

CITY OF McMinnville
MINUTES OF DINNER MEETING
of the McMinnville City Council
Held at the Kent L. Taylor Civic Hall on Gormley Plaza
McMinnville, Oregon

Tuesday, November 8, 2016, at 6:00 p.m.

Presiding: Kevin Jeffries, Council President

Recording: Melissa Grace, City Recorder

Councilors: Present Excused Absence
Remy Drabkin
Scott Hill
Kevin Jeffries
Kellie Menke
Alan Ruden
Larry Yoder

Also present were Community Development Director Mike Bisset, City Attorney David Koch, Planning Director Heather Richards, Finance Director Marcia Baragary, Associate Planner Chuck Darnell and a member of the news media, Tom Henderson of the *News Register*.

DINNER

CALL TO ORDER: Council President Jeffries called the Dinner Meeting to order at 6:23 p.m.

DISCUSSION REGARDING AGENDA ITEMS: Council President Jeffries asked for a volunteer to lead the Pledge of Allegiance and Councilor Ruden volunteered.

Council President Jeffries reviewed the agenda for the evening.

City Recorder Grace provided revised copies of the minutes of the September 27, 2016 Regular meeting which were corrected to include Mike Bisset in attendance.

A handout from Visit McMinnville was provided to the Council.

1st QUARTER BUDGET REVIEW: Finance Director Baragary provided an overview of the General Fund for the 1st Quarter. She stated that the actual beginning fund balance for fiscal year 2016-2017 is included and that it exceeded the estimated amount by \$170,000. She commented that she was happy to inform Council that the actual increase in assessed values and property tax revenues are on track with the four percent increase that was budgeted. Ms. Baragary continued by reviewing the revisions to the General Fund expenditures. One of the revisions included the

estimated increase in the Public Employee Retirement System (PERS) employer contribution rates in July 2019. Discussion ensued regarding the PERS situation.

Community Development Director Bisset shared that strategic planning discussions are beginning to take place and that appropriate service levels and revenue streams will be discussed. Councilor Hill added that the strategic plan will set standards and priorities.

Finance Director Baragary mentioned that there will be slides displayed during the regular meeting that will provide a visual picture of the PERS deficit. She also stated that the way the budgeting has been done in the past has been very conservative and that current and future projections will be more realistic.

ORDINANCE NO. 5012: AN ORDINANCE AMENDING SECTION 3.10.060, SYSTEMS DEVELOPMENT CHARGES, EXEMPTIONS, OF THE MCMINNVILLE MUNICIPAL CODE TO EXPAND AFFORDABLE HOUSING EXEMPTIONS. (SECOND READING)

Planning Director Richards shared that at Council's direction, the Affordable Housing Task Force reconvened to evaluate the five-year payback provision. After discussion, they voted to recommend a ten-year payback provision.

ORDINANCE NO. 5013: AN ORDINANCE AMENDING CHAPTER 17.62 OF THE MCMINNVILLE ZONING ORDINANCE TO ADD PROVISIONS RELATED TO THE AMORTIZATION PROCESS FOR NONCONFORMING SIGNS AND TO REMOVE CONTENT-BASED SIGN REGULATIONS.

Planning Director Richards mentioned that the proposed Ordinance extends the deadline for property owners to come into compliance to December 31, 2017.

ORDINANCE NO. 5014: AMENDING CHAPTER 17.64.040(A)(6) (MARIJUANA RELATED ACTIVITIES - PERFORMANCE STANDARDS) OF THE MCMINNVILLE ZONING ORDINANCE TO ADD A REFERENCE TO THE OAR DEFINITION OF "SCHOOL", AND TO DELETE THE REFERENCE TO "STATE LICENSED PRESCHOOL".

Planning Director Richards stated that the proposed Ordinance was brought to the Planning Commission for discussion. They discussed how to measure distance, how to define schools, distance between facilities, and reaffirmed how to measure the distance of 1,000 feet (from property line to property line).

She added that the recommendation is to rely on the State's definition of "school."

Discussion ensued related to marijuana facilities.

RESOLUTION NO. 2016-82: A RESOLUTION ADOPTING A SUPPLEMENTAL BUDGET FOR FISCAL YEAR 2016-2017 AND MAKING SUPPLEMENTAL APPROPRIATIONS FOR THE CITY OF MCMINNVILLE LOAN TO MCMINNVILLE URBAN RENEWAL AGENCY.

Finance Director Baragary mentioned that this item is a “housekeeping” resolution as it is adopting a supplemental budget and making supplemental budget appropriations which is allowed within budget law.

