



AGENDA COVER MEMO

Memorandum Date: March 25, 2025
1st Reading Date: February 25, 2025
2nd Reading/Public Hearing Date: March 11, 2025
3rd Reading/ Public Hearing Date: April 8, 2025

TO: Board of County Commissioners

DEPARTMENT: Public Works

PRESENTED BY: Keir Miller, LMD Manager

AGENDA ITEM TITLE: THIRD READING and CONTINUED PUBLIC HEARING /
ORDINANCE NO. 25-04/ In the Matter of Amending the Land
Management Division's Building Program Fee Schedule, and
ORDER 25-03-11-08/ In the Matter of Amending the Land
Management Division's Fee Schedule to Adjust Planning,
Stormwater, Onsite Sanitation and Code Enforcement Program Fees

I. MOTIONS

1. Move to close the public hearing and direct staff to modify Ordinance 25-04, to include fee adjustments as outlined in Option ____ (identify option) and set a 4th Reading and deliberations on Ordinance 25-04 to 1:30 PM time certain on April 29, 2025.
2. Move to direct staff to modify Order 25-03-11-08, to include fee adjustments as outlined in Option ____ (identify option) and set continued deliberations to April 29, 2025.

II. AGENDA ITEM SUMMARY

Staff have developed alternative options to the proposed 22.5% flat increase to Land Management Division (LMD) permit fees, which was presented to the Board on March 11, 2025. These include options for the use of reserves to bridge funding and incrementally phase in fee increases over a two or three-year period and an option that would exclude certain permit types, including lower cost housing and emergency permits, from the full fee increase.

III. BACKGROUND/IMPLICATIONS OF ACTION

A. Board Action and Other History

On March 11, 2025, the Board held a 2nd Reading and Public Hearing on Ordinance No. 24-05, to consider adjustments to LMD's Building Program Fee Schedule. The Board also considered adjustments to LMD's Planning, Stormwater, Onsite

Sanitation and Code Enforcement fees through Order No. Order 25-03-11-08.

During the public hearing the Board received testimony in opposition to the fee increase from contactor Gary Rose and from Kelley Gustafson, representing the Eugene Realtors. In addition, written testimony in opposition was provided by Dale Saari and Ronald Mann. A request to continue the public hearing was submitted by the Central Coast Board of Realtors. Written testimony is included as Attachment 1.

The Board continued the public hearing on Ordinance 24-05 and continued deliberations on Order No. 25-03-11-08 to April 8, 2025, to provide additional time for public review. Staff were also directed to consider possible options that would reduce the impacts of proposed fee increase on lower income housing and emergency repairs.

Materials for the March 11th meeting can be found at:

https://cdns5hosted.civicle.com/UserFiles/Servers/Server_3585797/File/Government/BCC/2025/2025_AGENDAS/031125agenda/T.7.B.pdf

Policy Issues

The issue before the Board is whether permit fees should be raised to help pay for increasing costs within LMD or if they should be kept lower, recognizing that doing so without an alternative funding source will have severe impacts on the Division's long term fiscal stability and its ability to provide the level of service the public expects and deserves.

B. Board Goals

If adopted, the proposed fee adjustments will directly support Priority 2, Objective 4 of Lane County's 2022-2024 Strategic Plan:

Invest in the Land Management Division to ensure adequate and sustainable staffing levels and resources are available to be responsive and agile in meeting current and future housing needs and customer service expectations.

Increasing fees to the level necessary to close LMD's structural deficit will ensure LMD can maintain adequate staffing levels and resources appropriate to meet housing needs and customer service expectations.

C. Financial and/or Resource Considerations

Financial considerations are provided in staff's March 11, 2025, agenda cover memorandum and further described in Section E, below.

D. Health Implications

There are no immediate health implications related to this item.

E. Analysis

Initial projections presented to the Board on March 11th showed a 1.3-million-dollar operating net deficit in LMD's FY25-26 budget. Staff in all departments and divisions have been closely analyzing expenses and, where possible, identifying opportunities to reduce costs without impacting services to the public. As a result of this analysis, current budget projections now show that LMD will have an operating net deficit of \$1,157,000 in FY25-26. This is approximately a \$150,000 improvement in the division's budget outlook compared to original figures. Projections now show that a structurally balanced budget could be achieved with overall base fee increase 21% instead of 22.5%.

In response to concerns raised by the public, staff have developed the following options for Board consideration that would blunt the immediate impact of the fee increase by using reserve funds to bridge implementation over a period of 2-3 years. In conjunction with either of these options, the Board could also exempt select fees from increase for permits related to affordable housing and emergency situations.

Option 1: This option would spread the fee increase over two years with an 10.5% increase happening in FY25-26 and a second 10.5% increase (plus any CPI adjustment) occurring in FY26-27. Assuming revenue projections hold and costs do not outpace inflation adjustments, Fund 570 would be structurally balanced in FY26-27.

