

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

Tuesday, November 12, 2013

1. ROLL CALL, AGENDA UPDATE

Mayor Daoust called the meeting to order at 7:00pm.

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

ABSENT: None.

STAFF: Craig Ward, City Manager; Debbie Stickney, City Recorder, David Ross, City Attorney; Steve Gaschler, Public Works Director; Travis Hultin, Chief Engineer; and Erich Mueller, Finance Director.

GUESTS: See Attached.

2. CONSENT AGENDA:

2.1 ACCEPT MINUTES: October 8, 2013 Work Session and October 15, 2013 Work Session.

MOTION: Councilor Thomas moved to adopt the Consent Agenda. Seconded by Councilor Ripma. Motion passed unanimously.

3. PUBLIC COMMENT: Please restrict comments to non-agenda items at this time.

Len Otto, Troutdale Historical Society Exhibit Committee, informed the Council of the upcoming 100th Anniversary of the Historic Columbia River Highway which will occur in 2016 and asked the City to consider supporting the exhibit both in spirit and financially as a sponsor. Mr. Otto read a letter into the record (Exhibit A to the minutes). Mr. Otto requested to have this topic put on an upcoming Council agenda where he can formally ask the City to become a sponsor of the Exhibit.

Mayor Daoust asked do you have an amount that you are requesting from the City?

Len Otto replied no, I am not asking for a specific amount.

Mayor Daoust stated we should take this up at the next regular meeting, which will probably be December 10th.

Dean Hurford stated a local business group started what was called the East County Bite which was held in Fairview earlier this year. Even though we made some mistakes we still ended up generating \$5,000 that went to Zarephath Kitchen and Pantry. Last year Zarephath Kitchen provided 40,000 hot meals and 9,000 food packages. We are looking at holding the event on July 26th next year. We will be coming back to you with a formal request asking to use Columbia Park for the event. This year we had 1,200 to 1,500 people in attendance and we are expecting 1,500 to 2,000 next year. We would like to eventually have this event held at Blue Lake Park. Both Metro and Multnomah County are supportive of the event. The only obstacle we would need to overcome is allowing beer and wine in a city park. Fairview overcame that obstacle with a waiver policy. Maybe staff can look into whether that is a possibility or not. OLCC monitors it and it is a responsible event.

Those of you who don't know me very well see me as a restaurant and car wash business owner, but really my background is construction. I have done projects in Seattle, Coos Bay, Indianapolis, Georgia, New Jersey, and Saudi Arabia. Right here in Troutdale were two of the best Building Officials I've ever worked with – David Traxler and Dick Bohlmann. I am here to put in a good word for Dick Bohlmann. Had it not been for Dick Bohlmann I would have never built this wall (retaining wall on the corner of 257th and Historic Columbia River Hwy.); he pretty much hand-carried me through getting my permits and getting that wall built. I have invested \$150,000 in the city just in preparing that property to be buildable. I have read the reports and I've talked to some of the councilors on a one-on-one basis and everybody says if you read the report of what Dick Bohlmann is guilty of he is really a bad guy. I read the reports and I've talked to the State. Dick is currently on some type of reprimand by the State and he is going through an appeal process. About six months ago I wrote a letter to the Council asking you to take a look at this. Dick Bohlmann, your Building Official, deserves another look. I don't think that he is that guilty of doing anything wrong to lose his job and his career. I hear from the City Council that there is nothing that you can do and I understand that, staff has to handle it. I am just urging you one more time to pull his file and see how guilty he is and what all he has really done. I am urging the staff to pull his file and ask is it necessary that we lose a building official, somebody that has done so much good for this community. I opened Bumpers on March 19, 2004. I had multiple inspections prior to that date and on that date I had a building inspector show up, not a regular one, and he red-tagged my job. I called Dick Bohlmann and asked him if he could come read the report. I failed my inspection that day because my hand rail on the outside deck was red primer paint and didn't have a finished coat of paint on it. Dick used a little bit of common sense and helped not only a business person but a contractor prevail. He saved me a lot of embarrassment. I thought we were innocent until proven guilty; he has not been proven guilty of anything. There is another building official in the State of Oregon in the exact same scenario that is currently working. I urge you to take a good look at this. He is a good man who has put good time into the city and doesn't deserve to go out this way.

Tanney Staffenson, Planning Commission Chair, stated at our October 16th meeting a citizen came to us with an issue regarding fire service on the east side of the Sandy River. What I understand is that the folks living on the east side of the Sandy River are getting charged for both Fire District 10 and Fire District 14 on their property tax statements. This goes back about 15 years. I just wanted to bring this to your attention since it seems it has been going on for some time.

Craig Ward stated we are aware of the issue. David Ross and I recently discussed how to resolve the issue. We don't have a proposal for you at this time, but it is recognized as an on-going concern. We intend to deal with this.

4. REPORT: An update on Metro projects.

Shirley Craddick, Metro Councilor, stated part of my job is to keep you informed about issues being discussed at the regional level.

