

Capital Budget

Overview

The FY 07-08 capital budget is the County's financial plan of capital outlay and capital project expenditures. The capital project budget incorporates anticipated revenues and expenditures included in the second year of the Five-Year Capital Improvement Program (CIP) 2007-2011.

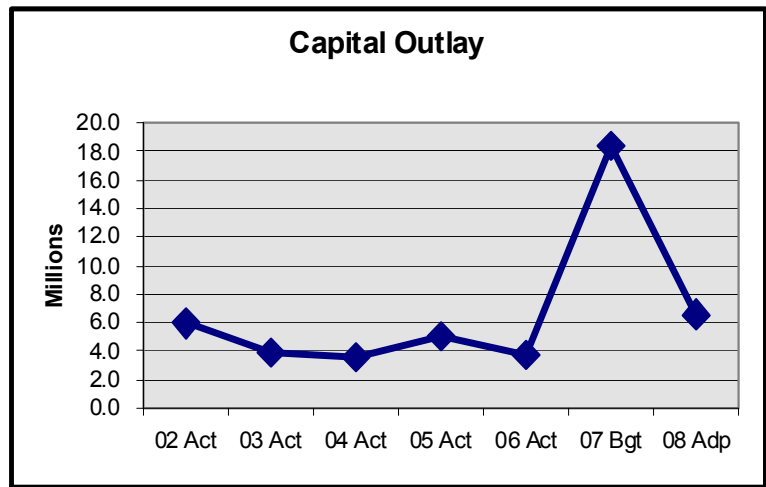
Capital expenditures are defined as follows:

- Capital Outlay: acquisition of items which generally have a useful life of more than one year and a value of at least \$5,000 including such items as furniture, equipment, machinery, land, and buildings.
- Capital Projects: any major repair, renovation or replacement of a current asset that extends the useful operational life by at least five years or expands the capacity of an existing facility. It also includes construction of a new asset with a useful operational life of at least five years including roads, bridges, parks, marinas, and buildings.

The capital portion of the budget is distinct from the operating budget for several reasons. First, capital outlays 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) Acquisition

Capital outlay expenditures are budgeted at \$6.6 million for various equipment purchases that make up only 1.3% of the County's overall budget. The major types of equipment purchased include heavy equipment for the Public Works department along with vehicles and data processing equipment for a variety of departments. All equipment is on a scheduled replacement cycle. Dollars are budgeted in various operating funds and are transferred to the replacement funds for holding until sufficient funds have built up to replace the equipment. For this reason 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 the purchase of 15 new dump trucks, 7 trailers, a rail truck, a chip spreader, CAT Crawler, CAT Compactor and transport tractor. For FY 07-08, the capital outlay budget has decreased by \$3.5 million or 34.5%.

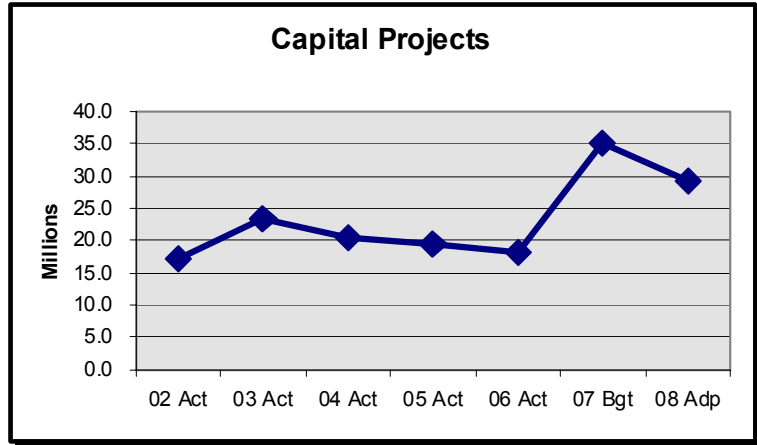


CAPITAL OUTLAY LISTED BY CATEGORY OF EXPENSE			
Heavy Equipment	2,696,000	Data Processing & Electronic	585,007
Equipment Attachments	107,500	Data Processing Equipment	1,463,751
Vehicles	1,514,000	Law Enforcement Equipment	197,446
Institutional Furnishings	25,000	Machinery & Equipment	29,000
		Scientific & Laboratory Equipment	25,000
		CAPITAL OUTLAY	\$6,642,704

