

**Minutes of the Board of Commissioners
Multnomah Building, Board Room 100
501 SE Hawthorne Blvd., Portland, Oregon
Wednesday, April 27, 2016**

BUDGET WORK SESSION #3

Chair Deborah Kafoury called the meeting to order at 9:33 a.m. with Vice-Chair Loretta Smith and Commissioners Jules Bailey, Judy Shiprack, and Diane McKeel present. Commissioner Jules Bailey arrived at 9:35 a.m. and Commissioner Shiprack arrived at 9:37 a.m.

Also attending were Jenny Madkour, County Attorney, and Shirley Luo, Board Clerk Intern.

Chair Kafoury: GOOD MORNING. WELCOME TO DAY TWO OF MULTNOMAH COUNTY BUDGET 2017. FIRST UP WE HAVE MARK CAMPBELL, OUR CFO. DEBT OVERVIEW SESSION.

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

Mr. Campbell: AND A VERY RIVETING TOPIC IT IS TOO. [LAUGHTER] GOOD MORNING. I'M HERE TO PROVIDE YOU WITH AN OVERVIEW OF THE DEBT PROGRAM. SOME OF WHAT I WANT TO COVER TODAY IS REVIEW OF MATERIAL THAT YOU'VE SEEN IN THE PAST, BUT I'LL ALSO TALK TO YOU ABOUT OUR CURRENT DEBT OBLIGATIONS AND HOW WE HAVE LEVERAGED GENERAL FUND RESOURCES AND OTHER SOURCES OF FUNDING TO REDUCE FEE DEBT OBLIGATIONS THAT WILL HELP MAINTAIN DEBT CAPACITY FOR FUTURE PROJECTS.

THERE ARE ESSENTIALLY TWO SCHOOLS OF THOUGHT ABOUT HOW TO FINANCE PUBLIC INFRASTRUCTURE. UNTIL RECENTLY COUNTY POLICY FAVORED THE PAY AS YOU GO APPROACH. EXAMPLES OF THIS ARE THE ASSET PRESERVATION AND CAPITAL IMPROVEMENT FEES THAT ARE CHARGED INTERNALLY TO COUNTY DEPARTMENTS AND ONE TIME ONLY CONTRIBUTIONS MADE TO VARIOUS PROJECTS OVER TIME. IT WAS OBSERVED, HOWEVER, THAT SUCH AN APPROACH COULD NOT ALONE FUND MAJOR PROJECTS. IT'S APPROPRIATE AND FINANCIALLY PRUDENT TO ISSUE LONG TERM DEBT, THE PAY AS YOU USE APPROACH, IF YOU WILL, WHERE THEY HAVE LONG AND USEFUL LIVES THE DOWNTOWN CORE -- CAREFULLY PLANNED AND MANAGED DEBT IS A VERY VALUABLE FINANCIAL TOOL BUT THERE'S ALWAYS TENSION BETWEEN FUNDS SPENT FOR OPERATIONS AND FOR DEBT SERVICE. FROM A LEGAL AND POLICY STANDPOINT IT'S IMPORTANT TO REMEMBER THAT DEBT PROCEEDS ARE NOT TO BE USED TO SUPPORT

OPERATIONAL EXPENSES. THE STATE PROVIDES THE FRAMEWORK THAT WE MANAGE OUR DEBT PROGRAM AFTER.

Mr. Campbell: THESE ARE THE THREE MOST RELEVANT STATUTORY CITATIONS RELATED TO THE ISSUANCE OF GENERAL OBLIGATION BONDS, REVENUE BONDS AND FULL FAITH AND CREDIT BONDS. IT SETS LIMITS ON THE AMOUNT THE INJURES DISH CAN ISSUE AND THAT'S BASED ON MARKET VALUE. I'LL DISCUSS THAT WHEN I TALK ABOUT OUR DEBT CAPACITY AND OUR OWN COUNTY POLICY. THESE ARE THE TYPES OF DEBT THAT ARE AVAILABLE TO US AND I WON'T GO INTO TOO MUCH DETAIL ON THESE OTHER THAN TO SAY THAT THEY ALL HAVE FEATURES THAT ARE UNIQUE TO THEM. GENERAL OBLIGATION BONDS AS YOU'RE AWARE REQUIRE VOTER APPROVAL AND THEY ALSO HAVE THE ADDED FEATURE OF BEING SUPPORTED BY A PROPERTY TAX LEVY THAT'S NOT SUBJECT TO MEASURE 5 AND MEASURE 50 COMPRESSION. REVENUE BONDS HAVE A DEDICATED FUNDING SOURCE REVENUE BONDS BECAUSE OF THE NATURE OF THEM ARE SLIGHTLY HIGHER CREDIT RISK AND THE RATING IS BASED ON THE PROJECTED PERFORMANCE OF THE REVENUE SOURCE BEING USED TO SUPPORT THEM.

FULL FAITH AND CREDIT OBLIGATIONS ARE THE MOST FLEXIBLE. THEY REQUIRE PRIMARILY ONLY THE AUTHORIZATION BY THE BOARD OF A RESOLUTION THAT TELLS ME TO GO OUT AND ISSUE BONDS. HOWEVER, THE FULL FAITH AND CREDIT OBLIGATIONS ARE SUBJECT TO LIMITS THAT WE HAVE IN OUR COUNTY'S FINANCIAL AND BUDGET POLICIES. SOME OTHER OPTIONS THAT WE HAVE USED IN THE PAST AND ARE AVAILABLE TO US ARE CAPITAL LEASES, BANK PLACEMENTS, AND INTERNAL LOANS. BEFORE I GO INTO THE COUNTY'S CURRENT PLAN I WOULD LIKE TO TAKE A FEW MINUTES TO TALK ABOUT OUR ROLE AS CONDUIT FINANCIER. STATE STATUTE ALSO PROVIDES FOREVER THE COUNTY TO SERVE AS A CONDUIT FINANCIER FOR CERTAIN NONPROFIT ACTIVITIES. THE COUNTY HAS HAD A HOSPITAL FACILITIES AUTHORITY SINCE 1998 WHOSE PURPOSE IT IS TO ISSUE BONDS ON BEHALF OF HOSPITALS AND CARE FACILITIES TO PROVIDE THE PEOPLE OF OREGON WITH ACCESS TO ADEQUATE MEDICAL CARE AND HOSPITAL FACILITIES.

COMMUNITY BENEFITS AS A RESULT OF THE PROJECTS FINANCED, THE BORROWER BENEFITS BY GETTING ACCESS TO TAX-EXEMPT FINANCING AND THE COUNTY BENEFITS BECAUSE CONDUIT DEBTS DOES NOT COUNT AGAINST OUR DEBT CAPACITY AND IS NOT AN OBLIGATION OF THE COUNTY. WE HAVE DONE A NUMBER OF THESE TRANSACTIONS AND THE 2015 LEGISLATURE THROUGH HOUSE BILL 3132 EXPANDED THE DEFINITION OF A HOSPITAL TO COUPLE MENTAL HEALTH AND ADDICTION TREATMENT FACILITIES AS WELL AS DOMESTIC VIOLENCE SHELTERS. WE BELIEVE THIS EXPANDED AUTHORITY WILL ALLOW US TO PROVIDE BROADER SUPPORT FOR AGENCIES THAT FOSTER THE COUNTY'S MISSION.

Mr. Campbell: THIS NEXT SLIDE HIGHLIGHTS THE AMOUNT OF OUTSTANDING HOSPITAL AUTHORITY DEBT THAT WE HAVE. COUPLE OF THESE PROJECTS MOST NOTABLY ODDFELLOWS, HOLGATE CENTER AND OREGON BAPTIST RETIREMENT CENTER PROJECTS WOULD NOT HAVE BEEN COMPLETED HAD IT NOT BEEN FOR THE TAX-EXEMPT FINANCING THAT THEY WERE ABLE TO ACCESS THROUGH THE HOSPITAL AUTHORITY. THE OTHER THING ABOUT THIS CHART THAT'S OF NOTE IS THAT THE SUM OF THE HOSPITAL AUTHORITY'S OUTSTANDING DEBT IS GREATER THAN THE SUM OF THE COUNTY'S OWN DEBT OBLIGATIONS AND I'LL COME BACK TO THAT POINT LATER IN THE PRESENTATION. AS I MENTIONED EARLIER LONG TERM DEBT IS THE PRIMARY METHOD WE USE TO FINANCE MAJOR INFRASTRUCTURE PROJECTS.

THIS BOARD HAS ADOPTED A SET OF FINANCIAL AND BUDGET POLICIES THAT ADDRESS THE SUBJECTS HIGHLIGHTED ON THIS SLIDE. WE'LL PROVIDE A BRIEFING LATER TODAY ON THOSE POLICIES SO I WON'T TOUCH ON THE ONES RELATED TO FACILITIES AND PROPERTY MANAGEMENT TRANSPORTATION AND INFORMATION TECHNOLOGY. HOWEVER, THIS IS A REMINDER OF THE FACT THAT OUR DEBT PROGRAM IS CLOSELY INTEGRATED WITH THOSE THREE FINANCIAL POLICIES. SO AS I MENTIONED EARLIER THE STATE SETS LIMITS ON THE AMOUNT OF DEBT THAT A JURISDICTION CAN HAVE OUTSTANDING AT ANY ONE TIME. THOSE LIMITS ARE SHOWN ON THIS SLIDE. THE STATE LIMITS ARE EXPRESSED AS A PERCENTAGE OF REAL MARKET VAM WITHIN THE JURISDICTION. FOR THE COUNTY THOSE LIMITS ARE PRETTY HIGH BASED ON THE FACT THAT OUR RMB IS APPROXIMATELY \$120 BILLION.

I SUSPECT THAT GEO BONDS HAVE A HIGHER THPS THEY REQUIRE VOTER APPROVAL. IT'S PROBABLY NOT LIKELY THAT WE WOULD EVER REACH THESE LIMITS. SO FOR THAT REASON THE COUNTY'S INTERNAL POLICIES ARE A REFLECTION OF THE FACT THAT REACHING THOSE STATE LIMITS WOULD REQUIRE A SIGNIFICANT COMMITMENT OF RESOURCES DEDICATED TO DEBT SERVICE. THE INTERNAL POLICY SAYS NO MORE THAN 5% OF GENERAL FUND CORPORATE REVENUES, WHICH THINK PROPERTY TAX, BAT, MOTOR VEHICLE RENTAL TAX AS PRIMARY EXAMPLES, CAN BE USED TO SUPPORT DEBT ISSUANCE DIRECTLY BACKED BY THE GENERAL FUND. THIS POLICY WAS CHANGED A COUPLE YEARS AGO IN RECOGNITION OF THE FACT THAT SELLWOOD BRIDGE PROJECT HAD A DEDICATED FUNDING SOURCE OUTSIDE THE GENERAL FUND TO SUPPORT THE DEBT ISSUED FOR IT. SO EVEN THOUGH WE ISSUED THOSE AS FULL FAITH AND CREDIT BONDS, THOSE ARE NOT SUBJECT TO THE 5% LIMITATION. THE POLICY STATES A PREFERENCE OF A MAXIMUM OF 20 YEARS BUT PROVIDES FLEXIBILITY WHERE PROJECTS ARE EXPECTED TO HAVE A LONGER USEFUL LIFE.

AS AN EXAMPLE WE ANTICIPATE WHEN WE ISSUE BONDS FOR THE COURTHOUSE THAT WE WILL ISSUE THOSE FOR 30-YEAR TERM. AS YOU KNOW, WE ALSO UPDATED THE POLICY ON THE USE OF ONE TIME ONLY REVENUES IN 2015 AS A WAY TO MITIGATE THE AMOUNT OF DEBT THAT

WOULD OTHERWISE BE REQUIRED TO COMPLETE THOSE MAJOR FACILITIES PROJECTS. PARTLY AS A RESULT OF THIS POLICY THE COUNTY HAS ARE VERY LOW DEBT LOAD COMPARED TO OTHER JURISDICTIONS OF OUR SIZE. THE FACT THAT CURRENTLY HAVE ABOUT 1.3% OF OUR GENERAL FUND REVENUES DEBT INDICATED TO REPAYMENT OF DEBT WAS ONE FACTOR IN CREDIT RATING UPGRADES WE RECEIVED FROM MOODY'S AND STANDARD AND POOR. THIS NEXT SLIDE SHOWS THE SUM TOTAL OF ALL OF OUR OUTSTANDING LONG TERM DEBT AT THE END OF THE CURRENT FISCAL YEAR. AGAIN, THIS POINTS TO THE COUNTY'S LOW DEBT OBLIGATIONS. TWO OF THOSE, THE SERIES 2010 GENERAL OBLIGATION BONDS AND 2014 FULL FAITH AND CREDIT BONDS ARE REFINANCINGS OF PREVIOUS BOND ISSUES.

Mr. Campbell: THE COUNTY DEBT POLICY ALSO STATES THAT WE WILL LOOK FOR OPPORTUNITIES TO REFINANCE EXISTING DEBT WHEN NET PRESENT VALUE SAVINGS ARE 3% OR MORE. IN THE CASE OF THOSE TWO REFUNDING, THE NET PRESENT VALUE SAVINGS WERE GREATER THAN 10%. WE LOOK FOR OPPORTUNITIES TO REFINANCE DEBT WHENEVER POSSIBLE AND IN FACT WE'RE CURRENTLY LOOKING AT THE POTENTIAL TO REFINANCE THE SERIES 2010 BONDS THAT SUPPORTED CONSTRUCTION OF THE EAST COUNTY COURTHOUSE. WE HAVE A COUPLE OF DEBT OBLIGATIONS THAT ARE MATURING IN FISCAL YEAR 2017. THE GENERAL OBLIGATION BONDS THAT ORIGINALLY ISSUED IN 1996 TO SUPPORT PUBLIC SAFETY AND LIBRARY PROJECTS WILL BE PAID OFF IN OCTOBER. IT'S ALSO WORTH NOTING THAT SAVINGS FROM THE 2010 REFINANCING OF THESE BONDS ARE BEING USED TO SUPPORT THE FINAL BOND PAYMENTS DUE IN OCTOBER OF THIS YEAR. WE WILL NOT NEED TO LEVY A PROPERTY TAX IN FISCAL YEAR 2017. I HAVE ESTIMATED THIS WILL SAVE THE AVERAGE RESIDENTIAL PROPERTY OWNER AND WE DEFINE AVERAGE AS PROPERTY WITH A MAXIMUM ASSESSED VALUE OF ABOUT \$200 THOUSAND DOLLARS. \$25 IN THE TAX BILL ISSUE. THE SERIES 2010 APRIL FAITH AND CREDIT BONDS WILL ALSO MATURE THIS YEAR.

THAT BOND ISSUE SUPPORTED TELEPHONE CONVERSION PROJECT AND INFORMATION TECHNOLOGY, DEFERRED MAINTENANCE PROJECTS AND FACILITIES AND MATERIALS MOVEMENT PROJECT IN THE LIBRARY. UPON RETIREMENT OF THIS DEBT THE LIBRARY WILL FREE UP ABOUT \$125,000 THAT CAN BE USED FOR OTHER PURPOSES. THE DEBT ATTRIBUTABLE FACILITIES NHL I.T. TOTALS 1.35 MILLION HAS BEEN COLLECTED FROM COUNTY DEPARTMENTS IN THE FORM OF INTERNAL SERVICE CHARGES AND THEY WILL NO LONGER BE NEEDED AFTER THIS YEAR. I KNOW I HAVE SAID THIS ON A NUMBER OF OCCASIONS, BUT MOST OF OUR REMAINING DEBT WILL MATURE IN FISCAL YEAR 2020. THAT IS NOT THAT FAR AWAY. WHEN I FARCE STARTED THIS IT SEEMED LIKE A LONG TIME. IT'S ONLY ABOUT THREE YEARS NOW. THE ONLY REMAIN OBLIGATION AFTER THAT DATE WILL BE THE SERIES 2010-B BONDS.

