

MINUTES
Troutdale City Council – Work Session
Troutdale City Hall – Council Chambers
219 E. Historic Columbia River Hwy.
Troutdale, OR 97060-2078

Tuesday, January 13, 2015

1. Roll Call

Mayor Daoust called the meeting to order at 9:00pm.

PRESENT: Mayor Daoust, Councilor Ripma, Councilor Anderson, Councilor Morgan, Councilor White, Councilor Allen and Councilor Wilson.

ABSENT: None.

STAFF: Craig Ward, City Manager; Shelby Rihala, City Attorney; Steve Gaschler, Public Works Director; and Debbie Stickney, City Recorder;.

GUESTS: See Attached.

2. Discussion: Public Involvement Plan – Street Funding
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Councilor White stated it appears that the State is going to implement their own gas tax. I think that has some bearing on this meeting. I feel we should discuss that first. It definitely changes the direction, at least for me.

Mayor Daoust stated we can let the consultants work that into the discussion.

Councilor Ripma stated I didn't know that the legislature was going to look at a gas tax increase. What has been holding it back for all of these years was a divided legislature. This session will be controlled by the Governor and the democrats. Frankly we have needed a gas tax increase for many years in Oregon; the state roads are falling apart. Knowing nothing else about it, I don't think we should go forward with a fee until we find out what the legislature is going to do. I fully agree that we should do an education program if we do go forward with a fee, but I am not sold on proceeding with a fee until we find out what is going on.

Steve Gaschler, Public Works Director, stated Clark Worth and Libby Barg with Barney & Worth are here tonight. The discussion earlier tonight regarding the airport (at the regular meeting) was important and I was glad to see your interest and concern for a valuable piece of infrastructure that the City is involved with. I think our streets are an equally, or more important asset to the City and they are often taken for granted. The public works department has been before the Council on numerous occasions over the years stressing the importance of our streets and preserving and maintaining them properly. We have

been showing you what our financial projections are based on our estimated costs to maintain the streets verses the revenue we receive. There is a big shortfall which limits our ability to maintain the streets. If we don't maintain the streets they deteriorate and then we end up spending a lot more down the road later. The public outreach is a very important component for that. I think for us to be successful we need to get out and educate the public about the problem. The Council has been education and informed of the problem and I think for the most part you are on-board with it. We need to get out there and do the same with our citizens if we are going to put this issue before them. We don't currently have the staff, expertise, or the time in-house to do something like this. I would hope that isn't the direction from the Council because I don't see us putting a successful campaign together based on what I know we have. Experience is a great teacher. You have your own experiences and you learn off of the experiences of others. Last November two jurisdictions went out with gas tax proposals, Estacada and Florence. They both failed. I contacted both jurisdictions and asked them what kind of public outreach information they conducted and both said they didn't do any. Looking back they wish they had. They just depended on the council to get out and sell it, and they put a letter in support of it in the voters' pamphlet; that is all they did. From what I have heard from the jurisdictions that have passed these, is that they did robust public engagement and involvement and they felt that was key to them succeeding.

Clark Worth and Libby Barg, of Barney & Worth, showed a PowerPoint Presentation (attached as Exhibit A) which included: information about their company; success stories; Troutdale's street fund situation; funding solutions such as a transportation utility fee, local option vehicle registration fee (counties only), and a local option gas tax (requires voter approval); current gas tax rates; cost at the pump with added gas tax; Oregon Business Summit's top priority to increase vehicle taxes to provide funds for transportation projects; November 2014 election results for local option gas tax measures; strategic issues; and engaging the community.

