

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

Tuesday, May 27, 2008

1. PLEDGE OF ALLEGIANCE, ROLL CALL, AGENDA UPDATE

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

PRESENT: Mayor Thalhofer, Councilor Ripma, Councilor Kight, Councilor Thomas, Councilor Canfield, Councilor Kyle, and Councilor Daoust.

ABSENT: None.

STAFF: John Anderson, City Administrator; Jim Galloway, Public Works Director; Rich Faith, Community Development Director; Paul Hughes, Finance Director; Debbie Stickney, City Recorder; and David Ross, City Attorney.

GUESTS: Chuck Rhoads, Reynolds School District; Jim McCauley, Home Builders Association; and Frank Windust.

2. CONSENT AGENDA:

2.1 ACCEPT MINUTES: May 13, 2008 Regular Meeting.

2.2 RESOLUTION: A resolution declaring certain personal property as surplus and authorizing disposal.

2.3 RESOLUTION: A resolution providing for budget transfers and making appropriation changes for fiscal year 2007-08.

2.4 RESOLUTION: A resolution approving an intergovernmental agreement between the City of Troutdale, Oregon and the Reynolds School District No. 7 to collect and remit Construction Excise Tax.

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

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

None.

4. PUBLIC HEARING ON THE FOLLOWING RESOLUTIONS:

- 4.1 A resolution adjusting the Capital Improvement Plan Project Listing and rate for water system development charges and rescinding Resolution No. 1877.
- 4.2 A resolution adjusting the Capital Improvement Plan Project Listing for sanitary sewer system development charges and rescinding Resolution No. 1878.
- 4.3 A resolution adjusting the Capital Improvement Plan Project Listing for transportation system development charges and rescinding Resolution No. 1879.
- 4.4 A resolution adjusting the Capital Improvement Plan Project Listing for storm water system development charges and rescinding Resolution No. 1880.

Mayor Thalhofler opened the Public Hearing at 7:03pm.

Jim Galloway, Public Works Director, stated this is an annual process that we go through as required by the Municipal Code. The system development charges (SDC) are based on the Capital Improvement Plan, which you approved at the last council meeting. We have also adjusted cost estimates for those projects based upon the Construction Cost Index as published in the Engineer News Record magazine, which was a 0.2% decrease for 2007. Therefore we are recommending a change in the SDC rate for only one of our systems and that is water. That is based on the higher than expected costs for the new well that was discussed during the budget process. We are recommending an increase in the water SDC of \$126, (from \$1,200 to \$1,326) per hydraulic equivalent. We are recommending no change in the sanitary sewer, transportation or storm water SDCs.

Council had no questions.

Mayor Thalhofler asked is there anyone here that would like to speak to us on this issue?

No testimony received.

Mayor Thalhofler closed the public hearing at 7:07pm.

MOTION: Councilor Ripma moved to adopt the resolution adjusting the Capital Improvement Plan Project Listing and rate for water system development charges and rescinding Resolution No. 1877. Seconded by Councilor Kight.

Councilor Kight stated I think Mr. Galloway identified some of the projects that we have outlined. I think there is a nexus between those projects and an increase in this rate.

VOTE: Councilor Thomas – Yes; Mayor Thalhofler – Yes; Councilor Canfield – Yes; Councilor Kyle – Yes; Councilor Daoust – Yes; Councilor Kight – Yes; Councilor Ripma – Yes.

Motion Passed 7 – 0.

MOTION: Councilor Ripma moved to adopt the resolution adjusting the Capital Improvement Plan Project Listing for sanitary sewer system development charges and rescinding Resolution No. 1878. Seconded by Councilor Daoust.

VOTE: Councilor Thomas – Yes; Mayor Thalsofer – Yes; Councilor Canfield – Yes; Councilor Kyle – Yes; Councilor Daoust – Yes; Councilor Kight – Yes; Councilor Ripma – Yes.

Motion Passed 7 – 0.

MOTION: Councilor Ripma moved to adopt the resolution adjusting the Capital Improvement Plan Project Listing for transportation system development charges and rescinding Resolution No. 1879. Seconded by Councilor Daoust.

VOTE: Councilor Thomas – Yes; Mayor Thalsofer – Yes; Councilor Canfield – Yes; Councilor Kyle – Yes; Councilor Daoust – Yes; Councilor Kight – Yes; Councilor Ripma – Yes.

Motion Passed 7 – 0.

MOTION: Councilor Ripma moved to adopt the resolution adjusting the Capital Improvement Plan Project Listing for storm water system development charges and rescinding Resolution No. 1880.

VOTE: Councilor Thomas – Yes; Mayor Thalsofer – Yes; Councilor Canfield – Yes; Councilor Kyle – Yes; Councilor Daoust – Yes; Councilor Kight – Yes; Councilor Ripma – Yes.

Motion Passed 7 – 0.

5. PUBLIC HEARING / RESOLUTION: A resolution adopting the Capital Improvement Plan and adjusting the rate for parks and recreation system development charges and rescinding Resolution No. 1605.

Rich Faith asked that this item be moved to later in the agenda as the representative from the Home Builders Association is not here yet.

Council agreed. This item will be taken up after Agenda Item #7

6. RESOLUTION: A resolution increasing the water commodity fee and rescinding Resolution No. 1872.

Jim Galloway, Public Works Director, stated our current water commodity charge is \$2.35 per 1,000 gallons. Due to a number of factors staff is recommending an increase in the rate from \$2.35 to \$2.45 per 1,000 gallons to be effective on July 1, 2008. The average residential household uses about 7,000 gallons of water per month; that would be a rate increase of about \$.70 per month. The primary reasons for the rate increase are: increased costs of personnel and materials; and increased costs of putting in the new wells. The water fund is funding half of the costs of one of those wells and all of the cost of the second well.

Councilor Thomas asked was the Chamber of Commerce or businesses notified of the proposed increase?

Jim Galloway replied no, not other than the standard notice in the paper.

Councilor Canfield stated this rate increase will increase revenue by approximately \$57,000. It that per year?

Jim Galloway replied annually, yes.

Councilor Canfield asked how close will that come to helping to pay for some of these projects? Is it 5%, 10%, or 15% of the costs?

Jim Galloway replied the cost for the first well, including the engineer work, is running in the range of \$1.2 to \$1.3 million. We believe the second well, which we have not started, will come in a little less than that because of its location we will not need as elaborate of a well house. For both wells we are looking at a figure that is just over \$2 million. We have been building up monies in the water fund over several years to try to accommodate this, but because the costs are coming in higher than anticipated we don't have enough money.

Councilor Canfield asked if you did not get this increase would you still be able to go forward with the projects?

Jim Galloway replied we would certainly complete the first well. I think we would want to talk to Council at a work session about how to proceed with the second well. I think even with this moderate rate increase, we are probably going to be looking at some long-term borrowing to be able to complete the second well.

Councilor Kight asked how much of this cost is offset by SDCs?

Jim Galloway replied for the first well we are assessing half of the cost to the water fund and half of the cost to the water improvement fund, which is the SDCs. The second well, which is replacing Well #4 because of the dissatisfaction with the quality of water, is being funded entirely by the water fund.

Councilor Kight asked what is the life of a well?

