

Gilliam County Court
Work Session
February 6, 2019

Judge Farrar opened a special work session of the Gilliam County Court at 9 a.m. at the Gronquist Building in Arlington, Oregon. Present were Judge Elizabeth Farrar, Commissioner Leslie Wetherell, Commissioner Sherrie Wilkins, Court Administrator Sandy McKay, Treasurer Nathan Hammer, and Deputy Treasurer Kelly Smith.

IN THE MATTER OF RESTRUCTURING OF ANNUAL COUNTY GRANT PROGRAM

Today's work session is the first of a series designed to address restructuring of the county's annual grant and loan programs, and to focus on the program that facilitates grant requests considered during the annual budget process and at random times throughout the year. The grants are generally from the Wind Energy SIP, General, and Economic Development Funds.

A draft Grant Program Guide was prepared for the court's review, built from existing grant program documents, input from county officials and staff, and outside grant programs. The guide, presented via paper documents and slides, includes questions formulated to prompt discussions. The questions and explanations are included below, in bold print.

What are the county's goals/priorities for the annual expenditures of Wind Energy SIP, Economic Enhancement, Economic Development, and General Fund allocations?

Examples: Economic development, infrastructure, livability/quality of life, capital projects, strategic reserves, endowments: road fund, homestead rebate, and emergency fund.

Judge Farrar opened the discussion by stating that her goal is to ensure that funding is used to promote stability and lasting impact, including infrastructure that supports long-term sustainability and growth, strategic investments, economic development, and removal of barriers that prevent young people from returning home. She also intends to address the issue of the use of funds for operations.

Commissioner Wetherell asked how many of last year's funding requests were for operating expenses. Sandy McKay responded that most of the requests were operational, with the exception of Arlington School District's request for funding for roof repair, and most of South Gilliam County Health District's request for funding for an upgrade of the dental clinic.

Judge Farrar commented that the goal isn't to cut off funding for services, but to consider the reality that funding will sunset. Organizations should be encouraged to develop plans for continued operations after funds are no longer available.

Commissioner Wilkins suggested that the court provide organizations with help and tools for managing funds and making plans for the future. Judge Farrar said she would like to see funds used for infrastructure, livability, economic development and quality of life, which may include some operational costs. She suggested that the homestead rebate fund could be self-sustaining with an endowment large enough that funds won't be endangered in the future.

Judge Farrar also noted concerns about courthouse security, and that upgrades would require significant expenditures. Regarding a strategic reserve, she expressed concern about prolonging the inevitable for organizations who are using funds for operating cash, remarking on the absence of those organizations at this discussion.

Commissioner Wilkins cited a lack of understanding and suggested it might be useful for the court to meet with organizations regarding their needs and expectations.

What funding sources or budget line items are we talking about? (Listing of grant line items was included on the slide). Last year, the county provided 39 grants worth over \$3 million.

In response to a question by Judge Farrar, Nathan Hammer clarified that Economic Development funds come from host fees. He also noted that the county's funding stream is relatively equally distributed among three legs -- host fees, SIP funds, and tax revenue. He said that approximately \$3 million in tax revenue isn't distributed to the taxing districts.

Peter Mitchell, Arlington Port Manager /Economic Development, was in the audience and discussed the relationship between the Port and the County Court. He said that traditionally, funds have been used for projects, not for administrative costs. He suggested that funding isn't really a grant but an allocation, and suggested changes in phrasing. Hammer said the ordinance could be changed and agreed that funding for the Port isn't part of the normal grant process.

Eligibility Criteria vs. Merit Criteria

Eligibility criteria are established by the court as a guideline to who may or may not apply for grant funding. Once established by the court, staff can use the criteria to make an initial determination regarding which applications qualify to move forward for consideration by the budget committee.

Merit criteria are also established by the court. Once merit criteria have been utilized to ensure that only qualified applications remain, the budget committee then uses the criteria to rank and compare applications. Merit criteria are used to established and create a fair and balanced method for decision making.

Eligibility criteria: What are the appropriate types of organizations the court feels should be eligible to apply for county grant funding?

Examples:

- **Non-profits, community organizations, government agencies, special districts, schools, private business**
- **Taxing districts which are affected by SIP funds**
- **Applicant must reside and operate within Gilliam County**

Commissioner Wetherell commented on previous funding of a religious organization that she didn't feel should be eligible. Judge Farrar suggested creation of a policy stating that grant money won't be used to fund private businesses; however, private-public partnerships could be considered in certain large projects that benefit the wider community. Commissioner Wilkins commented that housing and similar projects that benefit the community should be considered and Nathan Hammer cited the partnership between the county and Pioneer CDC.