Clark Worth stated regarding the question about the state gas tax, our firm was involved the last time the State successfully passed a gas tax, which was a long time ago. The outreach and education of the legislators and community leaders is what passed the gas tax back then. It wasn't just going to the Capitol and asking the legislators to do it. They sort of lost the heart for that kind of a grassroots approach and went many years, almost two decades, without a gas tax increase. There is no chance that the upcoming legislature is going to pass a gas tax. There is no plan for it. What they are working on right now is an alternative to the gas tax. There is a two-year study underway that is aimed at the next legislature. They have recruited some volunteers to pay their gas tax a different way, essentially on a per mile basis and they will use the results to look at something for the future. Based on the polling numbers that I have seen it has zero chance right now. That doesn't mean it won't have a chance in 2017. It is hard to pass a gas tax; it is harder to pass a tax that nobody has heard of or tried before. I would hold out hope that the legislature at some point would raise the gas tax, and I would hold out hope that congress, which hasn't raised a gas tax since 1993, would do something. But if I were a local official wanting to maintain my roads, I would be looking at a local tax that I had control over and knew with some certainty we could enact.

Councilor Anderson asked did you say that there is no chance that the legislature is going to pass a gas tax this year?

Clark Worth replied I believe there is no chance that this next legislature is going to enact something. They are definitely looking at something longer term; the studies underway are looking at that.

Councilor Anderson stated I am not doubting your expertise, but the price of gas has dropped by 40% to 45%; it is approaching \$1.99 a gallon in some places. That coupled with what Councilor White and Councilor Ripma said about a one-party legislature, doesn't common sense dictate that if there was ever going to be a time now is it.

Clark Worth replied I would hope.

Councilor Anderson stated but you don't see it happening even in the current...

Clark Worth interrupted and stated personally I don't. Enacting any new tax, or raising any tax is difficult for those folks. Even though the circumstances look very good, I think they have too much invested in this longer term idea of changing off of the gas tax. What you hear from policy makers in Salem and Washington is that revenue is flat because cars use less gas. The reality of it is our revenues are flat because no one has increased the gas tax in 20 years.

Councilor Anderson stated if we were to do something like this, we would not want to do it unilaterally. I would certainly advocate for your firm, or something like you because as you said when you open the door to public opinion it is like walking into a room and turning the light on. I like seeing the light on and seeing everybody's face when making a decision like this. The more information I can get the better off I am going to be and the better decision I am going to make. That said, I get the sense that the Council, and we will hear from them, thinks that this is a good idea but maybe not right at this minute. I will let everybody else speak to that.

Councilor Morgan asked what about cars that don't use gas? We are in the market where people are still driving but they aren't necessarily going to the pump because they have hybrids or electric cars. Is there going to be a way to make sure those folks pay for the infrastructure as well?

Clark Worth replied the people who are using those vehicles would pay less gas tax. If you were concerned about that and you were in a community where that was a significant portion of ridership, then you would probably be looking at a street utility fee or something else as a better mechanism to collect rather than a gas tax. Look at Portland and bicycles right now; that is a big issue in Portland.

Councilor Anderson stated a lot of jurisdictions are talking about weight-mile checks for just that. Is that coming?

Clark Worth replied I haven't heard any talk about a weight-mile tax at the local level. There is a weight-mile tax at the state level.

Councilor Wilson stated in our last presentation I think most of our roads were rated on average at a 71.

Steve Gaschler replied the average is 70.

Councilor Wilson asked in order to maintain the roads at 70, of the money that you are receiving in right now from the gas tax, how long are you going to be able to maintain roads equal to this?

Steve Gaschler replied if I remember correctly, we have about another two or three years and then we will be out of money to do our preservation program and that 70 will start slowly declining. Some roads will get to the point that the preventative maintenance is no longer an option and they will have to be reconstructed or rebuilt, which is costly.

Councilor Wilson asked with the gas stations we have on Frontage Road do you know what amount would come in from the people just passing through?

Steve Gaschler replied I have no way of determining that number.

Clark Worth stated I haven't seen the data from Troutdale but if you look at the data statewide, the communities that are located close to, or approximate to major freeways (I-84 and I-5), if they are smaller communities they usually get about half of their revenues from people driving through.

Steve Gaschler stated it is my understanding that we would be able to tax diesel being sold to the trucks.

