

MINUTES & NOTICE OF BOARD ACTION

APPROVED _____



LANE COUNTY BOARD OF COMMISSIONERS

This document, upon approval in a public meeting by the Board of County Commissioners, serves as official minutes of such meetings as required under the Open Meetings Law, ORS 192.650.

Pursuant to notice made by mailing agendas to news media, a selected list of jurisdictions and individuals in Lane County, a meeting of the Board of County Commissioners was held.

Questions should be directed to The Board Office Specialist 3, ext. 4203.

December 20, 1993
12:00 Noon

LEADERSHIP TEAM
REVENUE MEETING

Commissioners'
Conference Room

Chair Steve Cornacchia presided with Ellie Dumdi, Marie Frazier, Jack Roberts and Jerry Rust present. Sharon Giles, Recording Secretary.

Budget Committee Members Present: Marie Bell, Kate Jones and Rob Laney.

Representing the Leadership Team were: Jim Gangle, Doug Harclerod, Bob McManus, Bill Van Vactor, Steve Carmichael, Chuck Forster, John Goodson, Rob Rockstroh, George Russell and Teresa Wilson.

Van Vactor noted that the long-term Financial Plan had been presented to the Leadership Team on August 25 and the Board had asked for answers to some questions regarding the "assumptions". He stated that the citizen members of the Budget Committee had been updated on the Financial Plan in November and December.

1. a. FINANCIAL PLAN

Margo Drivas distributed a revised model of the Financial Plan which has the refined assumptions that came from the last Leadership Team meeting and subsequent discussions. She reviewed items she stated were "soft spots". Drivas indicated that in the Revenue portion, there is concern regarding what will need to be done to keep the A & T State Grant. She noted that revenues are basically flat throughout the projection years, with some minimal increase beginning in year seven. With regard to expenditures, Drivas remarked that this model is based on the current service configuration, and that the prior year's reductions have been distributed into the next year's personnel and materials and services. She noted that this model assumes that Land Management will be 90% off the General Fund over three years. Other assumptions are listed on the right side of the chart (see material on file). Drivas summarized that, in order to have a balanced budget with no new revenue and no enhancements, FTE positions will be reduced from 427 to less than 250 over the 10-year period.

b. MANAGEMENT TEAM REPORT

Van Vactor briefly reviewed the December 20 Management Team memorandum, noting that previous reductions have caused service levels to become problematic in some departments (see material on file). Four departments presented summaries:

Youth Services - Judge Hargreaves stressed that the rate of delinquency/crime in the community is on the rise. He stated that there were 8,000 criminal offense referrals last year and that felony referrals were up 71% over the last four years. Hargreaves indicated that, as a result of layoffs, fewer and fewer kids can be worked with directly. He noted that at that point, choices are made to work with the most serious/dangerous and, as a result, preventive work with first offenders is not being done. Hargreaves remarked that the tolerance for crime is going up, with misdemeanors not going to court. He commented that juvenile offenders eventually feed the adult system. Bell stated that this area needs to be looked at very seriously and that the state Juvenile Justice Task Force may be requiring a minimal level of compliance.

Assessment and Taxation - Gangle noted that there was a 9.25 FTE reduction in A & T last year. He indicated that the department has fallen behind in cartography and the results of data processing layoffs concern him the most. Gangle explained that a Department of Revenue review is in progress. He expressed concern about the Financial Plan's blank line with regard to new revenue. Gangle urged the Board to look at a new revenue source.

District Attorney - Harclerod remarked that Lane County is in a stage of growth (from 282,000 in 1990 to 298,000 in 1993). He noted that as the County grows, so does the demand for services. Harclerod reported that during the first six months of 1993, crimes-against-persons arrests were up 13%. He observed that his department had lost four positions during the last budget cycle. He stated that "holding your own", with growth, is a reduction. Harclerod stressed that he will support a new revenue source.

Public Safety - McManus indicated that some new residents are bringing gang problems, etc. He stated that the criminal justice system is not able to meet the expectations and needs of the citizens of the County. McManus explained that the State Police closure in Cottage Grove was causing that workload to come to the Sheriff's Office. He also noted that the McKenzie River area state trooper is gone. McManus observed the need to work together to meet the minimum needs of the citizens.

c. REPORT/Finance and Audit Committee

Roberts explained that he and Frazier had met last week as the Finance and Audit Committee to look at possible alternative revenue. He noted that they had looked at the old Revenue Task Force report and had focused on an alternative which put together a number of small revenue sources (see

handout on file). He indicated that one of those sources, the real estate transfer fee, was possible because the Governor had vetoed a bill during the last legislative session which would have extended the moratorium on local real estate transfer fees. He commented that there is currently a real estate transfer fee that is being collected by Deeds and Records for the state, and there is an example of a county real estate transfer fee operating now in Washington County.

Frazier presented five criteria she and Roberts considered when looking at this fee as a potential revenue source:

- 1) It would meet, but not exceed, the fiscal needs;
- 2) The revenue would be dedicated to law enforcement;
- 3) The real estate transfer tax would be patterned after a successful model in Washington County;
- 4) Lane County would conduct a review annually to monitor the continued need for this tax; and
- 5) A subcommittee would be created under Finance and Audit for service delivery review.

Frazier indicated that the deciding factor for her was a review of the cuts during her three years in office and the realization that further reductions will severely impact service delivery to the public. She noted that almost 50% of discretionary general fund dollars are spent on law enforcement, and stated that if basic support services cannot be provided to small communities, new businesses will not locate there. She urged the Board to also support a real estate transfer tax.