If Option 1 is selected reserves would be used to bridge the funding gap in FY25-26. LMD has established a reserve goal of 150% of net operating costs (18 months). Current reserves levels are approximately 92% operating costs (11 months) Option 1 would reduce reserves to approximately 85% of operating costs, or 10.2 months.

Option 2: Under this option, fee increases would be phased over three years with a 7% increase each year, plus any needed CPI-based adjustments in years two and three. In year one, reserves would be reduced to 83% of operating costs (9.9 months). In year two, reserves would drop to 79.5 (9.6 months), or just over half of the 18-month reserve goal.

It is important to note that the first-year fee increase under both Options 1 and 2 include a cumulative CPI increase of 5.6% for FY23-24 and FY24-25. In other words, the additional increase requested beyond the CPI in year one under Option 1 is 4.9% and the additional increase in year one under Option 2 would be only 1.4% beyond the normal CPI increase.

Targeted Exemption: In tandem with either Option 1 or 2, the Board could also direct staff to return with a proposed fee schedule that does not include additional fee increases on permits needed for lower income housing types and emergency situations. If the Board is interested in this option, staff recommends that fees for

the following permit types not be subjected to the 21% cumulative fee increase¹:

1. Placement of a manufactured dwelling in a manufactured home park (building permit)
2. Accessory Dwelling Units (primary land use approval and building permit)
3. Emergency RV Permits (building permit)

Overall, permit fees on these structures represents a small amount of LMD's revenue (approximately \$40,000/year). Therefore, maintaining a lower cost recovery rate on these permit types would not have a major impact to LMD's budget.

If fees increases are not implemented and additional funding to support LMD cannot be identified, services will need to be reduced to ensure that the division's legally mandated functions can continue. Mandated functions include the processing of building, sanitation, and planning permits.

Non-mandated services and functions that would likely be impacted include:

- Public information requests: LMD currently provides information and technical assistance to scores of residents every week. While these services are critically important for residents navigating the permitting process or performing due diligence, this work is extremely labor intensive and is not mandated. These services could be reduced or largely eliminated.
- Code Enforcement: Reductions in code enforcement staff could occur. This would impact the County's ability to respond to all but the most critical code violations. Most nuisance violations could not be prioritized if any reduction in code enforcement staff occurred.
- Long-range planning efforts: This would include non-mandated efforts to update and streamline Lane Code and the Rural Comprehensive Plan as well as co-adoption of small city and Metro projects.
- Permit processing timelines: Although LMD is required to process permit applications, the time it takes to process these applications would most certainly increase if staff reductions occurred.
- Closure of the Florence satellite office.

Alternatives/Options

1. Direct staff to amend the proposed ordinance and order following Option 1 – (10.5% two-year phased increases) with the targeted permit fee freeze option.
2. Direct staff to amend the proposed ordinance and order following Option 2 – (7% three-year phased increases) with the targeted permit fee freeze option.
3. Direct staff to make other adjustments to the proposed ordinance and order (specify changes).
4. 4. Take no action.

¹ Staff does recommend that CPI adjustment be applied to these permit types for the current and future years.

RECOMMENDATION

Either Option 1 or 2 will result in a structurally balanced budget for LMD. Option 1 would reduce the overall impact on LMD's reserves, but it would result in a larger fee increase initially. Option 2 would have a greater impact on reserves, but it would spread the increase over three years, instead of two. Staff supports either option as well as the use of a targeted exemption on fees for the permits identified above.

IV. TIMING/IMPLEMENTATION

Depending the direction received, staff will return to the Board for a 4th Reading on Ordinance 25-04 and possible deliberations on Order No. 25-03-11-08 at 1:30 PM time certain on April 29, 2025.

ATTACHMENTS

1. Public comments received as of 3/21/25



March 10, 2025

Dear Commissioners,

We recently were made aware Lane County is considering a 22% building permit fee increase. Because we only learned recently, we are asking for a third reading and additional public input. The additional reading will provide time for the Central Oregon Coast Board of Realtors to review how the building permit fee increase will impact Lane County building and housing production, specifically in the Florence area.

As the direct connection between people purchasing and selling homes in western Lane County, the Central Oregon Coast Board of Realtors would like to be informed when matters like this are up for a vote. How do you suggest that happens? We look forward to working together on behalf of Lane County residents.

Thank you for your consideration,

Missy Johnson

President, COCBR

Missy@cbcoast.com

Justin Young

Vice President, COBR

Justin@cbcoast.com

March 10, 2025

To: The Lane County Board of Commissioners

RE; ORDER 25-03-11-08 RE Increasing The LMD Fee Schedule

From: Dale A. Saari, 85177 Pine Street Florence OR 97439

Dear County Commissioners.

I wish to submit the following testimony to the record at the March 11th board meeting regarding proposed ORDER 25-03-11-08, as follows:

As a 53 year resident of Lane County and as A Oregon Real Estate Licensee since 1980, I rise in opposition to the proposed increase in Planning Department fees as proposed by **staff**.

