



CITY COUNCIL WORK SESSION
OFFICIAL MINUTES
March 12, 2019

I. CALL TO ORDER

Mayor Richard Ladeby called the City Council Work Session to order at 5:30 p.m. on Tuesday, March 12, 2019 in the City Council Chambers, located at 125 SW "E" Street in Madras, Oregon.

CITY COUNCIL MEMBERS IN ATTENDANCE:

Mayor Richard Ladeby, Councilors Bartt Brick, Rosalind Canga, Royce Embanks, Jr., Jennifer Holcomb, Denise Piza and Gary Walker.

STAFF MEMBERS IN ATTENDANCE:

City Administrator Gus Burril; HR & Administrative Director Sara Johnston, Finance Director Kristal Hughes, Police Chief Tanner Stanfill; Public Works Director Jeff Hurd; Community Development Director Nicholas Snead; and City Recorder, Lysa Vattimo.

VISITORS IN ATTENDANCE:

None

II. MADRAS DEVELOPMENT PROCESS OVERVIEW

Two scenarios were used for the presentation: 1) a commercial development for general retail; and 2) a single-family dwelling.

Community Development Director Snead explained that for every project, one of the first things that occurs is a development team meeting which consists of a team of individuals who give free guidance to property owners, developers, architects, etc. The idea is to provide them guidance before they submit their application, so that when they move forward on their formal submission, their proposal is more refined and more likely to go through the review process without any issues.

The first scenario presented was a 10,000-sf retail building to be built on vacant land.

Scenario #1: Undeveloped lot for 10,000-sf commercial building that requires:

- 1" Water Meter
- Sewer
- Fire sprinklers
- 2 Street Frontages
- An estimated cost of construction \$1,000,000

In this scenario, staff would let the applicant know they need a site plan review application and what the requirements would be, the fees, and what the review process would entail. Some decisions are made administratively (by the Community Development Director or the Assistant Planner, other decisions are quasi-judicial which requires Planning Commission review. In this scenario, City Staff will be making the decisions.

City Staff also gets feedback from the Fire Department to determine:

- Regulations on sprinklers vs. not;
- Regulations on hydrants;
- Fire Department Connections

The Building Official plays a very important role regarding occupancy, fire, life and safety requirements, ADA requirements, the application process, building code, etc. The Building Official also discusses the timelines, inspections, and requirements for the Certificate of Occupancy.

The Public Works Department then gets involved and explains:

- Infrastructure Improvements
- Street Frontages (right-of-way) – improving to City Standards (curbing, walk, planter, paving, storm, lighting)
- Sewer – Does it need to be extended?
- Water – What jurisdiction are they in? What sort of improvements are needed to meet their usage demand?
- Additional street infrastructure - The Transportation Infrastructure Plan also guides the distance between the accesses between driveways.

The Community Development Department then looks at the site development detail:

- Does it meet set-backs?
- Does it meet parking standards?
- Building Design Review
- Landscaping Review (this is good opportunity for the City to discuss drought-tolerant landscaping).

In this scenario, it is assumed that all the information needed to decide as to whether the development complies with our standards was provided. Staff then sends notice to a large group of partners (Jefferson County, Cascade Natural Gas, Pacific Power, etc.) asking for comments or concerns. Site plan approvals can typically be issued within 30-45 days. If all the criteria information is submitted and the need by the developer is earlier, it is possible to cut the timeframe down. This timeline is significantly shorter than many other jurisdictions. This is a unique advantage of being a smaller municipality.

The following fee structure comparison was presented:

Madras	Prineville	Redmond	Bend
\$2,879 (\$1700 + \$62/each additional \$50,000 value; assuming a \$1,000,000 building valuation.)	\$1,379.00	\$7,390.59	\$9,917 (\$9,325 + \$592/1,000 sq. ft. between 5,000 and 50,000)

In the City of Madras, our site plan review fee is based upon the value of the improvement. In this scenario, the value of the improvement was \$1,000,000.00.

After the site plan approval, the applicant can file for building permits with Jefferson County. Typically, the County brings that permit over within a day, our staff reviews it for the conditions of approval, and then it goes to Public Works.

Once Public Works and Community Development have completed review, it goes to the Finance Department to total up the fees and ensure the contractor has a current business license, and the applicant is called for payment.

