

TO: Board of County Commissioners

FROM: Gary Schmidt, Jared Anderson and Chris Lyons
Public and Government Affairs

DATE: January 16, 2013

RE: 2013 Legislative Agenda Planning Meeting

Today, the Board of County Commissioners will meet with County elected officials, department directors and the government affairs team to discuss and prioritize the County's 2013 federal and state legislative agendas. The meeting agenda and draft legislative agendas are attached.

PLANNING MEETING

Each department was asked to submit a list of federal and state policy and funding priorities and why these priorities are important to Clackamas County. A summary of those priorities is in the attached draft legislative agendas.

The planning session will include focused discussions by department in order to identify and narrow the County's legislative priorities for the 2013 calendar year. After the Board provides direction, the government affairs team will focus the agendas and present the final agendas for approval at a Board study session on January 22.

STATE AGENDA

The 2013 Oregon legislative session will focus primarily on PERS reform, funding for the Columbia River Crossing, improving education funding, public safety reform and growing jobs and the economy. Clackamas County does not have any major legislative initiatives for this session and will rather focus primarily on maintaining State/County shared revenue agreements and program funding to various county programs and services, including public safety; health, housing and human services; economic development and transportation. Other priorities will be identified at this planning session.

Oregon's revenue forecast remains slow and steady. The outlook for the 2013-2015 biennium calls for modest improvement in revenue growth. State revenue collections will likely fail to keep pace with the growth cost of providing public services. Tax revenue growth is expected to remain slow.

FEDERAL AGENDA

Clackamas County's 2012 federal agenda focused primarily on protecting federal funding for key county programs and services (public safety; health, housing and human services; juvenile services; emergency management and communications), extending county timber payments, and finalizing funding for the Sunrise System.

The first months of the 113th session of Congress will be spent addressing the national debt, spending cuts, entitlement reform and government funding. If agreements can't be reached, the federal deficit will be automatically reduced resulting in major federal budget cuts. This could reduce federal funds to state and County programs.

Appropriation requests were discontinued in 2010. Members of Congress can no longer bring federal funds to specific County programs as in past years. However, it appears that late 2013 will potentially bring back appropriation requests.

Oregon is finally reaping the rewards of seniority in the Congressional delegation. Senator Merkley is on the Appropriations Committee and Senator Wyden is Chair of the Energy and Natural Resources Committee. Congressman Blumenauer is on the Budget and Ways and Means Committees and Congressman Schrader is on the Budget and Agriculture Committees. These are important positions to support the County's future legislative agendas.

NEXT STEPS

The County's legislative agendas serve as a blueprint to protect, maintain and enhance County funding and policy priorities at the state and federal legislatures. However, this is not the final word on the County's legislative priorities. Issues will arise during and throughout the legislative sessions. As those issues arise, the Board of Commissioners will be asked to comment and determine support or opposition to developing legislation.

The Board will approve the final state and federal legislative agendas at a study session on January 22. The state legislative agenda will be shared at the County's annual legislative appreciation dinner on January 31. The Oregon legislative session begins on February 4.

The federal legislative agenda will be promoted during the County's annual visit to Washington, D.C. the week of March 4-8, where visits will be made to Oregon's congressional delegation and key federal agencies.

**CLACKAMAS COUNTY 2013 LEGISLATIVE AGENDA
PLANNING MEETING**

January 16, 2013, 9:00 a.m. – 11:30 a.m.
Public Services Building, Commission Hearing Room

AGENDA

Overview of Federal and State affairs

Goals of the planning meeting

Review of draft State Legislative Agenda (by Department)

- Finance
- Business and Community Services
- Health, Housing and Human Services
- Law Libraries
- Community Corrections
- Juvenile
- C-COM
- Transportation and Development
- Miscellaneous

Review of draft Federal Legislative Agenda (by Department)

- Finance
- Business and Community Services
- Health, Housing and Human Services
- Transportation and Development
- Juvenile
- Emergency Management
- Miscellaneous

Comments by Elected Officials

- Assessor, Clerk, District Attorney, Justice Court, Sheriff, Treasurer

Commissioner observations, comments and direction

Next Steps

Adjourn

**2013 STATE LEGISLATIVE AGENDA:
DRAFT PRIORITIES FOR BOARD CONSIDERATION**

COUNTY FINANCE

Financial Sustainability

Objective: Monitor and influence proposed legislation to ensure adequate and stable funding of County programs and services.

Issue: Oregon counties provide a wide range of services to their residents in a variety of areas, including health and human services, public safety, natural resources and recreation, transportation, land use and economic development. Many of these services are provided on behalf of the State of Oregon and rely upon state funding for their continued existence. Clackamas County will advocate for stable funding of these programs and services.

State/County Shared Revenue Agreements

Objective: Preserve State/County shared revenue agreements to ensure adequate and stable funding of programs and services.

Issue: Along with other Oregon counties, Clackamas County agreed to relinquish its right to establish a number of taxes or fees in exchange for a share of state revenue to fund front line services. State/County shared revenue agreements exist for cigarette, beer and wine taxes, liquor receipts, video lottery revenue, gas tax and motor vehicle fees and recreational vehicle fees. Monies received by counties under these agreements fund economic development programs, County park and recreation areas and essential front line services, including Sheriff's patrols, jails and health services. Clackamas County will work to ensure that these commitments are fully honored.

Local Control & Preemption

Objective: Oppose efforts to restrict local government authority and preempt local tax and fee sources.

Issue: Local control allows counties to design, fund, and implement programs based on locally determined needs and priorities. By bringing the delivery system for state programs to the County level, local government is able to respond to the unique needs of their communities. Clackamas County supports local control over the design and funding of these programs and opposes efforts to preempt local fee and taxing authority.

