



## 2024-2025 Budget Message

**NORTHERN OREGON REGIONAL CORRECTIONS**

**201 WEBBER STREET**

**THE DALLES, OR 97058**

**[WWW.NORCOR.CO](http://WWW.NORCOR.CO)**

April 18, 2024

Dear Commissioners:

Please find attached the proposed budget for the fiscal year beginning July 1, 2024, and ending June 20, 2025 (FY2024-25).

The FY2024-25 budget was created with NORCOR's vision, strategic objectives, and core values, along with the mission of the four counties we serve in mind. Our staff are committed to a safe, secure, and respectful organization. We are dedicated to public safety, victims' rights, and the reformation of the offenders under our care. All individuals under our care are treated in a safe and humane manner and we exemplify the core values of **Teamwork, Integrity and Excellence.** The Board has stated in previous budget cycles that NORCOR should serve to improve the quality of life of the individuals we serve while being good stewards of our citizens' tax dollars. The monumental task facing the Board is how to ensure that we are providing exceptional service and care while continuing to support the operations and capital needs of our organization within reasonable budgetary constraints.

The impacts of post-pandemic society and increased inflation continue to create unique challenges as we move forward in our FY2024-25 budget cycle. NORCOR employees and our leadership team continue to persevere and uphold the fiscal responsibilities crucial to being thoughtful stewards of public funds. We publicly acknowledge and express our respect and gratitude to the staff and management team members who navigated the FY2024-25 budget process. Thank you!

The recommendations provided represent the unified voice of the Business Manager, Jail Commander and Detention Manager. We are grateful for the opportunity to serve the Board of Directors and the community in which we live. We look forward to working with the Board to review these recommendations and adopt a budget for FY2024-25.

Sincerely,

Nichole Biechler  
Business Manager

Joyce Orendorff  
Jail Commander

Daniel White  
Juvenile Detention Manager

We are pleased to submit for your consideration the FY2024-25 proposed Annual Budget for NORCOR.

Northern Oregon Regional Corrections (NORCOR) is a municipal corporation, created in 1996 under the authority of Oregon Revised Statutes (ORS 190) by the execution of an Intergovernmental Agreement between Gilliam, Hood River, Sherman and Wasco Counties. Each of the counties represented by NORCOR have delegates who are members of the NORCOR Board of Directors. The Board of Directors met and appointed community members from each of the participating counties to the NORCOR Budget Committee. The purpose of this document is to provide narrative of the current status of NORCOR's financial position and a framework for the upcoming 2024-2025 fiscal year.

The fiscal year 2024-2025 budget has been prepared by the Budget Officer in collaboration with the NORCOR Management Team. Additional information regarding upcoming facility, medical and information technology needs were requested and received through division leads. The Management Team is presenting to the Board a realistic budget for operating the current NORCOR facilities based on best practices and industry standards.

The value and purpose of this budget is to provide a financial plan for the 2024-2025 fiscal year. The final approved budget will authorize NORCOR to receive resources and expend funds.

The Management Team includes the Business Manager, Adult Jail Commander, Juvenile Detention Manager, and the Finance Manager. On February 15, 2024, the NORCOR Board appointed the Finance Manager, Dale Whipple, as the Budget Officer for the 2024-2025 NORCOR Budget process. The presentation of the Budget continues to support the current management structure through June 30, 2025.

The purpose of the NORCOR Budget Committee is to convene and receive the full budget document including the Budget message. The Budget Committee provides a forum for the public to inspect and comment on the proposed 2024-2025 budget. Upon the satisfaction of the Budget Committee's consideration, the Budget Officer will seek approval for the 2024-2025 fiscal year budget with a recommendation to the NORCOR Board of Directors for adoption.

The proposed NORCOR budget has two (2) facility funds.

- General fund
- Reserve fund

NORCOR has two (2) dedicated funds governed by Oregon Revised Statutes related to Adults in Custody

- In custody welfare fund – limited to the general welfare of all adults in custody.
- In custody Trust fund - pass-through funds.

### **General fund**

The General Fund for NORCOR is the primary operating fund for the operations of the facility. There are three sub-departments within the General Fund in which funds are appropriated and legally available for the operations of NORCOR. Within each of the sub-departments the revenues and expenditures are explained.

#### Shared Services (Administration):

- Shared revenue: Property rental, Interest income, Transfers from Adult and Juvenile departments.
- Expenses: Personnel, materials and services, and capital
- The Reserve Fund and Facility Contingency is budgeted within the Shared Services
- Software expenses are covered through the inter-department transfer based on 75% adult and 25% juvenile split.

