

MINUTES
Troutdale City Council – Work Session
Troutdale City Hall – Council Chambers
104 SE Kibling Avenue
Troutdale, OR 97060-2099

Tuesday, May 19, 2009

1. ROLL CALL

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

PRESENT: Mayor Kight, Councilor Hartmann, Councilor Wand, Councilor Thomas, Councilor Kyle and Councilor Daoust.

ABSENT: Councilor White (excused).

STAFF: Dave Nelson, City Administrator; David Ross, City Attorney; Charlie Warren, Public Works Director; Rich Faith, Community Development Director; Erich Mueller, Finance Director; Debbie Stickney, City Recorder; Scott Anderson, Chief of Police; and Jack Hanna, Code Enforcement Officer.

GUESTS: See Attached.

2. Discussion: Discuss possible amendments to Troutdale Municipal Code Section 8.28.070(13) – Specific Nuisances Prohibited, regarding the 72-hour parking restrictions.

David Ross, City Attorney, stated this issue came before you at the last city council meeting under the public comment portion of the meeting. There was a request that the Troutdale Municipal Code (TMC) nuisance ordinance, specifically the section that does not allow storage of personal property or vehicles on the public right-of-way for more than 72 hours, be amended. The proposal, as I understand it, is to allow residents of Sweetbriar to park mobile homes and trailers within the right-of-way for up to 30 days because some of the homes in that subdivision have parking pads between the curb and the sidewalk, or where the sidewalk would be located if it were in existence. The reason for this request, as I understand it, is because the 72-hour restriction is too restrictive; because of the location of the parking pads trailers or mobile homes parked on the pads do not block the sidewalk and are not in the road. As I pointed out in the staff report blocking the sidewalk is an entirely different and separate section of the ordinance; you don't have to be blocking the sidewalk to be storing vehicles or personal property in the public right-of-way. If this amendment were to pass staff has some serious reservations about our ability to enforce the ordinance anywhere else in the city. We have some serious reservations about our ability to enforce the ordinance within the subdivision as not every home has a parking pad and those that do are not of uniform dimensions. We also have some real reservations about its fairness. I have looked at the legislative history as it were when the ordinance was passed in October 2005 and Sweetbriar was specifically mentioned, so this wasn't an oversight. The question arose at that time

about the parking pads in Sweetbriar and it was stated that it would be no different parking between the curb and the sidewalk in Sweetbriar than it would be to park on the curb on 2nd Street; it is still storage within the public right-of-way. I would advise the Council to be cautious before treating people differently on the basis of their geographical residence.

Councilor Wand asked how far does the right-of-way extend beyond the curb in the Sweetbriar subdivision?

David Ross replied the notes from October 2005 say that the right-of-way goes from property line to property line. My guess would be that it is the back of the sidewalk.

Councilor Wand asked so is it the case that if I am looking at one of those parking pads that half of it is in the public right-of-way?

David Ross replied no, the entire pad is in the right-of-way. The sidewalk is in the right-of-way and the pad is in between the sidewalk and the curb. The sidewalks are not uniform; on one side of the street there are no sidewalks and on the other side there is. In some of the cul-de-sacs some of the houses have pads and some don't.

Councilor Wand asked is it the case that every parking pad is entirely within the right-of-way?

David Ross replied that is what public works has informed me; the pads are within the right-of-way.

Lyman Stanley, resident in Sweetbriar, stated I think the proposal being made is a little horrendous. 30 days is a fictitious number as far as I am concerned. There are a small percentage of the 345 homeowners that have some kind of an RV, not everyone has one. I don't need to store my motor home there; I pay \$50 a month and store it at Chinook RV. Here is my problem. I bring it home and I go out with it for a few days and I don't want to take it back to Chinook RV because I am going to go out again the following week. The 72-hour rule makes me take it back to storage and then go and bring it back again. I think two weeks would be a reasonable offer, a month is too long. I am asking the City Council to think about two weeks.