The Court agreed that funding requests from private businesses shouldn't be considered, with the exception of possible funding for private businesses that is granted through an eligible entity for a joint project. Judge Farrar suggested that eligible entities should include non-profits, community organizations, government agencies, special districts, schools, and taxing districts. Commissioner Wetherell recommended a stipulation that projects must benefit Gilliam County, the court agreed to stipulate that the project must occur within the county and benefit county residents. The court also decided that religious organizations would be ineligible, but that exceptions could include buildings with historical importance. The court also agreed that such requests should be considered on a case by case basis, and that a distinction could also be made in certain situations such as Senior Services' request for improvements at local churches used for senior meal sites. Nathan Hammer suggested that reimbursable grants could be considered in certain situations, which would help organizations while keeping the county "out of the loan business." Commissioner Wilkins commented that reimbursable grants could provide a way to help organizations learn to manage funds.

Eligibility Criteria

What types of requests does the court want to consider (projects vs. operational support)? Examples: Capital construction, community service programs, special events, operational expenses, etc.

Judge Farrar suggested that new requests for operational funds should not be considered; however, funding could be considered for organizations that have previously received operational funds, but only if a sustainability plan is developed

before any additional funding requests are submitted. She also suggested that a percentage of funding could be used for operations, as entities that rely on county funding for operations will be particularly vulnerable when funds are no longer available. Nathan Hammer suggested a step-down process and Commissioner Wetherell commented that eligibility requirements shouldn't be too restrictive. Judge Farrar noted the importance of changing the community's current mindset that the county will always provide operating expenses, which sets those entities up for failure.

Peter Mitchell commented about challenges facing the county, noting that historically, the county has lost population but has turned a corner with growth in the last few years. He said that several businesses in Condon were closed, but the county worked hard to get them opened by providing funding. He suggested that the county may need to provide funds to encourage private entities to set up businesses; otherwise, recruiting new companies is more difficult. Judge Farrar said there is a mentality that anytime an entity has an idea for a project, they come to the county for funding, which isn't sustainable, and suggested that the county must be more strategic. Commissioner Wilkins commented that it doesn't make sense to bring a business into the county if there isn't population to support it, and that housing is needed before businesses can be supported. Mitchell called it a "chicken and egg" situation. Nathan Hammer said he thinks the county should realize its limitations, and that creating guidelines won't hinder economic development.

The court agreed that entities should be given a chance to develop workable sustainability plans with progress towards implementation of the plan.

How often does the court want to receive grant requests throughout the year?

Examples:

- **One grant cycle held in conjunction with the annual budget cycle**
- **Two grant cycles in spring and fall**
- **A continuously open cycle where grant applications are received year round**
- **A primary grant cycle in conjunction with the annual budget cycle with additional special requests accepted at other times during the year**
- **Operational support in the spring, project support year round**
- **Never**

Nathan Hammer noted that it works well to have two grant cycles in spring and fall, and that way, the next funding go-round is never too far away for projects with a short lead time. Judge Farrar said she prefers not to have a continuously open cycle, but it might make sense to have two grant cycles, with the first cycle occurring during the budget process. She suggested spring for operational and project requests and fall strictly for project requests. Commissioner Wetherell noted that time-sensitive projects might come

up but agreed that the court should try the bi-yearly cycle. Judge Farrar said entities should be encouraged to do foresight and planning to avoid emergency requests.

- **How will final funding decisions be made? By the court or the budget committee?**
- **Do you want to fund the “best” requests, or try to give everyone something?**
- **Should the applications be ranked against each other?**

Examples:

- **Set a “funding cap,” rank all applications (i.e., 1-20), provide funding for the application ranked No. 1, 2, 3, etc., until funds have been exhausted.**

Judge Farrar said she would like to see the court make strategic, long-term investments, and that the budget committee will reach a consensus regarding how much money will be granted each year. Nathan Hammer discussed how the process has worked in the past, and Judge Farrar asked if it would be beneficial for the court to think through the process and come into the budget cycle knowing how much money is available for the grant cycle, how much will be set aside, and the court's priorities. Hammer noted that the budget committee's role is to advise the court, not to tell the court what to do; ultimately, funding is the court's decision within parameters approved by the budget committee.

