

**COTTAGE GROVE CITY COUNCIL
WORK SESSION MINUTES
September 20, 2010**

CALL TO ORDER

Mayor Gary Williams called the meeting to order at 6:03 pm in the Council Chambers at City Hall.

ROLL CALL

COUNCIL PRESENT: Mayor Gary Williams, City Councilors Mike Fleck, Thomas Munroe, Heather Murphy, Wayne Clark and Diane Conrad

COUNCIL ABSENT: City Councilor Jeff Gowing

STAFF PRESENT: City Manager Richard Meyers, Finance Director Bert McClintock, Public Works Director Jan Wellman, City Engineer, Ron Bradsby, City Recorder Trudy Borrevik

CITY ATTORNEY: Sean Kelly

OTHERS PRESENT:

City Manager Richard Meyers said Council had been provided with a new document that included changes from the previous SDC document that Council had received and that City Engineer Ron Bradsby would go over it with Council. He said staff was looking for answers to questions about where to go next.

The City Manager explained the SDC adoption process which was set by Oregon Revised Statutes. The first step was to decide to move into the process; then a ninety day notice had to be provided before the first public hearing where Council would consider amendments and changes to SDCs; and sixty days from the public hearing the City had to have the ordinance and documentation prepared and ready to go out to the interested parties. There had been two interested parties that had registered with the City, the Home Builders Association of Lane County and the Realtors Board. After the ninety days the Council would have a hearing on the proposed ordinance and then the City would move forward in looking at adopting or considering the ordinance. The ordinance would contain not only just the fees but a full description of the methodology of how the fees were derived. The existing SDC ordinance had the projects which were broken out on how they were paid and all the information included, so there would be changes to the ordinances. Then, if someone wanted, it could be appealed based on the methodology, etc. for sixty days after the ordinance and then it would go into effect. He said there was quite a time line before the ordinance could go into effect.

The City Manager said staff was concerned about the time line involved for adopting the

ordinance. If Council waited until after the election to proceed with the process, it would go into the construction season when the SDCs should be in place so they were there for the new construction that would impact the system. With the election taking place in November, there will be at least three new councilors coming onto the Council in January. The current council had spent numerous work sessions and hours in reviewing the information. Did Council want to put it off until the new council was on board in January and then start all over with the meetings or did they want to start the process and invite the candidates to attend the work sessions now so they would be on board when they took office in January. That would allow the ninety day process to begin before the new council took office in January and hopefully complete the process before the construction season started.

Discussion was held on how the Council wished to proceed with the process and with the council candidates. The topic of the public perception of the current council passing the new ordinance before the new council took office was discussed. Some Councilors expressed that they did not want to sit through repetitive work sessions but were fine if the material was new. They felt that the candidates should be responsible for bringing themselves up to speed with issues by attending council meetings and work sessions to hear the council discussions. The consensus was to bring together the current council and the candidates at work sessions to discuss the SDCs.

There was discussion about the SDCs and when to implement them with the current economy and the possibility of the Lane County Home Builders Association suing the City if the rates were too high. Some Councilors felt that the raising of SDCs fees had been put off for too long and it needed to be dealt with now and not to put it off again. It was discussed what projects the SDCs paid for and what projects the utility rates paid for and the difference.

City Engineer Ron Bradsby said as an example, if an existing 8" pipe failed and needed to be replaced and the Master Plan said it should be a 10" pipe, the rates paid for the 8" line and the cost differential from 8" to 10" would be paid from SDCs. He said the projects and maps shown to Council in past meetings, included both rate and SDC charges as identified on the Master Plan. He provided some examples and explained.

Transportation costs were also discussed and what road upgrades could be paid from SDC rates. Ron said the current code was written with a standard residential road being 32' wide. If the City required a commercial road in a commercial establishment, or by the highschool which was 44' because of bus traffic and so on, that road was eligible for SDCs. He said when the City rebuilt Main Street from 32' to 44', it was paid from SDC Funds and 0' to 32' was paid from the Maintenance Operational Fund.

A lengthy discussion was held on how to proceed and the feelings and views of current council. Some councilors felt that it was up to the council candidates to be responsible to come to the meetings and get the information necessary to educate themselves so when/if they took office in January, they would be able to make an informed decision on SDC rates.

It was asked how many more meetings would be necessary before starting the next process with public hearings and some Councilors expressed their concern regarding the proposed rates and

that several more meetings were needed.

Ron said Council had been provided with the FCS Group report which had been updated several times and he provided Council with a summary of the new packet.

