

CITY OF ALBANY
CITY COUNCIL WORK SESSION
Council Chambers
Monday, June 6, 2016
4:00 p.m.

MINUTES

CALL TO ORDER

Mayor Sharon Konopa called the meeting to order at 4:00 p.m.

ROLL CALL

Councilors Present: Mayor Sharon Konopa and Councilors Floyd Collins, Bessie Johnson, Rich Kellum, Ray Kopczynski, and Dick Olsen

Councilors Absent: Councilor Bill Coburn (excused)

BUSINESS FROM THE PUBLIC

There was no business from the public.

Konopa drew attention to the new podium in Council Chambers which was designed and crafted by Dr. Gary Goby. She requested that staff send a letter of appreciation to Dr. Goby.

Konopa advised that she will leave the meeting at 4:50 p.m. to attend a ceremony at the new pickle ball court at Eleanor Park; Councilor Floyd Collins will Chair the remainder of the meeting.

Konopa asked whether Council would like to forgo the City Manager's evaluation this year given that the City Manager is under a temporary contract and will be retiring next year. There was general agreement to forgo the evaluation.

STORMWATER UTILITY INITIAL RATE STRUCTURE

Utility Services Manager Mark Yeager gave a presentation on Stormwater Utility Development (see agenda file). He expressed appreciation to GIS and Engineering staff for their assistance in preparing the information. He said that Council previously directed staff to continue the process to develop a potential stormwater rate structure to be used in the rate-making process. Tonight, staff will describe a draft rate calculation process, as well as optional concepts for single family residential tiered rates and non-single family credit programs. No specific formal action is needed at this time; however, staff requests Council direction to proceed to the next step in the process.

Yeager said that revenue requirements of \$3 million were discussed at the April meeting. Upon review, staff identified the need to include an additional \$450,000 for account maintenance and billing costs. These are not new expenses and a corresponding reduction will be made in water and sewer costs. The revised revenue requirement is \$3.45 million.

Yeager said that generally accepted rate design principles were used to ensure the rates would be equitable, defensible, understandable, implementable, and that there is revenue adequacy. He described the initial rate design proposal, which includes two rates classes: single family residential (SFR) and non-single family residential (NSFR). The proposal includes a stormwater base fee that recovers costs attributed to customer-related services and general use areas, and an impervious surface charge with SFR based on one equivalent residential unit (ERU) and commercial NSFR based on an ERU multiple.

Collins asked whether a property with no discharge would receive a charge for the second component. Yeager said that each property in the community would be analyzed, that there would be no charge for vacant unbuilt parcels, and that whether properties not connected to a drainage system would receive an impervious surface charge is yet to be determined.

Yeager reviewed a graphic and described the process used to determine the base charge and impervious surface charge per account. He described the basic rate structure for SFR and NSFR, noting that potential adjustments for SFR tiers and NSFR credit options could be discussed further at a future meeting. He reviewed revenue requirements, including existing program requirements (\$1.3 million), recommended first-year funding (\$1.75 million), and projected fifth-year program costs (\$3.45 million). The requirements do not include stormwater capacity capital needs and are based on receiving a reasonable permit. Using projected fifth-year costs without SFR tiers or NSFR credits, the SFR monthly cost is estimated to be \$9.44 for the base fee and \$3.85 for one ERU, a total of \$13.29 per month. Examples of NSFR calculations and sample account billings are shown in the

presentation. Of the nearly 2,500 accounts, 83 percent of bills would be less than \$50 per month, 14 percent would be between \$50 and \$250 per month, 2 percent would be between \$250 and \$500, and 1 percent would be greater than \$500 per month. In response to questions from Council, Yeager provided clarifying information about the calculations.

Yeager showed 2015-16 Stormwater Rates in Oregon Cities by Population. He reviewed a potential option for SFR tiers that would be based on impervious surface area of the main structure on the property and would be revenue neutral within the SFR class. An optional NSFR credit program would likely impact revenue about 5 percent. These programs would not reduce the City's costs and may add costs for tracking. Any credit program would need to be carefully designed to keep administrative costs low and to be understandable and achievable by customers.

In response to a question from Councilor Rich Kellum, Yeager said staff found that SFR customers vary widely in terms of impervious area. Generally, there may be more impervious surface on a larger lot but there is likely also more pervious surface.

Konopa left the meeting at 4:50 p.m.

Yeager said stormwater activities are currently funded with \$700,000 per year from the sewer fund. Reassigning one-third of billing and account maintenance costs to the stormwater fund from the sewer and water funds would add \$225,000 to each of those funds. This could result in a sewer rate reduction of 6 percent and a water rate reduction of 2 percent, equating to an average SFR water and sewer bill reduction of \$4.13 per month. The net impact for the average SFR would be \$2.61 the first year and \$9.16 projected for the fifth year. NSFR reductions would vary depending on class, meter size, and usage.