Shirley Craddick showed the Council a PowerPoint Presentation (attached as Exhibit B). Over two years ago the cities of Gresham, Fairview, Wood Village and Troutdale along with Multnomah County all came to agreement on a plan called the East Metro Connections Plan. In that plan there are over 100 transportation projects that were identified that we would like to consider for future development. Our effort has come to some fruition; we have accomplished our first step and we have received funding for the 238th project. On Thursday the Metro Council approved the Regional Flexible Funding package which gave \$1 million to Multnomah County for them to plan the 238th project. We will be receiving over \$6.5 million through ODOT's State Transportation Improvement Program for the construction of that project. By working together we were able to move forward and approach the region and the State of Oregon to get this funding. These funds are not available until 2016 but knowing that we have that money coming allows the County to start planning. Troutdale is a big part of this. You are now looking at your Transportation System Plan (TSP) and what you are going to do about the 242nd right-of-way. Multnomah County will probably be asking you to vacate that right-of-way.

Another project identified in the East Metro Connections Plan that is moving forward is the Powell/Division Transit Corridor Study. A steering committee will be appointed to look at a corridor for high capacity transit that will connect Portland State University with OHSU, come out Powell and connect to Portland Community College on 82nd and then come out Division to Mt. Hood Community College.

The Gresham Area Chamber of Commerce is beginning their bicycle tourism project. They have received a Regional Transportation Options Grant from Metro and they received some funding from Travel Portland to look the role of bicycling and tourism and what can be done in the east part of the region to strengthen our ability to attract bicycling tourism. That is a workshop that will be held at Edgefield from 9-4 tomorrow.

Mayor Daoust stated I am assuming that our TSP and the Regional Transportation System Plan both need to have the East Metro Connections Plan projects within them to be consistent, but that won't limit the transportation projects we put in our plan.

Shirley Craddick replied correct. We have about a \$41 billion funding need for transportation in our region. We also know that we only have about half of that money available to us over the next 20 years. What the East Metro Connections Plan has done is allowed us to identify which projects are the most important for mobility and connectivity between I-84 and Hwy. 26. You will have your city's transportation projects and then we have these priorities that we have identified out of that to focus on.

Mayor Daoust asked Craig, when are we going to talk about our TSP?

Craig Ward replied probably early next year. We need to talk more about the development codes that relate to transportation. You will recall some research that you directed me to do regarding parking.

Shirley Craddick stated your city has asked for an exception. I heard your recent discussion regarding the parking issue. I believe that you will be receiving a letter from Metro asking you to reconsider this. We really think that there is a benefit to following the code that we have in the Regional Transportation Plan (RTP). Every city in the Metro region has already adopted this parking code. It has been in place since the 90's. Following the minimum of 1.25 off-street parking spaces allows developers to put in more parking if they want to but it gives them opportunities for financing that they might not have otherwise. It reduces the amount of pavement that is put down; if you require more parking spaces that requires more pavement and that influences our storm water needs and more money has to go into storm water. It can also spur development because it reduces a developer's costs.

Mayor Daoust asked have we submitted our rationale to Metro?

Craig Ward replied Metro received our request for an exception, but not our total rationale.

Councilor Allen stated it seems to me that insufficient parking is one of our bigger problems in Troutdale. Tensions between neighbors seems to be a problem over parking. It seems counter to want to reduce parking when we already have a problem.

Shirley Craddick replied I understand. We each look at life a little differently. I heard the concerns at your last meeting.

Shirley Craddick continued reviewing her PowerPoint Presentation giving an overview of the growth management process (on slide 5).

Going back to the RTP, there are two pieces that will be added to this plan. One is the Active Transportation Plan. This will be incorporated when the RTP is adopted in 2014. If

you are interested in hearing more about this plan I would be happy to have staff come to one of your meetings to explain it to you. There has been some controversy over this; some of the Mayors have had some concerns about this plan. **Council expressed interest in having a presentation on this Active Transportation Plan.**

Shirley Craddick continued with her presentation reviewing the Community Investment Initiative (slide 6). There is a \$21 to \$42 billion funding need to build all the projects that the cities have interest in building. Through our traditional funding systems we only have about half of that money available to us. The Federal Transportation Administration no longer sends funding to the state as they use to. When the first light rail line was built to Gresham 30 years ago 90% of that funding came from the federal government. The Milwaukie light rail line is only receiving 50% of the funding from the federal government. There has been a shift over the years putting more of the burden on the state and cities to come up with a way to build this infrastructure. What are we going to do about this to not continue to be underfunded in this area? We have asked this group of business leaders to help us with that discussion. They are bringing forward the following suggestions: 1) a guide to streamline the local regulatory process; 2) a private sector led financing board; 3) a tool for schools to use to identify the most important infrastructure projects that are in the best interests of the students; and 4) work as a region on what we can do about infrastructure funding in the future.

