

**CANBY CITY COUNCIL
WORK SESSION MINUTES
January 15, 2020**

PRESIDING: Mayor Brian Hodson

COUNCIL PRESENT: Trygve Berge, Traci Hensley, Greg Parker, Sarah Spoon, and Shawn Varwig.

COUNCIL ABSENT: Tim Dale

STAFF PRESENT: Scott McClure, City Administrator; Joseph Lindsay, City Attorney; Melissa Bisset, City Recorder; and Julie Blums, Finance Director

OTHERS PRESENT: None

CALL TO ORDER: Mayor Hodson called the Work Session to order at 6:15 p.m. in the Willow Creek Room.

PERS UPDATE:

Finance Director Julie Blums, gave an update on PERS. She explained the history of PERS and the various programs: Tier One, Tier Two and the Oregon Public Service Retirement Plan (OPSRP).

She explained that SB 1049 was recently passed and it:

- Capped contributions of salaries over \$195,000
- Extended UAL amortization period
- Shifted a portion of the employee IAP contribution to fund pension costs
- Changed rules regarding retired employees returning to work.
- Created an Employer Incentive Fund.

Ms. Blums explained the Employer Incentive Fund opened in December and the City was approved for up to \$500,000. It was first come first serve and all the money was spoken for and there was a waiting list. She showed a chart with the options for how much the City wanted to contribute and what the savings would be in future years by reducing the rate. Option 1 was if the City contributed \$250,000, the annual rate reduction would be .35% and over a 16 year period that came out to about \$495,000 in savings. Option 2 was if the City contributed \$300,000, the annual rate reduction would be .42% and over a 16 year period that would be \$594,000 in savings. If they put in \$400,000, the annual rate reduction would be .56% with a savings of \$793,000 and if they put in \$500,000, the annual rate reduction would be .7% with a savings of \$991,000. If they took out the initial contribution, the net savings would be \$245,000 to \$491,000. PERS was estimating that their annual rate of return was 7.2%. The rate was amortized out over 20 years and right now the City was earning 2.25% in their bank account. That meant there would be a 5% increase if the City were to move it to this fund. There was approximately \$229,000 in reserve funds for PERS. She showed what would need to be taken out of all the funds in order to get to the options she had discussed for the Incentive Fund. Most departments could not fund the \$400,000 and \$500,000 options. She noted they had started the year with an extra \$240,000. This was one-time money that could be used for this program. She recommended contributing at the highest level possible to get the most savings. The charge would be put into the budget next year and they could charge each fund the additional contribution amounts needed to reach their target in July

2020. It would be a part of the FY 20-201 Budget. She explained the \$240,000 came from higher than projected revenues and lower expenses.

Councilor Spoon asked if there were any risks involved with this program. Ms. Blums said the risk was that the City would not have the cash on hand if something catastrophic happened. Over time they would get a better interest rate and would save money.

Mayor Hodson asked about the separate reserve of \$229,000. How would they pay their current PERS payout? Ms. Blums said they would use the \$229,000 for this program as well. The current PERS payout was a separate line item. It was noted that the amount they contributed and the State contributed would go into an account that would be dedicated to the City's PERS rates.

Ms. Blums recommended to get to the \$500,000 they use \$201,000 of the \$240,000 that was extra in the budget as well as the \$229,000 and the rest would come from all the other funds. Once these funds were put in this program, they could not be accessed by the City. They would be used to buy down the rates in future years and it would go away in 16 years.

It was noted that there were still reserves. The current reserve was estimated 33-35% by the end of this year.

Discussion ensued regarding risk and the rate of return for this program.


Mayor Hodson wanted to make sure they were updated annually on the rate of return.

Ms. Blums stated that PERS valuations were for approximately three years and were advisory rates only. There would not be a rate change until 2021/2022 and it would be based on December 2019. This fund would not go into effect until the next rate change. Even though this was a 16 year program, the model was for a 20 year period. The amortization period was 22 years.

Councilor Parker asked how this would be accounted for in budget. Ms. Blums stated it would be included in the personal services section. It would only be in the budget one year and after that it would be off the books. The savings would then be reflected in the PERS line item of the budget.

There was consensus to make a contribution of one of the higher numbers and to include it in the budget.

The Work Session was adjourned at 6:55 p.m.



Melissa Bisset
City Recorder



Brian Hodson
Mayor

**CANBY CITY COUNCIL
REGULAR MEETING MINUTES
January 15, 2020**

PRESIDING: Mayor Brian Hodson

COUNCIL PRESENT: Trygve Berge, Traci Hensley, Greg Parker Sarah Spoon and Shawn Varwig.

