

MINUTES
CANBY PLANNING COMMISSION

7:00PM, March 25, 2002
City Council Chambers, 155 NW 2nd

I. ROLL CALL

PRESENT: Chairman Keith Stewart, Commissioners Jim Brown, Paul Thalhofer, Geoffery Manley, Randy Tessman

STAFF: John Williams, Planning and Community Development Director, Carla Ahl, Planning Staff

OTHERS PRESENT: Cami Schmidt, Jim Walker, Craig Finden, Dan Wilcox, Roy Hester, Matt Aghast, Bob Cornelius, Bev Doolittle, Wayne Scott, Ray Burden

II. CITIZEN INPUT

None

III. NEW BUSINESS

MOD DR 01-09 Pan Pacific/Safeway Hwy 99E access

John Williams, Planning and Community Development Director, presented the modification. He stated that at the last Planning Commission meeting the access on Aspen Street had been a concern for the Commissioners, since that time the applicant had been working with ODOT and had come up with an alternate design. John explained the Aspen Street entrance would be closed and the accesses on Hwy 99E would be consolidated into one access and creating a right turn traffic deceleration lane. John believed the new design addressed a lot of the concerns the Planning Commission had.

Mr. Brown questioned how the "Welcome to Canby" sign will be protected. Mr. Roy Hester, Public Works Supervisor explained the area would be curbed and the traffic would be slowed in that area.

Mr. Manley questioned if the proposed pole sign for the shopping mall will remain in the same location.

Jim Walker, Mulvany G2 Architecture, stated they were not looking at moving the sign at this time, but it could be addressed in the future.

Mr. Tessman asked how the pedestrian walkways would work. Mr. Walker stated the application only addressed the internal walkways, the alignment of crosswalks and pedestrian ways would be a shared responsibility between the applicant and the City.

Mr. Stewart asked for clarity on what the proposed changes were for Hwy 99E. Mr. Walker explained that ODOT did not like having two approaches to Hwy 99E that close together, so there will be a dedicated right in deceleration, and the entrance to the shopping center will be combined with the 4th St. approach.

Mr. Brown stated he was critical of the original application due to concerns he had with Aspen St.. He believed closing the Aspen St. entrance and combining the access points on Hwy 99E was a very good solution to the situation.

Mr. Manley stated he liked the design and believed it will do a good job of making the intersection safer.

Mr. Thalhoffer abstained from the discussion due to the application.

Mr. Tessman believed it was a definite improvement to the intersection

John stated that since Aspen St. will no longer need to be a public right-of-way, and the City will consider vacating it to the benefit of the property owners on either side. Mr. Stewart stated that Mr. Reif would like to have cross easement with the school district for dedicated parking.

Mr. Stewart thanked the applicant and the property owners for working together. He stated when the application first came before the Commission, there were concerns regarding potential problem at the Aspen St. Intersection and he appreciated everyone who worked on making this a better intersection. He added that with the improvements to this intersection, the property on the other side of Hwy 99E becomes a much more viable.

Mr. Brown stated that the vacant property next door to Burgerville is intended to be the Vietnam Memorial. He explained that where the sidewalks are located and how the foot traffic moves through the area will be addressed as part of the final design process.

It was moved by Mr. Brown to approve MOD DR 01-09 as proposed. Seconded by Mr. Manley. Motion carried 4-0, with Mr. Thalhoffer abstaining.

MOD DR 95-07 a modification to T-Line Designs. John Williams presented the modification. He explained the applicant is proposing to change the windows, add a cedar deck, a ramp and an entry door.

John explained that there was a condition on the original design review that any

modifications would have to go before the Planning Department.

Mr. Stewart questioned if the glass windows that are to be removed were movable garage doors. John stated it was just aluminum store front.

Mr. Brown stated that he did not see why the applicant wanted to remove the glass from the front of their building to accommodate a door. He believed the door would fit in an existing space in the glass. Mr. Brown believed it diminishes the elevation.

Mr. Brown suggested continuing the application until such a time the applicant can address the Commission. It was agreed to postpone the application.