Councilor Thomas asked where are the group of businesses from?

Shirley Craddick replied they are actually business leaders, not specific businesses. I can get you the names of the people that have been working on this; they are from throughout the region.

Shirley Craddick continued her presentation reviewing Climate Smart Communities (slide 7), Natural Areas program (slide 8), and Metro venues (slide 9).

Councilor Allen stated safety is a high priority for me. I have concerns about 238th which is the main reason that I was seeking extra funding for 238th. I called Commissioner McKeel's office in hopes that she would be able to update me on whether or not we were going to do the geological survey on that road to see if it could be made safer. My concern is having cars and trucks go from two lanes to one lane downhill and on a curve. It just seems dangerous to me as I have driven a truck on that hill. Do you happen to know the answer to that question?

Shirley Craddick replied as Multnomah County moves forward to build this project now is the time to get engaged as they begin the design of the project. When the East Metro Connections Plan did the feasibility study Gresham said that they wouldn't support the East Metro Connections Plan unless all four connectors, 181st, 223rd, 242nd, and 257th, allowed freight movement. Wood Village was reluctant because they don't want freight coming up through their city. But they did agree but stated that they will allow it to happen if that right-of-way goes away that comes down the hill east of Wood Village. The planners

feel that it is adequately safe to bring two lanes of traffic into one lane as you go downhill. The current plan is that the road will have one lane going downhill and two lanes going uphill. The lanes will be wide enough to allow freight. They are going to redo the sidewalks so that you feel safe on the sidewalks. I believe it will allow bicycling to come down the hill. Another challenge is the stormwater that crosses the road that freezes in the winter. They also say that the impediment on that hill, the reason why two lanes going downhill doesn't create that much more advantage is because the limiting factor for traffic movement on that hill is the signals at the top and the bottom, it is not the lanes themselves. So they have said putting two lanes in will not move traffic any faster because you still have signals at both ends.

Councilor Allen asked have they ever driven a truck over 20,000lbs down a hill like that? During the morning commute cars are in a rush to get to work and they are impatient so they race the trucks down the hill towards that single lane and then they get surprised that the traffic is backed up on the hill. The signal light change is a great idea. I don't know what is considered an acceptable loss, but I would think that no loss would be acceptable.

Shirley Craddick I encourage you to get engaged in these discussions. Part of the East Metro Connections Plan was looking at the crash data. They looked at crash data for all of the routes and they didn't find that was a problem.

Councilor Allen stated that will change when you add larger trucks.

Shirley Craddick replied but the lanes will be wider.

Councilor Allen stated we are going to save a considerable amount of money by giving up the right-of-way and we should be able to make 238th safer. If it is made safer and we provide a secondary exit for the daycare and condos, then it should be an easier commute for people. It will help out with our connections and it would be money saved over the original plan. It would also help with the trip reports for the Vista property so you also get an economic benefit. I just don't understand why we don't go that route.

Mayor Daoust asked Councilor Allen, have you connected with Multnomah County staff?

Councilor Allen replied I have been trying to talk to Commissioner McKeel but haven't got past the staff.

Mayor Daoust stated I think Councilor Craddick is correct, we need to make that connection so that you can get the answers you need.

Councilor White stated I want to thank Councilor Allen for his effort on this project. He has a lot of support; he is leading the charge. It truly is dangerous and it needs to be fixed correctly. It is ironic to me that the road that was selected for 40 years to be the main connector is the only one that is not going to be four lanes.

Shirley Craddick stated Gresham has received some money from ODOT and they are preparing to widen 242nd to four lanes at the south end.

Councilor Thomas stated regarding the high capacity transit, it sounded like it is coming off where the Milwaukie light rail is going through now and coming out Powell.

Shirley Craddick replied the study will identify the route.

Councilor Thomas stated it was my understanding that as a result of the East Metro Connections Plan that the 242nd right-of-way was going to be removed. Now you are saying it is a negotiation chip.

Shirley Craddick replied no, it has already been decided.

Councilor Thomas stated what we have been waiting for here is for you and the County to get it off of their plan so we can take it off of our plan. Is there anything happening on that?

Shirley Craddick replied I think it is just the opposite.

Councilor Thomas stated if we take it off of ours we are out of compliance with yours.

Shirley Craddick replied we are updating the RTP so this will give us the opportunity to remove it.

Councilor Thomas stated that has been the sticking point all along; the fact that as long as it is on your plan we can't take it off of ours.

Craig Ward stated I think we are the last link in the chain at the moment.

Shirley Craddick asked so it is coming off of the RTP first?

Craig Ward replied I think that has happened. I certainly got chided by the County a couple of weeks ago because we haven't amended our TSP to show that the right-of-way was removed. That will part of our TSP conversation.

Shirley Craddick stated it was an agreement in the East Metro Connections Plan that this right-of-way would go away.

Shirley Craddick stated so I have two items to follow-up on. You have interest in learning more about the Active Transportation Plan and you would like to see the list of the business leaders who have been engaged and involved with the Community Investment Initiative.