Mr. Campbell: WE'RE LOOKING AT THE POSSIBILITY OF REFINANCING THOSE THROUGH ONGOING GENERAL FUND COMMITMENT. WE HAVE SOME FINANCING PROCEEDS THAT ARE BUDGETED IN THIS YEAR'S BUDGET. THOSE ARE SHOWN ON THE SLIDE ABOVE FOR OUR FACILITIES, THE DOWNTOWN COURTHOUSE PROJECT HAS 14.3 MILLION, AND THE HEALTH DEPARTMENT HEADQUARTERS PROJECT HAS ABOUT A LITTLE LESS THAN 37 MILLION. I JUST WANT TO MAKE A POINT ABOUT THOSE AS THE FACT THAT IT'S NOT LIKELY THAT WE'LL ISSUE DEBT FOR THOSE THIS YEAR. WHAT THAT DOES IS PROVIDES THOSE PROJECTS WITH APPROPRIATION ROOM SHOULD THEY PROGRESS FASTER THAN WHAT WE HAVE CURRENTLY ANTICIPATED. BOTH PROJECTS HAVE SUFFICIENT RESOURCES EITHER GENERAL FUND ONE TIME ONLY APPLICATIONS OR OTHER COMMITTED FUNDS, FOR EXAMPLE THE TAX INCREMENT FINANCING THAT WE RECEIVED FROM THE PDC THAT HELPS SUPPORT THE HEALTH DEPARTMENT PROJECT AND PROCEEDS OF THE Q-BOND PROGRAM FROM THE STATE THAT WILL HELP SUPPORT THE COURTHOUSE PROJECT. SO WE BELIEVE THOSE ARE SUFFICIENT TO COMPLETE THAT WORK.

BUT THIS GIVES US AN EDGE IN THE EVENT THAT WE WOULD NEED TO ISSUE DEBT THIS YEAR. IF WE DID IT WOULD MOST LIKELY BE LATER IN THE YEAR. I PUT ON THE SLIDE POSSIBLY IN MARCH. BUT WE'RE ALSO WORKING WITH OUR FINANCING TEAM TO ESTABLISH A LINE OF CREDIT WITH BANK OF AMERICA THAT WE COULD USE TO DRAW DOWN IF NECESSARY. THERE ARE ALSO DEBT PROCEEDS BUDGETED -- [AUDIO NOT UNDERSTANDABLE] THAT SUPPORTS THE WORK OF THE LEAF READY COLUMBIA PROJECT WHICH YOU'VE HEARD ABOUT. THE COUNTY IS ACTING AS FISCAL AGENT FOR THAT PROJECT AND MOST OF THE DEBT ISSUED FOR THAT PROJECT WILL BE REPAID BY PARTNERING AGENCIES. YOU'VE SEEN THIS CHART OVER THE COURSE OF OUR LAST FEW PRESENTATIONS.

THIS HIGHLIGHTS THE COUNTY DEBT CAPACITY SHOWN BY THE BLUE LINE. THE COUNTY'S EXISTING AND FORECASTED DEBT ASSOCIATED WITH MAJOR FACILITIES PROJECTS. ONE THING I DO WANT TO POINT OUT RELATED TO THIS CHART THAT'S DIFFERENT FROM THE CHARTS THAT YOU'VE SEEN PREVIOUSLY, ONE TIME ONLY GENERAL FUND ALLOCATIONS IN THE BUDGET, 19.9 MILLION FOR THE COURTHOUSE AND 3 MILLION FOR THE HANSON BUILDING REPLACEMENT PROJECT HAVE REDUCED OUR ESTIMATED ONGOING DEBT SERVICE FOR THESE THREE PROJECTS BY ABOUT 1.8 MILLION. THAT'S 1.8 MILLION ANNUALLY THAT WOULD BE FREED UP FOR OTHER USES. THE KEY TAKE AWAY FROM THIS CHART I THINK IS THAT THESE ADDITIONAL DEBT OBLIGATIONS ARE WELL WITHIN THE COUNTY'S FORECASTED DEBT CAPACITY OVER THE NEXT SEVERAL YEARS. YOU MAY BE ASKING HOW DO I CALCULATE THAT DEBT LIMIT? WHAT YOU SEE ON THIS SLIDE IS ALL OF THE OBLIGATIONS THAT WE HAVE THAT FALL UNDER THE -- ACTUALLY THEY ARE ALL OF THE DEBT OBLIGATIONS THAT WE HAVE.

Mr. Campbell: WHAT I HAVE HIGHLIGHTED ON THE SIDE IS THE AMOUNT THAT'S SUPPORTED DIRECTLY BY GENERAL FUNDS. YOU'LL SEE, FOR EXAMPLE, THAT THE SERIES 2012, WHICH WAS THE SELLWOOD BRIDGE PROJECT, IS NOT SUPPORTED BY THE GENERAL FUND SO IT'S OUTSIDE OF THIS POLICY. WE HAVE TODAY OR AS OF THE BEGINNING OF FISCAL YEAR 2017, WE'LL HAVE ABOUT 5.3 MILLION OF NET GENERAL FUND DEBT OBLIGATION. FISCAL YEAR 2017 GENERAL FUND REVENUES THIS POLICY APPLIES TO ARE SLIGHTLY MORE THAN \$458 MILLION. SO DOING THE MATH ON THAT 5% WOULD INDICATE THAT WE COULD HAVE UP TO 23 MILLION IN DEBT SERVICE AND BE WITHIN THE POLICY. SUBTRACTING THE 5.3 MILLION THAT WE HAVE OBLIGATED TODAY WOULD PROVIDE US WITH AN ADDITIONAL 17.6 MILLION THAT WE COULD APPLY TO DEBT SERVICE. 17.6 MILLION TRANSLATES TO 238 MILLION BASED ON THE ASSUMPTION THAT WE WOULD AMORTIZE IT OVER 20 YEARS AT 4% ANNUAL RATE OF INTEREST.

THAT'S PROBABLY A LITTLE BIT CONSERVATIVE BUT I THINK IT GIVES YOU A GOOD GENERAL RULE OF THUMB. THIS NEXT CHART, I REALLY DON'T WANT TO BELABOR THIS, BUT WE DO HAVE A VERY LOW DEBT LOAD. THIS CHART I PUT IN HERE BECAUSE I THOUGHT IT WAS INTERESTING TO HIGHLIGHT THE FACT THAT COMPARED TO SOME OF OUR NEIGHBORING JURISDICTIONS YOU CAN SEE WHERE WE'RE AT. WHAT I HAVE DONE HERE IS I HAVE TAKEN MULTNOMAH COUNTY, PORTLAND, CITY OF GRESHAM, METRO, CLACKAMAS COUNTY, WASHINGTON COUNTY AND PROVIDED TWO METRICS THAT CREDIT RATING AGENCIES TYPICALLY LOOK AT WHEN THEY ARE EVALUATING CREDITWORTHINESS. THAT IS THE AMOUNT OF DEBT THAT A JURISDICTION HAS MEASURED BY POPULATION SO THE DEBT PER CAPITA, ALSO THE AMOUNT OF DEBT THAT A JURISDICTION HAS MEASURED BY ITS REAL MARKET VALUE. SO YOU CAN SEE FOR THE COUNTY OUR DEBT PER CAPITA IS ABOUT \$378. EXPRESSED AS A PERCENTAGE OF REAL MARKET VALUE WE'RE USING ABOUT ONE QUARTER OF 1% OF THAT REAL MARKET VALUE EXCEPT FOR METRO. THE OTHER JURISDICTIONS ON THIS CHART ARE ALL SIGNIFICANTLY HIGHER THAN THAT.

THIS IS NOT A FULL APPLES TO APPLES COMPARISON. FOR EXAMPLE YOU NOTE THE CITY HAS ABOUT \$3 BILLION OF OUTSTANDING REVENUE BONDS, MOST ASSOCIATED WITH WATER AND SEWER PROJECTS, WHICH ARE PAID BY RATEPAYERS. BUT I THINK IT'S KIND OF INSTRUCTIVE JUST TO DEMONSTRATE AGAIN WHERE WE'RE AT VISA ADVISE SOME OF OUR NEIGHBORING JURISDICTIONS. SO IN SUMMARY, I HAVE DISCUSSED CAPITAL FINANCING AND WHAT OUR DEBT PROGRAM IS TODAY, AND WHAT IT MAY LOOK LIKE GOING FORWARD IN THE FUTURE. GENERALLY WE TRY TO MATCH THE FINANCING TOOL TO THE NATURE OF THE PROJECT. IT'S THE COUNTY POLICY TO ISSUE LONG TERM DEBT WHEN WARRANTED.

Mr. Campbell: AS WE DEMONSTRATE, THE USE OF ONE TIME ONLY REVENUES REDUCES THE AMOUNT OF BORROWING FOR THOSE PROJECTS AND IT'S

SORT OF A GENERAL RULE OF THUMB AGAIN, FOR EACH \$1 MILLION THAT IS BORROWED, OR IS SUPPORTED BY ONE TIME ONLY REVENUES YOU REDUCE THE AMOUNT OF ONGOING DEBT SERVICE BY ABOUT 75 TO \$80,000. WE TALKED ABOUT WHAT FINANCING TOOLS ARE AVAILABLE TO THE COUNTY, GENERAL OBLIGATION BONDS, FULL FAITH AND CREDIT BONDS, WE ALSO TALKED ABOUT CONDUIT DEBT AS A TOOL TO SUPPORT COMMUNITY ASSETS.

ONCE AGAIN, THE COUNTY DEBT LOAD IS LOW. WE HAVE APPROXIMATELY 238 MILLION REMAINING IN CURRENT DEBT CAPACITY AND THE OTHER THING I WANT TO NOTE IN CLOSING IS THAT OUR DEBT LIMITS THAT WE HAVE IMPOSED ON OURSELVES ARE MUCH MORE RESTRICTIVE THAN THE ORF LIMITS, BUT ULTIMATELY DEBT CAPACITY IS MEASURED BY WHAT YOU'RE ABLE TO PAY, SO I WILL TAKE ANY QUESTIONS THAT YOU WANT TO HAVE.

Chair Kafoury: QUESTIONS?

Vice-Chair Smith: THANK YOU FOR THE PRESENTATION. HOW MUCH DO WE HAVE TO DATE IN THE COURTHOUSE QUEUE? NOT WITH THIS PROPOSED DOLLARS BUT FOR FISCAL YEAR '16, HOW MUCH IS IN THAT?

Mr. Campbell: SOMEBODY HELP ME OUT WITH THAT? [LAUGHTER]

Vice-Chair Smith: WHERE IS MIKE. HE KNOWS HOW TO COUNT IN PUBLIC.

Mr. Campbell: I WANT TO SAY IT'S ABOUT 65 MILLION. AS A RESULT OF THE ONE TIME ONLY THAT WAS INCLUDED IN THE CHAIR'S PROPOSED BUDGET THIS YEAR THE AMOUNT OF DEBT THAT WE'RE PROPOSING TO ISSUE FOR THE PROJECT HAS DROPPED FROM DID 120 MILLION TO ABOUT 105 MILLION.

Vice-Chair Smith: I'M TRYING TO ADD THIS UP. WE HAVE 65 MILLION IN THE QUEUE FOR THE COURTHOUSE.

Mr. Campbell: YES.

Vice-Chair Smith: THEN WE'RE PROPOSING ANOTHER 20 MILLION, 19 MILLION?

Mr. Campbell: I THINK THE 65 MILLION INCLUDES THE 19.9 MILLION, RIGHT? YES.

Vice-Chair Smith: WE ONLY HAVE 45 MILLION.

Mr. Campbell: RIGHT. 45 MILLION AND WE'RE PROPOSING ANOTHER 20 MILLION.

Vice-Chair Smith: WE'RE EXPECTED TO BOND OUT 105?

Mr. Campbell: YES. REMEMBER THE STATE IS ALSO CONTRIBUTING \$125 MILLION TO THIS PROJECT.

Vice-Chair Smith: OKAY. WE'LL ASSUME THAT WE'LL DO THE 125 FROM THE STATE. OKAY, GREAT.

Commissioner Shiprack: THANKS, MARK. IT'S ALWAYS INTERESTING AND FULL OF POSSIBILITIES. I WANT TO LOOK AT THE CONDUIT BONDING PROGRAM JUST FOR A SECOND. I'M CURIOUS IF YOU HAVE DONE ANY ANALYSIS OF USING THAT PROGRAM TO PAY FOR AFFORDABLE HOUSING DEVELOPMENT.

Mr. Campbell: SO THAT'S A VERY GOOD QUESTION. IT'S A DISCUSSION THAT WE DID NOT ENTER INTO LAST YEAR WHEN HOUSE BILL 3132 WAS PASSED BUT IT'S SOMETHING THAT WE WANT TO ENTERTAIN GOING TO THE LEGISLATURE IN THE 2017 SESSION.

Commissioner Shiprack: SO THE REASON THAT WE AREN'T LOOKING AT THE CONDUIT BONDING PROGRAM FOR AFFORDABLE HOUSING IS IT HAS TO BE EXPLICITLY ALLOWED BY THE LEGISLATURE AND IT HAS NOT BEEN?

Mr. Campbell: CORRECT. LAST YEAR WHEN HOUSE BILL PASS IT WAS TRYING TO KEEP IT WITHIN THE STATUTE ON THE HOSPITAL AUTHORITY. SO WHAT WE WERE TRYING TO DO WAS FIND OTHER POTENTIAL USES WHERE YOU COULD DEFINE SOMETHING AS A HOSPITAL. AFFORDABLE HOUSING WOULD PROBABLY REQUIRE A SEPARATE STATUTORY CITATION.

Commissioner Shiprack: THANKS, MADAME CHAIR, JUST SORT OF TAKING ADVANTAGE. ALTHOUGH THEN POSSIBLY FOR EXAMPLE HOUSING WITH SUBSTANTIAL SERVICES FOR PEOPLE SUFFERING FROM MENTAL ILLNESS MIGHT BE ELIGIBLE UNDER THE EXISTING ALLOWANCE.

Mr. Campbell: YEP.

Commissioner Shiprack: AND JUST ONE OTHER FOLLOW-UP, THERE IS A STATEWIDE FACILITIES CONDUIT FINANCING ARRANGEMENT.

Mr. Campbell: YES.

Commissioner Shiprack: IS THAT AVAILABLE FOR AFFORDABLE HOUSING FINANCING?

Mr. Campbell: I DON'T BELIEVE SO. BUT THEY ALSO HAVE THE ABILITY TO ISSUE BONDS FOR PROJECTS THAT ARE MORE EXPANSIVE THAN WHAT COUNTIES AND CITIES CAN DO BUT I DON'T BELIEVE AFFORDABLE HOUSING IS PART OF THAT FRAMEWORK.

Vice-Chair Smith: I HAVE ANOTHER QUESTION, MADAME CHAIR. HOW MUCH ARE WE EXPECTED TO WON'T OUT ON THE HEALTH HEADQUARTERS?

Mr. Campbell: A LITTLE LESS THAN 50 MILLION.

Chair Kafoury: DURING THE CAPITAL PRESENTATION THAT'S COMING UP WE'LL HAVE MORE DETAILS ON BOTH OF THESE PROJECTS ALONG WITH OTHER PROJECTS. ANY OTHER QUESTIONS FOR MARK?

