

ORIGINAL

MID-COLUMBIA COUNCIL OF GOVERNMENTS
BOARD OF DIRECTORS MEETING MINUTES

Tuesday, June 18, 2013 3:00 p.m. to 5:00 p.m.

Location: Northern Wasco PUD, 2345 River Road, The Dalles, OR

2013 Board of Directors:

Gilliam County: *Mike Weimer, Steve Shaffer
Hood River County: *Maui Meyer, Les Perkins, Ed Weathers
Sherman County: *Michael Smith, Cliff Jett, Tom McCoy
Wasco County: *Rod Runyon, Steve Kramer, Carolyn Wood
Wheeler County: *Chris Perry, Jack Lorts, Anne Mitchell
(*denotes Executive Committee Members)

I. CALL TO ORDER

A. Roll Call and Introductions

Chairman Mike Smith called the meeting to order at: 3:12 pm., with introductions around the table.

Present: Mike Weimer, Steve Shaffer, Michael Smith, Tom McCoy, Rod Runyon, Steve Kramer, Carolyn Wood, Ed Weathers, and Chris Perry (via telephone).

Absent: Les Perkins, Maui Meyer, Cliff Jett, Anne Mitchell, and Jack Lorts.

Staff: John Arens, Executive Director; Sarah Braumbaugh, Fiscal Director; Bob Futter, Building Official; Dan Schwanz, Transportation Director; Bill Fashing, Community Development Director; and Tine Meriwether, Executive Assistant.

Guests:

B. Approval of Minutes

Steve Kramer called for corrections to the minutes on page 4, by replacing the word 'transfers' with 'loans' in paragraph 6, line 3. Staff introduced additional corrections to page 2, paragraph 7, line 4 replacing the word 'by' with 'from' and line 5 replacing the word 'vendors' with 'grantors'.

Following the corrections, Tom McCoy moved, seconded by Steve Kramer, to approve the May 28, 2013 meeting minutes as amended. The motion passed:

AYES: Mike Weimer, Steve Shaffer, Michael Smith, Tom McCoy, Steve Kramer, Carolyn Wood, and Chris Perry (via telephone) (7)

ABSTAIN: Rod Runyon, Ed Weathers (2)

II. Open Agenda

No new items were introduced to the Agenda.

III. Public Hearing – Building Codes Permit Fees Increases

A. Public Hearing on Proposed Permit Fee Increases for Building Codes Services.

Chair Smith opened the Public Hearing and read the rules of the hearing. He called for the first person on the Sign-In Sheet to come forward to speak.

Michael Zingg, 3591 Klindt Drive, The Dalles, OR. Mr. Zingg represents Design Structures. He introduced his company; in business for 8 years, average of \$8million in annual revenue. He stated 90% of the work is private, commercial remodeling. He stated his company is not seeing opportunities here in The Dalles . Adding to costs is seen as a negative for their clients, may cause them to make their project smaller or not do it at all. He is concerned about our community being less competitive with increased rates. In order for Design Structures to sustain their revenue base, they look outside the area for business. Zingg spoke in opposition of the increase because of the magnitude. He questioned the magnitude of a 40% increase and how the dollars would be spent. He asked if fees are not increased how it would affect the service?

Chair Smith stated the reason for the increase is not because the rates are the least expensive in the state, but because MCCOG has been subsidizing the Building Codes (BC) program through BC reserve funds. It is not self-sustaining at current rates. Wind turbine projects were a one-time event that created a large reserve. That reserve is being spent down to keep the program going because it is not sustainable at the current fees.

Zingg questioned why BC reserves have been used for loans to fund other operations. He asked if those funds had been left there would they not be ample to support the program. Chair Smith stated MCCOG has loaned some dollars for other projects. However, the question is should the one-time revenue from wind turbine projects be used for future growth and business use or spent down to support a program that cannot exist on current rates.

McCoy questioned Zingg on how much or at what percentage would the fee increase affect his costs? Zingg stated that would depend on the project and he said it would be difficult to quantify.

Doug Peters, owner of Integrity Developments, P.O. Box 431, Duffur, OR. Peters stated he works on a smaller scale. He stated his belief the increase will be a higher percentage than 40%. He stated he is confused with subsidizing the BC and then also giving out loans. In comparing the fee schedule, he has worked all over the state and has not seen services go up with a fee increase. He stated the BC service level is not like other agencies. For example, when he calls in an inspection on Wednesday he does not get an inspector until the following Tuesday. He stated other agencies he calls will be there sooner. He stated he felt there are inefficiencies in the BC department because more than one inspector will come out. They are not cross-trained like in other agencies. He stated there are only so many fees a contractor can absorb and ultimately the homeowner/client pays for the fee increase.

