

WEST LINN CITY COUNCIL MEETING MINUTES January 25, 2010

Council Present:

Mayor Patti Galle, Council President John Kovash, Councilor Scott Burgess, Councilor Teri Cummings, and Councilor Jody Carson

Council Absent:

None

Staff Present:

Chris Jordan, City Manager, Peter Spir, Associate Planner; Dennis Wright, Engineer; City Attorney Tim Ramis; and Shirley Richardson, Minute Taker

Call to Order/Pledge of Allegiance:

Mayor Galle called the meeting to order at 6:55 p.m. and led the flag salute.

Proclamations, Recognitions and Presentations:

- Public Works Department Award

Mayor Galle recognized Gene Green, Director of Public Works for his department's service to the city. The Department was presented with an authentic Old Oregon Photo of a little boy standing in front of the trench of the first water pike going from Oregon City to West Linn. The plaque underneath said, "In recognition of outstanding service to the West Linn Public Works Department 2010." Mayor thanked Mr. Green for the department's attention to the citizens and staff in a timely and courteous manner; the City is proud of their department.

- Audit Committee Presentation

Richard Seals, Finance Director, introduced Bill Barker, Senior Manager for the auditing firm that did West Linn's June 30, 2009 audit.

Mr. Seals reported West Linn finances have come a long way over past five years. The June 30, 2009 audit was completed in December on schedule. It has been filed with the Secretary of State; this is the second time in row West Linn has received a totally clean opinion. Internal controls are much tighter today than they have ever been hopefully they will continue to improve. Mr. Seals introduced and recognized Nikki Cobliha a citizen CPA member of West Linn who serves on the Audit Committee.

Bill Barker stated that he is a long term resident of West Linn as well. A clean opinion was given; meaning there was nothing materially misstated in the financial statements. The required communications presented to the Audit Committee included a discussion of their responsibility, management responsibility for the preparation, and disclosure of the City's financial statements. Required communications also included comments relating to budgeting, collateral, etc. required by the minimum standards for Oregon corporations. In January a management letter was issued that dealt with items that were weaknesses in internal control in early fiscal 2009.

Audits are up-to-date and the internal controls have greatly been improved in the past five years. The GFOA award was given to West Linn for 2008 and it has been submitted for 2009. Mr. Barker stated this is the end of their contract period; they have been the City's auditor for five years. They will submit a proposal to be reappointed; in that proposal they will propose a different manager and a different in-charge person to give a fresh look to operations.

Councilor Carson thanked Mr. Barker for their good work. She commended Richard Seals and his team for their excellent work of putting in place the controls for an excellent financial system in the City. Councilor Burgess thanked the firm for helping the City through the tough period. He noted the City has booked their entire existing infrastructure and there is a system in place to keep it up to date. He asked staff to comment on the status. Mr. Seals stated that Gaspe 34 involves recording the City's entire infrastructure; from the water lines to the right-of-ways with the 2008 audit. This is an ongoing process.

- Introduction of Library Director

Chris Jordan introduced Diane Satchwell. Early in 2009 the Library Director, Christine Seagel resigned and moved to California. After a lengthy recruiting process and assistance from the Library Advisory Board, Friends of the Library, Library Directors in the area, and staff they were able to attract Diane Satchwell to be the City's new Library Director. She comes to the City from Oakland, California where she has been the

administrative librarian for the past few years. Prior to that, she was the deputy library director for the San Diego County Library System. She comes with a lot of experience and the City is glad to have her on board.

The Council members welcomed Ms. Satchwell to the city. The library is important; it performs a wonderful service for the citizens and they hope she enjoys living here.

- Update on Rural and Urban Reserve Process

Tom Coffee reported the last time he was here he talked about the dueling maps that were coming out from two factions of the Metro council. Discussions continue in the region about urban and rural reserves. Metro launched a public outreach program of 6 meetings around region; some had public hearings. At the Wilsonville Town Hall he provided Councilor Cummings with a copy of testimony that was submitted into the record demonstrating the eight factors which Metro is suppose to make their decision regarding urban or rural reserves, indicating the Stafford area (north of the river) should not be urban reserves. He went through the eight factors and pointed out reasons why it should not be urbanized and urban reserve.

Councilor Cummings made comments as did the Mayor who was there. There were a number of citizens from the Stafford Hamlet. Many people testified that in fact it should be rural. The next step in this process is to finalize the hearings. Core 4 will have another meeting on February 8th to provide recommendations to Metro Council.

MPAC will have a series of meetings: January 27th, February 10th, and 24th. Metro Council is interested in hearing whether MPAC will make recommendations area by area. There have been debates about philosophy, the right number in terms of acres, whether there should be conditions on industrial lands that were brought into Washington County or whether there should be limitations on high-rise buildings in Portland. So far there have been no recommendations and Metro Council is expecting them to finalize their recommendations by February 24th. Metro has said if there are no agreements between them and the county on the urban rural reserves, they will set this process aside and go back to the old way of expanding urban growth boundaries.

At the Thursday meeting there were two additional groups that joined in opposing urbanization. The president of the Lake Oswego Neighborhood Action Coalition submitted a written statement and the League of Women Voters were there opposing urbanization of the Stafford Area. In addition to cities, organizations have stepped up too.

Depending on what the decision is made in February, if the County and Metro do agree on urban rural reserves, and depending on what they do with Stafford, they will be facing a possible appeal in May when they go to amend the maps. There will be a brief

period between February and May where they will be working on another process for amending the maps. He provided each of the councilors with a copy of the testimony.

Councilor Burgess asked Mr. Coffee to comment on a statement made by Carlotta Collette, Metro Council Representative that designating urban would better facilitate the goals for Stafford. Mr. Coffee stated four Metro councilors wrote a letter that is attached to the testimony submitted, claiming that if it doesn't qualify for rural, the only choice remaining is urban. Just because it is urban doesn't mean it has to be the 15 units per acre that you would normally expect in an urban reserve. Their legal counsel has advised them that it would be impossible or illegal to go undesignated and try to achieve that lower density. There were several people at that meeting who testified.

Council President Kovash noted the Clackamas County Commissioners are key players if they agree or disagree with what Metro says. Their last statement was they did not agree with urban. He asked Mr. Coffee what will happen if they stick with that position. Mr. Coffee stated if they disagreed and did not sign the Intergovernmental Agreement (IGA) to implement under the current law it would result in a standoff. Possibly, Metro could go to court to compel the County to agree with them. Failure to sign an IGA means it doesn't happen; that doesn't mean it won't happen for the rest of the County, if there was agreement for everyone else but Stafford. This is supposed to be a regional decision and the amount of acres of urban reserve is going to be somewhere between 15,000 and 28,000. If they settle on the number of acres and Stafford is needed to make up that amount, then the whole agreement would be in question. There are references to the fact that Stafford could undermine the whole region.

Council President Kovash stated a rationale used to try to get an urban designation for Stafford is if they don't put Stafford in the 15,000-20,000 acres, Washington County farm land will be used. Stafford would be the lesser of two evils. It is not whether Stafford is really good or bad, in their opinion the land isn't as good as Washington County. Mr. Coffee stated that is why the total acreage is the key, it may be necessary for 28,000, but not necessary for 18,000. MPAC will be asked to weigh in on what is the timeframe (40-50 years) and what is the right acreage. All of these variables will ultimately go into how many of these different areas will have to come in as urban reserve.

