



WASCO COUNTY BOARD OF COMMISSIONERS & THE DALLES CITY COUNCIL
REGULAR SESSION / AGENDA Friday, May 23, 2014
LOCATION: Department of Human Services Klickitat Room
3641 Klindt Drive, The Dalles, OR 97058



NOTE: With the exception of Public Hearings, the Agenda is subject to last minute changes; times are approximate – please arrive early. **Meetings are ADA accessible.** For special accommodations please contact the Commission Office in advance, (541) 506-2520. TDD 1-800-735-2900.

9:00 a.m.

CALL TO ORDER

9:00 a.m.

Road Advisory Committee Feasibility Report – RAC/Arthur Smith/Marty Matherly

9:30 a.m.

Discussion

**NEW / OLD BUSINESS
COMMISSION CALL / REPORTS
ADJOURN**

If necessary, Executive Session may be held in accordance with: ORS 192.660(2)(a) – Employment of Public Officers, Employees & Agents, ORS 192.660(2)(b) – Discipline of Public Officers & Employees, ORS 192.660(2)(d) – Labor Negotiator Consultations, ORS 192.660(2)(e) – Real Property Transactions, ORS 192.660(2)(g) – Trade Negotiations, ORS 192.660(2)(h) - Conferring with Legal Counsel regarding litigation, ORS 192.660(2)(i) – Performance Evaluations of Public Officers & Employees, ORS 192.660(2)(j) – Public Investments, ORS 192.660(2)(m) – Security Programs, ORS 192.660(2)(n) – Labor Negotiations

FEASIBILITY REPORT

FUNDING THE WASCO COUNTY ROAD SYSTEM

May 7, 2014



FEASIBILITY REPORT

FUNDING THE WASCO COUNTY ROAD SYSTEM

INDEX

Road Department Historic Background	Page 1
Option A - No New Funding / Draw down Beginning Balance	Page 3
Pros	Page 3
Cons	Page 4
*PCI Graphs	Page 4
*Roads Questionnaire Summary	Page 6
*Beginning Fund Balance Projections	Page 7
Overall Impact/Summary	Page 8
Staff Recommendation	Page 8
Option B - County Vehicle Registration Fee / \$730K	Page 9
Pros	Page 9
Cons	Page 10
Overall Impact/Summary	Page 13
*Gravel Road Rating Graphs	Page 14
Staff Recommendation	Page 14
Option C - County Road Service District / \$1.6 to \$1.9M	Page 15
A Wasco County Road Service District	Page 17
*Road Service District Assessed Valuation Revenue Estimates – County-wide ...	Page 19
*Increase in Measure 5 Compression from Road District Levy	Page 19
*Road Service District Assessed Valuation Revenue Estimates – Unincorporated Areas	Page 20
*Counties with Road Districts with Permanent Rate Authority	Page 20
* General Government Local Option	Page 20
*2014 District Formation Calendar	Page 21
Pros	Page 21
*Opinion paper on use of Road Service District funds in Cities	Page 22
Cons	Page 23
Overall Impact/Summary	Page 25
Staff Recommendation	Page 25
Conclusions	Page 26
Appendix A – Full-time employees or Part-time workers	Page 27
Appendix B – Vacating County Roads	Page 32
Exhibit A – County option vehicle registration fees - Information sheets	
Exhibit B – County option vehicle registration fee - Estimated revenues	

FEASIBILITY REPORT

FUNDING THE WASCO COUNTY ROAD SYSTEM

Key Issue:

Address the fiscal conditions in the Wasco County Road Department resulting from the loss of federal payments and decide on a proposed funding level.

Historically, the road department has been primarily funded by the state motor vehicle fund (shared portion of the state fuel taxes and vehicle registration fees) and federal timber receipts. A city may impose a gas tax, but no funds are allocated to the county. Property taxes (ad valorem), according to state statute, cannot go to maintain the county roads.

Since 2000, the federal "Safety Net" program made payments to timber counties after logging on the federal forests was sharply curtailed due to environmental concerns. The "Safety Net" payments represented nearly 60% of all road department revenue.

In 2007, the program began to expire. Although "Safety Net" payments had been extended, the funding level was greatly reduced. The road department developed a plan to offset the drastically declining revenue: Reductions in materials and capital expenditures, no additional funding to the emergency road reserve, and reductions in personnel which included the loss of seven full-time employees and two part-time employees.

In 2013, the extensions to the "Safety Net" program ended. The road department has continued to streamline and make cuts and increase efficiencies where possible. Even after those actions, the department is still facing a significant shortfall.

The current maintenance resources are not keeping up with the increasing costs and the needs of an extensive and complex transportation system. The reductions that were made in 2007 were based on the materials and personnel needed to safely maintain the road system for a short period of time. Further cutbacks have extended the work crews too far and the department is losing ground in maintaining the road system every year.

Road Department Historic Background:

1980's – Revenue was based on actual forest cut

- Average annual revenue - \$2.3 million (equivalent to \$4.9 million in today's dollars)
- 53 Full time employees
- 35 miles of chip seal each year – Average emulsified oil price less than \$100 per ton
- Road reconstruction projects – Sevenmile Hill Road, Browns Creek Road, Cherry Heights Road, Orchard Road, and the roads around Pine Hollow Reservoir.

1990's – The northern spotted owl is listed as an endangered species, timber harvest is curtailed, the revenue received is now a payment from federal government and that funding is based on a five-year annual average of previous timber harvests - Owl Guarantee.

- Average annual revenue - \$3.0 million (equivalent to \$4.5 million in today's dollars)
- 38 Full time employees
- 35 miles of chip seal each year – Average emulsified oil price \$115 per ton
- Road reconstruction projects – Fivemile/Steele Road, Threemile Road, Wamic Market Road
- 1995 and 1996 floods impacted pavement preservation, capital improvement work and road maintenance activities.
- In order to pay for flood damage, the county depletes its road reserve.

2000's – Secure Rural Schools legislation is enacted – “Safety Net” payments are made based on 75% of the Owl Guarantee funding. Funding is on a declining scale.

- Average annual revenue - \$3.75 million (equivalent to \$4.25 million in today's dollars)
- 34 Full time employees
- 30 miles of chip seal each year – Average emulsified oil price \$220 per ton
- Road reconstruction projects – Skyline Road, Olney Road, Digger Road

2007 – “Safety Net” payments were extended, but continue to decline - The message from the federal government is that payments will go away. There is almost no timber harvest because of environmental issues.

- Revenue - \$3.5 million (includes last federal payment of \$1.9 million)
- Expected budget shortfall of over one million dollars – county implements a plan to help off-set this loss:
 - ❖ Layoff 7 full-time and 2 part-time employees - 30 FTE to 22 FTE
 - ❖ Reduce chip seals to 20-25 miles each year – Emulsified oil price \$350 per ton
 - ❖ Reduction in materials
 - ❖ Reduction in all capital expenditures
 - ❖ No funding to the Emergency Road Reserve

2014 – Federal Payments end – Since 2007, the “Safety Net” payments have been extended three times, but always at sharply reduced levels. Last payment - \$600 thousand.

- \$2.5 million in expected revenue
- 21.6 FTE
- 16 miles of chip seal a year – Emulsified oil price \$600 per ton
- Continued reduction in materials
- No capital expenditures
- No funding to the Emergency Road Reserve

OPTION A

NO NEW FUNDING

Funding Options Researched:

No New Funding – Draw down beginning balance
County Vehicle Registration Fee - \$730 thousand
County Road Service District - \$1.6 to \$1.9 million

OPTION A:

No New Funding / Draw Down Beginning Balance

Overview: Prior to receiving this last “Safety Net” payment from the Federal government, the road department was running a budget deficit of approximately \$350 thousand a year.

Some of the main factors contributing to this deficit include:

- Sharp increases in the costs of essential materials such as chip seal oil, fuel and rock.
- A steady rise in the costs for personnel services such as wages, insurance and PERS.

Those cost increases were placing a heavy strain on maintenance dollars even before the severe funding decrease.

The cuts and reductions that were made to the department in 2007 were based on the materials and personnel needed to safely maintain the road system for a short period of time, with the idea that alternative funding would be found.

However, if replacement funding is not approved, there are very few choices left to consider. One of these options could be to draw down the beginning fund balance each year and utilize those dollars to backfill the budget deficit.

Currently there is approximately \$4.3 million dollars in the Beginning Fund Balance.

Pros:

1. Could buy time until the Federal Government finds a solution or opens up the national forests again. There has been talk recently about a new “Safety Net” type plan being approved, with possibly two more years of road funding. Additionally, many of our legislators are working hard to get some increased work approved in the national forests. Drawing down the beginning fund balance could possibly bridge the funding gap for a few years until the federal government passes new legislation or changes the environmental laws to allow for more timber harvests.

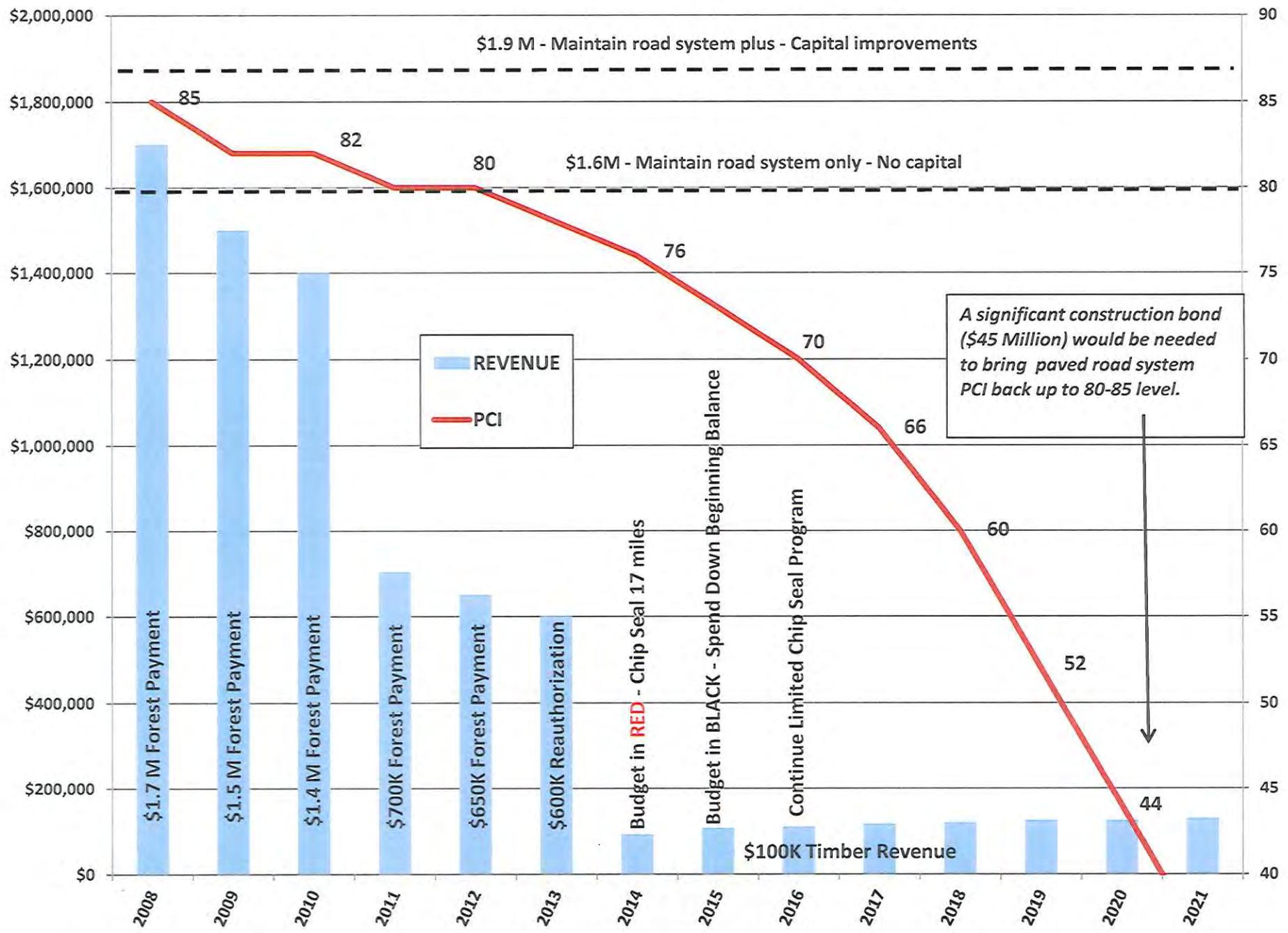
2. Does not increase the financial burden on the local taxpayers in these tough economic times. People are struggling to make ends meet. Many residents in the county are on fixed income and cannot afford an additional expense for roads. Some members of the public have argued that because the counties had a contract with the Federal government to receive timber dollars, this funding problem should be handled at the Federal level and not forced upon the local citizens.

3. The public must see the road system failing before they will approve any new taxes. The argument has been made that the public will not be ready to approve any new funding for roads until the problem is visible and negatively affects them on a daily basis. The best example of this is Tillamook County, which tried five different times to approve new funding, but did not receive any public support until their road system totally deteriorated. By gradually drawing down the beginning fund balance, we could slowly bide our time until the public sees and feels the problem with the road system and is ready to support new funding.

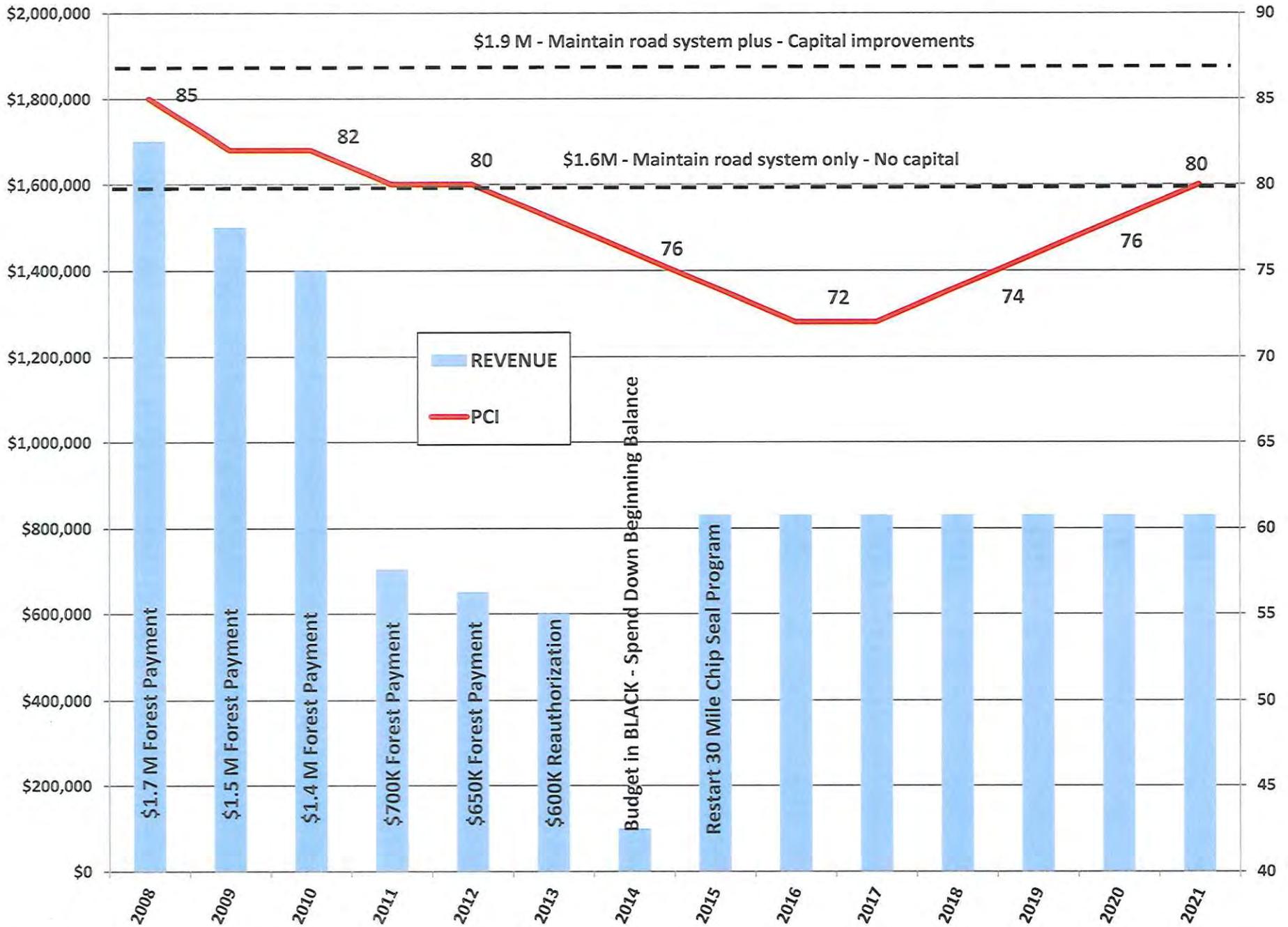
Cons:

1. Gives up on the road system. With the department already struggling to maintain the roads, a status quo funding level will result in further cuts to materials, personnel and services. This decision would fundamentally be giving up on the transportation system. Some of the impacts of that choice would be:
 - Some paved surface roads would need to be turned back into gravel roads. The costs for chip seal oil and rock have increased substantially over the past five years. With the current limited chip seal schedule, the department will not be able to maintain all 300 miles of pavement. Eventually, the system PCI will drop to a level where some roads cannot be saved. At that time, for safety purposes, it is better to tear up what little pavement is left and leave the gravel surface then to allow the public to drive around pot holes and ruts.
 - ❖ See the three (3) attached PCI Indicator Graphs – “No New Funding”, “Vehicle Registration Fee \$730K” and “County Road District \$1.6M”.

