

MID-COLUMBIA COUNCIL OF GOVERNMENTS
BOARD OF DIRECTORS MEETING MINUTES
Tuesday, October 1, 2013 5:30 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, 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

Michael Smith called the meeting to order at 5:40 p.m.

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

Excused: Maui Meyer, Anne Mitchell, Jack Lorts.

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

Guests: Will Carey, Legal Counsel for MCCOG.

B. Approval of Minutes

Steve Shaffer moved, seconded by Cliff Jett, to approve the August 20, 2013 minutes as presented. The motion carried unanimously.

II. OPEN AGENDA

Staff introduced a memorandum regarding cancellation of the Grant County Intergovernmental Agreement. This item was added for discussion under V. Reports.

Les Perkins joined the meeting via teleconference.

III. PUBLIC HEARING

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

Chair Michael Smith read the rules of the hearing. Jett moved, seconded by Shaffer, to open the public hearing.

John Arens, Executive Director, introduced himself and welcomed the public to the meeting. Arens presented a Power Point history of the MCCOG Building Codes Services and structure of the program. Arens reviewed the inspectors on staff and noted they are cross-trained in different disciplines. Arens reviewed the geographic area covered, current fee structure, proposed fee structure, and past and present revenues and expenses.

He noted there are two loans from the Building Codes Reserve fund, one for the mortgage of the Kelly Street Building and the other for the future Transportation facility. He stated they are 10 year loans at .5% and .54% interest, amortized over 30 years.

Following Arens' comments, Chair Smith called for the first speaker to come forward.

Dave Gildersleeve, Design Structures, The Dalles, Oregon. Mr. Gildersleeve commented he was happy with the performance provided by the Building Codes staff. He stated as a General Contractor 20% of his business goes to building fees. He stated his company does between \$6 to \$7 million dollars of business annually in the area.

He stated he had two points that he wanted to make. The first was that he was at the meeting in 2007 regarding building codes and one of the commitments made was that the revenue generated from the program would not be used for anything other than building codes. He stated the numbers proposed make sense based on comparison of Hood River City and Hood River County. However, the increase will impact contractors and he hoped the Board would consider that. The second point he stated he wished to make was that he believed Building Codes office staff could be cut back.

Ron Nelson, Oregon Equipment, The Dalles, Oregon. Mr. Nelson commented that increases do not seem like a lot individually, but several permits in one discipline add up. His point was he wanted the Board to consider the schedule as a whole when making their decision to raise the fees. He asked if there had been any consideration into the amount of revenue generated from the \$6 to \$7 million dollar project coming to The Dalles. He questioned if this was a factor in considering fee increases.

Scott Hege, The Dalles, Oregon. Mr. Hege thanked the Board for putting off the decision until tonight. He stated he was all the meetings back when MCCOG was taking over the program. A promise made to the industry was that they would be considered or "given weight" in the process. There was concern that MCCOG would take it over and the fees would increase and it would become a revenue stream for MCCOG. MCCOG is operating the program for the state and not MCCOG. He stated this process could have been improved by including the industry to help develop the cost and help make the program run better. He questioned how much of the cost is for overhead expenses and what that cost is. He stated he believed the 40% increase is too high and spoke in favor of smaller incremental increases. He stated the new projects coming to town should generate six figure revenues and the economy will come back.

Wayne D. Lease, White Salmon, Washington. He stated the 40% increase actually represents a 50% increase overall because of the 12% surcharge fee. He stated the general public pays the fee and that

is who the Board needs to be talking to. He stated State Statute says fees collected from Electrical Inspection shall only be used for the Electrical Code. He stated the Attorney General should be consulted to interpret the rules. He said what the Board is doing is egregious referring to a 26 year loan to retire the debt on the MCCOG building. He said it did not understand where that money went and has not been given the information he has been asking for from staff. Mr. Lease went on to say that the public can file a grievance to the State Building Codes Division within 60 days of when the increase is filed. Furthermore, he stated the public can vote on this issue. He stated there should be a processing fee so it is fair to everyone.

Doug Peters, General Contractor, Integrity Developments, Dufur, Oregon. Mr. Peters spoke regarding the need to save time and money by further cross-training inspectors in different disciplines to save money and also accept photos or videos for inspections instead of having inspectors come to the site personally. Mr. Peters stated some smaller contractors may decide to forego imposing fees on consumers just to get the job.

