



Revised

NOTICE OF PUBLIC MEETING
CITY OF ALBANY
CITY COUNCIL
Council Chambers
333 Broadalbin Street SW
Wednesday, December 10, 2014
7:15 p.m.

OUR MISSION IS

"Providing quality public services for a better Albany community."

OUR VISION IS

"A vital and diversified community that promotes a high quality of life, great neighborhoods, balanced economic growth, and quality public services."

AGENDA

Rules of Conduct for Public Meetings

1. No person shall be disorderly, abusive, or disruptive of the orderly conduct of the meeting.
2. Persons shall not testify without first receiving recognition from the presiding officer and stating their full name and residence address.
3. No person shall present irrelevant, immaterial, or repetitious testimony or evidence.
4. There shall be no audience demonstrations such as applause, cheering, display of signs, or other conduct disruptive of the meeting.

1. CALL TO ORDER
2. PLEDGE OF ALLEGIANCE TO THE FLAG
3. ROLL CALL
4. PROCLAMATION
 - a. Homeless Persons' Memorial Day. [verbal]
 Action: _____

5. SCHEDULED BUSINESS
 - a. Communication
 - 1) Public Safety Facilities Review Committee's final report and recommendation. [Pages 3-13]
 Action: _____

- b. Public Hearing
 - 1) Setting rates for water use and repealing Resolution No. 6289. [Pages 14-25]
 Action: _____ RES. NO. _____

c. Business from the Public

- d. Adoption of Consent Calendar
 - 1) Approval of Minutes
 - a) September 24, 2014, City Council Regular Session. [Pages 26-29]
 - b) October 6, 2014, City Council Work Session. [Pages 30-34]
 - c) October 8, 2014, City Council Regular Session. [Pages 35-41]
 - d) October 20, 2014, City Council Work Session. [Pages 42-46]
 - e) November 13, 2014, Public Safety Facilities Review Committee. [Pages 47-61]
 - 2) Readopting an Investment Policy and repealing Resolution No. 6278. [Pages 62-74] RES. NO. _____
 - 3) Readopting the Risk Management Policy and repealing Resolution No. 6279. [Pages 75-82] RES. NO. _____
 - 4) Adopting Financial Policies and repealing Resolution No. 6277. [Pages 83-89] RES. NO. _____
 - 5) Approving a liquor license for Gary, Inc., d/b/a U.S. Mini Mart #21, located at 2515 Geary Street. [Page 90]
 Action: _____

- e. Award of Contract
 - 1) Professional services contract for preliminary engineering for the Police Station and Fire Station 11. [Pages 91-94]
 Action: _____

- f. Approval of Contract Increase
 - 1) ST-13-03, North Albany Road Reconstruction. [Pages 95-96]
 Action: _____

g. Report

1) Dumbeck Lane Domestic Water Supply District revised service agreements. [Pages 97-106]

Action: _____

6. BUSINESS FROM THE COUNCIL

7. NEXT MEETING DATE: Work Session: December 15, 2014
January 12, 2015
Regular Session: January 14, 2015

8. ADJOURNMENT

City of Albany Web site: www.cityofalbany.net



TO: Albany City Council

FROM: Public Safety Facilities Review Committee*
Frank Morse and Dave Burright, co-chairs
Skeet Arasmith, member
Geoffrey Berg, member
Tom Cordier, member
Sharon Edwards, member
Mike Martin, member
Chris Norman, member
Janet Steele, member
David Reece, member
Greg Roe, member
Bill Ryals, member
Buzz Wheeler, member
Ralph Wyatt, member

DATE: December 3, 2014

SUBJECT: Final recommendation and dissolution of committee

Background

The Albany City Council placed a \$20.3 million general obligation bond measure before Albany voters in November, 2013, to replace Albany Fire Station 11 and the Police Department building. The measure was rejected by voters: 4,413 voted yes, 5,081 voted no, a margin of 668 with five undervotes. In late December, 2013, the Council called for members of the public to review the need for both buildings. The Public Safety Facilities Review Committee represented a broad cross-section of the Albany community and held 13 meetings from January through June, ending its work on November 13, 2014.

The Committee adopted this mission statement at its second meeting:

As we believe public safety is one of the highest priorities of government, we will review in detail the need for replacing Albany Fire Station 11 and the Police Department building and make recommendations to the City Council. The recommendations will be either:

- 1) **Maintain the status quo;**
- 2) **Remodel and expand existing facilities, either public or private; or**
- 3) **Build new facilities.**

If the recommendation is to build new facilities, we will include:

- a) **Preferred locations.**
- b) **Project delivery method.**
- c) **How the improvements should be financed.**

As part of the process, Committee members reviewed background material and programming needs for the Police and Fire departments; heard presentations by Police and Fire staff; toured Fire Station 11 and the Police building and fire stations in Corvallis and Scio; studied location options and construction delivery methods and closely examined potential sources of funding, including urban renewal funds, Pepsi settlement proceeds and general obligation bonds, always seeking to reduce any impact on Albany taxpayers.

For Fire Station 11, the Committee:

- Reviewed functions and space needs for 20- and 40-year use and reduced recommended square footage for a new building from 29,387 to 25,500;
- Recommended replacing the existing building on its current site, closing a portion of Sixth Avenue, if needed, and incorporating property north of Sixth Avenue in the design.

For Police, the Committee:

- Reviewed functions and space needs for 20- and 40-year use and reduced recommended building size from 50,808 square feet to 41,363 square feet. (The potential exists to build to current needs with shelled-in space for expansion to reduce costs.)
- Reviewed the current location and previously-purchased property on Pacific Boulevard, recommending construction on Pacific Boulevard.

The Committee strongly recommends that construction follow identified Police programming needs, which were recently reviewed by Mackenzie; an update will be done for the Fire Station. Program changes should be presented to the Council for justification prior to being adopted.

Beginning at the first meeting, the Committee discussed why the November 2013 bond measure had failed. Most said voters did not have enough information, and many suggested that voters wanted to see what they would be buying. Members subsequently proposed a competitive process to solicit preliminary designs and cost estimates through requests for qualifications and requests for proposals. The process resulted in proposals from five architect and engineer teams from throughout the Northwest. The co-chairs participated in interviews of all firms and served on the committees to select teams to do final designs. Mackenzie of Portland was recommended for both buildings; City staff has begun work to enter into contracts with them, to be executed when funding is available.

The Committee's final task was to review and recommend a funding strategy to pay for construction. Overall, the group hoped to reduce the potential burden to taxpayers by reducing the amount of a general obligation bond. They agreed to a three-pronged approach, including:

- dollars from proceeds of the PepsiCo settlement;
- the maximum amount of urban renewal funds allowed through minor amendment to the Central Albany Revitalization Area plan; and
- a general obligation bond.

The following represents a unanimous recommendation reached at the Committee's final meeting for Council's consideration:

Preliminary Police and Fire Building Costs and Recommended Funding Sources			
Mackenzie Cost Estimates	Police	Fire	
Construction	\$12,457,241	\$7,302,643	
Design, fees, furnishings, equipment	\$2,957,178	\$1,481,841	
Subtotal	\$15,414,419	\$8,784,484	\$24,198,903
Issuing bonds			\$201,500
Total project costs			\$24,400,403
Resources			
CARA -- minor amendment(1)(a)			\$1,400,000
Pepsi settlement:(2)			
a. Public Safety Facilities			\$2,430,000

b. Economic Development(3)			\$2,570,403
General obligation bond(4)			\$18,000,000
Total projected revenue required			\$24,400,403

Economic development funds: The Committee fully supports previous Council decisions with respect to economic development. We recognize that our recommendation transfers in the short term funds that had been previously obligated for economic development. However, we believe that the original intent of supporting economic development with PepsiCo settlement funds will not be compromised with backfilling with PepsiCo receivables. The Committee strongly recommends that the original intent for economic development not be compromised and that the funds be restored at the earliest opportunity.

CARA funds: By strong consensus, the Committee recommends that portions of the projects that would independently meet CARA criteria be considered for funding in addition to the minor-amendment \$1.4 million contribution. Funds in addition to the minor amendment should not be used to expand the scope of the project beyond existing program needs. .

The Committee discussed the method of construction but came to no conclusion. It is worth noting that the Mackenzie architects have recommended the design/bid/build method as they believe it delivers the least cost.

At several Committee meetings, members questioned the best course for the next election: should the projects be submitted to voters as one package or put to separate votes? The Committee took a tally of their opinions at the final meeting: eight members favored a single package, one favored separate issues in separate elections, and one wanted both buildings on the same ballot as separate measures.

The Committee’s work was diligent, thorough, exhaustive and deliberate. The consensus of the Committee is that Albany critically needs these improvements. Throughout the deliberations, there was a constant theme of reducing costs consistent with operational needs to lessen the burden to taxpayers. The Committee encourages City staff to follow this theme throughout design and construction.

While we have recommended an \$18 million cap for a general obligation bond, we encourage the City to take every opportunity to hold costs down wherever possible. We believe the recommendations we put forward to you meet these goals. We appreciate the opportunity to serve the community of Albany. The Committee’s work is now complete and the Committee has dissolved.

*Eighteen individuals were initially appointed to the committee; members Martha Wells and Patrick Hagerty participated in early meetings before resigning due to personal conflicts.

Costs and Revenue table footnotes:

- (1) To be revised at future date to reflect actual inflationary calculation.
 - (a) Portions of the projects that would independently meet CARA criteria should be considered for funding in addition to the minor-amendment contribution.
- (2) With funding sources utilized as shown plus prior land acquisition expenses, Pepsi settlement funds will be contributing approximately \$6.7 million.
- (3) Short-term use of economic development funds; pledge account receivable and sale of existing Police facilities to backfill. The current balance of remaining Pepsi funds pledged to economic development would be \$2.1 million; current receivables are estimated at an additional \$5.5-\$6 million.
- (4) Note: as future expenses and resources are further refined, all “savings” are to be pledged to reduce the general obligation bond or early debt retirement.

Public Safety Facilities Review Committee

Consensus Findings

January 28, 2014

- Adopt survey process
- Reach decisions by consensus

February 11, 2014

- Adopted January 28 minutes
- Adopted mission statement
- Fire Station 11 needs to be replaced.
- Station 11 replacement should be on existing site.

March 11, 2014

- Adopted February 11, 2014 minutes
- Discuss capital financing and operational costs for both facilities toward the end of committee work
- Adopt “Fire Station 11 Issues and Concerns” as findings.
- Recommend to the City Council to get conceptual plans or drawings for a new fire station at Sixth Avenue and Lyon Street, allowing for possible vacation of Sixth Avenue.

April 8, 2014

- Adopted March 11, 2014 minutes
- Develop common population projections for 2034 and 2064.
- Ask Mark Shepard to do modeling on removing utilities from Sixth Avenue.
- Commission conceptual drawings for a new main fire station with programming as outlined in Chief Bradner’s memo and within a range of 25,500 to 29,386 square feet.
- Add “incorporate energy-efficient systems to keep lifecycle costs and operating costs affordable” to final sentence of Fire Station recommendation.
- Agree that the Police Department needs more space than it currently has.

April 22, 2014

- Language in draft Fire Station recommendation as reflected in the minutes.
- Get estimates of cost to purchase properties to the east of the existing Police building on 13th Avenue and the west side of Thurston Street SE.
- Add meetings on May 7, May 15, and May 20; conclude committee work for the summer on June 10.
- Reconvene committee in the fall to review Fire Station RFP.

April 29, 2014

- Adopt Option 3 to keep the Police Department at the Jackson Street location with remodel and addition, incorporating additional properties on 13th Avenue and Thurston Street SE.
- City should apply to the Oregon Department of Transportation for a highway access permit for the Pacific Boulevard property.
- Adopted Fire Station 11 recommendation to City Council.

May 7, 2014

- Police should stay with one central station.
- The Committee would like to be involved
 - in review of the RFP draft,
 - in the public process with the architect, in final review of the work product, and
 - will ask the City to create a timeline of the tasks to be completed and the points when the Committee can become engaged.

May 15, 2014

- Adopt Police recommendation as presented.

May 27, 2014

- Motion to adopt changes to RFP process to pay up to three design firms to create schematic drawings and cost estimates for each facility. Vote was 10-1, Wheeler voting no.

June 10, 2014

- Accept the updated Police programming document.
- Motion to approve the modified RFQ/RFP process (three for free) with changes in weighting criteria. (Vote was 11-1, Arasmith voting no.)

- Recommend three-pronged funding package
- Motion to recommend Council make a minor amendment to the CARA plan to allow maximum use of CARA funds for the Police and Fire building projects (Vote was 10-2, Arasmith and Cordier voting no.)

November 13, 2014

- Recommend three-pronged funding strategy as outlined in the document titled "Police and Fire Building Costs and Funding Sources." Emphasis is placed on maximum CARA contributions to eligible parts of the projects in addition to the minor-amendment contributions, and to replacing PepsiCo settlement funds that had been designated for economic development purposes as quickly as possible.
- The police and fire buildings should be submitted to voters as one ballot measure. (Eight members voted in favor; Cordier recommended separate ballot measures; Arasmith recommended separate measures on the same ballot.)

TO: Albany City Council

FROM: Public Safety Facilities Review Committee

DATE: May 8, 2014, for the May 14, 2014, City Council Agenda

SUBJECT: Fire Station 11 Recommendation

The Public Safety Facilities Review Committee finds that Albany Fire Station 11 should be replaced at the earliest opportunity. This recommendation is based in part on the following findings:

- Engineering evaluations have concluded that Fire Station 11 may be in jeopardy of collapse in a significant seismic event due to structural deficiencies.
- Station 11 is Albany Fire Department's Operations Center during major fire and emergency events. A power outage or seismic event could render the building unusable, hindering the ability to respond to emergency calls during these critical times.
- The building is inadequately wired and underserved by its existing small emergency generator. For example, the emergency vehicle bay doors have failed to open, the base station radio and station telephones have been unavailable, and emergency lighting is inadequate during power outages. A replacement generator or other significant electrical project would require the building to be completely rewired.
- The current building does not have enough parking bays for needed firefighting equipment. The bays are not sized for modern equipment, and the floor can't support some modern fire engines over the basement.
- Persons with physical limitations have no access to offices and meeting rooms which are on the second floor; the two-story building has stairs but no elevator.
- The 1949 building design did not include adequate facilities for female employees.
- Leaks and inadequate ventilation cause chronic mold in employee living quarters.
- The 64-year-old building does not provide adequate office space or parking for the public and staff.
- Fire Station 11 is in violation of Department of Environmental Quality requirements for discharging water into the storm water system when washing vehicles and the apparatus bays.

The Committee has also reviewed possible site locations and, after due consideration, recommends that a new building be constructed on the existing site with the addition of properties that are being purchased directly to the north and south of the original building.

The Committee feels that Albany citizens need to see a draft visual representation of the building based on the program needs of the Fire Department. Therefore, we recommend that the Council hire a qualified firm to produce conceptual drawings of what the new fire station might look like on the Lyon Street site, along with projected construction costs.

If necessary, the proposed building could require closing part of Sixth Avenue between Lyon and Baker Streets in order to make best use of the existing space. The design should make optimum use of the site to allow for future expansion of the facilities and incorporate energy-efficient systems to keep lifecycle costs and operating costs affordable.

The Committee recommends that the ZCS/hsr Fire Department programming and needs assessment be used as the initial programming template for the Station 11 design. That document recommends a building size of 29,386 square feet. However, in a memo to the Committee dated April 8, 2014 (attached), Chief Bradner identified three building spaces that could be eliminated without jeopardizing the building function. This reduction generates a savings of approximately 1,100 square feet, which brings the building size recommended by this committee down to 28,286 square feet.

In addition to the reductions identified by Fire Department staff, an independent review of the ZCS/hsr programming document suggests that the "circulation" and "gross up" (square footage needed for hallways, wall thickness, etc.) multiplying factor that was used may be overly generous. The potential savings is in the area of 2,800 square feet for a final finished building size of approximately 25,500 square feet. The Committee recognizes that these circulation spaces can be influenced by many factors, and it is very early in the process to be making cuts based on a best guess. Therefore, the Committee suggests that the City Council convey to whatever firm is hired to continue in the design process that the desired building size is 25,500 square feet as long as it can be accomplished without jeopardizing the building function and future needs.

DKB:mms:de

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TO: Albany City Council

FROM: Public Safety Facilities Review Committee

DATE: May 15, 2014, for May 28, 2014, City Council meeting

SUBJECT: Police Department Facility Recommendation

The Public Safety Facilities Review Committee finds that the Albany Police Department building as it exists today is inadequate to support the current needs, let alone future needs, of the sworn officers and support staff who work there. The building is woefully inadequate.

When the building was constructed in 1988, the Police Department employed about 50 personnel. The Police Department staff and the Albany population have since doubled. The building has been internally reconfigured multiple times, and a modular unit has been added to the site to meet changing space requirements. All members of the Committee have toured the building and conclude that nothing else can be done within the existing building envelope; the status quo is not acceptable for current or future needs.

The Committee's recommendation is based in part on the following findings:

- The very small public lobby creates unexpected contact for residents, business representatives, children, and other building visitors with offenders, such as sex offenders who are required to report to the building to register, creating unacceptable risks for the public and liability to the City.
- The building does not have sufficient backup power to operate during an emergency and to continue to provide necessary services during a critical incident.
- The building does not have secure interview or holding rooms.
- Years of retrofit have virtually eliminated training and meeting spaces.
- Storage is not sufficient for the keeping of critical evidence.
- The heating and cooling system, which must operate 24 hours a day because of the building's use, is completely inefficient because of the extensive reconfiguration. The Police Department is the biggest user of electricity of any City office building.
- Current configuration requires many employees to change clothes in private offices or in shared work spaces. Additional space is required for lockers and storage.
- Crime prevention volunteers need work space.
- Rest rooms for the public and staff are inadequate.
- Parking is completely inadequate for the public and employees.
- The current building configuration creates barriers to effective communication among work groups, especially detectives and patrol officers. Most all work stations are inadequate due to space constraints.

The City of Albany needs a single police department location where all the services to the public are housed. The Department currently utilizes some offsite storage of larger items and evidence vehicles; however, no personnel are stationed offsite. Dividing out services and personnel to multiple buildings creates frustration for the public and increases operational and personnel costs and creates logistical and supervisory issues for the Department. The Police Department would need additional personnel to operate multiple facilities. The Committee recommends one central station.

The Department has reviewed the previous programming and needs assessments and has found that there could be reductions in such areas as meeting rooms, rest rooms, lockers, and office room sizes. In addition, it is believed that the city population will not grow as fast as originally projected. Instead of 2 percent annual growth rate, it is now predicted in the range of 1.4 percent, which will impact the number of staff needed and reduce the future size of the building. In order to take these changes into account, the Committee recommends that the City hire a qualified design firm to work with Police staff to reevaluate programming needs and bring a new programming and needs assessment document to the Committee for review. When the new programming and needs assessment document has been reviewed, the design firm should be asked to provide conceptual drawings and cost estimates for the current site.

The Committee has reviewed a comparative cost analysis, prepared by the City, for expanding the existing facility versus relocation to the Pacific Boulevard property. The Committee finds that the current location is the preferred site.

The comparative cost analysis for the existing location reflects the acquisition of additional property with three options (see attached map and spreadsheet):

Option 1: additional 0.45 acres

Options 1 and 2: together provide an additional 1.5 acres

Options 1, 2, and 3: together provide an additional 2.2 acres

The total of Options 1 and 2, along with the existing property, yield 3.19 acres and the comparative cost of 1 and 2 are marginally less than the cost of building new on Pacific Boulevard. The purchase of Options 1, 2, and 3 together yield a total 3.89 acres and will add approximately \$1 million above the Pacific Boulevard option.

Upon review by the Department, it is believed that the addition of Options 1 and 2 for a total of 3.19 acres may accommodate the Department's needs for 20 years. However, since the building program is in need of refinement, the Committee is hesitant to make that recommendation at this time. The Committee instead recommends that the City and the design firm make every effort to consolidate the Department's needs for the next 20 years onto the Option 2 (3.19 acres) sites.

Nonetheless, the Committee believes it is important to provide additional land for required expansion beyond a 20-year time horizon; and, to that end, the Option 3 land should be secured by the City. Thus, an estimated \$600,000 could be saved from the Options 1, 2, and 3 alternative. The Committee recommends that the City immediately enter into negotiations to secure those properties through option agreements which would allow sufficient time to work through all the program and design criteria. The Committee believes it is important to know as soon as possible if acquisition of these properties is viable. If the property is secured, the Committee recommends that effort be made to assist the tenants and owners in the transition to other homes.

Note: The Committee also considered the purchase of property owned by the Union Pacific Railroad north of the existing building and east of the Linn County Jail. Staff in the railroad's Real Estate and Operating Department reports that the property is not for sale.

The Pacific Boulevard site should be held as a backup option if the City is unable to successfully secure the necessary properties at the Jackson Street site. Therefore, the Committee recommends making immediate application to the Oregon Department of Transportation for a permit to allow access from the site onto Pacific Boulevard.

Public Safety Facilities Review Committee
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May 15, 2014

The Committee recommends the City include an option in the RFP for conceptual design and cost estimates for the Pacific Boulevard property.

The Committee recommends the design criteria reflect building needs for 20 years with sufficient land available to meet needs in 40 years. As with the Fire Station, the design should incorporate energy-efficient systems to keep lifecycle costs affordable.

FLM,DKB:mms



TO: Albany City Council
VIA: Wes Hare, City Manager
FROM: Mark W. Shepard, P.E., Assistant City Manager, Public Works and Community Development Director *MWS*
DATE: December 3, 2014, for the December 10, 2014, City Council Meeting
SUBJECT: Water Rate Increase for January 1, 2015

RELATES TO STRATEGIC PLAN THEME: ● A Safe City
● An Effective Government

Action Requested:

Staff recommends Council receive public input regarding the proposed water rate increase. Staff further recommends Council adopt the attached Resolution implementing a water rate increase of two percent (2%) effective January 1, 2015.

Discussion:

Staff will be presenting a report to Council regarding the proposed rate increase at the December 8, 2014, Council Work Session. This report is included in your Council packets based on the assumption that the Council would like to consider this issue at the December 10, 2014, Council meeting. This is the fourth year that we provided this report. The report provides updated information on revenues and expenditures and updates the five-year water rate projection for Council.

The proposed rate increase of two percent (2%) this year is half of the increase that was projected as needed at this time last year. This reduced recommended rate increase is based on the most recent analysis and revised projections of expenses and revenues in the water utility. A healthy revenue this past year and continued efforts to control expenditures has led to the reduced rate recommendation. The reduced recommended rate increase will still allow the water utility to meet debt coverage requirements while keeping on track to meet the system capital maintenance plan over the initial five-year window.

The annual process of analyzing immediate and future rate needs was implemented by staff in January 2012 when staff provided the City Council a report regarding the 5-year needs and projected rate requirements to support the water and sewer system utilities. Council approved a target of generating \$1.25 million in annual water system revenues for capital expenditures. The target was to be reached by fiscal year 2017. Each year staff updates the rate picture as part of the annual rate discussions with Council.

Attachment "A" provides a more detailed discussion of water revenues and requirements and provides an updated rolling five-year rate projection. This is the same information that staff has presented annually to Council during each rate discussion. It has been updated with current water rate revenue projections for the next five years. This document is provided as background for Council and the public.

Budget Impact:

Staff will present a Resolution regarding the water rate increase for Council consideration at the December 10, 2014, Council meeting. If approved, the rate increase will take effect on January 1, 2015. If the water rate increase is adopted by Council, it is anticipated that there will be an increase in water revenue. If water consumption occurs as staff has forecast, a two percent (2%) rate increase will generate approximately \$295,000 in additional revenue over the next year.

MWS:kw
Attachment

ATTACHMENT A – WATER

Background

The City strives to provide safe and reliable water service to Albany citizens while also meeting federal and state requirements for the system. To do this the City proactively manages the water system. Part of managing the system is to plan for the needed system revenues and expenditures. There are no general fund resources used to support the water utility. All functions to operate and maintain the water system are funded through water revenues generated by service charges, System Development Charges (SDCs), and other permit fees. Grant funding is used to augment revenues when available.

Similar to most budgets, there are three components to the cost of running and maintaining the water utility. The three expenditure components are:

- Debt Service
- Operation and Maintenance
- Capital Expenditures

These three components are interdependent and impacts to funding or expenditures of any one of the components ripple into the other two.

Debt Service – The City’s first obligation is to pay off the debts that we owe. At times the utilities borrow money to complete large capital improvement projects that cannot be funded with pay-as-you-go funding. The Albany-Millersburg Water Treatment Plant and the Albany-Millersburg Water Reclamation Facility are examples of these types of large projects.

One of the larger debts the City holds is for water utility improvements that the community chose to make in 2003. The water debt is in the form of a water revenue bond. The bond agreement has specific requirements for repayment as well as annual revenue generation. Repayment of the debt is made through a combination of rate funds and System Development Charge funds.

In 2013 the City refinanced the existing water bonds to take advantage of low interest rates. This refinance saved a total of \$7.3 million for the water utility. This savings resulted in lowering the annual debt payment by \$350,000 per year.

Operation and Maintenance – The City’s second obligation is to properly operate and maintain the existing water facilities. These assets include the piped distribution system, water pump stations, meters, reservoirs, and the treatment facilities to treat the drinking water.

Proper operation and maintenance reduces the risk of system failures that can lead to interruption of service or violation of health and environmental standards. Proper maintenance can also reduce overall expenditures including capital needs and prolong the service life of infrastructure components. Some maintenance procedures are required in order to remain in compliance with state and federal regulations.

Capital Expenditures – Finally, the City needs to invest in capital improvements to replace failing and undersized infrastructure. Adequate investment in this work provides for reliable service to existing customers and anticipates needs to support economic development in the community. Almost all capital expenditures are made to replace failing or undersized infrastructure or in response to mandated regulations to protect Albany’s citizens and the environment.

Regular capital investment in the utility infrastructure will reduce the risk of system failures that can lead to interruption of service or violation of health or environmental standards. It will also support economic

development by allowing the water system to support new users and increased water demands. Targeted capital expenditures will also reduce the ongoing maintenance costs associated with operating the utilities.

Revenue and Rate Picture

Staff updates the five-year projection for the water fund each year. However, it is likely that the revenue and expenditure picture will change as we move into the future. The requirement to pay off the existing debt in the water fund is fixed; however, there are significant variables that can impact revenue and the operation and capital requirements for the water utility. Following is a list of the variables that can impact the rate picture over time:

- Rate Revenues – This year staff anticipates that rate revenues will meet projections. While staff has been fairly accurate in past revenue projections, there is variability that can impact the revenues received. The state of the economy and weather patterns can have very significant impacts on water revenues.
- SDC Revenue – The revenue the City receives from SDCs is driven by the amount of development happening in the City. The projections in this memo are conservative in that they assume moderate SDC revenues based on recent history. If development picks up, so will SDC revenues, which can change the long-term picture for rates.
- Personnel and Other Large Operation Expenses – Personnel costs are the largest single driver impacting operating expenses. The cost of fuels, chemicals, and electricity can also have large impacts on expenditures and, therefore, rate requirements. The Public Works Department continues to carefully manage expenditures.
- Unforeseen Capital Needs – Staff is able to project and identify most significant capital needs in a timely manner so there is time to plan and incorporate the needs into long-range rate planning; however, there are instances when unforeseen issues arise that require unanticipated expenditures. We are continually working to improve our understanding of the current condition of facilities through a properly functioning asset management program in order to minimize unanticipated needs.

In January 2012 Council supported a staff recommended plan that targeted meeting the debt, O&M, and capital investment needs in order to allow the water utility to continue to meet service needs to provide reliable and safe drinking water, provide fire protection, meet state and federal regulations, support economic development, and minimize the potential for unpredictable large rate increases. An annual capital investment target of \$1.25 million per year by the year 2017 was identified.

Current and Future Rate Needs

Following is a summary of the revenues and expenditure needs for the water system:

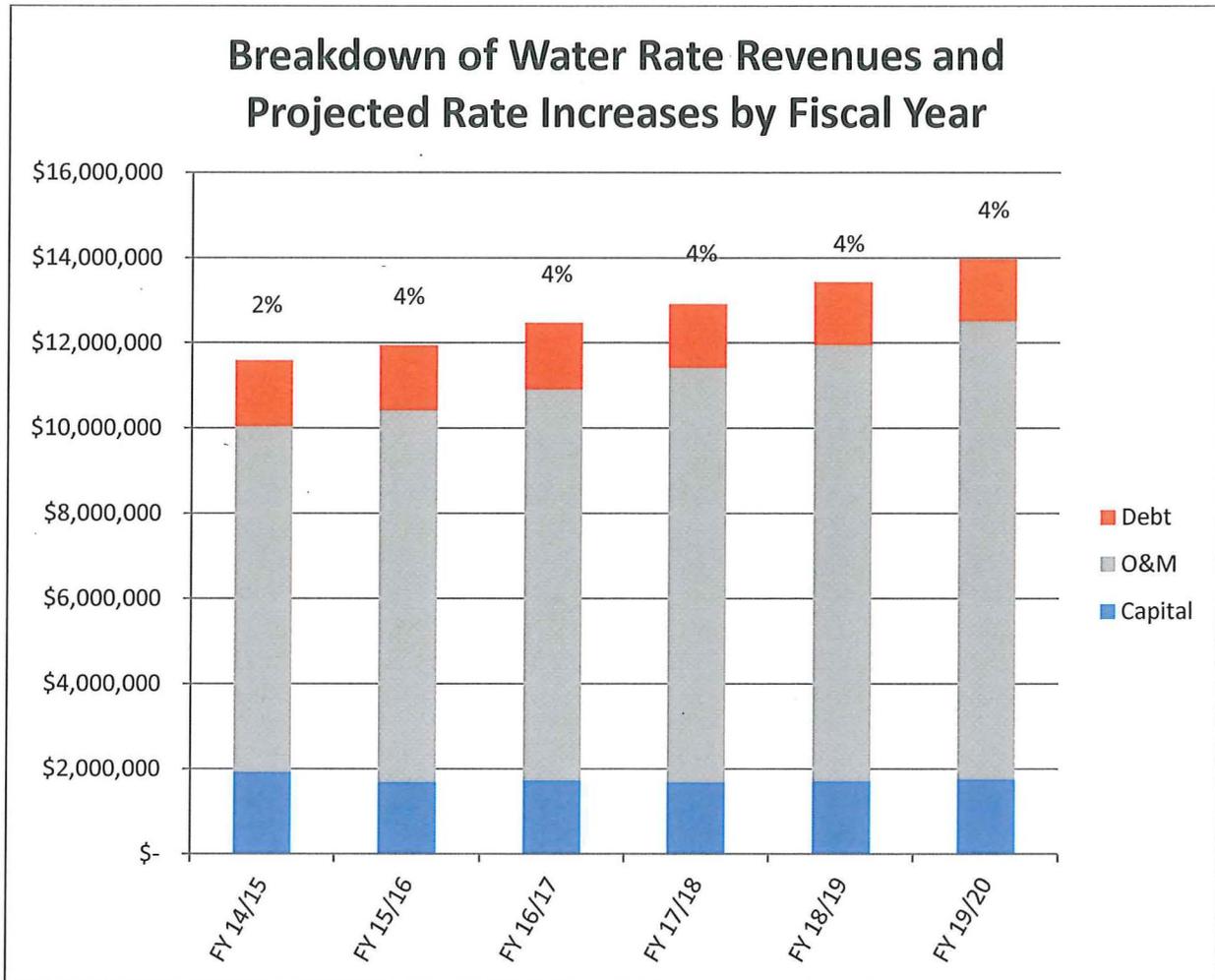
Revenues:

- *Rate Revenue* - The current estimated total water rate revenue the City will receive in the 2015 fiscal year is approximately \$11.7 million. This matches the revenue estimated during the budget development process.
- *SDC Revenues* – SDC revenues vary year to year depending on the pace of development in the community. It is anticipated that this fiscal year the City will receive approximately \$300,000 in SDC revenue, which is above what was assumed during the budget development process. For future projections staff has assumed \$300,000 in annual SDC revenue based on recent revenues and trends. This is equivalent to approximately 126 home starts in a year. This estimate reflects the most recent development activity the City has been seeing. At this level, SDC revenues will

not keep pace with the debt service funding needs and SDC reserves will need to be spent down to make debt service payments. While revenue and reserves will allow continued SDC debt payments in the current five-year window, there will not be funding available for capital improvements. There is a likelihood that in future years SDC revenues will not be adequate to make all debt payment obligations and rate revenue will be needed to make some of the SDC payment obligations.

