

CITY OF ALBANY
CITY COUNCIL (WORK SESSION)
Municipal Court Room
Monday, December 5, 2011
4:00 p.m.

MINUTES

CALL TO ORDER

Mayor Sharon Konopa called the meeting to order at 4:00 p.m.

ROLL CALL

Councilors present: Councilors Dick Olsen, Jeff Christman, Bill Coburn, Floyd Collins, Bessie Johnson, and Ray Kopczynski.

Councilors absent: None.

BUSINESS FROM THE PUBLIC

There was no business from the public.

INFORMATION TECHNOLOGY RECLASSIFICATION REQUEST

Information Technology (IT) Director Jorge Salinas said that it is a challenge to bring a request for reclassification during a time like this, but it is also management's responsibility to bring these forward.

Salinas said that in cases where a job description has changed, the employee has the right to have their job reevaluated. Salinas is requesting for two IT employees to be reclassified. He described the two positions and how their duties have changed due to taking on more duties with retirements and necessary new skills. One of the positions saved money for the City by reducing hardware replacement with the use of a virtual infrastructure.

Salinas anticipates saving \$26,000, even with the reclassifications, due to retirements and the redistribution of duties.

Councilor Bill Coburn asked, was this a plan to move folks up the ladder, or was it just circumstances? Salinas said it was circumstances related to changes after retirements, wherein another IT person had to be trained in the Perm Plus program. They have evolved into different job descriptions. Human Resources evaluated the positions with other cities of similar size and compared compensations.

City Manager Wes Hare said, IT has one less employee and employees that remain have picked up the necessary skill set. Overall, it is still a cost savings to the City.

Councilor Ray Kopczynski asked, how does this save overtime costs? Salinas said because the position will be moved to exempt status it will no longer qualify for overtime. Some of the work required is done after hours and being FLSA exempt allows for flexibility after hours.

Councilor Bessie Johnson is concerned that employees are being changed to FLSA (Fair Labor Standards Act) exempt in order to work them more, without compensating them for overtime. Salinas said it is not the goal to make the employee work more for less; the goal is to allow for more flexibility in what hours they work.

Councilor Jeff Christman asked, is the position that the person retired from being eliminated, or is it approved but not filled? Hare said it is still in the budget but ultimately that will be a decision of the Budget Committee. Salinas said their plan is to not fill the position at all, so it would be a reduction of .5 from IT and .5 from Geographic Information Systems (GIS.)

This item will come back to the Regular Session.

EAST THORNTON LAKE NATURAL AREA REPORT

Parks & Recreation Director Ed Hodney is seeking direction from staff regarding funding for the purchase of East Thornton Lake Natural Area (ETLNA).

Hodney said the staff memo outlines the points where Council authorized staff to enter into an agreement for purchase of the property and gave authority for the funding strategy, which is also outlined in Exhibit A.

Hodney said the \$1 million promissory note is driving the staff memo. Staff and the community have been working towards that goal, writing grants and doing fundraisers, to pay off the note so the City does not default on the agreement with The Trust for Public Lands (TPL).

Hodney said that at the time, it was agreed they were going to backfill the \$1 million with \$650,000 in some form of interfund loan as a safety net, if fundraising was not successful. Also the original funding strategy, adopted by motion on August 11, 2010, includes a second installment of \$250,000 from Parks System Development Charges (SDCs), if they are unable to secure alternative funding.

Hodney reviewed the fundraising activities to date. He pointed out that several hundred community members participated over the last several months. The auction in particular had a lot of support from the community and they believe it was very successful.

Hodney acknowledged the role of certain individuals in fundraising and grant applications: Cathy Cook, Mark Azavedo, Annette Higginbotham, Tina Springer and Peter Kenagey.

Hodney pointed out that of the \$1 million required, \$860,000 has been raised so far, including the grant, private money, and the Parks SDC 2nd installment. The shortfall of \$140,000 is needed by March 2012 to pay off the promissory note.

Hodney said the last page of the staff report includes the next steps. In order to avoid paying quarterly interest on the promissory note, he is requesting that the Council authorize the acceptance of the Oregon State Parks grant via resolution, which will be used to pay down the principal. If the Council passes the resolution by December 7, the City will enter into the contract and the funds should arrive in January. They have \$51,000 so far in private funds, and there are other plans underway to achieve as much as possible towards the \$100,000 for acquisition.

Hodney said the next step is to fund the remaining \$390,000. The second installment would be made with Parks SDCs in the amount of \$250,000, as originally planned. Hodney suggests the Council take the remaining \$140,000 from Parks SDCs also, to pay off the note and avoid two more quarterly interest payments.

