

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

May 14, 2002

1. PLEDGE OF ALLEGIANCE, ROLL CALL, AGENDA UPDATE

Mayor Thalhofer called the meeting to order at 7:00pm and asked Councilor Kight to lead the pledge of allegiance.

PRESENT: Mayor Thalhofer, Councilor Smith, Councilor Kight, Councilor Rabe, Councilor Daoust and Councilor Ripma (7:12pm).

ABSENT: Councilor Thompson (excused).

STAFF: Erik Kvarsten, Jim Galloway, Rich Faith and Debbie Stickney.

GUESTS: See Attached List.

Mayor Thalhofer asked are there any agenda updates?

Kvarsten replied we have no changes this evening Mr. Mayor.

2. CONSENT AGENDA:

- 2.1 Accept Minutes: March 26, 2002 Regular Meeting, April 9, 2002 Regular Meeting and April 23, 2002 Regular Meeting.**
- 2.2 Resolution: A Resolution accepting a dedication of real property as City Right-of-Way from Reynolds School District.**
- 2.3 Resolution: A Resolution declaring certain personal property as surplus and authorizing disposal.**
- 2.4 Motion: A Motion appointing Norm Thomas to serve on the Mt. Hood Cable Regulatory Commission as Troutdale's representative.**

MOTION: Councilor Kight moved to adopt the consent agenda. Seconded by Councilor Daoust. Motion passed unanimously (5-0)

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

Mayor Thalhofer asked is there anyone here that would like to speak to us on a matter that is not on the agenda?

No public comment received.

4. UPDATE: An update on the East County One Stop Career System and the Weed and Seed Federal Designation from the Department of Justice.

Mayor Thalhoffer called this item.

Joan Pasco and Pattie Swanson, Janus Youth Programs, updated the City Council on these programs.

5. PUBLIC HEARING / RESOLUTIONS: A Public Hearing pertaining to the following Resolutions:

- 5.1 A Resolution adjusting the rate and capital improvement plan for water system development charges and rescinding Resolution No. 1560.**
- 5.2 A Resolution adjusting the rate and capital improvement plan for sanitary sewer system development charges and rescinding Resolution No. 1561.**
- 5.3 A Resolution adjusting the rate and capital improvement plan for transportation system development charges and rescinding Resolution No. 1562 and 1589.**
- 5.4 A Resolution adjusting the capital improvement plan for storm water system development charges and rescinding Resolution No. 1563.**
- 5.5 A Resolution adjusting the rate for parks and recreation system development charges and rescinding Resolution No. 1382.**

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

Jim Galloway, Public Works Director, stated this is our annual session to consider possible updates to the system development charges (SDC). System development charges are a one-time cost assessed against new developers either for new construction, expansion of existing facilities or a change in use that creates an additional impact on various parts of our infrastructure system in the city. Those charges, when collected, can only be expended to pay for the cost of capacity enhancing improvements to that particular system. We are required by the Municipal Code to come back to you each year with an update and a proposed change, if any, to the rates for the various SDC's. The process is the same as we have done for the last several years. We first have taken a look at the Capital Improvement Plan, which forms the basis for the proposed improvement. Then we have made adjustments where we feel it is appropriate. We have adjusted the estimated cost for those improvements, recalculated the rate and those proposed rates are before you for consideration. In updating the Capital Improvement Plan we went through and deleted projects that have been completed or were no longer required, added any additional projects that we felt were necessary. We are suggesting the following Capital Improvement Plan changes: For water we have no changes; Sewer we deleted the new treatment plant because that construction has been completed, we deleted the upgrade of the West Columbia pump station because as we got into the design of that we realized that there is not a need for capacity increase, it is simply a repair and maintenance project; Transportation we deleted two projects, the intersection improvements at Stark and Troutdale Road because they have been completed and also the traffic signal authorization project because that has been completed; Storm Water we recommend deletion of the project titled additional drywells

because it appears that with DEQ's new Underground Injection Control Program the use of drywells for handling our storm water probably will not be a feasible alternative in the future. We also recommend the deletion of the North Evans Avenue Outfall upgrade project because it has been completed and the South Evans Outfall upgrade because there is no capacity increase associated with that particular project. In the Parks system we have no changes to recommend in the Capital Improvement Plan. In updating the estimate of the cost for the particular projects, unless we have better data, we used the construction cost index as it is published in the Engineering News Record Magazine, which showed for the year 2001 an increase of 2.7%. When we applied all of these factors, we are recommending an increase in the Water SDC of 2.7%; an increase in Sanitary Sewer of 2.7%; in Transportation an increase of 2.6%; in Storm Water no increase is recommended; in Parks an increase of 2.7%. If these were applied to a typical single-family residential unit the net increase would be a 2.4% increase in system development charges. One of the things that you have asked in the years past is how these rates compared to other jurisdictions. I have included a comparison with nine other cities and the results show that there are two jurisdictions that have SDC's significantly higher than Troutdale, four that have them approximately the same as Troutdale and four that have them substantially lower than Troutdale. The last session of the Legislature made some changes in the SDC program and we are now required to get the notice out 90 days prior to this hearing to anyone who has asked to be notified. We did meet that requirement. We also have to have the material that is presented to you available at least 60 days in advance of this hearing. Again, we met that requirement. We also made available, at the permit counter downstairs in city hall, a summary of this information for potential builders or developers, this is not required by law. The only response we received was from the Home Builders Association, which we received by fax today and was provided to you this evening.