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Public Employee Retirement System (PERS) Reform

Recommendation: Support reforms to increase the stability and sustainability of the PERS system while maintaining a healthy retirement benefit for public employees.

Objective: Reforms to address the PERS system's \$16 billion unfunded liability will take center stage during the 2013 state legislative session. Barring legislative reform, Clackamas County's PERS contributions are estimated to increase by 3.67% of payroll, or over \$4.4 million, in Fiscal Year 2013.

Governor Kitzhaber has singled out a pair of proposed reforms in his proposed budget. The first would end the practice of offsetting Oregon income taxes for retirees who live out of state and do not pay Oregon income taxes. The second would limit annual cost of living increases to the first \$24,000 of PERS benefits. Taken together, these changes would save an estimated \$800 million over the biennium, which is money that would remain available to state and local governments to support public services.

BUSINESS & COMMUNITY SERVICES

Industrial Site Readiness & Infrastructure Capacity

Objective: Support state financing and incentive programs to assist local governments in making industrial sites market-ready.

Issue: Recent studies have identified relatively few industrial sites in the Portland metropolitan area that are shovel-ready for development, limiting opportunities for job creation and economic growth. Sites may require capital investments for transportation, sewer and water infrastructure, brownfield cleanup, wetland mitigation and site aggregation. Financing such site preparation work can be a significant hurdle for local governments.

The Senate Business, Transportation and Economic Development Committee has introduced two industrial site readiness bills to address the lack of market-ready industrial sites. The first would provide grants for industrial land due diligence and industrial site inventories. The second would provide loans for industrial site preparation, a portion of which would be forgiven based on successful development.

The Oregon Economic Development Association and Oregon Business Plan have formally endorsed these bills. Clackamas County Business & Economic Development also supports efforts to develop available market-ready employment land. Having an inventory of such land in Clackamas County will make the County more competitive in retaining and recruiting traded-sector businesses.

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Objective: Support economic development funding requests from the Oregon Business Development Department (OBDD) that provide critical infrastructure funding for industrial development.

Issue: Adequate infrastructure for industrial sites is a critical component to the economic vitality of cities and local economic regions. OBDD has requested funding for the following initiatives that will leverage funding and infrastructure investments for Oregon companies and entrepreneurs:

- **\$10 million** to recapitalize the *Brownfield Revolving Loan Redevelopment Fund*, which provides loan funding for gap financing that commercial lenders are unable to provide to clean up industrial sites;
- **\$25 million** within the Special Public Works Fund (SPWF) to institute the *Patient Capital for Industrial Lands Infrastructure Pilot Program*, which would provide funding to install infrastructure and necessary feasibility studies needed to make industrial sites “shovel” ready for development; and
- **\$15 million** within the SPWF to institute the *Employment Site Re-Use/Redevelopment Pilot Program*, which would assist communities with funding incentives to reuse or redevelop existing industrial lands. Funding could be used to address a variety of barriers to utilizing existing industrial land within a city’s urban growth boundary, including building inadequate infrastructure, addressing environmental contamination and dealing with fractured parcel ownerships or pressure to convert to non-industrial uses.

Recreational Vehicle (RV) License Fees & County Parks

Objective: Support legislation to achieve a more equitable distribution of RV license revenue between counties and the state.

Issue: The Oregon Parks and Recreation Department (OPRD) and counties share recreational vehicle licensing revenues for the purposes of acquiring, operating and maintaining parks. Since 2007, the split has been 35 percent to counties and 65 percent to the state. In 2015, this split will revert to the original distribution formula of 30 percent to counties and 70 percent to the state.

The Association of Oregon Counties and the Oregon Parks Association are proposing a 50-50 split in RV fee revenue between the state and counties. Counties provide nearly half of Oregon’s campsites and face an overwhelming backlog of deferred maintenance. For example, a recent study identified over \$4.8 million in deferred maintenance for Clackamas County parks. In contrast, the Oregon Parks & Recreation Department receives dedicated lottery funds in addition to RV fee revenue. This has allowed it to eliminate 76 percent of its maintenance backlog since 1999.

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Clackamas County currently receives \$353,131 annually in RV fees. Based on today's dollars, that amount would be reduced to \$302,410 (a decrease of \$50,721) in 2015 under the proposed reverted formula... If the proposed 50-50 split passes, Clackamas County's RV fee revenue would rise to \$504,790 (an increase of \$151,659).

HEALTH, HOUSING & HUMAN SERVICES (H3S)

Health Care Transformation

Objective: Support the continued implementation of Coordinated Care Organizations (CCOs) as a means to limit sharply rising health care costs and promote access to care for all Oregonians. Maintain or strengthen counties' role in CCO governance and in their ability to administer and oversee the delivery of mental health, addictions and public health services.

Issue: Clackamas County has been closely involved with County partners in the development of the CCO's in the Portland metro-region. Because health care is local and given the County's statutorily-required roles as a Local Mental Health Authority and Local Public Health Authority it's important that the County remain actively involved in governance and service delivery. More than 25,000 Clackamas County residents receive Medicaid benefits. The County serves thousands of these individuals in its clinics and through contractors. As the administrator of mental health benefits, Clackamas County receives \$13 million in annual capitation payments to administer the mental health benefit for Oregon Health Plan members within the County.

Funding for Health Care and Related Services

Objective: Maintain current state/federal funding for health care services.

Issue: The majority of H3S' budget is funded with a combination of state and federal funds. While funding over the past several years has not kept pace with demand, the Governor's budget at least maintains and/or invests new funds in many of our programs. Approximately 26,000 County residents are uninsured and have income of less than 200% of the federal poverty level and they could be eligible for these benefits. Support of this budget will enable County programs to continue at current levels and, in some cases, provide additional prevention and treatment services to individuals and families.

