

MINUTES

MILWAUKIE CITY COUNCIL WORK SESSION FEBRUARY 3, 2004

Mayor Bernard called the work session to order at 5:30 p.m. in the City Hall Conference Room.

Councilors present: Barnes, Lancaster, Loomis, and Stone.

Staff present: City Manager Mike Swanson, and Community Services Director JoAnn Herrigel.

Interview Applicant for Cable Access Studio Ad Hoc Committee

The City Council interviewed Jamal Harvey for a vacant position of the Cable Access Studio Ad Hoc Committee.

Consider Letter of Support for North Clackamas Parks and Recreation District System Development Charges

Mayor Bernard noted the information he had e-mailed the Council regarding his position on this issue.

City Manager Mike Swanson said he spoke with the North Clackamas Parks and Recreation District (NCPRD) Director Charlie Ciecko and Planner Michelle Healey about the system development charge (SDC) currently being considered by the Clackamas County Commissioners. The hearing on the first reading of the ordinance is scheduled for February 19 Commission meeting.

He discussed the SDC and the process the District had been through in developing the proposal. Swanson indicated he had generated the letter of support and that the District had not requested it. In 1994, he negotiated the first SDC for the Parks District that is still in effect. At that time, the issue was of most concern to the homebuilders. He spent several months discussing the issue with homebuilders and the process literally went right up to the time the Commissioners voted on putting an SDC in place. The homebuilders had never supported an SDC, but they ultimately accepted the \$950 charge.

Swanson touched on the problems facing the Parks District and the disagreements between the District and the City of Milwaukie regarding fair distribution of SDC funds. The first recommendation from the District was traditional; however, the proposal before the City Council at this meeting shows some creative thinking. The zoned approach is an attempt to make sure that areas are adequately represented in terms of the amount of money returned to them. He applauded the District for listening and coming up with a solution to Milwaukie's problems.

Swanson only had time to briefly review Mayor Bernard's memo but wanted to bring up several things. He referred to staff report Exhibit B. The original capital improvement plan (CIP) upon which these SDCs are ultimately based was in excess of \$200 million. Projects were trimmed, and the cost was reduced to \$91.92 million of which \$38.8 million is SDC eligible. Of that, \$33.7 million will be funded by SDCs that are levied on residential properties. Since 1994, the homebuilders have supported the parks SDC, and the industry is shouldering \$33.7 million. The employee share is \$5 million. If the employee share were eliminated, who would shoulder that \$5 million? The choice would be to reduce the CIP by \$5 million, or increase the residential share by \$5 million.

Swanson said in some ways that seems like a small amount. One of the questions is how one justifies a charge on employees. It is, first of all, a one-time charge of \$97 per employee when a business locates. These figures are fairly simplified and straightforward. The fact that there is little in the way of trails will eventually be made up in part by the money generated through SDCs. Eligible projects in Milwaukie include a much bigger infusion of money for the riverfront, Spring Park, and the Trolley Trail. Swanson feels the benefit to Milwaukie is relatively dramatic. He understands no one likes SDCs, but the District staff has been able to bring the homebuilders on board. He prepared a letter of support from the Milwaukie City Council to the Clackamas County Commissioners based on his belief Milwaukie will see benefits. He noted Michelle Healey, NCPRD planner, was present to answer questions.

Councilor Barnes asked for more information on the \$5 million multi-sports complex, since there are so many problems with the aquatic center. Is there is actually a need?

Healey said the sports complex proposal is based on community survey responses. The concept is to partner with the school district to put in new playing fields. In survey responses, people said they wanted this type of facility, but, Healey added, they may not want to pay for it. Portions of projects are SDC eligible, but not all. There will likely be a bond measure sometime in the next 20 years.

Councilor Stone noted the multi-sport complex was rated a number 1 priority. What does this mean in terms of a timeframe?

Healey said the projects were placed on one of two tiers. Priority 1 project would be set for 2004 – 2014 with priority 2 projects scheduled for 2014 to 2024. There is some flexibility in scheduling projects as well as adding and deleting them. These projects provide a foundation for establishing the Parks SDC and is based on the previous plan, current population, and residential and employment projections.