Councilor Kight asked how does Sherwood and Wilsonville get away with charging over \$12,000 and how do they justify that? Are they using the same criteria and same index?

Galloway replied when we did the survey we only asked for the figures, so we didn't get any backup information. My assumption would be that if they use a methodology similar to ours there are really two major components. One is the cost of eligible improvements and secondly the base that you are going to spread those costs over. I believe that Wilsonville has just brought a new water treatment plant online and I expect that is their biggest cost factor.

Councilor Kight asked when was the last increase that we had for SDC's?

Galloway replied we have done this on an annual basis, except for parks. The last one was considered by Council about this same time last year and went into affect on July 1, 2001.

Councilor Kight stated the response from the Home Builders Association says that they approve of the increases to the SDC's but they did challenge the Parks SDC. When I look at your report and it says that the increase change totals \$21.00 for parks. That is not a significant amount of money when you are talking about a \$150,000 to \$200,000 home. They

did indicate that the index that you use is related towards steel and cement which is usually not the median used in single-family or multi-family homes.

Galloway replied I think that their issue was that the construction cost index, as you say is heavily weighted towards labor and building materials used in construction. Typically your improvements in parks are for the acquisition of new parkland. So they were saying that the construction index was not appropriate but what they didn't say, and I think would be a counter to that is that maybe the appropriate index would be something that tracks the cost of land, which I suspect would be significantly higher than 2.7%.

Councilor Kight stated the price of real estate has gone up significantly as opposed to labor and materials. Using that criteria you could have raised the SDC for parks quite significantly I imagine.

Councilor Rabe asked the storm water has no increase can you explain why?

Galloway replied as we backed out some of the projects that were mentioned it drops the numerator down so when you do the math there was not a need to change the rate.

Councilor Rabe asked can SDC's be used for capital improvement projects that are being done relative to a development project. Like something that we would improve, step outside of what we typically do for storm water management and look at something a little bit more innovative or costly, can it be used in that fashion?

Galloway replied I think generally the answer would be yes. I would be a little cautious without knowing more specific information. Certainly if you are increasing the capacity to either convey storm water, treat or dispose of storm water, I think in general those would be eligible for system development charges.

Councilor Rabe stated the reason I mention this is because we have had a few issues with some storm water with regards to detention systems. Sometimes I have wondered if these funds could have been used to build a bigger or better system that might be a little outside of what the developers were accustomed to installing and these funds could be used and you are saying that they could be.

Galloway replied could be. Generally if it is a detention facility for a particular development we would try to incorporate that requirement as part of the development cost. Here we are looking at more citywide or regional things.

Councilor Daoust asked on the storm water capital improvement plan we have Halsey Street Drainage for \$500,000. What is that project?

Galloway replied that project was completed earlier this year. We put in a storm water conveyance pipe that started near the McMenamins complex and brought it easterly and tied it into an existing line near the Columbia Crest Apartment Complex. It is showing here, even

though we have completed that work, because we expended funds for that out of this fiscal year.

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

No testimony received.

Mayor Thalhoffer closed the public hearing at 7:56pm.

MOTION: Councilor Ripma moved to adopt resolutions 5.1, 5.2, 5.3, 5.4 and 5.5. Seconded by Councilor Rabe.

Councilor Ripma stated this is an annual housekeeping matter and I support it.

Councilor Kight stated this increase is minimal. Unfortunately the cost of labor and material goes up. Mr. Galloway has been able to justify those increases.

Councilor Daoust stated a 2.4% increase or \$176.00 for a single-family home is reasonable so I will support this.

Councilor Smith stated it is minimal and in this day and age nothing is free. We need the money to pay for projects that need to be done and I feel it is well justified.

Mayor Thalhoffer stated I also think it is well justified.

VOTE: Councilor Kight – Yes; Councilor Rabe – Yes; Councilor Daoust – Yes; Councilor Smith – Yes; Councilor Ripma – Yes; and Mayor Thalhoffer – Yes. The motion passed 6-0.

6. RESOLUTION: A Resolution adjusting the rate for the storm sewer utility fee and rescinding Resolution No. 1115.

Mayor Thalhoffer read the resolution title.