COUNCIL ABSENT: Tim Dale

STAFF PRESENT: Scott McClure, City Administrator; Joseph Lindsay, City Attorney; Melissa Bisset, City Recorder; Jamie Stickel, Economic Development Director; Julie Blums, Finance Director; and Irene Green, Library Director.

OTHERS PRESENT: Joyce Ares, Catrina Nelson, Bob Cambra, Sarah Rodriguez, Lois Brooks, Patti McAlpin, Steve Thoroughman, Barbara Karmel, Mark Triebwasser, Cindy More, and Linda Warwick.

CALL TO ORDER: Mayor Hodson called the Regular Meeting to order at 7:04 p.m. in the Council Chambers followed by the opening ceremonies.

COMMUNICATIONS: None.

PRESENTATION: Friends of the Library Presentation – Joyce Ares, Chair of the Friends of the Canby Public Library Board of Directors, stated that she was at the end of her term on the Board. They would be electing two new members to the Board next month. They had promised to do \$22,500 worth of programing this fiscal year. She provided a background on the last seven years of the existence of the Friends of the Library Board. In the first year there was a request for \$10,000 worth of programing and each year it had gone up in the amount. They had just received the request for next fiscal year, which was \$21,800. The contributions paid for programing for adults, children, preschoolers, and teens. She presented the check to the City and introduced the other Board members in attendance.

Recognition of the Government Finance Officers Association's Distinguished Budget Presentation Award – Mayor Hodson explained this award was the highest award in governmental budgeting. It was awarded to the City's Finance Department on November 11, 2019. The Mayor presented the award to Julie Blums, Finance Director. This was the third year that the City had received this award.

CITIZEN INPUT & COMMUNITY ANNOUNCEMENTS: Paul Ylvisaker, Canby resident, stated last time he came to Council he gave definitions of the words he had used in the petition to stop the fireworks at Canby High School football games. The consequences to the variance the Council approved for use of the fireworks was a form of discriminatory behavior and was abusive to the residents and pets that resided in the neighborhood. It was a new year and a new decade and it was a time to move Canby forward as a community that did not tolerate discriminatory behavior in any form.

Bob Cambra, Canby resident, discussed the need to develop a strategic plan for taking jurisdiction of County roads that were in the City. He wanted to make sure they recognized the delicate balance between the need to bring in those roads and the existing road projects. He thought the road projects needed to be included in the strategic plan and should be high priority, especially N 10th Avenue and N Locust Street.

MAYOR'S BUSINESS: Mayor Hodson stated the next Parks and Recreation Advisory Board meeting would be on January 21. It would be a joint meeting with the Bike and Pedestrian Committee to discuss the Logging

Road Trail project. He reminded Council of the January 23rd Clackamas County Cities Association Dinner, the February 6th First Thursday, Business Showcase, and State of the City Address, and the February 29th City Council Retreat.

COUNCILOR COMMENTS & LIAISON REPORTS: None

CONSENT AGENDA: ****Councilor Hensley moved to adopt the minutes of the December 18, 2019 City Council Meeting and to approve the appointments to the Heritage and Landmark Commission, Library Board, Parks and Recreation Advisory Board, and Traffic Safety Commission. Motion was seconded by Councilor Varwig and passed 5-0.**

RESOLUTIONS & ORDINANCES:

Resolution 1330 – Jamie Stickel, Economic Development Director, explained the Rural Strategic Investment Zone application from Columbia Distributing who would be locating in the Industrial Park. She explained the Rural Strategic Investment Zone was a Clackamas County program. It provided an incentive for projects \$25 million or more and the business paid full property taxes on the first \$25 million investment. The taxes on the property in excess of \$25 million would be abated for 15 years. Businesses would pay a community service fee of 25% of the abated taxes or \$500,000 per year, whichever was less. The community service fee was intended to be first used to mitigate the direct impacts of the development and then to fund high priority projects or programs in the community. She explained the process for applying for the zone which had to be approved by the City, County, and Oregon Business Development Commission.

Councilor Parker asked if the other taxing districts had a role in this. Ms. Stickel said they were not required to notify the other taxing districts at this step. If the agreement was approved, the other taxing districts would be part of the discussion for how the community service fee would be distributed.

Councilor Parker asked if the tax amount was on the assessed value. Joe Lindsay, City Attorney, explained once the building was completely done, the assessor would determine the value of the property and that was how they came up with the tax amount. The eligibility for this project was triggered by the fact that they were investing more than \$25 million into a rural community. It was a different valuation than what it would be assessed at. He thought the first \$25 million would be taxed at the regular rate and anything above that would be abated.