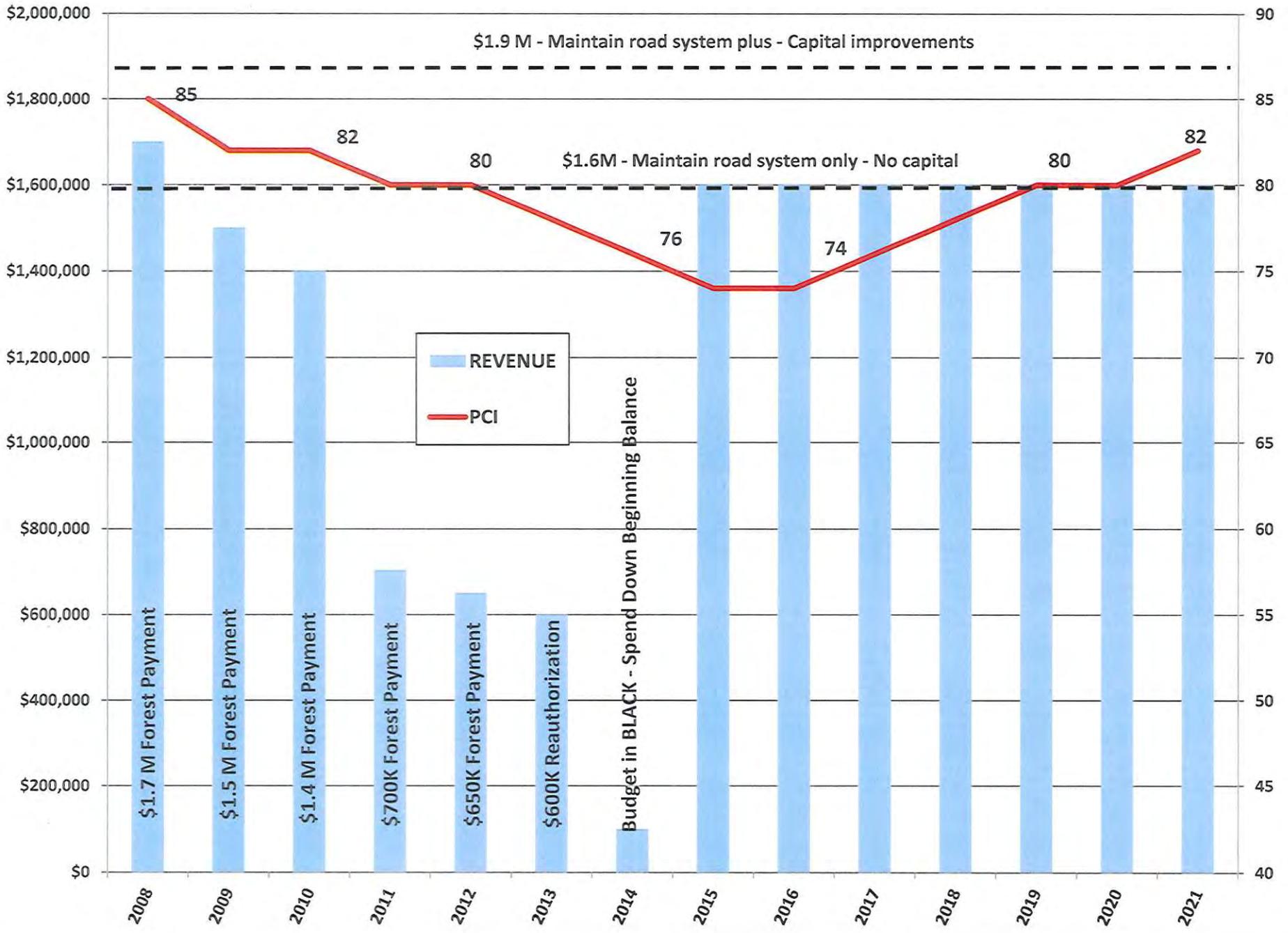
PCI Indicator Graph - NO New Funding



PCI Indicator Graph - Vehicle Registration Fee - \$730,000



PCI Indicator Graph - County Road District - \$1,600,000



2008
\$1.7 M Forest Payment

2009
\$1.5 M Forest Payment

2010
\$1.4 M Forest Payment

2011
\$700K Forest Payment

2012
\$650K Forest Payment

2013
\$600K Reauthorization

2014
Budget in BLACK - Spend Down Beginning Balance

REVENUE
PCI

\$1.9 M - Maintain road system plus - Capital improvements

\$1.6M - Maintain road system only - No capital

- Some gravel surfaced roads will no longer receive maintenance grading. As with the paved roads, the department is also struggling to maintain their system of 400 miles of gravel roads. Cost increases and manpower restrictions have dictated that gravel roads are now bladed only twice per year and new rock is added only when absolutely necessary. At the current funding level, the entire gravel road system is not sustainable and some roads will deteriorate to a point where they should be closed or posted as "Not Maintained, Travel at Own Risk".
- Some bridges will be weight limited. The county is responsible for 120 bridges and it has been a challenge to meet the yearly maintenance and repairs that are needed. Because of the technical nature of bridge work, many of the materials are tremendously expensive and the department has been losing ground protecting its bridges. At the current level of maintenance funding, some of those structures will eventually need extensive and costly rehabilitation work, or would need to be posted with weight load limits to keep truck traffic off the bridge and reduce the damage and impacts from heavy loads.

Other critical maintenance activities that would be further impacted with no new funding include:

- Road shoulder and slope maintenance.
 - Drainage maintenance like ditching and culvert installations.
 - Safety improvements such as replacing guardrails, traffic paint, delineators and signs.
 - Vegetation management which includes brush cutting, mowing and weed spraying.
 - Snow removal and sanding.
 - After hours work and response to emergencies.
2. Does not protect a vital public resource. Wasco County's roads are critical assets that assure the transport of goods to markets and people to places. A very conservative estimated replacement value of the county transportation system is:
- \$150 million for the 300 miles of paved roads - \$500K per mile
 - \$60 million for the 400 miles of gravel road - \$150K per mile
 - \$60 million for the 120 bridges - \$500K per bridge
- ❖ Total system value: \$270 million dollars

Failure to maintain the investment in the transportation system will mean reduced safety for the general public and increased wear and tear on vehicles. Bad roads will also impact commuters, tourists, agricultural traffic and commercial haulers, which will have a severe negative effect on the local economy.

It will take many years of greatly increased funding with added manpower to repair the road system if allowed to deteriorate. A multi-million dollar construction bond could also be necessary if several roads or bridges have failed to the point where they cannot be restored by regular means.

3. Not supported by the majority of the public. One of the main goals of the Road Advisory Committee was to help educate people about county road funding, gauge public comment, and then use that information to help define acceptable service levels for the county roads. A power point presentation was created and a strategy was developed to schedule meetings with as many special interest groups, service clubs and other organizations throughout the county as possible. To date, the RAC has held over 20 public meetings and presentations. The various groups and organizations included:

Wasco County Board of Commissioners	Dufur City Council
KIHR Radio - Mid-Columbia Today	The Dalles Senior Center
Kiwanis	Lion's Club
Governmental Affairs	Rotary Club
KODL Radio – Coffee Break	Maupin City Council
Juniper Flat Fire Board	Y 102 Radio
Wasco County Republican Party	Badger Irrigation District
Pre-Harvest Lunch Meeting	Maupin School Board
Power Breakfast Meeting	Dufur School Board
Mt Hood NF – Barlow District Ranger	

The RAC also put on a display booth during the week of the Wasco County Fair. The display included the power point presentation and several photos showing examples of county road maintenance and projects. It is estimated that several hundred people from all around the county visited the display.

A road questionnaire was developed and distributed. The committee received back 125 surveys and the following information was found:

- ❖ See attached "Wasco County Roads Questionnaire Summary"

WASCO COUNTY ROADS QUESTIONNAIRE SUMMARY

TOTAL RESPONSES: 125

AVERAGE LENGTH OF RESIDENCE: 36

LIVE/OWN PROPERTY ON COUNTY ROAD: 70%

RATE THE IMPORTANCE OF THE FOLLOWING SERVICES:

MAINTENANCE OF GRAVEL ROADS	<u>52%</u>	1. Very Important	<u>40%</u>	2. Somewhat Important	<u>8%</u>	3. Not Important	100%
-----------------------------	------------	-------------------	------------	-----------------------	-----------	------------------	------

MAINTENANCE OF PAVED ROADS	<u>75%</u>	1. Very Important	<u>23%</u>	2. Somewhat Important	<u>2%</u>	3. Not Important	100%
----------------------------	------------	-------------------	------------	-----------------------	-----------	------------------	------

SNOW REMOVAL	<u>58%</u>	1. Very Important	<u>35%</u>	2. Somewhat Important	<u>7%</u>	3. Not Important	100%
--------------	------------	-------------------	------------	-----------------------	-----------	------------------	------

RATE HOW STRONGLY YOU WOULD SUPPORT THE FOLLOWING:

REDUCE/ELIMINATE GRAVEL ROAD MAINT	<u>12%</u>	1. Strongly Support	<u>33%</u>	2. Somewhat Support	<u>55%</u>	3. Not Support	100%
------------------------------------	------------	---------------------	------------	---------------------	------------	----------------	------

REDUCE/ELIMINATE PAVED ROAD MAINT	<u>5%</u>	1. Strongly Support	<u>24%</u>	2. Somewhat Support	<u>71%</u>	3. Not Support	100%
-----------------------------------	-----------	---------------------	------------	---------------------	------------	----------------	------

CONVERT FAILING PAVED ROADS TO GRAVEL	<u>16%</u>	1. Strongly Support	<u>51%</u>	2. Somewhat Support	<u>33%</u>	3. Not Support	100%
---------------------------------------	------------	---------------------	------------	---------------------	------------	----------------	------

VACATE CERTAIN COUNTY ROADS	<u>32%</u>	1. Strongly Support	<u>48%</u>	2. Somewhat Support	<u>21%</u>	3. Not Support	100%
-----------------------------	------------	---------------------	------------	---------------------	------------	----------------	------

TRANSFER CERTAIN COUNTY ROADS	<u>45%</u>	1. Strongly Support	<u>45%</u>	2. Somewhat Support	<u>10%</u>	3. Not Support	100%
-------------------------------	------------	---------------------	------------	---------------------	------------	----------------	------

UTILIZE OUR FEDERAL FORESTS AGAIN	<u>80%</u>	1. Strongly Support	<u>16%</u>	2. Somewhat Support	<u>3%</u>	3. Not Support	100%
-----------------------------------	------------	---------------------	------------	---------------------	-----------	----------------	------

ADD NEW ROAD REVENUE	<u>61%</u>	1. Strongly Support	<u>24%</u>	2. Somewhat Support	<u>15%</u>	3. Not Support	100%
----------------------	------------	---------------------	------------	---------------------	------------	----------------	------

RATE HOW STRONGLY YOU WOULD SUPPORT A NEW FEE OR TAX FOR ROADS:

AVERAGE RATING: 52%

Strongly Support
Somewhat Support
Not Support

- 52% of the respondents rated the maintenance of gravel roads as very important, with 55% stating they would not support eliminating or reducing gravel road maintenance.
- 75% of the public rated the maintenance of paved roads as very important, with 71% stating they would not support eliminating or reducing paved road maintenance.
- 58% of the people polled said that snow removal was very important and only 7% rated snow removal as not important.
- Most significantly, 52% of the respondents stated they would support some kind of new fee or tax for county roads. In fact, 61% would strongly support new road revenue, while only 15% would not support new road revenue.

The results of the public meetings and the road questionnaire clearly show that the public views the county roads as a critical asset that needs to be maintained. It also shows that a majority of the public would support some kind of new fee or tax to support the county roads.

4. This is not a long term solution. (The calculated projections are only rough estimates and are not intended to represent a true audited budget). Based on these forecasts, drawing down the beginning fund balance to backfill the budget shortfall could possibly last as long as six or seven years. However, these projections do not allow for any significant increases in personnel services, allow for no increases in materials and services, and continues the policy of no expenditures for capital outlay, transfers, or contingency.

- ❖ See the three (3) attached Beginning Fund Balance Projections – “No New Funding”, “Vehicle Registration \$730K” and “County Rd District \$1.6 Million”.

Under this plan, the following results are projected:

- Fiscal year 2018-19, personnel costs would exceed the remaining beginning fund balance and the cost for materials is within 3% of the remaining beginning fund amount.
- Fiscal year 2019-20, the beginning fund balance will have been reduced to less than \$600 thousand dollars.

After this time, if no new funding was secured, we are unsure of what options would be available to the department or what course of action would be required.

**WASCO COUNTY PUBLIC WORKS
NO NEW FUNDING**

DRAW DOWN BEGINNING FUND BALANCE

PROJECTIONS:

	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>
BEGINNING FUND BALANCE	\$4,031,665	\$4,168,074	\$4,327,739	\$3,753,961	\$3,241,476	\$2,669,113	\$2,035,672	\$1,339,932	\$580,647
RENTAL REVENUE	\$3,180	\$1,855	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
INVESTMENT EARNINGS	\$22,350	\$18,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
STATE FUNDING	\$1,902,471	\$2,128,634	\$2,150,000	\$2,150,000	\$2,150,000	\$2,150,000	\$2,150,000	\$2,150,000	\$2,150,000
FEDERAL FUNDING	\$1,173,355	\$600,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
CONTRACTS & CHARGES FOR SERVICES	\$268,958	\$225,700	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
SALE OF FIXED ASSETS	\$10,383	\$50,500	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
MISCELLANEOUS INCOME	\$17,880	\$12,700	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
TOTAL REVENUE	\$3,398,577	\$3,037,389	\$2,481,500						
TOTAL PUBLIC WORKS FUND	\$7,430,242	\$7,205,463	\$6,809,239	\$6,235,461	\$5,722,976	\$5,150,613	\$4,517,172	\$3,821,432	\$3,062,147
PERSONAL SERVICES (2% increase)	\$1,633,923	\$1,704,899	\$1,738,997	\$1,773,777	\$1,809,252	\$1,845,438	\$1,882,346	\$1,919,993	\$1,958,393
MATERIALS & SERVICES (2% increase)	\$1,054,047	\$1,172,825	\$1,196,282	\$1,220,207	\$1,244,611	\$1,269,503	\$1,294,894	\$1,320,791	\$1,347,207
CAPITAL OUTLAY	\$574,198	\$0	\$120,000	\$0	\$0	\$0	\$0	\$0	\$0
TRANSFERS OUT	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CONTINGENCY	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL EXPENDITURES	\$3,262,168	\$2,877,724	\$3,055,278	\$2,993,984	\$3,053,864	\$3,114,941	\$3,177,240	\$3,240,785	\$3,305,600
PROJECTED ENDING BALANCE	\$4,168,074	\$4,327,739	\$3,753,961	\$3,241,476	\$2,669,113	\$2,035,672	\$1,339,932	\$580,647	-\$243,453
Gain/Loss to Beginning Fund Balance:	\$136,409	\$159,665	-\$573,778	-\$512,484	-\$572,364	-\$633,441	-\$695,740	-\$759,285	-\$824,100

Received Federal Forest Hwy Grant - \$495,482 into Revenue
Federal Timber Funding was \$677,873

\$495,482 from Capital Outlay for grant work
\$78,716 from Capital Outlay for used Grader and Trucks

Last "Safety Net" Payment estimated to be \$600,000

Match Money for Wamic Grade Project estimated to be \$120,000

**WASCO COUNTY PUBLIC WORKS
VEHICLE REGISTRATION FEE - \$730 THOUSAND**

BEGINNING FUND BALANCE

PROJECTIONS:

	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>
BEGINNING FUND BALANCE	\$4,031,665	\$4,168,074	\$4,327,739	\$4,234,239	\$4,197,039	\$4,094,865	\$3,926,418	\$3,690,371	\$3,385,374
RENTAL REVENUE	\$3,180	\$1,855	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
INVESTMENT EARNINGS	\$22,350	\$18,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
STATE FUNDING	\$1,902,471	\$2,128,634	\$2,150,000	\$2,150,000	\$2,150,000	\$2,150,000	\$2,150,000	\$2,150,000	\$2,150,000
FEDERAL FUNDING	\$1,173,355	\$600,000	\$830,000	\$830,000	\$830,000	\$830,000	\$830,000	\$830,000	\$830,000
CONTRACTS & CHARGES FOR SERVICES	\$268,958	\$225,700	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
SALE OF FIXED ASSETS	\$10,383	\$50,500	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
MISCELLANEOUS INCOME	\$17,880	\$12,700	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
TOTAL REVENUE	\$3,398,577	\$3,037,389	\$3,211,500						
TOTAL PUBLIC WORKS FUND	\$7,430,242	\$7,205,463	\$7,539,239	\$7,445,739	\$7,408,539	\$7,306,365	\$7,137,918	\$6,901,871	\$6,596,874
PERSONAL SERVICES (2% increase)	\$1,633,923	\$1,704,899	\$1,810,000	\$1,846,200	\$1,883,124	\$1,920,786	\$1,959,202	\$1,998,386	\$2,038,354
MATERIALS & SERVICES (2% increase)	\$1,054,047	\$1,172,825	\$1,375,000	\$1,402,500	\$1,430,550	\$1,459,161	\$1,488,344	\$1,518,111	\$1,548,473
CAPITAL OUTLAY	\$574,198	\$0	\$120,000	\$0	\$0	\$0	\$0	\$0	\$0
TRANSFERS OUT	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CONTINGENCY	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL EXPENDITURES	\$3,262,168	\$2,877,724	\$3,305,000	\$3,248,700	\$3,313,674	\$3,379,947	\$3,447,546	\$3,516,497	\$3,586,827
PROJECTED ENDING BALANCE	\$4,168,074	\$4,327,739	\$4,234,239	\$4,197,039	\$4,094,865	\$3,926,418	\$3,690,371	\$3,385,374	\$3,010,046
Gain/Loss to Beginning Fund Balance:	\$136,409	\$159,665	-\$93,500	-\$37,200	-\$102,174	-\$168,447	-\$236,046	-\$304,997	-\$375,327

Received Federal Forest Hwy Grant - \$495,482 into Revenue
Federal Timber Funding was \$677,873

\$495,482 from Capital Outlay for grant work
\$78,716 from Capital Outlay for used Grader and Trucks

Last "Safety Net" Payment estimated to be \$600,000

Match Money for Wamic Grade Project estimated to be \$120,000

**WASCO COUNTY PUBLIC WORKS
COUNTY ROAD DISTRICT - \$1.6 MILLION**

BEGINNING FUND BALANCE

PROJECTIONS:

	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>
BEGINNING FUND BALANCE	\$4,031,665	\$4,168,074	\$4,327,739	\$4,689,239	\$5,098,739	\$5,434,799	\$5,695,950	\$5,880,694	\$5,987,504
RENTAL REVENUE	\$3,180	\$1,855	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
INVESTMENT EARNINGS	\$22,350	\$18,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
STATE FUNDING	\$1,902,471	\$2,128,634	\$2,150,000	\$2,150,000	\$2,150,000	\$2,150,000	\$2,150,000	\$2,150,000	\$2,150,000
FEDERAL FUNDING	\$1,173,355	\$600,000	\$1,700,000	\$1,700,000	\$1,700,000	\$1,700,000	\$1,700,000	\$1,700,000	\$1,700,000
CONTRACTS & CHARGES FOR SERVICES	\$268,958	\$225,700	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
SALE OF FIXED ASSETS	\$10,383	\$50,500	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
MISCELLANEOUS INCOME	\$17,880	\$12,700	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
TOTAL REVENUE	\$3,398,577	\$3,037,389	\$4,081,500						
TOTAL PUBLIC WORKS FUND	\$7,430,242	\$7,205,463	\$8,409,239	\$8,770,739	\$9,180,239	\$9,516,299	\$9,777,450	\$9,962,194	\$10,069,004
PERSONAL SERVICES (2% increase)	\$1,633,923	\$1,704,899	\$1,975,000	\$2,014,500	\$2,054,790	\$2,095,886	\$2,137,804	\$2,180,560	\$2,224,171
MATERIALS & SERVICES (2% increase)	\$1,054,047	\$1,172,825	\$1,625,000	\$1,657,500	\$1,690,650	\$1,724,463	\$1,758,952	\$1,794,131	\$1,830,014
CAPITAL OUTLAY	\$574,198	\$0	\$120,000	\$0	\$0	\$0	\$0	\$0	\$0
TRANSFERS OUT	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CONTINGENCY	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL EXPENDITURES	\$3,262,168	\$2,877,724	\$3,720,000	\$3,672,000	\$3,745,440	\$3,820,349	\$3,896,756	\$3,974,691	\$4,054,185
PROJECTED ENDING BALANCE	\$4,168,074	\$4,327,739	\$4,689,239	\$5,098,739	\$5,434,799	\$5,695,950	\$5,880,694	\$5,987,504	\$6,014,819
Gain/Loss to Beginning Fund Balance:	\$136,409	\$159,665	\$361,500	\$409,500	\$336,060	\$261,151	\$184,744	\$106,809	\$27,315

Received Federal Forest Hwy Grant - \$495,482 into Revenue
Federal Timber Funding was \$677,873

\$495,482 from Capital Outlay for grant work
\$78,716 from Capital Outlay for used Grader and Trucks

Last "Safety Net" Payment estimated to be \$600,000

Match Money for Wamic Grade Project estimated to be \$120,000

Overall Impact/Summary:

While the option of drawing down the beginning balance could temporarily patch the department's budget deficit issue, it ignores and neglects the road needs issue. The current resources are not keeping up with the increasing costs and the requirements of maintaining an extensive and complex transportation system. In order to avoid major expenditures for reconstruction and replacement, additional funds for maintenance materials and personnel are a necessity.

To allow the roads to fail or decline to the point where transportation is negatively affected would be a betrayal of the public trust. The county roads are extremely valuable assets and absolutely critical for not just day-to-day use, but also for tourism, access to recreational areas and for the transport and sale of agricultural products.

The insecurity and uncertainty of any additional federal help makes the choice of biding our time or trying to temporarily bridge the funding gap seem optimistic at best and desperate at worst.

