

CITY OF ALBANY
CITY COUNCIL WORK SESSION
Municipal Court Room
Monday, June 9, 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, and Ray Kopczynski.

Councilors absent: Dick Olsen (excused)

BUSINESS FROM THE PUBLIC

None.

TRANSPORTATION SYSTEM DEVELOPMENT CHARGE (TSDC) ADJUSTMENT

Transportation Systems Analyst Ron Irish said staff is requesting direction regarding the TSDC fee. He said water, sewer, and transportation fees have an increase each year based on the *Engineering News Record* (ENR) Construction Cost Index. There is an extra component to TSDC fees. He said in 2010, the Council adopted a TSDC fee increase using a five-year ramping schedule so that the increase would be gradual and go from \$1,750 to \$3,000. The TSDC fees are linked to the funded amount of the projects list. He said if Council reduced the TSDC amount, staff will need to reduce some of the funding on the projects list.

Councilor Rich Kellum asked what all of the fee increases this year would amount to. City Manager Wes Hare said that the different fees don't apply to all things. He said most citizens won't pay SDC charges, and adding the increases doesn't give an accurate picture of what most will be paying. He said it would be better to look at the overall permitting costs for a single-family home. Kellum said he would like to have that information. Hare said studies have been done to look at how Albany compares to other cities, and every comparison has shown Albany to be on the lower end of fee costs.

Public Works and Community Development Director Mark Shepard said Albany is below the midpoint for SDC fees when compared to other cities. He said when staff brings the request forward for Council action, there will be a table that shows what the fees are now and what the increase will be. Kellum said he gets calls from constituents and they are concerned with rising costs. Hare said he gets those calls, too. He said there were a lot of complaints when building permit fees were raised a few years ago. He understands there can be sticker shock when costs are increased.

Councilor Bill Coburn said he is fine with bringing this back for Council's consideration. He said Council came up with a policy for this structure, and staff is following that direction.

Councilor Floyd Collins said the fee increase is tied to economic indicators, so fee increases only occur when the economy is improving. This process is supported by the industry and the Albany Chamber of Commerce (ACC). He said the ramp approach is an input-driven process. If sufficient revenue isn't generated, the projects that benefit the community go away. He said nobody likes to pay fees; but if they aren't paid, there isn't funding to pay for community projects.

Council requested it move forward for action.

PLANNING FEES

Shepard said in 2000, Council adopted a resolution to annually review and adjust the planning fees based on the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W). He said the increase this year is two percent. There are three changes staff is proposing – adding one new fee, reinstating a fee, and dropping a fee.

Shepard said the new fee request stemmed from the Business Ready Task Force. He said there are two tiers for home-based businesses. The first tier is if the business can meet clear and objective standards, they are allowed outright. The second tier is if the business doesn't meet the standards, the owner can go through the conditional-use process. He said staff is proposing a \$500 fee for the process. He said this won't recoup all of the costs, but it will offset some staff time.

Shepard said staff is recommending reinstating the Development Code amendment fee. The fee was removed in 2010. He said Development Code amendments are labor intensive and require two public hearings. He said if a code change benefits one user or a group of users, it seems appropriate that they should incur a portion of the expense. He said there have only been four Development Code amendment requests since 2010.

Shepard said staff is proposing to remove the temporary sign permit fee because the Business Ready Task Force code revisions eliminated the permits. Instead, property owners can register their temporary signs and no cost is associated with the process.

Shepard said Planning fees cover approximately ten percent of the cost of running the Planning Division. The General Fund subsidizes the rest of the cost supporting economic development in the community.

Councilor Ray Kopczynski said that if the developer doesn't pay the fees for a development code amendment, then the City and taxpayers pay for it. He stated that it's not fair for everyone else to pick up the costs. He said the people benefiting from the amendment should have to pay a fee, instead of everyone else, so he is in favor of reinstating it. Konopa said there have been a few items that have come forward that needed to be changed, so the Council waived the fee for the process. Shepard said that will still be an option. He said if someone finds an error in the Code, staff can initiate the change without charging the developer.