Councilor Cummings thanked Mr. Coffee for his time and attention to this year's meetings and details. The irony is there the Stafford area (developable acres) there is just barely more than a 1,000 acres. There has never been a straight answer about how many acres are needed. Over 70 percent of Metro citizens don't want to see a lot of expansion. Of all the expansions that have been done since the beginning, only 5% of the land has been used. It cost so much to expand on edges where there is no infrastructure. For a practical matter development isn't occurring there very much; it is more economical for developers to use land where there is already existing

infrastructure. The dollars speak for themselves. The Stafford area would be extremely expensive to develop.

At the last two meetings, one of the key questions to West Linn and Lake Oswego, was the question of the Borland Road area. The Public Advisory Committee did not recommend that urbanization extend to the edge of West Linn; it came short. The Committee recommended that the Borland area would become urban, they didn't know who would serve it. However, they didn't think it should go north of the Tualatin River and there was no need to extend down Borland Road to West Linn. When that map came back they had extended the boundary to West Linn. It was asked if West Linn agreed to provide service there; she let them know that West Linn did not agree to that. There has been no discussion that this is a good resource for the City. Infrastructure for that area could be one-half to a billion dollars. No one wants to take that on.

Mr. Coffee thanked Cummings for being there in support of the Stafford area at many very long meetings.

Councilor Carson stated key issues will be decided at this next meeting relating to whether or not the number of acres designated as urban in a time space of 40/50 years. This will play a significant role in the pressure to bring in the Stafford area. Hopefully with testimony at MPAC, many will be encouraging to go with the lower figure. The other area to be discussed is ensuring (through IGAs) that prior to anything being brought in into the urban growth boundary in the future will require governance and a concept plan for any infrastructure being provided.

Community Comments:

Alice Richmond, 3939 Parker Road stated she has three newspaper articles she wanted to bring forward tonight. She recommended citizens read the article in this past Sunday's newspaper, "Can Merging Metro Area Cut Costs;" she feels this is what is happening today. There is another article in that paper about trails titled, "Building Trails Will Lower Impact," and encouraged citizens to read it. There have been discussions about trails in this city for quite some time. There are suggestions in this article to have narrower trails, she feels that is a good idea as it will allow for easier maintenance, afford hikers, bikers, pedestrian and cross county athletes a more intimate experience with nature.

Karie Oakes, 1125 Marylhurst Drive wished the council and citizens a Happy New Year. She is most interested in council work this year and would like to know what the council goals are. The current goals are not posted online and she wonders if there are current goals and if they have been conveyed to public?

Ms. Oakes stated she would like to see the performance review of City Manager completed. She attended the November 23rd work session of the Council where it was

acknowledged that this needed to be done. She believes the performance evaluation is a two-part process and Council has only completed the first part. She submitted a letter for consideration in that matter. In looking at the manager's contract, she cited Section 6, "A performance evaluation will be done annually in August" in accordance with specific written criteria. She would like to see these criteria exposed to the public. The public needs to know the specific written criteria the Council is basing the city manager's evaluation on.

Lynn Fox, POB 236, Marylhurst, OR stated she is president of the Hidden Springs Neighborhood Association. She submitted to Council a copy of a map that was produced by Clackamas County in August of 2007. On this map it says, "Urban Area." This document was distributed to the public and it is confusing when there is a map presented and Metro is still deciding what will be urban and what's rural.

The Community Development Code requires that neighborhood associations be advised so they can observe when there is a pre-application meeting. The most important applications to come forward in the Hidden Springs Neighborhood Association, was the School District property, were not properly noticed to the neighborhood association. She was concerned when she found out, after the fact, in December 2008 that there had been a pre-application meeting on October 16th. Paper documents were mailed to other neighborhood presidents but not to her. There is an attachment in the materials submitted that is an email between herself and Chris Kerr, he says he doesn't believe any notice was sent out prior to the pre-application. Typically the City sends these out in advance, but in this case he was unaware that one was sent.

Bob Thomas, 2563 Pimlico Drive stated he submitted transcripts from the Chairman Utility Advisory Board last spring and outlined in red the most important points. Also included in the submittals is his response to the Murray Smith and Associates response to the comments he made in the 14-page letter involving Chairman Goodrich of Utility Advisory Board, and his response and other submittal Murray Smith and Associates letter of June 26th to Dennis Wright, City of West Linn Engineering Manager giving a response to certain aspects his 14-page submittal to the City Council on June 22.

On the second page highlighted in red, he feels the only way to serve the interest of West Linn residents in this important matter (new Water Master Plan) is for Council to call this new MSA Plan up for review, rescind it and retain the very adequate, beneficial and non-costly August 2004 updated Water Master Plan. Its advantages are described on pages 4, 6, and 11 of the submittal.

Mr. Thomas voiced concern about the new 24-inch main to replace the existing 18" main. The 24-inch main coming across the bridge can only supply 10 MG and this is proposed to expand to supply the Bolton Reservoir 10 MG. The water system performs fine with 8.5 MG maximum a day in 2008 and will continue to perform fine. If you shove

all this water into the Bolton Reservoir there will be nothing left for the Willamette Reservoir.

Consent Agenda - None.

Report from the City Manager

Chris Jordan reported that tomorrow evening there will be an open house at the police station from 5:00-8:00 p.m. Members of the Police Department and the Public Safety Advisory Committee will be on hand to show people around the current station and discuss the needs for a new police station.

Mr. Jordan commented on the maps that were handed out to the Council during comments tonight. One of the maps is from the Clackamas County Business Alliance; it is not from Clackamas County. The other map, according to Tom Coffee is based on the county's comprehensive plan. For years now the County has shown the Stafford area as possibly being urbanized.

Tim Ramis, City Attorney stated the county's comprehensive plan would be subject to Metro's authority to actually determine the urban growth boundary. Even if it is shown in the county's comprehensive plan some future vision of more urban area that would not be controlling. Metro's decision is the final decision.

Councilor Cummings stated she has spent the last year and a half attending meetings and it was never mentioned that the county had a comprehensive plan. It would have made a big difference to her if she would have known there was already a comprehensive plan indicating that they wanted this area to be urban. She would have requested that the comprehensive plan be revised.

Business from the City Council

Councilor Carson asked staff to make sure that Council goals are available to citizens on the website. There are no new goals for this year; however, there were goals set last year and updates on the progress towards those goals.

Councilor Carson stated the Council has not completed the City Manager's evaluation; that evaluation will take place when the Council has their meeting to set goals.

Mayor Galle stated there are no criteria for performance of City Manager. Council President Kovash reported the Council had agreed to work on objectives for the City Manager but has not done so yet. The Council has worked on goals of Council and performance evaluation goals for the City Manager to date. Mr. Jordan stated that a facilitator will be working with the Council on goal setting in the near future.

Mayor Galle asked staff to confirm whether the Hidden Springs Neighborhood Association was notified of the pre-application meeting for the school district property.

Mayor Galle announced that former Clackamas County Sheriff Bill Brooks passed away. Mr. Brooks was West Linn's very first police officer. He was a delightful man and a great asset to the community; he will be missed.

Mayor Galle stated that the 24-inch pipe installation was discussed at Council's work session tonight. She too has concerns about this issue. Councilor Burgess stated that Council is interested in more information and have asked staff to update the Council on this issue at the next work session. Councilor Cummings stated that not enough information was presented for a discussion; in the future she would like to see complete information given to Council. She too is not sure that West Linn has done all it can for water conservation. Everyone is going to have to notice how they use water; there is no reason to have an excessive amount of water.

