

Rough roads may be ahead

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TILLAMOOK — The county's Road Department may be facing a future pitted with potholes.

Literally and figuratively, bracing for a leaner Public Works budget in the new 2007-08 fiscal year, county commissioners conferred last week in a workshop session with Public Works Director Liane Welch, some of her key staff people, County Roads Advisory Committee (CRAC) members and other county officials. The plan was to begin devising a strategy for dealing with the potential loss of some \$1.8 million annually in federal forest Safety Net revenues, which represents about 40 percent of the department's budget.

In preparation, the Public Works Department will be drawing up alternate budgets for the upcoming fiscal year. Basically, one would assume Safety Net funding and the other one wouldn't — sort of a Plan A and Plan B.

In addition, the department will be working out a couple of long-term budget scenarios that will include seeking ideas from county residents

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on what services they believe are essential, as well as comments on development of long-term funding methods to pay for these services.

The Safety Net legislation — called PL 106-393 — set up to provide revenues to schools and counties for road department operations, in lieu of federal timber receipts, has been renewed previously, but has now expired, with the last payments made this month.

Efforts are under way to push for its renewal, but that outcome is uncertain, and many observers believe that even if it is renewed, it would

be for a shorter term than the previous six-year span, and then be ended. A trust fund arrangement, with counties benefiting from interest on the sale of a portion of federal timberland, has been advanced recently, but the outcome of that proposal is unpredictable, as well.

As last week's County Commission workshop, participants concurred that one alternative budget for the new fiscal year would be drawn up without the Safety Net revenue, but that it would also include efficiencies, including a two-phase reduction in department staff. Another budget option would include both Safety Net revenue and efficiencies, again with a two-phased staff reduction.

Public Works' staffing level was at 50 in 1980, Welch said, at 42 in 1996, and is now at 31, with four vacant staff positions.

A long-term alternative budget scenario would include an assumption of no Safety Net revenue, with efficiencies and revenue enhancements sufficient to achieve an ideal roads maintenance level, or what is called a Pavement Condition Index (PCI), over a specified period of time.

A PCI of 80-plus is considered "good," according to Welch, who explained that 100 PCI is "excellent," up to 65 PCI is "fair," and up to 25 is "very poor." She estimated the county roads' PSI at 51, but said it may actually be lower than that.

Another long-term budget strategy would assume Safety Net revenue — or something comparable — with efficiencies and revenue enhancements.

The long-term approaches would be developed with the involvement of the community, county employees and the county's Economic Development Council, as well as the county treasurer, Personnel Office and the CRAC.

Funding Ideas

As for the so-called revenue enhancements, these are undetermined, but the county will be seeking information and ideas from entities that have recently been successful in passing levies.

Welch and Commissioner Tim Josi will confer with Neah-Kah-Nie School District Superintendent Jay Kosik about the professional consultant used by the district in passing its Middle School construction levy.

Bob Willhite, interim Public Works operations superintendent, will speak with the Polk County Roads Department about how it successfully gained voter support for its road projects levy.

A Tillamook County roads property tax levy failed by a 2-1 margin in 1999.

Based on the outcome of these conversations, a management team comprised of Josi, Welch, County Treasurer Karen Dye, County Personnel Director Craig Schwink, county Management Analyst Paul Levesque and CRAC Chair Curt Schonbrod, will meet to come up with a proposed course of action, then report back to the full Board of County Commissioners.

Commission Chair Mark Labhart stressed at the workshop that no decisions had been made, but that the session had been just for the purpose of exploring the county's options.

He suggested a few options for funding, saying, "I think we need a concerted effort to ask the citizens: Are they satisfied with the roads now? If not, what would they recommend to improve our county roads?"

Among efficiency options that should be discussed, he said, are not only staffing reductions, but also whether some department work could be contracted out to private operators, and whether some paved roads could revert to a gravel surface.

Labhart's other proposals for discussion included:

- A bond for specific paving projects, such as was accomplished in Polk Coun-

ty.

- An impact fee for all new residential and commercial construction in the county, with the proceeds to be used for paving projects.
- A system development charge which, by law, can only be used for new capital projects.
- A county-wide gas tax, used for specific county-wide paving projects.
- An aggregate fee, similar to one in effect in Columbia County.
- A second-home rental fee, with some of the proceeds used for road improvements.

Commissioner Charles Hurliman has pointed out that state gas tax revenues are distributed according to primary residential numbers. Many homes in the county are second homes, so the county doesn't reap the benefits of those numbers. He sees a need for a new gas tax distribution formula.

- Further efforts to secure additional state revenues for paving projects on roads heavily used for hauling state forestland timber. In agreement with the state Department of Forestry has resulted in an ongoing paving program on the county's Trask River Road, heavily used by trucks hauling logs from state forestlands.

- A county-wide transient room tax, with proceeds dedicated for maintenance and improvement of county roads.

- A combination of funding options, along with further Public Works Department efficiencies.

An impact perspective

Josi offered a soundbite-sized perspective on a series of events that led to the funding crisis, last Wednesday evening at the commissioners meeting in Pacific City. The sunset of Safety Net funding, he said, has a significant impact on two-thirds of Oregon's counties, with an annual \$256 million impact on county road departments and a \$62 million impact on schools in the state.

"We're in the disaster category," Josi said. "But there are counties far worse off than we are." He said Coos County is faced with the prospect of laying off one-fourth of its employees, and Curry County "will lose 70 percent of their overall funding for its general fund," putting its viability as a county at risk. The impact is less severe in Portland Metro Area counties, he said.

"This (federal forest revenue) goes back to 1908," Josi explained, "when legislation was passed recognizing that when the federal government took forest land from the counties and created federal forestlands (Bureau of Land Management lands, for example), they took away from us an economic base." So the federal government developed a revenue-sharing formula where the counties would receive a percentage of the revenue from timber receipts. "Then when 1991 came along and the spotted owl was listed (as endangered) and logging on federal lands was curtailed, a number of counties took a nosedive."

With that, he said, "Congress recognized they had to

deal with us, and they passed Safety Net legislation that paid us from the U.S. Treasury in lieu of timber receipts that we would have received. It had a six-year sunset on it. They've actually done that twice now, so it's been 12 years."

With the uncertainty of further federal funding, he said,

the county is "going to put together a (Road Department funding) package and come to you folks (for discussion). We'll all have to pay for our roads. We're already losing our investment (in county roads)." In addition, he noted, "we're already underfunded because the (state) gas tax has not been raised since 1991."