Tesa Frakland, Sweetbriar resident, stated when I bought my home in Sweetbriar one of the draws to buying there was the CC&R's, the Homeowner's Association (HOA), and the lack of vehicles parked on the street and in front of the houses. That was an environment that I wanted to live in. The CC&R's state very clearly that the streets in front of the lots shall not be used for overnight parking of any automobiles and shall not be used for the storage of any boats, trailers, campers, vehicles, trucks or other vehicles of any nature, etc. I was also advised by a board member when I purchased my home that exceptions and allowances are made upon specific request. I have seen motor homes that are parked in front of some one's house overnight or for the weekend, even up to a week, and apparently that is a situation like Mr. Stanley explained. Reasonable approach is done apparently through communication with the HOA. An allowance is made to meet the needs of folks without altering the CC&Rs

and having vehicles parked and stored for extended periods of times, which has all kinds of problems attached to it.

Mayor Kight asked Mr. Ross, when there are CC&R's I am assuming the city code preempts that? In other words who has preference legally? We have a 72-hour rule, they have an overnight rule.

David Ross replied they have an overnight rule that says no vehicles are supposed to be parked on the street overnight, but it is a city street and it is not posted as no-parking so the City doesn't enforce the no-parking. If the HOA wants to enforce no overnight parking than that would be their option but they would need to do that in civil court.

Tesa Frakland stated this also addresses the pads; extended parking of all of these other random vehicles on the pads, that is what you were speaking of earlier.

David Ross stated the pads are in the public right-of-way so our code says they cannot be stored on the public right-of-way for more than 72-hours.

Councilor Wand stated the CC&R's are enforced by the HOA, or not enforced by them at their discretion. We can't change the CC&R's, nor are we empowered to enforce the CC&R's. Nothing we do here today would affect what the HOA does or doesn't do.

David Ross replied correct.

Councilor Wand stated I am a little confused because if the HOA says you can't park overnight why are we even having this discussion? They are far more restrictive than our current code.

Jack Hanna, Code Enforcement Officer, stated in 2005 when we amended the Code it was partly to address the ordinance that prohibits parking oversized vehicles on the public street. Most of these motor homes fall within the description of an oversized vehicle. If you park your dump truck on the street and you go into your house for a cup of coffee I could write you a ticket; no 72-hours it says you shall not park an oversized vehicle in a residential neighborhood. When we had this discussion about parking and storage on the street, which basically came about from citizen complaints about big boats, trailers, campers, and motor homes, the reason that it ended up being a 72-hour storage rather than a no-parking was so folks could bring them home to load them up and when they return from their trip they could bring them home to unload and clean them and so 72-hours was decided upon by the council at that time as an adequate time period for that purpose. Storing it for your next trip was not an option. The problem that I see if we amend our ordinance to change it for the Sweetbriar neighborhood only is that if I am in a different neighborhood and I tag a motorhome that is parked on the street and he doesn't move it and I ticket it and he has seen a motorhome that has been parked on the street in Sweetbriar for three weeks, my response will have to be that you don't live in Sweetbriar so you can't park in the street. That is the wrong answer. If it is a city ordinance it applies to the City of Troutdale I don't care where they live.

Mayor Kight stated you make a good point; it would be bad public policy to have one neighborhood have different rules than the rest of the city. It wouldn't work.

Councilor Wand stated the standard is that the similarly situated people should have the same rules apply to them. We heard the argument from the person who brought this to the Council that the homes in Sweetbriar are not similarly situated to the homes in other neighborhoods because the claim is that these pads are separate and different and unique from any other neighborhood in the city. Is that the case?

Jack Hanna replied it is the case.

Councilor Wand asked what is the point of the pad?

Jack Hanna replied so they could park up off of the curb instead of on the street because the streets, curb to curb, are narrower than they are in other subdivisions.

Councilor Wand asked so they are supposed to be able to park on the pad?

Jack Hanna replied yes, they can park on the pad. As far as the City is concerned they can park on the street as well. The only place that they are restricted from parking on the street in Sweetbriar is just off of Troutdale Road about 300' west of Sweetbriar School.

Councilor Wand stated so under the existing ordinance we treat the parking pad in Sweetbriar exactly the same way we treat parking on the curb in other subdivision.

Jack Hanna replied yes.

Peggy Reese stated I just want to go over number 13 in Exhibit B, which says any vehicle or personal property parked or stored on this private pad. I have a son who is handicapped who parks his car on this pad because he can get in and out of his wheelchair and get into the house. If he wasn't to leave the house for 72 hours technically he could be ticketed. I find that a little unfair.