Tim Peters, Deer Run Farms, Dufur, Oregon. Mr. Peters spoke about code violations imposed on him that were later determined not to be violations. This caused him to spend \$10,000 on new engineering fees which he did not need to. He stated BC inspectors should only be inspecting on permits "called for" and not coming out to generate more revenue by trying to find code violations.

Gary Hege, Hage Electric, The Dalles, Oregon. Mr. Hege stated the fee increase is passed on to the consumer and is a hardship for the homeowner. He stated the economy is starting to come back after a serious down-turn. He stated increasing fees 40% is too much.

There being no further discussion, Chair Smith closed the public hearing.

IV. CLOSE PUBLIC HEARING

A. Resolution No. 12-24, Adopting Permit Fee Schedule for Building Codes Services.

Motion:

Cliff Jett moved, seconded by Steve Shaffer, to approve Resolution No. 12-24.

Discussion:

Tom McCoy stated he believed his motion made at the last meeting (August 20, 2013) called for the 20%/10%/10% increases to be spread out over a three year period: 20% in January 1, 2014, 10% in January 1, 2015, and 10% in January 1, 2016. He stated this gives the Board an opportunity to re-evaluate the increases annually. He stated he favored that schedule.

Chris Perry stated he also thought the increases would be spread out over a three year period.

McCoy moved to amend the resolution so the 20% kicks in January 1, 2014, the next 10% kicks in January 1, 2015, and the next 10% kicks in January 1, 2016.

Chair Smith asked Jett if he wished to amend his motion.

Jett stated he preferred to follow the resolution's schedule as it follows MCCOG's fiscal year because it would be easier to budget. He stated his concern for the loss in revenue without the scheduled increases.

Arens stated that with the first 20% increase January 1, 2014, there will still be approximately \$173,000 shortfall in this fiscal year; fiscal year 2014-2015 loss projected of \$94,000; fiscal year 2015-2016 loss projected of \$13,000. These are projected losses based on the current revenue generated from permit fees.

Carolyn Wood asked what the potential for the Google project might be. It is a \$600 million investment and how much might that generate? Jett stated revenue is not based on a \$600 million total project cost. Bob Futter stated based on a rough calculation it would be about \$100K in structural fees. He stated permit applications have not been received yet for the project.

Jett reiterated he would prefer the increases to be based on the fiscal year so they could come up during the budget process.

Carolyn Wood seconded McCoy's motion to amend the Resolution as proposed. McCoy restated his amendment as 20% January 1, 2014, 10% January 1, 2015, and 10% January 1, 2016.

Chair Smith called for a vote on the motion to amend the resolution. The motion to amend the resolution passed by the following vote:

AYE: Mike Weimer, Carolyn Wood, Ed Weathers, Steve Shaffer, Cliff Jett, Michael Smith, Steve Kramer, Les Perkins (via telephone), Chris Perry, McCoy, (10).

NAY: Rod Runyon (1)

Further Discussion:

Runyon stated he believed there was a misprint in the resolution which he stated to staff in an e-mail. He stated he understood there would be a review period between increases of one year. He further stated he still did not have a good understanding of the basic cost of operation and expenses. He stated he was not in favor of putting down increases on paper and thought a 10% increase was more reasonable. He stated cost increases should be discussed during pre-budget meetings prior to the budget process. He stated he was not vote in favor of the current resolution before the Board and would vote against it. He discussed several projects proposed and "things are happening" in Wasco County which will generate revenue. He stated he would be in favor of some kind of increase

between now and the next budget cycle, but prefers a review of what is needed before going forward. He stated he would prefer an increase to become effective as soon as possible to take advantage of some of the fees that might be coming in.

Staff reported that as of August 1, 2013, E-Permitting has been in place. Futter stated the software allows certain permits to be applied for, paid for, and received on-line.

Runyon stated he also wanted to review the type of vehicles inspectors use and look at less expensive alternatives.

Ed Weathers stated he would favor a "fairly immediate increase." But, he is not comfortable with having additional increases on paper as changes could occur; up or down. He stated he believed the mistake made was not having smaller increases earlier on.

Jett stated he is concerned about losing additional revenue. He stated he favored annual reviews. He stated that just because there are building projects permitted, does not necessarily mean they will happen.