Jim Galloway replied that is hard to say. Using historical information, several of the wells that we have in place now were developed in the early 80's so they are approaching 30 years and they seem to be producing okay. Part of it is simply the mechanics of the well and the supply of the water that it is drawing from. The other part, as with Well #4, is whether the water that comes out of the well is acceptable to our customers. I think we have a reason to believe that something beyond 30 years is reasonable.

Councilor Kight stated \$57,000 when you are looking at a liability of over \$2 million doesn't really offset it by very much. How are you paying for this?

Jim Galloway replied we have sufficient funds to finish the first well and to probably at least drill the second well. We would probably need to come to Council to discuss the potential borrowing of monies to finish the second well and pay for that with water rates over a period of time.

Councilor Kight asked so you are drawing down the water fund to almost next to nothing?

Jim Galloway replied no, we want to keep a fairly healthy balance. We wouldn't want to drop below \$250,000 or \$300,000.

Councilor Kight asked the only way to recover that is the SDCs or water rates?

Jim Galloway replied correct.

Councilor Kight asked have you factored in the decrease of new construction? In other words requiring additional SDCs?

Jim Galloway replied yes, we did raise the rates on the SDCs just a moment ago with the previous action. Again, that only helps with the first well and not with the second well.

Councilor Kight stated the second well is going to be totally covered by those people who are users.

Jim Galloway replied that is correct.

Councilor Thomas asked when all is said and done, will the first well actually be paid off completely?

Jim Galloway replied yes, we do not anticipate having to do any borrowing to finish the first well.

Mayor Thalhoffer asked is there anyone here that would like to speak to us on this matter?

No testimony received.

MOTION: Councilor Kight moved to adopt a resolution increasing the water commodity fee and rescinding Resolution No. 1872. Seconded by Councilor Daoust.

Councilor Kight stated I think Mr. Galloway has made a compelling argument for the increase. My concern however is that the increase may not be enough to cover the increased debt by putting in the second new well.

Councilor Daoust stated I agree with the resolution.

Councilor Thomas stated I am not necessarily in favor of raising the water rates but I also understand that we need the water. A number of people have complained about the quality of the water from the well that we are replacing. I know that it is currently costing a lot of folks a lot of money just in equipment because of the quality of the water. Hopefully we can figure out a way to not have to borrow money for the second well.

Mayor Thalhofer stated the quality of water is essential to successful livability in our community. I think Mr. Galloway presented a very factual picture of what we need to do.

Councilor Canfield stated we need water that is for sure. My main concern with this is the funding for the second well which may be in doubt as far as whether or not we will have the money without borrowing the money. I don't see this rate increase, which would only increase revenue by approximately \$57,000, as helping the situation. My preference would be to put this off until we have that work session so we know exactly what we are looking at and make a decision after we consider whether we need extra funding or not. I would rather hold off on this rate increase until we look at the bigger picture.

VOTE: Councilor Thomas – Yes; Mayor Thalhofer – Yes; Councilor Canfield – No; Councilor Kyle – Yes; Councilor Daoust – Yes; Councilor Kight – Yes; Councilor Ripma – Yes.

Motion Passed 6 – 1.

7. RESOLUTION: A resolution increasing the sanitary sewer utility fee, confirming the average flow rate for an equivalent residential unit, and rescinding Resolution No. 1754.

Jim Galloway, Public Works Director, stated the current utility rate for sanitary sewer is \$27.50 per equivalent residential unit. We are recommending that as of July 1, 2008 that the rate be increased to \$28.25, which would have an impact of a \$.75 per month increase for the typical residential user. We have also provided an estimate for the average business customer of about \$6.00 per month. The reason for the increase is twofold. One is just the general increase in personnel and material costs, but more importantly in this case is the fairly substantial project that we are faced with of relocating the main sewer trunk that goes

under I-84. Because of the ODOT reconstruction of the I-84 bridges over the Sandy, our main sewer line which carries virtually of all of the city's sewage to the treatment plant is fairly close to the west bank of the Sandy and we have been advised by ODOT that we will have to move that line. The cost for that is a little unknown because ODOT has not made its final decision about the bridge yet. The consultant that we have hired to redesign and relocate the sewer line hasn't been able to move forward. The preliminary estimate we have is in the range of \$400,000. We have been setting aside some dollars in the past, not necessarily for this specific project, but just for future needs in the sewer fund. This increase is expected to raise about \$57,000 annually, so it doesn't fully cover the \$400,000 but we believe that the increase plus the reserves we have on hand will allow us to meet that payment and still retain a decent balance in the sewer fund.

Councilor Thomas asked do we know when we are going to have to move that pipe?

Jim Galloway replied the initial requirement that we received from ODOT was to design and provide them with a plan for the new location by August of this year. It doesn't look like we are going to be able to meet that because of delays on the ODOT side. At the same time that we were advised to give them a plan by August, the timeline to move that was anticipated to happen in late 2009 or early 2010.

Councilor Thomas asked if this wasn't approved tonight would we still be okay, or would this just go into the reserve fund to pay for it?

Jim Galloway replied it is a little tough to answer since we don't know how much it is going to cost. We probably could scrape by if we don't do this, but I would be coming back this time next year or earlier asking for a larger increase. Both with this, and the previous increase in water, we are trying to recognize what I thought I heard in previous years from the Council which is rather than coming to you with huge increases you would like smaller increases but maybe more frequent.

Councilor Thomas stated I guess the difference between this and the water is we had fixed projects and we knew the dates and with this project we don't. I understand that part of the increase goes to increased costs and that is fine. My concern is if we don't know when we are going to have to cover the \$400,000 for the relocation of the pipe, what is the advantage of passing that increase tonight?

Jim Galloway replied first it gives us a little greater sense of comfort that we are going to be okay dollar wise. I do anticipate that we are going to have to start this project sometime in the coming fiscal year so that we have our project done and out of the way well before ODOT starts any work on the bridges.

Councilor Thomas asked is it possible to put the pipe in without knowing where we need to put it? If it is set back far enough from where the bridge is going to go we might be okay.

Jim Galloway replied I don't think we would want to spend money on a design without having a good idea of where it needs to be located. Secondly, to get it so far away from the river

that we think there is absolutely no doubt there will be any conflict would probably run up our cost because eventually we need to bring it back over close to the river to tie into the existing line on the north side of the freeway. The further we move it to the west that we don't have to, the more costs we will incur to bring it back. I think it makes sense to wait to get a better idea of where it has to be and not move it any further away than we have to.

Councilor Canfield asked do we have to move the sewer line for ODOT to build the bridge.

Jim Galloway replied yes.

Councilor Canfield asked is that ODOT telling Troutdale you must do this, or is this Troutdale saying we better get our sewer pipe out of the way because of the bridge?

Jim Galloway replied it is ODOT telling us we have to.

Councilor Canfield asked and they have all of the appropriate authority to do so?

Jim Galloway replied yes, we are in their right-of-way.

Councilor Canfield asked is there any money available from ODOT to help us do this since they are the ones asking us to move the sewer line?

Jim Galloway replied I have asked that question and have been told no.

Councilor Canfield asked can we ask again and again?

Jim Galloway replied I can certainly do that, I expect the answer will be the same.

Councilor Canfield asked has staff looked into asking the legislature for some help?

Jim Galloway replied we have not.

Councilor Canfield asked is that something staff would be willing to consider?