Public Works Director Hurd then explained the Transportation Systems Development Charge calculation. In this scenario, the Transportation System Development Charge (SDC's) would be \$3,659 per peak hour trip, per 1,000 square feet of building space, between 4:00-6:00 pm (according to the Institute of Transportation Engineers Trip Generation Manual). Most jurisdictions use this manual to determine Transportation SDC's.

Other calculations used include:

- Reductions for: Pass by Data – how many trips are not sole destination. “We swung by this location on our way to somewhere else.”
- Credit for: Previous Use (high use versus low use)
- Check with other jurisdictions to determine what trip rate they use for similar businesses.
- A trip count can also be used within 18 to 36 after the business has opened.

The following is how Scenario #1 would be calculated:

- Classified applicant as Land Use 815 (Free Standing Discount Store).
- Generates 4.83 Peak Hour Trips per 1,000 SF with a pass by of 17%.
- Calculation = $4.83 \times .83 \times (10,000/1000) = 40.09$ Trips or \$146,689.31

Transportation SDC comparison (based on this scenario):

Madras	Bend	Redmond	Prineville
\$ 146,689.31	\$ 107,370.00	\$ 155,388.84	\$ 173,456.20

Many times, Madras doesn't collect the total fee for transportation. We try to use credits, as previously mentioned, or we work with the applicant on any non-adjacent infrastructure improvements, such as in the case of Dollar General. They had to improve Brush Lane, but only to the standard needed to serve the development. Our Transportation System Plan (TSP) called for Brush Lane to be a minor collector, so we credited Dollar General the difference between a minor collector versus a local street that would serve them. We also credited them for other infrastructure buildouts that benefit us (sidewalks, etc.).

The Wastewater SDC calculation is a little simpler as it is based upon the size of the potable water meter being installed.

Our current base rate is \$5,289 per equivalent drainage unit. A one-inch meter is 2.5 EDUs, therefore, in this scenario the charge is $\$5,289 \times 2.5 = \$13,222.50$.

Wastewater SDC comparison (based on this scenario):

Madras	Bend	Redmond	Prineville
\$ 13,222.50	\$ 14,385.00	\$ 8,415.00	\$ 11,758.33

Our Water SDC's are a little bit different because we're closed. We're surrounded by Deschutes Valley Water District so, like Wastewater, it's based on the meter size, but when we assess the fee, it's actually a reimbursement versus an improvement because technically we have very little improvements left to do in the system.

For this scenario, the base rate is \$1,355 per equivalent drainage unit. A 1" meter is 2.5 EDUs therefore the charge is $\$1,355 \times 2.5 = \$3,387.50$.

Water SDC comparison (based on this scenario):

Madras	Bend	Redmond	Prineville
\$ 3,387.50	\$ 9,140.90	\$ 6,018.00	\$ 7,865.65

Madras charges an SDC for parks. Our base rate right now is \$1,874.00 per unit. We are a little unique from other municipalities around us in that we charge both commercial and residential, not just residential like our surrounding municipalities.

Parks SDC comparison (based on this scenario):

Madras	Bend	Redmond	Prineville
\$ 1,874.00	No Charge on Commercial	No Charge on Commercial	No Charge on Commercial

As for Stormwater SDC's, we calculate these charges based on every 3,000 SF of impervious surface (basically parking lot, asphalt, concrete, roof – anything that doesn't drain) which is an Equivalent Drainage Unit (EDU). Our base rate is \$220 per EDU. In this scenario, the store has 10,000 square feet of building footprint with a 20,000 square feet of parking lot. Therefore, the total impervious surface equals 30,000 square feet which equates to a \$2,200 charge (30,000/3,000 x \$220).

Stormwater SDC comparison (based on this scenario):

Madras	Bend	Redmond	Prineville
\$ 2,200.00	Monthly Fee	Monthly Fee	\$ -

TOTAL SDC comparison (based on this scenario):

	Madras	Bend	Redmond	Prineville
Transportation	\$ 146,689.31	\$ 107,370.00	\$ 155,388.84	\$ 173,456.20
Wastewater	\$ 13,222.50	\$ 14,385.00	\$ 8,415.00	\$ 11,758.33
Water	\$ 3,387.50	\$ 9,140.90	\$ 6,018.00	\$ 7,865.65
Stormwater	\$ 2,200.00	\$ -	\$ -	\$ -
Parks	\$ 1,874.00	\$ -	\$ -	\$ -
Total:	\$ 167,373.31	\$ 130,895.90	\$ 169,821.84	\$ 193,080.18

It's difficult to get exact numbers from each of the municipalities for scenarios like this, but it's a good snapshot.