Expenditures:

The following graph shows a projection of how water expenditures are split between the three expenditure areas during the next five-year window:



Debt Service: In 2003 the City sold \$40.5 million in water revenue bonds to fund the construction of several significant water improvements and retirement of other water debt. These improvements included the Albany-Millersburg Water Treatment Plant, dam and fish screen improvements on the canal, and other capital projects.

In 2013 the City refinanced the existing water bonds to take advantage of low interest rates. The total debt service associated with the water bond projects amounts to approximately \$1.94 million per year through the year 2034. Both rate revenue and SDC revenues are responsible for paying for the water bond debt. Rate revenues are responsible for all interest payments and 57 percent (57%) of the principal

payments. SDC revenues are obligated to pay 43 percent (43%) of the principal payments of the debt service.

Staff anticipates needing to use some of the reserves in the SDC-I fund to cover SDC's share of the debt payments since annual SDC revenue falls short of annual SDC debt obligations. Should development pick up in the City and SDC revenues climb, SDC revenues may be able to keep pace with debt obligations. The establishment of an SDC debt service reserve should be considered in the future if SDC revenues increase adequately to allow it.

Operations and Maintenance: Rising employment, chemical, and energy costs impact the O&M budget. The actual average annual increase in O&M expenses between 2006 and 2011 was nearly 7 percent (7%). However, between 2011 and 2014 the department has controlled cost so the average annual increase in O&M has been approximately one percent (1%) annually. For the five-year future projection, a five percent (5%) per year increase in O&M expenses has been used.

The Public Works Department will continually evaluate how to do things more efficiently and make sure funds are appropriately targeted; however, most maintenance activities cannot be deferred without increasing the risk of water line failures, interruption of service, lower fire protection reliability, damage to streets and private property, or other impacts from failed systems.

Capital: The City needs to invest in capital projects to replace failing and/or undersized infrastructure. Adequate investment provides for reliable service to existing customers and anticipates needs to support economic development and growth. A five-year look at the water fund revenues and expenditures shows a decreasing amount of rate revenue money available for capital maintenance projects unless additional funding is provided. If rate increases are limited to just the revenue required to meet debt coverage and O&M expenses, only minimal rate revenue will be available to fund capital projects.

Identifying the appropriate level of capital funding must be balanced with the burden it places on the rate payers. It is vital to have enough capital funding available to replace the worst infrastructure in a reasonable time in order to reduce the risk of failures, damage to public and private property, interruption of service, and health regulation violations. It is also important to be able to address problems that result in recurring high operation and maintenance costs.

Immediate capital needs for treatment have primarily been addressed with recent improvements; however, the Vine Street Water Treatment Plant (WTP) requires capital improvements and there continues to be a need to invest in replacement of the water distribution system. Staff has evaluated the immediate system needs in order to identify what minimum capital funding is required.

The water loss in the system has been reduced in the recent past, but is currently at approximately 18 percent (18%). The City still has approximately 11 miles of steel water line in the system. These lines have shown to be high contributors to the water loss in the system. In addition, the City has over 90 miles of Asbestos Cement (AC) pipe in our distribution system. The older sections of AC pipe are nearing 70 years of service, which is excess of their original design life.

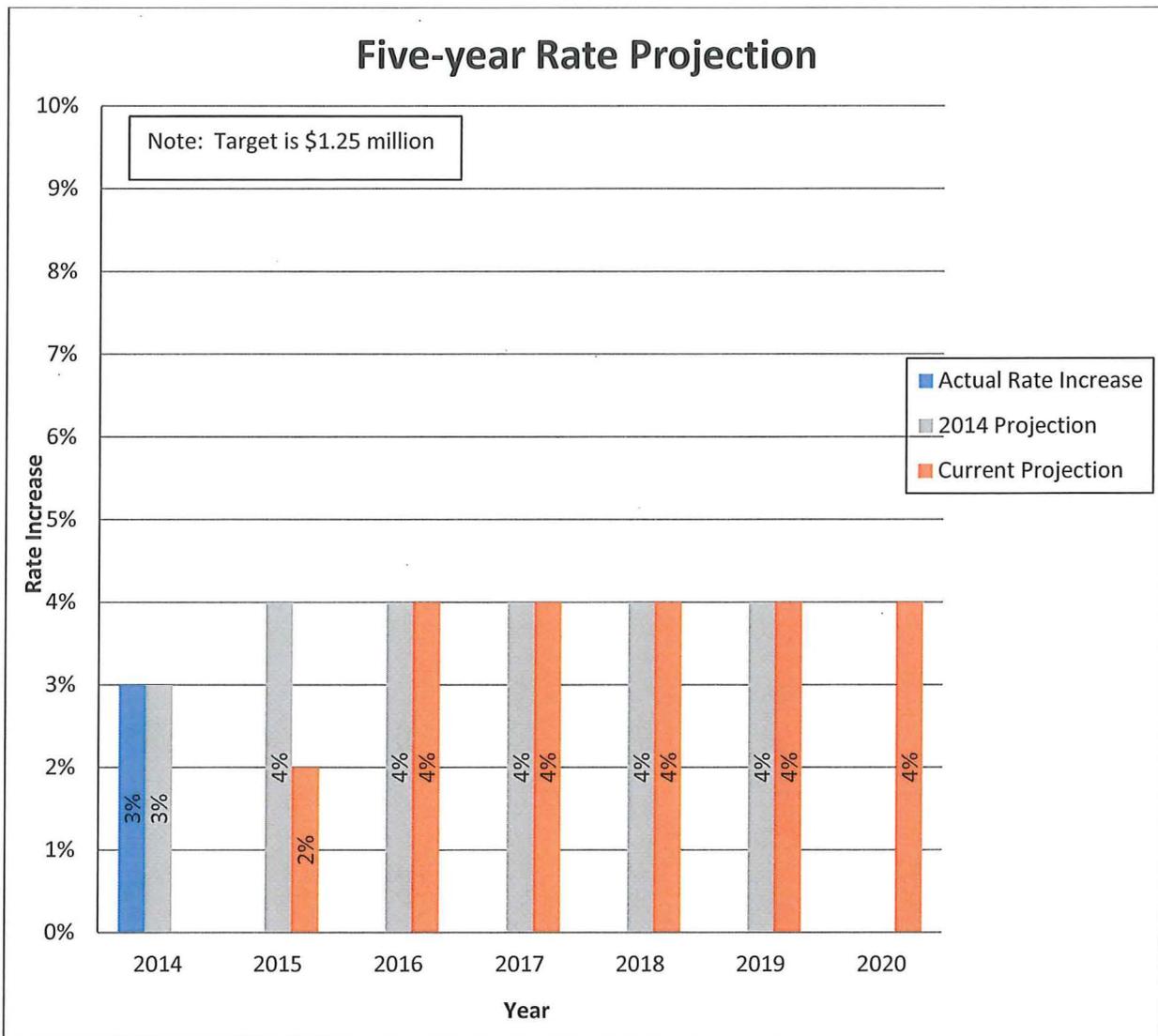
Recent AC pipe failures have shown it fails in a catastrophic way rather than starting with smaller leaks as steel pipes do. This failure more often results in damage to both public right-of-way and private property. It also results in interruption of service. We experienced a 20-inch pipe failure on Industrial Way that caused damage to the roadway and adjoining business. A systematic replacement plan for AC pipes should be instituted in order to avoid failures that will result in interruption of service and public and private property damage.

There are also additional ongoing repairs and improvements that are required on the Albany-Santiam Canal. These projects are necessary to assure adequate flows in the canal, protect adjacent property, and maintain the City's water rights.

Summary:

A water rate increase of two percent (2%) is recommended effective January 1, 2015. This rate increase will allow the City to continue to build toward an adequately-funded system by the year 2017 while removing the need for extreme unpredicted rate increases. This rate increase is two percent (2%) lower than what was projected one year ago.

The following graph compares the anticipated rate increases as projected in January 2014 to the current projection for rate increases. It also shows the actual rate increases implemented in the past and proposed for this year.



RESOLUTION NO. _____

A RESOLUTION SETTING RATES FOR WATER USE AND REPEALING RESOLUTION NO. 6289.

WHEREAS, the Water Fund is primarily dependent upon water rate revenues for its funding; and

WHEREAS, the Mayor's Water Task Force reviewed the needs of, and funding for, the City's water system from September 2001 to September 2004; and

WHEREAS, the Mayor's Water Task Force developed a 10-year Financial Plan to meet capital, operation and maintenance, and regulatory requirements for Albany's water system; and

WHEREAS, the Water Financial Plan was presented to the public for comment and was adopted by the Albany City Council on October 13, 2004; and

WHEREAS, the Financial Plan recommended changes to the rate structure to enhance rate equity, and recommended implementation of a uniform fixed charge for each meter size for all classes, which include residential, multi-family, and non-residential; and

WHEREAS, the rate structure changes were implemented in January 2006; and

WHEREAS, future annual water rate increases were to be based on the 12-month change in the Seattle *Engineering News Record* Construction Cost Index plus one percent (+1%) based on the published October data (minimum of two and one-half percent (2.5%) and a maximum of six percent (6%) per year); and

WHEREAS, the Financial Plan recommended implementation of a low-income assistance program and that program was initiated in January 2006 and reaffirmed in June 2007 (Resolution No. 5451); and

WHEREAS, annual rate increases were not implemented in 2009, 2010, and 2011 in recognition of the financial needs facing the residents of Albany during an economically challenging time; and

WHEREAS, the City Council determined in 2012 that rate setting guidelines established in the 2004 Water Financial Plan do not represent current conditions and is no longer a viable tool for guiding decisions regarding necessary rate increases; and

WHEREAS, water revenues and, therefore, rates must be adequate to cover annual water debt service, operation and maintenance, and capital requirements; and

WHEREAS, the City Council determined in 2012 to set future rate increases by evaluating these system requirements annually against anticipated revenues rather than rely on the process described in the 2004 Water Financial Plan; and

WHEREAS, the City Council completed this year's evaluation at the November 8, 2014, Council Work Session; and

WHEREAS, a **two percent (2%)** increase in revenue is recommended to cover debt and operating expenses and to keep the water utility on track to be able to generate \$1.25 million in annual capital revenue by fiscal year 2017.

NOW, THEREFORE, BE IT RESOLVED by the Albany City Council that the water rates and service charges for water service as specifically described in Exhibit "A" (attached hereto) are hereby adopted; and

BE IT FURTHER RESOLVED that Resolution No. 6289 is hereby repealed; and

BE IT FURTHER RESOLVED that the rates established by this resolution shall be effective **January 1, 2015**.

DATED THIS 10TH DAY OF DECEMBER 2014.

Mayor

ATTEST:

City Clerk

EXHIBIT "A"

I. SERVICE FEES AND CHARGES

Description	Reference	Charge			
		Customer Type	Property Owner	Non Property Owner	
Account Deposit	AMC 11.01.040(2a)	Residential	no deposit	\$80	
		Multi-family & Non-residential	no deposit	\$80 or \$120 depending on consumption	
New Account – Service Fees	AMC 11.01.040(5)	Regular working hours \$15 After hours \$60			
Restore Service	AMC 11.01.060(5)	Regular working hours \$25 After hours \$60			
Financial Institution Returned Item	ORS 30.701(5)	\$35			
Past Due and Disconnection Notice	AMC 11.01.060(4)	\$5 per occurrence			
Tampering Fees	AMC 11.01.080(9)	\$100			
Meter Testing at Customer's Request	AMC 11.01.090(1b)(ii)	<u>Meter Size</u> ¾-inch	<u>Service Charge Deposit</u> \$15		
		Larger than ¾-inch	Actual Cost		
Drop-in Meter Installation	AMC 11.01.100(2)(3)	<u>¾" meter</u> \$275	<u>1" meter</u> \$340	<u>1-1/2" meter</u> \$1,771	<u>2" meter</u> \$1,883
Full Installation with meter (Excludes system development charges)		AMC 11.01.100(2)(3)	<u>¾" meter</u> \$2,950	<u>1" meter</u> \$2,975	<u>1-1/2" meter</u> Actual Cost
Reduction of Meter Size (based on size of meter to be installed)	AMC 11.01.100(5b)	<u>¾" meter</u> \$275	<u>1" meter</u> \$340	<u>1-1/2" meter</u> \$1,771	<u>2" meter</u> \$1,883
Main Extensions	AMC 11.01.120(2h)	Actual Cost Plus 15% Overhead			
Fire Service Extensions	AMC 11.01.150(1)	Actual Cost Plus 15% Overhead			
Unauthorized Use of Fire Hydrant	AMC 11.01.180(1) & (4)	\$50 + \$3.35 \$3.28 per 100 cubic feet			
Metered Use of Hydrant	AMC 11.01.180(4)	Refundable Deposit	\$75.00		
		Set Up	\$25.00		
		Bulk Rate	\$3.35 \$3.28 per 100 cubic feet		
		Relocation Rate	\$25.00		
		Monthly Base Charge	\$95.56 \$93.69		

II. RESIDENTIAL, MULTI-FAMILY, AND NON-RESIDENTIAL WATER SERVICE

A. WATER CUSTOMERS INSIDE CITY LIMITS

Applicable to all residential, multi-family, and non-residential customers receiving water service within the Albany city limits.

A residential customer is defined as a customer whose meter serves only one single-family dwelling unit. All dwelling units served by individual meters shall be charged the residential rate for service. For example, the residential rate shall apply where separate water meters provide service to each side of a duplex.

Multi-family customers are defined as customers whose meter services more than one dwelling unit. For the purposes of this rate resolution, dwelling unit shall be defined as any place of human habitation designed for occupancy based upon separate leases, rental agreements, or other written instruments.

Non-residential customers are defined as customers whose meter is for any use other than residential and multi-family. Some examples of non-residential uses include, but are not limited to: commercial, industrial, institutional, and food processing. Examples of institutional uses include schools, hospitals, and nursing homes.

MONTHLY RATE:

Customer Class/ Meter Size	Base Charge (\$/month)		Consumption Charge		
			Block 1	Block 2	Block 3
Nonresidential & Multi-Family			<i>Consumption Level (hundred cubic feet)</i>		
¾ inch or less	\$17.58	\$17.93	First 17	Next 17	Over 34
1 inch	\$25.68	\$26.19	First 18	Next 18	Over 36
1½ inch	\$58.52	\$59.69	First 21	Next 21	Over 42
2 inch	\$93.69	\$95.56	First 25	Next 25	Over 50
3 inch	\$187.56	\$191.31	First 28	Next 28	Over 56
4 inch	\$293.04	\$298.87	First 30	Next 30	Over 60
6 inch	\$585.84	\$597.56	First 31	Next 31	Over 62
8 inch	\$650.37	\$663.38	First 40	Next 40	Over 80
10 inch	\$650.37	\$663.38	First 92	Next 92	Over 184
12 inch	\$650.37	\$663.38	First 92	Next 92	Over 184
			<i>Consumption Rate (\$/100 cubic feet)</i>		
Nonresidential			\$3.28 \$3.35	\$2.39 \$2.44	\$2.27 \$2.32
Multifamily			\$3.15 \$3.21	\$2.35 \$2.40	\$2.20 \$2.24
Residential			<i>Consumption Level (hundred cubic feet)</i>		
¾ inch or less	\$17.58	\$17.93	First 6	Over 6	NA
1 inch	\$25.68	\$26.19	First 6	Over 6	NA
1½ inch	\$58.52	\$59.69	First 6	Over 6	NA
2 inch	\$93.69	\$95.56	First 6	Over 6	NA
			<i>Consumption Rate (\$/100 cubic feet)</i>		
All Meters			\$3.91 \$3.99	\$2.48 \$2.53	NA
<i>Low-Income Assistance Program Surcharge – Residential Bills Only</i>					\$0.35

B. WATER CUSTOMERS OUTSIDE CITY LIMITS

Applicable to all residential, multi-family, and non-residential customers receiving water service outside the Albany city limits and that are not served by water lines previously operated by the North Albany County Service District (NACSD) or the Dumbeck Lane Domestic Water Supply District.

MONTHLY RATE

Rates by class as listed under Section I.A, Water Customers Inside City Limits, with a 10 percent surcharge on said rates for service outside the city limits.

C. WATER CUSTOMERS WITHIN THE DUMBECK LANE DOMESTIC WATER SUPPLY DISTRICT

Applicable to the Dumbeck’s master water meter that will serve a maximum of 132 residential connections as defined in the agreement dated December 2014 between the Dumbeck Lane Domestic Water Supply District and the City of Albany.

MONTHLY RATE

Dumbeck will pay quarterly for water delivered to Dumbeck’s meter that Albany installs and maintains for billing purposes. The water rate will be increased annually to reflect changes adopted by Albany.

Dumbeck	Base Charge (\$/month)	Consumption Rate (\$/100 cubic feet)
Wholesale	N/A	\$3.57 \$3.64

D. WATER CUSTOMERS OUTSIDE CITY LIMITS IN BENTON COUNTY

Applicable to all residential, multi-family, and non-residential customers outside city limits and served by water lines previously operated by the North Albany County Service District (NACSD) (excludes the Dumbeck Lane Domestic Water Supply District).

MONTHLY RATE

The water rates adopted by the Benton County Commissioners acting as the governing body of the NACSD consistent with the contractual agreement between NACSD and the City of Albany.

SPECIAL CONDITIONS APPLYING TO ALL CUSTOMERS

If water service is provided through a single meter to a facility that contains a mixture of customer classes, the customer class with the higher consumption rates shall be used for calculating the consumption portion of the bill. For example, all water used in a building that contains both non-residential and multi-family uses will be billed at the non-residential consumption rate.

Meter readings from meters that measure flow in 1,000 gallon increments shall be converted to hundred cubic foot units prior to applying the appropriate consumption charge for calculating the water bill.

Water used during construction of a building shall be metered and billed at the rate appropriate for the type of facility being constructed. For example, water used during construction of a single-family residence will be billed at the residential rate. When, during construction, setting a meter is impracticable, the amount of water used shall be estimated and billed at the appropriate rate for the type of facility being constructed.

III. PRIVATE FIRE PROTECTION SERVICE

A. INSIDE CITY LIMITS

Applicable to standpipes, connections for automatic sprinkler systems, and fire hydrant service for private fire protection located within city limits.

MONTHLY RATE:

For Standpipes, Privately Owned Hydrants, or Other Types of Private Fire Line Connection

Fire Line Size	Monthly Rate	
2” or smaller	\$12.83	\$13.09
3”	\$15.98	\$16.30
4”	\$17.42	\$17.77
6”	\$27.90	\$28.46
8”	\$45.07	\$45.97
10”	\$71.77	\$73.21

For Hydrants Furnished by the City

For each four-inch hydrant (nominal size) – \$40.72 \$41.53

For each six-inch hydrant (nominal size) – \$58.50 \$59.67

B. OUTSIDE CITY LIMITS

Applicable to standpipes, connections for automatic sprinkler systems, and fire hydrant service for private fire protection located within city limits.

MONTHLY RATE:

Rates as listed under Private Fire Protection Service, Section III.A, Inside City Limits, with a 10 percent surcharge on said rates for service outside the city limits.

SPECIAL CONDITIONS FOR ALL FIRE PROTECTION SERVICES

Water taken under this classification is to be used only to extinguish fires and for flushing necessary to maintain fire protection equipment. In case of surreptitious or improper use of water, the consumption may be estimated and the water used shall be billed at regular meter rates.

CITY OF ALBANY
CITY COUNCIL
Council Chambers
Wednesday, September 24, 2014
7:15 p.m.

MINUTES

CALL TO ORDER

Mayor Sharon Konopa called the meeting to order at 7:15 p.m.

PLEDGE OF ALLEGIANCE TO THE FLAG

ROLL CALL

Councilors Present: Councilors Rich Kellum, Bill Coburn, Bessie Johnson, Ray Kopczynski, Dick Olsen, and Floyd Collins

Councilors Absent: None

SCHEDULED BUSINESS

Business from the Public

Jason McAfee, 2380 15th Street, referred to his previous comments to the City Council and said he apparently overstepped his bounds when he took a soil sample without Council's approval. He requested permission to take a soil sample test on City-owned property at the end of 15th Street.

Assistant City Manager/Public Works & Community Development Director Mark Shepard explained that the property in question is an old City landfill, and that McAfee previously came forward with an interest in potentially acquiring some of the property for development. The question is whether the City wants someone to take soil samples on an old landfill site given the potential risks and concerns.

City Attorney Jim Delapoer recalled that McAfee had proposed to purchase some of the property to expand his land ownership which includes a 100-acre hazelnut orchard. Delapoer's recommendation was that the purchase price would not be a realistic amount of compensation for the risk that would be incurred.

McAfee clarified that his proposal is to put a pole barn for horse training on the parking lot area of the site and not the actual dump site.

Councilor Ray Kopczynski asked if there is a way to indemnify the City through a sales agreement. Delapoer said an indemnity agreement would only be as good as McAfee's personal finances.

Councilor Rich Kellum asked if the City could lease the property with a cover so whatever is below would not be disturbed. Delapoer said the Council could incur whatever risk they are willing to incur for the benefit received.

Councilor Bill Coburn said he would be interested in getting more information, particularly if there is a way to validate that the area McAfee wants to use was the parking area.

Shepard said staff could do further investigation if directed; however, keeping activity to the area of the parking lot would not guarantee that there are no materials of concern, and a few clean samples would not guarantee that there aren't issues that weren't grabbed in the samples. Delapoer added that if a test shows contamination, it would be the City's responsibility to remediate it.

Councilor Dick Olsen said he was sympathetic to the idea but he thinks it is best to not disturb the site.

Konopa expressed concern about delaying the cleanup to future Councils. City Manager Wes Hare said the Department of Environmental Quality typically monitors decommissioned dumps to determine if there is any potential hazard to the public. One of the best treatments is to cap them and let the materials degrade over time. Disturbing a site creates the potential for migration of contaminants, particularly when the site is close to the water as this site is. Hare said he is sympathetic to the request but the question before the Council is one of public value versus public benefit.

Councilor Floyd Collins asked if this is the only site on the property that would work for the pole barn. McAfee said the proposed site is the most aesthetic and functional site on the property.

In response to inquiries from Konopa, Planner David Martineau said there is a path toward getting approval to place the structure on McAfee's property through the land use process but it is an arduous path which would include successful passage of a Development Code amendment, as well as a conditional use or site plan review to permit the use. Discussion followed.

Konopa said the request is to allow soil testing on City property and she isn't hearing support for that action. She encouraged McAfee to meet with Planning Staff to see if there is a process that might allow him to put the use on his property.

Susan Keen, 507 SE 4th Avenue, said she previously addressed the City Council on September 10, during which she shared some personal history and fears. Three days later, she said, a Benton County Sherriff's Deputy came to her home and arrested her but didn't tell her why she was being arrested. As background, she said that she filed a small claims case in Linn County in 2009 against the chief of police for actions committed by his police department but City staff told her the claim was not justified and stopped the action. A year later, she filed another action against the police chief because of what she perceived to be retaliation by the police department. She later filed another civil complaint but she couldn't find an attorney who would represent her. She dropped that case out of fear of further retaliation. Three years later, she said she is still receiving retaliation.

Ordinances Pending Adoption

Amending Albany Municipal Code Title 7, Public Peace, Morals, and Safety; Title 12, Surface Water; and Title 15, Public Improvements, to comply with federal and state regulations regarding water quality.

Assistant Public Works Director/City Engineer Jeff Blaine said there had been some confusion about the post-construction stormwater quality permit fees and how they are applied, and staff was asked to provide clarification. He reviewed the staff memorandum (see agenda file), which provides sample fees based on a hypothetical development proposal, describes how "Other Fees" would be applied, and provides examples of construction cost estimates. Blaine explained that the Transfer of Landscaping Responsibility to the City Fee is entirely voluntary and adds flexibility to the program to benefit the developer, and that the Off-Site Post-Construction Stormwater Quality Fee provides a solution to allow a developer to move forward with a project even if their site will not support post-construction stormwater quality facilities. Blaine said the construction cost estimates are provided to give Council a feel for the order and magnitude of these costs; however, actual costs will vary based on how each developer chooses to develop their site and the types of stormwater quality improvements they choose to construct. He said there is a lot of flexibility built into the proposed program for the developer, which is expected to promote ingenuity and reduce costs moving forward.

Councilor Bessie Johnson thanked staff for the clarification. She asked for assurance that there are no overlapping or double fees. Blaine said there is no overlapping of the fees. Shepard added that there is no proposal to increase fees associated with land use approval and the stormwater fees only come into play when the developer applies for a permit.

Kellum asked if different people would be inspecting water and sewer than would be inspecting storm drainage. Blaine said the City utilizes the same inspectors for all of the utilities but the inspectors will now have additional items. Shepard said the fees are structured to reimburse for plan review and inspection time.

Johnson noted there have been comments about how the fee revenue will be used. Shepard clarified that the fee revenue will be designated to the specific utility account.

MOTION: Collins moved to adopt the ordinance. Olsen seconded. The motion passed 4-3, with Coburn, Johnson and Kellum voting no. The ordinance was designated Ordinance No. 5841.

DC-01-14, amending Ordinance No. 4441, which adopted the City of Albany Development Code and Zoning Map, by amending the Development Code text related to implementation of a post-construction stormwater quality program, and adopting findings.

MOTION: Collins moved to adopt the ordinance. Kopczynski seconded. The motion passed 4-2, with Coburn and Johnson voting no. The ordinance was designated Ordinance No. 5842.

Konopa said a legislative decision of the City Council may be appealed to the Land Use Board of Appeals by filing a Notice of Intent to Appeal not later than 21 days after the decision becomes final. Within five working days following adoption of an amendment or new land use regulation, the Director shall forward to the Department of Land Conservation and Development a copy of the adopted text and findings and notify the Department of any substantial changes which may have occurred in the proposal since any previous notification to the Department.

Adoption of Resolution

Establishing post-construction stormwater quality permit fees.

MOTION: Kopczynski moved to adopt the resolution. Collins seconded. The motion passed 4-3 with Coburn, Johnson and Kellum voting no. The resolution was designated Resolution No. 6358.

Adoption of Consent Calendar

- 1) Approval of Minutes
 - a) April 3, 2014, City Council, Planning Commission & Budget Commission Joint Meeting
 - b) July 9, 2014, City Council Regular Session
- 2) Approving a liquor license for Espolon, LLC, d/b/a/ Espolon Restaurant & Sports Bar, 129 First Avenue West
- 3) Declaring a manufactured home located on City property at 2229 Willamette Avenue NE as surplus property and authorizing the Public Works Department to dispose of the asset
- 4) Accepting a water line easement from the Albany Mennonite Church

MOTION: Kopczynski moved adoption of the Consent Calendar. Collins seconded. The motion passed 6-0 and was designated Resolution No. 6359.

Award of Bid

WC-15-03. Vine Street Treatment Plant (WTP) bank repair.

Public Works Engineering Manager Staci Belcastro reviewed the recommendation that Council award a bid to repair the bank adjacent to the Vine Street Water Treatment Plant. She said the project is an emergency repair due to a 40-foot-long bank failure that occurred this past spring. She described the project, which will provide a long term fix to the Canal walls between 3rd and 4th Avenues. Although the project was not planned, funds are available in the Water System Capital Projects fund for this work.

Coburn asked if there was any prequalification process for contractors, given the unique challenges with this project. Belcastro said there was not a prequalification process but staff did meet with contractors to describe the project and they did not have any concerns.

Coburn asked if the low bidder listed their subcontractors and what percentage of work they were proposing to sub out. Belcastro said contractors are required to list their subcontractors; however, she didn't have that information in front of her.

Olsen said the architect who works with the Central Area Revitalization Area (CARA) Board has suggested changes to the Canal. He asked if the project could be put on hold until something more appropriate can be done with the Canal. Shepard said staff feels it is important to move forward with this process now rather than wait for a potential discussion by the CARA Advisory Board. He said the project will not preclude other improvements that the CARA Board might envision on the Canal.

Kopczynski said it was refreshing to see the majority of the bidders were from Albany.

MOTION: Kopczynski moved to approve the award of bid. Johnson seconded. The motion passed 6-0.

Report

Financial participation for construction of the Corvallis-Albany trail project.

Shepard reviewed the written staff report. Staff recommends that Council approve financial participation in the ODOT project, for construction of the portion of the trail that is inside the Albany City limits. Benton County is contributing an additional match of \$100,000 for pathway construction west of the Albany City limits. The City's contribution would be a not-to-exceed amount of \$304,500, the same amount that Council authorized in the City's 2012 grant application for this project, which was not successful.

Kellum asked where the money would come from. Shepard said from the Transportation SDC fund.

Kellum said he will support the request but he finds it strange that the trail is being done before needed road improvements. Konopa said she hopes the trail will increase safety at least for some people.

