TO THE SELLWOOD THROUGH THE DEDICATED COUNTY VRF I MENTIONED PREVIOUSLY. ONCE THE TRANSPORTATION PROGRAM IS FUNDED AT ROUGHLY \$15 MILLION, OUR PRIORITIES ARE TO MANAGE OUR DEBT OBLIGATIONS, THEN OUR SYSTEM PRESERVATION WHICH IS ESSENTIALLY OPERATION AND MAINTENANCE, AND FINALLY, WHAT WE ARE ABLE TO COUPLE TOGETHER FOR GRANT MATCH FUNDS IS HOW WE START TO BEGIN FUNDING OUR CAPITAL NEEDS THROUGH COMPETITIVE GRANT PROCESSES. THAT BEING SAID I'D LIKE TO TURN IT TO THE COUNTY ENGINEER, IAN, WHO WILL THEN TALK THROUGH THE UPCOMING FISCAL YEAR'S CAPITAL PROJECTS.

Mr. Cannon: GOOD MORNING. SO THE PROJECTS I'M GOING TO TALK ABOUT, I'M FIRST GOING TO TALK ABOUT --

Chair Kafoury: STATE YOUR NAME FOR THE RECORD.

Mr. Cannon: IAN CANNON, COUNTY ENGINEER. ROUGHLY 330 MILLION DOLLAR, 20-YEAR PLAN ASK WE'LL GET AN UPDATE VERY SHORTLY. THE ROADS PROJECT ARE LOCATED IN A NUMBER OF JURISDICTIONS ACROSS THE COUNTY, MOST INVOLVE COLLABORATION, COOPERATION WITH PARTNER AGENCIES. THE CULVERT PROJECTS THAT WE'RE TALKING ABOUT HERE RESULT FROM A COMPREHENSIVE ASSESSMENT OF THE COUNTY'S CULVERTS. THEY ARE ASSESSED FOR IMPACTS TO FISH PASSAGE WITH THE GOAL OF RESTORING FISH HABITAT. OTHERS ON THE LIST THERE ARE ALSO DETERIORATING AS IS THE CASE WITH INFRASTRUCTURE GENERALLY SOME OF IT'S BEEN IN PLACE FOR A LONG TIME, AND JUST REACHING THE END OF ITS SERVICE LIFE. ONE OTHER THING THAT -- JUST TO KEEP IN MIND WHEN

WE LOOK AT THE ESTIMATED COMPLETION IN THE FISCAL YEARS, THE CONSTRUCTION SEASON DOESN'T USUALLY SPAN OVER FISCAL YEARS.

Mr. Cannon: SINCE THE FISCAL YEAR BREAKS RIGHT IN THE MIDDLE OF THE SUMMER AND THE CONSTRUCTION SEASON FOR MANY OF THESE PROJECTS IS TYPICALLY SPRING THROUGH FALL WHEN THE WEATHER IS DRYER. SO THEY DON'T LINE UP SUPER WELL. BUT THEN ONE OTHER THING ON EACH OF THESE CHARTS IS THE PROJECTS THAT HAVE ASTERISKS ON THEM HAVE SIGNIFICANT FEDERAL FUNDING ON THEM. WITH THAT SAID, THE MARINE DRIVE IS A CULVERT REPAIR WORKING WITH THE SANDY DRAINAGE DISTRICT AND THE PORT OF PORTLAND. COTRELL IS REACHING THE END OF ITS SERVICE LIFE, IT'S IN UNINCORPORATED EAST COUNTY AND IT'S CONSTRUCTION IN SUMMER OF 2016. STARK STREET IN TROUTDALE IS JUST EAST OF MOUNT HOOD COMMUNITY COLLEGE, AND IT'S A MAJOR UPSIZING OF AN EXISTING CULVERT TO REMOVE FISH BARRIER WITH DESIGN AND THEN GOING ON THIS COMING FISCAL YEAR AND MOVING INTO CONSTRUCTION. COCHRAN ROAD IS REPLACING A CULVERT THAT'S A FISH BARRIER WITH A BRIDGE.