Staff Recommendation:

We recommend that the Board of Commissioners not decide to draw down road department's beginning balance and use those funds to backfill the projected budget deficit for the following reasons:

1. Gives up on the road system and does not protect the value of the assets. This option allows the road system to continue to be under-funded and deteriorate.
2. It is highly unlikely that new federal funding will be guaranteed or secured quickly enough to provide an adequate level of system-wide road maintenance.
3. The public has clearly expressed support for the road system, including new road taxes.
4. This option is not a long-term, sustainable solution.

OPTION B

VEHICLE REGISTRATION FEE

OPTION B:

County Vehicle Registration Fee / \$730K

Overview: Oregon law allows counties to submit a vehicle registration fee to the voters for consideration. The fee must be a fixed, whole amount regardless of vehicle type and cannot exceed the current state fee. Revenues would be shared between the county and the cities. The county works with ODOT/DMV to implement, administer, collect and distribute the fee.

- ❖ See Exhibit A - "County Option Vehicle Registration Fees Information Sheet" for a comprehensive breakdown of the process, timelines and costs.

The maximum allowable fee is \$43 per year. This could potentially generate \$730K annually for the county and \$487K annually for cities within the county.

- ❖ See Exhibit B - "Estimated Local Option Vehicle Registration Fee Revenues".

This level of funding could provide the following:

- Cover the existing annual budget shortfall - \$350K.
- Restore approximately 13 miles of chip seals for a total of 30 miles each year - \$275K (cost for materials only).
- Restore some personnel services lost from lay-offs – estimated 2 FTE - \$105K

Pros:

1. Would prevent having to sharply draw down the Beginning Fund Balance or Emergency Road Reserve to cover the annual shortfall.
2. Would provide a satisfactory quantity of materials for the pavement preservation program. This level of funding would help slow the decline in the paved roads and potentially maintain a PCI (Pavement Condition Index) of 80+.
3. Would add back just enough personnel to be able to complete the additional chip seals. This level of added FTE would also allow for some other maintenance work to be accomplished such as brushing, ditching and snow plowing.
4. Would provide some funds to the cities within Wasco County.
5. The funds raised are generated by road users, so there is a connection between the fee and the use. Vehicle registrations are relatively stable over time.

Cons:

1. Does not provide adequate funding for materials to maintain the majority of the county roads. The following are examples of items that would not be funded, but are critical for the preservation of the entire road system:
 - Gravel road grading and rocking - The county is responsible for almost 400 miles of unpaved roads. Gravel roads that do not have a smooth, consistent surface are unsafe. Rough roads put extra wear and tear on vehicles and can damage freight and produce. New rock must be added on a regular basis to replace material lost by traffic usage.
 - ❖ Estimated annual need: \$100,000
 - Shoulder maintenance along paved roads – The county is responsible for approximately 600 miles of road shoulder. Shoulder material provides structural support for the roadway. Dangerous ruts and drop-offs develop along the edge of the paved roads when shoulders are not maintained regularly.
 - ❖ Estimated annual need: \$50,000
 - Roadway drainage – ditches, culverts, catch basins, etc. – The county is responsible for over 1000 miles of ditches. Roadway surface water needs to be controlled and directed, because standing water will weaken the road sub-grade and accelerate damage.
 - ❖ Estimated annual need: \$25,000
 - Materials for safety improvements such as guardrail and delineators. These products are vital in trying to reduce the number and severity of accidents on county roads.
 - ❖ Estimated annual need: \$25,000
 - Traffic control materials such as paint striping and signs. Increases in material costs have curtailed these items. Some paved roads are now striped every other year and signs are replaced only when absolutely necessary.
 - ❖ Estimated annual need: \$25,000
 - Bridge materials – The county is responsible for 120 structures. The replacement value of the county bridge inventory is approximately \$50 million dollars. Yearly maintenance, repairs and rehabilitation are needed to extend the useful life of the existing bridges and avoid significantly expensive replacement costs.
 - ❖ Estimated annual need: \$25,000
 - TOTAL estimate for additional materials needed, but not funded: \$250,000

2. Does not restore enough personnel to adequately and safely accomplish all the necessary road maintenance work. The following factors linked to staffing level are critically impacting the road system:

- Inefficient crew sizes – Smaller crews have reduced capabilities and are accomplishing less work per day. With a total road crew size of 15 people, the department is extremely challenged to meet all the work needs with the current personnel. Here are some essential maintenance activities and the required crew sizes:

- ❖ Crack sealing in preparation for chip seal, 7-8 person crew
- ❖ Hot patching in preparation for chip seal, 7-8 person crew

Both of these tasks are required in order to adequately prep a paved road for chip sealing. On average, a work crew can crack seal 2 miles of road per day. Hot patching can be accomplished a little faster, at around 4 miles per day.

Depending on the condition, preparing 30 miles of road for chip sealing will take at least 5-7 weeks to complete, with one half of the total crew devoted to that task.

- ❖ Chip sealing, 13-14 person crew

Because this work is so labor intensive, every employee on the crew is needed to complete this work. Our crew can chip seal approximately 3-4 miles of road per day, depending on the location, roadway width and traffic volume during the work. A 30 mile chip seal season would take at least 3 full weeks to accomplish, allowing for some minor delays and mobilization time to each different road.

- ❖ Grading gravel roads (county-wide), 10 person crew

There are 10 routes and each grader route takes approximately 3-4 weeks to complete. The road grading needs to be performed at least twice a year, typically in the Spring and Fall seasons, when there is good moisture in the ground.

Other vital maintenance activities that are performed year-round include:

- ❖ Ditching, 5 person crew
- ❖ Paint striping, 5 person crew
- ❖ Culvert cleaning, 5 person crew
- ❖ Guardrail installation or repair, 5 person crew
- ❖ Brush cutting, 7-8 person crew
- ❖ Shoulder maintenance 13-14 person crew

- Minimal staff levels in maintenance districts. Many of the roads in the outlying road maintenance districts are deteriorating at a faster rate than expected and with the current funding level, it has been extremely challenging to allocate the necessary resources without drawing away crews from other areas:
 - ❖ Antelope District, 72 miles of road, historic crew size 2, currently 1 person crew. This district is geographically demanding, because many of the roads are located miles away from each other. This district is also impacted the earliest and longest by winter weather. Another consideration is the safety factor of operating a one person crew in such an isolated area.
 - ❖ Mosier District, 67 miles, historic crew size 2, currently 1 person crew. Because of its much higher precipitation level, this district is the most prone to drainage issues and road slides. Vegetation management (brush cutting) is also an ongoing critical issue in this area.
 - ❖ Wamic District, 129 miles, historic crew size 3, currently 2 person crew. This district is very challenging because of the diverse nature and location of the roads. While there are many high volume paved roads to be maintained around Pine Hollow reservoir, there are also numerous gravel surfaced farm roads around Smock Prairie and Juniper Flat. This district also is responsible for two of the highest seasonal traffic roads in the county - Wamic Market Grade and Rock Creek Dam Road (which leads to the national forest).
 - ❖ Dufur District, 150 miles, historic crew size 2, currently no dedicated crew. This district is now managed and run from The Dalles. This is the largest single road district and extends from the national forest, east to the Deschutes River. It has been very difficult to manage this district with no dedicated crew for the area. Because many of these roads are at high elevation, they are subject to an extreme freeze and thaw cycle and require a higher level of maintenance.
 - ❖ The balance of the road miles are located within The Dalles District, 253 miles, currently 11 person crew.
- After hours work and response to emergencies – the reduction in manpower has seriously impacted the county’s ability to respond to large-scale events or emergencies. The county also had to significantly revise its snow removal policy to reflect the smaller crew size – snow plowing to begin at six inches accumulation, first and second day roads and no plowing out driveways that have been blocked.
- TOTAL estimate for additional personnel needed, but not funded: 3 FTE - \$165,000

3. Does not reinstate an equipment replacement program. This will result in continued increases in vehicle costs and maintenance repairs. Older, high hour equipment is also not as efficient or productive to operate.

- ❖ Estimated annual need: \$200,000

4. Does not return any funding to the Emergency Road Reserve.

- ❖ Estimated annual need: \$200,000

5. Does not add back funding for grants or special project. The reconstruction of Wamic Grade and the Browns Creek intersection are just two examples of these types of opportunities. The current options are to either turn down the project or take funds from the Emergency Road Reserve.

- ❖ Estimated annual need: \$25,000

6. Does not take into account any sort of inflation or cost increases – The cost per ton for chip seal oil has increased 75% over the past five years and the cost for crushed rock has risen almost 30%.

- ❖ Estimated annual need: \$75,000

Overall Impact/Summary:

While a county vehicle registration fee could raise a considerable amount of money, and those funds could help slow the decline in the condition of our paved roads, this option does not adequately account for the needs of the majority of the road system. In order to avoid major expenditures for reconstruction and replacement, additional funds for maintenance materials and personnel are required.

Almost 60 percent of the county road system is unpaved. Yet many of these roads are critical for tourism, access to recreational areas, and are essential for the transport and sale of the agricultural and natural resources of the county. 400 miles of gravel roads would not be addressed under this funding scenario.

Repairing guard rails, road shoulder maintenance, vegetation management, bridge maintenance, roadway drainage, traffic control and responding quickly to storms and natural disasters are just some of the vital services the road department manages for the safety and wellbeing of county residents. All these tasks are significantly impacted by a lack of funding and contribute to the steady decline in road conditions.

Under this funding scenario, if preservation of the gravel road system is ignored and other critical maintenance tasks continue to be under-funded, the county will be forced to make a significant capital investment in order to bring the overall condition of the road system back up to a Good-Fair Condition. The estimated cost for those improvements would be \$10 million dollars in fiscal year 2021. That amount would include \$2 million for maintenance materials and approximately \$8 million to repair and/or reconstruct the portions of the gravel road system that have failed:

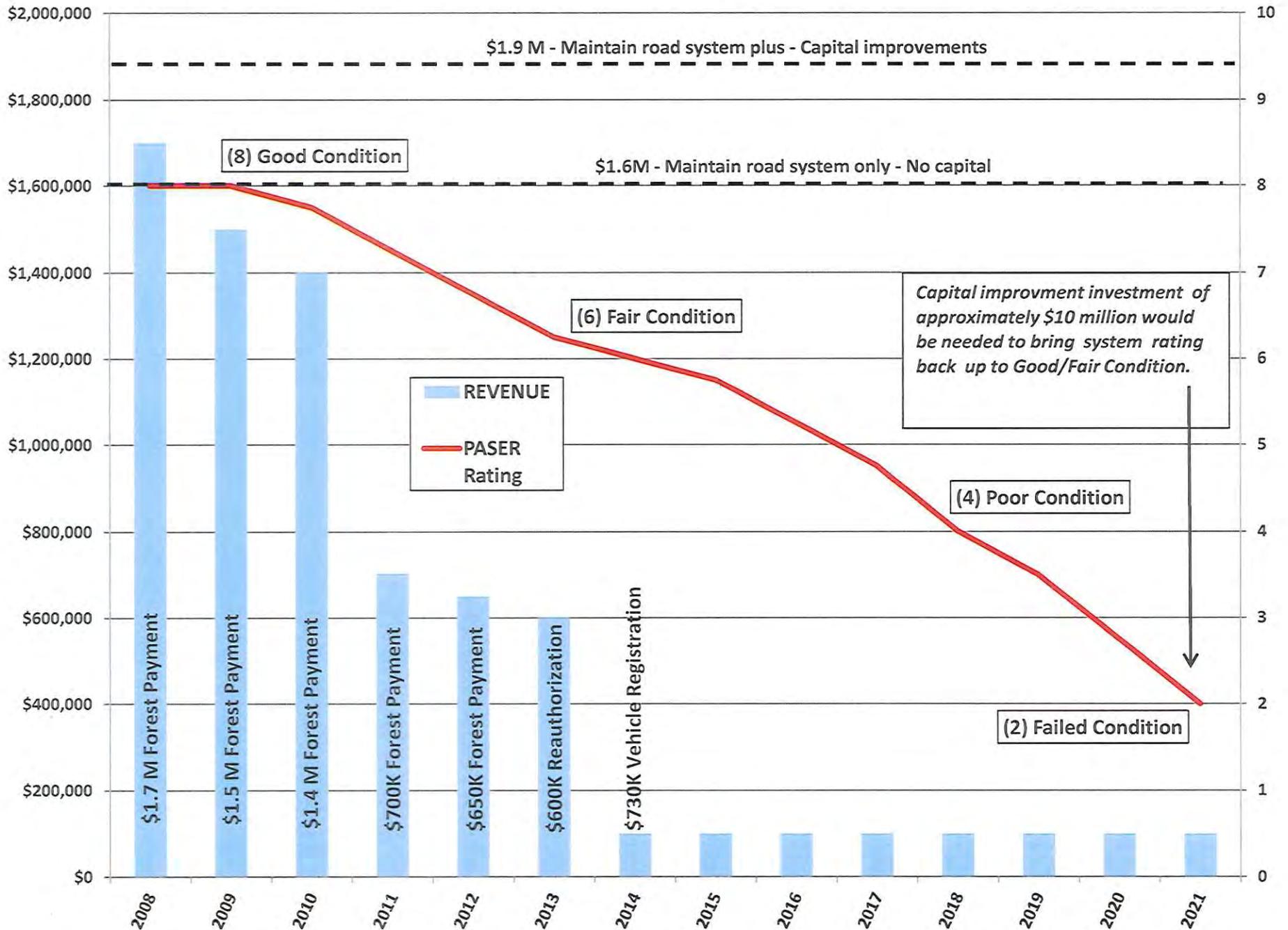
- ❖ See the three (3) attached Gravel Road Rating Graphs (Paser Rating System) – “No New Funding”, “Vehicle Registration Fee \$730K” and “County Road District \$1.6M”.

Staff Recommendation:

We recommend that the county-wide vehicle registration fee not be the preferred, first option for the Board of Commissioners to consider. This recommendation is made for the following reasons:

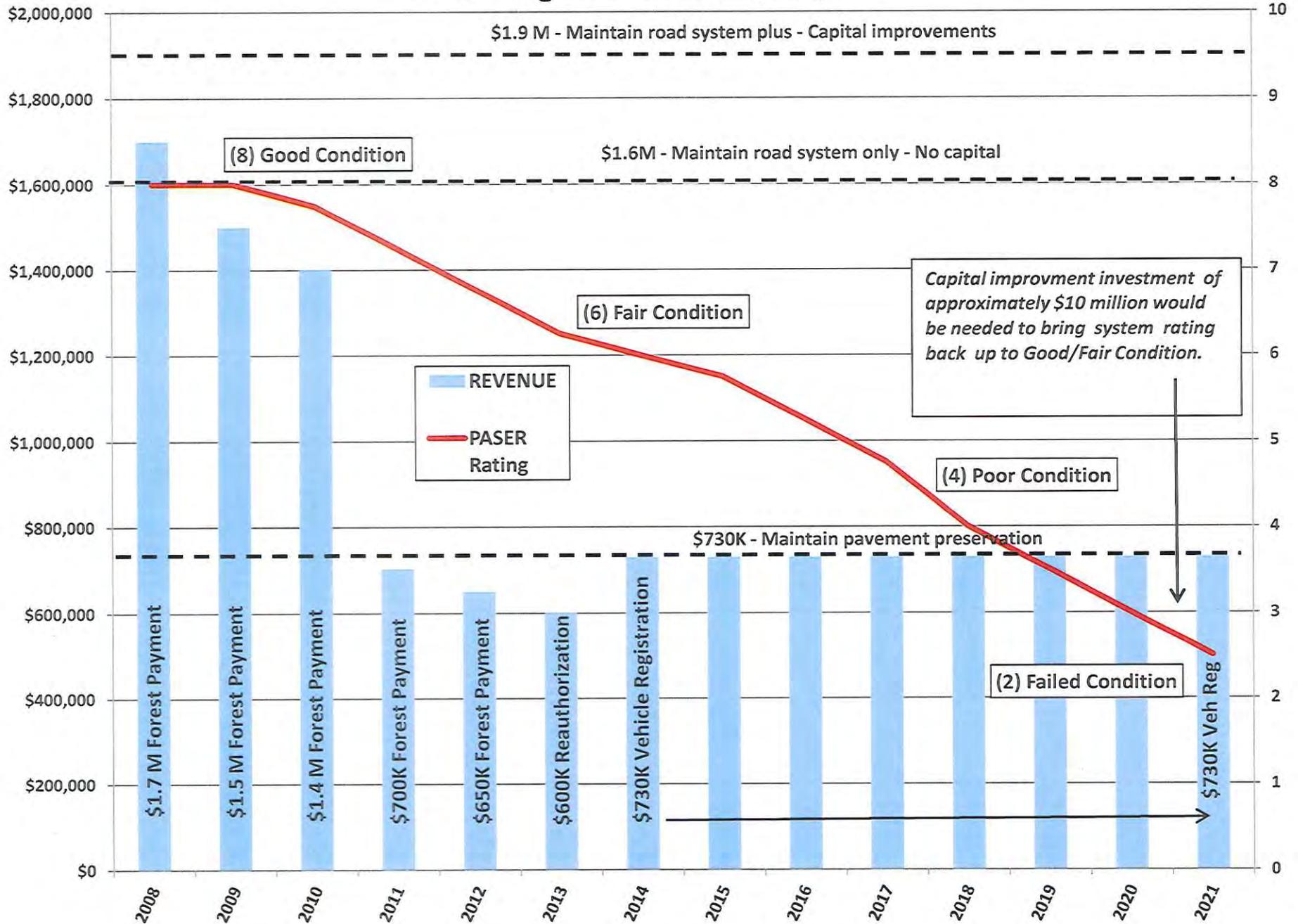
1. A vehicle registration fee will not raise sufficient road revenue to sustain an adequate level of system-wide road maintenance.
2. The public has expressed concerns about multiple tax measures. We feel they may not be likely to support other additional funding in the future.
3. This option is not the primary recommendation of the Road Advisory Committee. The committee feels very strongly that because the amount of funding provided by the vehicle registration fee would be less than half of what is needed, this option should be considered only a partially fix or “band-aid”. The committee collectively agrees that a vehicle registration fee should only be considered in the event that a full funding option is determined to have absolutely no support or has been placed before the voters and defeated in an election.

