

Capital Budget

Overview

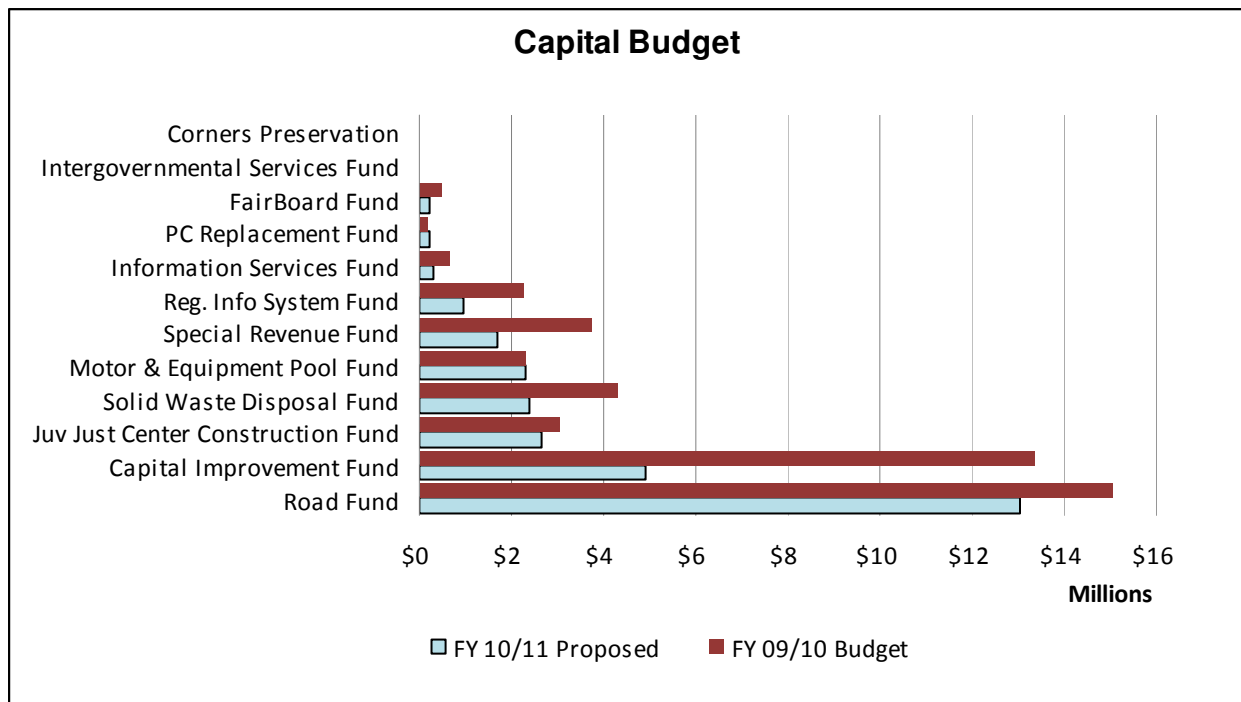
The FY 10-11 Capital Budget totals \$28.7 million dollars. The capital expense budget is Lane County's financial plan for planned capital acquisition (Capital Outlay) and capital improvements and construction (Capital Projects). Capital Outlay funds are allocated for the planned purchase and/or replacement of equipment, machinery, land, buildings, furniture or other items which generally have a useful life of more than one year and a value of at least \$5,000. Capital Project funds are allocated for the enhancement, improvement, or renovations to the County's roads and bridges, waste management facilities, parks and open spaces, health facilities, and other County owned facilities.

Road and bridge projects have long dominated the County's capital budget each year, making up 45.42% of the total capital budget for FY 10-11. Infrastructure expenditures remain the largest single use of capital dollars; however, as Road Fund revenues and reserves continue to decline, the amount spent from year to year shrinks as the County is forced to cut back. This year's Capital Projects budget for the Road Fund is nearly 25% less than the budget from the FY 05/06 budget and is nearly 5% less than last year's budget.

The Solid Waste Disposal Fund has made up approximately 9% of the capital budget each year and is 8.35% of the total capital budget for FY 10-11. Design, engineering, and construction of landfill cell phases remain the largest portion of this budget as well as leachate solutions.

