COLUMBIA COUNTY
Board of Commissioners Office

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BOARD OF COUNTY COMMISSIONERS
FOR COLUMBIA COUNTY, OREGON
Wednesday, November 6, 2019
10:00 a.m. – Room 310

BOARD MEETING AGENDA

CALL TO ORDER/FLAG SALUTE

MINUTES:

- October 30, 2019 Board Meeting
- October 30, 2019 Work Session

VISITOR COMMENTS – 5 MINUTE LIMIT

HEARING:

In the Matter of Adopting the Columbia County Parking and Towing Ordinance. Ordinance No. 2019-5.

MATTERS:

- Presentation of Revenue Report
- Presentation of HSEMC Report

CONSENT AGENDA:

A. Ratify the Select to Pay for 11.04.19

B. Ratify Plat of 18 LOT SUBDIVISION in the City of St. Helens. FOREST TRAIL, recorded in Plat Book 8, page 8

C. Approve Out–Of-State Travel for Kenneth Border to attend the APPA training in New Orleans, LA. January 4th-8th 2020

AGREEMENTS/CONTRACTS/AMENDMENTS:

D. C78-2019-1 Amendment 1 to Personal Services Contract For Jail Based Mental Health Services

DISCUSSION ITEMS:

COMMISSIONER HEIMULLER COMMENTS:

COMMISSIONER MAGRUDER COMMENTS:

COMMISSIONER TARDIF COMMENTS:

Pursuant to ORS 192.640(1), the Board of County Commissioners reserves the right to consider and discuss, in either open session or Executive Session, additional subjects which may arise after the agenda is published.

BEFORE THE BOARD OF COUNTY COMMISSIONERS

FOR COLUMBIA COUNTY, OREGON

In the Matter of Adopting the Columbia County Parking and Towing Ordinance	ORDINANCE NO. 2019-5

The Board of County Commissioners for Columbia County, Oregon, ordains as follows:

SECTION 1. TITLE.

This Ordinance shall be known as Ordinance No. 2019-5 and may also be cited and referred to as the "Columbia County Parking and Towing Ordinance."

SECTION 2. AUTHORITY.

This Ordinance is adopted under the authority of ORS 203.035, 810.010, 810.040, 810.160, and 819.140.

SECTION 3. PURPOSE.

This Ordinance establishes regulations for the parking and towing of vehicles and other activities on County roadways in order to prevent safety hazards, such as obstructed views of the road and insufficient width for safe movement of vehicles and pedestrians, that are caused by parked vehicles and other activities within roadways.

SECTION 4. APPLICATION.

This Ordinance shall apply to County Roads and Local Access Roads in Columbia County; however, this Ordinance shall not apply within the limits of any city.

SECTION 5. ADOPTION.

The Columbia County Parking and Towing Ordinance, which is attached hereto as Exhibit A and incorporated herein by this reference, is hereby adopted.

SECTION 6. SEVERABILITY

If any provision of this Ordinance, including Exhibit A, is for any reason held invalid or unconstitutional by any court of competent jurisdiction, such portion shall be deemed a separate, distinct, and independent provision and such holding shall not affect the remaining portions thereof.

SECTION 7. SCRIVENER'S ERRORS

Scrivener's errors in any portion of this Ordinance may be corrected by Order of the Board of County Commissioners.

SECTION 8. EMERGENCY

This Ordinance being immediately necessary to maintain the public health, safety, and welfare, an emergency is declared to exist, and this Ordinance shall take effect upon adoption.

DATED this _____ day of _____________, 2019

BOARD OF COUNTY COMMISSIONERS
FOR COLUMBIA COUNTY, OREGON

By: ______________________________
Henry Heimuller, Chair

By: ______________________________
Margaret Magruder, Commissioner

By : ______________________________
Alex Tardif, Commissioner

Approved as to form:

By: ______________________________
Office of County Counsel

Attest:

By: ______________________________
Recording Secretary

First Reading: ________________
Second Reading: ______________
Effective Date: _______________

EXHIBIT A

COLUMBIA COUNTY PARKING AND TOWING ORDINANCE

SECTION 1. APPLICATION.

This Ordinance shall apply to County Roads and Local Access Roads in Columbia County; however, this Ordinance shall not apply within the limits of any city.

SECTION 2. DEFINITIONS.

A. For the purposes of this Ordinance, words used in the present tense include the future, the singular number includes the plural, the word “shall” is mandatory and not advisory, and the term “this Ordinance” shall include this Ordinance and all amendments made hereafter.

B. The words and phrases in this Ordinance shall have the meanings provided in the Oregon Vehicle Code (ORS chapters 801 to 822), except:

1. **Authorized Officer** means the Sheriff, any Sheriff’s Deputy, Weighmaster, or any other person expressly authorized to enforce this Ordinance pursuant to Section 11 of the Columbia County Enforcement Ordinance.

2. **Vehicle** means every device in, upon, or by which any person or property is, or may be, transported or drawn upon any street or highway, and includes any component thereof, including, but not limited to cars, campers, recreational vehicles, motor homes, pickup trucks, pickup truck canopies, and trailers.

3. **Driving Surface** means that portion of the road designed for driving that is either asphalt or gravel. Driving surface does not include the shoulder.

4. **Road Right of Way** means the right of way of a County Road or Local Access Road outside the boundary of any city that has been dedicated to the public for road and utility purposes and accepted by Columbia County.

SECTION 3. PARKING RESTRICTIONS.

A. No Vehicle shall be parked, stopped, or left standing in violation of ORS 811.550 to 811.560, or 811.570.

B. No Vehicle shall be parked within four (4) feet of the edge of the driving surface of any road right of way.

C. No vehicle shall be parked upon any road right of way within twelve (12) feet of any mailbox used for pickup or delivery of the United States mail.

D. No trailer shall be parked upon any road right of way unless it is attached to a motor vehicle by which it may be propelled or drawn. This paragraph shall not apply to trailers that are disabled to such an extent that the driver cannot avoid temporarily leaving the disabled trailer on the highway, provided that the trailer must be removed within three (3) days. This paragraph also shall not apply to trailers owned or operated under authority of the State or County when necessary to perform work on the roadway.

E. No vehicle shall be parked upon any road right of way in violation of "No Parking" signs or markings, where the Board of County Commissioners has authorized such signs or markings.

F. No vehicle shall be parked on any road right of way for more than 72 hours.

G. No vehicle shall be parked where it is impeding or likely to impede the normal flow of vehicular, bicycle or pedestrian traffic; or where it is a hazard or is likely to be a hazard to vehicular, bicycle, or pedestrian traffic.

H. No vehicle shall be parked on a road right of way when the vehicle registration as indicated by registration stickers or registration card has been expired for 90 days or more.

I. Overnight lodging in a vehicle, tent or otherwise is prohibited in the road right of way.

J. No vehicle shall be parked on a road right of way if it impedes the safe sight distance at an intersection or driveway, except for a vehicle of the County, state or public utility while in use for construction or repair work on a road right of way. Safe sight distance is determined by measuring whether a person entering the road right of way from an intersecting road or driveway has an unobstructed view of oncoming traffic for a distance of ten (10) times the posted speed limit.

SECTION 4. PERSON IN VIOLATION; REBUTTABLE PRESUMPTION.

A. Unless otherwise exempt from prohibitions on stopping, standing, or parking as set forth in ORS 811.560, a person commits the violation of illegal parking, stopping, or standing if:

1. The person parks, stops, or leaves standing a vehicle in a place where such action is prohibited by this Ordinance; or

2. The person is the owner of an unattended vehicle parked in a place where such parking is prohibited by this Ordinance.

B. A person commits the violation of unlawful camping in the right of way if the person lodges overnight, in a vehicle, tent or otherwise in the right of way.

C. An authorized officer who finds a vehicle standing upon a road right of way in violation of this Ordinance may move the vehicle, cause it to be moved, or require the driver or other person in charge of the vehicle to move it. The authority to take such action under this Section is in addition to the authority granted under Section 5.

D. There shall be a rebuttable presumption that the registered owner of the vehicle, as shown in the records of the Oregon Department of Motor Vehicles, parked the vehicle in violation of this Ordinance. The burden of proof shall lie with the registered owner to show otherwise.

SECTION 5. ENFORCEMENT.

A. Failure to comply with this Ordinance shall be a violation enforceable under the Columbia County Enforcement Ordinance. Violators of this Ordinance are subject to the penalties provided in the Columbia County Enforcement Ordinance.

B. When an authorized officer finds a vehicle parked in violation of this Ordinance, the authorized officer may issue a citation to the owner or operator of the vehicle, in accordance with the Columbia County Enforcement Ordinance. The authorized officer issuing a citation shall:

1. If the operator is present, issue the citation to the operator; or

2. If the operator is not present, affix one copy of the citation to the vehicle and mail another copy to the owner(s) or other person(s) who reasonably appear to have an interest in the vehicle within 72 hours, Saturdays, Sundays, and holidays excluded. Additional citations shall not be issued for the same violation on the same vehicle unless at least 24 hours have passed since the previous citation.

SECTION 6. TOWING WITHOUT PRIOR NOTICE.

A. **Towing a Vehicle without Prior Notice**. An authorized officer may, without prior notice, order a vehicle towed when:

1. A vehicle is parked, stopped or standing in violation of this Ordinance.

2. The vehicle registration as indicated by registration stickers or registration card has been expired for 90 days or more, the vehicle is required to be registered when operated on a highway roadway, and the vehicle is parked or being operated on a road right of way.

3. The vehicle alarm system disturbs, injures, or endangers the peace, quiet, comfort, repose, health or safety of the public, if no other reasonable disposition of the vehicle can be made and the owner cannot be contacted by reasonable efforts.

4. The vehicle is illegally parked in a conspicuously posted restricted space, zone, or traffic lane where parking is limited to designated classes of vehicles, or is prohibited in excess of a designated time period, or during certain hours, or on designated days, or is prohibited during a construction project defined by designated hours or days.

B. **Notice After Tow**. After a vehicle has been towed under this section, notice of the towing and an opportunity for a hearing shall be sent within 48 hours of towing. The 48-hour period does not include holidays, Saturdays or Sundays. The notice shall include the information required by ORS 819.180, and shall be sent by certified mail, return receipt requested, to the owners of the vehicle and any lessors or security interest holders as shown in the records of the Oregon Department of Transportation.

SECTION 7. TOWING ABANDONED VEHICLES.

A. **Towing an Abandoned Vehicle**. Unless otherwise subject to towing under Section 6, above, an abandoned vehicle may be towed if the authorized officer has reason to believe that the vehicle is disabled or abandoned, and the vehicle has been parked or left standing in the right of way for more than 24 hours without authorization under state or local law.

B. **Notice**. Before towing an abandoned vehicle under this section, notice in compliance with ORS 819.170 shall be affixed to the vehicle at least 24 hours in advance. The 24-hour period includes holidays, Saturdays and Sundays.

C. **Hearing**. If a timely request for a hearing has been received before the vehicle is towed, the vehicle may not be towed prior to the hearing unless the vehicle constitutes a hazard.

SECTION 8. PROCEDURE FOR VEHICLES WITH NO IDENTIFICATION.

If a vehicle that is subject to towing under Section 6 or 7, above, has no vehicle identification number, registration plate, or other markings from which the owner can be identified through the records of the Oregon Department of Motor Vehicles, the County may tow and dispose of the vehicle as though notice and an opportunity for a hearing had been given.

SECTION 9. VEHICLE INVENTORY AND REPORT.

A. Every vehicle impounded under this Ordinance shall have its contents inventoried as soon as practical after impoundment is ordered. An inventory of an impounded vehicle is not a search for evidence of criminal activity. The purpose of the inventory is, as follows:

1. To protect private property located within impounded vehicles;

2. To prevent or reduce the assertion of false claims for lost or stolen property; and

3. To protect people and property from any hazardous condition, material, or instrumentality that may be associated with an impounded vehicle.

B. Inventories of impounded vehicles shall be conducted according to the following procedure:

1. An inventory of personal property and the contents of open containers will be conducted throughout the passenger and engine compartments of the vehicle including, but not limited to, the glove box, other accessible areas under or within the dashboard area, any pockets in the doors or in the back of the front seat, in any console between the seats, under any floor mats and under the seats.

2. In addition to the passenger and engine compartments as described above, an inventory of personal property and the contents of open containers will also be conducted in the following locations:

a. Any other type of unlocked compartments that are a part of the vehicle including, but not limited to, unlocked glove compartments, unlocked vehicle trunks and unlocked car top containers.

b. Any locked compartments including, but not limited to, locked glove compartments, locked vehicle trunks, locked hatchbacks and locked car-top containers, provided the keys are available and are to be released with the vehicle to the third-party towing company or an unlocking mechanism for such compartment is available within the vehicle.

3. Closed containers located either within the vehicle or any of the vehicle's compartments will not be opened for inventory purposes except for the following, which shall be opened for inventory: wallets, purses, coin purses, fanny packs, personal organizers, briefcases or other closed containers designed for carrying money or small valuables, or closed containers which are designed for hazardous materials.

4. Other closed containers shall be opened and inventoried if the owner acknowledges they contain cash in excess of $10, valuables or a hazardous material.

5. Any valuables, to include cash in excess of $10 or property valued at more than $200, located during the inventory process will be listed on a property receipt and stored in the property/evidence room of the Columbia County Sheriff's Office. A copy of the property receipt will either be left in the vehicle or tendered to the person in control of the vehicle if such person is present.

6. The inventory is not a search for evidence of a crime, however, deputies shall seize evidence or contraband located during the inventory. Items should be scrutinized to the extent necessary to complete the inventory.

7. Where a container is not otherwise subject to being opened under this Section, and the authorized officer has not obtained consent to inventory the contents of the container, the container shall be listed in the inventory as a container with a description of its outward appearance.

C. Upon completion of the inventory, a report shall be completed and signed by the authorized officer and given to the registered owner of the vehicle and any other person who reasonably appears to have an interest in the vehicle. If no such person is present when the vehicle is towed, a copy of the report shall be left in a conspicuous place inside the vehicle and a copy shall be mailed to the registered owner of the vehicle. A copy of the report shall be given to the tow truck operator. The report shall include:

1. The reason for the tow;

2. The name of the company towing the vehicle;

3. The name of the company or agency having custody of the vehicle for storage;

4. A list of the contents of the vehicle; and

5. Whether consent was obtained to search containers not otherwise subject to being opened under this Ordinance.

D. Any items seized during the inventory, such as valuables, firearms, contraband, and evidence of criminal activity, shall be listed on a property-in-custody report and shall be given directly to the owner or operator of the vehicle, or if such person is not present, shall be left in a conspicuous place inside the vehicle and a copy shall be mailed to the registered owner of the vehicle.

E. Nothing in this Section shall be construed as limiting or restricting the authority of a law enforcement officer to engage in searches and seizures for purposes other than the inventory of impounded vehicles.

SECTION 10. HEARING PROCEDURE.

A. **Request for Hearing**. After a vehicle has been towed pursuant to Section 6, or prior to towing pursuant to Section 7, the owner or any other person who reasonably appears to have an interest in the vehicle, may file a request for a hearing to contest the validity of the tow or intended tow of the vehicle and the reasonableness of the charges for towing and storage, as follows:

1. The request for a hearing shall be in writing and must be received by the Records Supervisor, Columbia County Sheriff's Office, 901 Port Avenue, St. Helens, Oregon, 97051 within five (5) days of the mailing date of the towing notice. The five-day period does not include holidays, Saturdays, or Sundays.

2. The written request shall state the grounds upon which towing of the vehicle is not justified;

B. **Hearing Procedure**.

1. Upon receipt of a timely request for a hearing, a hearing shall be set and conducted within 72 hours of the receipt of the request, if the vehicle remains impounded. The hearing may be set for a later date if the vehicle is not impounded or if the owner or person entitled to possession so requests. The 72-hour period does not include holidays, Saturdays, or Sundays.

2. Notice of the hearing shall be provided to the person requesting the hearing and to the owners of the vehicle and any lessors or security interest holders shown in the records of the Oregon Department of Transportation.

3. The hearing shall be held before a hearings officer, which may be a County officer, official, or employee who has not participated in any determination or investigation related to the towing and impoundment of the subject vehicle.

4. At the hearing, the owner or person entitled to possession of the vehicle may contest the validity of the towing or intended towing of the vehicle. The County bears the burden of proof. The officer who authorized the vehicle to be towed may submit an affidavit to the hearings officer in lieu of a personal appearance. If the hearings officer finds by substantial evidence in the record:

    a. That the action of the County in towing the vehicle was valid, the hearings officer shall order the vehicle to be held in custody until the costs of the hearing and all towing and storage costs are paid. If the vehicle has not yet been towed, the hearings officer shall order that the vehicle be towed.

    b. That the action of the County in towing the vehicle was invalid, the hearings officer shall order the immediate release of the vehicle to the owner or person with right of possession. If the vehicle is released, the person to whom the vehicle is released is not liable for any towing or storage charges, and the County shall at its sole discretion either satisfy the towing and storage lien or provide for the reimbursement of such costs. The vehicle must be picked up the by the person entitled to possession within 24 hours to avoid further storage charges. If the vehicle is not claimed within that time period, it will not be released until the additionally accrued storage charges, if any, are paid by the person entitle to possession of the vehicle.

2. At the hearing, the owner or person entitled to possession of the vehicle may contest the reasonableness of the towing and storage costs, unless the person specifically requested the towing and/or storage company. Towing and storage charges set by law, ordinance, or rule, or that comply with law, ordinance, or rule are reasonable for purposes of this Ordinance.

3. A person who fails to appear at a hearing under this Section is not entitled to another hearing, and the hearings officer may enter an order finding the towing to be valid and assessing towing and storage charges against the owner.

4. The decision of the hearings officer is the final decision of the County and shall be in writing.

SECTION 11. LIEN FOR TOWING CHARGES.

Any person who tows or stores a vehicle at the request of an authorized officer pursuant to this Ordinance shall have a lien on the vehicle and its contents, as set forth in ORS 819.160.

SECTION 12. SALE OR DISPOSAL OF VEHICLES.

A. Any vehicle that is not reclaimed within the time allowed by law may be sold. However, if a hearing or decision of the hearings officer is pending, the vehicle shall not be sold until at least seven (7) days after the decision has been rendered. A vehicle is not "reclaimed" until the owner or other person entitled to possession has fully paid all required fines, fees, and charges, and provided such other documentation as is required under this Ordinance.

B. Vehicles and their contents shall be sold or disposed of in accordance with ORS 819.201 and 819.215. The proceeds of such sale or disposition shall be first applied to the payment of costs and expenses incurred in the towing and storage of the vehicle, and the balance, if any, shall be credited to the General Fund of the County.

Columbia County
Out-Of-State Travel Authorization Form

EMPLOYEE INFORMATION:

First Name: Kenneth

Last Name: BOrder

Email/Phone: Kenneth.Border@columbiacountyor.gov

Department: DCJ-Adult

Supervisor: Justin Hecht/Janet Evans

TRAVEL INFORMATION:

Purpose of Travel: APPA training

Travel Destination - City/State: New Orleans,LA

Dates of Travel: 1/4-8/2020

Estimated Costs: 1500

Source of Funds: DCJ travel Budgeted: Yes x No ____

Costs Reimbursed by Outside Agency: Yes ____ No x

AUTHORIZATION:

I approve the travel as indicated and certify that funding is available for the payment of all travel expenses that will be incurred in connection with this travel.

Supervisor Name/Title: Janet Evans, Director Date: 10/30/19

Supervisor Signature: ____

BOARD OF COMMISSIONERS
COLUMBIA COUNTY, OREGON **Approved:** ____ **Denied:** ____

By: ____

By: ____

By: ____

COMPLETED FORM MUST BE RECEIVED BY BOC OFFICE 30 DAYS PRIOR TO TRAVEL

AMENDMENT 1

TO PERSONAL SERVICES CONTRACT

FOR JAIL BASED MENTAL HEALTH SERVICES

This Amendment 1 is to the Personal Services Contract by and between Columbia County ("County") and Columbia Community Mental Health ("Contractor") for Jail Based Mental Health Services, effective October 23, 2019 (the "Original Agreement").

WHEREAS, the parties entered into the Original Agreement with an effective date of October 23, 2019; and

WHEREAS, the parties desire to have the Original Agreement effective retroactive to June 1, 2019;

NOW, THEREFORE, the parties agree as follows:

1. Section 1. Effective Date, is amended to read as follows:

   "1. Effective Date. This Agreement shall be effective retroactive to June 1, 2019."

2. Except as specifically amended herein, the Original Agreement remains in full force and effect.

CONTRACTOR

NAME: Julia Jackson
Signed:____________________
Date:_______________

BOARD OF COUNTY COMMISSIONERS
FOR COLUMBIA COUNTY, OREGON

By:_______________________________
Henry Heimuller, Chair

By:_______________________________
Margaret Magruder, Commissioner

By:_______________________________
Alex Tardif, Commissioner

Date:______________

Approved as to form

By:_____________________
Office of County Counsel

October 29, 2019

Dear Advisory Committee,

Thank you for your work and dedication to the Revenue Project. I truly appreciate the time that you put into this. Attached is the final version as presented to the Board. As we move forward with implementation we will rely on you as a key ally to help move forward the different revenue packages. I look forward to your continued support with this project. If you have any questions or concerns please let me know.

Best Wishes,

Alex Tardif

Draft

October 29, 2019

Dear Department Heads,

Greetings! As you know the county has been working on a revenue project to determine how we move forward and fund certain operations. I'm happy to share that that project is coming to a close.
Attached is the finalized revenue project for your viewing pleasure. Please ensure that you share this with your team members so that all county staff are aware of it and if you have any questions or comments please let me know.

Alex Tardif

ECONorthwest
ECONOMICS • FINANCE • PLANNING

DATE: October 2019
TO: Columbia County and Interested Readers
CC: Sarah Hanson, Columbia County
FROM: Lorelei Juntunen and Sadie DiNatale, ECONorthwest
SUBJECT: Fiscal Sustainability in Columbia County: A Path Forward (Appendix D)

Columbia County contracted ECONorthwest to conduct analyses to support County Commissioner and staff discussions regarding potential new revenue sources that could improve the County's fiscal sustainability. The report, "Fiscal Sustainability in Columbia County: A Path Forward" was the product of months of technical work and deliberation about revenues and expenditures / funding needs in Columbia County. This appendix provides cursory details to support the findings of the report.

Appendix D. Revenue Capacity Projections of Short-Listed Funding Tools

Appendix D summarizes ECONorthwest's estimates of revenue capacity for the short-listed funding tools. Short listed tools are:

- Fuel tax
- General Obligation Bond
- Local Option Levy
- Service District
- Transportation System Development Charge
- Timber Tax
- Transient Lodging Tax
- Vehicle Registration Fee

For more information, this appendix also includes assumptions and methods for the projections.

1 Revenue Capacity Summary

Exhibit 1 summarizes the revenue capacity projections based on the assumptions and fee rates recommended by the Advisory Committee. Assumptions and rates were vetted by Columbia County staff and Columbia County Commissioners.

Exhibit 1. Revenue Capacity Summary for Potential New Revenue Tools
Source: ECONorthwest. Note: All revenue projections are estimates and highly depended on the fee / tax rate.

Revenue Tool	Revenue potential FY2019 - FY2023 (real$)	Rates and Key Assumptions	Notes
Fuel Tax	$3,566,000	$0.03/gallon ramping up to $0.05/gallon	Stable - Population is growing, but so is fuel efficiency. Funds are restricted to roadway use (capital or operarating). **Public Vote**
GO Bond	$167,777,000	Maximum allowed under statutory cap.	This amount is very high and may not be politically feasible. Funds are restricted to capital use. **Public Vote**
Local Option Levy (O&M)	$10,083,000	40 cents per $1,000 AV (5-year operating levy)	Increasing revenue potential with new construction. **Public Vote**
Local Option Levy (capital)	$20,166,000	40 cents per $1,000 AV (5-year capital levy)	Increasing revenue potential with new construction. **Public Vote**
Service District	$27,105,000	$1.00 per $1,000 AV (permanent rate)	Funds are allowed for operating and capital uses for particular purpose. **No Public Vote**
TSDC - Revised Rate	$1,574,000	$10,176 per peak hour trip	Funds are restricted to growth related capital improvements. No Public Vote
Timber Tax	$5,455,000	$5.98 per MBF	Matching Oregon rate may face opposition from timber industry. Funds are allowed for operating and capital uses. **Public Vote**
Transient Lodging Tax (Discretionary)	$636,300	8% tax rate	Will grow with tourism industry, but subject to broader economic trends. Revenue potential does not factor in non-profit exemptions. 30% of revenues are discretionary. **Public Vote**
Transient Lodging Tax (Non-Discretionary)	$1,484,700	8% tax rate	Will grow with tourism industry, but subject to broader economic trends. Revenue potential does not factor in non-profit exemptions. 70% of revenues are non-discretionary. **Public Vote**
Vehicle Registration Fee	$4,482,000	$43.00 every 2 years (max allowed by state).	Assumes 40% of revenue would go to cities. No restrictions on use of funds. **Public Vote**
TOTAL	$242,329,000		

2 Assumptions and Methods

This section outlines key assumptions and methods of the revenue projections. All revenue projections are estimates and highly depended on the fee / tax rate.

2.1.1 Fuel Tax

A fuel tax is a tax on the sale of gasoline and other fuels, typically levied as a fixed dollar amount per gallon. The County may use fuel tax revenues for operations, maintenance, and capital costs, but funds are restricted to roadway use (and cannot be used for transit). Everyone who purchases fuel within the relevant jurisdiction—including residents, tourists, truckers, employers—would pay the tax. This tax requires a public vote.

As shown in Exhibit 2, the revenue potential of a new fuel tax is contingent on the rate. Annual revenue potential ranges from $175,000 with a $0.01 tax rate/gallon to $1.8 million with a $0.10 tax rate/gallon. ECONorthwest estimates that the politically feasible rate would be $0.05 per gallon, which would generate about $4.3 million over the five-year analysis period.

Exhibit 2. Fuel Tax Revenue Potential, FY 2019 and FY 2019 through FY 2023
Source: Calculations by ECONorthwest. Note: Values presented in Real$ and rounded to nearest thousand.

Tax Rate	Est. Annual Revenue (FY 2019)	Est. 5-Yr Revenue (FY 2019 to FY 2023)
1 cent per gallon	$176,000	$854,000
3 cents per gallon	$527,000	$2,560,000
5 cents per gallon	$878,000	$4,267,000
8 cents per gallon	$1,406,000	$6,828,000
10 cents per gallon	$1,757,000	$8,534,000

Assumptions and Methodology

Revenue capacity for a fuel tax is levied on gallons of fuel sold. Accordingly, the first stage in the methodology is to estimate the number of gallons sold in Columbia County (point-in-time and over the five-year analysis period). ECONorthwest employed these steps:

- Use most recent Economic Census to determine automotive fuel sales for Oregon.[1] Note this detail is not available at the County level. Conclusion: Oregon fuel sales amounts to $4.9 billion in 2012$.

[1] U.S. Economic Census. (2012). Table EC1244SLLS1, Retail Trade, NAICS Cod 44-45, Products and Services Code: 20720.

- Use 2012 average fuel price in Oregon (about $3.76/gallon) to determine total gallons of fuel sold in Oregon.[2] Conclusion: Oregon sold approximately 1.3 billion gallons of fuel in 2012.
- Use Oregon's 2012 population estimates (3,883,735 people) to determine gallons of fuel sold per capita.[3] Conclusion: Oregon sold approximately 337 gallons per capita in 2012.
- Estimate total gallons of fuel sold in Columbia County using Oregon's metric of 337 gallons per capita. Conclusion: Columbia County sold approximately 16.8 million gallons of fuel in 2012.
- Use Columbia County's population forecast to extrapolate total gallons of fuel sold in 2012 to 2019.[4] Conclusion: Columbia County is forecast to sell approximately 17.6 million gallons of fuel in 2019. Note: this is an estimate based on available data; ECONorthwest expects this estimate to be conservative.

Next, ECONorthwest projected revenue capacity for a conceptual fuel tax by applying various levy rates to the estimate of gallons of fuel sold in Columbia County for 2019 and for FY 2019 to FY 2023 (in real dollars). Levy rates ranged from $0.01 per gallon of fuel to $0.10 per gallon of fuel. The product is shown in Exhibit 2.

2.1.2 General Obligation Bond

The County may use general obligation bonds (GO Bonds) can for capital costs only. Property taxpayers fund GO bonds.

State law requires property taxes for GO bonds to be levied as a dollar amount rather than a rate per thousand of total assessed value, as these levies are based on the amount of annual debt service and reserves required to service the debt issued for the bonded improvements. Each year, the County Assessor effectively 'works backward' to determine how much to assess on each property in the County. This allows the County to collect the amount of revenue needed to meet the annual repayment obligation. The amount of taxes levied each year on any individual property will fluctuate based on: (1) the amount of scheduled principal and interest payments, and (2) the assessed value of the property in the County that drives GO bond property tax collections, which changes as new development and assessed value growth occurs.

Oregon law caps GO bonds for counties at 2% of real market value. Columbia County's real market value for 2017-2018 was $8,388,882,126, so Columbia County could issue roughly $167 million in total GO bond debt and remain under their legal debt limit.

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[2] AAA. (2012). Fuel price trends. https://www.oregon.aaa.com/gas-prices/page/8/

[3] Portland State University, Population Research Center, Annual Population Estimates, Oregon 2012.

[4] Portland State University, Population Research Center. Columbia County's forecasted population in 2020 was 53,212 people. ECONorthwest extrapolated the population forecast for 2020 (to 2019) based on the methodology specified in the following file (from the Oregon Population Forecast Program website): http://www.pdx.edu/prc/sites/www.pdx.edu.prc/files/Population_Interpolation_Template.xlsx

Exhibit 3 shows revenue projections for four debt issuance options ($50 million, $100 million, $120 million, and $160 million) over a 20- and 30-year amortization periods.

Exhibit 3. General Obligation Bond Revenue Potential, 20 and 30-year amortization periods
Source: Calculations by ECONorthwest.

Principle & Amoritization Period	Annual property tax collected for debt payment	Rate in first year (per $1,000 AV)	Annual payment for home valued at $200,000
20 year amortization period			
$50 million	$4,344,494	$0.85	$170
$100 million	$8,688,988	$1.70	$340
$120 million	$10,426,786	$2.04	$408
$160 million	$13,902,381	$2.72	$544
30 year amortization period			
$50 million	$3,522,015	$0.69	$138
$100 million	$7,044,030	$1.38	$276
$120 million	$8,452,836	$1.65	$331
$160 million	$11,270,447	$2.21	$441

Assumptions and Methodology

ECONorthwest used the following assumptions to estimate annual property tax collections and rates:

- 5% interest rate
- 1.07 coverage ratio to account for losses and delinquencies.
- 1.2% bond insurance cost
- Columbia County Net Taxable Assessed Value, FY 2017-2018: $5,109,900,511

2.1.3 Local Option Levy

Local option levies cannot exceed five years (if used for operations) and 10 years (if used for capital projects); although they may be renewed if the public continues to vote in favor of the levies. Revenue from local option can be affected by property tax compression. When compression occurs, the new local option levy can lower revenue raised by other local option levies.

Exhibit 4 shows that the revenue capacity of a local option levy is dependent on the tax rate. A local option levy with a rate of $0.10 per $1,000 Assessed Value (AV) would generate about $504,000 in FY 2019. A local option levy with a rate of $0.40 per $1,000 AV would generate about $2 million in FY 2019. A local option levied at $0.30 could generate about $7.6 million over five-years (for operations) and $15.1 million over 10-years (for capital investments).

Exhibit 4. Local Option Levy Revenue Potential, FY 2019 and FY 2019 through FY 2023
Source: Calculations by ECONorthwest. Note: Values presented in Real$ and rounded to nearest thousand.

	Rate per $1,000 of Taxable Assessed Value			
	$0.10	$0.20	$0.30	$0.40
Estimated annual revenue, FY 2019	$504,000	$1,008,000	$1,512,000	$2,017,000
Total revenue over 5-year levy, FY 2019-2023	$2,521,000	$5,042,000	$7,562,000	$10,083,000
Total revenue over 10-year levy, FY 2019-2028	$5,042,000	$10,083,000	$15,125,000	$20,166,000
Annual cost for a home with taxable AV of $200,000	$20	$40	$60	$80

Assumptions and Methodology

To estimate revenue capacity from a local option levy, ECONorthwest used Columbia County's 2017-2018 taxable assessed value of about $5.1 million. For FY 2019-2023 and FY 2019-2028, ECONorthwest projected 3% annual growth in assessed value. We assumed a 93% collection rate due to losses and delinquencies.

ECONorthwest modeled four rates per $1,000 AV for an assumed five-year local option levy (for operating costs) and an assumed ten-year local option levy (for capital costs).

2.1.4 Service District

A service district levies a permanent property tax to improve a specific set of public services within the County boundary. All tax moneys levied and collected by the district are kept as a special fund for the district. The district may use funds for operations and/or capital.[5]

At a rate of $1.00 per $1,000 of AV, a service district could generate upwards of $27.1 million over the five-year analysis period.

Exhibit 5. Service District Revenue Potential, FY 2019 and FY 2019 through FY 2023
Source: Calculations by ECONorthwest. Note: Values presented in Real$ and rounded to nearest thousand.