Council President Kovash stated the Water Master Plan was adopted and the proposed pipe was a part of the infrastructure that the engineers needed to fulfill the plan which has been approved. The amount of design that would go into a project such as the 24-inch water main is a lot less than a project that needs to be completely constructed and funded.

Mayor Galle stated it has been the opinion of consultants, public directors, and water experts, that replacing the pipe is not a good option without having testing data, to include performance on the pump, leakage, etc. There are standards that must be met before this size main can be installed.

Mayor Galle voiced concern about public record requests. A resident requested emails on Palomino Loop Trail. There was a tremendous amount of emails going between the City and a small group without it being dispersed. She asked staff to fulfill this record request because it impacts many of the community. Mr. Ramis stated he will look into that request. Councilor Cummings agreed with Mayor Galle.

Appointments

Councilor Burgess moved to appoint:

Citizens Budget Committee - Abigail Wojcik

Clackamas Cable Access Board - Richard Marlowe

Historic Resources Advisory Board - Charles Awalt, Chris Sherland

Library Board - Tom Miller, Pam North

Parks and Recreation Board - John Linnman, Roger Shepherd, Lorie Griffith

Public Safety Advisory Road - Tim Cibula, Bonnie Hirshberger

Sustainability Advisory Board - Michelle Winttenbrink, Michael Babbitt

**Transportation Advisory Board - Joyce Jackson, Carol Yates
Utility Advisory Board - Bill Frazier, Edward Keonjian, Ray Kindley**

Councilor Carson seconded the motion.

Council Cummings stated she had not had a chance to speak with Richard Marlowe; it sounds like he is qualified. She did talk with Lisa Sherland and was completely satisfied and looking forward to her appointment to Clackamas Cable Access Board. As far as the Sustainability position, Curt Sommer has personally and professionally had a strong interest in sustainability since she has known him. He has been active in the community in that respect.

Councilor Cummings moved to amend the main motion to nominate Curt Sommer to the Sustainability Advisory Board. Mayor Galle seconded the motion.

Mayor Galle stated she agrees with the nomination for Curt Sommer. Curt Sommer has a strong background in sustainability.

Councilor Burgess stated Mr. Babbitt has worked on the Planning Commission for several years. He has worked with the Sustainability Task Force and one of the key issues is to work with land use issues. Mr. Babbitt's experience on the Planning Commission would be beneficial.

Poll on the amendment:

Ayes: Cummings, Galle

Nays: Burgess, Carson, Kovash

Motion failed 3-2.

Poll on the main motion:

Ayes: Kovash, Burgess, Carson

Nays: Cummings, Galle

Motion carried 3-2.

Council President Kovash moved to approve changes to the language of the Council Rules:

- **Under Agenda, next to last line, delete "Mayor" changing it to read, "...the agenda packet is published without the approval of the City Council, which shall..."**
- **In paragraph A, delete "or with the Mayor's approval" and replaced with, "an item on a Council agenda by motion..."**
- **Same paragraph, 3rd sentence, strike "The City Manager shall be notified" and replaced with "Council members will endeavor..."**

- **Under Legal Advice strike, “or of the Mayor” to read, “Request to the City Attorney for advice requiring more than 15 minutes of legal research shall not be made by a councilor or the Mayor except with the concurrence of the majority of the Council.”**

Agenda: “The City Manager shall prepare an agenda of the business to be presented at a regular Council meeting. The agenda packet containing all agenda bills will be available for the City Council and public ten calendar days before a regular Council meeting. No items will be added to or removed from the agenda after the agenda packet is published without the approval of the City Council, which shall vote to approve the agenda at the beginning of each Council meeting.”

Paragraph A: “A council member may place or remove an item on a council agenda by motion at the beginning of each council meeting additions and deletions to the agenda must be approved by a majority of the Council. Council members will endeavor to have subjects they wish considered submitted in time to be placed on the agenda and shall attempt to notify the City Manager in advance of proposing changes to the agenda.”

Legal Advice: Request to the City Attorney for advice requiring more than 15 minutes of legal research shall not be made by a councilor or the Mayor except with the concurrence of the majority of the Council.

Councilor Burgess seconded the motion.

Councilor Cummings asked for clarification of “concurrence of the majority of the Council” when the council only meets every two weeks. Council President Kovash stated the objective of this statement is to make sure the legal advice is directed towards the objectives of the City Council in total, not by one member.

Ayes: Carson, Cummings, Kovash, Burgess, Galle

Nays: None

The motion carried 5-0.

Business Meeting

Agenda Bill 2010-01-25A
Services

IGA with Clackamas County for Dispute Resolution

Chris Jordan reported this item is to renew an IGA with Clackamas County Community Solutions. Council discussed this IGA at its last work session and requested additional information. The program coordinator was out of the office and staff was unable to

make contact regarding the information needed. An email was received providing some of the information requested. Mr. Jordan read the information to the Council.

“Generally the contract benefits to the City include: cost reductions to the City dealing with chronic neighbor-to-neighbor disputes that will not result in City enforcement and consume an enormous amount of City staff time; outreach and education to the public informing them of conflict resolution skills and services; assistance to neighborhood associations for board member conflict or conflict between associations or with the City; staff training in conflict resolutions skills for customer service; reduction in legal costs due to resolution at the lowest possible level of service before situations escalate. Additional services outside the contract are available on a fee per service basis such as workplace mediation, etc.”

The program coordinator, Amy Cleary, is here this evening to facilitate discussions among neighborhood association presidents. This group provides several services to the City; and provides the City and the Police Department to refer continuing problems to alternative dispute resolution without having to take formal legal action. Staff recommends approval of IGA and budget impact of \$4,000 annually.

Councilor Carson asked how much the service was used last year. Mr. Jordan stated the service was used in the last six months. Ms. Cleary stated she would provide statistics if requested.

Councilor Cummings noted the contract provides, “...if and when demand for service exceeds the basic level, additional services will be provided for up to an additional \$4,000.” There is a potential of this services costing \$8,000. She asked if last year this item was budgeted for \$10,000. Mr. Jordan stated last year the budget was reduced from a larger amount to the \$8,000.

Mayor Galle asked if Ms. Cleary could be used for resolution of Council goals. Mr. Jordan stated it was up to Council to decide if she is to be used for Council goals.

Council Burgess moved to authorize the City Manager to renew the IGA with Community Solutions for Clackamas County Dispute Resolution Center per Agenda Bill 2010-01-25A. Council President Kovash seconded the motion.

Ayes: Cummings, Kovash, Burgess, Carson, Galle

Nays: None

The motion carried 5-0.

Councilor Burgess asked staff in the future to request use statistics from service contracts that the City uses.

Agenda Bill 2010-01-25B Second Reading, Ordinance 1589 – Extension of Approval
Period for Land Use Approvals

Peter Spir, Associate Planner reported there were small changes to the text of the Ordinance and passed out copies of the changes which were highlighted in red.

- 6th Whereas, first sentence, delete “that” and the sentence will read, “...the City can require review of those approvals...”
- 8th Whereas, deleting “approval of the” and the sentence will read, “...and recommended amendments to allow...”
- Last whereas, delete “retroactive to August 1, 2009” and the sentence will read, “...land use approval is of value to the City...”

Councilor Burgess asked how these extensions would be retroactive if the date is removed in the last whereas. Mr. Spir stated any application received in the last three years is eligible to apply for this extension. The window is good through June 2010. Mr. Ramis stated the language in Exhibit A, Page 4, Section D(1) states, “Only those applications approved between July 1, 2006 and December 31, 2009 shall be eligible for an extension.” This clarifies that it is retroactive to the developments and is not prospective.