Since becoming a real estate practitioner in 1980, I have seen nothing but a bloated **inefficient planning department** that actually hinders the "Development" portion of our Land Use Planning System under DLCD. At every opportunity, Lane County Planning has become more bloated by adding unnecessary regulatory burden for the past 45 years and as a result, have irreparably harmed our economy and tax base through lost economic opportunity and lost tax base opportunity.

During my time as a real estate practitioner, I did much Land Use research for the Oregon Senate Ag and Natural Resource Committee during the 97 and 99 legislative sessions. In Salem, Lane County was a well known point of ridicule for being the worst County in the State regarding land use implementation and lack of common sense.

I could **give countless examples of endless delays and inefficiencies that contractors and** home owners have endured in the past four decades in both Planning and Code Enforcement, but why bother? The fact that your bloated planning department just squandered the time and money, to prepare a 60-page argument for their parasitic need, should be all the testimony you need to vote this down. It is truly a monument to their **waste and inefficiency**.

I have a better plan.

Fire the head of the Planning Department and replace him or her with a common-sense, **efficient** planner like Kieth Cubic of Douglas County Planning. Give the Department head full authority to terminate anyone in Planning that does not support the **new efficiencies**.

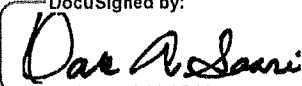
I have dealt with both Planning Departments and there is simply no comparison in terms of customer service and getting the job done.

In overhauling the Planning Department, Lane County will have a more **efficient** planning department, creating vast savings and an increased tax base for Lane County. By removing the costly roadblocks and delays, we have an opportunity for **truly affordable** housing!

In closing, the choice is yours. You can choose to continue the same failed course or make **this department more efficient**.

I ask that you hold the record open for more public input.

Respectfully submitted,

DocuSigned by:

DEA95CBBADAE4C1...

Dale A. Saari

85177 Pine Street.

Florence, OR 97439

dale@florencere.com

LANE COUNTY COMMISSONERS

TO WHOM IT MAY CONCERN:

My name is Ronald Mann with Ronald G Mann building LLC. I've been a contractor/residential builder in Lane County since 1977. During that period of time, I have seen many ups and downs in the single-family home market. There have always been issues to overcome in the process of providing single-family homes for Lane County residents at affordable prices. Currently it is extremely difficult, as I am sure you are aware.

It's come to my attention that Lane County Planning and Building are requesting a permit fee increase in the single-family market permitting process. I am highly opposed to any increase in funding or increase in permitting costs under the current economic conditions. Certainly, these are difficult times for anyone seeking to provide housing in the rural marketplaces of Oregon. The following are several of the reasons that I do not support any increase in the cost of fees.

- To raise the cost of Permitting and Planning in Lane County is inflationary at best and this is an extremely poor time to raise those costs.
- Lane County has done nothing to make the process easier for Western Lane County residents. At best it is an antiquated system, run by individuals who do not wish to facilitate construction in Rural Lane County. Nearly all building and planning questions have to be answered 'in person' at Lane County. The drive back and forth from Western Oregon is not an inexpensive process. Currently, Lane County staff feel very proud of providing an office at Florence one day a week, for planning and one day the next week for building. Not only is this not adequate, but it insults the private sector with disregard for the value of our time and our assets. (2 weeks for just a building question?)
- Lane County Building and Planning have made the construction of single-family homes expensive at best and restrictive beyond necessity. Every opportunity is taken to find some reason not to allow construction without significant engineering of both soils and structure.
- Nearly every project in Rural Lane County is going to be confronted with some building issue. Most of which are going to require land-use planners from the private sector and attorneys to navigate the system currently operating at Lane County. No system should be so complex that the local residents must hire experts to navigate nearly every project. I believe this is by design.
- Other building jurisdictions have long allowed E permitting. Lane County has continued in its antiquated system, slowing the process for Building Permitting and Planning. This system would allow emails to be both a record of conversations and clarity of Lane County actions.

The only portion of Lane County building and Planning that I have experienced to be extremely helpful with the department of On-Site Wastewater Management. These individuals have been problem solvers, not problem causers. Had I worked with people like that for the last 50 Years in Lane County, I would have no problem with pay increases. However, that has not been the case.

The issues that I have outlined above have made Lane County extremely expensive and burdensome to deal with. Nothing has been done to both streamline and make the process easier for the average County rural resident. You will be hard-pressed to find any support for increasing the cost of permitting, for a government agency so poorly respected by the folks who have tried to build a home in rural Lane County.

Sincerely

A handwritten signature in black ink that reads "Ronald G. Mann". The signature is written in a cursive style with a large, stylized 'M'.

Ronald G. Mann

Ronald G. Mann Building LLC

541-999-0102

Email: ronald@rmannbuilders.com