Johnson asked if Benton County had committed to their \$100,000 additional match. Shepard said Benton County has contributed to the project by doing the right-of-way analysis, much of the environmental work, and successfully applying for a grant, as well as committing to the \$100,000 match for this section of the trail.

In response to an inquiry from Collins, staff clarified that there was an error in the written staff report and the request was for an amount not to exceed \$304,500.

MOTION: Collins moved to approve the requested action with clarification of the number. Kopczynski seconded. The motion passed 6-0.

Albany City Council
September 24, 2014

BUSINESS FROM THE COUNCIL

Collins said he would be absent from the next Council work session and regular meeting.

Hare said he attended the ICMA conference this week and came back with good ideas to apply to the upcoming budget process. The next meeting of the Budget Committee will be held in November.

NEXT MEETING DATE: Work Session: October 6, 2014, and Regular Session: October 8, 2014

ADJOURNMENT

There being no other business, the meeting was adjourned at 8:25 p.m.

Respectfully submitted,

Reviewed by,

Teresa Nix
Administrative Assistant

Wes Hare
City Manager

CITY OF ALBANY
CITY COUNCIL WORK SESSION
Municipal Court Room
Monday, October 6, 2014
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 Bill Coburn, Bessie Johnson, Rich Kellum, Ray Kopczynski, and Dick Olsen.

Councilors absent: Councilor Floyd Collins (excused)

BUSINESS FROM THE PUBLIC

None.

PARKS & RECREATION AWARDS AND AUCTION

Parks & Recreation Director Ed Hodney said the City received a Silver Pinnacle Award from the International Festivals and Events Association for best new attendee service. He said the City received this award for the introduction of the GoodSnitch mobile app. The app was used at RiverRhythms concert programs and can be downloaded on phones and tablets. He said this allows attendees to report issues and make comments during the event. He said staff monitors the responses and is able to take quick action to address any problems. He said use of the app has generated a lot of data to help staff improve future services and programs.

Hodney said Mark Azevedo was named volunteer of the year by the Oregon Recreation and Parks Association. The Council congratulated Azevedo on the achievement. Hodney said Azevedo played a key role in starting the Sawing for Schools Program. He said the program has generated over 30,000 board feet of lumber for the high school woodshops. He said a spinoff of the program is Lumber to Legacy which is an auction event to raise money for white oak restoration and educational outreach efforts. Azevedo distributed a flyer regarding the event [see agenda file].

Azevedo said the eight white oaks that were removed from the Lowe's site were milled into lumber. He said the trees were 150-270 years in age. He said the lumber has been distributed throughout several states to professional woodworkers. The professional woodworkers have created several high-quality projects from the lumber and those items will be up for auction. He said a group of high school students also had the opportunity to create café chairs. The Lumber for Legacy event is scheduled for November 9, 2014, from 5:30-8:30 p.m. It costs \$20 per ticket and includes a light meal and drinks.

Councilor Dick Olsen said he noticed several trees along Salem Avenue have been cut. Azevedo said that those trees will be used in the Sawing for Schools Program. Olsen said we need to encourage tree plantings in neighborhoods.

REPUBLIC SERVICES ANNUAL REPORT

Republic Services Municipal Manager Julie Jackson distributed an Annual Report Summary [see agenda file]. She said Division Manager Kevin Hines couldn't be at tonight's meeting. She said Republic Services is focusing on customer service this year. The company has created a new mobile app that enables customers to access their account, pay their bill, and add services. She said the app will soon allow customers to be able to view what day their garbage, recycling, and yard debris is picked up. She said there have been positive responses from customers regarding the app. Another item being worked on is creating a new and improved website. She said the goal is to have the work completed in early 2015. Jackson reported that Linn County has a 51% rating for recycling and Benton County is at 47%.

Konopa said she is glad that the website will be updated. Councilor Rich Kellum asked if customers can use the app to cancel pickup for a certain week. Jackson said that would be difficult to do because the routes are predetermined.

Councilor Bessie Johnson said Republic Services has always been a good community partner; but she noticed that costs have gone down, yet the company is still asking for an increase. She asked, why is an increase being requested when costs have gone down? Jackson said it is determined by the rate of return and if it is higher than 10%, they don't request an increase. She said they did have one community this year that didn't have an increase because their rate of return was greater than 10%. Johnson said 2% doesn't look like much but it adds up for people, especially those on a fixed income. Jackson said the company will be spending the next quarter of this year fixing containers and replacing carts. Johnson asked if the labor line item listed in the report includes all employees. Jackson said the labor costs listed are for hourly employees.

Olsen said he has put out a communal garbage container for folks who need to throw items away when they are walking near the canal. He said he leaves his regular garbage container out, but wondered if there is a nicer looking option. Jackson said she would check to see if there is another option and will contact Olsen.

TRANSIENT LODGING TAX (TLT) REPORT

Economic Development & Urban Renewal Director Kate Porsche introduced Dave Pappas, Leigha Thomas, Jimmie Lucht, and Randy Porter. She said Hodney is also part of this ad hoc committee. The group's focus has been to discuss the proposal and also open the lines of communication. She said the group has put together funding partnership proposals which are included in the staff report in the agenda packet. She said there is consensus and enthusiasm for an outside sales position at the Linn County Expo Center. The position would focus on filling the remaining open weekends at the Expo.

Porsche said the group discussed two different amounts of funding. The first option is a \$50,000 contribution from the City's TLT fund which would be paired with a contribution from Linn County to fund the position. The second option discussed was for the City to fully fund the position at \$90,000. She said \$50,000 could come from the TLT reserves, and \$40,000 could come from the Collaborative Tourism Program (CTP) line item. The group recommended the position be contract/commission-based, that there is a three-year commitment for the funding of the position, and that there is a measurable Return-on-Investment (ROI) which is to be reported to the City and TLT partners.

Porsche said the other piece outlined in the report is the potential for maintenance or capital investment in the building itself. She said the Committee's recommendation is for the Expo Center position, but the group wanted to provide this option as well.

Porsche said staff will bring the group back together with other stakeholders to have a discussion around the ROI on TLT. She said it will be a brainstorming meeting to discuss what the goals of the TLT program are and how to achieve them.

Hodney said Linn County Commissioner Roger Nyquist is supportive of a partnership. Konopa asked if there were conversations about Linn County adding their own transient room tax. Porsche said the group didn't discuss that topic because they felt it was a more appropriate discussion for the Linn County Commissioners and City Council.

Councilor Ray Kopczynski asked, if the City partners with the County, are we paying for a County employee? Hodney said the City would be paying for a contract that Linn County would secure. Kopczynski asked what the County is doing in regards to maintenance at the Expo. Linn County Fair and Expo Manager Randy Porter said he has \$30,000 budgeted for maintenance at the Expo.

Kellum said he spoke with all of the Linn County Commissioners. He said this would be a contractual situation for the employee. The employee would be paid more if there is a better outcome for the City. He said, in regards to maintenance at the Expo, the Commissioners have said they will come up with money for issues. Kellum said he's in favor of the \$90,000 option.

Konopa asked, if the Council went the route of \$90,000 for a position, what are the thoughts about doing the contract as a competitive bid where it can be based on performance. She said bidding proposals could come from City staff or from a tourism promotional organization. She said the funding doesn't have to just go to the Linn County Expo, there may be other groups that can devote more time to finding bookings. Kellum said he feels the process should stay within the Linn County Expo Center. Konopa said Council and staff have been told there is a problem with hotel bookings, yet the TLT collected are the highest they've ever been. Kopczynski said the original argument was that there was going to be a significant downturn in taxes, yet it hasn't happened based on the numbers. He said he agrees that there can be an improvement and he likes some of the ideas that he sees here.

Konopa said it would be nice to see how many beds are actually being filled in each hotel. Thomas said there is room for improvement in hotel room reservations. She said there has been a lot of business generated by individuals stopping in from travels on I-5. She said future bookings are down and Expo events help fill the hotel rooms. Olsen said it is hard to be encouraged about this because the County isn't adding a tax.

City Manager Wes Hare said one issue for Albany is that it lacks key attractions. He said the Expo Center is one of the largest in Oregon and is capable of hosting large events. He said the thing he likes about the proposal is that we are hearing unanimity from the different interested parties within the community. He said he also likes the idea of a partnership with the County. He said the City doesn't use TLT to support City operations; most of the funds are used to promote tourism. Hare said he supports the recommendation of the Committee. Porsche said the group unanimously agreed that the position should be an Expo Center contractual position. Konopa asked if the position will focus entirely on marketing. Porsche said the group said 100% of the funds would go to funding the new position. It is specifically for marketing and sales at the Expo. She said the individual would be focused on finding events that promote attendees staying at the local hotels. Kellum said two County commissioners have specified the position will be for filling up the Expo only. He said the previous sales position has been changed into a position that is focused on service within the Expo. Porter said the position was restructured to be more local and office-oriented. He said the vision for a sales person would be strictly outside sales. Kopczynski asked, when will this topic be discussed with the County Commissioners? Porsche said the first step was discussing this topic with the Council to find out everyone's thoughts, and the next step would be moving forward with the County.

Johnson asked if the amount being proposed is for one year. Porsche said it would be per year and would be a three-year commitment. Johnson asked if that money is available in the reserve fund for three years in a row. Porsche said the first year, funding would come from the reserve line item. From there, the new programs would see less of an increase as this

item is added into the budget. Johnson said she is apprehensive about paying for a position when the Expo Center needs to be updated and repaired. She said repairs should be done first before considering a marketing position. Thomas said bookings that are made now are for events that won't take place for two or three years. Hare acknowledged there are capital needs at the Expo, but it is still a nice relatively new facility. He said the expectation is that increased bookings will generate additional revenue. He said there is always a gap between operating expenses of facilities like the Expo Center and the revenue generated. Porter said staff works hard to maintain the facility, but there are systems that are failing. He gave an example of two hot water heaters that stopped functioning and had to be replaced at a cost of \$16,000.

Konopa said she is concerned with funding a position that the City doesn't have control over. She said she would rather see money go toward capital. She said there could be a line item listed for specific Expo Center items. Kopczynski said he doesn't have a problem with a three-year commitment as long as there is a yearly review.

Hare said staff wasn't expecting a decision at tonight's meeting, but would like some direction. He suggested bringing this item before a full Council to discuss the following options: Full funding, funding at the \$50,000 level, funding capital improvements, or choosing to make no changes. Olsen asked, which other agencies are receiving TLT dollars? Porsche said the Albany Visitors' Association, Albany-Millersburg Economic Development Corporation, Albany Downtown Association, CTP, Albany Main Street, Veterans Day Parade, and some miscellaneous transfers out to other City programs. Olsen said that he would hate to see any of those programs suffer. Hare said he doesn't think that will happen, especially over a three-year period.

This item will come back for consideration at the first full Council meeting in November.

LOWE'S UPDATE

City Attorney Jim Delapoer said he was directed by Council to determine what concessions he could get from Lowe's representatives if the City agreed to extend the deadline for construction by one year. He said Lowe's will agree to pay the City a fee equal to one year's additional real and personal property taxes that would be imposed on their store over and above land value. There is currently a component on Lowe's tax bill which represents the value of their unimproved land. There will be an additional value for their land and personal property when the store is constructed and running. Delapoer explained that the additional amount would be a fee paid by Lowe's to the City which would be due within 30 days of them getting a tax bill from Linn County. He said he doesn't know what the dollar amount will be, but it is intended to reimburse the City for the loss of the year's tax revenue caused by the delay.

Delapoer said Lowe's has agreed to pay their Local Improvement District (LID) assessment in full. He said this will help replenish the System Development Charges (SDCs) funding bases that were used to construct the punch-through. He said Lowe's also agreed that if they are delayed beyond December 31, 2015, they will pay a \$20,000 fee in addition to the \$1,000 per day of liquidated damages. He said he has reviewed all three of these items and approval has been secured at the corporate level of Lowe's. Delapoer will start working on a revised contract if the Council approves. Kellum asked if the \$2 million dollar total remains the same. Delapoer said that is correct. He said he appreciated Mr. Stoner coming to meet with the City Council. The Council agreed to move forward with the agreement modification.

MARIJUANA TAX ORDINANCE & RESOLUTION

Delapoer said he was directed to prepare an ordinance for Council's consideration. He said the ordinance is modeled after the Ashland ordinance which has become the model for several cities. He directed the Council to Deputy City Attorney Sean Kidd's memo in the agenda packet. He said Section 42 of Measure 91 states "No county or city of this state shall impose any fee or tax... in connection with the purchase, sale, production, processing, transportation, and delivery of marijuana items." He said this is what has prompted some cities to try to get the tax in place in case Ballot 91 is approved. He said Section 58 of Measure 91 states that the "Act [is] designed to operate uniformly throughout the state, [and] shall be paramount and superior to and shall fully replace and supersede any and all municipal charter enactments or local ordinances inconsistent with it." He said this is an attempt by the drafters of Measure 91 to say that this will be primarily deemed a matter of statewide concern and not local concern. He said if the Council enacts the tax and the measure passes, it is likely there will be future litigation. He said it is a policy judgment for the Council.

Olsen asked what Delapoer thought the cost of the litigation would be. Delapoer said he doesn't know that amount, but believes that a coordinated response would probably be done by the League of Oregon Cities. Delapoer said that an emergency clause shouldn't be included in the ordinance, but the ordinance should be adopted by November 1, 2014, in order to be effective 30 days before the new law is effective if it is approved by the voters.

Kellum asked if there is the possibility that this will become a moot point because there is something that says we have the right to impose taxes. Delapoer said the State has already successfully taken the position that cities can't adopt local "sin" taxes on liquor and cigarettes. He said his opinion of what might happen is that if the initiative passes, and if cities have adopted local taxes and the courts say that those taxes stand up, the legislature will address that by providing some level of revenue-sharing with cities that didn't levy a tax. He believes that the State would like to have a uniform approach. Konopa said the measure doesn't prevent the state from imposing a tax. Delapoer said that is correct. He said the state will distribute those revenues as they so choose.

Kopczynski asked about Item A on page 6. He asked, could there be the potential of someone making decisions that binds the City without our input? Delapoer said this ordinance could probably be amended later on to meet Albany's

specific needs. He said this ordinance becomes a placeholder to preserve the Council's right to implement it. He said it would be difficult to make fundamental changes to the ordinance in the short amount of time that the Council has.

Kellum asked if the tax rate could be changed in the future. Delapoer said yes, the initial resolution envisions a 10% tax for recreational marijuana and 0% for medical marijuana registry holders. He said the tax could be changed by resolution just like other fees can be changed. He said if the Council wants to preserve the ability to impose a tax, an ordinance would need to be in place.

Johnson asked about Item C on page 6. She asked, does it mean that the taxes wouldn't be applied uniformly? Delapoer said the City can't legally treat people differently. He said one of the things that would be considered are the administrative costs to handle this tax.

Hare said his personal opinion is that this ordinance has a slim chance of surviving the legal process. He thinks staff and Council could do a lot of work to go through the process of adopting an ordinance and end up with nothing. Delapoer said this item is on the agenda for Wednesday, October 8, 2014. He said the Council could choose to remove it from the agenda.

MOTION: Councilor Bill Coburn made a motion to remove the ordinance from the agenda for Wednesday, October 8, 2014; Olsen seconded. The motion failed 3-2 with Johnson and Kellum voting no.

CITY MANAGER REPORT

Meeting with Industry Representatives

Hare said the Council asked a subcommittee composed of Councilors' Floyd Collins, Kellum, and Olsen to look at the issue of the proposal presented by local industry representatives and Linn-Benton Community College (LBCC) on a proposed workforce development project that would involve \$2.9 million dollars. He said the subcommittee had some concerns about the proposal and agreed to have a meeting with all of the interested players to discuss what is on the table. He said his recommendation is to schedule a meeting for November because Collins will be absent for a few weeks. He said the industry representatives have said there is no urgency, but it is something they would like the Council to consider.

Konopa said Council will also know the outcome of the LBCC ballot measure. Delapoer said the meeting doesn't have to be formal. Konopa said some type of structure is needed so the meeting can stay on topic. Hare said he envisioned an interactive roundtable discussion so everyone can hear the discussion. Delapoer said business from the public is not legally required. Olsen said the Council is here to do what the public wants. Konopa said it is a common courtesy to have business from the public on the agenda to allow for the public to make comments.

Coburn said he likes the idea of having a facilitator at this meeting. Johnson said people have the opportunity to ask questions or comments when the item is before the Council for a decision. Olsen said he has had an experience where he was shut out from weighing in on decisions and believes there should be business from the public. The Council agreed to have a special meeting scheduled for November, and Hare will work on getting a facilitator for the meeting.

Konopa mentioned that the LBCC bond on the November ballot benefits Albany, Lebanon, and Corvallis. She said only Albany is being asked to contribute to this workforce development project. Kellum said that point has been made to the local industry representatives. Delapoer said if there are four votes that think this project is a bad idea, it might be good to make that decision now.

Coburn said the problem he has with the subcommittee is that not all of the Council members are getting the information. He likes everyone hearing all of the information at the same time because the decision will be made as a group. He said everyone meeting together is a better solution. Kellum agreed and said it will be good to have the industry representatives at the meeting.

COUNCILOR COMMENTS

Kellum said he will be in an article in the *Albany Democrat-Herald* tomorrow for his work on the City time capsule. He said he designed the capsule. He learned that only children would be putting items into the time capsule and thinks that other people should be able to put items into the capsule. Konopa thanked Kellum for making the time capsule. She asked where the time capsule will be located. Porsche said it is going in the Main Street roundabout. Konopa asked when it will be opened. Kellum said it will be opened 50 years.

Kopczynski noted that the most recent issue of the *League of Oregon Cities Newsletter* discussed Gresham's 60-day process for industrial development. Hare said Albany usually does better than that on most development plans. He said the state mandate is 120 days through the planning process.

Kopczynski asked how the Public Facilities Request for Proposals meetings went. Public Information Officer/Management Assistant Marilyn Smith said there were some very different proposals. Two proposals had similar costs, while another one was much different in cost. She said good questions were asked. She said no models were presented at the meeting, but there may be some for the displays that will be at the library starting on October 13, 2014.

ADJOURNMENT

There being no other business, the meeting was adjourned at 6:10 p.m.

Respectfully submitted,

Reviewed by,

Diana Eilers
Administrative Assistant I

Stewart Taylor
Finance Director

CITY OF ALBANY
CITY COUNCIL
Council Chambers
Wednesday, October 8, 2014
7:15 p.m.

MINUTES

CALL TO ORDER

Mayor Sharon Konopa called the meeting to order at 7:15 p.m.

PLEDGE OF ALLEGIANCE TO THE FLAG

Konopa led the pledge of allegiance to the flag.

ROLL CALL

Councilors present: Councilors Rich Kellum, Bill Coburn, Bessie Johnson, Ray Kopczynski, and Dick Olsen.

Councilors absent: Councilor Floyd Collins was excused.

SCHEDULED BUSINESS

Public Hearing

CU-01-14. Conditional Use Permit for a new 120-foot tall telecommunications facility (appeal).

Konopa said, this is a continuation of a quasi-judicial *de novo* public hearing regarding an appeal of the Planning Commission's decision to deny the Conditional Use (CU) application. The location of the property is immediately south of 1122 53rd Avenue SW. The applicant is Verizon Wireless LLC.

Open: Konopa opened the public hearing at 7:15 p.m.

Konopa asked if any Councilors wished to declare a conflict of interest. No one did.

Konopa asked if any Councilors wished to report any ex parte contact. Councilor Bill Coburn said he got an email from a constituent. They are in favor of the project; their cell reception is poor and they think this might help. Councilor Ray Kopczynski said he got the same email.

Konopa asked if any Councilors wished to report a site visit. No one did.

Konopa asked if any Councilors wished to abstain from participating in the proceedings. No one did.

Konopa asked if anyone wishes to challenge the City Council's right to determine this matter or the participation of any Councilor in this hearing and decision. No one did.

Konopa said for those wishing to testify there is a sign-up sheet at the table.

Konopa said, for those wishing to testify, please be aware that you must raise an issue with enough detail to afford the Council and parties an opportunity to respond to the issue if you later want to raise that issue on appeal to the Land Use Board of Appeals (LUBA). Testimony and evidence must be directed towards the approval standards staff will describe or other criteria in the comprehensive plan or development code which you believe to apply to the decision. If additional documents or evidence are provided by any party, the City Council may allow a continuance or leave the record open to allow the parties a reasonable opportunity to respond. Any continuance or extension of the record requested by the applicant shall result in a corresponding extension to the 120-day limit. Failure of the applicant to raise constitutional or other issues relating to the proposed conditions of approval with enough detail to allow the local government or its designee to respond to the issue precludes an action for damages in Circuit Court.

Konopa called for the staff report.

Staff report.

Planner II Melissa Anderson said this is a continuation of the public hearing from August 27, 2014. Because it is a continuation the public record is still open. Verbal or written testimony may be submitted this evening.

Anderson said that since the last public hearing the applicant submitted additional information to address some of the issues that were raised at the August 27, 2014, meeting. One of the changes they proposed was to set back the proposed cell tower further away from the existing bowling alley building. It is proposed to be set back 120 feet from the eastern property line.

Anderson said there is a letter submitted by Jason Cadwell of Cadwell Realty Group in Albany. Cadwell's testimony is on the dais for the Council's review (see agenda file.)

Anderson said the applicable review criteria for this decision is the CU permit criteria as well as design standards for cell towers, which was included in the Council packet. The criteria requires discretion so it is up to the City Council to decide if the review criteria have been met or not. Tonight, Council is requested to make a tentative decision and then direct staff to return at the next meeting on October 27, 2014, with final findings.

Applicant Testimony

Konopa said, if anyone wishes to enter an exhibit into the record as part of your testimony, please briefly describe the exhibit and present it to the City Clerk.

Applicant.

Mike Connors, representing Verizon Wireless, resides at 520 Yamhill Street, Suite 235, Portland. Connors said he asked for a continuance at the last hearing so they would have more time to address additional issues that came up at the hearing. The two primary issues that came up are seeing if they can accommodate the neighboring property owner Roger Nyquist; and their evaluation of alternative sites, such as the industrial sites in the area. The information is in the agenda packet.

Connors said the first issue was to try to accommodate the adjacent property owner. This was a challenge because of dealing with engineering requirements, City code, flood plains, wetlands, and environmental overlays. They were able to relocate the tower to the west, 120 feet from the property line of the bowling alley. Since the bowling alley is 8-10 feet off the property line the tower is actually set back 130 feet. It meets all the other criteria. They provided the plan to Nyquist prior to the hearing. Connors said Nyquist got back to him this morning and said it did address his safety concerns, but he is not withdrawing his letter since it contained other policy issues. He said he did appreciate their willingness to accommodate that issue. Connors noted that they are asking for a condition to allow some minor modifications in the specific location of the site because it is close to some of the flood plain areas. They would comply with flood plain criteria. To the extent that they make minor modifications, they will be no closer than 120 feet from that property line.

Connors said the second issue was to provide clarification and additional information on alternative sites, particularly their evaluations of the industrial sites. Connor said he has a letter from Jim Jagers, the site acquisition manager, and the Verizon Radio Frequency (RF) engineer, who reconsidered the sites to see if they work. His report shows the background in relation to being in the search ring. He described how the search ring works. There are limitations so the acquisition manager asked if they could look at properties outside the search ring but as close as possible to the ring. Based on looking at viable sites that would accommodate the tower and willing property owners, he identified light industrial and heavy industrial sites, as marked on the map. But the RF engineer said the industrial sites are too far north of the search ring to meet capacity needs and would create potential conflict with other sites. That was the basis for the determination that this is the only viable site for their needs. So Connors asked the RF engineer to reevaluate, and they still said no. Connors hopes this helps to fill in the gaps and answer the questions raised at the prior hearing.

Connors said they made a substantial effort to evaluate the industrial sites. No one has provided evidence that there was another site that could work, and Verizon has supplied substantial evidence that they have satisfied the requirements to look at alternative sites.

Connors said after the hearing he got an email from the President of the Mennonite Village retirement community who suggested he look at their site. They had an engineer look at it but it is two miles away from the subject site, so it is too far. They also did an updated alternative site analysis.

Connors addressed a few other issues from the letter from Konrad Hyle, from Black Rock, regarding potential structural issues and geotechnical issues. Verizon provided some of the information that was already part of the building permit application material to show that they exceed all the requirements for those particular criteria. It is built to the standards and is in excess of the standard so there is not going to be any safety related issues. They also provided new photo simulations to illustrate the proposed new location. Connors said if the Council is concerned about visual impacts they should look at pages 23-27 in the agenda packet. In the context of some of the utility poles and wires that are already out there, it will have less of an impact than someone might normally think. There are already visual obstructions there so this won't be as significant an impact as if none of the utility poles were there.

Connors said in reviewing the criteria, this facility is allowed in the zone subject to CU permit approval and there is no height limitation listed in the code. The mitigation measure they are putting in place include a monopole design so there is less of a visual impact; they have limited it to the minimum height necessary to meet their objectives; and they have moved the site to try to accommodate the adjacent owner's concerns. He feels they have done what they can. The staff report from prior meeting indicates there is no more mitigation to be made. He thinks the Planning Commission got off track in evaluating the subjective criteria and suggesting that the height should be limited to the other buildings in the area. Connors said, that is not how we interpret the Code

and we don't think you should either because it is not just this particular site or zone; a number of your zones have discretionary criteria and the same height issue would come up.

Councilor Rich Kellum said that Connors did not address that the tower doesn't fit the zoning or the character of the area; that is one of the things the Planning Commission spoke to. Connors said, we believe it does fit the zoning. The Planning Commission had determined that just by its very nature, its height, that it was inconsistent with the zone. Connors said Verizon's position is that is not a correct interpretation of the Code. He said, you start first with, is the use allowed? Then you ask the second question, is the height somehow inconsistent with the zoning standards? There is no height limitation. He said, if you look at it in that context, it is Verizon's position that it is consistent with the zone. Additionally, they have tried to mitigate the other concerns, to the point that City staff said there is no more they can do. He thinks that the Planning Commission's interpretation ignored the fact that it is an allowed use and that it isn't subject to a height restriction.

Kellum said from the Planning Commission's perspective, it is subjective; what fits, and what doesn't fit. It is a judgment call. He said, you could mitigate it more by making it look like a tree, like the one in Salem. It doesn't seem to fit the other items in the area. He said, it is outside your circle/ring, and you put a lot of credence in the circle. Kellum said that tells him that the circle/ring is not that important. Kellum said, if people don't want to lease to you, it could be that it is too tall or that it is not enough money. Connors said in the conversations he was having with the property owner, it didn't rise to the level of talking about money. He explained the process of how they have the conversation about potential leases.

Kopczynski said he was in favor before, and with the additional mitigation it reinforces his support. He thinks they should allow it in that location.

Konopa said what has not been addressed is using a tree style instead of the monopole. Many communities have cell towers that look like trees. Connors said there are some facilities designed that way, but those are ones that when looking at them in close proximity, you can tell it is not a tree. It is very wide and bulky in comparison to the monopole Verizon is proposing. They are typically only appropriate in a landscape where there are other surrounding trees that they can blend with and are used to mitigate visual impacts from afar, such as a forested area. Here, it is not appropriate because there are no other surrounding trees, so it will be a far bulkier structure than the monopole. It will just look like a metal tree. It wasn't considered for that reason. The Code talks about a preference for a monopole so that is what they pursued. Konopa disagrees; she thinks they do blend in well. For example, the one in Salem doesn't have other trees next to it and she still thinks it looks nice. Also, the proposed site is located around trees.

Konopa referred to the sign-up sheet (see agenda file).

Support.

Jana Pierce, 2117 Bobcat Avenue, said they have had Verizon for a long time and had great coverage and service until they moved to this address, which is in the far corner of the subdivision. Now they do not have great service. She needs to count on her cell phone to work for her family's sake; also her security system is hooked up to it. They often have problems being disconnected or with dropped calls. It is becoming a safety issue. She has called Verizon and they said she is in a dead zone and that they are working on it. She said she gets that no one wants it in their backyard, but folks really don't notice cell towers in communities because they do blend in, unless they are looking for them. She lives back there, and she wants reliability that her phone will work and her security system will work. With the mitigations they have made and the setback, it will blend in. She said, there is a 300 foot tall radio tower half a mile down the road. She asked the Council to not consider what it looks like but consider the service it would be providing. She said the Federal Communications Commission (FCC) and Telecommunications Act say she has the right to the access, but she is not getting it now. It is a safety issue.

Kellum asked, is there a way to have a regular landline? Peirce said yes but it would cost more. Kellum said, but you do have other choices. Pierce said that the FCC and Telecommunications Act say she cannot be prohibited from access to cell service and by not having a cell tower, she doesn't have access to service.

Konopa asked, does anyone else wish to speak in favor of the application? No one did.

Opposed.

Meredith Hanson, 1550 Beaver Court SW, said she is a resident of the Brookfield community at Oak Creek. She is within 1,000 feet of the proposed tower. She moved there in April after having searched a long time for a community. If that tower were there, they would not have bought the home. It is not just a home, but a community. She explained how the trail combines and connects several communities. Her major concern as a resident is that home values will be impacted. Her home is her largest asset. Jason Caldwell turned in a letter with his concern as a real estate agent selling residential and commercial properties. Hanson is involved with Caldwell in fundraisers around Albany and she said when he found out about the tower he was shocked because of how much residential is around that site. She has a young daughter and planned to raise her here, and to spend her high school years here. The lack of research and studies about longevity of exposure, such as 20 years, is a concern. She asked, how does it affect us and our children? They need more studies, and nothing shows her that

she should not be concerned. It just raised more questions. More important than what it looks like, is how it will affect her family and neighbors in terms of property values and health.

Councilor Bessie Johnson asked Hanson if she has good service. Hanson said yes.

Bill Ryals, 935 Jones Avenue NW, said there are some essential issues. The first is zoning. As to the Village Center (VC), he is impressed with how nice the neighborhoods are and how much of a neighborhood there is. North Albany has a VC and it is an amenity and an important part of why he lives there. The zoning has been created for a VC, to include localized shopping, restaurants, and a place for people to gather. There will eventually be more development in South Albany and that area will become increasingly important as a commercial hub. He thinks the City planners had great foresight regarding the VC concept. As a planner by profession, he knows that that area is not overly large for a VC. People don't gather at cell towers. The one in Salem is quite nice, and is placed along a similar location as to Albany, along the high school. It is a fir tree and he thinks it looks nice.

Ryals said the other aspect of the Code for VC is that anything built must reflect the local character of the VC. The Code says that any development in the VC has to go out of its way to make itself part of the character of the VC. He said a monopole does not do that. Across the board he gives cell towers a "D-" in terms of maintenance around the poles. The bottom of the towers looks like garbage dumps. Most are in industrial areas. He said, if you grant this, given his reading of the Code, you have to have reasonable rules and they must be applied fairly. He asked, if you decide to grant this exemption, how can you deny AT&T when they want to put a tower in another VC in other areas of town? That is where fairness in federal regulations weighs in. In his reading about other municipalities that get into fights about this subject, as long as they are consistent with the application of the Code, cities are okay. So, if you allow this, then you will be on the hook for the next applications you get.