GRAVEL RD RATING GRAPH (PASER Rating System) - No New Funding



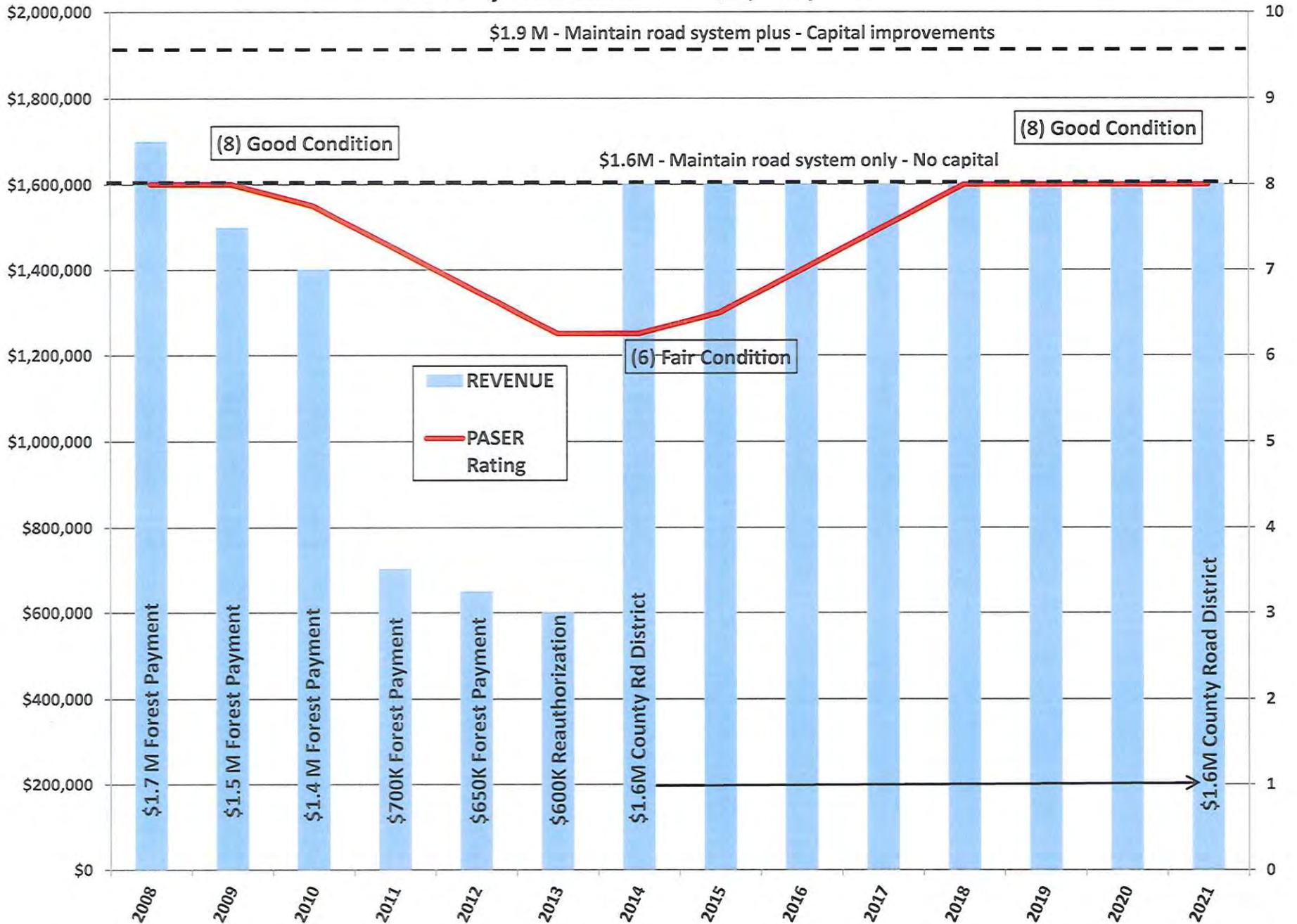
GRAVEL RD RATING GRAPH (PASER Rating System)

Vehicle Registration Fee - \$730,000



GRAVEL RD RATING GRAPH (PASER Rating System)

County Road District - \$1,600,000



OPTION C

ROAD SERVICE DISTRICT

OPTION C:

County Road Service District / \$1.6 to \$1.9 million:

Overview: This level of funding would be substantially equivalent to the funding received during the Safety Net period. During that time, the road department was able to successfully maintain the entire county transportation system. Some of the key accomplishments during that time period included:

- 300 miles of paved roads with a Pavement Condition Index of 85+
- 400 miles of gravel roads in good to very good condition
- 120 bridges in good to very good condition, with no load limited structures
- 5.5 miles of capital improvement projects including:
 - ❖ Reconstruction and widening of the lower section of Skyline Road
 - ❖ Reconstruction of Digger Road
 - ❖ Reconstruction of Olney Road
 - ❖ Reconstruction and paving of Fivemile Road
 - ❖ Began work on the reconstruction and widening of Wamic Grade

Overall, the county road department had the materials and the personnel to be able to provide a comprehensive and proactive road maintenance program. The road system that was provided for the public was of high quality, efficient and safe.

If the \$1.6 million level of funding was restored, the services that could be provided would include:

- ❖ Cover the existing annual budget shortfall – estimated to be around \$350 thousand
- ❖ Restore approximately 13 miles of chip seals for a total of 30 miles each year
- ❖ Add back funding for the purchase of maintenance materials such as rock, culverts, guardrail and bridge supplies
- ❖ Restore some of the personnel services lost from lay-offs
- ❖ Add funds back into the emergency road reserve
- ❖ Reinstate an equipment purchasing program
- ❖ Add back funding for grants and project match money
- ❖ Allows for some inflation or material cost increases

At the \$1.9 million funding level, the following would also be provided:

- ❖ Re-establish the capital improvement program to perform road reconstruction projects, safety improvement projects and pavement overlays.

The following is a very broad outline of the steps necessary to create a road service district and some general information regarding the process:

What is a county service district? – Oregon law authorizes many kinds of special districts. Special districts must be formed in compliance with legal requirements and then may execute the specific legal authority granted by state statutes. ORS chapter 451 authorizes a board of commissioners to establish a service district to provide for roads. Service districts are granted specific powers and may be authorized by voters to collect a variety of revenues including property taxes, service or user charges, sale of bonds and local option taxes.

The board of commissioners is the governing body of a county road service district.

To create a county road service district, a board of commissioners must conduct formation proceedings in compliance with the requirements specified in ORS 198.705 to 198.955. In addition to those requirements, a county order initiating formation of a road service district, and the final order in the district formation must each refer to county authority to provide road services under ORS 451.010(1)(L).

What is required to create a road service district? – Under ORS chapter 198, there are two methods for creating a district, petition and order. This report addresses the formation by order method.

Initiation by board – Pursuant to ORS 198.835, a county board of commissioners may initiate the formation of a road service district by adopting an order stating the county board's intention to initiate the formation of the road district, identifying the principal act, describing the name and boundaries of the proposed road district, and setting a time, date and place for a public hearing on the proposal. If any part of the territory to be included within the proposed road district is within a city, a certified copy of a resolution approving the order must be attached to the order.

1st hearing - The hearing must be held not less than 30 days nor more than 50 days after the date of the initiation order. The board must give notice of the hearing by posting in at least three public places and publication by two insertions in a newspaper of general circulation within the county. At the hearing, the board must hear evidence in accordance with criteria in ORS 199.462, and if the area could be benefited by formation of the road district.

Final hearing – If the board approves the formation of the road district, it must enter an order declaring it. The order must state the name of the road district and its boundaries. The territory of a city may be added to the road district if a certified copy of a city council resolution of approval is filed with the county board of commissioners. The order must also fix a place, and a time not less than 20 nor more than 50 days after the date of the order, for a final hearing on the order. The board must give notice of the hearing by publication.

Election order – If a tax rate for the proposed road district is approved by the board, an election on the question of forming the road district must be held. The county board of commissioners must provide by an order for the holding of an election to submit to voters. Notice must be given by two newspaper insertions. The election must be held on the date of the next primary or general election for which the filing deadline can be met.

The ballot title must clearly state that a single question is being proposed which is whether the proposed road district should be formed and whether the rate limit specified in the ballot title should be adopted as the maximum rate of operating taxes for that road district.

If voters approve, the board would issue an order creating the road district within 30 days of the election.

- If no tax rate is to be set, then the board of commissioners can approve the road service district by order, without an election.

A Wasco County Road Service District:

Proposed district boundaries – A road district boundary could include just the unincorporated territory within Wasco County, or it could also be drawn to include all the cities - Antelope, Dufur, Maupin, Mosier and The Dalles. These cities would need to pass resolutions approving the order to be included within the road district.

Setting the tax rate – The assessed property value in Wasco County has risen about 3% on average over the past few years. Costs for maintaining the road system will increase at that rate or more, so it is important to set a tax rate that can sustain the road district over many years.

Instead of a permanent tax rate, the board of commissioners could choose to propose a temporary tax, or local option levy. The process for approval is the same, but a local option levy is limited to no more than five years in length if used for operations.

At the end of that five year period, the board could then put forward a permanent rate, propose another local option levy, or even dissolve the road service district.

Even if a permanent tax rate was approved, the amount of taxes to be collected can be modified each year.

As the governing body, the board of commissioners decides the amount of taxes the road service district would need to support its budget. If new alternative funding was obtained (timber receipts), the board could approved a lower tax rate for that year.

What are the constraints on property tax issues? – A county road district would compete for property tax money with other non-school governments. Oregon’s constitution limits a non-school government’s ability to levy taxes – Measure 5. The constitution requires those entities to share a maximum of \$10.00 per \$1,000 of each unit of property’s real market value. All permanent tax rate authority has priority over local option rate authority.

This constitutional limit can cause proportional “compression” of all co-existing non-school government’s tax authority for a parcel of property. Reductions in taxes due to compression are the difference between what taxing districts wish to raise through taxes and the amount they actually raise.

In order to correctly calculate tax compression, several steps must take place. The following is a very simplified version:

- Each property’s Real Market Value is assessed. The RMV is the amount that could reasonably expect to be paid for a property at the assessment date for the year. For example a residence valued at \$300,000.
- The Measure 5 limit is then calculated by multiplying that limit - \$10.00 per \$1,000 by the real market value. $\$10.00 \times \$300,000 / \$1,000 = \mathbf{\$3,000.00}$ this is the M-5 tax limit.
- The property’s Taxable Assessed Value, which was cut and capped by Measure 50 is then calculated. For example the above property’s assessed value is \$200,000.
- Then the tax rate is set. The total of all permanent rates and all local option rates levied against a property parcel are calculated. For example a total tax rate of **\$11.50**.
- The TAV is then multiplied by the tax rate - $\$200,000 \times \$11.50 / \$1,000 = \mathbf{\$2,300.00}$ this is called the amount of taxes “extended”.
- Compare the taxes extended against the Measure 5 tax limit. If the taxes are lower, then all funds are collected. If the taxes are higher, then the amount is reduced or “compressed” to the Measure 5 limit. In this example, all \$2,300 in taxes would be collected, because they did not exceed the M-5 limit for of \$3,000 for that property.
- It is legal for a property’s tax rate per thousand to exceed the M-5 tax limit and have no tax compression.
- If compression occurs, then local option taxes are reduced first, possibly to zero. If there are no local option taxes or they have been reduced to zero, then the permanent tax rates for each taxing district are reduced proportionally.

Tax compression in Wasco County – Out of the thirty-five (35) tax districts within the county, six (6) are currently experiencing some compression. Because these tax districts have been in compression for many years, this situation will continue into the foreseeable future, even if no new service districts are approved.

County-wide road service district with a permanent tax rate: This option would form a new service district and approve a permanent tax rate. The road district boundaries would be county-wide and drawn to include all cities within the county. (The cities would need to pass resolutions to be included within the road district.) Under this scenario, the funds produced by the district would be shared between Wasco County and all the cities within the county. The proposed tax rate would need to be no less than \$1.23 per thousand to yield a \$1.6M share for the county and a \$750K share for the cities.

- ❖ Attached is a spreadsheet that estimates the revenue from various tax rates. These revenue estimates are based on a county-wide boundary and assumes all cities are included in the district:

“Road Service District Assessed Valuation Revenue Estimates – County-wide”

Staff has recently worked with the county assessor to estimate the additional compression that would result from adding a new county-wide road service district.

The determination was that by adding a permanent tax rate of \$1.23, the existing tax compression could increase substantially and that compression loss could at least double, and a 200% increase could be possible.

- ❖ Attached is a report, prepared by the county Assessment and Taxation office, which addresses the question of tax compression. The report is very technical, but very thorough. It includes a spreadsheet that shows the current tax revenue and tax compression information for certain taxing districts in Wasco County. The spreadsheet also shows the estimated additional compression to those tax districts if a road district was added. These estimates are based on the analysis and calculations performed by the county assessment and tax office, and are fully explained in the report. Only those districts currently experiencing tax compression are listed, as all other districts should not fall into compression:

“Increase in Measure 5 Compression from Road District Levy”

Other road service district options – Although the impact of tax compression upon a county-wide road service district with a permanent tax rate could be substantial, there are other road district options that would yield the necessary amount of funding, and should be considered as viable alternatives:

ROAD SERVICE DISTRICT ASSESSED VALUATION REVENUE ESTIMATES

COUNTY-WIDE

Rate per \$1000:	\$0.50	\$0.75	\$1.00	\$1.15	\$1.23	\$1.30	\$1.40
TAV:	\$1,909,488,281	\$1,909,488,281	\$1,909,488,281	\$1,909,488,281	\$1,909,488,281	\$1,909,488,281	\$1,909,488,281
Yield @ 100%:	\$954,744	\$1,432,116	\$1,909,488	\$2,195,912	\$2,348,671	\$2,482,335	\$2,673,284

TAV is Taxable Assessed Value

TAV is county-wide and assumes all cities included in the road service district

Wasco County is seeking \$1.6M in revenue

City of The Dalles is seeking \$750k in revenue

Minimum yield needed is \$2.35M

If the county was funded at the \$1.9M level, the yield would need to be \$2.65M

March 25, 2014

To: Tyler Stone, County Administrator
Marty Matherly, Director of Public Works

From: Tom Linhares, Interim Director of Assessment & Taxation

RE: Increase in Measure 5 Compression from Road District Levy (Revised April 1, 2014)

At a meeting with City of The Dalles and other officials on February 24, 2014, I was asked to do a more thorough analysis of how a new county-wide road district with its own permanent tax rate limit of \$1.2300 per \$1,000 of taxable assessed value (TAV) could potentially affect the tax collections of other taxing districts.

As detailed in a document titled Feasibility Report, Funding the Wasco County Road System dated February 28, 2014, a new road district levy of \$1.2300 could potentially increase the loss in property taxes due to Ballot Measure 5 (1990) compression. The report estimates the increase in compression loss at 11.65% above what was experienced in 2013-14.

It should be pointed out that Measure 5 compression only occurs when the total of all operating rates for general government (non-education) taxing districts exceed the Measure 5 limit of \$10.00 per \$1,000 of assessed value. At the same time, a tax rate of more than \$10.00 per \$1,000 does not necessarily result in compression loss since property taxes are calculated on the TAV while the Measure 5 limit is calculated using the real market value (RMV). (See page 18 of the Feasibility Study for a more thorough discussion of these calculations.)

In Wasco County only two areas have total general government tax rates that exceed the \$10 limit: City of the Dalles and City of Maupin. All other areas of the county have tax rates that are less than \$10. More importantly, the tax rates in these areas would still be less than \$10 if a \$1.23 road levy was added.

Also, since compression is calculated on a property-by-property basis and involves the interplay of both RMV and AV, it is extremely difficult to estimate compression loss with any precision. While we can use values from the current year, all of those values will most likely change next year. Other factors, such as changes in other taxing district rates and urban renewal calculations also affect the amount of taxes that can be collected after the imposition of the Measure 5 limits.

Original estimate of 11.65% increase in Measure 5 compression

The Feasibility Study estimate that Measure 5 compression would increase 11.65% came from information that I supplied to officials from the Public Works Department. Essentially, I calculated the current ratio between the \$10 limit and the total general government tax rate at 0.8787 ($10.00 / 11.3808$). Adding a \$1.23 levy actually increases the total general government tax rate by an additional \$0.095 due to the increase in urban renewal taxes that would flow to the Columbia Gateway Urban Renewal Agency (excess value of $\$72,499,213 * \$1.23 / 1,000 = \$89,174 / \$940,153,044 * 1,000 = 0.095$). The new ratio would be .7870 ($10.00 / 12.7058$).

The increase in the tax rate would be 11.64% ($(12.7058 - 11.3808) / 11.3808$)

Experience in other counties

Lane County ran a property-by-property simulation of a \$0.7500 local option levy (see below) which estimated that Measure 5 compression losses would increase from \$42,000 to \$1.9 million.

In Multnomah County between 2011-12 and 2012-13 the total general government tax rate inside the City of Portland increased from \$14.1813 per \$1,000 of assessed value to \$14.3245, an increase of just over 1%. The increase in tax rate along with a 1.56% reduction in RMV resulted in total general government compression loss county-wide increasing 22.6%. The following year the tax rate increased again by 4.5% and compression loss increased 23.3% despite an increase of 5.2% in RMV within the city. (Any increase in RMV greater than the allowed increase of 3% in TAV results in less Measure 5 Compression.)

Stratification of TAV to RMV Ratios

One specific question asked at the meeting with the City of The Dalles concerned to what extent properties that are currently not experiencing Measure 5 compression might come under compression given a new \$1.2300 tax rate for a new county-wide road district. I asked Lane County to compile the information using 2013-14 Wasco County property data. The results are displayed in an attached Excel spreadsheet.

Currently, 22.3% of accounts have ratios of TAV to RMV of .879 (the current ratio of the \$10 Measure 5 limit to the total general government tax rate) or greater. These accounts would be under Measure 5 compression. If the tax rate were to increase by \$1.29 the ratio of limit to actual tax rate would decrease to .789. (I incorrectly used only a \$0.06 increase for urban renewal rather than the full \$0.095 that had been estimated) This would increase the percentage of accounts subject to compression to 45.9%. More importantly, the percentage of total TAV within the city subject to compression would increase by 32 percentage points, from 26.7% to 58.7%.

Lane County's Local Option Levy Estimator

Lane County has created a data base whereby various local option levy rates can be entered and property taxes on a property-by-property basis can be calculated, including the amount of Measure 5 compression. Lane County populated the data base with Wasco County property values so that I could run the simulation. While the road levy would not be a local option levy but rather a permanent rate, that would only affect the amount of compression loss for the new levy versus all other existing levies. The total amount of compression should be the same regardless of the type of levy.

I ran the model without the new levy and then again with the \$1.2300 road levy. I also ran the model a third time increasing the levy to \$1.2900 (I again only used a \$0.06 increase for urban renewal) to account for the additional urban renewal taxes.

The base model (without the new levy) has some significant discrepancies with the roll data. There are number of districts that are listed twice with the second version being "urban renewal", which doesn't make sense. Also the total amount of compression (\$420,908) is less than the actual general government compression (\$468,763).

The model increasing the tax rate by \$1.2300 increases compression to \$1,562,738 or 271%. The \$1.2900 rate increase compression to \$1,629,420, a 287% increase.

Other considerations

One of the primary determinations as to whether or not compression will occur on an individual property is the ratio of that property's TAV to RMV. So changes in RMV can dramatically affect Measure 5 compression even if tax rates stay the same. An increase in RMV above the allowed increase of 3% in TAV will lower the TAV to RMV ratio and result in less Measure 5 compression. Theoretically, if every property within the City of The Dalles and the City of Maupin had TAV to RMV ratios of less than .879 no taxing district would have lost revenue in 2013-14 due to compression.

The opposite is also true: if RMV increases less than 3% or even declines that increases the ratio and results in more Measure 5 compression.

We are in the final stages of completing the annual Ratio Study, an analysis of the prior's year's sales to determine if our RMVs are too low or two high. It appears that most properties inside the City of The Dalles, both residential and commercial, and properties within the City of Maupin will be staying the same for 2014-15. For those properties where the TAV is less than the RMV, the gap between the two will narrow since the AV is allowed to increase by 3% under Measure 50. This will increase the TAV to RMV ratio for existing properties.

So even without an increase in the total general government tax rate, it is likely there will be an increase in Measure 5 compression loss. I estimate Measure 5 compression loss will increase by at least 10% in 2014-15 and probably more like 20%.

Conclusions

Based on the above analysis it is clear that the original estimate that a \$1.2300 per \$1,000 of assessed value tax rate for a new Road District would increase Measure 5 compression loss by 11.65% was much too low. It should be noted again that this estimate was based on information that I supplied to Public Works Department staff. In no way should this new analysis reflect negatively on the accuracy of the Feasibility Report or intentions of Marty Matherly or Arthur Smith.

So what impact will a tax rate of \$1.2300 have on Measure 5 compression?

From the three separate analyses done on this question, it is clear compression loss increases exponentially greater than simply the percentage increase in the tax rate. At this point, I would have to say that compression loss would at least double, from \$468,763 to \$937,526. And a 200% increase to \$1,406,289 would not be farfetched.

I have created a spreadsheet that looks similar to the one on the last page of the Feasibility Report, with columns showing a 100% increase as well as a 200% increase. The spreadsheet is attached.

I hope this is helpful. Please do not hesitate to contact me if you should have any questions.