Kellum asked why redirecting money from the sewer and water funds to stormwater would result in increased bills for customers. Public Works Engineering & Community Development Director Jeff Blaine said that a one for one reduction between sewer and stormwater isn't possible because the method of calculation is different. First year charges are lower because the City would continue to utilize street funds for capital projects as the program ramps up. The street fund is gas tax money that can only be used for streets. Street sweeping comes out of the street fund and although sweeping benefits stormwater quality, it has other benefits as well. For the purposes of the calculations, the street sweeping annual sum was divided in half, with 50 percent going to stormwater and 50 percent remaining in the street program.

Yeager requested Council's preliminary reaction and direction related to the proposed rate structure.

Collins said Council has discussed potential pitfalls of trying to balance simplicity and equity. He said staff is presenting five basic principles, a ramped system, offsetting reductions in water and sewer, potential tiered rates for SFR, and potential credits for NSFR. Because no credit is proposed for the street component, the City is looking at the ability to improve street maintenance or street capital. He thinks there is detail yet to be worked out, but he is encouraged that we are headed down the right track.

Kopczynski agreed with Collins in general. Since this is mandated by the federal and state governments, he asked whether it is necessary to come up with a formulation before we know the rules. Yeager said that while the stormwater permit is the driver in this process, the stormwater system hasn't had proper maintenance for many years. Blaine added that this is preliminary information and that following initial direction from Council, the process will include public outreach and assessment of the final permit from the DEQ prior to Council adopting any rates.

Collins said that if the DEQ permit exceeds federal standards in a way that Council feels is unreasonable, he would not object to raising the question of the Oregon constitution limitation on unfunded mandates.

Councilor Bessie Johnson said she isn't fond of the NSFR credit option because of the added staff time that would be required, but she wants to hear the rest of the presentation.

In response to questions from Councilor Dick Olsen, Yeager provided clarifying information about the NSFR credit options. In staff analysis and based on industry standards, gravel surfaces are considered impervious. Olsen expressed concern about the impact to auto wrecking yards that have large graveled areas.

Kellum said he is concerned about reasonability. The information provided shows that the fifth-year costs would result in Albany having the fifth most expensive program in the state, and that would be considered by businesses looking to place a facility.

Yeager requested Council feedback with regard to the reduced first-year funding level and the water and sewer rate reduction options. Staff is not requesting formal guidance, but rather feedback on the structure that would go out for public outreach.

Collins said he thinks both the first-year funding and the water/sewer reduction options should be included in the discussion.

Kopczynski said the information presented should be as simple and understandable as possible.

Kellum said the bottom line is that if the public has to pay more, that will raise the level of concern.

In response to a question from Johnson, Yeager said the information on rates in other communities came from a League of Oregon Cities survey. Some cities use flat fees and others use a combination of a base charge plus impervious area fee. The proposed structure is as simple as possible while still meeting the industry standard of being reasonably equitable and defensible.

Yeager asked whether Council would like staff to bring back potential SFR rate tiers and NSFR credit programs for consideration at the June 20, 2016, Council meeting.

Kopczynski said he likes the idea of giving customers an opportunity to reduce their rates; however, based on the discussion, costs go up when complexity is added. He isn't ready to make that judgement call but he would like to hear more.

Collins said he would like to hear from the public regarding greater equity with more tiers versus higher costs associated with a more complex structure.

Kellum said Council works for the citizens and equity is important. He thinks the amount that people use should have something to do with what they pay; he wants to consider tier and credit options.

In response to a question from Olsen, Yeager further clarified the projected first-year and fifth-year costs and rate structure as detailed in the presentation.

Yeager reviewed the public outreach strategy and requested Council feedback related to a potential open house.

Kopczynski said it would be important to have a shorter, more understandable presentation for an open house. Yeager said that staff would prepare a condensed presentation based on Council's feedback. Kopczynski said it would have been helpful to have tonight's presentation at a regular Council meeting so it would have been filmed and posted on the website.

Collins said an open house would provide an opportunity for residents and businesses to receive information and ask questions.

Blaine requested any feedback on the location of the open house and the role Council would like to have. City Manager Wes Hare said a potential location would be the Library meeting room. Kellum suggested that Council should attend the open house but not be part of the demonstration. Johnson agreed that Council should attend, hear the presentation, and be available to talk to people. It was agreed that staff will bring back additional information including potential dates for an open house.