Kopczynski asked Ryals if it concerns him that the first thing a driver sees coming over the bridge into North Albany is a monopole. Ryals said that pole is a long ways from Rays Market, is in a large area, and is not very tall. He doesn't like it but at least it is not in the middle of the VC.

Councilor Dick Olsen asked Ryals if he knows the cost to make a tower look like a tree. Ryals said no, but for Verizon, any additional costs would be mitigated since they really want this location. This site must make sense for them economically. They have put in infrastructure and Ryals doubts that requiring them to make this pole aesthetically pleasing would kill the project. It would cost more, but considering the cost of the project it would not be much.

Olsen said that he read that one of the most dangerous jobs is folks who climb those towers and he wonders if making them look like a tree makes it more hazardous. Ryals said that nationwide there is an issue with kids climbing them and getting hurt. He described the poles. It is less of a concern in an industrial area but it is a concern if it is in a VC; it is an attractive nuisance.

Ryals thinks the Council should not find in favor of the request. It is not in keeping with the zone and it sets the City up for other problems later.

Johnson asked if there are other towers in North Albany. Ryals is not aware of others in North Albany. But if there are, they are not located by places where people gather.

Kellum asked how many billions in business Verizon does. He said, maybe we shouldn't worry so much about how much it will cost Verizon to make it look right.

Ryals said the Councilor's job is to stand up for the citizens of this town and the desirability of the community. Kellum said that has two pieces; ease of operation and how it looks.

Konopa asked, does anyone wish to speak in opposition of the application? No one did.

Konopa asked, does anyone wish to speak who is neither in favor nor in opposition to the application? No one did.

Applicant rebuttal.

To Hanson's comments, Connors said he appreciates that the towers are not popular, but he has confidence that the City Council understands it is an important piece of the infrastructure. There is a lack of coverage in that area. As to property values, Connors said, if you look at the Code there is nothing that asks us to take property values into account, which is why we have not submitted anything. In his experience, when that question is raised, numerous studies show that it does not have significant impact. To Caldwell's written testimony about not knowing the exact number of future value loss and his assertion that there is a high probability it will slow down the amount of buyers, Connors said there is no real evidence behind that. If his testimony had been submitted earlier, Connors could have submitted studies that showed it does not have a negative impact.

Connors said the other issue brought up tonight is health, which comes up quite frequently. The health related impacts are a federalized standard adopted by the FCC after extensive studies. Federal laws says that state and

local governments cannot take into account health related issues; the reason for that is because it is a very complex and sophisticated issue so they don't want it to be determined on an ad-hoc basis. He said, federal law prohibits you to consider that.

To Ryals' comments about the VC standards, Connors said the criteria for compatibility are not specific just to the VC; it applies to any facilities that are proposed in any of the mixed use zones. There is a similar standard in the site plan review process, so it is not just a matter of not being appropriate in specific zones; it is a general use standard. This project should be looked at in terms of, what are the specific standards for this zone? Is the use allowed and is there a height limitation?

Connors said he understands the point of putting towers along the highway, and he agrees; but that infrastructure has already been built out. So when the wireless industry starting building their networks they built in those areas first. But as we have progressed in our use and reliance on these devices, not just the number of folks using devices but also what we are using them for, the need is not just for coverage but also for capacity. So pockets are starting to form and the needs are not always in the area we wish we could put towers, rather the towers need to go where they can provide the service to the people in that proximity. That is why we are here today; there is a need, and we evaluated that need. Based on all the factors, this is the only viable site to meet that need.

Connors said Ryals made a point about towers not being maintained, but Verizon does maintain theirs. He said that being a big company helps because they do have the resources and they want to protect their reputation by making sure their facilities are maintained.

Connors said that this is not the area where they would typically use a tree. Unlike the monopole where antennas are at the top of the tower, the trees have a crown and the antennas come off of that, which actually increases the height. He encouraged them to look at the photos. He thinks the monopole would blend in better with the utility poles than a tree would. He doesn't think tree would address the issues like a monopole would, which is lower in height, slender, and is a more effective mitigation.

City Attorney Jim Delapoer said staff has recommended the City Council make a tentative decision and staff will come back to a later meeting with findings. If the Council can't make a decision with four votes, Delapoer asked Connors if they would agree to give the City a 30 day extension so they can have a full Council. Connors said yes.

Closed: Konopa closed the public hearing at 8:15 p.m.

Johnson said they have heard different views about what can be in the zoning. What do they need to do to fit into the Code? Anderson said the language is discretionary and in that sense, the decision is not clear cut and is subjective. The primary criteria at issue are whether the use is consistent with the intended character of the base zone and the operating characteristics of the neighborhood; and that it is compatible with existing and anticipated uses in terms of size and scale, etc. Also, the tower should be located in an area that is unobtrusive and not substantially detracting from aesthetics or neighborhood character. The Code allows a cell tower of more than 50 feet tall to be considered through a CU permit review process. In that sense, the Council could find either way. Planning Manager Bob Richardson added that the standard is that if it is greater than 50 feet then the telecommunications facility requires the discretionary review.

Johnson said that on page 25, she can't tell where the pole is.

City Manager Wes Hare said if this were a 50 foot cell tower, this would not be before the Council because it is allowed outright. The Code does not prohibit taller cell towers; it just says they need review from the Planning Commission and the City Council. So the issue of whether this meets the criteria is highly subjective. He has lived in that area for nine years, uses the trail, and has had cell reception issues. He said he never even noticed there were 80 foot tall towers on his street until this tower was proposed; only now does he notice them. That can be interpreted either as a pro or con. He thinks that if he hadn't noticed before, then they can't be that bad. He also hadn't noticed the 270 foot tower down the street. He said, when you try to figure out how this impacts the community's character, it just depends on who you talk to.

Johnson said the demand for service is requiring this to be placed; for her, that is the main reason for this.

Konopa said, if more are coming in the future, maybe we need to look at our code.

MOTION: Kopezynski moved to approve the conditional use permit application CU-01-14, subject to adoption of the final Findings and Conclusions. This motion is based on those findings and conclusions in the August 27, 2014, Staff Report that demonstrate that applicable review criteria have been satisfied, and findings and conclusions made by the City Council during deliberations on the request. Coburn seconded the motion.

Kellum said he won't vote for this without mitigation. He said the Council has made an issue in the past about not stepping on the Planning Commission. He said, we use them because we want their judgment. They said this is not right. He doesn't mind the cell tower there if the people around it don't have a problem with it, but it should fit in with the neighborhood. He doesn't think it fits in.

Delapoer explained procedural issues, including that Kellum can't make a decision to support the Planning Commission's recommendation simply because they made it, because this is a *de novo* hearing. He said, you are supposed to make the decision as though the Planning Commission hearing did not occur, and base your decision on the evidence presented in this meeting.

AMENDED MOTION: Kellum moved to amend the main motion to include approval, if Verizon makes it look like a tree. There was no second to the motion.

VOTE: A vote was taken on the main motion and it passed 4-1, with Kellum voting no.

Konopa said, within five days of the final decision the Community Development Director will provide written notice of the decision to the applicant and any other parties entitled to notice. A decision of the City Council may be appealed to LUBA by filing a Notice of Intent to Appeal not later than 21 days after the decision becomes final.

Business from the Public

Greg Bechtel, 978 Ferry Street, spoke about the marijuana tax issue. The Council is considering a tax on marijuana. Initiative 91 preempts local municipalities from taxing marijuana. He understands that some cities want to be out in front of the Initiative and why Albany might consider that. But, he said, a few months ago this Council did not want to be out front on marijuana issues, hence the moratorium on dispensaries. He said, but now you are considering being out front on taxation. He said, people are proud of Albany for our stand on marijuana.

Becthel said, we already pay a due to have medical marijuana in Albany, and now the Council is considering that we pay more money. There is already current Code about the sale of marijuana in Albany, and Initiative 91 says there cannot be tax on the sale of medical or recreational marijuana. He said some may argue that the current Code is in conflict with the initiative. He said this ordinance would be a guaranteed lawsuit if it is enforced; and if not enforced, it is pointless. There are still illegal dispensaries in Albany despite the Albany Municipal Code; he said they need to deal with that first. If the medical marijuana is taxed at 0%, then why put it in there at all?

Becthel said, you are talking about a tax on an illegal activity, which in his opinion is ludicrous. According to statistics, meth makes more money than marijuana. He suggested the Council tax meth; it is the same principle. He thinks it is a bad idea. He said he is open to taxes on recreational marijuana, but this is not the way.

First Reading of Ordinance

Establishing a tax on the sale of marijuana and marijuana-infused products in the city of Albany.

Delapoer noted that it does not take a motion to do a first reading of an ordinance. He also noted that at the October 6, 2014, Work Session, there was a failed motion to remove this item from this Council agenda. He said that unless the Council takes it off this agenda, he would do a first reading.

MOTION: Olsen moved to remove the item from the agenda and Coburn seconded it. The motion failed 3-2 with Johnson and Kellum voting no. It takes four votes of the City Council to decide any question.

Delapoer read the ordinance for the first time in title only: AN ORDINANCE ESTABLISHING A TAX ON THE SALE OF MARIJUANA OR MARIJUANA INFUSED PRODUCTS IN THE CITY OF ALBANY.

Delapoer said this ordinance will come back to a meeting of the full Council and will be listed on the agenda under Second Reading of the Ordinance.

Adoption of Resolution

Establishing tax rates for the sale of marijuana, medical marijuana, and marijuana-infused products in the City of Albany.

There was no action taken on this item.

Adoption of Consent Calendar

- 1) Approval of Minutes
 - a) July 23, 2014, City Council Regular Session.
- 2) Accepting a sidewalk easement from Glorietta Bay, LLC.

RES. NO. 6360

MOTION: Coburn moved to adopt the Consent Calendar as presented. Kopczynski seconded the motion and it passed 5-0.

Approval of Funding Request

Transient Lodging Tax Ad Hoc Committee.

This item will be considered at the November 5, 2014, City Council meeting.

BUSINESS FROM THE COUNCIL

Johnson attended the League of Oregon Cities (LOC) and will have a report in the near future.

Olsen said he has been having conversations with the public about the state of the City. He spoke with a man who moved here and said he appreciates a place where he can ride bikes.

Konopa said she was at the LOC Conference and did a walking tour of downtown Eugene to see their revitalization efforts. They have lost a lot of historic structures and stock over the years. Discussion followed about urban renewal.

Johnson said one of the LOC sessions included people from Washington talking about how legal marijuana has impacted that state. Many things were affected that they had not thought about.

Hare noted that Albany's 150th Birthday celebration would be on Saturday at the Farmer's Market and on Sunday at City Hall. There will also be a movie about Albany's history at the Pix Theater.

NEXT MEETING DATE: Work Session: October 20, 2014
 Regular Session: October 22, 2014

ADJOURNMENT

There being no other business, the meeting was adjourned at 8:45 p.m.

Respectfully submitted,

Reviewed by,

Mary A. Dibble, MMC
City Clerk

Wes Hare
City Manager

CITY OF ALBANY
CITY COUNCIL WORK SESSION
Municipal Court Room
Monday, October 20, 2014
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 Bill Coburn, Floyd Collins, Bessie Johnson, Rich Kellum, Ray Kopczynski, and Dick Olsen

Councilors Absent: None

BUSINESS FROM THE PUBLIC

There was none.

CAD/RMS PROJECT REQUEST FOR PROPOSAL AND INTERGOVERNMENTAL AGREEMENT

Information Technology Director Jorge Salinas introduced SSGT Micah Smith from the Linn County Sheriff's Office (LCSO). Smith, along with Fire Chief John Bradner and Police Chief Mario Lattanzio, assisted in the information gathering for Phase 1 of the CAD/RMS System upgrade project.

Salinas said the CAD/RMS System upgrade is needed for several reasons. The current system is 25 years old, using 1989 technology. It requires that officers spend time in double data entries, and the mobile data terminal (MDT) module is not compatible with Windows 8.1. The upgrade addresses concerns raised by Council and Budget Committee members. In addition, the Oregon Uniform Crime Reporting format is set to expire in 36 months, at which time the current system will no longer be compatible.

Salinas said the objective for the first phase of the project is to identify qualified vendors that can provide the upgrade and convert the existing database. He reviewed the timeline for the request for proposal (RFP), as laid out in the staff report. The date of issuance is proposed to be October 31, with potential award of contract on April 30, 2015. The second phase of the project would be to award the contract and continue to implementation. Staff is seeking Council approval for Phase 1, to enter into an intergovernmental agreement (IGA) with LCSO on the RFP.

Salinas said the City and LCSO have collaborated in development of the RFP and entity requirements and would share the cost of the solution and future maintenance/support. LCSO would contract with a third party vendor to provide the software solution and data conversion services, and would provide hosting services for the solution. The City would provide project management services.

Councilor Rich Kellum asked if the request has gone before the Linn County Commissioners. Smith said there have been preliminary discussions with the Commissioners and their staff; the Commissioners will see the IGA and RFP request at their meeting on October 28, 2014.

Councilor Bill Coburn asked if there is a rough cost estimate. Salinas said it is a complex system that could be in the \$1 million to \$1.5 million ballpark. Coburn asked if it is known where the funding would come from. Salinas said staff would bring back information from the RFP process, and funding would then be decided by the Council and Commissioners.

Councilor Ray Kopczynski asked if system upgrades should be budgeted for on a more sequential basis in the future. Salinas said the system would likely need to be changed in the next eight to ten years because technology is likely to change considerably over that timeframe. Smith added that the RFP includes entering into an extensive service, maintenance and support contract which will help to achieve longevity; he hopes for a solution of eight, ten, or maybe 15 years. He said many agencies around the state have recently upgraded, trying to get out of antiquity with their systems.

Councilor Bessie Johnson said she thinks the upgrade is needed. She asked if the new system would run parallel to the old. Smith said any solution will be required to include data migration and conversion. Staff expects that the current system would be retained until they are confident about the conversion. Some agencies have run two systems for several years; however, City and LCSO staff are adamant that that is not the best way to do business and will work diligently with vendors and third party contractors to make sure they are able to convert.

Kellum said the upgrade is important because of the time officers spend entering and reentering information in the current system. He said the upgrade will pay for itself over time.

Councilor Floyd Collins asked if there was an opportunity to piggyback with work other jurisdictions have already done. Salinas said the City and LCSO want vendors to meet specific requirements as laid out by both entities. Smith said the evaluation criteria included agency references and vendor interviews which were weighted accordingly. He said staff has made note of roadblocks others encountered and hope to mitigate those issues by doing the planning upfront.

Collins asked if the system would be able to communicate with Salem and Marion County. Smith said both agencies currently participate in a regional area information network (RAIN), under which data is set aside in the system to be picked up by a regional server for the statewide system. Continuance of this process will be included in the RFP.

Collins said it may be advantageous to have the same format or platform as other jurisdictions in the future. He suggested that consideration be given to piggybacking on the work others have done in the way of vendor selection.

Kopczynski asked if there would be cloud storage. Smith said cloud storage is a possibility but it has inherent risks in that criminal justice information data needs to be protected. It could be that cloud storage is not feasible in the short term but could be expanded on in the long term once FBI rules and regulations catch up with technology.

Konopa asked if Council would like staff to enter into the IGA.

MOTION: Kopczynski moved that staff enter into an IGA as proposed. Kellum seconded.

Councilor Dick Olsen asked how the upgrade will be paid for. Salinas said the results of the RFP will be brought back to the Council and Commissioners to ensure everybody is in agreement and to discuss funding options. There is a clause in the agreement that any party may pull out within seven days of the intent to award.

Johnson asked about the timeframe for implementation. Salinas said it could be a couple of years before the upgrade is fully implemented. He said this is a complex, multijurisdictional project and it is important that it be done correctly.

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

VOLUNTARY SEPARATION INCENTIVE PROGRAM UPDATE

City Manager Wes Hare said Council is aware that the City made a significant reduction in the number of employees over the past five years. The FTE dropped from a high of 428 to a low of about 382, a reduction of about 9 percent over peak employment. One of the vehicles used was the Voluntary Separation Incentive Program (VSIP). The VSIP worked successfully and helped the City save a substantial sum of money; however, an error in the program has been discovered. The City gave employees an option to apply the incentive to future health insurance premiums, or they could take cash. Health insurance benefits are generally not taxable and the City didn't tax or report it as taxable income. The IRS has since said that because the cash option was offered, the health insurance benefit is taxable. There is an additional liability of about \$40,000 a year over a two-year period required to cover the taxes for that program. The IRS understood this was an honest mistake and is not charging penalties and interest.

Finance Director Stewart Taylor said the table provided in the staff report details the difference in tax liability to the City for the 12 employees that elected the deferral in the 2011 VSIP. An additional 11 employees elected the deferral in the 2012 VSIP. He explained that the IRS received information from the City's participation in a national research program which included a survey of activities including payroll functions, and subsequently determined that because the lump cash sum was offered, the health insurance benefit changed to deferred income and the benefits were taxable. The City has made the payment to the IRS. The affected employees will be notified and provided with an amended W-2 form. Staff has talked about an approach to encourage employees to work with the City's auditor, which has a local office, to file an amended return for the appropriate year and pay whatever tax is owed. The amounts owed would vary depending on each employee's situation. The City would then receive reimbursement from the IRS.

Collins asked if the City has any options. Hare said the taxes have to be paid. The Council could take a harder line with the former employees; however, staff thinks it is to the City's advantage to get voluntary participation from the affected people and is proposing to make resources available to encourage that. This is mainly information for Council at this time.

Kellum said the employees made a straight-forward deal based on the facts in front of them. He said it wasn't the employees' mistake, it was ours. Hare said the deal was honestly entered into on both sides. He noted that having the City pay the taxes would create additional tax liability for the employees. The employees did receive the benefit and staff felt it would be appropriate to expedite the amendment but not to participate in the tax liability. City Attorney Jim Delapoe added that everybody's tax situation is different and it would be very difficult to reconstruct any kind of equitable allocation.

Hare recommended that staff have a meeting with the affected employees, determine their reactions, grant them an opportunity to meet with a tax advisor, and go from there. He thinks it is premature to say the City will cover the additional cost but that may be something the Council considers down the road. Kellum said he would like a report when it is known how the employees feel about their liability and the effects it will have on them. There was general agreement.

CANAL ISSUES

Hare said Council is aware that staff has been talking with representatives from the City of Lebanon about appropriate cost sharing for operation of the Santiam Canal. Both cities use the canal as a water source and it serves as an amenity in both communities. Lebanon uses the Canal for their trail system, has taken water out to put into Cheadle Lake, and has stormwater that drains into the Canal. In the 30-year relationship over the canal, there has been suspicion on the part of the City of Lebanon that they have had to pay too much, whereas Albany has had the feeling they haven't been paying their fair share. Unfortunately, this has sometimes played out in the media. When the two cities last came together in 2007, a temporary agreement was reached which neither Council ratified but which has been loosely used up to this day.

Hare said the City Council last discussed this issue in March and directed staff to work with the City of Lebanon to try to come to an agreement. During initial staff discussions, there was clearly tension and disagreement over who pays how much. They met again in late August, at which time Hare put two proposals on the table. One was to go back to the 1986 agreement which said Albany will pay for two-thirds of the cost of operating and maintaining the canal and Lebanon will pay one-third. That wasn't attractive to Lebanon because the cost of maintaining the canal has gone up significantly over time. The other proposal was that the two cities mutually participate in a cost avoidance study to show what it would cost the City of Lebanon to get the value they are receiving from the canal if there were no canal, and they parted with an agreement to further consider that option. Since that time, the Lebanon City Council decided to move forward on their own with a study to look at the cost of a new water intake into the Santiam River so they would be independent from the City of Albany.

Hare said it is important to serve the best interests of both communities by coming up with an agreement that will work into the future. He reviewed a proposal that would add to the scope of work of the consultant Lebanon is using to consider issues that are important to the City of Albany. If Council agrees to the concept, the Lebanon City Manager has agreed to present it to the Lebanon City Council. Hare said this may be one of the last steps toward a successful resolution before we are in a totally conflicted situation on this issue. He asked for approval of the concept at this time; he will come back with a proposal once the costs are known.

Kopczynski asked about the timeframe. Hare said he thinks it would be a matter of months. Once there is approval by both City Councils, staff will prepare a scope that is representative of the issues associated with cost avoidance.

Kellum asked if the City of Lebanon is current on their bill. Staff said they became current in May according to the informal agreement. Since that time, they have been billed two times in accordance with the original 1986 agreement. They have not paid those bills and Albany has said payment could wait until at least January while discussions are going forward. In response to further inquiries, Hare said part of the negotiation process is realizing that some things may be of greater value than an immediate cash payment, such as how to treat stormwater and whether there is shared responsibility for past improvements made by the City of Albany. Staff will also research what rights the City has to limit discharge into the canal.

Coburn said it seems like the City of Albany has been trying to work with the City of Lebanon but they haven't liked any of the proposals. He said maybe they should do their own study and they might find that one-third of the canal costs is a good deal. Hare said that is a potential outcome if an agreement can't be reached on a potential scope of work. He is trying to keep the process as cooperative and collaborative as possible so we don't go down a road that is detrimental to both sides.

Collins said the objective is to find reasonable answers for both communities. If the proposal is a way to get options on the table, he would like to give the authorization to proceed. He said Albany's history of working with another jurisdiction to find reasonable answers is demonstrated with its history with Millersburg. He thinks reasonable answers can also be found with Lebanon.

In response to additional questions, Delapoe said staff's concern is that the consultant may not consider some aspects of costs and may provide an artificially low number. Staff is seeking to participate by asking the consultant to consider items which are currently outside his scope in hopes that Lebanon will recognize that they are legitimate costs and that partnering with Albany remains a better bargain for both cities.

MOTION: Kellum moved to proceed as recommended by the City Manager. Collins seconded. The motion passed 5-1, with Coburn voting no.

COUNCILOR COMMENTS

MOTION: Kopczynski moved to remove the marijuana tax item from the October 22, 2014, Regular Session Agenda. Coburn seconded.

Johnson asked why the motion was made. Kopczynski said he doesn't think additional consideration is necessary. Olsen said he thinks the issue is frivolous. Coburn said, based on previous comments from the City Attorney, he thinks it is a waste of time.

Konopa said Council is scheduled to see an amendment to an ordinance related to the location of recreational marijuana sales consistent with restrictions on medical marijuana dispensaries. There was consensus that Council would see that item at the regular meeting. Konopa suggested that the marijuana tax item be addressed at the regular meeting since it is on the agenda and to allow for public input. Johnson agreed.

Collins said he will oppose the motion. He said there are reasons for Albany and surrounding communities to consider potential taxation if the measure passes. If other jurisdictions are successful in having their local tax upheld and Albany has no tax, the City could become an attractor for marijuana sales in the central valley. He would like to have the discussion on Wednesday.

VOTE: A vote was taken on the motion and it failed 3 to 4, with Collins, Johnson, Kellum, and Konopa voting no.

Coburn requested that the City Attorney review the options and potential consequences.

Delapoer said it is his opinion that a local marijuana tax is unlikely to withstand appellate review. He thinks the courts will find that taxation will be dealt with at the state level. On the other hand, if Council adopts the tax measure, it will be in place if the local tax is allowed.

Johnson asked for information on why Canna Kitchen is choosing to not be licensed as a medical marijuana dispensary. Hare said the City has turned the question over to the District Attorney's office. Delapoer said if the business is operating without proper licensing, that is a state issue and not a local jurisdiction issue.

Olsen said he has received comments about the roundabout, and they have been mostly positive.

Collins said the Public Safety Facility Review Committee (PSFRC) may bring a recommendation forward in November for potential consideration for the May ballot and there has been early discussion about the forming of a political action committee (PAC). He has received questions as to whether it is permissible for a member of a standing committee to participate in a PAC that is supporting a City issue. Hare said the law states that advisory board members cannot use City resources or their position to promote. However, citizens do not surrender their rights by serving on an advisory board and there is nothing to stop them from joining a PAC to support a City measure. Collins requested that the question be submitted to the Secretary of State's office, given the recent history. Delapoer said staff would craft an inquiry. He clarified that neither he nor Council can protect people from their individual requirements under the law.

Kopczynski recalled previous discussion about working with other jurisdictions on the timing of bond measures. Collins said he thinks those conversations about timing and implications needs to occur between members of the policy making bodies. Delapoer noted that staff cannot have any role that may be deemed to be advocacy on any of the measures.

Konopa said a citizen has asked if Council would consider supporting the Linn-Benton Community College bond measure. She distributed a draft resolution in support which she had prepared. She said staff was not able to comment or prepare materials related to the bond measure. She asked that Council be prepared to discuss the item at the next meeting.

Konopa drew attention to a draft ordinance amending Ordinance No. 5833 to include marijuana and marijuana-infused products within the locational restrictions applicable to medical marijuana dispensaries. Delapoer said the ordinance would simply expand the geographic limitations that exist for medical marijuana dispensaries to recreational marijuana sales should that use become legal. The ordinance will be considered at the next meeting.

Konopa said she signed up for Council to participate in the Veterans Day parade on November 11. The parade starts at 11:00 a.m. and Councilors should arrive at about 10:00 a.m.

CITY MANAGER REPORT

Hare reminded Council of the Budget Committee meeting on November 20, 2014.

ADJOURNMENT

There being no other business, the meeting was adjourned at 5:40 p.m.

Respectfully submitted,

Reviewed by,

Teresa Nix
Administrative Assistant

Wes Hare
City Manager

DRAFT minutes
Public Safety Facilities Review Committee
Thursday, November 13, 2014
7:00 p.m.
Council Chambers, Albany City Hall

Call to order

Co-chair Burrright called the meeting to order at 7:01 p.m. Members Berg, Martin and Wheeler were absent.

Burrright read a short summary of the Committee's work so far, to bring everyone back up to speed after adjourning for the summer. He said the summary is a history of what has been done and what the Committee still has to do:

"The Albany City Council placed a \$20.3 million general obligation bond measure before Albany voters in November, 2013, to replace Albany Fire Station 11 and the Police Department building. The measure was rejected by voters by a narrow margin. In late December, 2013, the Council called for members of the public to review the need for both buildings. Frank and I were chosen as co-chairs of the Public Safety Facilities Review Committee and you were some of the 14 others, representing a broad cross-section of the Albany community, who were also appointed; 12 of you have completed the Committee's work in 12 meetings since about January.

"The Committee adopted this mission statement at its second meeting:

As we believe public safety is one of the highest priorities of government, we will review in detail the need for replacing Albany Fire Station 11 and the Police Department building and make recommendations to the City Council. The recommendations will be either:

- 1) Maintain the status quo;*
- 2) Remodel and expand existing facilities, either public or private; or*
- 3) Build new facilities.*

If the recommendation is to build new facilities, we will include:

- a) Preferred locations.*
- b) Project delivery method.*
- c) How the improvements should be financed.*

"Committee members reviewed background material and programming needs for the Police and Fire departments; heard presentations by Police and Fire staff; toured Fire Station 11 and the Police building and fire stations in Corvallis and Scio; studied location options and construction delivery methods and closely examined potential sources of funding including urban renewal funds, Pepsi settlement proceeds and general obligation bonds, seeking to reduce any impact on Albany taxpayers.

"For Fire Station 11, we:

- Reviewed functions and space needs for 20- and 40-year use and reduced recommended square footage for the new building from 29,387 to 25,500;
- Recommended replacing the existing building on the current site, closing a portion of Sixth Avenue, if needed, and incorporating property north of Sixth Avenue in the building design.

“For the Police, we:

- Reviewed functions and space needs for 20- and 50-year use and reduced recommended building size from 57,493 square feet to about 41,000 square feet. (That is the 20-year build-out.)
- Reviewed the current location and previously-purchased property on Pacific Boulevard, recommending construction, ultimately, on Pacific.

“Beginning at the first meeting, we discussed why the November 2013 bond measure had failed. Most said voters did not have enough information, and many suggested that voters wanted to see what they would be buying. Members proposed a competitive process to solicit preliminary designs and cost estimates through requests for qualifications and requests for proposals. The process resulted in proposals from five architect and engineer teams from throughout the Northwest. As co-chairs, we participated in interviews of all firms and served on the committees to select candidates to do final designs. Mackenzie of Portland was recommended for both buildings and City staff has begun work to enter into contracts with them.

“The Committee’s final task is to review and recommend a funding strategy to pay for construction. Overall, the group hoped to reduce the potential burden to taxpayers by reducing the amount of a general obligation bond. They agreed to a three-pronged approach, including:

- proceeds from the PepsiCo settlement;
- the maximum amount allowed from urban renewal funds through a minor amendment to the Central Albany Revitalization Area plan; and
- a general obligation bond.”

Burright said the Committee had been through and done a lot in the last 10-11 months; depending upon what is accomplished this evening, and the members’ desires, this may be the final Committee meeting. He said he and Morse had prepared a proposal to start discussion about funding, which includes an \$18 million bond recommendation to the City Council.

Cordier said he had listened carefully and thought Burright had characterized the CARA contribution as a maximum of \$1.4 million. Burright said that was not exactly where it ended up and the language may need some tweaking; it would be discussed later in the meeting.

Comments from the public

None.

Approval of minutes

- May 27, 2014 [Pages 2-17] Steele moved to approve; Wyatt seconded. Minutes were approved 9-1, Cordier voting no. Cordier said nobody can remember six months ago. Steele agreed that she does not remember everything but Smith takes copious notes and has done an excellent job and she trusts the minutes.
- June 10, 2014 [Pages 18-43] Norman moved to approve; Wyatt seconded. Minutes were approved 9-1, Cordier voting no.

Fire and Police RFQ/RFP report

Burright offered kudos especially to Ryals for the idea of a competition for the process and, in Burright's opinion, it worked out wonderfully. He said he was not sure the firms that participated would share the co-chairs' delight. Ryals said he'd heard from some participants.

As a reminder, Burright said, the idea initially was that the City would pay up to \$250,000 for firms to participate in the competition. After reconsideration, the Committee decided to try it with no compensation, and what they ended up with was exactly what they were after. Burright and Morse sat on the selection committees with City staff through two full days of presentations by five firms that made it to the short list. Roe attended for most of both presentations and Cordier had attended part of it. The Police committee included Chief Lattanzio and two other staff, Staci Belcastro and Mark Shepard; for Fire, Chief Bradner, two staff, Belcastro, Shepard and the co-chairs. Mackenzie of Portland was selected for both buildings. After the presentations, all design materials were taken to the Library for display. Burright said he was disappointed that the displays generated just a handful of comments. The committees later got together and spent most of a morning to deliberate and made recommendations to go with Mackenzie for both buildings. He said they are very experienced in both police and fire facilities; Mackenzie has already done work for the City at Station 12. He said if he was still the sheriff and building a building, he would be thrilled to have them be the firm to do the work. He said he believes they will do a very good job.

