

CITY OF ALBANY
CITY COUNCIL (WORK SESSION)
Municipal Court Room
Monday, June 20, 2011
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 Dick Olsen, Jeff Christman, Bill Coburn, Floyd Collins, and Bessie Johnson.

Councilors absent: None.

BUSINESS FROM THE PUBLIC

There was no business from the public.

ECONOMIC INDICATORS TSDC/ANNUAL ADJUSTMENT

Assistant Public Works Director/City Engineer Mark Shepard said there are two items for discussion: economic indicators to use in considering rate increases to Transportation System Development Charges (TSDCs) and an update on SDCs.

Economic & Financial Analyst Ray Bartlett handed out a document titled *Table A.1 Annual Forecast* (see agenda file). Bartlett reviewed the document and commented that this was an interesting task since the Council is only considering a TSDC rate increase. Generally, Oregon follows the same trends that are experienced nationally or regionally, but not locally. The smaller the geographic area is, the harder it is to predict, so we go back to the basics. The question the Council wants answered is, how do we know if the economy is improving? Bartlett said there are two indicators: the quarterly state report that predicts states revenues off of the income tax, and a line called "housing starts." So long as employment and income in the state as a whole are going up, it is safe to assume that the economy is getting better. Albany's businesses are the types that drive the economy.

Bartlett said these two indicators are available quarterly, but he suggests looking at it annually since all the Council needs to know is if both indicators are going up.

Councilor Bessie Johnson arrived at 4:08 p.m.

Councilor Floyd Collins commented that this method won't measure the percent of the increase. Bartlett said that is correct; but the City's projected rate schedule is already set at 20% each year and the question isn't how much to raise rates, but whether to raise them or not. This is a simpler method. It is possible to determine a measure of the magnitude of economic growth or decline, but that would be complicated and expensive.

Bartlett said he does not think that TSDC fees will determine whether or not building takes place. The development process happens long before a developer would take out a building permit, so that step is not likely to stop a project. The more information the City provides about the cost to put the final product on the market, the better it is for the developer because they can make other adjustments. The cost of TSDC fees do not influence whether a development takes place at all, but rather, it would influence the size of what gets built.

Collins said that on a \$250,000 project, the cost of the permit is less than 3%; but even such a small component generates a lot of emotion in the building community.

Collins asked, do other jurisdictions use these indicators? Bartlett said he has not seen any that do. He has seen other agencies phase in fee increases, but not by using an index such as this.

Councilor Jeff Christman said he wants to come up with something tangible to indicate when the right time for the increase is, because the Council heard from local builders during the public hearing that now is not the right time.

Bartlett said there has been discussion about the housing market and how the economy tanked as a result. A recent news article said that unemployment is the number one indicator of whether a housing market has hit bottom.

Collins asked, to what degree are permit fees a positive or negative signal? Bartlett said, if the City is providing services as effectively as possible, which is the government's role, then that is good. Development policies that are too tight are probably the biggest deterrent. In fact, regulatory issues are likely to have a bigger impact on building activity than fees do. Regulations should be justifiable and reasonable.

Collins asked, have you seen communities that do not adopt TSDCs and make the development community pay 11%? Bartlett said no.

Civil Engineer III Jeni Richardson said the TSDC will come back to the Council in March. Other issues for SDCs are to consider the Engineering News Rating (ENR) adjustment from the previous year and use that to ramp up the SDCs and connection charges. Last year it did not increase and actually one of the indicators was negative, so the two year adjustment would be .05%.

Richardson asked, do you want staff to bring a Resolution for water SDC-r and SDC-i to increase rates by .47 %, and set a public hearing, while holding the line on the other SDCs? The Council agreed.

Staff will bring back the recommended economic indicators to a meeting in spring 2012.

Staff will prepare a resolution and schedule a public hearing on water SDC increases in July.

SMALL BUSINESS DEVELOPMENT CENTER MICROENTERPRISE REQUEST

Barbara Bessey, the Director of Small Business Development Center (SBDC) at the Linn Benton Community College (LBCC), introduced herself. She is here for two reasons: to tell the Council what is happening in the SBDC, and to talk about the micro enterprise program.

Bessey gave a PowerPoint presentation (see agenda file).

Christman asked how much the SBDC will charge to launch a business. Bessey is not sure but thinks it will probably be \$300-350. That revenue will be used for speakers, etc. and is not figured into the budget request she is making tonight. The total cost to run the program is \$62,000 and she asking for \$20-25,000 from the City of Albany.

Collins asked how many new jobs were created by the 75 successful businesses launched. Bessey is not sure but will find out. She pointed out that it does create at least one job. Collins said the total number of jobs created would be relevant because it shows the return on investment.

Councilor Dick Olsen asked, are all the business still operating successfully? Bessey said, not all of them. From those that launched in 2009-2011, five or six are still in business because she and her staff continue to work with them. If they can establish a good relationship with the students in the micro business class, it can last throughout the life of the business.

Collins asked, with large employers laying people off, have you seen an increase in folks applying for the program? Bessey said yes; many are not finding jobs so are deciding to start a business instead. They now have 12 LBCC Advisors to work with students. The goal is to get as many small businesses connected as possible.

Collins asked, are larger industries being mentors? Bessey said yes, they have partnerships for food processing and bio science work through National Frozen Food and Oregon Freeze Dry. Tech Labs have also been great partners.