ONE OF THE INTERESTING THINGS ABOUT THAT IS THAT WE'RE GOING TO BE REUSING SLABS THAT WERE USED BY ODOT AND THEIR BIG BRIDGE REPLACEMENT PROGRAM AS TEMPORARY BRIDGES AND WE'LL REUSE THOSE FOR PERMANENT STRUCTURE, SO IT'S A REUSE OF MATERIAL AND IT'S LOWER COST. DESIGN IS GOING TO BE ONGOING WITH CONSTRUCTION ANTICIPATED FOR THE SUMMER OF 2017. AND RITA ROAD ON SAUWI REPLACING CULVERTS THERE, IT'S PART OF A LARGER HABITAT PROJECT THAT'S BEING LED BY THE ARMY CORPS OF ENGINEERS, AND PARTNERING WITH THE WEST MULTNOMAH SOIL AND WATER CONSERVATION DISTRICT WITH DESIGN GOING ON IN THE NEXT FISCAL YEAR. MOVING ON TO SOME OF THE PROJECTS ON ROADS, GENERALLY THESE PROJECTS ARE REPAIRS AND IMPROVING CONNECTIONS FOR CYCLISTS AND PEDESTRIANS. OXBOW PARK IS IN INCORPORATED MULTNOMAH COUNTY, EAST OF OXBOW PARK ROAD EAST OF TROUTDALE AND THIS IS A SLIDE AND RETAINING WALL REPAIR WITH CONSTRUCTION ANTICIPATED IN FISCAL 2016. ERATTA ROAD SPANS FAIRVIEW AND WOOD VILLAGE, OR SPANS BETWEEN THOSE.

IT'S ADDING BICYCLE AND PEDESTRIAN FACILITIES TO IMPROVE SAFETY AND CONNECTIVITY WITH DESIGN AND TRANSITIONING INTO CONSTRUCTION LATER IN THE FISCAL YEAR. AT SANDY BOULEVARD, ALSO A PROJECT THAT IS IN BOTH FAIRVIEW AND WOOD VILLAGE, IT'S GOING TO BE BIKE LANE AND SIDEWALK CONNECTIVITY ALSO MOVING FROM DESIGN INTO CONSTRUCTION DURING THE NEXT FISCAL YEAR. MORE PROJECTS, TROUTDALE, SIDEWALK INFILL, THAT'S PRETTY SELF-EXPLANATORY. THAT'S TROUTDALE ROAD. ANOTHER ONE ON SANDY BOULEVARD SIDEWALK INFILL IS IN FAIRVIEW. THE LAST ONE IS A PROGRAM THAT WE'RE WORKING ON TO

ASSESS COMPREHENSIVELY OUR ADA COMPLIANCE ON A ROAD SYSTEM. AND WE'RE GOING TO BE PRIORITIZING AND WORKING ON THAT CHIPPING AT THE PLACES WHERE WE NEED TO ADD SIDEWALK RAMPS OR IMPROVE ADA ACCESS. WE'RE GOING TO PUT A CERTAIN AMOUNT OF MONEY TOWARD THAT EACH YEAR. MOVING ON TO THE WILLAMETTE RIVER BRIDGES, THESE ARE PROJECTS THAT ARE IN THE SOON-TO-BE FINALIZED 20-YEAR WILLAMETTE RIVER BRIDGE CIP. THE TOTAL VALUE OF THAT IS APPROXIMATELY 1.3 BILLION DOLLARS. AND AS KIM MENTIONED THE SEISMIC LIABILITIES INCLUDED IN THAT \$1.3 BILLION NUMBER.

Mr. Cannon: PROJECTS WE HAVE UPCOMING OR IN PROGRESS RIGHT NOW INCLUDE THE BROADWAY PAINT PROJECT, WHICH IS COMPLETING THE AREAS OF PAINT ON THE BRIDGE WE DIDN'T DO IN OUR 2005 PROJECT, WE ARE ACTUALLY THROUGH THE BIDDING PROCESS AND JUST ABOUT READY TO KICK OFF CONSTRUCTION. THIS IS GOING TO REQUIRE VERY TIGHT COORDINATION WITH THE PORTLAND STREETCAR, THERE WILL BE A PERIOD OF TIME WHEN THE STREETCAR IS NOT ABLE TO OPERATE ACROSS THE BRIDGE AS A RESULT OF THIS PROJECT. AND WE ANTICIPATE COMPLETING CONSTRUCTION LATE IN THIS CALENDAR YEAR. THE SELLWOOD BRIDGE PROJECT CONTINUES. FOR ABOUT 76% COMPLETE, 76% COMPLETE. AND WE EXPECT TO HAVE TRAFFIC ON THE NEW SPANS IN JANUARY OR FEBRUARY EARLY NEXT YEAR. SO WE'RE MAKING GOOD PROGRESS ON THAT. THE MORRISON DECK REPLACEMENT IS A PROJECT THAT WE'RE TRYING TO FAST TRACK TO REPLACE THE FRP PANELS ON THE DECK THERE. MOVING INTO DESIGN, OR IN DESIGN NOW AND MOVING INTO CONSTRUCTION EARLY NEXT YEAR, HOPING TO COMPLETE THAT CONSTRUCTION DURING THE CALENDAR YEAR 2016, PROBABLY BY FALL TIME PERIOD. ONE OF THE THINGS ON A NUMBER OF THESE PROJECTS IS THAT THE CONSTRUCTION FUNDING, SO ON THIS MORRISON PROJECT, THE CONSTRUCTION FUNDING IS DEPENDENT UPON THE FEDERAL GOVERNMENT REDO THEIR TRANSPORTATION BILL. SO AT THIS POINT ALTHOUGH THE FUNDING HAS BEEN WITH WE LIKE TO CALL SECURED, UNTIL THE FEDS ACTUALLY PUT THE MONEY IN THE BANK, THERE SUSPECT MONEY THERE TO FUND THE CONSTRUCTION.

