

CITY OF ALBANY
CITY COUNCIL WORK SESSION
Municipal Court Room
Monday, March 20, 2017
4:30 p.m.

MINUTES

CALL TO ORDER

Mayor Sharon Konopa called the meeting to order at 4:30 p.m.

ROLL CALL

Councilors present: Mayor Sharon Konopa and Councilors Bill Coburn, Dick Olsen, Ray Kopczynski, Rich Kellum, and Bessie Johnson

Councilors absent: Councilor Mike Sykes (excused)

BUSINESS FROM THE PUBLIC

Ray Hilts, 2748 Foxglove Loop, said that gas prices are higher in Corvallis than they are in Albany, that Albany is not like Corvallis, and that the fact that Corvallis doesn't want a local gas tax should not affect Albany's decision in the matter. He is interested in hearing the presentation on transportation funding alternatives and he is in favor of a gas tax in Albany.

TRANSPORTATION FUNDING

Public Works Engineering and Community Development Director Jeff Blaine gave a presentation on Pavement Management – Funding Alternatives (see agenda file). He said that the presentation is limited in scope to pavement management and does not consider other transportation needs or impacts to staffing or other utilities. The presentation is also limited to arterial and collector streets but the discussion could help inform future discussion about local streets. He said this is a broad analysis with a lot of assumptions and generalizations and the numbers presented are subject to change.

Blaine reviewed a condition assessment and level of service scenarios as detailed in the presentation. He said there is a balancing act between affordability and serviceability; however, the best life cycle cost strategy is to maintain roads in good condition and avoid costly reconstruction. Staff suggests a strategy under which each arterial and collector street would be maintained to a PCI greater or equal to 60 which would avoid costly reconstruction, be consistent with Albany's Strategic Plan, and balance life cycle costs with required resources. If Council chooses this approach, required funding would include a \$20 million lump sum investment (bonds) for reconstruction and \$5 million in annual revenues for maintenance. Current funding is \$1.6 million annually, leaving a funding gap of the \$20 million lump sum and \$3.4 million annually.

Blaine described and provided background information about funding alternatives including General Fund, Franchise Fees, In-Lieu of Franchise Fees, Stormwater Service Charges, Gas Tax, Transportation Utility, General Obligation (GO) Bonds, and Local Improvement District (LID), as detailed in the presentation and in the staff memorandum. He said there is no easy answer to fill the large funding gap and Council could opt to rely on any combination of the identified resources. He noted that reestablishing past General Fund support could have a positive impact for streets and a negative impact on other budget items, and that the approach will depend on community and Council priorities. Council was asked to provide direction on the desired level of service, as well as what funding sources might be considered and at what levels.

Councilor Ray Kopczynski said that this issue has been kicked down the road for a long time and that doing nothing is no longer an option. On the funding alternatives, potential revenue sources that were not raised during the presentation include sale of the Armory and Central Albany Revitalization Area (CARA) urban renewal district funds. In response to questions from Kopczynski, City Manager Wes Hare affirmed that CARA funds can and have been earmarked to repair streets within the district, and that if CARA did not exist, the City's portion of the existing balance could be designated for whatever purpose Council chose.

Konopa noted that CARA has been doing street improvements in the urban renewal district which alleviates pressure on the street fund.

Councilor Rich Kellum said that if CARA was dissolved and the funds were used for necessary street repairs, most CARA detractors would likely find that palatable.

Councilor Bessie Johnson said that she would like to consider a gas tax. She said Council needs to do what is right for Albany and not worry about what is done in Corvallis. She doesn't think that local people would drive to Corvallis to save a few cents. Also, because we have visitors from outside the community using City streets, a gas tax would be a fair way for them to help pay for improvements.

Councilor Bill Coburn said he approves of the suggested approach to maintain arterials and collectors to PCI 60 or greater. He is in favor of a gas tax, but noted that would be a small part of the solution given the large funding gap. He wants to look at returning some of the previous General Fund support prior to considering a General Obligation (GO) Bond. He thinks the GO Bond would have a better chance to succeed if specific projects are identified.

Konopa noted that Council previously talked about waiting to see whether the state legislature increases the gas tax and the City's share, which will be known by July. If Council does decide on a local gas tax, the decision would be needed in August to make the ballot in November. She agreed with Johnson that a gas tax is a fair way of funding street repairs by everyone who drive our streets to work, shop, or get services.

Kellum said that before going to the voters, he would want to see all funds that were previously paying for streets go back to paying for streets. Secondly, the voter needs to know exactly what they would get with the approval of a GO Bond. Brief discussion followed.

Council agreed that staff would come back to a work session to discuss a potential gas tax, including timeline and costs associated with the ballot measure. Konopa said she would like to see a proposed ballot title and summary. Kellum said he would like to see the budget implications of bringing all the funds that used to pay for street maintenance back to that use.

TLT AD HOC ADVISORY COMMITTEE REPORT

Scott Pierson, Chair of the TLT Ad Hoc Advisory Committee, distributed and reviewed the Committee's report on Transient Lodging Tax (TLT) (see agenda file). The first seven pages of the report were previously presented to Council. Beginning with page 8, Pierson reviewed the Committee's completed items. First, they heard one hour presentations from all organizations generating and receiving TLT funds, reviewed electronic and social media elements, and evaluated what was and was not working. Representatives from most of the recipient organizations attended meetings and some have already made changes based on Committee suggestions. Second, the Committee heard from staff that the current TLT allocations are within state policy, and it was suggested that staff report to Council which agencies are tourism-related with respect to state policy. Third, the Committee reviewed and proposed changes to the TLT Policy as detailed in the attachment to the report. Regarding the health of the TLT fund, the Committee heard from hoteliers that occupancy was down in 2016 and that monthly revenues have begun to decline in 2017, attributed in part to increasing supply in the area.

