

CITY OF TROUTDALE

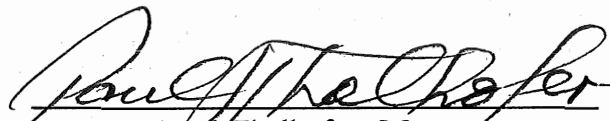
AGENDA

TROUTDALE CITY COUNCIL - WORK SESSION
COUNCIL CHAMBERS
TROUTDALE CITY HALL
104 SE KIBLING AVENUE
TROUTDALE, OR 97060-2099

DECEMBER 5, 1995

(Directly Following Special Council Meeting)

1. CALL TO ORDER, ROLL CALL
2. DISCUSSION: Downtown Development Parking Request.
3. ADJOURNMENT:


Paul Thalhoffer, Mayor
Dated: 12-1-95

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Kvarsten stated there was discussion at the council meeting and some phone calls after the council meeting about the ability of the City lien property. To place a lien on the property would be payable when the property sold or begin to be payable after a certain time. Ten years was the timeframe that was kicked around in some of the discussions. An example would be \$5,000 on each of the 24 lots, there would be a lien placed on the property and it would be payable when that property sold or begin at a time specific. I've had a number of conversations with the city attorney about this issue and while it would be somewhat out of the ordinary, it is doable. We'd have to enact an ordinance, which would set up the mechanism to do this. It is possible should the council choose to proceed in that fashion. The last page of the handout you have is a sheet developed by the Maydews, working in concert with Bob Gazewood, the Finance Director. This was another request the council, had you asked for some idea the kind of benefit which the City would see in dollars and you'll note they identified the annual benefit through business license fees, franchise fees and business income tax of about \$5,200 and they shown that over a 5 year period. They have identified some one-time impact fees under building permit fees to the City and you'll note their calculations, which they can certainly go over. I would also like to note that Sheryl has contacted everybody from the governor's office to Metro to Economic Development and actually it came up with some good ideas for funding some other things other than this. I would really like to compliment them on that. I think that is often the case, a private citizen gets a different response than a City staff person. At this point the only real hopeful thing would be the some possibility of a technical assistance grant for some of the engineering, which we will pursue. I think it's probably a stretch, but we will look at pursuing that. But, I think no stone has been left unturned. I think one reason that we're coming up with an empty bucket in that regard is that this is a case which a number of years ago would cry out for urban renewal as we discussed, which is a different animal since legislature has made some significant changes in that. I think that as the council notes first hand, that this doesn't seem to be a feasible funding mechanism at this time for this project. So, with those things I will turn it over to Max and Sheryl to providing more comment and answer any kind of questions you may have.

Max Maydew stated the idea of sharing engineering was if the parking lot is developed at the same time the lots are developed and we can agree on the engineering and architecture, the design and build at that point in time they should be able to do the survey work for the entire plat, and then draw up the parking lot and there should be one engineering fee that would be associated with that. When I had talked to the other owner that bought part of the Gallery, who's not here unfortunately, we agreed that whatever the engineering fee is, that we would split it 50-50 with the City and then he would take 4/24ths of it because he owns 4 of the lots and we own 20 lots. I'd like to point out that the estimates that are in this package that Rich Faith provided, are his best estimates of what he thinks the cost would be. Doing it up front here without having total knowledge of the project, it might be a little less than this or a little more. So, I think we ought to leave some latitude if you decide to go ahead with this.

Councilor Kight asked how much latitude, 10%?

Galloway replied I think considerably more than that. Typically you allow yourself about that much when you've got a fairly good concept of a preliminary design and we haven't even got that yet. I think in all fairness to all these parties, probably I wouldn't be comfortable unless we said this is plus or minus 20 or 25 percent at this point, that is probably the range that we are working in.

Max Maydew stated the second paragraph deals with the idea of having a lien on the property. I talked to a loan officer about this because it affects the ability of a person to acquire and secure a loan. If the City were to be in first position, they won't lend against it without it being paid off. They just flat won't do it. If you wanted to do that, it would have to be subordinated. I still think there's a good chance you could collect the money when the property is sold. As long as it's in second position to the primary lender I don't think there's a problem if you wanted to do that.