Jeff Clifford, owner of Avison, P.O. Box 269, The Dalles, OR. He stated right now we are seeing a building increase in The Dalles due to lower interest rates that are easier to get. A fee increase may not increase revenue, but might cause a decrease as people won't want to do the project.

There being no one else on the Sign-In Sheet to speak, Chair Smith asked the Board if they would like to address any comments made. Following a request made by Rod Runyon, Chair Smith asked the audience if there is anyone else who wishes to speak but did not sign in.

Bob Futter, Building Official, spoke about the proposed fee increases. The percentage increase for a structural project was based on the total value of the project – for example a \$100K project will increase approximately \$230 or .23%. For projects beyond \$100K, there would be an additional 1.3%. The rest of the fees are not based on value.

Zingg stated the increase would be substantially more than \$200. A structural permit is a small part of an overall project.

Clifford, stated structural is a very small portion of the total fees and permits. When you add structural, mechanical and electrical, it becomes a significant increase.

Will Carey, MCCOG legal counsel, asked for those wishing to speak to please sign-in.

Wayne Lease, 41 Private Lake Rd., White Salmon, WA, stated he ran a business for 27 years as an electrical contractor. He stated when BC was with the state, they would have had to amortize the increase state wide, but now MCCOG has to deal with this. He stated that if MCCOG had not loaned itself \$500K, you would have had two years of revenue to cover the loss of \$250K. He stated the .5% rate on the loan is despicable and it is the people's money that generated the revenue. He stated the money belongs to the people who paid the fees. The 40% increase will not cover the compliance officers time needed to cover those who will not comply. The increase will cause the honest to become dishonest. It is happening now. You cannot put the onus on the people. He questioned what will people get for the 40% increase. He discussed the installation of a fire-wall and questioned why it needs to be so expensive, stating some of the fees are frivolous. He stated there are things you could do to get your rates down and he said he guarantees he could do it. He asked what percentage of the 40% increase does the state get?

Terry Chamness, Chamness Construction, PO Box 115, The Dalles, OR. Mr. Chamness stated he likes to build spec homes and has five homes left in The Dalles. They are for sale and have been reduced by \$25K and he still can't get offers. He stated if you increase the fees, it increases the cost of a new house. The last house he built over 5 years ago took more than two years to sell.

Futter, stated only mechanical fees have been raised since BC became part of MCCOG in 2007. He said the State raised fees 15% in the late '90's.

Chamness, stated school park & recreation increases affected the rate per foot. He stated he won't be building a spec home for a while until things get better. He stated he knows a lot of people who are not legal contractors who will do the work cheap and they cut him out of a job.

The Board asked for comments from staff.

Futter stated right now our fees are taking in are approximately 77% of operating cost and we can't cut staff; we have one inspector in each speciality. The increase of 40% gives a 108% as a cushion. He stated if the economy picks up he would suggest staff can come back to the Board for a rate reduction. He stated if we get another large windmill project, that might give us a big boost and we can look at that.

Carolyn Wood asked who decides what needs a fee and what does not? She questioned who says we have to have a fee? Futter responded that the state mandates a uniform fee methodology and the fee schedule is directly what must be charged a fee. Wood stated she was asked to purchase a fancier control knob next to her toilet and the old one worked fine. It looks like someone is driving fees where they are not essential or necessary. She questioned who says we need these requirements? Futter responded that all requirements are mandated directly from the State Building Codes Division. He stated we have to enforce the State's Building Codes whether we agree with it or not.

Lease commented that the codes are there for a purpose but questioned if you don't you have to be reasonable in the application of them. He asked if Futter misses a \$10K item and then does not issue the building permit; that is not the consumer's problem and why should they be required to pay for it? He suggested the BC program be given back to the state. He stated they were glad to get rid of it because it was a glorified tax. He asked if we (MCCOG) have ever asked the question of giving the program back. He stated the law may say Futter has to administer the program, but not if we can't afford it.

Chair Smith stated he would not advise Futter to violate the law.

Tom Peters (address undisclosed) asked why inspectors have to drive 30 miles to inspect a re-bar when they can send as a picture to BC of the project. Futter, replied that not all projects can be evaluated by a photo. In most cases, Inspectors need to visually see the project.

Lease stated if BC knows the contractor and trusts his work, then he should be able to approve the inspection based on a picture .