Stratification of TAV to RMV Ratios Inside the City of The Dalles *

<u>Ratio</u>	<u># of Accounts</u>	<u>Total M50 TAV</u>	<u>Total RMV (M5)</u>	<u>% of Accounts</u>
.950 - 1.000	984	180,636,647	181,464,975	14.37%
.900 - .949	320	49,438,914	53,666,757	4.67%
.879 - .899	222	38,184,713	42,924,290	3.24%
.850 - .878	334	55,958,315	64,841,760	4.88%
.800 - .849	992	196,216,483	240,176,120	14.49%
.789 - .799	289	69,737,924	87,757,410	4.22%
.750 - .788	847	135,897,386	176,836,747	12.37%
.700 - .749	951	113,308,816	155,980,948	13.89%
.650 - .699	821	92,780,395	136,572,406	11.99%
.600 - .649	451	41,676,133	66,384,620	6.59%
.500 - .599	367	20,214,552	35,735,409	5.36%
< .499	270	11,888,941	248,653,150	3.94%
Totals **	6,848	1,005,939,219	1,490,994,592	100.00%

Roll Values (SAL Report Tables 1A and 1B)

940,153,043

1,491,340,031

* Tax Code Areas : 9.7, 12.1, 12.11, 12.9, 14.2

** Totals should match Roll Values

Current Tax Rate Ratio:	\$10.0000 / \$11.3808	0.879
Estimated Tax Rate Ratio (+ \$1.2900)	\$10.0000 / \$12.6708	0.789
Percentage Increase in Rate / Ratio	11.335%	-10.181%

Accounts that enter compression when TAV to RMV Ratio decreases from .879 to .789	1,615	321,912,722	392,775,290
---	-------	-------------	-------------

Percentage Currently Under Compression	22.28%	26.67%	18.65%
Percentage Entering Compression	23.58%	32.00%	26.34%
Percentage After Increase	45.87%	58.67%	44.99%

Prepared by: Tom Linhares, Interim Director of Assessment & Taxation, March 25, 2014

Value Under Current Levy Compression	268,260,274
Current Rate	11.3808
Taxes Extended	3,053,017
Measure 5 Limit at \$10 * RMV	2,780,560
Compression Loss	272,456
Compression as % of Taxes Extended	8.92%

Value Under New Levy Compression	590,172,996
New Rate	12.6708
Taxes Extended	7,477,964
Measure 5 Limit at \$10 * RMV	6,708,313
Compression Loss	769,651
Compression as % of Taxes Extended	10.29%

% increase in Rate	11.33%
% Increase in Compression	182.49%

2013-14 Wasco County Tax Revenue and Tax Compression by District

<u>Taxing District</u>	<u>Tax Rate</u>	<u>Taxes Imposed</u>	<u>Compression Loss</u>	<u>Estimated Added Compression @ 100%</u>	<u>Estimated Added Compression @ 200%</u>
Wasco County	\$4.2523	\$7,964,796	(\$154,957)	(\$309,914.98)	(\$464,872.47)
City of The Dalles	\$3.0155	\$2,726,275	(\$108,847)	(\$217,693.06)	(\$326,539.59)
City of Maupin	\$5.3573	\$229,167	(\$1,847)	(\$3,693.08)	(\$5,539.62)
Port of The Dalles	\$0.2007	\$284,848	(\$7,247)	(\$14,494.00)	(\$21,741.00)
N Wasco Parks & Rec	\$0.6799	\$684,696	(\$24,522)	(\$49,043.82)	(\$73,565.73)
Mid Col Fire & Rescue	\$2.1004	\$2,805,623	(\$75,817)	(\$151,634.82)	(\$227,452.23)
White River Health (Perm.)	\$0.2500	\$68,949	(\$86)	(\$172.52)	(\$258.78)
White River Health (LOL)	\$0.5000	\$135,115	(\$2,955)	(\$5,910.74)	(\$8,866.11)
Soil & Water	\$0.2020	\$378,416	(\$7,363)	(\$14,726.64)	(\$22,089.96)
4-H Extension	\$0.2500	\$466,151	(\$9,114)	(\$18,227.50)	(\$27,341.25)
WC Library	\$0.6800	\$1,232,004	(\$24,782)	(\$49,564.96)	(\$74,347.44)
Columbia Gateway URA *	N.A.	\$1,362,176	(\$53,892)	(\$107,784.40)	(\$161,676.60)
Totals:		\$18,338,217	(\$471,430)	(\$942,860.52)	(\$1,414,290.78)

* Taxes Extended (before M-5 compression is applied) will increase approximately \$89,113

Prepared by: Tom Linhares, Interim Director of Assessment & Taxation, March 25, 2014

Unincorporated area road service district with permanent tax rate: The road district boundary could be drawn to include just the unincorporated territory within Wasco County, leaving the cities out. The process for approval is the same, but would not require the city approvals. Because the taxable assessed value of those areas outside the cities is far less than the value county-wide, the tax rate necessary to raise the \$1.6M is higher at \$2.0334. However, tax compression would not be an issue, as the remaining unincorporated districts are not in compression, and staff research has confirmed that any compression would be minimal and there is room “under the cap” for the tax rate being proposed.

- ❖ Attached are two informational documents - The first is a spreadsheet showing the revenue estimates from various tax rates. The second document was produced by the Association of Oregon Counties, and it lists all road service districts within the state of Oregon and the range of tax rates:

“Road Service District Assessed Valuation Revenue Estimates – Unincorporated Areas”

“Counties with Road Districts with Permanent Rate Authority”

County-wide road service district with a temporary tax rate (local option levy) – This would establish a road district with a temporary tax instead of a permanent tax rate. The road district boundaries would need to be county-wide and drawn to include all cities within the county. The process for approval of the road district is the same, but a local option levy is limited to no more than five years in length if used for operations.

Although this option only provides temporary funding, it would eliminate tax compression as a concern. All permanent tax rates have priority over local option rates and if tax compression occurs, then local option taxes are reduced first. With this alternative, because there are six (6) tax districts currently experiencing compression (five of those districts are located within The Dalles), those districts will not pay any additional tax. The local option levy authority is secondary to the permanent rate and the proposed tax levy will be compressed to zero for those districts. However, because no taxes are collected from those districts, no tax revenue could be expended on roads within those districts.

- ❖ See the attached reports from the assessment and tax office which calculates the amount of Measure 5 compression on local option levies. There are two reports; the first is a “base” rate report showing the current tax compression with no proposed rate. The second report shows a proposed tax rate of \$1.50 per thousand:

“General Government Local Option”

ROAD SERVICE DISTRICT ASSESSED VALUATION REVENUE ESTIMATES

UNINCORPORATED AREAS

Rate per \$1000:	\$0.7500	\$1.0000	\$1.2500	\$1.5000	\$1.7500	\$2.0000	\$2.0334
TAV:	\$846,101,837	\$846,101,837	\$846,101,837	\$846,101,837	\$846,101,837	\$846,101,837	\$846,101,837
Tax Yield @ 100%:	\$634,576	\$846,102	\$1,057,627	\$1,269,153	\$1,480,678	\$1,692,204	\$1,720,463
Tax Yield @ 93%:	\$590,156	\$786,875	\$983,593	\$1,180,312	\$1,377,031	\$1,573,749	\$1,600,031

TAV is Taxable Assessed Value.

TAV is county-wide and includes only the unincorporated areas.

Wasco County is seeking \$1.6M in revenue.

Tax Yield @ 100% is for informational purposes only.

Tax Yield @ 93% is the standard collection rate and should be used to estimate the funds to be collected.

COUNTIES WITH ROAD DISTRICTS WITH PERMANENT RATE AUTHORITY

Benton County	11 Road Districts	Range of Rates (per \$1,000): 0.0522 to 2.2060 2 Districts with Addt'l Local Opt.: 0.4394 & 0.8500
Clackamas County	17 Road Districts	No Districts with a Permanent or Local Option Rate
Clatsop County	6 Road Districts	Range of Rates (per \$1,000): 0.0602 to 1.0175 2 Districts without a Permanent or Local Opt. Rate
Coos County	9 Road Districts	Range of Rates (per \$1,000): 0.1261 to 2.1990
Crook County	2 Road Districts	Range of Rates (per \$1,000): 0.8500 & 1.8913
Curry County	1 Road District	Rate (per \$1,000): 1.4700
Deschutes County	21 Road Districts	Range of Rates (per \$1,000): 0.5180 to 3.6500 2 Districts with Addt'l Local Opt.: 0.7408 & 1.9500 3 Districts are w/o a Permanent or Local Opt. Rate
Douglas County	17 Road Districts	Range of Rates (per \$1,000): 0.5471 to 2.8978 4 Districts are w/o a Permanent or Local Opt. Rate
Jefferson County	2 Road Districts	Range of Rates (per \$1,000): 0.3389 to 0.8140 1 District Addt'l Local Opt.: 0.2000
Klamath County	18 Road Districts	Range of Rates (per \$1,000): 0.8241 to 4.0000 3 District with Addt'l Local Opt.: 1.2372 to 1.5000 3 Districts are w/o a Permanent or Local Opt. Rate
Lincoln County	26 Road Districts	Range of Rates (per \$1,000): 0.2258 to 2.1525 1 District with Addt'l Local Opt.: 0.6100 2 Districts are w/o a Permanent or Local Opt. Rate
Malheur County	4 Road Districts	Assessments to Benefited Property up to 2.500 Up to 5.000 with vote Range of Rates (per \$1,000): 0.8597 to 3.1725
Multnomah County	2 Road Districts	Rates (per \$1,000): 0.3922 & 0.4775
Tillamook County	1 Road District	Rate (per \$1,000): 2.8700
Washington County	2 Road Districts	Range of Rates (per \$1,000): 0.2456 & 0.4888
Yamhill County	1 Road District	Rate (per \$1,000): 0.4193

NOTE: Additional research is being done to determine the types of road districts counties are using. For example, Clatsop County uses the County Road District authority in ORS 371.055 to 371.110 (aka General Road Districts or Numbered Road Districts); Deschutes County uses the Special Road District authority in ORS 371.305 to 371.385 with appointed road district commissioners; Malheur County uses the Road Assessment District authority of ORS 371.405 to 371.535; and Washington County uses the County Service District authority in ORS 451.010 to 451.610 with the county governing body as the governing body of the district.

*Updated with new city data
 Updated with 2010 and 2011 Legislative Changes
 Updated with 2009 Legislative Changes
 Updated with 2007 and 2008 Legislative Changes
 OACES Spring Conference
 OACES

June 5, 2013
 January 10, 2013
 September 16, 2009 & July 21, 2010
 August 27, 2008
 June 13, 2007
 October 26, 2006, January 25, 2007, February 22, 2007 & April 19, 2007

[Print This Page](#)

**Gen Govt
Local Option**

Proposed Rate:

Amount Raised Before Measure 5 Compression

Measure 5 Compression:

Amount After Measure 5 Compression:

Accounts with no Local Option Tax:	14,271	78%
Accounts paying Local Option Tax:	4,134	22%
Total Accounts in District:	18,405	100%
Highest Local Option Tax on one Account:		\$8,654
Average Local Option Tax per Account:		\$10
Lowest Local Option Tax on one Account:		\$0
Amount of Gap Value Remaining in District:		\$7,415,377

Operating Levy Amounts :

Levy District Name	Before Compression	After Compression	Compression
CITY OF ANTELOPE	4,605	4,605	0
CITY OF DUFUR	66,907	66,907	0
CITY OF MAUPIN	231,012	229,166	1,846
CITY OF MOSIER	57,926	57,926	0
CITY OF SHANIKO	0	0	0
CITY OF THE DALLES	0	0	0
CITY OF THE DALLES UR 1	2,831,098	2,721,361	109,737
DUFUR REC DISTRICT	63,124	63,124	0
JEFF CO LIBRARY DIST	8,860	8,860	0
JUNIPER FLAT RURAL FIRE DIS	70,079	70,079	0
MID COL FIRE & RESCUE	710,963	710,961	2
MID COL FIRE & RESCUE UR 1	1,971,970	1,895,534	76,436
MOSIER FIRE DISTRICT	184,990	184,990	0
N WASCO CO PARKS & REC	72,128	72,127	1
N WASCO CO PARKS & REC UR	636,234	611,511	24,723
PORT OF THE DALLES	103,234	103,233	1
PORT OF THE DALLES UR 1	188,490	181,184	7,306
WASCO CO 4-H & EXT SVC DIS	239,718	239,632	86
WASCO CO 4-H & EXT SVC DIS	234,804	225,703	9,101
WASCO CO LIBRARY DISTRICT	616,301	616,066	235
WASCO CO LIBRARY DISTRICT	638,481	613,733	24,748
WASCO CO SOIL CONSERV	195,475	195,405	70
WASCO CO SOIL CONSERV UR	189,704	182,351	7,353
WASCO COUNTY	4,114,950	4,113,475	1,475

WASCO COUNTY UR 1	3,992,175	3,837,432	154,743
WHITE RIVER HEALTH DIST	68,773	68,686	87
Totals	17,492,001	17,074,051	417,950

Local Option Levy Amounts :

Levy District Name	Before Compression	After Compression	Compression
DUFUR REC DIST - LOCAL OPTI	44,915	44,914	1
WHITE RIVER HEALTH - LOCAL	137,545	134,590	2,955
Totals	182,460	179,504	2,956

	Before	After	Compression
Proposed Local Option:	0	0	0
Total Tax:	17,674,464	17,253,556	420,908

[Print This Page](#)

**Gen Govt
Local Option**

Proposed Rate:	1.500000
Amount Raised Before Measure 5 Compression	2,968,372
Measure 5 Compression:	1,366,140
Amount After Measure 5 Compression:	1,602,233

Accounts with no Local Option Tax:	116	1%
Accounts paying Local Option Tax:	18,289	99%
Total Accounts in District:	18,405	100%
Highest Local Option Tax on one Account:	\$34,619	
Average Local Option Tax per Account:	\$97	
Lowest Local Option Tax on one Account:	\$0	
Amount of Gap Value Remaining in District:	\$5,813,144	

Operating Levy Amounts :

Levy District Name	Before Compression	After Compression	Compression
CITY OF ANTELOPE	4,605	4,605	0
CITY OF DUFUR	66,907	66,907	0
CITY OF MAUPIN	231,012	229,166	1,846
CITY OF MOSIER	57,926	57,926	0
CITY OF SHANIKO	0	0	0
CITY OF THE DALLES	0	0	0
CITY OF THE DALLES UR 1	2,831,098	2,721,361	109,737
DUFUR REC DISTRICT	63,124	63,124	0
JEFF CO LIBRARY DIST	8,860	8,860	0
JUNIPER FLAT RURAL FIRE DIS	70,079	70,079	0
MID COL FIRE & RESCUE	710,963	710,961	2
MID COL FIRE & RESCUE UR 1	1,971,970	1,895,534	76,436
MOSIER FIRE DISTRICT	184,990	184,990	0
N WASCO CO PARKS & REC	72,128	72,127	1
N WASCO CO PARKS & REC UR	636,234	611,511	24,723
PORT OF THE DALLES	103,234	103,233	1
PORT OF THE DALLES UR 1	188,490	181,184	7,306
WASCO CO 4-H & EXT SVC DIS	239,718	239,632	86
WASCO CO 4-H & EXT SVC DIS	234,804	225,703	9,101
WASCO CO LIBRARY DISTRICT	616,301	616,066	235
WASCO CO LIBRARY DISTRICT	638,481	613,733	24,748
WASCO CO SOIL CONSERV	195,475	195,405	70
WASCO CO SOIL CONSERV UR	189,704	182,351	7,353
WASCO COUNTY	4,114,950	4,113,475	1,475

WASCO COUNTY UR 1	3,992,175	3,837,432	154,743
WHITE RIVER HEALTH DIST	68,773	68,686	87
Totals	17,492,001	17,074,051	417,950

Local Option Levy Amounts :

Levy District Name	Before Compression	After Compression	Compression
DUFUR REC DIST - LOCAL OPTI	44,915	24,244	20,671
WHITE RIVER HEALTH - LOCAL	137,545	74,242	63,303
Totals	182,460	98,486	83,974

	Before	After	Compression
Proposed Local Option:	2,968,372	1,602,233	1,366,140
Total Tax:	20,642,836	18,774,771	1,868,065

344 56

Timeline for a Wasco County road service district – Staff anticipates that if the board did approve the initiation of any kind of road service district, the question could be put before the voters by the November, 2014 election.

- ❖ Attached is a timeline developed by legal council from the Association of Oregon Counties:

“2014 District Formation Calendar”

Pros:

1. Restores sufficient funding. A road service district returns funding to the level where the county will once again be able maintain the entire transportation system. During the comparable “Safety Net” period, the Wasco County was recognized as having one of the finest road systems in the state. The paved roads had a Pavement Condition Index of 85 or greater, gravel roads were bladed as needed and material was available to be added, and the county bridges were kept in very good condition, with no load limited structures.

The county also had the funding to address a variety of other maintenance concerns such as drainage issues, provide vegetation management through brush cutting and spraying, and make important safety improvements like installing guardrail and widening road shoulders. Funds generated from the proposed district would enable the department to promptly begin working on returning the road system to that desired condition.

2. Sustainable, predictable and flexible. Establishing a road service district tax base would insure that the county transportation system had enough funding to be well maintained for many, many years. It assures that the extensive investment in the roads is protected and keeps the public trust as stewards of that investment. The proposed support level also includes some money for increases in materials or inflation, so even unanticipated cost increases would not immediately impact the ability to maintain the roads.

The unpredictability of the federal payments has been extremely challenging and has affected the department’s ability to accurately budget for materials and personnel. In many years, the department has budgeted for a certain amount of funding, only to see it cut or has anticipated no funding, but then received a token amount at the last minute. A tax base would eliminate those problems, and allow the county to get back to a conventional budget process and allow for predictable management of the roads system.

2014 District Formation Calendar

Note:

- Assumes final hearing date is the date the ballot measure must be sent to clerk to permit publication for ballot title challenge.¹
- All dates are last date to perform act unless noted otherwise. Dates falling on weekends are adjusted to the prior Friday.
- Does not include local ordinance or administrative deadlines, such as local newspaper deadlines for filing ordinances and deadlines for delivering packets to commissioners.

Mar. 31, 2015	File proposed district boundary with Dept. of Revenue (Must be final and correct)	ORS 308.225 ORS 198.747 ORS 451.542
Dec. 15, 2014	File formation documents with Sec. of State, Dept. of Revenue, county clerk and assessor. (Within 10 days of entering establishment order)	ORS 198.780 ORS 198.872
Dec. 4, 2014	Last day for Board to enter order establishing district (Within 30 days of date of election)	ORS 198.820 ORS 451.435(4)
Nov. 4, 2014	Election Day	ORS 254.056
Sept. 8, 2014	File arguments for county voters' pamphlet. (2nd business day after deadline for notice of measure election)	OAR 165-022-0010
Sept. 4, 2014	County governing body file notice of measure election to county clerk for primary election. (Election required if proposing permanent rate limit, 100 electors demand election or if including city in county road district)	ORS 254.095; ORS 254.103 ORS 255.085 ORS 371.060
	Governing body to submit explanatory statement if county will publish a voters' pamphlet. (61st day before election)	OAR 165-022-0010
Aug. 15, 2014	File ballot title for formation with elections official. (To permit publication and ballot title challenge.)	ORS 255.235 Sec. of State Referral Manual
	Conduct final hearing on formation. ² (At least 20, but not more than 50 days after first hearing. To receive signatures calling for election).	ORS 189.810(1)
Aug. 12, 2014	County clerk notify Secretary of State of intent to publish voter's pamphlet	OAR 165-007-0030
Aug. 10, 2014	Publish 2 nd notice of final hearing. (2 newspaper notices, at least 5 and 15 days before hearing)	ORS 198.810(2) ORS 198.730

¹ The Secretary of State has determined that a ballot measure must be adopted and published by the elections official well in advance of the actual measure filing deadline. This is to resolve any challenges to the wording of the ballot title before the filing deadline. An argument can be made that the ballot title may be adopted and sent to the elections official for publication at the conclusion of the first hearing on formation, with the second hearing held before the actual measure filing date. The more prudent course, however, is to hold the second hearing before the ballot title must be sent for publication.

² Note that if the measure includes a permanent rate limit, or is for a county road district that includes cities, an election is required regardless of whether signatures are filed. But the statutes still require a second hearing.