Junction City Hospital

Objective: Oppose the construction of a second state psychiatric hospital in Junction City and direct the project's budget toward effective community-based treatment, including local residential and adult foster care for individuals with behavioral health challenges.

Issue: The County's Mental Health and Addictions Committee sent a letter to the Board of Commissioners asking them to oppose building a second state hospital in Junction City and instead use those funds to increase local residential and foster care service for individuals with behavioral health challenges. H3S agrees with this position.

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Early Learning Council (ELC) & Youth Development Council (YDC)

Objective: Support legislation that ensures a smooth transition of services from local commissions on children and families to the ELC and YDC:

- Secure a role for Counties in developing local service delivery systems and continuing proven programs for youth and their families; and
- Ensure continuity of programs and services by extending funding for local commissions on children and families from June 30, 2013 to January 1, 2014 or until local Accountability Hubs are fully implemented.

Issue: H3S is seeking legislation that supports a smooth transition to the new 0-6 year-old system (ELC) and adequate funding of the new 6-20 year-old system (YDC) to fund youth services. The Clackamas County Commission on Children and Families receives \$1.7 million per year for local nonprofits serving over 3,000 high-need families. There is a 6 month gap between elimination of commission programs and start-up for the new ELC Hubs. Specific programs to be eliminated by June 30, 2013 include school-based PreventNet programs that provide school supports to 1,125 students. Services that may be served by the Accountability Hub by January 2014 include Healthy Start and Relief Nursery.

Affordable Housing & Support Services

Objective: Support efforts to create and preserve affordable housing and support services for moderate, low and very-low income residents and those experiencing homelessness:

- Increase funding to the State Homeless Assistance Program (SHAP) and the Emergency Housing Account (EHA);
- Increase veterans' housing funding to meet increases in the number of homeless veterans in Clackamas County;
- Support funding for Oregon Project Independence (OPI) to help keep seniors in their homes and avoid unnecessary or premature placement in higher cost care settings;
- Support effort to prohibit discrimination of Housing Choice Vouchers (Section 8) in the private rental market by providing market-based incentives and securities for landlords;
- Support reauthorization of the Farmworker Housing Tax Credit (FHTC) program.

Issue – Emergency Housing Account (EHA): The state general fund provides funding for the EHA and State Homeless Assistance Program (SHAP). In Clackamas County, these dollars support three emergency shelters serving families, youth and survivors of domestic violence. In FY 11-12, 6,454 bed nights were funded through EHA and SHAP. A bednight is defined as one night of shelter for one individual.

EHA also provides critical local match dollars to a number of federally-funded homeless programs operated by Social Services. These programs provide support for homeless individuals and families for up to one year and include comprehensive case management services. 42 households benefited from these programs in FY 11/12.

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Issue – Homeless Veterans: Currently there is no state housing program dedicated to serving homeless veterans. While exact numbers are impossible to obtain, the latest homeless count, conducted in January 2011, identified 127 homeless veterans residing in Clackamas County. More comprehensive outreach to veterans for the January 2013 homeless count may yield a more accurate number.

Issue – Oregon Project Independence (OPI): In Clackamas County, 70 frail seniors rely on Oregon Project Independence to remain safely in their homes. The program provides direct in-home care as well as case management services.

Issue – Housing Choice Voucher (Section 8) Discrimination: The Housing Choice Voucher program (formerly known as Section 8) provides assistance to families that lease units in the private rental housing market. Currently, discrimination against people renting with Section 8 vouchers is allowed in the private rental market. The program, administered by local housing authorities, can be improved by employing enhancement tools that provide local landlords greater confidence accepting a voucher renter. Examples include a statewide risk mitigation pool to cover excessive damages or for payment of rent owed after move out or eviction along with funds to assist voucher renters with move-in fees, utility hook-ups and other deposits.

Issue – Farmworker Housing Tax Credit (FHTC): The FHTC sunsets in 2013. In the past, it has been used effectively statewide to support local agribusiness developments of farm worker housing. The tax credit has been successfully used in Clackamas County to help finance three community-based and two on-farm affordable housing projects. The development of future affordable housing project for farm workers and their families would be very difficult without the leveraged financing provided by the FWHTC.

LAW LIBRARIES

County Law Libraries

Objective: Preserve high-quality law library services in Clackamas County and advocate for continued local control.

Issue: An Oregon Library Association (OLA) concept is being drafted that proposes to repeal the mandate for counties to provide law libraries and direct the State Law Library to administer a program providing free access to legal information and resources. State funding currently directed to County law libraries would instead be directed to the State Law Library to operate this program. The County-supported proposal seeks to improve the availability of legal resources in those counties that do not have staffed law libraries and offer minimal services to residents.

The OLA proposal would improve services for some counties at the expense of others with more robust programs. Clackamas County has a robust law library program that preserves residents’

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access to justice by providing direct staff assistance and legal resources to non-represented litigants and attorneys.

Clackamas County is actively working with the Association of Oregon Counties (AOC) and a recently formed task force to preserve a County role in providing law library services.

PUBLIC SAFETY

Community Corrections Funding

Objective: Advocate for adequate and stable funding of the Department of Corrections' Grant-in-Aid Program to Counties, which provides key funding for probation and parole services, drug/alcohol treatment, work release, community service and victim services.

Issue: Clackamas County Community Corrections experienced a \$1.16 million reduction in Grant-in-Aid Program monies during the past two fiscal years. Thirteen full-time County positions were eliminated in 2012, resulting in decreased services for clients in work release and drug and alcohol treatment programs as well as higher caseloads for parole and probation officers. Community Corrections' 34 bed residential center would have also closed but for a decision by the Board of County Commissioners to temporarily backfill its budget with County general funds. Absent that decision, an additional 7 full-time staff members and 30 percent of residential beds would have been immediately lost.