Chair Kafoury: IS THAT TRUE FOR ALL OF THE PROJECTS THAT HAVE STARS BY IT, OR DO SOME OF THESE PROJECTS ACTUALLY HAVE MONEY IN THE BANK, LIKE --

Mr. Cannon: RIGHT NOW THE BROADWAY PAINT WE HAVE THE MONEY IN THE BANK, THE SELLWOOD WE HAVE THE MONEY IN THE BANK. THE MORRISON WE HAVE THE MONEY FOR THE DESIGN PHASE, BUT WE DON'T HAVE THE MONEY FOR CONSTRUCTION. AND THAT'S THE SAME I THINK ON THE REST OF THOSE PROPOSITION THAT WE HAVE THE MONEY FOR THE DESIGN FAITH, BUT WE DON'T HAVE THE MONEY FOR THE CONSTRUCTION YET. SO THE BROADWAY BRIDGE WHEEL WILL BE A CM/GC PROJECT AND THAT REPLACES THE STEEL WHEELS THAT THE SPANS ROLL ON WHEN THE

BRIDGE IS OPEN. THIS PROJECT MAY ALSO HAVE IMPACTS TO STREETCAR AND WILL ALSO REQUIRE COORDINATION WITH RIVER TRAFFIC AS THERE MAY BE TIMES WHEN THE BRIDGE WON'T BE ABLE TO OPEN FOR RIVER TRAFFIC. WE'RE GOING TO BE IN DESIGN DURING FISCAL 2016. MOVING TO CONSTRUCTION AFTER THE MORRISON DECK REPLACEMENT IS COMPLETE. THIS MAY SEEM LIKE A SILLY QUESTION, BUT WE'RE GOING TO PAINT IT AND THEN WE'RE GOING TO AFTER THAT FIX THE WHEEL? DOES THAT WILL IT BE THE SAME COLOR? IS IT GOING TO COORDINATE?

Mr. Cannon: THE PLACE WHERE THE ROLL WHEEL IS WE'VE ALREADY PAINTED. SO THE PAINT IS THE LAST SPAN ON THE EAST SIDE AND THE TWO SPANS FARTHEST WEST.

Chair Kafoury: OKAY. BROADWAY. IT'S PA DEPARTMENTED. WE GOT THAT.

Mr. Peoples: WE'RE NOT CHANGING THE COLOR OF THE BROADWAY BRIDGE. SO WE'RE HOPING, OR PLANNING TO AVOID HAVING TWO BRIDGES UNDER CONSTRUCTION AT THE SAME TIME IN DOWNTOWN PORTLAND.

Chair Kafoury: PLEASE. PLEASE.

Mr. Cannon: AND AS YOU ASKED, THIS ONE ALSO FOR CONSTRUCTION IS DEPENDENT ON THE FEDERAL TRANSPORTATION BILL. BURNSIDE REHABILITATION IS A PROJECT THAT IS GOING TO BE SCALED TO ADDRESS THE IMMEDIATE NEEDS ON THE BURNSIDE BRIMMING WITH THE ANTICIPATION OF A MUCH LARGER EITHER REHABILITATION OR REPLACEMENT OF THAT PROJECT FARTHER OUT. AND AS I MENTIONED ALSO DEPENDS ON THE FEDERAL TRANSPORTATION BILL.

Chair Kafoury: WHICH WE ARE LOBBYING IN WASHINGTON, DC RIGHT NOW.

Mr. Cannon: AS I'M SURE OUR EVERY LOCAL JURISDICTION IN THE COUNTRY --

Chair Kafoury: IN THE ENTIRE COUNTRY.

Mr. Cannon: YES. SO THE SUMMARY HERE, FY-2016 IS GOING TO BE A VERY ACTIVE YEAR FOR TRANSPORTATION. BOTH IN DESIGN AND CONSTRUCTION. WITH PROJECTS ONGOING ON BOTH OUR WILLAMETTE RIVER BRIDGES AND THE ROAD SYSTEM. FEDERAL AND STATE SUPPORT FOR TRANSPORTATION FUNDING IS UNCERTAIN. WE HAVE SEVERAL PROJECTS THAT DEPEND ON NEW FEDERAL THAT WILL DEPEND ON A NEW FEDERAL TRANSPORTATION BILL FOR CONSTRUCTION FUNDING. WITH THAT KIND OF ONGOING UNCERTAINTY AT THE FEDERAL LEVEL, WE NEED TO CONTINUE TO EXPLORE FUNDING STRATEGIES IF WE'RE TO MAINTAIN AND POSSIBLY IMPROVE THE TRANSPORTATION SYSTEM THAT SUPPORTS OUR COMMUNITY AND LOCAL ECONOMY. ALSO WITH THE INCREASED AWARENESS OF THE HIGH

LIKELIHOOD OF A MAYOR SEISMIC EVENT, WE NEED TO TAKE THE FIRST STEPS TOWARD A SEISMICALLY RESILIENT BURNSIDE

Chair Kafoury: QUESTIONS OR COMMENTS?