Jack Hanna stated if your disabled sticker is on display you are exempt from parking restrictions as long as it is not in a 30-minute or less zone.

Richard Allen stated I really didn't think this applied to me but last week I used my motorcycle and I left my pickup on the street out in front of my house.

Councilor Thomas asked would you prefer to see a change in the ordinance?

Richard Allen replied I would prefer to see it changed to at least five days. Weekend behavior is typically different than weekday behavior.

Dale Cawley, resident in Sweetbriar, stated when we moved here almost five years ago we didn't have a fifth-wheel but we do now. I do have parking behind the fence but I have used

the parking pad when I come home from a trip to unload it or clean it. The 72-hours is more than what is necessary; it is fine. I have talked to a lot of my neighbors about attending tonight and they all felt that the rules as they stand are fine. One of the nice features of this was like this morning when the street sweeper come through the neighborhood and they were able to go right down the street next to the curb to sweep.

Scott Kilgo, resident in Sweetbriar, stated I have lived in Sweetbriar for eight years. I agree with your counsel that says there are legal problems if you start treating people differently. There would be problems for your staff that has to enforce this. Sweetbriar isn't special and I ask that you don't treat us special because that just causes problems. Continue to enforce what you have been doing; your staff is great. It helps protect what is special about our neighborhood.

Mayor Kight stated I did not hear a compelling argument to change what is already in existence. It seems to be working.

Councilor Kyle stated I think our ordinances should be consistent and not make mention of a specific neighborhood ever.

Councilor Daoust stated it seems like the Sweetbriar neighborhood can have control over this; their CC&R's are actually more restrictive than the City ordinances.

Councilor Wand stated a couple of principles I look at in this situation. Number one is maximizing the free use of land. I think as much as possible the City should not get involved in telling people what they can and can't do on their own property. But this is an instance where we have an ordinance that is equally applied throughout the city and it has a good purpose behind it so that restriction of the free use of land I see a good purpose for. Most importantly what I am taking from this situation is that the neighborhood has CC&R's and nothing that we are doing here has any affect on the CC&R's. The homeowners that are affected by the CC&R's choose to buy into the neighborhood knowing that there is a HOA that will restrict what they can do on their property.

Councilor Thomas stated it takes more than two to three days to dry out your unit when you return, especially around here when you are lucky to have three days in a row where it doesn't rain in the spring or late fall. I would hope that the HOA would take that into consideration and give the neighbors the benefit of the doubt and if they leave it there for a week there would be some consideration by the HOA to allow the homeowners the option to clean their units. I have one and there is no way I could open it up and clean it when it is stored beside the house. In the case where I need to park it on the street and leave it there for a few days I talk to my neighbors about it and they are all willing to allow that. I think that is what is called being a good neighbor.

Consensus of the Council is to go with Option B "Do nothing, leaving TMC 8.28.070(13) as currently adopted".

3. Budget Update

Dave Nelson, City Administrator, stated there are a couple of budget items that we need to address with you. At the April Budget Committee meeting the budget was approved with the water, sewer and storm water rate increases, and there were projects that were also included in the approved budget. When the council didn't pass the resolutions increasing the rates last Tuesday it threw the public works budget into disarray. We want to show you what the impact is from that decision. A second area we want to cover was during the budget meetings there was some discussion about using the money that was allocated for the building inspector that will be laid off effective June 30th to help fund some other items such as the vacant police officer, the part-time code enforcement officer and promoting two officers to sergeants. The money used to fund the part-time building inspector comes from the dedicated funds for the building department and can only be used for the building department. Some of you may remember that we used to have a fund called the Code Specialties which was where all of the building department funds were and a couple of years ago that was put back into the General Fund. However, we cannot use the dedicated building department funds for General Fund purposes. We can still accomplish what was approved by the Budget Committee but we will need to take more money out of the cash reserves. What we would like to do is to take the funds that were allocated for the part-time building inspector and reinstate the part-time department secretary position that was being eliminated in the building department. That position provides support for the building department, and prepares minutes for the Planning Commission, Citizens Advisory Committee and the Parks Advisory Committee.