Jim Galloway replied I certainly don't mind considering anything. This is certainly not the first time that somebody has been asked to move something that is in their right-of-way and I would be surprised if the legislature would jump in and start funding those things. But for the cost of a stamp and a letter, we can try.

Councilor Kight asked is there any off-set by SDCs on this project?

Jim Galloway replied no, we are not doing anything that is increasing capacity which is one of the criteria for using SDCs.

Councilor Kight stated since we are in their right-of-way they have the ability to tell us to move it. I think it is clear the efficacy of your resolution, so I am going to support it.

Councilor Ripma asked is the right-of-way that we have for the sewer pipe some sort of revocable temporary thing? I have to admit I was surprised that they can ask us to move it. We have a working operative pipe and depending on where they decide to put the bridge, it either has to be moved or not. I don't know what kind of right we have across their right-of-way, it just seems odd.

Jim Galloway replied I think that is generally the case. I know we have certainly exercised that when folks have been in our right-of-way. Generally speaking, unless the arrangements that you have spell out otherwise, those who own the right-of-way do have the authority...

Councilor Ripma asked we don't have title?

Jim Galloway replied no, we have either a permit or license is all we have.

Councilor Ripma stated that sounds pretty well settled.

Mayor Thalhoffer asked is there anyone here that would like to speak to us on this resolution?

No testimony received.

MOTION: Councilor Kight moved to adopt a resolution increasing the sanitary sewer utility fee, confirming the average flow rate for an equivalent residential unit, and rescinding Resolution No. 1754. Seconded by Councilor Daoust.

Councilor Kight stated I support this with some hesitancy because it is unfortunate that we have this pipe in the right-of-way and it turns out that we have to move it. We are not gaining capacity, we are just moving a pipe to the tune of almost half a million dollars. I think Mr. Galloway is correct and I would rather see small incremental increases in our sewer rate than a sewer rate that was many times this amount in order to cover the debt service, so that is why I am supporting this.

Councilor Daoust stated I think the strategy here is the correct one. We definitely need this funding to move this pipe and then some, so this is the correct way to go for now.

Councilor Thomas stated I can agree with part of the rate increase for the added costs, but I think we are a little premature on the actual cost for the portion that deals with moving the sewer line.

Councilor Canfield stated I believe that raising the rates is premature. There are too many unknowns and I am not convinced that all methods have been exhausted in finding assistance to pay for this, so I will vote no.

VOTE: Councilor Thomas – No; Mayor Thalhoffer – Yes; Councilor Canfield – No; Councilor Kyle – Yes; Councilor Daoust – Yes; Councilor Kight – Yes; Councilor Ripma – Yes.

Motion Passed 5 – 2.

5. PUBLIC HEARING / RESOLUTION: A resolution adopting the Capital Improvement Plan and adjusting the rate for parks and recreation system development charges and rescinding Resolution No. 1605.

Mayor Thalhoffer read the resolution title and opened the public hearing at 7:40pm.

Rich Faith, Community Development Director, stated this item pertains to an adjustment in our current system development charge (SDC) for parks and recreation. The current parks SDC rate was set back in June 2003. At that time we retained a consultant to come up with a methodology and recommendation for an adjustment. The consultant's recommendation was that a maximum SDC rate of \$5,117 per new residential dwelling was justified. After going through the hearing process the Council ultimately adopted a rate of \$2,600 per new dwelling unit which went into effect on September 1, 2003. There was also an automatic increase that was implemented so that on July 1, 2004 it would increase to \$3,100 and on July 1, 2005 it would increase to \$3,600 and that is where the rate has remained since. Back in 2006 we prepared a new Parks Master Plan and that Plan established levels of service for various parks and parks improvements. As a result the Parks Advisory Committee (PAC) and staff both felt that it was the appropriate time to take a new look at our parks SDC and to update it based upon the level of service standards and projects that were identified in the adopted Plan. We prepared a draft methodology report that was studied and evaluated by the PAC. The report established a maximum SDC rate of \$7,565 per residential unit. As part of the methodology it is also necessary to establish and adopt a Capital Improvement Plan (CIP). The CIP must list the projects that are intended to be funded through SDCs whether in whole or in part, the estimated costs of those projects, the timing of those projects, and the percentage of those costs that will be eligible to be funded with those SDC monies. Attached to the methodology report is Appendix A which is the CIP. This material was brought to you at three work sessions last year (March 27, July 17 and October 23) for review and discussion. There were three major points that the Council reached some decisions on during these work sessions that guided our preparation of the report. The first issue was whether or not to apply the parks SDC to non-residential development. The Council decided not to apply the parks SDC to non-residential so it will only be applied to new residential growth. Another issue decided during the work sessions was whether or not we needed to retain a consultant to review our work and provide us guidance and assistance. When the decision was made that we were not going to apply the parks SDC to non-residential, I think the understanding was that it was pretty straight forward and there really did not appear that there was a need to hire an expert to assist us and so we decided to go with the methodologies that had been drafted. The final decision that the Council came to was that they were ready to move forward and instructed me to provide the 90-day required notice to the Home Builders Association and the Oregon Manufactured Housing Association of the proposed SDC changes. I met with two representatives from the Home Builders Association

on February 27, 2008 to discuss their concerns about the methodology report. From this meeting I agreed that there were some changes that could be made. As a result I agreed to delay the public hearing to give me an opportunity to rerun the numbers and incorporate those changes in the methodology. As a result of the modifications made the methodology establishes a maximum SDC rate of \$7,137 per dwelling unit, which is a reduction of \$428 from the previous proposed number. The changes that were made to the methodology include: **1)** The projected 2015 population was modified from 21,400 to 19,000. The 2015 population figure has been used over the years in a number of our plans such as the Transportation Plan and our Parks Master Plan and for consistency it was used in this methodology. The Home Builders Association felt that it was unlikely that we would reach a population of 21,400 based on our current growth trends. I agreed with them and have adjusted the methodology report. I think it was the belief of the Home Builders Association that using a smaller population number would result in a smaller SDC rate. In reality it doesn't really do anything different because the standards are based upon growth and if you decrease the number of people that you are going to grow to it diminishes the need but then you are spreading the need and those costs over a smaller base, so it is really a wash; **2)** Level of Service Standards for Trails. The 2006 Parks Master Plan does not set a level of service standard for trails, however it did identify a number of trail projects. The Plan includes a trail map that shows approximately eight miles of proposed new trails at an estimated cost of \$1.5 million. The draft methodology included all of the trail projects as new growth and eligible for SDCs. The Home Builders Association questioned that assumption and because there was no level of service standard to go by based on our Parks Master Plan I decided that the best way to resolve this was to apply the standard that we had in the 1994 Parks Plan. In that Plan the level of service was set at .15 miles per 1,000 persons. Using that standard and looking at the projected growth only 2.1 of those 8 miles of new trails would be attributed to new growth. The revised estimated cost for the 2.1 miles is \$388,080; **3)** Metro Bond Measure Local Share Funds. The Home Builders Association asked whether or not I made any adjustment or accounted for the Metro bond monies that we are allocated to receive in my methodology. The answer to that question was no. Troutdale is scheduled to receive \$591,000 as our local share of the Metro bond monies. We have already approved an IGA with Metro in which we have identified three projects that we will use that money for. However, of those three projects one of them does not constitute a capacity enhancing and growth related project. Of the \$591,000 that we are earmarked to receive only \$472,877 of that, in my opinion, should be shown as money that we have available towards growth related projects. That number has been calculated into the formula and reduced the overall need for new funds for growth related projects; **4)** Compliance/Administration Fee. The Oregon statutes that govern SDCs allows local jurisdictions to recoup direct costs related to their compliance with the law in terms of preparing and establishing SDCs, and those costs can be factored into your overall rates. Certain costs such as the planning, consulting and legal fees as well as the cost of collecting and accounting for revenues and expenditures can all be factored into the formula. In the draft methodology report I used the assumed 5% compliance/administrative fee which is the same number that was used by the consultant back in 2003. The Home Builders Association questioned this number and because we have never attempted to track that to determine exactly what our administrative costs were I agreed to reduce that number from 5% to 2%. This reduction caused the overall per dwelling unit SDC figure to be reduced by another \$210. After making all of those changes to the