Finally, Hodney said fundraising efforts will continue in order to backfill the City's expenses.

Johnson asked, what is the \$860,000 comprised of? Hodney said it includes \$250,000 for the second parks installment, \$51,000 in private funds, and the state grant acceptance. The money proposed for this is available due to the YMCA's cancellation of their capital project which freed up \$1.5 million in Parks SDCs. Those funds could go towards ETLNA and two gymnasiums that have not yet been finalized.

Johnson said, to accept the grant, we have to commit almost \$1 million for improvements; so we would be spending \$1 million in order to get a \$50,000 grant. She said, why did we not know that ahead of time? Hodney said, we did, and directed the Council to page 2 of the staff report where it explains that the City's development of recreation facilities as required by the grant can be minimal. It doesn't need to cost \$1 million; it could simply be a parking lot and picnicking area. Johnson said that the word *minimal* is very broad. She said, we are spending a lot for this being a neighborhood project where we were told that the City wouldn't have to pay much. The City will likely end up being responsible for almost all of this, which was her fear. Hodney said Exhibit B of the staff report was the best guess for costs of the project and he reiterated that there was nothing hidden from the Council. He reemphasized that the Council could decline the grant. Johnson said, that would mean in the future that we may be turned down for a grant; so we are stuck.

Hare said he thinks this is good news, not bad news. This is the biggest grant awarded by TPL this year, and it's for an improvement inside our City. He recalled meeting after meeting where the public opposed housing developments on this land, and instead we are turning it into an amenity that can serve the whole community. He said, yes, it is a big investment, but we have done comparable or bigger investments in other parts of our community. We can still do the gyms because the YMCA money has been freed up. He understands there is concern, but there is also a very positive side to this project.

Councilor Floyd Collins said that as this project was discussed over the last few years, former Councilor Ralph Reid, Jr. was emphatic that the \$100,000 should come from the community as an indication of public support. Collins said he is confident that the groups will continue to work towards that. They have known that there may be a cash flow crunch and so they developed an option to backfill; but staff and the community will continue to seek grant opportunities. Also, he is certain that if they had allowed the housing development to move forward there would be traffic congestion on North Albany Road, and the City would have spent over \$1 million to fix the problem. He is unsure where that money might have come from. This represents the best resolution, by acquiring property for a public benefit in the long-term. Collins understands Johnson's concern about cash flow, but this represents a plan for an outstanding asset for the whole community.

Konopa commended staff and the community for the amount of money brought in so far, especially in these economic times. As construction begins at the park, the funds will be easier to get. Once the park is in the development stage, folks will want to purchase the pavers. There is much to work on but it is no different than any other park the City has developed. She remembers ten years ago when the Council took heat for the Timber Linn Park improvements, but now it is a beautiful park that is enjoyed by many. The same will happen with this park in ten years.

Christman asked, if the City needs to initiate development by 2014, does Hodney have a sense of what that means in terms of cost or what types of improvements? Hodney said Exhibit B is a funding strategy for state grant

development for a 50/50 match. If the City doesn't want the state grant for development, then we can reduce the scope of development to something minimal. To Hodney, minimal means formal access to the site, picnic tables, and maybe a pavilion or trailhead to allow public access to use the land for recreational purposes. Even if they do not apply for the State Parks development grant, those improvements would still meet the acquisition grant requirements for recreational improvements and access.

MOTION: Collins moved to adopt 2 and 3 as a strategy, subject to adoption of the resolution at the next Regular Session. Councilor Dick Olsen seconded the motion.

Christman is not sure this item needs action tonight. It is scheduled for December 7 and he thinks it can wait until then.

MOTION WITHDRAWN: Collins withdrew the motion and Olsen was agreeable.

Olsen said that he is enthusiastic about the project.

Christman asked, what happens if the City defaults on the note? Delapoe said it would be foreclosed upon by TPL, and the impact on the City's credit rating would be catastrophic. Defaulting would be unwise. Hare said the majority of the Council made a commitment, through a legal process; if we back out, there will be consequences. Christman was very clear he is not suggesting they back out, rather he was just curious what would happen.

Johnson asked, how would the \$650,000 in Parks SDCs be paid back, if they were used for this? Hodney said they had discussed using Pepsi Co Settlement proceeds at one point but the most recent suggestion he is making is to use Parks SDCs. Also, there is a piece of land in North Albany that is surplus; the City could sell it and replace the funds used from SDCs. Overall he thinks the efforts have been good and the community has backed up the project.