	Rate per $1,000 of Taxable Assessed Value			
	$0.50	$0.75	$1.00	$1.25
Estimated annual revenue, FY 2019	$2,710,000	$4,065,000	$5,421,000	$6,776,000
Estimated annual revenue, FY 2019-2023	$13,552,000	$20,329,000	$27,105,000	$33,882,000

Assumptions and Methodology

To estimate revenue capacity from a local option levy, ECONorthwest used Columbia County's 2017-2018 taxable assessed value of about $5.1 million. For FY 2019-2023 and FY 2019-2028, ECONorthwest projected 3% annual growth in assessed value. ECONorthwest modeled four rates per $1,000 AV.

[5] Service districts may be established for many purposes, as listed in ORS 451.010: https://www.oregonlegislature.gov/bills_laws/ors/ors451.html

2.1.5 Transportation System Development Charge

System Development Charges (SDCs) are assessed on new development and used to fund growth-related capital improvements (new projects or as reimbursement for existing projects built to scale for new growth).

Columbia County has two existing SDCs – (1) a rural parks SDC with a $750/dwelling unit for single-family units and $605.77/dwelling unit for multifamily units and (2) a transportation SDC with a rate of $2,250/peak hour trip. The current SDC methodology was adopted by Columbia County in 2007.

Columbia County is currently in the process of conducting a study (separate from this process) to update their transportation SDC rate. Preliminary, the maximum the transportation SDC rate as proposed in the study is $10,176. Columbia County has not adopted this rate yet. Therefore, the following transportation SDC projection is preliminary. Note: Columbia County has not considered a rate increase for their parks SDC at this time.

Exhibit 6. Transportation System Development Charges Revenue Potential, FY 2019 and FY 2019 through FY 2023

Source: Calculations by ECONorthwest. Note: 5-year forecast revenue in real dollars.

SDC District	Total Est. Revenue (FY2019-2023)
SDC-District 1	$ 825,000
SDC-District 2	$ 325,000
SDC-District 3	$ 84,000
SDC-District 4	$ 340,000
Total	$ 1,574,000

Assumptions and Methodology

To project funding capacity for a transportation SDC rate increase, ECONorthwest used historical, budget data from Columbia County to determine the average amount revenue generated between FY2012 and FY2018 as well as an average rate of growth. ECONorthwest developed funding projections under the assumption that new development will occur at the same average trajectory as it has since 2012.

2.1.6 Timber Tax

A timber tax is a tax on the volume of timber harvested or sold. The tax is paid by the owner of the harvested timber when it is first measured—and it is measured in Million Board Feet (MBF). Timber tax revenues can fund operations, maintenance, and capital costs.

Exhibit 7 shows the estimated revenue potential that Columbia County would generate from a local timber tax levied at $5.98 per MBF. If Columbia County imposed this fee, they could generate about $1 million annually or approximately $5.4 million over the analysis period.

Exhibit 7. Timber Tax Revenue Capacity, FY 2019 and FY 2019 through FY 2023
Source: Calculations by ECONorthwest. Note: Annual revenue in 2019$, 5-year forecast revenue in real dollars.

Fee Rate per MBF	Est. Total Revenue (Annual)	Est. Total Revenue (5-Year Forecastl)
$5.98	$973,819	$5,458,229

Assumptions and Methodology

To determine Columbia County's estimated revenue for timber taxes, ECONorthwest applied a fee rate of $5.98 per MBF, which matches the State rate for Western Oregon Counties (Small tract forestland severance tax rate). ECONorthwest used the Oregon Department of Forestry's database of timber harvested (by county and year in MBF)[6] to determine the amount of timber harvested in Columbia County. ECONorthwest modeled revenue capacity for timber harvested by all private industries (less timber harvested by Native Americans).

Since 2000, timber harvested in Columbia County decreased by an average annual rate of 0.5%. ECONorthwest factored this trend into the forecast of revenue over the analysis period. Revenue capacity for the five-year analysis period is presented in real dollars meaning the value of the fee was inflation-adjusted (using a 3% inflation rate).

[6] Oregon Department of Forestry, Timber Harvest Data (1962 – 2017). https://data.oregon.gov/Natural-Resources/Timber-Harvest-Data-1962-2017/7ie7-wbyr

2.1.7 Transient Lodging Tax

Transient lodging tax is a fee charged to customers for overnight lodging generally for periods of less than 30 consecutive days. The fee is a percentage of lodging charges incurred by the customer, though some jurisdictions levy a flat fee per room night. A fee exemption for non-profits who use lodging for homeless housing has not been accounted for in these projections.

Exhibit 8. Transient Lodging Tax Revenue Capacity, FY 2019 and FY 2019 through FY 2023
Source: Calculations by ECONorthwest. Note: Annual revenue in 2019$, 5-year forecast revenue in real dollars.

	Levy Rates		
	7%	8%	9%
Total Revenue Generated			
Estimated Revenue, FY 2019	$364,000	$416,000	$468,000
Estimated Revenue, FY 2019 - FY 2023	$1,855,697	$2,120,796	$2,385,896
Discretionary Revenue			
Estimated Revenue, FY 2019	$109,200	$124,800	$140,400
Estimated Revenue, FY 2019 - FY 2023	$556,709	$636,239	$715,769

Assumptions and Methodology

Using tourism industry data[7] for Columbia County, ECONorthwest modeled three scenarios to estimate revenue capacity for a transient lodging tax levied at 7%, 8%, and 9% of lodging charges (defined by visitor spending at hotels, motels, and STVR). ECONorthwest assumed a 4% AAGR in visitor spending based on the rate of growth from 2016 to 2017.

State statutes dictate that 70% of revenues earned from transient lodging taxes go toward tourism promotion. Accordingly, ECONorthwest also estimated the extent of discretionary funds for non-tourism related investments / operations. Total revenues derived by scenario and discretionary revenues derived by scenario is shown in Exhibit 8.

[7] Dean Runyan Associates. (June 2018). Oregon Travel Impacts, Statewide Estimates: 1992 – 2017p. http://www.deanrunyan.com/doc_library/ORImp.pdf

2.1.8 Vehicle Registration Fee

Vehicle registration fees can fund operation, maintenance, and capital costs. Columbia County is required to allocate a certain amount of revenue to cities within the county. All Columbia County residents who own a vehicle would pay the registration fee.

If Columbia County imposes a $43 bi-annual vehicle registration fee ($21.50 per year), ECONorthwest estimates that the County would receive approximately $933,000 annually, or $4.5 million over the five-year analysis period (in inflation-adjusted 2019 dollars). A $20 bi-annual fee ($10 per year) would generate about $434,000 in annual revenue for Columbia, or $2 million over the five-year analysis period (in inflation-adjusted 2019 dollars).

Exhibit 9 shows the estimated revenue potential that Columbia County would generate from vehicle registration fees (after required revenues are allocated to cities within the county). The exhibit also presents an estimated five-year forecast of revenues (less revenues allocated to cities).

Exhibit 9. Vehicle Registration Fee Revenue Capacity, FY 2019 and FY 2019 through FY 2023
Source: Calculations by ECONorthwest. Note: Annual revenue in 2019$, 5-year forecast revenue in real dollars.

Fee Sceanrios (Annual)	Est. Total Revenue (Annual)	Revenue Allocation to Columia County Cities (Annual)	Revenue Allocation to Columbia County (Annual)	Revenue Allocation to Columbia County (5-Year Forecast)
$21.50	$1,555,197	$622,078.81	$933,118.21	$4,482,467
$10.00	$723,347	$289,338.98	$434,008.47	$2,084,868

Assumptions and Methodology

To determine Columbia County's estimated revenue for vehicle registration fees, ECONorthwest used two fee rate options: (1) $43 every two years, which is the maximum fee rate a county can impose and (2) a reduced rate of $20 every two years.

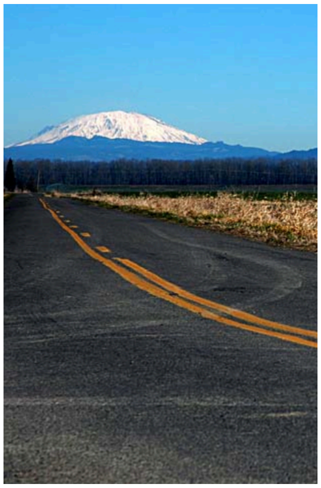
Next, ECONorthwest estimated annual revenue capacity for Columbia County using both fee rates. Per 2018 DMV records, Columbia County had 70,493 registered vehicles. Per state statute (ORS 801.041), counties must split vehicle registration fees 60/40 between the county (60%) and cities within the county (40%), unless a different distribution is agreed upon. ECONorthwest used these factors to determine Columbia County's share of revenue from the total revenue generated from vehicle registration fees.

To project out to FY 2022/23, ECONorthwest multiplied the number of registered vehicles in Columbia County by the average rate of growth for registered vehicles in Columbia County from 2014 to 2018 (2.6%).[8] This relies on the assumption that vehicle registrations will continue to grow at the pace of historical growth trends for the next five-years.

The maximum county vehicle registration fee is set in state statute and does not automatically raise with inflation. Without changes at the state level, inflation-adjusted annual revenue from a vehicle registration fee will likely decline over time. This is because the estimated inflation rate (3.1%) is higher than Columbia County's projected annual vehicle registration growth (2.6%).[9]

[8] Inflation rate of 2.6% comes from Oregon Department of Transportation's "Oregon Motor Vehicle Registrations by County," (2014 to 2018), of the Driver and Motor Vehicle Services Division. https://www.oregon.gov/odot/dmv/pages/news/vehicle_stats.aspx

[9] Inflation rate of 3.1% comes from ODOT's guidance on long-range revenue forecasts. "Financial Assumptions for the Development of Metropolitan Transportation Plans SFY 2018-2047." Published December 2016.




Fiscal Sustainability in Columbia County: A Path Forward

October 2019

Prepared for: Columbia County

FINAL REPORT

ECONorthwest
ECONOMICS • FINANCE • PLANNING

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For over 40 years ECONorthwest has helped its clients make sound decisions based on rigorous economic, planning, and financial analysis. For more information about ECONorthwest: www.econw.com.

ECONorthwest prepared this report for Columbia County. It received substantial assistance from Columbia County staff, an ad-hoc Advisory Committee, and Columbia County Commissioners. Other firms, agencies, and staff contributed to research that this report relied on. In particular, we'd like to the thank the County Commission, individuals who served on the Advisory Committee, and the Staff Committee:

County Commission

Alex Tardif
Henry Heimuller
Margaret Magruder

Advisory Committee

Alex Tardif, Columbia County Commissioner
Chip Bubl, Columbia County Extension Services
Craig Campbell, Oregon Manufacturing Innovation Center
Julia Jackson, Columbia County Mental Health
Kathy Engel, Columbia County Budget Committee
Robert Blumberg and Chuck Daughtry, Wauna Credit Union
Simon Date, South County Chamber of Commerce
Susan Wagner, Vernonia community member

Columbia County Staff Committee

Holly Miller, Director of Information Technology Department
Karen Kane, Public Information Coordination
Michael Russell, Director of Road Department
Nancy Merlette, Finance Department
Sarah Hanson, County Counsel
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Table of Contents

In addition to the chapters presented in the table of contents, several appendices comprising technical details are available upon request. These appendices are:

Appendix A. Existing Conditions describes Columbia County's existing fiscal situation and provides revenue and expense trend details. It describes the nature of Columbia County's fiscal challenges.

Appendix B. High-Priority Unmet County Needs provides information about Columbia County's most critical funding needs.

Appendix C. Revenue Tool Evaluation provides information about the evaluation of potential new funding tools considered by Columbia County and the Advisory Committee. It explains the process of narrowing down a comprehensive list of funding tools to a short-list of more feasible funding tools for near-term action.

Appendix D. Revenue Capacity Projections presents estimates of revenue capacity for the short-listed funding tools as well as assumptions and methods.

Appendix E. County Competitiveness compares Columbia County's existing and future taxing landscape to nearby jurisdictions in the greater region.

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1 Introduction

In the 1990s, Oregon enacted Measures 5 and 50, changing the state's property tax laws and hampering the ability of local governments to raise one of the most important revenue sources that they can access. Measures 5 and 50 created structural limitations on the growth of property tax revenues, even as statewide infrastructure and service needs continue to increase. In the intervening years, Columbia County and every other Oregon community seek solutions to fund needed services for growing communities. As long as Oregon's property tax laws remain as they are (and they cannot be changed without statewide reform), Columbia County will not be alone in its struggle to address funding gaps.

As Columbia County's funding gap becomes harder to reconcile each year, the County must make increasingly tough choices. Does the County cut more services? Defer more maintenance on key infrastructure? Invest more effort in pursuing limited one-time only grant funds and state allocations? Reduce human resources, even at the risk of straining the team? This chronic underfunding of services affects everyone in the county: cities must step up their own resources to cover gaps, residents of unincorporated communities drive to and from work on poorly maintained roads, and the county's citizens have limited access to fundamental transit, public safety, and other services that counties provide.

Increasing local government funding is never an easy conversation, and the Columbia County Commission has not entered into it lightly. To reconcile Columbia County's funding gap, the County has made layoffs, initiated furloughs, conducted programmatic restructuring, and deferred capital maintenance. The result of these necessary decisions is reduced quality of life for many County residents.

The County recognizes that status quo (disinvestment in County services) will harm the County's competitive position in the long run. At the same time, the Commission understands that new revenue sources will impact County businesses and residents, and is focused on ensuring that the County remains competitive and that revenues are fairly sourced. The Commission is committed to a transparent and data-informed conversation about fiscal needs in the County.

This report, and the funding framework that it presents, is the first step along a path to fiscal sustainability for Columbia County. In December of 2018, Columbia County asked ECONorthwest to help identify ways to address the County's most pressing fiscal challenges and break this cycle that leads to chronic underfunding of key County services. The County contracted ECONorthwest to conduct analyses to provide a fact-base for County Commissioner and staff discussions regarding potential new revenue sources that could improve the County's fiscal sustainability. The County described the desire to have a funding strategy that the community can get behind, that is sustainable, and that meets needs that are impactful county-wide – from Clatskanie to Scappoose to Vernonia.

The purpose of the project is to aid in Columbia County's strategic decision-making processes to meet capital and operations / maintenance (O&M) funding needs into the future.

The framework for action presented in this report grew out of conversations with staff, Commissioners, and an Advisory Committee of economic development, business, city, and citizen representatives. It serves as a resource to continue and expand the conversation to a broader audience and to support a series of actions that bring new revenue to the County over a number of years. Because the *community* must choose this path, this report provides a framework to an improved fiscal situation while describing the tradeoffs it requires.

Terms Defined:

Framework is a supporting structure for a potential funding strategy.

Funding Strategy is a plan that outlines funding needs with identified actions and funding resources to address the needs.

Capital Costs are expenditures for purchases of equipment, improvements to real or personal property, or development of new infrastructure that has a cost greater than $5,000 and a useful life of more than two years, excluding normal maintenance parts purchased for existing equipment or property.

Operations and Maintenance (O&M) Costs include the expenditures associated with the maintenance and administration of Columbia County's daily operations (staff salaries and benefits, program costs, equipment or building upgrades under $5,000, etc.).

County Commissioners look forward to vetting this product with the rest of the community.

1.1 Advisory Process

Columbia County and ECONorthwest solicited public and stakeholder input from an **ad-hoc Advisory Committee**. The Advisory Committee met four times[1] to provide local context and input on key assumptions, analyses, and revenue tool evaluations. The project relied on the Advisory Committee to review draft products and provide input at key points (e.g., before recommendations and decisions were made and before draft work products were finalized). The project required many assumptions that the committee needed to vet and agree upon, as these choices may affect current and future residents. In short, *local* review and community

[1] Advisory Committee meeting dates: February 14, 2019; March 14, 2019; April 25, 2019; and May 30, 2019.

input were essential to developing *locally* appropriate and politically viable funding recommendations.

The **Revenue Project Staff Team** also provided fundamental support in ensuring recommendations were locally appropriate and politically viable. The team consisted of department heads and staff who helped guide the project, coordinate data requests, and prioritize county funding needs. The team met bi-weekly to discuss the project. In addition, the team attended three meetings[2] with ECONorthwest to vet details of the technical analyses and provide direction.

ECONorthwest met with the **Columbia County Commission** at two Commission meetings.[3] At the first meeting, ECONorthwest presented a fiscal situation assessment and facilitated a discussion that informed the draft framework recommendations. The Commission emphasized the importance of a phased approach that builds on the past success of passing a jail operating levy. The Advisory Committee vetted the recommendations after the first Commission meeting. Then, ECONorthwest brought the vetted recommendations back to the Commission at the second meeting for confirmation.

1.2 Research Approach and Report Organization

This report is the product of months of technical work and deliberation about revenues and expenditures, funding needs, and funding principles. The project had two major phases of work, which generally reflect the flow of this report:

Phase 1. *What's the problem*? (Chapter 2 of this report)

To support development of a framework for action, ECONorthwest analyzed budget and general ledger data and conducted interviews with department heads to establish a generalized comparison of estimated funding needs (existing expenditures) with funding capacity (existing revenue). While not a comprehensive cash flow analysis or line item assessment of need, the method did allow us to answer these foundational questions:

> (1) Over the next five years, if nothing changes in the County's fiscal situation (no major, new investments and no new funding sources), how much additional revenue would be needed to maintain the existing level of service provision, given increasing operating/maintenance costs and the likely growth of the County's current revenue sources?

[2] Staff Team meeting dates: January 11, 2019; April 22, 2019; and June 14, 2019.

[3] Commission meeting dates: May 1, 2019 and June 12, 2019.

(2) What are the greatest areas of additional need for projects, programs, and personnel resources within the County? Note: Columbia County staff provided information about projects, programs, and personnel resources that are most needed.

(3) Over the next five years, to meet these additional needs, how much additional revenue would Columbia County need to improve or expand services and invest in new capital projects? ECONorthwest conducted analysis to estimate the amount of revenue that would be needed to fund investments in infrastructure, programs, and human resources.

Phase 2. *Columbia County's Path Forward* (Chapter 3 of this report)

With help from County staff and the Advisory Committee, we evaluated 15 potential new revenue tools across five criteria (legality, efficiency, proportionality, political feasibility, and magnitude of additional funding). Based on that evaluation, the Advisory Committee narrowed down the revenue tools to a short-list of tools with the most near-term viability. Then, ECONorthwest projected funding capacity for those tools and built funding scenarios to meet the Counties unmet funding needs.

With assistance from County Commissioners and the Advisory Committee, ECONorthwest developed a framework for next steps. The framework serves as a play book to address the county's fiscal challenges over the next several years.

This product was developed and packaged for the community, so they may have resources to continue the conversation.

Implications

A final chapter outlines next steps and clarifies the role of the community in making any funding strategy of the County possible. Additional appendices include technical analysis and details that informed the recommendations of this report and are available upon request. A description of available appendices follows:

- **Appendix A. Existing Conditions** describes Columbia County's existing fiscal situation and provides revenue and expense trend details. It describes the nature of Columbia County's fiscal challenges.
- **Appendix B. High-Priority Unmet County Needs** provides information about Columbia County's most critical funding needs.
- **Appendix C. Revenue Tool Evaluation** provides information about the evaluation of potential new funding tools considered by Columbia County and the Advisory Committee. It explains the process of narrowing down a comprehensive list of funding tools to a short-list of more feasible funding tools for near-term action.
- **Appendix D. Revenue Capacity Projections** presents estimates of revenue capacity for the short-listed funding tools as well as assumptions and methods.
- **Appendix E. County Competitiveness** compares Columbia County's existing and future taxing landscape to nearby jurisdictions in the greater region.

2 What's the Problem?

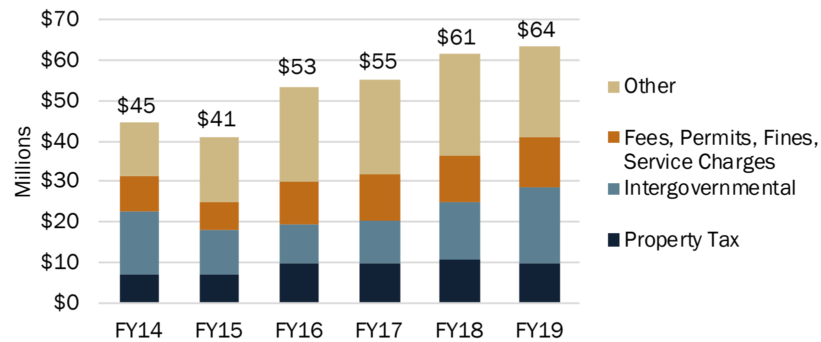
This chapter takes stock of Columbia County's current fiscal situation. It provides details and context to support the framework for action that the report recommends.

Columbia county is mandated by the state to perform and provide a range of services for the community. Columbia County has hundreds of mandated services as well as non-mandated services that the county offers (e.g. transit service) to contribute to quality of life in the county. Increasingly, it is becoming difficult for Columbia County to meet all service provisions because expenses are growing faster than revenues (see Exhibit 1 and Exhibit 2) – resulting in the need to cut discretionary services and / or put the quality of mandated services at risk.

Between fiscal year 2016 and 2019, revenues increased by 19%.

Exhibit 1. Historical Revenue Trend Details, Columbia County, Fiscal Year 2014 to 2019

Source: Columbia County budget documents. Note1: "Other" includes beginning balance, bond or debt proceeds, transfers, and special payments.

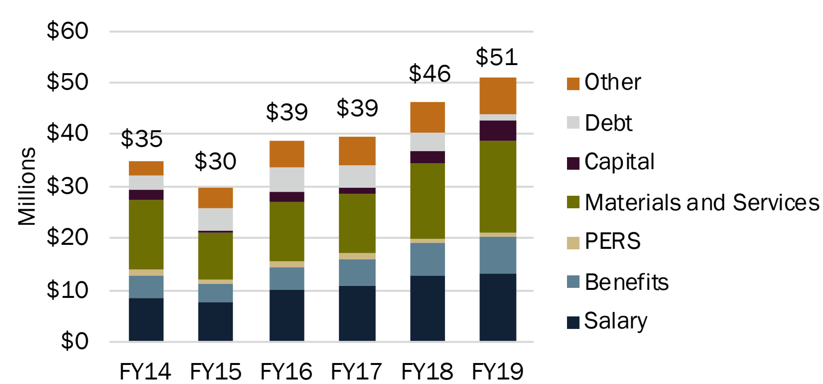


Between fiscal year 2016 and 2019, expenses increased by 31%.

Exhibit 2. Historical Expense Trend Details, Columbia County, Fiscal Year 2014 to 2019

Source: Columbia County budget documents. Note1: "Other" includes admin allocation, fund payments, special payments. Note2: Revenue is actual, except FY19 which is proposed budget. Note3: Fund contingency (delta between revenue and expense) not included.

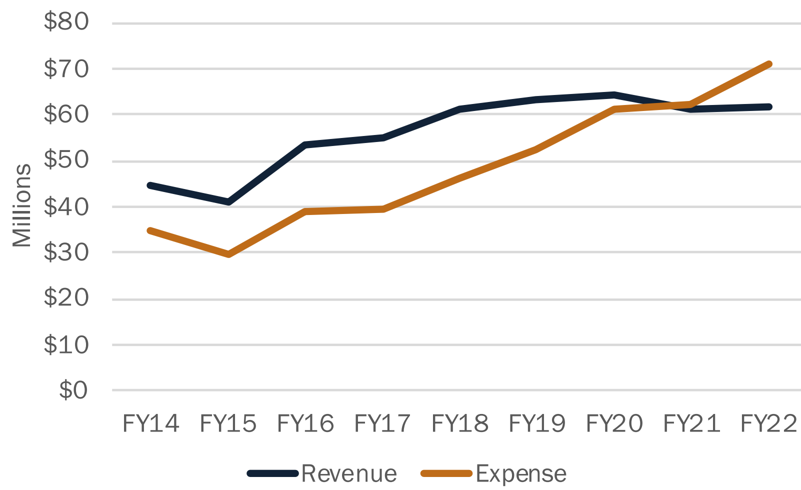
While the County aims to maintain a cushion of revenue for unforeseen expenses each year, as expenses grow faster, that cushion (or fund contingency) shrinks.



Without changes to Columbia County's existing fiscal situation, expenses are forecast to outpace revenues.

Exhibit 3. Revenue and Expense Trend Details, Columbia County, Fiscal Year 2014 to 2019 (budget) and Fiscal Year 2020 and 2022 (forecast)

Source: ECONorthwest, using Columbia County budget documents and guidance from Columbia County's interim-finance director.



In addition to the cost of expenditures outpacing revenues, Columbia County has several known liabilities:

- **Personnel costs.** Population growth in Columbia County, coupled with the need for ongoing maintenance, increases the County's personnel costs. More staff capacity is needed to meet service requests which prompts increased health care and pension costs. For example, PERS is Oregon's retirement and disability fund for public employees. PERS expenses are forecast to grow at a rate of 20% every two years.
- **Unfunded capital projects.** Between FY2019 and 2023, Columbia County's existing Capital Improvement Plan describes $23.6m of unfunded, but needed, capital projects. Development of these projects prompts the need for additional labor to maintain new systems. For example, building roads may require additional staff to maintain those roads into the future. Implementing new programs, requires additional staff capacity to operate those programs

Upcoming sections provide more details about *why* there are so many challenges on balancing the revenue and cost side of the County's fiscal situation.

2.1 State-wide Limitations and Other Challenges

Over the last several decades, municipalities across Oregon have experienced unprecedented challenges in their ability to pay for services. Municipal governments find themselves facing tough choices as available revenues fall short of growing need. As expenditures continue to grow faster than revenues, communities must grapple with the reality of having to cut services, raise taxes/fees, or develop policies to alleviate budgetary discrepancies. All options come with tradeoffs that benefit some and cost others.

This section describes the various issues that Columbia County faces which has led them to their current fiscal situation.

State-wide Limitations

Municipalities (counties and cities) rely on property taxes as their primary means of revenue to pay for projects and services for the community. Most revenue sources are tied to specific expenditures, but property taxes are valuable in that they are flexibly available to fund a range of capital and operating expenses. Property taxes are typically the largest source of revenue for municipalities as well, meaning they are a core component to any funding strategy.

In Oregon, property taxes have substantial limitations. Measure 5 and Measure 50 were ballot measures enacted in the 1990s which drastically reduced the amount of revenue that municipalities can collect. These measures (1) froze property tax rates at the rate they were in the 1995-1996 fiscal year, (2) linked the frozen rate to Assessed Value of a property rather than the Real Market Value of a property, (3) compressed taxes to no more than $10 per $1,000 of Real Market Value for general government, and (4) limited growth of Assessed Value to 3% rather than the general rate of inflation or changes in real market value. In practice, these limitations mean that each year costs (which have grown faster than inflation) outpace revenues. This leaves a notable gap in funds that require strategic budgeting.

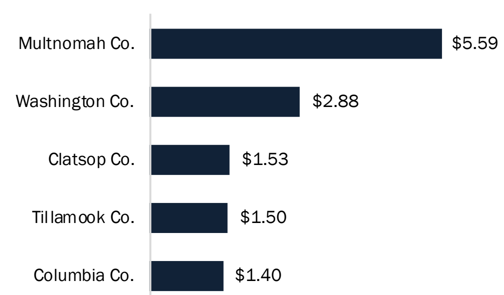
Near-term reform at the state-level is unlikely. Therefore, the structural challenges created by Measure 5 and Measure 50 means that municipalities must rely on a variety of other resources to pay for the services their constitutions rely on and expect. Municipalities must consider new taxes or fees or must raise the rates of existing taxes and fees. If municipalities cannot raise revenues by these other means they **must** cut services.

Property Tax Rate Comparison:

Columbia County's permanent property tax rate was frozen at the rate it was in the 1995-1996 fiscal year.

That rate was $1.40 per $1,000 in Assessed Value.

For more context, ECONorthwest reviewed budgets to see how neighboring counties' permanent property tax rates* compare. Here's what we found:



**Rates are per $1,000 of Assessed Value.*

Regional and Local Challenges

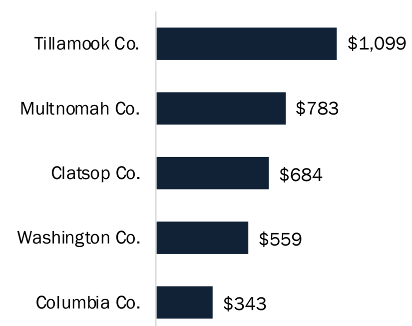
Columbia County is a short commute away from Oregon's major metropolitan area, but with a population of about 50,000, the county's character is primarily rural. Comparatively, Columbia County's housing is more affordable than the larger region, which makes it a choice location for households looking to locate in the region. As the county grows, balancing these needs will be increasingly challenging. The County will need to address the needs of households that prefer the rural lifestyle (and do not need urban amenities) and the needs of households that rely on urban-levels of municipal services to meet their daily needs. This creates unique fiscal pressures and increases the burden on County staff and infrastructure.

Columbia County also faces additional pressures:

- Like counties across Oregon, Washington, and Idaho, Columbia County previously received federal timber dollars to use flexibly to meet a range of county needs. Columbia County's extensive timber industry ensured that these revenues were substantive. This revenue source is no longer available, meaning funds previously relied upon need to be replaced with other sources. While federal timber funds fluctuate yearly (by amount of timber harvested), in fiscal year 2018-19, Columbia County's federal timber payment was about $524,000.
- State and federal resources are increasingly scarce and competitive, requiring more upfront work to pursue grants and other programmatic funds. In the event that these resources are pursued and received, the additional compliance and regulatory requirements means that more staff capacity is needed to manage the funds and work through the red tape.
- Columbia County may not impose certain taxes and fees in city limits without first getting approval from those cities. Imposition of taxes and fees in unincorporated areas of the county only, result in substantially less revenues considering most households and businesses locate within city limits.
- In 2016, Columbia County voters renewed a local option levy, which is a temporary property tax to fund operations at the Columbia County Jail. This levy is set to expire in fiscal year 2020. If this levy expires, the County will have insufficient funds to operate the jail (approximately $2.8m per year). If new revenue cannot be reallocated to the jail, Columbia County will need to release offenders (when the jail reaches its limited capacity) or close the jail in its entirety.

Local Revenue Comparison:

Between 2011, and 2015, Columbia County generated $343 per capita in local revenues—slightly above the average for all counties, but below the average of neighboring counties. Lower local revenue per capita means that Columbia County is more reliant on state / federal resources.



Source: Atkins, Jeanne P and Wenger, Mary. "Oregon's Counties: 2016 Financial Condition Review." Oregon Secretary of State and Audits Division.

2.2 Evolving Needs[4]

Columbia County's growing communities require the County to transition to a more urban level of service while also maintaining the rural quality of life that makes the County an attractive place to live. Demands on the County are increasing, and its fiscal challenges are evolving. To better understand these issues, we evaluated the status quo fiscal situation, worked with staff to understand likely additional needs, and estimated the amount of additional revenue that would be needed to meet existing and additional needs.

To understand the magnitude of *existing* funding in Columbia County, ECONorthwest conducted analyses to understand what a five-year funding gap may look like, should nothing change in Columbia County's existing workplan or operational structure. With guidance from the County's finance department, we used the rates at which project, program, and personnel costs have historically grown and the rates at which various revenue streams have historically grown to extrapolate revenue and expense trends out several years. This provided a baseline estimate of funding needs: **about a $30m gap to cover existing needs over the next five years.** These revenues are required to allow Columbia County to serve residents and businesses at the same level they are served today.

ECONorthwest interviewed the department heads of the departments with the largest budgets and one County Commissioner to understand everyday budgetary concerns that could not be understood solely by looking at financial spreadsheets. In that, ECONorthwest received first-hand commentary about how department needs are changing, where danger is looming (e.g. what services are at risk), and what operational tasks or projects cannot occur due to insufficient revenues. To quantify these discussions, ECONorthwest initiated a prioritization process for County staff to organize needs by priority. Highest-priority needs were items that were needed in the next five-years (where implementation could not wait).[5] The high-priorities are defined as funding needs that will help the County improve or expand service provisions. This added to the baseline estimate of funding needs: **about $42m of additional need over the next five years.**

To summarize, the cost of providing services is rising faster than revenues, and many identified transportation and other capital projects remain unfunded. The County would need about $30m of additional revenue to maintain current service levels and implement known capital improvements. If the County would like to serve its citizens *by increasing* service needs and implementing other high priority projects, including bringing broadband to residents, improving public health and police services, and improving road maintenance, an additional

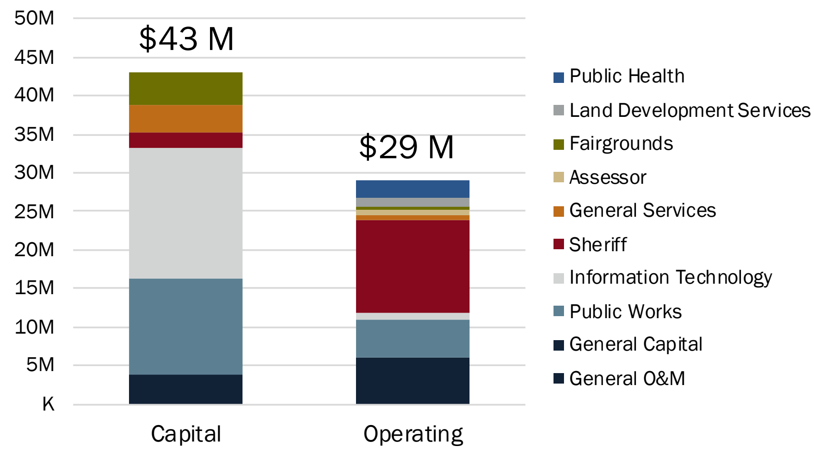
[4] All expenditures listed in the report are estimates and subject to change as more cost estimation occurs over time.

