

W. S. D.

Memorandum Date: January 13, 2009

Order Date: January 28, 2009

TO: Board of County Commissioners

DEPARTMENT: Management Services

PRESENTED BY: Annette K. Newingham, Chief Deputy County Clerk

AGENDA ITEM TITLE: Discussion / In the Matter of Providing Direction to the County Clerk Division on Reduced Recording Revenues as the Result of the Nationwide Financial Institution Crisis.

I. MOTION

None

II. AGENDA ITEM SUMMARY

The purpose of this work session is to provide an update on the current revenue shortfall within the Management Services Department, County Clerk Division due to the current housing downturn, and receive direction by the Board to remedy the budget shortfall.

The decrease in recording fees is the result of a significant decrease in local home sales and refinancing. This national financial downturn is projected to continue through 2009. Although there is potential for an increase in refinanced home loans with the decrease in interest rates, those numbers are not expected to be high with the current tight credit.

Although it has already been the Division's practice to utilize up to three full time Records Office Assistant staff for ballot insertion in Portland, uploading returned ballots to the voter registration system, ballot problem resolution and ballot counting, as well as the records supervisor overseeing ballot insertion, ballot collection, ballot reception and signature verification, the use of Records staff has been expanded to voter registration data entry to eliminate the use of all extra help staff until such time that the May Special Election tasks require more hours than division full time staff can fulfill.

An additional Division impact has been a 50% increase in Board of Property Tax Appeal filings in the same fiscal year (FY) that the program experienced a budget reduction. Where we normally would assign two boards to hear appeals, 20 minutes for commercial and 15 minutes for residential, we will instead only assign one board, limiting each scheduled hearing to 10 minutes due to budgetary constraints, while still adhering to statutory requirements. A full time Records staff person will act as the Board clerk instead of the normal extra help utilized.

III. BACKGROUND/IMPLICATIONS OF ACTION

A. Board Action and Other History

The Recording revenues within the Deeds and Records program have met revenue appropriations since 1988, with only one year dipping to a lower amount, yet expenditures balanced to revenues within the overall Department in all years. In fact, revenues have exceeded overall Division expenses for all programs, which includes elections, for the majority of the past 20 years.

B. Policy Issues

The Division/Department is required to balance our appropriated expenses with the appropriated revenues, end the fiscal year lapsing 2% of the appropriated General Fund and meeting all local, state, federal laws and mandates. In their prioritization of General Fund services in 2008, the Board placed these services high on their list (numbers 7 and 12 out of 46).

In order to address the anticipated shortfall in revenue, the division must reduce it's budgeted revenue and either; 1) be aware that the department of Management Services may not be able to meet the full 2% required General Fund lapse; or 2) reduce expenditures resulting in the reduction of staffing and causing records and elections services to drop below the threshold to provide these mandated services.

C. Board Goals

The County Clerk Division of the Management Services Department includes Recording, Elections, Board of Property Tax Appeals (BoPTA), Marriage Licensing, Declaration of Domestic Partnership registrations, and County Archives. All programs within the Division, with the exception of the County Archives, are mandated services that provide broad public support to the citizens of Lane County. The mandated services are listed as Priority 3 in the Lane County Strategic Plan.

D. Financial and/or Resource Considerations

Recording revenues have consistently been met, and have frequently exceeded all program expenses within the Division/Department. The current financial downturn reflects the national financial crisis affecting the housing industry. The decline in local recordings is expected to continue through 2009 based on both financial and real estate market projections.

E. Analysis

The projected division shortfall of Revenues to Expenses for FY 2008/2009 is \$338,750. The Recording revenue shortfall is closer to \$560,000, but Elections Revenues are projected to exceed appropriations as the result of districts that are required to pay their apportioned election costs.

F. Alternatives/Options

Option 1: Reduce revenues in division by a net total of \$338,750 in next supplemental budget, resulting in possibility of department not meeting the full 2% General Fund lapse.

Option 2: Reduce expenses by reducing personnel. There is no staff reduction option that would not drop the division below the threshold of providing the mandated services. Previous reductions (in 1996) with in both Records and Elections programs created insufficient staffing needed to meet both the state mandates and expected public support. Should the Board opt to direct staff reductions, a policy decision will need to weigh the potential consequences on the mandated services. A list of division staff and duties is attached.

Option 3: Combination of Option 1 and Option 2 to balance budget.

IV. RECOMMENDATION

Staff recommends **Option 1** for the following reasons:

1. Records revenues do support the current Records staff and service expenditures.
2. Records staff are fully utilized within the Division, providing valuable expertise and service to the Elections program, helping to ensure accuracy, efficiency, and trust in the conduct of elections.
3. Recording revenues have historically been in excess of overall Division expenditures and are not expected to remain down beyond the current economic downturn, which may remain through 2009.