OAK STREET LID DESIGN UPDATE

Public Works Director Mark Shepard said that over one and a half years ago they formed a Local Improvement District (LID) and over one year ago they gave the Council initial design concepts for the Oak Street project. The Council asked staff to bring back a design after talking to residents and narrowing it down. The City has signed the Lowe's agreement and the Perlenfien property has been purchased. Staff anticipates bidding the project in March.

Civil Engineer III Chris Cerklewski provided an overhead (see agenda file). He described the road design along the frontage of Lowe's and the frontage of Kinder Park. The plan includes parking needs for residents. Generally, north of 14th Street there will not be on-street parking, but they are making sure residents still have adequate parking by widening driveways. The design also incorporates traffic calming features.

Konopa asked if the sidewalks along steep driveways will have a retaining wall. Cerklewski said yes. Konopa asked if there would be curbside sidewalk on the west side. Cerklewski said yes, it will be 6-7 feet wide. Konopa asked if there will be improvements to Oak Street and Queen Avenue. Cerklewski said staff had recommended to the Council that they do a right turn only, but the Council said no, to leave it as is; though staff acquired right of way (ROW) on the northwest corner of Oak Street and Queen Avenue to improve site distance. They will reconfigure the curb return so that a fire truck or bus can turn right without imposing on the left lane.

Johnson asked about Pings Restaurant. Cerklewski provided an overhead that showed the building footprints (see agenda file). He said staff is still negotiating with Ping's on ROW. It does not impact their parking spaces.

Kopczynski asked, how much is done? Cerklewski said, the design phase is about 75% done.

Cerklewski showed a close up of Periwinkle Path crossing Oak Street on an overhead (see agenda file). The vegetation, fence, and bollards are being moved to make it safer for bicyclists and pedestrians. They will also add pedestrian activated signs at the crosswalk.

Cerklewski showed the overflow parking lot for Kinder Park on an overhead (see agenda file). The work will take place following the road work, and they will be bid separately. There are wetlands on the parking lot site; state and federal permitting agencies consider if wetlands touch any part of the project they touch the whole project, so staff separated the projects to contain all the wetland permitting to just one.

Konopa asked how the parking lot is being paid for. Hodney said that is another discussion coming to the Council in the near future.

Cerklewski said the road project will be completed this summer.

STRATEGIC PLAN DISCUSSION

Hare suggested not going through the Strategic Plan page by page at this point, because so much of it is subject to budget decisions that still have to be made. Staff feels they need more direction on the budget before they update the Strategic Plan. In the meantime there are twelve basic questions staff needs answers to, as outlined in the staff report.

Hare began reviewing the twelve questions.

1. *Are you willing to consider new revenue sources or increasing existing fees (planning fees, a business license, increase in franchise fees, street and/or stormwater utility fees, etc.)?*

Konopa said that Corvallis is considering a fire fee. Discussion followed.

Johnson pointed out that storm water fees have to be done anyway.

Coburn asked Fire Chief John Bradner, do you charge a service fee for Fire response? Bradner said no, unless the call is in outside City limits. In the past they have considered charging for engine response in addition to ambulance response; other jurisdictions do that already. Coburn asked, have you heard of user fees in addition to what is supported through taxes? Bradner said no, though it may happen. Discussion followed.

Olsen asked, are those types of fees a flat fee or based on tax values? Hare said it is generally a flat fee. Olsen thinks they are grossly unfair. Hare said in general people don't like fees, and added there is no such thing as a perfectly fair way to charge fees.

Coburn asked, why charge for ambulance but not Fire service? Bradner said that ambulance is not supported by the General Fund. Hare explained that much of it is based on history. In the old days, a fire represented a threat to an entire town so Fire Departments were organized for the common good. It has changed now, in that prevention is the key and everyone helps to pay for it.

Kopczynski agrees with Hare's assertion in the staff memo that we will not be able to meet all the needs. He thinks we need to focus on how to recover costs as opposed to raising fees.

Christman echoed Kopczynski. He prefers to consider other alternatives before raising existing fees or considering new revenue sources.

Collins pointed out that some are going to be mandatory, like stormwater, and we may have to deal with that. Albany is on the tail end of a 25-year plan for large cities implementing a program, which is being driven by the desire to keep the Willamette River clean.

Coburn is not in favor of raising fees but rather living within our means. He also wants to lay ground rules that the Councilors can bring up any idea, and deal with it in a civil manner.

Konopa said some fees are a specific benefit to some people, like planning fees. Some programs should be self-supporting. She thinks fees should still be on the table.

2. *Are there specific services you believe we should reduce or eliminate?*

Hare said that for every service the City offers, there is a constituency that supports it. On the other hand the City only has a specific amount of money to provide services. If there are specific services to consider, the Council should let staff know sooner than later.

