

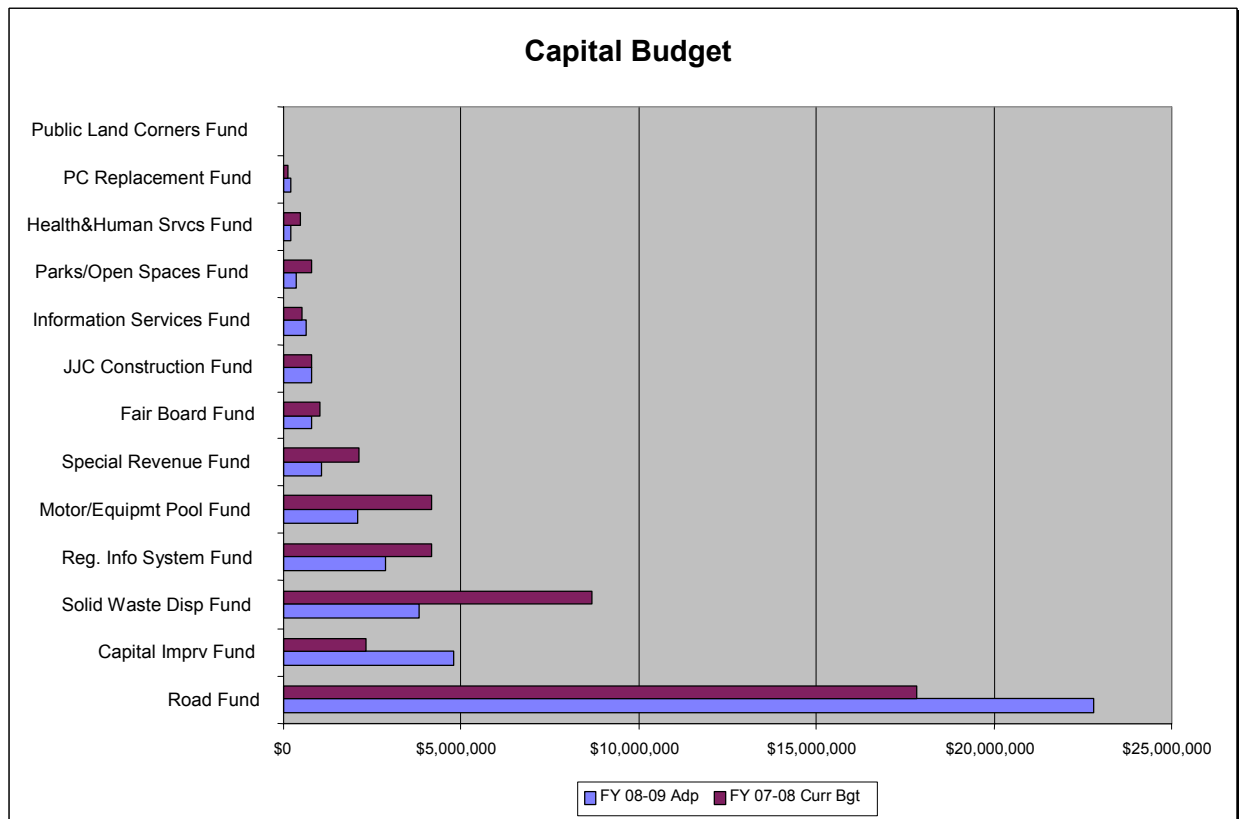
Capital Budget

Overview

The FY 08-09 Capital Budget totals \$40.2 million dollars, a 6.0% decrease from FY 07-08. The budget is Lane County's financial plan for capital improvements and construction to the County's roads and bridges, waste management facilities, and parks and open spaces, as well as improvements and renovations to County owned facilities.

Road and bridge projects have long dominated the County's capital budget. In FY 08-09, infrastructure expenditures remain the largest single use of capital dollars, however, the amount spent from year to year shrinks as the County is forced to cut back new projects as Road Fund reserves are spent down. After the Road Fund, 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 also includes capital outlay - 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.

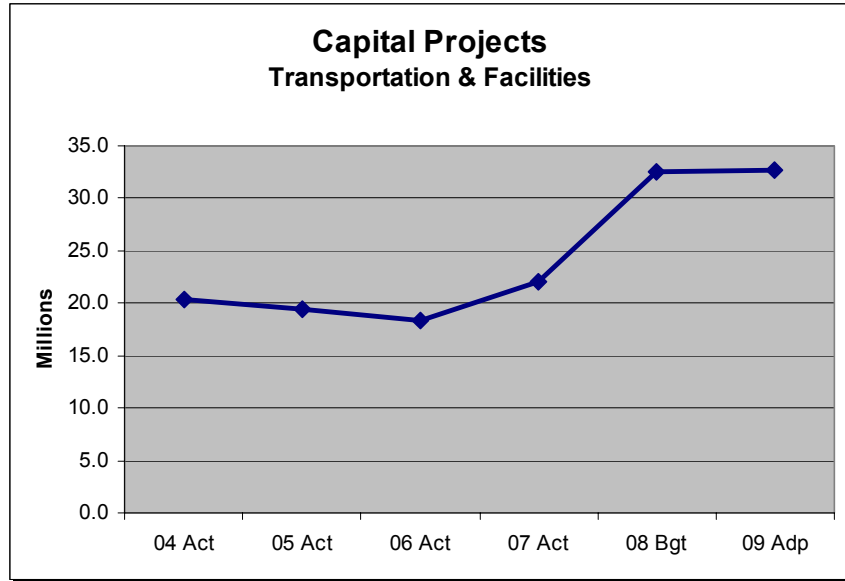


The capital budget is distinct from the operating budget for several reasons. First, these expenditures reflect non-recurring capital improvements rather than ongoing expenses. Where possible, capital projects are funded from non-recurring funding sources such as debt proceeds and grants. These one-time revenue sources 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 revenue sources such as national forest timber dollars and the State of Oregon gas tax are constitutionally or statutorily restricted to use on capital improvements for roads and bridges.

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Capital Projects

Capital projects make up the majority of the Capital Budget at \$32.7 million. Included in the Capital Projects budget is the \$4.75 million exchange of County Road Fund for general fund from the Cities of Eugene and Springfield. While this transfer is budgeted in the Capital Budget, it will be used by the cities, not the County, to make improvements. When taken out of the total, Capital Project expenditures decline of 15% from \$32.5 million in FY 07-08 to \$27.9 million in FY 08-09.



Transportation Projects

Lane County's five-year Capital Improvement Program (CIP) includes projects specific to the County's **transportation network**. Each year, staff evaluate prior year projects and new projects against eleven prioritization factors such as structural deficiency improvements, safety enhancements, user benefit, leverage, economic development, maintenance and preservation, etc. The Roads Advisory Committee (RAC), an advisory committee to the Board of Commissioners, then considers the projects, holds a public hearing, and makes a recommendation to the Board. The Board considers the RAC recommendation and holds another public hearing in May of each year before adopting a revised five-year CIP.

The total for the CIP 09-13 is about \$27.67 million. Grant revenues of \$1.2 million reduce the net County CIP cost to \$26.45 million which is about the same level of funding as the CIP 08-12 adopted in May 2007. This CIP continues to cut back on general construction projects, giving more emphasis to preservation. The table depicts a comparison of funding from the previous year CIP.

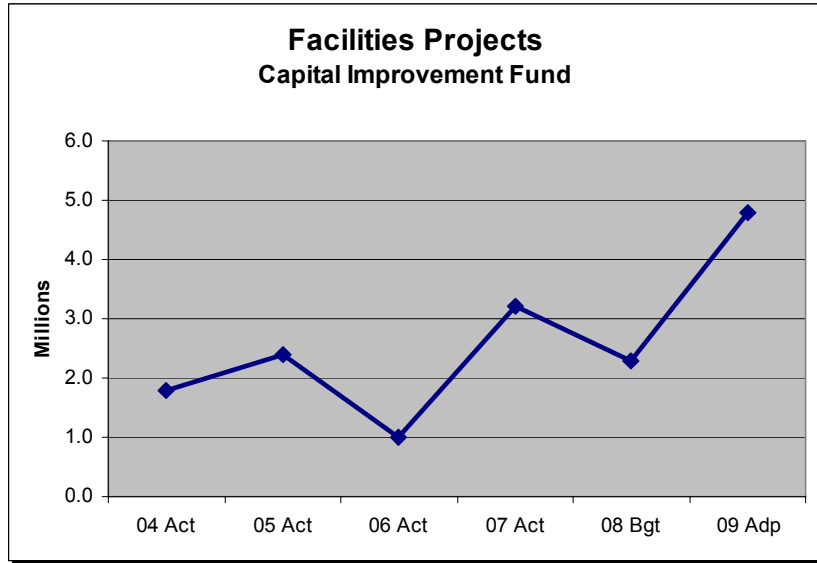
PROGRAM TOTALS BY CATEGORY	CIP 08-12		CIP 09-13	
	Amount	Percent	Amount	Percent
Right-of-Way Acquisition	735,000	2.3%	10,000	0.04%
General Construction	10,735,000	33.7%	3,060,000	10.84%
Structures	2,244,226	7.1%	267,226	0.94%
Preservation / Rehabilitation	15,600,000	49.0%	22,514,000	79.75%
Safety Improvements	600,000	1.9%	500,000	1.77%
<i>Subtotal –County Projects</i>	<i>29,914,226</i>	<i>94%</i>	<i>26,351,226</i>	<i>93.34%</i>
Payments to other Government Agencies	1,030,000	3.2%	1,030,000	3.65%
Fish Passage Projects	225,000	0.7%	850,000	3.01%
Road for Assisted Housing Projects	638,700	2.0%		0%
<i>Subtotal-Payments & Special projects</i>	<i>1,893,926</i>	<i>6%</i>	<i>1,880,000</i>	<i>6.66%</i>
Total	31,807,926	100%	28,231,226	100%

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The General Construction Category has been drastically reduced while the Pavement Preservation and Rehabilitation category allocation has been increased. The increased funding level in pavement preservation also reflects from rising material and labor costs. The Roads for Assisted Housing Program has been eliminated. Payments to Other Agencies have been continued at the previous year's level of \$1,030,000. This expense is a required match for a federal earmark, for the I-5 at Coburg Interchange project. The County is able to continue to replace priority fish passage culverts by leveraging funds from other agencies.