Mayor Daoust stated we have talked about this for many years and we keep getting the same story that we are going to have to do something. I am a firm believer in public outreach and education and polling people rather than the seven of us trying to come up with a solution without going out and asking the public. I think we need to do that. A couple of Councilors brought up timing and whether it is right or wrong right now. Well we got the answer to that. It is not a bad time to do it right now because the price of gas is low.

Councilor Anderson stated the turn-out numbers for May were horrible. The turn-out numbers for November were significantly better.

Mayor Daoust stated I am not suggesting May or November. I am just saying, start the public outreach process and if we choose November fine.

Clark Worth stated the reason we provided the voter turnout numbers that we did was because we were told you are considering 2015 as the year. What we were trying to do was get turnout that was closer to what you would be seeing in 2015 rather than what you saw in this past November. We had success in the May 2014 election in Milwaukie because we designed our campaign around likely voters. We provided that information because that would be closer to the kind of turnout that you would expect at either of the elections in 2015; it would probably be the high end of what you would expect in 2015.

Libby Barg stated but in May this wouldn't be the only thing on the ballot.

Clark Worth stated May is slightly better if you are really looking strategically. May is a better day because right now there is nothing else on the ballot for November and you would have to be carrying the entire load of getting people to return those ballots.

Mayor Daoust asked you mean May?

Clark Worth replied no, November. May has some offices up and there are other measures that will be on the ballot. Right now there is nothing for November at all.

Mayor Daoust stated so if we wanted to wait until November, what would be your timeline for doing this process?

Clark Worth replied we would suggest that you do the public opinion research now and then make a decision on May or November. Again, May is more promising because voter turnout is higher. The lower voter turnout gives you less chance because the higher proportion of the people who vote are automatically no votes on money measures.

Councilor White stated I wasn't the only Councilor at the open house for Food Save in Fairview where Laurie Monnes Anderson and Chris Gorsek presented their legislative plan which included a gas tax and license fee increases, and for the first time ever a requirement to license small light duty trailers. For me I want to see if that does occur how much of that revenue we end up with. We may end up with more money than we would with a local gas tax plan and it could vacate the need for it. That is why I am shifting gears on this. At our regular meeting tonight we just heard the possibility of selling our effluent water, so maybe we could re-direct that money to roads.

Steve Gaschler stated you can't take sewer fund money and use it for roads; it has to stay in the sewer fund.

Mayor Daoust asked do you have an answer to what Councilor White heard from our State Representative and Senator?

Clark Worth replied I haven't spoken to your representatives about it. I know that all of the work at Oregon Department of Transportation right now has to do with this alternative funding source; that is the hope for the future.

Councilor Morgan asked if we gave you the green light tonight to move forward with research, would the goal or target then be to have this ready for May in theory?

Clark Worth replied to be able to judge whether you could be. Because the public opinion research is upfront we find out right away if this is going to be a possibility. If the voters can think their way through this, if they see benefits to it, if they see advantages to that investment that they have to make, and if they are willing to pay a price. These days you can see with the election results that voters are kind of weighing things. They are not voting yes to everything. They are being very selective. We see them now thinking like investors. We have to appeal to the likely voters and those are the ones who are most likely to vote no and we have to convince them yes.

Libby Garb stated for the City of Salem's \$100 million transportation bond we did public opinion research and found that folks had no idea that there were any problems at all with Salem's streets and bridges. We postponed going to the ballot until we could do an education campaign to make everyone aware that there were serious street and bridge problems.

Clark Worth stated they delayed a year and then succeeded.

Councilor Wilson asked what is the pushback from the stakeholders, the fuel retailers?

Clark Worth replied we haven't talked to any of your stakeholders yet. The interesting thing about funding, whatever public funding you are talking about, is that most people don't have a clue about how things are funded so there is an education process that will need to be done along with this so we are talking on the same terms with people.

Councilor Wilson asked when you talked to Estacada, did they say there was a big anti-gas tax campaign put on by the fuel providers there?