Max Maydew stated it was about 2 days ago that Bob Gazewood and I just sat down and we went through all of the different kinds of things we could think of where this would have an impact. The business income tax we were hoping would be a substantial amount, but the way that works is it just keeps getting cut down and it only works out to be around \$396.00 per year. The franchise fees were a little more, the City gets 3% of the actual bill. I think an estimate of that after talking to some other businesses, would be around \$3,900 a year. The license fees are \$35 each, so that is \$840. For sure, conservatively, they would generate \$5,000 a year and over time that will keep coming in. One thing that does happen when the property is developed, there is some money that comes through to the City, where the City doesn't even have to do any work to get. We picked two items here, the initial building permit, which is just pure money that comes in. There's no, development fees or anything in that, where you actually try to recover costs before you develop something. So, we didn't include that, it's just the money from the basic permit fee.

Councilor Burger-Kimber stated there are costs associated with that.

Max Maydew replied we tried to pick the items in the building permit that there wasn't any cost associated with.

Sheryl Maydew stated out of the eight thousand dollars there's just the actual amount that's the permit fee and the traffic impact fee because the streets already done.

Mayor Thalhofer stated that's a local traffic impact fee.

Max Maydew stated the logic of why we think that it's favorable is that if you build a parking lot you've already gotten the biggest part of the traffic impact fee. You're talking about a benefit that comes in and you're also talking about expenses that go out. Those tend to be matched.

Councilor Ripma stated actually, if we've done our calculations right, the traffic impact fee simply covers costs that are imposed on the City from the development and that's all and there's not money to be made, but I understand your point. Personally I don't think we ought to go on record saying that its money we make.

Councilor Kight stated these figures actually are fairly conservative. I may be wrong, but you're only talking about 24 businesses. What if you go to a second story.

Sheryl Maydew stated also, the individual businesses are 32 feet wide many of those will be split in half because a small office could be 15x50.

Max Maydew stated this is conservative, I didn't want to be accused of being too optimistic.

Max Maydew: Since I put these numbers down at the bottom, I might as well comment on them also. Is that the one thing that we talked about earlier, if there is an increase in the tax base and so Bob and I pulled up the tax base and we've got \$523 million tax base in Troutdale that generates \$7 million in taxes at a rate of \$13.75 now. We don't need to generate any more taxes whether this is there or not. The implication of adding \$3.8 million more, is that the rate per thousand goes down and what that means is for every property own in the city, we do the calculation, that saves ten cents per thousand. So, if you had a hundred thousand dollar piece of property, everybody who's got a piece of property worth that would give \$10 less taxes.

Councilor Ripma asked how soon would we have to come up with the \$208,000?

Mayor Thalhofer stated the financing plan that Mr. Kvarsten came up with was \$100,000 now.

Kvarsten: The way I would see us proceeding, should the council find that they want to pursue this project with appropriate components agreed on, we would make that decision by motion in the form of adopting an agreement between the City and the Maydews' whereas the Maydews' within a certain time frame have to produce CCRs which are acceptable to the City and we make our commitment to fund the parking lot up to a certain amount adding in the appropriate contingency Jim talked about and then once we get

closer to construction at that point we can determine what would be the best funding mechanism at that time. I don't think at this point it's even advisable to really dial in exactly how you want to fund the construction.

Councilor Ripma: I like the idea that you're talking about but what seems to me we need to know kind of fundamentally, up front, is for instance, could the parking lot be built half and half or something to spread the cost over the years. Is that feasible with your plan?

Max Maydew I don't think so.

Councilor Ripma: So, the City money would have to come in one lump sum next year sometime.

Max Maydew: Two or three small lump sums, it would be spent mostly by summertime, probably.

Councilor Ripma: With a reasonable construction schedule, but it would all come up before even the end of this fiscal year.

Max Maydew: My understanding is that we need to go through another process to go through the Planning Commission. And then after that, it's all dialed in and at that point we should have the CC&R and all of the restrictions and all the public comment that and then we should be able to proceed with the contracts and things.

