

# City of Brookings **WORKSHOP Agenda**

## **CITY COUNCIL**

**Monday, October 3, 2011, 4:00pm**

City Hall Council Chambers, 898 Elk Drive, Brookings, OR 97415

### **A. Call to Order**

### **B. Roll Call**

### **C. Topics**

1. Briefing by Police Chief on impacts of reduced County law enforcement on the Brookings Police Department. [Police Chief, pg. 2]
2. Curry County Mutual Aid Agreement [Fire Chief, pg. 3]
  - a. Agreement [pg. 4]
  - b. List of participating agencies [pg. 10]
3. Reducing barriers that hinder development. [City Manager, pg. 11]
  - a. Lebanon Express article [pg. 13]
  - b. Kosmont Cost of Doing Business Survey summary and 2010 press release. [pg. 15]
4. Electric Utility Franchise Fees [City Manager, pg. 22]
  - a. Recent franchise fee survey [pg. 23]
  - b. 2008 League of Oregon Cities franchise fee survey [pg. 24]
  - c. "City exploring new revenue options," Corvallis Gazette-Times article [pg. 28]
5. Access to Social Security Bar [City Manager, pg. 33]
  - a. August 30, 2011 memo from Chief Sharp [pg. 34]
  - b. Council Workshop Report dated June 7, 2010 [pg. 36]

### **D. Council Member Requests for Workshop Topics**

### **E. Adjournment**

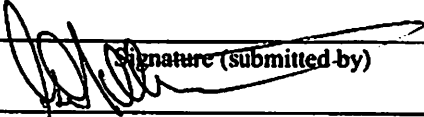
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# **CITY OF BROOKINGS**

## **COUNCIL WORKSHOP REPORT**

Meeting Date: October 3, 2011

Originating Dept: Police

  
\_\_\_\_\_  
Signature (submitted by)  
\_\_\_\_\_  
City Manager Approval

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**Subject:** Briefing by Police Chief

**Background/Discussion:**

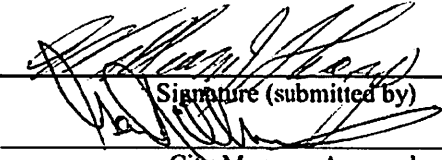
Chief Wallace has requested an opportunity to brief the City Council on the impacts of reduced Curry County law enforcement resources on the Brookings Police Department, and the general policy relating to the Police Department responding to emergency calls in the unincorporated area.

# CITY OF BROOKINGS

## COUNCIL WORKSHOP REPORT

Meeting Date: October 3, 2011

Originating Dept: Fire

  
Signature (submitted by)  
\_\_\_\_\_  
City Manager Approval

Subject: Curry County Mutual Aid Agreement

Recommended Action:

Authorize the Mayor to sign the new Curry County Mutual Aid Agreement.

Background/Discussion:

In approximately 1981, the cities of Port Orford, Gold Beach & Brookings and several fire protection districts, entered into a mutual aid agreement with the goal of better serving the interests of all participating agencies and their citizens. In 1990, this agreement was updated to include several additional Fire Protection Districts.

After it was determined that several of the participating agencies were found to be out of compliance with the terms of the 1990 agreement, the Curry County Fire Chief initiated the formation of a new mutual aid agreement for the County. A standard agreement developed by the State Fire Marshal's Office, with oversight from the State Attorney General's Office, was utilized in the creation of this new agreement. Today, there are 14 fire agencies participating in the Curry County Mutual Aid Agreement. A list of participating agencies is attached. All Oregon Counties have similar types of agreements and can be called upon to provide resources accordingly.

The current Curry County Mutual Aid Agreement was signed by representatives of all of the participating fire agencies, in 2008. These signatures, however, were obtained using multiple copies of the agreement. To eliminate confusion it is being re-submitted to the participating agencies so that all of the original signatures are contained in a single copy of the agreement. The attached agreement remains unchanged from the one signed by the former City mayor, in 2008. (Staff was unable to locate any documentation indicating that the 2008 agreement was approved by the City Council).

Generally, the agreement provides that, in the event that a large fire or mass casualty incident goes beyond the City's ability to handle it, the City may request mutual aid from any of the participating agencies. Participating agencies may provide assistance, but are not bound to respond if they are unable to do so. An agency that does respond to our request for mutual aid would need to provide up to 24 hours of assistance before being eligible for compensation.

In the past, our mutual aid agreement was also been signed by the Del Norte County fire agencies. Once all Curry County agencies have signed the agreement, the goal is to work with Del Norte County to re-establish a mutual aid agreement with the seven fire agencies located there. They have shown interest in re-establishing this agreement.

Attachments:

- a. Curry County Mutual Aid Agreement
- b. List of participating agencies

# CAL/OR FIRE CHIEFS ASSOCIATION MUTUAL AID AGREEMENT

## INTRODUCTION

This Agreement entered into the 25 day of March, 2008, among and between the participating agencies for the purpose of securing to each periodic emergency assistance for the protection of life and property.

## AUTHORITY

This Agreement is entered into under the authority granted to the parties by their respective charters and/or Oregon Revised Statutes (ORS). Further, ORS190.010 authorizes units of local government to enter into written agreements with any other units of local government for the purpose of any and all functions and activities that the parties to the agreement, its officers or agencies, have authority to perform. Additionally, ORS Chapters 453, 476 and 401 authorize the State Fire Marshal and the Administrator of the Oregon Emergency Management to develop comprehensive statewide plans for the protection of life and property during disasters. This Agreement is intended to be consistent with, and supportive of, such state contingency plans.

## GOOD FAITH

Each of the parties hereto agrees to attempt to furnish to a requesting party such assistance as the requesting party may deem reasonable and necessary to successfully abate an emergency in the requesting party's jurisdiction. Provided, however, that the party to whom the request is made shall have, in his or her sole discretion, the ability to refuse such request if sending such assistance may lead to an unreasonable reduction in the level of protection within his or her jurisdiction. Further, the parties hereto recognize and agree that such personnel and equipment shall be periodically unavailable under this agreement due to normal operating requirements. However, when any significant change occurs to the available equipment and/or personnel which shall last more than 60 days, the party experiencing such change shall notify all other parties to this Agreement.

## SUPERVISION

When personnel and/or equipment are furnished under this Agreement, the agency having incident command responsibility for the incident, shall have overall supervision of mutual aid personnel and equipment during the period such incident is still in progress. Provided, however, when officers from the requesting jurisdiction have not arrived at the scene of the incident, the commanding officer of the jurisdiction providing mutual aid assistance shall be in command of the incident until relieved. Further, specific supervision of individual employees will remain with the supervisors provided by the jurisdiction employing such employees.

## WAIVERS

### GENERAL WAIVERS

Each party to this Agreement waives all claims against all other parties to this Agreement for compensation for any loss, damage, personal injury, or death occurring to personnel and/or equipment as a consequence of the performance of this Agreement.

### HOLD HARMLESS

Any party responding to a request for assistance under this Agreement shall save and hold harmless the requesting party from, and indemnify the requesting party against, any and all third party liability for or on account of any death or injury to person, or damage to property arising out of any action by the personnel of the responding party taken pursuant to the provisions of this Agreement. Each party hereto agrees to obtain liability insurance, or equivalent coverage, covering its activities assumed under this Agreement, to the minimum dollar amounts required under the Oregon Tort Claims Act, ORS

### REFUSALS TO PERFORM

Nothing in this Agreement shall be construed to prevent a party to whom a request for assistance is made from refusing to commit personnel and/or equipment to a position or activity in which an unreasonable danger of loss of life or equipment exists. The commanding officer of the party furnishing mutual aid shall be the sole judge of the extent and imminence of such danger.

### COMPENSATION

Compensation to the parties herein shall take the following forms:

#### LIKE KIND EXCHANGE

The parties hereto have agreed to provide equipment and/or personnel at such levels as are reasonably balanced. Specifically, the extent of personnel and equipment contemplated under this Agreement by each party hereto are reasonably balanced in terms of cost and/or other expense or in service one to the other.

#### MONETARY REIMBURSEMENT

There a party hereto is unable to provide like kind reimbursement as described in subsection (1) of this section, the party may request assistance under this Agreement with the understanding that the party providing mutual aid assistance shall be reimbursed in cash according to the State Fire Marshal's personnel and equipment reimbursement schedule. Where specific types of equipment and/or personnel are not listed on the State Fire Marshal's reimbursement schedule, the compensation rate shall be that agreed upon at the time the equipment and/or personnel was requested.