Smith stated this is a cost issue and the conversation is getting away from the purpose of the public hearing today. He stated MCCOG has subsidized the BC program for the last six years and we need to make the program self-sustaining. In response, Lease questioned why a \$550K loan was made from BC funds at less than market value. Smith, responded that the interest rate BC gets on the loan is the same rate through Local Government Personnel Institute.

Scott Hege, Wasco County Commissioner, stated he believed it was hard for the average working person to get to a hearing held during working hours. He said it was disappointing in this particular case and he finds it irritating. Hege stated fees should have been increased over the past 10 years and that is a mistake "I think you guys made." He stated he heard the finance person say you have \$1.5 million in reserve and asked where did all that money go? He stated "you can't loan money out at .5% and think you are a good steward for a program" – that is only to the benefit of MCCOG, not BC. You (MCCOG) are operating BC on behalf of the state. Your finance person said the program was a "savior of MCCOG".

John Arens, Executive Director, addressed the statement made by Hege in reference that the BC program was a "savior" of MCCOG. He said that statement was made in the context that when MCCOG took over the BC program it helped other MCCOG programs survive because BC began contributing to the overhead costs. He said BC was not brought in to "gut" the program.

Hege responded that he understood that but BC is not supposed to be providing resources for other services but is supposed to be independent and the money only used for BC and not for other things.

In response to earlier comments made regarding the interest rate for loans made from BC, Carey confirmed that .5% is the same rate of return BC gets for their investment with the Local Government Personnel Institute.

Lease stated the purpose of the BC program is for health and safety and now all of a sudden it's gone wild and crazy.

Chamness stated he has been in business for 18 years. He stated over the past six years the cost of material and fuel have gone up. He stated he drives a lot into Sherman County and has had to give up of a lot of things to stay in business. He stated he got a fuel efficient car and the "people laugh at me when I show up". He stated he understood the need for increases, but questioned why BC can't have more fuel efficient cars.

Chair Smith stated there is a certain level of service we (BC) have to provide. Chamness questioned if there are other areas where BC could be cut? He stated he understands staff cannot be cut and made reference to BC Inspector Tony Clifton who he said has shown up at 9:00 – 10:30 pm for an inspection.

Clifford spoke and also questioned why inspectors have to drive expensive trucks. He stated the fee increase is just another fee they (contractors) have to absorb.

Lease commented that cross-training is a good idea.

Hege commented that staff said they would put together an advisory committee when MCCOG took over the BC program. He stated he felt it was a good idea to have a committee and the program could be more successful and help to avoid this type of fee increase.

Smith reiterated that the reason for this meeting is for the Board to address the sustainability of the program.

Weathers questioned why some jurisdictions did not have comparable fees. Futter responded that they choose not to charge for certain inspection fees.

Smith commented that Sherman & Gilliam counties subsidized the program from fees collected through windmill projects.

Steve Kramer stated he was not in favor of a 40% across the board fee increase. He would consider a lesser amount.

Steve Shaffer and Rod Runyon requested that additional comments from the audience be allowed prior to the closing of the public hearing.

Runyon stated the fees were handed to the Board and the Board did not come up with them. He stated the Board needed to make a decision on this issue and talk about it. He stated his disapproval of Chair Smith's comments as they do not represent the opinion of this Board. He stated his opinion that this public hearing has been turned into a debate.

Peters, discussed a program started 8 years ago called Lean through Toyota which reduced a HUD project run by 700 people to 40 people. He stated there are a lot of inefficiencies in government.

There being no further public comments, Chair Smith closed the Public Hearing.

Board deliberation:

Runyon stated he was not at the last Board meeting because he was in the hospital. He stated his belief that the hearing time set for this meeting was ridiculous for contractors and working people to provide comment. He stated "the 40% increase is stupid and is bad management" that should have been handled through understanding what the true costs were each year to run the BC program. He stated this needs to be addressed. He stated his belief that there needs to be an advisory committee made up of contractors and lay people "for this kind of an issue". He stated he has never received a replay from Arens to his May 8, 2013 requesting a list of where transfers and/or loans have occurred over the past six years from BC reserves and if there was an action plan to correct this. He stated he was not in favor of the proposed increase and believes a 5% increase might be more acceptable with review next year.

Shaffer stated the comparisons are not even close to a legitimate comparison. He questioned

why the City of Gresham was used and not Morrow County? Futter replied that Morrow County did not respond to his request for their fee schedule and therefore not included in the comparison.

Weimar stated he is in favor of the increase and stated his belief there is an efficiency in not doing it so often. He stated his opinion that a 3% to 5% increase each year may make it exceed 40% over time.