Commissioner Shiprack: I WAS CURIOUS. YOU'RE TALKING ABOUT A LINE OF CREDIT THAT YOU'RE SEEKING. SO THAT WE CAN BORROW MONEY FROM BANK OF AMERICA OR ONE OF THOSE.

Mr. Campbell: YES.

Commissioner Shiprack: WHEN WE ALLOCATE, WHEN WE, THE BOARD, ALLOCATE MONEY FOR CAPITAL PROJECTS AND THERE'S A CONSIDERABLE AMOUNT OF ALLOCATION IN ONE OF YOUR SLIDES, DOES THAT MONEY ACCRUE INTEREST FOR EXAMPLE IF WE PUT IT IN BANK OF AMERICA DO THEY PAY US INTEREST?

Mr. Campbell: YES, AND IN FACT THOSE ARE PART OF OUR INVESTMENT PORTFOLIO. THOSE ARE ADJOINING INTEREST. WHEN WE ISSUE BONDS THERE ARE RESTRICTIONS ON YOU CAN'T EARN MORE THAN YOU'RE PAYING. ARBITRAGE CALCULATION. IN TERMS OF THE MONEY WE PUT IN OURSELVES, THAT'S INTEREST THAT'S FREE AND CLEAR.

Commissioner Shiprack: I DIDN'T REALIZE THAT THE GOVERNMENT WAS ALSO SUBJECT TO THAT ARBITRAGE LIMITATION.

Chair Kafoury: THANK YOU. NOW THAT WE'VE TALKED ABOUT DEBT WE'RE GOING TO TALK ABOUT MORE DEBT. CAPITAL REVIEW SESSION.

BWS-3.b Capital Session. Marissa Madrigal, Chief Operating Officer; Peggidy Yates, dir., Capital Asset Strategic Planning; Sherry Swackhamer, Dir., County Assets; Kim Peoples, Dir., Community Services; and Invited Others.

Ms. Madrigal: GOOD MORNING. I'M MARISSA MADRIGAL, YOUR CHIEF OPERATING OFFICER. I'M JUST GOING TO BE UP HERE FOR A HOT MINUTE THEN TURN IT OVER TO OUR AMAZING NEW DIRECTOR OF CAPITAL ASSET STRATEGIC PLANNING, PEGGIDY YATES. I THOUGHT I WOULD THANK YOU FOR YOUR INVESTMENT LAST YEAR IN THE CAPITAL PLANNING UNIT. WE ARE WELL ON OUR WAY TO CREATING A 20-YEAR COMPREHENSIVE CAPITAL STRATEGIC PLAN FOR THE COUNTY. IT'S VERY EXCITING WORK. ONE OF THE SIDE BENEFITS OF THIS WORK, BESIDES PROVIDING A PRODUCT FOR YOU, WE'RE REALLY CREATING A COMMUNITY OF PRACTICE AT THE COUNTY AROUND CAPITAL PLANNING AND CAPITAL PROJECTS.

Ms. Madrigal: OUR CAPITAL STEERING COMMITTEE THAT WE FORMED TO GUIDE THIS WORK IS A PLACE WHERE THE LEADERS OF THE DEPARTMENTS THAT HAVE CAPITAL, BIG CAPITAL, MAJOR CAPITAL PROJECTS CAN SOLVE PROBLEMS AND TALK ACROSS DISCIPLINES, SO THAT FOR EXAMPLE LESSONS LEARNED ON THE SELLWOOD BRIDGE CAN BE APPLIED TO AN I.T. PROJECT OR THE COURTHOUSE AND VICE VERSA. THERE'S A LOT OF COMMITMENT ACROSS THE ORGANIZATION TO INVEST IN TIME AND INCREASING OUR EXPERTISE AND CONTINUING TO STRIVE FOR EXCELLENCE IN PLANNING AND CONSTRUCTION PROJECTS. SO JUST WANT TO SHARE THAT WITH YOU AND THANK YOU AGAIN FOR YOUR INVESTMENT. TO AUDITOR MARCH FOR REALLY STARTING THIS PROCESS BY PROVIDING A VERY DETAILED AND WELL CONSTRUCTED AUDIT THAT WE COULD TAKE AND BUILD A PROGRAM OFF OF.

Ms. Coffman Yates: I'M PEGGIDY COFFMAN YATES, NEW DIRECTOR OF STRATEGIC PLANNING FOR THE COUNTY. I HAVE BEEN IN THIS POSITION FOR SEVEN WEEKS, SO THIS IS THE BEGINNING OF VERY COMPREHENSIVE EFFORT THAT I THINK IS GOING TO BE A BENEFIT TO THE ENTIRE COUNTY. I HAVE TO REMOVE MY OLD HAT FROM FACILITIES AND LOOK AT A MORE COMPREHENSIVE APPROACH. I WANTED TO DO THE INTRODUCTIONS TO THE CAPITAL PLANNING PROPOSED BUDGET THIS YEAR AND I WILL ALSO DO THE CLOSING.

MY INTEREST AT FIRST IS TO START TO TALK A LITTLE BIT ABOUT BACKGROUND WHICH I THINK MOST OF YOU ARE GROUNDED IN ALREADY. BUT JUST WANTED TO HIT ON IT THEN TALK A LITTLE BIT ABOUT EXISTING STRATEGY THAT HAS BEEN USED AND HOW WE'RE GOING TO BRING THAT TOGETHER AS A COMMUNITY OF PRACTICE. THEN SORT OF THE STATUS OF WHERE OUR CAPITAL PROPOSED NEW FUNDS WILL BE GOING IN EACH OF OUR CAPITAL PLANNING DIVISIONS. THEN EACH OF THE CAPITAL PLANNING GROUPS WHICH INCLUDES TRANSPORTATION FACILITIES AND PROPERTY MANAGEMENT AND I.T. WILL DO OF THEIR PRESENTATION OF THEIR SPECIFIC PLAN THEN DO A WRAP-UP AND TAKE QUESTIONS. I DO WANT TO LET YOU ALL KNOW THAT THERE'S TIME FOR QUESTIONS THROUGH THAT PROCESS WITH EACH TRANSPORTATION FACILITIES AND I.T. I JUST WANTED TO DO THAT INITIAL. FROM A BACKGROUND PERSPECTIVE, SOME OF YOU ARE FAMILIAR WITH THIS, IN THE EARLY 20,000S THE COUNTY WENT THROUGH MULTIPLE YEARS OF BUDGET CUTS, NOT JUST EVERY YEAR AFTER YEAR BUT ALSO IN MID YEAR. SO OUR RESERVES WERE DANGEROUSLY LOW.

Ms. Coffman Yates: A LOT OF OUR ONE TIME ONLY MONEY WAS USED TO SUSTAIN OUR EXISTING PROGRAMS. AND WITH LIMITED INVESTMENT IN PUBLIC INFRASTRUCTURE. WE WERE NOT UNIQUE. YOU KNOW THE COUNTY WAS NOT UNIQUE IN THAT EFFORT AS WE ARE ALL AWAY THIS WAS A NATIONWIDE PROBLEM. A LOT OF MONEY WAS NOT USED IN INFRASTRUCTURE AND WE'RE ALL SUFFERING THE CONSEQUENCES NOW. ON

THE OTHER HAND THE COUNTY MADE A RAILROAD CONCERTED EFFORT TO START REINVESTING FIRST PROJECT THAT WE HAD WAS THE EAST COUNTY COURTHOUSE. THE EAST COUNTY COURTHOUSE.

WE HAVE SINCE THEN FOCUSED ON THE DOWNTOWN COURTHOUSE, OTHERS, WE SAW WE OUR RESERVES ARE ADEQUATELY AND FULLY FUNDED SO WE'RE STARTING TO LOOK AT HOW DO WE USE ONE TIME ONLYS. IN 2015 AS MARK INDICATED, THE BOARD MADE A DECISION TO ALLOCATE 50% OF THE ONE TIME ONLY MONEY FOR CAPITAL IMPROVEMENTS. WE HAVE TAKEN SOME REAL CONCERTED EFFORTS TO MOVE FORWARD. I DO THINK THIS PARTICULAR POSITION AND THIS PARTICULAR FUNCTION WITHIN THE COUNTY IS VERY IMPORTANT. OBVIOUSLY IT WAS FELT BY THE COUNTY COMMISSIONERS FOR YOU ALL BECAUSE YOU MADE THE DECISION TO SUPPORT IT BUT HAVING A 20-YEAR PLAN HELPS US TO START TO IDENTIFY ACROSS THE COUNTY BECAUSE WE HAVE OPERATED KIND OF, I DON'T WANT TO SAY IN SILOS, BUT TRANSPORTATION HAD THEIR STRATEGY, FACILITIES AND I.T., AND REALLY WE NEED TO BE ABLE TO START PRIORITIZING PROJECTS ACROSS THE BOARD AS WE LOOK FORWARD. THAT IS APPLICABLE NOT JUST IN TIMES OF EXPANSION OR WHEN WE HAVE REVENUE, BUT LITTLE AS CRITICAL WHEN WE'RE LOOKING AT TIMES WHEN THERE'S CONTRACTION. WE MAY HAVE TO MAKE DECISIONS ON WHERE OUR PRIORITIES AND INVESTMENTS ARE.

AS I MOVE FORWARD THE FOCUS IS TO PROVIDE A SAFE, RESILIENT, MODERN INFRASTRUCTURE FOR THE IT PUBLIC AND FOR THE COUNTY. THE FRAMEWORK WE HAVE USED IN THE PAST, WHAT WE ARE FOCUSED ON IS RECOGNIZING COMING UP WITH A STRATEGIC CAPITAL 20 YEAR PLAN. I LOOK AT THAT AS THE WHAT WHEN AND WHERE AND WHAT WE NEED TO DO, WHERE WE NEED TO DO IT AND WHEN THOSE INVESTMENTS NEED TO BE MADE. WE THEN MOVE TO THAT KIND OF DRIVE, FRAMEWORK FOR A FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM, WHICH IS WHERE YOU START TO IDENTIFY, OKAY, WHAT ARE THE PROJECTS, WHERE IS THE MONEY COMING FROM, WHAT IS THE TIMING, WHAT'S THE SCHEDULE? THEN AS WE PRESENT HERE IS THE ANNUAL BUDGET. WE'LL BE SETTING A FRAMEWORK WITH A 20-YEAR PLAN. FIVE-YEAR KIND OF GETS US TO WHAT AND HOW WE'RE GOING TO DO IT.

Ms. Coffman Yates: THEN I LOOK AT THE CAPITAL BUDGET AS OUR ACTION PLAN FOR THE YEAR. I WON'T BELABOR THIS TOO MUCH. MOST OF THIS WILL BE COVERED BY THE INDIVIDUAL PRESENTATIONS, BUT I DID WANT TO SAY WE CURRENTLY HAVE A STRUCTURE IN PLACE IN EACH OF THE CAPITAL GROUPS THAT WE'RE TALKING ABOUT TODAY, TRANSPORTATION DOES HAVE A 20-YEAR CAPITAL IMPROVEMENT PLAN. I BELIEVE THEY BRING IT TO THE BOARD FOR APPROVAL. THEN THEY DEVELOP THEIR OWN FIVE-YEAR CAPITAL PROGRAM AND AN ANNUAL BUDGET. FACILITIES HAS RECENTLY ESTABLISHED IN 2015 A FACILITY ASSETS STRATEGIC PLAN TO ALLOW TO START TO SET

THAT FRAMEWORK. THERE'S MAJOR CAPITAL PLAN, ALSO THE FIVE-YEAR CAPITAL PLAN AND THEN THE ANNUAL BUDGET.

INFORMATION TECHNOLOGY HAS INITIATED THEIR TECHNICAL STRATEGIC PLAN. THEY ARE IN THE PROCESS OF A FIVE-YEAR REPLACEMENT PLAN. THEY HAVE THEIR ANNUAL REPLACEMENT AND NEW TECHNOLOGY. THERE'S FUNCTIONS GOING ON NOW THAT THE PROCESS IS TO MERGE AND LEARN FROM EACH OTHER AND COME WITH THE COMPREHENSIVE PLAN. THE NEXT SLIDE I DON'T WANT IT TO BE CONFUSING BUT IT'S OUR PROPOSED NEW FUNDS FOR NEXT YEAR AND AS MARK INDICATED, THIS DOES INCORPORATE THE PROPOSED FINANCING OR THE WHAT I WOULD CONSIDER FINANCING PROCEEDS IF WE NEED TO TAP INTO THAT. WHAT WE HAVE IS THE FACILITIES IS 40 MILLION THAT REPRESENTS ONE TIME ONLY, THAT REPRESENTS OUTSIDE FUNDING, AND IT ALSO REPRESENTS LIBRARY FUNDS, THE CAPITAL IMPROVEMENT PROGRAM, ASSET PRESERVATION FUND, THEN ALSO IF WE DO NEED TO GO OUT AND GET FINANCING WE HAVE A MARKER FOR THAT. I.T. HAS INDICATED AND ALSO IN TRANSPORTATION. BUT IT DOES JUST INCLUDE ONE TIME ONLY FUNDING AND POTENTIAL FINANCING PROCEEDS.

Vice-Chair Smith: MADAME CHAIR, I HAVE A QUICK QUESTION. WE HAVE THE LIBRARY'S MONEY IN THIS?

Ms. Coffman Yates: THERE'S A LIBRARY FUND SET ASIDE THAT FACILITIES HOLDS THAT FACILITIES OPERATES AND THE LIBRARY USES THE FACILITIES - - MAYBE FACILITIES CAN ANSWER THIS A LITTLE BIT BETTER. IT'S MONEY COLLECTED FROM THE LIBRARIES TO HELP THEM WITH THEIR CAPITAL IMPROVEMENT. IT'S SET ASIDE.

Vice-Chair Smith: WILL WE GET A PRESENTATION ON HOW MUCH MONEY IS IN THE LIBRARY FUND?

Ms. Coffman Yates: IT WILL BE PART OF THE PRESENTATION FROM FACILITIES. ON THAT NOTE, ARE THERE THY QUESTIONS? THEN I WILL TURN IT OVER TO KIM PEOPLES AND IAN CANNON FROM TRANSPORTATION.

Mr. Peoples: GOOD AFTERNOON. KIM PEOPLES, DEPARTMENT OF COMMUNITY SERVICES. JOINING ME IS IAN CANNON, COUNTY ENGINEER AND TRANSPORTATION DIRECTOR. WE'RE VERY PLEASED TO PRESENT TO YOU THIS MORNING THE 2017 CAPITAL BUDGET FOR TRANSPORTATION. THANK YOU. SO THE TRANSPORTATION CAPITAL PLANNING PROCESS IS COMPRISED OF THREE COMPONENTS YOU SEE BEFORE YOU. THE CAPITAL PLAN IS A PRIORITIZED LIST OF SPECIFIC PROJECTS IDENTIFIED TO ADDRESS DEFICIENCIES IN THE CURRENT TRANSPORTATION SYSTEM. THESE PROJECTS ARE IN THE FORM OF MAINTENANCE OF EXISTING INFRASTRUCTURE OR NEW INFRASTRUCTURE TO ADDRESS THE GROWING DEMAND INCLUDING PROJECTS THAT ADDRESS SEISMIC RESILIENCY.

CAPITAL PLAN DOES INCLUDE PROJECT PROJECTED COSTS OF EACH PROJECT BUT NOT A FINANCING PLAN WITH IDENTIFIED FUNDING.

