



MINUTES

Monday, January 28, 2019
Work Session
Municipal Court Room, City Hall
Approved: February 27, 2019

CALL TO ORDER

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

ROLL CALL

Councilors present: Mayor Sharon Konopa and Councilors Rich Kellum, Bill Coburn, Bessie Johnson, Alex Johnson II, Dick Olsen, and Mike Sykes

Councilors absent: None

BUSINESS FROM THE PUBLIC

Management Assistant/Communications Officer Marilyn Smith introduced Caitlin May, the new reporter from the Democrat-Herald.

LONG RANGE PLANNING

4:01 p.m.

Public Works Engineering and Community Development Director Jeff Blaine showed two video clips from an Oregon Public Broadcasting program called “Oregon Experience,” featuring former governor Tom McCall’s championship of wise land use and his support for urban growth boundaries and comprehensive planning. (The video can be found at <https://watch.opb.org/video/oregon-experience-tom-mccall>.)

Blaine summarized the history of land use planning in Oregon, using PowerPoint slides (see agenda file). He said Oregon’s basic land-use structure is over 40 years old. It has been challenged unsuccessfully several times, and amended several times.

Locally, the comprehensive plan (comp plan) implements a city’s vision for development. Albany’s Development Code is guided by its comp plan. Most current planning tasks are focused on the development code and on development of specific sites. Long-range planning focuses on the comp plan and statewide planning goals. Albany’s comp plan includes a Buildable Lands Inventory (BLI), Economic Opportunities Analysis (EOA), and Housing Needs Analysis (HNA), as well as several targeted area plans, including the North Albany Refinement Plan and the South Albany Area Plan.

The state has in the past required cities the size of Albany to start a periodic review of their comp plans seven years after completing the last review. Albany last completed a periodic review in 2012. We should begin a new review in 2019; however, the state will not require us to do so, since they are evaluating the process. Blaine said it would be a good idea for Albany to do some long-range planning, anyway, and the state will have grant funds available to encourage cities to undertake periodic review.

Councilor Rich Kellum said Albany’s BLI includes land that is considered developable, but in fact would be very expensive to develop. The state requires it to be counted as usable in the inventory. Is there a way to trade that land for more easily developed land outside the Urban Growth Boundary (UGB)? Blaine said there is a process for “constrained” land.

Blaine said growth will happen whether or not we are prepared for it. The city has grown from about 16,000 population in the 1960s to over 53,000 today. Since 1992, Albany has grown an average of 1.7% per year. If that rate continues, Albany’s population could be more than 70,000 by 2035, and more than 120,000 by 2067. Long-range planning considers the questions of where the increased population will live and work, and how the City can serve them efficiently. The answers to these questions come from the BLI, the EOA, and the HNA.

The BLI, the EOA, and the HNA documents are 20-year plans, and they are all about 15 years old. During the last recession, Albany’s ability to do long-range planning was curtailed when the long-range planner position was left vacant. Planning still doesn’t have enough money or staff to do the work. It will cost \$30,000 to \$40,000 to do each analysis. Staff also believes a long-range plan is needed specific to the east I-5 area. The last area plan, for south Albany, was completed in 2013 and cost more than \$250,000.

Blaine said the Planning Division is currently not fully staffed. Planning hopes to fund the BLI this year, to be finished by mid-summer. Funding needs to be identified for the other plans, but Albany is in a good

position to pursue grants due to the age of our studies and because Albany is a severely rent-burdened community.

Councilor Bessie Johnson asked if one person would be able to do long-range planning for Albany. Blaine said it would have to be a collaboration with one person to take the lead. If some staffing is added back in the next budget, long-range planning would be only part of an FTE.

Blaine said based on population projections, Albany will need to expand its UGB in the mid-2030s. The Department of Land Conservation and Development (DLCD) is looking for ways to simplify the process and make it less expensive. A city can't request to expand its UGB until it can demonstrate that it doesn't have a 20-year supply of buildable land for either needed housing or employment.

Konopa asked if park land and open space property is counted in the buildable land inventory. Blaine said the state recognizes the need for parks and open space. However, they don't give credit for non-locally significant wetlands, which have some development potential, although various regulatory agencies don't allow complete development. Albany needs to pay attention to the issue and look for opportunities to help amend the rules.

Blaine reviewed challenges posed by the way the state defines development. The state considers any lot over a half-acre with one home on it as developable and requires full development before the property is removed from the buildable land inventory. The state recognizes, though, that these properties aren't likely to develop further. The City can propose an alternate approach to reach equivalent density. Expanding the UGB also comes with a requirement to adopt maximum lot sizes to ensure density.

Blaine said staff concludes that land-use policies will continue to change. Now is the time to prepare Albany for significant growth.

