

Memorandum

Date: January 31, 2014

To: John Kovash, Mayor
Members, West Linn City Council

From: Chris Jordan, City Manager *CJ*

Subject: Agenda for February 3 Work Session

The Council is scheduled to meet in a work session on February 3 at 6:00 p.m. Items to be discussed include:

- **Metropolitan Area Communications Commission (MACC) Franchise Extension**
MACC's franchise agreement with Comcast has expired and MACC has requested each of its member jurisdictions agree to an extension of the existing agreement through December 31, 2014. West Linn is in a slightly different situation as our agreement with Comcast expired in 2009. MACC believes it is still important for West Linn to extend our agreement through the end of 2014 which will assist MACC in its negotiations with Comcast. Additional information on this topic is included in the Council's February 10 agenda packet.

Staff from MACC, Bruce Crest and Fred Christ, are expected to be at the work session to provide more information to the Council. We have also invited West Linn's representative to MACC, Jim Mattis, to attend.

- **South Fork Water Discussion**
The Council has requested a briefing on the Clackamas River Water/Sunset Water Authority Intergovernmental Agreement and its effect on South Fork. John Collins (South Fork General Manager) and South Fork Attorney Chris Crean will be at the work session to discuss this item.
- **Update on 2014 Street Maintenance Program**
Public Works Director Lance Calvert will provide an overview of the 2014 street maintenance program.
- **Tri City Service District (TCSD) System Development Charges (SDC's)**
Last week I provided a brief memorandum regarding possible increases to the TCSD SDC rates. Attached to this memorandum is an Issue Paper provided by Water Environment Services staff discussing various options and requesting a recommendation from the Tri City Advisory Committee.

I would appreciate input from the City Council on this topic prior to my making a recommendation on behalf of West Linn to the Board of County Commissioners.

Mid-year Community Grant Request

The City has received a mid-year community grant request. (The City this week also opened the grant window for submitting applications for next fiscal year). The mid-year request is from the West Linn Historical Society for \$1,750 and is attached for your review. Below is a summary of the community grants for this year:

- We originally budgeted \$20,000 for FY 2014
- Council awarded \$15,185 (eff. July 2013) leaving \$4,815 available for requests coming in during the year
- Council subsequently awarded \$2,369 in October 2013 for a historic street sign that the HRB and neighborhood residents requested
- Leaving \$2,446 available as of Jan 2014

At the work session, the Council may provide staff with guidance on how to handle this request.

Please let me know if you have any questions.

Attachments

Tri-City Service District - Issue Paper

January 29, 2014

Issue Title: Updating the Current Wastewater System Development Charge

Background: WES Staff recently completed a wastewater SDC update study for CCSD#1 and Tri-City. The sole purpose of the study is to provide decision-makers with the information necessary to establish future SDC levels as part of the County's annual budget process. WES professional staff has not recommended any action to raise or lower SDCs from their current levels.

This study is an update of the SDC methodology analysis completed by WES in April, 2008. The update addresses the levels and structure of SDCs as part of the overall income stream available to WES to meet CCSD#1 and Tri-City operational needs. The study also takes into account the capital investment recommendations of the recently completed wastewater treatment facilities plan update. This plan calls for future investments of \$112.9 million over the next fifteen years by the two county service districts that are managed by WES.

The Tri-City results were presented to the Tri-City Advisory Committee (TCAC) on January 22, 2014. The discussion was framed on the cost per Equivalent Dwelling Unit, and were calculated at five (5) and ten (10) year forecast inflection points. These points represent different capital improvement timeframes. An EDU is an approximation of the wastewater demand that is placed on the wastewater treatment system on an annual basis by an average single-family dwelling. The resulting Tri-City wastewater SDCs from this analysis are shown below:

Tri-City Service District Draft Schedule of System Development Charges - Wastewater		
	EDU Growth Forecast Horizon (years)	
	Five	Ten
Reimbursement fee:	\$ 227	\$ 219
Improvement fee:	\$ 3,628	\$ 10,107
Total Unit SDC:	\$ 3,855	\$ 10,325

At the January 22, 2014 TCAC meeting, WES Staff advised Committee members that the Board of County Commissioners was seeking a recommendation with respect to the setting of the SDC going forward. Staff pointed out the Committee, as well as the Board of Commissioners, has a wide berth under Oregon Statute when it comes to recommendations for setting SDCs. Staff identified four (4) options for consideration when setting the SDC. Those options are:

1. Do nothing option: Leave SDCs at their current levels (i.e., \$2,020 per household for TCSD); or,
2. Increase SDCs: Current SDCs can be raised to one of two statutory maximum levels based upon five-year increments of projected growth in population; or,
3. Increase SDCs but by an amount that is less than allowed by current law: The TCAC has the option of recommending increasing SDCs by any amount so long as it does not

exceed the legally allowed level based upon the five year increments of projected growth in population.