ADJOURNMENT: Council President Jeffries adjourned the Dinner Meeting at 6:45 p.m.

s/s Melissa Grace
Melissa Grace, City Recorder

CITY OF McMINNVILLE
MINUTES OF REGULAR MEETING
of the McMinnville City Council
Held at the Kent L. Taylor Civic Hall on Gormley Plaza
McMinnville, Oregon

Tuesday, November 8, 2016, at 7:00 p.m.

Presiding: Kevin Jeffries, Council President

Recording: Melissa Grace, City Recorder

Councilors: Present Excused Absence
Remy Drabkin
Scott Hill
Kevin Jeffries
Kellie Menke
Alan Ruden
Larry Yoder

Also present were Community Development Director Mike Bisset, City Attorney David Koch, Planning Director Heather Richards, Finance Director Marcia Baragary, Police Chief Matt Scales, Parks and Recreation Director Jay Pearson, IT Director Scott Burke, Associate Planner Chuck Darnell, and a member of the news media, Tom Henderson of the *News Register*.

AGENDA ITEM

CALL TO ORDER: Council President Kevin Jeffries called the meeting to order at 7:00 p.m. and welcomed all in attendance.

PLEDGE OF ALLEGIANCE: Councilor Ruden led the Pledge of Allegiance.

INVITATION TO CITIZENS FOR PUBLIC COMMENT: Council President Jeffries invited the public to comment.

Zach Dotson, 1138 SW Davis Street, provided a statement regarding the Dakota Access Pipeline. He spoke about the Sioux tribe and stated that the pipeline should be stopped because it is putting clean water at risk. He stated that water is life. Mr. Dotson discussed the act of protest and protecting the environment. He acknowledged that the area has a strong Native American heritage and provided a brief history of local Native Americans. He shared that November is National Native American heritage month. Mr. Dotson urged the elected representatives to stand and use their voices to publicly state their solidarity with the Sioux tribe. He concluded by asking the Council to consider that water is life.

1. CONSENT AGENDA

1. a. Consider Minutes of the July 26, 2016, September 27, 2016 and October 25, 2016 Dinner and Regular Meetings.

1. b. Consider the re-adoption of the Minutes of the October 11, 2016 Dinner and Regular Meeting.

1. c. **Resolution No. 2016-80**: A Resolution authorizing the City Attorney to enter into and manage a Personal Services Contract for on-call legal support services with Beery, Elsner and Hammond, LLP.

Councilor Menke MOVED to adopt the consent agenda as amended; SECONDED by Councilor Ruden. Motion PASSED unanimously.

2. PRESENTATION

2. a. Update on Visit McMinnville from Executive Director Jeff Knapp.

Visit McMinnville Executive Director Knapp stated that last October was the start of his first year with Visit McMinnville. He commended Council and acknowledge the Board of Visit McMinnville for providing a strong foundation for the organization to move quickly towards positive economic impact for tourism.

Mr. Knapp acknowledged that there were Visit McMinnville Board Members in the audience as well as Marketing Manager, Kitri McGuire. He displayed a list of the Board Members and staff of Visit McMinnville and shared that Interim City Manager Haines will be joining the Board.

Mr. Knapp stated that Visit McMinnville is an innovative marketing organization dedicated to enhancing McMinnville's economy by attracting as many visitors as possible to the City, and once they are here, ensuring those visitors spend as much money as possible with local businesses.

He explained how Visit McMinnville measures success which includes transient lodging tax collections blended with citywide lodging occupancy, website traffic to VisitMcMinnville.com, and referral traffic from VisitMcMinnville.com to stakeholder websites.

Mr. Knapp displayed a graph of transient lodging tax collections which reflected growth in all areas for the year. He added that the high months are hitting a ceiling and the focus is on targeting the low and shoulder seasons. He displayed a graph of occupancy from 2010 through the present time and explained that occupancy has generally been on an upward trajectory over the last 12 to 18 months, with growth noted in almost every month. He highlighted that there was particularly strong growth during the winter months, and that the average occupancy for the fiscal year July 2015 through June 2016 averaged 62.3 percent as compared to 56.5 percent the previous fiscal year. He added that the average daily rate (ADR) was up every month from April through September.