THE CAPITAL PROGRAM ON THE OTHER HAND CONSISTS OF THE PRIORITIZED PROJECTS FROM THE CAPITAL PLAN WITH IDENTIFIED FUNDING THAT WE ANTICIPATE TO TACKLE OVER FIVE-YEAR WINDOW. THE THIRD COMPONENT OF THE CAPITAL PLANNING PROCESS IS WHAT WE'RE PRESENTING TODAY. THESE ARE THE CAPITAL PROJECTS THAT WE ARE REQUESTING TO BE APPROPRIATED THROUGH THE FISCAL YEAR '17 CAPITAL PROGRAM BUDGET PROPOSAL. THE SELECTION CRITERIA THAT WE USE IN THE PROCESS BEGINS WITH AN EXTENSIVE PUBLIC ENGAGEMENT PROCESS INCLUDING THE BUSINESS AND NEIGHBORHOOD COMMUNITIES AS WELL AS AGENCY STAKEHOLDERS. THE PROJECTS ARE THEN VETTED THROUGH A VARIETY OF CRITERIA INCLUDING SAFETY, COMMUNITY SUPPORT, ENGINEERING CRITERIA, LAND USE GOALS, BOARD VALUES AND EQUITY LENS. GUIDING OUR PLANNING PROCESS IS RT REGIONAL TRANSPORTATION PLAN ADMINISTERED BY METRO FOR PROJECTS WITHIN THE UGB. RURAL PROJECT FUNDING BECOMES MORE OF A CHALLENGE TO SECURE.

OUR TRANSPORTATION REVENUE AS THE PIE CHART INDICATES IS \$59 MILLION. WE RECEIVE OUR REVENUE STREAMS FROM THREE PRIMARY SOURCES. FIRST LARGEST PORTION IS THE STATE HIGHWAY FUNDS 40.5 MILLION. STATE HIGHWAY FUNDS ARE COMPRISED OF THREE COMPONENTS, STATE GAS TAX, THE COUNTY GAS TAX AT 7 MILLION, AND THE VEHICLE REGISTRATION FEES OF VEHICLES REGISTERED IN MULTNOMAH COUNTY. OF NOTE, THE REVENUE AROUND GAS TAX AS YOU CAN WELL APPRECIATE AS WE BRING ONLINE MORE FUEL EFFICIENT VEHICLES AND WE OFFER DIFFERENT TYPES OF MOBILITY FOR FOLKS NOT ONLY IS THE GASOLINE SALES TRENDING DOWNWARD, THE VEHICLE REGISTRATION FEES ARE TRENDING DOWNWARD, ESPECIALLY IN URBAN AREAS AS MORE OPPORTUNITIES FOR ALTERNATIVE TRANSPORTATION BECOME AVAILABLE.

SO THE REVENUE SOURCES FROM THE VEHICLE REGISTRATION FEES AND FUEL SALES ARE NOT KEEPING UP WITH THE DEMAND AS WE HAD ONCE KNOWN THEM. I ALSO SHOULD NOTE THE COUNTY GAS TAX OF \$7 MILLION IS COMPRISED OF 3 CENT GAS TAX ORIGINALLY NOT AMENDED SINCE 1983. THE SELLWOOD BRIDGE, 11.5 MILLION, IS A COUNTY ENACTED VRF, FOR DEDICATED FUNDS THROUGH THAT VEHICLE REGISTRATION FEE AND WILL EVENTUALLY BE PAYING DOWN THE BOND WE HAVE FOR THE BRIDGE.

Mr. Peoples: ONCE COLLECTED, THE TRANSPORTATION REVENUES ARE DISTRIBUTED THROUGH SUBSEQUENT INTERGOVERNMENTAL AGREEMENTS IN VARYING PROPORTIONS. 59 MILLION IS WHAT WE'RE COLLECTING BUT THE FIRST CUT FROM THIS REVENUE POT IS THROUGH INTERGOVERNMENTAL AGREEMENTS. THE CITY OF PORTLAND BEING ONE OF THE LARGEST AT APPROXIMATELY 26.4 MILLION ANNUALLY BE PASSED OFF TO THE CITY OF

PORTLAND. EAST COUNTY CITIES 3.8 MILLION INCLUDING GRESHAM, FAIRVIEW AND TROUTDALE. AFTER DISTRIBUTION TO THE CITIES THE ROAD AND BRIDGE PROGRAM OVER THAN THE SELLWOOD IS FUNDED AT 17.4 MILLION FOR OPERATIONS AND MAINTENANCE BETWEEN THE TWO SECTIONS. SELLWOOD BRIDGE RECEIVES 11.5 FROM DEDICATED COUNTY VRF TO SUPPORT REPLACEMENT.

OUR PRIORITIES WITH REVENUE ARE DEBT OBLIGATIONS FIRST. OPERATIONS AND MAINTENANCE, THE SYSTEM PRESERVATION, THEN LASTLY IF WE'RE ABLE TO CARVE OUT SOME SET ASIDE WE'LL USE THOSE FUNDS AS LOCAL MATCH FOR CAPITAL PROJECTS AS WE IDENTIFY THEM IN THE CAPITAL PLAN. ANY QUESTIONS ON OUR REVENUE BEFORE I TURN IT OVER TO IAN?

Vice-Chair Smith: DO YOU ALSO GIVE WOOD VILLAGE ANY OF THOSE EAST COUNTY DOLLARS?

Mr. Peoples: COMMISSIONER, WE DO NOT. THIS ISN'T PART OF THE INTERGOVERNMENTAL AGREEMENTS WE HAVE WITH THE OTHER THREE CITIES.

Mr. Cannon: GOOD MORNING. I'M GOING TO TALK ABOUT OUR PROJECTS. I'M NOT GOING TO GO INTO GREAT DETAIL ON ALL OF THEM BUT A FEW. IN TERMS OF OUR CULVERT PROJECTS THESE ARE ON OUR FISH PASSAGE CULVERTS, THE COUNTY HAS ABOUT 16 CULVERTS BUT ONLY AROUND 150 OF THOSE ARE FISH PASSAGE CULVERTS. ANOTHER FEW HUNDRED ARE IN STREAM CULVERTS. WHAT THESE ARE ALL ABOUT IS ONE IS WORKING WITHIN THE REGULATORY FRAMEWORK THAT WE HAVE FOR CLEAN WATER AND ELIMINATING POLLUTION DISCHARGE. THEN ALSO HABITAT RESTORATION WHERE TRANSPORTATION INFRASTRUCTURE HAS HISTORICALLY BLOCKED STREAMS AND CREATED BARRIERS WE'RE WORKING TO OPEN THOSE THINGS UP AND IMPROVE THE HABITAT.

IT MAKES HABITAT MORE ACCESSIBLE FOR THE FISH BUT ALSO ALLOWS MORE ACCESS TO STREAMS THAT ARE FISH BEARING FOR THE PUBLIC AND WORKING WITH VARIOUS PARTNERS ON THESE PROJECTS THAT THE CITIES AND DRAINAGE DISTRICTS AND WATER RESOURCE GROUPS. COUPLE TO TAKE NOTE OF ON HERE THAT WE'RE LISTING ARE STARK STREET REPLACEMENT. THAT'S THE CULVERT ON STARK STREET NEAR TROUTDALE ROAD. AND THE COCHRAN ROAD CULVERT REPLACEMENT. IN JOINT WITH ANOTHER PROJECT THAT WE'RE NOT DOING BUT ALSO UNDER TROUTDALE ROAD ON BEAVER CREEK. SO THESE THREE PROJECTS ARE GOING TO OPEN UP MILES OF BEAVER CREEK THAT HAVE BEEN BLOCKED TO FISH AS PASSAGE PREVIOUSLY.

Mr. Cannon: OUR ROAD PROJECTS ARE PRIMARILY AROUND CONNECTIVITY AND ADDING BICYCLE AND PEDESTRIAN IMPROVEMENTS. ARATA ROAD IS A

SIDEWALKS AND BIKE LANE AND ROADWAY IMPROVEMENT IN WOOD VILLAGE. THAT'S SCHEDULED TO START CONSTRUCTION LATE SUMMER WITH COMPLETION THE FOLLOWING SUMMER. SANDY BOULEVARD AND WOOD VILLAGE AND FAIRVIEW, OTHER CONNECTIVITY PROJECT. THEN ALSO I'LL JUST MENTION CORNELIUS PASS. WE HAVE SECURED FUNDING FROM THE LEGISLATURE FOR THAT FOR THE CONSTRUCTION PHASE SO WE'LL BE CONTINUING WITH THE DESIGN PHASE THIS YEAR WITH CONSTRUCTION STARTING IN THE FY18 FISCAL YEAR. THAT'S A VERY IMPORTANT PROJECT IN TERMS OF IMPROVING THE SAFETY ON THAT STRETCH OF ROADWAY WHERE WE SEE ACCIDENTS ON A FAIRLY REGULAR BASIS AND PRETTY NASTY ACCIDENTS OUT THERE TOO.

IN TERMS OF SOME SMALLER BIKE AND PED PROJECTS ONCE AGAIN CONNECTIVITY AND INFILLING IN PLACES WHERE SOME SMALL INVESTMENTS CAN OPEN UP STRETCHES OF SIDEWALK ACCESS ALSO DRAW ATTENTION TO A COUPLE AT THE BOTTOM HERE IN TERMS OF ADA ACCESS ON THE ROADWAYS THAT WE OWN IN EAST COUNTY, THE MORE URBAN ONES THAT DO HAVE ADA ACCESS ISSUES WE'RE WORKING ON A COMPREHENSIVE CATALOGING OF ALL THOSE LOCATIONS AND WILL BE COMING UP WITH A LONG-TERM PLAN FOR HOW TO ADDRESS THOSE DEFICIENCIES. SO THIS IS A SMALL AMOUNT OF MONEY FOR CONSTRUCTION ALSO FOR STUDYING THAT SITUATION. WE'RE ALSO LOOKING AS PART OF THE WILLAMETTE RIVER BRIDGE CAPITAL IMPROVEMENT PLAN ONE OF THE THINGS THAT WAS IN THAT PLAN RECENTLY APPROVED BY THE BOARD WAS A STUDY FOR IMPROVING BICYCLE AND PEDESTRIAN ACCESS ON THOSE BRIDGES. SO WE HAVE GOT SOME SEED MONEY HERE. WE'RE LOOKING FOR TRANSPORTATION GROWTH MANAGEMENT GRANT TO HELP US FUND THAT. AND WE'LL SEE WHERE WE CAN GO WITH THAT AND HOW THE GRANT GOES ON THE WILLAMETTE RIVER BRIDGES, THE SELLWOOD PROJECT IS MOVING TOWARD COMPLETION. WE'RE A LITTLE OVER 90% COMPLETE ON THAT NOW.

AND WE ANTICIPATE CONSTRUCTION BEING COMPLETED IN NOVEMBER. SO MOVING FORWARD WITH THAT. MORRISON DECK, WHICH IS REPLACING THE TREBLE DECK ON THAT BRIDGE, WE'RE VERY CLOSE TO 100% DESIGN AND ANTICIPATE CONSTRUCTION STARTING LATE SUMMER. ANOTHER PROJECT, THEN, I'LL GO THROUGH A COUPLE MORE, BURNSIDE FEASIBILITY STUDY IS LOOKING AT A LONG-TERM SOLUTION FOR HOW TO PROVIDE SEISMIC RESILIENT BURNSIDE CORRIDOR OR AT LEAST ACROSS THE WILLAMETTE RIVER, OUR PIECE THAT HAS BEEN IDENTIFIED BY METRO AND THE REGION AS A LIFELINE ROUTE. AND THEN THE BURNSIDE MAINTENANCE PROJECTS, WHY ARE WE DOING A STUDY AND MAINTENANCE PROJECT AT THE SAME TIME? SOMEONE SUGGESTED THIS WAS LIKE YOU'VE GOT YOUR OLD CAR AND YOU'RE TRYING TO FIGURE OUT WHAT DO YOU NEED TO SPEND ON THAT TO KEEP IT RUNNING WHILE FIGURING OUT WHAT TO DO ABOUT SOMETHING WAY BETTER. THAT'S KIND OF WHAT THE BURNSIDE MAINTENANCE PROJECT IS, IS

JUST TO KEEP THAT STRUCTURE SAFE WHILE WE ENGAGE IN A STUDY AND THE PLANNING PROCESS FOR A MORE COMPREHENSIVE SOLUTION.

Commissioner Shiprack: SO IAN, WHAT IS THE SOURCE OF THE \$37.5 MILLION SELLWOOD BRIDGE REPLACEMENT '17 FUNDS?

Mr. Cannon: THE SELLWOOD IS PRIMARILY A SIGNIFICANTLY FUNDED FROM THE COUNTY'S VEHICLE REGISTRATION FEE.

Commissioner Shiprack: CAN WE TALK ABOUT THAT FOR JUST A SECOND?

Mr. Cannon: YES.

Commissioner Shiprack: SO IS THE VEHICLE REGISTRATION FEE LIMITED TO THE SELLWOOD BRIDGE?

Mr. Cannon: IT IS DEDICATED TO THE SELLWOOD BRIDGE.

Commissioner Shiprack: AND WHEN THE SELLWOOD BRIDGE REACHES COMPLETION, DOES VRF SUNSET?

Mr. Cannon: I BELIEVE THAT THE RESOLUTION THAT PASSED DIDN'T INCLUDE SUNSET LANGUAGE BUT IT CAN'T BE USED FOR ANYTHING OTHER THAN THE SELLWOOD THE REPLACEMENT. I GUESS THE SHORT ANSWER IS YES.

Commissioner Shiprack: CAN WE EXPECT THERE TO BE A STEADY CREEP OF EXPENSES FOR THE SELLWOOD BRIDGE TO ACCOMMODATE THE EXISTENCE OF REVENUE?

Mr. Cannon: I DON'T THINK THERE WILL BE A STEADY CREEP OF EXPENSES. WE'RE WORKING HARD TO MANAGE THE COSTS AND BRING IT IN AS COST EFFECTIVELY AS POSSIBLE.

Commissioner Shiprack: THE REWARD AT THE END OF THE DAY FOR MANAGING THE COST OF THE PROJECT IS RELATED TO THE VEHICLE REGISTRATION FEE HOW?

Mr. Cannon: SO DEPENDING ON EXACTLY WHERE THE PROJECT FUNDING COSTS END, THE VEHICLE REGISTRATION FEE COULD BE PAID OFF A LITTLE BIT EARLY. NOT JUST THE FEE, BUT THE BOND COULD BE PAID OFF EARLY.

Commissioner Shiprack: SO THE VEHICLE REGISTRATION FEE THEN BECOMES DEDICATED TO PAYING OFF EXISTING BONDS FOR THE SELLWOOD BRIDGE.

Mr. Cannon: YES. THE VRF IS WHAT'S MAKING OUR MORTGAGE PAYMENT ESSENTIALLY ON THE SELLWOOD BRIDGE.

Commissioner McKeel: THE BURNSIDE MAINTENANCE I SEE IS IN DESIGN. DO WE KNOW WHAT PROJECTS WILL BE INCLUDED IN THE MAINTENANCE OF THE BURNSIDE?