methodology I sent the report back to the Home Builders Association for review and comment. They had a couple of follow-up questions which I addressed but none of those resulted in any further changes in the formula. In my last contact with the Home Builders Association they said to go ahead and schedule the hearing. In my staff report (Exhibit A) I have provided SDC rates from other communities for comparison. In the resolution that would establish this SDC rate and approve the methodology and the Capital Improvement Plan, I have also included a section that would provide for an automatic annual inflationary cost adjustment to this SDC rate. This is something that was built into the SDC Ordinance (Chapter 12.02 of the TMC) last year at the request of the Parks Advisory Committee. If approved the SDC rate would automatically be adjusted each year on July 1st based upon the previous years cost index, which is the same index that public works uses for their various SDCs.

Councilor Thomas asked do the trails in the parks count as part of the overall trails?

Rich Faith replied yes, any existing trail is shown under our current inventory. We have 6.82 miles of pathways and trails in our inventory currently, and some of those are in our existing parks.

Councilor Thomas asked did you look at an incremental rate increase over the next two or three years versus doing it all at one time?

Rich Faith replied no. I assumed that was an option that the Council could certainly consider. In my discussions with the Home Builders Association they mentioned that as perhaps something they would like to see, but I felt that I would leave that up to them to propose that to you.

Councilor Thomas stated I did like the reduction of the administrative fee to 2%.

Mayor Thalhofer asked how many cities are doing the automatic annual inflationary cost adjustment?

Rich Faith replied I did not check into that.

Mayor Thalhofer asked wouldn't that come after the three years of incremental increases, if we decided to go that direction?

Rich Faith replied if you structure it with an incremental increase as you did back in 2003, that would seem to be a logical way for the inflationary increase to kick in. However, there could certainly be an argument made that it should be done at the front end also. That is an inflationary adjustment which says that these costs that we have estimated are going to rise over time based on inflation and so that \$7,137 is only the number as it exists today, next year it would need to be adjusted for inflation. You can look at that both ways.

Councilor Canfield stated going back to your modifications in the methodology, first lets talk about the 2015 projected population. You said you couldn't tell when that figure of 21,400

first arrived. Does that mean that figure has been used for methodologies for SDC increases since the city has been authorized to charge SDCs?

Rich Faith replied I can't speak about other SDCs, but with respect to the park SDC I would say that is probably true. That number was certainly used in 2003, and I think in 1998.

Councilor Canfield asked can you refresh my memory, when were SDCs originally authorized by the legislature?

Rich Faith replied in believe it was around 1988 when the parks SDC was first implemented.

Councilor Canfield asked and as far as you can remember this old figure of 21,400 has been used for at least ten years?

Rich Faith replied I believe that number was built into the 1994 Transportation Plan and it may have preceded that. I think that is the first time I saw that number.

Councilor Canfield asked what is the purpose of having a methodology for figuring SDC rates?

Rich Faith replied it is your justification for whatever number you are proposing rather than just picking a number out of your hat. It shows how you arrived at the number and what it is based upon.

Councilor Canfield stated but apparently the methodology doesn't have to be based on any facts.

Rich Faith replied it is based upon the best information that you have at the time.

Councilor Canfield stated and you are telling me the best information you had at the time for that figure is you couldn't tell us when that number first arrived. Is that really the best information we have?

Rich Faith replied whether it is the best information I have, I guess I am not sure of the relevance. We have made an adjustment in this methodology that reflects our best information in terms of what our projected population is. In the end it really doesn't change anything in terms of the final number.

Councilor Canfield stated I think it is relevant Mr. Faith because from what you have been telling me we have been charging hundreds of thousands of dollars, if not millions of dollars, in SDCs on a number that no one knows where it came from. Now by a compromise, not any objective estimate, you have changed the new build-out to be 19,000. What is the basis for that figure?

Rich Faith replied it is based upon our buildable lands inventory. You take a look at our entire buildable lands in the City and based upon the zoning and density of that land you can actually calculate what the maximum number of dwelling units likely will be.

Councilor Canfield asked how many acres of residential land are left for building?

Rich Faith replied I can not recall that number.

Councilor Canfield stated lets move on to your comment in your staff report that even though the population figure reduces the growth need, in the end it doesn't appreciably affect the SDC rate because there are fewer dwelling units to spread the costs among. What if there was no growth?

Rich Faith replied I guess you wouldn't have growth related needs.

Councilor Canfield stated that is kind of reverse logic. The level of service for trails, I assumed that the new Parks Plan LOS standard would apply, but it was not in the Plan.

Rich Faith replied no we did not establish a level of service for trails.

Councilor Canfield asked so we used a level of service that was established fourteen years ago?

Rich Faith replied I have chosen to use that number in order to come to the best estimate of what portion of those eight miles of trails shown in our Parks Plan can be attributed to new growth/population. Based on that, only 2.1 miles of the 8 are shown to be growth related and are eligible for SDC funds.

Councilor Canfield stated so you made the decision to choose this fourteen year old level of service standard because you didn't have any current data on what the level of service might be. That was your decision?

Rich Faith replied yes.

Councilor Canfield stated going on to the Metro Bond Measure Local Share Funds, you had some funds that Metro was going to use that were earmarked for the trails, am I correct that \$472,877 of the City's local share funds are being subtracted from the SDC fund balance for growth-required costs, is that correct?

Rich Faith replied yes. Another way of saying that is that we are looking at that as cash on hand. We have money currently in our Parks Improvement Fund from SDCs that we have collected to date, and this has been added on top of that as cash on hand that we will be receiving from Metro that will be applied towards growth related needs.

Councilor Canfield stated but before the Home Builders Association brought this to your attention you were going to include this in the total growth related costs, is that what I am understanding?

Rich Faith replied I had not factored in the Metro bond monies at all as cash on hand. It did not occur to me at the time that we should show that in the methodology as cash in hand that will be applied towards meeting our park needs.

Councilor Canfield asked so if the Home Builders Association had not brought this up this could have affected the SDC rate, is that correct?

Rich Faith replied yes.

Councilor Canfield stated regarding the compliance/administration fee, the City has never tracked the administrative costs related to parks SDCs?

Rich Faith replied nor have they done it for any other SDC I would imagine.

Councilor Canfield asked so you had no way to defend the 5% administrative fee number?

Rich Faith replied other than it was a number that was used in 2003 and it was not challenged and it seemed to be acceptable then, I assumed it would be acceptable again.