Burger-Kimber: Although Erik has mentioned that maybe the funding shouldn't be discussed at this point and time, I think it's a critical part of the process and mainly because I support the concept, providing parking and supporting the businesses and I recognize that there will be generation of revenue and there's the whole issue of benefit over time and everything. Having been intimately involved in the urban renewal process a couple of years ago, that was turned down 5-to-1. Now, that's not to say that... I guess what I have to interpret is that although we are saying we support the downtown development and the businesses support the downtown development, in reality, if I were to go door to door in the community, they would probably say we don't really care about the downtown development, based on history. This is just a reality check here. This is a decision that we're going to be making, not necessarily with approaching the community for their support because there's a good possibility that if we did that, they would tell us no. There's a strong possibility that they would say no, that they didn't really care if we had the downtown development or not. I support the parking lot issue and the whole concept of the downtown even though I do recognize that the majority of the community does not necessarily see the inherent benefit. Consequently, I feel it's the responsibility of this development to partially pay for itself because if we use general fund tax dollars that's using the tax dollars that the citizens of the community have put into the general fund and I feel like they do have some say over that. Who's going to ultimately benefit from the development? Generally, the businesses and then of course, the tax base will go down and over time in the future there will be an inherent value, but because there is a direct benefit to the businesses downtown and from the last time we discussed, it was made clear to me by a number of businesspeople that they were willing to somehow participate in this

in some manner. I took the liberty of putting together this sheet of paper, and as we look at this process I would be much more positive about this thing if we could look at some financing that will provide additional funds that could be dedicated to this as opposed to just taking money out of the general fund. Now, I have no problem with saying it might take 20, 30 or even 40 year payback on this investment, but I would like to be able to say that there is some kind of inherent payback and that the people who are going to be directly benefiting from the project are going to be paying a portion of that. So, if we were to have a business license increase, that would directly affect the businesses that are participating and if we only had a \$5 increase over 5 years, we could bring our revenues from \$14,910 based on 426 business licenses that we issued in 1994. We issued 493 in 1995, so there were 70 more, but 50 of those were only for half of a year so I decided to take the 1994 to be conservative. But, we would increase our revenues by \$10,650. Those business licenses, I would be hard pressed to believe that a majority of those businesses wouldn't benefit from this expansion downtown and if we did it at \$5 a year over 5 years and got it up to \$60 a year for business license, that's not terribly prohibitive and you've got to recognize there's going to be some kind of a benefit from the expansion of downtown as a development. So, I think it's a rational approach, but it at least pays the interest on the bonds that we'd be issuing. So, it's one thing to issue bonds based on a revenue generating sort of thing, where you've actually got the revenue bonds and you've actually got a source of income. It's another thing to issue bonds that come right out of the general fund and tie up general fund monies and that makes me a little uncomfortable because we've got other responsibilities to the citizens. So, you know, this to me, seemed a rational approach to at least applying a business license fee to the interest and then over time, as the bond is paid off, that money will be coming back into the general fund to replenish what's been invested. And it makes it easier for me to rationalize our making this investment.

Mayor Thalhofer: I believe the people of Troutdale, if they were told the story in a positive way and not a negative way, would support this project and I further believe that we were elected to have some vision as elected officials, at least I ran on a platform of livability for the City and also getting something for the downtown area which would help support other businesses downtown and help make our business district viable and I think having campaigned on that platform that livability and doing something for downtown and beautifying downtown and making this community livable and still a small community that everybody likes I think that I am fulfilling my job as an elected official and fulfilling my campaign promises to the people. I think it's our duty to try to do what we can for our downtown area or it will just dry up and blow away. And I think it benefits the people of Troutdale, each and every one of them, to have a viable downtown district and have one that is going to be as unique and as nice as this one is. So, I don't have any qualms about spending the general fund money and I think that if we overcomplicate this thing, we might just be delaying it further and I don't think we are in a position to delay it any further.

Councilor Ripma: I also believe that this project, this fairly modest investment would have wider support than you might think. This really fits our downtown concept that we've had and lots of citizens have worked on for 15 years, well 12 years anyway. As president of the Historical Society having talked to some members and I haven't taken a pole, our board is meeting tomorrow night, where I intend to discuss this. I'm just positive that the

Historical Society membership, which is quite strong in the city, would be 100% behind this because it is such a good project, so I think it would have fairly wide support. I also think that the money involved here is fairly modest compared to some other urban renewal type projects that went down to defeat. Even if we could do urban renewal I wouldn't favor it. I think it has too much baggage attached to it and I just wouldn't do it that way. I still have a couple questions on the financial that I need to know about, although I think it could be done, maybe Bob can answer them. Basically would we have to float bonds? Do we have to have the money somewhere? Do we have some way to allocate it? Those are my questions. I don't know if this is the right time for them.

