

Capital Budget

Overview

The FY 09-10 Capital Budget totals \$26.1 million dollars. 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.

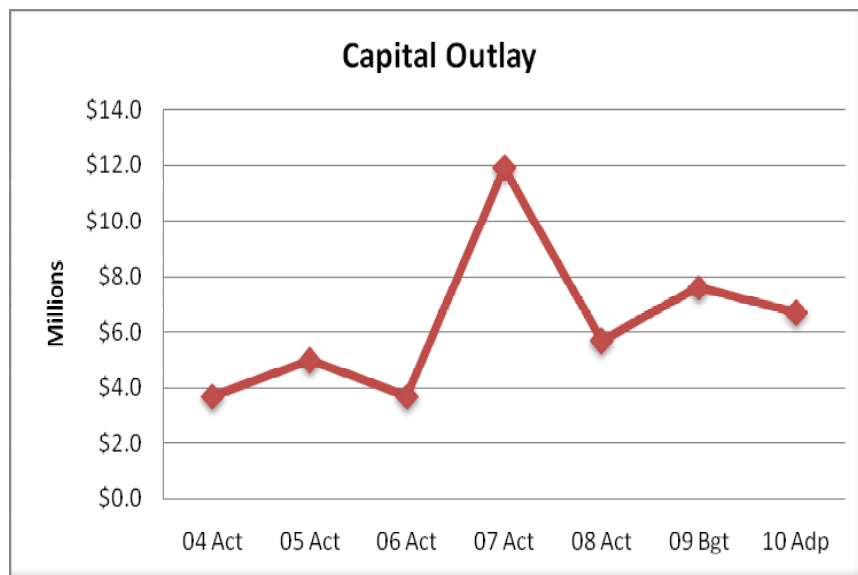
Road and bridge projects have long dominated the County's capital budget. In FY 09-10, infrastructure expenditures remain the largest single use of capital dollars, however, the amount spent from year to year shrinks as the County is forced to cut back new projects as Road Fund revenues are spent down. After the Road and Solid Waste 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 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.

Capital Outlay

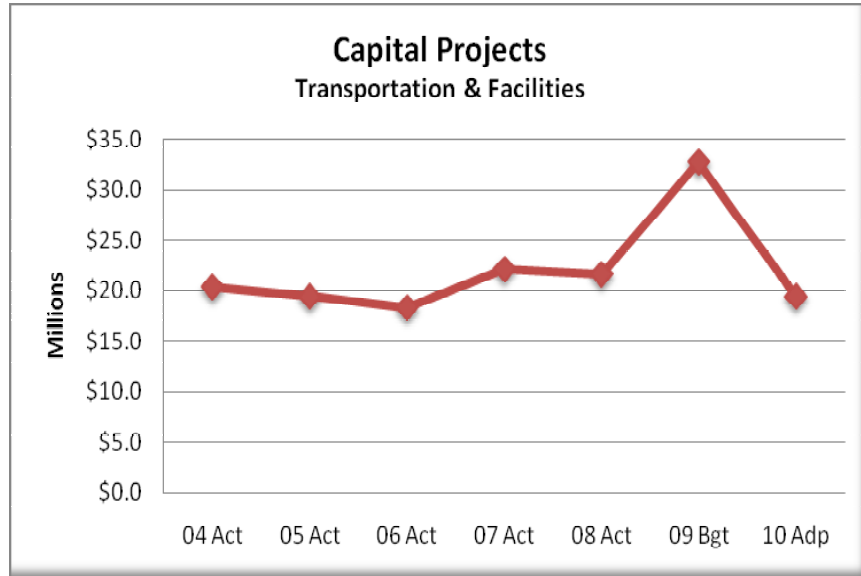
Capital outlay or acquisition purchases are budgeted in various operating funds then transferred to replacement funds. All equipment is on a schedule of replacement. Capital outlay expenditures tend to go in cycles when more or less equipment is up for replacement each year, as was the case in FY 06-07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



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Capital Projects

Capital projects make up the majority of the Capital Budget at \$19.4 million. Capital Project expenditures are budgeted 41.7% less than the prior year. The FY 08-09 budget included in a \$4.75 million exchange of County Road Fund for general fund from the Cities of Eugene and Springfield. While this transfer was budgeted in the Capital Budget, it was used by the cities, not the County, to make improvements. The FY 09-10 project budget is more in line with actual capital project expenditures in prior years.



