

CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS

Study Session Worksheet

Presentation Date: 09/15/15 **Approximate Start Time:** 1:30 pm **Approximate Length:** 30 min

Presentation Title: Department of Transportation & Development Fees

Department: County Counsel, Transportation & Development

Presenters: Dan Johnson, Asst. Director DTD – Development; Diedre Landon, Admin. Services Manager – DTD; Stephen Madkour, County Counsel

Other Invitees: Shari Anderson, Treasurer; Barbara Cartmill, Director – DTD

WHAT ACTION ARE YOU REQUESTING FROM THE BOARD?

We are seeking approval to modify the comprehensive fee schedule included in the FY 2015-16 budget proposals.

EXECUTIVE SUMMARY:

Each year, the Board of County Commissioners sets fees and fines along with adoption of the budget for the coming fiscal year. This year, the Department of Transportation & Development (DTD) proposed some fee changes, which include the adoption of a utility inspection fee and a credit/debit card service fee. Today we will address both of these fees briefly.

Utility Inspection Fee:

In anticipation of Senate Bill 668, DTD proposed adopting a utility permit fee to offset the cost of performing inspections for work in the right-of-way. Our objective was to help the county recover the cost of inspecting right-of-way encroachments by utilities. ORS 758.010 prohibits charging permit fees for certain public utility use of the road right-of-way and the permit fee will be waived for these applicants. Despite efforts by both the Clackamas and the Association of Oregon Counties, SB668 did not pass into law and therefore DTD would like to repeal this adopted fee.

Debit/Credit Card Service Fee:

DTD asked the Board to adopt a new fee to cover debit/credit card transaction costs. Historically DTD allowed debit/credit cards for transactions of up to \$1,500; however, this did not align with county credit card agreements that prevent minimum or maximum limits on card transactions. With adoption of the new fee, DTD would allow customers to use cards for any transaction amount; however, payments would require the addition of a service fee to offset transaction costs required by the card company. We believe that being able to expand the use of card payments, subject to the adoption of the convenience fee, would help our customers by giving them more payment options and support DTD's effort to broaden the opportunity for people to pay permit fees remotely via the Internet or by phone.

Since receiving approval to move forward with this option, staff has been working with the County Treasurer to determine the best way to implement this program. Currently there is little consistency in card service fees across County departments. Departments can collect

a credit/debit card service fee through either a department-managed model or a bank-managed model.

Option 1: EXAMPLE Department-Managed Model

1. Customer pays county fee + 2.16% and signs two receipts to confirm both transactions.
2. Elavon (the service provider) charges the county a fee, based on the amount and type of transaction.
3. County Treasurer charges department, which results in a negative revenue.
4. County deposits 2.16% service fee to offset the charge above.

Example: *Customer pays a total of \$102.16 (\$100 to county to cover permit fee + \$2.16 to county to offset bank service fees.)*

Option 2: EXAMPLE Bank-Managed Model

1. Customer pays county fee.
2. County posts a notice that a service fee will be charged by the vendor (Elavon).
3. Elavon charges customer a 2.55% fee on county fees on the back end.
4. County is no longer charged a monthly fee by Elavon.

Example: *Customer pays a total of \$102.55 (\$100 to county to cover permit fee + \$2.55 directly to Elavon to cover bank service fees.)*

The Treasurer recommends Option 2, which differs from the method DTD adopted during conversations with the BCC earlier this year (Option 1). After researching the alternatives with Elavon, the merchant service provider, DTD agrees that the bank-managed model, Option 2, would be less cumbersome for both customers and staff. Elavon has no counties collecting service fees themselves.

Since all credit/debit card usage for payment of county fees or taxes is subject to the same bank managed service fee, we can simply adopt a statement that any credit/debit card usage in a county department is subject to a bank-managed service fee.

FINANCIAL IMPLICATIONS (current year and ongoing):

Currently the difference between the two models is 0.39%; on a \$10,000 transaction that is \$39.

LEGAL/POLICY REQUIREMENTS:

If we move forward with Option 2, DTD will need to repeal the currently-adopted fee structure.

PUBLIC/GOVERNMENTAL PARTICIPATION:

The proposed adoption of Option 2 has been vetted between DTD, County Counsel and the Treasurer's Office.

OPTIONS:

1. Ask county counsel to prepare an ordinance amendment to repeal the utility inspection fee and direct DTD to implement the department-managed service model with a delayed implementation date of January 1, 2015, to provide time for programming.
2. Ask county counsel to prepare an ordinance amendment to repeal the utility inspection fee and the existing DTD credit/debit card service fee structure, and to adopt a statement notifying customers countywide of the bank-managed service model. Direct DTD to work with Elavon to implement the bank-managed model to collect the service

fee on their end for development transactions. Moving forward the BCC will direct all departments to coordinate future service fee implementations consistent with this model.

RECOMMENDATION:

Staff respectfully recommends that the Board of County Commissioners recommend pursuit of **Option 2**, adopting a bank-managed service model into the County Code, Appendix A – Fee Table. DTD and County Counsel will prepare an ordinance amendment to repeal both the utility inspection fee and the DTD credit/debit card service fee and will modify the language to recognize the county bank-managed service fee in the fee table.

ATTACHMENTS:

N/A

SUBMITTED BY:

Division Director/Head Approval _____

Department Director/Head Approval M. B. Cozmin 9/8/15

County Administrator Approval _____

For information on this issue or copies of attachments, please contact Diedre Landon @ 503-742-4411.