## **TERMINATION**

**Any party hereto may terminate this Agreement at any time by giving thirty (30) days' notice of the intention to do so to any and all other parties. Such notice being sent to the governing body of the other parties and a copy thereof to the chief of the department of the parties notified.**

## **EXTRA JURISDICTIONAL OPERATING AUTHORITY**

**The parties hereto recognize and agree that ORS Chapters 190, 453, and 476 extend the powers and authorities of the parties herein beyond their regular jurisdictions when operating under this Agreement.**

## **COST RECOVERY**

**The parties hereto agree that any cost recovery actions brought by responding jurisdictions under this Agreement against third parties shall be coordinated by the jurisdiction in which the incident giving rise to the response occurred. If the requesting party chooses not to bill a third party for costs incurred, the requesting party shall be liable to all responding parties only to the extent as herein agreed.**

## **STATE AND FEDERAL RE-IMBURSEMENT**

**Aid and assistance rendered by the signatories hereto under the Oregon Emergency Conflagration Act, State and National Forest Fire Defense Plans, Civil Defense Plans or any other major emergencies, shall not be governed by the terms of this agreement. Full compensation shall be rendered by the Governmental agency requesting assistance.**

## **SUCCESSORS IN INTEREST**

**The provisions of this Agreement shall be binding upon and inure to the benefit of all other parties to the Agreement and the respective successors and assigns.**

## **FORCE MAJEURE**

**No party to this Agreement shall be held responsible for delay or default caused by fires, riots, acts of God and/or war which is beyond the reasonable control of the parties.**

## **SEVERABILITY**

**If any provision of this Agreement is declared by a court to be illegal or in conflict with any law, the validity of the remaining terms and provisions shall not be affected; the rights and obligations of the parties shall be construed and enforced as if the Agreement did not contain the particular provision held to be invalid.**

**The terms and conditions of this Agreement shall not be waived, altered, modified, supplemented, or amended in any manner whatsoever without prior written approval of the parties hereto.**

**This Agreement shall be governed by and construed in accordance with the laws of the State of Oregon as interpreted by the Oregon courts. However, any dispute arising under this Agreement shall be arbitrated in accordance with ORS 190.710-.800.**

After reading, understanding, and agreeing with the above, and having full authority to do so, I enter into this Agreement on behalf of \_\_\_\_\_

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## Ophir RFPD **Jurisdiction**

**District Board President** \_\_\_\_\_ **Date** \_\_\_\_\_

**Fire Chief** \_\_\_\_\_ **Date** \_\_\_\_\_

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## Cedar Valley RFPD **Jurisdiction**

**District Board President** \_\_\_\_\_ **Date** \_\_\_\_\_

**Fire Chief** \_\_\_\_\_ **Date** \_\_\_\_\_

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**Agness/Illahee RFPD**  
**Jurisdiction**

**District Board President** \_\_\_\_\_ **Date** \_\_\_\_\_

**Fire Chief** \_\_\_\_\_ **Date** \_\_\_\_\_

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**Gold Beach Fire Department**  
**Jurisdiction**

**City Administrator or District Board President** **Date**

**Fire Chief** \_\_\_\_\_ **Date** \_\_\_\_\_

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## Pistol River RFPD **Jurisdiction**

**District Board President** \_\_\_\_\_ **Date** \_\_\_\_\_

**Fire Chief** \_\_\_\_\_ **Date** \_\_\_\_\_

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## **List of agencies participating in the Curry County Mutual Aid Agreement**

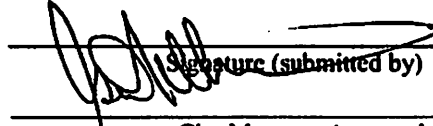
Agness Illahe Volunteer Fire District  
Brookings Fire Department  
Cape Ferrelo Rural Fire Protection District  
Cedar Valley-North Bank Rural Fire Protection District  
Coos Forest Protection District  
Gold Beach Fire Department  
Harbor Rural Fire Protection District  
Langlois Rural Fire Protection District  
Ophir Rural Fire Protection District  
Pistol River Rural Fire Protection District  
Port Orford Rural Fire Protection District  
Sixes Rural Fire Protection District  
Upper Chetco Volunteer Fire Department  
Winchuck Rural Fire Protection District

# CITY OF BROOKINGS

## COUNCIL WORKSHOP REPORT

Meeting Date: October 3, 2011

Originating Dept: City Manager

  
Signature (submitted by)  
\_\_\_\_\_  
City Manager Approval

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**Subject:** Reducing barriers that hinder development

**Recommended Action:**  
Discussion and direction to staff.

**Background/Discussion:**  
Among the goals included in the 2011 Strategic Plan is: "Reduce barriers that hinder development."

Staff is seeking input from the City Council to identify City barriers that are hindering development.

Attached is a recent article concerning actions by the City of Lebanon that has purportedly made that City more attractive to developers. Essentially, those items included:

1. Infrastructure with adequate capacity immediately adjacent to development sites.
2. Revising the City's Comprehensive Plan and development code to provide for more outright permitted uses.
3. Simultaneous processing of permit applications by City departments.
4. On line permitting.

On line permitting and marketing links to available development sites are elements that staff plans to include in the City's new website. The latter would include an inventory of available vacant properties with ownership/realtor contact information, zoning information, infrastructure information and links to development standards applicable to the location.

Other elements of a "developer friendly community" include:

- Low taxes and utility fees.
- Adequate development staffing to avoid delays.
- Low crime index.
- Low development fees (i.e. SDCs, exactions).
- Providing incentives.
- Transportation amenities.

Kosmont Companies and the Rose Institute at Claremont McKenna College produce an annual "Cost of Doing Business Survey", a comprehensive economic analysis of more than 400 cities across the United States. The 2010 survey listed Eugene, Oregon, as one of the top 10 least expensive cities in the nation in which to do business. Kosmont may be willing to do an informal analysis of Brookings.

The South Coast Development Council (SCDC), in partnership with the American Institute of Architects (AIA), recently completed a regional visioning process that included an analysis of impediments and opportunities for economic development in Coos County communities. One of the findings was that there is a need for easily accessible and up-to-date demographic and economic analysis information (population, education attainment, labor force, small business statistics). That study also recommended the development of a data base of marketable sites (zoning, ownership, price/rental rate, image, surrounding uses, wetlands delineation, other site constraints) and the development of a regional marketing plan.

Another new proactive program that may be of assistance to the City is emerging. Planning Director Dianne Morris reports that, while attending the annual Planners Conference, she learned that the state is planning to roll out a new program in January entitled "GrowOregon." Under this program, the state would retain professional services to help grow existing businesses. Services might include customer target marketing, securing capital for equipment, employee training, website development and other business services. We will watch for more information on this program.

**Attachment(s):**

- a. Lebanon Express article.
- b. Kosmont Cost of Doing Business Survey summary and 2010 press release.

x Lebanon Express

## Why Lebanon? Answer: The city makes it easy

A.K. Dugan, Lebanon Express | Posted: Wednesday, September 7, 2011 8:15 am

Lebanon welcomes development. Particularly in the past 10 to 15 years, the city has made itself attractive to developers.

Doris Johnston, regional community manager for Pacific Power and chair of the Lebanon Area Chamber of Commerce economic development committee, said attitude is important when businesses are looking for a new location or thinking about expansion.

When any company is looking at a community, they want to know how easy it is to do business; they want to know if the city is going to do what it says it will do.

"The city [of Lebanon] has the attitude that 'we're here to help,'" she said. "That's definitely different than you see in a lot of communities."

Focus on economic

development

Mayor Ken Toomb and city councilor Ron Miller were on the council in 2000, when the city had to fill the vacant city manager position and hired John Hitt.

"We were looking for someone with a solid background in economic development," Toomb said.

Hitt had served as economic development director on Whidbey Island in Washington.

"He had success with attracting businesses," Miller said. "That is what we wanted."

The city hired Hitt to bring new jobs to Lebanon.

Shovel-ready land

To attract developers, land has to be available and it has to be ready for building, or shovel-ready.

Lebanon has multiple shovel-ready building sites. The land is for sale. It is appropriately zoned. Environmental studies, if any are needed, have been done. Infrastructure is close by, if not right to the site.

