

SUPPLEMENTAL MATERIAL

W. T. e.

IN THE BOARD OF COUNTY COMMISSIONERS OF LANE COUNTY, OREGON

ORDER NO. 06-2-8-7

IN THE MATTER OF AMENDING CHAPTER 60 OF THE LANE MANUAL TO REVISE FEES FOR LAND MANAGEMENT DIVISION PLANNING, SUBSURFACE SANITATION, AND BUILDING PROGRAM ACTIVITIES (LM 60.850, 60.851, 60.852, and 60.855), EFFECTIVE JULY 1, 2006

The Board of County Commissioners of Lane County orders as follows:

Lane Manual Chapter 60 is hereby amended by deleting, substituting, and adding the following section:

DELETE THIS SECTION

60.850 through 60.852
as located on page 60-83 through 60-90
(a total of 8 pages)

60.855
as located on page 60-91 through 60-93
(a total of 3 pages)

INSERT THIS SECTION

60.850 through 60.852
as located on page 60-83 through 60-89
(a total of 7 pages)

60.855
as located on page 60-91 through 60-93
(a total of 3 pages)

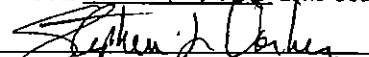
Said sections are attached hereto and incorporated herein by reference. The purpose of these substitutions and additions is to revise fees for Land Management Division planning, subsurface sanitation, and building program activities (LM 60.850, 60.851, 60.852, and 60.855), effective July 1, 2006, based on the findings in Exhibit "A" attached and incorporated here by this reference.

Adopted this _____ day of _____ 2006.

Chair, Lane County Board of Commissioners

APPROVED AS TO FORM

Date 2-14-2006 Lane County


OFFICE OF LEGAL COUNSEL

FINDINGS OF FACT

Finding 1. The proposed fee increases for Planning, Subsurface Sanitation and Building programs are designed to recover the true cost of the services provided by each of those programs. Planning fees were adjusted by 13.5%, Subsurface Sanitation fees by 11% and Building fees by 2.5%. Program expenses, driven primarily by personnel costs, continue to increase. Fees charged to permit applicants will not cover current costs and even with some growth in activity, the division will be unable to maintain the current level of service without the proposed fee increases and will have to make reductions, primarily in staff and certainly in service, to balance division revenues and expenses.

Finding 2. For the last four years, the Board has been clear and consistent in directing the Division to keep its expenditures in line with its revenues (not to rely on the General Fund in the event of a deficit) and to operate in a more business-like fashion. In fact, the budget preparation guidelines for FY06-07 include the following guidance under resources: “Departments experiencing financial stress are strongly encouraged to consider fees increases...to support revenue needs.” The Lane County Strategic Plan sets out the following standards for user fees:

“a. Lane County Government will assure that fair and reasonable user fees are established and collected for those services where state law permits such fees and where the usage of the service is affected by consumer choice. We will follow the following principles:

“... ”

“▪ Fees will be based on costs, including reasonable allocations of overhead and a fair return on investment, where appropriate...The County will also assure that the costs used as the basis for fees reflect efficient levels of operation of the service.”

This proposal is consistent with the standards set out in this and all four of the core strategies set forth in the agenda cover memo presenting these fees and will provide the financial capacity required to move forward with the implementation of process changes and specific initiatives detailed therein. In addition, historical data reflected on recent draft budget worksheets show the Planning Program revenues in fiscal year 04-05 actually fell short of expenditures in providing all services by \$82,275 and a gap exists in the current fiscal year projections, as well. The fee increase for the Planning Program as proposed will help narrow, but will not eliminate that gap in fiscal year 06-07.

Finding 3. Several factors contribute to the need for increasing fees. County overhead costs have increased substantially for the Planning Program this year (over \$56,000), driven by a significant increase in agenda items and a reallocation of agenda items that have been charged to LMD administration in past years. In addition, Information Services costs continue to grow as the Division maintains its focus on several eCommerce projects. If those assumptions hold and remaining overhead costs do not increase at a higher rate than personnel costs, the fees in this proposal could result in a balanced FY06-07 budget that will maintain the current level of staffing and services and

allow for continued implementation of eCommerce and supporting projects. The expectation of contributing to prudent person reserves is not being met, let alone the anticipated need to comply with proposed new financial policies dealing with reserves.

Finding 4. The increased cost of agenda items includes the appeals of Hearings Official decisions and the election to hear those appeals. In all of the fees for appeals except one, an initial hearing has been held before the appeal must be filed. The Board takes notice of the permit and appeal review process requirements and acknowledges the costs of preparing, noticing and presenting the appeal information to the Board to facilitate a final decision on the appeal. No contradictory evidence has been presented to refute the representation that the proposed appeal fees recover only the average costs incurred for providing the services and are reasonable. The Board concludes the proposed fees meet the requirements of ORS 215.416(11)(b) and 215.422(1)(c).

Finding 5. In addition, three years ago the Board authorized increases in planning actions fees in Forest zones to capture the true cost of processing those applications rather than continuing to utilize Title III funds to reimburse the difference. While fees have been recovering costs, the resulting inequity between applications for forest zoned properties and non-forest zoned properties has become more difficult for customers to accept and more challenging for staff to explain and justify. This proposal includes revenue neutral adjustments that return equity to the fee schedule for applications in the forest zones and still represent fees that do not cover all of the actual costs. As a result, applications in forest zones will be decreased while an overall rate increase of 13.5% for planning applications is proposed. In addition, the reduction of Title III funds in the current year for long range planning activities is a clear signal that revenues for that program need to be stabilized in order to continue a work program similar in scope to the last four years. This proposal includes an increase in the long range planning surcharge from 5% to 7.5%, the first increase since the surcharge was established in 1999.

Finding 6. The revenue generated by this proposal equals about 8.3% of the total fees and charges budgeted by LMD in FY05-06. The proposed increase in fees will generate about \$250,000. The roughly \$75,000 generated by the increased surcharge should stabilize funding for long range planning activities while removing reliance on Title III funds. The initial estimated impacts of the personnel costs alone for next year are nearly \$215,000, county indirect charges are increasing by \$60,000 and a loss of \$40,000 in Title III revenue is expected. A balanced budget may be achieved by continuing to utilize revenues for expired building permits and limited state grants in combination with reductions in total Materials & Services expenses.

Conclusion. Based on those facts as outlined here and in the agenda cover memos with attached information prepared for discussions with the Finance and Audit Committee on December 6, 2005, and January 24, 2006, and the full Board on February 8 and 15, 2006, the proposed fees are found to be reasonable and based on the average cost of services. The Board concludes the proposed fees are not contrary to the public interest and should be adopted to recover most of the costs incurred in provision of those services.