Of the six most populous counties in Oregon, Clackamas County has the lowest recidivism rate for both parole and probation, primarily due to its excellent transition services.

Juvenile Justice Funding

Objective: Advocate for maintaining state funding streams to County juvenile departments at the highest funding level possible.

Issue: The Clackamas County Juvenile Department receives three funding streams from the State: Basic and Diversion funding from the Oregon Youth Authority (OYA) and Prevention funding from the Youth Development Council (YDC). Annually, the Juvenile Department receives \$581,000 in Basic funding; \$400,000 in Diversion funding; and \$219,000 in prevention funding.

These funding streams are essential to sustaining services that are proven to reduce juvenile crime in the County.

- JCP Basic funding is essential to safely maintain higher risk youth in the community. It supports local detention, shelter care, and intensive youth supervision.

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- Diversion funding expands capacity to effectively treat and supervise youth with sex offenses and other high-risk youth in the community. It diverts youth from placement in more costly residential or Youth Correctional Facilities.
- JCP Prevention funding supports community programming for at-risk youth. These services build resiliency and divert youth from entering the juvenile justice system.

Continuing to invest in the juvenile justice system through these funds is good business and good public policy. It yields fewer victims and is an efficient use of resources. It prevents at-risk youth from entering the juvenile justice system and helps transform high-risk youth into productive citizens. Counties have demonstrated positive outcomes in their use of these funds, including a declining juvenile crime rate over the last five years.

9-1-1 Operations & Funding

Objective: Support legislation to renew the 9-1-1 excise tax.

Issue: Oregon's 9-1-1 tax was created in 1981 to help pay for call centers, dispatchers, communication equipment and other costs related to maintaining the emergency response system. The tax imposes a 75-cent monthly charge on telephone circuits (land line or wireless) capable of accessing the 9-1-1 network. The tax generates approximately \$80 million a year and is scheduled to expire in 2014. This tax is critical to the operation of the Clackamas County Department of Communications (C-COM).

Objective: Support legislation to prevent state “sweeps” of the 9-1-1 account.

Issue: State legislators have diverted 9-1-1 funds several times in recent years in order to balance the budget, resulting in a loss of over \$14 million dollars statewide in the last decade. The practice of diverting 9-1-1 funds has created negative impacts to the 9-1-1 system, including the following:

- The 9-1-1 Program has a policy of setting aside and accumulating a portion of 9-1-1 funds for investment in next generation technology (NG911). The Legislature’s “sweeping” of these funds has hindered the transition to a modern 9-1-1 system that is able to keep pace with consumer technologies and public expectations, including the emergency communication needs of those with disabilities.
- Federal law bans states that have diverted 9-1-1 fees to purposes other than 9-1-1 programs from applying for federal grants. Given recent diversions, Oregon is currently ineligible to apply for grants that could help build out the NG911 network.

Objective: Support legislation to require payment of the 9-1-1 excise tax by users of prepaid wireless devices.

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Issue: The 9-1-1 tax is to be charged to each telephone circuit (land line or wireless) capable of accessing the 9-1-1 network. However, users of prepaid wireless phones do not pay the tax currently levied on landline and traditional wireless service users. The Oregon Office of Emergency Management estimates that extending the tax to all users could generate another \$4 million a year for the statewide 9-1-1 system.

Objective: Support legislation to ensure multi-line telephone systems (MLTS) are able to pinpoint caller location.

Issue: Many large campuses and buildings employ multi-line telephone systems (MLTS) which do not have the capacity to provide specific caller location to 9-1-1 agencies. Calls from these systems will usually display the main address of the building and not the specific location of the caller. Installing upgrades to MLTS systems that support specific address and location information for each telephone station will enable 9-1-1 operators to direct first responders to the correct address, building, floor or even cubicle.

Objective: Oppose state-mandated consolidation of 9-1-1 centers and preserve local control of consolidation decisions.

Issue: Legislation may be introduced to mandate the consolidation of the 49 Public Safety Answering Points (PSAPs), or 9-1-1 centers, into 9 regional call centers. The legislation is based on an option outlined in the L.R. Kimball Report, a study commissioned by the legislature. PSAPs are consolidating on their own as efficiencies are identified, and local 9-1-1 centers prefer that this local approach to consolidation continue. By working with local PSAPs and providing necessary incentives, consolidation will continue without state intervention.

Justice Court Funding

Objective: Support a legislative fix to HB 2712 (2011) to minimize negative revenue impacts to County justice courts.

Issue: Legislation will be introduced to reduce the amount payable by justice and municipal courts for deposit in the Criminal Fine Account from \$60 to \$45 and ensure payments to Counties are an equal priority to payments made to the state.

HB 2712 (2011) revised the revenue and distribution structure related to criminal fines, assessments and other financial penalties imposed on convictions. One of the principles behind the legislation was to ensure that, to the extent possible, the total revenue remain the same as under the previous statutory structure; in other words, the legislation should be revenue neutral. However, justice and municipal courts anticipate a significant drop in local revenue under HB 2712. Without restoring revenue neutrality through the proposed legislative fix, several courts will likely be forced to cut back caseloads. Circuit courts, already strapped for resources, would be unable to pick up the slack in most Oregon counties, without incurring much greater costs, delays and inconvenience.

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TOURISM & CULTURAL AFFAIRS

Winery Events & Activities

Objective: Support allowing wineries to hold events and engage in other economic development activities, while maintaining the ability for counties to appropriately regulate the level of activity and associated impacts.

Issue: The last few legislative sessions have seen several bills passed related to events on farmland and specifically wineries. SB 1055 (2010) and HB 3280 (2011) addressed several aspects of winery events; however, each had provisions that created challenges for stakeholders and several sections contained sunset clauses. Included among the issues being discussed are creating a definition of what constitutes an “event”; how many special events should be allowed; the level of food services allowed; the income limitations on earnings from events; and differences in regulation between small/medium and large-size wineries.