Morse said one of the really difficult things in making the recommendation was making the decision; the committees had received excellent proposals – the level of detail, attention to public engagement and assistance with that, and an understanding of police and fire functions and making them work in a building design. Morse reiterated Burright's kudos to Ryals for bringing the idea.

Lattanzio said the presentations gave staff a lot of ideas. With more than one firm submitting designs, it produced ideas that might not have surfaced if so many firms had not been involved in the process. The firms put a lot of work and money into the designs and presentations.

Bradner said he also was very pleased with the process that brought it to the point of getting something on paper to look at; staff can now start working with them and narrowing down what the buildings will look like. He said it is a big win for both departments; having multiple concepts to choose from puts both departments in a great position.

Morse said one of the things the selection committees struggled with was numbers and square-footage costs and where they would go with financing of it. He said this process validated numbers with some degree of confidence to go into a bond election. He said that was a major part of the consideration. He said he sees a high degree of reliability in the numbers going forward.

Cordier asked if there was a sheet that gives breakout numbers that drill down below the \$24 million total. He said he took down some numbers when he attended the Fire presentations; those could be sorted 10 different ways. He asked if detailed numbers were available for the Mackenzie proposals.

Burright said the numbers could be provided. The recommendation to choose Mackenzie had gone to the City Council the night before this meeting and they had agreed to move forward to try to get a contract. Burright said it is hard to put proposals side by side and figure out where they are; some included details that others did not. Cordier said he wasn't interested in seeing all the proposals, just the two from Mackenzie. Burright said something committee members have to be careful about in talking with other citizens is that the selection committees were not selecting a design, they were selecting a firm. The conceptual designs are just that; he said he would be extremely surprised if the final design looks exactly

like this but it should be close. That's one of the things committee members had heard from the public. He said at this point in the game, they are way ahead of where they would normally expect to be.

Steele asked if savings are possible in going with the same firm for both buildings. Burrigh said the committee is not allowed to talk about the cost of a firm at this point; they have plugged in some numbers that they think are reasonable, but it is up to the City to negotiate a contract. Steele asked what Council had done the prior evening. Burrigh said they told staff to go ahead and negotiate with Mackenzie.

Lattanzio said staff's goal is to go back to Council December 3 with a contract, if possible. Morse said there are significant advantages in hiring the same firm for both buildings.

Ryals said it is Step One and the idea doesn't end there. Now, staff and Council are in a much better negotiating position. If negotiations break down, there are other designs out there and people ready to do it, a lot of leverage that the City wouldn't have otherwise. The numbers are also the first estimate. He said he's after the most facility for the best price, not just the lowest price.

Steele asked how did the construction numbers had come about if price has not yet been negotiated. Burrigh said the City can't ask the design teams about their fees; they provided detailed construction estimates. He said one firm did provide their estimated fees, though they had been asked not to. Staff plugged in what they felt was a reasonable estimate for the others.

Wyatt said the City has a timeline for a bond measure. What has been presented in concept is probably not going to appear as the final design; what is the design timeline? He said, as a citizen, when he votes on this, he wants to see it on a board. Belcastro said City staff anticipates issuing notice to proceed for preliminary engineering at the latest in early January; that is when they will include the public engagement process. Mackenzie will present their design, get public input, and expect the design to go through as much as three iterations before they produce the concept that staff and the public like the best. As part of that, Mackenzie will be refining their estimate and getting the number dialed in. Morse said Mackenzie started out with a 20% contingency, and as refinement occurs, that narrows down to where they would live with a 5% contingency. Belcastro said their history for change orders is less than 3%.

Morse said that refinement leads to construction method: construction manager/general contractor? Design-build? Design-bid-build? He said Mackenzie's preferred and recommended method was design, bid and build as the least-cost option. He said it will be up to the City to choose, but that's probably where it will land.

Wyatt said his concern is about getting the design and concept firmed up so when people vote, if they want to, they can literally look at a picture: "this is what I'm buying." Burrigh said he didn't recall MacKenzie's timeline; he is fairly sure it won't be ready by the time the Council has to make a ballot-schedule decision in February but will be before an election in May. Wyatt said he thinks the City should have a pretty good picture by the end of April. Bradner said that is staff's goal and staff had talked to Mackenzie's representative on Wednesday night and that was their goal as well. Wyatt said the bottom line is, if the bond doesn't pass, they don't have a job.

Morse said Mackenzie was proposing Phase 2 for their architecture and engineering fees, with refinement of the Phase 1 documents to a very high degree of confidence when it goes to the voters. The voters should have a 90% impression of what they're buying. Wyatt said, for him, a big part of this process has to be a commitment to deliver that to the voters; that's what the Committee started with and what they ought to end with. Morse said they are right on track.

Bradner said staff and all of the participating design firms had identified the key to all this as passage of the bond. One of the things he especially liked about Mackenzie is the emphasis they placed on helping the City get the information out to the citizens. He said they realize that, if the bond doesn't pass, they don't move on to Phase 2.

Cordier said he was unclear about the split between designing and building. He asked if the City was planning to issue a contract to design it then another contingent contract for Mackenzie to build it, or will the City bid the building piece. Burrigh said Mackenzie won't build it; all they do is design it, then bids will go out to a construction firm or firms that will actually build it. Cordier said he thought the selection committee had said one of their strengths was that they had an in-house close connection, some preferred builders within their portfolio. Burrigh said the project has to be bid. Their contract with the city is to design the building; the construction will come later.

Ryals said the field tends to break the project into 4-6 separate parts: schematic design, preliminary design, etc. At some point, a contract is issued to work with City staff and the community to really design it. He said his guess is that the City is no more than 25-30% through the process of designing the building. It will get into working drawings and specifications, creating mountains of paper. He said if Mackenzie is correct in only having 2-3% change orders, then their mountains of paper are well done. For those who have the time and the resources to do a full set of documents, engineer it in great detail, it can be done with low changes and the best price is design/bid/build.

Roe said Cordier was correct in that Mackenzie mentioned a group of builders they'd worked with in this area and that was how they are able to manage change orders so well. Ryals said he guessed 50% of their work is negotiated and 50% is hard bid. He said he knows the people they have worked with.

Cordier said what he is hearing is that Mackenzie is going to do the design, then Belcastro sends out the request for bid to build. Ryals disagreed. He said they would do the design, then the community gets the bond passed. That provides the money for the project. MacKenzie will then finish the design, and do 60-70% of the work to come up with extremely detailed drawings that will go to bid.

Belcastro said Ryals was correct. The first phase is preliminary design and will include all work up to the bond measure. If measure passes, there would be a second phase of design with specifications and drawings; a third phase would include construction design and construction.

Roe said you don't want to spend all the money up front if the bond fails. Belcastro said the City would be executing a contract just for preliminary design, but would have costs and schedules for the next phases. If things don't work out at any time, the City could terminate the contract.

Cordier said the Committee spent a lot of time going over program needs documents, refining those and scaling some back a bit and had some long discussions about what was really needed. The Committee requested an upgrade for the Police Department to bring it up to current needs. He asked if those boundaries that are in the program documents are going to be respected or can they be thrown out the window because somebody has another idea and make it to another capacity instead of what the program needs say.

Lattanzio said the program document will be the basis for the design; that is how they got the preliminary design and what they will move forward with. He said he doesn't see them changing anything that's already in there. Bradner said the Fire Station's programming document was done four years ago. He said he had spoken to Jeff Humphries from Mackenzie at the Council meeting last night and they would like to take a look at that at the beginning. The current document was done by ZCS/hsr.

Cordier said it's not fixed then. Bradner said for the Police Department it is because it was recently redone. The Fire Department is still using one from 2011; they will be looking at whether it needs to be redone, whether things have occurred since then that they need to look at. Cordier said he thought the Fire Department had done that when Fire staff reviewed the programming document and brought the Committee concessions about what was needed and that cut back square footage. Bradner said that was an initial email report from Mackenzie, something they did for free. They now want Fire to take another look at it.

Ryals said he agrees with Cordier about what the Committee did. He said he sees just as much danger if they undershoot the planning and do too little, then come back 20 years from now, looking at another building. He thinks the most difficult thing the departments and the Committee have to decide is the scope of the projects. Part of it is built into how much the City thinks it can afford; there is built-in discipline with how much the project ought to cost. Once that is decided, Ryals said he would favor getting as much of a building out of it as possible.

Cordier said he had spoken to Floyd Collins the other night. Cordier said one of the issues is if the City gets \$18 million approved, then finds out it will only spend \$16 million, what do you do with that extra \$2 million. There's a way to pay off the bond. When you ask how much you can spend, all of a sudden a glass atrium shows up; with extra money, why not build it.

Ryals said that is a good point to make, that the process continues through the design. He said the departments have been through all the Committee meetings. They know the Committee cares about every penny and he thinks they care about every penny. He doesn't want to be penny-wise and pound-foolish. He said he thinks the process has been very fair and he hopes what Cordier said happens. When the final designs go to bid, Ryals said, the City should see savings over what is estimated now. He said the 20% buffer is needed. A lower construction figure will be good public relations. He said he hopes that is what staff and everyone is thinking.

Cordier said he is trying to set up in his mind a boundary of how far the City is going to stray from this programming document. He said the Committee spent a lot of time going over it, adjusting it and talking about all the things that need to be in it. He said he would be heavily disappointed if the new review by the guys who got the contract goes way away that programming document. Several Committee members commented in agreement.

Members reviewed the cost and funding estimates table; the table did not include the square footage of each building. Wyatt said the costs were based on scope. Morse said the Mackenzie police building is 41,363 SF; the Fire station, 25,786 SF.

Burright said he agreed with Cordier and cited personal experience with building projects. He said the Committee has to be careful not to tie the architects' hands too much. They need to have the latitude to make the building work.

Wyatt said the final design will not be that square footage, but they are not looking at a 10-20% difference in scope because that will drive the dollars. Ryals said he would have a hard time supporting that. He said Committee members will eventually be expected to be out in the community supporting the project and he could not do that with a large increase in scope.

Arasmith said one of the issues that came up was the Fire training tower. Very early in the discussion of the program documents, the Committee said they didn't see a need for it. He said he sat through the three Fire design presentations and he believes a tower was included in each of them. He is concerned that the

tower will show up in the final design even though the Committee spent a lot of time and concluded it isn't necessary. He said one group was going to save the tower because birds live in it. He said the Committee spent a lot of time going over details for Mackenzie and company to say they're smarter. During their presentation, he said, Mackenzie said the first thing would be to re-do the programming document. If that's going to be thrown out, the Committee has wasted six hours or so.

Cordier asked, since Mackenzie has seen the need to go back through the programming document, if the Committee could get a one-page document of what has changed. Burrigh said they could.

Burrigh said he has spoken to Bradner and the tower issue would be resolved quickly. Vaux's swifts use it in their migration and come in by the thousands. Burrigh said that was a surprise but it is the kind of stuff-happens that occurs with a build. Something has to be decided about the tower. Steele asked if the birds are endangered. Burrigh said he doesn't think so. He said this was one of those you've-got-to-be-kidding moments, and there will be more, but the tower has to be taken care of right away.

Ryals said the program document is somewhat different from what they started with. That was a generalized programming document; Mackenzie may not be rewriting it but looking at in depth. A solid document that doesn't yield a lot of change orders takes a lot of time. Cordier said he understands, but requests a sheet of changes that are being executed away from the programming document. Ryals said the Committee might want to make a statement that they spent a lot of time on their review and they believe the general parameters ought to be pretty solid and not change on a whim.

Rose said what he liked about the Mackenzie firm is that they've built a bunch of fire stations. In reviewing the programming, they may be able to pick up on wasted space or flow problems. They may be able to save a lot of money through efficiencies. It could be a benefit to have them review the program document. Arasmith asked if they designed the Corvallis station. They did not, but had done Ashland and Beaverton and others.

ODOT access update

Burrigh said the Committee had recommended that the City go ahead and start the process of applying for access from Pacific Boulevard to the police site. A follow-up meeting occurred and ODOT has again assured the City sees no issues, but they can't proceed without a land-use application to the City. The City has done as much as it can right now. Morse said they need to have a site plan. Ryals asked if filing the application would be part of Phase 1. Belcastro said it would be. Morse said one of the design teams proposed two driveway accesses from Pacific Boulevard. Belcastro said the land-use review process is programmed to start in August after the bond measure vote but it could start earlier.

Funding options

Burrigh directed members to a document outlining potential costs and funding sources for the program. He said the Committee had agreed earlier that funding would be a three-legged stool – CARA funding, Pepsi money and a GO bond. Two or three things were holding up continued discussion: one was that the Committee didn't know the total amount needed. Based on Mackenzie's estimates, expenses for Police and Fire total \$24,198,903, plus \$201,500 bond costs, for total project costs of \$24,400,403. Burrigh said contingency is built in and at this point, it needs to be large because it is early in the process with many unknowns. The contingency will narrow as the process continues and details are refined. Burrigh said he hopes the number is high.

For resources, the CARA Advisory Board met on September 17, 2014. Arasmith and Burrigh attended, and both spoke, Burrigh passing on the Committee's recommendation. The Committee had had a lot of discussion before recommending the maximum CARA contribution allowed under a minor amendment to

the CARA plan – about \$1.4 million. He said Arasmith spoke eloquently, asking for a higher amount, and the request was well-received. The CARA board then had a fairly lengthy, lively and good discussion. He said they talked about virtually everything the Committee had talked about: what was right? Is this really a CARA project that should be done with a major amendment or minor amendment? If it's a minor amendment, should it be only one project? Is it allowed? The final decision was to make two minor amendments to the CARA plan, one for each project, for total of \$1.4 million.

He said the board also made a very clear promise that if other opportunities arose, such as infrastructure that fit under the CARA plan, they would also consider that. He said that's good and bad news: good in that they would consider it but the timing may not work. It is probably too far down the path to make an impact on what is asked for the bond. The City Council will have to make a decision on the bond in February.

Regarding the bond, what happens if it ends up the total amount isn't needed? If the City knows prior to the February date, they could lower the bond amount before the vote. If it's beyond that date, the ballot language will be "a maximum of \$18 million," so if bonds haven't been issued yet, they don't all have to be sold or, if after the bond sale, the extra could be banked and used to retire the debt early. The bottom line for now is \$1.4 million from CARA, one leg of the stool.

Cordier said the City Council last night talked about the issue at length. He said Delapoe's comment is the CARA contribution ought to be the maximum allowed and the two projects of \$700,000 each is the minimum; the maximum is undetermined because of what Burright mentioned. Cordier said Councilor Kellum said, because streetscape is being done, CARA could pick up the Lyon Street piece. Cordier asked how many pieces are out there that CARA can pick up. He said that still has not been defined. He said some broad strokes can be done if the CARA board wants to do it, so the \$1.4 is a minimum.

Collins said the \$1.4 million is the approximation using the inflationary index from the beginning of the year up to the point that CARA considered it. That number will be recalculated using the ENR at some future date. He expects that to go up to \$1.45 or \$1.46 million; the contribution is the maximum amount permissible under the minor amendment process. The policy choice for the ARA Board and CARA is that there are some elements that could be financed under the existing plan; do they want to do that? Belcastro and Mackenzie would have to structure the bid document in such a way to spell out explicitly that the City would do the streetscape in front of Fire Station 11 and estimate the bid extensions for that to be a specific amount. The ARA Board would decide if they want to pay that additional amount. The only absolute assurance at this point is the two adopted resolutions for \$1.4 million. He pointed out a footnote on the funding summary page regarding maximizing CARA and using "savings" to minimize the bond.

Hare said he doesn't think anybody wants the City to add to the scope of the project just to use CARA dollars. The question is could the City use CARA dollars to take care of issues that might arise and are integral to the project. An example is the old garage building. Some asked if it is an historic building worth saving and could CARA dollars be used for that. Morse said that is a very bad example. Hare said that might be a legitimate argument, as it would free up more space for the rest of the project. He emphasized that the Committee is not looking for ways to change either project in ways that would not have been part of the project in the first place just to bring in some CARA dollars.

Ryals said to Cordier that he doesn't understand: CARA dollars, bonds, Pepsi funds come out of his pocket – why are they looking at CARA funds as if the Easter Bunny gave it to them. It is tax dollars. If it is taken away from CARA and spent somewhere else, it's swapping priorities around. Cordier said it's not a zero-net gain. Ryals said it's tax dollars that haven't been taxed yet.

Arasmith said the Committee is spinning its wheels because it isn't a decision they get to make, but he disagreed with Ryals. He said it is not money being taken away from something else; it's apples and bananas. Ryals said CARA dollars come out county-wide. People in Lebanon would pay for part of Albany's fire station. Burrigh said it is not something the Committee can fix; it is outside their scope. For now, \$1.4 million has been promised from CARA.

Wyatt said the revenue listed on the handout is just a framework, a best-guess, a way to get there from here to carry out the mission. Parts of it people would like to tweak, but things are going to be different between now and February when the Council has to make a decision. One of the things that will be different is how much money the City gets from the Pepsi process.

Hare said timing is an issue. The City has \$4-plus million in receivables for Pepsi. Some of that will come in sooner rather than later. He said the working concept was that some of what has been designated for economic development could be used, then backfill it with receivables that are going to come in. It is not theoretical money, it is real money; it's just a matter of when it comes in.

Wyatt said the Committee can talk about the various pieces, amounts and timing, but they need a framework and this is acceptable. He said he knows that Steele would like the \$2.5 million from economic development to go to economic development. He said an \$18 million ask will be hard for some people to swallow anyway but they can hold it up and at least say it's \$18, not \$20. The Committee has worked very hard, tried to pull in various pots of money, and he said he is hearing a commitment from the City that they will put the receivables back in the economic development pot.

Steele said no one knows the timeline for when they will get those receivables. The Workforce Development Task Force has 40 members, the City has a representative on it, Linn County is a major part of it as well, and it is going before the Council on December 1 to ask for economic development funds to be used for economic development as a contribution to work that is going on at LBCC to help industries build their employee base to do skilled jobs. Those skilled jobs will be people who can buy houses, who can afford to be here, and can pay taxes. Those industries will also increase their tax bases. She said she supports public safety and always has, but these are economic development funds that she fears will be lost and will not be used for economic development. She said Albany has the potential for 300-700 jobs in the next five years, but they need help with additional funds to be used at LBCC to help local industries build skill sets. She said she doesn't like the \$20 million either, but she doesn't like the use of the economic development dollars. She said that feeling is echoed by a lot of people who have watched the spend-down of economic development funds already on non-economic development. She said she's sure she is wasting her time already and that is unfortunate.

Morse said if the Committee were to make an informed decision, they should see a year-by-year-by-year expenditure plan. He said he supports economic development absolutely, but when faced with cash available now of \$2.1 million, and in the near future that could be \$3 million, and funds that will come in over time, how does that match with the business plan for the training and education in the business development proposal. Steele said Jim Merryman and others should be here to explain that. They have had a subcommittee working on it. Morse said his point is that they are not without resources for economic development. Steele said the City is taking enough resources that the money needed by industry to do what they need to do at LBCC is not going to be available. Morse asked if that money would be spent in one year. Steele said she didn't have that. She said the original ask was \$4 million.

Collins said Morse's question was good: what is the cash flow requirement vs. the resources on hand.

Hare said the City has close to \$5 million in a pot designated for economic development currently; if roughly half of it is used for the public safety buildings, that leaves roughly \$2.5 million. Steele said the

framework document shows \$2.1 million. Hare said about \$1 million is coming in the very near future, which is over the amount being requested by the industry group. He said he has been involved in some of the discussions with the industry group. He believes the City will have all the money that the industries need over the next year to year and a half, assuming that the Council is willing to support the full request.

Burright said, as of that afternoon, the best information available showed that if \$2.5 million was taken out of economic development, \$2.1 million would remain today in that fund. Another \$200-300,000 in interest on these monies is not on the spreadsheet. Another \$600,000 is expected from Lowe's within the next 2-3 months. Hare said Lowe's has a legal contract with the City and is on the hook for a lot more. Burright said another part of the recommendation, if the Committee agrees, is that proceeds from the sale of the existing Police building go into economic development.

Collins said he thinks the intent is to make sure to backfill at least the amount taken in the short term out of economic development. That would be a Council policy choice and, as one member of the Council, he sees it as a reasonable request. It would be short-term cash flow management.

Burright said the best information today, the bottom line was receivables, including Lowe's, should be an additional \$5.5-\$6 million coming in to economic development. Steele said she is not trying to derail the project but economic development funds are very important for economic development.

Burright said, in his opinion, a strong infrastructure for public safety is just as important to business as finding workers. Steele said she can guarantee that is not the case right now. She said industry's Number One concern right now is getting the skilled workforce to get the jobs that they need.

Cordier said he understands Steele's position. He said he hopes that people have looked at the results of the LBCC bond and how Linn County voted. Steele said they always vote that way. Cordier said it was only because of Benton County and Corvallis that the measure passed. Steele added that North Albany approved it. Cordier said when the City says they will hold back a couple million dollars for economic development, when the bond in November went down in flames in Linn County, this is a lot of money for what a lot of people think is a pie in the sky kind of deal, and the City's bond will stand a much better chance of passing if you're transparent and move the money so people can see what you're doing with it. When people find out that the City has \$2.5 million sitting in a bucket and it wasn't used, that doesn't go over well and it will hurt the City at election time. Steele said she understands that.

Wyatt said he thinks both of the projects fit urban renewal criteria. The fire station is blight. He said he understands that it doesn't directly do anything for the tax base and property values, but he thinks it does over the long haul. He agreed with Burright that good infrastructure for public safety is economic development; it's not direct but it trickles through. He proposed a survey to adopt the proposed funding framework. The numbers will change by February.

Cordier does not support it. He said the first footnote is incomplete. It only deals with the inflationary calculation and doesn't address other infrastructure items that should be swept into these to minimize the amount of the bond. He recommended using Delapoe's words and say the Committee wants to take the maximum amount available from CARA and \$1.4 million is a minimum.

Ryals said he is really happy with the framework for various reasons. The numbers have been vetted through several groups and he feels like they are solid numbers for the first time. Also, \$18 is two less than \$20 and that makes a difference to voters. He said the Committee now has things to show the public, to show they've really done their homework. He said everyone involved wants to do the right thing. He said he appreciates the backfilling of economic development funds. He is proud to be a part of the committee. As a starting point, he supports this.

Steele agreed the maximum amount from CARA should be in there if possible. Regarding economic development funds, she said she would take people on their word and the trust she has in in the City Council and City Manager. She said the Chamber is a pro-business organization that strongly supports public safety. She supports the framework and will expect that the things discussed at this meeting will be carefully considered as the projects move forward.

Burright said he wants the maximum CARA contribution for infrastructure included regardless. Of all of the funding pieces, he said, the economic development piece gave him the biggest heartburn. He said he feels strongly that they had to get the bond amount down. This is a compromise. This is a recommendation to the Council, but he thinks the Committee can make it as strong as possible: these are the conditions under which the Committee is making the recommendation. They want the money backfilled.

Morse said he agreed with Cordier's suggestion that it would be appropriate to include CARA-qualified projects and explore that to the maximum as a part of the total project, in addition to the \$1.4 million. He said this has been a balancing act and the question for him has been can the City do both – economic development and save the taxpayers a significant amount of money. He sees the opportunity to do that but it is timing and a cash-flow issue. He said the Committee should make a strong recommendation to the Council, asking them to take the economic development money and shift it into this project and they expect it to be backfilled as soon as possible with all the sources of funds that are currently in play. He said his biggest fear was that the Committee would spend months and months and come back with another \$20.3 million bond. He said the message tomorrow in the newspaper should be that the Committee is recommending a \$2.3 million reduction, and less tax for the taxpayer. He said he fully expects the actual amount that goes to the ballot will be less, as the project is further refined. He said he's comfortable and feels the Committee has accomplished both objectives.

Norman said he supports the framework but is uncomfortable with a lot of pieces of it. That's part of compromise. He said he is still struggling with how this is urban renewal, but the CARA decision has been made. He disagrees that the Fire building is a blight. CARA is not there to improve public facilities that will never have tax increment results. He also sees economic development as a stretch. He said he is not comfortable with how we got here, but he supports it.

Edwards said she also supports it, and she fully expects the money to be restored to economic development. It's a good starting point.

Roe said he supports the framework and totally agrees with Steele. He spoke about mill closures and layoffs in recent years and said the area needs jobs. He said he wants to see money restored to the economic development fund, but does agree with the framework.

Arasmith said he would support the framework if it includes the provision to do the CARA maximum, whatever they can pay for.

Cordier said he would support the framework with that change.

Consensus: support the framework with addition of maximum CARA support.

Morse said the next question is what to present to the City Council.

Burright said he had talked to Morse about using the funding recommendation as a framework to be presented to the Council with tonight's final recommendation. One or both co-chairs will make that

presentation. Burrigh said the next question is, does the Committee want to meet again to see the final report or is it done tonight?

Arasmith said he is done.

Cordier said he had one issue to bring up: he said he wanted to get the group's opinion about whether the projects should be submitted to voters as one bond measure or two separate ones. He said he thinks that is an important issue. He said he would like to see two measures, one for each project.

Ryals said he doesn't think there is a right or wrong answer but in the interest of time and of fairness, it should be one.

Steele said it should be one; she doesn't want to pit the Fire Station against the police station. Both are necessary.

Burrigh said he would go for one. He said he doesn't want to pit one against the other and the need is great for both. They both have to be replaced. If one is approved now and one fails now, the City will still have to deal with it and it will cost even more down the road. The Committee is hoping for economy by doing both at same time. He said, with separate measures, all that would be lost. He agreed that it is a tough question but there are a lot of reasons why it makes more sense to keep the projects together.

Morse said it should be one. He said the City will have the opportunity to issue bids to take advantage of a combined project and that could be significant. A message to the public is that Committee members have been in the weeds and they understand the need but the public does not yet understand. By separating them, it tells the public that one may be less important than the other. The Police Department is what would most likely suffer; when people drive by the facility, there's no recognition of what happens inside and how deficient that facility is. Part of a campaign will be to explain to the voters the importance of that facility. The Committee has reduced the cost to the taxpayer; it should ask them to consider public safety as a whole.

Norman agreed it should be one measure, for the reasons Morse listed.

Edwards concurred.

Roe agreed with one for economy of scale and concern about splitting up a campaign for one versus the other. Both are badly needed.

Arasmith said he has a foot in both camps. He said, as a citizen, he would like to see them separate on the same ballot. He would not want the City to put out two separate ballots because of cost and other hassles that go with elections. He said if he was acting as a consultant to the Council, he would recommend a couple of choices: put both into one and market it; if they feel confident about their abilities to market, do two items but the Council would have to put its marketing skills to work and if they don't have marketing skills, just do one. As a citizen, he would like to look at each of them, not one against the other but what is the cost of the two items and the benefits.

Wyatt favored one measure. He said the odds of getting voter approval are much higher with one question. Going with one measure also reduces taxpayer costs. If the City went for two items, the Fire guys are loved. The City doesn't want to put itself in that position; it wants to increase the odds of getting approval for both projects.

Morse added that the existing tax levy that recently ended was 43 cents per thousand. The City's bond counsel said a \$20.3 million bond in today's conditions would be 37 cents per thousand. Take another \$2.3 million off that and the cost per thousand is going to go down again. Cost is probably as low today as it will be. Morse said he thinks the Committee has done some good things for the taxpayers.

Hare said there has actually been a slight increase in bond costs. The City has to pay a higher cost now than a year ago, and Hare said he is guessing those costs will go up.

Ryals said the first bond was very vague about what the money was for. The description that could be in the voter's pamphlet, now that the Committee has done its work, could be much more detailed. Something that bothered him the first time was that it was so generic; it felt like it hadn't been thought through. Hare said there was no voter's pamphlet in the last election. Council has been concerned about the cost of submitting information there. Ryals recalled that, yes, he was remembering the brief description on the ballot itself. Hare said voter's pamphlets are not automatic; the question of whether to do one for the next election is open. Ryals said the Benton County voter's pamphlet described every penny they were spending. People like to know what they're spending money on.

Burright said the City will need a lot of help getting this passed. He said he and Morse would not be taking a leadership role in the campaign committee but two or three people have already stepped forward and said they would. Arasmith asked if a political action committee (PAC) had been formed.

Collins said that, to the extent that Council had tried to keep its hands off the Committee process, Council supports the efforts of a PAC but it is important that Council not take a leadership role in the PAC. He said he had spoken to Mike Martin some months ago and Martin has talked to several people in the community about participating. Ron Loney has volunteered to chair and Mike Martin is vice-chair. They have a draft list of people to contact, multiple tasks to be done, and he expects them to be putting together a strategic plan. Collins said the credibility that the Committee brings to that process is critical. They have gone into the weeds and they know the details and have reached conclusions. He said as a Councilor and ARA board chair, he appreciates all of their hard work.

Collins said an existing PAC is open with the Secretary of State and can receive funds. He will provide the official name to members.

Next Steps

Burright said he had focused so much on getting through the process, he hadn't thought much about what happens at the end. He said he appreciated every single Committee member. He said he and Morse had no idea, when the Committee formed almost a year ago, of how much time and effort it would take. It has not been an easy task, but, as he's said many times, he appreciates the level of caring of the people on the Committee – good people trying to do the right thing for the right reason. He said he is very hopeful it will make a big impact in the end. He thanked the members for all they have done. He said it has been a pleasure to work with co-chair Morse; he called Morse the consummate statesman and gentleman and Burright said he thinks they made a good team.

Morse said he, too, appreciated for everyone in the committee, staff in the Police Department and Fire Department, Belcastro, Collins, Hare and his staff. Morse said they couldn't have done the work without Smith's help. He commended her for the breadth and depth of Committee minutes.

Final comments from members and staff

Lattanzio thanked members for their time and commitment. It was a big undertaking, going through material and coming to meetings at night, battling weather and keeping up with their regular jobs. He said staff does appreciate it. The projects have been worked on for years and he thinks everyone is finally coming to consensus to make it work and see the fruits of everyone's effort. He thanked the Committee on behalf of the Police Department and said they would continue to do their best to keep the community safe and drive crime down.