Commissioner Smith: MADAM CHAIR, I HAVE A COMMENT.

Chair Kafoury: SORRY, COMMISSIONER BAILEY --

Vice-Chair Bailey: GO AHEAD.

Commissioner Smith: THANK YOU. KIM, YOU KNOW I THINK YOU HAVE ONE OF THE MOST DIVERSE DEPARTMENTS, EVERYTHING FROM ANIMAL SERVICES, TO ELECTIONS, TO TRANSPORTATION AND LAND USE. I TAKE MY HAT OFF TO YOU TO SWITCH IN BETWEEN THOSE DIFFERENT DEPARTMENTS. BUT I HAVE ANOTHER QUESTION FOR IAN ABOUT THIS. HAVE YOU ALL DISCUSSED WITH THE CFO ANY OTHER ALTERNATIVE FUNDING METHODS FOR THE BRIDGES?

Mr. Cannon: OVER THE LAST FEW YEARS THIS CONVERSATION CYCLES BACK. AND CURRENTLY WE'RE HAVING THE SAME CONVERSATIONS ABOUT EXPLORING DIFFERENT FUNDING MODELS WITH NOT ONLY THE CFO BUT THE CHAIR'S OFFICE AS WELL. IT'S SOMETHING WE'RE LOOKING TO THE STATE LEGISLATURE PRESENTLY, THE FEDERAL AUTHORIZATION BILL, AND THEN WITH THAT BEING SAID, THEN IT'S REALLY UPON THE LOCALS, US TO TAKE LEADERSHIP THERE. AND THAT'S THE NEXT CONVERSATION ONCE WE SEE WHAT THE HORIZON STATEWIDE LOOKS LIKE.

Commissioner Smith: HAVE WE LOOKED AT PUTTING SOMETHING OUT THERE TO PAY FOR OUR BRIDGES OTHER THAN FEDERAL AND STATE DOLLARS?

Mr. Cannon: WE HAVE SEVERAL TOOLS AT OUR DISPOSAL THAT ARE ALREADY CURRENTLY BEING UTILIZED FOR TRANSPORTATION FUNDING. IT'S JUST WHETHER OR NOT WE'RE READY TO TAKE THOSE STEPS ONCE WE KNOW WHAT THE FUTURE WHICH IS IN STORE FOR US WITH THE STATE. SO THERE'S CURRENT TOOLS IN THE VEHICLE REGISTRATION FEE INCREASE LOCAL GAS TAX. IN THE EVENT, FOR EXAMPLE, THE STATE OR THE FEDS DON'T PROVIDE SOME INCREASED FUNDING INFRASTRUCTURE EXIST. WE'VE DONE SOME ANALYSIS OVER THE YEARS. AND CERTAINLY WE CAN REVISE IT THAT, BUT THAT BEING SAID, THE INFRASTRUCTURE FOR THOSE ALTERNATIVE FUNDING MODELS SUSPECT LAID OUT YET, SO YOU MIGHT WANT TO BE LOOKING AT THOSE THINGS THAT HAVE BEEN PROVEN EFFECTIVE.

Commissioner Smith: THANK YOU.

Vice-Chair Bailey: I APPRECIATE THE COMPREHENSIVENESS OF THIS PRESENTATION, I WOULD ECHO COMMISSIONER SMITH'S COMMENTS ABOUT