[5] A need is higher priority if it is needed in the next five-years and implementation cannot wait. A need is higher priority if it is maintenance of an existing facility or asset (and lower if it is a need to build something new). A need is higher priority if it is a critical service (i.e. public health and safety). A need is higher priority if State or Federal funding sources are not likely available.

$42m in revenue is needed. This brings the total potential new revenue need to $72m. Exhibit 4 shows how these costs break down into capital and operating expense categories. Exhibit 5 shows how these costs approximately break down annually.

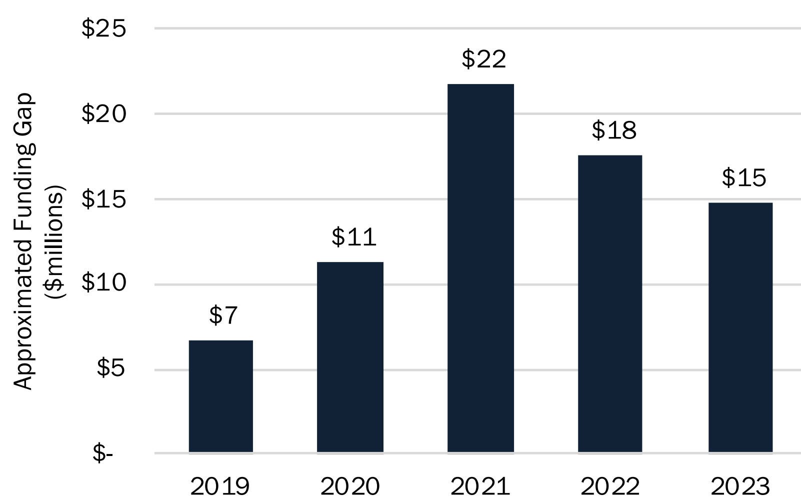
Columbia County's estimated funding gap over the analysis period is $72m, of which 60% is capital expenses and 40% is operating expenses.

Exhibit 4. Estimated Funding Gap for Capital and Operating Expenses, Columbia County, Fiscal Year 2019 to 2023
Source: Calculations by ECONorthwest.



Columbia County's estimated funding gap over the analysis period is $72m.

Exhibit 5. Estimated Funding Gap Approximated by Year, Columbia County, Fiscal Year 2019 to 2023
Source: Calculations by ECONorthwest.



The remainder of this chapter describes the funding needs that comprise the $72m gap over the five-year analysis period (FY2019-FY2023).

Transportation[6]

Columbia County's Capital Improvements Plan outlines a range of capital projects needed for a five-year analysis period (FY 2018-2019 through FY 2022-2023). The plan lists roads projects that are needed, but currently unfunded due to insufficient funds to cover implementation. About $12 million of roads capital projects are listed as unfunded projects needed in the next five years. In addition to those needs, the Public Works Department needs equipment upgrades (also capital costs) of about $550,000. Further, they need additional staff capacity (O&M cost) to address routine and preventative maintenance of about $1m annually (10 FTE).

Examples of unfunded transportation projects. per Columbia County's Capital Improvement Plan (Roads Fund), include:

- Adding guardrails along Scappoose Vernonia highway, Pebble Cr, Hankey, and other roads where the County received requests from the community. Areas are specific to locations of serious accidents and fatalities (estimated cost: $800,000).
- Total replacement of bridge on Scappoose-Vernonia Highway at MP 2.0 as the bridge does not meet current roadway standards. The project was selected for funding through the Local Highway Bridge Replacement Program (estimated cost: $3.6m – with 90% of funding paid for by federal grant).

Why fund roads and transportation needs?

1. **Connection.** All households require workable networks to access their families and friends, employers, goods and services, nature, and entertainment. Therefore, the County considers transportation network needs a high-priority that impacts the entire county. Focusing on the road connectors that are in most critical need of repair and/or that connects the most people is a county-priority.
2. **Safety.** Deferred maintenance creates crumbling infrastructure and other vulnerabilities in the existing transportation network. Timely repairs are critical to be able to support existing and growing travel demands.
3. **Short-term impact, long-term gains.** The cost to build or maintain the transportation network is costly, but those costs grow each year. If needed work is postponed, the cost of that work can grow by the thousands each year.

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[6] Prior to this study, Columbia County analyzed opportunities to address funding needs for Columbia County Rider, the county's public transit department. The transit department does not receive any tax revenue from the county and relies on Federal and State grants as well as ridership fares to pay for costs. Driving the department's current funding deficit is dwindling dollars received through grants and decreased ridership. The lack of funds for the department make it highly vulnerable to service cuts. It has previously cut services and will continue to experience cuts through 2021.

Broadband

The digital divide between rural and urban America is closing,[7] but not (yet) in Columbia County. As more rural communities invest in broadband, the benefits become more apparent. Broadband is an infrastructure investment (capital cost) that expands the availability of high-speed internet access to consumers. Columbia County has studied the need for broadband for some time now and was recently awarded a grant from Oregon Business Development Department to study current availability and need for high-speed internet access across the county. The estimated up-front cost to implement broadband county-wide is about $17 million. Over time, the County anticipates that users of the system would pay to access it, creating a revenue source to repay a loan or fund other needs.[8]

Why invest in broadband?

1. **Modernization.** Access to high-speed internet is becoming a necessity in our modern world. Increasingly, our lives and daily needs are met online. It is more common today to attend online-classes, work remotely, socialize, and research (e.g. job searching, seeking national or international news, etc.) using technology and the internet.
2. **Economic Development.** Broadband enables entrepreneurism and business attraction / expansion. As our world globalizes, most businesses require access to high-speed internet. Access to broadband will increase the likelihood that new businesses will want to locate in Columbia County as most corporations expect this service. Broadband will make Columbia County a more competitive place in the region.

Exposition Center

Columbia County identified the development of an exposition center at the County Fairgrounds as a needed capital investment that is currently unfunded. The estimated cost to implement the exposition center is $3.5m. The exposition center can also serve as an event center and as a "ground-zero shelter" in the case of a disaster.

Why invest in an Exposition Center?

1. **Economic and Community Development.** An exposition center can generate revenue through facility rentals by hosting large-scale events. The exposition center can serve as a small business / vendor incubator during county-wide events, such as the annual fair. Local organizations, clubs, and school groups can also rent the exposition center to host events and programs.

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[7] Federal Communications Commission. (2019). Draft 2019 Broadband Deployment Report.

[8] At this time, the County has not completed an analysis to identify potential end users, willingness to pay, or rate structures. Depending on the results of this analysis, it may also be possible that the County will not need to entirely fund the estimated $17m in upfront capital costs to install lines but will instead work with partners.

2. **Disaster Preparedness.** In the event of a natural disaster (or other threat), members of the community may be displaced from their homes, possessions, jobs, and incomes. An exposition center can serve as a ground-zero shelter of last resort while restoration from the disaster or threat occurs.
3. **Tourism Promotion.** Fairground events attract tourists and visitors to the County. An exposition center can improve visitor experiences and keep tourists coming back.

Public Safety

Public safety is an inclusive term to describe the needs of the Sheriff's Office and enforcement, corrections, animal control, and support service needs. The Sherriff's Office requires additional deputies (O&M costs) to keep up with population growth and new equipment and other upgrades (capital costs). Columbia County has an operating levy to pay for Columbia County jail operations, however, this levy is set to expire in FY2020. Public Safety need about $5m to cover the cost of capital and O&M needs over the next five-years. If the jail levy expires, an additional $3m annually would be needed to sustain operations of the County Jail.

Why invest in Public Safety?

1. **Improve Operations.** Columbia County ranks 5th from the bottom in public safety spending per capita (at $189 per capita in FY2011-2015).[9] Funding to support Columbia County Sheriff's Office may improve operations allowing the County to do more to protect persons and property.
2. **Secure Vulnerable Revenue Sources.** It is a county priority to find a permanent funding source for jail operations in the future. While the County's local option levy for jail operations has been renewed twice before, jail operations become vulnerable to a successful public vote every three to five years. Securing operations with permanent funding sources is seen as highly valuable.
    a. **Retain Corrections Applications.** The County views the permanent source of revenue for jail operations as additionally valuable from an employee retention perspective as the jail currently struggles to attract and retain job applicants because prospective-applicants view the positions as non-permanent.

Public Health

The Public Health Department is in dire need of additional operations and maintenance revenues for additional personnel (three FTE). Capacity of existing personnel barely allows the County to meet its mandated public health requirements. Additional revenue is desired to address drug safety and chemical dependency, safety from violence and abuse, food and

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[9] Atkins, Jeanne P and Wenger, Mary. "Oregon's Counties: 2016 Financial Condition Review." Oregon Secretary of State and Audits Division.

drinking water safety, emergency preparedness (biochemical disasters and other threats), tobacco prevention, and communicable disease outreach.

Why invest in Public Health?

1. **Return on Investment.** The Public Health Department does not have staff capacity to address preventive public health approaches. Prevention is a cost-effective solution in both the short- and long-term. In that, the best way to reduce costs of treating disease and other illnesses is to keep people healthy in the first place.
2. **Youth Safety.** Columbia County Public Health would like to do more than staff capacity allows. Ideas include implementing a health center in local public schools and implementing a substance abuse fund. Particular attention is needed in the sexually transmitted disease realm—Public Health does not currently offer any prevention program(s) for these communicable diseases.
3. **Environmental Health.** Public Health would like to implement a program to address environmental health issues (e.g. . This would require collaboration with other County Departments, but staff capacity is too limited at this time.
4. **Improvements to emergency on-call system.** Columbia County is required to have an emergency, 24/7, on-call phone line. Because the department has limited staff capacity, the department head is required to be on-call at all times in case of emergency and to uphold the mandate.

All Other Needs

Should the funding categories listed above get addressed, the following are additional high-priority needs that require consideration:

- **All Other Operations and Maintenance (O&M) Costs.** New staffing capacity concerns were shared by the Sheriff's office, Public Health department, IT department, Land Development Services department, General Services department (Facilities and Forest, Parks, and Recreation), Public Works department, and the Assessor's office. Collectively, these requests total an estimated 22.5 FTE). Monies to cover the growing cost of PERS for existing staff, and other departmental revenue shortfalls, are also on the list of high-priority funding needs. Altogether, and after deducting staffing / operational needs previously mentioned in this section, costs to cover "all other O&M" is approximately $6m.
- **All Other Capital Costs.** Columbia County's Capital Improvement Plan has quantified unfunded capital needs to the tune of $8.5m, after deducting capital needs for roads and the exposition center, and after including other high-priority capital investment needs described in department head interviews.

3 A Path Forward

Columbia County's leadership understands that the status quo fiscal situation (annual budget deficits and service cuts) will, over time, lead to a reduced competitive position for the County and declining quality of life for County residents.

This chapter presents a funding framework that provides a foundation for action and informs continued conversations among the community, Columbia County staff, and County Commissioners.

3.1 Funding Principles

Stakeholders, staff, and Commission members described and committed to several foundational funding principles that guided decision-making regarding potential new revenue sources. The principles will continue to guide the implementation process.

> The County seeks to advance a funding strategy that the community can get behind, that is sustainable over time, and that meets current and future capital and operations / maintenance needs that are impactful county-wide. To achieve this vision, the strategy must include additional and new revenue sources.

Principle 1. Ask for What's Needed, but Nothing More

Not all payers benefit from (or perceive benefit from) the use of tax dollars. Many households and businesses struggle to remain financially stable under their existing tax commitments. Many businesses have limited margin for increased overhead costs. Other jurisdictions within the County (including cities) have equally important funding gaps to fill that may require tax payer support. Columbia County understands that any additional foregone income is a sacrifice. Any new fee or tax requested in the County (i.e. in the form of a ballot measure) will serve the broadest range of County residents with the smallest impact practical to household and business income.

Principle 2. Maintain Transparency in all Phases of Implementation

Columbia County will be transparent about their objectives as they implement any funding strategy or framework. To promote transparency, Columbia County will ensure that information and continued work is *accessible* to the public and *usable* by the public. Columbia County will be clear in their agenda. Columbia County will seek input at all stages of implementation so they may redirect their energies as needed.

Principle 3. Add Value

The right set of tools can provide value to the community by delivering services and resources not previously available, or by safeguarding existing services and resources that may become fiscally impractical. Any new fee or tax will be calibrated to cover the costs for the projects, programs, and capacity needs that are most important to the county and that have the largest county-wide impact.

Principle 4. Establish an Outreach Process that Reaches the Entire Community

A successful funding strategy requires buy-in from the community. Columbia County will develop a process to discuss this framework and next steps with its constituents: the residents, jurisdictional partners, businesses, and service providers that call the County home. Columbia County will strive to engage all residents and businesses in the conversation about new revenue tools.

3.2 Evaluation and Criteria for New Funding Sources

The evaluation described in Chapter 2 of this document lays bare one key fact: unless something substantial changes in the County's fiscal picture, new revenue sources are necessary just to maintain current service levels, let alone achieve the County's fiscal and service provision goals and support quality of life for the growing County.

To begin to imagine what those revenue sources might look like, ECONorthwest developed a long list of possible funding sources and, together with staff, the Commission, and the Advisory Committee, evaluated them against the following criteria (see Appendix C for the full evaluation of funding tools):

- **Legality.** Does enabling legislation for the tool exist at the state or federal level? Are there legal constraints to implementation?
- **Efficiency.** Does the tool create and net revenues (net of collection costs)? Is the tool a stable, flexible (i.e., can be used for any capital expense or operations and maintenance expense), and inexpensive to administer?
- **Proportionality.** Is the tool fair or equitable in its distribution of benefits and burdens? This criterion has several dimensions:
    - *Impacts to households at different income levels.* Tax systems that require lower-income households to pay a larger share of their income than higher-income households are typically considered less equitable.
    - *Distribution across Columbia County community.* One perspective on proportionality is to strive for a fair distribution of costs across people who live, work, or travel in Columbia County. Using this definition, a tax burden that falls solely on the business community is less equitable.
    - *"User pays" principle.* One definition of proportionality is that those that pay the imposed fee, tax, or charge are the ones that benefit from the fee, tax, or charge.
- **Political Acceptability.** Is the tool politically acceptable? Would adopting / implementing the tool be strongly opposed by the public?
- **Magnitude of Additional Funding**. How much revenue can the tool potentially generate? Note: the amount any mechanism can raise is directly tied to the rate imposed,

and the rate imposed is always, at least partially, determined by legality and political acceptability.

With this analysis in hand, staff, the Advisory Committee, and the Commission worked to reduce the list of tools to those that have the greatest potential to meet the needs in Columbia County. The short-listed revenue tools included in the framework are outlined and defined below. They derive from a range of sources that include visitors to the County, businesses, and residents.

Revenues paid by property owners:

- **Service District.** A permanent property tax to improve a specific set of public services within the county boundary. All tax moneys levied and collected by the district are kept as a special fund for the district's operations.
- **Renewal of the existing jail Local Option Levy.** A temporary property tax increase, approved by voters, to fund operations of local government services or capital investments. Local option levies cannot exceed five years for operations (or 10 years for capital projects), though they can be reviewed and extended indefinitely at five-year intervals, if the public continues to vote in favor of the levy.
- **General Obligation Bond.** State law allows local governments to issue general obligation debt for infrastructure improvements. The bond is paid for by increased property taxes over the life of the bond. General obligation bond levies typically last for 20 to 30 years and must be approved by a public vote.

Revenues paid by new growth (developers / builders):

- **System Development Charge (Rate Increase).** Fees paid by land developers which are assessed on new development must be used to fund growth-related capital improvements. System development charges are intended to reflect the increased capital costs incurred by a municipality as a result of the development and are charged only on new development in unincorporated areas of Columbia County.

Revenues paid by visitors to the County:

- **Transient Lodging Tax:** A fee charged to customers for overnight lodging generally for periods of less than 30 consecutive days. The fee is a percentage of lodging charges incurred by the customer.

Revenues paid by businesses:

- **Timber Tax.** A tax on the volume of timber harvested or sold. The tax is paid by the owner of woodlands when the harvested timber is first measured.

Other:

- **Vehicle Registration Fee.** A recurring charge on individuals or businesses that own cars, trucks, and other vehicles which are registered in the county. In Oregon, counties (but not cities) can implement a local vehicle registration fee, but 40% of revenues are shared with cities.

For each of these tools, ECONorthwest completed an initial projection of likely revenue. ECONorthwest tied the funding projection to prioritized projects and then identified unanswered questions and next steps.

3.3 Recommended Framework

This section presents recommended revenue tools that Columbia County may implement over the next five or more years to address major funding needs (see Section 2.2 for a recap). The recommendations offer flexibility to respond to a changing fiscal environment. For example, should a large sum of state or federal revenue be allocated to Columbia County or should a new industry locate in Columbia County and produce unexpected revenue, aspects of this framework may become irrelevant. Further, the framework recognizes that it is impractical to implement all of these tools (and associated projects) at once and identified a preliminary sequence that logically addresses need over time.

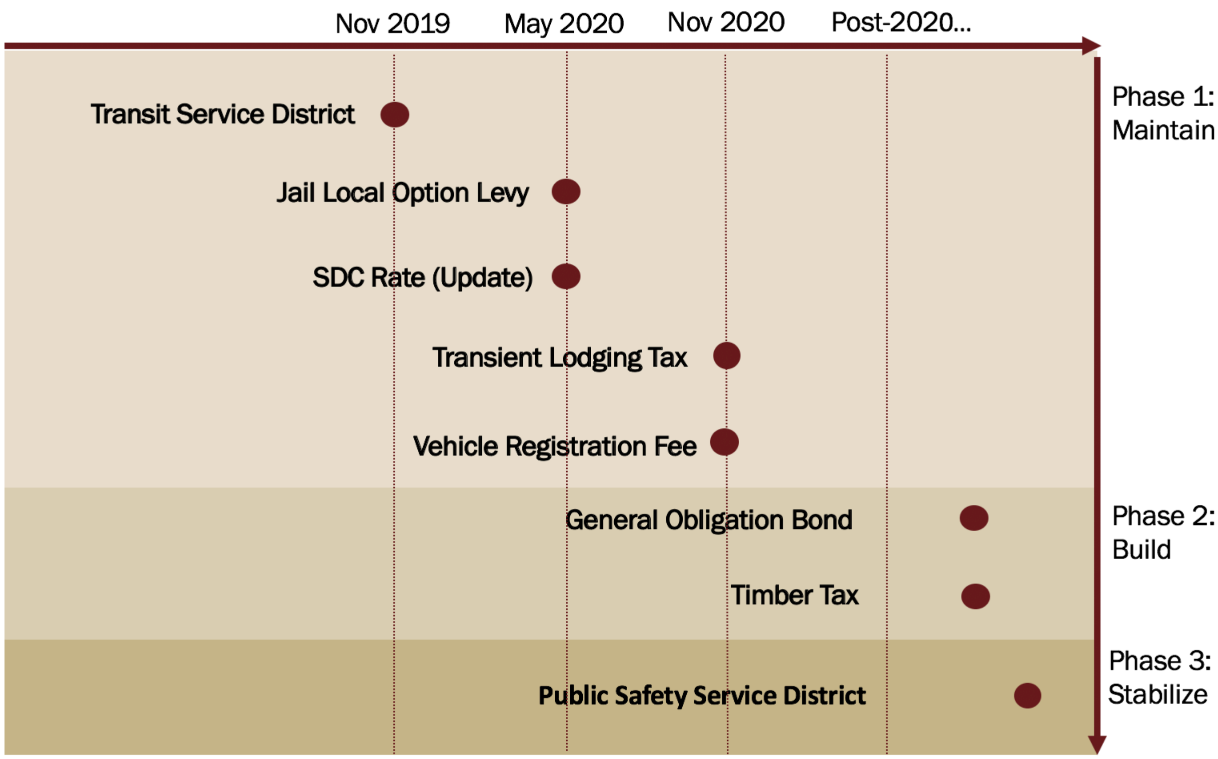
Recommendations are organized into three phases, as defined in Exhibit 6 and shown in Exhibit 7. All new revenue tools described below require a public vote (with the exception of an SDC rate change). Thus, this phasing is subject to change and will need to be evaluated as the timeline progresses. In an event that a revenue tool is not voted in by the electors of the County, the implementation schedule will require modification.

Exhibit 6. Recommended Phases

Phase 1: Maintain	Phase 2: Build	Phase 3: Stabilize
Maintain and stope the decline of existing services so that core programs are not cut. Catch up on infrastructure maintenance and upgrades so that core assets do not continue to degrade.	Build a stronger county by improving existing service provisions, investing in infrastructure, and implementing capital projects that provide benefit to the entire county.	Stabilize critical services so that they are not vulnerable to volatile economic shifts.

Exhibit 7. Proposed Timeline for New Revenue Tool Implementation

Note1: Modifying Columbia County's system development charge (SDC) rate does not require a public vote; therefore, its implementation date is flexible. Note2: The timeline in its entirety is subject to change. Note3: Additional details on each of these tools are included in the tables that follow.



The implementation timeline relies on a phased approach because bringing all new revenue tools to a public vote at once is neither practical nor advisable. The Columbia County Commission wants to describe the series of steps that the County will pursue so that voters can see a leadership vision grounded in fact that moves incrementally toward solutions that meet the most pressing needs.

Exhibit 8. Transit Service District

PHASE 1	Transit Service District to Fund Transit
What is a Service District?	A permanent property tax to improve a specific set of public services within the county boundary. All tax moneys levied and collected by the district are kept as a special fund for the district's operations.
Rationale	Through a separate process, Columbia County has already recognized a pressing need for changes to transit funding and taken initial steps toward the implementation of a transit service district. That process will continue with a ballot measure planned for November of 2019 for a new County service district to sustainably fund transit.
Major Unmet Needs	Columbia County Rider (CC Rider) provides a Fixed Bus Route, Dial a Ride, and a Flexible Fixed Bus Route. CC Rider does not receive tax revenue and relies on Federal and State grants as well as ridership fares to maintain services. Given the state of Federal/State funds and the fact that ridership is declining, department expenditures have outpaced revenues each year. The funding deficit has resulted in service cuts. If the County does not reconcile the funding gap, the department will no longer provide transit services and all community members will face the challenge of being without public transportation.
Additional Considerations	The benefit of a service district is that Columbia County would govern the district, the County would share administrative functions with the district, and the boundary would be contiguous with the County's. County staff estimate that to maintain basic services, the department would need to operate with a budget of about $1m annually. Columbia County is developing the service district levy rate outside of this process.
Assumptions and Revenue Projections	Columbia County is developing assumptions and revenue projections through a separate process. The assumed rate is currently $0.20 per $1,000 of Assessed Value.
Next Steps	Columbia County has received consent of all of the cities except the City of Prescott, which declined to be within the District. The district must be approved by a simple majority through a ballot title. The County adopted the order initiating the service district formation and adopted the ballot title on August 7. The ballot title was filed with the County Clerk and is awaiting approval by the electors of the County. The expected boundary of the transit district is the entire County except for the boundaries of Prescott.
Unanswered Questions	▪ To what extent will a new permanent rate increase the risk of compression[10] in the County and the cities? ▪ If the levy fails, what will the alternatives be for the reducing services?

[10] Oregon's constitution limits the amount of property taxes that can be collected from properties in the state. If property taxes exceed the limit, taxes are compressed (i.e. reduced) until the tax rates are below the limit. In Oregon, the property tax limit is $10 per $1,000 of Real Market Value (RMV) for general government related property taxes

Exhibit 9. Local Option Levy (Renewal)

PHASE 1	Local Option Levy to Fund Jail Operations
What is a Local Option Levy?	A temporary property tax increase, approved by voters, to fund operations of local government services or capital investments. Local option levies cannot exceed five years for operations (or 10 years for capital projects), though they can be reviewed and extended indefinitely at five-year intervals, if the public continues to vote in favor of the levies.
Rationale	Columbia County voters established a local option levy for jail operations in 2014 (the levy previously failed in 2013). Local option levies for operations require a renewal by public vote. The levy was renewed by voters in 2016 and the levy is due for renewal again in FY 2020.
Major Unmet Needs	Without renewal, the County will not have sufficient funds to operate the jail, resulting in a need to limit services (capacity), release offenders (when the jail reaches its limited capacity), or close the jail in its entirety.
Additional Considerations	The existing jail operations levy rate is $0.58 per $1,000 of Assessed Value. The staff team indicated that the current levy rate may not be adequately meeting operational needs; it is possible Columbia County would pursue a higher rate.
Assumptions and Revenue Projections	A $0.60 levy rate per $1,000 of assessed value generates an estimated $3.3m dollars per year.
Next Steps	Local option levies for operations require renewal, at minimum, every five years. The levy must be approved by a simple majority through a ballot title. Columbia County electors have approved its jail levy twice before. Columbia County will need to conduct public outreach, prior to the ballot measure, to communicate the purpose of the levy renewal (and the purpose for the potential increased rate).
Unanswered Questions	▪ Will the County maintain its existing levy rate of $0.58 per $1,000 of Assessed Value or raise the existing rate? Why? ▪ What renewal period (e.g. five years or fewer than five years) will the County pursue? ▪ What other options, beyond temporary levies, will the County pursue for future funding? Note: a service district is suggested in Phase 3 of this framework.

and $5 per $1,000 of RMV for education related property taxes. Some taxes are excluded from compression (e.g. bond levies and some special assessments).

Exhibit 10. System Development Charge (rate change)

PHASE 1	System Development Charge (SDC) Rate Change to Fund Transportation Capital Projects
What is a System Development Charge?	Fees paid by land developers which are assessed on new development and must be used to fund growth-related capital improvements. System development charges (SDCs) are intended to reflect the increased capital costs incurred by a municipality as a result of the development. SDCs in Columbia County are charged only on new development in unincorporated areas. Columbia County's current transportation SDC rate is $2,250 per peak hour trip.
Rationale	Columbia County is currently working on a study to update the County's existing Transportation SDC rate. SDCs are assessed on new development and must be used to fund growth-related capital improvements. The fee rates are set in ordinances to reflect the increased capital costs incurred by a municipality as a result of a development. The fee rates cannot exceed those incurred costs. Preliminarily, the County's analysis finds that the maximum rate that could be charged for a Transportation SDC is $10,176. Changing the County's SDC rates does not require a public vote.
Major Unmet Needs	Roadway capital projects on the SDC-eligible list which are needed to support growth in the County.
Additional Considerations	The County has not yet determined the new fee rates. Columbia County may choose to modify their SDC rates after their existing study is completed. SDC rates require regular updates, so modifying the rate will need to occur again in the future. Columbia County's SDCs are imposed in unincorporated areas only.
Assumptions and Revenue Projections	Assuming SDCs follow past trends, a $10,176 Transportation SDC rate would generate an estimated $1.6m over the five-year analysis period.
Next Steps	Local jurisdictions may modify their SDC rate to reflect the actual cost of the needed capital improvements to which the fee is related. A public vote is not required, rather, an SDC rate change is established by ordinance or resolution. Before establishing the new SDC rate, Oregon requires municipalities to have: (1) a Capital Improvement Plan, (2) a Public Facilities Plan, and (3) cost and timing estimates for each capital improvement.
Unanswered Questions	▪ What Transportation SDC rate will the County select? The max rate or something less? ▪ How might higher rates affect new residential and commercial development? ▪ Should the rates be phased in or implemented all at once? ▪ Columbia County also imposes a Parks SDC. A parks SDC rate study has not been conducted; therefore, a rate increase for a Parks SDC is unknown. Should Columbia County evaluate increasing its Parks SDC rate as well?

Exhibit 11. Vehicle Registration Fee

PHASE 1	Vehicle Registration Fee to Fund High-Priority Unmet Needs.
What is a Vehicle Registration Fee?	A recurring charge on individuals or businesses that own cars, trucks, and other vehicles which are registered in the county. In Oregon, counties (but not cities) can implement a local vehicle registration fee, but 40% of revenues are shared with cities.
Rationale	A vehicle registration fee or a fuel tax was considered politically feasible, but not necessarily both at this time. From the Commission's perspective, the vehicle registration felt more appropriate, as it would be a fee paid once every two-years rather than a tax that many households would pay weekly (in the case of a fuel tax). A vehicle registration fee also benefits the cities within Columbia County and is more stable, flexible, and revenue-producing than a fuel tax.
Major Unmet Needs	The County may use vehicle registration fees to fund transportation / roads capital and operation and maintenance costs. The County may choose to allocate revenues toward a specific purpose or fund the most pressing, high-priority funding needs in the budget cycle.
Additional Considerations	Statute does require that vehicle registration fees are split 60/40 between the county (60%) and the cities within the county (40%). Therefore, by implementing this fee the County would provide financial resources to cities as part of an intergovernmental agreement. Columbia County's cities that receive vehicle registration fee revenue may be more inclined to approve other taxes / fees that the County would like to implement in city limits (e.g. transient lodging tax). Per ORS 803.420 and 803.442, the statutory limit for the vehicle registration fee rate is $56.00 per year (or $112 per biennium).
Assumptions and Revenue Projections	The fee rate proposed is $43.00 every two-years (below the statutory limit). A $43 biennial vehicle registration fee ($21.50 per year) would generate an estimated $1.5m per year. Of this revenue, 40% is allocated to cities ($622k per year) and 60% is retained by the County ($933k per year). The $43 biennial rate would generate an estimated $4.5m over five years for the county (i.e. county allocation).
Next Steps	Counties, with a population of less than 350,000, may enact an ordinance establishing vehicle registration fees after submitting the ordinance to the electors of the county for their approval. Thus, the fee must be approved by a simple majority through a ballot title. Ultimately, Columbia County's vehicle registration fee would operate similar to the state's vehicle registration fee, but a portion of the county's fee would be allocated to local jurisdictions. Therefore, Columbia County will need to establish intergovernmental agreements with each city to outline revenue allocation.
Unanswered Questions	▪ Will Columbia County impose different registration fee rates for different types of vehicles? ▪ How will the County coordinate with the cities to allocate the 40% of revenues received through the fee?

Exhibit 12. Transient Lodging Tax

PHASE 1	Transient Lodging Tax to Fund High-Priority Unmet Needs
What is a Transient Lodging Tax?	A fee charged to customers for overnight lodging generally for periods of less than 30 consecutive days. The fee is a percentage of lodging charges incurred by the customer.
Rationale	Transient lodging taxes (TLTs) derive funding from visitors to the County that impose costs on the system. While there are limited hotels in the County at this point, as the accommodations industry grows, putting in place a TLT now will position the County for revenue growth.
Major Unmet Needs	Statute requires that 70% of revenue derived from TLT goes toward tourism promotion (the remaining 30% are discretionary funds). Columbia County can use the non-discretionary revenue for needs with a nexus to tourism, such as the development of the exposition center at the Fairgrounds. Columbia County can use the 30% discretionary revenue for a range of needs – from capital investments to operating and maintenance costs.
Additional Considerations	The Project recommends an 8% tax on lodging facilities. The Project recommends more evaluation of a tax-exemption structured for non-profits who use transient lodging facilities to house individuals experiencing homelessness.
Assumptions and Revenue Projections	An 8% TLT rate, imposed county-wide, would generate an estimated $2.1m over five years. Seventy percent of revenue would be restricted to tourism-related funding needs (roughly $1.5m) and the remaining 30% of revenue is discretionary (roughly $636k).
Next Steps	A transient lodging tax must be approved by a simple majority through a ballot title. Public outreach is needed to ensure a successful vote. Columbia County would also need to work with cities within Columbia County to confirm that they may impose this tax in city limits. Prior to implementation, Columbia County will need to evaluate the possibility of tax exemptions for non-profits using lodging establishments for homeless services. The Advisory Committee felt an exemption of this kind was essential.
Unanswered Questions	▪ Specific program parameters need to be defined. Non-profits and housing service providers sometimes use hotels as emergency housing and should be exempted from paying the TLT. ▪ Where will Columbia County charge the TLT? How will Columbia County vary the rate to ensure that TLT rates are not too high in cities which already levy their own TLT? Unanswered questions related to a potential exemption for non-profits who use hotels as emergency lodging when shelters are not available: ▪ Would the tax exemption waive the tax entirely or reduce the tax? ▪ What non-profits would receive the exemption (e.g. those located in Columbia County or any 501(c)3)? ▪ What might the long-term impact of the exemption be? ▪ How would administration of the exemption work, and how would it be enforced?