Council President Kovash read the proposed ordinance for the second time by title only and moved to approve Ordinance No. 1589, An Ordinance Creating A Procedure to Allow Two-Year Extensions to Approved Land Use Decisions per Agenda Bill 2010-01-25B as amended. Councilor Burgess seconded the motion.

Mayor Galle acknowledged public testimony request forms had been received; however no public testimony is allowed for this issue. Alice Richmond asked to speak on this issue and Karie Oakes asked to be put on record so she would have standing on this item.

Ayes: Kovash, Burgess, Carson, Galle

Nays: Cummings

The motion carried 4-1.

Recess was taken at 8:15 p.m. and the meeting reconvened at 8:25 p.m.

Agenda Bill 2010-01-25C
Contract

Award Contract – Award of Professional Services
to Group Mackenzie for Police and Courts Facility

Terry Timeus, West Linn Chief of Police reported this is a proposed contract for phase one of the project approach work plan for a new police and court facility. The project is

currently in the budget for \$39,530. There is no sustainability impact of this phase of the project. Once construction begins the goal is to meet the LEED Gold Standards.

One of Council's priorities for 2009 was to proceed with the plans to build a new police facilities. During discussions with Council and stakeholders the concept of including courts to this project was added. The Council's direction was to continue identifying land and begin the preliminary bond work. The pre-bond work included a Request for Proposal (RFP) for an architectural engineering firm to provide proposals in a two-phase process. The first phase includes pre-design services, programming concept design, estimating, and bond education material. This is what is before Council decision tonight.

The second phase, at a later date if this phase is passed by the voters in May, will include design, construction documentation, bidding and construction administration services for this new facility. With the guidance of the City Attorney an RFP was developed and publicized in accordance with the City's contracting rules and State Law. The prevailing firm selected was Group Mackenzie for the design of a police station.

Chief Timeus reported they were on a tight timeline for this project to achieve the goal of putting it on the May ballot. Staff is recommending the contract be awarded to Group Mackenzie so they can begin phase one project work.

Council President Kovash moved to approve the award of the facility design contract with Group Mackenzie for the design of a police and courts facility per Agenda Bill 2010-01-25C.

Mayor Galle acknowledged public comment requests and allowed public comment.

Alice Richmond, 3939 Parker Road stated this new police facility has been due for a long time. She is in favor of putting it on the May ballot and asked the Council to approve this request. The City deserves an updated facility; it is the right thing to do.

Mayor Galle closed the public testimony portion of the hearing and opened it to discussion from the Council.

Council Burgess stated he was in support of the motion. This award of contract for \$39,000 important; there has been a need in this community for a long time for a new police facility. In 1996 there was a study done that revealed the current police department was inadequate for any significant seismic event that would result in a first-response need. It will take a lot of effort on the City's part and support of the citizen's to make this happen. It is not going to be cheap; it is not something that is in the budget. This is the beginning of a process and he is glad the City is doing this project.

Ayes: Burgess, Carson, Cummings, Kovash, Galle

Nays: None

The motion carried 5-0.

Agenda Bill 2010-01-25D Contract Award – Blankenship Road PGE Improvements

Mayor Galle opened discussion on the Blankenship Road PGE Improvements at 8:32 p.m.

Gene Green, Director of Public Works reported the City was fortunate to receive a \$293,525 grant for the improvements for Blankenship Road. The improvements include widening of Blankenship Road with the addition of bike lane, sidewalk, ramps, and street crossings with median islands. This is the first phase of the project, under grounding of overhead utility wires and removal of existing PGE poles.

Staff prepared complete design and bid package, which was advertised in the Daily Journal of Commerce on November 18, 2009. The project consists of installation of 2", 4" and 6" PGE and Comcast conduits, 2 PGE Vaults and 2 Comcast pedestals, reconnection of existing apartments, and as a result, removal of existing overhead wires and PGE poles for the future development. Bids for Blankenship Road PGE Improvement were opened on December 8, 2009. The lowest responsive bidder was Camrock Excavation, Inc. with a bid of \$79,322.

Council President Kovash moved to award the contract to Camrock Excavation, Inc for Blankenship Road PGE improvement, project PW09010 per Agenda Bill 2010-01-25D. Board Member Cummings seconded the motion.

Ayes: Carson, Cummings, Kovash, Burgess, Galle

Nays: None

The motion carried 5-0.

Agenda Bill 2010-01-25E Public Hearing – Ordinance 1593, SDC Municipal Code Changes

Mayor Galle opened the public hearing on Ordinance 1593, modifying Section 4.455 to allow for SDC credit at 8:34 p.m.

Dennis Wright, City Engineer reported the Council contracted with FCS Group (FCSG) to update the water and transportation SDCs which resulted in the most recently adopted water and transportation master plans. As part of their effort, FCSG also reviewed the City's municipal code's SDC sections. They completed gathering data in June and submitted a draft report in July. A work session was scheduled with Council in October to review their findings and recommendations. FCSG recommended two changes in the Municipal Code:

1. Section 4.455 Subsection (1)(c) and (2)(b) allow for SDC credits to be given for projects which are not part of the approved SDC project list. FCSG has noted that granting credits for “off-list” projects will dilute the SDC fund and move the City further from full recovery.
2. New Section 4.415(3) FCSG noted that it would be helpful to have the code provide for the automatic, annual update of SDC charges based upon an industry accepted benchmark. The City has historically used the “ENR CCI 20-City Average.” An automatic, annual update will adjust the SDC charges to reflect market conditions and help gather the needed funds for construction of the SSDC eligible projects.

Staff believes the proposed changes by FCSG will assist in maintaining the vibrancy of the SDC funds and recommends approval of the proposed ordinance.

Questions from Council

Councilor Cummings asked if these changes will result in a lower standard than what the City is currently using. Mr. Wright stated the ENR CCI 20-City Average is currently used and will be the standard used if these changes are approved. This index is pretty standard in this area.

Public Testimony

Arnold Cogan, 813 SW Alder Street #320, Portland, OR 97205 stated he is a principal in the consulting firm of Cogan, Owens & Cogan; he is here tonight to talk about tax-based benefits of new home construction in West Linn. Mayor Galle explained that she is granting Mr. Cogan the extra time he asked for before the meeting.

Mr. Cogan submitted to Council a study his firm did for the Clackamas County Business Alliance (CCBA). He stated he does not have specific comments about the SDC issue before Council tonight, what he has to say is closely related. Their work on SDCs is an outgrowth of a larger study they undertook for the Clackamas County Business Alliance; a study to evaluate the cost of infrastructure needed to serve a developed Stafford Triangle. The study he submitted estimates the tax-based benefits that can be realized from construction of a new single-family home in West Linn.

For this work they estimated city revenue from property taxes, building permits, system development charges, utility fees, as well as the impact of a new home on the city’s bonding capacity. All of their data and information was supplied by literature readily available from the City and particularly available from city personnel. He thanked the city department that helped him with the information he collected.

From this analysis, some brief observations and conclusions can be drawn about the systems that are already in place in West Linn to ensure that new homes and the people

that build and buy them pay their fair share of public costs that are incurred for such development.

