

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

**Tuesday, July 10, 2012**

**1. ROLL CALL, AGENDA UPDATE**

Mayor Kight called the meeting to order at 7:01pm.

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

**ABSENT:** None.

**STAFF:** Debbie Stickney, City Recorder; David Ross, City Attorney; Rich Faith, Community Development Director, Erich Mueller, Finance Director; and Craig Ward, City Manager (via phone 8:22pm to 10:38pm).

**GUESTS:** See Attached.

**2. CONSENT AGENDA:**

- 2.1 ACCEPT MINUTES:** May 22, 2012 Regular Meeting and June 12, 2012 Regular Meeting.
- 2.2 MOTION:** A motion to support the appointment of Randy Jones as the East Multnomah County Neighborhood representative to the Port of Portland's PDX Community Advisory Committee.
- 2.3 RESOLUTION:** A resolution authorizing the City Manager to sign an Intergovernmental Agreement with the City of Gresham for mediation services.
- 2.4 RESOLUTION:** A resolution Electing Workers' Compensation Coverage and of continuing membership in the City County Insurance Services Trusts.
- 2.5 RESOLUTION:** A resolution Extending City of Troutdale's Workers' Compensation Coverage to volunteers of the City of Troutdale for Fiscal Year 2012-13.
- 2.6 RESOLUTION:** A resolution authorizing the Mayor to sign the Jurisdictional Transfer Agreement from the State of Oregon for a portion of Old Kendall Road.
- 2.7 RESOLUTION:** A resolution authorizing the City Manager to sign an Intergovernmental Agreement with Metro regarding construction, maintenance, management and operation of the College Nature Park property.

**MOTION: Councilor Daoust moved to adopt the consent agenda. Seconded by Councilor Thomas. Motion Passed Unanimously.**

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

Mary Getgen, resident, voiced concerns related to traffic on McGinnis Street. A neighbor told her that they had already been to the Council and were told that the City would not put speed humps on this street.

Ms. Getgen stated there have been three recent incidents: 1) A truck hit a curb in front of her house; 2) a car came up on the curb and took out a mailbox; and 3) a car ended up in her yard. The day after that there was a car passing another car in a 25mph zone. Ms. Getgen asked what could be done about this.

David Ross, City Attorney, asked Ms. Getgen to provide her contact information to the City Recorder who will have Travis Hultin our Chief Engineer contact her.

**4. PRESENTATION:** Citizen and Youth of the Year.

Marcia Chiaudano, West Columbia Gorge Chamber of Commerce (WCGCC), stated I am here tonight representing the SummerFest Committee. SummerFest is coming up on July 21<sup>st</sup>. Tonight we want to honor our Citizens of the Year and our Grand Marshall. Mayor Kight will make the presentations. Karen Schaaf, President of the WCGCC, is also here tonight along with members of the SummerFest Committee.

Mayor Kight read bios (attached as Exhibit A) for Maddy Trattles – Youth of the Year, Donna Erwin – Citizen of the Year, and Michael Orelove – Grand Marshall, and presented a plaque to each.

**5. PRESENTATION:** A Metro Presentation: Climate Smart Communities.

Metro Councilor Shirley Craddick provided a handout to the Council (copy included in the packet).

Metro Councilor Shirley Craddick introduced Kim Ellis a Senior Planner with Metro. Kim is a transportation planner and is the project manager for the Climate Smart Communities projects that we as a group of cities and counties in the Metro Region are all working on. Tonight we want to update you on where we are with this project and receive input from you.

The Metro Regional Government was established over 30 years ago and has the authority to bring the jurisdictions together to work on regional projects that influence all of us. This is one of those projects. Our goal is to create great communities. We want to have the best cities in the region; thriving cities make a great Metro region. We apply

all of our efforts and resources to help each individual community/city to be the best that it can be. We need you as a partner and we want to help you achieve your goals and have a great community that has thriving businesses.

Today we are here to talk about the Climate Smart Communities. This is a project that was established by the Legislature. They have established a goal to reduce our greenhouse gas emissions by 20% over the next 20 years. What can we do as a group of cities and counties to help make that happen? Kim is going to review what we have learned so far. The good news is we definitely think this is achievable. Kim has evaluated over 144 different scenarios of what we can do to make this happen. We found that over 93 of those may help us towards that target.

Kim Ellis stated we are in the second phase of a three phase process that is expected to go until the end of 2014. The first year of work was trying to understand what kinds of strategies we might need to implement, or what combination of them may be needed to address the state targets that were provided by the Legislature. The work that we are doing this year is really trying to focus on building from local adopted plans, community plans and visions, and using those as a foundation to further tailor the assumptions. We have provided briefings to the East Metro Transportation Coordinating Committee and others. Part of the first phase of the work is really focused on applying a broad set of strategies at a regional level, and now is the time to start bringing in community aspirations and building on the foundation of the work that you have already done. Next year we will be evaluating some additional scenarios to lead to developing a preferred recommendation for the regions approach.

Kim Ellis showed the Council a PowerPoint Presentation, attached as Exhibit B.

Councilor Thomas stated I have seen a lot of this information with my involvement on the Metro Policy Advisory Committee on Transportation (MPACT) but I would really like more time to study this. I like the idea of the planning tools but we haven't talked to staff to see what their thoughts are.

Councilor Shirley Craddick replied we recognize that. Tonight we are just trying to bring you up-to-date and inform you that we are moving on to Phase II and making you aware of discussions that are occurring at the regional level. What we would like to know is how you would like to participate and be engaged in this.

Councilor Anderson stated this is a voluminous amount of information to get wrapped around tonight. I like the planning tool. I would be curious how our staff feels about that, and if they can utilize it what the cost is to utilize it. But that is a staff decision; I am not going to tell them how to do their jobs. For me it was really beneficial, and I really like it.

Councilor Ripma stated I also find this somewhat overwhelming. Troutdale is actually pretty well planned, I think, compared to the rest of the region. We have a good plan that we have been working on for decades and we are just trying to implement it. It is

nice to know that this tool is available. I do want to comment on the fact that the emphasis in at least the emission reductions on transit is up against the realities of our creaking transit system. I think a useful area for Metro to look at is what alternatives there are to just relying on transit. What is happening with TriMet is that service is going down and the cost is going up and transit is getting used less and less, which is just the opposite of the way that you sound like you want it to go.

Councilor White asked what is our nearest opportunity for a work session to discuss this material? Is there a date set? I read that Metro was going to be hosting some work sessions.

Kim Ellis replied we have been hosting work sessions, or going to work sessions, with each of the cities throughout the region since February. In terms of working on confirming what your local aspirations are and making sure that we are accurately reflecting what you have already planned and adopted, that would be work that we would do over the next six to eight months. There is a lot of opportunity for us to work with your staff to find the best time to make that happen.

Councilor White asked is there an example of another city that might be ahead of us on some of this information so we can get a snap shot view of what they have done?

Kim Ellis asked in terms of implementing?

Councilor White replied yes.

Kim Ellis replied each city within the region has already been implementing a lot of these strategies such as expanding bicycle and pedestrian connections, and building services closer to neighborhoods so people have access to it. There are examples throughout the region including Troutdale.