Exhibit 13. General Obligation Bond

PHASE 2	General Obligation Bond to Fund Transportation Capital Costs, Broadband, and an Exposition Center.
What is a General Obligation Bond?	State law allows local governments to issue general obligation debt for infrastructure improvements. The bond is paid for by increased property taxes over the life of the bond. General obligation bond levies typically last for 20 to 30 years and must be approved by a public vote.
Rationale	A general obligation bond offers an opportunity to fund specific capital costs (over 20- or 30-years). The County could not issue general obligation bonds that exceed $167.7m due to statutory limitations.
Major Unmet Needs	Several projects, prioritized by the staff team, seemed appropriate to pair with a general obligation bond. These projects are: road capital projects (especially those identified in the County's Capital Improvements Plan but currently unfunded), broadband, and the Fairground's exposition center. The full cost of these projects is approximately $32m. The total costs are under the statutory limit and under what the Advisory Committee and Staff Team considered a reasonable total bond amount (about $50m).
Additional Considerations	We recommend that the County consider using general obligation bond revenue to leverage additional funds (from potential partners or grantors) to implement the broadband project and the exposition center. It is also worth evaluating the extent to which the County could implement a revenue bond to pay for the broadband project.
Assumptions and Revenue Projections	A $32m general obligation bond (with a 30-year amortization period, a 1.07 debt coverage ratio, a 5% interest rate, and bond insurance costs of 1.2%), would require a levy rate of $0.45 per $1,000 of assessed value in the first year. This amount would result in an additional tax burden of about $90 for the average Columbia County home (a home assessed at $201,826).
Next Steps	General obligation bonds must be approved by a simple majority through a ballot title. Columbia County will need to evaluate the types of capital projects they wish to include on the ballot (and their costs) to determine a bond rate. The County should vet projects with the general public to gauge acceptability. They should also educate the public about the proposed projects' value. In addition, general obligation bonds are issued with long-term, fixed rates. Columbia County should evaluate the type of bond it will pursue (20-year or 30-year).
Unanswered Questions	▪ What projects will comprise the bond and what will its final amount be? ▪ What would the impact of the bond be for homeowners and business owners around the County? ▪ What are the terms of the bond? Unanswered questions regarding the broadband project specifically: ▪ Clarify the role of 5G in the need for broadband, especially in the rural parts of the County. ▪ Clarify the structure for investing in and repaying broadband, and the specific amount that the County will fund. Are there partners that could co-invest?

Exhibit 14. Timber Tax

PHASE 2	Timber Tax to Fund Existing Operations Deficit and Other High-Priority Unmet Needs.
What is a Timber Tax?	A tax on the volume of timber harvested or sold. The tax is paid by the owner of woodlands when timber is harvested and measured.
Rationale	A timber tax is paid by the property owner of woodlands that are harvested. Funding source is flexible and may be used for a range of purposes including operating and maintenance costs. Very few discretionary revenue sources are available, making the timber tax an important revenue tool to consider.
Major Unmet Needs	Columbia County departments identified a range of personnel staffing needs. Timber tax revenues can help alleviate departmental revenue shortfalls and the growing cost for existing staff. Departments that shared staff capacity concerns are the Sheriff's office, Public Health department, IT department, Land Development Services department, General Services department (Facilities and Forest, Parks, and Recreation), Public Works department, and the Assessor's office. Collectively, these requests total an estimated 22.5 FTE. Existing and new programs as well as maintenance needs are also suitable expenditures for timber tax revenues.
Additional Considerations	The recommended fee rate is $5.98 per Million Board Feet (MBF), which matches Oregon's Small Tract Forestland (STF) Severance Tax rate for Western Oregon. In addition, this framework recommends that Columbia County structure a tax waiver for smaller operations. The waiver may be structured after Oregon's Forest Products Harvest Tax program, of which the first 25 MBF of timber is exempted per year. Some individuals shared concerns about taxing a renewable industry but were more comfortable with the tax if smaller operations were given exemptions. Some individuals shared concerns that no other municipality in Oregon has imposed a timber tax.
Assumptions and Revenue Projections	A tax rate of $5.98 per MBF, generates an estimated $5.5m over five years. Since 2001, timber harvest has declined at an average annual growth rate of -0.5%. The revenue projection accounts for this trend.
Next Steps	Columbia County will need to evaluate whether the state would establish a shared collection mechanism (via intergovernmental agreement) with them. If the state is unwilling, Columbia County will need to establish their own tax collection mechanism. After tending to these details and conducting industry outreach to communicate the purpose of the tax, Columbia County may seek a public vote by ballot measure. The timber tax must be approved by a simple majority through a ballot title. Columbia County should also speak to industry representatives.
Unanswered Questions	▪ The most important unanswered questions for this tool relate to administering the timber tax. If the State cannot assist with revenue collection for Columbia County, the tax would be dependent on self-reporting (similar to the County's depletion fee). ▪ How will the County engage the timber industry in discussions about a timber tax? ▪ To what extent is the timber tax a stable, reliable source? ▪ How would the timber tax impact competitiveness of Columbia County timber harvesters?

Exhibit 15. Public Safety Service District

PHASE 3	Public Safety Service District to Fund the Sheriff's Office Funding Needs, Jail Operations, and Public Health Funding Needs.
What is a Service District?	A permanent property tax to improve a specific set of public services within the county boundary. All tax moneys levied and collected by the district are kept as a special fund for the district's operations.
Rationale	The Sherriff's Office requires additional deputies to keep up with population growth as well as equipment and capital upgrades. A separate fund via a service district for public safety would alleviate the steady decline in Sheriff's Office personnel and jail staff. A public safety service district could become the new collection mechanism for jail operations (replacing the need for a local option levy and allowing jail operations to receive funding from a permanent source). If successful, the County would no longer need to go out for a public vote every three to five years to renew the existing jail operations levy. This removes the risk of having to cut services or release offenders in the future. The County would like to continue to gain the public's trust as careful stewards of tax dollars received through the existing local option levy. To confirm their trust, Columbia County would seek renewal of the local option levy one more time before pursuing a public safety district (Phase 1). Hence, Columbia County would not implement the public safety service district until Phase 3. The County views the permanent source of revenue for jail operations as additionally valuable from an employee retention perspective as the jail currently struggles to attract and retain job applicants because prospective-applicants view the positions as non-permanent. Columbia County should consider implementing the public safety service district with a dual purpose. The nexus between public safety and public health (another department with high-priority, unmet needs) would allow the County to tackle two, important public needs. Both entities benefit the community by improving quality of life by keeping families and individuals safe and informed. It would allow the County to further improve service provisions to address drug safety and chemical dependency, safety from violence and abuse, food and drinking water safety, emergency preparedness (biochemical disasters and other threats), tobacco prevention, and communicable disease outreach.
Major Unmet Needs	Public safety and public health operating costs and capital needs (equipment, vehicles, and building upgrades) for the Sheriff's office.
Additional Considerations	The opportunity for a public safety and health district, is not suggested for implementation in Phase 3 because public health or safety are not pressing needs. Rather, Phase 3 aligns better with re-upping the jail levy. In the interim, other revenue sources will need to meet the public health and safety need.

Note: continued on next page.

PHASE 3	Public Safety Service District to Fund the Sheriff's Office Funding Needs, Jail Operations, and Public Health Funding Needs.
Assumptions and Revenue Projections	A permanent rate of $0.87 per $1,000 of assessed value would generate an estimated $4.7m in one year or about $25m over five years. This rate would replace the existing jail levy, for a net increase of $0.29 per $1,000 of assessed value, or an additional $58 on the average Columbia County home (a home assessed at $201,826).
Next Steps	A service district must be approved by a simple majority through a ballot title. A service district may apply to portions of the County or the entire County. If the boundary is contiguous with County limits, city governments become key stakeholders. The County should evaluate the degree to which a new permanent rate would increase the risk of compression[11] in the County and the cities. A service district and levy rate are implemented through a ballot measure, meaning substantial public outreach is desirable.
Unanswered Questions	▪ What rate will the County pursue to cover costs? ▪ How much additional general fund revenue might be freed up through providing a service district, and what services and investments might the County prioritize with this funding? ▪ Should Columbia County consider implementing the public safety service district that is also inclusive of emergency management?

Future Revenue Options

Other tools that were not recommended for implementation in the first three phases of work are still of interest to the Advisory Committee and Staff team because they could supplement and compliment the tools provided in the framework. The following tools deserve additional consideration in the coming years as the County focuses on major funding sources to stabilize the County's revenue picture.

- **Local Improvement District.** Local improvements districts (LIDs) require property owners to 'opt in' to receive an additional property tax levy (to fund capital improvements that directly benefit the owners). The Advisory Committee was generally supportive of this tool but understood its value on a situational-basis only. Columbia County may evaluate opportunities to encourage property owners to opt into an LID, such as through implementation of a cost-sharing incentive. The County may also consider implementing an education program or creating literature to describe the benefits of capital improvements (e.g. property value growth).

[11] Oregon's constitution limits the amount of property taxes that can be collected from properties in the state. If property taxes exceed the limit, taxes are compressed (i.e. reduced) until the tax rates are below the limit. In Oregon, the property tax limit is $10 per $1,000 of Real Market Value (RMV) for general government related property taxes and $5 per $1,000 of RMV for education related property taxes. Some taxes are excluded from compression (e.g. bond levies and some special assessments).

- **Franchise Fee.** The Advisory Committee and Staff Team favored this tool, but continued evaluation and implementation would occur outside the scope of this project.
- **Utility Fee.** The Advisory Committee and staff team recognized the difficultly in administering a utility fee in the county as multiple service providers exist per utility (making administrative coordination burdensome). The County should revisit the implementation of this tool once the County's broadband project is developed.
- **Grants.** Several department heads described the need for a grant writer. Investing in a grant writer / administrator (that could flex time between different departments) could allow Columbia County to seek additional state/federal monies for projects and programs. For example, if the exposition center serves as a ground-zero shelter, could the County go after FEMA dollars to help subsidize the cost of implementation?
- **Personnel Efficiency Measures.** Columbia County may choose to conduct a study to find out the extent to which opportunities exist to reduce human resource costs over time. It is possible that certain staff members could work flexibly across multiple departments. For example, a grant writer could assist multiple departments.
- **Ongoing Strategic Planning.** Columbia County may choose to better align service needs at the department level through ongoing strategic planning efforts to more clearly articulate need and opportunities for focusing services on highest priority actions. Columbia County departments should continue to revisit and refine their unmet funding needs (as part of the Capital Improvements Planning process and/or other strategic planning process).

3.4 Impacts of additional revenues on County residents and other payers

The framework presented here includes revenue sources that derive from a range of payers. While these represent an increase that will affect households and businesses in the County, even with that increase, the overall burden is in line with rates in adjacent jurisdictions that would compete with Columbia County. This subsection summarizes the final tax / fee impact, should the recommended funding tools be implemented.

Revenues paid by property owners:

Recommended funding tools that impact property owners are the service districts (the transit district proposed in Phase 1 and the Public Safety District proposed in Phase 3), renewal of the local option levy for jail operations, and the general obligation bond for capital projects. Exhibit 17 compares the impact of these new tools using Columbia County's existing property tax rate (baseline) and the property tax rates of neighboring counties.

The tax rate of each tool is preliminarily:

- Transit Service District: $0.20 per $1,000 of Assessed Value

- Jail Local Option Levy (renewal): $0.58 per $1,000 of Assessed Value
- General Obligation Bond: $0.45 per $1,000 of Assessed Value
- Public Safety Service District: $0.87 per $1,000 of Assessed Value[12]

Should the electors of the County vote these taxes in (at the rates presented above), Columbia County's new property tax rate would increase from $2.11 to $2.99 per $1,000 of Assessed Value (an increase of $0.88 per $1,000 of Assessed Value). Exhibit 16 walks through the math to show how Columbia County's property tax rates would fluctuate across Phases. Note that, as the general obligation bond debt is paid off over time, its property tax rate would decline.

Exhibit 16. Change in the Total Estimated Property Tax Rate per $1,000 of Assessed Value, Columbia County
Source: ECONorthwest.

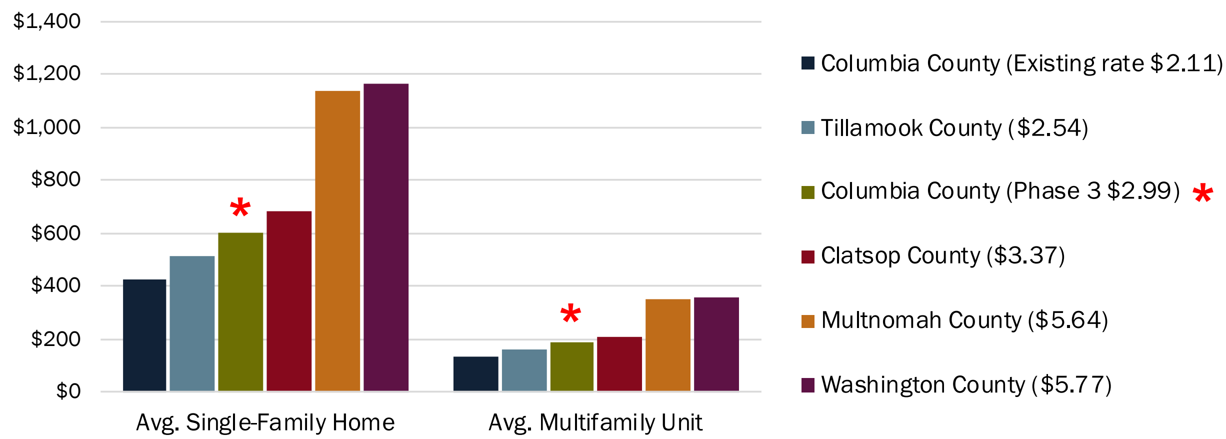
	Existing Property Tax Rate	Phase 1	Phase 2	Phase 3	Phase 3 *(Upon Bond Repayment)*
Perm Rate	$1.40	$1.40	$1.40	$1.40	$1.40
Jail Levy	$0.58	$0.58	$0.58	-	-
Urban Renewal	$0.13	$0.13	$0.13	$0.13	$0.13
Transit Service District	-	$0.20	$0.20	$0.20	$0.20
General Obligation Bond	-	-	$0.45	$0.39	-
Public Safety District	-	-	-	$0.87	$0.87
Total	**$2.11**	**$2.31**	**$2.76**	**$2.99**	**$2.60**

With a $2.99 property tax rate (Phase 3), the property owner of an average home in Columbia County would pay about $603 in property taxes per year, as opposed to $426 per year at the County's existing rate, (an increase of $177). However, the general obligation bond is not a permanent property tax. Thus, once the general obligation bond debt is repaid, Columbia County's property tax rate would decrease to $2.60 per $1,000 of Assessed Value. At $2.60, a property owner of an average home in Columbia County would pay $524 in property taxes per year.

[12] The rate of the public safety district ($0.87), proposed in Phase 3, is inclusive of the $0.58 jail local option levy.

Exhibit 17. Revised Impact of Property Taxes in Columbia County Relative to Comparison Jurisdictions

Source: ECONorthwest. Note: Impact was normalized based on the Assessed Value of Columbia County's average home ($201,826 of Assessed Value).



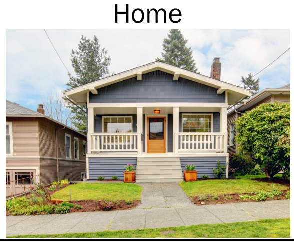
Revenues paid by new growth (developers / builders):

The recommended funding tool that would impact developers / builders is a rate increase of Columbia County's transportation system development charge (T-SDC). Columbia County currently imposes a $2,250 T-SDC per peak hour trip on all development. Columbia County's proposed new rate is $10,176 per peak hour trip. Using sample prototypes, ECONorthwest compared the impact of Columbia County's existing Transportation SDC rate to the proposed Transportation SDC rate. Results are displayed in Exhibit 18.

Exhibit 18. Baseline and Proposed New Impact on Sample Prototypes of New Development, Unincorporated Columbia County

Data Source: FCS Group. (January 2019). "Transportation System Development Charge Methodology," Draft Report. Image sources: (left to right) Brandon Turner, BiggerPockets.com; oneunited.com; and mylocalnews.us.

Single-Family Detached Home



Mid-Rise Multifamily Unit

Supermarket

	Single-Family Detached Home	Mid-Rise Multifamily Unit	Supermarket
Trips Generated:	0.99	0.44	9.24
Impact (Existing Rate):	$2,228	$990	$20,903
Impact (Proposed Rate):	$10,074	$4,477	$94,535

Washington County also imposes a T-SDC; their rates change depending on the type of residential or commercial use. In addition, some of the cities in Columbia County impose a T-SDC:

- **Vernonia:** $858 per four EDU
- **St. Helens:** $2,383 per trip
- **Scappoose:** $2,447 per single-family detached unit, $1,718 per apartment unit, $1,498 per townhome or condominium unit, and $1,276 per manufactured dwelling unit
- **Columbia City:** $4,575 per trip

While Columbia County and comparison jurisdictions have different methodologies for imposing their T-SDC rates, Exhibit 19 offers a comparison of impact on like development.

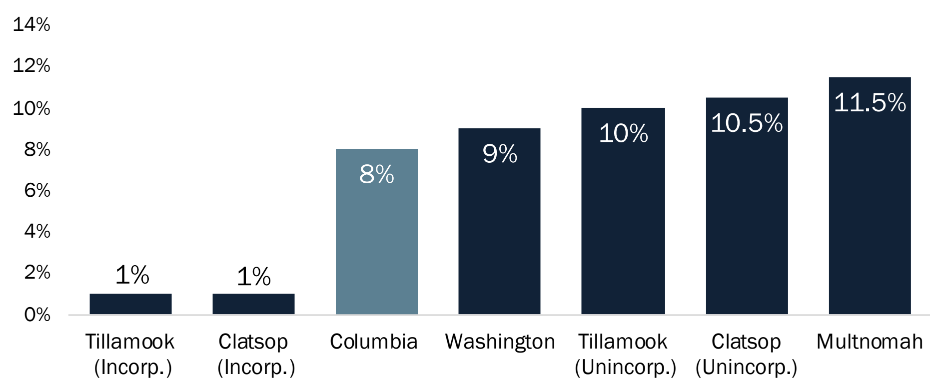
Exhibit 19. Transportation System Development Charge Impact on Selected Development Types, Columbia County relative to Comparison Jurisdictions
Source: City and County jurisdictions. Note: A multifamily unit is one dwelling unit. For example, if a multifamily housing development had 10 units, the SDC rate would be applied to all 10 units.

	Columbia County - Proposed Rate	Washington County	St. Helens	Scappoose	Columbia City
Single-Family Detached	$10,074	$8,968	$2,359	$2,447	$4,529
Mid-rise Multifamily Unit	$4,477	$5,867	$1,049	$1,718	$2,013
Supermarket (30,000 Sq. ft)	$94,535	$744,750	$22,138	N/A	$42,502

Revenues paid by visitors to the County:

The recommended funding tool that impacts visitors is the transient lodging tax. Columbia County is proposing an 8% transient lodging tax, slightly less than the jurisdictions in the region, but about average for jurisdictions in Oregon. An 8% lodging tax on a $150 hotel stay in Columbia County is a $12 tax impact, compared to (for example) a $17 tax impact in Multnomah County (at 11.5%).

Exhibit 20. Lodging Sales Tax Comparison, Relative to the Region
Source: County websites.



Both Scappoose and St. Helens have their own transient lodging tax, 9% and 10% respectively. A county imposed transient lodging tax on top of these city's existing rate would make visitors' lodging tax total 17% in Scappoose and 18% in St. Helens. A $150 hotel stay, would amount to a $26 tax impact in Scappoose and a $27 tax impact in St. Helens.

Revenues paid by businesses:

The recommended funding tool that impacts businesses is the timber tax. Columbia County is preliminarily considering a $5.95 per Million Board Foot (MBF) tax on timber harvests which matches the states' rate for western counties (per their Small tract Forestland (STF) Severance Tax). Columbia County is also considering a tax exemption of 25 MBF to protect small woodland harvesters. Exhibit 21 outlines the tax impact on hypothetical timber harvests.

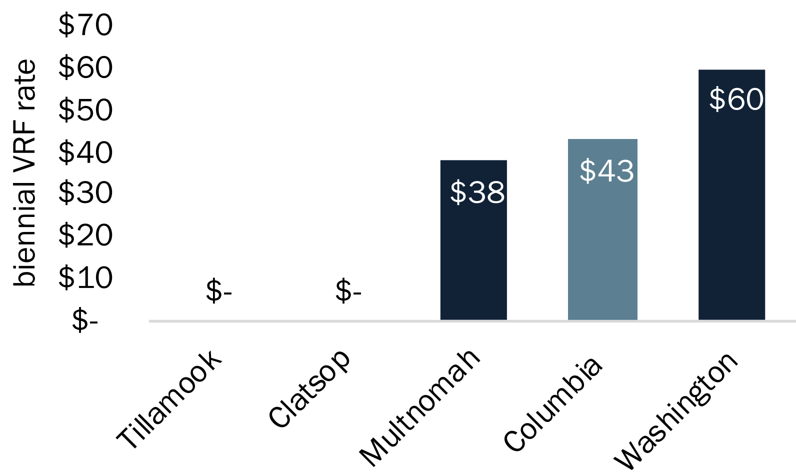
Exhibit 21. Tax Impact on Hypothetical Timber Harvest, Columbia County
Source: ECONorthwest. Note: One board foot is 12" x 12" x 1" and one million board feet (MBF) is 1,000 board feet. About 164,500 MBF was harvested from Columbia County in 2017 (from private entities).

Hypothetical Harvest	30 MBF	500 MBF	5,000 MBF
Less 25 MBF Exemption	5 MBF	475 MBF	4,975 MBF
Columbia County Rate	$5.98/MBF	$5.98/MBF	$5.98/MBF
State Rate for Western Counties	$5.98/MBF	$5.98/MBF	$5.98/MBF
Est. Total Tax	$60	$5,700	$59,500

Other:

The other recommended funding tool is the vehicle registration fee, which is paid by individuals / businesses that own a vehicle registered in the county. The proposed rate for the vehicle registration fee is $43 (paid every two years). Two of Columbia County's neighboring / comparison counties (Multnomah County and Washington County) impose a vehicle registration fee. The $43 per biennium fee rate is below the statutory maximum in Oregon for passenger vehicles. Columbia County proposed rate would be less than Washington County's rate but slightly higher than Multnomah County's rate. However, residents and businesses of Washington and Multnomah County are additionally impacted by fuel taxes levied in those counties.

Exhibit 22. Vehicle Registration Fee Rate and Impact Comparison, Columbia County and Comparison Counties, 2019
Source: Washington County and Multnomah County.



4 Conclusion

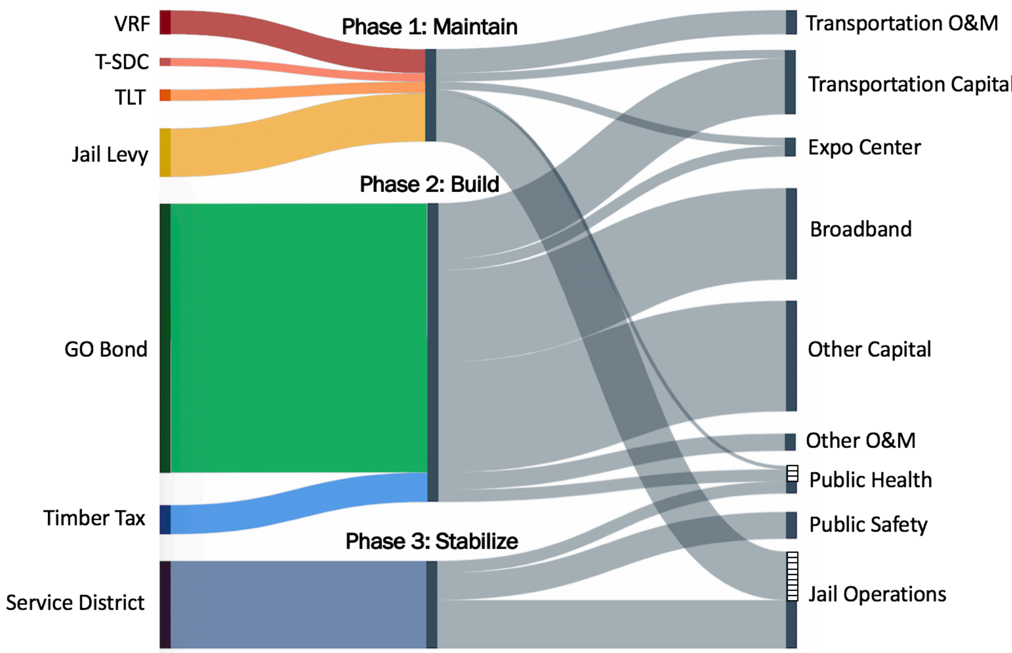
The Commission has a mandate from voters to provide for quality of life and to provide services to county residents. This framework, described in Chapter 3 and illustrated on the following page, summarizes one way that the County could accomplish this over time, with resident support.

If the framework is implemented, the ambitious steps would result in: (1) initial new revenue sources to **maintain and stop the decline** of funding for departments and services that most need immediate support and would otherwise require cuts; (2) mid-term actions to **salvage and build / rebuild** needed new infrastructure and add services; and (3) a final phase to **stabilize** revenue sources so that needed new infrastructure can be operated / maintained and so that services may be provided for reliably over time.

Additionally, to the extent that is possible with existing staff, the County should continue to take steps to find efficiencies with existing staff through consolidating roles across departments and focusing staff efforts on grant writing and administration. These efforts may supplement the new funding resources and potentially reduce the need for (or magnitude of) some of the revenue sources described for the later years of the framework. Similarly, the County should take steps to evaluate the extent that new capital projects (e.g. broadband, the exposition center, etc.) will bring additional dollars to the County as the proposed projects will encourage economic development, a larger tax base, and likely more visitation.

Per this framework, the County's next steps are to focus on implementing the transit district and to seek renewal of the local option levy for jail operations. These are both critical steps to maintain some of the County's core services that may otherwise be terminated. In tandem, Columbia County should begin a conversation with the community about meeting additional needs to maintain, build, and stabilize the county. Columbia County should work with jurisdictional partners to understand which of the major funding needs they most support. Commissioners may consider engaging with a communications or public relations firm before they begin collaboration with jurisdictional partners and the community at large.

Exhibit 23. Sankey Illustration of Paired Projects to Revenue Tools



Key:

VRF	Vehicle Registration Fee
T-SDC	Transportation System Development Charge (Rate Increase)
TLT	Transient Lodging Tax
Jail Levy	Local Option Levy (Renewal)
GO Bond	General Obligation Bond
Timber Tax	Timber Tax
Service District	Public Safety Service District

How to Read the Sankey Diagram:

The left (colored) column shows recommended funding tools. Each tool is connected to a Phase (center node). The size of the connector (i.e. colored bars) corresponds to the amount of revenue that the tool may generate.

The right (grey) column represents unmet, prioritized funding needs. Funding needs are connected to a particular phase to illustrate when the project would ideally be implemented. The size of the grey connectors corresponds to the total cost to implement the particular funding priority.

The phases (center nodes) represent a bridge to show how funding tools and priority projects are linked. The magnitude of funding potential (left column) matches the cost of priority projects (right column) as we assumed rates to achieve the correct dollar amount.

Some nodes in the right column have hash marks (black and white dash lines). The hash marks represent priority projects that rely on one funding source in an initial phase – which is then replaced by a different funding source in a future phase.

Disclaimer

The information provided in this report has been obtained or derived from sources generally available to the public and believed by ECONorthwest to be reliable, but ECONorthwest does not make any representation or warranty, express or implied, as to its accuracy or completeness. The information is not intended to be used as the basis of any investment decision by any person or entity. This information does not constitute investment advice, nor is it an offer or a solicitation of an offer to buy or sell any security.

ECONorthwest provides this financial analysis in our role as a consultant to Columbia County for informational and planning purposes only. Specifically: (a) ECONorthwest is not recommending an action to the municipal entity or obligated person; (b) ECONorthwest is not acting as an advisor to the municipal entity or obligated person and does not owe a fiduciary duty pursuant to Section 15B of the Exchange Act to the municipal entity or obligated person with respect to the information and material contained in this communication; (c) ECONorthwest is acting for its own interests; and (d) the municipal entity or obligated person should discuss any information and material contained in this communication with any and all internal or external advisors and experts that the municipal entity or obligated person deems appropriate before acting on this information or material.

ECONorthwest is responsible for the content of this report. The staff at ECONorthwest prepared this report based on their general knowledge of revenue collection mechanisms, and on information derived from government agencies, private statistical services, the reports of others, interviews of individuals, or other sources believed to be reliable. ECONorthwest has not independently verified the accuracy of all such information and makes no representation regarding its accuracy or completeness. Any statements nonfactual in nature constitute the authors' current opinions, which may change as more information becomes available.

DATE: October 2019
TO: Columbia County and Interested Readers
CC: Sarah Hanson, Columbia County
FROM: Lorelei Juntunen and Sadie DiNatale, ECONorthwest
SUBJECT: Fiscal Sustainability in Columbia County: A Path Forward (Appendix A)

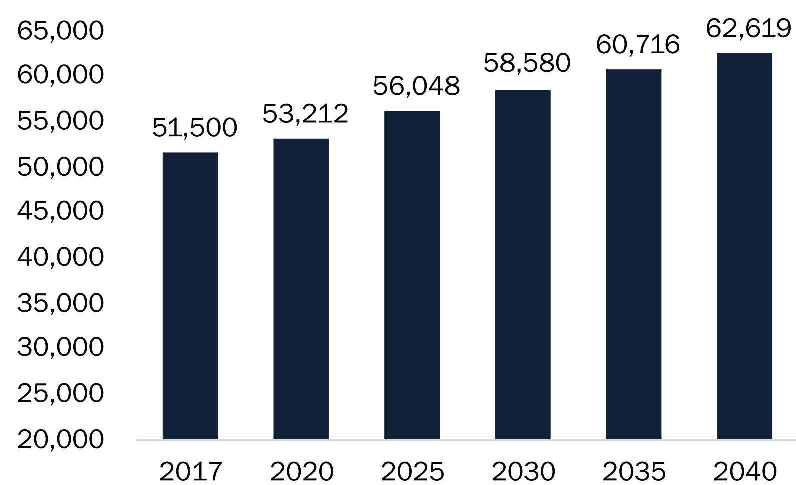
Columbia County contracted ECONorthwest to conduct analyses to support County Commissioner and staff discussions regarding potential new revenue sources that could improve the County's fiscal sustainability. The report, "Fiscal Sustainability in Columbia County: A Path Forward" was the product of months of technical work and deliberation about revenues, expenditures, and funding needs in Columbia County. The purpose of this appendix is to provide cursory details that support the findings of the report.

Appendix A. Existing Conditions

Columbia County has many mandated services, which are required activities that the State of Oregon passes down to Oregon counties. Increasingly, it is becoming difficult for Columbia County to meet all service provisions because expenses are growing faster than revenues – resulting in the need to cut discretionary services and / or put the quality of mandated services at risk. As the county grows, Columbia County will need to ensure they continue to meet their state-mandated services.

Columbia County's population is projected to grow by 9,407 people between 2020 and 2040, at an average annual growth rate of 0.82%.

Exhibit 1. Forecast of Population Growth, Columbia County, 2019 to 2039
Source: Oregon Population Forecast Program, Portland State University, Population Research Center, June 2017.

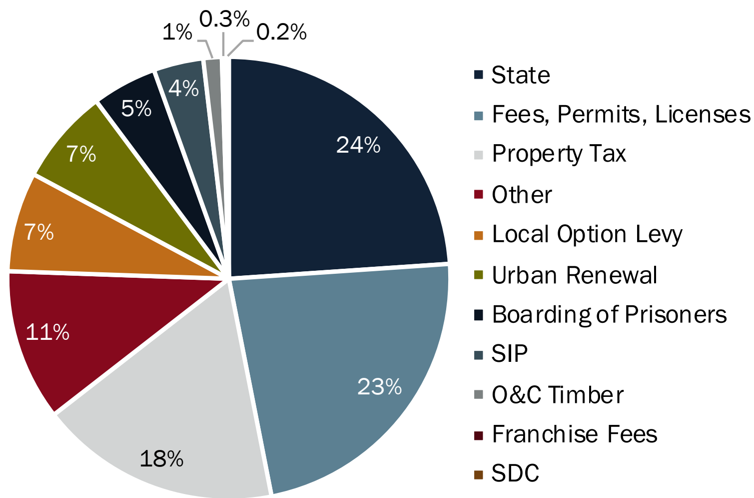


Local revenues are intrinsic to ensuring Columbia County can operate effectively. Between 2011 and 2015, Columbia County generated $343 per capita in local revenues—slightly above the average for all counties, but below the average of neighboring counties.[1]

A large share of Columbia County's revenue (41%) derives from local fees, permits, and licenses and property taxes.

Exhibit 2. Revenue Details, Columbia County, Fiscal Year 2018

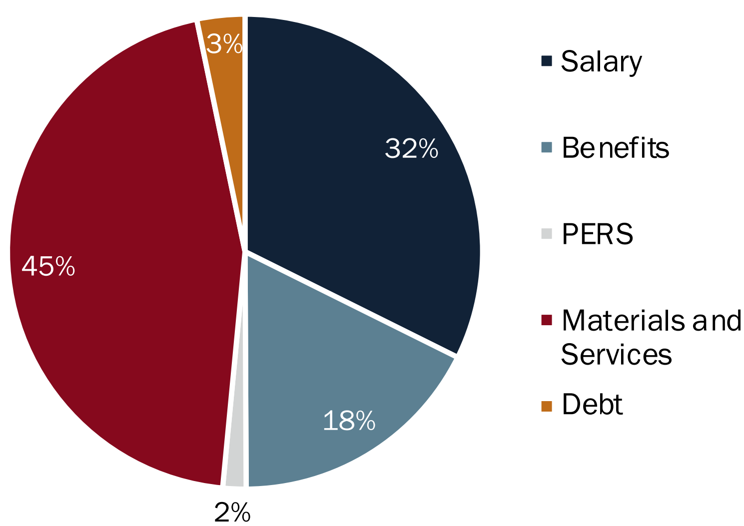
Source: Jennifer Cuellar, Columbia County. Note: revenue details do not include supplemental funds. Note: SIP is Strategic Investment Program Funds, SDC is System Development Charges.



Human resource costs (salary, benefits, and PERS) account for the largest share of expenditures in the County (52%).