V. TIMING/IMPLEMENTATION

Requires action before the end of this FY to balance the Division budget.

VI. FOLLOW-UP

As directed by the Board of County Commissioners.

VII. ATTACHMENTS

1. County Clerk and Management Services Fiscal History
2. County Clerk's Positions & Duties Jan 2009
3. 2008/2009 Board of Property Tax Appeal Filings

County Clerk Functions (General Fund Only)

	FY 04-05	FY 05-06	FY 06-07	FY 07-08	FY 09 Budget
Net Revenue (Expenditures)					
Records	1,944,644	2,036,039	1,828,411	1,275,881	1,249,432
Elections	(1,212,439)	(848,535)	(1,200,084)	(1,249,244)	(1,702,285)
BOPTA	(61,592)	(55,728)	(58,047)	(46,044)	(53,460)
Archives	7,699	33,598	39,228	38,110	16,306
Marriage Licenses	51,271	57,897	57,151	46,240	43,937
Contribution to (use of) General Fund	729,583	1,223,271	666,659	64,943	(446,070)
Total Management Services Department					
Contribution to (use of) General Fund	489,146	902,442	405,719	(60,437)	(1,082,491)
Budgeted Contribution (use)	(485,188)	(462,781)	(445,823)	(385,420)	(1,082,491)
Total Lapse (excess over budgeted)	974,334	1,365,223	851,542	324,983	0

Recording fees have historically covered the cost of Records operations, Elections operations and BOPTA, in addition to contributing to the General Fund.

**Lane County
County Clerk Division
Positions and Duties as of January 2009**

- **One full time Division Manager/Chief Deputy County Clerk**
- **One full time Records Program Supervisor:** The Records Program Supervisor is also assigned to Elections for supervision of ballot inserting, ballot collection, ballot reception, and ballot signature verification. This exempt position routinely works many hours beyond the full time equivalent.
- **Six full time Office Assistants (OAs):** Records requires a minimum of three OAs for marriage licensing, domestic partnership registrations, public research, and recordings. ORS 205.242 requires a minimum of six hours between the hours of 9 a.m. and 4 p.m. every day, except weekends and holidays. If unable to utilize staff at elections due to reductions, division would need to increase number of extra help staff at elections, with a resulting loss of elections expertise. One half-time OA is currently being paid out of the County Clerk Fund for collection of non-related recording fees, such as the A&T fund and Corner Preservation Fund for Land Management. One full time OA will be utilized as BoPTA Board Clerk, February through March.
- **One full time Elections Program Supervisor:** Oversees all election staff, including the hiring, training of extra help (213 used at General Election), state, county, city, district petitions, review, coordination and planning for all election processes leading up to and including past election day. This exempt position routinely works many hours beyond the full time equivalent.
- **Five full time Office Assistants** dedicated to all elections tasks and responsible for overseeing key elections processes.

TOTAL POSITIONS = 14.00 Full Time Equivalent + extra help during elections

Board of Property Filed Tax Appeals Status Report – January 9, 2009

BoPTA

There are 1,450 filed petitions. Last year there were 791 filed. Broken down by type:

Petition Type	2008 - 2009	2007 - 2008	2006 - 2007
Commercial	170	99	101
Industrial	56	19	39
Multi-Family	48	30	33
Personal Property	26	5	5
Farm	24	18	25
Forest	29	25	38
Residential	1,003	518	703
Manufactured Structures	94	77	180
TOTAL	1,450	791	1,124

Included above are all filed petitions. In the 1,450 are several large groups of petitions that are bare land subdivisions. They total 365 petitions and are filed by several different petitioners. Conservatively estimated, these petitions will take 16 hours total for the board to hear.

To determine the length of time we can allocate per hearing I used the table below. The BoPTA stipend budget is \$10,798.

Petition Type	hearing		hearing		hearing	
	time	# days	time	# days	time	# days
Commercial (262 show)	20 min	14.87	15 min	10.14	10 min	5.72
Farm / Forest (46 show)	10 min	1.18	10 min	1.18	10 min	1.18
Personal Property (19 show)	10 min	0.49	10 min	0.49	10 min	0.49
Residential (885 show)	10 min	22.69	10 min	22.69	10 min	22.69
Man. Structures (55 show)	10 min	1.41	10 min	1.41	10 min	1.41
Total # of days to hear		40.64		35.91		31.49
Total board member hours		975.26		861.73		755.69
Cost @ \$12.50 / hour		\$12,191		\$10,772		\$9,446

At 10 minutes per hearing, it will take one board about 32 days to complete the hearings.

One Board

Starting on February 2, the session will be completed on approximately March 18. This would require one board clerk. To stay within the stipend budge of \$10,798 it will be necessary to reduce the amount of time allotted to each hearing, regardless of type, to 10 minutes.