Councilor Allen stated since we last talked about this I called my insurance agent about my 7.5 liter truck that I only need to use to move my heavy equipment, I don't need to use it to go to and from work. They gave me a per mile rate and now I don't have to pay insurance on two vehicles, I can pay a lower insurance rate on my truck and have a more efficient car. Every month I am saving money, so thank you.

Everything I need to know almost comes from flying out of Portland. I fly over the area and I see traffic going west in the morning and east in the evening as traffic goes away from us to go towards jobs and then comes back home. I would love to have your help when we come across road blocks to economic development/job creation in this area. It would be very beneficial to have more voices.

I wanted to buy an electric car a few months ago but I was a little nervous about the possible increased tax on electric vehicles for road maintenance so I did not make the purchase. Do you have any information on that?

Kim Ellis stated I don't know the status of that. I do know that the Legislature was discussing whether or not electric vehicles should be exempt or have to pay their share of road maintenance because they are using the roads.

Councilor Shirley Craddick stated I do know there is consideration occurring at the State Legislature regarding vehicle miles traveled. They are looking into the possibility of switching our gas tax to a different format and instead of being charged for the amount of gas consumed you would be charged according to how many vehicle miles you travel.

Councilor Daoust stated reducing carbon emissions is a very complicated issue and is pretty overarching and goes beyond Metro. One of the criteria you are going to use to judge whether we are doing any good or not is the environment. Is there going to be an agreement with the State to actually monitor CO2 somewhere around the Metro Region? How do we know whether we are going to be doing any good or not?

Kim Ellis stated as we update our Transportation Plan that will be a way for us to monitor, which we are required to do every four years. We will monitor how well we are doing in terms of making progress towards meeting that target. There will be more discussions around how and what we are monitoring beyond the emissions in terms of implementing some of the strategies that end up being part of that preferred approach. Those will be part of the future discussions in the next phase of the process. Monitoring will be an important part of this.

Councilor Daoust asked are there existing monitoring stations for air quality around the Portland Metro area?

Kim Ellis replied there are. We are required to meet the Federal Clean Air Act. Right now there are no Federal requirements around greenhouse gas emissions, but the Environmental Protection Agency (EPA) is looking at potentially regulating greenhouse gas emissions at a federal level. There could be future requirements for us to use that monitoring work that DEQ is already doing to also include air toxics which is a more recent study that has come out and also greenhouse gas emissions.

Councilor Daoust stated to give us a better handle on whether we should have a work session or be involved in a case study, I would like your feedback. The level of development that is yet to come is rather limited in Troutdale. Would Troutdale be restricted in how we could utilize the model since we don't really have that much development left except for industrial? I know the Council likes work sessions, but if it is just a matter of listing the examples of what we can do more of to reduce carbon emissions, we can all do that and I don't know that we need a work session for that. Do you have some thoughts just related to Troutdale?

Councilor Shirley Craddick stated what you are saying is that the City of Troutdale doesn't have the ability to do a lot more development. A lot of your development is already in place and because of that what value can you take from this tool that can

show you what development you might want to have in the future that would help you contribute to this larger goal.

Councilor Daoust stated yes, that is the question. We can always apply it to the industrial land.

Kim Ellis stated I think it would be good for us to have conversations with your staff. Based on some of the comments that you have already made, my suggestion would be that we bring these case studies forward as a way to show information and to show ground-truth things. It doesn't mean that there wouldn't be future opportunities, and certainly the city could choose to use the software. You don't have to purchase it. It is called "open source" so anyone can use it at any time. We have really spent a significant amount of time over the last year building this data base of information to make it available to communities that are interested in it and to help provide some initial training. This wouldn't be the only time; there would be future opportunities. If you are not ready to jump in you can see how it is used and what kind of information comes out of it and then decide.

Councilor Allen stated on vehicles miles driven, there is more resistance to anything that is GPS positional related and less resistance to anything that is just more miles related.

Councilor Thomas stated we are primarily a bedroom community in that many of us commute around 40 miles a day to get to the office and back. At this point utilizing the transportation systems is inconvenient because if I decide to use Max it takes me 1½ hours to get to the office and I can drive there in 20 minutes. Those are the types of things I would be interested in figuring out how we can move forward. I think there is more to this than just looking at reducing the greenhouse gas emissions. How do you get people from their home to their jobs efficiently without having to deal with the current situation with using the Max system?

Councilor Shirley Craddick stated better transit opportunities.

Councilor Thomas stated that is the type of issue I would be interested in looking at in addition to what Councilor Allen brought up regarding encouraging closer employment opportunities.

Councilor Shirley Craddick stated as a sub-region, Troutdale, Wood Village, Fairview, Gresham and Multnomah County are already working on this with the East Metro Connections Plan. How do we bring more jobs to the east part of the region so that fewer of us commute to our job. Transit is a big help because some of us will still have jobs outside of Troutdale, but how do we make more jobs available out here so that people drive fewer miles, or can walk or bike to work. That is a big part of this – how do we have complete communities where we can have our amenities in the same place and also our jobs so we don't have to be put in a position where we have to travel long distances. That can have a huge impact on greenhouse gas emissions alone. The East Metro Connections Plan is contributing to this goal.

Mayor Kight stated our next agenda item has to do with the Troutdale Energy Center. They would employ at least 25 engineers and probably hundreds of people during the construction process. That of course is one of our goals to create job centers so that people don't have to travel to Hillsboro, Forest Grove or Tigard for work. 60% of the people who live in East County travel somewhere else for their job. This Council is working very diligently and we are aware of the problem.

Mayor Kight asked what is the feeling on the part of the Council regarding holding a work session on this topic?

Council discussed and agreed to have Metro work with staff first and then a work session can be scheduled.

Mayor Kight called for a break at 8:08pm and reconvened the meeting at 8:22pm.

(Craig Ward, City Manager, joined the meeting via phone at 8:22pm.)

**6. RESOLUTION:** A resolution authorizing Troutdale Energy Center, LLC Extended Enterprise Zone Benefits for a Fourth and Fifth year in the Troutdale Columbia Cascade Enterprise Zone.

Rich Faith, Community Development Director, reviewed the background contained in his staff report pertaining to: 1) the creation of our existing Enterprise Zone (EZ); 2) the request from Development Partners to extend our EZ benefits to a fourth and fifth year for their proposed development of a gas-powered electric generating facility – Troutdale Energy Center, LLC (TEC), (copy of the report is included in the packet).

Rich Faith stated there are options available to us if we do grant the five-year extension. In doing so the business that is granted the five-year abatement must meet certain statutory requirements. One of the requirements is that during the fourth and fifth years of the EZ abatement the average compensation for all new employees must be at least 150% of the County's average annual wage. Another requirement is that the business must enter into a written agreement with the local EZ sponsor, which in this case is the City of Troutdale. Part of the discussion this evening will be what, if any, terms would be spelled out in that written agreement with the TEC. I think it is also important to point out that in granting an extended EZ tax abatement that the business must also comply with all of the requirements of the standard three-year tax abatement.

We have researched other jurisdictions in our area in terms of what kinds of requirements are normally imposed as conditions for granting the extended abatement. We learned that there are some EZ that have no additional requirements. However, some do impose what they call a Community Service Fee (CSF). Gresham, Hillsboro, Fairview and Wood Village all require payment of a CSF of 25% of the otherwise abated taxes that would be normally paid in the fourth and fifth year of the extended period. In terms of options available to the City Council you can elect not to charge a CSF, you

could charge the same as our co-sponsors, or you could elect to set a CSF lower than 25% if you wish.

