

**WASCO COUNTY BOARD OF COMMISSIONERS**  
**WORK SESSION / AGENDA WEDNESDAY, DECEMBER 8, 2016**  
**LOCATION: Wasco County Courthouse, Deschutes Room #302 – Courthouse Basement**  
**511 Washington Street, The Dalles, OR 97058**

**Work Session:** Work Sessions are intended to provide opportunities for Commissioners to study difficult issues, gather and analyze information and clarify problems. This is a posted public meeting.

**NOTE:** With the exception of Public Hearings, the Agenda is subject to last minute changes; times are approximate – please arrive early. **Meetings are ADA accessible.** For special accommodations please contact the Commission Office in advance, (541) 506-2520. TDD 1-800-735-2900. If you require an interpreter, please contact the Commission Office at least 7 days in advance. **Las reuniones son ADA accesibles.** Por tipo de alojamiento especiales, por favor póngase en contacto con la Oficina de la Comisión de antemano, (541) 506-2520. TDD 1-800-735-2900.

Si necesita un intérprete por favor, póngase en contacto con la Oficina de la Comisión por lo menos siete días de antelación.

Approximately 11 a.m.

**CALL TO ORDER**

11:00 a.m.      [NORCOR Funding](#)– Molly Rogers

**COMMISSION CALL**  
**NEW/OLD BUSINESS**  
**ADJOURN**

If necessary, an Executive Session may be held in accordance with: ORS 192.660(2)(a) – Employment of Public Officers, Employees & Agents, ORS 192.660(2)(b) – Discipline of Public Officers & Employees, ORS 192.660(2)(d) – Labor Negotiator Consultations, ORS 192.660(2)(e) – Real Property Transactions, ORS 192.660(2)(f) To consider information or records that are exempt by law from public inspection, ORS 192.660(2)(g) – Trade Negotiations, ORS 192.660(2)(h) - Conferring with Legal Counsel regarding litigation, ORS 192.660(2)(i) – Performance Evaluations of Public Officers & Employees, ORS 192.660(2)(j) – Public Investments, ORS 192.660(2)(m) –Security Programs, ORS 192.660(2)(n) – Labor Negotiations



WASCO COUNTY BOARD OF COMMISSIONERS  
WORK SESSION – NORCOR FUNDING  
DECEMBER 8, 2016

PRESENT: Steve Kramer, County Commissioner  
Rod Runyon, Commission Chair

STAFF: Tyler Stone, Administrative Officer  
Kathy White, Executive Assistant

ABSENT: Scott Hege, County Commissioner

At 11:09 a.m. Chair Runyon opened a Work Session of the Board of Commissioners and asked Youth Services Director Molly Rogers to present. Ms. Rogers reviewed the memo included in the work session packet. She said that over the past 18 months the NORCOR Board has focused on creating consistency to foundational funding. The facility was opened in 1997 with a 50/40/5/5 percentage funding formula with the four member counties, Wasco, Hood River, Sherman and Gilliam, contributing an assigned portion of the funds. She stated that the formula has been challenging for counties. Mr. Stone noted that sometimes the formula was applied to the number of beds and sometimes to the costs.

Ms. Rogers went on to say that Sherman and Gilliam County, both with much smaller populations than Wasco and Hood River Counties, struggled for a number of years but when wind energy came to their counties with the associated tax revenue, it alleviated the stress on their budgets. Wasco County struggled with it in the early 2000's when a new formula was applied and mediators were brought in to help find a solution. At that time there was a discussion around the possibility of a taxing district. Doug Gough, who had written the NORCOR construction bond, outlined three options: a permanent

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taxing district, a renewable tax levy or a one-time bond; the NORCOR Board focused on the permanent taxing district. She explained that the construction bond could not be used for operational costs and was retired this year. She added that the taxing district, if passed by the district voters, would automatically include all four counties while a levy could be passed either by the district or by individual counties.

Ms. Rogers explained that in recent history Wasco County has paid between \$1.8 and \$2.5 million annually to fund NORCOR. The cost of the construction bond to tax payers has been 26¢ per \$1,000 of assessed value and that is what is being proposed as the taxing rate. It is a good time to go out for the district as people are already used to seeing that on their tax bill; based on the median value of homes in Wasco County, the average property owner would pay about \$80 per year. Because of the way NORCOR was established as a government corrections entity, the vote would be district wide – it could be defeated in one or two of the counties and still pass for the district, in which case the tax would be imposed in all four counties.

