



LRAPA BOARD OF DIRECTORS AGENDA ITEM SUMMARY

FY24 Local Partner Dues – Updated 1/9/23

Meeting Date: January 12, 2023

Agenda Item No. 7

Department: Director’s Office
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ISSUE STATEMENT AND SUMMARY

Per the Intergovernmental Agreement (IGA) between LRAPA and its Partners in Lane County, the Board of Directors is charged with determining the amount of funding required from the Partners for the Agency to carry out its objectives for the FY24 fiscal year. Further, the Board is charged with determining the methodology that is applied to fairly allocate the required funding. The following discussion highlights dues history as well as provides possible alternatives for FY24 funding.

BACKGROUND

Board Action History. Partner dues are a vital component of LRAPA’s general fund budget to ensure the Agency can meet its maintenance of effort (MOE) required to receive federal funding. Historically, the formula has included an annual increase based on the Consumer Price Index (CPI) and an allocation adjustment based on population. Since 2009, the Cities of Eugene and Springfield, as well as Lane County have been paying a reduced amount due to in-kind service agreement. For example, LRAPA utilizes legal services from the City of Springfield. Past Board action has reduced the dues for the Cities of Eugene and Springfield and Lane County in exchange for in-kind services. In the past, the City of Eugene provided legal services and Lane County provided Human Resources support. Current in-kind services are provided by the City of Springfield for legal services.

The below chart provides a 10-year history adopted partner dues:

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Eugene	55,000	55,000	56,300	57,060	64,180	68,270	73,870	76,570	80,440	87,643
Springfield	21,220	21,220	21,590	21,880	24,610	26,870	28,960	30,020	28,980	31,806
Cottage Grove	9,260	9,260	9,460	9,590	9,830	10,250	10,640	11,030	11,590	10,428
Oakridge	3,670	3,670	3,740	3,790	3,880	3,960	4,080	4,230	4,440	3,358
Lane County	42,200	42,200	43,340	43,930	49,410	52,800	56,610	58,680	61,650	61,876
Total	131,350	131,350	134,430	136,250	151,910	162,150	174,160	180,530	187,100	195,111
	8.0%	0.0%	2.3%	1.4%	11.5%	6.7%	7.4%	3.7%	3.6%	4.3%

Analysis. The cost of protecting air quality in Lane County is increasing due to growth (population, business, and traffic), cost of doing business, inflation, and the addition of new and more complex local regulations, as well as federal and state environmental requirements adopted by LRAPA. As outlined in the Partner IGA, the local government partners of the cities of Eugene, Springfield, Cottage Grove, Oakridge, as well as Lane County have agreed to share the financial burden of regulating the air within their respective boundaries. Partner dues are part of the formula used by the U.S. Environmental Protection Agency (EPA) to ensure LRAPA meets its annual maintenance of effort, which is required to continue receiving federal funding.

In addition to dues, LRAPA collects general fund revenues through permit fees, federal operating grants, state general fund grants, and contracts with Oregon's Department of Environmental Quality (DEQ). Partner dues help cover the cost of providing monitoring, reporting, ordinance implementation, complaint response, and progress reporting.

LRAPA has historically requested a continuation level of support from the partners that is adjusted for CPI based on the U.S. Bureau of Labor Statistics Western Information Office (currently 6%: Nov 2022) and changes in population. One important note: in 2009, the base support amount was adjusted to include in-kind service agreements.

Information applied to the calculations is found using the below links:

Lane Population Trend: <https://www.pdx.edu/population-research/sites/g/files/znidhr3261/files/2022-04/2021%20Annual%20Population%20Report%20Tables.pdf>

Consumer Price Index: https://www.bls.gov/regions/west/news-release/consumerpriceindex_west.htm

Highlights of the partnership include:

- *The intergovernmental agreement to form LRAPA in 1968 has allowed local governments to more effectively and efficiently reduce air pollution and improve air quality within Lane County.*
- *LRAPA and its stakeholders have been remarkably successful in meeting air quality health standards on or ahead of schedule.*
- *Achieving air quality health standards is important not only for protecting public health and the environment, but also for economic development.*
- *Without the partnership, there would be significant losses of:*
 - *air quality progress*
 - *local control*
 - *grant funding to local communities*
 - *potential economic development*

FY24 Alternatives:

The current consideration is for approval of the dues for FY24 (beginning July 1, 2023). At the November 2022 board meeting, LRAPA presented two alternatives for FY24 dues. Both alternatives presented a proposed new allocation methodology that included jurisdictional level of service. There were questions asked regarding the use of service level as well as whether the ORS addressed annual dues increases. Staff was asked to bring back additional information and alternatives before the board adopts dues for the upcoming fiscal year.