TRANSPORTATION & DEVELOPMENT

Columbia River Crossing

Objective: Clackamas County should take a position whether to support or oppose state funding for the Columbia River Crossing.

Issue: The Columbia River Crossing bridge and intersection improvements are estimated to cost \$3.1 to \$3.5 billion. The funding is to be split with the federal government paying one-third; tolling one-third; and the final one-third split evenly between Oregon and Washington. Legislation will be required to pay for Oregon’s share (about \$450 million). This legislation will be the biggest transportation funding bill of the 2013 session and is supported by state legislative leadership, business associations and regional partners.

Road User Fees

Objective: Support legislation to modernize and enhance Oregon’s transportation revenue system.

Issue: The gas tax continues to fluctuate as a stable, reliable source of transportation funding as more vehicles become efficient and achieve higher gas mileage. As gas consumption declines, fewer dollars become available for transportation infrastructure investments. Since 2001, the Oregon Legislature has used the Road User Fee Task Force to investigate new revenue platforms for funding Oregon’s roads and highways. After much analysis and several pilot projects, the focus is now on replacing the gas tax with a mileage-based fee.

- Support proposed legislation to impose a mileage tax on vehicles that receive above 55 miles per gallon to ensure that all vehicles contribute to the cost of road maintenance and improvements. While these vehicles are environmentally-friendly and considerably

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reduce dependence on fossil fuels, they use roads without contributing, or contributing very little, to the costs of maintenance and operation. This legislation is important since counties receive 30 percent of highway and vehicle registration fees collected by the state.

- Support additional pilot projects by the Road User Fee Task Force and legislation to supplement and perhaps eventually replace the gas tax as the principle road user fee funding the state's road and highway system.

Rural Clackamas County Area Commission on Transportation (ACT)

Objective: Support legislation to form an ACT for rural Clackamas County – one of the few areas in the state not covered by an ACT or Metropolitan Planning Organization (MPO).

Issue: Area Commissions on Transportation (ACTs) play a key advisory role to the Oregon Transportation Commission (OTC) in the development of the State Transportation Improvement Program (STIP), which identifies the funding and scheduling of transportation projects. Counties in ODOT Region 1 (Clackamas, Multnomah, Washington and Hood River) are not represented by an ACT, although Metro – in its capacity as an MPO – has traditionally filled that gap for areas inside its boundaries. Region 1 areas outside the Metro boundary, including rural Clackamas County, have lacked the representation of either an ACT or MPO.

An ACT covering rural Clackamas County is needed to ensure that residents and stakeholders in rural Clackamas County have an opportunity to be involved in the state-level transportation project selection and prioritization process.

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ADDITIONAL PRIORITIES FOR CONSIDERATION/WATCH LIST

Property Tax Reform

The League of Oregon Cities (LOC) will propose legislation on two property tax reform concepts:

- Referral of a constitution amendment to allow voters to approve local option levies outside the limits of Measure 5 (and thus not limited by compression) and lengthen the maximum duration of a levy from five to ten years. This constitutional amendment would allow local voters the full benefit of any local option levy they wish to pass, without losing parts of it to compression. Furthermore, levies could be lower because they will not have to incorporate compression in determining how much the new levy would raise.
- Referral of a constitutional amendment to reset the assessed property value to Real Market Value upon sale of the property. Under the current system, property tax payments are often no indication of a property's actual value or of a property owner's ability to pay taxes.

Governor's Commission on Public Safety

The commission is to identify fiscally responsible, sustainable and evidence-based policies and practices that will both improve public safety and control the growth of corrections spending. The commission is scheduled to propose legislation in the 2013 session to hold the prison population flat and reinvest savings into front-end services aimed at preventing future crime and victimization.

Governor's Urban Growth Advisory Committee (UGAC)

Cities, land owners, developers and others have expressed growing frustration over the complexity, expense and slowness of Oregon's urban growth management system. In response, Governor Kitzhaber created the UGAC to propose changes to the growth management system that can achieve the following outcomes:

- Encourage continued improvement in urban efficiency and assist cities to create well-functioning communities that are desirable places to live and work;
- Make it easier to carry out planned development within existing urban areas;
- Reduce the time and expense of UGB amendments, and make amendments more predictable; and
- Focus state and local planning on areas that are growing most rapidly; and continue to conserve important farm and forest lands.

The UGAC will likely introduce several legislative concepts in the 2013 session, including:

- Population Forecasting - Forecasts have become increasingly controversial, expensive and difficult to complete. The concept would turn over all population forecasting to Portland State University's Population Research Center (PRC). Forecasts would be completed every four years, costs would be covered by the state and the forecasts would no longer be considered a land use decision and subject to appeal. Metro will retain

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responsibility for city/County forecasts in the Metro boundary, but must coordinate with PRC. PRC will produce forecasts for cities and counties in Clackamas/Multnomah/Washington Counties that are outside the Metro boundary.

- Urban Services & Facilities Plans - Under this concept, local governments (including service districts) with jurisdiction over a proposed area to be included in a UGB amendment must prepare and adopt an urban services and facilities plan that 1) identifies what entities will provide each major urban service; 2) provides a preliminary estimate of the capital costs associated with each major facility and service, including streets; 3) and identifies how major capital costs for services and facilities will be financed.
- Employment Lands - Allow cities to use a fast-track process for all employment land needs, as long as they plan within ordinary ranges given their size and growth rate, and as long as they are making good use of redevelopment and infill opportunities. In addition, create a way for groups of local governments to work together to plan for large-lot, land intensive, industrial needs, as well as a new dynamic process to react quickly to unplanned for but highly significant new employment opportunities.