IV. PUBLIC HEARING

STREET MAINTENANCE FEE

Mr. Stewart stated this was not a land use hearing it would be a little more informal and OCTS would run an edited version of the presentation on channel 5. Mr. Stewart explained that the City Council had asked the Planning Commission to hold 2 public information forums plus a public hearing to discuss a street maintenance fee, both forums have been held and this is the public hearing portion. The Planning Commission will try to come up with some reasonable recommendations to make to the City Council.

Mr. Stewart stated the Commission has been concerned about when demand for services outstrips the City's ability to supply those services. He explained that the School District recently moved boundaries to accommodate some schools that were at capacity. He stated that the Public Works Supervisor has made the Planning Commission and the City Council aware of a growing backlog of street repairs. The Budget Committee has researched several options for dealing with this issue, and asked the Commission to assist in getting as much public input as possible.

John Williams stated this was an informal presentation and asked that the audience or the Planning Commission to feel free to ask questions as he gave the presentation.

John discussed the condition of Canby's streets. He explained there are about 48 miles of streets the replacement costs are about \$1 million dollars a mile and the City adds about 1 mile a year, this is a large investment for the community.

John explained the system used to rate street conditions (called the Paving Condition Index) which rates street conditions on a scale of 0-100 with 0 being a street that has failed, and 100 a new street. Using this system it was found that 47% of Canby's streets are in good

condition requiring routine maintenance (sealants) costing approximately \$1 a square yard, 20% of the streets are satisfactory requiring thin overlays or slurry seals which run from \$1 - \$8 a square yard and 33% of streets were found to be in fair/poor condition which will require thick overlays or complete reconstruction which could run up to \$45 a square yard.

John drew a graph that showed the life span of a road, the road stays in good condition for a long time but when it starts to fail, it deteriorates at a rapid rate. He explained the cheapest way to maintain streets is to keep them in good condition, because once they are in poor condition it can cost five or six times the amount to repair them.

John stated the City has tried to get grant money for projects such as S. Berg Parkway, but the grant money that is available is going to large projects such as the Sunnyside Corridor and Canby is on it's own to fund local large scale projects.

John stated that a street survey had been done in 2000, and the latest survey was just completed. John explained that in the 2 years between surveys there has been a 7% loss of street mileage in the good category and the roads in poor condition have gone up from 2% to 11%, the average street condition has gone from 68% to 63% in two years, in another 4-5 years the average street condition will be in the mid 50% range. John stated the roads in poor condition makes up the majority of the maintenance needs the City has because the treatments are so expensive.

John stated the "Ideal" 20 year plan repairs the roads in the fair/poor roads, and treats the roads in the satisfactory category before they get any worse. He explained to upgrade the street conditions in the most economical way, it requires \$7 million in the next 5 years. This would catch the streets in the poor category and bring them up to good condition, eliminating the backlog of street projects and getting 95% of the streets in good condition by 2006. This requires \$10 million over a 20 year period, but that figure does not include the cost of financing.

Mr. Brown asked if the mile a year that is being added was included in that figure. Roy Hester stated it did not it only accounted for the current system at this time. Mr. Stewart asked if curb and sidewalks are included in this plan. John stated the curbs were included but not the sidewalks.

John discussed the funding the city has at this time, the primary source is the state gas tax, which is apportioned to cities according population, Canby gets approximately \$500,000 a year. There is also a local excise tax that was adopted by the City on new residential construction, 3/4 of which goes to streets and 1/4 goes to the Police Department. He explained there are also System Development Charges (SDCs) which is a significant amount of money that the street department gets, but under state law that money can only be used for projects that build capacity, so it is accumulated by growth and goes toward projects the growth requires. There is also about \$50-60,000 that comes from the Federal Government and the City has earmarked that money to improve Ivy St. John stated that there are small pools of grant money available, but they are difficult to get, and they usually build projects and don't pay for maintenance.

Mr. Stewart questioned how much the gas tax revenue had declined. John stated the gas tax accounts for 85% of the Street Departments revenue. He explained that the State takes the amount of gas tax and divides it by the population which creates a per capita amount. The amount each city gets is determined by their population.