Kellum spoke to the home business conditional use fee. He said \$500 is a good way to kill a small business and is not business-friendly. Hare said a conditional use permit allows a small business to be able to do something they hadn't been able to do before. He said it only applies to businesses that can't meet the objective standards. Kellum said he is opposed to this.

Coburn asked what types of businesses the conditional use process might apply to. Shepard said there are multiple conditions that staff look at including the numbers of employees, outside storage or displays, deliveries made to the address, and the number of parking spaces. He said if a business meets the objective criteria, then there are no other steps to complete. However, if a business doesn't meet the criteria, they can go through the conditional use process. He said in the past, if a business couldn't meet the standards, they couldn't have a home-based business. Coburn said certain home businesses could push the limit on traffic and noise. He said neighborhoods are where people live, and residents want those areas to be quiet. He said he doesn't have a problem with the fee.

Shepard said he doesn't anticipate a lot of conditional use permits. Kopczynski asked if this would override a Homeowners' Association. Konopa said no. Hare said a critical issue is trying to ensure that neighbors have an opportunity to give input about things that may affect them. Kellum said he sees this as discriminatory because a business can only have 60 decibels at a property line, while a property owner can use a weed-eater which is 125 decibels. Konopa said it is about where you draw the line and neighborhood livability. She said we want to keep neighborhoods livable. She said the rules have been loosened up for home-based businesses.

Coburn asked Kellum if he disagrees with the conditional use process or the dollar amount. Kellum said he disagrees with the idea that there are two sets of rules. Coburn asked if Kellum disagrees with the entire process of a conditional use permit for a home business even if it's free. Kellum said no. He said his opinion is that Albany is discriminating against small businesses.

Konopa asked about bringing this item forward. The item will be considered at the June 25, 2014, City Council meeting.

LEAGUE OF OREGON CITIES (LOC): LEGISLATIVE PRIORITIES

Hare said the LOC will focus on two issues critical to cities: advocating for a constitutional amendment that gives local voters the opportunity to pass local option levies outside of compression, and a constitutional amendment that will improve the fairness of the property tax system by recalibrating taxes at the time a property is sold. In addition, the LOC has identified 22 legislative objectives and would like cities to indicate the top four issues for their community. Hare said, looking at the ballot, he thinks Items B – industrial site readiness loan program, and K – price comparison when procuring architects and engineers, would be good choices for Albany. He said another top issue is Item I – improving clarity and certainty around the Transient Lodging Tax statute. Konopa asked if it is possible to write-in an item. She said Restore Oregon is considering lobbying for a state historical tax credit and other states have started establishing a state historical tax credit. Hare said most of the things the LOC will focus on have already been decided. Konopa said it is too bad the LOC already had the list prepared. Collins said it is important to keep our focus on the bigger policy questions for the state and then focus on that as a region. Kopczynski asked if Item A – tools for brownfield remediation, would be a good choice.

Councilor Bessie Johnson said Items D – reform the Post Acknowledgement Plan Amendment process, I - improving clarity and certainty around TLT statute, P – require earlier submission of last best offer, and V – loan opportunities to address failing residential septic systems, are all important. She asked if there is a loan program for failed septic systems. Shepard said the City doesn't have a loan program. He said there are people outside of the city limits who have overfilled septic systems and the City allows them to connect and then they sign an irrevocable letter to be annexed. Collins said Item V could apply to all of the property owners in the Springhill Road area. He thinks the program would help with that area.

Konopa asked the Council to look at Item S – pass a comprehensive transportation funding and policy package. She said she met with Alliance Oregon which wants to increase funding for the state highway system. She thinks there will be a lot of effort for transportation funding, but funding is needed locally as well. She said having a good transportation system statewide is vital to economic development. Collins said a representative from Alliance Oregon talked to the Metropolitan Planning Organization (MPO). The MPO chose not to endorse the specific organization because they have their own agenda. He said the MPO believes discussion needs to happen with the congressional delegation about the federal transportation fund since it's projected to run out of money before the end of the fiscal year. He thinks this will be a big issue because transportation funding is dependent on what happens on the federal level.