Mr. Knapp displayed a chart of the budget rollup for the third quarter ending September 30th. He then discussed the many goals of Visit McMinnville for the FY 2017 as follows:

- Increase transient lodging tax (TLT) by nine percent;
- Execute strategy to attain 250,000 unique visitors to visitmcminnville.com;
- Achieve a minimum advertising reach of 40 percent and a frequency three times for adults between the ages of 35 and 65 through Visit McMinnville's year-round, comprehensive advertising campaign within the state of Oregon;
- Execute strategy to rank in the top five online referrers to local tourism stakeholders' websites;
- Execute shoulder and low season (November – April 2017) promotional campaign to improve healthier seasonality mix in the McMinnville tourism industry;
- Initiate successful Wine Walk promotion to gamify McMinnville tourism targeting 10,000 participants in the first year;
- Build Social Media audience by 100 percent;
- Secure regional and national, non-paid media coverage resulting in one million impressions;

- Continue to enhance user experience on visitmcminnville.com and optimize performance of the website, measured by stakeholder web referrals;
- Enhance investments in visitmcminnville.com increasing organic traffic by 100 percent through maximizing search engine optimization and search engine marketing;
- Design and implement program activating the Visitor Development Fund to attract group visits with focus on low and shoulder season;
- Expand Visit McMinnville’s branding campaign by adding two new radio, one TV, and four print ads;
- Initiate comprehensive visitor data through intercept surveys and online analysis to steer ongoing efforts targeting 1,500 completed visitor surveys;
- Design, produce and print a second McMinnville visitor guide and distribute to state-wide audience;
- Launch a new 90 second marketing video;
- Plan and execute the first Visit McMinnville Board Retreat for long term visioning, planning, and organization strengthening; and
- Work with the City, local interests, and other economic development organizations to contribute to a cohesive, long term vision and connection of the Downtown, Granary, and Alpine districts.

Mr. Knapp displayed a chart of the statistics related to advertising results and a unique winter print and digital ad. He briefed the Council on current projects including:

- McMinnville Wayfinding Committee;
- Oregon Truffle Festival Partnership and hosting;
- Cycling resource creation and promotion;
- Web-based itinerary planner; and
- Wine Walk Winter Promotion and Umbrella Share.

He mentioned that an audit was just completed and it will be provided to Council next month.

Councilor Hill mentioned that there is a tremendous amount of enthusiasm on the Board. They are passionate about clean economic growth within the community.

Councilor Drabkin left the meeting at 7:33 p.m. and returned at 7:35 p.m.

2.b

General Fund 1st Quarter Budget Review

Finance Director Baragary stated that Councilors had asked for a report in November to update the budget and forecast with information that was not

available at the time the budget was adopted. The report provided reflects the budget and forecast with the changes incorporated. She stated that in order to better understand the impact of the changes made, the current fiscal year budget plus four subsequent years has been provided.

She explained that the actual beginning fund balance for fiscal year 2016-2017 is included and that it exceeded the projected amount by \$170,000. Ms. Baragary added that the actual increase in assessed values and property tax revenues are on track with the four percent increase that was budgeted. She also stated that the City will receive some of the marijuana tax from the State. The estimation is \$50,000 which does not include any local marijuana tax that may be received.

Ms. Baragary reviewed the changes incorporated in the forecast which included the addition of three police officers at an annual cost between \$315,000 and \$365,000.

She added that there is the possibility of eliminating two Parks Maintenance positions that were budgeted for the year as well as the increase in library staffing that was included in the 2016-2017 budget. She stated that the Fire Hall remodel and repair design of \$60,000 was eliminated because it is not necessary since the estimated cost of the project is \$350,000 - \$400,000 and it is not in the forecast.

Finance Director Baragary discussed the addition of the 2019-2021 PERS biennium increase in the PERS employer contribution rates in July 2019.

She reminded the Council of the City's reserve policy and displayed a graph of the forecast with revisions that reflect the target reserve of 25 percent versus the projected reserve.

A graph was displayed showing the projected revenues versus expenditures as well as the projected surplus/ deficit.

Ms. Baragary directed the Council to a table which illustrates the best and worst case scenarios.

She reminded Council that projections are now more realistic.

Councilor Drabkin asked about the potential of marijuana tax revenues and how that money may be used to fund public safety. Police Chief Scales responded by stating that the funds may be used for public safety including both police and fire.

Discussion ensued regarding the additional marijuana tax revenue coming into the general fund.

Councilor Menke remarked that all cities and entities that deal with PERS are dealing with the same situation. She mentioned that the City of McMinnville is in good position to deal with these issues in part because of the reserves that have been built up and because the City and Council are being proactive and strategically planning on how to deal with it. Councilor Hill added that it is good that this is being addressed early.

Finance Director Baragary mentioned that the mid-year review will take place in January.