Jim Galloway, Public Works Director, stated I would like to differentiate between the storm sewer utility fee and the storm sewer system development charges. The storm sewer SDC's are a one-time charge that is assessed on new development. The storm sewer utility fee is the monthly fee on the water and sewer bill that is used for the cost of operation, maintenance, repair, and some but not the major portion of the construction cost associated with the storm sewer system. The current fee that we have has been in place since 1994 when the storm sewer utility fee was first put in effect by the Council. That fee is at \$3.00 a month for residential units and for non-residential units it is based upon the amount of impervious surface area up to a maximum of \$20.00 per month for any one parcel of property. With the increases we are expecting to come up in the years ahead as we implement Phase II of the NPDES, which is a federal program for the handling of storm water

and to react to DEQ's rules and interpretations associated with the Underground Injection Control Program, which is the drywell program. It appears that drywells are no longer a desirable method of handling storm water, but there is a likelihood that we may have to decommission some of the drywells that we have out there now and find alternate ways of handling that storm water. We anticipate that the costs in this arena are going to go up. So this is an effort to get ahead of the curve. We have not had an increase for about eight years and the proposed increase is an 8% increase for the residential unit from \$3.00 a month to \$3.24 a month effective July 1, 2002. I have provided a comparison of our rate to other jurisdictions, which is included in my staff report.

Councilor Kight stated it has been eight years since the last increase. As you know the purchase power of money increases when you are going through an inflationary period. Couldn't we tie this to a cost of living figure?

Galloway replied we probably could. I think the criteria that we would be judged against would be whether or not the costs are necessary for the operation and maintenance of the system. I think one of the reasons we didn't ask for an increase earlier is that our costs were held fairly low because we did not know, and in fact still aren't too sure of exactly what the costs are going to be to respond to some of these new programs. We have a fairly healthy balance in our fund right now. I think as we move forward I think we will find that the balance will be depleted as we respond to these new requirements. I think putting in some automatic rate adjustment, if we don't have comparable costs, may not be the course of action that you would want to follow.

Councilor Daoust asked how involved does Oregon DEQ get in storm water runoff?

Galloway replied it appears more and more. Much of the storm water program is a federal program. Many states, Oregon being one, have been designated to administer the program on behalf of the federal government. DEQ is the agency to do that for Oregon. My understanding is they have been criticized by the federal government for the way they have handled the program in Oregon. I think they are becoming a bit more aggressive, cautious or conservative and more demanding on local jurisdictions, developers and builders. I think they are now becoming more involved.

Councilor Ripma stated you are proposing an 8% increase for residents, which is modest. Why aren't we increasing the \$20.00 maximum by 8%?

Galloway replied I have no good reason for that. It probably makes as much or more sense as my proposal to you. I just carried forward the \$20.00 cap.

Councilor Ripma asked how many businesses pay the \$20.00 max?

Galloway replied I would guess maybe 20 to 25. I think when we initiated this in 1994 we looked at a cap to try to keep it modest because some of the entities that would be hit the hardest would be the schools.

Councilor Ripma stated I don't think the difference in revenue this year would justify attempting to suggest a change at this point, but perhaps in future years we might look at that.

Councilor Kight asked could schools have a separate rate structure?

Galloway replied I think you would have that ability to create particular categories within the rate structure. I am not sure that the software that the city uses for its billing process has the ability to handle that.

Councilor Kight stated I share Councilor Ripma's concerns. If we are going to raise it for residential we ought to raise it across the board.

Councilor Ripma stated I suggest that we address it next year.

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

No testimony received.

MOTION: Councilor Kight moved to adopt the resolution adjusting the rate for the storm sewer utility fee and rescinding Resolution No. 1115. Seconded by Councilor Ripma.

Councilor Kight stated the increase is justified due to the projects that we are going to be faced with in the future given DEQ's mandate to no longer use drywells. I am going to support the resolution based upon Mr. Galloway's information and criteria that he presented to the council.

Councilor Ripma stated I support the resolution. I would say that there is the potential for significant costs in eliminating drywells. If my memory serves me right, drywells was something that originally was mandated that we do. Now there is a good chance that we will be told we can't do them but that we have to remove them. We have to recover that cost from the ratepayers unfortunately.

Mayor Thalhoffer stated as times change, things change. What was healthy for us ten years ago is no longer healthy and what was unhealthy for us ten years ago is healthy now.

VOTE: Councilor Kight – Yes; Councilor Rabe – Yes; Councilor Daoust – Yes; Councilor Smith – Yes; Councilor Ripma – Yes; and Mayor Thalhoffer – Yes. The motion passed 6-0.

7. COUNCIL CONCERNS AND INITIATIVES

Mayor Thalhfer called this item.

Councilor Daoust stated we held the Troutdale Trot this last weekend and Jim Galloway and Rich Faith participated in the event.

Mayor Thalhfer stated I would like to congratulate the Reynolds High School baseball team for winning the Mt. Hood Conference for the first time in the last ten to twelve years.

8. ADJOURNMENT:

MOTION: Councilor Ripma moved to adjourn. Seconded by Councilor Kight. Motion passed unanimously (6-0).

The meeting adjourned at 8:16pm.

Paul Thalhfer, Mayor

Approved June 25, 2002

ATTEST:

Debbie Stickney, City Recorder