In addition to SDC's, the City of Madras collects the following fees:

- Right of way permit - \$100
- Water connection and inspection permit - \$125 (Admin setup and connection)
- Sewer connection and inspection permit - \$175 (Admin setup and connection)
- Building permit review - \$100
- Landscape Deposit - \$1,000 (returned once development is landscaped)
- Community Development Fees – (based on value of building on permit). In this scenario it's \$4,525
- Code enforcement fee – 10% of Community Development Fee (goes to the Police Department) – In this scenario = \$452.50

The following represents the grand total of fees collected by the City (does not include the site plan application of \$2,250 or the fees from Jefferson County):

Transportation	\$ 146,689.31
Wastewater	\$ 13,222.50
Water	\$ 3,387.50
Stormwater	\$ 2,200.00
Parks	\$ 1,874.00
ROW Permit	\$ 100.00
Building Permit Review	\$ 100.00
Water Connection	\$ 125.00
Wastewater Connection	\$ 175.00
Landscape Deposit	\$ 1,000.00
CDD Fee	\$ 4,525.00
Code Enforcement Fee	\$ 452.50
Total:	\$ 173,850.81

Ways to reduce that total (i.e. credits offered by the City) include:

- Credit for oversizing the road if identified in the TSP as minor or major collector. Typically averages out to about 11%.
- Credit for non-adjacent improvements (i.e., offsite).
- Discount on SDC's 2% if paid at time of building permit. In this scenario that would equate to \$3,347.47 credit.
- Credit for previous use (not only on transportation).
- While not a credit, we do offer an option for deferral for nine months or until Certificate of Occupancy.

Scenario #2 Single Family Home on 7,500 sf lot with residential meter and 3,000 square feet of impervious surface.

Homes are different than commercial. There isn't a land use process because they've already been permitted and split out for lots through the subdivision process. These usually get processed in just a few weeks. Additionally, the Transportation SDC's are set at just one trip for a residence. Similarly, with the rest of the SDC's.

TOTAL SDC comparison (based on \$150,000 residence, valuation on Building Permit):

	Madras	Bend	Redmond	Prineville
Transportation	\$ 3,659.00	\$ 6,800.00	\$ 3,876.00	\$ 4,326.67
Wastewater	\$ 5,289.00	\$ 4,795.00	\$ 3,366.00	\$ 4,703.33
Water	\$ 1,355.00	\$ 5,377.00	\$ 2,407.00	\$ 3,146.26
Stormwater	\$ 220.00	\$ -	\$ -	\$ -
Parks	\$ 1,874.00	\$ 7,949.00	\$ 2,672.00	\$ 1,887.00
Totals	\$ 12,397.00	\$ 24,921.00	\$ 12,321.00	\$ 14,063.26

Just like in Commercial, the applicant would be charged a few other fees:

- Community Development Fee - \$1,125
- Code Enforcement Fee - \$112.50
- Right of Way Permit - \$100 (if they need to get in the ROW)
- Sewer Connection Permit - \$175
- Water Connection Permit - \$125
- Landscape Deposit - \$1,000 (which is returned once they landscape)
- Building Permit Review - \$100
- **Total including SDC's = \$15,134.50**

Councilor Holcomb asked if every applicant gets the same thing in each municipality for the same fee (regarding commercial).

Public Works Director Hurd responded that every jurisdiction has different Transportation SDC's since the way its factored is determined by growth and master plans. However, each jurisdiction uses the same methodology and they use the Transportation Engineers Trip Generation Manual which is updated regularly.

Councilor Brick stated that he thinks the smaller "add-on" fees (right-of-way, etc.) may feel like nuisance fees to the applicant and asked if they could be eliminated or rolled up into the overall fees. Additionally, he stated that some of the other jurisdictions have based their fees on cost-recovery and wanted to know what we base our fees on.