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COUNTY FINANCE

Municipal Bond Market

Objective: Support measures to preserve the tax-exempt **municipal bond market**, which plays a critical role in financing essential infrastructure investments.

Issue: Currently, interest income received by holders of municipal bonds is exempt from federal income tax and taxes in the state in which the bonds were issued. By exempting municipal bond interest from taxes, the government creates an incentive for investors to buy them, which helps hold down borrowing costs of counties, cities and other entities that issue them. Curbing the exemption would likely reduce demand for these lower-yield bonds, pushing borrowing costs higher. States and localities argue that limiting the tax break would curtail a vital funding source for schools, libraries, bridges and roads.

President Barack Obama has twice advanced the idea of eliminating the tax-exempt status of municipal bonds since 2011. White House officials argue that too much of the roughly \$30 billion a year in forgone federal tax payments from the interest exemption goes to higher-income households. Also, House Speaker John Boehner was willing to consider curbing the tax-exempt status of municipal bonds as part of the “fiscal cliff” negotiations in order to raise revenue without raising tax rates. Although the tax-exempt status remains in place, the idea could resurface next year if Congress moves to overhaul the tax code, as many expect.

BUSINESS & COMMUNITY SERVICES

Federal Forest Management and O&C Lands

Objective: Support legislation for responsible management of federal forest lands, including O&C Lands, which provide a sustainable and predictable long-term solution to county revenue needs.

Issue: Federal forest legislation should balance economic, social and environmental values so that significant areas of federal forests are focused on environmental protection and significant areas of federal forests are also focused on producing forest products. The County has supported the basic tenets of the DeFazio, Schrader and Walden O&C Trust, Conservation, and Jobs Act discussion draft.

Governor Kitzhaber has also convened a panel of county, industry and environmental representatives in hopes of developing recommendations for federal legislation to resolve the controversy over the management of the O&C lands, increase timber harvests and generate revenue for county governments. Those recommendations are expected later this month and the Oregon congressional delegation will likely review them before planning their next steps (re-initiating the O&C Trust bill in the House and possible legislation by Senator Wyden in the Senate).

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The need for a revised approach to federal forest management is evident:

- Over 75% of Clackamas County's total land area is forested with 54.2% being in public land ownership. Policy supporting sustainable and predictable harvests will provide a significant revenue stream to the County general fund in the absence of Secure Rural School payments.
- Clackamas County has lost the greatest number of mills, with 12 mills and 798 mill jobs lost since 1990. 7 of 9 communities lost all mill infrastructures and GDP fell from \$151 million to \$47 million.
- Current agency funding and policies supporting timber harvest and sale administration are nowhere close to meeting legislated timber harvest levels:
 - Northwest Forest Plan: 60 mmbf (millions of board feet of timber); actual level less than 30 mmbf on the Mt. Hood National Forest.
 - O&C Timber Lands: 500 mmbf; actual level less than 200 mmbf.

Secure Rural Schools Act

Objective: Support future reauthorization or extension of the Secure Rural Schools and Community Self-Determination Act or similar legislation.

Issue: Extending the Secure Rural Schools Act would continue critical funding to timber dependent counties in Oregon while Congress works to enact legislation to allow for responsible management of federal forest lands. This historically important source of revenue, derived from federal O&C lands, is critical to timber-dependent counties in Oregon, including Clackamas County. From 2001- 2010, the Act provided the County approximately \$12 million per year for the county road and general funds. 2012-2013 is the last year of reduced county timber payments to Clackamas County (approximately \$2 million this year).

HEALTH, HOUSING & HUMAN SERVICES (H3S)

Housing Choice Voucher Program (Section 8)

Objective: Oppose future discretionary funding cuts to the Federal Housing Choice Voucher program.

Issue: The Housing Choice Voucher program (formerly known as Section 8) provides assistance to families that rent units in the private rental housing market. An 8% reduction in Federal funds would require the County to subsidize the Federal Housing Choice Voucher program by approximately \$120,000 per year or reduce service levels by 75 families.

Objective: Support reform of the Housing Choice Voucher Program to reduce administration, streamline process, and benefit clients.

Issue: Over the past 3 years, funding to the County to administer the Housing Choice Voucher Program has been reduced, yet the administrative rules, regulations, and processes have not

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lessened commensurately. Any further reduction of funding without significant program reform will cripple housing authorities across the country. Many, like the Housing Authority of Clackamas County, are at risk of not meeting compliance standards simply because staff levels needed to complete the required documentation has been reduced to bare minimums.

Community Development Block Grant (CDBG) & HOME Funding

Objective: Restore Community Development Block Grant (CDBG) and HOME funding to 2011 levels. If funding remains unchanged, Clackamas County programs would face significant cuts (could be 25% or higher).

Issue: CDBG funds are the only funds available to the County to construct infrastructure improvements in low income areas, while the HOME program is a keystone in the development of any affordable housing project in the County. In addition to the social impacts, there is a significant economic impact from the expenditure of these funds in the County. It is estimated that last year, through a combination of CDBG, HOME and leveraged funds, the County was able to create/maintain 107 direct jobs. A 25% reduction would have a significant economic impact on local contractors, suppliers and businesses.

H3S recommends support of federal funding levels of \$3.3 billion in Community Development Block Grant (CDBG) formula funding; \$1.6 billion in formula funding for the HOME Investment Partnerships Program (HOME); \$1.9 billion for Homeless Housing Assistance grants, including an amount to fully fund expiring supportive housing and Shelter Plus Care rent subsidy contracts.

New Market Tax Credit (NMTC)

Objective: Support the New Market Tax Credit (NMTC) Extension Act of 2011 which stimulates investment and growth in low-income communities.

