

CITY OF MCMINNVILLE
MINUTES OF THE DINNER MEETING of the McMinnville City Council
Held at the Kent L. Taylor Civic Hall on Gormley Plaza
McMinnville, Oregon
May 26, 2015 at 6:00 p.m.

Presiding: Rick Olson, Mayor

Recording: Rose A. Lorenzen, Recording Secretary

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

Also present were City Manager Martha Meeker, City Attorney Candace A. Haines, Planning Director Doug Montgomery, Community Development Director Mike Bisset, and a member of the news media, Don Iler of the *News Register*.

DINNER

CALL TO ORDER: Mayor Olson called the Dinner Meeting to order at 6:30 p.m. and welcomed all in attendance. He advised that Councilor Yoder had been excused from the evening's meetings.

BRIEF AGENDA OVERVIEW AND PUBLIC HEARING: Mayor Olson gave a brief overview of the agenda for the Council's Regular Meeting and noted that there would be a public hearing regarding the City's Transportation System Development Charges (TSDCs). Community Development Director Bisset noted that in the past, this topic generated a great deal of testimony from the building community. Councilor Drabkin asked about what provisions could be made with the Transportation SDCs as it related to affordable housing. She noted that the City of Portland has an on-line application for SDC exemption. The fee associated with the exemption application is \$650. She noted also that Portland's guidelines for the exemption include a definition of affordable housing and includes renters, purchasers, and builders. The Department of Housing and Urban Development (HUD) and the City of Portland set the low-income earnings level and the affordable housing sales price point. Community Development Director Bisset explained that the City of McMinnville offers a 60 percent reduction in SDCs for low income housing; however, if the builder breaks the low-income housing trust and sells the home at a higher price, the builder is responsible to pay the balance of the discounted fees. General discussion on this topic followed.

ADJOURNMENT: Mayor Olson adjourned the Dinner Meeting at 6:54 p.m.

Rose A. Lorenzen, Recording Secretary

STAFF REPORT: Community Development Director Bisset gave a brief staff report and noted that following the direction given by the City Council at its February 10, 2015 meeting, staff updated the Transportation SDC (TSDC) methodology report to set the TSDC rate to recover the remaining \$15.8 million of SDC eligible capital costs. The proposed TSDC rate of \$2,179 per net new PM peak hour trip is expected to recover approximately \$15.8 million over the 20-year life of the plan.

David Evans and Associates, Inc. Transportation Consultant Andy Mortenson gave a brief PowerPoint presentation and stated that the City Council had two options to consider. The current funding level could either be retained or it could be increased. He advised that some local jurisdictions use daily trips, some use PM peak methodology, some use pass-by trips, and some use the diverted link trips, which he strongly recommended against using. The PM peak hour is the methodology that the City of McMinnville has elected to use. He reviewed current and proposed TSDC rates for single-family homes, apartment complexes, banks, fast food restaurants, grocery stores, and office space.

Community Development Director Bisset entered two letters into the record. One letter was from the McMinnville Area Chamber of Commerce and the second was from Saige Bassitt.

PUBLIC TESTIMONY: Mayor Olson called for public testimony.

Brad Bassitt, 5455 NE Riverside Drive, spoke against an increase in the TSDC fees. He stated that he had been asked by Howard Aster to read a letter from him into the record. He did so. He encouraged the City Council to keep all fees paid by the building industry as low as possible because the industry was still quite vulnerable coming out of the recession. He noted that the Council had implied that if the bond measure passed, there would be less need for SDC funds. He stated that they had voted in favor of the bond and had encouraged others to do the same. He pointed out that, when healthy, the McMinnville construction industry employs hundreds of hard working individuals which helps to keep homes affordable so that more individuals can purchase homes and invest in the community.

Responding to Councilor Menke's inquiry, Mr. Bassitt stated that a \$900 increase in TSDC fees would keep people from purchasing a new home, even though the cost of the SDC fees would be spread over the life of a 30-year mortgage.