Councilor Canfield stated if the City can not justify or defend the 5% number, and has never tracked the administrative costs, how can the city defend even the 2% administrative costs?

Rich Faith stated if it is challenged I guess we might have difficulty defending it.

Councilor Canfield stated well I just did.

Rich Faith stated I didn't realize that was a challenge. I have no answer.

Councilor Canfield asked can you show me any amount of justification for even the 2% number?

Rich Faith replied Councilor Canfield, this is a number that has been used many times by our consultant. I don't do this all of the time, so I was going off of the methodology that we have used in the past. This number was used then and it was not questioned or challenged so I chose to use it again this time.

Councilor Canfield stated I understand that, however, the staff report says that we have no way of defending the 5% number. And you have no way of defending the 2% number so you are just going to throw it out there and even if we can't defend charging it you are just going to let it fly and you think that is okay? If no one challenges it, that is okay. Is that really something that is ethical?

Rich Faith replied assumptions are made all of the time with respect to a lot of financial work we do. Our budget that you adopt assumes many things. I don't know that we can actually defend every thing that is in the budget, yet we do that. I have used a number that is the best number I can use and you can either accept it or reject it.

Councilor Canfield stated I am just wondering if the taxpayers and the home owners who paid these SDCs would be pleased to know that we are charging a fee that we can't even justifying that we are spending. I wonder if that is fair to the taxpayers.

Mayor Thalhoffer stated I don't think that is a proper question. You have asked a question a couple of different ways and he has given you an answer and I think you need to move on.

Councilor Canfield stated I will ask the question again, in your personal opinion Mr. Faith, do you believe that it is appropriate to charge for a fee that the City has no justification that it is actually spending money to collect.

Mayor Thalhoffer stated I think he has already answered that question. Mr. Faith is our Community Development Director, we don't need his personal opinion.

Councilor Canfield stated Mr. Thalhoffer I can ask whatever question I want to.

Mayor Thalhoffer stated you are out of order Councilor Canfield.

Mayor Thalhoffer and Councilor Canfield discussed whether or not the question asked is out of order.

Mayor Thalhoffer asked for a ruling from the City Attorney.

David Ross, City Attorney, stated the Chair has ruled the question out of order so we need to move on.

Councilor Canfield asked what are my options for appeal of the Chair?

Councilor Ripma stated the Council could overrule but Councilor Canfield surely there are some costs associated with collecting the fee and whether it is 5% or 2%, you are saying we can't prove that it is 5% or 2% but it is something and 2% is reasonable. 5% was reasonable and not challenged, 2% is even more reasonable and not challenged.

Councilor Canfield asked how do we know if it is reasonable if we don't derive how much the cost is...

Mayor Thalhoffer stated I have made a ruling, if you want to appeal that ruling you can do so.

Councilor Canfield stated based on the totality of all of these misunderstandings, this tells me that this methodology that has been put together and we have already used it to raise millions of dollars in SDCs that might should not have been charged for. I have some other questions

on the Capital Improvement Plan. Has the City made any purchases of parks for new neighborhood or community parks within the last five to ten years?

Rich Faith replied I don't know if any of them fall into the category of neighborhood parks, we certainly have added parks. Cannery Park is the most recent, it is probably more of a mini park than a neighborhood park but it functions like a neighborhood park.

Councilor Canfield asked how about community parks?

Rich Faith stated we are still trying to make improvements to Sunrise Park as a community park. We haven't purchased anything new.

Councilor Canfield in your report I think there is about 40 acres of community parks in Troutdale right now, is that correct?

Rich Faith replied yes.

Councilor Canfield stated and those parks currently support our current population of about 15,000 people, is that correct?

Rich Faith replied they are used by our population, yes.

Councilor Canfield stated the Capital Improvement Plan has community park site acquisition of approximately 30 to 40 acres. Given the City's lack of success in finding this size of park space, especially when we are going out to 2017-2020 which is ten or eleven years from now, is this realistic to expect that we will actually need the money if we are unable to find community park sites of 10 to 11 acres?

Rich Faith replied we are not restricted to looking inside of our city limits.

Councilor Canfield asked do you have an idea of where some of these community parks might be within the city limits?

Rich Faith replied in the city limits the most likely candidate would be in the north industrial area. Perhaps some of the property that is now owned by the Port of Portland, because of certain development constraints, might be a prime candidate for a community park. In the area to the south of the city we have been looking at the Baker property as a potential candidate for a community park site.

Councilor Canfield asked how many acres is that?

Rich Faith replied 38 acres I believe.

Councilor Canfield asked has the city approached them recently for purchase of any part of that?

Rich Faith replied yes. I actually met with them a year and a half ago to see if we could strike some kind of an agreement about purchasing some of their property as a park but they elected not to.

Councilor Canfield stated just the modifications in the methodology in my mind prove that basically what every city is doing is picking a number to charge for SDCs and going backwards and filling in the blanks to use methodology. Point after point here is not accurate or just made up numbers to justify. Although it is legal according to the legislature, I think it is unconscionable.

Councilor Kyle asked although this would be an automatic adjustment, does it still come to us for a review and approval?

Rich Faith replied no, not the way it is structured. We would just look at the Construction Cost Index for the previous year and then on July 1 that number would automatically kick in.

Councilor Daoust stated the fiscal impact says that the Parks Master Plan identifies a projected deficit of over \$21 million. If you look at the Appendix to Attachment A, the Capital Improvement Plan, the SDC eligible costs of all of the projects adds up to \$16.7 million. Is the \$16.7 million what we are really in deficit for and what we are trying to raise the SDC rate to cover or is it the \$21 million?

Rich Faith replied the \$21 million was showing additional costs. In other words they weren't restricted to just the SDC eligible costs, it included other costs as well that were referenced in the Plan. The other thing that they were saying is if we did not change the SDC rate and continued to charge the \$3,600, that is why we would see that deficit of \$21 million.

Councilor Daoust stated I understand the total cost of all of the projects is \$27 million.

Rich Faith stated in the Parks Plan it has a figure of \$28 million. The cost for the Urban Renewal area site, the 2 acres of parks/open space, used a number that was put into the Urban Renewal Plan of \$4 million, whereas this Plan says based upon growth needs for a two acre site you can not justify a \$4 million expenditure so it is a much lower number in here than what would show up in the Parks Plan.

Councilor Daoust stated that was my next question. On that particular park you have only included, out of \$4 million, \$200,000 as being SDC eligible. If it is a brand new park and new people in Troutdale are probably going to use it, why is it such a low percentage that is eligible for SDCs?

Rich Faith replied because in the Parks Plan the estimated cost to develop an acre of raw land for park purposes is \$100,000. Right or wrong that is the number that is in our Parks Master Plan and I have tried to be consistent. Even though we say in the Urban Renewal Plan we want a very grand park there that might consist of a gazebo, amphitheater or concert stage and we anticipate a \$4 million expenditure to improve this two acres, under our Parks Master Plan we are saying on average it is \$100,000 per acre. So to be fair that is the

number that I plugged in here (\$200,000) to improve two acres as opposed to the \$4 million. Because we are beyond going to just a standards driven approach we can also go to specific projects in our Parks Plan if they are put in our CIP and we could then plug those into the formula. We very well could have shown a \$4 million expenditure because that is what our Plan says we are going to spend and that is a legitimate number. In order to keep that number down to what I thought was more reasonable, I have chose not to show the \$4 million expenditure for that two acres, but rather \$200,000.