He went over water first and said under the existing structure, the current rate was \$30.39 per fixture unit. A fixture unit was defined as a toilet, sink, shower, dishwasher, etc. and they all had different values based on the water usage. He explained how fixture units were figured and said FCS' recommendation was \$228 per fixture unit, or an equivalent meter rate which figured for a 3/4" meter was \$6940.

Councilor Fleck asked if it was figured on an average fixture per residence. He said he assumed a residential would have a different fixture than an industrial or commercial

Ron said that was correct and it was all based on flow which was shown on the chart on page 7 of the handout.

The difference between the input and output was discussed which was based on the Capital Improvement List.

Discussion was held on fixture units and how they are calculated and how they compared to equivalent meter rate. Commercial construction versus home construction was also discussed and the difference in the number of fixtures.

Ron next went over the wastewater and said the current rate was \$45.61 per fixture unit with a proposal of \$46 per fixture unit or \$1,135 per meter equivalent.

Councilor Fleck asked about the wastewater rates on the SDC Comparison sheet in the handout and it going from \$692 to \$1,135, however the per fixture unit was only increasing \$.39 per fixture unit.

Richard said on the comparison sheet, FCS used the equivalent meter instead of the per fixture unit. He asked Ron to find out what John from FCS used for comparison.

Regarding stormwater charges, Ron said the City currently charged each single family unit \$1,254.96 and all other non-single family residences were charged \$10,458.10 per impervious acre which was based on ESUs. One single family was equivalent to an ESU so the rate dropped from \$1,254.96 to \$668.23. Based on that number and the 2,650, he projected that an impervious acre would be \$10,984.19.

Councilor Fleck asked if there was anyway to break out the commercial rate versus the residential rate. He said on the SDC comparison chart, it was basically comparing residential numbers but some of what he was looking at were probably going to vary dramatically between residential and commercial with a huge amount of impervious surface.

Ron said the chart did note some different comparisons which were listed below the chart.

Discussion included impervious surface charges affecting only new development. It was also brought up that the increases were approximately four hundred percent and if all projects needed to be done on the CIP, if they were all dependent on the increase or if some of them could be left off the list so the increase wouldn't be so high. It was asked if there was any legal impact on not doing some of the projects. The City could end up with some moratoriums and not being able to connect anyone to the system and there could also be failures in the system which could cause damages to properties which could possibly cause legal impacts. Council asked if there was a minimum increase that was needed if they weren't willing to increase SDC fees by four hundred percent. It was discussed that the biggest increase was in parks and how that could be reduced or put off until a later date and to concentrate on water, wastewater and stormwater at this time.

Councilor Conrad said for her the target was what was the need rather than the number. She felt the number needed to be matched to what the need was and that process was similar to what had been done. She felt any planning in the future must have some kind of basis of projection in the future and that was part of its strength and weakness. SDCs were so low and had been for years that any increase was going to be a lot.

Ron talked about priority rankings that Carollo Engineers used for the Master Plan projects.

Discussion was held on how did the City proceed with increasing the SDC charges in order to have the funds available to complete the priority list of projects for water, wastewater, stormwater, transportation and parks and at the same time keeping the increase affordable for development given the current economy. Some Councilors expressed their desire to lower the proposed SDC charges and how to go about doing that. To not look at the need or the projections but to mitigate the increase and then decide how to get to that number in each area for water, wastewater, stormwater, transportation and parks.

Moratoriums were discussed as being something that was probably a long way off and not something to worry about at this time.

Ron said the consultant had reminded Council not to play the numbers game. Different cities had different needs and you had to look at your own needs. For example, Eugene may have a lower water rate or water SDC because their water system was more current than Cottage Groves. The city's roads were in terrible shape, so the transportation SDCs were proposed to double, whereas another city may have a better road system and their SDCs may be the lowest on the charts. He said he understood the thoughts and concerns but Council needed to keep in mind that we were comparing values in the total numbers.

Mayor Williams thanked Ron for the reminder. He said years ago Eugene was able to do more with their system because they had received federal funds that kept their rates lower but those funds were no longer available.

Councilor Conrad said some also of the rates included administration fees and some of them did not which caused the comparisons to have too many variables.

A proposal to step in the rates over a number of years was discussed. At a recent Eugene Chamber of Commerce Economic Forecast, Economists from Lane County, the U of O and the State, estimated that the housing industry in the area wouldn't recover until 2014.

Councilor Fleck said he could support stepping in the rates over a number of years but couldn't support jumping to the \$14,018 figure.

Councilor Clark asked where did Council start, what priorities could be set, what was a number that Council could start with regarding SDCs. He said there was a problem with open ended budgeting. If you get to prioritize without a target it was a lot different than prioritizing if you said here was what was needed to have to spend this year.