Councilor Mike Sykes said the estimates of cost for the three studies plus the new area plan add up to about a half million dollars. Blaine said that is correct, if the estimate for the area plan is accurate. The City will pursue grant funding. Konopa said we'll need the HNA in order to be able to plan for infrastructure like water and sewer pipes. We'll need to base system development charges (SDCs) on that infrastructure plan. Blaine said he is very concerned about infrastructure costs.

Blaine said Planning is currently getting quotes for the work to do the BLI. Funding for the other analyses will have to go through the budget process. He will ask to fund the EOA with economic development funds from the sale of the Brandis properties, and may apply for grants to do the work on the other two studies.

BUXTON CONTRACT UPDATE

5:04 p.m.

Economic Development Manager Seth Sherry said the City contracted with Buxton Analytics in March of 2018. The contract is written for three years, but the City can choose not to continue beyond the first year. Before entering into the contract, Deputy City Manager/CIO Jorge Salinas sent surveys to several cities that had been clients of Buxton and received positive responses. Buxton did an in-depth analysis of the retail market in Albany and the wider area to determine who is spending money in Albany. Based on their analysis, they sent letters to a number of national retail chains, inviting them to contact the City. As a follow-up, staff contacted the same retailers directly. Buxton also provided licenses to a software application to help local businesses connect with their markets. Buxton produced retail reports for local businesses that might want to expand their offerings.

The first year of the contract with Buxton expires in March 2019. The City has received little interest from the retail matches identified by the analysis. Staff recommends discontinuing the contract with Buxton. Their process worked well for other communities, but not for Albany.

Kellum asked if, when Buxton recommended businesses that might fit in Albany, we already had existing businesses in the same category. Sherry said in some cases yes. In these cases, analysis indicated that there was enough of a market to support further business.

Councilor Alex Johnson asked if there are other companies that provide the same type of analysis for manufacturing and other sectors. Sherry said yes.

Kellum asked if the initial survey received responses from cities that weren't satisfied with Buxton's services. Salinas said no. Konopa asked how much interest was received from local businesses, and how much effort Buxton spent on them. Sherry said some businesses attended an information session held at City Hall. Some used Buxton's tool, and some had problems with it.

Chamber of Commerce President Janet Steele said the chamber also offered the tool to local businesses but didn't get much interest in it.

The council discussed generally whether and how the City might support local retailers.

Alex Johnson asked, when was the last time someone from Albany got on a plane and marketed Albany face-to-face? Steele said marketing isn't usually done that way anymore. A city's online presence is more important. She described the process.

Kellum suggested that the City ask Buxton to produce something we can use or risk non-renewal of the contract. He thinks we owe them the opportunity to salvage the contract. Salinas said we contracted for a set of deliverables, and Buxton has fulfilled the contract. Sherry said staff has advised Buxton that we would not renew the contract if they had nothing more to offer, and they didn't offer anything more.

The council agreed that the Buxton contract should not be renewed.

UTILITY RATE DISCUSSION

5:25 p.m.

Public Works Operations Director Chris Bailey showed PowerPoint slides (see agenda file). She said this is the second annual combined presentation on all utility rates. This is the most important thing Public Works brings to the council each year. The council through the Strategic Plan identifies the desired level of service for each utility. Funds are allocated first to pay debt, then to operations and maintenance, and then, as available, to capital projects.

Bailey summarized the City's assets and operations and maintenance for all utilities. The stormwater utility is new as of March 2017, so not much money is available yet. Staff is making progress but haven't yet been able to achieve a complete inventory of stormwater assets.

Capital investment reduces the risk of system failure. In about 2012, Public Works started setting capital funding goals with the city council. The targets are \$2.8 million for sewer and \$2.32 million for water. No target has been set yet for stormwater. Project costs are going up, and local costs can be higher than the regional index Public Works uses for inflation.

Bailey said in the current fiscal year (2018-2019) the sewer utility has met its target level of service with almost no emergency calls for repair. However, 23 miles of pipe are rated as 4 or 5 using a nationwide rating system where 1 is new and 5 is failed. Pipe rated 4 is likely to fail within 10 years. Since 2013, staff has repaired about 40,000 linear feet of failed pipe. There are still about 50,000 linear feet left to repair.

Bessie Johnson asked if the pipe replaced when downtown streets were rebuilt last year had all failed. Bailey said not necessarily. We usually replace pipe that is in poor condition when streets are being repaired, to avoid having to cut into the street later.

Bailey said last year Public Works and the council raised the water capital target to \$2.32 million because water capital projects have become very expensive. Most water projects are more expensive than sewer projects. About 20 years ago, our water loss percentage was over 30%; now it is less than 10%, in line with the industry goal. Staff is developing a new assessment tool to evaluate the probability and consequence of pipe failure.