John stated the largest amount Canby has received has declined for the last 4 years, the most the City has received was \$45 per capita, it is estimated the City will receive about \$40 per capita this year. He explained the amount is not adjusted for inflation, and using the Construction Cost Index, the City would need an additional \$85,000 to do the same amount of work that was done in 1995.

John presented a chart showing the Street Departments expenditures, 51% is spent on personnel, 8% on street lights and signs, 11% on the Motor Pool, 9% on administration, 1% for use on Bike and Ped, 1% on engineering costs, 7% for supplies, leaving 12% for street maintenance. John explained that the Street Department is operating on a very basic level, and that the money spent on personnel and other expenses are fairly consistent. If more funds were available the overhead expenses would not have any significant increase and most of the fund would go directly toward street projects

Mr. Wayne Scott asked what the relationship was between personnel and administration costs, John explained he had broken administration out so the expense for the City Attorney, City Engineer, etc. would not be reflected in the road maintenance personnel, but they are both employee expenses.

Mr. Craig Finden stated the City streets were rated in the 90% range 10 years ago, he questioned what had happened that the streets are in such bad conditions at this time. John explained that there is less gas tax dollars being received than 10 years ago, and when inflation is factored in it makes the situation worse, there is also an additional 10 miles of streets, which is a 20% increase. John stated that during the public input meetings citizens stated their concerns regarding committing to additional funding, key components are having an established plan and capping overhead expenses.

Mr. Stewart explained the Planning Commission started this project with the presumption that no personnel cost would come out of the Road Utility Fee and that overhead costs would be kept to a minimum. The Planning Commission anticipates 95% of the Fee to go to asphalt for the streets.

John explained some of the options the City has for raising money for the street fund such as:

- Gas Tax increase (State, County, Metro, or City), the smaller the focus the more trips that are going through the area that are not paying. Maybe a combination of a City Tax and a Maintenance Fee.
- Dedicating part of the Property Taxes for street maintenance, the general fund has

- been cut every year.
- Serial Levy (which is a temporary Property Tax increase)
- Local Sales Tax
- State Sales Tax
- Business License Fee increase
- Grants
- User Fees (Street Maintenance Fee) based upon usage
 - Paid by user
 - Uses similar methodology as System Development Charges
 - Allows for appeals
 - Can be dedicated to specific uses
 - Used by other cities

Mr. Klem questioned who would determine the trip generations for uses, who would hear the appeals and how would it be paid for. John stated the allocations could be built into the system, such as the general fund would pay for all administration costs, and the dollars generated would go to the street maintenance fund. It would be the City Councils option.

Mr. Stewart stated that citizens (who have not committed to supporting the Fee) stated they would not support it if the money went into the General Fund. John stated the Budget Committee attended a presentation by the City of Tualatin's regarding their maintenance fee. They had explained that it took a long time to get the fund up and running and to have citizens understand what it was. But after the initial start up it is running very smoothly with low administration costs and few appeals.

Mr. Tessman stated Tualatin's service level is very good and explained they notify the public by install signs at projects so citizens know where the money is being spent. John stated most of the ordinances he has looked at had a cap on administrative expenses it seem necessary to get any acceptance at all.

John stated the System Development Charges methodology is very similar to the method that will be used for the Road Utility Fee. John explained the methodology was developed by the Institute of Transportation Engineers and looks at how many trips a use generates, identifies "links" such as local trips to Taco Bell, then on to the Post Office, Bank etc. as opposed to trips to Fred Meyer where people tend to come further distances and spend more time.

Mr. Stewart stated there had been recent court cases involving Street Maintenance Fee and asked John to address the issue. John explained that Street Maintenance Fees have been tested in the courts several times and one of the key issues is it a tax or a fee. If it is a fee, is it based on use? They have looked at these types of methodology to see if they are connected to some method of figuring out what the actual use is. City that have a flat fee have been found to be a tax, the type of methodology Canby is proposing has been found to be based as accurately as can be, on the impact on the system.

John presented examples of what uses would pay to achieve different levels of annual revenue. To achieve \$7 million in the next 5 years, the City would have to go out for a bond. To guarantee that bond and do the maintenance over 20 years would require an estimated annual revenue of \$1 million a year. Monthly payments from a single family home would be approximately \$13 a month, and a use such as Fred Meyer would pay approximately \$4,100 a month.