Ms. Rogers continued by saying that the NORCOR Board asked for a cost/benefit analysis and feedback from the four member counties. She stated that the benefits and costs are:

#### Benefits

- The construction bond matured this property tax year – so timing would not create a perception of a “new” tax.
- Creates a permanent tax base for NORCOR to provide a minimum level of funding,
- Minimal fiscal impact to citizens,
- Affirms ongoing support and commitment to the NORCOR regional jail and detention facility,
- Assist with consistency during local county economic changes or fiscal constraints,
- Codifies the funding formula using the 50/40/5/5,
- Provides regional commitment to public safety, and
- Decreases county general fund obligations to allow more funding discretion.

#### Costs

- Property taxes of any amount have an impact on property owners,
- Each of the four counties would have to pass the measure independently to impose taxes on the respective constituents,
- Increases in permanent taxes may impact development within the region,
- Counties are already responsible for the funding of NORCOR,
- Potential implications to other taxing levies or districts through compression,
- Percentage ratio of taxes are not distributed equally based on the 50/40/5/5 formula.

Ms. Rogers explained that while we are not under compression this year, it can be a factor and is experienced differently in the smaller counties than in the larger counties. One of the questions that has been raised is that if the smaller counties raise more money through the tax than they are required to pay in the formula, will the excess go to the NORCOR general fund or can it be set aside for future years to offset a shortfall. Another issue is how counties respond to making compressed districts whole as when compression happens, it will not impact the corrections district first. It would be up to individual counties to determine how they would respond to the compression issues.

Mr. Stone said that the challenge for Gilliam County is that it could reduce their contribution to zero and the taxing district will create a situation in which they will be contributing more than their required percentage. He said it would be a good idea to evaluate the funding formula in conjunction with the taxing district; one idea is to look at a per capita contribution rather than a straight percentage.

Mr. Stone said that Commissioner Hege had asked that his position be shared with the group; his general feeling is that we need to take it out to the voters even if it is just a partial solution for a mechanism to make NORCOR stable going forward.

Ms. Rogers reported that Sherman County's response was that they feel NORCOR is essential and while they are not excited about a new tax, they will support it if that will help Wasco and Hood River Counties to stabilize NORCOR.

Discussion ensued regarding the compression issue and population formula. Ms. Rogers stated that she did not think Sherman and Gilliam Counties would support the per capita formula as they are already significantly less than 5% of the bodies housed in NORCOR but pay 5% of the cost.

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Finance Director Mike Middleton outlined some impacts of the taxing district to taxpayers and the county budgets. He said that what we would be asking is to make a temporary tax a permanent one which would increase their tax burden but would free up some of the general fund dollars to be applied elsewhere in the budget. In addition, for Wasco County in particular, NORCOR creates jobs.

Ms. Rogers noted that we are only filling 120 of the 212 beds at NORCOR; the assessed value will not even cover personnel costs for the facility - it will just offset some of the general fund burden. The cost of running NORCOR is about \$7 million; the tax would cover approximately 25% of Wasco County's funding requirement under the current formula.

Chair Runyon asked about the possibility of a levy. Ms. Rogers replied that every county has that option whether or not there is a taxing district. She noted that Hood River is already considering that. Mr. Stone said that we might consider a public safety tax levy which would give us flexibility for those funds to be used not only for NORCOR but for other public safety programs. Commissioner Kramer commented that they have that in Deschutes County.

Ms. Rogers stated that this will be presented to NORCOR next Thursday and again in January at which time they will have to make a decision in order to get it on the ballot for May. Mr. Stone suggested that they might want to consider going out for more than 26¢ per \$1,000. In any case, right now there needs to be some sense of what Wasco County wants to do so that information can be brought to the NORCOR Board.

Mr. Stone was called away and returned to report that heavy snowfall has created hazardous road conditions; he stated that it is continuing to snow and will likely get worse. He asked if the Board wanted to consider shutting County offices with the exception of essential personnel.

Commissioner Kramer stated that reports predict 9" of snowfall. He said that his priority concern is the safety of staff, especially those who have to travel outside of The Dalles to get home. Mr. Stone agreed.

**{{{Commissioner Kramer moved to close all County offices except for essential personnel in response to the inclement weather and hazardous road conditions.**

**Chair Runyon seconded the motion which passed unanimously.}}**

Commissioner Kramer said that he would like to see more numbers for the impact to Wasco County. Chair Runyon stated that he thinks we need to do something but would like to see it be in unison with partner counties. He said that he expects each county will take a position at the next NORCOR meeting; Hood River may decide to do their own thing. Ms. Rogers commented that they may see the taxing district as a first step to stabilize funding. She said that she anticipates coming back before the County Boards with what the NORCOR Board decides.