Mr. Cannon: IT'S A LITTLE BIT OF A GRAB BAG KIND OF PROJECT. WE'RE GOING TO BE LOOKING AT VARIOUS THINGS SO THERE'S A LIMITED SCOPE OF SOME PAINT WORK SO THE STEEL PARTICULARLY IN THE TRUSSES IS CORRODING, PARTICULARLY ALONG THE BOTTOM OF THE TRUSSES. SO WE WANT TO PROTECT THAT JUST TO KEEP IT FROM FURTHER DETERIORATING OVER THE NEXT 15 TO 20 YEARS. THERE'S A LARGE CRACK IN THE PIER THAT'S ADJACENT TO THE WEST SEA WALL SO WE'LL WORK TO REPAIR THAT. THERE'S CRACKS AND STRENGTH DEFICIENCIES IN THE CONCRETE APPROACHES ON BOTH THE EAST AND WEST SIDE OF THE RIVER, SO WE'LL BE LOOKING AT DOING SOME IMPROVEMENTS THERE.

THERE'S ALSO PLACES WHERE THERE'S DETERIORATION CAUSING CONCRETE TO FALL AND ON OCCASION CHUNKS OF CONCRETE TO FALL DOWN BELOW THE BRIDGE. SO WE'LL BE LOOKING TO MITIGATE THAT SITUATION. THAT'S KIND OF THE SCOPE OF WORK. WE'LL ALSO BE DOING SOME SIDEWALK OVER LAY IMPROVEMENTS AS THE SIDEWALK IS QUITE DETERIORATED AND UNEVEN.

Commissioner McKeel: DOES THIS WORK INTERSECT THE FEASIBILITY STUDY WORK AS WELL?

Mr. Cannon: SO THIS IS REALLY THE AIM OF THE MAINTENANCE PROJECT IS REALLY WHAT DO WE NEED TO DO ON THE BRIDGE TO JUST KEEP IT ACCEPTABLY IN SERVICE FOR THE NEXT 15 YEARS OR SO. THE FEASIBILITY PROJECT IS REALLY ABOUT WHAT DO WE WANT TO DO WITH THE BRIDGE FOR A LONG-TERM, SAY 75-YEAR LIFE SPAN, SEISMICALLY RESILIENT STRUCTURE. THE ONE IS A VERY LONG TERM LOOK AND THE OTHER IS JUST WHAT IS ABSOLUTELY NECESSARY IN THE SHORT TERM.

Commissioner McKeel: THANK YOU. SOUNDS LIKE WE BETTER MOVE THAT FEASIBILITY STUDY ALONG.

Mr. Cannon: RIGHT. THAT'S JUST ABOUT READY TO START THE ACTUAL WORK. WE HAVE SELECTED A CONSULTANT AND WE'RE JUST WORKING ON FINALIZING THE CONTRACT.

Vice-Chair Smith: CAN WE GO BACK TO THE VRF? WHEN WILL OUR BONDS BE PAID OFF ON THAT PROJECT?

Mr. Cannon: CURRENTLY 2030.

Vice-Chair Smith: WE'LL BE COLLECTING MORE MONEY THAN WE ACTUALLY NEED TO PAY OFF OUR BOND EVERY MONTH.

Mr. Campbell: BOND PAYMENTS ARE ABOUT \$9.5 MILLION A YEAR, VRF IS GENERATING A LITTLE LESS THAN \$11.5 MILLION A YEAR.

Vice-Chair Smith: IS THERE A POSSIBILITY TO USE THE EXTRA TWO MILLION ON ANOTHER PROJECT? CAN'T USE THEM?

Mr. Campbell: THE VRF, AS IT WAS INTUITED, IS DEDICATED TO THE SELLWOOD BRIDGE REPLACEMENT.

Vice-Chair Smith: WE COULDN'T DO AN ORDINANCE OR LANGUAGE CHANGE SO WE COULD USE SOME OF THOSE SURPLUS FUNDS?

Mr. Campbell: I DON'T BELIEVE SO.

Chair Kafoury: THAT WAS IN THE STATUTE AS WRITTEN.

Vice-Chair Smith: OKAY. JUST CHECKING.

Commissioner Shiprack: WE COULD ADVANCE THE PAYMENT TO PAY OFF THE BONDS ON THE BRIDGE. AND AS MARK, YOU JUST TESTIFIED, I'M GOING TO ASSUME THIS APPLIES ACROSS THE BOARD. EVERY MILLION DOLLARS THAT WE ADVANCE TO PAY OFF BONDS GENERATES IN EXCESS FOR OUR GENERAL FUND ABOUT \$80,000. SO THAT DOES GENERATE MONEY FOR OTHER PROJECTS, JUST NOT \$2 MILLION WORTH. IT GENERATES THE ADDITIONAL DEBT SERVICE AVAILABILITY.

Mr. Campbell: WE COULD PROBABLY SHAVE A FEW YEARS OFF. MAYBE PAY OFF IN 2025.

Vice-Chair Smith: HOW MUCH ARE THE BONDS FOR? HOW MUCH IS LEFT?

Mr. Campbell: \$110 MILLION. SEISMIC LIABILITIES, THIS SLIDE IDENTIFIES BASICALLY KIND OF GETTING THE BURNSIDE BRIDGE TO A HIGH LEVEL OF SEISMIC RESILIENCY, SUITABLE TO WITHSTAND MAJOR CASCADIA EARTHQUAKE EVENT, THEN A MUCH MORE LIMITED APPROACH ON THE OTHER BRIDGES FOR MORE SMALL TO MEDIUM EARTHQUAKE EVENTS. THEN WHAT THIS DOESN'T INCLUDE IS ANY KIND OF EVALUATION OF OUR EAST COUNTY BRIDGES AND OTHER TRANSPORTATION INFRASTRUCTURE. SO THAT'S SOMETHING THAT OVER TIME WE HOPE TO BE ABLE TO DEVELOP GOOD INFORMATION TO BRING BACK TO THE BOARD ON THAT. SO JUST HIGHLIGHTS IN THE NEXT FIVE YEARS A LOT OF WORK AROUND INFILL. BIKE AND PEDESTRIAN CONNECTIVITY, AND FISH PASSAGE. ONE NOTE, WE'RE NOT DOING ANY FULL DEPTH PAVEMENT REBUILDS ON OUR ROAD SYSTEM.

WE WILL BE DOING SOME OVER LAYS IN THE COMING YEAR. AS KIM MENTIONED YESTERDAY, WE NEED TO BE SPENDING ABOUT 2 MILLION A YEAR TO KIND OF GET OUR ROAD SYSTEM WHERE IT NEEDS TO BE AND WHERE WE'RE PROBABLY A LITTLE BIT LESS THAN HALF OF THAT IN THE UPCOMING YEAR IS WHAT WE'LL BE SPENDING. SO SOMETHING NEEDS TO CHANGE THERE FOR THE LONG TERM PRESERVATION OF OUR SYSTEM. ON THE WILLAMETTE RIVER BRIDGES WE'RE FOCUSING ON THE SELLWOOD, PRESERVATION ON OTHER WORKS AND STARTING THAT PROCESS ON THE BURNSIDE BRIDGE. 20-YEAR NEEDS IDENTIFIED RIGHT NOW IN THE CURRENT CIP, ABOUT HALF A BILLION FOR ROADS, 1.3 BILLION FOR THE WILLAMETTE RIVER BRIDGES. THEN WHAT'S COMING. AS WE HAVE HEARD FEDERAL FUNDING, THE CONGRESS DID PASS A FIVE-YEAR TRANSPORTATION BILL WITH BASICALLY FLAT FUNDING.

VERY SLIGHT INCREASE. BARELY KEEPS UP WITH INFLATION. SO REALLY NO SURPRISING NEW REVENUE THERE. WE'RE HOPING FOR BIG THINGS FROM THE 2017 STATE LEGISLATURE AND THE COUNTY ITS GOING TO BE WORKING ACTIVELY TO HELP DEVELOP THAT LEGISLATION SO THAT IT HELPS MEET THE NEEDS IN THE URBAN AREA. AND ANOTHER THING THAT WE HEAR FROM I THINK OUR FEDERAL AND ALSO FROM THE STATE IS THAT LOCAL GOVERNMENTS NEED TO TAKE MORE ACTION IN TERMS OF FUNDING LOCAL PROJECTS. WE'RE GOING TO BE FOCUSING ON BURNSIDE SEISMIC THEN OVER THE NEXT COUPLE OF YEARS, IN THE PREVIOUS OR RECENTLY COMPLETED WILLAMETTE RIVER BRIDGE CIP, WE DID A COMPREHENSIVE LOOK AT WHAT THOSE FACILITIES, WHAT THE DEFICIENCIES ARE, WHAT THE NEEDS ARE, ON OUR ROADWAYS. WE DON'T HAVE QUITE AS COMPREHENSIVE A LOOK SO WE'LL BE TRYING TO DEVELOP THAT OVER THE NEXT FEW YEARS SO THAT WE CAN GIVE THE BOARD BETTER INFORMATION ABOUT WHAT THE NEEDS ON THE ROAD SYSTEM REALLY ARE.

Chair Kafoury: QUESTIONS OR COMMENTS FROM THE BOARD? THANK YOU. NO PRETTY PICTURES OF THE SELLWOOD? [LAUGHTER] NEXT WILL BE FACILITIES AND PROPERTY MANAGEMENT.

Ms. Swackhamer: GOOD MORNING. I'M SHERRY SWACKHAMER, DIRECTOR OF COUNTY ASSETS AND CHIEF INFORMATION OFFICER FOR MULTNOMAH COUNTY. I HAVE HENRY ALAMAN, DIRECTOR OF FACILITIES AND PROPERTY MANAGEMENT HERE WITH ME TODAY. I'M GOING TO TURN THE PRESENTATION OVER TO HENRY TO TALK ABOUT FACILITIES AND THEN THE FACILITIES CAPITAL BUDGET, THEN I WILL BE BACK TO TALK ABOUT THE INFORMATION TECHNOLOGY CAPITAL BUDGET.

Mr. Alaman: GOOD MORNING, CHAIR, COMMISSIONERS. THIS FIRST SLIDE VERY SIMILAR TO TRANSPORTATION. WE HAVE FOUR ELEMENTS THAT REALLY MAKE UP OUR CAPITAL PLAN. YOU'RE VERY FAMILIAR WITH THE FACILITIES

ASSETS STRATEGIC PLAN THAT WE HAVE DEVELOPED WITH YOU TO IDENTIFY THE DEPARTMENT MENTAL NEEDS AND OVER LAY THAT WITH OPERATIONS AND MAINTENANCE NEEDS. THAT REALLY HELPS US DEFINE WHAT OUR PRIORITIES ARE FOR THE FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM AND THEN ALSO HELPS IDENTIFY FOR THE BOARD THE MAJOR CAPITAL INVESTMENTS AND ONE TIME ONLY PROJECTS THAT ULTIMATELY CREATE OUR ANNUAL CAPITAL BUDGET. NEXT SLIDE, PLEASE. SO OUR OBJECTIVES WITHIN FACILITIES, OUR OBJECTIVE IS TO PROVIDE THE FACILITIES TO THE DEPARTMENTS THAT PROVIDE THE PROGRAMS TO OUR COMMUNITY. SO WE REALLY FOCUS ON THAT AREA. WE ALSO FOCUS ON RECAPITALIZING OUR AGING BUILDINGS. WE FOCUS ON LIFE CYCLE OF SYSTEMS AND CONDITION ASSESSMENTS.

WHY CONDITIONS ASSESSMENTS? THAT'S OUR WAY OF PROVIDING YOU WITH THE DATA TO FEED INTO THE FACILITIES ASSET STRATEGIC PLAN THAT ENABLES US TO MAKE REALLY GOOD DECISIONS ABOUT WHERE WE PRIORITIZE AND MAKE OUR FINANCIAL COMMITMENTS. WE ALSO FOCUS ON IMPROVING DEPARTMENT AGENCY SERVICE DELIVERY AND THEN PRIORITIZE INVESTMENTS BASED ON CONDITION AND LIFE CYCLE NEEDS. NEXT SLIDE, PLEASE. HERE'S OUR PIE CHART. PEGGIDY MENTIONED EARLIER HER PIE CHART WAS PART OF OURS. SO WHAT THIS SHOWS IS THE PROPOSED NEW FUNDS FOR FACILITIES.

IT INCLUDES EXTERNAL FUNDING, ONE TIME ONLY, AND AS MARK MENTIONED EARLIER DEBTS THAT'S TO BE ISSUED. THIS GRAPHIC SHOWS KIND OF THE BREAKDOWN BY PROJECT AND WE'LL GET INTO MORE DETAIL IN THE FOLLOWING SLIDES ON EACH OF THESE PROJECTS. THIS SLIDE IDENTIFIES THE PROPOSED ONE TIME ONLY FOR 2017. AND AS I MENTIONED WE'LL GET INTO MORE DETAIL ON EACH OF THESE. SO THE DOWNTOWN COURTHOUSE CAPITAL FUND. SO ON HERE YOU'LL SEE THAT THERE'S A BREAKDOWN BETWEEN THE COUNTY AND THE STATE AND THE TOTAL WHEN YOU ADD THE COUNTY AND STATE FUNDING FOR THE PROPOSED BUDGET FOR 2017 IS 98.6 MILLION.

Mr. Alaman: YOU ALSO SEE THAT OUR MILESTONES LOOKING FORWARD ARE TO CLOSE ON -- IT'S ACTUALLY TWO CONDO UNITS, KEN ELLIOTT HAS BEEN VERY BUSY AND HE ACTUALLY CLOSED ON ANOTHER ONE, WORKING ON THE LAST TWO, DOING A GREAT JOB WITH THAT. COMPLETE THE COURTHOUSE DESIGN AND PERMITTING AND THEN EVENTUALLY BREAK GROUND HERE BEFORE THE ENDS OF THE YEAR.

Vice-Chair Smith: I NOTICE THAT THE NUMBER ON THE COURTHOUSE IS 295 TO 300. WE PREVIOUSLY HAD A PRESENTATION THAT WAS 250. SO COULD YOU TELL ME WHAT HAPPENED?

Mr. Alaman: I'M NOT SURE THAT 250 WAS PROBABLY A WHILE BACK. I KNOW THAT WHEN WE UPDATED THE FAC-1, I BELIEVE THE 295 AND 300 IS WHAT WE UPDATED YOU WITH.

Vice-Chair Smith: OKAY.

Chair Kafoury: WITH THE INCLUSION OF THE EXTRA COURTROOMS AND THE D.A.'S OFFICE.

Mr. Alaman: THAT WAS ALWAYS PART OF THE THING. I THINK IT WAS THE D.A.'S OFFICES AND THINGS THAT WE INCLUDED.

Ms. Swackhamer: AND THE FOUR NEW COURTROOMS.

Mr. Alaman: NEXT SLIDE. ON THE HEALTH DEPARTMENT HEADQUARTERS YOU'LL SEE THAT OUR PROPOSED FISCAL YEAR '17 BUDGET IS 64.8 MILLION. VERY SIMILAR TO THE COURTHOUSE WE'RE CURRENTLY WORKING ON THE DESIGN PHASE. WE SUBMITTED FOR THE DAR JUST LAST WEEK AND GETTING SOME FEEDBACK ON THAT. SO OUR OBJECTIVE IS TO COMPLETE DESIGN AND PERMITTING AND ALSO BREAK GROUND BEFORE THE END OF THE YEAR. ON THE HANSON BUILDING REPLACEMENT IT'S A MISNOMER. REALLY WHAT WE'RE DOING IS RELOCATING THE HANSON BUILDING OPERATIONS.