July 31, 2014	Publish 1st notice of final hearing Post notice in three places (2 newspaper notices, at least 5 and 15 days before hearing)	ORS 198.810(2) ORS 198.730
Jul 25, 2014	Hold first hearing on formation proposal and adopt order approving formation	ORS 198.805 ORS 198.810(2)
July 21, 2014	Publish 2 nd notice of first hearing. (2 newspaper notices at least 15 and 5 days before hearing.)	ORS 198.730(2) ORS 198.800(2)
July 11, 2014	Publish 1 st notice of first hearing (Plus post notice in three places for 5 consecutive days.)	ORS 198.730(2) ORS 198.800(2) ORS 198.805
June 26, 2014	Adopt Order initiating formation and setting first public hearing. (Not less than 30 or more than 50 days before first hearing.)	ORS 198.835 ORS 198.840, ORS 198.800 ORS 451.435(3)
	Must have certified copy of city council resolution if district includes city.	ORS 198.720(1) ORS 198.835(3)
June 6, 2014	First available day to initiate formation if hold first hearing on last available date. (Cannot initiate more than 50 days before first hearing.)	ORS 198.810(1)

Note: all above dates are based on initiating formation on last available date: June 26. Dates must be adjusted if formation is initiated earlier.

The option of establishing a road service district is also the most flexible funding opportunity for the county to consider. If any of the cities within the county decline to be part of the district, then the proposed boundaries can easily be modified to reflect that decision. If the board feels that a temporary tax would be more prudent than a permanent rate, then a local option levy can be proposed with the road service district, in lieu of a permanent tax. In addition, if federal payments are reinstated or federal timber harvests are ever resumed, the board has the authority to reduce the tax rate for that budget year or series of years and could even decide to dissolve the district if a permanent alternative funding source for roads was found in the future.

3. Benefits to cities. Legal council from AOC has developed an option paper on the use of use of road service district funds on city streets.
 - ❖ See attached opinion paper – “Use of ORS 451 Road Service District Funds in Cities”

4. Positive economic impact. County roads are vital to a healthy economy. They are the backbone of Oregon’s integrated road system. A well-maintained road system will continue to provide essential links for commerce and economic development, access to recreational areas for tourism, connectivity between city streets and state highways and critical routes for essential services.
 - The road department takes care of almost 700 miles of roadway, which represents over 60% of the total transportation system in Wasco County.
 - Based on actual traffic counts, Wasco County roads carry approximately 115,000 average daily trips. This figure equates to over 70 million vehicle miles traveled per day on county roads.
 - The agricultural based trips help provide for the market haul of approximately 4,000,000 bushels of wheat, over 27,000 tons of sweet cherries, and almost 45,000 tons of alfalfa, hay and barley. Total yearly product value: \$105,000,000.
 - County roads also directly impact the significant commercial haul of the Wasco County Landfill, which averages approximately 450,000 tons in waste disposals each year.

5. Safe for the public. The safety of the traveling public has always been the primary concern of the road department. It has been a considerable challenge to maintain the road system on an increasingly tight budget, while still addressing all the necessary safety concerns. If funding was restored, the goals and objectives for safety on county roads could readily be met:

Dan R. Olsen, Attorney at Law

2918 SE Main Portland, Or. 97214

503-680-9110 Danolaw.olsen@gmail.com

www.oregongovernmentlaw.com

To: Tyler Stone, Administrative Officer
Wasco County

From: Dan R. Olsen, Attorney At Law

Date: Feb. 16, 2014

Re: Use of ORS 451 Road Service District Funds In Cities

Privileged and Confidential

Question: You have asked whether an ORS 451 county service district for roads that includes a city within its boundary may spend service district property tax revenues on city streets?

Brief Answer: Although there is no statute or case directly on point, the better conclusion is that a county service district for roads that includes a city, and which is expressly formed to provide for streets and roads county-wide, may use or authorize use of district funds on city streets.

A county service district is a separate body, although it is governed by the board of commissioners serving as the district board. As such, it probably cannot take advantage of grants of authority to counties, nor is it restricted by statutes limiting or regulating county authority. In other words, it largely stands on its own.

ORS 451.010 (1) (L) authorizes a county service district to be established regarding "roads". The term "roads" is not defined. In common parlance, city rights of way are referred to as streets. That term, however, is not defined in any relevant statute. In contrast, ORS 368.001 (6) , relating to county roads, defines a "road" as "the entire right of way of any public or private way" including "ways described as streets, highways, throughways or alleys." This is quite broad. Although not directly applicable to ORS chapter 451, it suggests that the term "roads" does not necessarily exclude "streets". See also, ORS 371.605 "road" has the meaning provided in ORS 368.001. Cf. ORS 801.010(3) governing body of city is road authority for all highways, roads, streets and alleys in city.

A Chapter 451 service district is formed to provide "service facilities" defined as "public installations, works or services provided in the county for any or all the purposes specified in ORS 451.010." Most importantly, ORS 451. 120 (1) states that the county court (presumably serving as the board of the district) , "may, for the protection of the health, safety and general welfare, prepare and adopt coordinated master plans for the development of service facilities... *to serve all areas within or served by the district.*" (Emphasis added) ORS 451.550 (6) provides that the district may, "Construct service facilities in and on any public street, highway or road and for this purpose enter upon the street, highway or road, make all necessary and proper excavations, and thereafter restore the street, highway or road to its proper condition. However, the consent of the appropriate city, county or state authorities, as the case may be, shall first be obtained and the conditions of such consent complied with." This clearly suggests that the district may provide services inside cities. Further, it would make little sense to construe ORS 451 as permitting a district to construct other facilities on or in street right of way, but not construct or maintain the streets themselves. See also, 451.550 (10) "[District may] do any act necessary or proper to the complete exercise and effect of any of its powers under ORS 451.410 to 451.610." Further, ORS 451.570 (1) states that, "For the protection of the public health, safety and general welfare, the district may adopt and enforce reasonable and necessary regulations for: (c) The cleanliness of roads and *streets* of the district." (Emphasis added). Authority to clean streets suggests that nothing prohibits a district from expending funds to maintain streets. See also, ORS 451.010 (c) authorizing district to provide street lighting.

In short, nothing in the statutes relating to ORS chapter 451 suggests that use of the term "roads" was intended to be exclusive of "streets".

In OP 2011-1 (March 9, 2011) the Attorney General was asked whether a county may provide county road funds to a city for use on city roads in exchange for the city providing the county with city general funds to help pay for the county jail. In this case, some specific statutes supported the conclusion that the exchange was proper. The Attorney General noted the general rule that a government may not spend (or provide) funds for a purpose beyond the government's "governmental interest". For example, a water district could not provide funds to a street lighting district, even if they entered into an intergovernmental agreement to do so. But the AG noted that the authority to spend funds for a particular purpose, however, need not always be explicit. The opinion cites several cases holding that a court should grant deference to the elected governing body to decide what is in the government's interest and not overturn a reasonable exercise of discretion regarding expenditures. *See, Churchill v. City of Grants Pass*, 70 Or 283, 289, 141 P 164 (1914); *Carruthers v. Port of Astoria*, 249 Or 329, 341, 438 P2d 725 (1968).

It is reasonable to conclude that, since all district residents will pay taxes to the district, the district has an interest in benefitting all of them, including maintenance of roads and streets inside cities within the district and in the unincorporated area of the district. County residents use city streets and vice versa. 34 Op. Att'y Gen 1005 (1970) (County could provide funds to city for park development as both city and county residents benefit.)

There are steps that the county and the district (when formed) should take to bolster the conclusion that the district may expend funds (or provide funds to the city to use) on roads (streets) inside a city that is within the boundary of the district:

1. The city council resolutions authorizing inclusion in the district should state the city's understanding that the district will provide funds or services for city roads (streets).
2. The feasibility report should explain the rationale and benefit of including city roads and the order initiating the formation process should expressly provide address providing funds for roads and streets. *See also* ORS 451.472 (District may construct, maintain and operate only those service facilities that were authorized upon formation.)
3. The district formation order, ballot title and, if any, explanatory statement also should clearly state that the district is authorized to maintain roads inside and outside cities.

If a challenge arose, a court likely would be hesitant to overturn the clear will and understanding of the voters absent some compelling prohibition that does not appear to exist.

4. ORS 451.485 provides that, prior to constructing facilities or providing services, the district board must adopt an order determining the services to be provided, how they will be financed and how costs are to be shared or services integrated if relevant. This order should expressly address city roads. This order is subject to referendum by the electors of the district, so it again provides an opportunity for the electors to object and by failing to do so, implicitly authorize the district's plan.

5. The district should enter into intergovernmental agreements with the cities inside the district, and the county, expressly authorizing and addressing how funds are to be allocated or expended. An IGA cannot authorize a prohibited expenditure, but does lend additional credibility to the authority of each member entity to act.

It should be noted that ORS 368.710 requires that 50% of a county wide local option tax imposed by a county for roads must be apportioned with the cities based on the ratio of taxable property in the city and county. This statute does not govern because the district is a separate entity and because it will levy a permanent rate, not a local option tax. Nevertheless, from a legal standpoint, unless there is

some overriding policy or financial reason not to, the ideal would be to use this formula, or to modify it by intergovernmental agreement with the relevant city.

Finally, I am compelled to mention that a misappropriation of funds, such as an expenditure on a purpose not allowed by law, can result in personal liability on the part of persons authorizing the expenditure. To incur liability, however, the unlawful expenditure must "constitute malfeasance in office or willful or wanton neglect of duty." Given that the better legal conclusion is that the district may expend funds on city streets, it is extremely unlikely that personal liability would result even if a challenge was successful.

Conclusion: Although a definitive answer cannot be given, it is probable that the district may provide, or provide funds for, roads (streets) inside cities. The district should be formed with that express understanding and authorization from the voters.

- Provide a road system that promotes the safety of current and future travel modes for all users.
- Provide a road system that allows for emergency vehicle access to all land uses.
- Reduce the incidence and severity of motor vehicle, bicycle and pedestrian crashes.

Because of its significance, the University of Portland engineering department has attempted to help quantify safety by calculating the financial loss from accidents on county roads in Oregon:

- Death: \$1.4 million per occurrence, Injury: \$70,000 per occurrence, Property Damage: \$9,000 per occurrence. These economic costs include wages and productivity lost, medical expenses, admin costs, insurance, legal costs, law enforcement costs, motor vehicle damage and costs to employers for crashes to workers.
 - ❖ In 2012, there were 65 motor vehicle crashes on Wasco County roads. Those accidents resulted in one death, 52 injuries and 26 property damage claims.
 - ❖ The total economic cost of those crashes: \$5.05 million dollars.

With the funding from a road service district, the county could purchase the materials and hire the personnel to be able to provide a comprehensive road maintenance program and provide a safe and sound road system for the public.

Cons:

1. Increases the financial burden on the local taxpayers. Wasco County currently has the 5th highest tax rate in the state at \$4.2523 per \$1,000 of assessed value. In addition, several other special districts have been approved, which further increases the tax burden. Many residents of the county are struggling in this current economy or are limited to a fixed income, and cannot afford to add to their expenses. Public support is needed to approve any new tax, so this proposal may not be viewed as a positive measure because of the increased financial impact. Additionally, by implementing a service district, only property owners would be charged. This proposal would not target the true users of the road system and could be seen as inequitable in this regard.

2. Competing tax measures. A proposed road service district might not be the only tax measure placed before the voters. There is real concern about taking competing ballot measures to the public and placing them in the potential position of having to decide between different services. The most likely event with that scenario is that both measures would be soundly defeated. In addition, a property tax is the sole option as a source of income for many entities, including any future districts. A countywide road service district may not be viewed very favorably when a vehicle registration fee or other funding opportunity is available as an alternative.

3. Compression. As stated previously, a county-wide road district would compete for property tax money with other non-school districts. Those districts are limited in their ability to levy taxes and are required to share a maximum of \$10.00 per \$1,000 of assessed value. This taxing limit may cause proportional compression and that amount of compression could increase as more and more districts attempt to get a share of the tax revenue.

Because there are currently six (6) districts in Wasco County under tax compression, any additional permanent taxes levied could negatively affect the entities relying on tax revenue in those districts. Five (5) of the districts in compression are located within The Dalles area and the other is in Maupin.

The county assessment and tax office has produced a report that attempts to analyze and calculate the additional compression that would result from adding a new county-wide road service district with a permanent rate. Their findings estimate that tax compression could at least double and a greater increase would not be farfetched.

Therefore, an additional tax at the level being sought for the roads could appreciably and significantly increase the tax loss for several government entities and could also impact such services as fire and rescue, parks and recreation and the county library.

Overall Impact/Summary:

After extensive research, staff has determined that forming a road service district would be the best option to provide an adequate and secure funding mechanism for the county road system.

- Service districts are geographically flexible because they afford great latitude to setting up the district boundaries.
- Service districts are financially flexible because of the variety of revenues that they are allowed to collect.
- Service districts also offer the greatest level of stability and administrative ease.

Staff Recommendation:

We recommend that the Board of Commissioners pursue placing a road service district on the November 2014 ballot for the following reasons:

1. A service district is the only funding option that has the authority to raise sufficient revenue in order to sustain an adequate level of system-wide road maintenance.
2. The funding from a road service district would ensure that the safety of the public and the economic value of the road system would be protected.
3. This option is the primary recommendation of the Road Advisory Committee, who recommends that a measure be put before the voters that would result in the formation of a road district, and provide authorization for a property tax levy sufficient to raise \$1.6 million dollars for Wasco County roads.

The commission could choose between the following road service district options:

- Form a county-wide road service district with a permanent tax rate of no less than \$1.23 per thousand. This option would provide \$1.6M for Wasco County and \$750K for the cities.
- Form an unincorporated area county road service district with a permanent tax rate of no less than \$2.03 per thousand. This option would provide \$1.6M for Wasco County and no funding for the cities.
- Form a county-wide road service district with a temporary tax rate (local option levy) of no less than \$1.50 per thousand. This option would provide \$1.6M for Wasco County and some funding for the cities of Dufur, Mosier and Antelope.

Conclusions:

The Wasco County transportation system has been well maintained for many, many years. However, with the loss of federal forest payments, the county's ability to continue to sustain that level of service has ended.

When the federal program began to expire, the county developed a plan to offset the declining revenue: Reductions in materials and capital expenditures, no additional funding to the emergency road reserve, and reductions in personnel which included the loss of seven full-time employees and two part-time employees.

Compounding the revenue problem is the factor of increased cost of essential materials such as asphalt, fuel and rock. Those increases were placing a heavy strain on maintenance dollars even before the severe funding reduction.

Consequently, the current maintenance resources are not keeping up with the increasing costs and the needs of an extensive and complex transportation system. The positions that were eliminated and the reductions that were made were based on the materials and personnel needed to safely maintain the road system for a short period of time, but were not considered a permanent or sustainable solution. Further cuts have extended the work crews too far and the department is losing ground every year.

Currently, the road department has continued to streamline and curtail expenditures where possible. Even after those actions, there is still a significant budget shortfall. The amount of new funding needed to adequately maintain the county transportation system is approximately \$ 1.6 million dollars per year.

Staff has extensively researched several funding options and has explored a multitude of different scenarios. The final recommendation is to establish a road service district and take before the voters a property tax levy sufficient to raise \$1.6 million dollars annually for Wasco County roads. With those proposed taxes, the county can maintain and preserve the existing roads at a level that is practical, realistic and sustainable.

Without these funds, county roads will continue to deteriorate to the point where economic growth becomes choked, communities and neighborhoods become disconnected, tourism is discouraged and the ability to respond to safety requirements and the public's transportation needs becomes unmanageable.

APPENDIX A

FULL-TIME EMPLOYEES OR PART-TIME WORKERS

APPENDIX A

Sub-report: Comparing the value of hiring full-time employees or hiring part-time temporary workers as it relates to the road maintenance schedule and department productivity.

The purpose of this report is to help clarify the staff recommendation of hiring back full-time employees and to provide guidance to the board of commissioners regarding the need for and the value of that recommendation.

Current situation – Since the downsizing of 2007, when the county road department laid off 30% of their work force, the county has been slowly losing ground in maintaining the road system.

The reductions that were made in 2007 were based on the materials and staff needed to safely maintain the road system for only a short period of time. The fact that the condition of the roads has not completely deteriorated with limited materials and personnel over the past seven years is a tribute to the dedication and professionalism of the road crews.

The following schedule may better illustrate the challenge the road department is facing:

A year's worth of work:

January-February – Winter operations. All employees are assigned snow plow and sanding routes. Crews will typically start their work shift between 4:00am and 5:00 am. If not on snow routes, the crews are typically assigned to clear zone maintenance duties such as brush cutting and clearing.

March-April – Spring grading begins. Ten employees are assigned to grading gravel roads, the remainder are needed to haul maintenance rock and are also responsible for ditch maintenance and cleaning culverts. Also, all paved roads are broomed to remove sanding rock and debris from winter operations.

April-May – Preparing paved roads to receive chip seals. Crack sealing paved roads begins. All employees are needed to accomplish this work. Personnel are even pulled from outlying districts – Antelope, Wamic and Mosier. Continue ditch maintenance and culvert cleaning.

May-June – Continue prepping paved roads. Hot patching of the paved roads begins with one half of the crew assigned to this duty. The remainder of the crew will start paint striping work for other entities and also begin any guardrail or delineator work.

July-August – Chip seal paved roads. The entire road crew, including outlying districts is needed to accomplish this work. At times, even the sign specialist and engineers have been needed to help.

August-September – All chip sealed roads are broomed and prepped for paint striping. Wasco County roads are painted at this time, including all stop bars, cross walks, intersections, bicycle lanes and fog lines. Bridge maintenance work begins.

October-November-December – Fall grading of gravel roads begins – Ten employees assigned to these blade routes. Begin shoulder maintenance work on paved roads. Begin brush cutting and clearing, pre-winter operations.

In order to meet all of the necessary maintenance obligations, the road crews need to stick to a regimented schedule month to month and year to year. All current employees are used and are needed in order to be productive and meet the work schedule throughout the entire year.

The option of adding more miles to the chip seal program will mean more time will need to be scheduled in order to accomplish the required prep work - crack sealing and hot patching, and will result in more post chip seal work – brooming and paint stripe preparation.

This additional work would also affect the current maintenance schedule and realistically cannot be accomplished without negatively impacting the other maintenance activities, unless more full-time personnel are added.

The following will compare the capabilities and requirements of part-time workers to full-time employees:

Part-time workers – This section is split into two sections. The first will address an “unskilled” temporary worker. This could also include work-release prisoners or inmates. The second will speak to a “skilled” worker – typically a person holding a valid commercial driver license.

Unskilled temp – These types of workers have typically been college students or displaced general laborers. They do not hold a commercial driver license. These workers are very limited in the duties they can perform. In the past, the department has used these temps for traffic control and general labor such as brush cutting and clearing. Because of their inexperience, it is absolutely necessary that they be sufficiently trained in all road maintenance safety practices, in addition to the flagger class. In order to provide even the most basic of training, it will take approximately 2-3 days before they can begin to be safely placed with a work crew.

Overall, these types of workers are not able to assist the department during any type of activity that requires only equipment operators – grading, snow plowing, chip sealing, hot patching, etc. They simply do not possess the licenses and skills that are needed.

Unskilled part-time workers could be valuable as flaggers, as long as they possess the right temperament and attention span to deal with such issues as irate drivers, long days spent standing in one place, confused traffic, etc. They also need to fully understand the magnitude of their job – they are responsible for the safety and well being of everyone on the crew and all the traffic that enters the work zone. Many people are not cut out for this assignment.

Unskilled part-time workers can also perform well at some tasks such as brushing and clearing, although not all of them can be trusted with power tools right away. These workers must be conscientious and trustworthy. In fact, the best temporary workers would need very little supervision. If a skilled supervisor needs to watch them constantly, it would be more efficient not to have them on the crew.