Councilor Parker did not think they would be taxing \$25 million, but they would be taxing \$21 million because that would be what the project would be assessed.

Mr. Lindsay said the applicant must honor the agreement and meet what was in the agreement.

Councilor Parker stated that his constituents complained about the impact of traffic with this project. What he had told them was that the City would be getting taxes to address those impacts. He was not aware that this zone was in play with Columbia Distributing. He assumed that the City would be taxing on the \$65 million project. He would like to know the exact amount of money that would be collected. He stated he was told by the City Attorney that this was not really an application, but a procedure and that once the application was turned in, they had to approve it. He wanted to be able to explain the impact of this decision to his constituents.

Scott McClure, City Administrator, said the rough figures on a \$20 million project were \$342,000 in tax revenue. He thought they would be talking about at least \$350,000 in tax revenue for the first \$25 million. There was an income tax off-set for this program from the State which could be up to \$603,000 per year, but it might

not be a permanent program. He thought there was substantial money coming into the community even with the incentive package. How it was allocated would be a different discussion.

Councilor Parker asked if this project would have come to the City without the incentive package.

Ms. Stickel stated the discussions about using this zone started in April 2018. It was one of the biggest tools they had to use to bring in the project.

The Council expressed concern with not having the information earlier.

Mr. Lindsay explained the decision could be delayed as this would not go into effect until the property was developed and the business was up and running, and then it would be the next January after that. The applicant was starting to build and had applied for this zone and the City and the County had discussed what the agreement should look like to follow the statutes. The City was the first party to make a decision on the agreement, and then it would go to the County and then Business Oregon.

Discussion ensued regarding wanting more information earlier so the Council would be more informed.

Councilor Spoon also agreed that this would have been good information to have sooner when talking to constituents. It sounded like something the Council had to approve, and delaying it would not change that.

Mr. Lindsay pointed out that there used to be zero taxes on the property, and they would be getting \$25 million value of tax with an abatement that in 15 years would go away and the full amount would be taxed. There was also an income tax. He thought there was value to the incentive, but he apologized for not giving Council those talking points sooner.

Mr. McClure said they could delay this to the next meeting, but they were in the middle of the process where the City needed to take action so it could go to the County and then the State, which only met quarterly. They had a company that had in good faith applied for this program and decided to come to this community based on this incentive package.

Cindy Moore, Clackamas County Business and Community Services, gave a background on the program. The zone was put in place in 2010 and this was the first application to use the zone. This was one of the tools to keep them competitive as a community.

Jim Davis, Fire Chief, read a letter he had submitted to the Council that night requesting the Council to table the resolution to allow the Fire Board time to review the information. The Fire Board would be meeting on January 22. The Fire District was not opposed to this development, but had to provide fire and EMS services not only to this complex but to numerous other businesses in the City. He thought all of the taxing districts needed to be well aware of this and the impacts before the Council took action on the resolution. The application should have been turned in and approved before construction. For the most part, the building was done and the Fire Department had spent a great deal of time inspecting the building. He did not think the City had to approve the application per the Fire District's attorney. If the agreement was approved, it was estimated that the Fire District would lose up to \$60,000 per year if they received 25% of the community service fee. If they received less than 25%, they could lose up to \$85,000 per year. They wanted to work with the Council and find a resolution to this.

Steve Thoroughman, Fire Board Chair, stated Canby Fire had a long history of working with the City. They had no idea this was coming and he asked that the process be slowed down.

Councilor Parker asked if the applicant should have waited on the construction until the application was approved by Business Oregon. Ms. Stickel said Business Oregon had been working with them, and said they were in compliance.

Mr. Lindsay clarified the statutes did not have a timeline for when the application and construction needed to happen. It just had to be new construction.

The Council asked for clarification from Business Oregon that the sequence of the construction of the building prior to approval of the application was acceptable. Staff would also find out if Columbia Distributing would own the building or would be leasing it and who would be the entity benefitting from the zone. They would also like the School District contacted to let them know about this process.

****Councilor Hensley moved to table Resolution 1330 to February 5, 2019. Motion was seconded by Councilor Varwig and passed 5-0.**

Ordinance 1521 – Mr. McClure stated this ordinance would authorize construction of a pump station on S Ivy to serve multiple development projects. The winning bid was under budget at \$588,861.25.