Community Development Director Snead responded that it was about four to five years ago that staff prepared a fee comparison of Central Oregon cities and determined to make Madras' fees lower than other jurisdictions that charged similar fees and did similar development (Bend, Redmond and Prineville). Madras uses a competitive model. If we used a cost-recovery model, our fees would be exponentially high. We're trying to be competitive with our fees and recover reasonable costs.

Councilor Brick asked what the fees would be if the commercial scenario given was built five miles outside the city limits.

Community Development Director Snead responded that depending on the location, the applicant may not be able to build Scenario #1 at all from a land use perspective. When you step outside the city limits, and in some cases, outside the Urban Growth Boundary, you don't get urban levels of development (e.g., connection to city sewer, etc.).

City Administrator Burril added when the fee comparison study was done, some of our fees went up because of the study to be more competitive. Then in the pre-recession period, the Community Development Department was able to put away a surplus, so if the activity levels get high enough, our fees will cover our cost of services. But when things are slower, we must subsidize and cover services.

Councilor Embanks stated that during his tenure on Council beginning in 2003 (pre-recession), there have always been complaints regarding SDC's and the amount of time it takes to get cleared to start building. People will make claims that the City is delaying the process, when in fact it's the builder or the architect not furnishing information on time or submits unusable information.

Community Development Director Snead pointed out that there is always the risk of issuing land use approval with insufficient information. There are cases where developers or property owners complain about the requirements of the City, and oftentimes, they don't understand the necessity of the process.

Councilor Canga asked what conditional release includes.

Public Works Director Hurd responded that the Applicant will go through land use, submit their building permit, and while Community Development is working on their requirements, Public Works is going through the infrastructure plans at the same and we try to get them approved prior to issuing a building permit. Sometimes the developer is in a hurry and we issue a conditional building permit, knowing they still have certain things that need to be finalized with specifics about what can and cannot be done. It gives the developer some time to get their grading done, while the engineer and architect are still wrapping up their plans.

Councilor Canga asked if there are exemptions available for developers.

Public Works Director Hurd stated that this is where he works with commercial developers on what type of classification they are and work with them on credits, etc. Sometimes, staff calls in third party consultants to assist in that process. They can also defer payment on new development and utilize a payment plan for existing properties.

Community Development Director Snead added that if a commercial property is located within the Urban Renewal District, financial assistance can be provided for new development (depending on the site and the development proposed).

Councilor Walker asked if Reimbursement Districts can be utilized.

Public Works Director stated that Reimbursement Districts can be used.

Community Development Director Snead added that in Scenario #2, if the home is priced to sell for under \$240,000, under the new Housing Action Plan, they would receive a fifty percent (50%) reduction on SDC's. This would reduce the \$12,397.00 to \$6,198.50. If the home were priced to sell for over \$240,000, that fee would be reduced by twenty-five percent (25%). This is a substantial reduction.

Mayor Ladeby asked if the developer is responsible of the cost of upsizing a water main if their development required a larger water main.

Public Works Director Hurd replied that the developer would be responsible for that cost.

Community Director Snead clarified that there are differences between water mains and water meters.

Councilor Brick asked if there was a comparison available for the City of Culver.

Public Works Director Hurd replied that he did not have one currently, but that it was a good idea, so he'll make sure to get those numbers.

III. STATUS OF FY 2018-19 UNPROGRAMMED COMMUNITY GRANT FUNDS

(This was about the request by Future Farmers of America at the last Council meeting for funding.)

City Administrator Burril gave a history of what has been given to other school groups in the past. Based on what has typically been given in the past, and what Council had discussed previously, Finance Director Hughes has cut a check for \$1,500.00 that can be presented tonight in the Council's regular meeting if they're comfortable with that amount.

IV. PROPOSED WATER PURCHASE AGREEMENT WITH DESCHUTES VALLEY WATER DEPARTMENT

In June, the City's three-year water purchase agreement will need to be renewed with Deschutes Valley Water Department (DVWD).

At the end of 2020, DVWD will lose about \$2M in electrical subsidies from the dam, so the cost of water will increase. Their auditors said they would need to double the cost of water to their customers to fill that loss, however, DVWD is in a good financial position, so they plan to extend the increase out over several years so that their customers aren't impacted all in one year. They expect revenues from electrical subsidies to increase again in about eight years.