Erich Mueller, Finance Director, stated I have provided you with a revised Exhibit D tonight. Exhibit E is the written agreement that was prepared under the basis of a CSF at 25%, as was the resolution that is included in your packet. Staff is recommending the option with the 25% CSF which essentially abates 75% of the taxes in year four and 75% of the taxes in year five rather than 100% in each of those years. The TEC would like to have the lowest operating cost as any business would, so they are advocating for an option without the CSF.

The project has a couple of different phases which complicates forecasting exactly when the different exemptions will start and stop. This is a large construction project on a relatively small piece of property so to some degree there has to be some sequencing. Construction and process exemptions run for two years so that complicates part of the process. I tried to summarize the information in Exhibit D and outlined some of that in the email I sent to you last night (copy of the email is included in the packet).

Option A is status quo; the existing EZ as it exists now. Option B is what staff is recommending and is what is included in the resolution and agreement that is in your packet. It is the five-year extended period with the 25% CSF. Option C is the five-year extended period without the CSF. In Exhibit D the Base Case column is providing you with a comparison of what it is without exemptions. If you are going to look at what the exemptions provide in terms of benefit you have to have some basis to say what you are comparing it to. The Option A column outlines what the standard program would provide in this scenario. Assuming the assumptions are correct and the dollar values and all of those disclaimers, it would save about 51% of those taxes that would be due to Troutdale over that period. The P1 and P2 shown in the far left column represent Phase 1 and Phase 2. There are two different generator systems that they would be building on the same site. They have to build one and get it mostly constructed before they will have room to get in there and start building the second one. The construction process exemptions would start earlier on Phase 1 and later on the Phase 2 so it staggers the timeframe.

Based on the current program there is an application fee that is referred to as an EZ Authorization Application Fee. The initial part of that fee would be paid during this fiscal year which is why I have 2012-13 as the first year on the spreadsheet. By the time we run through the fifth year of the extended abatement on Phase 2 we are out ten fiscal years.

Councilor Daoust stated on the right side of Exhibit D you list "Troutdale Only – Taxes & fees abated" with three options which kind of tells the story of the amount of taxes that we would be foregoing.

Erich Mueller replied that is correct. The information on the other side, Options A, B and C, is essentially the revenue that we would be receiving. It is not just taxes; it is



taxes, the authorization application fee and the 25% CSF. Based on the state statute the authorization application fee is equal to one tenth of one percent of the anticipated improvements. This is quite a large proposed project and as a result \$680,000 is what that application fee is anticipated to generate in terms of revenue.

Councilor Daoust asked under the middle column of the Troutdale Only section, when you have a negative figure listed does that mean a positive dollar amount that we would be receiving in years four and five?

Erich Mueller replied right. That is basically indicating that we would be receiving more revenue than we would have if we were just receiving our normal tax rate. We are actually not abating we have a gain. In the EZ extended agreements the CSF goes to the zone sponsor, which in this case is Troutdale. Under the Strategic Investment Program (SIP) there is also a CSF but that fee is shared among multiple entities. The 25% CSF is slightly above our normal share of the total tax levy.

Councilor Daoust stated so this is just the Troutdale numbers.

Erich Mueller replied yes. Their total tax impact for a standard EZ for the 10-year period would be about \$26 million. Troutdale would receive about \$6.2 million. Under Option B, because of the extended abatement their tax costs would drop from \$26 million to about \$10 million. Our revenue goes up slightly under that scenario. It is a significant savings in terms of their overall tax burden. It doesn't have a negative effect on us in terms of granting it; in fact it has a marginally positive effect on us. That is why I feel that Option B is a win-win. Option C is the most financially advantageous for the applicant. It further lowers their cost to \$5 million rather than \$26 million. But that only brings Troutdale about \$1.7 million over that ten-year timeframe.

Councilor Allen asked how does this compare if they went with the 15 year County SIP?

Erich Mueller replied I didn't bring that information with me tonight. It is more financially advantageous to the applicant. The challenge, at least my understanding, is the negotiating process that has to be done with the County is a much more extended timeframe than what their project timeline allows for. That is my understanding of why they are looking at the EZ rather than the SIP.

Mayor Kight stated FedEx was a 3-year EZ, but because of the construction cycle it ended up being 4 years. Is that accurate?

Erich Mueller replied statewide with the EZ there is a commercial construction in-process exemption that is available to businesses which they can apply for. That allows for up to two years of abatement of whatever improvements they are in the process of installing. The concept being that they are not going to tax a business on something that they haven't been able to actually start using. That is something that FedEx made use of for two tax years. Once FedEx went into commercial production then it went into its three-year EZ exemption, which is what takes us out to the five tax years.

Mayor Kight stated for this particular project you actually have two projects – Project A and B, but it is on the same piece of property. If we go with the 5-year EZ it will end up being what for Project A?

Erich Mueller stated there will be five years of the extended exemption and presumably two years of the construction in-process for a total of seven years.

Mayor Kight asked if in the middle of that they start Project B on the same property then what happens? Does it extend it out? Does that umbrella cover the entire project or just Project B?

Erich Mueller replied it is two different projects. That is why I needed to revise the numbers to make sure that I differentiated between the two projects. They will start their five-year exemption a year apart as I understand it. Project A will start its five years and when it gets to year two that will be the first year of the exemption for Project B. Project A will run its five years and will come off of the exemption but there will still be one more year of exemption available for Project B.

Mayor Kight asked what you are saying is that they track individually?

Erich Mueller replied correct.

Mayor Kight stated they don't overlap to where Project A ends up being almost 10 years.

Erich Mueller replied no. The ten fiscal years was to try and recognize all of the revenue and costs for Development Partners and all of the revenue to Troutdale that would be involved in this project. Essentially they are going to start the project (if they go forward with the project) by paying the first installment of that application fee in this fiscal year even though they anticipate that it would be eleven to twelve months from now before they get their site certificate and start construction.

Councilor Daoust stated what it does show is that by the time we are all done with the five years of tax abatement it will be ten years from now.

Erich Mueller replied yes. It will be ten fiscal years from now before we reach the fifth year of Project B. Year 2021-2022 will be the fifth year for Project B.

Mayor Kight stated they have chosen to opt out of the SIP. They would have saved money using the SIP. There is quite a differential between the EZ and the SIP and I am unclear why they opted out of doing that. I think I heard you say that there are too many entities involved and this is quicker and faster.

Erich Mueller stated as I mention in the staff report it is a more lengthy and cumbersome negotiation process with Multnomah County. One of the fundamental

differences is the SIP requires a negotiation of a three-party agreement – the firm, the city and the county. The EZ is between the firm and the EZ Manager for the 3-year program, and for the 5-year program it is between the firm and the EZ Sponsor and the County is not involved in terms of the decision making at this stage because the EZ has already been adopted.

Councilor Thomas stated I am glad they are looking at the EZ because I prefer that over the other options. Is there a time of life on the EZ?

Rich Faith replied it is due to expire in 2018.