Councilor Daoust stated I noticed that Portland and Lake Oswego are attempting to get SDCs for parks in the neighborhood of \$8,000. I noticed that Lake Oswego's methodology formula actually came up with closer to \$12,000 as their calculated SDC rate to cover their Capital Improvement Plan. It looks to me that they are backing off to the 70% level. It looks like Portland may be backing off to the 75% level. How comfortable are you for us backing off to the 75% level? What is your level of comfort with our CIP and being able to do all of the work that we need to do in the parks if we back off of our calculated number?

Rich Faith replied I guess I would prefer to answer in terms of what the Parks Advisory Committee's position was because that was a key question we put to them. They said if that is the number that is justified under the methodology and under this formula in terms of what the City feels it needs to collect in order to acquire and develop the acreage that is based on our level of service standards and projects in our Plan, then that is what it ought to be.

Councilor Daoust stated when I look at how much it would cost for a new house you have to look at the total SDC amount. Looking at your comparison sheet that shows sixteen cities, if we did increase parks by adding another \$3,500 to our \$3,600, we would still be right in the middle of the pack for our total SDCs. I don't have any problem with the methodology you used, in fact it doesn't matter what was used in the past, this is a snapshot in time with this current CIP using the same methodology that this Council has approved in the past.

Councilor Kight stated if you look at the CIP, items 4 and 5 talk about neighborhood park acquisitions. You show the figures of \$1.6 million and \$2.6 million, does that also include the improvements to the property or just the acquisition?

Rich Faith replied that is just site acquisition.

Councilor Kight stated so there is no capital improvements to the property whatsoever.

Rich Faith stated not under items 4 and 5, those occur later on.

Councilor Kight stated I am curious on the numbers that you have used to come up with the methodology. Have you factored in the increased cost of real estate for acquisition? Here we are kind of projecting the year 2008 what is going to happen two to ten years down the road. What I am concerned about is that your numbers may actually be too conservative. As we know, as there is less property available the price is going to go up.

Rich Faith replied that is the reason behind the inflationary adjustment each year.

Councilor Kight stated so in fact even though you are giving us a very conservative number of 3%, it could far exceed that amount as far as the increase in property value.

Rich Faith stated I am not sure where you got the 3%.

Councilor Kight stated the inflationary increase that you are factoring in is 3% right.

Rich Faith replied it will vary from year to year, it is not a fixed number.

Councilor Kight stated you have had several discussions with the Home Builders Association and as you pointed out in your comments they felt that some areas needed to be adjusted and you have made those. Have you had any further conversation since you made those adjustments, and have they bought into the idea of the corrections that were made?

Rich Faith replied I think they were pleased that I was agreeable to making these changes. I think they would have liked to see the number reduced more based upon the changes we agreed to, but they were pleased to see a reduced number.

Councilor Kight stated one of the complaints that the Council heard from the property that we annexed south of Troutdale was that we have not acquired additional property for parks within that area of the city. Has there been any change as far as identifying park property in that area? Are you aware of any other property in the south part of the city that could potentially be added to our inventory?

Rich Faith replied we know that at some point in the near future seven acres of the Strebin Trust is going to be dedicated or given to the city. The Baker and Strebin properties are probably the only two we have looked at.

Councilor Kight stated so a case could be made as development continues on and more residential housing and/or commercial development takes place, the available land for the city to acquire for expansion of parkland is being reduced proportionally.

Rich Faith replied I would say that is true.

Councilor Kight stated so timing is very important as far as building up the SDC funds so that when properties become available the city would be able to acquire them. Would that be accurate?

Rich Faith replied I would say that is accurate.

Councilor Kight stated you backed out the \$472,877 from Metro, is that money guaranteed money to the City?

Rich Faith replied it is guaranteed as long as we meet the terms of our intergovernmental agreement with Metro.

Councilor Kight asked can you perceive, for whatever reason, that we wouldn't be able to meet those conditions and thereby would not be able to receive that money?

Rich Faith replied there is always a possibility, for example I think half of that money is going to be dedicated to the park/open space area in the urban renewal site and if for whatever reason that doesn't happen or that gets dragged out too long then there is a risk that we might lose that money. I believe that there are provisions in the intergovernmental agreement in which we can go back and request the money to be shifted to a different project. There are probably ways to avoid that.

Councilor Kight asked is most of the money coming from SDCs to improve the strip along the Sandy River in the Urban Renewal District?

Rich Faith replied I don't know that I agree with that. I don't know how the funds are going to be shared but there is some portion of it that we are saying will come from SDCs and some portion from urban renewal funds, but I can't tell you exactly what the breakdown will be.

Councilor Kight asked what do we currently have in our SDC fund?

Rich Faith replied the number that we used is a number that goes back to late 2006, which is \$1,373,000, there is likely more than that now since it has been several months since this was put together.

Councilor Kight stated on the flip side of that we are looking at \$21 million worth of projects.

Rich Faith replied no, not according to the CIP. According to the CIP we are looking at a total of \$27 million in projects, \$16 million of which are SDC eligible.

Councilor Kight stated there is a huge disparity between \$1.5 million and \$16 million.

Councilor Ripma stated I don't remember the annual adjustment before. That is obviously permitted by state law. Every time we try to adjust SDCs we have to go through an elaborate process. This automatic adjustment must be a special provision that is allowed.

Rich Faith replied it is allowed by statute and it was implemented into our SDC ordinance in the Municipal Code.

Councilor Ripma stated we just haven't had it in the previous resolution.

Rich Faith replied to my knowledge it has never been built into the adopting resolution.

Councilor Ripma stated this is always a contentious issue and I want to commend you for doing a really good job of responding to all of the views, particularly the Home Builders reasonable questions. I think your answers and the way you adjusted things were very

reasonable and more importantly, defensible. I think it made the case stronger for the proposal.

Mayor Thalhoffer called for a 10-minute break at 8:50pm and reconvened the meeting at 8:58pm.

Mayor Thalhoffer asked is there anyone here that would like to speak to us on this issue?

Jim McCauley, Vice President of Government Affairs for the Portland Metro Home Builders Association, stated there is general acknowledgement and appreciation for the work and the changes to the methodology from its original form. No one likes paying an increase so I am not going to suggest that we like having a \$7,600 or \$7,100 SDC, virtually doubling your current rate, but the bottom line is the methodology has improved. I am a little surprised that the population adjustment didn't change the rate more. I think the only other item that is open to us, and I understand that you already dealt with this at a previous meeting, is the non-residential inclusion in the formula. That is something that is part of virtually every other parks SDC that has moved forward in the last two to three years. There is a pretty sound technical argument to be made that businesses share in some of the costs associated with recreation because of the value that they get out of it locally. Portland included it in theirs in this last go around as well as Lake Oswego. It is something that we would obviously advocate for. The administrative fee, it is all over the board out there. Some of the frustration that we have is comparable to Councilor Canfield's concerns about where the numbers come from because we don't always see a direct track of where those numbers come from. This jurisdiction is really no different than any other out there. We are happy to see that staff was willing to make an adjustment. I don't know what it would entail to track your administrative costs but maybe that is something to look at over time to make sure you are covering your costs long-term. When you go through your CIP updates I don't think there is always a connection between all the things that you want to have versus the actual costs of what it will take to actually provide those wants. I think that is something that needs to be incorporated into that CIP process so that when you come forward with a lot of these evolving amenities you want to have for your parks, there is some physical cost structure that is built into that so that it becomes more of a balancing act that includes a financial component as well. I think that is extremely important. We tend to get locked into a CIP, especially if it was done a number of years ago, and for whatever reason the numbers didn't match up and you didn't include the index and you just get further and further behind. I think the index is important to have and it is something that is consistent with most every other SDC that we have had a chance to look at. I think most of our objections regarding SDCs really do come down to the parks programs for the individual jurisdictions because there isn't any real consistency there. The only other thing that really remains for us at this stage is the phase-in. We want these fees phased in over time instead of coming forward on July 1 and going from your current rate up to the \$7,137. We would like to ask for a 10-year phase-in, but that probably is not going to happen, so if we could get three years to phase this in with a \$1,000 increase over the next two years and the balance in the third year, that would be helpful. Given our current housing market any kind of a phase-in is going to be helpful.