Bradner thanked the Committee on behalf of the Fire Department. He said he had become Fire Chief a little more than six years ago and the project was passed down to him was one of the top priorities to work on. Former Chief Kevin Kreitman has also put a lot of effort into it. Early on, Bradner said, he realized if he was the only person thinking about it, it would never happen. Now, he said, Albany has 15 people who are not only talking about it, but have put energy and effort into considering if it is needed and what's best for the community. Through those efforts, six years later, the City has something on paper, the Fire Department is seeing light at the end of the tunnel, and he offered sincere thanks to every Committee member for their time and effort. No matter what facility it is in, the Fire Department will continue to provide the best service they can to the community.

Arasmith said he had put his thoughts on paper. (See agenda file.) He said he spent more than 40 years doing consulting work with local utilities, mostly in the South Pacific, Micronesia and with the tribes. One hat that he wears is analysis of how we do what we do. He said he was called about joining the Committee and was pleasantly surprised at level of dedication, the amount of information and the work people did. He said it looked like the group made some mistakes and he approached that by collecting lessons learned. He said he identified 10; they are not intended as a stick to beat up on people but if the City should do something like this again, there are some lessons to consider. He thanked everyone for their participation; it was worth the time.

Roe said it had been a learning process and was interesting.

Edwards said it was also a learning process for her but she has enjoyed it, and enjoyed getting to know everyone. It did end up taking a lot longer than anticipated.

Norman said he appreciated the breadth of knowledge on the Committee. Everyone had a different background; the way the Committee was recruited was good, bringing different voices around the table to add to the discussion. He said he learned a lot that he did not expect to know. The conversations were robust, and he thinks no one would think they ever rubber-stamped anything. He said they more than did the job of digging into the subject. He thanked the co-chairs for their guidance through a process that may not have been done before. He said he hopes the City or others can use this as a model to be used again. He thanked Arasmith for his lessons-learned summary.

Steele said she had sat through a process with the school board before on a bond levy. It was a much larger committee than this. She was impressed with the level of commitment by the people who sat here as well as the two chairs, who kept members in line while giving them the freedom to talk about their individual concerns and they accepted disagreement graciously. The knowledge base was enormous and impressive. It was an excellent process to be a part of and she is proud to say she was a part of it. She said she hopes the measure passes, and she looks to Loney and Martin to lead the way for that to happen.

Ryals thanked everyone for their contribution. He said it was an honor to be part of it. He particularly thanked Collins; his impression was that a lot of this started with him. He said he heard a lot of criticism and skepticism at the beginning. He heard "we're just studying this thing to death," "they'll never be able to make up their mind," "too many different opinions," "it will never go anywhere." He said the Committee had solidly demonstrated the critics to be wrong. He said this is part of democracy, it's not just

as the ballot box. It's people of good will who have good intent and maybe different views coming together to make this town a better place.

Cordier said he was thankful for Morse's survey process; it's a great tool. He said he had met with Ryals, Wyatt and Arasmith a few times to talk about issues he cares deeply about. He said he does think the facilities are needed. He said the question is how to convince people it's a legitimate, reasonable amount of money to spend for the two services. Being straight-forward with the voters and giving them information that they didn't have the first time is really important. A lot of work is yet to be done: the formation of a consensus within the community in the face of the last \$20.3 million bond measure failing and the LBCC one failing in Albany; it's a big challenge to get information out that is meaningful. Part of it is does anyone really trust the voters or want the voters involved. He said he appreciated working with the group because it helped him have a voice. He said he thinks that is significant in this community.

Wyatt agreed with an earlier remark by Burrigh that he needs a better screening process before taking phone calls from a couple of people. He said it has been very interesting to him and he thanked all the participants. Perspectives bring a huge amount to a group and that has produced a much better result than they might have had otherwise. He said the City did a good job, whoever had the idea. He said the work is maybe 15% complete. The proof of the pudding is getting voter approval, and the rest of the proof is seeing things come out of the ground.

Burrigh said he got the first call from Collins and was told what he had in mind, Collins said the Council is going to stay out of it. He said they would like a cross-section of Albany, good thinkers, people who care. The Council wanted to know what they think, and let chips fall where they may. Burrigh wants to let citizens know that is exactly what the Council did. They kept their word, they stayed out of it, have been very gracious and so far, have taken all of the Committee's recommendations. They have one more to go.

Lastly, Burrigh said, at the first meeting, he said he did not vote for the last bond. He said what he and others felt at the time was that they needed more information. Over the last 11 months, he said, he thinks they have not left any stone unturned. He is very satisfied with the product they are recommending and he hopes the voters are. He will vote yes.

The meeting adjourned and the Committee dissolved at 8:55p.m.

Respectfully submitted,

Marilyn Smith



TO: Albany City Council
VIA: Wes Hare, City Manager
FROM: Stewart Taylor, Finance Director 
DATE: December 1, 2014, for the December 10, 2014, City Council Meeting
SUBJECT: Investment Policy
RELATES TO STRATEGIC PLAN THEME: ● Effective Government

Action Requested:

By resolution, readopt the Investment Policy and repeal Resolution No. 6278.

Discussion:

The City's investment policy was last reviewed and adopted by the City Council as Resolution No. 6278 on November 6, 2013. Both the current policy and ORS Section 294.135 require the City Council to review the policy on a periodic basis.

Staff has worked closely with the City's Investment Advisor, Government Portfolio Advisors, to review the current policy and to manage the City's investments consistent with the policy.

One policy change is recommended in the current review. The Oregon Short Term Fund Board has recommended that public funds address split ratings on credit type issuers. Therefore, wording has been incorporated that directs the use of the lowest rating when both Standard & Poor's and Moody's rate the same issuer for commercial paper, corporate indebtedness, and state obligations.

The City Council received a market update and discussed the proposed policy change at the Work Session on December 8, 2014.

Budget Impact:

The Investment Policy sets parameters for the investment of available cash not needed to meet current obligations.

ST:md

Attachment: Resolution and Policy

RESOLUTION NO. _____

A RESOLUTION READOPTING AN INVESTMENT POLICY
AND REPEALING RESOLUTION NO. 6278

WHEREAS, ORS Section 294.135 requires cities to periodically review their written investment policies;
and

WHEREAS, ORS Section 294.135 (1)(a) requires the Oregon Short Term Fund Board (OSTFB) to
review and comment on major policy revisions; and

WHEREAS, the OSTFB has reviewed and commented on the City of Albany Investment Policy and has
found that the statutory policy review requirement has been satisfied; and

WHEREAS, the Government Finance Officers Association (GFOA) and OSTFB have crafted model
investment policies; and

WHEREAS, changes previously suggested by GFOA and OSTFB have been incorporated into the City's
Investment Policy; and

WHEREAS, the OSTFB has recently recommended that public funds address split ratings on credit type
issuers; and

WHEREAS, the City desires to incorporate language that directs using the lowest rating when both
Standard & Poor's and Moody's rate the same issuer.

NOW, THEREFORE, BE IT RESOLVED that the City of Albany City Council adopts Exhibit A as the
Investment Policy for the City of Albany.

BE IT FURTHER RESOLVED that Resolution No. 6278 is hereby repealed.

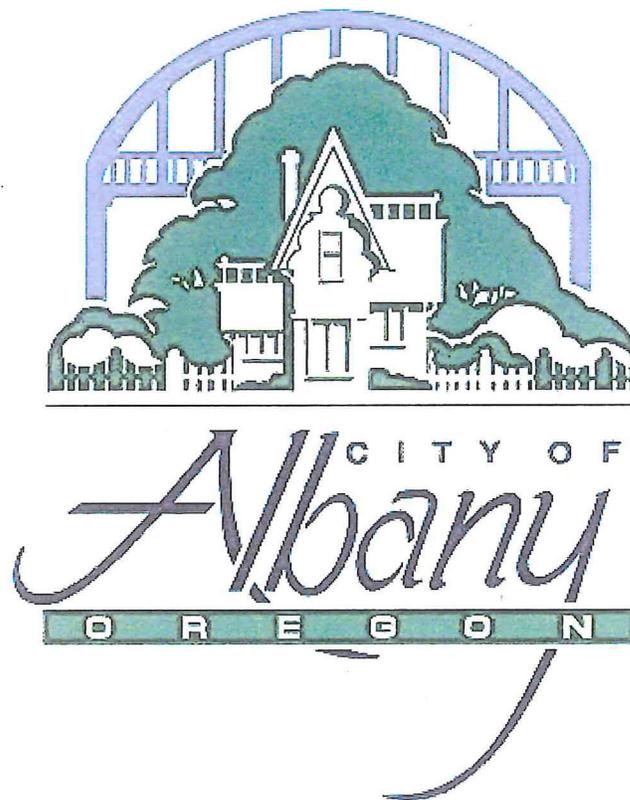
DATED AND EFFECTIVE THIS 10TH DAY OF DECEMBER, 2014.

Mayor

ATTEST:

City Clerk

City of Albany Investment Policy



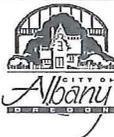
	<p>City of Albany Finance Policy Policy #: F-06-08-006 Title: Investment Policy</p>	
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I. INTRODUCTION

The City of Albany, (hereinafter referred to as "Albany" or "City") was founded in 1848. Albany is the eleventh largest city in the state of Oregon, and is the county seat of Linn County. Albany has a home rule charter and is a Council-Manager form of government where the full time appointed City Manager administers the day-to-day operations and is the chief administrative officer of the City.

The average monthly balance of funds invested in the City's general portfolio, excluding proceeds from bond issues, is approximately \$60,000,000.00. The highest balances occur when taxes are collected.

II. GOVERNING BODY

It is the policy of the City of Albany that the administration of its funds and the investment of those funds shall be handled with the highest public trust. Investments shall be made in a manner that will assure security of principal. Parameters will be set to limit maturities and increase diversification of the portfolio while meeting the daily cash flow needs of the City and conforming to all applicable state and City requirements governing the investment of public funds. The receipt of a market rate of return will be secondary to safety and liquidity requirements. It is the intent of the City to be in complete compliance with local, state, and federal law. The earnings from investments will be used in a manner that best serves the public trust and interests of the City.

III. SCOPE

This policy applies to activities of the City of Albany with regard to investing the financial assets of all funds. Funds held by trustees or fiscal agents are excluded from these rules; however, all funds are subject to regulations established by the state of Oregon.

The City commingles its daily cash into one pooled investment fund for investment purposes of efficiency and maximum investment opportunity. The following funds, and any new funds created by the City, unless specifically exempted by the City Council and this policy, are defined in the City's Comprehensive Annual Financial Report:

- General Fund
- Special Revenue Funds
- Debt Service Funds
- Capital Projects Funds
- Enterprise Funds
- Internal Service Funds
- Permanent Funds

These funds will be invested in compliance with the provisions of all applicable Oregon Revised Statutes (ORS). Investments of any tax-exempt borrowing proceeds and any related Debt Service funds will comply with the arbitrage restrictions in all applicable Internal Revenue Codes.

IV. OBJECTIVES AND STRATEGY

It is the policy of the City that all funds shall be managed and invested with three primary objectives, listed in the following order of priority:

1. Safety of Principal

- Safety of principal is the foremost objective of the City. Investments of the City shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.
- Diversification of the portfolio will include diversification by maturity and market sector and will include the use of multiple broker/dealers for diversification and market coverage.

2. Liquidity

The City's investment portfolio will remain sufficiently liquid to enable it to meet all operating requirements that might be reasonably anticipated.

3. Yield-Return

The City's investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the City's risk constraints and the cash flow of the portfolio. "Market rate of return" may be defined as the average yield of the current three-month U.S. Treasury bill or any other index that most closely matches the average maturity of the portfolio.

Effective cash management is recognized as essential to good fiscal management. Cash management is defined as the process of managing monies in order to ensure maximum cash availability. The City shall maintain a comprehensive cash management program that includes collection of accounts receivable, prudent investment of its available cash, disbursement of payments in accordance with invoice terms, and the management of banking services.

V. STANDARDS OF CARE

1. Delegation of Investment Authority

- a. Investment Officer. The Finance Director, acting on behalf of the City Council, is designated as the Investment Officer of the City and is responsible for investment management decisions and activities. The Council is responsible for considering the quality and capability of investment advisers and consultants involved in investment management and procedures. All participants in the investment process shall seek to act responsibly as custodians of the public trust.

The Investment Officer and those delegated investment authority under this policy, when acting in accordance with the written procedures and this policy, and in accord with the Prudent Person Rule, shall be relieved of personal responsibility and liability in the management of the portfolio.

- b. Investment Adviser. The City may enter into contracts with external investment management firms on a non-discretionary basis.

If an investment adviser is hired, the adviser will serve as a fiduciary for the City and comply with all requirements of this Investment Policy. Exceptions to the Investment Policy must be disclosed and agreed upon in writing by both parties. The Investment Officer remains the person ultimately responsible for the prudent management of the portfolio.

- c. Staff Designation. The Investment Officer shall designate a staff person as a liaison/deputy in the event circumstances require timely action and the Investment Officer is not available.

2. Prudence

The standard of prudence to be used in the investment function shall be the "prudent person" standard and shall be applied in the context of managing the overall portfolio. This standard states:

"Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the expected income to be derived."

3. Ethics and Conflict of Interest

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees, officers, and their families shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the City. Officers and employees shall, at all times, comply with the state of Oregon Government Ethics as set forth in ORS 244.

VI. AUTHORIZED FINANCIAL INSTITUTIONS

1. Broker/Dealer Approval Process

The Investment Officer shall maintain a list of all authorized brokers/dealers and financial institutions that are approved for investment purposes or investment dealings. Any firm is eligible to make an application to the City of Albany and upon due consideration and approval will be added to the list. Additions and deletions to the list will be made at the discretion of the Investment Officer.

At the request of the City of Albany, the firms performing investment services shall provide their most recent financial statements or Consolidated Report of Condition for review. Further, there should be in place, proof as to all the necessary credentials and licenses held by employees of the brokers/dealers who will have contact with the City of Albany as specified by, but not necessarily limited to the Financial Industry Regulatory Authority (FINRA), Securities and Exchange Commission (SEC), etc. The Investment Officer shall conduct an annual evaluation of each firm's credit worthiness to determine if it should remain on the list.

All dealers with whom the City transacts business will be provided a copy of this Investment Policy to ensure that they are familiar with the goals and objectives of the investment program.

If the City hires an investment adviser to provide investment management services, the adviser is authorized to transact with its direct dealer relationships on behalf of the City. A list of approved dealers must be submitted to the investment officer prior to transacting business. The investment officer can assign the responsibility of broker/dealer due diligence process to the Adviser, and all

licensing information on the counterparties will be maintained by the Adviser and available upon request.

2. Investment Adviser

An Investment Adviser may be selected through a competitive RFP process and must meet the following criteria:

- a. The investment adviser firm must be registered with the Securities and Exchange Commission (SEC) or licensed by the state of Oregon if assets under management are less than \$100 million.
- b. All investment adviser firm representatives conducting investment transactions on behalf of the City must be registered representatives with FINRA.
- c. All investment adviser firm representatives conducting investment transactions on behalf of the City must be licensed by the state of Oregon. Factors to be considered when hiring an investment advisory firm may include, but are not limited to:
 - i. The firm's major business
 - ii. Ownership and organization of the firm
 - iii. The background and experience of key members of the firm, including the portfolio manager expected to be responsible for the City's account
 - iv. The size of the firm's asset base, and the portion of that base which would be made up by the City's portfolio if the firm were hired
 - v. Management fees
 - vi. Cost analysis of the adviser
 - vii. Performance of the investment advisory firm, net of all fees, versus the Local Government Investment Pool over a given period of time

3. Financial Bank Institutions

All financial banks that provide bank deposits, certificates of deposits or any other deposit of the bank to the City must either be fully covered by the FDIC or the bank must be a participant of the Public Funds Collateralization Program (PFCP). ORS Chapter 295 governs the collateralization of Oregon public funds and provides the statutory requirements for the PFCP. Bank depositories are required to pledge collateral against any public fund deposits in excess of deposit insurance amounts. The PFCP provides additional protection for public funds in the event of a bank loss.

4. Competitive Transactions

The Investment Officer will obtain telephone, faxed or emailed quotes before purchasing or selling an investment. The Investment Officer will select the quote which best satisfies the investment objectives of the investment portfolio within the parameters of this policy. The Investment Officer will maintain a written record of each bidding process including the name and prices offered by each participating financial institution.

The investment adviser must provide documentation of competitive pricing execution on each transaction. The adviser will retain documentation and provide upon request.

VII. Safekeeping and Custody, Controls

1. Safekeeping and Custody Securities

The laws of the state and prudent treasury management require that all purchased securities be bought on a delivery versus payment basis and be held in safekeeping by the City, an independent third-party financial institution, or the City's designated depository.

All safekeeping arrangements shall be designated by the Investment Officer and an agreement of the terms executed in writing. The approved broker/dealer or investment adviser shall provide the City with a confirmation ticket listing the specific instrument, issuer, coupon, maturity, CUSIP number, purchase or sale price, transaction date, and other pertinent information. The broker/dealer which executes the transaction on the City's behalf shall deliver all securities on a delivery versus payment method to the designated third party trustee at the direction of the Investment Officer.

2. Safekeeping of Funds at Bank Depositories

The City may hold bank deposits or certificates of deposits at banks qualified under ORS 295.

3. Accounting Methods

The City shall comply with all required legal provisions and Generally Accepted Accounting Principles (GAAP). The accounting principles are those contained in the pronouncements of authoritative bodies including but not necessarily limited to, the Governmental Accounting Standards Board (GASB); the American Institute of Certified Public Accountants (AICPA); and the Financial Accounting Standards Board (FASB).

4. Pooling of Funds

Except for cash in certain restricted and special funds, the City will consolidate balances from all funds to maximize investment opportunities. Investment income will be allocated to the various funds based on their respective participation and in accordance with Generally Accepted Accounting Principles:

5. Internal Controls

The City will maintain a structure of internal controls sufficient to assure the safekeeping and security of all investments. All out of compliance situations under this policy will be corrected and brought into compliance as soon as prudently possible.

The Investment Officer shall develop and maintain written administrative procedures for the operation of the investment program that are consistent with this investment policy. Procedures will include reference to safekeeping, wire transfers, banking services contracts, and other investment-related activities.

The Investment Officer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials and staff. No officer or designee may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Investment Officer and approved by the Council.

VIII. AUTHORIZED AND SUITABLE INVESTMENTS

1. Authorized Investments

All investments of the City shall be made in accordance with Oregon Revised Statutes: ORS 294.035 (Investment of surplus funds of political subdivisions; approved investments), ORS 294.040 (Restriction on investments under ORS 294.035), ORS 294.052 (Definitions; investment by municipality of proceeds of bonds), ORS 294.135 (Investment maturity dates), ORS 294.145 (Prohibited conduct for custodial officer), ORS 294.805 to 294.895 (Local Government Investment Pool). Any revisions or extensions of these sections of the ORS shall be assumed to be part of this Investment Policy immediately upon being enacted.

2. Suitable Investments

The City will diversify investments across maturities, security types and institutions to avoid incurring unreasonable risks. The City has further defined the eligible types of securities and transactions as follows:

TYPE	DEFINITION
U.S. Treasury Obligation	Direct obligations of the United States Treasury whose payment is guaranteed by the United States. [ORS Section 294.035(3)(a)]
GSE – Agency Obligations	US Government Agencies, Government Sponsored Enterprises (GSEs), Corporations or Instrumentalities of the US Government - Federal Instrumentality Securities include, but are not limited to Federal National Mortgage Association (FNMA), the Federal Home Loan Mortgage Corporation (FHLMC), Federal Home Loan Banks (FHLB), and the Federal Farm Credit Bureau (FFCB). [ORS 294.035(3)(a)]
Commercial Paper	Commercial Paper* that is rated A1/P1 and has long term bonds which have a minimum rating of AA- by Standard and Poor’s and Aa3 by Moody’s. In the case where both rating agencies provide ratings on the corporation, the lowest rating will be used.
Corporate Indebtedness	Corporate indebtedness must be rated on the settlement date Aa or better by Moody’s Investors Service or AA or better by S&P [ORS Section 294.035 (3) (B)]. In the case of a split rating, the lower rating will be used.
Local Government Investment Pool	State Treasurer’s local short-term investment fund up to the statutory limit per ORS Section 294.810.
Certificates of Deposit/Bank Deposit/Savings Accounts	Time deposit open accounts, certificates of deposit and savings accounts in insured institutions as defined in ORS Section 706.008, in credit unions as defined in ORS Section 723.006, or in federal credit unions, if the institution or credit union maintains a head office or a branch in this state [ORS Section 294.035(3)(d)].
State Obligations	Lawfully issued debt obligations of the agencies and instrumentalities of the State of Oregon and its political

	<p>subdivisions that have a long-term rating of A or an equivalent rating or better or are rated on the settlement date by S&P, or Moody's [ORS Section 294.035(3)(b)]. In the case where both rating agencies provide ratings on the municipal bond, the lowest rating will be used.</p> <p>Lawfully issued debt obligations of the State of California, Idaho and Washington and political subdivisions of those states, if the obligations have a long-term rating of AA or an equivalent rating or better or are rated on the settlement date by S&P or Moody's[ORS Section 294.035(3)(c)]. In the case where both rating agencies provide ratings on the municipal bond, the lowest rating will be used.</p>
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3. Collateralization

Time deposit open accounts, Certificates of Deposit and savings accounts shall be collateralized through the Public Funds Collateralization Program in accordance with ORS Section 295.018. All depositories must be on the State of Oregon's qualified list. Additional collateral requirements may be required if the Investment Officer deems increased collateral is beneficial to the protection of the monies under the City's management.

IX. INVESTMENT PARAMETERS

1. Diversification

The City will diversify the investment portfolio to avoid incurring unreasonable risks, both credit and interest rate risk, inherent in over investing in specific instruments, individual financial institutions or maturities.

DIVERSIFICATION CONSTRAINTS ON TOTAL HOLDINGS: LIQUIDITY AND CORE FUNDS*		
Issuer Type	Maximum % Holdings	Maximum Per Issuer Name
US Treasury Obligations	100%	
US Agency (GSE) Securities	100%	33%
Bankers Acceptances	10%	5%
Commercial Paper	10%	5%
Corporate Indebtedness	20%	5%
Certificates of Deposit/Bank Deposits/Savings	10%	
Obligations of States and Municipal Obligations	10%	5%
Local Government Investment Pool	ORS 294.810 Limit	

2. Investment Maturity

The City will not directly invest in securities maturing more than five (5) years from the date of purchase.

- a. The maximum weighted maturity of the total portfolio shall not exceed 1.5 years. This maximum is established to limit the portfolio to excessive price change exposure.
- b. Liquidity funds will be held in the State Pool or in money market instruments maturing six months and shorter. The liquidity portfolio shall, at a minimum, represent three months budgeted outflows.
- c. Core funds will be the defined as the funds in excess of liquidity requirements. The investments in this portion of the portfolio will have maturities between 1 day and 5 years and will be only invested in high quality and liquid securities.

Total Portfolio Maturity Constraints:

Maturity Constraints	Minimum % of Total Portfolio
Under 30 days	10%
Under 1 year	25%
Under 5 years	100%
WAM (Weighted Average Maturity)	2 years

Reserve or Capital Improvement Project monies may be invested in securities exceeding five (5) years if the maturities of such investments are made to coincide as nearly as practicable with the expected use of the funds

3. Prohibited Investments

The City shall not lend securities nor directly participate in a securities lending or reverse repurchase program. The purchase of derivatives and use of reverse repurchase agreements are specifically prohibited by this policy. The City shall not purchase mortgage-backed securities.

X. POLICY COMPLIANCE AND PERFORMANCE EVALUATION

1. Compliance Report

A compliance report shall be maintained quarterly to document the portfolio versus the investment policy.

2. Compliance Measurement and Adherence

- a. Compliance Measurement: Guideline measurements will use [par/market] value of investments.
- b. Compliance Procedures: If the portfolio falls outside of compliance with adopted investment policy guidelines or is being managed inconsistently with this policy, the Investment Officer shall bring the portfolio back into compliance in a prudent manner and as soon as prudently feasible.
- c. Violations of portfolio guidelines as a result of transactions; actions to bring the portfolio back into compliance and; reasoning for actions taken to bring the portfolio back into compliance shall be documented and reported to the City Council.
- d. Due to fluctuations in the aggregate surplus funds balance, maximum percentages for a particular issuer or investment type may be exceeded at a point in time. Securities need not be liquidated to realign the portfolio; however, consideration should be given to this matter when future purchases are made to ensure that appropriate diversification is maintained.

- e. As determined on any date that the security is held within the portfolio. If the credit rating of a security is subsequently downgraded below the minimum rating level for a new investment of that security, the Investment Officer shall evaluate the downgrade on a case-by-case basis in order to determine if the security should be held or sold. The Investment Officer will apply the general objectives of Safety, Liquidity, Yield, and Legality to make the decision. If the City has hired the services of an Investment Adviser, the Investment Officer will act on the recommendation of the Adviser.

3. Performance Measurement

The performance of the City of Albany will be measured against the performance of the Local Government Investment Pool, using monthly net yield of both portfolios as the yardstick. Preservation of capital and maintenance of sufficient liquidity will be considered prior to attainment of market return performance. Given these considerations, the City's portfolio should provide a net yield that is equal or better to that attained by the Local Government Investment Pool over interest rate cycles.

Additionally, a market benchmark will be determined that is appropriate for longer term investments based on the City's risk and return profile. The investment adviser will provide return comparisons of the portfolio to the benchmark on a monthly basis. When comparing the performance of the City's portfolio, all fees and expenses involved with managing the portfolio shall be included in the computation of the portfolio's rate of return. This would include any in-house management of the funds, as well as outside management.

XI. REPORTING REQUIREMENTS

The Investment Officer shall submit quarterly and annual reports to the local governing board containing sufficient information to permit an informed outside reader to evaluate the performance of the investment program. More frequent reports may be provided when market conditions merit or if requested by the governing board.

Minimum quarterly reporting requirements for total portfolio:

- Earnings Yield
- Holdings Report (including mark to market)
- Transactions Report
- Weighted Average Maturity or Duration
- Compliance Report

XII. INVESTMENT POLICY ADOPTION BY GOVERNING BOARD

This investment policy will be formally adopted by the Albany City Council. The policy shall be reviewed on an annual basis by the Investment Officer and the Albany City Council. Material revisions to this policy will require a review by the Oregon Short Term Fund Board, pursuant to ORS.

Supersedes: Res No. 6278	Created/Amended by/date: 12-10-2014	Effective Date: 12-10-2014	Reviewed by Council: 12-8-2014
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TO: Albany City Council
VIA: Wes Hare, City Manager
FROM: Stewart Taylor, Finance Director 
DATE: December 1, 2014, for the December 10, 2014, City Council Meeting
SUBJECT: Risk Management Policy
RELATES TO STRATEGIC PLAN THEME: ● Effective Government

Action Requested:

By resolution, readopt the Risk Management Policy and repeal Resolution No. 6279.

Discussion:

The City's current Risk Management Policy was last reviewed and adopted by the City Council as Resolution No. 6279 on November 6, 2013. The policy requires an annual report and review by the City Council.

Staff has worked closely with the City's Insurance Broker, Barker-Uerlings Insurance, to review the current insurance coverages and the Risk Management Policy. The list of insurance coverage has been updated. No other changes are recommended in this year's review.

The City Council received a claims history review and discussed the current policy at the Work Session on December 8, 2014.

Budget Impact:

Costs of insurances are in the adopted budget. The Risk Management Policy sets parameters for managing risks and insurance coverage.

ST:md

Attachment: Resolution and Risk Management Policy

RESOLUTION NO. _____

A RESOLUTION READOPTING THE RISK MANAGEMENT POLICY
AND REPEALING RESOLUTION NO. 6279

WHEREAS, the City Council last adopted the Risk Management Policy as Resolution No. 6279 on November 6, 2013; and

WHEREAS, the policy requires an annual report and review by the City Council; and

WHEREAS, at the December 8, 2014, Work Session, the City Council received an annual report from the City's insurance broker, Barker-Uerlings Insurance, and discussed the insurance coverage and language in the policy; and

WHEREAS, the insurance coverage was updated and no other policy changes were recommended.

NOW, THEREFORE, BE IT RESOLVED that the City of Albany City Council adopts Exhibit A as the Risk Management Policy for the City of Albany.

BE IT FURTHER RESOLVED that Resolution No. 6279 is hereby repealed.

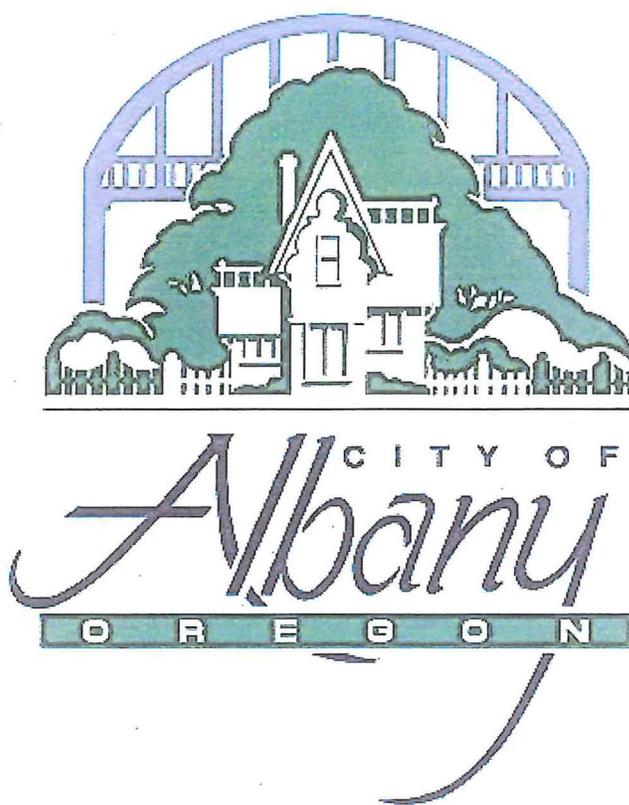
DATED AND EFFECTIVE THIS 10TH DAY OF DECEMBER, 2014.

Mayor

ATTEST:

City Clerk

City of Albany Risk Management Policy



	<p>City of Albany Finance Policy Policy #: F-08-08-003 Title: Risk Management</p>	
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I. POLICY STATEMENT

It is the policy of the City of Albany to proactively identify and manage the inherent risks of providing municipal services. Potential losses will be mitigated through employee safety committees, loss prevention programs, property and liability insurances, workers' compensation, and employee health, life, and disability benefits.

II. GENERAL RESPONSIBILITIES

Each employee of the City is responsible to contribute to a safe environment for all employees and the public. Employees should help identify and correct unsafe conditions and should follow all established safety laws, policies, and practices.

The City Manager and department directors are responsible to protect the City of Albany's assets by identifying and managing risks. Primary objectives include containing costs, minimizing accidents and injuries to employees and the public, reducing the frequency and severity of property loss, and promoting a healthy employee workforce and working environment.