Councilor Daoust stated so we need to cover two part-time positions out of the reserves?

Dave Nelson replied no, one. The part-time department secretary would be covered using the funds that were allocated to the part-time building inspector that is being laid off.

Councilor Daoust asked and that was in the General Fund?

Dave Nelson replied it is all in the General Fund but it is building department revenue/expenditure. The ORS and OAR state that the money received for building permits and inspections are to stay within that department to fund their operations.

Councilor Daoust asked so the amount that we are taking out of the reserves and putting into the General Fund is how much?

Dave Nelson replied it is about \$28,000 more than what was agreed upon at the Budget Committee meetings.

Councilor Wand stated so instead of forecasting to spend \$44,000 out of our ending fund balance we are going to spend \$72,000 out of the ending fund balance.

Dave Nelson replied correct.

Councilor Wand asked what would it do to our budget process to properly state the budget by removing the building and put it as its own item?

Erich Mueller replied from an aggregate standpoint all we are doing is moving money out of Fund 01, which is the General Fund, and moving it into Fund 02, Code Specialties. There is \$176,000 of the overall General Fund reserve balance that is reserved for Code Specialties. For the spending we would simply reduce the one fund and populate it into the other.

Councilor Wand stated if it is the case that the statute says that we are required to only spend the building permit/inspections revenue on building department functions it seems to me we have some real problems not separating that out into a separate fund.

Dave Nelson stated Mr. Mueller and I have had this discussion recently and we agree with that. We will be making that change.

Councilor Wand stated I am concerned that we included and budgeted and presented to the Budget Committee a budget based upon a rate increase that hadn't been approved by the City Council. The information that we provided to the Committee is what they relied upon in the decisions that they were making.

Dave Nelson replied we did inform them that the rates were being increased.

Councilor Wand stated I would like to request that we send rate increases to the City Council prior to the Budget Committee meetings in the future.

Councilor Thomas stated we have not done that in the past. My concern with the part-time Community Development Secretary is getting away from using those designated funds for building. I don't want to take the building revenue and short-circuit the ability to fund our inspectors next year by using some of those funds for a position that possibly isn't technically directly associated with the building piece.

Dave Nelson stated that is a valid point. The building department pays for portions of salaries for other positions within the city, for example they pay for a portion of the Community Development Director and the City Administrator. The primary piece of the work for this position will be for the building department, and that individual will spend some of their time doing minutes for a non-building department. I recognize your concern.

Councilor Daoust asked why is this position being reconsidered to be reinstated when it was on the list to be eliminated?

Dave Nelson replied one reason is we realized that there is some money to fund it using the money that was allocated for the building inspector that will be laid off as of June 30. Secondly, after having conversations with staff, that is one area that doesn't have any kind of clerical support and that was an area that was lacking.

Councilor Daoust stated just considering the personnel changes that we are talking about, I am okay with approving an additional \$28,000 out of the reserves.

Councilor Kyle stated I agree. I think support for that department is important.

Mayor Kight stated I don't want to turn our inspectors into secretaries so I am also going to support this.

Councilor Wand stated I am frustrated. I feel like we really worked hard on a budget and the Budget Committee really made a lot of compromises to get to the right number. The sense of the Budget Committee was that we did not want to forecast potentially going into our cash reserves. The money that we budgeted to go into cash reserves were for things that were fundamental expenditures. It is not preferable for our inspectors to do clerical work. But by the same token we really tightened our belts and we put in three long nights into making these compromises. It is frustrating to me that we are back at the same table having the same discussion but without the benefit of our public members of the Budget Committee. Having said that, I am hard pressed to argue about a \$28,000 expenditure for a clerical resource that our staff is telling us that they just couldn't find a way to do without. I am going to have to defer to that and respect Mr. Nelson and the rest of the staff who bent over backwards to try and meet the Committee's goals, so I am going to be supportive of this.

Councilor Thomas stated I will also support this. Secretarial support is very important. Having worked in an organization where I didn't have support at various times, it was always a challenge because it takes you away from your duties. My hope is that by the end of the year we won't spend all of that money and we will have found ways to save it and wind up finishing the year better off than we thought. But in the meantime we need to be able to fund the basic support services. I think to some extent it also affects the morale of people when you underfund certain departments and staffing and don't give them the resources they need to do their job adequately.