Yeager gave an update on the DEQ draft stormwater permit. The DEQ issued an informal draft on May 2 and held an advisory committee meeting on May 10. The draft permit was substantially different than one staff had seen six months prior. Much of the rewrite was better but many issues remain to be resolved. Staff submitted written comments on May 24. Because it is in the informal draft stage, the DEQ took the comments but will not respond. A new draft is scheduled to come out for public comment July 1. There will be 30 days to respond to that draft, and the DEQ must respond to those comments. The final permit issuance is expected September 30. Staff is looking at opportunities to challenge and those will be discussed with Council at a later time.

In response to questions from Johnson, Yeager explained that the DEQ is attempting to issue one general permit that will apply to all Phase 2 communities. Staff has commented that it doesn't make sense to require a city like Albany, which has no base to work from, to do the same amount of work in 5 years as a city like Springfield, which has been working under a Phase 2 permit for 10 years; however, the DEQ seems to be deaf to that argument.

Collins asked how much of the proposed program is driven by implementation of regulations and how much is driven by City needs. Yeager said it's a mix of state and federal regulatory requirements and the needs of this City asset which requires attention. Public Works Operations Director Chris Bailey added that if the final permit is similar to the draft the City just commented on, the revenue requirement has been significantly underestimated.

Collins asked if any cities in Region 10 are issued permits directly from the Environmental Protection Agency (EPA). Yeager said the EPA issues permits in Idaho and Alaska; however, staff has been told that the EPA is in the process of doing the same things that the DEQ is now doing. Staff provided examples of items in the draft

permit that would create a burden on the City as well as developers, including requiring that the first one inch of rainfall be retained onsite with any land disturbance more than 5,000 square feet regardless of parcel size, and an assumption that municipalities will clean 25 percent of storm pipes annually. Last year, the City cleaned 9 percent of its total pipe network, which took a crew of eight people three months to complete.

Collins said that it's important to carefully evaluate state standards and implementation and federal standards and implementation, and that Council's previous direction that staff push back where they think the requirements are unreasonable is still valid. Johnson agreed.

Olsen reiterated his concern about how the requirements would affect auto wrecking yards and there was brief discussion about how particular properties might be affected. Collins noted that the City is looking at an increase in fees relative to what is required by the permit and reasonable maintenance of the City's existing asset. It was agreed that staff will bring back information on SFR tiers and NSFR credit program options at the June 20, 2016, City Council meeting.

BUSINESS FROM THE COUNCIL

Kellum said he has been approached by people who have concerns about food carts. He noted that this issue was raised in the past but was put off due to time constraints; he would like it to come back to Council prior to the legal system getting involved. Blaine said staff has heard from other communities that a multi-year process was needed to navigate the food cart discussion. If there are specific concerns related to compliance with existing regulations, he asked that those be relayed to staff for investigation and follow-up. Collins suggested that staff bring back additional information regarding the issues and potential timeframes for consideration.

Kopczynski asked about the status of Time, Place, and Manner (TPM) regulations for marijuana. Blaine said the issue is scheduled to come back to Council in July. City Attorney Sean Kidd added that the League of Oregon Cities has released generic TPMs for recreational marijuana uses. Collins was absent from the work session where this was discussed, and he requested copies of the maps and model code.

Collins said he would be absent from the June 20 and 22, 2016, City Council meetings.

CITY MANAGER REPORT

Hare said the Chair of the Human Relations Commission works at LBCC and has asked whether the City's logo could be used for an event called "Know Your Rights" to be held at LBCC on June 20. Mayor Konopa is scheduled to speak at the event. Hare understands the event will counsel people on their rights relative to immigration and citizenship. There was general agreement that use of the City logo would be allowed only if the request is coming from LBCC. Hare agreed to confirm and report back.

In response to questions from Council, Economic Development & Urban Renewal Director Kate Porsche affirmed that a meeting of the Albany Revitalization Agency (ARA) would be needed on June 15, 2016, in order to hold a previously noticed public hearing on the ARA Approved Budget.

Blaine provided an update on efforts to reach an agreement regarding infrastructure, streets, and utilities related to the Brandis property east of I-5. Staff met with the Department of State Lands which felt that the wetlands delineation, utilities, and road permits would be fairly straight forward, but that there may be issues with adding the adjacent area. Next steps will be preliminary design work and submittal of the wetlands permit application. An update is scheduled for the July 11, 2016, City Council Work Session.

ADJOURNMENT

There being no other business, the meeting was adjourned at 6:20 p.m.

Respectfully submitted,

Teresa Nix
Administrative Assistant

Reviewed by,

Jorge Salinas
Assistant City Manager/Chief Information Officer