For example, the property now occupied by the College of Osteopathic Medicine of the Pacific-Northwest was shovel-ready when Western University officials first looked at it a few years ago.

That was not the case when Lebanon Community Hospital obtained the land nearly 20 years ago.

Since then, the westside interceptor sewer mainline was extended from the wastewater treatment plant west through the property.

To provide adequate fire protection and transportation access to ENTEK and Pennington Seed, both on Hansard Avenue, the city built a water system loop around the north and east sides of what is now the Samaritan Medical Campus, said former city public works director Jim Ruef. The expansion of those two industries also prompted the construction of Reeves Parkway along the north side of the campus.

When the school district built Pioneer School, the city added North Fifth Street from Mary Street to Reeves Parkway. Water lines were installed to the school, too.

What little infrastructure needed to be added for the college was paid for largely through the Northwest Lebanon Urban Renewal District, which also had funded much of the previous work in the area.

"The attraction of a shovel-ready site isn't just the cost savings to the development," Ruef said. "It also is attractive due to the reduction in risk to the development."

For example, Lowe's planned a fast timeline for building its distribution center. One of the company's concerns was whether the city could complete the infrastructure quickly enough. Lowe's officials had had a bad experience with another city, which was two years later in delivering infrastructure, Ruef said.

"We had to make them believe that we were capable of doing the work in a very short period of time," he said.

#### **Streamlined permit process**

The city has also made the permit process easier than it used to be.

Over several years, city planners and the volunteer members of the planning commission reviewed the city's comprehensive plan and development code.

Now, said Hitt, the planning process is much simpler than it used to be. If the property is zoned for the type of development proposed, the developer can apply for a building permit, or go through only a minimal planning review.

The process is greatly condensed in time and narrowed in focus, Hitt said.

"Our goal is to turn anybody around in 120 days or less, no matter how big they are," he said.

Part of streamlining permit reviews was changing the internal process so different departments do reviews simultaneously rather than consecutively, Hitt said.

Recently the city implemented an online permitting process. Developers and builders may not even need to set foot in city hall to get permits.

*Editor's note: This is the final story in a series of stories about how, over a 30-year period and more, the city, business community and local individuals took actions that established the foundation for a diverse economy in Lebanon.*

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## PRESS RELEASE

**EMBARGOED UNTIL 12:01a.m., Saturday, October 2, 2010**

**Contacts:**

David Huntoon, Fellow, Rose Institute of State and Local Government, (909) 621-8159

Larry Kosmont, President & CEO, Kosmont Companies, (213) 417-3333 / (213) 507-9000

***2010 KOSMONT-ROSE INSTITUTE  
COST OF DOING BUSINESS SURVEY REPORT***  
**RELEASED BY THE ROSE INSTITUTE OF STATE & LOCAL  
GOVERNMENT AT CLAREMONT MCKENNA COLLEGE**

***Survey Reports California Cities Continue to Struggle with a Bad Economy***

*Claremont, Calif. October 2, 2010* - Claremont McKenna College's Rose Institute of State & Local Government today released the 16th annual *Kosmont-Rose Institute Cost of Doing Business Survey*. The Rose Institute, in partnership with Kosmont Companies, gathers business fees and a variety of tax rates from 413 selected cities across the United States.

In the 2010 edition of the *Kosmont-Rose Institute Cost of Doing Business Survey*, the twenty most expensive cities are distributed across every region of the country. There are five cities in the Northeast, four in the Midwest, two in the Southeast, four in the Southwest, one in the Pacific Northwest, and four in California. Of the four California cities, three are in Los Angeles County. Also, 16 of the 20 least expensive cities are located in states that do not impose income tax, and three are located in states that do not impose sales tax.

The report ranks each city into one of five "Cost Ratings" groups: Very Low Cost (\$), Low Cost (\$\$), Average Cost (\$\$\$), High Cost (\$\$\$\$), and Very High Cost (\$\$\$\$\$). This year, there are 82 Very Low Cost cities, 83 Low Cost cities, 83 Average Cost cities, 83 High Cost cities, and 82 Very High Cost cities.

The *Survey* is known best as a "tie-breaker" for companies that are contemplating a move or an expansion and have already determined the best combination of factors important to them, such as the quality of the labor force, the cost of housing, and the proximity to their suppliers and customers.

To assist businesses in clarifying the collective impacts of these various issues and trends, the 2010 *Kosmont-Rose Institute Cost of Doing Business Survey* uses a proprietary approach to compare state and local government fees as determinants of what drives businesses' location choices. The *Survey* objectively compares 413 cities nationwide based on the raw data on fees, taxes, and economic incentives and programs that businesses may encounter in each city. Two of the biggest determinants of a city's cost of doing business tend to be business license fees and property taxes.



## **National**

Unsurprisingly, the twenty most expensive cities in this year's *Survey* have some of the highest property and business taxes. Half have property tax rates over 2.0%, with Chicago and Jersey City having the highest rates at 4.82% and 6.0% respectively. In eighteen of the twenty cities, a medium-sized retail business would pay over \$10,000 a year in business license fees alone. In eight of these cities, however, a medium-sized retail business would pay over \$100,000 a year in licensing fees!

The ten most expensive cities in 2010 (in alphabetical order) are: Akron, OH; Chicago, IL; Columbus, GA; Jersey City, NJ; New York, NY; Newark, NJ; Philadelphia, PA; Phoenix, AZ; Portland, OR; and San Francisco, CA.

The twenty least expensive cities are all west of the Mississippi River, with six in Texas and six in Washington. Significantly, sixteen of the twenty least expensive cities are located in states that do not impose personal or corporate income tax. Three of the remaining four cities are located in states that do not impose sales tax.

The ten least expensive cities in 2010 (in alphabetical order) are: Abilene, TX; Austin, TX; Cheyenne, WY; Corpus Christi, TX; Eugene, OR; Everett, WA; Fort Worth, TX; Houston, TX; Reno, NV; and Yakima, WA.

## **California**

The *Survey* reports that California cities continue to struggle with a sluggish economy and shaky finances although many local governments have tried to cut costs and boost local business.

With its high sales and income taxes, California remains an expensive state in which to do business. California is home to one third of the forty most expensive cities, while only three of the forty least expensive cities are in the state. "Just by being located in California, cities are at a 'cost' disadvantage right out of the gate," according to Larry Kosmont, President and CEO of Kosmont Companies,

The ten most expensive cities in California in 2010 (in alphabetical order) are: Berkeley; Beverley Hills; Culver City; Inglewood; Los Angeles; Oakland; Rancho Santa Margarita; San Bernardino; San Francisco; and Santa Monica.

The ten least expensive cities in California in 2010 (in alphabetical order) are: Apple Valley; Costa Mesa; Dos Palos; Hesperia; Moorpark; Roseville; Sutter Creek; Unincorporated El Dorado County; Unincorporated Lake County; and Unincorporated Merced County.

Three of the ten most expensive cities in California are in the Bay Area – Berkeley, Oakland, and San Francisco. These three cities all have very high utility taxes at 7.5%, making them expensive for business of all sizes. San Diego County remains the least expensive area in the State to do business. None of the sixteen surveyed cities received either a High or Very High Cost rating, however cities in San Diego frequently impose costly project specific fees on new development. California continues to struggle with high unemployment, a \$19.1 billion deficit, and soaring pension costs. As of July 2010, California's unemployment rate was 12.3%, the third-highest in the nation, and the highest since World War II. Although employment rose by 0.3% from March to July 2010, such marginal gains in aggregate do not reflect the incredibly high unemployment in California's agricultural and rural interior where 23 counties have unemployment rates over 15% even when accounting for seasonal labor trends. The unemployment rate as of July 2010 is

15.5% in Riverside, 15.3% in Fresno, 18.7% in Merced, 23.7% in Coachella and 28.8% in El Centro. As inland areas tend to be less economically diverse and more dependent on individual sectors of the economy, like agriculture in Imperial County or housing construction in the Coachella Valley, it may take much longer for these regions to bounce back than the coastal cities. This trend is already seen in decreasing unemployment rates in the major metropolitan areas. The unemployment rate is only 10.8% in the San Diego Metropolitan Statistical Area, 9.4% in San Francisco, 11.5% in San Jose, and 9.8% in Santa Ana although Los Angeles has seen unemployment increase to 13.4%.