4. Lower SDCs from their current level: The TCAC can recommend to the Board of County Commissioners that SDCs be reduced below current levels.

After thorough discussion, the Committee members came to a consensus that doing nothing (i.e., Option 1), and lowering SDCs (i.e., Option 4) were not viable options. The Committee also felt that increasing the unit SDC to \$10,325 (the 10 year growth inflection point) was too substantial, give the current unit SDC is \$2,020. The committee deferred a formal decision asking WES Staff to provide it with an analysis showing the cost impact of increasing SDCs to \$3,855 over multiple years.

Analysis of SDC Phase-in Options: WES Staff analyzed five (5) phase-in options to raise rates to \$3855 per connection. The description and numerical phasing of these five options are:

Option Description	Budget	Forecast Year				
	2014	2015	2016	2017	2018	2019
Increase the SDC to \$3,855 at the start of FY 2014-15	\$ 2,020	\$ 3,855				
A. Ramp the SDC up to \$3,855 per EDU by year 3 Compound annualized growth rate	\$ 2,020 24.04%	\$ 2,506	\$ 3,108	\$ 3,855		
B. Ramp the SDC up to \$3,855 per EDU by year 5 Compound annualized growth rate	\$ 2,020 13.8%	\$ 2,299	\$ 2,616	\$ 2,977	\$ 3,388	\$ 3,855
initiate a 10% increase in year one, and grow with inflation thereafter	\$ 2,020	\$ 2,222	\$ 2,289	\$ 2,357	\$ 2,428	\$ 2,501
Take the current SDC and only grow it for inflation	\$ 2,020	\$ 2,081	\$ 2,143	\$ 2,207	\$ 2,274	\$ 2,342

The five phase-in options show above have cash flow implications to Tri-City. If the Committee chooses to phase-in the SDC increases over time, they are by definition forgoing the opportunity to recover revenue from new connections to the wastewater system. The only option that does not forgo this revenue capture is the first option to immediately increase the unit SDC to \$3,855. Based on the medium population growth forecast for the Tri-City service area, Staff have forecasted the annual and cumulative amount of revenue that would be unrecovered due to phasing. Those calculations are shown below:

	2015	2016	2017	2018	2019	Five Year Total	
						Lost Revenue versus Option 1	Total SDC Revenue
Analysis of lost opportunity to charge SDCs: (i.e., "money left on the table")							
Increase the SDC to \$3,855 at the start of FY 2014-15	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,700,471
Ramp the SDC up to \$3,855 per EDU by year 3	\$ 323,897	\$ 180,747	\$ -	\$ -	\$ -	\$ 504,644	\$ 4,195,827
Ramp the SDC up to \$3,855 per EDU by year 5	\$ 373,550	\$ 299,777	\$ 214,138	\$ 114,883	\$ -	\$ 1,002,349	\$ 3,698,123
initiate a 10% increase in year one, and grow with inflation thereafter	\$ 391,965	\$ 378,945	\$ 365,207	\$ 350,721	\$ 335,456	\$ 1,822,294	\$ 2,878,177
Take the current SDC and only grow it for inflation	\$ 425,905	\$ 414,181	\$ 401,787	\$ 388,697	\$ 374,881	\$ 2,005,451	\$ 2,695,020

Note: monthly user fees (rates) are marginally impacted by any of the SDC phase-in options being considered.

As a quick reminder, District staff has shown Committee members that SDC and monthly service rate are fairly independent of each other over the next five years. i.e. leaving the Tri-City SDC at its current fee of \$2020, increasing it to \$3855, or raising the SDC to the maximum defensible fee of \$10, 325 will yield a similar monthly wholesale rate.

Recommendation: Staff recommends the Committee make a recommendation to the WES Director after careful consideration of its options.



Application for Community Grant Program

[for events/programs held July 1, 2013 through June 30, 2014]

- —
- **Instructions for Applicants:**
- —
- Refer to “Criteria for Community Grant Program” for guidelines and criteria
- —
- In the interest of sustainability, this request form should be completed and submitted electronically along with all your supporting documentation that best helps justify your request. Email your request to cwl_communitygrants@westlinnoregon.gov.
- The deadline for submission is March 20, 2013.
- —
- If electronic submission is not possible, we are happy to scan your submission documents into an electronic file at City Hall (22500 Salamo Road).
- A detailed budget describing the anticipated use of requested funds is required.
- Organizations receiving grant funds must also complete Report Back to Committee form within 90 days after event/program is completed in order to be eligible for future grant funding.

