

Judge Shaffer opened the Gilliam County Court Work Session at 9:02 a.m. at the Gilliam County Grain Lab Conference Room at Shutler Station Industrial Park. County Court members present were Judge Steve Shaffer, Commissioner Michael Weimar, and Commissioner Dennis Gronquist. Also present were Treasurer Danelle Wetherell and County Court Administrator Leanne Durfey.

Judge Shaffer noted the work session is to discuss county court priorities and financial/consulting services. He distributed and explained a spreadsheet to show the projected distribution of SIP revenues, estimating SIP taxes, Community Services Fees and Discretionary Fees over the next decade. He pointed out the numbers are projections only, based on information currently available. He said the reported values shown in the projections probably won't change much but the number in tax column may change. He also pointed out the revenues will decrease over time. It was noted the green column in the spreadsheet (total SIP costs) includes the amount that gets distributed to other taxing districts.

Budget Officer Danelle Wetherell said the County's share of the SIP Community Service Fee next year is \$690,594 and she estimated the discretionary funds at \$6,000,000. Judge Shaffer noted current year allocated approximately \$1,300,000 in funding requests to other entities. He said requests from those entities for next year total approximately \$2,000,000. Next year's budget also includes approximately \$3,000,000 allocated to the five projects which the Court previously committed SIP funding.

Judge Shaffer then distributed six different scenarios of the loan payment schedule for the IBR building showing accelerated payments and the interest savings. Discussion followed about the amount of discretionary revenues the County will receive and how to best develop a long term plan. Noted interest rate on loan is at 4.76%, significantly higher what county funds are currently earning. Court members agreed their number one priority is to pay off the County debt for the IBR building. Consensus to aggressively accelerate the debt payments; plan to make a payment in 2015-16 in the range of \$2,000,000 to \$3,000,000, which can be budgeted in lieu of the five funding commitments that will be fulfilled in the 2014-15 budget. Brief discussion followed regarding the \$920,000 grant the County received for the construction of the Grain Lab.

Danelle Wetherell distributed proposal she drafted for 2014 Budget - SIP Discretionary Funds and Economic Development Funds.

Discussion followed about drafting an ordinance or resolution which would outline the distribution of SIP funds. The Court discussed secondary priorities following debt payoff. It was noted currently the areas receiving a significant share of county discretionary funds are senior living, education, day cares and health care. Included in the discussion was county funding given to school districts. Commissioner Gronquist said he is more inclined to support the Condon School District's funding request due to their recent letter to the editor in *The Times Journal* which advised the readers they will be going out for a bond.

Commissioner Weimar included infrastructure in the discussion, suggesting the Court needs to determine what falls under the definition of infrastructure. Commissioner Gronquist suggested

infrastructure can be considered economic development. Commissioner Weimar said if that is the determination it will be important to make sure that is clearly understood.

The Court agreed county infrastructure includes the following:

- County roads and bridges
- Shutler Station Industrial Park sewer, water and buildings
- Fiber (cell towers)

It was agreed the County Court should create a reserve fund for the above stated purposes.

Judge Shaffer noted the Gilliam County Economic Development Strategic Action Plan is nearing its end as it was written as a five year plan to cover the period of 2010-2105. He suggested the Court review the plan in October or November. Commissioner Gronquist expressed his opinion that the Court should stay involved in economic development, noting the Port of Arlington is a countywide port and the County should work with them but he doesn't feel they should be considered the only economic developers for the County.

Commissioner Gronquist would like to see the County build a large fund for economic development, something that would not be utilized every time a small project comes along. Judge Shaffer suggested a percentage could be established, for example 40% of the Economic Development Host Fees could be appropriated to the Port. Commissioner Weimar suggested the thinking is too near sighted, he thinks the Court needs to first look at the big picture with the first decision; does the County want to do economic development? And if so, create a fund for this purpose. Commissioner Gronquist expressed support of the suggestion for allocating a percentage of the Economic Development Host Fees to the Port.

Judge Shaffer said the current county budget includes a transfer of \$870,000 SIP funds to support the General Fund. The proposed budget for next fiscal year will include approximately \$800,000 transfer to the General Fund. He pointed out this additional revenue to the General Fund is over and above what is received in federal & state funds and property taxes. Also included in revenue to the General Fund is 25% of the Economic Development Fund Host Fees. Judge Shaffer noted SIP funds can and will at some point end. His goal is to get the General Fund under control so expenditures stay within actual General Fund revenue eliminating the need for transfers. He has compared the current budget with past budgets in an effort to determine what might be a minimum level of county services.

Discussion led to county dollars supporting education. Commissioner Weimar stated it's not the County's responsibility to fund schools, suggesting it might be better use of County discretionary funds to build a new school instead of providing operating dollars. Judge Shaffer said good schools are economic development. Commissioner Gronquist posed a question; if the County provides operational dollars so the schools can continue to operate, at the point the County cannot provide funds any longer, what good will it have done?

Judge Shaffer outlined reasons for financial consultant; project SIP funds, set priorities, get general fund spending under control. Judge Shaffer commended past courts for doing a good job creating opportunities in growth stating he would like to continue creating growth opportunities. Commissioner

Gronquist wants to get something in place so the Court doesn't have to go through this each year. He said he is comfortable with Judge Shaffer deciding the areas he thinks the Court should utilize a financial consultant.

Discussion followed on setting priorities for discretionary funds. It was noted the five funding commitments will be fulfilled in the 2014-15 budget. It was estimated the 2015-16 budget will include \$5.5 million in SIP discretionary funds. The Court wants to move forward with drafting a resolution that will set out a long term plan with funding projections and allocations with an annual review as part of the process. The resolution will also create a Strategic Reserve Fund. Commissioner Weimar suggested the resolution be set up to direct the debt service funds, after the debt is paid off, to be allocated to the Strategic Reserve Fund.

The Court developed a draft list of the following priorities/categories for future SIP resolutions:

DISTRIBUTION OF SIP FUNDS

Estimated SIP Discretionary Revenue = Based on projections for each year

(Following is an example for year 2015-16)

SIP Discretionary Funds	Revenue	\$5,500,000	
*Debt Service First Priority	Expenditure	\$3,000,000	
SIP Discretionary Funds	Balance	\$2,500,000	45% = \$1,125,000 20% = \$ 500,000 20% = \$ 500,000 <u>15% = \$ 375,000</u> 100%= \$2,500,000
Livability/Quality of Life 45% = \$1,125,000	Infrastructure 20% = \$500,000	Economic Development 20% = \$500,000	Strategic Reserve Fund 15% = \$375,000
Senior Living	County Roads	Gilliam County	County Savings
Education	County Bridges	Port of Arlington	
Day Cares	Fiber (cell towers)		
Health Care	Shutler Station Industrial Park sewer, water, buildings		
Family Services			

*When the County debt is paid off the SIP funds that were budgeted for debt service will be directed to the Strategic Reserve Fund

Judge Shaffer then adjourned the work session. The next regular Court meeting will be held Wednesday, May 7, 2014 at the Gilliam County Courthouse located in Condon, Oregon.

GILLIAM COUNTY COURT

By _____
Steve Shaffer, Judge

By _____
Dennis Gronquist, Commissioner

By _____
Michael Weimar, Commissioner

Leanne Durfey-Recorder