Councilor Drabkin asked Mr. Bassitt about the sales price for his new homes and whether he believed that constituted low-income housing. He responded that most of his homes sell for a cost between \$235,000 and \$250,000. He felt that the price range did fall within affordable housing

guidelines because his homes sell primarily to entry-level and retired home buyers. He stated that costs of construction have dramatically increased recently. He noted that he builds homes that are in the neighborhood of 1,500 square feet and the current permit fees cost about \$11,000. He did not believe that raising SDC fees was a good thing.

Tarmila McKinley, 15700 SE Woodland Heights Road, Amity, Oregon, spoke to the Council. She explained to them that she and her husband had built one house and sold it for a small profit. However, if the SDC fees had been greater than they were, their profit margin of \$900 would have been decreased, perhaps substantially. Permit fees are the largest up-front cost; but the cost of materials and sub-contractors is also risky and volatile. She pointed out that the profit margin is very small, especially if one is building only one or two homes.

McMinnville Area Chamber of Commerce President Nathan Knottingham, 489 SW Howard Drive, spoke on behalf of the Chamber of Commerce. He advised that the Chamber was neutral on the proposed TSDC fee increases; however, they saw it as an opportunity to phase in the higher fees. He counseled that when approaching a fee increase of this magnitude, the phased-in approach seems to work best. It gives the building community time to plan and prepare, yet gets the City where it needs to be in relation to revenue and the ability to plan for new infrastructure. He suggested phasing in the new fee structure over a period of seven years.

Discussion ensued regarding the positives and negatives of a graduated approach to the TSDC fee increases.

Saige Bassitt, 5455 NE Riverside Drive, read her letter into the record. The Mayor and each of the City Councilors thanked Ms. Bassitt for her concern and her letter.

Mark Davis, 652 SE Washington Street, reminded the City Council that he had spoken on this issue several times in the past. He stated that he had several points to make: 1) The City needs to move forward with the new TSDC implementation because it is an investment in our community. If the business owners and new home owners do not pay for growth, the existing tax payers will have to do so. 2) He stated that he would support a waiver for affordable housing and urged consideration of this matter. 3) He advised that the impact of the new fees on a 30-year mortgage at four percent interest would be approximately \$4.12 per month. He pointed out that this is truly an investment in the community and while it, unfortunately, looks like a tax, it is not. He asked the City Council to look at this as a marketing opportunity for the Building Division. A simple, one-page statement could be put together and placed at the Building Division front counter. The flyer would give clear talking points for the building

community. He further pointed out that the community members have a great deal invested in McMinnville and when people move here, they have access to all of its amenities. He stated he looked at this as a great investment opportunity and supported the proposal as presented.

John Dan, 3016 SW 2nd Street, stated that he and his wife had built a home about a year ago. They looked at both Carlton and McMinnville. The one thing that swayed them to build in McMinnville was that the SDC fees were less than in Carlton. He stated that businesses will locate where the SDC fees are lower.

Tarmila McKinley spoke again and agreed that McMinnville does have a lot to offer its citizens. However, as a builder, she has to compete with other towns and they cannot justify charging more for a home in McMinnville than in another city. The market is set and they cannot change that.

Brad Bassitt also spoke again. He reminded the City Council that the SDC fees do not help the developer pay for the new infrastructure where he is building - the developer must pay for that in addition to the SDCs.

Simona Prepcek, 292 NW Walnut Street, Dundee, Oregon, spoke against the fee increase and stated that she was disappointed that the City Council had already made their decision. She stated that the Council members do not listen to the public and they had already made their decision. She advised that many people feel the same as she but do not have time to come to the meetings.

Each of the Council members thanked Ms. Prepcek for her testimony and assured her that their decision had not yet been made and that it was a very delicate balance they tried to maintain. They did not wish to make fees too high, but also had to make sure that the infrastructure related to growth was being accommodated.