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Capital Projects

Capital projects are budgeted at \$29.3 million and represent 5.8% of the total budget. This budget is primarily a reflection of the road and bridge projects approved for FY 07-08. These projects are based upon the Five-Year Capital Improvement Plan prepared by the Department of Public Works.



The funding available for road and bridge projects is shrinking. New revenue is not growing fast enough to keep up with the need and in fact is dependent in large part on the federal funding provided through the Secure Rural Schools and Community Self-Determination Act of 2000 that is due to sunset unless renewed by Congress.

CAPITAL PROJECT DOLLARS LISTED BY CATEGORY OF EXPENSE			
Professional Services	2,366,176	Infrastructure (roads, bridges, etc.)	22,169,350
Land	20,000	Economic & Urban Development	1,206,300
Buildings & Improvements	3,564,150	CAPITAL PROJECTS	\$29,325,976

List of Capital Projects

Lane County's Capital Projects fall into two main categories:

- 1) Capital improvements to facilities, and
- 2) Public works related projects including road and bridge repair and construction, waste management, parks and open spaces, and community development projects.

Capital Improvements to Facilities

Of the total \$29.3 million budgeted for capital projects in FY 07-08, only \$1.4 million or 4.9% falls into the facility improvements category.

Community Development Block Grant	
Mapleton Water System	350,000
Blue River Water System	600,000
Capital Improvement Fund	
Courthouse Remodeling/Improvements	481,000

Public Works Related Capital Projects

By far the majority of capital project resource, \$27.2 million or 92.9% of the capital projects budget, will be used on public works related projects. Lane County currently maintains 1440 miles of roads and 414 bridges.

The Capital Improvement Program (CIP) is a 5-year plan for capital improvements to Lane County's transportation network. In the past three years, a number of modernization projects identified in previous CIP cycles were cut because of declining Road Fund reserves and uncertainty over continuation of the federal "County Payments Legislation." The priority is preservation and

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maintenance of the County road and bridge system. As funding from the County Road Fund allows, enhanced and assistance programs will be considered.

Road Fund

Street & Highway Capital Improvements

General Construction

Bob Straub Parkway, S. 57 th St.-Jasper Rd.	5,700,000
Bob Straub Parkway Environmental Mitigation	385,000
Bolton Hill Rd., Territorial- S. of Dogwood	1,750,000
Harvey Rd., Hillegas-Urban Growth Boundry	1,650,000

Pavement Fund

Overlays and Rehabilitation	2,915,000
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Structures

London Road, mp 8.73	252,000
London Road, mp 11.25	225,000
London Road, mp 13.01	1,500,000

Roads for Assisted Housing Projects

Heather Glen Affordable Housing	150,000
Prairie View Affordable Housing	213,700
Westtown at 8 th Affordable Housing	275,000

Solid Waste Fund

Short Mt. Landfill Construction/Quamish Prairie	6,208,930
Wetland Development	
Short Mt. Landfill Cell 1-2 Final Closure	439,663

Parks Fund

Armitage Park Campground	907,000
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Annual Operating Budget Impact

All of the capital improvement to facilities projects planned for the year are routine in nature and will generate no significant impact on operations. The development and future operation of the Armitage Park Campground involves a transition of day use to overnight operations. No additional personnel or expense is expected. The plan is instead to transition personnel and operational costs from other activities to campground management.

FY 07-08 Capital Project Budget by Department	
Department	Budget
Sheriff's Office	64,046
Fair Board	900,000
Public Works	24,708,140
Management Svcs	1,270,104
General Expense	775,000
Information Svcs	1,608,686
Total	\$29,325,976

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