Konopa asked if there were any thoughts on Item T – continued or enhanced funding for *ConnectOregon*. ACC President Janet Steele is on the Transportation Commission and said there is never enough money to do all of the different projects. She said transportation for moving goods, services, and people are important to all of Oregon. She said another thing to consider is the trail between Albany and Corvallis.

The Council chose the following Items:

B – Support capitalization of the industrial site readiness loan program at \$10 million and the industrial site readiness assessment program at \$200,000.

I – Improve clarity and certainty around the TLT statute.

S – Pass a comprehensive transportation funding and policy package.

V – Support efforts to establish a program that would provide low-interest loan opportunities to address failing residential onsite septic systems.

COUNCILOR COMMENTS

Johnson said she heard on the radio about a Bay Area \$20 billion bond to regenerate their junior colleges. She was surprised by the amount.

Kellum said a number of years ago the hoteliers asked the Council to have money reallocated to the Albany Visitor's Association (AVA) to promote a marketing director. He said the hoteliers are now thinking that they aren't seeing a return on that. Kellum said he spoke to the Linn County Commissioners, and there seems to be a consensus that the County needs funds for marketing more than they need funds for building maintenance. He asked the Commissioners if they would they be willing to make a commitment to have a fund available for maintenance if the City allocates funds for promoting a system to increase hotel stays. He said two of the three Commissioners said yes, and he still needs to talk to the third Commissioner. He said if the City came up with money for a marketing position based upon base salary plus commission, it would show our commitment to marketing. He suggested taking one percent out of what is available now and putting together a committee to review the Transient Lodging system.

Konopa suggested waiting to see what the AVA, Albany Downtown Association (ADA), Parks & Recreation, hoteliers, and Linn County come up with. She said they will be meeting soon to talk about how to promote Albany better. She said there is a TLT Committee already in place to review the policy.

Kellum said he is opposed to using the TLT Committee already in place because they receive a portion of the funds. Kellum said it is important to put a good faith effort in place. He thinks the ad hoc Expo committee believes it is necessary for the City to participate. He said the process isn't working; the hoteliers said their numbers are down and the amount of money available for marketing isn't there. He said Albany will be the one losing because the TLT is going down. Konopa said some hoteliers are saying the numbers are down, but it's not a reflection of all the hoteliers. She said some hoteliers aren't happy with what other hoteliers are stating. Kellum said the numbers for the entire City are down.

Hare said the revenue for year-to-date TLT is at an all time high. He said the City will receive more money from TLT than in previous years. Hare said a bigger concern is what will happen when a new hotel in Lebanon and Corvallis open. He said it is unfair and misleading to say revenues are down when they aren't. He said the Expo revenues are higher than they have ever been.

Collins said we are looking at dollar values and those are up. He said it is important to look behind the numbers. He would like to know the numbers of people staying at hotels for Expo related events and the numbers for business from I-5 and the general public. He said after looking at that information, we can look at ways to increase the gross number of nights. The Council is in a position to make sure there is adequate marketing for the Expo. He said there are some other issues to look at such as knowing what the City is investing, what the County is investing, and how much money is being invested in the facility. He said making the Expo as operable as possible will help drive the TLT. Johnson said the marketing of the Expo isn't happening and that is a concern. Hare said this is a subject that requires a separate Work Session so staff can get direction from the City Council.

Economic Development and Urban Renewal Director Kate Porsche said she will be meeting with the hoteliers and will gather the data from them. Konopa asked to include data from the RV parks as well.

Albany City Council Work Session
June 9, 2014

CITY MANAGER REPORT

None.

ADJOURNMENT

There being no other business, the meeting was adjourned at 5:15 p.m.

Respectfully submitted,

Reviewed by,

Diana Eilers
Administrative Assistant

Wes Hare
City Manager