Councilor Thomas asked in your experience how has imposing a park SDC on businesses affected the residential SDC?

Jim McCauley replied its probably had a minimal affect. I couldn't tell you if it shaved off an additional 5% or 10%. I think it comes down to more of a question of sharing in some of those parks investments.

Mayor Thalhoffer asked in your experience are there other cities besides Portland that have phased-in the increase?

Jim McCauley replied yes. Tualatin Parks and Recreation, and Washington County; there are not a lot of them but those that have had the biggest increases have looked at phasing it in to lesson the impact.

Councilor Canfield asked do you have any idea what the SDCs are down in the valley, southern Oregon? Are they close to what the Metro area cities charge?

Jim McCauley replied our range here goes as high as just under \$30,000. You are at \$14,000 with your proposal. When you get outside of the Metro area you are probably closer to the norm of what you would find in Eugene, Corvallis, Salem and Medford areas. But you are also talking about communities that are closer to being built out.

Councilor Kight asked how many of the communities that you have gone before have the non-residential SDCs for parks?

Jim McCauley replied all of the jurisdictions in Washington County that have updated in the last two years have added the non-residential component. In Clackamas County it is probably a split.

Councilor Kight asked what about some of the smaller cities?

Jim McCauley replied I can't speak to that.

Councilor Kight stated but clearly you see a pattern where they are including the development of commercial property as picking up part of the SDCs. As you stated, it is a situation where it provides equity so that it isn't all shifted off to the residential homeowner.

Jim McCauley replied that is correct.

Councilor Kight stated I want to applaud you for your cooperative effort in working with our staff. I think your only bone of contention is the phase-in component. Isn't there also an increase in costs of labor and material that can't actually be factored in and the builder has to adjust to that accordingly otherwise he ends up eating it so to speak.

Jim McCauley replied I think you can definitely make a case for the labor and material costs.

Councilor Kight stated I want to make sure I heard correctly, you are actually in support of indexing?

Jim McCauley replied yes. I think the main reason we support indexes on any SDC is because you have to pull in that construction index, the added cost of that annually, so that when you go through your update five or seven years down the road you don't have huge sticker shock.

Councilor Kight asked do you find, based upon your experience in dealing with other municipalities, that often times they are conservative in their numbers as far as their CIP?

Jim McCauley replied not always. If the CIP sticks to the basics, open space, neighborhood parks and even regional parks, I think on those elements there is some conservatism that is built into it. I think when you start looking at some of the more grandiose elements is where we start separating ourselves. The other element with the parks SDC for us is the consistency on what land is counted. An example is West Linn who has probably one of the highest parks SDCs in this region, and the reason is that they don't count any of Mary S. Young State Park which sits right in the middle of the city. I can't think of any logical argument why you would not count it because it not only provides the open space elements, it serves as a regional and neighborhood park for the communities that are sitting around it. There is also a huge recreational value, yet they excluded it out of their SDCs.

Councilor Kight stated because they don't own it.

Jim McCauley replied yes.

Councilor Kight stated do you think a case could be made on your part that our CIP is fairly conservative since we don't have golf courses and boat docks included.

Jim McCauley replied I would say as long as you don't have those on the list it is probably fairly conservative. I think the only issue probably comes down to, do you have enough land out there to purchase. You currently have 40 acres for a population of 15,000 and in your CIP you are looking at an additional 30 to 40 acres for a population increase of less than 5,000. If I were to look into this in more detail that is probably where I would look.

Councilor Kight stated you are almost making a case for not phasing it in. We have \$16 million that we need in SDCs and we only have \$1.6 million in the pot. As we all know the property is quickly evaporating, so you are actually making a case to not phase in the SDCs because of the fact that the land is disappearing because of development.

Jim McCauley replied I would argue it the other way. If you have 40 acres now that provides a certain amount of value for 15,000 population, doubling that acreage for another 5,000 population seems a little high.

Councilor Kight stated but couldn't you make a case that if you have property that is currently developing and there are no parks within that region, that there needs to be additional acquisition.

Jim McCauley replied I get that. I would have to take a serious look at the CIP myself to see what is physically planned.

Councilor Kight stated often times development precedes government actually acquiring property and having it as a set aside, because you are market driven.

Jim McCauley replied right.

Councilor Ripma stated I think the Home Builders worked very well with staff

Councilor Thomas asked how does this impact affordable housing?

Jim McCauley replied this will increase the cost of the houses. The builder is not going to eat this cost. Your cost of houses in Troutdale just went up. What that does is it either puts people who could have qualified into a longer holding pattern to be able to buy a new home, or it reduces their options to something other than a single-family ownership.

Councilor Thomas stated we look at sixteen other cities to compare our rates against. Our chief competition lately has been Clark County because taxes are cheaper. How does this impact our construction costs versus their construction costs?

Jim McCauley stated on balance any time you are looking at an increase that you can measure, and this is clearly one that you can measure, you are looking at narrowing choices for some folks here or expanding their options if they want to go to Clark County and look at something that is more affordable. I am not sure that goes away if you keep it the same because they have a competitive advantage there in terms of their land values and they have a different tax structure which I think is the driving force behind why people live in Clark County.

Councilor Thomas asked do you know on average what the construction index has been going up?

Jim McCauley replied from year to year it is probably anywhere from half a point to a point and a half change.

Mayor Thalhofer closed the public hearing at 9:25pm.

MOTION: Councilor Kight moved to adopt a resolution adopting the Capital Improvement Plan and adjusting the rate for parks and recreation system development charges and rescinding Resolution No. 1605. Seconded by Councilor Daoust.

Councilor Kight stated I think Mr. Faith has done great work as far as a staff member representing the City on this very important issue. He worked very closely with the Home Builders Association and he has made adjustments accordingly. In making those adjustments he has gained the support of the Home Builders Association as it relates to indexing, which I think is very important. As Mr. McCauley pointed out, property within the urban growth boundary is going to be less available for park acquisition. We have a major shortfall in this fund and we are trying to play catch-up. I think a case could be made that we need the full SDC at this time because by the time this fund builds up to the point where we could acquire property, it may be several years down the road. I am going to support this resolution.