Pierson reviewed the Committee's discussions regarding a bold new marketing theme which protects TLT for marketing activity. He stressed the importance of utilizing these funds to market the community for the future as opposed to using them for equipment replacement or other needs. He said the Committee discussed the benefits of moving from traditional marketing to electronic and social marketing, and they also discussed the potential of having a direct sales position located at the Albany Visitors Association (AVA), noting that multi night events are the best way to encourage commerce in our community and that cooperation by the Linn County Expo Center is critical.

Pierson reviewed the Committee's recommendations as detailed in the presentation. They included: obtain the visitalbany.com web address and related web addresses, point all websites to visitalbany.com and use this for all marketing, create a one-year plan to uplift the website, utilize committee members to review content and consult on opportunities, continue collaboration meetings with all partners, tie recipient revenue to performance, and recommend that the Northwest Art and Air Festival (NWAAF) should move in the direction of becoming a "Pay for Play" model. He said the most important message is that Council should not think "Carpe Diem" but they should instead focus on the future and make investments today that will bring future dollars.

Konopa asked if the Committee voted on the item regarding the NWAAF. Pierson said the Committee was clear that they would try to come to a consensus opinion and there was no vote on the recommendation. He said that the discussion is included in the meeting minutes and that Committee members were invited to attend this meeting if they had alternate opinions. Coburn noted that the information previously presented to Council included a suggestion to consider an admission fee for NWAAF so the Committee obviously had that discussion. City Manager Wes Hare clarified that the allocation to NWAAF varies year-to-year based on the entertainment and it is discussed through the budget process. Konopa said that the amount charged by entertainers would likely increase if this were a paid event. There was brief discussion.

Kopczynski noted that the City participated in a marketing position at the Linn County Expo Center which didn't pan out, and he asked for additional information about the recommendation for a direct sales position at the AVA. Pierson said the Committee felt the Expo Center had lost direction and accountability and that the AVA Executive Director and Board of Directors agreed to consider a sales position for multi day events in the community including the Expo Center.

Kopczynski noted the comment that room occupancy was down due in part to competition in the area. He asked if the Committee discussed capturing additional revenue through a County lodging tax. Pierson said the Committee looked at statistics regarding combined city and county lodging tax rates around the state and Albany was already

near the top. The hoteliers and the representative from Travel Oregon did not believe that the market could handle additional lodging tax.

TLT Ad Hoc Advisory Committee Member Steve Reynolds said that Linn County doesn't want to implement lodging tax on the other communities to fund the Expo Center which they feel more directly benefits the City of Albany. He said that, when compared to other communities, the City is essentially collecting both its share and the share the County would collect.

Councilor Dick Olsen disagreed that the Expo more directly benefits Albany than the rest of the County. Konopa noted that the Expo Center has a large area for farm animals, and Coburn added that some of the main events – horse shows – are obviously more for rural communities or people outside of the City.

Hare responded to the question of what allocations are considered tourism-related in terms of state policy. He said the amounts allocated to the Albany Visitors Association, Albany Downtown Association, and Main Street Program equal more than the 40 percent requirement even before adding in NWAAF and allocations to Police, Fire, and Public Works that are tourism-related. He said that there has never been a challenge to a city's designation of what they use for tourism, that Albany uses substantially less TLT revenue for General Fund purposes than most cities, and that he has always regarded this as a revenue source for supporting City functions and as an allocation decision of the City Council.

Kopczynski said the proposed revisions to the TLT Policy are well thought out and well done. He expressed appreciation to the Committee.

Hare thanked the Committee for spending a lot of time on a tough subject. He said this is not unlike other decisions where there is a certain amount of resources that can be drawn upon to invest in the community. He thinks the Committee made a good effort and came up with good ideas, and the Council can determine which of the recommendations they choose to apply.

Kopczynski asked for additional information about the recommendation that a small group meet once per year to review TLT allocations. Pierson said Council could decide whether to reappoint existing members or new members, although continuity would help the group be more efficient. The thought is that the group would meet once per year to talk about metrics, performances, etc.

Konopa said this already goes through Budget Committee and City Council and the recommendation would add another layer of government. Even if existing members are appointed, she said, there will be vacancies which require staff time and Committee time to bring people up to speed. Kellum said the existing members have background and expertise in this area. Johnson said she thinks there should be an ongoing committee and that continuity is very important. The existing Committee members have done a lot of work and, if they are willing to continue to serve, she thinks that is great. Konopa said she would like to have this discussion at a later meeting at which time she would like to have staff weigh in as well.

Pierson summarized three items for Council consideration: 1) what to do with the TLT policy; 2) direction to recipient organizations whether they should go in the marketing direction suggested by the Committee; and 3) how this fits in with the budget and all the other things coming before the Budget Committee.

Konopa expressed appreciation for the Committee's work.

BUSINESS FROM THE COUNCIL

Kopczynski advised that the Go Fund Me site for maintenance, repair, and refurbishing of the Waverly Duck is live at gofundme.com/waverly-duck.

CITY MANAGER REPORT

None.

ADJOURNMENT

There being no other business, the meeting was adjourned at 6:30p.m.

Respectfully submitted,

Reviewed by,

Teresa Nix
Recorder

Wes Hare
City Manager