

Task Force on Federal Forest Payments and County Services
Meeting #4
April 24, 2008

Minutes

1. Welcome and overview of the agenda (Exhibit A)

The meeting convened at 10:00 AM

All members were present, except Marvin Brown (excused), Matt Garrett (for whom Doug Tindall represented ODOT), Bob Repine (for whom Darrin Fleener represented OECDD), Max Williams (for whom Mark Cadotte represented DOC), Counselor Anne Ballew and Sen. Alan Bates. Rep. Arnie Roblan participated by phone.

Chair Tim Nesbitt provided an overview of the agenda

2. Recap of last meeting/Adoption of minutes

The minutes of the March 27, 2008 meeting (**Exhibit B**) were approved.

3. Update on federal legislation

Eric Schmidt (AOC) reported that the plan to add the reauthorization to the emergency supplemental war spending bill had met resistance in the Congress. As before, both a one-year reauthorization and a four-year phase-out are in the mix. If neither is approved by June, the next option is an omnibus funding bill in November.

Rep. Arnie Roblan reported from Washington, D.C. that he had met with Interior Undersecretary Mark Ray, who called attention to a three-year reauthorization in the Senate and a one-year in the House and claimed that there are moneys available for either. There is concern about PILT funding in the Ag budget.

4. Reports from the Counties

Co-Chair Bobby Green reported that Lane County had issued layoff notices to 188 employees, out of a total workforce of 1,400. Animal regulation will be completely closed, and there will be reductions in jail beds. The county is working with DHS to maintain its public health authority status. If a one year reauthorization does materialize, the county will use it to buy down its debt. Lisa Smith (Lane County) reported that the layoffs could go as high as 242. The layoffs will be effective May 29. Nesbitt distributed and reviewed two memoranda.

Comm. C.W. Smith, Jackson County, reported that the county just adopted its budget, cutting 10.5 FTEs from its Planning and Building Dept. (due to a 40% reduction in building permit revenues) and 12 positions in Public Works. Within the past 18 months, the county has eliminated a total of 200 positions. Following the contracting out of library services, 55 of 82 employees were rehired. Sheriff's patrol has been cut by one half. The county is decommissioning roads, turning some from pavement to gravel and others to private ownership. With no reauthorization, the county can continue to balance its budget for the next two years, but after that will suffer even more serious declines in service.

Judge Scott Cooper, Crook County, reported that total revenues are down 10%, due to the loss of federal forest payments and a downturn in construction fee revenues. The county laid off 5 employees and eliminated 7 positions. Road and bridge repair problems are compounding. There are 26 bridge projects costing \$5 million in the Powell Butte area alone.

Comm. Mark Labhart, Tillamook County, reported that the county has cut its Roads Dept. by 50%. "We are grinding up roads and putting them back to gravel." State timber revenues are also down, as some timber sale contracts, entered into two and three years ago, are being back. The decline in state forest payments will reduce the county's general fund by 50%.

Christina McMahan, director of the Douglas County Juvenile Dept., reported that the county will be tapping its reserves this year to avoid drastic cuts. The Health Dept. has been hard hit. The Sheriff is not filling vacancies and is down 55 positions in Patrol. Umpqua Transit is on the chopping block.

John Krawczyk, Yamhill County administrator, presented data tables (**Exhibit C**) on all affected counties' tax receipts and revenue losses. Based on an analysis of impending revenue losses and county reserves, he called out the following hard hit counties:

- Josephine County's situation will be "dire." Reserves are inadequate and "the county's property tax revenue is so low that there is no base to fall back on."
- Coos, Curry, Lane, Polk, Columbia and Klamath will find themselves in "a very difficult situation." They may have to operate only mandated services at reduced levels.
- Linn County will be able to maintain public safety operations because of a local option law enforcement levy, but other services will see significant reductions.
- Douglas and Josephine counties will be buffered by strong reserves but will eventually find themselves in great difficulty.
- Tillamook County's problems stem from a high reliance on state forest revenue.

His analysis of road funds based on population (in both incorporate and unincorporated areas) and area (square miles) revealed that Lane and Douglas will be in the worst shape for road funding.