CLOSE PUBLIC HEARING: Mayor Olson closed the public hearing at 8:06 p.m.

DISCUSSION: Extensive discussion regarding the TSDC rate structure and how the fees should be set ensued. There was also discussion surrounding the idea of phasing in the new fee schedule.

Councilor Hill noted that according to Mr. Mortenson's exhibits, there was only one category where McMinnville was above the median.

Councilor Jeffries noted that he saw problems with a phased in approach. He stated that if he were a business person and someone said to him that his rates could be raised over many years or all at once, he would raise the rates all at once to get the increase over with.

Councilor Menke stated that she tended to agree with Councilor Jeffries. She agreed that \$826 was a substantial amount of increase; however she felt they should raise the rates and get it done.

Councilor Ruden stated that it is a very difficult decision because \$826 is a huge risk - not just for builders, but also for the small business owners. On the other hand, he agreed that funds were needed to take care of the community's growth.

Councilor Drabkin stated that she had to ask herself what was best for the community. She urged her fellow Council members to implement the changes right now. Even though she was sympathetic from the business standpoint, it is necessary to look at the rates, and implement the changes in the most immediate way. She noted her appreciation that the methodology was revised so that they could better understand the process.

Councilor Hill stated his appreciation for the conversation. Referring to the discussions that took place prior to the bond levy election, he stated that not only did the proponents of the levy talk about the benefits of the levy passing, but they also listened to what their constituents said. He stated that he believed the Council had done its homework and that now was the time to move forward with the TSDC increase. He also noted that he was open to discussions regarding affordable housing waivers.

Councilor Jeffries had several points to discuss. First, he asked the Council to compare the impact of new fees vs. the impact on the citizens. He noted that it was a small cost and that SDCs are the way to maintain and respond to growth. Councilor Jeffries also stated that he believed Mr. Aster had misunderstood the City Council's comments. He said that he believed that the Council has been true to its commitment and its word. He stated that as he looked at the projects listed, he saw those areas as pressure points and he felt that the safety of children on the City's streets is paramount. He urged the Council to move forward and stated he did not want to wait any longer. The building community has had lots of notice of the TSDC increases.

Mayor Olson agreed with Councilor Jeffries' comments and added that although the increase may create a hardship on builders and homebuyers within the community, the Council must keep the trust of its citizens who passed the bond measure. If the SDCs are not increased, the Council would be letting the citizens down. He stated he believed that the Council must do the best it can for the community.

Discussion then ensued regarding the implementation schedule of the TSDC fees. Following the discussion, Mayor Olson suggested a straw vote on an October 1, 2015 full

implementation date. The straw vote was four-to-one for full implementation at October 1, 2015. NAY: Councilor Ruden.

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ORDINANCE

2 a

AMENDING SECTION 3(4) OF McMinnville Planned Development Ordinance No. 4695: Planning Director Montgomery advised that the Planning Department received an application from Elizabeth and Jacques Rolland seeking approval to amend Planned Development Ordinance No. 4695 to increase by one the number of guest sleeping rooms permitted in an existing bed and breakfast establishment (A' Tuscan Estate). The Planning Commission held a public hearing on the subject matter April 16, 2015, after which the Planning Commission approved the amendment and recommended its passage to the City Council.

City Attorney Haines read Ordinance No. 4989 amending Section 3(4) of McMinnville Planned Development Ordinance No. 4695 to increase the number of guest sleeping rooms permitted in an existing bed and breakfast establishment. (No Councilor present requested that the ordinance be read in full.) The title of the ordinance was read a second time.

Ordinance No. 4989 PASSED by a unanimous roll-call vote.

ADVICE / INFORMATION ITEMS

3 a and b

COUNCIL AND DEPARTMENT REPORTS: Each Councilor and Department Head present gave a brief report.

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ADJOURNMENT: Mayor Olson adjourned the meeting at 8:11 p.m.

Rose A. Lorenzen, Recording Secretary