Economic uncertainty and lower-than-expected tax revenues are making it even more difficult for the state to balance its budget and close a \$19.1 billion gap. State lawmakers cannot count on increased revenues from existing taxes or agree on spending cuts; therefore, they are largely attempting to balance California's budget by increasing taxes. In 2009, the California State Legislature increased sales taxes, income taxes, and vehicle taxes while decreasing tax deductions for dependents. On April 1, 2009, the state portion of the sales tax rose from 7.25% to 8.25%, giving California the highest state sales tax rate in the country. Personal income tax rates increased for every bracket beginning January 1, 2010, pushing California's highest tax bracket to 10.505%, the second highest state income tax rate in the country.

As California raises its taxes, it continues to lose businesses to nearby Arizona, Colorado, and Nevada. Arizona and Colorado's corporate income tax rates – 4.63% and 6.97% respectively – are much lower than California's 8.84%. Nevada does not assess income tax, making the state even more attractive to businesses. Meanwhile, Arizona's state sales tax rate is 5.6%, Colorado's is 2.9%, and Nevada's is 6.85% in contrast to California's high 8.25% rate. The high cost of doing business in California may encourage some businesses to move out of state.

California's budget crisis has drawn considerable attention to the financial burden the State's government employee pension system places on tax payers. Over the past ten years, pension costs have increased over 2000% while tax revenues increased by only 24%. According to the 2010 budget, nearly \$4 billion will be diverted from education, transportation, parks and other programs to help fulfill the state's pension obligations to former employees. Over the next 16 years, though, California's unfunded pension deficit is expected to exceed half a trillion dollars – more than six times the total value of the state's general obligation bonds.

While the situation is dire, the state is making little progress towards reforming the system. Public employee unions, to which approximately 85% of California government employees belong, have substantial political clout in Sacramento and oppose most reforms that would alter the existing pension system. Rather than compromising during these difficult economic times, the California Public Employees' Retirement System (CalPERS) requested an additional \$600 million from the state to fund employee pension plans. If the State cannot reform the pension system soon, the immense weight of government pension plans will likely lead to further financial problems, increased taxes, more debt, and potentially reduced services. While the Great Recession may have officially ended over the summer, the national economy remains stalled and California's crushing financial problems have only gotten worse. With the state strapped for cash, it has begun raiding municipal redevelopment agency (RDA) accounts for new funds. This has had an extremely negative impact on local cities that face financial crises of their own. With the reduction in available money, many cities have reduced their RDA staff to cut costs. The troubling result is that cities not only have less money to attract new or aid existing businesses, but now don't even have dedicated personnel to bring in companies looking to expand or relocate. "Without a reliable RDA manager on staff, cities are effectively flying

blind with regards to new business,” said Kosmont. “There are simply not enough skilled economic development and redevelopment technicians at city halls these days.” With falling tax revenues and major pension costs, city halls may soon have to worry about meeting bond payments and maintaining their credit ratings. “The huddled masses of cities are in trouble because most states are in trouble,” said David Huntoon, a Fellow at the Rose Institute. “If we can’t fix these government problems and get the economy going, the frame work of city finance is potentially at risk.”

Despite the dire situation of local government, there are several potentially positive opportunities to be had in the midst of this crisis. First, many city government have enacted or are seriously considering tax breaks or fee holidays to help ailing local businesses. The down economy and the desperation by city governments can help savvy business owners to leverage advantageous deals. “If you’re in business right now,” Kosmont observed, “there are good deals to be struck with cities.”

Secondly, the depth of this recession and growing anger among the general public over government in general is leading many cities to reconsider many basic assumptions and practices. As has already been noted, many cities are rethinking their tax structures, fee rates, employee pension plans, as well as potentially contracting local city services. On the flip side of the coin, each election in California yields ballots loaded with requests for new local taxes such as increases in commercial utility taxes, rental car and hotel taxes, which are directed at business and out of town visitor pocketbooks.

Indeed, while the economic downturn has hurt everyone, some cities like Riverside and Santa Clarita seem to have weathered the storm extremely well and can serve as models for other cities looking to innovate. While it remains to be seen whether Sacramento or other state capitols have learned the hard economic lessons of these past two years, local governments may emerge from the Great Recession leaner, smarter, and friendlier to the businesses that keep the lights on at city hall.

### **Los Angeles**

Los Angeles County and the Bay Area remain the most expensive regions in California in which to do business. Half of the ten most expensive cities in California are in Los Angeles County – Beverly Hills, Culver City, Inglewood, Los Angeles, and Santa Monica. –. High sales tax is an important reason that LA County is so expensive. In 2009, state and county sales tax hikes increased the minimum county sales tax to 9.25%. Pico Rivera and South Gate have the highest sales tax rates out of all surveyed cities at 10.75%.

The ten most expensive cities in Los Angeles County in 2010 (in alphabetical order) are: Bell; Beverly Hills; Compton; Culver City; El Segundo; Hawthorne; Inglewood; Los Angeles; Pomona; and Santa Monica.

The ten least expensive cities in Los Angeles County in 2010 (in alphabetical order) are: Agoura Hills; Bell Gardens; Diamond Bar; Glendora; La Mirada; La Puente; Lancaster; Santa Fe Springs; Walnut; and Westlake Village.

## **2010 Survey Highlights**

### ***National:***

- The ten most expensive cities in 2010 (in alphabetical order) are: Akron, OH; Chicago, IL; Columbus, GA; Jersey City, NJ; New York, NY; Newark, NJ; Philadelphia, PA; Phoenix, AZ; Portland, OR; and San Francisco, CA.
- The ten least expensive cities in 2010 (in alphabetical order) are: Abilene, TX; Austin, TX; Cheyenne, WY; Corpus Christi, TX; Eugene, OR; Everett, WA; Fort Worth, TX; Houston, TX; Reno, NV; and Yakima, WA.
- All of the twenty least expensive cities are located west of the Mississippi River, with six in Texas and six in Washington.
- Sixteen of the twenty least expensive cities are located in states that do not impose income tax, and three are located in states that do not impose sales tax.

### ***California:***

- California remains an expensive state in which to do business, especially after its 2009 sales, income, and vehicle tax increases went into effect.
- Thirteen of the 40 most expensive cities nationwide are in California, while only three of the 40 least expensive cities are in California.
- The ten most expensive cities in California in 2010 (in alphabetical order) are: Berkeley; Beverly Hills; Culver City; Inglewood; Los Angeles; Oakland; Rancho Santa Margarita; San Bernardino; San Francisco; and Santa Monica.
- The ten least expensive cities in California in 2010 (in alphabetical order) are: Apple Valley; Costa Mesa; Dos Palos; Hesperia; Moorpark; Roseville; Sutter Creek; Unincorporated El Dorado County; Unincorporated Lake County; and Unincorporated Merced County.
- Los Angeles County and the Bay Area remain some of the most expensive areas in the state, while San Diego remains one of the most affordable for business.

### ***Los Angeles County:***

- Only a quarter of the 72 Los Angeles County cities featured in the Survey received either a Low or Very Low Cost rating, while over half (41 cities) received either a High or Very High Cost rating.
- Only three cities received a Very Low Cost rating: Agoura Hills, Glendora, and Westlake Village.
- The ten most expensive cities in Los Angeles County in 2010 (in alphabetical order) are: Bell; Beverly Hills; Compton; Culver City; El Segundo; Hawthorne; Inglewood; Los Angeles; Pomona; and Santa Monica.
- The ten least expensive cities in Los Angeles County in 2010 (in alphabetical order) are: Agoura Hills; Bell Gardens; Diamond Bar; Glendora; La Mirada; La Puente; Lancaster; Santa Fe Springs; Walnut; and Westlake Village.

#### **About the *Kosmont-Rose* Survey and the Rose Institute of State and Local Government**

The Rose Institute of State and Local Government at Claremont McKenna College is a public policy center that provides research and management experiences for students while conducting and publishing research on a wide variety of issues related to California government and politics. The Rose Institute also works in collaboration with the Kosmont Companies to publish the annual *Kosmont-Rose Institute Cost of Doing Business Survey*®. This is the 16<sup>th</sup> year of publication of the survey and its eighth year since Kosmont Companies began its partnership with the Rose Institute.