Krawczyk also reported that Yamhill County will be able to support only 20 Sheriff's deputies and no libraries with a revenue base of \$160 per capita.

5. Report from the Review and Drafting Committee

The Task Force received, reviewed and acted on recommendations from the program work groups (**Exhibit D**) with the following actions:

- **Recommend**, to move forward with a proposal to the Governor and the legislative leadership;
- **Support**, to lend support to proposals from agencies or other task forces,
- **Consider**, to forward a proposal for consideration;
- **Further review**, for more research and a report back from the Review Committee;
- **Set aside**, or reject without prejudice.

Exhibit D presents the Task Force's decisions. Its decisions were unanimous, with the following exceptions:

- #33 – Sen. Girod dissented;
- #38 – Sen. Girod dissented;
- #41 – Judge Cooper dissented;
- #44 – Judge Cooper and Sen. Girod dissented;
- #46 – Judge Cooper dissented.

Regarding #15 (incentives to recruit and retain DAs and PDs), Both Comm. Smith and Sen. Girod expressed interest in continuing to explore options. Comm. Smith suggested setting aside 1% of federal forest receipts for this purpose. Judge Cooper amended the proposal to clarify that we are referring to “additional” incentives above and beyond those in effect for college loans, etc.

Regarding #21 (using federal Title IV funds for youth offenders), it was suggested that the committee look into infrastructure costs.

Linda Ludwig, representing LOC, expressed concerns about the impact on cities from #41, 44 and 46. Chair Nesbitt committed to convening a meeting with LOC representatives on these and other issues before the next Task Force meeting.

Regarding #45 (distribution of Forest Highway Program funds), Doug Tindall explained that there is \$20 million/year available through this program that can be moved to preservation, including \$6 million for modernization. ODOT will need to get agreement from the FHA and USFS, but that should not be a problem.

6. Report from the Revenue Work Group

The Task Force received, reviewed and commented on the interim report from the Revenue Work Group (**Exhibit E**).

Gil Riddell (AOC) reported that \$15 would be the recommended amount for recording fees dedicated to assessment and taxation.

Linda Ludwig, representing LOC, called attention to the need to include cities in the proposal regarding the use of transient lodging taxes.

Sen. Girod noted that he would oppose mandating a minimum property tax rate for counties.

Judge Cooper that new revenue options, such as a real estate transfer tax, should always be referred to the voters for approval.

The work group was asked to look further into federal PILT funding.

Sen. Girod asked that we also look into lottery bonds for projects in distressed areas.

7. Meeting reports

The Task Force received written reports on the outcome of meetings convened to address regulatory obstacles to sustainable economic development (**Exhibit F**) and economic development opportunities for rural counties (**Exhibit G**).

8. Report from the Veterans' Services Work Group

Paul Evans, the Governor's military and veterans policy advisor, presented the report of the Veterans' Services Work Group (**Exhibit H**). Evans described the current funding arrangements for Veterans Services Officers (VSOs) and County Veterans Services Officers (CVSOs) and the services they provide.

Comm. Labhart suggested consideration of combining efforts with county health departments to save money.

Judge Cooper noted that Oregon is receiving thousands of returning veterans. He noted potential problems with regionalizing services: "You lose people." He urged that we keep these services accessible at the local level.

Mike McArthur, AOC, supported the proposal for relief from the "non-supplanting language." We shouldn't penalize counties which have made veterans services a priority, he said.

9. Work Plan, Remaining Meetings and Final Report

The Task Force concurred in recommendations for its remaining work (**Exhibit I**).

The remaining meetings of the Task Force will be:

- Thursday, May 29, 10 AM; and,
- Thursday, June 12, 10 AM.

Exhibits

Ex. A – Agenda

Ex. B – Minutes of the meeting of March 27

Ex. C – Payments to Counties (Charts and Tables)

Ex. D – Recommendations – Approved and Pending

Ex. E – Revenue Work Group interim report

Ex. F -- Report from meeting on regulatory obstacles to sustainable economic development

Ex. G – Report from meeting on economic development opportunities for rural counties

Ex. H – Report and Recommendations from the Veterans' Services Work Group

Ex. I – Memo on timeline and work plan