Steve Gaschler replied they didn't bring that up and that isn't really what I was searching for so I didn't ask that question. He didn't say that they had a lot of people out there campaigning against it, he just said they didn't actively campaign for it. He said only two of the councilors spoke out in favor of it, the rest of them stayed neutral and didn't want to take a position on it.

Councilor Allen stated my experience is that when you talk to people they understand that it is cheaper to maintain a road than it is to replace or repair it. They would like to be assured that the money that is currently going to roads continues going to the roads and that any new money gained also goes to what it is supposed to go towards and that it isn't used for raises, etc. Also, it seems like if you don't have full council support then you are going to have an undercurrent right from the get go, so we need to have buy-in from the Council as well and they need to support it in the public.

Councilor Ripma stated the campaigns that you have brought up that you successfully helped cities implement, none of them were for a gas tax, correct?

Clark Worth replied the statewide campaigns were for gas tax. None of those that we are showing you tonight were for a local gas tax.

Councilor Ripma stated you mean the last one in 1993.

Clark Worth replied yes.

Councilor Ripma stated you mentioned a street fee, but you didn't bring up anything like Salem's bond program for street transportation funding as an option for us. Any reason that wouldn't work? Are we too small?

Clark Worth replied you have to think about what the source is.

Councilor Ripma asked what was the source in Salem?

Clark Worth replied property tax revenues. It was a good time for them because they had been paying off all of their debt and they thought they had a window where their debt was low enough that the property tax payers wouldn't experience an increase.

Councilor Ripma stated that is not our situation. I've always felt that the truck stops, which I think pump the most fuel in Troutdale, would be opposed to it and would organize opposition. Is there some way to assess that?

Clark Worth replied that hasn't been the experience in the past. The reason being is that it is very complicated. None of the stations down there pay the gas tax. It is paid at the wholesale level. Unless they look carefully at some piece of paper, they wouldn't know what the gas tax is.

Councilor Ripma stated but the customers that stop there are going to be paying it.

Clark Worth stated that is even difficult to say. The way that it is paid is complicated. It is paid by the wholesalers statewide. The state sends the wholesaler a big bill and says here is what your tax bill is. They wouldn't know whether that money is Troutdale or another city. Troutdale has the option to collect the local tax yourself, but most cities have the state collect it.

Councilor Ripma stated in other words if somebody orders 20,000 gallons of diesel fuel from the wholesaler that is shipped to one of our truck stops, as part of their monthly bill we get that tax.

Clark Worth replied the state allocates it based on numbers that they have about how much of that diesel was consumed in Troutdale.

Libby Garb stated they set the gas prices that are charged around the state and I don't think they have to tell anybody how they do it. If they know they are going to owe the state

\$1 million in gas tax then they make sure that they have it, but it is not being charged as \$.03 extra in Troutdale.

Clark Worth stated the idea that the retailers are all opposed, which is based on the history that they were all opposed, came from a time when if the gas tax went up in one community and not in a neighboring community then the retailers were concerned that people would drive across the street and be able to pay \$.03 less for gas. These days the world is not like that because the price of gas in the Portland Metropolitan Area probably varies by \$.40 a gallon from one station to another. You really don't have that kind of situation. If people are savvy they can drive to Clackamas Town Center and pay \$.25 less than they are paying here, but it won't be related to a \$.03 or \$.05 gas tax.

Councilor Ripma stated I am in favor of Councilor White's position. You seem pretty certain that the legislature is not going to take this up, but if our legislators are saying it is on their agenda and they have a Governor who is in the same party and other factors that makes gas less expensive right now, I don't know who to believe. I don't think we ought to rush into our own gas tax, or even an education campaign, until we find out. It won't be that long; another six months we will know what the legislature did or isn't going to do. I truly think that it is needed; it has been needed for many years. I don't know how hard of a sell it is going to be, but it is a lot easier than having the state monitor the mileage for every car. That is going nowhere.