Johnson is curious what things cost, for example exercise programs, which are also available in the private sector. Hare said generally most of those types of programs are self-supporting. Transit is not and is subsidized, but it also brings in large federal dollars. If we cut transit, it may cut our expenses but it also cuts an inflow of dollars to the community. This is the same situation with Parks & Recreation and the Airport in terms of grant resources.

Christman said there is a cost to the grant money though, so weighing the benefit the City gets versus the cost of that grant is something important to consider. He thinks it should all be on the table.

Christman said that programs that are intended to be self-supporting for the most part are, but there is also a cost to them just by having an employee running that program.

Kopczynski said that United Way uses a process in which they consider if there is a duplication of services.

Collins said part of the question is, if we eliminate a service, who is going to pick it up? For example, if we drop an exercise program they may go somewhere else but if we cut transit services, where do they go? If our citizens are lacking for a service where there is shown to be a need, that is a different issue.

3. *Are you willing to look at alternative ways to deliver service (special districts, contracting out, etc.)?*

Hare asked a private company to look at ways for the City to collaborate with the Corvallis Fire Department, and also asked them to discuss the pros and cons of a special district. This is the same company that studied the Tualatin Fire District. Under the state of Oregon, a new district gets its own tax base and the cost is spread more equitably across the service base. It may not be a cheaper way to provide service, but it may be a

way to provide it more reliably than continuing to have separate cities provide it. Hare recalled that previous Fire Chief Kevin Kreitman had suggested a fire district and the Council declined, but things have changed now. The voters would determine what they are willing to pay for the service, and that would determine the rate. It would also impact compression, but would still free up resources inside the City by no longer paying for fire service. It may not save the taxpayers a lot of money, but it would save the City a lot of money. It spreads the costs more equitably across the user base.

Collins said that forming a special district means the City would be losing control of that function.

Bradner said a findings report will come to the Council on January 23, 2012.

Christman asked, are there other significant opportunities to contract out? Hare said yes, there are; for example, some cities contract for wastewater. Parks maintenance is already contracted out.

Coburn recalled the City's experience with leaf removal. Depending on the situation, contracting can work well or not. Hare said that in his experience, they need to make a pragmatic judgment based on the facts. Sometimes they can make gains, but sometimes they will lose. He just attended a session by the League of Oregon Cities (LOC) and gave some examples of when contracting out worked well and when it failed. There are pros and cons.

Collins thinks contracting out should stay on the table because the public will expect that the Council at least ask the question.

Johnson supports contracting out for temporary services such as lawn care, but not for whole departments. She thinks the community gets better service that way. Cheaper isn't always better when it comes to customer service.

4. *Should settlement proceeds be considered to help sustain services through loans?*

Finance Director Stewart Taylor said that Oregon local budget law restricts the timeframe on loans between funds. For capital it is up to ten years, and for operations it has to be reimbursed in the year following the year the loan was made. An alternative is the transfer of proceeds during the budget process, but calling it a "loan" subjects it to local budget laws.

5. *Should the urban renewal district be discontinued, other than for resources necessary to pay off existing debt?*

Hare said that the City wouldn't get the full value of the Urban Renewal District (URD) dollars if they were returned and the county would only get a small portion. If we no longer had a URD the state would no longer have to backfill tax revenue losses to the schools.

Konopa said we would also lose the future potential in private investment and property taxes would hold steady and not increase.

Kopczynski advocates for Central Albany Revitalization Area (CARA) but thinks it should be on the table.

Olsen said it would provide an opportunity to discuss how great CARA is.

Christman said it would be interesting to consider if we the discontinued urban renewal district or if we didn't collect the full amount. The schools would not get any more money by dissolving CARA. He thinks it should be on the table to consider the effect, which may be so minor that it doesn't make sense to dissolve it.

6. *Should we adopt a different compensation strategy for public safety employees subject to binding arbitration than we do for all other employees?*

Hare said generally the City has offered unrepresented, non-union folks similar compensation packages to those in unions. Binding arbitration is what drives costs because one set of employee's compensation may vary from another set. The risk in not offering fair compensation to non-union employees also, is losing folks to other agencies that pay more.

Christman said the largest line item in the City budget is compensation, so we should consider anything that could reduce or at least put it at a level where it will be stable. Hare said the problem is that the largest numbers are in the unions, and that is not in the City's control. If Albany's proposals do not match what other cities pay, then an arbitrator will award the higher amount; so we do not have the ability to control it. They do have more discretion over what they pay non-represented employees, though they are a much smaller group.