Council consensus was to approve taking an additional \$28,000 out of the reserves.

Charlie Warren, Public Works Director, showed the Council a PowerPoint Presentation (Exhibit A). I have been here for three months. The first thing I did when I started was I looked at the budgets back to 2004 and I compared those five years to today to see where our trends are and whether or not we are putting enough money into our sewer funds and our water funds and to see if we were charging the appropriate rates in order to determine if we can actually repay our infrastructure and replace it over time.

Charlie Warren stated the water system revenue (slide 3) in 2004 was at \$1.2 million and currently we are at \$1.7 million. The water system development charges alarmed me when I first looked at this. In 2004 we received \$260,442 and for 2009 we are projecting \$23,000. The sanitary sewer system revenue (slide 4) was examined more when we built the new plant so they are higher in general and have been increased on a more regular basis than our water fees. However the system development charges for sewer have gone down. The sewer debt (slide 5), in 2004-2005 we started subsidizing our system development charges

onto the backs of the property tax payers. We had planned on paying \$418,000 and we are charging \$538,000. That same trend continues through this coming year.

Charlie Warren stated the next thing I looked at was the general life span of our utility system (slide 6). I am suggesting that a utility line will last about 70 years. I was real conservative and assumed that everything was only 10 years old, which is not realistic. For the water system the estimated shortfall per year is \$1.3 million and the sanitary sewer system shortfall is \$690,388 per year.

Charlie Warren reviewed the history of our utility rates (slide 7). There was a question at the last meeting about how the increase in the storm water utility fee would impact some of our larger businesses. By resolution \$20.00/month is the maximum amount anyone can be charged.

Charlie Warren stated than I asked myself if we don't put this rate increase into affect how much are we losing from our budget? Remember that we are short in the water fund by \$1.3 million; I am only asking for \$57,000 with the proposed increase. In sanitary sewer I am only asking for \$76,000 (shortfall is \$690,388). For storm sewer the proposed increase would have generated \$16,000 in revenue.

Charlie Warren stated if we have learned anything from the recession that we are in is that we cannot live on a credit card and this (slide 6) says we are living on a credit card.

Councilor Wand stated my position is philosophical; you don't raise rates when the economy is in the tank. You wait until the economy is better to fund future liabilities that are 70 years out. If the state increases the gas tax, income tax and increases our fees to park in snow zones, hunting license fees, etc. and if we say we are going to increase your water, sewer and storm water then all of the credibility that we have worked for and gained by tightening our belts and saying we are going to balance the budget is wasted. Then we are no different than any other politician that just comes out and says we are going to stick it to the taxpayer. I would rather raise the rate \$.20 or \$.30 three years from now when the economy is good when it doesn't hurt people in bad economic times, then raise it \$.10 a year.

Councilor Daoust stated it is only \$2.00 a month.

Councilor Kyle stated and that is inadequate.

Councilor Wand stated when you are living on \$300 a week from unemployment \$2.00 month is a lot of money.

Councilor Hartmann stated I agree with Councilor Wand. We have the second highest unemployment rate in the country. Little dollars make big impact; they are noticeable. I am not against rate increases. I have successfully passed 15% rate increases in the past at other organizations for fees when times were good. We can catch up; it is realistic to catch up. Tightening our bootstraps now and not hitting our homeowners sends a strong signal.

You notice those smaller things when things are tough and tight. I believe we can, and will, do much better waiting and showing these kinds of presentations to the public.

Councilor Daoust stated I am glad you are willing to look at it in the future because it is not acceptable for a city council to sit here and put our infrastructure at risk.

Councilor Wand stated I agree that the rates need to come up so that number is not in the red anymore. But my belief is that when we are looking at something that is seventy years down the road where we know we have decades to catch up and we are comparing that to an immediate problem, the economy, that most of view as substantially less of a problem in duration than seventy years, that right now is the time to wait. We have had rate increases in the last three or four years.

Councilor Thomas stated I agree, especially with the water and storm water, I think we can wait. My biggest concern is our ability to pay the bond and unfortunately it is being shifted to the rate payer. One-third was to be paid by system development charges, one-third by property tax and the other one-third by rates. Unfortunately over the past six years we have had to shift more of that to the property tax and the rates because the system development charges haven't been coming in.