Erik Kvarsten: I didn't mean to dissuade the council from talking about the financing. My point was if you're going to talk about a combination of some direct general fund money and some borrowing, you don't want to decide those exact dollars until you're closer towards the project so you what the cost is and also our financial condition could change somewhat in the period of time. I think you want to have a discussion about generally how we want to finance this. I think Bob would certainly answer the generally recommendation about \$100,000 from contingency as a kind of rough amount.

Councilor Ripma: Do you concur Bob? \$100,000 from contingency and borrow bond market for the rest? That seems kind of complicated.

Bob Gazewood: I think we'd be looking at something like perhaps a 5-year certificate of participation type note. We would be pledging general fund assets for the 5 years.

Councilor Ripma: Roughly how much would it cost to go to the bond market?

Bob Gazewood: The chart that we had in Tuesday's packet for a 5 year, \$200,000 at 5% would be about a \$30,000 interest charge. If anything gets reduced, as the City Administrator indicated, from a financial standpoint the City might be in a position to rethink the financing at that time in terms of what the overall monies that might be available in general fund.

Erik Kvarsten: In other words you might be in a position at the time to say, okay, let's assume that the bid comes in and we do the thing for \$175,000, it may be appropriate to do the whole thing out of contingency.

Councilor Ripma: Do we have unrestricted freedom on what we can use business licenses money for and are we unrestricted in how much we can charge for business licenses?

MALE: As far as I know we are unrestricted in its use.

Sheryl Maydew: I would caution out of those 400 and some licenses that come through the city, very few of them are actually businesses within the city. They do business in the city, they benefit, they're doing a job they get paid for it, and they're paying a very small fee to the City in order to do that. And I think those ones you certainly could look at increasing. However, your businesses that are within the City, especially if you were to

look at how many of those are home based businesses, that increase could make or break them.

Mayor Thalhofer: It appears that we are pretty much all in favor of this project proceeding, I think its just the details we can work out.

Councilor Ripma: I do agree with what the mayor said. One thing that I think is important and I don't know where this has to come in for your purposes and the sellers purposes, but when we finally get down to signing something where we're committing the City, which I'm prepared do, I'd like to have those covenants and restrictions. I think the goal is to have something that looks something like what was in our downtown plan, storefront development. I mean, that is what your planning, but the CC&Rs should be worked on with our legal counsel so that they're tight.

Rich Faith: We have four different sub-areas within the central business district and that side of the street that is being developed is all within sub-area D and we talked about coming up with these design standards and adopting those as part of the devilment code just for sub-area D.

Mayor Thalhofer: Knowing we have some details to work let me go around the table to see if we all agree. Councilor Smith, are you in agreement that we should fund this public parking lot in the sum of approximately \$210,000?

Councilor Smith: As far as I'm concerned, it should have been done 20 years ago.

Mayor Thalhofer: Councilor Ripma?

Councilor Ripma: Yes, I favor it.

Mayor Thalhofer: I say yes. Councilor Kight?

Councilor Kight: Not only am I going to say yes, but I'm going to say this is one of the unique opportunities we will probably never have again to this downtown section. We have a small window, and shrinking as we speak. This is so unique and I am so excited about this I am thinking about this at night. How many towns, in a downtown, in a small downtown, have the ability to build a whole section 750' wide? And do brand new buildings, not remodel old buildings, but brand new buildings. And the spin off from this is going to be phenomenal. I take a exception with Councilor Burger-Kimber that people wouldn't like the downtown improvement, I think when they see what happens, when they see the opportunities presented downtown, little stores, the coffee shops, the bakeries, the accountants office, all those services and maybe a bank. Imagine we don't have a bank for 20,000 between Troutdale, Fairview and Wood Village, maybe we can get a bank in downtown. To see all those things happening downtown in all brand new buildings. I like the idea of apartments up above, so you have a viable downtown. You have people downtown on a 24-hour basis. This is incredible. By the way, this happened once before. The City of Troutdale could have purchased that entire strip, 1,500 feet of frontage for about \$150,000. It is rare that a city gets a second opportunity. This is that opportunity.