Councilor White stated I would also like some more detail on the Climate Smart Communities.

Shirley Craddick replied I will be coming back to you on that topic in the future.

5. RESOLUTION: A resolution granting a non-exclusive franchise to Northwest Natural Gas Company.

David Ross, City Attorney, reviewed the staff report. The duration of the new franchise is for 10 years. Compensation to the City is 5.94% of Northwest Natural's gross revenue generated in Troutdale. Some things that have been added to the agreement are:

- a definition of an emergency;
- an amended definition of a qualified contractor;
- the definition of right-of-way now expressly includes public utility easements that have been dedicated to the city, and
- NW Natural crews are subject to the noise control ordinance.

Councilor Allen asked how much has this changed from our previous agreement?

David Ross replied it has changed incrementally and the changes are those that I just called out. In addition to those changes, erosion control now requires erosion and sediment control if excavation is likely to result in discharge of sediments, and the insurance provisions have been slightly modified to reflect the single-limit insurance format that is now used by the industry. Other than that it is relatively similar to the previous arrangement.

Councilor Anderson asked is the rate the same?

David Ross replied yes.

Councilor White asked who sets the rate?

David Ross replied that is a complicated question. NW Natural can roll up to 3% into their rate, anything over 3% has to be itemized on the bill and gets passed on to the consumer. We don't set the rate for the natural gas; that is done by the PUC. This is the rate that we are charging for the use of our right-of-way.

Councilor White stated that is the rate I was referring to. So this Council has the ability to increase that rate?

David Ross replied yes. Keep in mind anything over 3% is going to be paid by the individual users.

Mayor Daoust asked is there anyone in the audience that would like to speak to us on this issue?

No testimony received.

MOTION: Councilor Thomas moved to adopt a resolution granting a non-exclusive franchise to Northwest Natural Gas Company. Seconded by Councilor Wilson.

VOTE: Councilor Thomas - Yes; Mayor Daoust – Yes; Councilor White - No; Councilor Allen - Yes; Councilor Wilson - Yes; Councilor Ripma - Yes; and Councilor Anderson – Yes.

Motion Passed 6 – 1.

Mayor Daoust called for a break at 8:17pm and reconvened at 8:31pm.

6. DISCUSSION: A discussion about a proposal to construct a new City Hall.

Craig Ward, City Manager, stated the last time this issue came up we asked PDG if they would do an assessment of the old city hall site for a potential location of the new city hall. That was granted by Mr. Yoshida. Brian Lessler has completed that assessment and has some additional work that he would like to present to you. Perhaps Brian can first speak to the question of the old city hall site and what his preliminary findings were before he speaks to his newest proposal.

Brian Lessler reviewed the information in his letter to the Council (Exhibit C to these minutes) and explained why they were not interested in pursuing the option of constructing a new city hall on the site of the existing city hall (on Kibling Street).

Craig Ward stated we talked to Brian about some of the requirements that building a city hall would impose on the costs, much as we did on the new police facility. System development charges, permits fees and the fact that it is a public structure means that we have to comply with prevailing wage rules by BOLI. He went back and did some recalculations of his cost estimates factoring in these additional expenses.

Brian Lessler gave an overview of his revised proposal for the new city hall facility located at Buxton Avenue which included information on the following: prevailing wage rates, permit fees, system development fees, and the details of the revised lease proposal (see copy of letter attached as Exhibit C).

Mayor Daoust asked would we only receive the 3% lease/purchase credit if we purchased the building before the 10 year period is up?

Brian Lessler replied within the 10-year period. The incentive is there because Mr. Yoshida wants you to exercise the option to purchase the building within the first lease period (first 10 years).

Mayor Daoust asked is the \$344,000 for tenant improvements built into the lease rate of \$17.98 per s.f.?

Brian Lessler replied yes.

Councilor Allen stated there is property available around this site. Wouldn't it be cheaper to put parking out there rather than doing it within the building itself?

Brian Lessler replied that depends on what you have to pay for the property. I think there are two or three reasons why Mr. Yoshida wanted to retain the parking structure. First of all just as an asset consideration the building would have substantially more value. This is going to be a Class "A" office building and if you have inadequate parking onsite the building will take a value hit and will not be as marketable or desirable. The ratio that we use in the development industry for that type of office space is about 4 per 1,000. We just hit that mark with the surface parking, the structured parking, and the ability to use shared parking next door. Parking on-site is a bit of a problem. There is some adjacent street parking.

Councilor Allen stated it would be all on-site, just in the sense that it would all be city property. How we allocate those spaces would be up to us.