Issue: The NMTC program is a key catalyst for stimulating essential private sector investment in the nation's economically distressed urban and rural counties. The program was established by Congress in 2000 to spur new or increased investments into operating businesses and real estate projects located in low-income communities. The NMTC Program attracts investment capital to low-income communities by permitting individual and corporate investors to receive a tax credit against their Federal income tax return in exchange for making equity investments in specialized financial institutions called Community Development Entities (CDEs).

H3S recommends support of "The New Markets Tax Credit Extension Act of 2011" (H.R. 2655, S. 996) when these bills are reintroduced, which would extend the NMTC program for 5 years (through 2016) and provide \$5 billion in annual allocation authority. In addition, the legislation would provide an exemption from the Alternative Minimum Tax (AMT) for investments in NMTC, affording such investors the same favorable treatment as other tax credits, including the Low-Income Housing Tax Credit and the Historic Tax Credit.

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Census Bureau's American Community Survey (ACS)

Objective: Continue funding and support for the Census Bureau's American Community Survey (ACS), which provides key information for local communities that is not available elsewhere.

Issue: Discussions have occurred at the federal level to eliminate funding for the ACS, an ongoing statistical survey that samples a small percentage of the population every year -- giving communities the information they need to plan investments and services. While not perfect, this information is crucial to the administration of the CDBG program. Without this data identifying eligible low income areas, the County will be required to expend excess amounts of limited administrative funds to conduct area surveys.

H3S recommends support for funding the FY 2013 Commerce, Justice, Science and Related Agencies Appropriations Bill for the American Community Survey because it provides vital economic, social and housing estimates from America's counties, cities and towns and congressional districts that are not provided anywhere else.

Workforce Investment Act (WIA)

Objective: Support reauthorization of the Workforce Investment Act (WIA).

Issue: The WIA is the primary federal program that supports workforce development activities, including job search assistance, career development and job training. In Clackamas County, the WIA funds education and job training for adults, dislocated workers and youth. Job seekers receive services ranging from job search assistance to intensive occupational training. Community Solutions for Clackamas County utilizes WIA funds to serve vulnerable populations with significant barriers to employment, such as public assistance recipients, offenders, veterans and individuals utilizing public housing resources.

Older Americans Act (OAA)

Objective: Monitor potential 2013 reauthorization of the **Older Americans Act (OAA)**: support amendments that increase flexibility at the local level related to meal funding; oppose amendments that would give state more authority over some types of OAA funding.

Issue: The OAA is considered to be the major vehicle for the organization and delivery of social and nutrition services to seniors. There are two separate funding streams for OAA-funded nutrition programs: The first stream funds congregate (i.e. senior center) meals and the second stream funds home delivered meals.

Local agencies have limited flexibility to move dollars from one stream to another. Increased flexibility would enable the merging of two nutrition funding streams allowing local agencies to

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fund nutrition programs to meet local needs. In Fiscal Year 11/12, over 248,000 meals to seniors were provided by the 10 senior centers operating in Clackamas County.

Proposed reauthorization language would allow states to keep Health Prevention dollars at the state level and not contract them out to locally-operated Area Agencies on Aging. Although Clackamas County only receives approximately \$20,000 per year for Health Promotion activities, these dollars are contracted out to the network of 10 senior centers operating in Clackamas County.

Low-Income Home Energy Assistance Program (LIHEAP)

Objective: Oppose reductions to the Department of Health & Human Services' Low Income Heating Assistance Program (LIHEAP).

Issue: Over \$1 million/year of federal energy assistance helped over 3,000 low income households in Clackamas County keep their heat and lights on. Households including seniors and people with disabilities are prioritized for assistance. Many households include members who would have a medical emergency if their electricity was disconnected.

Supplemental Nutrition Assistance Program (SNAP)

Objective: Oppose reductions to the U.S. Department of Agriculture's Supplemental Nutrition Assistance Program (SNAP), formerly known as the Food Stamp program.

Issue: The SNAP program has grown significantly in Clackamas County over the past 5 years, from 19,330 recipients in 2007 to 44,380 as of October 2012. It is an essential benefit to many individuals and families.

TRANSPORTATION & DEVELOPMENT

Sunrise System

Objective: Secure funding to complete the Tolbert Overcrossing component of the Sunrise System.

Issue: Clackamas County and its partners seek \$26 million to finance the last unfunded project component of the Sunrise System: the Tolbert Overcrossing. The project will construct a new overcrossing of the Union Pacific Railroad that will serve the Lawnfield Industrial Area and provide needed improved access to Camp Withycombe, a Department of Defense Facility that recently expanded.

In 2010, Clackamas County worked in cooperation with the Oregon Military Department to request a contribution of \$11.4 million from the Department of Defense through the Base Relocation Act. As a result, \$11.4 million might potentially be secured from the Department of Defense, which authorized the revenue for distribution in 2016, but that money has not yet been

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appropriated. The funding for the preliminary engineering will likely be provided by the State because the Oregon Department of Transportation set aside \$2 million for the design of the Tolbert Overcrossing as a part of the state Jobs and Transportation Act of 2009. With the potential Department of Defense and Oregon Department of Transportation cost reductions, the total unfunded project cost for Tolbert is \$14 million. Without these partnerships, it remains \$26 million.

The Sunrise System is a package of transportation projects totaling \$184 million, which are designed to improve local and regional access for freight, motor vehicles, cyclists and pedestrians to the Clackamas Industrial Area, a key mixed employment and industrial area in Clackamas County. The proposed projects will significantly improve regional economic competitiveness and community livability by providing safe and efficient access to a vital industrial district.

The Sunrise System will strengthen the local and regional economy by providing safe and efficient freight access from the Clackamas Industrial Area to I-205, which in turn provides access to other highways, the Port of Portland, Portland International Airport and railroads. The project will also expand transportation choices and provide safe connections for the more than 5,900 employees that work in the Area. Construction of the Sunrise System will create or sustain more than 1,300 jobs during the construction period. Once the project is completed, it will provide the economic growth potential for the area of an additional 9,000 jobs by 2035.

