

**CITY OF MILWAUKIE
CITY COUNCIL MEETING
DECEMBER 4, 1990**

The one thousand six hundred and thirteenth meeting of the Milwaukie City Council was called to order at 7:00 PM in the Milwaukie Center with the following Councilmembers present:

Roger Hall,
Mayor
Craig Lomnicki

Chere' Sandusky
Michael Richmond

Absent:

William Fitzgerald

Also present:

Dan Bartlett,
City Manager
Tim Ramis,
City Attorney
Charlene Richards,
Assistant to the
City Manager

Maggie Collins,
Community Development Director
Tim Corbett,
Public Works Director
Charles Mansfield,
Police Chief
Pat DuVal,
Executive Secretary

PUBLIC HEARING

Consider Business License Surcharge - Ordinance

Mayor Hall opened the public hearing on the adoption of an ordinance which imposes a business tax surcharge on businesses in the downtown area at 7:02 PM.

Mayor Hall explained the purpose of the hearing was to consider imposing a business tax surcharge on businesses in the downtown area. The revenue from this surcharge would be paid to the Milwaukie Downtown Development Association to fund downtown improvements.

Staff Report: Dan Bartlett, City Manager, presented the staff report in which the City Council was requested to adopt an ordinance to fund the Milwaukie Downtown Development Association.

Bartlett said the association had been in the formative stages of development for over a year. He said downtown agency funding would result from the three-member partnership of downtown property owners, business owners, and the City. The "Main Street" model, already implemented by many cities, was used to organize the Milwaukie Downtown Development Association. He noted that property values in the downtown area have been stagnant since 1983.

Correspondence: Letters in opposition to the proposal were received from Samantha Webb, President of J.M. Webb Co; A.E. Sprando, Electrodyne, Inc.; and Michael Ransom, Panduit Sales Corp.

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Audience Testimony: **John Wyatt**, 11240 SE 64th, Downtown Development Association Treasurer, and Key Bank employee spoke in support of the proposed ordinance. He said the MDDA had considered various funding mechanisms used in Oregon for similar projects. **Wyatt** said the association believes that the proposed three-year surcharge represents good value for the money for downtown businesses. He said he believed the association has the potential of making a positive impact on Milwaukie's future. He said the MDDA Board of Directors had considered surcharge rebates and the feasibility of installment payments for those businesses needing financial assistance.

Wyatt spoke for Paul Graham who was unable to attend the hearing. Graham wrote that he believed it was important that the downtown area have a unified voice in its development.

Suzie Terrell, 1895 SE Schaffer, West Linn, Milwaukie Travel employee, spoke in support of the proposed ordinance. She said Milwaukie Travel supported the surcharge and believed it would be a good investment in the future of the City.

George Van Bergen, 2336 SE Washington, spoke in opposition to the proposed surcharge ordinance. He addressed the notification process. **Van Bergen** said he and his tenants were concerned with the \$150 surcharge. He said he and his tenants did not generate traffic, and most of the business transactions were by telephone. **Van Bergen** said he did not believe the surcharge was applicable to these businesses. He said he did not believe it was equitable for a small business to pay to same surcharge amount as a larger one, such as Key Bank.

Jim Backenstos, 3626 Harrison, President Concerned Citizens, said he hoped the program would succeed. He said he also believed that the surcharge would force some smaller businesses out of the City. **Backenstos** said trust in local government was low, and he hoped that the manager would be selected outside of City staff. He expressed concern that passage of the property tax limitation would negatively impact the proposed economic improvement district.

Lowell Njust, tenant of Van Bergen property, spoke in opposition to the proposed surcharge ordinance. He said he believed that revival of the downtown area will be limited because of the proximity of major shopping centers. Downtown areas cannot provide unlimited parking space. **Njust** said he did not believe that imposing a surcharge against the business would accomplish anything. He urged that an incentive be created to encourage service businesses rather than retail outlets. He suggested that Main Street be converted to a walk-in mall for service businesses.

Gene Franklin, CPA, 10600 SE McLoughlin, spoke regarding the inequities of the proposal among the licensees. He said the proposed surcharge would represent a 600% increase of his regular \$25 business license. He asked why a small business would be required to pay the same amount as a large business. He presented the City Council with written comments from several business and property owners opposed to the proposed district.

Staff Comments: **Bartlett** said the Downtown Development Association had created a subcommittee to consider a rebate program for business and property owners who considered the surcharge inequitable.

Franklin said he believed the rebate program should be incorporated within the ordinance rather than considered by a subcommittee.

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Questions of Clarification: None.

Close Public Testimony: **Mayor Hall** closed the public testimony portion of the hearing on adoption of a business tax surcharge ordinance at 7:29 PM.

Discussion among Councilmembers: **Councilmember Sandusky** said she was concerned with the manner in which the surcharge was imposed.