Brian Lessler stated that is entirely true. The question comes back to what do you have to pay for the property. The other piece of that answer, and probably a more important consideration is that because the topography works extremely well for what is being proposed it is not nearly as expensive to do that. It is about half day-lighted already. If you look at the northwest corner massing diagram, you can see that a fairly substantial amount of that along 2nd Avenue is probably halfway underground already and could actually be raised a little. We are trying to match the entry grade on Buxton Avenue so that the easterly entry is right at grade without having to go up any stairs. The western entry also works nicely onto that plaza over the document storage area and works its way down into the surface lot and creates connectivity to the main entrance to the police facility and also to their overflow public lot.

Mayor Daoust stated I don't see anything about the demolition of the CCB Building. I assume that cost is part of what we are talking about?

Brian Lessler stated that is briefly addressed on the first page and reads, "The new construction, which would raise the old post office building, will present beautiful, new architectural facades..." That is fancy way for saying that we are going to knock it down and that is included in the cost of the construction.

Mayor Daoust stated it sounds to me like instead of a rental rate of \$20.15 per s.f. that Mr. Yoshida wants to give the City a better deal and wants the rental rate down to \$17.98 per s.f. Does that summarize what your opinion is?

Brian Lessler replied clearly he told me that \$20 was too much money and that I needed to figure out how to get it below \$18. When you start this type of activity the assumptions become somewhat arbitrary.

Councilor Anderson asked tonight you would like to see us move forward with this in the form of a letter of intent? Did I read that correctly?

Brian Lessler replied yes. I think the next stage for us to move this forward is a letter of intent where the City agrees to work exclusively with our group. Actually we are looking for a deposit in that regard to offset costs going forward. The underline offset is not going to pay for all of those costs, but again it is this idea that Mr. Yoshida has of looking at this as a public/private partnership.

Councilor Anderson stated and that contribution is \$15,000 with the letter of intent, and that will be taken off of the \$300,000 capital contribution from the City. So it is \$15,000 now with the letter of intent and \$285,000 when we go forward. We aren't signing any contracts, this is just a letter of intent.

Brian Lessler replied yes. It is just a letter of intent, ultimately not binding. What we are going to do with this is move to the next stage. We are going to start working with staff to engage our design team to start programmatic analysis and space planning to make sure all of the uses and traffic flow works for your needs and requirements.

Councilor Anderson asked Erich Mueller, would it be safe to assume that it costs more to borrow money today than it did 90 days ago?

Erich Mueller replied yes. I suspect that will also be the case another 90 days from now.

Councilor Anderson asked with the proposal that you came to us with in August, did the cost of borrowing money get factored into this new proposal?

Brian Lessler replied absolutely. It was an increase.

Mayor Daoust stated we have some assumptions here that we are going to need 12,529 s.f. It is reassuring that we have a pretty solid lease rate of \$18,773 a month if the city comes up with \$300,000. The reason we didn't go with Bremik was because their cost estimate was higher than that, I believe it was \$28,000 a month. We are moving in the right direction.

Councilor Ripma stated well we are giving away city property.

Mayor Daoust stated only temporarily.

Councilor Ripma stated temporarily, except we have to buy it at the end.

Mayor Daoust stated for \$1.

Councilor Ripma stated over \$3 million. We should be discussing this at a work session. We can't possibly enter into an arrangement like this without more discussion, more research. It is not your fault; you were invited here and I very much appreciate the offer and it is a fair offer and we need to consider it. I just don't think this is the place to get into the details; there is a lot to consider.

Mayor Daoust stated the bottom line tonight may be to talk about a work session.

Councilor Ripma stated I didn't want it to go on the record that this is a better rental rate because it is lower, because it is not the same deal. Bremik was buying their land; for this proposal we are donating city land. It shouldn't be part of the record that this is a cheaper rental rate. I don't know that it is and I think that needs to be analyzed.

Mayor Daoust stated I am a numbers guy and I can compare \$28,000 to \$18,000...

Councilor Ripma stated you are leaving out the cost of the land.

Brian Lessler stated the fact of the matter is that the land is not included in the lease either going or coming. The lease rate for 10 years would be \$1 and the reversion at the end of the lease period would be \$1. All you are doing is parking the land and the only cost associated in the lease is the cost of the building, the improvements and indirect costs. The land value is not factored into that.

Councilor Ripma stated but it was in Bremik's proposal.

Brian Lessler stated that is his problem.

Councilor Ripma stated yes, his problem is that he wasn't building it on public land owned by the citizens of Troutdale. What you say is true, but it is apples and oranges here. Tearing down a city building and giving the land does affect the value to the citizens in a way that is not easily analyzed just sitting here. You're simplifying it; it's not logical.

Councilor Anderson stated if you remember in the Bremik proposal there was no land because it was on the second story of a two-story building.

Councilor Ripma stated he had to buy the land to put it on. You have to factor in the land. I am not saying it's a bad deal and I am not rejecting the deal. I am objecting to saying the rent rate is lower; sure if we kicked in city owned property the deal will be lower.