Applicant Contact Information

Organization Name: West Linn Historical Society.

Primary Contact Person: Elizabeth Smolens.

Email: wlhbeth@gmail.com.

Address: 1852 4th Avenue, West Linn, OR 97068.

Telephone: 503-680-6141.

Web Site: not established at this time

Organization Information

- Is your organization a registered 501(c)3? Yes x (application in process)No
- Tax Identification Number: [REDACTED]. (Complete attached Form W-9 as well)
- Summarize your organization’s mission, vision, goals, and primary activities?

The purpose of the Society is to provide education to the community about our cultural heritage through the discovery, research, interpretation, celebration, and attempted preservation of our historic past.

- Describe the organization’s other funding sources and their uses:
No other established funding.
- If you organization request and/or received funds from the City in previous fiscal years, please complete the following high-level summary and offer any comments you may have:

<u>Fiscal Year</u>	<u>Requested</u>	<u>Received</u>	<u>Comment</u>
FY 2012-13	\$ 0	\$ 0	[REDACTED]
FY 2011-12	\$ 0	\$ 0	[REDACTED]
FY 2010-11	\$ 0	\$ 0	[REDACTED]
FY 2009-10	\$ 0	\$ 0	[REDACTED]
FY 2008-09	\$ 0	\$ 0	[REDACTED]

- Prior grant details:
 - How did the funds help the purpose of your organization (i.e., Event A brought new education and activities to West Linn encouraging happiness and wellbeing for teens)?
N/A
 - What value did the grant program provide to the citizens of West Linn (i.e., 25 West Linn teens attended Event A for free)?
N/A
 - Please describe how any previously received grant funds were used (if any), (i.e., \$500 motivational speaker, \$1,000 activity booths for yoga/karate/sewing/gardening):
N/A
- Attach summary financial statements in some format that best reflects the financial position (i.e. balance sheet), revenues/expenses (i.e., income statement), and spending plans (i.e., budget) of

your organization. Please limit your responses to four pages of summarized financial data reflecting your financial activity for a year’s time-frame. We recognize that some community organizations may not have this type of information, in which case, please provide similar information in the best manner that you are able.

Current Year’s Request Information

Requested funding amount: \$1750

Please detail how funds will be spent by your organization in the below spreadsheet (the intention of this chart is to identify how grant funds will spent so please be as specific as possible. For example, direct costs for food, tents, brochures, contractors, entertainment costs, and supplies well as any more indirect costs such as advertising, promotion, flyers, etc...). Note that identifying these categories does not guarantee funding any or all categories:

Activity	Description	Amount
<i>Sample: Lighting expenses</i>	<i>Light rental costs, electricity, and labor to hang and take-down lighting</i>	<i>\$750.00</i>
IRS Application	501C3	900
Communications	Establish website domain- URL, design web site, develop logo	150
Administration	Establish financial and administrative tools for organization (ie accounting, banking, listserver account such as mailchip)	250
General Membership Drive	Event date to be determined in 2014- planning an open invite with refreshments at a local venue	450
TOTAL REQUEST:		1750

Signature Certification

I affirm that if my organization is granted funding, my organization will be required to adhere to City guidelines related to the use of funds, and will be required to provide timely reporting on the use of the granted funds to the City of West Linn. I affirm that the grant funds will only be used for the intentions outlined for this program.

(Please type your name, title, and date; upon receipt of funds, a final signature will be required)

Elizabeth Smolens, Interim President West Linn Historical Society 1/25/14
Signature & Title Date

**ARTICLES OF INCORPORATION
OF
WEST LINN HISTORICAL SOCIETY
A NONPROFIT CORPORATION**

ARTICLE 1

CORPORATE NAME

The name of the corporation shall be West Linn Historical Society.

ARTICLE 2

PUBLIC BENEFIT CORPORATION

This corporation is a public benefit corporation.

ARTICLE 3

MEMBERSHIP

The corporation will have members who qualify for membership in accordance with the Bylaws of the corporation.

ARTICLE 4

BOARD OF DIRECTORS AND BOARD OF STEWARDS

The Board of Directors (Directors) of the West Linn Historical Society shall strive to consist of no less than seven (7) members who shall be appointed or elected as provided for in the Bylaws of the corporation. The governing and policy making responsibilities of the Society shall be vested in the Board of Directors. Furthermore, the Board of Directors shall provide leadership through membership and participation in special committees, meetings, special events, and various program, outreach and fund raising initiatives.