#### **About Kosmont Companies**

Kosmont Companies, a certified Minority Business Enterprise (MBE), is a nationally recognized real estate and economics advisory firm specializing in public/private transactions since 1986. We offer results-oriented services in real estate development, economics and finance, land use and entitlements, redevelopment and economic development consulting, and public/private brokerage. Our diverse and uniquely qualified development services team provides the depth and expertise required to help clients conceptualize, structure and implement projects of all product types, sizes and complexities. We serve an extensive range of clients including cities and public agencies, private trusts, landowners, developers, corporations, non-profit organizations and financial institutions.

#### **About Claremont McKenna College**

Claremont McKenna College, established in 1946, is among the highest-ranked and most selective liberal arts colleges in the nation. CMC excels in preparing students for leadership through the liberal arts in business, the professions and public affairs. The College is home to more than 130 accomplished teacher-scholars who are dedicated to teaching and to offering unparalleled opportunities for student collaboration in the research process. Enrolling approximately 1,200 students, CMC combines highly-selective need-blind admission, innovative programs, a 9-to-1 student-faculty ratio, ten research institutes, the impact of the seven-member Claremont College Consortium, and a strong and committed network of alumni, to educate its graduates for a lifetime of leadership.

# CITY OF BROOKINGS

## COUNCIL WORKSHOP REPORT

Meeting Date: October 3, 2011

Originating Dept: City Manager

  
Signature (submitted by)  
\_\_\_\_\_  
City Manager Approval

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**Subject:** Electric Utility Franchise Fees

**Background/Discussion:**

During the 2011-12 budget discussions, the topic of franchise fee revenues was raised. Staff noted that, while most Oregon cities collect a franchise fee from their local electric utility based upon gross receipts, the franchise agreement between the City of Brookings and Coos Curry Electric Cooperative provides that CCEC maintains a certain number of street lights in the City at no cost in lieu of paying a franchise fee. Only cities served by CCEC have this type of in lieu arrangement.

The City currently collects a franchise fee of 5.0 per cent from Charter Cable and 3.3 per cent from Frontier. The franchise fee is commonly levied by cities for two reasons: 1) these utilities have an exclusive franchise to provide these services in the City, and 2) these utilities use the public right-of-way to conduct their business by installing and maintaining poles, transmission lines and underground facilities.

The City Manager recently completed an informal survey of Oregon cities to explore practices with respect to electric utility franchise fees. Attached are the results of that survey. Also attached is a 2008 League of Oregon Cities survey on electric utility franchise fees.

According to CCEC General Manager Roger Meader, the cost to CCEC of providing street light services in the City is \$65-70,000 annually, while each one per cent of gross receipts revenue would equal about \$85-90,000 annually. The City currently pays about \$11,000 annually for street lights that are not covered under the terms of the franchise agreement.

Oregon Administrative Regulations, 860-022-0040, allows a city to levy a franchise fee of up to 3.5 per cent without having the fee separately listed on the electric utility bill.

Based upon the estimates from CCEC, the City could generate \$297-315,000 annually at a franchise rate of 3.5 per cent or \$425-450,000 annually at a rate of 5.0 per cent, which would provide \$227-380,000 in net revenues to the General Fund (after payment of street lighting costs).

**Attachment(s):**

- a. Electric Franchise Fees recent survey
- b. Electric Franchise Agreements 2008 League survey
- c. "City exploring new revenue options," Sept 16, Corvallis Gazette-Times

## **Electric Franchise Fees**

### **Cities @7.0 percent**

Aumsville

Cave Junction

Coos Bay

Enterprise

Hood River

La Pine

North Bend

Ontario

Pendleton

Sisters

### **Cities @ 5.0 percent**

Albany

Fairview

Forest Grove

Happy Valley

Independence (seeking increase to 7%)

Keizer

La Grande

Medford

Nehalem

North Plains

Rogue River

Roseburg

Tangent

Tillamook

Wood Village

Most cities that have enacted a 5.0 percent fee have enacted it as a 3.5 percent "franchise fee" and a 1.5 percent "privilege fee."

### **Cities @3.5 percent**

Ashland

Dundee

Estacada (seeking increase to 5.0%)

Halsey

Lafayette

Turner

### **Other**

Scio - 3 percent

Condon – 4 percent

Central Point - 5.5 percent

Bandon - owns its own electric utility. Charges its city-owned utility a 6.0 percent franchise fee. City owned electric utility also pays for street lights.

Drain - Same as Bandon, but franchise fee is 7.0%

Milton-Freewater - Same as Bandon, but franchise fee is 8.0%

Monmouth - Same as Milton-Freewater.

## FRANCHISE FEE SURVEY - 2008

League of Oregon Cities - Summer 2008

### ELECTRIC FRANCHISE AGREEMENTS

City	Electric Provider	Fee/Tax		NOTE
		Rate	Revenue 2006-07	
Adrian	Idaho Power	3.5%	\$5,330	1
Albany	Consumers Power	5%	\$82,582	1
	PacifiCorp	5%	\$1,502,954	
Arlington	PacifiCorp	7%	\$16,000	
Astoria	PacifiCorp	3.5%	\$224,807	
Aurora	Portland General Electric	3.5%	\$20,606	
Baker City	Oregon Trail Electric Co-op.	5%	\$314,704	
Banks	Portland General Electric	3.5%	\$39,330	
Bay City	Tillamook PUD	Not Available	\$20,333	
Beaverton	Portland General Electric	3.5%	\$2,181,408	
Boardman	Umatilla Electric Co-op	3%	\$63,461	
Brownsville	PacifiCorp	5%	\$36,337	
Cannon Beach	PacifiCorp	3.5%	\$71,428	
Carlton	Portland General Electric	5%	\$54,131	2
Cave Junction	PacifiCorp	7%	\$87,782	
Central Point	PacifiCorp	3.50%	\$262,019	3
Clatskanie	Clatskanie PUD	5%	\$60,838	
Columbia City	Columbia River PUD	Not Available	\$37,840	
Condon	Columbia Basin Electric	4%	\$25,786	
Coos Bay	PacifiCorp	7%	\$846,350	
Cornelius	Portland General Electric	3.5%	\$161,409	
Corvallis	Consumers Power	5%	\$161,051	
	PacifiCorp	5%	\$1,746,266	
Cottage Grove	Emerald PUD	3.5%	\$24,505	
	PacifiCorp	3.5%	\$166,856	
Damascus	Portland General Electric	3.5%	\$157,379	
Depoe Bay	Central Lincoln PUD	3.5%	\$37,905	4

1. The fee rate is for a privilege tax.

2. The 5% fee is comprised of a 3.5% franchise fee and 1.5% privilege tax.

3. Fee increased to 5% in October 2008.

4. Only 0.75% is applied to revenues received from industrial customers.



City	Electric Provider	Fee/Tax		NOTE
		Rate	Revenue 2006-07	
Dundee	Portland General Electric	3.5%	\$52,500	
Eagle Point	PacifiCorp	5%	\$149,097	
Echo	PacifiCorp	3.5%	\$13,336	
Enterprise	PacifiCorp	7%	\$118,322	
Estacada	Portland General Electric	5%	\$94,409	
Fairview	Portland General Electric	5%	\$227,720	5
Florence	Central Lincoln PUD	3.5%	\$330,429	6
Gearhart	PacifiCorp	3.5%	\$47,788	
Gladstone	Portland General Electric	3.5%	\$213,043	
Glendale	PacifiCorp	3.5%	\$19,697	
Grants Pass	PacifiCorp	5%	\$1,125,196	
Halsey	PacifiCorp	3.5%	\$16,009	
Happy Valley	Portland General Electric	5%	\$252,335	7
Helix	PacifiCorp	3.5%	\$5,343	
Hermiston	Umatilla Electric Co-op	3%	\$526,030	
Hillsboro	Portland General Electric	3.5%	\$3,944,332	
Irrigon	Umatilla Electric Co-op	4.5%	\$39,147	
Jacksonville	PacifiCorp	3.5%	\$49,648	
John Day	Oregon Trail Electric Co-op	5%	\$73,420	
Johnson City	Portland General Electric	Not Available	\$10,259	
Jordan Valley	Idaho Power	3%	\$5,406	
Joseph	PacifiCorp	3.5%	\$31,496	
Keizer	Salem Electric	5%	\$258,995	
	Portland General Electric	5%	\$580,987	
Klamath Falls	PacifiCorp	7%	\$706,058	
La Grande	Oregon Trail Electric Co-op	5%	\$371,092	
Lafayette	Portland General Electric	3.5%	\$47,780	
Lake Oswego	Portland General Electric	3.5%	\$943,269	
Lakeview	PacifiCorp	3.5%	\$60,005	
Lebanon	PacifiCorp	5.94%	\$494,350	
	Consumer Power	5.94%	\$55,642	
Lexington	Columbia Basin Electric	5%	\$8,579	
Lincoln City	PacifiCorp	Not Available	\$365,592	
Long Creek	Oregon Trail Electric Co-op	Not Available	\$358,221	