Councilor Thomas stated I think you are partially right Councilor Ripma, you are not really comparing apples to apples as far as the two deals go. The difference is if you are looking at actual out of pocket cost, then what is being offered now is much cheaper than what was being offered before. In talking to staff there are a number of things that need to be

looked at before we proceed to meet all of the legal requirements and I think that is where a work session would be helpful. The proposal is great. I like the underground parking; it is great for handicap access. Later on if the city has the need there is property available for additional parking. I wouldn't necessarily build that into this cost.

Councilor Allen stated what Councilor Ripma is pointing out is the true cost and what I also am hearing here is perceived cost. He has a point. We need a city hall. To borrow it is more expensive in the future. But before you enter into any transaction you have to ask the question can you afford it. I remember last time our attorney had ideas on whether or not we could talk about that. I am going to want to know that we can afford it before we enter into any kind of agreement. What would it take to work that out? Would that be a work session?

David Ross stated I think that would be a work session and I think Erich Mueller would be in a better position to talk about that topic. The topics that I am concerned about are the fact that there is a process that we have to go through before we can convey publically owned property. There are also some public contracting issues that we need to work through.

Councilor Allen asked if you were me and you wanted to know if you could afford it what would be your suggestion?

David Ross replied I would ask the finance director.

Councilor Allen stated it is more than just the numbers. We also have to give things up, right? Maybe you can afford it if you give up a, b and c and as a council we would have to decide if we want to give up a, b and c.

David Ross stated and before we can give up a, b and c there is a process prescribed by statute that we have to follow.

Mayor Daoust stated I had the same question and it is a complicated answer. I already asked that question of Erich Mueller. Part of the process is policy and part of it is budget committee process that we have to go through to determine what things we are going to be willing to give up to pay \$18,000 a month. There is no straight answer that Erich Mueller can give to us by saying that we can afford it by dropping this or that; he can't say that. That is up to us and the budget committee.

Councilor Allen stated do we want it, can we afford it, all of that has to be answered. Whatever process that is I need to know more detail about how we go about that.

Mayor Daoust stated I think we all agree that a work session is probably needed.

Councilor Wilson stated in the terms of the lease it says that years 4 through 10 will be adjusted annually. Do you have a rough projection as to where that could go?

Brian Lessler stated the history of the CPI index over the last twenty years averages around 2.3% to 2.4% annually. I think the highest year I saw was at 3.1 or 3.2 and the lowest year I saw was .09%.

Councilor Wilson stated so eventually the monthly rent could be at \$25,000 or higher.

Brian Lessler replied I don't know how you did the math, but I think you would have to have more than a 2% compound to get to \$25,000. (Brian took a minute to roughly calculate this and came up with around \$21,900 in ten years at 2%).

Councilor Allen asked would this be a work session with the budget committee?

Mayor Daoust stated the Council probably needs to have the first work session, maybe in early December, to talk about some of the basic assumptions that are built into this proposal to verify whether we need that much square footage. We need to talk about the CCB building and the city owned property that Councilor Ripma brought up. What do we want to do with that property? Are we going to accept their proposal to turn it over to them and then buy the building for \$3.4 million? And we need to talk about whether we want to do a letter of intent or not. There are some basic things before we get into another work session to talk about how we can afford it.

Councilor Ripma stated I would recommend staff look into whether there is any problems with us doing an exclusive deal like this to construct a city hall.

Mayor Daoust stated that is another item we need to discuss.

Councilor Anderson stated it is a great proposal. We didn't ask for city hall to be our problem, but it is. It is our job to do something about it. I believe in the late 90's the plan from the then council was to site the police station and the city hall together where the police station currently sits. Am I right?

Mayor Daoust stated I do remember that.

Councilor Anderson stated so council said this is where we are going to put city hall.

Councilor Ripma stated the property was for sale and we bought it for a future city hall. Instead we used it for the police station. There is room for both it seems. We didn't decide anything.

Councilor Anderson stated in essence you did because if you bought it using public dollars for a city hall and police station and now 15 years later we can have a city hall and a police station right there because this proposal has it. The rate is phenomenal, the interest rate incredible. From a financial ramification point it doesn't get any better than this. I just

fear that we can work session this thing to death and not make a decision and kick the can down the road and all the while the cost for borrowing money goes up and up.

Councilor Thomas stated the cost of borrowing money goes up and down, you never really know what it is going to be six months from now. That is a risk. The main challenge is what hoops have to be cleared before we can enter into a proposal. That is what the work session will be for. Our attorney has valid reasons, our city manager has concerns and those things need to be resolved. Whether or not it was decided fifteen years ago to put a city hall on this piece of property is irrelevant. It is a piece of property that the city owns to be used for public purposes. Granted, based on this design it will fit. It is ideal to have the city hall, police station and public work all relatively close together. There are a lot of advantages. You talked about having to do something about city hall. Technically we have, is it optimum, no. There are things we have to take into consideration before we commit \$3 to \$4 million of future public funds.