3. ORDINANCES

3.a. **Ordinance No. 5012:** An Ordinance amending Section 3.10.060, Systems Development Charges, Exemptions, of the McMinnville Municipal Code to expand affordable housing exemptions (Second Reading)

Planning Director Richards mentioned that Ordinance No. 5012 was presented and discussed at the October 11th, 2016 City Council meeting and that Council had asked the Affordable Housing Tax Force for further consideration regarding the payback provision. She stated that the Affordable Housing Task Force reconvened to evaluate the five-year payback provision and are recommending a ten-year payback provision which is similar to what Habitat for Humanity offers. It is estimated that the total exemption is approximately \$10,000 per unit. Ms. Richards added that the Ordinance also provides for an annual threshold for allocation of exemptions to not exceed \$75,000. Furthermore, there is a three-year evaluation period written into the Ordinance.

City Attorney Koch read by title only Ordinance No. 5012 amending Section 3.10.060, Systems Development Charges, Exemptions, of the McMinnville Municipal Code to expand affordable housing exemptions. (No Councilor present requested that the Ordinance be read in full.) The

title of the ordinance was read for the second time. Ordinance No. 5012 PASSED by a unanimous roll-call vote.

- 3.b. **Ordinance No. 5013:** An Ordinance amending Chapter 17.62 of the McMinnville Zoning Ordinance to add provisions related to the amortization process for the nonconforming signs and to remove content-based sign regulations.

Planning Director Richards introduced Associate Planner Chuck Darnell. Mr. Darnell stated that the two main components of the amendments to the Ordinance address the amortization program and content neutrality. He provided a background on the Ordinance and stated that the intent is to meet the original intent of the Ordinance which is to meet the deadline.

Mr. Darnell stated that one of the major changes is to extend the deadline to December 31, 2017 which will allow for necessary time for staff to effectively implement the amortization program. This will provide for time to provide notice of noncompliance.

Councilor Hill asked if there was a sense of where those involved are in relation to meeting the deadline. Planning Director Richards stated that there has been no communication to those potentially impacted since the Ordinance was originally adopted in 2008. Ms. Richards explained that the extension of the deadline will provide time for the Planning Department to make contact with those impacted and for the business and property owners to have time to plan for necessary changes or an appeal.

Discussion ensued regarding the notice process and allowing time for adequate notice.

Mr. Darnell explained that the plan is for the City to notify property owners six months prior to amortization deadline. The Planning Department will provide adequate time for property owners to plan for necessary changes for appeal. He mentioned that the change in signage may be expensive for some. Mr. Darnell then detailed a suggested appeal process which includes 60 days for property owner to appeal notice of noncompliance. He added that there would be three appeal options which include: providing evidence of compliance, exception, and a variance.

Changes related to content neutrality and menu board signs were discussed.

Mr. Darnell explained the next steps are to initiate a survey and work towards the goal of property owner notification by June 30, 2017.

Discussion ensued regarding enforcement of the Ordinance.

Council Drabkin suggested reaching out to those who make signs and provide them with the sign specifications from the Ordinance.

Community Development Director Bisset mentioned that all signage placed since the adoption of the Ordinance is in compliance with the Ordinance.

Discussion continued related to compliance. Planning Director Richards mentioned that there is not a sign permit application process. She stated that perhaps the inventory needs to be reviewed.

City Attorney Koch read by title only Ordinance No. 5013 amending Chapter 17.62 of the McMinnville Zoning Ordinance to add provisions related to the amortization process for the nonconforming signs and to remove content-based sign regulations. (No Councilor present requested that the ordinance be read in full.) The title of the ordinance was read for the second time. Ordinance No. 5013 PASSED by a unanimous roll-call vote.

Council President Jeffries ask if any Councilor was opposed to considering Resolution No. 2016-81 next so that Councilor Drabkin could be excused from the meeting due to illness. There was no objection.

4. a. **Resolution No. 2016-81**: A Resolution establishing reduced permit fees (building and planning) for affordable housing projects.

Planning Director Richards stated that Resolution 2016-81 is related to Ordinance 5012 and reduces permit fees by 50 percent.

Councilor Ruden asked that if a review would be conducted in three years. Planning Director responded that it would.

Councilor Drabkin MOVED to adopt Resolution No. 2016-81 establishing reduced permit fees for affordable housing projects; SECONDED by Councilor Ruden. Motion PASSED unanimously.

Councilor Drabkin left the meeting at 8:10 pm.

- 3.c. **Ordinance No. 5014**: An Ordinance amending Chapter 17.64.040 (A) (6) (Marijuana Related Activities – Performance Standards) of the McMinnville Zoning Ordinance to add a reference to the OAR definition of “school,” and to delete the reference to “state licensed preschool.”