Swanson added the master planning process included a lot of community input from surveys and open houses. His impression of the current District director is that he is a good listener, and this is an attempt to reflect what staff heard during the community process.

Healey believes it is important to keep in mind the opinions expressed by the community and advisory committee members.

Councilor Loomis commented there have been quite a few studies done that indicate significant shortage of fields in the District. There are probably about three District ballfields, and most of the other fields are School District property. There is a great need for these fields.

Healey said one of the action items is to work with the School District to develop or upgrade 29 fields.

Councilor Loomis said a lot of the pressure is coming from the eastside where no new fields have been developed. There is a real shortage, and adults only have access to North Clackamas Park and Ann-Toni Schreiber Park. He discussed use by all types of groups and the benefits of an artificial surface that would not be destroyed in wet weather. Deliverables identified in the original intergovernmental agreement between Milwaukie and the District have fallen short. He believes Milwaukie should have kept its parks department, but that is in the past. He has met with the new District director and believes he is a doer and is building bridges. Loomis believes it is time to give it a shot to see if it will work. He is in support of the letter to the County Commissioners.

Mayor Bernard said SDCs only pay for capital, and the maintenance issue still needs to be addressed. He has been appointed to a board for the community process and was involved in the master plan. Additionally, he was on the District Board for some time and involved in developing the master plan. He feels he has strong knowledge and is a supporter of the park system, but he does not support the draft letter to the Commissioners. He feels Clackamas County needs to attract business, and he is concerned this SDC paralyzes companies from bringing jobs into the County. The homebuilders are comfortable with the SDCs, but they are not the ones constructing the commercial facilities or bringing businesses into the County. He believes there is another solution. He provided a written copy of his position for the record.

Swanson said the latest per employee charge is \$97 in Zones 1 (Milwaukie) and 2 (area west of I-205) and \$149 in Zone 3 (area east of I-205).

Councilor Stone understands currently the SDCs for businesses do not have a per employee charge.

Healey responded there is currently no park SDC for businesses.

Councilor Loomis thinks this proposal addresses the use of facilities by large companies for employee activities such as adult softball. There is an impact on facilities.

Healey added the non-residential is not calculated for neighborhood parks based on the assumption that employees will not be using those parks. Employees may, however, use other facilities such as trails, community parks, and multi-sports complex.

Councilor Loomis asked if the Milwaukie Park and Recreation Board (PARB) had made a recommendation.

Community Services Director JoAnn Herrigel said Cieccko came to the last Board meeting, and the only comment made was that the SDC for Milwaukie might be low. The issue was that Milwaukie has many parks it wants to improve, so perhaps the City was shortchanging itself. The Board was generally positive about the proposal. Herrigel looked at all the projects and was happy with all those that made it on the priority list. Spring Park was changed from priority 2 to priority 1 because it is the entrance to Elk Rock Island and, therefore, has regional impact. It is also a project, which Island Station wants to move on soon. The District has been responsive to any suggestion or recommendation made by Milwaukie.

Councilor Loomis commented that communication is a major step forward.

Mayor Bernard believes the zoning idea is great, but there is no assurance there will be any development. He is concerned that businesses may decide not to locate in Clackamas County. Portland, for example, is adding a lot of taxes, and people are looking at moving their businesses elsewhere. There is a big problem if park maintenance cannot be funded. He supports the list of projects 100%, but why build them if there are no funds for maintenance?

Councilor Lancaster served on the Parks Board and went through the process of restructuring the debt, put together a bond measure campaign that failed by only a few hundred votes, and subsequently went through the torture of laying off quality personnel in order to keep the District together. He does not disagree with any of the positive statements made and has the highest regard for what the Parks Board has done. Lancaster spent time on the master plan and believes it is a good one. For him it is an issue of timing, and now could not be a worse time for adding a tax for any reasons. We are trying to create jobs in Clackamas County and development in Milwaukie. He might be willing to support the SDC in the future. The fact that the homebuilders support it shows the SDC is reasonable and a workable formula. Oregon has the second highest unemployment in the nation, and Clackamas County is trying to create jobs. It is the perfect time not to implement charges while Portland is raising its taxes. Once development begins, businesses will have the resources for additional amenities. It is a timing issue for him, and he cannot support the SDC.