AS YOU RECALL LAST YEAR WE TRANSFERRED SOME OF THE OPERATIONS TO THE TROUTDALE FACILITY AND NOW WHAT WE'RE DOING IS NOW THAT WE HAVE KIND OF CLOSED THE DEAL ON THAT ONE WE'RE REEVALUATING, PAUSING, REEVALUATING WHAT ARE THE CURRENT NEEDS FOR THE SHERIFF'S OFFICE AND WHERE CAN WE BEST SITE THOSE. SO OUR NEXT OBJECTIVES ARE TO FINALIZE A SITE SELECTION AND THEN PERFORM SOME TEST FITS AND DO OUR DUE DILIGENCE. THAT DUE DILIGENCE INCLUDES SOME GEO TECH SOLAR, SOME SOIL, CIVIL ENGINEERING WORK AND LAND USE EFFORTS. WE'LL COME BACK TO THE BOARD FOR APPROVAL OF THE NEXT PHASE OF DESIGN.

Mr. Alaman: MID COUNTY FACILITY. THIS IS A PLACEHOLDER. WHAT WE HAVE BUDGETED FOR FISCAL YEAR '17 IS 7.5 MILLION. WE'RE CURRENTLY IN NEGOTIATIONS FOR THE PROPERTY OWNER CAN WHICH IS IN PROGRESS. OUR HOPE IS TO MOVE FORWARD WITH THE PURCHASE OF THAT BUILDING. FOR 2016, SOME OF THE ASSESSMENTS WE HAVE COMPLETED PROGRAMMING WITH DCJ. WE HAVE EXECUTED AN OPTION ON IDENTIFIED SITE AND COMPLETED A CONDITION ASSESSMENT AND APPRAISAL OF THE EXISTING FACILITY.

OUR NEXT STEP IS TO CLOSE THE DEAL ON PROPERTY ACQUISITION AND THEN GET APPROVAL FROM THE BOARD FOR NOT ONLY THE FACT 1 BUT PURCHASE AND SALE AGREEMENT. MCDC DETENTION ELECTRONICS. THIS IS

A NEW PLANNING PROJECT FOR PROPOSED BUDGET OF \$100,000 FOR 2017. THIS IS A SUMMARY OF ONE TIME ONLY PROJECTS IN PROGRESS. SO ANIMAL SERVICES UPGRADE WE'RE CURRENTLY IN PROGRAMMING AND REALLY LOOKING WITH JACKIE ROSE ON WHERE SHE WANTS TO MOVE THAT PROGRAM FORWARD. GROUND FUEL TANK, REMEMBER REPLACING THE UNDERGROUND TANK AND PROVIDING ADDITIONAL CAPACITY FOR EMERGENCIES. THE YEON ANNEX, RECEPTION LOBBY, WE WERE OUT TO IMPROVE CUSTOMER SERVICE AND ADA ACCESS, THEN PAUSING TO REEVALUATE THE SECURITY NEEDS WITHIN THAT FACILITY. THEN THE NEXT TWO ENERGY SAVINGS PERFORMANCE CONTRACTS, JJC, ALSO THE INVERNESS JAIL, THE JJC ONE IS CHANGING OUT EXISTING LIGHT FIXTURES.

INVERNESS JAIL IS PLUMBING FIXTURES. THE LAST ONE WE'RE ACTUALLY COMPLETING IS THE SUICIDE PREVENTION PROJECTS FOR THE SHERIFF'S OFFICE. SO THIS NEXT SLIDE IS A SUMMARY OF OUR CAPITAL IMPROVEMENT AND ASSET PRESERVATION FUNDS. YOU'LL SEE THAT FOR 2017 OUR FEES ARE JUST UNDER \$8 MILLION. THERE'S ALSO SOME OTHER SOURCES THAT ARE IDENTIFIED. THESE ARE MOSTLY MADE UP OF ENERGY TRUST INCENTIVES, IGAS FOR THE CITY OF PORTLAND AND INTEREST. THE FUNDING SOURCES FOR 2017 ARE JUST OVER \$9 MILLION.

LOTS OF WORK HAPPENING WITHIN THE CAPITAL IMPROVEMENT. THE MCIJ, INVERNESS JAIL ELECTRONICS, THIS WAS EXTREMELY SUCCESSFUL PROJECT. WE ACTUALLY CREATED A VIDEO FOR THIS. IT'S NOT LIKE A MUSIC VIDEO OR ANYTHING BUT IT REALLY CAPTURES THE ESSENCE OF WHAT WE WERE ABLE TO ACCOMPLISH WITH THE SHERIFF'S OFFICE. THE MONITORS THAT WERE EXISTING WERE ACTUALLY DEEPER THAN THEY WERE KIND OF WIDE. THIS WERE LIKE THIS DEEP.

SO A LOT OF THE STUFF WAS VERY ANTIQUATED. REALLY POSED REAL SECURITY RISKS FOR THE NOT ONLY THE OCCUPANTS BUT ALSO OUR EMPLOYEES THERE. SO NOW EVERYTHING IS ALL INTERCONNECTED. THEY ARE ON ADVANCED ELO PADS, WHICH IS TOUCH PADS. ONE AREA LOOKS LIKE SOME STAR TREK SCENE WHERE THEY HAVE LIKE EIGHT MONITORS THERE. SO IT'S A REALLY AMAZING PROJECT THAT WE WERE ABLE TO ACCOMPLISH THERE. ADDITIONALLY, FOURTH FLOOR UPGRADES, WE'RE FINISHING THAT UP. LOOKING AHEAD IN 2017, WE'RE GOING TO FINISH MEAD FIFTH FLOOR UPGRADES, WILLAMETTE RIVERBOAT HOUSE REPLACEMENT IS FINALLY MOVING FORWARD AND THE MULTNOMAH BUILDING WE'RE FINALLY GOING TO FINISH THE EXTERIOR WATERPROOFING HERE.

Mr. Alaman: HOPEFULLY LESS NOISE, LESS DISTRACTIONS. ANIMAL SERVICES, ELECTRICAL SERVICE UPGRADE IS LOOKING FORWARD TO DOING THAT, THEN THE NORTH PORTLAND DENTAL CLINIC ADDITION WHICH I BELIEVE THE HEALTH DEPARTMENT WILL COVER THAT IN SOME DETAIL WHEN THEY PRESENT. THIS IS REALLY TINY, BUT LET ME GIVE YOU A SUMMARY. THIS AS A

REQUIREMENT OF THE BOARD RESOLUTION 03-094 WAS TO DO A SEISMIC ASSESSMENT. SO OUR SEISMIC ASSESSMENT SHOWS THAT WE'RE ESTIMATED TOTAL OF 195 MILLION. I WILL POINT OUT AS WE DID LAST YEAR THAT THE MULTNOMAH COUNTY COURTHOUSE TOP RIGHT HAND CORNER, 57 MILLION, THEN THE GLADYS MCCOY BUILDING 13 MILLION. ONCE WE COMPLETE THOSE TWO BUILDINGS ESSENTIALLY WE HAVE MITIGATED \$70 MILLION WORTH OF SEISMIC LIABILITY, WHICH IS GOING TO BE A SIGNIFICANT IMPROVEMENT.

I KNOW COMMISSIONER SMITH ASKED ABOUT FUNDING FOR THE LIBRARY CAPITAL. NEXT SLIDE, PLEASE. SO THE LIBRARY CAPITAL FUND YOU CAN SEE THAT THE PROJECT BALANCE IS 2.2 MILLION AND REVENUE FOR 2017 IS 1.2. WE ALSO IDENTIFY THE SEISMIC LIABILITY FOR THE LIBRARY SEPARATELY. SO THE CENTRAL LIBRARY IS THE MAJORITY OF THE LIABILITY FOR US AT 10 MILLION. THEN ALL THE OTHER LIBRARIES COMBINED TOTAL IS \$8.3. WE HAVE ACCOMPLISHED QUITE A BIT. I SAW A LOT OF YOU AT THE ROCKWOOD LIBRARY MAKER SPACE, WHICH IS A REALLY COOL SPACE TO BE ABLE TO HAVE THE FOLKS PARTICIPATE IN. THE LIBRARY BUILDING, SECOND FLOOR RENOVATION AND ROOF.

LOOKING AHEAD, GREGORY HEIGHTS REPLACEMENTS ARE COMING UP AS WELL AS THE GRESHAM HVAC REPLACEMENT. FACILITIES HIGHLIGHTS. AS I MENTIONED EARLIER, REDUCTION OF THE SEISMIC LIABILITY ARE TWO NEW PROJECTS THAT WILL PROVIDE SIGNIFICANT IMPACT AS WELL AS HANSON, UNREINFORCED MASONRY BUILDING WHICH WOULD GO DOWN PRETTY QUICKLY IF WE HAD ANY KIND OF A SHAKE.

Commissioner Shiprack: EXCUSE ME, MADAME CHAIR. I'M NOT SURE I UNDERSTAND THE TERMINOLOGY OF SEISMIC LIABILITY. IS THAT A TERM OF ART?

Mr. Alaman: A SEISMIC LIABILITY IS, YOU KNOW, I GUESS OUR BEST GUESSTIMATE AS FAR AS WHAT IT WOULD TAKE TO SEISMICALLY UPGRADE THOSE BUILDINGS.

Commissioner Shiprack: WOULD THAT BE LIKE A SEISMIC UPGRADE TO CURRENT BUILDING CODE? FOR EXAMPLE A BUILDING THAT HAD A GRANDFATHERED USE THAT WAS NOT COMPLIANT WITH CURRENT SEISMIC CODE FOLLOWING A SEISMIC LIABILITY UPGRADE WOULD BE ELIGIBLE TO ANY USE UNDER OREGON BUILDING CODE REQUIREMENTS?

Mr. Alaman: I'M NOT SURE I UNDERSTAND THAT QUESTION.

Commissioner Shiprack: I'M THINKING ABOUT SEISMIC LIABILITY, AS TERMINOLOGY, WHETHER THAT MEANS UPGRADING TO SEISMIC CODE.

Mr. Alaman: I THINK THAT'S PROBABLY THE BEST WAY TO SUMMARIZE IT. WE HAVE A RISK THAT WE HAVE IDENTIFIED BECAUSE OUR BUILDINGS ARE NOT UP TO THE CURRENT SEISMIC REQUIREMENTS WHAT IS THAT RISK TO US. I THINK IT'S MORE TO BE AWARE THAT THAT EXISTS AND THEN HOW WE ADDRESS THAT. SO OUR FACILITIES ASSETS STRATEGIC PLAN REALLY DOES A GREAT JOB IDENTIFYING WHERE THE OVERVIEW OF WHICH BUILDINGS WE NEED TO FOCUS IN ON. IT'S PRETTY EVIDENT WHEN WE HAVE OUR THREE BUILDINGS THAT WE'RE FOCUSING ON ALL NEED A LOT OF SEISMIC ATTENTION.

Commissioner Shiprack: THE REASON I'M SO CURIOUS ABOUT IT IS WE'RE ALSO REPLACING TWO OF THE THREE BUILDINGS CURRENTLY IN THIS BUDGET, AND SO THE \$70 MILLION WORTH OF SEISMIC UPGRADING, THAT YOU'RE TALKING ABOUT, I'M JUST CURIOUS IF THAT RESONATES INTO OUR FUTURE REAL ESTATE ACTIVITIES WITH SURPLUS PROPERTY AFTER WE HAVE MOVED FROM THOSE BUILDINGS OR IF THAT JUST PERTAINS TO THE LIFE SAFETY LIABILITY THAT THE COUNTY WOULD EXPERIENCE IN THE EVENT OF A MAJOR SEISMIC EVENT. I'M JUST REALLY NOT CLEAR ON WHAT SEISMIC LIABILITY MEANS.

Mr. Alaman: SURE. I THINK WHAT IT IDENTIFIES IS WHAT IS OUR RISK AT THIS POINT WITH THOSE BUILDINGS BECAUSE WE HAVE NOT INVESTED IN A SEISMIC UPGRADE FOR THOSE.

Commissioner Shiprack: I DO RECOGNIZE, PART OF THE REASON THIS IS SO INTERESTING TO ME, HENRY, IS THAT I DO RECOGNIZE THAT THE TOTAL FROM YOUR PREVIOUS SLIDE OF SEISMIC UPGRADING FOR THE TWO BUILDINGS IS APPROACHING HALF OF THE COST TO THE COUNTY OF THE NEW MULTNOMAH COUNTY COURTHOUSE.

Mr. Alaman: YES.

Commissioner Shiprack: THAT'S A CONSIDERABLE INVESTMENT BEING MADE INTO A FUTURE OF LIKE KNOWN REDUNDANCY.

Commissioner McKeel: WHEN WE TALK ABOUT SEISMIC LIABILITY, IS THERE ANY MARKER FOR THE SIZE OF SEISMIC EVENT WE'RE TALKING ABOUT? IS IT 5.0? IS IT THE BIG ONE? IS THERE ANY OF THAT FACTORED INTO WHAT WE'RE LOOKING AT? IT'S WHATEVER THE CURRENT BUILDING CODE REQUIRES IS WHAT WE MEASURE THAT OFF OF.

Ms. Swackhamer: I WILL SAY THESE NUMBERS WERE CREATED FROM A STUDY THAT WAS QUITE A FEW YEARS AGO. SO WE ARE REALLY LOOKING AT ONCE WE HAVE ELIMINATED THE NEED FOR THE COURTHOUSE AND THE MCCOY BUILDING PROBABLY DOING A REASSESSMENT OF ALL THE OTHER BUILDINGS.

Mr. Alaman: ANOTHER HIGHLIGHT IS REDUCTION OF CAPITAL OPERATING COSTS AND SECURITY RISKS THROUGH CTLE OF MULTIPLE SMALLER FACILITIES INTO A SINGLE CAMPUS. THAT'S A MOUTHFUL, PEGGIDY. IT'S A PERFECT EXAMPLE IS DCJ AND THE MID COUNTY BUILDING, CONSOLIDATION OF THREE FACILITIES INTO ONE. WHAT'S NEXT FOR US, WE WANT TO CONTINUE OUR DEVELOPMENT EFFORTS AND THEN WORK ON OUR CAPITAL OPERATIONS RATE ANALYSIS. CONTINUE WITH PROPERTY ASSESSMENTS. WERE IN THE MIDST OF DOING QUITE A FEW PROPERTY ASSESSMENTS, WALNUT PARK, LOOKING AT MULTNOMAH BUILDING AS FAR AS SEISMIC UPGRADES, JUSTICE CENTER, SOME OF THE OTHER BUILDINGS THERE. THEN EVENTUALLY DISPOSITION OF NORTH WILLIAMS, MCCOY BUILDING AND THE HISTORIC COURTHOUSE. AT THIS POINT I'M HAPPY TO ANSWER ANY EASY QUESTIONS. [LAUGHTER]

Vice-Chair Smith: THANK YOU, HENRY, FOR THIS. I WAS LOOKING THROUGH THIS, LOOKING A AT SOME OF THE SENIOR CENTERS THAT WE PROVIDE SERVICES FOR. HALF OF THOSE BUILDINGS ARE PRIVATELY OWNED, THE OTHER HALF WE OWN. HAVE WE EVER DONE A TOUR OF THOSE SENIOR CENTERS TO SEE, YOU KNOW, THEY ARE THERE DURING THE DAY AND ON WEEKEND. ARE WE REQUIRING THEM TO BE SEISMIC AT ALL OR ARE WE LOOKING AT THOSE FOR ANY DEFERRED MAINTENANCE THAT WE CAN DO TO HELP THEM?

