

# 2009 State of the County Address

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**February 12, 2009  
Camas, Washington**

I'm sure you would like to hear about the state of our great county. I have a story to tell you about life in Clark County and how we, as county residents, can handle it and learn from it.

## **First, a little history.**

Back in 1850, when the county's first sheriff took office, one of Clark County's most important tasks was keeping our citizens safe from criminal activity.

Also that year the county's first three elected commissioners met in a log cabin about a half-mile below Fort Vancouver. They discussed building a wagon road and a license for ferry service across the Columbia River. You could say this was the first Columbia Crossing project.

Just think. If Commissioner Steve Stuart had been alive then, he probably would have been on the ferry task force trying to decide how many ferries we would have, what tolls to charge or if we should bring a new passenger-only ferry on line.

Over the years, our county has added a variety of programs to serve the wishes and demands of our residents, state and federal government — such things as building standards, planning, social services and public health. Some people say we have too many services and others say we need more.

In any case, to pay for these activities, along came sales taxes, property taxes, fees and grants. Today our county collects tax revenue for many service providers, including our local schools. Of every dollar we collect from property and sales taxes about 14 cents stays with the county to pay for county services.

Let's talk property taxes for a moment. As a result of a state law approved by the voters, the total property taxes collected for the county can go up only one percent each year. New construction is added later.

But not every taxpayer sees their property taxes increase exactly one percent. In fact, the amount of your property tax may go up or even down. Several things determine your share of the overall one percent increase.

One of these is the assessed valuation of your home. If your house increases in value faster than other properties, then you may pay more and other property owners may pay less than one percent.

And sometimes voters approve measures that increase taxes for schools and other programs, such as the Metropolitan Parks District, which is a special service district in parts of unincorporated Clark County.

Last year Clark County collected about \$50 million in general property tax. The one percent increase this year will therefore be about \$500,000.

For the past decade, Clark County has been living off extra taxes brought in by new construction. When a house is built it brings in sales tax on all the materials used to build it. Also, in the first year only, the county gets an increase for property tax. The astounding pace of growth in Clark County, which has now slowed dramatically, has helped maintain lots of county services.

At the same time that new construction stalled, taxes from retail sales decreased significantly and today Clark County finds itself in a difficult financial position. The result has been a substantial decline in revenue predicted in the 2009/2010 budget.

Last year, the Board of Clark County Commissioners and the county's elected officials crafted a balanced budget that included no new taxes. It wasn't easy.

You could describe the economy as being on a runaway train going down hill while trying to guess where the track will go. Will the economy level out or will the downturn become even steeper? Oh, if we could see the whole picture, but we can only see what has happened in the past and try to estimate what will happen in the future.

With the fine work of our budget office we have refined our revenue forecast and examined our costs. Starting this month, we will pull together every single bit of information from both government and private sources that may give us any insight into what the future may bring. We will ask all county and city elected officials to be involved in the discussion. This will be as honest and frank as possible.

If you have information that may be helpful, please give us a call. I need to caution you — these will not be uplifting meetings for a while until the economy picks up. One of the county departments hardest hit by the current economic crisis has been Community Development. Until the last few years, Community Development was processing a record number of building permits and times were good.

But just like a private business, we base our Community Development budget on building fees that pay 100 percent of the cost.

When business is good, you make enough to increase services and invest back into your business. But when there's a downturn, you must lay off people and possibly shrink your business. We are in that situation now. Just like a business, tough times are causing us to take a closer look at our costs and how we are operating.

With the help of Marty Snell in Community Development, and Jerry Dolezal from the Budget Office, we now know how much an hour it costs us to do business and how long it takes to process permits. We are continuing to take a close look at our business processes. That's the good news.

The bad news is that the fees we have been collecting do not match what the process costs. So, we lose money on many permits. And at this time, that revenue must come from the general fund supported by all taxpayers.

Now, to be fair, in many local governments it is a budget decision from the start to fund a substantial percentage of building permits from the general fund. And we have that option. But that means that there are fewer general taxpayer dollars for law enforcement, the courts and other county services.

We have three options:

- Increase the fees;
- Take money out of the general fund; or
- Look at how much time it takes to process a permit.

We are working with our stakeholders on fees, so for right now I will take that off the table. That leaves how efficiently we can process a permit. Increased efficiency will come from improvements to our code and county government. We are on two special tracks to improve both of these.

The Board firmly believes that if we are going to get our economy going again, we need to generate new jobs on the land we added in our last growth plan. Unlike other states, we can't offer major cash incentives to businesses. What we can offer is a great place to live, great schools, parks and roads. And a reliable, affordable, and courteous permit system.