John Wyatt, MDDA Treasurer, said the proposed surcharge had been considered the most simple method to administer. The business community had not indicated its opposition at the MDDA meetings. The association, therefore, had not considered altering the formula.

Mayor Hall said it seemed as if there were two alternate proposals. One proposal was based upon property value and the other upon the number of employees.

Wyatt said the property value was considered in the economic improvement district proposal, which is one of the three parts of the "Main Street" program.

Councilmember Sandusky asked if the formula used for business licenses could be used to determine the amount of surcharge.

Wyatt said the MDDA would be open to suggestions for altering the structure of the surcharge.

Councilmember Sandusky asked **Van Bergen** how he would structure the surcharge. **Van Bergen** said he would base the surcharge amount upon the number of employees.

Councilmember Richmond said there seemed to be unanswered questions regarding the equity of the proposal. He said he was not in agreement with the three-way type of support.

Councilmember Sandusky said the Council had recognized that the downtown area would be a service area, rather than a retail area.

Mayor Hall said the Comprehensive Plan had designated the downtown as a service area. The transition which is, or will be, occurring will not take place immediately. The downtown will need to remain a viable mixture of a service and retail. He said that he did not believe the downtown area was a healthy economic community.

Councilmember Lomnicki said the business community had sought help from the City for the future of the downtown area. He said the City was not forcing this concept upon the downtown. **Councilmember Lomnicki** said he supported the proposal as presented. He said he believed the main issue was City support of the downtown business community's desired direction.

Mayor Hall asked if information on the number of employees per business in the downtown area were available. **Bartlett** said this information was available, and City staff could prepare surcharge proposal based upon this mechanism.

Councilmember Sandusky said she would not support the proposal if this apparent inequity were not addressed. She said she would like staff to redraft the ordinance.

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Councilmember Richmond said he did not support the concept.

Decision by Council: It was moved by Councilmember Sandusky and seconded by Mayor Hall to return the ordinance to the City staff for reconsideration of the formula imposing the business surcharge. Councilmember Lomnicki agreed that another type of funding mechanism should be made available for Council review. Motion passed 3 - 1 with the following vote: Mayor Hall, Councilmember Lomnicki, and Councilmember Sandusky; Councilmember Richmond nay; no abstentions; Councilmember Fitzgerald absent.

Bartlett said the subsequent hearing would be tentatively scheduled for January 15, 1991.

AUDIENCE PARTICIPATION

Al Liane addressed the Council regarding road construction at 43rd and King Rd. He said the striping had not been completed, and he believed it was a traffic hazard. Tim Corbett, Public Works Director, said the project was scheduled, but the weather conditions have not been favorable. Liane said he was not satisfied with this response, because the project had been completed in dry weather.

Bartlett said local business owners had requested a change to the original striping plan. Although the paving project had been completed earlier, Clackamas County had to approve changes to the striping plan. Bartlett said the delay was in response to concerns by local businesses.

Jim Backenstos said he had attended a meeting with State Representatives and members of North Clackamas 12 School District, and it was decided that lack of trust for the public sector was a problem. He said he believed the a list of bills paid should be included in the Consent Agenda section of the Council packet.

OTHER BUSINESS

Consider Findings for Great American Development Zone Change Request - Ordinance, second reading

It was moved by Councilmember Sandusky and seconded by Mayor Hall to read the ordinance rezoning certain property from R-10 to R-7 for the second time by title only. Motion passed 3 - 1 with the following vote: Mayor Hall, Councilmember Sandusky, and Councilmember Richmond aye; Councilmember Lomnicki nay; no abstentions; Councilmember Fitzgerald absent. The ordinance was read for the second time by title only.

It was moved by Councilmember Sandusky and seconded by Mayor Hall to adopt the ordinance rezoning certain property from R-10 to R-7. Motion passed 3 - 1 with the following vote: Mayor Hall, Councilmember Sandusky, and Councilmember Richmond aye; Councilmember Lomnicki nay; no abstentions; Councilmember Fitzgerald absent.

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ORDINANCE NO. 1693:

**AN ORDINANCE OF THE CITY OF MILWAUKIE, OREGON,
AMENDING ORDINANCE NUMBER 1438, BY REZONING
CERTAIN PROPERTY FROM RESIDENTIAL-TEN (R-10) TO
RESIDENTIAL-SEVEN (R-7) ZONES (ZC-90-01).**

Consider Interim Personnel Rules

Charlene Richards, Assistant to the City Manager, presented the staff report in which the City Council was requested to consider the use of Chapter X, Sections 39 through 69 of the City Charter previous to amendment by the voters on November 6, 1990, and Civil Service Rules adopted April 28, 1987, as interim personnel rules until new personnel rules are adopted.