5. The 5% fee rate is comprised of a 3.5% franchise fee on gross receipts and an additional 1.5% tax.

6. Only 0.75% is applied to revenues received from industrial customers.

7. The 5% fee is comprised of a 3.5% franchise fee and 1.5% privilege tax.

City	Electric Provider	Fee/Tax		NOTE
		Rate	Revenue 2006-07	
Lowell	Lane Electric	4.5%	\$23,806	
Lyons	PacifiCorp	3.5%	\$26,961	
Madras	PacifiCorp	5%	\$212,258	
Malin	PacifiCorp	5%	\$14,294	
Manzanita	Tillamook PUD	5%	\$29,893	
Medford	PacifiCorp	7%	\$2,767,942	
Milwaukie	Portland General Electric	3.5%	\$756,026	8
Molalla	Portland General Electric	3.5%	\$147,751	
Moro	PacifiCorp	Not Available	\$9,262	
Mosier	PacifiCorp	3.5%	\$11,146	
Myrtle Creek	PacifiCorp	3.5%	\$56,682	9
Myrtle Point	PacifiCorp	5%	\$71,760	
Newberg	Portland General Electric	5%	\$646,109	10
North Bend	PacifiCorp	7%	\$481,381	
Nyssa	Idaho Power	3%	\$37,184	
Oakridge	Lane Electric	4.5%	\$115,719	11
Ontario	Idaho Power	5%	\$577,026	
Oregon City	Portland General Electric	Volumetric	\$687,442	
Philomath	Consumers Power	5%	\$34,163	
	PacifiCorp	5%	\$108,291	
Pilot Rock	PacifiCorp	3.5%	\$49,096	
Portland	PacifiCorp	5%	\$5,674,281	
	Portland General Electric	5%	\$17,526,885	
Prairie City	Oregon Trail Electric Co-op	3%	\$29,637	
Prineville	PacifiCorp	5%	\$315,867	
Redmond	Central Electric Co-op	5%	\$43,964	
	PacifiCorp	5%	\$901,109	
Richland	Idaho Power	3%	\$3,596	
Rivergrove	Portland General Electric	Not Available	\$5,726	
Rogue River	PacifiCorp	5%	\$82,342	
Roseburg	PacifiCorp	5%	\$832,502	
Sandy	Portland General Electric	3.5%	\$155,524	

8. The city started implementing a 1.5% privilege tax in 2007-08.

9. Fee rate increased to 7% as of July 1, 2008.

10. The 5% fee is comprised of a 3.5% franchise fee and 1.5% privilege tax.

11. Fee rate will increase to 5% in 2009-11.

City	Electric Provider	Fee/Tax		NOTE
		Rate	Revenue 2006-07	
Scio	PacifiCorp	3.5%	\$15,000	
Seneca	Electric Trail Co-Op	5%	\$4,930	
Sheridan	Portland General Electric	Not Available	\$101,235	
Siletz	Central Lincoln PUD	5%	\$23,085	
Silverton	Portland General Electric	3.5%	\$194,280	
Sisters	Central Electric Co-op	7%	\$118,615	
Springfield	Springfield Utility Board	Volumetric	\$1,759,019	
St. Paul	Portland General Electric	3%	\$11,550	
Sutherlin	Douglas Electric	3.5%	\$17,683	
	PacifiCorp	3.5%	\$133,649	
Sweet Home	PacifiCorp	5%	\$243,484	
Talent	PacifiCorp	5%	\$151,047	
Tangent	PacifiCorp	3.5%	\$41,464	
The Dalles	Northern Wasco Co. PUD	3%	\$552,677	
Tigard	Portland General Electric	3.5%	\$1,371,065	
Toledo	Central Lincoln PUD	2% - 3.5%	\$313,724	12
Troutdale	Portland General Electric	3.5%	\$467,931	13
Unity	Idaho Power Corp.	3.5%	\$3,005	
Waldport	Central Lincoln PUD	3.5%	\$57,675	14
Warrenton	PacifiCorp	5%	\$231,783	
Waterloo	PacifiCorp	3.5%	\$3,212	
West Linn	Portland General Electric	5%	\$972,862	15
Weston	PacifiCorp	3.5%	\$25,682	
Willamina	Portland General Electric	3.5%	\$43,375	
Wilsonville	Portland General Electric	3.5%	\$723,035	
Wood Village	Portland General Electric	3.5%	\$127,709	
Yoncalla	Douglas Electric Co-op.	3.5%	\$21,299	

12. Only a 2% rate is applied to industrial customer revenue. A 3.5% rate is applied to all other revenue.

13. The 5% fee is comprised of a 3.5% franchise fee and 1.5% privilege tax.

14. Only 0.75% is applied to revenues received from industrial customers.

15. After FY 2006-07, the local paper mill, who is a major power user, found an alternative source to buy power from. This resulted in a significant and unexpected decrease in franchise revenue for FY 2007-08 - \$655,929.

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## City exploring new revenue options

By Nancy Raskauskas, Corvallis Gazette-Times | Posted: Friday, September 16, 2011 8:00 am

### *Council hears presentations on six possible taxes and fees*

The City Council is considering a half-dozen strategies to generate more revenue to pay for government services.

Voters approved a property tax levy in May that will raise roughly \$5.6 million over three years and helped patch a \$3.6 million shortfall in this year's budget. In addition, the city made \$2.3 million in midyear cuts to programs, services, projects and set-asides for reserves during fiscal year 2010-11.

But the city's struggle to match revenues with costs didn't end there. Projections from the Finance Department paint a picture of continuing shortfalls in the coming years.

Even after the influx of levy funds earmarked for the library, aquatic center, senior center and social services, the city's midrange estimates project a shortfall of \$1 million in fiscal 2012-13, increasing to \$3.1 million in 2013-14, if no steps are taken to raise additional revenues or cut costs.

The strategies to raise revenues discussed by the council at a recent work session include a business services fee, an entertainment tax, a fire protection fee, an increase to existing franchise fees, a local income tax and a telecommunications tax.

"The purpose was really to understand more about each potential option and to get people's questions answered," said Mayor Julie Manning.

The conversation ties into the council's goal to create a sustainable budget. The council also has scheduled a work session to discuss expenses.

### **Opposition seems likely**

Deciding which, if any, of these options to pursue is an important discussion for the council as any new tax, fee or rate hike will likely face some stiff opposition.

Take, for instance, the idea of an entertainment tax.

The tax could cover many types of activities, from plays and concerts to Oregon State University athletic events, renting a DVD or eating at a restaurant.

The city estimates that a 1 percent entertainment tax could net \$41,100 a year on theater revenues or \$82,000 annually on restaurant sales.

But the big score would come from a tax on Oregon State sports. The city estimates that a 1 percent ticket tax at OSU athletic events could earn \$274,908 a year.

That calculation is based on the city's estimate of \$27.5 million of total athletic revenue. A third of that would come from OSU football games, with an anticipated 75 percent of seats sold at an average of \$45 a ticket.

However, it might prove impossible to force a state institution such as OSU to participate in the tax.

In addition, Mark Spencer, OSU's senior associate athletic director for finance and business affairs, said he thinks the city has overestimated the revenue available from an entertainment tax on OSU sports.

He estimates ticket sales that could be subject to such a tax at approximately \$8.5 million annually, not \$27.5 million.

Spencer's numbers suggest that such a tax would net about \$85,440 annually for the city.

More to the point, though, Spencer said OSU officials likely would not support such a tax.

"OSU athletic events have an estimated economic impact to Corvallis of \$22 million annually, which directly supports the community," he said. "The athletics department is not in a position to absorb the additional cost, so it would directly affect the fans via an increased ticket price."

"We probably would have some concerns," agreed OSU Assistant Athletic Director Steve Fenk.