Councilor Anderson stated Councilor Thomas I am not saying we sign the deal tonight. I am just saying we could work session this to death if we want to because we have done it in the past. I am just throwing out a cautionary tip; I agree there are issues that have been raised that need to be vetted. Specifically the bid process. But all the while the cost goes up and up. Erich Mueller tells me that it will cost more to borrow money six months from now than it does now. It could go down, but he is telling me it will probably go up. Sorry, I like you but I am going to take his word; he is the finance guy.

Councilor Allen asked can you give us a little more detail on what the shell includes?

Brian Lessler replied the shell itself as we have defined it is more than you would typically have in a shell. It includes the garage, the foundation, site work, surface parking, building frame, exterior cladding, weather barrier, windows, elevator core, stairs, toilet rooms on both floors and the lobby area fully finished. We would have tile in the restrooms, and tile or some sort of stone finish in the lobby area. The exterior walls would be framed, sheet rocked, textured and painted. What the \$40 buys is what you do inside the box.

Councilor Allen asked fairly standard exterior outlets and that sort of thing?

Brian Lessler replied we are assuming there will be all of the basic exterior lighting necessary. There will be lighting in the garage, entry lighting at all of your primary entrance and exits. There will be some site lighting necessary for the surface parking area. All of those things would be in the shell cost.

Councilor Allen stated and consideration for the average office building of this size for electrical capacity.

Brian Lessler replied yes. We don't want to build a building that nobody can use in the future. If you do this you may not pull the lever. It has to be a good building.

Mayor Daoust asked are there any other considerations Erich Mueller that we need to consider in our discussion tonight?

Erich Mueller replied I could spend time talking about the financial pieces of the puzzle but if you are going to have a work session I am assuming that is when you are going to want to spend more time focused on this. If the conclusion tonight is you have received your input and feedback and know what you want to cover in the work session, I will be happy to address it then.

Mayor Daoust stated this is an excellent proposal. Thank you Mr. Lessler for spending the time to put this proposal together. We have some things to talk about at a work session. Can we schedule a work session in December?

Craig Ward stated we can. We have a budget committee meeting on December 3rd. We have a regular council meeting on December 10th. December 17th would be the default, unless you want to schedule something on a day other than Tuesday.

Mayor Daoust stated this discussion could take a fair amount of time. Could it tag onto the December 10th meeting or is that agenda full?

Craig Ward replied that agenda will be pretty full I expect.

Council discussed and agreed to schedule a work session on December 17th.

7. RESOLUTION: A resolution adopting the Sanitary Sewer Master Plan dated May 2013.

Councilor White stated I need to declare a potential conflict of interest as I own property on E. Historic Columbia River Hwy. There was a lot of discussion regarding a sewer line proposed for that stretch of highway. I don't think it will affect my ability to make a decision.

Mayor Daoust asked does anyone on the Council have an issue with that.

None stated.

Steve Gaschler, Public Works Director, reviewed the staff report (copy included in the packet).

Councilor White stated when those two projects (SE Jackson Park Road extension and E. Historic Columbia River Hwy. extension) were in the plan it was potentially going to raise the system development charges (SDC) by 10%. Do you know what that new rate might be with these two projects pulled from that plan? Is there going to be a potential increase for system development charges?

Travis Hultin, Chief Engineer, replied in the original financial model that included those two projects the SDC rate was already going to drop significantly. The magnitude of the

drop that will occur if these projects are removed has not been calculated yet, but it will be factored in when the CIP and the new SDC rate is adopted.

Mayor Daoust asked is there any members of the Planning Commission (PC) that would like to speak to us on this issue?

Tanney Staffenson, PC Chair, stated on behalf of the PC we would like to thank you for giving us the opportunity to review this document. This will assist us in our work on the public facilities plan going forward. As we reviewed the document we found that there were a couple of projects in question. We had at least 8 people testify at our October meeting and probably had 30 folks in attendance. There was discussion before that the public really wasn't too concerned about this, but they really seemed to be engaged and wanted to be heard. Something that did come up from an individual at our meeting was that we should be sending them a postcard or a notice if this is something that we are thinking about doing. We all felt that it gave us an opportunity to listen to the citizens and hear their concerns, which is what brought us to our recommendation to pull those two projects.

Shirley Pricket, PC Member, thanked the Council for giving the PC an opportunity to review the plan.

Mayor Daoust stated I read the PC minutes and I was taken by some of the cost estimates that it would take for each homeowner to hook up to a sewer line if it were to be put in. I appreciate you taking public comment.

Mayor Daoust asked, is there anyone else who would like to speak on this issue?

No additional testimony received.

MOTION: Councilor Anderson moved that we adopt the resolution adopting the Sanitary Sewer Master Plan dated May 2013. Seconded by Councilor White.

VOTE: Councilor Thomas - Yes; Mayor Daoust – Yes; Councilor White - Yes; Councilor Allen - Yes; Councilor Wilson - Yes; Councilor Ripma - Yes; and Councilor Anderson – Yes.

Motion Passed 7 – 0.