Judge Perry stated he was not in favor of 40% increase all at once. He stated he preferred a step increase of 10% over a period of time.

Kramer stated building permit and inspections is a state and county shared responsibility and we do get money back from the state to provide for this. He reiterated he is not in favor of a 40% increase.

Wood stated she agreed that 40% is too much all at once. She recommends an advisory committee look at "the whole principle of efficiencies" including the code "to see what is essential". She stated there seems to be "a lot of ridiculous fees" and believes the advisory committee should be looking at this from an industry and consumer standpoint and how it could be changed. And, she stated we should be advocating for change at the state level.

Tom McKay stated he has only been on the board for four months. He stated the BC deficit needs to be dealt with but agrees 40% is a large increase. He stated he understands the frustration.

Weathers stated this was his first MCCOG Board meeting. He stated he was ready to abstain from voting tonight, but after listening he thinks this issue should be tabled. He stated his belief that this is a simple math problem and we need to look closer at the service we are delivering. He stated he is not ready to vote for this increase without more deliberation.

Chair Smith calls for a motion to adopt Resolution No. 12-20.

Weimar moved to adopt Resolution No. 12-20 as presented. The motion dies for lack of a second.

Runyon moves "for staff to come back with some alternatives" and "those alternatives to include some more representative samples more in line with our rural natures as Commissioner Shaffer has presented. And in that same motion that the time be set at a time that is more reasonable to the people it affects - 5:00 - 5:30 p.m. or something that starts a little bit later in the day." The motion was seconded by Wood. The motion passed unanimously.

IV. Executive Session: ORS 192.660 (2) (e)

Chair Smith opened the Executive Session to discuss:

A. Real Property.

Arens addressed the Board regarding the proposed property purchases.

Mary Whitaker, Senior Right-of-Way Agent, Oregon Department of Transportation (ODOT) discussed ODOT's involvement in siting the new transit center in The Dalles and spoke regarding the project. The valuation and appraisal's of both properties were discussed. The Board discussed with staff an amount to offer the property owners with a not-to-exceed limit.

B. Action on Resolution No. 12-21 Authorizing the Purchase of Real Property for Transportation Network:

Following discussion, the Board came out of out of Executive Session and Kramer moved, seconded by Weimar for approval of Resolution No. 12-21.

McCoy stated there is no limit on the price.

The Board went back into Executive Session as authorized under ORS 192.660 (2) (e) to further discuss the purchase prices and clarify the not-to-exceed percentage amount.

The Board came back out of Executive Session.

Kramer amended his motion to approve Resolution No. 12-21 as amended to include language "within the limits as determined by the Board of Directors". Weimar seconded the motion. The motion passed unanimously.

C. Action on Resolution No. 12-22, Authorizing the Purchase of Real Property for Mid-Columbia Building Codes Services:

McCoy, moved, seconded by Shaffer, to approve Resolution No. 12-21 with the same amendments made for Resolution No. 12-21. The motion passed by the following vote:

AYES: Weimar, Smith, McCoy, Kramer, Wood, Perry (6)

NAYS: Runyon, Shaffer (2)

ABSTAIN: Weathers (1)

D. Eastern Oregon Coordinated Care Organization.

Dan Schwanz addressed the BOD regarding the Eastern Oregon Coordinated Care Organization (CCO). He stated the question before the Board is if Transportation Network should continue with medical brokerage as it would involve a few more staff members to accomplish under the new CCO proposal. He stated it would be a big job but he believes he can do it but not in the current facility as it is too small to handle more Call Center staff.

Schwanz stated he is seeking direction from the Board about providing services to areas

significantly outside our service area (five county region). If the Board conceptually agrees, Schwanz will move forward with evaluating Transportation's ability to provide medical brokerage services outside the MCCOG region. He stated that if the board does not want to move forward then Transportation employees will have a definite end to their employment as of January 1, 2014. Schwanz stated this issue has been going on for two years but he feels that moving forward is worth pursuing at this time.

The Board consensus was to move forward with further conversations about expanded brokerage services as discussed by Schwanz.


Schwanz reported he has had difficulty finding employees for the Call Center. He stated one of the difficulties in hiring Call Center employees is because of MCCOG's cost of insurance; MCCOG does not cover the cost of health insurance for employee dependents.

VI. ADJOURN

There being no further business to come before the MCCOG Board of Directors, the meeting was adjourned at 5:44 p.m.

Respectfully submitted by:

ATTEST:



Tine Meriwether, Executive Assistant



Michael Smith, Board Chair