Councilor Thomas asked so if there is something going on we can go beyond that?

Rich Faith replied any business that has been granted the abatement up to that point is locked in. There would be no new ones brought into the program after that.

Councilor Thomas stated they are still paying the taxes on the property.

Erich Mueller replied on the dirt, yes.

Councilor Thomas stated and the abatement is based on the improvements made.

Erich Mueller replied yes.

Councilor Thomas asked is that how FedEx is set up?

Rich Faith replied yes.

Councilor Thomas stated with these tax abatements essentially the taxpayer in Troutdale is funding some of this as far as providing for public safety and all of the other things that we need to provide for.

Rich Faith stated it goes beyond just Troutdale. All of the taxing districts are foregoing those tax revenues for that period.

Councilor Thomas stated Troutdale is bearing a pretty significant chunk by itself.

Councilor Anderson asked when this is fully operational what is their projected gross revenue for Project A?

Erich Mueller replied I have no idea. They have not shared their business plan with me.

Councilor Anderson stated all I am trying to do is see how much we are giving up versus how much they are going to gross when it is fully maxed out.

Councilor Ripma stated if the EZ is extended to five-years with a 25% CSF, Troutdale will net more money (\$6.8 million versus \$6.2 million) and the TEC will pay less taxes.

Erich Mueller replied correct. Rather than paying \$26 million under the standard three-year program they would pay \$10 million.

Councilor Ripma stated the difference is essentially all of the other taxing entities.

Erich Mueller replied it is a 75% abatement on the value in years four and five and because we are early in the depreciation cycle those values are larger so the tax is greater.

Councilor Ripma stated it certainly sounds like a win-win for us in the room, but maybe not for others.

Councilor Daoust stated the CSF which is 25% of the abated taxes seems to be a point of disagreement. TEC is proposing that they would rather not pay it and staff is proposing that we collect it in years four and five only.

Erich Mueller replied correct.

Councilor Daoust stated so this CSF goes into the General Fund and can be used for...

Erich Mueller interrupted and stated it can be used for general government purposes based on the determination of the governing entity's budget committee.

Councilor Daoust stated according to your model the first fiscal year that we may see that CSF is not until fiscal year 2019-20?

Erich Mueller replied we would begin to receive the CSF for Phase 1, which is the smaller of the two generators, in the fiscal year 2019-20.

Councilor Ripma asked does the resolution in our packet make the change in the EZ a permanent change so that all future applications under the program will be five years?

Rich Faith replied no. This resolution is specific to TEC. If you choose to grant this extended tax abatement to TEC and agree to the agreement that is part of that, we may choose to come back and ask you whether you want to formalize that as a standing program for other businesses or whether you would prefer to deal with it on a case by case basis. You don't have to address that tonight.

Erich Mueller stated the statute does provide specifically for individual agreements for the extended period.

Councilor Ripma stated I have one additional question on the resolution. You mentioned that it calls for the 25% CSF. I don't see that in the resolution anywhere.

David Ross, City Attorney, stated I believe it calls for the CSF that is negotiated in the agreement.

Rich Faith replied Exhibit E.

Councilor Daoust stated it doesn't say anything in the resolution about the CSF.

Rich Faith replied it is spelled out in the agreement. The resolution is merely authorizing the City to enter into this agreement in which those terms are spelled out.

Bob Howard, Development Partners, provided a handout to the Council (Attached as Exhibit C).

Bob Howard stated in presenting to you this evening I am hoping to answer some of the questions that you may have about why a tax abatement is very important to us with a project of this magnitude. It all has to do with the fact that we are in a very competitive procurement process to get this project built and every dollar that goes into the project counts. We are doing everything we can to keep our costs down to make sure that we have the most competitive project that we can bid. It is great to look at the potential revenue but the problem that we have is if we don't get past the first stage of the RFP that Portland General Electric (PGE) is putting forward, this project just doesn't get built and the revenue will never materialize.

I want to provide a quick update on where the project is. We have had a number of public meetings. We are preparing our application for Site Certification and our Air Permit with DEQ in Oregon. Part of the reason our application has been slightly delayed is that we have opted to change the design of the plant to address some of the concerns in the community regarding the Troutdale Airport. We were ready in the spring to submit our application but we opted to change the design on our cooling towers in order to mitigate some of the impacts of the visual plume. We are going to put in what they call an abatement package on the cooling towers which mixes dryer ambient air with the steam saturated air to knock down the vast majority of the visual plume. The same technology is installed at major airports.

Bob Howard reviewed the handout he provided to the Council (attached as Exhibit C).

Bob Howard stated I can't stress enough that property taxes are a major component of the expenses for this facility and we would greatly appreciate your consideration of the two-year extension with as low, and possibly zero, CSF associated with that.

Councilor Ripma stated you mentioned the RFP with PGE. Is there no other commercial use for the plant? Could the power be sold in the open market?

Bob Howard replied we are spending millions of dollars ahead of the RFP to permit this; it is a very expensive process. We believe that there is need for new generating

resources in the Northwest, but PGE is by far the biggest investment that would be made in generating capacity. Anything after PGE would be a significantly smaller facility.

Councilor Ripma asked absent the PGE RFP a plant wouldn't be built there, at least by you folks?

Bob Howard stated I don't know if it would be built by us or if we would sell the site. I just know that the immediate generating needs of the utilities as we've seen are significantly smaller than what PGE has put forward. I believe that there is a chance that a facility would be built there, but I can't say that it would be in the near term.

Councilor Ripma stated you mentioned the transmission lines. PGE had proposed providing transmission capacity but now the plan is to use Bonneville Power transmission and that is coming on line in a few years. I couldn't quite tell what you meant, but it sounds like that is a big deal to your project. It seems like that is a major uncertainty that you are willing to live with. Could you explain that?

Bob Howard replied basically what happened was in the PGE 2009 Integrated Resources Plan they spent a considerable amount of time explaining why they needed to invest in new transmission to get their power from their two generating locations into the PGE Load Center. When they found out that they had competition at the PGE Load Center that did not require large transmission upgrades they essentially changed their plan and are now bidding in BPA transmission rates and not accounting for the potential new transmission which they will do at a later rate case after the RFP. Basically what it came down to was that everybody recognized that PGE wants to build new transmission lines, there just was not a mechanism for the Oregon Public Utility Commission (OPUC) to require them to include the cost for hypothetical new lines. Now the question comes down to what costs are they going to include for utilizing the BPA system, and that has not yet been fully vetted. In the OPUC case for the RFP the statement was made by PGE that all bidders will be using BPA and therefore it doesn't matter what cost we use for BPA. Unfortunately we didn't have a seat at that table to raise our hands and state that we are not going to be using BPA. It won't be until after the RFP has started and they move from the bid process into the shortlist proceedings where we can argue our case that they may or may not have included enough costs for the BPA transmission for the next 30 years. That is why we are sitting here with our hands tied behind our back. The only way we get to argue that point is if we make it through the first round of the RFP onto the short list. It is not until we get that seat at the table that we can really go through all of the costs with everyone and really look at what has been proposed.

Councilor Ripma stated or you would possibly go forward with a commercial plant of some sort. Is that another option?