Below are six alternatives to consider. The first chart (ALT-1a through ALT-1c) illustrates the first three options that have been calculated using the traditional methodology of applying the CPI to the base, then considering changes in jurisdictional population. The second, third, and fourth charts (ALT-2a through ALT-2c) illustrate the use of jurisdictional level of service as part of the allocation. Overall, the main difference in each alternative is the base amount being allocated. Additional information for each alternative is provided below the charts.

	ALT-1a	ALT-1b	ALT-1c
Base	\$413,635	\$206,818	\$240,738
Eugene	189,849	94,924	110,493
Springfield	67,402	33,701	39,228
Cottage Grove	11,666	5,833	6,790
Oakridge	3,500	1,750	2,037
Lane County	141,219	70,609	82,190

ALT-1a: Since 2009, Cities of Eugene and Springfield, as well as Lane County have been paying an amount equal to one-half of the calculated dues and, at varying times, offered LRAPA in-kind services. For FY23, in-kind services only consisted of the use of City of Springfield’s attorney. However, For FY24, the City of Springfield has requested that they be allowed to bill us for the use of the attorney in exchange to paying full dues. Alternative (ALT-1a) restores the dues back to the original value adjusted for inflation and changes in population. This alternative resets the base and is not intended to recoup any loss revenues.

ALT-1b: ALT-1b is calculated using the FY23 dues amount and adjusting the amount by the current inflation rate of 6%, then adjusting jurisdictional dues by changes in population. This alternative ignores the in-kind services and the request from City of Springfield for LRAPA to pay full prices for the use of the attorney. One result of approving this alternative is that LRAPA will be paying for legal services beginning in FY24, which is expected to be ~\$32,000 annual expense.

ALT-1c: ALT-1c is calculated using the FY23 dues amount including an increase of \$32,000 in legal costs and adjusting the amount by the current inflation rate of 6%, then adjusting jurisdictional dues by changes in population. This alternative recognizes the increased cost of having to pay for legal services if ALT-1a or ALT-2a is not adopted.

ALT-2a

	Population	Service	FY24 Est
	\$413,635	\$330,908	\$82,727
Eugene	151,879	41,364	193,243
Springfield	53,921	19,854	73,775
Cottage Grove	9,333	827	10,160
Oakridge	2,800	827	3,627
Lane County	112,975	19,855	132,830

ALT-2a: Since 2009, Cities of Eugene and Springfield, as well as Lane County have been paying an amount equal to one-half of the calculated dues and, at varying times, offered LRAPA in-kind services. For FY23, in-kind services only consisted of the use of City of Springfield's attorney. However, For FY24, the City of Springfield has requested that they be allowed to bill us for the use of the attorney in exchange to paying full dues. Alternative (ALT-1a) restores the dues back to the original value adjusted for inflation, changes in jurisdictional population and level of service. This alternative resets the base and is not intended to recoup any loss revenues.

ALT-2b

	Population	Service	FY24 Est
	\$206,818	\$165,454	\$41,364
Eugene	75,940	20,682	96,622
Springfield	26,961	9,927	36,888
Cottage Grove	4,666	414	5,080
Oakridge	1,400	414	1,814
Lane County	56,487	9,927	66,414

ALT-2b: ALT-2b is calculated using the FY23 dues amount, then adjusting the amount by the current inflation rate of 6%, changes in jurisdictional population and service level. This alternative ignores the in-kind services and the request from City of Springfield for LRAPA to pay full prices for the use of the attorney. One result of approving this alternative is that LRAPA will be paying for legal services beginning in FY24, which is expected to be ~\$32,000 annual expense.

ALT-2c

	Population	Service	FY24 Est
	\$240,738	\$192,530	\$48,148
Eugene	88,394	24,074	112,468
Springfield	31,382	11,556	42,938
Cottage Grove	5,432	481	5,913
Oakridge	1,630	481	2,111
Lane County	65,752	11,556	77,308

ALT-2c: ALT-2c is calculated using the FY23 dues amount, then adjusting the amount by the current inflation rate of 6%, changes in jurisdictional population and service level. This alternative recognizes the increased cost of having to pay for legal services if ALT-1a or ALT-2a is not adopted.

BOARD ACTION

The Board may choose one of the presented alternatives, or provide an alternative base amount and methodology to determine FY24 Partner Dues.

STAFF RECOMMENDATION

Staff recommends that the Board approve ALT-1c or ALT-2c

SUGGESTED MOTION

MOVE TO APPROVE THE ABOVE RECOMMENDATION.