Swanson said there is an important distinction. We have seen what is going on in Portland as businesses face annual taxes that will continue for the foreseeable future. The proposed SDC is a one-time charge asking new development to pay the cost of doing business. Surveys indicate that people support making new demand pay its way. This is capital, but given the past decade there is not going to be a desire to make the

capital investment if the operations money is not there to support it. The distinction between a tax and charge needs to be made. This is a one-time charge and will not appear on the annual assessor's statement.

Healey added these rates were calculated based on what is here now and what is projected. Deficiencies grow as people are added. Growth should have been paying as it was occurring. There are still large developments on Sunnyside Road. Exhibit A shows the District is low, which developers even acknowledge.

Councilor Loomis stressed the need. Some of the parks bonds were narrowly defeated. The greatest downfall of the District is that it is not able to do enough. People will support the District if it gets going. Ciecko seems to be a doer, but he does not have a lot to work with. Eastside development is putting pressure on the east side. New houses and businesses come to a community not for simply jobs and schools but also to recreate. Facilities have been lacking since 1994.

Healey understands the maintenance issue is a challenge. Recently the District has been working on creative partnerships such as Altamont where the neighbors are putting in money for maintenance. Adopt a park is another idea for parks maintenance.

Councilor Stone agreed there is a need for more parks because of growth, but it seems to her, if the District cannot maintain what it has, then it does not make sense to continue to build. Why can this money not be used for maintenance?

Mayor Bernard said SDCs could only be used for future capital.

Councilor Stone felt that creates a hardship for everyone. She asked what would have to be done to change that?

Swanson said the theory behind SDCs is that they respond to an increased demand on the system. Generally the industries that are assessed SDCs have argued successfully, and he believes there is some rationale that increased demand should be limited to capital with future users picking up the operational expenses. He believes SDCs throughout the country are limited to capital investment only. Those who follow pick up operational costs through levies or dedicated property taxes.

Healey says the assumption is that new growth increases the tax base.

Councilor Loomis said the District does a pretty good job of maintenance considering the cuts.

Healey said 4 or 5 people maintain the entire District.

Mayor Bernard agreed they do a great job considering the limitations. There is not enough income, for example, to keep the aquatic park repaired, and it is draining the

system. Fixing that would solve many of the problems. A lot of property is sitting in banks that could be developed.

Councilor Lancaster commented it would take a huge capital investment to make the aquatic park viable again.

Councilor Stone asked about the breakdown of the SDCs. Currently the SDC is at \$950, and in the breakdown a single family is \$1,817. What percentage of the current SDC is Milwaukie only money.

Healey said right now it is all in one district-wide pot.

Councilor Stone sees the proposal on the table would divvy it out. It appears Milwaukie gets about 25%?

Councilor Loomis asked if there would not be four pots in this scenario.

Healey said that is correct. There are the three zones and the district-wide pot for projects such as Spring Park and the Milwaukie riverfront.

Mayor Bernard thinks the zoning is a great idea. He actually participated in putting certain parks in special zones. He would certainly want to put some capital development on the riverfront, but he just does not feel now is the right time. There should be SDCs on houses. He suggested reducing the package and putting it onto the housing, since the builders feel good about it.

Councilor Stone understands this charge is on new development, and Milwaukie is built out. Essentially, the charge in Milwaukie will be on commercial development, infill and redevelopment. In her opinion it might not be a bad idea to stop some of the infill.

Councilor Barnes and **Councilor Loomis** were in favor of the proposal.

Councilor Stone is leaning toward supporting the proposal but has some reservations because of the timing.

The group agreed to discuss the letter at the next work session.

Proposed Budget Calendar for FY 2004 – 2005

Due to time constraints, the group agreed to discuss this at the next work session.

Mayor Bernard adjourned the work session at 6:15 p.m.

Pat DuVal
Pat DuVal, Recorder