SDCs are intended to recover the fair share of the costs of existing planned public facilities that provide the capacity to accommodate future development. Oregon Revised statutes define SDCs and specify how they should be calculated, applied, and accounted for. When the City of West Linn issues a permit to build a house of the median size and value as described in this study, a fee of about \$30,000 is paid to the city and nearly \$8,000 to other agencies. This is a one-time charge which consists of a basic building fee, the SDCs and other charges that go to regional entities (school district, Metro, etc.). As a result the 55 homes that were built in 2009 would have paid a total of about \$16.5 million to the city and about \$440,000 to the other agencies.

From their observation the methodology for calculating the SDC amounts undertaken by SCF group appears to be consistent with the practice generally to include only the cost of projected capital improvements or portions of improvements needed to increase systems capacity for future users. After the house discussed in his paper is built there is a continuing flow of revenue to the city from property taxes (\$460/yr.) and annual revenue of about \$741 in utilities fees.

In conclusion, the costs incurred by the City of West Linn for each new home built are paid for by homebuilders and buyers through various charges and fees. Each new home creates benefits for the city beyond the impact of the house itself, including increased property tax revenue and bonding capacity.

Councilor Burgess noted that state law statutes limit SDCs to be collected on the areas of water, sewer, storm, transportation and parks. There are other costs of growth and there has been a lot of discussion about the cost of a home to the community because the City does not collect SDCs for police, fire, emergency management, libraries, etc. He asked if the analysis looked at impacts of growth. Some can be positive and some can be negative; West Linn has been active in making sure they try to capture as much as the state law allows. There has been lots of discussion about what the benefits are in terms of tax revenue the City. More houses are not a great increase in the City's ability to finance the other things that are not covered by SDCs.

Mr. Cogan stated they did not analyze the cost of fire, library, parks, and additional other costs. His firm has had experience in analyzing such costs; Metro retained them to prepare a study, "Regional Infrastructure Study for the Metropolitan Area." They studied all infrastructure costs from pipes and pavement to grass and bricks. They included all school districts, police stations, city halls, etc. that would be needed over the next 25 years to accommodate the typical million people that will be coming here. The questions asked by Metro were: what does the list of infrastructure look like and what will be the cost for paying for it. They came up with a cost of about \$40 billion with the availability of funds based on existing resources and methods of raising money which

was only about half that. They interviewed 67 service providers in the metropolitan area to get the cost information for this report. Sewer, water, roads and the five mentioned account for 80-85% of all infrastructure costs. The rest of the costs are somewhere between 15-20%. It is easily the smallest part of the total. If the big ticket items can be paid for and the city has a method for doing it, then the city has covered by far the biggest portion of the costs to be faced. In reading through the documents where utility fees are assessed for parks and other fees to address costs, there are fees to cover those other elements of cost that exist in the community in addition to taxes. The principle cost (80-85%) is covered very well by his evaluation of what has been done so far in terms of assessing the cost.

Councilor Cummings asked Mr. Cogan if his firm was involved in a study that showed a low-cost and high-cost scenario and infrastructure cost in different areas of the metro regional. Mr. Cogan said no, the study they did was one of the foundation pieces that Metro wanted to undertake prior to getting into the urban rural reserves. They did two studies which were two of the basic building blocks to prepare them for the urban rural reserves that came after that. The work they did for the Clackamas Business Alliance shows a number for infrastructure substantially below 70-90% cost for infrastructure.

Councilor Cummings asked Mr. Cogan if he was familiar with the Gresham study where they were not getting the full cost of infrastructure. Mr. Cogan stated he was not familiar with the Gresham study.

Mayor Galle asked what happens when a city reaches build-out. Mr. Cogan stated when a city can't build out, and you can't annex any property, places like Tokyo build up. His firm helped Metro with the 2040 Plan and building up and not out was one of the phases they helped coin. That has been a mantra of people who want to keep the urban growth boundary as tight as possible. When you reach the point where there is no more room and can't go up, the city has reached equilibrium.

Mayor Galle voiced concern why communities are not driven for innovation in infrastructure. With increasing costs she would like to see the City putting more money into a different approach of doing things so they are less costly. Mr. Cogan stated there is work underway to find the funds to find a way to eliminate some of the need for sewer, better use of water, better use of highways, etc. Discussions are already identifying different kinds of techniques. Conservation and sustainability is part of the process now; there are some major new steps taking place to economize and do better with less.

Ernie Platt, 15555 SW Bangy Road stated he represents Homebuilders Association of Metro Portland. He feels that this agenda bill and the two following agenda bills are all inter-related. All three are building a good foundation. Specifically to this agenda bill, both amendments that are being proposed are entirely appropriate and would bring the

city into accord with the way everyone else does business with regard to these two issues. He asked Council to approve the proposed changes.

Councilor Cummings asked for confirmation that the median-sized home in West Linn is 3500 sf. Mr. Cogan stated it was.

Mayor Galle closed the public testimony portion of the hearing and opened the meeting to discussion by Council.

Councilor Carson read the proposed ordinance by title only and moved to approve Ordinance 1593, An Ordinance Modifying section 4.455 Regarding SDC Credits for “off-List” Improvements and addition of Automatic Annual Indexing of SDC Charges per Agenda Bill 2010-01-25E. Councilor Burgess seconded the motion.

Ayes: Cummings, Kovash, Burgess, Carson, Galle

Nays: None.

The motion carried 5-0.

Councilor Burgess read the proposed ordinance by title only for the second time and moved to approve Ordinance 1593, An Ordinance Modifying section 4.455 Regarding SDC Credits for “off-List” Improvements and addition of Automatic Annual Indexing of SDC Charges per Agenda Bill 2010-01-25E. Councilor Carson seconded the motion.

Ayes: Kovash, Burgess, Carson, Cummings, Galle

Nays: None

The motion carried 5-0.

Agenda Bill 2010-01-25F Public Hearing – Resolution No. 2010-03 – Updating Water System Development Charges

Mayor Galle opened discussion on the water system development charges at 9:04 p.m.

Dennis Wright, City Engineer reviewed the questions posed to staff last week:

1. Why is there a reference to an aggressive list in the staff memo? During the stakeholders meeting with builders and developer during November and December, the developers commented that the City’s project list was aggressive in that it contained a lot of improvements. They specifically noted that the bike and pedestrian projects were there that had SDC components and developer wondered that since the City was raising the SDC rates to collect the growth proportion of the projects, would the City likewise adjust the rates to collect the City funded portion of the projects. That is why they used the term aggressive and that is why he included it in the staff report.

2. What is the difference between an 18" and 24" water line? The difference primarily is in area and the amount of water the line can carry at a given pressure. A 24" line is 78% larger in square inches. The larger pipe has a smaller friction loss for a given flow than the smaller pipe would have, allowing more water to be delivered with greater energy efficiency.
3. If a pipe is too small, does the wear and tear from velocity necessitate more frequent replacement? The benchmark for the industry is 5-feet per second flow. Flows that are greater than that over time can cause scouring of the pipe lining and lead to premature replacement.
4. If the 24" line is not on the list now will it require another SDC update later? The additional of the project will require an adoption of a resolution adding the project to the Water System Master Plan and to the Capital Improvement Projects (CIP) list; however, the SDC consultant has already evaluated the impact on the water and transportation SDC charges and staff should be able to adjust those calculations to reflect revised estimate costs without having to get them onboard to do that again.
5. If you update the project list, does that require another 90-day noticing? No, the additional project to the SDC CIP list does not require a 90-day notice. The 90-day notice is triggered if the City changes the methodology of how SDC project costs are allocated between the City and development.
6. What are the specific changes to the SDC calculation methodologies? FCS Group (FCSG) did the last SDC updates. There are no methodology changes between what they proposed and what was implemented last time the SDCs were done for water and transportation and what's being proposed this time. However the new Water Master Plan evaluated the water system using different criteria and it has resulted in a different project list. The Transportation System Master Plan contained a SDC allocation for bike and projects which had not been done previously. The different project list resulted from both plans; staff felt the 90-day methodology notice was a conservative approach to avoid potential controversy at hearings.
7. Did the Water Master Plan study area include any portion of the Stafford Triangle? This concern was addressed early on in the Water Master Plan program. During the Request for Proposal phase, it specifically excluded any consideration of the Stafford Triangle. The adopted master plan states in Section 2, "the study area of this planning effort is the entire area within the City's urban growth boundary as illustrated in Figure 2-1."