Councilor Anderson stated knowledge is power. I love the idea of having information like this. It is our choice whether we activate it or not. I would hate to be in a position to where we were in activation mode and didn't have the knowledge. If I had the choice I would get the knowledge part first. I am a big proponent of this because you can take this and you can extrapolate the knowledge that we get from this to other areas that we are working on or that may need funding. You can glean knowledge from this towards that. Do you only do transportation?

Clark Worth replied no. I concur with your view. One of the first things we like to do, which we have already done to some extent for Troutdale, is try to grab any survey that has been done recently on any topic with the same population group and see what the mindset is.

Councilor Anderson stated I think there is one issue that we are absolutely spinning our wheels on that we could use the flood light to come on in the course of public opinion to give us a roadmap of where to go.

Councilor Wilson stated I was at the same meeting that Councilor White was at and I guess I took away something completely different in that those were things that they would like to talk about and they could get to the transportation department and never see the light of day in the next two years. I don't think it is going to be that easy for them to wave a magic wand and get this done in one session. I didn't hear them saying that it was on their agenda.

Councilor Ripma stated the gas tax use to fund our street repairs. I have heard the, rightly put forward, alarm bell that we are not getting enough money from the sources that we used to get enough money from to keep the streets up. We used to get enough. Something is wrong with the way the system is running right now and it needs to be corrected. It used to be that we received enough money from the state to do a good job of keeping up the streets. There is no reason why that can't happen again.

Councilor Anderson stated I just want to remind the Council that we are not debating the merits of a gas tax, we are talking about whether we want to gather information.

Councilor Allen stated no doubt we will have to come to a point where we agree on whether or not we support a gas tax and at what rate we support it, and maybe some education fits in line with that. But also a question on funding such a study. Is that coming out of the general fund, or?

Craig Ward replied we would use the street fund for that.

Councilor Ripma stated the staff report says street fund contingency. That leaves \$70,000 less for street repairs is the way I read it.

Councilor Allen asked I take it that we will have deliverables for the amount of money spent?

Clark Worth stated yes, we have a detailed scope of work and a schedule.

Councilor White stated in Troutdale we are such a small city that we have been able to do virtually all of our bond drives at a grassroots level. I am worried that once the word gets out that we spent \$70,000 to educate the voters that we are going to start off with a big negative. Is there a way to overcome that?

Clark Worth replied the way to describe it is that we are trying to listen to them and find out where they are coming from and how to address this problem that you have and no longer have the funds to address. We have driven Troutdale streets and your streets are great. I live in Portland and the streets are not great in Portland. The fact that you have reached this point where you can make another incremental investment and take care of your streets for the foreseeable future is impressive. A lot of communities would love to be in that situation.

Mayor Daoust stated I love being in a position like that. I believe in looking ahead to the future, not at what is in front of your face, but looking ahead 3 to 4 years from now and where we want to be. I will also preach an informed decision. Sometimes we make uninformed decisions and I am very uncomfortable with that. If we can have an informed decision later on whether or not we want to do a gas tax, I think it is worth the investment. Obviously Steve Gaschler agrees because he is willing to spend \$70,000 of the street fund money.

Steve Gaschler stated I don't know that we have a choice. If we do nothing I know where that leads us. I saw what has happened to Estacada, Florence and other cities and they were unsuccessful. I don't want to be in that place. As I have told you I don't have the staff, time or the expertise to take on a task like this and do the job of being the public works director trying to deliver the water, sewer, maintaining the parks and everything else we are doing with the development we have going on.

Craig Ward asked pertaining to your scope of work, is it \$70,000 for Step 1?

Clark Worth replied no, that is for all three steps.

Craig Ward stated so at the end of Step 1 we could make an informed decision as to whether or not to proceed with Step 2.

Libby Garb replied that is how it is set up.

Craig Ward stated so if the information comes in very negative, if the Council isn't prepared to go ahead, or if the timing doesn't appear to be right then we don't pull the trigger on Step 2 and we don't spend the full \$70,000.