Bob Howard replied in the Northwest it is virtually impossible to build a merchant facility that would just depend upon the market. The reason being is because there is no

capacity market, which pays you a monthly fee for simply being available to generate electricity. A capacity payment is what makes merchant plants viable on the East Coast where they have a full capacity market and every year plants bid in and receive a check back. It is heavily regulated and each utility pays for its own capacity. What we are doing right now is bidding into PGE to receive that capacity payment and be available to generate electricity for them. It is more of a bilateral system than a market based system like you have in other parts of the country.

Councilor Anderson stated it would almost seem that the rules are being changed on you in the middle of the game with relation to these transmission lines.

Bob Howard replied it feels a little like that, but we just feel like we have to have faith in the system that when we start going through the short list details that OPUC staff and Commissioners will have a very sharp focus on it. Last July PGE proposed the original version of the RFP and transmission costs were brought up in that proceeding. The Commission had a ruling on September 28<sup>th</sup> that during the RFP there was going to be a heavy focus on exactly what the transmission costs are in the RFP. In essence it is just being patient enough to wait until we get a chance to sit at the table and really discuss how this is going to be assessed.

Councilor Anderson stated I admire your tenacity. It seems like you are trying to run water uphill. I know that you would like the 5-year with no CSF to get every competitive advantage. I am sitting here questioning whether that is even going to be enough for you, but that is not my job, that is your job. You said it was a fixed price contract. What does that mean?

Bob Howard replied it means that the capacity payment that I was talking about, we are going to bid one price for 30 years. We get one bite at the apple. We put our bid in this RFP, we sit down at the table and we negotiate the details of the milestones and security requirements that we have to put up to show that we are financially viable. When the plant is built we will get one check of a certain size every month for the next 30 years. If certain prices go up, if our construction costs go up, our lending costs go up – that is all we get. That is why this is a very slow process. There are a lot of pieces that need to fall into place in order to bid a contract like that. One example is we have been working with the Port for over two years just to get the site nailed down.

Councilor Anderson stated I appreciate your answers to the questions and the information provided.

Mayor Kight asked if you were to get the RFP and you end up providing the power, can you at the same time sell to other entities?

Bob Howard replied what we will be bidding to PGE will be 100% dedicated to PGE. One of the nice things about the site is that we do have a verbal agreement with the Port of Portland that we have the ability to expand the facility on an adjacent lot across the pipeline. If you look at the 2009 Integrated Resource Plan from PGE they have

discussed a second combined-cycle energy facility to replace the Boardman Coal Plant here in the near future. We want to be positioned to be able to bid on that plant because it will be highly unlikely for that plant to be built on a lot that is separated from the first combined-cycle energy facility that gets built in this RFP.

Mayor Kight stated since you brought the subject of the gas line up, you have a natural gas line that has a finite amount of gas capacity and I assume that gas line is serving other communities to the south of Troutdale. How do you get enough capacity to service your plant without affecting the people to the south?

Bob Howard replied the pipeline itself does have significant capacity left in it. It has more to do with Williams going through and addressing some of the bottlenecks in their own system. The other opportunity that we have is that industrial users throughout the northwest have capacity in the pipeline but they don't all use it at the same time.

Mayor Kight asked how many homes would this 653 megawatt plant service?

Bob Howard replied there are a lot of estimates with that. Some say there are about 1,000 per megawatt, so 650,000.

Mayor Kight asked what are we looking at as far as noise with the plant? How will the people be affected in the Troutdale area by the noise?

Bob Howard replied given the distance between the facility and the residential neighborhoods, we don't perceive there being a problem with our facility meeting the current code requirement, which is at 55 decibels. Three feet from the generation is where the manufacturer guarantees it will be at 85 decibels. How that sound travels farther away from the facility really depends upon the topography and the ambient noise conditions around there. Given that there are two freeways in the general area and an airport, we don't think the noise from the facility is going to be a significant nuisance to the community.

Mayor Kight asked what about the pollution?

Bob Howard replied the reality is that it is a very clean burning natural gas facility. We are going to permit backup fuel, ultra low sulfur diesel, for times of emergency when you have problems with pressure on the natural gas pipeline. We are working very closely with DEQ, EPA, the Parks Service and the Federal Land Manager to make sure that we do not impact visual resources such as Mt. Hood and the Gorge. We do fully intend to have an open dialog with Friends of the Gorge because I know they are going to be extremely concerned with our facility. It is a state-of-the-art clean burning natural gas facility.

Mayor Kight asked traditionally what do you do as far as security?

Bob Howard replied we traditionally have fencing and 24-hour on-site security.



Mayor Kight asked can you share with us what you have invested so far?

Bob Howard replied probably about 600 hours on an airplane and I would say we are somewhere in the neighborhood of \$1.5 million to \$2 million in permitting and other expenses.

Councilor Daoust stated I feel like we are partners with you in the RFP process, but there are some unknowns. You don't know what PGE's RFP is ultimately going to have in it. Boardman's Coal Plant is going to shut down by 2020. How do we know that PGE Boardman even wants to build a natural gas plant there because I understand they are testing out biofuels also. Do you know for sure that PGE wants to build a natural gas plant in Boardman?

Bob Howard replied yes. They have a massive site at their Boardman Coal Plant and on a subset of that site they have permitted two combined-cycle facilities that are roughly 441 megawatts each. In this RFP they are going to bid one of those facilities and then likely hold an RFP to try and build the second one coinciding with the closure of the Boardman Coal Plant. This is very much a partnership. You don't put a large utility project in a town without wanting to be there and without wanting the community to want you there. You have to be a good neighbor and you have to be open and honest about the reality of the facility. The long-term benefits of the facility are only there if the City is happy with having a plant in their town. Do I fully believe that PGE wants to build that gas plant? Yes. If you look at all of the investor presentations to Wall Street over the last few years, they have been touting their expanded gas portfolio to Wall Street as criteria for larger investments in their stock.

Councilor Daoust stated the air quality issues in the Gorge and on wilderness areas and national parks are going to be an issue. I noticed in one of your statements you're saying that you are adhering to standards above and beyond what is required. I don't think that is related to the modeling you are doing, but it is more related to adding scrubbers or additional things to the towers to clean the air more so than you are required to.

Bob Howard replied no. It is related to the modeling. Basically the difficulty with the Gorge Scenic Area is that a Class 1 area like Mt. Hood has no industrial development within it and the Gorge can never be a Class I area because it does contain industrial development. It is a challenge for regulators to try and look at that and fit it into a box. Technically it is a Class II area, but we are doing a significant amount of modeling and other studies to treat it more like a Class I area in order to relieve some of these concerns that it will have a significant negative impact on the Gorge Scenic Area.

Councilor Daoust stated for air quality and visibility you are not really doing more than what is required.

Bob Howard replied there isn't much more you can do to a natural gas plant than what we are doing.

Councilor Daoust stated you choose Troutdale as a premier site because everything is right there. I would think that it would be a competitive advantage for you compared to a facility that doesn't have everything right there.