Mr. Wright introduced John Ghilareucci to make a presentation on system development charges.

Mr. Ghilareucci reported the SDC law in ORS-223.297 - 314. It gives a framework for how to calculate SDCs and how the money can be used. It is important to note these are one-time charges paid at the time of development by new development, and in some cases redevelopment. They are intended to be for capital construction only; they can't

be used for operations. They are calculated based on the cost of capital and capital and capital projects.

The SDC calculations for water and transportation services include two components. The first one, "reimbursement fee" is intended to be a buy-in to capacity in the existing system. When the reimbursement fee is calculated, the cost/value of unused capacity in the existing system is isolated and divided that by the growth it will serve; this results in the reimbursement fee.

The other component is the "improvement fee." This fee is based on the cost of planned capital projects that will serve new growth. The fee starts with a list of capital improvement projects, project-by-project identifying the portion of each project that will provide capacity to meet the needs of future users. The sum total of the growth related project costs divided by the growth that the projects will support equals the "improvement fee."

A system development charge is supposed to represent one share of capacity in West Linn's system, whether it is water or transportation in these two cases. Some of that share of capacity is in the existing system and some of it is in the future system; but, it is one share to serve the new growth.

The law also requires that the City provide credits against the improvement fee portion of the SDC and these come up in the case where a developer is required as a condition of development to build a project off the project list in order to develop that property. In so doing they are providing oversized capacity, more capacity than their development needs. You then have to give them a credit for that over-sizing capacity.

The key assumptions where their information came from and inputs into their proposed charges were presented on the screen. These figures include both the water and transportation SDCs.

When they calculate the water system development charges that are proposed they used the recently adopted Water System Master Plan (WSMP) and the information in that master plan. Likewise with the transportation SDC they used the recently adopted Transportation System Plan (TSP) and the information in that TSP. Neither of the scenarios includes prospective financing costs. Metro produced a report two years ago, "Promoting Vibrant Communities with System Development Charges" which has a number of recommendations about system development charges. One of their recommendations in the interest of complete full-cost recovery is that agencies begin to recover future financing costs. It is very perspective and speculative how much should be included. Projects have to be identified that might have debt service. His firm has taken a more conservative approach in their recommendation to not include future financing or interest costs. The base scenarios do not include future interests. The

transportation SDC base scenario includes a separate bike/pedestrian component recovered by forecasted bike/pedestrian trips.

When they calculate the reimbursement fee cost basis they deduct outstanding debt because once the customer connects to the water system they are paying debt service in their monthly rates. They also take out contributed capital. That is how they get the \$986,000 Reimbursement Fee Basis.

The improvement fee is summarized from a list of projects and the weighted average amounts to growth for each project on the list. Individual projects that \$10 million had higher or lower percentages to growth, but the weighted average was about 39%. Of about \$34 million in total projects, a little less than 11.5% are identified as growth related.

Mr. Ghilareucci reported they ran an SDC scenario that included future interest costs which resulted in a little less than \$8,200 per ME. Other jurisdiction charges were presented; West Linn's current charge is \$4,628 for a single-family residence.

The transportation SDC calculation is set up similarly; it is based on trip generation as opposed to meter equivalent.

A summary of the transportation project list was shown. There is \$61 Million. They have made assumptions about projects which are state project that the City will need to generate a 20% share in order to leverage Oregon Department of Transportation (ODOT) participation on those projects. The 100% city-funding share projects are City transportation infrastructure projects. \$17.8 million of the \$61 million is growth related. Of the \$32 million bike/pedestrian list, 8.2 million is growth related.

The transportation SDC comparison was shown for several different types of developments. West Linn is already near the upper portion of the list for transportation SDC charges and this would go up with this proposed change.

Specific sample fee charges were shown which calculated a single-family home including both the vehicle component and the bike component. The total for a single-family residence would be \$7,884; for a 3,000 sf restaurant the total SDC would be \$41,423.

Key recommendations reflected in their report are:

- Adopt \$6,747 per ME water SDC and the transportation SDC of \$6,354 per P-HT and \$1,466 per bike/pedestrian trip
- Create separate account for bike/pedestrian SDC receipts and expenditures
- Incorporate Metro considerations that apply to West Linn
 - Water SDC

- Full cost recovery
- Technically-based approach
- Development size
- Green design
- Transportation SDC
 - Full cost recovery
 - Technically-based approach
 - Land use type
 - Green design
- Update Municipal Code
 - Credit policy
 - Annual Cost Adjustments

Questions from Council

Councilor Burgess asked if the motor vehicle part of a project separated from sidewalks, bike paths, etc. Mr. Ghilareucci stated in most cases, these are separate bike/pedestrian projects as opposed to parts of motor vehicle projects. If you have a bike/pedestrian list and base it on vehicle trip generation, only a very small fraction of those projects can be included in the SDC. Bike/pedestrian does not have much of an impact on vehicle trip capacity. To look at bike/pedestrian as a separate system onto themselves, and recover it not on vehicle trip generation, it is their contention that you can include a proportional share of those bike/pedestrian projects to growth because they are benefiting proportionally from those projects.

Councilor Burgess asked if there is a mechanism down the road to address infill (gaps) in the bike pedestrian pathways. Mr. Wright stated staff will re-evaluate the master plan annually to add and subtract projects. As development comes in they will push to comply with the master plan. Some cities review their capital improvements list updated continuously. Mr. Ramis stated the approach staff takes is guided by statute. The statute requires that the fee be based upon the capital improvements list, but it doesn't say that you make that list or you create it only once. It allows you to update it continuously and that's been the history of the City. It is not unusual for the City to re-evaluate what its capital improvement needs are, revise the list and then do a very fair evaluation of what the costs are that are generated by the current capital improvements list.

Councilor Carson asked if there is a way to recover costs of interest rates in future methodology. She is concerned this could be a large cost. Mr. Ghilareucci stated it is easier with rate supported utilities because it is clear that when you issue debt it is rates that are being pledged to pay that debt. The principle and interest are in the monthly rates. Unless you are pledging SDC revenues to pay debt service, if you are also recovering the interest in the SDC, it generates money in the rates and collecting the same interest again in the SDCs. It is grayer with transportation because there is no

built in source of funding to make up the entire gap. There are SDCs to pay the growth portion and then the transportation rate will pick up part of it. If you are including perspective interest into the SDC and then pledging rates to pay the debt service, it may be over-collecting.

Councilor Burgess stated he feels it is difficult to compare community to community; it just shows dollars. There are different issues in each community that make it difficult to compare equally. Some communities have different methodology, some don't have growth, some don't have as high standards in terms of streets, etc. Mr. Ghilareucci stated that is correct.