Another drawback to such a tax is the competitive disadvantage it could impose on some institutions. For instance, tickets to a play at Corvallis High School would be taxed, but Crescent Valley High School productions would be exempt because the school is outside the city limits.

Although the council has not come to a consensus on supporting any of the six revenue alternatives at this point, some of the others could be problematic as well.

City finance director Nancy Brewer said the administrative difficulties of implementing a local income tax make that an unlikely option. No other communities in the Pacific Northwest impose such a tax.

In addition, a number of questions remain about the structure of a fire protection fee, which in theory would eliminate the need for property tax support of fire services.

"There is some desire to look at it more," Brewer said. "I suspect there will be more work on that."

The fire protection fee idea is to charge metered utility customers for fire protection services, but then possibly refund the fee against property tax payments.

Essentially, it's a way to generate revenue from entities in Corvallis that don't pay property taxes, such as OSU and the nonprofit Good Samaritan Regional Medical Center.

This concept was proposed by Ward 8 City Councilor Biff Traber as a way to provide the Fire Department with its own revenue source outside property tax support.

Corvallis has not considered such a fee before, although it is similar in structure to the sustainability initiative fees that have been added to utility bills since February.

"You do kind of have to start thinking outside the box because there is nothing left in the box," Brewer said of the idea.

### **Budget challenges**

The city has faced "structural challenges" in its budget for nearly two decades. While property tax revenue grows no more than 3 percent a year, the city's total costs have gone up by up to 5 percent to 6 percent annually, spurred by the rising cost of health insurance, pension funds and employee salaries, Brewer explained.

In addition, there are costs that the city cannot control, including a pending property tax appeal from Hewlett-Packard.

"We don't have an income system that matches expenses," Brewer added.

To that end, the council is not just looking for more ways to raise money, it's also looking for more ways to cut expenses, including an aggressive attempt to control payroll costs through the renegotiation of labor contracts.

The council will talk more about department budgets and possible cuts at its next work session at 7 p.m. Monday at the downtown fire station, 400 N.W. Harrison Blvd.

### **Top six revenue proposals**

*On Monday, the City Council met in a work session to discuss the six strategies to generate new revenue to fund city services. Below are details on each of the proposed fees and taxes, summarized from a report by city finance director Nancy Brewer.*

#### **BUSINESS SERVICES FEE**

**What is it?:** An annual fee for businesses to operate within the city. The fee could be based on number of employees, percentage of net income or a set dollar amount per business.

**How much would it earn?** The city has about 1,800 businesses. A flat rate for each business would generate between \$90,000 and \$360,000 annually.

With an estimated 24,845 to 32,087 people employed in the city, a business license fee of \$10 per employee would produce at least \$248,450 annually.

**Restrictions:** The fee could be earmarked for a specific program or service or used as nondesignated revenue in the general fund.

Many other communities that have a local business services fee charge a fee to all entities doing business within the city. For instance, a contractor from Albany who wants to do business in Corvallis would be required to pay the fee.

**History:** In 2008, the Corvallis City Council pursued a business license fee to fund economic development. But the business community, which originally proposed the fee, withdrew its support, and the council dropped the issue.

### ENTERTAINMENT TAX

**What is it?** An excise tax on leisure activities within the city limits. Taxable activities might include everything from attending a play or an Oregon State University athletic event to renting a DVD or eating at a restaurant.

**How much would it earn?** A 1 percent entertainment tax on theater revenues would net the city an estimated \$41,100 a year. A 1 percent tax on restaurants would earn an estimated \$82,000 annually. A 1 percent tax on OSU athletic events would earn an estimated \$274,908, based on the city's estimate of OSU's ticket revenue of \$27.5 million. More than one-third of this amount would come from football revenue, using an estimate of 75 percent of seats being sold at home games at \$45 a ticket.

However, it might prove impossible to force a state institution such as OSU to participate in the tax.

**Restrictions:** There are no requirements governing the use of a local entertainment tax.

Restaurants, theaters and other entertainment venues might be placed at a disadvantage relative to those outside the city.

**History:** In 2003, the Corvallis City Council asked city staff to develop information on an entertainment tax. At the time the city estimated annual revenue of between \$287,000 and \$387,000. That was before Carmike Cinema 12 opened and OSU expanded Reser Stadium. At the time, the city was considering the tax to fund nongovernment services such as festivals.

The Corvallis Downtown and Economic Vitality Plans Implementation Committee looked at a meal tax in 2007 but decided not to pursue it in the face of stiff opposition from the restaurant industry.

Also in 2007, the committee discussed an entertainment tax. OSU explicitly stated that it would not participate unless it received a significant portion of the revenue from the tax.

Ashland has a tax of 5 percent on prepared meals that was passed in 2009. It is the only voter-approved sales tax in Oregon. Ashland uses the funds for open space and parks purchases and to offset the cost of a new wastewater treatment plant.

### FIRE PROTECTION FEE

**What is it?** A monthly fee paid by all metered utility customers within the city limits for fire protection. The fee could possibly be refunded or rebated against property tax payments.

Essentially, this is a way to get revenue from entities such as Oregon State University and Good Samaritan Regional Medical Center, which don't pay property taxes. The fee could be adjusted so that the effects on private companies and citizens are canceled out by some rebate or refund. In fact, a residential customer could end up paying slightly less in property tax as a result.

**How much would it earn?** The rate could be adjusted to match the cost of fire protection in the city (estimated at \$7.8 million next year — the amount not covered by other revenues such as fire protection districts and ambulance fees). Based on that revenue target, a homeowner would pay a monthly fee of about \$29. After rebates for some customers, net revenue estimates for the city range from \$182,600 to \$382,300 annually.

**Restrictions:** Revenue would be restricted for use in fire services. In return, the fire fund would reduce or eliminate its dependency on property tax revenue.

This type of fee would need to be administered by the city and is complex to determine and administer.

The fire protection fee would be based on a sliding scale so that larger, more intensive water users would pay more. The rate assumes that larger facilities have a larger impact on fire services.

**History:** Medford and Newberg have a public safety fee that is collected through utility bills. Keizer is sending a similar fee to voters in November.

Corvallis has not considered such a fee before, although it is similar in structure to the sustainability initiative fees that have been included in utility bills since February.

This concept was proposed by Ward 8 Councilor Biff Traber as a way to provide a dedicated revenue source for the Fire Department.

## **FRANCHISE FEES**

**What is it?** The city charges a fee to both city and private utilities for use of the public right-of-way. In 2002, Corvallis implemented a 5 percent fee on city utilities. The rate of that fee could be increased.

**How much would it earn?** Currently, the 5 percent fee charged to the city's water, wastewater and stormwater funds generates \$881,950 per year in revenue. Increasing that rate to 6 percent would increase that revenue to \$1.06 million annually. A hike to 7 percent would bring in \$1.2 million annually.

If all privately owned utilities that could have their franchise rates increased were also charged 7 percent, revenues from them would increase by approximately \$1.26 million annually.

**Restrictions:** Each franchise agreement has a specific contract period. It's possible to reopen the contracts sooner, but opposition from the utility companies could result in a staggered implementation and revenue increase. NW Natural's contract will expire in 2012, the Pacific Power and Consumer Power deals will expire in 2017, and the Allied Waste agreement is up in 2018.

**History:** Oregon cities that charge more than 5 percent in city utility franchise fees include Pendleton, Eugene and Oregon City. Portland reduced its rate from 7.5 to 5 percent in recent years.

Over the past few years, Medford negotiated a franchise rate increase on utilities not owned by the city from 5 percent to 6 percent or 7 percent. Pendleton charges all utilities not owned by the city a 7 percent fee.

Revenue from franchise fees has begun to decrease in recent years due to energy conservation efforts and a reduction in telephone land lines.

## **LOCAL INCOME TAX**

**What is it?** A tax on earned and unearned income received by people who earn income in Corvallis.

**How much would it earn?** A 0.25 percent personal income tax might gross as much as \$5.27 million annually, but revenue could vary widely depending on how it is assessed and collected.

**Restrictions:** There are no requirements for how a local personal income tax might be used.

Corvallis finance staff warns it could be difficult to administer locally without significant additional staffing and resources. A more likely model would be to contract with the state Department of Revenue.

Depending on how it is implemented, people who work outside Corvallis but live in the city might not have to pay the tax. Conversely, people who work here but live elsewhere could end up paying a local income tax to a community other than their home.