THE NUMBER OF HATS YOU WEAR AND HOW YOU HAVE TO BALANCE IN THIS CONVERSATION. ONE THING THAT STANDS OUT IS THAT 514 MILLION DOLLAR LIABILITY FOR THE BURNSIDE BRIDGE AND WE HAVE HAD SEVERAL PRESENTATIONS IN FRONT OF THIS BOARD ABOUT THE RISKS THAT WE FACE IN A SEISMIC EVENT AND THE REALLY CATASTROPHIC NATURE OF THE RESULT IF WE WERE TO LOSE THAT BRIDGE AND THE ACCESS FOR EMERGENCY SERVICES. IT'S A BIG NUMBER THAT'S OUT THERE, AND AS I THINK YOU APPROPRIATELY SAY, WE'RE LOOKING AT A LOT OF DIFFERENT OPTIONS, FEDERAL, STATE, AND LOCAL. I THINK BOTH A, WE CANNOT HOLD OUR BREATH AND WAIT FOR STATE AND FEDERAL, AND B, I THINK HAVING A BETTER SENSE OF WHERE WE'RE AT AND HOW WE BEST PROCEED WILL HELP US LEVERAGE ANY STATE AND FEDERAL SOURCES. SO I BELIEVE IT'S NECESSARY FOR US TO START PLANNING FOR THAT EVENTUALITY IMMEDIATELY. AND I BELIEVE YOU SAID YESTERDAY DIRECTOR PEOPLES THAT PEOPLE'S A FEASIBILITY STUDY FOR THE BURNSIDE BRIDGE WAS RUN IN THE RANGE OF 3 MILLION BUT WE COULD GET STARTED THIS YEAR WITH 1.5 MILLION DOLLARS. IS THAT CORRECT?

Mr. Cannon: THAT'S CORRECT. IT'S POSSIBLE TO PHASE SCALE, IN OTHER WORDS, THE EVENTUAL COST FOR THE FEASIBILITY STUDY OVER A SERIES OF YEARS, FOR EXAMPLE.

Vice-Chair Bailey: GREAT. I'D LIKE TO PROPOSE AN AMENDMENT THAT WE HAVE 1.5 MILLION FOR BURNSIDE BRIDGE FEASIBILITY STUDY IN CONTINGENCY AND WE CAN TAKE A LOOK AT WHAT'S HAPPENING WITH THE STATE LEGISLATURE AS WE MOVE FORWARD AND THEN IF NECESSARY PULL THAT AND TAKE A LOOK AT FUNDING THIS YEAR.

Mr. Cannon: VERY GOOD. WE'LL EXAMINE THAT CLOSELY.

Commissioner Smith: MADAM CHAIR, I HAVE SOMETHING TO ADD. COULD YOU GIVE US SOMETHING THAT GIVES US A BREAKDOWN OF THE 500 MILLION? WE HAVE SOME OF THAT MONEY ALREADY AT THE STATE, DON'T WE? FOR THE BURNSIDE BRIDGE?

Mr. Peoples: SO CURRENTLY WE HAVE NO MONEY TOWARD THE 514 MILLION. WE DO HAVE STATE FUNDING THAT'S BASICALLY GOING TO ALLOW US TO ADDRESS THE IMMEDIATE DETERIORATION OF THE BRIDGE IN ORDER TO KEEP IT IN SERVICE SAFELY WHILE WE'RE WORKING ON THIS BIGGER PROJECT.

Commissioner Smith: DO WE HAVE ANY DOLLAR AMOUNTS? IT'S NOT CLEAR WHAT WE ACTUALLY HAVE IN THE BANK VERSUS WHAT WE NEED TO RAISE.

Mr. Peoples: SO WHAT WE HAVE IN THE BANK FOR THIS SHORT-TERM, NEAR-TERM PROJECT IS ASSUMING THE FEDERAL GOVERNMENT COMES

THROUGH IS ABOUT \$32 MILLION. BUT THAT'S STILL THAT STILL LEAVES THAT ROUGHLY \$500 MILLION MEET OUT THERE FOR THE MUCH LARGER PROJECT.

Commissioner McKeel: BACK TO THE BURNSIDE BRIDGE, I THINK YOU ANSWERED ONE OF MY QUESTIONS WHEN YOU TALKED ABOUT THE MONEY WE HAVE SET ASIDE FOR THE THAT WE FOR THE REHABILITATION. AND THAT WILL BE USED SO THAT AS WE GO FORWARD, IF WE GET THE FUNDING TO GO FORWARD WITH THE BURNSIDE BRIDGE. THEN THAT FITS INTO THE PROJECT. THAT NEEDS TO BE THAT THE BIGGER PROJECT THAT WOULD NEED TO BE DONE. IS THAT CORRECT WHAT I UNDERSTOOD?

Mr. Peoples: WE'RE TRYING TO MAKE SURE WE'RE NOT SPENDING ANY MONEY ON THAT LARGER PROJECT WOULD TAKE CARE OF, BUT THAT ISN'T AN IMMEDIATE SHORT-TERM NEED.

Commissioner McKeel: COULD YOU PROVIDE US WITH THAT CONTEXT AT SOME POINT JUST SO I UNDERSTAND WHAT THE REHAB WORK WE'RE DOING, AND THEN HOW YOU SEE THAT AS FITTING INTO WHAT WOULD BE NEEDED IN REPLACEMENT?

Mr. Peoples: I'D BE HAPPY TO COME BACK WITH THAT INFORMATION, THANK YOU.

