

CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS

Staff Presentation Worksheet

Presentation Date: **Tuesday October 4, 2011** Time: **3:15 p.m.** Length: **45 Minutes**

Presentation Title: **Distribution of Justice Court Net Proceeds in County Budget**

Department: **County Administration**

Presenters: **Nancy Newton, Marc Gonzales**

POLICY QUESTION

Does the Board wish to set a protocol for the future distribution of net proceeds from the activities of the Clackamas County Justice Court? These proceeds will be directed to uses within the County annual budget and applied to law enforcement and traffic safety purposes.

ISSUE & BACKGROUND

Clackamas County Commissioners established the County Justice Court and appointed a Justice of the Peace to preside over that Court in 2009. The Court began operations in early 2010, hearing traffic citation cases. Fines and some fees from the Court's activities fund the operations of the Justice Court, and amounts received beyond the amounts needed to fund the Court have not yet been designated for use in the County's budget. The Justice of the Peace was elected to a full term in 2010.

Justice of the Peace Karen Brisbin and Court Administrator Kristin Twenge have provided information regarding the most recent completed fiscal year's operations, including financial results. Those results are part of the financial information currently being audited as per state law, a process which occurs each year after the fiscal year end on June 30. The as yet unaudited results show just under \$700,000 of net proceeds once costs of Court operations are recovered and the initial loan from the County General Fund is repaid. This final number may change once audit procedures are completed, but will likely remain approximately the same for the fiscal year 2010-11.

As part of the creation and establishment of the Court, the County Commission has had discussion about best use of the net proceeds of Justice Court operations. The County Sheriff and the Oregon State Police both cite traffic violations into the Court. Oregon Department of Fish and Wildlife also cites certain violations into the Court. In accordance with statute, a significant portion of gross proceeds are sent to the state of Oregon prior to distributions being made to the County.

Currently the Court has not yet commenced hearing Small Claims and Forcible Entry and Detainer (Eviction) cases, which will likely not increase the revenues coming into the Court significantly, but will increase the costs of Court operations. The Court is also

slated to move from its current temporary and inadequate space into the former North Station Sheriff's Precinct Office in the Clackamas area upon completion of renovations to North Station. This building was vacated by the Sheriff's Office pursuant to its occupancy of the Sunnybrook Building which was renovated by the County for that purpose. Moving Justice Court will result in additional costs to operate the Court for lease payments and for utilities and other occupancy costs, which will be applied as operating expenditures against the revenues received by the Court. Future net proceeds available for distribution for County uses are at this point not entirely predictable as a result.

However, the proportional division of uses for the proceeds may be established at this juncture. The previous understanding of the distribution included a recovery, prior to other uses, by the County General Fund of \$660,000 annually to replace amounts long received from activities of the Clackamas County Circuit Court. Research to determine the portion of this amount which originated from traffic cases is underway in the Finance Department, germane because traffic cases are the function that has already been shifted to Justice Court. Our initial estimate is that the amount required to keep the General Fund whole may be reducible to approximately \$450,000 annually, freeing up more of the net Justice Court proceeds for law enforcement and traffic safety applications.

QUESTION(S) PRESENTED FOR CONSIDERATION

- 1) How does the Board wish to distribute the net proceeds for use in law enforcement and traffic safety purposes?
- 2) Should the County Commission reconsider the proportional distribution in the future, after the Court has begun hearing additional types of cases, to assure equitable distribution to desired functions related to law enforcement and traffic safety?
- 3) Should the distribution occur on a *pro rata* basis throughout the year, rather than have the County General Fund receive its entire designated amount prior to approved distributions for other functions?

OPTIONS AVAILABLE

- 1) Distribute the net proceeds for the first full operational year (fiscal year 2010-11) and the next fiscal year on a proportional basis, based on budget projections applied to actual net receipts. This would mean estimating the net proceeds for the year, identifying a portion for the County General Fund, and distributing the balance to the County Sheriff and traffic safety programs as actual net proceeds are determined;
- 2) Review the methodology in fiscal 2012-13 to assure that an equitable distribution will continue as additional responsibilities are added to the Justice Court, and in consideration of 2011 state legislative session changes affecting the distribution of proceeds;
- 3) Rather than wait until the General Fund amount is fully distributed before distributing net proceeds to the law enforcement and traffic safety uses, distribute through the year as actual receipts come in, net of operating costs for the Court.

RECOMMENDATIONS

- 1) Staff respectfully recommends that distributions to the General Fund and law enforcement and traffic safety be based on the budgetary proportions identified in the budget.
- 2) Staff respectfully recommends that the distribution methodology be reviewed for appropriateness in the fiscal year 2012-13.
- 3) Staff respectfully recommends that distribution be on a quarterly *pro rata* basis as the fiscal year elapses, once an estimated determination of net proceeds is made, with correction for accuracy in the final fiscal quarter at the end of the operating cycle each year.

SUBMITTED BY:

Division Director/Head Approval _____

Department Director/Head Approval _____

County Administrator Approval _____

For information on this issue or copies of attachments, please contact Nancy Newton @ 503-655-8581