

ORIGINAL

MID-COLUMBIA COUNCIL OF GOVERNMENTS  
BOARD OF DIRECTORS MEETING MINUTES  
Tuesday, August 20, 2013, 1:00 p.m. to 4:00 p.m.  
Board Room, 1113 Kelly Avenue, The Dalles, Oregon

2013 Board of Directors:

Gilliam County: \*Mike Weimer, Steve Shaffer  
Hood River County: \*Maui Meyer, Les Perkins, 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

Michael Smith called the meeting to order at

Present: Steve Shaffer, Cliff Jett, Michael Smith, Tom McCoy, Rod Runyon, Steve Kramer, Carolyn Wood, and Chris Perry.

Excused: Anne Mitchell, Maui Meyer, Ed Weathers, Mike Weimar, Les Perkins, and Jack Lorts.

Staff: John Arens, Executive Director; Bob Futter, Building Official; Dan Schwanz, Transportation Director; and Tine Meriwether, Executive Assistant.

Guests: Kathy Ursprung, The Dalles Chronicle; and Bill Lennox, resident.

B. Approval of July 23, 2013 Minutes

Tom McCoy moved, seconded by Cliff Jett to approve the July 23, 2013 minutes. The motion carried unanimously.

**II. ACTION ITEMS**

A. Continue Building Codes Fee Discussion.

John Arens reviewed his PowerPoint presentation from the last meeting and spoke with regards to Building Codes' background and current staff. He stated the inspectors are cross-trained in different disciplines and can do multiple inspections with the exception of plumbing and electrical inspections. With regards to overtime, he commented inspectors are not working too much overtime to justify hiring another inspector. He noted inspectors do put lots of miles on their cars because of the large geographic area covered.

Rod Runyon asked about the break-down on overhead expenses of MCCOG. He stated this would be useful to have and he remembered this was a question posed at the last meeting.

Arens reviewed the \$50K and \$350K residential construction permits, and the \$1mil commercial construction permits compared to Malheur, Hood River, Morrow and Deschutes counties. He stated with a 40% increase in fees we would still be below cost. He stated Morrow is going through a boon in inspections with approximately \$900mil worth of projects on their books. He stated Morrow has over a \$2mil reserve account.

The issue of when the state steps in to oversee a project was discussed. Bob Futter stated if the State determines that a local jurisdiction does not have specialty in a major project, they can step in to assist. He stated he is not aware that this is being done in Morrow County.

Arens reviewed actual revenues and expenses from years 2007-08 to 2012-13. Chris Perry asked why the operational expense increased in years 2011-12 and 2012-13. Arens commented that several things occurred in staff and new vehicles were purchased. Staff will report back to the Board on specifics.

Arens reported that staff will be budgeting \$50,000 annually toward replacements of two vehicles at a time. Runyon asked about less expensive vehicles or more fuel efficient vehicles. Arens stated some of the roads are rough, dirt roads and back country, over streams. He stated ground clearance and good tires are critical. Staff can look into Jeeps as an option as opposed to the pick-up trucks currently used. He noted staff has looked into Subaru Outbacks and was told the undercarriage would be torn up within six months of use. Although less expensive, they will not last as long.

Arens reviewed the revenue & expense charts as provided in the Board packets.

A discussion ensued about the Reserve Fund loans. The loans are for 10 years, as allowed by state law, and amortized over 30 years. Arens reviewed the current commercial loan (\$492,715) on the MCCOG building at .5% annual interest<sup>1</sup>. Each department is paying their fair share of that loan on a monthly basis. Another loan is for \$100K at .54% interest is used as a match for the \$870K Transportation (ODOT) grant received for property purchase and initial construction costs<sup>2</sup>. Also, that matching grant will be used to leverage an additional \$750K ODOT grant; for a total fund of \$1.720 million available to complete the new transportation facility. Arens stated staff will continue to go out for additional resources to finish that project.

Staff discussed what the options might be at the end of the loans in terms of pay-off. Dan Schwanz stated federal dollars cannot be used to pay off Building Code loans.

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<sup>1</sup> Resolution No. 10-04, 03/22/11, repealed and replaced by Resolution No. 12-16, 05/28/13.

<sup>2</sup> Resolution No. 12-17, 05/28/13.

Arens continued his review of the revenues and expenses chart. He stated 27% of expenses are for overhead.

Carolyn Wood stated she believes fees need to be self-sustaining. The Board discussed incremental increases which allow for annual review. Arens stated annual fee increases would need to be done through public hearing. The basis for permit fees was further discussed. Futter commented there is a modest or slight fluctuation each year in structural permits of 1% to 2%. He stated he cannot predict what the increase or decrease might be because it is based on property valuations.