Exhibit 3. Expense Details, Columbia County, Fiscal Year 2018

Source: Jennifer Cuellar, Columbia County. Note: revenue details do not include supplemental funds.



[1] Atkins, Jeanne P and Wenger, Mary. "Oregon's Counties: 2016 Financial Condition Review." Oregon Secretary of State and Audits Division.

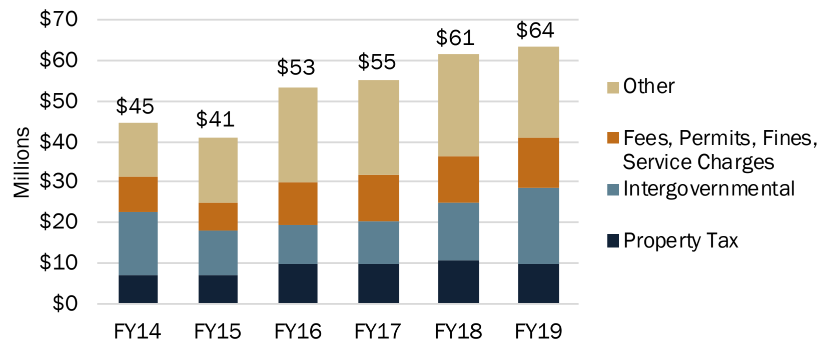
Note: Washington County generated $559, Clatsop generated $684, Multnomah County generated $783, and Tillamook generated $1,099 in local revenue per capita.

In general, municipal budgets must balance. The act of balancing the budget occurs each year in Columbia County. The revenue side of the equation has a small cushion which serves as a special set aside for the upcoming year for unforeseen expenses.

Between fiscal year 2016 and 2019, revenues increased by 19%.

Exhibit 4. Historical Revenue Trend Details, Columbia County, Fiscal Year 2014 to 2019

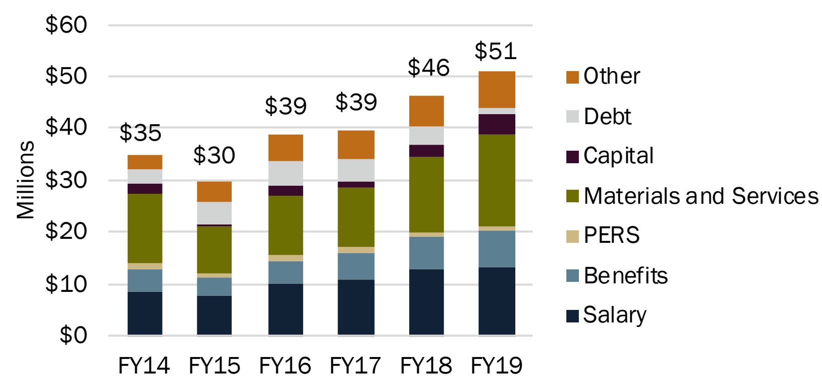
Source: Columbia County budget documents. Note1: “Other” includes beginning balance, bond or debt proceeds, transfers, and special payments. Note2: Revenue is actual, except FY19 which is proposed budget.



Between fiscal year 2016 and 2019, expenses increased by 31%.

Exhibit 5. Historical Expense Trend Details, Columbia County, Fiscal Year 2014 to 2019

Source: Columbia County budget documents. Note1: “Other” includes admin allocation, fund payments, special payments. Note2: Revenue is actual, except FY19 which is proposed budget. Note3: Fund contingency (delta between revenue and expense) not included.

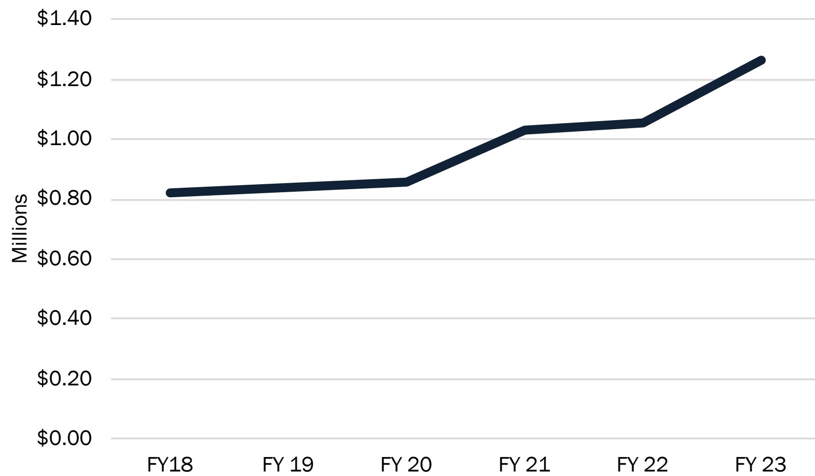


On the expense side of the equation, Columbia County is aware of some known liabilities. Most substansive is the growing cost of PERS and unfunded capital needs outlined in Columbia County's Capital Improvement Plan.

PERS is Oregon's retirement and disability fund for public employees. PERS expenses are forecast to grow at a rate of 20% every two years.

Exhibit 6. Public Employees Retirement System (PERS) Expense Forecast, Columbia County, Fiscal Year 2018 to 2023

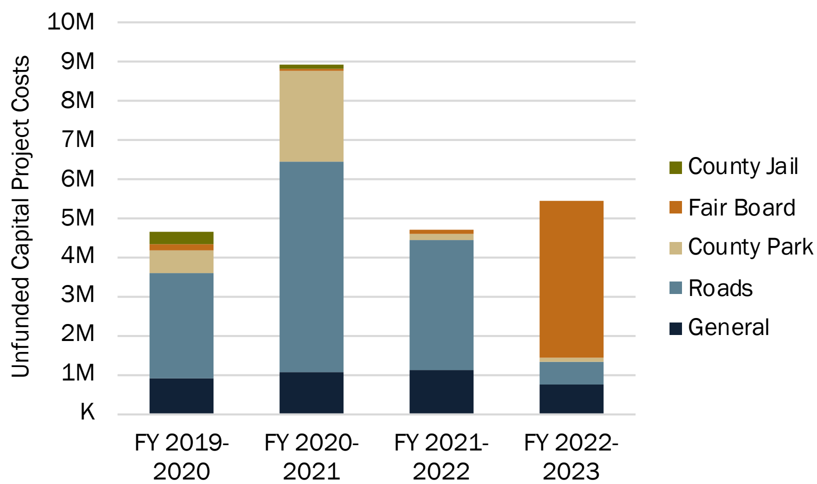
Source: County budget documents. Projection by ECONorthwest. Notes: Major assumption derive from Columbia County's interim finance director (20% PERS growth every two years beginning in FY 2021). ECONorthwest indexed to inflation in interim years.



Between FY2019 and 2023, Columbia County's existing Capital Improvement Plan describes $23.6m of unfunded but needed capital projects.

Exhibit 7. Needed Capital Projects Currently Unfunded, Columbia County, through Fiscal Year 2023

Source: Columbia County Capital Improvements Plan.



With guidance from the finance department, ECONorthwest used the rates at which project, program, and personnel costs have historically grown and the rates at which various revenue streams have historically grown to extrapolate revenue and expense trends out several years.

Columbia County's known five-year funding gap is approximately $30m (between fiscal year 2019 and fiscal year 2023).

Exhibit 8. Estimated Existing Funding Gap, Columbia County, Fiscal Year 2019 to 2023
Source: ECONorthwest.

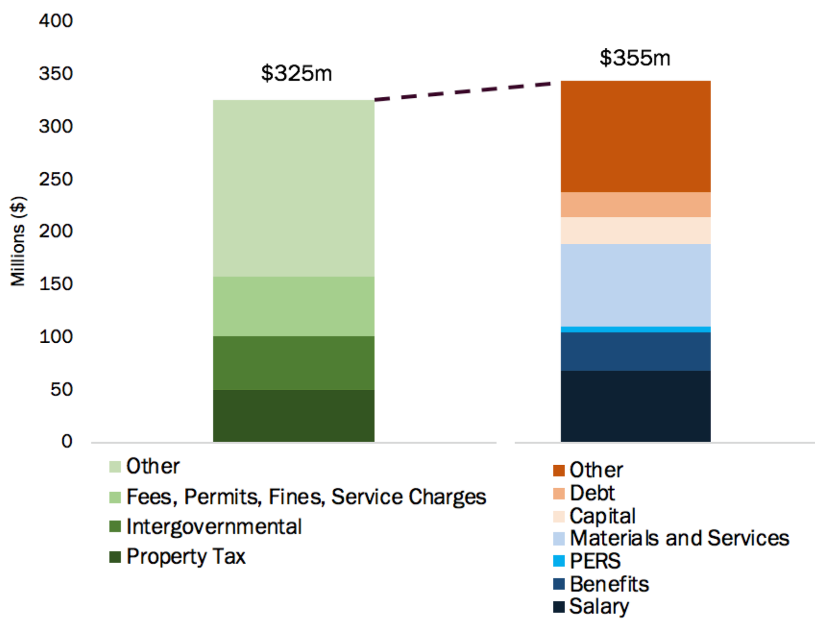


Exhibit 9. Revenue Forecast, Annual Growth Rate Assumptions
Source: ECONorthwest with guidance from Columbia County's interim-finance direction.

Revenue Forecast Input for Growth	Assumption (Annual Growth Rate)	Basis
Property Tax	4.5%	3% (limited to existing development), plus 1.5% to account for new development; subtracts jail levy revenue in 2020
Permit Revenue	1.0%	Interim Finance Director
Intergovernmental	-10.3%	Historical Average
Other Resources	12%	Historical Average
Transfers from County Funds	12%	Historical Average
Special Payments	73%	Historical Average
Standard Rate of Growth	3%	Rate of Inflation

Exhibit 10. Expense Forecast, Annual Growth Rate Assumptions
Source: ECONorthwest with guidance from Columbia County's interim-finance director.

Expense Forecast Input for Growth	Assumption (Annual Growth Rate)	Basis
Salary	3.5%	Interim Finance Director
Benefits	5.3%	Interim Finance Director
PERS	20%	Interim Finance Director (note: indexed to inflation for interim years).
Capital	$27.5	Assumption for Capital Improvements Plan (includes unfunded projects)
Debt	11%	Historical Average
Transfers Out Admin	12%	Historical Average
Transfers out Fund Payment	65%	Historical Average
Special Payments	4%	Historical Average
Fund Contingency	$200k / year	Assumption

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DATE: October 2019
TO: Columbia County and Interested Readers
CC: Sarah Hanson, Columbia County
FROM: Lorelei Juntunen and Sadie DiNatale, ECONorthwest
SUBJECT: Fiscal Sustainability in Columbia County: A Path Forward (Appendix B)

Columbia County contracted ECONorthwest to conduct analyses to support County Commissioner and staff discussions regarding potential new revenue sources that could improve the County's fiscal sustainability. The report, "Fiscal Sustainability in Columbia County: A Path Forward" was the product of months of technical work and deliberation about revenues and expenditures / funding needs in Columbia County. This appendix provides cursory details to support the findings of the report.

Appendix B. High-Priority Unmet County Needs

The purpose of this appendix is to provide information about Columbia County's most critical funding needs. ECONorthwest interviewed nine department heads at Columbia County (departments with the largest budgets or those with larger, unfunded needs) and one County Commissioner to describe Columbia County's unfunded operating and capital expense needs. ECONorthwest asked a series of conversational questions to understand the existing pinch points of the department (e.g. staffing constraints, deferred maintenance, program needs, etc.).

The following exhibit shows each interview ECONorthwest conducted.

Exhibit 1. Department Interview Schedule

Date	Depaprtment	Interviewee	Start	End
1/23/19	Finance / Columbia County	Debbie Smith-Wagner, Interim Finance Director	10:00 AM	10:30 AM
	Public Health	Mike Paul	10:30 AM	11:00 AM
	General Services	Casey Garrett	1:00 PM	1:30 PM
	Transit	Todd Wood and John Dreeszen	2:00 PM	2:30 PM
	Land Development Services	Karen Schminke and Todd Dugdale	2:30 PM	3:00 PM
1/25/19	Corrections	Janet Evans	10:30 AM	11:00 AM
	Public Works	Michael Russell	11:00 AM	11:30 AM
	County Counsel	Sarah Hansel	11:30 AM	Noon
1/28/19	IT	Holly Miller	1:00 PM	1:30 PM
	County Commission	Alex Tardif	1:30 PM	2:00 PM

The result of the interviews was a rough list of unfunded capital and operating / maintenance needs, organized by department. ECONorthwest sent that list back to staff to clarify needs, make adjustments, and estimate costs. Given the magnitude of the preliminary cost estimate, we found that not all unfunded needs were realistic for the near-term. Therefore, ECONorthwest made judgement calls to preliminarily prescribe a priority ranking to each potential new funding item on the list (high-, medium-, and low-priority). A description of the ranking and lens used to prescribe priorities is outlined in Exhibit 2. ECONorthwest requested that the initial prioritization exercise receive input from the County to ensure that ECONorthwest's "assumed priorities" accurately reflected Columbia County's "actual priorities."

The final results of this exercise are outlined in Exhibit 3. The results informed a discussion about funding priorities that may require new or expanded funding sources. The exercise was not a budget planning process or a strategic plan. The results were intended for one purpose: to get to an order of magnitude estimate of how much new revenue might be necessary to shore up and improve key aspects of Columbia County's service provisions. It was understood that Columbia County would need to conduct further analysis to strategically prioritize funding needs, before brining any proposal to the public.

Exhibit 2. Ranking Metric

High-Priority	Medium-Priority	Low-Priority
5-year Priority	Not Sure	Assumed Low or Longer-Term Priority

Ranking Metric Lens:

- Higher priority if item is needed in the next five-years; implementation cannot wait
- Higher priority if item is maintenance of existing facility or asset; Lower priority if building new
- Higher priority if need is a critical service (i.e. public health and safety)
- Higher priority if State or Federal funding sources are not likely available

Exhibit 3. Summary of High-Priority Funding Needs
Source: Columbia County. Note: Not included in this list was $80k per year for "catch up on systems maintenance" (Information Technology). The County identified this item as a high priority, but currently budgeted.

Need	$ Estimate (Annual)	$ Estimate (5-Year)	Department Most Impacted
2.5 (Deputy Director, Communicable Disease Specialist)	250,000	1,250,000	Public Health
Implementation of Substance Abuse Program and/or Facilities/Clinical Services	100,000	500,000	Public Health
1 FTE to Implement Environmental Health Program	100,000	500,000	Public Health
Installation and equipment of building upgrades	250,000	250,000	General Services
Maintenance of Public Spaces (ATV park, trail system)	150,000	750,000	General Services
Alleviate Transit service cuts and mitigate deficit	1,000,000	1,000,000	CC Rider
Implement and update long-range plans to address State mandates	150,000	150,000	Land Development Services
1 FTE Inspector 1 FTE Plan Reviewer	200,000	1,000,000	Land Development Services
10 FTE (to address routine maintenance and preventative maintenance)	1,000,000	5,000,000	Public Works
Purchase of Dump Trucks	250,000	250,000	Public Works
Equipment replacement	300,000	300,000	Public Works
1 FTE Help Desk	100,000	500,000	Information Technology
Records Management System	300,000	300,000	Information Technology
1 FTE to support operations	100,000	500,000	Fairgrounds
RMS and integration with existing systems	350,000	350,000	Sheriff
1 FTE School Resource Officer	100,000	500,000	Sheriff
3 FTE Patrol Deputies	300,000	1,500,000	Sheriff
Patrol Vehicles	100,000	100,000	Sheriff

Note: List continues on the following page.

Need	$ Estimate (Annual)	$ Estimate (5-Year)	Department Most Impacted
Civil/CHL Management/Animal Control System	100,000	100,000	Sheriff
Patrol Portables	75,000	75,000	Sheriff
Back-up generator	50,000	50,000	Sheriff
Fire Alarm; Suppression System	60,000	60,000	Sheriff
HVAC System in Corrections Facilities	350,000	350,000	Sheriff
CERT Team	15,000	15,000	Sheriff
Medical/Mental Health Funding	50,000	50,000	Sheriff
Body Scanner	100,000	100,000	Sheriff
Courthouse Security Services	100,000	500,000	Sheriff
Fleet Replacement	300,000	300,000	Sheriff
MDTs	100,000	100,000	Sheriff
CCSO Roof	300,000	300,000	Sheriff
Roof, HVAC and Drainage Improvements to AC building	150,000	150,000	Sheriff
JMS Tablet Replacement	5,000	5,000	Sheriff
GIS Update	40,000	40,000	Assessor
1 FTE to implement Appraisal Program Improvements	100,000	500,000	Assessor
Broadband Project	17,000,000	17,000,000	Information Technology
TOTAL	**23,995,000**	**34,395,000**	

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DATE: October 2019
TO: Columbia County and Interested Readers
CC: Sarah Hanson, Columbia County
FROM: Lorelei Juntunen and Sadie DiNatale, ECONorthwest
SUBJECT: Fiscal Sustainability in Columbia County: A Path Forward (Appendix C)

Columbia County contracted ECONorthwest to conduct analyses to support County Commissioner and staff discussions regarding potential new revenue sources that could improve the County's fiscal sustainability. The report, "Fiscal Sustainability in Columbia County: A Path Forward" was the product of months of technical work and deliberation about revenues and expenditures / funding needs in Columbia County. This appendix provides cursory details to support the findings of the report.

Appendix C. Revenue Tool Evaluation

The purpose of Appendix C is to provide information about the evaluation of potential new funding tools considered by Columbia County and the Advisory Committee. It explains the process of narrowing down a comprehensive list of funding tools to a short-list of more feasible funding tools for near-term action.

This appendix includes four subsections, which are:

1. **Funding Tool Evaluation Matrix Summary** - summarizes the initial evaluation of each revenue tool in a visual format.
2. **Funding Tool Evaluation Memo** - provides the full details of the initial evaluation (more than what was presented in the matrix).
3. **Determination of short-listed funding tools** - summarizes the Advisory Committee's recommendations about which tools warrants further evaluation. The Advisory Committee categorized each revenue tool into three categories to identify their suitability for Commission action now.
4. **Funding Tool Supplementary Evaluation Memo** - provides additional details on the two medium near-term feasible funding tools.

1 Funding Tool Evaluation Matrix Summary

The following matrix was provided at the second Advisory Committee meeting to inform discussions about the potential new revenue tools that seem most appropriate for Columbia County. The tri-color metric was a starting place to inform Advisory Committee conversations.

Feasible	Potentially Feasible	Not Feasible
Tool fares well across criteria	Tool presents mixed results	Tool does not fare well across criteria

1.1 Evaluation Criteria

The Advisory Committee used the following criteria to evaluate funding tools.

- **Legality:** If enabling legislation does not exist, then funding sources face a higher hurdle. All the benefits of a funding mechanism are moot if the mechanism is not legal or cannot become legal within the desired timeframe.
- **Efficiency:** This category covers everything related to creating and maintaining net revenues (net of collection costs). Efficient funding sources are stable, flexible, and inexpensive to administer.
- **Proportionality:** Costs and benefits (plus related taxes, fees, charges) are fairly distributed to low-income vs. high-income people.
- **Political Acceptability:** Political acceptability plays a critical role in decisions about whether or not to use a source. Politicians are unlikely to support fees or charges that are strongly opposed by the public.
- **Magnitude of Additional Funding:** The amount any mechanism can raise is directly tied to the rate imposed, and the rate imposed is always at least partially determined by legality and political acceptability.

g	Legality	Efficiency	Proportionality	Political Acce
	If enabling legislation does not exist, then funding sources face a higher hurdle. All the benefits of a funding mechanism are moot if the mechanism is not legal or cannot become legal within the desired timeframe.	*This category covers everything related to creating and maintaining net revenues (net of collection costs). Efficient funding sources are stable, flexible, and inexpensive to administer.*	*Costs and benefits (plus related taxes, fees, charges) are fairly distributed to low-income vs. high-income people.*	*Political acceptabilit critical role in decisi whether or not to us Politicians are unlik fees or charges that a opposed by the publi*
tion s for e ons an or e es	No legal barriers to implementing business license fees in Oregon exists. However, Columbia County cannot regulate within city limits without city consent. It is likely that cities in Columbia County, that already have business license programs, will not consent.	Stability: Depending on how the fee is set up, revenues should be fairly stable and predictable, though subject to broader economic trends. Administration: The County could expect some start-up administrative costs, but these could be streamlined in subsequent years. Flexibility: Business license fees have no restrictions on use.	Columbia County may consider structuring the fee so that it considers a businesses' size and profitability.	A business license f face opposition fror business communit on the size of the fe Public vote not requ
to on.	More research needed to determine whether Home Rule counties can legally impose a business tax.	Stability: Depending on how the fee is set up, revenues should be fairly stable and predictable, though subject to broader economic trends. Administration: Existing infrastructure to collect the tax does not exist and would make administration challenging. Flexibility: Revenue generated from the tax can finance capital improvements and fund operations.	Some argue the tax is regressive if it leads to lower employee wages. As wealthier individuals often have substantial income from wages and business capital, others argue the tax falls proportionally higher on business owners and is therefore progressive. To alleviate concerns, Columbia County may structure tax exemptions. For example, Multnomah County exempts businesses grossing less than $50,000 per year, individuals whose only business activity is ownership of < 10 residential rental units, and insurance agents or agencies.	A business tax wou opposition from the community. Public would be necessary value proposition a Public vote required

g	Legality	Efficiency	Proportionality	Political Acce
n of c	Oregon law authorizes municipalities to determine the terms under which a franchise fee may operate within the municipality's jurisdictions, including payment of up to 5% of the utility's locally generated revenue as compensation for the utility's use of the municipality's streets and other public property. Franchise fees, other than for sewer and water, cannot be changed in the middle of a franchise agreement term. Franchise agreements last up to 20 years each and increases to rates may have to be negotiated separately with each utility, to the extent any franchisee is not already paying the statutory maximum.	<u>Stability:</u> Because fees are based on a percentage of the company's revenue, this source is relatively stable from year to year. <u>Administration:</u> The infrastructure to collect franchise fees does not already exists, making this source more expensive to administer. <u>Flexibility:</u> Funds generated through franchise fees can be used for a variety of purposes as they are allocated to the general fund.	Franchisees use public rights-of-way for their infrastructure. Charging franchise fees offsets *direct* financial burden from other taxpayers and onto companies which use the rights-of-way. Franchisees often pass these fees onto rate payers. Depending on the use of the fund, there may not be a direct connection between a franchise rate payer and the benefits they receive. Franchise fees do not consider a household's ability to pay and could impose a burden on low-income households and some employers.	Franchisees may op <u>Public vote not requ</u>
of tax . hich 34 34 el el tax 30%	Local fuel taxes are currently legal and have been enacted by more than 25 municipalities in Oregon. ORS 319.950 allows counties to impose a fuel tax after submitting the proposed tax to the electors of the local government for approval. As with all funding tools, the legality of local fuels taxes could change. For example, in 2009, the state imposed a five-year moratorium on the creation of new local fuels taxes.	<u>Stability:</u> A fuel tax is more vulnerable to economic downturns. As vehicles become more fuel-efficient over the long-term, fuel tax revenues will decline. <u>Administration:</u> Motorists already pay federal and state motor fuel, so the levy would not impose a new type of tax. In Oregon, local fuels taxes are typically administered by the state. <u>Flexibility:</u> Fuel tax funds could be used for a variety of transportation uses, including operations, maintenance, and capital projects.	Local fuel tax revenue is paid only by users of the transportation system, and the amount of tax paid is generally proportional to the amount of use. However, non-motorized users (e.g. bicycles and pedestrians) do not pay fuel tax while using these transportation modes. The amount of fuel used is not directly proportional to the cost a user imposes on the system. A local fuel tax could disproportionately impact households who live further from service areas or city centers.	A fuel tax may be m opposition. Some m the tax as it would c revenue from touris residents. Public outreach, inc potential tax as a b during a regular ele having a well-define initiatives could hel option more succes example, in Portlan was proposed seve before it was appro <u>Public vote required</u>

g	Legality	Efficiency	Proportionality	Political Acce
ure s y ds. or ters ot y	The tool is legal and allowed in Oregon (ORS 287A.001-287A.145). Under state law, a county may not issue, or have outstanding, general obligation bonds that exceeds 2% of the real market value (RMV) of the taxable property within its boundaries. The County, as of FY19, has no general obligation bond debt subject to the limit of 2% real market value. All of the county's general obligation bond debt retired as of June 2018. The County follows its legal debt limitation.	<u>Stability:</u> GO bonds are among the most stable funding sources available, as the bonds are backed by the full faith and credit of the municipality. Further, property tax rates associated with GO bonds are not affected by Measure 5 tax compression. <u>Administration:</u> Collection mechanisms already are in place for property taxes, so administrative burden is relatively low. <u>Flexibility:</u> GO bond proceeds can only be used for capital projects, not operations or maintenance.	GO bonds are funded through property tax increases, which may not have a direct connection to users, depending on how the funds are used. The tax is subject to a public vote, which implies this tool could only be used in situations where the public believes it is a fair use of funds. GO bonds often include a package of projects that address different areas or needs, in order to generate broad support from residents.	The issuance of a n may be more politic acceptable at this t previous GO bond d retired. <u>Public vote required</u>
arby d a d ply used rom n 0%	LIDs are legally allowed in Oregon, per ORS 223.001. LIDs are most commonly initiated by property owners. If at least 50% of property owners sign a petition in favor of the LID, County Commissioners can approve the LID. Once an agreement is reached on the portion of funding to come from the LID, the municipality would sell a 10- or 20-year bond to finance the project, and the bonds would be repaid through annual payments by affected property owners within the LID.	<u>Stability:</u> Revenue is fairly stable and predictable once enacted. <u>Administration:</u> LIDs have relatively low ongoing administrative costs but can require significant effort to put in place. <u>Flexibility:</u> Capital projects including all modes of transportation are eligible to receive funding from LIDs.	LIDs are funded by nearby property owners in order to pay for capital improvements that improve property values. The charges established by the LID should be proportional to the benefits individual property owners will enjoy. New LIDs may pose financial burdens for fixed-income homeowners and particular businesses.	The creation of LIDs requires extensive p outreach to gain su property owners wh asked to voluntarily their tax burden. If owners believe they tangible benefits fro capital improvemen costs are acceptab political acceptabili relatively high. If matching funds w from another sourc raise political accep neighborhood inter <u>At least 50% of affe owners must "opt-in</u>

g	Legality	Efficiency	Proportionality	Political Acce
rary ved of cal ve- als, in s er ve-	This tool is legal and allowed in Oregon.	<u>Stability:</u> Property tax revenues tend to be very predictable and stable. <u>Administration:</u> Collection mechanisms already are in place for property taxes, so administrative burden is relatively low. <u>Flexibility:</u> Local option levies can be used to fund operations or capital expenses.	Local option levies are funded through property tax increases. Depending on the use of the tax, there may be no direct connection to those who pay the tax. However, the tax is subject to a public vote, which implies this tool could only be used in situations where the public believes it is a fair use of funds.	Operations levies m renewed every five Several municipalit including Columbia local option levies t services. Public outreach, to public benefit, may likelihood of approv County may also co staggering the ballo for a new local optic the need to renew t Operations local op <u>Public vote required</u>
s rs or ates rk re he ut-of- roll n the s. al to	Payroll tax may be imposed by ordinance by a mass transit district established under ORS 267.010 to 267.390.	<u>Stability:</u> Payroll taxes are relatively stable, though dependent upon larger economic trends. <u>Administration:</u> Administration costs could be fairly low, depending on implementation. For HB 2017, employers are required to withhold and report payroll tax. Oregon Department of Revenue administers TriMet's payroll tax. <u>Flexibility:</u> Payroll taxes can only be used to fund transit operations and maintenance.	Payroll taxes do not have a direct link to the amount of benefit received from the transit system. Columbia County residents who are unemployed, retired, or work outside of the county would not pay this tax.	Although several di Portland area and W Valley use a payroll not been a popular elsewhere in Orego A new payroll tax wo face public and bus opposition. This tool is not polit as it must by impos transit district or cit <u>Transit district requ</u> <u>resolution and publ</u> <u>District may impose</u> <u>by ordinance.</u>

J	Legality	Efficiency	Proportionality	Political Acce
t of ly e law ties It is red d rter y	Nothing in the Oregon Constitution or Revised Statutes currently prohibits local jurisdictions from implementing a sales tax.	<u>Stability:</u> A general sales tax would be relatively stable and predictable, though (as with many other funding sources) it would track with broader economic trends. A sales tax targeted towards a specific sector (e.g., tourism) would be more vulnerable to revenue swings. <u>Administrative:</u> Adopting a sales tax would require new staff to oversee the system. Other than the hurdles with implementation, the tax could be administered relatively affordably. <u>Flexibility:</u> Sales tax revenue could be used for operations, maintenance, or capital expenses.	A general sales tax is considered regressive because low-income people pay a higher percentage of their income than high-income people. The fairness of a sales tax from a "user pays" perspective would depend on how it is applied. By applying the tax only to, for example, prepared food and beverages, there is a stronger connection between the benefits received and taxes paid.	Sales taxes are trad unpopular in Orego numerous sales tax have been defeated by wide margins. Sa specific goods are more politically acc broad-based sales t particularly true for are perceived to be by non-locals, like a tax. Other Oregon munic sales tax on prepar nonalcoholic bever Ashland (since 199 Yachats (since 200 Oregon municipality has a general sales <u>Public vote required</u>
s ed aded al ity s is	Enabling legislation (ORS 223.297-223.314) provides a uniform framework that all local governments must follow to collect SDCs. Local jurisdictions may modify their SDC methodology for calculating the fee to reflect the actual cost of the needed capital improvements to which the fee is related.	<u>Stability:</u> Because SDCs are funded by new development, they are more volatile than many funding sources and are likely to decline sharply during a downturn in the real-estate market. <u>Administration:</u> The infrastructure to collect SDCs already exists, making this source inexpensive to administer. <u>Flexibility:</u> SDC funds can only be used for the portion of project costs to increase capacity to accommodate new development, and must be used for capital projects, not operations.	SDCs are calculated based on the increased demand that a new development will place on the County's system (i.e. transportation, parks, and/or water and sewer systems). SDCs may be passed on to home-buyers through housing prices. The County could consider an exemption for deed-restricted affordable housing to alleviate the potential than higher SDCs affect housing affordability for lower-income households. Higher SDCs could also affect businesses.	SDCs are typically n politically acceptab residents than othe taxes because they increase taxes on e residents and busin although the fees m passed on to buyer constructed homes housing prices. The typically supports th that "new developm pay for itself." Some developers m further increases to Provided an SDC in justified by an adop methodology, an in made by Commissio <u>Public vote not requ</u>

	Legality	Efficiency	Proportionality	Political Acce
r wner it is	A previous legal opinion, developed by a prior County Counsel, suggests municipalities can legally levy a timber tax.	Stability: Since 1962, timber harvest has been relatively stable, increasing by 6% on average over time. Since 2000, however, timber harvests have decreased by 1% on average. Administrative: Administrative ease would be higher if, through an intergovernmental agreement, the state of Oregon could collect Columbia County's local timber tax revenue through the state's existing collection mechanism. Flexibility: Timber tax revenue may be used for capital or operating costs.	Timber tax is paid by those who benefit from the timber extracting. Columbia County could structure a tax waiver for smaller operations.	Excise taxes are ge politically viable tha of taxes, particularl paid by residents. Public vote require
) is	A TLT is legal with certain stipulations (ORS 320.300).	Stability: Columbia County currently has three hotels (and likely short-term rentals offered through home/room sharing platforms). The TLT may not create the most stable revenue stream. The travel and tourism industries can be volatile and are affected by business cycles, and TLT revenues can decline more than other types of taxes during a recession. Administration: The infrastructure to collect the transient lodging tax does not exists in Columbia County, making this tool expensive to administer. Flexibility: ORS requires that a certain percent of the tax revenue be used for tourism promotion. The remainder may be used for other purposes, including police, fire, and transportation.	TLT is a tax exportation onto tourists and visitors. It is often the only mechanism for taxing visitors. Visitors benefit from county systems and add to maintenance and capacity needs.	TLTs primarily affec and visitors, not Co County residents. T the tax politically ac local voters are not paying the tax. Columbia County's lodging industry ma tax. However, the in currently small. Dec the tax in the imme may be more politic than waiting. Public vote require

J	Legality	Efficiency	Proportionality	Political Acce
F) is n be o it n e ee.	Transportation utility fees are legal and have been enacted in more than 30 cities in Oregon. Counties are also permitted to impose a TUF.	Stability: Because TUFs are based on the number of households and businesses, revenue is predictable and grows in proportion to population growth. Administration: Many municipalities have utility fees in place. Flexibility: TUFs are typically used by jurisdictions to pay for maintenance rather than for capital projects, but there are no restrictions on use.	Fairness from a "user pays" perspective depends on whether the fee is flat or based on estimated trip generation. With trip-generation models, fees are based on broad averages and are not directly tied to actual transportation usage. TUFs disproportionately affect lower-income households because they do not consider a household's ability to pay. However, rates are typically low ($5-$10 per single-family household per month).	Based on success i communities, Orego seem more amenab transportation utilit some other taxes. H fees and taxes are popular. Depending specific rate structu transportation utilit face opposition fro with high trip gener Public vote not requ subject to referend governing body pre
ls ner can ted r e ed to	There are no legal barriers to implementing vehicle registration fees. Fee limitations are described in (ORS 803.420 and ORS 803.442). This tool can only be implemented by counties, and not by cities.	Stability: Vehicle registration fees tend to be a fairly stable and predictable source of revenue. Administration: There is already a system in place to collect statewide vehicle registration fees, which could be used to collect Columbia County's fees as well. Flexibility: There are no restrictions on the use of vehicle registration fee revenues.	Vehicle registration fees are only paid by individuals and businesses that own automobiles, which is a rough approximation of the population that will use the transportation system. Vehicle fees disproportionately affect lower-income households because they do not consider a household's ability to pay. However, the maximum fee would still be relatively low (less than $2 per month per car).	The public tends to fees as unpopular. Counties, with a po less than 350,000, an ordinance estab registration fees aft the ordinance to th the county for their Public vote required

2 Funding Tool Evaluation Memo

This information was provided to the Advisory Committee to inform their second meeting on March 14, 2019. The information provides supplementary details for the 15 funding tools listed in Evaluation Matrix. Specifically, this information provides:

- A description of each new funding tool
- Examples of other Oregon communities that use each tool
- An initial evaluation of the tool against various criteria

2.1.1 Evaluation Criteria

This memorandum uses the following criteria to evaluate funding tools. ECONorthwest consulted with the Advisory Committee to select these criteria at the first Advisory Committee Meeting on February 14, 2019.