There was a discussion regarding how accurate the numbers were that were being presented. John explained that without a complete business inventory it would not be possible to have accurate numbers and the examples he presented were to show the scale between the different uses. Mr. Stewart explained that staff time is not free and before the City Council committed to doing a complete inventory, they wanted to have public input and the preliminary work done.

John stated the Supervisor of Public Works has a program which will tell what level of service could be achieved with different amounts of funding. \$350,000 would keep the streets at their current level, but doesn't catch up the back log of repair and would cost a single family residence \$4.30 a month, and a large supermarket \$200 a month. \$200,000 would slow the decline but not improve the streets and would cost a single family residence \$2.50 a month and a fast food restaurant \$30 a month.

An audience member asked how the state decides the percentage of gas tax that is distributed to Cities. John explained that it is decided by State Law, and that the Legislature can and has changed the amount. ODOT receives the tax money and divides that amount by the populations of the Cities in the state and distributes the money. John stated that the state's gas tax is getting less money, due to the decrease in the Weight/Mile tax, the VMT (Vehicle Miles Traveled) isn't going up with the increase in population and the average fleet mileage is getting better.

John discussed some of the issues that were brought up during the public process.

- More public input is needed before there will be any kind of support from the citizens, and the information needs to get out to a wider range of people.
- The specifics need to be defined - Project List - Description of the Projects - How to spend the money - Caps on expenses and fees - Who would be in charge of enforcement - Truck damage is more extensive than car damage, how is that addressed - Other funding options.
- A reduced rate for seniors and the handicapped. There can be as many categories as you want, but there will be a reduction in the fund for each exception.

Mr. Stewart questioned if there was any information on how much revenue a penny a gallon City gas tax would generate. John stated that information had not been obtained yet, but it was information that he could get.

Mr. Finden asked if the City would reassess each new use. John explained that businesses would change, for example in Canby Market Place, and each new use would have to request a reevaluation.

Mr. Scott questioned how vacancies in rental property would be handled. It was explained that the fee would be paid by users, not owners.

Bev Doolittle stated that there should be extensive public input on this issue and questioned if the City Council had considered sending this issue to a vote. John explained that it was adoptable by ordinance and that the Planning Commission was the input agency to see if the people view this issue as a need and this as a viable option. This is a very visible issue, most people and businesses want good streets. The Planning Commission will take the comments that are received and make a recommendation to the City Council who will make the decision if this is an option worth spending more time and effort on getting more information.

Mr. Klem stated he would like the City Council to explain what other options they had explored before jumping to the decision to create a new revenue source without giving the voters information on other options to consider.

Craig Finden addressed the Planning Commission and complimented the forum they created to obtain public input. He suggested the Planning Commission realized this would be looked at as "another fee" and people will think about it when they are adding up their checkbooks, this is not an isolated fee, it is in with a lot of fees that are being looked at.

Mr. Stewart asked if Mr. Finden would support a fee like this one proposed if it was adequately justified. Mr. Finden replied that he did not have enough information at this time to decide, but his first "knee jerk" reaction is being a small business person, he generally has a hard time with taxes. He agreed that roads are important, but he hasn't remedied to himself need for the general fund verses a specific fee generation.

Mr. Brown stated the City has invested \$47 million dollars in infrastructure, if it's not maintained the investment goes to zero, he questioned if it would be a worthwhile investment for the business community to help maintain that investment. Mr. Finden agreed that it would be a good investment, but the business community invests in Canby in a lot of ways, for example the Canby Business Revitalization organization (CBR) will contribute \$350,000 over a 5 year period, and he believes the business community does a very good job of stepping forward and helping.

Mr. Brown asked what the business community's feeling were regarding a gas tax and what the business community would agree was an acceptable level of contribution. Mr. Finden stated there are a lot of issues regarding what would be a tolerable level and that more information was needed regarding the amount of funds that would be generated by a gas tax.

Mr. Finden stated businesses, such as fast food restaurants don't raise their prices to

cover these types of costs so to continue the profitability reductions are made else where such as reducing the number of full time employees.