Bob Howard replied I would agree with your statement. There are three big costs associated with Troutdale that aren't going to be associated with PGE: **1)** installing a water system for this facility that they have on their own sites; **2)** the purchase of the property from the Port of Portland; and **3)** the construction associated with an EPA Superfund site loads on significant construction related costs because there is a nervousness within the insurance industry regarding contaminated media management plans and washing off construction vehicles as they come out of the site and simply just the manner in which you conduct your construction of the facility. There are significant costs added to this site that are not on a site that is not a superfund or considered a contaminated site. The last place that we have an issue is in the transmission. PGE as an entity understands that they want to build these sites, but we have to also apply to PGE for part of our costs. To integrate into their system they get to come up with costs associated with how they want us to come into the system so they are setting part of the price of our facility in-house. They are supposed to be separated between the transmission department and the merchant generating facility, but it is all one entity. We have costs associated with that that we are hoping are less than the costs associated with PGE's own transmission costs in the RFP.

Bob Howard stated the one thing we haven't touched on tonight is that PGE did negotiate its own SIP agreements with Morrow and Columbia County and the actual dollars that they are paying for their two sites are significantly less than what is even being considered on the table right now with the full 5-year abatement. That to me should be a very big consideration in this. If we had our choice and we had a little more time we would prefer the SIP and not because of just the dollar value but the lenders will like a 15-year certainty in tax payments more than they will like a 5 year certainty in tax payments. Our preference would have been the SIP but we are where we are and we appreciate your consideration of the 5-year abatement.

Councilor White stated I read that you plan on using our effluent discharge water to cool your facility and then that water will be treated at even a higher level than what we currently require. Is that true?

Bob Howard replied I am not a water quality expert but from what I understand it will be. At the end of the day DEQ is expecting to have cleaner water at the outfall than it is currently.

Councilor White stated I generated Item 7 on our agenda tonight which looked into how you might impact our utility rates. I think there was a miscommunication though. What I

was trying to get to was what kind of impact could we create if we were selling that effluent water to your facility?

Bob Howard replied I don't believe that Craig or any of the other staff intends to give that to us for free.

Councilor Daoust stated our staff called this 5-year EZ plus the CSF a win-win situation. Would you agree with that?

Bob Howard replied I would look at it from the standpoint of win-win only if the facility gets built. The way that we are looking at this facility right now is doing everything in our power to make sure that our bid is as competitive as possible. Any costs that are added just add to the projects present value in the RFP and diminishes our ability to compete with PGE's project. We resisted putting in the more expensive cooling towers even though it was a community concern and in the end we did it, but it added roughly two and a half times the cost of the original cooling towers. Every time we do that we walk further and further away from what we think is the most competitive facility we can bid.

Mayor Kight stated if we went with the 5-year EZ without the CSF and you end up getting the contract, but what if we got a backend deal with a CSF.

Bob Howard stated the money earlier in the project has a much greater impact than the money later in the project, but it all adds into the cost associated with project and how competitive it would be. The reality is we have to live with the price that goes in. We can't plan on deals outside of that.

Mayor Kight stated I am just throwing something out where everybody wins. You get the lower price, you get the contracts but somewhere down the road we collect the CSF.

Bob Howard stated if this facility gets built there is 25 years of stable tax revenue for the City. It is only there if it gets built.

Councilor Daoust stated as a partner we have to show our hand up-front. We have to have an agreement up-front for you to bid.

Councilor Allen stated what bothers me is going door-to-door and looking into the eyes of so many people who want job opportunities. You all know exactly what I am talking about. How many people ask us for better city services compared to how many people are asking us for job opportunities? Here I am calculating out how much I think we can squeeze out of this project. I am thinking how many jobs have been lost in East County because at some government level somebody did the same thing that we are doing now and the project never got off of the ground. I would like us to give this project the best chance possible and give them the 5-year abatement.

Lise Glancy, Port of Portland, stated we are the landowner of the Troutdale Reynolds Industrial Park (TRIP). I am here to provide you with two pieces of information that I hope will help inform your decision making on the tax abatement being requested by Development Partners on behalf of the Troutdale Energy Center. The site proposed for development of the TEC has significant constraints which limits its development potential. There are approximately 7 acres of high value wetlands covering the northeast corner of the site, 13 monitoring wells and 5 extraction wells associated with the ongoing EPA Reynolds Superfund Ground Water Clean-up and Monitoring. There is an extraction waterline across the middle of the property which is also for cleanup purposes. There is a gas line easement along the southeast end of the property and the levy at the north end of the property. These site constraints result in an irregular shaped site which while not ideal for a traditional industrial development, in many ways it is an ideal use for the proposed TEC. The TEC has modified its footprint around multiple site constraints and proposes to leverage the electric and gas energy infrastructure assets on the site (map provided, copy included in the packet). The Port of Portland's industrial development is funded primarily by the sale and lease of Port properties. As many of you know the cost associated with bringing this former Superfund property to market has been significant. The Port has expended over \$39 million to date in the acquisition and redevelopment of the property to support regional jobs. Another \$63 million is needed to move the final phases of the park to market including \$13 million in transportation infrastructure. Funds from the sale of the proposed TEC site will help finance the planning and infrastructure development to open the Phase II sites to the market. The Port recommends Council's support of the 5-year tax abatement for this property.

Mayor Kight asked are you including the CSF or are you extrapolating that out?

Lise Glancy stated we are not advocating on that issue one way or the other. We remain neutral.

Councilor Ripma stated if we were to extend the EZ to 5-years, the difference between charging the CSF and not charging it is \$4.2 million, as shown on the figures we have in front of us. I wondered if the Port would be willing to make that up to us in encouragement by the Port of development on the site?

Lise Glancy replied as I just expressed the Port has significant funds that we need to invest to make this site a reality for jobs in East County. We are still struggling to find resources for that investment. Most of our resources are from the private revenue, or our business generation. Without the sale or lease of these properties we don't have industrial development funds to move forward. We get approximately \$7 million a year in property taxes and we really don't have any money to share. The sale of this property is approximately \$8 million, which is not a significant amount compared to the resources required ahead. The transportation infrastructure is \$13 million alone.

Councilor Allen stated the extra generating capacity sold nearby, does that aide in any way as a selling point for other development in this area?

Lise Glancy replied I think what we are finding is that the energy assets on the site are definitely assets for other development.

Jodi Parker, Portland resident representing the Columbia Pacific Building Trades, stated we represent about 10,000 men and women in the building and construction trades in this area. I am here tonight to support the TEC and ask that you grant the two year EZ extension without the additional requirements for the CSF and help make this project as competitive as possible in the PGE RFP. Projects like this TEC have potential to put about 300 skilled craft people to work for 3 years while we build it out. It provides a dependable source of income. Councilor Allen spoke rather eloquently about the desire in peoples' eyes to just get a job. I encourage this Council to approve the 2-year EZ extension without the CSF so that TEC can move forward.

Joe Esmonde, IBEW #48, stated I am a business agent who represents 4,100 men and women in Portland and Southwest Washington. I will be urging the same points as Ms. Parker about the extension. Let's go to work. I think any community, whatever the size, would be very envious of a firm coming to them and saying we want to build here and put your people to work. This isn't the first time I have talked about energy projects in the state. I think you have a good win-win here. I want to echo what Bob said about the plant operators. There is a huge need across the country for those positions and giving Mt. Hood Community College that chance to team up and get those people trained is a great thing. Those folks make between \$75,000 and \$85,000 a year right now. That is a little above a family wage job; that is a career. I think like Mr. Allen said, people are hungry to go to work.