- **Legality.** If enabling legislation does not exist at the state or federal level, then funding sources face a much higher hurdle. As a result, most municipalities focus on funding tools that can be approved by local government under existing state or federal legislation.
- **Efficiency.** This category covers everything related to creating and maintaining net revenues (net of collection costs). Efficient funding sources are stable, flexible (i.e., can be used for capital expenses or operations and maintenance), and inexpensive to administer.
- **Proportionality.** Proportionality refers to the fair or equitable distribution of both benefits and burdens. This criterion has several dimensions:
  - *Impacts to households at different income levels.* Tax systems that require lower-income households to pay a larger share of their income than higher-income households are typically considered less equitable.
  - *Distribution across Columbia County community.* One perspective on proportionality is to strive for a fair distribution of costs across people who live, work, or travel in Columbia County. Using this definition, a tax burden that falls solely on the business community is less equitable.
  - *"User pays" principle.* One definition of proportionality is that those that pay the imposed fee, tax, or charge are the ones that benefit from the fee, tax, or charge.
- **Political Acceptability.** Political acceptability plays a critical role in decisions about whether or not to use a funding source. Adopting and implementing taxes or fees that are strongly opposed by the public may be more difficult.
- **Magnitude of Additional Funding**. A potential funding source must be able to generate needed revenue. The amount any mechanism can raise is directly tied to the rate imposed, and the rate imposed is always at least partially determined by legality and

political acceptability. We use a tri-category scale of $ to $$$ to indicate approximate magnitude of funding potential. Estimates are preliminary; we will conduct further analysis of the tools selected by the Advisory Committee for consideration in the funding scenarios.

2.1.2 Funding Tools

The following pages present funding tools in alphabetical order. Information for each tool derives from research conducted by ECONorthwest, with initial judgements regarding ranking on criteria provided for the purpose of discussion and amendment with the Advisory Committee at its March 14, 2019 meeting.

Business Registration Fee

A business license registration fee is a charge on businesses for the privilege of conducting business within a jurisdiction. There are a variety of ways that municipalities could choose to charge fees on businesses:

- Charging a flat fee for all businesses in the county.
- Charging a flat fee for each business classification.
- Charging a fee based on the number of employees.
- Charging a fee based on whether or not the business is located in or outside city limits.
- Charging a fee based on the duration of the particular business.

Registration fees can apply to all businesses or a sub-section of business types. Columbia County currently does not impose a registration fee on businesses. Business license ordinances are established either to raise revenue, to regulate business, or both.

USE OF TOOL IN OTHER COMMUNITIES

No county in Oregon has a business registration fee. However, business registration fees are common for cities and, as of 2001, at least 92 cities including: Ashland, Athena, Aurora, Canby, Cornelius, Durham, Hillsboro, Troutdale, and Winston imposed business license fees.[1]

EVALUATION

- Efficiency:
    - Stability: **High.** Depending on how the fee is set up, revenues should be fairly stable and predictable, though subject to broader economic trends.
    - Administrative Ease: **High.** Municipalities (cities and counties) may assign various officials to administer a business license ordinance. These include: Recorder, City Manager, Finance Director, Administrator, a License Clerk, the

[1] League of Oregon Cities. (December 2001). Business License Ordinances: Policy Considerations and Examples from Oregon Cities.

Chief of Police, Auditor, Bureau of Licenses, or Commission/Council. Processing licenses varies by municipality (from several hours, several days, or several weeks).

  - Flexibility: **High.** Business license fees have no restrictions on use.

- Proportionality: **Low.** Many communities exempt certain businesses to improve proportionality. Exemptions may include non-profit organizations, individuals under the age of 16 who make less than a certain amount of money, or businesses whose gross receipts are under a set amount during the tax year.

- Political Acceptability: **Medium.** High license fees or drawn out approval / renewal processes may be perceived poorly by the business community.

- Legality: **High.** There are no legal barriers to implementing business license fees. However, Columbia County cannot regulate within city limits without city consent. It is likely that cities in Columbia County, that already have business license programs, will not consent.

- Additional Funding Potential: **Low.** Imposing a hypothetical $50 fee on all businesses in the County could generate approximately $59,200 per year. This estimate is based on 91,184 business establishments identified in the 2017 annual release of the Quarterly Census of Employment and Wages (QCEW). As Columbia County continues to grow, so will the number of new business establishments.

Business Tax

A business tax is a tax on business income and applies to all businesses in the jurisdiction.

USE OF TOOL IN OTHER COMMUNITIES

- Multnomah County levies a 1.45% business income tax (BIT) on all businesses within Multnomah County – sharing a portion of the proceeds with the City of Gresham, Wood Village, Troutdale, Fairview, and Maywood Park.

EVALUATION

- Efficiency:

  - Stability: **High.** Depending on how the fee is set up, revenues should be fairly stable and predictable, though subject to broader economic trends.

  - Administrative Ease: **Low.** Existing infrastructure to collect the tax does not exist and would make administration challenging.

  - Flexibility: **High.** Revenue generated from the from the tax can finance capital improvements and fund operations.

- Proportionality: **Medium.** Some argue the tax is regressive if it leads to lower employee wages. As wealthier individuals often have substantial income from wages and business capital, others argue the tax falls proportionally higher on business owners and is therefore progressive. To alleviate concerns, Columbia County may structure tax exemptions. For example, Multnomah County exempts businesses grossing less than $50,000 per year, individuals whose only business activity is ownership of < 10 residential rental units, and insurance agents or agencies.

- Political Acceptability: **Low.** A business tax would face opposition from the business community. The tax would require a public vote. Public outreach would certainly be necessary to frame the value proposition appropriately.
- Legality: **Medium.** More research is needed to determine whether Home Rule counties can legally impose a business tax in Oregon. Note: Multnomah County is a General Rule county.
- Additional Funding Potential: **High.** Imposing a 1% tax on all business income in Columbia County would generate substantial annual revenue.

Franchise Fee

A franchise fee (sometimes referred to as a privilege tax) is a contract between a municipality and a franchisee (cable company, telephone company, electric company, etc.), that outlines certain requirements for the utility to use the municipality's public rights of way.

USE OF TOOL IN OTHER COMMUNITIES

- Charging 5% for electric franchises: City of Albany, Forest Grove, Gresham, Milwaukie, Newberg, Oregon City, Portland, Salem, West Linn, Woodburn
- Charging 5% for natural gas franchises: City of Albany, Forest Grove, Gresham, Milwaukie, Portland, Salem, Sherwood, Tigard, Tualatin, West Linn, Wilsonville, Woodburn

EVALUATION

- Efficiency:
  - Stability: **Uncertain.** Franchises represent an essential revenue source for most Oregon municipalities. The League of Oregon Cities found that overtime, franchise fees are an increasing revenue source but remain relatively flat when adjusted for inflation. However, more analysis is needed to determine the stability of a franchise fee for a rural county, especially to understand the types of utilities that might pay a franchise fee in the county's existing ROW and the amount that they'd be willing to pay
  - Administrative Ease: **High.** Franchise fees are typically calculated as a percentage of the sales revenues of a franchisee to customers in a given service area or territory. Franchise agreements are established by ordinance, by a contract with a service provider, or by resolution; in some cities the franchise operates without an agreement.[2]

[2] League of Oregon Cities. (March 2017). Franchise Agreement Survey Technical Report. https://www.orcities.org/Portals/17/Library/Franchise%20Agreement%20Survey%20Report_FINAL%203-6-17.pdf

- Flexibility: **High.** Revenues are allocated to general fund.

- Proportionality: **High.** "Citizens make ordinary use of rights of way by walking or driving on it. Utilities make extraordinary use of rights of way through installation of electric, telephone, natural gas, cable, water and sewer lines."[3] Charging franchise fees offsets *direct* financial burden from residents and onto companies which use the rights-of-way the most. However, companies then pass these fees onto residents. To make the franchise payments equitable, Commissioners could choose to extend the fees to all service providers or reduce or eliminate the fees for existing payers.

- Political Acceptability: **Medium.** Municipalities are obligated to manage public rights-of-way as trustees for the public who own rights of way. Franchise revenue is often the second largest revenue source for city general funds, in particular. Maintaining the level of franchise fees collected is critical to avoid further erosion of municipalities' ability to provide essential local services, such as public safety.

- Legality: **High.** Oregon law authorizes municipalities to determine the terms under which a franchisee may operate within unincorporated County, including payment of up to 5% of the franchisee's locally generated revenue as compensation for the franchisee's use of the county's streets and other public property. The payment is called a franchise fee when it is set pursuant to a negotiated agreement between the franchisee and the municipality.

- Additional Funding Potential: **Low.** The County could impose a franchise fee rate up to 5%. While initial funding expectations are low, more analysis is needed to determine the magnitude of funding.

Fuel Tax

A tax on the sale of gasoline and other fuels, is typically levied as a fixed dollar amount per gallon. The tax may be seasonal or year-long. Municipalities in Oregon may enact their own fuel taxes, which apply in addition to state ($0.34 per gallon) and federal ($0.184 per gallon) fuel tax.

USE OF TOOL IN OTHER COMMUNITIES

Year-long Fuel Tax

- $0.01 fuel tax: Washington County
- $0.03 fuel tax: Multnomah County
- $0.01 fuel tax: City of Woodburn
- $0.02 fuel tax: City of Dundee, City of Milwaukie, City of Sandy

[3] League of Oregon Cities. (1999). Rights of Way and City Franchise Fees/Privilege Taxes, Questions and Answers. http://www.orcities.org/portals/17/A-Z/enercom020.pdf

- $0.03 fuel tax: City of Astoria, Canby Coburg, Coquille, Cottage Grove, Hood River, Newport, Oakridge, Sisters, Springfield, The Dalles, Tigard, Tillamook, Veneta, Warrenton
- $0.05 fuel tax: City of Eugene

Seasonal Fuel Tax

- $0.03 from June – October and $0.01 from November – May: City of Newport
- $0.03 only applies from May to October: City of Reedsport

EVALUATION

- Efficiency:
    - Stability: **Medium.** Depending on total population, expected population growth, and the extent of tourism, fuel tax could provide a highly stable revenue source into the long term. That said, revenue expectations from fuel taxes could drop as the popularity in fuel efficient and fuel alternative vehicles increases over time.
    - Administrative Ease: **Medium.** Fuel taxes are an attractive funding mechanism because motorists already pay federal and state taxes on motor fuel, so the levy would not impose a new type of tax. The issuance process is arduous and expensive, though; Columbia County's Finance Department estimates they would need another staffer to bring everything together.
    - Flexibility: **High.** Typically, the use of local fuel tax revenues is limited to transportation projects. Fuel tax funds could be used for construction; repair, maintenance, and preservation; roads, bike/pedestrian pathways, and sidewalks.
- Proportionality: **High.** Local fuel taxes can be considered regressive because gasoline expenditures account for a larger share of income from lower income households. Still, using a fuel tax to fund transportation cost has merit because fuel taxes reduce the externalities associated with automobile travel (e.g., congestion, pollution) and induce drivers to use vehicles that are more fuel-efficient. In addition, using fuel taxes to fund transportation can improve mobility for lower income households.
- Political Acceptability: **Medium.** Adding to the already high cost of gas will likely frustrate the public, making this a relatively controversial tax to levy.
- Legality: **High.** Under ORS 319.950, a local gasoline tax may be levied by a city, county, or other local government after a public vote.
- Additional Funding Potential: **High.** An estimated $0.05 cents per gallon, may generate an estimated $1.3 million dollars annually. Depending on growth in tourism or the number of registered vehicles, the same tax rate could potentially generate revenue in

excess of these estimates. The average local fuel tax among Oregon communities is $0.03 per gallon, with a range of $0.01 to $0.05 per gallon.[4]

General Obligation Bond

General obligation (GO) bonds are a temporary increase in property tax rates to fund a specific set of capital projects. Proceeds from GO bonds can only be used for capital projects. State law allows local governments to issue general obligation debt for infrastructure improvements. GO bonds typically last for 20 to 30 years. GO bonds must be approved by a public vote, regardless of the term.

USE OF TOOL IN OTHER COMMUNITIES

- GO bonds are widely used in many communities around the state to fund transportation and other infrastructure. Recently, some communities in the Portland metro area have also been using GO bonds for housing projects.
- Washington County issued $77 million in general obligation debt for the Emergency Communication System (9-1-1) and $121 million in full faith and credit debt for the Event Center ($34.9 million), Facilities Capital Projects ($32.7 million) and Major Streets Transportation Improvement Program ($53.4 million) during the 2016-17 fiscal year.[5]
- Ninety-five cities (or 39% of all cities) have issued bonds on top of their permanent property tax rates. Bond rates are between $0.05 and $5.07 per 1,000 AV, with an average of $0.82 and median of $0.50.[6]

EVALUATION

- Efficiency:
  - Stability: **High.** Property tax revenues tend to be very predictable and stable, given limits on assessed value growth enacted by Measures 5, 47, and 50 in the 1990s.
  - Administrative Ease: **High.** Collection mechanisms already are in place for property taxes.
  - Flexibility: **High.** Property taxes can be approved for a wide range of services. Local option levies are limited to operations. General obligation bonds are limited to capital projects, and a special taxing district could use property tax revenues for both capital projects and operations.

[4] League of Oregon Cities. (March 2015). Gas Tax and Transportation Utility Fee Survey Results. https://www.orcities.org/Portals/17/Library/Gas%20Tax%20and%20Transportation%20Utility%20Fee%20Survey%20Results%202015.pdf

[5] Washington County. (FY2018-2019). Adopted Budget Summary, pg. 17. https://www.co.washington.or.us/Support_Services/Finance/CountyBudget/upload/2018-19_Adopted_Budget_Summary.pdf.

[6] League of Oregon Cities. http://propertytax101.orcities.org/general/page/tax-rates#Levy

- Proportionality: **Medium.** Depending on the use of the bond, there may or may not be a strong connection between the people that benefit from the bond measure and the people who pay the property taxes. Approval of a general obligation bond is subject to a public vote, which implies this tool could only be used in situations where the public believes it is a fair use of funds.
- Political Acceptability: **Medium.** General obligation bonds are widely used tools across Oregon. Columbia County has not issued debt through a general obligation bond since 1998 and as of FY2019, the County no longer has any outstanding general obligation debt. This tool requires voter approval. League of Oregon Cities finds: the continued high rate of passage of bonds suggests that voters are generally supportive of these tax increases when necessary to pay for services and capital construction.
- Legality: **High.** The tool is legal and allowed in Oregon. Under ORS 287A.001-287A.145 General Obligation debt can be incurred for capital costs, including costs associated with acquisition, construction, improvement, remodeling, furnishing, equipping, maintenance or repair, having an expected useful life of more than one year. This does not include maintenance and repair (the need for which could be reasonably anticipated), supplies, and equipment that are not intrinsic to a structure.

  Under ORS 287A.100 counties may not issue or have outstanding debt in a principal amount that exceeds 2% of the real market value of the taxable property in the county, of which Columbia County has no outstanding debt.
- Additional Funding Potential: **High.** Debt limitations (varies depending upon type of local government).

Local Improvement Districts

Communities use Local Improvement Districts (LIDs) to fund specific capital improvements for transportation. A LID is a type of special assessment district where nearby property owners are assessed a fee to pay for capital improvements, such as streetscape enhancements, underground utilities, or shared open space. Local street infrastructure improvements that benefit specific properties in a defined area may be funded by LID assessments. To establish a LID, a municipality would meet with property owners that would benefit from a proposed transportation improvement. Once an agreement is reached on the portion of funding to come from the LID, the jurisdiction would sell bonds to finance the project, and the bonds would be repaid through annual payments (property taxes) by affected property owners within the LID. The amount of funding raised through LIDs would depend on the specific capital projects they would fund.

Columbia County's Ordinance No. 85-6 establishes the procedures for creating Local Improvement Districts and for making public improvements financed through special assessments.

USE OF TOOL IN OTHER COMMUNITIES

The City of Portland and Bend have multiple, active local improvement districts.

EVALUATION

- Efficiency:
  - Stability: **High.** Revenue is fairly stable and predictable once enacted and does not require high administrative costs to oversee the program.
  - Administrative Ease: **Medium.** LIDs have relatively low ongoing administrative costs and require no upfront capital investment. However, LIDs require significant public outreach to convince property owners to voluntarily increase their tax burdens. Establishing multiple large LIDs could be challenging.
  - Flexibility: **High.** LIDs can be used for capital improvements, not operations.
- Proportionality: **Medium.** LIDs charge property owners within the district, which is not a direct fee paid by users of the system. However, the charges established by the LID should be proportional to the benefits individual property owners will enjoy.
- Political Acceptability: **Medium.** Revenue sources that are not already in use tend to be less politically acceptable than existing sources. The creation of LIDs usually requires extensive public outreach, to garner support from property owners who will be asked to pay for the capital improvement. If property owners believe they will receive tangible benefits from the capital improvement, then the political acceptability is relatively high.
- Legality: **High.** LIDs are legally allowed in Oregon and commonly initiated by homeowners (although municipalities often introduce the concept). If at least 50% of property owners sign a petition in favor of the LID, County Commissioners can approve the LID.
- Additional Funding Potential: **Medium.** The revenue capacity for LIDs is more of a political question than a technical question. If LIDs covered enough assessed value, and had high enough rates, then they could generate tremendous revenue. But, due to political acceptability, LIDs tend to be fairly humble. It is difficult to project revenue through LIDs without first engaging directly with property owner groups.

Local Option Levy

Local option levies are temporary property tax increases, approved by voters, to fund operations of local government services or capital investments. Local option levies cannot exceed five years (10 years for capital projects), though they can be reviewed and extended indefinitely at five-year intervals, if the public continues to vote in favor of the levies. Typical examples of successful local option levies include schools, libraries, and public safety services.

Columbia County currently imposes a Local Option Levy for Jail Operations. If the levy is not renewed through a public vote, the local option levy will expire in FY2021.

USE OF TOOL IN OTHER COMMUNITIES

- About 28 cities have local option levies, and in FY 2014-15 they ranged from $.20 to $7.22. The average local option rate for cities with a local option levy was $1.29 per $1000.[7]
- In FY 2014-15, the following cities had a local option levy: Seaside, Bend, Milton-Freewater, Warrenton, Silverton, Portland, Union, Bay City, Canby, king City, Stayton, Columbia City, Corvallis, Bandon, Gladstone, Albany, Happy Valley, St. Paul, Forest Grove, Springfield, Hillsboro, Grants Pass, Dayton, Port Orford, Prescott, Banks, Lexington, Sweethome

EVALUATION

- Efficiency:
    - Stability: **High.** Property tax revenues tend to be very predictable and stable, given limits on assessed value growth enacted by Measures 5, 47, and 50 in the 1990s.
    - Administrative Ease: **High.** Collection mechanisms already are in place for property taxes.
    - Flexibility: **High.** Jurisdictions approve property taxes for a wide range of services. Five-year local option levies are limited to operations and 10-year local option levies are limited to capital (although the public may choose to renew a local option levy).
- Proportionality: **Medium.** Depending on the use of the levy, there may or may not be a strong connection between the people that benefit from the levy and the people who pay the property taxes. However, the tax is subject to a public vote, which implies this tool could only be used in situations where the public believes it is a fair use of funds.
- Political Acceptability: **Medium.** Local option levies are widely used tools across Oregon, and Columbia County currently has an active Local option levy. League of Oregon Cities finds: the continued high rate of passage of local option levies suggests that voters are generally supportive of tax increases when necessary to pay for services and capital construction. Initiating a new measure, near or at the same time as initiating a ballot measure to renew the county's Jail levy, may not be politically feasible.
- Legality: **High.** This financing option is legal and allowed in Oregon. Columbia County currently uses this tool.
- Additional Funding Potential: **Medium.** Under Oregon's property tax system, voter-approved local option levies are the first to be impacted by compression. With

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[7] League of Oregon Cities. http://propertytax101.orcities.org/general/page/tax-rates#Levy

compression increasing, voters are essentially losing their power to fund services at the levels they see fit.[8]

Payroll Tax

A tax on wages and salaries paid by employers or by employees as a payroll deduction. A payroll tax generates revenue from people who work inside an area, even if they live outside of the area in which the tax is applied. Low rates (<1%) have potential to generate substantial levels of revenue. Payroll tax revenue is used for operations and maintenance expenses associated with the transit systems. The State of Oregon currently levies a payroll tax to fund transit services.

USE OF TOOL IN OTHER COMMUNITIES

- TriMet: 0.73%
- Lane Transit: 0.71%
- Canby Area Transit: 0.6%
- Sandy Transit: 0.6%
- Wilsonville SMART: 0.5%
- South Clackamas: 0.5%

EVALUATION

- Efficiency:
    - Stability: **Medium.** Payroll taxes are relatively stable, though heavily dependent upon larger economic trends.
    - Administrative Ease: **Medium.** No system is currently in place for most jurisdictions to assess payroll taxes, and some additional staffing would be needed, which would increase administrative costs.
    - Flexibility: **Low.** Payroll taxes can only be used for transit projects. Revenues should be fairly stable and predictable, though subject to broader economic trends. A payroll tax can be levied by a city (as with the Cities of Sandy, Canby, and Wilsonville), or it could be levied by a mass transit district or transportation district (as with TriMet and Lane Transit).
- Proportionality: **Low.** Payroll taxes do not have a direct link to the amount of benefit received from the transit system.
- Political Acceptability: **Low.** Although Multnomah County and Lane County have a payroll tax, it has not been a popular tool elsewhere in Oregon. Mass transit districts

[8] League of Oregon Cities. http://propertytax101.orcities.org/sites/default/files/fileattachments/general/page/275/reports_-_special_report_on_compression.pdf

may be created in any metropolitan statistical areas, which limits use of this tool. The County has already indicated intent not to form a transit district.

- Legality: **Low.** There are no legal barriers to implementing a payroll tax with the exception that it must be levied by a transit district established under ORS 267.010 to 267.390. The County is unlikely to implement a transit district; however, if a mass transit district or transportation district was formed, the payroll taxes would go to the district (a separate legal entity) and not to the County.
- Additional Funding Potential: **High.** Oregon allows a 0.6% payroll tax, which is levied by Tri-Met as well as the Lane Transit districts. Reported payroll for total covered employment in Deschutes and Jefferson counties is $2.43 billion. Thus, a tax of 0.6% could raise $14.6 million per year for transit projects. Thus, a tax rate of 0.04% would raise about $1 million per year.

Sales Tax

A tax on retail sales, typically added to the price at the point of sale. Oregon does not currently have a sales tax, though nothing precludes counties from adding one of their own. It is possible for a county to adopt just a tax on more specific items, such as the sale of motor vehicles, rental cars, prepared foods, etc.

USE OF TOOL IN OTHER COMMUNITIES

- City of Ashland (since 1993) 5% on prepared food and nonalcoholic beverages
- City of Yachats (since 2007) 5% on prepared food and nonalcoholic beverages
- City of Ontario (since 2017) 1% general sales tax
- No county in Oregon currently uses the tool.

EVALUATION

- Efficiency:
  - Stability: **Medium.** A local sales tax would be relatively stable and predictable, though (as with many other funding sources) it would track with broader economic trends.
  - Administrative Ease: **Medium.** Adopting a sales tax would require new staff to oversee the system and would require actions by local retailers and other commercial entities affected by the tax to ensure their businesses were prepared to assess and collect the tax. Other than the hurdles with implementation, the tax could be administered relatively affordably.
  - Flexibility: **High.** There are no restrictions on local sales tax revenue in Oregon.
- Proportionality: **Medium.** Sales tax is generally considered regressive because low-income people pay a higher percentage of their income than high-income people. A targeted sales tax, such as a tax on prepared food, there may be a stronger connection between the benefits received and taxes paid.

- Political Acceptability: **Low.** Sales taxes are traditionally unpopular in Oregon. Numerous sales tax proposals have been defeated at the polls by wide margins. Sales tax on specific goods are viewed as more politically acceptable than broad-based sales taxes. This point is particularly true for taxes that are perceived to be paid mostly by non-locals, like a rental car tax. However, Columbia County's tourist economy is not as defined as other regions of Oregon, and limited revenues may not be worth the political hurdle to impose the tax.

  Historically, there has been a lot of resistance for sales taxes. For example, from 1933-2013, Oregonian voters voted against a sales tax nine times.[9]

- Legality: **High.** Nothing in the Oregon Constitution or Revised Statutes prohibits local jurisdictions from implementing a sales tax.
- Additional Funding Potential: **High.** A broad-based sales tax would generate substantial revenues. Revenue capacity would vary with a targeted sales tax applied to more specific goods.

System Development Charge (Change to Existing Methodology and Rate)

Growth related capital improvements are funded by System Development Charges (SDCs), which are assessed on new development.

SDCs are fees paid by land developers and are intended to reflect the increased capital costs incurred by a municipality as a result of a development (in most states, they are called "impact fees"). Enabling legislation (ORS 223.297-223.314) provides a uniform framework that all local governments must follow to collect SDCs. Municipalities can use SDC revenue to fund capital improvements for water supply, waste water collection, drainage and flood control, transportation, or parks and recreation. Local jurisdictions must adopt a method for calculating the charges that sets the fee to reflect the actual cost of the needed capital improvements to which the fee is related. SDCs typically vary by the type of development. Counties and cities across Oregon, including Columbia County, use SDCs.

Columbia County's SDC ordinance was adopted by Commissioners in 2007. Columbia County has two existing SDCs:

- Rural Transportation SDC is $2,250/peak hour trip.
- Rural Parks System Development Charge is $750/dwelling unit for single-family units and $605.77/dwelling unit for multifamily units.

The County could revisit the rates for existing SDCs; any increased revenue from these SDCs could only be used for eligible capital expenses for transportation or parks purposes.

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[9] Achen, Paris. (July 2017). Proposed Measure would ban taxes on food sales. Business Tribune. https://portlandtribune.com/but/239-news/366766-248486-proposed-measure-would-ban-taxes-on-food-sales

USE OF TOOL IN OTHER COMMUNITIES

- About 66 communities in Oregon (as of 2016)10

EVALUATION

- Efficiency:
  - Stability: **Low.** SDCs are more volatile and unpredictable than many funding sources. SDCs are tied directly to the level of development that happens within a jurisdiction. Since 2012, Transportation SDC revenues increased by an average rate of 15%. In the same time, Parks SDC revenues which increased by an average rate of 33%.
  - Administrative Ease: **High.** Virtually all jurisdictions in Oregon collect some form of SDC.
  - Flexibility: **Medium.** Municipalities use SDCs for a wide-variety capital projects, but restrictions exist. Municipalities are only able to use SDC funds for the portion of project costs to increase capacity to accommodate new development. Municipalities may not use SDCs for operations, only capital projects. This somewhat limits the applicability of SDCs as a revenue source for certain projects.
- Proportionality: **High.** SDCs are calculated based on the increased demand that a new development will place on the municipality's system.
- Political Acceptability: **Medium.** Virtually all local jurisdictions in Oregon used SDCs to fund capital improvements. Although developers oppose higher SDCs, the general public understands the principle that "new development should pay for itself," and SDCs do not increase taxes on existing residents and businesses.
- Legality: **High**. SDCs are allowed in Oregon.
- Additional Funding Potential: **Low**. In FY 2018, Columbia County generated about 155,000 in SDC revenue. An increase to the SDC rates, using the current methodology, could increase revenues of which the magnitude of the increase corresponds to the magnitude of additional revenue.

Timber Tax

A timber tax is a tax on the volume of timber harvested or sold. The tax is paid by the owner of the harvested timber when it is first measured. If Columbia County levied a timber tax, it would be in addition to the federal and state tax.

Oregon has two timber harvest taxation programs: (1) Forest Products Harvest Tax (FPHT) and (2) Small Tract Forestland Severance Tax (STF). As of 2019, Oregon's preliminary timber tax rate for FPHT was about $4.28/MBF. Oregon's preliminary timber tax rate for STF was $4.65/MBF

[10] League of Oregon Cities. (August 2016). System Development Charges Survey. https://www.orcities.org/Portals/17/Library/2016%20SDC%20Survey%20Report.pdf

for counties in Oregon's eastern region and $5.98/MBF for counties in Oregon's western region (including Columbia County).[11] Note: MBF is million board feet, the standard unit of measurement for timber.

USE OF TOOL IN OTHER COMMUNITIES

While Oregon levies a timber tax in Oregon, no county in Oregon has a timber severance tax.

EVALUATION

- Efficiency:
  - Stability: **Medium.** Since 1962, timber harvest measured in MBF, from private entities less Native American lands, was a relatively stable, increasing by 6% on average over time. Since 2000, however, timber harvests have decreased by 1% on average.
  - Administrative Ease: **Medium.** Administration would be cumbersome, given the diverse and dispersed geography in Columbia County and the need for enforcement to ensure collection. Administrative ease would be higher if, through an intergovernmental agreement, the state of Oregon could collect Columbia County's local timber tax revenue through the state's existing collection mechanism. The County should determine whether this is possible before pursuing a timber tax.
  - Flexibility: **High.** Timber tax revenue may be used for capital or operating costs.
- Proportionality: **Medium.** Timber tax is paid those who benefit from the timber extracting. Columbia County could structure a tax waiver for smaller operations.
- Political Acceptability: **Medium.** Excise taxes are generally more politically viable that other types of taxes, particularly when not paid by residents.
- Legality: **Medium.** ECO's research suggests that no other County has levied a timber tax.
- Additional Funding Potential: **Low.** A hypothetical $5.98/MBF could generate approximately $973,000 per year in revenue.

Transient Lodging Tax

Transient lodging tax is a fee charged to customers for overnight lodging generally for periods of less than 30 consecutive days. The fee is a percentage of lodging charges incurred by the customer, though some jurisdictions levy a flat fee per room night. Typical tax rates range between 3% and 9% (note: Columbia County does not currently levy a TLT). Oregon Revised Statutes has restrictions on the percent of TLT that must be used for tourism promotion. The state regulations governing lodging taxes in Oregon can be found in ORS 320.300 to 320.350. These local tax rates are in addition to the State transient lodging tax of 1%.

[11] https://www.oregon.gov/DOR/programs/property/Pages/timber-rates-current.aspx

USE OF TOOL IN OTHER COMMUNITIES

- A 2015 report counted 85 of the 242 cities and 15 of the 36 counties with a local lodging tax[12]
- City of Bay City, Beaverton, Bend, Coos Bay, Cottage Grove, Eugene, Florence, Forest Grove, Hillsboro, Lincoln City, Newport, Portland, Redmond, Roseburg, Salem, Seaside, Springfield, Tigard, Tualatin
- Baker County, Klamath County, Lake County, Lane County, Multnomah County, Tillamook County, Washington County

EVALUATION

- Efficiency:
    - Stability: **Low.** Transient lodging tax revenues are tied to the economy in general and the lodging and travel industries in particular. These industries can be volatile, and transient lodging tax revenues can decline more than other types of taxes during a recession.
    - Administrative Ease: **High.** Local jurisdictions and the State already collect transient lodging taxes, and there would be very low costs associated with an increase in the tax rate. Collection schedule requirements are set by local jurisdiction—some are quarterly, and some are monthly. Some cities and counties have agreements to collect revenues for each other or share revenues.
    - Flexibility: **Low.** the State enacted new legislation in 2003 that requires new or increased local transient lodging taxes to dedicate at least 70% of net revenue to fund tourism promotion or tourism-related facilities and allowing lodging providers to retain at least 5% of net revenues.
- Proportionality: **High.** TLT is a tax exportation onto tourists and visitors. It is often the only mechanism for taxing visitors. (A local sales tax or local gas tax would be other mechanisms.) Visitors benefit from county systems and add to maintenance and capacity needs.
- Political Acceptability: **High.** Transient lodging taxes are paid primarily by out of town visitors. This makes the tax politically acceptable, as local voters are not the ones paying the tax. High tax rate could make the region less desirable for tourism, which is likely to raise some political opposition.
- Legality: **High.** There are no barriers to implementing new or increasing existing transient lodging taxes.