Chair Smith discussed a project that was delayed for three years in Sherman County. He stated everyone was convinced the project would happen but it did not. Looking back, increases were not implemented based on hopes that the project would come in.

Shaffer also discussed projects that have not come to fruition which were thought to be "a done deal." He stated he could understand why BC increases were not made based on what was projected to happen. Mike Weimar stated he didn't want to make that mistake again.

Following discussion, Weathers moved to amend the schedule to only have one 20% increase. Wood seconded the motion.

A discussion of when the increase should take affect was discussed. Runyon stated a review of the increase should occur in March - April during the budget cycle. He stated he still favored a 10% increase. Arens stated he believed consideration should be given to contractors to give them 30 to 60 days notice of the increase. He commented that each increase will take approximately 3 to 6 months to implement if not stated in the resolution up front.

Following discussion, Weathers amended his motion for a 20% increase to take effect January 1, 2014. Wood seconded the amended motion.

Following discussion, the question was called and the motion to amend Resolution No. 12-24 with a single increase of 20%, effective January 1, 2014, passed by the following vote:

AYE: Mike Weimer, Carolyn Wood, Ed Weathers, Steve Shaffer, Michael Smith, Les Perkins (via telephone), McCoy, (7).

NAY: Jett, Kramer, Runyon, Perry, (4)

Chair Smith stated there is still a motion on the floor for approval of Resolution 12-24 as amended with a single 20% increase, effective January 1, 2014.

Discussion:

Chris Perry discussed the graphs presented at the last meeting which showed cost increases 2 years in a row in the same amount. He asked if those increases could be identified and what triggered them.

Runyon stated he was not in favor of a 20% increase and would be voting against the resolution.

Following discussion the question was called and the motion to approve Resolution No. 12-24 as amended passed by the following vote:

AYE: Weimer, Shaffer, Wood, Weathers, Perkins, Smith, Jett, McCoy, (8)

NAY: Runyon, Kramer, Perry (3)

A discussion between Will Carey and Wayne Lease ensued regarding the interfund loans from the Building Codes Reserve Fund. Carey confirmed the loans are for 10 years, not 26 years. Carey invited Lease to speak with the MCCOG fiscal officer to clarify any concerns he has.

Lease requested to be notified when the State Building Codes would receive MCCOG's notification of the fee increases. He stated he is allowed to send a letter with 10 signatures to the State Building Codes within 60 days of the filing. He stated he wanted to meet that time-frame.

Runyon further clarified that the loans are amortized over 30 years to keep the payments low. He also confirmed the loans are payable in full within 10 years.

V. REPORTS

A. Cancellation of Grant County Intergovernmental Agreement for Inspection Services.

Arens entered for the record a memorandum to the Board of Directors, dated October 1, 2013. The memorandum states MCCOG's Building Codes Inspector, stationed in Grant County, will retire on November 30, 2013. This employee provides inspection services to Grant County through Intergovernmental Agreement with MCCOG. The position will not be filled due to financial constraints. Therefore, the agreement with Grant County will be canceled. Inspection services in Wheeler County will be done one day per week, as necessary by current Building Codes staff.

There was further discussion regarding inspection services to the frontier counties.

B. Building Codes Advisory Committee

Arens discussed the formation of an Advisory Committee for Building Codes to assist in discussions with the State on adjustments to building codes and other topics of interest to the program. Interested persons are asked to contact MCCOG Building Codes staff.

C. Area Agency on Aging Report

The report will be delayed to the next regular meeting of the Board.

VI. EXECUTIVE SESSION – ORS 192.660 (2) (e)

The Board did not meet in Executive Session.

VII. ADJOURN

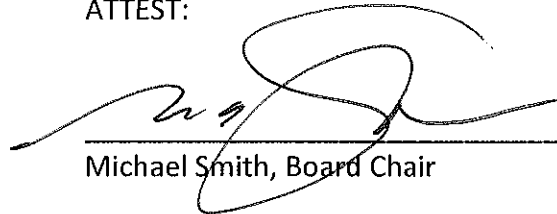
There being no further business to come before the MCCOG Board of Directors, the meeting was adjourned at 7:20 p.m.

Respectfully submitted by:

ATTEST:



Tine Meriwether, Executive Assistant



Michael Smith, Board Chair