

**COTTAGE GROVE CITY COUNCIL
WORK SESSION MINUTES
January 24, 2011**

CALL TO ORDER

Mayor Gary Williams called the meeting to order at 6:30 pm in the Council Chambers at City Hall.

ROLL CALL

COUNCIL PRESENT: Mayor Gary Williams, City Councilors Mike Fleck, Jeff Gowing, Jake Boone, Heather Murphy, Garland Burback and Victoria Doyle

STAFF PRESENT: City Manager Richard Meyers, Finance Director Bert McClintock, City Engineer, Ron Bradsby, Community Development Director Howard Schesser and City Recorder Trudy Borrevik

City Engineer Ron Bradsby explained to Council what information staff needed from Council in order to proceed with the process of adopting new SDC fees. He said Council had been provided two scenarios for phasing in the SDC rates.

Councilor Fleck expressed his concerns about the SDCs being more than Eugene or Springfield or other local municipalities. He said it was important to stay below what the metropolitan competitors were. He said he attended the Eugene Economic Forecast last year and in a panel discussion, the economists all believed that it would be at least four years before the housing industry was back to normal in Lane County.

He would like to see the City phase in the SDCs over a three year period with the exception of the storm drainage as it was being reduced by \$586.73. He had no problem with voting against raising the SDCs, he thought it was an important issue for local businesses. He mentioned the gas tax and said Cottage Grove had jumped on board because Eugene and Springfield were doing the same fee and therefore the local businesses were not in an unfair competition tax wise. He said he talked with a builder who had vacant properties and couldn't get rid of them and didn't know how much of a role the potential increase in SDCs was or if it was just the economy. He said in the past the City didn't make developers pay the SDC fees until they got their occupancy permit and that was what he was asking for now.

Councilor Burback said his son-in-law built a house in Springfield seven years ago and paid \$10,000 in SDC fees at that time and which would be about \$15,000 today and that Cottage Grove was way behind and he felt that something needed to happen now and that some could be phased in.

Councilor Doyle said it was her understanding that SDCs were for new build only, therefore

buildings that were existing and they were for sale, the fees had already been paid for. Also she had heard that Eugene and Springfield were undercharging and within a couple of years they would end up charging more than Cottage Grove and asked if that was correct.

Councilor Fleck clarified that he said lot, not a house that had already been built.

Ron said Springfield was adjusting their SDCs quarterly. He said SDCs only affected an existing development was if they expanded.

Councilor Murphy said she felt SDCs needed to be increased now when it was slow so that when building took off it was in place, that we weren't trying to increase them during a boom time.

Councilor Boone asked about Councilor Fleck's comment about putting off the SDC collection until the occupancy permit was issued.

Councilor Fleck said in 2008 or 2009 when the market fell, as a small measure of trying to help out the local developers, the SDCs weren't waived but they weren't required to be paid until the house was complete and the City issued the occupancy permit.

Richard said that was incorrect, the City waived the interest on the installment payments. He said there was a provision in the ordinance that allowed the SDCs to be paid in installments over a period of time and the City eliminated the interest. He said if the fees weren't collected until the occupancy permit was issued, there could be issues with the builder and developer disappearing and the property owner being responsible for the fees.

Councilor Jake asked if there was a downside to put off the collection and make it a requirement for the occupancy permit that the fees be paid before it is issued.

Richard said that was what was being done with the installment plan. A developer could finance the SDCs and could pay for them over a period of anywhere from ten to twenty years plus interest but the SDCs became a lien on the property.

Councilor Gowing said he agreed with Council Murphy that the City needed to be ready when things turned around and the City had always been the lowest in the County with the less amount of building.

Councilor Burbach said it was a part of doing business and that most builders know they will have SDC charges to pay when they build a new house or commercial building.

Councilor Doyle asked how many current builders would be affected by the change right now.

Ron said the new fees wouldn't go into effect until probably July. He said a building permit was picked up, the SDCs were charged at that time. He said anyone with a current building permit wouldn't be affected by the increase, only those that were issued after the new fees went into effect.

Councilor Fleck said at some point the increase would impact development in Cottage Grove and

gave an example.