This would appear to be the biggest issue with using inmates or work-release prisoners on the road crew. Many of these individuals cannot be sufficiently trusted to work alone or even as part of a team, and the road crew is not set up to monitor and police such people. The road department has “working” supervisors. When they are out with on a project, they are assigned specific tasks; they are not just there to watch the work.

Skilled temps – These workers should hold a valid commercial drive license with endorsements. In order to be truly useful, they should have experience in the construction industry and be able to operate a variety of heavy equipment. It is unknown how many local people that meet these criteria would be available. Local 701 – operating engineers in Portland, should have a pool of potential workers that would potentially fit this need, although the travel requirements may be prohibitive for them.

However, even an experienced worker from the union hall with a CDL will be required to have the basic training and instruction needed to be a safe member of the road crew and to properly operate the county equipment. In fact, the training required to work as an equipment operator is far more involved than that for a general laborer. In addition to the 2-3 days of basic safety training, the department also requires behind-the-wheel driver training with an experienced instructor. This can take another 1-2 days of instruction, depending on the skill of the operator, and for each type of equipment.

Additionally, there are several unique driving techniques that are essential before any employee can efficiently work on the road crew – loading and hauling rock from remote quarries, spreading (not dumping) maintenance rock for grading, hauling rock to the chip spreader (must drive very accurately in reverse for long stretches of road), hauling and dumping ditch waste, loading and hauling equipment on a lowboy trailer (requires tie down training), and driving dump truck with a pup trailer (the extra long tongue on the trailer can be challenging to turn and backup). Many of these techniques take several years to perfect and it would be unreasonable to assume that there is a ready pool of temporary workers that have these skills.

This list does not include all the other heavy equipment that the full-time road crew operates and is vital to perform the necessary day-to-day road maintenance – loader, motor grader, back hoe, crack sealer, roller, chip spreader, and many more.

There is also an assumption that part-time workers will be less costly than hiring full-time employees. Attached is a spreadsheet showing the cost comparison:

❖ See “Full-Time Employee v Part-Time Worker Costs”

Full-time employees – The benefits of full-time employees includes:

The time and effort expended towards safety and equipment training is not wasted. With hiring temporary workers, there is no long term return on the investment. The workers will be hired for a few weeks or months, get trained, perform their job duties, and then are dismissed when their time is up, taking their new experience and training with them. Later, when temporary help is again needed, the cycle will start all over again – hire temps, train them up, they leave.

Hiring full-time employees helps assure the safety of the crew and the wellbeing of the public is the primary concern for the department. Employees are part of a comprehensive and integrated safety program, not just trained in the bare minimums. This level of commitment is mandatory because of the inherent dangers associated with road work, and cannot be implemented over a few days or weeks.

Hiring full-time provides a pool of trained, seasoned employees to move up the ranks and assume leadership roles, as the other experienced employees retire. This need is especially critical in the outlying districts like Antelope and Wamic, where it may take several hiring efforts to find the right employee for those areas.

Full-time employees are not just hired guns. They are part of the road crew team, and have a vested, long-term interest in the quality of their work, and in increasing the efficiency and productivity of the department. With limited and very expensive resources, most projects must be performed perfectly, with only one chance to do so. You cannot redo a poor chip seal or cover-up a faulty bridge repair. Only experienced, practiced employees have the best chance of performing up to this standard – as they have proven over and over again for decades.

WASCO COUNTY PUBLIC WORKS
FULL TIME EMPLOYEE V PART TIME WORKER COSTS

(4) FULL TIME EMPLOYEES

NAME/TITLE	STEP	BASE PAY	COLA	PERS UN +2003	FICA .0765	HEALTH INSURANCE	DENTAL INSURANCE	LONG TERM DISABILITY	12 MONTHS GROSS PAY
		\$14.70	1.0000	0.1972	0.0765	1.089		0.0048	
ROAD TECH II, FULL TIME	*1	\$30,575.41	\$30,575.41	\$6,029.47	\$2,339.02	\$12,342.00	\$634.00	\$146.76	\$52,066.66
ROAD TECH II, FULL TIME	*1	\$30,575.41	\$30,575.41	\$6,029.47	\$2,339.02	\$12,342.00	\$634.00	\$146.76	\$52,066.66
ROAD TECH II, FULL TIME	*1	\$30,575.41	\$30,575.41	\$6,029.47	\$2,339.02	\$12,342.00	\$634.00	\$146.76	\$52,066.66
ROAD TECH II, FULL TIME	*1	\$30,575.41	\$30,575.41	\$6,029.47	\$2,339.02	\$12,342.00	\$634.00	\$146.76	\$52,066.66

Total Cost (12 months):	\$208,266.66
Monthly Cost (1 employee):	\$4,338.89
Hourly Cost (1 employee):	\$25.03

(4) PART TIME WORKERS

NAME/TITLE	STEP	BASE PAY	H & W	PENSION	TRAINING &	TOTAL HOURLY	5 MONTHS GROSS PAY
					OTHER	WAGE	
OPERATOR, LOCAL 701	Temp	\$33.71	\$7.70	\$4.05	\$0.66	\$46.12	\$39,969.90
OPERATOR, LOCAL 701	Temp	\$33.71	\$7.70	\$4.05	\$0.66	\$46.12	\$39,969.90
OPERATOR, LOCAL 701	Temp	\$33.71	\$7.70	\$4.05	\$0.66	\$46.12	\$39,969.90
OPERATOR, LOCAL 701	Temp	\$33.71	\$7.70	\$4.05	\$0.66	\$46.12	\$39,969.90

Total Cost (5 months):	\$159,879.59
Monthly Cost (1 worker):	\$7,993.98
Hourly Cost (1 worker):	\$46.12

Yearly Cost Difference for Full-time v Part-Time:	\$48,387.06
Monthly Cost Difference for Part-time v Full-time:	(\$3,655.09)
Hourly Cost Differnec for Part-time v Full-time:	(\$21.09)

The safe and efficient procedures for conducting road maintenance have been tried and tested. Using permanent, full-time employees is not some out-of-date working model that needs to be changed or modernized. It has been proven to be the best, most efficient way to conduct business.

Since 2007 the road department has been doing “more with less”. The original plan was based on the idea that some form of alternative funding would be found by now. Yet, the road crew has made the reductions work and labored tirelessly to make the roads last for several years beyond that plan’s expectations.

Performing road maintenance work is a profession and it should not be viewed as a low grade occupation. It takes specialized training and licensing. It requires a high degree of systematic knowledge, and an orientation towards teamwork and community, with a strong sense of service. Road department employees must possess a high level of self-regulation and initiative. Trying to utilize students, work-release inmates or even skilled temporary workers in lieu of full-time employees compromises these ideals and is truly not in the long term best interest of the public and would negatively impact the operations of the road department and ultimately the county transportation system.

APPENDIX B

VACATING COUNTY ROADS

APPENDIX B

Sub-report: The action of vacating county roads is viewed by some as a viable option for reducing the overall road maintenance costs. The thought is, if we reduce the number of miles of county roads in the county, we will then lower the level of revenue needed to maintain the remaining roads.

The purpose of this report is to expound on the process we must use to vacate roads and to help clarify which roads could be candidates for vacation. We will also explore any potential savings and the impacts to the citizens living along these roads.

Current situation - The financial loss of the fully funded SRS payments is roughly \$1.9 million. Future federal forest payments are being forecasted at \$100,000 to \$150,000. This loss represents the annual revenue needed to maintain the county road system to a good condition. Remaining at this lower level will not be sustainable and eventually the need for other measures will be imperative.

Vacating county roads does not address the loss of federal funding. This proposed action will simply reduce the miles of county roads system wide.

Road Right-Of-Way:

Most roads exist because someone provided the right-of-way. A person provides right-of-way to obtain a benefit, usually in the form of improved access to the property the person is developing.

When providing a road right-of-way the dedicator usually expects more than a place for vehicles to travel. They expect access to all portions of property along the road and the right-of-way used for location of utility facilities. Both are the primary additional functions served by most road right-of-way.

As some of the quiet rural roads became busy thoroughfares, the benefit of the road to abutting property owners changed and an increased general public benefit emerged. The road system of the county evolved into two parts. One part is made up of traffic-carrying routes; the other part consists of property access routes. Most routes serve part of both functions, but traffic-carrying routes work best if property access is minimized, and property access routes serve best if through traffic is minimized. Traffic –carrying routes make up the backbone of the county road system.

Functional Classification of Roads:

The functional classification of a roadway identifies the relative importance of the mobility and access functions for that roadway. Roadways in the highest functional class are freeways. Freeways are intended primarily to serve through traffic traveling relatively long distances and provide no access to adjacent land except by way of interchanges spaced at appropriate intervals. Arterials and collectors provide progressively less emphasis on mobility for through traffic and more emphasis on access to adjacent land. Local roads are intended to provide access to residences, businesses, farms and other abutting property and are not intended to serve through traffic, although a limited amount of through traffic may use some local roads.

The Federal Functional Classification of rural public roads is designated as:

- Rural Principal Arterial
- Rural Minor Arterial
- Rural Major Collector
- Rural Minor Collector
- Rural Local Access

The *Rural Local Access* roads will be discussed in more depth towards the end of this sub-report.

Vacation of Public Property:

A public area or a public interest in an area under county jurisdiction may be vacated when a county governing body determines *the public use is no longer required and that discontinuance of public usage would be in the public's interest*. Unless the owner consents, vacation of public lands is not allowed if the vacation would deprive the owner of a recorded property right the access necessary for the exercise of the recorded property right. This principle applies to county roads, local access roads and other properties.

Vacation Process and Procedures:

The vacation procedures outlined in ORS 368.326 to 368.366 may be followed by a county. The county may also refine or improve this procedure to meet local needs but supplemental county procedures may not conflict with other state laws or constitutional protection.

The vacation procedures apply to all property in the county that is outside cities, including private interests such as subdivisions plats.

The county or public interest usually pertains to roads but could involve a public square, trail, or any other public property.

ORS 368.326 to 368.366 contain procedures for vacation of public roads and other property. Vacation may be initiated by resolution of the county governing body or by petition of individuals. If by petition, acknowledged signatures of owners of 60 percent of the abutting land or 60 percent of the owners of abutting land must be included. A report of the proposed vacation must then be made by the county road official, notice must be given to owners of the abutting land and a hearing must be held to consider the proposed vacation. Notice and hearing are not required if the petition for vacation includes the signatures of the owners of 100 percent of the private property internal to the area to be vacated and owners of 100 percent of the land abutting any property involved and if the county road official files a written report that the vacation is in the public interest.

The procedure for road vacation is a lengthy process that could require a great deal of time and involvement from the Board of Commissioners, the Road Official and Administrative support. Other county departments will be informed of the request and they may or may not require further involvement. Outline of the procedure is:

A. Generally, a vacation is initiated by petition. The petition must include:

- A legal description of the road proposed to be vacated.
- A statement of the reasons for requesting the vacation of the road.
- Names and addresses of all persons affected by the road proposed to be vacated.
- Notarized signatures of the landowners supporting the proposed vacation.

B. The Board of Commissioners directs the Department of Public Works to prepare a Written report on the proposed vacation. The report must contain:

- An assessment of whether the vacation would be in public interest.
- A description of the ownership of the road proposed to be vacated.
- A description of the present use of the road proposed to be vacated.

C. The Board of Commissioners, upon receiving the report, will set a time for a Public Hearing. Notice requirements will be met if the petition contains less than 100 percent of the owners abutting the road to be vacated.

D. After considering the petition, the Public Works Department's assessment and any testimony from the public hearing, the Board of Commissioners will determine whether the vacation is in the public's interest and shall enter an order granting or denying the vacation of the road.

E. The governing body may determine ownership (vesting) of vacated property in the order or resolution vacating the property. Generally, vacated road right-of-way vests in the owner holding underlying title. When not otherwise provided, property usually vests by extending boundaries of abutting property to the center of the vacated property. Vacated public squares vest in the county.

The Road Official follows an Administrative Guide for vacation of county roads, public roads, subdivisions and other public property. There are three basic assumptions that apply for the basis of the study and report:

- A public right-of-way, for road or other use, is a public trust and should be considered as such prior to any recommendation for approval of its vacation.
- The fact that abutting property owners are in agreement for a proposed vacation does not necessarily mean that the vacation should be granted.
- A roadway has not been opened for a use in past years and should not be vacated if probable or possible future development could result in opening the roadway for use.

Not all, but some notable items to be considered in any vacation investigation are; terrain, location, benefit, development, denial of access, zoning, growth and utilities.

Which Roads to vacate?

This is a difficult subject to rationalize since the concept is completely opposite from how and why we have the road system we have today. However, for this evaluation, it has been mentioned that the roads for vacation should be the lesser traveled roads in the more rural areas. To use this scenario, those roads that fall in that category would be *Rural Local Access* roads. Since, there is no program or an accepted practice for deciding which roads should be targeting for vacation we decided to use a large portion of the rural local access roads. Instead of trying to decide what areas and which roads we decided to use all of the gravel roads in this functional classification for our analysis.

Potential Savings:

There are 331 miles of local access roads scattered throughout the county. Of which, 39 miles are paved and another 9 miles are classified as urban local roads. The remaining 292 miles are gravel roads. Of the 292 miles there are 121 roads.

Road vacations are processed by individual roads or road sections, not by the length of the road or total mileage. Therefore, in order to determine an estimated cost savings we need to compare the costs of the proceedings to vacate a road with the cost to maintain the road per mile.

- ❖ See “Road Vacation Costs” spreadsheet.

ROAD VACATION COSTS

STAFF TIME & OTHER COSTS

	<u>LABOR (HRS)</u>	<u>HRLY RATE</u>	<u>TOTAL COST</u>
ROADMASTER	16.00	\$50.86	\$813.76
RD SURVEYOR	2.00	\$46.06	\$92.12
RD DEPT STAFF	1.00	\$43.54	\$43.54
GIS	1.00	\$43.54	\$43.54
EXEC ASSISTANT	2.00	\$33.61	\$67.22
OTHER DEPT (PLANNING)	2.00	\$30.00	\$60.00
BOC	3.00	\$40.00	\$120.00
NOTICES & POSTAGE	3.00	\$300.00	\$300.00
TOTALS:	30.00		\$1,540.18

LOCAL ROADS IN WASCO COUNTY

		<u>COST TO MAINTAIN</u>	<u>COST TO VACATE</u>	<u>STAFF TIME TO VACATE</u>
		\$695.00	\$1,540.18	30.00
Total Local Road miles:	331			
Miles of Rural Local Roads:	322			
Miles of Urban Local Roads:	9			
Miles that are paved:	39			
Miles that are gravel:	292			
No. of Rural Local gravel roads:	121	\$202,940	\$186,362	3630

Summary:

The staff time and other costs for processing a road vacation was estimated based on the process outlined in ORS 368.326 to 368.366. The procedure mandates specific duties and requirements by county staff and Commissioners. The process is very time consuming and generates a considerable amount of costs. For this exercise, we estimated 30 hours of combined staff time to vacate one road. Using an estimated hourly rate for staff with an additional cost for notice and postings the total comes to \$1,540 for one road vacation. With 121 different roads requiring 121 separate hearings the staff costs were \$186,362 and the total hours spend was 3,630.

The estimated cost to maintain a gravel road is \$695 per mile. This cost includes crushed rock. The total for all 121 roads comes to \$202,940.

In this scenario, the cost savings for vacating 121 roads is minimal or none at all when compared to the time and effort it would take to achieve these vacations.

We will be creating various new problems by vacating rural roads for the purpose of reducing the road system. We will receive opposition from the general public on most, if not all rural county roads. The lesser traveled roads in rural areas are necessary roadways because they provide access to residences, businesses, farms and other abutting properties. People use these roads for various reasons. For example, the seldom used road in the wheat farming country suddenly has a great deal use during harvest time. This is true in most rural areas for recreation and other agriculture use.

We also must remember that a good county road system is a critical component of a healthy economy. To serve its purpose, our county roads must be in good physical condition and provide a high degree of connectivity and efficiency. Our road system is also important to our economy in times of local and national crisis. All modes of moving goods and services in this county are necessary to our everyday life.

EXHIBIT A

COUNTY OPTION VEHICLE REGISTRATION FEES

INFORMATION SHEETS



County Option Vehicle Registration Fees Information Sheet



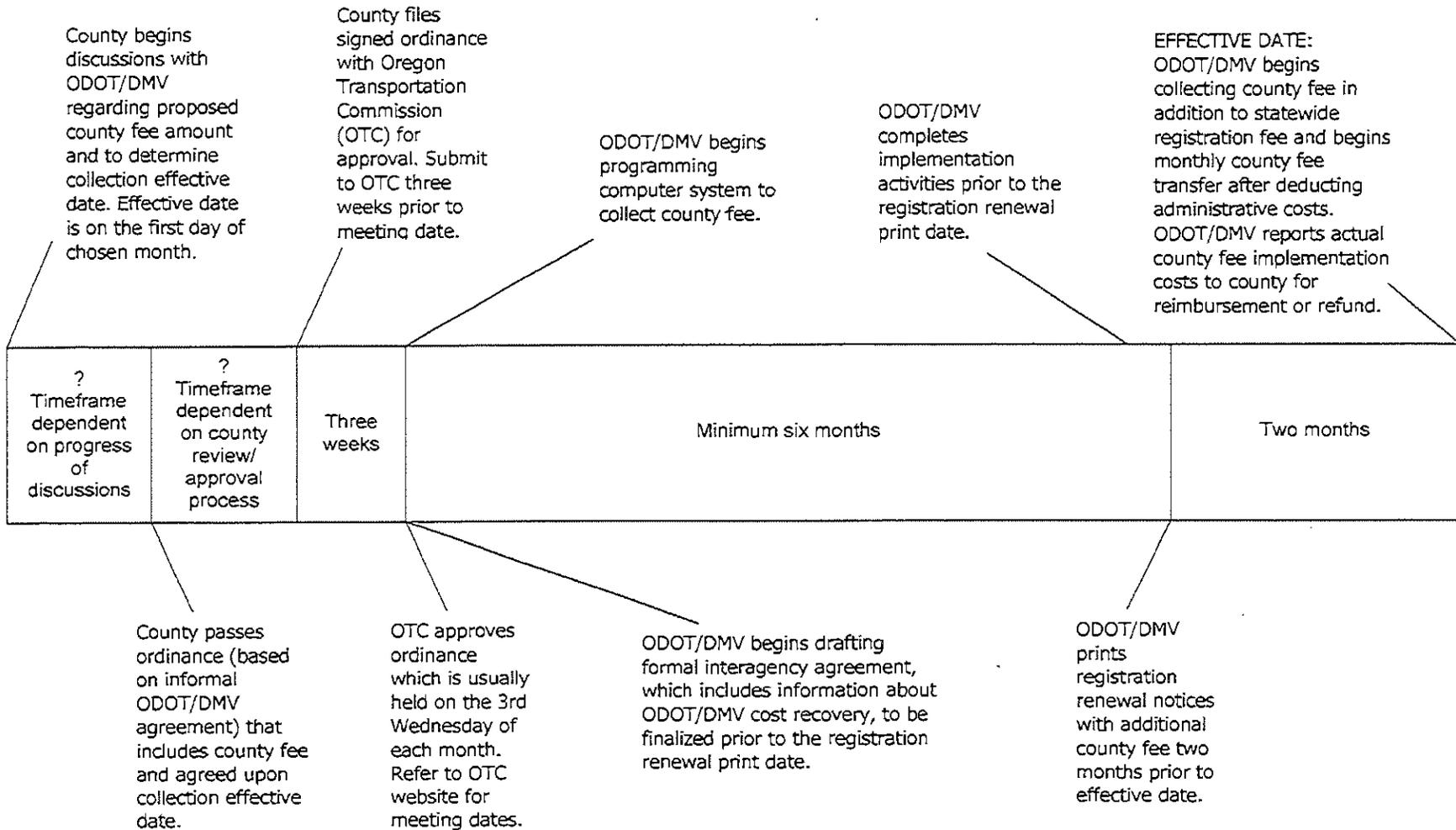
<p style="text-align: center;">Background</p>	<ul style="list-style-type: none"> • A county registration fee enacted on or after July 1, 2013, is no longer restricted to replacing Portland's Sellwood Bridge. • A county with a population of more than 350,000 may enact a local option registration fee by ordinance without elector approval. A county with a population less than 350,000 must receive elector approval to enact the fee. • The local option fee must be a fixed, whole amount regardless of vehicle type and cannot exceed more than \$43 per year. The fee is imposed on all registered vehicle types with the exception of those exempted by statute under ORS 801.041(3). • ODOT/DMV will determine if a county fee applies by examining county situs (vehicle address), then residence address, and then mailing address. A residence address is required to register vehicles. • The county is responsible for resolving any disputes with registered vehicle owners regarding the applicability of a county registration fee. • Two or more counties can act jointly to collect a fee, but an enacted ordinance (or elector approval) from each county must be filed with ODOT/DMV and specify how to distribute the money.
<p style="text-align: center;">Planning</p>	<ul style="list-style-type: none"> • A county ordinance that specifies a county fee and collection effective date must be filed and approved by the Oregon Transportation Commission prior to ODOT/DMV starting any implementation activities. • A county enacting a county fee must enter into an interagency agreement with ODOT/DMV before any fee collection begins. ODOT/DMV will initiate the interagency agreement process upon request of the county. • County registration fees are tied to the statewide registration period, and registration renewal notices are printed and mailed to vehicle owners several months before registration expires. The county fee must take effect several months before the affected registration period begins. <i>[Example: A county fee takes effect in July for vehicles with a registration period beginning in September, since vehicle owners renewing registration ahead of time must pay county fees for vehicle registration periods of September to September.]</i> • ODOT/DMV requires a minimum of six months to implement a new county registration fee. The timeline will be negotiated and specified in the interagency agreement according to workload requirements of the department.
<p style="text-align: center;">Costs and Administrative Fees</p>	<ul style="list-style-type: none"> • ODOT/DMV costs to implement a county's local option registration fee must be paid by the county. The county can pay upfront or have the amount deducted from their monthly ODOT transfer(s). Selected payment option must be included in the interagency agreement between the county and ODOT/DMV. • ODOT/DMV estimates its cost to add a county registration fee at \$40,000. ODOT/DMV will track all implementation costs and only charge actual costs incurred to implement the county fee. • ODOT/DMV deducts a per transaction administrative fee for the collection, processing, deposit and transfer of county fees (ORS 802.110(f)). The fee is determined by ODOT/DMV and is specified in the interagency agreement. It is subject to change periodically, but only upon amending the agreement. • ODOT/DMV will deduct actual costs incurred by ODOT/DMV for monthly debit/credit card merchant fees paid for the county fee portion of any registration transaction (currently limited to online renewals and renewals at DEQ emissions testing stations).