After the Road and Solid Waste Disposal Funds, the Capital Improvement Fund is the next largest portion of the Capital Budget. Resources in this fund are used for improvements to County owned facilities.

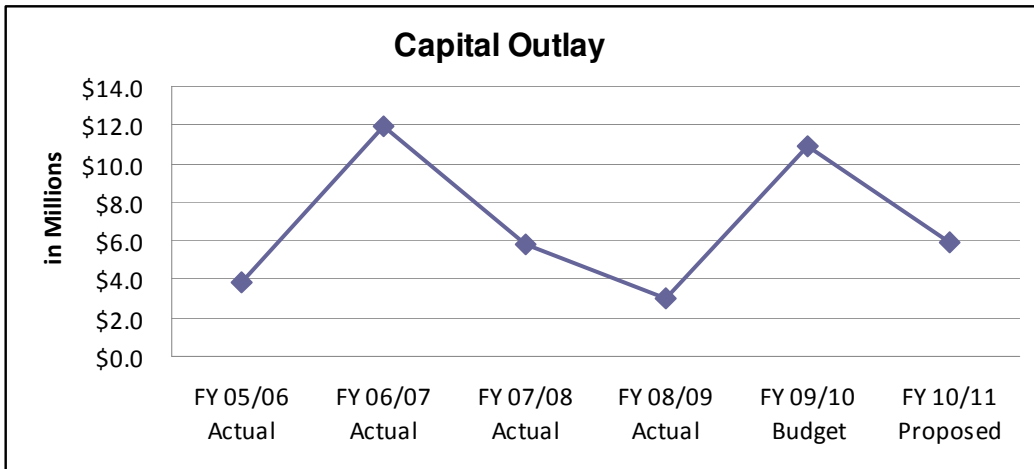
The capital budget is distinct from the operating budget in several ways. First, these expenditures reflect non-recurring capital improvements rather than ongoing expenses. Where possible, capital projects are funded from one-time, non-recurring funding sources such as debt proceeds or grants which are not appropriate funding for recurring operating expenses. Second, capital projects tend to be of high cost, requiring more stringent control and accountability. Finally; several of these revenue sources, are constitutionally or statutorily restricted for use only on capital improvements.



Capital Budget

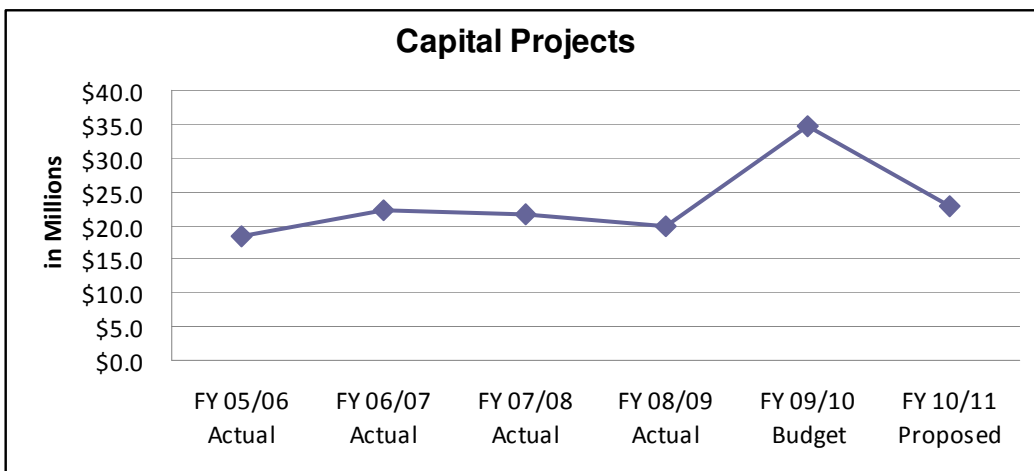
Capital Outlay

Capital Outlay makes up the small portion (20.4%) of the Capital Budget at \$5.9 million. Capital Outlay or acquisition purchases are budgeted in various operating funds then transferred to replacement funds. All equipment is on a replacement schedule. Capital outlay expenditures tend to go in cycles when more or less equipment is up for replacement each year, as was the case in FY 06-07 with of the purchase of 15 new dump trucks, 7 trailers, and other large equipment for road maintenance and waste management.



Capital Projects

Capital Projects make up the majority (79.6%) of the Capital Budget at \$22.8 million. Capital Project expenditures are budgeted 33.9% less than the prior year, but relatively constant compared to the past five years. The FY 09-10 budget recognized an approximate \$14.8 million increase than the typical yearly trend due to major capital projects in the Capital Improvement Fund for a new public health facility, the relocation of a health clinic from a leased facility to a county-owned health clinic facility, upgrades to the jail facility, and bond payments. The FY 09-10 project budget is more in line with actual capital project expenditures in prior years.



Capital Budget

Transportation Projects

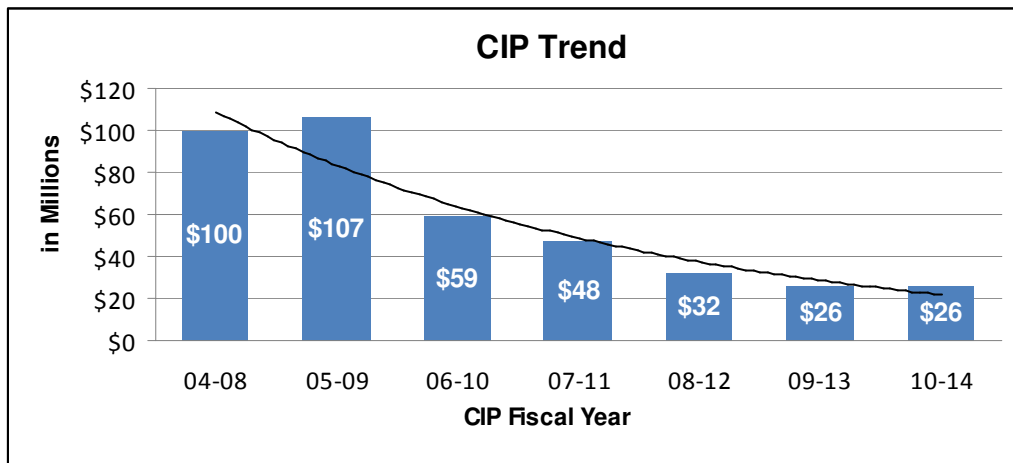


Lane County’s five-year Capital Improvement Program (CIP) includes projects specific to the County’s **transportation network**. The Lane County Capital Improvement Program Fiscal Year 2011-15 (CIP) is prepared with consideration of the County’s fiscal forecast for the next five years and with public input. The 2011-15 CIP was reviewed and discussed at Roads Advisory Committee (RAC) meetings held in Eugene in the winter and at a public hearing in February 2010. A second public hearing will be scheduled in May 2010, where the Board of County Commissioners will hear public comment, review the CIP, and approve the CIP according to

recommendations by the RAC, consideration to public comment, and Board recommendations.

The previous two year CIP budgets below are for informational purposes. The 2011-15 CIP will be available in May 2010 and will be available in the Adopted Budget. As the sunset of SRS approaches and uncertainty about alternative revenue sources looms, CIP funding has significantly diminished from a peak of \$107 million in FY 04-05 to approximately \$26 million in FY 08-09 and again in FY 09-10 . This declining trend is expected to continue in coming years.

PROGRAM TOTALS BY CATEGORY	CIP 09-13		CIP 10-14	
	Amount	Percent	Amount	Percent
Right-of-Way	\$10,000	0.04%	\$10,000	0.04%
General Construction	\$3,060,000	10.84%	\$325,000	1.25%
Structures	\$267,226	0.94%	\$204,040	0.77%
Preservation / Rehabilitation	\$22,514,000	79.75%	\$23,462,000	89.59%
Safety Improvement	\$500,000	1.77%	\$830,000	3.17%
Subtotal County Projects	\$26,351,226	93.34%	\$24,831,040	94.82%
Payment to other Government Agencies	\$1,030,000	3.65%	\$1,030,000	3.93%
Fish Passage Projects	\$850,000	3.01%	\$325,000	1.25%
Roads for Assisted Housing Projects	0	0	0	0
Subtotal –Payments & Special Projects	\$1,880,000	6.66%	\$1,355,000	5.18%
Total	\$28,231,226	100%	\$26,186,040	100%



Capital Budget

List of Facilities Projects and Major Capital Acquisitions

Many projects planned in the Capital Budget are routine in nature, for example; road and bridge preservation, maintenance and construction of the landfill, repairs to facilities, roof replacements, purchase and replacement of data processing equipment and fleet vehicles, etc. Large scale major projects and purchases that may have an impact on operations are called out in this section.

In addition to the projects outlined below, the FY 09-10 capital projects include renovations to the Law Library, an electrical upgrade for the Public Service Building/Courthouse in downtown Eugene, and the replacement of the HVAC system in the main offices at the Lane Events Center.

Lane County Public Health Building (Charnelton Building): In April 2007, the County purchased the five-floor building at 151 West 7th Ave., Eugene with the goal of consolidating Public Health services, Veterans services and the future home of a new federally qualified health center. Though the facility met a number of criteria as an ideal location, the building required remodeling and construction to provide a safe destination for clients and an effective and efficient work space for staff. In FY 08-09 work was completed on Phase 2 - replacement to the Exterior Insulated Finishing Skin or EIFS. Renovation is currently in process with floors 1 - 4 to be completed by June 2010. The expense for moving floors 1 - 4 and the renovation of the west side of the 5th floor are in this year's budget. Programs currently located at this facility include Veterans Services and an added site for the Community Health Center. Beginning in July 2010, Methadone Treatment, Offender Services, Family Mediation, and all Public Health Programs will be located here. In April 2011, the 5th floor will host the Health & Human Services Administrative Office, and the Human Services Commission is also being scheduled to occupy this location at a later date.



Impact on Operations

The move to the Charnelton building will increase operating costs for each program. Each program will pay their portion of the bond payment for the H&HS portion of the building purchase. In FY 10/11 there will be an increased cost for 1.5 FTE for custodial and facilities staff. The addition of this building will also increase costs in county overhead charges to the department beginning in FY 11/12.

Veterans Services, WIC, and Family Mediation Programs were, or are currently, paying rent. These funds will now be applied to the bond payment, rather than a lease payment, resulting in an investment in a county-owned capital asset rather than the expenditure towards a lease.

Budgeted Capital Expenditure		
FY 09-10 Adopted	FY 10-11 Proposed	FY 11-12 Projected
\$6,817,585	\$3,861,180	\$1,347,106
Anticipated Operating Costs		
FY 09-10 Adopted	FY 10-11 Proposed	FY 11-12 Projected
	\$785,451	\$102,541
Anticipated Revenue or Savings		
FY 09-10 Adopted	FY 10-11 Proposed	FY 11-12 Projected

Capital Budget



Springfield Community Health Center (Olympic Building): The Olympic building project began in June 2009 with the purchase of the three-story building at 2073 Olympic in Springfield. This facility is to be used as the new, expanded site as one of the County's federally qualified health centers (FQHC). Renovation of the building is currently in process with a projected completion date of August 2010, with staff

moving from the existing Riverstone site in September 2010. This year's budget represents two months of renovation and moving costs.

Budgeted Capital Expenditure		
FY 09-10 Adopted	FY 10-11 Proposed	FY 11-12 Projected
\$45,474	\$463,536	\$210,928
Anticipated Operating Costs		
FY 09-10 Adopted	FY 10-11 Proposed	FY 11-12 Projected
	\$585,451	\$102,541
Anticipated Revenue or Savings		
FY 09-10 Adopted	FY 10-11 Proposed	FY 11-12 Projected
	\$1,048,987	313,469

Impact on Operations:

The move from Riverstone to the Olympic Building will be an expansion of the primary care clinic of the FQHC. The program will be paying back the bond payment for the purchase of the building and the renovation costs, unless a grant money is awarded. In FY 10-11, there will be an increased cost for 1.5 FTE for custodial and facilities staff. The addition of this building will also increase costs in county overhead charges to the department beginning in FY 11/12.

The Springfield Community Health Center pays rent in their existing site. Once renovation is complete, these funds will go toward purchasing a building owned by Lane County. Additional provider staff will allow for increased billing revenue, which will offset the additional cost.

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