Mr. Stewart stated that the more categories that are created and the more exemptions that are allowed, increases the burden on those that do pay. He explained that if 50% of the citizens of Canby are 55 or older and pay the fee at a reduced rate, then 50% of the citizens would have to pay at a higher rate to compensate. Mr. Stewart stated that in Tualatin, everyone pays the fee because the overhead was kept down due to negligible appeals.

Mr. Finden suggested creating a very long detailed list of uses so the fees would be as fair as possible. Mr. Tessman stated that there could also be a list of citizen uses, those that use mass transit, those that ride bicycles etc. Mr. Finden stated he was there representing business owners and not as a citizen and it was not his place to give that feed back.

Mr. Brown explained that the Planning Commission receives comments from utility providers for land use applications. Recently a letter was received from the Public Works Supervisor stating that the City does not have the funds to maintain the existing street system and that there was not money to maintain any new streets.

Mr. Brown stated a key issue in a land use application is if the existing infrastructure can maintain it. At the present time the answer is no, under the existing circumstances. Mr. Finden stated he believed the need is clear, it is the other issues such as methodology and equity that need to be decided.

Mr. Klem stated that exemptions need to be looked at carefully, and questioned why people over 55 would be exempt when they could possibly be generating more trips than someone who goes to work everyday. Mr. Stewart explained the Planning Commission was addressing this issue because it had been brought up at the public forums.

Bev Doolittle, Director of the Canby Chamber of Commerce, questioned if Fred Meyers would pay one amount for the shopping mall or if each business would pay. John stated there were two ways it could be set up, as a shopping center which would apply to the whole plaza, or on an individual basis with each use looked at.

Ms. Doolittle stated that most business owners believe they are being taxed to death and wonder how they will take on one more thing, the business community in Canby have been extremely generous in supporting community events, the more taxes and fees that are put on them the less money the City can expect to see in donations.

Dan Wilcox, stated he was skeptical about how the fund for streets could be increased without increasing the employee costs, the employees have duties now that they are doing, those things would still have to be done. John explained that if the City was doing the proposed level of work, most of it would be contracted out, and the existing crew would still be doing the kind

of things they are doing now.

Mr. Wilcox explained he was on the Budget Committee for about 6 years in the 90's and it is interesting that they were discussing the same issues that are being discussed at this time.

Mr. Wilcox stated that it did not seem reasonable that all residence will be treated the same, that a home with several teenagers would pay the same rate as a widow who walks to the grocery store.

Mr. Wilcox agreed there is a need for the service, but agreed with Mr. Finden that the business community is being asked to pay for a lot of things. He stated that when they built their building about 5 years ago, there were about \$70-\$80,000 in fees that were paid in SDCs. Mr. Stewart asked what recommendations Mr. Wilcox would give the City Council. Mr. Wilcox responded he was unsure at this time, but stated there is a need, it needs to be addressed, and someone will have to pay for it.

Mr. Stewart questioned John on how the fee schedule was set up. John explained that approximately 70% of the fund will be paid by residential users. Mr. Stewart asked if it would be correct to explain to the City Council that more input from citizens will be necessary before a decision can be made, that the need has been identified, but how to proceed is unclear at this time. Mr. Wilcox agreed more thought is needed regarding the process, and more input is needed from the citizens.

Mr. Stewart explained one reason this has been put on the fast track is when the issue was brought to the attention of the Planning Commission a decision needs to be made regarding if the City can't maintain the street system it has, how can it afford to maintain new streets that may be put in.

Mr. Wilcox added that having the utility board collect the fee seems like it is passing the buck, if an extra \$6-\$8 is put on the utility bill, and someone doesn't believe they should be paying it, they will have their electricity shut off, so it would be hard not to pay it.

John explained that Cities use the utility company for billing because of the expense of setting up a new billing system. John stated that Wilsonville had recently set up a street fee and were using the utility company for billing. He asked Mr. Wilcox if he was aware of what his fee was. Mr. Wilcox stated he pays no attention to his utility bill, and recycles his newspaper without reading it. John asked for Mr. Wilcox's suggestions on how to get citizens out to public meetings. Mr. Wilcox stated the level of public apathy is very high, and the way the City will get the attention of most people will be when they open their utility bill and question what the increase is for.