THEIR BUDGETS ARE SO, SO SMALL. EVEN IF THEY ARE OWNED PRIVATELY THEY ARE OWNED BY NONPROFITS. SO FOR ME I THINK THAT SINCE WE SPEND A LOT OF OUR DOLLARS IN THE SENIOR CENTERS FOR PROGRAMS AND LUNCHESES THAT WE SHOULD GO OUT AND TAKE A LOOK AT THESE SENIOR CENTERS TO SEE IF THERE ARE SOME THINGS THAT WE CAN DO THAT MAY NOT COST THIS KIND OF MONEY BUT SOMETHING WE NEED TO THINK ABOUT. THEY ARE PROBABLY ONE OF THE MOST VULNERABLE POPULATIONS THAT WE HAVE. EVERYONE IS TALKING ABOUT THE BIG ONE BUT I DON'T KNOW IF WE'RE TRYING TO SECURE THAT POPULATION. IT'S NOT ALWAYS GOING TO BE IN THE MIDDLE OF THE NIGHT. IT MAY BE IN THE MIDDLE OF THE DAY. I WOULD LIKE TO BE ABLE TO GO AROUND AND HELP YOU WITH THAT IF YOU HAVE NOT THOUGHT ABOUT THAT.

Ms. Swackhamer: WE HAVE NOT COMPLETED THAT KIND OF AN ASSESSMENT.

Chair Kafoury: ANY OTHER QUESTIONS FROM THE BOARD? THANK YOU.

Ms. Swackhamer: GOOD MORNING AGAIN. SHERRY SWACKHAMER, TALKING ABOUT I.T. CAPITAL. TECHNOLOGY CAPITAL PLANNING. THIS CHART YOU'VE SEEN TWICE NOW BUT THE ONE FOR INFORMATION TECHNOLOGY IS A LITTLE DIFFERENT. I'LL START AT THE BOTTOM AND TALK ABOUT WHAT WE'RE DOING RIGHT NOW IS A TECHNOLOGY STRATEGIC PLAN AND ONCE COMPLETE BOB LEAK AND I, OUR DEPUTY CIO, WILL COME BACK TO THE BOARD AND PROVIDE

A BRIEFING. AS WE LOOK AT THAT OVER ALL PLAN, WE NARROW DOWN TO WHAT OUR FIVE-YEAR NEEDS FOR INFRASTRUCTURE AND BUSINESS SYSTEMS REPLACEMENT. THIS IS REPLACING WHAT WE HAVE THAT'S BECOME OBSOLETE. THEN AT ANY TIME THERE'S NEW TECHNOLOGY THAT WE NEED TO KEEP UP WITH OR THAT WE NEED AND MAYBE WE DON'T HAVE, AND WITHIN OUR RATES WE PROVIDE FOR ANNUAL ASSET REPLACEMENT FOR THINGS LIKE SERVERS AND PCS AND LAPTOPS.

THEN FINALLY ALL OF THIS CULMINATES INTO AN ANNUAL CAPITAL BUDGET. SO OUR PLANNING PROCESS IS SIMILAR TO WHAT YOU'VE HEARD BEFORE. WE HAVE A SELECTION CRITERIA. WE ALSO HAVE GUIDING PRINCIPLES THAT WE USE. WE HAVE UPDATED THOSE A BIT THIS YEAR AND YOU'LL HEAR THIS LATER THIS AFTERNOON, REALLY, AS A THEME FOR ALL OF THE DEPARTMENT COUNTY ASSETS. HOW CAN WE MODERNIZE WHAT WE HAVE AND KEEP UP. HOW CAN WE PROVIDE PHYSICAL AND CYBER-SECURITY AND PROTECT AGAINST THREATS.

HOW CAN WE PROVIDE RESILIENCY. HENRY TALKED ABOUT SEISMIC LIABILITY FROM A TECHNOLOGY STANDPOINT WE ALSO NEED TO THINK ABOUT RESILIENCY, WHAT KIND OF REDUNDANCY CAN WE HAVE SO IF SOMETHING HAPPENS WE CAN CUT OVER TO ANOTHER SITE. OR WHAT THINGS DO WE NEED TO HAVE IN PLACE TO PROVIDE A QUICK RECOVERY, ANY TYPE, SMALL OR LARGE DISASTER. THOSE ARE THE THINGS THAT WE'RE FOCUSED ON THIS YEAR AS WE LOOK AT PRIORITIES. OUR PROPOSED CAPITAL BUDGET FOR I.T. IS 6.8 MILLION INCLUDING 1.48 MILLION IN NEW ONE TIME ONLY FUNDS AND CARRY-OVER OF ABOUT 5.38 MILLION. THESE ARE JUST PIE CHARTS THAT SHOW THAT SAME INFORMATION CAUGHT UP IN A COUPLE OF WAYS. WE'LL TALK MORE IN A LITTLE BIT.

Ms. Swackhamer: THIS IS A TRENDING SLIDE AS WE LOOK AT OUR CAPITAL TRENDS IN TECHNOLOGY. BOTH FACILITIES AND ROADS AND TRANSPORTATION TALK ABOUT 20-YEAR CAPITAL PLANS. WITH THE RAPID CHANGE IN TECHNOLOGY 20 YEARS IS A VERY LONG TIME. HARD TO PREDICT WHAT PROJECTS WE MIGHT NEED. BUT WHAT WE'RE GOING TO SEE AS WE LOOK OVER TEN YEARS IS THAT WE WILL BE REPLACING LARGE INFRASTRUCTURE OR HAVE LARGE INFRASTRUCTURE PROJECTS ON AN EIGHT TO TEN YEAR CYCLE AND AS WE TALK ABOUT OUR ENTERPRISE RESOURCE PLANNING SYSTEM REPLACEMENT IN 2018, AND HAVE SIGNIFICANT ASK NEXT YEAR FOR THAT, I THINK YOU'LL SEE THESE NUMBERS GO UP. ALSO I THINK NEXT YEAR WE'LL BE LOOKING AT OUR NETWORK AND WHETHER IT NEEDS TO BE SIGNIFICANTLY UPGRADED EVEN THOUGH FOUR OR FIVE YEARS AGO WE UPGRADED IT, BUT AGAIN WITH ALL THE CHANGES GOING ON IN TECHNOLOGY IF WE WANT TO TAKE ADVANTAGE OF THE INTERNET OF THINGS AND HAVING SENSORS EVERYWHERE AND MEASURING THINGS OUR NETWORK WILL NEED TO BE UPGRADED AGAIN TO ALLOW FOR

THAT. WE'LL BE WORKING WITH THE CAPITAL PROGRAM AND WITH PEGGIDY ON REALLY WHAT IS OUR CYCLE FOR CAPITAL PLANNING.

Commissioner Shiprack: MADAME CHAIR, WHAT'S IMPORTANT ABOUT THAT IN LOOKING AT THIS BAR GRAPH, WE FIGURE OUT WAYS TO SMOOTH THESE BUMPS IN THE COST CHART, WHICH MEANS THAT OVER THE LAST, WELL, INCLUDING 2017, THERE'S A FIVE-YEAR PERIOD OF TIME THAT APPROACHING \$8 MILLION A YEAR, IF WE WERE TO BOND THAT, I GUESS THE QUESTION IS HOW LONG DO WE EXPECT TECHNOLOGY CAPITAL TO LAST BECAUSE TECHNOLOGY CHANGES SO RAPIDLY AND IS IT WORTH USING BONDS OR DO WE NEED TO ANTICIPATE A CONSTANT CAPITAL EXPENSE LEVEL JUST TO KEEP UP?

Ms. Swackhamer: I THINK THAT'S A REALLY GOOD QUESTION. SOMETHING THAT WE'RE GOING TO BE LOOKING AT. PART OF IT DEPENDS ON THE TOPIC. A DATA CENTER WILL LAST LONGER THAN A NETWORK. BUT I THINK, FIVE TO TEN YEARS IS PROBABLY THE MAXIMUM THAT THINGS ARE GOING TO LAST.

Commissioner Shiprack: I THINK IT'S AN IMPORTANT DISCUSSION BECAUSE IT HAS TO DO WITH RELIABILITY OF OUR VISION BECAUSE IF WE MAKE A BIG INVESTMENT, FOR EXAMPLE INTO SOME SORT OF CLOUD TECHNOLOGY, WHICH WE ALREADY HAVE DONE, THAT VISION KIND OF IS DEPENDENT ON CLOUD TECHNOLOGY REMAINING "THE THING". SO YEAH. I SYMPATHIZE WITH YOU. I THINK IT'S VERY DIFFICULT TO KNOW. AT THE SAME TIME WE WOULD LIKE TO BE ABLE TO USE SOME OF THE TOOLS THAT MARK CAMPBELL OUTLINED TO US IN TERMS OF AVAILABILITY OF BONDS TO SMOOTH OUT THESE EXPENSES OVER TIME SO THAT FUTURE COUNTY BOARDS HAVE SOMETHING CONSTANT.

Ms. Swackhamer: OKAY. THIS IS A TOOL THAT WE USE IN OUR FIVE-YEAR PLANNING. IT'S A TOOL WE MODEL THAT WE INTRODUCED LAST YEAR. WE WERE SEEING FIRST ON APPLICATION SYSTEMS AND PUTTING APPLICATION SYSTEMS IN THESE FOUR DIFFERENT CATEGORIES OF ONES THAT WE NEED TO DISPOSE OF AND REPLACE AS SOON AS POSSIBLE, ONES THAT WE COULD MERGE INTO OTHER APPLICATIONS, ONES THAT WE WANT TO FREEZE AND FIND A REPLACEMENT THEN THOSE THAT WE CAN JUST PHASE OUT. SO THIS PAST YEAR WE HAVE ALSO FOCUSED ON INTEGRATING OUR INFRASTRUCTURE TOOLS AND SYSTEMS INTO THIS MODEL. THAT WE REALLY TERM OUR AT RISK TECHNOLOGY. CERTAINLY THESE DON'T REPRESENT THE HUNDREDS OF SYSTEMS THAT WE HAVE BUT IN FACT THEY DO REPRESENT THE ONES THAT WE FEEL ARE MOST IMPORTANT FROM A REPLACEMENT STANDPOINT.

AS WE CONTINUE WITH OUR STRATEGIC PLAN ONE THING THAT WE'LL BE DOING IS A CONDITION ASSESSMENT MUCH LIKE FACILITIES DID ASSESSMENTS OF BUILDINGS WE'LL BE DOING CONDITION ASSESSMENTS OF

OUR BUSINESS APPLICATIONS AND THAT WILL BECOME A FEEDER INTO THIS FIVE-YEAR PLANNING PROCESS. MANY OF THESE ARE IN PROCESS AND YOU'LL HEAR MORE ABOUT THEM. SO THIS CHART REPRESENTS AN UPDATE FOR FY-2016 FOR OUR PROJECTS.

I HAVE MET WITH MOST OF YOU OR YOUR STAFF TO DISCUSS THIS AND FOR THOSE OF YOU THAT I HAVEN'T HAD A CHANCE TO MEET WITH I HAVE MEETINGS SET UP LATER THIS WEEK ACTUALLY. I DON'T WANT TO SPEND TOO MUCH TIME ON THIS SLIDE BUT WE HAD ABOUT 7.4 MILLION. WE ESTIMATE WE WILL SPEND ABOUT THREE BY THE END OF THIS YEAR. THEN CARRY OVER THE REMAINING DOLLARS INTO OUR '17 PLAN. BEFORE WE GET THERE WE'LL TALK ABOUT THE THINGS THAT WE HAVE COMPLETED. WE HAVE COMPLETED THE ANALYSIS FOR THE D.A.'S CRIMES SYSTEM REPLACEMENT WHICH IS THEIR OBSOLETE CASE MANAGEMENT SYSTEM. WE HAVE SELECTED SOFTWARE, A VENDOR AND SOFTWARE AND WE ARE ALMOST FINISHED WITH THE CONTRACTS.

SO BASED ON THE OUTCOME OF THIS YEAR'S BUDGET PROCESS WE HOPE TO BE ABLE TO HIT THE GROUND RUNNING IN FY-2017 TO REPLACE THEIR SYSTEM. WE ARE IMPLEMENTING A DOCUMENT MANAGEMENT SYSTEM FOR THE DEPARTMENT OF COMMUNITY JUSTICE. THIS IS A SYSTEM THAT WE IMPLEMENTED FOR OUR RECORDS DIVISION AND VERY SUCCESSFULLY. WE HAVE INCREASED THE SCOPE OF THIS PROJECT TO BUY LICENSES FOR THE REST OF THE COUNTY TO BE ABLE TO USE THIS SYSTEM FOR ARCHIVING THEIR DOCUMENTS AND IT ALSO IS KEY BECAUSE IT PROVIDES SELF-SERVICE ABILITY TO ACCESS THOSE ARCHIVES, WHICH IS VERY USEFUL. YOU HAVE HAD A BRIEFING ON OUR ENTERPRISE RESOURCE PLANNING REQUEST FOR PROPOSAL. WE'RE IN THE FINAL STAGES OF PICKING A VENDOR. AND A SYSTEMS INTEGRATOR.

Ms. Swackhamer: THAT WILL BE COMPLETED BY THE END OF JUNE. THEN IN 2016 WE HAD A SMALL AMOUNT OF CARRY OVER FOR OUR HEALTH DEPARTMENT'S INSPECTION SYSTEM AND WE HAVE COMPLETED THAT PORTION OF THE PROJECT. AS I MENTIONED REALLY OUR FOCUS AND GUIDING PRINCIPLES ARE ON MODERNIZATION, RESILIENCY AND SECURITY. FROM A MODERNIZATION STANDPOINT, WE'RE REALLY LOOKING AT WHAT DO NEED TO REPLACE AND WHAT KIND OF NEW TECHNOLOGY DO WE NEED TO KEEP UP TO ALLOW OUR DEPARTMENTS TO KEEP UP FROM A RESILIENCY STANDPOINT. RECENTLY I WAS AT AN EXECUTIVE LEADERSHIP LEARNING SERIES AND CHRIS VOSS PRESENTED A SESSION ON DISASTER RECOVERY AND DISASTER PREPAREDNESS AND I BELIEVE HE DID IT TO SCARE US AND HE SUCCEEDED BECAUSE I'M NOW VERY SCARED AND VERY FOCUSED ON RESILIENCY AND HOW WE CAN PROVIDE REDUNDANCY AND UPGRADE AND ENHANCE OUR ABILITY TO RECOVERY AND HELP THE COUNTY RECOVER IN THE CASE OF A DISASTER.

SECURITY AS I MENTIONED BEFORE WE THINK ABOUT PHYSICAL SECURITY AND THIS IS REALLY A THEME AGAIN FOR DCA AS A WHOLE, PHYSICAL SECURITY OF OUR BUILDINGS, DATA CENTER, THEN HOW DO WE PROTECT AGAINST CYBER-THREATS. I RECENTLY READ AN ARTICLE AND THE AUTHOR SAID REALLY WHEN YOU THINK ABOUT SECURITY AND RESILIENCY IT'S NOT JUST AN I.T. PROBLEM.

IT'S THE INTEGRATION OF STRATEGY OPERATIONS AND TECHNOLOGY. HOW DO WE LOOK AT THOSE THINGS COMBINED AND MAKE THE RIGHT DECISIONS. SO OUR NEW ONE TIME ONLY REQUEST FOR FY-2017 IS FOR THE REPLACEMENT OF THE CRIME SYSTEM AND ONE TIME ONLY IS 1.48 MILLION. WE WOULD CARRY OVER ABOUT 90,000 OR 95,000 THAT WE HAVE THIS YEAR'S BUDGET. THERE'S ALSO FUNDING THIS IS ONLY THE I.D. FUNDING FOR THAT PROJECT. THERE IS FUNDING OF ABOUT \$275,000 IN THE D.A.'S BUDGET FOR BACK FILL AND IMPLEMENTATION COSTS AND ABOUT CONSISTS OF ABOUT TWO FTE FOR THEM TO BE ABLE TO SUCCESSFULLY INTO THEIR PART OF THE IMPLEMENTATION.