**History:** No other city in the Pacific Northwest charges such a tax.

## **TELECOMMUNICATIONS TAX**

**What is it?** Also known as a cellphone tax, this proposal would levy a 3 percent to 5 percent tax on all revenues generated by providers of wireless telecommunication services.

**How much would it earn?** Without the disclosure of revenue data from service providers, the revenue from such a tax can only be estimated.

Assuming that the average cellphone bill is \$70 a month and that the number of cellphone users with billing addresses in the Corvallis area ranges from 28,350 to 42,630, the city finance staff estimates that a 5 percent tax would generate \$1.1 million to \$1.7 million annually. A 3 percent tax would raise between \$530,000 and \$890,000.

**Restrictions:** There are no restrictions on the use of a local telecommunications tax. A logical earmark: Corvallis Regional Communications Center or public safety funding.

Wireless telecommunication companies would be responsible for paying the city a percentage of their gross revenues from Corvallis addresses.

**History:** Wireless providers in Corvallis currently pay no local tax.

In a study conducted in 2010, state and local tax rates for wireless services in Oregon ranked last nationwide at 1.81 percent. The majority of states were greater than 8 percent.

Eugene adopted a version of a telecommunications tax in 1997, which included a 2 percent registration tax that was later challenged in court. Although Eugene has been successful in defending the legality of the tax, it's been a costly legal battle.

In 2005, Springfield adopted a 5 percent tax on all utility providers. The ordinance was referred to voters and overturned in May 2005.

In 2006, the Corvallis City Council approved a telecommunications service tax. An initiative petition — heavily supported by the telecommunications industry — referred the issue to voters in a special election that September. The measure was overturned, 69 percent to 31 percent.

When Keizer explored the possibility of a "wireless license fee" in November 2010, citizens responded with more than 3,000 signatures in an effort to put the 3 percent fee on telecommunications providers before the voters. The city ended up repealing the fee and going in a different direction to fund police and fire agencies.

*Contact city reporter Nancy Raskauskas at [nancy.raskauskas@lee.net](mailto:nancy.raskauskas@lee.net) or 541-758-9542. Follow her on Twitter [@NancyR10](#).*

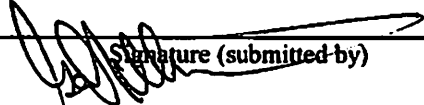


# **CITY OF BROOKINGS**

## **COUNCIL WORKSHOP REPORT**

Meeting Date: October 3, 2011

Originating Dept: City Manager

  
\_\_\_\_\_  
Signature (submitted by)  
\_\_\_\_\_  
City Manager Approval

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**Subject:** Access to Social Security Bar

**Background/Discussion:**

Last year, the City Council discussed limiting access to Social Security Bar through the City owned property on North Bank Chetco River Road. No action was taken at that time.

Law enforcement and fire officials report an increased level of transient activity on Social Security Bar. Attached is a memorandum from Fire Chief Sharp concerning an incident that occurred at this location on August 29.

Chief Sharp and Chief Wallace will be present for the workshop to discuss conditions at Social Security Bar which raise public safety concern.

**Attachment(s):**


- a. Memorandum from Chief Sharp dated August 30, 2011.
- b. Council Workshop Report dated June 7, 2010

August 31, 2011

**INTER  
OFFICE**



**MEMO**

To: Gary Milliman, City Manager  
From: William J Sharp, Fire Chief   
Subject: Social Security Fire  
Date: 8/30/11

At 8:21 August 29, 2011, Brookings Fire was dispatched to a call for a smoldering motor home behind 98640 North Bank Chetco River Road on the river bar. To gain access we came onto the river bar at Social Security Bar and drove down the river bar to the remains of a motor home. It was still smoldering on the wheel wells for the back tires. I got out of my command vehicle and walked all the way around the vehicle sizing up the situation. What I saw was a totally consumed motor home. Shortly after arriving a women (Robin Stark) came walking up to me indicating she was the one who had called in the incident. She talked with me briefly before our first engine arrived. As Engine 1 arrived I told them to pull the 100' 1 3/4 line to put out the smoldering fires on the wheels. Just before they actually began putting water on the smoldering fires Ms. Stark asked me if I had seen the bones by the back of the trailer. I said no and asked her to point them out to me. She pointed to a spot just inside the back of the motor home about two feet in. I then saw what appeared to be long bones similar to leg or arm bones. I told my crew to not put any water on the fire and wait. I then looked over the area further and spotted what appeared to be the remains of a body in the ashes. About that time a County Deputy arrived and we pointed out the remains to him. It was at that point that because of the indicators of a possible fatal fire that the situation and scene changed from a fire scene to a possible crime scene and we backed off to allow further investigation. The State Fire Marshal's Office , Oregon State Police, Curry County Sheriff and other agencies eventually arrived on scene later in the day to ultimately investigate what was later determined to be a fatal fire involving a young women and

Gary Milliman, City Manager

Page 2

August 31, 2011

her dog. We were called back to the scene later that evening to put water on the smoldering remains of the trailer.

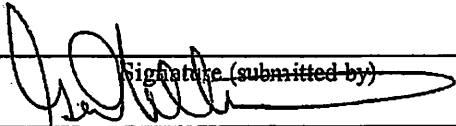
I am aware of numerous opportunities of contact that the County Deputies and Coos Forest Patrol have had with the owner of the motor home and the victim in the preceding week before the fire. So we know that the motor home had been at this location for some time prior to the fire. It is also evident that people (Transients) and others have been camping in this area. We have dealt with complaints on numerous occasions of people living in this area and leaving garbage along with their fires. It is my understanding that this river bank area is under State of Oregon jurisdiction. However, access is obtained by coming down onto the river bar through City of Brookings easement at Social Security Bar.

# CITY OF BROOKINGS

## Council WORKSHOP Report

Workshop Date: June 7, 2010

Originating Dept: City Manager

  
Signature (submitted by)  
City Manager Approval

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Subject: Public Access to Social Security Bar

Background/Discussion:

The City of Brookings owns the access to the area known as Social Security Bar. Records indicate that the City purchased the property in 1968 to be used as a part of the municipal water system. The property has no current water system related use. The City currently pays for the maintenance of a portable toilet at this location. The location is used by many area residents and visitors for access to the bar for recreational purposes.

We have received numerous complaints from neighboring property owners concerning disturbances, late night parties, speeding vehicles, trash, drug use, washing vehicles in the river and other activities occurring on Social Security Bar via the City access. The City Manager, Chief Wallace, Sheriff Bishop and representatives of Oregon State Police and Oregon Department of Fish and Wildlife met with about 35 residents of the area to hear their complaints and discuss solutions. Social Security Bar is located in the unincorporated area, so the City does not have law enforcement authority there. However, the City could exercise control over the access. ODFW reported that they have installed seasonal vehicle gates on a number of other access locations; the gates are locked open during fishing season, and locked closed during non-fishing season. ODFW also reported that Oregon State regulations prohibit people from being on the bar between the hours of 10:00 p.m. and 5:00 a.m., but that they do not have the resources to effectively enforce this restriction. We agreed to develop some alternatives to addressing the issue as the property owner and make recommendations to the City Council. Following is a discussion of alternatives that staff has developed to date:

1. Authorize the Oregon Department of Fish and Wildlife to install and maintain a seasonal gate on the City property at Social Security Bar. While this would curtail vehicular activity on the bar during the non-fishing season, it would not resolve the nighttime activity problem.
2. Install a vehicle gate that would be closed at all times. This would completely eliminate vehicle access to the bar, day and night. However, this would impair physically impaired persons from accessing the river for fishing.
3. Install a vehicle gate that would be closed during non-fishing season during the day and between the hours of 10:00 p.m. and 5:00 a.m. year-round. This would require staffing to open and close the gate daily during the fishing season.
  - a. One possible alternative to staffing might be to contract with a non-profit organization... perhaps a sportsman's association... to perform this function.

- b. A second possible alternative to staffing might be to develop facilities on the site for a seasonal "park host" trailer. The park host would be responsible for opening/closing the gate, litter cleanup and reporting illegal activity.

All gate installation alternatives would prohibit vehicles from entering the bar, but people could still walk onto the bar.

4. Take no action to install a gate, but request that the Oregon State Police and County Sheriff increase their enforcement efforts at the location.
5. Dispose of the property as surplus to the City's needs.