Mayor Kight stated I think all of us would vote for a rate increase if the economy was doing better.

Councilor Wand stated we are already at our maximum property tax rate.

Councilor Thomas stated the bond is the only thing that could be affected.

Erich Mueller stated the way the council represented this to the public when it requested the approval of the additional levy was that it was asking for a general obligation bond which was at the lowest interest rate available for the city, because it is fully secured by property tax assessment ability. That is the form of the bond that was represented in the election and that is what the investors pay attention to. It was represented to the public that the intent was that it would be paid with 1/3 property tax, 1/3 water rates, and 1/3 system development charge. Legally we could decide this year, before you adopt the budget on June 9th, that you are going to eliminate all of the funding from the rate payers and the system development charges and you are going to levy the entire bond against the property taxes. I wouldn't think that would be very wise if the city ever intends to float a bond in the future because the representations made to the public would then be something that they would be very dubious about believing.

Mayor Kight stated that is not really what I am talking about here. I am not talking about shifting it all over to the property tax side. Could there be an incremental increase in the property tax side in order to make up the shortfall?

Erich Mueller stated part of what has been happening that Charlie showed you on one of the slides is that because of the slowdown in development there hasn't been the revenue on the

system development charge side. The ratepayers have continued to pay their third, the system development charges have paid what they have been able to pay and the difference has been shifted to the property tax. So we have been making good on the bond payments by incrementally increasing it on the property tax side. That is happening again this year.

Mayor Kight asked could we do another incremental increase on the property tax side to make up the shortfall that we are going to have with the system development charges.

Erich Mueller stated and lower how much we are taking out of the system development charges to whatever it is currently contributing to a smaller percentage.

Mayor Kight replied yes.

Erich Mueller replied we can do that.

Charlie Warren stated it is my job to paint the picture of the reality of the system. It is your job to decide on the rate increase and your philosophical reason for it. I just wanted to make sure that it was very clear to you that we could justify a massive increase in rates. Doing that is political and that is your job.

Dave Nelson stated you don't have to increase all three of the rates; you can just increase one to address a specific need if you think that is warranted. Another option is that when we hold the budget committee work session in the fall we can see how the economy is going and you could revisit the rate increases at that time.

Councilor Kight stated Councilor Daoust, Councilor Kyle and Councilor Thomas one of the things that I proposed was that there be a different rate structure on the commercial side as opposed to the residential, there didn't appear to be any support for that. Would the council consider taking a different look at that?

Councilor Wand stated if we could show that our commercial rate is still lower than the neighboring jurisdictions I wouldn't have a problem raising the commercial rate.

Councilor Daoust stated when the council voted against a different rate for businesses versus residential I think we were talking about the system development charges.

Councilor Thomas stated I think it was for parks system development charges.

Charlie Warren stated when I was gathering the information to compare our rates, I based ours on 7,000 gallons. Other communities have the first 700 or 800 cubic feet of water included in their base charge and then after that they pay a larger amount. Some have escalating fees, some have depreciating fees and some have separate residential rates from commercial and industrial rates.

Mayor Kight asked could you do a comparative analysis on the commercial side?

Charlie Warren asked would you like industrial as well?

Mayor Kight replied yes.

Councilor Daoust asked are you talking about the usage rates not system development charges?

Mayor Kight replied yes.

Dave Nelson stated based on last Tuesdays vote and the philosophy that has been discussed tonight, we have pulled the resolutions to consider increases to the system development charges from the agenda for next Tuesday night.

Charlie Warren stated the proposed resolutions that I pulled were for storm water, sanitary sewer, and water and they would have amounted to an \$88 increase in the system development charges for a single-family residence. I pulled those because if your reasoning behind your denying the rate increase was a philosophical one of no increases, then I would assume that the same thing would apply to system development charges.

Councilor Kyle stated that same philosophy would not apply for me because when we looked at those I understood the impact that it has on us. To me we are not going to have any building right now. Even if we took all of the system development charges away we are not going to have building because that is not what is stopping it. I will probably fall on my sword to protect those fees because they are important. When we have that discussion you need to bring this information back because it has a huge impact on us and our infrastructure.