Department directors are responsible for managing the risks of operations in their respective departments. They ensure that effective safety and loss prevention programs are implemented and oversee the investigation of claims and losses.

Department directors coordinate their efforts with the Senior Accountant who acts as the City's Risk Manager. The Risk Manager is responsible for facilitating claims processing and working closely with third party property and liability insurers.

The City Manager may choose to retain professional advisors, consultants, insurers, brokers, and agents of record to assist the City in placing appropriate insurances and developing effective safety and loss prevention programs.

III. SPECIFIC RESPONSIBILITIES

1. **Human Resources Director.**
 - a. Coordinate and promote city-wide safety awareness and employee wellness programs.
 - b. Manage the City's worker's compensation and health insurance programs to contain costs and promote safety and wellness for employees and their families.
2. **Finance Director.**
 - a. Recommend appropriate levels of property and general liability insurance to the City Manager and City Council.
 - b. Coordinate periodic inventories of all property, buildings, equipment, vehicles, and other capital assets and verify that appropriate insurance is in place.
 - c. Maintain policies, bonds, and other legal documentation of insurance.
 - d. Provide an annual report to the City Council showing claims experience and the costs of insurance programs.
3. **Fire Chief.**
 - a. Conduct fire and life safety inspections of City facilities on a periodic basis according to the level of risk in each facility.

- b. Verify that all facilities are in compliance with recognized fire code standards for fire and life safety.

4. **City Attorney.**

- a. Develop templates of contracts and leases which include language to identify and mitigate liability and other potential losses.
- b. Notify the City Manager of changes in state statutes and common law that affect municipal liability.
- c. Assist insurers in the investigation and settlement of claims against the City.
- d. Review insurance and bond contracts.

IV. RETAINING AND TRANSFERING RISK

1. **Reserve Account.**

A Risk Management Fund will be maintained with a working balance of up to \$2,000,000 for unforeseen catastrophic events and major deductibles. Each department will be responsible for claims and deductibles up to \$10,000 per incident resulting from losses in their respective operations.

2. **Insurance Coverages.**

The following minimum policy limits and deductibles will be maintained:

Property/Boiler & Machinery

Limit: Determined each year by the filed value of insured property.

Deductibles:	Buildings/Contents	\$10,000
	Boiler & Machinery	\$10,000
	Mobile Equipment	\$10,000
	Earthquake	3% of value
		\$100,000 min
	Limit	\$25,000,000
	Flood	\$100,000
	Limit	\$10,000,000

Tort Liability

Limit: \$5,000,000

Auto Liability

Limit: \$5,000,000

Auto Physical Damage

Deductibles:	Comprehensive	\$100
	Collision	\$500

Crime

Employee Dishonesty	\$500,000
Forgery or Alteration	\$500,000
Money & Securities	\$500,000
Computer Fraud	\$500,000
Money Orders & Counterfeit Currency	\$500,000

Deductible on all coverage	\$ 10,000
Public Official Bonds	
City Manager	\$300,000
Finance Director	\$300,000
Airport Liability	
Limit:	\$5,000,000
Senior Center Trips	
Limit:	\$5,250

3. Self Insurance.

The City shall self-insure to the extent it is more cost effective than commercial insurance and does not present unacceptable financial or other risks to the City.

V. ALLOCATION OF INSURANCE COSTS

Departments and programs that have dedicated revenue sources or are independent legal entities will be charged insurance costs specific to the risk exposures of the operations of those departments and programs.

Premiums and related costs for liability insurance, workers' compensation, and property insurance will be allocated to each department based on claims experience and risk exposure. Property insurance costs are allocated according to the specific properties used and operated by each department or program.

VI. CONFIDENTIALITY OF RECORDS

All personally identifiable and confidential information will be maintained in compliance with the Identity Theft Protection Policy, Finance Policy Number F-04-08. All employee medical records and long-term disability claims held by the City will be maintained in separate locked files and access will be controlled through the City Manager and Human Resources Departments.

All police reports will be kept confidential unless the Albany Police Department and/or the City Attorney approve release.

VII. REPORTING PROPERTY/CASUALTY ACCIDENTS AND LOSSES

1. Accidents and losses must be reported promptly and in accordance with prescribed procedures. The benefits of timely reporting include enhanced citizen confidence, better protection of the City's interests, reduced time lost for employees and equipment, and savings realized through prompt settlements.

Reports of general liability claims and automobile accidents should be immediately reported to the Risk Manager. The following information should be included in every report:

- a. Date, time, and location of accident or event
- b. Description of vehicle, equipment, or property involved
- c. Name(s) of person(s) involved
- d. Name(s) of person(s) injured

- e. Description of any medical attention received
- f. Nature of damage/loss and estimated cost
- g. Description of circumstances; diagram of events if possible
- h. Insurance Policy Numbers, Agents, and/or Agencies
- i. Name(s) and addresses of witnesses
- j. Appropriate signatures
- k. Copy of DMV report, if filed
- l. Copy of police report, if filed

In addition, procedures described in Human Resources Policy HR-SF-02-001 (Property Loss/Damage) must be followed.

2. The Risk Manager will process all accident/loss notices, except workers' compensation, and will notify the appropriate insurance company.
3. The Human Resources Department will file workers' compensation accident reports with the appropriate insurance company. Workers' compensation incidents will be processed in accordance with Human Resources Policy HR-SF-03-001 (Reporting On-the-Job Injuries).
4. Accidents of a serious nature and those occurring on weekends or holidays should be called in to the appropriate supervisor and followed up with the proper accident forms and information. The Risk Manager should be notified of the accident on the first day back to work.
5. As required by law, on-the-job injuries to employees that result in overnight hospitalization for treatment (not just observation), must be reported to OR-OSHA within twenty-four (24) hours of the injury. An on-the-job accident that results in the hospitalization of three or more employees, or in a fatality, must be reported to OR-OSHA within eight (8) hours of the accident. In either of these situations, the Human Resources Generalist or Human Resources Director should be notified immediately so they may make notification to OR-OSHA.

VIII. REPORTS TO BE FILED

1. All Property/Casualty claims reports will be filed with the Risk Manager.
2. Minutes of City Council meetings, safety meetings, and all other City committee meetings in which Risk Management policy or procedure decisions are made will be filed as appropriate.
3. Inspection reports when the building inspector or Fire Department inspects City premises will be filed with the Risk Manager or the Fire Department.
4. Long-term disability and life insurance claims and workers' compensation claims and reports will be filed with the Human Resources Department.

IX. RISK MANAGER RECORDS

The Risk Manager shall keep the following records:

1. An inventory of current locations, descriptions, and insurable values of all property/vehicles owned or leased by the City.
2. An insurance register, outlining all coverages in force and including premiums, policy numbers, servicing agents, terms of coverage, and expiration dates.
3. Premium payment and allocation records.
4. Claims filed and pending.
5. Loss records subdivided into property, liability, and other liability claims paid by the insurer under existing insurance policies.
6. Claim recoveries received from third parties who have damaged City property or who are reimbursing for City wages paid.

Supersedes: Res No. 6279	Created/Amended by/date: 12/10/2014	Effective Date: 12/10/2014	Reviewed by Council: 12/10/2014
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TO: Albany City Council
VIA: Wes Hare, City Manager
FROM: Stewart Taylor, Finance Director *ST*
DATE: December 1, 2014, for the December 10, 2014, City Council Meeting
SUBJECT: Financial Policies

RELATES TO STRATEGIC PLAN THEME: ● Effective Government

RELATES TO: ● Continue recognition from the GFOA for excellence in budgeting and financial reporting.

Action Requested:

By resolution, adopt the updated Financial Policies and repeal Resolution No. 6277.

Discussion:

The City's current Financial Policies were last reviewed and adopted by the City Council as Resolution No. 6277 on November 6, 2013. The policies are reviewed on an annual basis. This year's review was conducted at a work session on December 8, 2014.

The City Council passed a motion on November 10, 2014, directing staff to work with bond counsel to develop continuing disclosure policies and to participate in appropriate training to ensure proper and timely disclosure filings. Changes are incorporated into the attached Financial Policies directing the City Manager to ensure that appropriate policies and procedures are in place.

In February 2013, the City participated in a rating review by Moody's Investors Services. Rating reviews are conducted periodically by the rating agencies to identify changes in financial and economic conditions that may cause a change in the City's rating or outlook. Moody's review confirmed the City's A2 rating. Standard and Poor's last reviewed the City's rating in 2012 and reaffirmed its rating of A+ with a stable outlook. The proposed policy shows the current ratings for both Moody's and Standard and Poor's.

Budget Impact:

The Financial Policies establish parameters for the annual budget and ongoing financial operations.

ST:md

Attachment: Resolution and Financial Policies

RESOLUTION NO. _____

A RESOLUTION ADOPTING FINANCIAL POLICIES
AND REPEALING RESOLUTION NO. 6277

WHEREAS, the City's Financial Policies are adopted on an annual basis to clearly define the fiscal environment for the budget process and ongoing financial operations; and

WHEREAS, the policies were last adopted by Resolution No. 6277 on November 6, 2013, following review and discussion by the City Council; and

WHEREAS, this year's review was conducted at a Work Session on December 8, 2014; and

WHEREAS, the City Council gave direction regarding any changes to the policies and those changes have been incorporated into the attached policies; and

WHEREAS, the Council now desires to adopt the Financial Policies.

NOW, THEREFORE, BE IT RESOLVED that the City of Albany City Council hereby adopts Exhibit A as the Financial Policies for the City of Albany and repeals Resolution No. 6277.

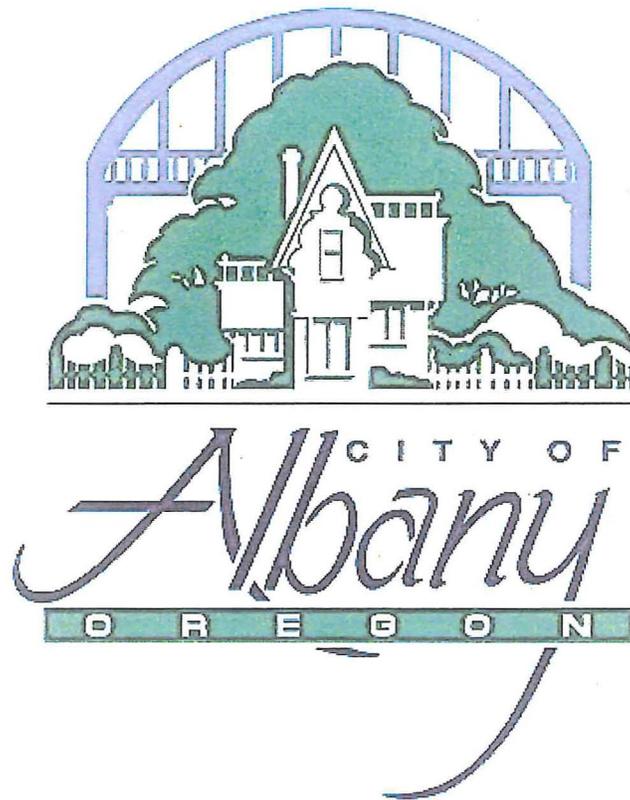
DATED AND EFFECTIVE THIS 10TH DAY OF DECEMBER, 2014.

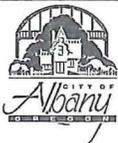
Mayor

ATTEST:

City Clerk

City of Albany Financial Policies



	<p>City of Albany Finance Policy Policy #: F-07-08-006 Title: Financial Policies</p>	
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I. POLICY STATEMENT

It is the policy of the City of Albany to actively manage financial, operational, and budgetary affairs within established guidelines in order to maintain financial stability both now and in the future.

II. GENERAL GUIDELINES

1. The City Manager and department directors are charged with achieving the themes, goals, and objectives adopted by the City Council in the City's Strategic Plan.
2. The implementing document for the Strategic Plan is the annually adopted budget. The adopted budget establishes types and levels of services through both operating and capital budgets. The relationships between the operating and capital budgets will be explicitly recognized and incorporated into the budget process. Resources will be identified to provide designated levels of service, and maintenance or enhancement of related capital and fixed assets.
3. The City will actively measure performance and pursue process improvements to enhance productivity and maximize resources.
4. Adequate reserves will be maintained for all known liabilities, including employee leave balances and explicit post employment benefits.
5. The City will actively seek partnerships with private interests and other government agencies to achieve common policy objectives, share the costs of providing local services, and support favorable legislation at the state and federal levels.
6. The City will seek out, apply for, and effectively administer federal, state, and foundation grants-in-aid that address the City's priorities and objectives.

III. REVENUES

1. The City will actively identify and administer funding sources that create a reliable, equitable and diversified revenue stream to shelter the City from short-term fluctuations in any single revenue source and to maintain desired levels of services.
2. Revenues will be conservatively estimated in the budget process.
3. Target fund balances for operating budgets will range between 5 and 15 percent of operations.
4. The City will consider full cost recovery and comparable rates charged by other municipalities of similar size in establishing rates, fees, and charges.
5. The City will follow an aggressive policy of collecting revenues.
6. Enterprise and internal service funds are intended to be self-supporting.

IV. EXPENDITURES

1. The City will identify priority services, establish appropriate service levels, and administer the expenditure of available resources to assure fiscal stability and the effective and efficient delivery of services.
2. The City will operate on a current funding basis. Expenditures will be monitored on an ongoing basis so as not to exceed current revenues and targeted fund balances.
3. The City Manager will take immediate corrective actions if at any time during a fiscal year revised revenue and expenditure estimates project a year-end deficit. Mitigating actions may include a hiring freeze, expenditure reductions, fee increases,

or use of contingencies. Actions to be avoided include expenditure deferrals into the following fiscal year, short-term loans, and use of one-time revenues to support ongoing operations.

4. Target contingencies for operating budgets will range between 5 and 15 percent of operations.
5. Internal service charges and project accounting should be used when service recipients and parameters of a project can be easily identified. The charges should be based on methodologies that fairly allocate the full cost of services. The Finance Director shall review the methodologies on a periodic basis to verify that they are consistent with federal guidelines and Oregon Local Budget Law.
6. The City Manager will undertake ongoing staff and third-party reviews of City programs to measure efficiency and effectiveness. Privatization and contracting with other governmental agencies will be evaluated as alternatives to in-house service delivery. Programs that are determined to be inefficient and/or ineffective shall be reduced in scope or eliminated.

V. CAPITAL IMPROVEMENT PROGRAM (CIP)

1. The City will monitor and periodically assess the City's capital equipment and infrastructure, setting priorities for its renovation and replacement based on needs and available resources.
2. The City will develop a multi-year program for capital improvements that will be reviewed annually in the budget process.
3. Projects in the CIP will be flagged as either funded or unfunded depending on whether or not the forecasted operating budget can support or fund the project. All funded projects are included in the operating budget for the corresponding budget year.
4. The City will maintain its physical assets at a level adequate to protect the City's capital investment and minimize future maintenance and replacement costs. The budget process will provide for review of maintenance and orderly replacement of capital assets from current revenues where possible.

VI. CAPITAL ASSETS

1. Capital assets are non-consumable assets with a purchase price of \$5,000 or greater and a useful life of more than one year.
2. The Finance Department will oversee a physical count/inspection of all capital assets at least on a biennial basis. All additions, deletions, and depreciation of infrastructure will be reported consistent with the requirements of the Government Accounting Standards Board Statement Number 34.
3. Adequate insurance will be maintained on all capital assets.

VII. DEBT

1. The City will generally limit long-term borrowing to capital improvements.
2. The City will follow a policy of full disclosure on every financial report, official statement, and bond prospectus.
3. The City Manager will ensure that continuing disclosure policies and procedures are in place and include the following:
 - a. The City's bond counsel will advise the City in developing appropriate policies and procedures.

- b. The Finance Director is primarily responsible for meeting all post-issuance and continuing disclosure requirements of all bonds issued by the City.
 - c. The Finance Director will participate in timely and appropriate training to be familiar with any changes in continuing disclosure requirements.
 - d. Records will be maintained to substantiate compliance for three years after securities have matured.
 - e. The City will take timely steps to correct any instances of noncompliance.
4. The City will strive to maintain its high bond ratings, currently A+ from Standard & Poor's and A2 from Moody's, and will receive credit ratings on all its bond issues.
 5. General obligation debt will not be used for self-supporting enterprise activities unless the activity provides a community-wide benefit.
 6. The City shall ensure that its general obligation debt margins are within the 3% true cash value limitation as set forth in ORS Section 287.004.
 7. Funding strategies that are necessary to support debt obligations should be implemented prior to debt payments becoming due so that debt obligations can be met from current revenues.
 8. The City will use voter-approved general obligation debt to fund general-purpose public improvements that cannot be financed from current revenues. Special purpose debt including certificates of participation, revenue bonds, and loans will be linked to specific funding sources.

VIII. Grants

1. Community organizations that desire financial support from the City must submit a Community Grant application no later than March 1 in order to be considered for funding in the next budget year. Applications will be reviewed by the department director assigned by the City Manager. Primary consideration will be given to requests that further the goals and objectives in the Strategic Plan. Applications that are approved by the department director and City Manager shall be included in the Proposed Budget to be considered by the Budget Committee and City Council.

Any recipient of a Community Grant shall submit an accounting of how the funds were expended and the benefits achieved as required by City Council Resolution No. 5089. Recipients of grants greater than \$100,000 must also submit an independent review of financial policies and procedures related to the grant proceeds no later than six months following the end of the fiscal year in which the funds were granted.

Notwithstanding the above, community organizations and events funded with transient lodging tax revenues will follow the guidelines set forth in Finance Policy F-12-11-001 as currently adopted or amended.

2. City departments are encouraged to seek grants and other financial support from private, nonprofit, and government agencies that would supplement City resources in meeting adopted goals and objectives. Grants that are available on an annual basis should be included in the proposed budget and do not require further City Council action once the budget is adopted, unless required by the granting agency. The City Manager is responsible to oversee other grant applications. All awarded grants must be accepted and appropriated by resolution of the City Council as required by Oregon Local Government Budget Law (ORS 294.326(3)).

IX. ACCOUNTING, AUDITING, AND FINANCIAL REPORTING

1. The Finance Department is responsible to see that all accounting, auditing, and financial reporting comply with prevailing federal, state, and local statutes and regulations including generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants (AICPA), and the Government Finance Officers Association (GFOA).
2. The Finance Department will conduct periodic internal audits of financial procedures such as cash handling, purchasing, and accounts payable to test internal controls and to detect instances of fraud or abuse. The Finance Director shall establish locations and limits for petty cash, purchase cards, and other cash and purchasing procedures consistent with operational needs, GFOA best practices, and Oregon Administrative Rules and Revised Statutes.
3. The City will seek out and contract for the assistance of qualified financial advisors, consultants, and auditors in the management and administration of the City's financial functions.
4. The City Council will be provided monthly financial reports of revenues and expenditures.
5. A complete independent audit will be performed annually.
6. The City will issue annual financial reports in accordance with generally accepted accounting principles (GAAP) as outlined in the Governmental Accounting, Auditing, and Financial Reporting (GAAFR) publication.
7. The City will annually seek the GFOA Certificate of Achievement for Excellence in Financial Reporting and the GFOA Distinguished Budget Presentation Award.

Supersedes: Res. No. 6277	Created/Amended by/date: 12/10/2014	Effective Date: 12-10-2014	Reviewed by Council: 12/08/2014
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TO: Albany City Council
VIA: Wes Hare, City Manager
FROM: Mario Lattanzio, Chief of Police *M. LATTANZIO* (M)
DATE: December 1, 2014, for December 10, 2014, City Council Meeting
SUBJECT: Limited Off-Premises Sales, Change Ownership Liquor License Application for Gary, Inc., dba U.S. Mini Mart #21, located at 2515 Geary Street.

Action Requested:

I recommend the Limited Off-Premises Sales, Change Ownership Liquor License Application for Gary, Inc., dba U.S. Mini Mart #21, located at 2515 Geary Street, be approved.

Discussion:

Jaswant Sranna and Sona Athwal, on behalf of Gary, Inc., have applied for a Limited Off-Premises Sales, Change Ownership, liquor license. Based on a background and criminal history investigation through Albany Police Department records, the applicants have no criminal record.

Budget Impact:

None.

MSR



TO: Albany City Council
VIA: Wes Hare, City Manager
Mario Lattanzio, Police Chief
John R. Bradner, Fire Chief
FROM: Staci Belcastro, P.E., Assistant City Engineer/Engineering Manager *SB*
DATE: December 4, 2014, for the December 10, 2014, City Council Meeting
SUBJECT: Professional Services Contract for Preliminary Engineering for the Police Station and Fire Station 11

Action Requested:

None. This memo provides an update on executing two contracts with Mackenzie, of Portland, Oregon, for Phase I - Preliminary Design Services for the Police Station and Fire Station 11.

Discussion:

Police Station

It has been determined that Albany's Police Department has outgrown the existing Police station. The existing station has been internally reconfigured multiple times to meet the department's changing space requirements and there are a number of needs that the current police station is unable to meet. Since construction of the existing Police station, Albany's population has nearly doubled and police staffing has increased to meet the needs of the growing community. In 2009, the City purchased a 3.69 acre property to facilitate construction of a new Police Station. A vicinity map of the proposed site is included as Attachment 1.

Fire Station 11

Albany's existing downtown Fire Station 11 and its site are not able to meet the fire and medical emergency response needs of the community. The existing station does not meet seismic standards and will most likely collapse during a significant earthquake. Emergency power and electrical wiring are substandard; the station lacks appropriate restrooms and locker space for employees; it is not accessible to people with physical limitations; it has structural weight limitations that restrict placement of emergency vehicles. The size of the existing station and site limits its use as an emergency facility. The City has purchased property in the vicinity of the existing station in order to expand and allow for construction of a new downtown Fire Station. A vicinity map of the expanded site is included as Attachment 2.

Background

A 14-member citizen committee, Public Safety Facilities Review (PSFR) Committee, was appointed in January 2014 to study current conditions and future needs at Fire Station 11 and the Albany Police Department building following voter rejection of the 2013 Public Safety Facility Bond. The PSFR Committee confirmed Council's and staff's earlier conclusions and, after considerable research, determined that the police station should be replaced at the new site and the fire station should be replaced at its expanded current site.

The Committee wanted Albany residents to see how the new buildings might look and also wanted to develop accurate cost estimates for the facilities. They requested a two-step process be used to first identify three design consultants via a request for qualifications, and second to receive from those consultants written proposals, cost estimates, oral presentations and drawings or other visual representations for public display and comment.

Design Consultant Selection

A total of five design consultants provided written proposals and completed presentations in response to the Request for Proposals (RFP); Mackenzie was the only consultant responding to both the Fire and Police RFPs. A seven-member selection review committee reviewed the written proposals, attended the presentations, and then met to evaluate the proposals and presentations. Consultants were scored based on criteria listed in the RFP, resulting in the selection of Mackenzie to provide preliminary design services for both facilities.

Budget Discussion

Mackenzie provided a schedule and cost proposal for Phase I - Preliminary Design; Phase II - Design Development; and Phase III - Construction Services. Phase I includes development of the design, refining the cost estimate, and other tasks required in preparation of a public safety facilities bond measure in May 2015. Execution of contracts with Mackenzie for work outlined in Phases II and III will be determined based on available funding sources. Costs for all three phases are provided in the table below. The amounts have been rounded to the nearest \$10.

Architectural & Design Components	Estimated Cost
I. Police Station Architectural and Design Services	
a. Phase I: Preliminary Design	\$ 112,850
b. Phase II: Design Development	\$ 704,640
c. Phase III: Construction Services	\$ 243,660
<i>Subtotal</i>	\$ 1,061,150
II. Fire Station Architectural and Design Services	
a. Phase I: Preliminary Design	\$ 105,550
b. Phase II: Design Development	\$ 435,660
c. Phase III: Construction Services	\$ 180,520
<i>Subtotal</i>	\$ 721,730

Budget Impact:

This phase of design services will be funded from Public Safety Building Design (208-10-1037-60264). Funding of Phases II and III will be determined.

SLB:kw

Attachment

ATTACHMENT 1

POLICE STATION VICINITY MAP (2400 BLOCK PACIFIC BLVD SW)



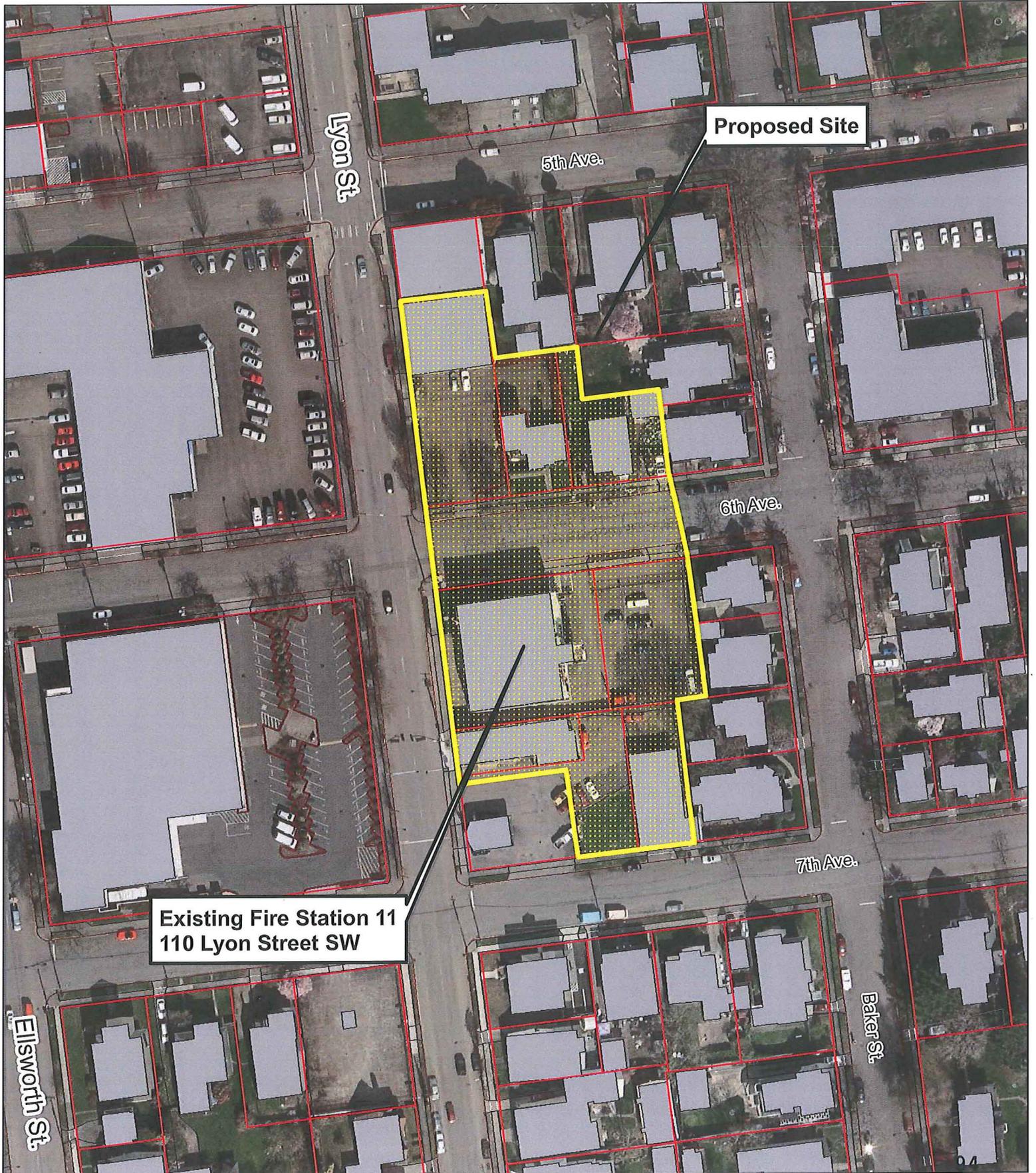
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ATTACHMENT 2 FIRE STATION 11 VICINITY MAP

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TO: Albany City Council

VIA: Wes Hare, City Manager
Mark W. Shepard, P.E., Assistant City Manager/Public Works and Community Development Director MWS

FROM: Jeff Blaine, P.E., Assistant Public Works Director/City Engineer
Chris Cerklewski, P.E., Civil Engineer III

DATE: December 3, 2014, for the December 10, 2014, City Council Meeting

SUBJECT: ST-13-03, North Albany Road Reconstruction
Engineering Services Contract Increase

- RELATES TO STRATEGIC PLAN THEME:
- A Safe City
 - An Effective Government

Action Requested:

Staff recommends Council approve an increase to the engineering services contract with WHPacific, Inc., of Salem, Oregon, for the North Albany Road Reconstruction project in the amount of \$81,767.52.