Rust provided a list of questions he would like to see answered:

- 1) What percentage of closing costs would the proposed tax be?
- 2) What percentage of residential sales are below the average sale price of \$80,000?
- 3) What percentage of sales are residential/commercial/industrial (dollars figures)?
- 4) Is this tax broad enough to be fair, in that it is not that too heavy a burden on real estate?
- 5) How easy is it to administer and what are the costs?
- 6) What is the relationship between the tax and the services the County provides?
- 7) Are there any better ideas?

Rust indicated that he would be interested in hearing public testimony.

Bell expressed concern for homeowners and asked if there was any possibility of an exemption for the primary place of residence.

Roberts distributed an analysis of potential revenue projections (see material on file).

Cornacchia asked two additional questions:

1) What would the numbers be on the Financial Plan chart if the FTE reductions were not taken? i.e. how many dollars do we really need to keep service levels the same and maintain the status quo?

2) Does the dedication to law enforcement include Youth Services, District Attorney, Public Safety and law enforcement portions of Health and Human Services? Roberts indicated that the recommendation was for all, except Health and Human Services. Roberts commented that the reason for the dedication to law enforcement was to assure the public that law enforcement is the top priority.

Cornacchia asked that County Administration and the Finance and Audit Committee work together to report back with answers to the questions asked. Bell asked if this was the direction the Board was taking, and are there other groups assigned to study other alternatives. Cornacchia indicated that this was a recommendation from the Finance and Audit Committee and other suggestions were welcome during the discussion of this item. Rust suggested that, since this is the only live option at this time, staff be asked to process questions by January 1, that the group review the answers and have further discussion at that time, and that staff be directed to prepare an Ordinance, based on the Washington County model, while the answers were being prepared, in preparation for a possible Public Hearing on this issue shortly after the first of the year. Dumdi asked that Finance and Audit look at this issue further and make a recommendation on a rate. Cornacchia stressed that he was not ready to rush this process.

Roberts stated that he would prefer to go ahead with drafting the Ordinance. He stated that this needs to be put out as a serious option in order to get public feedback. Roberts stressed the need to move ahead to be able to plan for the next budget cycle, recognizing that until the Board votes at a Second Reading, there is no Ordinance. Responding to Cornacchia's question, Roberts stated that it is the recommendation of the Finance and Audit Committee that this tax would be implemented by the Board, as were the transient room tax and car rental tax. He indicated that the practice has been that "special taxes" like this, that are not on the general public at large, have not normally been referred to the voters. Responding to Dumdi, Roberts indicated that a potential rate considered by F & A was one-third of one percent on transfers to deal with next year's budget shortfall. He noted that if an exemption on owner-occupied homes were included, it would mean the need to substantially increase the rate to raise the same amount of money. Roberts encouraged keeping the Ordinance uniform with Washington County's model. He commented that at the first reading several rates/options could be identified. Roberts stated that rate options were being offered that would solve the upcoming year's fiscal need and it is not dealing with future enhancements/problems.

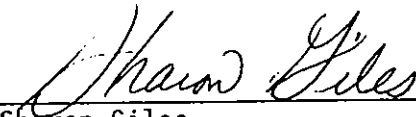
Cornacchia cautioned about the potential risks of adopting a tax when there is a ballot measure in the works which would prohibit government from raising any taxes/fees without a vote of the people. He expressed

concern that there might be a voter backlash against the County in future votes, particularly for the next law enforcement levy. Bell commented that from her perspective the County has its credibility because the Commissioners do their homework. She suggested that before going to a public hearing, the work needs to be done among the Board members to maintain credibility and make sure all members agree among themselves. She cautioned the Board not to hurry.

Rust asked Wilson to outline the Charter procedure for how an ordinance is adopted. Wilson stated there needs to be a first reading and then, not less than 13 days later, there is to be a second reading. She continued that at one of those two readings there needs to be a public hearing. Wilson remarked that the ordinance can be adopted after the two readings and public hearing. She stated that there is then a 90-day period during which the citizens can refer the matter to the ballot. Wilson explained that legal counsel advice has always been that if an ordinance involves the collection of money, the language should specify that the ordinance is effective at the conclusion of the 90-day period. She indicated that the ordinance would not take long to prepare as there is the Washington County model and Lane County has had a real estate transfer tax ordinance written in previous years (which was never implemented).

Cornacchia indicated that, before going into a public hearing, the entire package should be developed: 1) the rate; 2) how much it raises; 3) what money goes to what department; and 4) how many FTE are remaining, etc. Rust asked staff if all of the questions could be answered in time to prepare for a first reading in early January. Dumdi noted that two lay budget committee members were absent today and would need the opportunity to be briefed. Bell commented that the public will want to see how this fits into an overall plan/long-term strategy. Roberts expressed concern that any timeframe should allow for the 90-day period to expire prior to the beginning of the next fiscal year and also allow time for any potential referral to be on the May ballot. Van Vactor stated that staff could be prepared to report back with all of the information requested on or after January 4. Cornacchia stated that he was feeling stampeded into something without all the information. Harcleroad suggested that this same group meet again during the first week in January to review that information/report and proceed with a first reading during the week of January 10, with a second reading and public hearing two weeks after that. There was concurrence to proceed with Harcleroad's suggestion, with this group meeting again on January 7 at 9:00 a.m., the first reading to occur during the week of January 10, and the second reading and public hearing to be held on January 25.

There being no further business, this meeting adjourned at 1:50 p.m.


Sharon Giles
Recording Secretary