Commissioner McKeel: AND I DO, THIS IS A EXCEPT. I DO WANT TO SAY THE EAST COUNTY FOLKS ARE VERY HAPPY WITH THE WORK THAT ROADS ARE DOING OUT, CULVERTS MAY NOT BE AS NOTICEABLE, BUT WE UNDERSTAND THE IMPORTANCE OF THE CULVERTS AND WE KNOW THAT. CERTAINLY THE ROADS, AND YOU'VE DONE SOME OF THE ADA PROJECTS OUT ON TROUTDALE ROAD, BUXTON AND TROUTDALE, AND THEY'RE VERY NOTICEABLE. AND SO -- AND SEVERAL OF THESE ROAD PROJECTS CAME OUT OF OUR EAST METRO CONNECTIONS PLAN, SO EVERYBODY IS VERY HAPPY TO SEE THAT PLAN MOVE FORWARD AND FOR THOSE PROJECTS TO REACH COMPLETION. SO THANK YOU.

Chair Kafoury: THE EAST COUNTY FISH ARE HAPPY.

Commissioner McKeel: THE FISH ARE VERY HAPPY. WE LIKE THAT.

Commissioner Shiprack: I WANTED IF I COULD, JUST IN INDULGE IN A LITTLE BIT AFTER CONVERSATION THAT HAS TO DO WITH THE FORMULA FOR DISTRIBUTION OF THE COUNTY GAS TAX. AND THE CONDITION OF BRIDGES AND IT ALWAYS STRIKES ME AS INTERESTING LOOKING AT THE ROAD PROJECTS THAT NONE OF THEM ARE IN D3. THERE'S A GOOD REASON FOR THAT. THAT'S BECAUSE D3 IS ENTIRELY WITHIN THE BOUNDARIES OF THE CITY OF PORTLAND, AND WHILE THERE ARE CONVERSATIONS THAT ARE LIVELY WITH REGARD TO POTHOLES ON THE STREETS, IN THE CITY OF

PORTLAND, WHICH GREATLY ENGAGE MY CONSTITUENCY AND DIRECTLY ENGAGE MY CONSTITUENCY WITH THE CITY OF PORTLAND, AROUND HOW THEY SPEND THEIR \$25.3 MILLION SHARE OF GAS TAX, IT STRIKES ME THAT BETWEEN THE JURISDICTIONAL BOUNDARIES OF D3, D1 -- WELL, THE REST OF THE COMMISSIONERS I SUPPOSE WHO TOUCH ON THE CITY OF PORTLAND, SORRY, PERFECT.

Commissioner Shiprack: IT DOES SEEM TO ME, THIS IS JUST A LITTLE BIT OF A CALL, I'VE GOT THE MICROPHONE, and THAT THE BRIDGES ARE A DIFFERENT KIND OF A STRIPE ALL TOGETHER. AND THAT UNLIKE THE RESPONSIBILITY FOR ROAD REPAIRS AND CULVERTS, AND CONDITION OF PAVEMENT, BRIDGES CONNECT ALL OF US WITHIN MULTNOMAH COUNTY TO EACH OTHER, AND THE CONVERSATION THAT'S BEEN SPARKED BY OUR GEOLOGY AND THE ASSURANCE THAT WE WILL HAVE A SUBDUCTION ZONE EARTHQUAKE HERE AND THAT IT WILL IMPACT BRIDGES REALLY SUGGESTS THAT WE NEED TO ENGAGE IN A COLLABORATIVE CONVERSATION WITH OUR COLLEAGUES AT THE CITY OF PORTLAND AS WELL AS THE EAST COUNTY CITIES ABOUT DISTRIBUTION OF THE GAS TAX IN A WAY THAT DOES BETTER THAN TAKING A 56 MILLION DOLLAR TOTAL AND DISTILLING THAT DOWN TO 5.4 MILLION ON BRIDGES. AND I JUST WANT TO SAY THAT IF THAT IS OUR VALUE SYSTEM, AND WE WERE TO TROT THAT OUT TO NEIGHBORHOOD MEETINGS AND SHOW PEOPLE WHO PROBABLY ACROSS MULTNOMAH COUNTY REGULARLY DRIVE ACROSS THESE BRIDGES, I THINK THAT THEY WOULD DISPUTE THAT PRIORITIZATION. AND THAT'S SOMETHING WE NEED TO DO JOINTLY WITH THE CITY OF PORTLAND. THAT DEFINITELY NEEDS TO BE ON OUR AGENDA.