The stormwater utility has no capital target and little capital. That doesn't mean there are no needs. We know we have stormwater problems because we have areas where streets flood after a heavy rain. Staff has assessed 56% of the stormwater system and found that 9.4 miles of pipe are failing. Assessment is a slow process.

Public Works staff recommends that sewer rates be increased by 3.5% effective July 1, 2019. That is an inflationary rise for operations and maintenance. They recommend a 5% increase in water rates effective January 1, 2020, which would be inflation plus some to build capital. For stormwater, staff recommends a 17% increase. After a discussion last June, the council decided to build stormwater revenue to add \$1.4 million more than 2018 levels over five years. That would include \$1 million for permit compliance. Seventeen percent is a big number, but the rate is starting with a much smaller base, so it isn't a large dollar increase.

Sykes asked if we still have to pay for the Department of Environmental Quality (DEQ) permit while it's being appealed in court. Bailey said the cost of the permit is our cost to implement it. Staff is doing some of the work toward the permit because it was already required. We will keep doing that work, as it has value in itself. We won't work toward compliance with the aspects of the permit that are under appeal until the court has made a decision. We hope the judge will rule that the DEQ overstepped its bounds and erase some of those requirements. In any case, we don't have to reach full compliance for five years.

One of Bailey's slides showed a table of single-family residence (SFR) utility rates with the proposed increases. The average SFR would pay about \$4 per more per month, or about 5% more than currently. Albany ranks 11th of 28 selected Oregon cities for utility rates.

Bailey said last year the council asked for a comparison of utility rates for users other than single-family residences. Her presentation includes a chart. It's a difficult comparison because use varies widely across industries. The chart uses an assortment of customers and compares Albany's projected increased rates to current utility rates in other cities.

Bailey discussed the six-year revenue and rate forecasts. There are a lot of variables, so the farther out you go, the harder it is to forecast. Public Works/Community Development Business Manager Jeff Babbitt is good at predictions, so staff believes they are pretty accurate. Public Works will have an SDC discussion with the council soon.

Sewer SDC revenue depends on development. Most of the sewer fund's debt service payment goes toward the loans for the Water Reclamation Facility and Talking Water Gardens. The City was able to refinance this debt in 2017 to save money. Both rate revenues and SDC revenues are used to pay this debt. Probably by next year, SDC revenue will fall low enough that SDCs won't be able to pay their share. Rate revenue will have to cover the difference, which is projected to be about \$1 million.

Konopa asked when Public Works will bring this discussion to the council. Blaine said early in February.

Bailey said water rate revenues rise and fall because of weather. This year they should be close to the estimate. In the water debt service fund the gap between SDC and revenue rates is narrower than in the sewer fund.

Stormwater revenue is a much simpler discussion, because the utility is only just over two years old, and still building funds.

Councilor Bill Coburn said he would like to see a comparison of current SFR rates with increased rates on Slide 28, rather than the per day rate. Babbitt said the total rate for an SFR now is about \$115, and it will go up to about \$121.

Coburn said at the budget committee work session on Thursday, January 24, it was mentioned that a new recession could begin as early as 2020. Construction costs come down in recession. Does Public Works have a strategy to do more construction to take advantage of lower costs? Bailey said during the last recession we were able to get more for our construction dollars. But we also need to consider the ability of the community to pay when times are harder. We did try then to get as much done as we could.

Utility rate increases will come back to the council for a public hearing sometime in March.

BUSINESS FROM THE COUNCIL

6:18 p.m.

Coburn said since the Oregon Department of Transportation (ODOT) repaved Lyon and Ellsworth streets, some of the manholes are above grade. They are noticeably rough to drive over. He asked if ODOT intended to fix this. Blaine said ODOT has declined to do it because "adjustments" are the City's responsibility. The fix is easy to do, and the manholes are our assets, so we will adjust them to grade when the weather permits.

Coburn asked if staff could bring a request to the next council meeting to repeal the ordinance that gave legal responsibilities to the Landmarks Advisory Commission (LAC). City Manager Peter Troedsson said there will be a discussion at the February 11, 2019, work session about how board and commission appointments are made. Some possible solutions for the LAC will be part of that discussion. Blaine said the LAC is written into the development code, so the council will also have to amend the development code. That's a long process. Troedsson said the issue seems simple, but there are a lot of ramifications.

CITY MANAGER REPORT

There was none.

ADJOURNMENT

There being no other business, the meeting was adjourned at 6:25 p.m.

Respectfully submitted,

Reviewed by,

Allison Liesse
Deputy City Clerk

Peter Troedsson
City Manager

Note: Staff handouts referred to in the minutes as (see agenda file) are available on the website in the "Staff Handouts" column.