Mayor Kight stated philosophically these are two separate issues.

Councilor Wand stated I want to make sure that Troutdale is on the leading front edge when building comes back. If we are at or above a median for system development charges than I am going to be less inclined to raise them. If we are at or well below a median for system development charges and we want to talk about an increase now, as long as we have a competitive advantage in being the first place that builders want to come to build when the economy turns around I am okay with that.

Councilor Daoust stated I think it is a completely different philosophy; a system development charge that a new homeowner would pay versus a monthly user fee.

Councilor Hartmann stated I am curious to see what a cost increase schedule would look like over time.

Charlie Warren stated I had added that to Slide 7 but I decided not to show it, but I can tell you what that looks like for usage fees. The problem with showing it is that you start from some basis, in this case 1992, and we are assuming that we are at parity with other cities which we weren't. In the case of sanitary sewer rate increases, based upon the CPI, I found

out that we were \$1 higher by the time we reached 2009 than the CPI over the course of those years. For water we were \$1 low. I didn't look at storm water.

Councilor Thomas stated because system development charges are calculated differently and there are a lot of restrictions on raising the rates, you can't just arbitrarily raise them, I look at system development charges differently when it comes to rate increases. Those increases are really addressing the cost of the builder buying their piece of the infrastructure when they build. I understand the impact to the builders and I take that into consideration. The user rate increases directly impacts the citizens and what they see coming out of their pocket every month. The rate comparisons to me are not as valuable of a tool as what the cost of doing business is and what we need to do to move forward. We are not in the business of making a profit. The city is here to serve the consumer which is the residents of our city at a cost recovery basis, plus a little to cover future costs.

Councilor Wand stated I would be very interested in seeing what Councilor Hartmann asked for. Lets talk about a five to ten year plan. Councilor Daooust is right; we have an obligation to maintain our infrastructure. I would like to see a long-term solution, five year or ten year.

Charlie Warren stated that is the type of task that is going to allow staff to come up with a plan and for you to buy into it. I found in my years in working in public works you can't accomplish anything in less than five years.

Mayor Kight called for a break at 9pm and reconvened at 9:18pm.

Dave Nelson stated the direction that we have received is that you would like us to bring forward the system development charge increases on May 26th (excluding the parks system development charge because that is automatically increase effective July 1, 2009).

Mayor Kight stated I asked Mr. Faith to look at the parks system development charges on the commercial/industrial side. Previous councils did not want to apply parks system development charges on the commercial/industrial side but if I am hearing correctly there seems to be a sentiment to at least entertain that idea with the condition that we not be in a non-competitive position with other cities of like size or surrounding cities.

Rich Faith stated I have heard a couple of the councilors mention this but I have not received a consensus of the council on this.

Dave Nelson stated so Mayor you want us to do a study on neighboring and comparable cities to see whether or not those cities charge developers of commercial or industrial properties a parks system development charge and if they do what the amount is.

Mayor Kight replied correct.

Councilor Thomas stated we have had those numbers before.

Dave Nelson asked is there a consensus by the Council for us to do that?

A majority of the council agreed to bring this issue forward in a work session.

Mayor Kight stated I think it is a little more vague as far as having the rate increase for one or all three of the user fees: water, sanitary and storm water.

Councilor Thomas stated based upon what I am hearing I think that is a dead issue.

Councilor Daoust stated I wasn't at the budget committee meetings, but weren't these rate increases built into the budget that was approved?

Erich Mueller replied the rate increases were presented on the first night as part of the budget message and they were included in the calculations that were in the proposed budget and they were also included in the budget that was approved by the Budget Committee.

Councilor Daoust stated in the meantime, because staff has to bring rate increases before Council, we sat here and voted down the rate increases. That is not consistent with what we went through in the budget committee meetings.

Council and staff discussed this process, and what authority the Budget Committee has to make decisions on proposed rate increases while reviewing and approving the budget.

Dave Nelson stated we will revisit the rate increases for water, sewer, and storm water during the mid-year budget work session.

4. Adjourn:

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

Meeting adjourned at 9:31pm.

Jim Kight, Mayor

Approved June 23, 2009

ATTEST:

Debbie Stickney, City Recorder