Collins said they need to maintain the potential opportunity. There are pros and cons; the downside is that the City will lose non-represented employees, but he agrees they do need to find a way to control the costs. Hare

said they have been cutting the number of employees – however there will come a point when they won't have enough employees to provide services.

Coburn said that health care costs are another issue. In the private sector, employees pay more. Hare said they did increase deductibles which reduced the overall cost to the City. What drives the costs is the experience of the users.

7. *Should we consider use of reserve funds, such as equipment replacement dollars, to fund operations?*

Konopa asked staff if they can consider extending the life of vehicle replacements. Hare said they already know that departments are not putting enough funds aside; for fire equipment as an example. There is a gap between what it should be versus what we can afford. Konopa would like to know what the schedules are.

Coburn is curious how successful the leasing program has been for the Police and if it would work for Fire. Bradner said they have looked at it in the past and there are interest payments, so it costs more. However, they can consider it again. Discussion followed.

Collins said, leasing could be a short-term fix to a long-term problem. He asked, if the City uses up the reserves, then what would they do?

8. *Should we defer or eliminate capital projects and use those resources for operations?*

Hare pointed out that some funds set aside for capital projects have restricted use, such as SDC projects. In those cases, only certain things are allowed to be built with it.

Shepard pointed out that capital costs aren't always for buildings; they may be for water and sewer lines, for example.

9. *Should we consider discontinuing or limiting participation in regional, state, and national organizations (COG, LOC, NLC, ICMA, etc.)?*

Hare said that membership in the Council of Governments (COG) and the League of Oregon Cities (LOC) is expensive. The question is if we get value for those memberships. Kopczynski said they should consider if it would hurt the City if they did not participate. Hare said that in the short-term it may not hurt, but in the long-term it could. The LOC provides information and lobbies for cities. There is not a city in Oregon that is not a member of LOC. Lobbying as a group is more effective than as an individual city.

Christman would like a list of the organizations, their costs, and a brief description of what they provide. Staff said they are listed on the City's website under lobbying activities. Discussion followed.

Collins thinks they need to work with organizations for leverage. It is beneficial to the citizens. They should have managers consider individual participation in those organizations. Hare said Directors already do that.

10. *How important are leveraged resources when considering where to make cuts (Transit, Airport, etc.)?*

The Council concurred that all should be considered.

11. *Should we reduce assistance to outside agencies? (Boys & Girls Club, YMCA, AVA, ADA, etc.)*

Collins asked, do they provide services that we feel need to be provided, and is it in a more consolidated or efficient way? For example, can the City provide what the Boys & Girls Club does? Collins disclosed that he is on the Boys & Girls Club Board. They should consider if the private sector did not provide a service, if the community would look to the City to provide it.

Konopa said another consideration is if the private agency offers a program, should the City be in the same business? The YMCA and Boys & Girls Club helped the City with the tax levy campaign and when the levy expired, we rolled them in. When the Parks levy was rolled into our tax base it was reduced several times, but the YMCA and the Boys & Girls Club have been reduced just once.

Collins said the key is getting their reports back to see their performance. Hare thinks they do what they say they will; but it is an issue that keeps coming up so it should be reviewed.

Kopczynski said they should also consider River Rhythms and the Northwest Art & Air Festival. He asked, are we supposed to be in that business? Johnson said, but if we didn't have those, what would we have? Konopa added that those events bring lots of money to the community.

12. Is the Strategic Plan the best way to address the City's priorities?

Hare would like to bring the Strategic Plan to the Council in January, and then the final version to the Budget Committee in February. The Council has the authority and the responsibility to review the Strategic Plan. This schedule was acceptable to the Council.

COUNCILOR COMMENTS

Johnson said she will not be at the Wednesday, December 7, 2011, Regular Session.

Collins noticed that the sidewalks on Broadalbin Street between 1st Street and Water Avenue should be evaluated for safety hazards. Konopa added that the sidewalks on Broadalbin Street between Third Street and Fourth Street across from City Hall should also be evaluated since CARA is not reviewing sidewalks fully.

CITY MANAGER REPORT

Hare helped Benton County interview for a Chief Operating Officer position.

Staff reminded the Council of the Albany Awards Open House on Wednesday, December 7, 2012, at 5:30 p.m.

The South Albany Area Plan public work shop takes place on Tuesday, December 6, 2011 (see agenda file).

ADJOURNMENT

There being no further business, the Work Session adjourned at 6:13 p.m.

Respectfully submitted,

Reviewed by,

Mary A. Dibble, MMC
Deputy City Clerk

Stewart Taylor
Finance Director