****Councilor Varwig moved to adopt Ordinance 1521, AN ORDINANCE AUTHORIZING THE CITY ADMINISTRATOR TO EXECUTE A CONTRACT WITH CLACKAMAS CONSTRUCTION, INC. FOR THE SOUTH IVY STREET SANITARY SEWER PUMPING STATION IMPROVEMENT PROJECT; AND DECLARING AN EMERGENCY to come up for second reading on February 5, 2019. Motion was seconded by Councilor Hensley and passed 5-0 on first reading.**

NEW BUSINESS: None

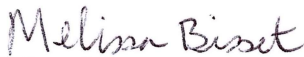
CITY ADMINISTRATOR'S BUSINESS & STAFF REPORTS: Mr. McClure gave an update on the public input on the Splash Pad project. The majority were in favor of Option 1 with a minor change and it would go back to the architect. He still thought the work could begin early summer. He also gave an update on the Quiet Zone project. The price was going up and they would need to look at funding options. There was an offer made for the new Transit Director and background checks were currently being done.


Melissa Bisset, City Recorder, gave an update on increasing communications with the public including a new City newsletter and more social media posts.

ACTION REVIEW:

1. Approved the Consent Agenda.
2. Tabled Resolution 1330 to come back to Council on February 5, 2019.
3. Approved Ordinance 1521 to come up for second reading on February 5, 2019.

Mayor Hodson adjourned the Regular Meeting at 8:39 p.m.


Melissa Bisset
City Recorder


Brian Hodson
Mayor

CANBY CITY COUNCIL
WORK SESSION MINUTES
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COUNCIL ABSENT: Tim Dale

STAFF PRESENT: Scott McClure, City Administrator; Joseph Lindsay, City Attorney; Melissa Bisset, City Recorder; Julie Blums, Finance Director; Jamie Stickel, Economic Development Director

OTHERS PRESENT: None

CALL TO ORDER: Mayor Hodson called the Work Session to order at 8:29 p.m.

Discussion on Potential Redevelopment of the Former Library – Jamie Stickel, Economic Development Director, said when the City moved into the new building on NE 2nd Avenue, they opened requests for expressions of interest for the former library building at 292 N Holly Street in both 2017 and 2018. Three proposals were received in 2017 and four were received in 2018. The City had decided to retain possession of the building and redevelop it into a public market with office space in the back corner. LRS Architects did exterior and interior renderings as well as cost estimates for the work. The estimates came in substantially over budget at \$3.5 million. At the beginning of this year, three different interested parties had contacted the City, two looking to purchase and one looking to lease and/or purchase the building. She asked if the Council wanted to open it up again for requests for expressions of interest.

Councilor Spoon asked what happened to the grant money if they decided to go a different way. Ms. Stickel said it was possible that it could be a pass through grant.

Councilor Spoon asked if the people who expressed interest would share the Council's vision for the building. Ms. Stickel thought at least one would.

Scott McClure, City Administrator, said they were getting to the end of life on the Urban Renewal District and they had to be careful about extra costs. Potentially there wouldn't be extra costs if the City was able to sell the building and someone else paid to upgrade the building which would protect those Urban Renewal dollars.

Councilor Hensley was not interested in the City being a landlord and was willing to entertain more offers.

Mayor Hodson asked if there were things they could do to reduce the \$3.5 million cost. Ms. Stickel said these were standard upgrades, such as the bathrooms, hardware, and walls. There was nothing big or glaring that could be removed that would bring the number down.

Mr. McClure said they were taking an open shell building and breaking it into pieces with separate pods and new HVAC, plumbing, walls, commercial kitchens, flooring, etc. The price for each of these pieces added up.

Councilor Berge asked about the return on investment for making these improvements. Ms. Stickel stated when they looked at the proposals from the last expressions of interest, they had looked at what other leased spaces downtown were going for and it was anywhere from \$0.78 per square foot to \$1.38 per square foot per month.

They did not have leasing numbers in place, but had hoped to make it work with what they had.

Councilor Varwig asked if they had looked into the cost of leveling the building and rebuilding a new one. Mr. McClure said it would still be a lot of money.

Councilor Varwig was not in favor of the City being a landlord and thought they should look at other proposals.

Ms. Stickel noted that there was currently momentum for businesses to come to downtown.

Councilor Spoon asked if they could have a short timeline for applications since there was interest.

Councilor Berge said as they grew, parking downtown would become an issue. He thought they should discuss keeping the property for future parking.

There was consensus to open it back up for proposals. The proposals would be reviewed in an executive session.

Mayor Hodson adjourned the Work Session at 8:44 p.m.



Melissa Bisset
City Recorder



Brian Hodson
Mayor