We have great people in every department. We also are a hands-on Board. What can happen with this kind of Board is that those who implement the code can be trapped between taking a risk to make an independent decision and being out on a limb if there is a mistake.

It comes down to everyone being on the same team at the same level, including the Board, our county administrator and all others. This is a process often used by the private sector but rarely by government.

So what is Community Development's purpose? That is the first thing we are asking our associates to describe. We need a statement that anyone can understand, that can be put on the back of a business card.

The next step is to determine how we change our business processes and from there the county code. We are asking outside stakeholders about changes to our code. In fact, if any of you have specific code changes, problems or concerns please send them to us any time.

I will tell you that this process doesn't fit with our usual git-r-done mentality. It is a process built with its own time table. But just as some of our great companies have changed from the inside, so shall we. We can take a lesson from sports teams that have made it to the top.

Whether it's an NBA champion or a record-setting sales force, Lakers Coach Phil Jackson said winning is essentially a spiritual act. It requires the individuals involved to surrender their self-interest for the greater good so that the whole adds up to more than the sum of its parts.

I will say real leadership is not getting the job, promotion, or being elected—it is being kind, respectful, selfless, forgiving, honest, and being committed. Yes, some say I should be committed, but that's more of a wish than a value.

We, as the Board of County Commissioners, will hopefully lead a change to a kind of leadership that is based on helping each other.

### **Now to put that into practice.**

Under state law, we must provide roads, parks, schools and other infrastructure for growth within our county. Also, we must prove there is enough revenue to pay for these services.

This is hard enough, but added to this are new environmental costs, plus declining revenues.

This has come to a focal point in our school construction. We are in the bull's-eye between school construction and affordable homes.

Just a note — a business won't come here if employees can't afford the house payments.

To deal with the gaps in funding to build schools, developers pay impact fees. This, in turn, ends up in a home owner's house payment.

With this economy, anything can put any project over the cliff and into bankruptcy. Regardless of how you view growth, these builders, and all men and women in businesses related to housing, deserve our compassion, just as with any other business.

On the other side, our school districts rely on impact fees for capital budgets.

During our last growth plan we formed a school task force that led to the formation of the Clark County Schools Advisory Committee. As far as I know, this is the only group in our state working on school construction issues.

We are asking this group to begin meeting to tackle current issues. Their job will be very tough. But the outcome of their work could mean the future of our county.

The discussion of impact fees has been around for a long time. They do pay for new schools. However, we all know that many times a person without any children will pay thousands in fees for a new house. And next door may be a family with many children that pays nothing if they buy an existing house.

I will say that everyone — school districts, builders, real estate professionals and others — realize this problem. I believe we can work through this for a positive Clark County.

### **Regarding transportation.**

We remain as committed as ever to provide a reliable and affordable system, even with this economy, our budget declining and a market that does not favor financing.

Why? Because it's our job. Just like that very first set of commissioners.

We are asking for stimulus money for road, rail and related projects.

Isn't it odd that it is stimulus if we get it, and pork if we don't?

We are working with our audit team to prove up our requests. We are showing that we will provide jobs through construction, from the ribbon cutting to many anniversaries.

Economic development is crucial for our future. As you know, in our latest growth management plan we added more land to the urban growth boundaries around cities — actually, more land than some wanted and more farmland than the growth management hearings board thought we should take.

We are appealing that decision because we believe we did prove that all the land added to the urban growth boundaries was justified.

Along with that, the real deficiency in our land supply is industrial. To be diversified in our new economy we need industry and manufacturing. We are implementing our rail

industrial zone around the county's railroad. This will bring new companies that use railcars and are compatible with the surrounding area.

Putting all this together brings me to our newest commissioner, Tom Mielke. Working with him during several legislative sessions in Olympia has given me a chance to know him. He brings a wealth of knowledge of private business, service to our country in Vietnam and legislative oversight, serving many years on local government, transportation and other committees.

He will be working closely with Kelly Sills, our economic development manager; Fred Abraham, our railroad coordinator; and Bart Phillips from the Columbia River Economic Development Council.

We will take a proactive approach to personally meeting with prospective businesses. But if we are to create jobs, people need to be able to get to work, turn on the lights, get water for their coffee and yes be able to flush the toilets.

When a company moves anywhere in Clark County, they can be confident they will get electricity and water. Sewer is another question. It is one that almost derailed our last growth plan.

"We must *become* the *change* we wish to see." Not a quote that you would expect for sewer service, but this topic is the *symptom* of a problem, just like annexations, and services. Some people say it is turf. I would say it is different jurisdictions trying their *very* best to provide services and being accountable to those who have elected them.

We need a *forum* where the county and cities can come together to discuss programs, differences, opinions, and opportunities — A place where we can honestly share what services we should provide, who should provide them and how we can pay for them.