The issue of incremental increases and how to implement them were discussed. Arens asked that the Board consider the planning aspect of incremental or annual increases because they take months to accomplish through the notification and public hearing process. He stated that no matter what the Board adopts with an effective date of January 1, 2014, Building Codes is projected to lose \$150K in revenue this year.

Wood stated this is a business proposition and not a tax issue, and with comparisons around the state, the fees are still on the low side. The responsible thing is to look at either the 20% or the 30% increase. She said the 30%-10% seems to reasonable.

Cliff Jett, expressed his concern about losing money now and not being able to catch up with just a 30% initial increase. He stated he realized it was "sticker shock" for people, but he favored a 40% increase all at once. Steve Kramer stated after looking at the charts, even with a 60%/80% increase Building Codes can "never get even" when expenses continue to increase and revenues are "flat-line." McCoy stated that additional increases will need to occur. Smith commented that it is hard to know or predict what future revenues will be, but future increases would be more like 3% to 5%. Runyon stated that maybe down the road the Board will have to decide if we should keep Building Codes because it "might be too much hassle."

The issue of contracting with a private service was discussed. Wood commented that we should not expect to make a huge profit but we should not be expected to run this program at a loss. A discussion ensued regarding the formula and how to present the facts to the public at the hearing. McCoy stated he believed this board needs to support whatever proposal is put forward. However, that does not mean you can't change your mind at the hearing.

Jett stated his agreement that the Board cannot go into a public hearing and not have a recommendation that they can agree on based on the numbers that have been presented. He stated this is a business decision and unless the public has some "compelling information" to provide that would change the Board's decision, we need to move forward and understand we are not making money on this, we are just trying to break even.

Arens stated the public hearing needs to focus on revenue and expense. It's not about the Reserve Fund.

McCoy and Wood both stated they could support either a 20%/10% or 30%/10% increase. Jett stated he could support a 30%/10% increase. Perry stated he could support a 20%/10%/10% increase.

Chair Smith called for a motion.

**Following discussion, McCoy moved for a 20/10/10, seconded by Perry. The motion carried by the following vote: Ayes: McCoy, Wood, Runyon, Kramer, Perry, Shaffer, Smith (7)  
Nay: Jett (1)**

Shaffer commented that he sees the discussion will be about cutting expenses at the public hearing and he does not see a lot of room to cut.

A discussion between the Board and staff ensued regarding the types of inspections and measures that could be implemented for more efficient use of time. Futter described the typical types of inspections and gave examples of routes inspectors may take in one day and what kinds of delays can take place.

Jett asked if the Board needs to set forth a plan on implementation of fee increases or how they would occur. Tine Meriwether asked for clarification on the wording of the implementation process for the resolution that would be brought forward for consideration at the October public hearing.

Following comments, Runyon made a motion that changes would be reviewed annually as needed. The motion died for lack of a second.

Following discussion, it was the consensus of the Board to have a draft resolution available at the public hearing with the proposed 20/10/10 fee increases. Following public comments and Board deliberation, the document can be amended and finalized for the Board Chair's signature.

The public hearing date was set for October 1, 2013 at 5:30 p.m. to be held in the board room of Northern Wasco PUD.

Steve Kramer was excused at 3:00 p.m. to attend another meeting.

C. Transportation Brokerage Update.

Dan Schwanz, Transportation Director, presented his staff report as provided in the Board packets. The report outlines potential outcomes for the Transportation Network in providing brokerage services to Pacific Source Coordinated Care and Eastern Oregon Coordinated Care. Schwanz stated another meeting is scheduled for September 3rd with Eastern Oregon CCO. He stated the chart enclosed in the staff report has changed slightly because eligibility requirements will be changing with the new Affordable Care Act. This may result in increased ridership.

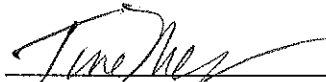
Arens stated the Board may need to make a decision at some future date with regards to the changes as outlined in the report. He stated staff will need to consider management and staffing needs if Transportation services change and the number of counties we serve increases. Arens stated the planning phase is just beginning for the new Transportation Network facility that can accommodate additional personnel if that is the direction.

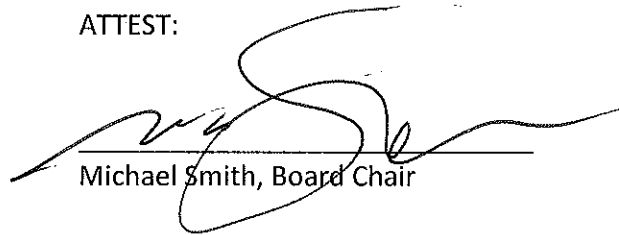
**III. ADJOURN**

There being no further business to come before the MCOG Board of Directors, the meeting was adjourned at 3:15 p.m.

Respectfully submitted by:

ATTEST:

  
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Tine Meriwether, Executive Assistant

  
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Michael Smith, Board Chair