Councilor Ripma stated I believe that the job situation and the economy are problems. As elected officials our responsibility is to Troutdale, and to try to efficiently maintain the services needed to protect the citizens. While I agree that it is very important that we try to attract jobs, I don't think that is our primary goal as elected officials. I have never thought that way. I don't favor any change in our EZ. I think three years is enough partly due to equity issues. The big guy is asking to pay less tax than anybody else. I have never thought that was fair. I did support the EZ and I am willing to continue to support it, but I have always had a problem with governments trying to attract businesses. It used to be called attracting smoke-stacked industries. Then it was silicon fab plants. Remember the SIP for Fujitsu that died. Governments fall all over themselves trying to attract things because we are not business people. We shouldn't get in that game. If taxes are too high and businesses aren't locating here we should lower the taxes for everybody. It is not fair to just do it for the big guy. Homeowners and small business people pay their share. I want businesses to locate here and I am willing to do anything, but I just have a fundamental problem with favoring a special group because in our wisdom we think it is better. However, I will say that I really want a power plant here. I served 9 years on Federal Energy Siting Council and was the chair for a couple of years. I sited gas fired power plants; they are great. I agree with everything that was said about them being clean and quiet if they are located in a place like this plant is proposed. There is a huge investment. They are good citizens and they have good

jobs. I think on balance, for this particular project, I could even go so far as to extending it to 5 years. But I think being asked to provide the services that we do and give up \$4.2 million which would be the take on the CSF is not responsible of us. The project has a lot of "ifs". They want it as low as possible. Their job is to come here and say we want it as low as possible. This kind of thing always has support from IBEW and the building trades and the college. Everybody always gets on the bandwagon because they are not giving up the \$4.2 million, we are. You realize of course that this is being rushed. We aren't given time to fully understand the competitive situation that they are up against and whether Troutdale really is better or worse than the other site. In view of that, normally I would say I would like more time but I recognize the reality of the situation. I favor what I consider the middle position. I am willing to extend, for this project (the two phases), the EZ to five years. I don't want to make this a general thing yet; it is a precedent that we will probably be asked to do in the future. I am willing to do that and I think we ought to charge the CSF that is charged in our neighboring cities. I think it is reasonable and that way we are doing right by the citizens of Troutdale as well as granting a huge tax cut.

Councilor Anderson stated I am not going to grandstand and talk about job creation and this and that. I think any sane individual thinks that the economy we are in right now, job creation is tantamount and paramount and needed sorely, and this by all accounts will do that. I will say that the staff report and the work that our staff has done is the most comprehensive thing I have ever seen. It really spelled out the issues. I am with Councilor Ripma. We do represent Troutdale. I look at \$4.5 million and I think back to our Budget Committee meetings where our streets are falling apart and we don't have money to replace them, we have a bond on the treatment plant, we have a City Hall issue that is coming up, we have events that ask for sponsorship and we say no. Then to turn around and give up \$4.5 million over ten years, that is a tough pill for me to swallow. I think the definition of a good deal is where both sides aren't happy. I think that is what we have here. We are not happy giving up what amounts to \$6.7 million at full value. I am sure that Development Partners aren't going to be overly thrilled with having to add \$4.5 million to their bottom line. That makes it a good deal. We aren't risking a lot. Some of the best advice that I received in this chair came very early on from Councilor Thomas. He told me always go to sleep at night never regretting a vote. A 5-year EZ with a 25% CSF, I am not going to regret it one bit. I support our staff's recommendation 100%.

Councilor Thomas stated when we created the EZ we created it for 3 years initially because we wanted to be able to deal with extensions on a case-by-case situation. That is what I remember of the discussions. I like giving the additional 2-years, but I do want to keep the 25% CSF mainly because the Troutdale voters are bearing a pretty good portion of the cost of this. Extending this another two years is a lot of revenue that we would be getting otherwise. Jobs being created and the construction process are all fantastic but ultimately my responsibility is to the voters of Troutdale. I have to support the staff recommendation.

Mayor Kight stated I am torn between the 5-years with or without the CSF. I listened to the folks in the construction industry that come here and I recognize that there is a lot of unemployment in the area and has been for the last two or three years. Normally where FedEx builds a regional hub like we have in Troutdale and they are the first ones to plant the pole, within five years the entire center would be built out. We are not experiencing that in Troutdale. In fact FedEx has been an orphan out there for some time. There are a variety of reasons; the economy, the availability of capital to allow new businesses to expand or push new buildings out of the ground. What we are seeing is they are starting to absorb existing buildings. It could be sometime before we see somebody else besides this particular project build at the TRIP property. The Port of Portland stated in the next three years they plan on investing \$43.1 million in order to do an additional subdivision and create 9 additional lots. The Port of Portland has literally stepped up. This is an opportunity for the Port of Portland and Troutdale to recover some of the capital costs that have already been expended. We don't have anybody in the wings. If this project doesn't go forward we don't have anybody out there that is going to take Lot 3. As the Port stated there are a lot of constraints with this lot but it is a perfect fit for the TEC. If they don't get the bid and project, Troutdale gets \$0. Not only \$0 from taxes and all of the fees that we will collect, but there will not be any jobs. I am torn. With the CSF there is obviously quite a differential. I also recognize in this particular economic climate, we have to do that which we normally wouldn't if we were in times where we were prosperous. I am leaning towards, and I say this with some trepidation, not including the CSF. I know there is going to be some criticism for that, but there is criticism no matter which direction we go. Clearly the end product is to make this company competitive against PGE so that we can have this business located in Troutdale. We may look back and say boy I wish we hadn't included that CSF because now it is just a vacant piece of land. Or we took the CSF out and because of that they were able to get the project and move forward, have the tax base, create the employment opportunities and work with Mt. Hood Community College to train new people for jobs. I guess I just talked myself into the 5-year EZ without the CSF.

Councilor White stated I agree with Councilor Ripma, I feel rushed. I do understand the August 8<sup>th</sup> date that PGE is requiring. I wish we had more time. I hear both sides of the argument. I don't like gambling with millions of dollars at stake. I am leaning towards approving the 2-year extension. I would like to suggest turning that into a 12% CSF rather than 25%. I don't think the \$2 million will make or break the deal. I am also confident that TEC wouldn't have spent the \$2 million that they have already spent. I think Troutdale offers a lot as a region and an area to locate businesses.

Councilor Allen stated I don't think people realize what could have been in East Multnomah County. I don't think people realize how many jobs didn't happen because different levels of government got too greedy and killed the deals. I don't want that to be us. I want us to send a clear message that Troutdale is open for business and is encouraging development. I would be willing to compromise with what Councilor White suggested.

Councilor Daoust stated we are assuming that this CSF is the deal breaker. We don't know that. I am assuming that there are a lot of other bigger deal breakers for what is going on here other than the CSF. I think the CSF is down on the list of what could make or break this plant being built in Troutdale. That is what I am assuming. I think there are competitive unknowns that we just don't know about, and frankly that TEC doesn't know about. The budget for the City each year is going to get worse because we have a fixed tax rate. But when you look at the year 2019 when we could be collecting that CSF, what kind of a state is the budget going to be in? It will be worse than it is today. When you consider all of the needs that we have, and the fact that we have no idea whether this service fee is a deal breaker or not, I don't want to make that assumption upfront. Believe me I want this plant to go in too, and I want the jobs created. I tend to agree with staff that this is a win-win situation where we could get the CSF and the 25 jobs. That is what we are talking about here, 25 jobs. I think we could get both. That is a win-win situation in my mind and I think that is what we have here. I am willing to go with Option B.