It was moved by Councilmember Sandusky and seconded by Councilmember Lomnicki to use Chapter X, Sections 39 through 69 as interim personnel rules until new personnel rules are adopted. Motion passed 4 - 0 with the following vote: Mayor Hall, Councilmember Lomnicki, Councilmember Sandusky, and Councilmember Richmond aye; no nays; no abstentions; Councilmember Fitzgerald absent.

Consider Compensation for Contract Attorneys

Tim Ramis, City Attorney, presented the staff report responding to Council's request for information comparing legal budgets of other cities in the state. He provided a table with figures from 16 jurisdictions comparing the cost per thousand residents. **Ramis** said the City of Milwaukie was next to the lowest of the cities compared for legal service fees. He said the numbers represent general governmental services and do not account for special counsel.

Councilmember Richmond said he believed this was further proof that the City of Milwaukie was within a prudent range. He said he believed the City was more adequately served by an external counsel offering of a wider variety of expertise.

Mayor Hall said he believed the City was receiving good legal counsel which compared favorably with other jurisdictions.

City Response to Metro Regional Urban Growth Proposal

Maggie Collins, Community Development Director, said she had been involved with a group seeking a grant from the Oregon Community Foundation. The proposed grant would provide workshops or seminars in which metropolitan residents could discuss the regional vision. **Collins** said the Milwaukie City Council was being asked for input regarding the grant proposal.

Councilmember Richmond asked if Metro had responded to this proposal. **Collins** said Metro had been supportive of the visioning process. She said if consensus were reached through this process, the goals and objectives could be included in the Metro growth plan.

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Councilmember Lomnicki said it seemed that the Oregon Homebuilders' Association was the only member of the group which had a financial interest in the planning process. **Collins** said the association had been included as a co-sponsor because it could offer balance to the group. **Councilmember Lomnicki** expressed concern that this was the only such group participating and suggested an industrial group be included. **Collins** said if the grant were received, the resulting process would be very broad.

Councilmember Lomnicki asked if this would in reality lend support to the Portland vision. **Mayor Hall** said he had believed this was an integration of metropolitan visions, moving to a common goal. **Collins** said if the grant were received, the group would work toward broad, generic vision for the entire region. **Collins** said working with the City of Portland might broaden the concepts of all involved.

It was moved by **Councilmember Richmond** and seconded by **Councilmember Lomnicki** to authorize the Mayor to sign a letter on behalf of the Milwaukie City Council supporting the concepts underlying the Regional Alternatives Plan grant proposal. Motion passed 4 - 0 with the following vote: Mayor Hall, Councilmember Lomnicki, Councilmember Sandusky, and Councilmember Richmond; no nays; no abstentions; Councilmember Fitzgerald absent.

CONSENT AGENDA

Mayor Hall discussed the request by **Backenstos** that the bills be included in the City Council packet. It was the consensus of Council that the report be included in the Information portion of the packet.

It was moved by **Councilmember Sandusky** and seconded by **Councilmember Lomnicki** to adopt the Consent Agenda which consisted of the City Council minutes of November 20, 1990. **Councilmember Lomnicki** requested that his comments on page 5, paragraph 5 be amended to state, "The City would support the economic improvement district as it support LID's." Motion passed 4 - 0 with the following vote: Mayor Hall, Councilmember Lomnicki, Councilmember Sandusky, and Councilmember Richmond aye; no nays; no abstentions; Councilmember Fitzgerald absent

INFORMATION

No additional information items were discussed.

RECESS TO EXECUTIVE SESSION AND RECONVENE

Mayor Hall convened the Executive Session to discuss real property transactions, ORS 192.660 (1)(e), and a personnel matter 192.660 (1)(b).

Charlene Richards, Assistant to the City Manager, reviewed a leave request. She noted that the Council had the discretion to grant this. The COBRA law allows continuation of health benefits for up to eighteen months. **Richards** suggested a final six month extension.

Dan Bartlett, City Manager, reviewed contact with a property owner. He noted that ownership of the property would be consistent with the City's long term plans. Councilmembers discussed the parcel and potential acquisition price. They wanted to be sure that environmental issues were thoroughly investigated.

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The City Council returned to open session. It was moved by Councilmember Sandusky and seconded by Councilmember Richmond to authorize the City Manager to negotiate with Chevron to acquire their parcel for public purposes. Motion passed 4 - 0 with the following vote: Mayor Hall, Councilmember Lomnicki, Councilmember Sandusky and Councilmember Richmond aye; no nays; no abstentions; Councilmember Fitzgerald absent.

It was moved by Councilmember Richmond and seconded by Councilmember Sandusky to grant a final six month extension to Don Rea from the date that his previous leave expired. Motion passes 4 - 0 with the following vote: Mayor Hall, Councilmember Lomnicki, Councilmember Sandusky, and Councilmember Richmond aye; no nays; no abstentions; Councilmember Fitzgerald absent.

ADJOURNMENT

Mayor Hall adjourned the meeting at 9:50 PM.

Pat DuVal

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