

Addressing the General Fund Deficit

Columbia County Commissioners Meeting 2-4-26

Chair and Commissioners. I appreciate the opportunity to speak on the General Fund challenges for the 2026-2027 budget cycle.

We all recognize the structural deficit the county faces. Rather than liquidating the Ross Pit – a critical long-term asset that supports our roads and generates steady royalty revenue – or cutting operational staff and department resources in areas like Public Works, the Sheriff, or the Jail, there are administrative and revenue-neutral solutions that can close the gap responsibly.

Here are five practical, efficiency-focused options the Board can direct staff to explore:

1. Modernize Internal Government Service (IGS) Fees

The General Fund currently recovers central administrative costs through a flat 9.1% fee charged to all departments. Shifting to a consumption-based model – where departments pay only for the HR, Finance, and Legal services they actually use – would reduce overhead bloat in central offices. A modest 5% reduction in central administrative costs could offset more than the annual Ross Pit royalty contribution. Clatsop County has a very transparent model that streamlines and publishes detailed Annual Indirect Cost Plans. These documents explicitly break down how much each department (like Public Works or Health) is paying for specific central services like payroll, IT, legal counsel, etc... Columbia county in contrast is criticized as a “black box”. The flat percentage (9%-12%) of a department expenditures means if the road department spends more on asphalt, they are “taxed” more by the general fund, regardless of whether they used more HR or Finance services. This is the “administrative bloat” and why a 5% reduction could save roughly \$448,000. Columbia is currently missing out on an estimated \$400,000 to \$600,000 annually because it does not aggressively capture the 10% de minimis indirect cost rate from its \$21 million grant portfolio.

Clatsop treats its departments like partner by proving transparent, annually audited Indirect Cost Plans that reflect true service usage. Columbia County treat its departments like ATM's by charging flat rate IGS fees that penalize

departments for spending money on their mission. It is time we adopt Clatsop model of Transparency and professional cost accounting.

www.clatsopcounty.gov/finance/page/indirect-cost-plan-2026-27

2. Aggressively Capture Grant Indirect Costs

Columbia County manages over \$21 million in state and federal grants. Many grants allow a 10% de minimis indirect cost rate. By ensuring every eligible grant recovers the maximum allowable rate, we could generate an additional \$400,000-\$600,000 annually for the General Fund - revenue paid by granting agencies, not local taxpayers.

3. Space Consolidation and Hybrid Work Policies

With ongoing renovations at the John Gumm and Strand Street buildings, now is the ideal time to adopt remote-first or hybrid policies for non-public-facing administrative staff. Consolidating underutilized office space could eliminate private leases and significantly cut utility and maintenance costs charged to the General Fund.

4. Voluntary Separation Incentives and Strategic Vacancy Management

Building on the county's current practice of freezing vacancies, a targeted Voluntary Separation Incentive Program for retirement-eligible administrative staff would create permanent personnel savings through step-down replacements or workload redistribution.

5. Shared Services with Neighboring Jurisdictions

Inter-governmental agreements with St. Helens or Scappoose for back-office functions - IT, fleet maintenance, or purchasing - would eliminate duplicate administrative costs without impacting frontline services.

Commissioners, we are not asking for cuts to public safety or road maintenance. We are asking you to examine the \$8.9 million in internal transfers and prioritize administrative efficiency and grant revenue recovery. These steps allow us to bridge the General Fund gap by working smarter, not by becoming more exploitative with county assets like the Ross Pit. Thank you for your time and consideration. I'm happy to follow up with staff on any of these ideas.