Discussion:

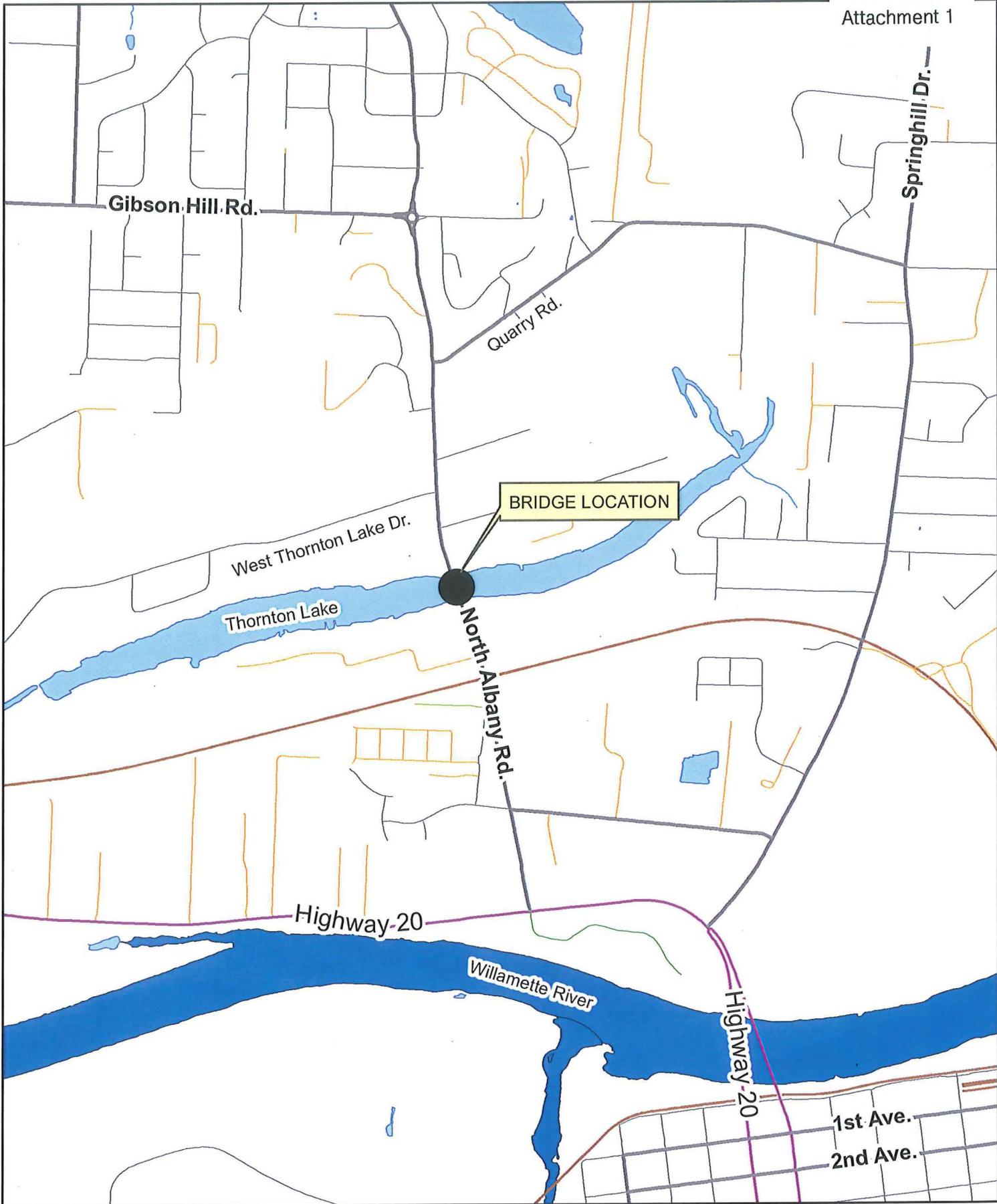
On July 10, 2013, Council approved a contract with WHPacific, Inc. in the amount of \$198,243.27. This contract included design and construction support services for modifications to the existing North Albany Road Bridge over Thornton Lake. Design services provided for raising the existing bridge to within one foot of the 100-year floodplain elevation in order to improve emergency access during a major flood event. Currently 550 feet of North Albany Road, including the bridge over Thornton Lake, is well below the 100-year floodplain. Design services also provided for widening the bridge to accommodate sidewalks and improvements to bring the existing bridge up to current seismic standards. A vicinity map is attached (see Attachment 1).

During project design, City staff determined that floodplain development criteria could not be met with the modifications envisioned for the existing bridge. As discussed with Council at the various Council meetings over the past year, a new bridge with a longer span is required to avoid raising flood elevations upstream of North Albany Road. A contract amendment with WHPacific, Inc. is required in order to facilitate design of the new bridge and to provide for more intensive construction inspection activities. The additional cost for these contract amendments totals \$81,767.52, which is a 41.2 percent increase over the original contract amount. Per AMC 2.66.040, Council approval is required for any contract increases in excess of 10 percent above the originally approved contract amount.

Budget Impact:

There are adequate funds in the project budget to pay the additional \$81,767.52 for this engineering services agreement amendment. The funding for this amendment will be from a combination of North Albany Street Improvement Fee Projects (250-50-2701), Transportation SDC Reimbursement Fee Projects (250-50-2704), Transportation SDC Improvement Fee Projects (250-50-2703), and Street Capital and Restoration (250-50-2700).

CLC:kw
Attachment



ATTACHMENT 1: NORTH ALBANY RD. BRIDGE VICINITY MAP





TO: Albany City Council
VIA: Wes Hare, City Manager
FROM: Mark W. Shepard, P.E., Assistant City Manager/ Public Works and Community Development Director MWS

DATE: December 2, 2014, for the December 10, 2014, City Council Meeting

SUBJECT: Dumbeck Lane Domestic Water Supply District Revised Service Agreements

RELATES TO STRATEGIC PLAN THEME: • A Safe City
• An Effective Government

Action Requested:

Staff seeks Council authorization for the Public Works Director to enter into revised service agreements to provide water and water system maintenance for the Dumbeck Lane Domestic Water Supply District.

Discussion:

In 2006 the City of Albany and the Dumbeck Water Supply District (Dumbeck) entered into a water sales agreement where Albany agreed to sell water to Dumbeck, and Dumbeck agreed to purchase water through an 8-inch water meter that Albany owns for billing purposes. In 2007 Albany and Dumbeck entered into a second agreement where Albany provides specific routine maintenance functions on the water distribution system Dumbeck owns on a fee-for-service basis.

The Water Sales and Water Maintenance Agreements were reviewed and updated this year to remove the original conditions that have been satisfied and to clarify the covenants and authorizations. The basic terms of sale and maintenance were not modified as the arrangement has been working well for both parties. The updated Agreements are attached and the substantive changes are listed below:

- Removed satisfied condition for Dumbeck to construct a 12-inch water distribution main to Albany's standards between Albany's 8-inch water meter and Dumbeck's water main on Independence Highway. Albany contributed oversizing costs to allow for a future emergency inter-tie to the nearby City of Adair Village water system.
- Changed the payment due date to "within 30 business days of receipt" instead of "within 15 days of the invoice date".
- Referenced City of Albany *Standard Construction Specifications* and *Design Standards* instead of National Sanitation Foundation Standards.
- Adjusted the notice of agreement cancellation to 24 months instead of 90 days.
- Removed the requirement for annual review of the agreement.

Budget Impact:

Additional income will be received by the Water Fund for water sales and the provision of services.

JEN:kw
Attachment

WHOLESALE DOMESTIC WATER SALES AGREEMENT

THIS AGREEMENT is made and entered in this ___ day of _____ 2014, by and between the CITY of ALBANY, a Municipal Corporation, hereinafter referred to as "Albany," and the Dumbeck Lane Domestic Water Supply District, a Special District, hereinafter referred to as "Dumbeck."

The purpose of this agreement is to terminate the previous agreement titled "WHOLESALE DOMESTIC WATER SALES AGREEMENT" executed on September 1, 2006, and "Amendment No.1" executed on December 18, 2009, between the City of Albany and the Dumbeck Water District whereby the City of Albany contracted to sell domestic water to Dumbeck. This agreement redefines the provisions for Albany to sell domestic water to Dumbeck, as specifically provided in this agreement.

WITNESSETH:

WHEREAS, Dumbeck owns a water distribution system and performs certain operational and maintenance activities on their own water distribution system; and

WHEREAS, Dumbeck has a separate contract with Albany for specific maintenance functions to be routinely performed by Albany personnel on Dumbeck's water distribution system; and

WHEREAS, Albany provides potable water to the 8-inch meter near Scenic Drive and Valley View Drive that serves the Dumbeck water distribution system; and

WHEREAS, Dumbeck constructed a 12-inch water distribution main (an inter-tie from the Albany main on Scenic Drive and the existing Dumbeck main on Independence Highway) in 2007 and Albany participated in the upsizing of the line that provides for a potential emergency inter-tie to the City of Adair Village, Oregon, water system; and

WHEREAS, Dumbeck began water service from Albany in August 2007 and desires to continue to purchase water service from Albany; and

WHEREAS, Albany charges its customers a base charge and a consumption rate, but agrees to only charge Dumbeck a consumption charge for water delivered to the 8-inch water meter.

NOW, THEREFORE, it is agreed between the parties as follows:

1. Water Distribution System Maintenance and Operational Standards: Dumbeck and Albany agree to comply with the terms of the most recent WATER DISTRIBUTION SYSTEM MAINTENANCE SERVICES AGREEMENT.
2. Limitation on Dumbeck's Right to Utilize Albany Water: Dumbeck may utilize Albany water pursuant to the terms of this agreement only to serve a maximum of 132 residential connections. A "residential connection" is defined as a meter not exceeding one-inch that serves only one single-family dwelling unit and is located within Dumbeck's geographic boundaries as shown on Exhibit A and Exhibit A-1.
3. Water Quality: Albany agrees to provide potable water that is of like pressure and quality as that generally provided to Albany customers adjacent to Dumbeck. In the event of a temporary non-compliance, Albany will comply with all regulatory direction to restore its system to compliance. Albany makes no representations concerning the suitability of Albany's potable water for the Dumbeck system or any customer thereof.
4. Indemnification: Dumbeck agrees to indemnify and hold Albany harmless from any governmental or third party claims resulting in any manner from the provision of Albany water to

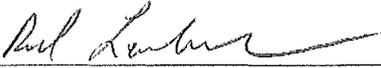
Dumbeck customers consistent with the terms of this agreement. This indemnification clause does not preclude Dumbeck from pursuing breach of contract claims against Albany concerning the provision of Albany water to Dumbeck.

5. Albany's Right to Interrupt Water Service: Notwithstanding any other provision in this agreement, Albany shall have the right to interrupt, terminate, or reduce water deliveries to Dumbeck in the event of any of the following contingencies, as determined by Albany in the exercise of reasonable discretion:
 - A. In keeping with a general water service reduction adopted by Albany to address general or localized water shortages.
 - B. If Dumbeck, through improper system design, construction, operation, or maintenance is using so large an amount of water or creates a water quality problem as to negatively impact Albany's other water customers.
 - C. As necessary to meet any curtailment or conservation measure imposed upon Albany by any other unit of government or as adopted for general application by Albany.
6. Water Rates
 - A. Dumbeck will pay quarterly for water delivered to Dumbeck's 8-inch water meter that Albany owns, installed, and maintains for billing purposes.
 - B. The water rate charged will be the wholesale rate specified for Dumbeck in Albany's current RESOLUTION SETTING RATES FOR WATER USE and will be adjusted up or down by the percentage specified by Albany City Council.
 - C. It is presently intended that Albany will not require a fixed monthly charge component in the rate similar to what is charged to Albany customers. This statement of intention, however, does not limit the discretion of Albany and its elected officials to charge such rates as they deem appropriate and as may be agreed to between the parties.
 - D. Dumbeck agrees to pay all quarterly billing within 30 business days of receipt. Any late payment shall bear interest at nine (9) percent per annum.
 - E. Adjustments for Fire Flow Water: Dumbeck will not be charged for water used to fight fires by the Albany Fire Department in execution of their contract duties with the North Albany Rural Fire District or the Palestine Rural Fire District or in their duties to protect the citizens of Albany. The adjustment will be based upon the best meter information available to estimate the usage from the Dumbeck system without the fire flow.
7. Additional Charge for Connection: Dumbeck will also pay a total of \$120,141.60 over a course of ten (10) years in equal monthly payments of \$1,001.18 for 120 months beginning in August 2007. The purpose of this payment is for the System Development Charge of \$105,367 for an 8-inch meter and \$14,775 towards Albany's remaining debt for the purchase of the water system. There is no penalty for prepayment.
8. Term: This agreement begins upon execution and will be in force for a ten (10) year period unless amended or cancelled by either party. Either party may cancel this agreement upon 24 months written notice to the other.

IN WITNESS WHEREOF, the parties have caused this document to be executed pursuant to the authority of the Albany City Council by the Public Works Director of Albany and the Board of Directors of the Dumbeck Lane Water District.

DATED this ____ day of _____ 2014.

DUMBECK LANE WATER DISTRICT:



Rod Laverdure, Chairman of the Board

CITY OF ALBANY:

Mark W. Shepard, P.E., Assistant City Manager,
Public Works and Community Development
Director

ATTEST:



John Simpkins, III, Vice-Chairman of the Board

ATTEST:

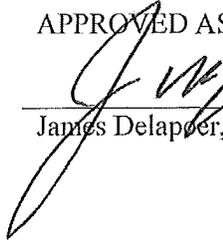
Mary Dibble, Albany City Clerk

APPROVED AS TO FORM:



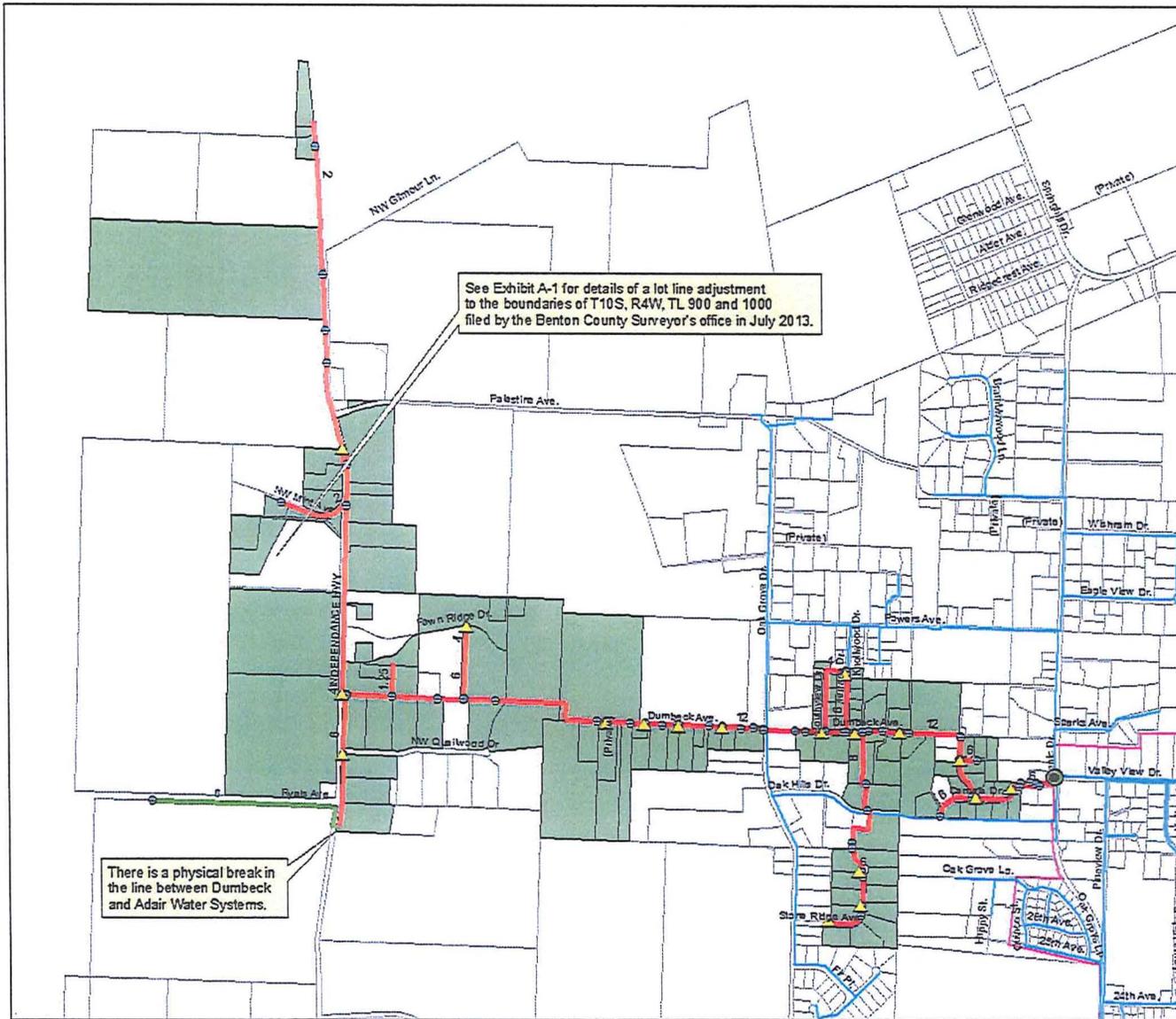
Alexandra Sosnkowski, Attorney
Ruben Cleveland

APPROVED AS TO FORM:



James Delapoe, Albany City Attorney

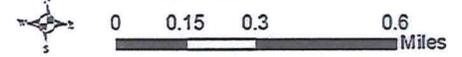
Dumbeck Water System



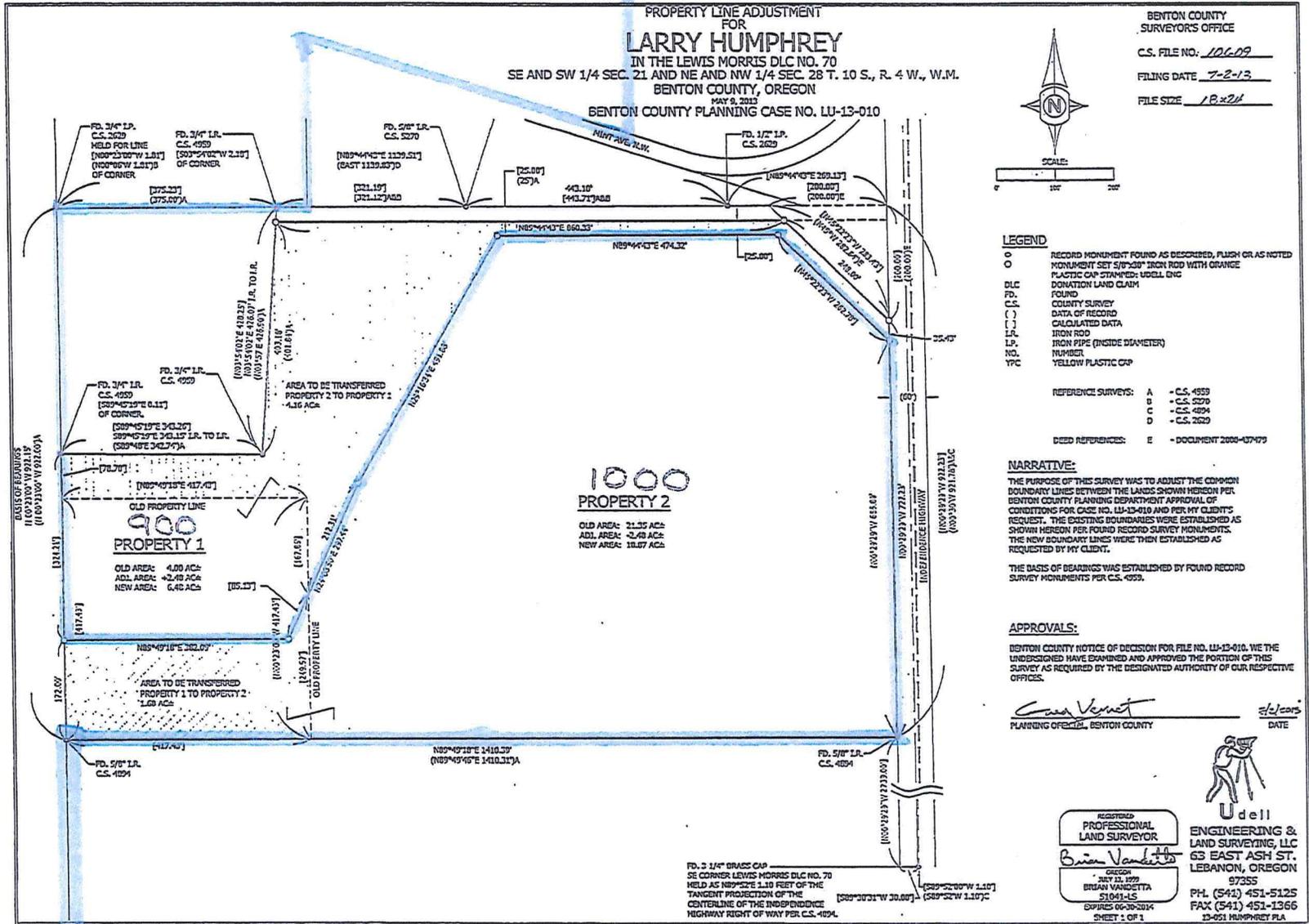
Legend

- Dumbeck Parcels
- Dumbeck Water Mains
- Fire Hydrants
- Water Valves
- 8-inch Master Water Meter
- Adair Water Mains
- Albany Water Mains
- Urban Growth Boundary

10S 04W 16	1100	10S 04W 27	300	10S 04W 27D	201
10S 04W 16	1101	10S 04W 27	400	10S 04W 27D	202
10S 04W 21	200	10S 04W 27	500	10S 04W 27D	500
10S 04W 21	500	10S 04W 27	600	10S 04W 27D	504
10S 04W 21C	100	10S 04W 27	601	10S 04W 27D	505
10S 04W 21C	200	10S 04W 27	700	10S 04W 27D	512
10S 04W 21C	300	10S 04W 27	800	10S 04W 27D	1600
10S 04W 21C	400	10S 04W 27	900	10S 04W 27D	1700
10S 04W 21C	500	10S 04W 27AA	1500	10S 04W 27D	1800
10S 04W 21C	600	10S 04W 27AA	2400	10S 04W 27D	1900
10S 04W 21C	800	10S 04W 27AD	100	10S 04W 27D	2000
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10S 04W 27	200	10S 04W 27D	200		



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WATER DISTRIBUTION SYSTEM MAINTENANCE SERVICES AGREEMENT

THIS AGREEMENT is made and entered in this ___ day of _____ 2014, by and between the CITY of ALBANY, a Municipal Corporation, hereinafter referred to as "Albany," and the Dumbeck Lane Domestic Water Supply District, a Special District, hereinafter referred to as "Dumbeck."

The purpose of this agreement is to terminate the previous agreement titled "WATER DISTRIBUTION SYSTEM MAINTENANCE SERVICES AGREEMENT" executed on November 15, 2007, between the City of Albany and the Dumbeck Water District whereby the City of Albany contracted to operate and maintain the Dumbeck Water District's public water facilities. This agreement redefines the provisions for the City of Albany to provide maintenance for the Dumbeck Water District's public water distribution system as specifically provided in this agreement.

WITNESSETH:

WHEREAS, Dumbeck owns and performs certain operational and maintenance activities on their own water distribution system; and

WHEREAS, Albany owns, operates, and maintains the Albany water distribution system that delivers potable water to Dumbeck's water distribution system by way of an 8-inch water meter near the intersection of Scenic Drive and Valley View Drive that Albany owns, installed, and maintains; and

WHEREAS, Albany employs the operator designated as the "Direct Responsible Charge" (DRC), in conformance with OAR 333-061-0225, to make decisions regarding the daily operational activities of the water distribution system that directly impact the quality or quantity of drinking water; and

WHEREAS, Dumbeck desires to contract with Albany for specific maintenance functions to be routinely performed for Dumbeck on the water distribution system they own.

NOW, THEREFORE, it is agreed between the parties as follows:

1. Covenants of Albany

- A. Albany will perform the following basic water system operations and maintenance services subject to the Charges and Rates identified in Section 4:
 - i. Water Quality Testing: Albany will perform monthly coliform bacteria testing, annual testing for disinfection by-products, and lead-copper testing at five (5) sites every three years and any other future water quality testing required by the Oregon Health Authority. Samples will be collected according to standard testing procedures by Albany staff, or contractors, as may be determined by the City of Albany.
 - ii. Annual System Maintenance: All fire hydrants will be inspected and lubricated annually. The water distribution system will be flushed annually, or more frequently as needed. Valves will be exercised once every three (3) years or as required for system maintenance.
 - iii. Repair/Replacement Services: The service will consist of repair or replacement of non-functioning fire hydrants or non-functioning water meters as soon as possible not to exceed 15 days of notification and authorization by Dumbeck. Upon authorization, Albany will supply all materials and Dumbeck will reimburse the cost on a time and materials basis.
 - iv. Meter/Service Installation: The service will consist of installation of new customer meters and connection to the water main, including "bored" street crossings. Water meters will not exceed one-inch and will only be installed to serve a single residential dwelling unit. These connections will be performed consistent with installations used in the City of Albany system. Albany will supply all materials and Dumbeck will reimburse the cost on a time and materials basis.

- v. Future System Improvements: The service is to review and approve all proposed non-maintenance system enhancements, extensions, designs, and associated contracts to ensure compliance with the City of Albany *Standard Construction Specifications and Design Standards* and state law regarding water quality and quantity.
 - vi. System Locates (One-Call System): The service will consist of responding to requests for water line location markings based upon system mapping provided by Dumbeck and the Albany GIS mapping of the Dumbeck system and in compliance with OAR 952-001.
 - vii. Emergency Response: The service will consist of response to emergency calls from Dumbeck or Dumbeck customers for line breakage within two (2) hours of notification or by triage during widespread emergencies. "Breakage" shall include damaged fire hydrants, mains, and water service breaks up to the meter (not beyond) within the Dumbeck water distribution system.
- B. Albany will perform the following basic water system operations and maintenance services with no charge to Dumbeck:
- i. Annual Drinking Water Quality (Consumer Confidence) Report: The service will consist of preparing required documentation to meet legal requirements, production of results for the public, and posting the Drinking Water Quality (Consumer Confidence) Report on the City of Albany's website (www.cityofalbany.net).
 - ii. Maintenance Management System: The service will consist of data entry and maintenance of geographic locations of water system components including valves, service mains, transmission mains, service laterals, and other components maintained within Albany computerized systems.
 - iii. General Administrative and Overhead: Service components for general administration and overhead are included in the direct rates in 3.A. Examples include administrative expenses for telephone, mailing, printing, uniforms, and small tool use, and staff time for data updating, management reporting, phone calls, and producing and posting reports.
2. Covenants of Dumbeck
- A. Dumbeck will provide Albany advance notice of any non-maintenance system enhancements they intend to perform
 - B. Dumbeck will establish and manage a backflow prevention program which shall fully meet all requirements of the Oregon Health Authority Drinking Water Program.
 - i. Dumbeck will send out test notices, record test data, and field follow-up for customer relations and enforcement as needed; and
 - ii. Dumbeck will coordinate and facilitate testing of all devices using a certified tester; and
 - iii. Annually provide Albany a copy of the current cross-connection report submitted by Dumbeck to the State of Oregon; and
 - iv. In the event that Dumbeck is unable to comply with these requirements or if requested by Dumbeck, Dumbeck shall contract with the City of Albany to operate and manage a backflow prevention program in the same manner as Albany's existing citywide program is managed.
 - C. Dumbeck will provide Albany copies of all regulatory filings to ensure compliance with state law regarding water quality and quantity operations.
 - D. Dumbeck will notify the DRC prior to performing any maintenance work by a private contractor that could impact the quantity or quality of water provided to the customer. Examples include service repair/replacement, main repair/replacement, main shut downs, etc.

- E. Dumbeck will provide Albany with both digital (AutoCAD) and reproducible Mylar-type construction drawings (“as-built”) for all future water distribution facilities constructed in Dumbeck.
- F. Dumbeck will process requests for new connections to existing lines and collect any fees associated with the installation. Upon approval by Dumbeck, installation orders will be forwarded to Albany by e-mail, fax, mail or other means for scheduling of installation.

3. Authorizations by Dumbeck

- A. Dumbeck designates Albany as the operator and Direct Responsible Charge (DRC) for all water quality and quantity operations for the Dumbeck system, as provided for under Oregon Administrative Rules 333-061-0225.
- B. Dumbeck designates Albany to review and approve all proposed non-maintenance system enhancements, extensions, designs, and associated contracts to ensure compliance with the City of Albany *Standard Construction Specifications* and *Design Standards* and state law regarding water quality and quantity operations. In reviewing any proposed Dumbeck enhancements or alternatives, Albany shall have discretion to approve, deny, or condition the proposal consistent with reasonable practices recommended by its Public Works staff
- C. Dumbeck authorizes Albany to receive calls for repairs or emergency reporting from Dumbeck customers, and to dispatch crews as appropriate to resolve such situations.

4. Services, Charges, and Rates

- A. The services identified above performed or authorized by Albany or Dumbeck may be modified at any time by mutual consent of the parties.
 - i. In a non-emergency situation, modification shall be enacted upon written agreement between the chief officer, or authorized delegate, of Dumbeck, and the Public Works Director, or authorized delegate, of Albany.
 - ii. In an emergency, verbal authorization for services not included in the schedules may be given by the representatives of Dumbeck and Albany Public Works in charge at the time of the request. ~~Such authorization will be temporary for the duration of the emergency.~~
- B. The charges and rates for Albany to perform water system operations and maintenance services are subject to the current rates in effect at the time services are performed.
 - i. Charges for work performed will be based on an itemized time and materials costs basis. Labor will be billed at an hourly rate, which includes the costs for direct labor and overhead for the hours required to perform the work. Materials will be billed at cost, and equipment will be billed using FEMA’s Schedule of Equipment Rates.
 - ii. Albany will provide Dumbeck with the rates and charges adopted by the Albany City Council within 30 days of adoption.
- C. Charges for work performed will be invoiced on a quarterly basis. Payments are due within 30 business days of receipt. Late payments shall bear interest at nine (9) percent per annum.

5. Standards of Construction

All water facilities constructed in the Dumbeck Water District shall be constructed in accordance with the City of Albany *Standard Construction Specifications* and *Design Standards*. Any exceptions require prior review and approval by Albany’s City Engineer. Any changes in equipment or materials that are different from Albany’s may require special stocking of spare parts or materials or tools for the benefit of providing maintenance services to Dumbeck. The cost of purchasing or stocking of specialty spare parts or materials or tools shall be borne by Dumbeck upon mutual agreement.

6. Albany Obligations Subject to Appropriation and Emergency

All Albany obligations are subject to the availability of funds, adequate for the work, being available and designated for such purpose by the Albany City Council. The Public Works Director of the City of Albany agrees to recommend necessary funding but the City Council reserves final discretion for the allocation of available resources. In the event of conditions, deemed to constitute an emergency by the City of Albany, Albany's obligations hereunder and under the *Wholesale Domestic Water Sales Agreement* also executed between the parties, may be suspended or reduced so long as Dumbeck is generally provided service equivalent to that provided to in-city residents.

7. Term

This agreement begins upon execution and will be in force for a 10-year period unless amended or cancelled by either party. Either party may cancel this agreement upon 24 months written notice to the other.

IN WITNESS WHEREOF the parties have caused this document to be executed pursuant to the authority of the respective City Councils, by the Public Works Director of the City of Albany, and the Board of Directors of Dumbeck.

DATED this ____ day of _____ 2014.

DUMBECK LANE WATER DISTRICT:



Rod Laverdure, Chairman of the Board

CITY OF ALBANY:

Mark W. Shepard, P.E., Assistant City Manager,
Public Works and Community Development Director

ATTEST:



John Simpkins, III, Vice-Chairman of the Board

ATTEST:

Mary Dibble, Albany City Clerk

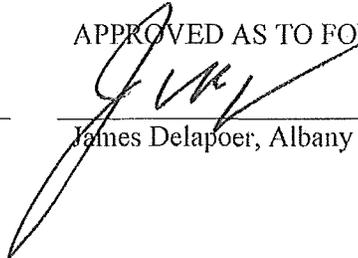
APPROVED AS TO FORM:



Alexandra Sosnkowski, Attorney

Ruben Cleveland

APPROVED AS TO FORM:



James Delapoer, Albany City Attorney