SO OUR 2017 PROJECT PORTFOLIO, TO REALLY GET TO THIS LIST OF PROJECTS WE TOOK THE GUIDING PRINCIPLES I HAVE TALKED ABOUT AND SAID IF WE ONLY HAD THIS MUCH MONEY WHAT WOULD WE DO? WHAT PROJECTS ARE REALLY THE MOST IMPORTANT? ARE THERE PROJECTS THAT WE WANT TO REALLY ROLL INTO THE ERP PROJECTS? ARE THERE PROJECTS THAT MAYBE WE NEED TO CANCEL? WHAT ARE THE MOST IMPORTANT THINGS? THIS IS THE LIST THAT WE CAME UP WITH. I TALKED ABOUT CRIMES BUT THE OTHER THREE REALLY HIGHEST PRIORITIES ON THIS LIST WHERE WE ACTUALLY REALLOCATED DOLLARS WHERE OUR CYBER-SECURITY INITIATIVES, OUR ENTERPRISE RESOURCE PLANNING PREPARATION AND DESIGN TO GET READY FOR IMPLEMENTING THE NEW SYSTEM, THEN OUR REALLY FIRST CROSS-DEPARTMENTAL LARGE PROJECT THAT CENTERS AROUND HEALTH CARE TRANSFORMATION. I'LL TALK MORE ABOUT THOSE PROJECTS.

Ms. Swackhamer: SO THIS IS THAT SAME SET OF PROJECTS, GIVES YOU THE PROGRAM OFFER. HOW MUCH MONEY WE INTEND TO CARRY OVER, OR WE PROPOSE TO CARRY OVER FROM 2016. OUR ONLY ONE TIME ONLY REQUESTS FOR CRIMES. THE STAGE THAT WE ARE CURRENTLY IN AND WHEN WE EXPECT TO COMPLETE THE PROJECTS. I'LL TALK MORE IN DETAIL ABOUT THE HIGHLIGHTS FLF THE MAJOR PROJECTS. RIGHT NOW. SO YOU'LL BE HAPPY TO KNOW THAT I PROMISE THIS IS THE LAST TIME WE WILL TALK ABOUT THIS PROJECT. FOR 2016, WE IN JANUARY COMPLETED THE ROLLOUT TO THE COURTHOUSE.

IN MAY WE'LL COMPLETE THE JUSTICE CENTER ROLLOUT. BECAUSE OF THE APPROVAL FOR HANSON WE'RE CANCELING THE PROJECT TO IMPLEMENT THE NEW PHONE SYSTEM IN HANSON AND THEN WE HAVE STARTED THE

ROLLOUT OF WHAT WE CALL SIP, OUR DIALING REDUNDANCY CAPABILITIES. IN 2017 WE'LL BE COMPLETING THAT PART OF THE PROJECT AND DOING FINAL COMMISSIONING. THEN WE'LL BE FINISHED. IT'S OVER ALL BEEN A VERY SUCCESSFUL PROJECT. JUST TO PROVIDE SOME CONTEXT FOR YOU, SO YOU UNDERSTAND HOW BIG THIS PROJECT REALLY WAS, WE IMPLEMENTED THE NEW PHONE SYSTEM, THE VOIP SYSTEM IN 83 BUILDINGS INCLUDING 18 LIBRARIES AND SEVEN SMALLER SITES. WE INSTALLED OVER 6,000 PHONES OVER 9,000 PHONE LINES THAT INCLUDE FAX LINES, ALARM LINES AND ELEVATOR LINES.

THOSE ARE ALL PART OF THE NEW PHONE SYSTEM. THEN 39 CALL CENTERS ACROSS THE COUNTY. SO IT IMPACTED EVERY COUNTY EMPLOYEE AND WAS VERY SIGNIFICANT AND OVER ALL VERY SUCCESSFUL. FROM A BUDGET PERSPECTIVE OUR REVISED BUDGET AS OF LAST YEAR WAS 7.66 MILLION. WE ESTIMATE SPENDING ABOUT 7.17 MILLION THROUGH 2016. WE'RE PROPOSING ABOUT 150,000 TO FINISH THE CIP ROLLOUT AND DO FINAL DECOMMISSIONING. THEN WE ARE PROPOSING TO ALLOCATE DOLLARS TO THE THREE PRIORITIES I TALKED ABOUT OF ABOUT 340,000 FROM THIS PROJECT YOU'VE HEARD ABOUT ALL THE WORK WE HAVE DONE IN 2016. WHAT OUR PLANS ARE FOR '17 PRIMARILY FOCUSED ON VENDOR CONTRACTING, DOING THE PLANNING AND PROCESS ANALYSIS THAT NEEDS TO BE DONE TO PREPARE, AND WE ALSO TALKED ABOUT A COUPLE WEEKS AGO REALLY ALL THE PREPARATION WE HAVE TO DO TO GET THE ORGANIZATION READY FOR THIS NEW SYSTEM. HUGE ORGANIZATIONAL CHANGE MANAGEMENT PROJECT.

FROM A BUDGET PERSPECTIVE OUR BUDGET WAS ABOUT A HALF MILLION DOLLARS TO DO REALLY THE PHASE 1 AND 2 OF ENTERPRISE RESOURCE PLANNING AND WE EXPECT TO SPEND ABOUT 580,000 IN TOTAL. THE ADDITIONAL DOLLARS CAME FROM PROJECT SAVINGS IN OTHER PROJECTS. OUR PROPOSED BUDGET FOR 2017 IS ABOUT 2 MILLION. AGAIN, THESE DOLLARS WE ARE NOT ASKING FOR NEW ONE TIME ONLY. THESE DOLLARS CAME FROM REPRIORITIZING THE MONEY THAT WE HAD. BUT WE DO EXPECT A SIGNIFICANT REQUEST IN 2018. CYBER-SECURITY, IT'S A BIG FOCUS FOR US AS I PREVIOUSLY SAID. FROM 2016 WE'RE IN THE PROCESS WE HAVE DONE ALL THE ANALYSIS ON OUR FIREWALL REPLACEMENT, WHICH IS VERY COMPLICATED AND COMPLEX.

Ms. Swackhamer: WE HAVE DEFINED WHAT OUR REQUIREMENTS ARE AND WE'RE IN THE SELECTION PROCESS FOR THAT. THERE WERE A NUMBER OF CRITICAL SYSTEM VULNERABILITIES THAT WE IDENTIFIED AND REQUESTED FUNDING AND THOSE HAVE BEEN COMPLETED AND WE ARE IN THE PROCESS OF NEGOTIATING THE CONTRACT FOR OUR EMAIL ARCHIVE SOLUTIONS. SO IN '17 WE'LL BE FOCUSED ON COMPLETING THE FIREWALL REPLACEMENT, IMPLEMENTING THE EMAIL ARCHIVE TOOL. WE'RE ALSO GOING TO BE IMPLEMENTING AN ENHANCED SECURITY AWARENESS PROGRAM BECAUSE

OUR EMPLOYEES ARE THE FRONT LINE OF DEFENSE AGAINST CYBER-THREATS. DON'T CLICK ON THOSE. DON'T CLICK ON THOSE LINKS, PLEASE. WE'LL BE DEPLOYING A NUMBER OF CLOUD APPLICATION MONITORING TOOLS.

I WANTED TO GIVE YOU AN EXAMPLE, WE JUST IMPLEMENTED A TOOL CALLED AN EMAIL GATEWAY. IT ALLOWS US TO REALLY REDUCE THE AMOUNT OF MALICIOUS EMAILS THAT COME THROUGH TO OUR GOOGLE PLATFORM. ON THE FIRST NIGHT WE IMPLEMENTED IT WE SAW FROM MIDNIGHT TO 8:00 A.M. 182,000 ATTEMPTED EMAILS. OF THOSE, 72% WERE NOT LEGITIMATE. THIS PRODUCT STOPPED THEM. ONLY 28% WERE VALID. 54,000 OUT OF 192,000 WERE VALID.

THE OTHER THING OF NOTE WAS THAT ALL OF THE EMAILS RECEIVED, ALMOST ALL THE EMAILS THAT WE RECEIVED BETWEEN 10:00 P.M. AND 4:00 P.M. ARE NOT LEGITIMATE EMAILS. LOOK AT THE TIME. LOOK AT THE TIME AND JUST DELETE -- NO. WE ARE DOING A LOT REALLY TO ENSURE AND WE'RE ADDING A LOT OF TOOLS AND TECHNOLOGY TO ENSURE THAT WE KEEP OUR NETWORK SAFE AND OUR SYSTEM SAFE. FROM A BUDGET PERSPECTIVE --

Commissioner Shiprack: WHILE WE'RE ON THIS, I THINK THAT OBVIOUSLY NOT DURING THIS TIME BECAUSE WE'RE PRETTY INTENSELY FOCUSED ON THE GENERAL RIGHT NOW, BUT I WOULD REALLY LIKE TO RETURN TO THIS SPECIFIC CYBER-SECURITY TOPIC AT A LATER DATE. JUST AS A SPECIFIC REQUEST FOR A BOARD BRIEFING, AT SOME POINT DURING THE SUMMER OR I KNOW IN EARLY FALL THERE IS A SORT OF NATIONAL CYBER-SECURITY AWARENESS.

Ms. Swackhamer: IN OCTOBER I THINK.

Commissioner Shiprack: CELEBRATION. IF THAT'S APPROPRIATE TERMINOLOGY. [LAUGHTER] BECAUSE IT'S VERY FASCINATING AND IT IS SCARY AND THERE ARE ELEMENTS TO THE BUSINESS OF HACKING THAT I THINK ARE EASY FOR US TO OVERLOOK. ONE OF THEM JUST BEING THE EXCRUCIATINGLY DIRE FINANCIAL CIRCUMSTANCES THAT SOME OF THE THIRD WORLD HACKERS ARE CONFRONTING AS THEY HOPE FOR LIKE A ONE-IN A GAZILLION OPPORTUNITIES THAT ONE OF THEIR GAZILLIONS OF EMAIL MESSAGES WILL ACTUALLY RESULT IN A HIT. THEN THE DWELL TIME THAT THAT HIT CAN LAST FOR A LONG TIME IN OUR SYSTEM BEFORE IT GOES ACTIVE. YES. JUST ALL THOSE THINGS ARE REALLY VERY INTERESTING AND SCARY.

Ms. Swackhamer: WE'LL BE HAPPY TO DO THAT. FROM A BUDGET PERSPECTIVE IN 2016 WE HAD BUDGETED 1.73 MILLION. WE EXPECT TO SPEND ABOUT 730,000 BY THE ENDS OF 2016. WE HAVE ALLOCATED ADDITIONAL DOLLARS TO THESE INITIATIVES OF ABOUT 270,000 AND OUR PROPOSED BUDGET FOR '17 IS 1.27. THIS LAST PROJECT THAT I'M GOING TO TALK ABOUT I MENTIONED

EARLIER IT'S CROSS DEPARTMENTAL CARE TRANSFORMATION PROJECT THAT WE'RE EXCITED ABOUT. WE SPENT A LOT OF TIME IN 2016 WORKING WITH THE HEALTH DEPARTMENT, DCHS, AND DCJ TO STRATEGIC PLAN AROUND PROGRAMMING. WHAT ACROSS THOSE THREE DEPARTMENTS WAS IMPORTANT FROM HEALTH CARE TRANSFORMATION PERSPECTIVE AT THE PROGRAM LEVEL AND BASED ON THAT RATHER THAN HAVING EVERYONE WANT EVERYTHING OR NOT HAVING A FOCUSED LOOK AT WHAT KIND OF TECHNOLOGY DO WE REALLY NEED WE DEVELOPED WHAT WE'RE CALLING A DEPARTMENT OF EDUCATION DIGITAL TECHNOLOGY PROGRAM CONSISTING OF MULTIPLE PROJECTS. A COUPLE OF THOSE I HAVE LISTED THE PRODUCTS THERE CALLED EDDIE AND PRE-MANAGE AND THESE ARE GOING TO BE USED REALLY STATEWIDE TO LOOK AT WHO IS GOING IN AND OUT OF EMERGENCY ROOMS AND HOW DO WE COORDINATE CARE BETTER.

OUR GOAL IS TO DEVELOP COORDINATE 20-YEAR CAPITAL ASSET STRATEGY PLAN THAT ADDRESSES THE INFRASTRUCTURE NEEDS, WHICH INCLUDES THE TRANSPORTATION FACILITIES AND IT. IT'S ONE OF THE FOREFRONTS OF THE ISSUE THAT I'M TO BE ADDRESSING IN MY SEVEN WEEKS INTO THE POSITION. THE PRIORITIZATION IS CRITICAL BECAUSE THERE'S GOING TO BE TIMES WHERE WE HAVE TO MAKE DECISIONS THAT ARE NOT EASY. IF WE HAVE A STANDARDIZED MECHANISM FOR PRIORITIZING, IT WILL AT LEAST MAKE IT MORE OBJECTIVE. AND THAT'S WHAT WE REALLY NEED TO BE DOING. THE OTHER THING I WANT TO TALK, WE'RE GOING TO ESTABLISH A UNIFORM PROCESS TO MONITOR OUR PERFORMANCE. WE HAVE A TENDENCY TO COME BACK TO BOARD. HOW DO WE MODERATE OUR PERFORM AS WE MOVE FORWARD?

Ms. Swackhamer: THE GOAL IS A CAPITAL REPORT FOR THE BOARD AND TO HAVE A LIST OF WHAT OUR PROJECTS ARE, WHAT THE STATUS IS, ETC. WE DID A PRETTY GOOD JOB ON KIND OF DOING A HIGHLIGHT HERE TODAY. BUT TO ACTUALLY HAVE A REPORT THAT WE CAN USE AND UNDERSTAND WHY WE PRIORITIZE, WHAT WE PRIORITIZE IN A DOCUMENT. SO, WITH THAT, I WILL OPEN UP FOR QUESTIONS. QUESTIONS OR COMMENTS.

Commissioner McKeel: I JUST WANT TO SAY HOW MUCH I APPRECIATE THIS, WHAT WE ARE DOING HERE. I THINK FROM THE VERY BEGINNING WHEN I CAME ON THE BOARD, THIS IS SOME OF THE INFORMATION THAT SOME OF US WERE LOOKING FOR AND HOW WE DO THIS COMPREHENSIVE COLLABORATIVE PRIORITIZING WORK THAT WE DO. I THINK THESE ARE HUGE STEPS FORWARD. AND TO THE COLLABORATION ACROSS DEPARTMENTS AS WELL AS WITH THE PROJECTS WITH THAT WE JUST TALKED ABOUT, DCJ. AND THE HEALTH DEPARTMENT. I THINK IT'S GREAT. SO I JUST WANT TO THANK EVERYONE WHO'S BEEN A PART OF THIS, AND I WILL BE LOOKING FORWARD TO WHAT HAPPENS NEXT.

Chair Kafoury: ANY OTHER QUESTIONS OR COMMENTS? THANK YOU VERY MUCH. THAT WAS VERY THOROUGH. WE ARE FINISHED WITH OUR MORNING SESSION AND WE WILL SEE YOU ALL BACK HERE AT 1:30 FOR FINANCIAL AND INVESTMENT POLICIES.

ADJOURNMENT – 11:27 a.m.

[THESE MINUTES UTILIZE THE REAL-TIME TRANSCRIPT PRODUCED BY LNS CAPTIONING AND MAY INCLUDE ERRORS DUE TO MISHEARING, TECHNICAL DIFFICULTIES AND/OR THE STENOGRAPHY DICTIONARY SOFTWARE.]

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