As elected men and women of our county and our cities, we serve as *trustees* to manage your money, your assets and your government. We must come together and bring up our fears and our *dreams*, the easy questions and even those that seem too difficult to discuss. We must get out of the rut of believing that if someone gets something, then we won't.

It's been said the measure of your life will not be in what you *accumulate* but in what you *give* away. Sharing revenue or building roads and other infrastructure that may be annexed by a city comes down to trust.

For these reasons, I would like to create something like a council of governments. This would consist of representatives from the county and all our cities. Currently the mayors of our cities get together to discuss topics. So this should follow that path that has already been set.

A benefit of that can be regional services such as sewer, stormwater, parks and other services. It is amazing to me that we have come so far in many, many inventions and we haven't changed how we treat sewage, solid waste or stormwater except to create thousands of rules from federal, state and local governments.

**An example.**

Currently we take water out of the ground, use it in our houses and then send it in pipes out to the river. We need to find ways to recharge our aquifers and keep our water clean. Our watersheds sustain all of us, as well as the habitat around us.

We believe, with the assistance from great people from the county as well as our fine cities, that we can improve our environment and provide incentives to prospective businesses.

However, we need this mindset to travel north to Olympia for state government and east to Washington, D.C.

We ask that our state and federal government concentrate on improving our environment rather than increasing their control.

We simply can't attain economic development within our region of the country, when so many are saying stay out, using regulations without regard to outcomes.

I would like to tell you about the new and very exciting projects that Commissioner Stuart — the most senior member of the Board — is undertaking. That's senior as in time on the job.

Commissioner Stuart is making a name for himself by working on regulations that have achievable results and can be measured for success. A great example is his work on our new stormwater code. I am sure the Department of Ecology is excited also.

Another new and very exciting development he is undertaking is combining all our departments dealing with our environment and creating a department dealing with natural resources. We believe this department, with one mission and one director, can place us ahead of all others in economic development and at the same time protect and even enhance the environment God has given us.

Now, to the meat and potatoes—our rural land use plan. Regardless of our economy right now, we owe it to those outside of the current urban growth boundaries to take an in-depth review of what's going on there.

We are one of the first counties in the state to do this, so it is fitting to say we are plowing new ground.

This plan deserves as much attention to detail in its planning and participation from landowners and stakeholders as our growth management plan for the urban areas.

Now, for some potatoes and rice—you may have heard the saying, “pray for the best but plan for the worst.” We are going into a period of time that may be worse than the 80’s recession by quite a bit. With that, plus federal and state budget cuts, our social services will be hit very hard and that will affect all of us. But I believe the real core of service is helping your neighbor in need.

Just as we have come through some very tough storms caused by the weather this winter, so shall we come through this tough economy. We are working with many social service agencies to plan what may happen if unemployment, foreclosure sales, and other problems force more of our residents into economic hardships.

I remember too well eating rice and raisins day after day during hard times. Those of you who have come through lean times have other versions of this memory. And as in any other crisis, I believe we need the faith-based community more than ever. First, a word to our churches and other nonprofits: Thank you so much for all you have done and are doing to serve the needy in our community.

Most of these organizations receive tax breaks and don’t pay property taxes. Congregations also get tax benefits for their contributions. In return, the many services they provide to our residents are invaluable, especially in these difficult times. We will call meetings of our faith leaders and together and we will serve one another.

As President Franklin D. Roosevelt stated, “The only thing we have to fear is fear itself.” In this statement, the President wasn’t talking about war. He was talking about the United States economy.

We can get through tough times if we plan and if we make a decision to sacrifice. Remember, planning for Y2K — People prepared and although nothing much happened, we were prepared for what *could* have happened.

First, I ask sincerely that you shop in Clark County. Remember, our Sheriff’s deputies and city police officers are paid from the sales tax we collect here. We get nothing from Portland to pay for the services they provide.

Second, be prepared for emergencies. Get to know people around you and plan how you can help one another. And I don’t mean just during flooding, storms and other natural disasters. FEMA doesn’t provide disaster relief for those who have lost their jobs or their homes. But by working together, we can help each other.

Potatoes and rice — foods found in dishes on the food lines for the hungry, as well as the menus of the rich and famous.

It's how we handle life that counts.

Clark County has survived the Great Depression, the silver thaw, the Columbus Day storm, tornadoes and the 2008 snow storms, and with God's Help, we can survive this economic crisis. We will do it together, be it elected servant to elected servant or neighbor to neighbor.

At times, we all look for the pot of gold at the end of the rainbow. I say to you the rainbow was created for a promise and it is really made up of different colors of service. I leave you with a song performed by my friends, Annie and Craig Barton.

Thank you and God Bless.