#### Adult Services:

- Department specific revenue – County subsidies, bed rental contracts, federal funds, custody fees, and justice reinvestment funds.
- Department specific expenses (personnel, materials and supplies, contract services and capital)
- Transfer to the Administration Department
- \$90,000 rollover for transport vehicle

#### Juvenile Services:

- Department specific revenue – County subsidies, service and rental contracts, federal funds, and National School Lunch Program
- Department specific expenses (personnel, materials and supplies, contracted services, and capital)
- Transfer to the Administration Department
- Rollover OYA Grant for construction project extended to October 2024

### **Reserve Fund (Capital Outlay):**

The Reserve fund was developed by resolution in February 2019. These funds have been designated for future expenditures for large facility maintenance and capital improvements that enhance current assets. The Reserve Fund has developed a replacement and retention plan for the assets with the following priorities.

- 1) The Dakine Roof has not been replaced since the initial build in 1997. The roof requires maintenance and is coming to end of anticipated wear. The most recent cost review for complete replacement is estimated at \$385,000.
- 2) NORCOR has over 76 HVAC units located on the NORCOR roof structure. In 2021 there was an investment of \$80,000 using ARPA funding to upgrade the HVAC computer hardware and software. The risk for the HVAC system is the roof units themselves. The replacement cost for these units has not been reviewed in several years. In addition, the HVAC units and ducting for NORCOR have never been cleaned. The total cost to do this is approximately \$40,000.
- 3) The Fire suppression system in both facilities is out of date and difficult to maintain. There have been preliminary discussions, but no formal request for quotes.

The Management Team will continue to research and seek additional funding for capital investments. These opportunities may include grants and incentives to become more energy efficient.

### **Facility Welfare Fund:**

The Adult in Custody Welfare Fund is part of the adult facility. These revenues are restricted by Oregon Revised Statutes for expenditures that benefit the whole of the adults in custody. Examples include items or programs that enhance the lives of adults in custody, including education, job training, drug and alcohol treatment, exercise equipment, television and cable subscriptions, magazine subscriptions, books, microwaves, special event meals or snacks, and board games.

These funds cannot be used for regular meals, clothing, medical care, staff salaries, staff clothing or equipment, and facility maintenance.

### **DESCRIPTION OF REVENUE SOURCES**

As the designated local correctional facility and the designated juvenile detention facility for Gilliam, Sherman, Hood River, and Wasco Counties, funding for operations is the responsibility of the member counties. The 2024-2025 budget continues to honor the funding formula of 50%

from Wasco County, 40% from Hood River County, 5% each from Gilliam County and Sherman County. The 2024-2025 revised budget includes a request for a 5% increase of county subsidies from the current fiscal year. While the initial request was for 6%, our budget was adjusted to reflect 5% as we received feedback from our county partners.

The current rental contract is in the third year of a three-year contract. The terms of the contract include a 2% decrease in the two final years of the contract term from November 1, 2023 to October 31, 2025. This was part of the negotiations to ensure the continuity of the contract. The warehouse is a unique structure. It requires a very specific renter profile that is uncommon for the regional market.

#### DETAILED BUDGET NARRATIVE

NORCOR's primary expenses are related to personnel costs.

Personnel costs of NORCOR comprise 74% of the overall budget. NORCOR is currently in the final year of the Collective Bargaining Agreement with the NORCOR Association. The designated COLA for FY2024-25 is 5%, with associated costs for base wage increases impacting PERS, FICA, Paid Leave Oregon, etc. Paid Leave Oregon is in its first year of implementation with costs split between NORCOR and staff.

NORCOR's expenditures from year-to-year total approximately \$10 million. We are beginning this next fiscal year with a 15% employee vacancy rate. We are short-staffed and need to fill nine (9) positions between the adult and administrative services teams. These are not new positions. They are allocated and unfilled. This represents approximately \$1.2 million that has been reflected in the beginning fund balance. This exacerbates the apparent difference between actual expense and budgeted expense. To meet unappropriated fund goals for FY25-26 the 15% vacancy rate may be reallocated to provide peace of mind in final budget approval.

Moreover, \$1.4 million of the beginning fund balance accounts for 92% of our operating budget. While we realize that this is not sustainable, the NORCOR staff and management team has continued to operate conservatively to provide continuity for day-to-day operations.

Board approved pay equity work is complete. Market research and review work continues, but funds were not appropriated for the changes in salary and back-pay. Salary increases for identified positions will reflect implementation of these changes in each departments' budget.

Contract negotiations continue between all departments, which has resulted in a 67% increase in the juvenile OYA contract. Ongoing contract negotiations are in process with the US Marshalls for the adult team.

Most increases in the administrative budget are due to budget clean-up. Last year many positions and budget allocations were not transferred from adult to administration. Actual

administrative expenditures are consistent with or reduced from past years. Any increases are attributable to professional development and the addition of legal service from the adult and juvenile departments. Those lines were transferred to administrative services, and this is reflected in their respective budgets. Continual clean-up of the general fund ledger will be implemented for FY2025-26 as the removal of the transfers between departments is unnecessary and cumbersome.

Other significant expenses include an increase for the food contract of 10%, utilities (electricity and gas) increasing 15%-20%, and liability insurance increasing 7.5%. The reduction in adult utilization will offset the cost associated with the Summit food contract.

It has been the Management Teams pleasure to work with the NORCOR Board.

Respectfully Submitted.