For further information, please contact:

Lori Bowman, DMV Vehicle Programs Manager
503-945-5257, Lori.j.bowman@state.or.us

DMV/August 2013

County Option Registration Fees Process Timeline



For further information, please contact:
 Lori Bowman, DMV Vehicle Programs Manager
 503-945-5257, Lori.j.bowman@state.or.us

COUNTYWIDE VEHICLE REGISTRATION FEE

Effective June 15, 2013

A new revenue source, such as a County Vehicle Registration Fee, could partially replace the lost revenue from the federal lands the counties once enjoyed; it would at least help slow what may become a rapid deterioration of county road and bridge infrastructure.

Currently in Oregon, vehicle registration fees cost \$43 per year (\$86 biannually) for passenger vehicles. While state gas taxes total 30 cents per gallon, gas taxes are a declining revenue source as vehicles have become more fuel efficient so fewer gallons of gas are being consumed.

Oregon law, effective July 1, 2013, allows counties to enact a vehicle registration fee in an amount not to exceed the current state fee.

WHO WOULD PAY THE COUNTY VEHICLE REGISTRATION FEE?

The Oregon law (ORS 801.041) requires the county ordinance imposing a county vehicle registration fee to apply to all vehicle classes except for those vehicle classes specifically exempted by the law. The law provides that a county vehicle registration fee must be imposed on the following vehicle classes: passenger vehicles including electrical vehicles and hybrid vehicles, motorcycles and mopeds, trucks, pickups and vans weighing 26,000 pounds or less, and light trailers and trailers for rent. The following is a partial list of vehicles that the law exempts from the fee: commercial buses and school buses, farm trucks and trucks weighing over 26,000 pounds, snowmobiles and Class I ATVs, vehicles registered by disabled veterans, antique vehicles, government-owned vehicles, travel trailers, campers and motor homes.

WHAT IS THE AMOUNT OF THE COUNTY VEHICLE REGISTRATION FEE?

Oregon law (ORS 803.445) limits the amount of the fee that counties may impose on eligible registered vehicles. The amount of the county fee may not exceed the amount of the fee imposed by the State of Oregon under ORS 803.420 (1), or "\$43 for each year of the registration period" regardless the vehicle type. For administrative purposes DMV notes that it is a lot easier for them to collect a consistent fee for all vehicles. Additionally, ORS 801.041(4) requires that a registration fee imposed by a county must be a fixed fee and must be a whole dollar amount.

A county will need to work with DMV before the ordinance is passed since the ordinance must include the amount of the county's fee and the effective date of the fee.

HOW WILL THE COUNTY VEHICLE REGISTRATION FEE BE COLLECTED?

The law directs the Department of Transportation to collect the county option fee with the state's fee and transfer the revenue to the county according to an established administrative rule. The county imposing the county vehicle registration fee must submit a signed copy of the county ordinance to the Oregon Transportation Commission and enter into an intergovernmental agreement with the department to collect the county registration fees, pay them over to the county and allow for any appropriate credits. The department mails vehicle registration renewal notices to owners anywhere from six to eight weeks prior to registration expiration. This means that the programming and collection processes must be in place more than two months prior to the effective date of the county-option fee. DMV notes that it will likely take a minimum of six months to complete the programming and other activities to implement the county's fee.

WHAT COSTS ARE ASSOCIATED WITH THE IMPOSITION OF A COUNTY VEHICLE REGISTRATION FEE?

Most of ODOT's set-up costs were paid for when Multnomah County established its \$19 local option vehicle registration fee in 2010. In accordance with ORS 801.043, the \$230,957 DMV implementation costs were charged against the counties' share of the State Highway Fund before the distribution of the funds to individual counties. In other words, all counties paid for the implementation of the program. The DMV costs for other counties in the future to impose the local option fee should be significantly less than the initial cost of setting up the program.

There will be costs to add each county's local option fee into the DMV system and to put a process in place to identify and collect from vehicle owners within the new county. DMV reports that the cost could vary depending on whether more than one county implemented at the same time.

In addition to the set-up costs, Multnomah County pays an administrative fee to DMV of \$0.08 per transaction. The fee is subject to change. A participating county will also be responsible for paying its portion of the credit/debit card merchant fees for online registration renewal transactions.

WHICH COUNTIES CAN ENACT THE COUNTY VEHICLE REGISTRATION FEE AND WHICH MUST SUBMIT THE ORDINANCE TO THE VOTERS?

Effective July 1, 2013, the law authorizes counties with a population of 350,000 or more to enact a county vehicle registration fee ordinance without a vote of the voters of the county. Based on the latest county population estimated, four of Oregon's 36 counties can enact such an ordinance: Clackamas, Lane, Multnomah and Washington. The remaining 32 counties must submit a county vehicle registration fee ordinance to the voters of the county for consideration at a countywide election.

WHICH COUNTIES CURRENTLY HAVE COUNTY VEHICLE REGISTRATION FEES?

In 2009 the Multnomah County Board of Commissioners adopted a \$19 per year County Vehicle Registration Fee that will be used exclusively to design and replace the aging Sellwood Bridge across the Willamette River. Multnomah County also has a 3 cent per gallon gas tax.

CAN MULTIPLE COUNTIES IMPOSE A COUNTY VEHICLE REGISTRATION FEE?

The law provides that two or more counties may act jointly to impose a county vehicle registration fee. The ordinance of each county must provide for the distribution of the moneys collected through the joint registration fee.

HOW MUCH OF THE COUNTY VEHICLE REGISTRATION FEE MUST BE SHARED WITH THE CITIES?

The law (ORS 801.041) requires the county imposing the ordinance after July 1, 2013 to share the county vehicle registration fee revenue with the cities within the county. The county must allocate at least 40 percent of the moneys to cities within the county unless a different distribution is agreed upon by the county and the cities within the jurisdiction of the county.

ARE THERE OTHER LIMITATIONS ON USE OF FUNDING?

Article IX, Section 3a of the Oregon Constitution restricts the use of revenue from taxes on the use of motor vehicles and on motor vehicle fuel exclusively for the construction, reconstruction, improvement, repair, maintenance, operation and use of public highways, roads, streets, and roadside rest areas in this state. This exclusive use would apply on the use of any county vehicle registration fees

ARE THERE OTHER POSSIBLE LOCAL REVENUE SOURCES A COUNTY MAY CONSIDER?

Yes, counties have other revenue raising options available which in most instances require a countywide vote unless the county's home rule charter or State statutes authorizes the enactment of a revenue measure without a vote. The following is a partial list of other revenue-raising measures available to counties:

- **County Gas Tax.¹** A county gas tax must be imposed by ordinance and approved by the voters of the county unless enactment is authorized under the county's charter. Two counties currently have county gas taxes, Multnomah County (3 cents per gallon) and Washington County (1 cent per gallon).
- **Local Option Ad Valorem Tax Levy for Roads.** A countywide property tax levy for roads must be approved by the voters and must be shared with cities and road districts.
- **Intergovernmental Entity for Transportation Facilities.** The law authorized the creation of such an entity subject to voter approval and provides broad funding authority for financing the operation, maintenance, repair and modernization of all types of transportation facilities including bonding authority.
- **County Service District for Roads.** District may be established by the voters with a permanent tax rate and may levy local option taxes. It may be also authorized to impose service or user charges, connection charges, district ad valorem taxes, sell bonds, local option taxes or any combination thereof.
- **Road Utility Fee.** County with voter approval may impose a road utility fee for county road maintenance, preservation and construction cost by county ordinance. The major challenge in using a road utility fee is the method of collecting the fee.
- **Bonded Indebtedness for County Roads.** The law offers a county several options in bonding for road maintenance and improvements subject to the approval of the county voters.
- **Improvement of Streets and Roads in Unincorporated Areas.** A county by resolution or petition of property owners may maintain or improve a county road or roads and assess the cost of the improvements to the benefited properties.
- **System Development Charges.** The law authorized a county to impose SDCs for present and/or future capital improvements to meet additional capacity requirements of a new development.
- **Transportation Impact Fee (or Traffic Impact Fee).** By voter-approved county ordinance, a county may establish a transportation or traffic impact fee instead of SDC fees. Washington County voters have approved a transportation impact fee ordinance.

WHAT OTHER OREGON JURISDICTIONS HAVE IMPLEMENTED LOCAL REVENUES?

Twenty three Oregon agencies have adopted a transportation or street utility fee. The cities of Ashland, Bay City, Canby, Clatskanie, Corvallis, Dufur, Eagle Point, Grants Pass, Hillsboro, Hubbard, La Grande, Lake Oswego, Medford, Milwaukie, North Plains, Oregon City, Philomath, Phoenix, Talent, Tigard, Tualatin, West Linn, and Wilsonville all have a Transportation or Street Utility Maintenance Fee.

Gas taxes are collected by Multnomah County (3 cents per gallon) and Washington County (1 cent per gallon), there are also 22 Oregon cities with gasoline taxes between 1 to 5 cents per gallon. The cities are Astoria, Canby, Coburg, Coquille, Cornelius, Cottage Grove, Dundee, Eugene, Hood River, Milwaukie, Newport, Oakridge, Sandy, Sisters, Springfield, Stanfield, The Dalles, Tigard, Tillamook, Veneta, Warrenton and Woodburn.

¹ The Oregon Jobs and Transportation Act of 2009 (Chapter 865, Oregon Laws, 2009) prohibited cities, counties or other local governments from enacting or amending any ordinance imposing a tax on motor vehicle fuel from October 2009 to January 2, 2014, and further requires cities, counties or other local governments to first seek voter approval before levying a tax on motor vehicle fuel on or after January 2, 2014.

EXHIBIT B

**COUNTY OPTION VEHICLE
REGISTRATION FEE**

ESTIMATED REVENUES

Estimated Local Option Vehicle Registration Fee Revenues

Revenues per Year

Based on Vehicle Registrations Effective December 31, 2012

motor carrier transportation division

COUNTY	PASSENGER	TRUCK	LIGHT TRAILER	FOR-RENT TRAILER	MOTOR CYCLE	TOTAL ELIGIBLE REGISTRATIONS	MOTORCYCLE FEES AT \$43	ALL OTHER FEES AT \$43	Available after Sharing 40% With Cities	Vehicles Exempted by ORS 801.041									
										BUS	FARM TRUCK	HEAVY TRAILER	TRAVEL TRAILER	CAMPER	MOTOR HOME	GOVERNMENT EXEMPT	MCTD COMM'L	MCTD PRORATE	MCTD SUBTOTAL
BAKER	17,402	164	1,733	0	698	19,997	\$30,014	\$829,857	\$497,914	27	313	1,618	1,029	172	342	492	138	106	244
BENTON	65,868	504	3,083	0	2,750	72,205	\$118,250	\$2,986,565	\$1,791,939	157	444	1,513	1,742	406	998	1,581	278	105	383
CLACKAMAS	325,677	3,611	17,475	12	14,023	360,798	\$602,989	\$14,911,325	\$8,946,795	240	1,966	23,938	8,917	1,943	4,701	3,966	1,022	5,159	6,181
CLATSOP	36,193	400	1,756	0	1,440	39,789	\$61,920	\$1,649,007	\$989,404	16	77	1,177	1,076	112	506	908	119	216	335
COLUMBIA	50,820	417	3,815	0	2,556	57,608	\$109,908	\$2,367,236	\$1,420,342	47	196	2,078	2,164	413	1,006	779	128	417	545
COOS	60,155	713	3,984	1	2,564	67,417	\$110,252	\$2,788,679	\$1,673,207	74	387	2,590	2,956	326	1,606	1,257	624	222	846
CROOK	23,010	196	2,472	0	821	26,499	\$35,303	\$1,104,154	\$662,492	10	268	3,008	1,579	296	635	430	158	355	513
CURRY	23,887	231	1,773	0	930	26,821	\$39,990	\$1,113,313	\$667,988	10	105	832	1,148	125	711	597	119	143	262
DESCHUTES	157,079	1,792	12,238	0	8,081	179,190	\$347,483	\$7,357,687	\$4,414,612	165	251	5,422	6,974	1,641	4,190	2,035	782	219	1,001
DOUGLAS	106,544	1,377	7,575	17	4,494	120,007	\$193,242	\$4,967,059	\$2,980,235	211	643	5,207	5,280	693	2,552	1,842	958	544	1,502
GILLIAM	2,302	15	232	0	77	2,626	\$3,311	\$109,607	\$65,764	17	124	378	148	16	33	175	59	15	74
GRANT	8,056	117	858	0	284	9,315	\$12,212	\$388,333	\$233,000	6	168	915	458	86	152	374	96	36	132
HARNEY	7,833	122	841	0	253	9,049	\$10,879	\$378,228	\$226,937	4	232	1,104	426	70	135	455	58	23	81
HOOD RIVER	23,889	251	1,223	26	1,216	26,605	\$52,288	\$1,091,727	\$655,036	19	262	865	598	121	371	620	72	157	229
JACKSON	182,409	2,273	10,809	13	9,271	204,775	\$398,653	\$8,406,672	\$5,044,003	146	559	7,787	7,140	827	3,829	2,576	965	1,195	2,160
JEFFERSON	20,394	211	1,603	0	743	22,951	\$31,949	\$954,944	\$572,966	8	286	1,229	1,040	185	525	726	130	90	220
JOSEPHINE	84,163	1,027	4,912	23	4,338	94,463	\$186,534	\$3,875,375	\$2,325,225	59	119	2,543	3,182	436	2,288	858	389	187	576
KLAMATH	65,853	834	5,261	14	2,641	74,603	\$113,563	\$3,094,366	\$1,856,620	40	828	4,534	3,635	532	1,491	1,606	300	556	856
LAKE	8,778	122	926	0	263	10,089	\$11,309	\$422,518	\$253,511	6	263	1,318	590	77	166	408	109	91	200
LANE	297,598	3,801	14,663	42	12,520	328,624	\$538,360	\$13,592,472	\$8,155,483	265	751	9,787	9,438	1,780	6,370	4,710	1,886	1,640	3,526
LINCOLN	45,609	444	2,246	0	1,575	49,874	\$67,725	\$2,076,857	\$1,246,114	84	67	974	1,550	222	1,143	1,051	297	85	382
LINN	107,575	1,205	6,892	0	4,423	120,095	\$190,189	\$4,973,896	\$2,984,338	83	1,382	7,028	4,470	830	2,464	1,774	656	1,282	1,938
MALHEUR	27,349	216	2,372	0	755	30,692	\$32,465	\$1,287,291	\$772,375	29	1,315	3,110	1,009	121	354	1,012	82	433	515
MARION	259,361	3,216	11,468	4	9,082	283,131	\$390,526	\$11,784,107	\$7,070,464	272	2,215	18,066	6,790	1,293	4,065	4,732	1,121	2,797	3,918
MORROW	11,446	99	994	0	394	12,933	\$16,942	\$539,177	\$323,506	36	401	1,154	548	78	158	451	87	96	183
MULTNOMAH	526,820	7,838	11,102	29	21,129	566,918	\$908,547	\$23,468,927	\$14,081,356	551	512	104,174	6,270	1,032	3,914	10,009	2,036	5,543	7,579
POLK	63,432	474	3,123	2	2,560	69,591	\$110,080	\$2,882,333	\$1,729,400	63	611	1,764	1,923	368	1,098	665	265	153	418
SHERMAN	2,433	38	202	0	88	2,761	\$3,784	\$114,939	\$68,963	14	208	314	100	11	49	137	24	36	60
TILLAMOOK	26,985	301	1,587	0	1,000	29,873	\$43,000	\$1,241,539	\$744,923	29	169	1,582	988	118	630	817	258	185	443
UMATILLA	67,864	728	4,998	5	2,705	76,300	\$116,315	\$3,164,585	\$1,898,751	533	1,310	5,556	2,914	381	1,055	1,451	491	833	1,324
UNION	25,138	293	2,306	0	1,051	28,788	\$45,193	\$1,192,691	\$715,615	55	430	1,829	1,301	263	397	611	222	163	385
WALLOWA	8,323	98	1,037	0	417	9,875	\$17,931	\$406,694	\$244,016	31	171	774	505	76	141	215	79	69	148
WASCO	25,396	353	1,376	4	1,196	28,325	\$51,428	\$1,166,547	\$730,785	38	346	1,099	921	145	461	692	78	128	206
WASHINGTON	405,273	4,025	11,765	0	14,148	435,211	\$608,364	\$18,105,709	\$10,863,425	279	1,382	8,671	7,073	1,034	3,267	4,169	962	1,867	2,829
WHEELER	1,727	11	190	0	32	1,960	\$1,376	\$82,904	\$49,742	6	58	185	75	11	35	126	5	4	9
YAMHILL	86,699	913	4,562	0	3,278	95,452	\$140,954	\$3,963,482	\$2,378,089	143	1,023	3,268	2,650	475	1,404	984	402	243	645

Additional exemptions to County Registration Fees are allowed under ORS 801.041 for the following Vehicles:

- Snowmobiles & Class I ATVs; Fixed Load Vehicles; Disabled Veterans (ORS 805.100);
- Antique Vehicles (ORS 805.010); Vehicle of Special Interest (ORS 805.020); School Buses (805.050);
- Law Enforcement Undercover Vehicles (ORS 805.060); and Travel Trailers, Campers & Motor Homes

\$487,190 to Cities