Councilor Burgess noted there is no methodology change even with the motor vehicle, bike/pedestrian issue. This resolution is recognition of a project list and rates. Mr. Wright stated even if there was a methodology change there would still be a resolution; it doesn't require an ordinance.

Councilor Cummings asked what is the plan for re-evaluating. Mr. Wright stated each time a transportation system plan is developed, the entire system is evaluated. Each time a development application comes in they evaluate what the transportation system plan calls for, what the Planning Commission or Council may desire for that location. Each time something comes in for development, they have to re-evaluate what was specified at that location in the Plan and what the desire is now. It is a constant evaluation.

Councilor Cummings asked why a 20,000 sf super market generates a 2.0 trip generation compared to a 20 trip generation for a 10,000 sf general office. Mr. Ghilareucci stated they used a variety of different information. When they look at the vehicle part of the equation they use an ITE Manual which has surveys supporting vehicle trip generations for land uses. There is no such information or bike/pedestrian. They drew on the best sources they could find and made groupings of different land uses based on that information. Trip generation for super markets is far less on a per unit basis than trip generation for a general office. They have suggested to Metro that they develop some bike/pedestrian trip generation information that would work well in the Portland Metro area so there will be better data to make these judgments in the future.

Councilor Carson asked if the calculations include trip generation for bike and pedestrian usage or bike separately and pedestrian separate. Mr. Ghilareucci stated the generation is for bike and pedestrian together.

Mayor Galle asked how does the calculations factor charging new development for what the entire city is going to use. Mr. Ghilareucci stated they identified an appropriate portion of the bike/pedestrian projects to be growth related. Not asking new

development to pay for the entire \$32 million bike/pedestrian capital improvement list; it is appropriate that \$8.2 million of that would be growth responsibility.

Mayor Galle asked how the current citizens are charged for the capital improvements. Mr. Ghilareucci stated they are charged through the monthly transportation rate. Mr. Jordan stated citizens pay approximately \$4.40 a month on their utility bill. Mr. Ramis stated it is important to note the City has an existing very extensive transportation system that includes bike and pedestrian facilities. It is extensive, very expensive, and built over decades. It was paid for by the existing residents. They paid for that system through the SDC that those homes were charged when they got building permits, exactions that were built into the price of the homes that were purchased, and taxes and fees that went into supporting the Public Works Department for the work they do to extend the system. It isn't as if the system is being built from scratch and asking just new residents to pay for it; there is an existing system that the residents have already paid for.

Mr. Wright reviewed the water SDC staff report. The current water SDC is \$4,828. FCS is recommending an increase of \$1,919 totaling \$6,747, a 40% increase. Today if a single-family home came in for a building permit the total SDC would be \$26,000. This increase is a 7% increase. The builders have expressed a concern the economy is down and this impacts their development plans as they have approved subdivisions and these are additional costs for which they had not planned for. In a stakeholders meeting with the developers they suggested to have a three-year phasing plan of the SDC or adopting the new rates within two years of discounts. They also suggested the possibility of grandfathering for existing subdivisions approved. Staff is not recommending grandfather because it would result in a difficult administrative situation. Staff is recommending the phase-in approach of 33% for three years.

Council President Kovash stated costs in the future will be paid for by development or by the present taxpayers. When the stakeholders meeting was held, there were only developers were there. The present taxpayers (who would pick up any costs not met by the developers) were not considered stakeholders and were not there. Mr. Wright stated the meeting was with the builder's community and staff anticipated the forum this evening would be an opportunity for the citizens to weigh in their concerns with the SDCs.

Council President Kovash stated he has had a lot of concerns raised by citizens that they don't want to pay for growth. When you look at the size of the homes building built, the alternative is to ask developers to pay for that development. Mr. Wright stated for every new house that comes in there is a cost associated to build the infrastructure. The question is whether the cost should be tagged on to the eventual purchaser of the new house, or is a portion of that cost shed to the existing citizens. Mr. Ghilareucci stated it has often been left to councils to represent the residents and ratepayers and the outreach has largely been to the development community.

Councilor Burgess asked for the difference between the three-year phase vs. the two-year phase discount. Mr. Wright stated the difference shows up greater in the transportation SDC because when implementing the bike/pedestrian portion it is going from zero to \$1,466. In the transportation SDC the phasing in over three years is a less of a loss than the two year discounts. It is a consistency recommendation.

Councilor Cummings voiced concern about the residents not being stakeholders. They invest a lot to become homeowners in this city. When there is a meeting that takes place that involves concerned citizens, everyone should be invited. The type of information exchanged at those meetings can be benefited by all. Mr. Jordan stated there was no information exchanged at that meeting that is not being disclosed tonight. This is an opportunity for the development community to ask questions about how the City came to their conclusions, methodology, rates, project list, etc.

Councilor Burgess noted the three-year phase-in will result in under-collecting of water SDCs by \$1,224 per single family home the first year and \$530 per single family home the second year. This does not mean the ratepayers will pay the difference; it means the last house pays more. It is still a growth cost. Mr. Ramis stated that while you might under-collect initially, the fees will be reset over time based on what is collected. It is a growth component.

Council President Kovash moved to extend the meeting to 10:20 p.m. Councilor Cummings seconded the motion.

Ayes: Burgess, Carson, Cummings, Kovash, Galle

Nays: None

The motion carried 5-0.

Mayor Galle agrees it would be nice to have developers, staff, citizens and council brought together at a seminar to allow everyone to have input and discuss development issues. This summit will allow the development community and citizens to work together.

Public Comment

Alice Richmond, 3939 Parker Road reminded everyone that those who have built and purchased homes in the last years would not be here if their property wasn't developed. Citizens benefit from development because they create sidewalks, new roads, and other facilities that are created because of new development. New roads are used by everyone, not just the residents of the new homes.

Ernie Platt, 15555 SW Bangy Road stated the Capital Improvement Plan which is the basis for the numerator that is in this equation comes from a water master plan adopted in November 2008. A change to a 24-inch water line will result in a change of the number. The numerator and denominator of the number appear to be accurate based on the information he has seen. The end resulting number is appropriate.

Mr. Platt stated he would support the phasing in for the obvious reasons that was talked about in the land use extensions in the previous hearings as well as now.

He fully appreciates why staff recommends the phasing in as opposed to the discounting or grandfathering. He asked Council to consider, if they have a mind to adopt this, to create an effective date that is about 180 days out. That would give someone who has a bona fide project to have six months to the beginning of their projects and not having to suffer the pains of having to pay additional money for what they thought they already had approval to do.

Councilor Cummings asked if the proposed increase takes into consider the higher cost of materials, costs in today's market price. Mr. Platt stated the dollar estimates that are provided for each project on the capital improvements list is City staff's estimate of that number. The action taken with the previous hearing agenda item, where the cost of construction index annually adjusts those numbers, takes care of the issue she is raising. There is no other process necessary on the anniversary date chosen for the City to use. They pull that data off McGraw Engineering News record, apply the index and make the adjustment. That accounts for the inflation.

The base number (\$6,747) is applied a 2-4% per year increase to it. During the first three years of the life of this, only step one/third of the way first year, another third of the way, and then in the third year hit full bore. The only shortfall in revenue to the city is going to be how many permits come through during those first two years that pay less than the \$6,000 number.

Council President Kovash asked Mr. Pratt to comment on the statement on page 2 which states, "...phasing in of the SDC increase would result in some under collection." Mr. Platt stated under collection as a matter of timing but not in total dollars is how he would characterize it.