Councilor Murphy asked Councilor Fleck if he didn't think that Eugene and Springfield would have to increase their rates.

Councilor Fleck said he felt that Cottage Grove would have the highest SDC rate of anyone in Lane County during a time when the economy was at its worse, in his life time. In business you had to be competitive in order to survive.

Councilor Murphy said that there wasn't a lot of building happening currently so putting the new fees in place now still made sense to her. Even at the higher rate she felt Cottage Grove would still be competitive.

Councilor Burback commented about the building industry and he didn't feel that increased rates would make a difference to where contractors built.

Councilor Fleck said in his experience when you had an issue such as the increased fees, no one paid attention until it came down to the vote and he suggested that the City contact those that would be affected to get their concerns.

Richard said that was why setting the public hearing was on the agenda to allow people to have time to review the proposal and materials and speak at the public hearing.

Discussion was held on the building industry and how having lower rates when the industry was booming hurt the City and the projects that needed to be done.

Councilor Fleck said he was only suggesting that the City didn't have rates higher than Eugene and Springfield and suggested phasing over three years and had hoped in the original scenario to be in the \$10,000 range.

Mayor Williams asked if it was too difficult to phase in that was indexed to the metro area and the indexing to be on parity with what Eugene and Springfield were doing.

Ron said he had played with Eugene and Springfield's rates and recollected that Eugene was about \$12,000 and Springfield was \$14,000. He said they could do three of the utilities at one hundred percent and phase the other two in and still be in the same range.

Councilor Doyle said she thought we should have higher standards of building in the area and it was okay to have SDCs that made people think about where they were building and they were choosing it for the livability.

Richard said in the first time scenarios provided to Council, Springfield was \$14,814 and Eugene was \$12,005.

Councilor Fleck said under the current scenario, Cottage Grove would be even with Springfield

and higher than Eugene.

Discussion was held on how the three entities rates compared with phasing and CPI increases.

Councilor Fleck said to him parks was the least important of the group.

Richard said that was why the scenarios provided had parks spread over three or four years. He said that service clubs assisted with improvements and equipment in the parks which reduced the cost to the City. They were important for quality of life, but they didn't have the safety and welfare tied to them. They could be phased in over time.

Charging parks for commercial permits and sponsorships of parks was discussed.

Ron commented that development of parks was spread out over a forty-two year period in the River to Woods Master Plan.

Councilor Murphy said she was in favor of keeping parks at a reduced level but would not be in favor of zeroing it out. She understood that it wasn't an emergency but if something wasn't put in it could easily go away and the City needed to show a stake in it.

Councilor Boone asked if with thirty-three percent on parks, fifty percent on transportation and one hundred percent on water, wastewater and storm drain, if it put the City at parity or below Eugene and Springfield for the first year.

Ron said yes, it would be fairly close.

Councilor Boone asked if there was anything that stopped the City, if it turned out Eugene went through their process and decided to lower all their SDCs, from going back and revisiting the fees.

Richard said they could be lowered at anytime, however the methodology stayed the same.

Different percentage scenarios were discussed.

Councilor Boone said he was okay with charging one hundred percent on all the utilities or with phasing in parks over three years but no longer than that.

Councilor Murphy said she thought the subject had been exhausted and that Council had gotten to a consensus and she was okay with that. She asked staff what they needed from Council to move forward.

Richard said the phase in or the actual rates was not the real issue, it was to set the work session and know they were going to move forward with the methodology that was created and then as the phase in was developed, it could be changed at any time during the public hearing.

Ron said he wanted a general consensus of what phasing they wanted so it could be put in the

final report so the people that were going to scrutinize the methodology, would see that Council was already looking at phasing in. It was not set in stone, after public testimony they could make changes.

Consensus was to use the following percentages for phasing.

Parks	33%
Storm Drainage	100%
Transportation	100%
Wastewater	100%
Water	50%

There being no further business, Mayor Williams adjourned the meeting of the City Council at 7:16pm.

The next regular City Council Meeting will be held February 14, 2011, at 7:30 p.m. in the Council Chambers at City Hall.

Trudy Borrevik, City Recorder

Gary Williams, Mayor