

NOTICE OF PUBLIC MEETING

CITY OF ALBANY
CITY COUNCIL
Council Chambers
Wednesday, June 23, 2010
7:15 p.m.

MINUTES

CALL TO ORDER

Mayor Konopa called the meeting to order at 7:19 p.m.

PLEDGE OF ALLEGIANCE TO THE FLAG

Konopa led the pledge of allegiance to the flag.

ROLL CALL

Councilors present: Jeff Christman, Ralph Reid, Jr., Floyd Collins, Dick Olsen, Bill Coburn, and Bessie Johnson

SPECIAL PRESENTATION

AARP TaxAide

Walt Thomson, 2375 Rose Crest Drive, Philomath, representing AARP TaxAide, explained that the AARP TaxAide is the largest run volunteer tax aide service in the nation. He said their services were available to low and middle income taxpayers. Fifty percent of their clients are under age 50, so it isn't only for retirees. They provide free electronic filing, assistance with filling out forms, and help filing forms. Their typical client will receive their return within two to three weeks. In the Linn and Benton community they have 56 certified counselors and 19 facilitators. They have four sites in Linn County and four sites in Benton County. This year AARP in conjunction with the IRS investigated the possibility of doing wireless networking. The Albany Library was selected as one of three sites nationwide to be a test-wireless-facility. The test was very successful and they appreciated the cooperation they've received from the Library personnel. It allowed them to make a substantial improvement in how they delivered services to their clients. This year they completed and electronically filed 970 returns in the City of Albany. 1,774 returns were completed in Linn County and overall they did over 3,500 returns in the area. Interestingly half of their clients in Albany were under the age of 60 so they believe that having the additional site in the Library will bring them more in line with their traditional clients. Almost \$1 million in refunds were returned to clients in Albany. Tax returns are getting more complicated and they and their clients need the assistance of computers. E-filing is necessary in order to do an accurate return. They will continue to need access to the internet and hope that they can continue to use the facilities in Albany.

Councilor Collins asked, how do people find out about your services? Thomson said most people hear about their services through word of mouth.

Collins suggested the City have some information regarding their services in the spring issue of City Bridges.

Councilor Johnson suggested the City consider providing wireless in other areas of the City.

SCHEDULED BUSINESS

Communications

Accepting Jodi Nelson's resignation from the Human Relations Commission.

MOTION: Councilor Coburn moved to accept the resignation of Jodi Nelson from the Human Relations Commission, and send a letter of thanks for her service. Johnson seconded the motion and it passed 6-0.

Accepting Tom Krupicka's resignation from the City Tree Commission.

MOTION: Coburn moved to accept the resignation of Tom Krupicka from the City Tree Commission and send a letter of thanks for his service. Johnson seconded the motion.

Collins commented that Krupicka has provided valuable information to the Tree Commission and will be missed.

City Manager Wes Hare also thanked both Nelson and Krupicka for their service.

VOTE: A vote was taken on the motion and it passed 6-0.

Public Hearings

Foregoing a water rate increase for calendar years 2010 and 2011, setting rates for wastewater system use, and repealing Resolution No. 4329.

Konopa explained that both resolutions would be considered under the same public hearing.

Open public hearing

Konopa opened the public hearing at 7:28 p.m.

Staff Report

Senior Accountant Jeff Babbitt said there are two resolutions for the Council to consider; one is to forego a two-year water rate increase for calendar years 2010 and 2011, and the second is to consider implementing a seven percent sewer rate increase that would be effective July 1, 2010. He said the challenge over the next 20 years is finding a financial balance for the water and sewer utilities. It is important to keep water and sewer utility rates affordable and competitive, and the City also wants to ensure there is adequate capital to meet debt obligations, provide for sustainable operations and maintenance, and provide for pay-as-you-go perpetual life maintenance programs.

Babbitt said the most recent water and sewer infrastructure projects were funded by debt financing and the City must manage the debt coverage ratio. The debt coverage ratio is calculated by taking the operating revenues, less operating expenditures, and dividing that total by the debt payments for the year. In addition to meeting debt covenant requirements, the debt coverage ratio can be managed to provide for adequate pay-as-you-go cash to fund a perpetual life maintenance program. Financially sustainable and stable utilities typically have a debt coverage ratio between 1.25 and 2.0.

Water Rates - Babbitt explained that the 2003 Water Revenue Bond covenants require the City to meet a minimum 1.25 debt coverage ratio. Currently, the Water Fund has a debt payment obligation of approximately \$2.58 million per year, which lasts until Fiscal Year 2033-2034. The Fiscal Year 2010-2011 debt coverage ratio is projected to be 1.41, which is adequate to meet the covenants of the 2003 Water Bond. However, establishing a goal to achieve a 1.65 debt coverage ratio in the Water Fund is needed to generate \$1.68 million per year in pay-as-you-go cash for the perpetual life maintenance program. Because there was no rate increase in January 2009, and with the adoption of the resolution for no increase in January 2010 and to forebear the rate increase in January 2011, staff estimates that the lost revenue will be approximately \$1.43 million for the Water Fund. That revenue represents an additional 32 blocks or 1.8 miles of water line replacement that could have been completed had water rates been increased per the adopted policy. For the current and upcoming calendar years the Water Fund is able to absorb no rate increases and stay above the required debt coverage ratio. However, looking into future years, staff recommends the Council consider restoring future rate increases based upon the adopted Water Rate Plan Policy. That will enable the Water Fund to attain a healthier debt coverage ratio and allow for some pay-as-you-go capital for the perpetual life maintenance program, maintain infrastructure, and ensure safe drinking water, as well as meet federal and state regulations.

Staff is recommending adoption of the resolution for the forbearance of a water rate increase for 2010 and 2011, which will be three-year forbearance on water rate increases.

Sewer Rates - Babbitt said the Sewer Fund requires a debt coverage ratio of 1.05 by the State of Oregon Clean Water Revolving Loan. This debt coverage ratio was negotiated from 1.25 to 1.05 with the Department of Environmental Quality (DEQ) by holding the equivalent of one principal and interest payment in a required reserve. The Sewer Fund has a debt payment obligation of \$5.2 million per year, which includes the estimated State Revolving Fund (SRF) debt payment for the Wetlands Treatment project. The current debt coverage ratio is 0.85. In the next fiscal year the debt coverage ratio will need to be raised to 1.05 to meet the covenants of the loan. By establishing a target debt coverage ratio of 1.4 in future years, it would generate \$2 million per year in pay-as-you-go cash to fund the perpetual life maintenance program in the Sewer Fund. That would allow for a 100-year replacement cycle of the sewer mains in the City. Staff is recommending that the Council adopt a seven percent increase in sewer rates to be effective on July 1, 2010. With the proposed increase, the average residential customer's bill would increase approximately \$2.86 per month. This sewer rate increase is the minimum necessary to meet the required debt coverage ratio of 1.05 to meet the loan covenants. If the City had to meet the original 1.25 debt coverage ratio, the staff proposed rate would have been significantly higher, around 16%.

Babbitt said it is a difficult decision for the Council, especially after the community has been on a 10-year rate plan of increasing rates at nine percent per year. The target was to expand the sewer rate base to \$12.4 million per year by 2009. However, the rate base has only expanded to \$10.86 million, which is \$1.54 million or 12.4% lower than planned. Per Council's request, staff looked into alternate options in order to reduce the proposed seven percent increase. One option is to pay down the principal on the SRF loan. Under this scenario, staff calculated that the loan would need to be paid down approximately \$10.5 million to reduce the annual debt payment to an appropriate level to alleviate the seven percent increase for Fiscal

Year 2010-2011. However, this calculation is extremely sensitive to revenue assumptions. For every one percent off in the revenue projection, an additional \$1.6 million dollars would need to be paid off in principal reduction on the loan. Another option would be to increase rates by seven percent, per the resolution, then credit residential customers the average increase of \$2.86 per month, or \$34.32 per customer, per year. With the current residential customer base around 14,500 accounts, this option would require funding of \$500,000 from an alternate source, outside of the Sewer Fund.

Staff is recommending the Council adopt the resolution to implement a seven percent sewer rate increase effective July 1, 2010.

Babbitt said an important factor to take into consideration is the affordability of the rates for customers. An affordability index measures the burden of costs passed on from a utility to the users, against the median household income (MHI) for the area. Based on income estimates from the 2007 U.S. Census, the median household income for the City of Albany was estimated to be \$43,777. Comparing this figure against the Environmental Protection Agency's affordability threshold of 2.5%, each separate utility bill would need to be greater than \$91.20 per month to exceed the threshold for affordability. In Albany the current average water bill is \$42.55 per month, or 1.17% of MHI. The average sewer bill with the proposed 7% rate increase would be \$43.77 per month or 1.20% of MHI. Another affordability threshold index provided by the Water Infrastructure Network suggests the affordability for combined water and sewer charges should not exceed 4% of MHI. In Albany's case, using the same MHI from the 2007 Census, the combined bill would need to be greater than \$145.92 per month to exceed this threshold. Using the same average water bill of \$42.55 per month and the proposed average sewer bill of \$43.77 per month, the total combined bill would be \$86.32 per month, or 2.37% of MHI. Using this threshold index, the combined bill would need to increase an additional \$59.60 per month to exceed the suggested affordability threshold for combined water and sewer charges.

Johnson asked, when you mentioned \$500,000 from another source, what other source was that? Babbitt said probably the PepsiCo monies. City Manager Wes Hare said it doesn't have to be the PepsiCo money. It could be from the Capital Fund or others, but all have consequences.

Johnson asked, since the City hasn't had the water rate increases is it correct that the City has lost 32 blocks of new piping? Public Works Director Diane Taniguchi-Dennis said yes, the system is losing 22% of the water produced because of leakage. A good utility has a leakage of about 10%.

Johnson asked, does loss lead to higher water rates? Taniguchi-Dennis said loss does contribute to higher rates. By foregoing the replacements, costs increase, and more risks are taken. Although she believes the current leaks are manageable, Taniguchi-Dennis said the City continues to have leakage and breakage problems. Perpetual life programs are something that needs to be done in a community.

Public Comment

Michael Quinn, 4455 Sunset Ridge Drive, referred to a seminar he attended regarding the recession. He wants the Council to take into account that the City is in a recession and unemployment is high. He said the Water Treatment Plant was built for PepsiCo and it was appropriate for monies from the settlement to be used to relieve the burden on the users. He said demographically there are a lot of people hurting in Albany.

Ron McDonald, 3589 Barnard, Albany, said he was a disabled vet on a fixed income. Utility fees are too high. He said they do not use water to water outside of their home and the bill is still very high.

No one else wished to speak.

Close public hearing

Konopa closed the public hearing at 7:50 p.m.

Council deliberation

Taniguchi-Dennis mentioned that the City does have a water conservation program where staff can help to reduce a household's water consumption. If Mr. McDonald wants to contact the City, staff will help him with an in-house audit.

Coburn said the City also provides a low income assistance program.

MOTION: Collins moved to adopt the resolution foregoing a water rate increase for calendar year 2010 and 2011. Coburn seconded the motion.

Collins said he doesn't like diverting from the original objective regarding water rates, but he thinks it is a reasonable thing to do.

Johnson believes the City has already diverted maintenance a sufficient amount. She said if maintenance is not kept up, the City will have more problems and solutions will cost more in the future. She will vote against the resolution.

Councilor Olsen asked, how many more years will the City be paying for the new water plant? Babbitt said 23 years. Olsen feels the rate increase can wait until economic times improve. He is in favor of the motion.

VOTE ON MOTION: A vote was taken on the motion and it passed 5-1, with Johnson voting no, and was designated Resolution No. 5916.

MOTION: Coburn moved to adopt the resolution setting rates for wastewater systems use and repealing Resolution No. 4329. Councilor Reid seconded the motion.

Coburn said a lot of thought and time was put in the process of recommending the rate increases by the task force. It was not a snap decision. It has the same impact on the Council as on others in the community. By his calculations, the rate increase will generate around \$900,000.

Councilor Christman asked for an explanation of the debt ratio. Taniguchi-Dennis said when the City signed a contract with the Department of Environmental Quality (DEQ), they looked at the City's ability to repay its debt as well as its ongoing expenses. The City needs adequate cash to cover operating and maintenance expenses, and to pay the debt. Normally the DEQ wants a ratio of 1.25 and for Albany that was not sustainable. It would require a rate increase of 16% plus. The City negotiated with the DEQ to lower the coverage ratio to 1.05%. In order to do that the City agreed to carry one year of principal and interest payments in reserve. Basically it is a test of the City's ability to cover the loan. If the Council decided not to raise the rates in order to cover the debt, the State could come in and order that to happen. It is a requirement of the loan that the City took out with the state.

Hare said that in the past the Federal Government has helped subsidize the building of water and sewer plants. They are no longer doing that.

VOTE: A vote was taken on the motion and it passed 6-0, and was designated Resolution No. 5917.

ST-08-04, Infrastructure Improvements – Somerset to Timber Ridge School, determining the assessments against the properties specifically benefited by street, storm drain, water, and sanitary sewer improvements and declaring an emergency.

Open public hearing

Konopa opened the public hearing at 8:10 p.m.

Staff report

Assistant Public Works Director/City Engineer Mark Shepard explained that this ordinance will levy the Local Improvement District (LID) final assessments for ST-08-04, Infrastructure Improvements – the Somerset to School project, essentially the north improvements on Timber Ridge Road. The project had been split into two parts; one that the Council will consider tonight and the other southern portion with the roundabout, which the Council awarded a bid on a couple of weeks ago. The project had been split in two because of issues with permitting and wetlands, and the Greater Albany Public Schools (GAPS) was on a deadline to get the building open and a roadway built. Because of the time crunch the school district hired the contractor and completed the design, and acted as the City's agent. The improvements included installation of sewer, water, street, and storm water infrastructure from the end of Somerset Drive to the southern boundary of the school parcel along Timber Ridge Street. The two properties affected by this LID are the Brandis parcel and the GAPS parcel. The method of assessment is consistent with the area basis methodology recommended in the initial Engineer's Report. There are areas within the LID boundaries that are dedicated as greenways. These areas are undevelopable and as such have been removed from the assessable area. The school district utilized Ed Fitz-Patrick, Senior Project Manager for Heery International, Inc., to keep the project on schedule. The project was successfully completed in time to meet GAPS requirement that Timber Ridge School be open to receive students in September 2009.

Fitz-Patrick said as the Project Manager for the school district he felt it was a team effort working with the City. The district has no issues with the staff report.

Collins asked, what were the cost increases? Fitz-Patrick said the district needed to buy wetland credits and needed box culverts because of a narrow right-of-way. Water was the biggest issue.

No one else wished to speak.

Close public hearing

Konopa closed the public hearing at 8:18 p.m.

City Attorney Jim Delapoer read for the first time in title only “AN ORDINANCE DETERMINING THE ASSESSMENTS AGAINST THE PROPERTIES SPECIFICALLY BENEFITED BY STREET, STORM DRAIN, WATER, AND SANITARY SEWER IMPROVEMENTS FOR ST-08-04, INFRASTRUCTURE IMPROVEMENTS – SOMERSET TO TIMBER RIDGE SCHOOL; AND DECLARING AN EMERGENCY.”

MOTION: Reid moved to have the ordinance read a second time in title only. Coburn seconded the motion and it passed 6-0.

Delapoer read the ordinance for a second time in title only.

MOTION: Reid moved to adopt the ordinance. Coburn seconded the motion.

Collins commented that this is a good example of two government agencies working together.

VOTE: A vote was taken on the motion and it passed 6-0, and was designated Ordinance No. 5740.

Business from the Public

Mike Quinn, 4455 Sunset Ridge Drive, said the Council had promised to look at what it costs for erosion permits and control. Taniguchi-Dennis said that at a City Council Work Session the Council chose to look at a longer period of time, extending the report date out to the first of the year.

Bill Root, 2634 Valley View, apologized and said he didn't mean any disrespect to the Council at the last meeting. He said that the North Albany Neighborhood Association (NANA) will celebrate their third anniversary at Benton County Park on July 25. He invited the Council and City staff to attend.

Dirk Olsen, 1037 North Albany Rd, representing the North Albany Citizens for Action (NACA) said they support the East Thornton Lake Conservation Area and oppose development of the property. He said the conservation area would be a positive addition to Albany.

First Reading of Ordinance

Amending the City of Albany City Charter as approved by the electors of the City of Albany at the May 18, 2010, General Election, and declaring an emergency.

Delapoer read for the first time in title only “AN ORDINANCE AMENDING THE CITY OF ALBANY CITY CHARTER AS APPROVED BY THE ELECTORS OF THE CITY OF ALBANY AT THE MAY 18, 2010, GENERAL ELECTION, AND DECLARING AN EMERGENCY.”

MOTION: Reid moved to have the ordinance read a second time in title only. Coburn seconded the motion and it passed 6-0.

Delapoer read the ordinance for a second time in title only.

MOTION: Reid moved to adopt the ordinance. Coburn seconded the motion and it passed 6-0, and was designated Ordinance No. 5741.

Adoption of Resolutions

Adopting the FY 2009-2010 Supplemental Budget.

Finance Director Stewart Taylor explained that the resolution basically makes accounting adjustments in different funds to make sure appropriations have been aligned with direction given by the Council.

Christman asked, are all of these adjustments something the Council has seen or adopted in the past. Taylor said yes.

MOTION: Reid moved to adopt the resolution approving the changes to the FY 2009-2010 City of Albany Budget. Johnson seconded the motion and it passed 6-0, and was designated Resolution No. 5918.

Repealing Resolution No. 5792, and revising fees and charges for Parks & Recreation services for FY 2010-2011.

Coburn asked what fees were being revised. Parks & Recreation Director Ed Hodney said the only adjustment is in the Aquatics program at the Albany Community Pool. The season pass fee is increasing by \$15.00.

Christman would prefer that annual fee increases like this come to the Council with the budget adoption.