Commissioner Kramer said that he is inclined to echo Commissioner Hege's sentiments with the understanding that he would like more detailed information.

Ms. Rogers said that what she will carry forward to the NORCOR Board as Wasco County's position is that the taxing will provide foundational funding for NORCOR and while it is not what we want, something has to be done to maintain the facility; we want to revisit the formula as a second part of the discussion. Mr. Stone noted that NORCOR is the single biggest expense for the County and he wants to be able to move forward in unison. Commissioner Kramer stated that he wants to make sure we are maintaining public safety.

Mr. Stone asked Mr. Middleton to provide some models on funding before this comes back to the Board.

#### **Department Reports - Planning**

Planning Director Angie Brewer said that the Gorge Commission has announced the launch of their management plan update process; their Director will be before the Board on December 21<sup>st</sup> to talk about that. Ms. Brewer expressed her concern that the process for soliciting feedback from stakeholders is not comprehensive and the ambitious timeline will not allow thoughtful response. She stated that it is important to have a unified message and she has taken it upon herself to begin gathering feedback. She said that it is worth considering expanding that to all six counties to be clear with the message. She asked that the Board contact her with any entities they believe might want a voice in the process. She also asked that they communicate to her with specifics on how they might want that information returned to the Board.

Chair Runyon replied that he might be better able to identify stakeholders if he more

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clearly understood some of the issues Ms. Brewer would anticipate. Commissioner Kramer stated that the cities of The Dalles and Mosier would need to be heard. Ms. Brewer responded that she is already working with the planning directors for both cities.

Ms. Brewer pointed out that the Gorge Commission is statutorily required to update their plan every ten years. She stated that she is trying to provide a service to the region which will also have benefits to the Gorge Commission as they move through their process. She added that redundancy will not hurt as we will be competing with voices outside of our region due to the national resource status of the area. She said that this is an amazing opportunity.

Commissioner Kramer stated that as far as information coming back to the Board, he thinks summaries will be good. Mr. Stone noted that it may be important for the Board to carry some of this messaging and that will come to them at the appropriate time.

Chair Runyon added that the Commissioners can also offer support and attend meetings when it would be beneficial. Commissioner Kramer concurred, saying that they will be there to support whenever needed.

Further discussion ensued regarding a recent radio interview in which a citizen questioned treaty rights regarding access for traditional uses of land and their ability to cross through private property in order to gain that access. Ms. Brewer stated that there is more to this issue than she knows but it is her understanding that the tribes have the right to cross in any area in order to access land for any usual, traditional, religious or cultural practice uses. She said that it is very complicated in our area as we have multiple sovereign nations occupying the same space. She noted that if the Union Pacific Railroad application decision is appealed to the Gorge Commission, this aspect may be tested.

Commissioner Kramer thanked Chair Runyon for the time to hold the work session saying that he found it very useful.

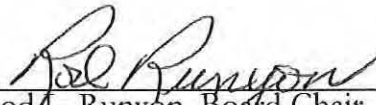
Chair Runyon closed the session at 12:45 p.m.

**Summary of Actions**

**Motions Passed**

- To close all County offices except for essential personnel in response to the inclement weather and hazardous road conditions.

Wasco County  
Board of Commissioners

  
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Rod L. Runyon, Board Chair

  
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Scott C. Hege, County Commissioner

  
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Steven D. Kramer, County Commissioner



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**MEMORANDUM**

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**TO:** BOARD OF COUNTY COMMISSIONERS  
**FROM:** KATHY WHITE  
**SUBJECT:** FUNDING WORK SESSION  
**DATE:** 12/2/2016

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BACKGROUND INFORMATION

Wasco County Juvenile Director Molly Rogers has been working with others to find a resolution to NORCOR funding challenges and will be available at the work session to walk the Board through the history and process behind the analysis.

## Overview

In 1997 the counties of Gilliam, Hood River, Sherman and Wasco County came together and through a legal definition developed the Intergovernmental Entity, Northern Oregon Corrections (NORCOR). The overarching mission of NORCOR is to meet the inherent social responsibilities of public safety, accountability, and reformation by providing the communities of Gilliam, Hood River, Sherman, and Wasco counties with the physical facilities to incarcerate convicted offenders of any age, in an effective and cost efficient manner.