Councilor Morgan stated I couldn't agree more with what Councilor Anderson said. We owe it to the citizens to know what the citizens want. If it is going to be successful and they are supportive of it, then we know what the next steps are. We heard the Port talk earlier about infrastructure being the game changer for things like TRIP. This is a proactive measure and if the public doesn't want this then we will know what our answer is. They wouldn't suggest to go forward in the general election or special election if this is as popular as cockroaches. To me this is a common sense thing to do.

Councilor Allen stated we need to define it, is it \$0.01, \$0.03 or \$0.05.

Clark Worth stated that is on Libby's strategic questions.

Mayor Daoust stated the phased approach makes it even better. We are not writing a check for \$70,000 up front.

Councilor White stated what if the voters vote no. We have spent \$70,000. Why do you think so few cities have a gas tax?

Clark Worth replied 20 cities; with any of these local option measures 20 is not a bad number. 28 have a street utility fee. Looking at the transportation funding situation in Oregon over such a sustained period, I don't understand why local governments have not pursued these funding sources, street utility fee and gas tax, because there is such a shortage of funding sources and there is no prospect. I understand your comment. I read a quote from Peter Courtney that says he sees little chance for a gas tax increase. I have found him to be a pretty good predictor of what the legislature does. I was in the Governor's office for two governors. I worked at the legislature for a number of sessions

and I have many times been optimistic of what the legislature is going to do at a session and been very disappointed by what the outcome from the session is.

Libby Garb stated two years ago we worked for the League of Oregon Cities on the property tax reform measure and did polling and stakeholder interviews. What we heard from Salem was that they do not understand why cities are not taking care of themselves when they have the means to do it. The state does not have a lot of options for raising money, but cities have some broad powers for transportation fees and passing a gas tax. They are looking at cities to help themselves.

Councilor Allen asked can we have a go, no go, at each step? I suspect that even after this meeting we are going to have opinions that we are going to hear.

Craig Ward replied I can assure you that you can have a go, no go, at each step. We will construct the contract with the entire process in mind. We are fully prepared to hear the results of Step 1 and look for your approval to proceed with the second step or not.

Councilor Allen stated I hear more after a council meeting then I do before a meeting.

Councilor Ripma asked is the public opinion research directed just at the gas tax, or to the gas tax or the street fee?

Clark Worth replied we actually considered that. What we were told was a street fee wasn't on the table. But it is actually helpful if you have more than one option to talk about with voters. If you wanted to test the street fee we would probably even prefer to do it that way; give options to members of the public who are participating in the process. I am a little concerned with the street fee right now. When we started this it was before Portland may have semi-permanently poisoned the well of the street fee.

Councilor White stated I think the Council reached the conclusion, since we have been dealing with this for quite some time, if we were going to do anything that the gas tax is the fairest way to administered it and we would get other people helping us out.

Councilor Allen stated I would think that success would largely depend on the quality of the question presented to the public when you are getting a public opinion. This is the problem that we are facing, what solution should we use to address it.

Councilor Wilson asked are we at the point to see if we have consensus?

Mayor Daoust stated I think we are.

Councilor Ripma stated I can count; I can tell that the majority of the Council wants to go forward. I agree with Councilor Allen's point that it won't do any good to have us be divided. I have listened to all of you and the reasons given for wanting to gather the information. I am okay with it.

Mayor Daoust stated I am hearing that we are willing to authorize the City Manager to enter into a standard service agreement with Barney & Worth, Inc. to assist staff with a public outreach and education plan and authorize the expenditure of \$70,000 from the street fund contingency.

Craig Ward stated we will bring forward a contract on the consent agenda at the next meeting.

Councilor White stated I would like to see the breakdown of the different steps.

3. Adjourn:

Meeting adjourned at 10:02pm.

Doug Daoust, Mayor

Approved February 24, 2015

ATTEST:

Debbie Stickney, City Recorder