Their proposal is to increase fees by 4.5% for the cost of the water and 8.7% for the cost of pumping the water up from the spring. The City is currently paying the lowest rate of all their customers. DVWD is asking for a two-year renewal at this new rate.

It's important to note that the current fire flow standards set by the Fire Department are that fire hydrants need to be fed by an 8-inch diameter main. Many of the mains in the City are sub-standard (some as small as 2-inch and 4-inch mains), and they are aging, creating a compounding problem for the City's water infrastructure.

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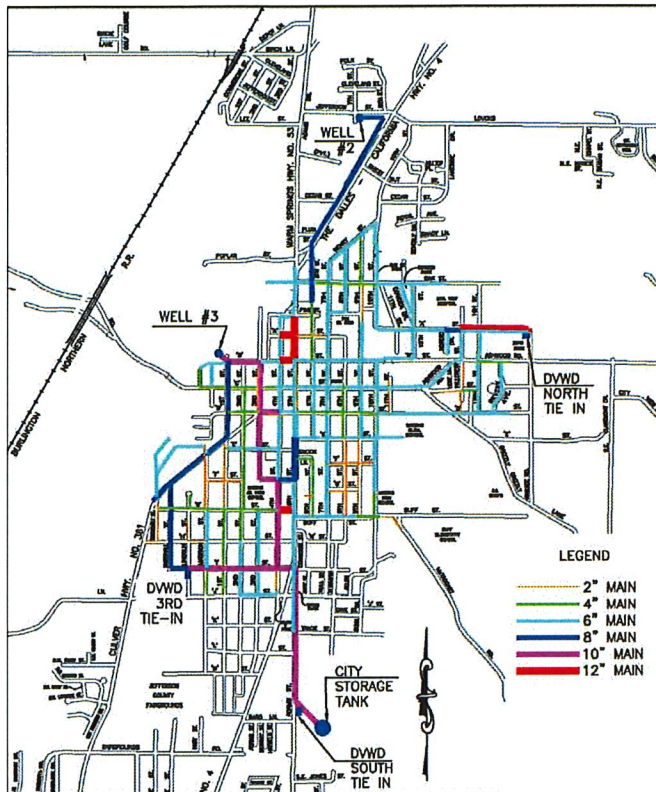
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Mayor Ladeby stated he'd rather see smaller increments than one big increase down the road. It will be easier on people who are on a fixed-income.

Councilor Walker asked if the rates will go down for us when DVWD's electrical subsidies go back up.

City Administrator Burril stated that it seems their strategy is to go as slow as they can and only make changes every few years. That will give them time to assess. They are one of the lowest in the State of Oregon. He noted that he doesn't anticipate that rates will go back down.

Council Brick asked what the average would be for our customers five or six years out after we've absorbed DVWD's cost increases (compared to what their customer's rates would be).

City Administrator Burril stated he thinks it will be about double. One of the strategies that has been discussed is how to get everyone into one district so they all have the same bill, but DVWD isn't interested in our undersized and aging mains. It doesn't mean the discussions can't continue, but that's how it stands right now.

Councilor Brick asked if there is a plan to replace those undersized and aging systems.

City Administrator Burril responded that we do. We are required to have a 2-year Master Plan and a Capital Improvement Plan. Public Works Director Hurd is actively seeking applications where some of the funding can be part loan, part principal forgiveness.

Councilor Embanks asked what the optimal size of a water main should be.

Public Works Director Hurd replied that your minimum should be nothing less than an eight-inch.

Council Embanks asked if another water tank be required if the mains were all increased.

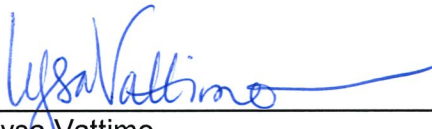
Public Works Director Hurd replied that we would not because DVWD supplies all our water and they have all our water stored in their tanks and it's all based off peak demand. The upsize in mains is for fire department usage at fire hydrants. With a smaller main, they can't get the volume that they need.

V. ADJOURN

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

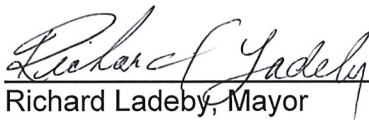
No formal action was taken during the Work Session.

Minutes Prepared By:



Lysa Vattimo

Respectfully Submitted By:



Richard Ladeby, Mayor