Richard and Ron both discussed the challenges with SDCs and said that the money to do the projects on the Capital Improvement List came from development and in a one year period there wouldn't be enough funds generated so they would need to be collected over the course of normal horizon which is twenty year period. If the horizon is extended longer or the rates phased in, it would take longer to collect the funds needed to complete the projects therefore pushing them back.

Councilor Conrad asked Council if anyone was against getting figures that were just for the A-1 priority projects.

Councilor Murphy said she was if it meant pushing everything out because it was what exactly the current Council had inherited.

Councilor Munroe said he agreed.

Councilor Conrad said it would be pushing out the projects that had less priority.

Councilor Murphy said she wasn't sure if any of the project had been listed as no priority.

Councilor Fleck said he felt so strongly about not killing the industry right now that he would even vote to push back Priority Number 14 which would affect the flooding on his property.

Councilor Munroe said if it came down to necessities, his top three priorities would be water, sewer and storm drains. He said parks were a wonderful thing but not necessarily high on the priority in the situation the City was currently in.

Councilor Murphy said she thought transportation was a huge issue as well with the condition the streets were in.

Councilor Munroe said the gas tax was available to cover part of those costs.

Discussion was held on preparing a list of the most important projects or a priority list. Ron said the problem with that was that you could make a list of the most important projects that needed to be done but in order to avoid tearing up a street more than once, you would need to complete all the projects on that street at one time, which meant some of them could be high priority projects and some may be lower on the list. A list had been prepared which had been presented to Council which did prioritize the projects and costs that needed to be done. Some projects were highlighted and identified in the master plan as being done. Others were color coded for prioritization. Extending the horizon moves projects out another ten or twenty years and the hope is that they will survive during that time.

Richard said by doing that Council was gambling and what needed to be decided was what kind of gamble to take. Regarding the parks, Council could move them out further or leave them existing or only raise them by a 3 or 5 percent to try and keep them constant with what condition they are in now. He asked if that was something Council wanted staff to look at.

Councilor Fleck recommended that Council table this for another work session to get some information from staff and also if it was possible to have it broken out based on commercial versus residential.

Richard said what staff was looking for tonight was what information Council needed in order to move forward. He said staff could stretch the horizon and try to band-aid projects and that was one of the things that staff had tried to show in some of the work sessions but when you band-aid these things, it costs more.

Councilor Murphy said she couldn't swallow band-aiding. She said she could see Councilor Fleck's point regarding hurting the building industry but right now building was slower and she thought it would be easier to implement something now so that when it took off again, it was already in place versus the reverse effect. She used Creswell as an example, the massive growth that crippled the infrastructure. She said the flooding example she used earlier was exactly what the City was up against. She said Council needed to have a really hard look at it and vote on what was the best prevention.

Councilor Munroe agreed with Councilor Murphy about the homebuilders but it wasn't going to reflect so much on them then it was the buyer because they would pass on the cost.

Councilor Conrad asked about the table that contained original costs and how that could be increased.

Ron said he would find out and get the information.

Councilor Conrad said she believed that park SDCs should be paid not only by residential but by business and industry.

Councilor Munroe asked if there had been any survey done to see what the ratio was per capita for the parks was.

Richard said the Water to Woods study showed the City was behind in the ratio of acreage to population.

Councilor Munroe asked if it included the golf course. He also asked if it included the school district parks.

Richard said it did include the golf course but not the school district or Bohemia Park. The one deficiency was the City had more smaller parks than larger ones.

Richard outlined what information he had down that staff needed to bring back to Council at another work session:

- 1) Extend the horizon of water to thirty years.
- 2) Take the parks SDC and either leave it current or only adjust it by 3%, 5% or 10%.
- 3) Explore the option of businesses and industry paying a portion of the park SDCs. Also look into to see if other cities may be charging an access fee.
- 4) Leave wastewater as proposed.
- 5) Leave streets as proposed.
- 6) Leave stormwater alone and see what happened if we adjusted the water horizon to thirty years and maintained the parks at a lower amount and how that impacted the total amount.
- 7) Also to come up with a better chart that compared the meter equivalent and fixed units for residential and businesses. Use a comparison such as Walgreens in what they paid in SDCs and what they would pay with the proposal.

Richard said he would also encourage the Council candidates to attend the next Work Session and work a little harder on getting them there.

Mayor thanked staff for the presentation and council for their input.

There being no further business, Mayor Williams adjourned the regular meeting of the City Council at 7:44 pm.

The next regular City Council Meeting will be held September 27, 2010, at 7:30 p.m. in the Council Chambers at City Hall.

Trudy Borrevik, City Recorder

Gary Williams, Mayor