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[12] League of Oregon Cities. State and Local Lodging Taxes Panel with participation by City of Newberg, League of Oregon Cities, Travel Oregon, City of Corvallis, and City of Bend. http://www.orcities.org/Portals/17/conference/2016/Handouts/StateandLocalLodging.pdf

ORS requires that a certain share be used for "tourism promotion or tourism-related facilities." Certain infrastructure may be funded under the "tourism-related facilities." This would require additional research.[13]

ORS defines tourism related facilities as conference center, visitor information center or "Other improved real property that has a useful life of 10 or more years and has a substantial purpose of supporting tourism or accommodating tourist activities." (ORS 320.300)

- Additional Funding Potential: **Low.** The League of Oregon Cities indicates that local lodging tax receipts continue to increase around the state — total receipts increased by 15.2% from FY 2013 to FY 2014. A 1% to 5% tax rate could result in roughly $214,000 to $1 million per year in revenue. With 70% of revenue earmarked for tourism, a TLT could result in $64,000 to $321,000 in discretionary funds.

Utility Fee

A transportation utility fee is assessed to all businesses and households in the jurisdiction. The fee may be flat or based on trip generation. A transportation utility fee could take a variety of forms, such as a street utility fee, transit utility fee, or street tree program.

USE OF TOOL IN OTHER COMMUNITIES

- Transportation utility fees are utilized in many Oregon cities including: The City of Ashland, Bay City, Brookings, Canby, Central Point, Corvallis, Eagle Point, Florence, Grants Pass, Hillsboro, Hubbard, La Grande, Lake Oswego, Medford, Milwaukie, Myrtle Creek, North Plains, Oregon City, Philomath, Phoenix, Sherwood, Silverton, Stayton, Talent, Tigard, Toledo, Tualatin, West Linn, Wilsonville, Wood Village.[14]
- The City of Corvallis uses a utility fee to fund transit, at a rate of $2.75 per month per single-family residence and $1.90 per apartment per month. Commercial properties are charged based on the estimated number of trips generated per month. For example, a medical office might be charged about $9 per month, while a fast food restaurant would be charged $66 per month.
- The City of Tigard uses a utility fee to fund road maintenance. Households pay a monthly fee of $6.69.[15] The fee for non-residential units is based on the minimum number of parking spots, which is determined based on number of employees, the size of the site and building, and other developed sites with similar use.[16]

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[13] League of Oregon Cities. Legal Guide to Collecting Transient Lodging Tax in Oregon. (October 2017). https://www.orcities.org/Portals/17/Library/Model%20TLT%20Guide%20FINAL%204-13-17.pdf

[14] League of Oregon Cities. (March 2015). Gas Tax and Transportation Utility Fee Survey Results. https://www.orcities.org/Portals/17/Library/Gas%20Tax%20and%20Transportation%20Utility%20Fee%20Survey%20Results%202015.pdf

[15] http://www.tigard-or.gov/city_hall/street_maintenance_fee.php

[16] http://www.tigard-or.gov/Titles1-17/15_20.pdf

- The Clackamas County Board of Commissioners referred the TUF program to the voters and on November 5, 2004 it was defeated by a margin of two to one.17 ECO's research suggests that no other County has a TUF.

EVALUATION

- Efficiency:
    - Stability: **High.** Because the fee is not based on usage, it is a consistent, predictable source of funding.
    - Administrative Ease: **Low.** While cities have water/sewer bills on which to include a utility fee, Columbia County does not. Most County residents are on septic systems and wells or other water right. The County would need to determine *how* to get a utility provider to agree to add fees to their billings. It is unlikely that the County could require utility providers to add a fee to their customers' bills.
    - Flexibility: **High.** Revenues could be used for capital projects (construction; repair, maintenance, and preservation; sidewalks; bike/pedestrian improvements) and operations (e.g. administration).
- Proportionality: **Medium.** Poor because the fee is a flat rate, which is regressive in nature. A utility fee means every household and employer contributes. However, funds are typically determined based on averages for whole classes of property. There is no correlation between one's utility fee payment and their frequency of use of the road and transportation system.[18]

  One consideration to improve equitability is to implement a discount and waiver program.[19] For example, the City of Hillsboro offers five waiver types for their transportation utility fee: vacancy waiver, hardship waiver (based on annual / monthly household income), unemployment waiver, motor vehicle discount, and transit pass discount.
- Political Acceptability: **Medium.** Based on success in other cities, the public seems to prefer this fee to other taxes. Establishing any new fee, however, is not always well received at first.
- Legality: **High.** In Oregon, municipalities can enact a utility fee by ordinance.

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[17] https://www.researchgate.net/publication/283707889_The_Transportation_Utility_Fee

[18] Seggerman, Nerlson, Nicholas, Williams, Lin, and Fabregas. "The Transportation Utility Fee." March 2010. Retrieved from https://www.researchgate.net/publication/283707889_The_Transportation_Utility_Fee

[19] Hillsboro, Oregon. Discount and Waiver Programs, Transportation Utility Fee (TUF). https://www.hillsboro-oregon.gov/departments/public-works/transportation/transportation-utility-fee/discount-waiver-programs

- Additional Funding Potential: **High.** Utility fees can generate revenue via a flat fee or, via trip generation (if it is a transportation utility fee). Municipalities may choose distinct methodology for residential purposes versus commercial purposes.

  Across Oregon, some cities that have implemented a transportation utility fee have generate revenues upwards of $1.3 – $2.4 million.

Vehicle Registration Fee

Vehicle registration fee is a recurring charge on individuals that own cars, trucks, and other vehicles. In Oregon, counties (but not cities) can implement a local vehicle registration fee. Fees are limited to $56 per year per vehicle. The fee must operate similar to the state vehicle registration fee. A portion of a county's fee could be allocated to local jurisdictions. One possible twist on the registration fee concept, is to move from a flat fee of $56 per year per vehicle, to a variable fee based on the value of the vehicle.

USE OF TOOL IN OTHER COMMUNITIES

- Washington County charges $30 per year ($2.50 per month) for most vehicle owners and $17 per year for motorcycles and mopeds. This fee is expected to generate $13.5 million dollars in revenue annually.
- Multnomah County charges $19 per year or $38 for a two-year renewal.

EVALUATION

- Efficiency:
  - Stability: **High.** Vehicle registration fees tend to be a fairly stable and predictable source of revenue.
  - Administrative Ease: **High.** There is already a system in place to collect statewide vehicle registration fees, which could be used to collect local (County) fees as well.
  - Flexibility: **High.** There are no restrictions on the use of vehicle registration fee revenues.
- Proportionality: **High.** Vehicle registration fees are paid by individuals and businesses that own automobiles, which is somewhat fair, as this is a rough approximation of the population that will use the transportation system. There is no direct ratio of vehicles owned and registered to the amount of benefits received from the transportation system.
- Political Acceptability. **Medium.** The public tends to view all new fees as unpopular. The political acceptability ultimately depends on the level of the fee, and the public demand.
- Legality. **High.** Per ORS 801.041, a governing body of a county with a population of less than 350,000 may enact a vehicle registration fee after submitting the ordinance to the electors of the county for their approval. Statute also requires that vehicle registration fees are split 60/40 between the county (60%) and the cities within the county (40%). Only counties can implement this fee as well as districts under intergovernmental

agreement (with all counties and cities with populations over 300,000). Fee limitations are described in (ORS 803.420 and ORS 803.442).

- Additional Funding Potential: **High.** DMV records for 2018, shows that Columbia County had about 70,493 registered vehicles.[20] This is an increase of about 5,464 new registered vehicles since 2015 (about an 8% change). If Columbia County implemented a $43.00 biennial vehicle registration fee ($21.50 per year), which is below the statutory maximum, the fee would generate an estimated $1.5m per year. Of this revenue, 40% is allocated to cities (about $622,000 per year) and 60% is retained by the County (about $933,000 per year).

Other Considerations

MSTIP PROGRAM

The Major Streets Transportation Improvement Program (MSTIP) is not a funding source; rather, it is an example of a funding tool applied in a programmatic way. This tool is included in the evaluation to address specific questions that the Advisory Committee raised regarding how this program works and whether it might be applicable to Columbia County.

For context, MSTIP is an opportunity to fund and initiate countywide transportation improvements. This Washington County program uses property taxes as the funding mechanism.[21] Since inception, Washington County funded more than 150 transportation projects, totaling over $900 million.

Columbia County may choose to implement a similar program, modeled after Washington County's MSTIP. If the County were to implement this program, it would need to have a dedicated funding source associated with it, which could be property taxes, or something else. Other options include: a transportation district, levies, GO bond, dedicated general fund dollars, or (essentially) any source that can be flexibly used for the identified projects. Really, the program is more about the programmatic approach to prioritizing projects to get project buy-in and to increase certainty in timing and funding for implementation of the Transportation System Plan or Capital Improvements Plan.

Key aspects of Washington County's MSTIP program are:[22]

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[20] Oregon Department of Transportation – Driver and Motor Vehicle Services Division. (2015 and 2018). Oregon Motor Vehicle Registrations by County. https://www.oregon.gov/ODOT/DMV/Pages/News/vehicle_stats.aspx

[21] MSTIP began as a series of serial levies (1986, 1989, and 1995). Voters rolled it into the county's fixed tax rate in the late 1990s, from: https://www.co.washington.or.us/LUT/Divisions/LongRangePlanning/Publications/upload/TspPart5Appendices.pdf

[22] Key aspects compiled and copied from: https://www.co.washington.or.us/LUT/TransportationFunding/what-is-mstip.cfm

- The Board of County Commissioners determines MSTIP funding amounts on a five-year cycle. A group of elected officials from Washington County (and cities within it), provides recommendations to the Board. Public input is solicited.
- Funds pay for contractors on a competitive-bid basis to build projects under County supervision. Funds are also used to leverage other local, state and federal funds for transportation improvements.
- The County Department of Land Use & Transportation manages MSTIP projects.
- Eligible MSTIP projects are transportation projects which: (1) improve safety; (2) improve traffic flow/relieve congestion; (3) are located on a major road used by many residents; and (4) address demands for cars, trucks, bicycles, pedestrians, and/or transit.

Suitability for Columbia County

Benefits received through an MSTIP program may not outweigh potential drawbacks of the program, lessening the program's suitability for Columbia County. While MSTIP provides an opportunity to fund important projects and strategically plan for capital improvement, the program would require substantial resources to ensure program success.

First, administering an MSTIP program will require additional staff capacity to develop the program in a way that meets Columbia County's objectives and values. Multiple staff may be needed to implement the program and evaluate project proposals. Management of the infrastructure and capital projects will also require staff capacity on a day-by-day basis. Given existing human capital constraints at the County, additional administrative functions or personnel would have to be evaluated against other unmet departmental staffing priorities.

Second, Columbia County's population is distributed differently than Washington County's population. Columbia County also has fewer major transportation routes than Washington County. To promote fairness and political acceptability of the program, when Washington County evaluates projects, they ensure that any project selected will benefit a critical mass of County residents. Given the geographic and infrastructural differences, Columbia County would need to be cognizant of proportionality to ensure equal payers do not receive disproportionate benefits.

3 Determination of Short-Listed Funding Tools

The Advisory Committee reviewed and discussed 15 revenue tools at the second Advisory Committee Meeting on March 14, 2019. The Advisory Committee organized each tool into three categories based on near, medium, and long-term feasibility.

The Advisory Committee short-listed eight funding tools, which are:

- Fuel Tax
- General Obligation Bond
- Local Option Levy
- Service District
- System Development Charge (rate increase)
- Timber Tax
- Transient Lodging Tax
- Vehicle Registration Fee

The matrix on the following page identifies various dimensions of the short-listed tools. A successful funding strategy for Columbia County will require more than one funding tool. The interactions among the tools are important to consider. Different combinations of tools might provide the same total amount of funding but may vary greatly in terms of how they generate that amount. There are many dimensions to assess, including:

- Revenue capacity
- How the tool is authorized and implemented (Does it require a vote? Does it require renewal on a known increment of time?)
- What kinds of projects it can fund (e.g. capital vs. operating and maintenance costs)
- Who pays (property owners, new growth, visitors, all households/businesses?)
- Geography (is the tool available across the county or only in unincorporated Columbia County)

These dimensions determine the application of the tool and the role that it might play as part of a larger funding package.

Exhibit 2. Dimensions of Short-Listed Funding Tools
Source. ECONorthwest.

Dimensions	Fuel Tax	General Obligation Bond	Local Option Levy	Service District	System Dev. Charge *(Rate Increase)*	Timber Tax	Transient Lodging Tax	Vehicle Regist-ration Fee
Suitability for different project types								
Capital	Yes – Roadways only	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Operations and Maintenance	Yes – Roadways only	No	Yes	Yes	No	Yes	Yes	Yes
Geographic extent in which the funds from each tool could be used								
Once collected, funds can be used across locations & projects (i.e. funds are **not** restricted to certain projects/geographies)	Yes	Yes	Yes	Depends on Boundary	No	Yes	Depends if revenue is discretionary (30%) or not	Yes
Who pays? (In general, who bears the financial burden of this tool?)								
Existing residents (regardless of whether they own property)	Yes	Yes	Yes	Yes	No	No	No	Yes
Property owners (residential or other types, regardless of whether they live in Columbia County)	No	Yes	Yes	Yes	No	Yes	No	NO

Dimensions	Fuel Tax	General Obligation Bond	Local Option Levy	Service District	System Dev. Charge *(Rate Increase)*	Timber Tax	Transient Lodging Tax	Vehicle Regist-ration Fee
Existing organizations who are exempt from property taxes (e.g. hospitals)	Yes	No	No	No	No	No	Maybe	Yes
Exclusively by new growth (i.e. does not include existing residents, etc.)	No	No	No	No	Yes	No	No	No
Existing businesses (regardless of whether they own property)	Yes	No	No	No	No	No	No	Yes
Fees are based on trip generation, system usage, or benefits from the system	Yes	No	No	Yes	Yes	No	No	Yes
Tourists and other visitors	Yes	No	No	No	No	No	Yes	No
Commuters (residents who work in Columbia County but live outside of the county)	Yes	No	No	No	No	No	Maybe	No
Logistics								
Public vote required	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes

Dimensions	Fuel Tax	General Obligation Bond	Local Option Levy	Service District	System Dev. Charge *(Rate Increase)*	Timber Tax	Transient Lodging Tax	Vehicle Regist-ration Fee
Regular renewal needed	No	No	Yes	No	No	No	No	No
Impacts to other taxing districts	No	No	Yes	Yes	No	No	No	No
Commission action only	No	No	No	No	Yes	No	No	No
Magnitude of Funding								
Potential Revenue Capacity (FY 2019 to FY 2023)	$3.6m	$167.7m	$10.1m	$27.1m	$1.6m	$5.5m	$2.1m	$4.5m (County allocation only)

4 Funding Tool Supplementary Evaluation Memo

This information was provided to the Revenue Project Team (RPT) to inform staff discussions on March 22, 2019. This memo is a follow-up to discussions that took place at the Citizen Advisory Committee (CAC) on March 14, 2019. The Revenue Project team (staff committee, RPT) may use this memo to inform their conversation on March 22, 2019.

The purpose of this memo is to provide additional details about the (1) Utility Fee and (2) Franchise Fee. The CAC identified both of these tools as potentially feasible. ECONorthwest would like to know whether the RPT agrees with the CAC's determination or if these tools (one or both) should be recommended for Commission action now.

4.1.1 (Transportation) Utility Fee

A follow-up on the Utility Fee was requested to understand the cost to administer the fee, should the County handle its own billing. This information pulls from an informal interview with the City of Scappoose's billing department.

The City of Scappoose conducts monthly billing procedures for the City's sewer, water, stormwater utilities (all one bill which includes the City's stormwater utility fee). Scappoose's approach involves:

- 1 FTE plus a third-party vendor –staff prepares invoice information (about 3 days to prepare), then staff sends database to third-party vendor. Vendor prints and mails the invoices to households.
    - Vendor charges:
        - For printing, about 16 to 25 cents per invoice and there is approximately 2,600 invoices total
        - For postage, which is contingent on distance
        - Other service charges/costs: unknown
- Staff sends reminder cards and service termination cards to households (about 1 day)
- Staff collects monies on a daily basis (about 2 hours to a full day, every day)
- Staff in charge of billing has other duties, but utility billing is primary responsibility

Implications for Columbia County

Columbia County has 19,213 households (as of 2017, U.S. Census American Community Survey) which is roughly 7x Scappoose's households. Columbia has about 4,400 households in unincorporated areas which is roughly 2x Scappoose's households. If Columbia County were to impose a utility fee, they may need to rely on more than 1 FTE to administer the fee / conduct billing procedures. Accordingly, we modeled several scenarios to back into a fee rate that would "break even" with estimated administrative costs. However, to meet revenue goals, a fee rate would need to not just break-even but *exceed* administrative costs.

COLUMBIA COUNTY ASSUMPTIONS

Utility fee posed on households across Columbia County including within city limits:

- **Scenario 1:** Assumes 1.5 FTE (at $150k per yr.) + printing + postage
- **Scenario 2:** Assumes 2 FTE (at $200k per yr.) + printing + postage
- **Scenario 3:** Assumes 2.5 FTE ($250k per yr.) + printing + postage
- Total households (HH): 19,213
- Printing: $4,803 (25 cents x HHs) - assumes inclusive of envelope
- Postage: about $10,567 (55 cents x HHs)

Utility fee posed on households within Unincorporated Columbia County:

- **Scenario 1:** Assumes 0.5 FTE (at $50k per yr.) + printing + postage
- **Scenario 2:** Assumes 1 FTE (at $100k per yr.) + printing + postage
- **Scenario 3:** Assumes 1.5 FTE ($150k per yr.) + printing + postage
- Total households (HH): 4,400
- Printing: $1,100 (25 cents x HHs) - assumes inclusive of envelope
- Postage: about $2,420 (55 cents x HHs)

Exhibit 3. Break-Even Utility Fee Rate with Preliminary Revenue Projection
Source: ECONorthwest.

	Imposed Across County (including city limits)		Imposed in Unincorprated County	
	Est. Cost per month	Break-even Rate per Month per Household	Est. Cost per month	Break-even Rate per Month per Household
Scenario 1	$27,870.40	$1.45	$7,687	$1.75
Scenario 2	$32,037.07	$1.67	$11,853	$2.69
Scenario 3	$36,203.73	$1.88	$16,020	$3.64

Questions for Revenue Project (staff) Team:

- To what extent does Columbia County's billing department / existing FTE have capacity to perform monthly billing? Existing capacity can help inform the extent that new FTE is needed to administer fee.
- If the Utility Fee is recommended for action now, what Scenario feels most appropriate to the County?

The Revenue Project Team decided the Utility Fee would not be further evaluated as part of this project.

4.1.2 (Cable) Franchise Fee

A follow-up on the Cable Franchise Fee was requested to understand why an agreement would need to be requested by Comcast to impose a Cable Franchise Fee. This information pulls from prior research conducted by Holly Miller and is supplemented with internet research.

Cable Franchise Fees are federally regulated, and Columbia County is required to accept a franchise agreement with a cable provider (e.g. Comcast), if requested. Comcast has already initiated the agreement as they are required to make the request to provide services in unincorporated areas.

If the County were to negotiate a cable franchise fee, the County would need to ensure legal compliance of the franchisee.[23] Methods the municipality may carry out include: audit of the franchisee every 3-5 years (i.e. to verify revenues, conduct variance analysis, verify mathematical accuracy, review excluded revenues), monitor the franchisee's customer service standards, and conduct community surveys with residents (to ensure residents' service level expectations are met). These costs likely outweigh what the County could expect from cable franchise fees from residents in unincorporated Columbia County.

Note1: Per Section 622 of the Cable Communications Act of 1984, municipalities are entitled to a maximum of 5% of gross revenues derived from the operation of the cable system. The "Act does not provide an express definition for "gross revenues" [and] most of the disputes regarding franchise fees involve the definition of gross revenues."[24]

Note2: As cable services decline (due to the increasing popularity of streaming services, such as Netflix), cable franchise fee revenues will also decline.

Questions presented to Revenue Project (staff) Team:

- Uncertain whether franchise agreements with other kinds of utilities require the same monitoring standards (likely a good idea even if not required). **What is the County's legal take?** More robust compliance standards would cost more and potentially require a third-party contractor to conduct audits, etc.
- Is the County aware of other utilities that run through County ROW that are *not* being charged a fee, or that are being charged a fee that might be increased? This could be water, electric, etc.

[23] http://www.cohenlawgroup.org/franchise-fee-audits-and-cable-compliance-reviews.html

[24] https://www.natoa.org/events/GroganFranchiseRenewal2.pdf

The Revenue Project Team decided the Franchise Fee was not be further evaluated as part of this project.

Exhibit 1. Funding Tool Evaluation Matrix
Source. ECONorthwest.

Funding Source	Description of Funding Source	Legality	Efficiency	Proportionality	Political Acceptability	Magnitude of Additional Funding
		If enabling legislation does not exist, then funding sources face a higher hurdle. All the benefits of a funding mechanism are moot if the mechanism is not legal or cannot become legal within the desired timeframe.	*This category covers everything related to creating and maintaining net revenues (net of collection costs). Efficient funding sources are stable, flexible, and inexpensive to administer.*	*Costs and benefits (plus related taxes, fees, charges) are fairly distributed to low-income vs. high-income people.*	*Political acceptability plays a critical role in decisions about whether or not to use a source. Politicians are unlikely to support fees or charges that are strongly opposed by the public.*	*The amount any mechanism can raise is directly tied to the rate imposed, and the rate imposed is always at least partially determined by legality and political acceptability.*
Business License or Registration Fee	A business license or registration fee is a charge on businesses for the privilege of conducting business within a jurisdiction. A variety of ways to impose the fee on businesses exists. Options include: a flat one-time fee or an annual fee based on sales, number of employees, size of building, amount of parking, or other factors. Business license fees can apply to all businesses or only certain businesses.	No legal barriers to implementing business license fees in Oregon exists. However, Columbia County cannot regulate within city limits without city consent. It is likely that cities in Columbia County, that already have business license programs, will not consent.	<u>Stability:</u> Depending on how the fee is set up, revenues should be fairly stable and predictable, though subject to broader economic trends. <u>Administration:</u> The County could expect some start-up administrative costs, but these could be streamlined in subsequent years. <u>Flexibility:</u> Business license fees have no restrictions on use.	Columbia County may consider structuring the fee so that it considers a businesses' size and profitability.	A business license fees could face opposition from the business community, depending on the size of the fee. <u>Public vote not required.</u>	$ Imposing a hypothetical $50 fee on all businesses in the County could generate approximately $59,200 per year. This estimate is based on 91,184 business establishments identified in the 2017 annual release of the Quarterly Census of Employment and Wages (QCEW). Funding potential is additionally limited if cities do not consent to the County imposing this fee on businesses within city limits.
Business Tax	A business tax is a tax on business income and applies to all businesses in the jurisdiction.	More research needed to determine whether Home Rule counties can legally impose a business tax.	<u>Stability:</u> Depending on how the fee is set up, revenues should be fairly stable and predictable, though subject to broader economic trends. <u>Administration:</u> Existing infrastructure to collect the tax does not exist and would make administration challenging. <u>Flexibility:</u> Revenue generated from the tax can finance capital improvements and fund operations.	Some argue the tax is regressive if it leads to lower employee wages. As wealthier individuals often have substantial income from wages and business capital, others argue the tax falls proportionally higher on business owners and is therefore progressive. To alleviate concerns, Columbia County may structure tax exemptions. For example, Multnomah County exempts businesses grossing less than $50,000 per year, individuals whose only business activity is ownership of < 10 residential rental units, and insurance agents or agencies.	A business tax would face opposition from the business community. Public outreach would be necessary to frame the value proposition appropriately. <u>Public vote required.</u>	$$$ Imposing a 1% tax on all business income in Columbia County would generate substantial annual revenue.

Funding Source	Description of Funding Source	Legality	Efficiency	Proportionality	Political Acceptability	Magnitude of Additional Funding
Franchise Fee	A franchise fee is a contract between a municipality and a company that outlines certain requirements for the privilege of using the municipality's public rights-of-way.	Oregon law authorizes municipalities to determine the terms under which a franchise fee may operate within the municipality's jurisdictions, including payment of up to 5% of the utility's locally generated revenue as compensation for the utility's use of the municipality's streets and other public property. Franchise fees, other than for sewer and water, cannot be changed in the middle of a franchise agreement term. Franchise agreements last up to 20 years each and increases to rates may have to be negotiated separately with each utility, to the extent any franchisee is not already paying the statutory maximum.	<u>Stability:</u> Because fees are based on a percentage of the company's revenue, this source is relatively stable from year to year. <u>Administration:</u> The infrastructure to collect franchise fees does not already exists, making this source more expensive to administer. <u>Flexibility:</u> Funds generated through franchise fees can be used for a variety of purposes as they are allocated to the general fund.	Franchisees use public rights-of-way for their infrastructure. Charging franchise fees offsets *direct* financial burden from other taxpayers and onto companies which use the rights-of-way. Franchisees often pass these fees onto rate payers. Depending on the use of the fund, there may not be a direct connection between a franchise rate payer and the benefits they receive. Franchise fees do not consider a household's ability to pay and could impose a burden on low-income households and some employers.	Franchisees may oppose the fee. <u>Public vote not required.</u>	\$ The County could impose a franchise fee rate up to 5%. While initial funding expectations are low, more analysis is needed to determine the magnitude of funding.
Fuel Tax	A fuel tax is a tax on the sale of gasoline and other fuels. The tax may be seasonal or year long. Municipalities in Oregon may enact their own fuel taxes, which apply in addition to state (\$0.34 per gallon) and federal (\$0.184 per gallon) fuel tax. Washington County's local fuel tax is \$0.01 per gallon and is used for road maintenance. Multnomah County's local fuel tax is \$0.03 per gallon, of which 80% goes to the City of Portland.	Local fuel taxes are currently legal and have been enacted by more than 25 municipalities in Oregon. ORS 319.950 allows counties to impose a fuel tax after submitting the proposed tax to the electors of the local government for approval. As with all funding tools, the legality of local fuels taxes could change. For example, in 2009, the state imposed a five-year moratorium on the creation of new local fuels taxes.	<u>Stability:</u> A fuel tax is more vulnerable to economic downturns. As vehicles become more fuel-efficient over the long-term, fuel tax revenues will decline. <u>Administration:</u> Motorists already pay federal and state motor fuel, so the levy would not impose a new type of tax. In Oregon, local fuels taxes are typically administered by the state. <u>Flexibility:</u> Fuel tax funds could be used for a variety of transportation uses, including operations, maintenance, and capital projects.	Local fuel tax revenue is paid only by users of the transportation system, and the amount of tax paid is generally proportional to the amount of use. However, non-motorized users (e.g. bicycles and pedestrians) do not pay fuel tax while using these transportation modes. The amount of fuel used is not directly proportional to the cost a user imposes on the system. A local fuel tax could disproportionately impact households who live further from service areas or city centers.	A fuel tax may be met with public opposition. Some may support the tax as it would capture revenue from tourists as well as residents. Public outreach, including the potential tax as a ballot measure during a regular election, and having a well-defined set of initiatives could help make this option more successful. For example, in Portland, a fuel tax was proposed several times before it was approved. <u>Public vote required.</u>	\$\$\$ A hypothetical \$0.05 local fuel tax in Columbia County could generate an estimated \$1.3 million dollars per year. A seasonal fuel tax and/or a lower tax rate during certain times of the year would generate less revenue.

Funding Source	Description of Funding Source	Legality	Efficiency	Proportionality	Political Acceptability	Magnitude of Additional Funding
General Obligation (GO) Bond	State law allows local governments to issue general obligation debt for infrastructure improvements. The GO bond is paid for by increased property taxes over the life of the bonds. GO bond levies typically last for 20 to 30 years and therefore must be approved by a public vote. In 1988, Columbia County voters approved a GO bond per ballot measure 5-49 to build a new county jail (The Justice Facility Construction Bond). The total loan was $8.365 million.	The tool is legal and allowed in Oregon (ORS 287A.001-287A.145). Under state law, a county may not issue, or have outstanding, general obligation bonds that exceeds 2% of the real market value (RMV) of the taxable property within its boundaries. The County, as of FY19, has no general obligation bond debt subject to the limit of 2% real market value. All of the county's general obligation bond debt retired as of June 2018. The County follows its legal debt limitation.	<u>Stability:</u> GO bonds are among the most stable funding sources available, as the bonds are backed by the full faith and credit of the municipality. Further, property tax rates associated with GO bonds are not affected by Measure 5 tax compression. <u>Administration:</u> Collection mechanisms already are in place for property taxes, so administrative burden is relatively low. <u>Flexibility:</u> GO bond proceeds can only be used for capital projects, not operations or maintenance.	GO bonds are funded through property tax increases, which may not have a direct connection to users, depending on how the funds are used. The tax is subject to a public vote, which implies this tool could only be used in situations where the public believes it is a fair use of funds. GO bonds often include a package of projects that address different areas or needs, in order to generate broad support from residents.	The issuance of a new GO bond may be more politically acceptable at this time, as all previous GO bond debts are retired. <u>Public vote required.</u>	$$$ The amount of debt that Columbia County can issue is limited by statutory limits and County policy (to protect the County's credit rating).
Local Improvement Districts (LIDs)	A LID is a type of special assessment district where nearby property owners are assessed a fee to pay for capital improvements within the LID boundary. Local street infrastructure improvements that benefit specific properties in a defined area may be funded by LID assessments. LIDs do not apply countywide and are typically used at the neighborhood or sub-neighborhood level. If funds from other sources are available, an LID is not required to fund 100% of project costs.	LIDs are legally allowed in Oregon, per ORS 223.001. LIDs are most commonly initiated by property owners. If at least 50% of property owners sign a petition in favor of the LID, County Commissioners can approve the LID. Once an agreement is reached on the portion of funding to come from the LID, the municipality would sell a 10- or 20-year bond to finance the project, and the bonds would be repaid through annual payments by affected property owners within the LID.	<u>Stability:</u> Revenue is fairly stable and predictable once enacted. <u>Administration:</u> LIDs have relatively low ongoing administrative costs but can require significant effort to put in place. <u>Flexibility:</u> Capital projects including all modes of transportation are eligible to receive funding from LIDs.	LIDs are funded by nearby property owners in order to pay for capital improvements that improve property values. The charges established by the LID should be proportional to the benefits individual property owners will enjoy. New LIDs may pose financial burdens for fixed-income homeowners and particular businesses.	The creation of LIDs usually requires extensive political outreach to gain support from property owners who will be asked to voluntarily increase their tax burden. If property owners believe they will receive tangible benefits from the capital improvement and the costs are acceptable, then the political acceptability can be relatively high. If matching funds were available from another source, that could raise political acceptability and neighborhood interest. <u>At least 50% of affected property owners must "opt-in."</u>	$$ The revenue capacity for LIDs is more of a political question than a technical question. If a LID covered enough assessed value, and had high enough rates, then it could generate substantial revenue for specific projects. Due to political acceptability and the need for property-owner support, LIDs tend to be fairly humble. LIDs may be an attractive option for projects that are important to local residents but otherwise would not be priority projects for County funding.

Funding Source	Description of Funding Source	Legality	Efficiency	Proportionality	Political Acceptability	Magnitude of Additional Funding
Local Option Levy	Local option levies are temporary property tax increases, approved by voters, to fund operations of local government services. Local option levies cannot exceed five-years (or 10 years for capital projects), though they can be reviewed and extended indefinitely at five-year intervals, if the public continues to vote in favor of the levies. Columbia County currently has one local option levy of about $0.58 per $1,000 (or $115 per year for a home assessed at $200,000) that is used to support jail operations. This five-year levy is set to expire in FY2020.	This tool is legal and allowed in Oregon.	<u>Stability:</u> Property tax revenues tend to be very predictable and stable. <u>Administration:</u> Collection mechanisms already are in place for property taxes, so administrative burden is relatively low. <u>Flexibility:</u> Local option levies can be used to fund operations or capital expenses.	Local option levies are funded through property tax increases. Depending on the use of the tax, there may be no direct connection to those who pay the tax. However, the tax is subject to a public vote, which implies this tool could only be used in situations where the public believes it is a fair use of funds.	Operations levies must be renewed every five years. Several municipalities in Oregon, including Columbia County, use local option levies to fund services. Public outreach, to explain the public benefit, may increase the likelihood of approval. Columbia County may also consider staggering the ballot measure for a new local option levy with the need to renew the Jail Operations local option levy. <u>Public vote required.</u>	$$ A local option levy, while subject to compression, could generate substantial revenue, in excess of $1 million.
Payroll Tax	A payroll tax is a tax on wages and salaries paid by employers or by employees as a payroll deduction. A payroll tax generates revenue from people who work inside an area, even if they live outside of the area in which the tax is applied. Employers, including those out-of-state, are required to pay payroll tax on employees who work in the area, including telecommuters. Low rates (<1%) have potential to generate substantial levels of revenue.	Payroll tax may be imposed by ordinance by a mass transit district established under ORS 267.010 to 267.390.	<u>Stability:</u> Payroll taxes are relatively stable, though dependent upon larger economic trends. <u>Administration:</u> Administration costs could be fairly low, depending on implementation. For HB 2017, employers are required to withhold and report payroll tax. Oregon Department of Revenue administers TriMet's payroll tax. <u>Flexibility:</u> Payroll taxes can only be used to fund transit operations and maintenance.	Payroll taxes do not have a direct link to the amount of benefit received from the transit system. Columbia County residents who are unemployed, retired, or work outside of the county would not pay this tax.	Although several districts in the Portland area and Willamette Valley use a payroll tax, it has not been a popular tool elsewhere in Oregon. A new payroll tax would likely face public and business opposition. This tool is not politically viable as it must by imposed by a mass transit district or city. <u>Transit district requires resolution and public hearing. District may impose payroll tax by ordinance.</u>	$$$ Because payroll taxes are broad-based, low tax rates have the potential to generate large amounts of revenue. In FYE 2017, Lane Transit District generated about $32 million from a payroll tax of 0.72%.