Councilor Allen stated I think we are lucky that they are not going for the 15 SIP. We are making more money off of this deal even without the fee than we would have with the 15-year SIP.

Councilor Thomas stated there are some other advantages with the site. One is the cost of loss of power. The further you transmit power the more power you lose. There are a lot of advantages to this site as far as maintaining full power because it is not going very far. You have the gas line; you have a lot of things that are very positive about this site.

Councilor Daoust stated this is a great site; they are going forward competitively.

Councilor Anderson stated I want this site here too. I think this will be clean as far as power plants go because of DEQ, Friends of the Gorge, and Development Partners' vision and desire. I think this will be a huge asset to our community. I appreciate what Ms. Glancy had to say that there is not a lot of use for this site. But please understand that I have to represent the citizens of Troutdale and I have department heads coming to me in budget meetings saying you have to do something about the streets, water, sewer, police and police vehicles. These are all things that we need. I want your site and I think you are going to get it because I think you want it too and you have the backing. I think you are going to get it done. I just can't take this kind of risk.

Councilor White stated one more thought on the idea of reducing the fee in half. It lowers our risk because we are gambling if we want to include the 25% that could topple the project. I am willing to lower that down because from day one that this plant opens they are going to be using our effluent water and I got the answer tonight that I needed to hear that they are going to be purchasing that effluent. Currently we are releasing it into the Sandy River and now we have a customer for every drop of that water and then some. I think that is an important piece to realize. How many businesses are we going to have that will have that need? I would say very few.



Mayor Kight stated I would be willing to entertain your idea of cutting the CSF in half.

**MOTION:** Councilor Ripma moved to adopt a resolution authorizing Troutdale Energy Center, LLC Extended Enterprise Zone Benefits for a Fourth and Fifth year in the Troutdale Columbia Cascade Enterprise Zone. Seconded by Councilor Thomas.

Councilor Allen asked for clarification. Is that with or without the CSF?

Councilor Ripma replied as I understand it the CSF is in the side agreement. So this includes the fee. I asked for clarification of that during our discussion. It is in here implicitly. It is in the agreement that is part of this resolution. So in effect I am moving for the staff recommendation.

**FRIENDLY AMENDMENT:** Councilor White asked Councilor Ripma if he would accept a friendly amendment to change the CSF to 12% rather than 25%.

Councilor Ripma did not accept the Friendly Amendment.

**VOTE ON ORIGINAL MOTION:**

Councilor White – No; Councilor Allen – No; Councilor Daoust – Yes; Councilor Ripma – Yes; Councilor Anderson – Yes; Councilor Thomas – Yes; and Mayor Kight – No.

**Motion Passed 4 – 3.**

**7. REPORT:** A report on Council inquiry regarding projected utility revenue from the proposed Troutdale Energy Center Project.

Erich Mueller, Finance Director, stated the utility rates were addressed by the Council at the May 22<sup>nd</sup> meeting. Discussion ensued regarding the potential impact that the Troutdale Energy Center's proposed uses would have on utility rates.

Erich Mueller reviewed his staff report (copy included in the meeting packet). The context of the question was based on the usage by the Troutdale Energy Center and whether that would mean that we wouldn't have to raise rates as much. My analysis is that it is unlikely to have that hoped for or desired outcome. But again the recycled water usage is not something that has been definitively determined as of yet.

(Craig Ward left the meeting at 10:38pm.)

Councilor Thomas stated I think it is a good idea for us to pursue some sort of a fee for the use of the recycled water. It would help our sewer fund out even though it may not necessarily offset rates.

Councilor White asked how much effluent water do we discharge on a daily basis?

Erich Mueller replied the Public Works Director informed me that the average is 1.3 million gallons. That is considerably less than the maximum that they may need in their cooling operation in the most dire condition. That is the worst case, and I am sure that it is going to be generally less than that, but it would appear just from their preliminary information that they expect to have more than one water source to address their cooling needs.

## 8. STAFF COMMUNICATIONS

David Ross, City Attorney, updated the Council on the following:

- We have scheduled an Executive Session for Monday, July 16<sup>th</sup> and because no decisions can be made in an executive session we will likely need to schedule another meeting of the Council. The two most likely dates would be July 17<sup>th</sup> or July 24<sup>th</sup>. **Council agreed to schedule a Special Meeting on Tuesday, July 17<sup>th</sup>. Councilor Ripma is not able to attend on the 17<sup>th</sup> but is willing to call in for the meeting.**
- The Council indicated the desire to have a work session on the Coal Trains issue. Possible dates for this work session are: 8/7, 8/14, 8/21, 9/4 or 9/11. **Council asked Ms. Stickney to send an email soliciting input on Council's availability.**
- Legislative priorities for the League of Oregon Cities are due by July 27<sup>th</sup>. Please submit your rankings to staff.
- August 7<sup>th</sup> is National Night Out. Anyone wishing to have a block party needs to contact Lt. Wendland to coordinate any necessary street closures.
- At the conclusion of the meeting tonight Ms. Stickney will put out several different versions of the layout of this room that we have been experimenting with and we would ask that you initial your preference.

## 9. COUNCIL COMMUNICATIONS

Councilor White stated I was concerned by a photo that I saw in the Troutdale Champion showing the 1964 flood. It showed quite a bit of property under water. I wanted to point out that after that flood the Army Corp of Engineers did quite a bit of work re-routing the river. In 1996 we had a higher flow than the 1964 flood and we didn't sustain near the damage that this photo illustrated.

Councilor Ripma stated the Troutdale Historical Society's Annual Fundraiser will be held on July 28<sup>th</sup> from 2-6pm. It will be held at Bob and Jean Ice's house on the Sandy River. The cost is \$25.

Councilor Thomas stated the Economic Development Subcommittee held a meeting earlier today where we discussed some possible proposals for development in the Urban Renewal area.

I recently received an email about the Mayor sending our press releases without going through the City. My question to Craig Ward was did he approve the Mayor's press releases about City Hall. Craig's response was no, for several months the Mayor has sent out his press releases by himself and simply gives us a copy for our files. That really doesn't bode well with what we had said during the censure process. I believe we stated that all the press releases need to be proofed by the city before they went out.

Mayor Kight replied we didn't want to involve staff time. I was criticized for involving the staff in doing the press releases so I asked Mr. Ward if I could go ahead and do the press releases on my own and not have any staff involvement in typing and sending them out. All he asked was that I send him copies. I am following his direction. Any member of the Council can send out press releases.

Councilor Ripma stated to the extent that Craig directed you in a certain way, perhaps he does not understand our wish as a Council. We need to clear this up but not tonight.

## **10. ADJOURNMENT:**

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

Meeting adjourned at 10:49pm.

**Mayor Jim Kight**

**Approved August 28, 2012**

**ATTEST:**

**Debbie Stickney, City Recorder**

*Exhibits to these minutes can be found in the meeting packet which is scanned and microfilmed.*