The Board of Stewards (Stewards) of the West Linn Historical Society shall strive to consist of no less five (5) members who shall be selected as provided for in the Bylaws of the corporation. The Board of Stewards shall support and advise the

Society through membership and participation in special committees, meetings, special events, and various program, outreach and fund raising initiatives.

ARTICLE 5

CORPORATE PURPOSES

The corporation shall be organized for the purpose of preserving and interpreting the history of the West Linn, Oregon area creating knowledge of the past, linking it to an enhanced understanding of the present, and presenting it in diverse educational formats.

ARTICLE 6

DISSOLUTION

If the corporation shall cease to exist or shall be dissolved, all property and assets of the corporation of every kind, after payment of its just debts and liabilities, shall be distributed to one or more organizations qualifying for exemption under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, with public or charitable purposes similar or related to those of the corporation, as determined by the board of directors.

ARTICLE 7

INDEMNITY

(a) As used in this Article 7, “agent” means any person who is or was a director, officer, employee or other agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise; “proceeding” means any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative; and “expenses” include, without limitation, attorneys’ fees and any expenses of a completed proceeding.

(b) The corporation shall indemnify each person who was or is a party or is threatened to be made a party to any proceeding (other than an action by or in the right of the corporation) by reason of the fact that such person is or was an agent of the corporation, against expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with such proceeding if the person

acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal proceeding, had no reasonable cause to believe the conduct was unlawful. The termination of any proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which the person reasonably believed to be in, or not opposed to, the best interest of the corporation, and, with respect to any criminal proceeding, had reasonable cause to believe that the conduct was unlawful.

(c) The corporation shall indemnify each person who was or is a party or is threatened to be made a party to any threatened, pending or completed proceeding by or in the right of the corporation to procure a judgment in its favor by reason of the fact that the person is or was an agent of the corporation, against expenses actually and reasonably incurred by the person in connection with the defense or settlement of such proceeding if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation, except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of the person's duty to the corporation unless and only to the extent that the court in which such proceeding was brought shall determine upon application that, despite the adjudication of liability but in view of all of the circumstances of the case, the person is fairly and reasonably entitled to indemnity for such expenses which the court shall deem proper.

City attorney review; liability insurance questions, disclaimer for property received

(d) To the extent that an agent has been successful on the merits or otherwise in defense of any proceeding referred to in paragraph (b) or (c) of this Article 7, or in defense of any claim, issue or matter therein, the agent shall be indemnified by the corporation against expenses actually and reasonably incurred by the agent in connection therewith.

(e) Any indemnification under paragraph (b) or (c) of this Article 7 (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of the agent is proper in the circumstances because the agent has met the applicable standard of conduct set forth in paragraph (b) or (c). Such determination shall be made (I) by the board of directors by a majority vote of a quorum consisting of directors who were not

parties to the proceeding, or (II) if such a quorum is not obtainable, by independent legal counsel in a written opinion to the corporation, or (III) by a majority vote of the members.

Attorney review; how much of this needs to be in incorporation

(f) Expenses incurred in defending any proceeding may be paid by the corporation in advance of the final disposition of such proceeding upon receipt of an undertaking by or on behalf of the agent to repay such amount unless it shall ultimately be determined that the agent is entitled to be indemnified by the corporation as authorized in this Article 7.

(g) Any indemnification pursuant to this Article 7 shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled and shall continue as to a person who has ceased to be an agent and shall inure to the benefit of the heirs and personal representatives of such a person.

(h) The corporation shall have the power to purchase and maintain insurance on behalf of any agent of the corporation, against any liability asserted against or incurred by the agent in any such capacity or arising out of the agent's status as such, whether or not the corporation would have the power to indemnify the agent against such liability under the provisions of this Article 7.

(i) This Article 7 does not apply to any proceeding against any trustee, investment manager or other fiduciary of an employee benefit plan in such person's capacity, although such person may also be an agent of the corporation as defined in paragraph (a). Nothing contained in this Article 7 shall limit any right to indemnification to which such a trustee, investment manager or other fiduciary may be entitled by contract or otherwise.

Attorney review; group questioning whether all of article 7 is necessary, does it commit group to anything, does it hurt to have it, is anything missing.

West Linn Historical Society

By: _____

President

The person to contact regarding this filing is

Telephone: