

CITY OF ALBANY  
CITY COUNCIL WORK SESSION  
Council Chambers  
Monday, July 19, 2010  
4:00 p.m.

**MINUTES**

CALL TO ORDER

Mayor Sharon Konopa called the meeting to order at 4:02 p.m.

ROLL CALL

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

Councilor Absent: Councilor Jeff Christman.

BUSINESS FROM THE PUBLIC

There was no business from the public.

TRANSPORTATION SYSTEM DEVELOPMENT CHARGE

Transportation Systems Analyst Ron Irish said there are two options for the Transportation System Development Charge (TSDC): \$1,734 or \$3,000. Irish described the attachments to the agenda. Attachment A is an overview of SDCs; Attachment B shows projects funded with SDC Scenario 3; and Attachment C-1 is a draft SDC methodology, C-2 is the draft SDC fee resolution and the project list; and Attachment C3 includes draft changes to the Albany Municipal Code (AMC).

On the dais was a document titled SDC Level & Project Funding Flexibility (see agenda file).

Irish asked if there were any questions about Attachment A.

Councilor Ralph Reid asked if Irish thinks the fees would allow all the high priority projects to be completed. Irish said it depends on the fee level that the Council sets. The \$1,734 fee doesn't build all the projects, whereas the \$3,000 could, and could also accumulate a reserve.

Irish said there had also been some questions about how SDC rates might impact building permits, so staff included historical data and linked building permits to the SDC rate. It spiked in 1997 and then was down in 1998; then there was a steady increase until about 2005. From 2005 to 2009 the fees were flat but they saw a slowdown in building activity. Irish said this is the closest comparison of fees to building activity available and it is difficult to draw a conclusion. When building activity was high, Albany's fees did not seem to impede activity; and when activity dropped, off so did the fees.

Irish said staff also compared Albany fees to other TSDC fees in Oregon and found that Albany's is below average.

Councilor Dick Olsen asked, do you think building activity dropped off in cities statewide independent of their SDCs fees, over the last three years? Irish said he didn't collect that data, but what he has heard is that building activity dropped off in all cities across the state.

City Manager Wes Hare said that he was just in Bend at the Oregon City Manager Association (OCMA) Conference and Bend's City Manager said that in 2007, their activity peaked with 2,500 single family resident (SFR) permits issued each year. Now, it is down to 200. Their fees are at about the middle compared to Oregon cities, and are substantially higher than Albany's.

Councilor Bessie Johnson noticed that for SFR permits, some cities don't have transportation fees and some don't have stormwater fees. Irish said that is correct; the chart shows those that just have SDCs.

Civil Engineer III Jeni Richardson said this information is from the most recent comprehensive survey, which was 2007-08, conducted by the League of Oregon Cities (LOC). There may have been some changes since then but this data would not reflect them. This is the best comprehensive list available.

Irish discussed TSDC Scenario 3 in Attachment B. This variation ramps the fees up for five years from \$1,734 to \$3,000. This is a phased-in approach that can fund the building of all the high priority projects in a ten year window, and still have a small balance at the end.

Councilor Floyd Collins asked, by phasing in the fees and by changing the methodology, the charges would go down for certain kinds of developments, correct? Irish said yes; types of developments with lower peak hour rates will see a decrease whereas those with higher p.m. peak hours will see an increase. Collins asked, if we assume SFR rates transition upward, what happens to the ones going down? Irish said they looked at the number of trips the TSP assumes in year 2030, and calculated the average per year; then in the first five-year window they assumed using the same cost per trip for all classes. He said it all comes out in the wash. Everyone pays the same rate per trip regardless of what use it comes from. If they switched to average daily trips, the same thing would apply. The amount depends on the accuracy of the estimate of trips that will occur from the development.

Olsen said it seems like it also depends on when projects happen; for example, if we had a very expensive one right away it would drain the funds. Irish said yes, it would depend on how fast we use up the reserve and how fast the revenue from new SDCs comes in. We would have to juggle the schedule for new projects.

There was discussion about the Council's discretion to change the methodology, and if someone could challenge it. Hare said that any methodology can be challenged and they wouldn't get a final answer until a court decision was made; but the City minimizes the chance at the front end by making sure they are in compliance.

Public Works Director Diane Taniguchi-Dennis explained the timeline for changing methodology and the legal public process it must go through.

Collins doesn't have a problem changing the methodology from the average daily trips to peak hours. He said, we always have discretion to change rates when we identify a disproportionate fee, but can also be challenged for those who paid higher fees before. Discussion followed. Taniguchi-Dennis said that the Council has the potential to raise fees in any area where they are not charging 100%.

Olsen asked, under this schedule would Lowe's pay on current or revised fees? Irish said he suspects they would fall under the revised fee based on timing, since they can't pull a permit until they finish with ODOT and the design process. Discussion followed about the fees Lowe's and Walmart would pay.

Collins said, according to Attachment C-1, the Wheelhouse project would pay \$200,000. Irish said they probably would not, because they would get a credit for the old Buzzsaw restaurant that used to be on that lot. The footprint of the Buzzsaw is bigger than that of the Wheelhouse and the credit exceeded the SDC fee. If a new development came in where no credit applied, then it would be \$200,000. Richardson pointed out that the table Collins is looking at is charging the maximum allowable SDC.

There was discussion about a high quality restaurant versus a high turnover restaurant, and that the high turnover restaurant would have more trips. Konopa suggested using a different definition. Irish said they are using the Institute of Transportation Engineers (ITE) rate descriptions.

Councilor Bill Coburn asked, what happens if a person tears down a house and rebuilds one with a similar footprint? Irish said they would not pay water and sewer fees but if they didn't pay SDCs before 1997, then they would be charged. Collins recalled that when the new Willamette Community Bank in downtown Albany was built, the person that did the demolition forgot to document the number of fixtures so calculating the credit was difficult.

Collins asked if an arbitrary ramping schedule could be created to lessen the impact on the poor economy and could be indexed to something like unemployment rates or housing statistics. Collins explained that type of indexing would be useful if Albany does end up in a long recession and we don't want to increase fees, whereas if the economy peaks then we could raise fees.

Coburn said that no matter if the Council sets the maximum at \$3,000 now or ramps fees up over time, they will get complaints; yet it has to be done in order to keep transportation infrastructure maintained. Irish said it would be difficult to implement Collins' idea because if we can't predict revenues, we can't identify projects; so if we are going with a ramping schedule then we are stuck picking definite stepping points. If at some point the Council wants to change it they can, but it will effect funding of future projects. Staff has to be able to predict revenues in order to create project lists.

Olsen said if it is true that SDC fees in other cities don't affect their development activity, Albany might be better off raising to the maximum suggested. He suggested do it now, and be done with it. He doesn't think SDC fees will get in the way of folks doing projects.

Taniguchi-Dennis said staff will be talking to the Albany Chamber of Commerce and other agencies, as well as the public, to get feedback.

Johnson is curious to see public reaction. She prefers to ramp the fees up over five years. She does not support tying fees to an index because she agrees with Irish that it would be difficult to plan projects.

Irish said the next step is for the Council to set a fee level in which they are comfortable going out to the public with, so they can start the public hearing process.

Collins thinks the public should have exposure to all the options at the public hearing. Discussion followed.

Coburn prefers to provide just two options: the \$3,000 all at once, or scheduled increases over five years up to that amount. Konopa said that it should be pointed out to the public what the maximum allowable is actually \$10,000. Olsen also wants the public to understand what fees other cities are charging.

Reid said he doesn't like ramping fees \$1,300 over five years, at \$250 each year. He said, this will affect less than 1% of the people in Albany. To people who already live here, it will make no difference. He thinks they should present the full amount to the public.

Konopa said this issue is growth-related. If we don't have new development pay their way, all the residents end up subsidizing.

Collins said what is really driving the market is demand, not the fees. But still, he thinks the Council should provide all the options and hear what the public has to say. This involves not just housing but also commercial and industrial. He said, if we charge the maximum then we are sending the message that Albany is closed.

Olsen pointed out that the maximum is \$10,000, and \$3,000 is just one third of that. Collins said still, the perception can be disjointed from reality.

Coburn said it bothers him that many times methodology is considered by comparing what one city charges in comparison to other cities. This just tends to drive fees up. He thinks there is some value to comparing, he just doesn't like it to be used as a justification for raising fees. On the other hand, there is a certain level of service the public expects, such as City Hall being open five days a week and having a police officer respond in a timely manner. He doesn't see having good streets as being any different because the public expects it.

Hare said Albany issued 150 SFR permits last year, which is more than some communities. Certainly there is some effect on the affordability of houses by increasing fees, though how much is hard to say. Right now the houses that seem to be selling are those at the lower end, and the average new home being built is \$180,000 which is much lower than in past years. Hare said, but if we don't use this mechanism to fund streets for new growth then what do we use? Should we impose a local gas tax on our citizens? He asked, how long do we want to gamble on extending the life of our infrastructure? He said there is also risk in driving folks away due to our failing roads.

There was discussion about what to present at the general community outreach versus what to report at the formal public hearing.

Council direction to staff was to take the SDC discussion to the public.

Council direction to staff was to ask Councilor Jeff Christman what he prefers at the next meeting of the Council, scheduled for 7:15 p.m. later that day.

#### COUNCILOR COMMENTS

Reid said he had a very nice family reunion event at Bryant Park. The park accommodated the group of 60 quite well.

Coburn will be gone July 28.

Johnson said she attended the Linn County Fair and it was a great event.

#### CITY MANAGER REPORT

Hare was at the OCMA Conference in Bend for three days. He said it was very educational. There were good sessions with useful ideas. One focus was on civic engagement.

Olsen said one of his neighbors commented that they enjoy reading Hare's blog on *WeShare*.

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ADJOURNMENT

There being no other business, the Work Session adjourned at 5:26 p.m.

Respectfully submitted,

Reviewed by,

Mary A. Dibble, MMC  
Deputy City Clerk

Stewart Taylor  
Finance Director