Karen Burger-Kimber: I support the concept of parking. I support the need for that particular development, but the question was, are you willing to agree to fund this and I'm not willing to agree to fund this 100%. I want to see us do some creative financing which was discussed with regard to liens and a increase in business license fees and possibly other funding options. So, I want to put a caveat in that I do support it but I do not support what Mayor Thalhoffer said and that is do you agree to fund this 100%? I think we need to be creative in our funding for this, but I support the parking lot and that development.

Mayor Thalhoffer: There are 4 votes in favor and 1 negative as far as this funding proposal and we will take this up at the council meeting next Tuesday night and can we get some of the details worked out in the interim period?

Councilor Burger-Kimber: What was the negative funding proposal? You said there was one negative vote for funding proposal.

Mayor Thalhoffer: You were not in favor of this funding proposal.

Councilor Ripma: I guess I need a little clarification on the funding. Are we abandoning the second position lien for \$5,000 that we talked about or not?

Mayor Thalhoffer: No, we didn't say anything about that.

Councilor Ripma: Good, good, excellent. That's what I understood too.

Councilor Burger-Kimber: Well, the comment was we're accepting this funding proposal. When you asked for our consensus, it was do we agree that the City will fund this project? It was not clear on the funding, so I wanted to clarify that I support the project, but we need to look at the funding. Now the comment was made that there was one vote against the proposed funding and we didn't discuss the funding.

Mayor Thalhoffer: See this, memorandum and the figures in here? This is what we are saying yes to at this time, with flexibility of 20-25% more or less. That is what we are saying yes to. Now, do you say yes to this or not?

Councilor Burger-Kimber: Where does it say that the proposal, the recommendation is the \$5,000 for the 24 buildings and that's it?

Erik Kvarsten: I think the best we could hope to do next Tuesday is have the Council adopt a motion that you to agree in concept with the project including these kinds of components which would be the lien would be one of them, whatever else and directing staff to work out the specific details with the Maydews.

Councilor Burger-Kimber: But then we're not tying any kind of funding into this? That's my understanding.

Mayor Thalhoffer: Let me clarify this. We have an amount here that we've come up with as the City's portion of this project. It's here in this paper, that's what we're saying yes to tonight. Now are you saying yes to that? I think we all 4 are, and if you aren't, that's fine.

Councilor Ripma: My understanding is that it was this proposal, it was that whatever agreement we finally see on the next council meeting, would in some sense commit us to

the \$210,000 more or less, but there would still be a lot of details still to work out that would be part of the understanding. I envisioned that it would include the \$5,000 second position lien payable somewhere along the lines in here, in second position, but wouldn't include any other fancy funding.

Councilor Burger-Kimber: It doesn't limit us to not doing some more creative financing with the other portion. \$5,000 per unit does not cover the total cost.

Councilor Ripma: No. I am envisioning that we're committing ourselves to pay this money to build this parking lot now, come what may, whether we ever get the money back from the \$5,000 or not, I think to put the \$5,000 liens is a statement to the City that we are going to try to recover a good portion of this but I am favoring this project and I think we ought to go forward and fund this. We'll leave it up to finance and the City Administrator and they can work out the best, most efficient funding of the \$210,000 more or less.

Councilor Burger-Kimber: The question was whether there was support from the council members to fund this. I took that literally and nothing was said about accepting the recommendation. That is why I took that position because we need to have the flexibility of the project partially funding itself and may of the businesses also having the option of partially funding. The \$5,000 lien partially funds the project, so that addresses that. But if I were to have taken that literally, that's why I took that position, so I am not a negative vote on this proposal, of the \$5,000 liens.

Mayor Thalhofer: Okay, now, does the staff have sufficient directions?

Erik Kvarsten: Yes, sir.

Mayor Thalhofer: That was 5 yes votes, did you get it?

Mayor Thalhofer: Meeting is adjourned.

3. ADJOURN

Paul Thalhofer, Mayor

Dated: _____

**Unapproved Minutes
Recorded by George Martinez, City Recorder**

**Prepared by Debbie Stickney
March 2003**