Funding Source	Description of Funding Source	Legality	Efficiency	Proportionality	Political Acceptability	Magnitude of Additional Funding
Sales Tax	A tax on retail sales, typically added to the price at the point of sale. Oregon does not currently have a sales tax, though state law does not preclude municipalities from adding one of their own. It is possible for a jurisdiction to adopt a targeted sales tax on specific items, such as prepared foods or transportation-related items. Columbia County's charter requires a citywide vote on any direct sales tax.	Nothing in the Oregon Constitution or Revised Statutes currently prohibits local jurisdictions from implementing a sales tax.	<u>Stability:</u> A general sales tax would be relatively stable and predictable, though (as with many other funding sources) it would track with broader economic trends. A sales tax targeted towards a specific sector (e.g., tourism) would be more vulnerable to revenue swings. <u>Administrative:</u> Adopting a sales tax would require new staff to oversee the system. Other than the hurdles with implementation, the tax could be administered relatively affordably. <u>Flexibility:</u> Sales tax revenue could be used for operations, maintenance, or capital expenses.	A general sales tax is considered regressive because low-income people pay a higher percentage of their income than high-income people. The fairness of a sales tax from a "user pays" perspective would depend on how it is applied. By applying the tax only to, for example, prepared food and beverages, there is a stronger connection between the benefits received and taxes paid.	Sales taxes are traditionally unpopular in Oregon. Statewide, numerous sales tax proposals have been defeated at the polls by wide margins. Sales tax on specific goods are viewed as more politically acceptable than broad-based sales taxes, this is particularly true for taxes that are perceived to be paid mostly by non-locals, like a rental car tax. Other Oregon municipality with a sales tax on prepared foods and nonalcoholic beverages include Ashland (since 1993; 5%) and Yachats (since 2007, 5%). No Oregon municipality currently has a general sales tax. <u>Public vote required.</u>	$$$ A broad-based sales tax could generate substantial revenue. $ - $$ For sales taxes applied to specific goods, revenue capacity would vary. The narrower the tax, the smaller the potential revenue.
System Development Charge *(Change to Existing SDC rate)*	System Development Charges (SDCs) are assessed on new development and must be used to fund growth-related capital improvements. They are intended to reflect the increased capital costs incurred by a municipality as a result of a development. Columbia County's Rural Transportation SDC is $2,250/peak hour trip. Columbia County's Rural Parks System Development Charge is $750/dwelling unit for single-family units and $605.77/dwelling unit for multifamily units.	Enabling legislation (ORS 223.297-223.314) provides a uniform framework that all local governments must follow to collect SDCs. Local jurisdictions may modify their SDC methodology for calculating the fee to reflect the actual cost of the needed capital improvements to which the fee is related.	<u>Stability:</u> Because SDCs are funded by new development, they are more volatile than many funding sources and are likely to decline sharply during a downturn in the real-estate market. <u>Administration:</u> The infrastructure to collect SDCs already exists, making this source inexpensive to administer. <u>Flexibility:</u> SDC funds can only be used for the portion of project costs to increase capacity to accommodate new development, and must be used for capital projects, not operations.	SDCs are calculated based on the increased demand that a new development will place on the County's system (i.e. transportation, parks, and/or water and sewer systems). SDCs may be passed on to home-buyers through housing prices. The County could consider an exemption for deed-restricted affordable housing to alleviate the potential than higher SDCs affect housing affordability for lower-income households. Higher SDCs could also affect businesses.	SDCs are typically more politically acceptable to residents than other types of taxes because they do not increase taxes on existing residents and businesses, although the fees may be passed on to buyers of newly constructed homes through housing prices. The public typically supports the principle that "new development should pay for itself." Some developers may oppose further increases to SDCs. Provided an SDC increase is justified by an adopted SDC methodology, an increase can be made by Commissioners. <u>Public vote not required.</u>	$ In FY2018, Columbia County generated 72,500 in SDC revenue. An increase to the SDC rates, using the current methodology, could lead to up to additional monies (of which the magnitude of the increase corresponds to the magnitude of additional revenue).

Funding Source	Description of Funding Source	Legality	Efficiency	Proportionality	Political Acceptability	Magnitude of Additional Funding
Timber Tax	A timber tax is a tax on the volume of timber harvested or sold. The tax is paid by the owner of the harvested timber when it is first measured.	A previous legal opinion, developed by a prior County Counsel, suggests municipalities can legally levy a timber tax.	Stability: Since 1962, timber harvest has been relatively stable, increasing by 6% on average over time. Since 2000, however, timber harvests have decreased by 1% on average. Administrative: Administrative ease would be higher if, through an intergovernmental agreement, the state of Oregon could collect Columbia County's local timber tax revenue through the state's existing collection mechanism. Flexibility: Timber tax revenue may be used for capital or operating costs.	Timber tax is paid by those who benefit from the timber extracting. Columbia County could structure a tax waiver for smaller operations.	Excise taxes are generally more politically viable than other types of taxes, particularly when not paid by residents. Public vote required.	$ A hypothetical $5.98/MBF fee rate could generate approximately $973,000 per year.
Transient Lodging Tax	The transient lodging tax (TLT) is a fee charged for short-term, overnight lodging.	A TLT is legal with certain stipulations (ORS 320.300).	Stability: Columbia County currently has three hotels (and likely short-term rentals offered through home/room sharing platforms). The TLT may not create the most stable revenue stream. The travel and tourism industries can be volatile and are affected by business cycles, and TLT revenues can decline more than other types of taxes during a recession. Administration: The infrastructure to collect the transient lodging tax does not exists in Columbia County, making this tool expensive to administer. Flexibility: ORS requires that a certain percent of the tax revenue be used for tourism promotion. The remainder may be used for other purposes, including police, fire, and transportation.	TLT is a tax exportation onto tourists and visitors. It is often the only mechanism for taxing visitors. Visitors benefit from county systems and add to maintenance and capacity needs.	TLTs primarily affects tourists and visitors, not Columbia County residents. This makes the tax politically acceptable, as local voters are not the ones paying the tax. Columbia County's existing lodging industry may oppose the tax. However, the industry is currently small. Deciding to levy the tax in the immediate future may be more politically viable than waiting. Public vote required.	$ A hypothetical 5% TLT rate could bring in nearly $1 million more per year. This would net $300,000 in discretionary funding.

Funding Source	Description of Funding Source	Legality	Efficiency	Proportionality	Political Acceptability	Magnitude of Additional Funding
Utility Fee	A transportation utility fee (TUF) is typically assessed to all businesses and households in the jurisdiction. The fee may be flat or based on estimated trip generation. A TUF could take a variety of forms, such as a road maintenance utility fee, transit utility fee (e.g., Corvallis), or street tree program. More than thirty Oregon cities have some form of transportation utility fee.	Transportation utility fees are legal and have been enacted in more than 30 cities in Oregon. Counties are also permitted to impose a TUF.	Stability: Because TUFs are based on the number of households and businesses, revenue is predictable and grows in proportion to population growth. Administration: Many municipalities have utility fees in place. Flexibility: TUFs are typically used by jurisdictions to pay for maintenance rather than for capital projects, but there are no restrictions on use.	Fairness from a "user pays" perspective depends on whether the fee is flat or based on estimated trip generation. With trip-generation models, fees are based on broad averages and are not directly tied to actual transportation usage. TUFs disproportionately affect lower-income households because they do not consider a household's ability to pay. However, rates are typically low ($5-$10 per single-family household per month).	Based on success in other communities, Oregon residents seem more amenable to transportation utility fees than to some other taxes. However, new fees and taxes are never popular. Depending on the specific rate structure, a transportation utility fee may face opposition from businesses with high trip generation. Public vote not required, but subject to referendum if governing body prefers.	$$$ The funding available depends on the rate. Of 12 Oregon cities, in FYE 2014, with a transportation utility fee (and population of more than 20,000), generated a median revenue was $1.3 million.
Vehicle Registration Fee	Vehicle registration fee is a recurring charge on individuals that own cars, trucks, and other vehicles. In Oregon, counties can implement a local vehicle registration fee. Fees are limited to $56 per year per passenger vehicle. The fee would operate similar to the state vehicle registration fee. A portion of a county's fee would be allocated to local jurisdictions.	There are no legal barriers to implementing vehicle registration fees. Fee limitations are described in (ORS 803.420 and ORS 803.442). This tool can only be implemented by counties, and not by cities.	Stability: Vehicle registration fees tend to be a fairly stable and predictable source of revenue. Administration: There is already a system in place to collect statewide vehicle registration fees, which could be used to collect Columbia County's fees as well. Flexibility: There are no restrictions on the use of vehicle registration fee revenues.	Vehicle registration fees are only paid by individuals and businesses that own automobiles, which is a rough approximation of the population that will use the transportation system. Vehicle fees disproportionately affect lower-income households because they do not consider a household's ability to pay. However, the maximum fee would still be relatively low (less than $2 per month per car).	The public tends to view all new fees as unpopular. Counties, with a population of less than 350,000, may enact an ordinance establishing registration fees after submitting the ordinance to the electors of the county for their approval. Public vote required.	$$$ In 2018, Columbia County had 70,493 vehicles registered. A proposed fee rate of $43/biennial (below the statutory maximum rate) could generate more than $1.5 million per year. Columbia County would need to allocate a portion of these funds to cities within the county.

DATE: October 2019
TO: Columbia County and Interested Readers
CC: Sarah Hanson, Columbia County
FROM: Lorelei Juntunen and Sadie DiNatale, ECONorthwest
SUBJECT: Fiscal Sustainability in Columbia County: A Path Forward (Appendix E)

Columbia County contracted ECONorthwest to conduct analyses to support County Commissioner and staff discussions regarding potential new revenue sources that could improve the County's fiscal sustainability. The report, "Fiscal Sustainability in Columbia County: A Path Forward" was the product of months of technical work and deliberation about revenues and expenditures / funding needs in Columbia County. This appendix provides cursory details to support the findings of the report.

Appendix E. County Competitiveness

This appendix provides information about the impact of Columbia County's proposed taxes / fees, relative to the County's existing taxation landscape and other municipalities in the region.

1 Evaluation of County Competitiveness

ECONorthwest evaluated Columbia County's relative tax burden to other jurisdictions in the greater region (including Multnomah, Washington, Clatsop, and Tillamook County[1]). To conduct this analysis, ECONorthwest gathered existing tax / fee rate data from Columbia County and comparison jurisdictions. ECONorthwest also evaluated the potential rates of Columbia County's proposed (new) revenue tools to understand how changes might impact Columbia County's future competitiveness.

This appendix is organized by revenue collection mechanism, outlined in Exhibit 1.

Exhibit 1. Revenue Collection Mechanism of Proposed New Tools

Proposed Revenue Tool	Collection Mechanism
Transit Service District	Property Tax
Local Option Levy (Renewal)	Property Tax
Transportation System Development Charge (Rate Increase)	New Development
Transient Lodging Tax	Lodging Sales
Vehicle Registration Fee	Transportation System Users
General Obligation Bond	Property Tax
Timber Tax	Timber Harvest
Public Safety Service District	Property Tax

[1] Counties were selected for their proximity to Columbia County.

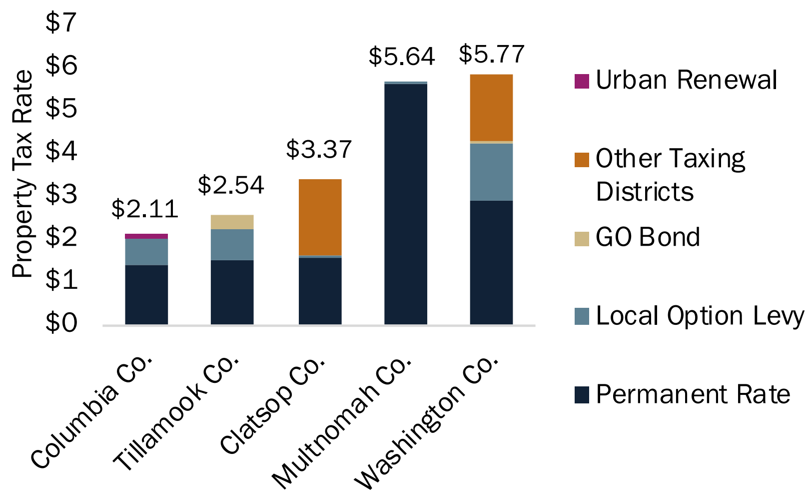
1.1 Property Tax

Columbia County's existing property tax rate is lower than comparison jurisdictions. As Exhibit 2 illustrates, Columbia County's total (existing) property tax rate is $2.11 per $1,000 of Assessed Value. A rate of $2.11 results in a property owner (of an average single-family home in Columbia County) paying about $426 in property taxes.

Property owners in Columbia County pay a relatively lower property tax rate per $1,000 of Assessed Value than other counties in the greater region.

Exhibit 2. Baseline Property Tax Comparison, Columbia County and Comparison Jurisdictions, 2018

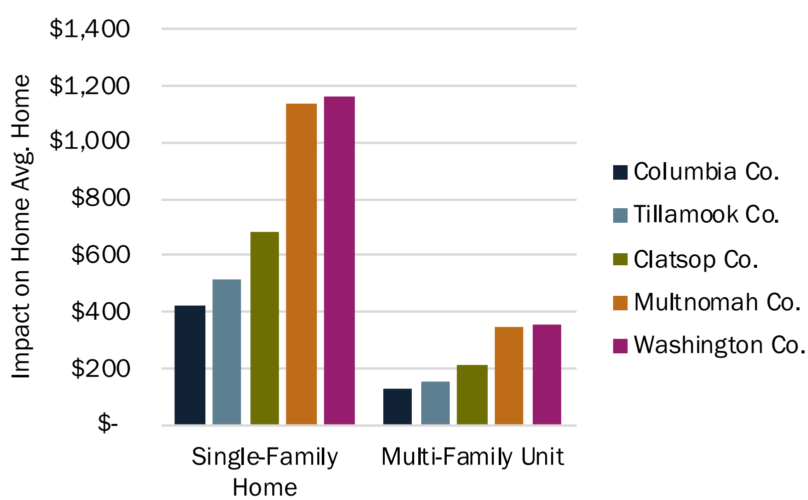
Source: County budget documents.



In Columbia County, the property owner of an average single-family home pays about $426 in property taxes, compared to $512 in Tillamook, $681 in Clatsop, $1,139 in Multnomah, and $1,165 in Washington County.

Exhibit 3. Baseline Impact of Property Taxes, Columbia County and Comparison Jurisdictions, 2018

Source: ECONorthwest. Note: Impact was normalized based on the Assessed Value of Columbia County's average home ($201,826 of Assessed Value).



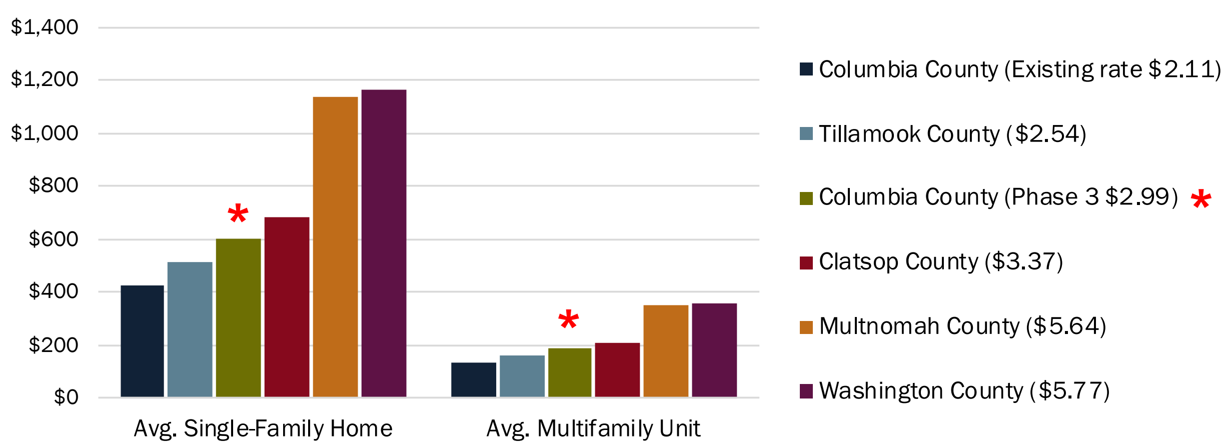
Columbia County is considering several revenue tools which rely on property taxes as the revenue collection mechanism. The proposed taxes and their potential rates are[2]:

- Transit Service District: $0.20 per $1,000 of Assessed Value[3]
- Jail Local Option Levy (renewal): $0.58 per $1,000 of Assessed Value[4]
- General Obligation Bond: $0.45 per $1,000 of Assessed Value[5]
- Public Safety Service District: $0.87 per $1,000 of Assessed Value[6]

Should the electors of the County vote these taxes in (at the rates presented above), Columbia County's new property tax rate would increase from $2.11 to $2.99 per $1,000 of Assessed Value (an increase of $0.88 per $1,000 of Assessed Value). The property owner of an average home in Columbia County would pay $603 as opposed to $426 (an increase of $177). However, once the general obligation bond debt is repaid, Columbia County's property tax rate would decrease to $2.54 per $1,000 of Assessed Value. At $2.54, property owner of an average home in Columbia County would pay $512.

Exhibit 4. Revised Impact of Property Taxes in Columbia County Relative to Comparison Jurisdictions

Source: ECONorthwest. Note: Impact was normalized based on the Assessed Value of Columbia County's average home ($201,826 of Assessed Value).



[2] These rates are preliminary and subject to change.

[3] Basis: Columbia County proposed rate (rate determined as part of a separate process).

[4] Basis: Columbia County's existing rate. Note: It is likely that this rate will increase at the time the local option renewal is taken to voters.

[5] Basis: Rate assumes full coverage for roads capital projects, broadband capital investment, and exposition center capital investment.

[6] Basis: Rate assumes annual coverage for existing jail operations, about $1m of public safety operations / maintenance costs (O&M), about $450k for public health O&M costs, and about $270k for capital costs. Note: A higher rate could replace some of the public safety and public health services currently funded through general fund dollars.

1.2 New Development

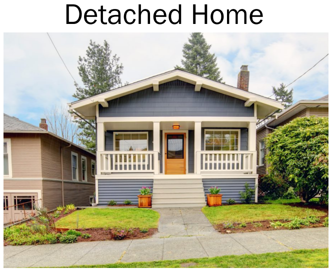
Columbia County imposes a Parks System Development Charge (P-SDC) and a Transportation System Development Charge (T-SDC) on new development. Both SDCs are only imposed in unincorporated areas.

Columbia County charges a $722 P-SDC for a single-family unit and $628 for a multifamily unit. Other comparison counties do not impose P-SDCs with the exception of Washington County. Washington County charges a $2,533 P-SDC on a specific property type: single-family detached units on vacant lots in urban unincorporated areas. Comparatively, Columbia County charges a lower SDC rate than Washington County but on more development types. It is likely that the P-SDC rate in Columbia County would not affect their competitiveness. A rate increase for P-SDCs in Columbia County was not determined in this project.

Columbia County currently imposes a $2,250 T-SDC per peak hour trip on all development. Columbia County's proposed new rate is $10,176 per peak hour trip. Using sample prototypes, ECONorthwest compared the impact of Columbia County's existing T-SDC to the proposed new SDC. Results are displayed in Exhibit 5.

Exhibit 5. Baseline and Proposed New Impact on Sample Prototypes of New Development, Unincorporated Columbia County

Data Source: FCS Group. (January 2019). "Transportation System Development Charge Methodology," Draft Report. Image sources: (left to right) Brandon Turner, BiggerPockets.com; oneunited.com; and mylocalnews.us.

	Single-Family Detached Home	Mid-Rise Multifamily Unit	Supermarket
			
Peak Hour Trips Generated	0.99	0.44	9.24
Impact with Existing Rate	$2,228	$990	$20,903
Impact with Proposed Rate	$10,074	$4,477	$94,535

Washington County also imposes a T-SDC; their rates change depending on the type of residential or commercial use. In addition, some of the cities in Columbia County impose a T-SDC:

- **Vernonia:** $858 per four EDU[7]
- **St. Helens:** $2,383 per trip
- **Scappoose:** $2,447 per single-family detached unit, $1,718 per apartment unit, $1,498 per townhome or condominium unit, and $1,276 per manufactured dwelling unit
- **Columbia City:** $4,575 per trip

While Columbia County and comparison jurisdictions have different methodologies for imposing their T-SDC rates, Exhibit 6 offers a comparison of impact on like development.

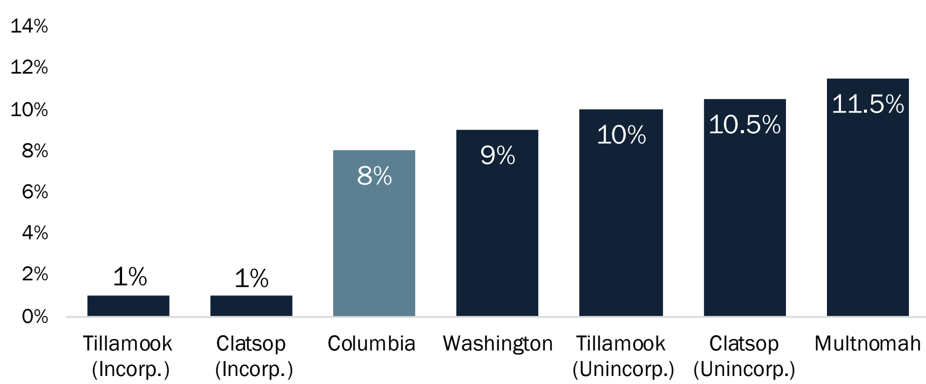
Exhibit 6. Transportation System Development Charge Impact on Selected Development Types, Columbia County relative to Comparison Jurisdictions
Source: City and County jurisdictions.

	Columbia County - Proposed Rate	Washington County	St. Helens	Scappoose	Columbia City
Single-Family Detached	$10,074	$8,968	$2,359	$2,447	$4,529
Mid-rise Multifamily Unit	$4,477	$5,867	$1,049	$1,718	$2,013
Supermarket (30,000 Sq. ft)	$94,535	$744,750	$22,138	N/A	$42,502

1.3 Lodging Sales

Columbia County is proposing an 8% transient lodging tax. This rate is slightly less than the jurisdictions in the region, but about average for jurisdictions in Oregon.[8] An 8% lodging tax on a $150 hotel stay in Columbia County is a $12 tax impact, compared to (for example) a $17 tax impact in Multnomah County (at 11.5%).

Exhibit 7. Lodging Sales Tax Comparison, Relative to the Region
Source: County websites.



Both Scappoose and St. Helens (cities within Columbia County) have their own transient lodging tax, at 9% and 10% respectively. A county imposed transient lodging tax on top of the

[7] No response from the City of Vernonia to inquire about their rate per "EDU."

[8] The average transient lodging tax rate in Oregon is 7.5%.

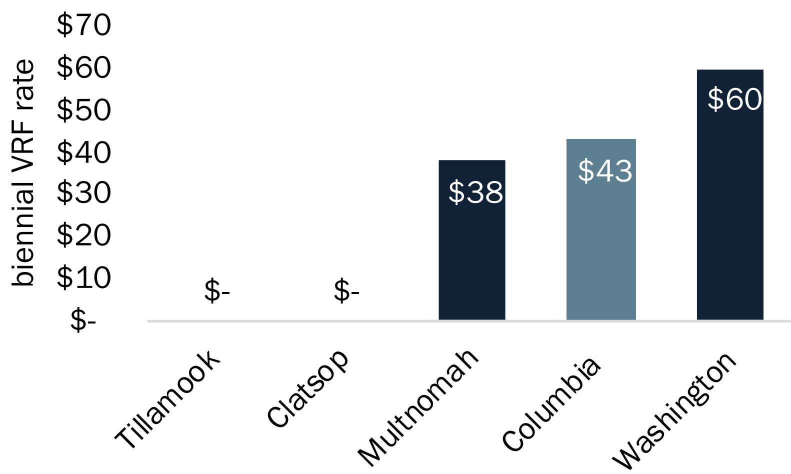
cities' existing rate would make visitors' lodging tax total 17% in Scappoose and 18% in St. Helens. A $150 hotel stay, would amount to a $26 tax impact in Scappoose and a $27 tax impact in St. Helens.

1.4 Transportation System Users

Columbia County is proposing a $43 vehicle registration fee (paid every two years). Two of Columbia County's comparison counties, Multnomah County and Washington County, impose a vehicle registration fee. The $43 per biennium fee rate is below the statutory maximum. The statutory maximum is $56 per year in Oregon for passenger vehicles.

Property owners in Columbia County pay a relatively lower property tax rate per $1,000 of Assessed Value than other counties in the greater region.

Exhibit 8. Vehicle Registration Fee Rate and Impact Comparison, Columbia County and Comparison Jurisdictions, 2018
Source: Washington County and Multnomah County.



Vehicle registration fees impact residents and businesses who own vehicles registered in the county. Residents and businesses of Washington and Multnomah County are additionally impacted by those counties fuel taxes.

1.5 Timber Harvest

Columbia County is considering a $5.95 per Million Board Foot (MBF) tax on timber harvests. No other county in Oregon levies a timber tax. Columbia County's proposed tax rate matches the states' rate for western counties (per their Small tract Forestland (STF) Severance Tax). Columbia County is also considering a tax exemption of 25 MBF to protect small woodland harvesters.

Exhibit 9 outlines the tax impact on hypothetical timber harvests.

Exhibit 9. Tax Impact on Hypothetical Timber Harvest, Columbia County
Source: ECONorthwest. Note: One board foot is 12" x 12" x 1" and one million board feet (MBF) is 1,000 board feet. About 164,500 MBF was harvested from Columbia County in 2017 (from private entities).

Hypothetical Harvest	30 MBF	500 MBF	5,000 MBF
Less 25 MBF Exemption	5 MBF	475 MBF	4,975 MBF
Columbia County Rate	$5.98/MBF	$5.98/MBF	$5.98/MBF
State Rate for Western Counties	$5.98/MBF	$5.98/MBF	$5.98/MBF
Est. Total Tax	$60	$5,700	$59,500

BEFORE THE BOARD OF COUNTY COMMISSIONERS

FOR COLUMBIA COUNTY, OREGON

In the Matter of Adopting the	)	
2019 Final Report for Fiscal Sustainability	)	Order No. 81 -2019
In Columbia County	)	
______________________________	)	

WHEREAS, the County began an initiative to review the County's fiscal sustainability in January, 2019, to assist the County in its strategic decision-making process to meet capital and operations/maintenance funding needs into the future; and

WHEREAS, a Final Report has been prepared establishing a framework for fiscal sustainability for the County, with the input of the County Board of County Commissioners, staff, and an ad hoc Advisory Committee made up of economic development, business, city, and citizen representatives; and

WHEREAS, the Final Report serves as a resource to continue and expand the conversation to a broader audience and to support a series of actions that bring new revenue to the County over a number of years;

NOW, THEREFORE, IT IS HEREBY ORDERED that the 2019 Final Report entitled "Fiscal Sustainability in Columbia County: A Path Forward", which is attached hereto as Exhibit "A", and is incorporated herein by this reference, is hereby adopted.

Dated this _____ day of November, 2019.

BOARD OF COUNTY COMMISSIONERS
FOR COLUMBIA COUNTY, OREGON

BY:______________________________
Henry Heimuller, Chair

BY: ______________________________
Margaret Magruder, Commissioner

BY:______________________________
Alex Tardif, Commissioner

Approved as to form

By:______________________
Office of County Counsel

BEFORE THE BOARD OF COUNTY COMMISSIONERS

FOR COLUMBIA COUNTY, OREGON

In the Matter of Adopting the	)	
2019 Final Report for Fiscal Sustainability	)	Order No. 81 -2019
In Columbia County	)	
________________________________	)	

WHEREAS, the County began an initiative to review the County's fiscal sustainability in January, 2019, to assist the County in its strategic decision-making process to meet capital and operations/maintenance funding needs into the future; and

WHEREAS, a Final Report has been prepared establishing a framework for fiscal sustainability for the County, with the input of the County Board of County Commissioners, staff, and an ad hoc Advisory Committee made up of economic development, business, city, and citizen representatives; and

WHEREAS, the Final Report serves as a resource to continue and expand the conversation to a broader audience and to support a series of actions that bring new revenue to the County over a number of years;

NOW, THEREFORE, IT IS HEREBY ORDERED that the 2019 Final Report entitled "Fiscal Sustainability in Columbia County: A Path Forward", which is attached hereto as Exhibit "A", and is incorporated herein by this reference, is hereby adopted.

Dated this _____ day of November, 2019.

BOARD OF COUNTY COMMISSIONERS
FOR COLUMBIA COUNTY, OREGON

BY:_______________________________
Henry Heimuller, Chair

Approved as to form

BY: _______________________________
Margaret Magruder, Commissioner

By:_______________________
Office of County Counsel

BY:_______________________________
Alex Tardif, Commissioner

TO : Board of County Commissioners
FROM : Revenue Project Staff Team
DATE : October 31, 2019
SUBJECT : Revenue Project Implementation

Dear Board:

Your Revenue Project Staff Team is pleased to submit to you with this Memorandum, a Final Revenue Project Report entitled *Fiscal Sustainability in Columbia County: A Path Forward*. The Final Report has been thoroughly vetted by this Team with input from Department Heads. The Final Report will be presented to you by the consultant, ECONorthwest, on November 6th, 2019.

The Staff Team has discussed the roll-out of the Final Report as well as steps to implement the report. We are proposing the following for your consideration:

1. *Timeline*:
   a. **November 6, 2019**. Adoption of the Final Report by Board Order. A proposed Board Order is accompanying this Memorandum.
   b. **November 6, 2019**. A letter is sent to your Advisory Committee together with a copy of the Final Report. A proposed draft letter to the Advisory Committee is accompanying this Memorandum.
   c. **November 11-15, 2019**. Department Heads meet with staff to discuss the project and the key points in the Report. Members of the Staff Team will be available to attend these meetings to answer questions and provide support. A proposed draft letter to Department Heads is accompanying this Memorandum.
   d. **November 11, 2019**. Messaging to Staff and the Community. We suggest the following steps be taken:
      i. Karen Kane to prepare an article to be posted in the next County newsletter.
      ii. Karen Kane to post the Adopted Report and message from the Board on the County Website.
      iii. Karen Kane to conduct media and other communication of the report to the public as follows: Press releases, ECONorthwest Presentation on youtube and County website.
   e. **January (date TBD)**. Presentation of the Final Report by ECONorthwest to all staff at an all staff meeting. This will likely add additional cost to the consultant's contract. This step was recommended by Department Heads to ensure transparent communication to all staff.

2. *Implementation*. As you know, adoption of the Final Report is just the first important step in establishing fiscal sustainability for the County. More crucial will be the implementation of the Final Report. The Staff Team recommends the following related to implementation of the Final Report.

a. Short-term Implementation (For Phase 1 Revenue Tools proposed to be implemented in 2019 and 2020). These include the Transit Service District, Jail Local Option Levy, SDC Rate Update, Transient Lodging Tax and Vehicle Registration Fee. As you know the Transit Service District is on the November ballot. Timing of the remaining tools will need to be set based on legal requirements and direction given for moving forward with some or all of the tools. We recommend that in the near future these issues be discussed with all stakeholders and that staff be identified for the various responsibilities to move each forward. Your Staff Team is available to discuss this process with you at a Board meeting.
b. Long-term implementation (For Phases 2 and 3 to be implemented beyond 2020). These include a General Obligation Bond, Timber Tax and Public Safety Service District. Considerable work will need to be put into each of these funding tools to determine the feasibility, scope and timing. We recommend that these issues be discussed with all stakeholders and supplemental planning documents be prepared with clear direction to staff by the end of FY2020. Your Staff Team is available to discuss this process with you at a Board meeting.
c. Future Revenue Options. Other tools that were not recommended for implementation in the first three phases of work were still of interest to the Advisory Committee and Staff Team because they could supplement and compliment the tools provided in the funding framework. The following were identified as deserving of additional consideration in the coming years as the County focuses on major funding sources to stabilize the County's revenue picture: Local Improvement Districts; Franchise Fees; Utility Fees; Grants; Personnel Efficiency Measures; and Ongoing Strategic Planning. The Staff Team also recommends conducting a County-wide fee review. We recommend that these issues be discussed with all stakeholders, any supplemental research/work be identified to vet each of these items and responsibility be established. Your Staff Team is available to discuss this process with you at a Board meeting.
d. Communication/Transparency. As set forth in Principle 4 of the Final Report (page 15), the County will need to develop a process to discuss the framework and the next steps with its constituents: the residents, jurisdictional partners, businesses, and service providers that call the County home. Columbia County will strive to engage all residents and businesses in the conversation about new revenue tools. Your Staff Team will be available to discuss implementation of Principle 4 at a Board meeting.

Finally, we would like to extend thanks to ECONorthwest, Department Heads and all other staff who worked with the Staff Team, Consultant and Advisory Committee to provide data and otherwise make this a successful project.

Sincerely,

Revenue Project Staff Team

Alex Tardif	Holly Miller	Mike Russell
Nancy Merlette	Sarah Hanson	Tristan Wood
Todd Wood	Karen Kane	Steve Pegram