City Manager Wes Hare reminded the Council that they set aside PepsiCo settlement funds for economic projects, which is an option in this case. Or, the City is also approaching Metropolitan Planning Organization (MPO) status which would make the City eligible to receive the same sort of funding that Corvallis has been receiving and passing on to this particular program. Bessey said that the Corvallis money is tied to low-income, which means that students must be at 85% of poverty level. She would like to serve middle-income too, so the limits that come with how the money can be spent, is important.

Christman asked, are you looking for long-term funding? Bessey said yes. They are also looking to private foundations, but in the meantime she has waiting lists of folks who want to start the program in September. She has money for one term only.

Christman would like to know the total of how many jobs have been created, beyond the first job of the business owner. He wants to know if there are second and third persons, for example, drawing paychecks.

Councilor Bill Coburn said he sees the value in the program but is concerned about making a long-term funding commitment. Bessey said Community Development Block Grants have traditionally funded this type of program, and is what Corvallis had funneled to the program; but those funds are going away.

Collins is sympathetic to the program and appreciates the pursuit for long-term financing. He is asked all the time by citizens what is being done to stimulate the local economy.

Coburn asked if Bessey has considered charging a fee that would be paid back by the business owner when they get their business going. Bessey said they have not done that. Because they are using federal funds they cannot charge for advising, though they can charge reasonable fees for instructors or materials.

Bessey will come back with more information.

REVISION OF ALBANY MUNICIPAL CODE 7.08 RELATED TO CONSTRUCTION NOISE

City Attorney Jim Delapoer explained that Walmart is required by the state to do traffic improvements along I-5 but can only work at night in order to have the least impact on traffic. Delapoer reviewed the current ordinance that restricts noise.

Shepard clarified that the work is being done on the I-5 interchanges but Walmart wants to use their construction site as a stockpile for gravel and other materials, which would create noise for the Coastal Crossings neighborhood.

Delapoer said there are two distinct issues: changes to the ordinance regulating noise, and then whether to accept or reject the application from Walmart that is requesting an exemption to the ordinance.

Shepard said that staff's recommendation is to reject the current Walmart application for an exemption because it is not specific enough. Staff hopes Walmart will resubmit the application with more information to further describe how they are mitigating the noise. Staff has also asked them to consider some alternate sites for the stockpile.

This item is scheduled for the next Regular Session. Delapoer cautioned the Council that they should discuss the ordinance separate from Walmart's application for an exemption, as they are two different agenda items.

The Council discussed how the ordinance would be applied to specific scenarios and recommended some minor adjustments to the verbiage.

Collins described the complaints he got over the weekend from constituents about noise from helicopters. Noise level regulations are also in the Development Code; those are based on Department of Environmental Quality standards. Staff offered to contact the helicopter vendor to discuss the complaints.

Johnson was pleased that the Council is looking out for the residents of Coastal Crossing and hope residents get that message.

PROCESS FOR FILLING WARD II COUNCIL SEAT

Konopa reviewed the staff memo. The Council discussed the process for filling the vacant seat. Interviews were tentatively scheduled for August 3, 2011. The deadline for applications is July 21, 2011. The vacancy will be advertised in the local media and on the City's website.

CITY MANAGER REPORT

Goal 5 Public Hearing Schedule

Hare said that Planning Manager Heather Hansen is proposing that in light of the recent Council action to hold a public hearing on Goal 5, it would be more beneficial to hold a work session so that there could be more interaction than what a public hearing would provide. Hansen thinks folks would like the opportunity to talk to the Council rather than staff. Hansen said they would also invite representatives from state agencies so that questions could be answered in a timely manner.

The Council discussed opening the public hearing on July 27, 2011, and continuing it to another date. Discussion followed.

The Council asked staff to schedule a work session on Goal 5.

Other Business

Hare said there is a memo on the dais, dated June 8, 2011, regarding the Request for Funds from Greater Albany Public Schools (GAPS) (see agenda file). If the Councilor's want changes made to the memo, they should let Hare know.

The Council discussed how an easement is better than a lease in regards to use of the Timber Ridge School gymnasium.

Hare said there is a new issue involving GAPS that will also be coming to the Council, regarding the Local Improvement District (LID). After staff review of the northern LID assessments, it was determined that the City over-reimbursed the school district by about \$36,000. The net result is that GAPS owes the City \$36,000, but they have already finalized their bond using the numbers that were provided for close-out costs. It would be a hardship for GAPS to come up with the money now; however, the City would like to recuperate the costs.

Hare pointed out that the City collects excise taxes on behalf of GAPS, which GAPS could use for this shortage.

This item will be on the agenda at the first Regular Session in July.

COUNCILOR COMMENTS

Christman asked how long the video that is scheduled for the next Regular Session will be and what the purpose is. Staff said it is about the dog “Blue”, and the same video is posted on the *Albany Democrat-Herald's* website. Hare said that staff received a request prior to the last meeting to have the video shown during Business from the Public but there was not time to add it to that particular agenda, so staff told the requestors that it could be added to the next meeting. Typically staff will honor requests to put items on the agenda unless the material is inappropriate.

Christman thinks the “Blue” case needs to run its course through the legal system. Discussion followed.

ADJOURNMENT

There being no further business, the Work Session adjourned at 6:23 p.m.

Respectfully submitted,

Reviewed by,

Mary A. Dibble, MMC
Deputy City Clerk

Stewart Taylor
Finance Director