Council President Kovash stated staff does not believe the phasing the SDCs will provide a substantial stimulus to the ability to market houses. The increase is such a small portion of price of current homes being built that he concurs with that. It will probably not have much of an impact. Mr. Pratt stated the phasing in is a stimulus in and of itself because someone could go out and start a project that wouldn't otherwise it start it, but it helps. Someone who has already built the development, has a vacant lot sitting, doesn't have the financing now but may have it later, it allows them to go forward with construction of a project on something that resembles their original idea they put

together when they built the infrastructure and land development portion of the work. It helps someone bridge the economic times everyone is in without having to suffer a increase in cost for their project when they haven't actually done anything or going to receive anything more for it.

Kevin Bryck, 18840 Nixon Avenue stated he agrees with Mr. Kiloduchi and Mr. Pratt. He can't see why anybody is not going to build a half million dollar mc-mansion because they are going to save some money on SDCs. If their project doesn't pencil out with a discount on SDCs, they probably shouldn't build it. He is speaking on behalf of all the future developers; it is unfair to shift the cost onto them.

Mayor Galle closed the public testimony portion of the hearing and opened the meeting to discussion among the Council.

Councilor Burgess moved to approve Resolution No. 2010-03, A Resolution Relating to Water System Development Charges, Adopting A Methodology, Modifying the Capital Improvement Project Plan and Modifying the System Development Charges to be Assessed per Agenda 2010-01-25F. Councilor Carson seconded the motion.

Councilor Burgess stated he will be voting in favor of the resolution. Staff has done the research and done a reasonable approach. They have listened to their partners in the development of this community, addressed their concerns and approving a three-year phase in of the SDC. It does not cost the existing residents any more by doing so; it does shift the burden to subsequent homeowners and hopefully that will happen in a much better economic environment. He understands the request for delay but feels the three-year phase in is a delay. He is looking forward to the homebuilders working with the city to address the issue of the other portion of the water system and how it will be paid for.

Council President Kovash suggested amended the motion to collect the fees in full as they have been calculated. He feels it would be better for the relationship between the community and developers if they collected the fees upfront as they were calculated and due.

Councilor Burgess moved to extend the meeting to 10:45 p.m. Councilor Cummings seconded the motion.

Ayes: Cummings, Kovash, Burgess, Carson

Nays: Galle

The motion carried 4-1.

Council President Kovash moved to amend the motion to delete the phasing options 1, 2, and 3. Councilor Carson seconded the motion.

Councilor Cummings stated she is in support of the amendment because she feels the City is under collecting for these SDCs. Mr. Wright stated the City will be under-collecting for the moment, but the next time the master plan is updated, the same pool of projects will still be there and it will be sliced up and allocated by the pool of anticipated development at that point. The later developers will pay a premium and pay for what is being under-collecting at this point.

Mayor Galle stated she is not in favor of this motion.

Councilor Burgess called the question:

Ayes: Cummings, Kovash

Nays: Carson, Burgess, Galle

The motion failed 3-2.

Councilor Burgess called for the question on the main motion:

Ayes: Burgess, Carson, Cummings, Kovash, Galle

Nays: None

The motion carried 5-0.

4. Agenda Bill 2010-01-25G Public Hearing – Resolution No. 2010-06 – Updating
Transportation System Development Charges

Mayor Galle opened the hearing on the Transportation System Development Charges at 10:32 p.m.

Dennis Wright reported currently the transportation SDC is \$5,745. The transportation composite that is being recommended by the consultant consists of both the vehicle portion and the bike/pedestrian portion will be \$7,820. This is an increase of \$2,075 or 36% increase from what the current value is. The current SDCs for a single-family home are \$26,000. This increase of \$2,075 will be an 8% increase of the total of all the SDCs that the developers are subject to in filling out a single-family building permit. Staff has reviewed the information and recommends a three-year phase-in. The proposed resolution recommends adopting the report the consultant put together including the charges.

Questions of Staff -- None.

Public Comments

Ernie Platt, 15555 SW Bangy Road stated much of what he would say on this resolution parallels what was just said about water SDCs. The increase in the aggregate is \$2,075

over and above the current transportation SDC. The Transportation SDC is structured solely around vehicular transportation at this point in time. Adding pedestrian bike component to it is what is new. The new part is \$1,465 of the \$2,075 increase; three-quarters of the increase in the transportation SDCs is driven by the pedestrian bike trail component that is being added.

Mr. Pratt asked staff for the total dollar amount and the percentage proposed in the capital improvement plan for pedestrian and bike trails. Mr. Wright stated \$32 million is estimated for pedestrian and bike trails; this is about one fourth of that amount. Mr. Pratt noted that the additional \$1,400 will only raise 1/4th of the money needed to build the pedestrian bike trail items on the list.

Mayor Galle stated she agrees and would prefer to put this issue aside until there is a better idea of how it will be entirely paid for. With all the costs that are coming in, it is unlikely this will be built in our lifetime. Mr. Platt suggested stripping the pedestrian/bike component out of the equation and direct staff to come back when they a proposal of how to pay for a bike/trail system.

Mayor Galle closed the public testimony portion of the hearing and opened the meeting to discussion among the Councilors.

Councilor Carson stated she is in favor of leaving the bike/pedestrian element of the SDCs. She feels strongly that the City has under funded the bike and pedestrian facilities. They need to begin to fund biking and pedestrian system and funding sources to match those funds (grants, methodology) to get the additional money. This is a step to rectify the gaps in trails and sidewalks.

Councilor Burgess moved to approve Resolution No. 2010-06, A Resolution Relating to transportation System Development Charges, Adopting a Methodology, Modifying the Capital Improvement Project Plan and Modifying the System Development Charges to be Assessed per Agenda Bill 2010-01-25G. Councilor Carson seconded the motion.

Councilor Burgess stated he is in support of the resolution as recommended by staff including the three-year phase in. He understands this is something new. There is a sustainability plan which speaks to reducing the impact of automobiles. LCDC came up with the new transportation system plan and West Linn is one of the first communities to do this. This second TSP includes pedestrian bike paths as well as transit. Citizens have expressed interested and support for trails, bike and pedestrian facilities. Citizens are paying more now for water, sewer, riparian corrections because previously they haven't looked at issues like this. He is in support of the motion.

Councilor Cummings stated Council sets a very high priority on bike and pedestrian facilities last year and they continue to do so. This is one way to help see that take place.

Councilor Cummings moved to amend the motion to delete option one (phasing).

The motion died for lack of a second.

Council President Kovash stated he agrees bike and pedestrian facilities are increasingly important in the community. He feels it is common for cities to not have all sources of funds when they approve projects. This is not an unusual thing to get 25% of the funding in place.

Mayor Galle voiced concern that the city continues to use the same methodology rather than incorporating long-term planning or evaluate alternative solutions. She has not seen the need to make pedestrian and bike facilities a higher priority than some of the other issues the City needs to address. She will not be voting in favor of this motion.

Councilor Burgess called for the question.

Ayes: Kovash, Burgess, Carson, Cummings

Nays: Galle

The motion carried 4-1.

Mayor Galle announced from this meeting on the time allowed for public comments will be based on content. If more time is allowed, it is not because someone else received more time.

Adjournment

The January 25, 2010, meeting of the West Linn City Council adjourned at 11:17 p.m.

RESPECTFULLY SUBMITTED,

Tina Lynch /s/

Tina Lynch
City Recorder

APPROVED BY THE CITY COUNCIL
ON MARCH 8, 2010

Patti Galle /s/
Patti Galle, Mayor