MOTION: Coburn moved to adopt the resolution repealing Resolution No. 5792 and revising fees and charges for Parks and Recreation services for FY 2010-2011. Reid seconded the motion and it passed 6-0, and was designated Resolution No. 5919.

Adoption of Consent Calendar

- 1) Approval of Minutes:
 - a) March 29, 2010, City Council and Planning Commission Work Session.
 - b) May 10, 2010, City Council Work Session.
 - c) May 24, 2010, City Council Work Session.
- 2) Approving modification of Enterprise Zone requirements for Pacific Cast Technologies (PCT) as allowed by HB3609 by cosponsors of the South Santiam Enterprise Zone. RES. NO. 5920
- 3) Accepting Oregon Department of Transportation Public Transit Division Jobs and Transportation Act Sec. 5310 grant for vehicle replacement and expansion for Albany Call-a-Ride. RES. NO. 5921
- 4) Accepting the 2010-2011 Oregon State University and Linn-Benton Community College Intergovernmental Agreements for Albany Transit System and the Linn-Benton Loop Transit System Pass Programs and the Linn-Benton Loop Partnership Fee funding and annual operating support. RES. NO. 5922
RES. NO. 5923
- 5) Applying to the Oregon Department of Energy for Business Energy Tax Credit pass-through program funds to supplement operating costs of Albany Transit System, the Linn-Benton Loop Transit System, and Albany Paratransit System. RES. NO. 5924
- 6) Authorizing the City of Albany to submit the following grant applications for Oregon Department of Transportation funds and committing to provide the required local match:
 - a) Pedestrian and Bicycle Grant funds. RES. NO. 5925
 - b) Urban Trail Grant funds. RES. NO. 5926
- 7) Accepting easements from:
 - a) MB2, LLC. [Pages 80-85] RES. NO. 5927
 - b) Eugene Freezing & Storage Company. [Pages 86-91] RES. NO. 5928
- 8) Approving a liquor license for AP and JG, LLC, D/B/A Bogey's Bar & Grill, 129 West First Street.
- 9) Annual liquor license renewals.

MOTION: Collins moved to adopt the Consent Calendar as presented. Reid seconded the motion and it passed 6-0.

Appointment

Appointing Linda Hart to the Human Relations Commission.

MOTION: Johnson moved to appoint Linda Hart to the Human Relations Commission. Reid seconded the motion and it passed 6-0.

BUSINESS FROM THE COUNCIL

Johnson commented that she had visited Clark County in Nevada and they are facing the same economic and political issues as Linn County and the City of Albany.

Christman would like staff to review assessment interest rates.

Konopa said she had attended an event with the boy scouts and was impressed with what they knew about Albany.

Hare provided an outline of the agenda for the July 7 Council meeting on the PepsiCo funds.

Hare thanked Parks & Recreation Department staff and private businesses that contributed to the first community picnic at the Kinder Park dedication.

Public Information Officer Marilyn Smith praised the Council for acknowledging the audiences watching the Council meetings on their televisions or streaming on their computers. The Council providing explanations for their decisions and how they are voting are a great example of open government.

Planning Director Greg Byrne explained that he may have caused some confusion at the Work Session for the expiration date for the subdivision at East Thornton Lake. It turns out it doesn't matter, because the Trust of Public Land has an option that expires in December and that is the critical path. When the subdivision application is active isn't the issue. He also reported that Albany has been chosen for one of the TGM grants from the state. It will be used to fund the South Albany Plan.

Albany City Council Regular Session
Wednesday, June 23, 2010

RECESS TO EXECUTIVE SESSION TO DISCUSS REAL PROPERTY TRANSACTIONS IN
ACCORDANCE WITH ORS 192.660 (2)(e)

The Regular Session was recessed into an Executive Session to discuss real property transactions at 8:54 p.m.

RECONVENE

The Regular Session was reconvened at 9:34 p.m.

Direction was given to Fire Chief John Bradner to provide graphics for the potential building sites and provide more details on the properties have been proposed. The Council also asked Bradner to schedule a public Council meeting on proposed sites 10, 11, 12, and 6.

NEXT MEETING DATE

The next City Council Work Session is scheduled for Monday, July 12, 2010, at 4:00 p.m., in the Albany Municipal Court Room, in City Hall. The next Council Regular Session is scheduled for Wednesday, July 14, 2010, at 7:15 p.m., in the City Council Chambers, in City Hall.

ADJOURNMENT

There being no other business, the meeting was adjourned at 9:34 p.m.

Respectfully submitted by,

Reviewed by,

Betty Langwell, MMC
City Clerk

Stewart Taylor
Finance Director