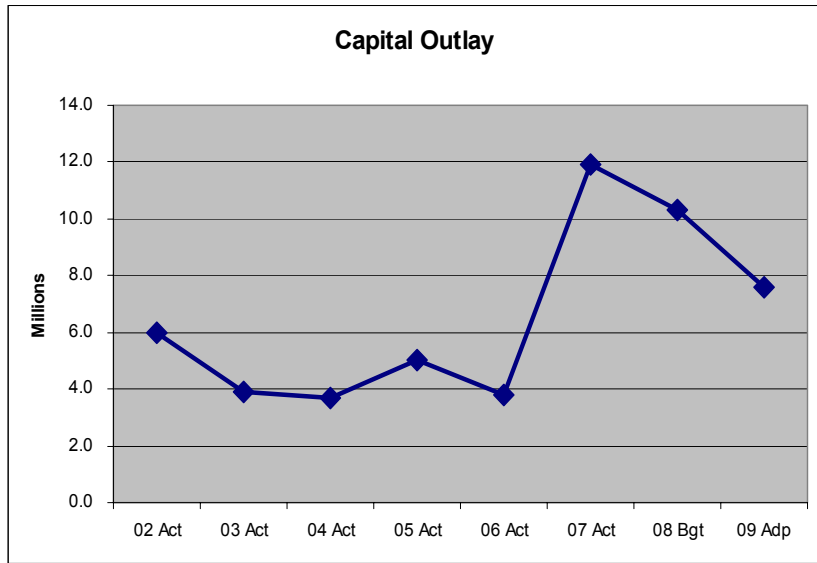
Facilities Projects

Improvements and renovations of County owned facilities are planned by the County's Facilities Committee and overseen by the Management Services Director. The increase in Facility Project expenditures over the last three years are a direct result of the renovation of the new Public Health facility. Other major projects are described below.



Capital Outlay

Capital outlay or acquisition purchases are budgeted in various operating funds then transferred to replacement funds. All equipment is on a schedule of replacement. 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. The increase in Capital Outlay expenditures for FY 08-09 is the result of the planned replacement of Public Works' radio system.



List of Capital 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.

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Public Health Building: In April 2007, the County purchased the property 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. While meeting a number of criteria as an ideal location, the building, which was half empty at the time, 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 will continue on the replacement to the Exterior Insulated Finishing Skin or EIFS and EIFS replacement (\$1.6 million) and building renovation (\$3.3 million).

Impact on Operations: Eventually, the move of multiple Public Health and other Human Service programs into the Lane County Charnelton Place Building will result in many changes to the nature of human service delivery. Ultimately, the addition of a federally qualified health center in downtown Eugene health center will have an enormous impact on the accessibility of services for the community as well as operations of the Community Health Centers. There are no anticipated increases to operating costs in FY 08-09, however, during renovation, the County has leased space in the building and will receive \$345,000 in rental revenue in FY 08-09.

Armitage Park Campground: In FY 07-08, construction began on a full-service recreational vehicle and tent campground, including 36 sites and expansion of an existing bathroom and septic system to accommodate shower facilities at Armitage Park. Formerly a day use only park, the new campground is expected to bring much needed operating revenue into the Parks Fund, reduce dependence on Fern Ridge water levels for park revenues, and is projected to provide a highly demanded service based on industry input and location on the McKenzie River and near Interstate 5. Goal – economic development and park self-sufficiency as well as Parks Master Plan. Total cost of project is estimated to be \$750,000 and will be paid for through grant funds, the proceeds from the sale of undeveloped park property and Service Development Charges.

Impact on Operations: The opening of the overnight campground will increase the operational budget, particularly in personnel and materials and services. As with other County campgrounds, these increased operational costs should be offset by the revenue generation.

Replacement of the Public Works Radio System. In replacing the antiquated, thirty plus year old system, Public Works' radios will join the master trunk with local public safety, enhancing Lane County's emergency response capabilities. The Capital Budget includes \$2.1 million in Road Fund for communications equipment in FY 08-09.

Impact on Operations: The anticipated impact on operations is an immediate increase in efficiency and safety for Public Works employees.

Youth Services Education Center: In 1998, the County purchased the site at 2515 MLK, Jr. Blvd., commonly known as the Armory, from the State of Oregon. The agreement provided for the National Guard to remain on the property until their new facility could be completed. The County foresees taking possession of the property in November 2008. The facility will be remodeled to become the Department of Youth Services' Education Center. The center is the final stage of the Juvenile Justice Center project approved by voters in 1995. Remodel will begin in FY 08-09 and is estimated to cost \$2.2 million.

Impact on Operations: Once renovated, the facility will have an impact on operations in Youth Services. The Martin Luther King Education Center and Culinary Arts Program will move into the facility. The space will be used, in part, as a conference center, enhancing catering opportunities as well as being a potential future source of revenue. The facility is large and portions may be leased or shared with other programs. Annual maintenance and utility costs will increase. Due to status of the General Fund potential need for further reduction of Youth Services programming, it's not possible at this time to quantifiably project the impact on operations over the next few.