Les Ruark of Lower Rock Creek was present in the audience and commented that the budget committee is subject to statutory requirements and cautioned the court to be careful, as the function of the budget committee is deeper than just serving in an advisory capacity.

Various scenarios were discussed, including the inclusion of more public input, and whether or not to include the budget committee during the fall grant cycle. It was the court's consensus that the court will make decisions after completion of the regular budget process.

Julius Courtney of Arlington was in the audience and said he likes the ranking system, but recommended that applicants must have a sustainable business plan and must do their homework to spell out the benefit to the community, i.e., housing, tourism, etc. Judge Farrar suggested that the most strategic investments with the best return for the county should be ranked with some type of scoring system. Sandy McKay asked about a funding cap, and the court discussed the establishment of caps for projects vs. an overall funding cap. Judge Farrar also suggested a preliminary staff review with a consolidation of all requests going through the treasurer's office, followed by a merit ranking by a team. Sandy McKay advised that the workload will be massive and shouldn't be underestimated.

It was the court's consensus to fund the best requests, to rank applications, to determine funding caps as part of the actual budget process, and to make decisions on funds to set aside for certain priorities. Judge Farrar said she would like to see flexibility to leverage and prioritize projects.

Merit Criteria:

What merit criteria does the court want to establish to compare and rank applications under review? How will the budget committee decide which projects are of the most benefit to Gilliam County and should be funded?

Examples:

- **Benefit to the county (economic development, historic preservation, community services, etc.)**
- **Matching funds leverage (may be in the form of cash, in-kind labor or equipment/materials)**
- **Timelines (Why does this need to happen this year?)**
- **Necessity (What would be lost if the project isn't funded? Would the project happen without county support?)**

Commissioner Wilkins suggested that applicants should provide a budget, and Sandy McKay suggested that those that fail to submit a budget should be ineligible. He also suggested that applications should include a specific budget form. Judge Farrar said that on the project side, she likes the idea of prioritizing applicants that leverage outside investments for larger sums of money, and that long- and short-term plans for sustainability are essential. However, she noted that the same process might not be practical for operational funding requests.

Regarding reimbursable grants, the court agreed the process should be flexible with an option to determine that certain projects be reimbursable. The court also agreed that applications should be weighted in order of importance with benefit to the county as number one, followed by matching funds, budget, short- and long-term business plans including realistic sustainability plan, and other options for funding. It's also important to consider if the county is the funding source of last resort, or if other funding sources are available.

Are there budget line items for grants that the court feels could be combined or eliminated? Or new grant line items that could be created?

Are there certain funding pools/line items that the Court feels should be more or less restrictive?

Nathan Hammer discussed the pros and cons of consolidating certain line items. Commissioner Wetherell suggested leaving line items as-is for now, and Hammer agreed that no changes should be made until the court determines what works and what doesn't, with very few changes the first couple of years.

Sandy McKay asked for clarification on in-person proposals, noting that in the past, applicants were given the opportunity, but weren't required to present projects in person. The court agreed that it doesn't always work for people to attend in person due to scheduling or other circumstances, and Nathan Hammer suggested that occasional tours or visits might be more effective. Judge Farrar said in-person presentations might be more difficult to compare on a one-to-one basis, thus creating more bias. She suggested that structure for approval would consist of staff recommendations to the budget committee, and that applicants would be welcome to sit in the audience when decisions are made. Any clarifications would be requested by staff.

The court agreed there is no need for formal, in-person interviews, and also reached a consensus that late submissions won't be accepted, although exceptions can be made in unusual circumstances.

After discussion regarding scheduling and short timelines, the court agreed to cancel next week's work session originally designated for business loans. A work session scheduled for Feb. 20 will be used for finalization of today's discussion and review of documents, with the possibility of beginning a discussion on Special Project grants. A discussion on business loans will be postponed.

Judge Farrar announced that a regular meeting of the Gilliam County Court will begin today at 1 p.m.

The next work session is scheduled for February 20 at 9 a.m. at the Gilliam County Courthouse in Condon, to be followed by a regular meeting of the Gilliam County Court at 1 p.m.

Judge Farrar adjourned the work session at 11:40 a.m.

GILLIAM COUNTY COURT

By _____

Elizabeth Farrar, Judge

By _____

Leslie Wetherell, Commissioner

By _____

Sherrie Wilkins, Commissioner

Mary H. Dyer/Recorder _____

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