Chair Kafoury: I WOULD LIKE TO THANK YOU FOR THOSE COMMENTS, COMMISSIONER. I WOULD LIKE TO SAY THAT WHEN WE WERE LOOKING AT THE SELLWOOD BRIDGE REPLACEMENT AND I CALLED MAYOR ADAMS, HE WAS VERY QUICK TO RESPOND WITH A YES IN TERMS OF FINANCIAL CONTRIBUTION TO THAT. SO LIKE SOME OF OUR OTHER NEIGHBORS, WHO DIDN'T, PONY UP, THE CITY OF PORTLAND WAS A PARTNER WITH CASH ON THE TABLE FOR THAT. BUT I DEFINITELY AGREE WITH YOU. THAT IS IN CONSIDERATION AS THE CITY OF PORTLAND IS LOCKING AT FUNDING FOR TRANSPORTATION FOR THEIR NEEDS I KNOW THAT THE BRIDGE CONVERSATION HAS BEEN A PART OF THAT. ANY OTHER QUESTIONS OR COMMENTS?

Vice-Chair Bailey: CHAIR, I HAVE A COMMENT BUT NOT ON THIS SUBJECT.

Chair Kafoury: I JUST WANTED TO SAY AS MY DAUGHTER IS IN THIRD GRADE, SHE'S DOING THE BRIDGE PROJECT, AND THEY ARE STUDYING IN DEPTH ALL OF THE BRIMTION. AND THEY HAD TO PICK ONE TO DO THEIR REPORT ON, AND SO I AM PRETTY SURE SHE'S GOING TO PICK THE SELLWOOD BRIDGE, RIGHT? NO, SHE PICKS HER FAVORITE BRIDGE, THE MARQUAM. MY HUSBAND

SAID, I JUST HAD TO TELL YOU, IT'S NOT AN OPINION, IT'S AN OBJECTIVE FACT THAT THAT IS THE UGLIEST BRIM ON THE WILLAMETTE RIVER. BUT SHE LOVES IT, SO I DON'T KNOW. MAYBE SHE LIKES STATE LEVEL POLITICS BETTER, I DON'T KNOW, HORRIFYING TO ME.

Chair Kafoury: NOTHING ON THE BRIDGES. THANK YOU, BRIDGE FOLKS. THANK YOU VERY MUCH TRANSPORTATION. AND SHE'S BACK.

Ms. Madrigal: WITH THANKS AND A QUICK WRAP-UP, I KNOW WE'RE OVER TIME, SO I WON'T EVEN READ THESE SLIDES I'LL LEAVE THEM WITH YOU. I DID MY EARS PERKED UP AROUND THE CONVERSATION ABOUT ONE-TIME-ONLY SET-ASIDE AND WANTED TO GIVE YOU A QUICK BACK OF THE NAPKIN CALCULATION. WHEN THE BOARD SPENDS ONE-TIME-ONLY MONEY ON CAPITAL, YOU'RE AVOIDING MONEY ON SPENDING MONEY ON DEBT SERVICE. WHAT THAT DOES IS FOR EVERY MILLION YOU SET ASIDE INSTEAD OF BORROWING, YOU ARE SAVING YOURSELF \$80,000 A YEAR FOR 20 YEARS IN ONGOING MONEY YOU W BUDGET, THERE'S 31.6 MILLION IN ONE-TIME-ONLY BOWING PROPOSED TO BE SPENT ON FACILITIES CAPITAL ALONE, IF YOU WERE TO BORROW THAT AMOUNT YOU'D SET ASIDE 2.5 MILLION IN ONGOING FUNDS FOR 20 YEARS AND END UP PAYING ABOUT 18.9 MILLION IN INTEREST OVER THAT 20 YEAR PERIOD. SO JUST A LITTLE CONTEXT THAT THERE'S SOMETIMES GOOD REASON TO BORROW, AND COMMISSIONER BAILEY YOUR QUESTION ABOUT HOW TO BEND THE COST CURVE CERTAINLY USING ONE-TIME-ONLY MONEY FOR CAPITAL IS A WAY, IS ONE TOOL WE HAVE TO DO THAT. WITH THAT, WE STILL HAVE EVERYONE HERE, SO IF THERE ARE QUESTIONS, CONCERNS, COMMENTS ABOUT THE ENTIRE PRESENTATION, WE'RE HAPPY TO ADDRESS THEM.

Vice-Chair Bailey: THAT WAS THE PERFECT LEAD-IN TO WHAT I WAS ABOUT TO SAY. I APPRECIATE THE FOCUS ON CAPITAL AS AN INVESTMENT THAT PAY AS RETURN OVER TIME, WHETHER DIRECT RETURN OR AVOIDED COST. IT DOVETAILS WELL WITH THAT CONVERSATION WE HAD YESTERDAY OF HOW DO WE MAKE INVESTMENTS TODAY THAT ARE GOING TO REDUCE OUR COST AND OUR LIABILITIES INTO THE FUTURE. AND WE FOCUS TODAY REALLY ON CAPITAL THAT IS DIRECT COUNTY PROJECTS. I THINK THERE'S ALSO AN IMPORTANT OPPORTUNITY FOR US TO PARTNER ON CAPITAL PROJECTS WHERE WE HAVE A DIRECT COUNTY ROLE AND POTENTIALLY A COUNTY PRESENCE WITHIN THOSE PROJECTS. AND AS WE LOOK AT THOSE HOW WE BEND CURVES OVER TIME. I THINK AN EXAMPLE OF THAT WHEN WE HAVEN'T DISCUSSED TODAY, BUT THAT HAS COME UP IN THE OVERVIEW OF THE BUDGET IS THE PROPOSAL THAT'S CURRENTLY IN CONTINGENCY FOR \$1 MILLION FOR THE PSYCHIATRIC EMERGENCY SERVICES CENTER THAT'S BEING BUILT WITH PARTNERS.