The funding model for the initial construction of the NORCOR complex necessitated a special election in all four counties, with the passage of the bonding authority requiring a majority vote of constituents in each of the counties. The ballot question was: Shall NORCOR issue general obligation bonds to finance capital construction and capital improvements of regional jail facilities? If the bonds were approved, they would payable from taxes on property or property ownership that were not subject to the limits of Section 11b. Article XI of the Oregon Constitution. The summary of the question was that if the measure were approved, it would provide funds to build a regional jail and juvenile detention facility consisting of an estimated 150-bed adult jail and 24-bed juvenile detention facility serving Gilliam, Hood River, Sherman and Wasco counties. The approximate percentages of bond proceeds were articulated stating bonds would not exceed \$13,200,000 and would mature in 20 years or less. As we know, the bond passed in all four counties.

The final payment of the bonds occurred during the 2016-2017 fiscal year and will come off of the property tax statements in 2017. The cost obligation of the bonds was completed prior to the 20<sup>th</sup> year, and NORCOR refinanced the balance of the bonds in 2006 to reduce the overall obligation voted on by tax payers in 1997. The bond payment was calculated by NORCOR each year based on the amortization schedule and applied to the regional total assessed value. The average over the past five years is somewhere between .245 cents and .275 cents per thousand of assessed value. This value is consistently applied across all of the counties, and the actual computation involves each of the counties assessment and tax offices.

The actual collection of tax receipts is based on the overall assessed property values. These changes in values then impact the overall percentages across the four county region. Examples of impact on assessed value include the wind energy industry, development of industrial areas, and new construction. Over the past five years Wasco county and Hood River counties have experienced increasing assessed values. These changes are then reflected in the overall percentage of taxed income generated from within each of the four counties.

The current percentage splits are: Gilliam – 14.634%, Hood River – 41.591%, Sherman – 8.691%, and Wasco – 42.188%. These percentages are not in alignment with the current funding formula for NORCOR which articulates the split to be Gilliam 5%, Hood River 40%, Sherman 5%, and Wasco 50% of the required total operating expenses of NORCOR. As part of the tax measure the actual dollar amount collected from each of the counties would then offset that County's obligation to the funding of NORCOR.

Throughout the twenty years that NORCOR has been in operation, there have been unfortunate fiscal realities that have impacted each County's ability to pay. When these financial circumstances negatively impacted the general operating funds of a participating County, the results for NORCOR have been cuts in staff and programs, insecurity of operation, and changes in public safety policies. NORCOR is a unique Intergovernmental model that binds the counties together in a manner that is unprecedented in most county public safety systems; models because the operation of a jail and detention center are core responsibilities of the counties, but in this case funding decisions are made outside of the each individual county budget process.

### **Task**

The Board directed a sub-group to draft a feasibility paper for a permanent tax rate covering the NORCOR region. Documents provided by Wasco and Sherman counties were reviewed and a discussion of potential benefits and costs of a ballot measure for a permanent tax rate were discussed.

The following statements came about as a result:

#### **Benefits**

- The construction bond matured this property tax year – so timing would not create a perception of a “new” tax.
- Creates a permanent tax base for NORCOR to provide a minimum level of funding,
- Minimal fiscal impact to citizens,
- Affirms ongoing support and commitment to the NORCOR regional jail and detention facility,
- Assist with consistency during local county economic changes or fiscal constraints,
- Codifies the funding formula using the 50/40/5/5,
- Provides regional commitment to public safety, and
- Decreases county general fund obligations to allow more funding discretion.

#### **Costs**

- Property taxes of any amount have an impact on property owners,
- Each of the four counties would have to pass the measure independently to impose taxes on the respective constituents,
- Increases in permanent taxes may impact development within the region,
- Counties are already responsible for the funding of NORCOR,
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## **Analysis**

Based on information obtained through the Assessment and Tax office, using 0.26 cents/thousand as an average the following would be the impact for property owners. For every \$100,000 of assessed/taxable value the cost would be \$26.00. The median assessed values of homes as reported through an online Property Tax reporting site, Property Tax 101, range from Gilliam County at \$99,900.00 to Hood River County at \$308,000.00. Using the median values the tax payments allocated toward NORCOR would be \$26.00 to \$80.00 per year per property.

The changing economic forecasts would seem to be indicating Wasco and Hood River County property values are increasing at higher rates than Gilliam and Sherman. This trend can and probably will adjust based on future developments, but at this time it seems to be trending more to align with the current funding formula.

The next steps toward moving forward with a ballot measure would include engaging the services of a bond attorney to work with the Board on language for a Measure. This would also include gathering community input from polling, media education, and community outreach through each county's individual process. These would need to occur in January and early February to be prepared for submission to each of the election offices (County Clerks) in March in order to be included on the ballot for the May 2017 election.