Transportation Projects



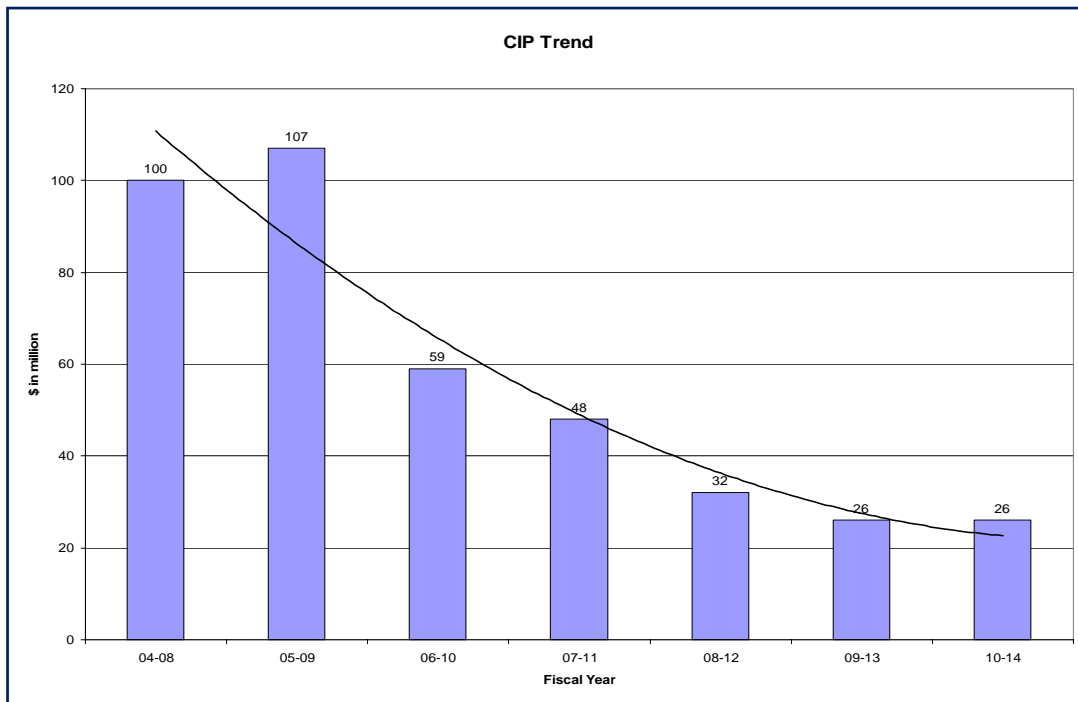
Lane County's five-year Capital Improvement Program (CIP) includes projects specific to the County's **transportation network**. The Lane County Capital Improvement Program Fiscal Year 2010-14 (CIP) is prepared with consideration of the County's fiscal forecast for the next five years and with public input. The CIP was reviewed and discussed at Roads Advisory Committee (RAC) meetings held in Eugene in the winter and at a public hearing in February 2009. After a second public hearing in May 2009, the Board of County Commissioners approved the CIP recommended by the RAC.

The CIP contains projects totaling \$26.1 million in Road Fund expenditures (about 7% less than the previous year). All of the projects were carried forward from last year's adopted CIP, except the newly added Jasper-Lowell guardrail project (pictured). The projects included are one General Construction project, two Structures, one Fish Passage culvert replacement, one Safety Improvement project, and Pavement Overlay projects. Like the preceding CIP cycle, the pavement preservation and rehabilitation program constitute the largest share, 89% of this CIP.

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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%

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 \$26 million in FY 08-09. This declining trend is expected to continue in coming years.



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.

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Lane County Public Health Building: In April 2007, the County purchased the property at 151 West 7th Avenue in 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 was completed on Phase 2 - replacement to the Exterior Insulated Finishing Skin or EIFS. Phase 3, the completion of the remodel, will be complete by July 2010.

Springfield Community Health Center: In June 2009, the County purchased the property at 2073 Olympic Boulevard in Springfield to be



used as the new, expanded site for one of the County's federally qualified health centers. Currently housed in a leased space in the RiverStone building, the Springfield Community Health Center clinic will move to the new building once renovation is complete.

Impact on Operations:

Early this year, Lane County Community Health Centers (CHC) will open a new federally qualified health center in downtown Eugene at the facility. By the end of the year, staff from the Riverstone building will be moving into the new Springfield clinic. Expansion of services at both clinics include: increasing access to patients at new downtown Eugene location and larger Springfield location; addition of two pediatricians and a pediatric nurse practitioner; and expansion of the oral health program for children. The award of two ARRA grants will help finance the expanded operations.

Veterans Services moved to the downtown Eugene facility last year. Eventually, several other Public Health and other Health & Human Service programs will join Vets Services. Until all the programs have moved into the building, the County has leased the unused office space and expects to receive \$200,000 in rental revenue this fiscal year.

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Youth Services Education Center: In 1998, the County purchased the site at 2515 Martin Luther King, Jr. Boulevard in Eugene, commonly known as the Armory, from the State of Oregon. The facility will be remodeled to become the Department of Youth Services' Education Center. Remodel costs are estimated to cost \$2.2 million. Bids for the remodel will be reviewed early in the fiscal year. The center is the final stage of the Juvenile Justice Center project approved by voters in 1995.



Youth Services Education Center

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 and 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 years.



Lane County Armitage Park

Parks: No projects requiring new or additional System Development Charge (SDC) funds are scheduled for FY 09-10 as the SDC fund balance has been depleted to a nominal amount. Parks five-year Capital Project Improvement Priorities List plans for continued accumulation of SDC funds in FY 09-10 with projects planned to resume in FY 10-11. The Armitage Park Campground was completed last year and is up and running and now helping to generate new park revenues.

Waste Management: Public Works budgeted \$3,384,600 for capital projects for FY 09-10, the majority of which will be used for the final closure construction project of Phase 3 at the Short Mountain Landfill. Waste Management will also be working with state and federal regulatory agencies to set up Lane County's Quamash Prairie wetland mitigation plans for present and future landfill construction.



Short Mountain Landfill

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