Mr. Hester, Public Works Supervisor stated this will be a long process before this issue is worked out, and explained that in 2 years time the city will have a \$10 million dollar back log of

street repairs to be done. He asked for suggestions from the Planning Department on how to handle the possible 3000 feet of road coming in. Currently the 4 members of the road crew are each taking care of 11 miles of road. Mr. Stewart stated the Commission needed some guidance from the City Council on how they want to proceed, and the time frame.

Wayne Scott believes the need exists but there needs to be fair and equitable treatment for everyone. It needs to be decided if this is a tax or a fee, and whether the issue should go to the voters. Mr. Scott stated he was amazed that the Gas Tax Revenue is decreasing since he believed the usage is increasing. He stated his concerns regarding the trip generation averages that were used for the study, and wondered how accurately they depicted Canby. Mr. Brown explained that the numbers generated by any traffic studies were taken from the manual that was used for these estimates.

Mr. Brown stated that since Mr. Scott agreed there was a need for street funding, he questioned which source Mr. Scott would prefer, a tax or a fee. Mr. Scott stated he was not ready to answer that question but was inclined to send it to the voters, which would make it a tax. John questioned if it would be based on a use methodology, or a normal type tax based on valuation of property. Mr. Scott stated he could not fairly answer that question at this time.

Mr. Brown asked Mr. Scott what other options Mr. Scott would propose the City look at before deciding on a course of action. Mr. Scott stated he did not have any specifics at this time but to look at all other options one of those would be to look at the overall budget. Mr. Scott believed if the City was collecting fees they would be a form of tax and it needs to have a relief from the other taxes that are being paid.

Mr. Brown stated since Mr. Scott was not comfortable relying on the national standards for trip allocations and believed traffic studies should be done for accuracy. He questioned who would pay for the traffic study to obtain data if the City was challenged in court. Mr. Scott replied the City should pay for it.

Mr. Brown explained the State mandates that SDCs can only be used to deal with capacity issues and the City is unable to modify that. Mr. Scott suggested that the Transportation SDC fund is being over reserved, and the SDC amount could be reduced and reallocating the rest of the money for street improvements. John explained there is about \$250,000 in the fund at this time which is earmarked for 2 blocks of 2nd Ave. He anticipated it will take 2 years to save enough money.

There was a discussion regarding what constitutes capacity. John explained that System Development Charges are meant to pay for the portion of the project that is due to non-local sources, for example Sequoia Parkway has an element that is eligible for SDCs because it will be used by more than just local traffic it will be built wider than a local street, and that extra width will be eligible for SDC funding.

Mr. Klem suggested looking into the possibility of using SDCs funding for 2nd St. if overlaying and curbing it would increase traffic use on the street. John explained that when the SDCs were established there were about 9,000 people living in Canby, an estimation had to be done to anticipate the growth for the next 20 years and what project would be needed to deal with that growth, the next 1,500 people were supposed to pay for that growth, if we never got the growth, we would never need the projects.

Bob Corneilus, state he would like to see the Planning Commission move forward on this because he doesn't believe it is an issue that can be ignored. He stated the streets are the arteries of life for the City and you can't let that deteriorate which is what it has come to. Our City is growing and we need to take care of it. Don't get hung up on one way to go, look at maybe 3 options, such as a user fee, a local gas tax as a supplement or a different type of fee or levy.

Mr. Corneilus suggested getting more information out to the public would eventually get more public involvement. Mr. Tessman questioned how to get more public involvement. Mr. Corneilus stated the best way is to get people to talk to people.

Mr. Brown summarized the public comments the Planning Commission had received during this process.

- The public believes there is a need.
- The idea of increased traffic would be a benefit to the community.
- Businesses are being stretched to capacity.
- Uneasiness regarding a new revenue source.
- Other options need to be explored.
- The research needs to be done regarding the business inventory and what a gas tax would generate.

Mr. Thalhoffer suggested setting up information booths at numerous locations around town, to take survey