Councilor Daoust stated our Capital Improvement Plan is pretty basic. We don't have any equestrian trails, golf courses, boat ramps, etc. that other cities include. With the population adjustment that was made, there were less growth required park acres changed in the CIP. We have looked at this plan before and we have already bought off on it. I don't really see a case for phasing it in over time. When you look at Lake Oswego they are talking about a \$5,000 increase. Portland is talking about a \$5,500 increase. That is a lot larger increase than the \$3,500 we are talking about. I don't see a need to phase it in because we need the money for land purchases as soon as possible. The methodology that was used to calculate the SDC rate was valid. It is based on increased capacity and level of service. It is improvement driven plus it is standards driven that we have all agreed to. The standards that we want in our parks in Troutdale, we have agreed to those. The rate that we are voting on is logic driven and I think it is very common sense based and that is why I want to support this.

Councilor Thomas stated when I look at the increase of \$3,500 it doesn't sound like much but when you look at the cost of someone buying a house, paying that \$3,500 over thirty years adds up to a lot of money. To me it makes more sense rather than relying on SDCs, to do a bond measure to buy the property and spread the cost out over all the people rather than just the new residents. What we are doing with the \$7,137 SDCs is you are really just charging all of the new residents. I look at the current state of the economy and the ability of people to afford houses today and what they can buy has gone down substantially from what it was one or two years ago. I really think there ought to be a phase-in approach. I favor parks, but I am not sure that all of the park space in the CIP is actually needed. Based on that I don't think I can support this.

Mayor Thalsofer stated the last time we did this I supported the phase-in. I like the phase-in idea. However, I am not sure that I am going to go that direction tonight. It has been something that I think is fair. I am struggling with this. On the other hand we need the money now to do the things that we need to do. We are running out of land to develop for parks, houses and everything. Although Rich has given us his best estimate of our build-out population, I am not sure that is going to be accurate. I think we are going to grow larger than that, my guess is in the neighborhood of 21,000 to 22,000. I think I will pass on the phase-in this time and go with the motion and have the full amount kick in on July 1st.

Councilor Canfield stated what we are really talking about with SDCs is its just another name for a tax. In 2002 Troutdale voters rejected a \$3.3 million parks bond levy, and it was rejected by a significant margin. A few minutes after that a previous city council increased parks SDCs by a significant amount to fund the \$16 million in projects, most of which we are talking about today. So I believe even the CIP and the amount of SDCs we are talking about goes against the will of our voters. Another thing we talk about when we discussed purchasing parkland, right now we do have 40 acres in the larger community acres for 15,000 residents. The CIP that is before us is proposing to add 40 more acres for only 4,000 to 5,000 more residents. Is that excessive? I believe it is. That is a significant portion of the CIP. I don't believe that these extra parks are needed. If you look around our community we are surrounded by parks and greenspaces inside and outside of our city limits. Just across the river is the Columbia River Gorge National Scenic Area. Just down the street you have Lewis and Clark State Park, Dabney Park, Oxbow Park, Dodge Park and the Sandy River Delta. Yet we decide now that we need more parks. We need to spend \$16 million on more parks even though we are surrounded by thousands of acres of opportunity. What will this do to the City? We can barely afford to maintain the parks that we have. In previous budgets we have gone through cuts in our parks maintenance. We have managed to avoid that the last couple of years but the question is why add more financial burden and extra costs to maintain more extra greenspace, which means more FTE for maintenance of the playground, pathways and shrubs. These things all cost money and I don't think in the near future we will have the money to do it. I am really disappointed in the methodology of the SDC which is supposed to be based on the reasonable facts and estimations and instead it is completely full of holes. I am convinced that this is designed to go backwards. The City can pick a number that it wants and design the methodology to fit the number. I think we will disagree on that. I believe it is unfair to taxpayers to have the government, especially this city, stick their hands into the pockets of developers and homeowners for a land grab for land that is not needed and is done so with a less than transparent approach given the current methodology. There is no way I can ever vote towards such an increase in the SDC. I will be voting no.

Councilor Kyle stated I agree that a park bond might be the best way to fund adding parkland. However, as Councilor Canfield pointed out the last bond failed. I happen to think that there is a need for some kind of parkland in the southern part of our city and that this fund is something that needs to grow. In the back of my mind I also have the fear that by the time that something becomes available I am not even sure we are going to be able to afford it then, but I am going to support this.

Councilor Ripma stated I am a big fan of parks. I think we should acquire as much greenspace as we can for the future of our city. Obviously there are disagreements about that, but I think long-term it is the best thing that we can do for future generations/citizens of Troutdale. As far as our CIP, I fully support it. I think it is a great vision. The question of the SDC portion of funding the parks is a philosophical one. Reasonable minds are going to differ on this. Even the Home Builders have

bought into the concept of SDCs. The methodology was challenged on several levels. I think that Rich responded very reasonably. What we want is a defensible methodology. I think if we have a defensible methodology it is going to work and it is going to be conservative. Frankly, I think we have been phasing in the SDC for parks over the years; we haven't had an increase since 2005. If we had been phasing them in since then we might not have seen such a big jump. I feel this is fully justified for the quality of life in Troutdale. SDCs do help support the parks. New construction and new residents coming in are being asked to contribute to the additional capacity required, if they are not asked to do that then the rest of the citizens have to pay for that on top of paying for the rest of the Parks Plan. I think it is fair, and even the industry has recognized the fairness of it. Frankly I think there should be an SDC for schools, but that is another issue. I will definitely favor this motion.

VOTE: Councilor Thomas – No; Mayor Thalsofer – Yes; Councilor Canfield – No; Councilor Kyle – Yes; Councilor Daoust – Yes; Councilor Kight – Yes; Councilor Ripma – Yes.

Motion Passed 5 – 2.

8. STAFF COMMUNICATIONS

None.

9. COUNCIL COMMUNICATIONS

Councilor Thomas thanked the Council for allowing him to serve as Troutdale's representative on the Mt. Hood Cable Regulatory Commission for the next three years.

Councilor Thomas stated awhile back we talked about the CP Park path. What is the status of that?

Rich Faith informed the Council that he has not been involved in that for the past several months. Clyde Keebaugh is researching how the property was acquired by the City because that will determine how we can dispose of that property.

Councilor Canfield shared with the Council that he and his wife attended a ceremony at the Willamette Cemetery on Monday (Memorial Day). There were hundreds of people in attendance to honor the veterans. Councilor Canfield mentioned that he was thinking about that during the meeting as the Council was disagreeing with each other. We disagree often, but what struck me was that sure we complain about the cost of parks and cuts in our budget, but the only reason that we can do that is because of the service men and women who have served, and also those who have given their lives, so that we can have these intense discussions. I was deeply moved Monday, and as we had our discussions tonight I remembered even more how fortunate we are to be able to do that.

Councilor Kight stated Mr. McCauley of the Home Builders Association mentioned that other cities have added, or are considering adding, parks system development charges for non-residential development. Councilor Kight asked if the Council would be willing to reconsider that. It is an equity issue with the new home owners. It would allow the cost to be shared between the commercial/industrial development and the folks purchasing new homes.

Council consensus was that this issue has been debated; this topic could be revisited in a year or two if the business climate improves.

10. ADJOURNMENT:

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

Meeting adjourned at 9:49pm.

Paul Thalhofer, Mayor

Approved June 10, 2008

ATTEST:

Debbie Stickney, City Recorder