Transportation Reauthorization

Objective: Advocate for passage of a surface transportation authorization bill that adequately funds federal transportation programs in order to improve the reliability and safety of our transportation system, meet the needs of our interconnected economy, and provide stable funding for the maintenance of county roads.

Issue: Federal transportation authorization bills, which authorize spending for federal surface transportation programs, are necessary to ensure stable transportation funding for local governments. The last five-year authorization bill (SAFETEA-LU) expired in 2009, followed by several short-term extensions until the two-year Moving Ahead for Progress in the 21st Century (MAP-21) authorization bill was passed by Congress in 2012. MAP-21 is scheduled to expire in September of 2014.

Failure of Congress to enact a new, long-term surface transportation act or one that does not have an adequate funding level has potentially severe effects on Clackamas County's ability to properly maintain the County road system or apply for federal funds for a variety of transportation projects. Should federal funding be reduced, it is likely that the Oregon Department of Transportation will reduce funds that they have the discretion to allocate to counties and cities.

Federal transportation authorization bills also establish policy priorities for the nation's transportation system. Clackamas County has historically supported a reauthorization bill that reflects the principles developed and approved by the regional Joint Policy Advisory Committee

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on Transportation (JPACT). JPACT will develop this policy piece prior to their lobbying trip to Washington, D.C. in March 2013. The Board of County Commissioners can advocate for their preferred transportation policy priorities via JPACT and/or the County's adopted federal agenda.

PUBLIC SAFETY

Juvenile Justice Funding

Objective: Support increased federal funding for juvenile justice.

Issue: Federal allocations for juvenile justice services have dropped significantly in the past decade. Since 2002, funding for the State Formula Grants Program has declined 55%, the Delinquency Prevention Program has declined 79% and the Juvenile Accountability Block Grant has declined 88%. These reductions result in more youth incarcerated in adult jails; erode and jeopardize nationwide progress on juvenile justice improvements that have led to historic low rates in youth-offending across all US states; and eliminate support for cost-effective delinquency prevention programs and alternatives to incarceration shown to increase public safety and decrease recidivism, while producing cost savings to the public.

Over the last decade, the County has successfully worked with the Oregon congressional delegation and federal agencies to secure special appropriations and competitive grants from the Community Oriented Policing Services (COPS) program, the Office of Juvenile Justice and Delinquency Prevention (OJJDP) and other federal programs. Federal grant opportunities are essential to the operation of prevention programs, research and implementation of evidence based programs. However, the Juvenile Department has received diminished funding from the Federal Juvenile Assistance Grant and the Federal COPS grants and Bureau of Justice Affairs grants are both scheduled to end in 2012.

Community Oriented Policing Services (COPS)

Objective: Support reauthorization and continued appropriations for COPS grants to local governments.

Issue: The Office of Community Oriented Policy Services (COPS), which advances the practice of community policing in law enforcement agencies, has awarded more than \$2.7 million in grant funding to Clackamas County since 1999. The County's Interagency Methamphetamine Initiative has been funded multiple times, including funds for enforcement teams, technology upgrades, youth outreach and improved juvenile detention efforts. Each grant has supported the creation of programs that employ partnerships and advanced problem-solving techniques to proactively address the conditions that give rise to public safety issues. The Clackamas County Sheriff's Office has been a leader in creating and implementing innovative community policing strategies, as well as developing regional and interagency partnerships, which exemplify the types of investments the COPS program seeks to make. Continued federal funding of these grant programs are important to building upon the successes of the Clackamas County Sheriff's Office and securing the safety of our community.

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Emergency Management

Objective: Support continuation of grant funding for the Emergency Management Performance Grant (EMPG) Program.

Issue: EMPG is the backbone of the nation's emergency management system and provides key assistance in building and implementing the County's emergency management capabilities. EMPG funding has grown over the past few years and has become a stable source of funding for state and local emergency management since the 1980s. The grant includes funding for staff and program materials for emergency management plan updates, relationship building, response and recovery. It is important that funding continue in order to support local emergency management since the number and frequency of natural disasters in the United States continues to rise. Without continued funding, response for disasters will be delayed and in some cases non-existent, endangering lives and the economy.

WILLAMETTE FALLS LOCKS & HERITAGE AREA

Willamette Falls Locks

Objective: Support continued operation of the Willamette Falls Locks.

Issue: The historic Willamette Falls area should be preserved and restored so that it may continue to provide the economic, recreational and historic drivers to the region. The Willamette Falls Locks was the oldest continuously operating multi-lock system in the United States and is a critical historic and cultural resource for Clackamas County and the region. The Locks bridge the upper and lower stretches of the Willamette River, without which the Willamette becomes two disconnected rivers for navigation purposes.

The Locks were operated safely under a reduced schedule until November 2011, when a further inspection discovered the gates were in danger of fracture and could not be safely operated. Clackamas County remains a member of the One Willamette River Coalition and seeks federal support to repair and reopen the Willamette Falls Locks. A long term strategy includes transferring possession of the Locks from the federal government to a willing local public or private agency.

Willamette Falls Heritage Area

Objective: Support designation of the Willamette Falls Heritage Area.

Issue: In 2007, public and private sector organizations gathered to designate a stretch of the Willamette River between the mouths of the Clackamas and Tualatin rivers as a National Heritage Area. This group became the Willamette Falls Heritage Area Coalition, whose mission is to advocate for and strengthen the identity of the historic working communities of Oregon City and West Linn by preserving and promoting their important and distinctive natural, cultural, scenic, recreational and industrial resources through public/private partnerships.

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Clackamas County remains an active partner in this coalition and fully supports the federal designation of the Willamette Falls as a National Heritage Area.

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