Vice-Chair Bailey: I THINK THAT'S A GREAT EXAMPLE OF AN AREA WHERE AN UP FRONT INVESTMENT CAN HEM BEND COST CURVES OVER TIME AND REDUCE LIABILITIES OVER TIME WITH A ONE-TIME INVESTMENT. THERE ARE STILL SOME DETAILS TO BE WORKED OUT THERE, AND AS WE LOOK AT THAT FACILITY, I WANT TO ENSURE THAT WE AS A COUNTY, AS WE MAKE AN INVESTMENT, ARE SEEING A FACILITY THAT IS GOING TO DIRECTLY RESULT IN THOSE BENEFITS BACK TO THE PEOPLE THAT WE SERVE AND TO OUR COUNTY BOTTOM LINE AND TO OUR CONSTITUENCIES. I THINK IT'S IMPORTANT AS WE MAKE THAT INVESTMENT THAT WE DO SO IN A ROBUST ENOUGH WAY THAT WE ARE ABLE TO BEND THOSE CURVES AND WE HAVE A FACILITY THAT REFLECTS THE NEEDS OF THIS COUNTY HAS. SO I WOULD LIKE TO PROPOSE ANOTHER AMENDMENT, TO MOVE THAT \$1 MILLION IN CONTINGENCY TO \$3 MILLION AND WE'LL BE BACK FOR FURTHER DISCUSSION ON MOVING THAT OUT OF CONTINGENCY AS THINGS BECOME MORE CLEAR AND AROUND WHERE THAT EXTRA \$2 MILLION COMES FROM.

Chair Kafoury: ANY OTHER QUESTIONS, COMMENTS, AMENDMENTS, INFORMATION THAT PEOPLE NEED AS WE WRAP UP DAY TWO OF BUDGET 2016? KAREN?

Ms. Kieta: THANK YOU, CHAIR KAFOURY. THAT CONCLUDES OUR WORK SESSIONS FOR TODAY. TOMORROW YOU'LL HEAR FROM THE DEPARTMENT OF COUNTY MANAGEMENT, OF COURSE THE FINANCIAL AND BUDGET POLICY OVERVIEW, WE DO HAVE SOME TIME SET ASIDE FOR ANY FOLLOW-UP AND GENERAL GOVERNMENT, BECAUSE THINGS MOVE VERY QUICKLY THIS WEEK WE DON'T HAVE ANYTHING SLOTTED FOR THIS TIME FRAME. WE DO HAVE A COUPLE OF PRESENTATIONS WE'RE GOING TO SLOT LATER IN OUR FOLLOW-UP WORK SESSIONS TO ADDRESS THINGS THAT CAME UP THIS WEEK.

Chair Kafoury: THANK YOU. I JUST WANT TO ADD TO THAT, AS WE DID START OFF VERY QUICKLY WITH A LOT OF INFORMATION, IF THERE ARE PIECES OF PROPOSALS THIS WEEK WE'VE TALKED ABOUT THAT PEOPLE FEEL LIKE WE NEED ADDITIONAL CONVERSATION ABOUT, PLEASE FEEL FREE TO LET KARYN KNOW AND WE'LL GET THOSE SCHEDULED. THANK YOU. ALL RIGHT. DONE?

Ms. Madrigal: DONE. I JUST WANT TO QUICKLY THANK LISA. THIS IS A MONSTER PRESENTATION TO PULL TOGETHER AND COORDINATE, AND SHE DID A FABULOUS JOB. I WANT TO CALL YOU OUT AND THANK YOU FOR THAT.

Chair Kafoury: THANK YOU, LISA.

Commissioner Smith: THIS IS LISA'S FIRST BUDGET. AND SHE'S MY BUDGET ANALYST. THANK YOU.

Chair Kafoury: ALL RIGHT. SEEING NO FURTHER BUSINESS, WE'RE ADJOURNED.

ADJOURNMENT

The meeting was adjourned at 12:13 p.m.

Transcript prepared by LNS Captioning and utilized in creating minutes by the Board Clerks. For access to the video and/or board packet materials, please view at: http://multnomah.granicus.com/ViewPublisher.php?view_id=3

Submitted by:

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Board of County Commissioners
Multnomah County