Planning Director Richards explained that the recommendations related to the Ordinance are from the Planning Commission. She stated that there were some places that could use clarification. The Planning Commission looked at how to measure the 1,000 foot buffer and are suggesting to continue to measure it from property line to property line. They also discussed the separation of 1,000 feet between like facilities and suggest that the separation requirement is reaffirmed. Lastly the Planning Commission discussed the definition of schools. The McMinnville Ordinance strived to explain what schools are. The recommendation of the Planning Commission is to follow the state’s definition of schools.

City Attorney Koch read by title only Ordinance No. 5014 amending Chapter 17.64.040 (A) (6) (Marijuana Related Activities – Performance Standards) of the McMinnville Zoning Ordinance to add a reference to the OAR definition of “school,” and to delete the reference to “state licensed preschool.” (No Councilor present requested that the ordinance be read in full.) The title of the ordinance was read for the second time. Ordinance No. 5014 PASSED by a unanimous roll-call vote. It was noted that Councilor Drabkin was excused.

4. RESOLUTIONS

Item 4.a. was considered earlier in the meeting.

- 4.b. **Resolution No. 2016-82**: A Resolution adopting a Supplemental Budget for fiscal year 2016-2017 and making supplemental appropriations for the City of McMinnville loan to McMinnville Urban Renewal Agency.

Finance Director Baragary explained that this item is a “housekeeping” item as it is adopting a supplemental budget and making supplemental budget appropriations which is allowed within budget law.

On October 31, 2016, the City executed an agreement with JPMorgan Chase Bank to borrow money for the street construction improvement costs for Alpine Avenue and based on an intergovernmental agreement between the City and the Urban Renewal Agency, the City will loan those proceeds to Urban Renewal Agency. The Urban Renewal Agency will then use those proceeds to fund the project and tax increment revenue from the Urban Renewal Agency will be paid to the City. The City will use the tax increment revenue to pay the debt service on the loan with the Bank.

Ms. Baragary added that when the Budget was adopted in May 2016, the estimation for the Alpine Avenue project was \$2,000,000. As the process progressed, it was determined that the City would need an additional \$163,000. The Ordinance the Council adopted that authorized issuance of the debt stated that the debt should not exceed \$2,200,000. When the loan was executed with the bank, that amount was adjusted to be \$2,163,000. The purpose of the Resolution is to increase the amount of the appropriation in the General Fund to allow \$2,163,000 to be loaned to the Urban Renewal Agency instead of \$2,000,000. Ms. Baragary directed the Council to the second page of the Resolution which shows the adjustment of \$163,000.

Councilor Ruden asked if the closing costs were included in the loan. Finance Director Baragary responded that the closing costs were included in the loan.

Councilor Yoder MOVED to adopt Resolution No. 2016-82 adopting a Supplemental Budget for fiscal year 2016-2017 and making supplemental appropriations for the City of McMinnville loan to McMinnville Urban Renewal Agency; SECONDED by Councilor Ruden. Motion PASSED unanimously.

5. ADVICE/ INFORMATION ITEMS

5. a. Reports from Councilors on Committee and Board Assignments

Councilor Hill stated that Jeff Knapp of Visit McMinnville did a good job with his report. He also stated that there was a robust Urban Renewal Committee Meeting looking at a strategic plan and a five year plan under Planning Director Richards direction. Councilor Hill added that there has been good dialogue and it is a really good committee.

Councilor Menke mentioned that the Affordable Housing Task Force had a good meeting. She shared that the focus will be on talking to contractors about what they would like to see and what would be helpful to them. They also plan on reaching out to the church community to see if there is synergy can be created. She stated that she is excited about what could be done.

5. b. Department Head Reports

Planning Director Richards mentioned that it had been planned for the November Planning Commission meeting to hold a public hearing to look at the Stafford Land Company land use application for amending a planned development and building 200 plus dwelling units. She stated that she received supplemental information from the applicant that needs to be reviewed. The public hearing will be opened and continue until December. A staff report will be provided at the December Planning Commission meeting. Stafford Land Company has asked for a 60 day extension to review the land use decisions.

Councilor Ruden stated that there is a neighborhood meeting with Stafford Land Company on November 10th.

City Attorney Koch advised all Councilors that since this is an item that will ultimately come before them as a body as a land use matter that they try to avoid ex-parte contacts.

Community Development Director Bisset stated that the four bids received for the Alpine Avenue project were beyond the construction budget. They have asked the design team to revisit the areas that were significantly over budget. The intention is to repackage the project and go out for bids again. The target for construction remains next year.

Parks and Recreation Director Pearson commented on the various recreational activities and programs being run.

6. ADJOURNMENT: Council President Kevin Jeffries adjourned the Regular City Council Meeting at 8:35 p.m.

s/s Melissa Grace
Melissa Grace, City Recorder