8. RESOLUTION: A resolution approving and authorizing the City Manager to sign the Consent to the Assignment and Assumption of Lease (Operating Agreement) between Jack Glass and Mark Cramlet.

Craig Ward, City Manager, stated you have a revised resolution before you this evening. The reason for this is because it came to our attention after the staff report was prepared for the packet that in fact there was not an agreement that both parties had already

executed to bring to you. Mr. Cramlet is here and can speak to this if necessary. It is clear that they do intend to move forward with the Assignment and Assumption of Lease so the resolution language was changed slightly to deal with the anticipated fully executed assignment that they will bring to us as long as it stays in substantial conformity to Exhibit B of the staff report. There is, what I will describe as a misunderstanding, or a typo in the background section of the staff report where it says the agreement is valid until June 30, 2015. My review of this is that it was a five year extension and should apply until 2017. We recommend approval of this anticipated fully executed Assignment and Assumption of Lease with the edits provided in this staff report.

Mayor Daoust asked is there anyone who would like to speak to us on this issue?

Fred Fangdis stated it is time to put this to bed. Everything in here is fine. We are going to meet with Craig this week and finalize this and resolve all the issues. Thank you for your time and giving us this opportunity to try and prosper here.

MOTION: Councilor Anderson moved to adopt a resolution approving and authorizing the City Manager to sign the Consent to the Assignment and Assumption of Lease (Operating Agreement) between Jack Glass and Mark Cramlet. Seconded by Councilor Wilson.

VOTE: Councilor Thomas - Yes; Mayor Daoust – Yes; Councilor White - Yes; Councilor Allen - Yes; Councilor Wilson - Yes; Councilor Ripma - Yes; and Councilor Anderson – Yes.

Motion Passed 7 – 0.

9. STAFF COMMUNICATIONS

Craig Ward reminded the Council of the following meetings: December 3rd Budget Committee Work Session, December 10th Regular Council Meeting; and December 17th Work Session on the city hall issue. At this point we don't have anything scheduled for November 26th. I had mentioned to the Council that there was a possibility of a work session on November 19th, but subsequent conversations with Eastwinds has determined that is not yet ready.

10. COUNCIL COMMUNICATIONS

Councilor Thomas asked can we could upgrade our name plates?

Craig Ward replied sure.

Mayor Daoust stated I sent an email out asking for interest in going to the Nature in Neighborhoods Charrette on November 19th here in the council chambers. This is the grant from Metro and it is working with Eastwind, right?

Craig Ward stated the grant is from Metro. Eastwind is the project manager under contract with us to get us through the process of helping design the balance between the competing needs for the shoreline within the urban renewal area.

Mayor Daoust stated this Charrette is open to us to attend. I was asking if anyone on the council was interested in attending making sure that there are no more than three of us at the meeting. Let Craig know if you are interested in attending.

Mayor Daoust updated the Council on the following:

- The letter regarding parking downtown was distributed to the merchants.
- Last Friday I was at Reynolds High School most of the day for the Living History Day. There were 400 Veterans in attendance.
- November 13th and 14th is the Bicycle Tourism meetings which are being held by the Gresham Area Chamber of Commerce to get input on what to spend the grant money on relative to bicycle infrastructure. On the 13th the meeting is at Edgefield, and on the 14th the meeting will be held in Corbett.
- This Friday is the Energy Facility Siting Council meeting at 8:30am at the Holiday Inn in Troutdale. The Troutdale Energy Center is one of the topics on their agenda.

Councilor White stated I want to thank all of our Veterans for their service. Councilor Thomas and Councilor Allen, thank you for your service. I also want to thank the Lions Club and Jon Brown their president for putting on a free spaghetti dinner at Glenn Otto Park. I really appreciate them for doing that.

Councilor Allen stated we have been pretty busy. We've asked a lot of you. We are not necessarily calculating in our mind how long each of those tasks take. I know the holidays are coming up and I am a little concerned. I know that you will take them in priority order. I ask that we watch out for our staff and that we don't push too hard and consider their well-being and morale.

Councilor Wilson stated I did attend the Lions spaghetti dinner; it was very well attended. Chris Gorsek was there to help out the entire night. They collected a lot of food and cash donations to help support their causes.

Councilor Anderson stated the parking letter was very well done. It happened very timely and was very professional. Thank you to everybody who had a hand in that, Mayor, Claude and Craig. A couple of weeks ago we were talking about the Champion and the Mayor's desire to write a column. I was against it but after thinking about it I was against it because of the previous mayor and how he used it. I am positive that Doug would not use it in the same way. I am going to reconsider my no vote on Doug writing a mayor's corner and say that it is okay with me.

11. ADJOURNMENT:

**MOTION: Councilor Ripma moved to adjourn. Seconded by Councilor Thomas.
Motion passed unanimously.**

Meeting adjourned at 9:56pm.

Doug Daoust, Mayor

Approved December 10, 2013

ATTEST:

Debbie Stickney, City Recorder